



# **Financial Results for FY 2019**

## **(Fiscal Year Ended March 31, 2019)**

April 25, 2019

**Yoshio Shimo**

**President & CEO, Representative Director**

**Hino Motors, Ltd.**

## **01. Challenge 2025**

### **02. Activities in FY 2019**

### **03. Situation in each region**

### **04. Cost reduction activities**

### **05. Outlook for FY 2020**

# 1. Challenge 2025

(announced in Oct. 2018; “Envisioning 2025”)



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 accident

Environment

CO<sub>2</sub> emissions

Efficiency

Sustainable growth for our customers' business  
Crisis in logistics, such as driver shortages

## Provide value to our customers and the world

- ① Zero traffic accidents casualties
- ② Major reductions in CO<sub>2</sub> emissions
- ③ Support the growth of our customers' business
- ④ Enhanced efficiency in transporting goods and logistics



安全・環境技術を追求した  
最適商品

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



トータルサポート

**Total support  
customized for each vehicles**



**New Activity areas**

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

# 1. Challenge 2025

(announced in Oct. 2018; “Envisioning 2025”)



**To return profits to shareholders stably and enhance our corporate value by strengthening our business foundation**

● Well-balanced growth in each region with optimal products and comprehensive support (with a rate of 6%/year)

	2017	2025 (goal)
Sales volume	180,000	300,000

● To increase the number of repair/maintenance transactions through comprehensive support and promotional activities

No. of vehicles owned	about 1.75 million	about 2.7 million
Repair/maintenance ratio	about 30%	about 50%
Expected repair/maintenance volume	about 525,000 vehicles	about 1.35 million vehicles

● Comprehensive support/solution business

Sales	1.8 trillion yen	2.5 trillion yen
Operating income	80 billion yen	250 billion yen
Profit rate	4.4%	10.0%

● Cost reduction in all regions

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## 2. Activities in FY 2019



Following the three directions, we will tackle customers' and social issues.

Apr. 2018

Sep. 2018

Mar. 2019



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

● Attachable driver monitor

● Heavy-duty hybrid truck

● Emergency Driving Stop System for drivers



**Total support customized for each vehicles**

● ICT-based operation support

● A new financial company



**New Activity areas**

● Logistic solution company

● Commercial CASE promotion organization

● Monet business tie-up

✓ To increase business partners

● Strategic partnership with TRATON

● Announcement of a joint venture with TRATON in the fields of electric vehicles and procurement

✓ System for making a decision and taking action swiftly

● 4-headquarters system

● Recruitment of foreign executives

● Domain classification

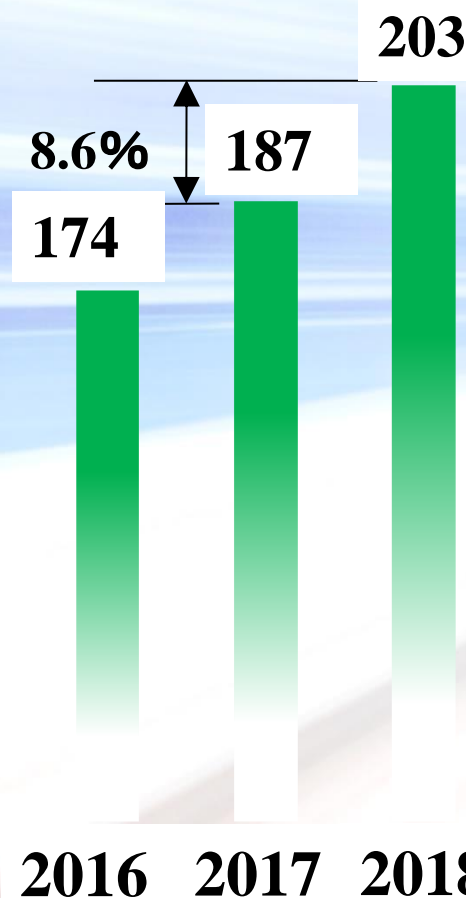
● Appointment of local staff as the presidents of overseas affiliates

## 2. Activities in FY 2019



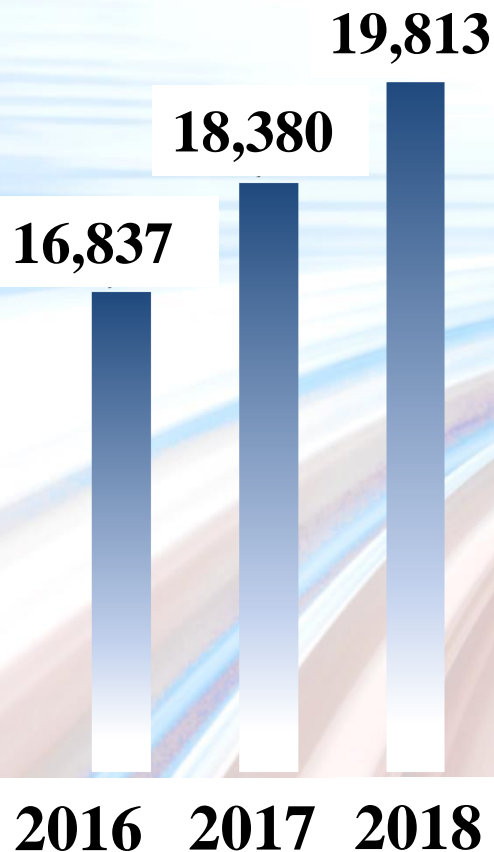
In FY 2019, unit sales and sales hit a record high, achieving the growth of sales and profit for two consecutive terms

