

# **Business Results for the Fiscal Year Ended December 31, 2018**

(January 1, 2018 through December 31, 2018)

## **(Japanese GAAP)**

February 12, 2019

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange the First Section

Code number:

7272

URL:

<https://global.yamaha-motor.com/ir/>

Representative:

Yoshihiro Hidaka, President, Chief Executive Officer, and Representative Director

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Date of the Ordinary General Meeting of Shareholders (scheduled):

March 27, 2019

Beginning of payment of dividends (scheduled):

March 28, 2019

Filing of securities report (scheduled):

March 28, 2019

Supplementary explanatory documents related to the consolidated financial results:

Yes

Briefing on the consolidated financial results:

Yes (for institutional investors, securities analysts and media outlets)

Amounts less than one million yen are rounded down.

## 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2018

(January 1, 2018 through December 31, 2018)

### (1) Consolidated operating results

\*% represents growth results. ( ) represents negative figures.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal year ended December 31, 2018</b>	<b>1,673,137</b>	<b>0.2</b>	<b>140,787</b>	<b>(6.0)</b>	<b>137,969</b>	<b>(10.9)</b>	<b>93,366</b>	<b>(8.1)</b>
Fiscal year ended December 31, 2017	1,670,090	11.1	149,782	37.9	154,826	51.7	101,603	60.9

Note: Comprehensive income

Fiscal year ended December 31, 2018:	¥76,926 million	[(39.8)%]
Fiscal year ended December 31, 2017:	¥127,801 million	[77.4%]

	Earnings per share – basic	Earnings per share – diluted	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
<b>Fiscal year ended December 31, 2018</b>	<b>267.35</b>	—	<b>14.6</b>	<b>9.7</b>	<b>8.4</b>
Fiscal year ended December 31, 2017	290.93	—	17.6	11.3	9.0

Reference: Share of profit of entities accounted for using equity method

Fiscal year ended December 31, 2018:	¥2,345 million
Fiscal year ended December 31, 2017:	¥2,824 million

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>As of December 31, 2018</b>	<b>1,433,458</b>	<b>695,743</b>	<b>45.9</b>	<b>1,882.64</b>
As of December 31, 2017	1,415,845	665,232	44.0	1,783.35

Reference: Shareholders' equity

As of December 31, 2018:	¥657,474 million
As of December 31, 2017:	¥622,802 million

### (3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Fiscal year ended December 31, 2018</b>	<b>58,858</b>	<b>(48,274)</b>	<b>(26,423)</b>	<b>138,156</b>
Fiscal year ended December 31, 2017	126,342	(53,194)	(52,830)	155,635

## 2. Dividends

Record date	Annual dividends per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2017	—	39.00	—	49.00	88.00	30,736	30.2	5.3
Fiscal year ended December 31, 2018	—	45.00	—	45.00	90.00	31,434	33.7	4.9
Fiscal year ending December 31, 2019 (forecast)	—	45.00	—	45.00	90.00		37.0	

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019

(January 1, 2019 through December 31, 2019)

\*% represents year-on-year rate.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2019	1,700,000	1.6	133,000	(5.5)	135,000	(2.2)	85,000	(9.0)	243.39

(\*Notes)

- (1) Changes in significant subsidiaries during period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatement for correction of errors
  - 1) Changes in accounting policies arising from revision of accounting standards: Yes
  - 2) Changes in accounting policies arising from other factors: None
  - 3) Changes in accounting estimates: None
  - 4) Restatement for correction of errors: None

Note: Please refer to page 19 of the Attachment, “Changes in Accounting Policies,” under “(5) Notes to Consolidated Financial Statements.”

### (3) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares	Fiscal year ended December 31, 2018	349,914,284 shares	Fiscal year ended December 31, 2017	349,914,284 shares
2) Number of shares of treasury shares at end of period	Fiscal year ended December 31, 2018	683,554 shares	Fiscal year ended December 31, 2017	681,818 shares
3) Average number of shares during period	Fiscal year ended December 31, 2018	349,231,683 shares	Fiscal year ended December 31, 2017	349,233,759 shares

(\*These consolidated financial results presented herein are not subject to the audit of a certified public accountant or audit corporation.)

(\*Notice regarding results forecast)

(1) The results forecast presented in this document is based on the assumptions and beliefs of Yamaha Motor Co., Ltd. (the “Company”) in light of the information currently available and is not a guarantee of future performance. Actual results may differ significantly from the Company’s forecast, due to various risks, uncertainties and other factors, including changes in business conditions surrounding the Yamaha Motor Group (the “Group”), changing consumer preferences, and currency exchange rate fluctuations.

