

# FY2014 2nd Quarter Business Results



Yamaha Motor Co., Ltd.  
August 5, 2014

# Agenda

## FY2014 2nd Quarter Business Results

- Outline: Hiroyuki Yanagi  
President, CEO and Representative Director
  
- Details: Kozo Shinozaki  
Managing Executive Officer and Director

- Forecast Consolidated Results

Forecast consolidated results stated herein are based on the management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forecast consolidated results. Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences and currency exchange rate fluctuations.

# Outline

# Operational Results (First Half-Year)



Achieved increases in sales and profit over the previous year

- Net Sales : 756.0 Billion Yen (108%)
- Operating Income : 49.1 Billion Yen (162%)
- Operating Income Ratio : 6.5% (+2.2 pt.)
- Ordinary Income : 49.1 Billion Yen (161%)
- Net Income : 32.2 Billion Yen (158%)

Targets  
Summary  
of  
Results

Undertaking reinforcement and review of business strategies and bringing forward the schedule.

- Sales Increase: Net sales increase in all business segments
- Profit Increase: Effect of Sales Increase + Profitability Improvements
  - Development Expenses - Foreign Exchange Effects

Main  
Initiatives

- (1) Each business segment is progressively launching 'unique new products' into the market.
  - Medium-term product plan (total progress: 60%)
- (2) Strategic tasks are being progressively undertaken (changes to *Monozukuri*).
  - Launch of global models into the market
  - Launch of next-generation platform models into the market
- (3) Structural reform initiatives are being progressively undertaken.
  - Streamlining of domestic production structure and operational structures in Europe
  - Promotion medium-term cost reduction
- (4) Responding to weak currencies of emerging countries.
  - Especially Indonesia and Brazil

# Motorcycle Business (First Half-Year)

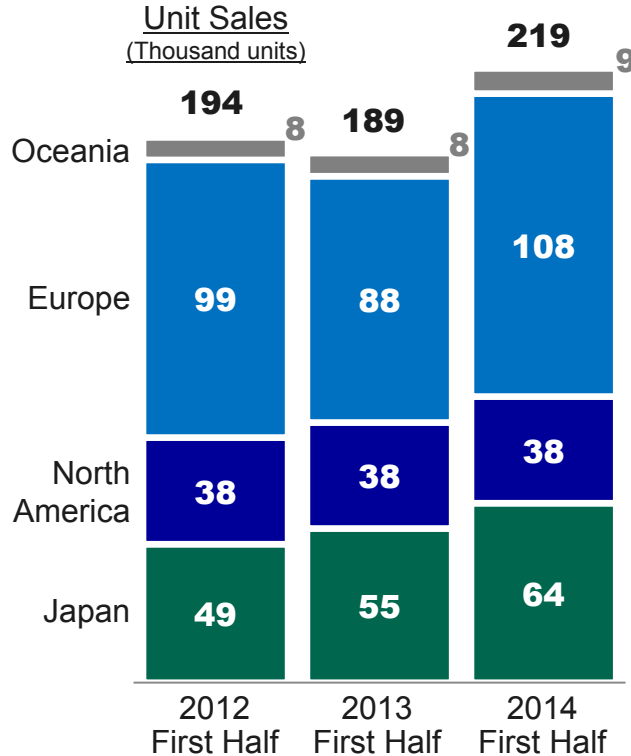


- Unit sales continue to increase in each market except Vietnam and Thailand.
- Annual Forecast: Total 6.2 million units; increase of 160,000 units vs. last year (-400,000 units as compared to the initial forecast)

(Thousand units)	Results for First Half-Year				Annual Forecast	
	Total Demand		Units Sales		Units Sales	
	Results	Growth Rate	Results	Growth Rate	Forecasts	Growth Rate
Developed Markets	<b>1,387</b>	<b>104%</b>	<b>219</b>	<b>116%</b>	<b>430</b>	<b>117%</b>
Indonesia	<b>4,202</b>	<b>107%</b>	<b>1,330</b>	<b>104%</b>	<b>2,600</b>	<b>104%</b>
Vietnam	<b>1,284</b>	<b>90%</b>	<b>291</b>	<b>72%</b>	<b>700</b>	<b>91%</b>
Thailand	<b>873</b>	<b>80%</b>	<b>98</b>	<b>46%</b>	<b>205</b>	<b>59%</b>
India	<b>7,837</b>	<b>113%</b>	<b>260</b>	<b>128%</b>	<b>574</b>	<b>124%</b>
Brazil	<b>717</b>	<b>96%</b>	<b>90</b>	<b>116%</b>	<b>215</b>	<b>120%</b>
China	<b>5,160</b>	<b>90%</b>	<b>212</b>	<b>96%</b>	<b>504</b>	<b>108%</b>
Others	-	-	<b>446</b>	<b>107%</b>	<b>941</b>	<b>101%</b>
Total	-	-	<b>2,946</b>	<b>98%</b>	<b>6,170</b>	<b>103%</b>

# Motorcycle Business: Developed Markets

- Overall demand continues to recover.
- Improving market share through sports models (MT series).



## Main Initiatives

- Continue to launch 'unique new products' into the market
- Establish a lineup in each product series  
⇒ The brand flourishes



MT-09

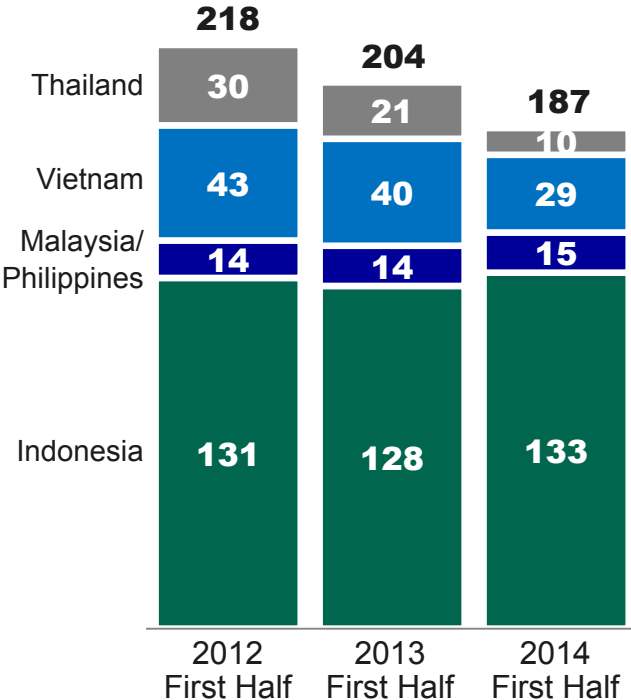


MT-07

# Motorcycle Business: ASEAN Market

- Indonesia: Solid overall demand continues; Stable sales increasing.
- Vietnam/ Thailand: Sales decreased due to drop in overall demand and lack of product strength.

