

Five-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries

Years ended December 31, 2011, 2012, 2013, 2014 and 2015

	Millions of yen				
	2011	2012	2013	2014	2015
For the year ended					
Net sales	¥1,276,159	¥1,207,675	¥1,410,472	¥1,521,207	¥1,615,350
Sales by market:					
Japan	146,503	152,283	147,806	162,824	166,017
Overseas	1,129,656	1,055,391	1,262,665	1,358,383	1,449,333
Sales by product:					
Motorcycles	887,556	798,676	928,203	977,580	1,015,986
Marine products	178,929	196,320	243,362	276,367	303,433
Power products	100,257	103,588	126,722	142,204	161,450
Industrial machinery and robots	34,326	30,813	32,261	38,942	48,699
Other products	75,089	78,276	79,922	86,113	85,780
Cost of sales	1,000,113	972,607	1,091,706	1,148,357	1,187,927
Operating income	53,405	18,598	55,137	87,249	120,436
Ordinary income	63,495	27,267	60,092	97,279	125,231
Net income	26,960	7,489	44,057	68,452	60,023
Capital expenditures	45,049	48,788	56,800	65,871	64,064
Depreciation expenses	33,578	34,278	36,407	37,667	44,324
At year-end					
Total assets	¥ 900,420	¥ 962,329	¥1,146,591	¥1,310,040	¥1,305,236
Net assets	309,914	341,561	422,792	503,224	531,700

	Yen				
Per share amounts					
Net income—basic	¥ 77.23	¥ 21.45	¥ 126.20	¥ 196.06	¥ 171.89
Net income—diluted	77.23	—	126.20	196.04	171.88
Cash dividends	15.50	10.00	26.00	40.00	44.00
Number of employees	54,677	53,958	53,382	52,662	53,306

Financial Data by Market

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries
Years ended December 31, 2014 and 2015

Motorcycle unit sales by market

	Thousand units		% change 2015/2014
	2014	2015	
Japan	123	110	(11.1)%
North America	79	89	13.0
Europe	191	209	9.4
Asia ^{Note}	4,819	4,286	(11.1)
Others	587	524	(10.7)
Total	5,799	5,218	(10.0)%

Note Excluding Japan

Sales by market

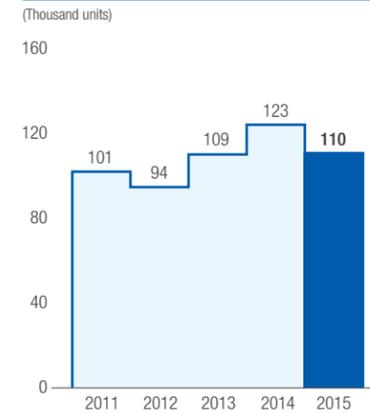
	Motorcycles			Marine products			Power products		
	Millions of yen		% change	Millions of yen		% change	Millions of yen		% change
	2014	2015	2015/2014	2014	2015	2015/2014	2014	2015	2015/2014
Japan	¥45,987	¥46,289	0.7%	¥26,612	¥26,607	(0.0)%	¥17,204	¥15,586	(9.4)%
North America	53,357	67,575	26.6	145,081	176,488	21.6	84,467	110,055	30.3
Europe	116,037	136,185	17.4	41,697	39,187	(6.0)	23,011	17,456	(24.1)
Asia ^{Note}	612,159	628,705	2.7	16,051	18,696	16.5	5,723	5,931	3.6
Others	150,038	137,231	(8.5)	46,924	42,454	(9.5)	11,796	12,420	5.3
Total	¥977,580	¥1,015,986	3.9%	¥276,367	¥303,433	9.8%	¥142,204	¥161,450	13.5%

	Industrial machinery and robots			Other products		
	Millions of yen		% change	Millions of yen		% change
	2014	2015	2015/2014	2014	2015	2015/2014
Japan	¥13,776	¥19,359	40.5%	¥59,242	¥58,174	(1.8)%
North America	2,012	2,792	38.8	2	0	(78.5)
Europe	5,206	4,793	(7.9)	2,240	4,971	121.9
Asia ^{Note}	17,409	20,901	20.1	3,687	3,312	(10.2)
Others	538	851	58.3	20,940	19,322	(7.7)
Total	¥38,942	¥48,699	25.1%	¥86,113	¥85,780	(0.4)%

