

FY2019 Third Quarter Consolidated Financial Results (Japan GAAP)

(April 1, 2018 through December 31, 2018)

English Translation of the Original Japanese-Language Document



February 8, 2019

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 : February 13, 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, 2018 through December 31, 2018)

<1> Consolidated Financial Results

(% indicates increase/decrease from previous 3rd 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 3rd Quarter	1,588,354	5.9	144,130	17.1	152,136	13.9	93,949	12.1
FY2018 3rd Quarter	1,499,640	8.3	123,043	12.2	133,599	13.7	83,818	21.6

[Note] Comprehensive Income
 FY2019 3rd Quarter 106,603 millions of yen (21.4)%
 FY2018 3rd Quarter 135,632 millions of yen 170.0%

	Net Income per Share	Net Income per Share after Dilution of Potential Stock
	yen	yen
FY2019 3rd Quarter	123.41	-
FY2018 3rd Quarter	106.43	-

<2> Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	millions of yen	millions of yen	%
FY2019 3rd Quarter	2,038,639	1,081,727	44.2
FY2018	2,066,539	1,086,510	44.5

[Note] Total Amount of Shareholders' Equity
 FY2019 3rd Quarter 901,685 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	-	18.00	-	-	-
FY2019(Forecast)	-	-	-	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	2,170,000	4.8	184,000	10.3	192,000	10.6	118,000	11.7	156.22

[Note] Revision to Consolidated Financial Forecast for FY2019: None

Pursuant to a resolution at a meeting of the Board of Directors held on August 3, 2018, the Company acquired its treasury shares.

"Net income per share" in the consolidated business forecasts take into account the impact of the share acquisition as of December 31, 2018.

*Notes

<1> Changes in significant subsidiaries during this period : Yes
Newly consolidated : QINGLING ISUZU (CHONGQING) ENGINE CO., LTD.
Excluded from the scope of consolidation : ISUZU QINGLING (CHONGQING) AUTOPARTS CO., LTD.

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 3rd 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 3rd Quarter	110,911,136	Shares
	FY2018	60,889,462	Shares
Average number of stocks issued	FY2019 3rd Quarter	761,273,529	Shares
	FY2018 3rd Quarter	787,531,619	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 Third Quarter
(3) Overview of Future Estimates such as Consolidated Financial Forecast "

• The Company has posted its financial results on its web site on February 8, 2019.

List of Contents of Attachments

1.	Qualitative Information Concerning Consolidated Financial Results for FY2019 Third Quarter.....	4
	(1) Overview of Consolidated Financial Results.....	4
	(2) Overview of Consolidated Financial Position.....	4
	(3) Overview of Future Estimates such as Consolidated Financial Forecast.....	4
2.	Notes on Consolidated Quarterly Financial Statements.....	5
	(1) Consolidated Quarterly Balance Sheets.....	5
	(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income.....	7
	Consolidated Quarterly Statements of Income.....	7
	Consolidated Quarterly Statements of Comprehensive Income.....	8
	(3) Notes on Premise of a Going Concern.....	9
	(4) Segment Information.....	9
	(5) Notes in the case of a Significant Change in Shareholders' Equity.....	9
	(6) Changes in Accounting Policies.....	9
	(7) Additional Information.....	9
3.	Supplementary Information.....	10
	(1) Sales Condition.....	10
	Sales Results by Region.....	10
	Overseas Sales.....	11

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

(1) Overview of Consolidated Financial Results

In the current fiscal year's first nine months ended on December 31, 2018, vehicle unit sales in Japan increased by 17 units (0.0%) compared with the same period last fiscal year to 53,516 units thanks to growth in the share in the light-duty vehicle market, though the shares in the medium- and heavy-duty vehicles markets fell. Overseas vehicle unit sales rose by 26,054 units (8.4%) over the same period last fiscal year to 336,930 units due to increases in units of vehicles sold in Thailand and African countries. As a result, total vehicle unit sales in Japan and abroad grew by 26,071 units (7.2%) year-on-year to 390,446 units.

With regards to sales amounts of products other than vehicles, sales of parts for overseas production decreased by 2.5 billion yen (5.1%) compared with the same period last fiscal year to 46.2 billion yen, engine and component sales climbed by 15.3 billion yen (16.6%) over the same period last fiscal year to 107.9 billion yen, and other sales jumped by 19.6 billion yen (6.5%) year-on-year to 322.7 billion yen.

Net sales consequently increased by 88.7 billion yen (5.9%) compared with the same period last fiscal year to 1,588.3 billion yen, which comprised 600.9 billion yen for Japan (up 4.6% over the same period last fiscal year) and 987.4 billion yen for the rest of the world (up 6.7% year-on-year), because of the sales growth in vehicles, engines and components and vehicle life-cycle management business.

On the profit and loss front, the afore-mentioned sales growth combined with steady profitability improvement based on cost-cutting efforts raised operating income by 17.1% compared with the same period last fiscal year to 144.1 billion yen and ordinary income by 13.9% to 152.1 billion yen. Net income attributable to owners of the parent rose by 12.1% over the same period last fiscal year to 93.9 billion yen.

