

Message from the President

Steadily Implementing Policies and Tasks under the Mid-term Business Plan and Working to Improve Profitability



Financial results for FY2013

In the fiscal year ended March 2013, a slowdown in the global economy appeared to spread as the European sovereign debt crisis impacted on a number of emerging countries. These international economic realities weighed on the economic recovery in Japan that began in the aftermath of the Great East Japan Earthquake, but conditions were improving by the end of the fiscal year.

In the domestic truck market, the impact of reductions in subsidies for environment-friendly vehicles lessened as recovery-driven demand and other factors drove healthy sales. Overseas, rising demand in areas with strong sales, particularly the ASEAN region, the Middle East, and Africa, offset the effects of the economic slowdown in the Chinese market, leading to growth in overall CV (Commercial Vehicle) exports and record sales volume. Sales of LCVs (pickups and their derivatives) were robust, particularly in Thailand, and the increased production capacity of our new plant in Thailand, which began operations during the second half of the fiscal year, made a significant contribution to sales growth.

With regard to financial results, net sales totaled ¥1,655.6

billion, up ¥255.5 billion (18.3%) from the previous year due to increased sales volume as described above. Operating income rose ¥33.4 billion (34.3%) to ¥130.8 billion as the effects of sales growth and continued cost structure improvements overcame increases in up-front costs associated with efforts to implement the policies outlined in our Mid-term Business Plan. Ordinary income grew ¥38.8 billion (37.7%) to ¥141.7 billion, while net income increased ¥5.2 billion (5.8%) to ¥96.5 billion. Each of these profit figures represents an all-time record.

FY2014 forecast

During the fiscal year ending March 2014, as we revitalize our business to meet future challenges, we expect continued stability in our principal markets of Japan and Thailand. Regarding other international markets, we look forward to boosting sales not only in emerging economies such as countries in the ASEAN region and the Middle East, but also in the developed nations of North America. While we expect growth in costs associated with increased up-front investments in order to achieve our management goals, we will be redoubling the cost rationalization activities we pursued last



year. We also expect the reversal of the strong yen that began at the end of last year to make a significant contribution to our results in FY2014.

During FY2014, we will be working to achieve net sales of ¥1,920.0 billion, operating income of ¥180.0 billion, ordinary income of ¥190.0 billion, and net income of ¥115.0 billion. All of these figures represent a dramatic improvement in profitability that lies significantly above the trajectory of the company's recent performance.

Final year of the Mid-term Business Plan (April 2011 to March 2014)

The current Mid-term Business Plan sets forth Isuzu's basic direction as "aiming at excellence in respecting the environment to meet the demands of society, maximizing vehicle operating rates and minimizing life-cycle costs to meet customer's needs." Under this plan, we are working to bring to market "eco-friendly products" and "products meeting specific needs of emerging markets," to implement a growth strategy in emerging markets while maintaining our businesses in advanced markets.

Specifically, as we look toward FY2016 and revitalizing our

business to meet future challenges, our efforts in this area are centered on establishing and transitioning to what we have termed a "Global Three Core Business Organization" that augments our Japan-based CV (Commercial Vehicle) business and Thailand-centered LCV (pickups and pickup derivatives) business with an Indonesia-based CV business targeting emerging markets.

In FY2014, we will continue to strive to achieve new corporate growth, development, and stability by steadily implementing initiatives geared to help us "establish and transition to a Global Three Core Business Organization" so that we can achieve the key objectives of the Mid-term Business Plan: "Enhancement of the ASEAN CV Business," "Stabilization of Business in Japan" and "Enhancement and Expansion of the LCV Business."

As we work to achieve these goals, revitalizing our business to meet future challenges, we at Isuzu Motors look forward to your renewed understanding and support.

Susumu Hosoi
President & Representative Director