

# **Financial Results for FY2008**

## **(Fiscal Year Ended March 31, 2008)**

**April 24, 2008**

**Hino Motors, Ltd.**

## **Cautionary Statement Regarding Forward-looking Statements / Caution Concerning Insider Trading**



**This document contains statements on the outlook for Hino (including consolidated subsidiaries) and its future goals, plans and strategies. These statements are based on judgments and hypotheses made using information currently in the possession of Hino, and, in light of the possibility of change due to future business operations and circumstances inside or outside the company, and uncertainties in these judgments and hypotheses, may greatly differ to the actual future financial results and growth of Hino.**

### **Notes concerning Insider Trading:**

**Investors who have received important and undisclosed information from a company (primary recipients of information) are forbidden from the purchase or sale of shares prior to the disclosure of the said information. (Financial Instruments and Exchange Act Article 166)**

**According to enforcement ordinances of the Financial Instruments and Exchange Act, disclosure is viewed as having taken place 12 hours after announcement by the company through two or more media institutions, or when notification has been made to the securities exchange, and through electromagnetic means recognized by Cabinet Office regulations (using appropriately-timed information disclosure viewing services on TDnet or the ED-NET disclosure Internet site).**

**President**

**Shoji Kondo**

# Agenda Items



- 1. Financial Results for FY2008**
- 2. Sales Turnover (FY2008 Results / FY2009 Plan)**
- 3. Business Goals**
- 4. Initiatives in FY2008**
- 5. Initiatives for FY2009**
- 6. Business Goals for FY2009**

# 1. Financial Results for FY2008

# Unit Sales / Sales / Income (Consolidated)

(Units)

<b>Unit Sales</b>	FY2008 ('07/4 - '08/3) Results (YoY Change)	FY2007 ('06/4 - '07/3) Results
<b>In Japan</b>	<b>46,000 (87%)</b>	<b>53,000</b>
<b>Overseas</b>	Record High <b>63,000 (133%)</b>	<b>48,000</b>
<b>Hino Total</b>	Record High <b>109,000 (109%)</b>	<b>100,000</b>
<b>Toyota Brand</b>	<b>201,000 (99%)</b>	<b>203,000</b>

# Unit Sales / Sales / Income (Consolidated)

	FY2008 ('07/4 - '08/3) Results (YoY Change)	FY2007 ('06/4 - '07/3) Results
<b>Net Sales</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Record High</div> <b>¥ 1,368.6 billion (106%)</b>	<b>¥ 1,287.6 billion</b>
<b>Operating Income</b>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Record High</div> <b>¥ 45.9 billion (125%)</b>	<b>¥ 36.7 billion</b>
<b>Ordinary Income</b>	<b>¥ 41.0 billion (111%)</b>	<b>¥ 36.8 billion</b>
<b>Net Income</b>	<b>¥ 22.2 billion (111%)</b>	<b>¥ 20.0 billion</b>
<b>Operating Income Margin</b>	<b>3.4%</b>	<b>2.9%</b>

## **2. Sales Turnover** (FY2008 Results / FY2009 Plan)

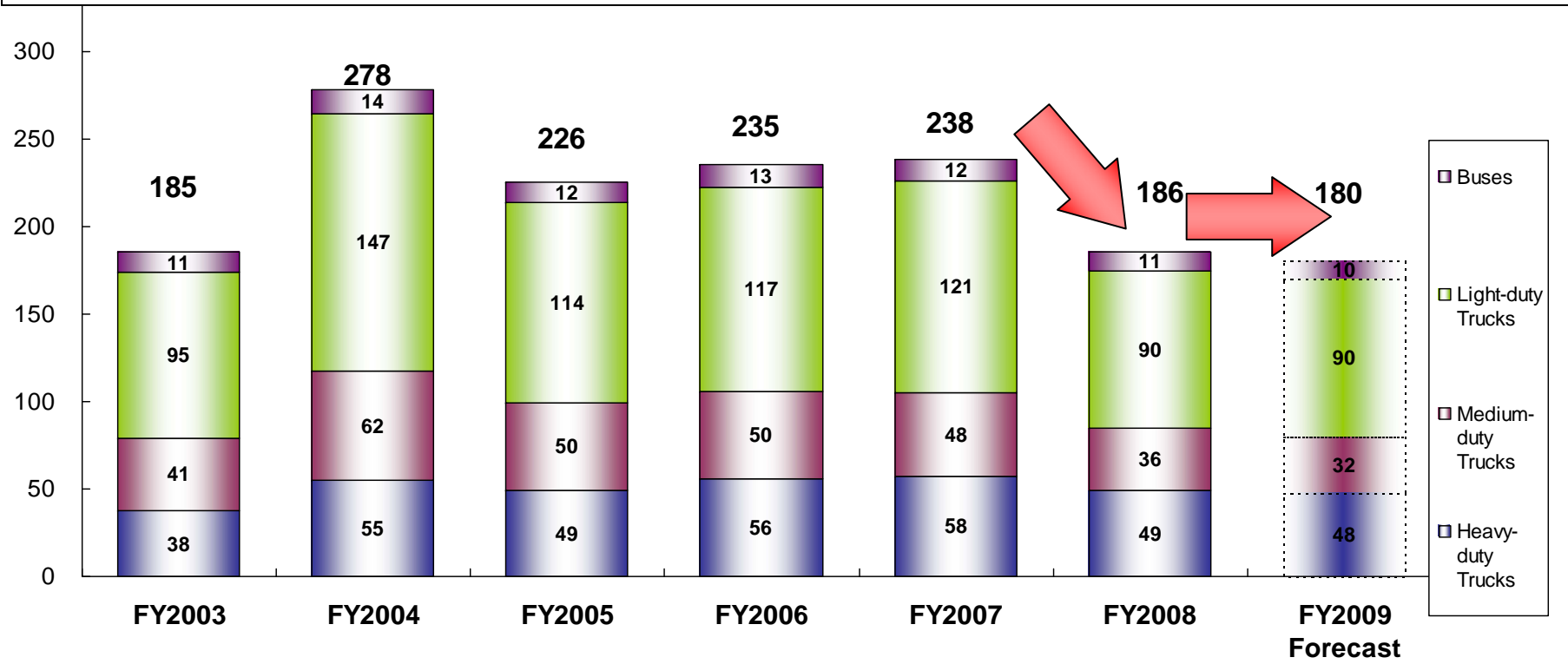




# Japanese Sales (Market)

(Thousands of units)

