Long Term Vision/
New Medium-Term Management Plan
(FY2019-FY2021)

Dec 11, 2018
Yamaha Motor Co., LTD.
Long Term Vision
Our Tradition and Kando

Kando Creating Company
The Unique Style of Yamaha:
Innovation, Excitement, Confidence, Emotion and Ties
Technology x Sensitivity intertwined Kando

Long-Term Vision

“Getting closer to Human”
“Expanding Human Possibilities”

Corporate value (Finance / Non-financial)

1955 2018 2030
Toward 2030

**ART for Human Possibilities**

- **Advancing** × Robotics
- **Rethinking** × Solution
- **Transforming** × Mobility

We will **Advance** the use of Robotics, **Rethink** Solution, and **Transform** Mobility to expand human possibilities for a better society and more fulfilling life.
Mid-to-Long term Growth Strategies
Three focus areas and growth strategies

Rethinking Solution
Addresses social issues through initiatives in the Yamaha unique style

Transforming Mobility
Promotes innovations in mobility

Advancing Robotics
Intelligent Technology as a foundation

Expanding with co-creation with partners

- System Supplier
- Electrification
- Sharing

Continuous and steady growth
Inorganic growth

Expanding with Fund / M&A

- Agriculture
- Medical
- Autonomous

Expanding with combination of technologies

Existing Market
New Market

Existing Technology
New Technology

Inorganic growth
Transforming Mobility

Product, Technology × Technology Focus × Social Issues + Fun

Growing world of personal mobility
New category Compact vehicles
Electrification
Connected
Autonomous

Our electric products already in the market
Unique style R & D

Yamaha unique style proposals to social challenges in mobility domain

FUN
Safety・Comfort
Easing Traffic congestion
Greenhouse gas reduction
Last Mile
Transforming Mobility: LMW
Opening up to a new world of mobility

Value Proposition: Peace of mind, Comfort, Fun

Combining peace of mind and comfort with Fun through attitude control technology

Toward greater customer base
Peace of mind • Comfort

Tricity 125/155
NIKEN
3CT
Tritown
MWC-4
Transforming Mobility: Control Technology

Value Proposition: Peace of Mind and Comfort

<table>
<thead>
<tr>
<th>Status</th>
<th>Self-standing</th>
<th>Self control</th>
<th>Leaning support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stopped</td>
<td>Stays upright – Even when stopped</td>
<td>Optimum control while avoiding toppling</td>
<td></td>
</tr>
<tr>
<td>Slow</td>
<td>Leaning support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fast</td>
<td>Optimum control while avoiding toppling</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MOTOROiD
Recognizes the owner by AI, runs at low speed independently

MOTOBOT
Humanoid Autonomous Riding Robot
Rides at Low & High speeds
Transforming Mobility: EV

Value Proposition: Promoting Electrification

Toward a Greater Range of Power
Rethinking Solution: Low speed autonomous operation systems

Value Proposition: Low Cost Last-Mile Mobility Solution

Public Personal Mobility

Electric compact low speed vehicles which can also operate autonomously

Platforms Designed for All Purposes

- Alternative mobility systems designed for the elderly, and for depopulated areas (low-speed autonomous running)
- Multiple use for passenger and cargo options (autonomous on-demand running)

* Experimental tests are underway in several regions in Japan
Rethinking Solution: Marine

Value Proposition: Marine life with Peace of Mind and Comfort
Advancing Robotics: Agriculture

Value Proposition: Labor Saving, Automation, and Productivity Improvements

- World’s agricultural robot & drone market: ¥ 4 trillion

- Development/Mass production of Agricultural Equipment
  - Land & sky vehicle solutions

- Expansion and growth strategy centered on the pesticide spraying business
  - Promoting automation in horticulture

Target Areas

- Seeding & Seedling Work
- Management
- Harvesting
- Post Harvest
Advancing Robotics: Medical

Value Proposition: Labor savings, faster drug discovery
- World’s personalized medicine, antibodies, and drug discovery market: ¥ 3 trillion

- Promotion of device development and sales
  - Starting overseas sales

- Expanding the range of applications through collaborative research
  - Considering business solution possibilities

CELL HANDLER Scope

- Drug discovery Screening
- Toxicity Tests
- Cell Panels
- Personalized Medicine

