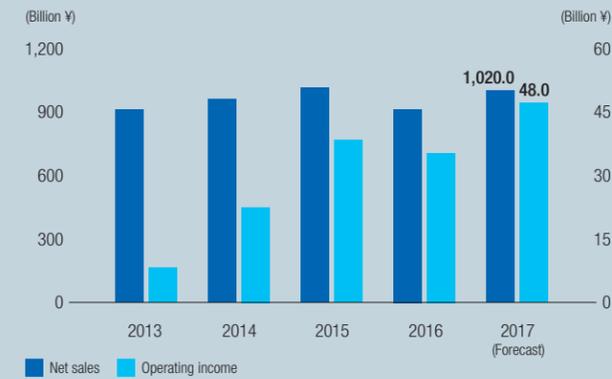


# Motorcycles



## Creating unique, new products through Yamaha Monozukuri

Net sales and operating income



**Katsuaki Watanabe**  
 Director and Managing Executive Officer  
 Chief General Manager of Motorcycle Business Operations



### » Operating environment and areas of focus under the Medium-Term Management Plan

The motorcycle business's geographic focus is on the ASEAN, India, Brazil/China, and developed markets. The economic situation and motorcycle demand in each of these markets are changing rapidly, and we seek to be the first to recognize these market changes by responding quickly and developing products that address them.

Under the Medium-Term Management Plan, we are pursuing highly efficient product development and cost reductions, as we work to create a business structure that maintains stable earnings. In terms of product development, we are developing platform models that consolidate the number of engines and bodies while, at the same time, expanding the model lineup with unique, new products that are "fast," "reasonably priced," and "stylish" in order to meet customers' increasingly diverse

needs. In terms of cost reductions, in addition to savings by promoting platform models, we are pursuing to reduce costs even further in the areas of procurement, manufacturing, and logistics.

	2016 Result	2017 Forecast
<b>Net sales</b>	<b>¥930.1 billion</b>	<b>¥1,020.0 billion</b>
<b>Operating income</b>	<b>¥36.0 billion</b>	<b>¥48.0 billion</b>

### » Appraisal of 2016 results

In 2016, unit sales rose in markets including India, Vietnam, and the Philippines, were flat in developed markets, and declined in Indonesia, China, and Brazil. Net sales declined ¥102.4 billion (9.9%) from the previous year, to ¥930.1 billion, as a result of the impact of the exchange rate. Although operating income grew in emerging markets due to increased sales of higher-priced products and cost reductions, the impact of the exchange rate in developed markets resulted in an overall decline in operating income, by ¥3.2 billion (8.1%), to ¥36.0 billion.

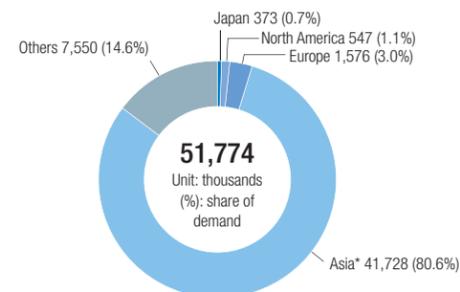
### » For long-term growth

During 2017, we will proactively work to increase sales in the growing Indian market and to increase profitability in the ASEAN market even further. In the developed markets of Europe, North America, and Japan, we will introduce attractive products and promote the strength of the Yamaha brand, while maintaining stable profitability.

We have always offered unique, new products that incorporate Yamaha's distinctive originality, technology, and design. Going forward, we will build on this by pursuing innovation through the development of new foundational technologies in areas including robotics and the "Internet of Things," for even greater long-term growth.

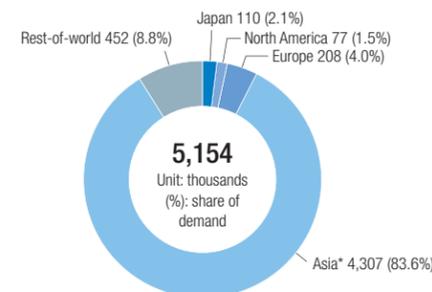
### FY2016 worldwide demand

Note: Yamaha Motor surveys



\*Asia excludes Japan

### FY2016 Yamaha Motor unit sales



\*Asia excludes Japan



# Marine Products



Aiming to become the No. 1 global brand by spreading marine leisure culture across the world

Net sales and operating income



**Takaaki Kimura**  
Executive Vice President  
and Representative Director  
Chief General Manager  
of Marine Business  
Operations



## » Operating environment and areas of focus under the Medium-Term Management Plan

In addition to a growing trend of wanting to enjoy marine leisure in North America, our biggest market, demand for large outboard motors is increasing, and Yamaha's outboard motors, with their advanced product technology, are gaining an overwhelming level of trust. This trend can also be seen in Europe, and is benefitting Yamaha's lineup of outboard motors, which includes models of up to 350 horsepower. For this to lead to further growth, we are bolstering our brand strength in the global market by enhancing our overall business strength, reliability, and network strength.

