

ISUZU

Midterm Business Plan

FY2019 - FY2021

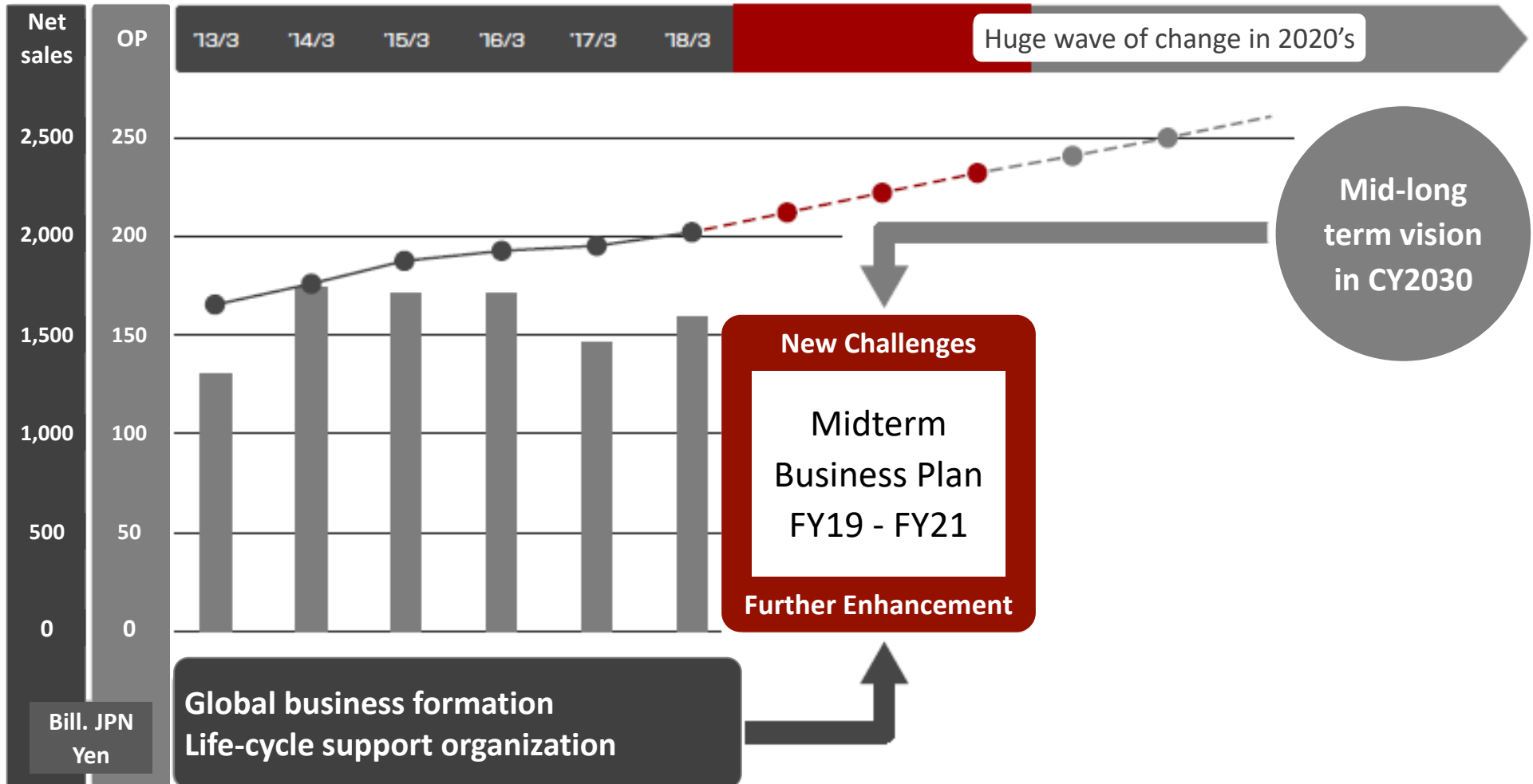
May 14, 2018

Isuzu Motors Limited



At the starting line of our midterm business plan

- Expecting huge wave of environmental change in 2020's.
- Isuzu set-up mid and long term vision to flexibly adapt the change.
- Isuzu will press forward "the new Midterm Business Plan" to achieve the vision.



