



# 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

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President & CEO, Representative Director

**Hino Motors, Ltd.**



# Introduction

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- **Today human transportation and logistics are increasingly affected by social issues including serious traffic accidents, CO<sub>2</sub> 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.**



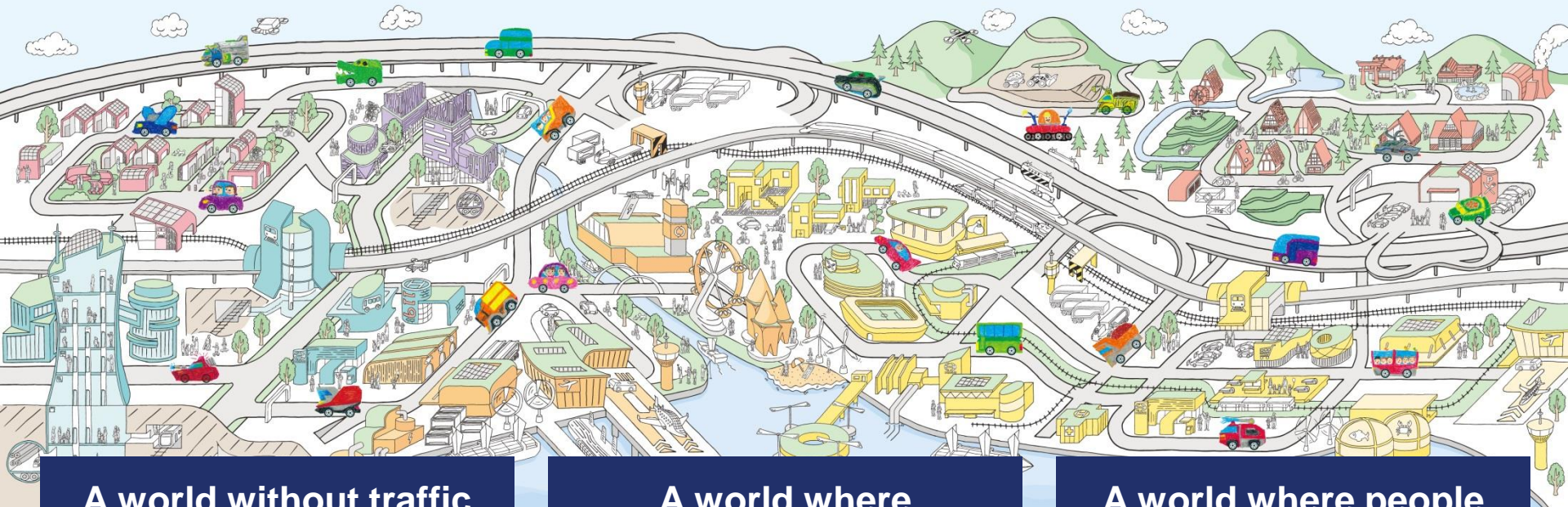
**I . Providing Hino value and the world we want to create**

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

CO<sub>2</sub> 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<sub>2</sub> 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–