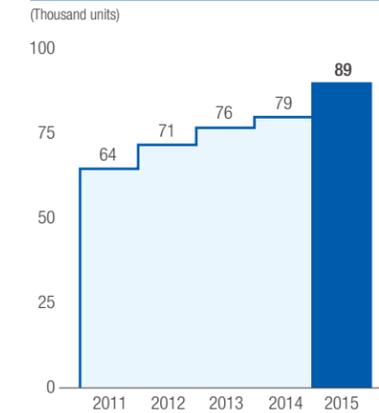
Note Excluding Japan

Motorcycle unit sales

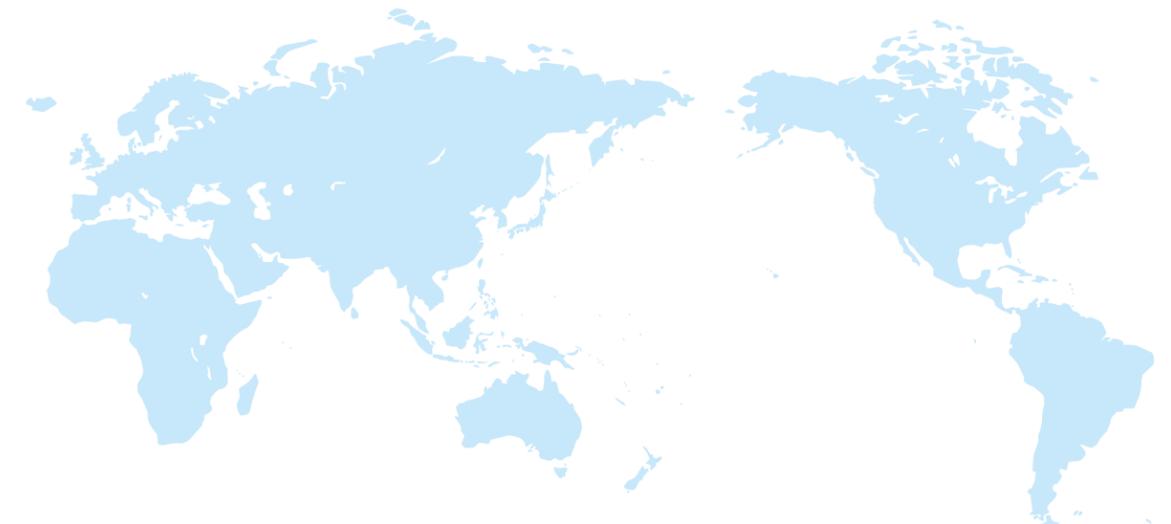
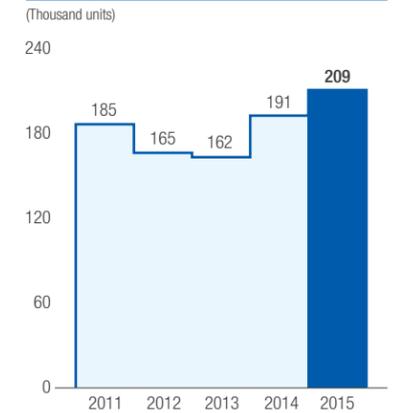
Japan



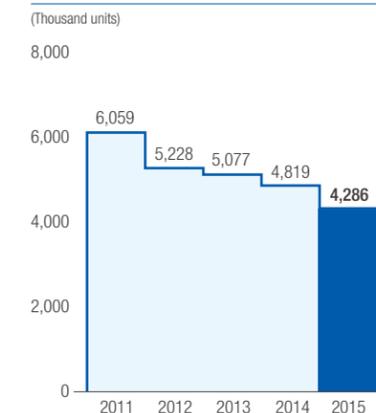
North America



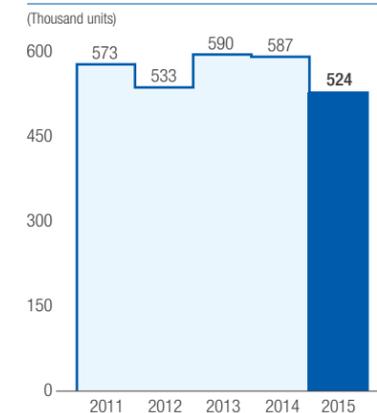
Europe



Asia



Others



Management Discussion and Analysis of Operations

Overview

During the fiscal year ended December 31, 2015 (fiscal 2015), the U.S. economy continued to show a gradual recovery driven by domestic demand, while the gradual recovery of the European economy also continued, led by personal consumption despite a backdrop of geopolitical risks including terrorist attacks. Japan's underlying tone of economic recovery continued despite weak personal consumption. The impact of falling resource prices, the economic downturn in China and currency depreciation strengthened the sense of deceleration in emerging countries such as Asia and Central and South America, among others.

In terms of the Company's major markets, there was a gradual recovery in demand for motorcycles and outboard motors in the United States, and motorcycle demand rebounded in Europe. In Japan, motorcycle demand declined, while demand for electrically power assisted bicycles remained flat versus the previous year. The emerging markets of Vietnam, the Philippines, and Taiwan experienced a growth in demand, but demand contracted in Indonesia, Brazil, and China, among other emerging markets.

Against this backdrop, the Company's consolidated net sales for the fiscal year rose ¥94.1 billion, or 6.2%, year on year, to ¥1,615.4 billion, and operating income rose ¥33.2 billion, or 38.0%, to ¥120.4 billion.

