

New Medium-Term Management Plan



Yamaha Motor Co., Ltd.

December 18th, 2012

New Medium-Term Management Plan

1. Review of the current MTP
2. From the current MTP to the new MTP
3. Management strategies
 - Strategies for business development
 - Strategies for main business activities
 - Cost reduction
4. Financial strategies
5. Management targets

2010–2012
**“V-shaped recovery in results /
 stabilization of a profitable structure”**

Toward 2015–2017
**“Increasing corporate value through
 sustainable growth”**

	Achievements	Targets (2015)	Ultimate targets (2017)
① <u>Business scale</u> •Unit sales •Net sales	: 7.4 million : ¥1.3 trillion (short of the target)	: 9 (10) million : ¥1.6 (1.8) trillion	: 12 million : ¥2 trillion
② <u>Financial strength</u> ▪ ROS ▪ Equity ratio ▪ D/E ▪ ROE	: 4.2% (short of the target) : 31% : 1.0 : 9.6%	: 5.0% : 33% : 1.0 : 10%	: 7.5% : 35% : 1.0 : 15%
③ <u>Business foundation / corporate strength</u> •Domestic manufacturing layout •Cost reduction •Operational structure	: 9 factories / 17 units : ¥75 billion (3 years) : Japan-U.S.-Europe framework scaled down, integrated development and procurement system (involving 4 key regions), Design Center, etc.	: 6 factories / 13 units : ¥90 billion (3 years) : Realignment of operations in Europe, more than 30% localization of product development, proportion of locally hired executives to be increased to 80%, etc.	: ¥150 billion (5 years)

“Go beyond customer expectations with unique concept in the YAMAHA way”

Stand out by engineering excellence

- Concept to create new trend
- High performance, lightweight and high fuel efficiency
- Advanced technologies and high cost performance
- Original designs

Stand out by marketing excellence

- Attract more **lifelong customers** by promoting **market –based “3S”** policy and strengthening contact points with customers
- Thoroughly implement new **brand communication**

Taking on new business activities

- Develop key business areas other than motorcycles and marine products
- Create “**fulfilling lifestyles,**” “**enjoyment in personal mobility,**” and “**innovative technologies that harmonize with people, society and the Earth**”

“Continue challenging a management reform”

Expand global activities / cost reduction

- Change global manufacturing: Consolidate to **Platform (PF)**, change **drawings** based on each market, change the **process of developing products**
- Expand global procurement and supply: Consolidate suppliers, Streamline **logistics**, strengthen **manufacturing competence**

Accomplish structural reforms

- Domestic manufacturing layout: Complete the consolidation of factories and offices
- Operational structure in Europe: Change into “**Euro one company**”
- Headquarters: Reorganize business structure and corporate framework

Go global in a true sense

- **Localize product development** based on the integrated development and procurement centers (in 4 key regions)
- Augment “**mother**” and “**global**” functions in production
- Appoint excellent human resources from around the world and train them to become “**employees who embody YAMAHA brands**”

Fulfilling lifestyles

Introduce new off road vehicle to the market

General marine business

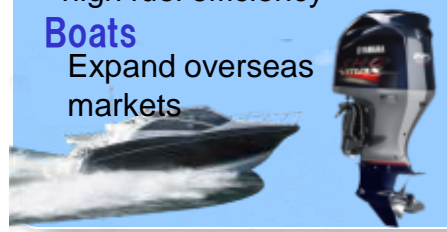
Aim to sell ¥300 billion

Outboard motors

Engines with high reliability, lightweight and high fuel efficiency

Boats

Expand overseas markets



Power products

High fuel efficiency, and low-priced engines, expansion of overseas markets



Enjoyment in personal mobility

Introduce new concept mobility to the market

Motorcycles in developed markets

High-performance engines + broadening of product lines



Motorcycles in emerging markets

Economical engines and platform + variation strategy



SPV

Aim to sell 1 million units (Japan, Europe and China)
Introduce advanced system



Auto engines

High performance, high efficiency and eco-friendliness



Innovative technologies that harmonize with people, Society and the Earth

SKY

New engines + high-precision control, and expand overseas markets



UMS

Introduce new technologies to the market

IM

Manufacture high-speed products and new types of products



New value-added technologies

- New ship-steering system
- New JW system to be introduced to the market

- Technologies applied in manufacturing high-performance, lightweight and fuel-efficient products
- Technologies for engineering, manufacturing competence
- Original designs – “refined dynamism”

