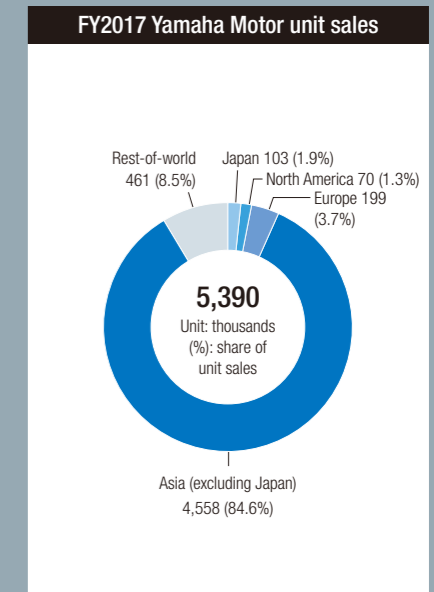
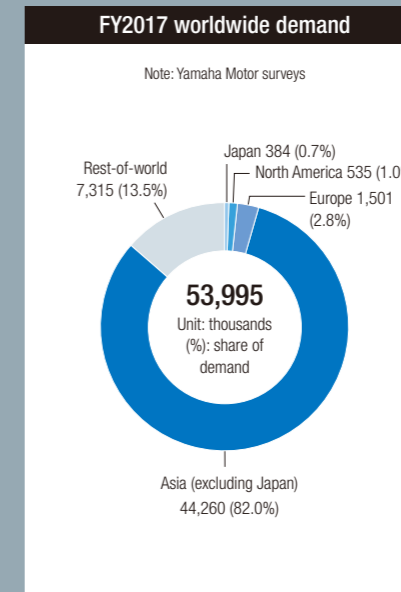
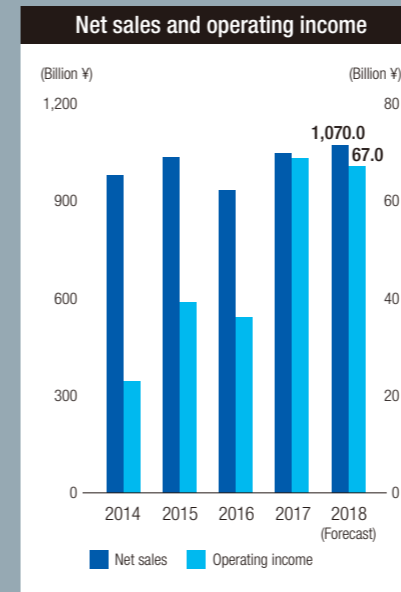


# Motorcycles



**Takuya Kinoshita**  
Executive Officer  
Chief General Manager  
of Motorcycle Business  
Operations



We will provide Yamaha's unique value in a distinctively Yamaha way to our global customers.

Opportunities	Risks
<ul style="list-style-type: none"> <li>Expansion of middle-income market in ASEAN and emerging nations</li> <li>Evolution of marketing through digital technology</li> </ul>	<ul style="list-style-type: none"> <li>Tighter environmental regulations in each country</li> <li>Shift in industrial structure due to innovative technologies and new competition</li> </ul>

## Areas of focus under the Medium-Term Management Plan

The motorcycle business current Medium-Term Management Plan sets out improvement of earnings capabilities and generation of free cash flow as overall themes. In addition, looking at key themes for each market, the plan focuses on bolstering efforts to capture the growing middle-income ASEAN market, reforming the business structure in Brazil and China, and maintaining and strengthening sport-oriented branding and winning customers in the scooter category in India.

As one of those measures, we have been working on “expanding

variations of uniquely Yamaha platform models” and “cross-regional globalization” since our previous Medium-Term Management Plan to address diversifying customer needs while achieving cost reductions.

Thanks to tackling each of these initiatives with speed, we are seeing results on the profit front ahead of our target timeline. We plan to expand these effects to the whole value chain while also reforming our management style. We will continue to provide Yamaha's unique value in a distinctively Yamaha way to our global customers.

