

FY2018 First Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2017 through June 30, 2017)

English Translation of the Original Japanese-Language Document



August 4, 2017

Company name : ISUZU MOTORS LIMITED
 Stock exchange on which the shares are listed : Tokyo Stock Exchange in Japan
 Code number : 7202
 URL : <http://www.isuzu.co.jp/world/investor/index.html>
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 Scheduled date for submission of quarterly financial statements : August 8, 2017
 Expected starting date for distribution of cash dividends : -
 The supplement materials of the quarterly financial results : Yes
 Holding of the quarterly financial results meeting : Yes

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Highlights (April 1, 2017 through June 30, 2017)

<1> Consolidated Financial Results

(% indicates increase/decrease from previous 1st quarter.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2018 1st Quarter	463,924	7.3	39,608	7.6	43,779	19.0	32,834	42.6
FY2017 1st Quarter	432,492	(8.6)	36,822	(25.3)	36,782	(32.7)	23,018	(34.2)

[Note] Comprehensive Income
 FY2018 1st Quarter 34,365 millions of yen -%
 FY2017 1st Quarter (10,780) millions of yen -%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2018 1st Quarter	41.69	-
FY2017 1st Quarter	29.20	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2018 1st Quarter	1,910,276	986,079	43.8
FY2017	1,880,826	962,107	43.5

[Note] Total Amount of Shareholders' Equity
 FY2018 1st Quarter 836,461 millions of yen
 FY2017 818,438 millions of yen

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2017	-	16.00	-	16.00	32.00
FY2018	-	-	-	-	-
FY2018(Forecast)	-	16.00	-	16.00	32.00

[Note] Revision to the projected dividend for FY2018: None

3. Consolidated Financial Forecast for FY2018 (April 1, 2017 through March 31, 2018)

(% indicates increase/decrease from previous term.)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to owners of parent		Net Income per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
2nd Quarter	940,000	3.5	61,000	(10.8)	64,000	(11.5)	42,000	8.4	53.33
Year-End	1,990,000	1.9	152,000	3.8	157,000	3.3	99,000	5.5	125.71

[Note] Revision to Consolidated Financial Forecast for FY2018: None

*Notes

<1> Changes in significant subsidiaries during this period : None

Newly consolidated : -
Excluded from the scope of consolidation : -

Note: This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during this period.

<2> Adoption of specific accounting methods for presenting quarterly consolidated financial statements : None

<3> Changes in accounting policies, accounting estimates and retrospective restatement

Changes in accounting policies due to revisions of accounting standards : None
Changes in accounting policies due to factors other than revisions of accounting standards : Yes
Changes in accounting estimates : None
Retrospective restatement : None

Note: For more information, please refer to
"2. Notes on Consolidated Quarterly Financial Statements
(6) Changes in Accounting Policies"

<4> Number of shares issued (common stock)

Number of shares issued and outstanding	FY2018 1st Quarter	848,422,669	Shares
at the end of the term (inclusive of treasury stock)	FY2017	848,422,669	Shares
Number of treasury stocks at the end of the term	FY2018 1st Quarter	60,895,731	Shares
	FY2017	60,894,345	Shares
Average number of stocks issued	FY2018 1st Quarter	787,527,879	Shares
	FY2017 1st Quarter	788,415,118	Shares

Note: "Number of treasury stocks at the end of the term" include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.
"Average number of stocks issued" does not include stocks owned by the Company and by the fund whose beneficiaries are directors of the Company.

*Consolidated financial results (Japan GAAP) are not subject to audit procedures.

*Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

•The financial forecast and other descriptions of the future presented in this document are based on currently available information and assumptions which are deemed reasonable at present. Consequently, the actual financial performance may vary significantly from the forecast due to various factors. For such assumptions and notes with respect to performance forecast, please refer to

"1. Qualitative Information Concerning Consolidated Financial Results for FY2018 First Quarter

(3)Overview of Future Estimates such as Consolidated Financial Forecast”

•The Company has posted its financial results on its web site on August 4, 2017.