<Line chart :Net Sales Bar chart : OP>

Ex-midterm plan measures and policies

Tasks accomplished

Global business formation

- Perfect fit product offering for each market.
- Planned product line-up accomplished.

Life-cycle support organization

- “PREISM” to maximize customer’s benefit launched in Japan.
- “Near-field” activity promotion throughout Isuzu group to customer’s engagement in overseas.

Located

Five ASC After Sales Center

Foundation

IIF Isuzu International FZE (UAE)
IMSaf Isuzu Motors South Africa (South Africa)

Consolidation

IEA Isuzu East Africa (Kenya)
ISZR Isuzu RUS (Russia)

Quantitative target and result

Record-high sales

	Target	Result
Net sales FQ18/03	2,200 -2,300 Bill. JPN Yen	2,070 Bill. JPN Yen
Operating profit ratio Ave, 3 yrs.	9.0%	8.2%
ROE Ave. 3 yrs.	12.0%	13.1%
Total return ratio	20%~30% 3 years	Payout ratio 24.9% Ave, 3 yrs. + Share buyback 49.5 Bill. JPN Yen

With above outcome Isuzu will realize remarkable growth and sustained earning power.

Our heart is always with You

supporting people's life and social production activities
as a CV/LCV and Powertrain excellent company



People's life
Social production activities

Broad-wide solution

Supportive diverse service line-up

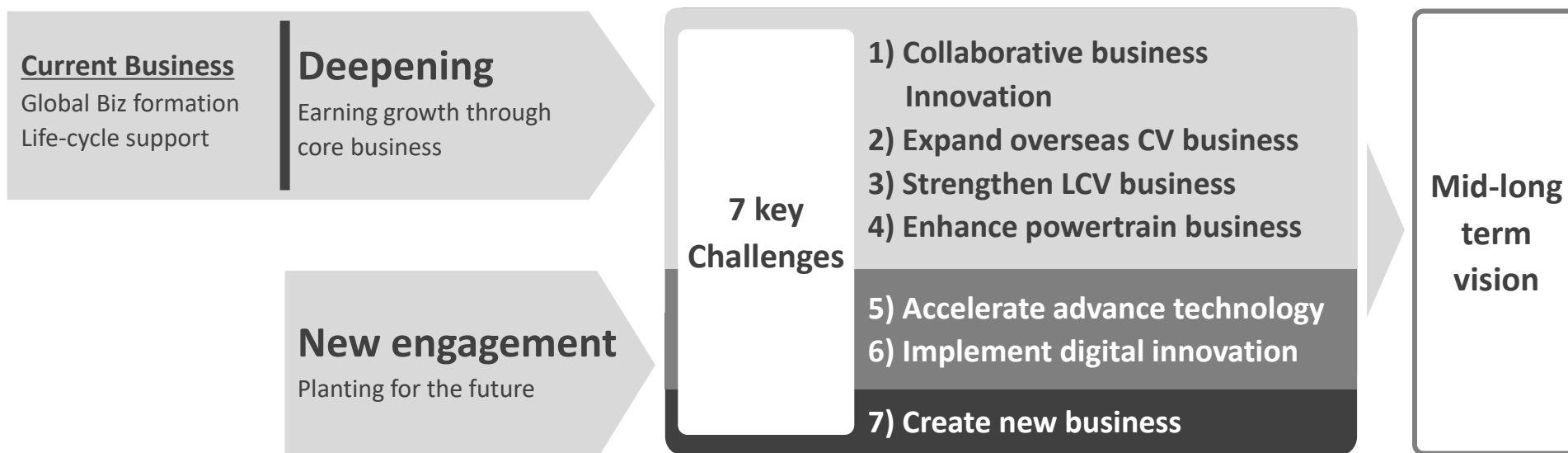
Leading sources

- Powertrain technology
- Vehicle manufacturing technology
- Vehicle diagnostics know-how
- Global foot print and Service net work
- Customer/Partner network
- Truck
- LCV
- Bus
- Life-cycle support
- Special equipment vehicle
- Diverse power source
- Indusial DE
- Logistics engineering
- Social-infrastructure support
- Energy management



【New Midterm business plan strategy FY19- FY21】

“Current business deepening” and “New engagement for next generation”



	Result (FY18)	Target
Net sales	2,070 Bill. JPN Yen	FY21 2,300 Bill. JPN Yen
Operating profit ratio	8.1%	Ave. 3 yrs. 9.0%
ROE	12.2%	Ave. 3 yrs. 12%
Total return ratio	24.6%	Ave. 3 yrs. 30%

Create new solution with customer.

