

FY2022 Financial Results

May 13, 2022
ISUZU MOTORS LIMITED

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1. Overview

1. FY2022 Financial Results

- CV and LCV demand remains firm in overseas markets.
- Severe affects of chip shortage to sales of CV-Japan and LCV-Thailand. Minimized the negative affect by transferring the destination of shipments to emerging countries.
- With stronger sales/model mix, decrease of expenses, and favorable FX rates, profits outperformed our forecast.

2. FY2023 Full-Year Outlook

- Robust demand continues for both CVs and LCVs in overseas markets. Production constraints caused by lack of semiconductors shall affect mainly CV-Japan, but taking in consideration of the stacked-up backorders, forecasts highest level of sales units.
- No end in sight to soaring prices of materials and logistic fees. Assuming more than 100.0 billion increase in costs.
- On the other hand, with the highest level of sales units, promotion of cost reduction activities, and further positive FX, will aim record high sales of 3,000 billion yen and operating income of 200.0 billion yen.

I am Nakamata, Deputy Division Executive of the Corporate Planning & Finance Division.

First, I will talk about our business overview.

With regard to the financial results of FY2022 ended March 31, 2022, although unit sales of CVs in Japan and LCVs in Thailand were significantly down due to semiconductor shortages, by shifting our production focus to vehicles for emerging markets, the negative impact was kept to a minimum. On the profit and loss front, the earnings exceeded our expectations thanks to improved sales/model mix, decrease in costs and favorable FX rates.

As for the full year outlook for FY2023 ending March 31, 2023, the demand of both CVs and LCVs continues to be strong in overseas markets. Although we are faced with production constraints due to chip shortages, particularly impacting unit sales of CVs in Japan, with the stacked-up backorders we set to achieve a record-high level of sales volume this year. Despite the negative impact from rising costs of materials and logistics, we aim to achieve an all-time-high revenue and operating income of 3 trillion yen and 200 billion yen respectively by driving our sales, promoting fixed cost cutting and leveraging benefits from foreign exchange.

Overview -2

3. Affects from Supply Chain Disruptions

	FY2022 Results	FY2023 Outlook
Japan	<ul style="list-style-type: none"> Lack of supply in parts manufactured in southeast Asia in the 1st half, reduced production of L/D trucks Shortage of chips in the 2nd half, reduced production of trucks mainly for advanced countries 	<ul style="list-style-type: none"> Chip procurement is forecasted to resolve in the 2nd half Lack of interior parts of H/D, M/D, and L/D trucks due to Shanghai COVID-19 lockdown, will suspend factory lines
Thailand	<ul style="list-style-type: none"> Problems in procurement of semiconductors from the 1st half, decreased productions of new-model LCVs Though uncertainty remains for some parts, issue has been resolved as a whole in 4Q 	<ul style="list-style-type: none"> Uncertainty continues for some of the parts, but schedules high-level productions Lockdown in Shanghai has caused difficulties in procurement of parts, but the influence is limited

Next, I will discuss the impact of supply chain disruptions on our business.

Operations of Japanese factories are faced with a decrease in truck production mainly for Japanese and North American markets, but we expect it to go back to normal in the second half of FY2023 ending March 31, 2023. On the other hand, we plan to suspend production for five days starting May 16 due to disruptions resulting from the lockdown in Shanghai.

Operations of Thai factories are expected to maintain a high production level throughout FY2023 ending March 31, 2023, since the semiconductor shortages have been resolved except some specific components. We see the impact of the Shanghai lockdown as limited.

Overview: FY2022 Consolidated Results

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Global Sales Units (K-units)		FY2022	FY2021	Changes		FY2022 Outlook Announced Feb. 2022
CV Total	CV-Japan	56	70	-14	-20%	53
	CV-Overseas	269	190	79	41%	277
	UD Trucks	18	-	18	-	18
CV Total		343	260	83	32%	348
LCV Total	LCV-Thailand	173	151	22	15%	163
	LCV-Export	205	144	61	42%	212
LCV Total		378	295	83	28%	375
Total		721	555	166	30%	723

Financial Results (Bil. Yen)

Sales	2,514.3	1,908.2	606.1	32%	2,500.0
Operating Income	187.2	95.7	91.5	96%	170.0
Ordinary Income	208.4	104.3	104.1	100%	175.0
Net Income	126.2	42.7	83.5	196%	110.0
Dividends Per Share	66 Yen	30 Yen	36 Yen		58 Yen

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I will discuss the financial results of FY2022 ended March 31, 2022.

As for global sales units, unit sales of CVs for the Japanese market were lower than those of the previous fiscal year due to production constraints caused by chip shortages, while unit sales of overseas CVs and LCVs surpassed those of the previous fiscal year.

The earnings are shown at the bottom half of the slide.

We decided to increase the year-end dividend by 8 yen from the previous projection of 29 yen because net income exceeded our projection, making the dividend 37 yen per share. Together with the 2nd quarter dividend of 10 yen, the total full-year dividend amounted to 66 yen per share.

Overview: FY2023 Full-Year Outlook

Global Sales Units (K-units)		FY2023	FY2022	Changes	
CV Total	CV-Japan	70	65	5	8%
	CV-Overseas	294	278	16	6%
		364	343	21	6%
LCV Total	LCV-Thailand	217	173	44	26%
	LCV-Export	221	205	16	7%
		438	378	60	16%
Total		802	721	81	11%

Financial Forecast (Bil. Yen)

Sales	3,000.0	2,514.3	485.7	19%
Operating Income	200.0	187.2	12.8	7%
Ordinary Income	210.0	208.4	1.6	1%
Net Income	127.0	126.2	0.8	1%
Dividends Per Share	66 Yen	66 Yen	± 0 Yen	

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From here, I will talk about the forecast of sales volume and revenue of FY2023 ending March 31, 2023.

