

# FY2020 Financial Results

May 26, 2020  
ISUZU MOTORS LIMITED

# Contents

- 1. Overview**
- 2. Business Status**
- 3. FY2020 Financial Results**
- 4. FY2021 Full-year Outlook**
- 5. Alliance**
- 6. Q&A Session**

Statements contained in this presentation, except for historical or current facts, are based on certain assumptions and our management's judgment in light of currently available information. Therefore, these statements may be susceptible to various factors, such as uncertainty contained in the assumptions and management's judgment and economic changes in the future, which may cause to bring about different results in Isuzu's future earnings and operating results.

Moreover, this presentation is not intended to solicit investment in Isuzu. Isuzu assumes no responsibility for any losses and liabilities that may be incurred because of the information in this presentation.

# 1. Overview

# Overview: Influence of COVID-19 Pandemic **ISUZU**

## Latest Initiatives

- Limitations to our business will last a long lapse of time. Isuzu shall achieve and maintain both “healthcare of our stakeholders and employees” and “social responsibility” by tackling on 2 measures.
  1. As a company supporting the power to “deliver” worldwide, we shall offer vehicle that answer to our customers’ needs.
  2. Guarantee stable operation of vehicles by our after-service programs.
  
- We are forced to face challenges as the demand meets full-impact of the COVID-19 pandemic. On the other hand, even as the new coronavirus ravages throughout the world, the distribution business is constantly moving. Therefore, Isuzu assumes that the recovery in demand shall start sometime in FY2021.
  
- Isuzu shall reduce costs and seek profit by building a structure to struggle with the crisis.

# Overview: FY2020 Consolidated Results



- While slowdown in markets became apparent in FY2020, was able to record a 140.6 billion yen profit.
- Only minor impact from COVID-19 pandemic in FY2020. Full-scale impact comes after April 2020 and onwards.

Global Sales Units (K-units)		FY2020	FY2019	Changes	
	CV-Japan	81	83	-2	-2%
	CV-Overseas	208	223	-15	-7%
CV Total		289	306	-17	-5%
	LCV-Thailand	163	163	-0	-0%
	LCV-Export	148	179	-31	-17%
LCV Total		311	342	-31	-9%
Total		600	648	-48	-7%

## Financial Forecast (Bil. Yen)

Sales	2,079.9	2,149.2	-69.3	-3%
Operating Income	140.6	176.8	-36.2	-20%
Ordinary Income	150.9	189.0	-38.1	-20%
Net Income	81.2	113.4	-32.2	-28%
Dividends	38 Yen	37 Yen	1 Yen	

# Overview: FY2021 Full-year Outlook



- Despite the uncertainty in the markets, Isuzu is determined that it does matter to present an outlook with certain assumptions.
- As Isuzu expects substantial decline in sales units, the forecast for FY2021 includes emergency initiatives to reduce expenses.

Global Sales Units (K-units)		FY2021	FY2020	Changes	
	CV-Japan	68	81	-13	-16%
	CV-Overseas	167	208	-41	-20%
CV Total		235	289	-54	-19%
	LCV-Thailand	108	163	-55	-33%
	LCV-Export	133	148	-15	-12%
LCV Total		241	311	-70	-23%
Total		476	600	-124	-21%

## Financial Forecast (Bil. Yen)

Sales	1,700.0	2,079.9	-379.9	-18%
Operating Income	50.0	140.6	-90.6	-64%

## 2. Business Status

# Impact of COVID-19 and countermeasures **ISUZU**

- Suspended operations at plants in Japan and Thailand in April, but has already resumed operations.
- Japan: To minimize production loss, continue initiatives to prevent future infections.
- Overseas: Will decide whether or not to restart operations taking in account of local government orders, operation status of sales and supply chains.

Regions	April	Present
Japan	Suspended operations at Fujisawa Plant (April 13th-17th)	Resumed operation from April 20th with thorough protective measures
Thailand	All plants temporarily suspended for 4 weeks starting from April 13th	Resumed operation from early May
KD Assembly Plants Outside Japan	Suspended operations in 11 plants	Suspending operation in 6 plants

# Assumptions of FY2021 Outlook



- Assumptions of recovery in demand and sales units were made in accordance to the most recent market information available.

