

# FY2023 1H Financial Results

November 9, 2022  
ISUZU MOTORS LIMITED

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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.

**Senior Executive Officer,  
Group Chief Financial Officer,  
Deputy Division Executive,  
Corporate Planning &  
Finance Division**

**Naoto Nakamata**

# 1. Overview

## Overview -1

### 1. FY2023 1H Results

- CVs were affected by chip shortage and lack of supply of parts arising from the Shanghai lockdown.
- Despite the soaring prices of materials and logistic fees, profits increased thanks to larger LCV sales units and weaker Japanese yen.

### 2. FY2023 Full-Year Outlook

- Demand remains favorable in overseas markets for both CVs and LCVs.
- Though recovery in procurement of semiconductors for CVs continues, is forecasted to be delayed than our original assumptions. Decreased production of CVs for developed countries will continue.
- Material cost, including locally procured components, shall inflate beyond our original assumptions.
- Though further rise in material costs and chip shortage are to continue, shall revise upward the full-year outlook considering improvements in model mix and significant depreciation of Japanese yen.

I am Nakamata, Group CFO and Deputy Division Executive of the Corporate Planning & Finance Division.

First, I will briefly explain the overview of our business.

In the first half of this fiscal year ending March 2023, our CV sales were largely impacted by a shortage of semiconductors and parts supply disruptions caused by the Shanghai lockdown.

On the profit and loss front, despite soaring costs of materials and logistics, our profits rose thanks to an increase in LCV volume and weaker Japanese yen.

As for the full year outlook of the fiscal year ending March 2023, we expect both CVs and LCVs to continue to sell well in overseas markets. However, although we see signs of recoveries in the supplies of semiconductors needed for CVs, it is not getting up to the speed we anticipated. We expect a further reduction in manufacturing volume planned for developed countries.

Material costs including locally-procured components have gone up more than the outlook made at the beginning of this fiscal year.

As for profit and loss, we have revised our full-year outlook upward due to improvements in our model mix and significant depreciation of the yen, despite the impact of higher materials costs and semiconductor shortages.

**3. Affects from Supply Chain Disruptions**

	1 <sup>st</sup> Half Results	2 <sup>nd</sup> Half Outlook
Japan (CV)	<ul style="list-style-type: none"> <li>• Chip shortage remains</li> <li>• Difficulties in parts procurement for heavy- to light-duty trucks occurred from the Shanghai lockdown; the impact has been converged within the 1<sup>st</sup> half</li> </ul>	<ul style="list-style-type: none"> <li>• See recoveries in procurement of semiconductor shortage, but normalization in FY2023 is unpromising</li> </ul>
Thailand (LCV)	<ul style="list-style-type: none"> <li>• Difficulties were seen in procurement of some of the components, but no severe impact to production</li> </ul>	<ul style="list-style-type: none"> <li>• Unstable supplies of some of the components continues, but plans high-level production</li> </ul>

Next, I will explain the impact of supply chain disruptions.

In Japan, production constraints from a shortage of semiconductors continued in the first half.

On top of this, the Shanghai lockdown caused a suspension of CV line’s operations which inevitably reduced manufacturing volume, but this issue has been resolved. The semiconductor shortage is expected to continue in the second half. Although the recovery trend continues, we do not expect it to normalize in the current fiscal year.

In Thailand, although supply of some parts remains unstable, there has been no major impact on the line’s operations, and we plan to maintain a high operation level.

## Overview: FY2023 1H Consolidated Results

**ISUZU**

Global Sales Units (K-units)		FY2023 1H	FY2022 1H	Changes	
CV Total	CV-Japan	27	* 37	-10	-27%
	CV-Overseas	148	* 132	16	12%
CV Total		175	* 169	6	3%
LCV Total	LCV-Thailand	104	71	33	45%
	LCV-Export	104	92	12	14%
LCV Total		208	163	45	28%
Total		383	332	51	15%

\*Above FY2022 1H figures includes April-June 2021 sales units of UD Trucks (a total of 4K-units, 2K-units for both CV-Japan and CV-Overseas).

### Financial Results (Bil. Yen)

Sales	* 1,493.3	1,145.1	* 348.2	30%
Operating Income	112.2	97.3	14.9	15%
Ordinary Income	125.5	106.6	18.9	18%
Net Income	73.0	71.1	1.9	3%

\*Effect of consolidation of UD Trucks: 79.3 billion yen

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Here is the summary of our results for the first half of this fiscal year ending March 2023.

In terms of global sales, due to production constraints caused by the semiconductor shortage, domestic CV sales were significantly decreased compared to the previous year. On the other hand, overseas CV sales exceeded the previous half year since we shifted our production to emerging markets. LCV sales were significantly higher than the previous half year owing to an improved supply of semiconductors.

Sales increased by 348.2 billion yen from the previous year due to an increase in unit sales and the contribution made by UD Trucks. As for profit and loss, we achieved a rise in both revenue and profit thanks to an increase in sales volume and foreign exchange rates, despite higher material costs, etc.

## Overview: FY2023 Full-Year Outlook

Global Sales Units (K-units)		FY2023 Forecast	FY2023 Previous Plan	Changes		(Reference) FY2022
CV Total	CV-Japan	69	70	-1	-2%	65
	CV-Overseas	293	294	-1	-0%	278
		362	364	-2	-1%	343
LCV Total	LCV-Thailand	206	217	-11	-5%	173
	LCV-Export	232	221	11	5%	205
		438	438	0	0%	378
	Total	800	802	-2	-0%	721

### Financial Forecast (Bil. Yen)

Sales	3,100.0	3,000.0	100.0	3%	2,514.3
Operating Income	230.0	200.0	30.0	15%	187.2
Ordinary Income	245.0	210.0	35.0	17%	208.4
Net Income	140.0	127.0	13.0	10%	126.2
Dividends	72 Yen	66 Yen	6 Yen		66 Yen

Here is a summary of our full-year outlook for the fiscal year ending March 2023.

