

**ISUZU**

# **FY2006 Interim Financial Results**

Six months, Apr – Sept '05



**FORWARD New Long-term Emission Version**

**November 17, 2005**

# **ISUZU MOTORS LIMITED**

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Representative Director**

**Yoshinori Ida**

## Disclaimer

**Statements contained in this presentation, except for historical or current facts, are based on certain assumptions and our management's judgment in light of currently available information. Therefore, these statements may be susceptible to various factors, such as uncertainty contained in the assumptions and management's judgment and economic changes in the future, which may cause to bring about different results in Isuzu's future earnings and operating results.**

**Moreover, this presentation is not intended to solicit investment in Isuzu. Isuzu assumes no responsibility for any losses and liabilities that may be incurred because of the information in this presentation.**

**Director, Corporate Planning  
and Finance**

**Susumu Hosoi**

# **1 . Business Surroundings**

## Japan Industry Sales and Isuzu Share

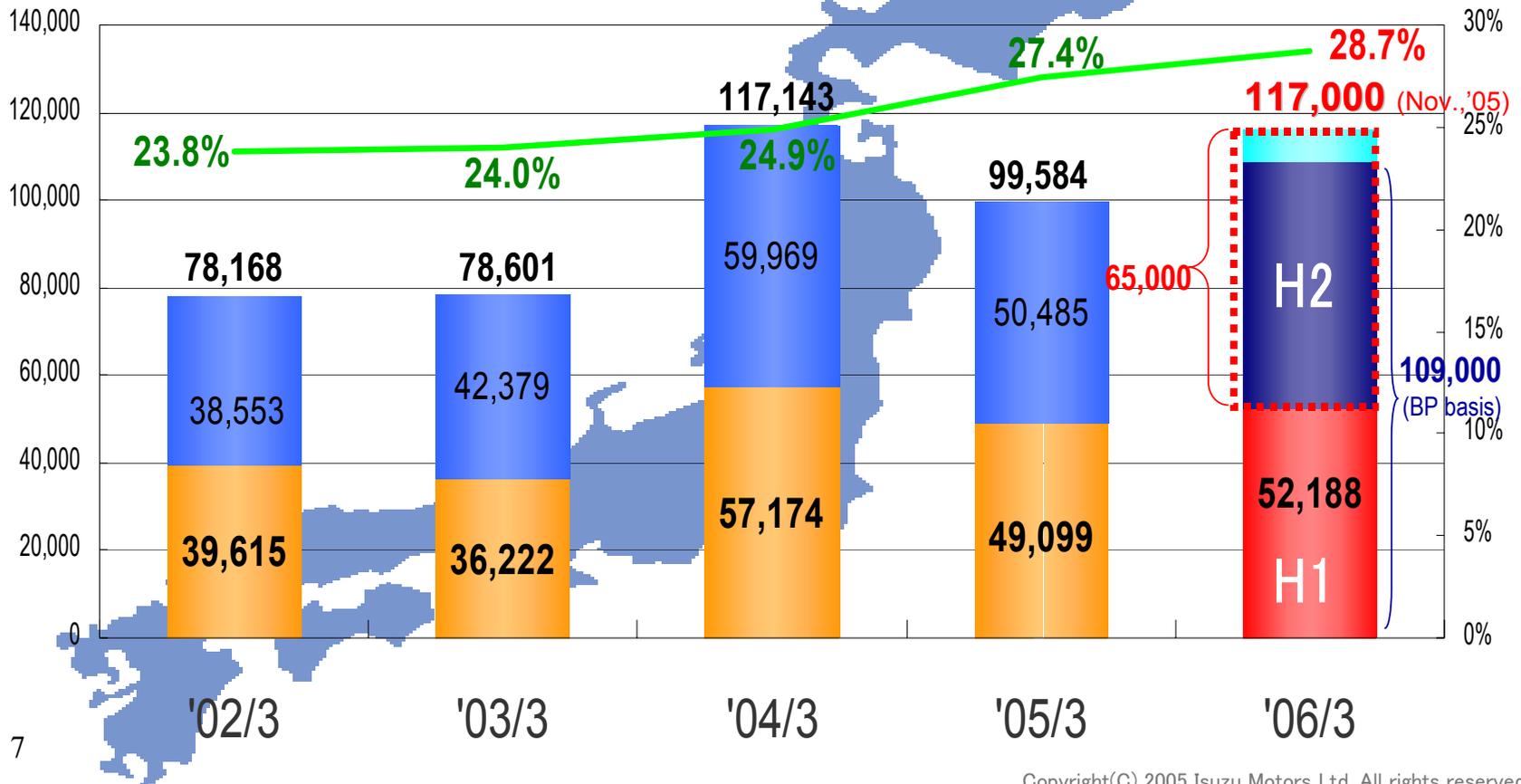
- H/D, M/D Truck -



(Unit)

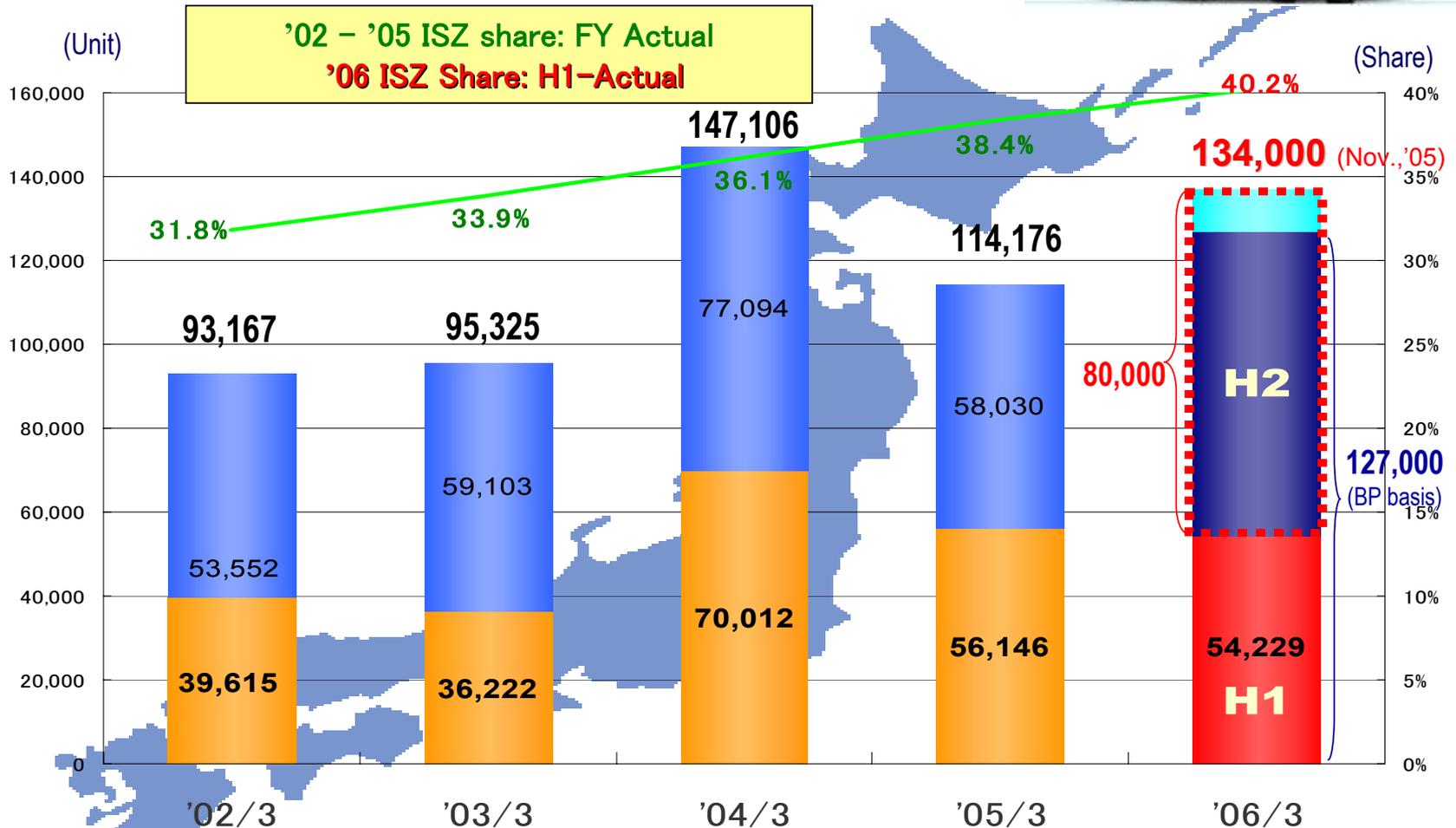
'02/3 - '05/3 ISZ share: FY Actual  
'06/3 ISZ Share: H1-Actual

(Share)



