

ANADOLU ISUZU OTOMOTİV SAN. ve TİC. A.Ş.

Investor Presentation









October 2023



Company Overview

VISION

To be a global and successful commercial vehicle brand that offers holistic & value adding solutions to its ecosystem

-  **Partnership with leading global/local players , best-in-class corporate governance**
-  **Good market position in Truck , Bus and Pick up segments**
-  **Solid growth in bus exports**
-  **Product development strategy in-line with the disruptive technological changes**
-  **Solid R&D + Plant Investment plan, strong collaboration with whole ecosystem**
-  **Focus for development of new business areas**
-  **Strong & Customer oriented After sales network**
-  **Solid company financials with good performance in leverage, margins and working capital**

Operations



Operating in the
commercial vehicle
segment with a **strong**
product range,
Dealer network + After-
sales service expanded to
a **big geography**

Products



Manufacturing ;
Trucks,
Light trucks,
Buses,
Midibuses
& Pick-ups
With an
ambitious export strategy

Milestones



Established in **1965**

1983: License Agreement with
Isuzu Motors: first Turkish-
Japanese partnership in
automotive sector

1997: Initial Public Offering
(IPO)

2003: Bus export to Europe

2009: Anadolu Isuzu R&D
Center

2015-2020 : Expansion of Bus
Product Portfolio

2021: First electric bus

2022 : Starting development of
new micromobility electric
truck Big.e

SHAREHOLDER STRUCTURE

Anadolu Group

- One of the largest groups of Turkey serving in **8** sectors & **19** countries
- **TL 177.9 bn** turnover FY2022
- **TL 10.1 bn** profit FY2022
- **86** production facilities
- **80,000+** employees

- A global giant with investments in various industries
- **USD 104.4 bn** turnover FY2022
- **USD 6 bn** profit FY2022
- **63** countries
- **~100,000** employees

Itochu Corporation

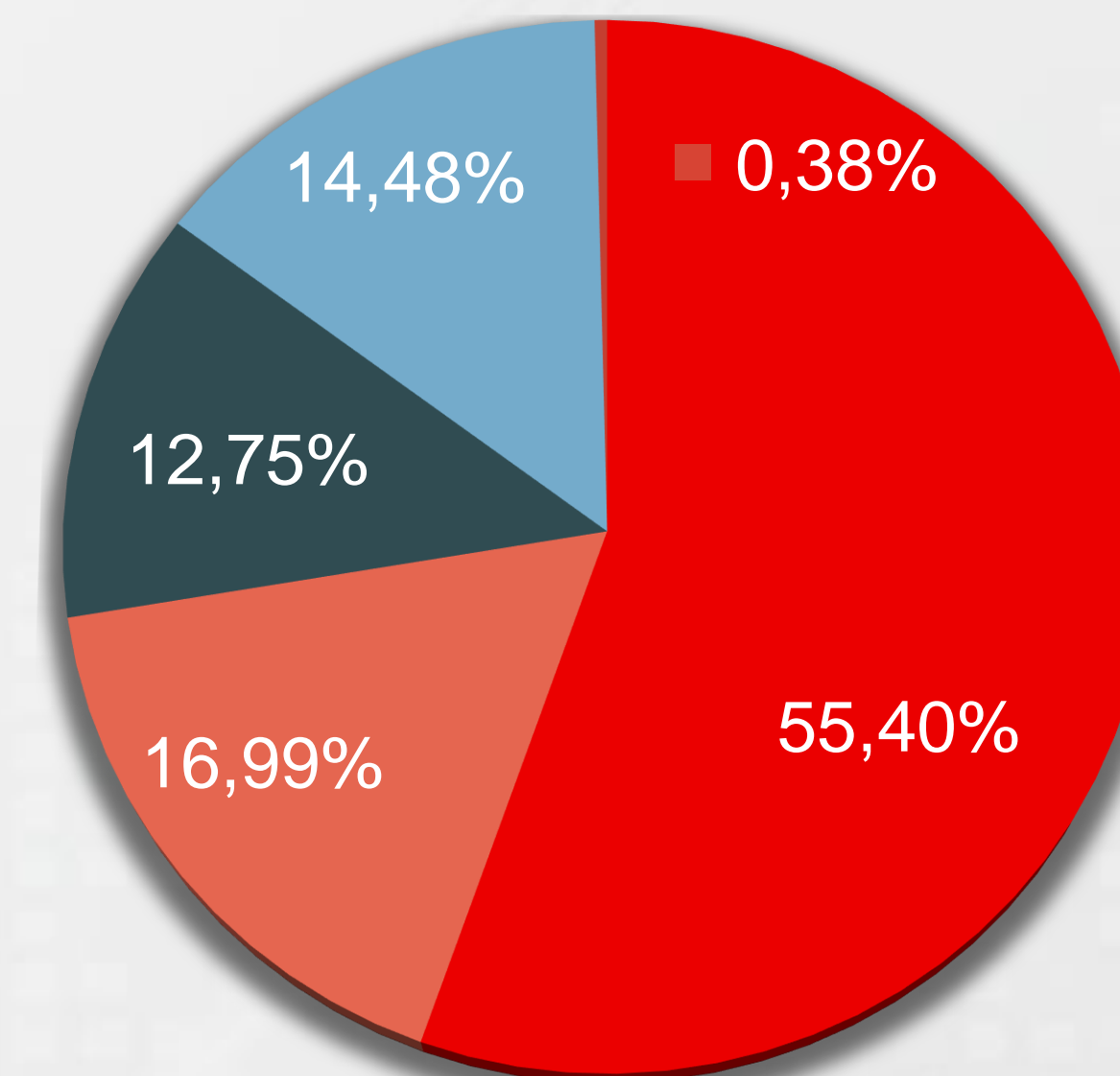
Isuzu Motors Ltd.

- Global player in commercial vehicles
- **USD 22.4 bn** turnover FY2022
- **USD 1.1 bn** profit FY2022
- **150** countries
- **~44,000** employees

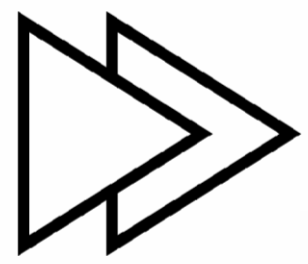
Free float:

14.48%

Public Share



- Anadolu Group
- Isuzu Motors Ltd.
- Itochu Corporation
- Public Share
- Other



CAYIROVA PLANT

> **99,000 m² covered, 300,000 m² total
production area**

> **185,000 vehicles manufactured**

> **Over 20,000 units export**

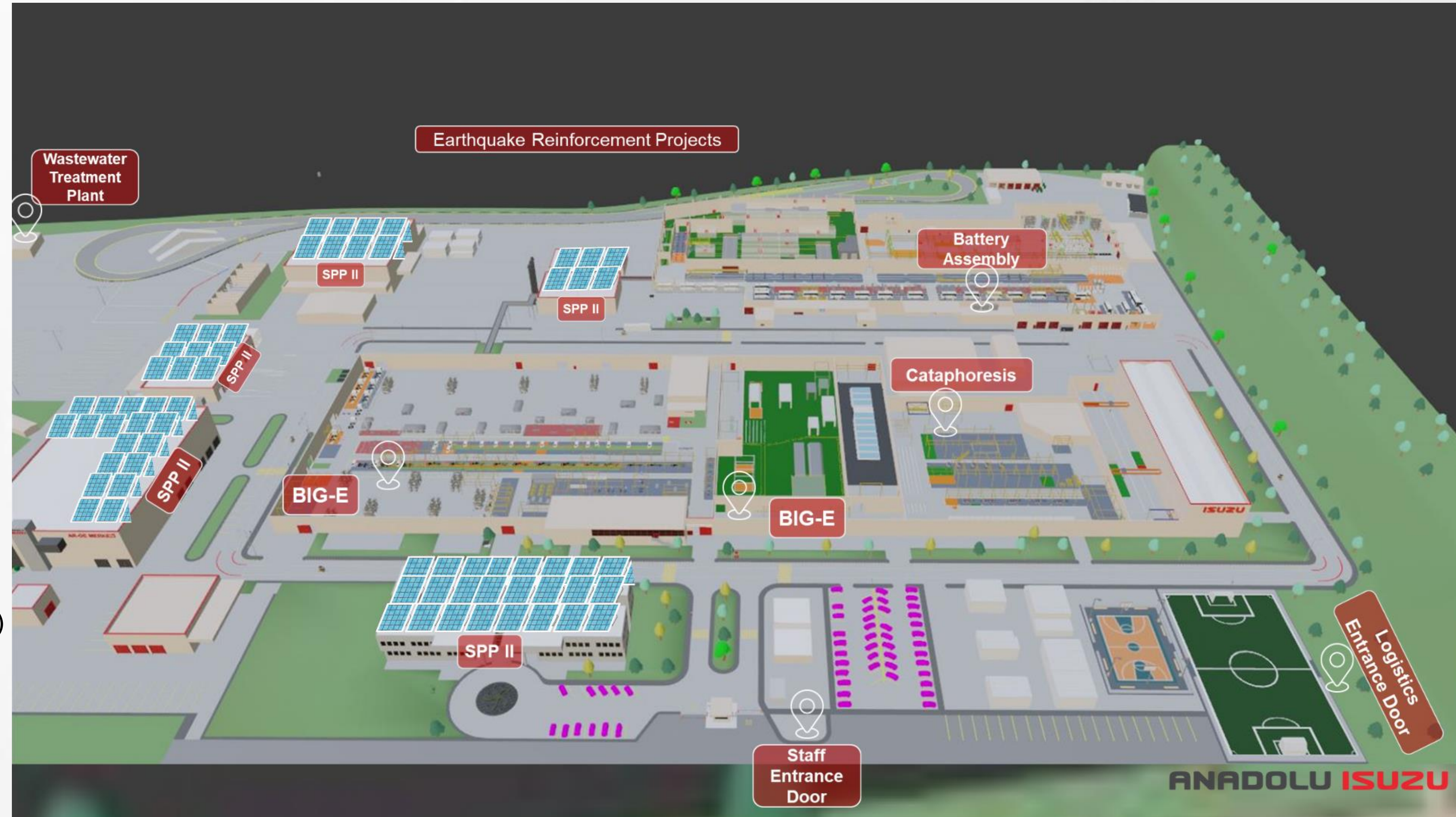
> **More than 25 different vehicle
models**

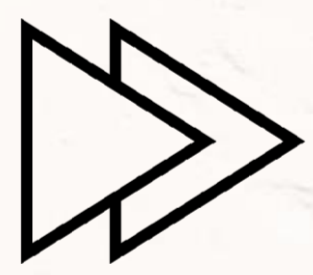


FACILITY RENEWAL 2022-2024

1. Full Dip Cataphoresis for Bus Production (Renewal)
2. Battery Assembly Area(New)
3. BIG.e production line (New)
4. Logistics Route and Entrance (New)
5. Earthquake strengthening improvements(Modernization)
6. Solar Power(New)
7. Bus production line improvements (Modernization)
8. Wastewater treatment plant(Renewal)

Maximum productivity and quality





SIGNIFICANT GROWTH IN 5 YEARS

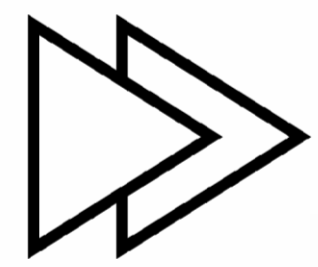
	2018		2022
Revenue (mTL)	1,187	5.3 times	6,270
Export (m\$)	109		130
EBITDA (mTL)	73	11.1 times	808
Net Debt/EBITDA	7.50		0.36
Free Cash Flow (mTL)	-91		+257

- As a result of the Corporate Governance Rating , our Company's Corporate Governance Rating score was determined as 9.45
- Company shares were included in the Corporate Governance Index (XKURY) as of 14.06.2023



Section	Note	Weight %	Final Note
Shareholders	8,95	25%	2,24
Public Disclosure & Transparency	9,85	25%	2,46
Stakeholders	9,95	15%	1,49
Board of Directors	9,32	35%	3,26
Total			9,45





CREDIT RATING OUTLOOK FROM STABLE TO POSITIVE

- Long-Term National Issuer Credit Rating of “Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş.” has been affirmed at ‘**AA** (tr)’
- Outlook has been revised from ‘Stable’ to ‘**Positive**’

	NOTE	OUTLOOK
Long-Term National Issuer Credit Rating	AA (tr)	POSITIVE
Short-Term National Issuer Credit Rating	J1 + (tr)	STABLE
Long Term International Foreign Currency Issuer Credit Rating	BBB-	STABLE
Long Term International Local Currency Issuer Credit Rating	BBB-	STABLE

PRODUCT STRATEGY

Truck

Pick-up

Bus

New Products

R&D

Patents

New Projects

New Regulations

SUSTAINABLE GROWTH

New Factory Layout

GREEN
Transformation

DIGIT-ALL
Transformation

Business & Market
Development

After Sales Network

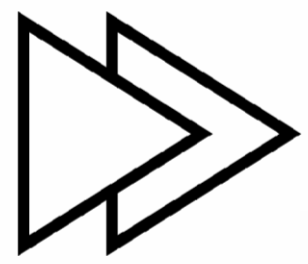
FINANCIAL PERFORMANCE

Key Performance
Indicators

2023 Market
Outlook &
Expectations

2023 Guidance

Product Strategy



PRODUCT RANGE : Truck & Pick up

TRUCKS

- Leader of 6-16 tons segment
- 6 different models
- High payload capacity
- Maximum efficiency
- Driving safety
- Low operation cost



LIGHT TRUCKS

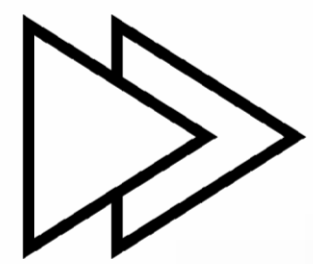
- 2 different models
- Proven durability and power
- Maximum payload efficiency
- Low operation cost