We project highest ever unit sales, surpassing the result of the previous fiscal year in every segment.

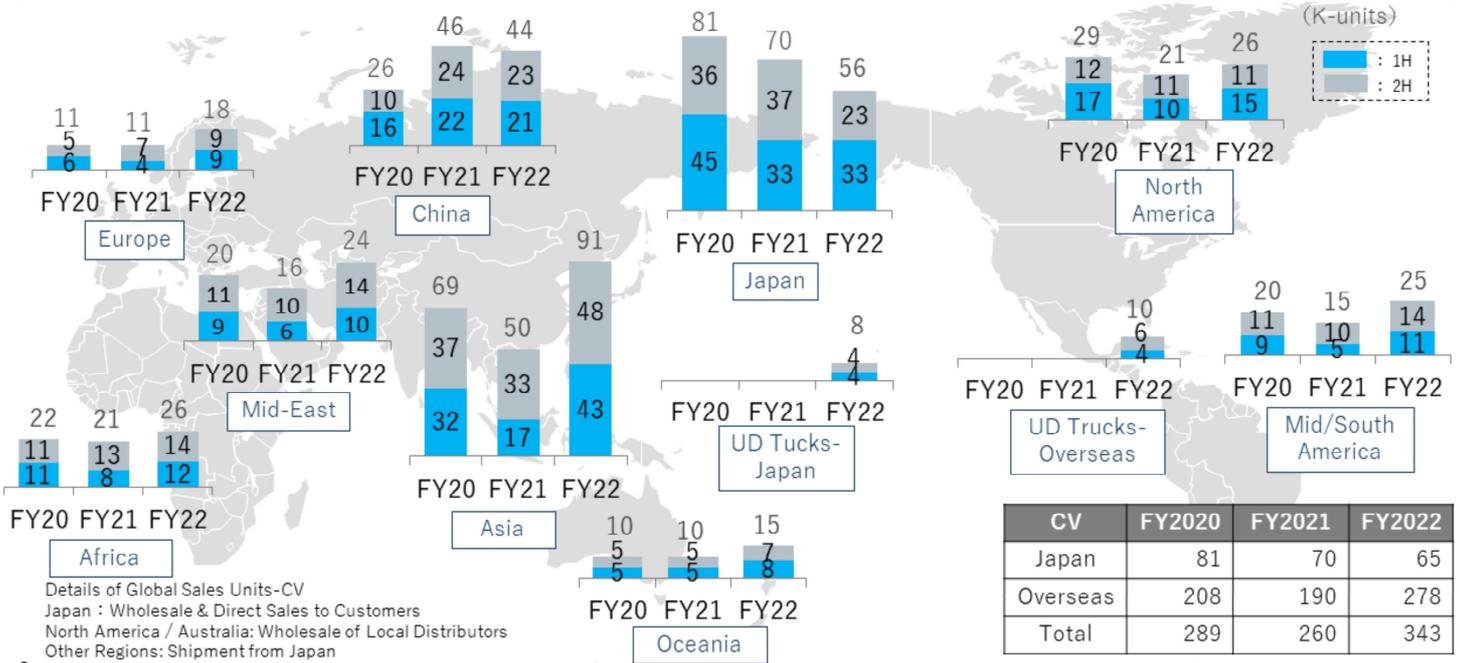
The forecast for the earnings is shown at the bottom half of the slide. Although the costs of materials and logistics are expected to continue to rise, we will strive to expand sales, strive for cost realization and promote cost reduction activities. We plan to keep the full-year dividend at 66 yen, which is the same as that of FY2022 ended March 31, 2022.

2. FY2022 Financial Results

FY2022 Global Sales Units-CV



- Sales units in Japan decreased from the previous year due to production constraints caused by chip shortage.
- By transferring shipments to emerging countries, sales units in overseas markets surpassed those of FY2020 in most regions, before the widely spread of COVID-19.