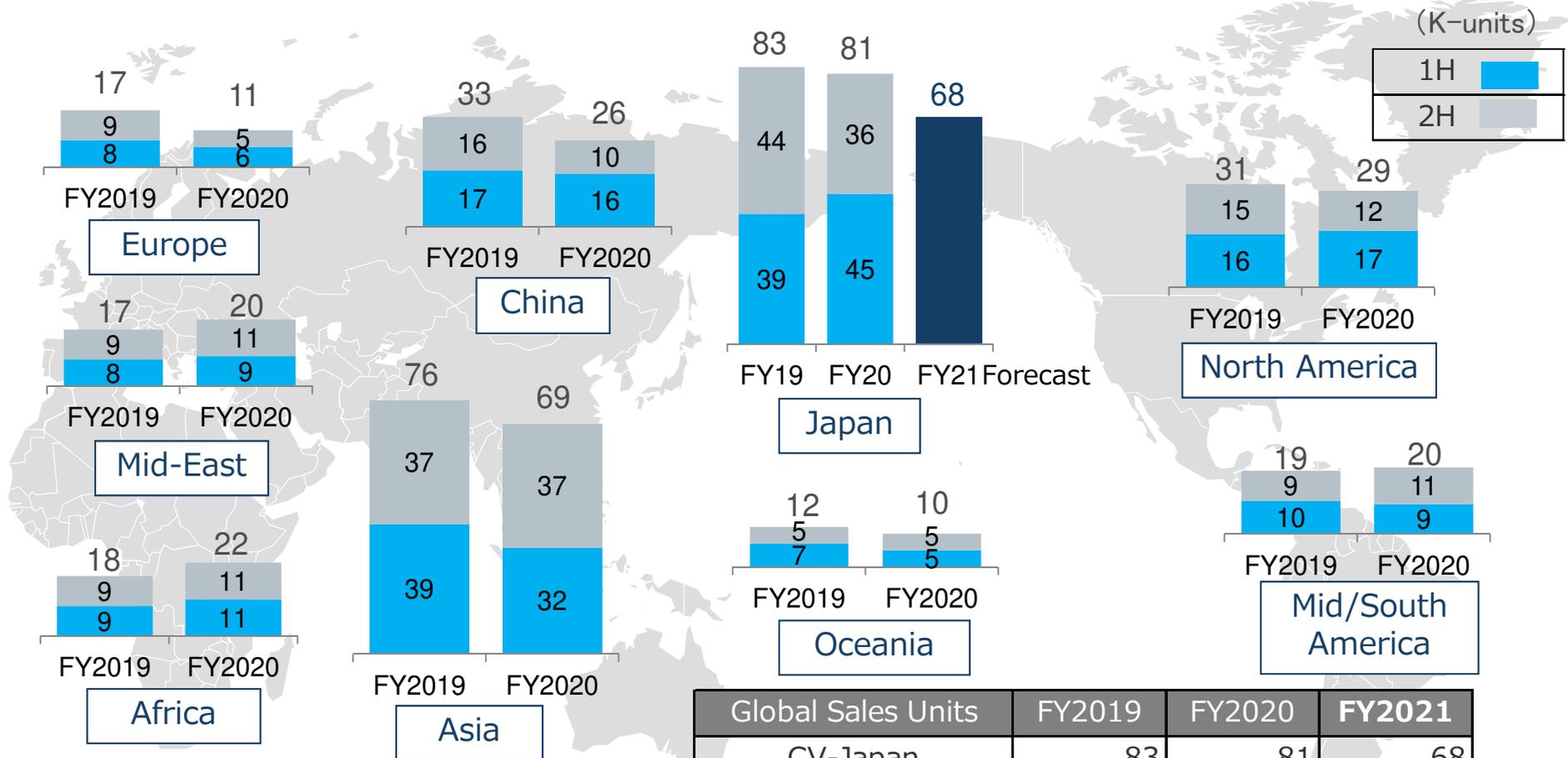
	Assumptions of Sales Units
CV-Japan	Full-scale decline expected in 2Q (YoY : 1Q-90%, 2Q-60%, 3Q-80%, 4Q-90%)
CV-Overseas	Forecasting the worst at 1Q, slight recovery from 2Q onwards Will still remain at YoY 90% in the latter half of FY2021
LCV-Thailand	Low demand will continue till 2Q, but start to recover in 3Q Will return to the same level as previous year in 4Q
LCV-Export	Same assumptions as CV-Overseas

\*There may be major delays in recovery of markets due to second wave of COVID-19 pandemic.

# Global Sales Units-CV



- FY2020 : Sales units decreased mainly due to a drop in demand of L/D trucks in Japan and deteriorating markets in Asia.
- FY2021 : Decline of demand from 2Q and onwards in Japan, expected sales units of each regions of CV-Overseas are to be announced.



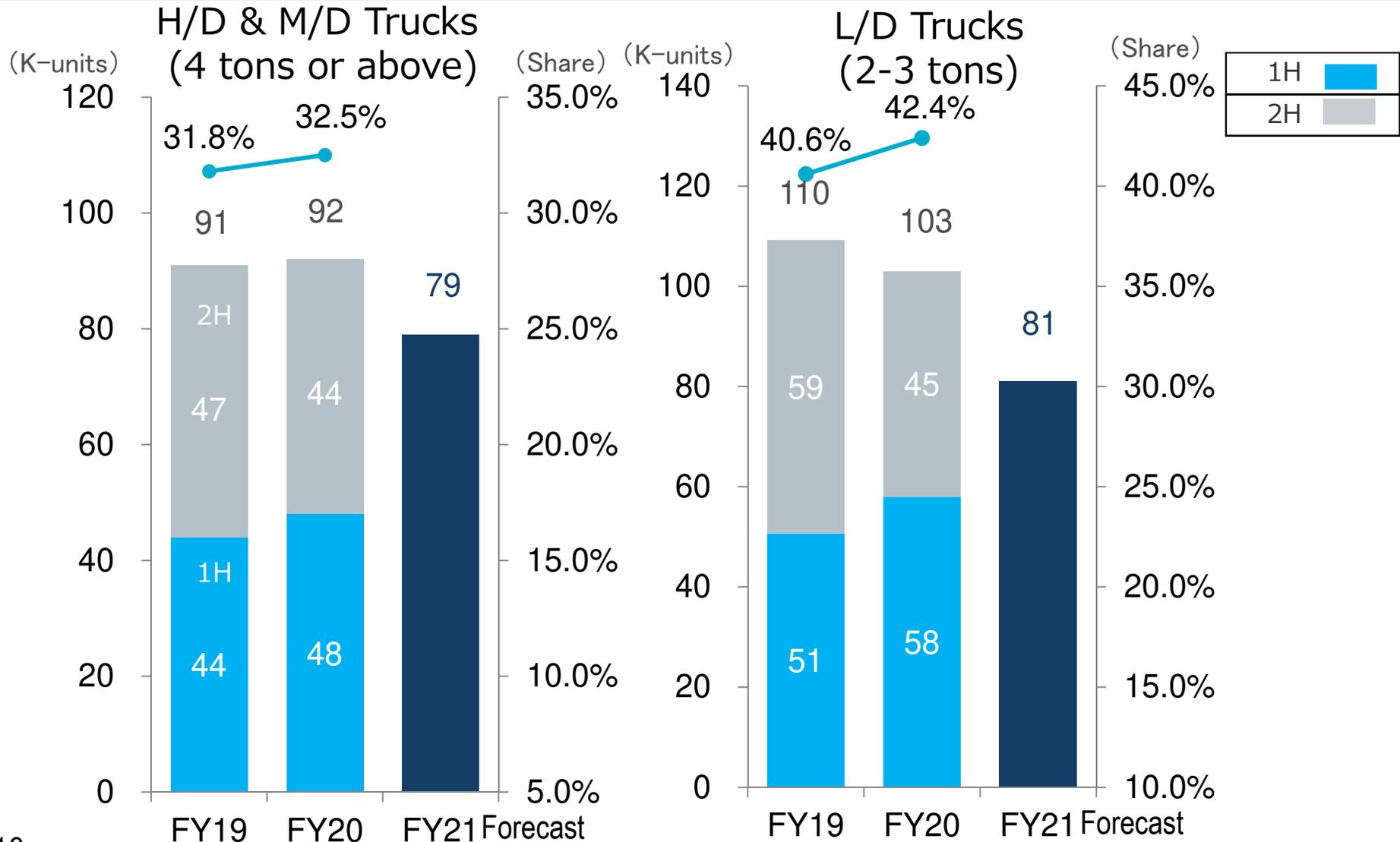
Global Sales Units	FY2019	FY2020	FY2021
CV-Japan	83	81	68
CV-Overseas	223	208	167
CV-Total	306	289	235 Forecast