Sales Performance by Business Segment

Motorcycles

Overall net sales of the motorcycle business rose ¥38.4 billion, or 3.9%, year on year, to ¥1,016.0 billion, and operating income rose ¥9.0 billion, or 39.1%, to ¥31.9 billion.

In developed markets, unit sales rose in North America and Europe, while in Japan unit sales of large motorcycles rose, but unit sales of mopeds declined. Unit sales also increased in emerging markets including Vietnam, the Philippines, and Taiwan, but declines were recorded in Indonesia, Brazil, and China, among other emerging markets.

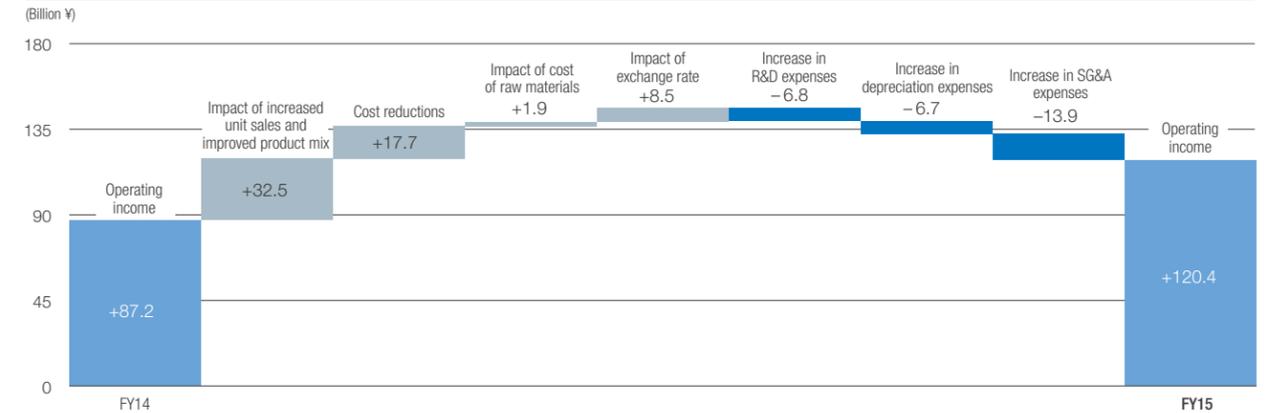
Net sales grew on the introduction of the MT series and other new products, and from increased sales of higher-priced products. Operating income was boosted by factors including increased unit sales, an improved product mix, and cost reductions, which offset the negative effects of emerging market currency depreciation and higher development expenses for overall profit growth.

Marine Products

Overall net sales of the marine products business rose ¥27.1 billion, or 9.8%, year on year, to ¥303.4 billion, and operating income rose ¥14.4 billion, or 31.5%, to ¥60.2 billion.

Sales and profit grew in North America on increased sales of large outboard motors and personal watercraft, and from yen depreciation.

Factors Impacting Operating Income



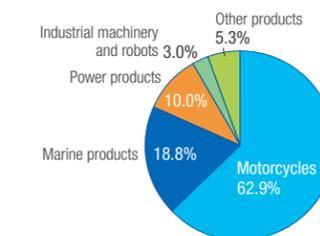
Power Products

Overall net sales of the power products business rose ¥19.2 billion, or 13.5%, year on year, to ¥161.5 billion, and operating income rose ¥6.7 billion, or 102.5%, to ¥13.2 billion.

Increased sales of recreational off-highway vehicles (ROVs), reflecting an enhanced product lineup, resulted in revenue and profit growth.

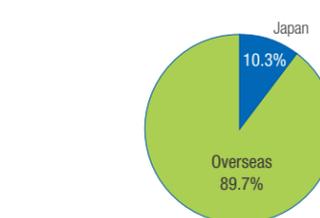
Percentage of sales by product segment

(Year ended December 31, 2015)



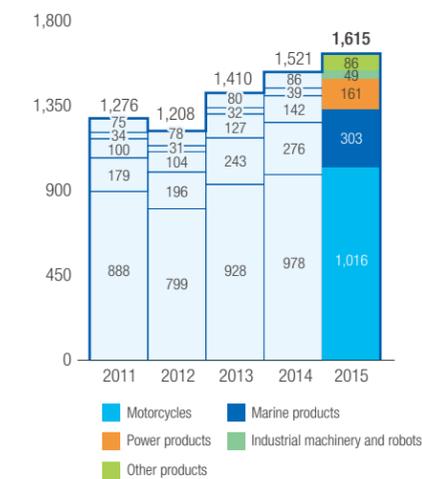
Percentage of sales by market

(Year ended December 31, 2015)



Sales by product segment

(Billion ¥)



Sales by market

(Billion ¥)



Industrial Machinery and Robots

Overall net sales of the industrial machinery and robots business rose ¥9.8 billion, or 25.1%, year on year, to ¥48.7 billion, and operating income rose ¥2.7 billion, or 54.2%, to ¥7.8 billion.

