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

### Shift to Growth Strategy

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

### Previous MTBP

### New MTBP

**Bar Graph**

- East Japan Earthquake & Tsunami
- Global Financial Crisis

**Line Graph**

- (100Mil Yen)
- (100Mil Yen)

**Sales:** Line graph (right) OP: bar graph (left)
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

- **ASEAN**
  - CV base for emerging countries
  - Built new plant in Indonesia
  - Set up IGCE in Thailand (eng.)
  - Began CV development for emerging countries

- **China (Qingling)**
  - CV support base
  - Set up IQAC/IQEC (for development & sourcing)
  - Started HD CV development in QL

- **Japan**
  - CV base for advanced countries
  - Develop HD CV

- **India/China (Jiangxi)**
  - LCV support base
  - Set up Isuzu Motors India (IMI)
  - Set up JV with Jiangxi (JIM/JIE)

- **Thailand**
  - LCV base
  - Gateway plant SOP
  - Launched new D-MAX/mu-X

Greater Isuzu Involvement

- Sales support: Indonesia/Malaysia/China, etc.
- Closer to market: Set up representative offices (S. Africa, ME, C. America)
- Increased Isuzu stake: Russia, South Africa, UK, Italy, etc.
  - Merged/consolidated dealers in Japan.

Enhancement of After-Sales Business

- Japan
  - Set up retail financial service (ILS)
  - Established Used/Remanufacturing company (IRS)
- Overseas
  - Built After-Sales Centers (ME/Latin America)

<table>
<thead>
<tr>
<th></th>
<th>14/3 targets</th>
<th>14/3 results</th>
<th>15/3 results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sales</strong></td>
<td>18,500</td>
<td>17,609</td>
<td>18,794</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>1,300</td>
<td>1,742</td>
<td>1,711</td>
</tr>
<tr>
<td><strong>Operating Profit Ratio</strong></td>
<td>7.0%</td>
<td>9.9%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

*Abbr CV: Commercial Vehicle  LCV: Light Commercial Vehicle  JV: Joint Venture*
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

Establish the cycle of two wheel operations, turning seamlessly.

Manufacturing Functions

- Eng
- Sourcing
- Mfg.

After-Sales

- Sales
- After-Sales

Utilize outside resources

Isuzu to drive the initiative

Achieve MTBP tasks. (The six initiatives)

1. Complete 3+2 set-up
2. Boost product lineup/technology
3. Expand business in emerging countries/refine business model for others
4. Move marketing closer to markets
5. Link the two operations
6. Lay foundations for the next generation

Shareholders

Return

Trust

Contribute

Society

Co-exist
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.

Based on the platform*1 built under the previous MTBP & IT
Set up integrated marketing/sales system.

Minimize downtime through a one-stop-shop setup (new veh. parts, repairs, used veh. retail financier)

Use data to support minimizing down time and improve the efficiency of parts/service operations

Evolve to customized marketing

Customer’s oper. status
Customer’s Biz status

Big DATA

Link maintenance lease, Mimamoi*2, DTU (Data Transfer Unit)

Create set-ups so that service and parts are available for a quick fix.
- Add ASC (After-Sales Center).
- Build TSF (Truck Service Factory) to cover wider area.
- Build “Training Center” to train local mechanics in the Philippines.
  - More than 100 staff from the Isuzu Group to be mobilized as field engineers.

Completed

Advanced
(Japan, US)

Middle East
ASC

Central America
ASC

ASEAN
ASC

Completed

New

Emerging
(Thailand/ME/S. Africa) (ASEAN/Africa) (Central western Indochina)

Advanced
Emerging

Oceania
ASC

QL
4S

Africa
ASC

South America
ASC

Indochina
TSF

Africa
TSF

Manufacturing Service Training Center in Japan

Mechanic Training Center in the Philippines (to train & dispatch mechanics)

*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.
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.

5. Link Two Operations (to deliver optimal products)

- Expand After-Sales - Emerging and advanced countries
  - Close-to-market marketing

- Increase customer visits

Work starts and focuses here

⇒ 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.

Obtain and gather product needs - what customers want - in support of “After-Sales”.
Boost marketing capability

Engineering, sourcing and manufacturing teams approach markets.

Functions before Sales

<table>
<thead>
<tr>
<th>Engineering</th>
<th>Sourcing</th>
<th>Manufacturing</th>
</tr>
</thead>
</table>

After-Sales

<table>
<thead>
<tr>
<th>Sales</th>
<th>After-Sales</th>
</tr>
</thead>
</table>

Servicing, repair, parts
Respond to complaints
and deal with field problems

Product

Information

Links as a result
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.

- **Pass down skills & develop personnel**
  - Started operation in ‘15.
  - Built “MSTC”

- **Establish “Isuzu Plaza”**
  - To start operation in ‘17.

- **Leverage human resources in support of growth**
  - Hire more (school, mid-career, overseas)
  - Keep staff after retirement age
  - Use intra-Group interaction
  - Utilize experienced employees

- **Leverage human resources in support of growth**
  - Multiple career paths
  - Rotation system
  - Hire after retirement age
  - Achieve work-life balance
  - Diversity, etc.

- **Social contribution**
  - Required compliance
  - Return values to society
  - Utilize business (post-disaster reconstruction)
  - Help community (school)

- **Active CSR**
  - Influence society (social value creation)
  - MTBP targets
  - Future target

- **Right person to right position**
  - Improve individual potential
  - Help raise morale

- **Utilize human resources**
  - Hire more
  - Keep staff after retirement age
  - Use intra-Group interaction
  - Utilize experienced employees

- **Social contribution**
  - Required compliance
  - Return values to society
  - Utilize business (post-disaster reconstruction)
  - Help community (school)

- **Active CSR**
  - Influence society (social value creation)
  - MTBP targets
  - Future target
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.

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

ISUZU
## Appendix ISUZU Subsidiaries and Affiliates

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