

# **Isuzu Motors and Volvo Group sign final agreements to form strategic alliance**

**October, 30, 2020  
Isuzu Motors Limited**

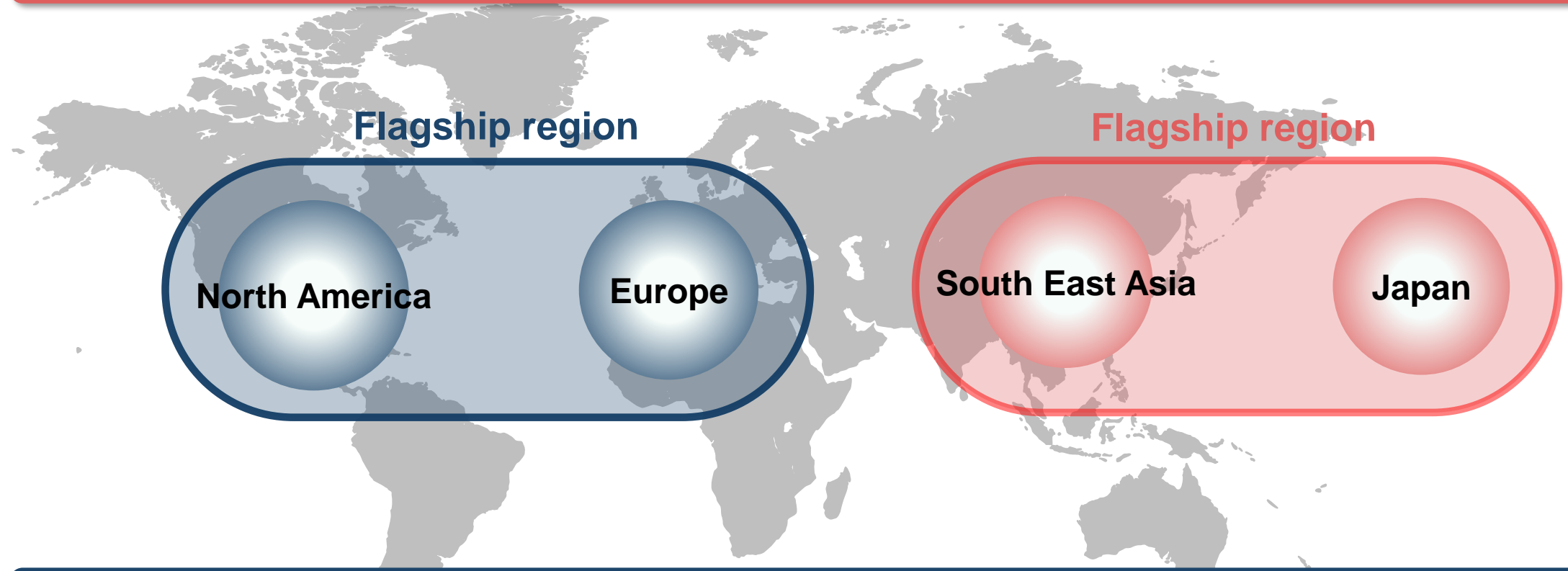
The Isuzu logo is displayed in a bold, red, sans-serif font.The Volvo Group logo consists of the word "VOLVO" in a white, bold, sans-serif font above the words "VOLVO GROUP" in a smaller, white, sans-serif font, all contained within a dark blue square.

**Isuzu Motors and the Volvo Group today signed binding agreements to form a strategic alliance within commercial vehicles in order to capture the opportunities in the ongoing industry transformation, in accordance with the Memorandum of Understanding signed in December 2019. The agreements include Isuzu Motor's acquisition of UD Trucks from the Volvo Group. The transaction is subject to certain conditions, including approval from regulatory authorities.**

# Strength



Global leading company specialized in Light and Medium Duty Truck  
Light-Mid Duty Truck sales in CY19: 250K units



Global leading company specialized in Heavy Duty Truck  
Heavy Duty Truck sales in CY19 : 200K units