## Japan Industry Sales and Isuzu Share

- L/D(2-3ton) Truck -



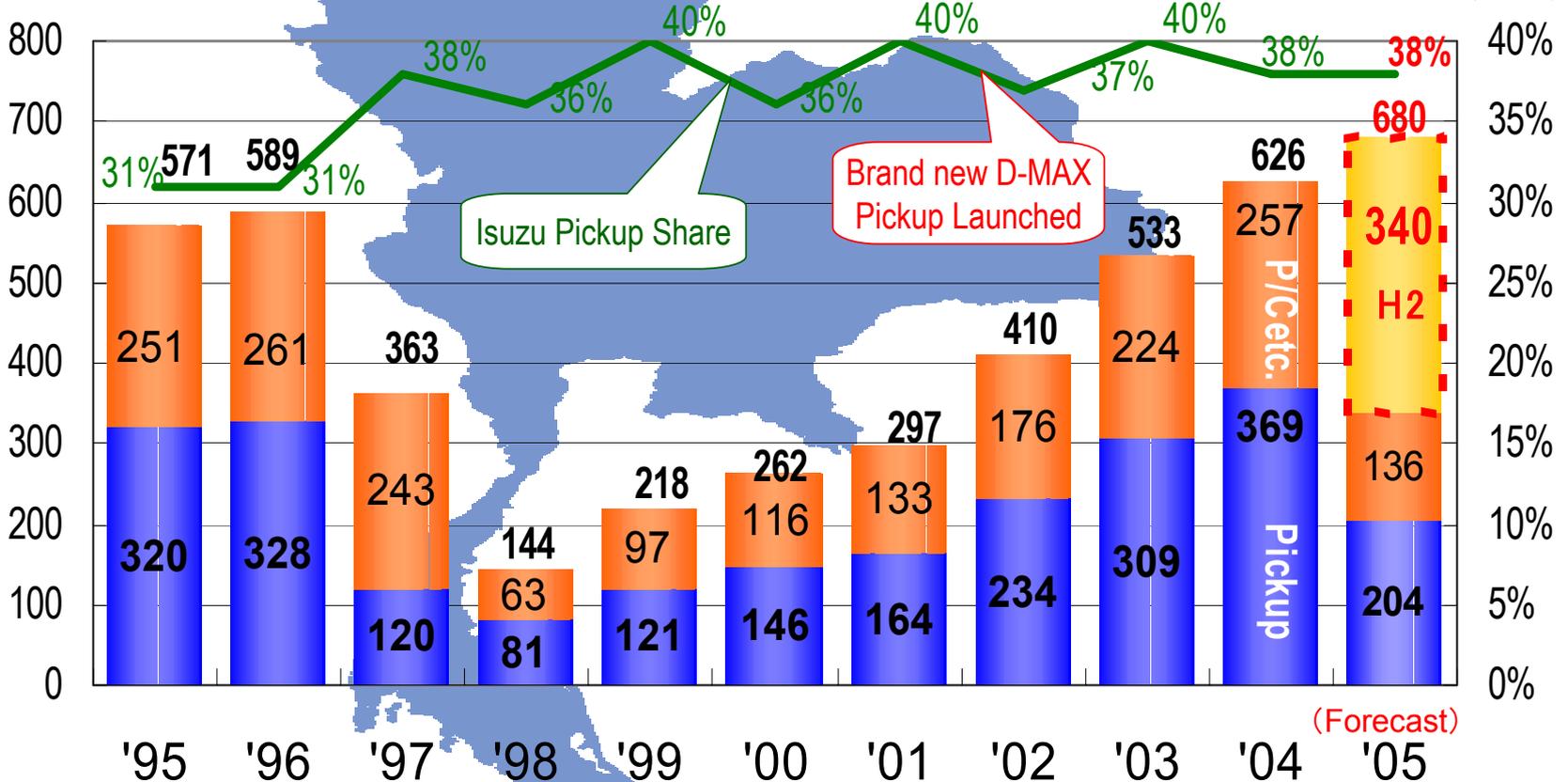


## Thailand Industry Sales

- Total market, pickup, and Isuzu share -

(Unit: 1000)

(Share)



## **2. FY2006 H1 Financial Summary**

## FY06 H1 Consolidated Results

- Six Months, Year-on-year Comparison -

(JPY Bil.)	FY06 H1	FY05 H1	Changes	Consl.-to-Parent Ratio
<b>Sales Revenue</b>	<b>737.3</b>	735.2	<b>+2.1</b>	<b>1.7</b>
<b>Operating Profit</b>	<b>37.9</b>	43.5	<b>-5.6</b>	<b>1.9</b>
<b>Working Profit</b>	<b>40.6</b>	48.3	<b>-7.7</b>	<b>1.3</b>
<b>Net Income</b>	<b>26.0</b>	35.8	<b>-9.8</b>	<b>1.1</b>

\* FX: FY06 H1 = 108JPY/US\$  
FY05 H1 = 109JPY/US\$

<b>PARENT</b>	FY06 H1	FY05 H1	Changes
<b>Sales Revenue</b>	<b>440.3</b>	434.5	<b>+5.8</b>
<b>Operating Profit</b>	<b>19.5</b>	30.3	<b>-10.8</b>
<b>Working Profit</b>	<b>31.8</b>	29.2	<b>+2.6</b>
<b>Net Income</b>	<b>23.8</b>	19.1	<b>+4.7</b>

## FY06 H1 Consolidated Results

- Sales Revenue: Six months, Year-on-year by Segment -

(JPY Bil.)	FY06 H1	FY05 H1	Changes
<b>Sales Revenue</b>	<b>737.3</b>	<b>735.2</b>	<b>+2.1</b>
Operating Profit	37.9	43.5	-5.6
Working Profit	40.6	48.3	-7.7
Net Income	26.0	35.8	-9.8

	FY06 H1	FY05 H1	Changes
<b>Isuzu Parent</b>	<b>440.3</b>	434.5	<b>+5.8</b>
<b>Domestic Dealers</b>	<b>249.5</b>	225.4	<b>+24.1</b>
<b>North America</b>	<b>79.4</b>	115.7	<b>-36.3</b>
<b>ASEAN</b>	<b>224.1</b>	139.9	<b>+84.2</b>
<b>Others</b>	<b>104.2</b>	94.7	<b>+9.5</b>
<b>Consl. Adj.</b>	<b>-360.2</b>	-275.0	<b>-85.2</b>
<b>Total</b>	<b>737.3</b>	735.2	<b>+2.1</b>

Sales Revenue by Segment

## FY06 H1 Consolidated Results

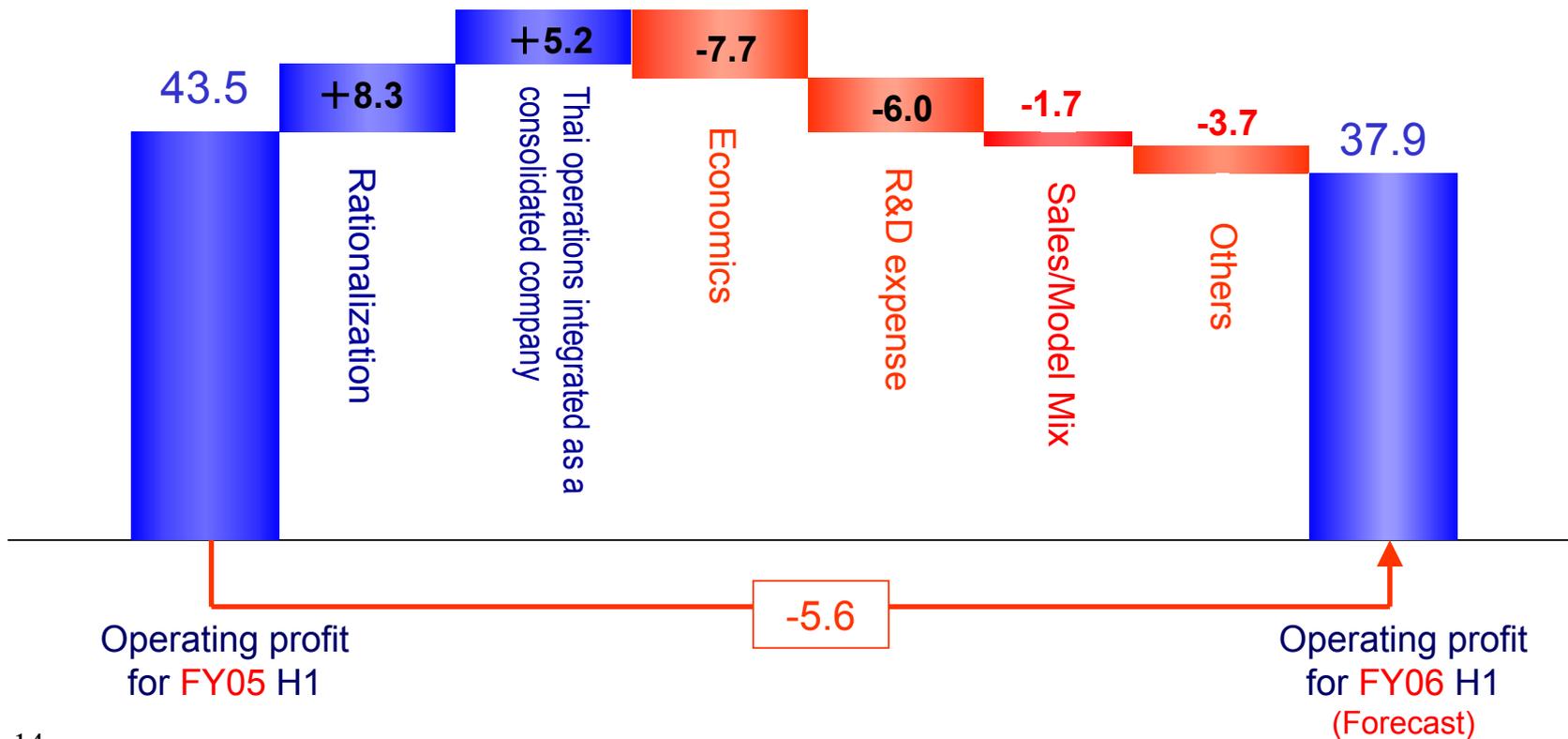
- Operating profit: Six months, Year-on-year by Segment -