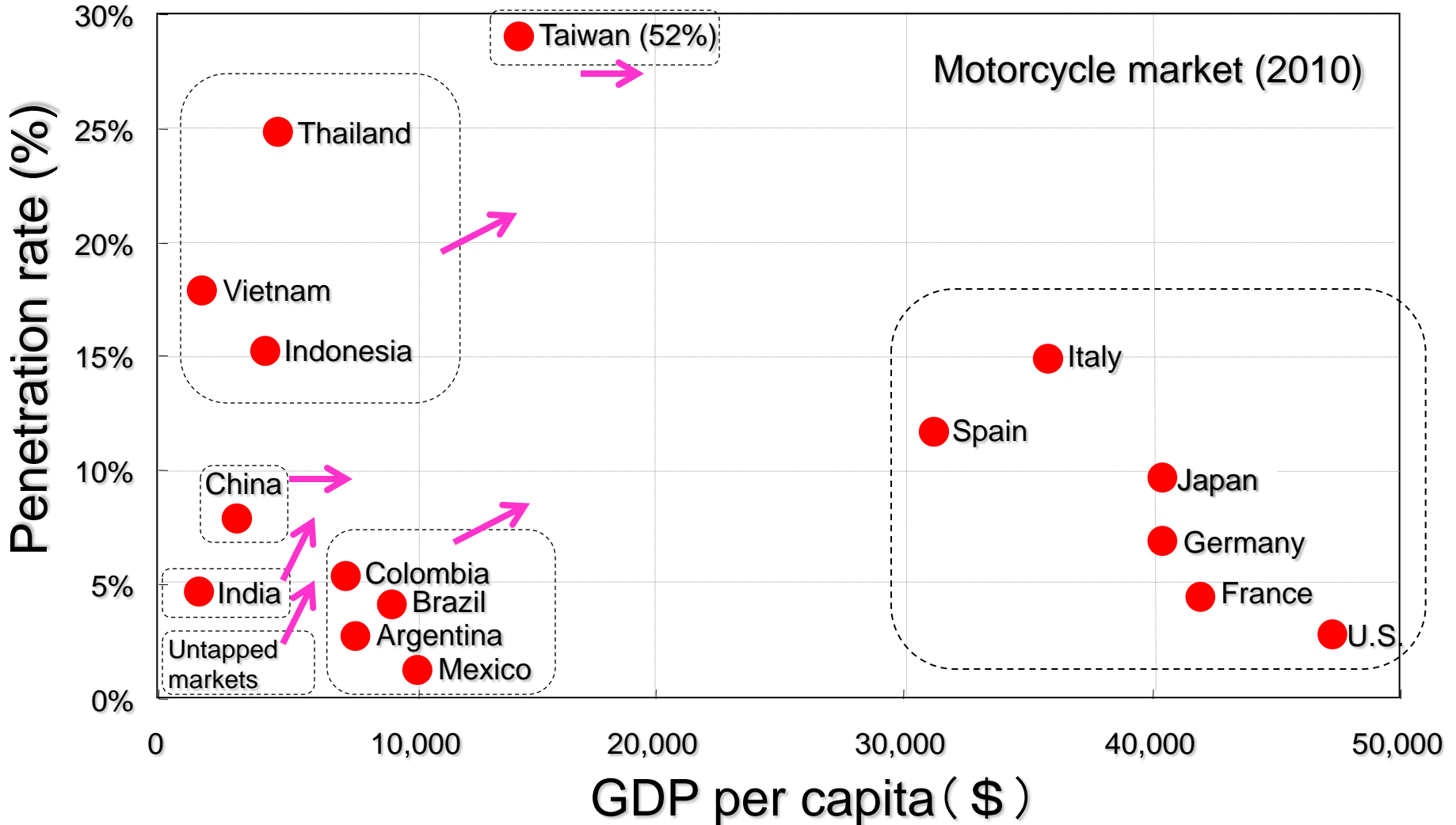
- Smart power technologies
- Control and recognition technologies
- High cost performance

Motorcycle Business: Overview of the Global Market



Number of motorcycles produced: 2009 = 52; 2010 = 59; 2011 = 63 (million units)

Growth potential: (Indian/untapped markets) to grow significantly, (ASEAN / Latin America) to grow steadily, (Developed markets) recovering/stable, (China) motorcycles (down) + electric-powered bicycles (up)



India

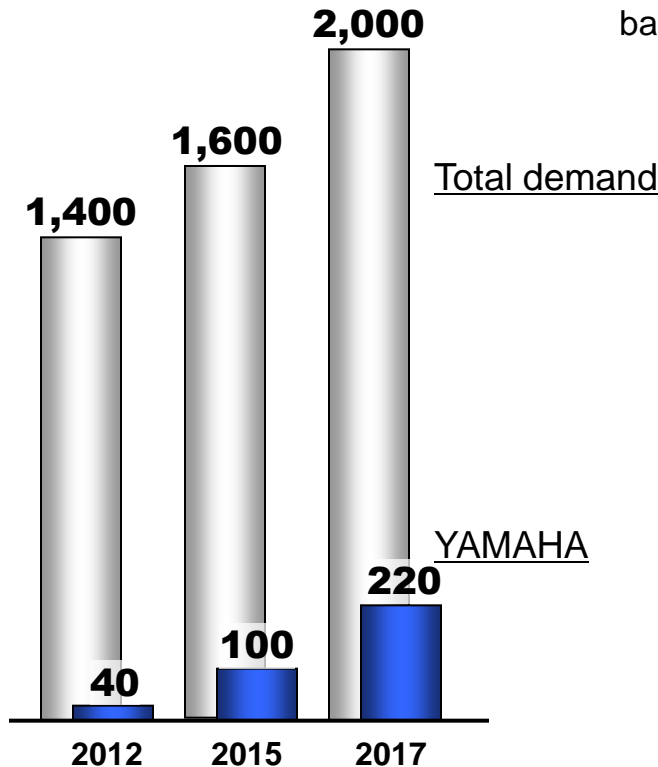
Market:

Will continue to expand significantly

Strategy:

Strengthen the mass segment

- SC, low-priced models, etc.
- Manufacture the world's lowest priced products
- Increase production capacity
- Expand sales networks and strengthen the points with customers