Brand new integration of products and services.



Case 1 25m double trailer consolidated truck

Joint development with major forwarder and body builder. Contribution to Logistics business.

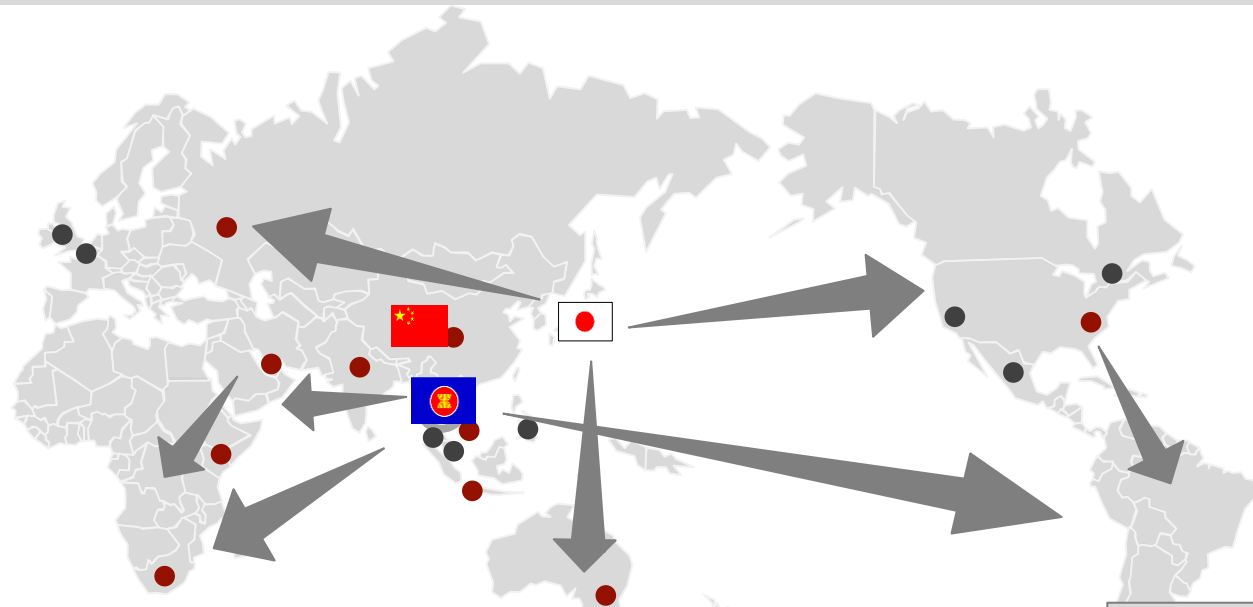


Case 2 New generation maintenance lease

Offering most appropriate maintenance lease program and stable operation service to customers, utilizing in-depth of customer usage by remotely connected data.

■ Deliver perfect fit vehicles and services utilizing global business formation.

“Japan made ”+ “ASEAN & China made” → Perfect fit vehicle



Give high sales priority on ASEAN/Middle East/ African markets where Isuzu invested in Ex-midterm business plan to drive earnings growth.



ASEAN : EM exclusive truck



China : Heavy duty truck



Indonesia : Light weighted truck

Overseas sales : 275 Thou. Units (30% increase compare to FY18)

