



Envisioning 2025

Corporate Mission

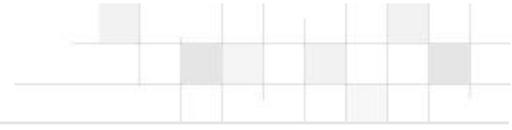
To make the world a better place to live by helping people and goods get where they need to go.

October 30, 2018

Yoshio Shimo
President & CEO, Representative Director

Hino Motors, Ltd.

Introduction



- **Today human transportation and logistics are increasingly affected by social issues including serious traffic accidents, CO₂ emissions, and labor shortages.**
- **Hino is committed to help solve these challenges by tackling them head-on, not only with its own resources but also by working through partnerships to bring together a greater range of competencies to help solve them.**



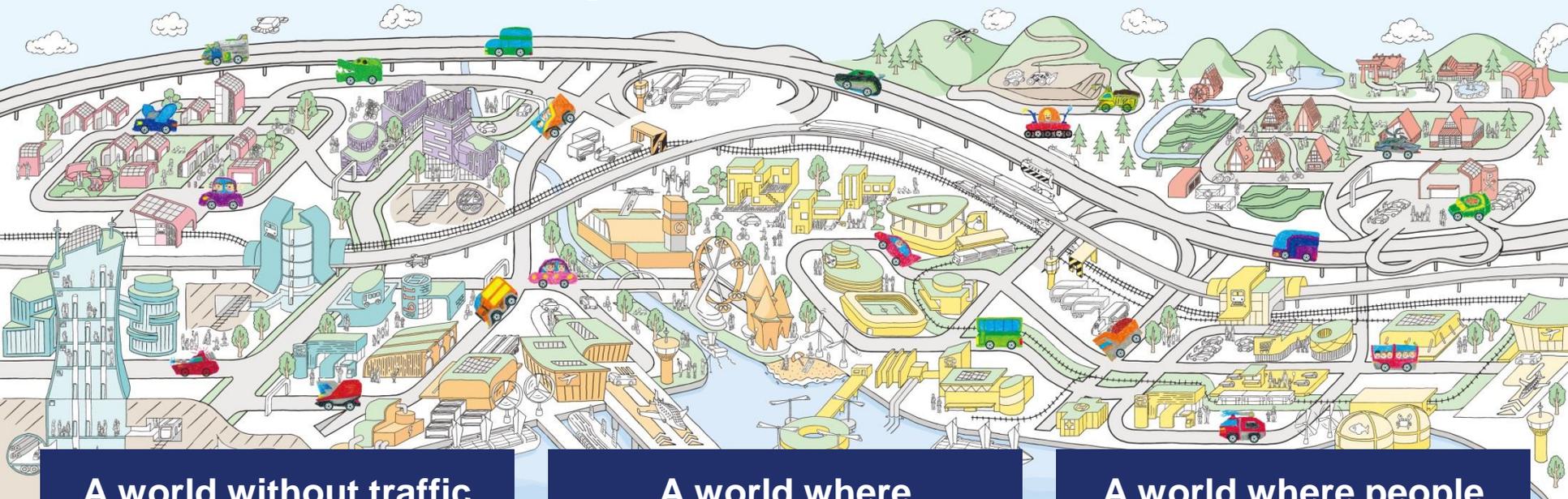
I . Providing Hino value and the world we want to create

II . Enhancing our business foundation in pursuit of sustainable growth

1. The world we want to create

A world where people and goods move freely, safely, and efficiently

**A sustainable world that is prosperous
and pleasant to live in.**



**A world without traffic
accidents, where
transport is worry-free
and safe**

**A world where
the transport of people
and goods does not tax
the environment**

**A world where people
and goods can move
freely and in an
optimized way**



2. Challenges to be overcome and providing Hino value

Based on our Three Directions approach, develop comprehensive solutions for the increasingly complex challenges our customers and the world face.

