FY2015 Business Results

Yamaha Motor Co., Ltd.
February 9, 2016
(Ticker symbol : 7272)
Regarding the Forecast Consolidated Results

Forecast consolidated results stated herein are based on the management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forecast consolidated results. 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.
Business Results: 2015

Three Consecutive Years of Increases in Sales and Income lead to Building a Foundation for Sustainable Growth

- Net Sales : 1,615.4 ¥ Bil. (106%)
- Operating Income : 120.4 ¥ Bil. (138%)
- Operating Income Ratio : 7.5% (+1.7pt)
- Ordinary Income : 125.2 ¥ Bil. (129%)
- Net Income : 60.0 ¥ Bil. (88%)

($ • €) 121 / 134
$/IDR • $/BR$ 13,400 / 3.3
Business Results: 2016 Forecast

Promoting Growth Investment to Secure Stable Income

- Net Sales : 1,700.0 ¥ Bil. (105%)
- Operating Income : 120.0 ¥ Bil. (100%)
- Operating Income Ratio : 7.1% (- 0.4pt.)
- Ordinary Income : 125.0 ¥ Bil. (100%)
- Net Income : 80.0 ¥ Bil. (133%)

($ • €) 117 / 127
$/IDR • $/BR$ 14,000 / 4.0
Securing Stable Income in all Business Segments

**Net Sales**
- **Motorcycles**
  - 2013: 928.2 (¥ Bil.)
  - 2014: 977.6
  - 2015: 1,016.0
  - 2016: 1,070.0

- **Marine**
  - 2013: 243.4
  - 2014: 276.4
  - 2015: 303.4
  - 2016: 310.0

- **Other**
  - 2013: 112.2
  - 2014: 126.7
  - 2015: 134.5
  - 2016: 200.0

**Operating Income**
- **Motorcycles**
  - 2013: 6.5
  - 2014: 31.9
  - 2015: 31.9
  - 2016: 34.0

- **Marine**
  - 2013: 120.4
  - 2014: 13.2
  - 2015: 15.2
  - 2016: 17.0

- **Other**
  - 2013: 5.3
  - 2014: 45.8
  - 2015: 6.5
  - 2016: 57.0

**Other: Including industrial machinery & robot products**
[ROE Management Initiatives]

**Main Initiatives**
(2016-2018 Total Target Values)

1. Create uniqueness
   (270 Models) "GEN" "Play & Sure" "S・EX・Y" + "Ties"

2. Good efficiency / Create freshness
   - Platform development
   - Global development

3. Capture focal markets
   - Strategic product launches
   - Marketing to create strong ties with the customer

4. Cost reductions (60.0 billion yen)
   - Procurement, Manufacturing / Logistics

5. Structural reforms
   - Currency responses etc.

6. SCM closer to the customer
   - Reducing distribution inventories
Promoting Growth Investment to Secure Stable Income

[ROE] Management Initiatives: Profitability

2014 Results

- Net Income: 87.2
- Scale/Product Effects: 32.5
- Cost Reductions: 8.5
- Exchange Effects: 17.7
- Increased Expenses etc.: △25.5

2015 Results

- Cost Reductions: 16.6
- Exchange Effects: △17.8
- Increased Expenses etc.: △16.7
- Product Effects: 27.5
- Growth Strategy Expenses (Total 15.0 ¥ Bil.): △10.0
- Net Income: 120.4

2016 Forecast

- Net Income: 80.0
[ROE Management Initiatives]: Return on Assets

**Distribution inventory turnover (months)**

- **Motorcycles (developed markets)**
  - 2014 Results: 7.3
  - 2015 Results: 7.1
  - 2016 Forecast: 6.1
  - 2018 Medium-term Plan: 

- **Motorcycles (ASEAN)**
  - 2014 Results: 2.3
  - 2015 Results: 2.6
  - 2016 Forecast: 2.1

**SCM closer to the customer**

- **Developed Markets**
  - Integrated management from Production to Retail
  - Reducing production lead times
  - Stock level management (by sales dealership)
  - Supply structure to customers

- **Emerging Markets**
  - Reviewing the global production structure
  - Reducing import and export lead times
  - Upgrading the sales network

**Expand Finance Businesses that Support Existing Businesses**

- **2013 - 2015**
  - Start full-scale initiatives
  - Establish financing subsidiaries in the U.S.A. and Canada

- **2016**
  - Strengthen operating platform
  - Expand retail finance in the U.S.A.