Global sales volume is expected to decrease both in Japan and overseas markets compared to the initial outlook because the recovery in supply of semiconductors required for CVs remains slow. In the LCV category, we expect the number of units to be about the same as the initial forecast, although we forecast a change in unit sales breakdown between the domestic market in Thailand and Export.

Although unit sales are expected to decline, we have revised the sales forecast upward due to currency effects arising from the significant depreciation of the Japanese yen.

In regard to the profit and loss, despite continued high material costs, we expect profit to exceed our initial forecast thanks to improvements in model mix and significant depreciation of the Japanese yen.

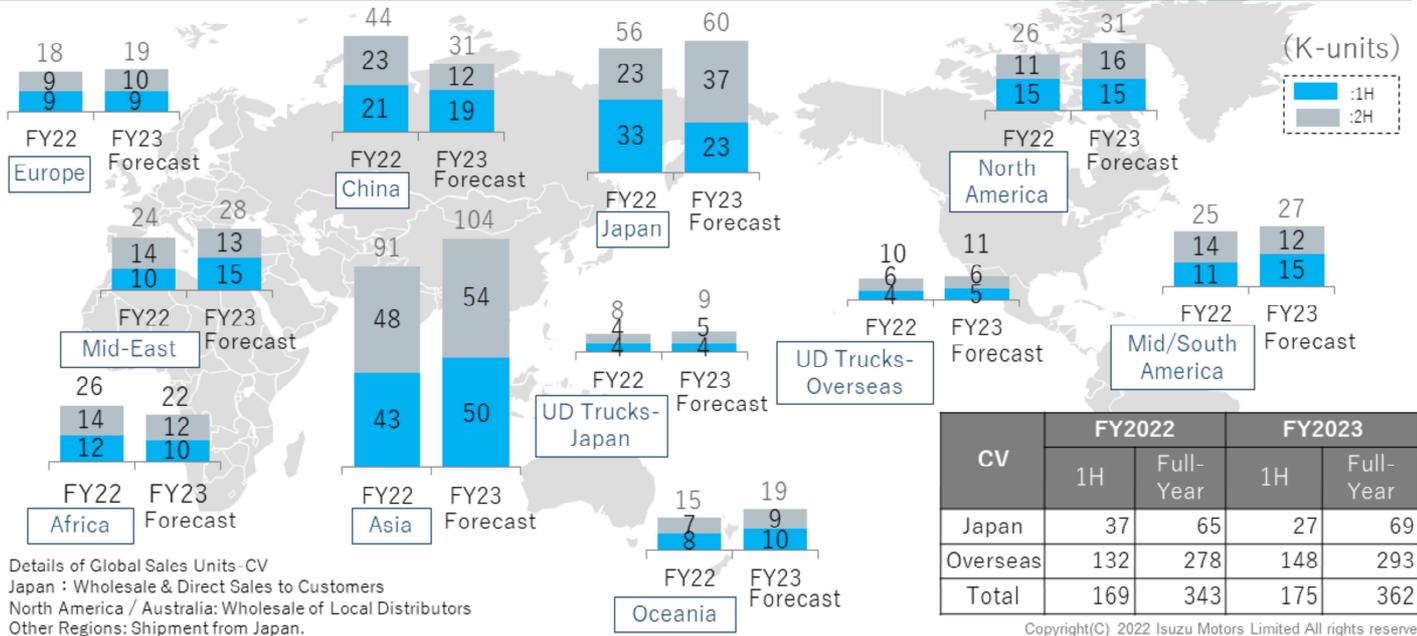
In response to the upward revision of the profit forecast, our dividend forecast is revised to 72 yen per share, an increase of 6 yen from the initial forecast.

## 2. FY2023 1H Financial Summary and Full-year Outlook

I will now explain details about the results of the first half of fiscal year 2023 ending March 2023 and the full year outlook.

# Global Sales Units (CV) -1

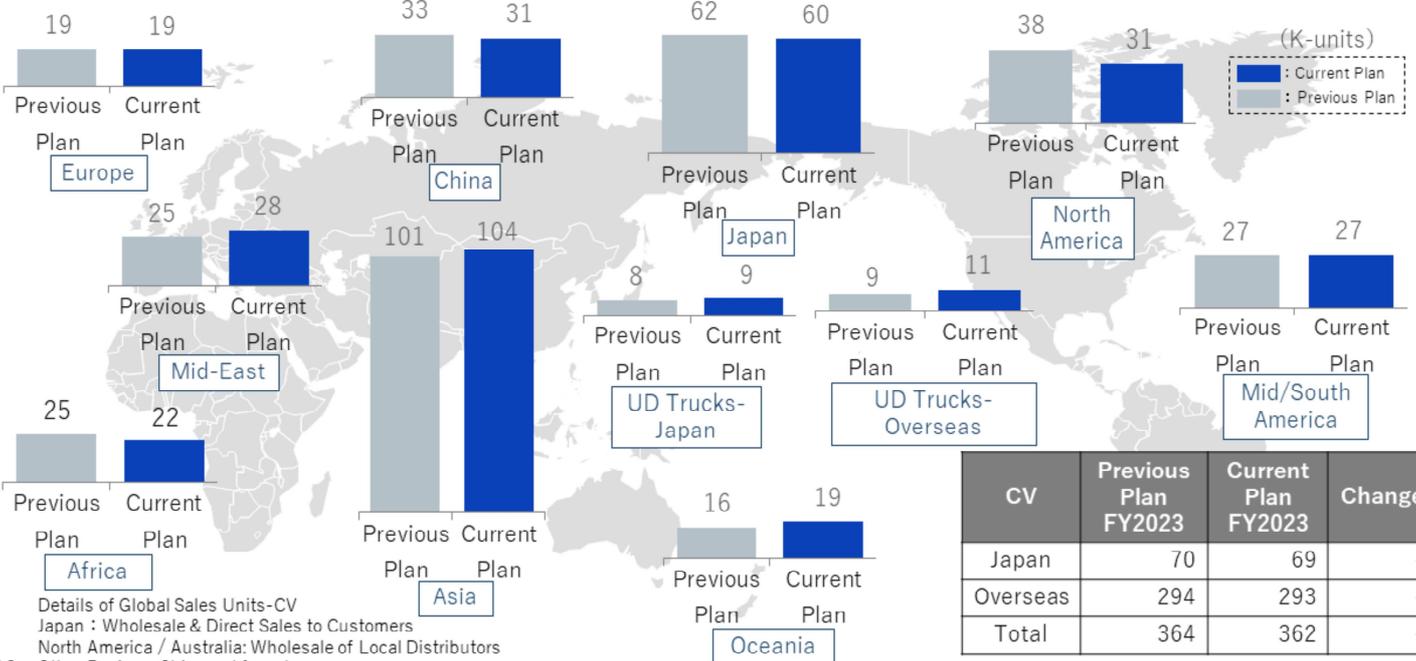
- Only a slight increase in sales units in 1<sup>st</sup> half due to impacts from chip shortage and Shanghai lockdown.
- Though sluggish when compared with our original assumptions, recovery in chip shortage will continue in the 2<sup>nd</sup> half. Sales units in developed countries will increase from the 1<sup>st</sup> half.



