

FY2019 First Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2018 through June 30, 2018)

English Translation of the Original Japanese-Language Document



August 3, 2018

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>
 Representative : Masanori Katayama, President
 Contact :

Scheduled date for submission of quarterly financial statements : August 8, 2018
 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, 2018 through June 30, 2018)

<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	%
FY2019 1st Quarter	488,119	5.2	52,444	32.4	56,208	28.4	38,103	16.0
FY2018 1st Quarter	463,924	7.3	39,608	7.6	43,779	19.0	32,834	42.6

[Note] Comprehensive Income
 FY2019 1st Quarter 38,085 millions of yen 10.8%
 FY2018 1st Quarter 34,365 millions of yen -%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2019 1st Quarter	48.38	-
FY2018 1st Quarter	41.69	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2019 1st Quarter	2,081,093	1,110,168	45.2
FY2018	2,066,539	1,086,510	44.5

[Note] Total Amount of Shareholders' Equity
 FY2019 1st Quarter 940,590 millions of yen
 FY2018 919,586 millions of yen

[Note] The "partially revised "Accounting Standards for Tax Effect Accounting"" (Corporate Accounting Standard No.28, February 16, 2018), etc. have been adopted as of the beginning of the first quarter of the current consolidated accounting period. The revision, etc. are reflected on the previous fiscal-year amounts shown above.

2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2018	-	16.00	-	17.00	33.00
FY2019	-	-	-	-	-
FY2019(Forecast)	-	18.00	-	18.00	36.00

[Note] Revision to the projected dividend for FY2019: None

3. Consolidated Financial Forecast for FY2019 (April 1, 2018 through March 31, 2019)

(% 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
FY2019	2,140,000	3.4	176,000	5.5	184,000	6.0	110,000	4.1	139.68

[Note] Revision to Consolidated Financial Forecast for FY2019: 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 : Yes
Changes in accounting policies due to factors other than revisions of accounting standards : None
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	FY2019 1st Quarter	848,422,669	Shares
at the end of the term (inclusive of treasury stock)	FY2018	848,422,669	Shares
Number of treasury stocks at the end of the term	FY2019 1st Quarter	60,891,067	Shares
	FY2018	60,889,462	Shares
Average number of stocks issued	FY2019 1st Quarter	787,532,832	Shares
	FY2018 1st Quarter	787,527,879	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 FY2019 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 3, 2018.

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1. Qualitative Information Concerning Consolidated Financial Results for FY2019 First Quarter

(1) Overview of Consolidated Financial Results

Although total demand in the Japanese domestic markets for light-, medium- and heavy-duty trucks increased year-on-year during the first quarter of the current fiscal year, vehicle sales volume in Japan decreased by 1,122 units (6.8%) compared with the same period last fiscal year to 15,473 units.

Vehicle sales volume outside Japan increased by 6,396 units (6.6%) over the same period last fiscal year to 103,459 units as sales increased in Asia, particularly in Thailand whose economy was showing signs of recovery, and Africa.

As a result, total vehicle unit sales in Japan and overseas increased by 5,274 units (4.6%) over the same period last fiscal year to 118,932 units.

With regards to sales amounts of products other than vehicles, sales of parts for overseas production rose by 0.7 billion yen (5.8%) year-on-year to 13 billion yen, engine and component sales gained by 2.2 billion yen (7.2%) over the same period last fiscal year to 33.4 billion yen mainly driven by increased shipments to China and North America, and other sales jumped by 5.6 billion yen (5.9%) year-on-year to 102.9 billion yen as a result of growth in the vehicle life-cycle management business such as after-sales services.

Consequently, net sales grew by 24.1 billion yen (5.2%) year-on-year to 488.1 billion yen. This comprised 179.9 billion yen posted for Japan, up 0.0% over the same period last fiscal year, and 308.1 billion yen for the rest of the world, up 8.5% compared with the same period last fiscal year.

On the profit and loss front, the afore-mentioned sales growth combined with expense cutting and steady profitability improvement based on cost reduction activities resulted in operating income of 52.4 billion yen, up 32.4% year-on-year and ordinary income of 56.2 billion yen, up 28.4% year-on-year. In addition, quarterly net income attributable to owners of the parent amounted to 38.1 billion yen, up 16.0% compared with the same period last fiscal year.

(2) Overview of Consolidated Financial Position

Total assets as of the end of current fiscal year's first quarter rose by 14.5 billion yen from March 31, 2018 to 2,081 billion yen. This is due primarily to increases in cash and deposits of 23.2 billion yen, in inventories of 30.8 billion yen, and in investments and other assets of 3.2 billion yen, partially offset by decreases in notes and accounts receivable-trade of 33.9 billion yen and other current assets of 7.6 billion yen.