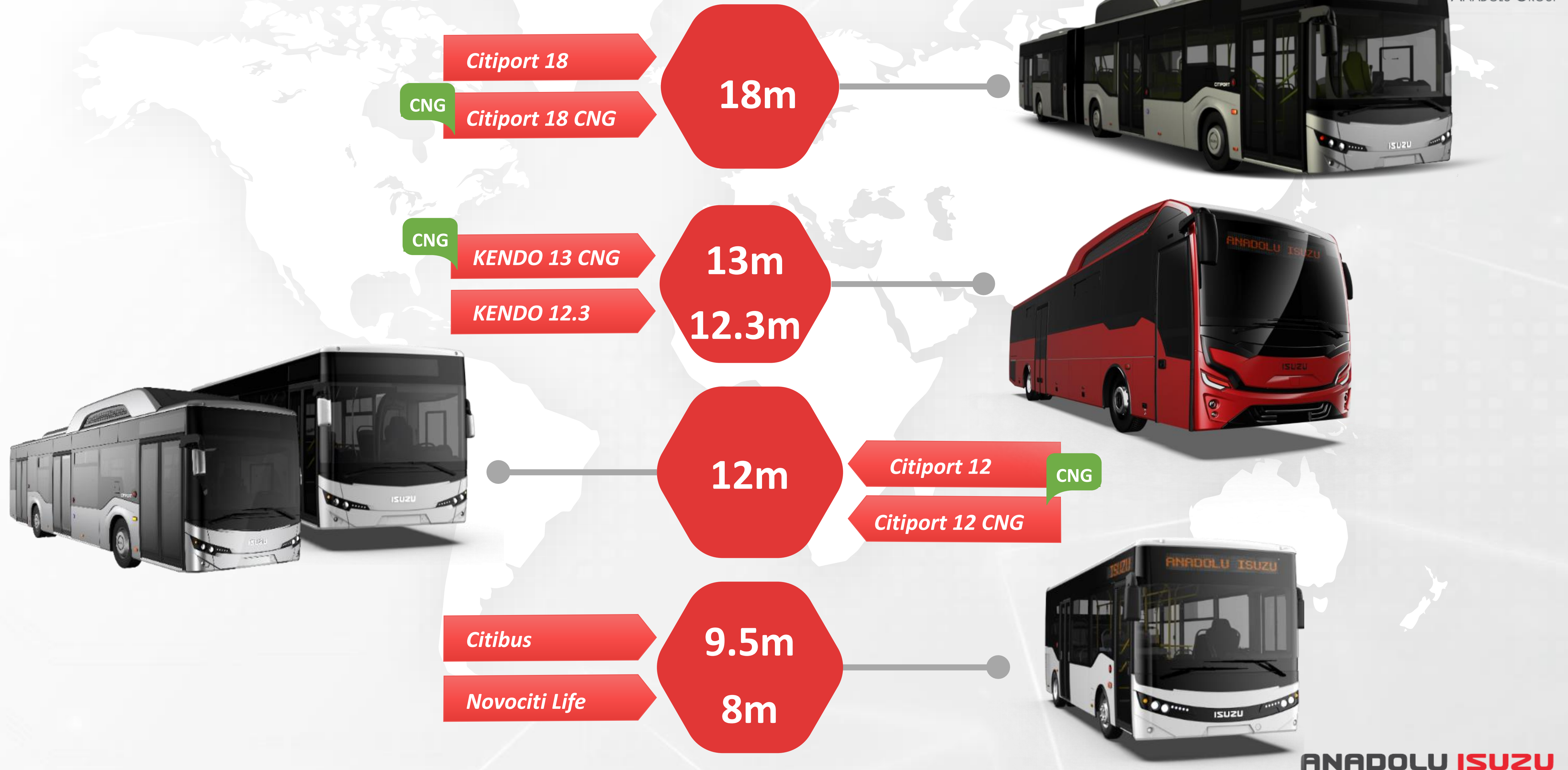
PICK-UP

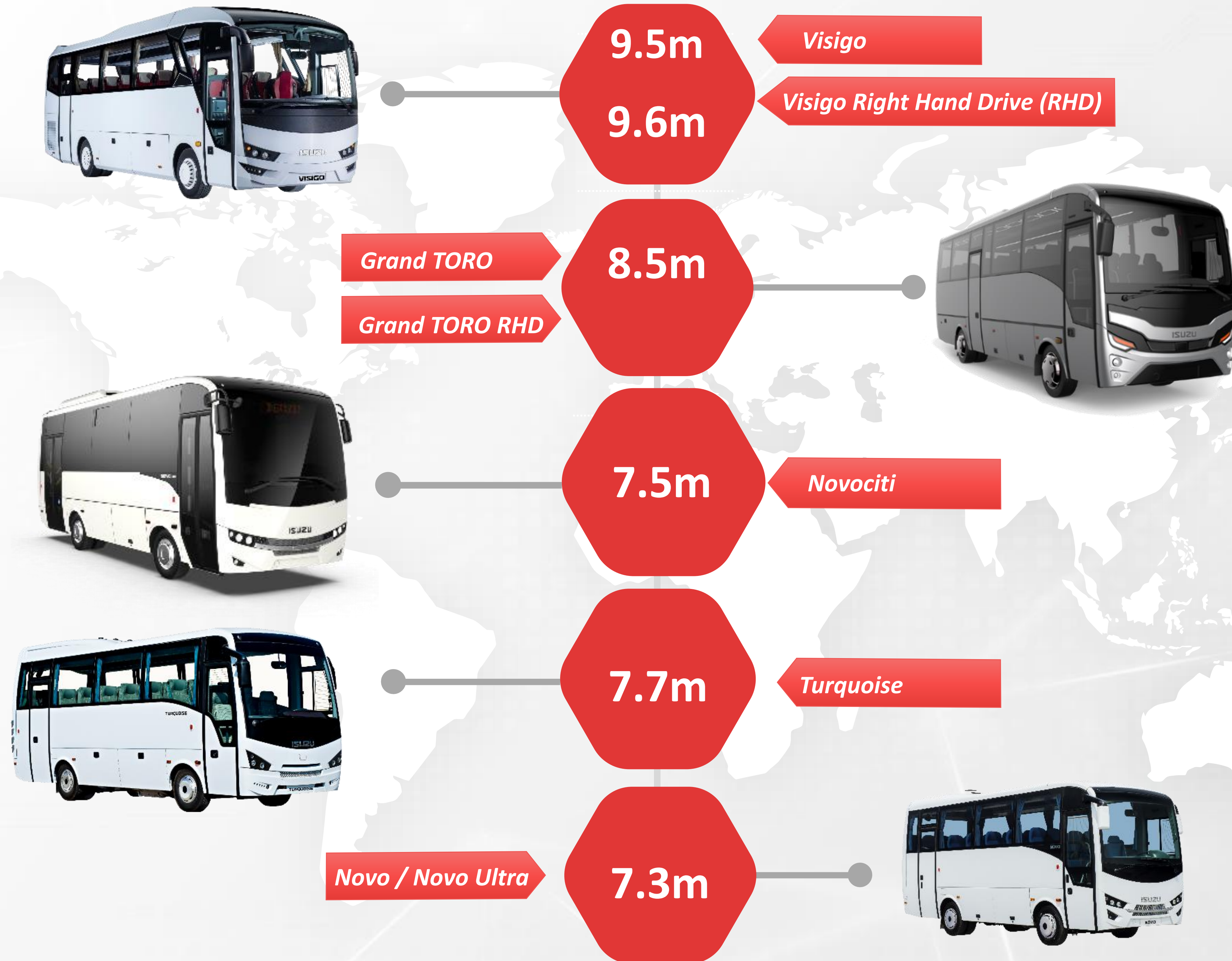
- All-new, 3rd generation
- Proven Durability
- High comfort
- Excellent safety





PRODUCT RANGE: Bus & Midibus





PRODUCT RANGE : EV family

- ✓ Environmentally friendly, electrified vehicles
- ✓ Full portfolio ready in 2025



NovoCITI VOLT – 8M
in the market



CITIVOLT – 12M
• SOP: Q1/2023

Sales Started



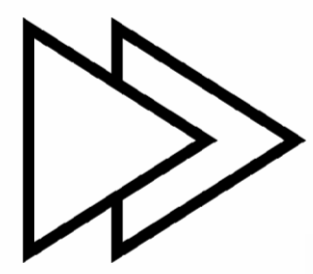
CITIVOLT – 18M
• SOP: Q2/2024

Under Development



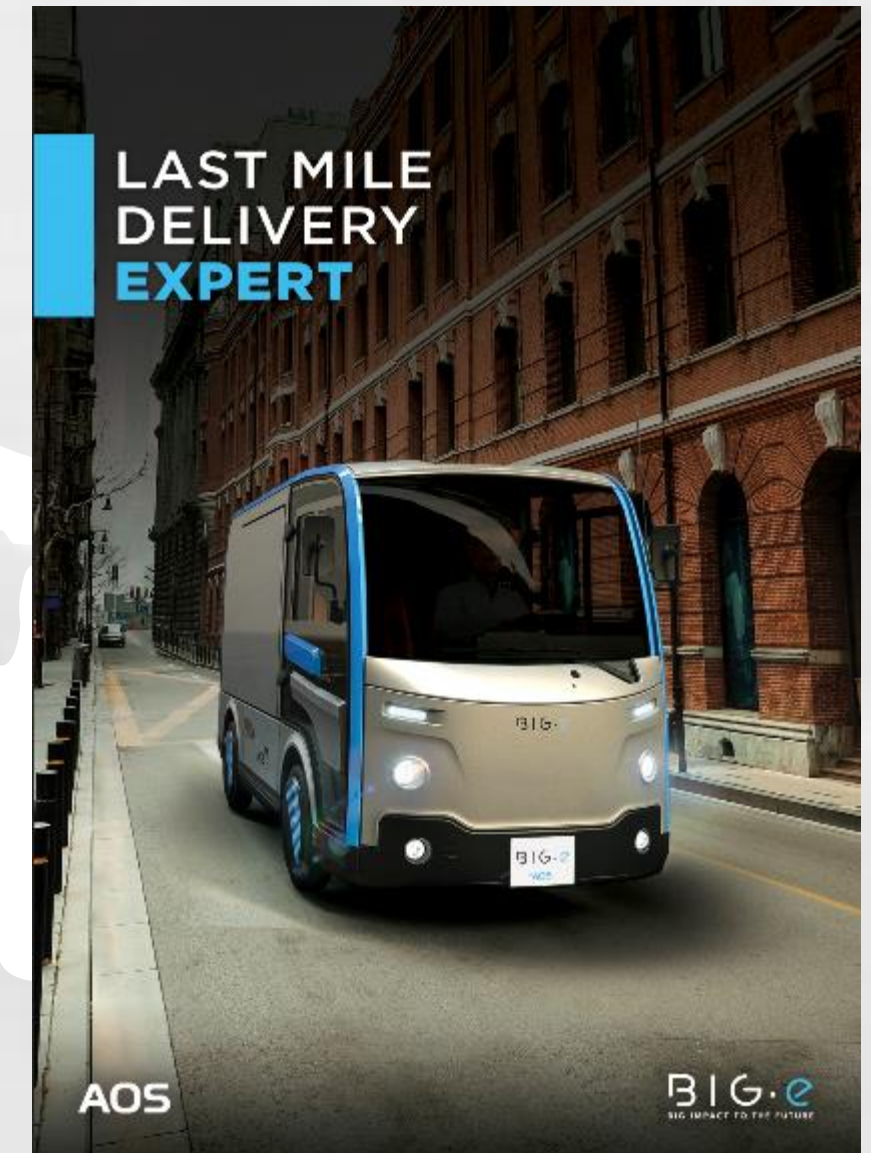
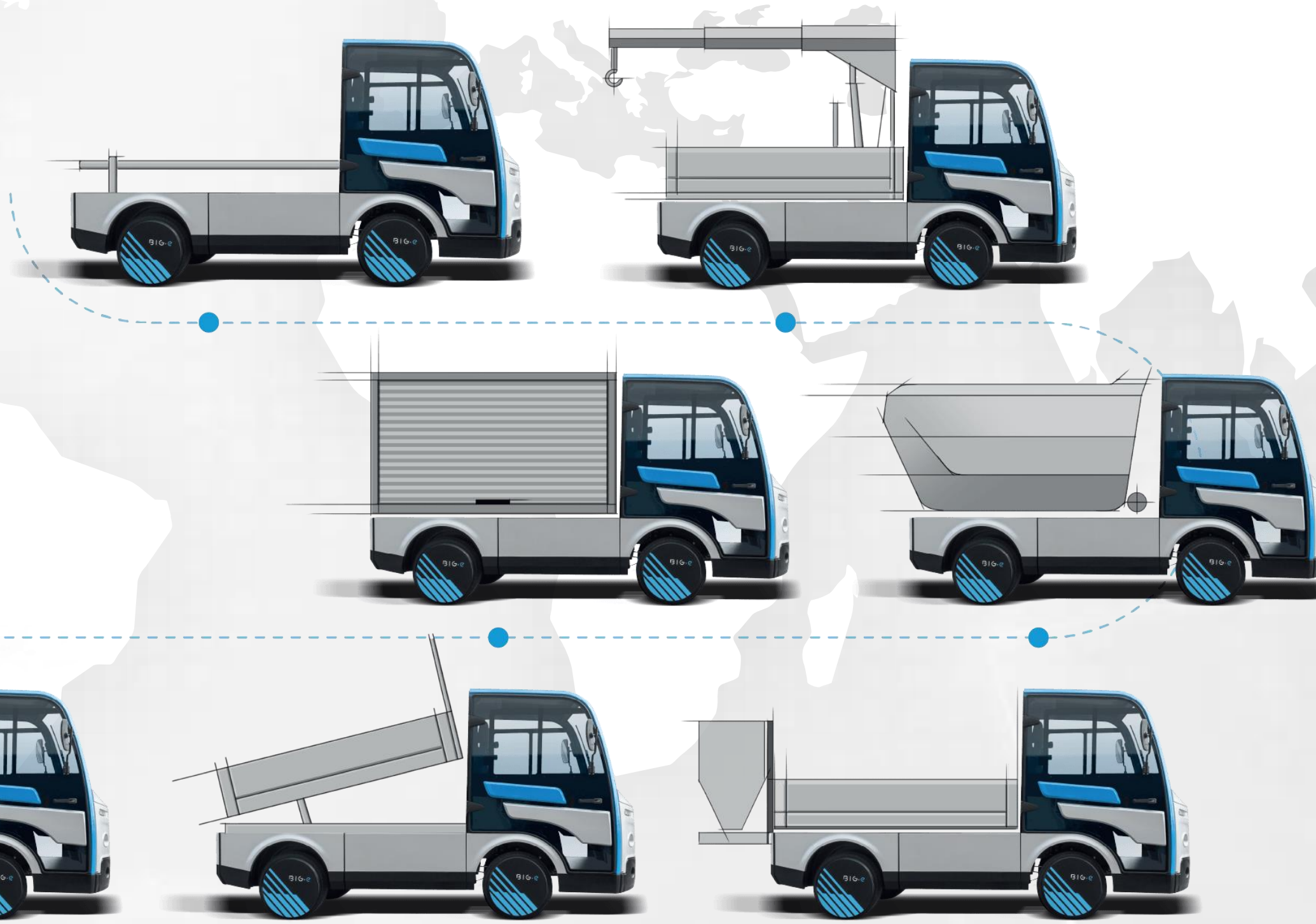
EV Truck & Midibus

Under Development



NEW SEGMENT.... BIG.e...