**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

→ Driver, vehicle, and cargo  
Utilize this trinity of information

**Zero  
traffic  
accident  
casualties**

Developing  
vehicles that  
**eliminate**  
human error

## 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.

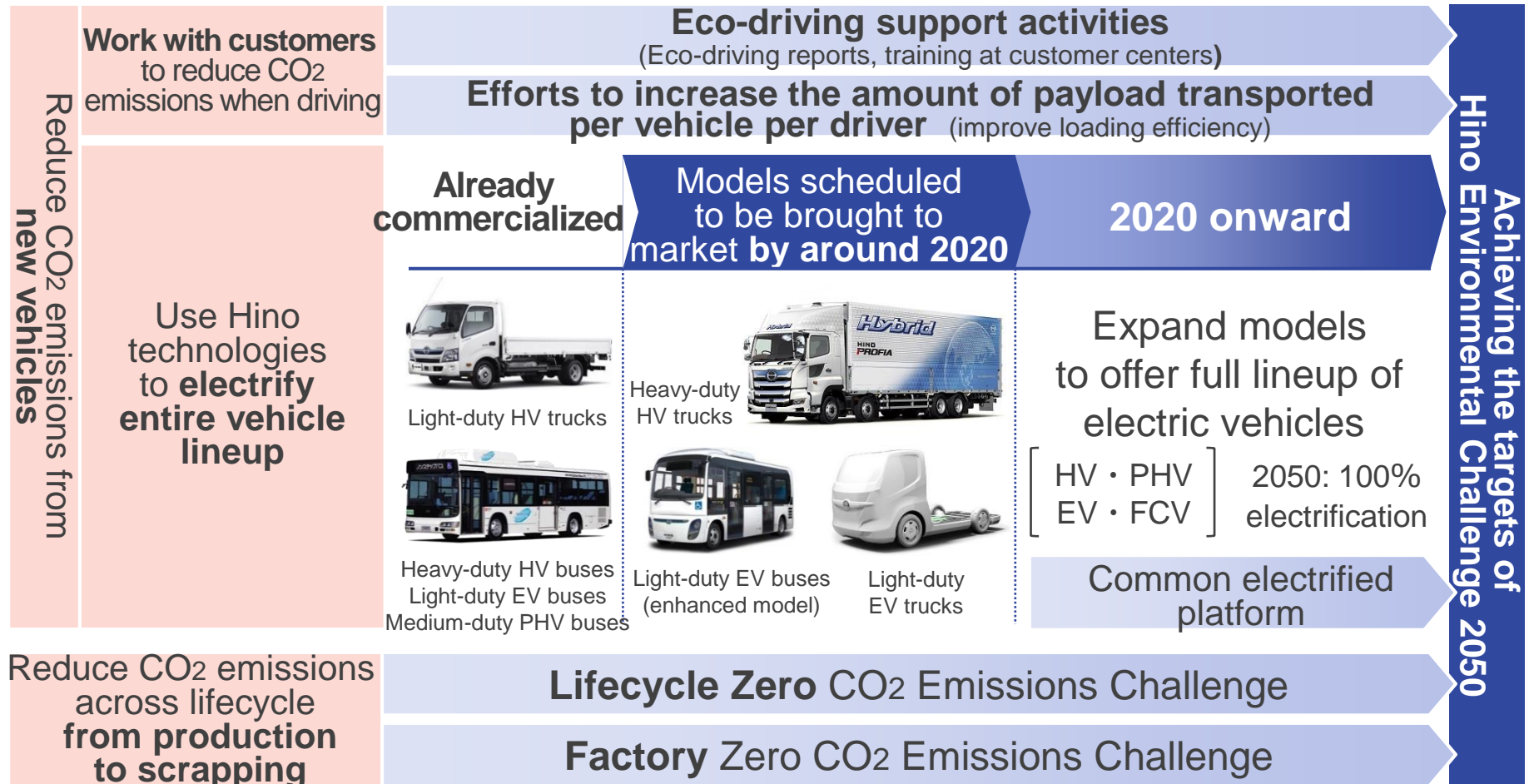




3. Provide value to our customers and the world

## ② Major reductions in CO<sub>2</sub> emissions

Implement our Zero CO<sub>2</sub> Emissions Challenge in all business processes working to achieve the goals of Hino Environmental Challenge 2050.

