

# New Medium-term Management Plan: Key Business Strategies

## Motorcycle Business in Developed Nations (Japan, North America and Europe)

### Reforming the Structure to Enable Profitability and Accommodate the Market Recovery

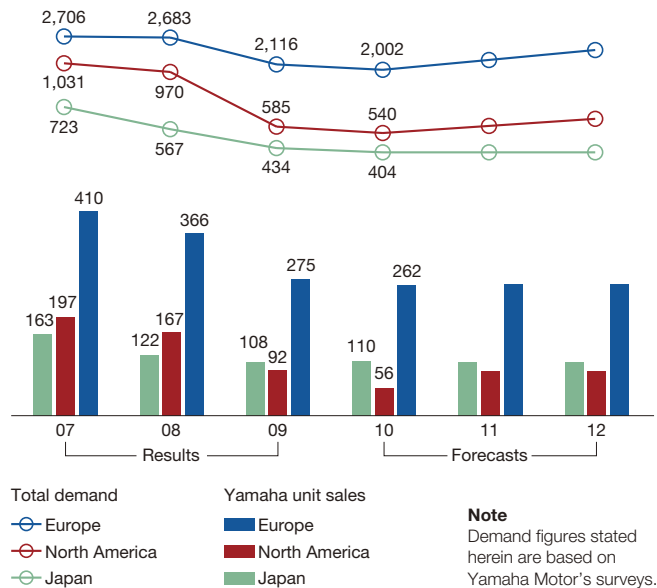
In view of the forecast that motorcycle demand in developed nations is unlikely to recover in the short term, we are promoting further structural reforms to enable profitability premised on zero market expansion. To this end, we have lowered the break-even-point for annual production volume in Japan to 200 thousand units, while striving to reduce fixed costs. Specifically, we are working to reorganize the manufacturing layout at factories worldwide, downsize the workforce, and cut costs on a global scale. We aim to reduce consolidated procurement costs by 10% by procuring overseas parts.

On the sales front, we are strengthening our marketing networks and aggressively implementing retail promotions, among other measures, to accommodate demand.

We will continue reforming our business structure in this way in anticipation of a market recovery. At the same time, these measures will enable profitability even at

exchange rates of ¥85 against the U.S. dollar and ¥120 against the euro.

**Total demand and Yamaha unit sales**  
(1,000 units)



1,000cc YZF-R1 supersport

## Motorcycle Business in Emerging Nations

### Aggressive Quantitative and Qualitative Expansion

In the ASEAN region,<sup>Note 1</sup> we plan to increase motorcycle unit sales from about four million in fiscal 2009 to about 5.2 million in fiscal 2012 by introducing competitive products with proprietary technologies onboard. These include the YM-JET-FI fuel injection (FI) system, designed to enable higher fuel efficiency for small-displacement scooters and commuter vehicles; and the compact, continuously variable transmission for mopeds,<sup>Note 2</sup> known as Y.C.A.T. For details on the Y.C.A.T. system, please refer to “Special Report 2: The LEXAM Development Story” on pages 28 to 31.

In China and India, we will aggressively release affordably-priced models in the volume consumer segment, leveraging our already solid brand reputation in the high-value-added segment. Thus, we aim to expand our unit sales by approximately 80% (a roughly 60% increase in China and about a 130% increase in India) in fiscal 2012, from approximately 830 thousand units in fiscal 2009.

We will strive to increase total unit sales in all emerging nations, from about 5.3 million units in fiscal 2009 to about

8.0 million units in the future.

In terms of profitability in emerging nations, we intend to increase the operating income margin to 10% in fiscal 2012 with more aggressive cost-cutting measures. These include developing local parts manufacturers in China and India, implementing concurrent engineering<sup>Note 3</sup> activities in the ASEAN region, and promoting the supplementary parts supply system.

For details on FI-incorporated models in the ASEAN region, cost-cutting and growth strategies in emerging nations’ motorcycle markets, please refer to the “Interview with the President” section (Q14 on page 20, Q11 on page 19, and Q13 on page 20, respectively).

