

INTEGRATED REPORT 2018

Year ended December 31, 2018



Revs Your Heart

INCREASING CORPORATE VALUE THROUGH SUSTAINABLE GROWTH



Yamaha Motor Co., Ltd. is a multinational enterprise with around 140 consolidated subsidiaries and equity-method affiliates in approximately 30 countries and regions, and about 90% of our consolidated net sales are derived from overseas markets. We operate global development, production and sales networks, and our products are sold in more than 180 countries and regions. We have successfully diversified our business by capitalizing on our world-leading powertrain, chassis and hull, electronic control, and manufacturing technologies. Today, our proprietary technologies extend to a wide variety of products, including motorcycles, marine products, power products, and surface mounters.

We will work on the growth of existing businesses and the development of new businesses to contribute to the resolution of social issues and achieve further growth.

Corporate Mission

*Kando** Creating Company

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

*Kando is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

Management Principles

1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customers' evolving needs.

We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

2. Establishing a corporate environment that fosters self-esteem

We must build a corporate culture that encourages enterprise and enhances corporate vitality. The focus will be on nurturing the creativity and ability of our employees, with an equitable system of evaluation and rewards.

3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We must conduct our corporate activities with concern for the environment and communities and fulfill our social responsibility with honesty and sincerity.

Action Guidelines

Acting with Speed

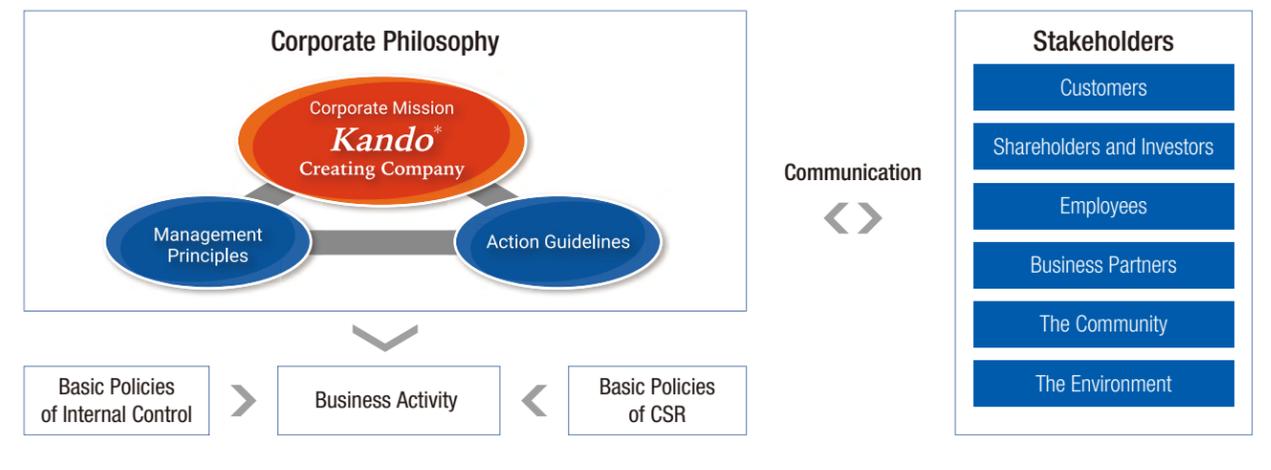
Meeting change with swift and informed action

Spirit of Challenge

Courage to set higher goals without fear of failure

Persistence

Working with tenacity to achieve desired results, and then evaluating them



On the Publishing of the Integrated Report

We will enact reforms under the banner

“ART* for Human Possibilities” as we work toward 2030.

Looking at the world today, people’s values are expected to become increasingly diverse, and issues related to the global environment and society are seen becoming severer and more complex. To address these social changes, efforts are being made to achieve the targets set in the Paris Agreement and the Sustainable Development Goals (SDGs).

Companies are required to transform their businesses with a long-term outlook and contribute to the resolution of social issues through their businesses.

Against this backdrop, we have set our Long-Term Vision for 2030 as “ART for Human Possibilities,” and formulated a new Medium-Term Management Plan to achieve this. Under the Medium-Term Management Plan, the Long-Term Vision sets three areas of focus—using robotics (“Advancing Robotics”) to address social issues in uniquely Yamaha ways (“Rethinking Solution”) and transform mobility (“Transforming Mobility”)—as themes for growth in existing businesses and the development of new businesses.

*ART is made up of the initials of our three focus areas toward 2030: Advancing Robotics, Rethinking Solution, and Transforming Mobility.

We have prepared this Integrated Report as a communication tool to convey our activities toward achieving the Long-Term Vision.

We previously issued an Annual Report each year, but from this year, we are issuing an Integrated Report in light of the necessity of providing updates on the progress of long-term measures and in response to increased requests from stakeholders to disclose information with a medium- to long-term perspective. This report references the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation. It was prepared sincerely and faithfully in a format that is easy to understand as a useful tool for communication with all its readers.

Yoshihiro Hidaka
President, Chief Executive Officer
and Representative Director



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Structure for Information Disclosure

Financial information	Non-financial information
Integrated Report 2018 A report that balances financial and non-financial information regarding the Yamaha Motor Group’s business activities in an easy-to-understand format	
<ul style="list-style-type: none"> • Securities Report (Japanese only) • Information for Investors https://global.yamaha-motor.com/ir/ • Fact Book 	<ul style="list-style-type: none"> • Corporate Website https://global.yamaha-motor.com/ • Technical Review https://global.yamaha-motor.com/about/technical_review/ • Sustainability-related Information Environment-related Information https://global.yamaha-motor.com/about/csr/ • Corporate Governance Report

Editorial Policy

In addition to the Long-Term Vision and the strategies to achieve it contained in the new Medium-Term Management Plan (both formulated in December 2018), the Integrated Report 2018 contains a wealth of information about how we will grow going forward through environmental, social, and governance (ESG) initiatives. This report is edited to give shareholders, investors, and other stakeholders a multifaceted understanding of Yamaha Motor’s sustainable growth. The report was edited referencing the IIRC’s International Integrated Reporting Framework (released in December 2013) and the Ministry of Economy, Trade and Industry’s Guidance for Collaborative Value Creation. Financial, sustainability-related, product, and other information not contained in this report is available on Yamaha Motor’s official website.

Notice Regarding Forward-Looking Statements

The statements in the Integrated Report, except for historical facts, are forward-looking statements about the future performance of the Company and its Group companies. These are based on management’s assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements.

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.

A Track Record of Creating Value

Over the more than 60 years since its establishment, Yamaha Motor has constantly pursued the creation of new value in a variety of fields including mobility. Going forward, we will address changing times as opportunities for growth, while aiming to achieve sustainable growth.



Only eight months after Genichi Kawakami, the fourth president of Nippon Gakki Co., Ltd. (today's Yamaha Corporation), decided to enter the motorcycle market, Yamaha's first motorcycle, production and sales of the YA-1 began in January 1955. Yamaha Motor Co., Ltd. was born in July 1955.

1955-

Took up the challenge of the motorcycle business with the recovery of Japan's economy



1955
Yamaha's first motorcycle
YA-1

1960-

Modernized management and developed proprietary technologies to keep up with rapid economic growth



1960
Developed the marine market with boats made of new, strong and lightweight materials
CAT-21



1960
Delivered lightweight outboard motor with good engine starts for efficient fishing and enjoyable marine leisure
P-7 outboard motor

1970-

Enhanced the corporate structure and expanded the business under the global economic recession



1975
Created new demand by expanding our product lineup
YG-292 golf car

1990-

Created new markets by entering the industrial machinery business and expanding the product lineup



1967
Offered new excitement with a sports car that incorporated the latest, most advanced technologies
Toyota 2000GT



1977
Established "soft bikes" that allow women to ride with peace of mind
Passol



1993
Released commuter vehicle that is comfortable and environmentally friendly
PAS electrically power-assisted bicycle

2000-

Promoted globalization and structural reform during a prolonged recession



1978
Developed snow blower specifically for Japanese snow
YT665 six-hp snow blower



1968
Delivered greater accessibility on snow
SL350 snowmobile



2002
Introduced an environmentally friendly urban commuter scooter
Passol electric commuter

2010-

Pursued sensibility and rationality for a period of intense competition



2014
Achieved a new riding style with the stability of twin front wheels
Tricity LMW*

*Leaning Multi-Wheel: Yamaha's designation for vehicles with three or more wheels that lean like a motorcycle when making turns.



2017
Helped lighten the burden on researchers while reducing both development time and cost
CELL HANDLER™ cell picking & imaging system



2018
Achieved sporty, smooth cornering and natural steering with LMW front-end confidence
NIKEN



2010
Made lives more secure with safe water
Yamaha Clean Water Supply System, a small-scale water purification system



1995
Offered wheelchair electric power unit with light weight and long range for easier mobility
JW-1 wheelchair electric power unit



1987
Contributed to labor-saving and increased efficiency in agricultural operations
R-50 (L09) industrial-use unmanned helicopter



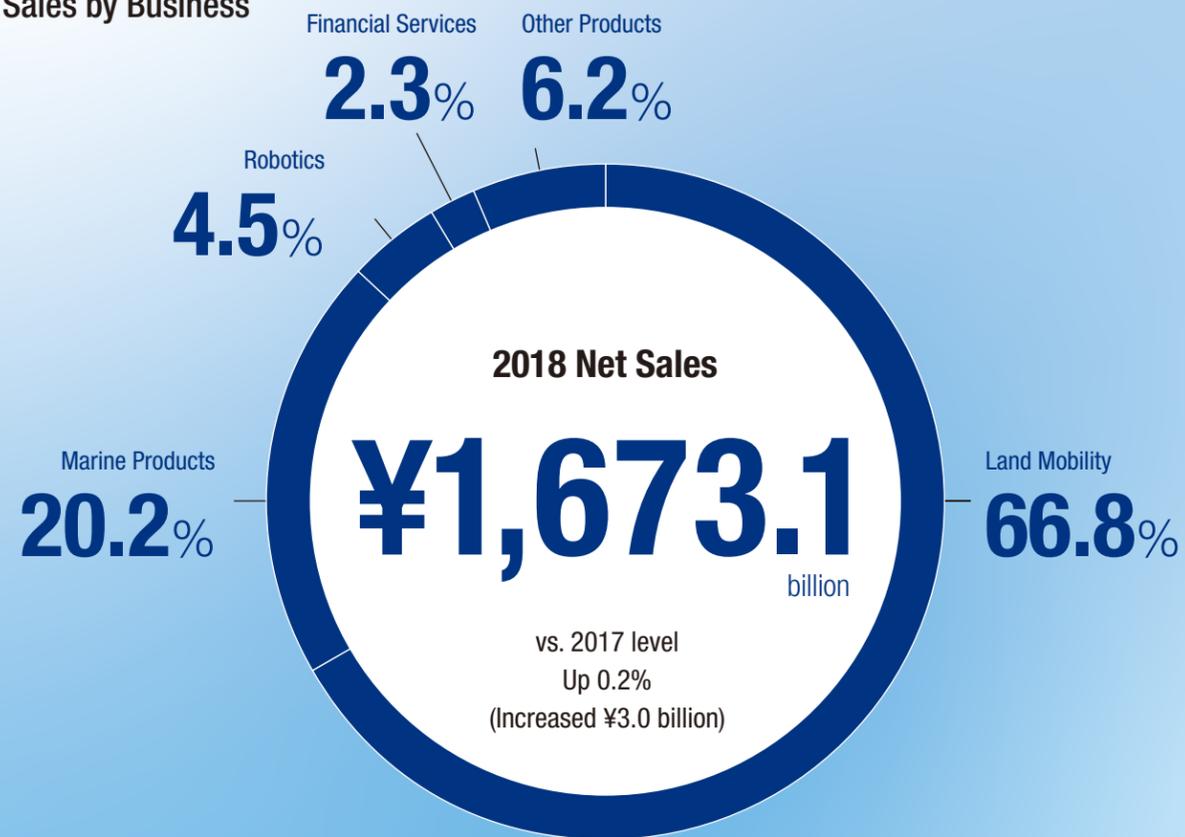
1987
Entered new field of surface mounters for printed circuit boards
YM4600S surface mounter

Continuing to pursue challenges as a *Kando* Creating Company

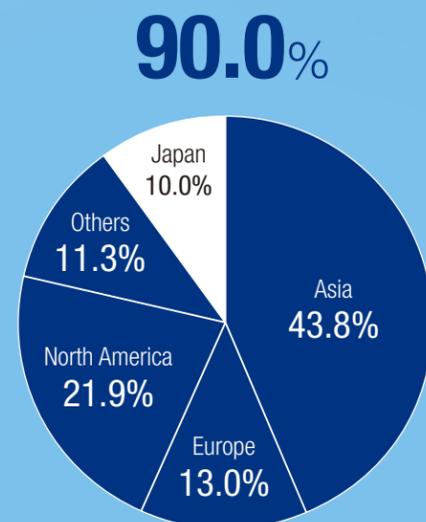
Net sales
¥1,673.1 billion

Company Overview

Sales by Business



Overseas Sales Ratio



Subsidiaries and Affiliates by Region

(As of December 31, 2018)

Yamaha Motor is an international company with approximately 140 consolidated subsidiaries and equity-method affiliates in roughly 30 countries and regions.



Land Mobility

Net Sales

¥1,117.8 billion

Major products:

Motorcycles, knockdown parts for overseas production, intermediate parts for products, all-terrain vehicles, recreational off-highway vehicles, snowmobiles and electrically power-assisted bicycles



Marine Products

Net Sales

¥338.2 billion

Major products:

Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats



Robotics

Net Sales

¥74.9 billion

Major products:

Surface mounters, industrial robots and industrial-use unmanned helicopters



Other Products

Net Sales

¥103.3 billion

Major products:

Golf cars, generators, small-sized snow blowers, multi-purpose engines, automobile engines, automobile components and wheelchair electric power units



Financial Services, etc.

Net Sales

¥39.0 billion

Financial and Non-Financial Highlights

Net sales

¥1,673.1 bil.

Net sales rose 0.2% from the previous year due to solid sales of the marine products business and the industrial machinery and robots business.



Operating income and operating income margin

¥140.8 bil. / **8.4** %

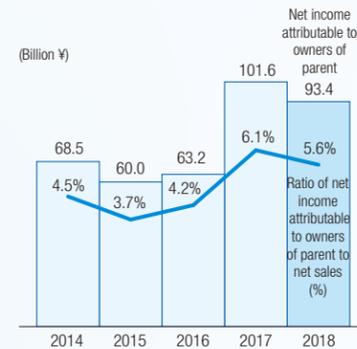
Although profitability improved at the motorcycle business, operating income declined from the previous year due to a decline in sales of motorcycles in developed markets and foreign exchange effects in emerging markets.



Net income attributable to owners of parent and ratio of net income attributable to owners of parent to net sales

¥93.4 bil. / **5.6** %

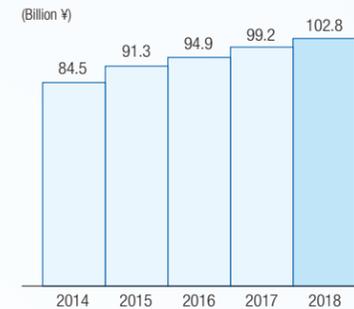
Net income declined 8.1% from the previous year, and the ratio to net sales decreased 0.5 percentage point.



R&D expenses

¥102.8 bil.

R&D expenses increased 3.6% from the previous year for 21.7% growth over past five years.



CO₂ emissions

530 thousand t-CO₂

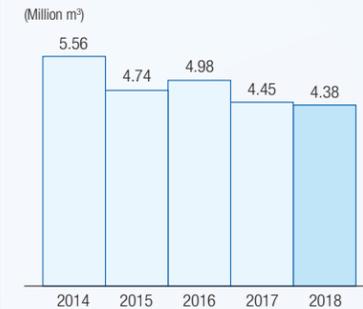
We are targeting an annual 1% reduction in CO₂ emissions per unit of sales as a common goal for the entire Group, and are working to reduce emissions in all of our business activities including product development and manufacturing.



Water intake

4.38 million m³

We will continue to strive to measure our global use of water resources and reduce the amount of water intake through promoting the reuse of coolant water and water collection (rainwater and other sources) at factories.



Net income per share

¥267.35

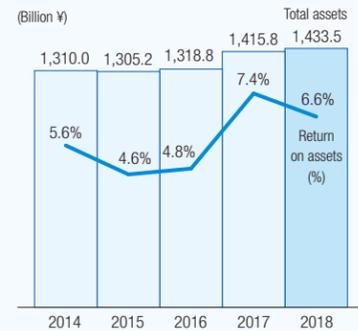
Net income per share declined from the previous year due to the decrease in net income attributable to owners of parent.



Total assets and return on assets

¥1,433.5 bil. / **6.6** %

Total assets grew ¥17.6 billion from the previous year-end due to increases in current assets including inventories.



Return on equity (ROE)

14.6 %

The decline in net income led to a 3.0 percentage point decrease in ROE from the previous year-end.



Capital expenditures

¥55.1 bil.

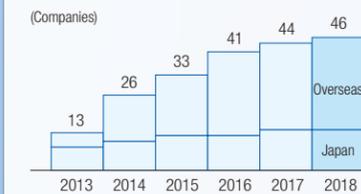
We are sowing seeds for the next stage of growth through efficient development of existing businesses.



Achievement of unified certification

100 %

We have been working toward global environmental ISO 14001 unified certification at Group companies in Japan and overseas since 2012. The program has been expanded to 46 companies, mainly manufacturing companies in Japan, Asia, Europe, the United States, and South America, and as of the end of 2017, unified certification had been obtained by all companies.



Brand ranking

No. 25

The Yamaha Brand, calculated by combining the brand value of both Yamaha Motor and Yamaha Corporation, was valued at US\$1,195 million (compared with US\$998 million in the previous year and US\$900 million two years earlier), for a ranking of 25 (from 27 in the previous year and 29 two years earlier).

*Brand value ranking of Japan-based brands carried out by Interbrand Japan (Japan's Best Global Brands Top 40 (2019))



Identifying Important Social Issues

Yamaha Motor intends to resolve a variety of social issues in uniquely Yamaha ways.

Resolving social issues is also very important for Yamaha Motor's sustainable growth, and therefore, in formulating our Long-Term Vision and Medium-Term Management Plan, we have used the steps shown below to identify important social issues that we can resolve using Yamaha Motor's strengths.

Process for identifying important social issues

STEP 1	STEP 2	STEP 3	STEP 4
Sort social issues The Corporate Communication Division and the Risk Management & Compliance Division look at the wide range of social issues referenced in the SDGs and the Global Risks Report, and select those that will have the greatest impact on Yamaha Motor's use and procurement of management resources, and for which the resolution will make the greatest contribution to the enhancement of corporate value. We also evaluate the importance of social issues from the perspective of stakeholders, referencing the valuations of ESG rating institutions.	Categorize social issues Through consultation with operating divisions, functional divisions, and corporate divisions, the divisions clarify the relationships between the issues selected in Step 1 and each division's policies and activities, and those that should be addressed Companywide are aggregated and categorized.	Designate important social issues All of the Company's officers deliberate social issues aggregated and categorized in Step 2 at the Management Committee and the Board of Directors meetings, and designate "important social issues" that should be addressed Companywide using the Company's strengths, corporate philosophy, and unique capabilities.	Incorporate into Medium-Term Management Plan Initiatives to resolve the identified important social issues have been incorporated into the Medium-Term Management Plan. The rigorous implementation of these initiatives will be monitored going forward.

Selected social issues

	Important issue areas		
Importance to stakeholders ↑	<ul style="list-style-type: none"> Financial crisis in important economic zones Unmanageable inflation Failure of national governance Failure of regional or global governance Inter-government conflict over regional problems Deepened social uncertainty Abuse of technological progress 	<ul style="list-style-type: none"> Introduction of industrial processes taking into account clean technologies and efficient use of resources Heightened awareness of sustainability Promotion of economic growth based on fair work environments Reduction of waste materials Curtailment of corruption and bribery 	<ul style="list-style-type: none"> Improved energy efficiency (including promotion of use of renewable energy) Promotion of use of inexpensive, reliable energy Promotion of safe and secure work environments Advancement of diversity and inclusion Effective use of water resources and prevention of pollution Securing of clean water resources
	<ul style="list-style-type: none"> Abolition of inequality Responses to multi-stakeholders Promotion of innovation (active use of global partnerships) Implementation of fair taxation Promotion of sustainable industrialization 	<ul style="list-style-type: none"> Elimination of discrimination against women/protection of human rights Use of women's skills Strengthened disaster prevention and response Eradication of forced labor, human trafficking, and child labor Increased employment for socially vulnerable people 	<ul style="list-style-type: none"> Prevention of pollution and damage from harmful chemical substances Strengthened measures to address climate change Sustainable use of natural resources Promotion of innovation (promotion of sustainable industrialization) Promotion of innovation (promotion of sustainable forms of consumption and production in developing countries)
	<ul style="list-style-type: none"> Strengthened support for emerging and developing countries 	<ul style="list-style-type: none"> Promotion of protection and recovery of land ecosystems Provision of a stable living environment Halting of deforestation Protection and recovery of marine ecosystems 	<ul style="list-style-type: none"> Expansion of educational systems (including vocational training) Enhanced education environment in developing countries Promotion of social infrastructure development Prevention of traffic accidents Protection of small-scale agricultural and fishing industries Advancement of sustainable fishing industry Improved access to fishing areas and markets in least developed countries

Importance to Yamaha Motor →

Important social issues	
Materiality	Overview
Environment and resources 	<ul style="list-style-type: none"> Improved energy efficiency Effective use of water resources and prevention of pollution Introduction of clean technologies Reduction of waste materials and prevention of damage from pollution Strengthened measures to address climate change Sustainable use of natural resources Strengthened disaster prevention and response Protection of land and marine ecosystems
Transportation, education and industry 	<ul style="list-style-type: none"> Expansion of educational systems that include vocational training Promotion of social infrastructure development Prevention of traffic accidents Protection of small-scale agricultural and fishing industries
Innovation 	<ul style="list-style-type: none"> Promotion of innovation Enhancement of scientific research and technological capabilities in all countries Technical support to boost developing countries
Work-life balance 	<ul style="list-style-type: none"> Promotion of safe and secure work environments Advancement of diversity and inclusion Promotion of economic growth based on fair work environments Elimination of discrimination against women/protection of human rights/use of skills Eradication of forced labor, human trafficking, and child labor Increased employment for socially vulnerable people



Sustainable Development Goals (SDGs)

In 2015, the United Nations adopted 17 targets as SDGs to be achieved by 2030, in areas including addressing poverty and inequality, eradication of injustice, and responding to climate change. The SDGs call for the cooperation of companies, governments, and local communities around the world, with concrete action plans to achieve prosperity for humankind and the Earth. Companies are called upon to contribute to the resolution of social issues through all of their business activities.

Corporate Mission

Kando Creating Company (Offering new excitement and a more fulfilling life for people all over the world)



Important Capital That Forms Yamaha Motor's Strengths

After starting in the motorcycle business, the Company has since developed a diverse business portfolio while taking on many challenges along the way, and cultivating capital with this as its strength. Going forward, we will continue to create new value by leveraging the unique capital of the Company operating globally.



Development

- › Global research and development structure
- › Original and innovative ability to conceive new technologies
- › Creative, advanced technological capabilities and core technical competencies
- › Design capabilities that express individuality
- › Proprietary product development methods



Procurement

- › Procurement network organized around five global centers and mutually complementary across regions
- › Strong teamwork with roughly 1,400 business partners in total (250 global partners)
- › Proprietary theoretical-value-based procurement method



Manufacturing

- › Global production structure, structure for supplying products across regions
- › Abundant plant management expertise, capabilities in management technologies
- › Preeminent capabilities in manufacturing technology, strong on-site capabilities
- › Proprietary theoretical-value-based production method



Sales

- › Global sales network
- › Dealerships + Regional sales bases + Yamaha Motor's strong teamwork
- › Marketing methods that connect with customers over a lifetime



Human resources

- › Global talent that embodies the brand
- › Diverse specialist skills, management ability
- › Diversity in terms of specialization, nationality and culture, and gender



Traditional corporate culture

- › Emphasis on brand originality
- › Pursuit of innovation
- › Emphasis on passion and enthusiasm
- › Free and open-minded

Value Created through Our Businesses



Yamaha Clean Water Supply System, a water purification system, for emerging market countries facing shortages of drinking water



E-Vino electric scooter



NIKEN motorcycle with two front wheels

Environment and resources

We are promoting the manufacturing and sale of electric motorcycles, scooters, and other products with a goal of reducing the CO₂ emissions of Yamaha Motor products by 50% by 2050.

In addition, our clean water business in emerging market countries provides safe water to many people, and in addition to better hygiene, releases women and children from the hard work of drawing water.

Transportation, education and industry

We are implementing systematic vocational training, focusing on Asia and Central and South America, to promote the development of manufacturing technicians and service technicians. This contributes to human resource development and industrial promotion in new markets.

We are addressing transportation issues with land car-based, low-cost mobility services as a way to provide means of transportation to older persons, mainly in underpopulated, rural areas of Japan.



Developing a system to foster technical instructors for developing countries such as Africa



Land car-based, low-speed automated driving system

Creating diverse value through *Monozukuri*

By resolving social issues in uniquely Yamaha ways, we aim to contribute to the realization of a sustainable society and to increase corporate value over the medium to long term.

Innovation

We are promoting solutions for new styles of mobility, including our proprietary Leaning Multi-Wheel (LMW) technology, which uses two front wheels to deliver a clear feeling of stability when cornering and an exhilarating ride.

We are also accelerating open innovation with outside companies.



We have begun working with NVIDIA (United States) to add intelligent features to our products.



Work-life balance

Taking a global perspective, we strive to create workplaces that respect diversity and inclusion. With the aim of creating an organizational structure that is based on the "sharing of ideas, equally high ambitions and spirit, cooperation, and joy in our work" among the Company and its employees, we believe this will lead to the creation of products with high added-value and the enhancement of corporate value.



Initiatives to Address Important Social Issues



We solve important social issues in each country and region through each of our businesses. Here, we showcase three examples of our main initiatives.

Environmental initiatives: “Environmental Plan 2050”

Toward achieving the Yamaha Motor Group Environmental Plan 2050

A variety of issues that are related to the environment and resources that could have an effect on the realization of a sustainable society are becoming increasingly serious on a global level, including the advance of global warming, energy and water utilization, and conservation of biodiversity.

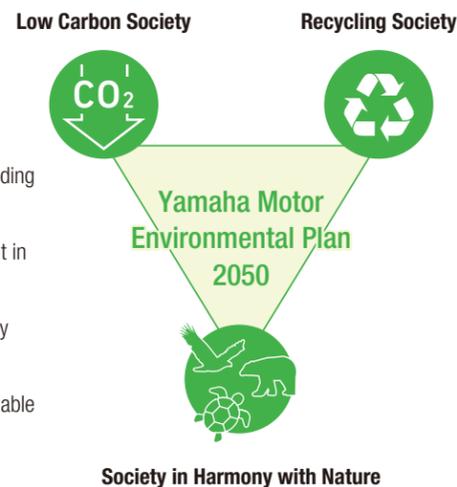
Until now, the Company has promoted efforts to maintain harmony with the global environment in all of its corporate activities. Going forward, under the three targets of **a low carbon society, a recycling society, and a society in harmony with nature**, the Company aims to reduce its environmental impact while actively promoting conservation of the natural environment, where many of the Company’s main products are used, and to contribute to a sustainable society as a “Kando Creating Company.”

