

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

Investor Presentation

March 2022

Company Overview



WHY ANADOLU ISUZU

VISION

Global player in the commercial vehicle industry with its wide product range powered by high-tech & customer-oriented mobility solutions



Partnership with a leading global player ISUZU, best-in-class corporate governance



Market leader in Turkey's fast growing truck market (6-16ton segment)



Solid growth in bus exports



Product strategy in-line with the alternative fuel and smart vehicles trend



Solid R&D investment plan, strong collaboration with local players



Business development projects and strategic alliances in new areas



Strong & customer oriented after sales network



Solid company financials with strong performance in leverage, margins and free cash flow

Global sector dynamics & trends



World bus market expected to grow at a healthy pace in the forthcoming years, thanks to the transition to alternative fuel vehicles



Truck market growth rate is higher in the emerging markets than developed markets



Truck industry investing in **electric** trucks for the future, fuel cell is following



Transformation to **zero-emission** commercial vehicles has started at a significant level with municipality vehicles. Wider application of battery electric shuttle, school buses, battery-electric delivery vans and fuel cell electric buses expected in the coming period



Supply chain dynamics changed with pandemic:

Non-Chinese suppliers will be more demanded due to unstable supply conditions and high freight costs from far east, strong need for nearshoring. Localization to be more vital.

Anadolu Isuzu at a glance

Operations

Anadolu Isuzu operates in the **commercial vehicle** segment with a **strong product range**, **after-sales service** expanded to a big **geography** and a **widespread dealer network**

Products

Anadolu Isuzu manufactures **Trucks**, **Light trucks**, **Buses**, **Midibuses & Pick-ups** and pursues an **ambitious export strategy**

Milestones

Established in **1965**

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

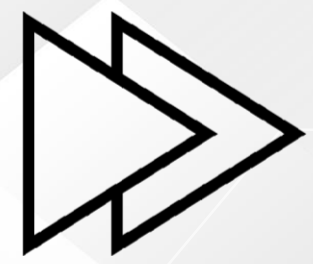
1997: Initial Public Offering (IPO)

2003: Bus export to Europe

2009: Anadolu Isuzu R&D Center

2019: Defense industry trucks exhibited at IDEF exhibition

2021: First electric bus delivered



Shareholder structure

Anadolu Group

- One of the largest groups of Turkey serving in **8** sectors & **19** countries
- **TL 82.7 bn** turnover in FY2021
- **TL 1.3 bn** profit in FY2021
- **86** production facilities
- **80,000+** employees

- A global giant that has investments in various industries
- **USD 93.6 bn** turnover in FY2020
- **USD 3.6 bn** profit in FY2020
- **63** countries
- **~100,000** employees

Itochu Corporation

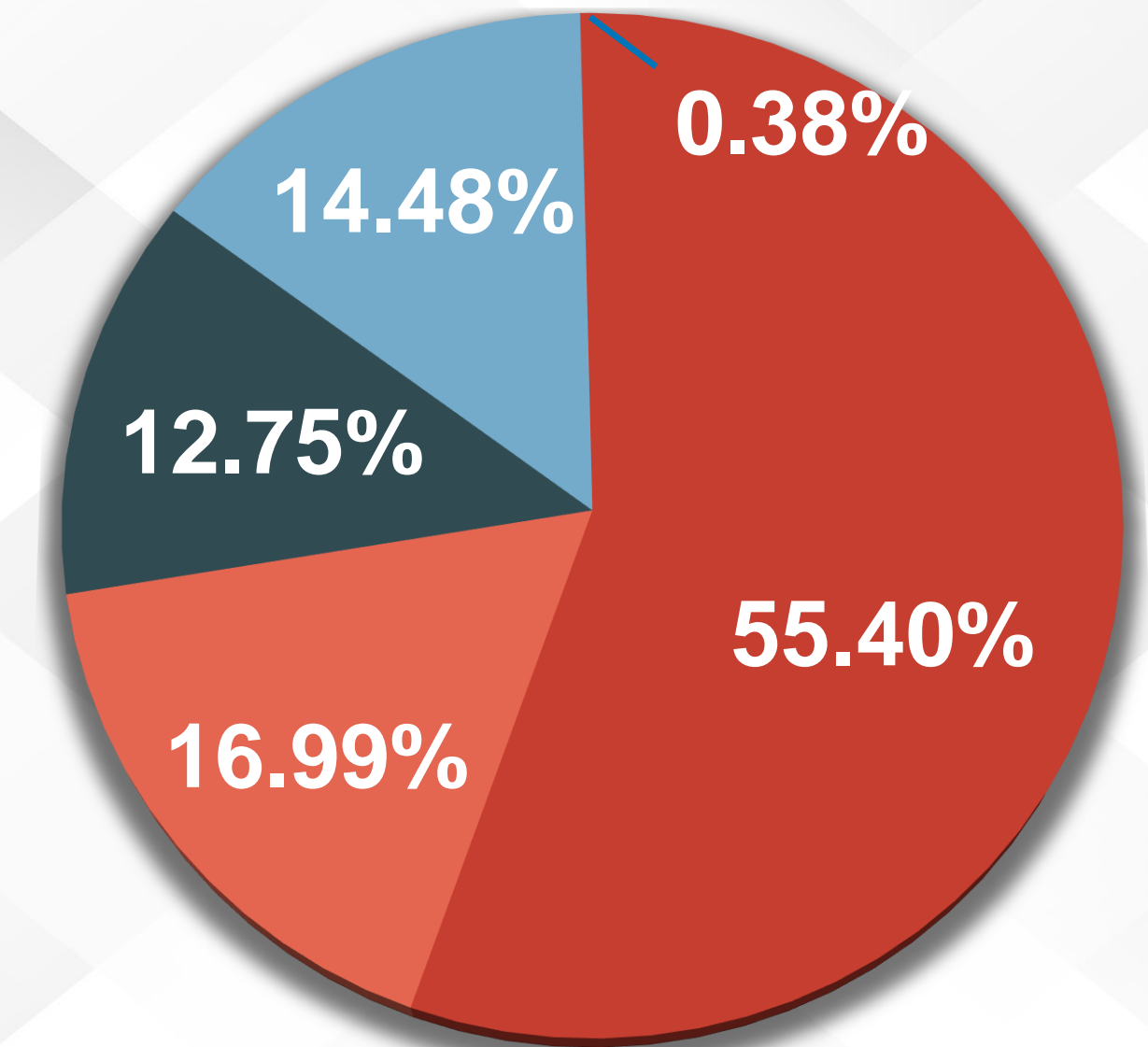
Isuzu Motors Ltd.

- Global leader in commercial vehicles
- **USD 19.1 bn** turnover in FY2020
- **USD 1.3 bn** profit in FY2020
- **130** countries
- **~37,000** employees

Free float:

14.48%

Public Share



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



Manufacturing & Capacity

> **99,000 m² covered, 300,000 m² total production area in Kocaeli Plant**

> **19,000 units manufacturing capacity**

> **180,000 vehicles produced so far**

> **More than 25 different vehicle models**



Significant growth in 5 years

	2017		2021
Revenue (mTL)	963	2.8 times	2,678
Export (m\$)	61	2 times	120
EBITDA (mTL)	29	10.5 times	302
Net Debt/EBITDA	11.60		0.97
Free Cash Flow (mTL)	-10		+219



