

# V. Future Vision, Business Strategy

# Strategic Direction

	Direction	Product/Technology	Market	Business Focus
CV	<ul style="list-style-type: none"> <li>❖ Concentrate resources on CV as core business</li> <li>❖ Maximize revenue/volume</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce new engine (10-liter, L6)</li> <li>• Full model change of 2- to 4-ton</li> </ul>	JPN	<ul style="list-style-type: none"> <li>• Reform of sales structure/Expand sales to major cargo fleet</li> </ul>
			China ASEAN NA	<ul style="list-style-type: none"> <li>• Aggressive sales expansion, leveraging brand equity</li> <li>• Enrich product line-up</li> <li>• 3rd-party alliance</li> </ul>
LCV	<ul style="list-style-type: none"> <li>❖ Pursue maximum efficiency in return on investment</li> <li>- Centralize production in Thailand</li> <li>- Tie-up sales operation with MC</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce P-up derivative</li> <li>• Introduce new L4 DE</li> </ul>	Thailand	<ul style="list-style-type: none"> <li>• Maintain No.1 market share</li> <li>• Reinforce alliance with MC</li> </ul>
			ASEAN, etc.	<ul style="list-style-type: none"> <li>• Increase vol with derivative vehicle</li> <li>• Aggressive sales in GM territories</li> </ul>
SUV	<ul style="list-style-type: none"> <li>❖ Minimize business risks</li> </ul>	<ul style="list-style-type: none"> <li>• Add OEM models</li> <li>• V6 gas engine</li> </ul>	NA	<ul style="list-style-type: none"> <li>• Review operational structure to suit sales vol.</li> </ul>
PT	<ul style="list-style-type: none"> <li>❖ Secure business stability through creation of JV with GM</li> </ul>	Improve product: V6, V8, L4	NA	<ul style="list-style-type: none"> <li>• Capacity increase at DMAX</li> </ul>
			Europe	<ul style="list-style-type: none"> <li>• Max. vol operation (300k)</li> <li>• Expand other OEM sales</li> </ul>

# CV Business: Product/Market

Product Group/Engine		Market	
		Japan	Overseas
HD	<b>New 14-liter</b> - High output - High torque	♦ Adopt on CVs for heavy cargo carrier/construction use  <b>Secure stable growth as Isuzu's stronghold</b>	♦ Ally with third-party for manf./sales operations  <b>Capture CV market opportunity in China whose construction/public works are booming</b>
	<b>New 10-liter</b> - Energy efficient - Light weight	♦ Enrich cargo CV offering with new engine (meeting the need for greater cargo-load efficiency and higher fuel efficiency)  <b>Boost market share of cargo types, with the 1st in class output and fuel efficiency</b>	♦ Introduce as "Asian Truck"  <b>Pursue volume merit through regional complementation in manf., and consolidation of smaller-scale markets</b>
LD/LCV	<b>New 3-liter New 2.5 liter</b> - High output - Light weight	♦ Enrich LCV line-up by adopting new engines on ELF  <b>Ensure absolute advantage over competition by meeting market needs thoroughly</b>	♦ Expand new engine adoption covering pick-up derivative and LCV  <b>Leverage the strengths as the world No1 light-weight, biggest volume LCV</b>

# Material Cost Reduction

Generate cost saving through volume merit, on part-by-part basis

CV

- Commonize next generation MD and LD cab ( -30%)
- Volume merit from HD and MD truck ( -15%)
  - In short-term, reduce domestic supplier prices by leveraging China/ASEAN volume (eg. extensive use of dies)
  - In mid-term, expand procurement from China/ASEAN to achieve further cost reduction
- Drastic de-proliferation : vehicle variations, engine series
  - HD: 500 --> 200
  - MD, LD: 5,000 --> 2,000
  - Engine: 9 --> 7 series

