

Business Results for the First Nine Months of the Fiscal Year
Ending December 31, 2018
(January 1, 2018 through September 30, 2018)
(Japanese GAAP)

October 31, 2018

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

Contact:

Takahiko Matsushita, General Manager, Finance & Accounting Division
Phone: +81-538-32-1144

Filing of quarterly securities report (scheduled):

November 1, 2018

Beginning of payment of dividends (scheduled):

—

Supplementary explanatory documents related to the quarterly consolidated financial results:

Yes

Briefing on the quarterly consolidated financial results:

Yes (for institutional investors and securities analysts)

Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the Nine Months Ended September 30, 2018

(January 1, 2018 through September 30, 2018)

(1) Consolidated operating results (cumulative)

*% 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	%
Nine months ended September 30, 2018	1,261,952	0.9	115,505	(4.4)	113,382	(8.6)	81,763	(8.3)
Nine months ended September 30, 2017	1,250,696	10.4	120,849	35.9	124,080	59.8	89,182	84.9

Note: Comprehensive income

Nine months ended September 30, 2018: ¥87,276 million [(17.2)%]
 Nine months ended September 30, 2017: ¥105,377 million [-%]

	Earnings per share – basic	Earnings per share – diluted
	Yen	Yen
Nine months ended September 30, 2018	234.13	—
Nine months ended September 30, 2017	255.37	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	1,385,996	706,092	48.2
As of December 31, 2017	1,415,845	665,232	44.0

Reference: Shareholders' equity

As of September 30, 2018: ¥667,640 million
 As of December 31, 2017: ¥622,802 million

2. Dividends

Record date	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2017	—	39.00	—	49.00	88.00
Fiscal year ending December 31, 2018	—	45.00	—		
Fiscal year ending December 31, 2018 (forecast)				45.00	90.00

Note: No revision to the most recently announced dividend forecast for the fiscal year ending December 31, 2018 was made.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2018

(January 1, 2018 through December 31, 2018)

*% 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, 2018	1,650,000	(1.2)	143,000	(4.5)	140,000	(9.6)	95,000	(6.5)	272.03

Note: Revision to the most recently announced consolidated financial figures forecast for the fiscal year ending December 31, 2018 was made.

(*Notes)

- (1) Changes in significant subsidiaries during period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of special accounting principles to the quarterly consolidated financial statements: None
- (3) 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 6 of the Attachment, “Changes in Accounting Policies,” under “1. Matters Regarding Summary Information (Notes).”

(4) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares	Nine months ended September 30, 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	Nine months ended September 30, 2018	683,037 shares	Fiscal year ended December 31, 2017	681,818 shares
3) Average number of shares during period	Nine months ended September 30, 2018	349,231,914 shares	Nine months ended September 30, 2017	349,234,111 shares

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

(*Notice regarding results forecast)

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).

Contents of Attachment

1. Matters Regarding Summary Information (Notes).....	6
Changes in Accounting Policies.....	6
2. Consolidated Financial Statements and Primary Notes.....	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
Consolidated Statements of Income.....	9
Consolidated Statements of Comprehensive Income.....	10
(3) Consolidated Statements of Cash Flows	11
(4) Notes to Quarterly Consolidated Financial Statements.....	13
Notes Regarding Going-concern Assumptions	13
Notes in the Event of Material Changes in the Amount of Shareholders' Equity	13
Segment Information	13

1. Matters Regarding Summary Information (Notes)

Changes in Accounting Policies

(Application of IFRS 9 “Financial Instruments”)

IFRS 9 “Financial Instruments” have been applied from the first three months of the fiscal year ending 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, etc., at the beginning of the first three months of the fiscal year ending December 31, 2018.

As a result, the effect on the quarterly consolidated financial statements for the third quarter ended September 30, 2018 and for the nine months ended September 30, 2018 is immaterial.

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

IFRS 15 “Revenue from Contracts with Customers” have been applied from the first three months of the fiscal year ending 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 first three months of the fiscal year ending December 31, 2018.