Next, I will explain about the global CV unit sales. Global CV unit sales in the first half posted no more than a slight increase year on year to 175,000 units due to the semiconductor shortage and the Shanghai lockdown. In our forecast for the second half, we expect to increase CV unit sales in the Japanese market, thanks to recoveries from the semiconductor shortage, which is, however, a slower recovery than we expected.

# Global Sales Units (CV) -2 Comparison of Full-Year Outlook from those announced in May ISUZU

- Delay in recovery of chip supply will decrease units for developed countries.
- Will minimize the impact of production cut by shortening lead time until sales.

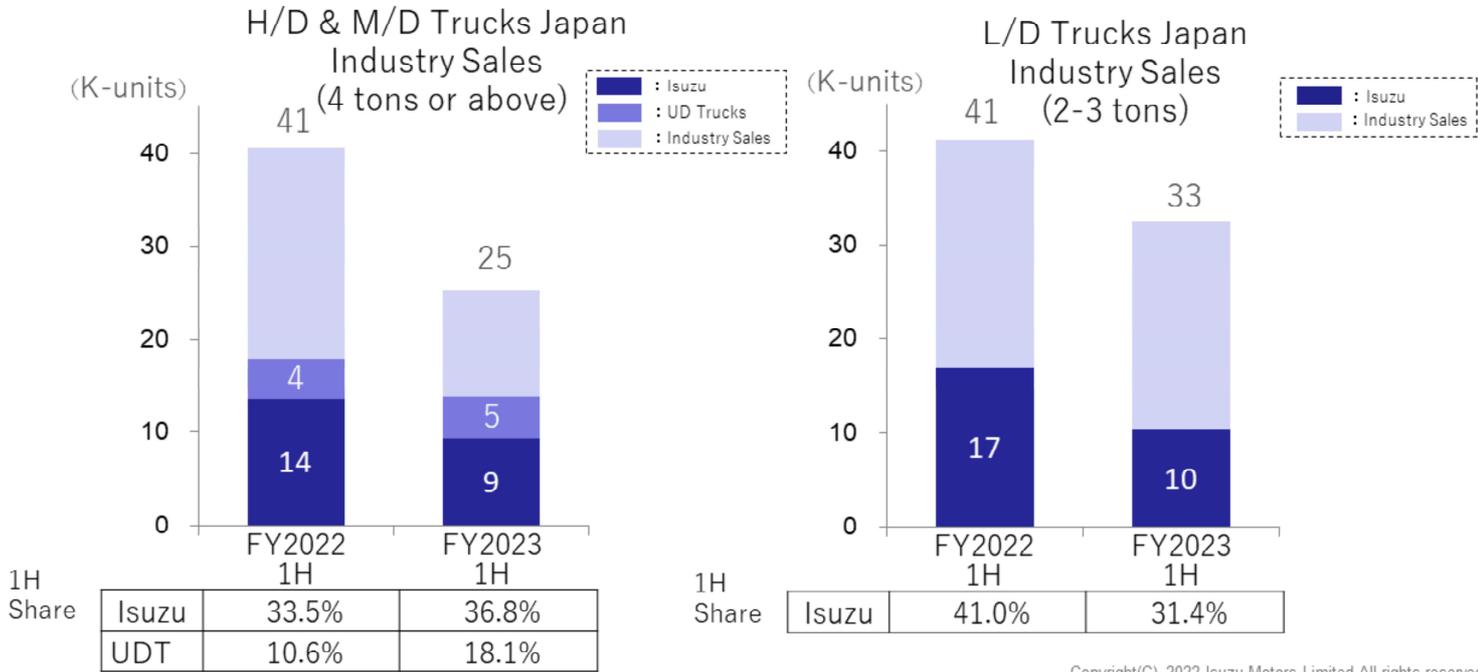


Details of Global Sales Units-CV  
 Japan : Wholesale & Direct Sales to Customers  
 North America / Australia: Wholesale of Local Distributors  
 Other Regions: Shipment from Japan

This slide shows comparisons against the full-year forecasts announced in May. We reflected the delay in the semiconductor shortage recovery, thus projected CV unit sales in Japan and North America as lower than the previous forecast. In the meantime, we will make utmost efforts to minimize the reduction of manufacturing by shortening the lead time to sales.