- ✓ Anadolu Isuzu will be a micro mobility partner of companies which are serving in the city 24/7
- ✓ BIG.e is running 100% electric
- ✓ Start of Sales 2024



➤ New Retail (B2C) Strategy for D-MAX

Main target:

- ✓ Be the one of the 3 brands of pick-up drivers and intenders
- ✓ Higher focus on retail market
- ✓ Keeping good share in Fleet business
- ✓ Stand alone D-Max Dealership Network in big cities such as İstanbul, Ankara, İzmir etc. , first in Maslak-Istanbul



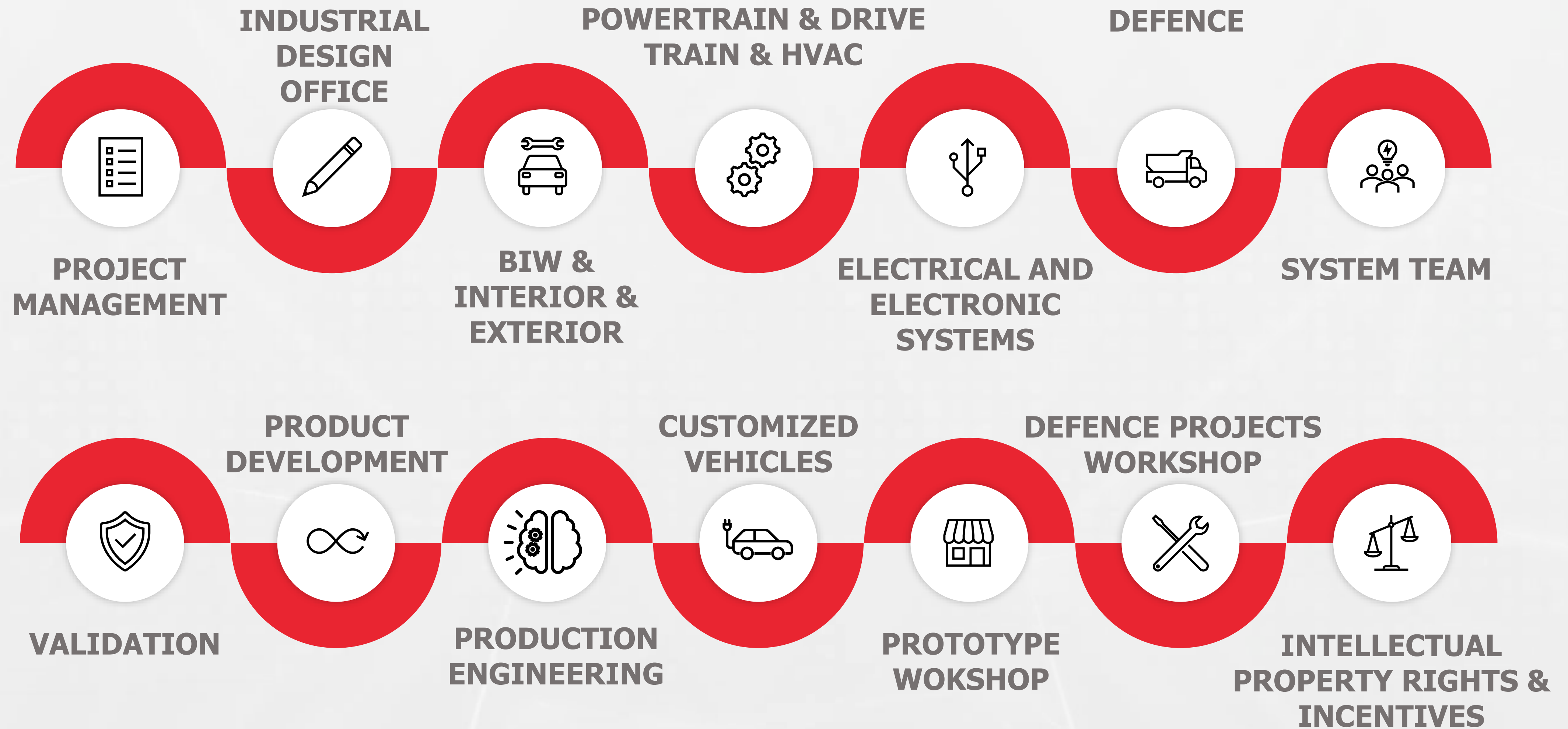
R&D

R&D CENTER

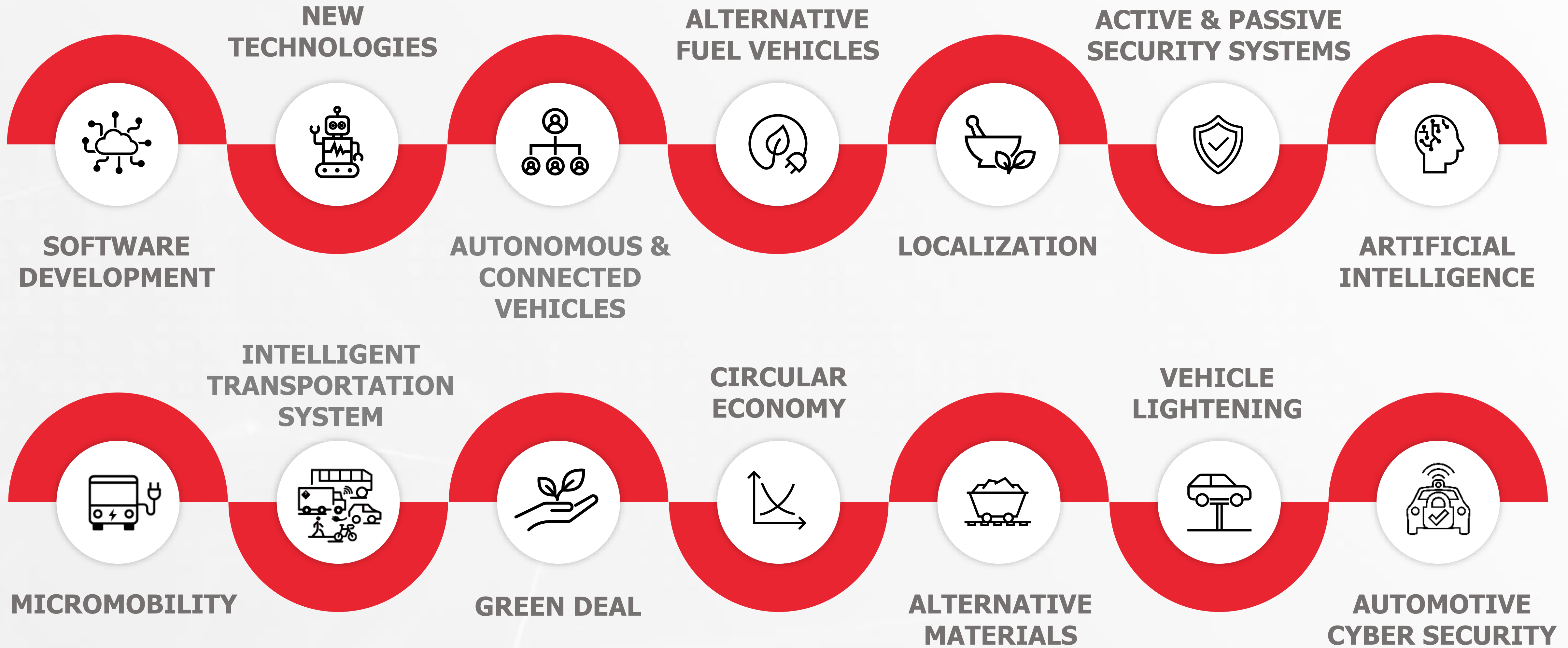
- **R&D culture** since the establishment
- **One of the first approved R&D centers** of Turkey
- New campus opened in 2015
- ~**300** employees
- Closed area of **6000 m²**
- **All the necessary R&D steps** with its Design Office, Prototype Workshops and Test Center



R&D CENTER DIVISIONS-From sketch to product all steps



OUR FOCUS



ANADOLU ISUZU R&D, driving future...

New Development

Autonomous Drive:

- ✓ Level-3 autonomous system
- ✓ Suitable for:
 - Driving campus
 - Particular way
 - Roads closed to traffic

Clean mobility will grow with Fuel Cell EV:

- ✓ Fuel Cells to convert chemical energy from **hydrogen-rich fuels** into electrical power



Cooperations in **Localization** for EV & Smart Vehicles

- ✓ Strong collaboration & strategic alliance with local technology developers & manufacturers
- ✓ Expanding the ecosystem



CitiVOLT Fuel Cell

• Prototype: 2024

SMART VEHICLES – NEW PROJECTS

Connected Vehicles:

Planning to develop softwares connecting our vehicles in all scenarios:

- ✓ V2V (Vehicle to Vehicle)
- ✓ V2I (Vehicle to Infrastructure)
- ✓ V2P (Vehicle to Pedestrian)
- ✓ V2N (Vehicle to Network)



Telematics & Fleet Management Projects:

- ✓ Enabling customers to increase efficiency and reduce costs
- ✓ Synergy with our core business



Corporate Sustainability Strategy

5th sustainability report of Anadolu Isuzu was published in 27.09.2023.

Our sustainability priorities:

- 1 Vehicle Quality and Road Safety
- 2 Climate Crisis and Environmental Impacts
- 3 R&D and Innovation
- 4 Digitalization and Cyber Security
- 5 Business Ethics and Human Rights
- 6 Stakeholder Relations and Collaborations



➤ Solar power - Our commitment to the future

Anadolu Isuzu is utilizing solar energy for 70% of its electricity needs



Roadmap to **Net Zero** by 2050

Let's Go Net Zero!

SCOPE 1 & 2 Production & Facility



46.2% reduction by **2030** compared to **2019** base year
81% reduction by **2050** compared to **2019** base year



Renewable
Energy
Investments



Implementation of
Energy Efficiency
Projects



Purchasing Green
Electricity
Certificates



Use of Refrigerants with
Low Global Warming
Potential



100% Electrical in All
Vehicles and
Forklifts in the
Factory



Green Hydrogen
Production/Use in
the Factory



Permanent Carbon
Removal for Residual
Emissions

SCOPE 3 Products & Supply Chain



71.5% reduction by **2035** compared to **2019** base year
64.9% reduction by **2050** compared to **2019** base year



Increasing the Market
Network of Electric /
Alternative Fuel Vehicles



Increasing the Content
of Recycled Material
Used in Vehicles



Reducing Carbon
Emissions in Supply
Chain Logistics
Operations

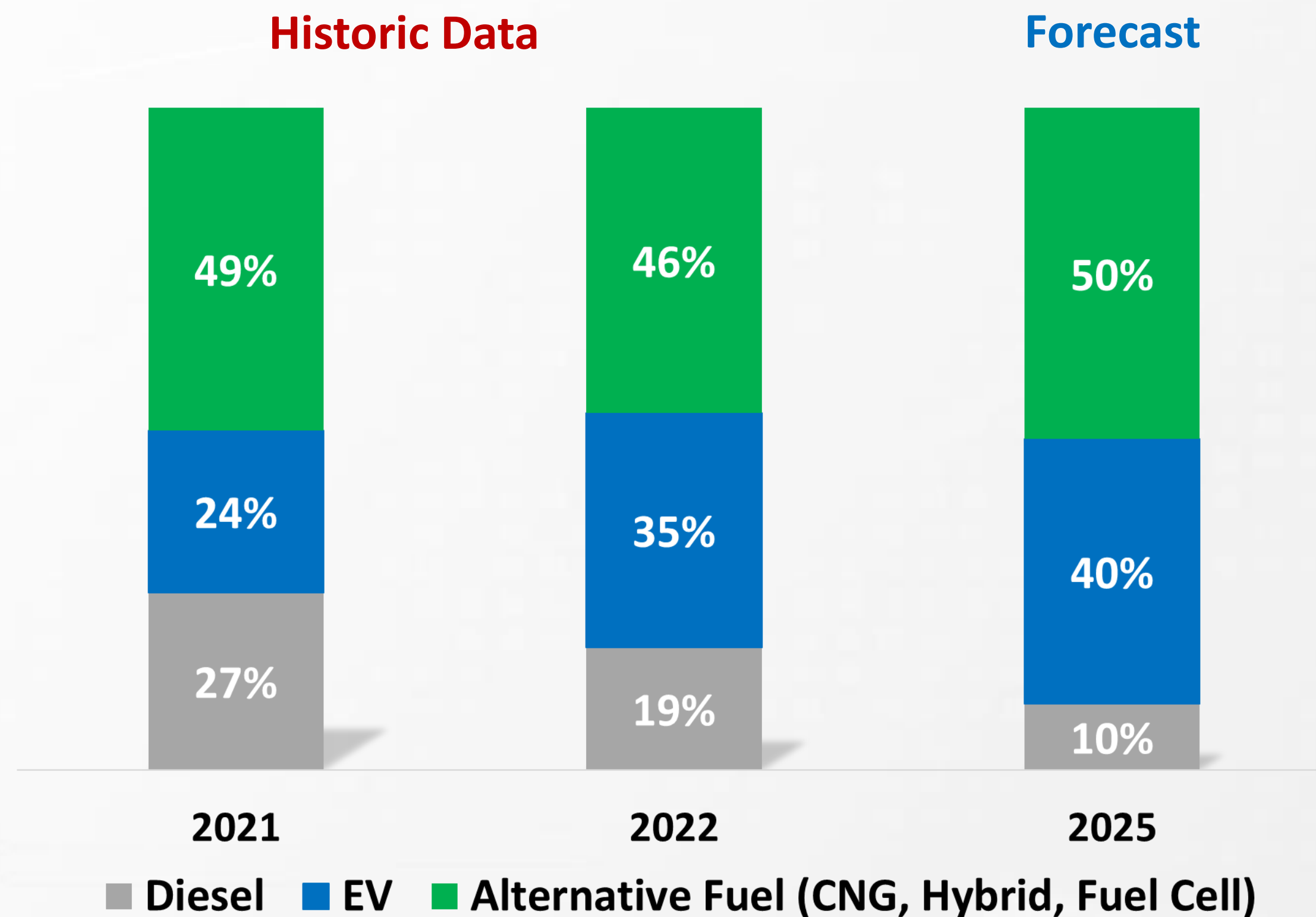


Reducing Employee
Commuting Emissions
Transition to Electric
Vehicles in Services

