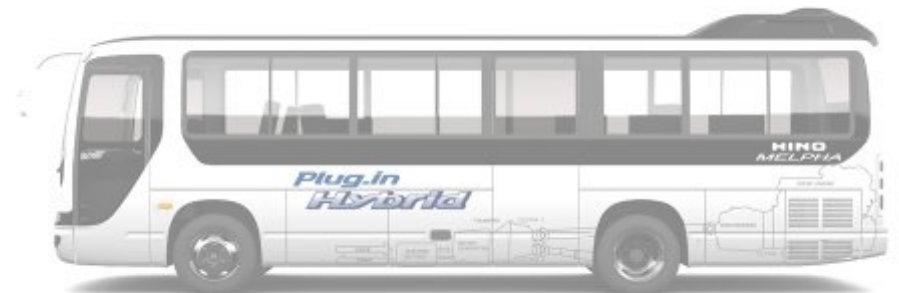


# Accounting Overview for 2<sup>nd</sup> Quarter of FY2014



October 29, 2013  
Yasuhiko Ichihashi  
President, Member of the Board  
Hino Motors, Ltd.



# Forward-looking statements and insider trading

This material contains forward-looking statements regarding the performance, goals, plans, and strategies of Hino Motors (including its consolidated subsidiaries). These forward-looking statements are based on determinations and assumptions that have been derived from information currently available, and may differ considerably from real performance figures and future operations at Hino Motors due to uncertainties inherent in such determinations and assumptions, and other variables including changes in future corporate operations as well as shifts in internal and external conditions.

Reminders regarding insider trading:

Investors who receive nonpublic information on important facts directly from a company (primary information recipients) are prohibited from selling or buying stocks prior to this information becoming "public" (Article 166 of the Financial Instruments and Exchange Act).

According to the enforcement ordinance of this law, information is deemed to have been made "public" once 12 hours have elapsed after the company discloses this information to two or more press organizations, or when the information, after a notification to the securities exchange, is listed by electronic means (TDnet's Timely Disclosure and Viewing Service) as prescribed by the Cabinet Office Ordinance.

# Report Contents

- 1. Summary of the first half of FY2014**
- 2. Forecasts for FY2014 as a whole**
- 3. Initiatives during the first half of FY2014**



# 1. Summary of the first half of FY2014

- Supported by strong demand, domestic sales exceeded those of last year when the eco-car subsidy program was in effect.
- Overseas sales increased in all markets based on healthy domestic demand in emerging economies.
- Revenues and profits grew due to increased domestic and overseas sales as well as the effects of a weaker yen.

Starred figures in tables below: Record half-term highs

## <Unit Sales>

(Unit: thousand vehicles)

	1st half, FY14	1st half, FY13	Change	Change %
Japan	21.1	19.6	+ 1.5	+ 7.4%
Overseas	☆ 58.1	56.1	+ 2.1	+ 3.7%
Global	☆ 79.2	75.7	+ 3.5	+ 4.7%
Toyota brand	92.5	85.7	+ 6.8	+ 7.9%

## <Consolidated Income Statement, Dividends>

(Unit: billion yen)

	1st half, FY14	1st half, FY13	Change	Change %
Net sales	☆ 835.4	745.4	+ 90.0	+ 12.1%
Operating income	☆ 60.5	29.7	+ 30.8	2.0 times
Net income	☆ 39.6	18.5	+ 21.1	2.1 times
Dividends (per share)	☆ 18 yen	8 yen	+ 10 yen	2.3 times

## 2. Forecasts for FY2014 as a whole <Recognition of the business climate>

### [Current and Near Future Business Climate]

#### Japan

- Continued strength in demand is expected as the effects of increased public spending and other economic stimuli become apparent.
- Consumer tax hike has been decided ⇒ Keep a close eye on the effects of the tax hike on demand.

#### Overseas

- Although demand in North America is recovering, the outlook for the global economy remains unclear (Europe and China) .
- Demand for commercial vehicles in emerging economies is still projected to grow for the mid and long term, although demand appears to have paused for the near-term (Thailand and Indonesia) .
- With the entry of global manufacturers, we expect intense competition to continue, particularly in the ASEAN region.

#### Hino's actions

##### •Near-term:

Careful steering is required to accommodate demand trends in emerging markets.

##### •Mid and long term:

Continue to implement solid steps to achieve structural reform and organizational improvement.  
(Aim to become a company that is robust against changes in business environment)



## 2. Forecasts for FY2014 as a whole

- Domestic sales are expected to grow on strong demand.
- Overseas sales are expected to reflect the near-term pause in demand.
- Forecasts have been revised upwards based on revisions made to the sales plan and exchange rates etc...

### <Unit sales>

(Unit: thousand vehicles)

		Forecast for FY14		FY13 performance	Change (%)	
		Updated plan	Previous plan		Against previous plan	Against previous FY
	Japan	46.9	44.6	43.7	+ 2.3 (+ 5.2%)	+ 3.2 (+ 7.3%)
	Overseas	123.2	130.0	111.0	▲ 6.8 (▲ 5.2%)	+ 12.2 (+ 11.0%)
Global		170.1	174.6	154.7	▲ 4.5 (▲ 2.6%)	+ 15.4 (+ 10.0%)
Toyota brand		182.8	172.0	185.8	+ 10.8 (+ 6.3%)	▲ 3.0 (▲ 1.6%)

### <Consolidated Income Statement, Dividends>

(Unit: billion yen)

		Forecast for FY14		FY13 performance	Change (%)	
		Updated plan	Previous plan		Against previous plan	Against previous FY
Sales		1,680.0	1,620.0	1,541.4	+ 60.0 (+ 3.7 %)	+ 138.6 (+ 9.0%)
Operating profits		100.0	85.0	65.1	+ 15.0 (+ 17.6%)	+ 34.9 (+ 53.6%)
Current net profits		72.0	60.0	47.7	+ 12.0 (+ 20.0%)	+ 24.3 (+ 51.0%)
Dividends (per share)		36 yen	30 yen	23 yen	(+ 20.0%)	(+ 56.5%)



