



New Medium-term Plan (2016~2018)

December 15th 2015
Yamaha Motor Co., Ltd.

Management Strategies

Hiroyuki Yanagi

President, CEO and Representative Director

Corporate Brand Values

Revs Your Heart

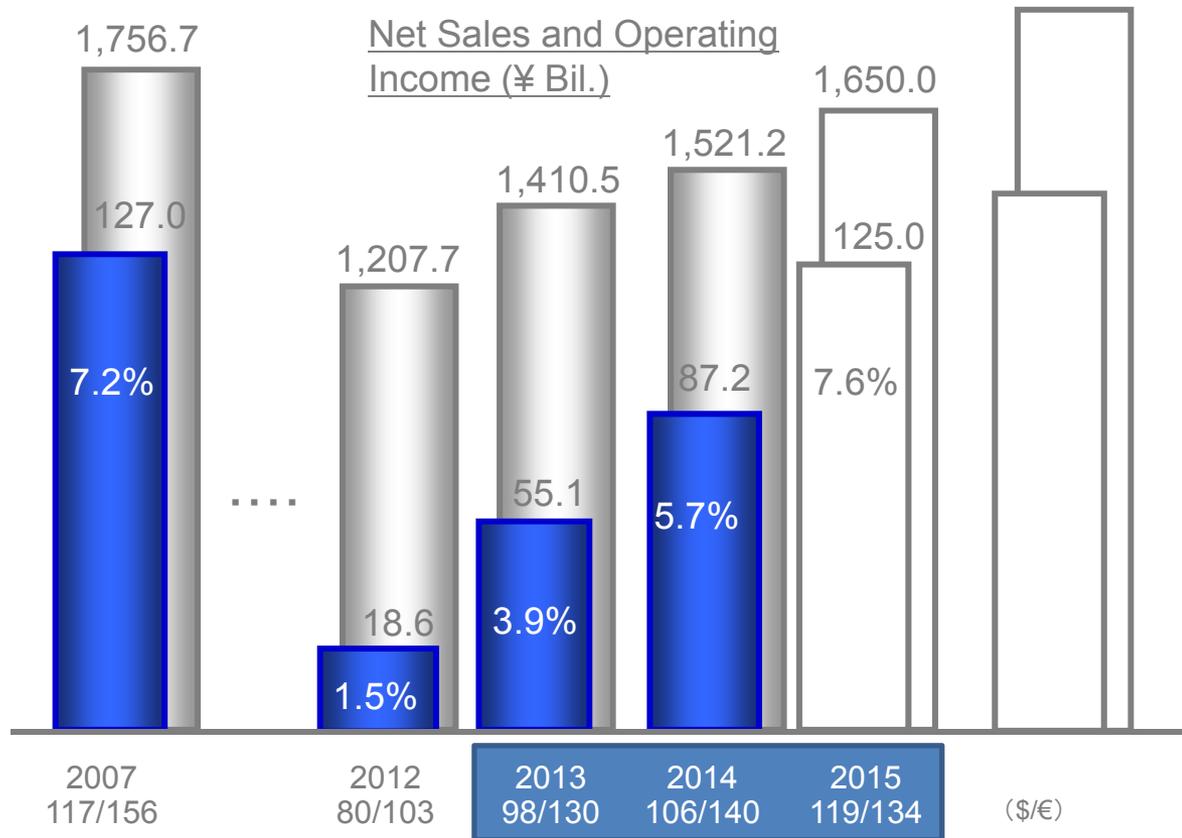
Creating exceptional value and experiences that enrich the lives of all those who encounter Yamaha Motor

Corporate Management Values

A unique company that continues to achieve
dynamic milestones

FY2015 This year, Yamaha Motor Has Achieved.....

FY2015 (compared with FY2012)



Net Sales Growth Rate

137% (excluding foreign exchange effects 119%)

Key Products Production Volume

6.139 mil. units (▲609,000 units)

Market Share

Motorcycles

- Developed Markets :16.4% (+4.0)
- ASEAN :26.8% (▲3.3)
- India :3.6% (+1.2)
- Outboard Motors :39.1% (▲2.8)
- ROV (North America) :6.5% (+3.2)

Overseas Net Sales Percentage

89.8% (+2.4)

Return on Equity

12.4% (+9.5)

Equity Ratio

38.5% (+6.5)

Net Income per Share

169 yen (+148 yen)

217 yen excluding one-off factors

Percentage Increase in Market Capitalization

315% (Total Capitalization 1,046.5 ¥ Bil.)

As at December 1

FY2018

Beginning new growth from 2 trillion yen and a standard of 10%

- Developed markets: Steady conditions continue
- Emerging Markets: Recovery is apparent in some markets

FY2016

Securing stable income and continuing investment for new growth

- Developed markets: Steady conditions continue
- Emerging Markets: Market slumps and weakening currencies continue

FY2015

Increasing corporate value by achieving sustainable growth

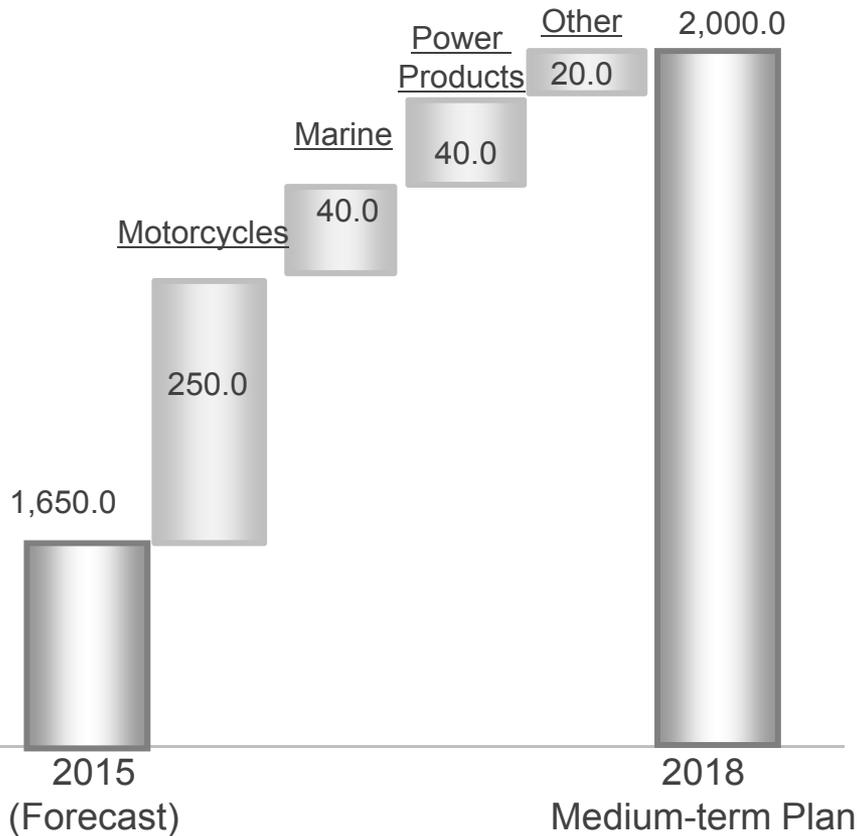
- Developed markets: Steady conditions continue
- Emerging Markets: Slide into market slumps and weakening currencies

FY2018

Beginning New Growth From 2 Trillion Yen and OP margin 10% level

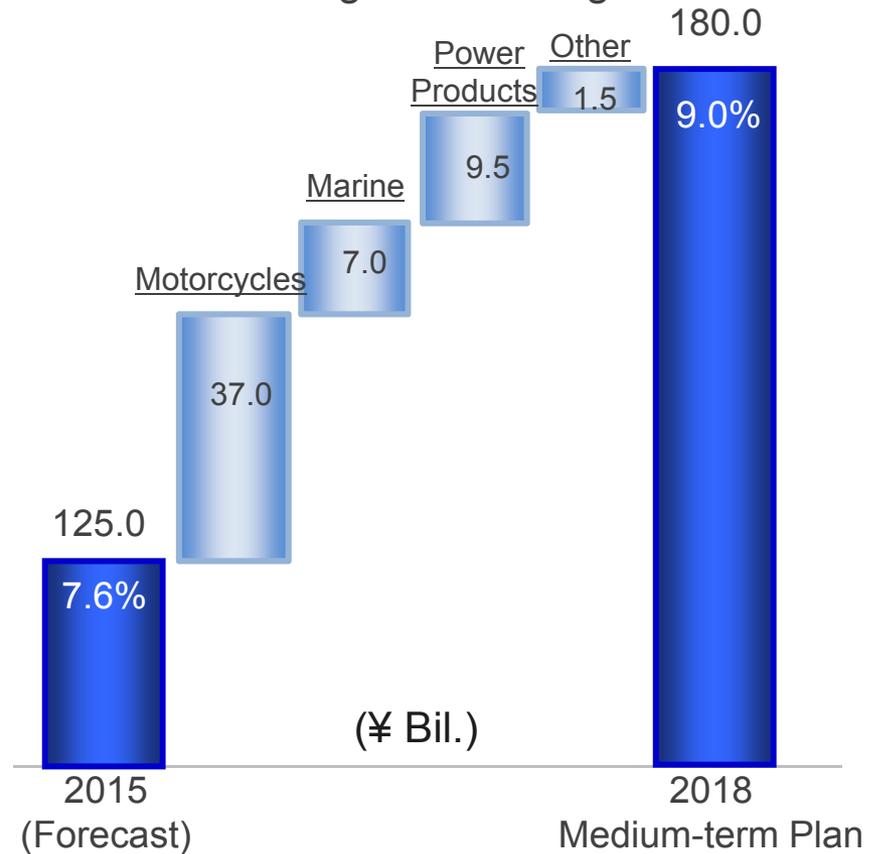
Net Sales +350.0 ¥ Bil. (21%)

Developed markets: Steady conditions continue
Emerging Markets: Recovering and Expanding in 3 markets



Operating Income +55.0 ¥ Bil. (44%)

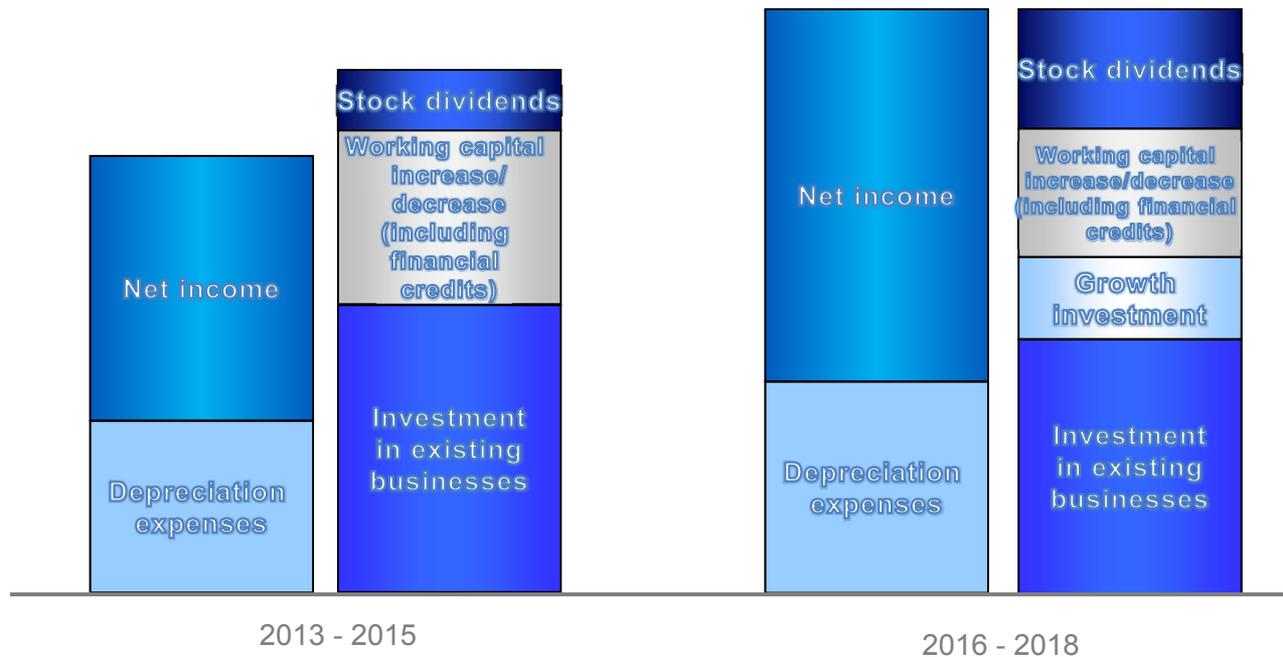
Increasing the earning power of existing businesses, and investing resources into new growth strategies



Financial Strategies

Creating a Stable Financial Foundation

■ Increasing the earning power of existing businesses (marginal profit, investment efficiency, business efficiency), and while creating a stable financial foundation, increasing new growth investment and stock dividends



