



Fiscal 2003 Financial Results

(April 2002 - March 2003)

May 23, 2003

Isuzu Motors Limited

Note: This is an English translation from the original presentation in Japanese.

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第36回
東京モーターショー2002
デザインスタディモデル





Executive Summary

- ↓ **Isuzu Motors achieved its planned targets in FY2003, the first year of New 3-year Business Plan, after exerting all-out efforts to restructure business and improve equity section of its balance sheet.**
- ↓ **Operating profits and working profits of both consolidated and Parent-only results exceeded the term's plan, demonstrating that the Company is now back on course for solid recovery in its core businesses.**
- ↓ **Isuzu is confident of our strong performance in FY2004, achieving the second year targets set forth in the New 3-year Business Plan, as we continue reinforcing overseas business foundations through sales expansion in key markets, e.g. Thailand, and moving into high gear in China.**
- ↓ **Challenges still remain, as Isuzu has to cope with the dynamics of CV industry demand while executing international strategies. While constantly executing the New 3-year Business Plan initiatives, Isuzu will continue with its ongoing effort to strengthen business structure capable of meeting future challenges ahead of us.**

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1. Business Environment

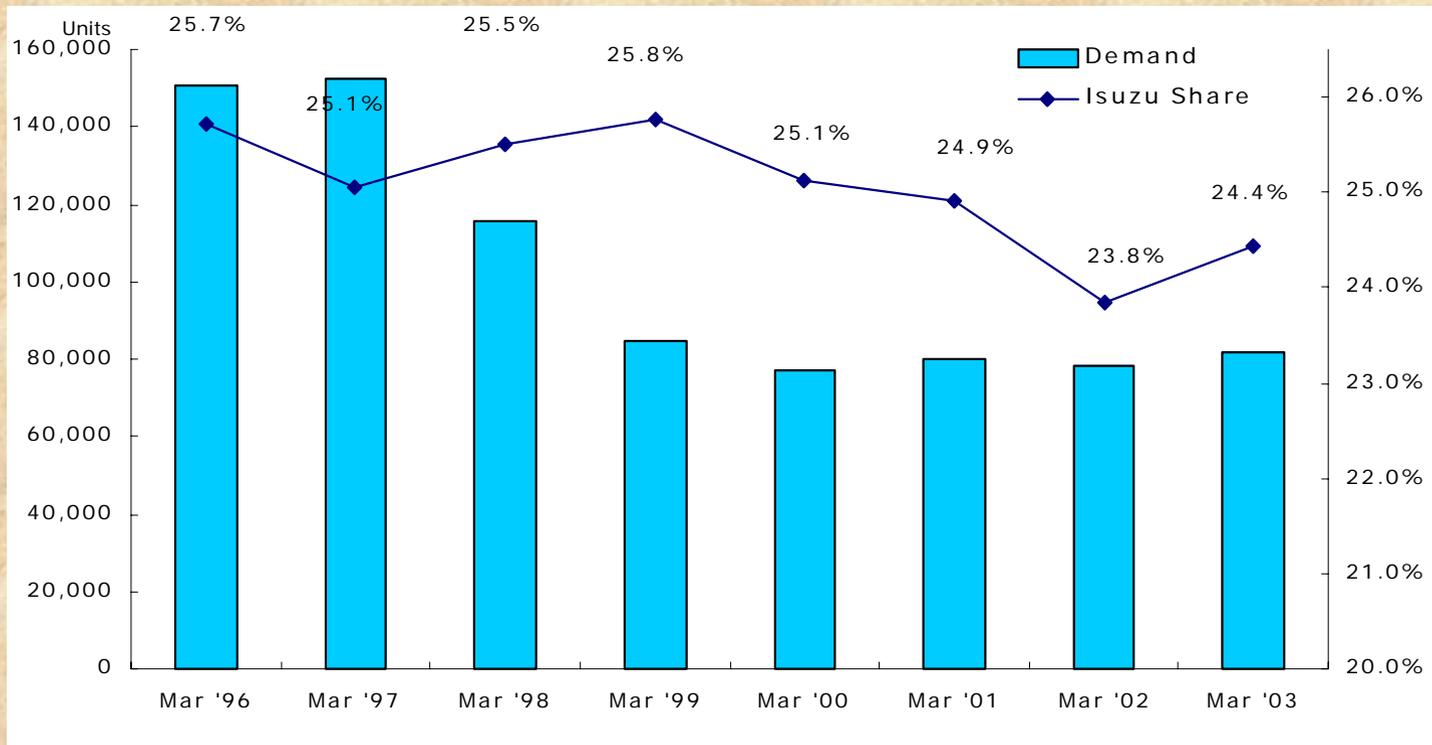
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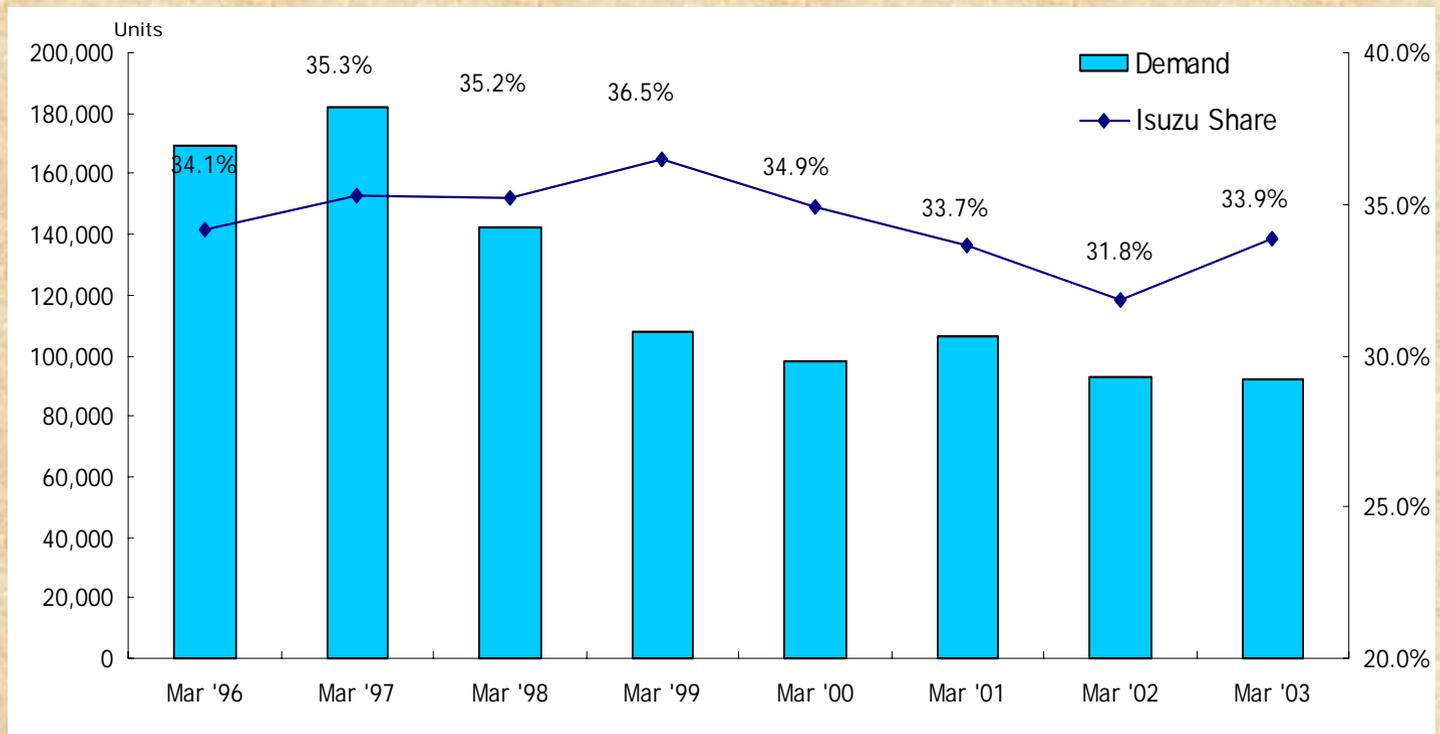
Sales and Market Share in Japan (1)

