

# FY2016 2nd Quarter Business Results

**SR320FB**

- equipped with Helm Master



**YAMAHA MOTOR CO., Ltd.**

**August 4, 2016**

**(Ticker symbol: 7272)**

# Agenda

## FY2016 2nd Quarter Business Results

Hiroyuki Yanagi

President, CEO and Representative Director

Managing Executive Officer and Director

- Regarding the 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.

# Operational Results (First Half-Year)

- Sales: Improve substantially without foreign exchange
- Operating Income: The emerging markets motorcycle business segment absorbed scale reduction and foreign exchange effects, developed markets saw decreased income due to foreign exchange effects, and, in addition, development costs (growth strategies) etc. increased.
- Net Income: Reduced income due to reduced operating income and foreign exchange losses etc.

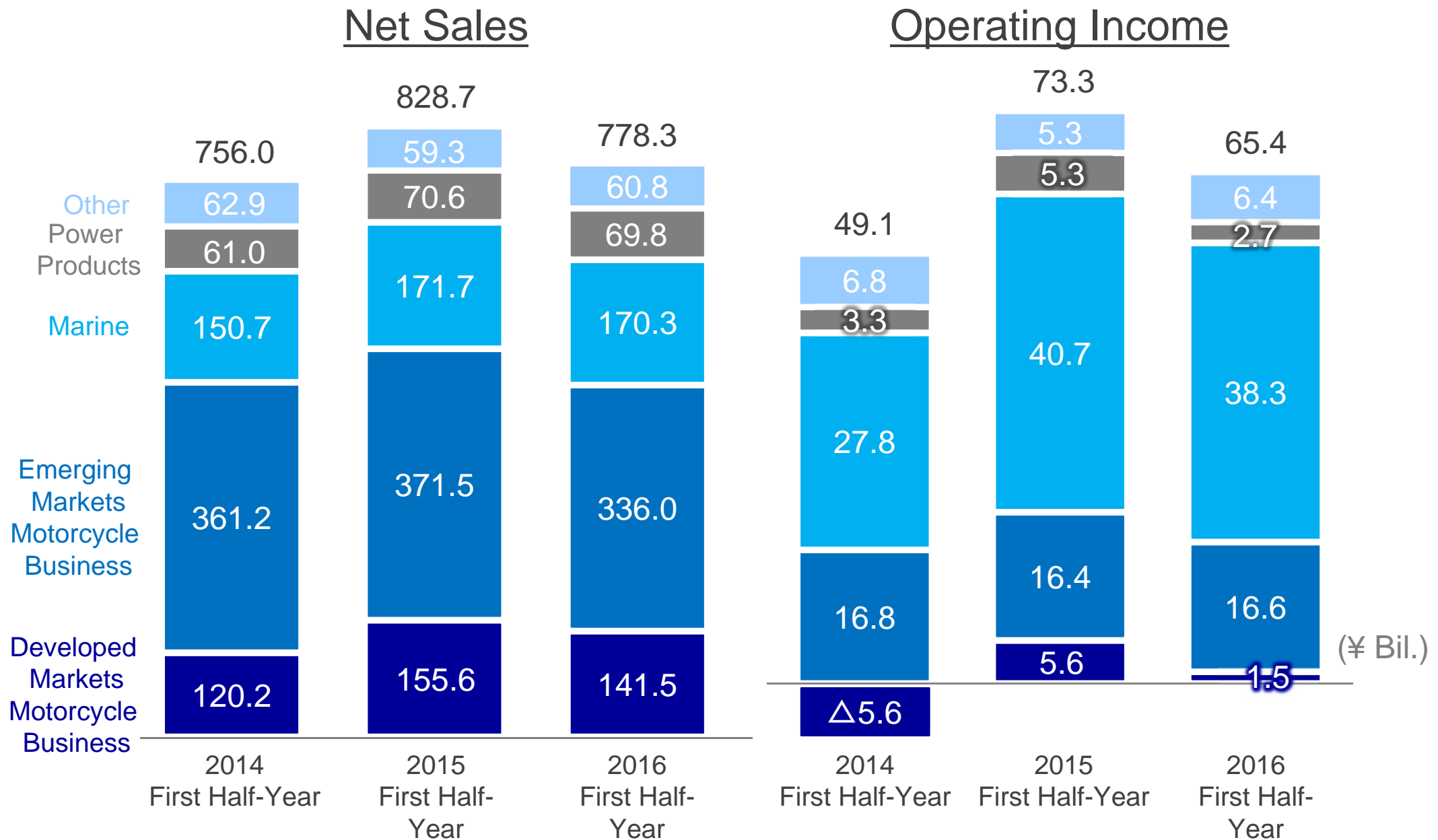
(¥ Bil.)	2015 <sup>*1</sup>	2016	Compared to previous year
Net Sales	828.7	778.3	94%
Operating Income	73.3	65.4	89%
Operating Income Ratio	8.8%	8.4%	△0.4pts.
Ordinary Income	74.4	55.3	74%
Net Income <sup>*2</sup>	52.1	32.4	62%

(\$•€)	120•134	112•125	-
(\$/IDR BR\$)	12,908•3.0	13,377•3.7	-

\*1 Previous year's results: After sales finance reclassification

\*2 Profit attributable to owners of parent

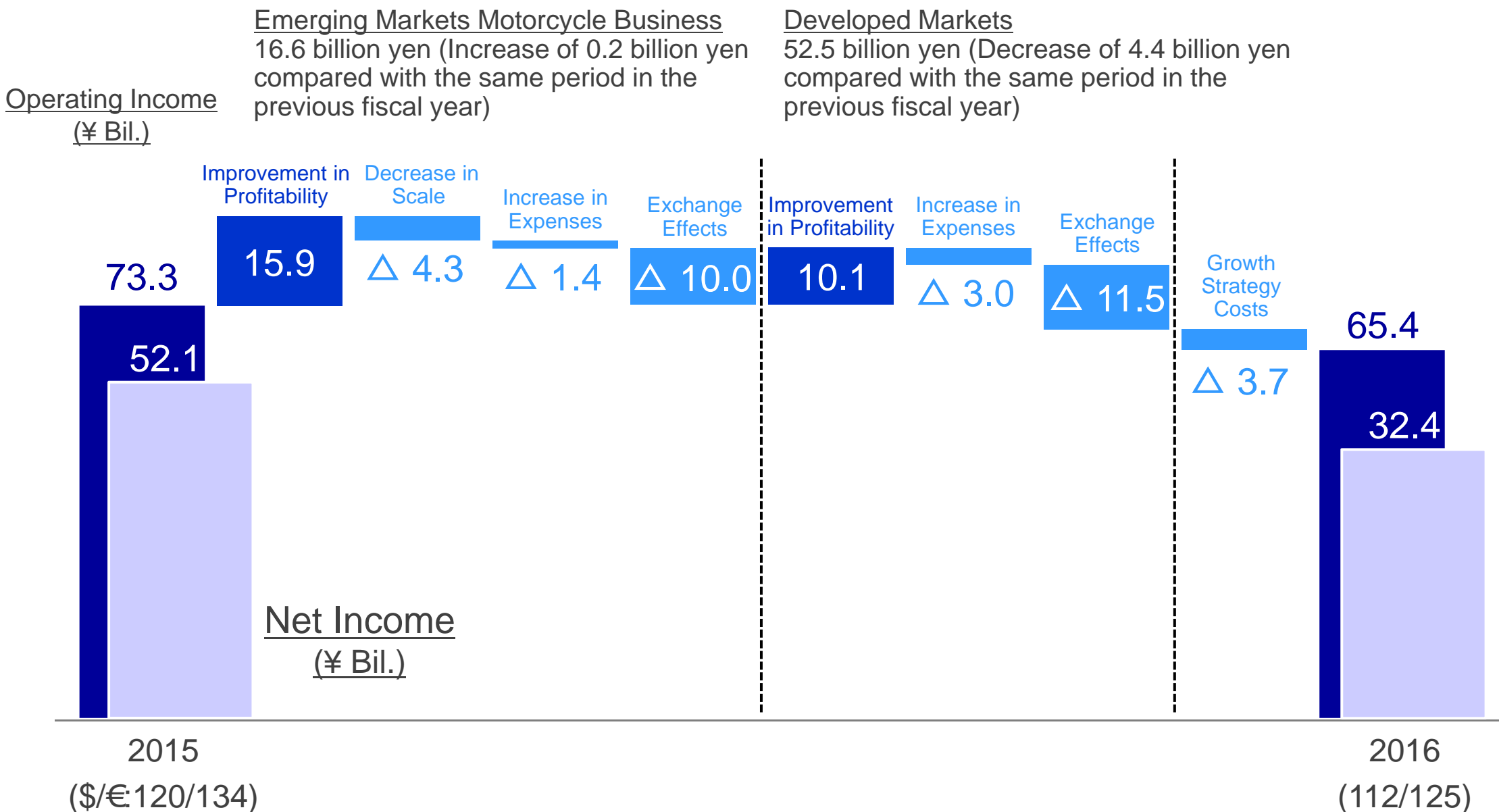
# Operational Results (First Half-Year by Business Segment)



Other: Including industrial machinery & robot products

# Factors Impacting Operating Income (First Half-Year Results)

- Emerging Markets: Profitability improvements progress, absorbing scale reduction and foreign exchange effects etc.
- Developed Markets: Profitability improvements progress, however foreign exchange effects have an impact



# Operational Results (Yearly Forecast)

(¥ Bil.)	2015 Results <sup>*1</sup>	2016 Revised Forecast	Compared to previous year	2016 Initial Forecast
Net Sales	1,631.2	1,500.0	92%	1,700.0
Operating Income	130.3	105.0	81%	120.0
Operating Income Ratio	8.0%	7.0%	△1.0pts.	7.1%
Ordinary Income	125.2	95.0	76%	125.0
Net Income <sup>*2</sup>	60.0	60.0	100%	80.0
EPS/Dividend (Yen)	172/44	172/60	-	229/70
ROE	12.6%	12.6%	-	15.0%
(\$•€)	121•134	(Annual) 106•117 (Second half year): 100•110	-	117•127