For details on potential risks, uncertainties and other factors affecting the Group’s operations, please see the 83rd Securities Report (filed on March 26, 2018).

For the results forecast, please refer to page 8 of the Attachment, “Forecast for the fiscal year ending December 31, 2019 (January 1, 2019 through December 31, 2019)” in “(1) Overview of Operating Results for the Fiscal Year Under Review,” under “1. Overview of Operating Results and Financial Position.”

(2) Briefing on the consolidated financial results will be held as follows. Supplementary explanatory documents related to the consolidated financial results and so on to be handed at the briefing will be posted on the Company website immediately after the briefing. A video of the briefing will be posted on the Company website on or after the day following the briefing.

Tuesday, February 12, 2019:                      Briefing on the consolidated financial results for institutional investors, securities analysts and media outlets

(3) With regard to amounts stated in ¥100 million units in this document, amounts less than ¥100 million are rounded off.

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# 1. Overview of Operating Results and Financial Position

## (1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year ended December 31, 2018 (fiscal 2018), while the global economy was on a recovery trend overall, the effects of trade issues and currency depreciation in emerging markets which was accompanied by the rise in U.S. interest rates manifested in the latter part of the year. In developed markets, economic growth was seen in the U.S. due to the increase in the number of employees, improvement in corporate earnings, and other factors. The economy recovered moderately in Japan, while in Europe the economy slowed down. In emerging markets, economic growth continued in Vietnam and India, while in Brazil the economy recovered moderately. In Indonesia, despite the economic expansion due to strong domestic demand, the economy was destabilized by currency depreciation and natural disasters.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review rose ¥3.0 billion, or 0.2%, year on year, to ¥1,673.1 billion, operating income declined ¥9.0 billion, or 6.0%, to ¥140.8 billion, ordinary income declined ¥16.9 billion, or 10.9%, to ¥138.0 billion, and net income attributable to owners of parent declined ¥8.2 billion, or 8.1%, to ¥93.4 billion. Exchange rates for the fiscal year were ¥110 to the U.S. dollar (an appreciation of ¥2, year on year) and ¥130 to the euro (a depreciation of ¥3).

Net sales were flat year on year due to decreased sales in the Motorcycles business, despite increased sales in the Marine products business, the Power products business, the Industrial machinery and robots business and the Others business.

Operating income decreased because, although sales increased in the Marine products business and the Industrial machinery and robots business and profitability further improved with the adoption of development and manufacturing methods for platform and global models in the Motorcycles business, such positive factors could not offset the decline in sales of motorcycles in developed markets, foreign exchange losses mainly in emerging markets and losses associated with the rise in raw material costs.

In terms of financial position, the ratio of net income attributable to owners of parent to net sales was 5.6% (a year on year decline of 0.5 percentage points), total asset turnover was 1.17 (a year on year decline of 0.05) due to a temporary increase in working capital, shareholders' equity was ¥657.5 billion (an increase of ¥34.7 billion compared with the end of the previous fiscal year), and shareholders' equity ratio was 45.9% (a year on year increase of 1.9 percentage points). As a result, ROE was 14.6% (a year on year decline of 3.0 percentage points). Free cash flow (including sales finance) was positive ¥10.6 billion (a year on year decline of ¥62.6 billion).

### Operating results by segment

#### [Motorcycles]

Net sales declined ¥23.0 billion, or 2.2%, year on year, to ¥1,022.2 billion, and operating income declined ¥14.3 billion, or 20.8%, year on year, to ¥54.5 billion.

Unit sales increased in countries such as the Philippines, Indonesia and Brazil, but declined in developed markets, Taiwan and Vietnam, and other countries. As a result, unit sales totaled 5.37 million across the business as a whole (a year on year decline of 0.3%), resulting in decreased sales and profits.

Profitability will be boosted by strengthening sales of high-priced products in ASEAN countries and sports models in India. In developed markets, the Company is focusing on restructuring manufacturing and sales capabilities.

#### [Marine products]

Net sales rose ¥20.8 billion, or 6.4%, year on year, to ¥344.7 billion, and operating income rose ¥4.2 billion, or 7.1%, to ¥63.7 billion.

Unit sales of outboard motors, personal watercraft and sport boats increased year on year. In addition, also with the improvement in the product mix owing to expanded sales of large models of outboard motors in North America, both sales and profits increased.

In order to flexibly respond to the growth in demand of outboard motors, the Company is improving production capacity through measures including the review of the global production layout for outboard motors.

#### [Power products]

Net sales increased ¥2.2 billion, or 1.4%, year on year, to ¥153.8 billion, and operating income was ¥0.2 billion, against operating loss of ¥1.5 billion in the fiscal year ended December 31, 2017.

