

Engineering, Manufacturing, and Marketing to Raise Our Profile

The Yamaha Motor Group is aggressively carrying out our new Medium-Term Management Plan by accelerating our engineering, manufacturing, and marketing to exceed the expectations of customers, using uniquely Yamaha Motor concepts, while at the same time continuously promoting management innovation to build a solid earnings base. By continuously pursuing challenges from a global perspective, Yamaha Motor will continue to be an excellent engineering, manufacturing, and marketing enterprise with a prominent presence in the global market.



Motorcycle unit sales in India, Vietnam, and Indonesia



Motorcycle Business in Emerging Markets

Our motorcycle business in emerging markets mainly focuses on Indonesia, which is beginning to recover from a temporary slump, India, which is showing rapid growth, and Vietnam, where stable growth continues. Yamaha Motor is pursuing a strategy of expanding our business in these markets based on local optimization.

Indonesia

Enhancing product competitiveness to meet diversifying needs

Indonesia is a major market for Yamaha Motor's motorcycle business, but with an economic slowdown and tighter credit, total actual demand in 2012 decreased to 7.27 million units, and our shipments were held to 2.42 million units as a result of inventory adjustments and an insufficient number of models.

We see the ASEAN*1 market maintaining stable growth going forward, and in 2013 we expect total demand in Indonesia to recover to 7.60 million units. We will pursue a growth strategy based on expanding our lineup in response to increasingly diverse customer needs and enhancing our product competitiveness.

The new Medium-Term Management Plan aims to introduce FI*2 in all models in the ASEAN market by accelerating the development of variations of platforms based on fuel-efficient engines. In Indonesia, we plan to introduce locally produced models including models that have also been developed locally, along with uniquely Yamaha models produced in Japan that project a sporty image.

Developing marketing that highlights Yamaha Motor's uniqueness

To establish brand communication that expresses Yamaha's uniqueness, we intend to hold Yamaha Motor Shows at 1,000 locations throughout Indonesia and reintroduce accessory and apparel products, as part of a new promotional campaign that aims to provide value that goes beyond being a means of transportation.

We will also build on our "3S" policy of (motorcycle) Sales, (sales of) Spare parts, and (after-sale) Service, for high-quality contact with customers that is closely tied to the market.

Strengthening the business base to increase volumes

Restrictions on down payments for credit purchases implemented by the government in June were a major reason for the Indonesian market's temporary stagnation in 2012. In response, Yamaha Motor is focusing on restructuring related credit, while at the same time adjusting inventories in line with the size of the market. Going forward, as the business stabilizes as financing returns to normal, we will work from this base to pursue an appropriate growth strategy for the market as it recovers.

SOUL GT

As the successor to the current "Mio SOUL" model, the "SOUL GT" features an evolved body design with a sharp-looking front assembly while inheriting the single-headlight design from the current model, air intake-styled side panel covers for a powerful image, a dynamic and unique taillight assembly, and more, to create an authoritative and stylish look.



*1 Yamaha Motor's ASEAN market comprises Indonesia, Thailand, Vietnam, the Philippines, and Malaysia.

*2 Fuel Injection: An electronically controlled fuel injection system that uses control technology to achieve higher fuel efficiency than conventional carburetor models.





- Snapshot
- Interview with the President
- Special Features**
- Overview of Operations
- CSR Section
- Corporate Information
- Financial Section

Shifting to our global engineering, manufacturing, and marketing

ASEAN Integrated Development Center

Under the new Medium-Term Management Plan, Yamaha Motor will significantly reduce costs and rebuild our development, procurement, production, and distribution structure by shifting to global engineering, manufacturing, and marketing, and expanding procurement and supplies across countries and regions.

The ASEAN Integrated Development Center commenced operations in February 2012. Working in cooperation with the head office development structure, which is introducing platform-based manufacturing, the center will play a leading role as the central location for designing products that are aligned with the quality standards of the ASEAN market, and carrying out integrated product development encompassing manufacturing, purchasing, and technology, to meet the needs of customers.



ASEAN Integrated Development Center
(Established in Yamaha Motor Asian Center Co., Ltd.)



India

Enhancing product competitiveness and sales strength

In light of the country's political and economic stability, the Indian market is expected to experience rapid growth in demand for motorcycles. Yamaha Motor is endeavoring to maintain our product competitiveness through enhanced functionality and design, and to expand our customer base and strengthen our presence in the mass-market segment.

In 2012 we entered the scooter category, the Indian market's volume zone, with the launch of the CYGNUS RAY, which has had a very positive market reception. Under the new Medium-Term Management Plan, we intend to proactively launch new products in both the scooter and low-end motorcycle categories.