## Heavy-/Medium-/Light-duty Trucks & Buses (Market)



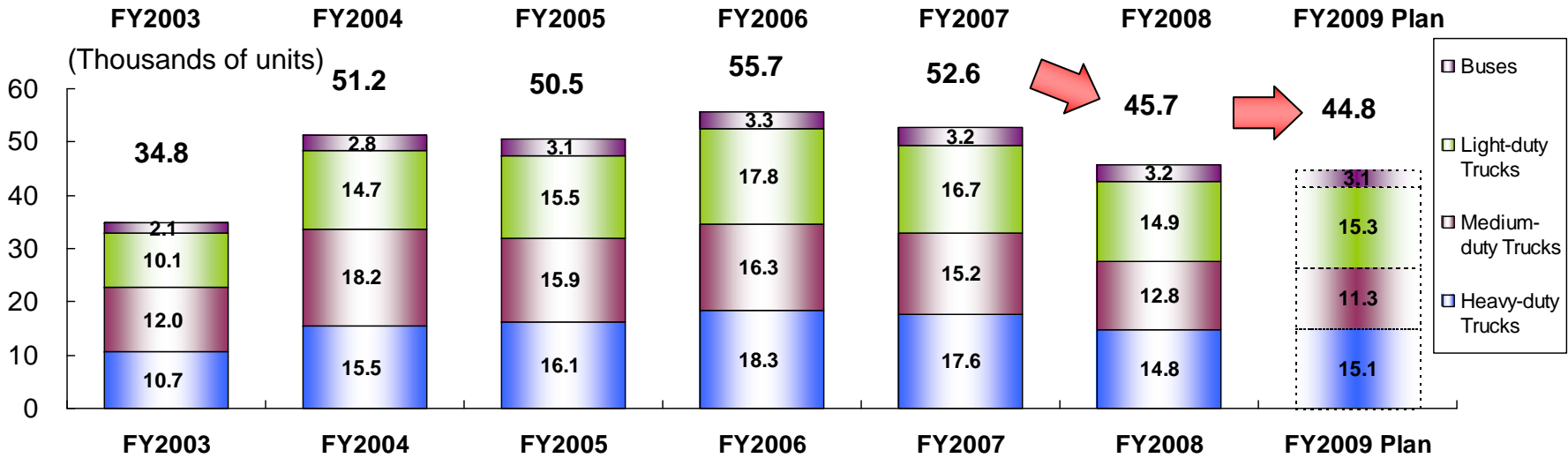
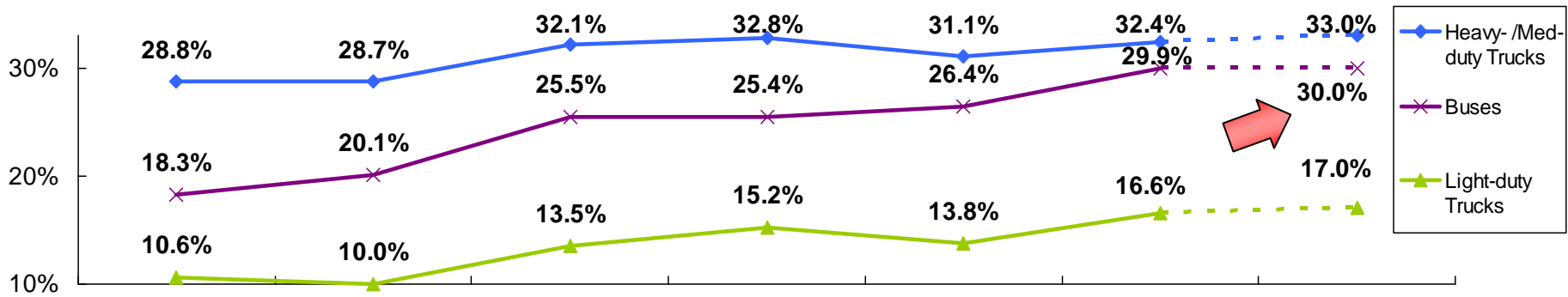
**(Japanese market)**  
 FY2008 ('07/4 – '08/3) : Year-on-year drop of 22%  
 FY2009 ('08/4 – '09/3) : Flat to FY2008

## 2. Sales Turnover (FY2008 Results / FY2009 Plan)



# Japanese Sales (Hino Market Share)

### Heavy-/Medium-/Light-duty Trucks / Buses (Share and Registered Numbers)



### ( Japanese sales )

FY2008 ('07/4 – '08/3) : Year-on-year net demand drops 22%, but sales drop and hold at 13%

FY2009 ('08/4 – '09/3) : Maintains similar number of unit sales to FY2008

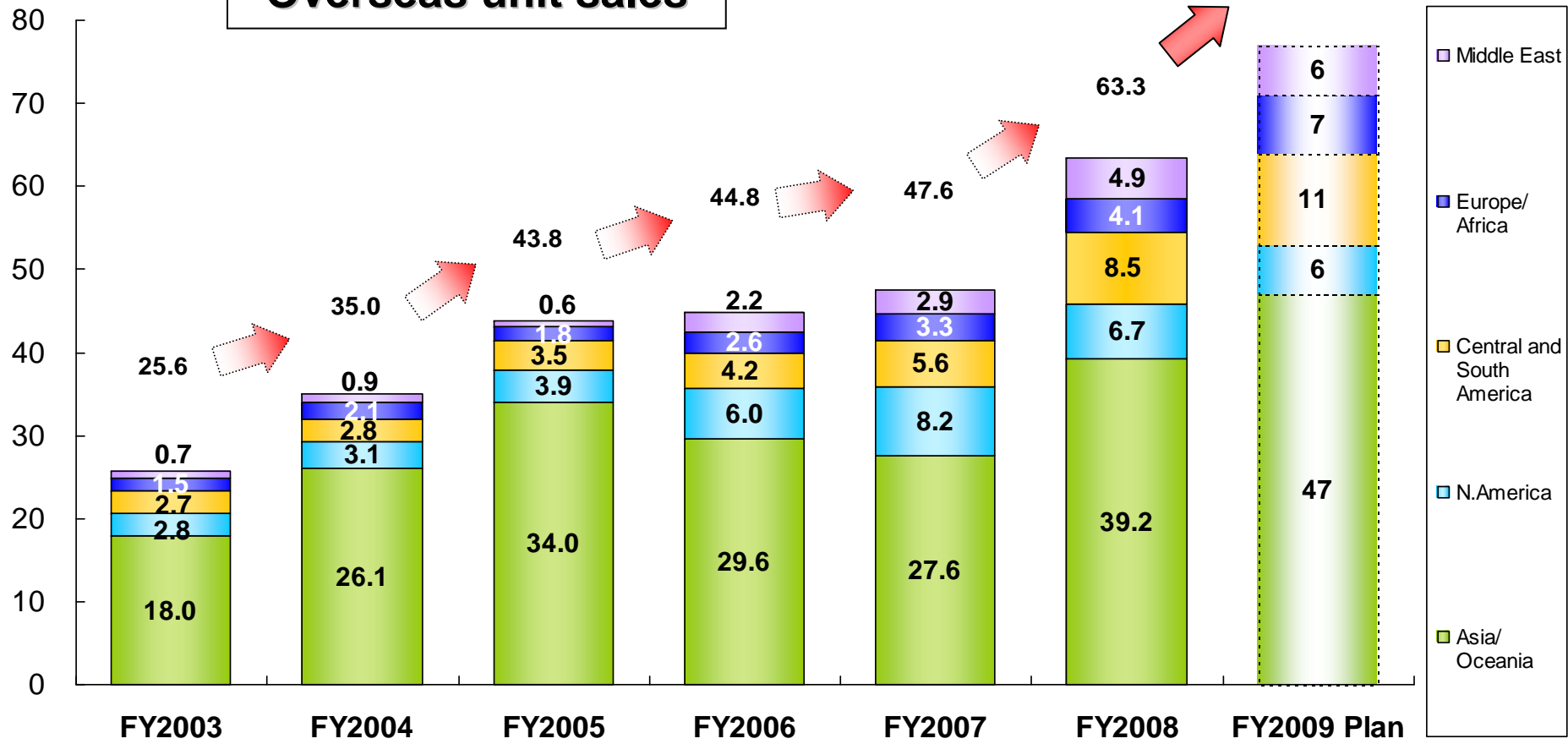
2. Sales Turnover (FY2008 Results / FY2009 Plan)



**Overseas Sales (Local Unit Sales Basis)**

(Thousands of units)