Challenges that we need to solve

Safety Serious traffic accidents

Environment CO2 emissions

Efficiency Sustainable growth for our customers' businesses

Crises in logistics, such as driver shortages

Provide value to our customers and the world

- ① Zero traffic accident casualties
- ② Major reductions in CO2 emissions
- ③ Support the growth of our customers' businesses
- ④ Enhanced efficiency in transporting goods and logistics



**Best-fit products
incorporating safety
and environmental
technologies**



**Total Support
customized
for each vehicle**



**New Activity
areas**

Three Directions to achieve “Trucks and buses that do more.”



3. Provide value to our customers and the world

① Zero traffic accident casualties

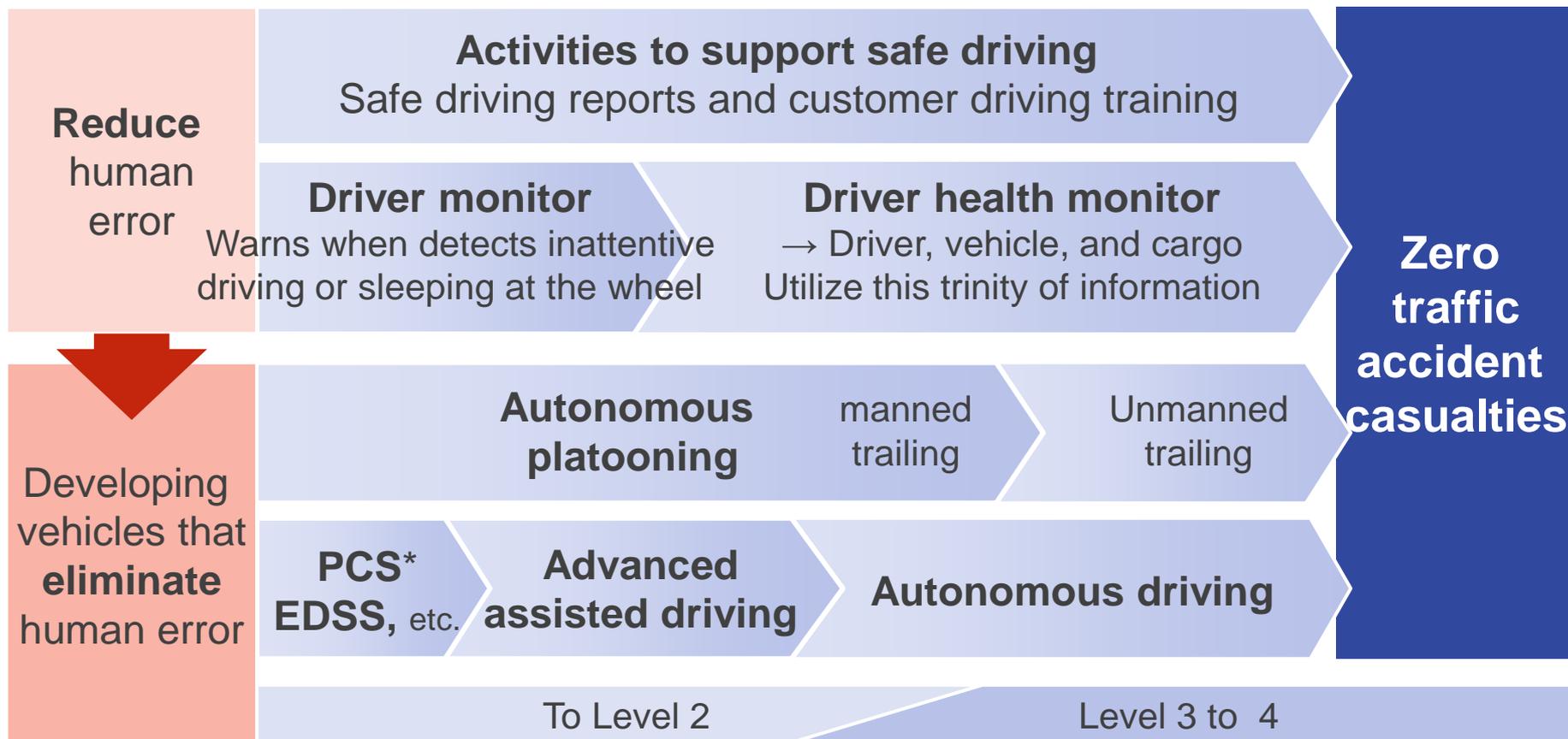
Hino Motors aims to achieve “Zero traffic accident casualties on expressways”
and “Zero traffic accident casualties on regular roads.”