\*Details of Global Sales Units-CV  
 Japan: Wholesale & Direct Sales to Customers  
 North America / Australia: Wholesale of Local Distributors  
 9 Other Regions: Shipment from Japan

# Japan Industry Sales and Isuzu Share



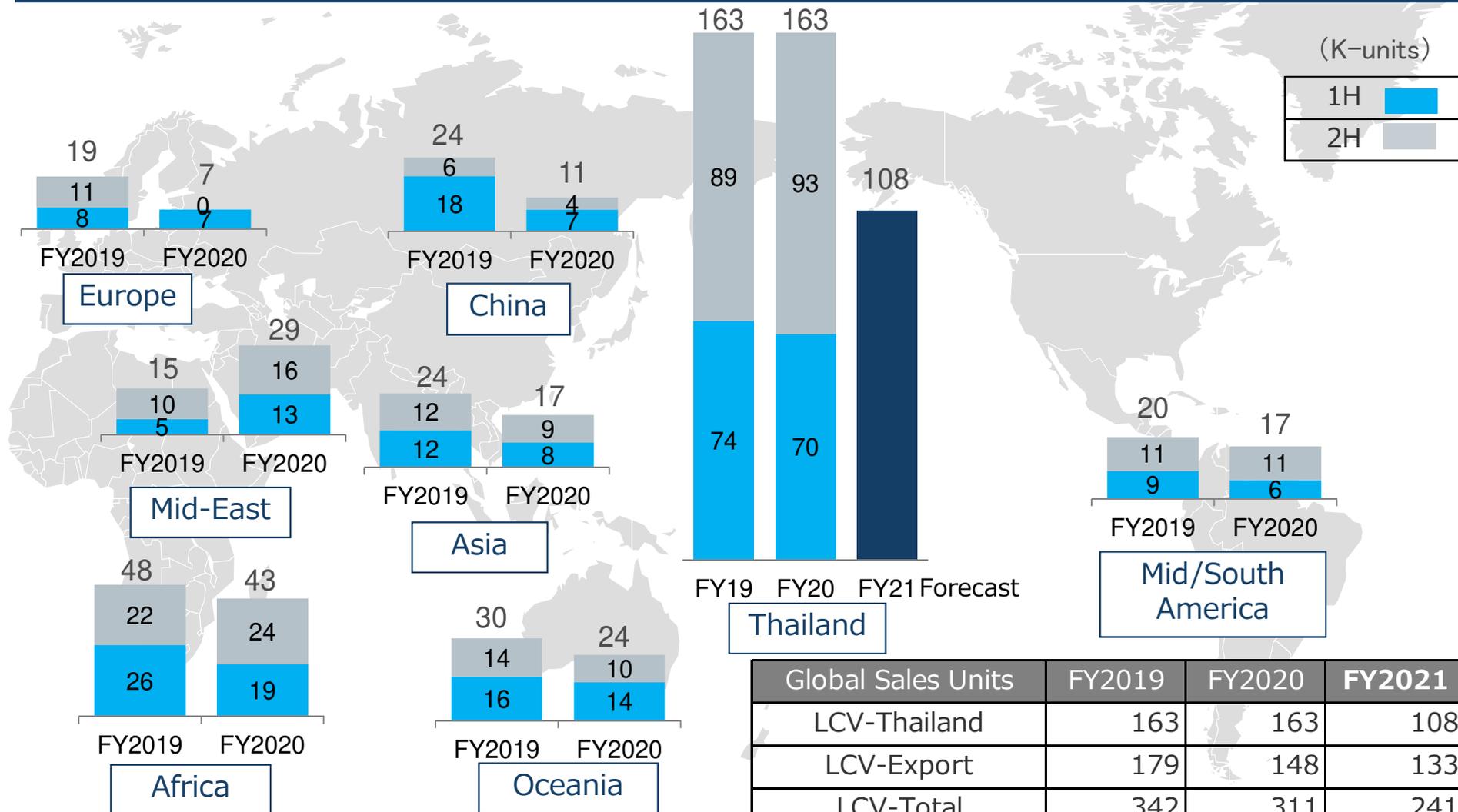
- H/D & M/D : Industry sales increased slightly, stable sales resulted to a rise in shares.
- L/D : Despite fall in industry sales, successfully took in the last-minute surge demand before implementation of the new emissions regulations into force in the 1H of FY2020 to increase shares.



