

# FY2020 Consolidated Financial Results (Japan GAAP)

(April 1, 2019 through June 30, 2019)

## English Translation of the Original Japanese-Language Document



August 2, 2019

Company name : ISUZU MOTORS LIMITED  
 Stock exchange on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 7202  
 URL : <https://www.isuzu.co.jp/world/investor/index.html>  
 Representative : Masanori Katayama, President  
 Contact : Tatsuyuki Hagiwara, General Manager,  
 Corporate Communications Department Tel. (03) 5471 - 1138  
 Scheduled date for submission of quarterly financial statements : August 7, 2019  
 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, 2019 through June 30, 2019)

#### <1> Consolidated Financial Results

(% indicates increase/decrease from previous term.)

	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	%
FY2020 1st Quarter	509,064	4.3	46,029	(12.2)	43,972	(21.8)	27,386	(28.1)
FY2019 1st Quarter	488,119	5.2	52,444	32.4	56,208	28.4	38,103	16.0

[Note] Comprehensive Income  
 FY2020 1st Quarter 30,225 millions of yen (20.6%)  
 FY2019 1st Quarter 38,085 millions of yen 10.8%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2020 1st Quarter	37.13	-
FY2019 1st Quarter	48.38	-

#### <2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2020 1st Quarter	2,151,381	1,130,506	43.6
FY2019	2,130,894	1,116,335	43.6

[Note] Total Amount of Shareholders' Equity  
 FY2020 1st Quarter 937,787 millions of yen  
 FY2019 929,781 millions of yen

### 2. Cash Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	yen	yen	yen	yen	yen
FY2019	-	18.00	-	19.00	37.00
FY2020	-	-	-	-	-
FY2020(Forecast)	-	19.00	-	19.00	38.00

[Note] Revision to the projected dividend for FY2020: None

### 3. Consolidated Financial Forecast for FY2020 (April 1, 2019 through March 31, 2020)

(% 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
FY2020	2,160,000	0.5	165,000	(6.7)	170,000	(10.1)	100,000	(11.9)	135.59

[Note] Revision to Consolidated Financial Forecast for FY2020: 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	FY2020 1st Quarter	848,422,669	Shares
at the end of the term (inclusive of treasury shares)	FY2019	848,422,669	Shares
Number of treasury shares at the end of the term	FY2020 1st Quarter	110,897,063	Shares
	FY2019	110,912,927	Shares
Average number of shares issued	FY2020 1st Quarter	737,512,933	Shares
	FY2019 1st Quarter	787,532,832	Shares

Note: "Number of treasury shares 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 shares 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 FY2020 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 2, 2019.

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## **1. Qualitative Information Concerning Consolidated Financial Results for FY2020 First Quarter**

### **(1) Overview of Consolidated Financial Results**

In the current fiscal year's first quarter, vehicle sales volume in Japan increased by 2,281 units (14.7%) compared with the same period last fiscal year to 17,754 units since a last-minute surge in demand before the new emission rules came into force was effectively captured.

Overseas, the number of trucks sold was down, mainly due to a stagnant economy in Indonesia, while pickup truck sales increased, particularly in Thailand. Consequently, vehicle sales volume outside Japan increased by 6,017 units (5.8%) over the same period last fiscal year to 109,476 units.

As a result, total vehicle unit sales in Japan and overseas increased by 8,298 units (7.0%) over the same period last fiscal year to 127,230 units.

With regards to sales amounts of products other than vehicles, sales of parts for overseas production decreased by 5.3 billion yen (41.2%) to 7.6 billion yen compared with the same quarter of the previous fiscal year, engine and component sales gained by 1 billion yen (3.0%) over the same period last fiscal year to 34.4 billion yen, and other sales jumped by 7.7 billion yen (7.5%) year-on-year to 110.6 billion yen as a result of growth in the vehicle life-cycle management business such as after-sales services.