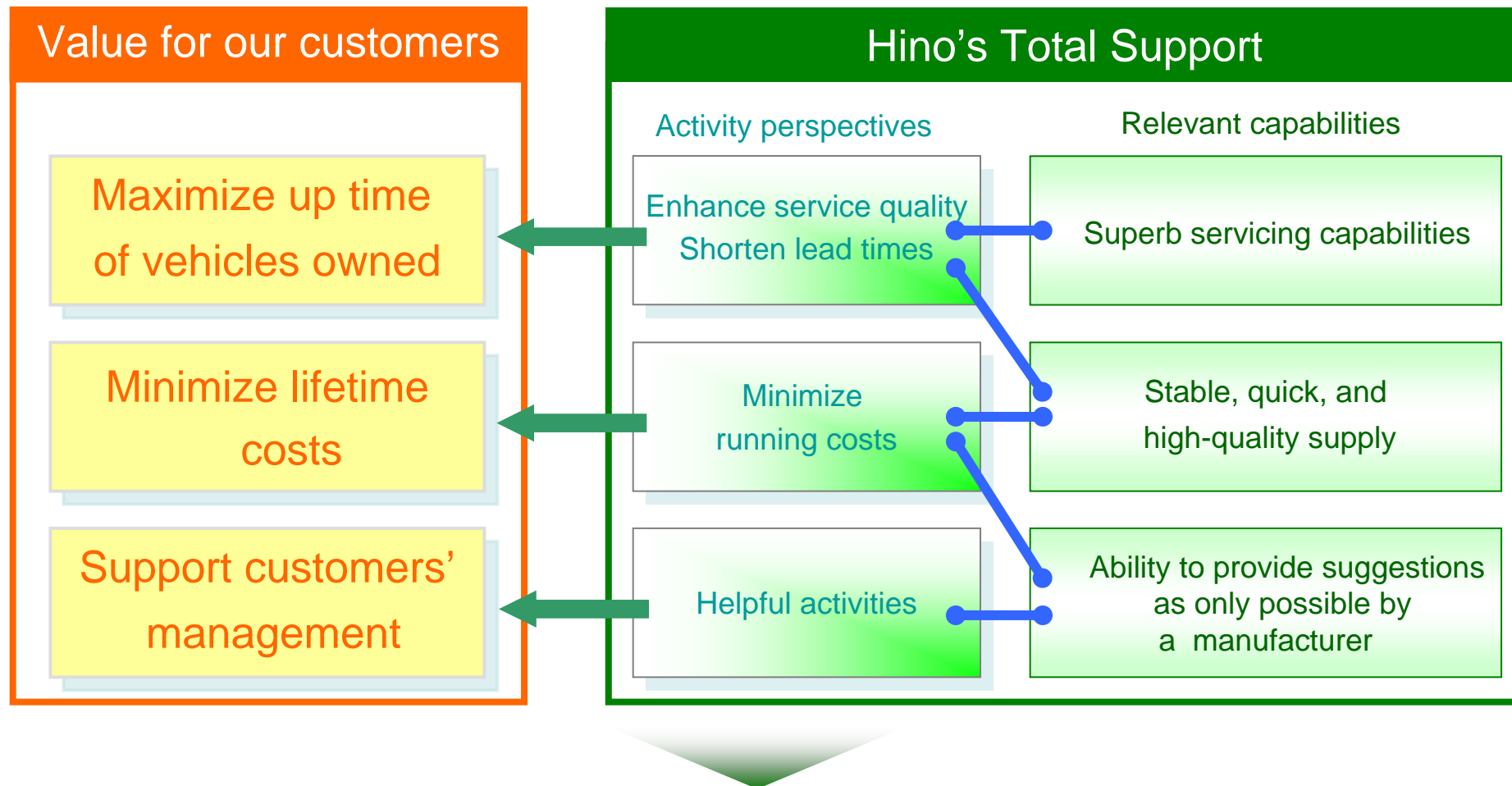
### 3. Initiatives during the first half of FY2014: 1) The concept of Total Support <Hino's strategy for sustainable growth>

To be chosen by our customers as a manufacturer of commercial vehicles.



## &lt;Concept&gt;

After-sale Total Support ⇒ Support our customers' operations



For all customers worldwide.