Unit Sales  
(10,000 units)



## Main Initiatives

- Aggressive Strategy: Roll out Rev Station Campaign, Launch global & next-generation platform models
- Indonesia: Focused on strengthening sports models
- Vietnam/ Thailand: New model launches, restructuring sales network



R15



Nozza Grande

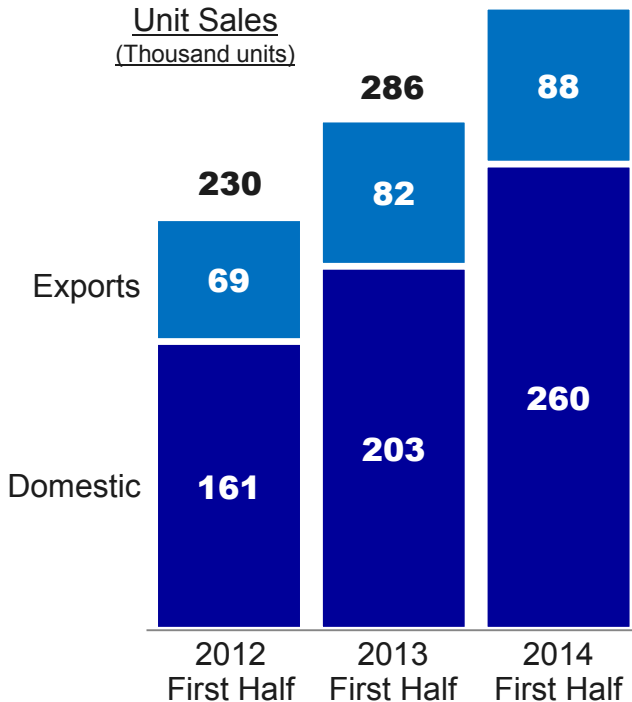


# Motorcycle Business: Indian Market

- Overall demand continues to increase.
- Sales increased driven by new products. Domestic 128%, Export 106%

## Main Initiatives

- Deluxe Segment: New product releases  
⇒ Strengthen the segment
- Scooter Segment: Focused family marketing
- Construction of new factories/ operation preparation (scheduled for year end)



FZ-S



CYGNUS α

## Global Models



TRICITY

Third-vehicle Category  
From Thailand to global markets



R25

Entry sports model  
From Indonesia to global markets

## Next-Generation Platform



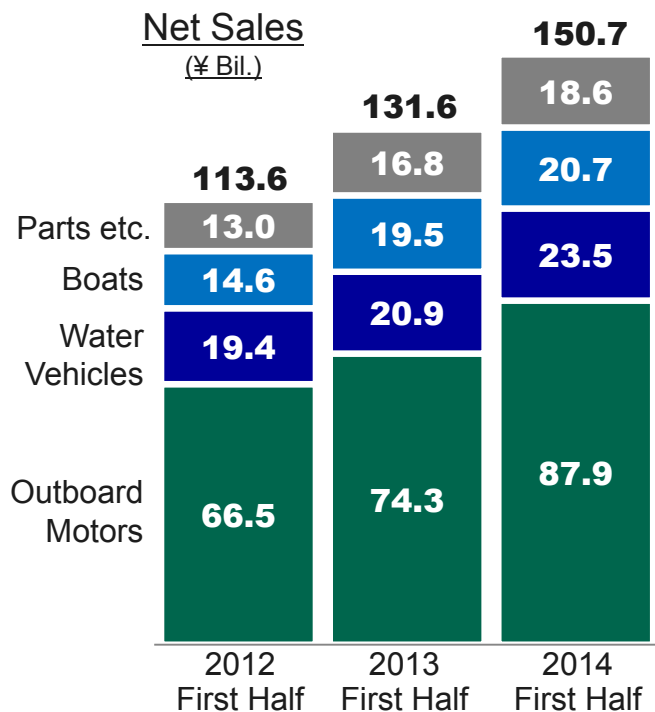
Blue Core

Next-generation engine concept  
"Fuel efficiency + Enjoyable ride"



# Marine Products Business

- Outboard Motors: Launched new product (115HP), increased proportion of larger models in the US.
- Boats: Launched new products, production & sales increased particularly in the US market .
- Water Vehicles: Upgrading of product competitiveness (model revamping) is progressing.



## Main Initiatives

- Outboard Business: Production to commence in Thailand (August)
- Boat Business: Roll out of global production strategy
  - Japan: 1,100 units
  - US: 11,000 units
  - China: Production scheduled to commence (2015)



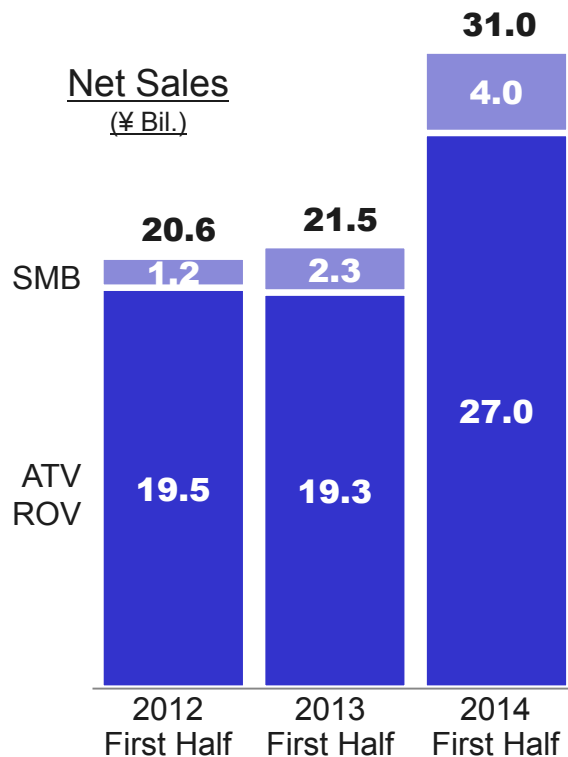
DFR



242 Limited S

# Recreational Vehicles Business

- ROV: Launched second ROV model (July).  
First half total sales : 6,000 units.
- SMB: OEM for other companies & Launched variant models.