Both sales and profits increased due to a year on year increase in unit sales of golf cars and multi-purpose engines as well as cost reductions for recreational off-highway vehicles (ROV).

The Company is working to strengthen ROV marketing capabilities and is preparing to introduce new platform models that meet market needs.

[Industrial machinery and robots]

Net sales rose ¥2.3 billion, or 3.4%, year on year, to ¥69.9 billion, and operating income rose ¥0.8 billion, or 5.4%, to ¥16.4 billion.

Favorable sales of surface mounters for in-vehicle electronics led to an increase in net sales and operating income.

The Company will strengthen solution proposals by new products and services that optimize plants in their entirety and increase the value provided to customers.

[Others]

Net sales rose ¥0.8 billion, or 1.0%, year on year, to ¥82.6 billion, and operating income declined ¥1.4 billion, or 19.3%, to ¥5.9 billion.

In terms of electrically power assisted bicycles, although exports of the E-kit (drive unit for electrically power assisted bicycles) to Europe rose, unit sales of finished bicycles in Japan decreased and the product mix deteriorated, resulting in increased sales and decreased profits.

The Company is strengthening sales of the E-kit in Europe and electrically power assisted bicycles in Japan, and promoting the development of new markets in the U.S.

Major products in each business segment are as follows.

Segment	Major products
Motorcycles	Motorcycles, intermediate parts for products and knockdown parts for overseas production
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Power products	All-terrain vehicles, recreational off-highway vehicles, golf cars, snowmobiles, generators, small-sized snow throwers and multi-purpose engines
Industrial machinery and robots	Surface mounters and industrial robots
Others	Electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs

## **Forecast for the fiscal year ending December 31, 2019**

(January 1, 2019 through December 31, 2019)

In the fiscal year ending December 31, 2019, the Company expects that the business environment will remain uncertain due to factors including the economic slowdown in Europe and trade issues between the U.S. and China. Considering market conditions and demand trends, the Company plans to maintain stable growth and profit in existing businesses and proceed with developing new businesses. The consolidated financial results forecast is as follows.

	Billions of yen
Net sales	1,700.0 (+26.9, 1.6%)
Operating income	133.0 (-7.8, 5.5%)
Ordinary income	135.0 (-3.0, 2.2%)
Net income attributable to owners of parent	85.0 (-8.4, 9.0%)

Note: The figures in parentheses indicate amount and percentage changes from the fiscal year ended December 31, 2018.

The forecast is based on the assumption that the exchange rates are ¥105 against the U.S. dollar (an appreciation of ¥5 from the previous fiscal year) and ¥120 against the euro (an appreciation of ¥10).

[Potential risks and uncertainties regarding the forecast for the fiscal year ending December 31, 2019]

The forecast for the fiscal year ending December 31, 2019 summarized above is based on the Company's assumptions and beliefs in light of the information currently available, and may differ significantly from actual financial results. Please be advised that many risks and uncertainties can affect business performance, including:

- Changes in general economic conditions in the Group's major markets, including shifting consumer preferences and market competition
- Changes in governments' regulations regarding import/export, currency and tax system
- Currency exchange rate fluctuations
- Dependence on corporate customers and specific suppliers for procurement of raw materials and parts
- Changes in environmental and other regulations
- Leaks, etc. of customer information or other personal and/or confidential data
- Natural disaster, epidemic, war, terrorism, strikes, demonstrations, etc.

For details on potential risks, uncertainties and other factors affecting the Group's operations, please see the 83rd Securities Report (filed on March 26, 2018).

## **(2) Overview of Financial Position for the Fiscal Year Under Review**

### **Analysis on assets, liabilities and net assets**

Total assets as of December 31, 2018, increased ¥17.6 billion, from December 31, 2017, to ¥1,433.5 billion. Current assets increased ¥19.2 billion, as a result of factors including an increase in inventories and short-term sales finance receivables. Non-current assets decreased ¥1.6 billion as a result of factors including a decrease in property, plant and equipment and intangible assets despite an increase in long-term sales finance receivables.

Total liabilities decreased ¥12.9 billion, to ¥737.7 billion, mainly from a decrease in electronically recorded obligations – operating and notes and accounts payable – trade.

Total net assets increased ¥30.5 billion, to ¥695.7 billion, which included the recording of ¥93.4 billion of net income attributable to owners of parent and ¥32.8 billion of cash dividends paid. As a result, the shareholders' equity ratio as of December 31, 2018 was 45.9% (an increase of 1.9 percentage points from the end of the previous fiscal year). The net debt-equity ratio was 0.3 times, compared with 0.3 times at the end of the previous fiscal year.