## Japan Industry Sales and Isuzu Share (April-Sept.)

- Industry as a whole suffered from production constraints; industry sales fell in segments below.
- Share: Both Isuzu and UD Trucks' shares rose in H/D & M/D segment, while shares in L/D segment plummeted from the impact of limitation in production.



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Next, I will explain the first half industry sales in Japan, and our market share results.

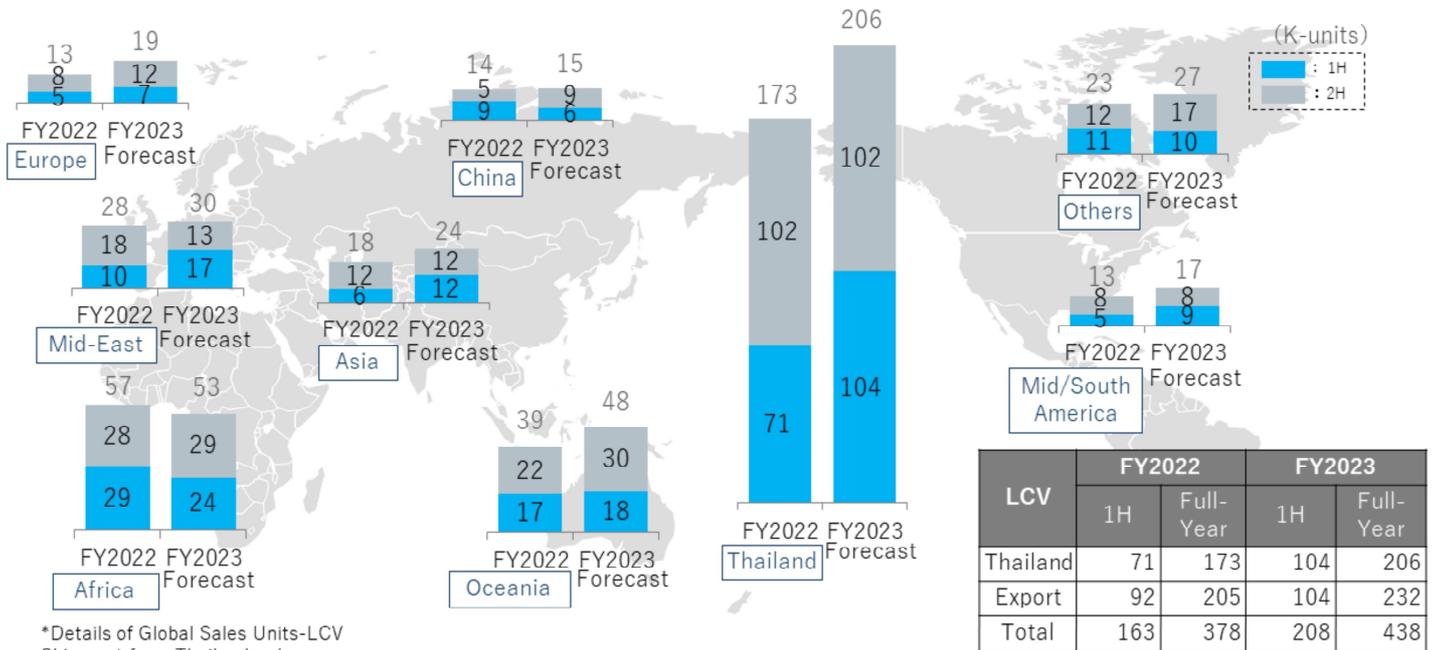
Industry sales significantly decreased from previous year due to production constraints of OEMs in both light-duty trucks, and heavy-and medium-duty trucks.

In market share, although Isuzu's and UD's market share in heavy-and-medium duty trucks both exceeded that of the previous year, the market share in the light-duty trucks declined significantly due to production constraints.

The full-year outlook for industry sales of both light-duty truck, and heavy-and-medium duty trucks remains undetermined.

# Global Sales Units (LCV) -1

■ Previous year experienced impact from lack of chips. Sales units grew for both Thailand and export.



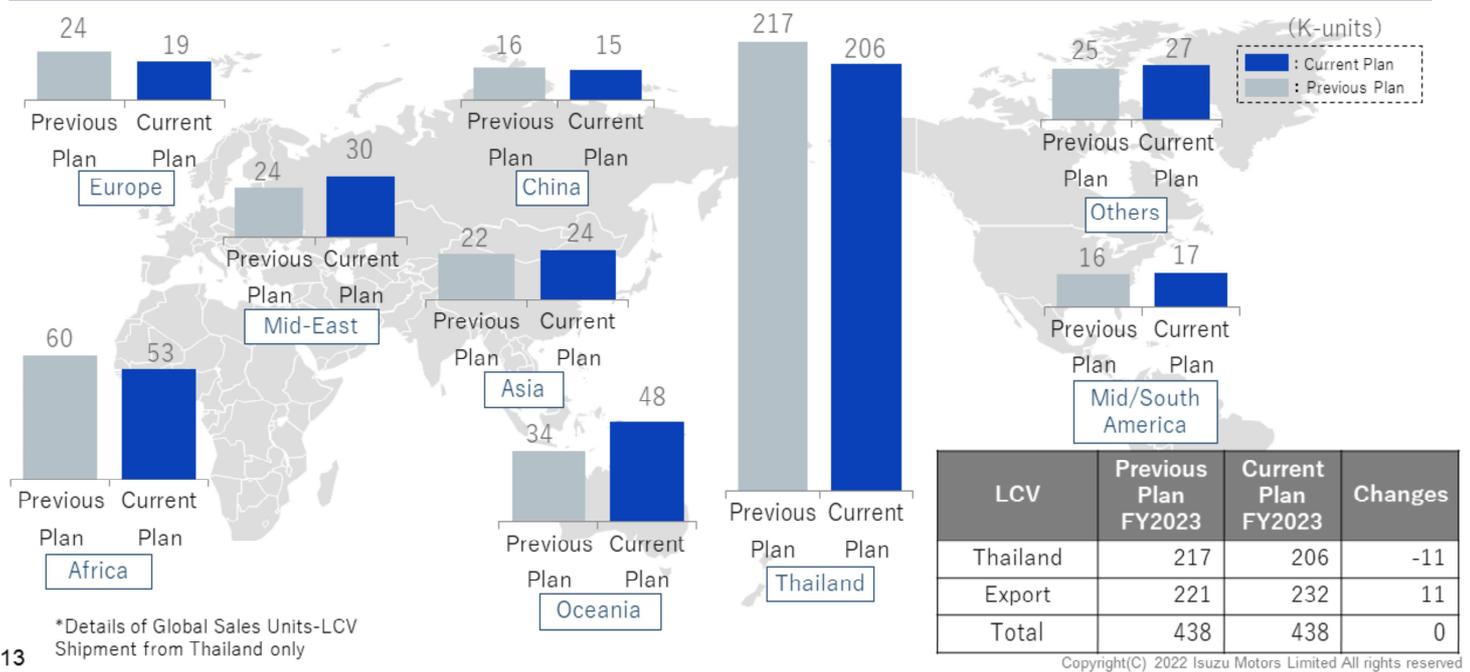
\*Details of Global Sales Units-LCV  
Shipment from Thailand only

