

ISUZU

Mid-Term Business Plan

(FY2016 through FY2018)



May 12, 2015

Isuzu Motors Limited

Long-Term Review

Isuzu Motors Limited at first survived and then thrived through more than 10 years of business turnaround and the aftermath of the global financial crisis by rigorous streamlining and boosting the efficiency of operations. Emerging out of these difficult times as a leaner and stronger organization, Isuzu initiated various projects for renewed growth in the “Previous Mid-Term Business Plan”.

Low Performance

Turnaround and Aftermath of GFC

Shift to Growth Strategy

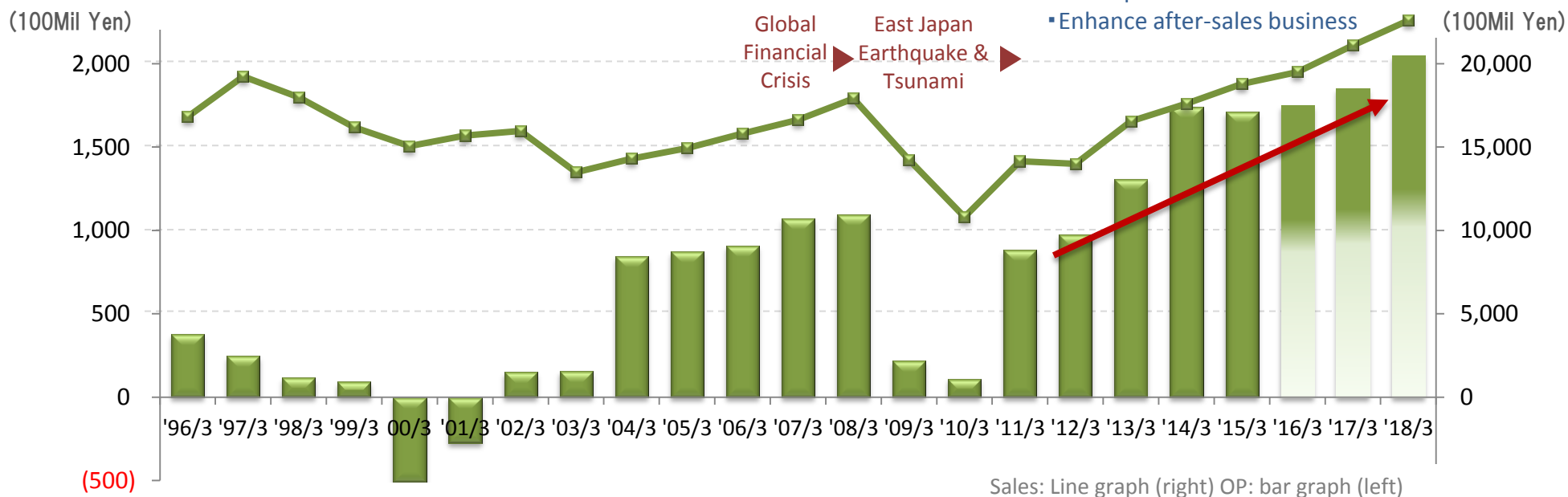
Restructuring/Asset reduction

Further boost business efficiency

Previous MTBP

New MTBP

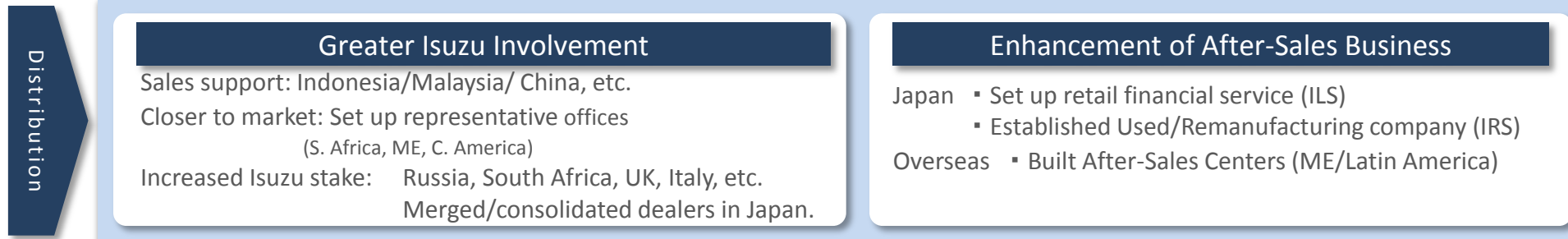
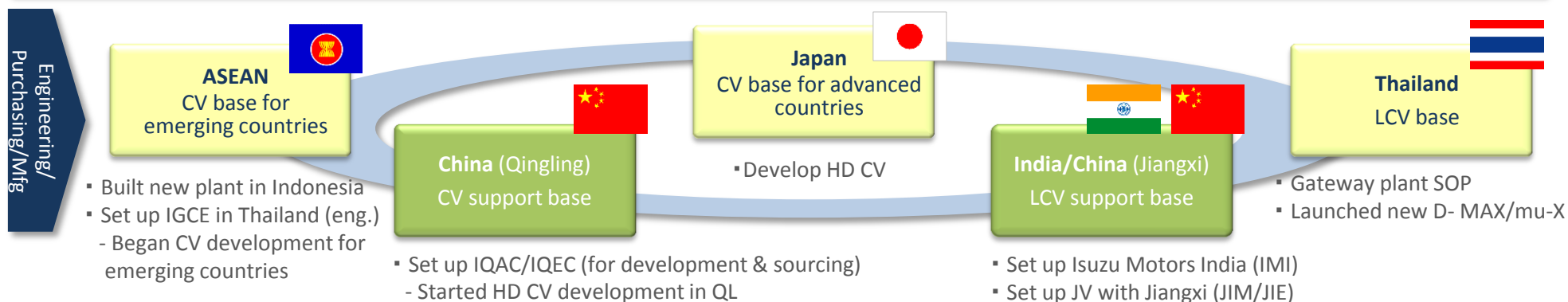
- Global 3+2 core business organization
- Participate in distribution business
- Enhance after-sales business