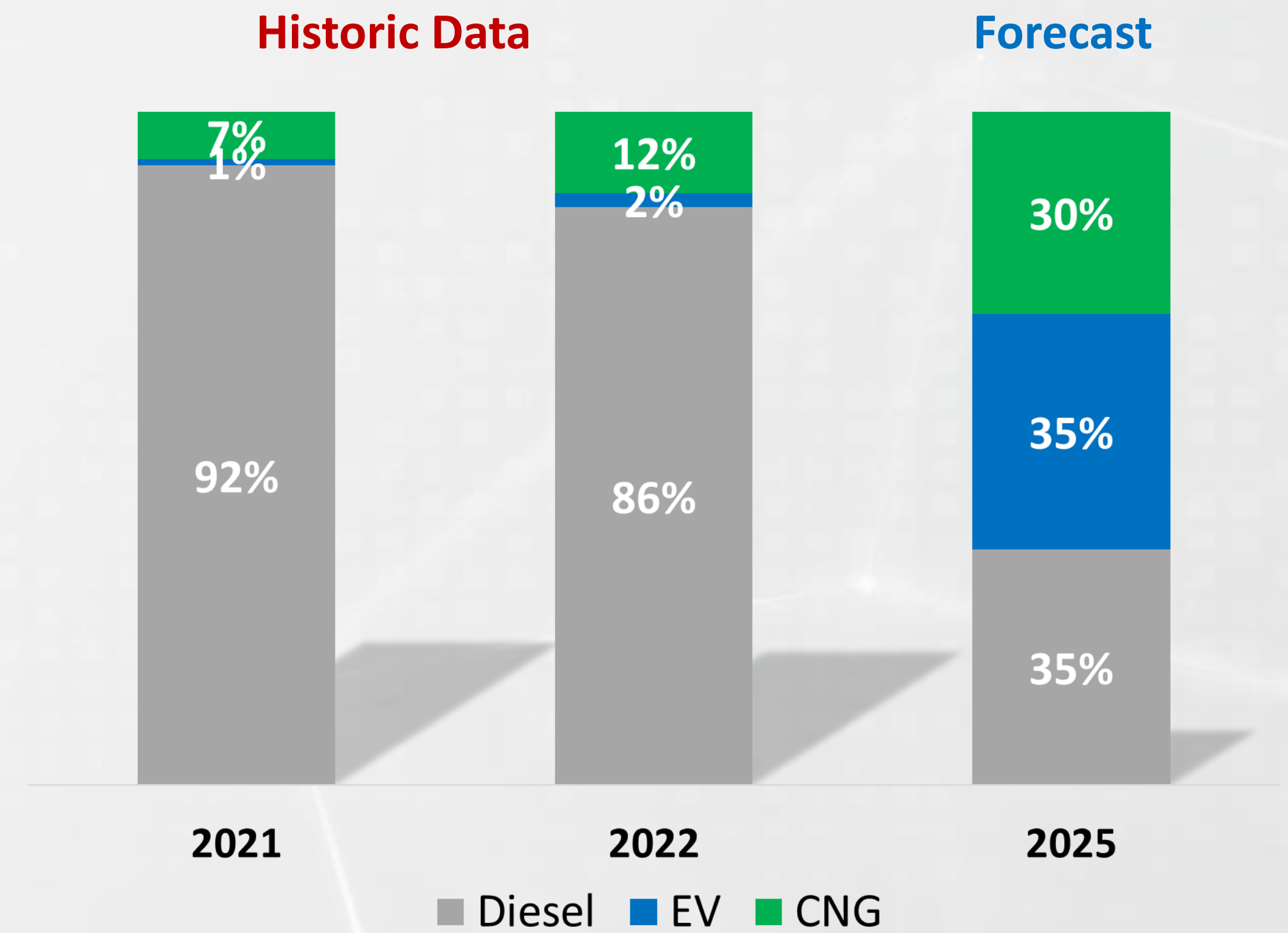
Product strategy aligned with the evolution of alternative fuel

- **Fast evolution** in city buses sold in Europe towards **alternative fuel**
- **Alternative fuel & EV** vehicles expected to reach **more than 50%** of our total export turnover , starting with 2025

New sales in European Market (City buses)



Product portfolio of ASUZU Exports(City buses)



Local Market & Export Sales

Strong Domestic Sales & After Sales Network

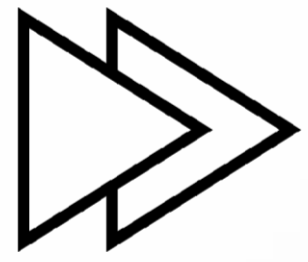


26 Dealers with 32 Showrooms
57 cities with 90 After Sales Points

Strenghts

- Turkey's **widest** after sales network in commercial vehicles
- High **customer satisfaction**
- **Reliable** service quality
- Financial **strength**
- **High experience** in commercial vehicles





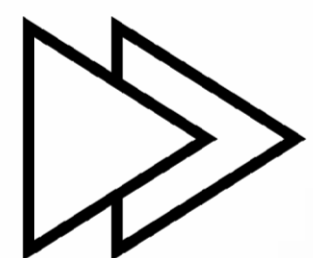
EXPORT NETWORK

35 Sales Distributors

Covering 45 Countries

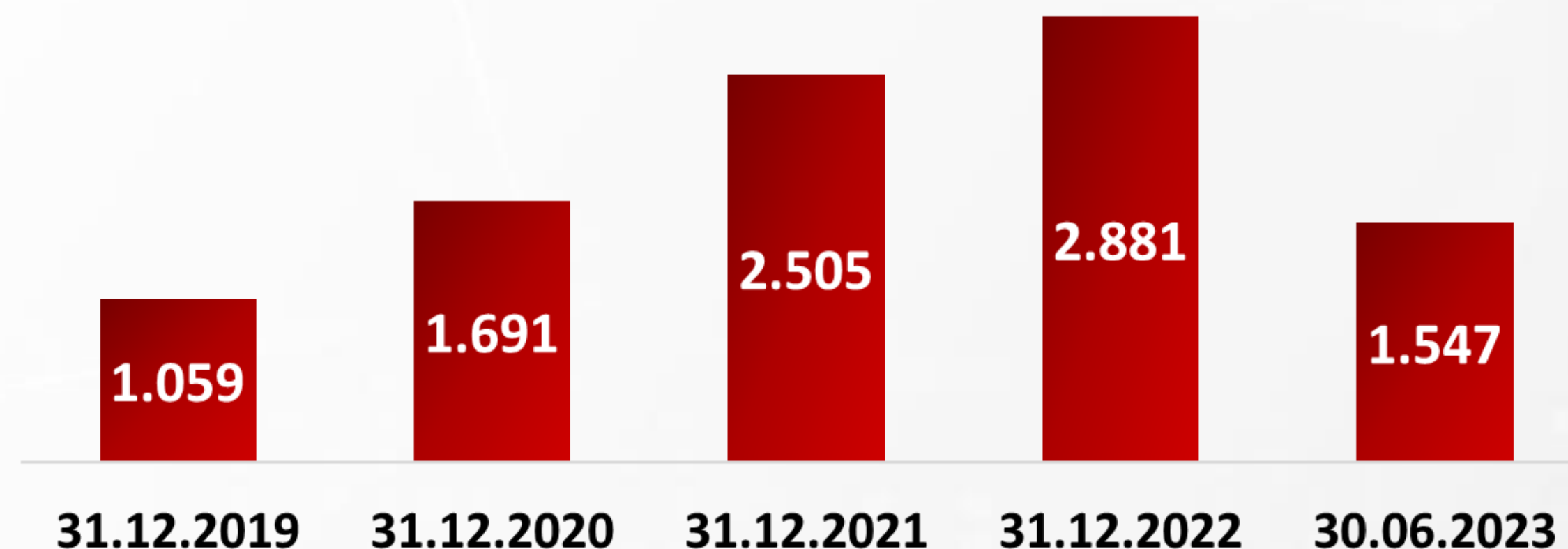
128 Service Points





Strong position in local market – Good sales H1 2023

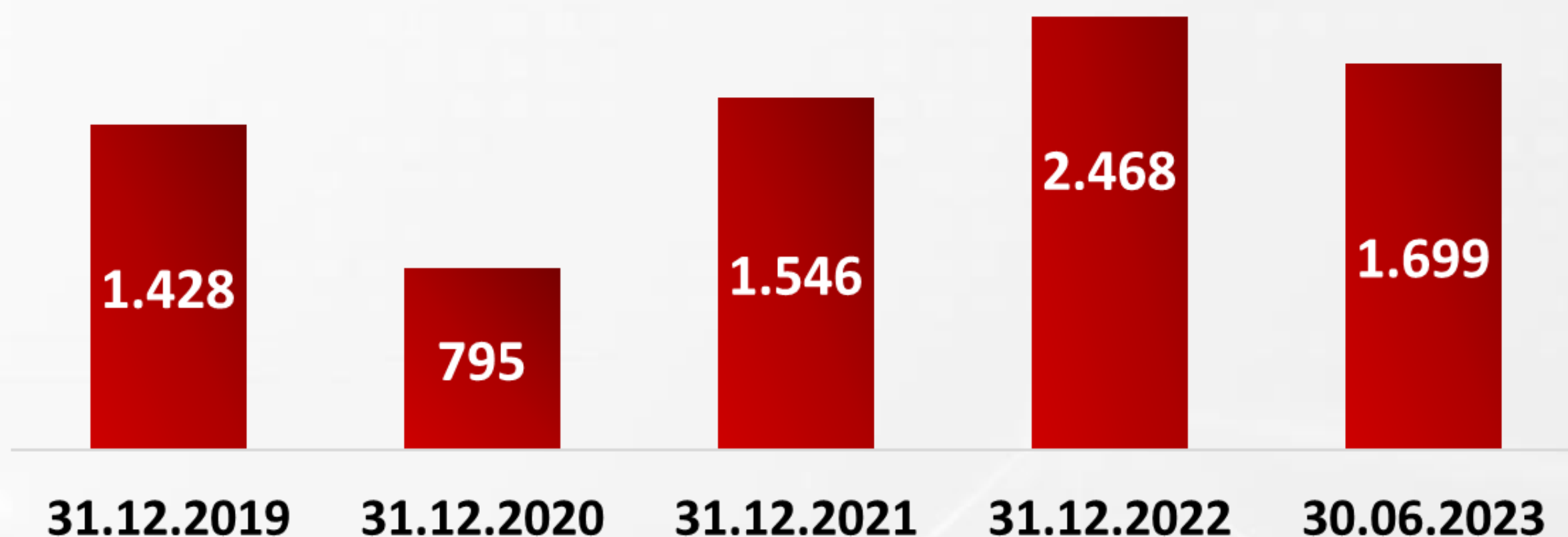
Market leader in 6-16t trucks for more than 10 years



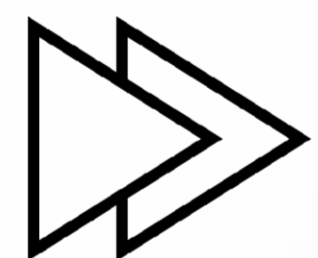
■ 6-16t Truck Sales Units

Other segments (Light Truck, Midibus, D-Max)

- New D-Max launched at the end of 2020, strong growth in sales volume
- Midibus segment; strong sales mainly due to increasing personnel & tourism transportation



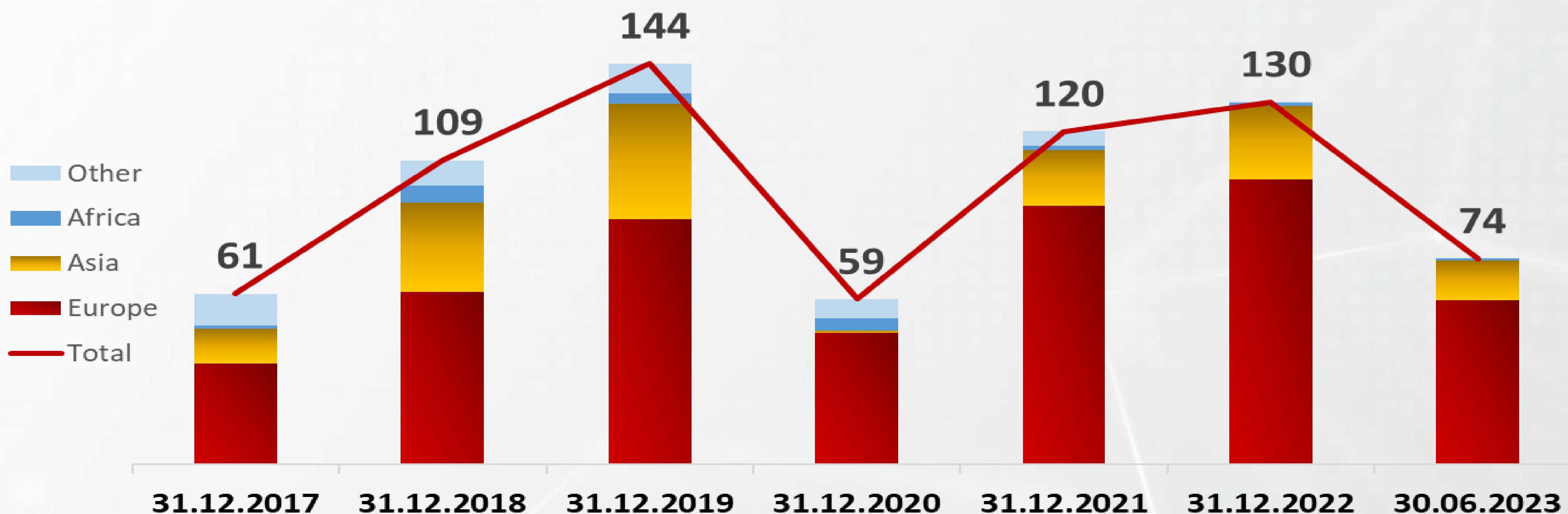
■ Light Truck, Pick up, Midibus & Bus units