Here are the LCV global unit sales.

Unit sales in both Thailand and export markets significantly jumped from the previous year, when OEMs experienced production cutbacks. We expect this big increase to continue through the second half.

## Global Sales Units (LCV) -2 Comparison of Full-Year Outlook in Comparison to those announced in May

■ Took advantage of recovery in supply of certain components to revise the destination and model of vehicles. No changes to the total sales units.

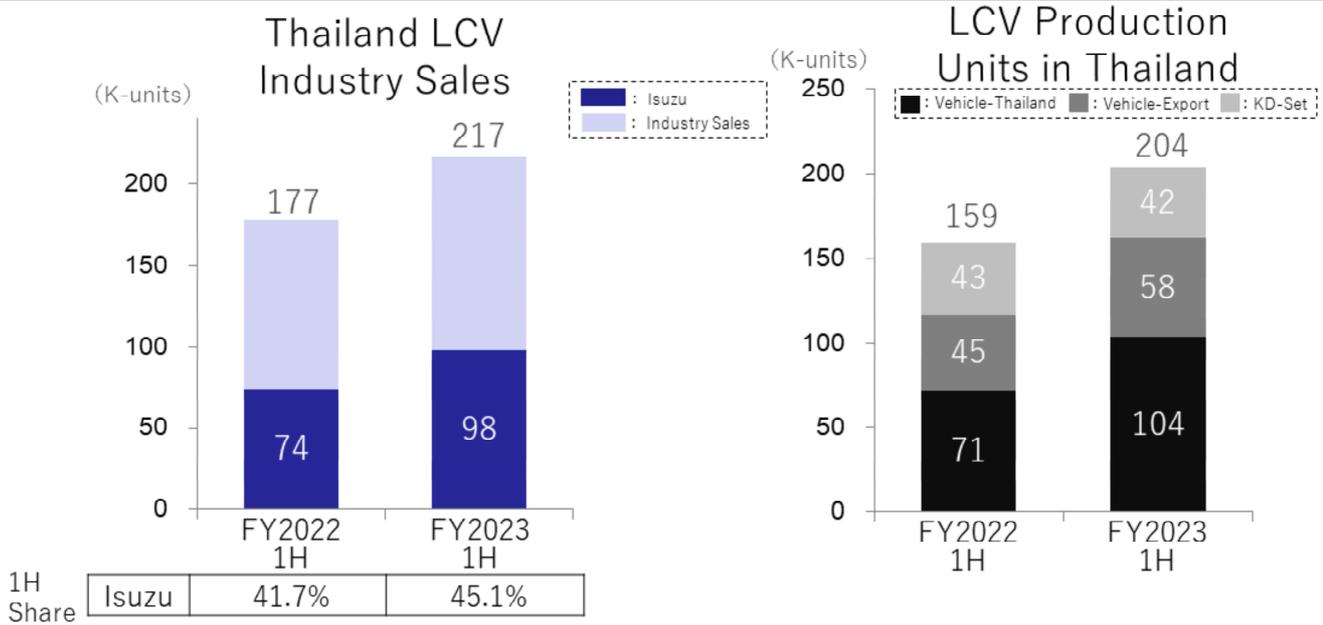


This slide shows comparisons against the full-year outlook announced in May.

The total unit sales have not changed. However, we have revised the destination markets and the vehicle models due to supply improvements in some parts. As a result, the latest unit sales forecast for the domestic market in Thailand decreased, while those for export increased.

## Thailand LCV Industry Sales & Share / LCV Production Units (April-Sept.) ISUZU

- Industry sales & share: Shares grew from previous year in the midst of recovery in industry sales.
- Production units: Considerable hike from previous year, when production was affected by lack of chips.



