

## **New Medium-Term Management Plan (2025–2027)**

### **Marine Products Business | Analyst Briefing and Q&A Minutes**

Date/time: March 13, 2025 (Thu.) from 14:00 to 14:30

Venue: Zoom (online meeting)

Presenter: Toshiaki Ibata, Chief General Manager of Marine Business Operations

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The target ROS in the new Medium-Term Management Plan is in the mid-20% range. This plan does not show a marked improvement from when your operating income ratio was at its peak. The company's operating income ratio is at a high level to begin with, but I would like to know why your profitability ratio is not going up even though you are moving to increase the sales ratio of your highly profitable large outboard motors. Can't the company aim for an even higher number here?

The new Medium-Term Management Plan calls for capital investments aimed at product development and higher production capacity for larger outboard models, so this will lower our profit ratio temporarily. However, we expect it to improve significantly by 2030 as we launch new models and make other moves.

I would like to know where you see your profitability in your next Medium-Term Management Plan.

It is difficult to place a number with the environment we have, but we want to increase profitability beyond the level we currently have by 2030. In short, we want to take in significantly higher profits.

Total demand for large outboards has been growing for some time, but will that growth continue? Please explain the segment's future potential.

In Europe and the U.S., there are more boaters enjoying not only fishing but also spending time with their families on the weekends, so customers are looking for comfort on their boats. We believe raising the added value in this area is important, but since the number of companies capable of building large boats is limited, we need to keep a close eye on how far this growth will go. We think boats and their engines will continue to grow in size going forward and will accordingly allocate greater development resources to meet this shift.

The U.S. is the main market for large outboard motors, but I think that markets in Europe and Asia are also embracing larger outboards. Please explain the level of importance and opportunities markets other than the U.S. have.

Boats are indeed growing in size in Southeast Asia, China, and Australia as well. In particular, boats for transporting tourists in Southeast Asia are getting bigger, and in addition, the shift from inboards to outboards is also moving forward. In China, fishery is also shifting to waters further offshore, leading to bigger boats there as well. From these developments, we believe that the size of boats and their engines in regions outside the U.S. will continue to grow bigger in the future as well. Yamaha Motor has well-established sales channels in such regions and we see our ability to call on those channels as a strength for us. So, we will not only be focusing on Europe and the U.S. but also other regions as well.

You said the company will strengthen its efforts with large outboard motors, but what is your market share at the moment? Also, please explain what moves you will take to increase that market share.

Last year, we launched the F350 large outboard motor and exhibited it this year at boat shows held in Europe and the U.S. It has received a lot of praise, and while we are behind our competitors when it comes to having a lineup of super-large outboards, when you look at indoor display booths with boats fitted with outboards in the 350 hp segment, you see more of our engines mounted compared to last year and the year before. It was a first-hand realization that we can secure market share if we keep releasing good products. What we need to do is enhance our lineup of large outboard motors and we believe that collaborating with external partners holds the key. In addition to that, we plan to build up our sales of highly profitable peripheral equipment and devices in step with the growing size of boats and motors.

To raise your market share in the large outboard motor market, you explained that you will collaborate with other companies in order to accelerate development speed. I would like to hear more details about this.

We will collaborate with other companies to accelerate development and expand our lineup while we raise our production capacity at the same time. However, we will need our partners to meet our quality requirements, so selecting who we will work with will require careful consideration.

From 2026, total demand for personal watercraft is expected to go up significantly. Please explain the background to this rise and Yamaha Motor's strategy.

There is a generational change afoot among personal watercraft customers; the customer base has shifted from people in their 40s and 50s to younger people due to the boom in outdoor recreation sparked by the COVID-19 pandemic. More recently, demand has come down due to rising interest rates and other factors, but we believe it will begin growing from here. Personal watercraft used to largely be single-seater vehicles, but today, they can be enjoyed by the whole family. Hulls have also gotten bigger and how customers enjoy using PWCs is also growing more varied, such as going fishing with one. Yamaha Motor plans to introduce new platform models to tap into such areas of use.

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