<Financial Results for the Second Quarter of FY2017>
—Prepared Remarks by President Yasuhiko Ichihashi—

[Performance for the first half of FY2017]
Regarding our performance during the first half of the fiscal year, we posted net sales of 799.1 billion yen, operating income of 32.9 billion yen, and profit of 22.6 billion yen, which represented a year-on-year decrease in revenue and profit.

Performance suffered in the second quarter, in similar fashion to the first quarter, primarily due to the effects of currency exchange rates. We expect these difficult external conditions to continue for the foreseeable future.

[Forecasts for the FY2017]
<Recognition of the business climate and forecasts>
We have made corrections to our forecasts for the current fiscal year based on our performance in the first half. While we foresee ongoing strength in domestic sales, we have corrected our overseas sales performance forecast for the current fiscal year downward by 3,000 units from the forecast we made at the beginning of the fiscal year. We have also corrected our currency exchange rate expectations toward a stronger yen relative to all primary currencies based on current trends. As a result, our new operating income forecast for
this fiscal year is 60 billion yen. Our forecasts for net sales and profit are at 1,630 billion yen and 41 billion yen, respectively.

We believe that the difficult conditions that have continued since the latter half of last year—including the increasing slowdown in overseas markets and the strong yen—will continue to prevail for the foreseeable future. We also believe that we must keep a close eye on economic developments in the U.S. and China and geopolitical risks, as well as political developments in the U.S. and Europe in general.

<Dividends>
Although the matter of dividends was yet to be decided at the beginning of the fiscal year due to rapidly changing external conditions and considerable uncertainty for the future, we announce that we will be setting the dividend figure at 22 yen for the year based on a 30% dividend payout ratio as in the past, with the dividend of surplus (interim) at 11 yen and term-end payment at 11 yen.

We plan to make consistent dividend payments on an ongoing basis alongside our investment in large-scale investments and efforts to further improve to our financial constitution.
<Advance investments>
Meanwhile, we have been steadily making investments to achieve sustainable growth into the future. While these advance investments may represent a burden for the short term, including this fiscal year's performance, we remain committed to taking every necessary step to produce solid results from these investments.

I would like to touch on three such examples.

Our first example is our relocation to the Koga Plant, where we are taking active steps to optimize our production and supply structure. While we are making investments and incurring costs of depreciation in advance, the all production lines at the Koga Plant will be in operation by the beginning of next year, with output volume scheduled to increase over time.

The peak of this relocation will continue through fiscal 2018, and we will be incurring these costs in advance. That said, we will ultimately realize mixed-line production and process seiryuka (smoothness/streamlining), from which we expect to reap the benefits of relocation amounting to 6 to 7 billion yen annually.

Moving forward, we will be making unfaltering efforts to solidify the effects of relocation, and also implement actions for minimizing the
temporary inefficiencies that we may experience during the relocation process. We will be positioning the Koga Plant as the central pillar in our efforts to perfect our high-mix, low-volume operations, a hallmark of commercial vehicle production.

The second example is the renewal of our dealership operations, which we are implementing as part of our Total Support. We have invested 5 to 10 billion yen a year in these efforts, implementing them in Hachioji and Sapporo in the first half, for example.

We have been fitting new dealerships with the latest facilities to improve our servicing capabilities and upgrade our abilities to support light-duty trucks, ownership of which continues to grow. By doing so, we have been able to provide quick and high-quality services to a large number of customers.

In mature markets such as Japan, our goal is to not rely solely on increasing the number of units sold, but also to provide excellent products and Total Support services to our customers to support their businesses. By doing so, we aim to strengthen our ties with our customers and establish a business model whereby Hino is able to grow together with our customers. The two key perspectives for achieving this are the minimization of life cycle costs and
maximization of up times. We are committed to taking solid, ongoing actions based on these two perspectives.

Our third example is the development of new products for the Japanese market. We are focusing our development efforts on delivering products that are safer and more economical, and that drivers find desirable and will want to drive, to say nothing of achieving compliance with new emissions regulations.

We are happy to announce that we will be launching our new, long-awaited product next year. While I will not go into the details of this new product as it is still under development, we will be steadfast in our development efforts to deliver a best-fit product that will support our customers’ businesses.

We will continue to actively develop and introduce products that deliver superior safety, environmental friendliness, fuel efficiency and convenience: products that will give our customers an edge in growing their businesses. We are also committed to developing the latest technologies and becoming a technology leader in the industry.
[In closing]

Although to date we have been incurring the costs of these three case examples, we are now able to foresee when we will be feeling the effects of our investments. In order to ensure the realization of these effects, we will continue to improve our efficiencies, leaving no stone unturned in doing what needs to be done, and produce solid results from these investments to achieve sustainable growth into the future.

Last October, we announced Hino’s vision for the future. In it, I cited our mid-term strategy, which outlines the operational enhancements required in terms of region and product, specifically in the Americas and for light-duty trucks. These will continue to be essential for our sustainable growth. And by steadily moving forward as we have been to date, we are committed to creating a corporate constitution that is less susceptible to external conditions.