Envisioning 2025

Corporate Mission
To make the world a better place to live by helping people and goods get where they need to go.
• 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
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**: CO\(_2\) 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 CO\(_2\) emissions
3. Support the growth of our customers’ businesses
4. Enhanced efficiency in transporting goods and logistics

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

- **Best-fit products incorporating safety and environmental technologies**
- **Total Support customized for each vehicle**
- **New Activity areas**
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.”

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2025–</th>
</tr>
</thead>
</table>

**Reduce human error**

Activities to support safe driving
Safe driving reports and customer driving training

- **Driver monitor**
  - Warns when detects inattentive driving or sleeping at the wheel

- **Driver health monitor**
  - Utilize this trinity of information

**Developing vehicles that eliminate human error**

Zero traffic accident casualties

- **Autonomous platooning**
  - manned trailing
  - Unmanned trailing

- **PCS**
  - EDSS, etc.

- **Advanced assisted driving**

- **Autonomous driving**

To Level 2

Level 3 to 4

*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.

<table>
<thead>
<tr>
<th>Reduce CO₂ emissions from new vehicles</th>
<th>Reduce CO₂ emissions across lifecycle from production to scrapping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with customers to reduce CO₂ emissions when driving</td>
<td>Lifecycle Zero CO₂ Emissions Challenge</td>
</tr>
<tr>
<td>Use Hino technologies to electrify entire vehicle lineup</td>
<td>Factory Zero CO₂ Emissions Challenge</td>
</tr>
</tbody>
</table>

### Eco-driving support activities
(Eco-driving reports, training at customer centers)

**Efforts to increase the amount of payload transported per vehicle per driver** (improve loading efficiency)

<table>
<thead>
<tr>
<th>Already commercialized</th>
<th>Models scheduled to be brought to market by around 2020</th>
<th>2020 onward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light-duty HV trucks</td>
<td>Heavy-duty HV trucks</td>
<td>Expand models to offer full lineup of electric vehicles</td>
</tr>
<tr>
<td>Heavy-duty HV buses</td>
<td>Light-duty EV buses (enhanced model)</td>
<td>HV・PHV</td>
</tr>
<tr>
<td>Light-duty EV buses</td>
<td>Light-duty EV trucks</td>
<td>EV・FCV</td>
</tr>
<tr>
<td>Medium-duty PHV buses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Achieving the targets of Hino Environmental Challenge 2050
- Expand models to offer full lineup of electric vehicles
  - HV・PHV
  - EV・FCV
  - 2050: 100% electrification
- Common electrified platform

- Lifecycle Zero CO₂ Emissions Challenge
- Factory Zero CO₂ Emissions Challenge
3. Provide value to our customers and the world
③ Support the growth of our customers’ businesses

<table>
<thead>
<tr>
<th>Maximize vehicle uptime</th>
<th>Minimize vehicle lifetime costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide quick and high-quality after-service</td>
<td>Provide value through Hino Connect</td>
</tr>
<tr>
<td>Upgrade workshops</td>
<td>Operational management services</td>
</tr>
<tr>
<td>Securing and training of technicians</td>
<td>Predictive detection-based preventive maintenance</td>
</tr>
<tr>
<td>2018</td>
<td>2025 onward</td>
</tr>
<tr>
<td>Expand the use of AI and robot technologies (after-service support)</td>
<td>One-stop information services including that for body building</td>
</tr>
<tr>
<td></td>
<td>Optimal maintenance planning (just-in-time service)</td>
</tr>
<tr>
<td></td>
<td>New corporation MOBILOTS</td>
</tr>
<tr>
<td></td>
<td>Provide customized “one-to-one” financing options</td>
</tr>
<tr>
<td></td>
<td>Provide value through all-in-one support (support according to actual usage, etc.)</td>
</tr>
</tbody>
</table>

Provide quick and high-quality after-service

Provide value through Hino Connect

Provide new vehicles and Total Support as one package, covering ownership to usage

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

<table>
<thead>
<tr>
<th>Actions</th>
<th>Enable more cargo transport per driver</th>
<th>Enable a single vehicle to transport more</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>= Large volume transport on major highways</td>
<td>= Logistics management</td>
</tr>
<tr>
<td></td>
<td>⇒ Help resolve driver shortages</td>
<td>⇒ Improve transport efficiency</td>
</tr>
</tbody>
</table>

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 program 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