Previous “Mid-Term Business Plan” Achievements (released in '11)

Isuzu established the organizations, footprints and infrastructure outlined in the plan, while profit significantly exceeded targets. The company also initiated greater involvement in the distribution business and enhancement of the after-sales business.

Establish 3+2 Engineering/Purchasing/Manufacturing Core Business Organizations



(100 Mil. Yen)	14/3 targets	14/3 results	15/3 results
Total Sales	18,500	17,609	18,794
Operating Profit	1,300	1,742	1,711
Operating Profit Ratio	7.0%	9.9%	9.1%

Background to New “Mid-Term Business Plan”

The ability to deliver optimal “products and after-sales experiences” for each and every customer defines the success of the commercial vehicle brand.

In the “Previous Mid-Term Business Plan”

We pushed for various projects and programs in a shift to growth strategy.

As a result, we exceeded profit targets. However, we believe we can continue to evolve the initiatives undertaken in the previous MTBP.

Our new focus is:

In addition to our established “Engineering, Purchasing and Manufacturing Operations”, we will focus on “Isuzu Involvement in the Distribution Business” and “Enhancement of the After-Sales Business” in order to strongly establish “Operations to Minimize Downtime”.

To implement this new focus the new “Mid-Term Business Plan” sets out **Six initiatives** under the cycle of two wheels of “Engineering, Purchasing and Manufacturing” and “Operations to Minimize Downtime” to ensure they seamlessly turn to drive Isuzu’s future growth.

Six Initiatives

In “Engineering, Purchasing and Manufacturing operations”

1. Push for global 3+2 core business organizations.
2. Boost product portfolio and technology.

In addition

5. Link the two operations.
6. Lay the corporate foundation in support of the next generation.

In “Operations to Minimize Downtime”

3. Expand business in emerging countries while refining the business model for advanced nations.
4. Move the marketing function closer to markets.

In driving the above initiatives, we always bear in mind:

“Get closer to our customer in each market”

By carrying out these initiatives,
Isuzu aims to be a player with a global presence, genuinely needed by customers.

Towards Realizing Our Corporate Vision

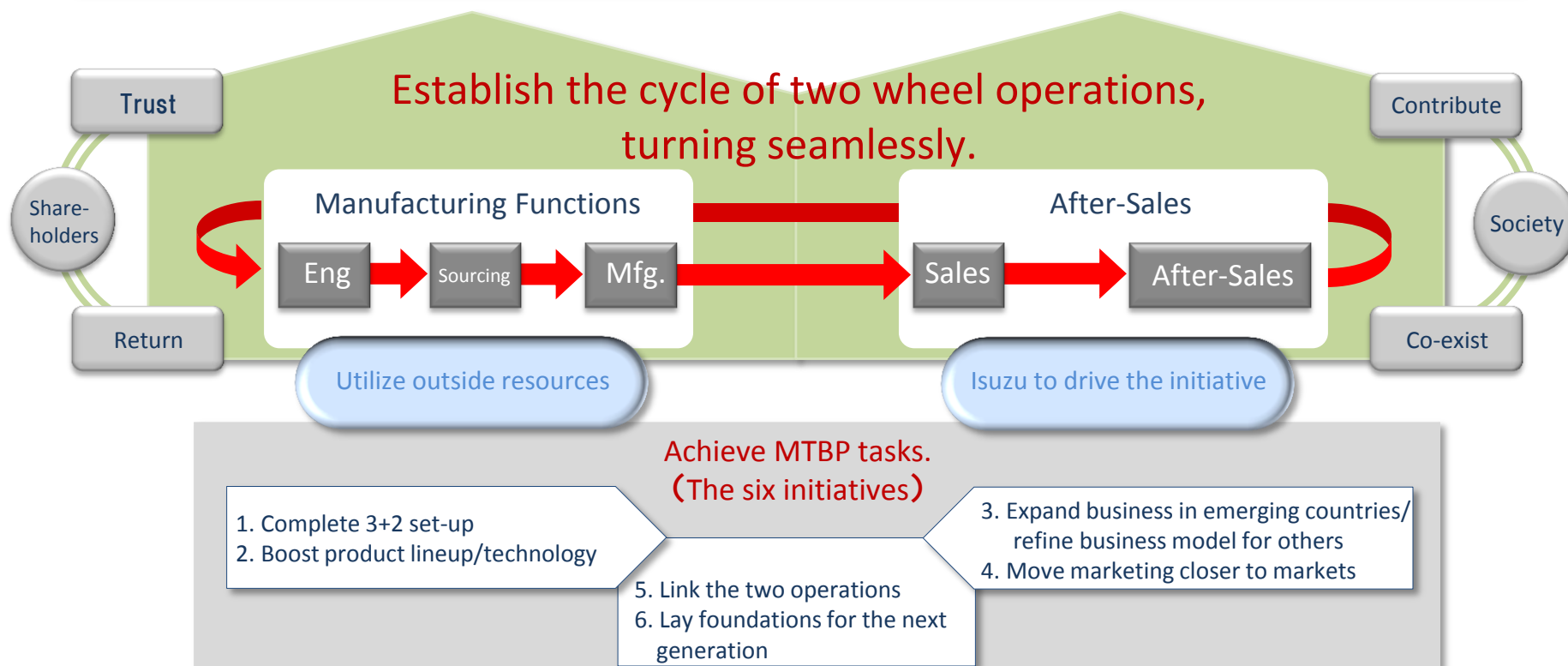
In an effort to realize our corporate vision, Isuzu will complete the tasks set out in the new Mid-Term business Plan: Building a two wheel-model where the two operations are closely linked and seamlessly run like two wheels.

