

**Business Results for Full Fiscal Year Ended December 31, 2015**  
**Analyst Oriented Business Information Session**  
**Q&A Minutes**

**Overall**

**Why was the operating income target - revised upward to 125.0 billion yen in the 3rd Quarter Business Results - not met?**

In the 3rd Quarter Business Results released on November 6, operating income was forecast as 125.0 billion yen, but the final result was 120.4 billion yen. We cannot disclose the specific amounts, but the two main reasons for not reaching the target were allowances made for complaints in the motorcycle business in November and December, and the large effect of unrealized income in the marine business. Specifically, this unrealized income refers to the effect of stock levels increasing in the U.S. marine business due to shipments being solid.

**What are the steps planned on the pathway toward the 2018 operating income target of 180.0 billion yen in the Medium-term Management Plan?**

In the Medium-term Management Plan, the Company stated that "Gradual improvement will continue in developed markets. Emerging markets - particularly Indonesia, India, and Vietnam - have extremely high potential, and the targets can be achieved if we maximize leverage of it." By adeptly utilizing the characteristics of these two markets, we will approach the 2018 operating income target of 180.0 billion yen.

**With the large increases in Dividend this year, the 2016 forecast dividend for the year will be 70 yen. Given the uncertain macro environment, will you maintain 70 yen even if results vary a little? Or is your policy to mechanically apply a dividend payout ratio of 30%?**

The Company has set a dividend of 70 yen in accordance with a dividend payout ratio of 30% premised on operating income of 120.0 billion yen and net income for the year of 80.0 billion yen. It will depend on the results achieved, but we plan to make efforts to enable paying out even a little more than 70 yen. However, the Company's plan is to make payment based on the dividend policy of a payout ratio of 30%.

**Motorcycle and Marine Products: North America**

**In the U.S. market, it seems that you are expecting sales of motorcycles and marine products conservatively. What are your future forecasts?**

**Motorcycles:** Sales targets have been created based on the forecast that the motorcycle market will be mostly flat from 2015. Aiming for high-efficiency model management, the Company's policy is to further reduce stock on hand, beginning with the U.S.A. in particular. In the past, the Company had held approximately 130,000 units of distribution inventories, but this has been decreased to the 60,000 unit level. Long-superseded models were included in the inventory figure. In the past, the system used in the U.S.A. was for models which have been superseded to be sold with rebates, but this business model was revised from 2014. Improvements will involve active stock clearance of superseded models, with a policy of not holding them in future. Motorcycle inventory in the U.S.A. is at the improvement stage now. Wholesale inventory has been reduced, but U.S. retail began the year almost the same as last year.

**Marine:** The marine market is currently in a state of transition. In particular, as boats become larger, engines are becoming larger as well. Additionally, engine demand is changing toward models capable of longer travel distances with higher speed capability, and so the shift to higher-powered outboards is progressing. Therefore, we forecast that sales of large models will increase. The state of orders received at boat shows around the regions creates no negative impressions.

**Power Products:**

**What were the unit sales of ROVs for 2015, and what will they be for 2016? We would particularly like your comments regarding the sports category.**

ROV sales results in 2015 were approximately 21,700 units. The target for 2016 is approximately 33,000 units, and we therefore aim to increase sales by more than approximately 11,000 units. Sales in the sports category achieved their targets. Retail figures will be available in the near future, but there is no question that they are very solid.

**We would like to ask about the overall ROV market in 2015 and 2016. We have heard that the environment in each category is changing, and that some segments are deteriorating or decreasing. What is the situation in each category? Given these circumstances, what are your unit sales forecasts, particularly for sports models?**

When looking at only ROVs, total unit demand in North America is growing. However, as you have pointed out, when looking at the three individual segments (multi-purpose, sports, and recreational), it is expected that while sports and recreational will grow significantly, multi-purpose may stagnate a little. Given these circumstances, the Company plans to grow its unit sales by focusing greater efforts on the sports and recreational segments.

**Based on your explanation, it sounds like one more sports model is to be added this year. What is the concept of the next model to be launched? It is the only solid segment in the overall market, and we expect competition to intensify. How are you going to create differentiation in future models?**

We cannot make very specific comments about the product, but we plan to launch models featuring a variety of our technologies. We also plan further differentiation in not only the sports, but also the recreational category in the medium-term. Moreover, we plan to enhance the overall lineup.