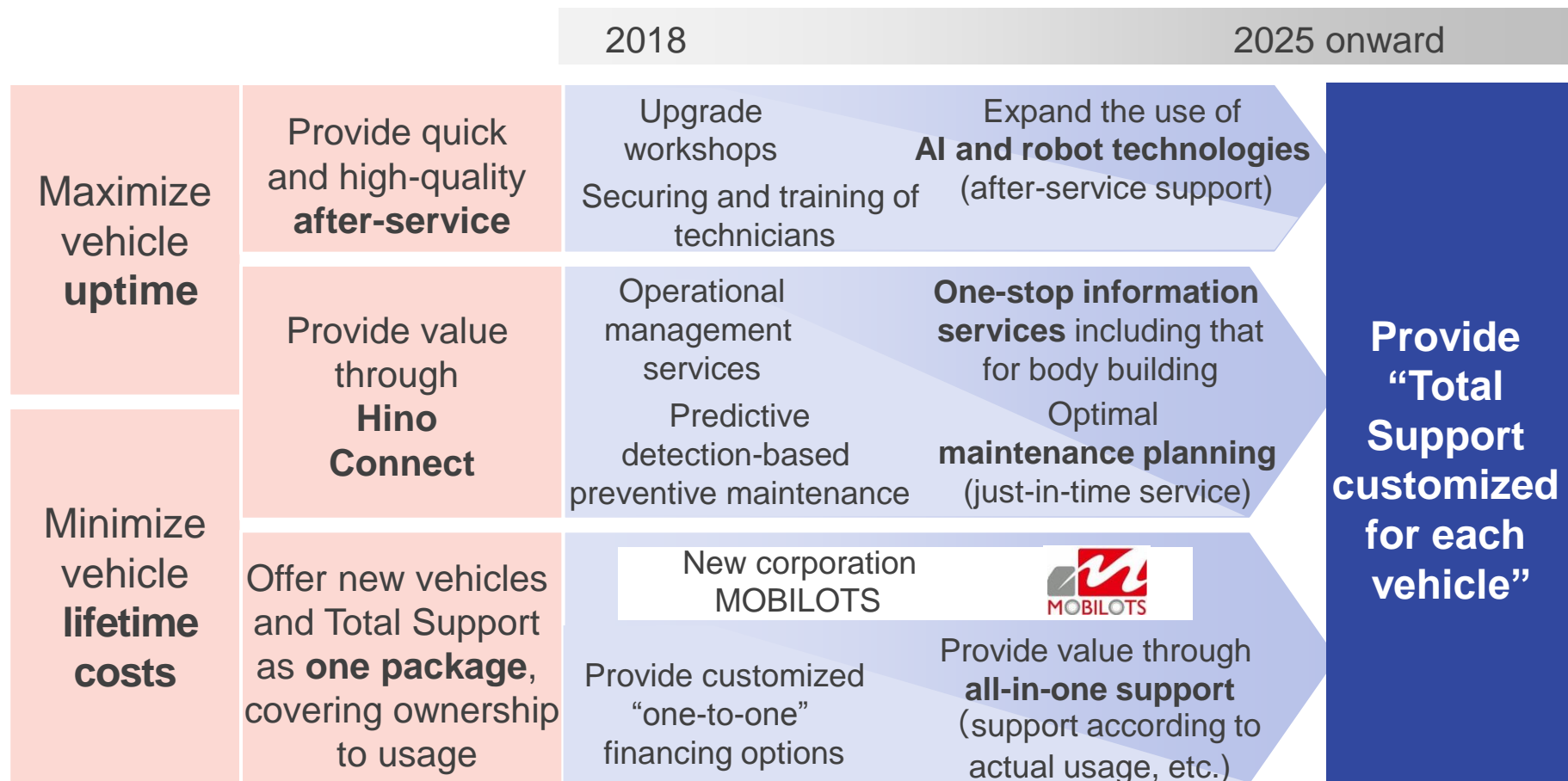




3. Provide value to our customers and the world

## 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

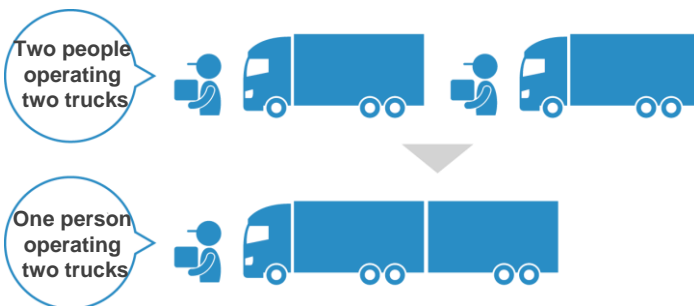
## ④ Enhanced efficiency in transporting goods and people [1]