## **Analysis on cash flows**

### [Cash flows from operating activities]

Net cash provided by operating activities during the fiscal year under review was ¥58.9 billion (¥126.3 billion in net cash provided in the previous fiscal year). This mainly reflected cash provided from ¥136.9 billion in income before income taxes (¥152.3 billion), ¥46.4 billion in depreciation (¥45.5 billion), and other factors, against cash used for a combined increase in inventories of ¥36.6 billion (an increase of ¥11.2 billion), an increase in notes and accounts receivable – trade and sales finance receivables of ¥35.0 billion (an increase of ¥50.3 billion), a decrease of ¥8.3 billion in notes and accounts payable – trade (an increase of ¥10.4 billion), and other factors.

### [Cash flows from investing activities]

Net cash used in investing activities during the fiscal year under review was ¥48.3 billion (¥53.2 billion in net cash used in the previous fiscal year), primarily reflecting ¥54.0 billion used for purchase of property, plant and equipment and intangible assets (¥64.4 billion).

### [Cash flows from financing activities]

Net cash used in financing activities during the fiscal year under review was ¥26.4 billion (¥52.8 billion in net cash used in the previous fiscal year), primarily reflecting ¥32.8 billion used for cash dividends paid (¥24.1 billion) and an increase in loans payable of ¥19.7 billion (a decrease of ¥14.6 billion).

As a result of the activities discussed above, free cash flow for the fiscal year under review was positive ¥10.6 billion (positive ¥73.1 billion for the previous fiscal year), and interest-bearing debt at the end of the fiscal year under review was ¥356.7 billion (an increase of ¥3.2 billion from the end of the previous fiscal year) and cash and cash equivalents totaled ¥138.2 billion (a decrease of ¥17.5 billion from the end of the previous fiscal year). Interest-bearing debt includes ¥262.8 billion in borrowings for sales finance (an increase of ¥14.1 billion).

## **(3) Basic Policy on Profit Distribution and Dividends for the Fiscal Years Ended December 31, 2018 and Ending December 31, 2019**

The Company considers enhancing the interests of shareholders an important management issue, and endeavors to enhance corporate value.

In regard to dividends, the Company seeks to “create a stable financial foundation, and increase new growth investment and stock dividends,” and sets a benchmark for dividend payout ratio as 30% of net income attributable to owners of parent.

The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company’s Articles of Incorporation provides that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company intends to propose the payment of a year-end dividend of ¥45 per share at the 84th Ordinary General Meeting of Shareholders, scheduled for March 27, 2019. Together with the interim dividend (¥45 per share), this will result in a full-year dividend of ¥90 per share. The Company intends to pay a full-year dividend of ¥90 per share (interim dividend of ¥45; year-end dividend of ¥45) for the fiscal year ending December 31, 2019.

## **2. Basic Views on Selecting Accounting Standards**

The Company prepares consolidated financial statements using Japanese accounting standards, to facilitate comparisons of financial statements across fiscal periods and across companies.

The Company intends to continue following developments in both Japan and overseas as it considers whether to adopt International Financial Reporting Standards (IFRS).

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

As of December 31, 2017 and 2018

	Millions of yen	
	As of December 31, 2017	As of December 31, 2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	156,634	138,264
Notes and accounts receivable – trade	165,220	164,375
Short-term sales finance receivables	161,453	165,168
Merchandise and finished goods	198,991	208,443
Work in process	52,835	58,676
Raw materials and supplies	55,802	62,047
Deferred tax assets	25,239	24,490
Other	51,661	64,523
Allowance for doubtful accounts	(12,822)	(11,737)
Total current assets	855,018	874,253
<b>Non-current assets:</b>		
Property, plant and equipment		
Buildings and structures, net	110,206	103,568
Machinery, equipment and vehicles, net	105,673	104,342
Land	83,712	81,502
Construction in progress	20,653	19,469
Other, net	27,752	26,880
Total property, plant and equipment	347,997	335,763
Intangible assets	11,173	8,518
Investments and other assets		
Investment securities	95,109	95,724
Long-term sales finance receivables	87,246	97,680
Net defined benefit asset	–	3,263
Deferred tax assets	13,035	13,085
Other	8,147	7,151
Allowance for doubtful accounts	(1,882)	(1,982)
Total investments and other assets	201,655	214,922
Total non-current assets	560,827	559,205
<b>Total assets</b>	1,415,845	1,433,458

