

# FY2015 2nd Quarter Business Results

## Project “AH A MAY” products

Yamaha Corporation and Yamaha Motor Co., Ltd. make products by exchanging the design divisions and their design fields, and present a joint exhibit.



Yamaha Motor Co., Ltd.

August 4, 2015

## Agenda

# FY2015 2nd Quarter Business Results

- Outline: Hiroyuki Yanagi  
President, CEO and Representative Director
  
- Details: Kozo Shinozaki  
Managing Executive Officer and Director

- Regarding the Forecast Consolidated Results

Forecast consolidated results stated herein are based on the management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forecast consolidated results. Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences and currency exchange rate fluctuations.

# Outline

## Increases in sales and income

Profit structure improvements are progressing in each business segment.

- Net Sales	: 821.1 Billion Yen	(109%)
- Operating Income	: 69.7 Billion Yen	(142%)
- Operating Income Ratio	: 8.5%	(+2.0 pt.)
- Ordinary Income	: 74.4 Billion Yen	(151%)
- Net Income	: 52.1 Billion Yen	(162%)

(\$•€)

(120•134 yen)

## ■ Overview

Sales increases (109%) / income increases (142%)

Profit structure improvements are progressing in each business segment.

## ■ First Half-Year

Developed Markets: Sales and income in each segment continue to rise as markets recover and start to stabilize.

Emerging Markets: Results were maintained to the standard of the previous year amid continued market slumps and depreciating currencies.

## ■ Second Half-year

Developed Markets: Progressing with new product launches and strengthened line-ups.

Emerging Markets: Focus on new product market penetration.

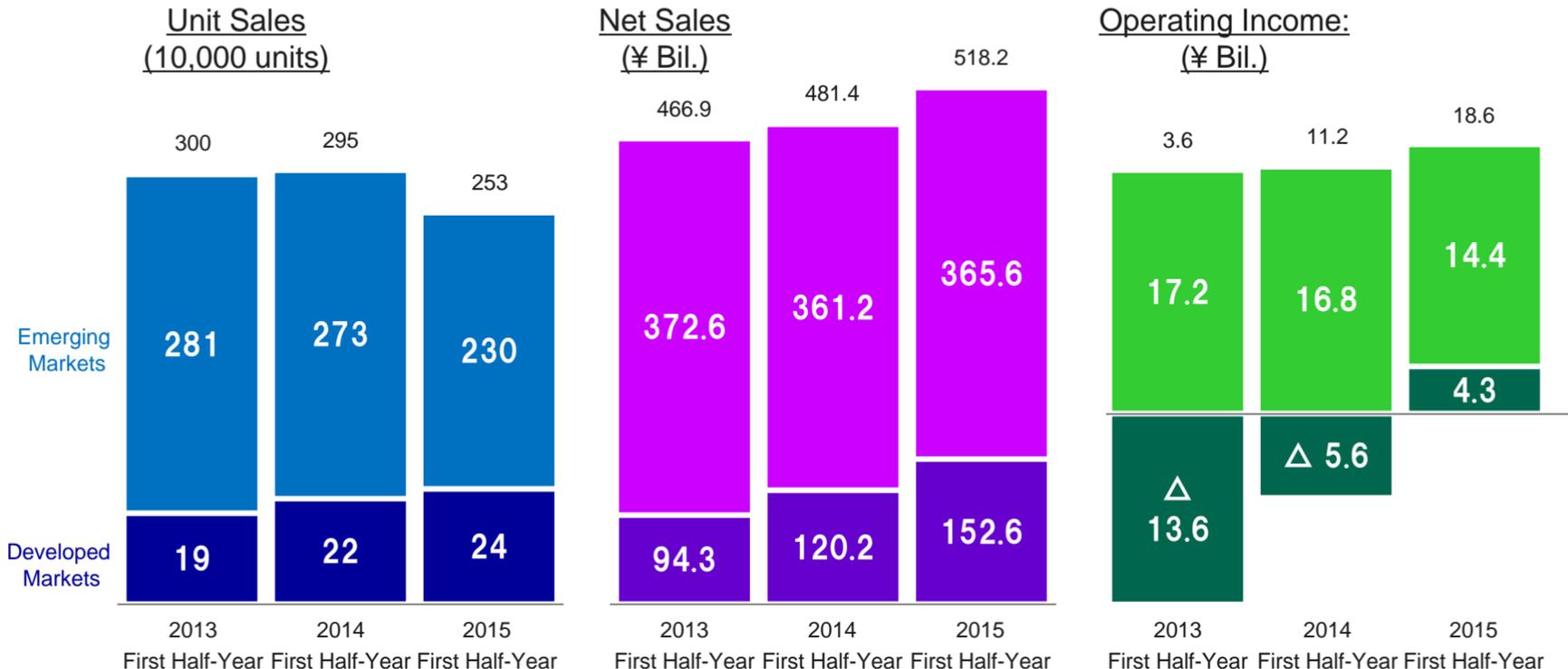
## ■ Annual

Further increase "Brand Power" and the "earning power of each business sector" as we work towards becoming a "A unique company that continues to achieve dynamic milestones" in the next medium-term plan.

# Motorcycle Business: Overview



- Developed Markets: Towards operational profitability from the effect of new products and structural reforms.
- Emerging Markets: Net sales and operating income were maintained to the standard of the previous year in the ASEAN region, however there were slight decreases in other areas.



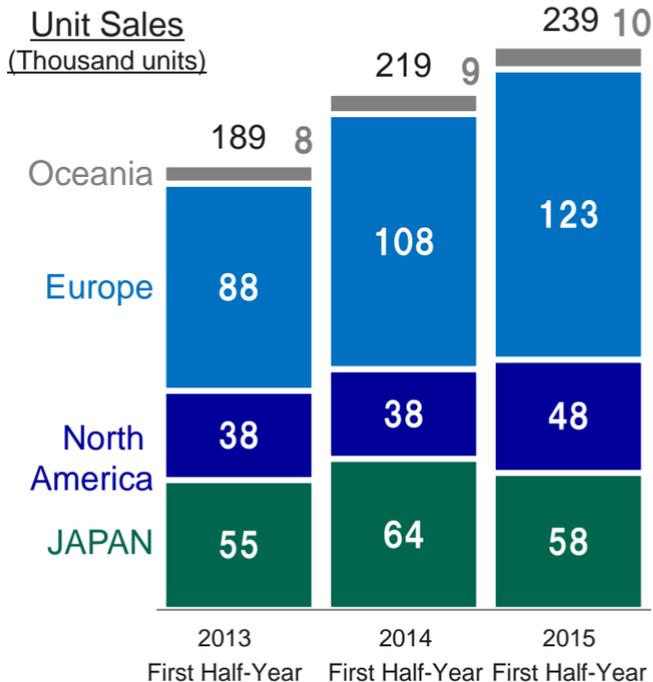
# Motorcycle Business: Developed Markets