<table>
<thead>
<tr>
<th>Customers</th>
<th>New stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide value that exceeds expectations and amazes.</td>
<td>Provide new value using data on vehicles, locations, and service centers, etc.</td>
</tr>
<tr>
<td>Vehicle and cargo information, etc.</td>
<td>Information associated with human transport and logistics</td>
</tr>
</tbody>
</table>

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

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**

- **New vehicle business**
  - Sold
  - 180,000 → 300,000

- **UIO* business**
  - Servicing, parts, finance, etc.
  - UIO (estimate)
  - About 1.75 million → About 2.7 million
  - Rate of service visits: 30%
  - Rate of service visits: 50%

- **Solutions business**
  - Business innovation
  - Solutions
  - Business planning
  - Enable stable business operation

**Revenue increase**

- **(illustration)**
  - FY2017
  - FY2025
2. Further strengthening our business foundation

① Growth scenario

<table>
<thead>
<tr>
<th>New vehicle business</th>
<th>UIO business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual vehicle sales</strong></td>
<td><strong>Global UIO (estimate)</strong></td>
</tr>
<tr>
<td>180,000 [FY2017]</td>
<td>About 1.75 million</td>
</tr>
<tr>
<td>300,000 [FY2025]</td>
<td>About 2.70 million</td>
</tr>
<tr>
<td><strong>1.6 times</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Sales growth initiatives for each region**
- Deliver best-fit products through “quick” development
- Deliver to customers with short production lead times

**Fundamental cost reductions through alliances**

**Global service visit rate**
- About 30%
- About 50%

**Anticipated number of vehicles making service visits**
- About 525,000
- About 1.35 million

**Promote service visits**

**Improve servicing capabilities**

**Strengthen ties with our customers**

Increasing new vehicle sales ⇒ leads to more UIO ⇒ which in turn leads to a stable earnings structure
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

<table>
<thead>
<tr>
<th>Vehicle sales</th>
<th>Thousands of units/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>185</td>
</tr>
<tr>
<td>FY2025</td>
<td>300</td>
</tr>
</tbody>
</table>

**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.

- 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

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

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

Expand model lineup also by harnessing alliances
2. Further strengthening our business foundation

④ New vehicle business (production and procurement)

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

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>Medium-duty trucks</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Light-duty trucks</td>
</tr>
<tr>
<td>China*</td>
<td>Heavy-duty trucks</td>
</tr>
<tr>
<td>USA</td>
<td>North America-dedicated vehicles</td>
</tr>
</tbody>
</table>

To act as “core production centers” and “export centers” for price-competitive models.

- 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

Deliver to customers with shorter production lead times.

Fundamental cost reduction through alliances

* Joint production with local manufacturer

Further localization and efficiency improvements at our new factory
## 2. Further strengthening our business foundation
### ⑤ UIO business

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global UIO</strong> (estimate):</td>
<td>About 1.75 million → About 2.70 million</td>
<td></td>
</tr>
<tr>
<td><strong>Global service visit rate:</strong></td>
<td>About 30% → About 50%</td>
<td></td>
</tr>
<tr>
<td>Number of vehicles making service visits expected to increase 2.5 times current levels</td>
<td>→ Provide solid support through the following initiatives</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Promote service visits</strong></th>
<th><strong>Improve servicing capabilities</strong></th>
<th><strong>Strengthen customer ties</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Use dealer management systems (DMS) to reliably grasp customer information.</td>
<td>• Establish and update workshops 10 shops per year in Japan over the past three years → continue with this moving forward</td>
<td>• Roll out customer centers for all major overseas business bases Strengthen our customer relations to offer continuous and in-depth customer support.</td>
</tr>
<tr>
<td>• Preventive servicing through the use of Hino Connect, etc.</td>
<td>• 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.</td>
<td></td>
</tr>
</tbody>
</table>
We aim to provide solutions to societal issues, not only through our own capabilities, but also by bringing together others’ competencies.

<table>
<thead>
<tr>
<th>Best-fit products incorporating safety and environmental technologies</th>
<th>Total Support customized for each vehicle</th>
<th>New activity areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing technologies</td>
<td>Advanced technologies</td>
<td></td>
</tr>
</tbody>
</table>

**Strategic partnerships**

- **TRATON GROUP**
- **ASHOK LEYLAND**
- **ISUZU**
- **MOBILOTS**
- **NEXT LOGISTICS**
  - Logistics companies
  - Cargo owners
  - Public-sector organizations, etc.

**EV C.A. Spirit**

**Toyota Group** and **HINO**

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

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

*Figures represent global vehicle and service visit rates

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