As a result, the effect on the quarterly consolidated financial statements for the third quarter ended September 30, 2018 and for the nine months ended September 30, 2018 is immaterial.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

As of December 31, 2017 and September 30, 2018

	Millions of yen	
	As of December 31, 2017	As of September 30, 2018
ASSETS		
Current assets:		
Cash and deposits	156,634	123,196
Notes and accounts receivable – trade	165,220	164,073
Short-term sales finance receivables	161,453	156,845
Merchandise and finished goods	198,991	187,928
Work in process	52,835	57,367
Raw materials and supplies	55,802	59,388
Other	76,901	80,582
Allowance for doubtful accounts	(12,822)	(12,714)
Total current assets	855,018	816,667
Non-current assets:		
Property, plant and equipment	347,997	328,793
Intangible assets	11,173	8,919
Investments and other assets		
Long-term sales finance receivables	87,246	98,958
Other	116,292	134,169
Allowance for doubtful accounts	(1,882)	(1,510)
Total investments and other assets	201,655	231,616
Total non-current assets	560,827	569,328
Total assets	1,415,845	1,385,996
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	120,123	120,340
Electronically recorded obligations – operating	34,566	18,528
Short-term loans payable	133,725	116,120
Current portion of long-term loans payable	57,196	138,033
Provision for bonuses	13,965	21,844
Provision for product warranties	17,704	16,501
Other provision	1,674	1,394
Other	123,197	107,778
Total current liabilities	502,153	540,541
Non-current liabilities:		
Long-term loans payable	162,569	50,623
Net defined benefit liability	53,613	51,506
Other provision	886	867
Other	31,389	36,363
Total non-current liabilities	248,458	139,361
Total liabilities	750,612	679,903

	Millions of yen	
	As of December 31, 2017	As of September 30, 2018
NET ASSETS		
Shareholders' equity:		
Capital stock	85,797	85,797
Capital surplus	74,662	74,663
Retained earnings	513,182	561,103
Treasury shares	(722)	(726)
Total shareholders' equity	672,920	720,837
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	35,086	47,982
Revaluation reserve for land	10,449	10,412
Foreign currency translation adjustment	(94,226)	(111,939)
Remeasurements of defined benefit plans	(1,427)	347
Total accumulated other comprehensive income	(50,118)	(53,196)
Non-controlling interests	42,430	38,452
Total net assets	665,232	706,092
Total liabilities and net assets	1,415,845	1,385,996

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
Nine months ended September 30, 2017 and 2018
Consolidated Statements of Income

	Millions of yen	
	Nine months ended September 30, 2017 (January 1— September 30, 2017)	Nine months ended September 30, 2018 (January 1— September 30, 2018)
Net sales	1,250,696	1,261,952
Cost of sales	907,280	920,392
Gross profit	343,416	341,560
Selling, general and administrative expenses	222,567	226,055
Operating income	120,849	115,505
Non-operating income:		
Interest income	3,338	3,114
Share of profit of entities accounted for using equity method	2,214	1,779
Other	4,470	6,307
Total non-operating income	10,023	11,201
Non-operating expenses:		
Interest expenses	2,993	2,432
Foreign exchange losses	844	9,024
Other	2,953	1,867
Total non-operating expenses	6,792	13,324
Ordinary income	124,080	113,382
Extraordinary income:		
Gain on sales of non-current assets	381	229
Gain on sales of investment securities	819	225
Total extraordinary income	1,201	454
Extraordinary losses:		
Loss on sales of non-current assets	128	136
Loss on disposal of non-current assets	742	546
Impairment loss	1,449	167
Loss on revision of retirement benefit plan	293	—
Total extraordinary losses	2,613	851
Income before income taxes	122,667	112,986
Income taxes – current	24,126	27,220
Income taxes – deferred	(2,451)	(6,154)
Total income taxes	21,674	21,066
Net income	100,993	91,920
Net income attributable to non-controlling interests	11,811	10,156
Net income attributable to owners of parent	89,182	81,763

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended September 30, 2017 (January 1— September 30, 2017)	Nine months ended September 30, 2018 (January 1— September 30, 2018)
Net income	100,993	91,920
Other comprehensive income:		
Valuation difference on available-for-sale securities	4,780	12,522
Revaluation reserve for land	(2)	(0)
Foreign currency translation adjustment	(1,839)	(18,049)
Remeasurements of defined benefit plans, net of tax	1,872	1,934
Share of other comprehensive income of entities accounted for using equity method	(427)	(1,050)
Total other comprehensive income	4,383	(4,643)
Comprehensive income:	105,377	87,276
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	94,037	78,343
Comprehensive income attributable to non-controlling interests	11,339	8,932