LCV

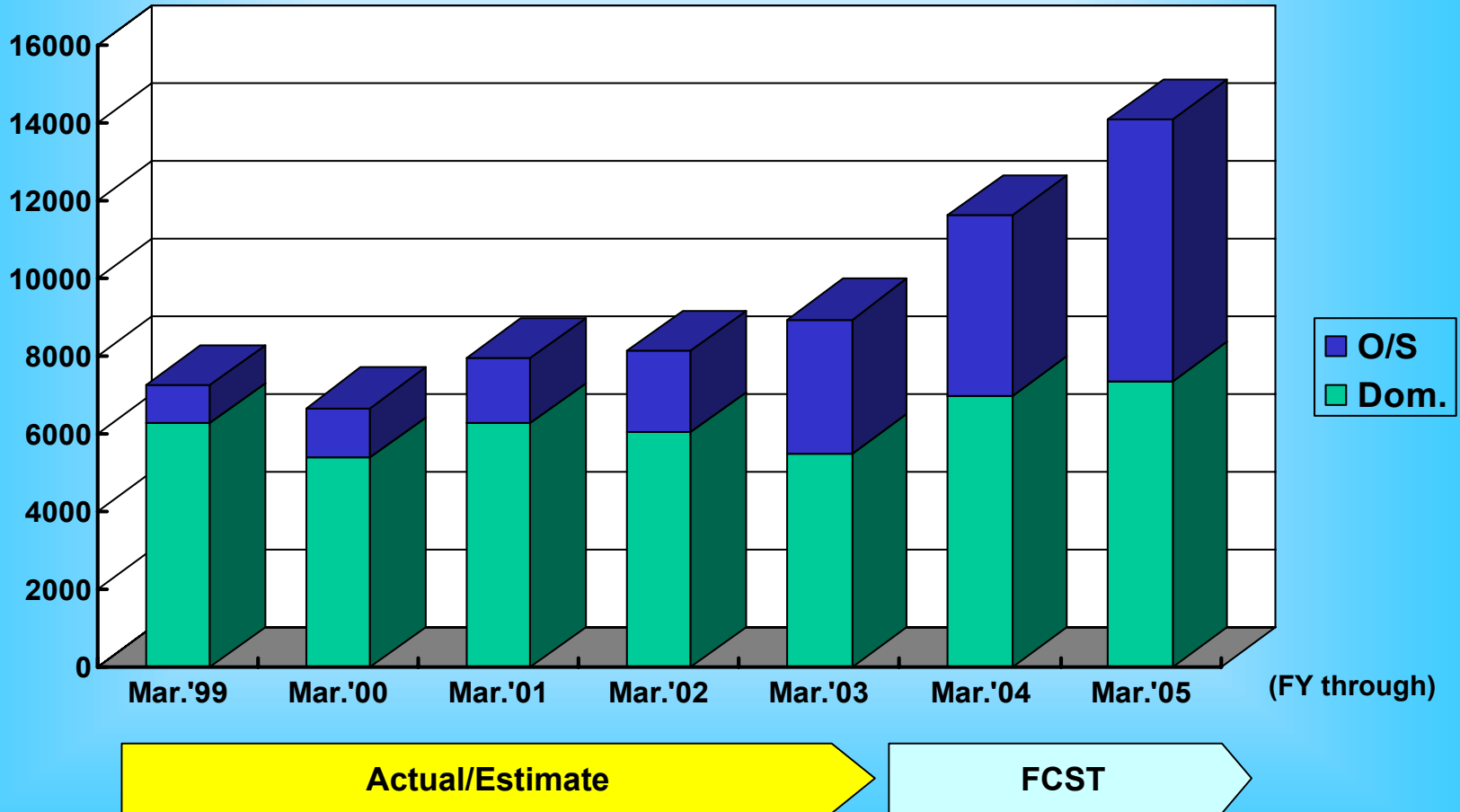
- Combine purchase volume with US-produced GM volume (WWP program)
- Review manf. footprint plans for new engine (Japan, China, Thailand)
- Secure re-quotation and/or re-source based on increase volume including derivative models (10%)

Unconventional Approach (esp. leverage alliance)

- Joint purchasing with GM Alliance Partners (FHI, SZK, GM): 13 commodities +  $\alpha$
- Collaboration with keiretsu body-builders: Integrate chassis & body engineering (body: 10%)
- Supply component to 3rd parties (GM, domestic competitors, etc)
  - Suspension, T/M, Transfer
- Reinforce complementary relationship with non-keiretsu suppliers

# For reference: HD Sales

(units)



# For reference: P'up

## Export Forecast -Excl. Sales in Thailand-