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1. Qualitative Information Concerning Consolidated Financial Results for FY2018 First Quarter

(1) Overview of Consolidated Financial Results

In the current fiscal year's first quarter, vehicle sales volume in Japan continued to remain strong and increased by 64 units (0.4%) compared with the same period last fiscal year to 16,595 units.

Vehicle sales volume outside Japan decreased by 7,135 units (6.8%) over the same period last fiscal year to 97,063 units as sales fell in some of resource-rich countries.

As a result, total vehicle sales volume in Japan and abroad combined fell by 7,071 units (5.9%) from the same period last fiscal year to 113,658 units.

With regard to sales amounts of products other than vehicles, sales of parts for overseas production rose by 1.3 billion yen (12.7%) year-on-year to 12.3 billion yen, engine and component sales gained by 9.5 billion yen (44.3%) over the same period last fiscal year to 31.2 billion yen, and other sales jumped by 12.6 billion yen (15.0%) from the same period last fiscal year to 97.2 billion yen as a result of growth in the vehicle life-cycle management business such as after-sales services.

Consequently, net sales grew by 31.4 billion yen (7.3%) year-on-year to 463.9 billion yen. This comprised 179.8 billion yen posted for Japan, up 7.7% over the same period last fiscal year, and 284.0 billion yen for the rest of the world, up 7.0% from the same period last fiscal year.

The sales growth described above combined with steady profit improvement through cost reduction activities resulted in operating income of 39.6 billion yen, up 7.6% year-on-year, and ordinary income of 43.7 billion yen, up 19.0% year-over-year. Quarterly net income attributable to owners of the parent amounted to 32.8 billion yen, up 42.6% compared with the same period last fiscal year.

(2) Overview of Consolidated Financial Position

Total assets as of the end of the current fiscal year's first quarter rose by 29.4 billion yen from March 31, 2017 to 1,910.2 billion yen. This is due primarily to increases in cash and deposits of 14.8 billion yen, in inventories of 31.6 billion yen, and in investments and other assets of 7.0 billion yen, partially offset by a decrease in notes and accounts receivable-trade of 29.6 billion yen.

Net assets increased by 23.9 billion yen from March 31, 2017 to 986.0 billion yen. This is due mainly to the recording of quarterly net income attributable to owners of the parent of 32.8 billion yen, partially offset by decreases in retained earnings of 12.6 billion yen as a result of dividend payments and in foreign currency translation adjustment of 3.8 billion yen.

The capital adequacy ratio stood at 43.8%, compared with 43.5% as of March 31, 2017.

Interest-bearing liabilities rose by 6.4 billion yen from March 31, 2017 to 253.7 billion yen.

(3) Overview of Future Estimates such as Consolidated Financial Forecast

The Company has not revised its consolidated financial forecast for the current fiscal year, which was announced on May 12, 2017.

*This forecast is considered reasonable by the Company in light of information available today. Actual financial results may differ considerably from this forecast as it is subject to risk factors and uncertainties: world economic and market conditions and foreign exchange rate, etc. The forecast above, therefore, shall not be the sole basis for making any investment decision.

2. Notes on Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(millions of yen)

	As of March 31, 2017	As of June 30, 2017
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	275,234	290,054
Notes and accounts receivable-trade	256,582	226,961
Lease receivables and lease investment assets	87,379	88,380
Merchandise and finished goods	178,827	203,625
Work in process	19,754	20,900
Raw materials and supplies	57,391	63,074
Deferred tax assets	30,290	35,397
Other	52,755	51,157
Allowance for doubtful accounts	(811)	(815)
Total Current Assets	957,404	978,737
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	157,677	161,092
Machinery, equipment and vehicles, net	158,034	156,749
Land	277,230	277,710
Leased assets, net	8,596	8,561
Vehicles on operating leases, net	30,621	31,808
Construction in progress	34,025	24,991
Other, net	15,397	16,464
Total Property, Plant and Equipment	681,582	677,378
Intangible assets		
Goodwill	2,643	7,149
Other	16,997	17,715
Total Intangible Assets	19,640	24,865
Investments and other assets		
Investment securities	151,178	153,203
Long-term loans receivable	1,502	1,506
Net defined benefit asset	840	840
Deferred tax assets	31,169	30,192
Other	38,737	44,773
Allowance for doubtful accounts	(1,229)	(1,221)
Total Investments and Other Assets	222,198	229,295
Total Non-Current Assets	923,421	931,539
TOTAL ASSETS	1,880,826	1,910,276