(JPY Bil.)	FY06 H1	FY05 H1	Changes
Sales Revenue	737.3	735.2	+2.1
<b>Operating Profit</b>	<b>37.9</b>	<b>43.5</b>	<b>-5.6</b>
Working Profit	40.6	48.3	-7.7
Net Income	26.0	35.8	-9.8

	FY06 H1	FY05 H1	Changes	
<b>Op by Segment</b>	<b>Isuzu Parent</b>	<b>19.5</b>	<b>30.3</b>	<b>-10.8</b>
	<b>Domestic Dealers</b>	<b>2.3</b>	<b>3.4</b>	<b>-1.1</b>
	<b>North America</b>	<b>3.5</b>	<b>2.2</b>	<b>+1.3</b>
	<b>ASEAN</b>	<b>8.5</b>	<b>4.7</b>	<b>+3.8</b>
	<b>Others</b>	<b>4.2</b>	<b>2.7</b>	<b>+1.5</b>
	<b>Consl. Adj.</b>	<b>-0.1</b>	<b>0.2</b>	<b>-0.3</b>
	<b>Total</b>	<b>37.9</b>	<b>43.5</b>	<b>-5.6</b>

## FY05 H1 vs. FY06 H1 Expense fluctuations

- Consolidated operating profit: analysis of change, JPY: Bil. -



## FY06 H1 Consolidated Results

- Working profit, Net income: Six months, Year-on-year -

(JPY Bil.)	FY06 H1	FY05 H1	Changes
Sales Revenue	737.3	735.2	+2.1
Operating Profit	37.9	43.5	-5.6
<b>Working Profit</b>	<b>40.6</b>	<b>48.3</b>	<b>-7.7</b>
<b>Net Income</b>	<b>26.0</b>	<b>35.8</b>	<b>-9.8</b>

Working Profit

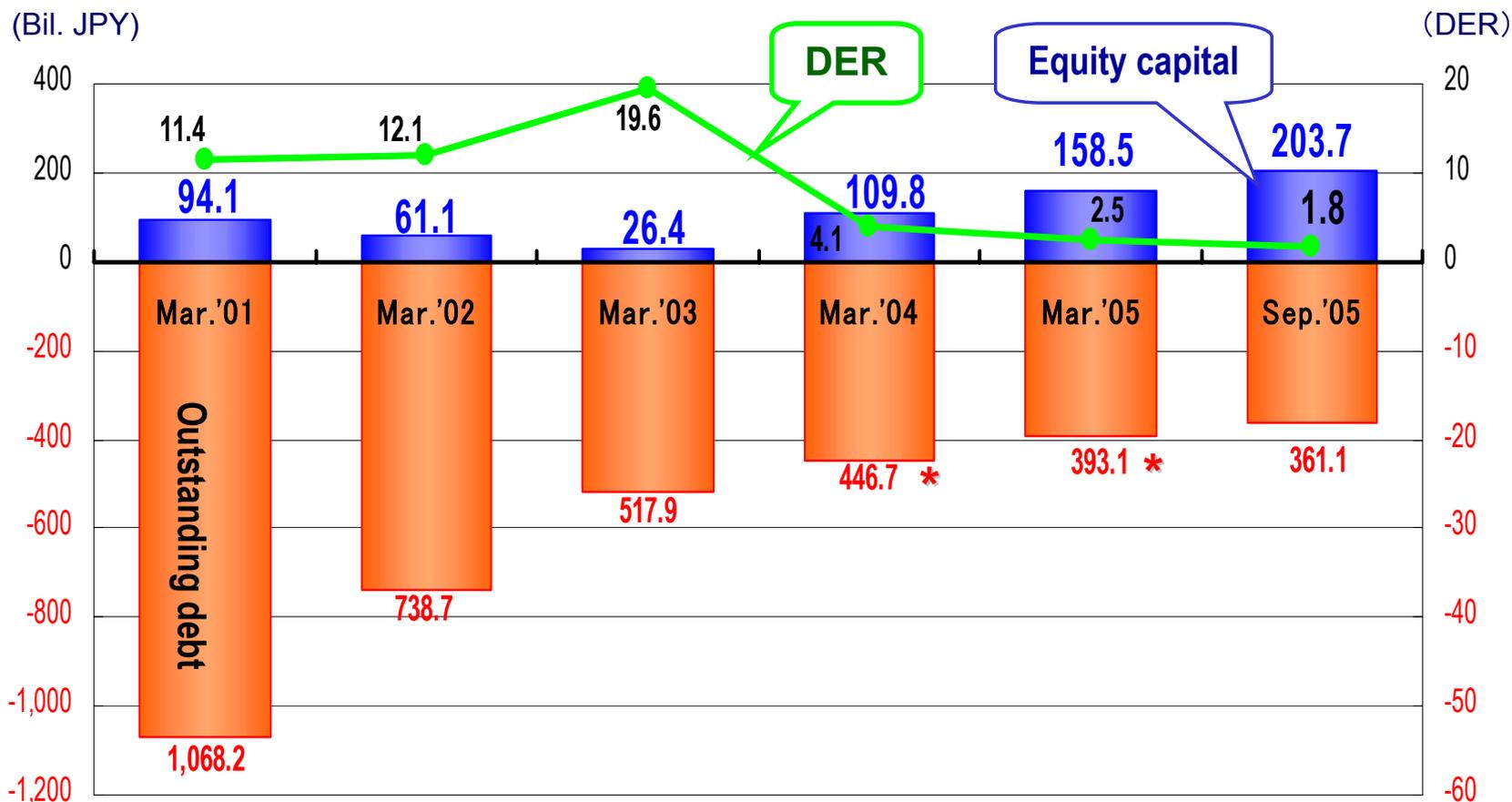
Operating Profit Change		<b>-5.6</b>
Favorable	* Financial income, etc.	+1.2
Unfavorable	* Equity-method affiliates	-3.3
<b>Total</b>		<b>-7.7</b>

Extra profit/  
Loss etc.

<b>Working Profit</b>		<b>40.6</b>
	* N/A JV pay-off	+4.9
	* SUV service assurance	-4.4
	* Property loss, Impairment	-9.4
	* Tax, others	-5.7
<b>Net Income</b>		<b>26.0</b>