- **2018**
  - Receivables balance of 300.0 billion yen
  (Toward ROA 5%)

**Receivables Balance (¥ Bil.)**

<table>
<thead>
<tr>
<th></th>
<th>2014 Results</th>
<th>2015 Results</th>
<th>2016 Forecast</th>
<th>2018 Medium-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>118.8</td>
<td>150.3</td>
<td>190.0</td>
<td>210.0</td>
</tr>
<tr>
<td>Other</td>
<td>77.4</td>
<td>61.9</td>
<td>70.0</td>
<td>110.0</td>
</tr>
<tr>
<td></td>
<td>196.3</td>
<td>212.2</td>
<td>260.0</td>
<td>320.0</td>
</tr>
</tbody>
</table>
[ROE Management Initiatives]: Equity

Increasing Financial Stability.

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity (¥ Bil.)</th>
<th>Equity ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Results</td>
<td>459.7</td>
<td>35.1%</td>
</tr>
<tr>
<td>2015 Results</td>
<td>490.8</td>
<td>37.6%</td>
</tr>
<tr>
<td>2016 Forecast</td>
<td>560.0</td>
<td>40.0%</td>
</tr>
<tr>
<td>2018 Medium-term Plan</td>
<td>700.0</td>
<td>42.5%</td>
</tr>
</tbody>
</table>

[ROE Management Initiatives]: Equity
Management to Increase “Earning Power”: Business Cash Flow

Raising earning power, and increasing growth investment and stock dividends.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income</th>
<th>Depreciation Expenses</th>
<th>Working Capital (Not incl. financial receivables)</th>
<th>Capital Expenditure</th>
<th>Stock Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Results</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015 Results</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 Forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018 Medium-term Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Depreciation Expenses: 40.0 (2016) → 71.0 (2018)
- Capital Expenditure: 68.5 (2014) + 60.0 (2015) + 44.0 (2016) + 48.0 (2018)
Management to Increase “Earning Power”: Stock Dividends

To a Dividend Payout Ratio of 30%
2015: 44 yen enacted. 2016: 70 yen forecast

EPS: 196 yen
Net Income (¥ Bil.): 68.5

Dividend Payout Ratio: 20.4%
Total Dividend for the Year: 40 yen
2014

EPS: 172 yen
Net Income (¥ Bil.): 60.0

Dividend Payout Ratio: 25.6%
Total Dividend for the Year: 44 yen
2015

EPS: 229 yen
Net Income (¥ Bil.): 80.0

Dividend Payout Ratio: 30.6%
Total Dividend for the Year: 70 yen
2016 Forecast
## Motorcycle Business: Business Strategies

### Towards “High-efficiency” Business Model Management

**Business Efficiency**
- Aggregating vehicle body and engine development
- Cost reductions
- Reducing distribution inventories

**Product Competitiveness**
- Developed Markets: Making our brand shine
  - ASEAN:
  - India:
    - Capture higher price-range markets and global market rollout
    - Capture lower price-range markets
- Marketing to create strong ties with the customer
- Europe: 3 block system rollout
- U.S.A.:
- ASEAN:
  - Expansion of bLU cRU
  - Expansion of TCS

### Net Sales/Operating Income (¥ Bil.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Developed Markets</th>
<th>Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 Results</td>
<td>977.6</td>
<td>749.5</td>
</tr>
<tr>
<td>2015 Results</td>
<td>1,016.0</td>
<td>752.2</td>
</tr>
<tr>
<td>2016 Forecast</td>
<td>1,070.0</td>
<td>805.0</td>
</tr>
<tr>
<td>2018 Medium-term Plan</td>
<td>1,300.0</td>
<td>1,030.0</td>
</tr>
<tr>
<td>2018 Forecast</td>
<td>270.0</td>
<td>65.0</td>
</tr>
<tr>
<td>2015 Forecast</td>
<td>1,300.0</td>
<td>1,030.0</td>
</tr>
</tbody>
</table>

**2018 Results**
- 13

**Medium-term Plan**
- 12.6

**Forecast**
- 2.1
## Marine Products Business: Business Strategies

### Competing in the 3-trillion-yen Global Marine Market

- **Becoming a System Supplier**
  - Engines: Increased sales of large models (North America/Europe)
  - Peripheral equipment: Alliance strategies etc.
  - Hull strategy: Global strategies, providing new boat value, etc.