# Global Sales Units-LCV



- FY2020 : Same level of sales units for LCV-Thailand as previous year, while sales units of LCV-Export saw a major drop due to decline of demand and restrained buying awaiting for the forthcoming full-model change.
- FY2021 : LCV-Thailand is forecasted to decline due to a drop in industry sales. Forecasted sales units according to regions for LCV-Export are to be announced.

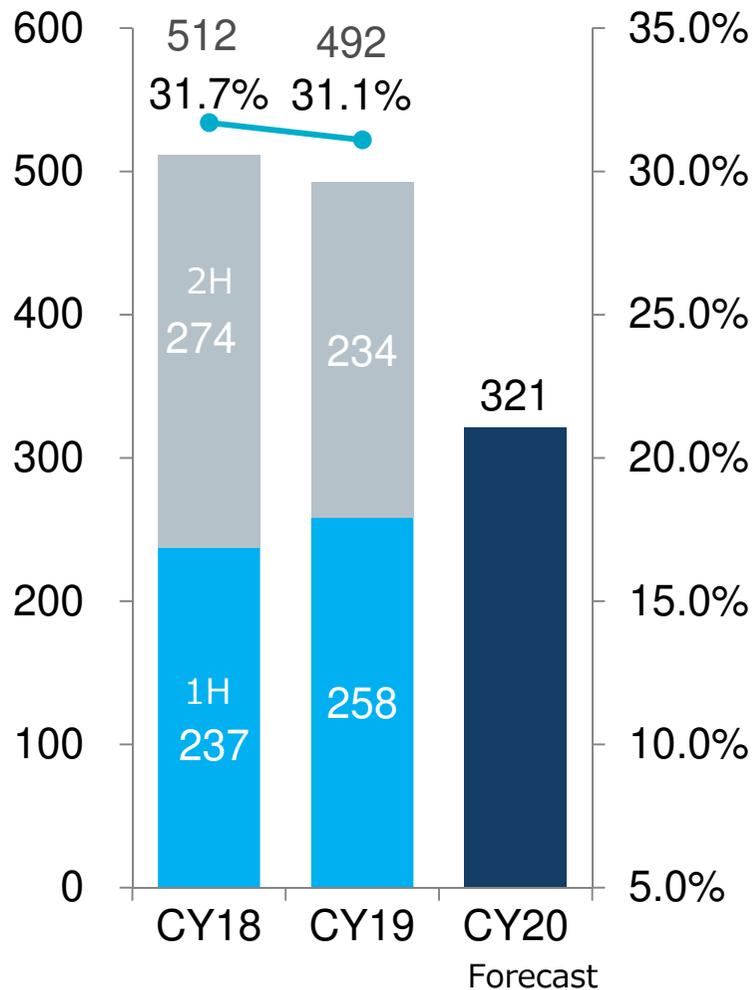


11 \*Details of Global Sales Units-LCV:: Thai Shipment

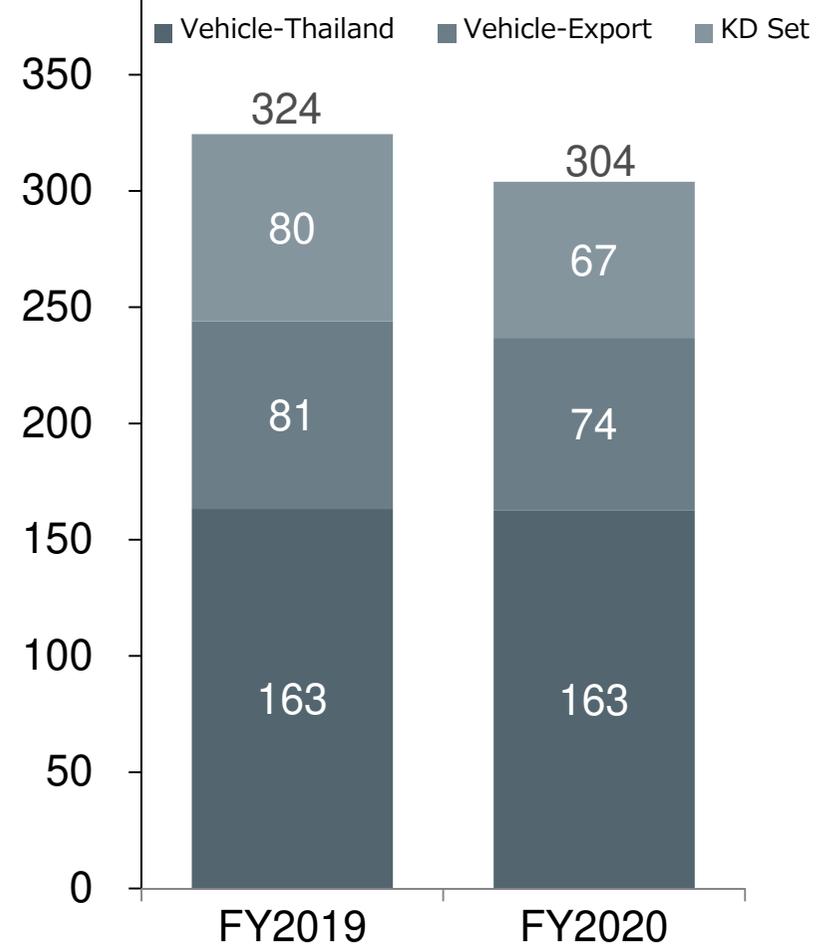
# Thailand LCV Industry Sales & Share /LCV Production Units **ISUZU**

- Industry sales declined in 2019. Introduced full-model changed pickup trucks in the latter half of the year to maintain same level of shares as 2018.
- Production units for export decreased due to deteriorating markets and restrained purchase before the expected full-model change.