Equity ratio:	38.5%	42.5%
Shareholders' equity:	500.0 ¥ Bil.	700.0 ¥ Bil.
ROE (average):	13.8%	15%
Dividend payout ratio:	20-26%	30%
EPS:	169 yen	300 yen or more

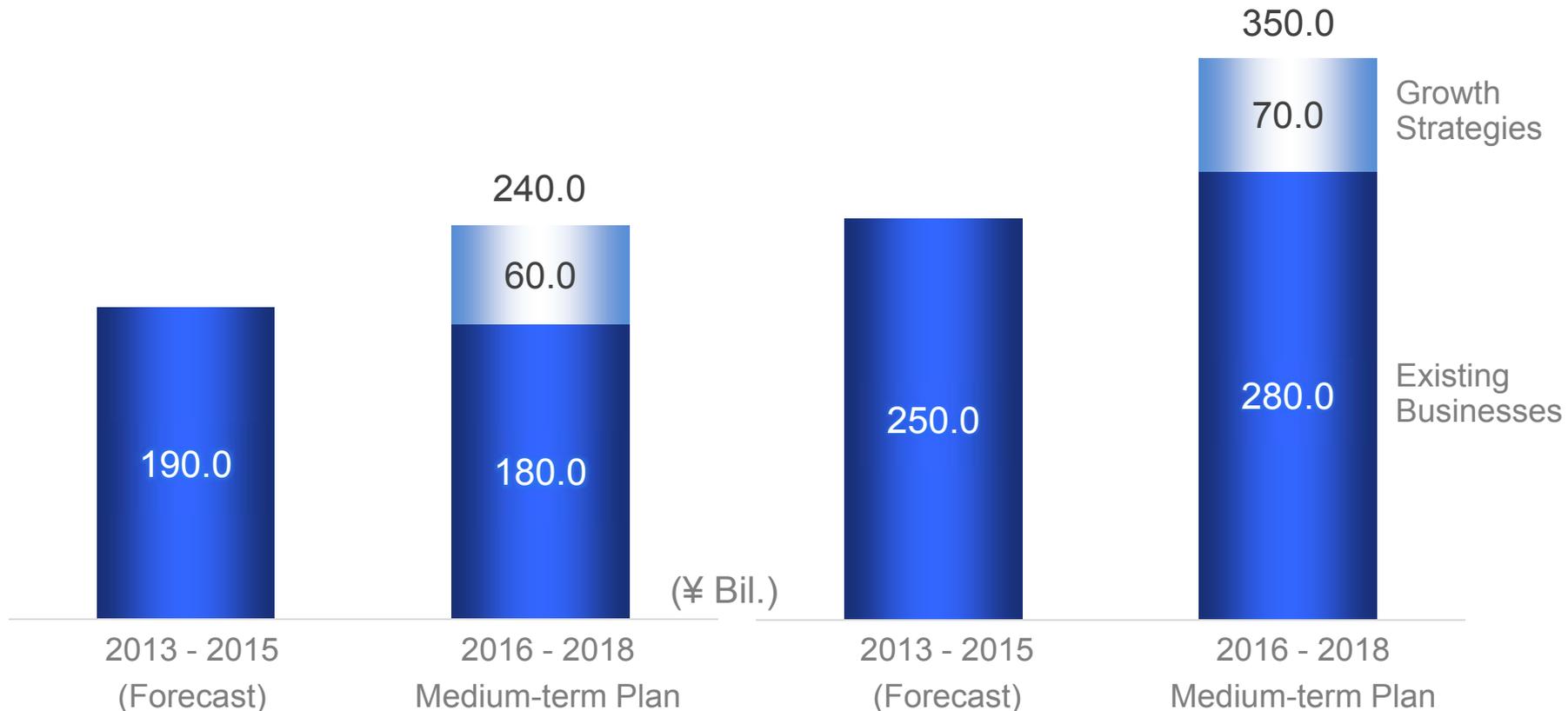
Financial Strategies

Investing Management Resources into Growth Strategies

- Increasing efficiency of existing businesses and investing 130.0 billion yen in new growth strategies

Investments

R&D Expenses



Financing Business

Expanding Scale of Support for Existing Businesses

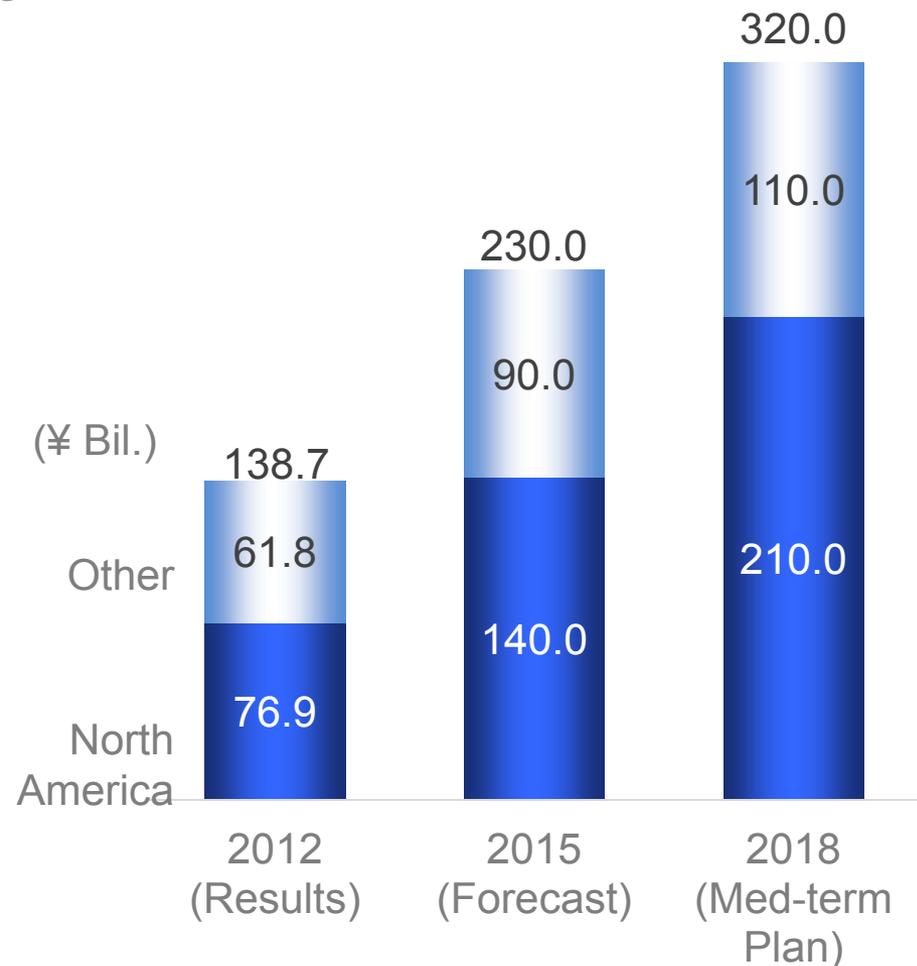
2013 - 2015

- Full-scale initiatives began
- Financing subsidiaries established in the U.S.A. and Canada

2016 - 2018

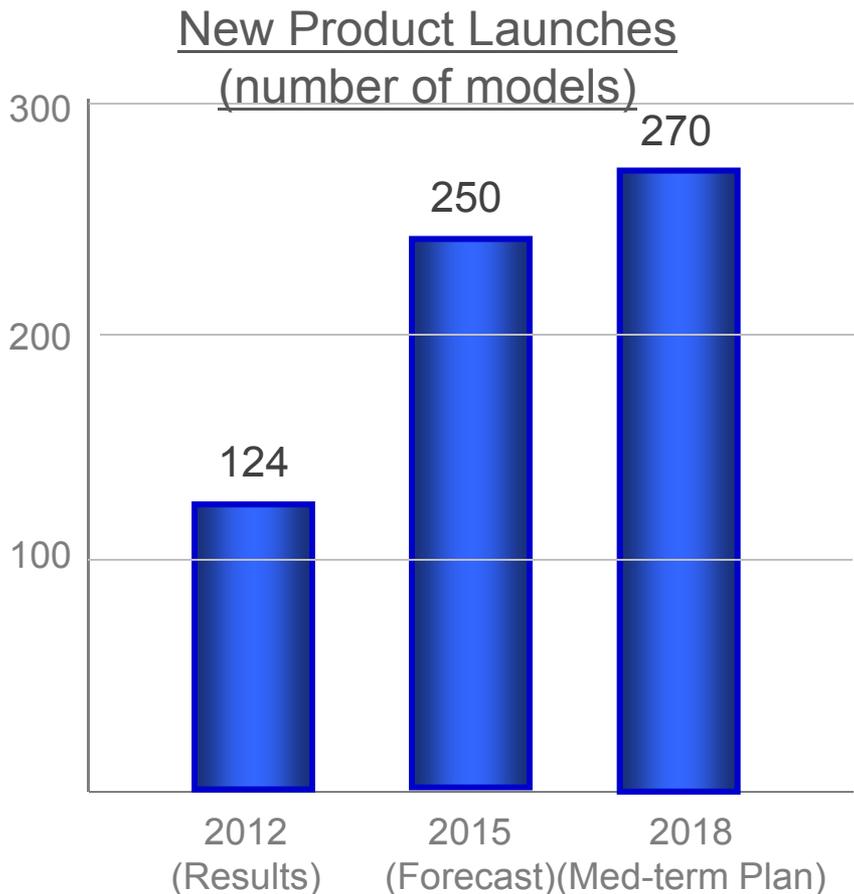
- Strengthening the operational foundation
- Towards a business with a receivable balance of 300.0 billion yen

Financing Business Receivable Balance



Product Competitiveness

"Quality of Products and Work"
Increasing "Brand Power" and "Earning Power"



GEN

New Ideas and Communications

Play & Sure

Technology that creates joy and trust among customers

S·EX·Y

Expressing refined dynamism

Forms, sense of quality, and allure

Ties

The power to form a strong team and strong connection with customers

Global Management

"Governance" and "Development of Human Resources who Embody the YAMAHA Brand"

■ Globalization (Overseas Proportion)

- Net Sales : 90%
- Key Products : 90%
- Production Volume
- Development (Motorcycles) : 25% -> 35% (vehicle bodies/engines)
- Development (RV) : 47% -> 70% (vehicle bodies)
- Development (WV/SB) : 70% -> 80% (hulls)
- Corporate Management : GEC
- Human Resource Management
- Global Grading : 600
- Core Positions : 180
 - Proportion of Localization : 45% -> 60%
- Training Programs : GEP/ REP/ Succession Plan
- Diversity : Appointments of overseas human resources staff and female managerial staff, etc.

3 Business Areas and 4 Growth Strategies

Broadening Technological Base x Broadening Customer Base



Innovative technologies that harmonize with people, society and the Earth

Enjoyment in personal mobility

Solutions Business
Creating "distinctive diversity"