- **Making a Global No. 1 Brand**
  - Continuing to increase comprehensive business strength, reliability, and networking strength

### Net Sales/Operating Income (¥ Bil.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Boats Outboard</th>
<th>Other</th>
<th>Net Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>160.9</td>
<td>115.5</td>
<td>276.4</td>
<td>14.9</td>
</tr>
<tr>
<td>2015</td>
<td>172.3</td>
<td>131.1</td>
<td>303.4</td>
<td>18.9</td>
</tr>
<tr>
<td>2016</td>
<td>175.0</td>
<td>135.0</td>
<td>310.0</td>
<td>18.0</td>
</tr>
<tr>
<td>2018</td>
<td>210.0</td>
<td>130.0</td>
<td>340.0</td>
<td>19.0</td>
</tr>
</tbody>
</table>

### 2014-2018 Results and Forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Results</th>
<th>Forecast</th>
<th>Medium-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>30.9</td>
<td>60.2</td>
<td>70.0</td>
</tr>
<tr>
<td>2015</td>
<td>41.3</td>
<td>57.0</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>39.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>51.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Power Products/Other Business Segments: Business Strategies

Building a Unique Business Model

- **RV**: Toward the third core business
  Establishing the No. 1 sports brand, thorough recreation differentiation, etc.

- **IM**: Becoming a high-profitability business by leveraging strengths
  - Mounters
    - Greater strength in the vehicle and device fields
    - Development of next-generation integrated models
  - Robots
    - Expansion of new lineup

- **UMS**: Becoming a global business
  California business entry, preparation for Thailand business entry, etc.
### Total Demand/Company Unit Sales for Major Products

#### Total Demand (Yamaha Motor Estimate)

<table>
<thead>
<tr>
<th></th>
<th>2014 Results</th>
<th>2015 Results</th>
<th>2016 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>450</td>
<td>407</td>
<td>400</td>
</tr>
<tr>
<td>North America</td>
<td>539</td>
<td>559</td>
<td>586</td>
</tr>
<tr>
<td>Europe</td>
<td>1,515</td>
<td>1,525</td>
<td>1,534</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7,686</td>
<td>6,465</td>
<td>6,700</td>
</tr>
<tr>
<td>Thailand</td>
<td>1,696</td>
<td>1,677</td>
<td>1,600</td>
</tr>
<tr>
<td>India</td>
<td>15,996</td>
<td>16,089</td>
<td>16,989</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2,711</td>
<td>2,849</td>
<td>2,870</td>
</tr>
<tr>
<td>Taiwan</td>
<td>666</td>
<td>706</td>
<td>670</td>
</tr>
<tr>
<td>China</td>
<td>10,655</td>
<td>9,080</td>
<td>8,250</td>
</tr>
<tr>
<td>Other</td>
<td>4,395</td>
<td>4,070</td>
<td>4,750</td>
</tr>
<tr>
<td>Asia Total</td>
<td>43,805</td>
<td>40,937</td>
<td>41,829</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,430</td>
<td>1,208</td>
<td>1,219</td>
</tr>
<tr>
<td>Other</td>
<td>7,931</td>
<td>8,000</td>
<td>8,035</td>
</tr>
<tr>
<td>Other Total</td>
<td>9,360</td>
<td>9,209</td>
<td>9,254</td>
</tr>
<tr>
<td>Motorcycles Total</td>
<td>55,669</td>
<td>52,637</td>
<td>53,603</td>
</tr>
<tr>
<td>Outboard Motors</td>
<td>808</td>
<td>742</td>
<td>702</td>
</tr>
<tr>
<td>ATV</td>
<td>436</td>
<td>435</td>
<td>425</td>
</tr>
</tbody>
</table>