## Main Initiatives

- ROV: New product development & expand lineup  
⇒ obtain share both in stores and in the market
- Snowmobiles: OEM for other companies & expand lineup



VIKING



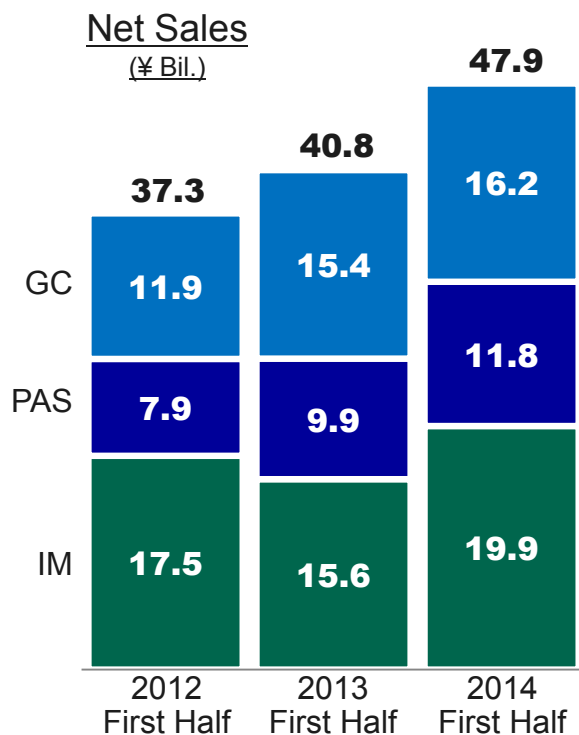
VIKING VI

\*ROV: Recreational Off-Highway Vehicle SMB: Snow mobile

- IM: Sales increased due to market recovery and new product launches.
- PAS: Domestic/ European sales increased (Total 160,000 units; 135%).
- GC: US gas vehicles share increased and domestic sales increased

## Main Initiatives

- IM: Strengthen structure in Europe, US, and China  
⇒ Expansion of customer base
- PAS: Expansion of target customers, development of the smallest and lightest power unit in the world
- GC: Expand sales in private/commercial markets



Z:LEX YSM20



PAS VIENTA 5

- Annual Forecast: Expecting to reach medium-term operating income target (80 billion yen by 2015) earlier.
- Dividend: Annual forecast of 29 yen (First Half: 14.5 yen). Shareholder special benefit plan to recommence.

(¥ Bil.)	2013 Results	2014 Revised Forecast	2014 Original Forecast
Net Sales	<b>1,410.5</b>	<b>1,500.0</b>	<b>1,500.0</b>
Operating Income	<b>55.1</b>	<b>83.0</b>	<b>75.0</b>
Operating Income Ratio	<b>3.9%</b>	<b>5.5%</b>	<b>5.0%</b>
Ordinary Income	<b>60.1</b>	<b>85.0</b>	<b>77.0</b>
Net Income	<b>44.1</b>	<b>50.0</b>	<b>45.0</b>
Currency Rate (\$/€)	98 yen/130 yen	101 yen/138 yen (2nd Half): 100 yen/ 135 yen	100 yen/135 yen
Cash Dividend	26 yen	29 yen	26 yen

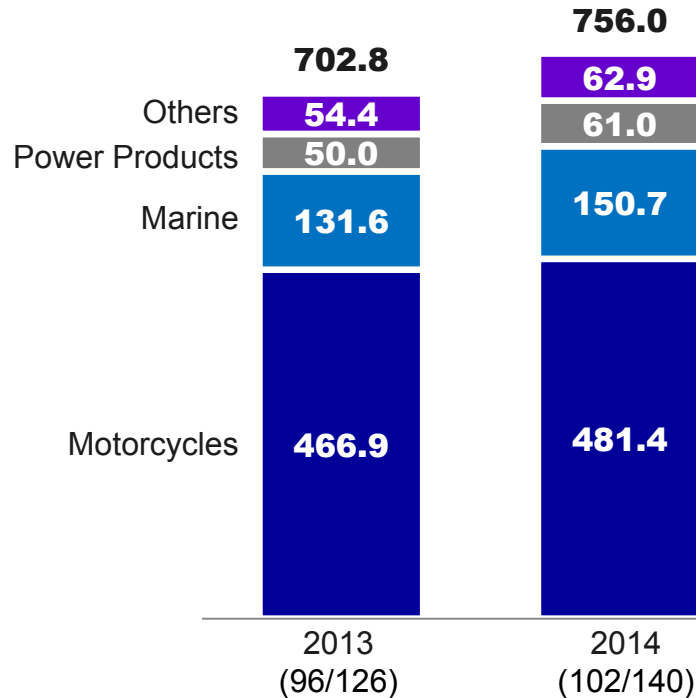
# Details per Segment

# Operating Income and Sales (First Half)

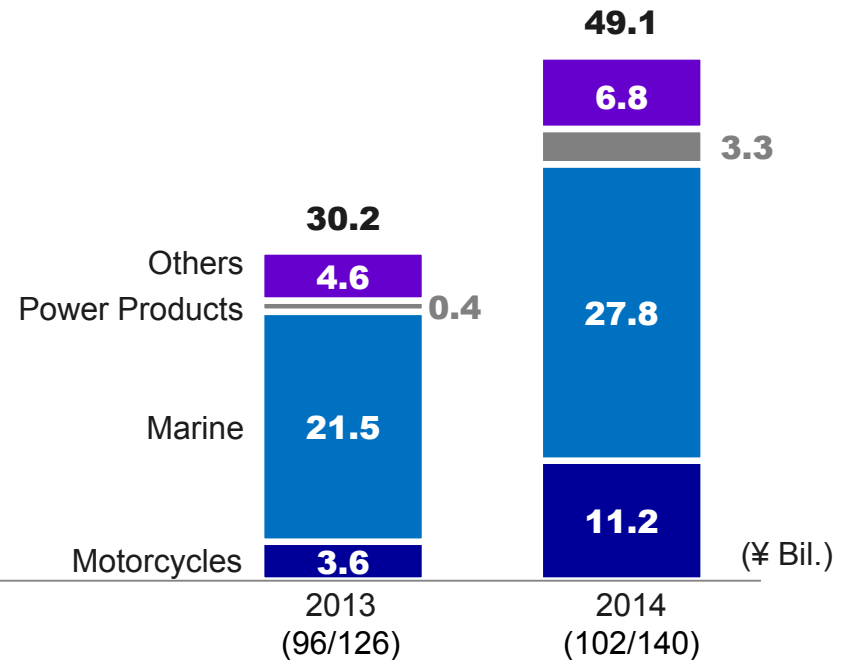


- Motorcycles: Income increased in developed markets thanks to new product launches and profitability improvements.
- Marine: Profitability improved through increases in sales and growth in sales proportion of larger models in the North American market.
- Power Products/ Others: Increase in income thanks to the launch of VIKING and increase in sales in the IM and PAS segments.