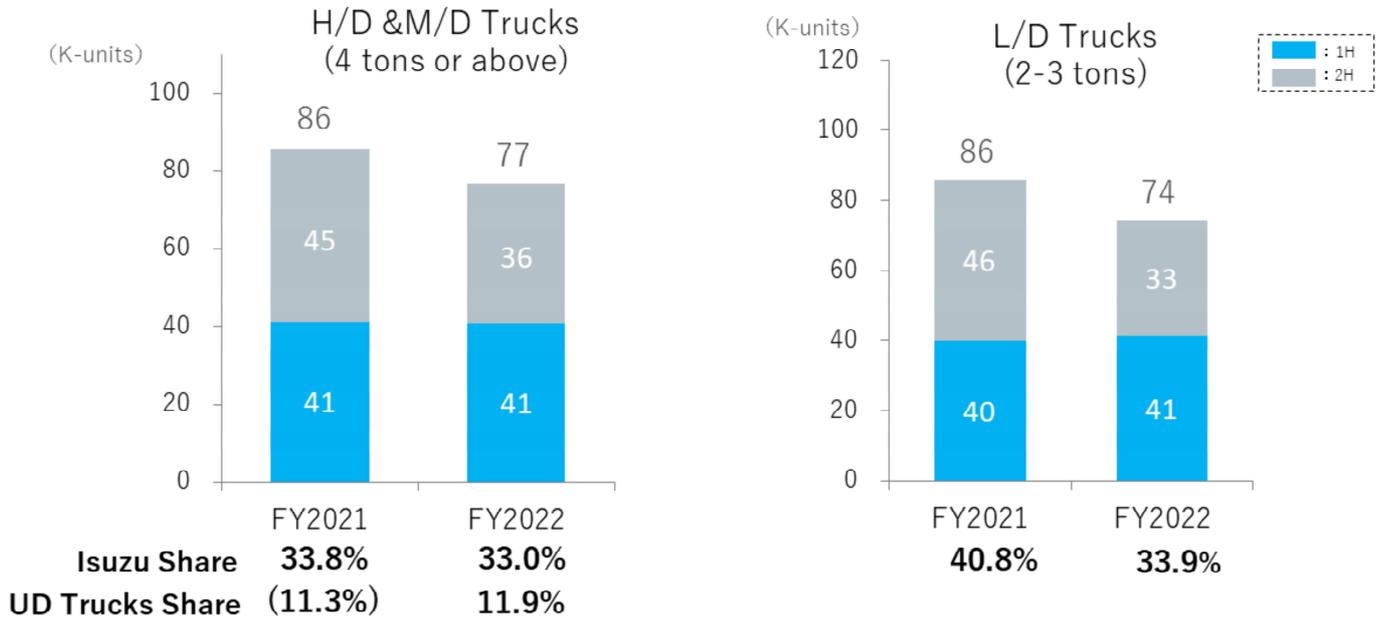


Next, I will talk about FY2022 CV global unit sales.

The unit sales surpassed the pre-pandemic level of FY2020 ended March 31, 2020 in many countries and regions.

FY2022 Japan Industry Sales and Isuzu Share

- Demand for H/D, M/D, and L/D trucks remains firm, but the industry sales plummeted below the previous year level due to production constraints.
- Significant effect to L/D trucks, causing shares to drop.

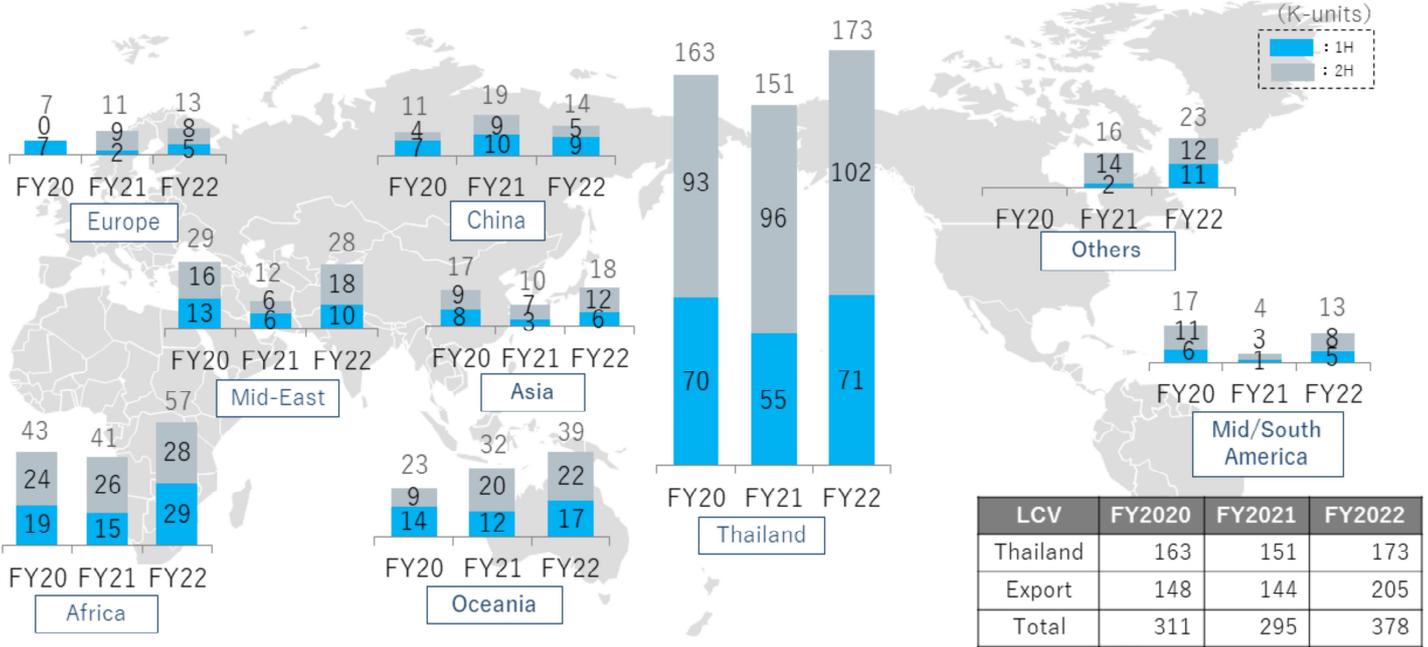


Now, we focus on industry unit sales in Japan and our market share.

The industry unit sales of both light-duty trucks and medium to heavy-duty trucks were down compared with the previous fiscal year due to production constraints. We lost significant market share, particularly in the segment of light-duty trucks.

FY2022 Global Sales Units-LCV

■ Though distracted by short supply of chips in 1st half of the year, issues resolved as a whole in 2nd half. Recorded higher sales units than FY2020, before the worldwide surge of COVID-19.



10 *Details of Global Sales Units-LCV: : Thai Shipment

Here is the FY2022 LCV global unit sales.