ASEAN

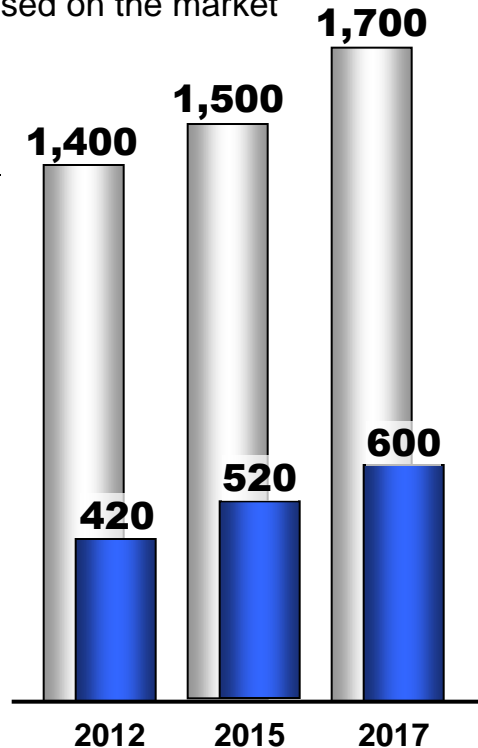
Market:

Will move toward steady growth

Strategy:

Respond to diversified customer needs

- Economical engines, PF + variation models
- develop low cost PF (engines and bodies)
- Offer value as something more than a tool for transportation
- Strengthen the points with customers based on the market



Developed markets

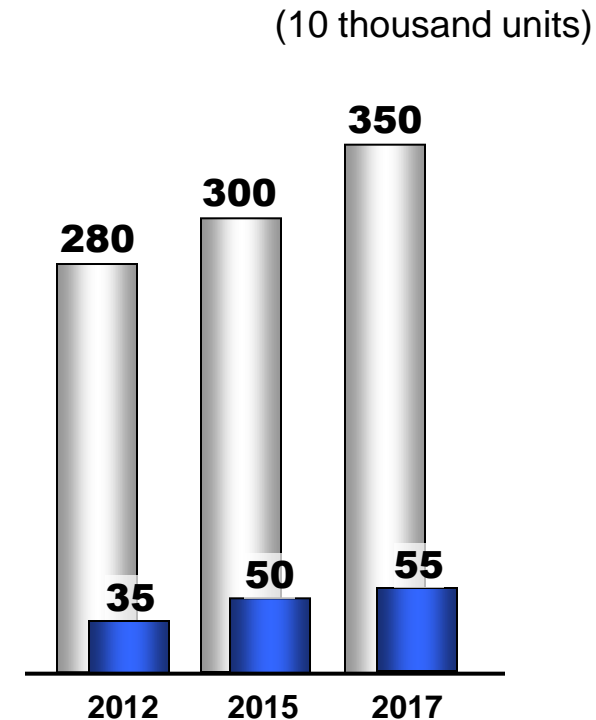
Market:

Will recover due to healthy potential demand

Strategy:

Attract more lifelong customers

- Create the "YAMAHA world" (entry models to flagship models)
- Lifetime marketing
- Offer new concepts



Marine products

General marine business (¥300 billion)

Outboard motor

- Engines with high reliability, lightweight and high fuel efficiency
- Gain a stable market share by cooperating with boat builders
- Introduce new technologies by cooperating with other companies (2013)

Boat

- Enter the Brazilian market (2012)
- Enter the Chinese business boat market (2013)

JET

- Expand jet/engine-supply business

SPV business

Electric-powered bicycle (China)

- Significantly broaden the product lines (2013):

PAS

- Launch advanced models (2013)
- Attract more European consumers (E-Kit)

EV

- Launch low-priced models

RV business

New off road vehicle

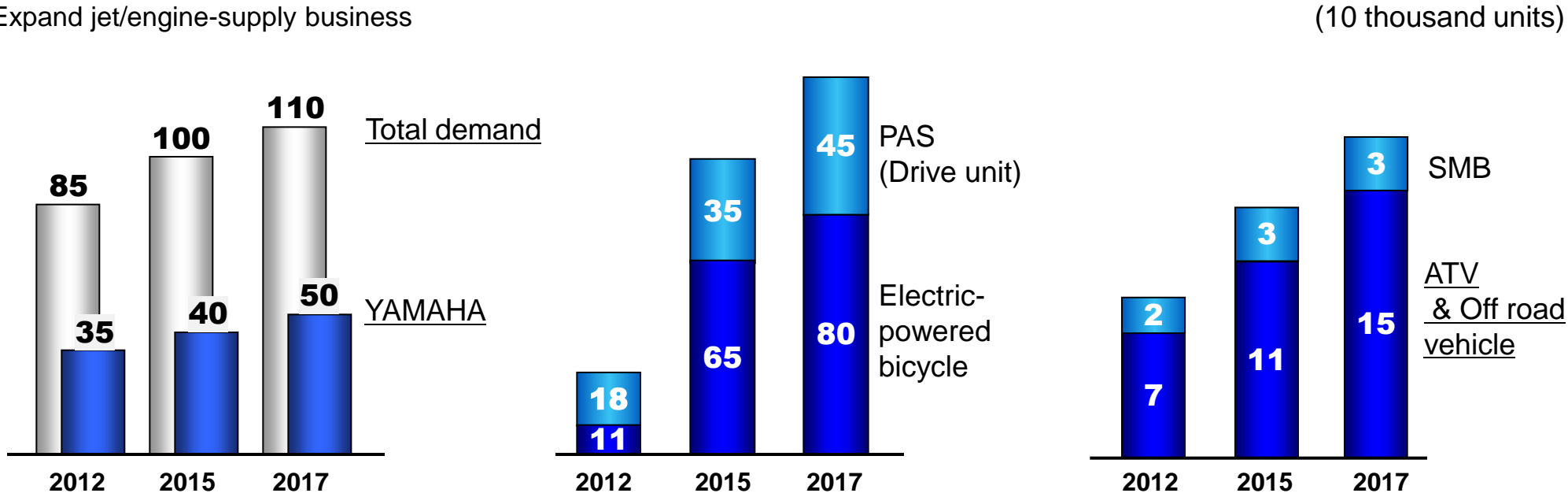
- Introduce new models to the market (2013)