Fulfilling Lifestyles

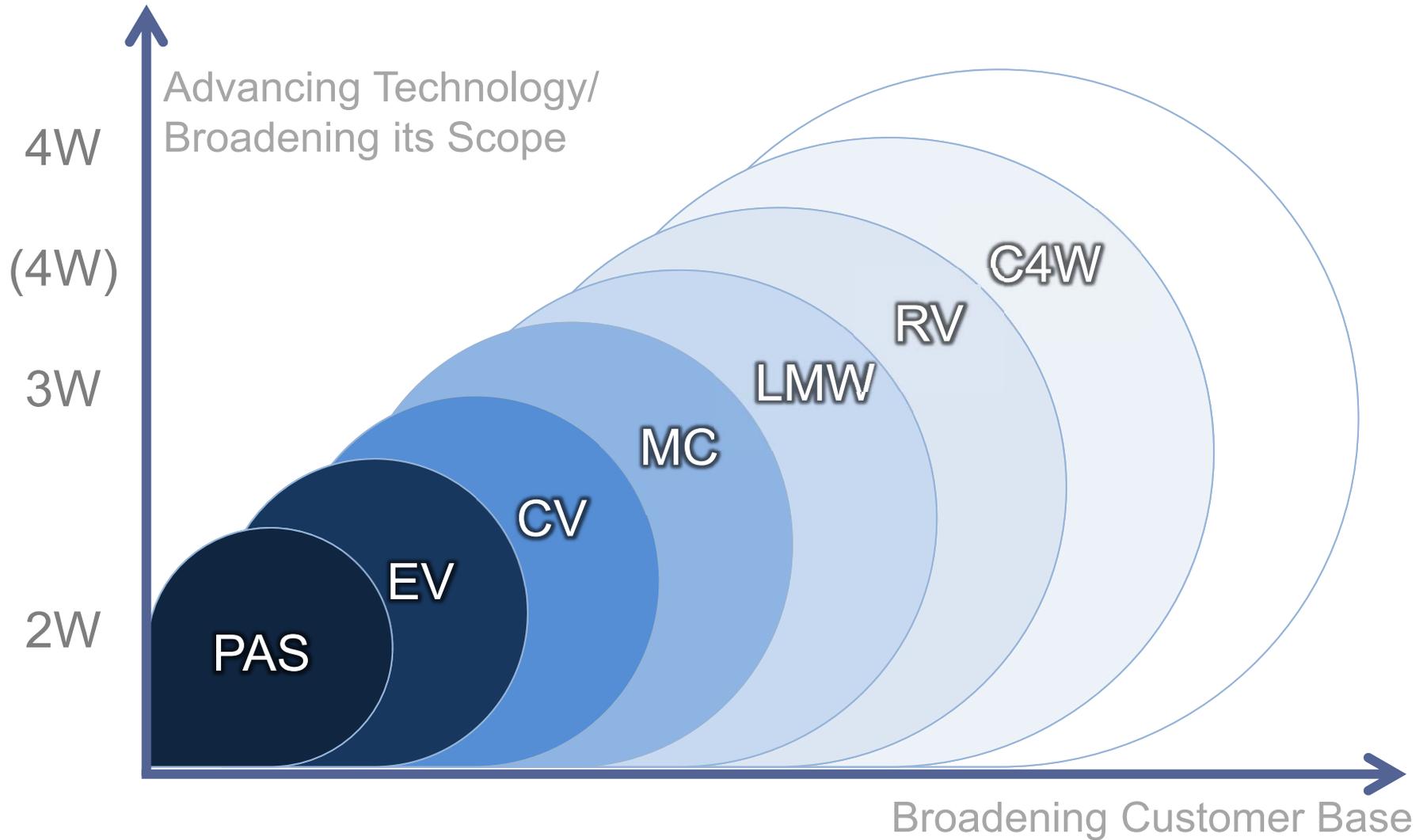
Competing in the 3-trillion-yen global marine market
Creating a strong No. 1 brand as a system supplier

"The growing world of personal mobility"
Creating "distinctive diversity" through optimal management

Foundational Technology Development
Advancement of elemental technologies, creating new combinations

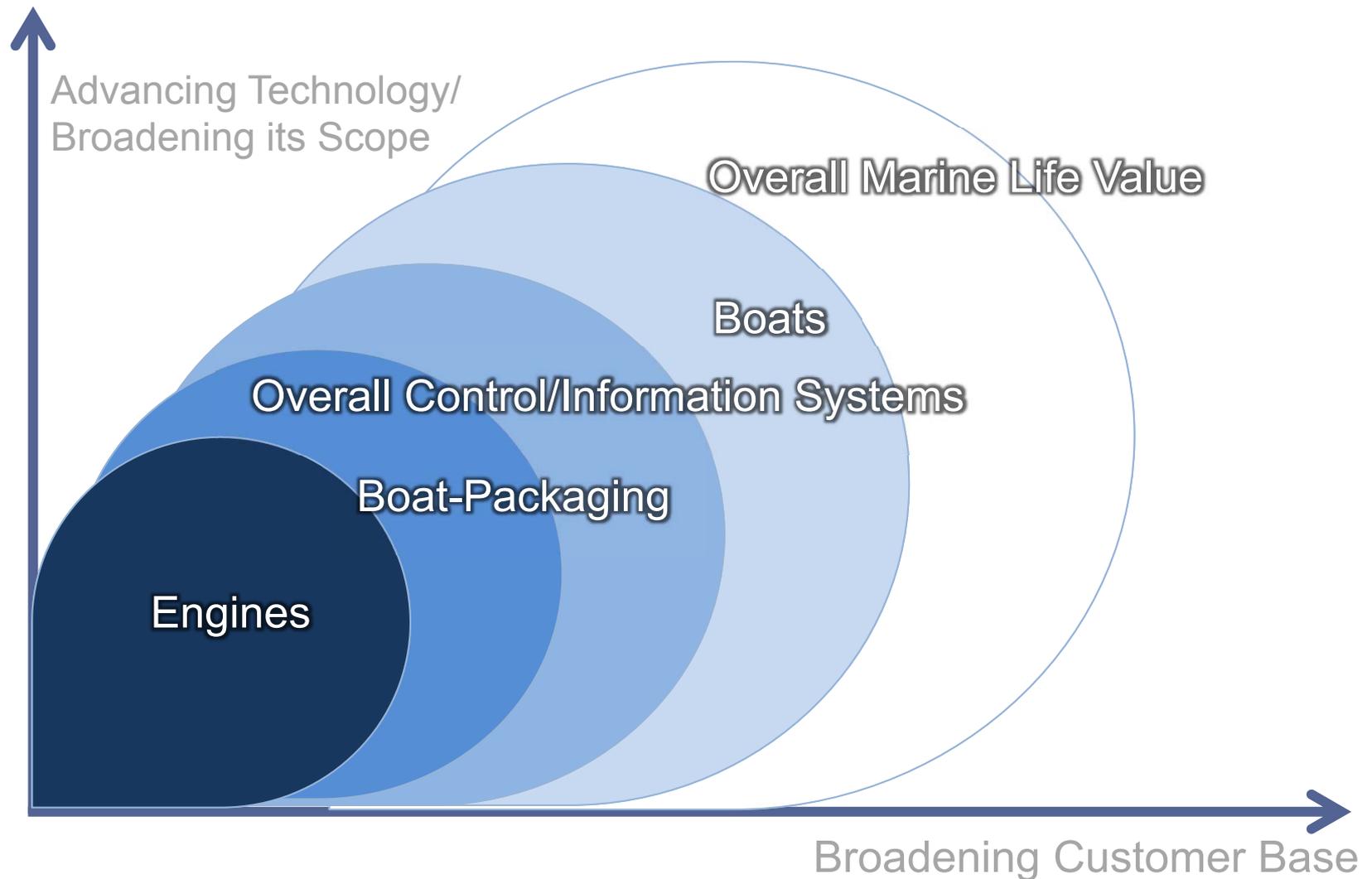
Creating "The Growing World of Personal Mobility"

Creating "Distinctive Diversity" through Increasing Management Efficiency



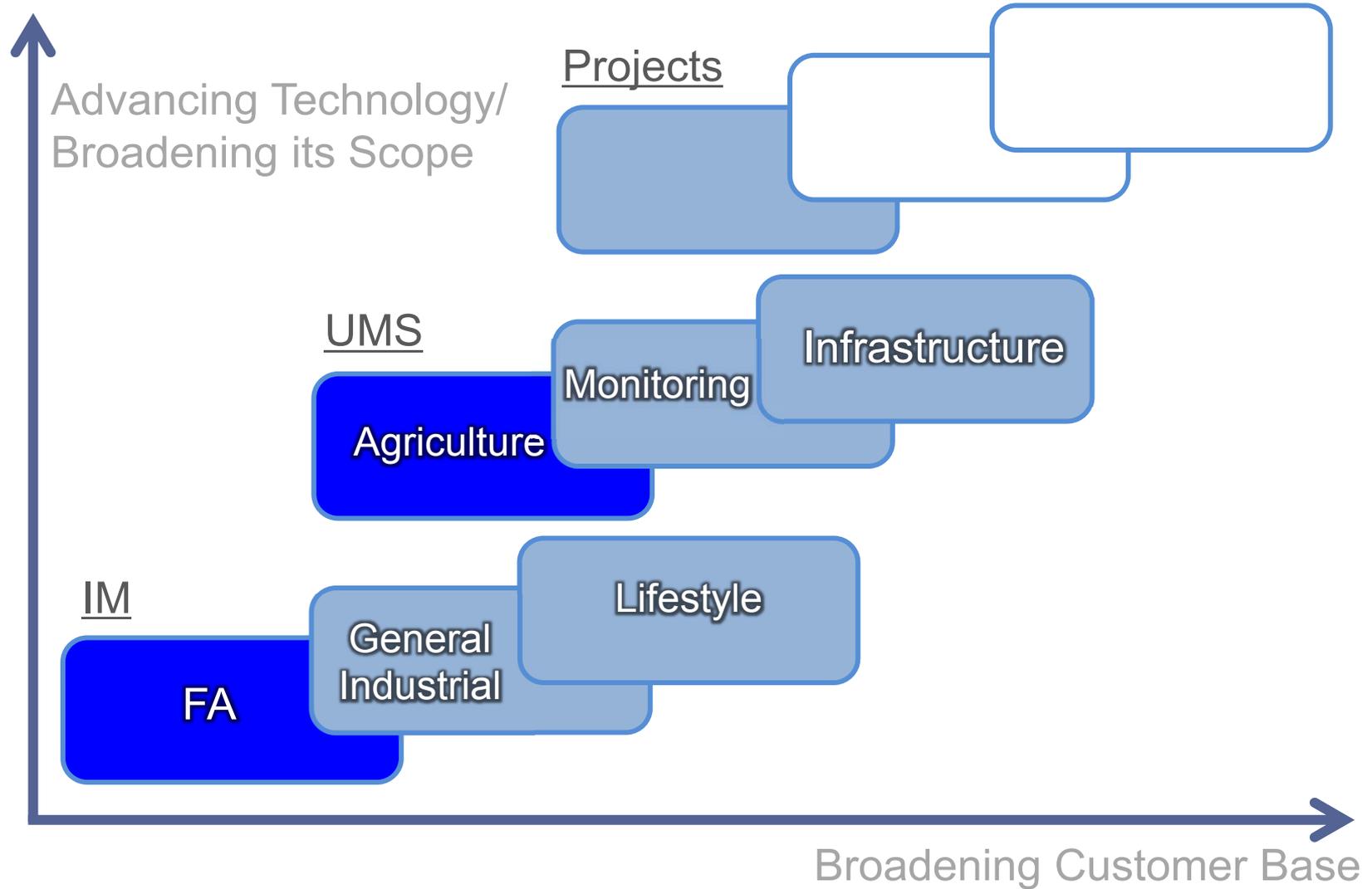
Competing in the 3-trillion-yen Global Marine Market

Creating a Strong No. 1 Brand as a System Supplier



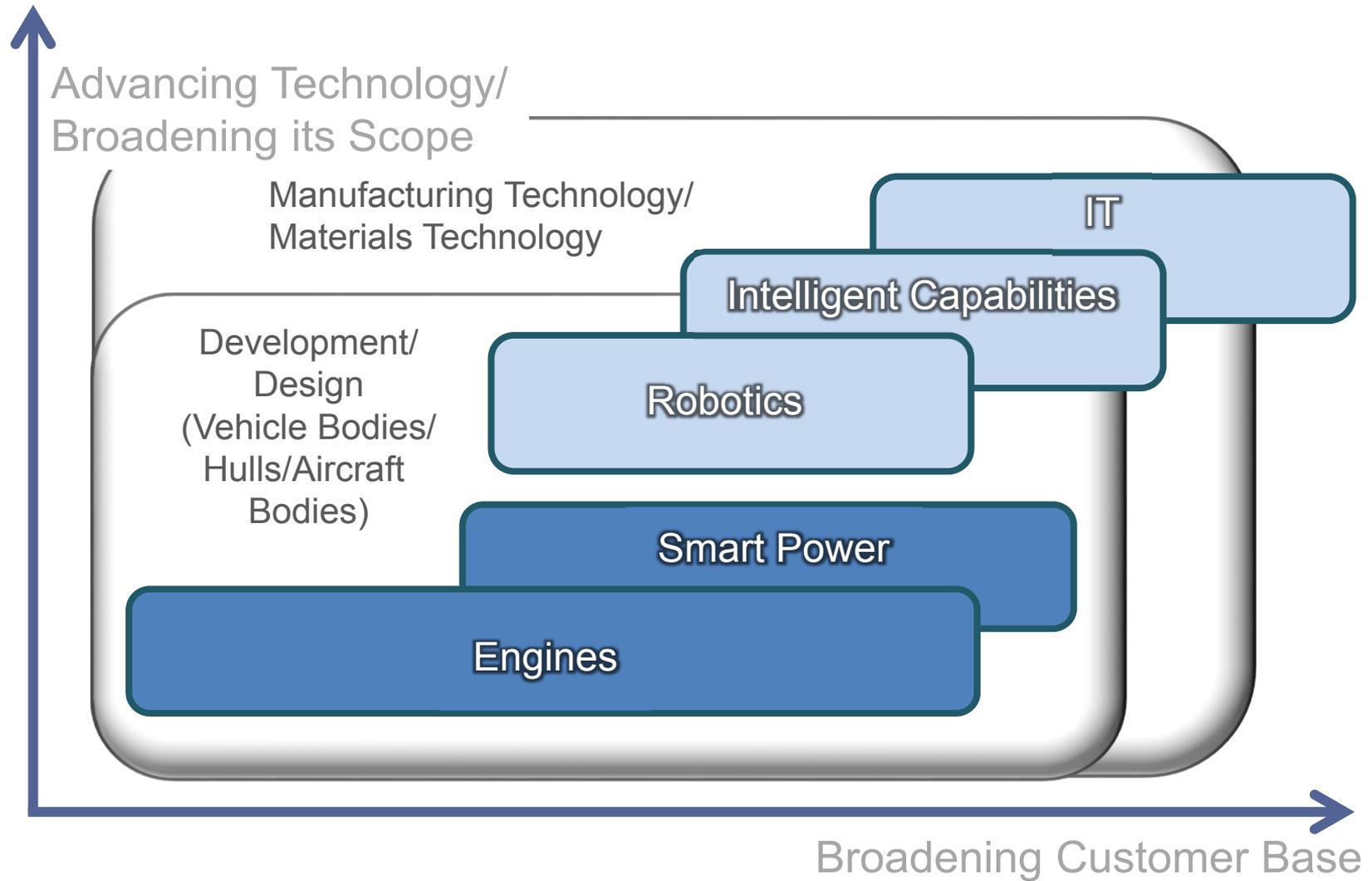
Competing in the Solutions Business

Creating "Distinctive Diversity"