CELL HANDLER™
Fund Establishment

- **Accelerating innovation, fostering synergies**

**2015 – 2018**
- Establishment of YMVSV
- 9 companies / Total investment: US$ 47 Million
- Collaboration and implementation of joint projects
  → Contributing to clarify company growth strategies through activities

**2019 – 2021**
- Full-scale operation of Company fund
  "Yamaha Motor Exploratory Fund, L.P."
  (Total investment US$100 Million / Operation period 10–years)
- Accelerate strategic investment in early stage venture companies
Accelerate Innovation
Co-creation and alliance with partners empathizing our Long-Term Vision

**Advancing Robotics**
Commenced work with US based NVIDIA Inc. in product intelligence projects

**Transforming Mobility**
Commenced usability study for electric assisted bicycles with India based Hero Cycles

Commenced exploring the possibilities of collaborative work with Taiwanese Gogoro Inc. in EV business
Taking on important social issues
Solutions for social issues based on the Unique Style of Yamaha

<table>
<thead>
<tr>
<th>Environment &amp; Resources</th>
<th>Transportation, Education &amp; Industry</th>
<th>Innovation</th>
<th>Life/Work balance, Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% reduction in product CO2 emissions by 2050</td>
<td>Promotion fishery in developing countries</td>
<td>Proposing new styles of mobility</td>
<td>Safe and secure work environments</td>
</tr>
<tr>
<td>Safe water supply</td>
<td>Last-mile mobility for all</td>
<td>Accelerating innovation through collaboration</td>
<td>Diverse and inclusive society</td>
</tr>
</tbody>
</table>
New Medium-Term Management Plan
Targets for net sales of 2 trillion yen and operating income of 180.0 billion yen were not reached
- The motorcycle business in developed countries did not achieve a surplus, and the ROV business is in a rebuilding process

Operating income ratio achieved the 9% level.
- Improve profitability by platform strategies, and cost reductions for each business

Stable financial base
- ROE 15% level achieved, equity ratio is over 45%

Achievement of growth strategies (technology development)
- Create new value in each area

Growing World of Personal Mobility  Competing in the 3–trillion-yen marine market  Solution Business
Taking on the challenge once more for sales of 2 trillion yen while promoting new business development

**New medium-term management plan**

**FY2019–2021**

- **Increase in existing business**
  - net sales: ¥325 Bil.
    - Mobility
    - Marine
    - Robotics

- **Strategic Growth increase**
  - net sales: ¥25 Bil.
    - Growing Personal Mobility
    - Finance Service

- **Strategic Growth Expenses**: ¥70 Bil.

while maintaining ROS 9%

*2015 Results: After reclassification in financial business*
Financial Strategies

2016—2018

- Increase in borrowings
- Net Income
- Working Capital
- Stock Dividends
- Capital Expenditure
- Depreciation

2019—2021

- AR in Finance Services
- Growth Investment
- Stock Dividends
- Working Capital
- Capital Expenditure
- Depreciation

While maintaining the ability to earn, within the CF
Take a balance on growth investment and shareholder returns

- Resource allocation to growth areas
  Investment: ¥140 Bil. 3yr cumulative incl. M&A

- Stable & continuous expansion of shareholder returns

- Scale expansion of financial services business

Cash-In Cash-out

<table>
<thead>
<tr>
<th>Year</th>
<th>ROS</th>
<th>ROE</th>
<th>Equity Ratio</th>
<th>Dividend Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-2018</td>
<td>8.7%</td>
<td>16.1%</td>
<td>47.2%</td>
<td>30% Indication</td>
</tr>
<tr>
<td>2019-2021</td>
<td>9.0%</td>
<td>13.4%</td>
<td>49.9%</td>
<td>30% Indication</td>
</tr>
</tbody>
</table>
2016-2018
- Strengthen business operating platforms (US, Canada, Australia, Brazil)
- Receivables balance of ¥300.0 Bil.

2019-2021
- Expanding region and business areas
- Aiming a receivables balance of ¥450.0 Bil.
Land Mobility
Establishing the business foundation that can respond to the new era of mobility

1. Current ability update
2. Agile management
3. Shift to new area

Net Sales ￥1,350 Bil.
Operating Income ￥92 Bil.
Operating Margin 5.3%→6.8%

*excluding Finance Service business and growth strategy expenses
Continue to update the unique style of Yamaha with new technology development and embody brand

Operating Income (¥Bil.)