ATV

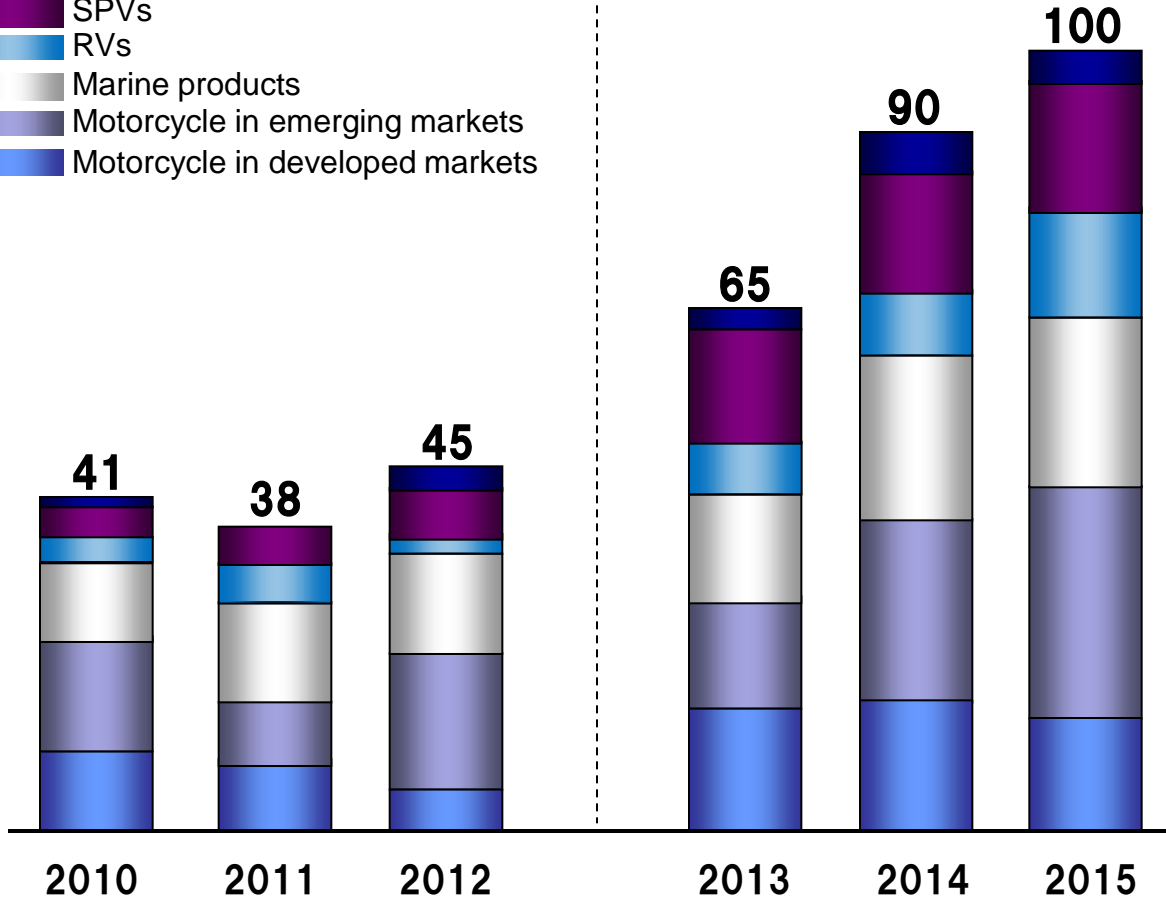
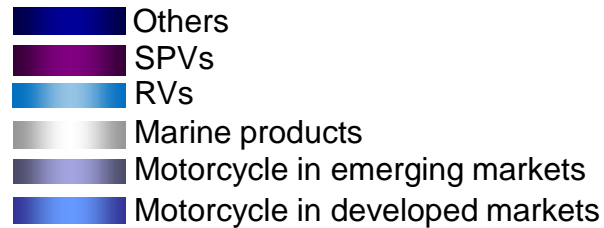
- Complete the transfer of body production (2012)
- Strategies for procuring engines

SMB

- Improve business efficiency by cooperating with other companies (2013)