Corporate Vision: Isuzu will always mean the best:

A leader in transportation, commercial vehicles and diesel engines, supporting our customers and respecting the environment.

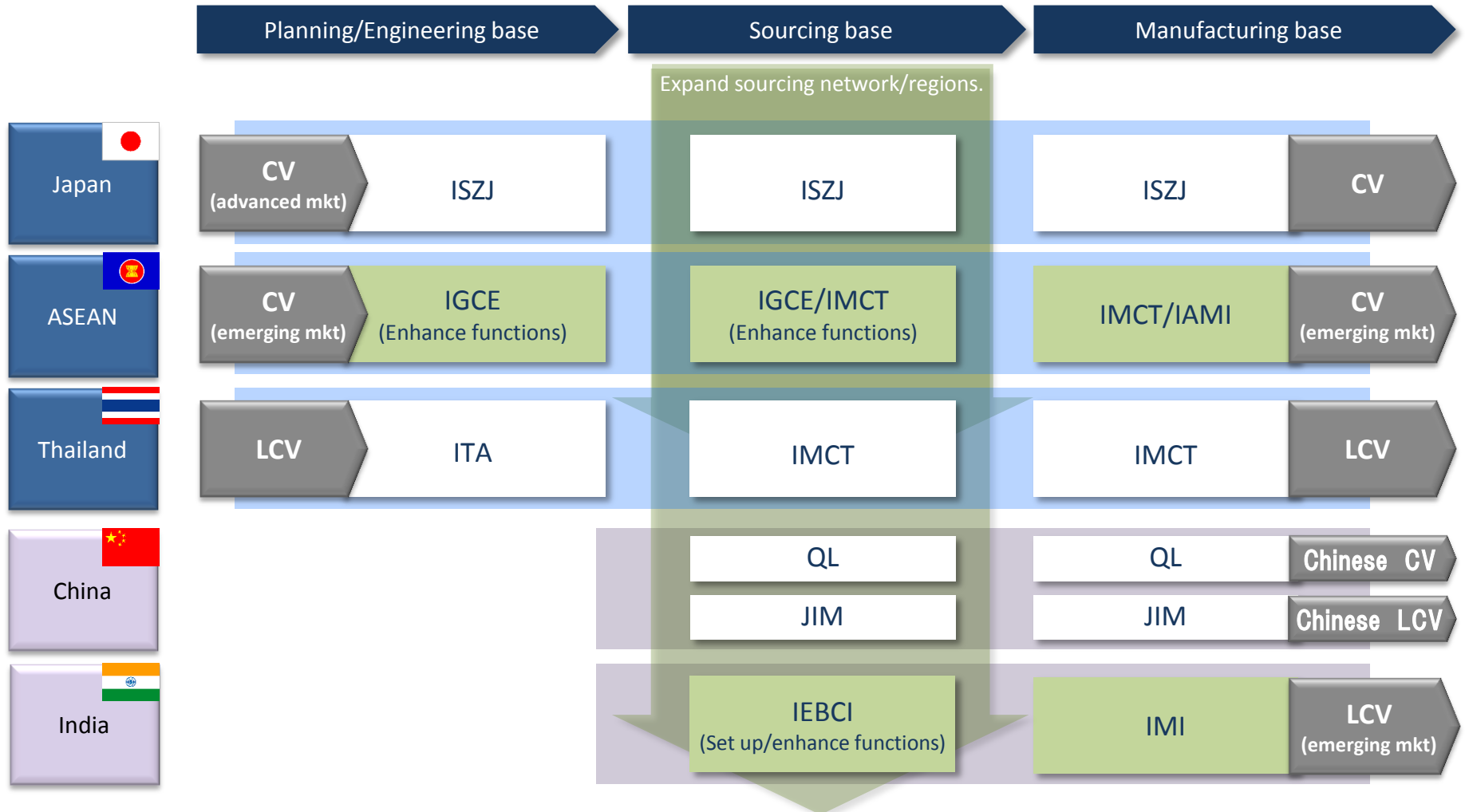
Engineering sourcing and mfg. to deliver products & technology