Environmental management initiatives

The environmental activities of Yamaha Motor started in 1990 with the setting of a Global Environmental Policy. In 1997, the Environment Committee was established as a governance structure for environmental management, and as Groupwide initiatives, the Yamaha Motor Group Environmental Plan 2010 was established in 2003, and the Yamaha Motor Group Environmental Plan 2020 was established in 2009, under which environmental activities were promoted in the four categories of “Eco Products,” “Eco Operations,” “Eco Management,” and “Eco Mind.”

In terms of results as of December 31, 2018, we have reduced CO₂ emissions per net sales for the Group by 40% versus our set target of 12% (from the base year of 2009) and reduced the total waste volume for Yamaha Motor by 25.4% versus our set target of 9% (from the base year of 2012), and our targets were achieved ahead of 2020.

Currently, underpinned by the “2°C scenario,” to suppress the temperature rise from before the industrial revolution to less than 2°C, the common understanding of CO₂ reduction in the international



community involves a reduction of 50% to 80% by 2050, and zero or negative emissions by 2100. In addition, there are ever-increasing social demands for Sustainable Development Goals (SDGs) and other initiatives aiming for the achievement of a sustainable society. Against this backdrop, the Yamaha Motor Group Environmental Plan 2020 was completed ahead of schedule at the end of 2018. In 2019, we began the Yamaha Motor Group Environmental Plan 2050, which was developed with the aim of resolving issues such as climate change and community issues.

See page 72 for the fields where we are working as well as numerical targets.

Resource initiatives: “Clean water business”

Each year, 525,000 children under the age of five die from diarrhea worldwide.* The Company has developed the Yamaha Clean Water Supply System, a water purification system that is simple and easy to maintain, and continues to install it in emerging and developing countries in Africa and Asia. This system enables local residents to operate water supply stations independently, which contributes to improving village health. Since its launch in 2010, a total of 21 systems have been installed in Africa and 15 in Asia.

*According to a 2017 World Health Organization (WHO) study



Industry initiatives: “Modernization of the fishing industry in Africa”

For many years, the fishing industry in Africa has relied on hand-paddled, wooden fishing boats. Because such boats cannot travel far, they were only able to catch a few varieties of fish, and the lengthy time required to bring a catch to market prevented the fish from fetching high prices due to poor freshness, and in some cases the fish had to be disposed of. In addition, the lack of motor power during stormy weather and the lack of strength and stability with the wooden fishing boats resulted in accidents costing precious lives and materials. Therefore, we are promoting the modernization of the fishing industry as well as the safety of operation and navigation by advancing the motorization of fishing boats using the Company’s outboard motors, and are beginning the introduction of safe and cleaner fiberglass reinforced plastic (FRP) boats.

We are also promoting the local production of FRP boats through training and support for FRP boat-building technologies developed by the Company to build boats with specifications that meet local needs and to cultivate the local boat-building industry. We have opened technical support plants in 15 countries worldwide and are producing 3,000 boats each year.



The clean water business and modernization of the fishing industry in Africa are business activities of the Company’s Overseas Market Development Operation Business Unit.

Yoshihiro Hidaka
President, Chief Executive Officer
and Representative Director

ART for Human Possibilities

Creating uniquely Yamaha *Kando* to resolve social issues and achieve sustainable growth, while recognizing the importance of technologies and sensibilities developed over the years

- Formulation of Long-Term Vision to 2030
- Accelerating Innovation through Partnerships
- Initiatives to Address Social Issues
- New Medium-Term Management Plan
- Message to Stakeholders

ART for Human Possibilities

Advancing

×

Robotics

Rethinking

×

Solution

Transforming

×

Mobility

We will Advance the use of Robotics, Rethink Solution and Transform Mobility to expand human possibilities for a better society and more fulfilling life.

Formulation of Long-Term Vision to 2030

Moving toward transformation by 2030 under the banner of ART for Human Possibilities

Yamaha Motor has formulated a new Long-Term Vision extending to 2030.

With our all-embracing corporate mission of being a “*Kando* Creating Company,” Yamaha Motor has continued to grow based on the traditions, strengths, and pride of creating new value through technologies and sensibilities. This will not change going forward, as we continue to work to refine the Yamaha brand and increase its value.

At the same time, with advances in information technology (IT) and artificial intelligence (AI), the world is changing quicker than ever before. People’s values are becoming increasingly diverse, and issues involving the global environment and society are becoming more complex. Global efforts are being carried out from a long-term perspective to achieve the targets set in the Paris Agreement and the United Nations’ Sustainable Development Goals (SDGs).

Given this operating environment, we are working to resolve social issues and achieve sustainable growth by creating uniquely Yamaha *Kando* while applying the technologies and sensibilities we have developed over the years. This approach is encapsulated in the phrase “ART for Human Possibilities.” “ART” is an acronym for the three focus areas we intend to emphasize to 2030—using robotics (“Advancing Robotics”) to address social issues in uniquely Yamaha ways (“Rethinking Solution”) and transform mobility (“Transforming Mobility”)—with the aim of expanding the scope of human possibilities and creating a better society and better daily lives.

Yamaha Motor was established in 1955 by making the motorcycle division of Yamaha Corporation, a manufacturer of musical instruments and audio products, an independent company.



Musical instruments and motorcycles both appeal to human sensibilities, and playing an instrument or riding a motorcycle brings people joy as well as growth. To date, we have emphasized the concept of ART of Engineering, which sees engineering as an art, and have engaged in *Monozukuri* that appeals to human sensibilities while expanding our fields of operations from land mobility like motorcycles to marine products such as boats and outboard motors. Going forward, we will continuously focus on people and pursue unique Yamaha growth as a *Monozukuri* company that expands human possibilities.

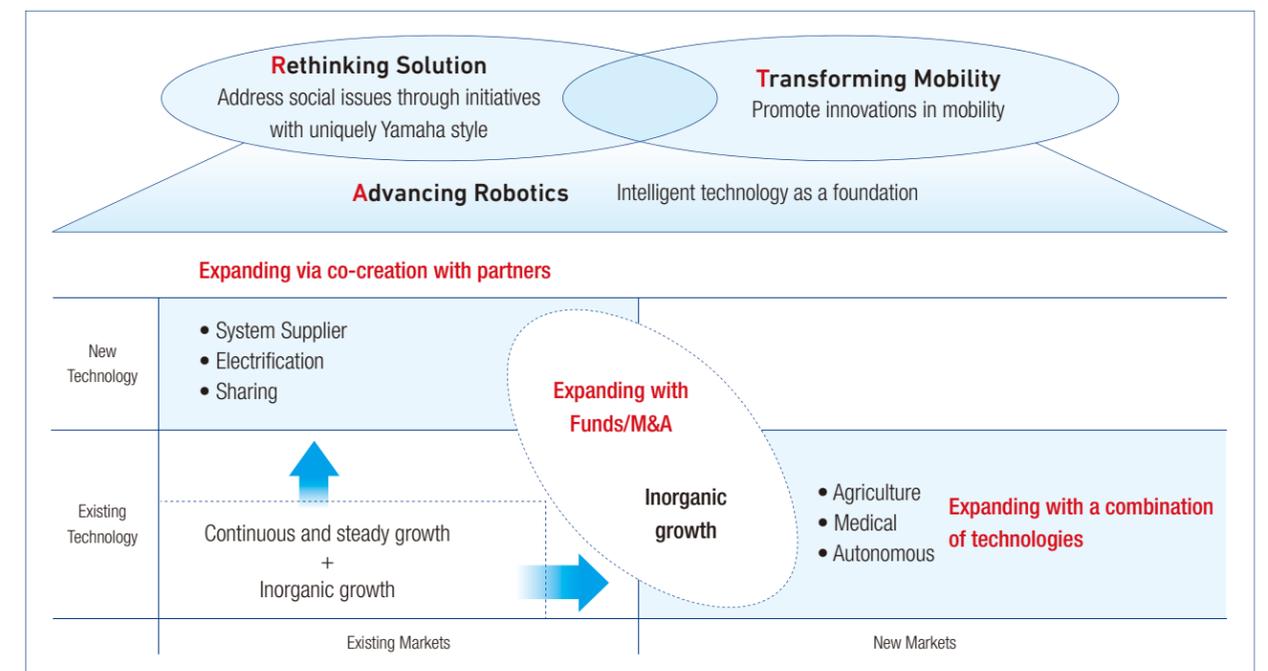


Initiatives in three areas of focus (1)

Transforming Mobility—Promote innovations in mobility

Yamaha Motor will contribute to the resolution of social issues with unique products that integrate technologies from a new field called CASE (Connected, Autonomous, Shared & Services, Electric) with our electric power technologies developed with PAS electrically power-assisted bicycles, control technologies from the MOTOBOT autonomous motorcycle-riding robot, and Leaning Multi-Wheel technologies that deliver greater confidence, comfort, and enjoyment. For example, “bikes that lean but don’t fall” can bring the exhilaration of motorcycle riding to more people, while electric powertrains can reduce greenhouse gas emissions, and the development of autonomous driving technologies can provide social infrastructure as “last-mile mobility.”

Three Focus Areas and Growth Strategies





Initiatives in three areas of focus (2)

Rethinking Solution—Address social issues through initiatives with uniquely Yamaha style

Hilly and mountainous regions account for 70% of Japan's land surface, which makes it difficult to maintain public mobility services, and mobility for older persons is emerging as a social issue. Yamaha Motor is currently engaged in field testing of land car-based transport systems for older persons and underpopulated areas and multi-use customer and freight transportation systems across Japan. Going forward, we will look beyond low-speed self-driving vehicles to contribute to community development with a focus on slow mobility, including electrically power-assisted bicycles and electric wheelchairs.

We are developing automatic operation technologies in the marine business as well. Boat captains perform many tasks—operating the engine, steering the boat, and keeping watch—which means that they are unable to enjoy themselves. At Yamaha Motor, we aim to deliver a safe and comfortable marine lifestyle with technologies enabling you to set a destination, cruise there automatically, and maintain position once at the destination so that you can enjoy fishing from the boat.

Initiatives in three areas of focus (3)

Advancing Robotics—Intelligent technologies using robotics

In the field of robotics, we are focusing on the agricultural and medical segments.

Developed market countries today are increasingly faced with shortages of workers in fruit and vegetable agriculture, and the annual global market potential for agricultural robots and drones is estimated to be ¥4 trillion. Yamaha Motor's unmanned helicopters have built up a track record going back more than 30 years in Japan's agricultural market, and in the United States, we are developing a crop-dusting business in California. Going forward, we will work to contribute to a stable food supply through labor savings and improved productivity in agriculture by proactively introducing drones and unmanned ground vehicles.

In the medical segment, in 2017 we began selling the CELL HANDLER™, which reduces the work performed by researchers in various steps of the drug discovery process, contributing to improved productivity and a higher drug discovery success rate. In addition to selling CELL HANDLER™ units, we are investigating possibilities for a solutions business that would include subcontracted services through equity investment in venture capital companies. Through these initiatives, we are establishing a presence in personalized medicine, antibodies, and drug discovery, areas that are said to be worth a combined ¥3 trillion annually.

Accelerating innovation through partnerships

Work with partners who share our vision and expand support with newly established funds

Achieving our Long-Term Vision will require more than just steady growth in existing markets and technological fields; we will also need to incorporate new technologies and create new markets.



Accelerating Innovation through Partnerships

Mobility segment (1) Gogoro (Taiwan)

Contributing to the prevention of global warming with electric scooters and expanded infrastructure

We are pursuing a collaboration with Gogoro Inc. of Taiwan to develop and manufacture electric scooters with sharing of battery-swapping stations.

Gogoro operates an electric motorcycle business in Taiwan with its own brand of electric scooters and battery-swapping stations. When a scooter's battery runs low, the rider can swap the battery with a charged unit at a station and continue riding. There are 750 battery-swapping stations in Taiwan, and plans are to increase this to more than 1,000 during 2019. Yamaha Motor sells 290,000 motorcycles annually in Taiwan, and manufactures and sells the E-Vino retro-pop-style fashion scooter in the electric vehicle segment. Under the new partnership, Yamaha Motor will design Yamaha-brand electric scooters based on Gogoro's production vehicles, which will be manufactured by Gogoro and sold by Yamaha Motor Taiwan Co., Ltd. The first model is scheduled for release in the summer of 2019. Yamaha Motor and Gogoro will share the energy infrastructure of battery-swapping stations, and contribute to the prevention of global warming by expanding the market for electric scooters with a high level of customer convenience.

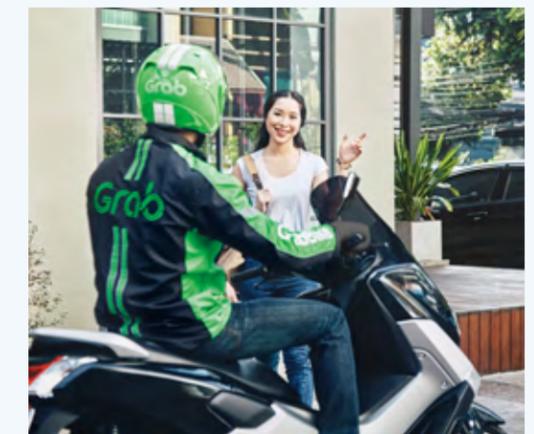


Mobility segment (2) Grab (Singapore)

Yamaha Motor and Grab agree to strategic partnership in motorcycle ride-hailing service

Grab Holdings Inc. is Southeast Asia's largest operator of ride-hailing services, and Yamaha Motor and Grab have announced a strategic partnership in motorcycle ride-hailing services in Southeast Asia, focusing on Indonesia. As part of this agreement, Yamaha Motor will invest US\$150 million in Grab.

Through this partnership, Yamaha Motor and Grab aim to develop next-generation mobility services by implementing solutions and innovations that 1) leverage Yamaha Motor's motorcycle safety-related technology and know-how to increase user satisfaction by demonstrating safety and confidence in response to motorcycle ride-hailing service demand and 2) lower the barriers to motorcycle purchases for those engaged in (or considering) motorcycle ride-hailing (i.e., becoming motorcycle taxi drivers). This will enable Yamaha Motor to use Grab's customer base in Southeast Asia and expertise in motorcycle ride-hailing for future product development.



Accelerating Innovation through Partnerships

Robotics segment (1) NVIDIA (U.S.); DMP (Japan)

Advances in automation through AI, including unmanned agricultural vehicles and drones

Seeing AI as the core of control technologies going forward, we are working to accelerate innovation through partnerships. We are collaborating with NVIDIA, a leading AI computing company, to add intelligent technology to robot products. This collaboration will involve the use of image processing technologies using GPUs (graphics processing units) and the development environment to support our upstream development of AI technologies.

We have also entered into a business capital tie-up agreement with AI computing specialist Digital Media Professionals Inc. (DMP). By incorporating DMP's deep-learning, image processing, and image recognition technologies into our products and technologies, we intend to expand the possibilities for the creation of new value using low-speed automatic/autonomous driving systems, robot utilization in agricultural applications, and advanced safety technologies in various areas of mobility.

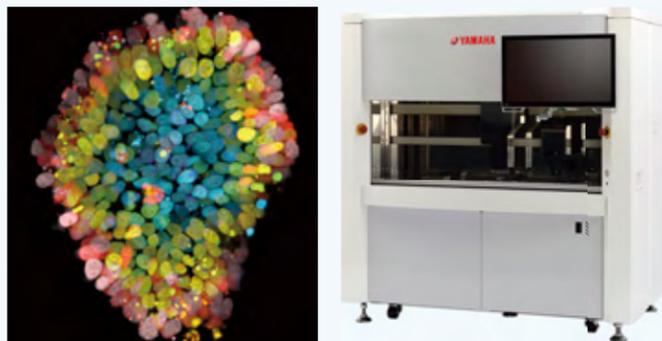


Robotics segment (2) Hubrecht Organoid Technology (the Netherlands)

Accelerating technological development in the biomedical engineering field

Yamaha Motor is conducting joint research with Hubrecht Organoid Technology (HUB) to accelerate its research and development into organoids, which are patient-derived cell cultures that mimic human organ function.

HUB is one of the world's leading research centers in the field of organoids, and was established in 2013 by the Hubrecht Institute, the Royal Netherlands Academy of Arts and Sciences, and University Medical Center Utrecht. Using organoid technology and working with academic institutions and pharmaceutical companies, HUB is promoting medical research, drug development, and personalized medicine in areas including cancer and cystic fibrosis. Through this joint research, Yamaha Motor will strengthen its cell-picking and image-processing technologies, which are the core features of the CELL HANDLER™ cell-handling device, and contribute to advances in organoid research, thereby promoting medical research and new drug development.



With regard to new technologies, we have begun to work with companies that share our Long-Term Vision, including Taiwanese developer and seller of electric scooters Gogoro, major Indian bicycle manufacturer Hero Cycles, and ride-hailing provider Grab in Southeast Asia, to incorporate electrification and sharing technologies in the field of mobility. To cultivate new markets, we are pursuing joint technological development with NVIDIA in the United States in the field of robotics, with the aim of adding intelligent technologies to our products.

To accelerate our activities toward the achievement of our Long-Term Vision, we are also stepping up our strategic equity investment from a global perspective. We established the Yamaha Motor Ventures & Laboratory Silicon Valley (YMVSV) in Silicon Valley in 2015 to study and build on themes for new business development, promote commercialization, and develop new business models, and to date have invested roughly US\$47 million in nine venture capital companies working in the field of robotics and other areas. In November 2018, we established and began operating a proprietary Yamaha Motor Exploratory Fund, L.P., which we envision making aggregate investments of US\$100 million over the next 10 years.

Contributing to the resolution of designated important social issues in uniquely Yamaha ways

Society is increasingly calling for companies to contribute to the resolution of social issues through their business as part of their corporate duty. At Yamaha Motor, we have designated four important issues to address: Environment and resources; Transportation, education, and industry; Innovation; and Work-life balance.

With regard to the environment and resources, we have set a target of reducing our products' CO₂ emissions by 50% by 2050. We have already been manufacturing and selling many electric products, and will work to meet this target by pursuing further electrification in addition to improved fuel efficiency. We will also continue the clean water business that we have developed in Africa and Southeast Asia. By providing safe water to more people, we intend to free women and children from the arduous task of carrying water and enable children to attend school.

In the areas of transportation, education, and industry, first, we will address transportation issues by providing the land mobility-based transport services mentioned previously and through support for community development. We are also holding riding safety courses for motorcycle owners and training service engineers for our various products around the world. We aim to address shortages of agricultural workers using our unmanned technologies.

In terms of innovation, we are accelerating innovation to be able to work effectively as we address environmental and resource issues and transportation, education, and industry issues. In particular, we are promoting the development of new forms of mobility using intelligent technologies and advanced control technologies, and are using robotics to provide solutions to the agricultural and medical fields. We are moving quickly in these areas while also promoting partnerships with other companies.

Initiatives to Address Social Issues



With regard to work-life balance, we believe that further promoting diversity globally and utilizing diverse individual talents regardless of nationality, race, or gender will lead to enhanced performance as a company where people are enthused about their work. We will enhance productivity by creating workplace environments where employees feel safe and can have peace of mind, and by renovating IT platforms.

In 2017, we registered as a participating company in the United Nations Global Compact, which sets 10 principles for voluntary action in such areas as human rights, labor, the environment, and anti-corruption. In 2018, we committed to the Science Based Targets initiative (SBTi) for the reduction of CO₂ based on scientific evidence. In these ways, Yamaha Motor is following and participating in international initiatives as it actively pursues the resolution of social issues in uniquely Yamaha ways, across the entire Group including the supply chain, to contribute to the achievement of the SDGs.

New Medium-Term Management Plan

We have launched the first Medium-Term Management Plan to change Yamaha Motor.

The new Medium-Term Management Plan runs from 2019 and covers the first three years of transformation toward the realization of our Long-Term Vision: ART for Human Possibilities. To date, Yamaha Motor has grown by offering new solutions in the existing business areas of motorcycles and marine products, while at the same time pursuing new fields like electrically power-assisted bicycles and robotics. Under the new Medium-Term Management Plan, we will focus on updating our business and management platforms and developing new businesses to change what we are by 2030.

Review of the previous Medium-Term Management Plan

Although we achieved our targets for earnings and financial strength, sales growth remains an issue.

Before explaining the new Medium-Term Management Plan, I would like to give a brief recap of the previous one (2016-2018).

In 2018, we recorded consolidated net sales of ¥1,673.1 billion, with operating income of ¥140.8 billion and an operating income margin of 8.4%, and major financial indicators of 14.6% for ROE, an equity ratio of 45.9%, and net income per share of ¥267.35. Excluding the negative impact of the difference between the exchange rate assumptions underlying our medium-term targets of ¥115/US\$1 and ¥130/euro and the actual rates of ¥110/US\$1 and ¥130/euro, we achieved our targets for earnings and financial strength of an operating income margin of at least 9%, ROE of at least 15%, and an equity ratio of more than 45%. We were unable to achieve our sales growth target, however, with net sales roughly flat with that of 2015. The marine products, robotics, and electrically power-assisted bicycle businesses all recorded solid growth, but net sales of the motorcycle business in developed markets and in Indonesia and India, and in the recreational off-highway vehicle (ROV) business were lower than forecast, and the fact that the developed market motorcycle and ROV businesses were unable to achieve profitability remains an issue.

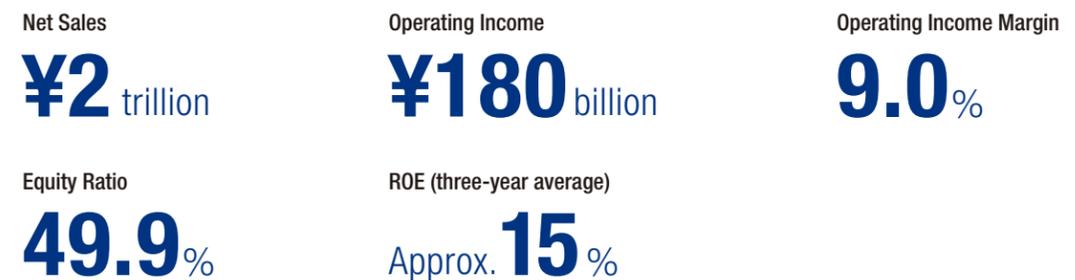
Direction and targets under the new Medium-Term Management Plan

We will maintain and reinforce the earnings strength of existing businesses and strengthen the foundation for growth as we once again pursue net sales of ¥2 trillion with operating income of ¥180 billion.

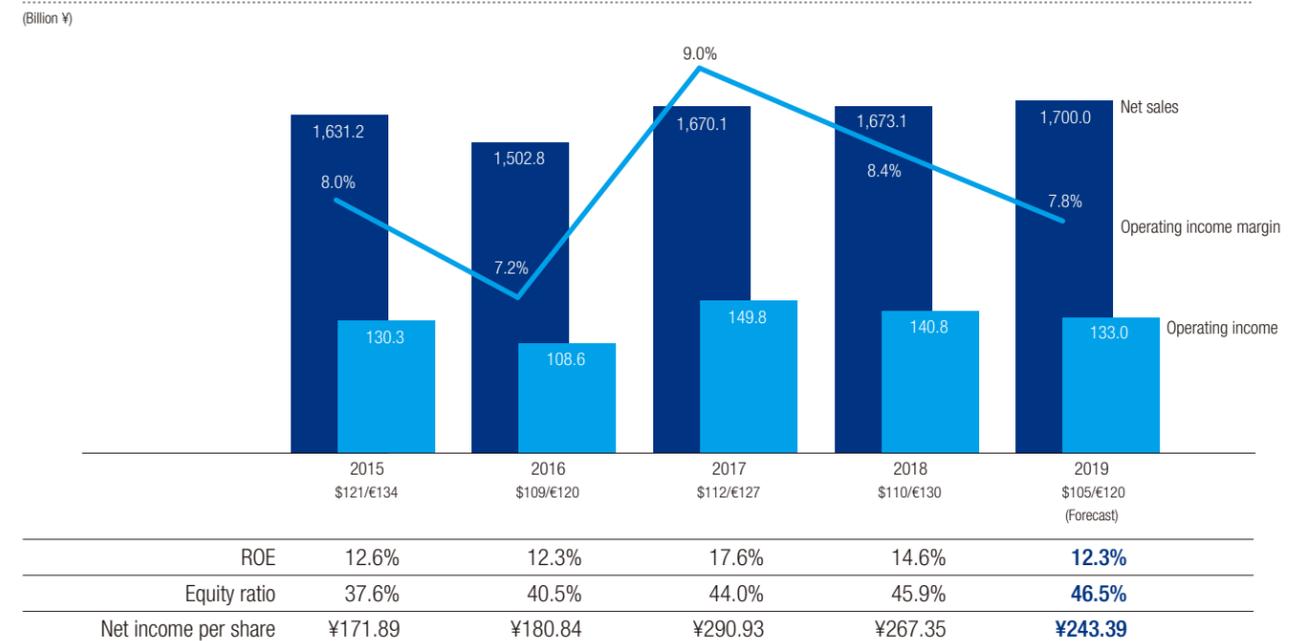
During the period to 2018, Yamaha Motor has maintained stable profits while investing for new growth, against the backdrop of a gradual expansion of the global economy.

Our outlook for the global economy in 2019 is mixed, with European economies slowing from the shock of Brexit, trade frictions between the United States and China, and improved resistance to economic fluctuations in ASEAN and other emerging markets. Given this operating environment, we

Numerical Targets of the Medium-Term Management Plan



Net Sales/Operating Income/Operating Income Margin





will maintain the earnings strength of existing businesses and strengthen our foundation for growth. Our forecasts for 2019 results are for net sales of ¥1,700.0 billion (an increase of ¥26.9 billion, or 1.6% from 2018), with operating income of ¥133.0 billion (a ¥7.8 billion or 5.5% decrease) and an operating income margin of 7.8%.

We plan to introduce new land mobility products that comply with new environmental regulations during 2020, and in 2021, we will once again pursue the challenge of meeting the targets set in the previous Medium-Term Management Plan: net sales of ¥2 trillion, with operating income of ¥180 billion and an operating income margin of 9%. Compared with our 2018 results, these figures represent a ¥330 billion or 20% increase in net sales and a ¥40 billion or 28% increase in operating income.

The breakdown of these targets by segment is as follows.

The land mobility business is targeting net sales of ¥1,350 billion, with operating income of ¥92 billion and an operating income margin of 6.8%. In addition to the previous developed market and emerging market motorcycle businesses, this segment also includes the ROV business and the electrically power-assisted bicycle business in order to pursue synergies in electric mobility going forward. We aim to restore profitability to the developed market motorcycle and ROV businesses by integrating their sales structures and restructuring their production structures. In emerging markets, we will pursue a platform strategy and target the premium segment of the markets in the Philippines and India. For the Smart Power Vehicle (SPV) business including electrically power-assisted bicycles, we will approach the markets where the Yamaha brand has a presence as appropriate for each market.

Our targets for the marine products business are for net sales of ¥374 billion, with operating income of ¥76 billion and an operating income margin above 20% as we transform from being an engine supplier to a system supplier, and work to strengthen our high profitability and establish a foundation for sustainable growth.