Growth in Exports continue – Good H1 2023 performance

- Despite negative factors (Ukraine war , supply chain disruption etc) , export sales in 2022 realized as \$ 130 million
- Total number of commercial vehicles manufactured and exported reached 21,000 units
- Market expansion (Sales composition in 2017: 59% Europe vs 79% Europe in 2022)
- Strengthened distributor network (2017: 25 vs 2022: 35 distributors)

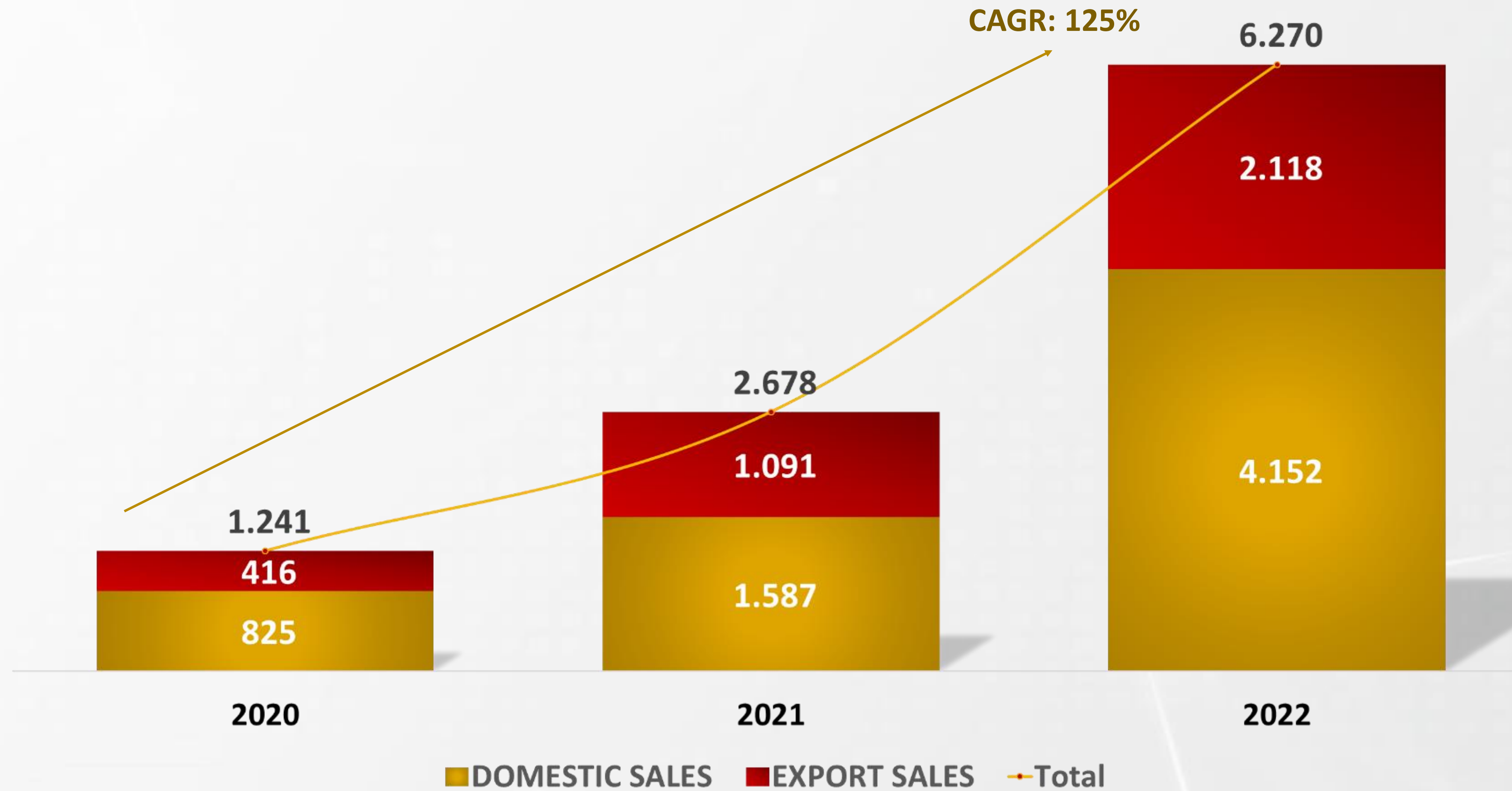
EXPORTS (m \$)

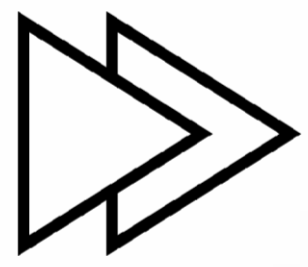


2022 Financial Performance

➤ Steady growth in Net Sales

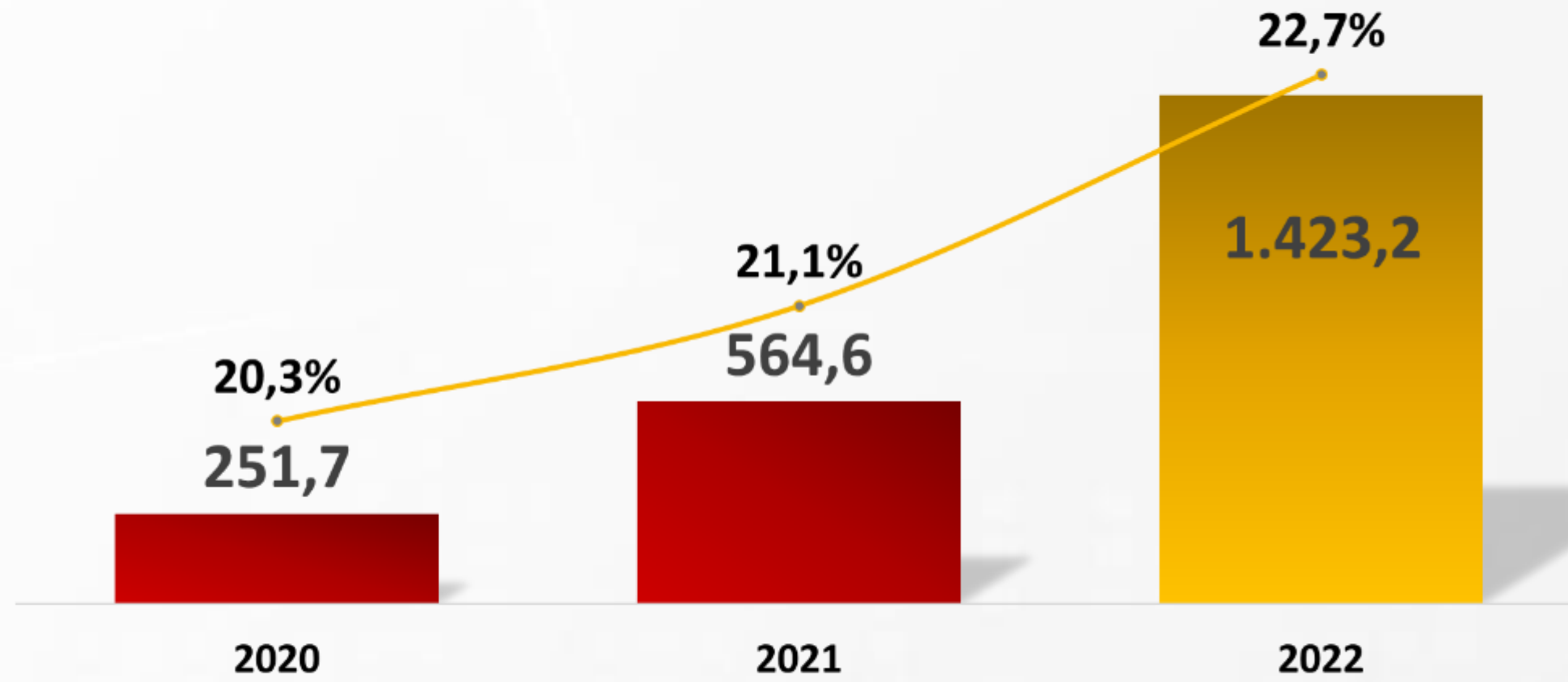
NET SALES (m TL)



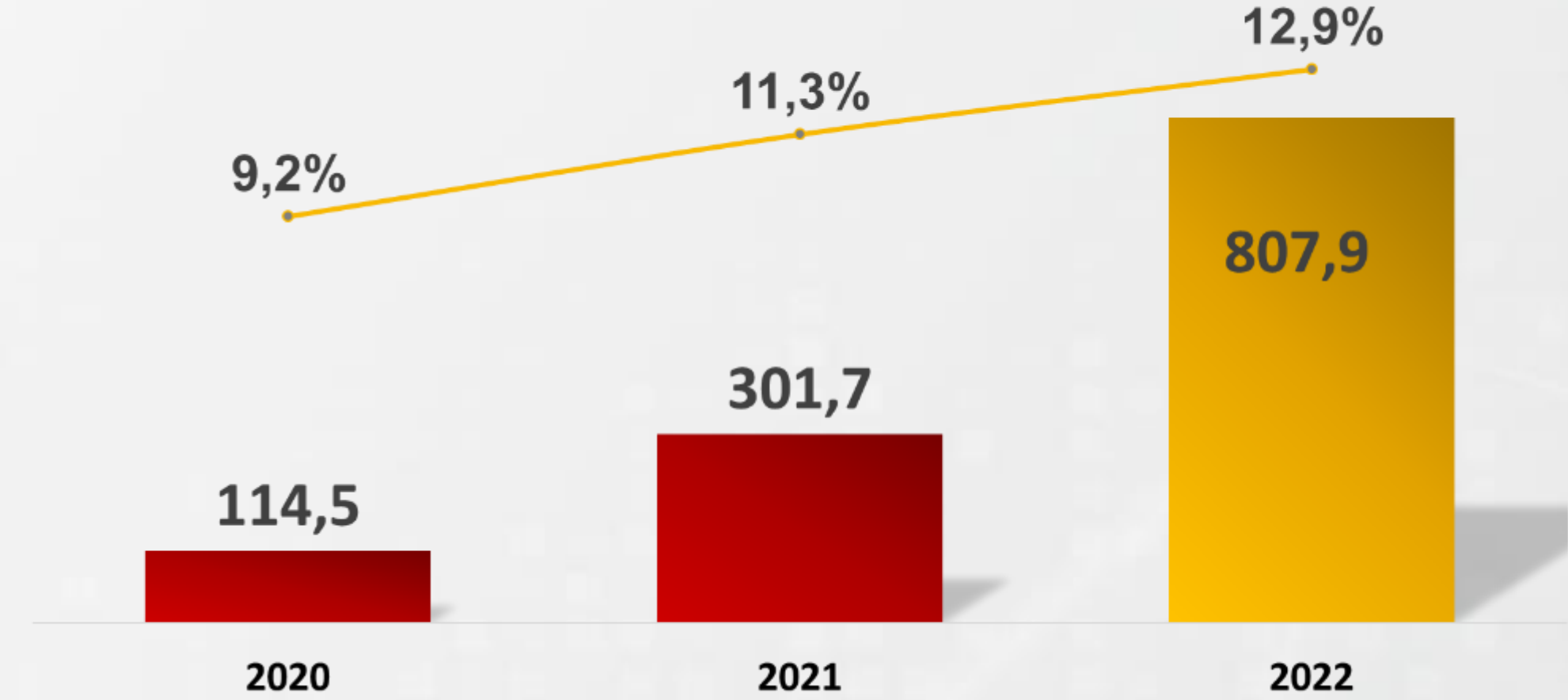


Growth in Profitability

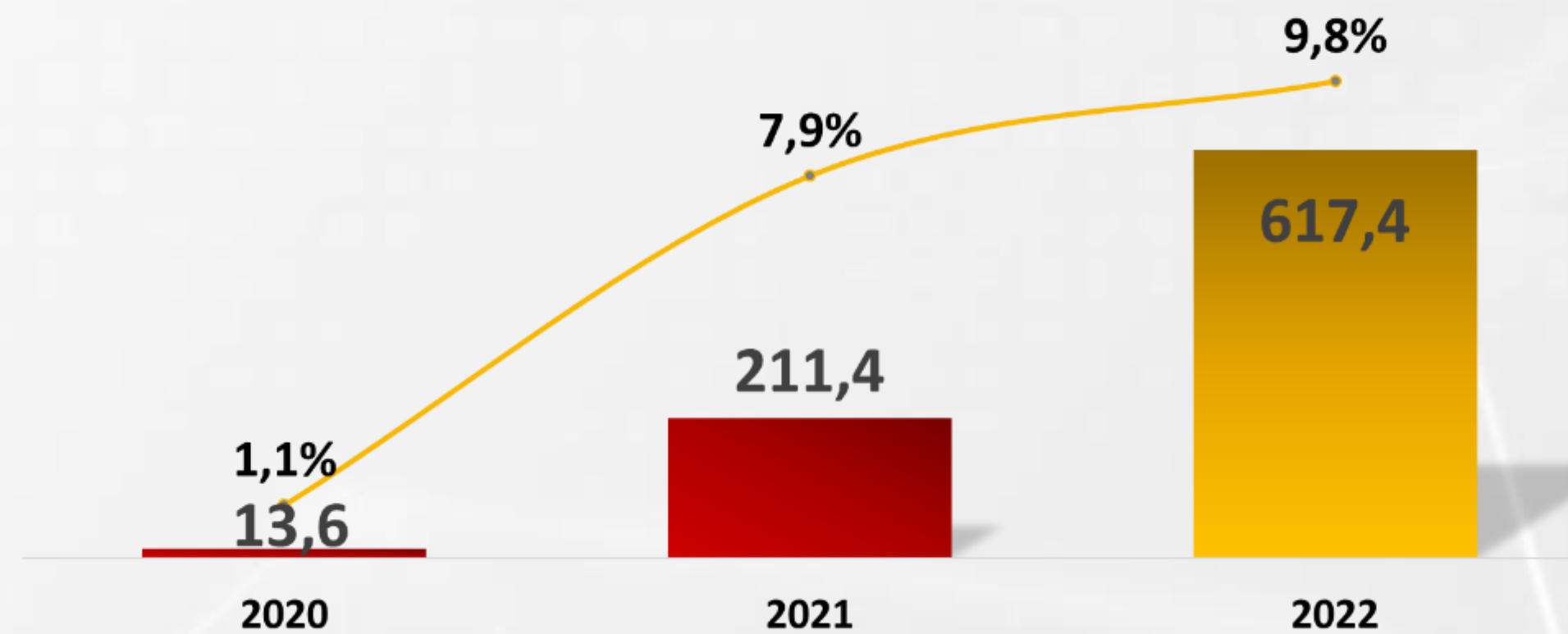
Gross Profit (m TL)