**Overseas unit sales**



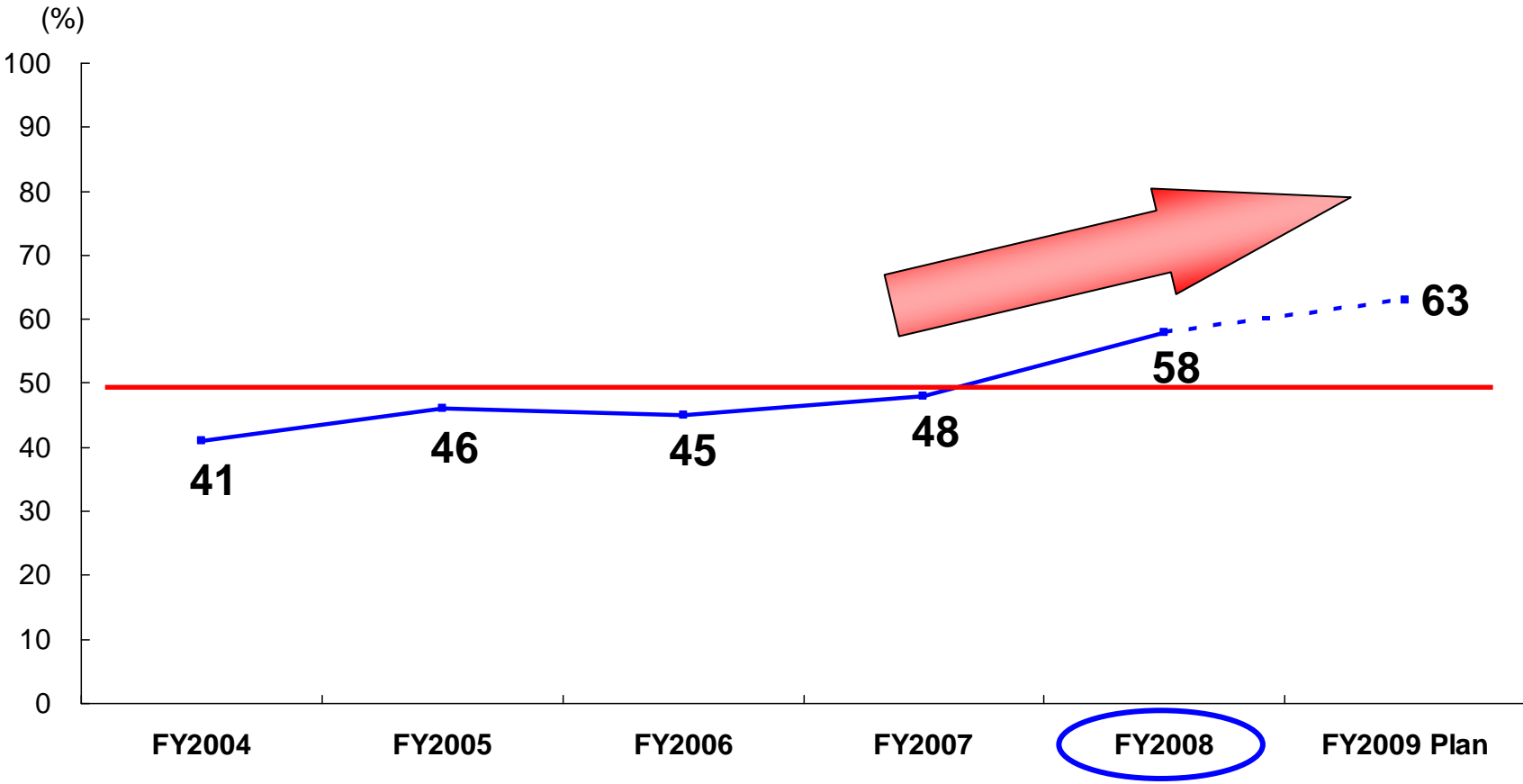
**( Overseas sales )**

**FY2008 ('07/4 – '08/3) : Set new high of 63,000 (33% year-on-year rise)**

**FY2009 ('08/4 – '09/3) : Year-on-year increase of 14,000 (rise of 22%)**



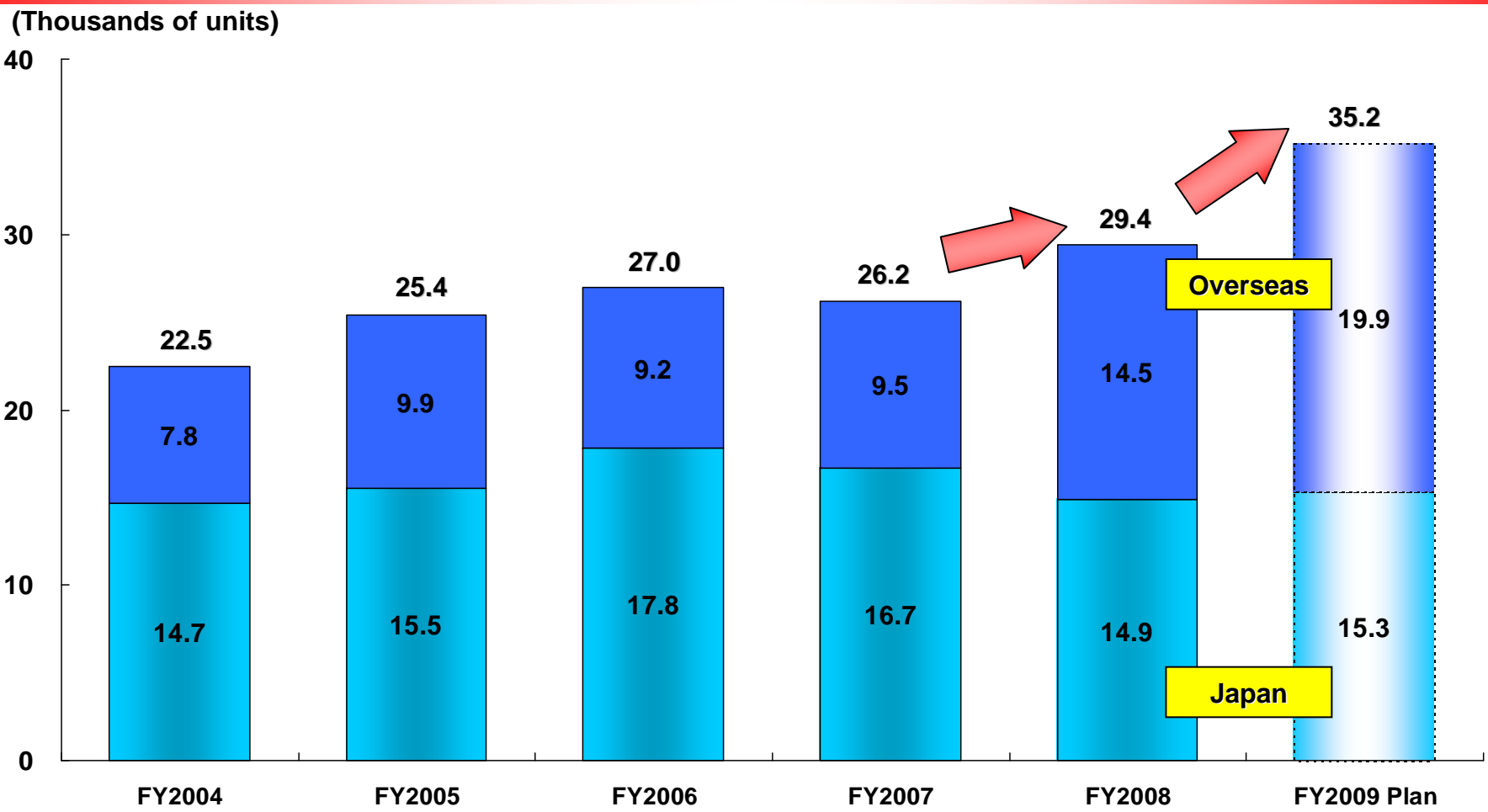
# Hino Brand Vehicles – Percentage of Overseas Unit Sales