The robotics business will aim to bolster its profitability further, while expanding the scale and domain of the business. Numerical targets are for ¥101.5 billion in net sales, with operating income of ¥26 billion and a 26% operating income margin.

Yamaha Motor views increasing shareholder value as an important management issue and strives to increase corporate value. With regard to the dividend, we seek to “create a stable financial foundation and increase new growth investment and stock dividends,” and have set a benchmark for the dividend payout ratio at 30% of net income attributable to owners of parent. For 2018, we paid a full-year dividend of ¥90 per share, consisting of a ¥45 interim dividend and a ¥45 year-end dividend. We plan to pay a full-year dividend of ¥90 per share again in 2019, with a ¥45 interim dividend and a ¥45 year-end dividend.

We will aim to achieve sustainable growth by providing new, uniquely Yamaha *Kando* to realize our Long-Term Vision, while at the same time contributing to the resolution of social issues in uniquely Yamaha ways. I humbly ask for the understanding and support, from a medium- to long-term perspective, of all stakeholders.

Message to Stakeholders

Message from the Director, Chief General Manager of Corporate Planning & Finance Center

We will balance increases in investments for new growth and returns to shareholders within the range of our cash flow while maintaining and reinforcing the earning power of our existing businesses



Tatsumi Okawa
Director, Senior Executive Officer
Chief General Manager of Corporate Planning & Finance Center

Basic policy for financial strategy

Under our Medium-Term Management Plan, Yamaha Motor is renewing the challenge of achieving ¥2 trillion in annual net sales while pursuing continued growth of our existing businesses and the development of new businesses. As benchmarks for a stable financial foundation, we are aiming for an operating income margin at the 9% level while maintaining an equity ratio of at least 40%.

“Balancing investments for new growth and returns to shareholders, within the range of our cash flow” does not represent a major change in our financial policy. The previous Medium-Term Management Plan also called for “promoting growth strategies,” but even when the financial resources were in place, we were unable to follow through completely in terms of both expenses and investments. This was mainly because we did not sufficiently narrow down the growth areas to pursue, but we did proactively search for and cultivate new areas. In fact, after establishing a venture capital company in Silicon Valley in 2015, each operating division considered many proposals and learned many things, and investments grew.

Therefore, as we formulated the current Long-Term Vision, we held discussions at the global level and made our goals clear. Our organization and funds have begun to operate at a global level, so that investments, including for mergers and acquisitions, are carried out quickly. We are allocating financial resources for growth more concretely and more proactively than in the past. We are also strengthening the management base that will be the platform for growth, and pursuing a digital transformation.

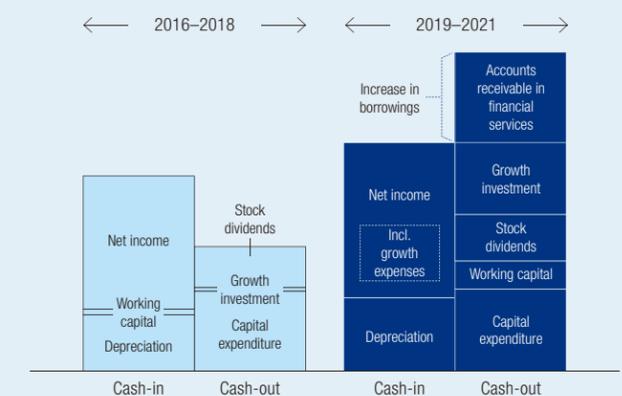
In terms of the financial resources underlying these initiatives, we have increased our investment budget to an aggregate of ¥70 billion for research and development and ¥140 billion for investments including

mergers and acquisitions over three years.

With regard to returns to shareholders, we seek to maintain a stable and continuous dividend with a benchmark payout ratio of 30%, and going forward, we will also proactively consider a total return ratio and the indicator known as TSR (total shareholder return). In addition, from the perspective of making efficient use of shareholders’ equity, we are designating return on equity (ROE) as an important management indicator, with a benchmark of maintaining ROE above the cost of capital at roughly 15%.

We will also proactively expand the financial services business with a funding strategy of using leverage. The business currently operates primarily in Australia, Brazil, Canada and the United States, and has grown to having an outstanding receivables balance totaling roughly ¥300 billion. Under the current Medium-Term Management Plan, we aim to expand the business to Europe and other regions, and to increase our outstanding receivables balance to roughly ¥450 billion.

Cash flow investment strategy





We are strengthening our foundation for a new era of mobility in the areas of motorcycles, recreational off-highway vehicles (ROVs), and electrically power-assisted bicycles.

Takuya Kinoshita
Executive Officer
Chief General Manager of Motorcycle Business Operations

Net sales and operating income

(Billion ¥)



Priority measures and targets

1. Current ability update
2. Agile management
3. Shift to new area

Net sales: ¥1,350.0 billion
Operating income: ¥92.0 billion
Operating income margin: 6.8%

Opportunities

- Expansion of middle-income market in ASEAN and emerging nations
- Evolution of marketing through digital technology

Risks

- Tighter environmental regulations in each country
- Shift in industrial structure due to innovative technologies and new competition

Priority initiatives under the new Medium-Term Management Plan

We are propelling the brand by developing new, uniquely Yamaha technologies in the developed market motorcycle business.

Amid high expectations for new technologies and new mobility systems such as electric vehicles and the Internet of Things (IoT), we are expanding globally by tying together our brand and products in the motorcycle market. Given this market environment, there are three missions for the products we develop and sell in developed markets: (1) To update value through new technological development; (2) To pursue new businesses in mature markets; and (3) To create global synergies by demonstrating the Yamaha brand's DNA. Going forward, we will contribute to the future of mobility by proposing uniquely Yamaha solutions in the fields of motorcycles and Leaning Multi-Wheel (LMW) vehicles.

The ASEAN motorcycle business is building a revenue base in uniquely Yamaha growth sectors.

The ASEAN market is entering a period of mature, and we are building a solid revenue base with the Yamaha brand and products, which are popular among the new middle class. In addition, production in ASEAN countries is contributing to the overall optimization of our production structure through the shift to platform-based production already under

way and increased production of global models in the ASEAN nations.

We are introducing new platform models to gain share in ROVs.

The ROV business has been made part of Motorcycle Business Operations to strengthen its product planning, development, and cost-competitiveness. We aim to introduce new platform models that deliver the value sought by customers to increase our share in the growing ROV markets in developed markets.

In the electrically power-assisted bicycle business, we are rolling out the realignment of our brand and revenue base globally.

The electrically power-assisted bicycle segment is expanding into a global business with new products incorporating new technologies and by offering comprehensive value through strategic partnerships. We are focusing on Europe, Japan, and the United States, and, in particular, are starting with business model formulation in the United States, a new market for us.

Land mobility: Status of primary products and main competitors

	Markets and conditions at Yamaha Motor	Main competitors
Developed market motorcycles and commuter vehicles	We will develop new technologies to update value and pursue new businesses in mature markets.	Honda, Suzuki, Kawasaki, Harley-Davidson, BMW, Ducati, Triumph, KTM, Aprilia, Piaggio, Kymco
Emerging market motorcycles and commuter vehicles	With emerging markets entering a period of growth, we plan to shift to platform models and increase production of global models.	Honda, Suzuki, Kawasaki, Hero, Bajaj
ROVs/ATVs	We will introduce new platform models in growing ROV markets in developed markets.	Polaris, BRP, Honda, Kawasaki
Electrically power-assisted bicycles and power-assisted units	We will expand into a global business with new products incorporating new technologies and through strategic partnerships.	Panasonic, Bridgestone, Bosch, Shimano

2018 results and outlook for 2019

We will shift to create new value by realigning planning, development, and manufacturing capabilities and with agile decision making.

Under the previous Medium-Term Management Plan, although the motorcycle business was weak in developed markets, the ASEAN market overall matured and showed large growth, and scooter products grew in the Philippines, which has entered a growth phase. Net sales for the developed market motorcycle business in 2018 were ¥228.3 billion, with an operating income margin of -8.0%, while the emerging market motorcycle business recorded net sales of ¥775.2 billion, with

an +8.6% operating income margin. For 2019, factoring in a maximum foreign-exchange effect, we are forecasting net sales of ¥224.0 billion, with a -4.9% operating income margin in the developed market motorcycle business, and in the emerging market motorcycle business, net sales of ¥790.0 billion, with an +8.1% operating income margin.

We will pursue future growth by realigning our planning, development, and manufacturing capabilities and bringing in strengths from outside the Company, and through management based on a system that promotes agile decision making to shift to create new value.

Addressing social issues

Initiatives in providing innovative, smaller forms of mobility and in safety

Yamaha Motor aims to address important social issues, and is pursuing R&D in its fields of technological focus. By integrating the "growing world of personal mobility," "our electric products already in the market," and our "unique style R&D," we aim to offer smaller forms of mobility with a new type of "uniquely Yamaha" innovation. We have also been playing a contributory role by selling various electric products that have less environmental impact. A representative example of this is our introduction of the world's first electrically power-assisted bicycle, aggregate production of which has surpassed five million units.

We will continue to address environmental issues going forward with products such as electric vehicles and electrically power-assisted bicycles, and by developing ways to relieve traffic congestion.

We are also working to promote safety around the world, especially through the Yamaha Riding Academy, which we hold to reduce traffic accidents in emerging and developing countries. We currently have trainers in 15 countries and hold the course 1,400 times annually with 100,000 people participating. We aim to expand the program to 20 countries, with 2,000 courses and 180,000 participants by 2021. We are also working with other manufacturers to create safety communication systems for two-wheeled and four-wheeled vehicles.



We are realigning our global production system and pursuing a system supplier strategy to provide fulfilling marine lifestyles.

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

Net sales and operating income

(Billion ¥)



Priority measures and targets

Reinforce high profitability and establish base of sustainable growth

- Global production layout for outboard motors
Improving production capacity and flexibility
- Expansion of integrated marine business strategy
Evolving as a system supplier
- Product Development Strategies
Providing attractive items and services
- Marine Long-Term Vision
Reliable and rich marine lifestyles
Toward further increasing the value of the ocean

Opportunities

- Growing demand for large outboard motors mainly in developed markets
- Expansion of peripheral equipment business due to enhancement of integrated control technology

Risks

- Creation of production/supply system to meet demand for large outboard motors
- Achieving speedy development in integrated control field
- Creation of business structure unaffected by changes in exchange rates and regulations

Priority initiatives under the new Medium-Term Management Plan

We are realigning our global production system for outboard motors in response to strong sales of large outboard motors.

In North America and Europe, our main markets for outboard motors, demand for large outboard motors of more than 100 or 200 horsepower is showing large growth. This is because propulsion units such as inboard motors and stern drives are being replaced by outboard motors. We see this trend continuing and expect solid growth in demand for large outboard motors.

We are, therefore, realigning our global production system for outboard motors. We are working to respond quickly and flexibly to market changes by designating our currently operating Yamaha Motor Iwata Main Factory, Yamaha Kumamoto Products Co., Ltd., and Thai Yamaha Motor Co., Ltd., as our outboard motor plants for large outboard motors, medium-sized outboard motors, and small outboard motors respectively, and by making our production more flexible through parallel production and by making these facilities mutually complementary.

From engine supplier to system supplier

Advancing the business by shifting from products to experiences

Under the previous Medium-Term Management Plan, we pursued an “integrated marine business strategy” by which we transitioned from being an engine supplier to a system supplier. This was an effort to

provide more reliable boats by shifting from an outboard motor-focused business to growing the peripheral systems business, including boat control systems. Under the new Medium-Term Management Plan, along with pursuing a system supplier strategy, over the long term we will introduce products such as highly reliable and high-value-added automated boat control systems to evolve the business from one that provides products to one that provides experiences, with the aim of providing fulfilling marine lifestyles.

Product Development Strategies



Marine products: Status of primary products and main competitors

	Markets and conditions at Yamaha Motor	Main competitors
Outboard motors	Given growing demand for pleasure-use boats, primarily in North America and Europe, we will build a global production system that can flexibly keep up with growth in demand for outboard motors.	Mercury Marine, Suzuki, Honda, Tohatsu, Evinrude
Boats	In the relatively stable domestic boat market, we will continue to offer pleasure-use boats with significant added value. In service businesses like “Sea-Style,” we will strengthen our development of services in line with customer preferences.	Yanmar, Toyota, Suzuki, Tohatsu
Personal watercraft	We will work to strengthen our competitiveness by building a manufacturing center in North America, the region with the greatest demand, and by introducing models with high added value.	BRP, Kawasaki

2018 results and outlook for 2019

Aiming to provide smart package boats

In 2018, we introduced a 425-horsepower model as our most powerful conventional outboard motor. We also began selling the EXULT43, a large salon cruiser serving as our flagship model in the boat segment. As a result, net sales totaled ¥338.2 billion, with an operating income margin of 18.0%. Our forecast for 2019, factoring in a maximum

foreign-exchange effect, is for net sales of ¥338.0 billion with a 16.0% operating income margin.

Going forward, we will develop next-generation boat control systems and electric propulsion units, and working with cooperating boatbuilders, we will aim to offer smart package boats that are easier to operate and more environmentally friendly.

Addressing social issues

Reliable and rich marine lifestyles

We are pursuing a marine products business that “provides reliable and rich marine lifestyles” and further increasing the value of the ocean.

Specific measures are outlined below.

“Changing marine culture, changing everyday life”

- We will create exciting times, spaces, and experiences for people to instill joy in their daily lives.

“Connecting the sea, people, and society”

- A platform that connects people around the world with the value of the ocean will become essential to society.

“Toward a future with a more pristine ocean than the present one of today”

- Ensuring that the blessings of an “abundant ocean,” which all people associated with marine recreation desire, continue forever

“Releasing the secret potential of the sea”

- Using the thorough knowledge of the world’s oceans, we will create value that contributes to human development.

Yamaha Motor works to ensure stable food supplies and support economic development by introducing fishing methods in the fishery industry in developing countries, and by providing technologies such as outboard motors and FRP boats. We also carry out activities like “Team Tyura Sango” (a public-private joint project to restore coral reefs in Okinawa) to exist in harmony with the natural environment. By providing new technologies to alleviate these types of social issues, and working together with stakeholders in other sectors on environmental protection activities that will lead to abundant and beautiful oceans in the future, we are working to achieve a sustainable society.



We will contribute to labor savings and autonomization in fields including *Monozukuri*, agriculture, and medical research by researching and developing robotics and strengthening our production system.

Hiroyuki Ota
Executive Officer
Chief General Manager of Solution Business Operations

Net sales and operating income

(Billion ¥)



Priority measures and targets

Business scale and area expansion and reinforcement of high profitability

(Net sales over ¥100.0 billion, Return on sales 26%)

2021 Target (vs. 2018)

- SMT: 128%
- FA: 196%
- Unmanned Systems: 160%

Accelerating automation within plants +
Contributing to labor saving in new fields

Opportunities	Risks
<ul style="list-style-type: none"> • Growing need for automation due to labor shortages in Japan and rising labor costs in emerging nations • Pursuing more advanced automation in line with the development of new fields like the Internet of Things (IoT) and “Connected, Autonomous, Shared & Services, Electric” (CASE) vehicles 	<ul style="list-style-type: none"> • Deterioration of demand due to changes in the global situation • Intensifying competition resulting from new forces entering the market

Priority initiatives under the new Medium-Term Management Plan

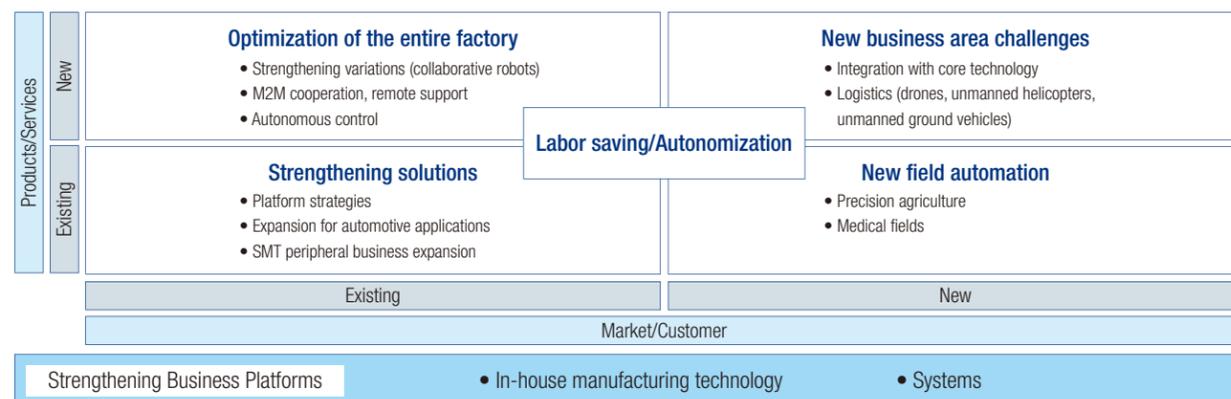
We are increasing value to customers by strengthening our solutions for the broad customer base in our existing markets.

In our existing markets, we will pursue both tangible and intangible commonalities under our platform strategy while also refining equipment functionality to strengthen *Monozukuri*. We will also contribute to reducing equipment upkeep costs for customers, installing common operations, and enhancing Cost Performance Index (CPI), to expand the scope of our business and strengthen profitability.

Our surface mount technology (SMT) business has a broad customer base, and with a focus on the automotive applications segment, we are providing the strengths that we have acquired at

customer sites in the form of “variable type, variable quantity production” and “guarantees of quality and traceability” while at the same time focusing on expanding our SMT peripheral business, where new growth can be expected. At the industrial robot (factory automation (FA)) business, which is growing significantly and has a wide range of applications, we are working to strengthen variations, including using collaborative robots, to provide total solutions similar to the SMT business.

In addition, we are incorporating functions like machine-to-machine (M2M) cooperation, remote support, and autonomous control to contribute to overall factory optimization.



Robotics: Status of primary products and main competitors

	Markets and conditions at Yamaha Motor	Main competitors
SMT	We will pursue both tangible and intangible commonalities under our platform strategy to expand our business scope and strengthen our profitability.	Panasonic, Fuji, ASM, Juki
Industrial robots	We will strengthen model variations while also pursuing both tangible and intangible commonalities to expand our business scope and strengthen our profitability.	Epson, Mitsubishi, Denso, IAI
Unmanned systems and drones	We will introduce multi-rotor drones in addition to our proven unmanned helicopters. We will achieve precision agriculture.	DJI

Contributing to new markets, including agriculture, medical research, and logistics, with robotics technologies

In new markets, we are making an increasing contribution to the field of precision agriculture using our agricultural expertise and networks gained from industrial-use unmanned helicopters. In the medical research segment, we are introducing robotics with products like the CELL HANDLER™ (a cell picking & imaging system), and we are emphasizing solutions for the logistics segment with unmanned ground vehicles and other products.

Strengthening development personnel, procurement and production systems to contribute to a wide range of fields

We are strengthening our in-house manufacturing technologies and

organizational structures to introduce unique products and services quickly to both existing and new markets.

Examples of how we are strengthening our in-house manufacturing technologies include artificial intelligence (AI) picking, which combines AI and machine vision, improved linear motors and control technologies, and applications including drones, unmanned ground vehicles, and unmanned surface vehicles using autonomous flight technologies developed in unmanned helicopters.

We are strengthening our organizational structures by expanding R&D centers, in particular with the Yamaha Motor Advanced Technology Center (YMAT) that opened in Shin-Yokohama, and by reinforcing our human resources. In addition, along with strengthening our procurement and production systems, we are proactively pursuing external alliances.

2018 results and outlook for 2019

Enhancing productivity with labor savings and autonomization as core values

Both sales and operating income showed steady growth over the three years covered by the previous Medium-Term Management Plan, and net sales for 2018 were ¥74.9 billion with an operating income margin of 22.3%. For 2019, factoring in a maximum foreign-exchange effect, we

are forecasting net sales of ¥81.0 billion, and an operating income margin of 19.1% after investments in research and development.

Going forward, we will contribute to raising productivity in sectors where labor shortages are appearing, based on the core values of labor savings and autonomization.

Addressing social issues

Providing solutions for issues facing society

We are applying robotics to provide solutions to issues in sectors that include *Monozukuri*, agriculture, and medical research, with the

aim of achieving our Long-Term Vision by freeing up new time for customers.

Activities to Support Value Creation
Global Brand Strategy

The Yamaha Motor Group considers the further enhancement of Yamaha's brand value to be an important management issue. Under the leadership of the Brand Committee established in January 2017, we have been pursuing a Global Brand Strategy that seeks to enhance corporate value and brand strength. Using common global indicators, brand value is measured and analyzed, and feedback relayed to our businesses. We are also emphasizing the strengthening of internal branding as per our Basic Brand Structure. From 2019, under the concept of Autonomous Branding™, we will continue holding branding workshops and internal brand promotion activities like Yamaha Day, and the unique features of individual businesses and regions will be valued as we pursue a consistent and globally unified brand strategy.



Defining “the unique style of Yamaha” in five words

The “Revs your Heart” brand slogan was formulated in 2013 in order for Yamaha Motor to achieve its corporate mission of being a “Kando Creating Company.” The term “Revs” has two meanings—the rising revs of an engine and getting excited—and “Revs your Heart” expresses our desire to excite and bring *Kando* to customers through various innovations and products. In 2017, we chose five words to define the unique style of Yamaha: Innovation, Excitement, Confidence,

Emotion, and Ties. Since then, we have been working to enhance corporate value and brand strength by sharing the Basic Brand Structure composed of our corporate mission, brand slogan, and the unique style of Yamaha across the entire Group.

*Please refer to page 12: Yamaha Motor's Process for Creating Value.

Autonomous Branding™

Under the principle of “Distinctive Diversity,” Yamaha Motor aims for branding that is globally unified while highlighting the characteristics and unique features of our various businesses and regions. We call this

concept of branding that drives activities in said businesses and regions Autonomous Branding™.

Global

Celebrating Yamaha Day around the world

To strengthen internal branding globally, we designated July 1, the anniversary of our founding, as Yamaha Day. We hold activities to not only deepen the understanding of and affection for our brand among Group employees around the world, but also to lead to illustrating the unique style of Yamaha through our products and services. Activities carried out in the various regions are shared with other employees via the Global Brand Site.

Holding Branding Workshops around the world

We hold workshops around the world to consider “the unique style of Yamaha” in our business and study issues and action plans to translate these thoughts into concrete steps for further enhancement of brand value. Over two-and-a-half years from the latter half of 2016 through 2018, we held 28 workshops in 18 countries and regions with over 1,300 people participating in all, and we will continue to hold these workshops going forward.

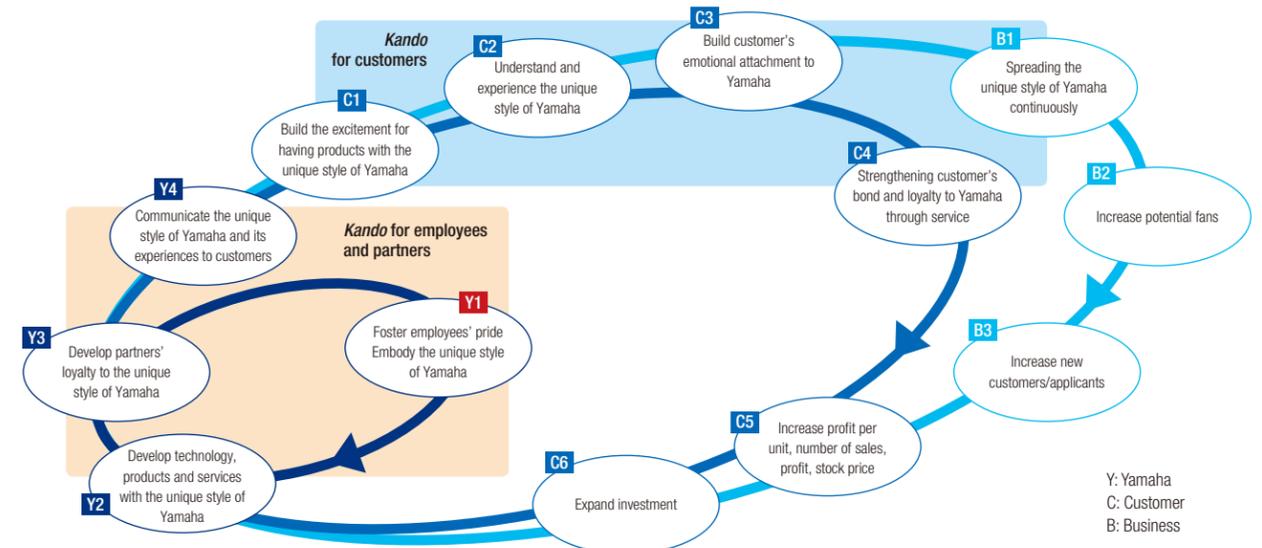
Two Yamahas, One Passion

Yamaha Corporation, a maker of musical instruments, audio products and other offerings, and Yamaha Motor, a manufacturer of motorcycles, marine products and more, are two different companies with the same creed of “Creating *Kando*” with customers. As both companies share the same brand, we are working together to enhance brand value under the theme of “Two Yamahas, One Passion.”



Kando Cycle

- The *Kando* Cycle describes how we conduct our business from a branding perspective.
- As a “*Kando* Creating Company,” we continuously generate new *Kando* by expanding the linkage of *Kando* experiences and increase both our brand value and our corporate value.



Activities to Support Value Creation
Design

Yamaha Motor positions concepts, technology, and design as the core of its management based on the idea that design contributes to management and branding. Akihiro Nagaya, Chief General Manager of the Design Center, describes the role of design, along with design initiatives and achievements.

Akihiro Nagaya
 Executive Officer
 Chief General Manager
 of Design Center



Designing organizations and people

The meaning of design is broadening, and the role of design is no longer limited to simply making products look stylish. We believe that “designing” the development of organizations, people, and work frameworks will contribute to the design of the Yamaha brand, and we are engaged in activities accordingly.

In particular, we are focused on designing our approach to design. Our belief that design has a wide range of functions, including planning, corporate design, and branding, is reflected in the fact that the personnel structure of the Design Center is composed equally of designers and non-designers.

We are also engaged in new efforts in human resource development, in which teams are formed with members from different departments in the Design Center and with different roles, and training

is conducted for jointly proposing new value. In addition, as part of human resource development that includes social contribution activity perspectives, we hold Yamaha Creative Hackathons, in which design students form teams to think about concepts for future types of vehicles, in accordance with set themes and give presentations based on actual objects created using materials such as cardboard.



Yamaha Creative Hackathon

Embodying the Yamaha brand at contact points with society

The Company handles motorcycles and a wide range of other products. We define “the unique style of Yamaha” and employ it in the design of various products, leading to the creation of products in which a user can sense “the unique style of Yamaha,” whether looking at a motorcycle, a boat, or another Yamaha product.

In addition to product design, we also view product exhibitions as

well as dealers in Japan and overseas as important customer contact points for fostering the Yamaha brand. For this reason, the Design Center is also responsible for spatial design at show booths and stores in order to communicate “the unique style of Yamaha” with a consistent image.



Proposing new value through co-creation

We engage in design based on the “product-in” approach. This approach is a style of making a proposal to the world through the incorporation of new value we have conceived in a product or concept models, rather than a “product-out” approach that is based on the ideas of the creators, or a “market-in” approach that is based on user needs.