(3) Consolidated Statements of Cash Flows

Nine months ended September 30, 2017 and 2018

	Millions of yen	
	Nine months ended September 30, 2017 (January 1— September 30, 2017)	Nine months ended September 30, 2018 (January 1— September 30, 2018)
Cash flows from operating activities:		
Income before income taxes	122,667	112,986
Depreciation	33,064	34,423
Impairment loss	1,449	167
Increase (decrease) in net defined benefit liability	3,005	2,589
Interest and dividend income	(3,970)	(3,716)
Interest expenses	2,993	2,432
Loss (gain) on sales of property, plant and equipment and intangible assets	(252)	(92)
Loss (gain) on disposal of property, plant and equipment and intangible assets	742	546
Decrease (increase) in notes and accounts receivable – trade	(17,627)	(4,856)
Decrease (increase) in sales finance receivables	(18,905)	(13,788)
Decrease (increase) in inventories	(2,194)	(6,106)
Increase (decrease) in notes and accounts payable – trade	18,689	(9,335)
Other, net	6,769	1,416
Subtotal	146,432	116,667
Interest and dividend income received	4,951	5,165
Interest expenses paid	(3,085)	(2,470)
Income taxes paid	(23,283)	(35,316)
Net cash provided by (used in) operating activities	125,015	84,046

	Millions of yen	
	Nine months ended September 30, 2017 (January 1— September 30, 2017)	Nine months ended September 30, 2018 (January 1— September 30, 2018)
Cash flows from investing activities:		
Payments into time deposits	(1,266)	(122)
Proceeds from withdrawal of time deposits	195	1,134
Purchase of property, plant and equipment and intangible assets	(46,669)	(36,214)
Proceeds from sales of property, plant and equipment and intangible assets	7,671	4,887
Purchase of investment securities	(449)	(1,770)
Proceeds from sales of investment securities	1,726	225
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,596)	—
Other, net	372	370
Net cash provided by (used in) investing activities	(40,014)	(31,489)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	(1,280)	(13,405)
Proceeds from long-term loans payable	22,922	14,913
Repayment of long-term loans payable	(61,065)	(40,969)
Net decrease (increase) in treasury shares	(6)	(3)
Cash dividends paid	(24,100)	(32,832)
Dividends paid to non-controlling interests	(10,390)	(10,491)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(85)	—
Other, net	(144)	(211)
Net cash provided by (used in) financing activities	(74,149)	(82,999)
Effect of exchange rate change on cash and cash equivalents	(860)	(1,910)
Net increase (decrease) in cash and cash equivalents	9,989	(32,352)
Cash and cash equivalents at beginning of period	135,527	155,635
Increase in cash and cash equivalents from newly consolidated subsidiary	0	—
Cash and cash equivalents at end of period	145,517	123,282

(4) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

Notes in the Event of Material Changes in the Amount of Shareholders' Equity

None

Segment Information

Segment information

Nine months ended September 30, 2017 (January 1, 2017 through September 30, 2017)

Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total				
Net sales:									
Outside customers	782,023	250,836	106,490	49,525	1,188,875	61,821	1,250,696	—	1,250,696
Intersegment	—	—	—	—	—	28,633	28,633	(28,633)	—
Total	782,023	250,836	106,490	49,525	1,188,875	90,454	1,279,330	(28,633)	1,250,696
Segment income (Note 2)	54,454	48,661	1,260	11,548	115,924	4,924	120,849	0	120,849

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. Total of segment income corresponds to operating income in the Consolidated Statements of Income.

Nine months ended September 30, 2018 (January 1, 2018 through September 30, 2018)

Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Motorcycles	Marine products	Power products	Industrial machinery and robots	Total				
Net sales:									
Outside customers	770,254	268,260	112,085	51,788	1,202,388	59,564	1,261,952	—	1,261,952
Intersegment	—	—	—	—	—	27,837	27,837	(27,837)	—
Total	770,254	268,260	112,085	51,788	1,202,388	87,401	1,289,790	(27,837)	1,261,952
Segment income (Note 2)	45,338	53,116	782	12,732	111,970	3,534	115,505	0	115,505

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. Total of segment income corresponds to operating income in the Consolidated Statements of Income.