Unit sales of surface mounters grew, led by Asia and Japan. The business absorption via transfer of assets from the Hitachi High-Tech Group moved forward, contributing to sales growth.

Other Products

Overall net sales of the other products business decreased ¥0.3 billion, or 0.4%, year on year, to ¥85.8 billion, and operating income increased ¥0.4 billion, or 5.6%, to ¥7.4 billion.

Unit sales of electrically power assisted bicycles rose both in Japan and overseas, as a result of new products and the cultivation of new customers.

Sales Performance and Operating Income by Geographical Segment ^{Note 1}

Japan

Net sales in Japan increased ¥59.2 billion, or 9.0%, year on year, to ¥718.3 billion, and operating income increased ¥5.6 billion, or 15.1%, to ¥42.8 billion.

Unit sales grew, on increased sales of motorcycles in developed markets driven by the MT series, large outboard motors in North America, and electrically power assisted bicycles.

North America

Net sales in North America increased ¥78.1 billion, or 24.8%, year on year, to ¥393.4 billion, and operating income increased ¥15.4 billion, or 129.7%, to ¥27.2 billion.

Unit sales grew, mainly from large outboard motors and ROVs.

Europe

Net sales in Europe increased ¥8.6 billion, or 4.5%, year on year, to ¥198.9 billion, and operating income increased ¥5.5 billion, or 114.9%, to ¥10.3 billion.

Unit sales of motorcycles rose on the introduction of new products including the MT series.

Asia

Net sales in Asia (excluding Japan) increased ¥45.5 billion, or 6.3%, year on year, to ¥765.8 billion, and operating income increased ¥11.1 billion, or 40.3%, to ¥38.5 billion.

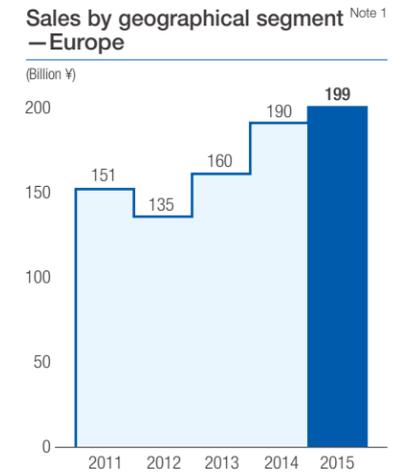
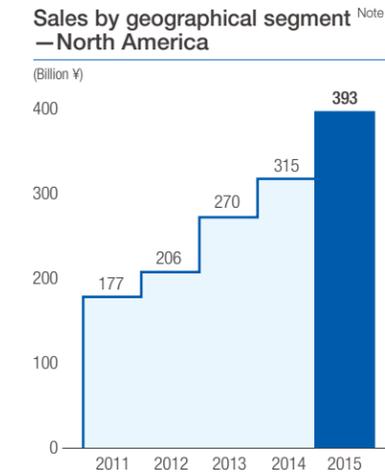
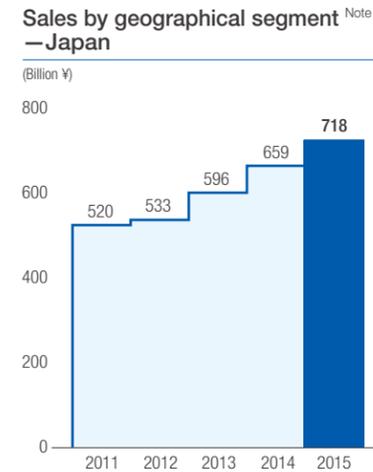
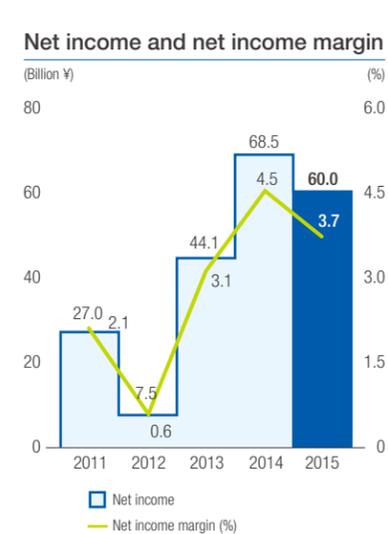
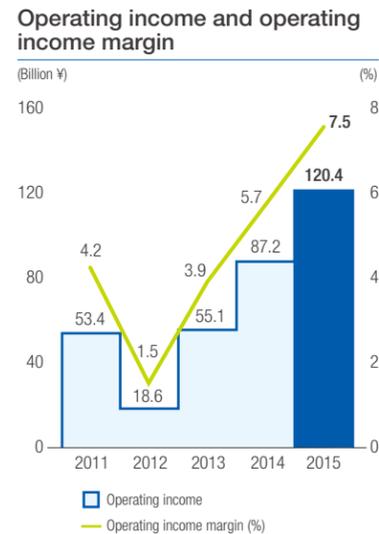
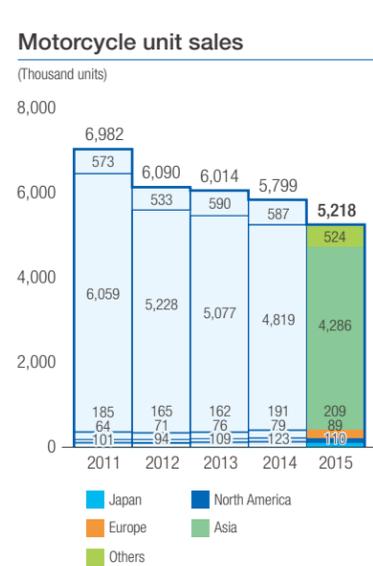
Unit sales of motorcycles grew in Vietnam, the Philippines and Taiwan but declined in Indonesia and China.

