

**Business Results for First Quarter of Fiscal year 2016**  
**Minutes for Analyst Briefing and Q&A**

**Overall**

**We would like to hear your evaluation of the company's income progress in the first quarter compared to the forecast.**

There were 2.7 billion yen in quality-related costs this period. We feel that things are running almost completely according to plan, even if these costs are included. In the context of projections of new models increasing from the second quarter onwards and negative effects from a strong yen, the release of new models is currently proceeding mostly as planned compared with last year.

**Forecast Results**

**Specifically, what sort of countermeasures are you implementing for the achievement of the initial business operating income forecast of 120 billion yen, bearing in mind the exchange rate?**

We are not setting any standard exchange rate at this stage due to severe fluctuations. We are looking to revise expenses and prices of new models in developed markets, roll out sales-increasing initiatives, and make a recovery in emerging markets, particularly in favorable areas such as the ASEAN market etc., even if the yen temporarily appreciates slightly.

**Can you overcome the negative factors of exchange through cost reductions?**

Moving forward, we will see cumulative effects from cost reductions. While the monetary amount of first quarter cost reductions is not a large figure, because we are taking action in accordance with our plans, there is an outlook for full achievement of the amount in this year's plan. Furthermore, while it was initially forecast that raw material prices centered around aluminum would rise slightly, the fact that it has become cheaper is expected to have positive effects.

**Motorcycle Business**

**Sales in India have been vigorously expanding due to the introduction of the new models following the establishment of the new Indian factory. Considering this situation, what will the profit situation be in the future?**

In response to the 9% increase in overall demand compared to last year, the company has increased production by 170 thousand units, an increase of 50%. In particular, the Fascino, with a target audience of women and young people, has had favorable sales. The expansion strategy of moving from urban areas into the provinces that we have talked about in the past has finally started to take shape, and we are looking to increase profits gradually in the future.

**With regards to profit increase/decrease in the emerging market motorcycle business, while profitability improvements are evident, how much of an effect are you expecting over the year? Also, what sorts of factors are bringing about unexpected effects?**

While I cannot speak on a specific basis, significant cost-reduction progress has been achieved. While it was not a large sum in the first quarter, there is an outlook for progress in excess of what was projected going forward. Furthermore, the shift to high-price products in the company's sales composition is another major factor. This shift is particularly notable in Vietnam and the Philippines, and sales of products of 150cc or more are moving in a favorable direction compared to past performance. Contributions to sales and profits in countries in that area are greater than planned. We believe that this trend will most likely continue into the second quarter and beyond.

**What is the situation regarding the reduction of motorcycle inventory in developed markets at the end of March/April?**

As demand is increasing in North America, the company is steadily expanding its retail space, and inventory reduction is progressing at a reasonable rate.

**Marine Products Business**

**Solid progress is being made, but will sales increase from the second quarter onwards at this pace?**

We are currently progressing in a favorable manner, focusing on North America. This year we have been fortunate to have had particularly good weather from early spring, and our customers began purchasing early in the year. We therefore expect sales to increase going forward.

**Given that the outboard-motor boat ratio has exceeded 80%, please tell us how you are viewing the overall units demanded in North America.**

With regards to outboard demand in North America, the peak in unit numbers was in 2004 at 320-330 thousand units, and at the current time it is around 250 thousand units. In our view, we do not see this exceeding 300 thousand units again, and while overall demand will continue to hover around the 250 thousand mark, large models (100hp and over) are set to occupy a larger share in sales composition.

**Power Products**

**Operating income for power products have increased by 500 million yen compared to last year. Please give us a short comment about the small profit increase against increased sales.**

While shipping of the high income-ratio ROV is proceeding smoothly on the one hand, snowmobiles have been less favorable, and this has brought about the overall result that we have. While there is no problem with ROV profitability in and of itself, the fact that expansion in overall demand in the sports category has been slower than expected is an issue, as is the fact that retail expansion has been weaker than expected.

**You mentioned that ROV retail has been weaker than expected. We would like to hear the current unit numbers for ROV shipping and retail. Is market share a factor, or is overall demand a factor? Tell us to the best of your knowledge.**

We acknowledge that progress on the annual shipping plan is slow. For retail in particular, there is also the fact that we are heading into a new season, and while we want to expand it further, it is not progressing as well as planned. We are looking to expand sales while strengthening our model lineup going forward.

**Finance Business**

**With regards to sales finance business focused on North America, we hear that other companies are experiencing an increase in credit losses and delays. How is Yamaha Motor's situation looking?**

Even based on the results in the first quarter, we would like you to take away from this the fact that things are progressing according to plan. While we are gradually moving towards autonomous Yamaha Motor operation from our current situation of joint business operation, we are also currently making progress on deals regarding credit cards.