



Marine Business Presentation for Investors



Mar. 17, 2022

Marine Business Operations,
Yamaha Motor Co., Ltd.

Marine Business Presentation

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Chief General Manager of Marine Business Operations

Hello everyone and thank you for attending Yamaha Motor's Marine Business Presentation. My name is Hirofumi Usui and I serve as the Chief General Manager of our Marine Business Operations. I'm glad to be here to introduce our business, current developments, and more to you all today, so let's begin.

Marine Business Presentation

- 1. Marine Business Overview**
- 2. Marine Long-Term Vision and Marine CASE Strategy**
- 3. M&A and New Products**
- 4. Market Overview**
- 5. Medium-Term Management Plan (2022–2024)**

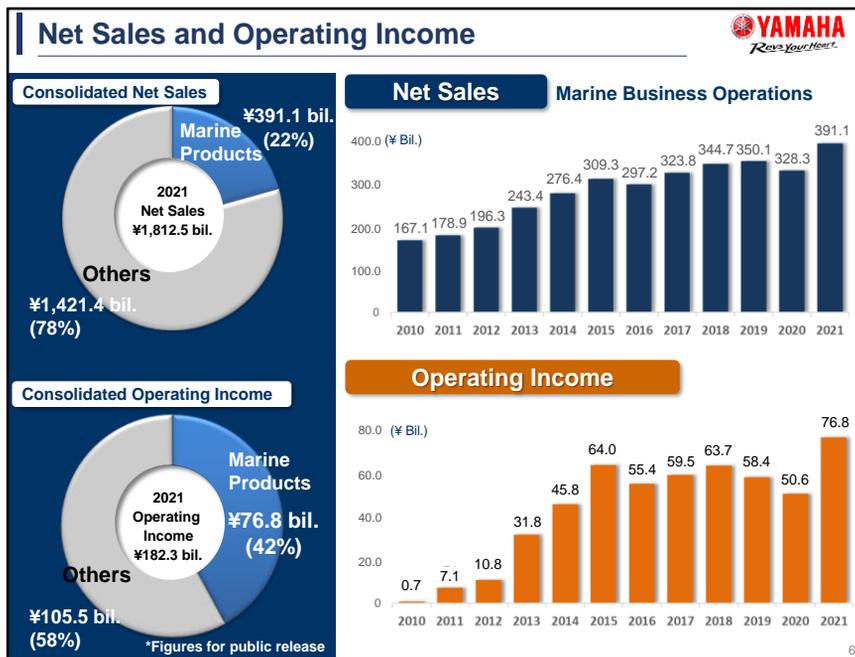
My presentation today will cover these five topics. We will begin with an overview of Yamaha's Marine Business and then go over our Marine Long-Term Vision and Marine CASE growth strategy. Third will be about our recent acquisition of Siren Marine and new products before giving a market overview and wrapping up with what our new Medium-Term Management Plan lays out for the business.

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Marine Products and Services			YAMAHA <i>Revs Your Heart.</i>	
Engines	Outboard Motors			Jet
	 <p>Wide-ranging lineup spanning commercial to recreational use</p>			
Rigging	Accessories	Propellers		
				
Together with our outboards, we can tailor setups to fit various purposes				
Boats	Watersports	Fishing	Pleasure	WVs (PWCs)
				
Sea-Style (Boat Club)	Rentals	Charters		
				

This slide shows the marine products and services we offer. Outboard motors form the mainstay of Yamaha’s Marine Business. We boast a wide-ranging lineup that runs from small 2-horsepower models to our flagship 425-horsepower units. Yamaha outboards are used all over the world for a variety of pursuits, from recreation like sport angling to commercial use, primarily in the fishing industry. In addition, we offer a full catalog of peripheral equipment that works seamlessly with our outboards to answer a diverse variety of customer rigging needs. Yamaha also manufactures boats tailored to local environments and applications mainly for Europe, the U.S., and Japan, while our personal watercraft are manufactured in the U.S. for markets worldwide. At the same time, we are offering services in Japan for experiencing marine recreation through Sea-Style, our membership-based boat rental and charter business.



Next, I'll briefly go over our net sales and operating income from fiscal 2021. As the bar graphs at the right show, Yamaha's marine business has continued to grow consistently since 2010, supported by robust demand. Last year, the business recorded 391.1 billion yen in net sales and 76.8 billion yen in operating income, representing our highest-ever figures. The pie graphs on the left show how the marine business accounts for 22% of our consolidated net sales and a significant 42% of our operating income as a company.

