

# Yamaha Motor Co., Ltd.



June 2002

- 1. Message from President**
- 2. Outline of the New 3 Year Plan**
  - (a) Goals of the New 3 Year Plan**
  - (b) Strategy**
    - **Business Portfolio**
    - **Motorcycle Business**
    - **Marine Engine Business**
    - **ATV Business**
    - **IM Business**
    - **Marine Business in Japan**

**Appendix**

## Achieved

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>■ Enhancing the competitiveness of core businesses</li> </ul>                           | → | <ul style="list-style-type: none"> <li>● Increased share in U.S. motorcycle market</li> <li>● Increased share in outboard motor market</li> <li>● Achieved a 25% share in worldwide ATV market</li> <li>● Motorcycle business organization reformed</li> </ul> |
| <ul style="list-style-type: none"> <li>■ Creating group-wide infrastructure and systems for consolidated operations</li> </ul> | → | <ul style="list-style-type: none"> <li>● Consolidated management system in operation</li> <li>● Consolidated business targets established</li> </ul>   |
| <ul style="list-style-type: none"> <li>■ Continuous improvement of the personnel system</li> </ul>                             | → | <ul style="list-style-type: none"> <li>● Result-oriented personnel system</li> <li>● Multifaceted evaluation of personnel</li> <li>● “Yamaha Value 21”</li> </ul>  |
| <ul style="list-style-type: none"> <li>■ Review and reform of the corporate management system</li> </ul>                       | → | <ul style="list-style-type: none"> <li>● In-house company system</li> <li>● Executive officer system, Outside advisers</li> <li>● Personnel committee for directors</li> </ul>   |

## Remained In-Progress

- Net sales and ordinary income remained below target.



3/02	Target	Actual	Billion yen
Net Sales	1,000	947	
Ord.Profit	50	33	
%	5.0%	3.5%	

### 【 Because 】

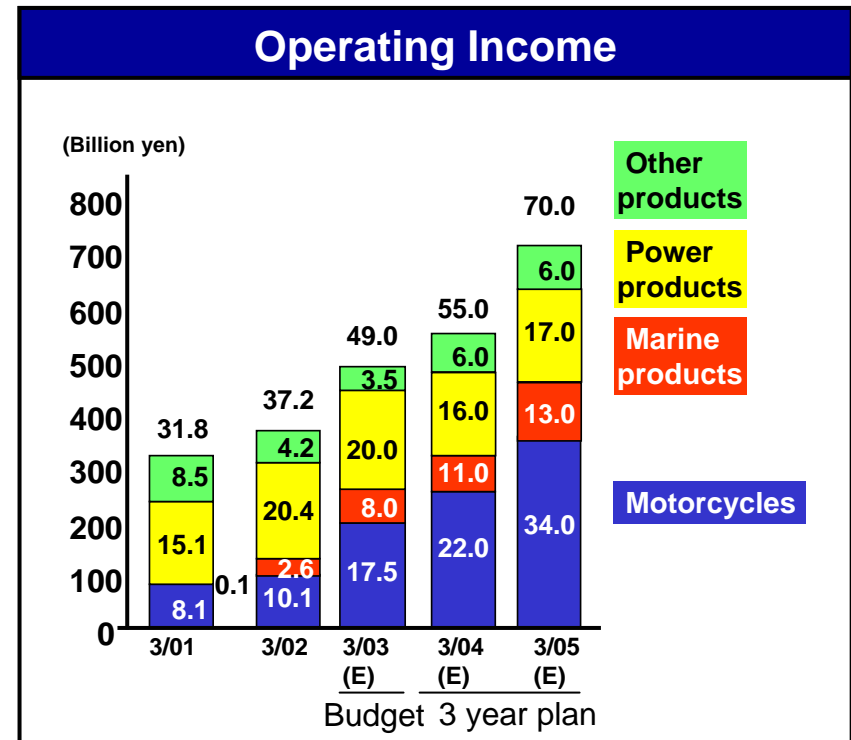
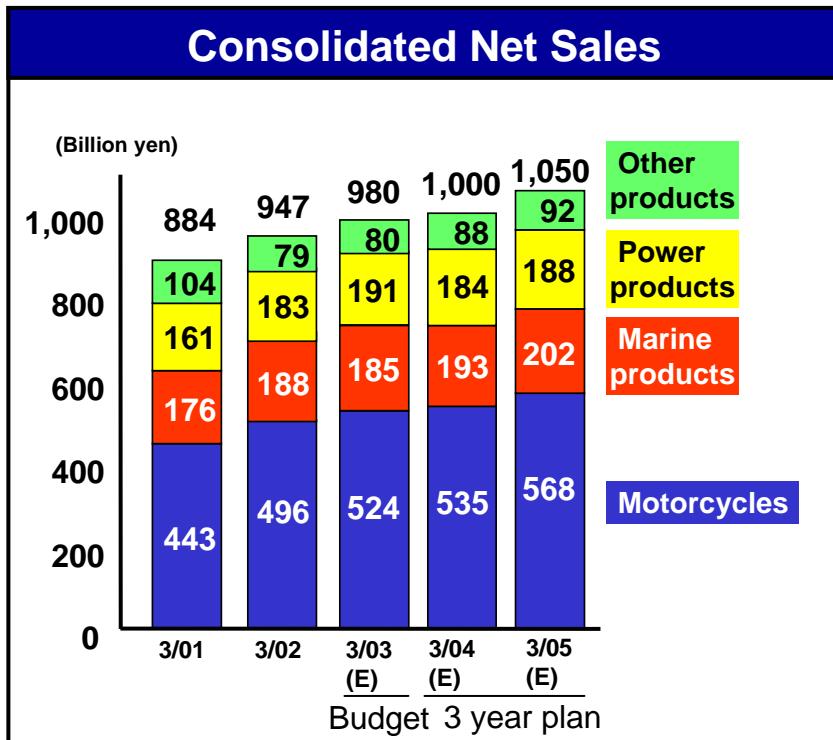
- The boat business in Japan is not generating profit.
- Weak Euro (an exchange rate for the Japanese yen 21 yen higher against the Euro than anticipated)
- Slow improvement of motorcycle business in Asia.

