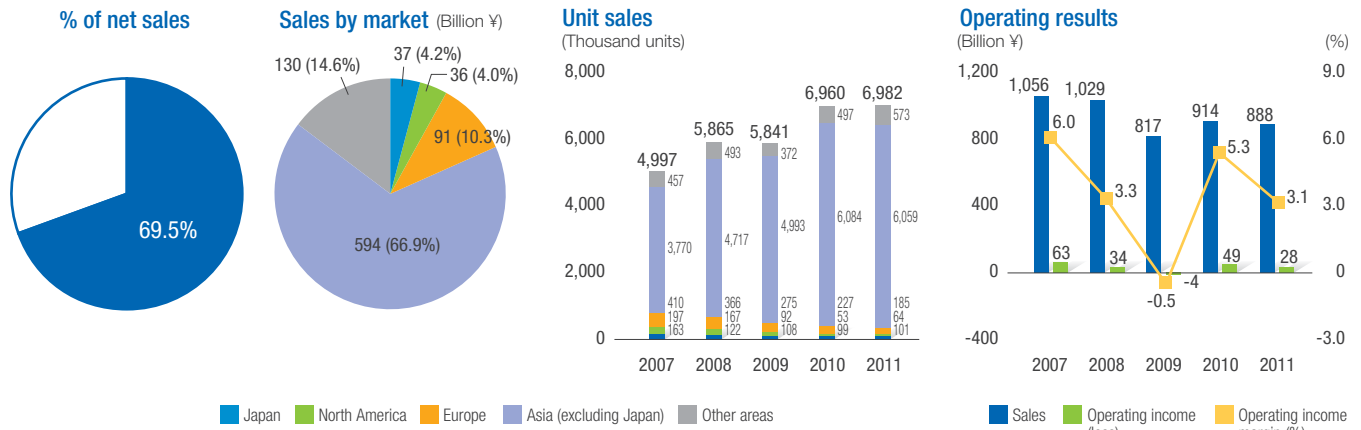


# Motorcycles

Motorcycle sales in 2011 declined ¥26.7 billion, or 2.9%, from 2010, to ¥887.6 billion, and accounted for 69.5% of net sales. Operating income declined ¥21.0 billion, or 43.2%, to ¥27.6 billion.



Figures for the fiscal year ended December 31, 2009 and previous fiscal years are as per the previous segment classifications.

## Japan

### Class-1 category scooters driving earthquake reconstruction demand

Despite a cooling of consumer sentiment from the effects of the Great East Japan Earthquake and the yen's appreciation, total domestic motorcycle demand in 2011 rose 5.0% from 2010, to 445 thousand units, driven by the Class-1 (50cc and under) scooter category, which received renewed attention for its maneuverability and fuel efficiency in connection with reconstruction demand in the wake of the disaster.

Yamaha recorded solid sales, with growth in demand for the main JOG/JOJ Deluxe series in the Class-1 category exceeding demand, and strong sales of customized versions of the standardized AXIS Treet in the Class-2 (51cc–125cc) category. In addition, with increased recognition from heightened environmental awareness, total unit sales of the EC-03 Electric Commuter Vehicle, which Yamaha Motor released in September 2010 as a Smart Power vehicle, totaled 2,000 units in December 2011. As a result, Yamaha Motor's fiscal 2011 domestic sales rose 2.4% from fiscal 2010, to 101 thousand units, and net sales declined 1.9%, to ¥37.0 billion.

With little indication of an improvement in the domestic economy in 2012, the long-term trend of decline in the scooter category is seen continuing, and total domestic motorcycle demand is expected to be 433 thousand units.

Yamaha Motor will work to vitalize the market by introducing limited- and special-edition versions of our main models in each category, such as the YZF-R1 to commemorate the 50th anniversary of our participation in the WGP. We are planning for a 6.0% decline in unit sales, to 95 thousand units.





X enter 125

## Europe

### Addressing economic weakness by expanding market territory

Europe experienced a major impact in the real economy in 2011, as the Greek debt crisis spread to neighboring countries. Declines in motorcycle demand continued, especially in Italy and Spain, on weak retail consumption, and total motorcycle demand in Europe contracted 3.2%, to 1,976 thousand units.

Yamaha Motor strove to stimulate demand with the release of 2012 models of the TMAX and “X enter 150” in November 2011. Despite such efforts, dealers held back on their stock procurement due to weak retail consumption coupled with tighter lending standards by European financial institutions. As a result, Yamaha Motor’s unit sales in 2011 declined 18.5%, to 185 thousand units, and net sales were down 19.2%, at ¥91.2 billion. Meanwhile, production adjustments to reduce inventories continued, resulting in inventories being reduced to 57 thousand units as of the end of 2011, from 66 thousand units at the end of 2010.