- Heavy/Medium Duty Truck -





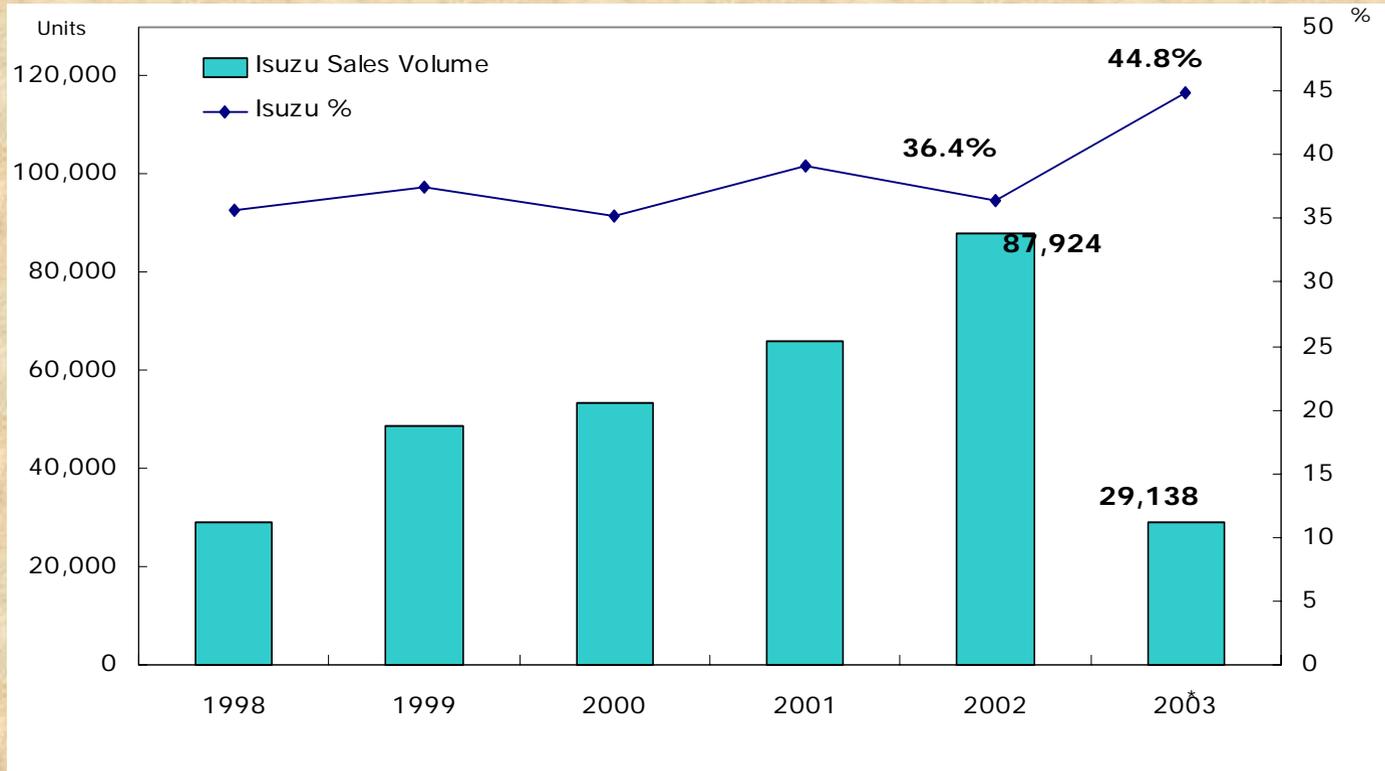
Sales and Market Share in Japan (2) - 2-3ton Truck -