	Millions of yen	
	As of December 31, 2017	As of December 31, 2018
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable – trade	120,123	118,303
Electronically recorded obligations – operating	34,566	21,696
Short-term loans payable	133,725	162,950
Current portion of long-term loans payable	57,196	124,299
Income taxes payable	11,035	10,106
Provision for bonuses	13,965	14,111
Provision for product warranties	17,704	17,954
Other provision	1,674	1,393
Other	112,161	113,411
Total current liabilities	502,153	584,227
<b>Non-current liabilities:</b>		
Long-term loans payable	162,569	69,439
Deferred tax liabilities for land revaluation	4,675	4,659
Net defined benefit liability	53,613	56,408
Other provision	886	582
Other	26,714	22,397
Total non-current liabilities	248,458	153,487
<b>Total liabilities</b>	750,612	737,715
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Capital stock	85,797	85,797
Capital surplus	74,662	74,663
Retained earnings	513,182	572,707
Treasury shares	(722)	(727)
Total shareholders' equity	672,920	732,440
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	35,086	35,210
Revaluation reserve for land	10,449	10,412
Foreign currency translation adjustment	(94,226)	(118,281)
Remeasurements of defined benefit plans	(1,427)	(2,307)
Total accumulated other comprehensive income	(50,118)	(74,965)
<b>Non-controlling interests</b>	42,430	38,268
<b>Total net assets</b>	665,232	695,743
<b>Total liabilities and net assets</b>	1,415,845	1,433,458

**(2) Consolidated Statements of Income and  
Consolidated Statements of Comprehensive Income**

*Fiscal years ended December 31, 2017 and 2018*

**Consolidated Statements of Income**

	Millions of yen	
	Fiscal year ended December 31, 2017 (January 1— December 31, 2017)	Fiscal year ended December 31, 2018 (January 1— December 31, 2018)
<b>Net sales</b>	1,670,090	<b>1,673,137</b>
<b>Cost of sales</b>	1,211,460	<b>1,217,963</b>
<b>Gross profit</b>	458,629	<b>455,173</b>
<b>Selling, general and administrative expenses</b>	308,847	<b>314,386</b>
<b>Operating income</b>	149,782	<b>140,787</b>
<b>Non-operating income:</b>		
Interest income	4,553	<b>4,239</b>
Dividend income	1,106	<b>1,139</b>
Share of profit of entities accounted for using equity method	2,824	<b>2,345</b>
Other	6,338	<b>8,228</b>
Total non-operating income	14,822	<b>15,952</b>
<b>Non-operating expenses:</b>		
Interest expenses	3,850	<b>3,364</b>
Foreign exchange losses	1,706	<b>10,914</b>
Other	4,222	<b>4,491</b>
Total non-operating expenses	9,778	<b>18,771</b>
<b>Ordinary income</b>	154,826	<b>137,969</b>
<b>Extraordinary income:</b>		
Gain on sales of non-current assets	670	<b>402</b>
Gain on sales of investment securities	819	<b>242</b>
Total extraordinary income	1,490	<b>644</b>
<b>Extraordinary losses:</b>		
Loss on sales of non-current assets	222	<b>215</b>
Loss on disposal of non-current assets	1,413	<b>919</b>
Impairment loss	2,074	<b>183</b>
Loss on sales of investment securities	—	<b>412</b>
Loss on revision of retirement benefit plan	293	—
Total extraordinary losses	4,003	<b>1,729</b>
<b>Income before income taxes</b>	152,313	<b>136,883</b>
<b>Income taxes – current</b>	32,694	<b>37,026</b>
<b>Income taxes – deferred</b>	2,533	<b>(4,641)</b>
<b>Total income taxes</b>	35,228	<b>32,384</b>
<b>Net income</b>	117,085	<b>104,498</b>
<b>Net income attributable to non-controlling interests</b>	15,481	<b>11,132</b>
<b>Net income attributable to owners of parent</b>	101,603	<b>93,366</b>

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Fiscal year ended December 31, 2017 (January 1— December 31, 2017)	<b>Fiscal year ended December 31, 2018 (January 1— December 31, 2018)</b>
<b>Net income</b>	117,085	<b>104,498</b>
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	6,139	<b>(245)</b>
Revaluation reserve for land	(3)	<b>(0)</b>
Foreign currency translation adjustment	(782)	<b>(25,658)</b>
Remeasurements of defined benefit plans, net of tax	5,424	<b>(436)</b>
Share of other comprehensive income of entities accounted for using equity method	(61)	<b>(1,232)</b>
Total other comprehensive income	10,716	<b>(27,572)</b>
<b>Comprehensive income:</b>	127,801	<b>(76,926)</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	112,793	<b>68,177</b>
Comprehensive income attributable to non-controlling interests	15,008	<b>8,748</b>