**Composition of sales for overseas increased (became majority in FY2008)**



# Hino Brand Vehicles – Unit Sales of Light-duty Trucks



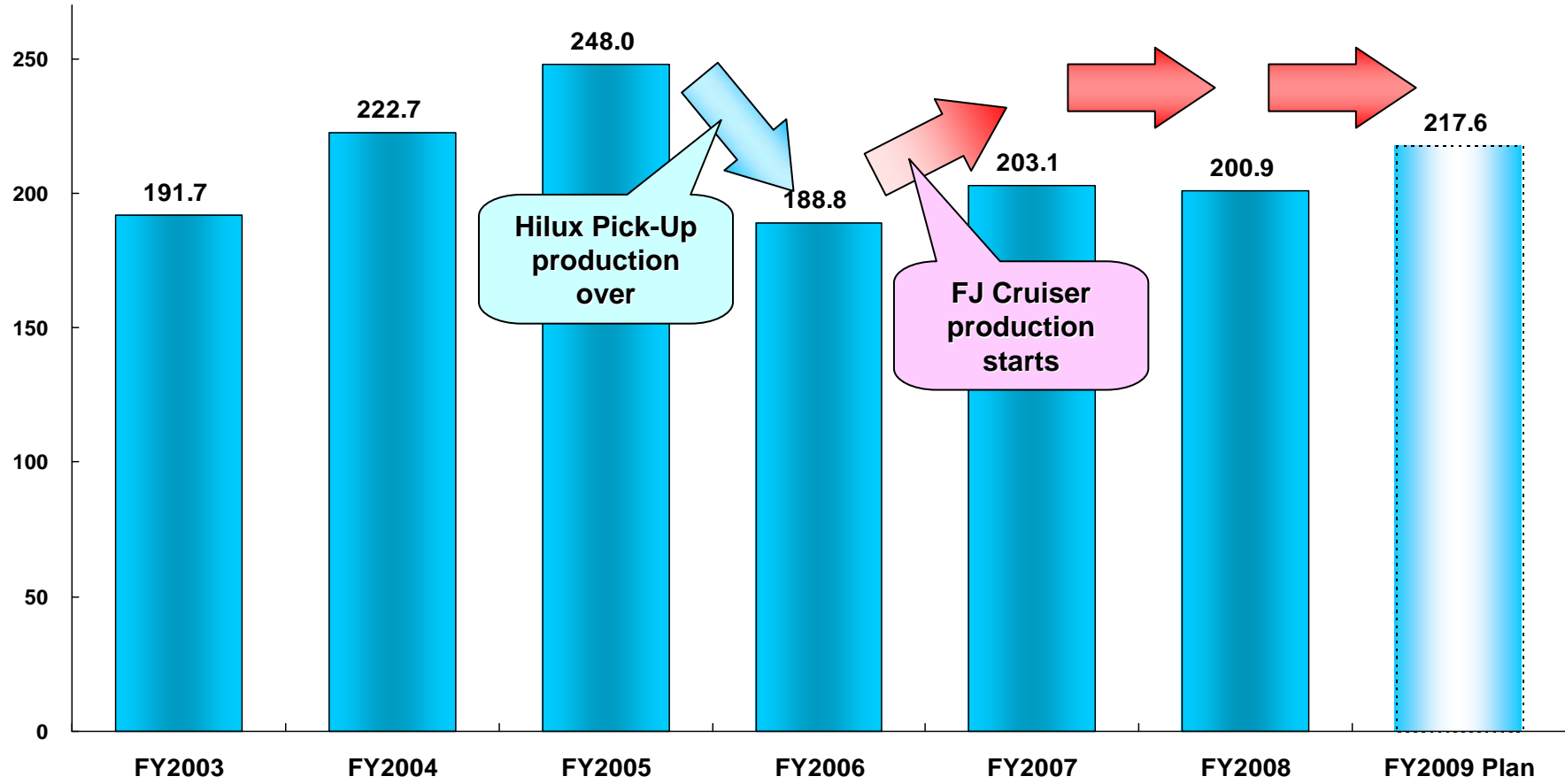
**Unit sales of light-duty trucks increase in Japan and overseas**

## 2. Sales Turnover (FY2008 Results / FY2009 Plan)



# Toyota Brand Vehicles (Built-Up and KD Vehicles)

(Thousands of units)



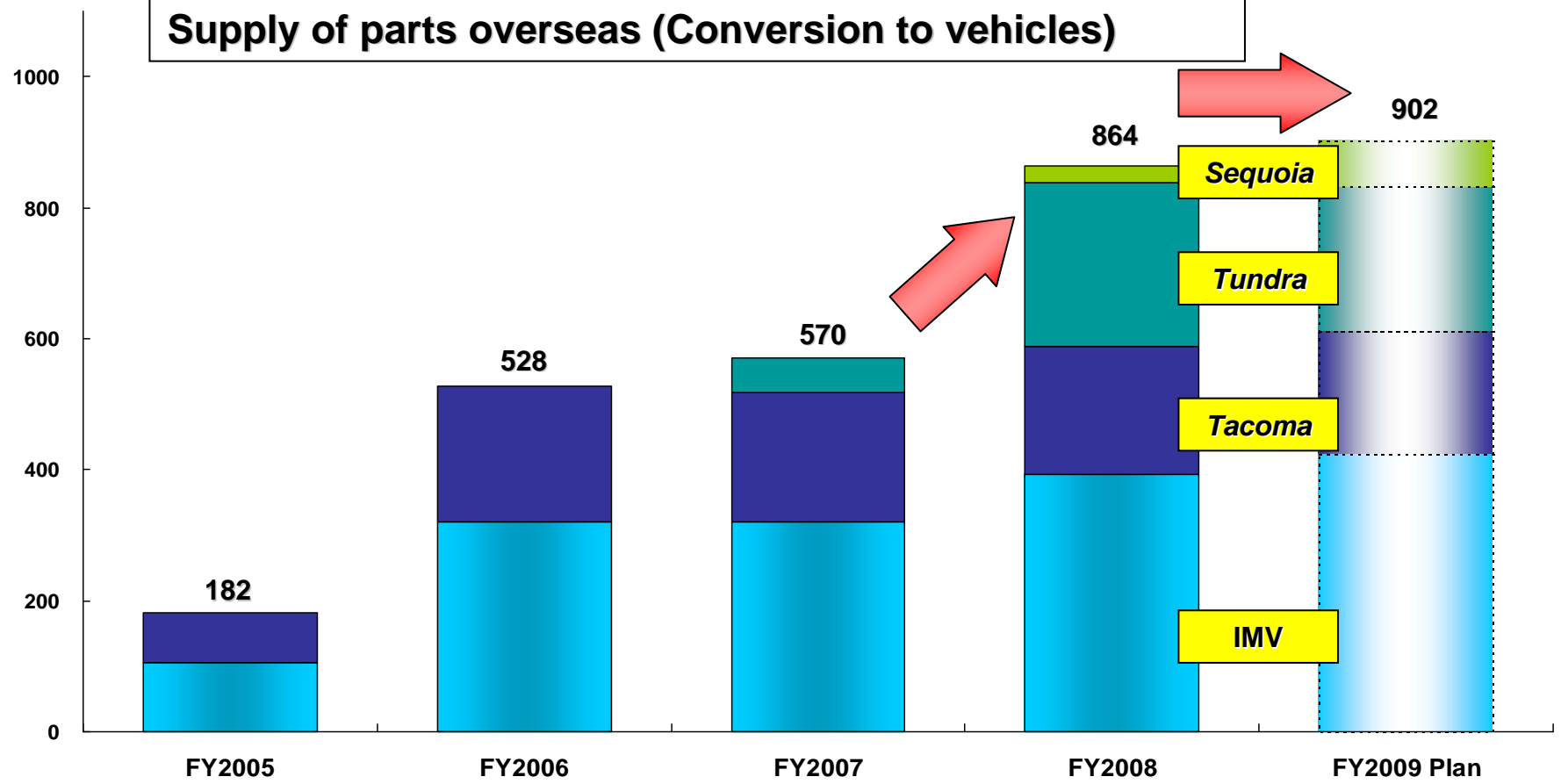
**Number of vehicles over FY2008 – FY2009: Flattening out**



# Toyota Brand Vehicles (Parts)

(Thousands of units)

**Supply of parts overseas (Conversion to vehicles)**



**FY2008: Increase due to full operation of Arkansas Plant**  
**FY2009: Flat to FY2008**

## **3. Business Goals**





## Hino Motors' Slogans

- **“Hino as the Global Standard”**

- **“Raise Hino’s presence from medium-/heavy-duty trucks to all ranges of trucks”**