## Towards operational profitability

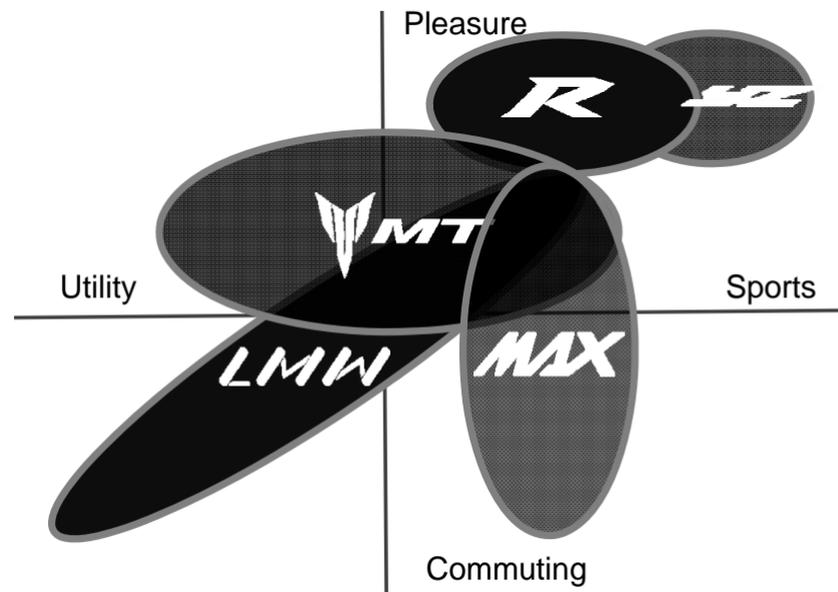
[Markets] European and American markets continue to recover (Europe 104% /

North America 105% / Japan 90%)

[Yamaha Motor] Increased competitiveness from the effect of new products and structural reforms.



## Making our brand stand out with a unique product line-up



# Motorcycle Business: ASEAN

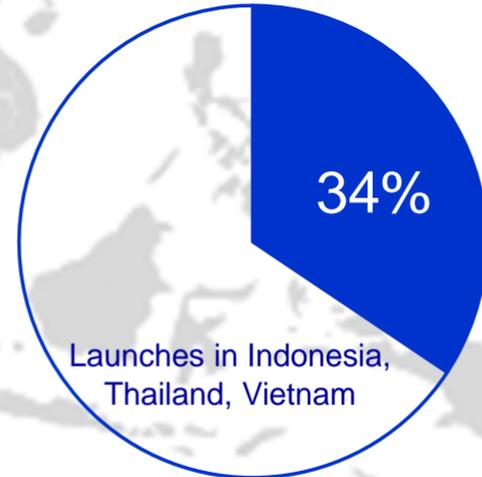
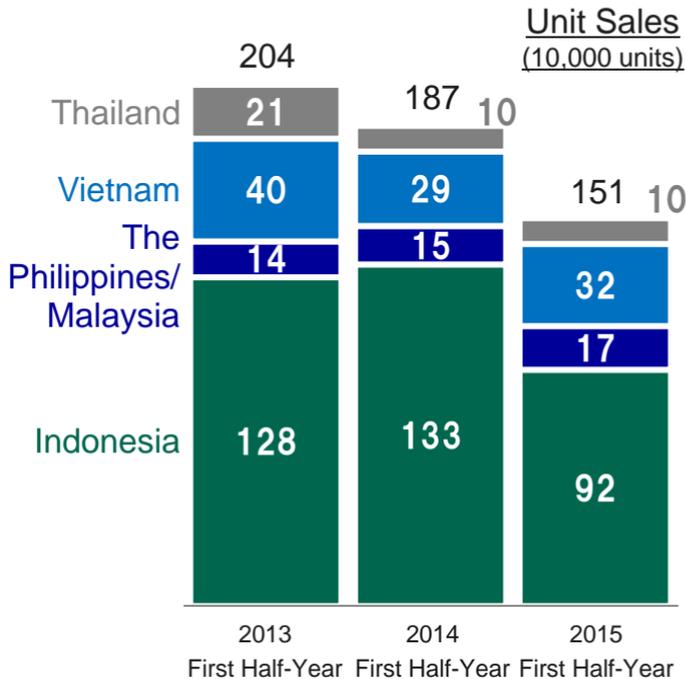
Maintained business to the standard of the previous year

[Markets] Vietnam bottoms out (104%), Indonesia's market slump continues (85%)

[Yamaha Motor] High market share maintained for products in the higher price range in each market / Further strengthen base of operations by concentrating on market penetration of platform models.