Product Range: Truck & Pick-up D-Max

TRUCKS

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



LIGHT TRUCKS

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



PICK-UP

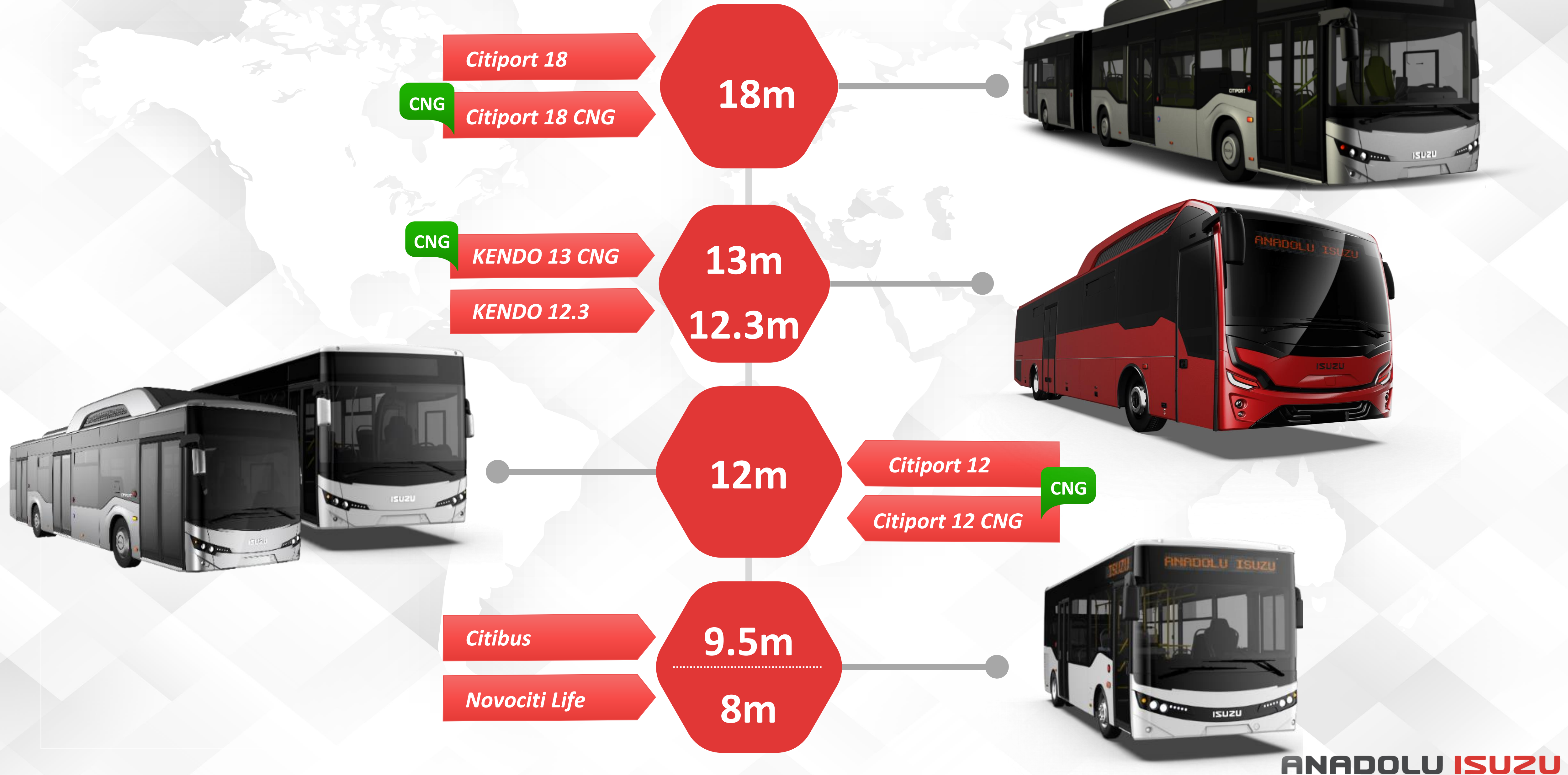
- All-new, 3rd generation
- Isuzu durability
- High comfort
- Excellent safety



-Turkish Market-



Product Range: Bus & Midibus





9.5m

Visigo

9.6m

Visigo Right Hand Drive (RHD)

Grand TORO

8.5m

Grand TORO RHD



8m

Novociti VOLT EV

7.5m

Novociti



7.7m

Turquoise

Novo / Novo Ultra

7.3m



➤ Near future products; developing EV family

The world is changing so we are...

- ✓ Product strategy in line with changing market dynamics
- ✓ Environmentally friendly, electrified vehicles



NovoCITI VOLT – 8M
• SOP: Q4/2021
in the market



CITIVOLT – 12M
• SOP: Q1/2023

Under Development



CITIVOLT – 18M
• SOP: Q4/2023

Under Development



EV Truck & Midibus

Under Development

R&D

➤ R&D, one of the building blocks of our strategy

R&D function contributes to the sustainable future of Anadolu Isuzu

- ✓ Total of 360 patents and 59 design registrations
- ✓ 12 utility patents and 87 patents registered by the Turkish Patent Institute
- ✓ **One of the first approved R&D centers of Turkey**
- ✓ **~200 people**
- ✓ With indoor area of **6,220 m²**, one of the largest R&D centers **in Turkey & Europe**
- ✓ All R&D steps from sketch to final product, with its **Design Office, Prototype Workshops** and **Test Center**



Anadolu Isuzu R&D, driving future...

R&D Presents first move of

Autonomous Drive:

✓ Level-3 Driving (2022)

- Self steering & braking
- Acceleration & deceleration
- Driver activated/deactivated autonomy button
- Monitoring environment

✓ Level-4 autonomous system (2023)

✓ Suitable for:

- Closed track roads
- Public roads with mild traffic
- Learning capability
- 360-degree vision



Clean mobility will grow with Fuel Cell EV:

- ✓ Fuel Cells cleanly and efficiently **convert chemical energy** from **hydrogen-rich fuels** into **electrical power**



CitiVOLT Fuel Cell

• Prototype: 2023

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

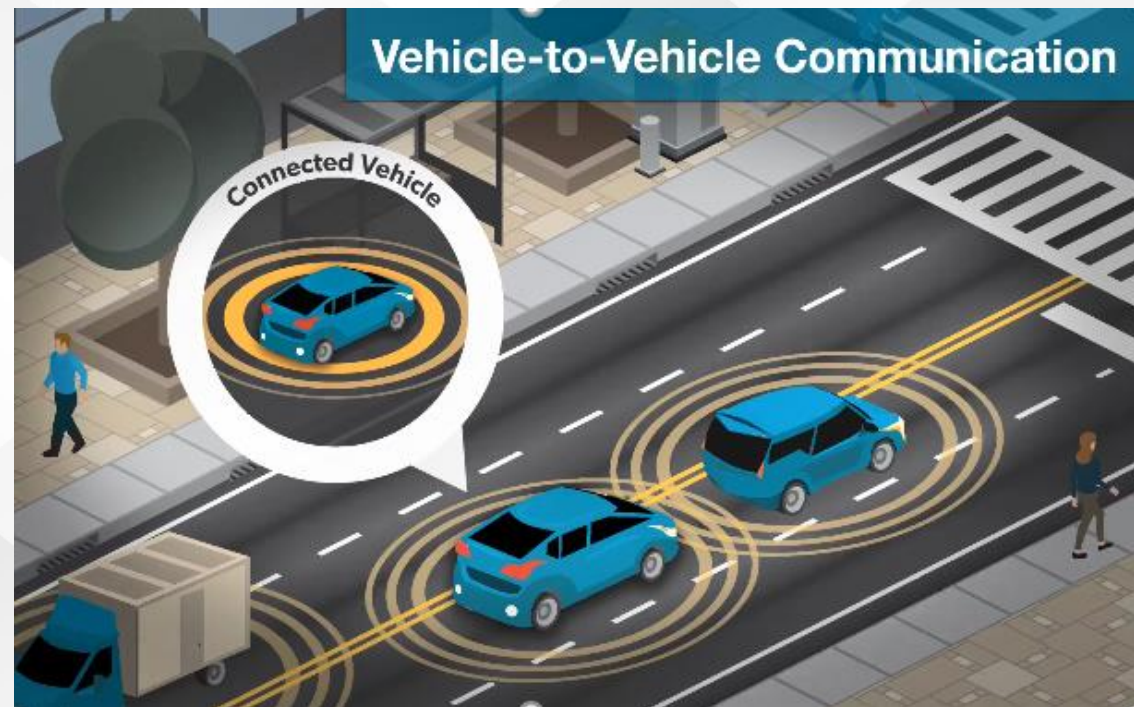
- ✓ Strong collaboration & strategic alliance with technology developers & local manufacturers

Projects for future products

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:

- ✓ Wide usage of telematics in many sectors
- ✓ Telematics enable companies to increase efficiency and reduce costs
- ✓ Synergy with our core business



ANADOLU ISUZU

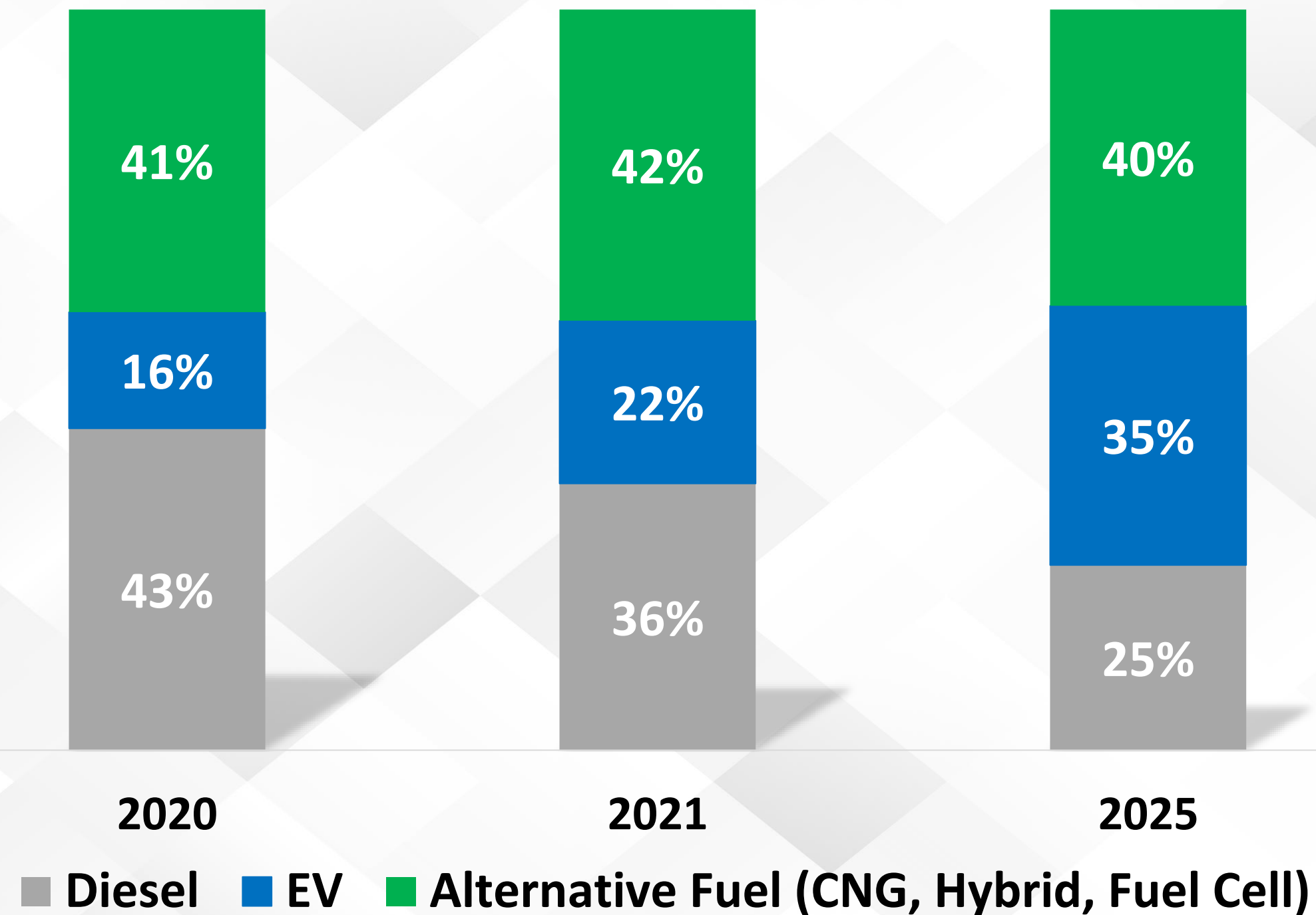
Product strategy aligned with the evolution of alternative fuel