2020s

2030s

2018

2025–



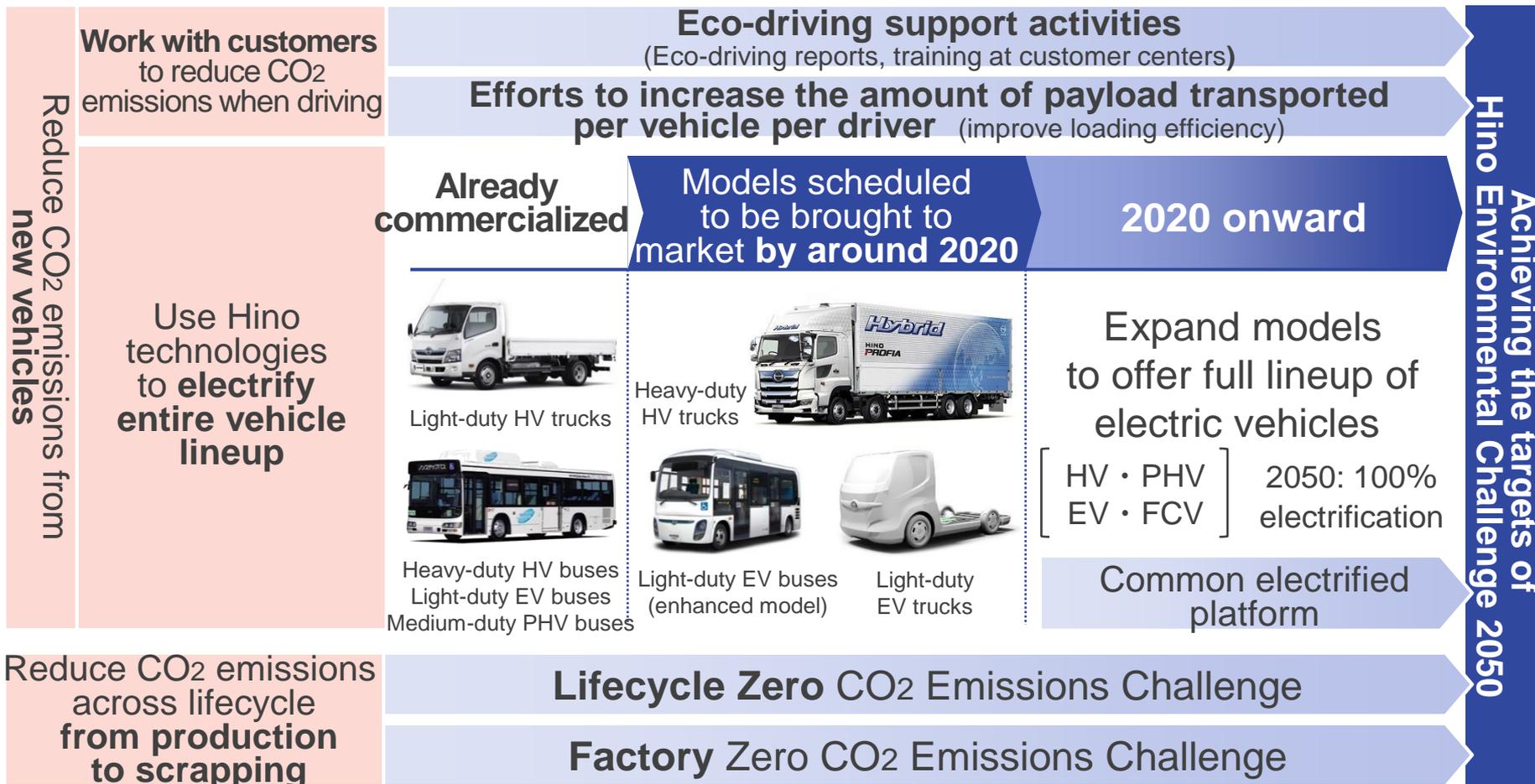
*PCS (Pre-Crash Safety) is a registered trademark of Toyota Motor Corporation.