Sales and Share (1) Thailand

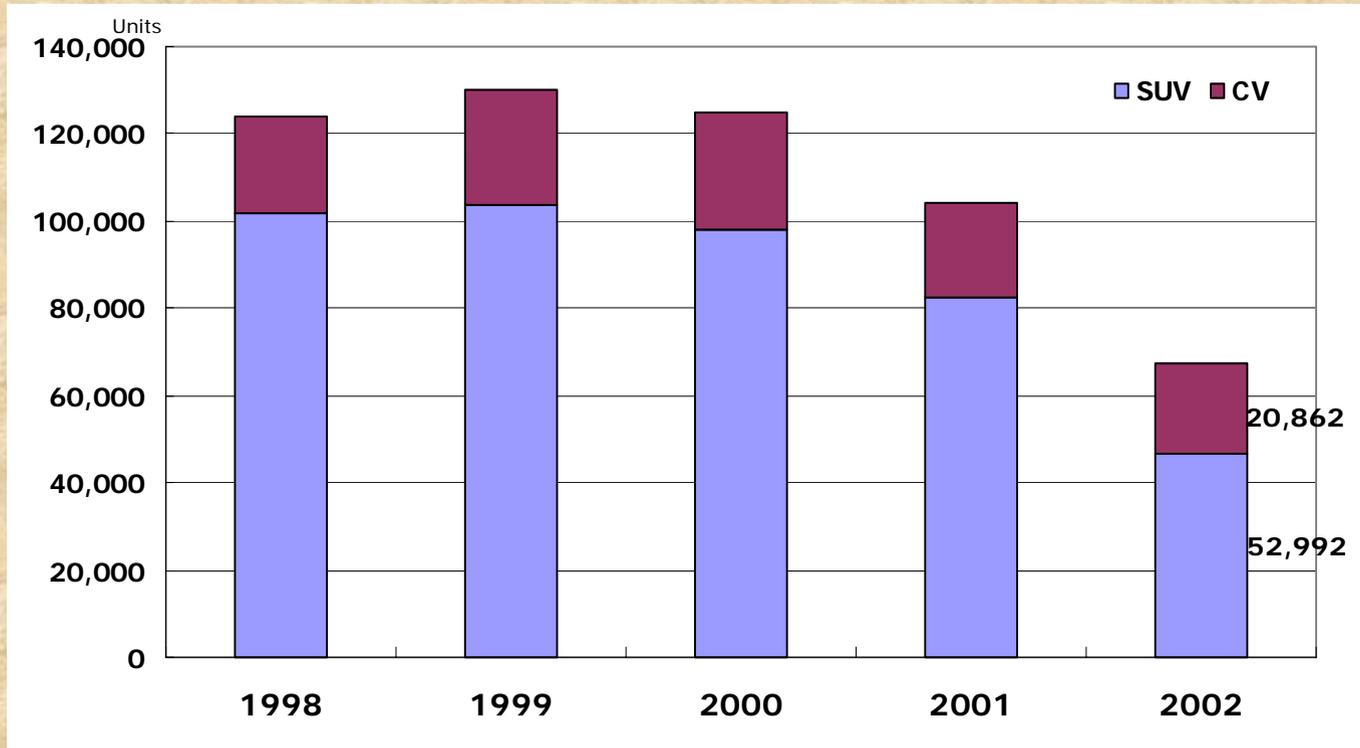
- Pickup Truck -



* FY2003: January - March actual sales



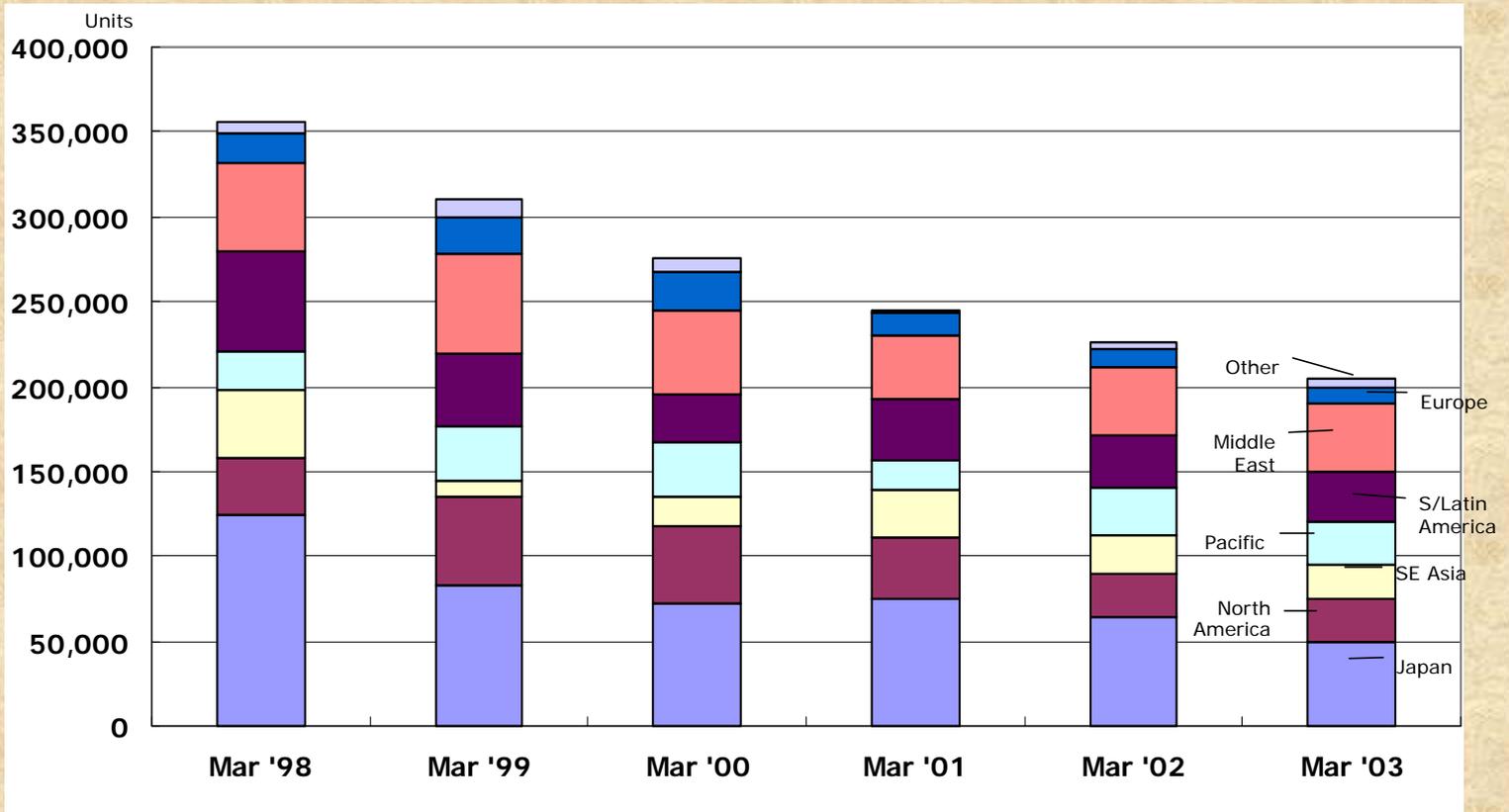
Sales Results (2) North America - SUV/CV -