The marine products business is well on its way to competing in the 3-trillion-yen global marine market. During the three-year period covered by the Medium-Term Management Plan, we will move beyond being an engine supplier that offers highly reliable, lightweight, and fuel-efficient engines, to enhancing our potential as a system supplier that offers a broad range of value with packages that include hulls and

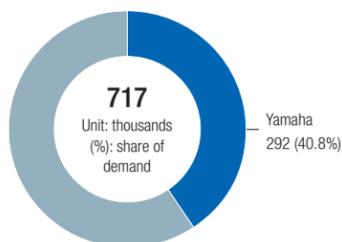
peripheral equipment. This will enable us to establish our position as the No. 1 global brand that gains the trust of professionals, that is highly valued by upper- and mid-tier customers, and that is admired by first-time customers. To achieve this, we will strengthen our capabilities in three areas: our overall business strength that offers outboard motors as well as peripheral equipment; our reliability not only for our products and systems, but also as a business partner; and our network strength that, on a global basis, provides services which are closely linked to individual markets.

	2016 Result	2017 Forecast
<b>Net sales</b>	<b>¥297.2 billion</b>	<b>¥300.0 billion</b>
<b>Operating income</b>	<b>¥55.4 billion</b>	<b>¥57.0 billion</b>



## FY2016 worldwide demand and Yamaha Motor unit sales of outboard motors

Note: Yamaha Motor surveys



## » Appraisal of 2016 results

In 2016, unit sales of outboard motors increased, led by large models in North America and Europe. As we look to the future, we will also build a business model that is aimed at being a system supplier. The business overall recorded declines in sales and profit due to the impact of the exchange rate, but maintained high profitability with an operating income margin of 19%. Net sales declined ¥12.1 billion (3.9%) from the previous year, to ¥297.2 billion, and operating income was down ¥8.6 billion (13.4%), at ¥55.4 billion.



## » For long-term growth

As demand for outboard motors continues to shift toward larger models, during 2017 we will pursue our system supplier strategy, strengthen our product competitiveness, and increase our cost competitiveness, with the aim of becoming an even more profitable business. We will also fortify our business foundation by cultivating professional human resources who understand the unique features of respective local markets.

Our goal beyond being a system supplier is to provide a richer marine life to people around the world. By creating a solid No. 1 brand as a system supplier that addresses all segments of marine life, we will provide comprehensive marine life value to everyone who comes into contact with Yamaha.



# Power Products and Other Products



## Aiming to expand our uniquely Yamaha robotics business

### Net sales and operating income



**Toshizumi Kato**  
 Director and Managing Executive Officer  
 Chief General Manager of Vehicle & Solution Business Operations



### » Operating environment and areas of focus under the Medium-Term Management Plan

The ROV market is expanding beyond its commercial uses of agriculture and dairy farming to encompass a wide range of applications and terrains, including leisure use in mountain forests, deserts, and rugged mountains. In 2017, we are forecasting a decline in retail sales as we work to trim inventories of existing models and shift to new platform models, with the aim of restoring to normal operations from 2018. In the IM business, our aim is to strengthen our profit structure even further on the back of increasing sales of high-value-added products including high-speed, multi-function surface mounters and integrated control robot systems. The PAS business will work to broaden its customer base globally through increased exports of E-kits (drive units for electrically power assisted bicycles) to Europe.

	2016 Result	2017 Forecast
Net sales	¥275.5 billion	¥280.0 billion
Operating income	¥17.2 billion	¥15.0 billion



Surface mounters

### » Appraisal of 2016 results

The power products and other businesses progressed toward their goal of creating a unique business model. Net sales declined ¥13.8 billion (4.8%) from the previous year, to ¥275.5 billion, and operating income decreased ¥10.0 billion (36.6%), to ¥17.2 billion. Both net sales and the operating income margin rose in the IM and PAS businesses, but higher expenses as a result of production adjustments in the ROV business, and the impact of the exchange rate led to a decline in sales and profit in the business as a whole.

using industrial-use unmanned helicopters, and self-driving testing for golf cars. In addition, we will lay the path for future growth by accelerating our development of motor and battery technologies, our development of software, applications, and business models for automated controls, collaboration with outside parties, and our efforts to identify, retain, and cultivate top-tier engineers.

### » For long-term growth

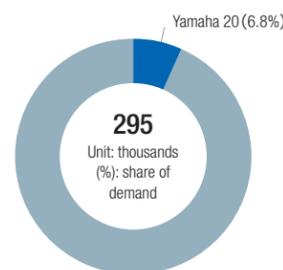
The power products and other businesses are developing uniquely Yamaha robotics businesses that operate on land, in the sea, and in the air. The robotics industry is expected to grow significantly. Currently, the majority of the industry operates in the factory automation sector, but going forward, growth is expected in outdoor sectors such as unmanned operations in agriculture and other industries and self-driving vehicles, as well as in indoor sectors such as nursing care and home automation.



Industrial-use unmanned helicopter

### FY2016 North American demand and Yamaha Motor unit sales of ROVs

Note: Yamaha Motor surveys



PAS

Yamaha Motor's strengths lie in its modes of mobility, including industrial-use unmanned helicopters, recreational vehicles, and golf cars, and we believe that we can become a pioneer in terms of robotics in these areas.

During 2017, we will work to grow our surface mounters for the existing factory automation field, while also stepping up our efforts in areas including the crop dusting business for vineyards in California



Golf car