\*1 Previous year's results: After sales finance reclassification

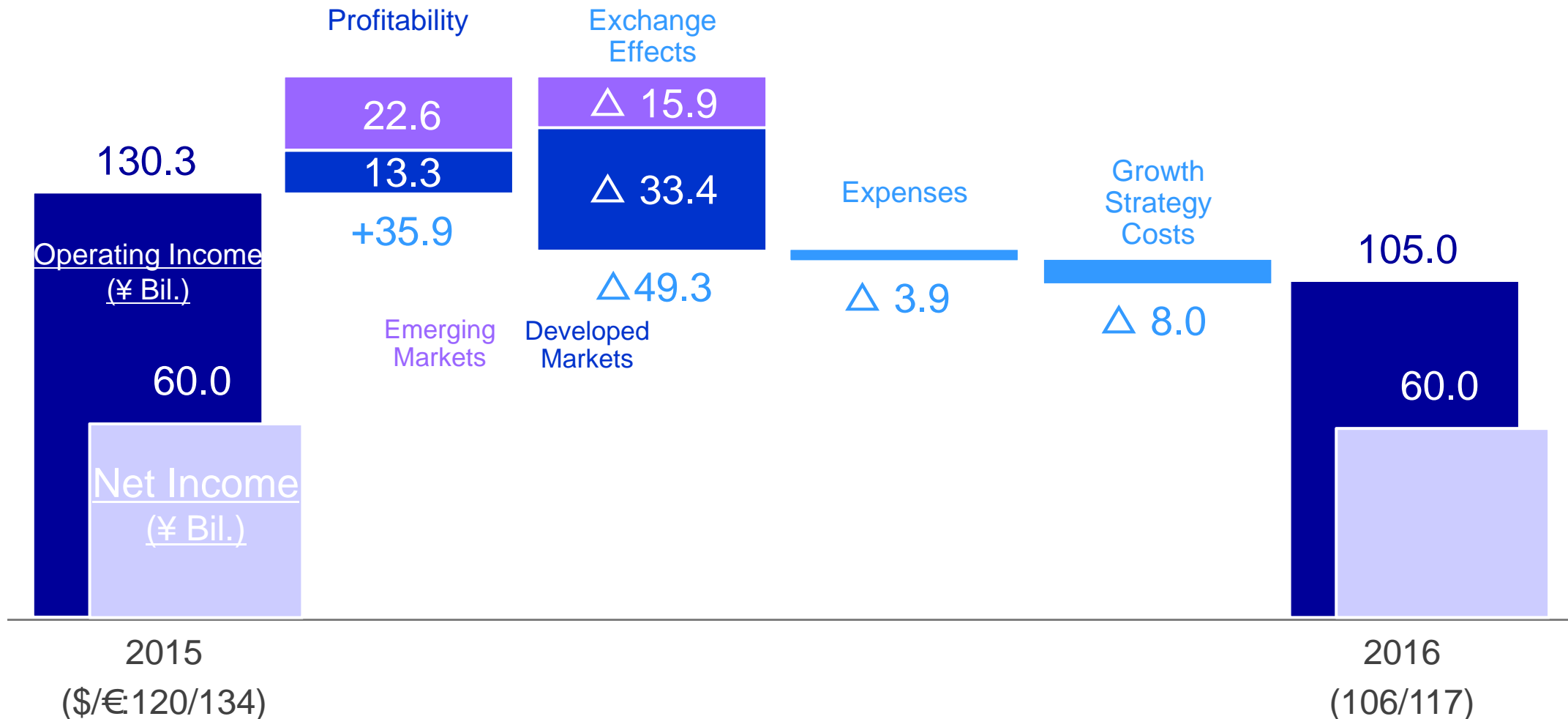
\*2 Profit attributable to owners of parent

# Factors Impacting Operating Income (Yearly Forecast)

- In the second half-year, we will secure stable profit based on the U.S. dollar trading at 100 yen and the euro at 110 yen
- Further profitability Improvements will continue in the next fiscal year

Emerging markets: Foreign exchange effects turn positive, new product launches, cost reductions, sales increases in some markets, etc.

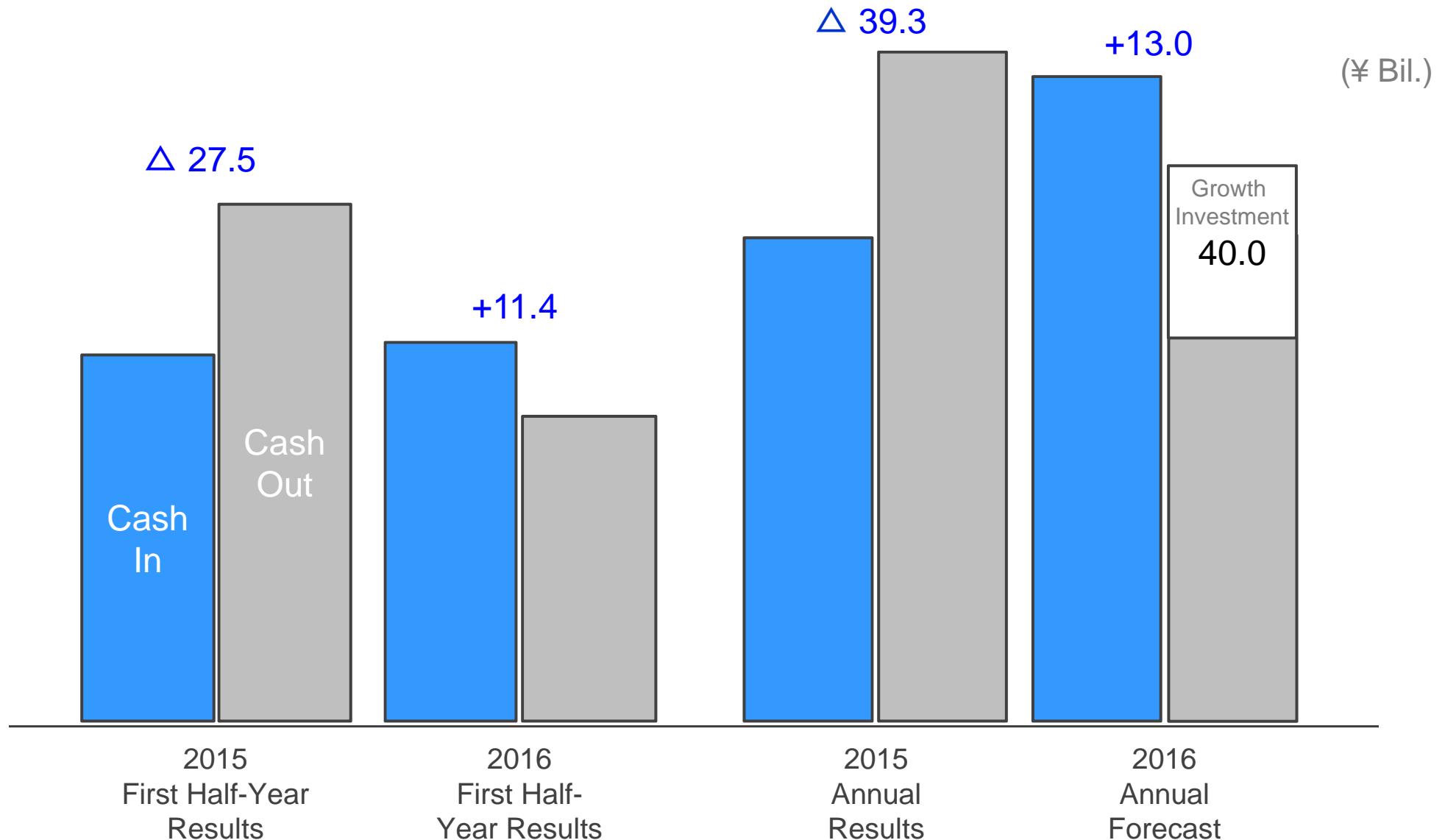
Developed markets: Foreign exchange effects stabilize, new product launches, sales increases thanks to inventory adjustment completion, etc.



# Cash Flow (excluding Sales Finance)

## Cash Flows Turns Positive

- Securing stable profit leads to improved working capital, and strengthened growth investment and stock dividends