Liabilities decreased by 9.1 billion yen from March 31, 2018 to 970.9 billion yen. This is mainly due to decreases in notes and accounts payable-trade of 8.2 billion yen, in interest-bearing liabilities of 4.2 billion yen, and in other current liabilities of 5.5 billion yen, partially offset by an increase in provision for bonuses of 8.4 billion yen.

Net assets increased by 23.6 billion yen from March 31, 2018 to 1,110.1 billion yen. This is due largely to the recording of quarterly net income attributable to owners of the parent of 38.1 billion yen, partially offset by decreases in retained earnings of 13.4 billion yen as a result of dividend payments and in foreign currency translation adjustment of 4.8 billion yen.

The capital adequacy ratio stood at 45.2%, compared with 44.5% as of March 31, 2018.

Interest-bearing liabilities fell by 4.2 billion yen from March 31, 2018 to 275.4 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 14, 2018.

*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, 2018	As of June 30, 2018
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	346,818	370,092
Notes and accounts receivable-trade	279,401	245,417
Lease receivables and lease investment assets	103,223	103,326
Merchandise and finished goods	186,267	213,328
Work in process	29,639	24,889
Raw materials and supplies	60,173	68,712
Other	58,942	51,255
Allowance for doubtful accounts	(1,472)	(1,614)
Total Current Assets	1,062,993	1,075,407
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	175,535	175,912
Machinery, equipment and vehicles, net	159,264	154,957
Land	279,756	281,604
Leased assets, net	8,082	7,620
Vehicles on operating leases, net	41,967	42,953
Construction in progress	24,891	25,074
Other, net	16,356	15,979
Total Property, Plant and Equipment	705,854	704,101
Intangible assets		
Goodwill	10,093	8,939
Other	16,618	18,404
Total Intangible Assets	26,711	27,343
Investments and other assets		
Investment securities	178,628	178,307
Long-term loans receivable	1,479	1,523
Net defined benefit asset	1,479	1,496
Deferred tax assets	53,487	56,378
Other	37,194	37,824
Allowance for doubtful accounts	(1,289)	(1,289)
Total Investments and Other Assets	270,979	274,241
Total Non-Current Assets	1,003,545	1,005,686
TOTAL ASSETS	2,066,539	2,081,093

(millions of yen)

	As of March 31, 2018	As of June 30, 2018
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	350,555	326,428
Electronically recorded obligations - operating	29,439	45,306
Short-term loans payable	73,955	75,147
Lease obligations	3,187	3,214
Income taxes payable	24,539	24,674
Accrued expenses	52,730	50,039
Provision for bonuses	20,481	28,928
Provision for directors' bonuses	178	178
Provision for product warranties	6,333	6,484
Deposits received	3,464	5,334
Other	54,770	49,172
Total Current Liabilities	619,636	614,909
NON-CURRENT LIABILITIES		
Long-term loans payable	196,777	191,916
Lease obligations	5,689	5,123
Deferred tax liabilities	1,487	1,119
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	4,776	5,385
Provision for management board incentive plan trust	364	364
Net defined benefit liability	97,947	97,805
Long-term deposits received	1,426	1,461
Other	9,787	10,703
Total Non-Current Liabilities	360,392	356,016
TOTAL LIABILITIES	980,029	970,925
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	42,127	42,127
Retained earnings	785,096	809,796
Treasury shares	(71,362)	(71,365)
Total Shareholders' Equity	796,506	821,204
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	36,545	37,817
Deferred gains or losses on hedges	662	(38)
Revaluation reserve for land	83,880	83,880
Foreign currency translation adjustment	10,267	5,461
Remeasurements of defined benefit plans	(8,276)	(7,734)
Total Accumulated Other Comprehensive Income	123,079	119,385
NON-CONTROLLING INTERESTS	166,923	169,578
TOTAL NET ASSETS	1,086,510	1,110,168
TOTAL LIABILITIES AND NET ASSETS	2,066,539	2,081,093

(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	FY2018 1st Quarter June 30, 2017	FY2019 1st Quarter June 30, 2018
Net sales	463,924	488,119
Cost of sales	379,604	391,789
GROSS PROFIT	84,320	96,330
Selling, general and administrative expenses	44,712	43,885
OPERATING PROFIT	39,608	52,444
Non-operating income		
Interest income	538	1,023
Dividend income	324	142
Share of profit of entities accounted for using equity method	2,687	1,879
Foreign exchange gains	727	1,044
Other	1,250	899
Total non-operating income	5,528	4,990
Non-operating expenses		
Interest expenses	514	500
Litigation settlement	-	4
Other	842	721
Total non-operating expenses	1,356	1,226
ORDINARY INCOME	43,779	56,208
Extraordinary income		
Gain on sales of non-current assets	13	484
Gain on step acquisitions	4,076	-
Total extraordinary income	4,089	484
Extraordinary losses		
Loss on disposal of non-current assets	222	292
Impairment loss	127	-
Total extraordinary losses	350	292
PROFIT BEFORE INCOME TAXES	47,519	56,399
Income taxes	10,202	12,182
PROFIT	37,317	44,217
Profit attributable to non-controlling interests	4,482	6,113
Profit attributable to owners of the parent	32,834	38,103