## Net Sales



## Operating Income





# Causes of Changes in Operating Income (First Half)

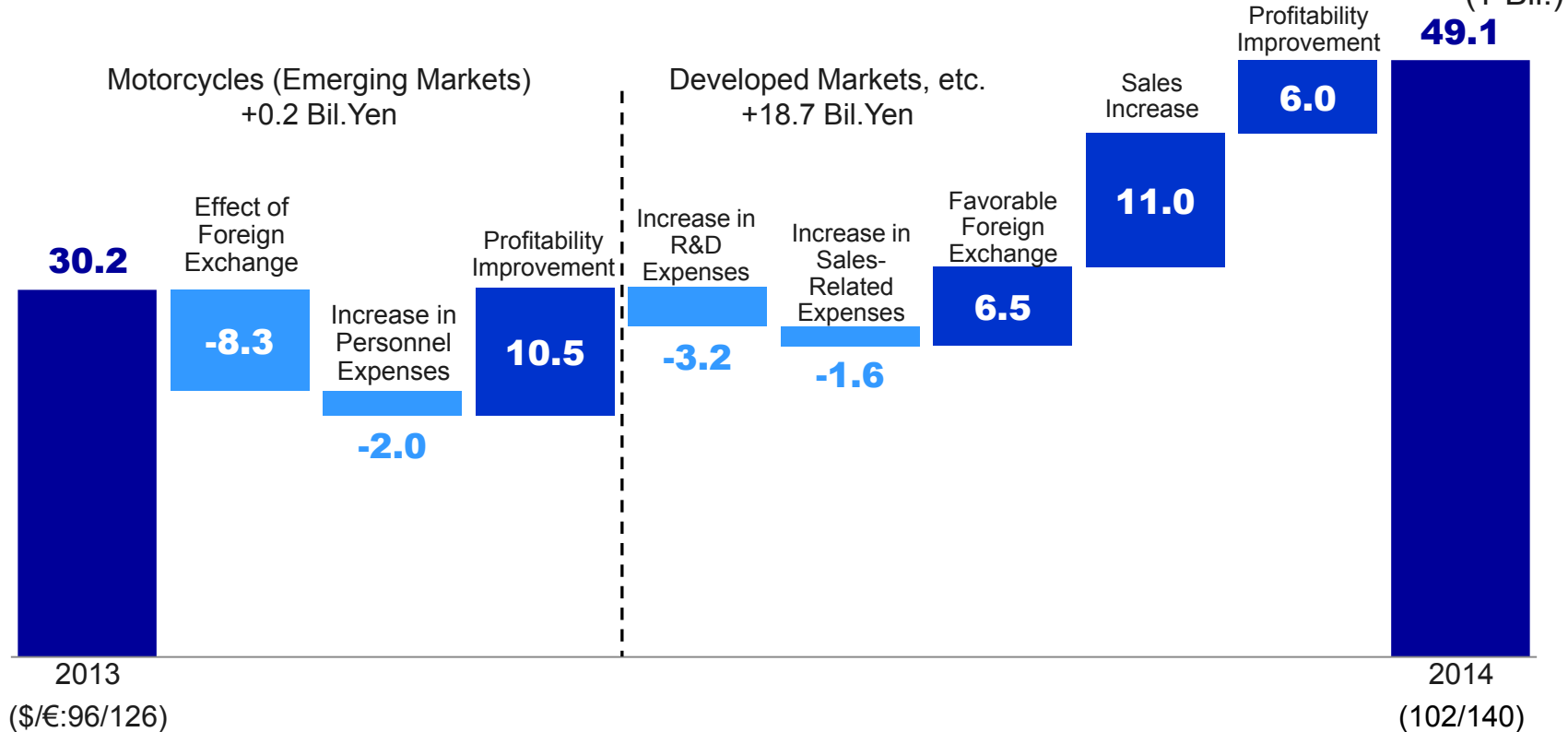


■ **Motorcycle Business (Emerging Markets):**

Improvements in cost down and model mix > Increase in procurement costs due to weak local currencies etc.

■ **Developed Markets, etc.:**

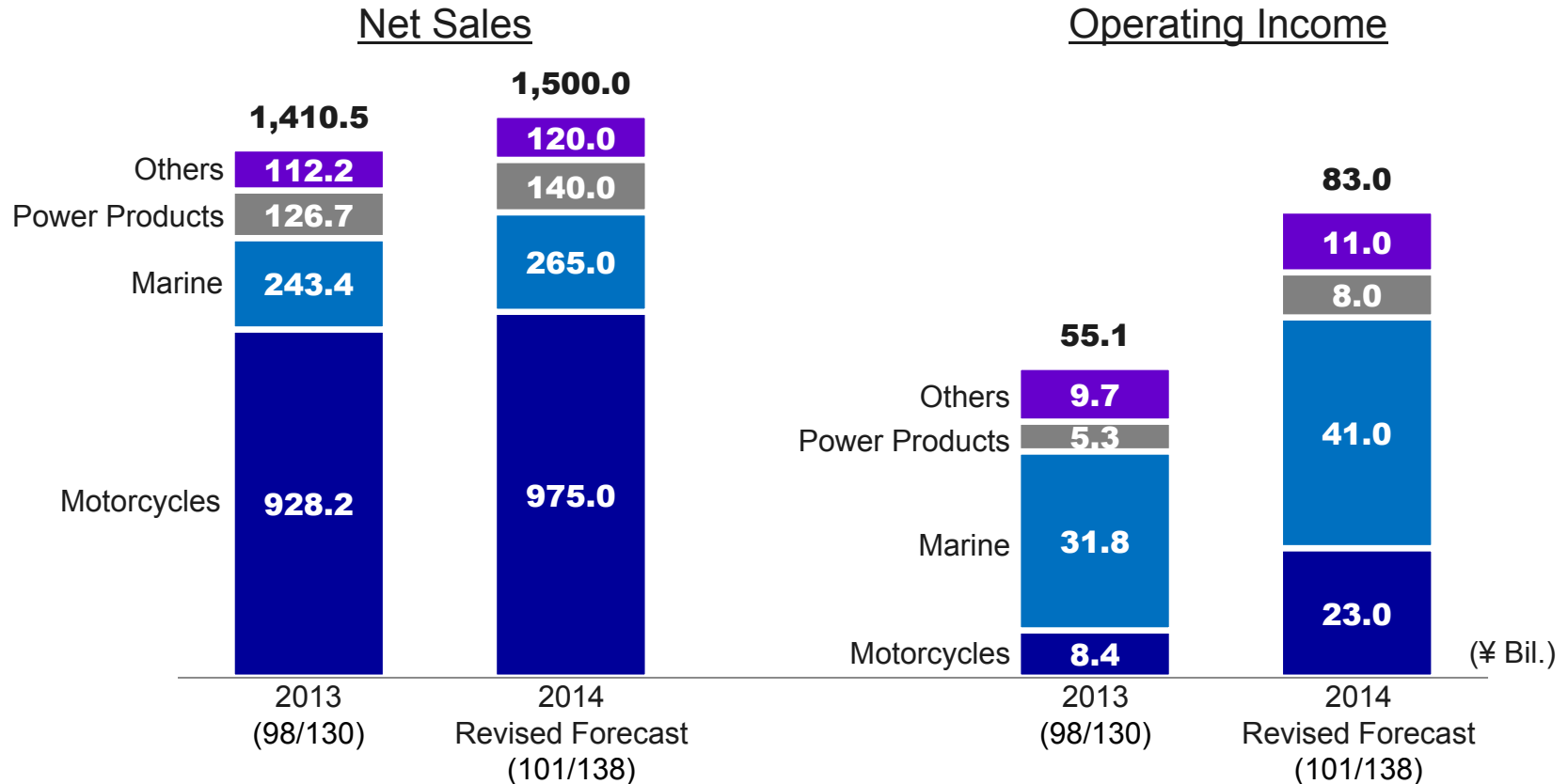
Effect of sales increase and profitability improvements > Aggressive development and sales promotion related expense (¥ Bil.)