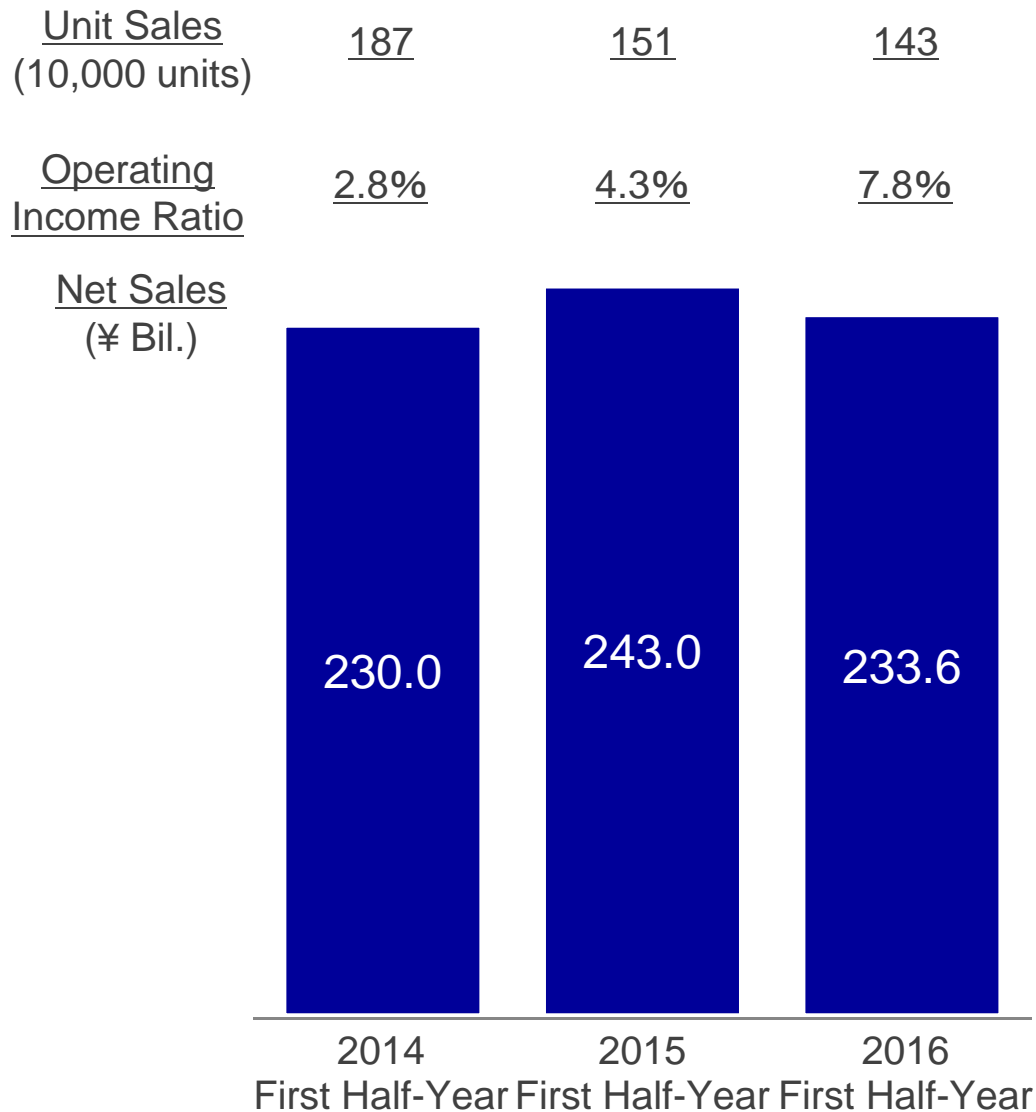




# Emerging Markets Motorcycle Business Segment: ASEAN

Sales increased (121% compared to previous year) in the healthy markets of Vietnam, the Philippines, and Thailand (growing at 109% of previous year)

Recovery is delayed in the Indonesian market (84% compared to previous year), with sales falling to 78% of previous year.  
 -Profitability improvements will continue in each market thanks to platform and product mix effects



NMAX  
 Water-cooled 155CC AT Platform  
 Global Commuter



M-SLAZ  
 Water-cooled 150CC ST Platform  
 ASEAN Sports Model

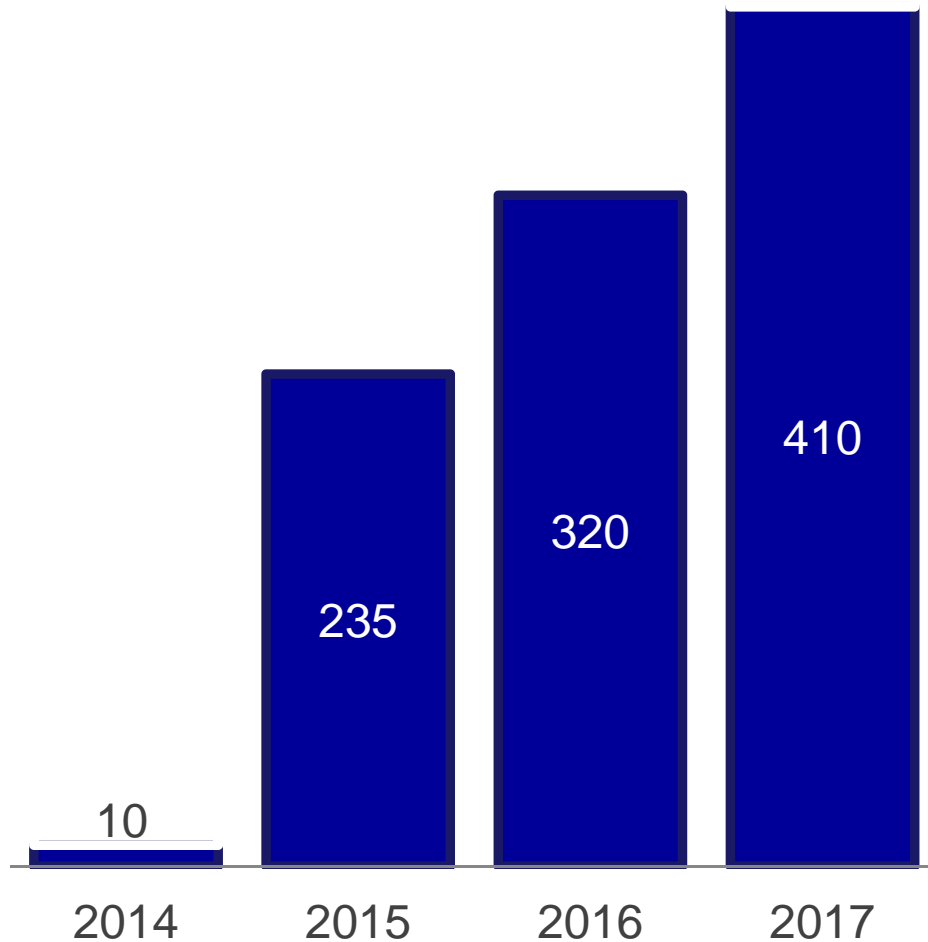
# Emerging Markets Motorcycle Business Segment: ASEAN Product Strategy

Promoting new monozukuri (engineering, manufacturing, and marketing)

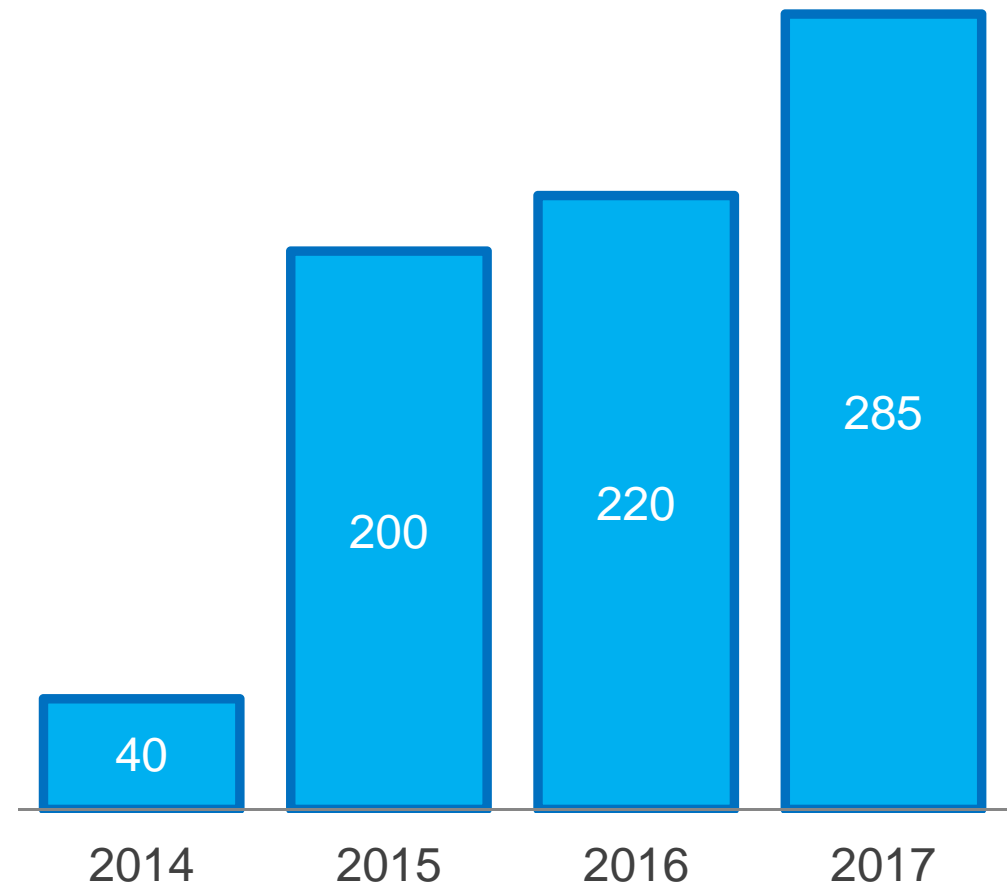
- Further concentration to platform-based production (solid foundations)
- From platform-based production to fashionable ASEAN models, then onto global models



Platform Model  
Unit Sales (Ten Thousand Units)