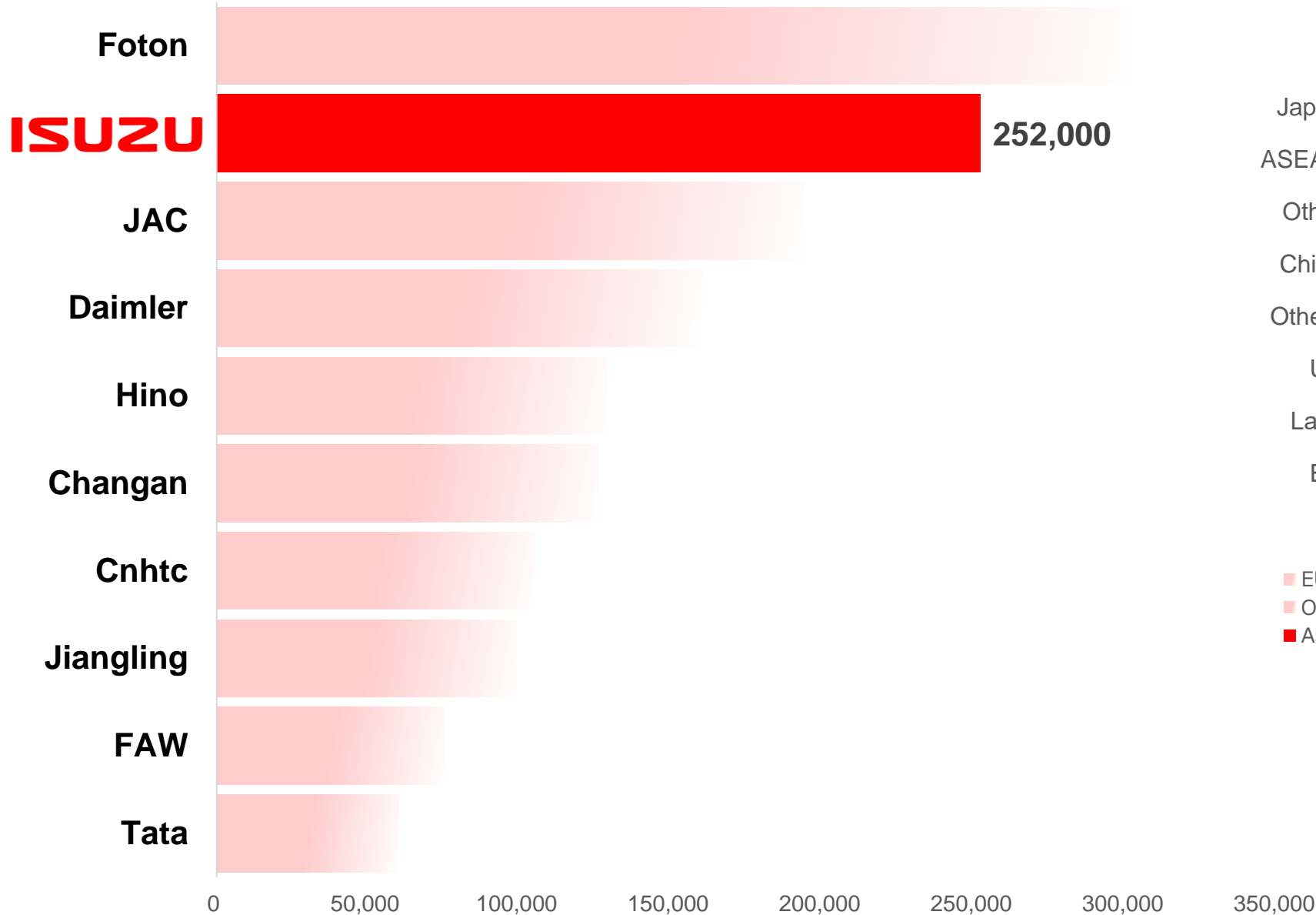
(出典) ボルボ・グループ年次報告書/ いすゞ: いすゞ調べ

\*日本シェアはいすゞ単独

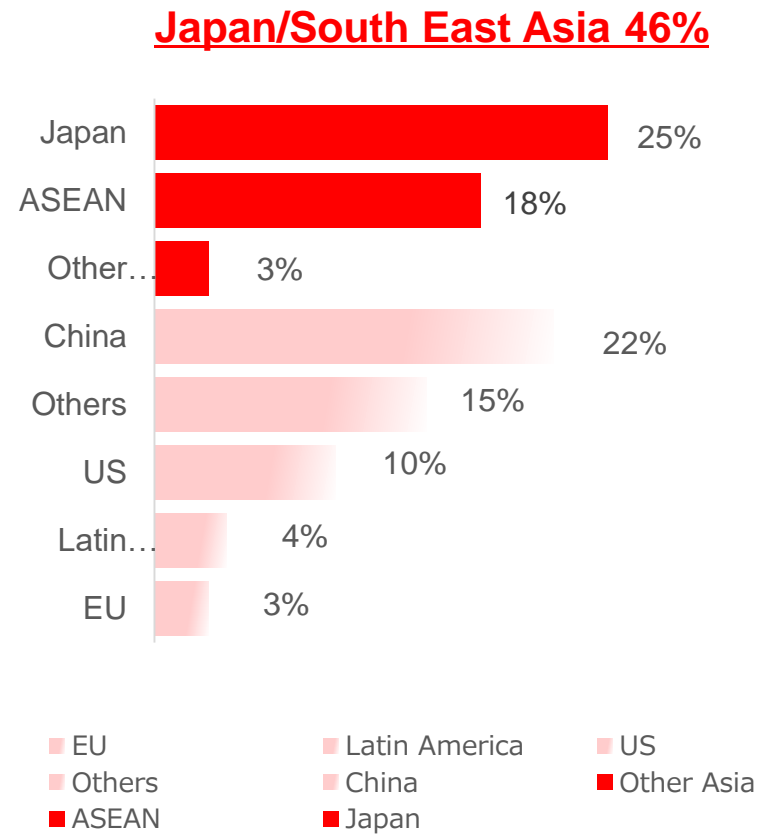
# Strength of Isuzu Motors



CY 2019 LD/MD Truck unit sales GVW 3.5t-15t (Van excluded)