We established the Yamaha Motor Innovation Center for the purpose of changing our organization, people, and work frameworks, and strengthening co-creation above and beyond the design, development, and manufacturing departments. One of the achievements created by the Innovation Center is MOTOROID, which was unveiled at the Tokyo Motor Show in 2017. MOTOROID is the result of a “product-in” proposal using design and technology that were co-created from the design conception phase, and received the top three design awards in the industry (The International Design Excellence Awards, Red

Dot Award, and the iF DESIGN AWARD) in recognition of its high level of performance and styling. In addition, we have developed concept models and products proposing new value, including the 05GEN proposed in the “island development” project on Omishima Island, Ehime Prefecture and the industrial multi-rotor drone YMR-08 introduced to the market in 2018.



Yamaha Motor Innovation Center

Realizing our Long-Term Vision

The Company has set forth “ART for Human Possibilities” in its Long-Term Vision, and we have incorporated elements of fun that will lead to ART in our products and services. Although the expanding possibilities of humankind can be partially explained logically with science, ART has

the power to make people feel joy and happiness viscerally. We will continue our growth by giving birth to value that makes our customers happy, based on the vision of “ART for Human Possibilities.” We believe that this embodies “the unique style of Yamaha.”

Research and Development

Yamaha Motor's core technical competencies

Yamaha Motor will broaden its businesses, products, and customers centered around the four core technical competencies of powertrains, electronic control, chassis and hulls, and manufacturing.

Some representative examples are described here.

Powertrains

High-Output, High-Efficiency Electric Vehicles

To help overcome the challenges of delivering high output from lighter and more compact components while still being easy to ride where the bike responds just as the rider intends, we created a competition electric trials model.



Chassis and hulls

LMW Technology

Our innovative mechanism offers a new form of personal mobility and riders greater peace of mind, comfort, and fun. LMW (Leaning Multi-Wheel) technology is a new challenge we are engaged in and represents another path of evolution for mobility.



Electronic control

Autonomous Navigation Unit

We will realize the automation of various forms of mobility and robotics via a general-purpose, automated driving core unit that employs AI.



MANAGEMENT INTERVIEW



Heiji Maruyama
Senior Executive Officer
Chief General Manager of Powertrain Unit

Achievements in 2018

- Equipped the GRAND FILANO with an SMG (Smart Motor Generator), a hybrid powertrain that combines an engine and a motor to achieve improved fuel efficiency
- Expanded commuter models equipped with "BLUE CORE" engines, which realize a high-level balance between being fun to ride, fuel efficiency and environmental performance

Direction for the future

The Powertrain Unit is the department responsible for our models' power units, which serve as the hearts of many Yamaha Motor products. Today, with the current diversification of technology, using electric motors and batteries in addition to conventional internal combustion engines and drivetrains, either separately or combined, according to a model's intended use is important. During development, we constantly pursue efficiency by seeking improvements in both power output and fuel economy.

In particular, we are currently focused on development related to reductions in CO₂ emissions toward achieving a zero-carbon society as a pressing part of our social responsibility.

Value we offer

As power sources for numerous Yamaha Motor products, it is not enough to only meet the demands of society; we need to create excitement and *Kando* together with our customers. When speaking of the unique style of Yamaha internally, key words that are always mentioned together with *Jin-Ki Kanno** and "high performance" are "lightweight and compact." To stay in touch with our customers and achieve our mutual aims together, our power units must provide strong support for our customers, who play the leading role, but not become a burden or inconvenience. This is why it is important our power units be lightweight and compact. We are constantly engaged in a wide range of technological development with the aim of using the best technologies to stay close to customers and help them fulfill their wishes.

*Yamaha Motor's exclusive development ideal defined as the seductive exhilaration felt when a person becomes one with the machine.

MANAGEMENT INTERVIEW



Toyoshi Nishida
Executive Officer
Chief General Manager
of PF Model Unit

Achievements in 2018

We have completed the deployment of first-generation model variations based on our global platform strategy, and contributed to our medium-term goal of deploying 270 new models. In addition, we have released the NIKEN in developed countries as the world's first sport LMW and as a flagship model for "the growing world of personal mobility." The NIKEN has received praise from the markets.

Direction for the future

While responding to changes in global environmental regulations, we will gradually overhaul our the platforms that embody the riding pleasure, comfort, and convenient mobility unique to Yamaha Motor. The keys to achieving this aim are technologies to reduce weight and size, and the application of integrated vehicle control technologies to minimize user stress and maximize riding fun and trust. Miniaturization technologies will make it easier to equip products with riding support systems that reduce burdens on the rider, and we will develop platforms equipped with integrated vehicle control technologies that allow users to enjoy riding with more peace of mind. In the growing world of personal mobility, we will work to achieve more advanced self-balancing technology and seek LMW innovations while accelerating the deployment of products capable of providing the thrill of leaning mobility to more driver's license holders.

Value we offer

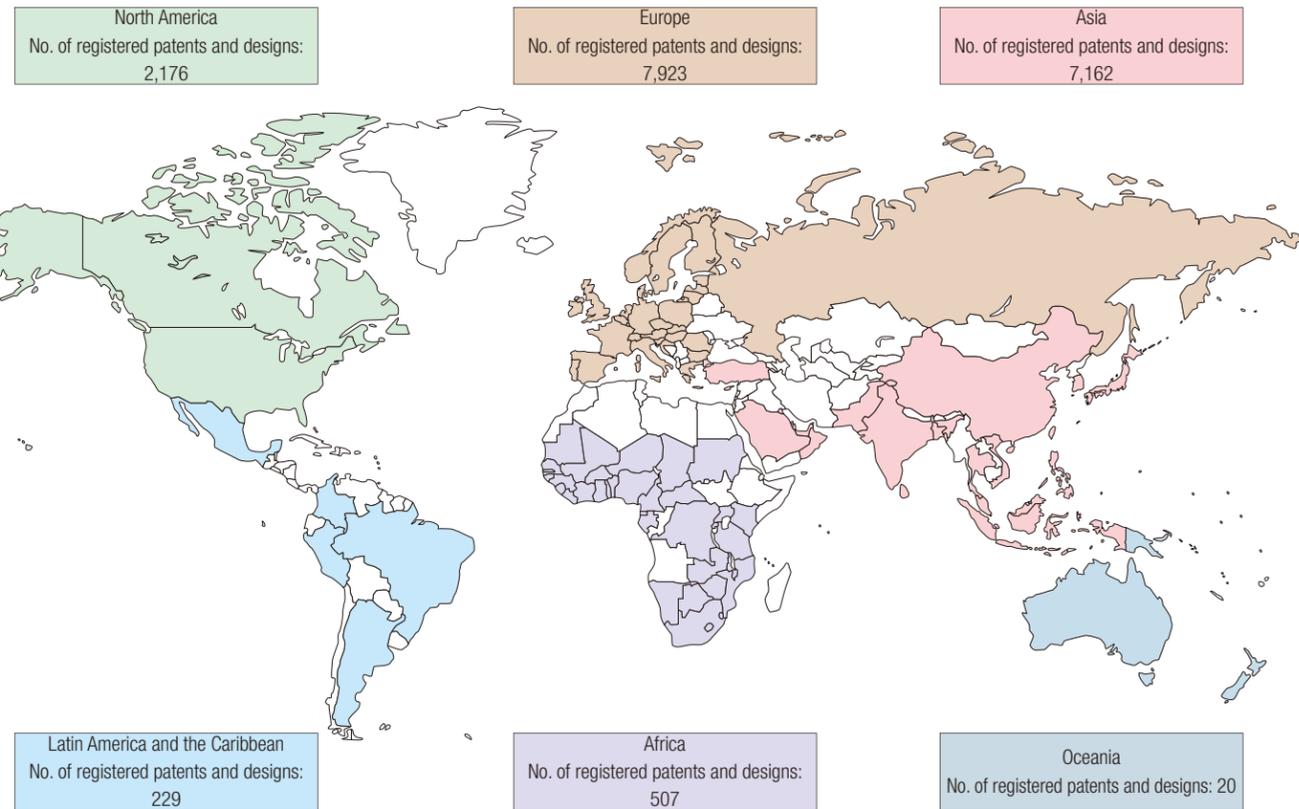
In order to realize our Long-Term Vision, we will use advanced control technologies to create innovative leaning mobility. By doing so, we will conceive designs unique to Yamaha Motor that appeal to the senses and provide *Kando* that stimulates the right side of the brain, and thereby continue to create enthusiastic Yamaha Motor fans worldwide.

Intellectual Property Strategy

Global portfolio

To promote the sustainable growth of its corporate activities conducted around the world, Yamaha Motor proactively creates, protects, and uses its intellectual properties. In particular, we do not view intellectual

properties simply as “rights,” but rather as “assets” supporting our business activities and growth strategies in various countries and regions, and we use them to create new value as a “Kando Creating Company.”



	Asia	Africa	Oceania	Latin America	Europe	North America	Total
Patents	No. of registered	6,468	364	8	148	4,289	13,295
	No. of countries/regions registered	18	36	1	4	16	77
Designs	No. of registered	694	143	12	81	3,634	4,722
	No. of countries/regions registered	20	37	3	5	29	96

In addition, we hold trademark rights in 258 countries and regions.

*As of February 15, 2019

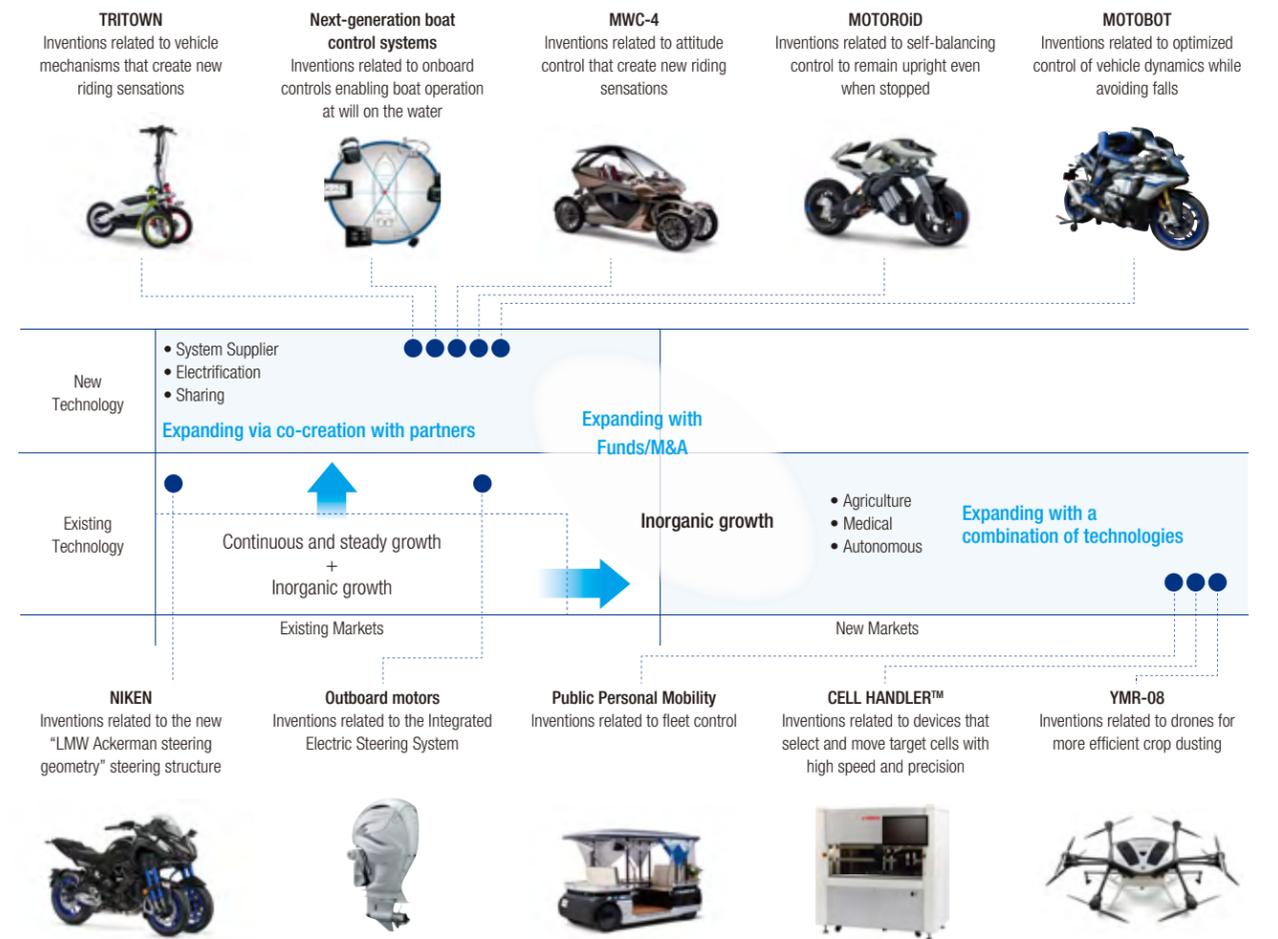
Yamaha Motor is expanding its corporate activities on a global scale with an eye on current and future markets, technologies, social environments, and other trends. To do this, we are working to transform the intellectual properties supporting this into global “assets,” not only

in developed markets with well-established intellectual property systems like Japan, the United States, and Europe, but also in countries and regions experiencing remarkable growth throughout Asia, Africa, and Central and South America.

Portfolio in growth areas

Based on current and future markets, technologies, social environments, and other trends, we have designated areas to promote sustainable growth in our Long-Term Vision of “ART for Human Possibilities” as well as in our medium- to long-term growth strategies toward the creation of

new value. To achieve this, we are working to transform the intellectual properties that support this into advanced “assets” in line with each respective growth area.



As shown above, Yamaha Motor’s intellectual property efforts involve creating, protecting, and using its increasingly global and advanced intellectual properties as “assets” to engage in corporate activities in various countries and regions, support the creation of new value based on medium- to long-term growth strategies, and promote the Company’s sustainable growth. To aid in accelerating these intellectual property efforts, we are also cooperating with activities to promote application examinations at the patent offices of various

countries, working in coordination with customs and enforcement agencies of various countries to expose counterfeit goods, and engaging in a wide range of other efforts.

Going forward, we will continue to regard intellectual properties as important “assets” that support our sustainable growth and creation of new value as a “Kando Creating Company,” and work to create, protect, and use these increasingly global and advanced intellectual properties to an even greater degree while enhancing their value.

Accelerate the Yamaha Growth Strategy by IT, Digital, and Data

The IT Center was newly established in January 2019 to accelerate the growth strategy of the Yamaha Motor Group through the strategic use of IT, digital technologies, and data. The IT Center will focus on the following five theme areas in the new Medium-Term Management Plan, and promote digital transformation on a global basis.

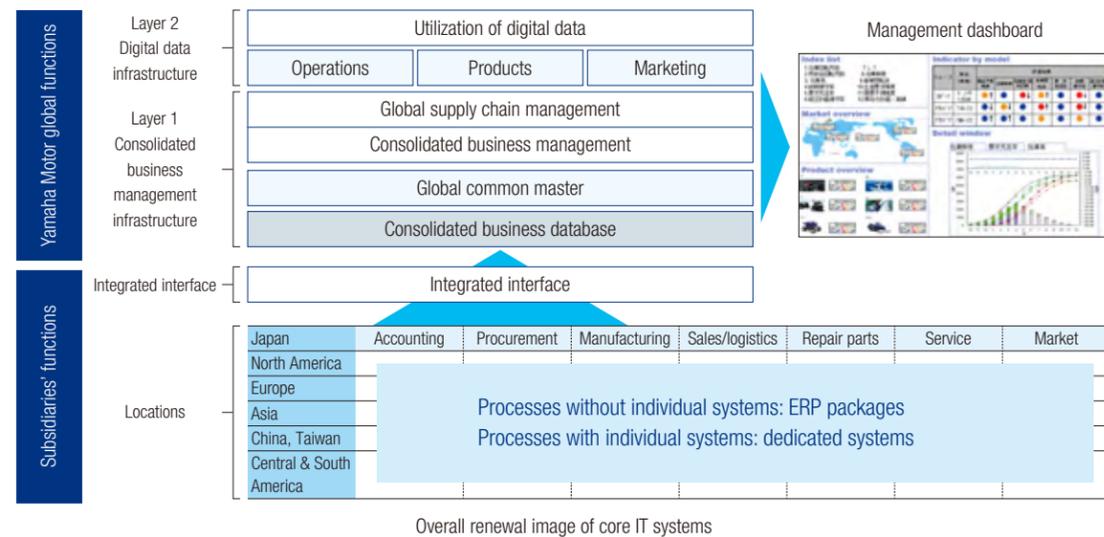
Establishment of a global consolidated database and renewal of our core IT systems

Achievement of faster decision making and predictive management while simultaneously shifting resources to areas of differentiation

Until now, the core IT systems that support the operations of the Yamaha Motor Group have been optimized for each region and business process. However, the optimization of individual systems can present obstacles to making prompt management and business decisions as a consolidated Group. In light of this situation, the global core IT

infrastructure system will be overhauled over a period of six years and completed by the end of 2024. In this manner, we will achieve faster decision making and predictive management, and accelerate the shift of internal resources to areas of differentiation.

- Establishment of a global consolidated database (layer 1: consolidated business management, layer 2: digital data infrastructure)
- Overhaul of the core IT system at each business location (maximum use of ERP (Enterprise Resource Planning) packages)
- Standardization of the code that links the IT systems at individual business locations with the consolidated database, and establishment of data integration infrastructure



Establishment of next-generation IT and digital infrastructure that supports digital transformation

In promoting the digital transformation of the Yamaha Motor Group, it is necessary to establish an infrastructure that connects not only the headquarters and business locations, but also plant facilities around the

world, network-connected products, and various other devices. To that end, we are working to design and build next-generation IT infrastructure using new technologies.

Provision of new value and contributions to sales and profits through the use of digital technology and data

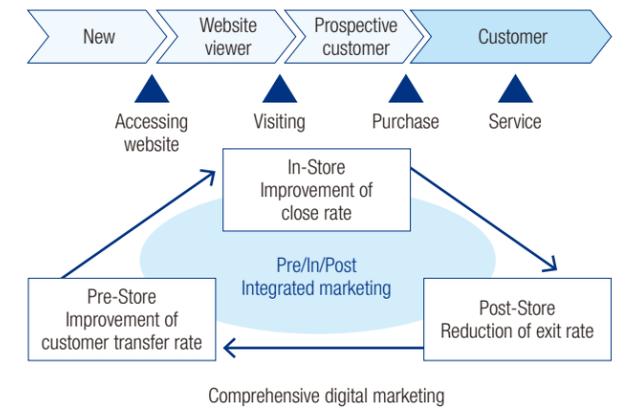
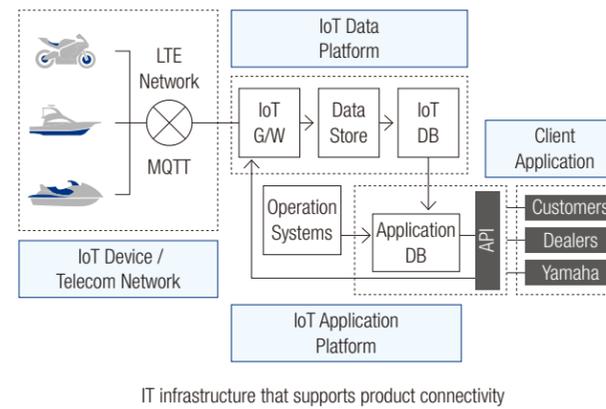
The business environment is undergoing significant changes due to the spread of networks and mobile devices, resulting changes in customer behavior, and the advance of digital technologies such as the IoT (Internet of Things), in which everything is connected to the Internet and

AI. While responding to this new competitive environment, we will regard these changes as opportunities and conduct the following measures to improve the customer experience through the use of digital technology and data, and thereby contribute to sales and profits.

- Provision of new value to customers through the network connection and data utilization of products
- Digital marketing through the omni-channel
- Smart operations
- Establishment of a functional Center of Excellence in data analysis



Training data scientists



Cybersecurity measures

Along with the advance of IoT and the use of digital technologies, the importance of cybersecurity measures is increasing not only for corporate systems and client devices, but also for plant facilities and the various products and services provided by Yamaha Motor. The Yamaha

Motor Group will establish a structure for cybersecurity countermeasures, including IT, OT (operational technology), and products, and steadily take actions regarding cybersecurity.

Flexible use of global consolidated IT resources and global IT governance

The Yamaha Motor Group has approximately 1,800 IT resources globally, including information systems subsidiary Yamaha Motor Solutions Group (Japan, China, and India), IT departments at individual

business locations, and contract employees. We will flexibly use these IT resources and coordinate appropriately with our external partners while promoting the global digital transformation of the Yamaha Motor Group.

Activities to Support Value Creation
Manufacturing

Yamaha Motor's unique theoretical-value-based production

Theoretical-value-based production is a unique initiative by Yamaha Motor and has been implemented at all of its Group companies and business partners. By conducting improvement activities after first drawing up a vision, we try to obtain a much higher output with a different way of thinking compared to a conventional incremental approach. In addition, we seek to achieve contributions to management results by linking these activities with the income statement or balance sheet.

Specifically, this is a unique improvement method through which "value running time," generally known as evaluation benchmark for productivity, is further broken down into value, quasi-value, and no value, and any elements of no value are thoroughly analyzed and minimized.

In addition, it focuses not only on the productivity of people and facilities, but also the lead times for people and goods. We seek to realize a shorter lead time and make improvements in following the market by

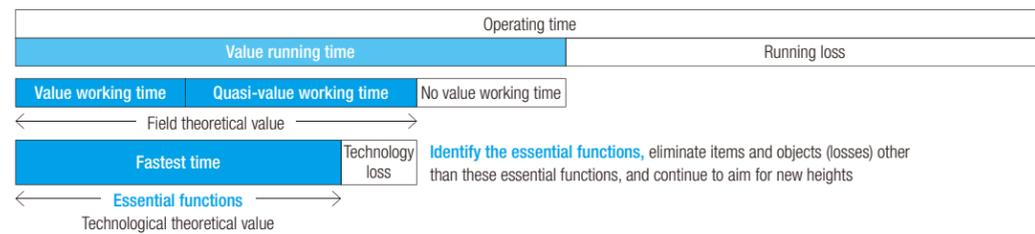
proceeding with the synchronized production of processes with the perspective of overall optimization.

These activities were started in Japan in 2004 and rolled out to Group companies overseas the following year, and have led to positive results within the Company. In 2009, these activities were also implemented at our business partners, and helped to improve the results of our partners that had been affected by the bankruptcy of Lehman Brothers.

Currently, these activities have been implemented at 18 of 34 of Yamaha Motor's overseas production bases.

These activities, which began with motorcycle production, have expanded to the production of outboard motors, robots, swimming pools, and boats. Such activities are also advancing from process improvements to include comprehensive improvements as well as the pursuit of technological theoretical value.

Theoretical-value-based production chart



Development into theoretical-value-based logistics and theoretical-value-based energy

Theoretical-value-based logistics

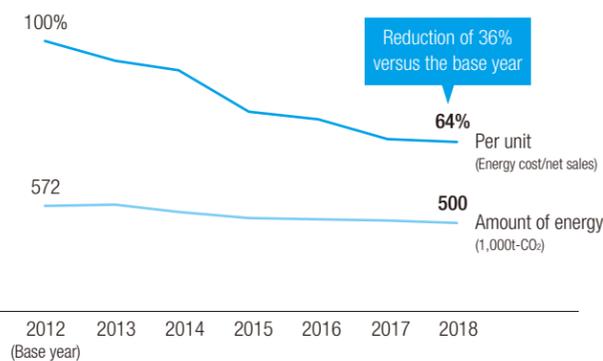
We define value in the same manner as theoretical-value-based production: cooperate with related departments and pursue theoretical value from the perspective of overall optimization through a demand chain approach. We will reduce losses in plant transport logistics and packaging logistics, and implement packaging and logistics based on a global standard.

Theoretical-value-based energy

We pursue energy minimization by defining the theoretically required energy as "value energy," and thoroughly eliminating non-value areas through improvements in both facilities and operations.

We will implement this method at suppliers as well as Group companies in Japan and overseas.

Amount of energy is reduced each year, even with growing sales



Theoretical-value-based procurement

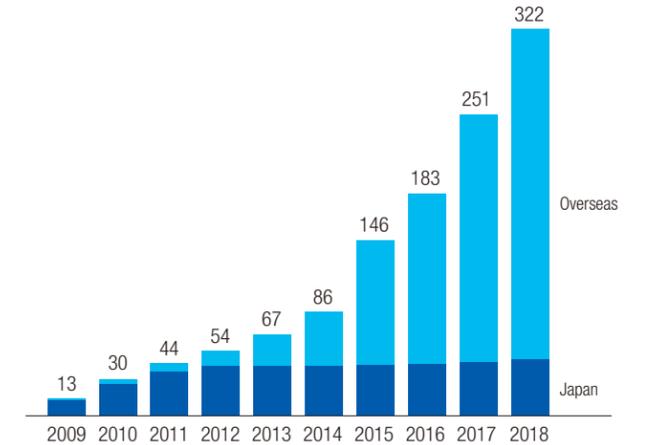
The number of business partners that have implemented theoretical-value-based production has expanded to approximately 330 companies globally. In addition, profitability has increased considerably due to the further pursuit of improvements.

Through this process, strong teamwork is being established between business partners and Yamaha Motor.

Global Suppliers Conference (GSC)

- Held for the seventh time this year since 2013.
- The objective is to share the "Next Yamaha" with suppliers who are our *Monozukuri* (engineering, manufacturing and marketing) partners.
- Participants consisted of a total of approximately 630 members, including 88 companies from 13 countries, 133 companies in Japan, and executives and employees of Yamaha Motor and its subsidiaries.
- Explanations of our Long-Term Vision were provided at *Monozukuri* workshops and conferences.
- Business operations were introduced and awards of excellence were presented to business partners.

Number of companies implementing theoretical-value-based production



MANAGEMENT INTERVIEW



Michael (Mike) Chrzanowski
President of YMMC*

The basic principle of TVP (theoretical-value-based production) is thinking about what is the absolute theoretical best that can be achieved. It's very much a part of manufacturing operations, but I think you can apply it to logistics, design, energy usage, even for process design.

Reducing loss is part of the activity, yes, but loss alone is kind of an isolated focus. TVP is more about total optimization—the absolute best.

Over the last five years, we've had improvement activities inside the company as well as with our suppliers in the United States, and this year we've identified twelve of our core suppliers that we will teach TVP to. We will work with them to help teach them and make improvements.

I think the end goal is showing how the TVP mindset and understanding can be applied to any part of the company. Not just having Manufacturing doing it globally, but how do we do it with facets of product design, quality assurance, quality design, etc.

*YMMC: Yamaha Motor Manufacturing Corporation of America

The Global Yamaha Way in Marketing in Sales

Marketing is an activity that views the needs of customers as the starting point of all corporate activities and pursues sustainable growth by constantly enhancing customer satisfaction. A part of such marketing efforts that should be engaged by members involved in sales and after-sales is called Marketing in Sales (MiS). These activities are based on the wisdom of pioneers who have shouldered the Yamaha brand and developed Yamaha fans, and an approach that has been valued to support the unique style of Yamaha. These are documented as shared values in The Global Yamaha Way in MiS.