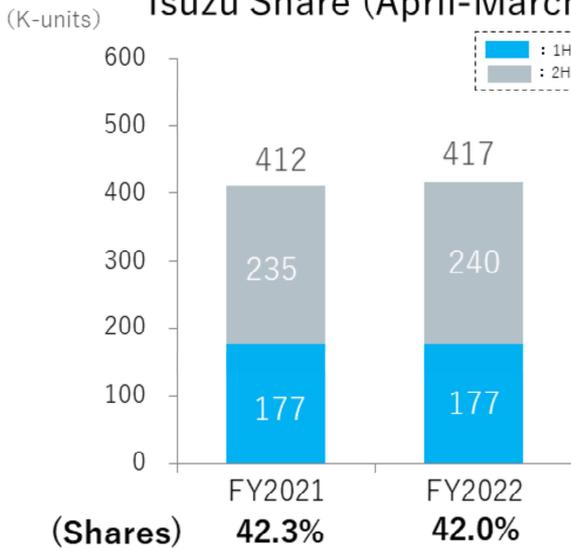
Although production of new LCV model was affected by the semiconductor crisis in the first half, it was mostly addressed in the second half, resulting in unit sales which outperformed the pre-pandemic level of FY2020 ended March 31, 2020.

FY2022 Thailand LCV Industry Sales & Share /LCV Production Units

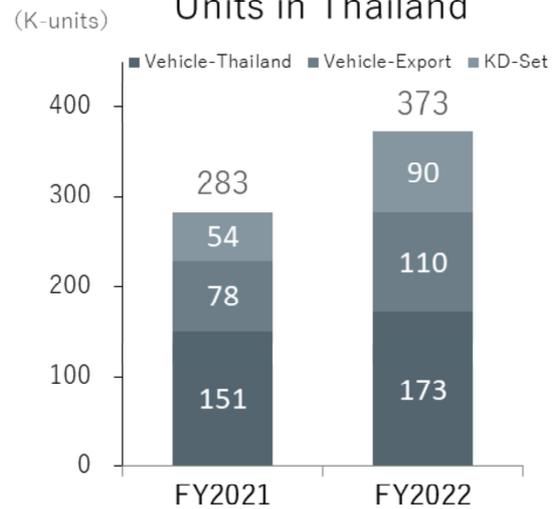


- Though demand is robust, severely affected by production constraints. Thus, industry sales remains same level as the previous year.
- As the chips issues improved, production units rose in all categories.

Thailand LCV Industry Sales/
Isuzu Share (April-March)



LCV Production Units in Thailand

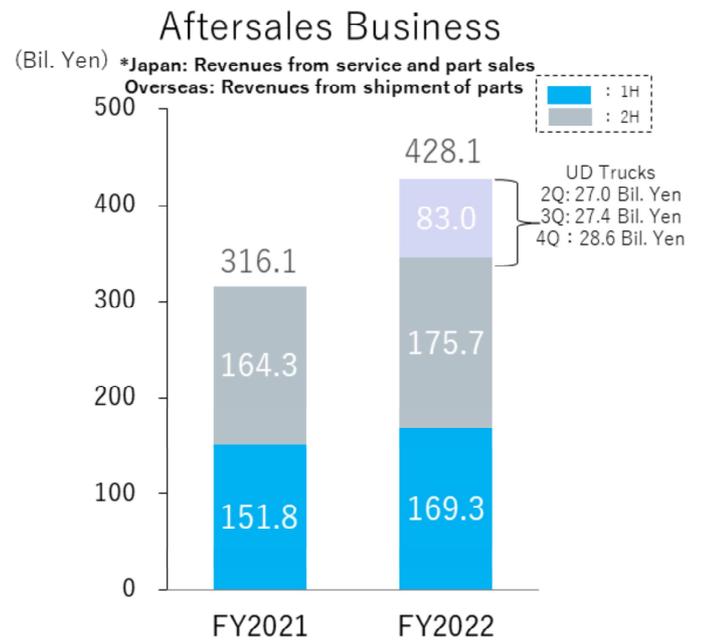
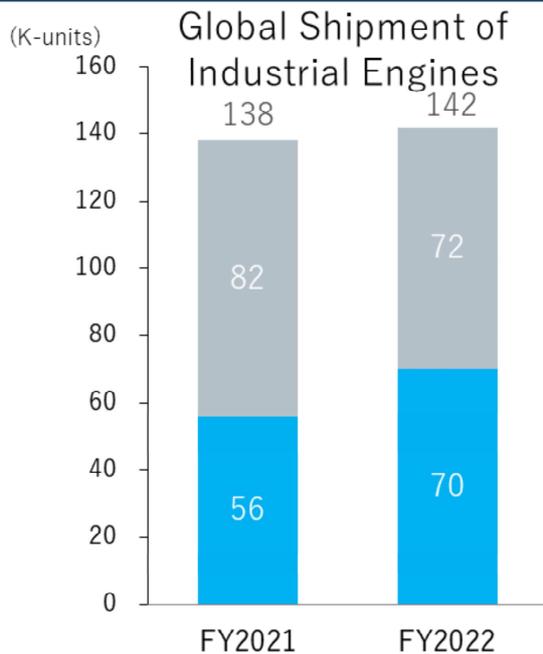


I will now move on to industry unit sales of LCVs in Thailand, our market share and production volume of LCVs in Thailand.

Industry unit sales remained at the same level as the previous fiscal year due to production constraints, while we maintained a high market share of over 40%. The total production volume of LCVs in Thailand was significantly up as the semiconductor shortages eased off in the second half.

FY2022 Industrial Engine Global Shipment/Revenue from Aftersales Business **ISUZU**

- Industrial Engines: Shipments in latter half fell from the previous year due to slowdown in Chinese construction machineries demand and inventory adjustment before the implementation of new emissions regulations.
- Aftersales Business: In addition to taking in UD Trucks' revenues, thanks to sales increase in overseas parts, revenues rose from the previous year.