**(Making a social contribution through a wider range of products, including light-duty trucks along with heavy-/medium-duty trucks)**

## **4. Initiatives in FY2008**

# Business Initiatives in Japan (1)

Hino Motors developed and launched environment & energy-focused products



*Hino Dutro Hybrid*

## ◆ Environment / Fuel Economy

- We launched vehicles conforming to Japan's New Long-term Emission Regulations of 2005 onto the market with all possible speed
  - Our lineup of heavy-/medium-/light-duty trucks and large-/medium-/small-sized buses is now complete **(Jul./07)**



*Hino S'elega*

- We developed vehicles meeting the heavy vehicle fuel economy standards + launched vehicles with NOx / PM 10% reduced vehicles

~ 2% reduction on consumption tax ~ **(until Jan./08)**

- Heavy-/medium-/light-duty trucks, medium-/light-duty hybrid trucks, large-sized buses, large-sized hybrid buses



*Hino Drive Master PRO*

- We launched the *Hino Profia*, mounted with the light / low fuel consumption engine "A09C" series **(Apr./07)**
- We launched the "*Hino Drive Master PRO*," a low fuel consumption IT driving support tool **(Apr./07)**

## Business Initiatives in Japan (2)

### We Moved to Expand our Total Support Operations



Kobe Used Vehicle Center

#### ◆ We enhanced our sales performance

- The Kobe Used Vehicle Center and Service Training Center was put into full operation **(Apr./07)**
- The “Hino Premium ePlan” for remaining value credit **(Oct./07)**
- A comprehensive business organization was established for services / parts / used vehicles / insurance / finance and so on



Customer Technical Center

#### ◆ We continued to promote useful activities

- The sales companies held “Fuel Economy Driving Seminars” as part of our promotional activities **(Jul./07)**
- More than 10,000 people have been through a course at the Customer Technical Center **(Nov./07)**

# Overseas Business Initiatives (1)

## Working to Enhance our Sales System



Launching a medium-duty truck in Korea



Entering into the Mexican market



UK dealers

### ◆ We are moving into new markets

- We launched a medium-duty truck into Korea using the *Scania* dealership network (Apr./07)
- We established a distributor in Mexico and launched a light-duty truck there (Aug./07)
- We established a distributor in Laos (Aug./07)
- We established a distributor in Cambodia (Nov./07)

First  
Japanese  
commercial  
vehicle  
manufacturer

### ◆ We have strengthened our dealership network

- We have increased our ties to the Toyota Group dealership network
  - We have signed new or renewed contracts with Toyota Group distributors in Algeria / Haiti and other places (18 to 21 companies)
- Our UK dealership network has expanded (7 to 16 dealers)

## Overseas Business Initiatives (2)

### Making Investments in Market-Approved Vehicles



Light-duty HV truck



Vehicles for Korea

◆ We have invested in “market-approved vehicles” in order to expand sales as follows:

- Light-duty trucks (Chile specs to Mexico) **(Aug./07)**
- Light-duty trucks (Portuguese specs to UK) **(Aug./07)**
- Light-duty HV truck (Australia) **(May./07)**
- Light-duty 6.5ton truck (Middle East) **(May./07)**
- Medium-duty truck (Korea) **(Apr./07)**

# Overseas Business Initiatives (3)

## Moves to Enhance Cost Competitiveness



Beginning of construction in Columbia



West Virginia Plant



Guangzhou Automobile Group / Hino founding ceremony

### ◆ We have made progress with cost reduction activities

- Parts VA / VE
- Reduction of logistics costs
- Increased parts purchasing
- Reductions in development costs with “market-approved vehicles” (based on existing models) etc.

### ◆ The knockdown system was expanded

- A truck manufacturing company was established in Columbia (Aug./07)
- Our US West Virginia Plant began operations (Nov./07)
- A joint venture was set up in cooperation with the Chinese Guangzhou Automobile Group (Nov./07)

# Toyota Business Initiatives

## Our Business Operations Expanded in Terms of both Vehicles and Units



Toyota Dyna Hybrid

### ◆ In Japan, we enhanced production site capabilities for Toyota Brand frame vehicles

- We commissioned the production of 200,000 vehicles (including loading trucks, SUVs and so on)
- We gained an increase in quality with the completion of a new paint shop (Aug./07)

### ◆ Overseas, our unit supplier business increased

- New models were introduced at the US Arkansas Plant, and production units with axle-related parts were increased
- A stable operational structure is in place at this plant



Arkansas Plant



## **5. Initiatives for FY2009**

## FY2009 Business Environment

### Planned No. Units (year-on-year)

In Japan: flattening out  
Overseas: major increase  
Toyota Brand: flattening out

### Three Negative Factors

- (1) Subprime loan problem  
(fears of reduced demand overseas)
- (2) High yen
- (3) High materials costs

Fears of worsening earnings

### Positive Factors

Major increases in overseas demand  
(Emerging countries / resource-rich countries)

FY2009 will be more severe than the previous year

We will aim at profits on the same level as FY2008

Expand sales by steadily incorporating overseas demand + Major cost reductions

- ⇒ Reduce materials costs
- ⇒ Promote cost reduction activities over all costs/expenses
- ⇒ Increase parts purchasing/knockdown

## Business Operations Overseas / in Japan

### ■ Overseas Business Initiatives

- Sales are to be expanded through introduction of market-approved vehicles  
→ Vehicles with “module” concepts will gradually be introduced
- Our overseas dealership network will be enhanced
- Our overseas manufacturing will be enhanced
- We will explore new markets and promote future entry into new markets

### ■ Business Initiatives in Japan

- Customer contact will be maximized by increasing general marketing and useful activities
- Our total support business (retaining business) will be expanded

**Contribute to each country through action fully suited to that country**

**To make the world a better place to live, by helping people and goods get where they need to go –safely and economically– while focusing on sustainable development.**



## Toyota Business

### ■ Toyota Business Initiatives

#### Contribution to Toyota's global strategy

- (In Japan) Maximize the capacity of the Hamura Plant
- (Overseas) Enhance manufacturing site capabilities for axle-related parts for Toyota-frame vehicles in overseas plants (US California, US Arkansas and Thailand)

## **6. Business Goals for FY2009**



# Business Goals for FY2009

Unit Sales	FY2009 Plan (YoY Change)	FY2008 Results
In Japan	45,000 (98%)	46,000
Overseas	77,000 (122%)	63,000
Hino Total	122,000 (112%)	109,000
Toyota Brand	218,000 (108%)	201,000

## Business Goals for FY2009

	FY2009 Plan (YoY Change)	FY2008 Results
<b>Net Sales</b>	¥ 1,420.0 billion (104%)	¥ 1,368.6 billion
<b>Operating Income</b>	¥ 46.0 billion (100%)	¥ 45.9 billion
<b>Ordinary Income</b>	¥ 42.0 billion (102%)	¥ 41.0 billion
<b>Net Income</b>	¥ 22.0 billion (99%)	¥ 22.2 billion
<b>Operating Income Margin</b>	3.2%	3.4%