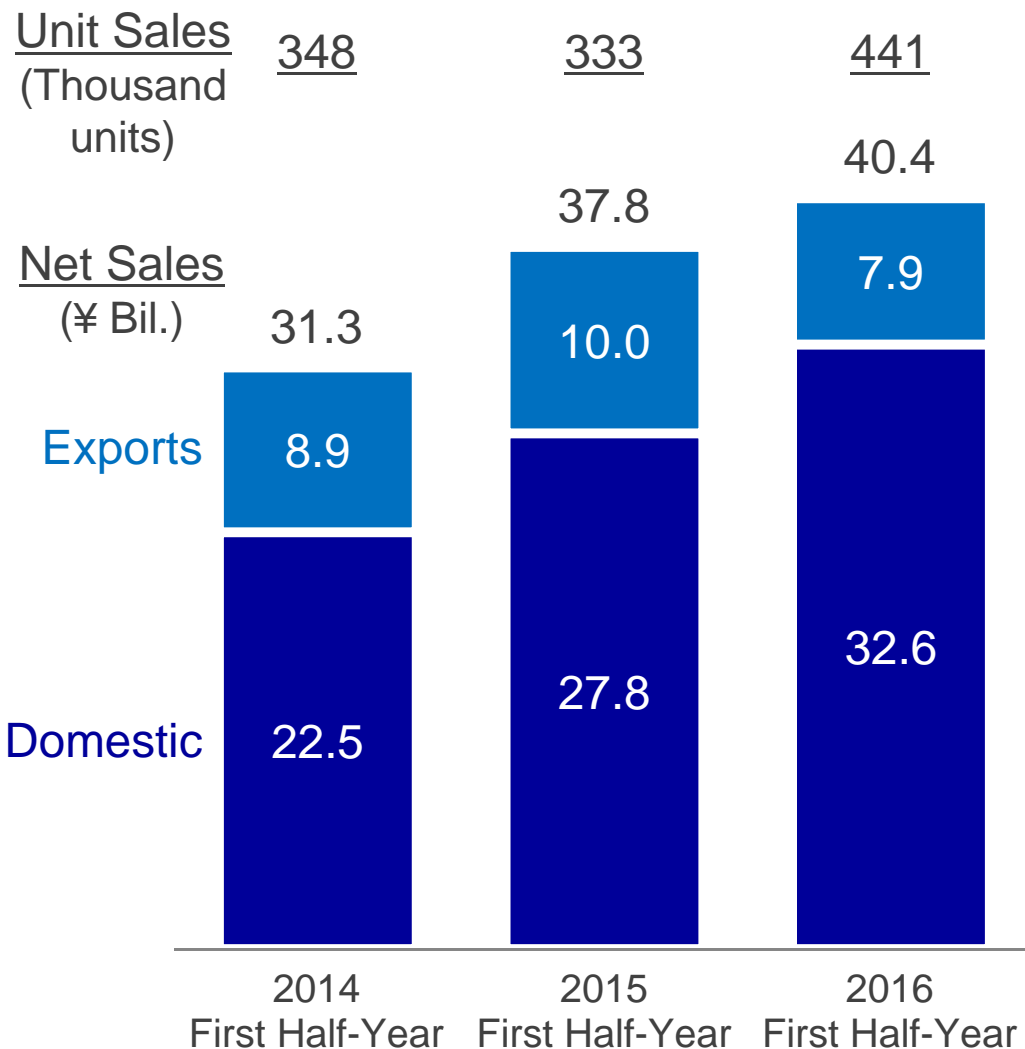
Global Model  
Unit Sales (Thousand Units)



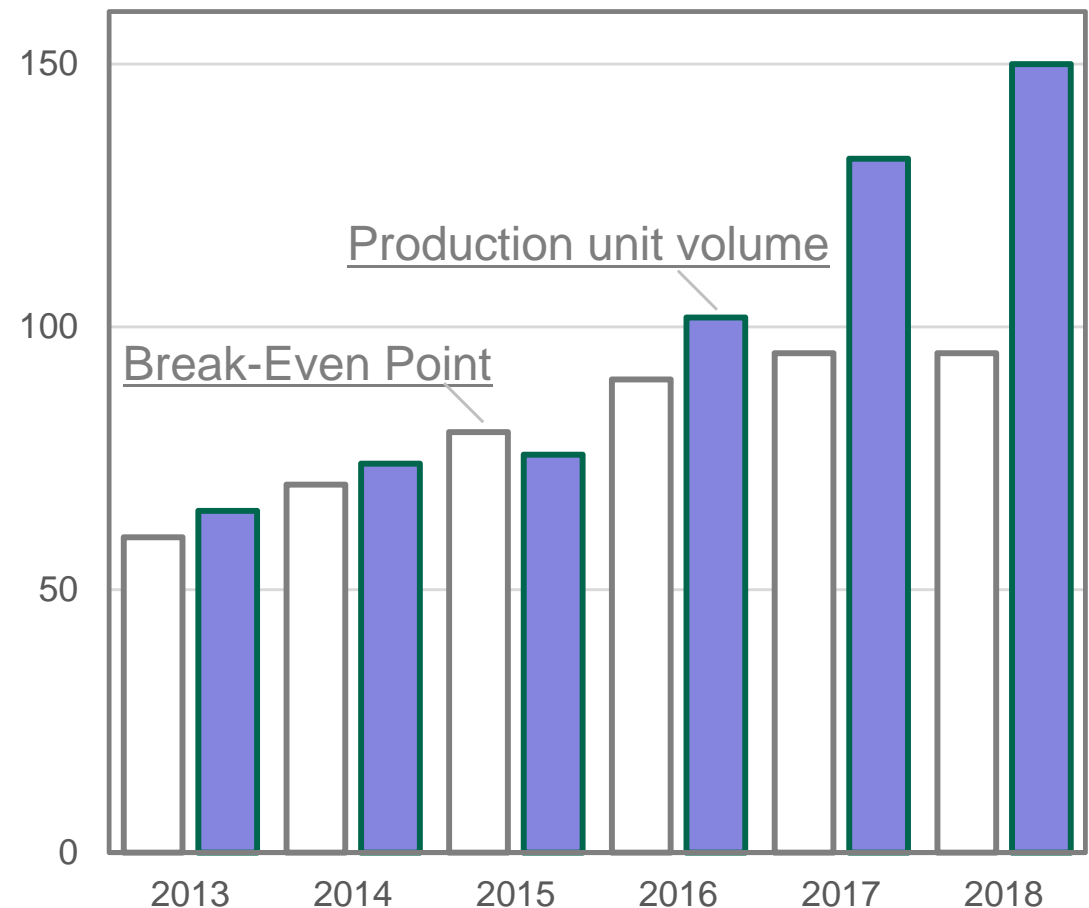
# Emerging Markets Motorcycle Business Segment: India

Significantly expanding sales (143% of previous year) in a healthy market (111% of previous year)

- Expansion from urban areas (sports & scooter categories) into rural areas (mass markets)
- Working toward cost reductions and improving business efficiency from establishing productions systems in both the Northern and Southern areas



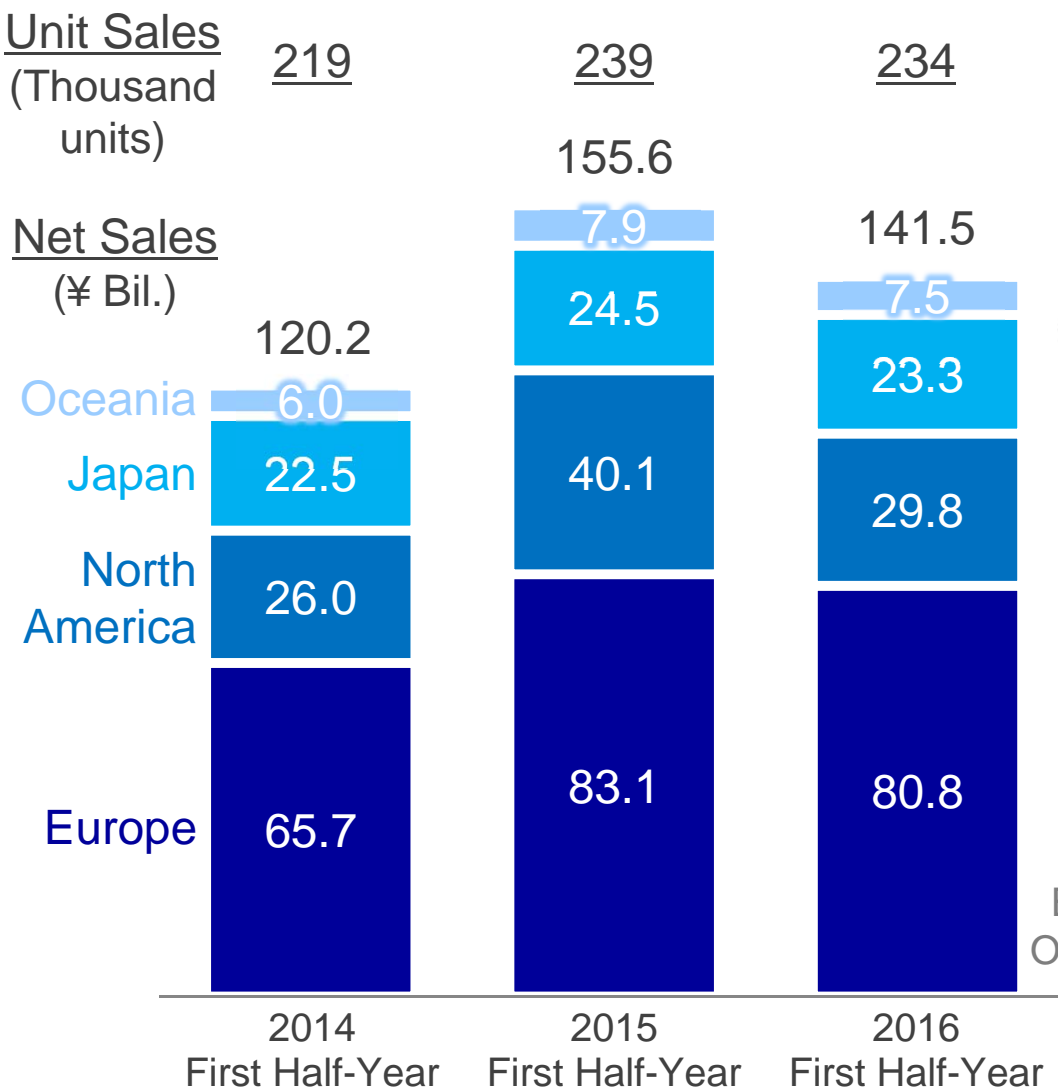
Trends in business scale and profitability  
(Ten-thousand units)



# Developed Markets: Motorcycles

Achieving a greater presence (105% of previous year) in markets with a stable feel (100% of previous year)

- Enrichment and expansion of each model brand in the product lines
- Advancing financing business and inventory reduction in the U.S.A.