Outboard Market: Recreational Sector



Saltwater Fishing

- Targeting large fish out in the open water



Family Boating

- For family fun on weekends and holidays



Bass Fishing

- Targeting black bass on lakes and rivers



Freshwater Fishing

- Casual fishing mainly on lakes and rivers

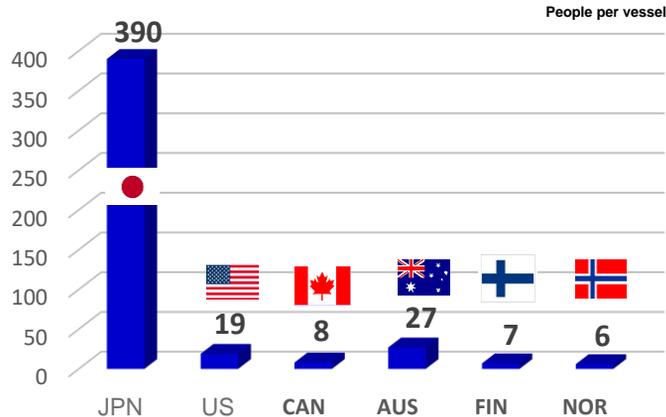


I'll next introduce the outboard market's recreational sector, a principal part of our business. Marine recreation is a firmly established part of the culture and lifestyle of people in Europe and the U.S. Sport fishing stands out in particular, which is done in various locations like the sea, lakes, and rivers. Alongside fishing, pontoon boating on lakes, as depicted in the photo at the upper right, is also a common activity for family fun on the weekends and holidays.

Boat Ownership in Developed Countries



There is a significant difference in boat ownership per person between Japan and other developed countries, with one vessel per some five families in the U.S., and one vessel per two families in Canada, Finland, and Norway, indicating their very widespread culture for marine recreation.



Source: ICOMIA Statistics Book published by the International Council of Marine Industry Associations (ICOMIA)

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Moving on, this bar graph illustrates the degree to which marine recreation and culture is part of a country's national pastime by displaying the number of people per privately-owned boat.

In Japan, there is one boat for every 390 people, while in the U.S., there is one for every 19 people. In other words, of roughly five families, at least one will likely own their own boat. Similarly, about one in every two families owns a boat in Canada and Nordic countries. I believe this paints a clear picture of how widespread marine recreation is both as an activity and as a culture in developed countries.

Trends in the Recreational Sector



Increasing demand for large outboard motors

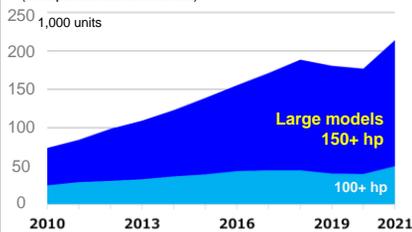
- ✓ Higher performance from large outboards
- ✓ More large boats with multiple outboards

Shifting away from other propulsion to outboard motors

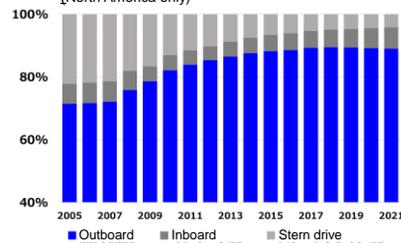
- ✓ More effective use of the boat
- ✓ Reliability and ease of handling



Trends for large outboard motors
(Europe and North America)



Boat sales ratio trends (by propulsion type)
(North America only)



Source: ICOMIA Statistics Book published by the International Council of Marine Industry Associations (ICOMIA)

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Next, I'll explain the total demand trends seen in the recreational sector. The graph at the bottom left shows how demand for large outboard motors, which are highly profitable, has been rising consistently for some time now. This steady increase in demand is due to the market trend for customers to prefer mounting multiple high-horsepower high-performance outboards on a single boat, as shown by the photo at the upper right. The advantages provided by outboards, such as more effective use of onboard space, good reliability, and easier maintenance, are driving a shift away from conventional propulsion options installed within the boat in favor of outboard motors. This trend is forecast to continue and demand for large outboard motors is also expected to remain robust.

Outboard Market: Commercial Sector



Commercial Fishing

- Detachable for storage as a theft prevention measure
- Portability, i.e., light weight and a shape for easy carrying



Transportation

- Essential for transportation in areas without land-based transit infrastructure
- Used in remote areas, making easy maintenance critical



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Next, I'll explain our business in the commercial sector.