# Sales and Operating Income (Annual Forecast)



- Sales and income are expected to increase in all business segments.
- Expecting to reach medium-term operating income target (80 billion yen by 2015) earlier.





**YAMAHA**

*Revs Your Heart*

# Unit Data (Total Demand/ Yamaha Wholesales)



(thousand units)

	Total demand (Yamaha survey)		
	2012	2013	2014 Forecasts
Japan	442	460	476
North America	502	520	548
Europe	1,744	1,649	1,610
Indonesia	7,064	7,744	7,800
Thailand	2,129	2,004	1,692
India	13,806	14,343	15,248
Vietnam	3,109	2,793	2,550
Taiwan	628	668	678
China	12,630	11,627	10,605
Other Asian countries	4,537	4,365	4,393
Asia (Total)	43,903	43,544	42,966
Brazil	1,654	1,515	1,480
Other countries	7,244	7,989	8,510
Other countries (Total)	8,897	9,504	9,991
<b>Motorcycles</b>	<b>55,490</b>	<b>55,678</b>	<b>55,591</b>
Outboard motors	759	781	802
ATVs	516	523	490
PASs	386	435	493

	Yamaha Wholesales		
	2012	2013	2014 Forecasts
Japan	94	109	127
North America	71	76	83
Europe	165	162	200
Indonesia	2,423	2,492	2,600
Thailand	550	348	205
India	348	462	574
Vietnam	922	766	700
Taiwan	179	189	221
China	492	465	504
Other Asian countries	313	355	352
Asia (Total)	5,228	5,077	5,156
Brazil	164	179	215
Other countries	369	411	389
Other countries (Total)	533	590	604
<b>Motorcycles</b>	<b>6,090</b>	<b>6,014</b>	<b>6,170</b>
Outboard motors	322	313	322
ATVs	70	55	50
PASs	104	131	156

# Details of Net Sales and Operating Income

## Net Sales (¥ Bil.)

	First Half		Full Year	
	2013	2014	2013	2014 Forecast
Motorcycles	466.9	481.4	928.2	975.0
Marine	131.6	150.7	243.4	265.0
Power Products	50.0	61.0	126.7	140.0
Other	54.4	62.9	112.2	120.0
<b>Total</b>	<b>702.8</b>	<b>756.0</b>	<b>1,410.5</b>	<b>1,500.0</b>

## Operating Income (¥ Bil.)

Motorcycles	3.6	11.2	8.4	23.0
Marine	21.5	27.8	31.8	41.0
Power Products	0.4	3.3	5.3	8.0
Other	4.6	6.8	9.7	11.0
<b>Total</b>	<b>30.2</b>	<b>49.1</b>	<b>55.1</b>	<b>83.0</b>

## Operating Income Ratio (%)

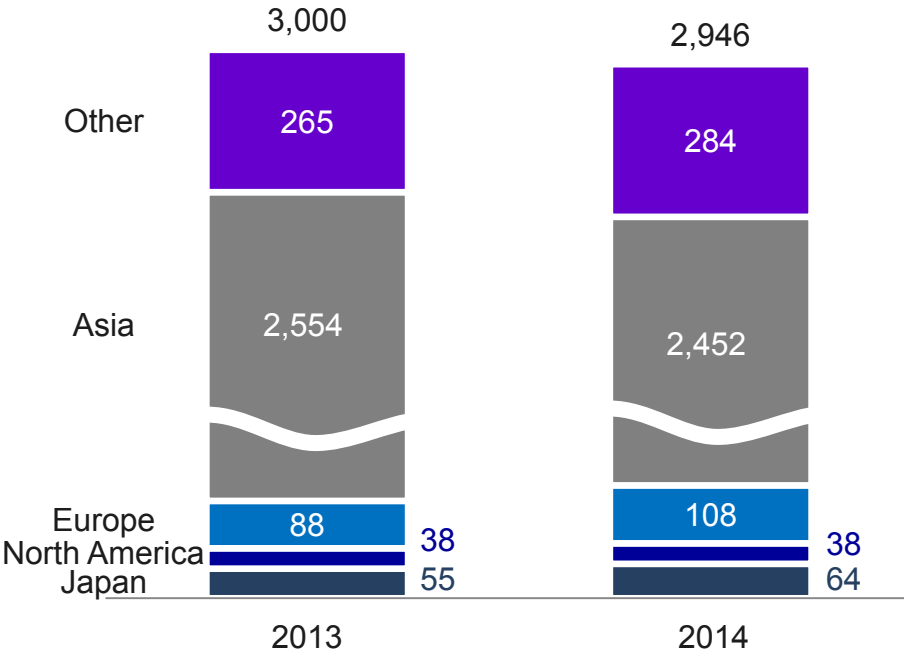
Motorcycles	0.8	2.3	0.9	2.4
Marine	16.4	18.4	13.1	15.5
Power Products	0.9	5.4	4.2	5.7
Other	8.5	10.8	8.7	9.2
<b>Total</b>	<b>4.3</b>	<b>6.5</b>	<b>3.9</b>	<b>5.5</b>

# Motorcycles sales units and net sales (First Half)



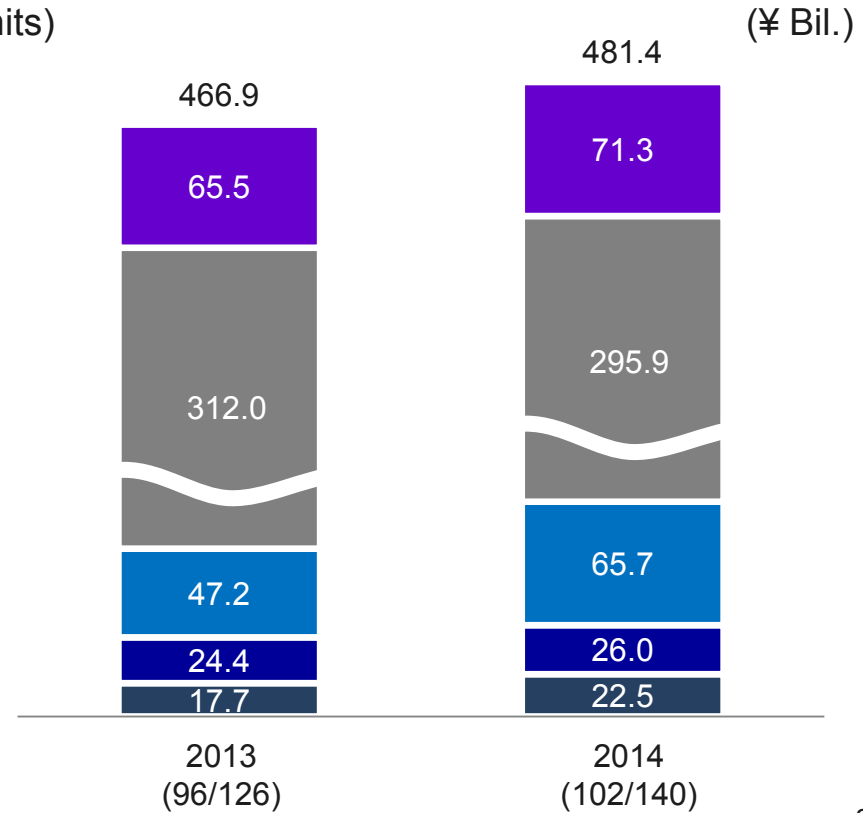
## Unit Sales

(Thousand units)



## Net Sales

(¥ Bil.)