Purpose

Dealers, distributors and Yamaha Motor all working in union as Team Yamaha to increase Yamaha customers.
 Pass on Yamaha's shared values and know-how to develop Team Yamaha person.

Principle

[Vision] Continue to Create Lifetime Yamaha Customers
 [Mission] Be Customer-Centric, Think Out of the Box, Be Result-Oriented

People

Yamaha Person/Team is who: Love Yamaha, Act as a Team Player, Be an Expert in Your Job, Commit to Your Promise

GMSM (Global Marketing in Sales Meeting)

Wisdom in MiS tends to be dependent on individuals and is often passed down as tacit knowledge. The GMSM was started in 2015 as a forum for sharing and utilizing such tacit knowledge as explicit knowledge on a global level.

The objective is to improve the competitiveness of Yamaha Motor in global markets by sharing successful cases from countries around the world in accordance with The Global Yamaha Way in MiS, and putting the lessons learned into practice at various customer contact points. To

this end, rather than incorporating these successful cases into a manual to be implemented worldwide, a Teach & Learn approach has been adopted in which participants employ a common framework to organize the facts regarding successful cases, and analyze the factors underlying each success in order to teach each other and learn about the approaches behind these cases. Until now, the GMSM has been held six times, during which 54 success cases have been shared, and have been applied to 35 cases.



Introduction of a successful case—bLU cRU

bLU cRU is a support program to improve loyalty among amateur racing riders and was shared by YMUS (Yamaha Motor Corporation, U.S.A.). It is currently being applied in many markets, including Australia, Canada, Europe, Japan, and Mexico according to their respective market environments, and has developed into a global initiative toward Yamaha Motor lifetime customer development.



MANAGEMENT INTERVIEW

I have participated in the GMSM as a marketing representative from Thai Yamaha Motor Co., Ltd. (TYM) from the first session in 2015. I have had a fantastic time participating in this program and have been inspired by the many wonderful ideas that I was able to incorporate after returning to my home country. We have adopted a sales channel evaluation concept that was presented by Yamaha Motor Canada Ltd. (YMCA) in 2015, and developed a unique system for improving the operational efficiency of dealers in Thailand that continues to this day. In addition, ideas related to digital marketing from Yamaha Motor do Brasil Ltda. have also produced results. These are practical examples of "Think globally, act locally."

This year, I have been assigned as a Marketing Advisor at Yamaha Motor headquarters, responsible for global marketing and strengthening of the brand, and providing advice based on my past experiences at the GMSM. The network of this program is being expanded to countries around the world through the involvement of new members from the new generation. The most interesting aspect of this program is watching the younger generation learn and share new ideas through Yamaha Motor's global network.

Participating members focus primarily on improving customer satisfaction and discussing methods of building deep relationships with customers.

I am confident that such occasions represent good opportunities to nurture the Yamaha brand among members participating in the GMSM. It is clear that this program will allow us to make further improvements to The Global Yamaha Way, through sales and marketing. Let us work together going forward.



Jintana Udomsub
 Corporate Executive Advisor of TYM

Human Resources Development

Framework for the development and placement of global human resources

Overseas sales account for 90% of the net sales of Yamaha Motor. There are over 90 Group companies overseas, with approximately 70,000 employees (including regular employees and non-regular employees) working worldwide.

Under these circumstances, we are promoting the development and implementation of common executive and employee development programs around the world, introduction of global personnel policies for the development and promotion of competitive human resources, and organization building that takes advantage of global experience and knowledge.

In order to provide experience in the global arena and develop knowledge for the future, we have launched a program called the Global Executive Program (GEP). To date, a total of 56 participants from 15 countries have participated in this elite program. Recently, a training

program called YBS-G (Yamaha Business School Global) has also been established for future executives to learn in a richly diverse environment.

The aim of this program is to encourage the promotion of outstanding human resources to management positions regardless of nationality, place of birth or any attributes, and to increase the percentage of local managers holding management positions at overseas subsidiaries to 60%.

The Global Human Resources Development Division was established in 2015 to handle the development of global talent that embodies the Yamaha brand. This division also has the role of placing appropriate human resources in appropriate positions in a timely manner at Group companies around the world. For this reason, we have enabled the evaluation and central management of the duties fulfilled by management positions at Group companies around the world with

MANAGEMENT INTERVIEW

The foundation of our global human resources activities began in 2012, when the first GEP was held. In July of the following year, the first annual global human resources meeting was held at our headquarters. At that time, our global human resources framework was established, and the contents of related activities were specified.

In 2014, global grading (a method of job evaluation) activities standardized for global executive positions were initiated. Successor development activities were also implemented in accordance with the situation. Since then, fine adjustments to these activities have been made and they are now visualized within the HRIS (Human Resources Information System).

In 2014, the RDP (Regional Development Program) was started for human resources development. This program is intended for talent in each region with the aim of preparing to supply talented human resources to YBS-G and GEP in the future. The combination of these three development programs forms a meaningful and systematic global human resource development pyramid.

In addition, we have a development cycle model based on the specific competencies of the Company in order to develop human resources who embody the Yamaha brand. Furthermore, YEP is currently being expanded in terms of both regions and positions. The Company will seize the opportunity for globalization, further strengthen these programs, and provide more employees with opportunities to take on challenges at other Group companies and work at rewarding positions. This will be mutually beneficial for both individual employees and the Company.

Last, the Global Human Resources Development Division has started a project called Global Communication Enhancement. There are plans to improve English and cross-cultural skills of Yamaha Motor Group personnel in order to promote better global communication at the headquarters and Group companies. Global communication aimed at transformation is the key to success and is also in line with the Company's Long-Term Vision.



Melanie Tups
General Manager of the
Global Human Resources
Development Division
Yamaha Motor Co., Ltd.



common criteria and processes.

In 2016, the Yamaha Exchange Program (YEP) was introduced, and human resources from overseas subsidiaries are being assigned to managerial positions of general manager or above at our headquarters.

The current general manager of the Global Human Resources Development Division is a non-Japanese employee who was dispatched to headquarters from Yamaha Motor Europe N.V.

Organization thriving on diversity

Based on its fundamental belief that "all corporate activity originates first of all with and for people," the Company has clearly defined its stance on human rights in the Basic Policies of CSR and the Code of Ethics. Moreover, to maintain continuous growth, we believe it is important that our workforce incorporates diverse viewpoints and values, reflecting different experiences, skills, and attributes.

Promotion of active participation by women

We have set and are pursuing targets of doubling the number of women hired for managerial positions in 2014 by 2020, and to hire three times the 2014 number by 2025.

Utilization of capabilities of people with disabilities

In October 2015, we established Yamaha Motor MIRAI Co., Ltd. to provide a place where people with disabilities can participate actively in accordance with their capabilities and to promote their social independence. Areas of operation are being expanded to areas such as parts packaging, office cleaning, and data entry in an effort to increase job satisfaction and motivation.

Multifaceted human resources development

We are enhancing various human resources development programs at the Company. In addition to stratified training, function-based training, overseas field experience, trainee programs, and support for studying at a university abroad, we also have a coaching program to enhance performance as an organization with cohesive teamwork.

Supporting work-life balance

We aim to create workplaces that promote a healthy work-life balance

for employees at the Company. We are enhancing our systems so that employees can work in ways that suit their individual circumstances, by providing childcare leave, nursing care leave, and family illness leave, as well as systems such as flexible work time, short working hours, and the rehiring of employees who resigned to accompany their spouse on overseas postings.

Workplace safety and health

We strive to prevent occupational accidents by performing risk assessments in accordance with the Occupational Safety and Health Management System to detect potential dangers and harmful conditions in the workplace.

Employee health

We are engaged in a wide variety of initiatives to help employees maintain and improve their health. Because we have many employees stationed overseas, we hold training on infectious diseases and general health management for employees who are scheduled to be stationed overseas prior to posting.

In 2018, we acquired the "Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)" certification from the Ministry of Economy, Trade and Industry as a company and organization that is particularly outstanding in conducting health and productivity management.



Message from the Chairman of the Board of Directors

We will engage in corporate governance that builds on Yamaha Motor's unique style and creates *Kando* that surpasses customer expectations.

Yamaha Motor's corporate governance continues to evolve

With our corporate mission of being a “*Kando* Creating Company,” Yamaha Motor has endlessly pursued the challenge of creating *Kando* that surpasses customer expectations. In line with this, our corporate governance continues to evolve as well.

In 2018, we separated the positions of Chairman of the Board of Directors and President and Chief Executive Officer to achieve more effective corporate governance. We have also restructured the Board of Directors to give more voice to Outside Directors. With four independent Outside Directors and seven internal Directors, Outside Directors now make up more than one-third of the Board. In addition, we have struck a fine balance composition-wise with the experience and specialties of the Directors for more effective management, as clearly indicated by our skill map.

To facilitate substantive and thorough deliberations at Board of Director meetings, we have established a system in which items to be discussed are shared in advance. In addition to providing Outside Directors with sufficient information and firsthand experiences of the business, we also hold monthly management discussion meetings on various themes to deepen their knowledge.

Our free and open-minded corporate culture is also reflected at meetings of the Board of Directors and management discussion meetings. During 2018, 127 proposals were actively deliberated, and of these proposals, roughly 60% were made by Directors and Audit & Supervisory Board Members, about 30% by Executive Officers, and some 10% by other managers. Opinions were discussed on more than

550 issues, with the majority of these initiated by Outside Directors and Outside Audit & Supervisory Board Members, demonstrating that oversight from a third-party perspective is fully in place in the Board of Directors.

With four Outside Directors and three Representative Directors as its members, the Executive Personnel Committee is also fulfilling its duties. During 2018, the position of Chief Executive Officer changed hands, and this year we have completely revised the system for executive remuneration. We will continue to work to ensure that profits are shared with our shareholders over the medium to long term.

Corporate governance to go higher—Creating opportunities and human resources to pursue challenges

Yamaha Motor needs to energize its value creation process to further our sustainable growth. To do this, in addition to separating oversight and execution duties, we are making speedy transfers of authority to managers responsible for execution. Creating opportunities for these officers to pursue challenges is also an important role of corporate governance, and for the three-year period covered by the new Medium-Term Management Plan, we have allocated our growth investment budget of ¥70 billion for research and development and ¥140 billion for investments including mergers and acquisitions.

We are also focusing on the development of management-level human resources. Currently, about 80% of persons in management positions have experience across multiple business fields, roughly 90%

have experience working overseas, and about 50% have served as presidents of subsidiaries. Going forward, we intend to bolster our programs for level-specific training and successor training to foster global talents that embody the Yamaha Motor brand.

Toward further advances in corporate governance

Yamaha Motor's overseas sales currently account for approximately 90% of total net sales. To strengthen our global management capabilities, the Global Executive Committee brings together top executives from key countries to share philosophies and ideals, and 12 global meetings—each for specific functions—are held annually to standardize and refine methods in various fields. We are also working to promote diversity with regard to specializations, nationality and culture, gender, and other areas, to facilitate flexible, good decision-making.

With society undergoing changes at a pace like never before, we need to respond to advances in areas like CASE, artificial intelligence, and digital technology. To be able to provide solutions that deliver value to customers and society, we are emphasizing our corporate culture of creating *Kando* through “Technology × Sensitivity,” and strengthening our corporate governance structure to enhance our global cohesiveness and diversity.

Hiroyuki Yanagi
Chairman and Representative Director



Dialogue between Outside Directors

Corporate governance to support Yamaha Motor's sustainable growth

We asked Outside Directors Takehiro Kamigama and Genichi Tamatsuka for their candid opinions and aspirations regarding Yamaha Motor's Long-Term Vision, initiatives to address social issues, effectiveness of the Board of Directors, and issues for sustainable growth, as well as the roles they hope to fulfill.



Takehiro Kamigama
Outside Director

Genichi Tamatsuka
Outside Director

The role of Yamaha Motor's Outside Directors

Kamigama: I have extensive experience in technology and manufacturing with a *Monozukuri* company, including 10 years as president and 18 years of overseas postings, and I consider it my role to provide advice to management based on that experience. *Monozukuri* involves work that cannot be done if one is not interested or does not enjoy it. I feel that Yamaha Motor is a company with a high degree of awareness of *Monozukuri*, distilled by superior engineers who pursue performance and functionality.

Tamatsuka: Manufacturing is often characterized as the output of products, but given my background in fields like apparel manufacturing and retailing, and convenience stores, which are close to consumers, I look for solutions that originate from a market perspective. I have also been involved with numerous startup companies, and I hope to be able to provide advice from a startup or venture perspective that will spur innovation at Yamaha Motor.

Regarding the Long-Term Vision for 2030

Kamigama: When the Long-Term Vision was first explained to us, the Outside Directors offered a variety of opinions. My advice was to include specifics by addressing up-front the shift to electric vehicles and vehicle sharing, and by incorporating artificial intelligence (AI) as a key term.

Tamatsuka: Both Mr. Kamigama and I are managers, so we are not used to abstract discussion. We are more comfortable talking about how a market is changing, providing *Kando* to a certain customer

segment, or how a business should be organized. Yamaha Motor has many strengths, including manufacturing expertise, quality control, and brand value. Because developments like electric vehicles and vehicle sharing are changes we have not seen before, we need to look closely at how market expectations change, focus investment in priority areas, and create products that markets will value, while transforming Yamaha Motor itself with a sense of urgency.

Regarding the four social issues Yamaha Motor has decided to address: "Environment and resources," "Transportation, education and industry," "Innovation," and "Work-life balance"

Kamigama: Many companies are working to address social issues, but I believe there are still possibilities for Yamaha Motor. It is also necessary to tie social issues to business strategies. Our initial management strategy is to begin by using our management principles as a starting point to select social issues, develop products accordingly, and offer them to customers around the world, and paint a picture of what effects can be expected as a result.

Tamatsuka: Companies that address social issues through their businesses are gaining recognition. In the case of Yamaha Motor, we not only provide *Kando* with "Revs your Heart," but also are able to help address the social issues of aging society, worker shortages, and

climate change through imagination and creativity. I also believe we are expected to make commitments to the resolution of social issues with commitments to do what by what time and what resources to invest, and then make those investments. We are now in an age when startup companies monopolize new markets, so it is important that we act with speed.

Kamigama: Environmental, social, and governance (ESG) issues need to be addressed top-down and globally, so that they are embraced by all employees. That is a very difficult thing to do.

Tamatsuka: I consider it important to incorporate the perspective of social issues in *Monozukuri*. People around the world seek Yamaha

The Board of Directors engages in free and open-minded deliberations, and is organized to ensure thorough discussion.

—Takehiro Kamigama



Motor's high-performance products, but that should not be the only thing we are able to do. It is important to think about social issues and a consumer perspective concretely and realistically, and to tie that into *Monozukuri*.

Evaluating the effectiveness of the Board of Directors

Kamigama: The Board of Directors engages in free and open-minded deliberations. In the case of Yamaha Motor, in addition to taking questions from Outside Directors, other Directors proactively express their opinions and engage in lively deliberations. Meetings of the Board of Directors are designed and organized to ensure thorough discussion, facilitated by Chairman Yanagi.

Tamatsuka: I am impressed by how the annual plan and items of discussion for the Board of Directors are set for various purposes, including deliberating items to be resolved and as research forums to discuss next-generation mobility for the near future. In addition, the Executive Personnel Committee interviews up-and-coming managers and shares information regarding how current management evaluates those candidates. I am impressed by this open culture that provides opportunities to discuss the Company's sustainability.

Kamigama: Many boards of directors operate under tight schedules, with items proposed and directors simply asked to approve them. There are cases where deliberations become tangled or complicated, but at Yamaha Motor, items are presented for approval after several rounds of discussions have been held, so there are no surprises. I think this is very good. It also means that decisions of the Board of Directors are made quickly.

Issues regarding Yamaha Motor's sustainable growth

Kamigama: Yamaha Motor is currently pursuing a variety of initiatives, including reevaluations of the business models for both developed and emerging markets, but going forward, speedy decisions will need to be made regarding new initiatives.

Tamatsuka: I agree. Given the Company's current situation, we are able to distinguish between the areas where we should be investing and areas from which we should withdraw. I think a corporate culture that emphasizes discussion and balance is wonderful, but I believe there are more ways for leadership to be deployed other than being top-down.

Kamigama: It is possible to take a top-down approach, saying "Invest more resources in this area." That is how I did it.

Tamatsuka: I believe the innovation seen in *Monozukuri* and operations from the top-down implementation of a platform strategy and theoretical-value-based production since the global financial crisis has been fantastic. Going forward, however, unlike *Monozukuri* innovation under a top-down approach, I believe we need leadership that can spur new innovation in areas like developing new markets and new types of products. I see now as the time to generate further growth from each of the three pillars of land mobility, marine products, and robotics, and to work toward the creation of a fourth pillar. As a member of the management team, I will work to fulfill my responsibility to spur this new innovation.

Kamigama: I believe it will be difficult to grow in robotics and vehicle sharing with our current internal resources alone. I am, therefore, very open to mergers and acquisitions. I think we should proactively pursue attractive deals, and of course, identify risks, but if mergers and acquisitions are pursued after analyzing risks and recognizing the risks that can be managed, I will be supportive.

Tamatsuka: Yamaha Motor has a valued brand, a corporate culture, superior human resources, and a global network. In a time of drastic changes like we are seeing today, the important thing is speed, and generating greater speed should come from ourselves rather than from external forces. We need to do all we can toward that end. We will provide robust support to achieve this.



Leadership is needed to spur innovation in areas like developing new markets and products.

—Genichi Tamatsuka

Corporate Governance

History of Strengthening the Corporate Governance System

	2000	2001	2007	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Improvement of operating structure			Introduction of Executive Personnel Committee (Nomination/Remuneration Committee)		Operation of Board of Directors + Management Discussion meeting			Establishment of Corporate Governance Guidelines							
										Implementation of the Board evaluation		Abolition of takeover defense measures			
			Introduction of Executive Officer system			Appointment of Outside Directors			Delegation agreement with Executive Officers			Appointment of female Directors and Audit & Supervisory Board Members			
										Appointment of non-Japanese Executive Officers		Separation of Chairman of the Board of Directors and Chief Executive Officer (CEO)			
Executive structure					11	11	10	10	12	11	11	13	11	11	
					7	8	7	7	9	8	8	10	7	7	
					4	3	3	3	3	3	3	4	4	4	
					3	2	2	2	2	2	2	3	4	4	
					1	1	1	0	0	0	0	0	0	1	
Executive remuneration system					Integration of stock options into stock compensation plan							Overall revision of the system (compensation further linked to performance and for long-term incentives)			
					Stabilization of a profitable structure (V-shaped recovery in results)		Toward sustainable growth (expansion of business scale and enhancement of profitability)		A unique company that continues to achieve dynamic milestones (management emphasizing ROE and cash flow)		Taking on the renewed challenge of achieving net sales of ¥2 trillion				
Medium-Term Management Plan					Stabilization of a profitable structure (V-shaped recovery in results)		Toward sustainable growth (expansion of business scale and enhancement of profitability)		A unique company that continues to achieve dynamic milestones (management emphasizing ROE and cash flow)		Taking on the renewed challenge of achieving net sales of ¥2 trillion				

Basic Corporate Governance Policies

The Company's Management Principles and Management Strategies

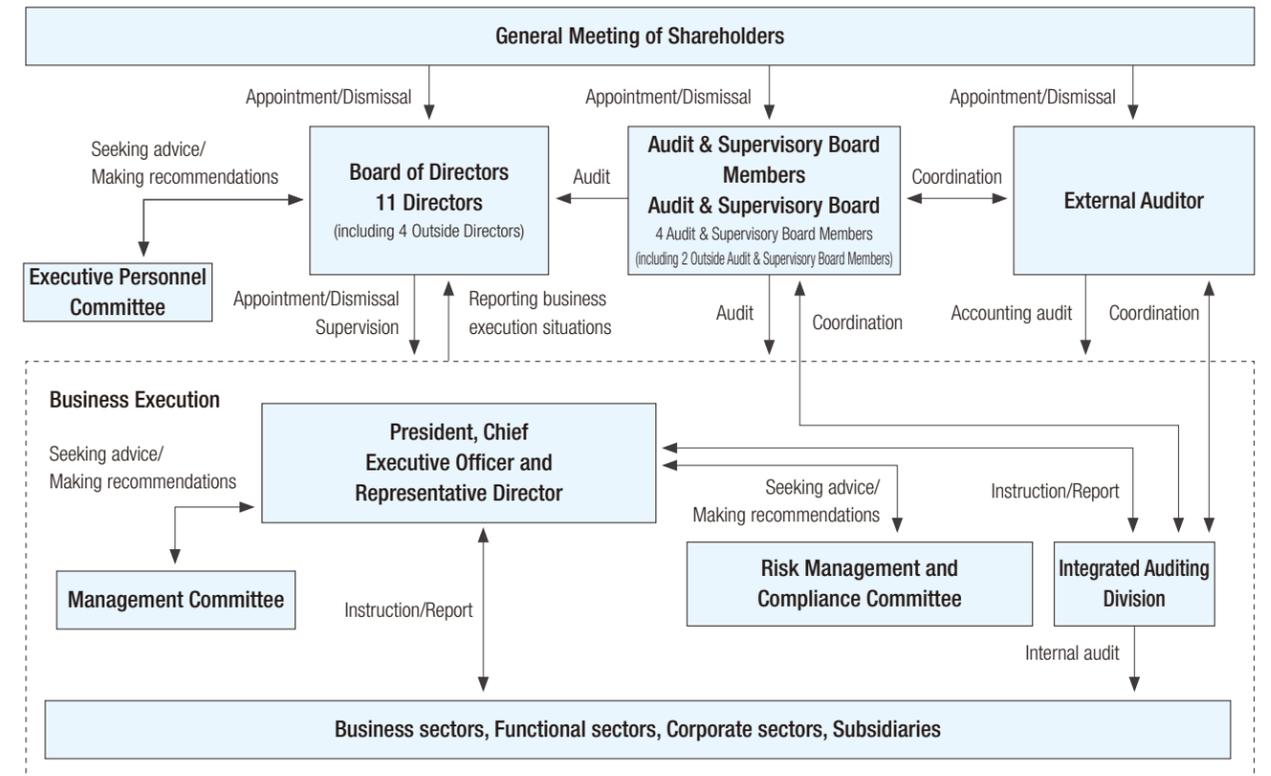
Yamaha Motor's corporate objective is to be a "Kando" Creating Company. We aspire to offer new excitement and a more fulfilling life for people all over the world. To this end, we provide unique and high-quality products and services made available through our technology to interweave human logic with sensibility by continuously striving to achieve "the unique style of Yamaha Motor's engineering, manufacturing and marketing," aiming at creating "new, original and innovative ideas and messages," "technology that creates joy and trust among customers," "attractive designs to express Refined

Dynamism," and "power to build up a lifetime relationship with customers."

We make ongoing efforts to gain recognition from our various stakeholders that "the unique style of Yamaha Motor" constitutes the "Yamaha" brand, and to make our products and services the lifelong preferred choice for stakeholders. We believe that these efforts will enable us to achieve sustainable growth and enhance our medium- to long-term corporate value.

We carry out measures to achieve sustainable growth and enhancement of corporate value under our Long-Term Vision, with an eye on 2030 and the Medium-Term Management Plan that runs for three years from 2019.

Yamaha Motor's Corporate Governance System and Internal Control System (As of March 28, 2019)



Specifically, we carry out strategic investments for growth in such efforts as "Rethinking Solution" unique to Yamaha and "Transforming Mobility," as we implement "Advancing Robotics" as our core technologies. We also expand human possibilities and contribute to the realization of better society and more fulfilling life (through our concept of "ART for Human Possibilities").

Under the medium-term management target, we will take on the renewed challenge of achieving net sales of ¥2 trillion by continuing to grow our existing businesses and developing new ones, targeting an operating income margin at the 9% level. At the same time, we will enhance returns to our shareholders.

*Kando is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

Basic Views on Corporate Governance

To ensure the implementation of the Company's growth strategies for the future, Yamaha Motor's Board of Directors establishes an environment that supports management's appropriate risk-taking and decisive decision-making activities, and multilaterally understands

and appropriately oversees issues and risks associated with the implementation of the Company's management strategies from the viewpoint of fulfilling responsibilities to various stakeholders including shareholders and investors.

This structure is designed to implement speedy and decisive decision making, and appropriate, transparent and fair supervision and monitoring as the Company's corporate governance. Accordingly, we formulate corporate governance guidelines and put them into practice in an appropriate manner.

Corporate Governance Guidelines

https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf

Corporate Governance System Overview

Main items	Value
Organizational design	Company with Audit & Supervisory Board
Number of Directors (number of Outside Directors)	11 (4)
Number of Audit & Supervisory Board Members (number of Outside Audit & Supervisory Board Members)	4 (2)
Number of meetings of Board of Directors (Fiscal 2018)	13
Average attendance by all Directors and Audit & Supervisory Board Members	96.5%
Average attendance by all Directors	96.0%
Average attendance by Outside Directors	94.2%
Average attendance by all Audit & Supervisory Board Members	98.1%
Average attendance by Outside Audit & Supervisory Board Members	96.2%
Number of meetings of Audit & Supervisory Board (Fiscal 2018)	12
Average attendance by all Audit & Supervisory Board Members	97.9% (47/48)
Average attendance by Outside Audit & Supervisory Board Members	95.8% (23/24)
Directors' terms of office	One year
Employment of Executive Officer system	Yes
Optional committees of Board of Directors	Executive Personnel Committee
Auditor	Ernst & Young ShinNihon LLC

Directors and the Board of Directors

The Board of Directors consists of eleven (11) Directors (including four (4) Outside Directors). In principle, the Board of Directors meets monthly, and additionally from time to time as necessary. The Chairman of the Board of Directors is not in charge of any specific field and not involved in business execution.

On the basis of fiduciary responsibilities to shareholders, Directors collect adequate information, understand relevant laws and regulations and other necessary rules, actively express opinions, discuss and make decisions at Board of Directors' meetings, Management Discussion meetings and other important meetings in order to obtain sufficient knowledge on viewpoints and standpoints of various stakeholders including shareholders, and to achieve sustainable growth and medium- to long-term enhancement of corporate value. In fiscal 2018, Management Discussion meetings were held seven times, and the Executive Discussion meeting was held once.

Executive Personnel Committee

Yamaha Motor has established an Executive Personnel Committee, which is involved in nominations and remuneration, as a voluntary advisory body of the Board of Directors, to improve transparency and validity in appointments and dismissals of executives and determining their remuneration, among other objectives. Matters deliberated upon at the Executive Personnel Committee are reported to the Board of Directors.

In the role related to "nominations," the Executive Personnel Committee deliberates upon the appointments and dismissals of the Chief Executive Officer, Directors, Audit & Supervisory Board Members and Executive Officers, as well as the selection of candidates for such senior management positions and their development plans, while confirming future management strategies and personnel requirements for putting them into practice, among other things.

In the role related to "remuneration," the Executive Personnel Committee deliberates upon and determines the evaluation standards and remuneration system for the Chief Executive Officer, Directors and Executive Officers. The Executive Personnel Committee also evaluates the performance of the Company and individuals based on contributions to medium- to long-term corporate growth and business performance for the said fiscal year, in order to deliberate upon the compensation linked to performance for such senior management within the limits of total remuneration resolved at the General Meeting of Shareholders.