Minimize downtime throughout vehicle life



1. Push for global 3+2 core business organizations

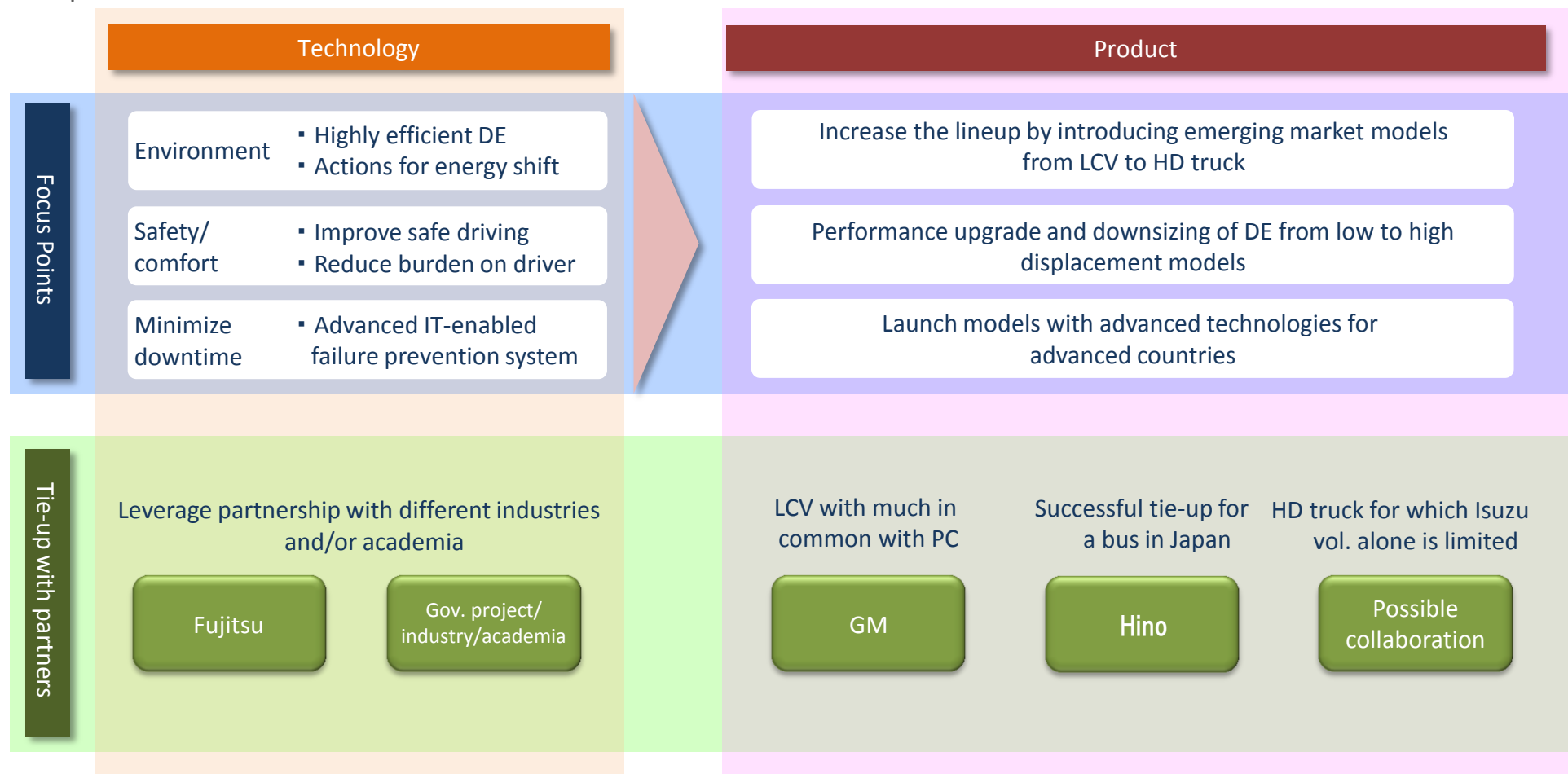
To complete the global 3+2 core business organization, Isuzu will further set up and enhance its strategically located footprints. These activities will create the infrastructure to enable us to deliver optimal products that cater to local markets.