Consequently, net sales grew by 20.9 billion yen (4.3%) year-on-year to 509 billion yen. This comprised 188.5 billion yen posted for Japan, up 4.8% over the same period last fiscal year, and 320.5 billion yen for the rest of the world, up 4.0% compared with the same period last fiscal year.

In spite of the increased net sales, a decline in emerging countries' currencies and an increase in spending on R&D adversely affected the Company's profitability. The Company posted 46 billion yen in operating income, a decrease of 12.2% year-on-year, 43.9 billion yen in ordinary income, a 21.8% year-on-year drop, and 27.3 billion yen in net income attributable to the parent company's shareholders, a decline of 28.1% from the same period last year.

### **(2) Overview of Consolidated Financial Position**

Total assets as of the end of current fiscal year's first quarter rose by 20.4 billion yen from March 31, 2019 to 2,151.3 billion yen. This is due primarily to increases in cash and deposits of 23.5 billion yen, in inventories of 35.4 billion yen, and in property, plant and equipment of 11.2 billion yen, partially offset by decreases in notes and accounts receivable-trade of 44.9 billion yen and other current assets of 3.0 billion yen.

Liabilities increased by 6.3 billion yen from March 31, 2019 to 1,020.8 billion yen. This is mainly due to increases in provision for bonuses of 9.1 billion yen and interest-bearing liabilities of 15.1 billion yen, partially offset by decreases in other current liabilities of 5.1 billion yen, in notes and accounts payable-trade of 9.1 billion yen, and in accrued expenses of 2.3 billion yen.

Net assets increased by 14.1 billion yen from March 31, 2019 to 1,130.5 billion yen. This is due largely to the recording of quarterly net income attributable to owners of the parent of 27.3 billion yen, partially offset by decrease in retained earnings of 14 billion yen as a result of dividend payments.

The capital adequacy ratio stood at 43.6%, compared with 43.6% as of March 31, 2019.

Interest-bearing liabilities increased by 15.1 billion yen from March 31, 2019 to 312.5 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 13, 2019.

\*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, 2019	As of June 30, 2019
<b>[ASSETS]</b>		
<b>CURRENT ASSETS</b>		
Cash and deposits	328,114	351,626
Notes and accounts receivable-trade	300,768	255,813
Lease receivables and investments in leases	117,730	119,532
Merchandise and finished goods	204,502	233,924
Work in process	25,631	29,314
Raw materials and supplies	77,383	79,742
Other	60,040	57,037
Allowance for doubtful accounts	(1,601)	(1,622)
<b>Total Current Assets</b>	<b>1,112,570</b>	<b>1,125,368</b>
<b>NON-CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	176,888	175,311
Machinery, equipment and vehicles, net	155,176	152,342
Land	282,623	282,625
Leased assets, net	10,015	4,598
Vehicles on operating leases, net	55,761	57,529
Construction in progress	34,050	39,077
Other, net	16,828	31,115
<b>Total Property, Plant and Equipment</b>	<b>731,344</b>	<b>742,601</b>
<b>Intangible assets</b>		
Goodwill	7,058	6,535
Other	18,320	18,378
<b>Total Intangible Assets</b>	<b>25,379</b>	<b>24,913</b>
<b>Investments and other assets</b>		
Investment securities	175,926	167,809
Long-term loans receivable	981	972
Retirement benefit asset	1,642	1,689
Deferred tax assets	54,938	58,164
Other	28,579	30,344
Allowance for doubtful accounts	(467)	(482)
<b>Total Investments and Other Assets</b>	<b>261,600</b>	<b>258,498</b>
<b>Total Non-Current Assets</b>	<b>1,018,324</b>	<b>1,026,012</b>
<b>TOTAL ASSETS</b>	<b>2,130,894</b>	<b>2,151,381</b>

(millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>[LIABILITIES]</b>		
<b>CURRENT LIABILITIES</b>		
Notes and accounts payable-trade	339,997	325,566
Electronically recorded obligations - operating	47,240	52,552
Short-term borrowings	71,191	78,283
Lease obligations	3,931	4,693
Income taxes payable	20,636	20,538
Accrued expenses	52,455	50,104
Provision for bonuses	20,634	29,821
Provision for directors' bonuses	441	378
Provision for product warranties	6,824	6,818
Deposits received	4,174	7,560
Other	58,800	53,614
<b>Total Current Liabilities</b>	<b>626,328</b>	<b>629,933</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	214,985	214,313
Lease obligations	7,290	15,294
Deferred tax liabilities	2,862	918
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	5,815	6,354
Provision for share-based remuneration for directors	209	208
Net defined benefit liability	97,506	96,823
Long-term deposits received	1,546	1,588
Other	15,879	13,304
<b>Total Non-Current Liabilities</b>	<b>388,231</b>	<b>390,941</b>
<b>TOTAL LIABILITIES</b>	<b>1,014,559</b>	<b>1,020,874</b>
<b>[NET ASSETS]</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	40,644	40,644
Capital surplus	42,129	42,158
Retained earnings	871,845	884,914
Treasury shares	(150,485)	(150,465)
<b>Total Shareholders' Equity</b>	<b>804,134</b>	<b>817,252</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Valuation difference on available-for-sale securities	38,754	33,789
Deferred gains or losses on hedges	131	490
Revaluation reserve for land	83,880	83,880
Foreign currency translation adjustment	10,195	9,093
Remeasurements of defined benefit plans	(7,314)	(6,720)
<b>Total Accumulated Other Comprehensive Income</b>	<b>125,647</b>	<b>120,534</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>186,553</b>	<b>192,718</b>
<b>TOTAL NET ASSETS</b>	<b>1,116,335</b>	<b>1,130,506</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>2,130,894</b>	<b>2,151,381</b>

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

**Consolidated Quarterly Statements of Income**

	(millions of yen)	
	FY2019 1st Quarter	FY2020 1st Quarter
For the first three months ended	June 30, 2018	June 30, 2019
<b>Net sales</b>	<b>488,119</b>	<b>509,064</b>
<b>Cost of sales</b>	<b>391,789</b>	<b>416,184</b>
<b>GROSS PROFIT</b>	<b>96,330</b>	<b>92,880</b>
<b>Selling, general and administrative expenses</b>	<b>43,885</b>	<b>46,850</b>
<b>OPERATING INCOME</b>	<b>52,444</b>	<b>46,029</b>
<b>Non-operating income</b>		
Interest income	1,023	1,264
Dividend income	142	225
Share of profit of entities accounted for using equity method	1,879	442
Foreign exchange gains	1,044	—
Other	899	870
<b>Total non-operating income</b>	<b>4,990</b>	<b>2,802</b>
<b>Non-operating expenses</b>		
Interest expenses	500	749
Foreign exchange losses	—	625
Litigation settlement	4	23
Compensation expenses	—	2,378
Currency option cost	201	290
Other	519	791
<b>Total non-operating expenses</b>	<b>1,226</b>	<b>4,859</b>
<b>ORDINARY INCOME</b>	<b>56,208</b>	<b>43,972</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	484	22
Gain on sales of investment securities	-	3
<b>Total extraordinary income</b>	<b>484</b>	<b>26</b>
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	292	199
<b>Total extraordinary losses</b>	<b>292</b>	<b>199</b>
<b>PROFIT BEFORE INCOME TAXES</b>	<b>56,399</b>	<b>43,799</b>
<b>Income taxes</b>	<b>12,182</b>	<b>9,773</b>
<b>PROFIT</b>	<b>44,217</b>	<b>34,026</b>
<b>Profit attributable to non-controlling interests</b>	<b>6,113</b>	<b>6,640</b>
<b>Profit attributable to owners of the parent</b>	<b>38,103</b>	<b>27,386</b>

# Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

	FY2019 1st Quarter	FY2020 1st Quarter
For the first three months ended	June 30, 2018	June 30, 2019
<b>Profit</b>	44,217	34,026
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,289	(4,989)
Deferred gains or losses on hedges	(701)	359
Foreign currency translation adjustment	(4,980)	(1,653)
Remeasurements of defined benefit plans, net of tax	503	780
Share of other comprehensive income of entities accounted for using equity method	(2,243)	1,700
Total other comprehensive income	<b>(6,131)</b>	<b>(3,801)</b>
<b>Comprehensive income</b>	<b>38,085</b>	<b>30,225</b>
<b>Comprehensive income attributable to:</b>		
owners of the parent	34,409	22,273
non-controlling interests	3,675	7,951



### **(3) Notes on Premise of a Going Concern**

None

### **(4) Segment Information**

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.

The First Quarter Cumulative Period of Fiscal Year 2020

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**

(Adoption of IFRS 16 Leases)

Starting the first quarter of the current fiscal year, the Company's overseas subsidiaries, except those incorporated in the US, adopt IFRS 16 Leases. The method applied in the adoption of IFRS 16 is to recognize the cumulative effect of adopting this standard at the date of initial adoption that is approved as an interim measure. Further, the lessee's leases that were previously classified as operating leases adopting IAS 17 are accounted for as right-of-use assets and lease liabilities as of the adoption date.

As a result of the aforesaid adoption of the accounting principle, property, plant and equipment (net), lease obligations in current liabilities, and lease obligations in non-current liabilities presented in the first quarter consolidated balance sheet increased by 9,676 million yen, 1,482 million yen and 8,547 million yen respectively. The impact of the change on the consolidated balance sheet for the first quarter is immaterial.

### **(7) Events after the Reporting Period**

None

### 3. Supplementary Information

#### (1) Sales Condition

##### <Sales Results by Region>

		FY2019 (Fiscal year ending June 30, 2018)		FY2020 (Fiscal year ending June 30, 2019)		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
	Japan	6,257	57,105	5,897	55,362	(360)	(1,742)
	Overseas	10,237	52,383	9,036	44,558	(1,201)	(7,824)
	HD/MD vehicles	16,494	109,488	14,933	99,921	(1,561)	(9,566)
	Japan	9,216	31,487	11,857	39,006	2,641	7,519
	Overseas	93,222	197,657	100,440	217,258	7,218	19,600
	LD vehicles, etc	102,438	229,144	112,297	256,264	9,859	27,120
	Japan	15,473	88,592	17,754	94,369	2,281	5,777
	Overseas	103,459	250,040	109,476	261,817	6,017	11,776
	Total vehicles	118,932	338,633	127,230	356,186	8,298	17,553
	Overseas	-	13,081	-	7,693	-	(5,387)
	Parts for overseas production	-	13,081	-	7,693	-	(5,387)
	Japan	-	18,230	-	17,382	-	(847)
	Overseas	-	15,249	-	17,117	-	1,867
	Engines / Components	-	33,480	-	34,499	-	1,019
	Japan	-	73,133	-	76,761	-	3,628
	Overseas	-	29,791	-	33,922	-	4,131
	Other	-	102,925	-	110,684	-	7,759
	Japan	-	179,956	-	188,514	-	8,557
	Overseas	-	308,162	-	320,550	-	12,387
	Sales amount	-	488,119	-	509,064	-	20,945

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

# <Overseas Sales>

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

FY2020 (April 1, 2019 through June 30, 2019)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	50,099	151,771	118,679	320,550
2 Consolidated sales	-	-	-	509,064
3 Overseas sales per Consolidated sales	% 9.8	% 29.8	% 23.3	% 63.0

1. This segmentation is based on the geographical area.
2. Major countries or areas included
  - (1) North America---USA
  - (2) Asia---Thailand, China, Philippines, Indonesia
  - (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.