Outboard motors are used in the emerging and developing countries around the world for a variety of purposes, from commercial fishing to transportation. Our products play indispensable roles in these countries, not only forming the foundation of people's daily lives but also contributing to local fishery development and transit infrastructure.

Our commercial sector business is founded on our grassroots work to build the market itself, which we did by imparting Japanese fishing knowledge and methods to local fishermen. From the relationships we forged with customers through this, the high reliability of our products, and our well-organized service structure have won us overwhelming market share in many regions.

Personal Watercraft Market (PWC)



Recreational Sector

➤ PWCs offer fun on the water worldwide



Commercial Sector

➤ Not only for recreation but also for social contributions, etc.



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I would like to round off this section with the personal watercraft market. These are popular products for recreation around the world and they can be enjoyed solo or with family and friends, with bigger two- and three-person models common in Europe and the United States.

Also, the sharp handling and maneuverability of PWCs make them welcome tools for authorities and they are used widely for maintaining peace and order on the water.

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Next, I will explain the Marine Business' long-term vision and growth strategy.

Marine
Marine Long-Term Vision

Reliable and rich marine life

Toward further increasing the value of the ocean

- Changing marine culture, changing everyday life
- Connecting the sea, people, and society
- Towards a future with a greater ocean than the current one of today
- Releasing the secret potential of the sea

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This is our Marine Long-Term Vision, to evolve our business toward further increasing the value of the ocean, based on providing customers a reliable and rich marine life.

I'll quickly go through the four points of the vision you see here.

“Changing marine culture and changing everyday life”

This means we will create time, spaces, and experiences for Kando and make them greater parts of day-to-day happiness.

“Connecting the sea, people, and society”

We aim to become an essential part of society by becoming a platform that connects people around the world to marine values and lifestyles.

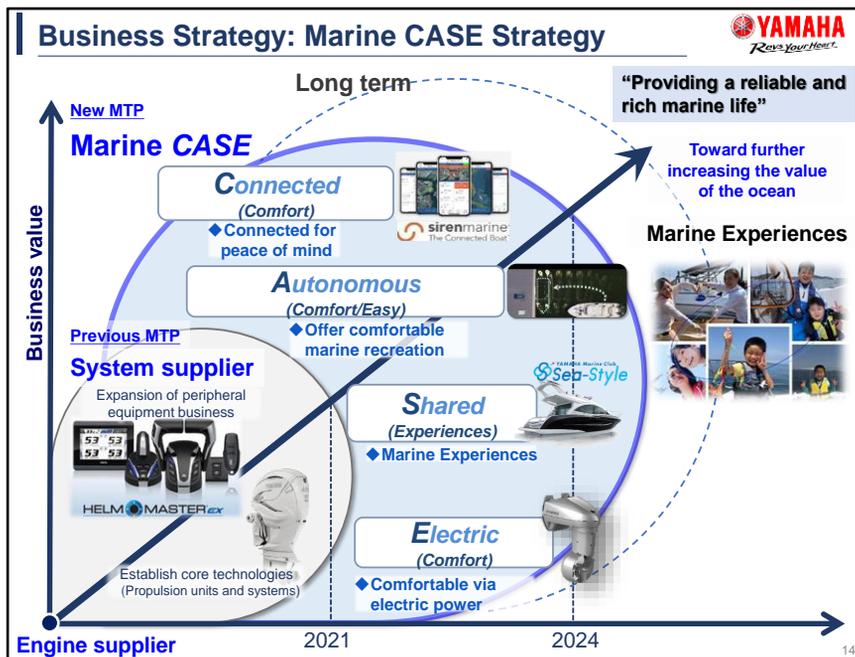
“Towards a future with a greater ocean than the current one of today”

We will strive to make the benefits of a rich and abundant ocean available in perpetuity, something desired by everyone involved with the marine industry and lifestyle.

“Releasing the secret potential of the sea”

We will aim to learn all we can about the waters of the world and create value that contributes to the development of humankind.

This vision and its points serve as the compasses for our growth strategy, which I will explain next.

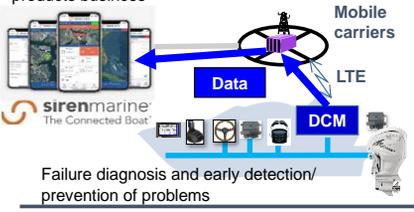


This slide shows our business strategy under our new Medium-Term Management Plan. This Marine CASE Strategy is positioned as an extension of our system supplier strategy centered on large outboard motors from the previous medium-term plan. CASE of course stands for Connected, Autonomous, Shared, and Electric, and our aim is to apply the latest technologies to transform our customers’ marine lifestyles into experiences with even greater comfort and easy.

