The Philippines IR Day

June 28, 2018
Yamaha Motor Motor Philippines
The Philippines - Overview

Republic of the Philippines

1. 300,000 km\(^2\) (80% of Japan's area)
2. Population exceeding 100 million (reached in 2014)
3. Archipelagic nation with the second-most (7,109) islands in the world
4. Principal industries are agriculture, parts processing, BPO, etc.
5. 10 million overseas workers support the economy (2017 total remittance amount of $28 billion/year)
6. Christian country which became independent from the United States (Spanish colony for 400 years before the United States became involved)
7. University enrollment rate is 36%
8. Poverty rate is approximately 20%
9. High crime rate is improving
10. Purchasing power parity is 1/5 - 1/10 of Japan
11. English is mostly used as an official language
History of Yamaha Motor Motorcycle Business in the Philippines

1. Date of registration: May 9, 2007
2. Date operations commenced:
   - Laguna Technopark temporary factory: September 28, 2007
   - LiMA factory: September 3, 2008

NORKIS:
- Exclusive distributorship rights granted in 1962
- Yamaha has already been in the Philippines for 55 years
Scale of Motorcycle Demand and Sales

Total demand in key countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Demand (10,000 units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1,912</td>
</tr>
<tr>
<td>China</td>
<td>785</td>
</tr>
<tr>
<td>Indonesia</td>
<td>545</td>
</tr>
<tr>
<td>Vietnam</td>
<td>327</td>
</tr>
<tr>
<td>The Philippines</td>
<td>197</td>
</tr>
<tr>
<td>Thailand</td>
<td>181</td>
</tr>
<tr>
<td>Taiwan</td>
<td>100</td>
</tr>
<tr>
<td>Brazil</td>
<td>82</td>
</tr>
</tbody>
</table>

Market size: Nearly 2 million units

Includes Chinese- and Korean-made motorcycles

Yamaha Motor unit sales:
- Number four globally
- Number one in key countries

Growth rate vs. previous year:
- +14%
- +36%
Motorcycle Business Environment in the Philippines

- GDP increasing at +6-7%, growing middle class
- Automobiles: Increasing proportion of middle-class customers purchasing with loans, becoming a mass-market product, tax on goods has led to slower growth in 2018
- Motorcycles: Growing number of cash buyers, increased demand for high-priced models

![Automobiles: Trends in total demand](image)

- **2009:** 120,000 units
- **2017:** 470,000 units

![Motorcycles: Trends in total demand](image)

- **2009:** 760,000 units
- **2017:** 1,970,000 units

- Expanding segments of automobile and motorcycle purchasers
- **A** 
  - Automobile customer segments
  - Wealthy
- **B** 
  - To a mass-market product
- **C** 
  - Motorcycle customer segments
- **D** 
  - High-priced models
- **E** 
  - Inexpensive
Sales Composition by Category

Sales composition by category

Automatic transmission models have grown significantly

<table>
<thead>
<tr>
<th>Category</th>
<th>2014 Overall composition ratio</th>
<th>2017 Overall composition ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>17%</td>
<td>30%</td>
</tr>
<tr>
<td>MP</td>
<td>39%</td>
<td>33%</td>
</tr>
<tr>
<td>ST</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>BU</td>
<td>34%</td>
<td>33%</td>
</tr>
</tbody>
</table>

AT: Automatic
MP: Moped
ST: Street
BU: Business
Giving Shape to the Brand (after-sales service/CSR)

### After-sales service
- Time Commitment Service
- Advance Service

### KPIs

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Outlets implementing TCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>52</td>
</tr>
<tr>
<td>2015</td>
<td>78</td>
</tr>
<tr>
<td>2016</td>
<td>163</td>
</tr>
<tr>
<td>2017</td>
<td>171</td>
</tr>
<tr>
<td>2018</td>
<td>203</td>
</tr>
</tbody>
</table>

### ADVANCED SERVICE
- Differentiation from competitors with 2S
- Improving recognition of TCS, YTA, and YAMALUBE

### Implementing a variety of CSR activities

- Yamaha Technical School (for training motorcycle technicians)
  - 2016-June 2018: Opened eight Schools
  - “Hard” aspects: Tools, vehicles (15 motorcycles)
  - “Soft” aspects: Training instructors, regular brushing up
  - Other: Placement with dealers (60 people with 3S outlets, 100 with outlets which sell multiple brands).
  - Graduates can sit for national motorcycle qualifications

- Opening eight Yamaha Technical Schools
- CSR activities/brand promotion

- Materials donated after cyclone damage
- Providing handwashing facilities to elementary schools
- 2016 Award from Philippine Department of Trade and Industry

Servicing caravan | Fuel injection cleaning

**Illustrations:**
- Yamaha Technical School
- Cyclone damage relief
- Handwashing facilities
- Award from Philippine Department of Trade and Industry