## HINO Group Slogan 2008

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**HINO**

**The Global Brand  
For All Customers!**



**Executive Vice President**

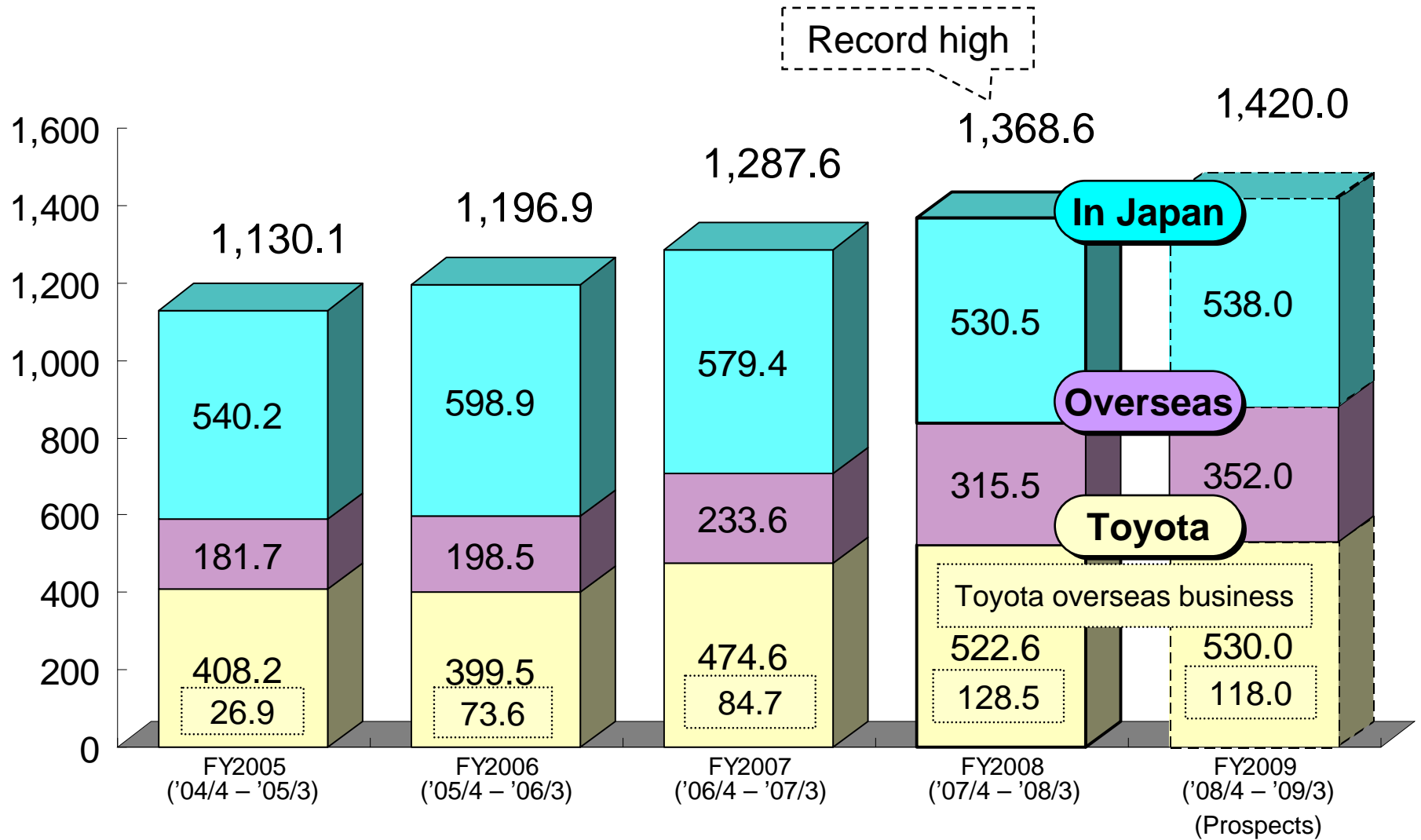
**Shinichiro Sugisaki**

# 1. Consolidated Financial Results

# Consolidated Net Sales



(billions of yen)

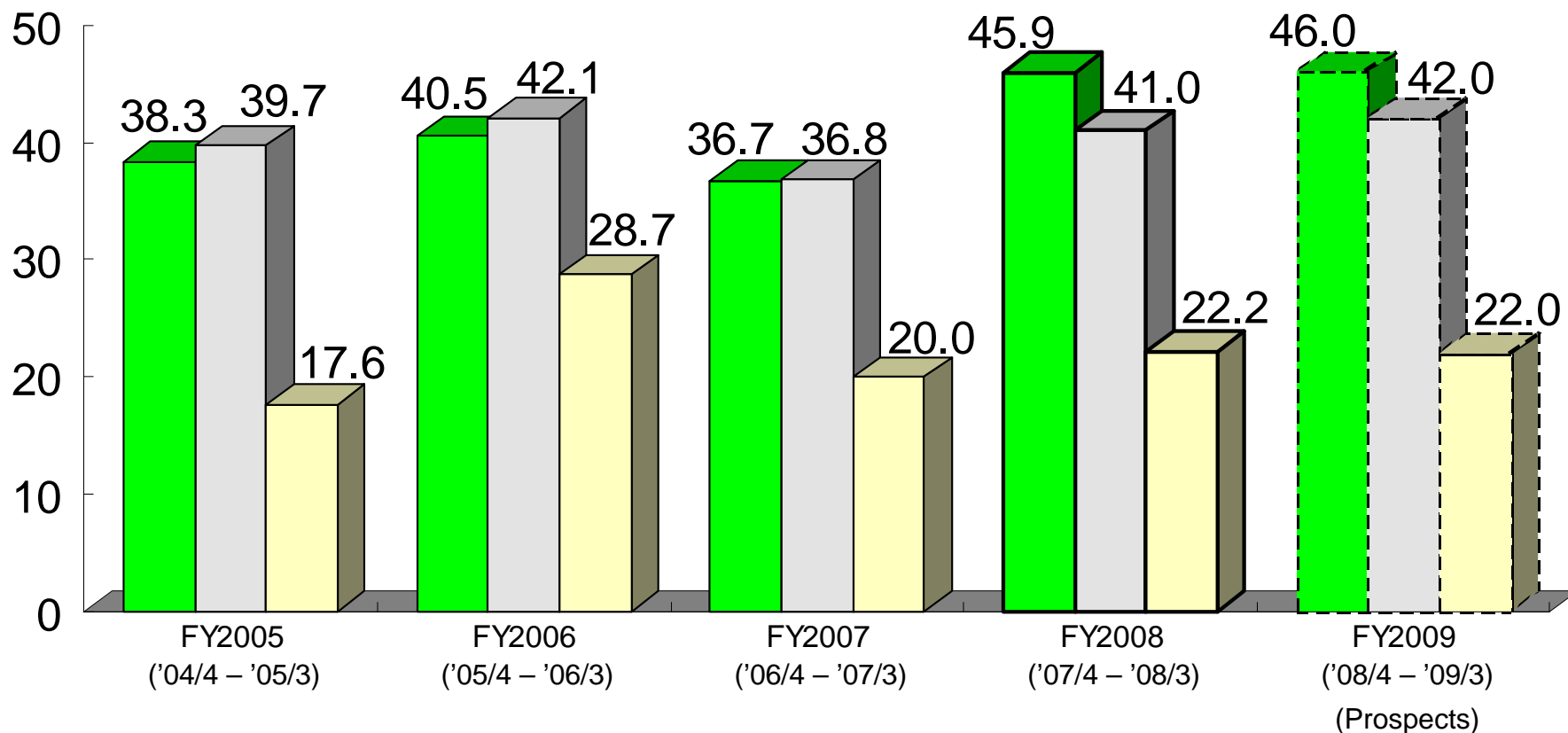


# Consolidated Profit and Loss



Operating income	Ordinary income	Net income
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(billions of yen)



# Consolidated Income Statement



\*Record High

(billions of yen)

Item	FY2008 ('07/4 - '08/3)	FY2007 ('06/4 - '07/3)	Change	Percentage (%)
Net sales	* 1,368.6	1,287.6	81.0	+6.3
Operating income	3.4% * 45.9	2.9% 36.7	+0.5p 9.2	+25.0
Non-operating income	(5.8)	(1.1)	-4.7	—
Equity income / loss	0.9	1.2	-0.3	-28.6
Ordinary income	3.0% 41.0	2.9% 36.8	+0.1p 4.2	+11.4
Extraordinary income	1.4	1.3	0.1	+7.8
Extraordinary losses	5.5	3.6	1.9	+53.7
Net income before taxes and minority interests	2.7% 36.9	2.7% 34.5	+0.0p 2.4	+6.8
Net income	1.6% 22.2	1.6% 20.0	+0.0p 2.2	+10.6
Number of consolidated subsidiaries	74	71	3	