## Outstanding Debt and Equity Capital (Consolidated)

- Recent Trend -



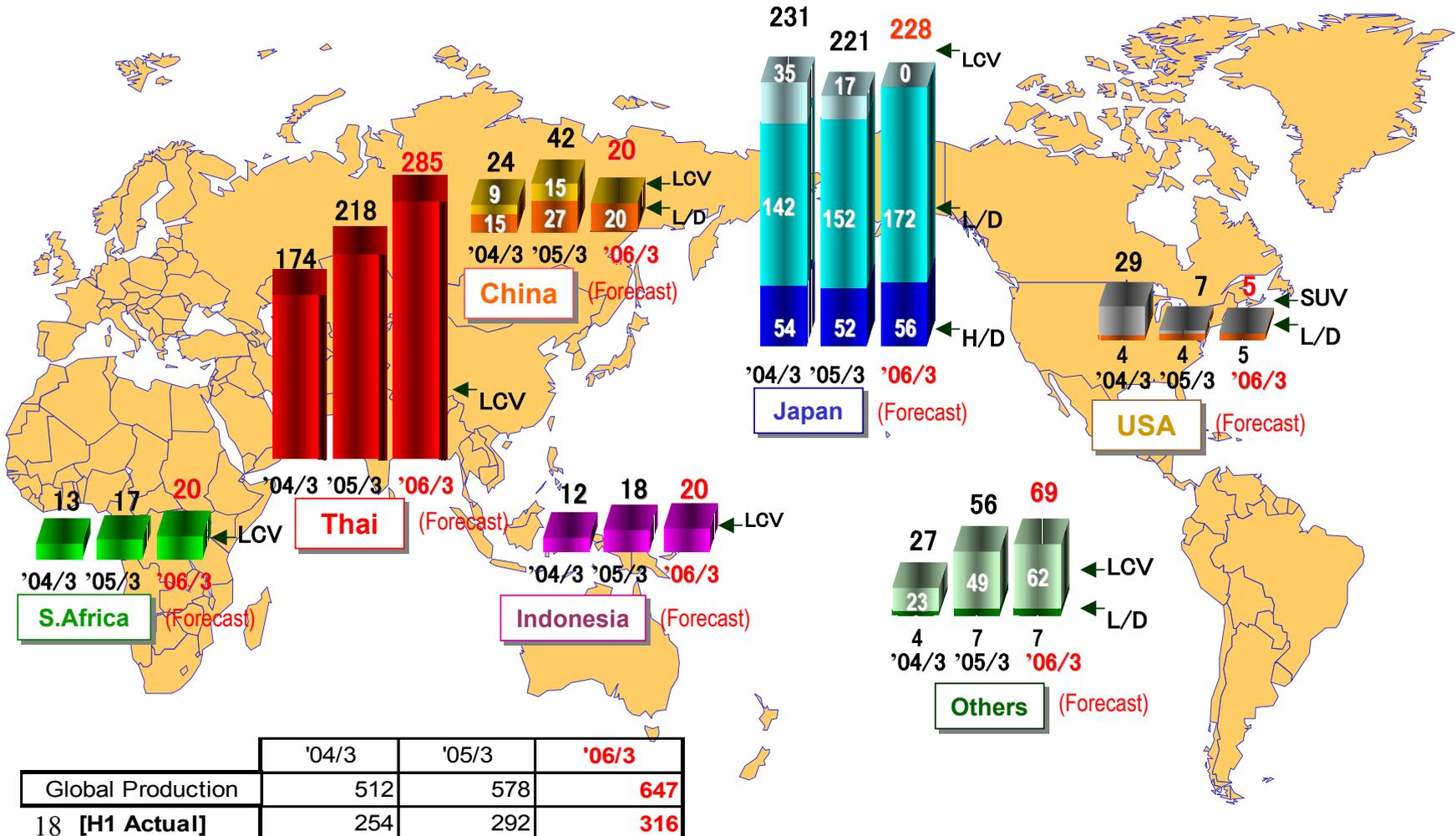
\* Excluding CB

# **3. FY2006 Full-year Outlook**

## **April 2005 - March 2006**

## ISUZU Global Production

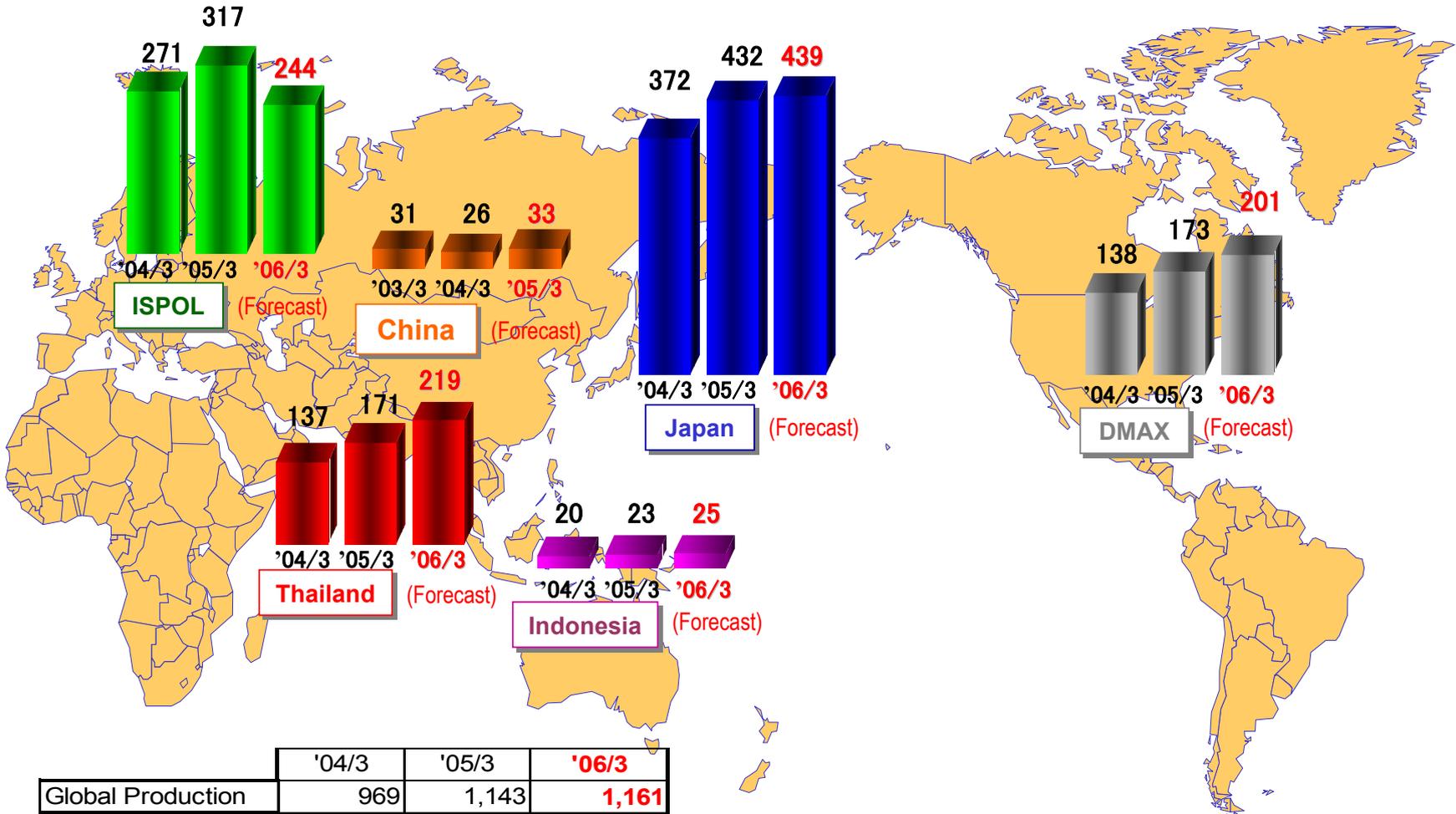
- Country/Product Segment, **Vehicle**: K-units -



[Forecast]

## ISUZU Global Production

- Country Segment, **Diesel Engine**: K-units -



	'04/3	'05/3	'06/3
Global Production	969	1,143	<b>1,161</b>
19 [H1 Actual]	472	572	<b>596</b>

[Forecast]

# FY06 Full-year Outlook

- Consolidated, Year-on-year Comparison -

(JPY Bil.)	FY06	FY05	Changes	Consl.-to-Parent Ratio
<b>Sales Revenue</b>	<b>1,580.0</b>	1,493.6	<b>+86.4</b>	1.7
<b>Operating Profit</b>	<b>90.0</b>	87.2	<b>+2.8</b>	1.6
<b>Working Profit</b>	<b>90.0</b>	91.6	<b>-1.6</b>	1.4
<b>Net Income</b>	<b>55.0</b>	60.0	<b>-5.0</b>	1.1

\* FX: FY06 = 107JPY/US\$  
FY05 = 107JPY/US\$

PARENT	FY06	FY05	Changes
<b>Sales Revenue</b>	<b>940.0</b>	880.1	<b>+59.9</b>
<b>Operating Profit</b>	<b>55.0</b>	60.6	<b>-5.6</b>
<b>Working Profit</b>	<b>65.0</b>	53.9	<b>+11.1</b>
<b>Net Income</b>	<b>50.0</b>	27.0	<b>+23.0</b>

## FY06 Full-year Outlook

- Consolidated Sales Revenue, Year-on-year by Segment -

(JPY Bil.)	FY06	FY05	Changes
<b>Sales Revenue</b>	<b>1,580.0</b>	1,493.6	<b>+86.4</b>
Operating Profit	90.0	87.2	+2.8
Working Profit	90.0	91.6	-1.6
Net Income	55.0	60.0	-5.0

	FY06	FY05	Changes
Sales Revenue by Segment	<b>Isuzu Parent</b>	880.1	<b>+59.9</b>
	<b>Domestic Dealers</b>	474.5	<b>+75.5</b>
	<b>North America</b>	199.0	<b>-39.0</b>
	<b>ASEAN</b>	295.5	<b>+164.5</b>
	<b>Others</b>	196.8	<b>+13.2</b>
	<b>Consl. Adj.</b>	-552.3	<b>-187.7</b>
	<b>Total</b>	<b>1,580.0</b>	1,493.6

## FY06 Full-year Outlook

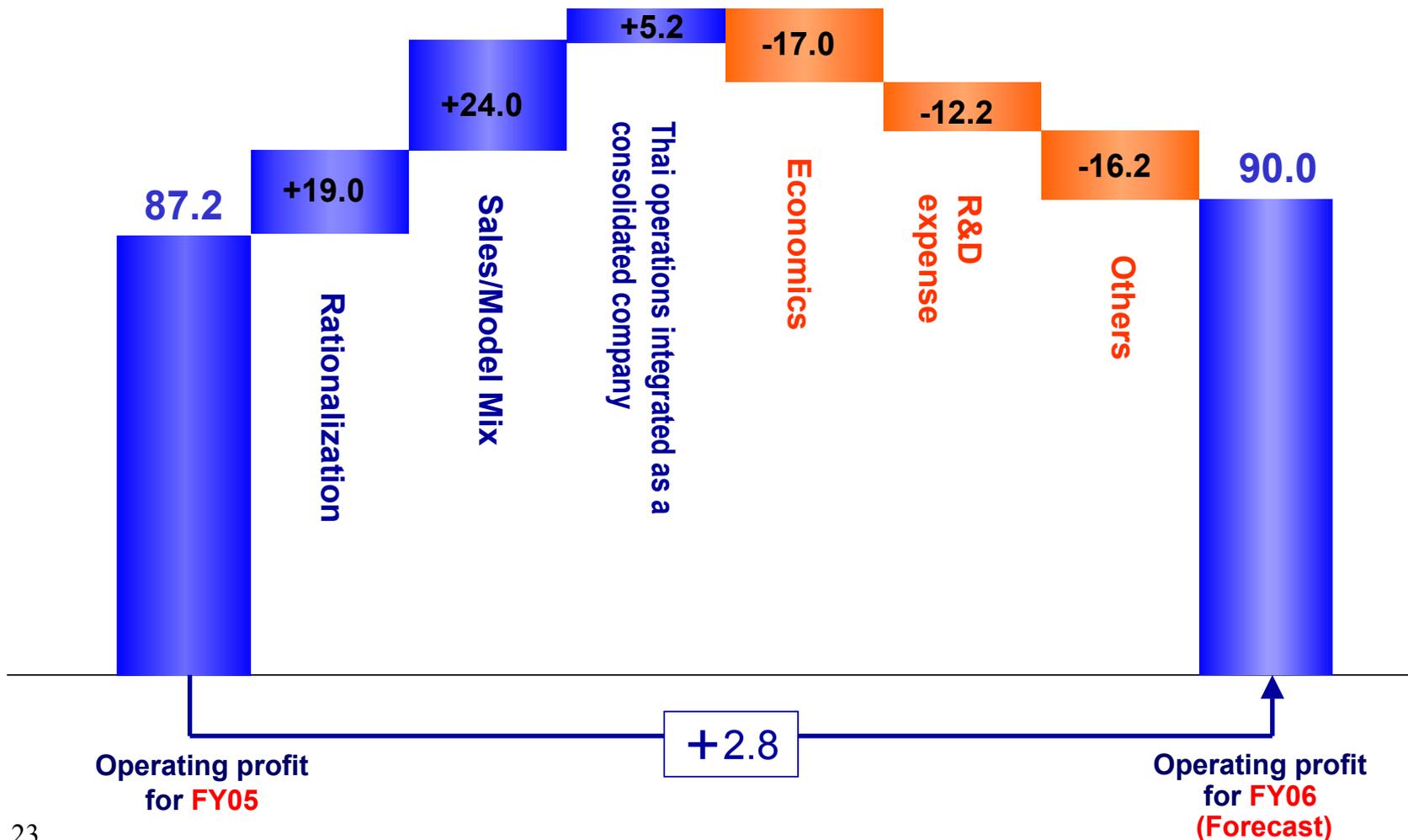
- Consolidated Operating profit, Year-on-year by Segment -

