New Medium-term Plan
(2016～2018)
December 15th 2015
Yamaha Motor Co., Ltd.
Management Strategies

Hiroyuki Yanagi
President, CEO and Representative Director
Creating exceptional value and experiences that enrich the lives of all those who encounter Yamaha Motor
Corporate Management Values

A unique company that continues to achieve dynamic milestones
FY2015 This year, Yamaha Motor Has Achieved.......

FY2015 (compared with FY2012)

Net Sales Growth Rate
137% (excluding foreign exchange effects 119%)

Key Products Production Volume
6.139 mil. units (▲609,000 units)

Market Share
Motorcycles
- Developed Markets :16.4% (+4.0)
- ASEAN :26.8% (▲3.3)
- India :3.6% (+1.2)
Outboard Motors :39.1% (▲2.8)
ROV (North America) :6.5% (+3.2)

Overseas Net Sales Percentage
89.8% (+2.4)

Return on Equity
12.4% (+9.5)

Equity Ratio
38.5% (+6.5)

Net Income per Share
169 yen (+148 yen)
217 yen excluding one-off factors

Percentage Increase in Market Capitalization
315% (Total Capitalization 1,046.5 ¥ Bil.)

As at December 1
FY2018
Beginning new growth from 2 trillion yen and a standard of 10%
  - Developed markets: Steady conditions continue
  - Emerging Markets: Recovery is apparent in some markets

FY2016
Securing stable income and continuing investment for new growth
  - Developed markets: Steady conditions continue
  - Emerging Markets: Market slumps and weakening currencies continue

FY2015
Increasing corporate value by achieving sustainable growth
  - Developed markets: Steady conditions continue
  - Emerging Markets: Slide into market slumps and weakening currencies
FY2018 Beginning New Growth From 2 Trillion Yen and OP margin 10% level

Net Sales +350.0 ¥ Bil. (21%)
Developed markets: Steady conditions continue
Emerging Markets: Recovering and Expanding in 3 markets

Operating Income +55.0 ¥ Bil. (44%)
Increasing the earning power of existing businesses, and investing resources into new growth strategies

<table>
<thead>
<tr>
<th></th>
<th>2015 (Forecast)</th>
<th>2018 Medium-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcycles</td>
<td>250.0</td>
<td>1,650.0</td>
</tr>
<tr>
<td>Power Products</td>
<td>40.0</td>
<td>Other 20.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015 (Forecast)</th>
<th>2018 Medium-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcycles</td>
<td>7.0</td>
<td>125.0</td>
</tr>
<tr>
<td>Marine</td>
<td>9.5</td>
<td>Other 1.5</td>
</tr>
<tr>
<td>Power Products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(¥ Bil.)

(¥ Bil.)
Financial Strategies

Creating a Stable Financial Foundation

- Increasing the earning power of existing businesses (marginal profit, investment efficiency, business efficiency), and while creating a stable financial foundation, increasing new growth investment and stock dividends

<table>
<thead>
<tr>
<th>2013 - 2015</th>
<th>2016 - 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio: 38.5%</td>
<td>42.5%</td>
</tr>
<tr>
<td>Shareholders' equity: 500.0 ¥ Bil.</td>
<td>700.0 ¥ Bil.</td>
</tr>
<tr>
<td>ROE (average): 13.8%</td>
<td>15%</td>
</tr>
<tr>
<td>Dividend payout ratio: 20-26%</td>
<td>30%</td>
</tr>
<tr>
<td>EPS: 169 yen</td>
<td>300 yen or more</td>
</tr>
</tbody>
</table>
Increasing efficiency of existing businesses and investing 130.0 billion yen in new growth strategies.
Financing Business

Expanding Scale of Support for Existing Businesses

2013 - 2015
- Full-scale initiatives began
- Financing subsidiaries established in the U.S.A. and Canada

2016 - 2018
- Strengthening the operational foundation
- Towards a business with a receivable balance of 300.0 billion yen

Financing Business Receivable Balance

<table>
<thead>
<tr>
<th>Region</th>
<th>2012 (Results)</th>
<th>2015 (Forecast)</th>
<th>2018 (Med-term Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>76.9</td>
<td>140.0</td>
<td>210.0</td>
</tr>
<tr>
<td>Other</td>
<td>61.8</td>
<td>90.0</td>
<td>110.0</td>
</tr>
<tr>
<td>Total</td>
<td>138.7</td>
<td>230.0</td>
<td>320.0</td>
</tr>
</tbody>
</table>
Product Competitiveness

"Quality of Products and Work" Increasing "Brand Power" and "Earning Power"

New Product Launches (number of models)