Thailand LCV Industry Sales/  
(K-units) Isuzu Share (Jan.-Dec.) (Share)

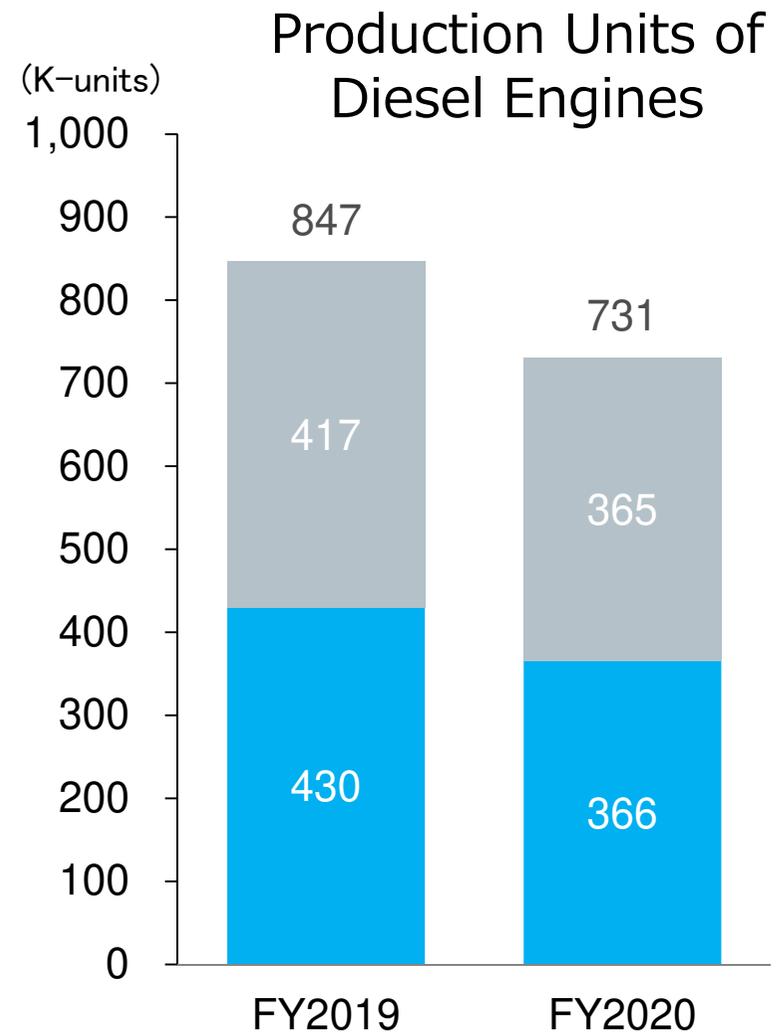
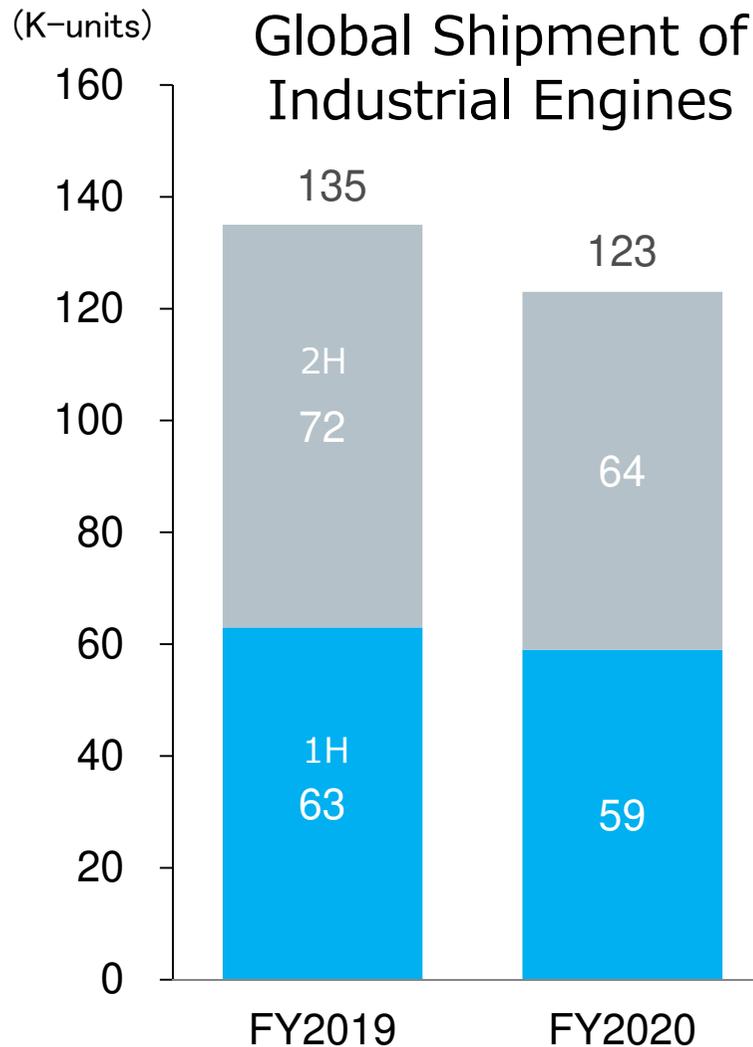


(K-units) LCV Production Units in Thailand



# Industrial Engine Global Shipment/Diesel Engine Production ISUZU

- Industrial Engines : Decreased in result of the doubtful Chinese construction machine demand.
- Production units of diesel engines dropped in result of decline in sales units of vehicles and industrial engines.