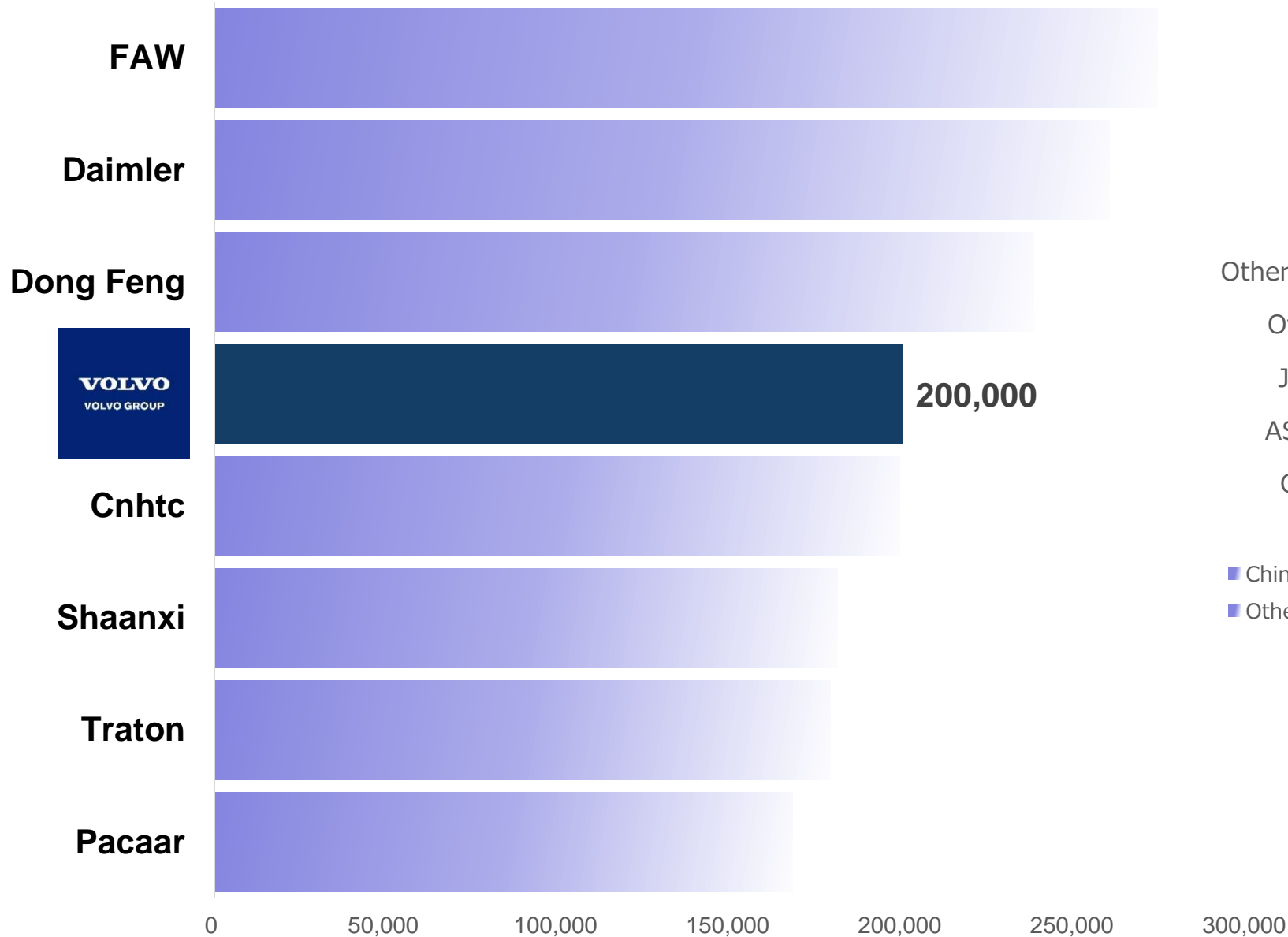
Isuzu unit sales % by region



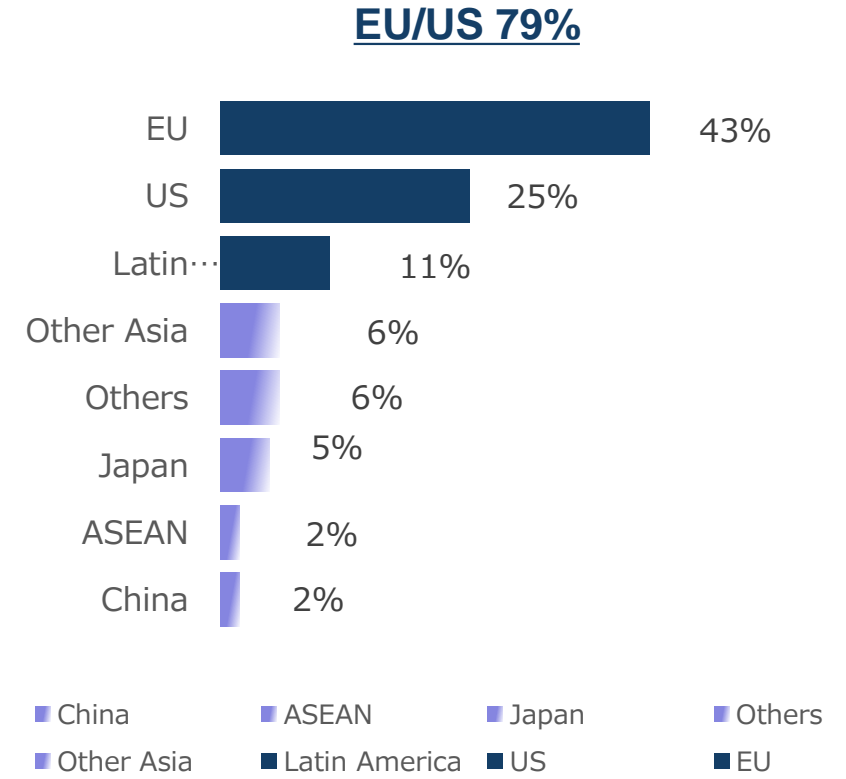
- EU
- Latin America
- US
- Others
- China
- Other Asia
- ASEAN
- Japan