- 2012 (Results): 124
- 2015 (Forecast): 250
- 2018 (Med-term Plan): 270

GEN
New Ideas and Communications

Play & Sure
Technology that creates joy and trust among customers

S·EX·Y
Expressing refined dynamism
Forms, sense of quality, and allure

Ties
The power to form a strong team and strong connection with customers
Global Management

"Governance" and "Development of Human Resources who Embody the YAMAHA Brand"

- Globalization (Overseas Proportion)
  - Net Sales: 90%
  - Key Products: 90%
  - Production Volume
    - Development (Motorcycles): 25% -> 35% (vehicle bodies/engines)
    - Development (RV): 47% -> 70% (vehicle bodies)
    - Development (WV/SB): 70% -> 80% (hulls)
- Corporate Management: GEC
- Human Resource Management
  - Global Grading: 600
  - Core Positions: 180
    - Proportion of Localization: 45% -> 60%
    - Training Programs: GEP/REP/Succession Plan
  - Diversity: Appointments of overseas human resources staff and female managerial staff, etc.
Fulfilling Lifestyles
Enjoyment in personal mobility

Innovative technologies that harmonize with people, society and the Earth

3 Business Areas and 4 Growth Strategies
Broadening Technological Base x Broadening Customer Base

Competing in the 3-trillion-yen global marine market
Creating a strong No. 1 brand as a system supplier

"The growing world of personal mobility"
Creating "distinctive diversity" through optimal management

Foundational Technology Development
Advancement of elemental technologies, creating new combinations

Solutions Business
Creating "distinctive diversity"
Creating "The Growing World of Personal Mobility"

Creating "Distinctive Diversity" through Increasing Management Efficiency

Advancing Technology/
Broadening its Scope

PAS

EV

CV

MC

LMW

RV

C4W

Broadening Customer Base

4W

(4W)

3W

2W
Competing in the 3-trillion-yen Global Marine Market

Creating a Strong No. 1 Brand as a System Supplier

Advancing Technology/
Broadening its Scope

Overall Marine Life Value

Boats

Overall Control/Information Systems

Boat-Packaging

Engines

Broadening Customer Base
Competing in the Solutions Business

Creating "Distinctive Diversity"

Advancing Technology/
Broadening its Scope

Projects

UMS
Agriculture

Infrastructure
Monitoring

IM
General Industrial

FA
Lifestyle

Broadening Customer Base
Foundational Technology Development

Advancement of Elemental Technologies, Creating New Combinations

- Development/Design (Vehicle Bodies/Hulls/Aircraft Bodies)
- Smart Power
- Robotics
- Intelligent Capabilities
- IT
- Manufacturing Technology/Materials Technology

Advancing Technology/Broadening its Scope

Broadening Customer Base
Business Growth Strategies

Motorcycle Business

Katsuaki Watanabe
Senior Executive Officer
Chief General Manager of Motorcycle Business Operations
Motorcycles

Business Management Plan

Net Sales and Operating Income (¥ Bil.)

- **Developed Markets**
  - 2012 Results: 156.9
  - 2015 Forecasts: 260.0
  - 2018 Medium-term Plan: 1,030.0
  - ▲22.5

- **Emerging Markets**
  - 2012 Results: 22.4
  - 2015 Forecasts: 35.0
  - 2018 Medium-term Plan: 65.0
  - ▲0.2

Moving towards "Highly-efficient" Business Management

Building a stable profit structure through high management efficiency and product competitiveness regardless of unit volume

- **High Management Efficiency**
  - Platform development, cost reductions
  - Reducing capital expenditure (to within depreciation expenses)
  - Reducing working capital (SCM)

- **High Product Competitiveness**
  - Developed markets: Making our brand shine
  - Emerging markets: Delivering new value and freshness

Net Sales and Operating Income (¥ Bil.)

- **Motorcycles**
  - 2012 Results: 798.7
  - 2015 Forecasts: 1,050.0
  - 2018 Medium-term Plan: 1,300.0
  - ▲22.4

($/€) (80/103) (119/134) (115/130)
Motorcycles

Strategies in Key Regions

ASEAN
Promoting platform strategies, capturing market share and high profitability

India
Expanding product lineup, achieving stable profit through volume scale

Brazil/China
Achieving stable profit through the break-even-point business model

Developed Markets
Communicating high brand power, achieving stable profit through structural reform
### India
**Market:** Solid growth continues
**Strategy:** Targeting mass market (regions)
- Launching emerging-market strategy models
- Improving sales network quantity and quality
- Strengthening customer contact points

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Demand (10,000 units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,434</td>
</tr>
<tr>
<td>2014</td>
<td>1,510</td>
</tr>
<tr>
<td>2015</td>
<td>1,674</td>
</tr>
<tr>
<td>2018</td>
<td>1,900</td>
</tr>
</tbody>
</table>