# Net sales of Marine, Power Products, and Others (First Half)

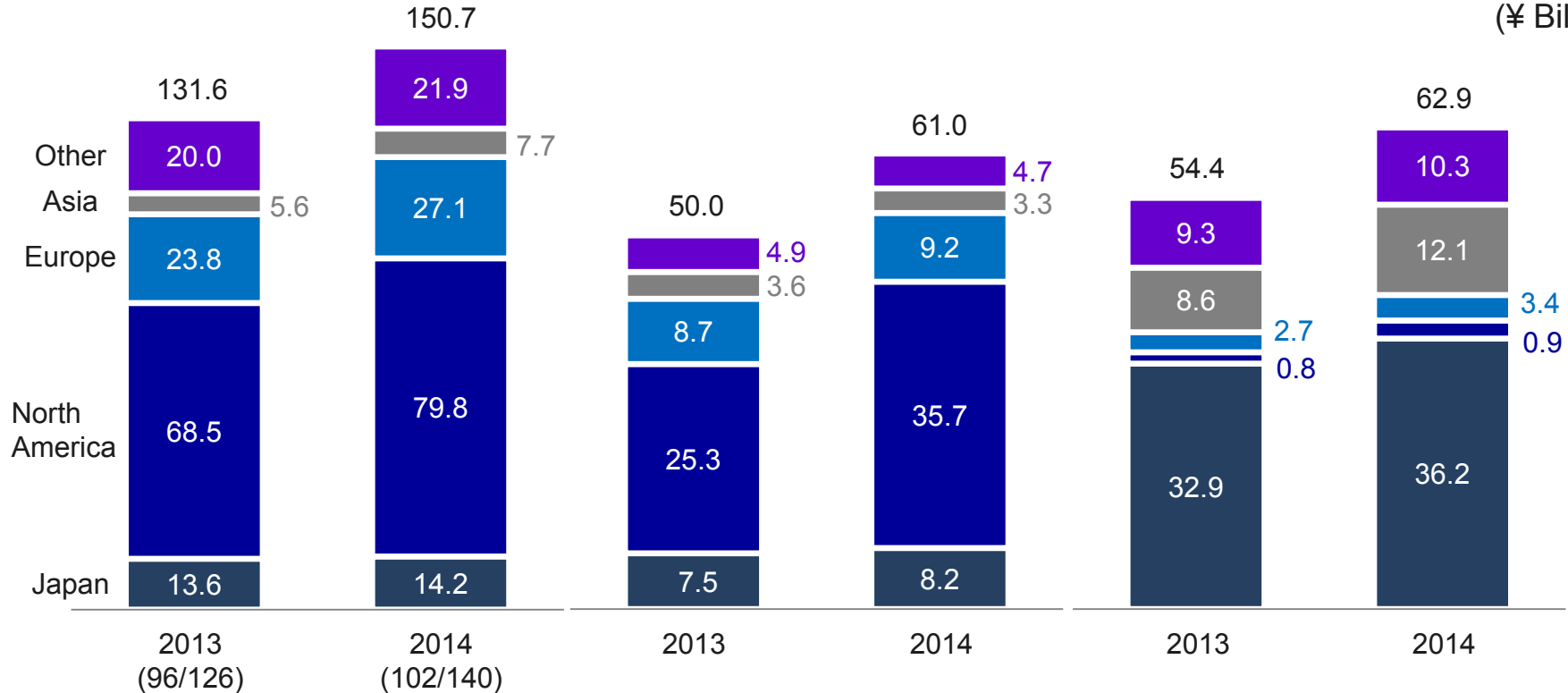


## Marine

## Power Products

## Other

(¥ Bil.)

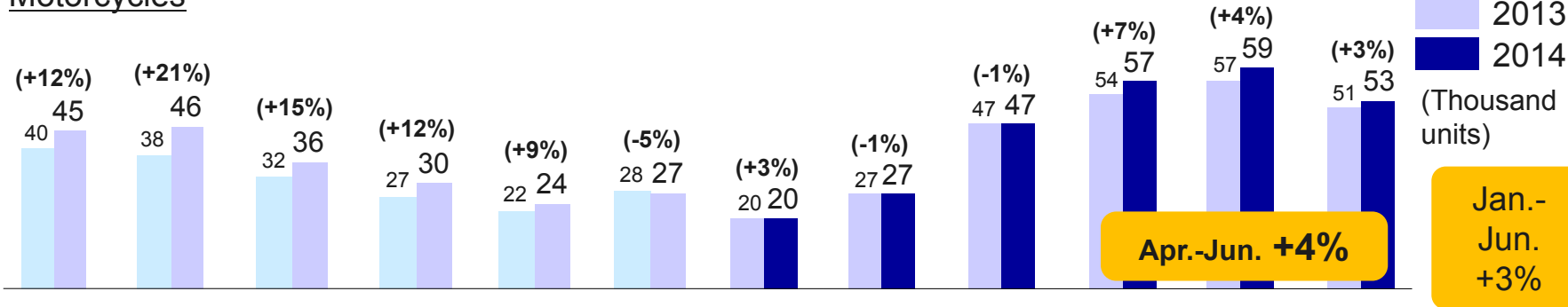


\* Others: Includes Industrial Machinery & Robots

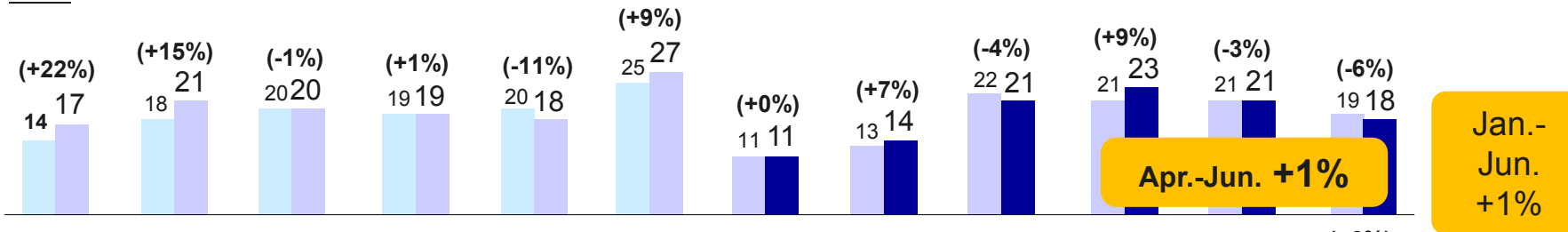
# Monthly Total Demand for Major U.S. Products