### (3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2017 (January 1—December 31, 2017)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,797	74,712	434,361	(714)	594,157
Cumulative effects of changes in accounting policies					—
Restated balance	85,797	74,712	434,361	(714)	594,157
Changes of items during period					
Reversal of revaluation reserve for land			1,316		1,316
Dividends of surplus			(24,100)		(24,100)
Net income attributable to owners of parent			101,603		101,603
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(49)			(49)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(49)	78,820	(7)	78,762
Balance at end of current period	85,797	74,662	513,182	(722)	672,920

	Millions of yen						
	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	28,945	11,769	(93,530)	(7,174)	(59,990)	41,238	575,404
Cumulative effects of changes in accounting policies							—
Restated balance	28,945	11,769	(93,530)	(7,174)	(59,990)	41,238	575,404
Changes of items during period							
Reversal of revaluation reserve for land							1,316
Dividends of surplus							(24,100)
Net income attributable to owners of parent							101,603
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(49)
Purchase of treasury shares							(7)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	6,141	(1,320)	(695)	5,747	9,872	1,192	11,065
Total changes of items during period	6,141	(1,320)	(695)	5,747	9,872	1,192	89,827
Balance at end of current period	35,086	10,449	(94,226)	(1,427)	(50,118)	42,430	665,232

Fiscal year ended December 31, 2018 (January 1—December 31, 2018)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,797	74,662	513,182	(722)	672,920
Cumulative effects of changes in accounting policies			(1,045)		(1,045)
Restated balance	85,797	74,662	512,136	(722)	671,874
Changes of items during period					
Reversal of revaluation reserve for land			36		36
Dividends of surplus			(32,832)		(32,832)
Net income attributable to owners of parent			93,366		93,366
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	0	60,570	(5)	60,565
Balance at end of current period	85,797	74,663	572,707	(727)	732,440

	Millions of yen						
	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	35,086	10,449	(94,226)	(1,427)	(50,118)	42,430	665,232
Cumulative effects of changes in accounting policies							(1,045)
Restated balance	35,086	10,449	(94,226)	(1,427)	(50,118)	42,430	664,187
Changes of items during period							
Reversal of revaluation reserve for land							36
Dividends of surplus							(32,832)
Net income attributable to owners of parent							93,366
Change in treasury shares of parent arising from transactions with non-controlling shareholders							—
Purchase of treasury shares							(5)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	123	(36)	(24,054)	(880)	(24,847)	(4,162)	(29,009)
Total changes of items during period	123	(36)	(24,054)	(880)	(24,847)	(4,162)	31,555
Balance at end of current period	35,210	10,412	(118,281)	(2,307)	(74,965)	38,268	695,743



#### (4) Consolidated Statements of Cash Flows

*Fiscal years ended December 31, 2017 and 2018*

	Millions of yen	
	Fiscal year ended December 31, 2017 (January 1— December 31, 2017)	Fiscal year ended December 31, 2018 (January 1— December 31, 2018)
<b>Cash flows from operating activities:</b>		
Income before income taxes	152,313	136,883
Depreciation	45,457	46,405
Impairment loss	2,074	183
Increase (decrease) in allowance for doubtful accounts	1,545	(35)
Increase (decrease) in net defined benefit liability	4,434	1,984
Interest and dividend income	(5,659)	(5,379)
Interest expenses	3,850	3,364
Share of (profit) loss of entities accounted for using equity method	(2,824)	(2,345)
Loss (gain) on sales of property, plant and equipment and intangible assets	(448)	(187)
Loss (gain) on disposal of property, plant and equipment and intangible assets	1,413	919
Decrease (increase) in sales finance receivables	(38,306)	(27,214)
Decrease (increase) in notes and accounts receivable – trade	(11,955)	(7,790)
Decrease (increase) in inventories	(11,196)	(36,597)
Increase (decrease) in notes and accounts payable–trade	10,353	(8,323)
Other, net	2,969	(3,964)
Subtotal	154,021	97,903
Interest and dividend income received	7,103	7,515
Interest expenses paid	(3,904)	(3,382)
Income taxes paid	(30,877)	(43,177)
Net cash provided by (used in) operating activities	126,342	58,858