# 3. FY2020 Financial Results

# FY2020 Consolidated Results



- Year-on-year Comparison -

( JPY Bil. )	FY2020	FY2019	Changes	
Sales	2,079.9	2,149.2	-69.3	-3%
Operating Income	140.6	176.8	-36.2	-20%
Ordinary Income	150.9	189.0	-38.1	-20%
*Net Income	81.2	113.4	-32.2	-28%

FX

\* Net income attributable to owners of parent

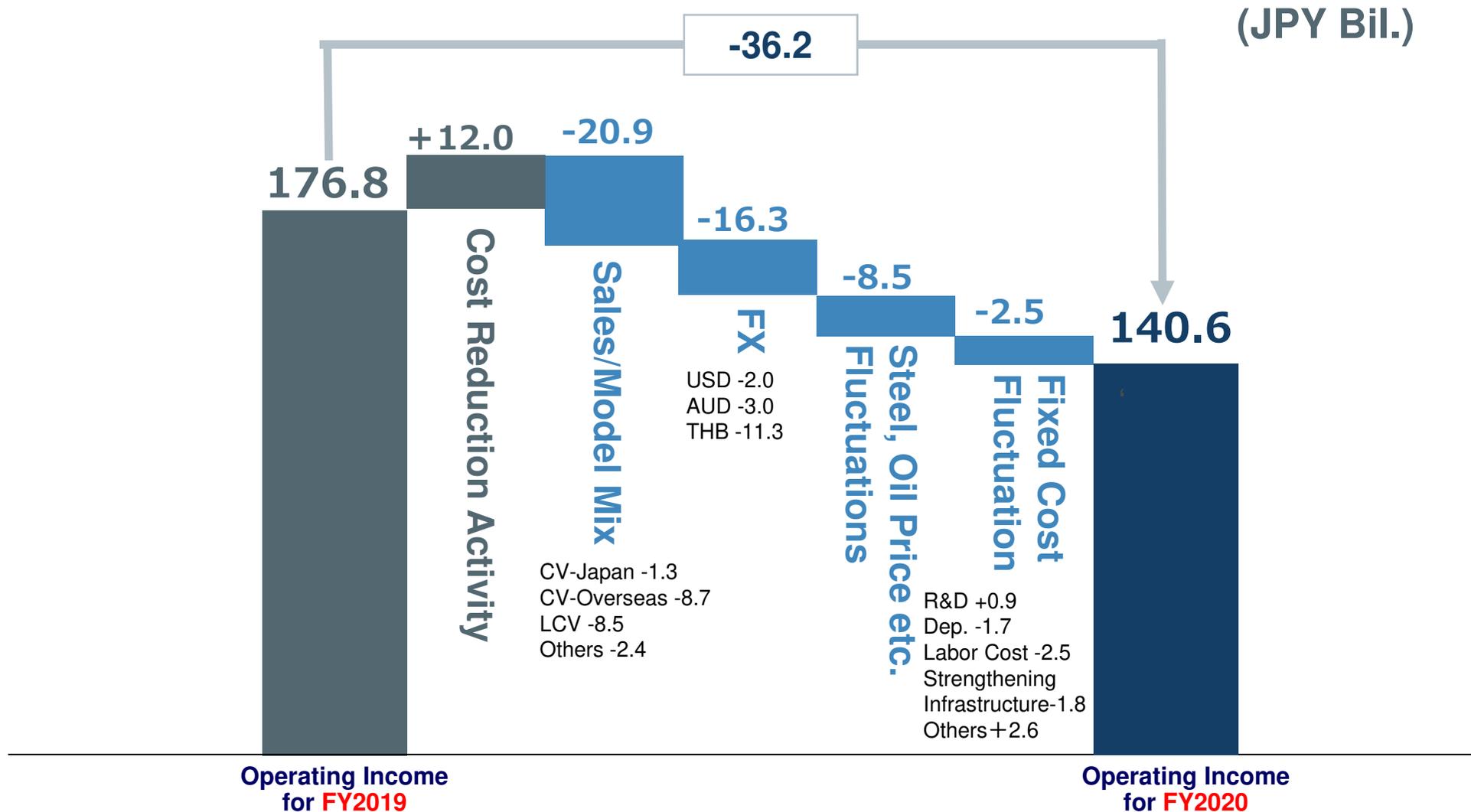
USD/JPY	109	111
THB/JPY	3.51	3.43
AUD/JPY	74	81

# FY2019 vs. FY2020 Fluctuations



## - Consolidated operating income : analysis of change -

- Decline in industry sales in Japan, worsening markets outside Japan, and FX resulted in decrease of operating income.