Others

Net sales in other areas decreased ¥20.6 billion, or 11.3%, year on year, to ¥162.0 billion, and operating income decreased ¥5.3 billion, or 52.8%, to ¥4.7 billion.

Unit sales of motorcycles declined in Brazil, Argentina, and other markets.

Note 1 Net sales by geographical segment information includes intersegment sales.



Income and Expenses

R&D Expenses

The Yamaha Motor Group pursues continuous growth as an excellent engineering, manufacturing and marketing enterprise with a prominent presence in the global market, with the aim of being a “Kando Creating Company.” Our *Monozukuri* (engineering, manufacturing and marketing) standards are original and innovative concepts underpinned by outstanding technologies based on the unique style of Yamaha, projecting a “refined dynamism” in design. We continuously pursue the three areas of “fulfilling lifestyles,” “enjoyment in personal mobility,” and “innovative technologies that harmonize with people, the Earth and society” Our R&D activities seek to offer original, innovative solutions that build on our optimal control

technologies for power sources, vehicle bodies, boats and airframes, to create products that incorporate logic and emotion through core technologies including high performance, light weight, fuel efficiency and compactness, with an emphasis on original styling, shape, material and appeal to fascinate our customers.

By delivering products that embody the unique style of Yamaha, we seek to create strong connections with customers around the world. Our global R&D structure is at the core of these efforts, and we are proactively pursuing R&D activities in close cooperation with affiliated companies in Japan and overseas.

Under these circumstances, the Group’s overall R&D expenses were ¥91.3 billion.

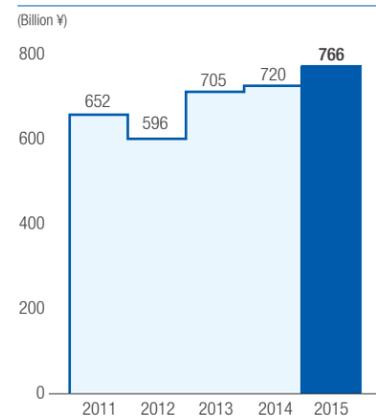
Non-Operating Income and Expenses

Net non-operating income was positive in the amount of ¥4.8 billion, which was ¥5.2 billion, or 52.2%, lower than in the previous year. This included ¥9.9 billion of interest income (compared with ¥7.8 billion in the previous year), a ¥2.0 billion of gain on revaluation of sales finance assets (compared with a year-earlier ¥0.7 billion of loss) and ¥1.9 billion of sales finance-related income (compared with ¥0.5 billion) at North American subsidiaries, and foreign exchange losses of ¥9.2 billion (compared with a ¥5.1 billion gain last year) at subsidiaries in mainly Asia and Central and South America.

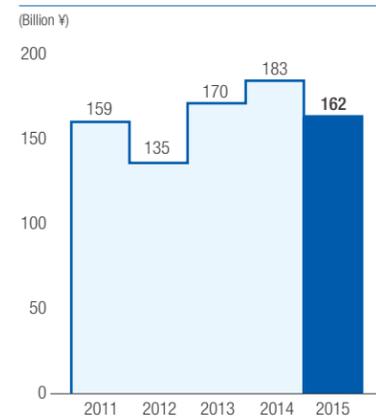
Extraordinary Income and Loss

Net extraordinary income was negative in the amount of ¥2.6 billion, compared with a positive ¥0.5 billion in the previous year. This was mainly from a loss on sales of non-current assets totaling ¥1.3 billion (compared with ¥0.2 billion in the previous year), a loss on disposal of non-current assets of ¥1.1 billion (compared with ¥1.0 billion in the previous year), and a gain on sales of non-current assets of ¥0.5 billion (compared with ¥0.4 billion in the previous year) at the Company and Japanese subsidiaries.