(JPY Bil.)	FY06	FY05	Changes
Sales Revenue	1,580.0	1,493.6	+86.4
<b>Operating Profit</b>	<b>90.0</b>	<b>87.2</b>	<b>+2.8</b>
Working Profit	90.0	91.6	-1.6
Net Income	55.0	60.0	-5.0

OP by Segment		FY06	FY05	Changes
	Isuzu Parent	55.0	60.6	-5.6
	Domestic Dealers	5.0	6.0	-1.0
	North America	5.0	-0.4	+5.4
	ASEAN	20.0	15.2	+4.8
	Others	8.0	5.2	+2.8
	Consl. Adj.	-3.0	0.6	-3.6
	<b>Total</b>	<b>90.0</b>	<b>87.2</b>	<b>+2.8</b>

## FY05 vs. FY06 Expense fluctuations

- Consolidated operating profit: analysis of change, JPY: Bil. -



## FY06 Full-year Outlook

- Working profit, Net income, Year-on-year -

(JPY Bil.)	FY06	FY05	Changes
Sales Revenue	1,580.0	1,493.6	+86.4
Operating Profit	90.0	87.2	+2.8
<b>Working Profit</b>	<b>90.0</b>	91.6	<b>-1.6</b>
<b>Net Income</b>	<b>55.0</b>	60.0	<b>-5.0</b>

Working Profit

Operating Profit Change		<b>+2.8</b>
Favorable	* Financial income, etc.	+2.9
Unfavorable	* Equity-method affiliates	-7.3
<b>Total</b>		<b>-1.6</b>

Extra profit/  
Loss etc.

<b>Working Profit</b>		<b>90.0</b>
	* N/A JV pay-off	+4.9
	* SUV service assurance	-4.4
	* Property loss, Impairment	-19.8
	* Tax, others	-15.7
<b>Net Income</b>		<b>55.0</b>

**President and  
Representative Director**

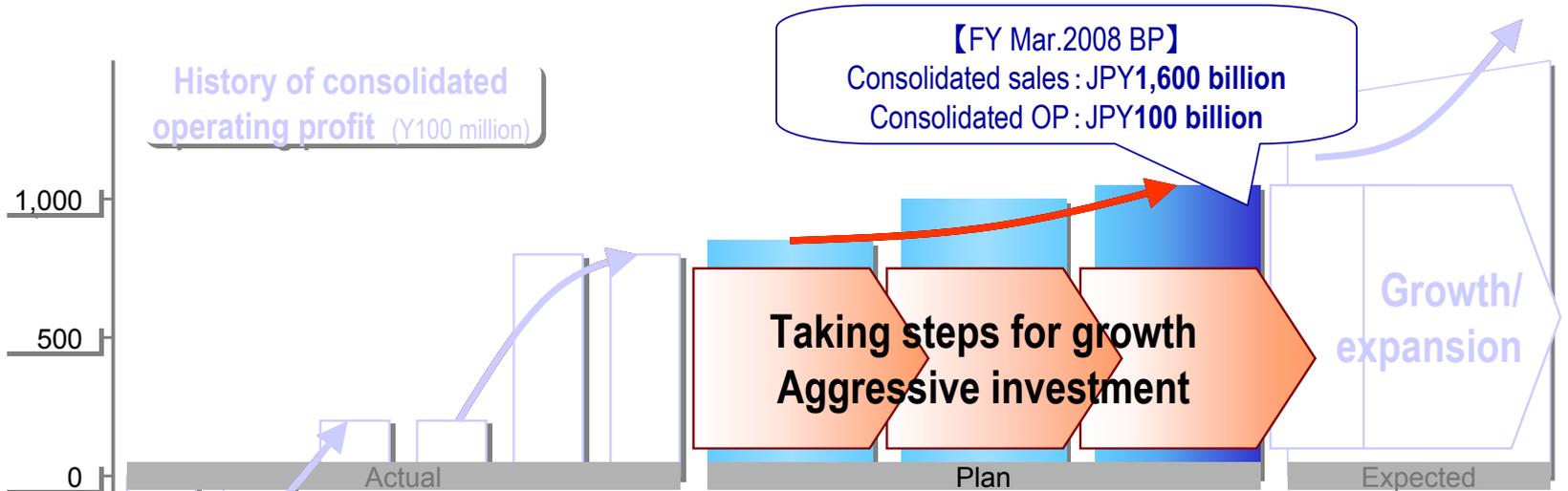
**Yoshinori Ida**

# **4. Mid-term Business Plan Status**

## **April 2005 - March 2008**

## Mid-term Business Plan

- FY2006 to FY2008 -



- ① Develop globally strategic products
- ② Reinforce business activities by market/product

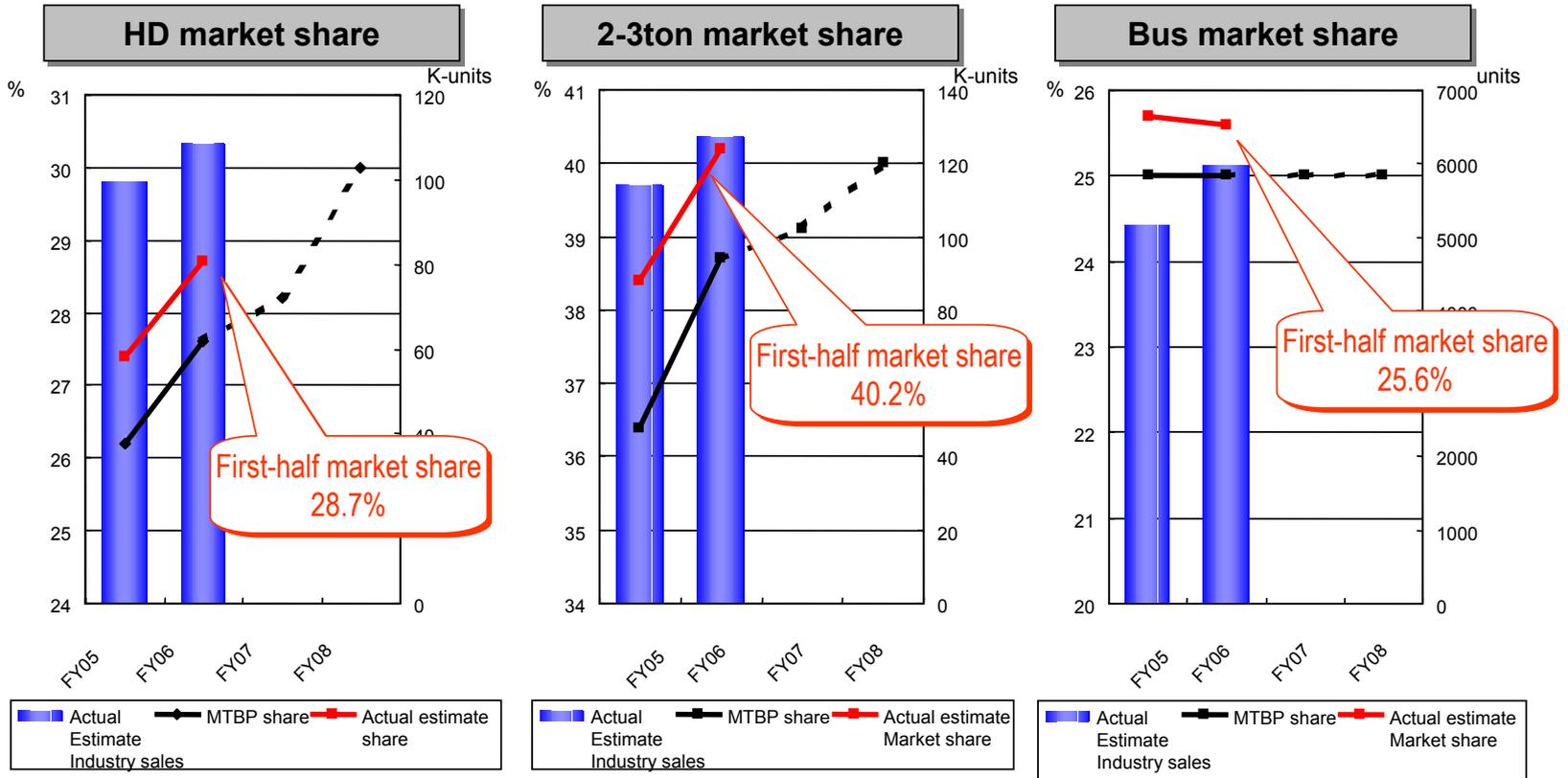
## Progress of Mid-term Business Plan (MTBP)