**R** Racing Technology



**YZ** Offroad Sports



**MT**  
Jin-Ki Kanno  
(The Seductive  
Exhilaration of Being  
One With the Machine)



**MAX** Sports Commuter

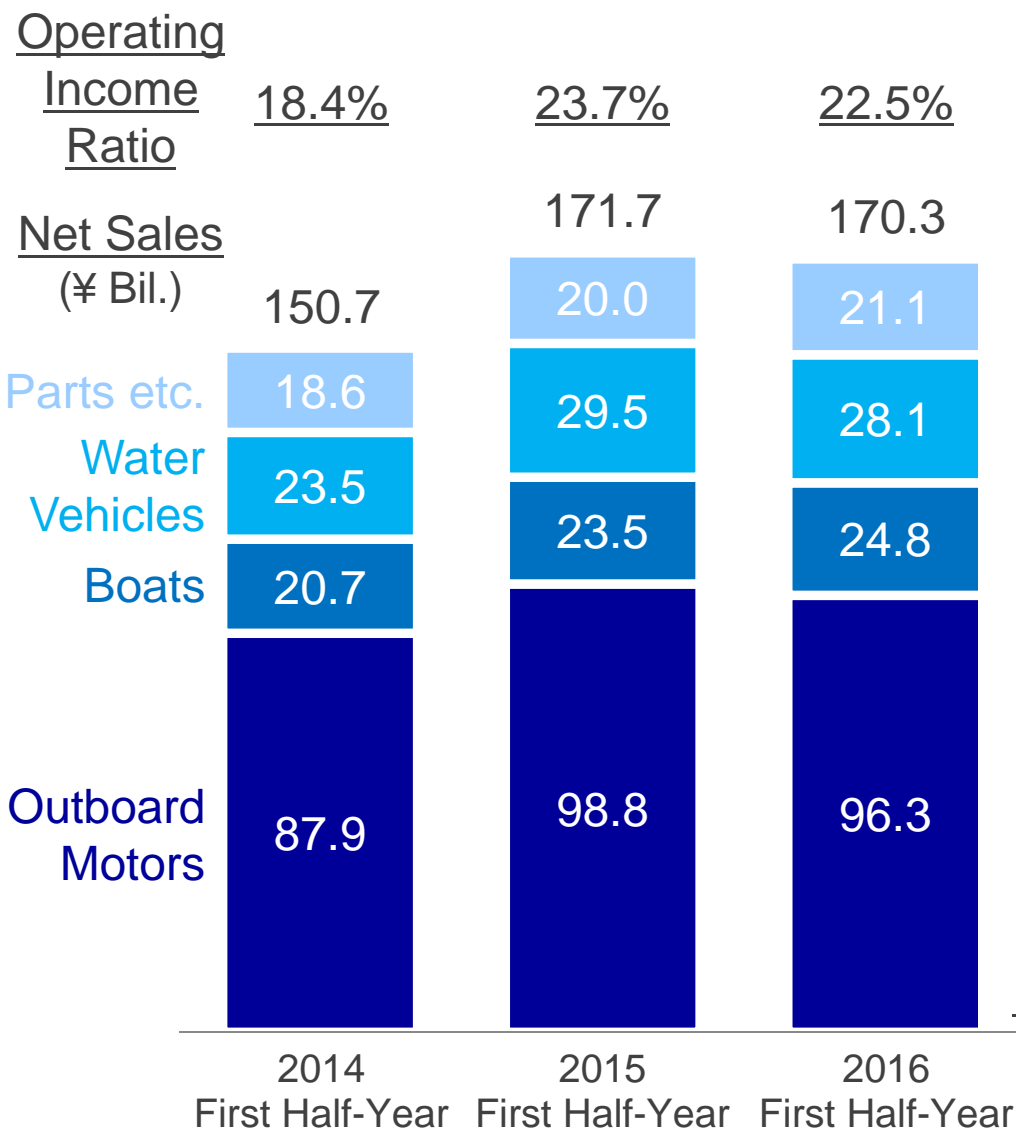


**LMW** Third-vehicle Category

# Developed Markets: Marine Products Business

Increasing sales (105% of previous year) in the stable North American and European markets

- Continue increasing sales of larger engines (110% of previous year in North America, 113% of previous year in Europe)
- Advancing the creation of business model as a system supplier

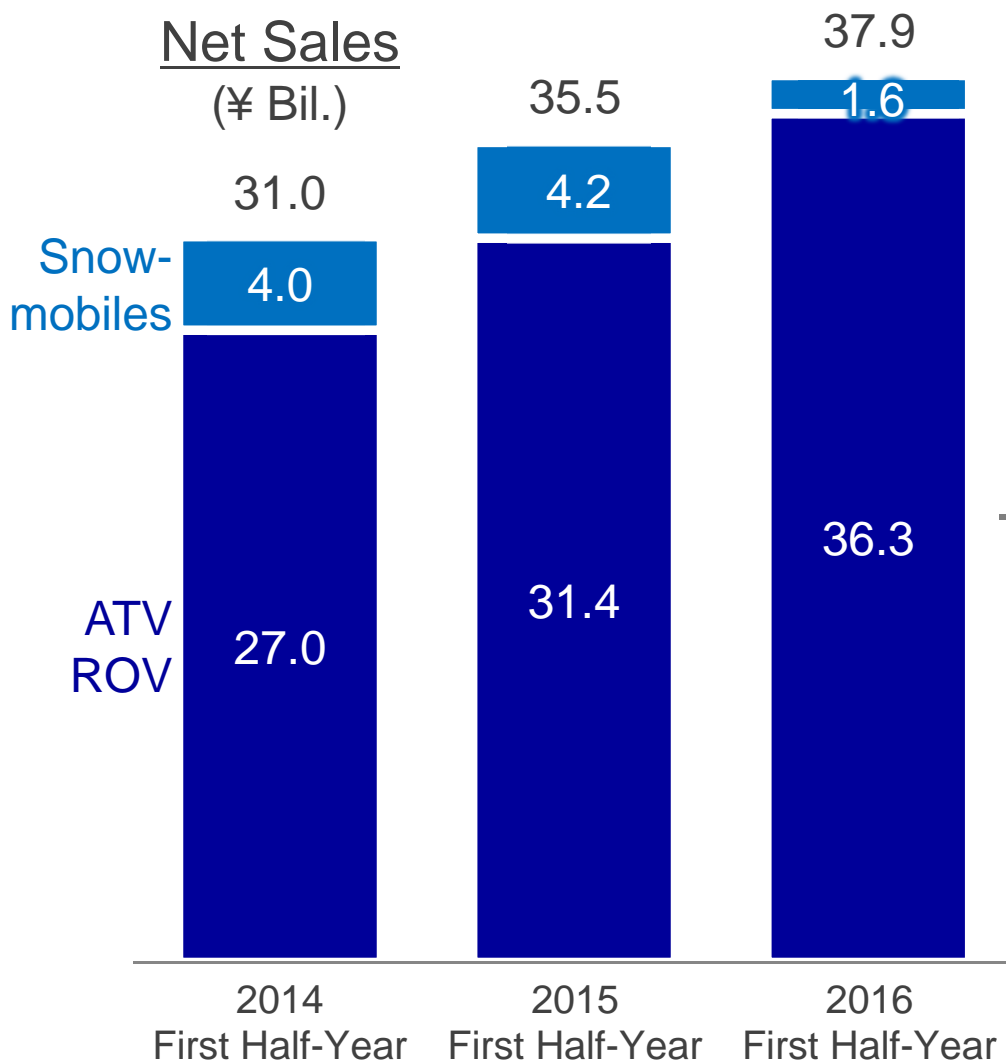


Boats + Outboard Engines +  
Maneuvering control technology + And More technology  
Symbolizing Yamaha Marine's direction

# Developed Markets: RV

Increase presence (141% of previous year) in the stable North American ROV market (105% of previous year)

- Strengthening multi-functional and recreational fields, and improving the sports category



# Growth Strategies: Towards U.S. Agricultural Markets

## ROV (Recreational Off-Highway Vehicles)

Alliance with Yanmar Co., Ltd.

Start of product development and supply (December 2016):

Providing new value in the agricultural utility fields



## UMS (Un-Manned Systems)

Starting agricultural spraying business in Californian winery market (2016):