Sales by geographical segment —Asia ^{Note 1}



Sales by geographical segment —Others ^{Note 1}



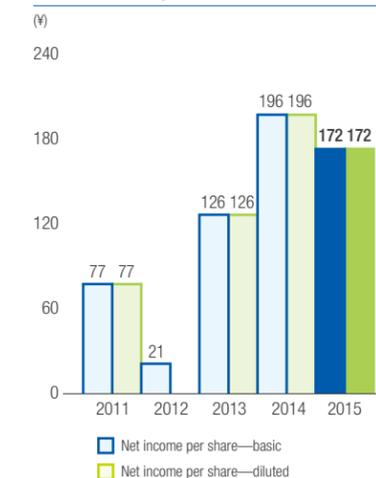
R&D expenses and % of R&D expenses to net sales



Capital expenditures and depreciation



Net income per share



Net assets and % of net income to shareholders’ equity



Note Net income per share—diluted for fiscal 2012 is not listed as there were no potential shares with dilutive effect.

Income Taxes

Income taxes increased ¥29.9 billion, or 123.0%, year on year, to ¥54.2 billion. This increase included the additional payment of ¥35.6 billion of corporate income taxes by U.S. subsidiaries as a result of a mutual agreement procedure between Japan and U.S. tax authorities regarding the Advance Pricing Agreement pertaining to transfer pricing (APA) and the additional recording of ¥14.4 billion of deferred tax assets at the Company.

Minority Interests in Income

Minority interests in income include interests owned by minority shareholders in Yamaha Motor Vietnam Co., Ltd., Yamaha Motor Taiwan Co., Ltd., PT. Yamaha Indonesia Motor Manufacturing, Industria Colombiana de Motocicletas Yamaha S.A., and India Yamaha Motor Pvt. Ltd., and increased ¥3.4 billion, or 66.5%, from the previous year, to ¥8.4 billion.

Capital Resources and Liquidity

Assets, Liabilities and Total Net Assets

Total assets as of December 31, 2015, decreased ¥4.8 billion compared with December 31, 2014, to ¥1,305.2 billion. Current assets declined ¥1.1 billion. Despite an increase in finance receivables related to the commencement of in-house wholesale finance operations in Canada, decreases in cash and deposits and the effects of foreign exchange rates resulted in an overall decrease. Non-current assets declined ¥3.7 billion, primarily from the effects of foreign exchange rates.

Total liabilities decreased ¥33.3 billion, to ¥773.5 billion, mainly from reductions in claims payable—trade and net defined benefit liability, as well as from the effects of foreign exchange rates.

Total net assets increased ¥28.5 billion, to ¥531.7 billion, reflecting such factors as net income of ¥60.0 billion, dividends paid of ¥24.4 billion, and a change in foreign currency translation adjustment of ¥27.5 billion due to yen depreciation. As a result, the shareholders' equity ratio as of December 31, 2015 was 37.6% (an

improvement of 2.5 percentage points from the end of the previous fiscal year). The net debt-equity ratio remained at 0.6 times, the same as at the end of the previous fiscal year.

Note 2 Equity ratio: (Shareholders' equity + Accumulated other comprehensive income) / Total assets x 100 (%)

Capital Expenditures

The Group made investments of ¥64.1 billion in total during fiscal 2015.

The motorcycle business invested ¥37.7 billion for new products and to increase production capacity in India and Pakistan. The marine products business invested ¥10.8 billion for new products, R&D, and the restructuring of the domestic manufacturing system. The power products business invested ¥9.8 billion, which included new products of ROVs. The industrial machinery and robots business invested ¥2.1 billion, and expenditures at the other products business totaled ¥3.6 billion.

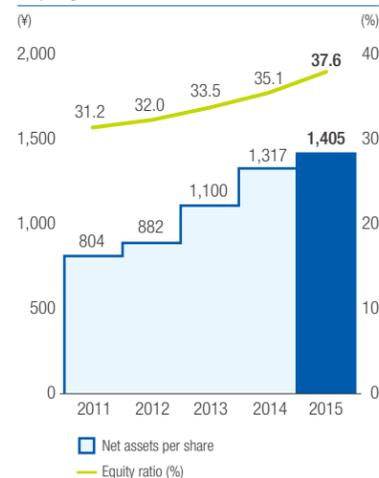
Cash Flows

Net cash provided by operating activities during fiscal 2015 was ¥24.0 billion (compared with ¥93.6 billion provided in fiscal 2014), with income before taxes and minority interests of ¥122.6 billion (¥97.8 billion) more than offsetting factors including a ¥66.8 billion increase (a year-earlier ¥28.3 billion increase) in working capital associated with an increase in receivables from the commencement of in-house wholesale finance operations in Canada and increased sales, and the additional corporate income tax payment in the U.S. associated with the APA.

Net cash used in investing activities during fiscal 2015 was ¥64.0 billion (¥72.5 billion in net cash used during fiscal 2014), as a result of factors including ¥67.5 billion for capital investments for production capacity increases in India and purchase of intangible assets by the Company (¥61.9 billion).