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

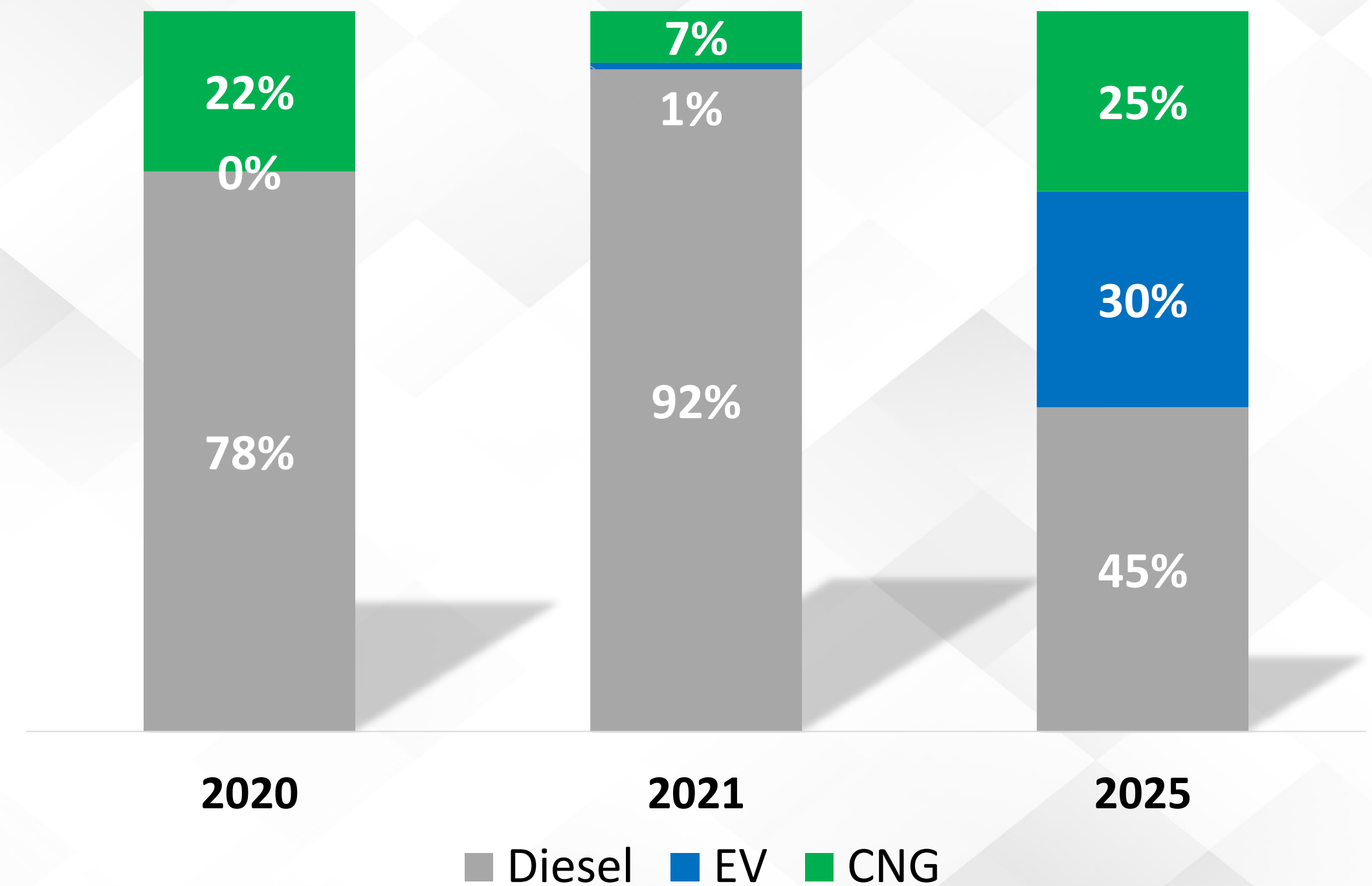
New sales in European Market

Historic Data

Forecast



Product portfolio of ASUZU Exports



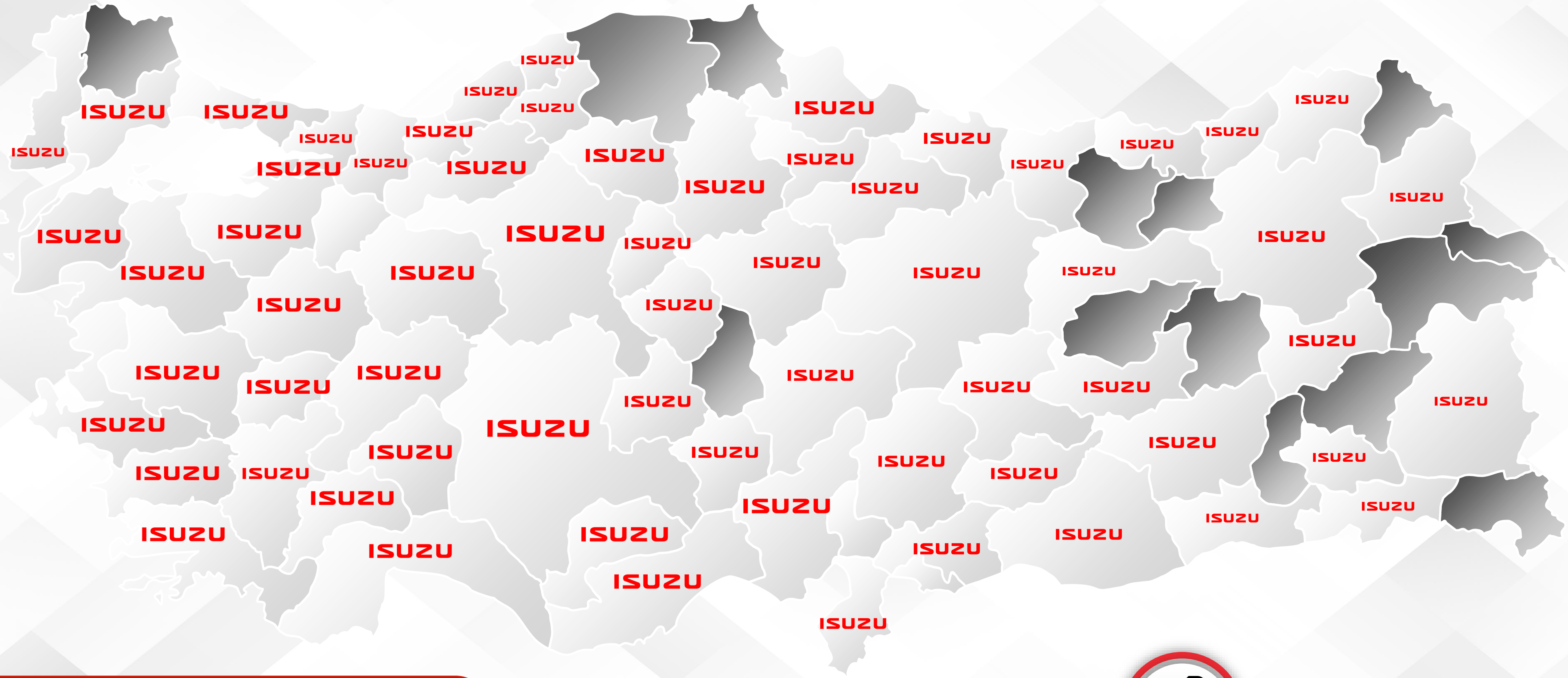
Historic Data: Chatrou 2021 Report

Forecast: International Energy Agency (IEA Global EV Data Explorer) & ZEUS and UTIP VEI Committee 2017 Report