2. Boost product portfolio and technology

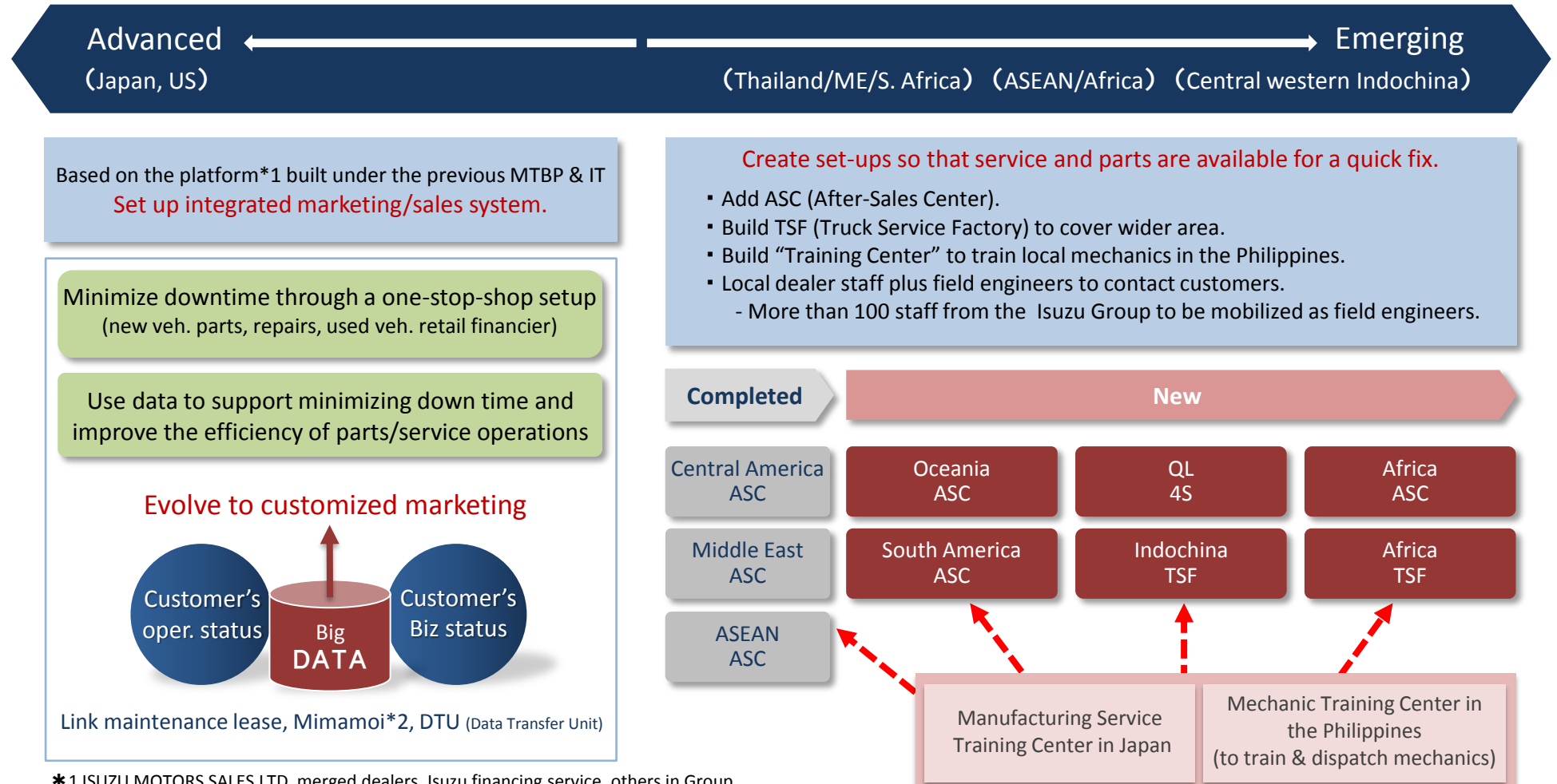
Expand and improve the product portfolio to meet the specific needs of different markets, and bolster technology which underpins the portfolio expansion.

Actively utilize limited resources and effectively leverage partnerships through win-win collaborations when outside support is required.



3. Expand business in emerging countries while refining the business model for advanced nations

Build and enhance comprehensive after-sales arrangements in keeping with different market characteristics, which will also be strongly profitable.

