

Growing our potential



FY2007 was an extremely important year for everyone at Isuzu, as the pace of implementing our Mid-term Business Plan for FY 2006-2008 has gained increasing momentum, enabling us to meet key growth targets in our Mid-term Business Plan a year ahead of schedule. Even more importantly, the philosophies driving this strong turnaround have been realized through numerous new initiatives, which have built a solid foundation for truly “Growing Our Potential” in the future.



Growing our core business

Isuzu’s growing potential comes from a sharp focus on its core businesses, commercial vehicles and diesel engines (CV/DE), expressed in a clear statement of intent to be the “Global Leader in Commercial Vehicles and Diesel Engines” by enhancing our competitiveness in CV, DE and advanced DE technologies. This commitment to being a global leader is realized through our Global Diesel Engine and Global Commercial Vehicles Engineering Design Philosophies that concentrate on R&D and manufacturing to the highest global standards.

A closer look at our recent initiatives reveals our potential, and the steps we have taken to achieve growth. The driving force for our DE and advanced technologies has been the decision to meet and exceed the challenges of increasingly strict engine emission regulations around the world. Cleaner, more fuel-efficient engines are definitely the future of power generation for all motor vehicles, and our next generation of advanced DE incorporating our advanced DE technologies (see page 14 for more details) build on the thermal efficiency, fuel efficiency and reduced CO₂ emissions of DEs compared to gasoline engines, to give our CVs a competitive edge.

Growing our potential



Growing with new models, new tie-ups

Our Global Design Philosophies have borne fruit with the launch of our first “Global Model”, the all-new ELF light-duty truck, in December 2006. It is available with a range of advanced DEs that meet the strictest emission standards in the world, and its global volume production, using common design platforms and parts, contribute to its outstanding quality and excellent cost performance. It was followed in May 2007 by our second “Global Model”, the all-new FORWARD medium-duty truck, which offers our customers an Isuzu the same advantages as the ELF.

At the same time, our advanced DE technologies and leadership in creating advanced DEs has won considerable attention, and has made us the preferred supplier to a number of leading automobile manufacturers. The dieselization of passenger cars in Europe, where more than 50% of all new cars sold are powered by DEs, shows just how large the potential is. Our leadership in developing these technologies was also crucial to a business tie-up with Toyota Motor Corporation that Isuzu signed in November 2006. The tie-up will study synergies in the engineering and manufacturing of small DEs. In addition, even as we have dissolved our financial tie-up with GM, we continue to grow our partnership with them. In June 2006, we established a joint venture with GM to jointly develop our next generation pickup truck and platform.

In October 2006 Isuzu Motors Polska Sp. zo.o. (ISPOL), a joint venture between Isuzu Motors Limited and General

Motors Corporation, celebrated the first shipment of its new 4EH2 direct-injection DE to Adam Opel AG. The 1.7-liter DE, which will power the Opel Corsa car and Meriva minivan, meets EURO 5 emissions regulations level which will come into force in 2009. ISPOL plans to ship 158,500 units to Opel in 2007.

In April 2007, DMAX, Ltd., a U.S. joint venture between Isuzu Motors and General Motors to manufacture DEs, marked cumulative production of one million units since 2000. The plant currently manufactures 6.6-liter V8 DEs, which have been mounted mainly on GM Chevrolet Silverado full-size pickup trucks and GMC Sierra, that meet strict U.S. environment and fuel efficiency regulations.

Strengthening our global manufacturing

We are working hard to realize our potential as a truly global company, by offering our leading edge technologies worldwide. Isuzu is unique amongst DE manufacturers in having an integrated network of R&D, manufacturing, sales and support facilities to provide localized products, support and service in the over 120 markets in which we operate. Our DE supply network includes manufacturing facilities in Europe, North America, Asia and Japan, supported by research centers in the United States, Germany, Thailand and Japan. All facilities are interlinked, making Isuzu the only truly global producer of DEs.

Another milestone in our global strategy occurred in Ulyanovsky, Russia in July 2006, when the first N Series light-



duty truck rolled off the assembly plant line under an agreement between Isuzu and OAO Severstal-Avto (SSA). 2006 production was targeted at 500 units, rising to 10,000 units within three years. It is the first Japanese vehicle to be assembled in Russia.

Thailand is a major regional production base for Isuzu, and enjoyed a number of major developments this year. On-going investments supported the release of the remodeled Isuzu D-MAX pickup and a new MU-7 multipurpose vehicle in August. The release helped strengthen Isuzu's 10-year grip as the number one pickup in this vibrant market. To meet demand for the D-MAX, in October 2006 Isuzu Engine Manufacturing Co., (Thailand) Ltd. launched a new engine machining line. The line will enable Isuzu to boost productivity and quality to global standards, and boost sales in Thailand and the region. Annual production of 3.0-liter/2.5-liter engine for the Isuzu D-MAX pickup runs to 270,000 units.

Enhancing our sales and service, worldwide

At the same time, we are strengthening our customer channels by deepening our investment in sales and service in numerous countries to build a truly deep global distribution, sales and service network, that caters to the needs of the individuals and companies who rely on Isuzu. In the commercial vehicle world, robustness, reliability and access to quality service are critical to cost-efficient operation, and our potential to exceed customer expectations will be greatly en-

hanced when we can offer comprehensive sales and service right around the world. In July 2006, we entered the rapidly expanding Indian market through a local assembly and sales collaboration for medium-duty buses with Swaraj Mazda.

Consolidating the base for strong expansion in Europe, in December 2006, Isuzu and Mitsubishi Corporation established Isuzu Automotive Europe GmbH (IAE), to integrate marketing and sales management operations in Benelux, Spain/Portugal, and Germany/Austria. The two companies already share distributors in these countries, and integrating light-duty and pickup trucks into one channel will boost efficiency, while generating new opportunities. The new venture aims to double sales of light-duty trucks from 16,000 units to 32,000 units over the next three years.

To enhance our customer services in the Japanese market and lay the foundations for long-term profits Isuzu established Isuzu Network Company Limited, an innovative "Life Cycle Business" in a joint venture with ITOCHU Corporation in February 2007. The "Life Cycle Business" focuses on customer needs throughout the vehicle's life cycle, from purchase, and operation to replacement and disposal. The company will streamline Isuzu support for dealerships, creating "Life Cycle" strategies, enhancing marketing and systems support, and integrating functions such as control of real estate, central purchasing and other support businesses, to allow dealerships to concentrate on core customer service and support activities.