#### Notes

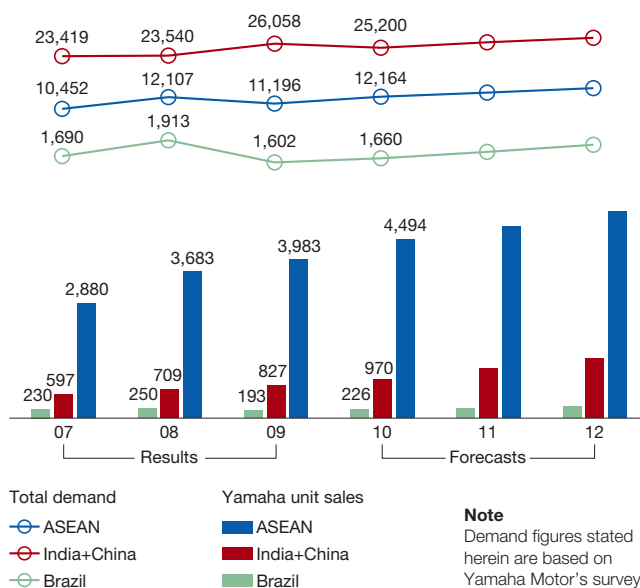
- 1 ASEAN:** Indonesia, Thailand, Vietnam, the Philippines, and Malaysia
- 2 A moped** is a small motorcycle characterized by an easy-to-mount downward curving mainframe and large-diameter (often 17 inch) tires on the front and rear. It is also called an underbone-type motorcycle.
- 3 Concurrent engineering** is a work methodology based on the parallelization of tasks. It refers to an approach used in product development in which design engineering, manufacturing engineering and other functions are integrated to reduce the elapsed time required to bring a new product to the market.



Yamaha Bike Day 2009 — an event for Yamaha motorcycle users — in Bali, Indonesia

#### Total demand and Yamaha unit sales

(1,000 units)



**Note**  
Demand figures stated herein are based on Yamaha Motor’s surveys.

# New Medium-term Management Plan: Key Business Strategies

## Outboard Motor Business

### Attaining Far and Away the Top Share in the Global Market

To maintain profitability in the face of falling demand, we are building a business foundation that enables profit at a break-even-point for annual production of 230 thousand units in Japan.

On the product front, we have introduced environmentally friendly four-stroke outboard motors in some markets, ahead of the competition. To further solidify this advantage, we plan to launch a series of four-stroke medium and large outboard motors in the rest of the world's markets. We are also targeting a 30% improvement in fuel efficiency in 2015 compared with 2007 Yamaha outboard motor models. Meanwhile, we are promoting shared engine platforms to improve profitability for our next-generation line of four-stroke outboard motors. All the new products are compact, lightweight, and highly fuel-efficient.

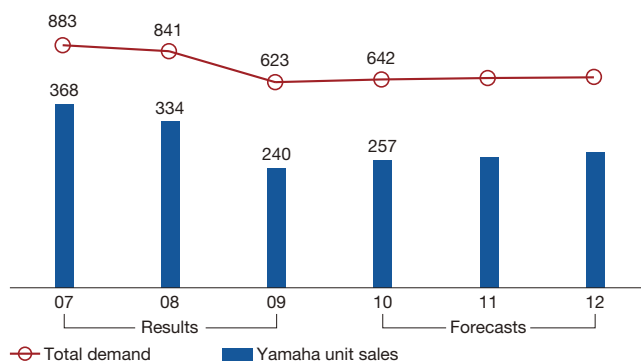
In a bid to boost sales by expanding boat-and-outboard-motor package deals, we will strengthen our

collaboration with boat builders in the United States as well as our partners in Europe.

These activities will enhance profitability and accelerate development of leading-edge environmental technologies, enabling us to attain far and away the top share in the global market.

#### Total demand and Yamaha unit sales

(1,000 units)



#### Note

Demand figures stated herein are based on Yamaha Motor's surveys.



Working to expand boat-and-outboard-motor package deals

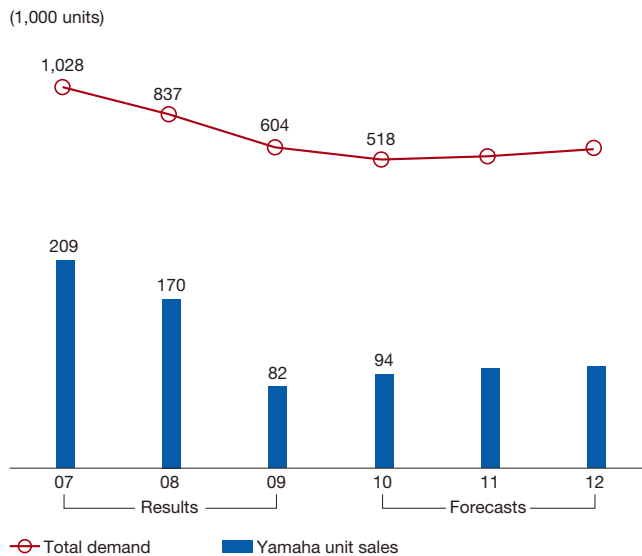


## ATV Business

### Restructuring the Business Foundation

As with motorcycles in developed nations and outboard motors, we are focused on reducing the break-even-point in annual ATV<sup>Note</sup> production volume — from 140 thousand units to 100 thousand — to maintain profitability amid decreased demand. In the effort, we are consolidating ATV production, formerly split between Japan (Kakegawa) and the United States (Atlanta), to the factory in the United States. The move brings production to the site of consumption, the largest market in the world, which accounts for about 50% of total ATV demand. Together, these restructuring measures seek to improve productivity and profitability. By building a foundation capable of withstanding the appreciation of the yen, and sales of just 100 thousand units, we aim to remain profitable even at an exchange rate of ¥85 against the U.S. dollar.