3. Provide value to our customers and the world

② Major reductions in CO₂ emissions

Implement our Zero CO₂ Emissions Challenge in all business processes working to achieve the goals of Hino Environmental Challenge 2050.

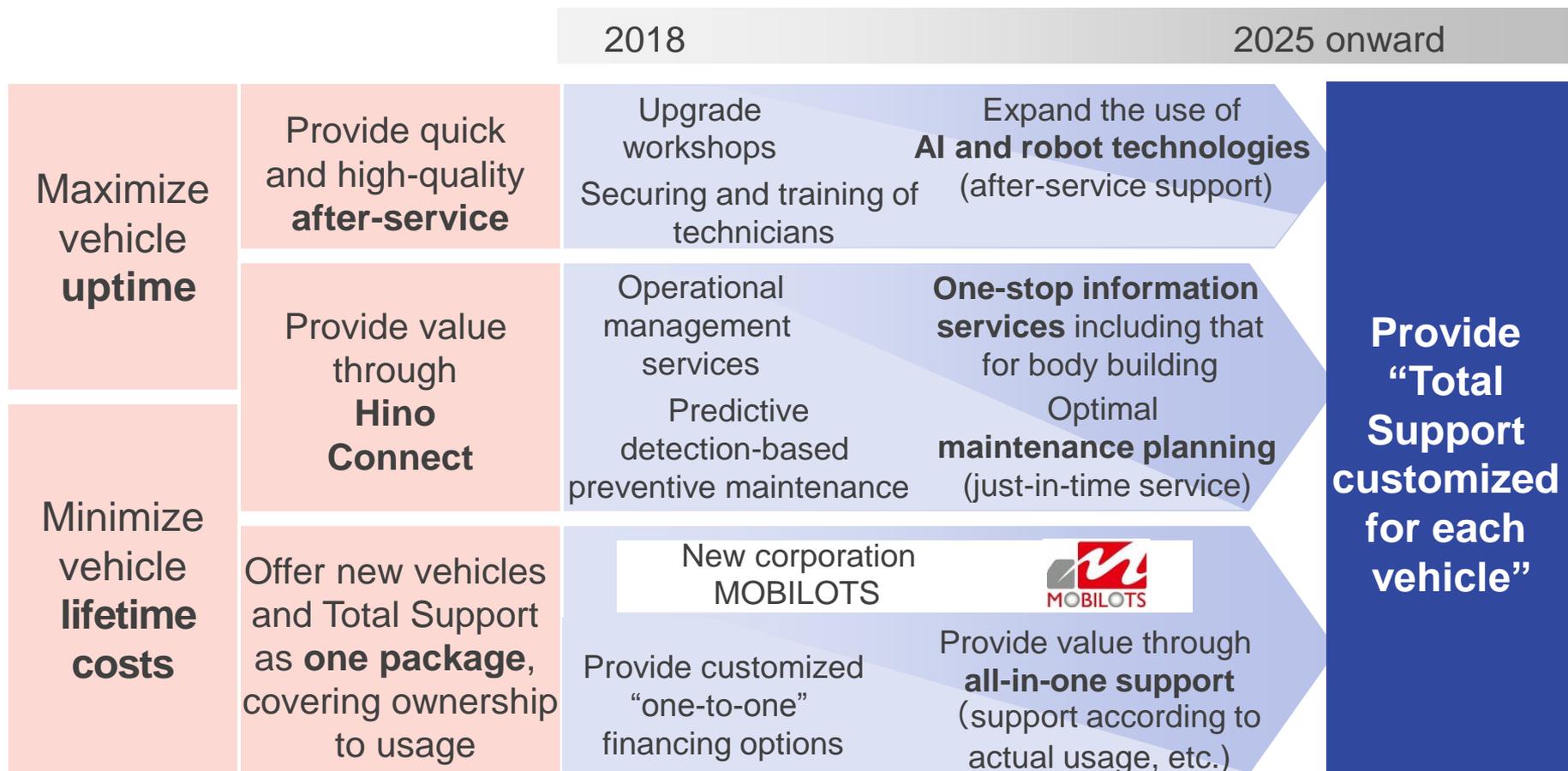




3. Provide value to our customers and the world

③ Support the growth of our customers' businesses

Utilize advanced technologies and offer One-to-One support



Provide products that are the best-fit to fulfill customer needs.