Local Market Sales



Strong Domestic Sales & After Sales Network



24 Dealers with 30 Showrooms
Market Penetration 85%

59 cities with 93 After Sales Points:
Market Penetration 97%

Strenghts

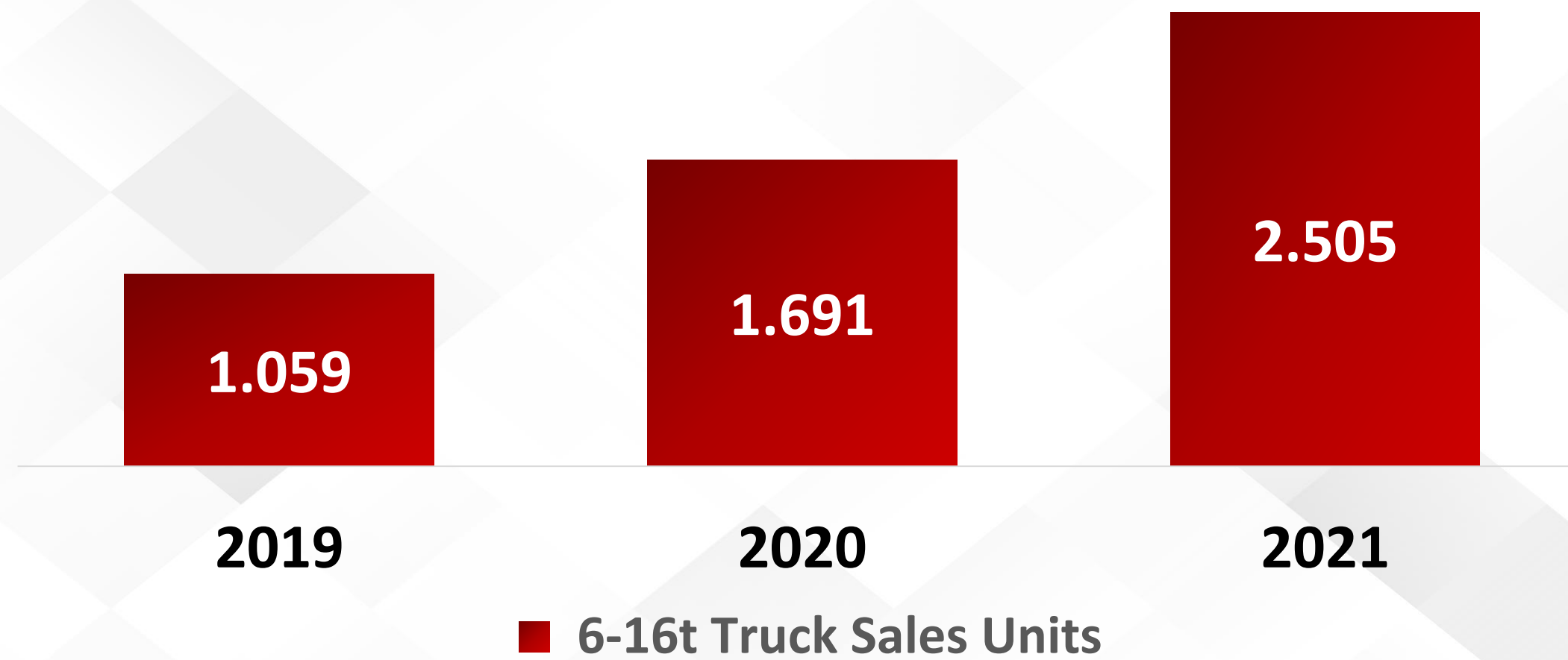
- Turkey's **widest** after sales network in commercial vehicles
- High **customer satisfaction**
- **Reliable** service quality
- Financial **strength**
- **High experience** in commercial vehicles





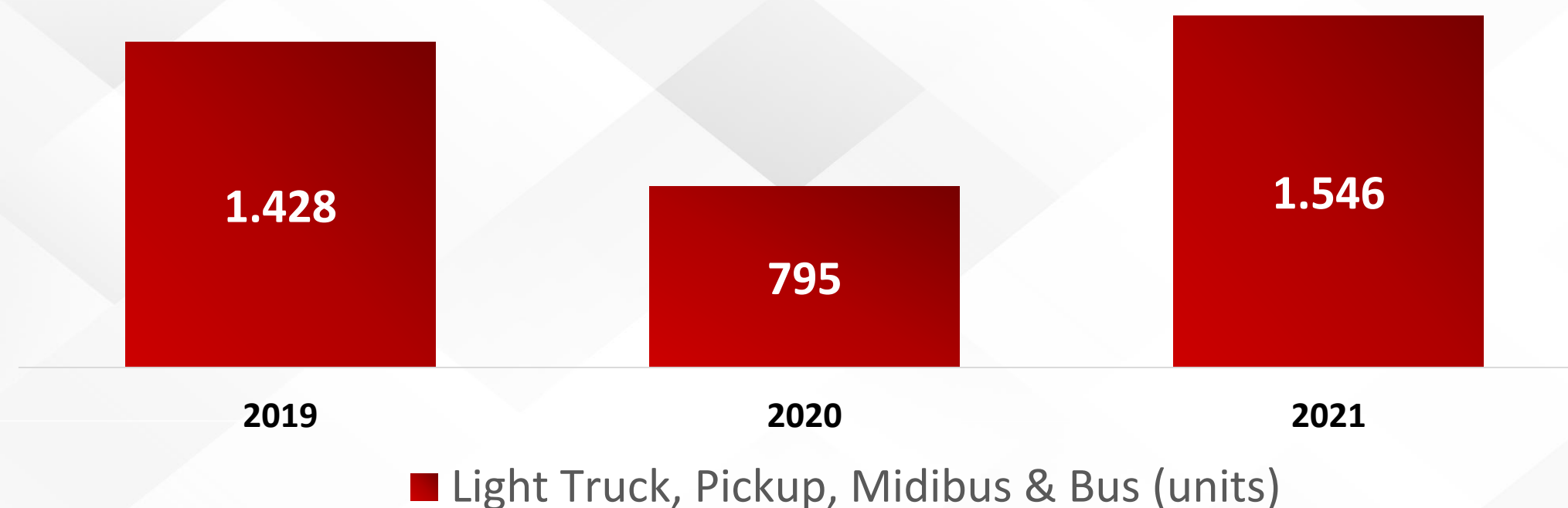
Strong positioning in local market

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



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

- New D-Max launched at the end of 2020, strong growth in sales volume
- Midibus segment impacted from low demand in tourism and transportation due to Covid-19, better performance expected in 2022

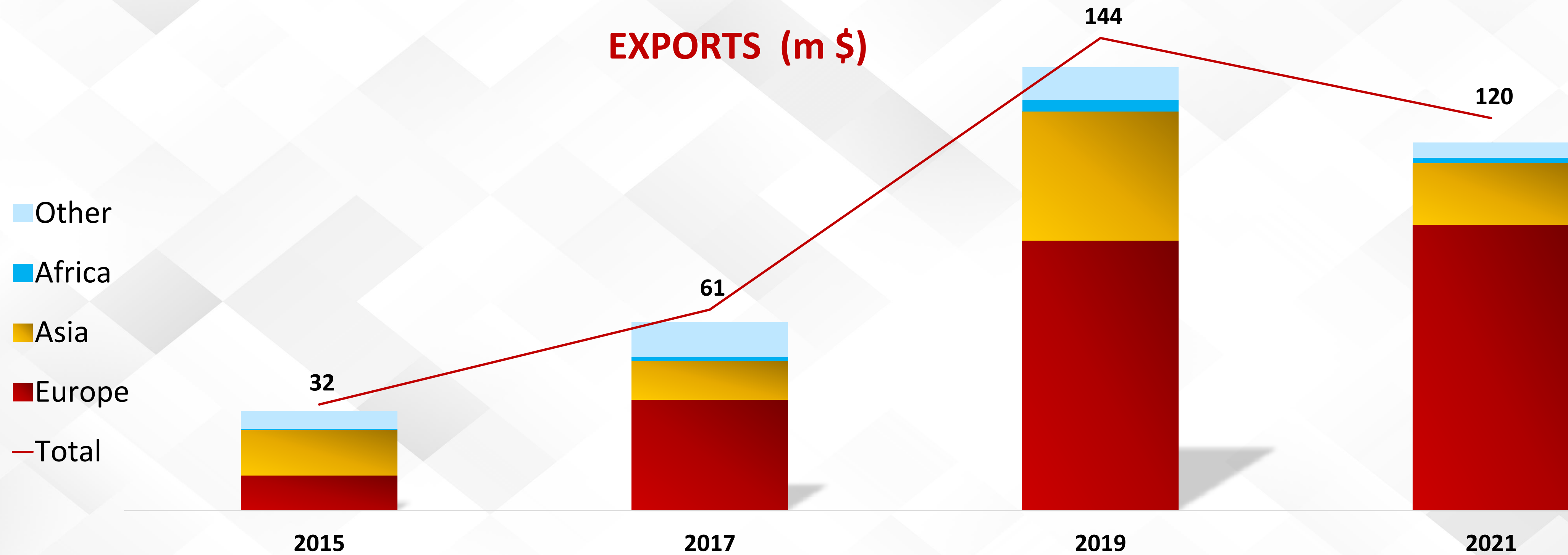


Export

After a Covid-19 pause in 2020, growth in exports continue

Export growth in last years driven by:

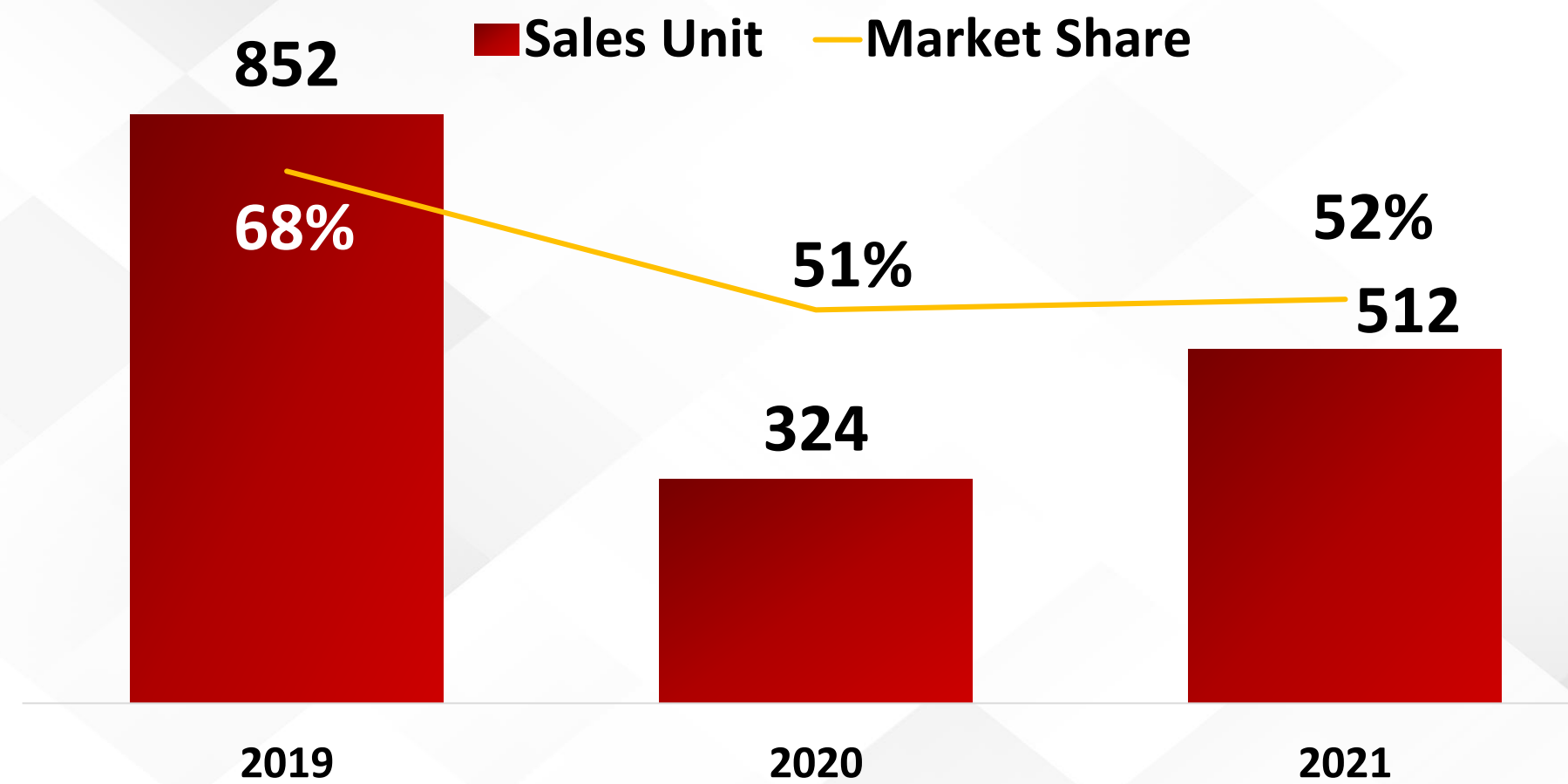
- Solid market expansion (2015: 26 countries vs 2021: 45 countries; sales composition in 2015: 52% Africa-Asia vs 77% Europe in 2021)
- Extended product portfolio
- Increasing truck exports in last 3 years
- Strengthened distributor network (2015: 17 vs 2021: 35 distributors)



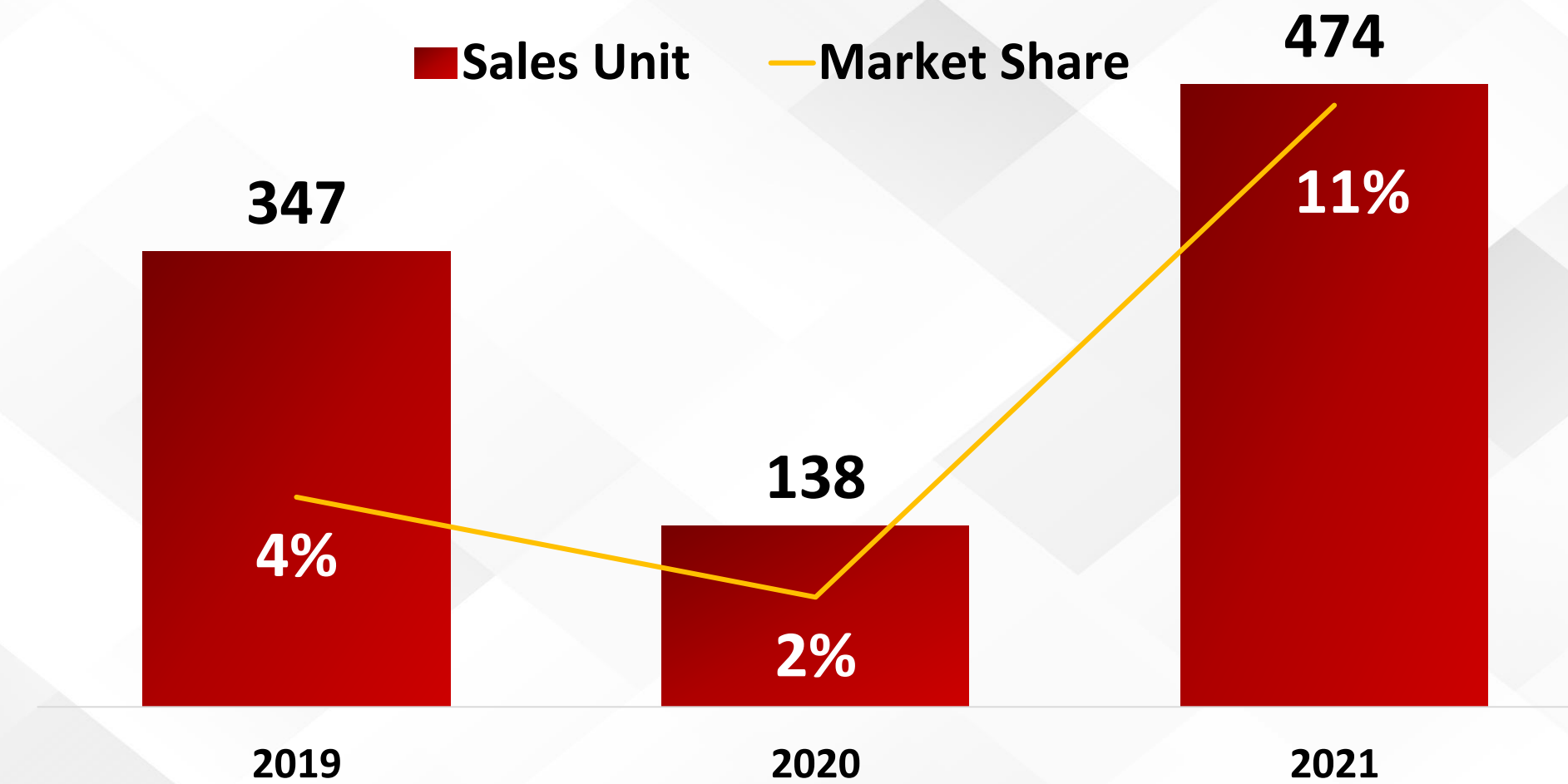


Turkey's Midibus export champion for 18 years in a row

Midibus



Bus



- Anadolu Isuzu increased its export volume in 2021, despite shrinking export markets & reached **the highest market share among Turkish exporters** in its export history (**17.2%** of overall bus & midibus exports from Turkey)