**Global unit sales**  
[1,000 units]



Record high

**Consolidated sales**  
[100 million yen]



**Operating income**  
[100 million yen]



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### 3. Situation in each region



Mainly in major regions, we will strengthen our business foundation with best-fit products and total support.

	Japan	ASEAN	North America	China
Best-fit products	<p>Cutting-edge safety equipment</p> <p>Large-sized hybrid trucks</p>	<p>Establish regional development sites and supply optimal products as swiftly as possible</p>	<p>Adoption of new high-horsepower vehicles</p>	<p>New large-sized vehicles</p>
Total support	<p>Promotion and standardization of HINO CONNECT</p> <p>JD Power No.1</p>	<p>Adoption of ICT, renewal of service provision sites, support activities</p>		
			<p>Brand value ranks 1<sup>st</sup> in National Automobile Dealers Association.</p>	<p>Enrichment of business establishments</p>
Business foundation	<p>Koga Factory (Mother factory)</p> <p>Integrated manufacturing of vehicles</p>	<p>Production site development</p> <p>Medium-duty trucks</p> <p>Light-duty trucks</p>	<p>Construction of new factories</p> <p>Increase production output</p>	<p>Production sites for heavy-duty trucks</p>
Sales in FY 2019	<p>Record-high sales volume</p> <p>71,500 (up 7% y/y)</p>	<p>Record high sales in 5 major countries</p> <p>65,500 (up 14% y/y)</p>	<p>Record-high sales volume</p> <p>17,400 (up 5% y/y)</p>	<p>Increase of sales in 2018</p> <p>3,600 (up 45% y/y)</p>

### 3. Situation in each region



## Activities for improving Total Support

**Global No. of vehicles owned in FY 2019: 1.86 million\* (up 6% year on year)** \*Estimate

### Japan

No. of vehicles owned:  
890,000  
(up 5% year on year)

**Renewal of footholds:** In FY 2019, we constructed 5 business establishments (continuing an investment of 10 billion yen/year )

**ICT utilization (HINO CONNECT):** In May this year, we started mounting every vehicle with this system.

**Inspection time for light-duty trucks:** thoroughgoing standardization of the inspection time  
Inspection time: 120 min. ⇒ 80 min.

### ASEAN

No. of vehicles owned:  
513,000\*  
(up 9% year on year)

#### 【Indonesia】

**Start of operation of a customer database, promotion of periodic services, promotion of repair/maintenance through visit services (repair/maintenance volume: up 20% year on year), strengthening of the parts supply network**  
Enlargement, improvement, etc. of parts centers ⇒ record-high sales of parts

### North America

No. of vehicles owned:  
125,000\*  
(up 13% year on year)

#### **Enrichment of service facilities and promotion of exclusive DLRs**

(The U.S.) 214 facilities, up 9 facilities (No. of exclusive DLRs increased by 5 to 16.)

#### **Full-scale utilization of telemarketing**

Automatic promotion of periodic maintenance based on the real-time travel distance data  
Activities for accurately grasping active UIO information

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### Thoroughgoing cost reduction in all domains (From 2018 to 2019, we aim to reduce cost by 20 billion yen.)

	New car development	Manufacturing	Factory to customers
Cost reduction per vehicle	<p><b>Cost engineering with module as an axis</b></p> <p><b>Utilization of alliance</b> Cooperation with Ashok Leyland, TRATON, etc. in procurement and technological development</p>	<p><b>Automation methods</b></p> <p><b>Automation equipment</b></p> <p><b>Increase of operation rate</b></p>	<p><b>Reduction of the logistic cost for vehicles</b></p> <p><b>Cost reduction for after-sale services</b></p> <ul style="list-style-type: none"> <li>• Enhancement of maintenance productivity</li> <li>• Reduction of the logistic cost for parts</li> </ul>
ASEAN foothold development	<p><b>Establishment of a foothold in Thailand to develop and produce optimal products for ASEAN countries</b></p> <p>→ Cost reduction in development, production technology, and procurement</p> <p>Swift decision making and fixed cost curtailment through a system for conducting all processes in each region</p>		
Curtailment of fixed cost	<p><b>Creation of resources for new activities</b></p> <p><b>Investment for further improvement of productivity</b></p>		