MOBILOTS Co., Ltd. is company that is to be established in February 2019. It will be a joint venture involving Toyota Finance Corporation and Sumitomo Mitsui Auto Service Company.



3. Provide value to our customers and the world

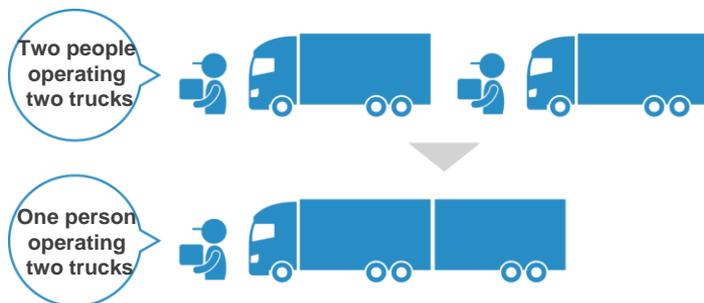
④ Enhanced efficiency in transporting goods and people [1]

**Achieve optimal operation with best-fit vehicles,
and improve logistics efficiencies by increasing loading efficiency**

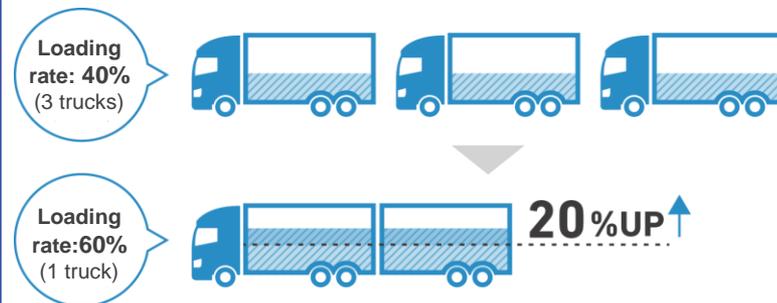
Solutions for human transport and logistics

Actions

Enable more cargo transport per driver
= Large volume transport on major highways
⇒ Help resolve driver shortages



Enable a single vehicle to transport more
= Logistics management
⇒ Improve transport efficiency



Utilize this trinity of information

Vehicle information

Driver information

Cargo information

Framework
and
partners

Toyota Group



Cargo owners



Logistics companies

NEXT Logistics Japan established to conduct pilot programming testing

(Business to be launched in 2019)



3. Provide value to our customers and the world

④ Enhanced efficiency in transporting goods and people [2]

Use the broad range of data we have accumulated to provide greater value to our customers and the world.

Our contribution to realizing “The world we want to create”

Provide value

Customers

Provide value
that exceeds expectations
and amazes.

Vehicle and cargo
information, etc.

Matching, sharing, cargo traceability
operational management, driver
support, etc.

New stakeholders

Provide new value
using data on vehicles,
locations, and service centers, etc.

Information associated with
human transport and logistics

Road traffic information,
economic trends apparent from
the movement of cargo, various
KPI information, etc.

