Overall
As the new President and Representative Director, we would like to hear your thoughts regarding points you would like to continue with, and those you would like to improve on in future initiatives.

I would like to continue our stance of absolutely sticking with the DNA of the unique style of Yamaha. We have grown businesses such as PAS and industrial machinery and robot products by combining a variety of technologies and a variety of products to provide new value. I want to value this DNA of providing new value from the customer’s perspective. I also want to actively invest the resources necessary to achieve this new value. A point I would like to improve on is the sense of urgency. While our corporate location is something of a handicap, as the global environment changes ever more quickly, I want to increase by even a little the speed at which we change.

You have reached the 9% operating income ratio target in the Medium-term Management Plan, and while you have many highly-profitable businesses, this seems like one milestone and not a final destination. Should we also anticipate this level of income in future in order to accelerate growth strategies? Or are there still opportunities to increase profitability?

We will continue with profitability improvements in our existing businesses. In particular, profitability is improving thanks to the effects of platform transitions in the emerging markets motorcycle business, especially in the ASEAN region. However, there are aspects of structural reform in the developed markets motorcycle businesses which we have not yet achieved. If there is room to make such improvements in other businesses (as well as motorcycles) then we should take those opportunities. The business results forecast for 2018 has operating income mostly flat, so I would like to continue actively developing technology for new business creation, and also make related investments if necessary.

We would like to hear your thoughts about the level of development expenses in the Medium-term Management Plan, in terms of how you will reach an investment balance for the future.

The ratio of development expenses in the current Medium-term Management Plan has increased for two reasons: we have increased investment into new businesses, and 2018 and 2019 is the peak period for response to new motorcycle regulations. As regulations in major markets are being toughened in 2020, such as the introduction of BS6 in India and Euro 5 in Europe, development expenses have increased to 5% of net sales for the preceding period. We anticipate that motorcycle-related development expenses will settle back from 2020 in the next Medium-term Management Plan. We will notify you all regarding development expenses for new businesses when the next Medium-term Management Plan is announced.

Emerging Markets Motorcycle Business
We would like to hear your thoughts about your approach to profitability in the emerging markets motorcycle business.

Solid sales of high-priced and high-value-added models in the ASEAN region in 2017 had high scale and profitability effects. The effects of platform models will level out in 2018, but I would like to continue these trends. In terms of costs, we anticipate increased depreciation due to capital expenditure in India and Indonesia as well as the notable trend to increased personnel expenses in the ASEAN region in recent years, leading to a high estimation of personnel expenses.
We would like to hear about demand and sales trends in Indonesia, Vietnam, and the Philippines.

We believe that the decline in total demand in Indonesia is bottoming out. Last year, sales in the two smaller islands of Sumatra and Kalimantan turned positive compared to the previous year, and while the major markets on Java were slightly down on the previous year, the effects of the president's economic policies are becoming apparent on Java as well. Therefore, considering that incomes are rising, we forecast with an even higher likelihood than previously that total demand will begin to rise. In Vietnam, sales are comprised of more mopeds than scooters, and our targets reflect the intensifying competition in the moped market this year. In the Philippines, total demand in 2017 increased by 15% compared with the previous year, and Yamaha Motor sales increased by 30%. Our strengths are in scooters, and we plan to retain our high scooter market share.

Marine Products Business

Please tell us about demand for outboard motors in North America. We have heard that outboard supply is insufficient, but when considering the effects of tax reform etc., we imagine that there will be changes in the trends among the affluent. We would like to hear if there will be increased demand based on these developments.

I would like to talk about the demand for outboard motors in North America in terms of large models and then small- to medium models. Demand for large models is growing for replacement of inboard engines, including diesel engines, as well as for replacement of stern drive engines. In North America, demand for outboard motors peaked before the Global Financial Crisis, but demand for large outboard motors has now exceeded the level before the GFC, and replacement demand is expected to grow further. There have recently been large fluctuations in stock prices, and we will closely monitor market conditions, but we do not perceive any great uncertainty as the underlying North American economy can be considered strong. Small- to medium-sized outboard motors have yet to return to levels before the GFC. In substance, income recovery has yet to reach the middle classes who use small- to medium-sized boats. We believe that the tax reductions to be implemented will help those consumers, and demand among them is likely to grow.

Power Products

It looks like ROV production adjustment concluded in FY 2017, and new products will appear in FY 2018, but we imagine that income forecasts will be on the low side. We would like to hear about the reasons for your cautious forecasts and your initiatives from next year onwards.

The reasons that inventory levels expanded were misreading of demand in the pure sports segment and receiving many orders from our dealers at the early stages, leading to large production volumes. The result was a large accumulation of inventory, and financial losses last year. This year, we will work on profitability improvements despite negative foreign exchange effects, but, learning from our past experiences, we are taking a conservative view, which may be seen as cautious. In 2018, we will expand the ROV lineup and invest in this business to chart its recovery.

Industrial Machinery and Robot Products

The new factory began operation last year, and productivity improvements will be promoted until this summer, with the factory becoming fully operational this year. You have said that production is currently at full capacity. We would like a little more detailed explanation on this point.

The new factory, which was completed in February last year, is currently fully operational. Compared to the first quarter last year, there is room to increase production by around 20%. Ideally this could be achieved entirely by in-house measures such as increasing staff numbers, but in reality, this is not always possible, such as due to parts supply constraints. Therefore, we have based our forecasts on unit volumes which we can reliably produce and ship. However, there is extremely high competition to secure orders, so we will ship as much as possible to increase sales.
It has been reported in the media that you want to significantly expand the robotics field, but what field do you want to expand in particular?

We have taken a significant step by integrating the previous Industrial Machinery and Robots business segment and Unmanned System business segment (which handles industrial-use unmanned helicopters) to create the new Robotics Business Unit. We believe that by combining control technology used in static applications with vehicular applications, we can create new demand and develop new uses. In addition to existing industrial-use unmanned helicopters, we plan to launch drone products in 2018. In addition, taking the approach of combining robotics technology and mobility, we have partnered with the Ministry of Land, Infrastructure, Transport and Tourism and others on the “Michi-no-Eki (Roadside Rest Areas) Project” being rolled out around Japan, conducting evaluation testing of autonomous driving systems based on Yamaha Motor golf cars. As these examples show, we want to continue to provide new added value.

Others
With regard to your entry into the automotive business, the business environment has changed significantly. We would like to hear about how you are currently positioning the automotive business.

We are continuing with research and development based on the approach that “we will enter the automotive business if we can make automobiles with the unique style of Yamaha.” This means that we will commercialize automobiles if we can make them with different methods and technologies to existing automakers, with lower investment, clearing safety requirements, and furthermore with uniquely-Yamaha driving performance. We are currently keenly appreciating the difficulties in automobile development. Development is taking longer than we initially anticipated, and we understand that, if we cannot make automobiles with the unique style of Yamaha, we will need to change our approach at the appropriate timing.