

Business Results for the First Three Months of the Fiscal Year
Ending December 31, 2020
(January 1, 2020 through March 31, 2020)
(Japanese GAAP)

May 29, 2020

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange the First Section

Code number:

7272

URL:

<https://global.yamaha-motor.com/ir/>

Representative:

Yoshihiro Hidaka, President, Chief Executive Officer, and Representative Director

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Filing of quarterly securities report (scheduled):

May 29, 2020

Beginning of payment of dividends (scheduled):

—

Supplementary explanatory documents related to the quarterly consolidated financial results:

Yes

Briefing on the quarterly consolidated financial results:

Yes (for institutional investors and securities analysts)

Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the Three Months Ended March 31, 2020

(January 1, 2020 through March 31, 2020)

(1) Consolidated operating results (cumulative)

*% represents growth results. () represents negative figures.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three Months Ended March 31, 2020	395,850	(7.8)	25,421	(29.2)	26,848	(28.5)	9,609	(66.1)
Three Months Ended March 31, 2019	429,349	5.9	35,920	(12.8)	37,542	(6.5)	28,338	(12.5)

Note: Comprehensive income

Three Months Ended March 31, 2020:	¥(36,916) million	[−%]
Three Months Ended March 31, 2019:	¥ 41,562 million	[173.3%]

	Earnings per share – basic	Earnings per share – diluted
	Yen	Yen
Three Months Ended March 31, 2020	27.51	—
Three Months Ended March 31, 2019	81.15	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	1,616,053	694,681	40.5
As of December 31, 2019	1,532,810	751,828	46.0

Reference: Shareholders' equity

As of March 31, 2020:	¥654,029 million
As of December 31, 2019:	¥705,233 million

2. Dividends

Record date	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	—	45.00	—	45.00	90.00
Fiscal year ending December 31, 2020	—				
Fiscal year ending December 31, 2020 (forecast)		0.00	—	Undetermined	Undetermined

Note: A revision to the most recently announced dividend forecast for the fiscal year ending December 31, 2020 was made.

* Considering the market environment and our business conditions of the fiscal year ending December 31, 2020, and in order to secure cash on hand as much as possible, the Company has suspended its interim dividend payout at the second quarter.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020

(January 1, 2020 through December 31, 2020)

*% represents year-on-year rate.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2020	—	—	—	—	—	—	—	—	—

Note: No revision to the most recently announced consolidated financial results forecast for the fiscal year ending December 31, 2020 was made.

* The infection of COVID-19 (novel coronavirus) has spread in Japan and throughout the world, and the prospects for convergence are unclear. In addition, the governments of many countries around the world have taken actions in response such as issuing a request to refrain from going out. With regard to the consolidated financial results for the fiscal year ending December 31, 2020, a consequent decrease in net sales is anticipated, and estimating forecast of financial results is difficult in the current circumstances. Thus, the forecast of financial results announced on February 12, 2020, were withdrawn on April 24, 2020, and are currently undetermined. A new announcement shall be made when projections become possible.

(*Notes)

(1) Changes in significant subsidiaries during period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of special accounting principles to the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatement for correction of errors

1) Changes in accounting policies arising from revision of accounting standards: None

2) Changes in accounting policies arising from other factors: None

3) Changes in accounting estimates: None

4) Restatement for correction of errors: None

(4) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares

Three months ended March 31, 2020	350,013,146 shares	Fiscal year ended December 31, 2019	350,013,146 shares
Three months ended March 31, 2020	689,546 shares	Fiscal year ended December 31, 2019	686,083 shares
Three months ended March 31, 2020	349,326,054 shares	Three months ended March 31, 2019	349,230,458 shares

2) Number of shares of treasury shares at end of period

3) Average number of shares during period

(*The quarterly consolidated financial results presented herein are not subject to the quarterly review of a certified public accountant or audit corporation.)

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Significant Changes in Business Risks

In the first three months of the fiscal year ending December 31, 2020, the following are significant changes to the business risks described in the securities report for the previous fiscal year.

The number (12) attached to the following headings is the item number in the securities report for the previous fiscal year, and changes are underlined below. Matters relating to the future in this document are based on the assumptions and beliefs of the Group in light of the information as of the first three months of the fiscal year ending December 31, 2020.

(12) Natural Disasters, Epidemics, Wars, Terrorism, Strikes, Protests, etc.

In the event of natural disasters, epidemics, wars, terrorism, strikes, protests, etc., the operations of the Group may be delayed or interrupted. Furthermore, if the factories of the Group are directly damaged, it may affect the operating results and financial position of the Group. Since the Group's main factories in Japan are concentrated near the epicenter of the anticipated Nankai Trough earthquake, the Group is taking measures such as seismic reinforcement works for major buildings to minimize damage and establishing a system to enable early restoration after a disaster. The Group also takes out earthquake insurances for buildings, inventory, etc. owned by the Group. In addition, the Group has established a business continuity plan for outbreaks of new strains of influenza. Although the Group are continuously reviewing these measures and insurances, in some cases, disasters that exceed the Group's expectation may occur.