Commercial logistics and human transport data platform



I . Providing Hino value and the world we want to create

II. Enhancing our business foundation in pursuit of sustainable growth



1. Growth and business structure changes leading up to 2025

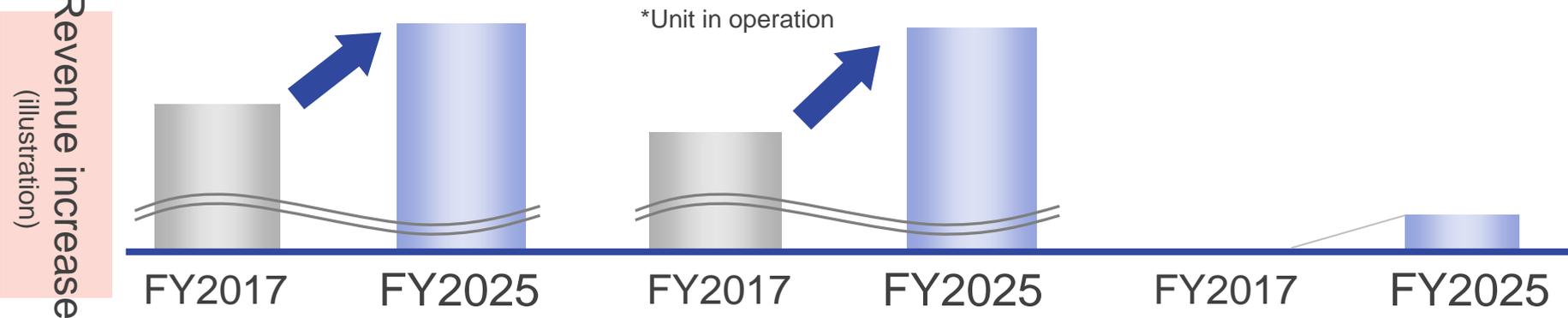
Growth driven by three businesses
 ⇒ **Creating a business structure that enables sustainable growth**

Three Directions

- Best-fit products incorporating safety and environmental technologies
- Total Support customized for each vehicle
- Pursuing challenges in new areas

Hino's businesses

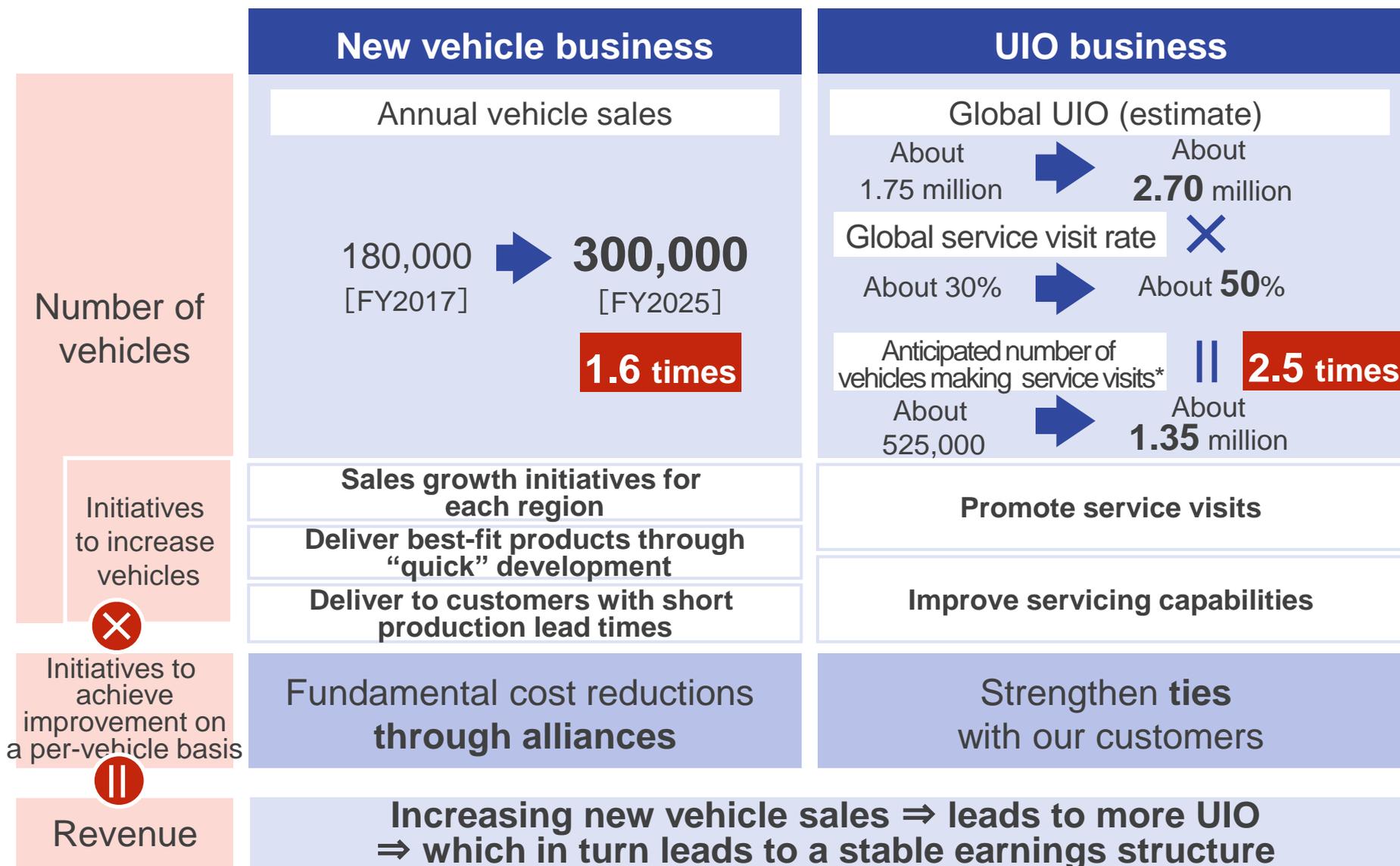
<p>New vehicle business</p> <p>Sold</p> <p>180,000 ➔ 300,000</p>	<p>UIO* business Servicing, parts, finance, etc.</p> <p>UIO (estimate)</p> <p>About 1.75 million ➔ 2.7 million</p> <p>Rate of service visits: 30% ➔ 50%</p>	<p>Solutions business Business innovation</p> <p>Solutions</p> <p>Business planning ➔ Enable stable business operation</p>
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2. Further strengthening our business foundation