Offering highly-effective solutions

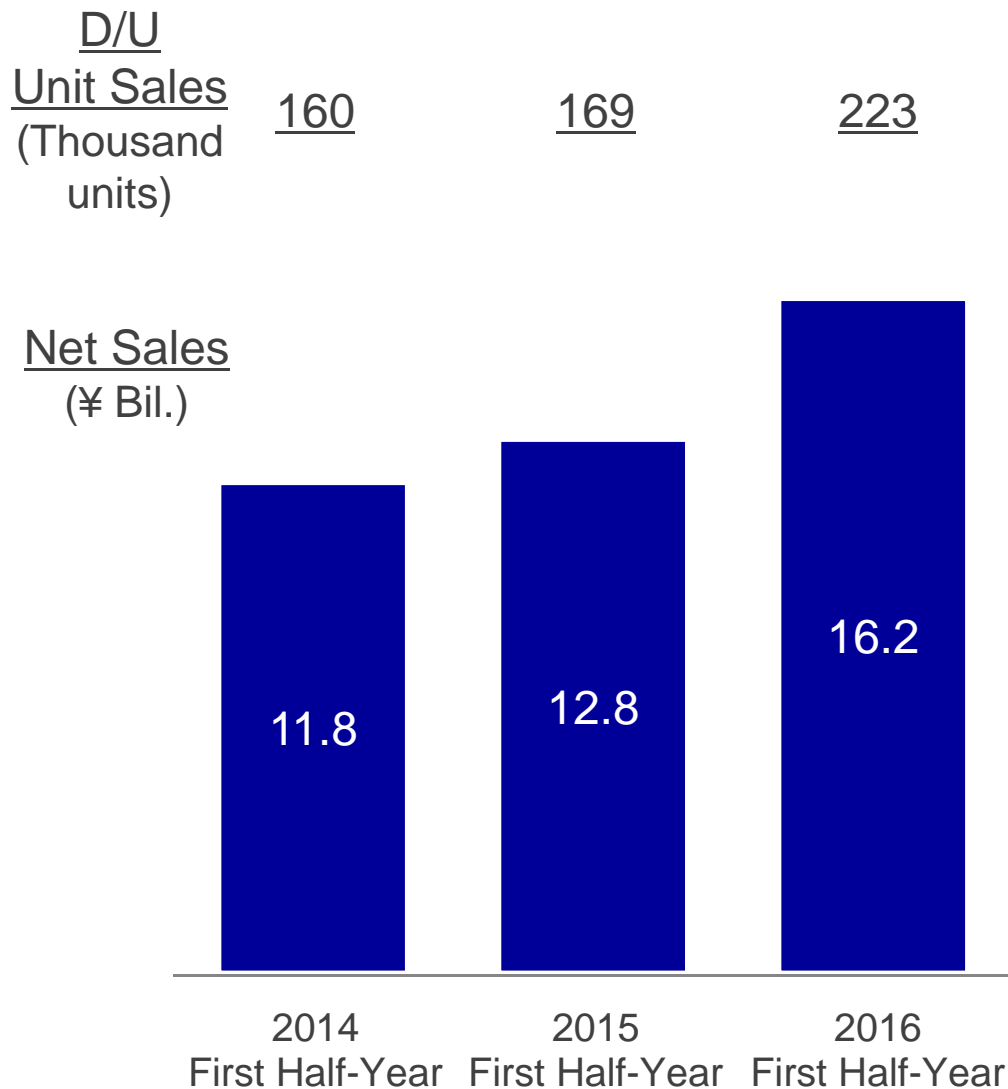


# Growth Strategies: PAS

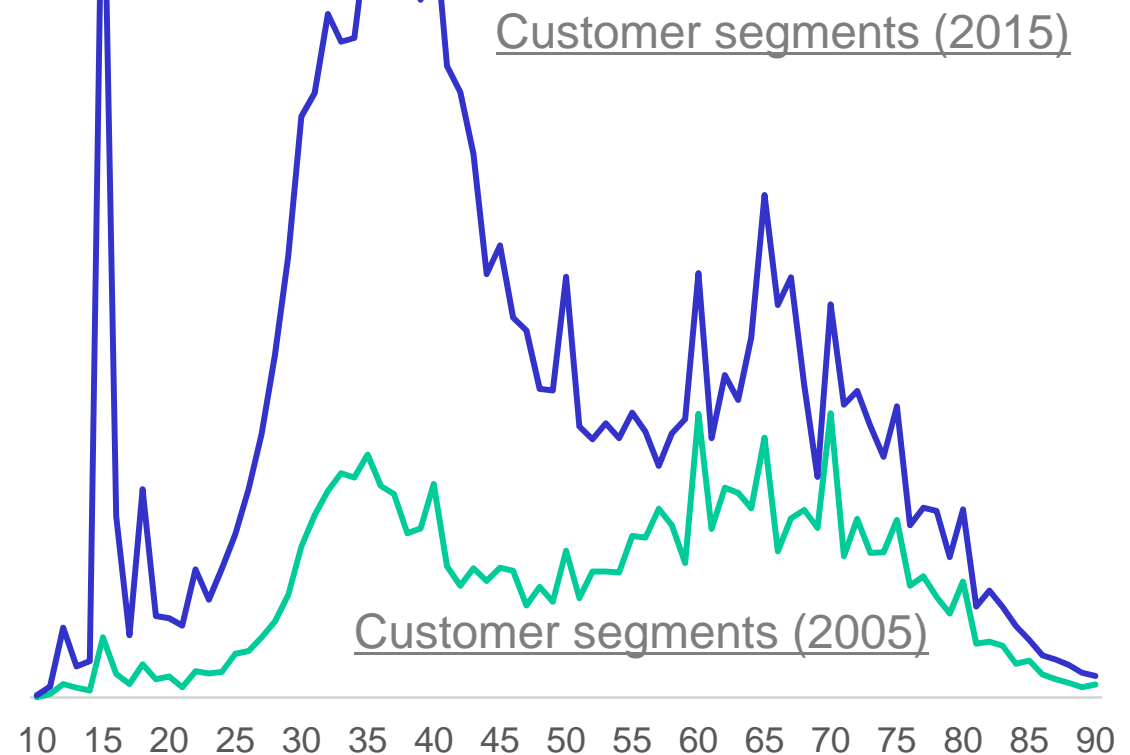


## Expanding customer base

- Domestic: Moving to the younger generation from the senior and family sectors
- Overseas: Increasing presence in European markets, and progressing into U.S. market



## Expanding customer base (Domestic Registrations/Age Bracket)



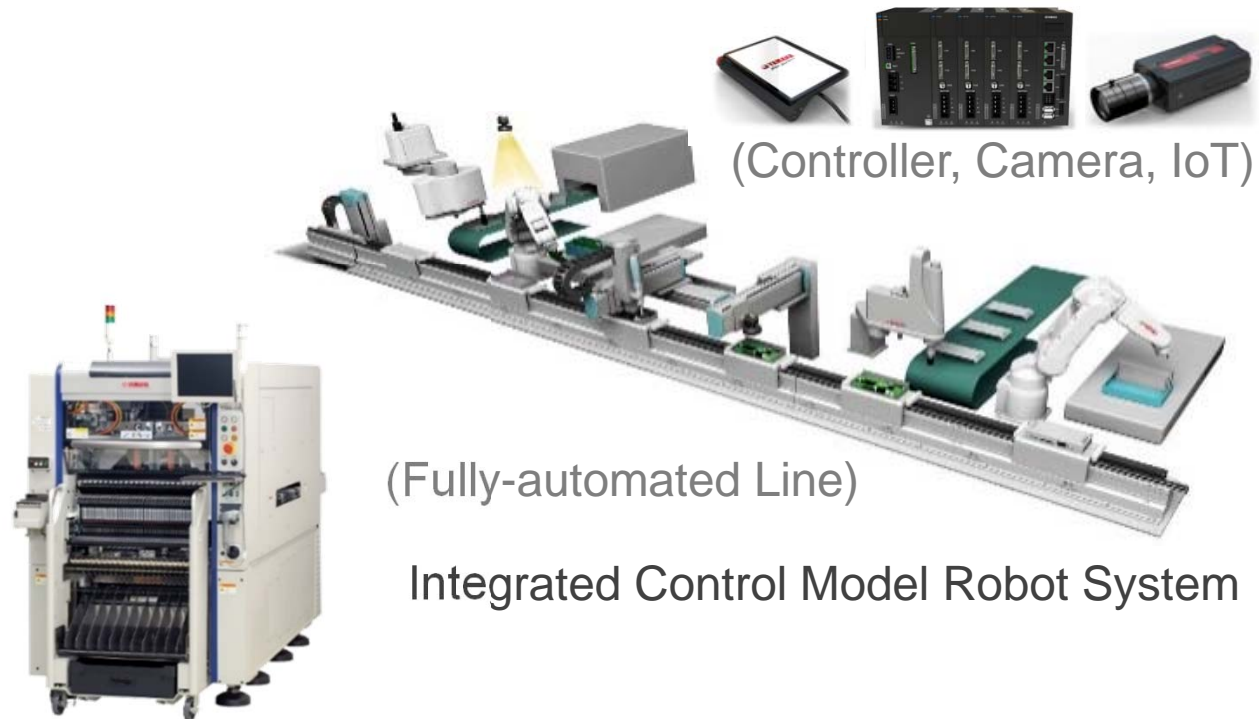
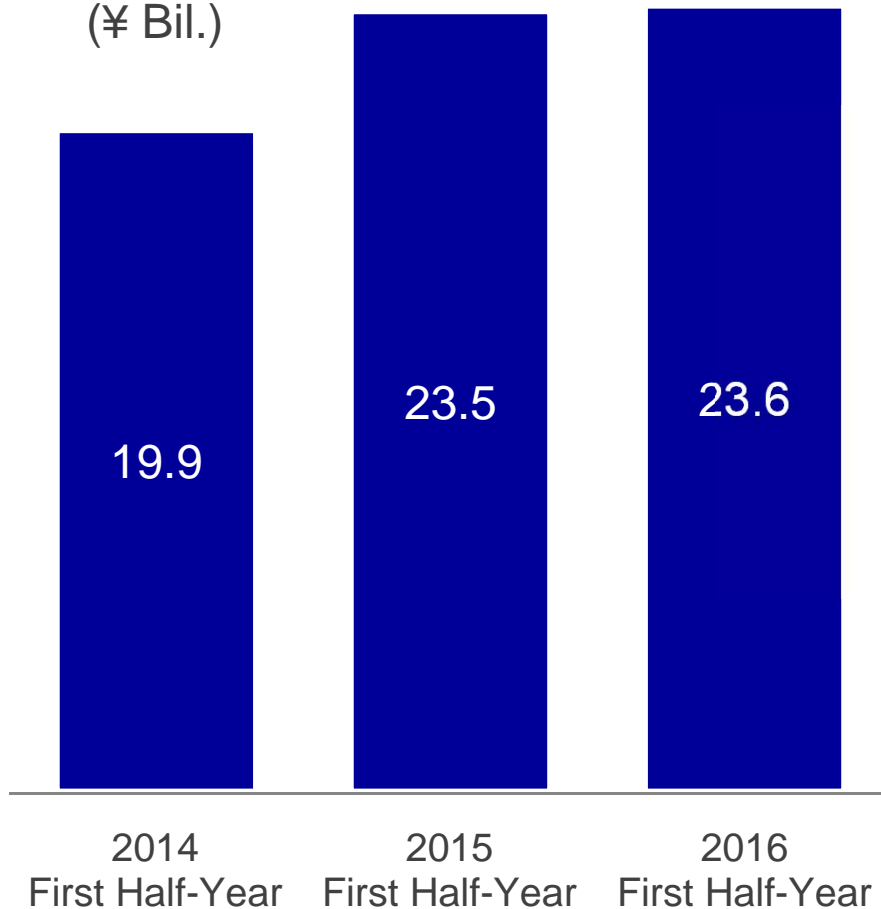


# Growth Strategies: IM

Linked Solutions business to expand customer base

- Surface mounters: Moving to high-speed from multi-functional types
- Robots: Providing the only and first total solutions in FA market

Net Sales  
(¥ Bil.)