To ensure the transparency and effectiveness of the deliberation process, which is the purpose for establishing the Executive Personnel Committee, as well as to ensure the validity of matters reported to the Board of Directors' meetings, the majority of the members of the Executive Personnel Committee consists of Outside Directors, and the meeting of the Executive Personnel Committee is held more than six times a year, in principle. The current members are as follows:

Chairman: Chairman and Representative Director	Hiroyuki Yanagi
Committee member: President and Representative Director	Yoshihiro Hidaka
Committee member: Representative Director	Katsuaki Watanabe
Committee member: Outside Director (Independent)	Takuya Nakata
Committee member: Outside Director (Independent)	Genichi Tamatsuka
Committee member: Outside Director (Independent)	Takehiro Kamigama
Committee member: Outside Director (Independent)	Yuko Tashiro

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members are made up of two (2) Standing Audit & Supervisory Board Members and two (2) Independent Outside Audit & Supervisory Board Members. In principle, the Audit & Supervisory Board meets monthly, and additionally from time to time as necessary. On the basis of fiduciary responsibilities to shareholders, Audit & Supervisory Board Members and the Audit & Supervisory Board, as a body independent from the Board of Directors, request the Company and its subsidiaries to submit reports on their business

activities in accordance with laws and regulations, survey the status of business operations and property, exercise rights in respect of appointing or dismissing an External Accounting Auditor and audit compensation, attend meetings of the Board of Directors and other important meetings, and provide opinions as needed. Through these tasks, Audit & Supervisory Board Members and the Audit & Supervisory Board audit the legality and appropriateness of Directors' execution of duties, internal control systems, and the performance and financial position of the Company and its subsidiaries. An Audit & Supervisory Board Members' Office, with a dedicated staff of two (2) persons, has been established to assist the Audit & Supervisory Board Members with their audit and supervisory operations.

Executive Officers and Management Committee, etc.

The Company has twenty-eight (28) Executive Officers, of whom six (6) serve concurrently as Directors. A Management Committee, comprising ten (10) Executive Officers with specific posts, has been established to deliberate on matters of business execution, speeding up the Company's decision-making process. In principle, the Management Committee meets at least monthly, and additionally from time to time as necessary. In fiscal 2018, 23 meetings of the Management Committee were held.

In addition, a Global Executive Committee has been established to deliberate on important management policies and issues related to the Group's management. The Global Executive Committee includes the Company's President and Chief Executive Officer, all Executive Officers with specific posts, and senior local managers of major Group companies, and has forty-three (43) members, of whom twenty-seven (27) are Japanese and sixteen (16) are non-Japanese. In principle, the Global Executive Committee meets at least once annually, and additionally from time to time as necessary. In fiscal 2018, two meetings of the Global Executive Committee were held.

Independent Outside Directors and Outside Audit & Supervisory Board Members

Yamaha Motor appoints Independent Outside Directors in accordance with its "Standards for Selecting Independent Outside Officers," which are disclosed to the public.

Independent Outside Directors are expected to independently and objectively oversee conflicts of interest between the Company's management and shareholders from social perspectives and from the standpoints of various stakeholders including shareholders and investors. They are also expected to actively provide the Company with advice on management policies and improvements.

Independent Outside Directors and Outside Audit & Supervisory Board Members endeavor to understand a complete view of Yamaha Motor's business operations by inspecting the minutes and reference materials of Management Committee meetings and other important meetings, and by visiting its worldwide development, procurement,

Appointment of Outside Directors and Outside Audit & Supervisory Board Members

Position	Name	Reasons for appointment
Outside Directors	Takuya Nakata	The Company nominated Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his wide range of insights and his ample experience in management as Director, President and Representative Executive Officer of Yamaha Corporation, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Genichi Tamatsuka	The Company nominated Genichi Tamatsuka as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his wide range of insights and his ample experience in management, through his experiences in various managerial positions, including as a representative director for several companies. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Takehiro Kamigama	The Company nominated Takehiro Kamigama as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his wide range of insights and his ample experience in management and technology, through his experiences in various managerial positions, including as a representative director at a global company. He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Yuko Tashiro	The Company nominated Yuko Tashiro as an Outside Director in the belief that she will provide valuable advice and supervision regarding the Company's management based on her wide range of insights and her ample experience of management based on her experiences in various managerial positions, including financial manager and the representative director of several companies. She meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of her designation as an Outside Officer.
Outside Audit & Supervisory Board Members	Masahiko Ikaga	The Company nominated Masahiko Ikaga as an Outside Audit & Supervisory Board Member in the belief that he will utilize his significant expertise as a certified public accountant, as well as his ample knowledge and experience as a company executive and an outside officer for a corporation, in performing his duties as one of the Company's Audit & Supervisory Board Members (Outside). He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.
	Masatake Yone	The Company nominated Masatake Yone as an Outside Audit & Supervisory Board Member in the belief that he will utilize his extensive expertise as an attorney and his ample knowledge and experience as an outside officer at corporations in performing his duty as the Company's Audit & Supervisory Board Member (Outside). He meets the requirements for independence stipulated by the Tokyo Stock Exchange and the "Standards for Selecting Independent Outside Officers," and the Tokyo Stock Exchange has been duly notified of his designation as an Outside Officer.

production and sales locations and markets. They attend the Management Discussion meeting held after the Board of Directors' meetings on a regular basis, and the Executive Discussion meeting held more than once a year to openly exchange opinions on the Company's medium- to long-term management strategies and important management matters.

Summary of "Standards for Selecting Independent Outside Officers"

I. Independent Outside Officers may not be:

1. Employees or former employees of the Company
 2. Major shareholders
 3. Individuals in a "major customer" relationship with our corporate group
 4. Individuals from companies that have accepted a director from Yamaha Motor Group
 5. Individuals with some other type of vested interest in the Group
 6. Individuals who might have a conflict of interest with our general shareholders
 7. In office more than 8 years
- Moreover, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned above in 1 through 5 may not be officers.

II. Individuals, despite being applicable to any of the 2 to 5 above, may be elected as independent outside officers of the Company if they, in view of their personality and insight, are believed suitable as independent outside officers of the Company on the condition that the individuals meet the requirements of an outside director as required under the Companies Act, and that a public disclosure is

made to explain the reasons for electing them as independent outside officers of the Company.

For the full text of the "Standards for Selecting Independent Outside Officers," please visit our website.
https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf

Risk Management and Compliance Committee

A Risk Management and Compliance Committee, comprising ten (10) Executive Officers with specific posts, has been established to deliberate measures related to risk management and compliance. In principle, the Risk Management and Compliance Committee meets at least twice annually, and additionally from time to time as necessary.

Internal Auditing

The Integrated Auditing Division, with twenty-nine (29) members and reporting directly to the President and Chief Executive Officer, has been established as an internal auditing sector to audit the appropriateness of operational activities at the Company and its subsidiaries. In addition, internal audit functions have been installed at major subsidiaries, working together with the Company's internal auditing sector to audit divisions and subsidiaries.

Remuneration System for Directors and Executive Officers

Remuneration is to be comprised of basic compensation (fixed remuneration), compensation linked to performance, and share remuneration. The proportions of basic compensation: compensation linked to performance: share remuneration for the President and Representative Director is to be set at roughly 50%:30%:20% of the reference amount. For other Directors and Executive Officers, the amounts are to be determined bearing in mind their duties and

remuneration level, etc., with reference to the President and Representative Director. As the role of Outside Directors and Audit & Supervisory Board Members is to provide supervision and advice regarding management from an objective and independent perspective, they are only paid fixed basic compensation.

The Representative Director is to only be paid the whole-company performance-based bonus component of the compensation linked to performance. The compensation linked to performance of other Directors and Executive Officers are to be comprised of a whole-company performance-based bonus and an individual performance-based bonus. The total amount of the whole-company performance-based bonus of Directors is to be payable up to 0.5% of the net income attributable to owners of parents of the previous consolidated fiscal year. The individual performance-based bonus will be determined within the scope of 0-2 times the reference amount specified for each position, bearing in mind the extent of target achievement or the degree of progress, etc. for each evaluation indicators set in advance.

Share remuneration will be provided through issuing shares with restriction on transfer once each year based on the reference amount specified for each position.

In order to ensure the appropriateness as well as the transparency and feasibility of the discussion process regarding items relating to executive remuneration, determination will be made by the Board of Directors after discussion and reporting by the Executive Personnel Committee, which the Company has established voluntarily.

The Board Evaluation

Pursuant to Yamaha Motor's Corporate Governance Guidelines, the Board of Directors analyzes and evaluates the effectiveness of roles and responsibilities of the Board as a whole on a yearly basis. The analysis and evaluation are carried out from the following perspectives and a summary of the results is appropriately disclosed.

(Evaluation perspectives)

1. Roles and responsibilities of Directors and the Board of Directors
2. Relationships between the Board of Directors and senior management (Executive Officers)
3. Organizational design and composition of the Board of Directors, etc.
4. Qualifications held and knowledge of Directors and the Board of Directors
5. Deliberation at the meetings of the Board of Directors
6. Relationships and dialogue with shareholders
7. Dealing with stakeholders other than shareholders

(Evaluation process)

The effectiveness of the Board of Directors was evaluated using the following process with the Corporate Planning Division acting as the secretariat.

- Self-Evaluation Survey by updated questionnaire, based on seven evaluation perspectives regarding the aims of the Board of Directors and past evaluation results.
- Conduct board investigations, analysis of the Self-Evaluation Survey responses, and interviews implemented by a third party.
- Analyze the Self-Evaluation and Third-Party Evaluation results, and confirm the status of improvement, compared with the previous year's evaluation.
- Share the results of the evaluation of effectiveness and deliberate the issues to be addressed at the Board of Directors' meetings based on the results of the analysis.

(Evaluation results)

It was confirmed that the Board of Directors continued to proactively hold effective discussions and implement creative initiatives to realize the medium- to long-term enhancement of corporate value and sustainable growth, and the effectiveness was sufficiently assured toward the achievement of the Long-Term Vision, with an eye on 2030 and the Medium-Term Management Plan from 2019.

In particular, it was highly evaluated that the comments made by Outside Directors and Audit & Supervisory Board Members were fully respected, a climate was fostered in which constructive discussion and exchange of opinions were carried out, and the roles of Directors and the Board of Directors were clarified and shared. It was also confirmed that key issues regarding Yamaha Motor's management strategy have been appropriately discussed.

It was confirmed that there was no significant difference in the effectiveness of the Board of Directors between the prior Self-Evaluation and the Third-Party Evaluation.

We will continue to push ahead with improvement measures to address the issues highlighted based on the evaluation and implement creative initiatives to further improve effectiveness by regularly involving a third party in the evaluation process.

Remuneration for Directors and Audit & Supervisory Board Members

Remuneration for Directors and Audit & Supervisory Board Members for fiscal 2018 is as follows:

(Millions of yen)

Officer classification	Basic compensation	Compensation linked to performance		Stock compensation plan	Total
		Directors' bonuses	Compensation linked to each Director's individual performance		
Directors (15)	359	268	41	50	721
Of which, Outside Directors (5)	(36)	—	—	—	(36)
Audit & Supervisory Board Members (4)	77	—	—	—	77
Of which, Audit & Supervisory Board Members (Outside) (2)	(18)	—	—	—	(18)
Total	437	268	41	50	799

Notes: 1. The annual amount of remuneration for Directors excluding Directors' bonuses shall be ¥540 million or less (including ¥50 million or less for Outside Directors), and the annual amount of remuneration for Audit & Supervisory Board Members shall be ¥90 million or less.

2. The above Directors' bonuses in Compensation linked to performance are the amount scheduled to be paid.

3. The above figures include 4 Directors who retired at the conclusion of the 83rd Ordinary General Meeting of Shareholders held in 2018.

4. In addition to the remuneration listed above, ¥46 million was paid as salaries to Directors who serve concurrently as employees.

Directors and Audit & Supervisory Board Members

As of April 1, 2019



**Chairman and Representative Director
Hiroyuki Yanagi**

April 1978: Joined the Company
 March 2009: Senior Executive Officer, Chief General Manager of Manufacturing Center
 November 2009: Senior Executive Officer, Senior General Manager of MC Business Section, MC Business Operations
 March 2010: President, Chief Executive Officer and Representative Director
 June 2011: Outside Director of Yamaha Corporation
 January 2012: President, Chief Executive Officer and Representative Director, Chief General Manager of MC Business Operations
 January 2015: President, Chief Executive Officer and Representative Director
 January 2018: Chairman and Representative Director (to present)
 March 2019: Outside Director of AGC Inc. (to present)
 March 2019: Outside Director of Kinri Holdings Company, Limited (to present)



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

April 1987: Joined the Company
 July 2010: Vice President of Yamaha Motor Corporation, U.S.A.
 March 2017: Senior Executive Officer and Director, Executive General Manager of Corporate Planning & Finance Center
 January 2018: President, Chief Executive Officer and Representative Director (to present)
 June 2018: Outside Director of Yamaha Corporation (to present)



**Executive Vice President and Representative Director
Katsuaki Watanabe**

April 1982: Joined the Company
 March 2011: Senior Executive Officer and Chief General Manager of Manufacturing Center
 April 2013: Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of Manufacturing Center
 January 2015: Senior Executive Officer and Director, Chief General Manager of MC Business Operations and Executive General Manager of 1st Business Unit, MC Business Operations
 March 2016: Managing Executive Officer and Director, Chief General Manager of MC Business Operations
 January 2018: Executive Vice President and Representative Director (to present)



**Director (Outside)
Takuya Nakata**

April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)
 October 2005: General Manager of PAV/MI Division of Yamaha Corporation
 June 2006: Executive Officer of Yamaha Corporation
 June 2009: Director & Executive Officer of Yamaha Corporation
 April 2010: President of Yamaha Corporation of America
 June 2010: Senior Executive Officer of Yamaha Corporation
 June 2013: President and Representative Director of Yamaha Corporation
 March 2014: Outside Director (to present)
 June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)



**Director (Outside)
Genichi Tamatsuka**

April 1985: Joined ASAHI GLASS CO., LTD. (currently AGC Inc.)
 July 1998: Joined IBM Japan, Ltd.
 December 1998: Joined FAST RETAILING CO., LTD.
 November 2002: President and Representative Director, and COO of FAST RETAILING CO., LTD.
 September 2005: Founder and Representative Director and COO of Revamp Corporation
 November 2010: Advisor of Lawson, Inc.
 March 2011: Senior Executive Vice President and COO of Lawson, Inc.
 May 2012: Member of the Board, Senior Executive Vice President and COO of Lawson, Inc.
 May 2013: Member of the Board, Representative Executive Officer and COO of Lawson, Inc.
 May 2014: President and CEO, Representative Director of Lawson, Inc.
 June 2015: Outside Director of AIG Japan Holdings KK (to present)
 June 2016: Chairman and CEO, Representative Director of Lawson, Inc.
 March 2017: Chairman of the Board, Representative Director of Lawson, Inc.
 March 2017: Outside Director (to present)
 June 2017: President and CEO of Hearts United Group Co., Ltd. (currently DIGITAL HEARTS HOLDINGS Co., Ltd.) (to present)
 September 2017: Outside Director of a dot co., ltd (to present)
 October 2017: Outside Director of Rakus, Inc. (to present)



**Director (Outside)
Takehiro Kamigama**

April 1981: Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
 June 2002: Corporate Officer of TDK Corporation
 June 2003: Senior Vice President of TDK Corporation
 June 2004: Director & Executive Vice President of TDK Corporation
 June 2006: President & Representative Director of TDK Corporation
 June 2016: Chairman & Representative Director of TDK Corporation
 June 2017: Outside Director of OMRON Corporation (to present)
 March 2018: Outside Director (to present)
 June 2018: External Director of SoftBank Corp. (to present)
 June 2018: Mission Executive of TDK Corporation (to present)



**Director (Outside)
Yuko Tashiro**

June 1986: Joined KPMG LLP
 July 1995: Partner of KPMG LLP
 November 2000: Sourcing Leader of GE Corporate Japan of General Electric International Inc.
 July 2003: Chief Financial Officer of PHOENIX RESORT CO., LTD.
 April 2005: Director, Chief Operating Officer and Chief Financial Officer of Aon Holdings Japan, Ltd.
 April 2010: Representative Director of TS Associates, Ltd.
 June 2012: Outside Director of Accordia Golf co., Ltd.
 March 2016: Auditor (External) of McDonald's Holdings Company (Japan), Ltd. (to present)
 June 2016: Representative Director, President and Chief Executive Officer of Accordia Golf co., Ltd.
 January 2018: Director and Chairman of the board of Accordia Golf co., Ltd.
 April 2018: Representative Director, Chairman of the board and President, CEO of Accordia Golf co., Ltd. (to present)
 March 2019: Outside Director (to present)



**Director
Managing Executive Officer
Toshizumi Kato**

June 1986: Joined the Company
 January 2011: Director and President of Yamaha Motor Corporation, U.S.A.
 March 2012: Senior Executive Officer
 March 2014: Senior Executive Officer and Director
 January 2016: Senior Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations
 March 2016: Managing Executive Officer and Director, Chief General Manager of Vehicle & Solution Business Operations
 January 2018: Managing Executive Officer and Director (to present)



**Director
Managing Executive Officer
Katsuhito Yamaji**

April 1982: Joined the Company
 April 2003: Director of Yamaha Motor da Amazonia Ltda.
 March 2015: Senior Executive Officer, Chief General Manager of Manufacturing Center
 March 2017: Senior Executive Officer and Director, Chief General Manager of Manufacturing Center (to present)
 January 2018: Senior Executive Officer and Director
 March 2019: Managing Executive Officer and Director (to present)



**Standing Audit & Supervisory Board Member
Kenji Hironaga**

April 1982: Joined the Company
 February 2010: General Manager of Human Resources Development Division, Human Resources & General Affairs Section
 September 2014: Chief General Manager in charge of planning, Audit & Supervisory Board Member's Office
 March 2015: Audit & Supervisory Board Member (to present)



**Standing Audit & Supervisory Board Member
Junzo Saitoh**

November 1985: Joined the Company
 February 2008: General Manager of Legal & Intellectual Property Division
 April 2011: Representative Director and President of Yamaha Motor Espana S.A.
 May 2012: Vice President of Yamaha Motor Europe N.V.
 March 2017: Senior Executive Officer
 March 2019: Audit & Supervisory Board Member (to present)



**Audit & Supervisory Board Member (Outside)
Masahiko Ikaga**

October 1979: Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)
 March 1988: Registered as a certified public accountant
 May 1988: Director of Tohmatsu Touche Ross Consulting Co., Ltd. (currently ABeam Consulting Ltd.)
 May 1990: Partner of Tohmatsu Awoki & Co.
 April 1993: Director of Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)
 March 2000: Representative Director and President of Tohmatsu Consulting Co., Ltd.
 October 2010: Chairman and Director of Tohmatsu Consulting Co., Ltd.
 November 2013: CSO of Deloitte Touche Tohmatsu LLC
 April 2016: Established Masahiko Ikaga Certified Public Accounting Office
 May 2016: Representative Director of PrajnaLink Co., Ltd. (to present)
 June 2016: External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. (to present)
 March 2017: Outside Audit & Supervisory Board Member (to present)
 June 2017: Outside Director of RYOBI LIMITED (to present)



**Audit & Supervisory Board Member (Outside)
Masatake Yone**

April 1981: Registered as an Attorney
 March 1987: Registered as a New York State Attorney
 July 1987: Joined Mori Sogo (currently Mori Hamada & Matsumoto)
 January 1989: Partner Attorney of Mori Hamada & Matsumoto (to present)
 April 2000: Lecturer at Graduate School of International Corporate Strategy, Hitotsubashi University
 March 2008: Outside Director of GCA Sawian Group Corporation (currently GCA Corporation)
 April 2011: Vice President of Daini Tokyo Bar Association
 June 2011: Outside Corporate Auditor of BANDAI NAMCO Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (to present)
 June 2013: Audit and Supervisory Board Member (External) of Tenumo Corporation
 June 2015: Independent Director (Audit/Supervisory Committee Member) of Tenumo Corporation (to present)
 March 2016: Outside Director (Audit & Supervisory Committee Member) of GCA Corporation (to present)
 March 2019: Outside Audit & Supervisory Board Member (to present)



**Director
Senior Executive Officer
Makoto Shimamoto**

April 1983: Joined the Company
 March 2015: Senior Executive Officer, Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit
 January 2017: Senior Executive Officer, Chief General Manager of Technology Center and Chief General Manager of PF Model Unit
 March 2017: Senior Executive Officer and Director, Chief General Manager of Technology Center and Chief General Manager of PF Model Unit
 January 2018: Senior Executive Officer and Director, Chief General Manager of Mobility Technology Center (to present)



**Director
Senior Executive Officer
Tatsumi Okawa**

April 1986: Joined the Company
 January 2015: Director and President of Yamaha Motor Corporation, U.S.A.
 March 2018: Senior Executive Officer and Director, Chief General Manager of Corporate Planning & Finance Center (to present)

MC: Motorcycle
 PF: Platform

Composition of Directors and Audit & Supervisory Board Members

As of April 1, 2019

	Field in charge	Corporate Management/ Expertise	Manufacturing/ Technology/ R&D	Sales/ Marketing	Accounting/ Finance/ M&A	IT/Digital Technology	Human Resources/ Labor/ Personnel Development	Legal/ Risk Management	Global Experience
	Hiroyuki Yanagi	○	○						○
	Yoshihiro Hidaka	Marine/ Human Resources ○			○				○
	Katsuaki Watanabe	Motorcycle/ Advanced Technology ○	○						○
	Toshizumi Kato	Solution		○	○				○
	Katsuhito Yamaji	Manufacturing/Procurement	○						○
Directors	Makoto Shimamoto	Vehicle Development/ Design	○						○
	Tatsumi Okawa	Planning/ Finance/IT		○	○	○			○
	Takuya Nakata Outside		○	○	○				○
	Genichi Tamatsuka Outside		○	○		○			○
	Takehiro Kamigama Outside		○	○	○				○
	Yuko Tashiro Outside (New)		○	○	○				○
Audit & Supervisory Board Members	Kenji Hironaga						○	○	
	Junzo Saitoh (New)						○	○	○
	Masahiko Ikaga Outside		○		○			○	○
	Masatake Yone Outside (New)		○		○			○	○

Executive Officers

As of April 1, 2019

Executive Officers

President and Chief Executive Officer Yoshihiro Hidaka	Executive Vice President Katsuaki Watanabe			
Managing Executive Officer Toshizumi Kato	Managing Executive Officer Katsuhito Yamaji			
Senior Executive Officer Makoto Shimamoto Chief General Manager of Mobility Technology Center	Senior Executive Officer Tatsumi Okawa Chief General Manager of Corporate Planning & Finance Center	Senior Executive Officer Hiroaki Fujita Chief General Manager of Advanced Technology Center	Senior Executive Officer Kazuhiro Kuwata President of Yamaha Motor Corporation, U.S.A.	Senior Executive Officer Hirofumi Usui Chief General Manager of Marine Business Operations
Senior Executive Officer Heiji Maruyama Chief General Manager of Powertrain Unit, Senior General Manager of Powertrain Planning Section, Powertrain Unit, Chief General Manager in charge of Automotive Business, and Chief General Manager in charge of Mobility Planning, Mobility Technology Center	Senior Executive Officer Satohiko Matsuyama Chief General Manager of Manufacturing Center			
Executive Officer Akihiro Nagaya Chief General Manager of Design Center	Executive Officer Minoru Morimoto President of PT. Yamaha Indonesia Motor Manufacturing	Executive Officer Yasuo Tanaka Chief General Manager of CS Center	Executive Officer Motofumi Shitara Managing Director of Yamaha Motor India Pvt. Ltd., Managing Director of India Yamaha Motor Pvt. Ltd., and Managing Director of Yamaha Motor India Sales Pvt. Ltd.	Executive Officer Eric de Seynes President of Yamaha Motor Europe N.V.
Executive Officer Dyonisius Beti COO of PT. Yamaha Indonesia Motor Manufacturing	Executive Officer Toshihiro Nozue Senior General Manager of Marine Engine Section, Marine Business Operations	Executive Officer Satoshi Hirose Deputy Chief General Manager of Manufacturing Center and Senior General Manager of Manufacturing Section, Manufacturing Center	Executive Officer Hiroyuki Ota Chief General Manager of Solution Business Operations	Executive Officer Itaru Otani Chief General Manager of Human Resources & General Affairs Center
Executive Officer Takeo Noda Deputy Chief General Manager of Corporate Planning & Finance Center	Executive Officer Toshiaki Ibata Senior General Manager of Boat Section, Marine Business Operations	Executive Officer Toyoshi Nishida Chief General Manager of PF Model Unit	Executive Officer Takuya Kinoshita Chief General Manager of Motorcycle Business Operations	Executive Officer Norio Yamada Chief General Manager of IT Center
Executive Officer Tatsuya Masuda Chief General Manager of Procurement Center	Executive Officer Kenichi Muraki Chief General Manager of Manufacturing Technology Center			

CS: Customer Service
PF: Platform
IT: Information Technology

Risk Management

An introduction to the Yamaha Motor Group's initiatives in the areas of risk management, crisis management, and business continuity

Risk Management Structure

Based on the Rules of Risk Management, the risk management structure works toward the thorough reduction of risks on a Groupwide basis, and is led by the Risk Management and Compliance Committee and its subordinate council, the Risk Management and Compliance Promotion Meeting, which is comprised of the risk management supervising section and divisions in charge of risk management. The Committee, chaired by the President and Chief Executive Officer, monitors risk on a Groupwide basis while also designating significant risks at the Group level to be tackled as priorities and checking on activities to address risk.

Furthermore, the divisions in charge of risk management formulate response policies and rules for the risks under their charge, promote activities to address risk based on these response policies, etc., and monitor activities at headquarters divisions and Group companies.



Risk Management Activity Cycle

Risk management activities are promoted through the repetition of the following PDCA (plan, do, check, and act) cycle. The Yamaha Motor Group has prepared a risk management ledger of all risks that need to be covered, and works to reduce risk by appropriately managing and operating the risk management ledger.



Significant Risks at the Group Level

Each year, risks that need to be prevented and addressed with special priority are determined to be significant risks at the Group level. In addition to the results of risk assessment at the Group level, significant risks at the Group level can be comprehensively determined and designated based on the Group's business strategy, legal and regulatory changes inside or outside the Group, or other developments, including information concerning the likelihood of a risk event occurring or the operating environment.