Foundational Technology Development

Advancement of Elemental Technologies, Creating New Combinations



Business Growth Strategies

Motorcycle Business

Katsuaki Watanabe

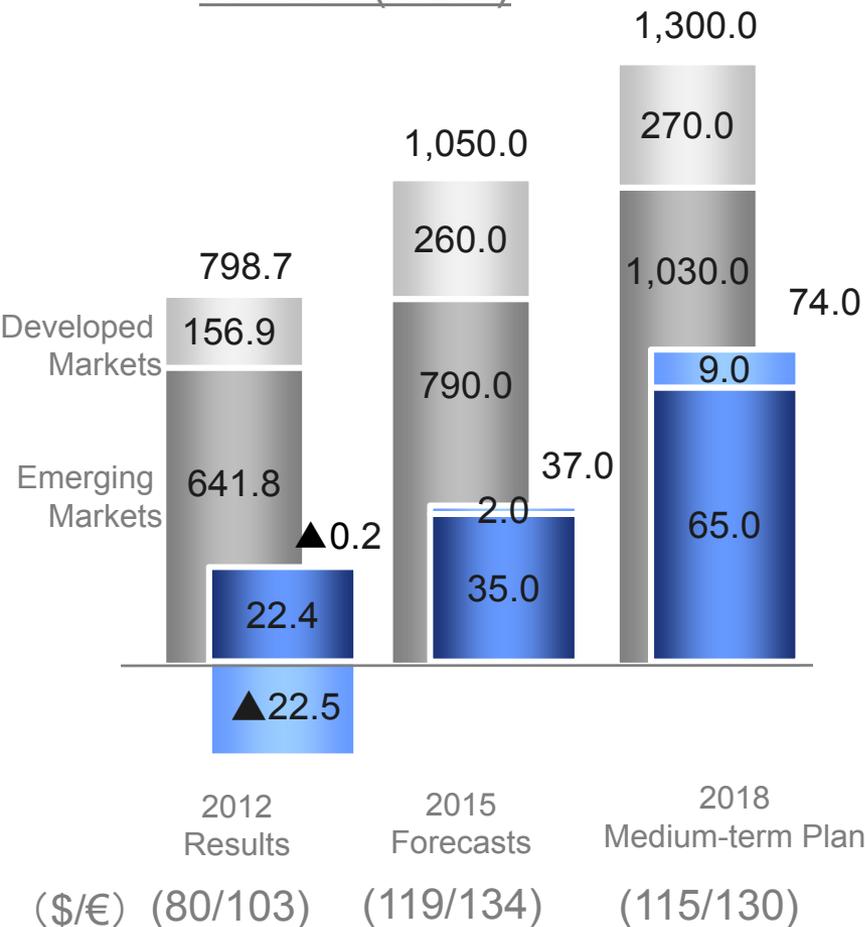
Senior Executive Officer

Chief General Manager of Motorcycle Business Operations

Motorcycles

Business Management Plan

Net Sales and Operating Income (¥ Bil.)



Moving towards "Highly-efficient" Business Management

Building a stable profit structure through high management efficiency and product competitiveness regardless of unit volume

■ High Management Efficiency

- Platform development, cost reductions
- Reducing capital expenditure (to within depreciation expenses)
- Reducing working capital (SCM)

■ High Product Competitiveness

- Developed markets: Making our brand shine
- Emerging markets: Delivering new value and freshness

Motorcycles

Strategies in Key Regions

ASEAN (Large)

Promoting platform strategies, capturing market share and high profitability

India

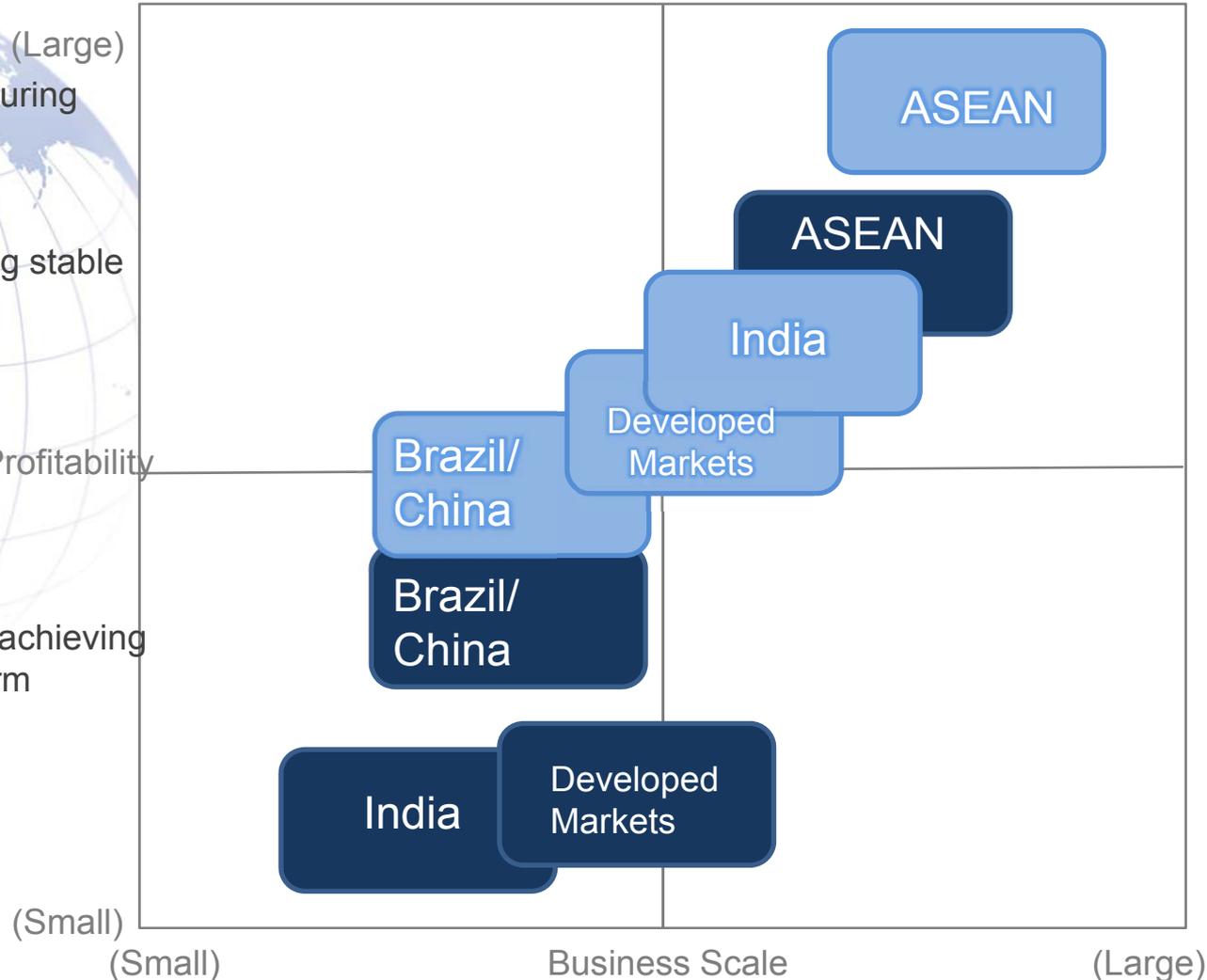
Expanding product lineup, achieving stable profit through volume scale

Brazil/China

Achieving stable profit through the break-even-point business model

Developed Markets

Communicating high brand power, achieving stable profit through structural reform



Motorcycles

Recovery in Volume Scale

India

Market: Solid growth continues

Strategy: Targeting mass market (regions)

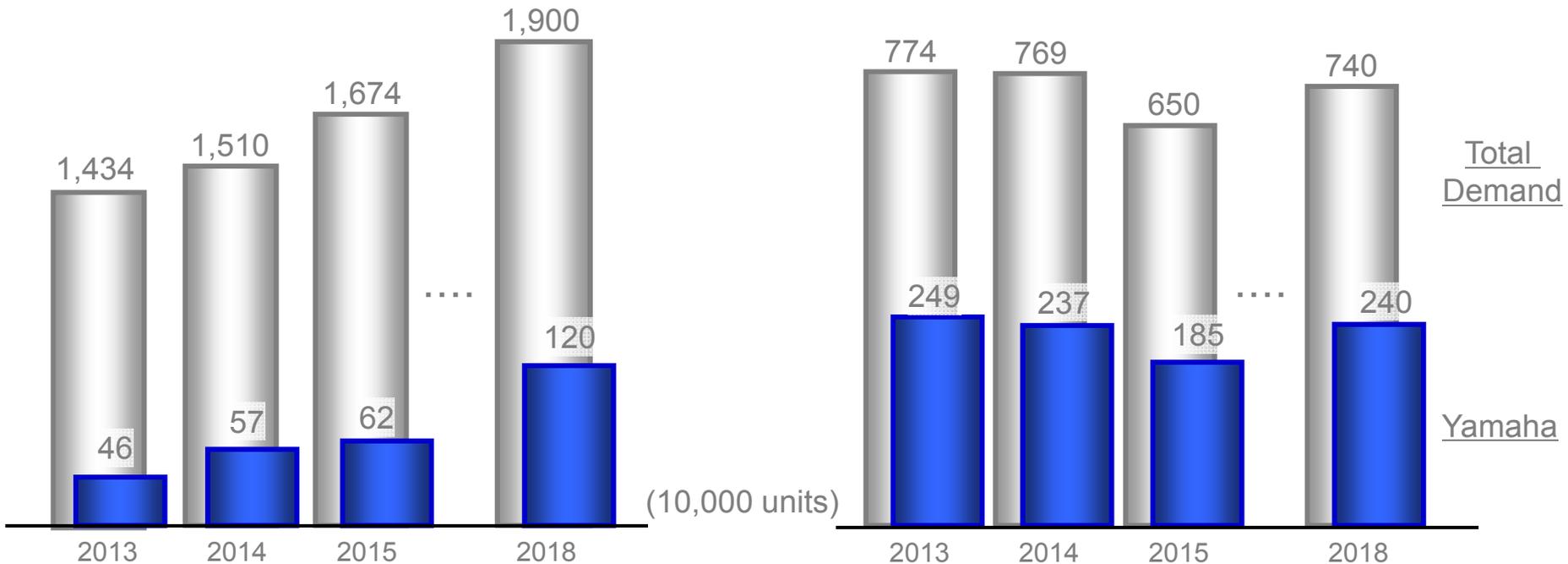
- Launching emerging-market strategy models
- Improving sales network quantity and quality
- Strengthening customer contact points