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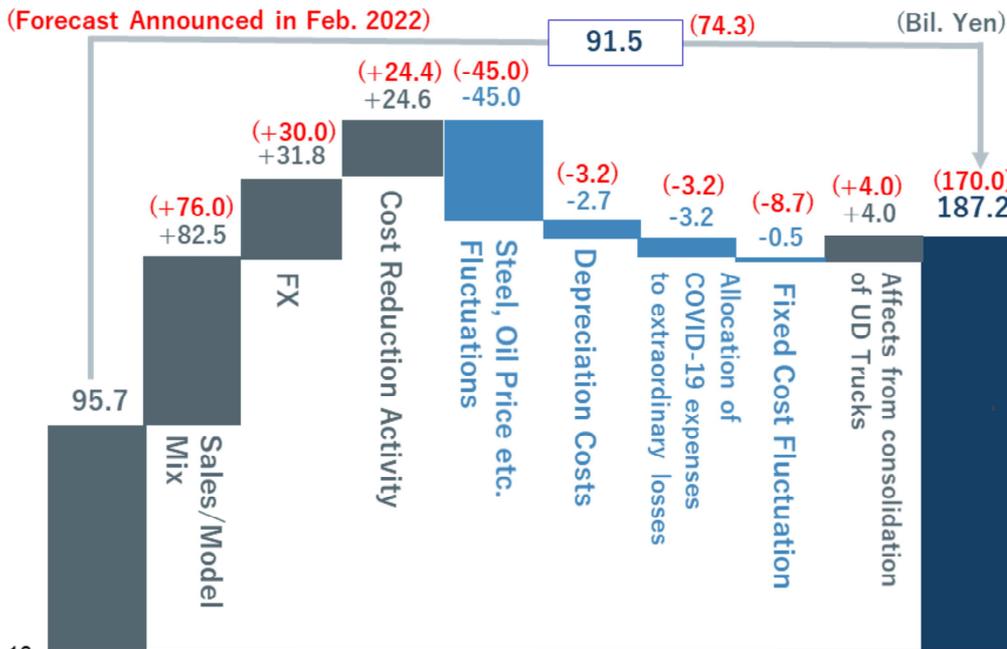
As for the industrial engine and aftersales business in FY2022, the shipments of industrial engines increased on a year-on-year basis. However, looking at the second half alone, the shipments fell from the previous year due to the slowdown in the demand of Chinese construction machinery and the inventory adjustment before the implementation of new emissions regulations.

The sales of the aftersales business grew year-on-year, thanks to the parts sales increase in overseas markets. The sales of UD Trucks recorded from April to December, 2021 was included in our earnings.

FY2021 vs. FY2022 Fluctuations

- Consolidated operating income : analysis of change -

- Recovery in sales units of overseas markets, acceleration of cost reduction activities, and favorable FX absorbed the sharp rise in material and logistics fees. Resulted in a major rise in operating income.



FX	FY2021	FY2022
USD/JPY	106.0	112.4
THB/JPY	3.42	3.44
AUD/JPY	76.2	83.1

Breakdowns	FY2022
Sales/Model Mix	82.5
CV-Japan	-17.0
CV-Overseas	47.3
LCV	31.0
Others	21.2
FX	31.8
USD	5.0
AUD	6.4
THB & Other Currencies	20.4
Fixed Cost Fluctuation	-0.5
R&D	-3.0
Labor Cost	-2.4
Others	4.9

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Next, I will explain the analysis of the changes in operating income by comparing FY2021 and FY2022. The main factors of the increase came from the sales/model mix, favorable FX, and cost reduction activities. On the other hand, the main factors of the decrease are attributed to the sharp increase in material and logistics costs.

The figures in the red brackets indicate the forecast announced in February 2022. Comparing the updated result and the February forecast, operating income surpassed the forecast by 17.2 billion yen because of an increase of 6.5 billion yen in sales/model mix, and a decrease of 8.2 billion yen in fixed costs.

FY2022 Consolidated Results - Year-on-year Comparison -

(Bil. Yen)	FY2022	FY2021	Changes	
Sales	2,514.3	1,908.2	606.1	32%
Operating Income	187.2	95.7	91.5	96%
Ordinary Income	208.4	104.3	104.1	100%
*Net Income	126.2	42.7	83.5	196%

Operating Income	187.2	Ordinary Income	208.4
Share of profit of entities accounted for using equity method	9.6	Loss on valuation of investment securities, Loss on disposal of non-current assets, etc.	-4.1
Foreign Exchange Gain/Loss	5.8	Income Taxes	-47.6
Others	5.8	Profit attributable to non-controlling interests	-30.5
Ordinary Income	208.4	*Net Income	126.2

* Net income attributable to owners of parent

I will now explain the financial results beyond the operating income.