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first three months ended	FY2018 1st Quarter June 30, 2017	FY2019 1st Quarter June 30, 2018
Profit	37,317	44,217
Other comprehensive income		
Valuation difference on available-for-sale securities	1,271	1,289
Deferred gains or losses on hedges	(227)	(701)
Foreign currency translation adjustment	(2,589)	(4,980)
Remeasurements of defined benefit plans, net of tax	679	503
Share of other comprehensive income of entities accounted for using equity method	(2,085)	(2,243)
Total other comprehensive income	(2,951)	(6,131)
Comprehensive income	34,365	38,085
Comprehensive income attributable to:		
owners of the parent	30,614	34,409
non-controlling interests	3,751	3,675

(3) Notes on Premise of a Going Concern

None

(4) Segment Information

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.

The First Quarter Cumulative Period of Fiscal Year 2019

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

(IFRS 15)

Starting the first quarter of the current consolidated accounting period, the Company's overseas consolidated subsidiaries are required to adhere to IFRS 15 (Revenue from Contracts with Customers).

The impact of the application of IFRS 15 on the Company's consolidated financial statements is immaterial.

(7) Events after the Reporting Period

The Company made a resolution at its Board of Directors meeting on August 3, 2018 on matters pertaining to purchase of treasury shares in accordance with the provision of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provision of paragraph 3, Article 165 of the same Act.

With regard to the upper limit of the number of shares to be purchased, etc., please refer to "Notice Regarding Decision on Matters Concerning Purchase of Treasury Shares" announced today (August 3, 2018).

(8) Additional Information

(Adoption of the "partially revised "Accounting Standards for Tax Effect Accounting'", etc.)

Since the "partially revised "Accounting Standards for Tax Effect Accounting'" (Corporate Accounting Standard No.28, February 16, 2018), etc. have been adopted as of the beginning of the first quarter of the current consolidated accounting period, the classifications of deferred tax assets and deferred tax liabilities are now listed under investment and other assets and non-current liabilities respectively.

3. Supplementary Information

(1) Sales Condition

<Sales Results by Region>

		FY2018 (Fiscal year ending June 30, 2017)		FY2019 (Fiscal year ending June 30, 2018)		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	7,223	64,126	6,257	57,105	(966)	(7,021)
	Overseas	9,265	45,122	10,237	52,383	972	7,260
HD/MD vehicles		16,488	109,249	16,494	109,488	6	239
	Japan	9,372	31,281	9,216	31,487	(156)	206
	Overseas	87,798	182,580	93,222	197,657	5,424	15,076
LD vehicles, etc		97,170	213,862	102,438	229,144	5,268	15,282
	Japan	16,595	95,407	15,473	88,592	(1,122)	(6,815)
	Overseas	97,063	227,703	103,459	250,040	6,396	22,337
Total vehicles		113,658	323,111	118,932	338,633	5,274	15,521
	Overseas	-	12,364	-	13,081	-	717
Parts for overseas production		-	12,364	-	13,081	-	717
	Japan	-	15,999	-	18,230	-	2,231
	Overseas	-	15,218	-	15,249	-	31
Engines / Components		-	31,217	-	33,480	-	2,262
	Japan	-	68,475	-	73,133	-	4,657
	Overseas	-	28,756	-	29,791	-	1,035
Other		-	97,231	-	102,925	-	5,693
	Japan	-	179,882	-	179,956	-	74
	Overseas	-	284,042	-	308,162	-	24,120
Sales amount		-	463,924	-	488,119	-	24,194

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

<Overseas Sales>

FY2018 (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

FY2019 (April 1, 2018 through June 30, 2018)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	40,715	155,158	112,289	308,162
2 Consolidated sales	-	-	-	488,119
3 Overseas sales per Consolidated sales	% 8.3	% 31.8	% 23.0	% 63.1

1. This segmentation is based on the geographical area.

2. Major countries or areas included

(1) North America---USA

(2) Asia---Thailand, China, Indonesia, Philippines

(3) Other---Saudi Arabia, Australia, Mexico, South Africa, Italy

3. Overseas sales are sales to all countries and areas excluding Japan

made by the parent company and consolidated subsidiaries.