Shipment Volume by Geographical Region

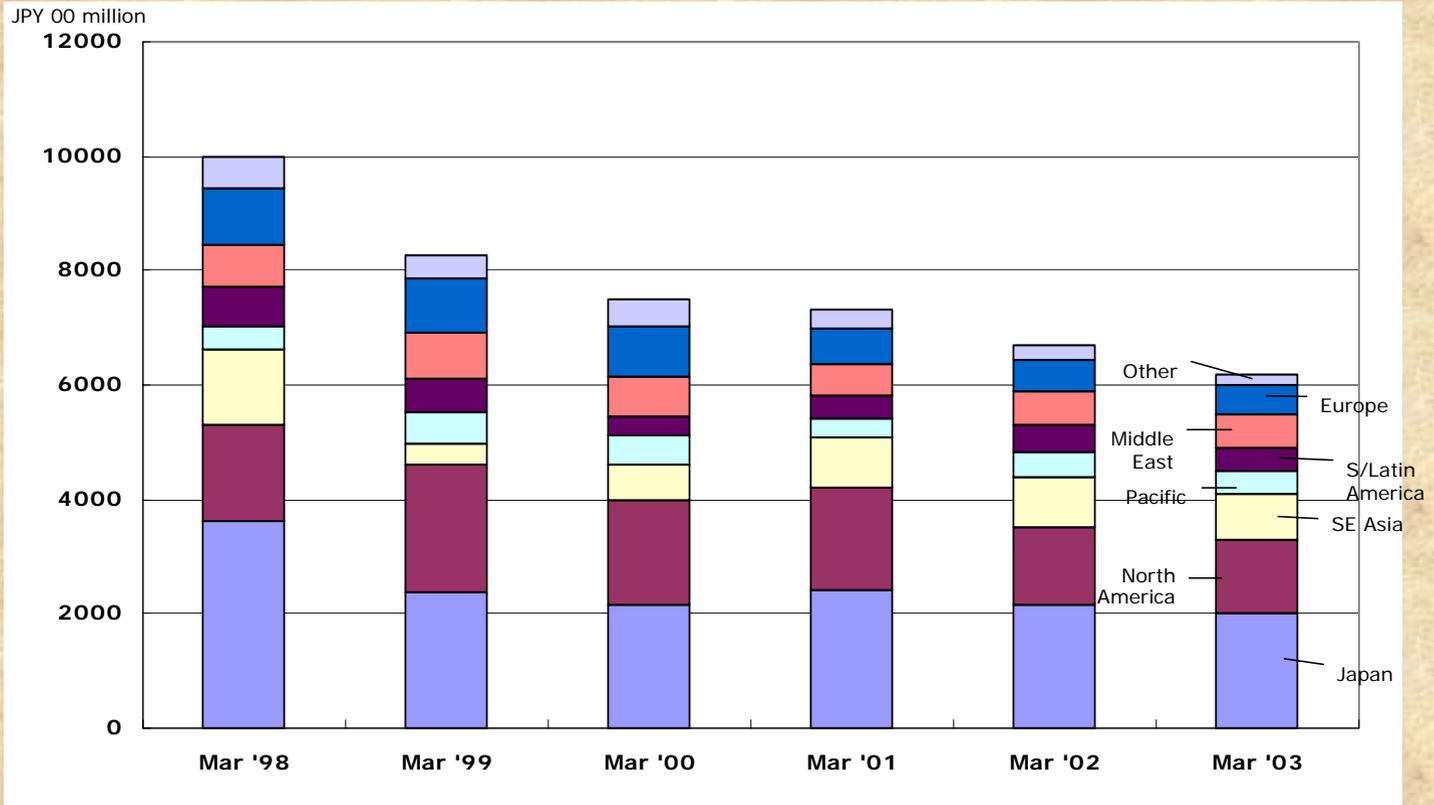
- (Parent) -





Sales Revenue by Geographical Region

- Parent -



Gross sales by geographical region (including service/parts revenue)