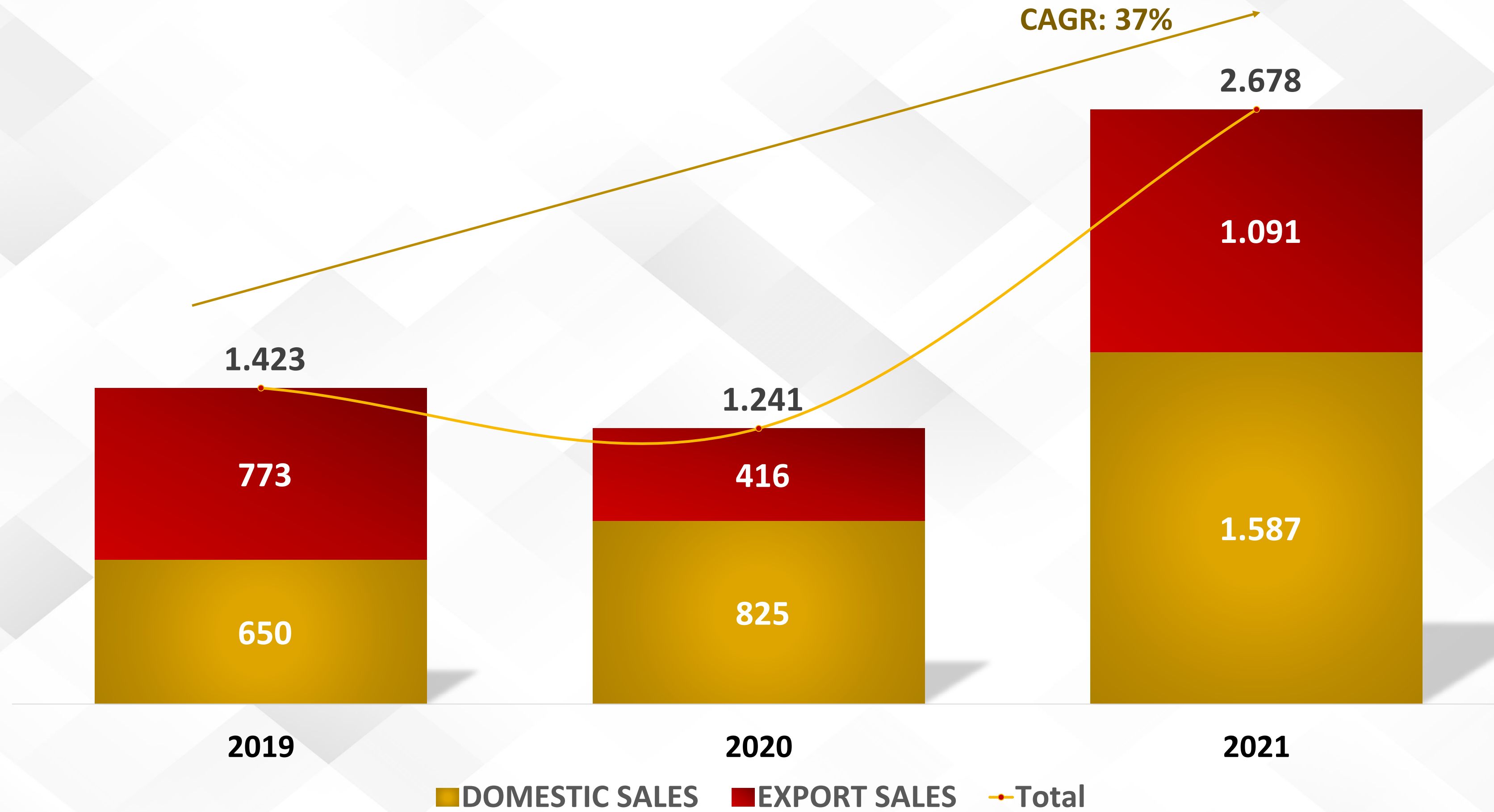
(units)	2019	2020	2021
Total Bus & Midibus Exports (TR)	10,263	7,526	5,736
ASUZU Exports	1,199	462	986
ASUZU Share (%)	11.7%	6.1%	17.2%

- MS: Market Share in Turkey
- Source: OSD Reports

Financial Performance

Steady growth in Net Sales

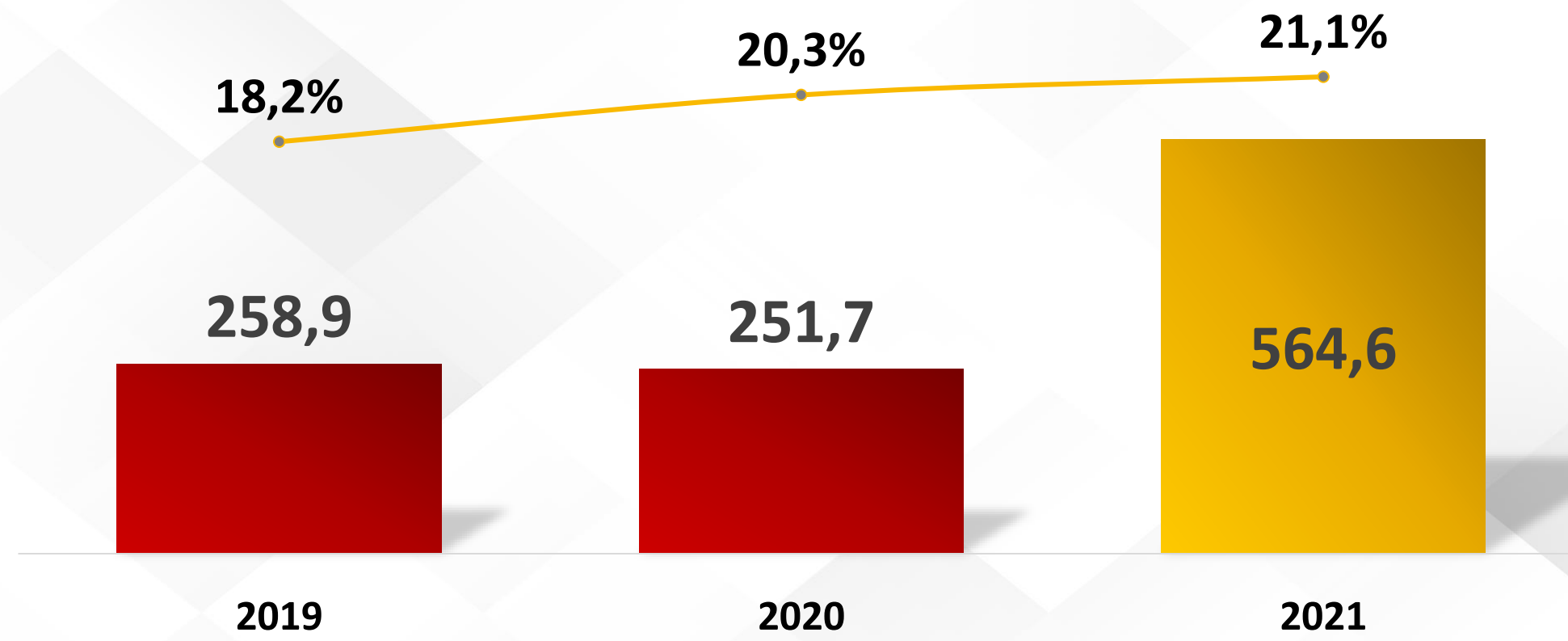
NET SALES (m TL)