With the European economic crisis seen continuing for some time and a rapid economic recovery appearing unlikely, the decline in overall motorcycle demand is expected to continue in 2012 with a 4.1% decrease, to 1,896 thousand units.

Yamaha Motor will expand the scooter category to release new 2012 models of the TMAX, primarily to Italy and France, while at the same time entering the HighWheel model segment with the introduction of the “X enter 125.” We are therefore projecting a 3.3% increase in unit sales, to 191 thousand units.



TMAX

## North America

### Successfully bringing inventories to appropriate levels

The North American market saw a lackluster economic recovery in 2011 on delayed improvements in employment and retail consumption, but signs of improvement in such key economic indicators as the unemployment rate were seen in the second half of the year. Nevertheless, overall demand was roughly flat with the previous year, at 490 thousand units.

The market continues to polarize. On the one hand, sales of higher-priced models to active, older consumers are strong. At the same time, the competitiveness of Japanese motorcycles, which are primarily in the off-road category, lagged among younger consumers, who felt the effects of a decline in purchasing power, the strong yen and higher crude oil prices. The Yamaha Motor group struggled in the cruiser category, with many non current models still in stock, but sales of models like the TW200 and XT250 in the dual purpose category were strong. In addition, our efforts to bring market inventories to appropriate levels were successful, and Yamaha Motor's unit sales rose 20.8% from the previous year, to 64 thousand units, and net sales grew 4.5%, to ¥35.6 billion.

With signs of a bottoming out in 2011, a gradual rebound in overall North American demand is forecast for 2012, with a 3.1% increase, to 505 thousand units. Yamaha Motor will introduce a 50th anniversary color model of the YZF-R1 and YZF-R6, which have competed in the World Grand Prix, while at the same time strengthening sales of the Stryker (1,300cc) in the cruiser category, a model that drives overall demand. We will also strengthen dealer networks and implement more thorough area marketing, and are forecasting a 12.5% increase in unit sales, to 72 thousand units.

#### Stryker



## Asia

### Growth able to overcome impact of Thai flooding

Asian (excluding Japanese) motorcycle demand in 2011 grew 4.8%, to 45,529 thousand units, as the benefits of generally stable economic growth more than offset the negative effects of slower growth in China stemming from the European economic crisis, and damage from the flooding in Thailand.

Although Yamaha Motor's 2011 sales declined in Indonesia, Thailand and China from the effects of the flooding in Thailand, growth in Vietnam and India held the overall decline in volume to 0.4%, to 6,059 thousand units, while net sales declined 2.5%, to ¥594.1 billion.

Total demand in 2012 is expected to rise 7.1%, to 48,756 thousand units, against a backdrop of stable economic growth and insufficient social infrastructure.

Yamaha Motor will aggressively introduce new models and work to increase sales, both quantitatively and qualitatively, and we are forecasting an 18.8% increase in unit sales, to 7,197 thousand units.

## ASEAN

### Preparations for full introduction of FI accelerating

Total motorcycle demand in Indonesia grew 10.6% in 2011, to 8,001 thousand units, reflecting an environment of stable economic growth, the region's population demographic and underdeveloped transportation infrastructure.

Yamaha Motor is implementing a strategy to differentiate itself in this highly competitive market using a "3S" policy—(motorcycle) Sales, (after-sale) Service and (sales of) Spare parts—to comprehensively raise the level of customer satisfaction. In 2011, we achieved solid sales in the Mio series in the automatic transmission (AT) segment, which represents the market's volume zone. Production of some models was affected by the flooding in Thailand in September 2011, however, and our 2011 unit sales declined 5.7%, to 3,136 thousand units, with a 6.8% decline in sales, to ¥328.0 billion.

The Indonesian market is expected to continue to expand in 2012, with a forecast of 8.7% growth, to 8,700 thousand vehicles. Along with our differentiation strategy to increase confidence in Yamaha Motor based on CCS (Customer and Community Satisfaction), we are accelerating the introduction of new models including the Mio J with fuel injection (FI) after a full model change, and the Mio Fino that has proven popular in Thailand, and are forecasting an 18.0% increase in 2012 unit sales, to 3,700 thousand units.

Total 2011 motorcycle demand in the Thai market grew 8.7% from the previous year, to 2,007 thousand units, as a strong economy boosted by solid exports absorbed the economic damage caused by the flooding.



Mio J



## Nozza



Yamaha Motor's mainstay product, Fino, an automatic transmission (AT) model, has established strong customer support in the volume-zone AT category. However, with the floods limiting the number of models produced, we were unable to meet the expectations of the market, and our 2011 unit sales declined 6.5%, to 473 thousand units, and net sales declined 9.4%, to ¥71.6 billion.