Recently, the infection of pneumonia due to COVID-19 has spread in Japan and throughout the world, which is causing problem for the manufacturing and sales activities of the Group. At this point, the prospects for convergence are unclear and it may affect future operating results and financial position of the Group.

The business impact of COVID-19 is shown below.

(1) The operating status of the Yamaha Motor Group (March 1 – May 31, 2020)

Regions / Countries	Main products	Suspension days	Scheduled operation Days	Current operational status (Note 2)
Japan (Note 1)	Motorcycles	16 days	60 days	Partially operating
	Outboard motors	27 days	60 days	Suspended
U.S.A.	Golf cars, WV, ATV, ROV (Note 3)	30 days	63 days	Operating
Europe	Motorcycles, motorcycle engines	33 days	60 days	Operating
Indonesia	Motorcycles	20 days	56 days	Operating
Thailand	Motorcycles	13 days	58 days	Operating
Vietnam	Motorcycles	16 days	62 days	Partially operating
Philippines	Motorcycles	51 days	62 days	Suspended
India	Motorcycles	54 days	70 days	Partially operating
Brazil	Motorcycles	19 days	61 days	Operating

Note:

1. It describes the operating status from April 1 to June 30 in Japan.
2. Status as of the date of submission of financial report for the first three months of the fiscal year ending December 31, 2020.
3. WV stands for personal watercraft, ATV stands for all-terrain vehicles, and ROV stands for recreational off-highway vehicles.
4. Operations in China have resumed since late February.

(2) Shipment units year-on-year ratio by main product

Products / Regions, Countries		April (Actual)	May + June (Forecast)
Motorcycles	Japan, U.S.A, Europe	55%	80%
	Indonesia	21%	20%
	Thailand	44%	50%
	Vietnam	37%	95%
	Philippines	4%	25%
	China	203%	115%
	India	-	50%
	Brazil	31%	80%
ATV + ROV	North America	91%	105%
Electrically power assisted bicycles		73%	100%
Outboard motors	North America, Europe	46%	85%
Surface mounters		95%	80%

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

As of December 31, 2019 and March 31, 2020

	Millions of yen	
	As of December 31, 2019	As of March 31, 2020
ASSETS		
Current assets:		
Cash and deposits	124,580	156,336
Notes and accounts receivable – trade	164,937	176,184
Short-term sales finance receivables	179,397	211,609
Merchandise and finished goods	224,014	224,589
Work in process	64,315	67,610
Raw materials and supplies	68,420	70,073
Other	59,873	59,519
Allowance for doubtful accounts	(10,774)	(12,012)
Total current assets	874,764	953,910
Non-current assets:		
Property, plant and equipment	356,289	340,175
Intangible assets	8,640	8,605
Investments and other assets		
Long-term sales finance receivables	110,777	157,108
Other	184,183	158,395
Allowance for doubtful accounts	(1,844)	(2,141)
Total investments and other assets	293,115	313,362
Total non-current assets	658,045	662,143
Total assets	1,532,810	1,616,053
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	112,982	109,630
Electronically recorded obligations – operating	22,012	24,045
Short-term loans payable	151,917	275,491
Current portion of long-term loans payable	34,056	35,059
Provision for bonuses	14,518	20,437
Provision for product warranties	17,553	17,103
Other provision	1,428	1,224
Other	141,859	138,807
Total current liabilities	496,328	621,800
Non-current liabilities:		
Bonds payable	5,437	4,208
Long-term loans payable	173,541	196,296
Net defined benefit liability	61,366	57,072
Other provision	301	235
Other	44,005	41,758
Total non-current liabilities	284,653	299,571
Total liabilities	780,981	921,371

	Millions of yen	
	As of December 31, 2019	As of March 31, 2020
NET ASSETS		
Shareholders' equity:		
Capital stock	85,905	85,905
Capital surplus	74,770	74,770
Retained earnings	607,000	600,888
Treasury shares	(733)	(740)
Total shareholders' equity	766,943	760,823
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	45,184	29,402
Revaluation reserve for land	10,428	10,428
Foreign currency translation adjustment	(119,447)	(148,929)
Remeasurements of defined benefit plans	2,125	2,304
Total accumulated other comprehensive income	(61,709)	(106,794)
Non-controlling interests	46,594	40,652
Total net assets	751,828	694,681
Total liabilities and net assets	1,532,810	1,616,053