### Indonesia
**Market:** Medium-term recovery is anticipated
**Strategy:** Deepening area marketing
- Further strengthening the sports field
- Platform variation rollout
- Strengthening customer contact points

<table>
<thead>
<tr>
<th>Year</th>
<th>Yamaha Demand (10,000 units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>249</td>
</tr>
<tr>
<td>2014</td>
<td>237</td>
</tr>
<tr>
<td>2015</td>
<td>185</td>
</tr>
<tr>
<td>2018</td>
<td>240</td>
</tr>
</tbody>
</table>

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**Recovery in Volume Scale**
Motorcycles

Increasing Efficiency of Product Development (Platforms)

2015: 1st generation development, 2018: 1st generation mature, 2020: To 2nd generation
Delivering products to markets with increasingly diverse customers "promptly", "quickly", and with "freshness"

Development Aggregation (Engines)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>100</td>
<td>60</td>
<td>50</td>
</tr>
</tbody>
</table>

Development Aggregation (Vehicle Bodies)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>100</td>
<td>70</td>
<td>60</td>
</tr>
</tbody>
</table>

Number of Models Sold

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>100</td>
<td>140</td>
<td>160</td>
</tr>
</tbody>
</table>
Aiming for a 5% Reduction in Material Purchase Costs

- Strengthening Platform Model Competitiveness
  - Continued cost reductions of ▲30%

- Expanding global layout initiatives
  - 65% field: 400→200 companies (aggregation completed)
  - 80% field: 650→350 companies

- Theoretical-value-based production/theoretical-value-based logistics
Motorcycles

Developed Markets: Making our Unique Brand Shine

Jin-Ki Kanno
(The Seductive Exhilaration of Being One With the Machine)
Develop a wide range of variations

Pleasure

Racing Technology
Continue to enhance leading-edge technology

Utility

Commuting

Sports

The Third-vehicle Category
From the commuter to the sports field

Sports and Commuter
Global lineup
Europe  "Three Blocks": Organizing the sales network to suit the special requirements of "Daily Needs", "Love for Motorcycles", and "Race Motorcycles". 50% of key dealerships (across Europe) have been transitioned.

India
Expanding the sales network from 1,500->2,500 dealerships, rollout of Yamaha Music

ASEAN
Expanding the secondary sales network 700->2,000 dealerships; Time Commitment Service (to 21 countries and 3,000 dealerships globally)

U.S.A.
"bLU cRU" From tangibles to intangibles. Providing the occasion, training for off-road customers, etc.
Business Growth Strategies

Marine Business

Hirofumi Usui
Executive Officer
Senior General Manager of Marketing Section
"Competing in the 3-trillion-yen global market"

From net sales of 300.0 billion yen and an operating income ratio of 20%, a business model that grows further

- From an engine to a system supplier
  - Providing broader corporate value based on our engine/peripheral equipment and hull strategies

- An even stronger global No. 1 brand
  - Overall business strength
  - Reliability
  - Network strength
From net sales of 300.0 billion yen and an operating income ratio of 20%, a business model that grows further.

Marine Business Market

3-trillion-yen Marine Business Market

Large Boats
Small to medium-sized boats
Propulsion unit
WV/Jet
Parts/Accessories

Outboard Motor Boats
Outboard Motor Engines
Marine

Global Business Strategies

Business Model in the Global Market

<table>
<thead>
<tr>
<th>Competition</th>
<th>Yamaha Motor</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Supplier</td>
<td>Engine Supplier</td>
</tr>
<tr>
<td>Vertical Integration</td>
<td>Alliances</td>
</tr>
</tbody>
</table>

Strategic Direction (Becoming a System Supplier)

| Japan | North America |
| Engine Supplier | System Supplier |
| Europe | Emerging Markets |
| Engine Supplier | System Supplier |
| Vertical Integration | Alliances |
Marine

A System Supplier Is...

Providing broader corporate value based on our engine/peripheral equipment and hull strategies

- Engines: Providing a highly-reliable and broad product lineup (vertical integration)
- Peripheral equipment: Providing highly-reliable marine systems (vertical integration/alliances)
- Hull strategies: Providing broad boating value (vertical integration/alliances)
Marine

Targeting the large outboard motor market

- Sales trends in the North American market
  - Engines ≥100HP
  - Engines < 99HP
  - Large outboard motors ratio 52%

- Clear sense of reliability among customers
  - Reliability
  - Reasons for purchasing a F250 (%)

- Strong network strength/tie-ups with boat builders
  - Concurrent engineering
  - Support for application technology
  - Marketing support
  - High service strength, technical training