## Progression of BLUE CORE launches

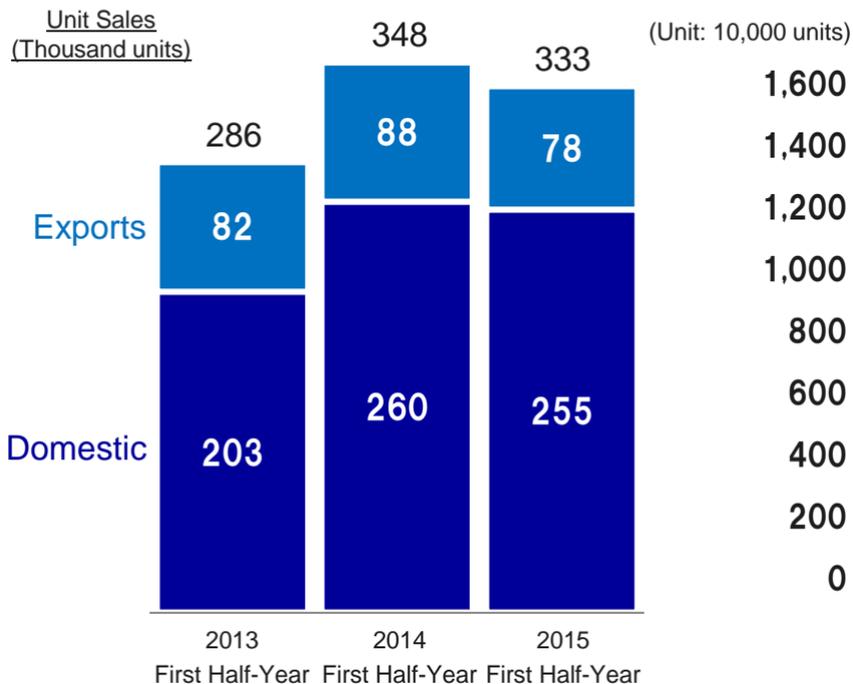
Target of the 1<sup>st</sup> year:40%



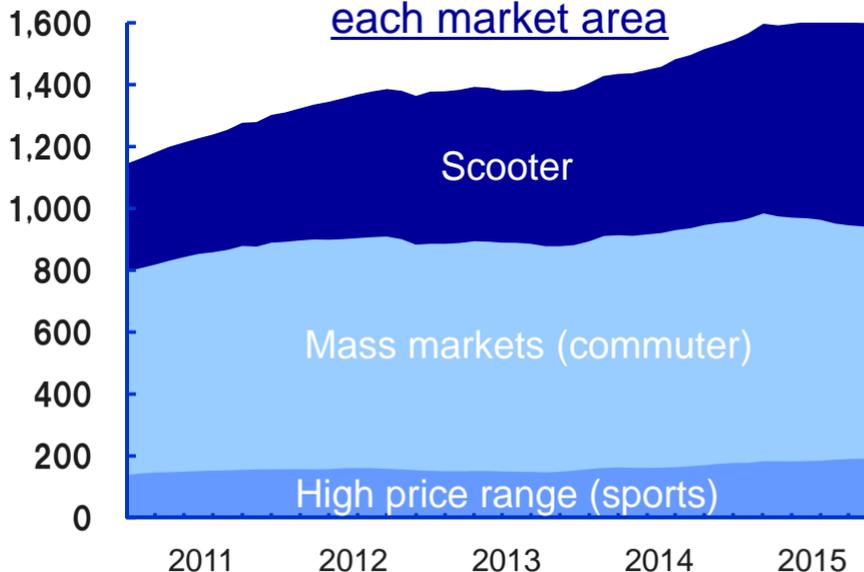
Continuing business structure and product development aimed at future growth

[Markets] Remaining stable at the same level (100%)

[Yamaha Motor] Gaining high market share levels in the high price range, new product launches into mass markets, expansion in the scooter market.



Continue to introduce products into each market area

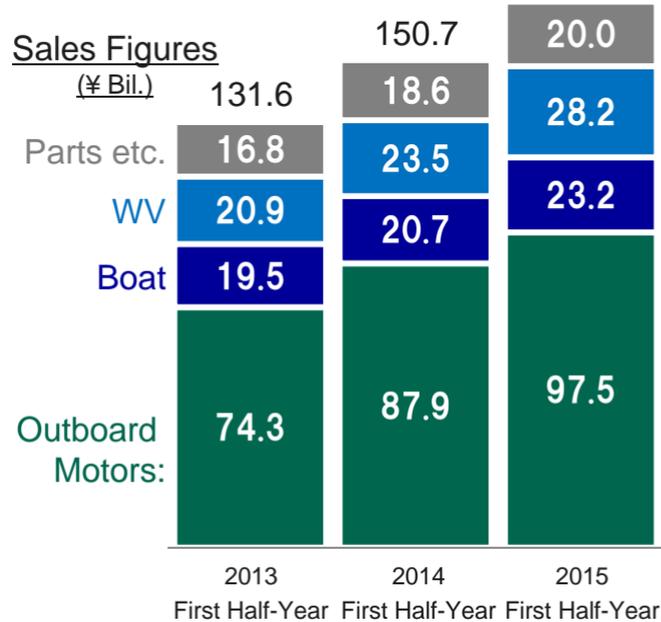


Business model to further promote high profitability

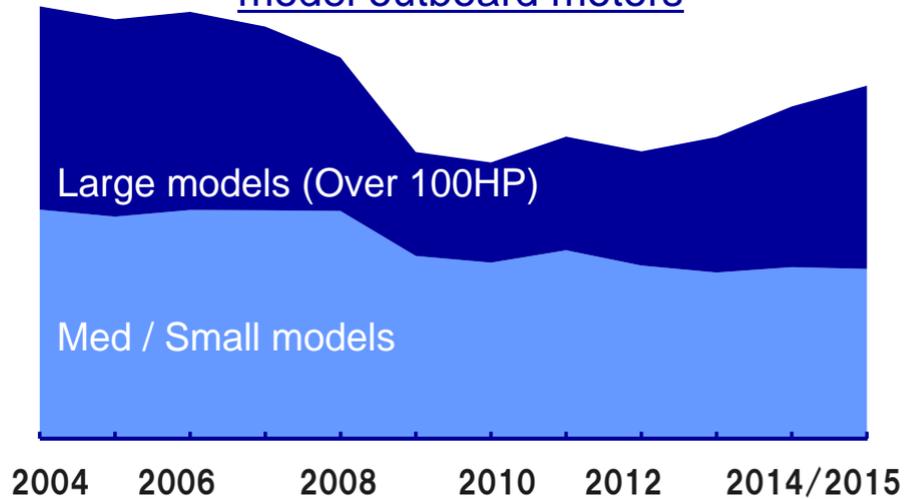
[Markets] Momentum continues (outboard motors: North America 110%, Europe 110%)

[Yamaha Motor] Progression to larger model outboard motors, further increase total business strength + reliability + network strength.

Operating Income Ratio    16.4%    18.4%    23.3%



Momentum continues in the North American market, with further increases in sales of larger model outboard motors

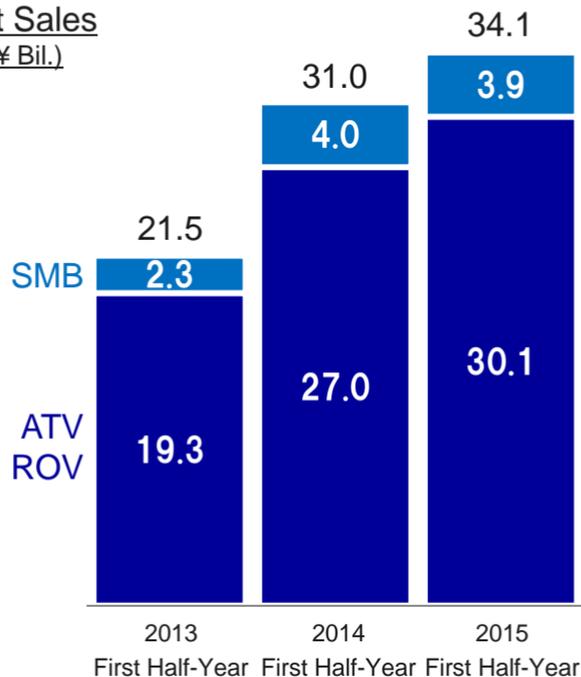


## Full position recovery for ROV

[Markets] Recovery progresses (U.S. 112%)

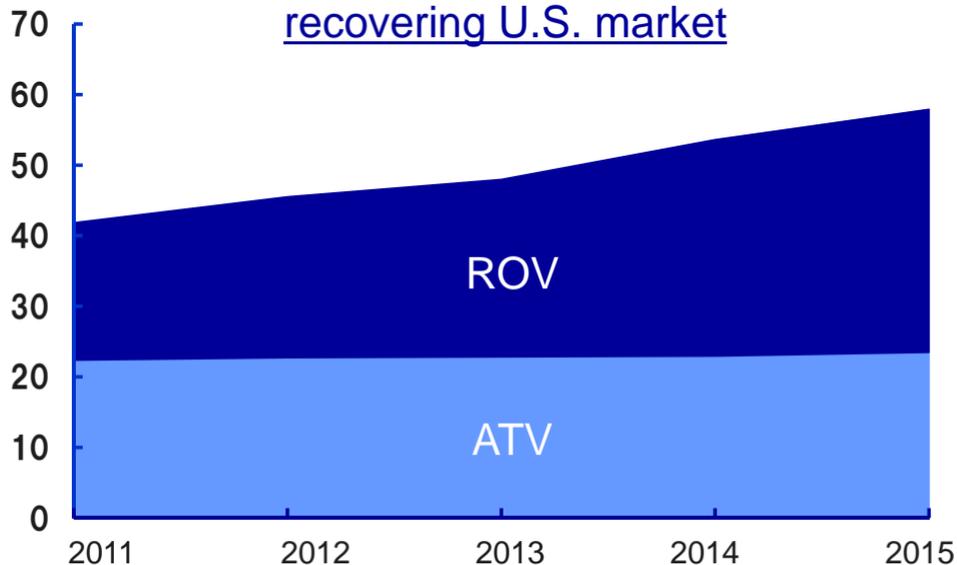
[Yamaha Motor] 3 model launches completed, and preparation progresses toward long-awaited entry into the full sports category.