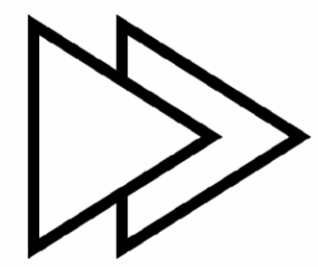


EBITDA (m TL)



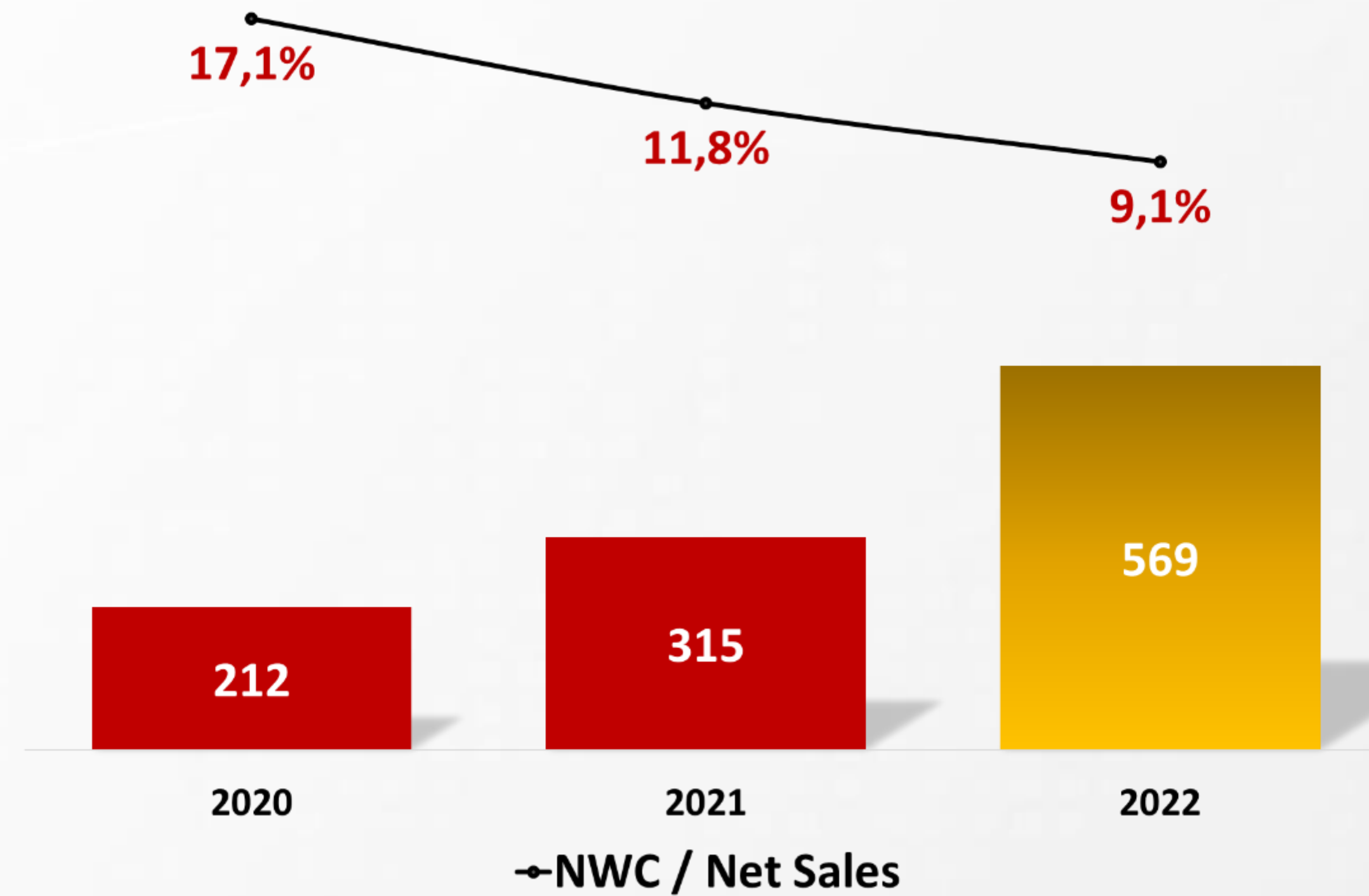
Net Profit (m TL)



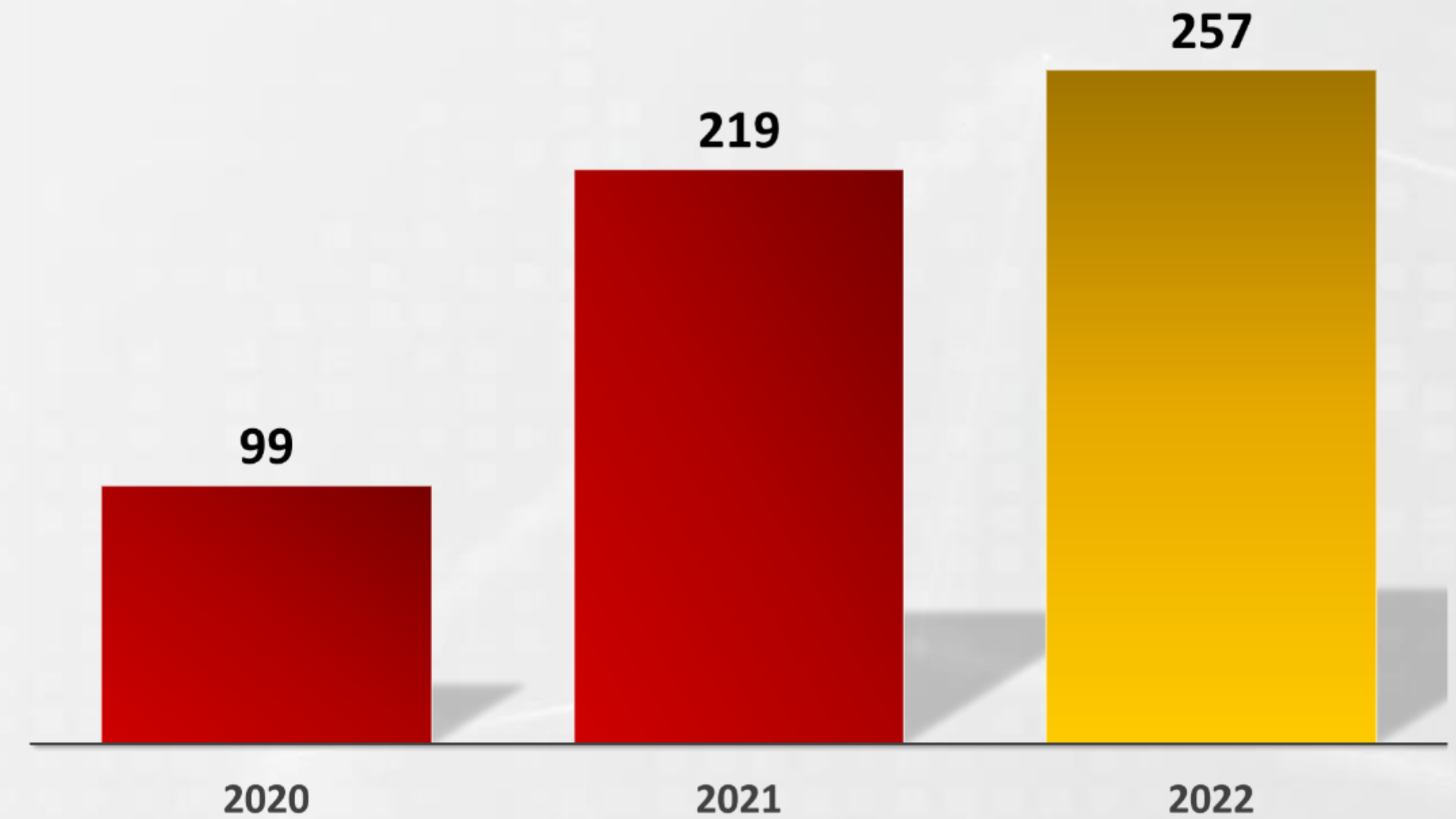


Significant improvement in Free Cash Flow

Net Working Capital* / Net Sales (m TL)



FCF* (m TL)

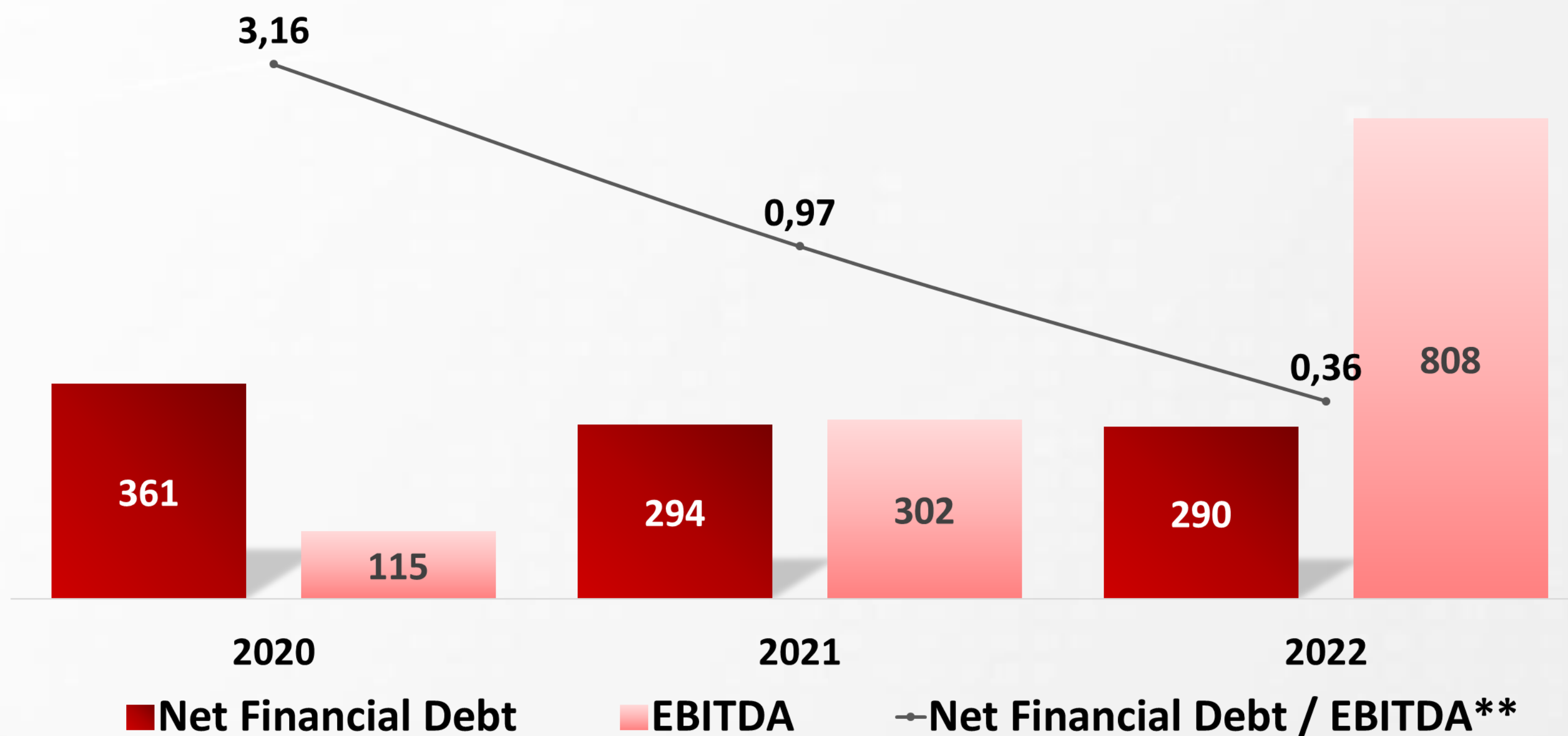


* Net Working capital = [(Current Assets – Cash & Cash Equivalents) – (Current Liabilities – Current Borrowings)]

* Free Cash Flow = Net Cash Provided by Operating Activities – Working Capital Change - Capital Expenditures