# 4. FY2021 Full-year Outlook

# FY2021 Full-year Outlook

- Consolidated, Year-on-year Comparison -



( JPY Bil. )	FY2021	FY2020	Changes	
Sales	1,700.0	2,079.9	-379.9	-18%
Operating Income	50.0	140.6	-90.6	-64%
Ordinary Income	TBA	150.9	-	-
*Net Income		81.2	-	-

FX

\* Net income attributable to owners of parent

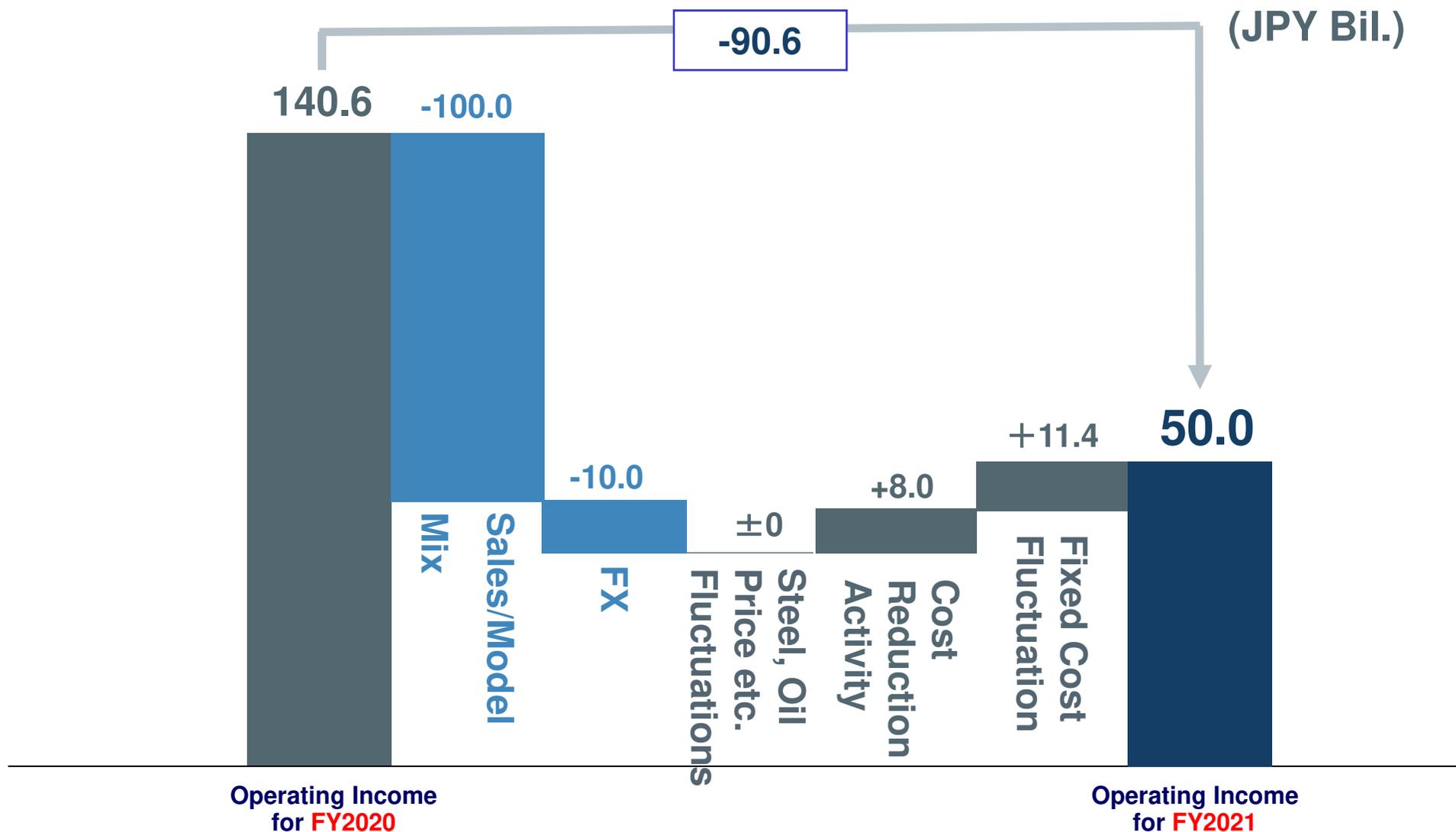
USD/JPY	108	109
THB/JPY	3.30	3.51
AUD/JPY	68	74

# FY2020 vs. FY2021 Fluctuations

## - Consolidated operating income : analysis of change-



- Strategies to reduce costs will be taken, but the effect from sales/model mix shall be critical. Expecting a 90.6 billion yen decline of operating profit to amount to a 50.0 billion yen profit.



# 5. Alliance

# VG-ISZ strategic alliance status (1)



December 18/2019 : Entered into Memorandum Of Understanding (MoU)

- Collaboration in the area of Commercial Vehicle
  - ① New Technology
  - ② H/D and M/D trucks in Japan and Asia
  - ③ M/D and L/D trucks
- UD Trucks ownership transfer from VG to ISZ (by end of CY2020)
- Direction aiming through the strategic alliance with VG
  - Create new valuable solution to take up the challenges and opportunities of the future logistic revolution, which will maximize the value for the customers and the society
  - The very best No.1 in CV among Japan and Asia brands together with UD Trucks

Collaborative Areas and Agreements currently under discussion

- Technology Partnership Agreement
- UD Trucks Share Purchase Agreement
- Start the study of possible collaboration in Europe and North America

## VG-ISZ strategic alliance status (2)

### Expected Synergies

- Collaboration in the area of R&D
  - Continuous support on UD Trucks Products R&D
  - R&D investment sharing in the area of future new technology
  - Efficient H/D and M/D truck development for Japan and Asian market
- Cost reduction through components and parts sharing and integration