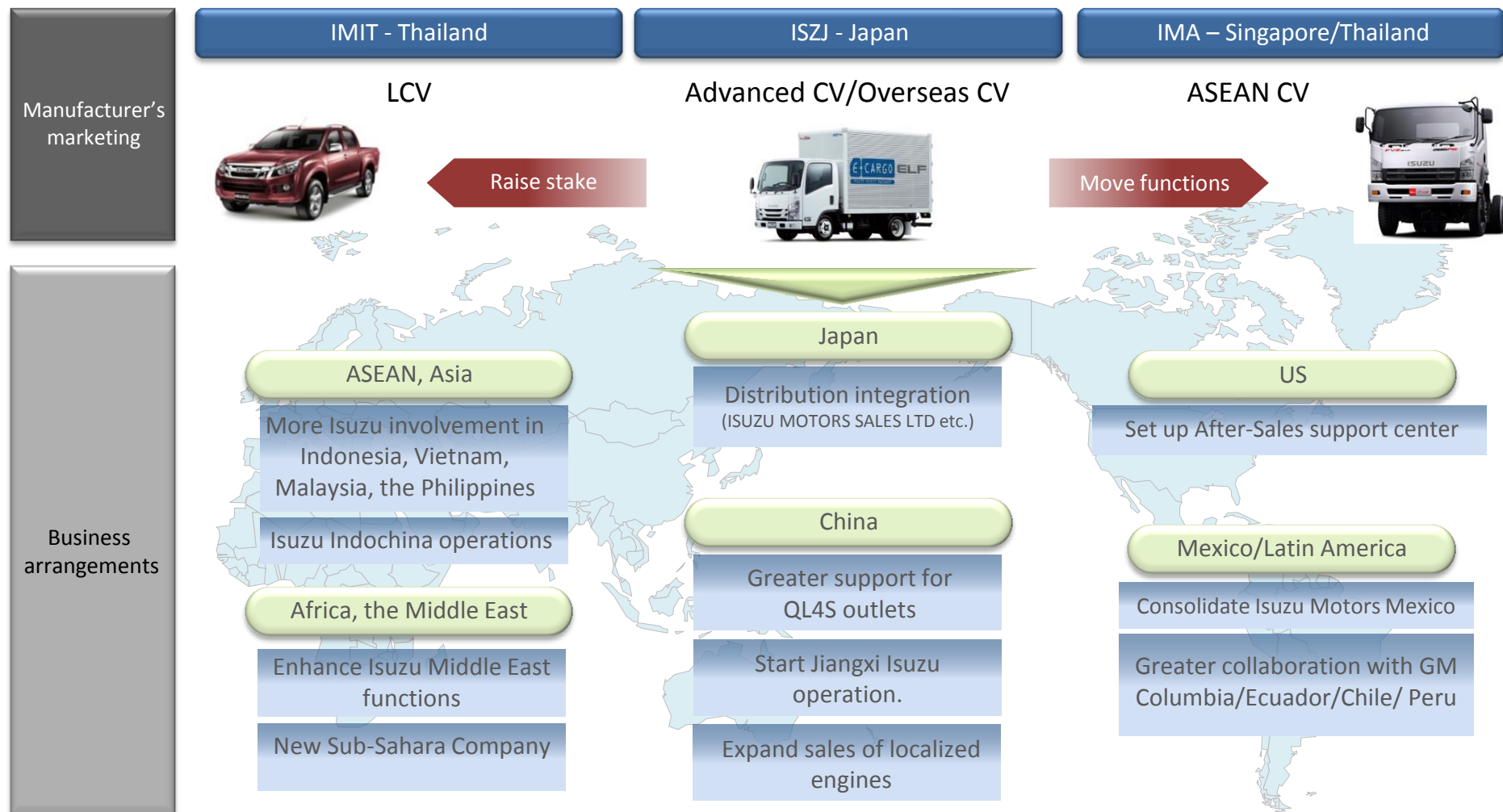


*1 ISUZU MOTORS SALES LTD, merged dealers, Isuzu financing service, others in Group

*2 Advanced telematics

4. Move marketing function closer to markets

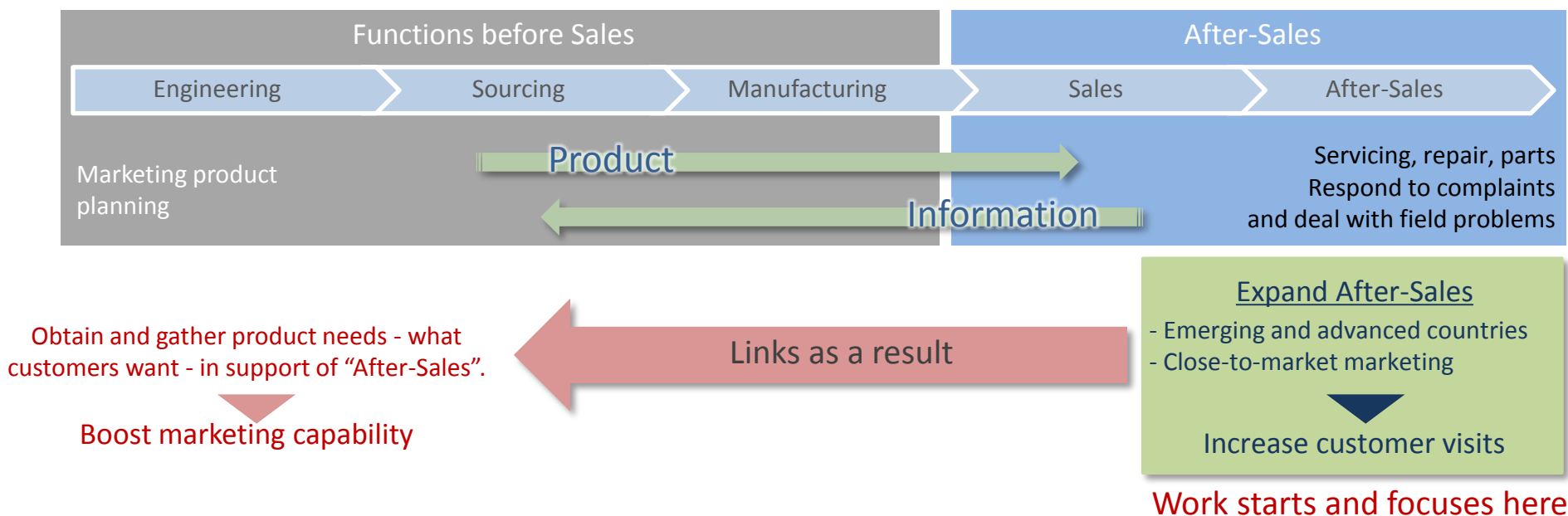
Move to ASEAN the manufacturer's marketing function needed to better collect business /market info. for quick actions. In addition, increase Isuzu's involvement in distributor businesses to shorten the distance between markets and the whole Isuzu Group.



5. Link Two Operations (to deliver optimal products)

By realizing anew that the After-Sales function of interfacing with customers is where business starts, Isuzu will focus on After-Sales and vigorously push an approach driven by After-Sales activity.

→ Expansion and enhancement of After-Sales will create a virtuous cycle involving engineering, sourcing and manufacturing operations. Further, engineering, sourcing and manufacturing teams will be in closer contact with markets for a stronger link between operations.