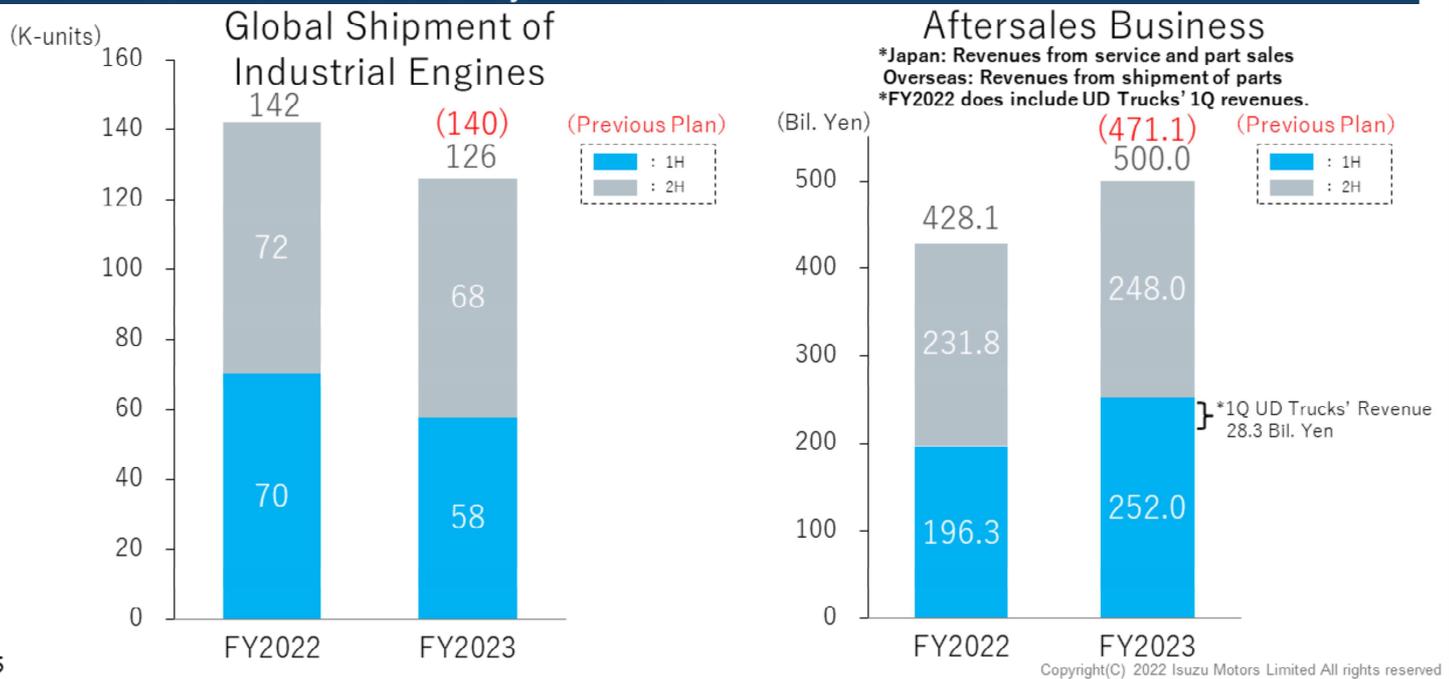
I will now explain LCV's industry unit sales in Thailand, our market share, and manufacturing volume in Thailand.

Industry volume in LCV has been recovering. In the first half, our market share was increased compared to the previous year. Production volume in the first half significantly rose from that of the previous year, when production was largely impacted by the semiconductor shortage.

## Industrial Engine Global Shipment/Revenue from Aftersales Business

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- Industrial Engines: Lowered forecast due to declining Chinese construction machinery demand and semiconductor shortage.
- Aftersales Business: Not only revenues shows stable growth in both Japan and abroad, but also enjoys positive FX rates. Positive revisions to the full-year outlook.



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Now, I will turn to industrial engines and aftersales business.

Global shipment of industrial engines decreased year-over-year due to a slowdown in the demand of the Chinese construction machinery and the semiconductor shortage. Along with this, our full year outlook has been revised downward.

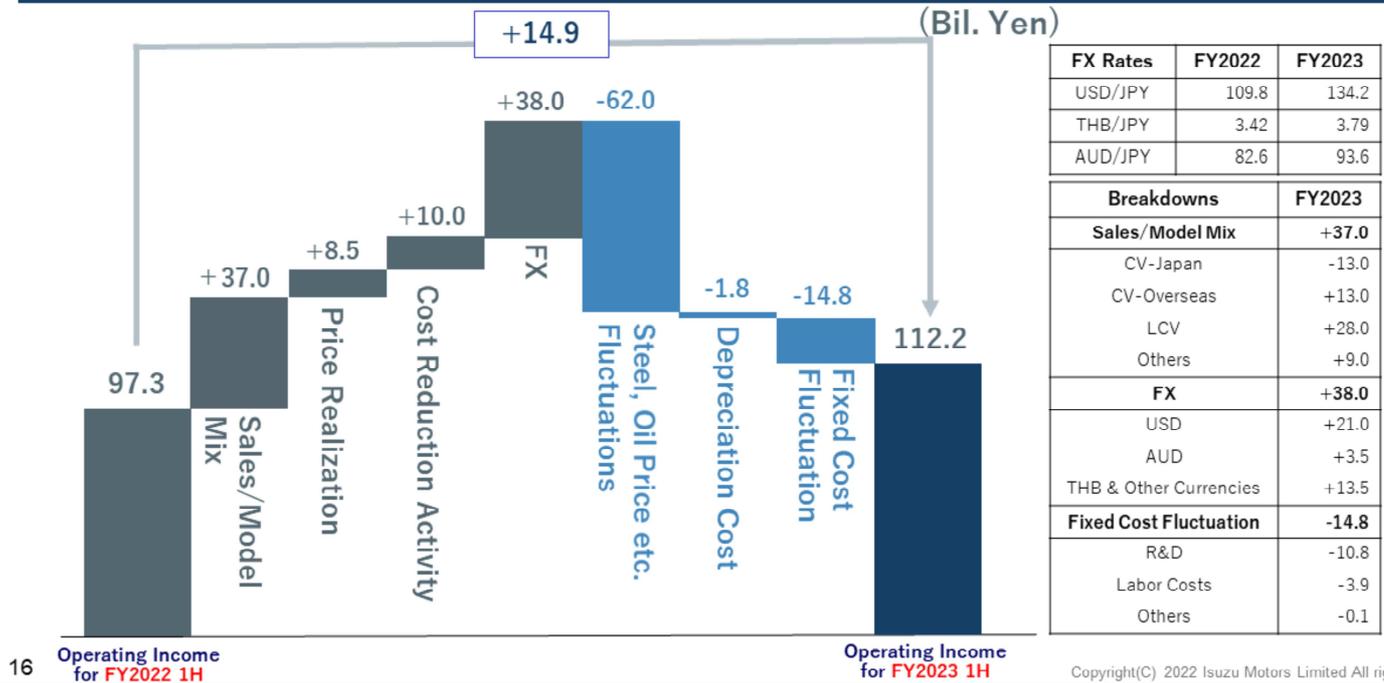
Sales of aftersales business has been revised upward thanks to the positive effects of the Japanese yen depreciation and a steady increase in sales both in domestic and overseas markets.