* DB : Distributors EM : Emerging market

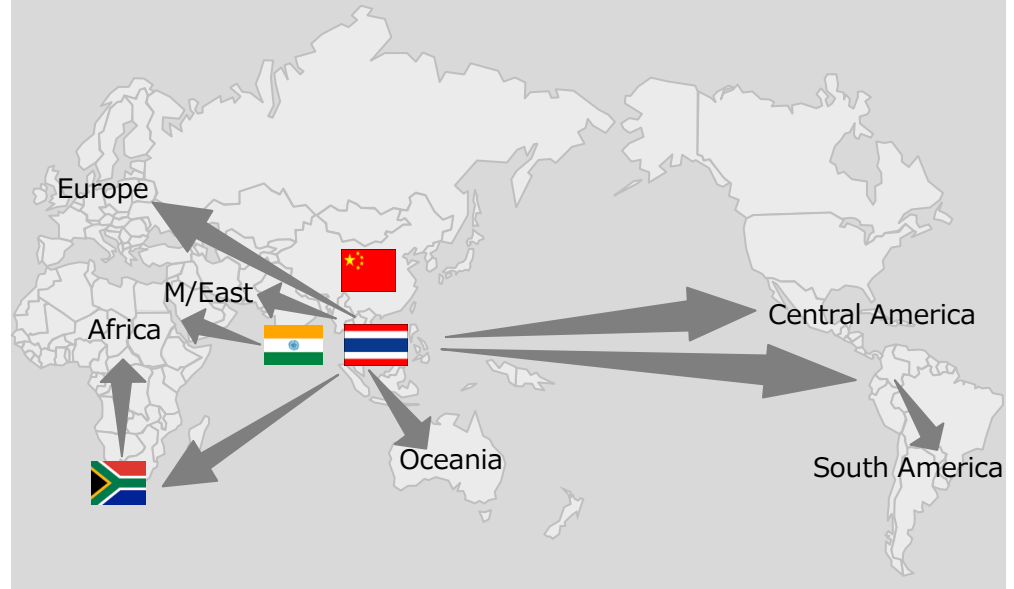
- Launch new model applying customer's fast-changing demand to expand LCV sales.
- India as work-horse model production base to meet wide range customer needs.

Product strategy

- New model development applying environmentally considered and safety requirements in addition to Isuzu strength of "Robust" performance.
- Launch new model in midterm period to stabilize LCV top brand position.

Sales strategy

- Enhance sales in Africa and Middle East.
- Break into open market area (CV network sharing).



LCV sales : 390 Thou. Units (23% increase compare to FY18)

Sales challenge to 200 thousand units

Take positive approach utilizing “CV spirit base business” + “ Collaboration” activities

Powertrain Business

R&D/ Manufacturing

- Utilize China base CV R&D for application engineering and cost reduction activities.

Sales

- Utilize CV network.
- Enhance vehicle component Biz.

Products

- Complement product line-up by alliance partnership.

Shift Isuzu business style from REQUEST to PROPOSAL base

Established “Industrial Solutions Division” in FY18.
Integrated major function : Planning, Engineering and Sales to make further leap forward.

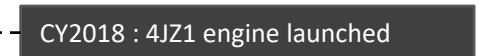
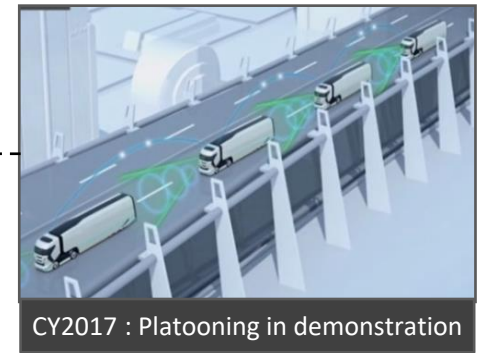
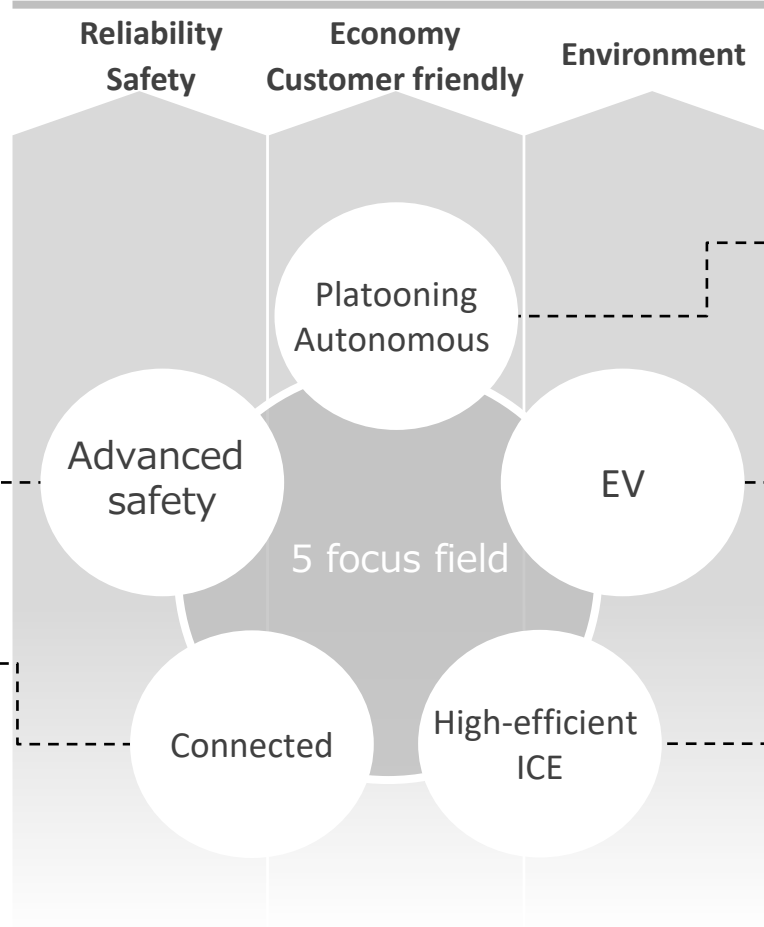
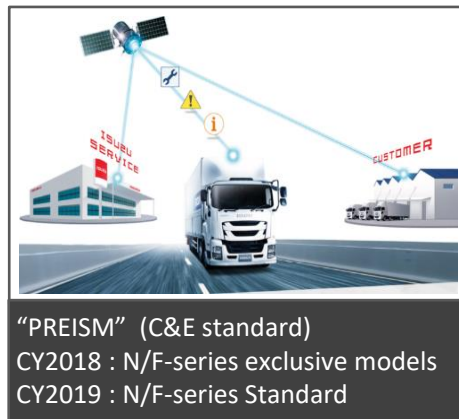
Customer