(millions of yen)

	As of March 31, 2017	As of June 30, 2017
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	329,094	332,455
Electronically recorded obligations - operating	33,218	36,109
Short-term loans payable	40,670	51,350
Lease obligations	2,812	2,607
Income taxes payable	14,397	17,558
Accrued expenses	48,196	43,191
Provision for bonuses	18,253	27,006
Provision for directors' bonuses	142	142
Provision for product warranties	7,570	7,462
Deposits received	3,554	5,816
Other	58,427	42,787
Total Current Liabilities	556,336	566,487
NON-CURRENT LIABILITIES		
Long-term loans payable	197,953	193,090
Lease obligations	5,864	6,745
Deferred tax liabilities	2,187	2,276
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	3,046	3,564
Provision for management board incentive plan trust	161	204
Net defined benefit liability	99,208	98,554
Long-term deposits received	1,524	1,464
Other	10,301	9,673
Total Non-Current Liabilities	362,382	357,709
TOTAL LIABILITIES	918,719	924,197
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	42,081	42,108
Retained earnings	704,664	724,883
Treasury shares	(71,364)	(71,367)
Total Shareholders' Equity	716,026	736,269
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	19,951	21,180
Deferred gains or losses on hedges	281	53
Revaluation reserve for land	83,880	83,880
Foreign currency translation adjustment	8,080	4,186
Remeasurements of defined benefit plans	(9,782)	(9,109)
Total Accumulated Other Comprehensive Income	102,411	100,191
NON-CONTROLLING INTERESTS	143,669	149,617
TOTAL NET ASSETS	962,107	986,079
TOTAL LIABILITIES AND NET ASSETS	1,880,826	1,910,276

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

Consolidated Quarterly Statements of Income

(millions of yen)

For the first three months ended	FY2017 1st Quarter June 30, 2016	FY2018 1st Quarter June 30, 2017
Net sales	432,492	463,924
Cost of sales	355,738	379,604
GROSS PROFIT	76,754	84,320
Selling, general and administrative expenses	39,931	44,712
OPERATING PROFIT	36,822	39,608
Non-operating income		
Interest income	708	538
Dividend income	245	324
Share of profit of entities accounted for using equity method	1,446	2,687
Foreign exchange gains	-	727
Other	2,134	1,250
Total non-operating income	4,534	5,528
Non-operating expenses		
Interest expenses	458	514
Foreign exchange losses	3,196	-
Litigation settlement	46	-
Other	872	842
Total non-operating expenses	4,574	1,356
ORDINARY INCOME	36,782	43,779
Extraordinary income		
Gain on sales of non-current assets	10	13
Gain on bargain purchase	43	-
Gain on step acquisitions	-	4,076
Total extraordinary income	54	4,089
Extraordinary losses		
Loss on disposal of non-current assets	209	222
Impairment loss	-	127
Other	14	-
Total extraordinary losses	223	350
PROFIT BEFORE INCOME TAXES	36,613	47,519
Income taxes	9,399	10,202
PROFIT	27,214	37,317
Profit attributable to non-controlling interests	4,196	4,482
Profit attributable to owners of the parent	23,018	32,834

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first three months ended	FY2017 1st Quarter June 30, 2016	FY2018 1st Quarter June 30, 2017
Profit	27,214	37,317
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,389)	1,271
Deferred gains or losses on hedges	677	(227)
Foreign currency translation adjustment	(34,403)	(2,589)
Remeasurements of defined benefit plans, net of tax	707	679
Share of other comprehensive income of entities accounted for using equity method	(587)	(2,085)
Total other comprehensive income	(37,994)	(2,951)
Comprehensive income	(10,780)	34,365
Comprehensive income attributable to:		
owners of the parent	(7,703)	30,614
non-controlling interests	(3,077)	3,751