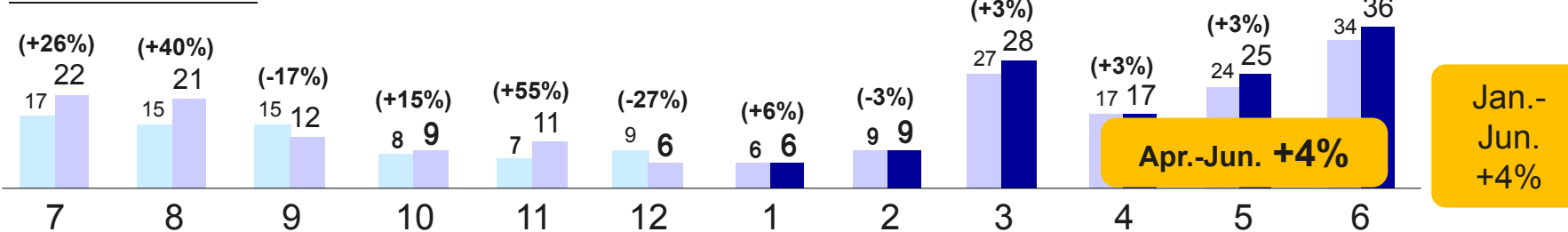
## Motorcycles



## ATV



## Outboard Motors



Source: Motorcycle/ ATV: MIC, Outboard Motors: NMMA (Registered Units)



# Effects of Foreign Exchange vs. Last Year

(¥ Bil.)	FY14 Forecast			
	US\$	Euro	Other	Total
Currency Rate Impact on HQ Imports and Exports	4.8	2.6	0.0	7.4
Impact on Procurement Cost (Overseas Subsidiaries)	0.0	0.0	-9.9	-9.9
Impact on Gross Income (Overseas Subsidiaries)	2.0	1.9	-1.4	2.5
Impact on SG&A Expenses (Overseas Subsidiaries)	-1.3	-1.6	1.3	-1.7
Impact on Operating Income	5.4	2.9	-9.9	-1.6

Foreign Exchange Sensitivity

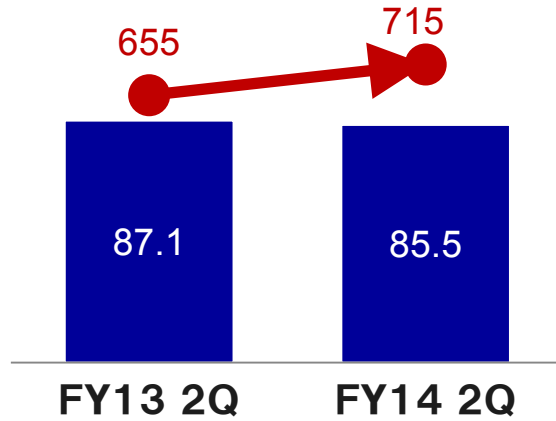
Amount of impact on the operating income per yen of foreign exchange fluctuations

US\$ 1.4 Bil. Yen  
EURO 0.4 Bil. Yen

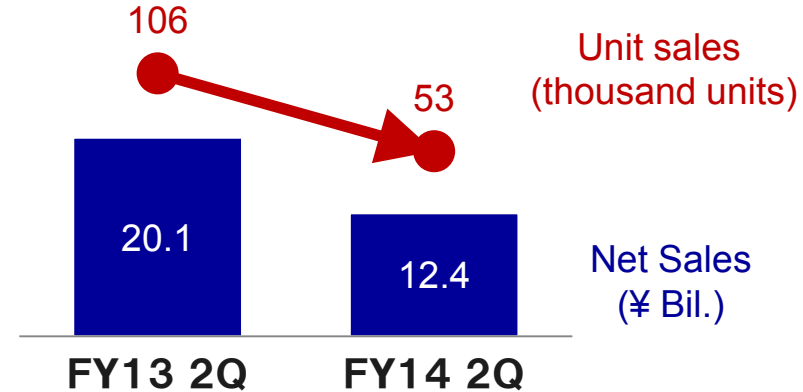
# Sales in main countries in Asia (2Q-3months)



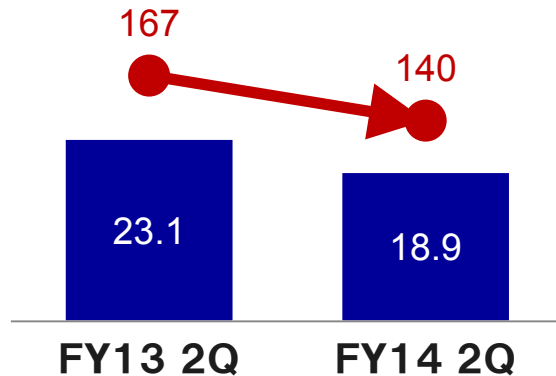
## Indonesia (YIMM)



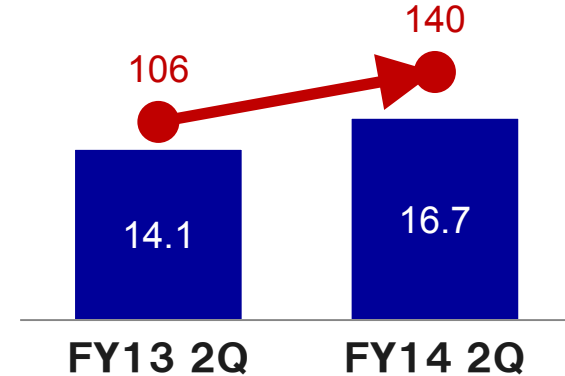
## Thailand (TYM)



## Vietnam (YMVN)



## India (IYM)



Unit sales  
(thousand units)

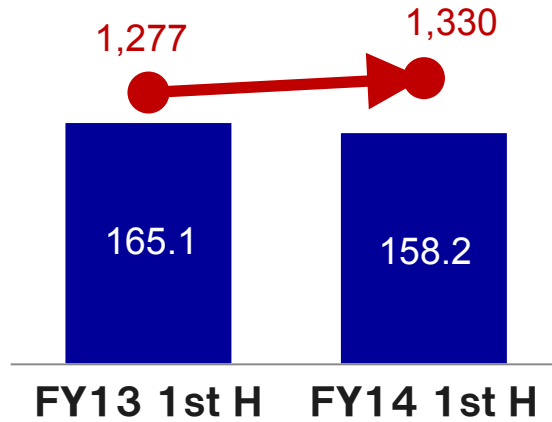
Net Sales  
(¥ Bil.)