### Next Milestone

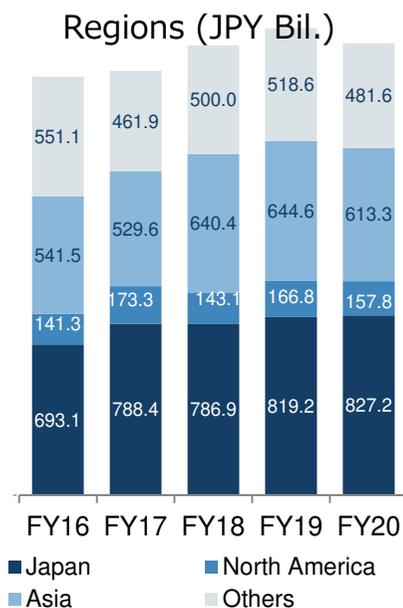
- The original time plan for signing binding agreements is still valid, but COVID-19 created challenges and there is some risk of delay.
- We will come back once there is better visibility on the COVID impact.

**Trucks for life**  
**ISUZU**

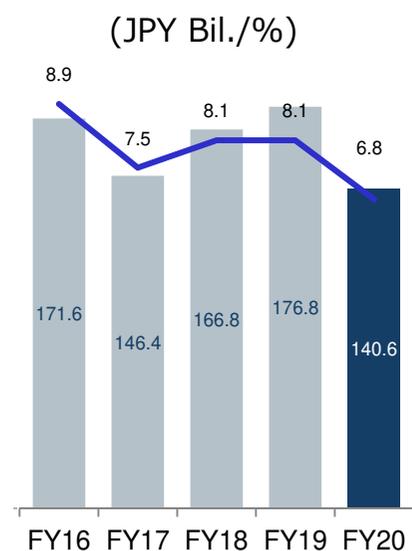
# (Appendix) Main Financial Index



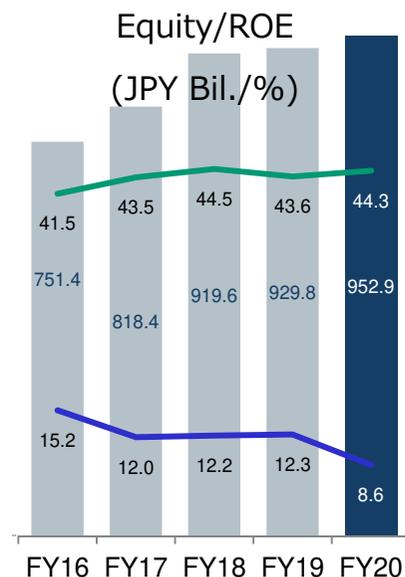
Consolidated Sales by



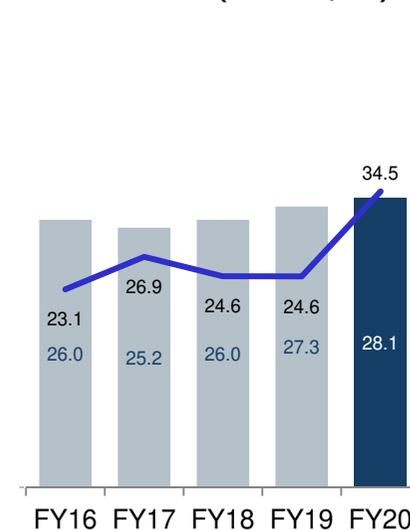
Operating Income



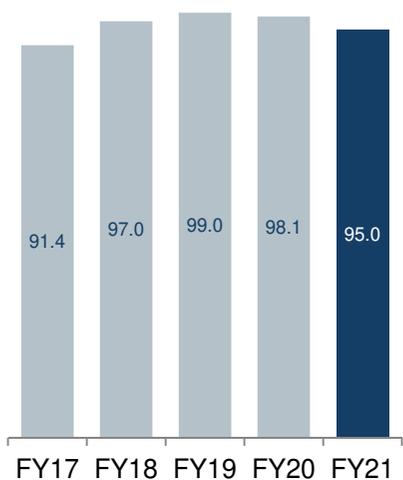
Shareholders' Equity/ROE



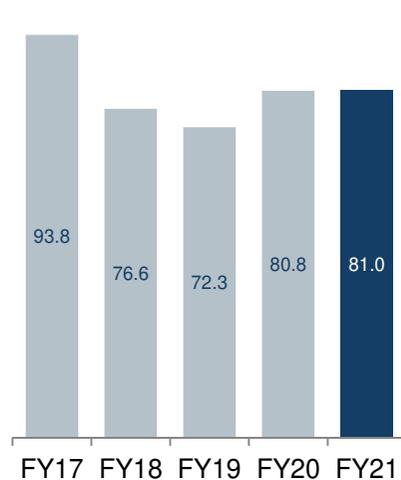
Dividends (JPY Bil./%)



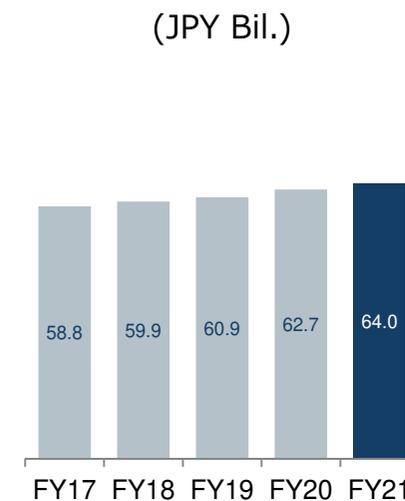
R&D Costs (JPY Bil)



CAPEX (JPY Bil.)



Depreciation Cost



Production Units in Japan (K-units)