2. Performance Improvement

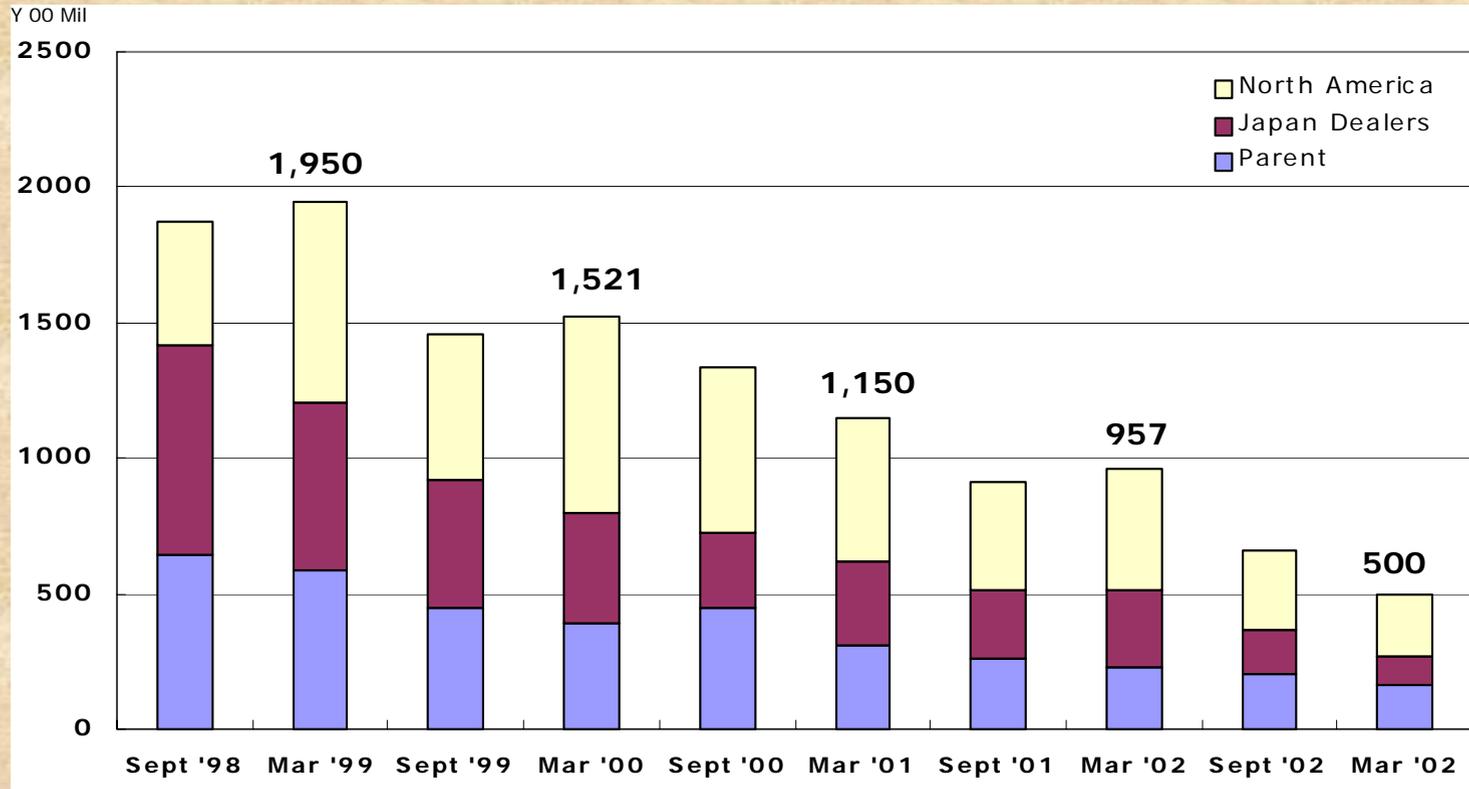


New 3-year Business Plan: Progress

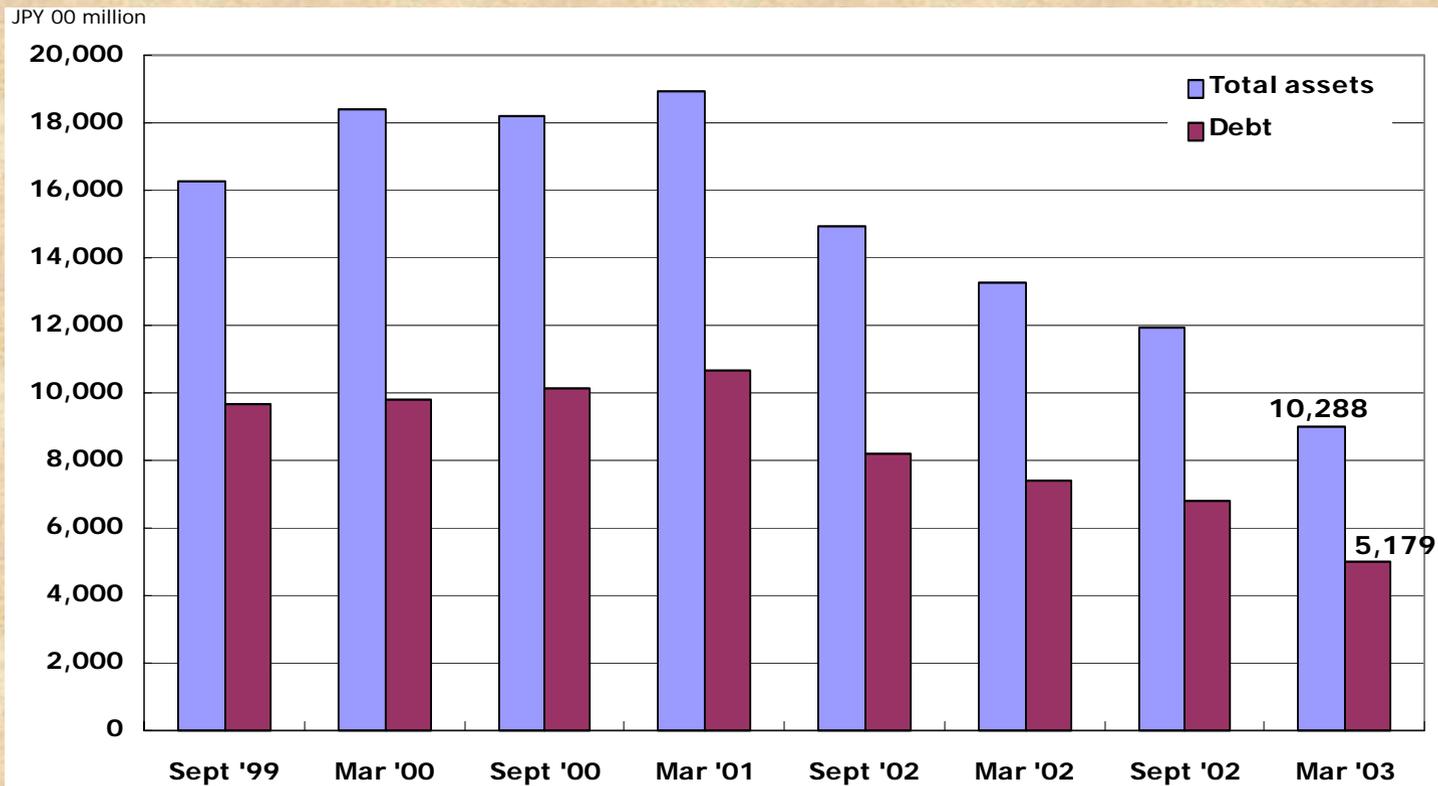
Plan	Initiatives	Progress/results in FY2003
Business Restructuring in North America	<ol style="list-style-type: none"> 1) Rationalize production operations 2) Improve/enhance sales efficiency 3) Introduce GM-OEM vehicles 	<ol style="list-style-type: none"> 1) Dissolved SIA JV agreement, switched to production consignment 2) Reduced headcount, right-sized inventory balance, eliminated overlapping functions 3) In addition to Ascender, another OEM vehicle sourcing based on GM TrailBlazer was decided
Powertrain Business Restructuring	<ol style="list-style-type: none"> 1) Sale of Isuzu equity holding in overseas powertrain companies to GM, ie DMAX, ISPOL 2) Establish powertrain engineering JV with GM (GMIDEL) 	<ol style="list-style-type: none"> 1) Executed change of equity share in DMAX (GM increased its equity 20% to hold 60%) Sold to GM 60% equity in ISPOL, including IMG 2) Established GMIDEL
Manpower Reduction	<ol style="list-style-type: none"> 1) Voluntary Early Retirement 2) Employee reassignment to outside companies 	<ol style="list-style-type: none"> 1) VER 3,260 persons (vs. planned 3,000ps) 2) Reassigned 1,000 persons (vs. planned 720ps)
Recapitalization/Reinforcement of Management	<ol style="list-style-type: none"> 1) Support from General Motors 	<ol style="list-style-type: none"> 1) Cancelled out then-existing GM shares in Isuzu without consideration 2) GM subscribed to new issues of Isuzu shares (¥10.0 billion) 3) GM dispatched senior executive to Isuzu board
	<ol style="list-style-type: none"> 2) Support from financial institutions 	<ol style="list-style-type: none"> 1) Executed Debt-for-equity conversion through issuance of preferred stock (¥100.0 billion)