Please note that first quarter sales of UD Trucks are not included in the sales of the previous year.

FY2022 1H vs. FY2023 1H Fluctuations

- Consolidated operating income : analysis of change -

■ Though gone through a surge in material costs and logistic fees, realized larger operating income thanks to weaker Japanese yen, rise in sales units, cost reduction activity, and price realization.



16 Operating Income for FY2022 1H Operating Income for FY2023 1H

Next, I will explain the analysis of changes in operating income by comparing the first half of the fiscal year ending March 2023 with the same period last year.

Although unprecedented inflation of materials and logistics costs continues, an increase in unit sales, sharp depreciation of the yen, and promotion of measures to improve profitability such as cost reduction activities and price realization led to an increase in operating income of 14.9 billion yen.

The foreign exchange rates are as listed in the table.

## FY2023 1<sup>st</sup> Half Consolidated Results - Year-on-year Comparison -

(Bil. Yen)	FY2023 1H	FY2022 1H	Changes	
<b>Sales</b>	1,493.3	1,145.1	348.2	30%
<b>Operating Income</b>	112.2	97.3	14.9	15%
<b>Ordinary Income</b>	125.5	106.6	18.9	18%
<b>*Net Income</b>	73.0	71.1	1.9	3%

	FY23 1H	FY22 1H		FY23 1H	FY22 1H
<b>Operating Income</b>	112.2	97.3	<b>Ordinary Income</b>	125.5	106.6
<b>Share of profit of entities accounted for using equity method</b>	3.4	5.0	<b>Gain/Loss on sales of investment securities, Loss on disposal of non-current assets, etc.</b>	0.5	-0.9
<b>Foreign exchange gains</b>	4.4	0.9	<b>Income Taxes</b>	-32.7	-21.1
<b>Others</b>	5.5	3.4	<b>Profit attributable to non-controlling interests</b>	-20.3	-13.5
<b>Ordinary Income</b>	125.5	106.6	<b>*Net Income</b>	73.0	71.1

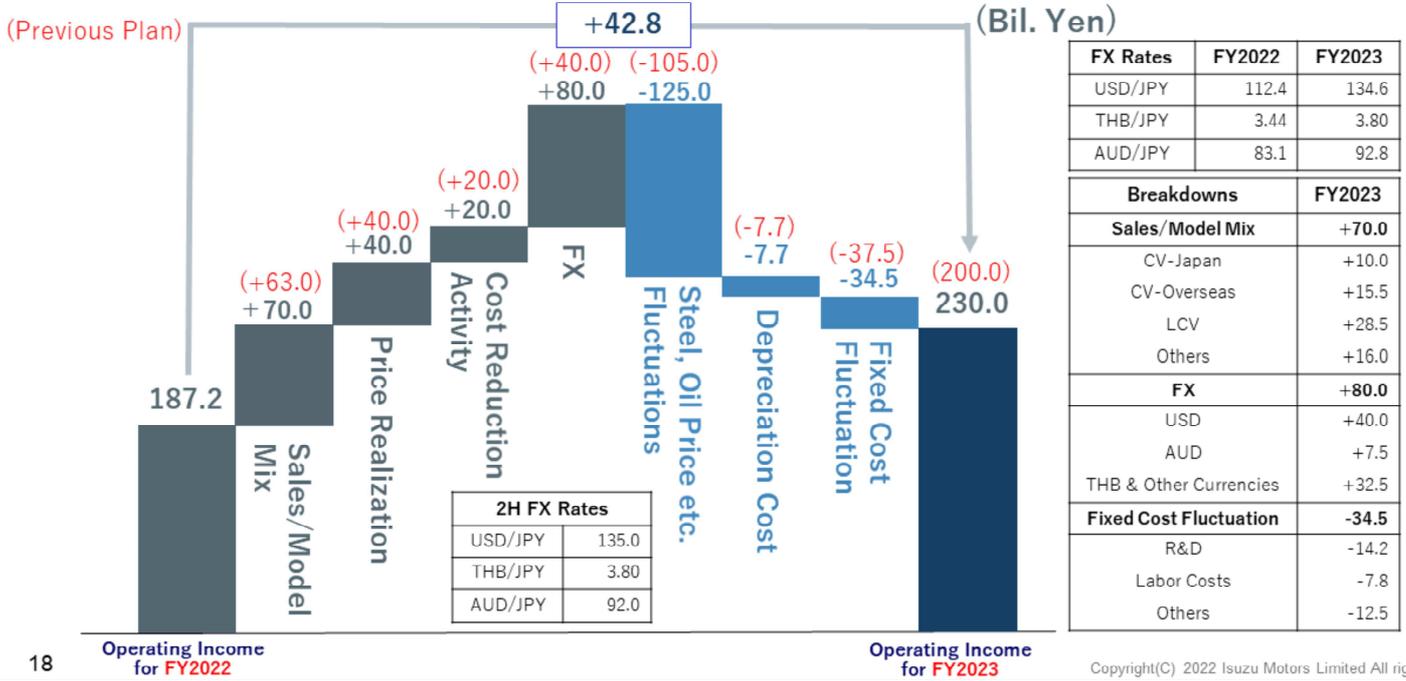
I will now turn to the financial figures beyond the operating income in the first half of the fiscal year ending March 2023.