### Net Sales (¥ Bil.)



(Unit: 10,000 units)

### Expanding the ROV line-up in the recovering U.S. market

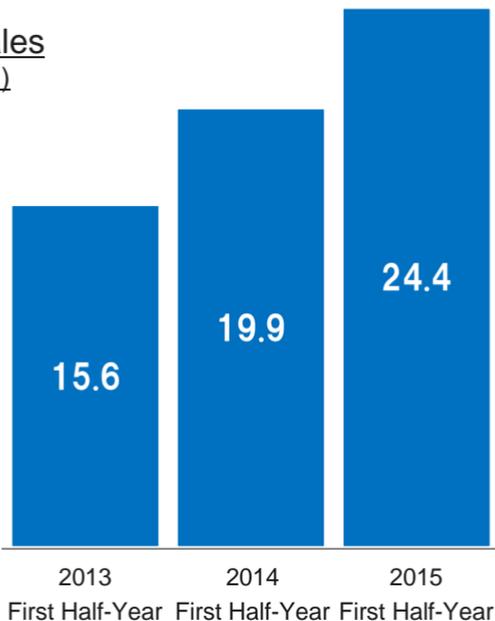


Strengthen base of operations of high-profitability business models

[Markets] Global investment demand recovery continues

[Yamaha Motor] Strengthen business operation structure through capturing business from other companies and constructing a new business base etc.

Net Sales  
(¥ Bil.)



Construction of highly efficient development, production, and sales base

(Operations scheduled to commence in January 2017)

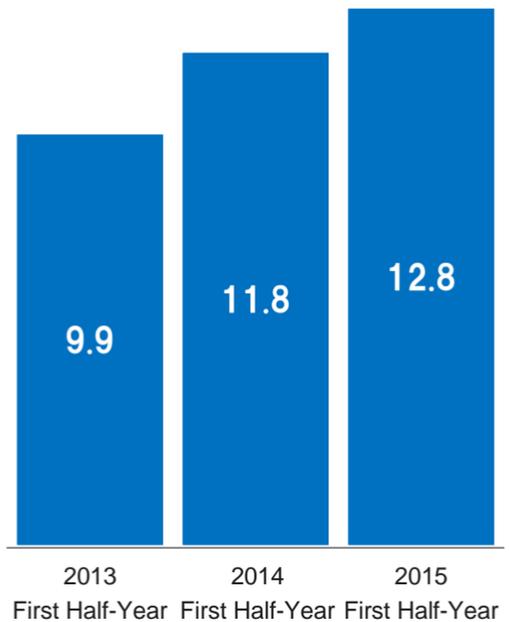


## Growth strategy progresses

[Markets] Domestic market stability continues

[Yamaha Motor] Domestic sales increase (105%), full-scale exports to Europe (112%)

## Net Sales (¥ Bil.)



## Continuation of new technology (GREEN CORE) product roll-outs



“Harmony with the Earth + Enjoyable ride”  
Lightweight / Compact / High-capacity



PAS VIENTA5  
(Models fitted with GREEN CORE)

- The targets of the current Medium-term plan are expected to be reached with increased sales (112%) and increased income (138%)
- Total dividends for the year are forecast at 44 yen (Interim dividend is at 22 yen)

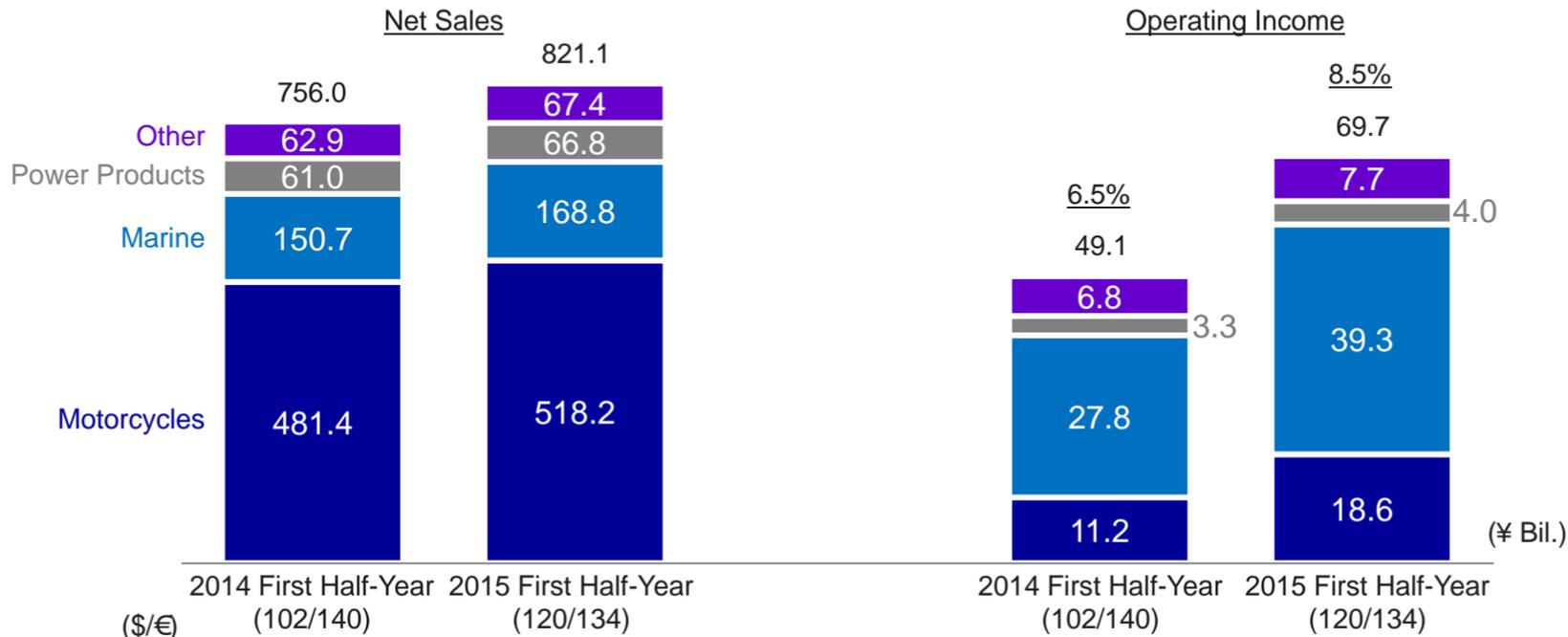
(¥ Bil.)	2014 Results	2015 Results for First Half-Year	2015 Annual Forecast
Net Sales	1,521.2	821.1	1,700.0
Operating Income	87.2	69.7	120.0
Operating Income Ratio	5.7%	8.5%	7.1%
Ordinary Income	97.3	74.4	123.0
Net Income	68.5	52.1	76.0