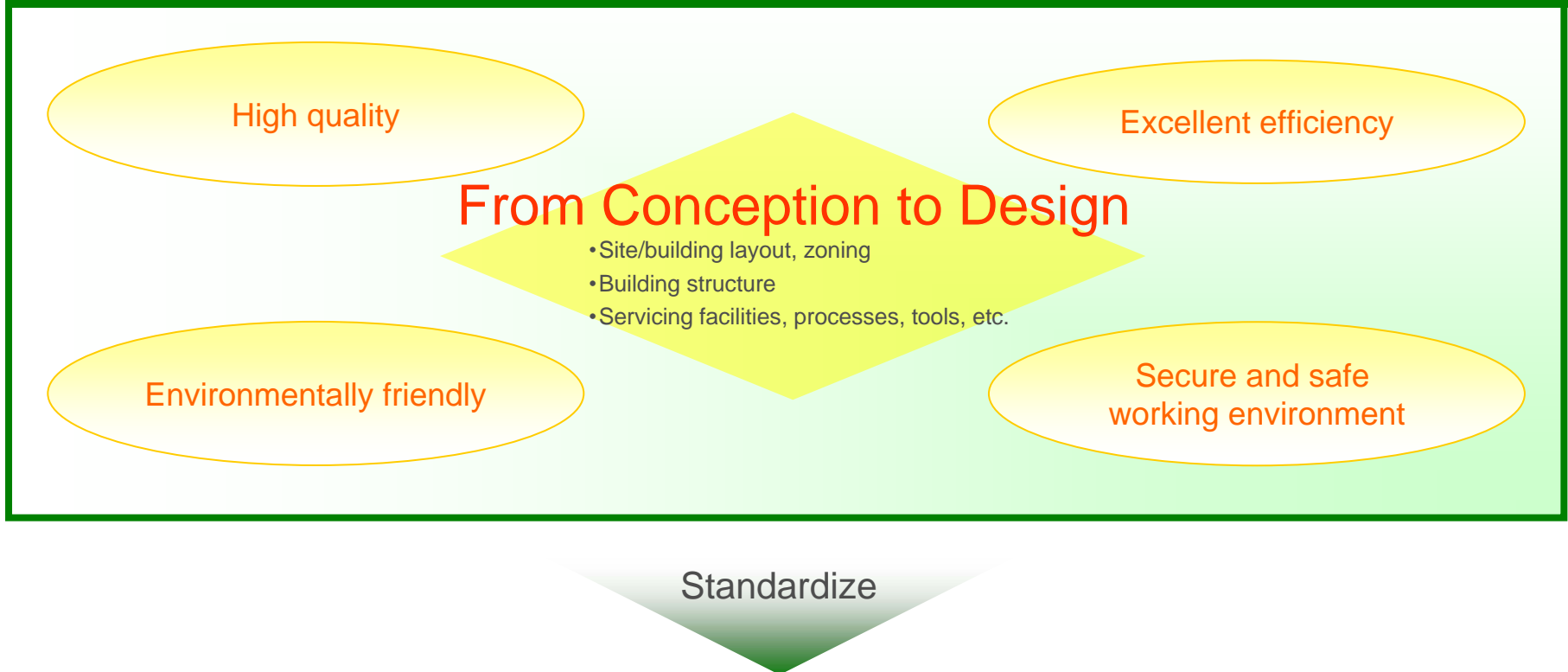


### 3. Initiatives during the first half of FY2014: 2) Superb servicing capabilities

#### ① Utilization of accumulated know-how on establishing service centers (1/2): Concept

Standardize specifications for each specific service center and promote utilization  
⇒ Enhance service efficiency

## Know-how gleaned to date on establishing service centers



Actively utilize to establish centers at home and overseas.

### 3. Initiatives during the first half of FY2014: 2) Superb servicing capabilities

#### ① Utilization of accumulated know-how on establishing service centers (2/2): Examples

Know-how leveraged to establish highly efficient, flexible, and environmentally friendly service centers.

Excellent efficiency

Actively deployed the latest equipment (2-pillar lifts, floor lifts)

Flexible

Built servicing lanes optimized for each center in accordance with customer ownership makeup.  
 ⇒ Quick response for all vehicle types: heavy-, medium-, and light-duty.

Environmentally friendly

Ground water-driven air conditioning system, natural lighting, rainwater recirculation system, etc.

Kyoto Hino, Head office relocation (Aug 2013)



Nagano Hino, Matsumoto branch upgrades (Jul 2013)



Okinawa Hino, Head office relocation (Apr 2013)



Examples of  
know-how deployment

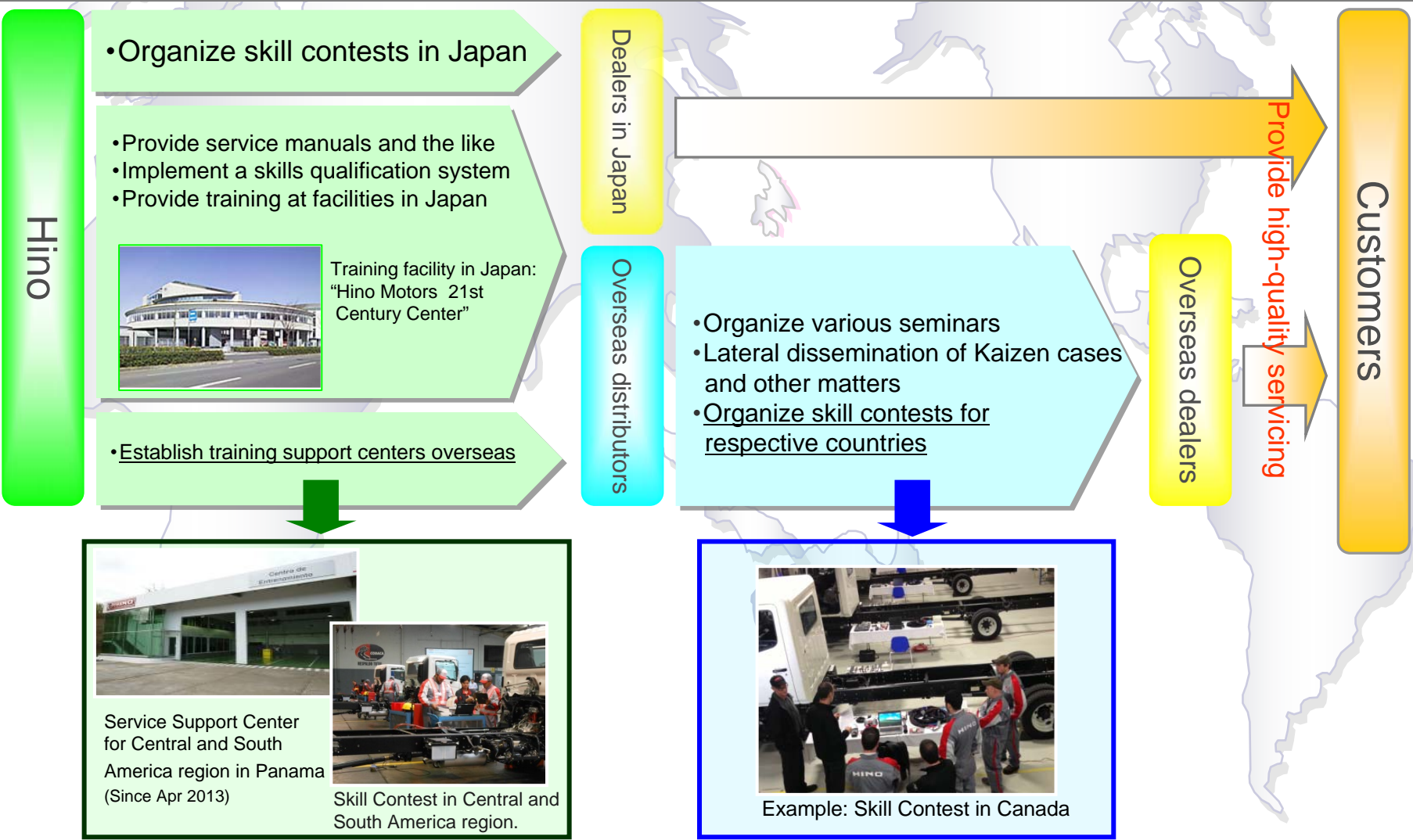
Sales and servicing center in Thailand  
scheduled to open mid-2014.