**Total demand and Yamaha unit sales**



**Notes**

- Demand figures stated herein are based on Yamaha Motor's surveys.
- ATV is the abbreviation for **All-Terrain Vehicle**



700cc Grizzly 700 utility ATV

# New Medium-term Management Plan: Key Business Strategies

## IM Business

### Recovering Profitability by Strengthening Product Competitiveness

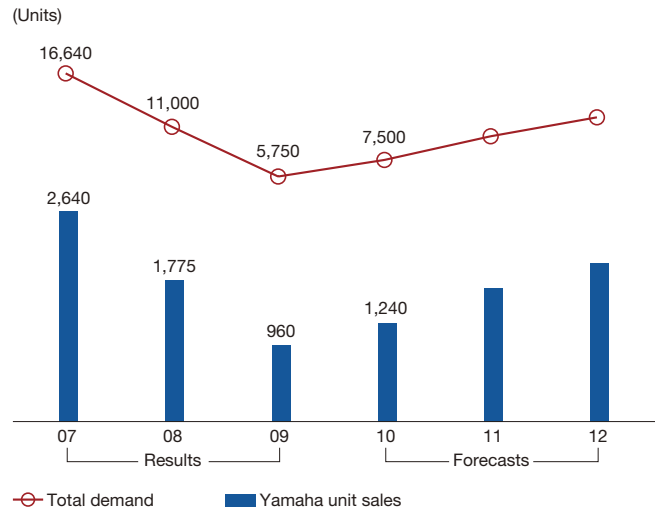
Surface mounters account for the majority of sales in the Intelligent Machinery (IM) business. With demand for IM products quickly recovering in China and other Asian nations (excluding Japan), we are taking measures to accommodate this growth.

First, we are expanding the product lineup. To win greater satisfaction from existing customers and develop new market demand, we are adding models to our compact, high-speed modular surface mounter series, and introducing new products to the electric parts feeder series.

In addition, we will reduce business costs significantly, in a bid to improve profitability. Meanwhile, we will strengthen the marketing system in support of our sales and service activities worldwide, differentiating the Yamaha brand in global markets.

All of these measures aim to return the IM business to profitability by strengthening product competitiveness.

**Total demand and Yamaha unit sales (Surface mounters only)**



**Note**

Demand figures stated herein are based on Yamaha Motor's surveys.



**Total mounter solutions combine high performance machines and superior peripheral equipment**

## PAS Business

### Building on Yamaha's Pioneer Image in Growing Markets

In the electrically power assisted bicycle business, demand is increasing at a 10% annual rate in Japan. We have responded with enhanced product development focused on customer-oriented features, such as longer battery life. We also intend to create new demand by expanding the product lineup. On the marketing front, we will work to strengthen our sales network and service capabilities, toward making the Yamaha brand a prominent presence in the market.

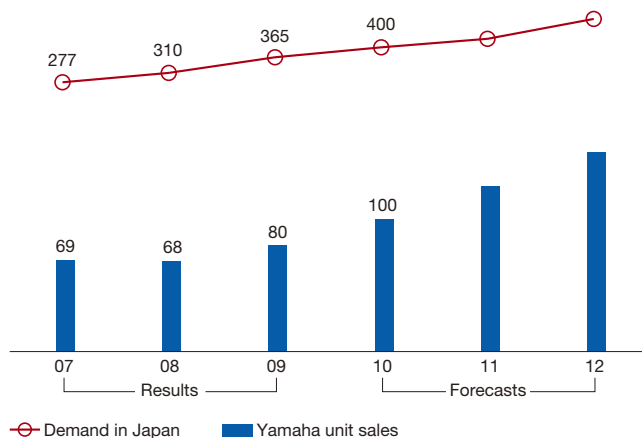
In the rapidly growing market in Europe, we will expand the supply of power assist units and study the future feasibility of marketing completed products.

These measures are designed to build on the Yamaha image as the pioneer in growing markets.

For details on the growth strategy, please refer to “Q6” of the “Interview with the President” section on page 16.

#### Total demand in Japan and Yamaha unit sales

(1,000 units)



○ Demand in Japan    ■ Yamaha unit sales

#### Note

Demand figures stated herein are based on Yamaha Motor's surveys.



Enhanced product development with the focus on the customer