Foreign exchange (\$/€)	106 yen/140 yen	120 yen/134 yen	118 yen/132 yen (Second Half 115yen/130yen)
Cash Dividend	40 yen	22 yen	44 yen

# Details per Segment

## Increases in sales and income in all business segments

- Motorcycles: Developed markets show significant increases in income,
- ASEAN maintained the standard of the previous year.
- Marine: Operating income ratio is trending toward 23% from overall profit structure improvements and yen depreciation.



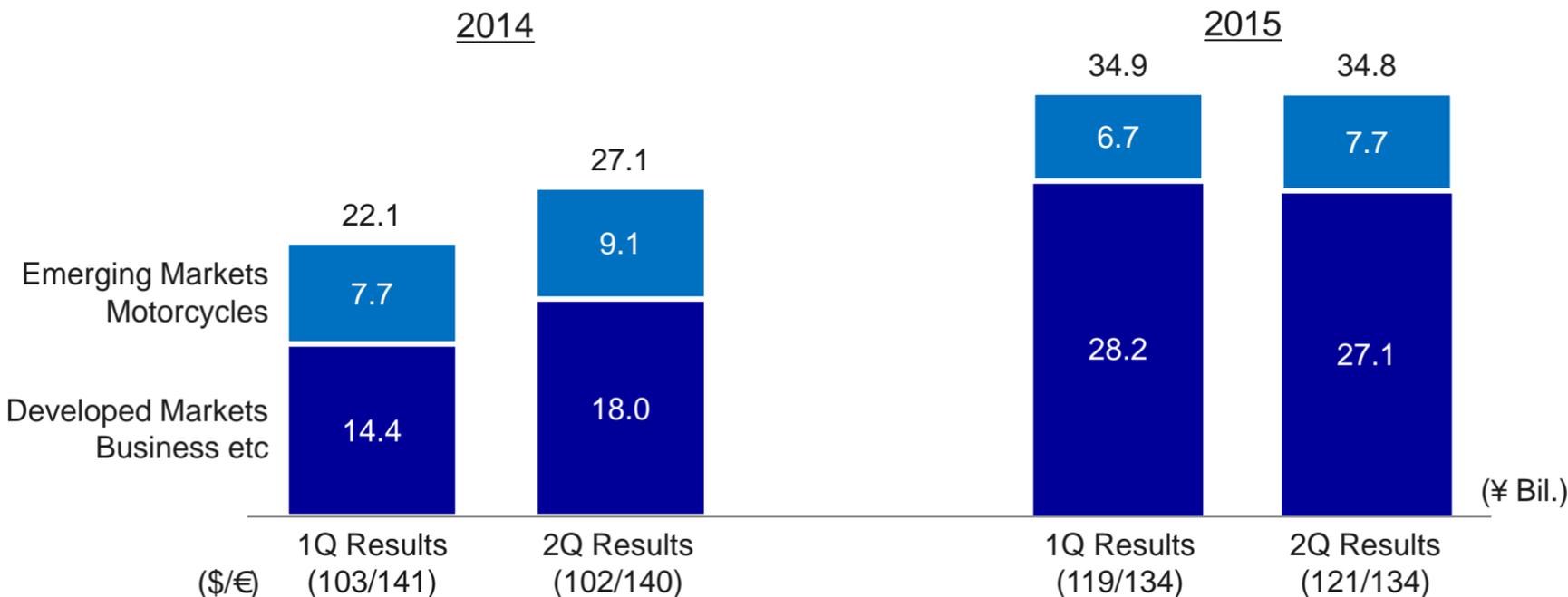
\* Others: Including industrial machinery & robot products

# Operating Income: First Half Trends



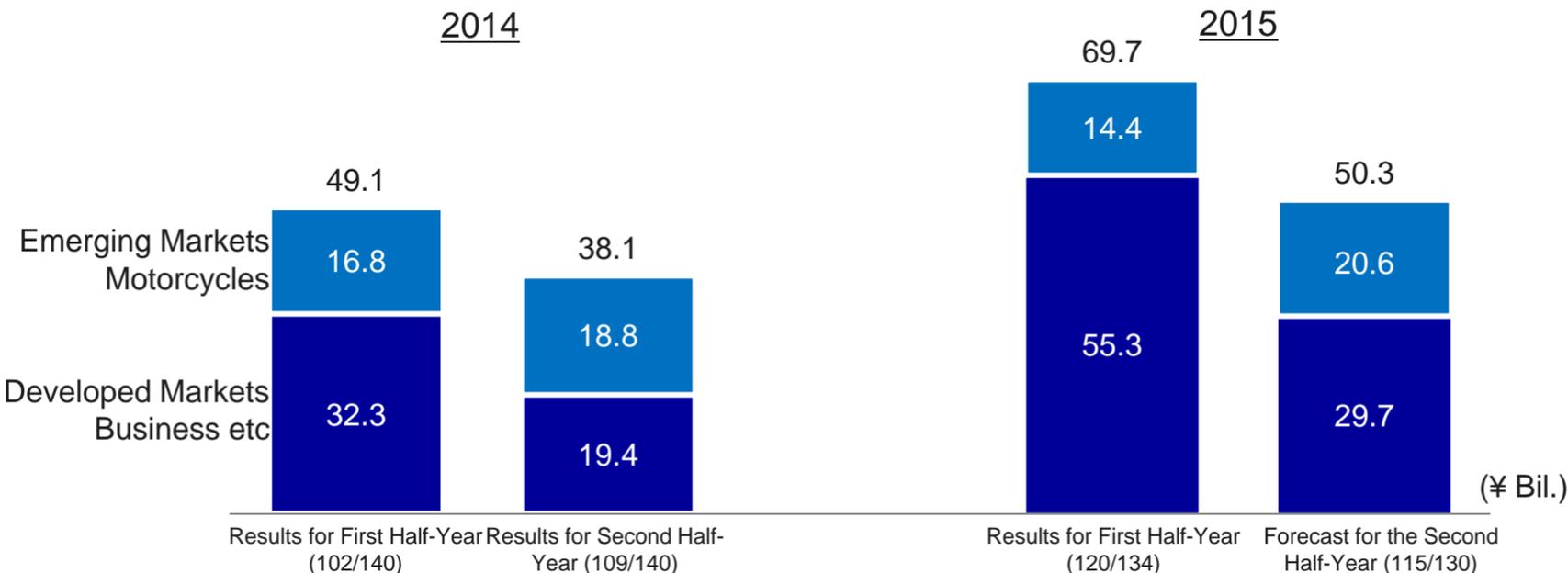
## Increases in sales and income in all business segments

- **Developed Markets** : stable profitability continues by increasing the production of motorcycles and larger model outboard motors.
- **Emerging Markets**: Improving profit by products in the higher price range and platform models and by market mix, and maintaining the standard of the previous year.