# Strength of the Volvo Group

CY2019 HD Truck unit sales GWV 15t-



Volvo Group unit sales % by region



## Alliance objectives

Be the world's largest and most competitive CV Alliance

Providing the world's best transport solutions

(safe, sustainable, smart, productive)

---

We do this by

Combining our strengths, complementarities and volumes in true partnership

---

What matters most to us

**PEOPLE,  
CUSTOMERS AND SOCIETY**

**VALUE CREATION  
FOR ALL**

**LOYALTY  
AND  
TRANSPARENCY**

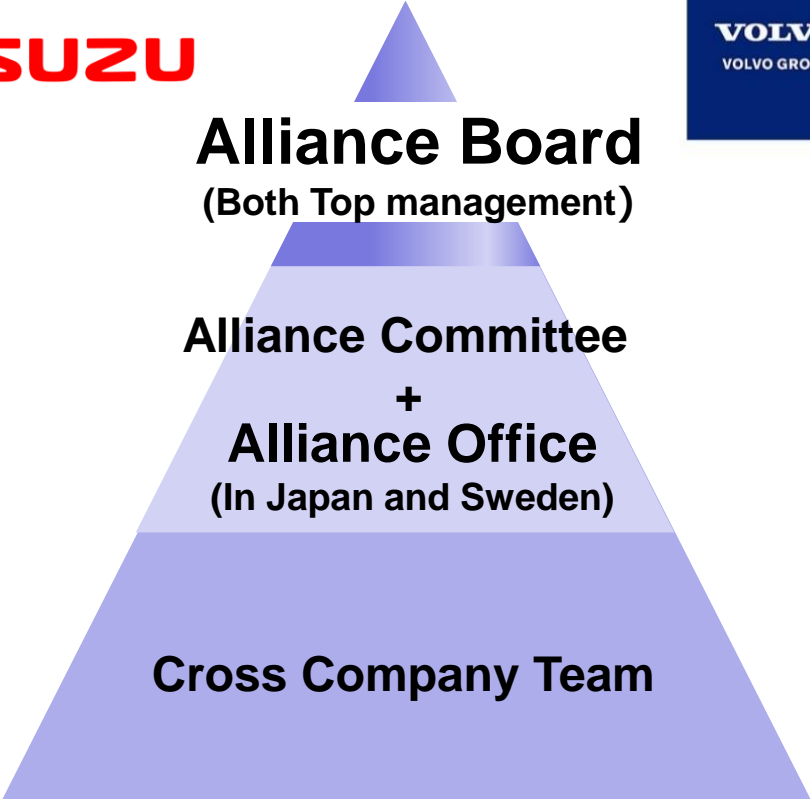
# ■ Alliance Framework

■ Isuzu and Volvo Group signed 3 major binding agreements. A joint structure will be established to govern and execute the alliance activity starting in CY2021

**Alliance Framework Agreement**

**Technology Framework Agreement**

**UD Trucks Share Purchase Agreement**



### ■ Generate sustainable synergies under below agreed alliance principle with Volvo Group



**Long-term partnership based on a “win-win approach”, leveraging each others strengths in selected products, technologies and markets.**



**Achieve commercial volume growth and capturing of major strategic and operational synergies by utilizing and optimizing mutual products and resources.**