Indonesia

Market: Medium-term recovery is anticipated

Strategy: Deepening area marketing

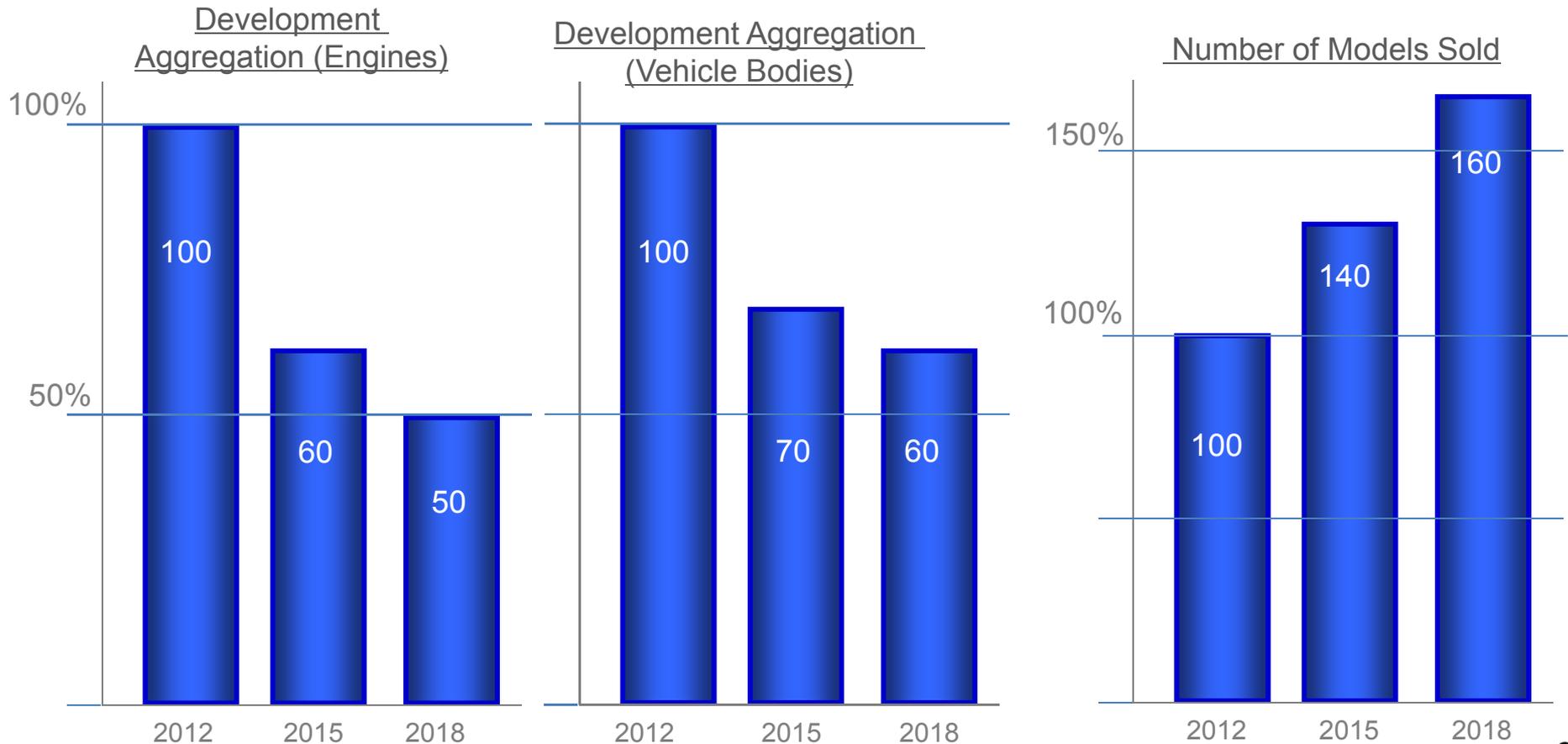
- Further strengthening the sports field
- Platform variation rollout
- Strengthening customer contact points



Motorcycles

Increasing Efficiency of Product Development (Platforms)

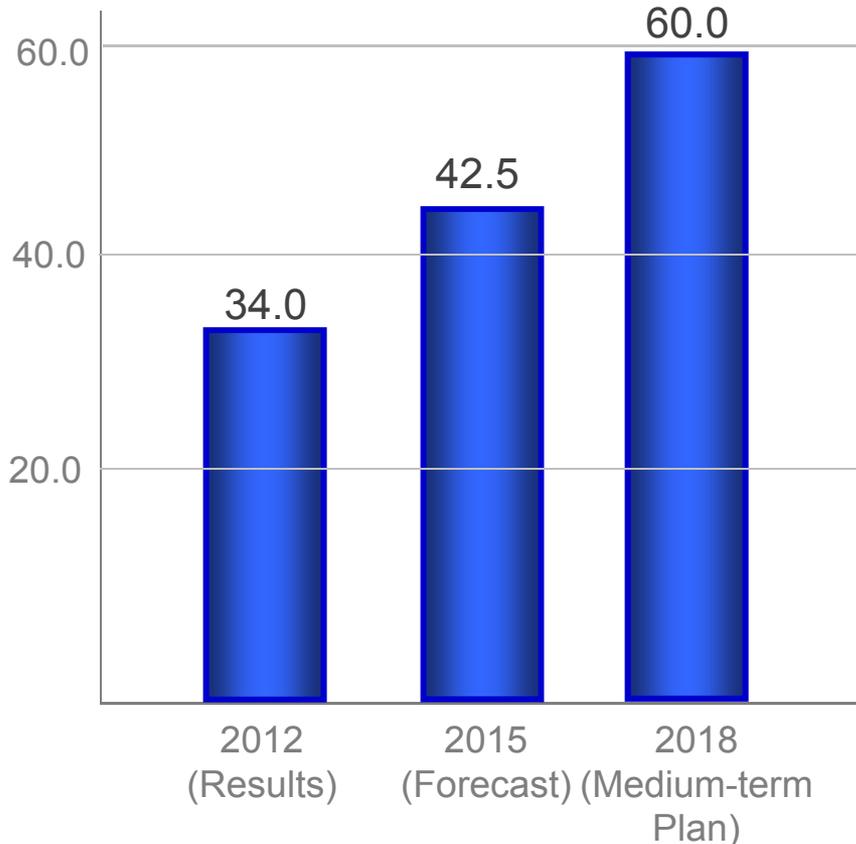
2015: 1st generation development, 2018: 1st generation mature, 2020: To 2nd generation
Delivering products to markets with increasingly diverse customers "promptly", "quickly", and with "freshness"



Motorcycles

Cost Reductions in Procurement, Manufacturing, and Logistics

Company-wide Cost Reduction (¥ Bil)



Aiming for a 5% Reduction in Material Purchase Costs

- Strengthening Platform Model Competitiveness
 - Continued cost reductions of ▲30%
- Expanding global layout initiatives
 - 65% field: 400→200 companies (aggregation completed)
 - 80% field: 650→350 companies
- Theoretical-value-based production/theoretical-value-based logistics

Motorcycles

Developed Markets: Making our Unique Brand Shine



Jin-Ki Kanno

(The Seductive Exhilaration of Being One With the Machine)

Develop a wide range of variations



Racing Technology

Continue to enhance leading-edge technology



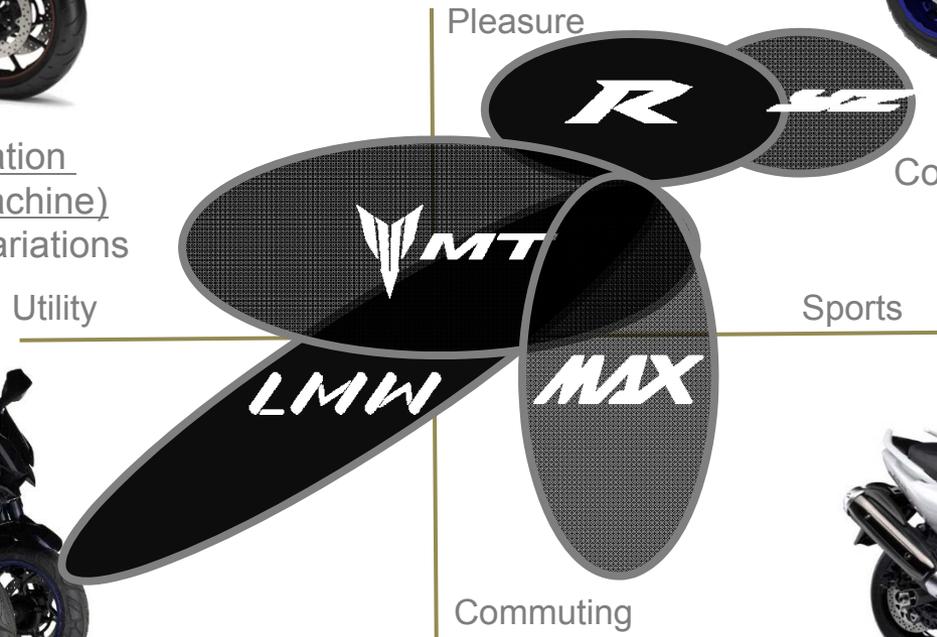
The Third-vehicle Category

From the commuter to the sports field



Sports and Commuter

Global lineup



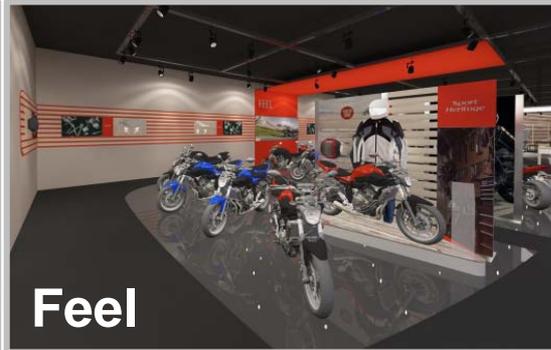
Motorcycles

Marketing Building Strong Ties with Customers

Europe "Three Blocks": Organizing the sales network to suit the special requirements of "Daily Needs", "Love for Motorcycles", and "Race Motorcycles". 50% of key dealerships (across Europe) have been transitioned



Move



Feel



Race

India
Expanding the sales network from 1,500->2,500 dealerships, rollout of Yamaha Music



ASEAN
Expanding the secondary sales network 700->2,000 dealerships;
Time Commitment Service (to 21 countries and 3,000 dealerships globally)



U.S.A.
"bLU cRU" From tangibles to intangibles. Providing the occasion, training for off-road customers, etc.



Business Growth Strategies

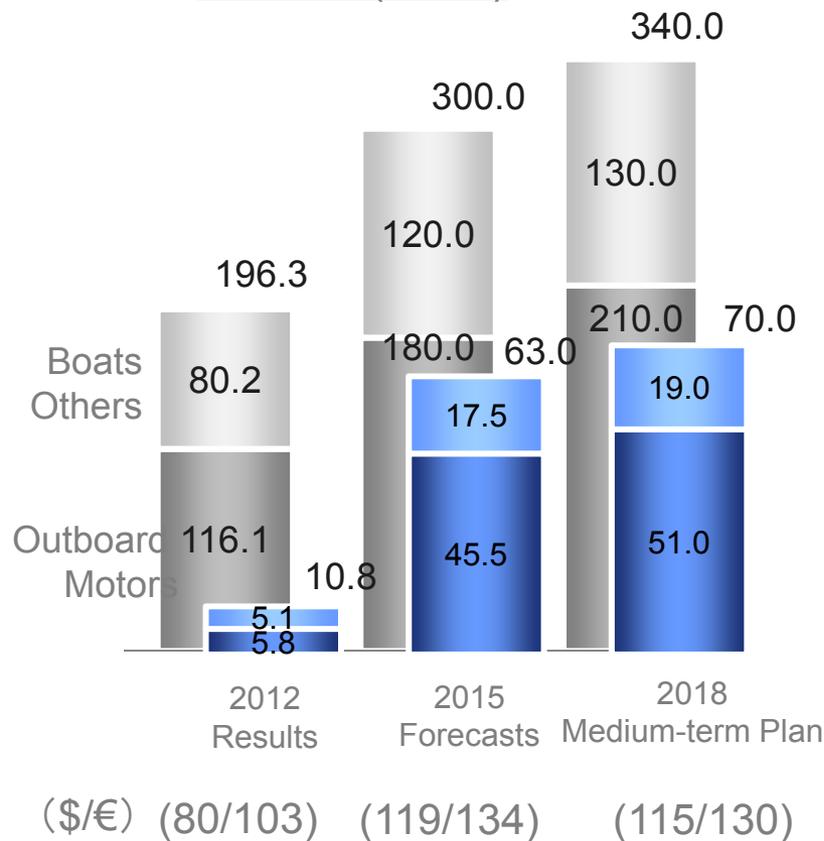
Marine Business

Hirofumi Usui

Executive Officer

Senior General Manager of Marketing Section

Net Sales and Operating Income (¥ Bil.)