Construction Machinery
Power Generator
Agricultural Machinery
Forestry Machinery
Marline Machinery
For other CV OEM
Etc.

Enforce on-going 5 focus field Speed-up effect utilizing partnerships

Value throughout CV Engineering

Reliability Safety Economy Customer friendly Environment



* ICE : Internal Combustion Engine AEBS : Advanced Emergency Braking Systems

Expand powertrain line-up as CV driven company

Providing powertrain covering regional energy requirement and variety range of customer's usage.

Electricity



Most suitable EV for CV

Diesel



High-efficiency clean DE

Natural Gas (CNG · LNG)



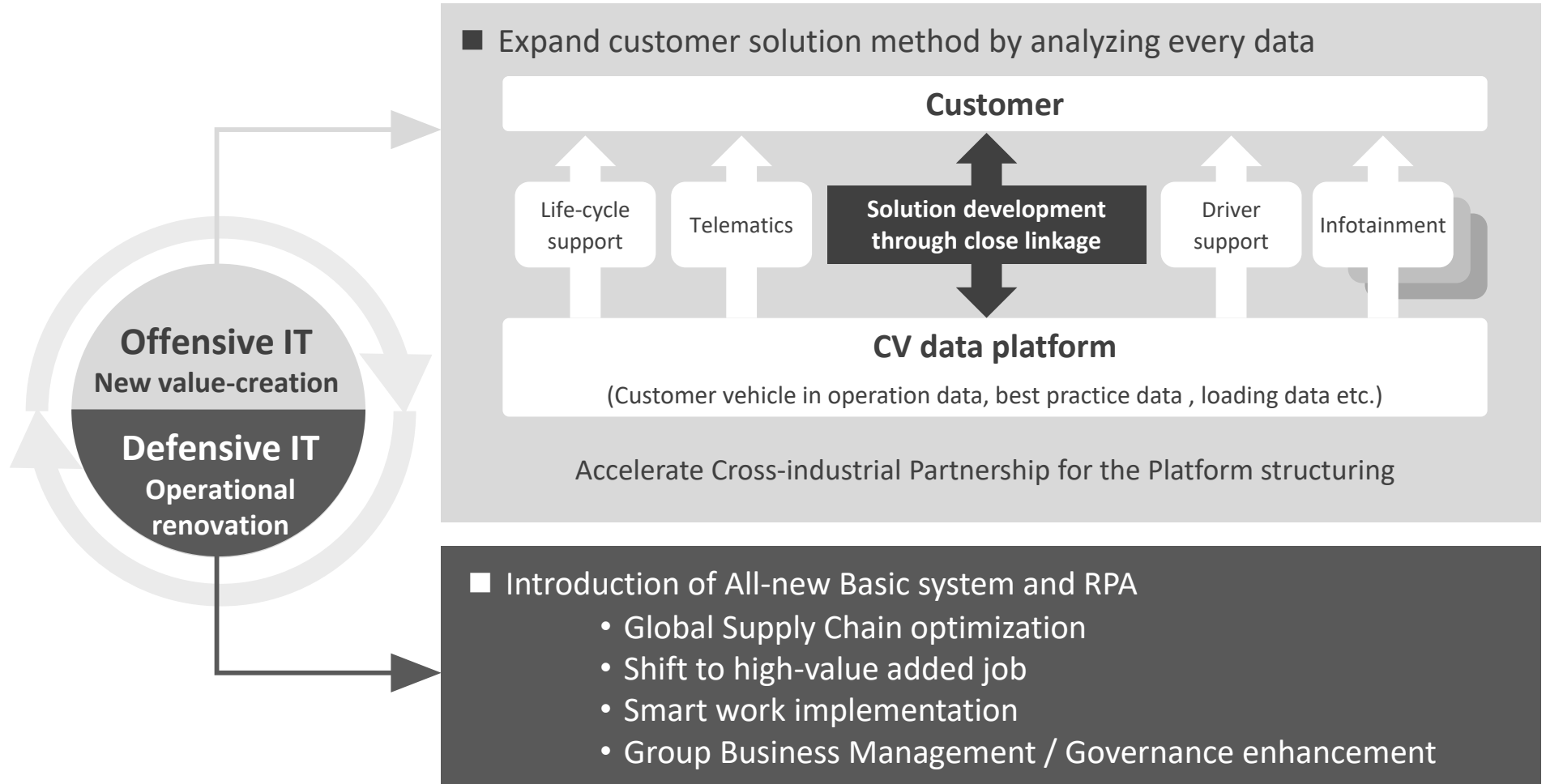
Exploit and Create
Market

Diesel Engine basic principal in midterm period

Isuzu mission is to offer attractive Diesel Engine as Diesel Engine driven company.

We will continue to pursuer further high-efficient and clean Diesel Engine to be the leader in Global Diesel Engine market.

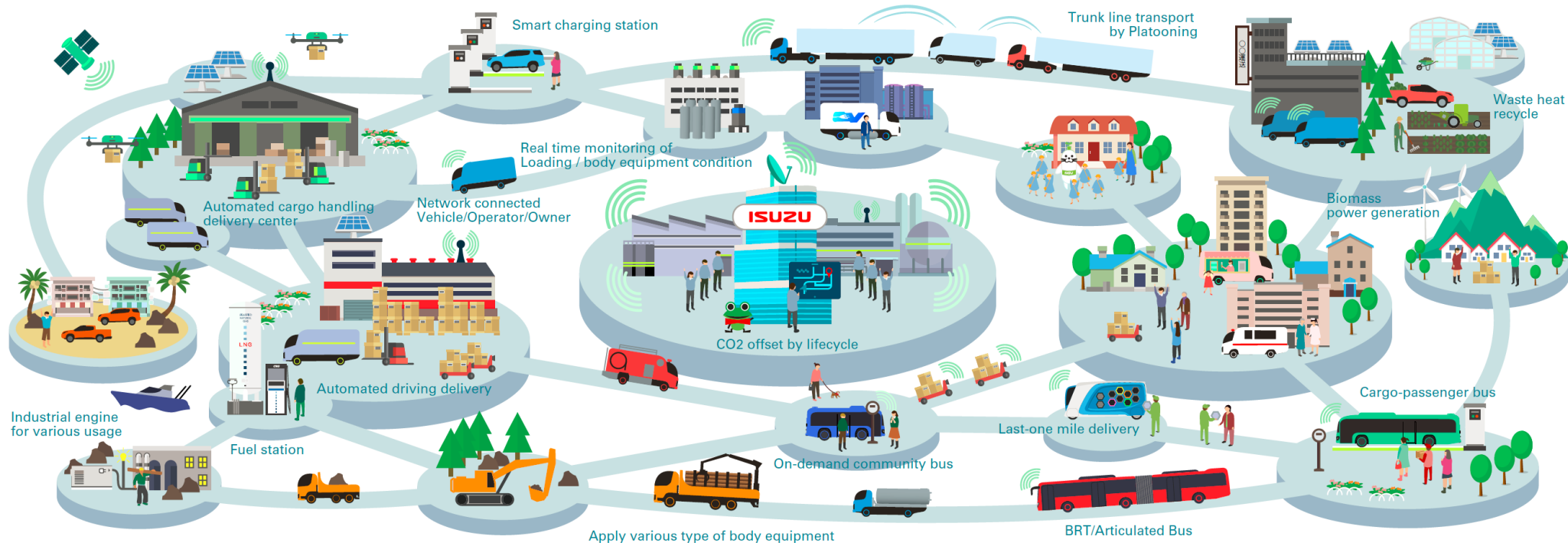
- New value creation and operational renovation by digital innovation to reinforce sustainable business model.