\*Unit Sales: Domestic unit sales only. Sales figures: Includes export sales.

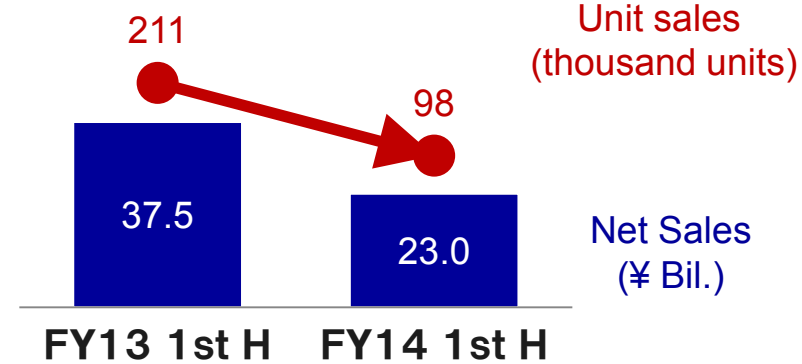
# Sales in main countries in Asia (First Half)



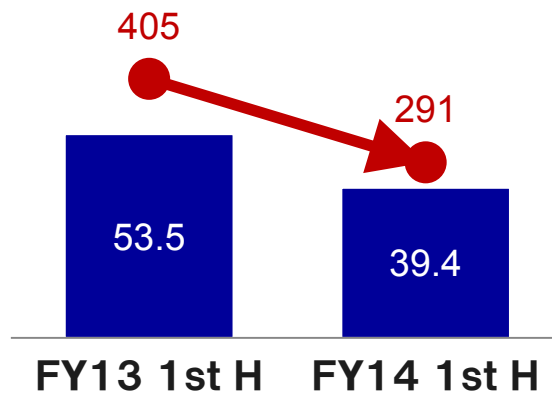
## Indonesia (YIMM)



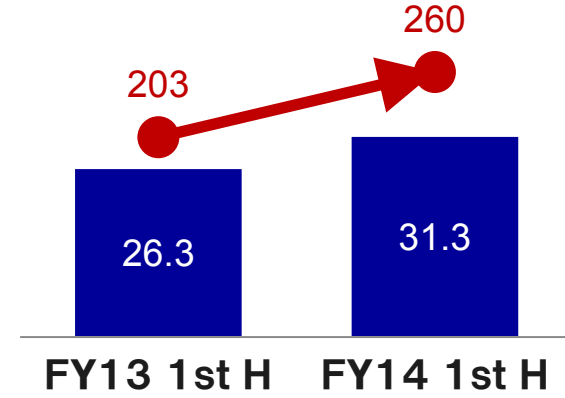
## Thailand (TYM)



## Vietnam (YMVN)



## India (IYM)

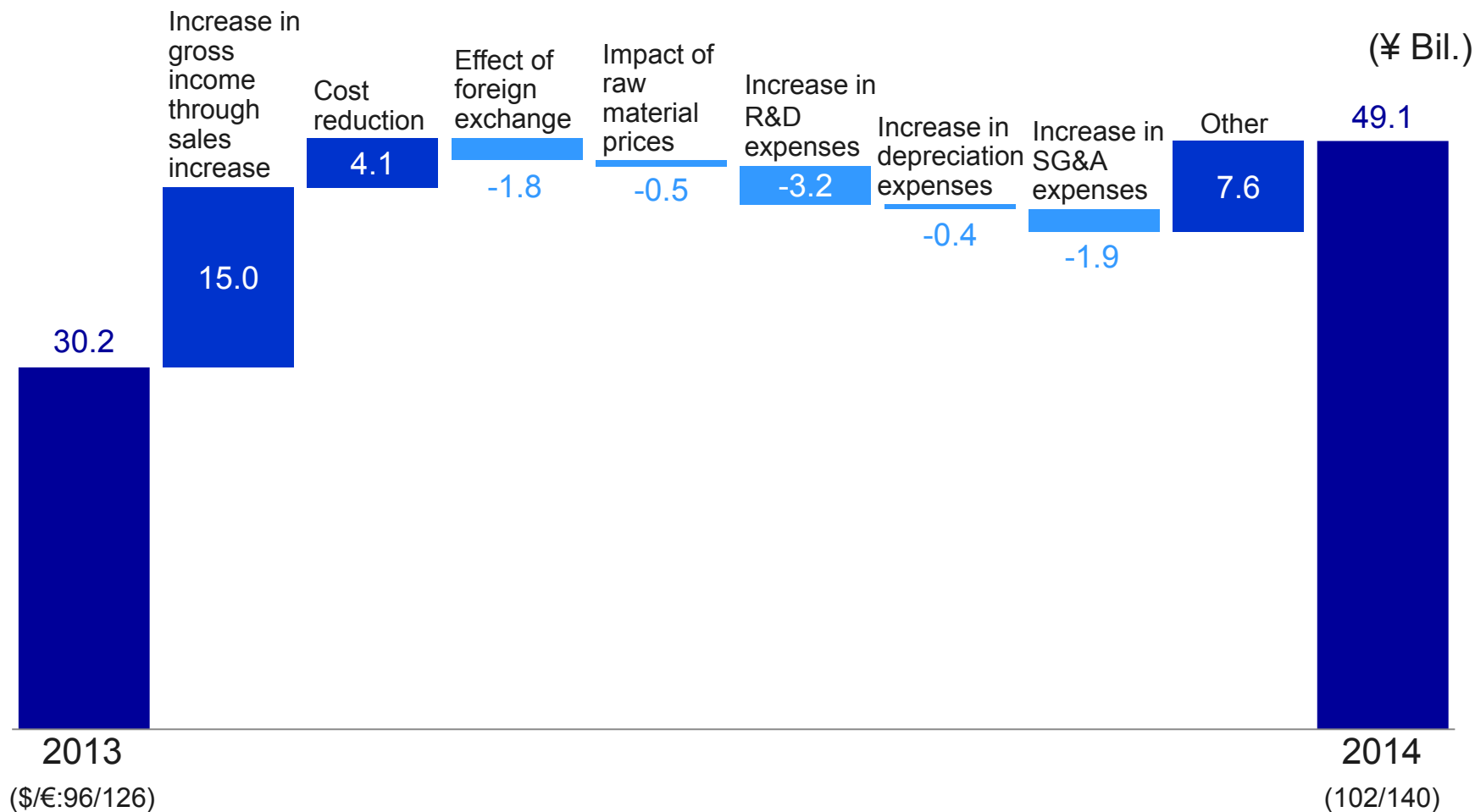


Unit sales  
(thousand units)

Net Sales  
(¥ Bil.)

\*Unit Sales: Domestic unit sales only. Sales figures: Includes export sales.

# Causes of Changes in Operating Income vs. Last Year (1<sup>st</sup> Half)



# Causes of Changes in Operating Income vs. Last Year (Full Year)