# Consolidated Net Sales / Operating Income by Segments



(billions of yen)

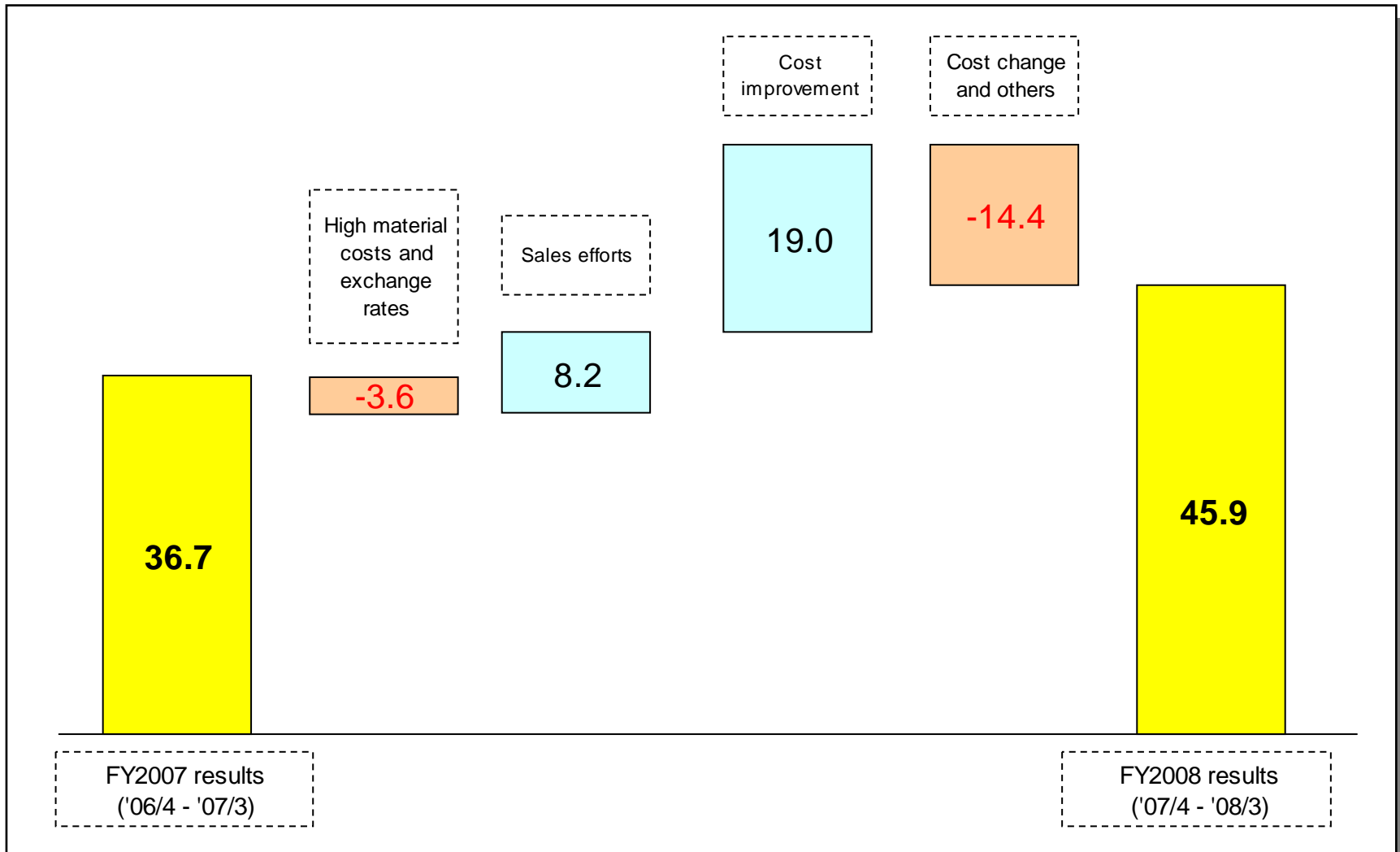
	FY2008 ( '07/4 - '08/3)		FY2007 ( '06/4 - '07/3)		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Hino	1,034.2	<2.8%> 29.3	976.6	<2.7%> 25.9	+5.9% 57.6	+13.0% 3.4
Suppliers	168.0	<3.3%> 5.5	165.5	<2.5%> 4.1	+1.5% 2.5	+35.7% 1.4
Overseas	333.7	<3.3%> 10.9	241.0	<0.4%> 1.1	+38.5% 92.7	10.3 times 9.8
Dealers	379.1	<0.6%> 2.2	420.2	<1.2%> 4.9	-9.8% -41.1	-55.6% -2.7
Consolidated adjustment	(546.4)	(2.0)	(515.7)	0.7	-30.7	-2.7
Total	1,368.6	<3.4%> 45.9	1,287.6	<2.9%> 36.7	+6.3% 81.0	+25.0% 9.2

Figures in < > give the operating income margin. The percentages in the Change column are in regards to the previous year.

# Factors Changing Consolidated Operating Income



Increase in operating income +¥9.2 billion (¥36.7 billion to ¥45.9 billion)



# Factors Changing Consolidated Ordinary Income



(billions of yen)

	FY2008 ( '07/4 - '08/3)	FY2007 ( '06/4 - '07/3)	Change
<b>Operating income</b>	<b>45.9</b>	<b>36.7</b>	<b>9.2</b>
Non-operating income	4.8	6.2	-1.4
Non-operating expenses	10.6	7.3	3.3
Equity income / loss	0.9	1.2	-0.3
<b>Ordinary income</b>	<b>41.0</b>	<b>36.8</b>	<b>4.2</b>

## Factors of ordinary income +¥4.2 billion

(1) Increase of operating income	+ 9.2
(2) Worsening foreign exchange gain / loss (0.7→-3.0)	- 3.7
(3) Reduction of dividends earned (1.8→1.3)	- 0.5
(4) Worsening equity income / loss (-0.3) etc.	- 0.8
<b>Difference: Change in ordinary income</b>	<b>+ 4.2</b>



# Factors Changing Consolidated Net income Before Tax and Minority Interests



(billions of yen)

	FY2008 ( <i>'07/4 - '08/3</i> )	FY2007 ( <i>'06/4 - '07/3</i> )	Change
<b>Ordinary income</b>	<b>41.0</b>	<b>36.8</b>	<b>4.2</b>
Extraordinary income	1.4	1.3	0.1
Extraordinary losses	5.5	3.6	1.9
<b>Net income before tax and minority interests</b>	<b>36.9</b>	<b>34.5</b>	<b>2.4</b>

Factors of net income before tax and minority interests +¥2.4 billion

(1) Increase in ordinary income ·····	+ 4.2
(2) Increase in gain on sales of fixed assets (0.6 → 1.3) ·····	+ 0.7
(3) Provision of accrued directors' retirement benefits for prior year ·····	- 2.5
Difference: Change in net income before tax and minority interests	+ 2.4

# Factors Changing Consolidated Net Income

	FY2008 ( '07/4 - '08/3)	FY2007 ( '06/4 - '07/3)	Change
Net income before tax and minority interests	<b>36.9</b>	<b>34.5</b>	<b>2.4</b>
Corporate tax	<b>13.1</b>	<b>13.4</b>	<b>-0.3</b>
Minority interests in subsidiaries	<b>1.6</b>	<b>1.1</b>	<b>0.5</b>
Net income	<b>22.2</b>	<b>20.0</b>	<b>2.2</b>

## Factors of net income +¥2.2 billion

(1) Increase of net income before tax and minority interests ···	+ 2.4
(2) Decrease of corporate tax etc. (13.4→13.1) ···········	+ 0.3
(3) Increase of minority interests in subsidiaries (1.1→ 1.6)···	- 0.5
<hr/>	
Difference: Change in net income	+ 2.2

## **2. Consolidated Financial Prospects for FY2009**

# Consolidated Income Statement



\*Record High

(billions of yen)