Being utilized overseas as well.

② Promote training of servicing staff

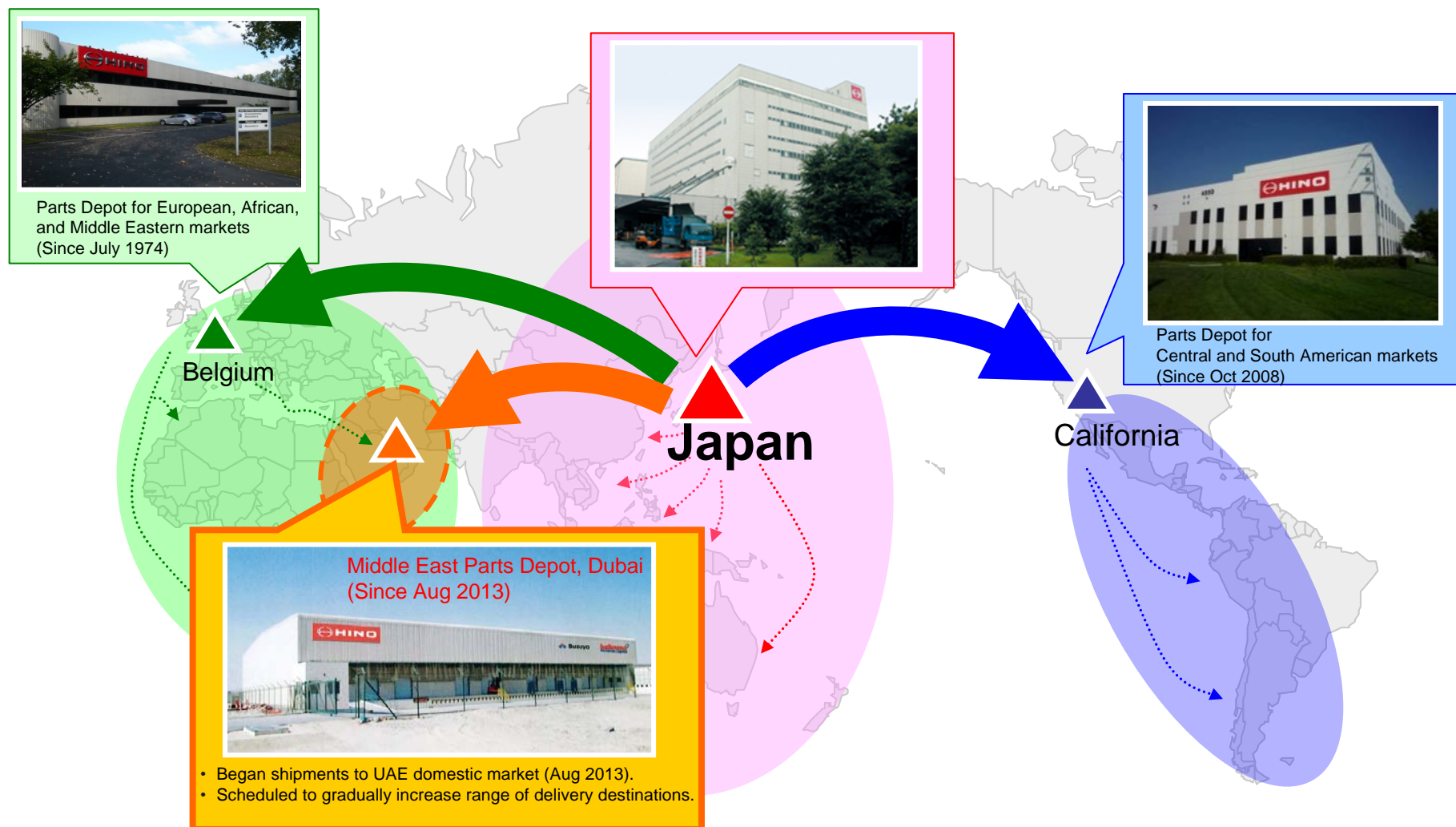
Hone skills and train talent worldwide ⇒ Enhance Hino group’s service quality.



### 3. Initiatives during the first half of FY2014: 3) Stable, quick, and high-quality supply

#### ① Upgrade our replacement parts supply system

New parts depot established in Dubai ⇒ Shorter replacement part supply lead times to Middle Eastern markets



3. Initiatives during the first half of FY2014: 3) Stable, quick, and high-quality supply

## ② Supply market-optimum parts (Secondary genuine parts)

Provide replacement parts with basic performance to support vehicle quality at affordable prices.

- Specifications and prices that meet market needs ⇒ Cut down on customers' running costs
- Stable and quick supply ⇒ Reduce lead times (Maximize up times)

### Example: J-Filter (Thailand)

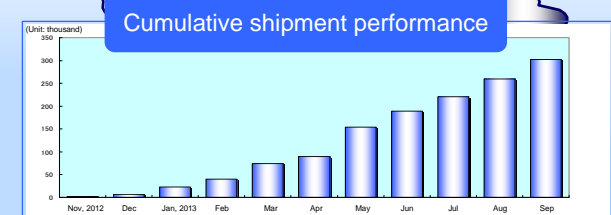
#### Oil and fuel filters started

>>> Reason: Replacement frequency and Maximize effects of running cost reductions.

- Jan 2012 : Company founded
- Nov 2012~: Shipments to Thailand domestic market.
- Jan 2013~: Shipments expanded to other markets.



In the process of increasing delivery destinations  
(Thailand ⇒ Asia  
⇒ Central and South America and Middle East)



Ensure that vehicle quality is maintained for as many customers as possible.