- Structural reform ¥9.8 Bil. + New field expanding
- Large-size Motorcycle Global
- LMW development
- Other +0.6
- Expense Improvement +4.0
- Structural Reform +5.2

1. Structural reform of manufacture and sales function globally
2. LMW development and Increase global sales on CBU
3. Growth as a total business model
Introduce new PF models, and acquire greater share in ROV

1. Enhance the function under the Motorcycle business operations
2. Introduction of new PF group to meet customer demand
3. Apply PF cost down to RV

Market share of RV
5% → 14%
Establish revenue base on growing specialty areas and new business.

Net sales of major ASEAN nations

<table>
<thead>
<tr>
<th>Country</th>
<th>2015 Results ( ¥ Bil.)</th>
<th>2018 Forecast ( ¥ Bil.)</th>
<th>2021 Target ( ¥ Bil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Philippine</td>
<td>32.3</td>
<td>71.4</td>
<td>138.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>113.4</td>
<td>111.3</td>
<td>131.3</td>
</tr>
<tr>
<td>Thailand</td>
<td>65.3</td>
<td>99.3</td>
<td>113.8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>292.6</td>
<td>312.6</td>
<td>316.3</td>
</tr>
</tbody>
</table>

1. Segment Share No.1
2. Improving productivity through virtual large factories
3. New territory collaboration and business development

Middle class Yamaha total 1.2M units
# Land Mobility Motorcycle in India market

## Restructure of brands and earnings base, development of new territory.

1. Streamlining north and south factory efficient 1.5 million system
2. Strengthening cost competitiveness by introducing global PF
3. Expanding cooperation with land mobility scope

### Domestic sales 1.2M units

<table>
<thead>
<tr>
<th>Year</th>
<th>2015 Results</th>
<th>2018 Forecast</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>India Domestic (per Segment) + Export Units</td>
<td></td>
<td></td>
<td>1,517 (1,189)</td>
</tr>
<tr>
<td>Unit : thousands (Domestic TTL)</td>
<td></td>
<td></td>
<td>328</td>
</tr>
<tr>
<td>Export</td>
<td>269</td>
<td>372</td>
<td>539</td>
</tr>
<tr>
<td>MC</td>
<td>162</td>
<td>410</td>
<td>650</td>
</tr>
<tr>
<td>SC</td>
<td>326</td>
<td></td>
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![R15](image1.png)  ![FZ15](image2.png)
Strategic partnerships, global business expansion
Next generation drive unit development, new value creation

E-KIT OEM and finished vehicle deployment using drive units as the core

Europe  E-KIT OEM Area-specific strategy
Japan  Differentiation of the finished vehicle business, E-KIT OEM
USA  Development of business model
Other regions  Demand Creation,
Market / Business development

Unit : thousands

2018 Forecast  2021 Target

Europe  301  450
Japan  248  300
USA  10  1

Land Mobility  Smart Power Vehicle Business
Reinforce high-profitability and establish base of sustainable growth
Net sales 374.0 billion, ROS 20%

- Global production layout for outboard motors
  Improving production capacity and flexibility

- Expansion of integrated marine business strategy
  Evolution as a system supplier

- Product Development Strategies
  Providing attractive items and services

- Marine Long-Term Vision
  Reliable and rich marine life
  Toward further increasing the value of the ocean

**Priority Measures over the Medium-Term**

<table>
<thead>
<tr>
<th>Net Sales/Operating Income (¥ Bil.)</th>
<th>2015 Results</th>
<th>2018 Forecast</th>
<th>2021 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>WV/Others</td>
<td>131.1</td>
<td>148.8</td>
<td>76.0</td>
</tr>
<tr>
<td>Outboard Motors</td>
<td>172.7</td>
<td>173.4</td>
<td>226.0</td>
</tr>
<tr>
<td></td>
<td>18.9</td>
<td>17.7</td>
<td>19.0</td>
</tr>
<tr>
<td></td>
<td>42.0</td>
<td>46.8</td>
<td>57.0</td>
</tr>
</tbody>
</table>

(121/134) (110/131) (110/130)

*excluding Finance Service business and growth strategy expenses
Marine

Outboard motor global production layout

- **Outboard motor production base**

  Improve production capacity and flexibility through global production layout restructuring

- **Total demand shift for large sized outboard motors**

  (Europe & North America)

- **Trends in Boat Sales Ratio by Propulsion Units**

  (North America only)

- **Outboard motor global production layout**

  - Large Size Models: Yamaha Motor Co., LTD.
  - Medium Size Models: Yamaha Kumamoto Products Co., Ltd.
  - Small Size Models: Thai Yamaha Motor Co., Ltd.

