

07/07/2022

ISUZU AUSTRALIA LIMITED STATEMENT

Vehicle Production, Logistic and Delivery Update

Due to unprecedented global truck demand and supply chain distributions caused by Covid-19, Isuzu Australia Limited (IAL) and its parent company Isuzu Motors Japan (IML) are experiencing production and supply chain restrictions which is affecting estimated customer delivery dates of select truck models.

IAL has worked closely with our parent company IML and local supply chain partners to implement a range of updates to support prioritisation, production, and delivery of customer vehicles. Production capacity and delivery volumes will continue to improve in early 2022, however we still anticipate some delivery delays of select models.

Over this past 12-18 months there have been a number of challenges that IAL and IML have worked to overcome. These challenges and updates include:

- **Global Truck Production Capacity**

Due to the unprecedented global truck demand (including within the Asia Pacific region), Australian Isuzu Dealers are experiencing longer production and delivery delays from time of inventory / customer order. These production capacity constraints are further impacted by supply of componentry from global 3rd party manufacturers which are experiencing similar unprecedented demand.

To support capacity increases IML have implemented a number of key updates which have helped reduce production delays, these include:

1. Additional staff in production facilities
2. Process and production improvements are continually being made
3. Prioritisation of customer units over inventory units

- **Global Truck Market Growth:**

A key issue facing the production and delivery of new trucks is that customer demand continues to grow globally. Like many of the global manufacturers' orders continue to exceed the production capacity, even with the measures in place to expand ability to supply. This demand has been driven here in Australia by eCommerce freight delivery, national infrastructure projects and Government business stimulus packages. This unprecedented growth is on top of the already stretched supply chain capacity, which has been heavily impacted by Covid-19 across the globe.

- **Global Automotive (Truck) Shipping Capacity**

Global shipping capacity is currently under pressure and is proving to be a significant challenge for all automotive companies. In order to support capacity increases Isuzu has secured additional capacity with alternate shipping providers. This challenge is causing (additional) delays of up to 8 weeks on normal shipping times

- **Global Geopolitical Situation**

The current situation in Europe is now starting to impact component and raw material supply. Russia is the largest supplier of raw materials required for semi-conductors and relations with China are also impacting Australian suppliers ability to source materials and components.

- **Australian Truck Logistics / Delivery Capacity**

In early 2021 IAL's vehicle processing partner was placed into voluntary administration. As a result, vehicle processing and delivery services were operating under severely restricted capacity which limited the number of Isuzu trucks delivered to dealerships across the country. Following a lengthy period of restriction, our business partner has returned to normal operations and is working with IAL to clear a backlog of truck deliveries.

To further increase delivery capabilities, IAL onboarded a new (additional) wharf processing agent to assist with delivery increases across the country. This long-term logistics partnership will see delivery capacity continue to improve for IAL and customers into 2022.

The local body build and equipment supply industries are both under significant pressure with their own supply chain challenges including labour and material shortages. Local build lead times are currently longer than normal anticipated.

Every effort is currently being made by IML, IAL, our supply partners and our dealer network to ensure the most efficient delivery of all customer vehicles. Your patience and understanding is greatly appreciated in these unprecedented times.

If you have any questions regarding this update, please contact your local Isuzu Dealer or Isuzu Customer Care on 1800 035 640.

Yours Sincerely,



Andrew Harbison
Director and Chief Operating Officer