#### Yamaha Motor Unit Sales

<table>
<thead>
<tr>
<th></th>
<th>2014 Results</th>
<th>2015 Results</th>
<th>2016 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>123</td>
<td>110</td>
<td>113</td>
</tr>
<tr>
<td>North America</td>
<td>79</td>
<td>89</td>
<td>78</td>
</tr>
<tr>
<td>Europe</td>
<td>191</td>
<td>209</td>
<td>210</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2,371</td>
<td>1,799</td>
<td>2,000</td>
</tr>
<tr>
<td>Thailand</td>
<td>223</td>
<td>225</td>
<td>237</td>
</tr>
<tr>
<td>India</td>
<td>567</td>
<td>595</td>
<td>826</td>
</tr>
<tr>
<td>Vietnam</td>
<td>643</td>
<td>719</td>
<td>777</td>
</tr>
<tr>
<td>Taiwan</td>
<td>210</td>
<td>226</td>
<td>242</td>
</tr>
<tr>
<td>China</td>
<td>445</td>
<td>307</td>
<td>347</td>
</tr>
<tr>
<td>Other</td>
<td>359</td>
<td>415</td>
<td>461</td>
</tr>
<tr>
<td>Asia Total</td>
<td>4,819</td>
<td>4,286</td>
<td>4,890</td>
</tr>
<tr>
<td>Brazil</td>
<td>181</td>
<td>131</td>
<td>134</td>
</tr>
<tr>
<td>Other</td>
<td>406</td>
<td>393</td>
<td>426</td>
</tr>
<tr>
<td>Other Total</td>
<td>587</td>
<td>524</td>
<td>560</td>
</tr>
<tr>
<td>Motorcycles Total</td>
<td>5,799</td>
<td>5,218</td>
<td>5,851</td>
</tr>
<tr>
<td>Outboard Motors</td>
<td>329</td>
<td>300</td>
<td>299</td>
</tr>
<tr>
<td>ATV</td>
<td>53</td>
<td>55</td>
<td>61</td>
</tr>
</tbody>
</table>

(Units: 1,000)
Net Sales of Marine/Power Products/Others (Annual)

* Others: Including industrial machinery & robot products
### Effect of Foreign Exchange vs. Last Year

<table>
<thead>
<tr>
<th></th>
<th>2015 Results (Annual)</th>
<th>2016 Forecasts (Annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(¥ Bil.)</td>
<td>US$</td>
<td>Euro</td>
</tr>
<tr>
<td>Foreign Exchange Effects on HQ Imports and Exports</td>
<td>22.3</td>
<td>-3.9</td>
</tr>
<tr>
<td>Foreign Exchange Effects on Purchases (Overseas Subsidiaries)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Conversion Effects on Gross Income (Overseas Subsidiaries)</td>
<td>9.1</td>
<td>-1.8</td>
</tr>
<tr>
<td>Conversion Effects on SG&amp;A Expenses (Overseas Subsidiaries)</td>
<td>-6.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Foreign Exchange Effects on Operating Income</td>
<td>25.3</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

### Foreign Exchange Sensitivity

<table>
<thead>
<tr>
<th></th>
<th>US$</th>
<th>Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of effect on operating income per yen of foreign exchange fluctuations</td>
<td>1.5</td>
<td>0.6</td>
</tr>
<tr>
<td>¥ Bil.</td>
<td>¥ Bil.</td>
<td></td>
</tr>
</tbody>
</table>
Causes of Changes in Operating Income vs. Last Year (Annual)

- **Cost Reductions**:
  - Scale/Product Effects: $87.2 ($/€: 106/140)
  - Increase in SG&A expenses: $17.7
  - Impact of changes in raw materials prices: $1.9

- **Impact of foreign exchange**:
  - Impact of foreign exchange: $8.5
  - Increase in R&D expenses: $6.8 (△)
  - Increase in depreciation expenses: $6.7 (△)
  - Increase in SG&A expenses: $13.9 (△)

- **Overall Impact**:
  - 2014: $120.4
  - 2015: (121/134)
Causes of Changes in Operating Income vs. Last Year (Annual Forecast)

Cost Reductions

- Impact of changes in raw materials prices: 16.6 (△0.4)
- Impact of foreign exchange: 17.8 (△11.7)
- Increase in SG&A expenses: 3.7 (△10.9)

Increase in R&D expenses Including Growth Strategy expenses: 12.0 (△120.0)

($/€: 121/134)

2015

(117/127)