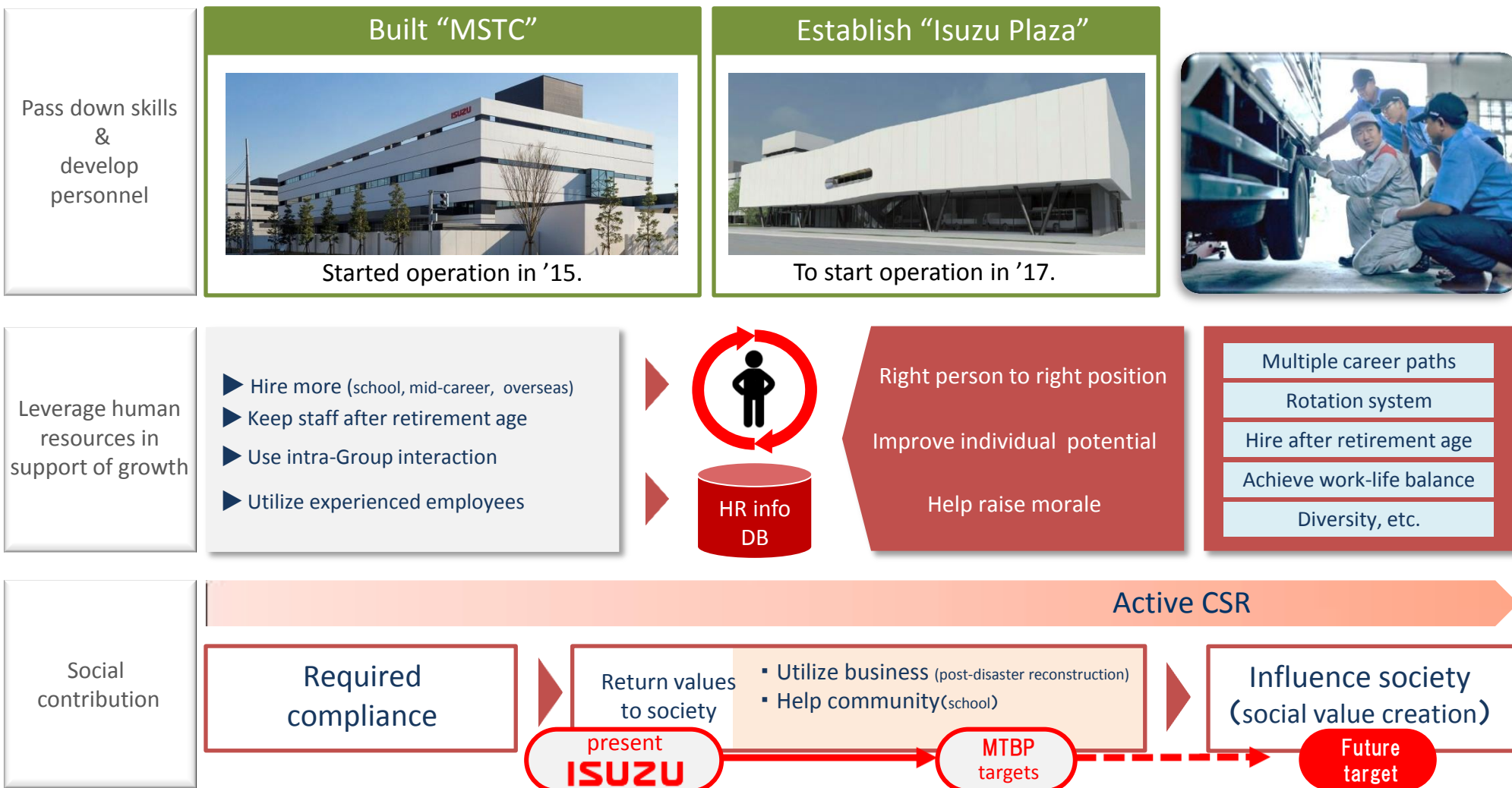


Engineering, sourcing and manufacturing teams approach markets.

- ⇒ Mother plants in Japan (Fujisawa, Tochigi) work closely with dealership.
 - Place dealer workshop in the plant (direct communication with dealership).
- ⇒ Send Isuzu Group engineers as field engineers to overseas local distributors/dealers.
 - They will directly engage with customers, support dealerships/collect information.
- ⇒ Coordinate training for engineering, manufacturing and after-sales staff.

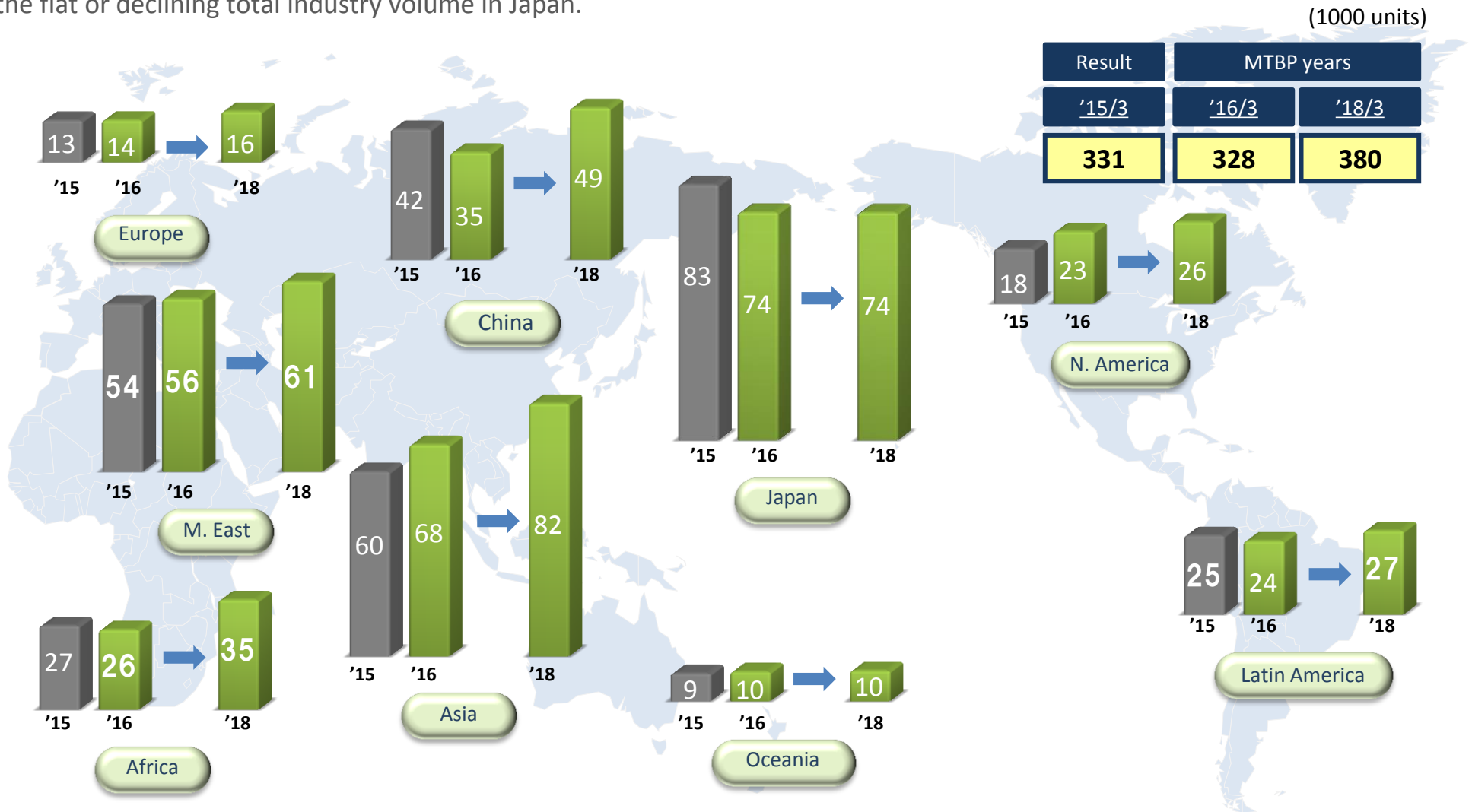
6. Lay the corporate foundation to support the next generation