(2) Overview of Consolidated Financial Position

Total assets as of the end of the current fiscal year's third quarter fell by 27.8 billion yen from March 31, 2018 to 2,038.6 billion yen. This is due mainly to decreases in cash and deposits of 65.8 billion yen, in notes and accounts receivable-trade of 10.3 billion yen and in investment securities of 8.7 billion yen, partially offset by increases in inventories of 51.1 billion yen and in property, plant and equipment of 12.7 billion yen.

Liabilities dropped by 23.1 billion yen from March 31, 2018 to 956.9 billion yen. This is primarily because of decreases in provision for bonuses of 9.8 billion yen and in income taxes payable of 13.4 billion yen.

Net assets declined by 4.7 billion yen from March 31, 2018 to 1,081.7 billion yen. This is due largely to negative factors such as a decrease in foreign currency translation adjustment of 3.7 billion yen, as well as an increase in purchased treasury shares of 79.1 billion yen, despite positive factors including increases in retained earnings of 67.2 billion yen and in non-controlling interests of 13.1 billion yen.

The capital adequacy ratio stood at 44.2%, compared with 44.5% as of March 31, 2018.

Interest-bearing liabilities amounted to 279.6 billion yen, showing almost no change from March 31, 2018.

(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 November 2, 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 December 31, 2018
[ASSETS]		
CURRENT ASSETS		
Cash and deposits	346,818	281,010
Notes and accounts receivable-trade	279,401	269,005
Lease receivables and lease investment assets	103,223	109,868
Merchandise and finished goods	186,267	215,733
Work in process	29,639	31,759
Raw materials and supplies	60,173	79,775
Other	58,942	54,181
Allowance for doubtful accounts	(1,472)	(1,331)
Total Current Assets	1,062,993	1,040,003
NON-CURRENT ASSETS		
Property, plant and equipment		
Buildings and structures, net	175,535	175,264
Machinery, equipment and vehicles, net	159,264	155,909
Land	279,756	282,181
Leased assets, net	8,082	9,076
Vehicles on operating leases, net	41,967	49,639
Construction in progress	24,891	29,906
Other, net	16,356	16,577
Total Property, Plant and Equipment	705,854	718,556
Intangible assets		
Goodwill	10,093	8,021
Other	16,618	17,940
Total Intangible Assets	26,711	25,962
Investments and other assets		
Investment securities	178,628	169,895
Long-term loans receivable	1,479	1,426
Net defined benefit asset	1,479	1,740
Deferred tax assets	53,487	52,451
Other	37,194	29,775
Allowance for doubtful accounts	(1,289)	(1,171)
Total Investments and Other Assets	270,979	254,117
Total Non-Current Assets	1,003,545	998,635
TOTAL ASSETS	2,066,539	2,038,639

(millions of yen)

	As of March 31, 2018	As of December 31, 2018
[LIABILITIES]		
CURRENT LIABILITIES		
Notes and accounts payable-trade	350,555	335,493
Electronically recorded obligations - operating	29,439	48,505
Short-term loans payable	73,955	56,224
Lease obligations	3,187	2,648
Income taxes payable	24,539	11,094
Accrued expenses	52,730	52,017
Provision for bonuses	20,481	10,628
Provision for directors' bonuses	178	-
Provision for product warranties	6,333	6,809
Deposits received	3,464	8,372
Other	54,770	42,824
Total Current Liabilities	619,636	574,619
NON-CURRENT LIABILITIES		
Long-term loans payable	196,777	213,565
Lease obligations	5,689	7,258
Deferred tax liabilities	1,487	1,423
Deferred tax liabilities for land revaluation	42,135	42,135
Provision for maintenance costs	4,776	5,996
Provision for management board incentive plan trust	364	147
Net defined benefit liability	97,947	97,009
Long-term deposits received	1,426	1,543
Other	9,787	13,212
Total Non-Current Liabilities	360,392	382,292
TOTAL LIABILITIES	980,029	956,912
[NET ASSETS]		
SHAREHOLDERS' EQUITY		
Capital stock	40,644	40,644
Capital surplus	42,127	42,129
Retained earnings	785,096	852,346
Treasury shares	(71,362)	(150,482)
Total Shareholders' Equity	796,506	784,637
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Valuation difference on available-for-sale securities	36,545	32,816
Deferred gains or losses on hedges	662	514
Revaluation reserve for land	83,880	83,880
Foreign currency translation adjustment	10,267	6,473
Remeasurements of defined benefit plans	(8,276)	(6,637)
Total Accumulated Other Comprehensive Income	123,079	117,047
NON-CONTROLLING INTERESTS	166,923	180,041
TOTAL NET ASSETS	1,086,510	1,081,727
TOTAL LIABILITIES AND NET ASSETS	2,066,539	2,038,639

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

Consolidated Quarterly Statements of Income

(millions of yen)