3. Initiatives during the first half of FY2014:

4) Ability to provide suggestions as only possible by a manufacturer

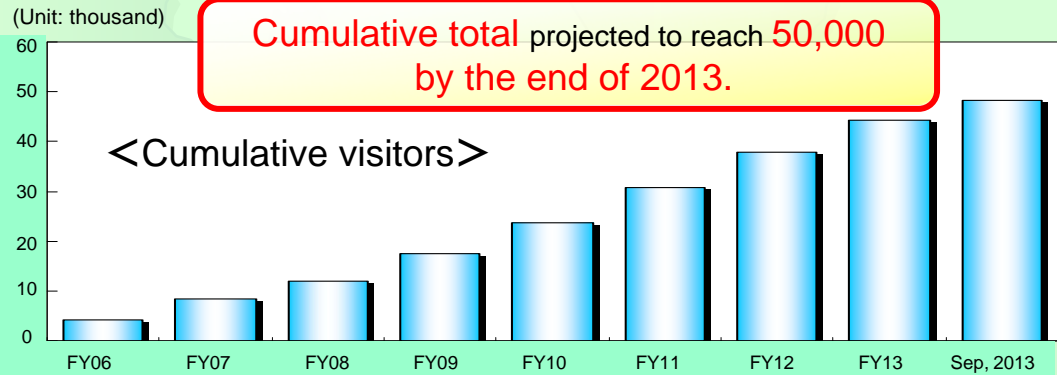


① Fuel-efficient driving seminars in Japan and overseas

Facility in Japan have been expanded in response to receiving a positive reception, and overseas implementation is also underway.



Jun. 2005: The center opened as the first manufacturer-operated seminar facility in Japan.  
Feb. 2013: Facilities received upgrades and enhancements, with an increase in training capacity.  
⇒The center has been taking in trainees at a rapid pace ever since.



The center has provided training also to instructors from overseas distributors.

To customers in different countries and regions via these instructors from overseas distributors

About 5,000 have taken part in over 10 countries in 2013 (Jan to Sep)

## The Hino Credo: **Corporate Mission**

To make the world a better place to live by helping people and goods get to where they need to go  
-safely, economically and with environmental responsibility -  
while focusing on sustainable development.



# **Financial Results for Second Quarter of FY2014**

**(From April 1, 2013 to September 30, 2013)**



**October 29, 2013**  
**Hino Motors, Ltd.**





# 1. Sales Turnover

# Global Unit Sales

IR 3/18



★Record-High for a half-year

(Units)

		FY2014 1st Half ( <sup>'13</sup> /4-9)	FY2013 1st Half ( <sup>'12</sup> /4-9)	Change	Change (%)
By Geographic Region	Japan	21,073	19,618	+ 1,455	+ 7.4%
	Asia	★ 37,679	37,223	+ 456	+ 1.2%
	Central and South America	★ 6,778	5,911	+ 867	+ 14.7%
	North America	★ 4,593	4,256	+ 337	+ 7.9%
	Europe/Africa	★ 4,371	4,176	+ 195	+ 4.7%
	Oceania	2,706	2,623	+ 83	+ 3.2%
	Middle East	2,019	1,882	+ 137	+ 7.3%
	Overseas Total	★ 58,146	56,071	+ 2,075	+ 3.7%
Total		★ 79,219	75,689	+ 3,530	+ 4.7%

# Truck and Bus Market in Japan

IR 4/18



※Record-High in 1st half

(Units)

		FY2014 1st Half ( <sup>1</sup> 13/4-9)	FY2013 1st Half ( <sup>1</sup> 12/4-9)	Change	Change (%)
Hino Registered	Heavy-duty trucks (share)	5,973 (31.4%)	5,682 (31.6%)	+ 291 (- 0.2p)	+ 5.1%
	Medium-duty trucks (share)	5,546 (38.0%)	5,183 (37.2%)	+ 363 (+ 0.8p)	+ 7.0%
	Light-duty trucks (share)	8,346 (20.7%)	※ 7,651 (20.7%)	+ 695 (0.0p)	+ 9.1%
	Total trucks (share)	19,865 (26.8%)	18,516 (26.9%)	+ 1,349 (- 0.1p)	+ 7.3%
	Buses (share)	1,208 (30.8%)	1,102 (30.0%)	+ 106 (+ 0.8p)	+ 9.6%
	Total (share)	21,073 (27.0%)	19,618 (27.1%)	+ 1,455 (- 0.1p)	+ 7.4%
Japan Market	Heavy-duty trucks	19,028	17,986	+ 1,042	+ 5.8%
	Medium-duty trucks	14,579	13,941	+ 638	+ 4.6%
	Light-duty trucks	40,397	36,905	+ 3,492	+ 9.5%
	Total trucks	74,004	68,832	+ 5,172	+ 7.5%
	Buses	3,921	3,675	+ 246	+ 6.7%
Total		77,925	72,507	+ 5,418	+ 7.5%



## 2. Consolidated Financial Results

# Consolidated Unit Sales

IR 6/18



★Record-High for a half-year

✳Record-High in 1st half

(Units)

		FY2014 1st Half ( <sup>'13</sup> /4-9)	FY2013 1st Half ( <sup>'12</sup> /4-9)	Change	Change (%)
By Geographic Region	Japan	22,133	20,261	+ 1,872	+ 9.2%
	Asia	★ 36,480	36,005	+ 475	+ 1.3%
	Central and South America	✳ 6,524	6,447	+ 77	+ 1.2%
	North America	4,788	★ 5,113	− 325	− 6.4%
	Europe/Africa	4,462	★ 4,665	− 203	− 4.4%
	Oceania	2,589	2,636	− 47	− 1.8%
	Middle East	2,168	1,701	+ 467	+ 27.5%
	Overseas Total	★ 57,011	56,567	+ 444	+ 0.8%
Total		★ 79,144	76,828	+ 2,316	+ 3.0%
Supplies and parts for overseas production		1,898	★ 3,466	− 1,568	− 45.2%
Total		★ 81,042	80,294	+ 748	+ 0.9%

# Consolidated Unit Sales of Toyota Brand Vehicles and Engines

IR 7/18



		FY2014 1st Half ( <sup>'13</sup> /4-9)	FY2013 1st Half ( <sup>'12</sup> /4-9)	Change	Change (%)
		(Units)			
Toyota Brand	SUV	73,290	62,922	+ 10,368	+ 16.5%
	Loading Vehicles	19,202	22,817	− 3,615	− 15.8%
	Total	92,492	85,739	+ 6,753	+ 7.9%

		FY2014 1st Half ( <sup>'13</sup> /4-9)	FY2013 1st Half ( <sup>'12</sup> /4-9)	Change	Change (%)
		(Units)			
Engines	Japan	5,921	6,204	− 283	− 4.6%
	Overseas	4,822	9,428	− 4,606	− 48.9%
	Total	10,743	15,632	− 4,889	− 31.3%

\* Engines are Hino shipment base.