Inventory Balance

- Vehicle Inventory in Units by Segment -

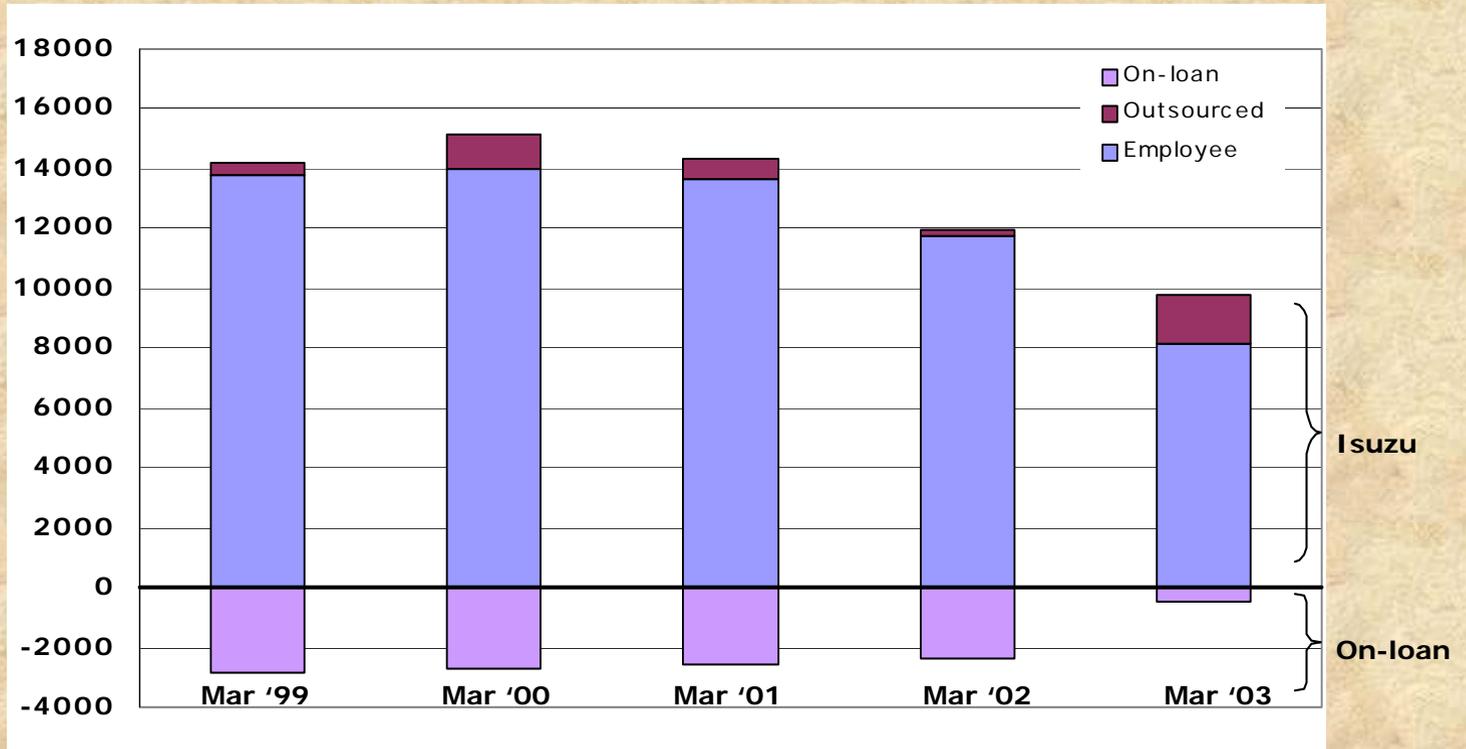


Balance of Interest-bearing Debt



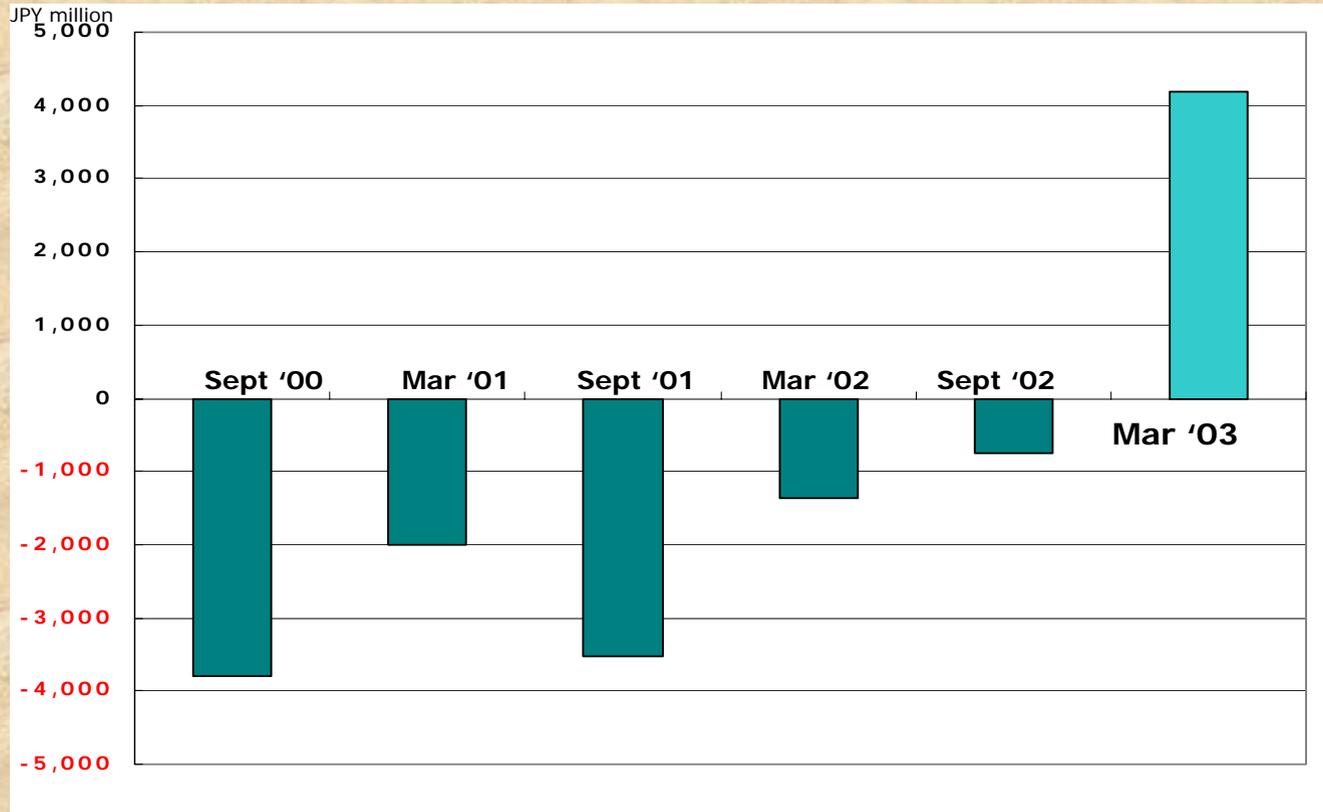
Manpower: Recent History

Persons



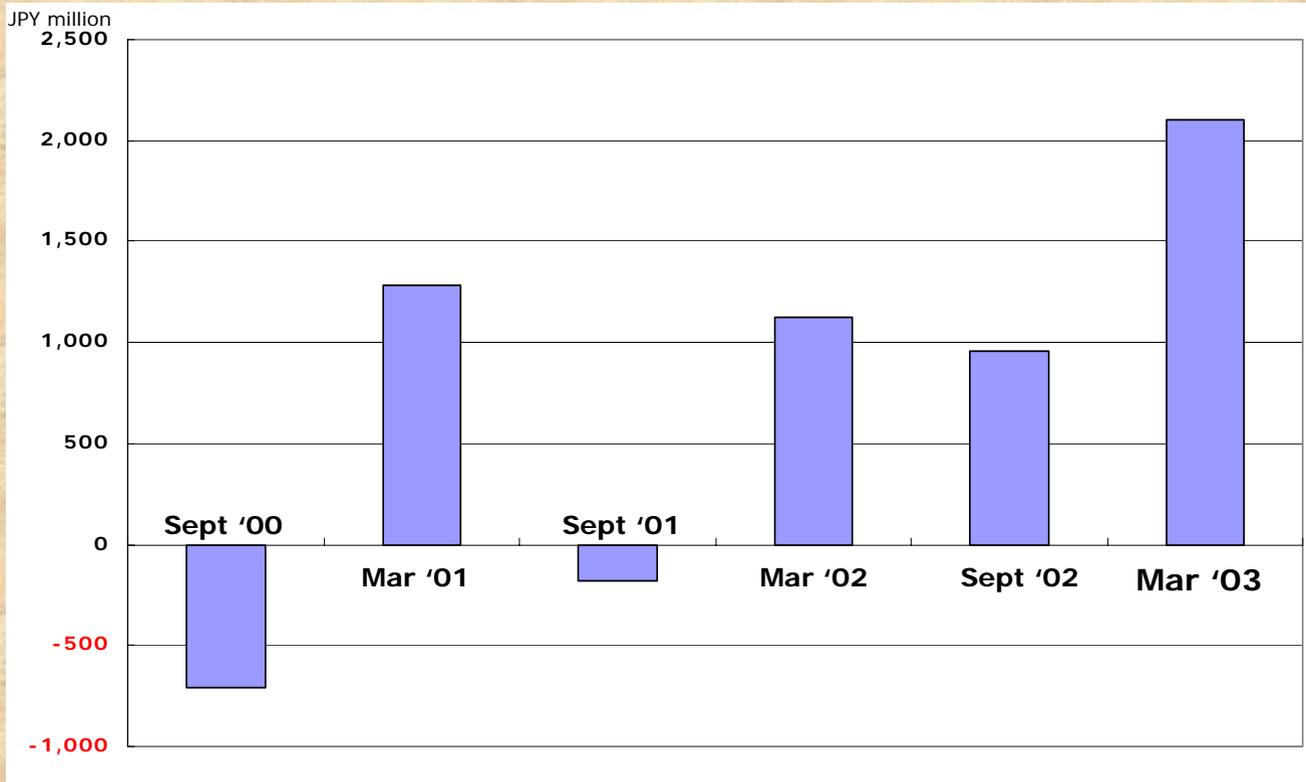
Dealers' Earnings Improvement in Japan

- Consolidated Dealers' Operating Profit -



Vendors' Earnings Improvement in Japan

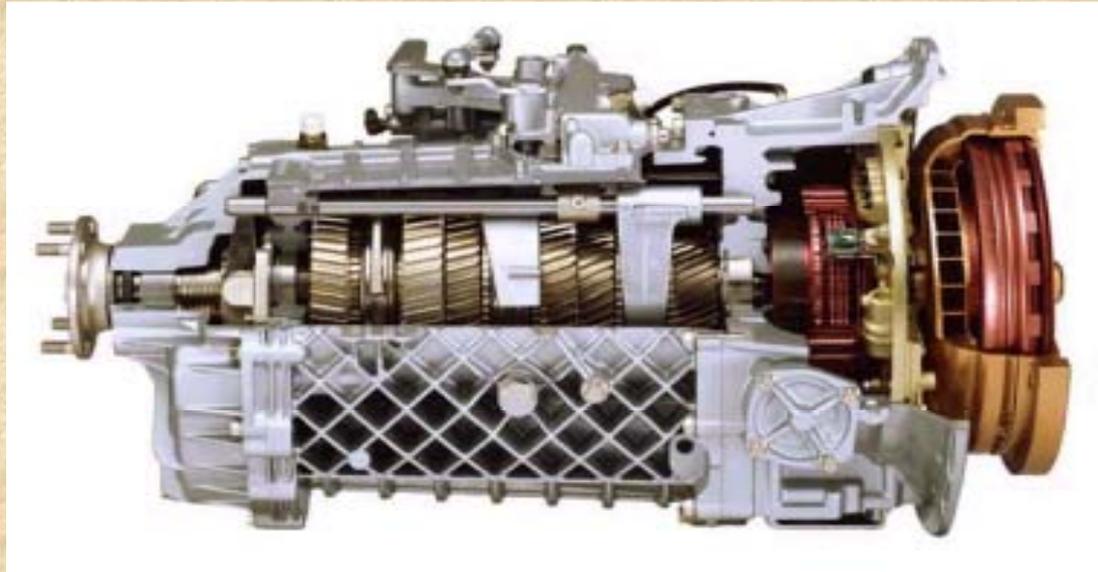
- Operating Profits of Five Main Vendors -



3. Fiscal 2003 Financial Results

(April 2002 - March 2003)

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FY2003 Consolidated Results

- Compared to the New 3-year Business Plan -

(Y billion)	Mar '04	New 3-yr BP	Change
Sales Revenue	1,349.4	1,270.0	79.4
Operating Profit	15.5	5.0	10.5
Working Profit	(4.2)	(7.0)	2.8
Net Income (Loss)	(144.3)	170.0	25.7

Changes in Operating Profit (vs.N3BP)

Favorable:	
Sales/volume mix.	3.8
Expense reduction	7.2
Unfavorable:	
Other	6.8
(unrealized inventory)	
Short-fall in rationalization	(2.5)
Expense increase	(4.8)
(US inventory adjustment)	
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Total	10.5 Bil.