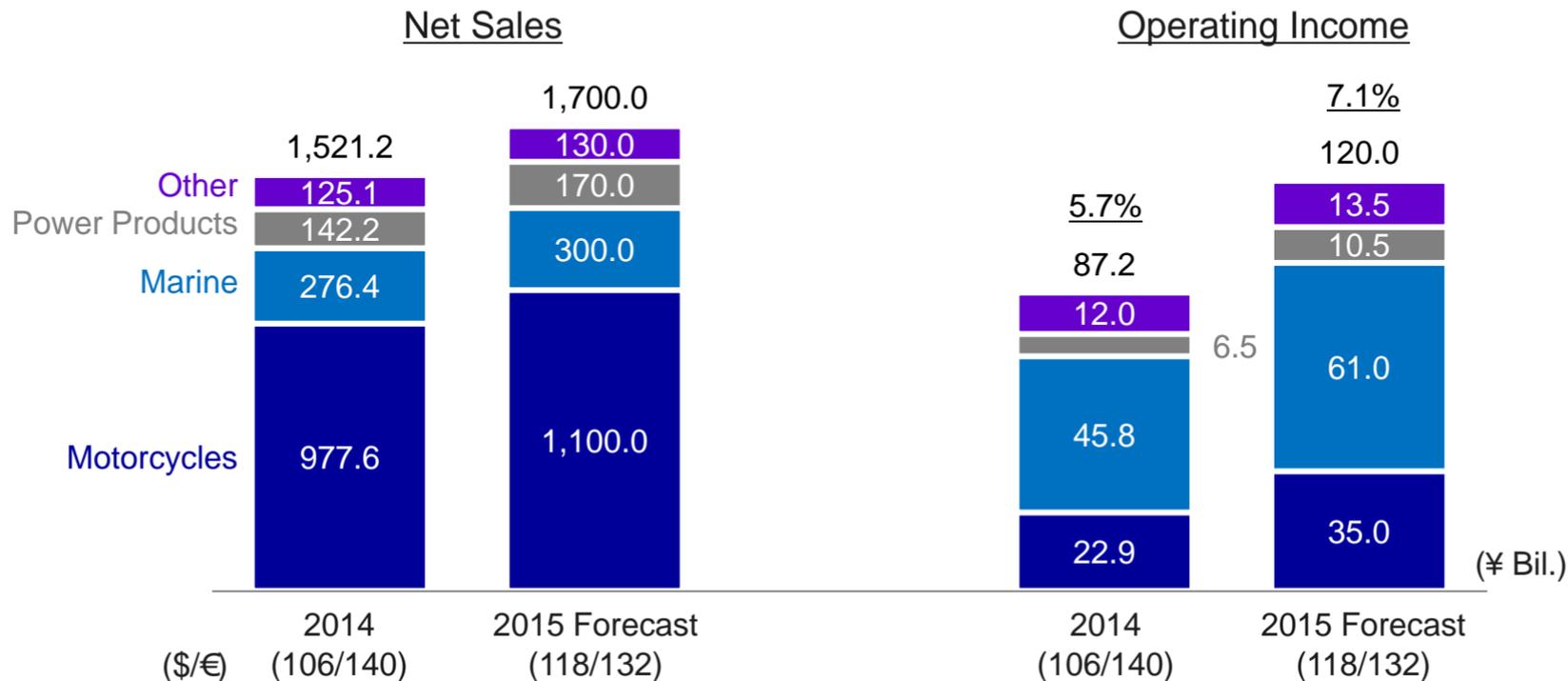
# Operating Income: Forecast for the Second Half-Year

- Developed Markets: New model launches and stable profitability increases continue in each business segment.
- Emerging Markets: Maintaining high market shares for products in the higher price range in each market, progressing market penetration of platform models, and maintaining the standard of the previous year.



As per the Initial Forecast

■ Increases in sales and income continue in all business segments.



\* Others: Including industrial machinery & robot products



**YAMAHA**

*Revs Your Heart*

# Unit Data (Total Demand/Yamaha Wholesales)



(thousand units)

	Total demand (Yamaha survey)		
	2013	2014	2015
Japan	460	450	440
North America	520	539	563
Europe	1,649	1,515	1,504
Indonesia	7,744	7,686	6,600
Thailand	2,004	1,696	1,724
India	14,343	15,996	16,743
Vietnam	2,793	2,711	2,709
Taiwan	668	666	670
China	11,627	10,655	9,829
Other Asian countries	4,365	4,395	4,113
Asia (Total)	43,544	43,805	42,388
Brazil	1,515	1,430	1,290
Other countries	7,989	7,931	7,995
Other countries (Total)	9,504	9,360	9,285
<b>Motorcycles</b>	<b>55,678</b>	<b>55,669</b>	<b>54,180</b>
Outboard motors	781	808	736
ATVs	523	436	430
PASs	435	473	500

	Unit sales by Yamaha Motor		
	2013	2014	2015 Forecasts
Japan	109	123	111
North America	76	79	92
Europe	162	191	206
Indonesia	2,492	2,371	2,000
Thailand	348	223	235
India	462	567	621
Vietnam	766	643	700
Taiwan	189	210	236
China	465	445	405
Other Asian countries	355	359	408
Asia (Total)	5,077	4,819	4,605
Brazil	179	181	157
Other countries	411	406	384
Other countries (Total)	590	587	541
<b>Motorcycles</b>	<b>6,014</b>	<b>5,799</b>	<b>5,555</b>
Outboard motors	313	329	294
ATVs	55	53	59
PASs	131	150	168

# Details of Net Sales and Operating Income

## Net Sales (¥Bil.)

	First Half		Full Year	
	2014	2015	2014	2015 Forecast
Motorcycles	481.4	518.2	977.6	1,100.0
Marine	150.7	168.8	276.4	300.0
Power Products	61.0	66.8	142.2	170.0
Other	62.9	67.4	125.1	130.0
<b>Total</b>	<b>756.0</b>	<b>821.1</b>	<b>1,521.2</b>	<b>1,700.0</b>

## Operating Income (¥Bil.)

Motorcycles	11.2	18.6	22.9	35.0
Marine	27.8	39.3	45.8	61.0
Power Products	3.3	4.0	6.5	10.5
Other	6.8	7.7	12.0	13.5
<b>Total</b>	<b>49.1</b>	<b>69.7</b>	<b>87.2</b>	<b>120.0</b>