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
Three months ended March 31, 2019 and 2020
Consolidated Statements of Income

	Millions of yen	
	Three months ended March 31, 2019 (January 1— March 31, 2019)	Three months ended March 31, 2020 (January 1— March 31, 2020)
Net sales	429,349	395,850
Cost of sales	316,897	291,602
Gross profit	112,451	104,248
Selling, general and administrative expenses	76,531	78,827
Operating income	35,920	25,421
Non-operating income:		
Interest income	1,031	683
Foreign exchange gains	432	2,937
Other	2,123	1,684
Total non-operating income	3,587	5,304
Non-operating expenses:		
Loss on valuation of investment securities	—	2,138
Interest expenses	991	600
Other	974	1,137
Total non-operating expenses	1,965	3,876
Ordinary income	37,542	26,848
Extraordinary income:		
Gain on sales of non-current assets	98	65
Gain on sales of investment securities	—	15
Total extraordinary income	98	81
Extraordinary losses:		
Loss on sales of non-current assets	64	19
Loss on disposal of non-current assets	185	247
Impairment loss	65	—
Loss on sales of investment securities	0	—
Total extraordinary losses	315	266
Income before income taxes	37,325	26,663
Income taxes – current	11,301	11,217
Income taxes – deferred	(5,460)	3,994
Total income taxes	5,841	15,211
Net income	31,484	11,452
Net income attributable to non-controlling interests	3,145	1,842
Net income attributable to owners of parent	28,338	9,609

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended March 31, 2019 (January 1— March 31, 2019)	Three months ended March 31, 2020 (January 1— March 31, 2020)
Net income	31,484	11,452
Other comprehensive income:		
Valuation difference on available-for-sale securities	6,558	(15,911)
Foreign currency translation adjustment	2,624	(32,042)
Remeasurements of defined benefit plans, net of tax	717	227
Share of other comprehensive income of entities accounted for using equity method	176	(642)
Total other comprehensive income	10,077	(48,368)
Comprehensive income:	41,562	(36,916)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,834	(35,474)
Comprehensive income attributable to non-controlling interests	3,727	(1,441)

(3) Consolidated Statements of Cash Flows

Three months ended March 31, 2019 and 2020

	Millions of yen	
	Three months ended March 31, 2019 (January 1— March 31, 2019)	Three months ended March 31, 2020 (January 1— March 31, 2020)
Cash flows from operating activities:		
Income before income taxes	37,325	26,663
Depreciation	12,197	12,692
Impairment loss	65	—
Increase (decrease) in allowance for doubtful accounts	46	2,631
Increase (decrease) in retirement benefit liability	2,143	341
Decrease (increase) in retirement benefit asset	(868)	(481)
Interest and dividend income	(1,067)	(687)
Interest expenses	991	600
Share of (profit) loss of entities accounted for using equity method	(617)	(98)
Loss (gain) on sales of property, plant and equipment and intangible assets	(34)	(46)
Loss on disposal of property, plant and equipment and intangible assets	185	247
Decrease (increase) in notes and accounts receivable – trade	(34,302)	(18,506)
Decrease (increase) in sales finance receivables	(35,739)	(93,990)
Decrease (increase) in inventories	3,000	(21,227)
Increase (decrease) in notes and accounts payable – trade	(3,457)	2,301
Other, net	13,980	9,508
Subtotal	(6,151)	(80,051)
Interest and dividend income received	1,489	631
Interest expenses paid	(1,010)	(604)
Income taxes paid	(12,903)	(8,452)
Net cash provided by (used in) operating activities	(18,576)	(88,475)

	Millions of yen	
	Three months ended March 31, 2019 (January 1— March 31, 2019)	Three months ended March 31, 2020 (January 1— March 31, 2020)
Cash flows from investing activities:		
Payments into time deposits	(100)	(966)
Proceeds from withdrawal of time deposits	19	241
Purchase of property, plant and equipment and intangible assets	(10,947)	(13,433)
Proceeds from sales of property, plant and equipment and intangible assets	813	1,840
Purchase of investment securities	(17,668)	(1,164)
Proceeds from sales of investment securities	1	61
Payments of long-term loans receivable	(468)	(29)
Collection of long-term loans receivable	518	19
Other, net	(313)	(183)
Net cash provided by (used in) investing activities	(28,145)	(13,615)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	46,152	129,728
Proceeds from long-term loans payable	7,641	32,552
Repayment of long-term loans payable	(8,979)	(1,787)
Proceeds from share issuance to non-controlling interests	2,165	—
Net decrease (increase) in treasury shares	(1)	(0)
Cash dividends paid	(15,717)	(15,721)
Dividends paid to non-controlling interests	(52)	(53)
Other, net	(209)	(1,009)
Net cash provided by (used in) financing activities	30,998	143,709
Effect of exchange rate change on cash and cash equivalents	1,184	(10,543)
Net increase (decrease) in cash and cash equivalents	(14,538)	31,075
Cash and cash equivalents at beginning of period	138,156	122,719
Cash and cash equivalents at end of period	123,618	153,794