- **Forecast**

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<tbody>
<tr>
<td>Large (+100HP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra Large (+200HP)</td>
<td></td>
<td></td>
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- **Trends in Boat Sales Ratio by Propulsion Units**

  - Outboard Motor Hull
  - In-board Hull
  - Stern-Drive Hull

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<tbody>
<tr>
<td>Over 100HP</td>
<td></td>
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</tr>
<tr>
<td>Over 200HP</td>
<td></td>
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</tbody>
</table>
Expansion of integrated marine business strategy

Long Term: "Providing reliable and rich marine life" (Shift from Hard to Soft)

Technical capabilities

Next generation steering systems

Next Medium-Term: System Evolution as a supplier

Current Medium-Term: From EG Supplier to System Suppliers

Establish core technology

Selling Software

Automatic Operation

Solutions IoT

Value Proposition

Expansion of peripheral equipment business

Collision avoidance solutions

Breakdown diagnosis

Selling Hardware

Marine

Marine Value Proposition

Technical capabilities
Marine
Product Development Strategies

Continuing the provision of attractive items / services

Technical capabilities

Large outboard motors, 425 horsepower

Next generation steering systems

Electric Propulsion Units

Large sized cruisers
EXULT 43

Smart Package Boats

Solutions
IoT

Value Proposition
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
Robotics
## Robotics

### Priority Measures over the Medium-Term

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales/Operating Income (¥ Bil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>51.6</td>
</tr>
<tr>
<td>2018</td>
<td>73.0</td>
</tr>
<tr>
<td>2021</td>
<td>101.5</td>
</tr>
</tbody>
</table>

- **Business scale and area expansion and reinforcement of high-profitability** (Net sales over 100.0 billion, ROS 26%)

- **2021 Target (vs 2018)**
  - SMT 136%
  - FA 200%
  - UMS 160%

### Accelerating automation within plants +

- Contributing to labor saving in new fields

*Including SMT, FA and UMS*

*excluding Finance Service business and growth strategy expenses*
Robotics Growth Strategy

- **Optimization of the entire factory**
  - Strengthening Variations (Collaborating robots)
  - M2M cooperation, remote support
  - Autonomous control

- **New business area challenges**
  - Integration with core technology
  - Logistics (Drones, Unmanned helicopters, UGV)

- **New field automation**
  - Precision agriculture
  - Medical fields

- **Labor saving / Autonomization**

- **PRODUCTS / SERVICES**
  - Strengthening Solutions
    - PF Strategies
    - Expansion for automotive applications
    - SMT peripheral business expansion

- **New**
  - In-house manufacturing technology

- **Existing**
  - Systems

- **Market/Customer**
Robotics Growth Strategy 2

Example of Growth Strategy Solution

Optimization of the Entire Factory

Logistics

UGV transportation

Unmanned Helicopter transportation

Agriculture, Medical

CELL HANDLER
Robotics
Strengthening Robotics and Business Platforms

Reinforce base that supports next growth
- In-house manufacturing technology
  - AI Picking
  - Machine Vision
  - Linear Motor
  - Autonomous flight, driving, and navigation

System Strengthening
- R&D Base Expansion
- Production, procurement systems
- External alliances

AI Picking by using machine vision

In-house linear motor
Robotics
Challenging New Business Areas

Net Sales (¥ Bil.)

Nonlinear growth including new business

<table>
<thead>
<tr>
<th></th>
<th>2017 Results</th>
<th>2018 Forecast</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing</td>
<td>72.2</td>
<td>73.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New business</td>
<td></td>
<td></td>
<td></td>
<td>101.5</td>
<td></td>
</tr>
</tbody>
</table>