FY2003 Extraordinary Items

1) Review of North America business	(76.8)
2) Headcount reduction	(24.8)
3) Write-down latent losses, etc.	(19.1)
4) Give up pension fund agency role	13.4
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Total	(107.3) Bil.
(Corporate tax, etc.)	(32.8)

FY2003 6-months Results (Consolidated)

(Y billion)	Sept '02	Mar '03	Change: Improvement
Operating Profit	(21.4)	36.9	58.3

Changes in Operating Profit (H1 vs. H2 FY2003)

Favorable:	Sales/volume mix.	4.0
	Rationalization/effects of restructuring	33.3
	GM-alliance related (Powertrain business)	21.0
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	Total	58.3 Bil



FY2003 Parent Results

- Compared to the New 3-year Business Plan -

(Y billion)	Mar '03	New 3-yr BP	Change
Sales Revenue	760.6	740.0	20.6
Operating Profit	13.1	11.0	2.1
Working Profit	4.9	3.0	1.9
Net Income (Loss)	(189.4)	(181.0)	(8.4)

Changes in Operating Profit (vs.N3BP)

Favorable:	Expense reduction	4.1
	Sales/volume mix	1.0
Unfavorable:	Short-fall in rationalization (material/distribution cost, etc)	(3.0)
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	Total	2.1 Bil.

FY2003 Extraordinary Items

1) Review of North America business	(105.2)
2) Headcount reduction	(21.7)
3) Write-down latent losses, etc.	(38.3)
4) Give up pension fund agency role	13.4
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Total	(151.8) Bil.
(Corporate tax, etc.)	(42.5)

FY2003 6-months Results (Parent)

(Y billion)	Sept '02	Mar '03	Change: Improvement
Operating Profit	(16.0)	29.1	45.1

Changes in Operating Profit (H1 vs. H2 FY2003)

Favorable: Sales/volume mix.	10.0
Rationalization/restructuring effects	24.4
GM-alliance related (Powertrain business)	10.7
Total	45.1



Changes in Operating Profit (Consolidated) - Year-on-Year -

(Y billion)	Mar '03	Mar '02	Change
Sales Revenue	1,349.4	1,597.7	(248.3)
Operating Profit	15.5	15.1	0.4
Working Profit	(4.2)	(2.0)	(2.2)
Net Income (Loss)	(144.3)	(43.0)	(101.3)

Changes in Operating Profit; Consolidated (FY2003 vs. FY2002)

Favorable:	Rationalization	2.5
	Expense reduction (labor cost, etc)	53.2
Unfavorable:	Sales/volume mix	(32.2)
	FX	(0.9)
	Decrease in engineering receivable	(6.0)
	Other (unrealized profit due to IFCO)	(16.2)
Total		0.4 Bil

Changes in Operating Profit(Parent) - Year-on-Year -

(Y billion)	Mar '03	Mar '02	Change
Sales Revenue	760.6	761.9	(1.3)
Operating Profit	13.1	8.1	5.0
Working Profit	4.9	2.1	2.8
Net Income (Loss)	(189.4)	(56.2)	(133.2)

Changes in Operating Profit; Parent (FY2003 vs. FY2002)

Favorable:	Rationalization	2.0
	Expense reduction (labor cost, etc)	28.0
Unfavorable:	Sales/volume mix	(7.2)
	Decrease in engineering receivable	(16.0)
	FX	(1.8)
Total		5.0 Bil

4. FY2004 Financial Outlook

(April 2003 - March 2004)

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FY2004 Financial Outlook (Consolidated)

(Y billion)	Mar '04	Mar '03	Change	New 3-yr BP	Change
Sales Revenue	1250.0	1,349.4	(99.4)	1,220.0	30.0
Operating Profit	50.0	15.5	34.5	50.0	-
Working Profit	40.0	(4.2)	44.2	40.0	-
Net Income (Loss)	35.0	(144.3)	179.3	35.0	-

Revenue Change; vs. FY2003

Y Bil	Mar '04	Mar '03	Change
Japan	520.0	473.9	46.1
N. Amer.	310.0	377.5	(67.5)
Other	420.0	498.0	(78.0)
Total	1250.0	1349.4	(99.4)

Changes in Operating Profit; Consolidated (FY2004 vs FY2003)

Favorable: Sales/volume mix	19.3
Rationalization (material/distribution cost, etc.)	10.0
Expense reduction (labor cost, etc)	34.0
Unfavorable: De-consolidation of ISPOL, DMAX GM-alliance related (powertrain business)	(7.8) (21.0)
Total	34.5 Bil



FY2004 Financial Outlook (Parent)

(Y billion)	Mar '04	Mar '03	Change	New 3-yr BP	Change
Sales Revenue	740.0	760.6	(20.6)	700.0	40.0
Operating Profit	40.0	13.1	26.9	40.0	-
Working Profit	34.0	4.9	29.1	34.0	-
Net Income (Loss)	30.0	(189.4)	219.4	30.0	-

Revenue Change; vs. FY2003

Y Bil	Mar '04	Mar '03	Change
Japan	340.0	306.5	33.5
N. Amer.	100.0	99.6	0.4
Other	300.0	354.5	(54.5)
Total	740.0	760.6	(20.6)

Changes in Operating Profit; Consolidated (FY2004 vs FY2003)

Favorable: Sales/volume mix	14.0
Rationalization (material/distribution cost, etc.)	10.0
Expense reduction (labor cost, etc)	13.6
Unfavorable: GM-alliance related	(10.7)
Total	26.9 Bil



New 3-year Business Plan Targets

- Consolidated basis -

(Y billion)	<u>Mar '03</u>	<u>Mar '04</u>	<u>Mar '05</u>
Sales Revenue	1,270.0 Act: 1,349.4	1,220.0	1,270.0
Operating Profit	5.0 Act: 15.5	50.0	Over 60.0
Net Income (Loss)	(170.0) Act: (144.3)	35.0	Over 50.0
Interest-bearing Debt	560.0 Act: 517.9	510.0	450.0

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