Business Results for First Quarter of Fiscal Year 2025
Institutional Investor and Analyst Briefing and Q&A Minutes

Date/Time: May 13, 2025 (Tue.) from 14:10 to 14:50

Presenters: HASHIMOTO, Mitsuru | Executive Officer and Chief General Manager of Corporate Planning & Finance Center

YAGI, Taizo | General Manager of FP&A Division, Corporate Planning & Finance Center

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Questioner A

I would like to know your assessment of your first quarter results and the likelihood of achieving your full-year forecast for fiscal 2025.

The first quarter ended on a weak note due to exceptional factors in Vietnam, weaker-than-expected sales of outboard motors in the U.S., and other developments. However, sales of premium models in ASEAN markets progressed as expected. Regarding the full-year forecast, we intend to catch up as much as possible, but we also need to carefully assess the cost increases and impacts on demand the additional tariffs by the U.S. will bring. We will promptly announce a revised forecast should facts arise that make this necessary.

How much of the estimated 50 billion yen impact of additional U.S. tariffs do you expect can be absorbed by each of your countermeasures?

Our basic approach will be pricing strategies, but since it is difficult to pass on prices for certain products depending on the market, we will enact cost controls and other measures according to the situation at hand. As for our investments for future growth, we will assign orders of priority and take firm steps to implement them.

Questioner B

Within the motorcycle business, what led to the increase in inventory in India?

Although total demand was on par with last year, the rate of loan rejections for younger customers was rising, partly due to the economic slowdown. As a result, our unit sales went down and inventory levels increased as well. Still, the premium model segment remains a medium- to long-term growth market, and we will work to optimize inventory through promotions, production adjustments, and more.

Questioner C

Have there been any changes in the U.S. market following the announcement of the country's tariff policy?

We have been monitoring reports from the ground about U.S. market trends, but have not heard of any sudden changes triggered by the tariffs. However, the general air of uncertainty since the fourth quarter of last year has remained. In addition, inflation and high interest rates have not helped and sales of high-end products have not met expectations.

What was the financial impact the suspension of production in Vietnam had on the motorcycle business' revenue and profits? Also, will you be able to make up the lost ground with recovery measures going forward?

Due to the suspension of production in Vietnam, shipments in the first quarter were just 22% of last year's, but production resumed on April 8th. We will work from here to bounce back from this, but it will be difficult to completely negate the impact we sustained from January through March.

I'd like to know what factors outside of the developments in India and Vietnam contributed to the decline in profits for the motorcycle business. I can understand the increases in SG&A expenses and R&D costs, plus the market's reaction to its strong performance last year, but were there any other changes?

In the first quarter of last year, unit sales increased significantly in Brazil thanks to the lifting of supply constraints brought on by low water levels on the Amazon River. There has been a significant reversal of that trend this year. In addition, performance in Europe has been slightly weaker than expected due to the impact of environmental regulations.

Questioner D

You mentioned that the estimated 50 billion yen impact of additional U.S. tariffs does not include the reassessment of tariff rates between the U.S. and China, but what level of impact are you expecting?

We anticipate the reduction in tariffs on China announced on May 12th to be about 5 billion yen. We expect the additional tariffs on parts exported from China to U.S. factories to decrease.

Please explain your approach to shareholder returns. Can the company still provide an annual dividend of ¥50 even with the additional U.S. tariffs?

We have no plans to change our shareholder return policy at this time, while this stance is dependent on how our cash situation develops. We intend to maintain a total payout ratio of over 40% and have not changed our annual dividend forecast.

Questioner E

Revenue for the Outdoor Land Vehicle (OLV) business in the first quarter was on par with last year, but operating losses have gone up. Please explain the immediate situation and the measures you have planned going forward.

In the OLV business, our ATV sales grew from last year, but the sales ratio comprised by comparatively high-profit ROVs declined, worsening the model mix. In the Low-Speed Mobility (LSM) business, our competitors increased exports prior to the additional U.S. tariffs and our sales declined. We recognize that, from an ROIC perspective, the OLV business is in a difficult position and we will set up an opportunity to explain our future initiatives, including measures to address the situation, at another time.

Questioner F

Regarding price increases relative to tariff-incurred costs, please tell us which businesses are likely to have an easier time raising prices and those which will not, such as certain products commanding a relatively high share of the market or based on the current situation with your competitors.

Basically, we intend to cover cost increases by passing on prices as much as possible. For outboard motors and motorcycles, we believe there is still room for doing this, but for the OLV business, we need to closely examine how much leeway there is for passing on prices in light of the market environment and our competition. We will move forward with this through communicating with dealers and customers.

The performance of the Robotics business has improved from the previous year, so I'd like to know the reasons for this.

The higher demand for surface mounters in China had a big impact. We also expect demand to grow in Southeast Asian countries from the trend to implement China Plus One strategies. However, current demand in developed markets has been weakening due to the impact of reciprocal tariffs, the Ukraine conflict, and other factors. We expect demand for semiconductor back-end processing equipment to remain strong. We will move forward with product development and strive to catch up with demand.

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