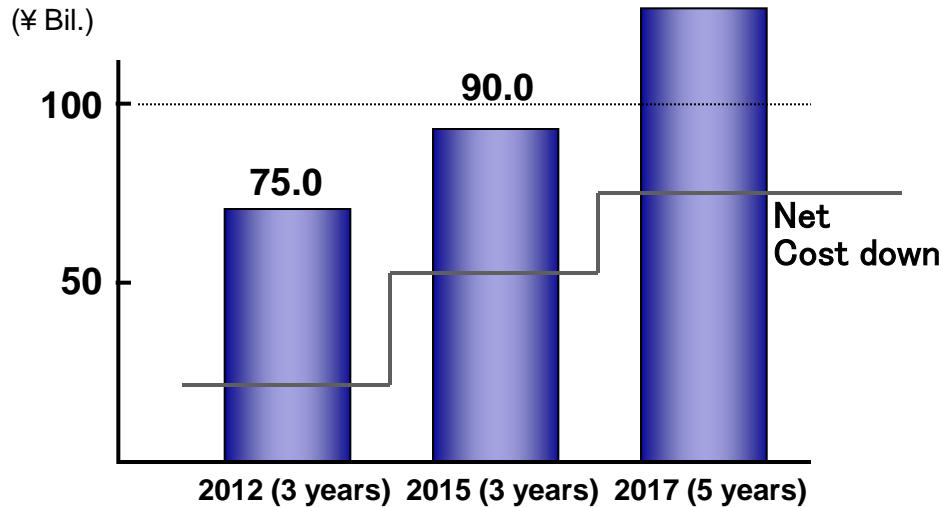


Launch 250 new models in 2013–2015

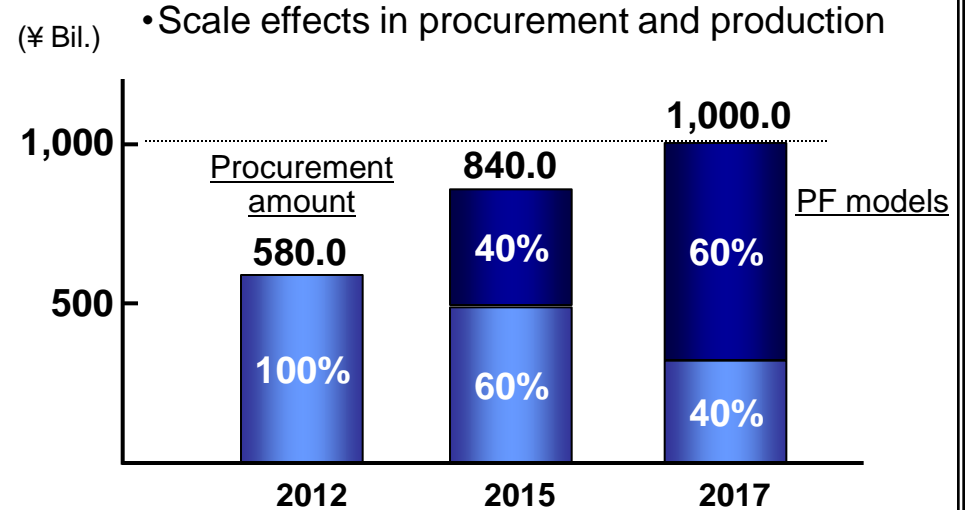


- SPV**
 - Electric-powered bicycle: Expand the product lines including lithium battery powered models
 - PAS: Introduce advanced system
- RV**
 - New off road vehicle to be launched
- Marine products (outboard motor)**
 - High reliability, lightweight and high fuel efficiency
 - Augment the product lines to attack fresh water market
 - Introduce new ship-steering system
- Motorcycle in emerging markets**
 - PF + many variations
 - High fuel efficiency (up 50% from the 2008 level), lightweight and good design
 - Cost reduction (market standard designs, procurement strategies)
- Motorcycle in developed markets**
 - High-performance engines, lightweight and good design
 - Product lines to attract more lifelong customers

Cost Down targets

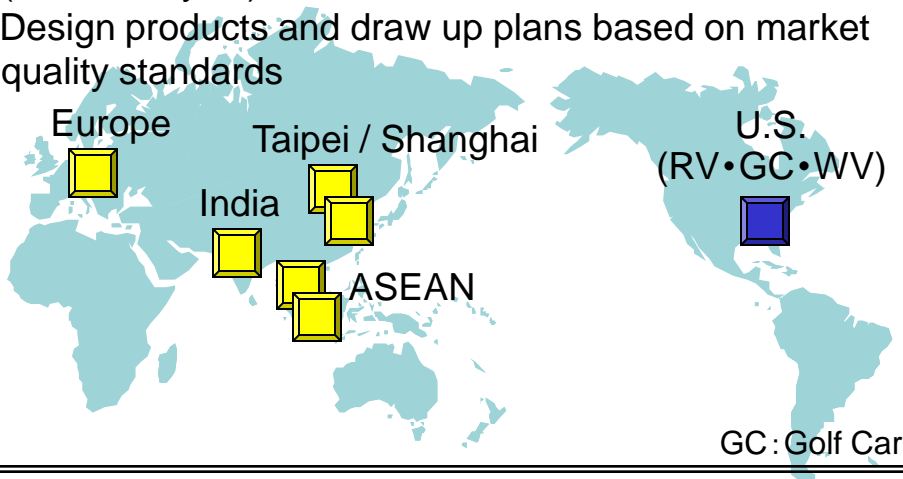


Consolidate to PF



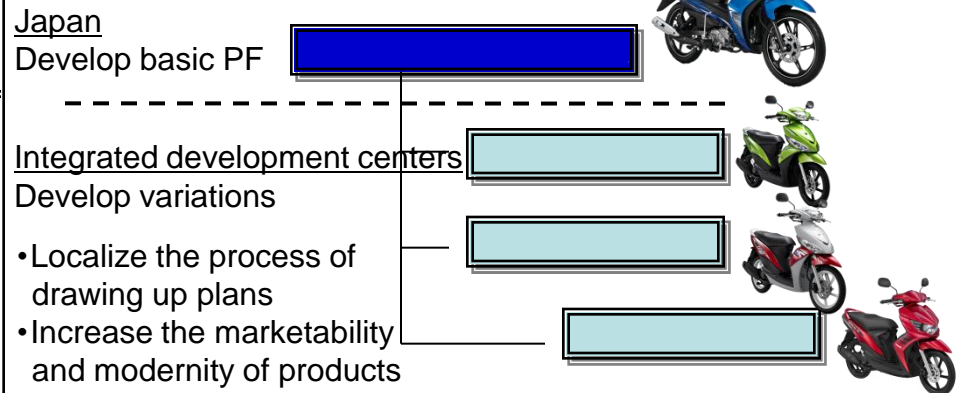
Change drawings based on each market

- Operate integrated development centers (for motorcycle)
- Design products and draw up plans based on market quality standards