- 1. Strengthening of domestic CV sales**
  - (1) Industry sales/market share
  - (2) Reinforcement of product line-ups
  - (3) Priority Sales Programs to be tackled
  - (4) Strengthening of Dealership Profit Foundation
- 2. Establishment/strengthening of overseas sales organizations**
- 3. Environmental change after formulation of mid-term business plan**

## Strengthening of domestic CV sales (1)

- Industry sales/Market Share -

- 2-3ton : 40.2%, better than the mid-term business plan; HD : 28.7%, better than the initial plan; Bus : 25.6%, better than the plan.
- The dedicated department responsible for expanding the tractor sales is newly established within Domestic Sales Department.



Note) Actual for FY ending March'06 denotes the first-half (April-Sept.'05) market share.

## Strengthening of domestic CV sales (2)

- Reinforcement of product line-ups -

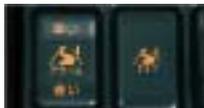
### Safety

#### Expand the next-generation Safety equipment

- GIGA tractors equipped with the electronic vehicle control system "IESC" as standard item. (July '05)



- GIGA equipped with the driving concentration monitor (May '05)



H/D Sightseeing bus GALA fully redesigned (August '05)

Expanded application of "Mimamori" online system (February '05)

### Economy

#### Expand the next-generation drivetrain smoother series.

- Smoother F auto shift available on FORWARD. (October '05)
- Smoother G revamped for application to GIGA. (May '05)

Smoother-F



Smoother-G



### Environment

#### Introduce the next-generation engine series "D-CORE".

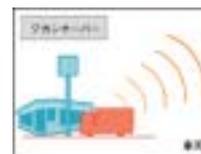
- Adopt 6UZ1 meeting new short-term regulation (May '05)
- Adopt 4HK1 meeting new long-term regulation (June '05)

ISUZU NEXT-GENERATION DIESEL  
D-CORE



#### Introduce the next-generation low-emission vehicles.

- Revamped CNG-fueled ELF (April '05)
- ELF Diesel Hybrid (April '05)



## Strengthening of domestic CV sales (3)

— Priority Sales Programs to be tackled —

- **Target market segments are clearly defined to strengthen sales programs.**
  - Expansion of users focusing on cargo trucks for commercial use
  - Promotion of further capture of L/D truck customers for private use

### Priority sales programs

Performance for FY ending Sept. '05

**Strengthening of sales force to increase sales to cargo truck customers for commercial use**

- Continuation/strengthening of proposal-type sales promotion
  - Transportation strategy seminar
  - Accident reduction seminar
  - Mimanori hands-on demonstration
- Expansion of tractor sales increase organization
- Expansion of deployment of completed vehicles for commercial use

10+12t or bigger  
Cargo truck  
for commercial use:  
Market share

25.8%  
(+2.6%)

**Strengthening of sales force to increase sales to L/D truck customers for private use**

- Aggressive utilization of sub-channel
- Development of new sales techniques (trial)-Retail center—
- Strengthening of sales promotion
- ELF Ladies

2-3t trucks for private use:  
Market share  
37.8%  
(+2.1%)

## Strengthening of domestic CV sales (4)

— Strengthening of dealership profit foundation —

- Dealership constitution is changing for better so that profit may not be susceptible to economic trend.

### Improvement of dealership constitution

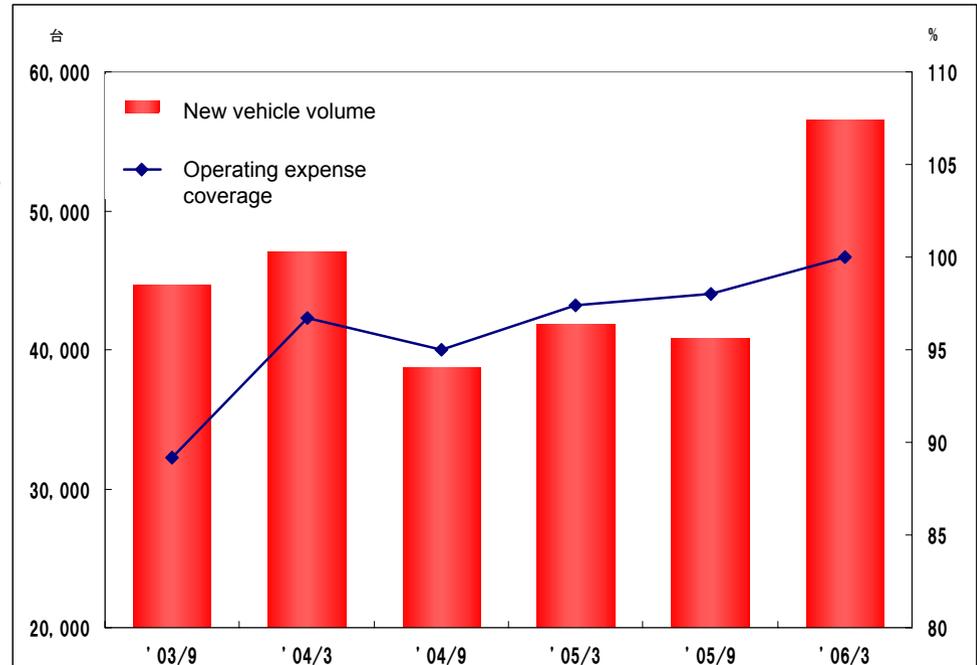
- Increase of fixed revenues
- Reduction in operating expenses

Operating expense coverage\*  
98.7%(+2.7%)

- Restructure of borrowings of consolidated dealerships

Applied to 3 dealerships  
Expanded to all dealerships by March '06

### [Trend of operating expense coverage]



\* Means index showing business stability by acquisition of incidental businesses related to vehicles not directly affected by new vehicle sales.

(Percent in the parenthesis represents the value compared with the corresponding period of the previous year.)

## Establishment/strengthening of overseas sales organizations

### Progress after announcement of settlement of account for FY ending March '05

#### China

- In June '05, the industry engine dealers (ISZ's 100% owned subsidiary established in Shanghai at the beginning of '05) started operations on a full-scale basis.
- In June '05, Isuzu increased an equity in Qingling Motors Co., Ltd. to about 20% and started studying possibility of establishing a DE sales JV.

#### Mexico

- In October '05, Isuzu established New Sales JV, which was locally launched in November.

#### Ukraine

- In July '05, Isuzu agreed with BOGDAN Corporation, etc., to study a possibility of an export to Russia/CIS market. L/D trucks in addition to buses will be introduced.

#### Australia

- In November 1, '05, Isuzu purchased all of IGM shares owned by GM to increase its equity holding in IGM to 100% and IGM was renamed IAL (Isuzu Australia Limited). The NEWCO started operation in November '05.

## Environmental Changes after formulation of mid-term business plan

### Domestic industry sales

- Upward revised from the estimated values under mid-term plan

### China Operations

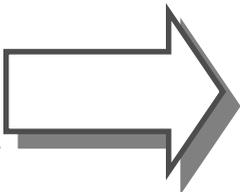
- Expand business with the existing JV as a core
  - Strengthen engine business in addition to vehicle business

### GM Collaboration

- Deploy Win-Win businesses for both ISZ/GM
  - CV business is deployed under the initiative of ISZ
  - In other areas of businesses ISZ collaborates with GM with focus given on profitability

### Economic changes

- Impact of steel materials/crude oil price hike
  - Impact on overseas market segments (especially, ASEAN/Africa which are weak in economic foundation)
  - Acceleration of shift of demand from G/E to D/E



Based on above, the mid-term business plan is tracked by breaking down into a rolling plan.