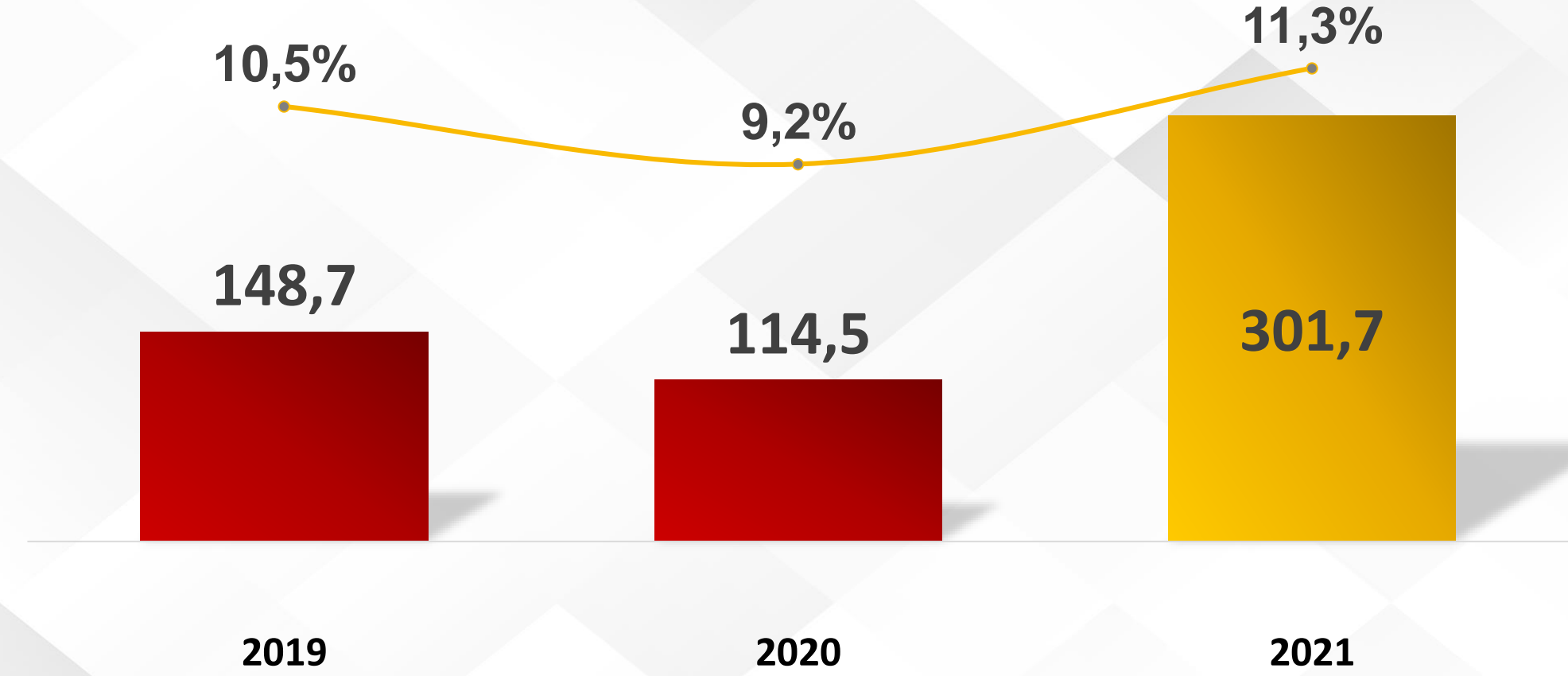


Growth in Profitability

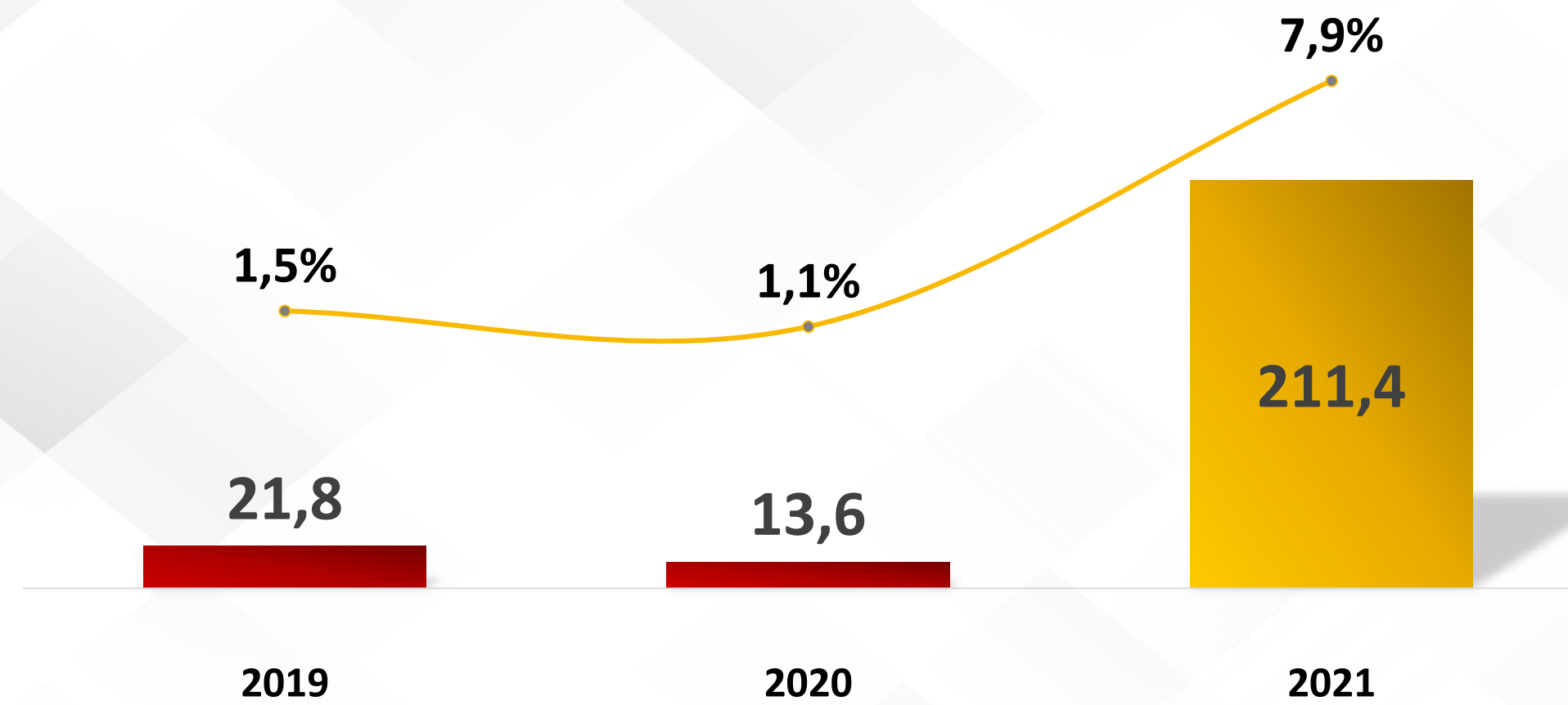
Gross Profit (m TL)



EBITDA (m TL)



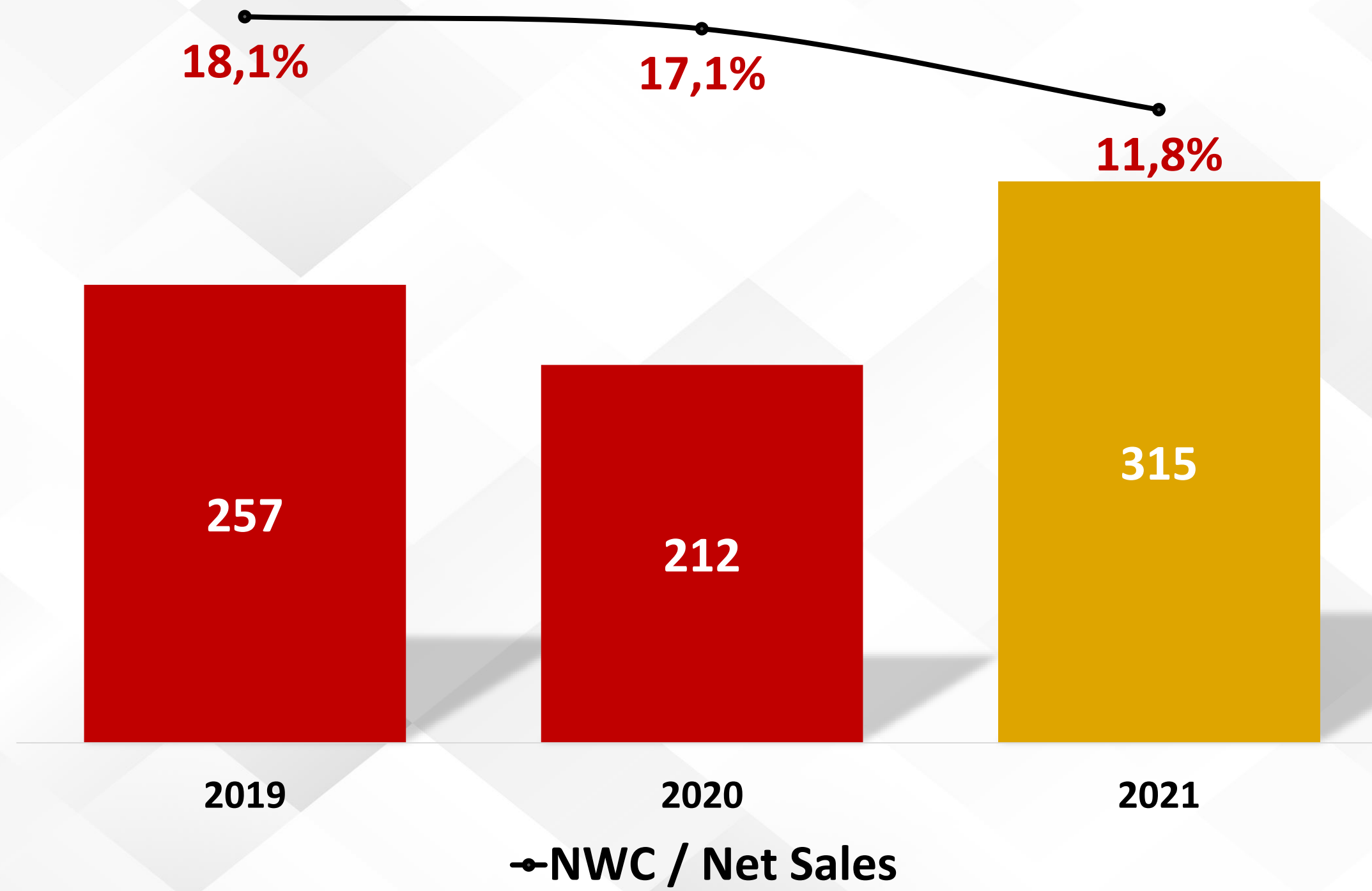
Net Profit (m TL)