Item	FY2009 Prospects ('08/4 - '09/3)	FY2008 ('07/4 - '08/3)	Change	Percentage
Net sales	* 1,420.0	1,368.6	51.4	+3.8
Operating income	3.2% * 46.0	3.4% 45.9	-0.2p 0.1	+0.2
Ordinary income	3.0% 42.0	3.0% 41.0	0.0p 1.0	+2.4
Net income before tax and minority interests	2.7% 39.0	2.7% 36.9	0.0p 2.1	+5.7
Net income	1.5% 22.0	1.6% 22.2	-0.1p -0.2	-0.8

# Consolidated Net Sales / Operating Income by Segments



(billions of yen)

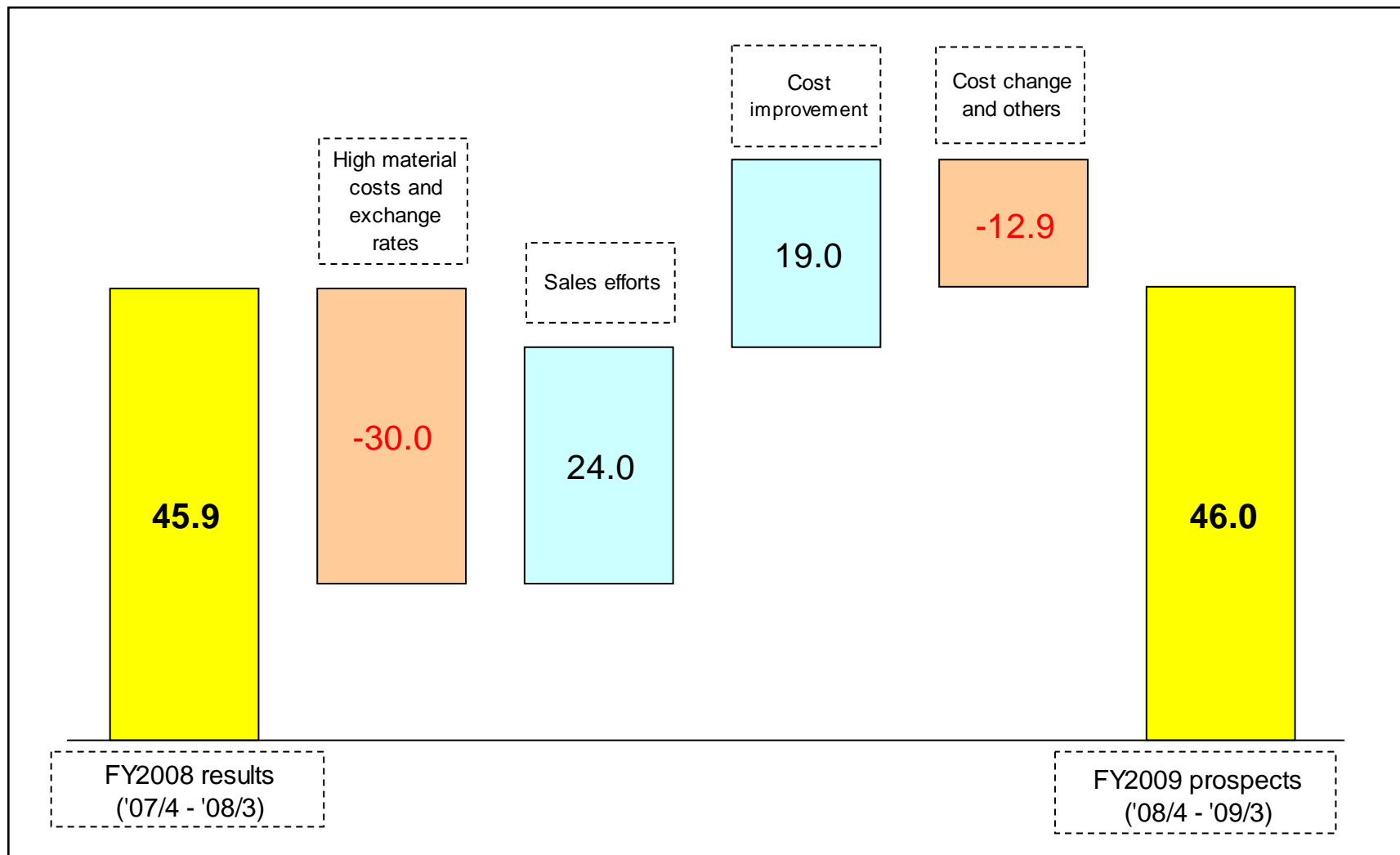
	FY2009 Prospects ( '08/4 - '09/3)		FY2008 ( '07/4 - '08/3)		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Hino	1,080.0	(2.4%) 26.0	1,034.2	(2.8%) 29.3	+4.4% 45.8	-11.2% -3.3
Suppliers	170.0	(3.5%) 6.0	168.0	(3.3%) 5.5	+1.2% 2.0	+8.2% 0.5
Overseas	350.0	(3.4%) 12.0	333.7	(3.3%) 10.9	+4.9% 16.3	+9.9% 1.1
Dealers	380.0	(1.1%) 4.0	379.1	(0.6%) 2.2	+0.2% 0.9	+84.9% 1.8
Consolidated adjustments	(560.0)	(2.0)	(546.4)	(2.0)	-13.6	0.0
Total	1,420.0	(3.2%) 46.0	1,368.6	(3.4%) 45.9	+3.8% 51.4	+0.2% 0.1

Figures in < > give the operating income margin. The percentages in the Change column are in regards to the previous year.

# Factors Changing Consolidated Operating Income



Increase of operating income +¥0.1 billion (¥45.9 billion to ¥46.0 billion)



# Factors Changing Consolidated Ordinary Income



(billions of yen)

	FY2009 Prospects ( '08/4 - '09/3)	FY2008 ( '07/4 - '08/3)	Change
<b>Operating income</b>	<b>46.0</b>	<b>45.9</b>	<b>0.1</b>
<b>Ordinary income</b>	<b>42.0</b>	<b>41.0</b>	<b>1.0</b>

## Factors of ordinary income +¥1.0 billion

(1) Increase of operating income .....	+ 0.1
(2) Improving foreign exchange gain / loss (-3.0→0) .....	+ 3.0
(3) Worsening equity profit / loss (-1.2) etc. ....	- 2.1
<b>Difference: Change of ordinary income</b>	<b>+ 1.0</b>

# Factors Changing Consolidated Net Income before Tax and Minority Interests



(billions of yen)

	FY2009 Prospects ( '08/4 - '09/3)	FY2008 ( '07/4 - '08/3)	Change
<b>Ordinary income</b>	<b>42.0</b>	<b>41.0</b>	<b>1.0</b>
<b>Net income before tax and minority interests</b>	<b>39.0</b>	<b>36.9</b>	<b>2.1</b>

Factors of net income before tax and minority interests +¥2.1 billion

(1) Increase of ordinary income ·····	+ 1.0
(2) Provision of accrued directors' retirement benefits for prior year ·····	+ 2.5
(3) Decrease in gain on sales of fixed assets, etc ·····	- 1.4
<hr/>	
Difference: Change in net income before tax and minority interests	+ 2.1



# Factors Changing Consolidated Net Income

(billions of yen)

	FY2009 Prospects ( '08/4 - '09/3)	FY2008 ( '07/4 - '08/3)	Change
Net income before tax and minority interests	<b>39.0</b>	<b>36.9</b>	<b>2.1</b>
Net income	<b>22.0</b>	<b>22.2</b>	<b>-0.2</b>

## Factors of net income - ¥0.2 billion

(1) Increase of net income before tax and minority interests ···	+ 2.1
(2) Increase of corporate tax etc. (13.1→14.9) ·········	- 1.8
(3) Increase of minority interests in subsidiaries (1.6→ 2.1)······	- 0.5
<b>Difference: Change of net income</b>	<b>- 0.2</b>