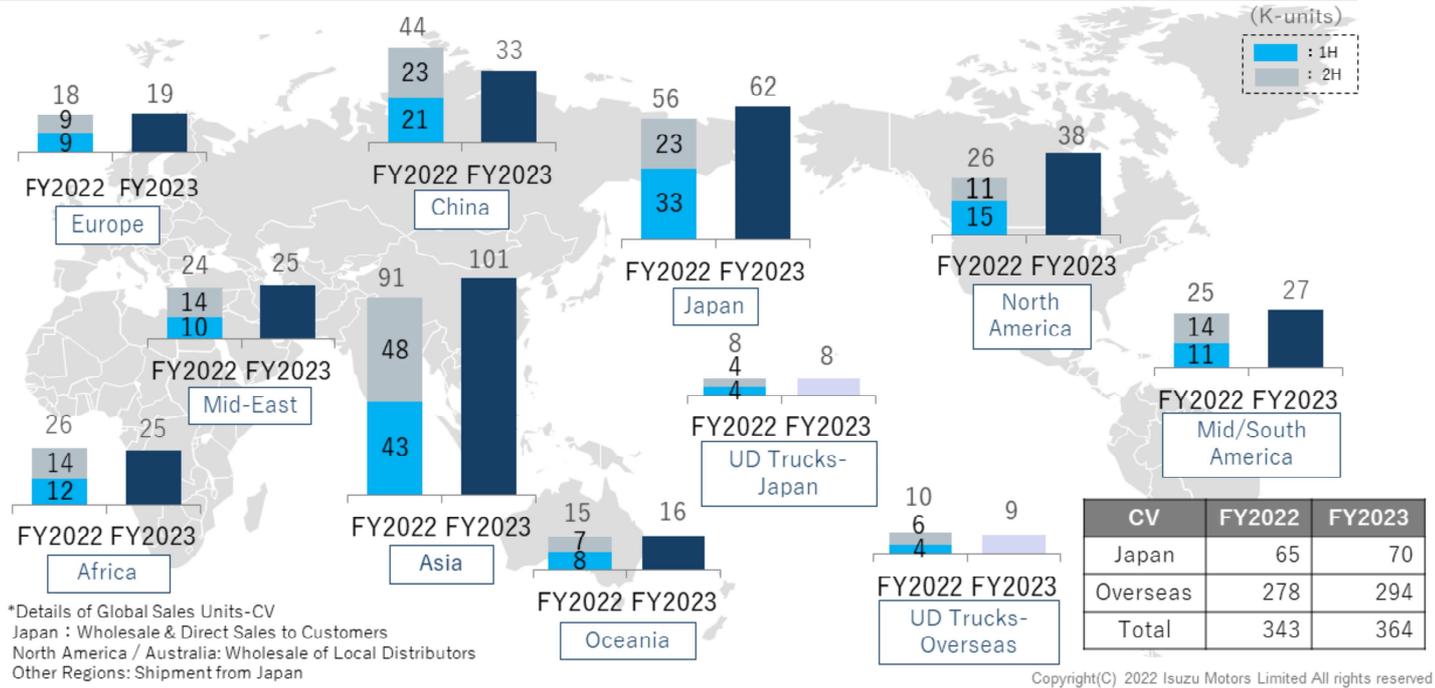
As for ordinary income, a large FX gain due to the sharp weakening of the yen in the fiscal year-end was recorded.

In addition, in connection with the business dissolution of the diesel engine joint venture with General Motors in North America, a loss on valuation of investment securities of 4.7 billion yen was recorded as an extraordinary loss.

3. FY2023 Full-Year Outlook

FY2023 Global Sales Units-CV

■ In spite of reduced production, shall take advantage of the strong demand. Forecasting record high unit sales.



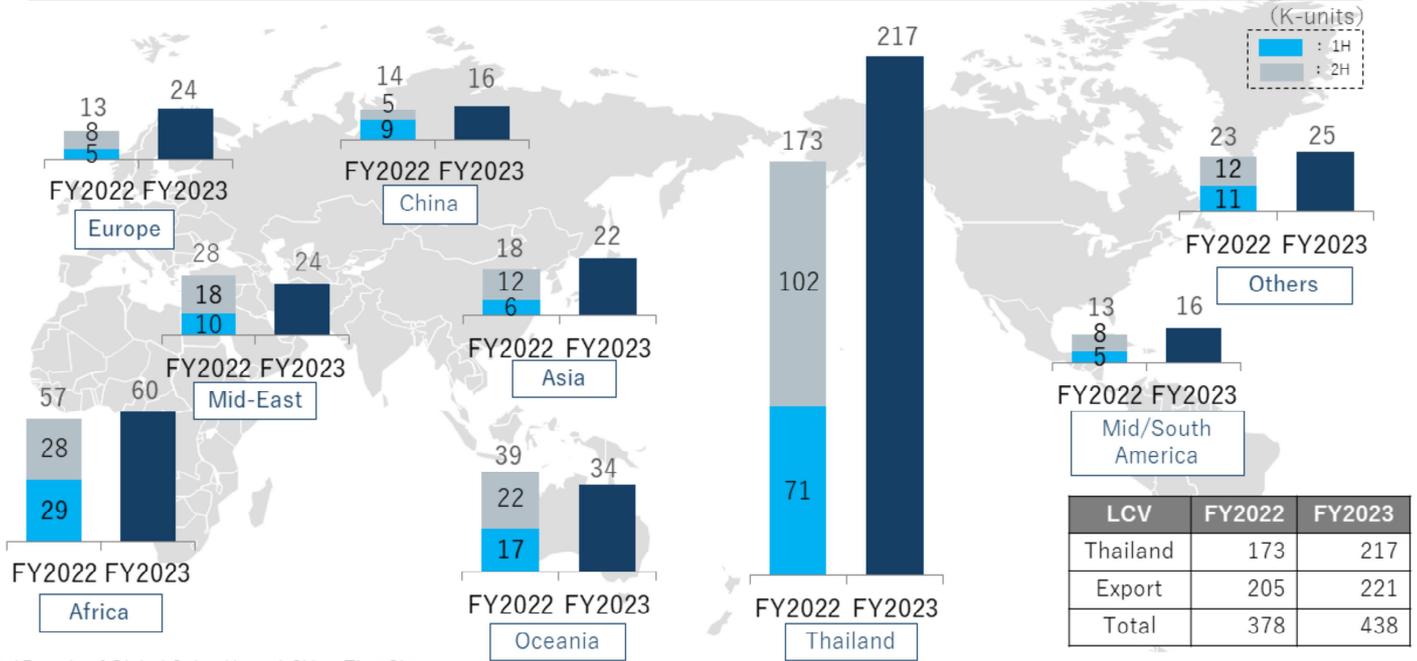
Now, I will talk about the business outlook of global unit sales in commercial vehicles in the fiscal year ending March 2023.

The demand in global unit sales in CVs continues to be strong both in Japan and overseas. Although production constraints still linger, we plan to resolve back orders and expect a record number of unit sales in FY2023.