## Appraisal of 2017 results and initiatives for 2018

In 2017, unit sales rose in ASEAN markets (excluding Indonesia) and Brazil, remained flat in India, and declined in Indonesia, developed markets, and China. In that environment, net sales increased ¥115.1 billion (12.4%) from the previous year to ¥1,045.2 billion. Operating income increased ¥32.9 billion (91.4%) to ¥68.8 billion due to factors including the effect of cost reductions through use of platform models and the shift to a high-value-added model mix. The operating income margin increased by 2.7 percentage points to 6.6%.

During 2018, as the final year of the current Medium-Term Management Plan, we will work to generate results from increased

profitability. In particular, major themes will be further reinforcement of earnings capabilities in the ASEAN region and expansion of sales in India. At the same time, we will engage in agile management and promote new value creation to address future changes in customers, markets, and technologies with a view to our next Medium-Term Management Plan. We have always offered distinctive new products unique to Yamaha in the motorcycle category. We will take on the challenges of a new era by further expanding the value of motorcycles within the mobility framework.



LEXI, new 125cc scooter for the growing Indonesian market

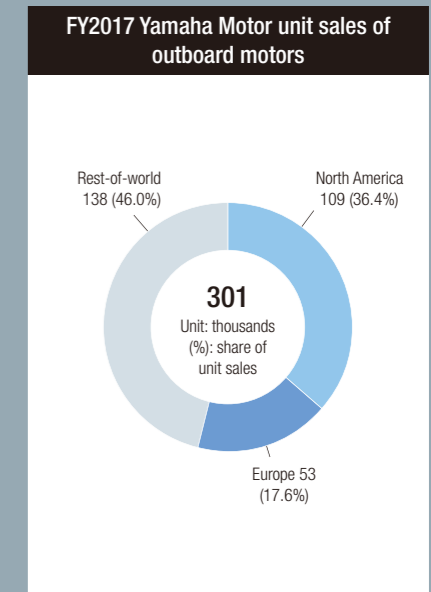
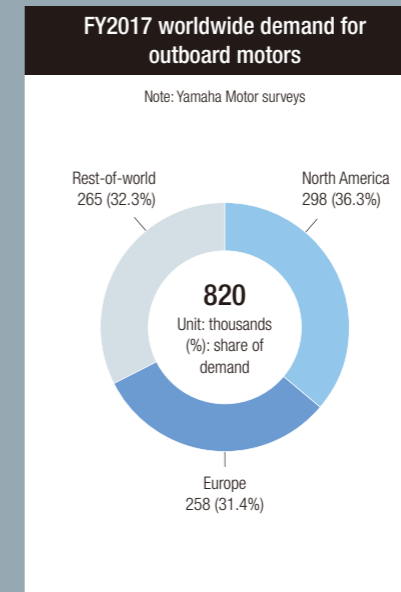
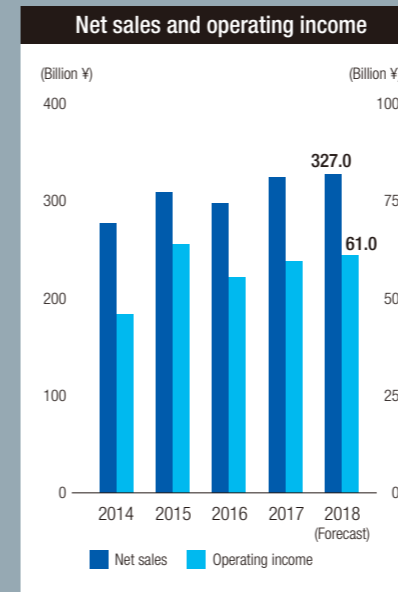


FZ25, popular model in India with a total of 1.5 million units sold since the series' release

# Marine Products



**Hirofumi Usui**  
Senior Executive Officer  
Chief General Manager  
of Marine Business  
Operations



## We will steadily promote our comprehensive marine business strategy to move from being an engine supplier to a system supplier.