## 4. Cost reduction activities



To brush up the “earning capability” by reducing costs thoroughly

**Integration of the lines for mounting car bodies at distant places to  
Koga Plant (wing body truck that sells well)  
Reduction of the logistic cost for all vehicles**



**Start of operation of Hino Global Parts  
Center (Ome City, Tokyo)  
Strengthening of the system for supplying  
spare parts, and logistic cost reduction**



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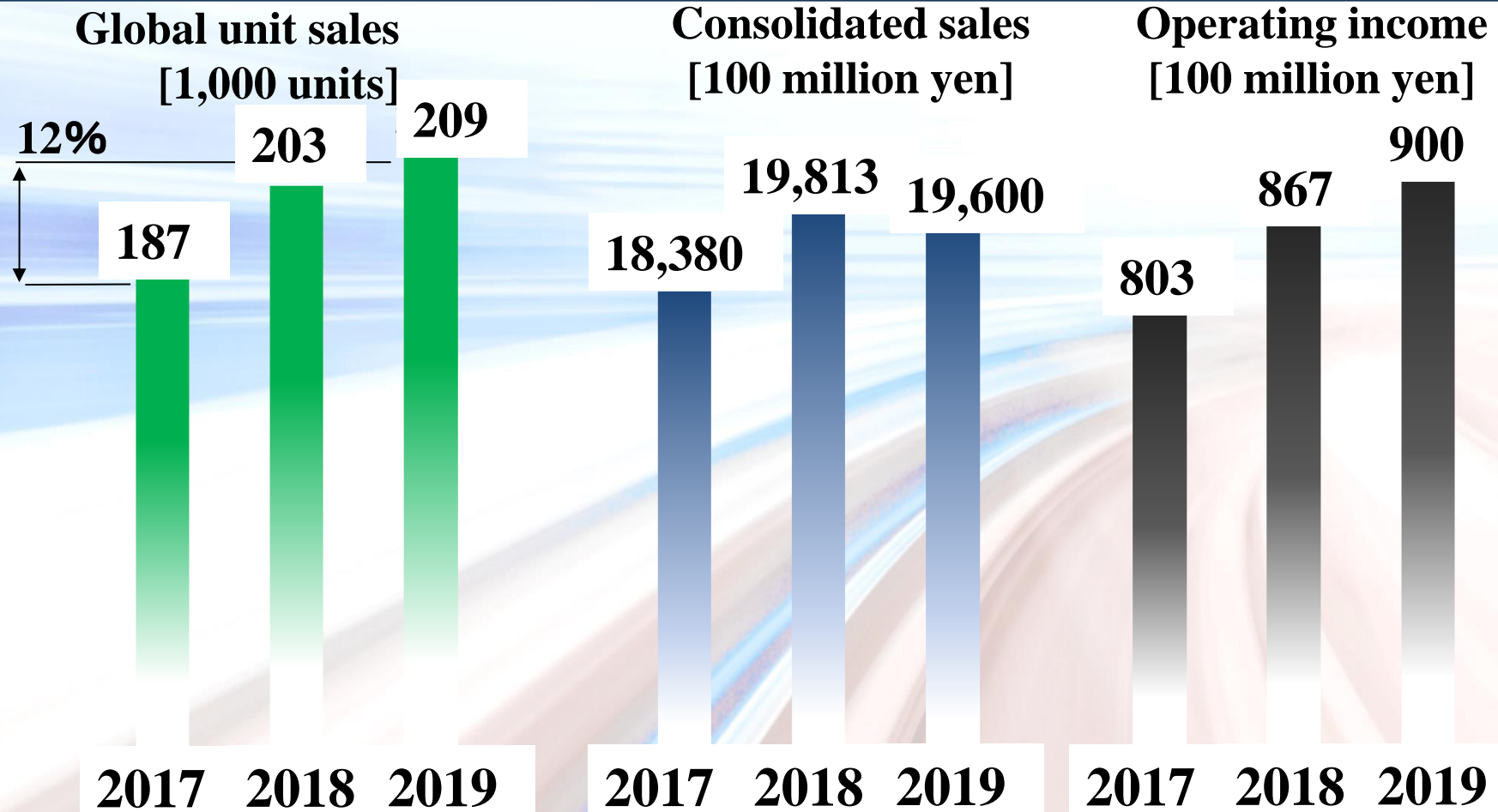
**05. Outlook for FY 2020**

## 5. Outlook for FY 2020



**Market and sales:** Hino is expected to grow steadily, although there are global economic uncertainties, the subsiding of demand for replacement of vehicles that were purchased under the environmental regulation between 2003 and 2006 in Japan, etc.

**Activities:** In FY 2020, we will fortify our business foundation further, to increase profit.





**April 25, 2019**  
**Hino Motors, Ltd.**