① Growth scenario





2. Further strengthening our business foundation

② New vehicle business

(Sales growth initiatives for each region)

In addition to the **three regional pillars**, we will achieve balanced growth across overseas regions and markets
⇒ achieving annual sales of 300,000 units

〈Vehicle sales〉

Thousands of units/year

300

55

111

69

13

52

Three regional pillars

Japan

ASEAN

Americas

China

Other

185

67

58

30

2

28

FY2017

FY2025

Grow sales overseas = Increase global vehicles owned

- **Economic growth efforts in ASEAN countries**

- Address cross-border logistics needs
- Address demand for cold and temperature-controlled cargo, etc.

- **North America: Enter medium-duty high-horse-power segment**

(Begin full-fledged sales in 2019)

- **Central and South America: Increase sales in Mexico, Columbia and elsewhere**

- **Introduce optimally priced products in the world's largest market**

- **Increase sales in Russia, the Middle East and other markets**



2. Further strengthening our business foundation

③ New vehicle business (R&D)

Make extensive improvements to efficiencies in existing areas
to achieve “quick development” of best-fit products.

⇒ **Resources freed** due to efficiency improvements
to be deployed in advanced R&D areas.

Introduce best-fit products in a timely fashion through “quick development”

- Aim to **halve development lead times** through digital development

[Collective planning (including body builds) [Model-based development] [Utilization of 3D data]

- **Develop our vehicles close to our customers** in a way that we are able to quickly respond to their needs.



Japan

Develop basic technologies and basic modules



Thailand

Develop best-fit vehicles for ASEAN



USA

Develop vehicles specifically for North America



China

Develop best-fit vehicles for China, and advanced technology verification

Expand model lineup also by harnessing alliances

- Mutual use of complementary technology
- Mutual supply of vehicles and components



2. Further strengthening our business foundation

④ New vehicle business (production and procurement)

Produce best-fit products for customers “**quicker**” and “**cheaper.**”

Deliver to customers with shorter production lead times.