	FY2018 3rd Quarter December 31, 2017	FY2019 3rd Quarter December 31, 2018
For the first nine months ended		
Net sales	1,499,640	1,588,354
Cost of sales	1,227,723	1,295,457
GROSS PROFIT	271,916	292,897
Selling, general and administrative expenses	148,872	148,766
OPERATING PROFIT	123,043	144,130
Non-operating income		
Interest income	1,831	3,097
Dividend income	1,761	1,776
Foreign exchange gains	589	-
Share of profit of entities accounted for using equity method	7,156	5,284
Other	2,350	3,397
Total non-operating income	14,048	13,556
Non-operating expenses		
Interest expenses	1,415	1,447
Foreign exchange losses	-	400
Litigation settlement	-	268
Compensation expenses	-	1,298
Other	2,076	2,134
Total non-operating expenses	3,492	5,549
ORDINARY INCOME	133,599	152,136
Extraordinary income		
Gain on sales of non-current assets	152	487
Gain on step acquisitions	4,076	667
Gain on sales of investment securities	74	-
Gain on bargain purchase	-	2,264
Total extraordinary income	4,304	3,419
Extraordinary losses		
Loss on disposal of non-current assets	1,051	828
Impairment loss	365	71
Loss on sales of shares of subsidiaries	-	161
Loss on disaster	-	1,392
Other	81	-
Total extraordinary losses	1,498	2,453
PROFIT BEFORE INCOME TAXES	136,405	153,103
Income taxes	37,070	39,467
PROFIT	99,335	113,636
Profit attributable to non-controlling interests	15,516	19,687
Profit attributable to owners of the parent	83,818	93,949

Consolidated Quarterly Statements of Comprehensive Income

(millions of yen)

For the first nine months ended	FY2018 3rd Quarter December 31, 2017	FY2019 3rd Quarter December 31, 2018
Consolidated statements of comprehensive income		
Profit	99,335	113,636
Other comprehensive income		
Valuation difference on available-for-sale securities	22,879	(3,805)
Deferred gains or losses on hedges	(262)	(148)
Foreign currency translation adjustment	11,330	767
Remeasurements of defined benefit plans, net of tax	1,993	1,662
Share of other comprehensive income of entities accounted for using equity method	356	(5,509)
Total other comprehensive income	36,297	(7,032)
Comprehensive income	135,632	106,603
Comprehensive income attributable to:		
owners of the parent	117,118	87,917
non-controlling interests	18,513	18,686

(3) Notes on Premise of a Going Concern

None

(4) Segment Information

The Third 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 Third 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

Acquisition of treasury shares

At its meeting held on August 3, 2018, the Board of Directors approved a resolution to acquire 50 million treasury shares. As a result, in the third quarter year-to-date period the value of treasury shares increased by 79,000 million yen.

(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) 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 December 31, 2017)		FY2019 (Fiscal year ending December 31, 2018)		Change	
		Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)	Volume (units)	Amount (millions of yen)
HD/MD vehicles	Japan	22,807	204,804	20,918	194,259	(1,889)	(10,544)
	Overseas	29,480	153,059	32,572	157,301	3,092	4,242
HD/MD vehicles		52,287	357,863	53,490	351,560	1,203	(6,302)
LD vehicles, etc	Japan	30,692	103,089	32,598	110,069	1,906	6,980
	Overseas	281,396	594,268	304,358	649,799	22,962	55,530
LD vehicles, etc		312,088	697,357	336,956	759,868	24,868	62,511
Total vehicles	Japan	53,499	307,893	53,516	304,329	17	(3,564)
	Overseas	310,876	747,327	336,930	807,100	26,054	59,772
Total vehicles		364,375	1,055,221	390,446	1,111,429	26,071	56,208
Parts for overseas production	Overseas	-	48,749	-	46,247	-	(2,502)
	Parts for overseas production	-	48,749	-	46,247	-	(2,502)
Engines / Components	Japan	-	50,910	-	61,325	-	10,414
	Overseas	-	41,688	-	46,624	-	4,935
Engines / Components		-	92,599	-	107,950	-	15,350
Other	Japan	-	215,644	-	235,250	-	19,606
	Overseas	-	87,425	-	87,477	-	52
Other		-	303,069	-	322,728	-	19,658
Sales amount	Japan	-	574,448	-	600,904	-	26,456
	Overseas	-	925,191	-	987,449	-	62,258
Sales amount		-	1,499,640	-	1,588,354	-	88,714

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

<Overseas Sales>

FY2018 (April 1, 2017 through December 31, 2017)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	108,714	463,854	352,622	925,191
2 Consolidated sales	-	-	-	1,499,640
3 Overseas sales per Consolidated sales	% 7.2	% 30.9	% 23.5	% 61.7

FY2019 (April 1, 2018 through December 31, 2018)

(millions of yen)

	North America	Asia	Other	Total
1 Overseas sales	130,501	477,506	379,441	987,449
2 Consolidated sales	-	-	-	1,588,354
3 Overseas sales per Consolidated sales	% 8.2	% 30.1	% 23.9	% 62.2

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.