Z:TA-R

World's highest capacity

-Productivity: 200KCPH

- Line length productivity:  
200KCPH/m

-Area Productivity:95KCPH/m<sup>2</sup>



**YAMAHA**

*Revs Your Heart*

# Total Demand/Company Unit Sales for Major Products

(Units: 1,000)

	Total Demand (Yamaha Motor Estimate)				Yamaha Motor Unit Sales		
	2014 Results	2015 Results	2016 Forecasts		2014 Results	2015 Results	2016 Forecasts
Japan	450	407	373	Japan	123	110	107
North America	539	559	561	North America	79	89	79
Europe	1,515	1,525	1,590	Europe	191	209	213
Indonesia	7,686	6,465	5,500	Indonesia	2,371	1,799	1,400
Thailand	1,696	1,677	1,700	Thailand	223	225	241
India	15,996	16,089	17,500	India	567	595	806
Vietnam	2,711	2,849	2,991	Vietnam	643	719	811
Taiwan	666	706	795	Taiwan	210	226	256
China	10,655	9,080	8,056	China	445	307	271
Other	4,395	4,070	5,091	Other	359	415	492
Asia Total	43,805	40,937	41,632	Asia Total	4,819	4,286	4,279
Brazil	1,430	1,208	966	Brazil	181	131	109
Other	7,931	8,000	6,798	Other	406	393	368
Other Total	9,360	9,209	7,764	Other Total	587	524	477
<b>Motorcycles Total</b>	<b>55,669</b>	<b>52,637</b>	<b>51,921</b>	<b>Motorcycles Total</b>	<b>5,799</b>	<b>5,218</b>	<b>5,154</b>
Outboard Motors	808	742	701	Outboard Motors	329	300	291
ATV	436	435	431	ATV	53	55	57

# Details of Net Sales and Operating Income

## Net Sales (¥Bil.)

	First Half		Full Year	
	2015	2016	2015	2016 Forecast
Motorcycles	527.1	477.5	1,032.6	920.0
Marine	171.7	170.3	309.3	290.0
Power Products	70.6	69.8	169.5	160.0
Other	59.3	60.8	119.8	130.0
<b>Total</b>	<b>828.7</b>	<b>778.3</b>	<b>1,631.2</b>	<b>1,500.0</b>

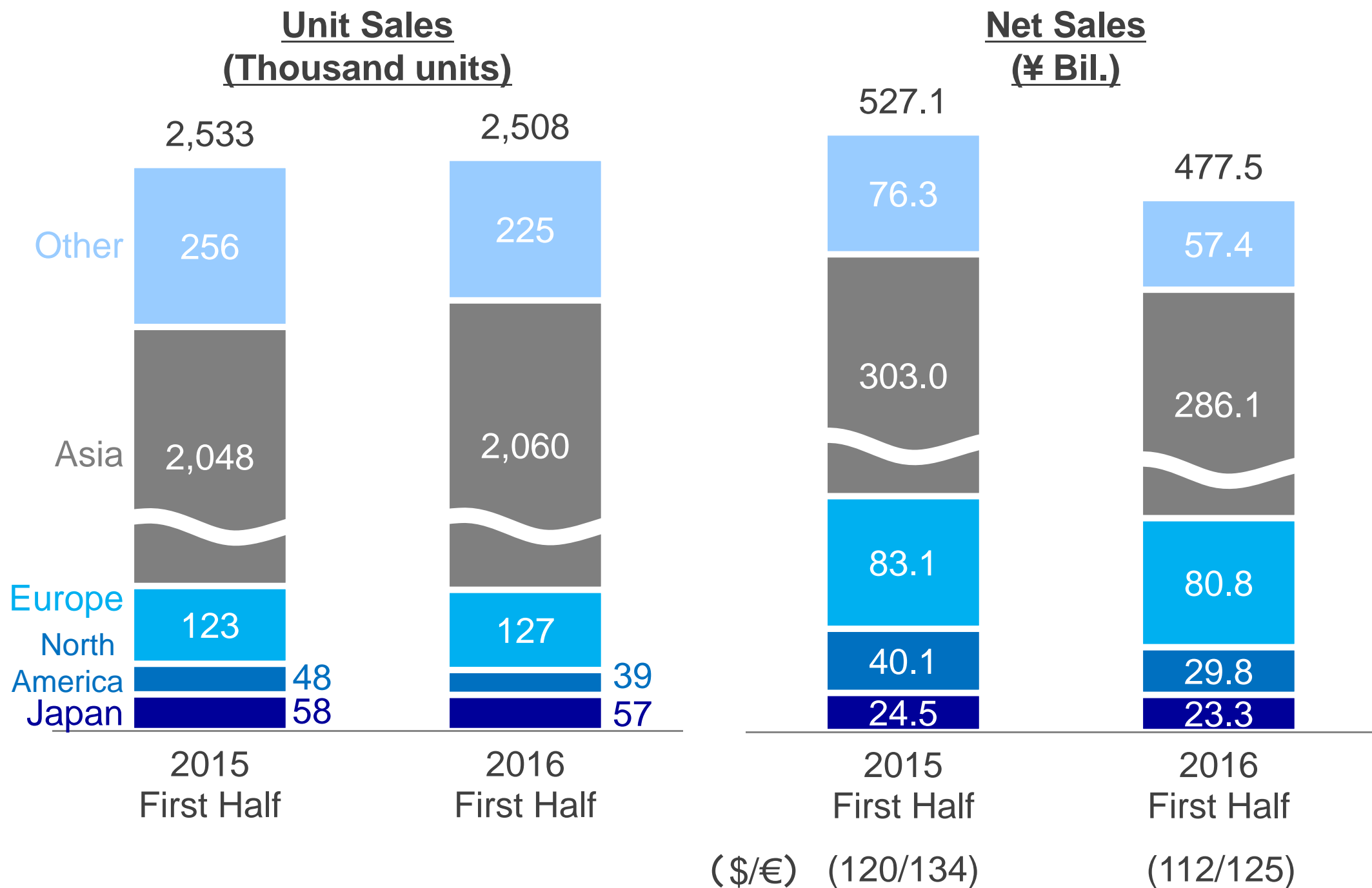
## Operating Income (¥Bil.)

Motorcycles	22.1	18.1	39.1	31.0
Marine	40.7	38.3	64.0	52.0
Power Products	5.3	2.7	16.0	10.0
Other	5.3	6.4	11.2	12.0
<b>Total</b>	<b>73.3</b>	<b>65.4</b>	<b>130.3</b>	<b>105.0</b>

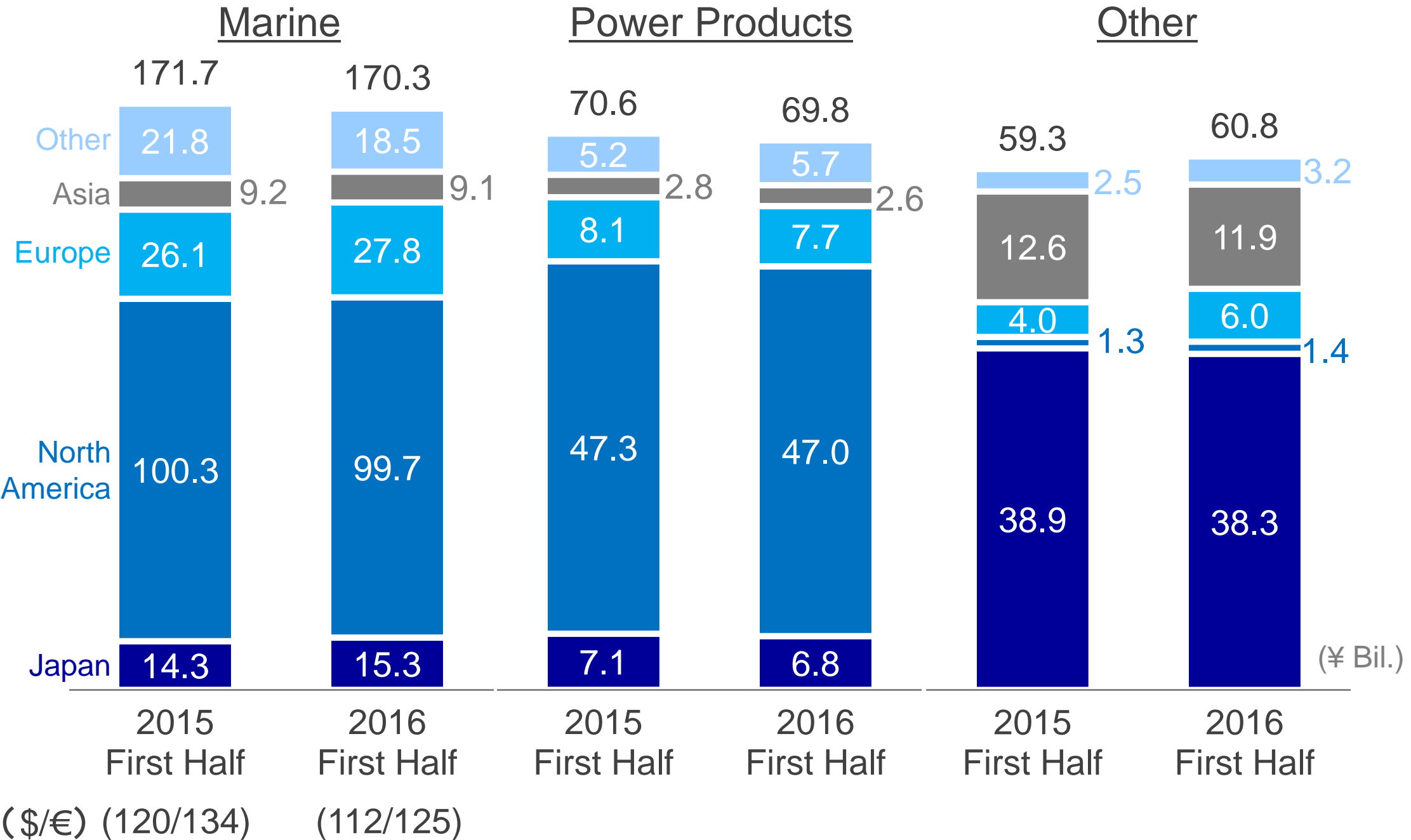
## Operating Income Ratio (%)

Motorcycles	4.2	3.8	3.8	3.4
Marine	23.7	22.5	20.7	17.9
Power Products	7.5	3.8	9.4	6.3
Other	9.0	10.5	9.4	9.2
<b>Total</b>	<b>8.8</b>	<b>8.4</b>	<b>8.0</b>	<b>7.0</b>

# Motorcycles sales units and net sales (First Half)



# Net Sales of Marine, Power Products and Others (First Half-Year)



# Capital Expenditure, Depreciation Expenses, R&D Expenses, Interest-bearing Debt

(¥Bil.)