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

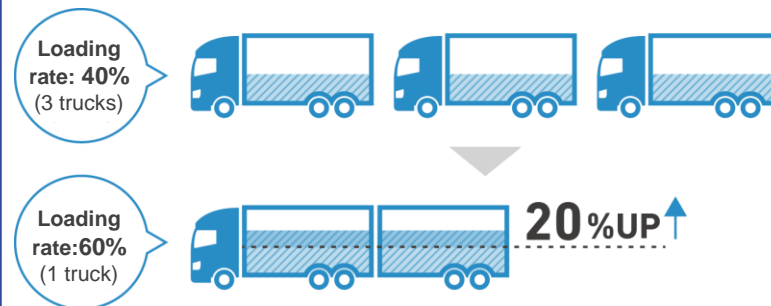
Solutions for human transport and logistics

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



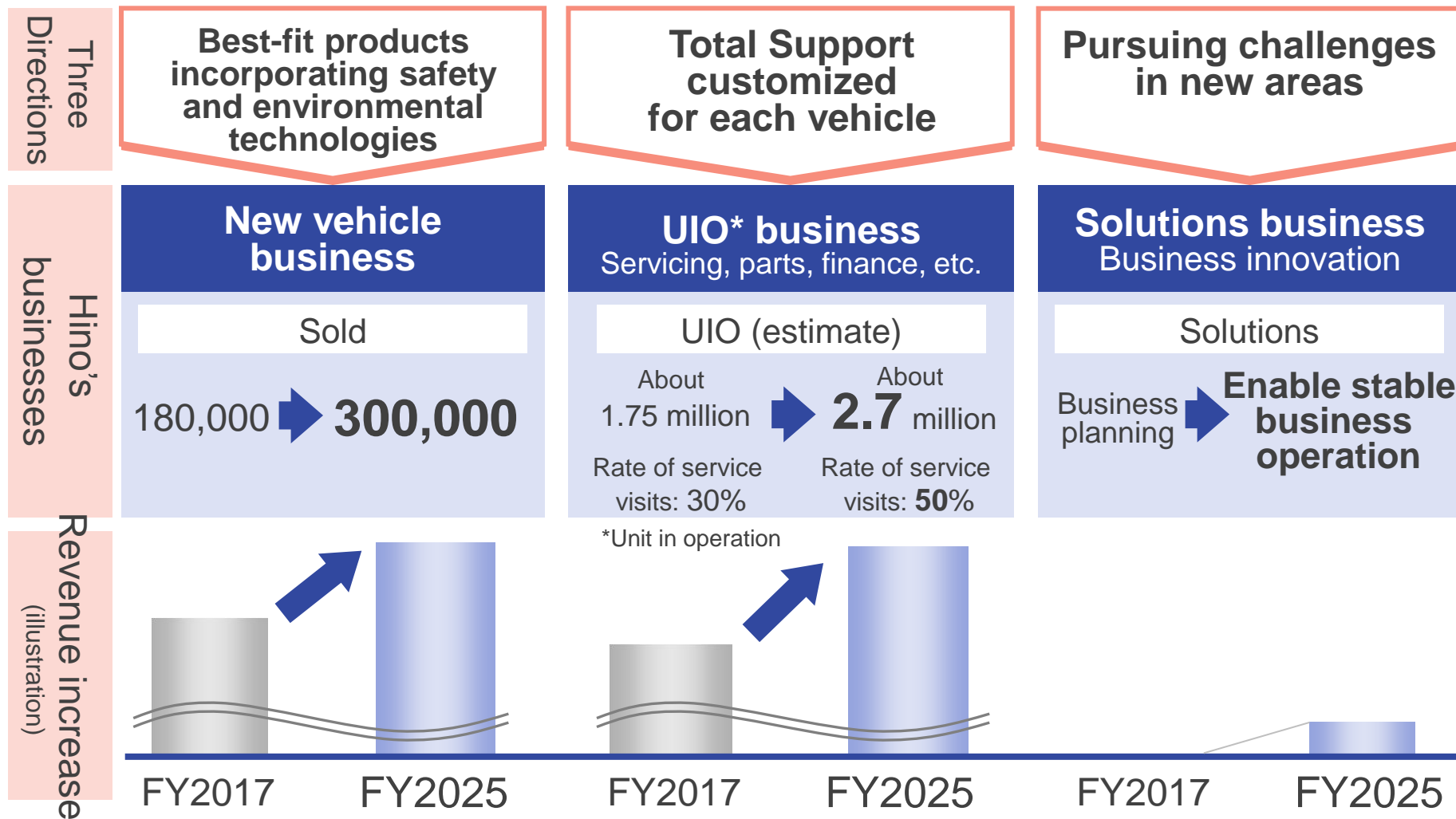
I . Providing Hino value and the world we want to create