**Preservation of the strategic independence and increase competitiveness.**

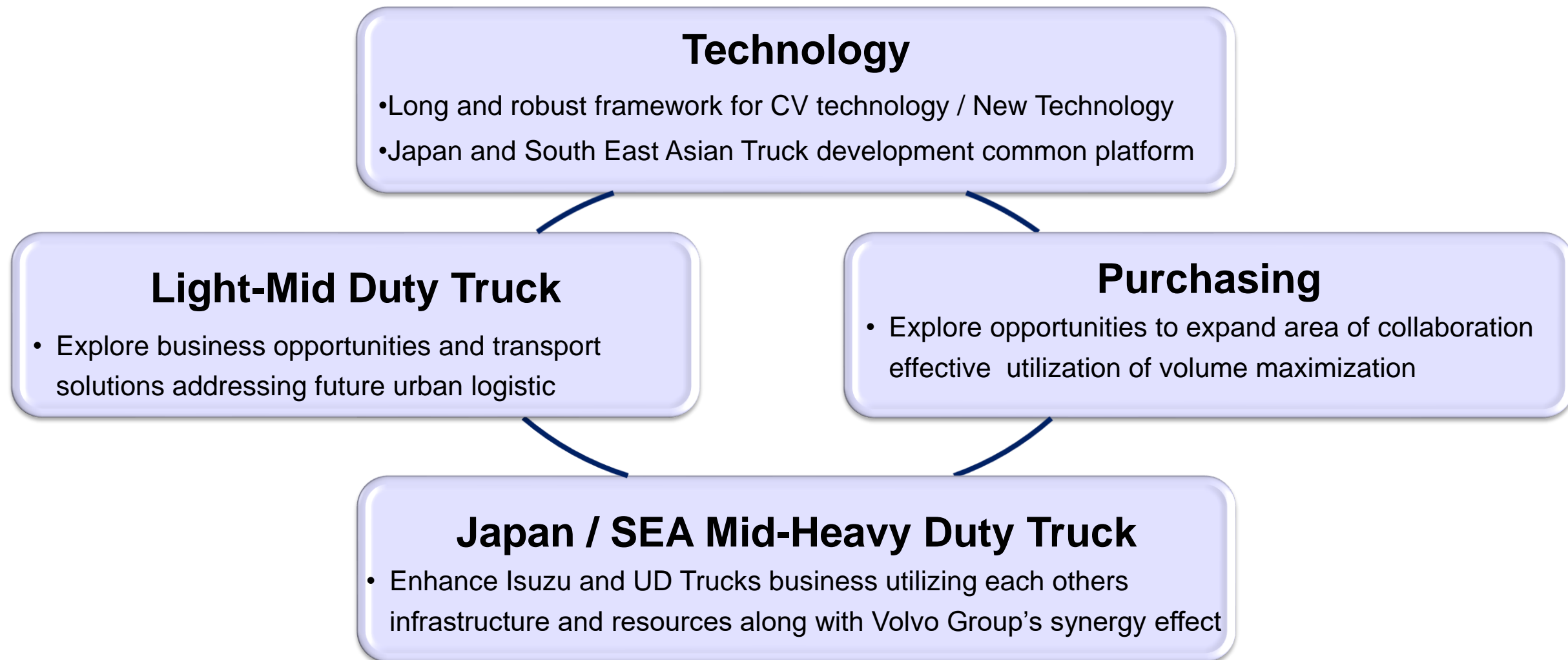


**Trust, open-mindedness and mutual respect, and sharing of efforts and benefits in a balanced and fair way.**



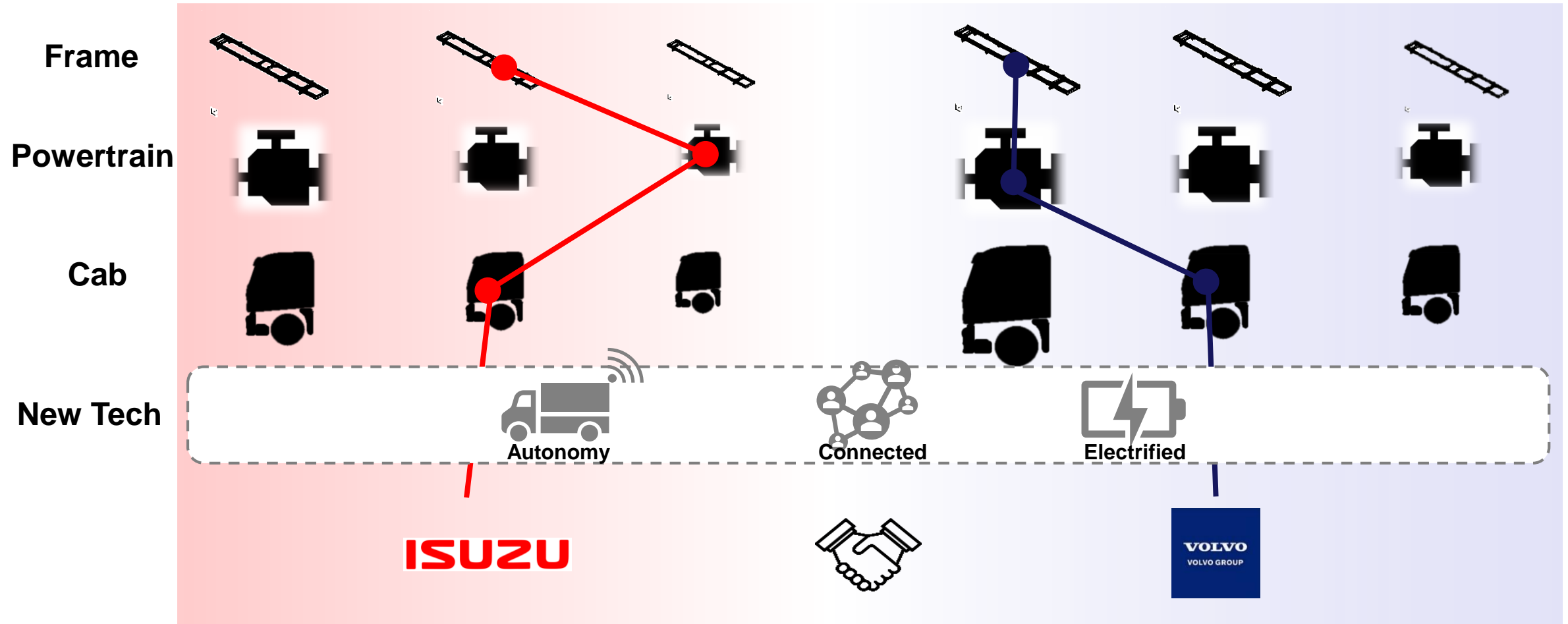
## ■ Major Collaboration Areas

- Both parties agreed 4 major collaboration areas, and will explore more additional collaboration opportunities



# Technology

- Having high compatibility on each other's modular system and series development
  - It will create significant effect on R&D to address increasingly diverse market needs



## ■ Product

- Exploring further opportunities for even broader and deeper collaboration within the commercial vehicle businesses across geographical areas and product lines for future urban logistics solutions

### Japan / SEA Medium-Heavy Duty Truck

- **Step 1**  
Supply of certain truck variants from UD Trucks from 2022 onwards.
- **Step 2**  
Joint development by Isuzu Motors and UD Trucks of common platforms utilizing amongst others Volvo Group technology.