Change the development process

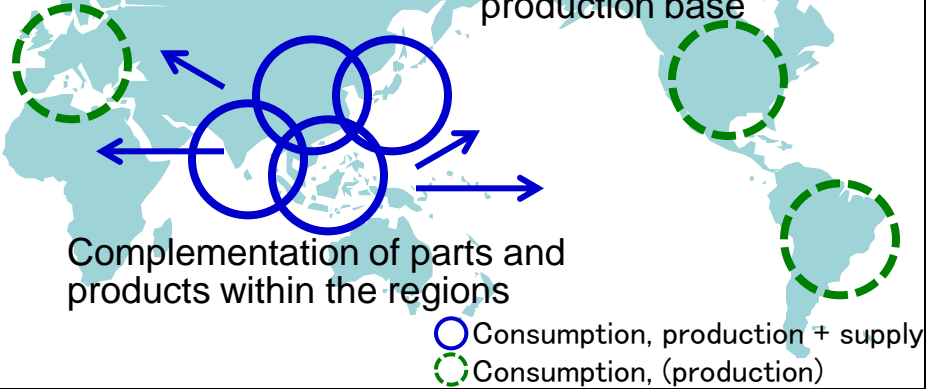
- Consolidate to PF and expand variations
- Reduce the lead time for product development by 30%



Expand global procurement and supply

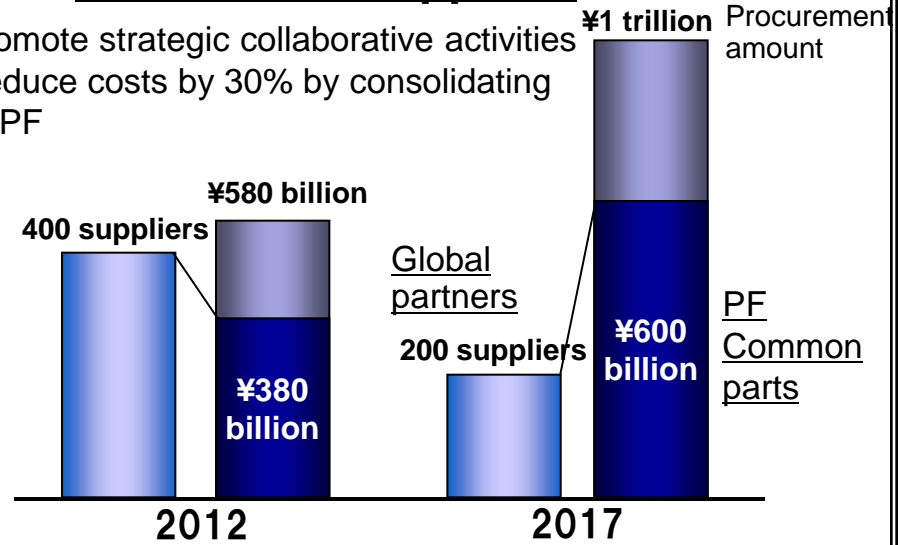
Global supply of parts from procurement centers (in 4 key regions)

Global supply of models from the most suitable production base



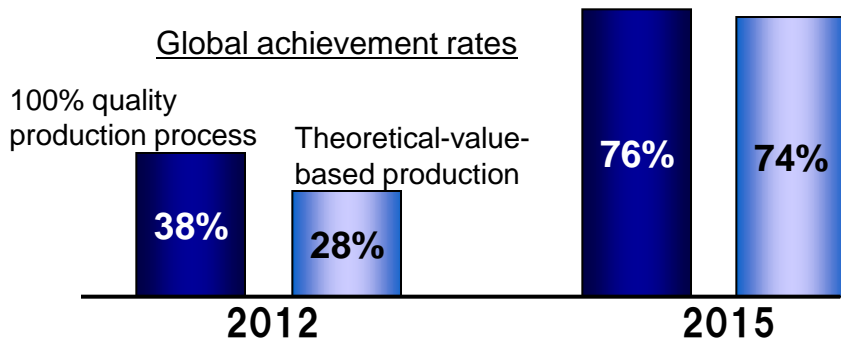
Consolidate suppliers

- Promote strategic collaborative activities
- Reduce costs by 30% by consolidating to PF



Strengthen manufacturing competence

- Gain “great technological strengths” and “outstanding competence at factories”
- Augment “mother” and “global” functions
- Involve suppliers



Streamline logistics

- Overall review of logistics in procurement, production and sales
- Reduce costs by ¥10 billion