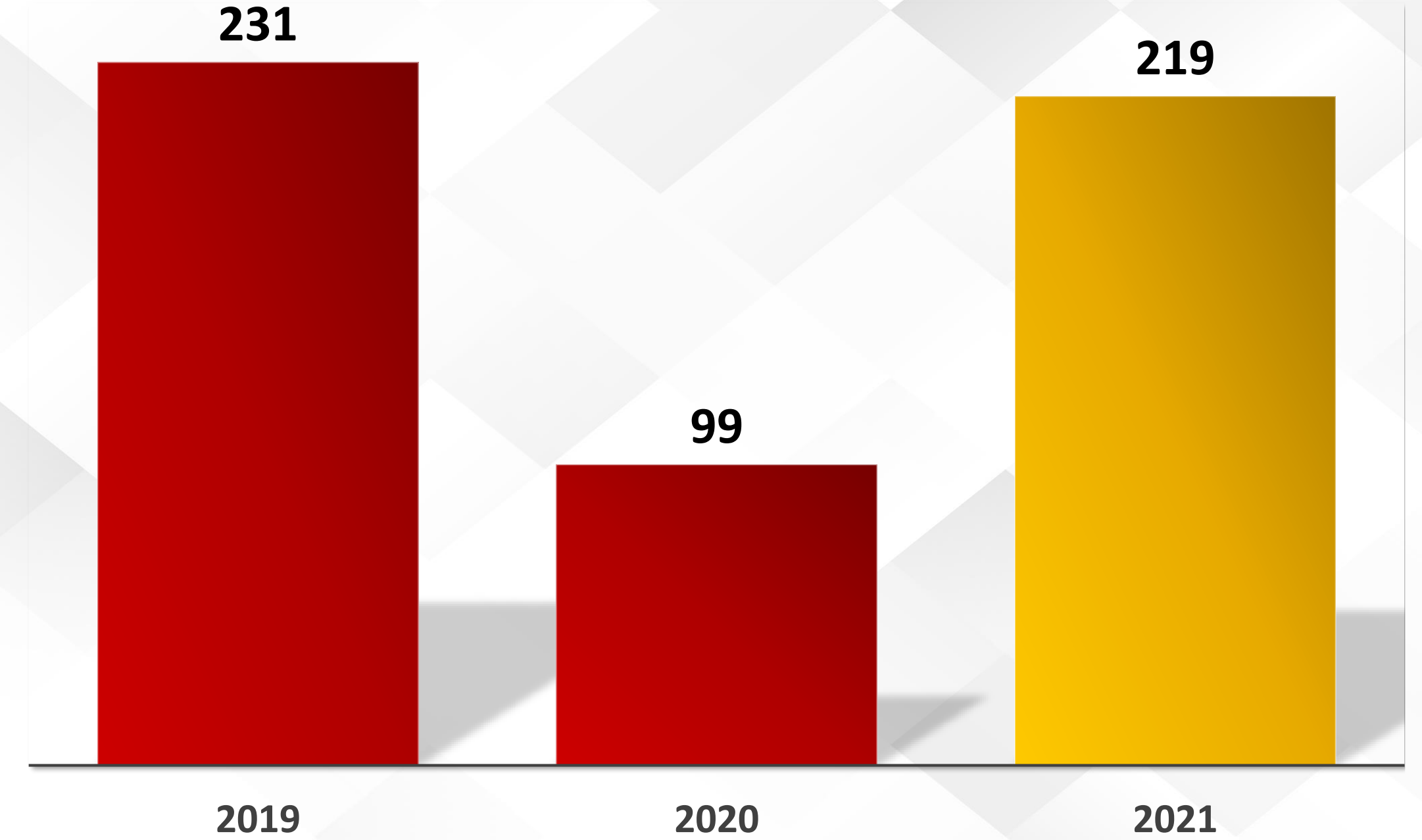


Significant improvement in Free Cash Flow

Net Working Capital / Net Sales (m TL)



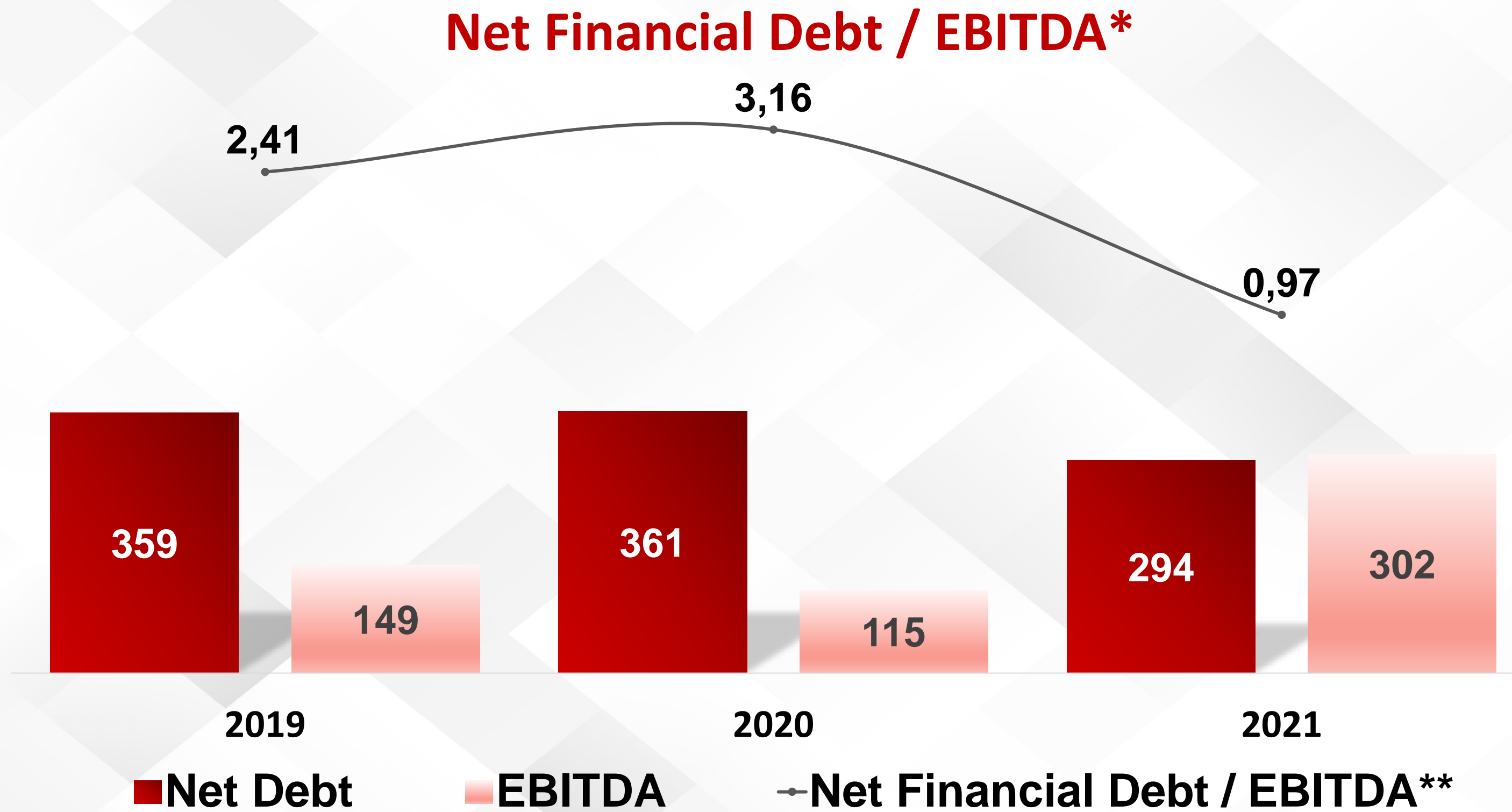
FCF* (m TL)



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

Decreasing Net Financial Debt

- Net 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.

Financial priorities

- Sustainable **growth** in **profit**
- **Tight** Balance Sheet & WC management
- **Strong** Free Cash Flow generation
- **Optimized** level of foreign currency position through operational and financial hedges
- **Efficient** management of cost of borrowing



➤ 2022 International Markets Outlook & Expectations

- **Less worrying chapter of the pandemic:** Vaccination rates higher (Optimism from pandemic to endemic)
- Domestic and international travelling expected to increase in 2022; however, developments stemming from the Ukraine - Russia tension and their effects on tourism sector are closely followed
- Automotive sector continues to face significant supply chain disruptions, lower supply volumes & increasing costs. Expectation is that these conditions will ease in the second half of the year
- Localization and nearshoring will be the key focus areas in 2022 and in the coming years
- EU Green Deal will bring a new carbon tax on imports to the EU in 3-4 years. As one of the most important trading partners of the EU, Turkish companies will have to start with green projects in their facilities



2022 Local Market Outlook & Expectations

- **Localization and collaboration with the local ecosystem will be more important in 2022**
- The trend of alternative fuel and smart vehicles poses a threat for the buses & trucks produced in Turkey with high local content
- Digital transformation projects, efficiency and cost reduction studies in all areas
- Positive expectation for in-bound tourism; however, the Ukraine-Russia tension and their effects on the sector are closely followed
- Strong logistics activity supported by increasing exports to have positive impact on Truck market
- Interest of local customers in alternative fuel option vehicles increases

2022 Guidance

Our Company's expectations for 2022 :

Domestic Market: In 2022, total market size for our product segments expected to grow slightly or remain stable, depending on the ongoing global supply chain problems

International Markets: High single-digit volume growth in export markets, thanks to the expected increase in transportation and tourism activities with the normalization of pandemic related restrictions

Sales Volume: Low to medium single-digit growth in total sales volume

Thank You