* RPA : Robotic Process Automation

- New ventures supporting more efficient sustainable growth for the entire society.
- Accelerate creating new solution throughout customer and cross-industrial collaboration.

Isuzu ideal future society



Logistic engineering

Vehicle related hardware, service and management support solution

Social-infrastructure support

Participate in next generation traffic infrastructure operation to support smooth driving / getting-in/off / cargo handling

Energy management

Industrial solution with clean and safety power source

- Consistence shareholder return investing for mid-long term to ensure substantial growth.

FY19 – FY21 Cash Flow and Allocation

<p>Operating + Financial CF 400-500 Bill. Yen</p>	<ul style="list-style-type: none"> ■ Ensure revenue from existing business field expansion. ■ Maintain Financial health condition with well balanced debt- equity ratio.
<p>Capital investment + Strategic investment 350 Bill. Yen level</p>	<ul style="list-style-type: none"> ■ Shift to product improvement and digital innovation from footprint investment. ■ Enhance strategic investment on advanced technology and new business creation including alliance collaboration.
<p>Shareholder return (Total return ratio) Ave. 30%</p>	<ul style="list-style-type: none"> ■ Ensure stable, continuous shareholder return.

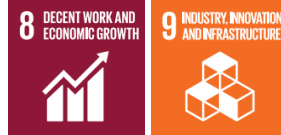
■ Isuzu goal is to create social value throughout business activities for community as well as Isuzu sustainable growth.

Mid-long term vision

Being well received CV/LCV and Powertrain excellent company supporting people's life and social production activities.

Social agenda need be solved throughout Isuzu business

Productivity growth of Logistic industry (lack of decent work)



Logistic optimization (resolve traffic accident/congestion)



Protect living condition at disaster and emergency



Climate change and Economic growth



End hunger



Midterm business plan FY19 - FY21

“Current business deepening” and “New engagement for next generation”



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Social tasks

Relation with SDGs

<p>Productivity growth of Logistic industry (lack of decent work)</p>	<ul style="list-style-type: none"> ■ Productivity growth of logistics industry is addressed as urgent social issue especially in Japan. ■ Contribute to solution in logistic industry, Isuzu immediate customer will lead to customer value creation. 	 
<p>Logistic commutation (resolve traffic accident/congestion)</p>	<ul style="list-style-type: none"> ■ Economic development actualized traffic accident and congestion world wide which may carry non-functional logistics risk. ■ Isuzu to fulfill social responsibility for traffic accident and congestion resolve as Vehicle OEM. 	 
<p>Protect living condition Protection at disaster and emergency</p>	<ul style="list-style-type: none"> ■ CV is must-have item for construction site and home-delivery purpose supporting people's life. ■ Isuzu will continuously provide vehicles for protection at disaster and emergency. 	 
<p>Climate change and Economic growth (CO2/Exhaust Gas)</p>	<ul style="list-style-type: none"> ■ Isuzu business is supporting economical development but also having aspect placing burden on climate change. ■ Isuzu have responsibility to contribute continuous environmental friendly society. 	  
<p>End hunger</p>	<ul style="list-style-type: none"> ■ At many of Isuzu operation emerging counties are working to resolve hunger problem. ■ Isuzu have responsibility to contribute end hunger throughout our business activities. 	  