"Competing in the 3-trillion-yen global market"

From net sales of 300.0 billion yen and an operating income ratio of 20%, a business model that grows further

■ From an engine to a system supplier

Providing broader corporate value based on our engine/peripheral equipment and hull strategies

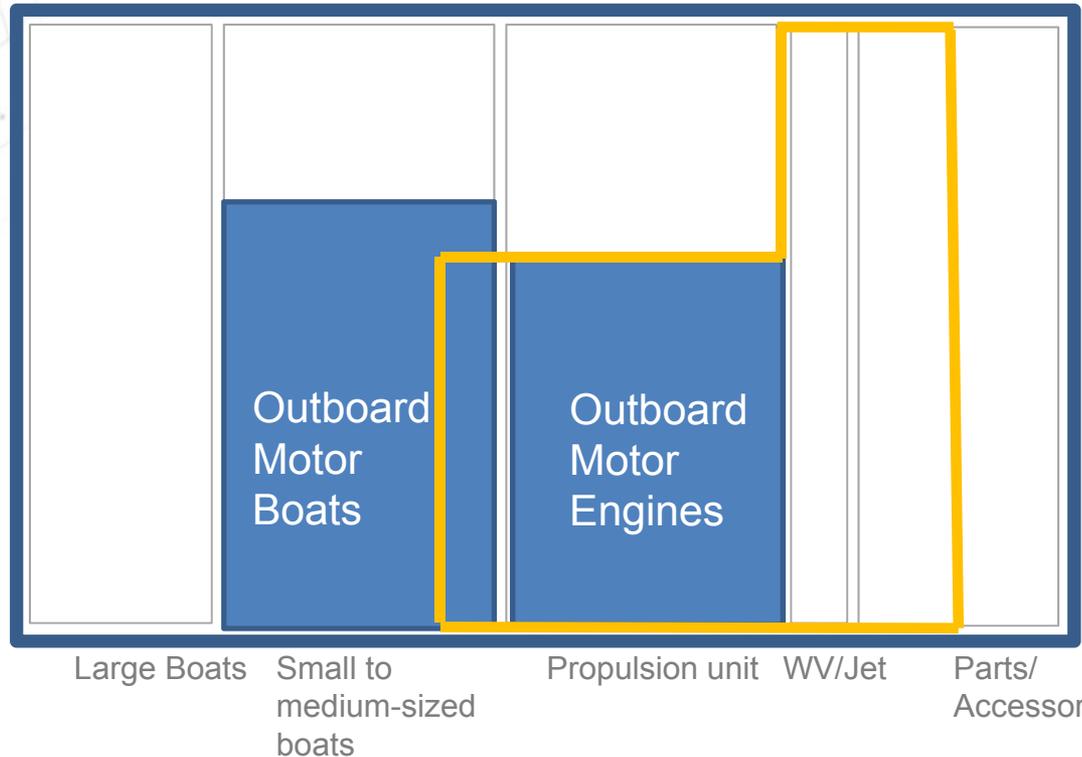
■ An even stronger global No. 1 brand

- Overall business strength
- Reliability
- Network strength

Marine "Competing in the 3-trillion-yen global market"

From net sales of 300.0 billion yen and an operating income ratio of 20%, a business model that grows further

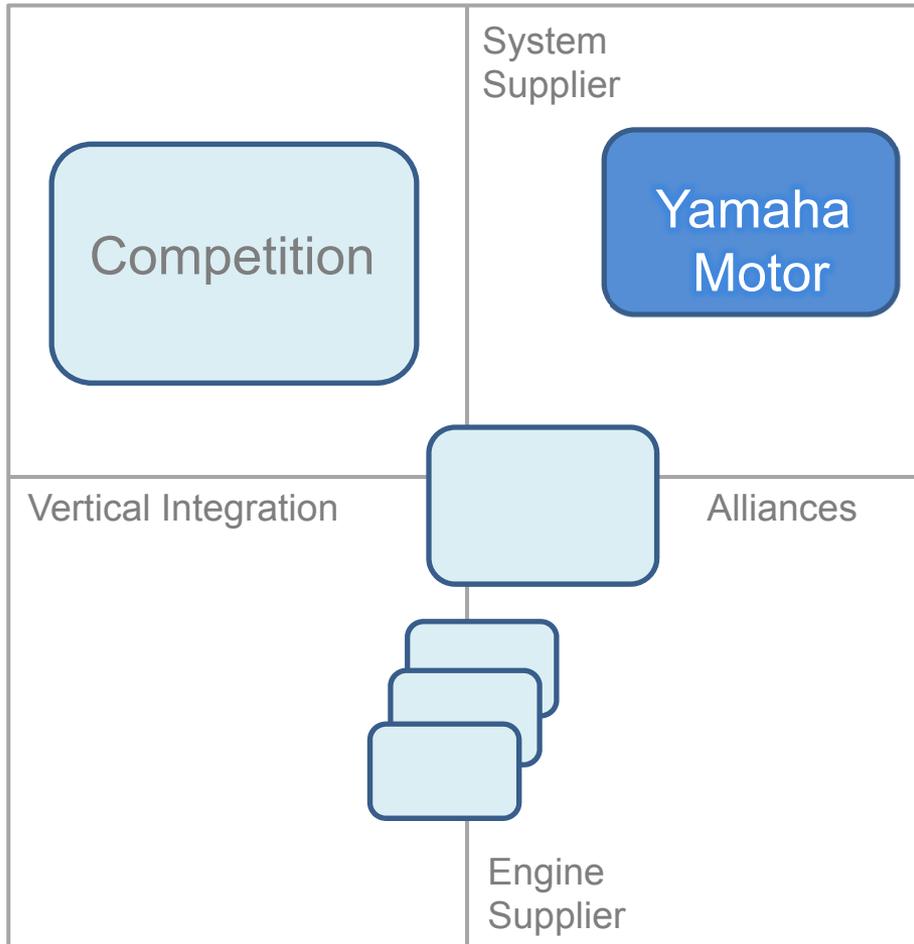
3-trillion-yen Marine Business Market



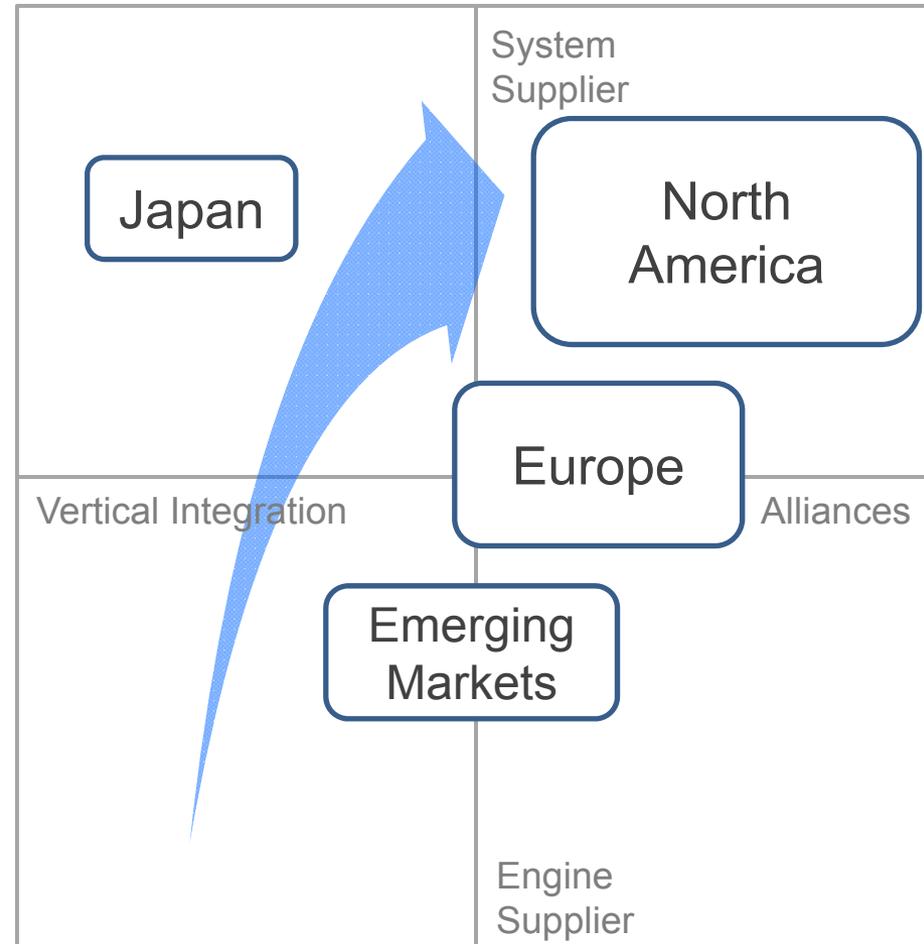
Marine

Global Business Strategies

Business Model in the Global Market



Strategic Direction (Becoming a System Supplier)

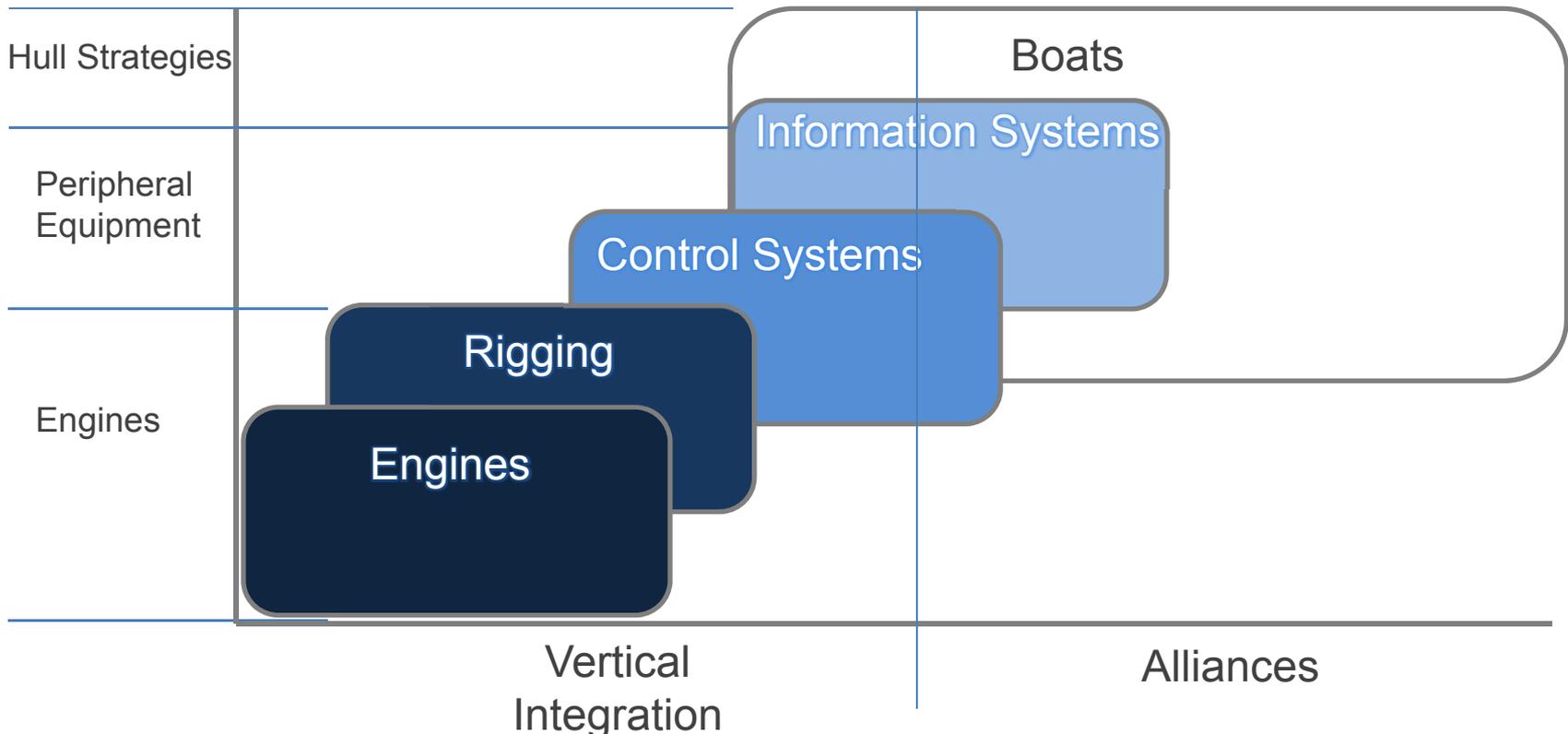


Marine

A System Supplier Is...