The outlook of industry unit sales in Japan for both mid-to-heavy-duty truck and the light-duty truck has not been determined.

FY2023 Global Sales Units-LCV

■ Thanks to easing semiconductors situation, has terminated reduced production. With the strong demand, aiming sales units exceeding the previous year.



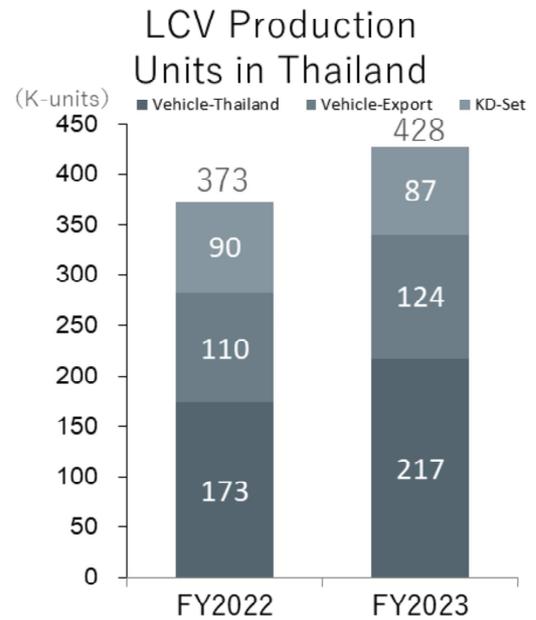
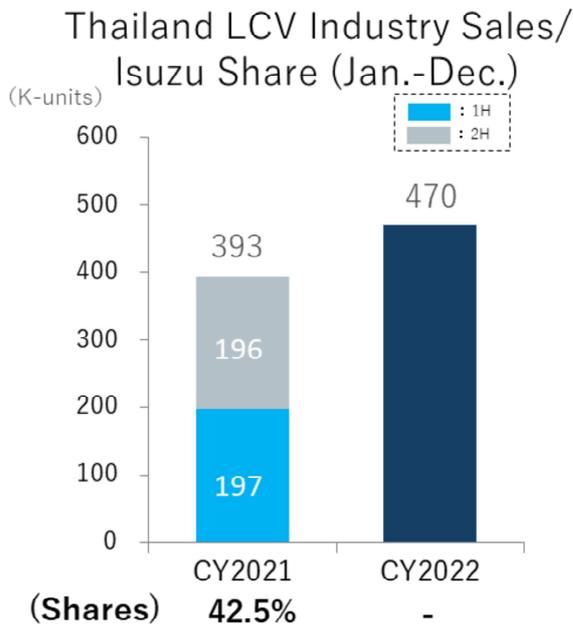
17 *Details of Global Sales Units-LCV: : Thai Shipment

Turning to the global unit sales in LCV in FY 2023, we expect to sell more LCV vehicles than the previous fiscal year in many regions, thanks to the easing of the chip shortage, and the continuation of robust demands in our LCV markets. In the case of the Australian market, although the demand continues to be strong, we expect a decrease in unit sales partly due to the chip shortage.

FY2023 Thailand LCV Industry Sales & Share /LCV Production Units



- Though industry sales will not recover to CY2019 level before the spread of novel coronavirus, recovery will continue thanks to the robust demand.
- As the production constraints settles, strong orders will bring in highest production units ever.



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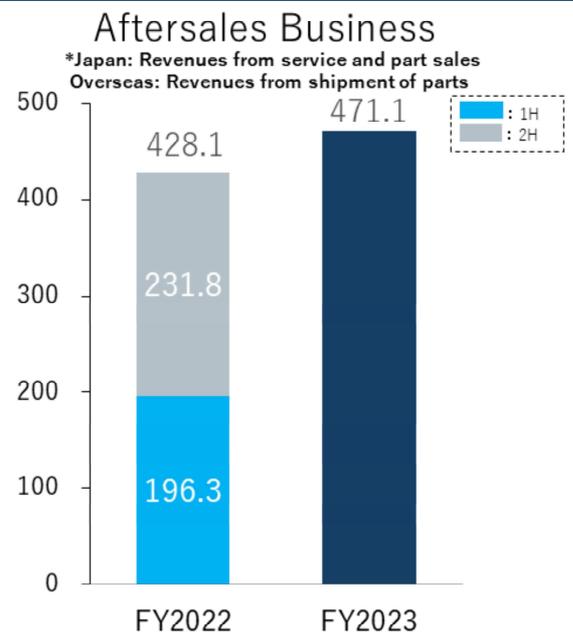
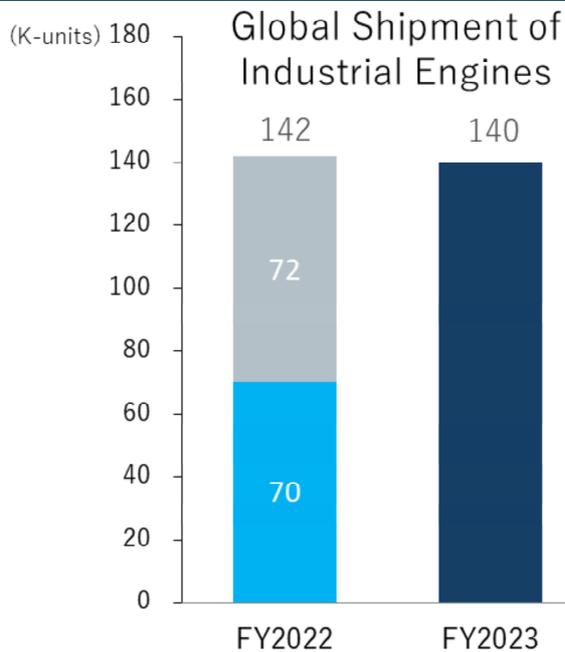
As for the outlook of industry sales and unit production of light commercial vehicles in Thailand, industry LCV unit sales in Thailand in CY2022 is expected not to reach 492,000 units, which was recorded in the pre-pandemic year of 2019. However, with the easing of production constraints, industry LCV unit sales in Thailand is expected to recover.