	Millions of yen	
	Fiscal year ended December 31, 2017 (January 1— December 31, 2017)	Fiscal year ended December 31, 2018 (January 1— December 31, 2018)
<b>Cash flows from investing activities:</b>		
Payments into time deposits	(1,424)	(135)
Proceeds from withdrawal of time deposits	299	1,147
Purchase of property, plant and equipment and intangible assets	(64,352)	(53,985)
Proceeds from sales of property, plant and equipment and intangible assets	12,012	7,004
Purchase of investment securities	(559)	(2,909)
Proceeds from sales of investment securities	1,726	242
Payments of long-term loans receivable	(1,141)	(877)
Collection of long-term loans receivable	1,161	856
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,747)	—
Other, net	830	382
Net cash provided by (used in) investing activities	(53,194)	(48,274)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans payable	(735)	41,313
Proceeds from long-term loans payable	51,398	36,394
Repayment of long-term loans payable	(65,312)	(57,983)
Cash dividends paid	(24,100)	(32,832)
Dividends paid to non-controlling interests	(13,745)	(12,974)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(85)	—
Net decrease (increase) in treasury shares	(7)	(5)
Other, net	(241)	(336)
Net cash provided by (used in) financing activities	(52,830)	(26,423)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(209)	(1,639)
<b>Net increase (decrease) in cash and cash equivalents</b>	20,107	(17,478)
<b>Cash and cash equivalents at beginning of period</b>	135,527	155,635
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	0	—
<b>Cash and cash equivalents at end of period</b>	155,635	138,156

## **(5) Notes to Consolidated Financial Statements**

### **Notes Regarding Going-concern Assumptions**

None

### **Basis of Presenting Consolidated Financial Statements**

#### **1. Scope of consolidation**

Number of consolidated subsidiaries: 113

Name of major subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd.; Yamaha Motor Powered Products Co., Ltd.;  
Yamaha Motor Corporation, U.S.A.; Yamaha Motor Manufacturing Corporation of America;  
Yamaha Motor Europe N.V.; PT. Yamaha Indonesia Motor Manufacturing;  
India Yamaha Motor Pvt. Ltd.; Yamaha Motor Vietnam Co., Ltd.; Thai Yamaha Motor Co., Ltd.;  
Yamaha Motor Philippines, Inc.; and Yamaha Motor do Brasil Ltda.

In the fiscal year ended December 31, 2018, three newly established companies were added to the scope of consolidation. In addition, two companies were merged into other consolidated subsidiaries and were therefore removed from the scope of consolidation. For non-consolidated subsidiaries such as Yamaha Motor Racing S.r.l., when considering total assets, net sales, net income, and retained earnings, etc., they do not have a significant influence on the consolidated financial statements as a whole, and were therefore removed from the scope of consolidation.

#### **2. Scope of application of equity method**

Number of subsidiaries accounted for by the equity method: 3

Yamaha Motor Racing S.r.l. and 2 other subsidiaries

Number of affiliates accounted for by the equity method: 27

Hong Leong Yamaha Motor Sdn. Bhd. and 26 other affiliates

In the fiscal year ended December 31, 2018, one newly invested affiliate was added to the scope of equity-method application.

### **Changes in Accounting Policies**

(Application of IFRS 9 “Financial Instruments”)

IFRS 9 “Financial Instruments” have been applied from the fiscal year ended December 31, 2018, excluding the Company and domestic subsidiaries that adopt JGAAP and subsidiaries in North America that adopt USGAAP. Due to this application, classifications and measurement methods for financial instruments have been revised and for financial assets, impairments have been recognized under the expected credit loss model.

Regarding the application of IFRS 9, in line with the treatments in progress of the IFRS 9, the amount of the cumulative effect has been added or subtracted from retained earnings at the beginning of the fiscal year ended December 31, 2018.

As a result, the effect on the consolidated financial statements for the fiscal year ended December 31, 2018 is immaterial.

(Application of IFRS 15 “Revenue from Contracts with Customers”)

IFRS 15 “Revenue from Contracts with Customers” have been applied from the fiscal year ended December 31, 2018, excluding the Company and domestic subsidiaries that adopt JGAAP and subsidiaries in North America that adopt USGAAP. Due to this application, recognition standards for revenue have been revised, and for all contracts—excluding items such as financial instruments, lease contracts, insurance contracts, and exchange transactions for products with competitors—revenue is now recognized at the time the agreed upon goods or services are transferred to the customer, as amounts that reflect the consideration for which rights are expected to be acquired in exchange for said goods or services.

Regarding the application of IFRS 15, in line with the treatments in progress of the IFRS 15, the amount of the cumulative effect has been added or subtracted from retained earnings at the beginning of the fiscal year ended December 31, 2018.

As a result, the effect on the consolidated financial statements for the fiscal year ended December 31, 2018 is immaterial.

## Segment Information

### 1. Overview of reporting segments

The Group's reporting segments are regularly reviewed by the Board of Directors of the Company, etc., using the segregated financial information available within each segment of the Group to determine the allocation of management resources and evaluate business results.

Four businesses, namely "Motorcycles," "Marine products," "Power products" and "Industrial machinery and robots" constitute the Group's reporting segments based on similarities of product type and target market.

Major products in each reporting segment are as follows.