- High product technical capabilities
  - F200 (compared to previous model)
    - More lightweight ▲20%
    - More compact ▲14%
Brand Values

- The professionals are "satisfied"
- Medium- to upper-level customers "cannot be without it"
- Entry-level customers "look up to it"

The Three Forms of Strength That Form the Brand

"Overall business strength"
1. Broad business areas (engine/peripheral equipment and hull strategies)
2. Broad product lineup

"Reliability"
1. Absolute product reliability
2. System reliability through integrated control technology
3. Reliability as a business partner

"Network Strength"
1. Strong sales and service strength that covers the global market
2. Development, manufacturing, sales, and service activities that are locally focused
Business Growth Strategies

Power Products Business/Other

Toshizumi Kato
Senior Executive Officer
Chief General Manager of Vehicle & Solution Business Operations
"Creating a Unique Business Model"
From net sales of 350.0 billion yen and an operating income ratio of 10%, a group of unique business models that grow further

- **Power Products:** RV becoming the third core business
  - To net sales of 200.0 billion yen and an operating income ratio of 10%
  - Accelerating the development of products which thoroughly increase differentiation and added value

- **IM:** Becoming a high-profitability business by leveraging its strengths
  - To net sales of 60.0 billion yen and an operating income ratio of 20%
  - Fast-moving management that unifies development, manufacturing, and sales
  - Synergy effects after absorbing competitors
Market expansion continues further (400,000 units -> 500,000 units)
- High leisure preference
- High new customer purchase proportion
- Demand shift (from ATVs to ROVs) .......

North American Market Expansion Continues

![Graph showing market expansion from 2001 to 2018 in thousands of units.](image)
ROV

Targeting the North American Market

- Sports field: Establishing the No. 1 brand
- Recreational field: Thoroughly increase product differentiation

North American Market: Total Demand/Yamaha Motor Share

<table>
<thead>
<tr>
<th></th>
<th>Sports field</th>
<th>Recreational field</th>
<th>Utility field</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>19%</td>
<td>15%</td>
<td>6%</td>
</tr>
</tbody>
</table>

2015
- Total Demand: 340,000 units
- Yamaha Motor: 24,000 units (market share 7%)

2018
- Total Demand: 410,000 units
- Yamaha Motor: 50,000 units (market share 12%)
Real TECH
Tough, Exciting, Confident, and Human
- Real Performance (sports field) / Real Tough (utility field)

Vehicle Bodies
- Functional Parts Technology
- Pure Sports
- Recreation
- Utility

Engines
- Raw Power
- Feeling
- Refined
- Reliability

Drivetrain
- Agile
- Easy to Handle
- Control

Product Development Strategies
"Further High Profitability by Leveraging its Strengths"

To a business model with net sales of 60.0 billion yen and an operating income ratio of 20%

- Fast-moving management that unifies development, manufacturing, and sales
  - Development: Independent development of core technologies
  - Manufacturing: High flexibility
  - Sales: Low fixed costs through utilization of external resources

- Synergy effects after absorbing competitors
  - Product competitiveness
  - Expansion of customer base
  - Next medium-term plan period integrated model development (2018)
Automotive field: Capturing new customers by leveraging strengths
Home appliances/LED field: Expand market share through further demonstrating strengths
Mobile/EMS field: Anticipate target customers and enter

Global Market (Surface Mounters Market): Total Demand/Yamaha Motor Share

- 2015
  - Total Demand: 250.0 ¥ Bil.
  - Yamaha Motor: 20.6 ¥ Bil. (share 8%)

- 2018
  - Total Demand: 250.0 ¥ Bil.
  - Yamaha Motor: 32.0 ¥ Bil. (share 13%)
UMS

Business Management Strategy (Creating a Unique Business Model)

"Taking on the Challenge of Global Growth"
Aiming for the global market and a business model with net sales of 10.0 billion yen

- **From Product Sales to a Solutions Business**
  - Expansion of the agricultural sector (offering productivity 10 times greater than previously)
  - Monitoring/infrastructure fields rollout

- **Development of Global Markets**
  - California business entry in 2016

- **Product Technology Development aimed at Business Expansion**
  - Payload, increases in autonomy, safety, etc.
Global Market Targeting
(Creating a Unique Business Model)

Japan
2015: 2,700 units
2018: 2,800 units

Korea
2015: 230 units
2018: 400 units

U.S.A.
2015: FAA Approval Obtained
2018: Crop Dusting Business

Thailand
2015: Business Approval Obtained
2018: Crop Dusting Business

Europe
2015: Market Research/Trials
2018: Business Decision

Australia
2015: 10 units
2018: 80 units

California business entry (grape pesticide spraying)

2015: Current state of business/units owned
2018: Business forecasts/units owned