I’ll go into greater detail about each part of CASE on the next page.

Marine CASE “Reliable and rich marine life” 

We will apply the latest technologies to transform our customers’ marine lifestyles into experiences with even greater **comfort** and **peace of mind**.

<p>Connected (Comfort) Helm Link® – Using IoT technology in the marine products business</p>  <p>Mobile carriers LTE Data DCM</p> <p>sirenmarine The Connected Boat</p> <p>Failure diagnosis and early detection/prevention of problems</p>	<p>Autonomous (Comfort/Easy) New boat control systems = New steering platform with Autopilot and other features</p>  <p>HELM MASTER EX</p> <p>Progress of system supplier strategy</p>
<p>Shared (Experiences) Providing marine experiences via boat sharing services</p>  <p>Sea-Style Premium CharterPlan SEA-STYLE</p> <p>YAMAHA Marine Club Sea-Style</p>	<p>Electric (Comfort) HARMO</p>  <p>New platform integrating electric propulsion and steering systems</p> <p>Operation with Otaru Canal Cruise services</p> <p>Combine with outboard motors to form hybrid boats</p>

With Connected, we have installed our Helm Link system on certain large outboard models. This Data Communication Module constantly monitors engine status and utilizes the data acquired for failure diagnosis. Through joint development with Siren Marine, which we acquired at the end of last year, we will significantly expand the range of functions and models featuring Helm Link to provide greater comfort to our customers.

For Autonomous, we’re developing technologies to assist with docking and departing, which are difficult for new boaters, as well as other assistive technologies to help prevent on-water collisions and grounding before they happen as outgrowths of our Helm Master EX system for easy joystick-based boat control. Armed with these systems, we will offer customers even greater comfort and easy.

With Shared, we will expand our Sea-Style membership-based boating service in Japan, aiming to provide customers with wonderful marine experiences not just through rentals but also through plans with captains and guides in order to more broadly communicate the joys of the sea and grow the boating population.

And lastly, for Electric, like the HARMO being run in the Otaru Canal Cruise service, we will not simply electrify our propulsion systems but take a uniquely Yamaha approach by creating new systems that integrate the unique comfort and quietness of electric propulsion with boat control features.

In these ways, we believe that CASE is not about each area functioning on its own but that its true value comes to the fore when C, A, S, and E are combined. In other words, our Marine CASE Strategy is not merely to improve the functionality of our products. Rather, it is a strategy formulated to offer customers a new marine lifestyle with greater comfort and easy.

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Next, I'll speak on our recent M&A and new products from Yamaha.

Marine Connected Strategy with Siren Marine

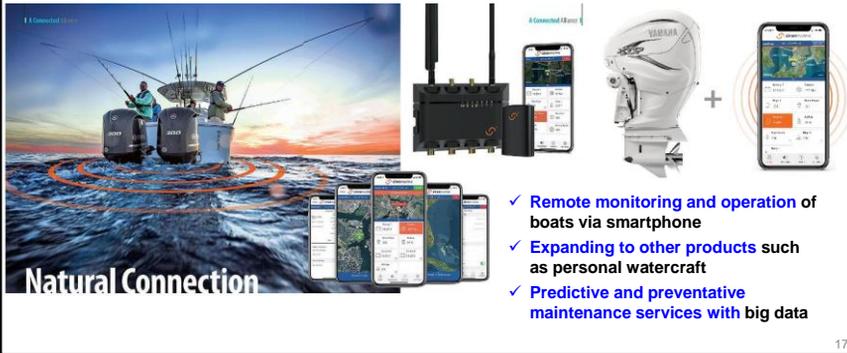


Yamaha Motor Acquires US Smart Boat Tech Company Siren Marine
— Connected Boats providing safer and comfortable marine lives —

Yamaha Motor press release Dec. 16, 2021

Outline of Siren Marine, Inc. sirenmarine

- Founded in 2011 in Newport, Rhode Island near Boston (a center of IT development)
- A pioneer in the connected marine business and develops IoT devices, clouds, and apps



- ✓ Remote monitoring and operation of boats via smartphone
- ✓ Expanding to other products such as personal watercraft
- ✓ Predictive and preventative maintenance services with big data