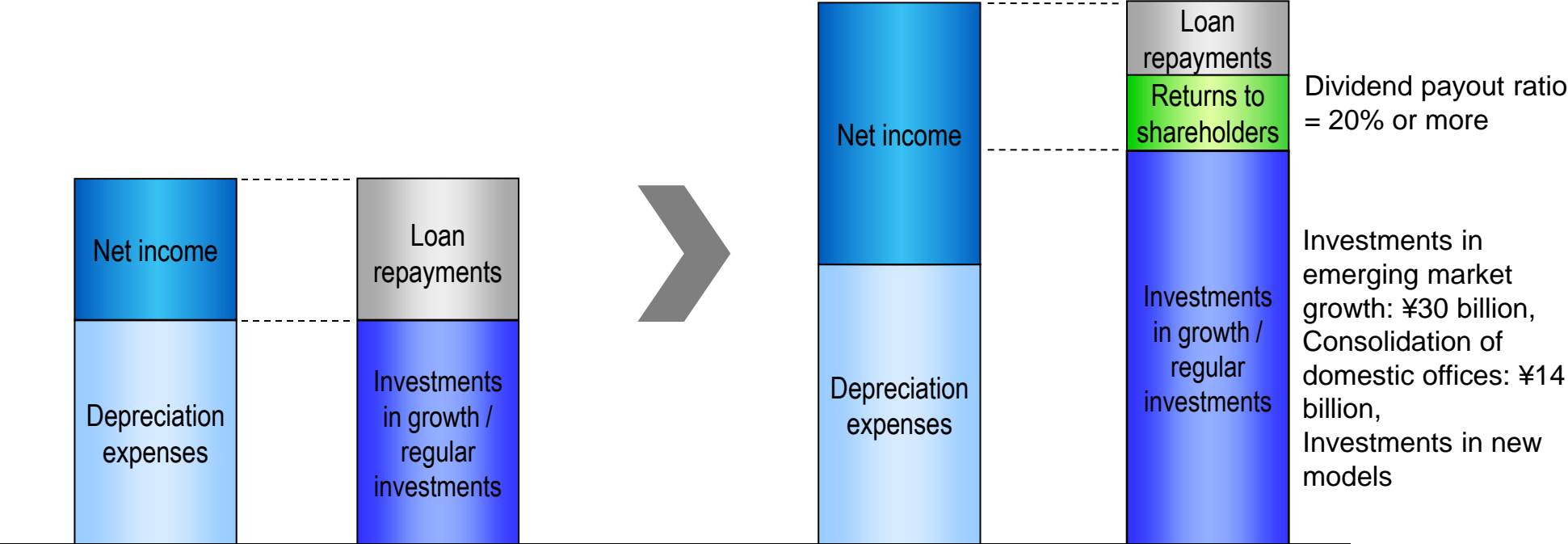
Strike a balance between active investments in growth and returns to shareholders / loan repayments

Current MTP

Prioritizes a stronger financial position
(Ceiling on investments = Up to depreciation expenses)
Total investments = ¥125 billion

New MTP

Aims to actively invest in growth
(Ceiling on investments = Depreciation expenses + 1/2 net income)
Total investments = ¥190 billion



New MTP: Management Targets (Business Scale)