Reporting segment	Major products
Motorcycles	Motorcycles, intermediate parts for products and knockdown parts for overseas production
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Power products	All-terrain vehicles, recreational off-highway vehicles, golf cars, snowmobiles, generators, small-sized snow throwers and multi-purpose engines
Industrial machinery and robots	Surface mounters and industrial robots

### 2. Basis for calculating net sales, income or loss, assets, liabilities, and other items by reporting segment

The accounting policies for the reporting segments are the same as those adopted in preparing consolidated financial statements.

Segment income corresponds to operating income in the consolidated statements of income.

Amounts for intersegment transactions or transfers are calculated based on market prices.

### 3. Information concerning net sales, income or loss, assets, liabilities, and other items by reporting segment

Fiscal year ended December 31, 2017 (January 1, 2017 through December 31, 2017)

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total				
Net sales:									
Outside customers	1,045,211	323,838	151,622	67,571	1,588,244	81,845	1,670,090	—	1,670,090
Intersegment	—	—	—	—	—	37,252	37,252	(37,252)	—
<b>Total</b>	<b>1,045,211</b>	<b>323,838</b>	<b>151,622</b>	<b>67,571</b>	<b>1,588,244</b>	<b>119,098</b>	<b>1,707,342</b>	<b>(37,252)</b>	<b>1,670,090</b>
Segment income (loss) (Note 3)	68,834	59,483	(1,453)	15,603	142,467	7,314	149,782	0	149,782
Segment assets	825,918	253,990	192,685	41,580	1,314,174	101,670	1,415,845	—	1,415,845
Other items									
Depreciation (Note 4)	29,436	7,069	5,512	779	42,798	2,393	45,192	—	45,192
Investments in entities accounted for using equity method	20,511	1,690	12	—	22,214	4,673	26,887	—	26,887
Increase in property, plant and equipment, and intangible assets	31,245	12,092	9,136	436	52,909	3,622	56,532	—	56,532

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving the business of electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment income (loss) corresponds to operating income in the Consolidated Statements of Income.
4. Depreciation does not include amortization of goodwill.

Fiscal year ended December 31, 2018 (January 1, 2018 through December 31, 2018)

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total				
Net sales:									
Outside customers	1,022,174	344,658	153,778	69,891	1,590,502	82,634	1,673,137	—	1,673,137
Intersegment	—	—	—	—	—	39,579	39,579	(39,579)	—
Total	1,022,174	344,658	153,778	69,891	1,590,502	122,213	1,712,716	(39,579)	1,673,137
Segment income (Note 3)	54,489	63,712	239	16,440	134,882	5,905	140,787	0	140,787
Segment assets	805,354	278,357	191,215	51,134	1,326,062	107,396	1,433,458	—	1,433,458
Other items									
Depreciation (Note 4)	29,253	7,787	5,808	816	43,665	2,564	46,229	—	46,229
Investments in entities accounted for using equity method	20,097	1,722	16	—	21,836	5,197	27,033	—	27,033
Increase in property, plant and equipment, and intangible assets	29,188	11,809	9,133	1,018	51,150	3,918	55,068	—	55,068

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving the business of electrically power assisted bicycles, automobile engines, automobile components, industrial-use unmanned helicopters and electrically powered wheelchairs.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment income corresponds to operating income in the Consolidated Statements of Income.
4. Depreciation does not include amortization of goodwill.

## Per Share Information

	Fiscal year ended December 31, 2017 (January 1—December 31, 2017)	Fiscal year ended December 31, 2018 (January 1—December 31, 2018)
	Yen	Yen
Net assets per share	1,783.35	1,882.64
Earnings per share — basic	290.93	267.35

Note 1. Earnings per share — diluted is not shown as there are no dilutive securities.

Note 2. Net assets per share are calculated based on the following: (Millions of yen otherwise noted)

	As of December 31, 2017	As of December 31, 2018
Total net assets	665,232	695,743
Amount excluded from total net assets	42,430	38,268
Non-controlling interests	42,430	38,268
Net assets attributable to common stock at end of period	622,802	657,474
Number of shares of common stock outstanding at end of period calculated under “Net assets per share” (Shares)	349,232,466	349,230,730

Note 3. Earnings per share — basic is calculated based on the following:

(Millions of yen otherwise noted)

	Fiscal year ended December 31, 2017 (January 1—December 31, 2017)	Fiscal year ended December 31, 2018 (January 1—December 31, 2018)
Net income attributable to owners of parent	101,603	93,366
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent attributable to common stock	101,603	93,366
Average number of shares outstanding during period (Shares)	349,233,759	349,231,683

## Significant Subsequent Events

None