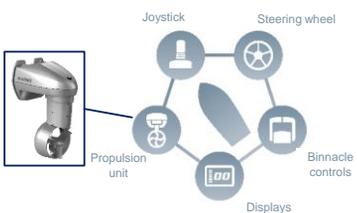
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While this is already public knowledge from multiple press releases, we acquired Siren Marine, a U.S.-based smart boating technology company, at the end of last year. This move was a strategic investment based on our Marine CASE Strategy. Siren Marine is a pioneer in the connected marine business and they develop and sell a system that allows users to remotely monitor and operate their boats from a smartphone. By bringing Siren Marine's existing products to our outboard motors, the resulting connectivity features will provide even greater peace of mind to customers. Besides outboard motors, we plan to gradually bring the technology to our PWCs and other marine products, and also to use big data to provide predictive and preventative maintenance services to keep machine trouble.

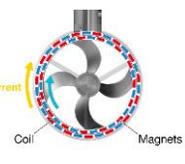
New Strategic Products

HARMO electric propulsion and steering system Going on sale in Spring 2020

- Quietness unique to the electric powertrain
- Strong thrust at low speeds
- Fully integrated control system for a more enjoyable boating experience



Unique rim-drive Intuitive boat control






New Helm Master™ EX boat control system

Introduced to the U.S., Europe, and other developed markets from July 2020



Controls single or multiple units, advanced Autopilot features



MyYamaha app

- ✓ Maintenance history log and inspection timing notifications
- ✓ Evolved interface for boating experiences
- ✓ Coordination between sales and services



I'd like to now introduce some of our strategic products linked to our CASE strategy.

The first is HARMO, electric propulsion system, which is set to go on sale in Europe this spring. In addition to the quiet operation from its electric motor, the unique rim-drive design provides strong thrust at low speeds. Moreover, HARMO is not just for propulsion and we will offer it to customers as an integrated boat control system as it enables intuitive operation and comfortable boating with its joystick.

Next, the Helm Master EX at the upper right has been well received by customers not just for its joystick that makes boat control when docking or departing easier, but also its convenient features when out on the water, such as Stay Point to keep the boat positioned near a specified spot. It also boasts several Autopilot features great for sport fishing and we continue to update our products on an ongoing basis.

Finally, we have the MyYamaha app, which we launched in the U.S. last year. In addition to providing a maintenance history log and inspection timing notifications, we will gradually expand its integration with Siren Marine's products as I explained earlier, and in the future, evolve the app into an interface for a new boating experience. We aim to further strengthen the trusting relationship with customers by connecting to each one through the app and ensuring close coordination with our sales and after-sales service operations.

Going forward, we will continue to ambitiously develop new products in line with our Marine CASE Strategy.

Expansion of R&D Center in the U.S.



Marine Innovation Center plan

- ✓ Develop **technologies and products meeting customer needs** at locations closest to the market
- ✓ Testing and evaluation facilities **ready for even larger boats**

Expand R&D roles and hire more personnel

- ✓ Active recruitment of **engineers** to develop CASE products



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Next, I'll introduce the expansion of our R&D operations in the U.S. This is a strategic investment aimed at accelerating development of the new products in our CASE strategy.

We will grow our development division located near Atlanta as well as expand our testing center in Alabama, both of which we are calling the Marine Innovation Center. This move is intended to accelerate the development of both technologies and products for automatic operation and the like in line with customer needs at locations closest to the market itself, and at the same time, prepare bigger testing and evaluation facilities to be ready for even larger boats. To that end, we plan to focus on acquiring and training engineers to be at the cutting edge of the field and ensuring we recruit the electronic control engineers essential to developing our CASE products. We have already begun hiring new engineers locally.

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Next, I'll provide an overview of the market.

Consumer Trends



➤ If it's boating, we can still have fun locally



All vacation schedules have been canceled

- Trips abroad
- Watching sports
- Live events
- Dinner parties

Changes in lifestyles

- ✓ Restrictions on movement and maximum attendance
- ✓ Restrictive travel and vacation arrangements
- ✓ Lower risk of infection by enjoying marine recreation outdoors
- ✓ Boating can be enjoyed by the whole family

Leads to a boat purchase



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A host of restrictions on travel and movement raised demand for staycations, and that created a similarly upward trend in demand for marine recreation. We believe that the restrictions when traveling and taking extended vacations in order to avoid crowded places resulted in greater demand for marine-based leisure, where whole families can still enjoy the outdoors but closer to home with lower risk of infection. This staycation demand has also led to us acquiring more customers purchasing a boat for the first time.