Decreasing Net Financial Debt

- Net Financial Debt / EBITDA ratio hits **all-time low level**



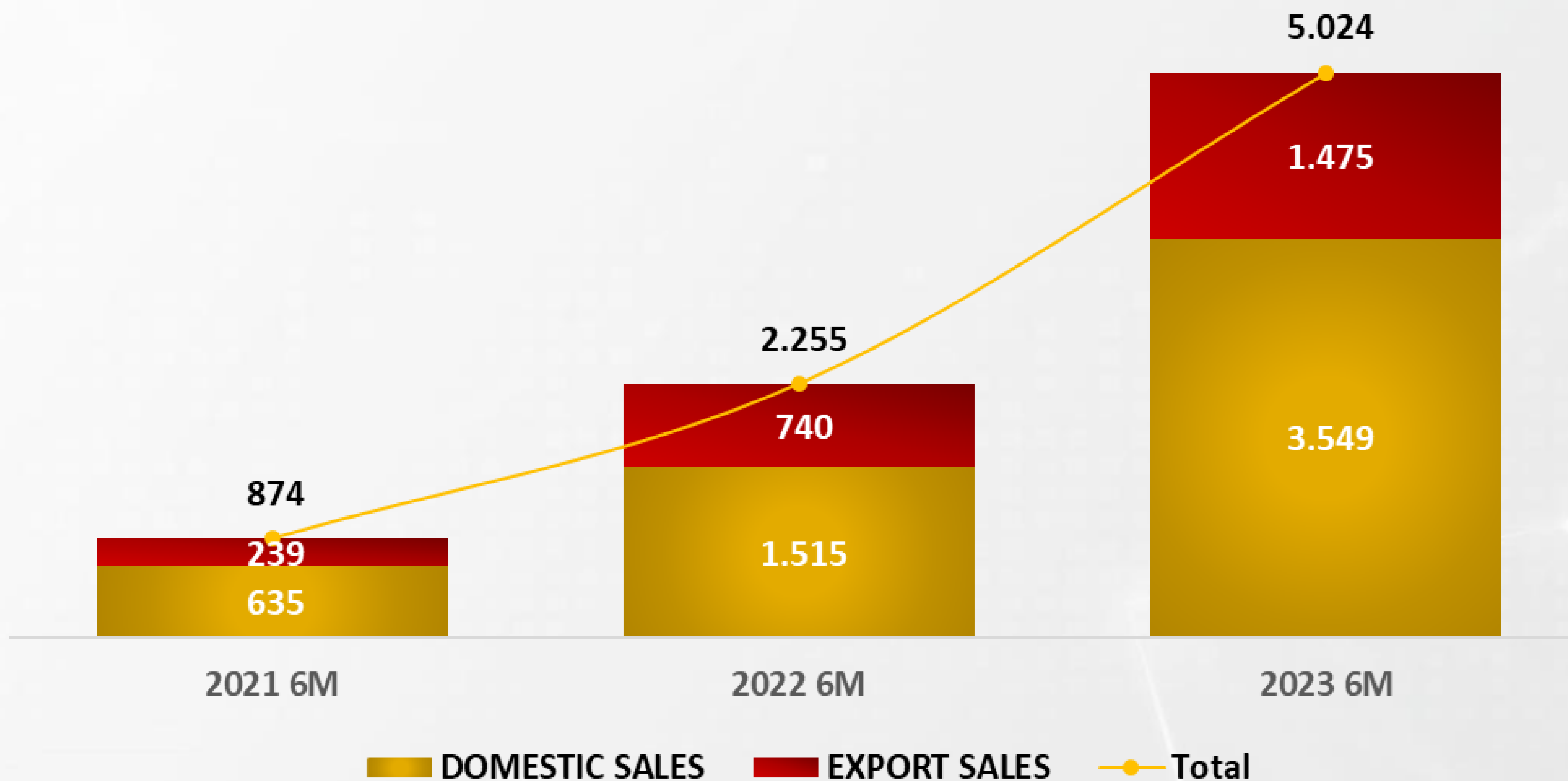
(*) Net Financial Debt = (Short Term borrowings + Long Term Borrowings) – Cash and Cash Equivalents)

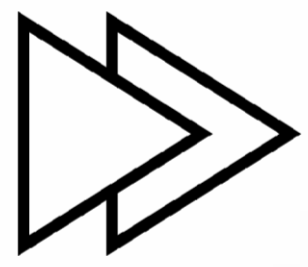
(**) EBITDA is calculated by using last 12 months data.

2023 H1 Financial Performance

Net Sales 6M 2023 – Increasing Volume

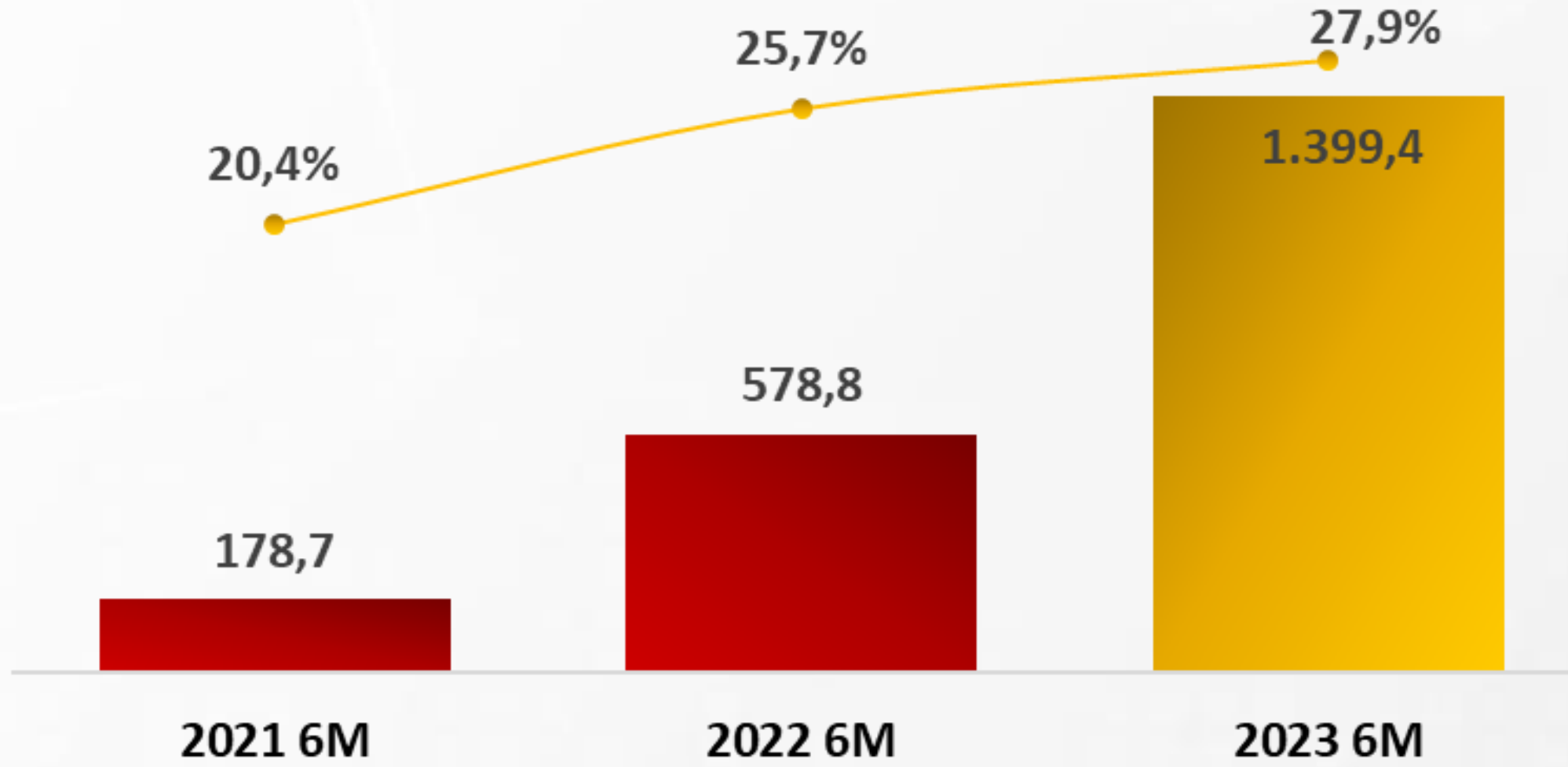
NET SALES (m TL)



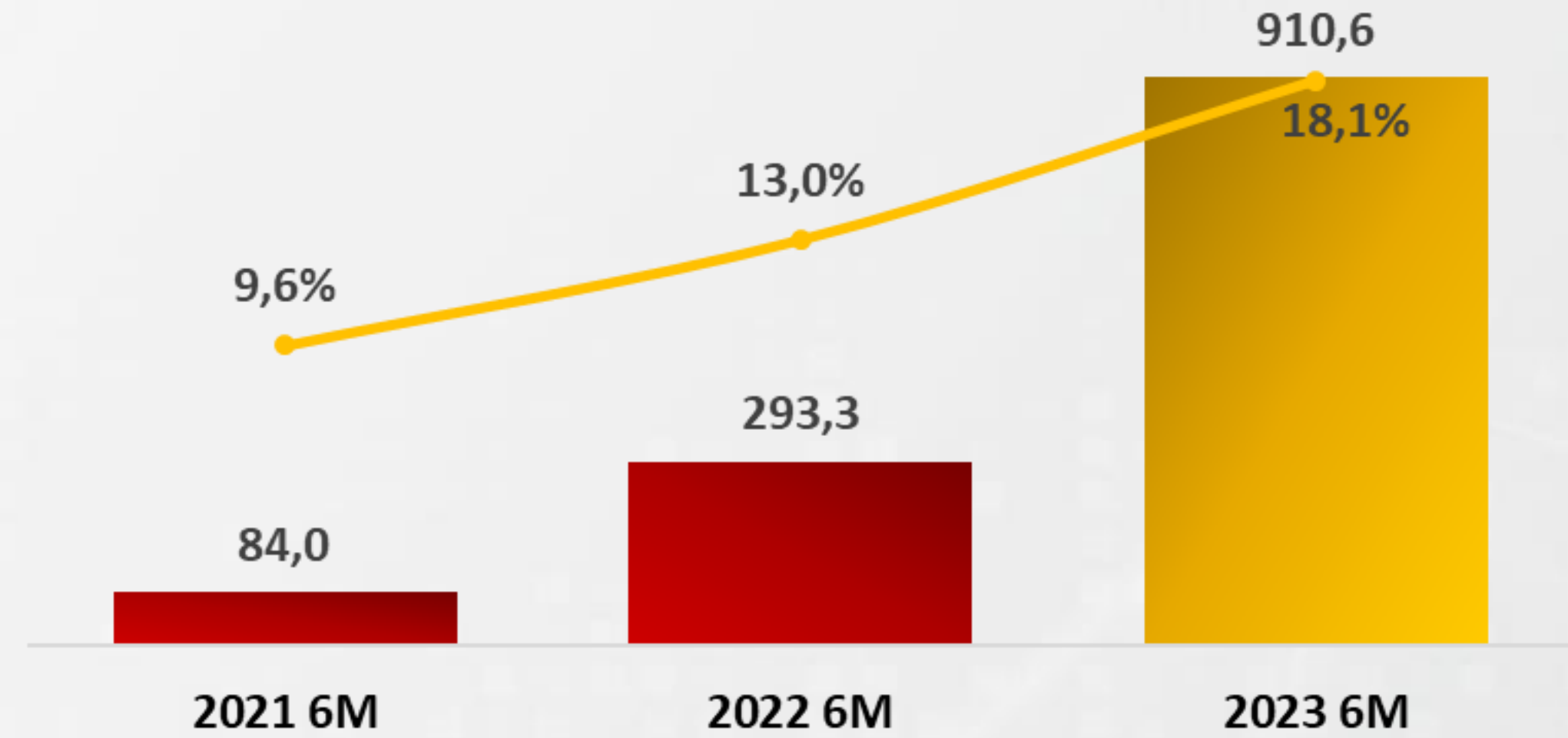


Profitability 6M 2023 – Improvement continues

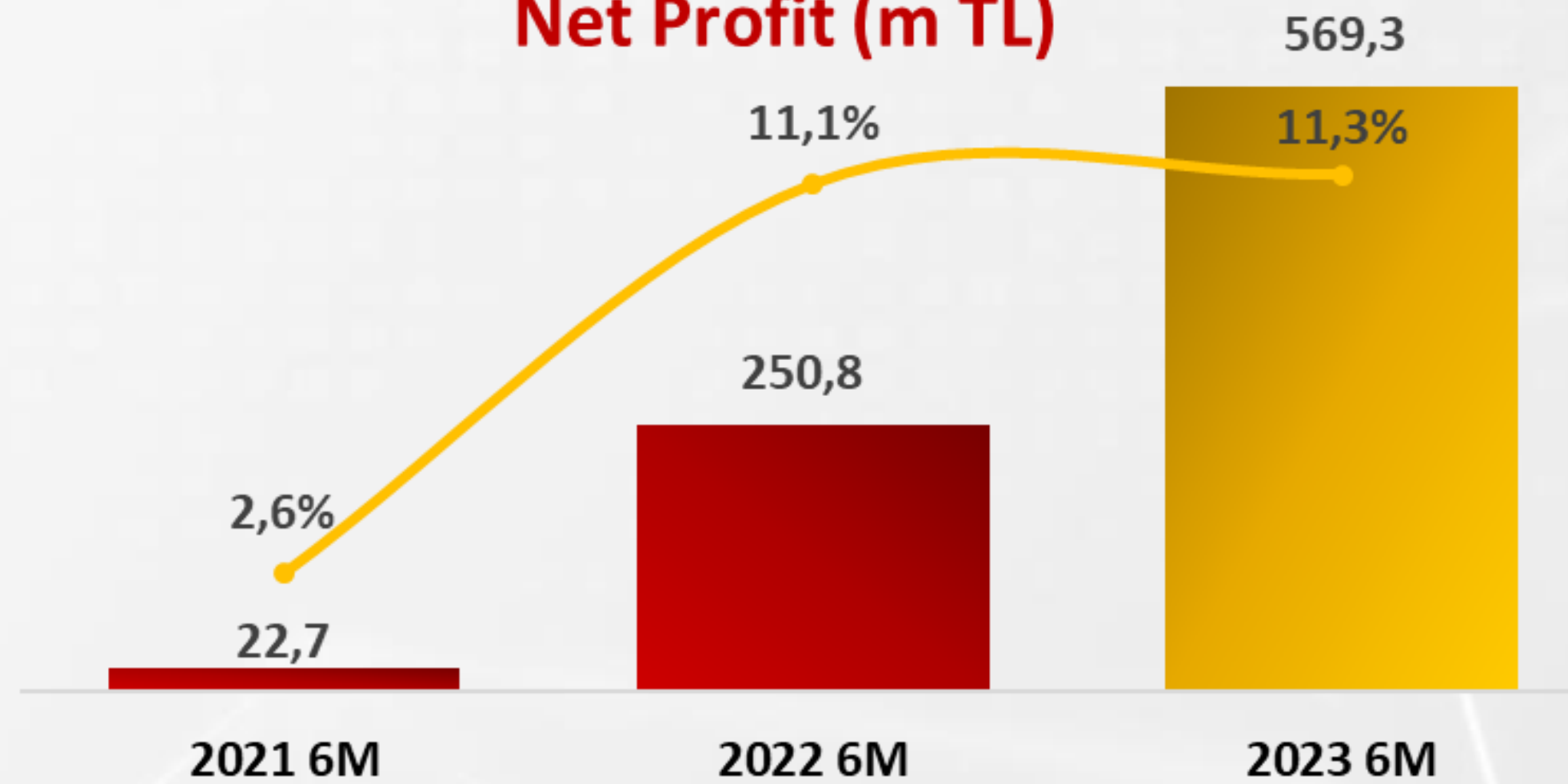
Gross Profit (m TL)