	2015 First Half	2016 First Half
Capital Expenditure	<b>27.1</b>	<b>22.8</b>
Depreciation Expenses	<b>21.9</b>	<b>21.3</b>
Research and Development Expenses	<b>44.3</b>	<b>47.0</b>
Interest-bearing Debt	<b>398.7</b>	<b>340.9</b>
(of which, sales finance)	<b>205.2</b>	<b>185.4</b>

# Impact of Foreign Exchange vs. Last Year

(¥Bil.)	2016 Results (First Half)				2016 Forecasts (Annual)			
	US\$	EURO	Other	Total	US\$	EURO	Other	Total
Foreign Exchange Effects on HQ Imports and Exports	-5.8	-3.1	-0.1	-8.9	-20.2	-8.9	0.1	-29.0
Foreign Exchange Effects on Purchases (Overseas Subsidiaries)	0	0	-7.5	-7.5	0	0	-8.9	-8.9
Conversion Effects on Gross Income (Overseas Subsidiaries)	-3.2	-1.7	-11.3	-16.2	-9.5	-4.7	-25.5	-39.7
Conversion Effects on SG&A Expenses (Overseas Subsidiaries)	1.8	1.1	8.1	11.1	7.1	4.0	17.1	28.3
Foreign Exchange Effects on Operating Income	-7.1	-3.6	-10.8	-21.5	-22.6	-9.6	-17.2	-49.3

## Foreign Exchange Sensitivity

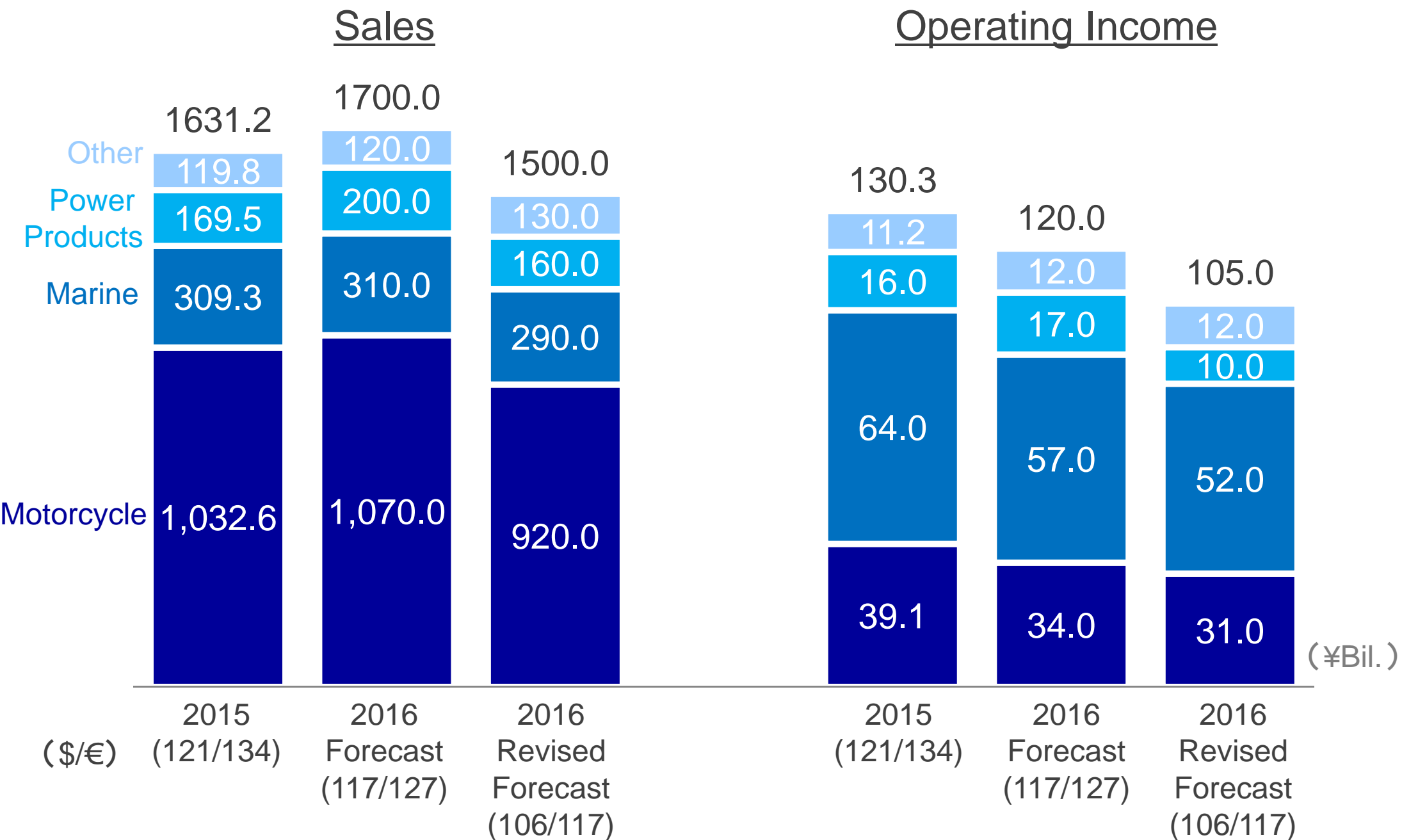
Amount of effect on operating income per yen of foreign exchange fluctuations

US\$    EURO  
¥0.7Bil    ¥0.3Bil

US\$    EURO  
¥1.4Bil    ¥0.6Bil

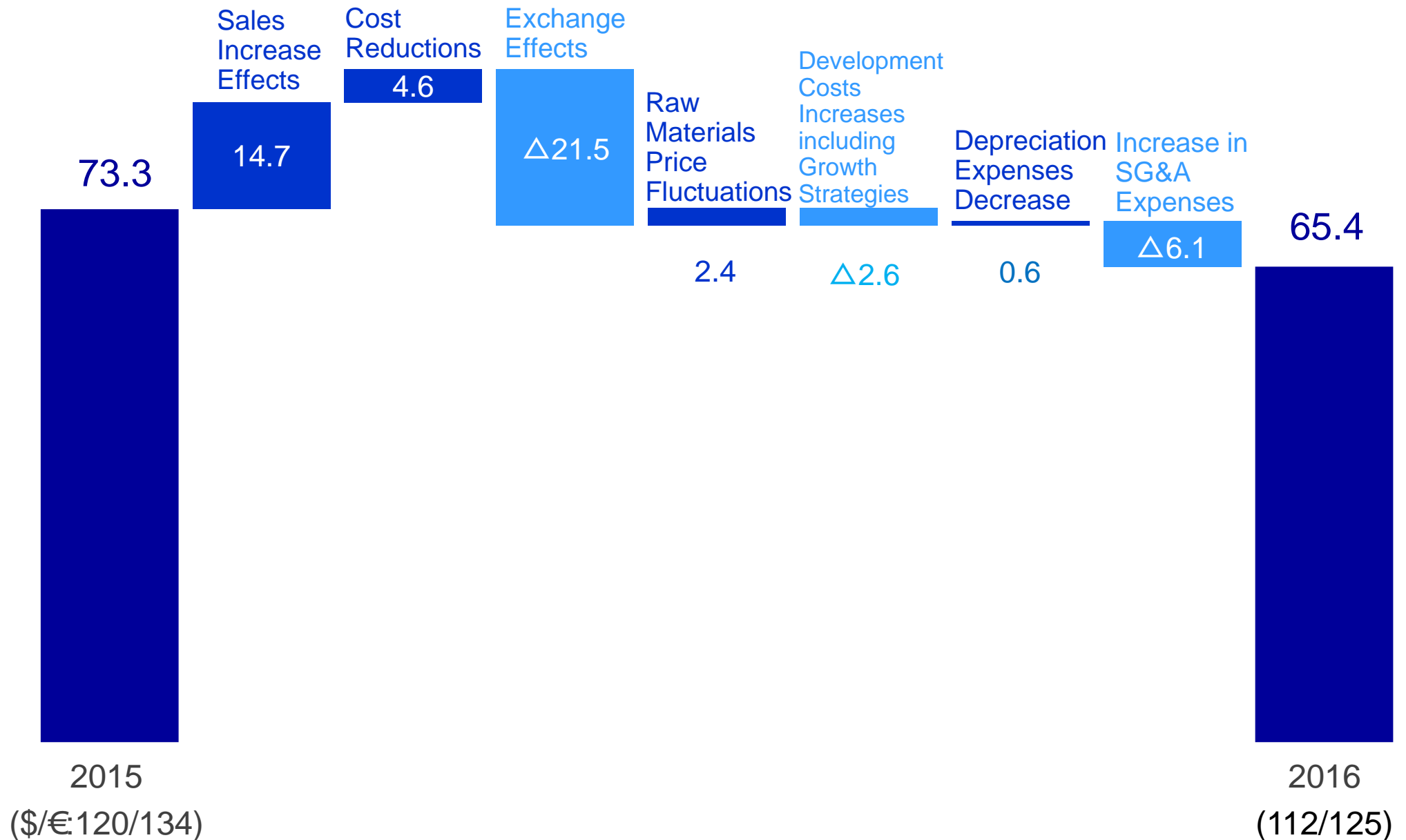


# Net Sales and Operating Income for each Business Segment: Annual Forecast



# Factors Impacting Operating Income (First Half-Year)

(¥ Bil.)



# Factors Impacting Operating Income (Yearly Forecast)

(¥ Bil.)