Net cash provided by financing activities during fiscal

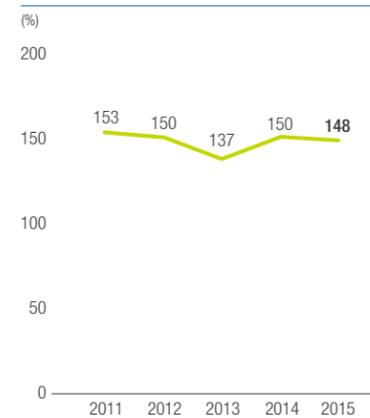
Net assets per share and equity ratio Note 2



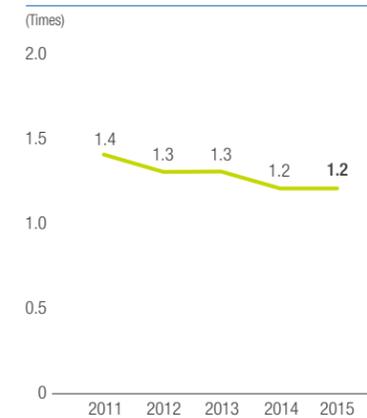
Total assets and return on assets



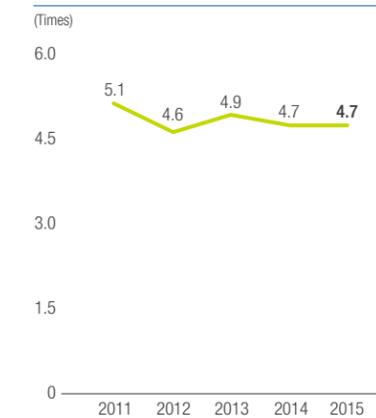
Current ratio



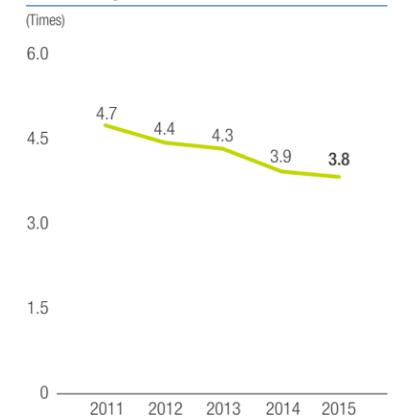
Total asset turnover



Property, plant and equipment turnover



Inventory turnover



2015 was ¥6.8 billion (¥8.9 billion in net cash used during fiscal 2014), due to factors including fund procurement for working capital and sales finance.

As a result of the activities discussed above, free cash flows for fiscal 2015 were a negative ¥40.0 billion (compared with a ¥21.1 billion positive free cash flow in fiscal 2014). Interest-bearing debt at the end of the fiscal year was ¥410.1 billion (a ¥6.5 billion increase), and cash and cash equivalents totaled ¥107.6 billion (a ¥29.7 billion decrease). Interest-bearing debt included ¥202.5 billion (a ¥15.8 billion increase) in borrowings for sales finance.

Demand for Funds

The Group's fund requirements are primarily to cover the cost of procuring materials and parts used in product manufacturing and costs incurred in the manufacturing process, as well as purchasing costs for products and merchandise, SG&A expenses, working capital and capital expenditures.

Cash Dividends

Recognizing that shareholders' interests represent one of the Company's highest management priorities, the Company has been striving to meet shareholder expectations by working to maximize its corporate value.

The Company aims to provide shareholder returns through comprehensive consideration of the business environment, including business performance, retained earnings, and a balance between aggressive growth investments and stock dividends and loan repayments, while maintaining a minimum dividend payout ratio of 20% of consolidated net income for fiscal 2015.

The Company decided to pay a year-end dividend of ¥22 per share for fiscal 2015. Added to the interim dividend (¥22 per share), this gave a total dividend for the year of ¥44 per share.

Fund Procurement Conditions

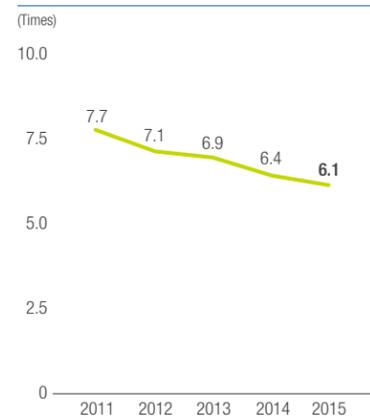
Group companies acquire short-term loans payable denominated in local currencies to use as working capital. Meanwhile, funds for plant and equipment investment come primarily from internal reserves, including paid-in capital and retained earnings.

