

## Financial Results for the Second Quarter of FY2018

### Prepared Remarks by President & CEO Yoshio Shimo

[Performance for the first half of FY2018]

We believe that our performance for the first half was generally in line with the plans we outlined at the beginning of the fiscal year. As for domestic sales, we sold 30,930 trucks and buses, or 103% of the same period last year. For shares, we have rewritten our previous first half record. In overseas markets, we sold 56,660 units, or 109% of the same period last year largely owing to strong sales in Asia and North America. This brings our total global unit sales to 87,590, which is also a record figure for the first half.

In terms of our financial performance, we have posted sales of 850 billion yen, operating profits of 34.9 billion yen, and net profits of 230 billion yen representing a year-on-year increase in sales and profits.

We will be making a mid-term dividend payment of 13 yen, unchanged from our estimate at the beginning of the fiscal year.

[Forecasts for the FY2018]

We have made corrections to our forecasts for this fiscal year given the effects of the immediate demand and business climate.

Based on expectations that domestic sales will continue to be strong, we have set the level of unit sales at 67,000 units for the fiscal year as planned at the beginning of the year. Thanks to strong sales in our primary markets including the Asian market—primarily Indonesia—and North America, we expect overseas unit sales to reach 118,000 units, or 2,000 units more than what we had forecasted at the beginning of the year for a total global unit sales of 185,000 units.

As a result, we have corrected our consolidated profit and loss forecasts with sales corrected upward by 40 billion yen from the figure announced at the beginning of the year to 1,760 billion yen. Our outlook for operating profits and other profits remain the same.

For the dividends, we will be setting mid-term and year-end dividend figures at 13 yen for an annual dividend of 26 yen. Moving forward, we plan to make dividend payments on an ongoing basis based on our 30% dividend payout ratio alongside our investment in high-quality investments and efforts to further improve our financial constitution.

[Optimizing production and supply structures]

We are optimizing our production and supply structures on a global

level, and as part of these efforts, we have been carrying out a phased relocation from our Hino Plant to our Koga Plant. As of September this year, all heavy- and medium-duty models and units are being produced at the Koga Plant.

We are moving forward with a variety of new efforts including our mixed-line production of all heavy- and medium-duty vehicles for domestic and overseas markets on the new facilities and lines at the new plant, as well as the production of a new domestic model that was released in April this year. In doing so, we uphold quality as our highest priority as we manufacture these trucks with meticulous care, and operations have been gradually picking up pace.

By the end of this fiscal year, we expect to largely realize the effects of this relocation that we have been envisioning up to this time—effects that stem from improved productivity and logistics as compared to our Hino Plant.

Also according to plans, we are relocating the production of large displacement engines and other operations from the Hino Plant to the Nitta Plant which is ultimately slated to become our mother plant for unit production.

Through the optimization of these production and supply structures, we are committed to improve our effectiveness and implement various other kaizen (improvement) activities on an ongoing basis to establish competitive truck manufacturing plants that are geared for low-volume high-mix production and supply products to our global customers in a timely manner.

[New heavy- and medium-duty truck models for the domestic market]

Our heavy-duty “Hino Profia” and medium-duty “Hino Ranger” trucks underwent a full model change this year. Given the shortage of drivers in the labor market, we have equipped both of these models with state-of-the-art safety systems and designed them to provide a comfortable and snug working environment to create trucks that drivers will want to drive. Thanks to these efforts, these trucks have been highly popular among our customers.

Additionally, both trucks were awarded the Good Design Awards in Japan for this year. The Hino Profia was also included in the “Good Design Best 100.”

[Enhancing our Total Support operations]

At Hino, we continue to position “Total Support”—whose aim is to

maximize the up-times of our customers' vehicles—as one of the critical pillars of our operations. Enhancements to our “Total Support” operations are ongoing so that we are able to expand and strengthen the Hino Group's—including its dealerships'—ties with our customers.

For example, we are aggressively installing high-efficiency servicing lanes, building new servicing centers, and renovating existing ones every year to improve customer convenience and service efficiencies.

In the domestic market for light-duty trucks, an area that we have continued to focus on, we have achieved record levels of first half sales and share. Given the steady growth in the number of registered vehicles, we have accordingly been increasing the number of servicing lanes that support these light-duty trucks. We intend to continue to increase the number of these lanes to meet the increase in truck ownership.

[Strengthening our global business]

We are committed to further enhance our global activities to strengthen our competitiveness as we aim to increase our sales moving forward.

As part of our efforts to strengthen our North American operations, we have built a new plant in West Virginia, USA to further localize our production and introduce new large-horse-power medium-duty models. The construction of our assembly plant in Russia is another example of our focused efforts to grow our global business moving forward.

[In closing]

Mixed production of all heavy- and medium-duty models and units began at our new Koga Plant in September, and operations are gradually picking up pace. We intend to improve our competitiveness by making further improvements to the Koga Plant's characteristics, its highly efficient and flexible production system. Registration for our new domestic heavy- and medium-duty trucks will begin at full scale in the second half. We are committed to leave no stone unturned in producing these trucks and delivering them to our customers at the shortest lead-time possible according to their requests.

Based on a firm commitment to support the businesses of more customers in Japan and overseas, we will be advancing into overseas markets to increase future sales, and will also be making improvements to our Total Support operations. We are convinced

that these efforts will help to further strengthen Hino's competitiveness and ensure sustainable growth.