(3) Notes on Premise of a Going Concern

None

(4) Segment Information

The First Quarter Cumulative Period of Fiscal Year 2017

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

The First Quarter Cumulative Period of Fiscal Year 2018

The Company and its consolidated subsidiaries are composed of a single business segment, primarily engaged in manufacture and sale of vehicles and its components, industrial engines. Therefore the disclosure of segment information is omitted.

(5) Notes in the case of a Significant Change in Shareholders' Equity

None

(6) Changes in Accounting Policies

(Change in the method to calculate income taxes)

The Company traditionally calculated income taxes by multiplying consolidated quarterly income before income taxes and non-controlling interests by a rationally estimated effective tax rate on consolidated income before income taxes and non-controlling interests for the fiscal year including quarterly periods after adjustments for the application of tax-effect accounting. However, in order to reflect income taxes more appropriately on quarterly consolidated financial statements, the Company has changed the calculation method since this fiscal year's first quarter to use the same method as it does in the annual account closing procedures.

This change does not retroactively apply because the influence is immaterial.

3. Supplementary Information

(1) Sales Condition

<Sales Results by Region>

Consolidated sales results during the previous and current first quarter are shown below.

		FY2017 1st Quarter		FY2018 1st Quarter		Change	
		For the first three months ended June 30, 2016		For the first three months ended June 30, 2017		Volume (units)	Amount (millions of yen)
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	6,903	60,131	7,223	64,126	320	3,995
	Overseas	8,550	40,319	9,265	45,122	715	4,803
Total HD/MD vehicles		15,453	100,450	16,488	109,249	1,035	8,799
	Japan	9,628	31,868	9,372	31,281	(256)	(587)
	Overseas	95,648	183,022	87,798	182,580	(7,850)	(441)
Total LD vehicles, etc		105,276	214,891	97,170	213,862	(8,106)	(1,029)
	Japan	16,531	91,999	16,595	95,407	64	3,408
	Overseas	104,198	223,341	97,063	227,703	(7,135)	4,361
Total vehicles		120,729	315,341	113,658	323,111	(7,071)	7,769
	Overseas	-	10,966	-	12,364	-	1,397
Parts for overseas production		-	10,966	-	12,364	-	1,397
	Japan	-	11,903	-	15,999	-	4,095
	Overseas	-	9,734	-	15,218	-	5,484
Engines / components		-	21,637	-	31,217	-	9,580
	Japan	-	63,174	-	68,475	-	5,300
	Overseas	-	21,372	-	28,756	-	7,383
Other		-	84,547	-	97,231	-	12,684
	Japan	-	167,077	-	179,882	-	12,805
	Overseas	-	265,415	-	284,042	-	18,626
Sales amount		-	432,492	-	463,924	-	31,431

(Note) The above amounts does not include consumption tax.

<Overseas Sales>

Previous 1st Quarter Cumulative Period (April 1, 2016 through June 30, 2016)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	28,943	127,555	108,917	265,415
2 Consolidated sales	-	-	-	432,492
3 Overseas sales per Consolidated sales	% 6.7	% 29.5	% 25.2	% 61.4

Current 1st Quarter Cumulative Period (April 1, 2017 through June 30, 2017)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	35,441	140,467	108,133	284,042
2 Consolidated sales	-	-	-	463,924
3 Overseas sales per Consolidated sales	% 7.6	% 30.3	% 23.3	% 61.2

1. This segmentation is based on the geographical area.
2. Major countries or areas included
 - (1) North America---USA
 - (2) Asia---Thailand, China, Philippines, Malaysia
 - (3) Other---Saudi Arabia, Australia, Columbia, South Africa, Italy
3. Overseas sales are sales to all countries and areas excluding Japan
made by the parent company and consolidated subsidiaries.