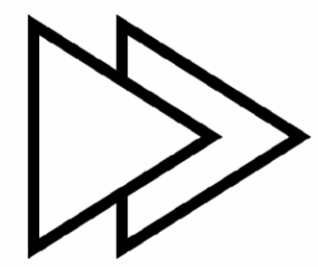


EBITDA (m TL)



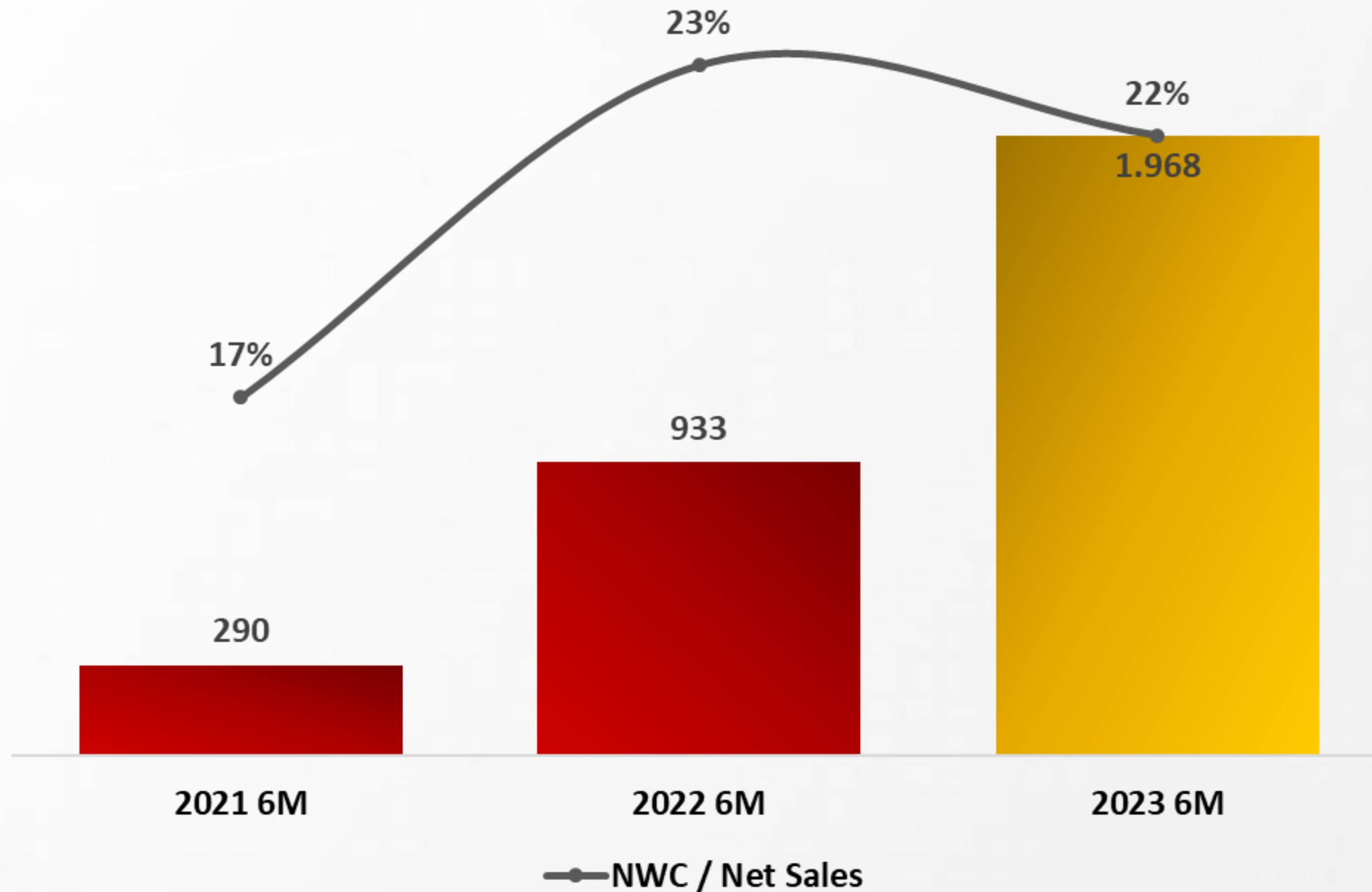
Net Profit (m TL)



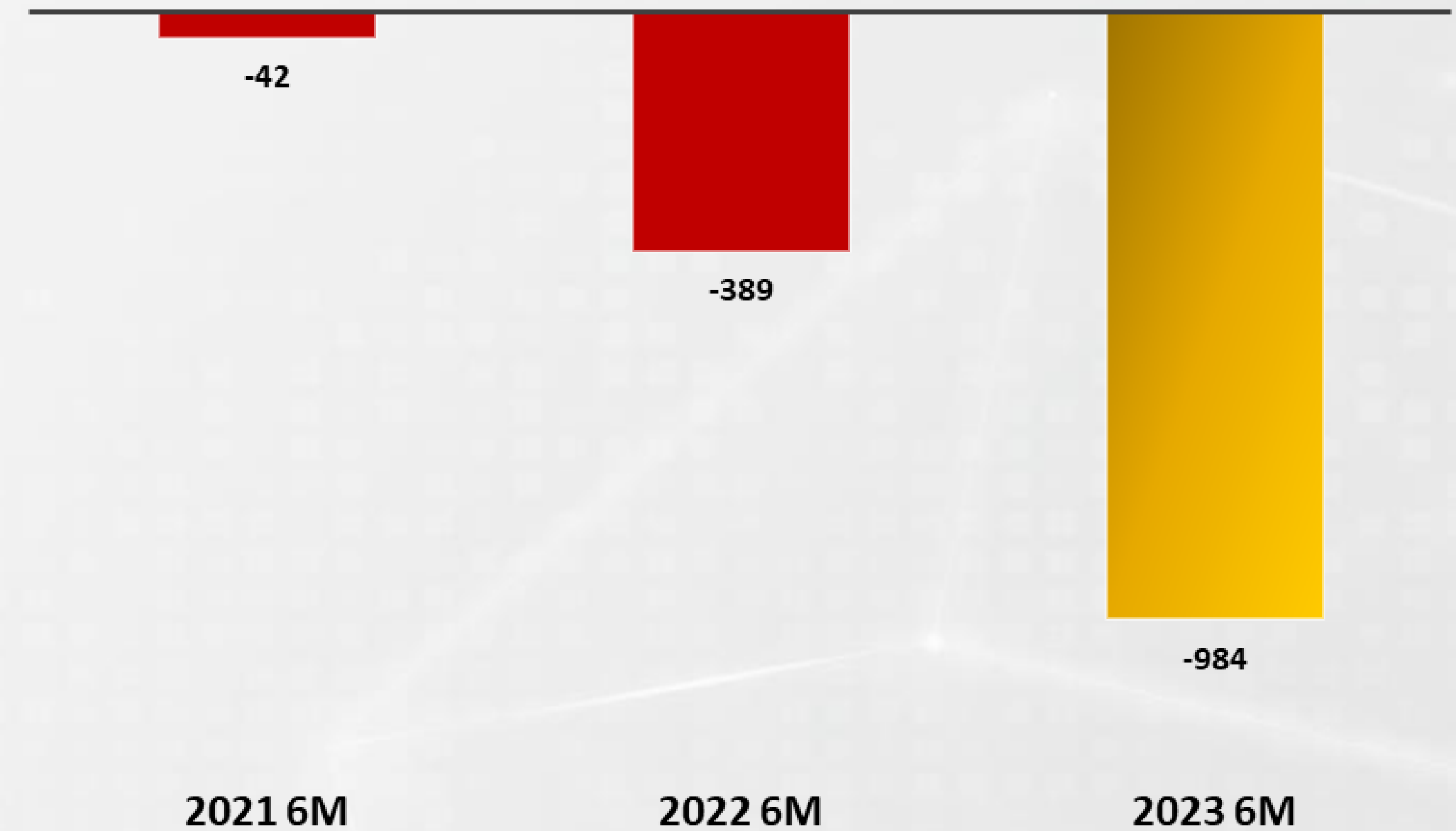


Free Cash Flow 6M 2023 – Investment year

Net Working Capital* / Net Sales (m TL)



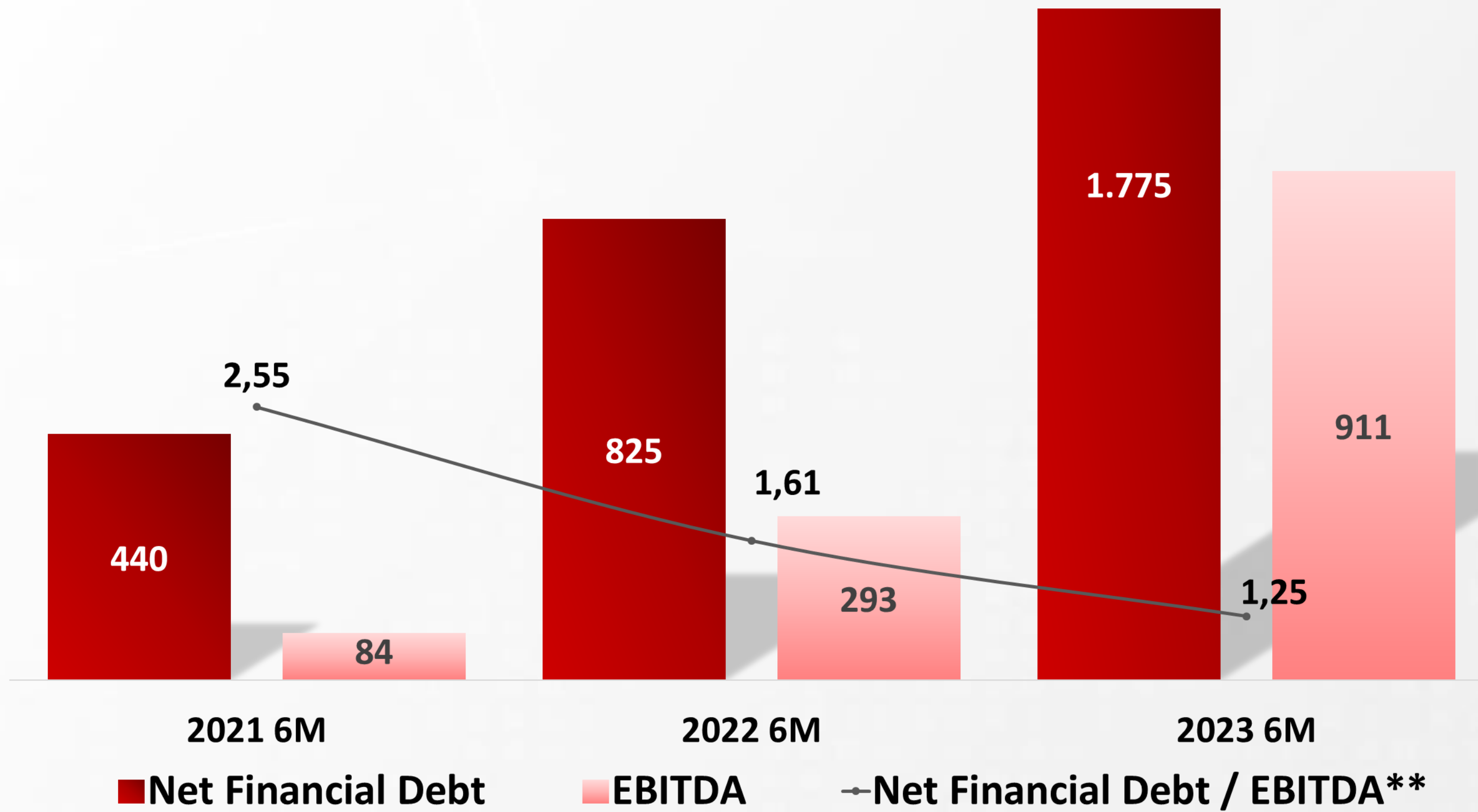
FCF* (m TL)



* Net Working capital = [(Current Assets – Cash & Cash Equivalents) – (Current Liabilities – Current Borrowings)]

* Free Cash Flow = Net Cash Provided by Operating Activities – Working Capital Change - Capital Expenditures

Net Financial Debt 6M 2023

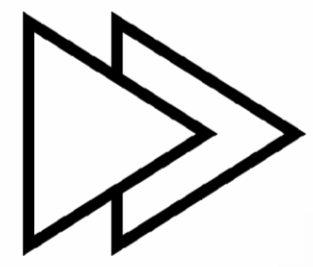


(*) Net Financial Debt = (Short Term borrowings + Long Term Borrowings) – Cash and Cash Equivalents)

(**) EBITDA is calculated by using last 12 months data.

➤ Financial/Operational priorities 2023-24

- Sustainable **growth** in **profit**
- Effective **WC Management & Strong FCF** generation
- **Optimized** level of FX position through operational/ financial hedges
- Focus on **cost of borrowing**
- **Operational efficiency** supported with new investments
- **People & Processes:** Talent management + People Development + Digital perfection
- **Localization and Coloboration with Local Ecosystem**



2023 Local Market Outlook & Expectations

- Market demand is expected to be in line with expectations during H2
- Availability of Turkish Lira financing continues to be sector's most important problem
- Public transportation projects may be postponed due to lack of financing

➤ 2023 International Markets Outlook & Expectations

- Negative impact of recession expectations on European demand not seen yet
- Maintaining our second half export targets
- Inflation/Devaluation imbalance is the biggest negative factor for export competitiveness

➤ 2023-24 Investments

- Second phase of the Solar Energy Investment finalized
- Energy projects continue
- FZK bus body operation has been taken over
- Renewal of cataphoresis unit has started

2023 Guidance

Our Company's expectations for 2023 :

- **Domestic Market:** Volume growth in the high-ten % s
- **International Markets:** Volume growth in mid-ten % s thanks to new markets and product diversity
- **2023 EBITDA Margin** is expected to be in the mid-ten % s



/ Anadolu Isuzu Global



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ANADOLU GROUP

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