We expect a record number of unit production in LCV in FY2023.

FY2023 Industrial Engine Global Shipment/Revenue from Aftersales Business

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- Industrial Engines: Inventory building is forecasted in China where new emissions regulations will be implemented. Shall maintain same level of shipments as last year.
- Aftersales Business: Rise in sales as full-year revenues of UD Trucks is reflected to our earnings and overseas parts will continue to grow.



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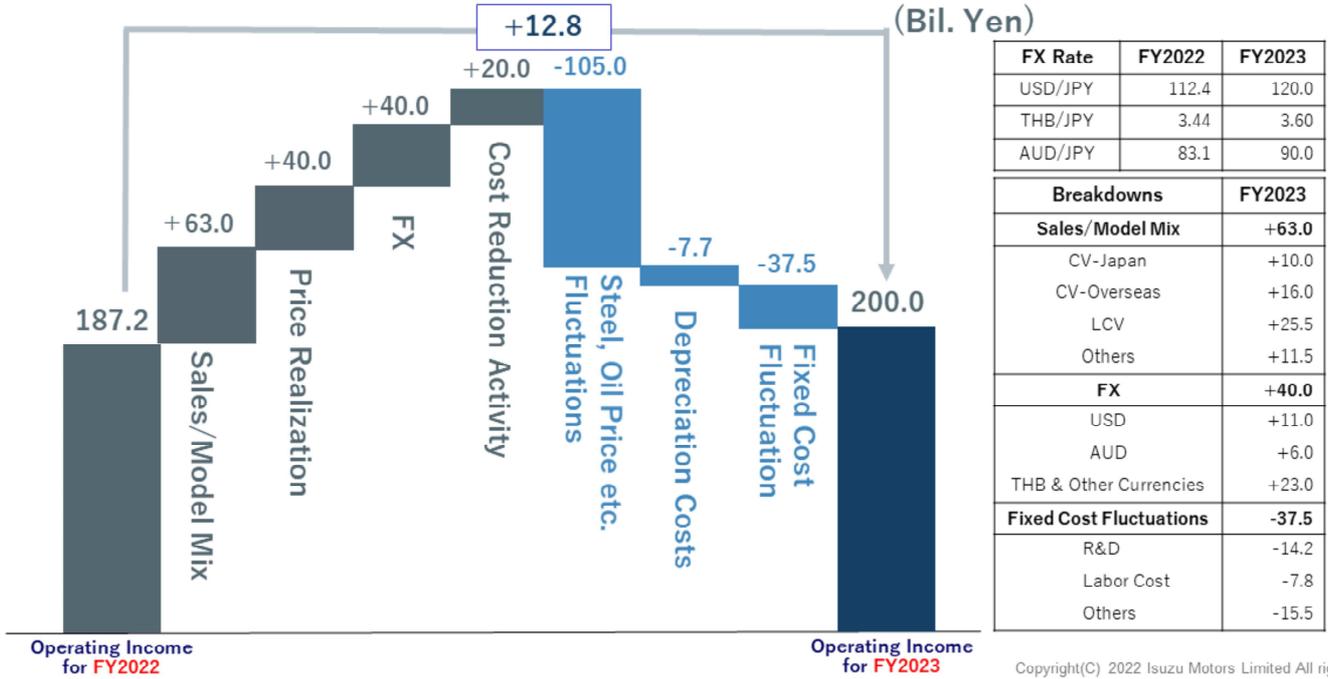
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Next, I will turn to industrial engines and the aftersales business in FY2023. Even though the demand in Chinese construction machinery has slowed down, construction machinery makers are projected to increase their inventories of engines compliant to the new Chinese regulations. Therefore, the global shipment of industrial engines is expected to achieve the same level as the previous fiscal year.

As for sales of the aftersales business, we forecast a sales increase because the full-year revenue of UD Trucks will be included in our earnings, and also parts sales are expected to increase mainly in overseas markets.

FY2022 vs. FY2023 Fluctuations
- Consolidated operating income : analysis of change -

■ Though affects from steel, oil price etc. fluctuations will amount to over 100.0 billion yen, with record high level of sales units, price realization, cost reduction activities, and even better FX, will aim record high operating income.



I will now explain the change analysis of the full-year outlook in operating income for the fiscal year ending March, 2023.

Though the impact from the fluctuations in steel, oil prices etc. will amount to more than 100 billion yen, we aim to achieve an operating income of 200 billion yen through record high unit sales, price realization, cost reduction activities, and even better FX.

FY2023 Full-year Outlook

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- Consolidated, Year-on-year Comparison -

(Bil. Yen)	FY2023	FY2022	Changes	
Sales	3,000.0	2,514.3	485.7	19%
Operating Income	200.0	187.2	12.8	7%
Ordinary Income	210.0	208.4	1.6	1%
*Net Income	127.0	126.2	0.8	1%

Operating Income	200.0	Ordinary Income	210.0
Share of profit of entities accounted for		Gain on sales of investment securities,	
using equity method	8.0	Loss on disposal of non-current assets, etc.	3.0
Foreign exchange gains/loss	±0.0	Income Taxes	-53.0
Others	2.0	Profit attributable to non-controlling interests	-33.0
Ordinary Income	210.0	*Net Income	127.0

* Net income attributable to owners of parent

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The changes in the financial figures beyond the operating income are as listed in the slide.

That brings me to the end of my presentation. Thank you.

Trucks for life
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(Appendix) Main Financial Index