In terms of marketing, we are building global-standard dealerships to expand our sales network and reinforce high-quality contact with customers, as we build a business base suited to this rapidly growing market.



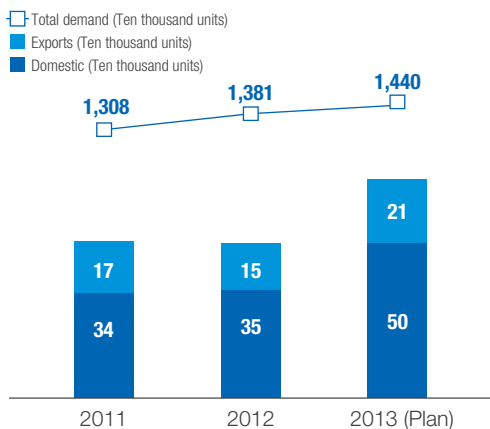
Raising functionality as a global development and production center

The Indian Integrated Development Center commenced operations in February 2013, as part of our strategy for global optimization based on global coverage via four centers. With the aim of 30% local development, we are accelerating our engineering, manufacturing, and marketing with lower costs and at local market quality standards, to support our product competitiveness both within the Indian market and for exports.

India's domestic motorcycle demand is currently more than 14 million units annually, and to meet this demand we are building a new manufacturing center adjacent to the development center. We intend to increase our local production capacity to achieve domestic shipments of one million units and exports of 240 thousand units in 2015.



Motorcycle unit sales in India



New manufacturing center increasing production capacity in India

In 2012, we acquired a roughly 440,000 m² site in an industrial park in Vallam Vadagal on the outskirts of the city of Chennai, and began construction of a new factory that is scheduled to commence operations in 2014. The new factory will employ a "theoretical-value-based production" concept that operates on a system of completely synchronized manufacturing of parts and assembly of complete motorcycles, to achieve a high level of productivity.



Vietnam

Strengthening the Yamaha brand to expand our business scale

The Vietnamese market is showing stable growth, and Yamaha Motor is pursuing a strategy of comprehensively strengthening the Yamaha Motor Group brand to expand the scale of our business.

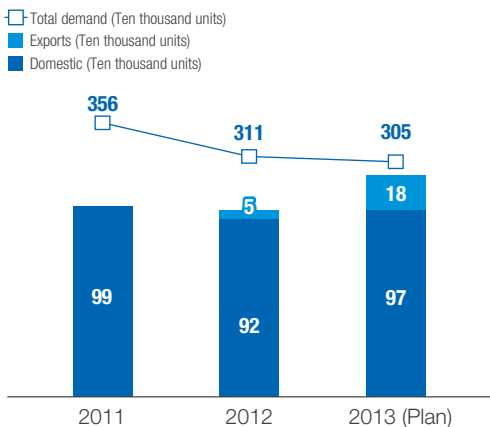
Based on the fuel-efficient engines being promoted by the fully operational ASEAN Integrated Development Center, we are using a combination of platforms and variations to accelerate our introduction of locally produced models. In addition, under the new Medium-Term Management Plan we are aiming to incorporate FI in all models in the ASEAN market, and this will lead to enhanced product competitiveness.

At the same time, we are supporting sales by expanding our domestic sales network and strengthening contact with customers. We are also working to increase exports of completed motorcycles within ASEAN, and are targeting domestic shipments of 1.2 million units and exports of 210 thousand units in 2015.



- Snapshot
- Interview with the President
- Special Features
- Overview of Operations
- CSR Section
- Corporate Information
- Financial Section

Motorcycle unit sales in Vietnam



NOUVO SX

With a newly designed engine using YMJET-FI,* the NOUVO SX provides both fuel efficiency and superior environmental and running performance, and is our first AT model for the ASEAN market equipped with a projector-type headlight. With a quality feeling of being "one class higher," the NOUVO SX is establishing a position as our flagship model in the Vietnamese market.



* YMJET-FI (Yamaha Mixture Jet-Fuel Injection): Yamaha Motor's proprietary fuel injection system employing an auxiliary air intake passage in addition to the main passage, to provide an "air assist" for a more efficient mixing of the air and fuel that helps improve fuel economy in the practical use range.