(4) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

Notes in the Event of Material Changes in the Amount of Shareholders' Equity

None

Additional Information

(Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company and some of its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

(Reversal of deferred tax assets)

During the first three months of the fiscal year ending December 31, 2020, the Company reviewed the recoverability of deferred tax assets under the assumption that the effects of COVID-19 will continue for a certain period of the fiscal year ending December 2020. As a result, due to the reversal of a portion of deferred tax assets and other related factors, Income taxes - deferred of ¥ 3,994 million has been recorded.

Segment Information

Three months ended March 31, 2019 (January 1, 2019 through March 31, 2019)

Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	279,444	103,890	15,265	10,084	408,683	20,665	429,349	—	429,349
Intersegment	—	—	—	—	—	9,664	9,664	(9,664)	—
Total	279,444	103,890	15,265	10,084	408,683	30,330	439,014	(9,664)	429,349
Segment income (Note 2)	9,277	21,437	2,398	2,013	35,127	792	35,920	0	35,920

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, snow throwers, and electrically powered wheelchairs.
2. Total of segment income corresponds to operating income in the Consolidated Statements of Income.

Three months ended March 31, 2020 (January 1, 2020 through March 31, 2020)

1. Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	260,311	90,753	17,860	11,846	380,772	15,078	395,850	—	395,850
Intersegment	—	—	—	—	—	10,110	10,110	(10,110)	—
Total	260,311	90,753	17,860	11,846	380,772	25,188	405,961	(10,110)	395,850
Segment income (loss) (Note 2)	8,588	15,534	257	1,332	25,712	(291)	25,421	0	25,421

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, snow throwers, and electrically powered wheelchairs.
2. Total of segment income (loss) corresponds to operating income in the Consolidated Statements of Income.

2. Matters concerning changes in reporting segments

Effective January 1, 2020, the Company implemented organizational reforms with the aim of accelerating the development of the latest automobile-related technologies including electrification and optimization of development resource allocation. Accordingly, from the first three months of the fiscal year ending December 31, 2020, the Company revised business administration categories, and businesses related to automobile engines and automobile components, which were previously included in "Others," have been separated and integrated into "Land mobility" and "Marine products."

Classifications after the change have been applied to segment information for the first three months ended March 31, 2019 (January 1, 2019 through March 31, 2019).

Significant Subsequent Events

(Making consolidated subsidiary into wholly-owned subsidiary and delisting it)

The Company acquired all of the Company's consolidated subsidiary Yamaha Motor Robotics Holdings Co., Ltd.'s (listed on the first section of the Tokyo Stock Exchange, Co., Inc., ownership ratio of voting rights as of March 31, 2020: 59.0%) common stock (excluding shares held by said company) on May 27, 2020, through a tender offer by the Company for the common stock of said company in accordance with the Financial Instruments and Exchange Act (hereinafter "this Tender Offer") and through a series of subsequent transactions (hereinafter "this Transaction"), making said company a wholly-owned subsidiary. The purpose of this Tender Offer and this Transaction was to speed up cooperation as well as accelerate decision-making within the Group and to improve corporate value. The settlement of this Tender Offer purchase price of ¥11,491 million was concluded on April 17, 2020, thereafter said company was delisted on May 25, 2020.

(Borrowing large amounts of capital)

At meetings of the Board of Directors held on May 13, 2020, the Company resolved to borrow capital from multiple counterparty financial institutions in order to take countermeasures against capital requirements taking into account the effects of COVID-19.

(1) Lenders:	Counterparty financial institutions
(2) Total borrowed amount:	¥170,000 million
(3) Interest rates:	Appropriate interest rate conditions based on market interest rates
(4) Repayment:	Lump-sum repayment on maturity
(5) Borrowing period:	Three months to five years
(6) Collateral and guarantee:	None

(Effects of COVID-19)

The Company is working to prevent the spread of COVID-19 based on the policies laid out by respective governments, with the highest priority on health and safety of customers, members of local communities, and its employees. Although the Company takes measures to minimize the impact on the business based on the requests and guidance from the relevant authorities of the countries which the Company operates in, operations have stopped in some regions and countries.

The infection of pneumonia due to COVID-19 has spread in Japan and throughout the world, and the prospects for convergence are unclear. Therefore, it is difficult to reasonably estimate the amount of impact on the consolidated operating results for the fiscal year ending December 31, 2020 at the current point in time.

The business impact of COVID-19 is described in "Significant Changes in Business Risks" on page 5.