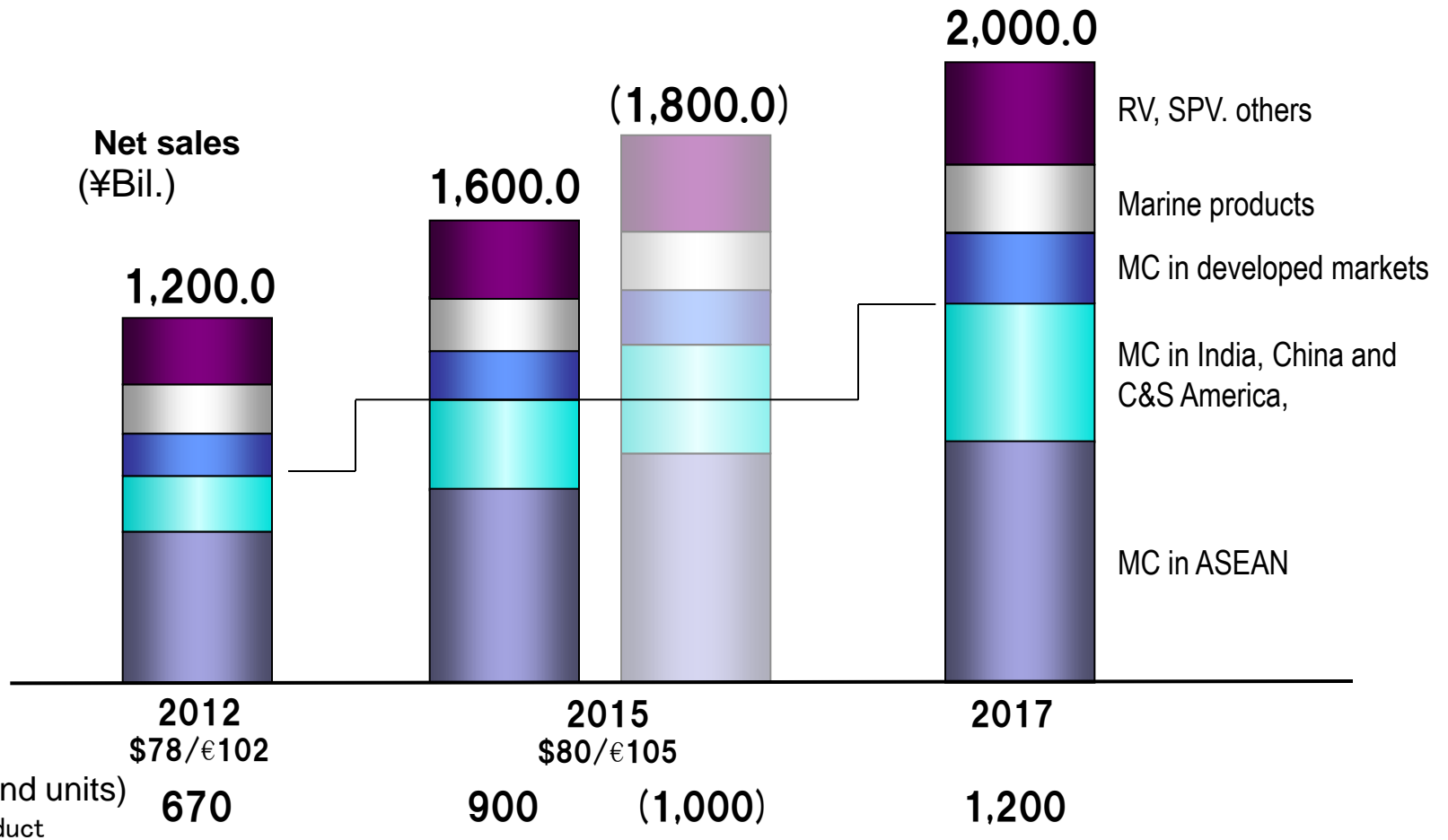


Unit sales(main products) to over 10 million

- 2012: 6.7 million, 2015: 9 million, 2017: 12 million

Net sales to ¥2 trillion

- Motorcycles in emerging markets; 2012: ¥650 billion, 2015: ¥900 billion, 2017: ¥1.2 trillion
- Developed markets and others; 2012: ¥550 billion, 2015: ¥700 billion, 2017: ¥800 billion



New MTP: Management Targets

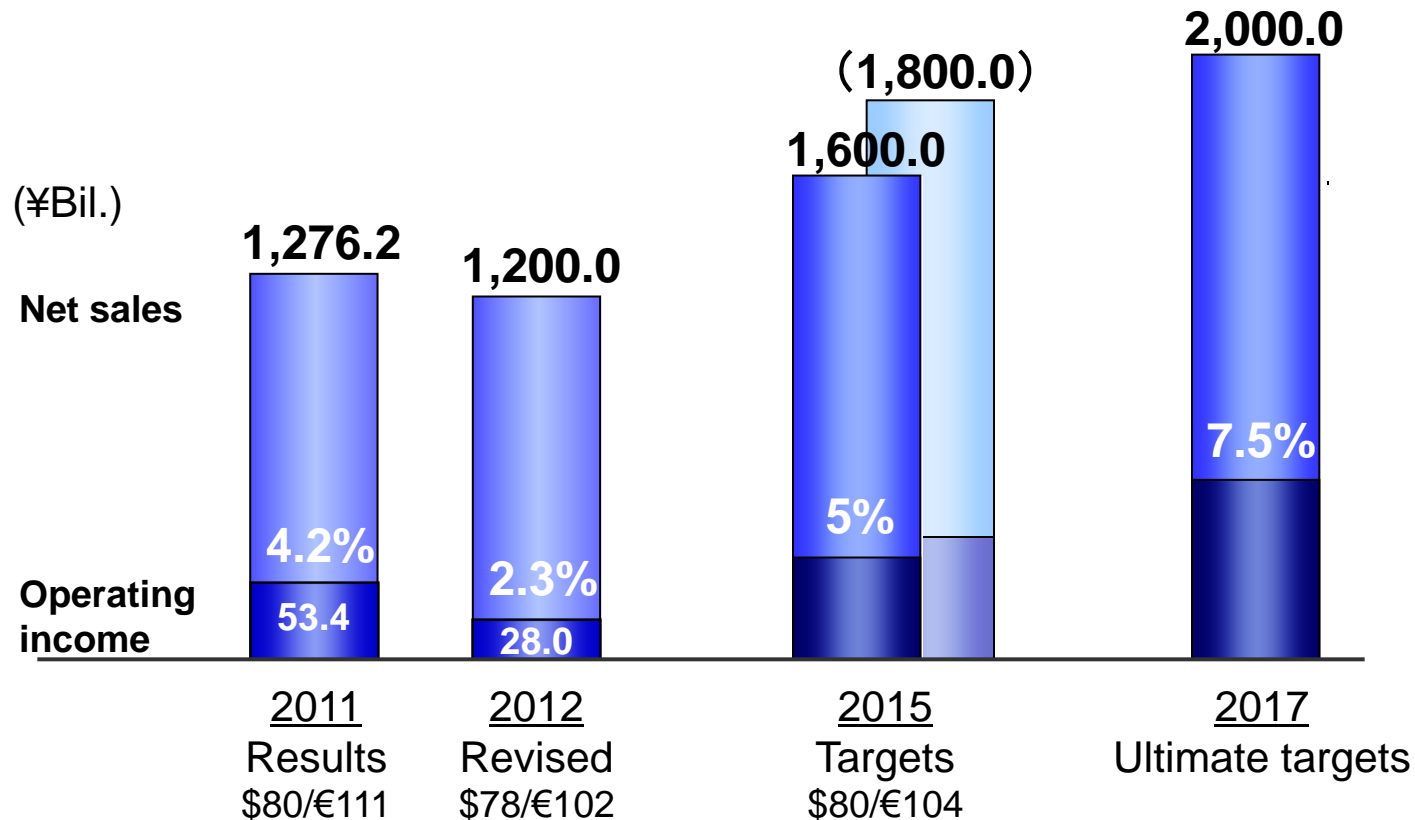


2017 (Ultimate targets) : Net sales = ¥2 trillion, ROS = 7.5%

2015 (Targets) : Net sales = ¥1.6 (1.8) trillion, ROS = 5%

Developed markets: to earn profit in,

Motorcycle business in emerging markets: ROS = 6%



ROE	9.6%	5.8%	10%	15%
ROA	3.0%	1.8%	4%	5%
EPS	¥77	¥49	¥100 or more	¥200 or more