Fiscal 2019 Significant Risks at the Group Level

	Background	Measures
Natural disasters	The main Group manufacturing plants in Japan are concentrated near the epicenter of the predicted Nankai Trough Megaquake, and measures must be taken to prepare for typhoons and other natural disasters. Natural disasters have, therefore, been designated as significant risks.	The Group is promoting measures to deal with the scenario of a Nankai Trough Megaquake as well as measures to address earthquakes, typhoons, and other natural disasters.
Violation of laws and regulations concerning product quality	Compliance with regard to product quality is a fundamental and important issue for manufacturers. Further strengthening the structures put in place by the Group to prevent the violation of laws and regulations is necessary. Violation of laws and regulations concerning product quality has, therefore, been designated as a significant risk.	The Group is striving to gain information regarding the establishment of and changes to laws and regulations concerning product quality. In addition, the Group is working to create mechanisms that reflect this information appropriately in in-house regulations and standards, while pursuing improvement activities and other efforts.
Major accidents involving a Yamaha product	A major accident involving a Yamaha product is one of the causes of market penalties such as large-scale recalls. The Group must make continual efforts to eliminate the occurrence of such incidents. Major accidents involving a Yamaha product have, therefore, been designated as significant risks.	The Group is promoting information-gathering activities linked to product accidents and making efforts to raise quality awareness among all employees ("I am Yamaha" activities).
Cybersecurity	The degree of reliance on and the importance of information systems within the Group's business activities is increasing. Measures are needed to prevent leaks of personal or confidential information, information system damage, etc., caused by cyberattacks and computer virus infections. Cybersecurity has, therefore, been designated as a significant risk.	The Group is taking measures covering both tangible and intangible aspects of cybersecurity to increase protection against external attacks, to detect an attack at an early stage, and to minimize the damage in the event of an attack.

Crisis Management Structure and Activities

The Yamaha Motor Group works to minimize the damage from and quickly resolve crisis situations as per the "Rules for Initial Response to an Emergency."

In the event of a disaster, accident, or compliance-related incident at the Group, the division involved will report to the risk management supervising section or the divisions in charge of risk management as per standards for determining the level of reporting, which are set in advance. If the reported event is of a scale significant enough to warrant the involvement of Group management or multiple divisions and/or companies, the risk management supervising section will refer the matter to a response team designated in advance, and an Emergency Countermeasure Headquarters chaired by the President will be established. The headquarters will work to understand the situation and formulate a provisional response, and if necessary, will promptly report on the matter to customers and related parties.

Management of Information

The Yamaha Motor Group formulated the Yamaha Motor Group—Privacy Policy in 2003 and complies with the local laws and regulations related to the protection of personal information in each of the countries in which it operates. In Japan, we responded proactively to the introduction of the My Number system in 2016 by formulating the Yamaha Motor Group Detailed Operational Guidelines relating to the Protection of Designated Personal Information in 2015. We have also reflected the 2017 revisions to the Act on the Protection of Personal Information in the previously formulated Group Operational Guidelines for Protecting Personal Information and expanded coverage to the Group's subsidiaries in Japan. As for the GDPR (General Data Protection Regulation) enacted in Europe in 2018, Yamaha Motor Europe N.V. and the Company are working together toward global compliance.

Employees handling personal information undergo training and education via compliance seminars held by the risk management supervising section and e-training. The divisions in charge of risk management also provide direct advice and guidance and other measures to ensure that customer information is handled appropriately.

Business Continuity Planning

To prepare against envisioned risks that could impact the continuity of our business, Yamaha Motor has formulated "Rules of Business Continuity" and responds as per those Rules.

Yamaha Motor's primary operations are concentrated in Shizuoka Prefecture, and could be affected if a major earthquake were to occur in the Nankai Trough. To prepare for this, we have formulated a Business Continuity Plan to maintain the continuity of business operations based on the damage projected by government bodies, and are placing foremost priority on the lives and safety of our employees.

Specifically, buildings and equipment have been made earthquake- and tsunami-resistant, emergency stockpiles of food, water, and other essentials are maintained, emergency methods for telecommunications are in place, and Companywide evacuation drills (including at Group companies located nearby and night drills) and safety confirmation drills are carried out regularly. Also, regular initial response drills are carried out at the headquarters and individual business units, procedures to restore operations have been clarified, and a system for gathering supply chain information is in place. These and other measures addressing both tangible and intangible effects are carried out comprehensively and continuously.

Another concern is the outbreak of a potentially global pandemic. To prepare for this possibility, Group companies identify issues that could affect the continuity of their operations and formulate response plans. Drills simulating actions to be taken at various stages prior to the full-scale outbreak of a pandemic are carried out regularly, and a structure is in place to guarantee that businesses are able to continue operating.

Yamaha Motor Group Environmental Plan 2050

Yamaha Motor Co., Ltd. announced the Yamaha Motor Group Environmental Plan 2050 in December 2018. This Plan aims to reduce CO₂ emissions during product use, CO₂ emissions during manufacturing and transport, and the volume of resources usage by 50% from the base year of 2010 by the target year of 2050. At the same time, the Plan also involves taking initiatives regarding environmental preservation and biodiversity from a global perspective.

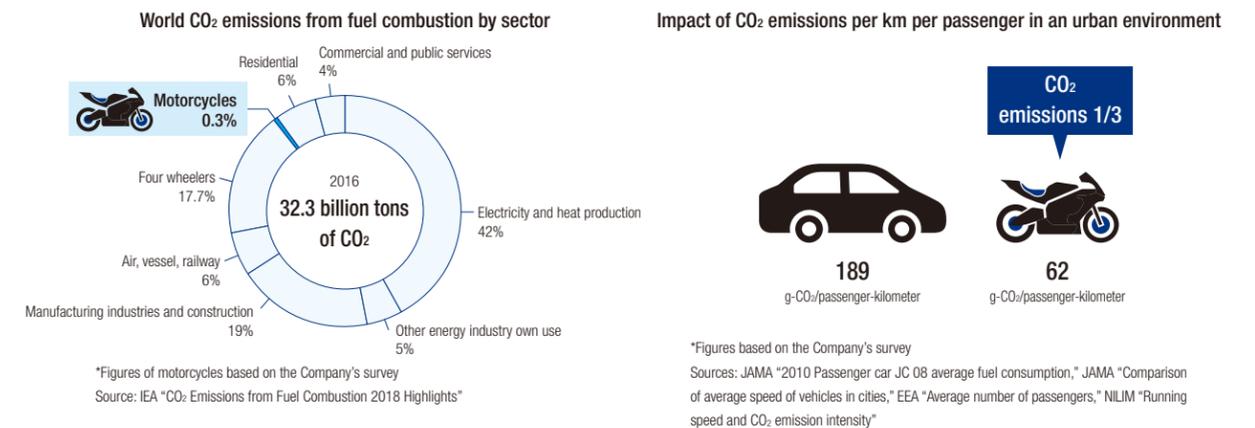
Action Themes	2050 Targets	Priority Actions
Low Carbon Society 	(Products) Providing environmentally friendly personal mobility 50% reduction of CO₂ emissions from products by 2050 (on FY2010 levels)	
	1 Reduction of CO ₂ emissions from use of products by users (t-CO ₂ /unit sales)	Promotion of development to improve fuel efficiency
	2 Development, promotion and spread of next-generation mobility	Promotion of development and the spread of products that respond to energy diversification
	(Business Activities) 50% reduction of CO₂ emissions throughout life cycle (on FY2010 levels)	
Recycling Society 	3 Reduction of CO ₂ emissions generated in operation of production (t-CO ₂ /net sales)	Reduction of CO ₂ emissions per sales at factories globally
	4 Reduction of CO ₂ emissions in logistics	Reduction of CO ₂ emissions per transportation unit
	(Resources) 50% reduction of "resource use" (on FY2010 levels)	
	5 Reduction of new resources use by recyclable resources use	Promotion of saving of limited resources by 3R development/manufacturing
Society in Harmony with Nature 	6 Reduction of waste generated in operation of production	Promotion of waste reduction
	7 Reduction of water consumption in operation of production	Promotion of water consumption reduction activities based on water stress scenarios
	8 Reduction of packing materials in logistics	Enhancing returnable packing materials
	Addressing environmental preservation and biodiversity globally	
Management 	9 Activities to protect fields of product use by users (land, sea and air)	Promotion of activities to preserve nature globally
	10 Activities to protect ecosystems of land/ocean	Promotion of activities in line with our outline of biodiversity initiatives
	11 Activities to contribute to solving environmental issues of each country and region	Carrying out activities by all employees to contribute to a sustainable world
	Management	
12 Strengthening of compliance with environmental laws and regulations and management of chemical materials in products	Thorough implementation of environmental compliance in business activities in each country and region	
13 Contribution to alleviation of air pollution globally	Introduction of mobility in conformity with regulations on exhaust emissions in each country and region	
14 Reduction of VOC emissions in operation of production	Promotion of VOC reduction per unit of painted area	
15 Promotion of environmental activities in collaboration with suppliers	Promotion of engagement with suppliers and reduction of burden through environmental surveys	
16 Fostering awareness of environmental preservation through environmental education globally	Carrying out environmental education according to environmental issues in each country and region	

Yamaha Motor products contribute to achieving a more sustainable society

Mobility with extremely low CO₂ emissions

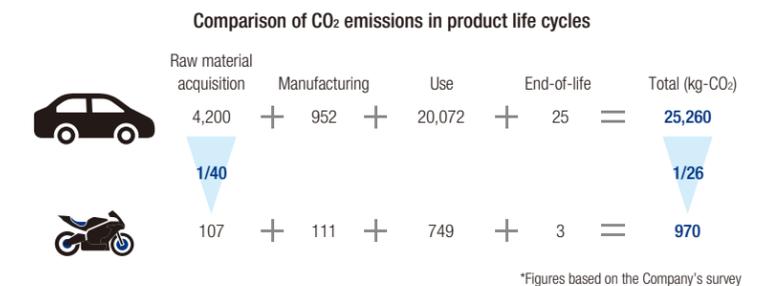
The world produced 32.3 billion tons of CO₂ emissions in 2016. Of this amount, motorcycles accounted for just 0.3% of the total as a source of emissions and are therefore vehicles with an extremely low environmental impact.

In addition, motorcycles are the fastest and most fuel-efficient option for mobility in urban environments, and have 1/3 the impact of CO₂ emissions per km per passenger compared to automobiles.



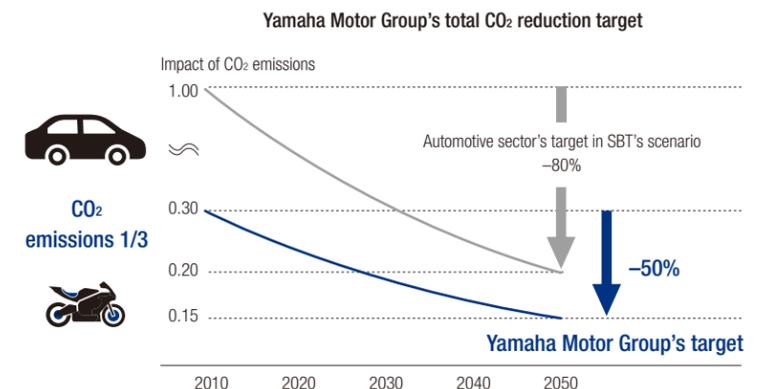
Minimal environmental impact over product life

Motorcycles are an environmentally friendly and sustainable mobility option, with 1/26th the total CO₂ emissions over their product life and 1/40th the raw resources required of passenger cars.



Target setting approach

The Yamaha Motor Group Environmental Plan 2050 established targets based on the Science Based Targets initiative (SBTi) to be a company actively contributing to reducing CO₂ emissions and avoiding a "2°C scenario." With the innate advantages of personal mobility a factor, the Company has set a reduction goal that exceeds the targets of the automotive sector.



Coexistence and mutual prosperity of the Company and local communities

The Yamaha Motor Group operates in locations around the world and our business activities help support local communities. Our products also play a role in enriching the lives of people around the world. We recognize the importance of maintaining a sustainable relationship through which the Company and local communities can coexist and mutually prosper. To achieve this, we place great importance on maintaining and enhancing a relationship of trust through daily communication with stakeholders in those communities.

Important Areas of Activities

Key Themes	Global Issues			Local Issues
	Developing Future Leaders	Environmental Conservation	Improving Traffic Safety	Resolving Local Community Issues
Activities	<ul style="list-style-type: none"> Promoting mental/emotional and physical health through sports Promoting creativity through engineering, manufacturing, and marketing 	<ul style="list-style-type: none"> Environmental education for local communities Respecting biodiversity 	<ul style="list-style-type: none"> Providing traffic safety education to the community Raising awareness 	<ul style="list-style-type: none"> Supporting the community with Yamaha Motor's products, human resources, and know-how

Developing Future Leaders

Joint *Monozukuri* Classroom for children with Yamaha Corporation

To realize the theme of "Two Yamahas, One Passion," musical instrument manufacturer Yamaha Corporation and Yamaha Motor Co., Ltd., which share the same brand, hold *Monozukuri* Classrooms for children.

At the Yamaha Communication Plaza, Yamaha Corporation held a "Let's Make a Kalimba Thumb Piano" event where children used leftover and scrap wood



from instrument manufacturing processes to make a traditional African musical instrument to learn about how sound is produced, while Yamaha Motor held a "Motor Construction Classroom" where children used electromagnetism to magnetize a nail, and made a motor by wrapping nichrome wire around the core portion of a motor and attaching it to a model car to make an electric vehicle.

Environmental Conservation

Beach Cleanup Activities for the Blue Sea

Yamaha Motor Vietnam (YMVN) has been conducting the Beach Cleanup

Activities for the Blue Sea at beaches in various locations since 2015.

A total of 2,500 people have participated over the last four years.

Participants include YMVN officers, employees, and their family members who use some of their summer vacation to take part in these activities, which begin early in the morning. Participants walk along beaches and collect garbage such as bottles and plastic items. These activities are effective for reminding local residents and tourists of the importance of activities to preserve the global environment. They also contribute to the environment and the local community through social activities, offering excitement.

Improving Traffic Safety

Partnering with vocational schools to reduce fatal traffic accidents among young people

The Yamaha Motor Group carries out a variety of safe riding programs to reduce motorcycle accidents around the world.

In 2018, Thai Yamaha Motor concluded a comprehensive contract with six vocational schools in Thailand and launched activities to reduce fatal accidents among young people. Going forward, this tie-up plans to expand to 11 locations.



Resolving Local Community Issues

Support following earthquakes in Lombok, Indonesia

A magnitude 7-plus earthquake struck the Indonesian island of Lombok in August 2018, and was followed by several large aftershocks.

According to the Indonesian National Board for Disaster Management, the death toll reached 515 persons, with more than 7,000 people injured and more than 430,000 forced to evacuate.

Yamaha Indonesia Motor manufacturing, together with PT. Surya Timur Sakti Jatim (located in the city of Surabaya), our dealer for Lombok island, donated generators to the Indonesian army for its relief and recovery work in the area. Lombok had continued blackouts and roads were covered with debris. Despite the situation, the donated ET-1 generators were put to a variety of uses, including clearing roads, illumination, and recharging batteries.

Showing society the value of challenge through sports

Since its founding, Yamaha Motor has blazed new trails driven by a spirit of challenge, which is engrained in our corporate culture and is deeply embedded in the spirit of each Group employee.

Activities promoting sports are an easy-to-understand way to convey this approach to challenges, and through these activities we hope to send a message to society conveying the joy of having dreams and the value of facing challenges.

Racing

Racing competitions with strict rules and uniform conditions enable people to ascertain their own levels and provide venues for developing the latest technologies. They also continue to provide excitement to people around the world as a symbol of challenge.



Japan Rugby Top League

Yamaha Motor Jubilo, Yamaha Motor's rugby team, competes at the highest level in Japan's top domestic corporate league, the Japan Rugby Top League.



Yamaha Motor Foundation for Sports

This foundation was established as one of the activities to commemorate the 50th anniversary of Yamaha Motor's founding, with a mission of supporting people who are pursuing their dreams in sport.



Competitive Sailing

YAMAHA Sailing Team 'Revs' is aiming to place highly in major domestic and international competitions, including World Sailing's World Cup Series and other world championships.



Financial Highlights

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

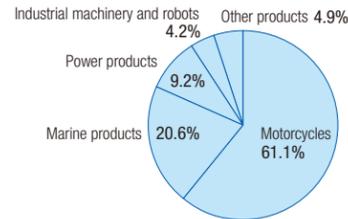
POINT

Although sales rose at the marine products, power products, industrial machinery and robots, and other products businesses, a decline in motorcycle sales resulted in net sales being roughly flat with the previous year, at ¥1,673.1 billion.

In terms of profit, sales growth and improved profitability were unable to absorb the effects of a decline in motorcycle sales in developed markets, a foreign-exchange loss, and other factors, and profit declined at all levels.

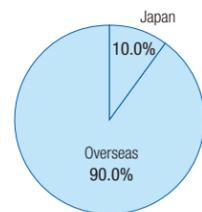
Percentage of sales by product segment

(Year ended December 31, 2018)



Percentage of sales by market

(Year ended December 31, 2018)



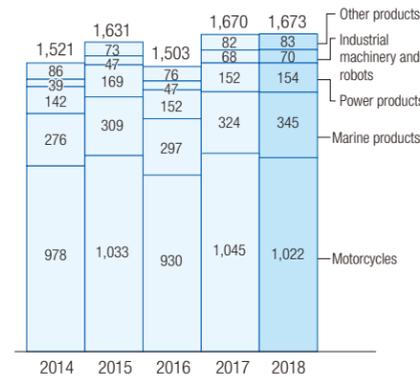
Operating income and operating income margin

(Billion ¥) (%)



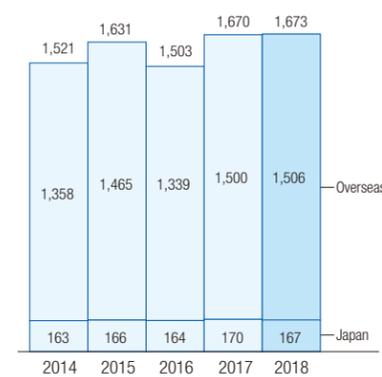
Sales by product segment

(Billion ¥)



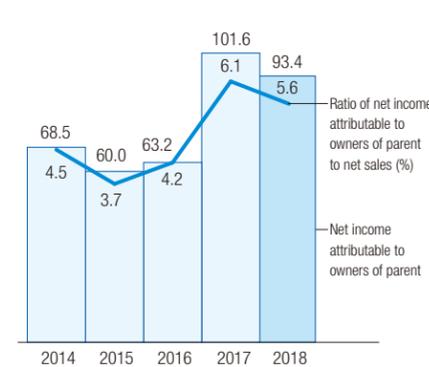
Sales by market

(Billion ¥)



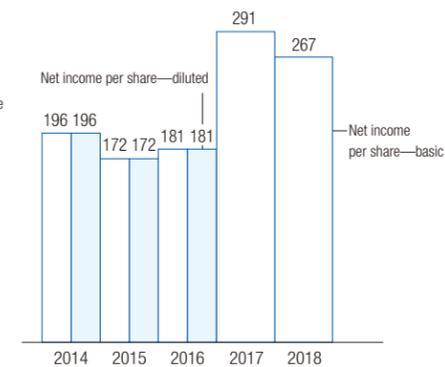
Net income attributable to owners of parent and ratio of net income attributable to owners of parent to net sales

(Billion ¥) (%)



Net income per share

(¥)



Note: Net income per share—diluted for fiscal 2017 and 2018 are not listed as there were no potential shares with dilutive effect.

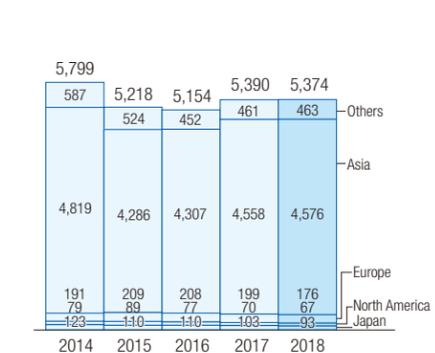
Motorcycle sales by market

(Billion ¥)



Motorcycle unit sales by market

(Thousand units)



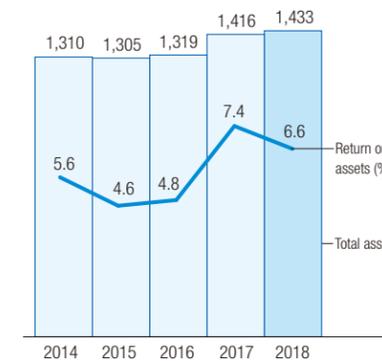
Marine product sales by market

(Billion ¥)



Total assets and return on assets

(Billion ¥) (%)



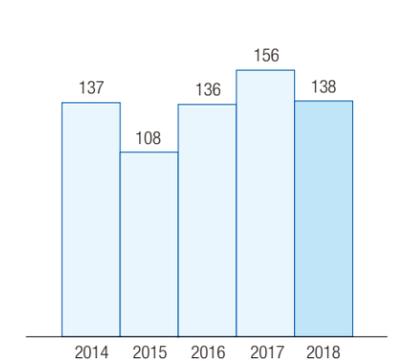
Net assets and % of net income to shareholders' equity

(Billion ¥) (%)



Cash and cash equivalents at the end of the year

(Billion ¥)



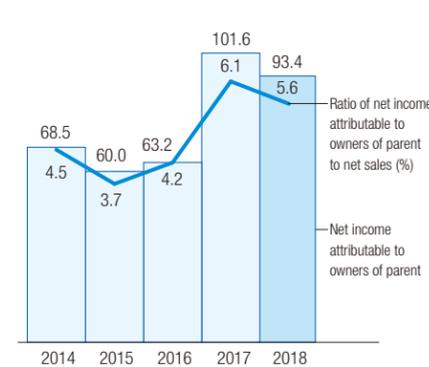
Operating income and operating income margin

(Billion ¥) (%)



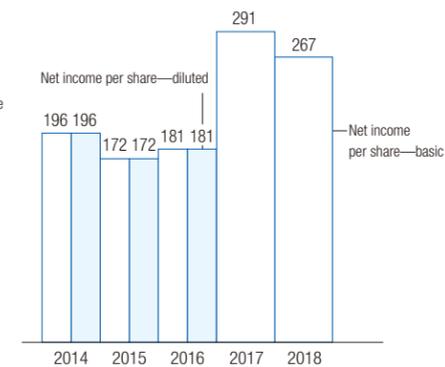
Net income attributable to owners of parent and ratio of net income attributable to owners of parent to net sales

(Billion ¥) (%)



Net income per share

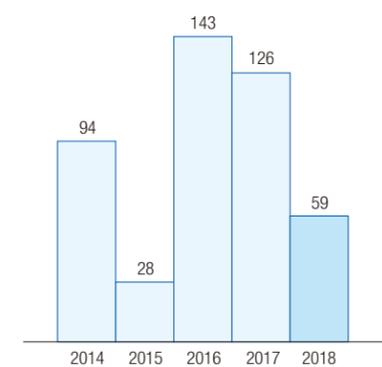
(¥)



Note: Net income per share—diluted for fiscal 2017 and 2018 are not listed as there were no potential shares with dilutive effect.

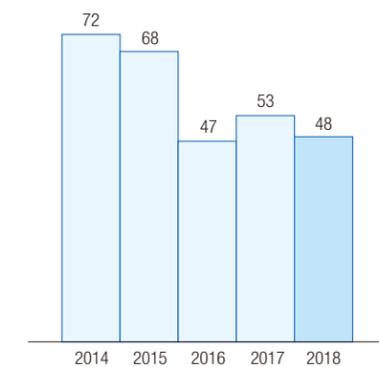
Cash provided by operating activities

(Billion ¥)



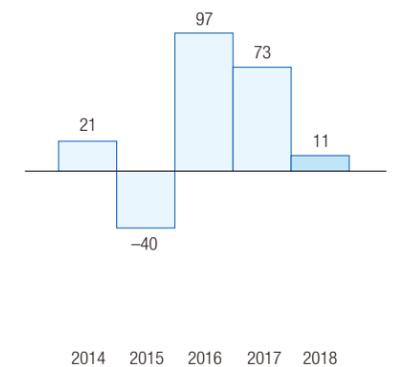
Cash used in investing activities

(Billion ¥)



Free cash flows

(Billion ¥)



Ten-Year Summary

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	Millions of yen 2018	% change 2018/2017
For the year:											
Net sales	¥1,153,642	¥1,294,131	¥1,276,159	¥1,207,675	¥1,410,472	¥1,521,207	¥1,631,158	¥1,502,834	¥1,670,090	¥1,673,137	0.2 %
Sales by product:											
Motorcycles	817,058	914,211	887,556	798,676	928,203	977,580	1,032,560	930,112	1,045,211	1,022,174	(2.2)
Marine products	150,113	167,141	178,929	196,320	243,362	276,367	309,337	297,216	323,838	344,658	6.4
Power products	100,577	102,968	100,257	103,588	126,722	142,204	169,495	152,310	151,622	153,778	1.4
Industrial machinery and robots	—	34,758	34,326	30,813	32,261	38,942	46,501	46,871	67,571	69,891	3.4
Other products	85,893	75,051	75,089	78,276	79,922	86,113	73,262	76,322	81,845	82,634	1.0
Gross profit	202,292	295,565	276,046	235,068	318,765	372,849	436,525	402,660	458,629	455,173	(0.8)
Operating income (loss)	(62,580)	51,308	53,405	18,598	55,137	87,249	130,329	108,594	149,782	140,787	(6.0)
Ordinary income (loss)	(68,340)	66,142	63,495	27,267	60,092	97,279	125,231	102,073	154,826	137,969	(10.9)
Net income (loss) attributable to owners of parent	(216,148)	18,300	26,960	7,489	44,057	68,452	60,023	63,153	101,603	93,366	(8.1)
Net cash provided by (used in) operating activities	74,096	104,531	33,328	(2,385)	66,976	93,618	28,475	143,163	126,342	58,858	(53.4)
Net cash used in investing activities	(45,285)	(37,632)	(46,517)	(51,081)	(62,679)	(72,470)	(68,475)	(46,541)	(53,194)	(48,274)	(9.3)
Free cash flows	28,810	66,899	(13,189)	(53,466)	4,296	21,148	(40,000)	96,622	73,147	10,584	(85.5)
Net cash provided by (used in) financing activities	(32,022)	5,296	(51,927)	15,761	3,620	(8,908)	6,845	(67,627)	(52,830)	(26,423)	(50.0)
Capital expenditures	46,035	33,939	45,049	48,788	56,800	65,871	64,064	61,330	56,532	55,068	(2.6)
Depreciation expenses	53,701	36,594	33,578	34,278	36,407	37,667	44,324	42,434	45,457	46,405	2.1
At year-end:											
Total assets	¥ 987,077	¥ 978,343	¥ 900,420	¥ 962,329	¥1,146,591	¥1,310,040	¥1,305,236	¥1,318,776	¥1,415,845	¥1,433,458	1.2 %
Net assets	249,266	310,809	309,914	341,561	422,792	503,224	531,700	575,404	665,232	695,743	4.6
Interest-bearing debt	399,942	322,443	274,721	326,976	382,929	403,652	410,148	364,381	353,490	356,688	0.9
Ratios:											
Operating income margin (%)	(5.4)	4.0	4.2	1.5	3.9	5.7	8.0	7.2	9.0	8.4	
Return on equity (%)	(71.2)	7.5	9.7	2.5	12.7	16.2	12.6	12.3	17.6	14.6	
Equity ratio (%)	21.5	28.0	31.2	32.0	33.5	35.1	37.6	40.5	44.0	45.9	
Price/earnings ratio (times)	—	23.8	12.6	44.2	12.5	12.5	16.0	14.2	12.7	8.1	
Debt/equity ratio (%)	188.3	117.6	97.8	106.2	99.7	87.8	83.6	68.2	56.8	54.3	
										Yen	% change
Per share amounts:											
Net income (loss)—basic	¥ (755.92)	¥ 55.50	¥ 77.23	¥ 21.45	¥ 126.20	¥ 196.06	¥ 171.89	¥ 180.84	¥ 290.93	¥ 267.35	(8.1)%
Net income—diluted	—	55.50	77.23	—	126.20	196.04	171.88	180.83	—	—	—
Net assets	743.04	785.61	804.26	881.88	1,099.84	1,316.58	1,405.35	1,529.53	1,783.35	1,882.64	5.6
Cash dividends	0.00	0.00	15.50	10.00	26.00	40.00	44.00	60.00	88.00	90.00	2.3
										Millions of yen, except per share data	% change
Share performance (at year-end):											
Price per share (yen)	¥ 1,166	¥ 1,323	¥ 974	¥ 949	¥ 1,577	¥ 2,442	¥ 2,744	¥ 2,574	¥ 3,695	¥ 2,159	(41.6)%
Market capitalization	333,300	461,855	340,018	331,288	550,585	852,683	958,264	898,931	1,290,413	753,989	(41.6)
										Persons	% change
Other data (at year-end):											
Number of shareholders	30,013	31,615	32,259	32,873	29,474	30,416	34,214	42,031	34,566	51,113	47.9 %
Number of employees	49,994	52,184	54,677	53,958	53,382	52,662	53,306	53,150	53,579	53,977	0.7

Notes: • References to fiscal years are to 12-month periods commencing on January 1 and ending on December 31.