Providing broader corporate value based on our engine/peripheral equipment and hull strategies

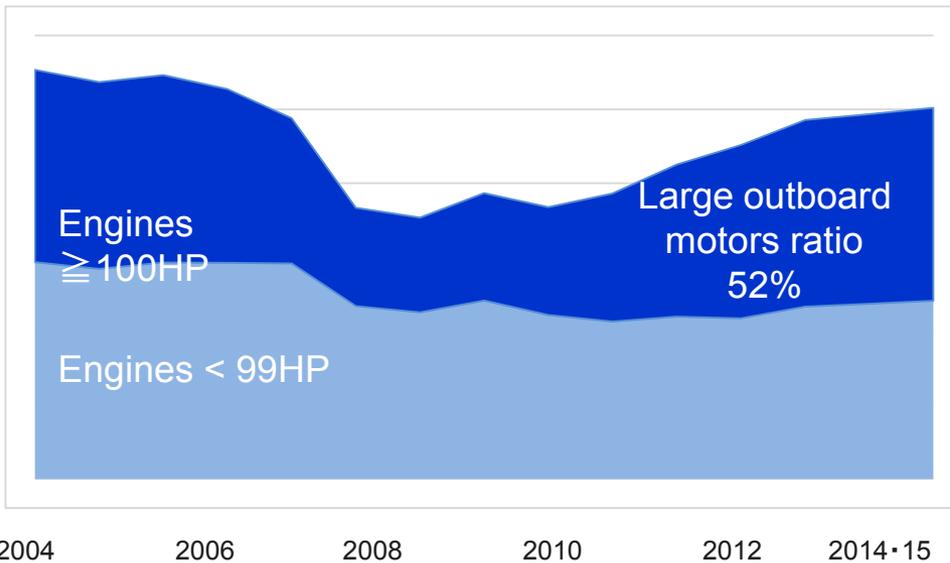
- Engines: Providing a highly-reliable and broad product lineup (vertical integration)
- Peripheral equipment: Providing highly-reliable marine systems (vertical integration/alliances)
- Hull strategies: Providing broad boating value (vertical integration/alliances)



Marine

Targeting the large outboard motor market

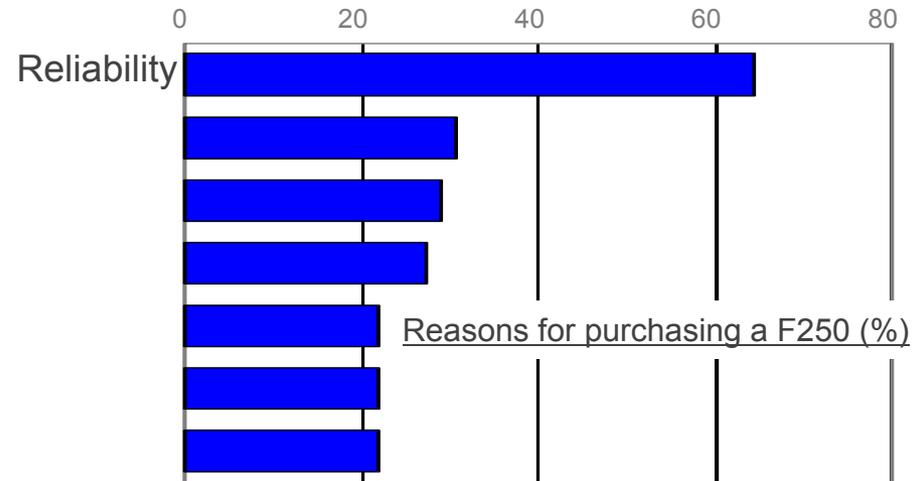
■ Sales trends in the North American market



■ Strong network strength/ tie-ups with boat builders

- Concurrent engineering
- Support for application technology
- Marketing support
- High service strength, technical training

■ Clear sense of reliability among customers



2018

■ High product technical capabilities



F200 (compared to previous model)

- More lightweight $\blacktriangle 20\%$
- More compact $\blacktriangle 14\%$

Brand Values

- The professionals are “satisfied”
- Medium- to upper-level customers “cannot be without it”
- Entry-level customers “look up to it”

The Three Forms of Strength That Form the Brand

“Overall business strength”

- (1) Broad business areas (engine/peripheral equipment and hull strategies)
- (2) Broad product lineup

“Reliability”

- (1) Absolute product reliability
- (2) System reliability through integrated control technology
- (3) Reliability as a business partner

“Network Strength”

- (1) Strong sales and service strength that covers the global market
- (2) Development, manufacturing, sales, and service activities that are locally focused

Business Growth Strategies

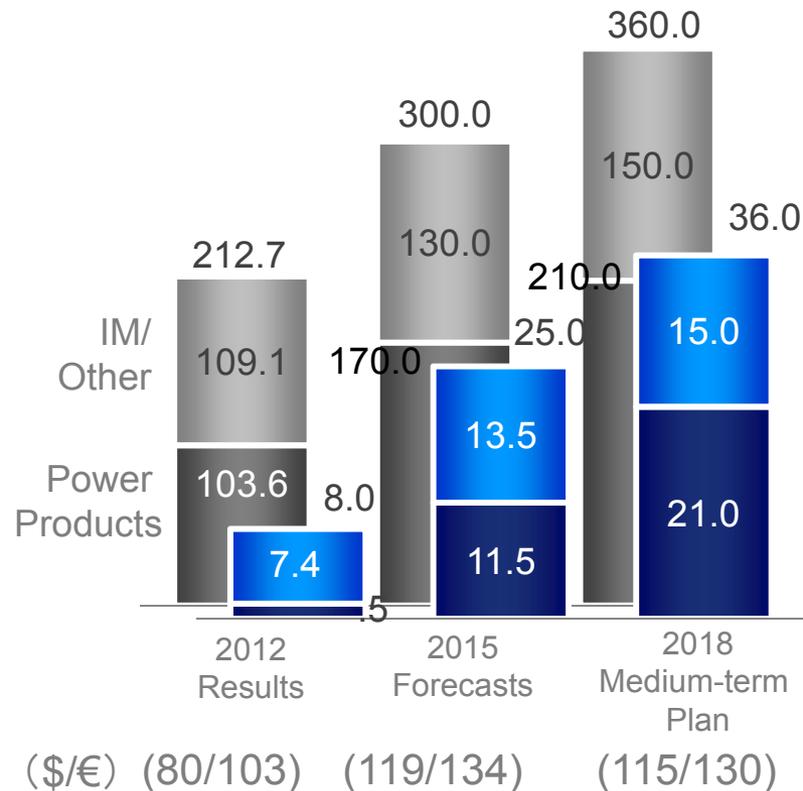
Power Products Business/Other

Toshizumi Kato

Senior Executive Officer

Chief General Manager of Vehicle & Solution Business Operations

Net Sales and Operating
Income (¥ Bil.)



"Creating a Unique Business Model"

From net sales of 350.0 billion yen and an operating income ratio of 10%, a group of unique business models that grow further

■ Power Products: RV becoming the third core business

To net sales of 200.0 billion yen and an operating income ratio of 10%

Accelerating the development of products which thoroughly increase differentiation and added value

■ IM: Becoming a high-profitability business by leveraging its strengths

To net sales of 60.0 billion yen and an operating income ratio of 20%

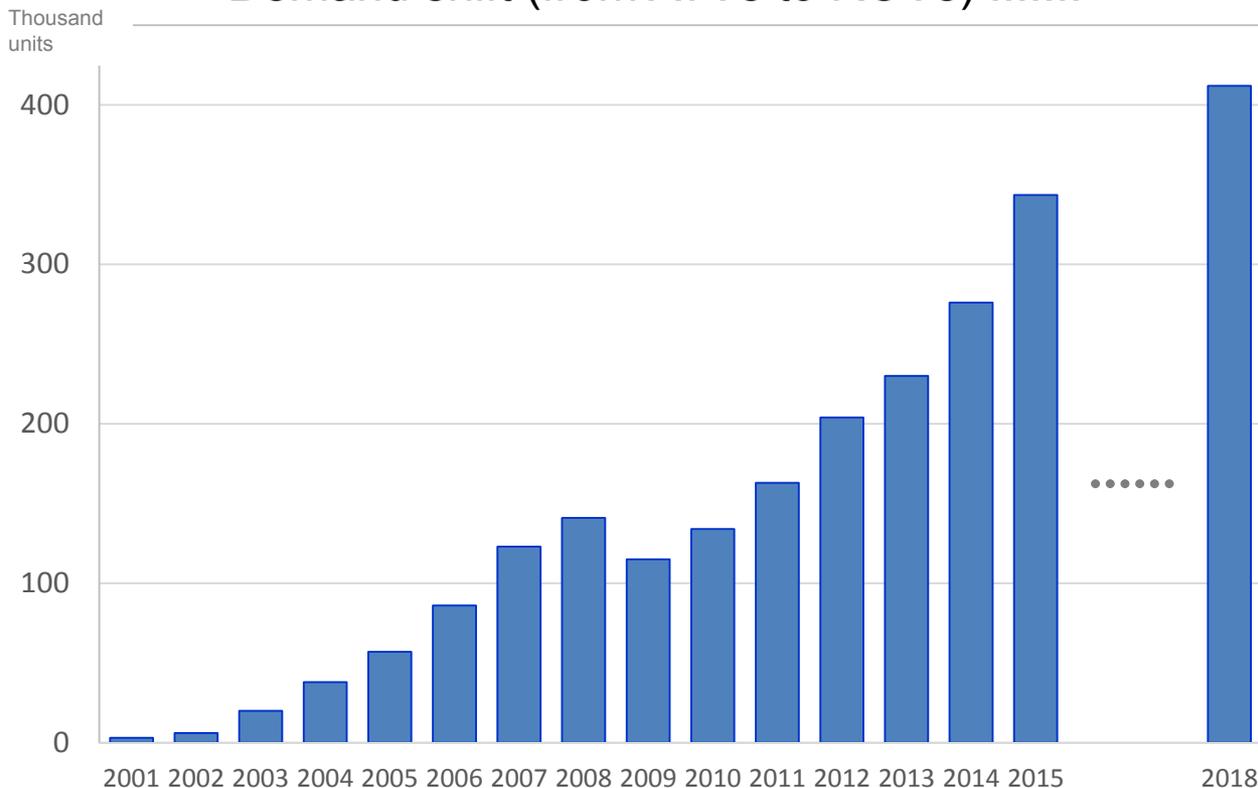
- Fast-moving management that unifies development, manufacturing, and sales
- Synergy effects after absorbing competitors

ROV

North American Market Expansion Continues

■ Market expansion continues further
(400,000 units->500,000 units)

- High leisure preference
- High new customer purchase proportion
- Demand shift (from ATVs to ROVs)



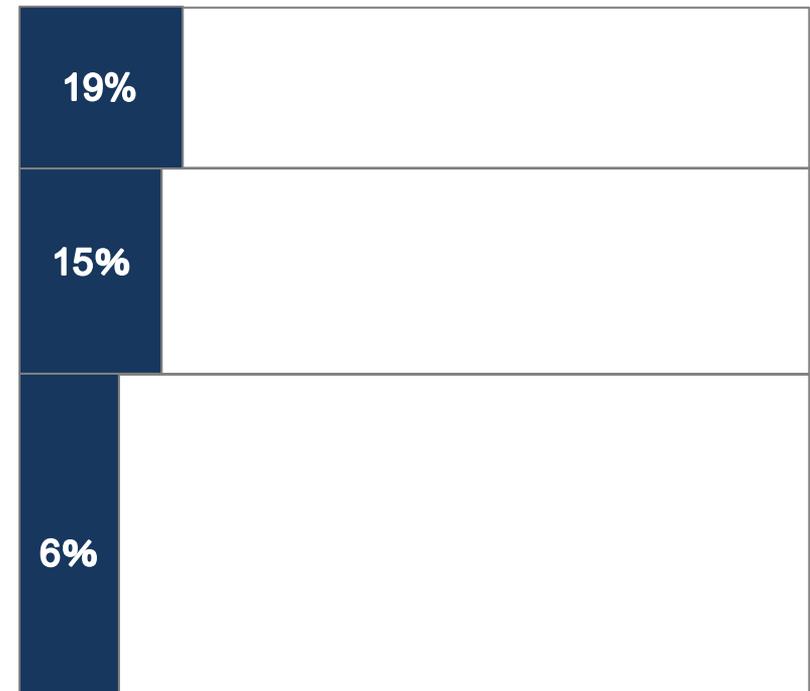
- Sports field: Establishing the No. 1 brand
- Recreational field: Thoroughly increase product differentiation

North American Market:
Total Demand/Yamaha Motor Share



2015

- Total Demand : 340,000 units
- Yamaha Motor : 24,000 units (market share 7%)