With the difficult years firmly behind us, Isuzu is laying the corporate foundation to tackle backlog programs.



Planned Volume by Region: CV

Under the new MTBP, Isuzu is targeting a total volume of 380,000 units in FY2018, up 15%. We anticipate driving volume expansion in Asia, the Middle East and Africa, as well as from the ongoing recovery in North America, to more than offset the flat or declining total industry volume in Japan.



Planned Volume by Region: LCV

The Company is targeting a total volume of 440,000 units in FY2018, up 30%. Growth will come from the addition of LCVs produced in China (in Jiangxi) and India, as well as an increase in exports within Asia buoyed by recovery of the Thai market.



Profit and Financial Indicators

Under the new Mid-Term Business Plan, Isuzu will maintain and improve stable profits and financial structure, while setting aside sufficient funds to invest in its growth, for sustainable growth to stay on a solid footing.

Indicator	Policy	Target
Net sales	Steady growth and expansion	2.2 to 2.3 trillion JPY in final year (20% over current result)
Operating profit ratio	Secure stable profit while spending for long-term growth	9% (average for three years)
Return on equity (ROE)	Maintain good capital efficiency	12% (average for three years)
Total return ratio	Stable dividend payment unaffected by short-term performance fluctuations	20% to 30%



Trucks for Life
ISUZU



(Appendix) ISUZU Subsidiaries and Affiliates

Area		Company Name		Type of Business	Pages
Japan		ILS	Isuzu Leasing Services Ltd.	Commercial Vehicle Leasing Services	2,8
		IRS	Isuzu R S Ltd.	Used Vehicle and Remanufacturing	2
ASEAN	Singapore	IMA	Isuzu Motors Asia. Ltd.	Control of Business and Distribution in the Asian Area	9
	Thailand	IMA- Thailand	Isuzu Motors Asia (Thailand). Ltd.	Support of Business in Thailand	9
		IMCT	Isuzu Motors Co., (Thailand) Ltd.	Manufacture of Commercial Vehicles and Pickup Trucks	6
		IMIT	Isuzu Motors International Operations (Thailand) Co., Ltd.	Export of Pickup Trucks	9
		ITA	Isuzu Technical Center of Asia Co., Ltd.	Vehicle Engineering	6
		IGCE	Isuzu Global CV Engineering Center Co., Ltd	Planning and engineering of new product including a commercial vehicle and its relevant parts and components for emerging markets	2,6
	Indonesia	IAMI	P.T. Isuzu Astra Motor Indonesia	Import, Assembly and Distribution of Commercial Vehicles and Asian-Utility Vehicles	6
	China		IQEC	ISUZU QINGLING (CHONGQING) ENGINEERING CO., LTD.	Planning and engineering of new product including a new heavy-duty truck and its relevant parts and components
		IQAC	ISUZU QINGLING (CHONGQING) AUTOPARTS CO., LTD.	Production of engine parts and sale of vehicle and engine parts	2
		JIM	Jiangxi Isuzu Motors Co., Ltd..	Designing, production and sales of complete vehicles and their parts, import of vehicle-related technologies and facilities	2,6,9
		JIE	Jiangxi Isuzu Engine Co., Ltd..	Designing, production and sales of complete engines and their parts, import of engine-related technologies and facilities	2
		QL	Qingling Motors Co., Ltd.	Manufacture and Distribution of Commercial Vehicles and Sport-Utility Vehicles	2,6
		QL4S	QINGLING ISUZU (CHONGQING) AUTOMOBILE SALES AND SERVICE CO.LTD	Vehicle Distribution and Wholesales of Parts	8,9
India			IMI	Isuzu Motors India Private Limited	Import, Assembly and Distribution of LCVs
		IEBCI	Isuzu Engineering Business Centre India Private Limited (仮)	R&D and Sourcing of Vehicles and Parts for Emerging Market	6

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