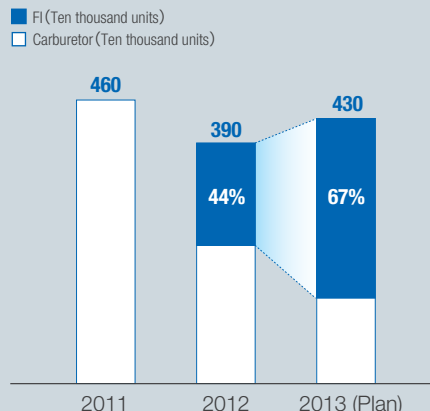
Introducing FI in all ASEAN market models

Using our proprietary FI system to achieve higher fuel efficiency than conventional carburetor models, Yamaha motorcycles are gaining a large following in the ASEAN market, where high gasoline prices make fuel efficiency an important consideration.

Under the previous Medium-Term Management Plan, we accelerated our introduction of lower cost FI models, focusing on the YMJET-FI system for scooters and commuter vehicles, and raised the percentage of FI-equipped models in the ASEAN market to 44% from 10%.

Under the new Medium-Term Management Plan, we are moving to platform-based production of FI-equipped models and accelerating our local development of model variations, to have all models in the ASEAN market equipped with FI systems and firmly establish the advantage of the Yamaha Motor brand.

Motorcycle unit sales in Indonesia, Thailand, and Vietnam



Motorcycle and Marine Products Businesses in Developed Markets

With markets expected to recover going forward, we continue to restructure our motorcycle business in developed markets to enhance our earnings strength. We are also working to expand the scale of our operations in the marine products business, where a solid recovery is under way.

Motorcycle Business in Developed Markets

Expanding business scale to address a wide range of customers

Although the difficult market environment continued in Europe, the North American market showed a recovery trend on solid latent demand. Against this backdrop, we are moving to platforms based on high-performance engines and expanding our lineup of entry-level to flagship models, and winning the support of a wide range of customers.

With promotional activities closely tied to markets and proactive lifetime marketing, we will continue to promote new types of brand communication to establish a “Yamaha World” and expand our base of lifelong customers.



Communications-Linked Next Generation Vehicle Application smartphone service launched

The Communications-Linked Next Generation Vehicle Application was developed in cooperation with Toyota Motor Corporation as a step toward building a new mobile society of the future, and utilizes the Toyota Smart Center to provide integrated information and services.

Continuing to restructure to enhance earnings strength

As a result of the restructuring that was a primary component of the previous Medium-Term Management Plan, we consolidated and realigned our domestic manufacturing structure from an initial 12 factories and 25 units to nine factories and 17 units, including the transfer of all-terrain vehicle production to the United States. In Europe, we reorganized the initial four factories into a two-factory structure.

Under the new Medium-Term Management Plan, we will build on these successes and pursue additional restructuring by further consolidating the domestic manufacturing structure and reorganizing the European business structure, with the aim of “Euro one company.” Then, using platforms with high-performance engines, we will expand the scale of procurement and manufacturing and enhance the earnings strength of the motorcycle business in developed markets.

Bolt

Based on the current XVS950A, the Bolt combines a revamped engine incorporating a completely redesigned air intake/exhaust system and remapped fuel injection settings with a newly designed slim and compact chassis, to achieve both outstanding acceleration and a light, responsive ride in low-speed urban settings.





Marine Products

Market showing steady recovery

The marine products business had a strong year in 2012, on a stable recovery in the U.S. market and a rebound in demand for outboard motors, personal watercraft, and sport boats. This solid recovery included increased sales of outboard motors in Russia, and sales growth in Japan for fishing boats, utility boats, and outboard motors, reflecting earthquake reconstruction demand. Against this backdrop, we are proceeding with preparations to expand the scale of our business by increasing our production capacity for personal watercraft at the U.S. factory, and establishing a joint venture in China for the manufacturing and sales of utility boats for fishery and aquaculture work.

Building confidence in the Yamaha brand

To further enhance our product competitiveness, the Yamaha Motor Group has jointly developed a new boat control system with Volvo Penta,

and in early 2013 we launched the Helm Master joystick control system. This system has already gained wide popularity in small-sized boats with 200hp engines, and has further solidified Yamaha Motor's brand advantage in the market and strengthened our ties with boat builders.

The boat business also revitalized the market in 2012 with the launch of the SR310 and SR-X F90 pleasure boat models, generating a high level of confidence for the Yamaha brand in the marine products market.

Going forward, we will work to maintain our prominent market shares in Russia and Brazil with reliable, lightweight, fuel-efficient engines and by strengthening our ties with boat builders, and also to maintain stable shares in developed markets. The boat business will develop a new commercial boat business in China through the boat manufacturing and sales project in Dalian, and the personal watercraft business will expand to include supplying jet propulsion equipment.