Market Overview 

- Restrictions on travel/activities, canceled events
- Increasing awareness of new social norms

Capturing staycation demand

Family fun	Outdoor recreation	Fishing
		
		
Small ←		→ Large

Developed countries



Situation on the ground

- There is demand, but no products to sell
- There are boats, but no outboards to mount

With staycation demand's influence on the market, our sales situation is extremely favorable. As illustrated by the photographs below, dealership showrooms are even running entirely out of stock. Despite such high demand, last year's global supply chain disruptions made it incredibly difficult to supply our products to customers in a timely manner. We expect this staycation-driven demand to continue for the foreseeable future and see supply once again presenting bigger issues than demand this year.

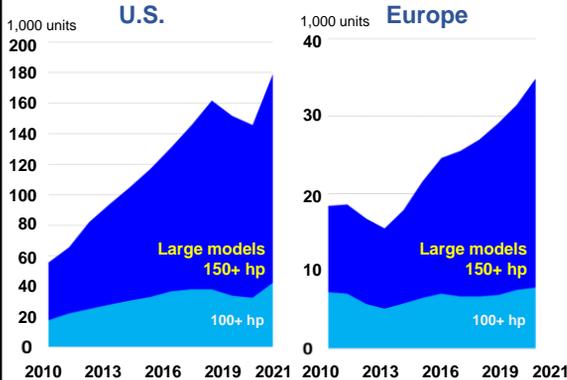
Large Outboard Motor Market Trends



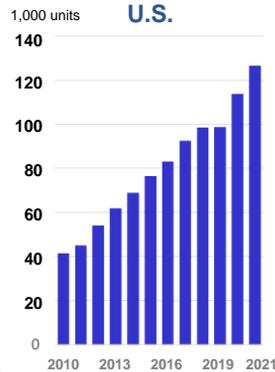
- ✓ Continued demand growth since 2010
- ✓ Boat sizes rising in various uses/scenarios
- ✓ Staycation demand



Trends for large outboard motors



Trends for large 20+ ft. boats



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To wrap up this section, I'll explain the trends seen in the large outboard motor market. The graphs here show that demand for large outboard motors has been growing steadily for some time now and just not a temporary rise from recent staycation demand. Since 2010 both in the U.S. and Europe, demand has consistently been on an uptrend and this is also evident when looking at the demand for boats at or over twenty feet equipped with large outboard motors. Even when looking more recently at 2021 and 2020, the trend shows little signs of abating. We firmly intend to link this demand to higher sales with the differentiation strategy and greater customer value generated from launching our CASE-equipped marine products.

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To conclude, I will briefly summarize the Marine Business' goals in the new Medium-Term Management Plan.

Medium-Term Management Plan (2022–2024) 

Transitioning from system supplier to Marine CASE strategy

- ✓ Further strengthen competitiveness and profitability with CASE products
- ✓ Promote accelerated development through strategic M&As and strengthening R&D

Strong sales of large outboard motors

- ✓ Staycation demand is expected to continue in developed countries
- ✓ Continuing trend toward bigger outboard-powered boats

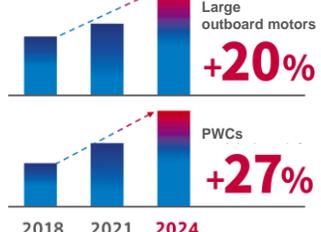
Bolster lineups for CASE products and large outboards



Expand to **30%**

Sales ratio of large models

Continue increasing production capacity



Large outboard motors **+20%**

PWCs **+27%**

2018 2021 2024

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Everything I have explained so far ties into the Marine Business’ medium-term strategy of transitioning to the Marine CASE Strategy, an evolution of our system supplier strategy. Doing this will further strengthen both our products’ competitiveness and the profitability of the business. In addition, we continue examining strategic M&As to follow Siren Marine and strengthen R&D in the U.S. and at other bases to drive our growth strategy with an emphasis on speed.

At the same time, to ensure that we capture the robust demand for large outboard motors, we will bolster our lineup of highly profitable large outboards and expand their sales ratio to 30%. To achieve this, we will continue increasing our production capacity for large outboards and PWCs. By faithfully implementing these strategies, we will not only bring further growth to one of Yamaha Motor's core businesses but also make strong and surefooted progress toward realizing our Marine Long-Term Vision of a “Reliable and rich marine life toward further increasing the value of the ocean.”

This concludes my presentation on the Marine Business. Thank you very much for your attention.