Opportunities	Risks
<ul style="list-style-type: none"> <li>Growing demand for large outboard motors mainly in developed markets</li> <li>Expansion of peripheral equipment business due to enhancement of integrated control technology</li> </ul>	<ul style="list-style-type: none"> <li>Creation of production/supply system to meet demand for large outboard motors</li> <li>Achieving speedy development in integrated control field</li> <li>Creation of business structure unaffected by changes in exchange rates and regulations</li> </ul>

### Areas of focus under the Medium-Term Management Plan

To continue contributing to a richer marine life for people around the world, the marine products business aims to grow from being an engine supplier to a system supplier. By doing so, we will create new value beyond customers' expectations and firmly establish our position as the No. 1 marine brand based on our overall business strength, reliability, and network strength.

Under the slogan of competing in the 3-trillion-yen marine market set out in the current Medium-Term Management Plan, we are pursuing our comprehensive marine business strategy integrating the establishment of a system supplier business model, a strategy of alliances with boat builders, and hull strategy.

Robust economic growth in Europe and the U.S., our largest markets, is providing a tailwind for the marine leisure industry, and



demand for large outboard motors has surpassed previous peaks. The increasing size of boats combined with a trend toward multiple outboard motors requires more complex technology for operation. In this context, there are ever-increasing demands from customers for multi-function systems like those available for automobiles that would make boats easier to operate.

We will offer value that exceeds customer expectations by expanding our peripheral equipment business through speedy development of integrated control systems that enable ease of handling for boats, while creating a supply system that can flexibly address increased demand for large outboard motors.

### Appraisal of 2017 results and initiatives for 2018

In 2017, we introduced large models and medium-sized lightweight models in response to rising demand for outboard motors in markets in Europe and the U.S. For personal watercraft, we introduced new performance models and entry models, and for boats, we shifted our lineup toward high-value-added models and moved ahead with strategies including the acquisition of a boat builder in Europe. Sales increased for all these products. In addition, with a view to making a full-fledged transition to being a system supplier, we acquired two manufacturers of peripheral equipment in the summer of 2017 and

began the development of highly reliable boat control systems that enable easier operation. The business overall recorded increases in sales and profit, with net sales increasing ¥26.6 billion (9.0%) from the previous year to ¥323.8 billion, and operating income up ¥4.1 billion (7.4%) to ¥59.5 billion.

The year 2018 is the final year of our current Medium-Term Management Plan. We will steadily pursue our comprehensive marine business strategy aimed at further growth of our high-profitability business model.



Large multi-engine boat



242 Limited S E-Series

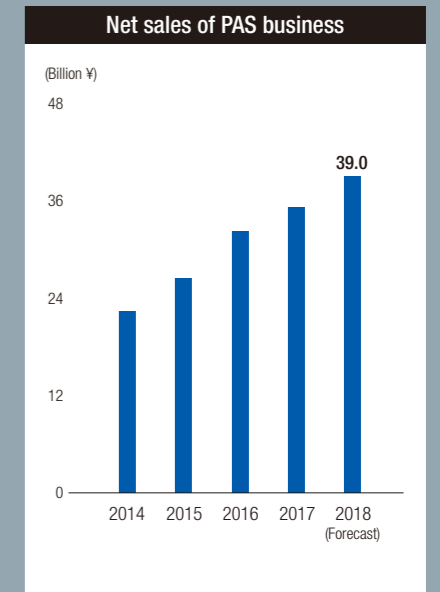
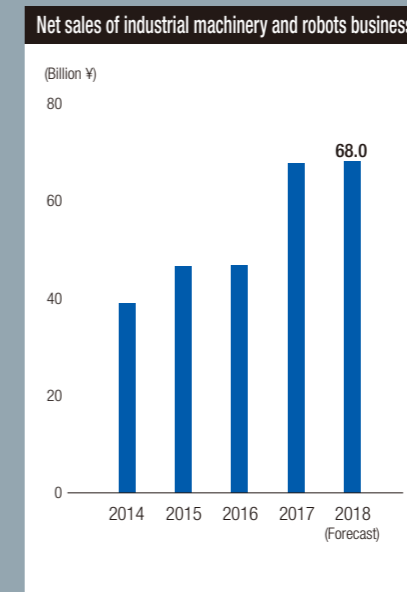
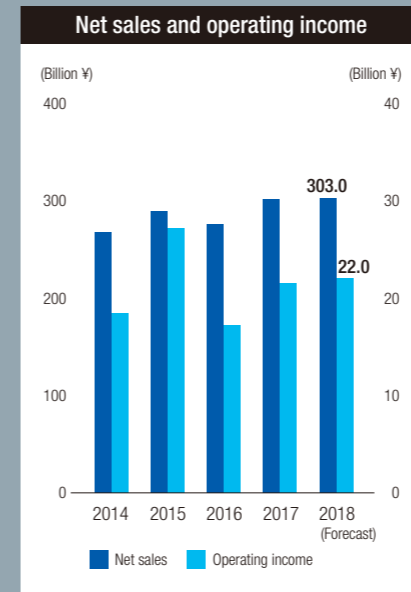