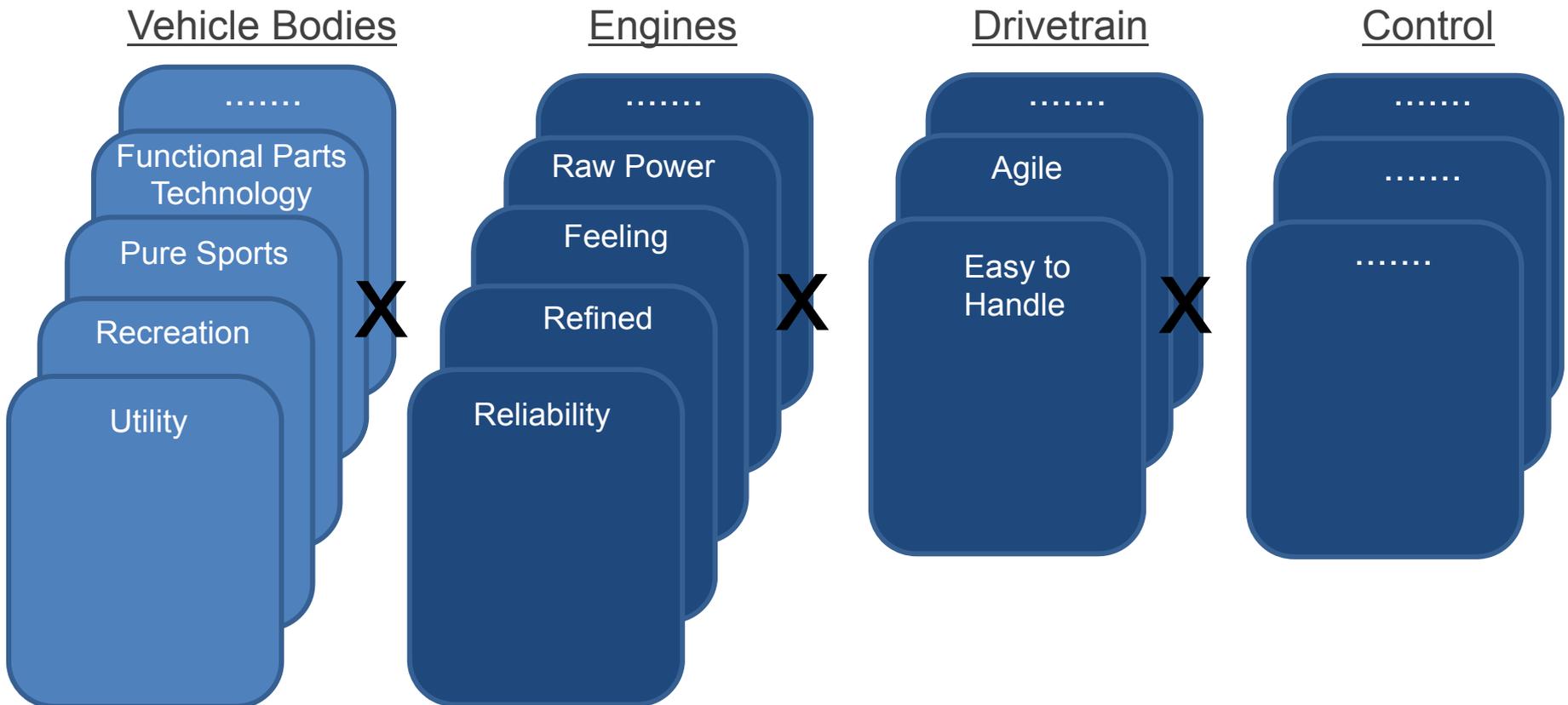
2018

- Total Demand : 410,000 units
- Yamaha Motor : 50,000 units (market share 12%)

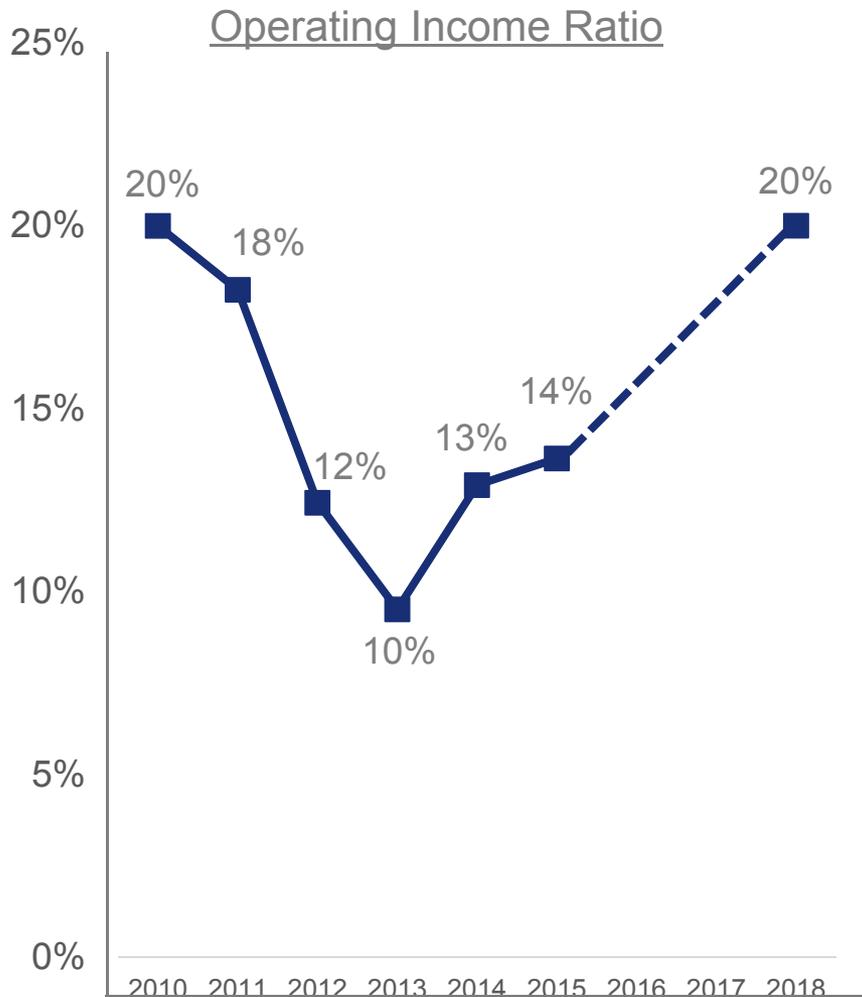
Real TECH

Tough, Exciting, Confident, and Human

-> Real Performance (sports field) / Real Tough (utility field)



Business Management Strategy (Creating a High-profitability Business Model)



"Further High Profitability by Leveraging its Strengths"

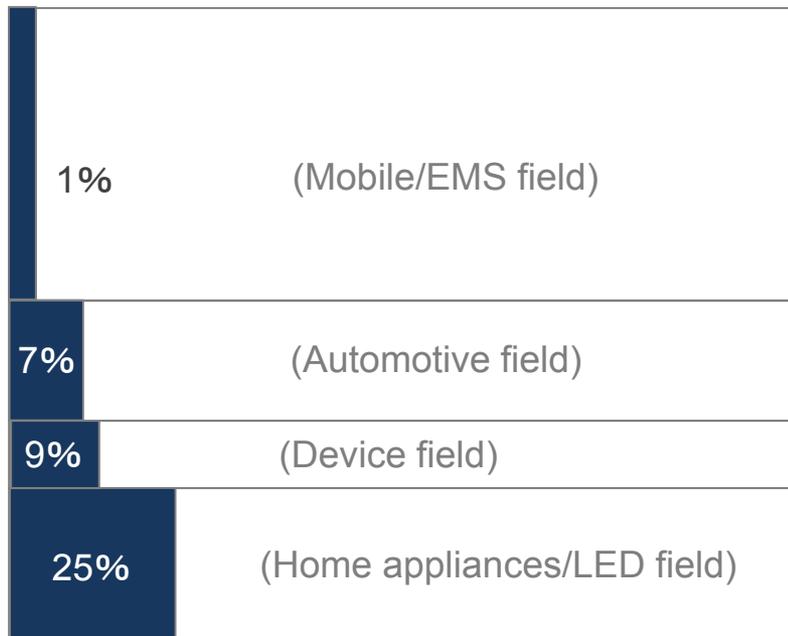
To a business model with net sales of 60.0 billion yen and an operating income ratio of 20%

- Fast-moving management that unifies development, manufacturing, and sales
 - Development: Independent development of core technologies
 - Manufacturing: High flexibility
 - Sales: Low fixed costs through utilization of external resources
- Synergy effects after absorbing competitors
 - Product competitiveness
 - Expansion of customer base
 - Next medium-term plan period integrated model development (2018)

Market Targeting (Creating a High-profitability Business Model)

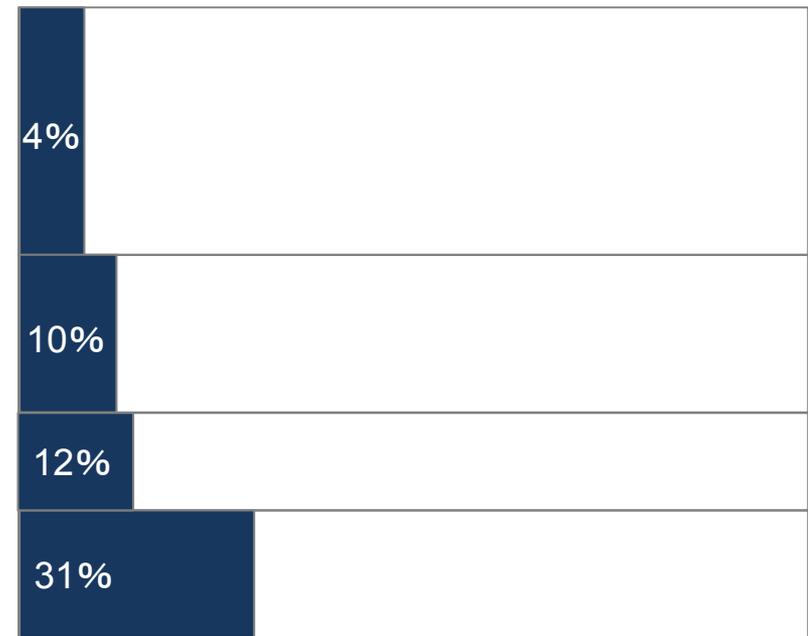
- Automotive field: Capturing new customers by leveraging strengths
- Home appliances/LED field: Expand market share through further demonstrating strengths
- Mobile/EMS field: Anticipate target customers and enter

Global Market (Surface Mounters Market): Total Demand/Yamaha Motor Share



2015

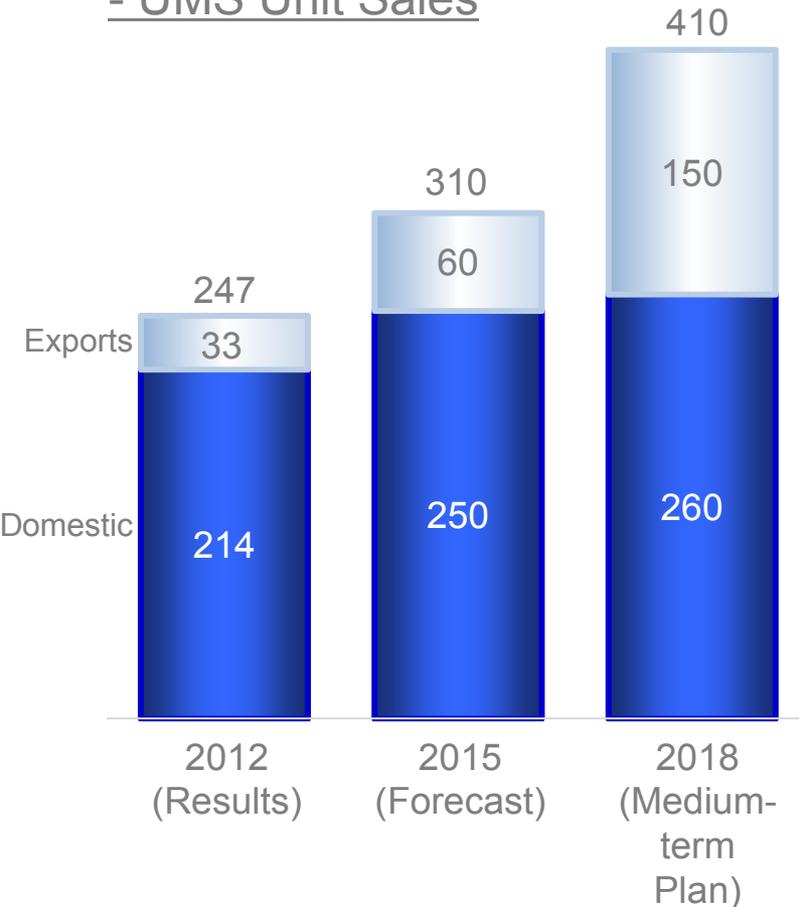
- Total Demand : 250.0 ¥ Bil.
- Yamaha Motor : 20.6 ¥ Bil. (share 8%)



2018

- Total Demand : 250.0 ¥ Bil.
- Yamaha Motor: 32.0 ¥ Bil. (share 13%)

- UMS Unit Sales



"Taking on the Challenge of Global Growth"

Aiming for the global market and a business model with net sales of 10.0 billion yen

■ From Product Sales to a Solutions Business

- Expansion of the agricultural sector (offering productivity 10 times greater than previously)
- Monitoring/infrastructure fields rollout

■ Development of Global Markets

- California business entry in 2016

■ Product Technology Development aimed at Business Expansion

- Pay load, increases in autonomy, safety, etc.



Japan

2015: 2,700 units
2018: 2,800 units



U.S.A.

2015: FAA Approval Obtained
2018: Crop Dusting Business



Thailand

2015: Business Approval
Obtained
2018: Crop Dusting Business



Korea

2015: 230 units
2018: 400 units



Australia

2015: 10 units
2018: 80 units



2016

California business entry (grape pesticide spraying)



Europe

2015: Market
Research/Trials
2018: Business Decision

2015: Current state of business/units owned
2018: Business forecasts/units owned



YAMAHA

Revs Your Heart