# Consolidated Income Statement

IR 8/18



★Record-High for a half-year

(Billions of yen)

Item	FY2014 1st Half ('13/4-9)	FY2013 1st Half ('12/4-9)	Change	Change (%)
Net sales	★ 835.4	745.4	+ 90.0	+ 12.1%
Operating income	<7.2%> ★ 60.5	<4.0%> 29.7	< +3.2p> + 30.8	2.0 times
Non-operating income (loss)	(2.9)	(1.1)	— 1.8	—
Investment gain (loss) on equity method	(0.1)	(0.5)	+ 0.4	—
Ordinary income	<6.9%> ★ 57.5	<3.8%> 28.1	< +3.1p> + 29.4	2.0 times
Extraordinary income	1.3	0.8	+ 0.5	+ 60.3%
Extraordinary loss	0.5	1.3	— 0.8	— 63.1%
Net income before income taxes and minority interests	<7.0%> ★ 58.3	<3.7%> 27.6	< +3.3p> + 30.7	2.1 times
Net income	<4.7%> ★ 39.6	<2.5%> 18.5	< +2.2p> + 21.1	2.1 times

Note: Figures in parentheses (<>) indicate income margin.

# Consolidated Net Sales

IR 9/18



(Billions of yen)

		FY2014 1st Half ( <sup>'13</sup> /4-9)	FY2013 1st Half ( <sup>'12</sup> /4-9)	Change	Change (%)
Japan	Heavy-duty trucks	73.9	69.4	+4.5	+6.6%
	Medium-duty trucks	31.5	28.4	+3.1	+10.8%
	Light-duty trucks	31.2	27.9	+3.3	+12.1%
	<b>Total trucks</b>	<b>136.6</b>	<b>125.7</b>	<b>+10.9</b>	<b>+8.8%</b>
	Buses	20.8	18.6	+2.2	+11.8%
<b>Subtotal</b>		<b>157.4</b>	<b>144.3</b>	<b>+13.1</b>	<b>+9.1%</b>
Overseas	Completed vehicles	244.2	210.4	+33.8	+16.1%
	Supplies and parts for overseas production	1.4	2.7	-1.3	-49.2%
<b>Subtotal</b>		<b>245.6</b>	<b>213.1</b>	<b>+32.5</b>	<b>+15.3%</b>
<b>Total trucks and buses</b>		<b>403.0</b>	<b>357.4</b>	<b>+45.6</b>	<b>+12.8%</b>
<b>Service parts</b>		<b>45.8</b>	<b>40.1</b>	<b>+5.7</b>	<b>+14.2%</b>
<b>Others</b>		<b>89.1</b>	<b>85.6</b>	<b>+3.5</b>	<b>+3.9%</b>
Toyota	Vehicles	203.5	182.5	+21.0	+11.5%
	Overseas unit supply	77.6	63.1	+14.5	+23.0%
	Others	16.4	16.7	-0.3	-1.9%
	<b>Subtotal</b>	<b>297.5</b>	<b>262.3</b>	<b>+35.2</b>	<b>+13.4%</b>
<b>Total net sales</b>		<b>835.4</b>	<b>745.4</b>	<b>+90.0</b>	<b>+12.1%</b>





# Consolidated Operating Income by Segments

(Billions of yen)

	FY2014 1st Half ( <sup>1</sup> 13/4-9)		FY2013 1st Half ( <sup>1</sup> 12/4-9)		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	664.9	<7.2%> 47.9	605.4	<3.5%> 21.2	+ 9.8% + 59.5	2.3 times + 26.7
Asia	244.1	<6.2%> 15.1	204.7	<4.2%> 8.5	+ 19.3% + 39.4	+ 77.3% + 6.6
Other Areas	82.9	<4.9%> 4.1	70.8	<2.0%> 1.4	+ 17.2% + 12.1	2.9 times + 2.7
Consolidated adjustment	(156.5)	(6.6)	(135.5)	(1.4)	— 21.0	— 5.2
Total	835.4	<7.2%> 60.5	745.4	<4.0%> 29.7	+ 12.1% + 90.0	2.0 times + 30.8

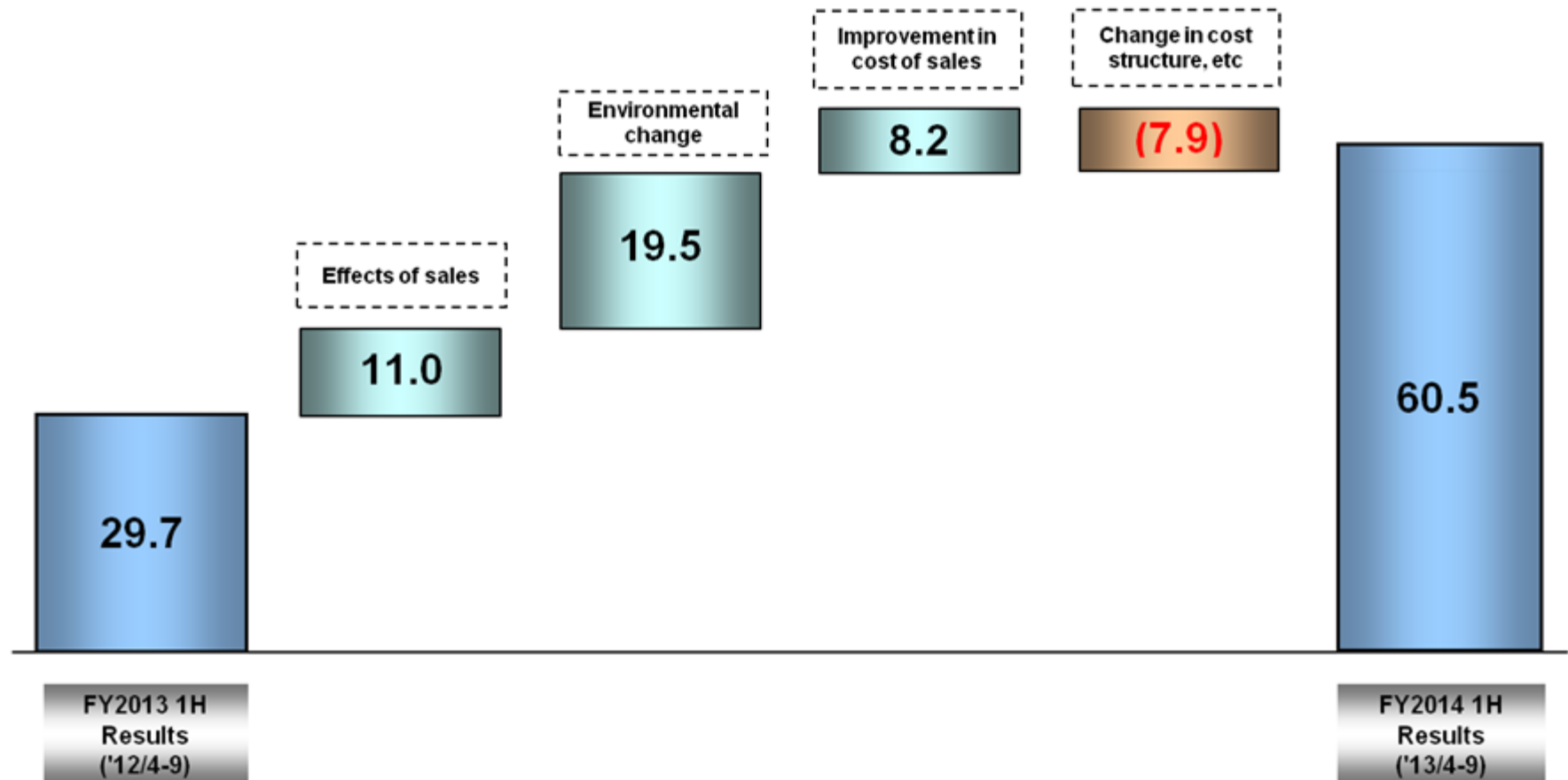
Note: Figures in parentheses (<>) indicate operating income margin.