**Trucks for life**

**ISUZU**

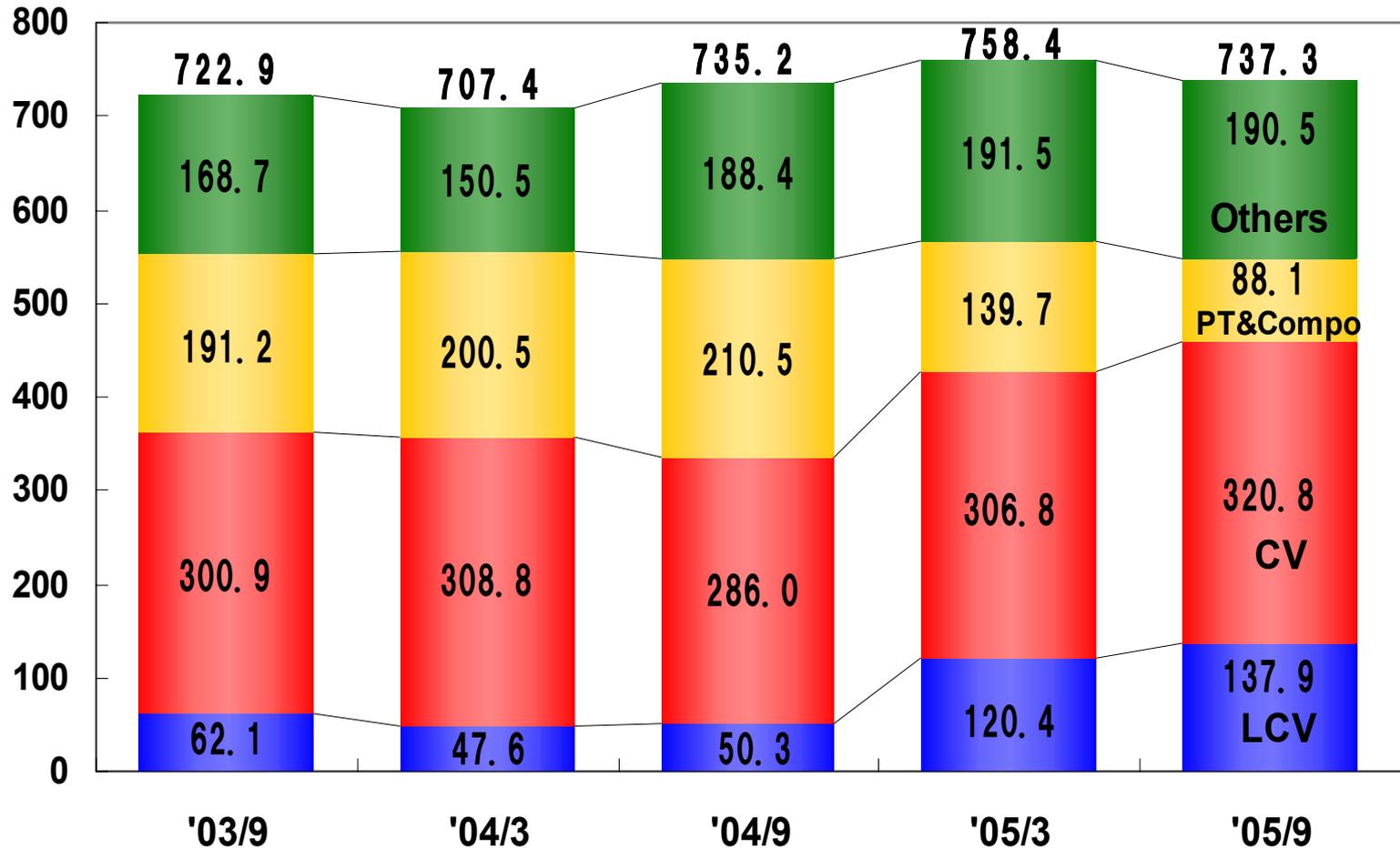
# **[Appendix]**

## **Main Financial Index**

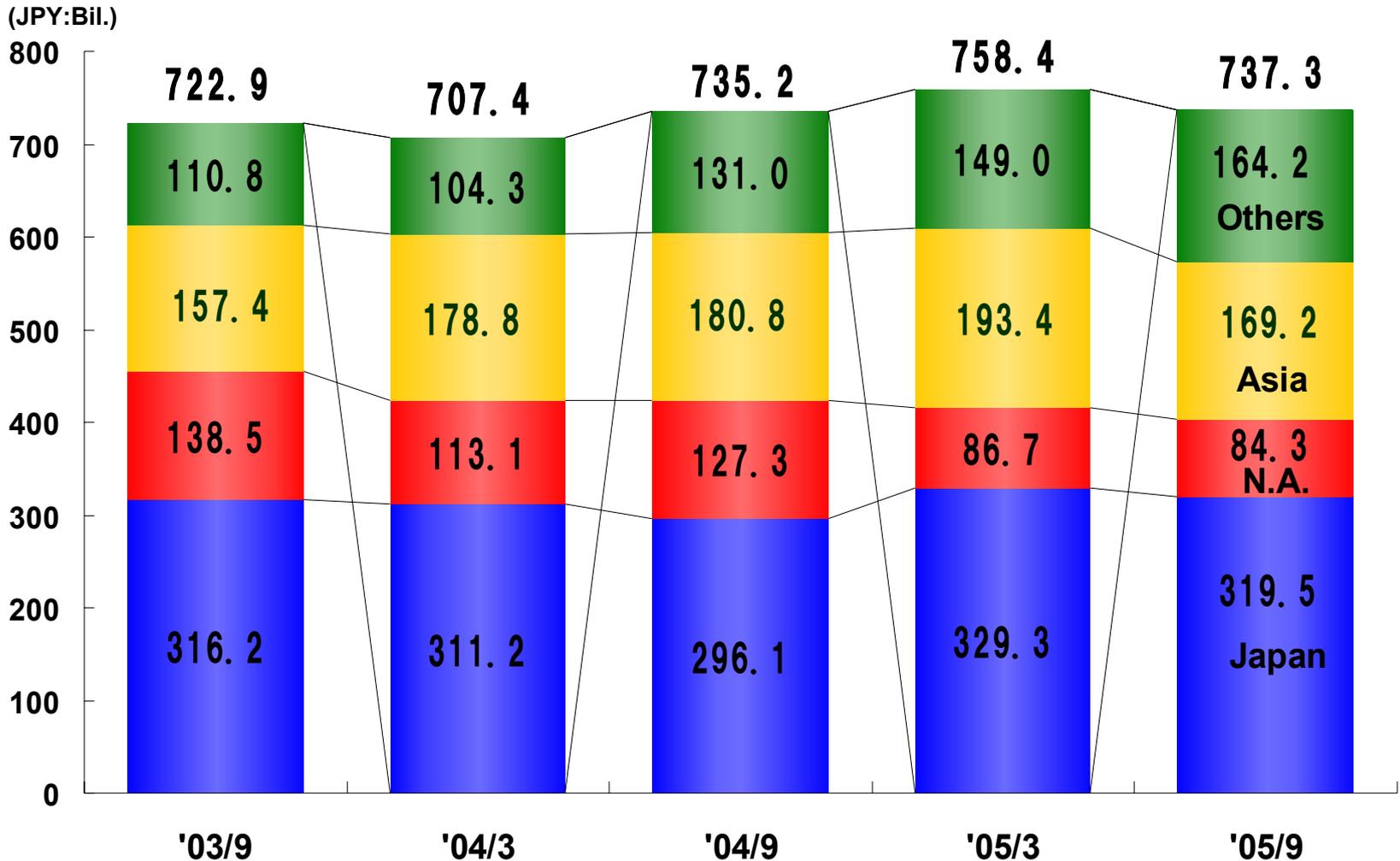
## Consolidated Revenue by Segment

- LCV, CV, PT&Compo, Others(KD, parts, financing) -

(JPY: Bil.)