**II. Enhancing our business foundation in pursuit of sustainable growth**



# 1. Growth and business structure changes leading up to 2025

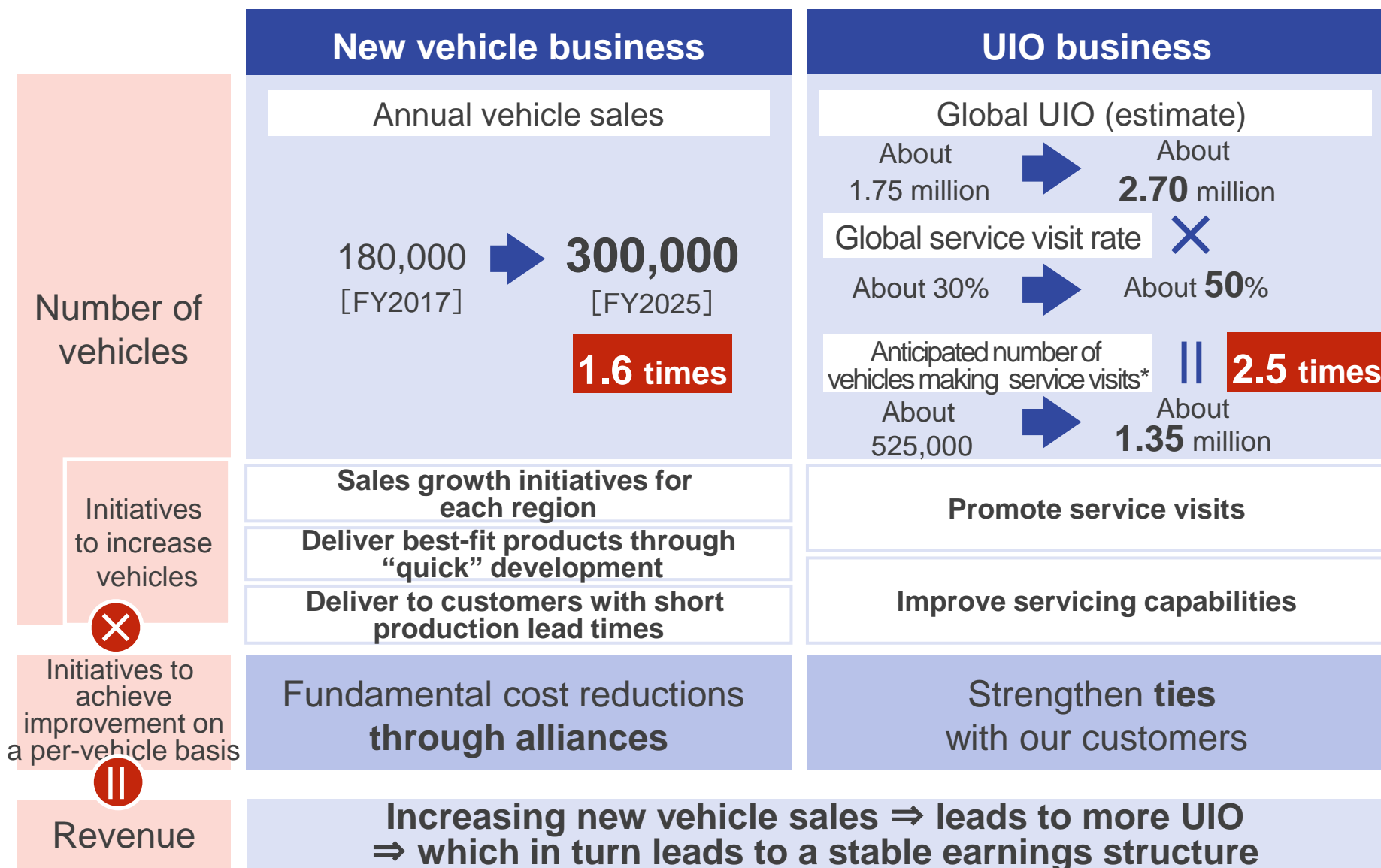
**Growth driven by three businesses**  
**⇒ Creating a business structure that enables sustainable growth**