- With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.
- From the fiscal year ended December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under "Selling, general and administrative expenses," "Non-operating income," and "Non-operating expenses" to recording under "Net sales," "Cost of sales," and "Selling, general and administrative expenses." To reflect this change in presentation method, the consolidated financial statements for the fiscal year ended December 31, 2016 and the fiscal year ended December 31, 2015 have been reclassified.
- Figures for the fiscal year ended December 31, 2009 are as per the previous segment classifications.

Management Discussion and Analysis of Operations

Overview

During the fiscal year ended December 31, 2018 (fiscal 2018), while the global economy was on a recovery trend overall, the effects of trade issues and currency depreciation in emerging markets were accompanied by a rise in U.S. interest rates that manifested in the latter part of the year. In developed markets, economic growth was seen in the U.S. due to the increase in the number of employees, improvement in corporate earnings, and other factors. The economy recovered moderately in Japan, while in Europe the economy slowed down. In emerging markets, economic growth continued in Vietnam and India, while in Brazil the economy recovered moderately. In Indonesia, despite the economic expansion due to strong domestic demand, the economy was destabilized by currency depreciation and natural disasters.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review rose ¥3.0 billion, or 0.2%, year on year, to ¥1,673.1 billion, operating income declined ¥9.0 billion, or 6.0%, to ¥140.8 billion, ordinary income declined ¥16.9 billion, or 10.9%, to ¥138.0 billion, and net income attributable to owners of parent declined ¥8.2 billion, or 8.1%, to ¥93.4 billion.

Sales Performance by Business Segment

Motorcycles

Net sales declined ¥23.0 billion, or 2.2%, year on year, to ¥1,022.2 billion, and operating income declined ¥14.3 billion, or 20.8%, year on year, to ¥54.5 billion.

Unit sales increased in countries such as the Philippines, Indonesia and Brazil, but declined in developed markets, Taiwan and Vietnam, and other countries. As a result, unit sales totaled 5.37 million across the business as a whole (a year-on-year decline of 0.3%), resulting in decreased sales and profits.

Profitability will be boosted by strengthening sales of high-priced products in ASEAN countries and sports models in India. In developed markets, the Company is focusing on restructuring manufacturing and sales capabilities.

Marine Products

Net sales rose ¥20.8 billion, or 6.4%, year on year, to ¥344.7 billion, and operating income rose ¥4.2 billion, or 7.1%, to ¥63.7 billion.

Unit sales of outboard motors, personal watercraft and sport boats increased year on year. In addition, also with the improvement in the product mix owing to expanded sales of large models of outboard motors in North America, both sales and profits increased.

In order to flexibly respond to the growth in demand of outboard motors, the Company is improving production capacity through measures including the review of the global production layout for outboard motors.

Power Products

Net sales increased ¥2.2 billion, or 1.4%, year on year, to ¥153.8 billion, and operating income was ¥0.2 billion, against an operating loss of ¥1.5 billion in the fiscal year ended December 31, 2017.

Both sales and profits increased due to a year-on-year increase in unit sales of golf cars and multi-purpose engines as well as cost reductions for recreational off-highway vehicles (ROVs).

The Company is working to strengthen ROV marketing capabilities and is preparing to introduce new platform models that meet market needs.

Industrial Machinery and Robots

Net sales rose ¥2.3 billion, or 3.4%, year on year, to ¥69.9 billion, and operating income rose ¥0.8 billion, or 5.4%, to ¥16.4 billion.

Favorable sales of surface mounters for in-vehicle electronics led to an increase in net sales and operating income.

The Company will strengthen solution proposals by new products and services that optimize plants in their entirety and increase the value provided to customers.

Other Products

Net sales rose ¥0.8 billion, or 1.0%, year on year, to ¥82.6 billion, and operating income declined ¥1.4 billion, or 19.3%, to ¥5.9 billion.

In terms of electrically power-assisted bicycles, although exports of the E-kit (drive unit for electrically power-assisted bicycles) to Europe rose, unit sales of finished bicycles in Japan decreased and the product mix deteriorated, resulting in increased sales and decreased profits.

The Company is strengthening sales of the E-kit in Europe and electrically power-assisted bicycles in Japan, and promoting the development of new markets in the U.S.

Income and Expenses

R&D Expenses

The Yamaha Motor Group's corporate objective is to be a "Kando Creating Company." We aspire to offer new excitement and a more fulfilling life for people all over the world. To this end, we provide unique and high-quality products and services made available through our technology to interweave human logic with sensibility by continuously striving to achieve "the unique style of Yamaha Motor's engineering, manufacturing and marketing," aiming at creating "new, original and innovative ideas and messages," "technology that creates joy and trust among customers," "attractive designs to express Refined Dynamism," and "power to build up a lifetime relationship with customers."

We make ongoing efforts to gain recognition from our various stakeholders that "the unique style of Yamaha Motor" constitutes the "Yamaha" brand, and to make our products and services the lifelong preferred choice for stakeholders. We believe that these efforts will enable us to achieve sustainable growth and enhance our medium- to long-term corporate value.

We carry out measures to achieve sustainable growth and enhancement of corporate value under our Long-Term Vision, with an eye on 2030 and the Medium-Term Management Plan that runs for three years from 2019.

Specifically, we carry out strategic investments for growth in such efforts as "Rethinking Solution" unique to Yamaha and "Transforming Mobility," as we implement "Advancing Robotics" as our core technologies. We also expand human possibilities and contribute to the realization of better society and more fulfilling life (through our concept of "ART for Human Possibilities").

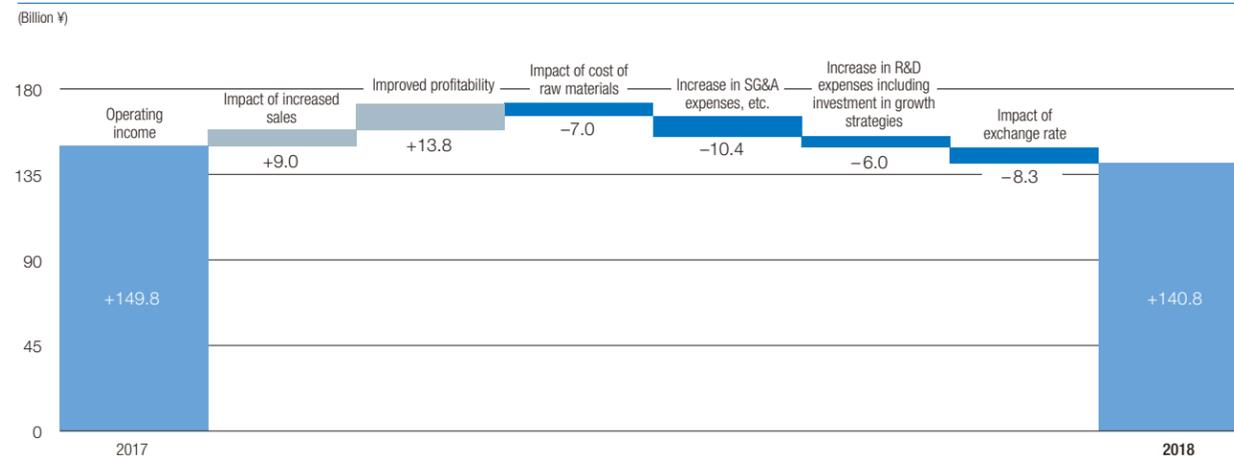
Under these circumstances, the Group's overall R&D expenses were ¥102.8 billion.

Capital Resources and Liquidity

Assets, Liabilities and Total Net Assets

Total assets as of December 31, 2018, increased ¥17.6 billion, from December 31, 2017, to ¥1,433.5 billion. Current assets increased ¥19.2 billion, as a result of factors including an increase in inventories and short-term sales finance receivables. Non-current assets

Factors Impacting Operating Income



decreased ¥1.6 billion as a result of factors including a decrease in property, plant and equipment and intangible assets despite an increase in long-term sales finance receivables.

Total liabilities decreased ¥12.9 billion, to ¥737.7 billion, mainly from a decrease in electronically recorded obligations – operating and notes and accounts payable – trade.

Total net assets increased ¥30.5 billion, to ¥695.7 billion, which included the recording of ¥93.4 billion of net income attributable to owners of parent and ¥32.8 billion of cash dividends paid. As a result, the shareholders' equity ratio as of December 31, 2018 was 45.9% (an increase of 1.9 percentage points from the end of the previous fiscal year). The net debt-equity ratio was 0.3 times, compared with 0.3 times at the end of the previous fiscal year.

Note 1: Equity ratio: (Shareholders' equity + Accumulated other comprehensive income)/ Total assets x 100 (%)

Capital Expenditures

The Group made investments of ¥55.1 billion in total during fiscal 2018.

In the motorcycle business, investments of ¥29.2 billion were made mainly for new products in Japan and overseas, maintenance and repairs of production facilities, and enhancement of production capacity in India. In the marine products business, investments of

¥11.8 billion were made mainly for replacing an aging process line, etc. and enhancing production capacity mainly for outboard motors. In the power products business, investments of ¥9.1 billion were made mainly for new products of recreational off-highway vehicles (ROVs) and production facilities of new golf car products. In the industrial machinery and robots business, investments of ¥1.0 billion were made mainly for research and development of new industrial machinery products. In the other products business, investments of ¥3.9 billion were made mainly for research and development of automobile engines and electrically power-assisted bicycles as well as production facilities of industrial multirotors.

Cash Flows

Net cash provided by operating activities during fiscal 2018 was ¥58.9 billion (¥126.3 billion in net cash provided in the previous fiscal year). This mainly reflected cash provided from ¥136.9 billion in income before income taxes (¥152.3 billion), ¥46.4 billion in depreciation (¥45.5 billion), and other factors, against cash used for a combined increase in inventories of ¥36.6 billion (an increase of ¥11.2 billion), an increase in notes and accounts receivable – trade and sales finance receivables of ¥35.0 billion (an increase of ¥50.3 billion), a decrease of ¥8.3 billion in notes and accounts payable – trade (an increase of ¥10.4 billion), and other factors.

Net cash used in investing activities during fiscal 2018 was ¥48.3 billion (¥53.2 billion in net cash used in the previous fiscal year), primarily reflecting ¥54.0 billion used for purchase of property, plant and equipment and intangible assets (¥64.4 billion).

Net cash used in financing activities during fiscal 2018 was ¥26.4 billion (¥52.8 billion in net cash used in the previous fiscal year), primarily reflecting cash dividends paid and the repayment of loans payable.

As a result of the activities discussed above, free cash flow for fiscal 2018 was a positive ¥10.6 billion (a positive ¥73.1 billion for the previous fiscal year), and interest-bearing debt at the end of the fiscal year was ¥356.7 billion (an increase of ¥3.2 billion from the end of the previous fiscal year) and cash and cash equivalents totaled ¥138.2 billion (a decrease of ¥17.5 billion from the end of the previous fiscal year). Interest-bearing debt includes ¥262.8 billion in borrowings for sales finance (an increase of ¥14.1 billion).

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

The Company considers enhancing the interests of shareholders an important management issue, and endeavors to enhance corporate value.

In regard to dividends, the Company seeks to “create a stable financial foundation, and increase new growth investment and stock dividends,” and sets a benchmark for its dividend payout ratio as 30% of net income attributable to owners of parent.

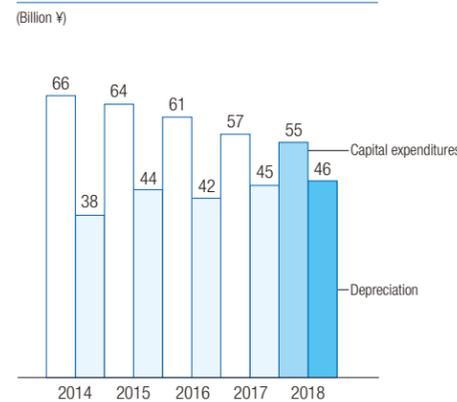
The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company's Articles of Incorporation provides that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company decided to pay a year-end dividend of ¥45 per share for fiscal 2018. Added to the interim dividend (¥45 per share), this gave a total dividend for the year of ¥90 per share.

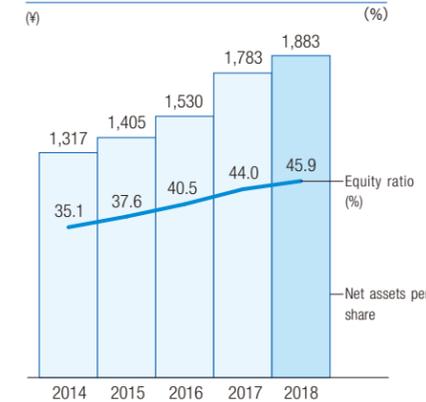
R&D expenses and % of R&D expenses to net sales



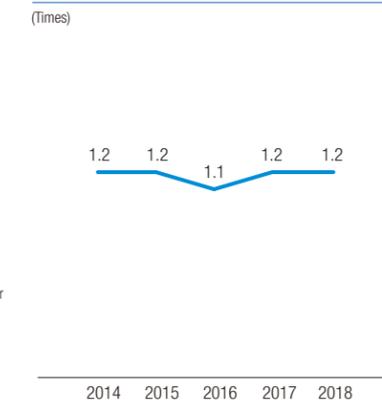
Capital expenditures and depreciation



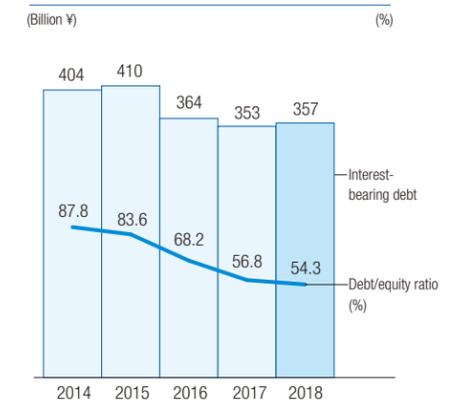
Net assets per share and equity ratio



Total asset turnover



Interest-bearing debt and debt/equity ratio



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:

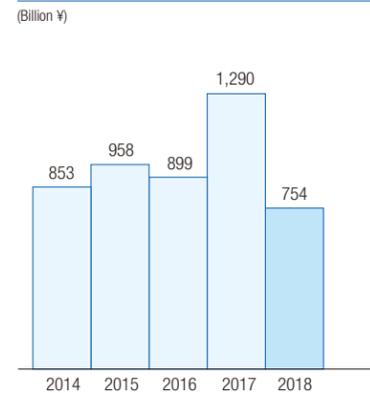
	(Billion ¥)						
	Total	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Short-term loans payable	163.0	163.0	—	—	—	—	—
Long-term loans payable	193.7	124.3	33.1	25.7	10.2	0.4	—

Note 2: Long-term loans payable includes current portion of long-term loans payable.

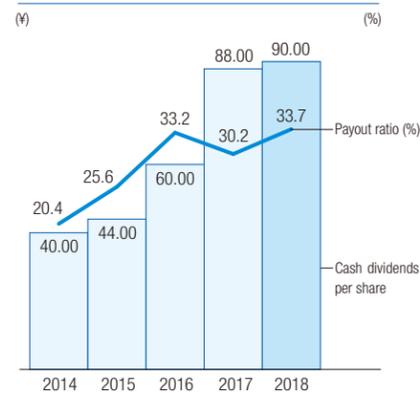
Share Performance

Price per share decreased from ¥3,695 at December 31, 2017, to ¥2,159 at December 31, 2018. The number of shares outstanding, excluding treasury stock, decreased from 349,232,466 shares at December 31, 2017, to 349,230,730 shares at December 31, 2018. As a result, the market capitalization of the Company decreased from ¥1,290.4 billion at December 31, 2017, to ¥754.0 billion at December 31, 2018.

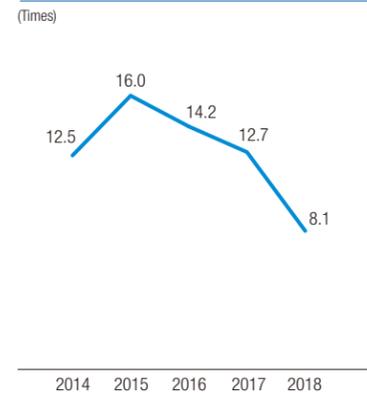
Market capitalization



Cash dividends per share and payout ratio



Price/earnings ratio



Forecast for Fiscal 2019

In the fiscal year ending December 31, 2019, the Company expects that the business environment will remain uncertain due to factors including the economic slowdown in Europe and trade issues between the U.S. and China. Considering market conditions and demand trends, the Company plans to maintain stable growth and profit in existing businesses and proceed with developing new businesses.

The consolidated financial results forecast is as follows:

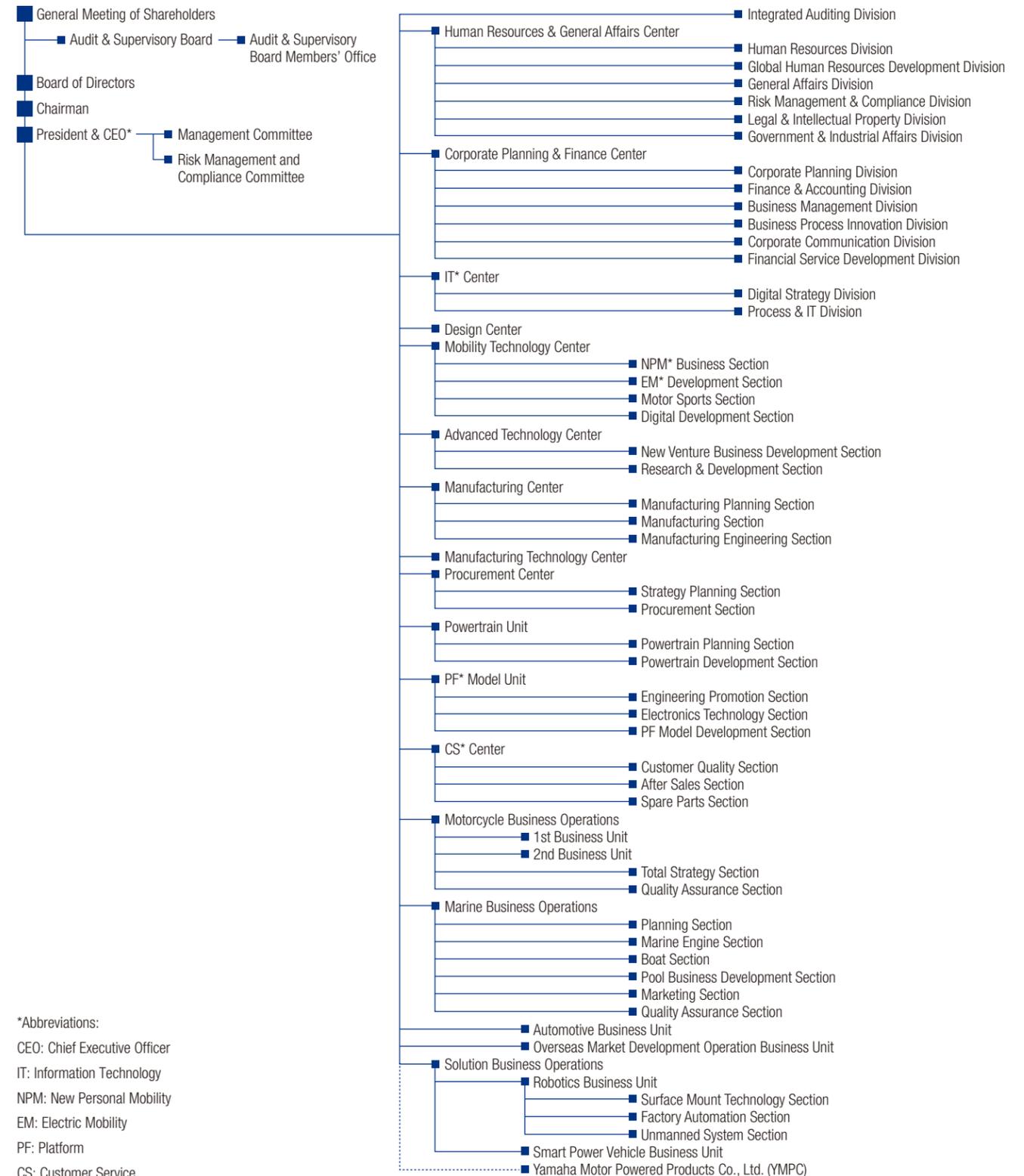
	(Billion ¥)
Net sales	1,700.0 (+26.9, 1.6%)
Operating income	133.0 (-7.8, 5.5%)
Ordinary income	135.0 (-3.0, 2.2%)
Net income attributable to owners of parent	85.0 (-8.4, 9.0%)

Note 3: The figures in parentheses indicate amount and percentage changes from the fiscal year ended December 31, 2018.

The forecast is based on the assumption that the exchange rates are ¥105 against the U.S. dollar (an appreciation of ¥5 from the previous fiscal year) and ¥120 against the euro (an appreciation of ¥10 from the previous fiscal year).

Organization

Yamaha Motor Co., Ltd., as of April 1, 2019



*Abbreviations:
 CEO: Chief Executive Officer
 IT: Information Technology
 NPM: New Personal Mobility
 EM: Electric Mobility
 PF: Platform
 CS: Customer Service

Investor Information

As of December 31, 2018

Yamaha Motor Co., Ltd.

Headquarters

2500 Shingai, Iwata, Shizuoka 438-8501, Japan
 Telephone: +81-538-37-0134
 Facsimile: +81-538-37-4250

Date of Establishment

July 1, 1955

Major Consolidated Subsidiaries

Yamaha Motorcycle Sales Japan Co., Ltd.
 Yamaha Motor Powered Products Co., Ltd.
 Yamaha Motor Corporation, U.S.A.
 Yamaha Motor Manufacturing Corporation of America
 Yamaha Motor Europe N.V.
 PT. Yamaha Indonesia Motor Manufacturing
 India Yamaha Motor Pvt. Ltd.
 Yamaha Motor Vietnam Co., Ltd.
 Thai Yamaha Motor Co., Ltd.
 Yamaha Motor Philippines, Inc.
 Yamaha Motor do Brasil Ltda.

Capital Stock

Authorized: 900,000,000 shares (Common stock)
 Issued: 349,914,284 shares
 Number of Shareholders: 51,113

Principal Shareholders

The Master Trust Bank of Japan, Ltd. (trust account)	11.21%
Yamaha Corporation	9.92
Japan Trustee Services Bank, Ltd. (trust account)	6.74
State Street Bank & Trust Company	5.01
Toyota Motor Corporation	3.58
Mitsui & Co., Ltd.	2.46
Mizuho Bank, Ltd.	2.37
Japan Trustee Services Bank, Ltd. (trust account 9)	2.26
Trust & Custody Services Bank, Ltd. (securities investment trust account)	1.78
SMBC Nikko Securities Inc.	1.64

Annual Meeting of Shareholders

The Ordinary General Meeting of Shareholders is held in March each year in Iwata or Hamamatsu, Shizuoka, Japan.

Securities Exchange

Tokyo Stock Exchange, Inc.

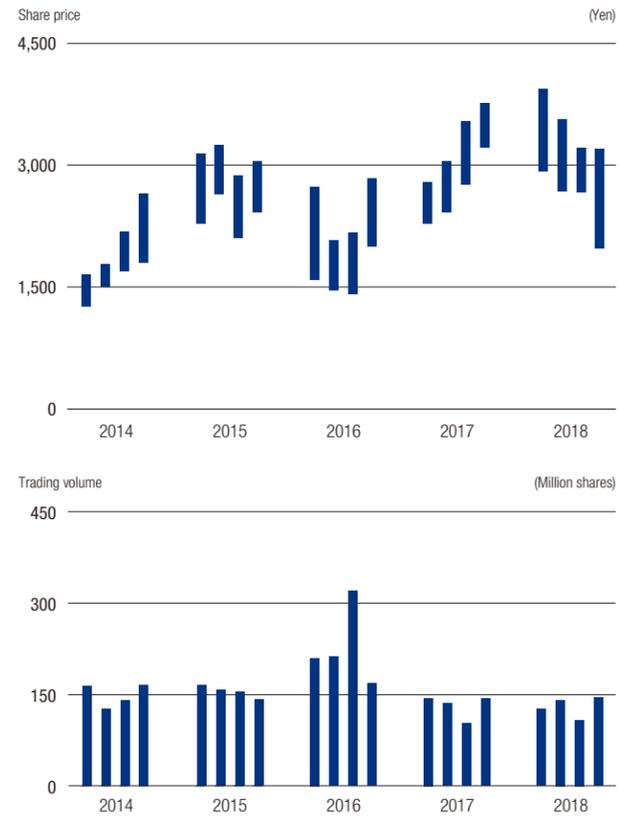
Transfer Agent for Capital Stock

Sumitomo Mitsui Trust Bank, Limited
 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

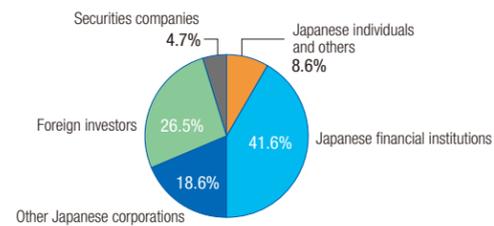
Auditor

Ernst & Young ShinNihon LLC

Yamaha Motor's Share Price and Trading Volume on the Tokyo Stock Exchange



Shareholder Composition



For further information, please contact:

Yamaha Motor Co., Ltd.
 IR/SR Group, Corporate Communication Division
 2500 Shingai, Iwata, Shizuoka 438-8501, Japan
 Telephone: +81-538-37-0134
 Facsimile: +81-538-37-4250
<https://global.yamaha-motor.com/ir/>

You are also invited to review the Fact Book and Financial Data on Yamaha Motor's website at <https://global.yamaha-motor.com/>



YAMAHA MOTOR CO., LTD.

2500 SHINGAI, IWATA, SHIZUOKA, JAPAN

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