## Operating Income Ratio (%)

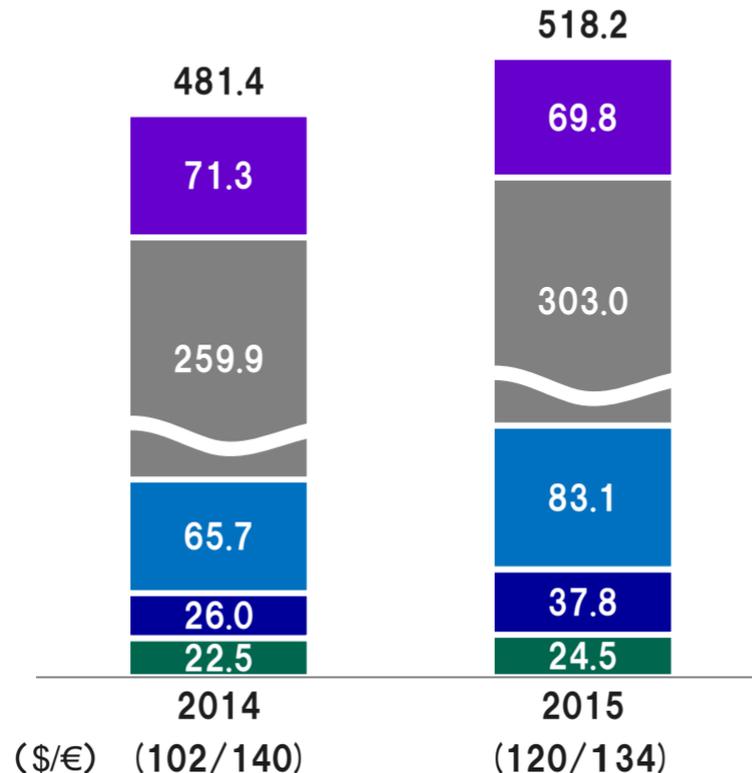
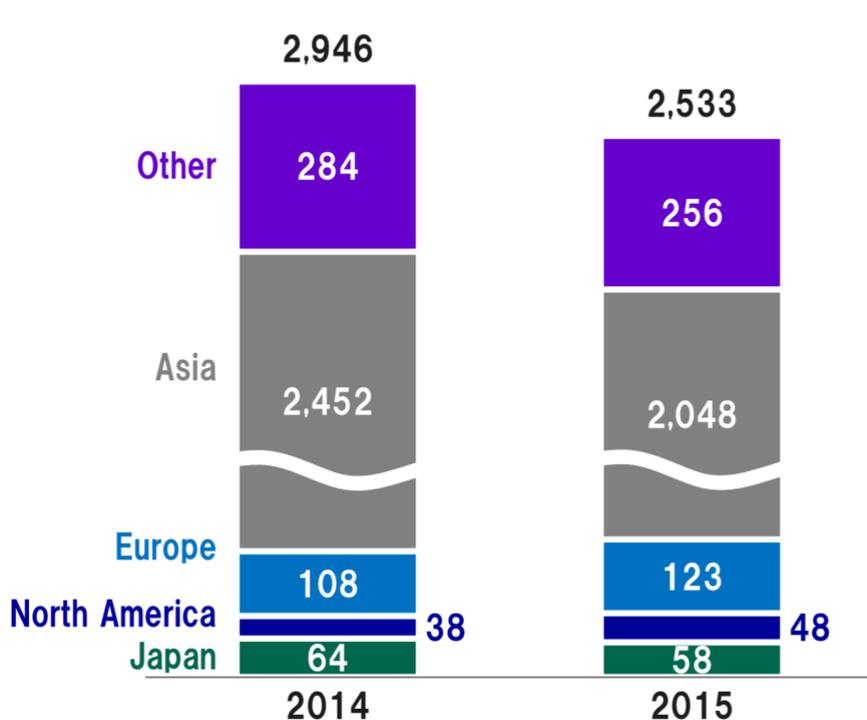
Motorcycles	2.3	3.6	2.3	3.2
Marine	18.4	23.3	16.6	20.3
Power Products	5.4	6.0	4.6	6.2
Other	10.8	11.4	9.6	10.4
<b>Total</b>	<b>6.5</b>	<b>8.5</b>	<b>5.7</b>	<b>7.1</b>

# Motorcycles sales units and net sales (First Half)



Unit Sales  
(thousand units)

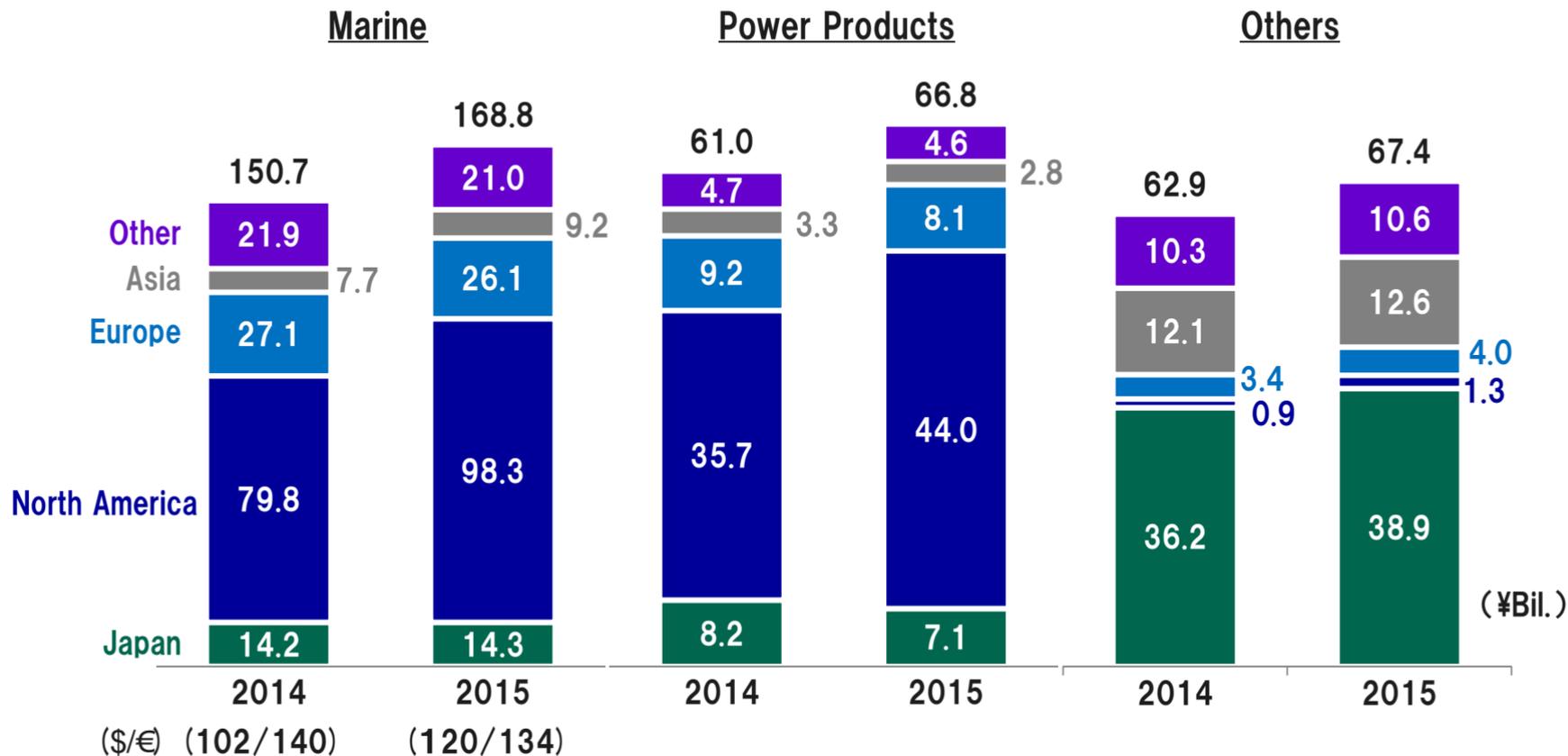
Net Sales  
(¥Bil.)