# Analysis of Consolidated Operating Income

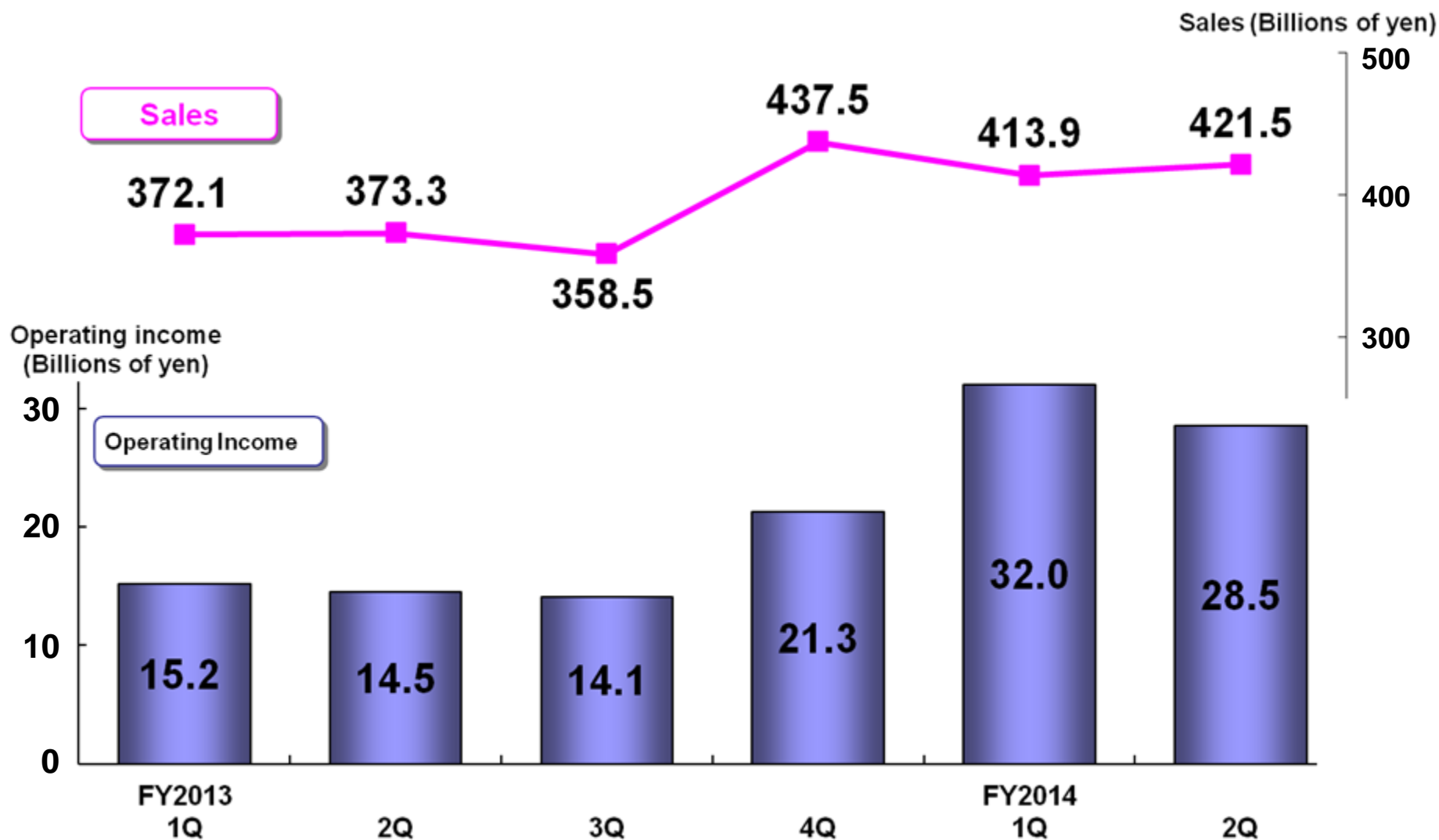
Increase in operating income: ¥+30.8 billion (¥29.7 billion to ¥60.5 billion)

(Billions of yen)





## Trends in the Quarterly Consolidated Sales and Operating Income





### **3. Sales Forecasts for FY2014**

# Global Unit Sales

IR 14/18



(Thousand units)

	FY2014 ( <sup>'13/4</sup> - <sup>'14/3</sup> ) Forecasts announced on October 29	FY2014 ( <sup>'13/4</sup> - <sup>'14/3</sup> ) Forecasts announced on April 25	Change	Change(%)	FY2013 ( <sup>'12/4</sup> - <sup>'13/3</sup> ) Results	Change	Change(%)
Japan	46.9	44.6	+ 2.3	+ 5.2%	43.7	+ 3.2	+ 7.3%
Overseas	123.2	130.0	- 6.8	- 5.2%	111.0	+ 12.2	+ 11.0%
Total	170.1	174.6	- 4.5	- 2.6%	154.7	+ 15.4	+ 10.0%
Toyota brand (*)	182.8	172.0	+ 10.8	+ 6.3%	185.8	- 3.0	- 1.6%

\*Including Dyna for Indonesia.



