

**Business Results for First Quarter of Fiscal Year 2018**  
**Minutes for Analyst Briefing and Q&A**

**Overall**

**How do you rate the first quarter overall? Please give us your evaluation of unit sales, sales, and income.**

Marine continues to be solid, and the ASEAN region is healthy, with Indonesia in particular recovering. While some regions are doing better than others, overall, sales and income are as we anticipated.

**Are there any special reasons why there has been a significant negative impact on cash flow from sales activities?**

The effect of advancing the timing of payments to business partners was large. Otherwise, healthy net sales have meant that sales credit and sales finance credit have expanded.

**In the previous business results session, you talked about how there are supply constraints in outboard motors and surface mounters, and that supply is not keeping up with demand. We would like an update on this situation.**

The situation of demand exceeding supply has not changed. With regard to surface mounters, parts supply continues to be insufficient, both to us and our competitors. We are taking measures to increase production of outboard motors, and I want to accelerate these so that we see the effects this fiscal year.

**Emerging Markets Motorcycle Business**

**In Indonesia, the rupiah has continued to devalue, recently reaching the 14,000 rupiah = 1 U.S. dollar level. How large is the impact on sales and income of this trend?**

We have not calculated specific figures at the current point in time, but exports from Indonesia are increasing, and foreign exchange effects in Indonesia from procurement are not as significant as they used to be. Therefore, we believe that the impact of the devaluing rupiah on income is not particularly large.

**We have heard that your competitors have launched new products in Indonesia in the high-priced range. Has there been a negative impact from the intensifying competition, or is there instead a positive impact such as from revitalization of the market itself and increased sales in the high-priced range?**

Just looking at the sales situation in the first quarter, sales of our N MAX continue to be healthy, so we have concluded that the impact of new products from our competitors has to date not been large.

**What sorts of changes have occurred in the competitive environment in Vietnam and the Philippines?**

In Vietnam, sales competition has intensified since around the second half of last year, and our unit sales are decreasing. This situation has not changed in the first quarter of this fiscal year. This situation has also been incorporated from the stage of our initial targets, and at this point we do not believe that it will cause a significant impact on the annual plan. In the Philippines, a variety of new products - including from our competitors - have been launched, but the trends in both demand and our sales continue to be healthy.

**Please tell us about total demand and the sales situation in the emerging markets motorcycle business outside of the ASEAN region. Please also explain about the reasons why overall unit sales in Asia are flat.**

In India, the market continues to expand, with total demand on 1 st quarter now exceeding five million units. In terms of our sales, sports models are healthy and scooters are on par with the previous year, leading to a slight improvement overall compared with last year. In Brazil, the market is recovering, with total demand increasing. Our sales have also increased over last year in line with the greater total demand. In terms of overall unit sales across Asia, the decrease in Vietnam has been covered by Indonesia etc., leading to a slight improvement compared with last year. Net sales and income have grown faster than the increase in unit sales thanks to greater sales of models in the high-priced range.

**Marine**

**We believe that supply of outboard motors is not quite sufficient - what is the market share situation?**

We have a strong presence in large outboard motors, but the main market players are launching attractive products which directly compete with each other. Therefore, as the figures show, our market share is in a difficult position.

**Please tell us about the background to increased water vehicle unit sales, as well as the reasons for the improved outboard motor income ratio in the U.S. market despite the appreciating yen.**

We launch and begin taking orders for new water vehicle models every August. 2017 marked the model year changeover point, and we were able to sell out of the superseded inventory. Demand has been strong this fiscal year, and we have filled it with new products. In terms of the income ratio improvements, one reason is that the model cycle for outboard motors is long, and we have achieved cost reductions for current models every year. Cost reduction initiatives are firmly established in the relevant business units, and they continue to achieve improved income ratios every year.

**Even though production of outboard motors is constrained, it looks like net sales (excluding the impact of foreign exchange effects) are increasing. Please tell us about the reasons for this.**

Production is running at full capacity, but we are working hard on manufacturing and sales initiatives so that demand for popular large outboard motors does not go unfilled.

**Power Products**

**In the RV business, we would like to hear about the ROV demand and sales trends and the inventory situation.**

Total demand for ROVs has increased a little, but despite competition for wholesale sales intensifying, we have maintained sales at the same level as the previous year. We are carefully promoting wholesale sales of the new ROV products launched last year while monitoring the retail situation so that oversupply does not result. As at the end of the first quarter, we are maintaining inventory at an appropriate level.

**Robotics**

**While you have mentioned that the supply of surface mounter parts is insufficient, the income ratio in the Robotics business increased in the first quarter. Do you see this healthy situation continuing?**

There were no special causes of the high income ratio from surface mounters. The insufficient parts supply is not only affecting us, but also our competitors. As demand has been stronger than the ability to supply it, we believe that this situation will continue.