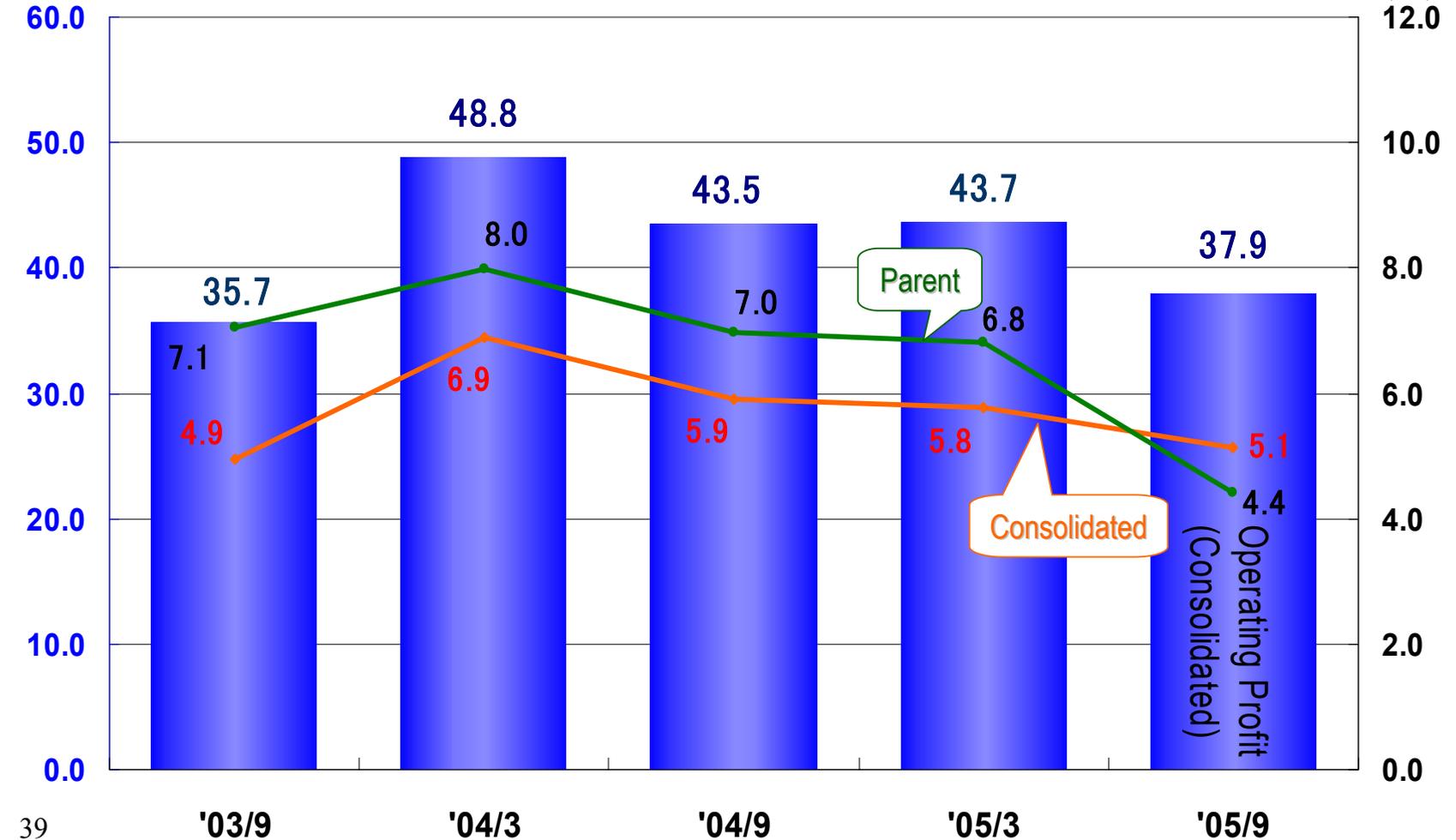


## Consolidated Revenue by Region



## Operating Margin: Historical Trend

(JPY: Bil.)

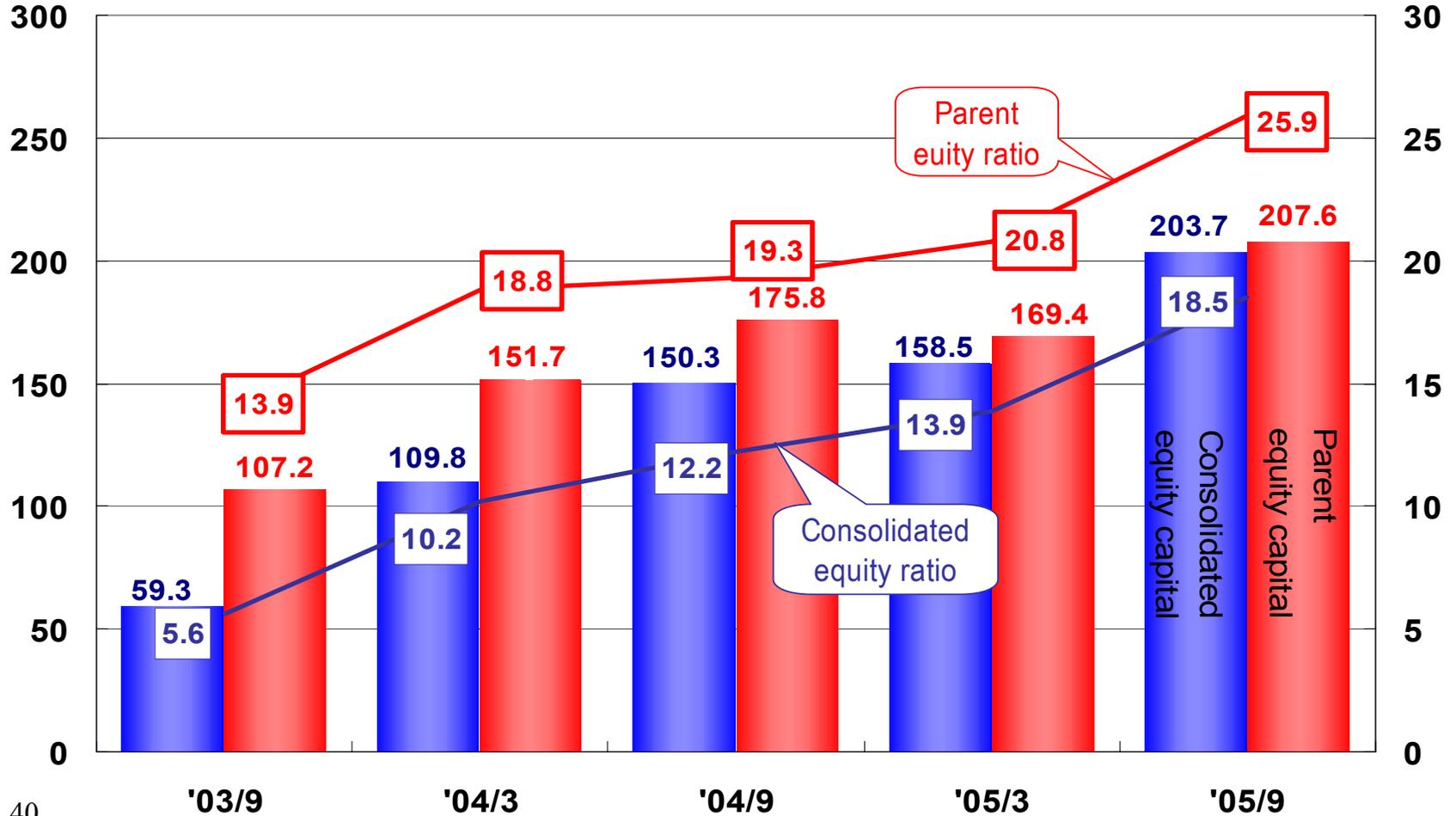


## Net Worth Improvement

- Consolidated and parent net worth -

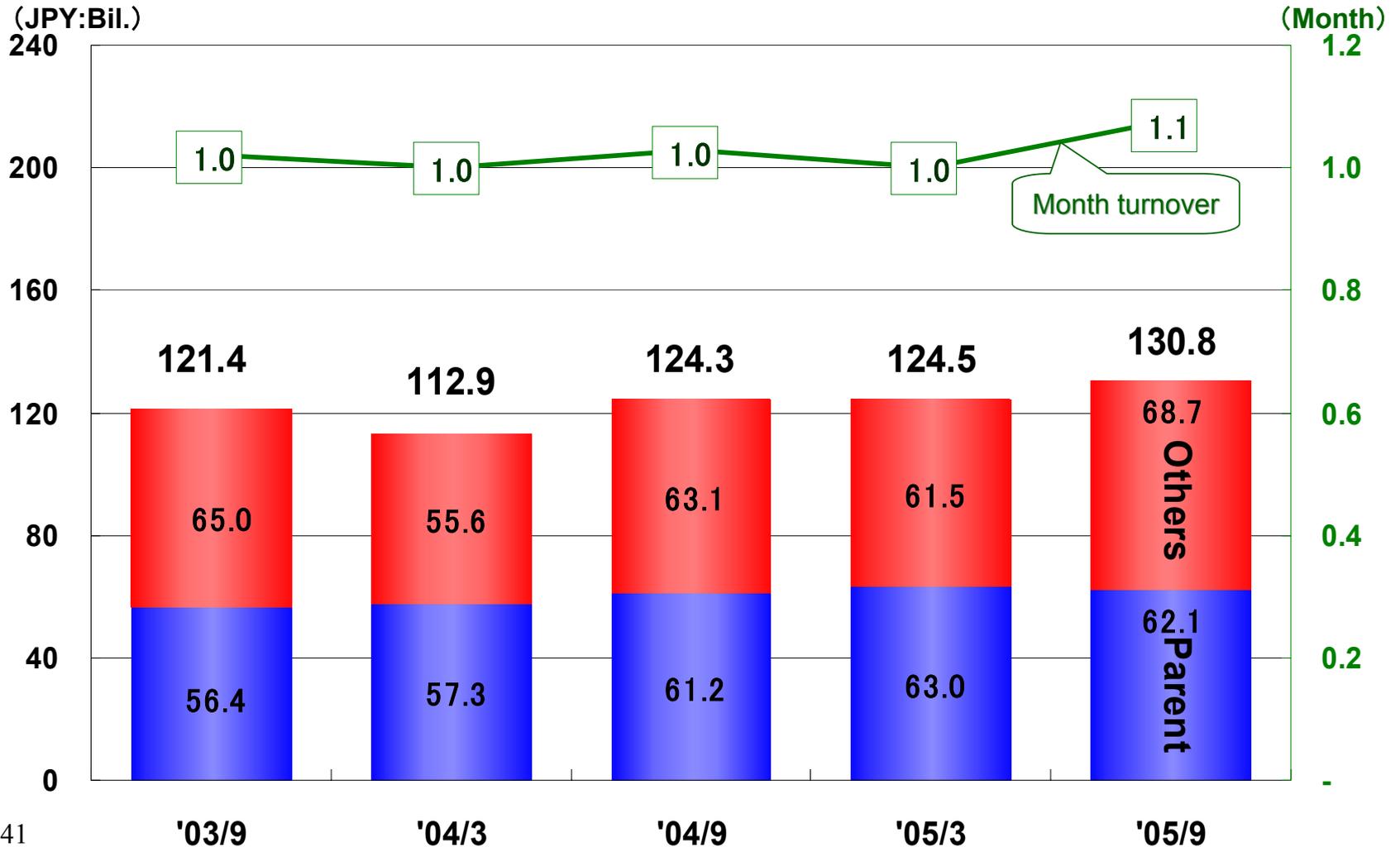
(JPY: Bil.)

(%)



## Inventory Balance

- Consolidated -



## Improved Earnings Foundation

- Fixed cost to total revenue: Parent -