GP1800 WaveRunner

# Solutions



**Hiroaki Fujita**  
Senior Executive Officer  
Chief General Manager  
of Solution Business  
Operations



We aim to create a unique business model in areas such as unmanned operations in industry, self-driving vehicles, nursing care and home automation.

Opportunities	Risks
<ul style="list-style-type: none"> <li>• Growing need for automation due to labor shortages in Japan and rising labor costs in emerging nations</li> <li>• Expansion of electrically power-assisted bicycle market</li> </ul>	<ul style="list-style-type: none"> <li>• Deterioration of demand due to changes in global situation</li> <li>• Intensifying competition resulting from new forces entering the market</li> </ul>

## Areas of focus under the Medium-Term Management Plan

With the goal of creating a unique business model, the solution business is pursuing the following initiatives based on the current Medium-Term Management Plan.

In industrial robots and surface mounters, we are improving the performance of individual products while offering customers solutions for the entire manufacturing line using IoT.

In the electrically power-assisted bicycle business, in addition to the complete Yamaha-brand bicycle business in Japan and the U.S., we are cultivating new markets and new customers for the drive unit system kit business mainly in Europe.

In the multi-purpose engine and generator business, along with

existing product sales, we aim to expand sales by using products and sales channels of businesses acquired in 2017.

The UMS (Unmanned Systems) business, which focuses on industrial-use unmanned helicopters, is striving to contribute to the modernization of agriculture and to expand measurement and observation services, while also working to promote use of its products in agricultural markets overseas.

In the RV (Recreational Vehicle) business, we will broaden our market domain by promoting a new product strategy for ROVs (recreational off-highway vehicles).

## Appraisal of 2017 results and initiatives for 2018

In 2017, net sales in the solution business increased ¥25.5 billion (9.3%) from the previous year to ¥301.0 billion, and operating income increased ¥4.3 billion (25.0%) to ¥21.5 billion. Despite factors contributing to a decline in profit such as efforts to reduce ROV inventory in North America and an increase in expenses for measures to enhance the market quality of golf cars in the power products business, net sales and operating income both grew thanks to factors including a significant increase in sales for surface mounters and industrial robots on the back of a worldwide trend toward labor-saving and intelligent and electric automobiles, and continued robust performance by electrically power-assisted bicycles in Japanese and European markets.

As a result, sales and profit were up in the solution business as a whole.

In 2018, as the final year of the current Medium-Term Management Plan, each business will continue efforts aimed at achieving our targets. In particular, we will strive to expand our business into new fields such as personal mobility, agriculture, and medicine, by combining the factory automation technology we have built up in the industrial robot business with the unmanned technologies for land, sea, and air developed by the UMS business.

\*The solution business includes the power products, industrial machinery and robots, and other products businesses.



Mounter line centered on high-end, highly efficient modular Z-LEX YSM20R



JW Swing electric assist wheelchair