## 2. Further strengthening our business foundation

### ① Growth scenario





## 2. Further strengthening our business foundation

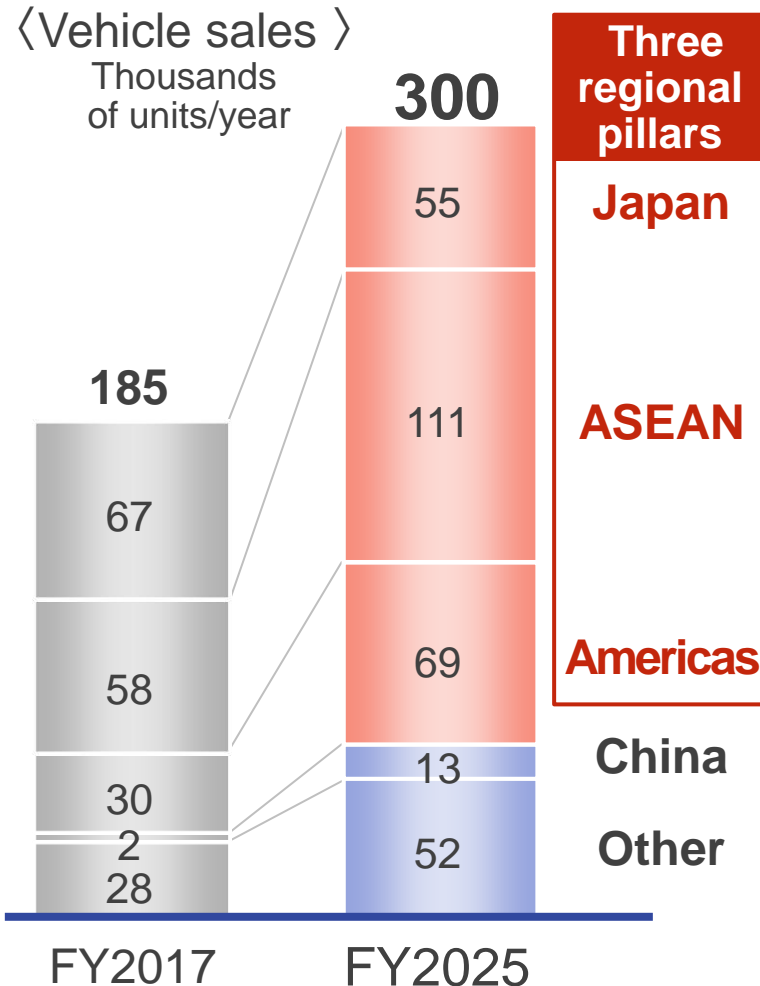
### ② New vehicle business

(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



**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 “ <b>core production centers</b> ” and “ <b>export centers</b> ” for price-competitive models.			Further <b>localization</b> and <b>efficiency</b> 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



	FY2017	FY2025
<b>Global UIO (estimate):</b>	About <b>1.75</b> million	→ About <b>2.70</b> million
<b>Global service visit rate:</b>	About <b>30%</b>	→ About <b>50%</b>