Net income was 73.0 billion yen calculated by subtracting gain/loss on sales of investment securities, loss on disposal of non-current assets, etc., income taxes, and profit attributable to non-controlling interests from ordinary income of 125.5 billion yen.

As a note, year-on-year changes in profit and loss show that the increase in net income is small at 1.9 billion yen compared with that of ordinary income at 18.9 billion yen. This is mainly because the first half results for the previous fiscal year includes a one-time gain from tax effect accounting.

**FY2022 vs. FY2023 Fluctuations**  
**- Consolidated operating income : analysis of change -**

■ Though delay in recovery of chip supply and material price hike shall overwhelm our original assumptions, revising upward the operating income thanks to better model mix and major decline in Japanese yen. Renewing FX rate assumptions.



Next, I will discuss the analysis of changes in operating income forecast for the fiscal year ending March 2023 compared with the previous fiscal year.

Although a decrease in production volume due to the slow recovery of semiconductor shortage and price hike of raw materials is anticipated, we have made upward revision to the full year outlook backed by better sales/model mix and significant depreciation of the yen.

For the second half, we have adopted a foreign exchange rate assumption of 135.0 yen per U.S. dollar, 3.80 yen per Thai Baht, and 92.0 yen per Australian dollar.

## FY2023 Full-Year Outlook - Year-on-year Comparison -

(Bil. Yen)	FY2023	FY2022	Changes	
<b>Sales</b>	3,100.0	2,514.3	585.7	23%
<b>Operating Income</b>	230.0	187.2	42.8	23%
<b>Ordinary Income</b>	245.0	208.4	36.6	18%
<b>*Net Income</b>	140.0	126.2	13.8	11%

	FY23	FY22		FY23	FY22
<b>Operating Income</b>	230.0	187.2	<b>Ordinary Income</b>	245.0	208.4
<b>Share of profit of entities accounted for using equity method</b>	6.9	9.6	<b>Gain/Loss on sales of investment securities, Loss on disposal of non-current assets, etc.</b>	-6.0	-4.1
<b>Foreign exchange gains</b>	5.0	5.8	<b>Income Taxes</b>	-59.0	-47.6
<b>Others</b>	3.1	5.8	<b>Profit attributable to non-controlling interests</b>	-40.0	-30.5
<b>Ordinary Income</b>	245.0	208.4	<b>*Net Income</b>	140.0	126.2

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\*Profit attributable to owners of the parent

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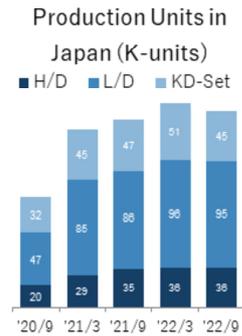
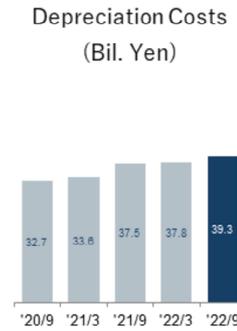
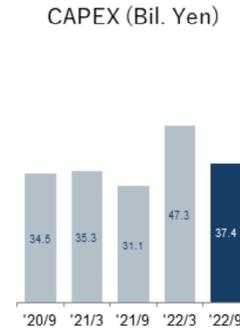
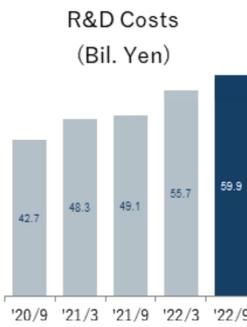
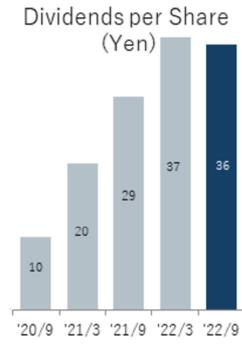
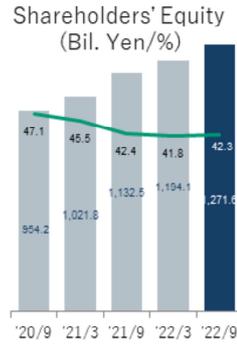
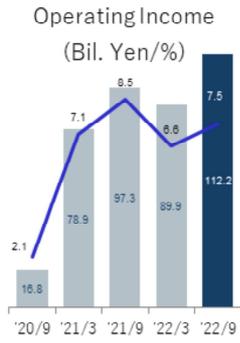
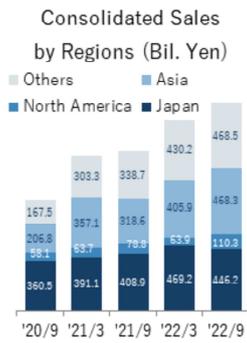
Last but not least, I will explain the full year outlook of financial figures beyond the operating income in the fiscal year ending March 2023.

We forecast our net income for this fiscal year to be 140.0 billion yen, which is based on ordinary income of 245.0 billion yen, subtracting gain/loss on sales of investment securities, loss on disposal of non-current assets, etc., income taxes, and profit attributable to non-controlling interests.

That brings me to the end of my presentation. Thank you.

**Trucks for life**  
**ISUZU**

# (Appendix) Main Financial Index (6 months)



NOTE: Units from '21/9 and onwards includes units manufactured by UD Trucks.