The Thai motorcycle market is expected to trend flat in 2012, at 2,000 thousand units, and with our own production recovering, we introduced the Mio115i, which is popular in Indonesia, in January 2012. By introducing new models including FI models, and building sales channels, we are aiming for a 26.8% increase in 2012 unit sales, to 600 thousand units.

Growth in the Vietnamese market in 2011 was weakened by the government's anti-inflation policies, but nevertheless total motorcycle demand grew 16.0% from the previous year, to 3,562 thousand units.

Yamaha Motor introduced the 135cc Exciter in the sports moped category, which is represented by Yamaha Motor alone, and our first model targeting women in Vietnam, the Nozza with FI in the AT category. These models have proven popular with younger customers, especially in urban areas. Affordably priced models like the Sirius also posted solid sales, based on engine performance and confidence in the brand achieved over many years. As a result, Yamaha Motor's 2011 unit sales in Thailand rose 27.3%, to 988 thousand units, with a 14.5% increase in net sales, to ¥81.1 billion.

Despite a slowing economy, total motorcycle demand in Vietnam in 2012 is seen being supported by a stable economic environment, including sufficient financing—and 10.7% market growth, to 3,943 thousand units, is forecast. At Yamaha Motor, we will work to make market inroads with products that were popular in 2011 and are aiming for a 21.5% increase in unit sales, to 1,200 thousand units.

## India

## Increasing share in deluxe segment

The Indian market experienced an economic slowdown in 2011, but solid retail consumption continued to increase amid rising interest rates and inflation. As a result, total demand for motorcycles grew 16.0%, to 13,078 thousand units.

Yamaha Motor continued to record robust sales, especially sales of the FZ series. We also introduced a model change for the YZF-R15 150cc motorcycle in the deluxe segment, and with strong interest in this model, we were able to increase our market share in this segment to 13.4% from 9.7%. Consequently, Yamaha Motor's 2011 unit sales in India grew 32.4%, to 343 thousand units, with a 22.9% increase in net sales, to ¥39.7 billion.

With a growing population and stable consumer base, the Indian market is expected to show solid growth in 2012 with a 15.0% increase in total motorcycle demand, to 15,040 thousand units.

In addition to introducing a new scooter targeting women, in the autumn of 2012, our first product in the scooter category, Yamaha Motor will continue to expand its sales network to reach the target of 2,000 dealerships under our next medium-term management plan (covering 2013–2015). We are also building a production layout that can produce more than one million units annually, with a view toward increasing exports. Against this backdrop, we are forecasting 31.2% growth in unit sales, to 450 thousand units.

## FZ





YZF-R15

**China**

**Strength in affordably priced motorcycles**

The Chinese market saw a slowdown in spending for durable goods during 2011, reflecting slower economic growth and rising prices. Motorcycle demand was also affected by low-priced, electrically powered bicycles, and as a result, total demand declined 12.8% from the previous year, to 14,034 thousand units.

Yamaha Motor recorded strong sales of the affordably priced YB125-Z and Future 100 (100cc scooter) models introduced in 2010, but this was unable to offset the impact of product changeovers to comply with emission standards. As a result, our 2011 unit sales declined 13.1%, to 608 thousand units.

The disruption caused by the new emission standards appears to be abating, and we expect total motorcycle demand in 2012 to be roughly flat with 2011, at 14,000 thousand units (a 0.2% decline). Yamaha Motor will continue to strengthen its sales network in rural areas and will also aggressively promote the 10th anniversary of the release of its mainstay model, the YB125. We are therefore projecting a 16.1% increase in unit sales, to 706 thousand units.

**Central and South America**

**Strong business focusing on mainstay models**

Supported by stable economic growth, Brazil's total motorcycle demand grew 7.6% in 2011, to 1,938 thousand units. Neighboring emerging markets also grew in tandem, for a 12.5% increase in total demand in Central and South America, to 4,461 thousand units.

Yamaha Motor conducted nationwide sales promotions in Brazil, focusing on its mainstay YBR125 model, but unit sales growth was held to 6.6%, to 242 thousand units, in the absence of an improvement in financing approval rates and delays in cultivating sales networks. In neighboring countries, however, the sporty FZ16 gained support among Argentine customers for its stylish design, and the "BW'S" (125cc scooter) posted strong sales in Colombia. As a result, our overall unit sales in Central and South America rose 17.3%, to 487 thousand units.

Overall solid growth is expected in Central and South America again in 2012, with Brazil's total motorcycle demand seen growing 4.1%, to 2,018 thousand units, and 6.1% growth, to 4,734 thousand units, is forecast for the entire region. Yamaha Motor is projecting 20.2% unit sales growth, to 291 thousand units, in Brazil, and a 27.5% increase, to 621 thousand units, for all of Central and South America, as we launch new models and accelerate the expansion of our sales network with a strategic focus on the rapidly growing northeast area of the region.



BW'S