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

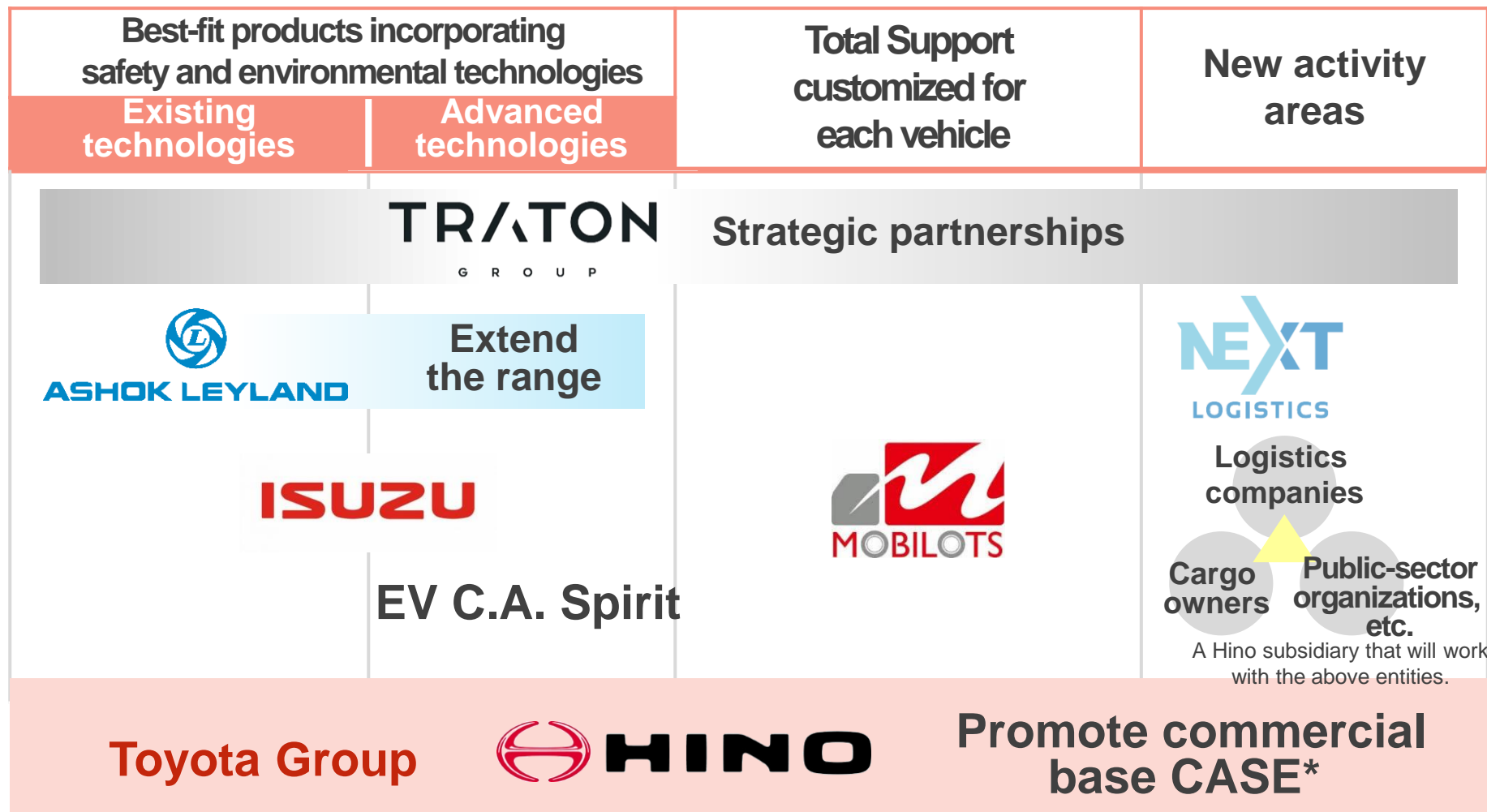
- **Roll out customer centers for all major overseas business bases**  
 Strengthen our customer relations to offer continuous and in-depth customer support.



## 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.



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



### 3. Corporate Targets

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

\*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**