- **Produce vehicles close to our customers** to reduce lead times = “quicker”
- **Export price-competitive models to other emerging economies** = “cheaper”

Thailand	Indonesia	China*	USA
Medium-duty trucks	Light-duty trucks	Heavy-duty trucks	North America-dedicated vehicles
			
To act as “ core production centers ” and “ export centers ” for price-competitive models.			Further localization and efficiency improvements at our new factory

* Joint production with local manufacturer

Fundamental cost reduction through alliances

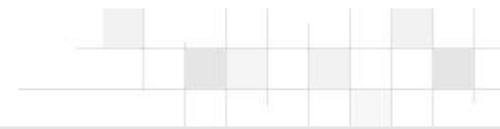
- **Fundamental cost reduction** with exhaustive focus on individual components (ongoing cost reduction on a per module basis and for all variations)
- **Utilize procurement joint venture** (TRATON)
- **Expand use of parts from India and other emerging economies** (Ashok Leyland)

Increase profit per vehicle



2. Further strengthening our business foundation

⑤ UIO business



Global UIO (estimate): FY2017 About **1.75** million → About **2.70** million
Global service visit rate: About **30%** → About **50%**

Number of vehicles making service visits expected to increase 2.5 times current levels
 → Provide solid support through the following initiatives

Promote service visits

- **Use dealer management systems (DMS) to reliably grasp customer information.**
- **Preventive servicing through the use of Hino Connect, etc.**

Improve servicing capabilities

- **Establish and update workshops**
10 shops per year in Japan over the past three years
→ continue with this moving forward
- **Provide training for and improve productivity of service personal**
In Japan, increase the number of technicians by 1.3 times and servicing capacity per line by 1.5 times by 2025.

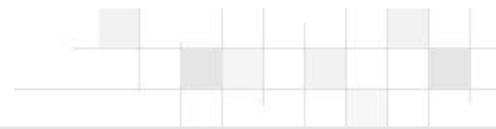
Strengthen customer ties

- **Roll out customer centers for all major overseas business bases**
Strengthen our customer relations to offer continuous and in-depth customer support.



2. Further strengthening our business foundation

⑥ Partnerships



We aim to provide solutions to societal issues, not only through our own capabilities, but also by bringing together others competencies.

Best-fit products incorporating safety and environmental technologies		Total Support customized for each vehicle	New activity areas
Existing technologies	Advanced technologies		

TRATON GROUP Strategic partnerships

ASHOK LEYLAND Extend the range

ISUZU

EV C.A. Spirit

MOBILOTS

NEXT LOGISTICS

Logistics companies

Cargo owners

Public-sector organizations, etc.

A Hino subsidiary that will work with the above entities.

Toyota Group



Promote commercial base CASE*

*CASE: C = connected (connectivity), A = autonomous (autonomous driving), S = shared, and E = electric (electrification)

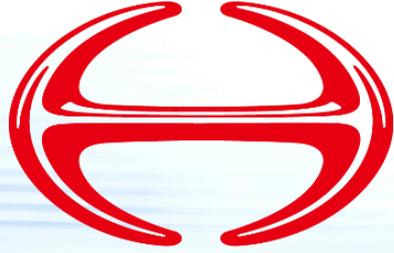


3. Corporate Targets

	FY2017	FY2025 targets
Sales	1.8 trillion yen	2.5 trillion yen
Operating profit ratio (amount)	4.4% (80 billion yen)	10% (250 billion yen)
Vehicle sales*	180,000 units	300,000 units
UIO* (estimate)	About 1.75 million	About 2.70 million
Service visit rate*	About 30%	About 50%
Expected number of service visits	About 525,000 units	About 1.35 million units
Earnings structure	Mainly from new vehicles	Create a stable earnings structure through UIO + solutions

*Figures represent global vehicle and service visit rates

Sustainable growth based on our Three Directions approach
Consistent shareholder returns and rise in corporate value

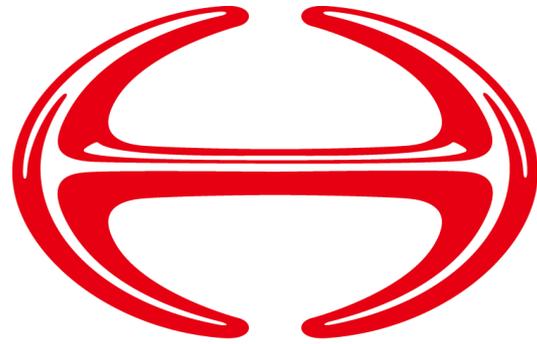


HINO

Reminders regarding forward-looking statements.

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.

Hino Motors, Ltd.



HINO