## **4. Consolidated Financial Forecasts for FY2014**



# Consolidated Income Statement

(Billions of yen)

Item	FY2014 ('13/4-'14/3) Forecasts announced on October 29	FY2014 ('13/4-'14/3) Forecasts announced on April 25	Change	Change(%)	FY2013 ('12/4-'13/3) Results	Change	Change(%)
Net sales	1,680.0	1,620.0	+ 60.0	+ 3.7%	1,541.4	+ 138.6	+ 9.0%
Operating income	<6.0%> 100.0	<5.2%> 85.0	< +0.8p> + 15.0	+ 17.6%	<4.2%> 65.1	< +1.8p> + 34.9	+ 53.6%
Ordinary income	<5.7%> 96.0	<5.0%> 81.0	< +0.7p> + 15.0	+ 18.5%	<4.3%> 66.9	< +1.4p> + 29.1	+ 43.4%
Net income	<4.3%> 72.0	<3.7%> 60.0	< +0.6p> + 12.0	+ 20.0%	<3.1%> 47.7	< +1.2p> + 24.3	+ 51.0%

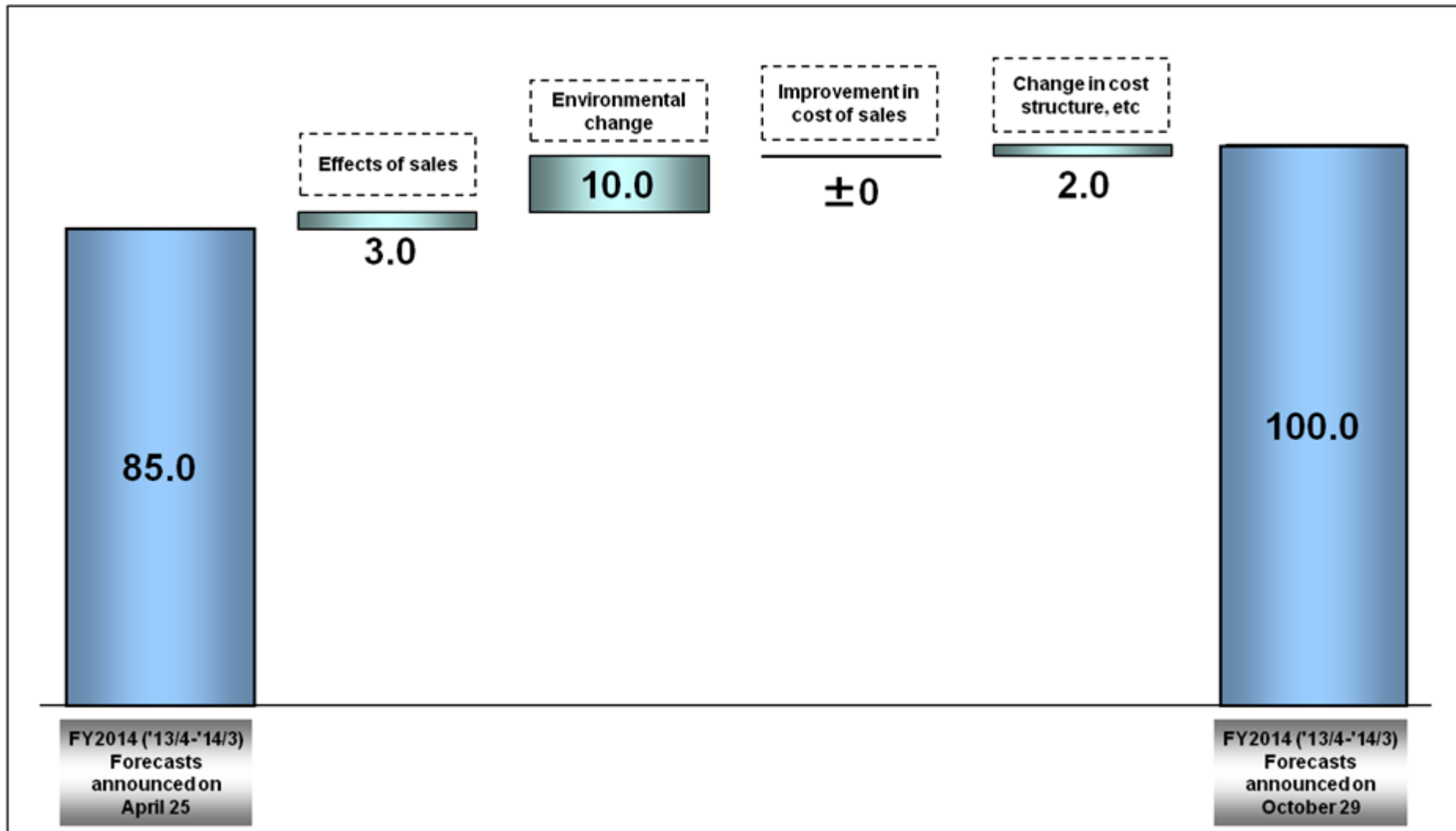
Note: Figures in parentheses (<>) indicate income margin.



# Analysis of Consolidated Operating Income (Comparison with forecasts announced on April 25)

Increase in operating income: ¥+15.0 billion (¥85.0 billion to ¥100.0 billion)

(Billions of yen)





# Analysis of Consolidated Operating Income (Year-on-year comparison)

IR 18/18



Increase in operating income: ¥+34.9 billion (¥65.1 billion to ¥100.0 billion)

(Billions of yen)