(\$/€) (102/140)

(120/134)

# Net sales of Marine, Power Products and Others (First Half)



\*Others : includes Industrial Machinery & Robots

# Impact of Foreign Exchange vs. Last Year



(¥Bil.)	2015 First Half				2015 Forecast			
	US\$	EURO	Others	Total	US\$	EURO	Others	Total
Currency Rate Impact on HQ Imports and Exports	13.6	Δ2.2	Δ1.4	10.0	17.1	Δ4.6	Δ2.0	10.5
Impact on Procurement Cost (Overseas Subsidiaries)	0	0	Δ3.2	Δ3.2	0	0	Δ10.0	Δ10.0
Impact on Gross Income (Overseas Subsidiaries)	5.4	Δ1.1	5.0	9.2	6.8	Δ2.1	5.5	10.2
Impact on SG&A Expenses (Overseas Subsidiaries)	Δ3.7	0.7	Δ3.9	Δ6.8	Δ4.7	1.8	Δ3.9	Δ6.8
<b>Impact on Operating Income</b>	<b>15.3</b>	<b>Δ2.6</b>	<b>Δ3.5</b>	<b>9.2</b>	<b>19.2</b>	<b>Δ4.9</b>	<b>Δ10.4</b>	<b>3.9</b>

Foreign Exchange Sensitivity  
Amount of impact on the operating income per yen of foreign exchange fluctuations

US\$ 0.7 Bil. Yen  
EURO 0.3 Bil Yen

US\$ 1.4 Bil. yen  
EURO 0.5 Bil. yen

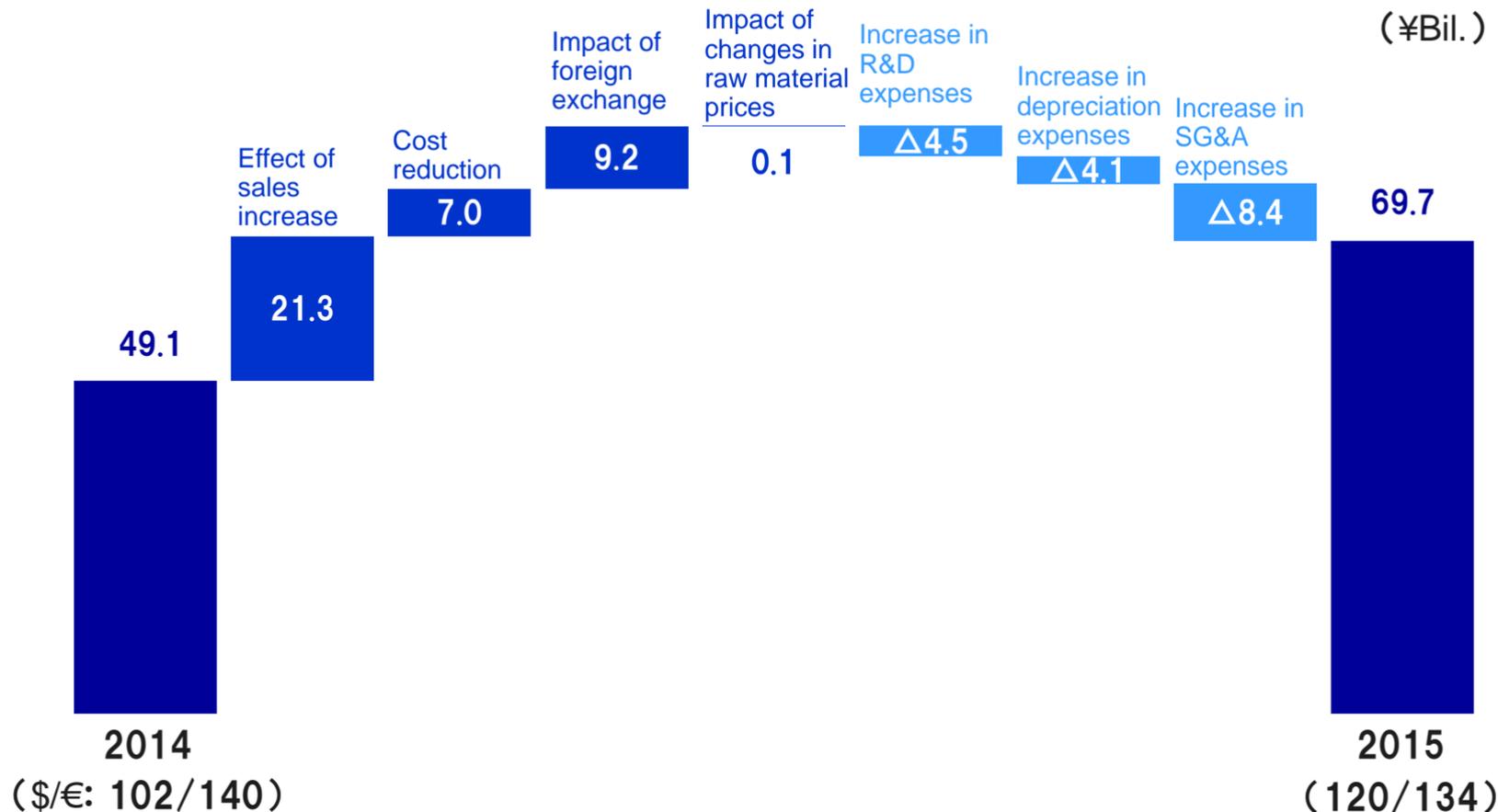
# Capital Expenditure, Depreciation Expenses, R&D Expenses, Interest-bearing Debt



(¥Bil.)

	2014 First Half	2015 First Half
Capital Expenditure	24.9	27.1
Depreciation Expenses	17.8	21.9
Research and Development Expenses	39.8	44.3
Interest-bearing Debt	366.7	398.7
(of which, sales finance)	163.0	205.2

# Causes of Changes in Operating Income vs. Last Year (1<sup>st</sup> Half)



# Causes of Changes in Operating Income vs. Last Year (Full Year)



(¥Bil.)