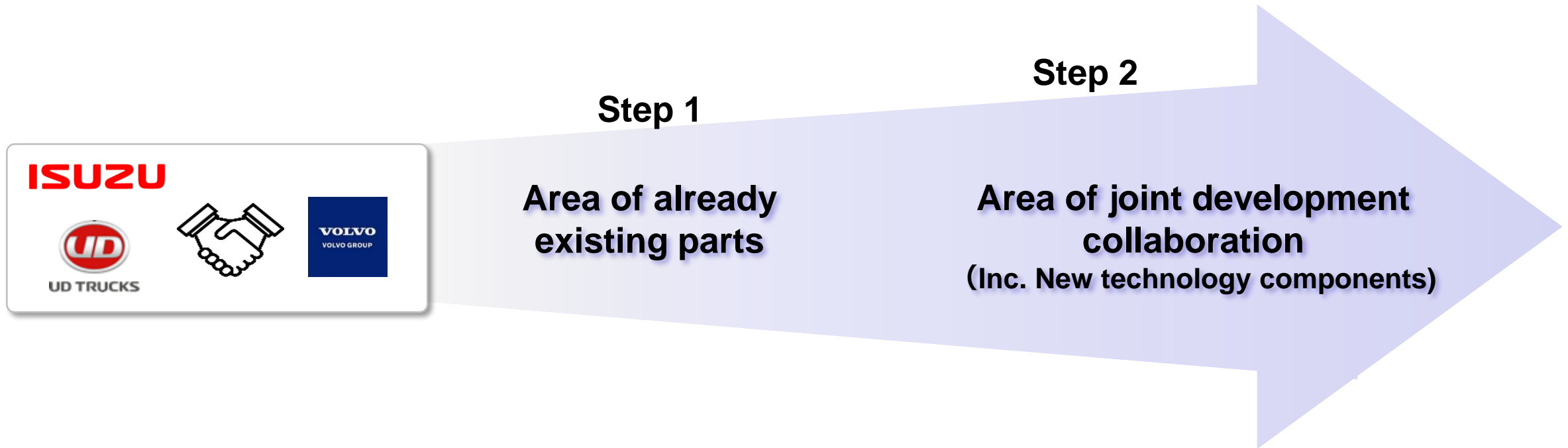
### Light and Medium Duty Truck

- Exploring product line-up.
- Expansion Light and Medium Duty Truck sales channel.



# ■ Purchasing

- Implement the purchasing & logistics area collaboration, leveraging common technology and suppliers, as well as the geographical complementarity of the footprint of both groups



# UD Trucks business



- Japan : Heavy-duty specialist with leading position in tractor and snowplow segments
- Global : Recent dedicated product range built for and in emerging markets for expansion

## Japan product line-up

## Global product line-up



Kazet (LD 4.3-7.8t)

Condor (MD 7.5-20t)

Quon (MHD 20-25t)

Quester (HD 21-38t)

Croner (MD 10.4-17t)

Kuzer (LD 8.5t)

## Sales in Japan (FY2019)

## Sales across major regions (FY2019)

### Japan



Sales unit : 10,495  
Market share : 18.5%

### South Africa



Sales unit : 2,197  
Market share : 9.3%

### Thailand



Sales unit : 1,289  
Market share : 6.9%

### Indonesia



Sales unit : 2,654  
Market share : 16.0%

### Australia



Sales units : 581  
Market share : 3.5%

\*HD Only (UD Trucks Data)

# ■ UD Trucks is the key enabler of the Strategic alliance

- UD Trucks will be key enabler of Isuzu Motors and the Volvo Group strategic alliance project to start up smoothly and accelerate the activities effectively

## Cooperation with UD Trucks in Japan

- Resource and cost saving through Joint development of common platforms.
- Having competitive advantage of both Isuzu and UD Trucks brands strength.
- After sales back office synergies for customer considered valuable services.



## In Global Business

- Integrate the Global MD/MHD Product Line-up between Isuzu and UD Trucks.
  - International dedicated product (Quester)
  - R&D and Manufacturing footprint
  - MD/MHD business development



## UD Trucks Enterprise Value

- **JPY 243 Bn.**
  - Earnout up to JPY 15 Bn. Based on UD Trucks performance

## Estimate Total payment at closing

- **JPN 282 Bn.** (Net cash JPY 39 Bn.\* Added to EV)
  - UD Trucks stock share : JPY 60 Bn.
  - UD Trucks loan from Volvo Group : JPY 222 Bn.

## Financing

- **External loan (partially by cash reserve)**
  - Equity capital ratio after closing 39%, D/E ratio 0.62

\*Net Cash includes Sales financing account receivable of JPY 50 Bn.

\*Total payment at closing, equity ratio, D/E ratio is estimation base on End December 2019 base balance sheet

# ■ Schedule and Next steps

- Closing is expected by the first half of FY2021
- The transaction is subject to certain conditions, including approval of regulatory authorities

▼ **October 30, 2020 Signing**

▼ **Closing expected by the first half of FY2021**

**Key Milestone**

**Regulatory authorities filing and approvals**

**Preparation of Business transfer from Volvo Group to Isuzu**

**Preparation of Volvo Group and Isuzu Strategic Alliance**

▼ **Start of Alliance Office**



The Isuzu logo is displayed in a bold, red, sans-serif font.

**There is great complementarity between Isuzu Motors and the Volvo Group from both a geographical- and product line perspective. The two companies have signed an Alliance Framework Agreement for a minimum duration of 20 years, to take up the possibilities and challenges of the logistics industry of the future, maximizing value and benefits for customers as well as for society.**

Trucks for life  
**ISUZU**