The annual amounts of interest-bearing debt to be repaid are as follows:

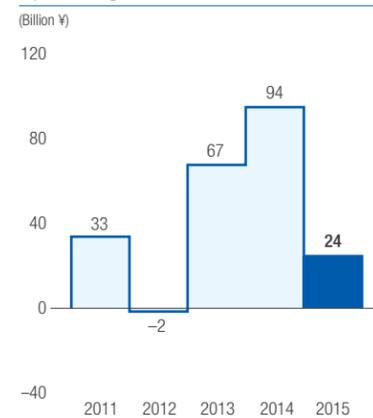
	(Billion ¥)						
	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term loans payable	220.7	220.7	—	—	—	—	—
Long-term loans payable	189.5	39.2	54.8	48.7	41.8	0.9	4.2

Note Long-term loans payable includes current portion of long-term loans payable.

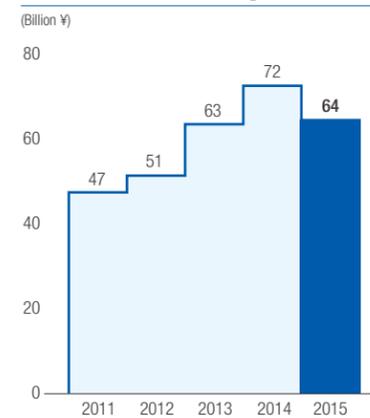
Account receivable turnover



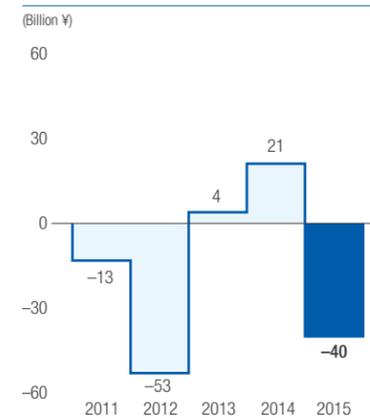
Cash provided by (used in) operating activities



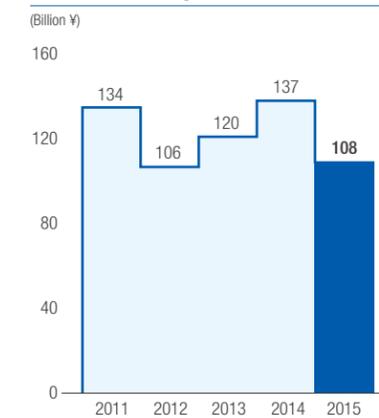
Cash used in investing activities



Free cash flows



Cash and cash equivalents at the end of the year



Interest-bearing debt and debt/equity ratio



Share Performance

Price per share increased from ¥2,442 at December 31, 2014 to ¥2,744 at December 31, 2015. The number of shares outstanding, excluding treasury stock, increased from 349,174,408 shares at December 31, 2014 to 349,221,663 shares at December 31, 2015.

As a result, the market capitalization of the Company increased from ¥852.7 billion at December 31, 2014 to ¥958.3 billion at December 31, 2015.

Forecast for Fiscal 2016

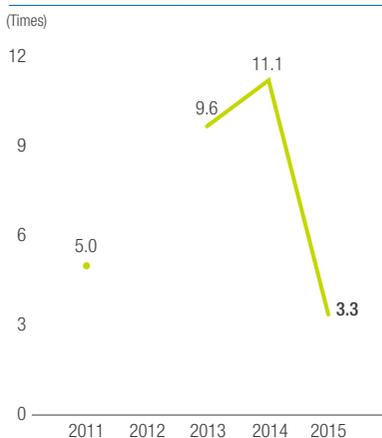
The Company's demand forecast for major businesses in 2016 is for continued solid macroeconomic conditions in developed markets, but with uncertainty continuing in emerging markets due to declining resource prices and weaker currencies in countries like Indonesia and Brazil.

Given these expectations, the Company plans to increase the earnings power of all its businesses. This will be achieved by further developing the market for platform models in the motorcycle business, leveraging the strength of the brand to maintain high profitability in the

marine products business, and strengthening the sports segment for ROVs in the power products business. These earnings will then be invested to facilitate lasting growth, with the aim of evolving into "a unique company that continues to achieve dynamic milestones."

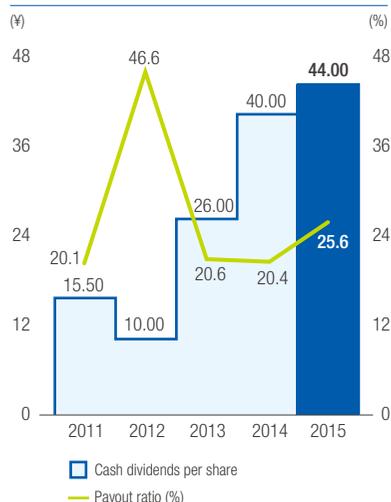
The forecast is based on the assumption that the exchange rates are ¥117 against the U.S. dollar (an appreciation of ¥4 from fiscal 2015) and ¥127 against the euro (an appreciation of ¥7 from fiscal 2015).

Interest coverage



Note Interest coverage for fiscal 2012 is not listed, due to the negative status of cash flow from operating activities during the period.

Cash dividends per share and payout ratio



Price/earnings ratio