## Recognition of medium-term management issues & strategy



# Target of the New 3 Year Plan

	FY'02		FY'05
Net Sales	947 Billion yen	→	1,050 Billion yen
Op Profit	37 Billion yen	→	70 Billion yen
Op Profit %	3.9 %	→	6.7 %
ROE	6.1 %	→	Over 10 %
Borrowings	257 Billion yen	→	200 Billion yen



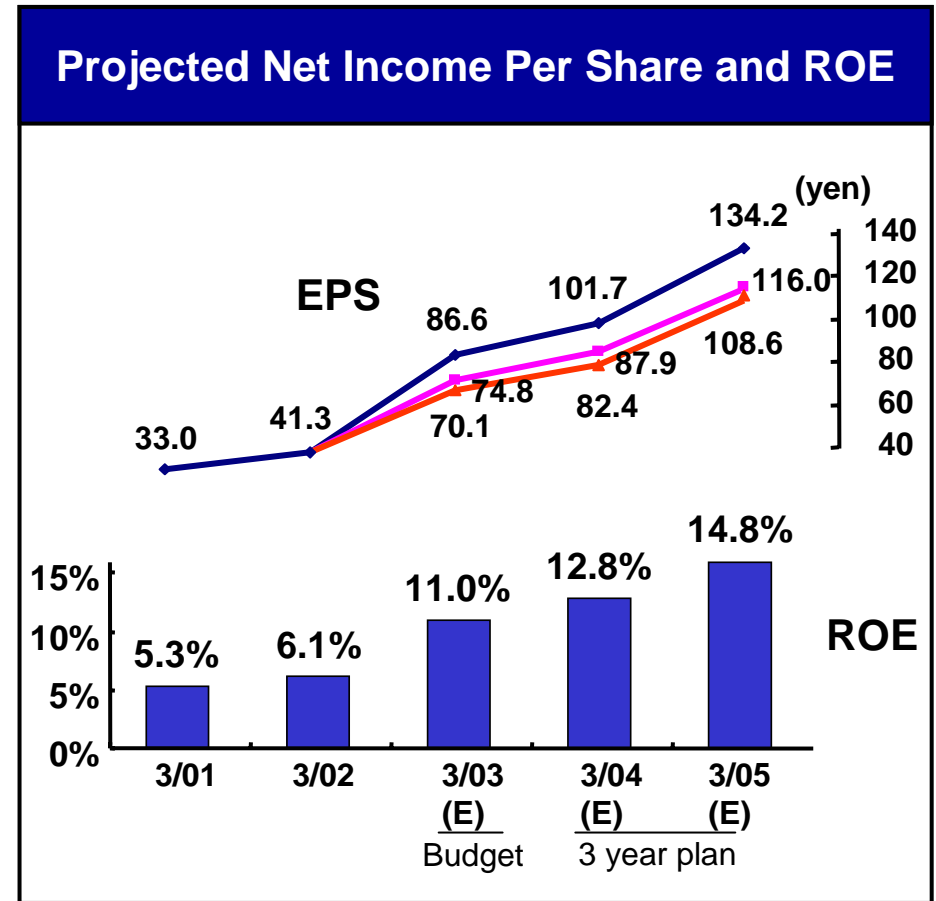
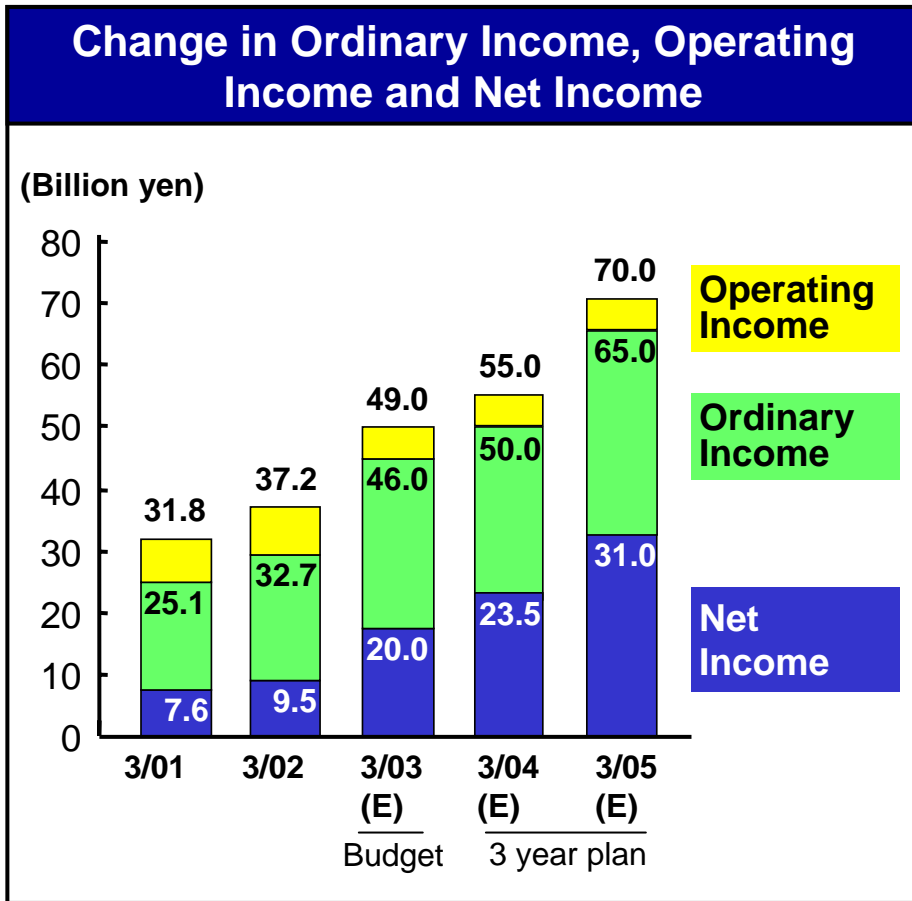
Note: Figures for 3/03 are estimation based on the budget and numbers for 3/04 & 3/05 are estimation from the 3 year plan.

## **2. Outline of the New 3 Year Plan**

## **(a) Goals of the New 3 Year Plan**



The company plans to ensure 10% or higher ROE at all times to raise the net income per share of common stock, diluted, to over 100 yen.



- ◆ : Without dilution (convertible bond stock conversion)
- - - ■ : Stock conversion of 4th convertible bond issue, amounting to 30 billion yen
- ▲ ····· ▲ : Stock conversion of both 3rd- and 4th-issue convertible bonds, amounting (19.3 + 30) billion yen

Note1: Figures for 3/03 are estimation based on the budget and numbers for 3/04 & 3/05 are estimation from the 3 year plan.

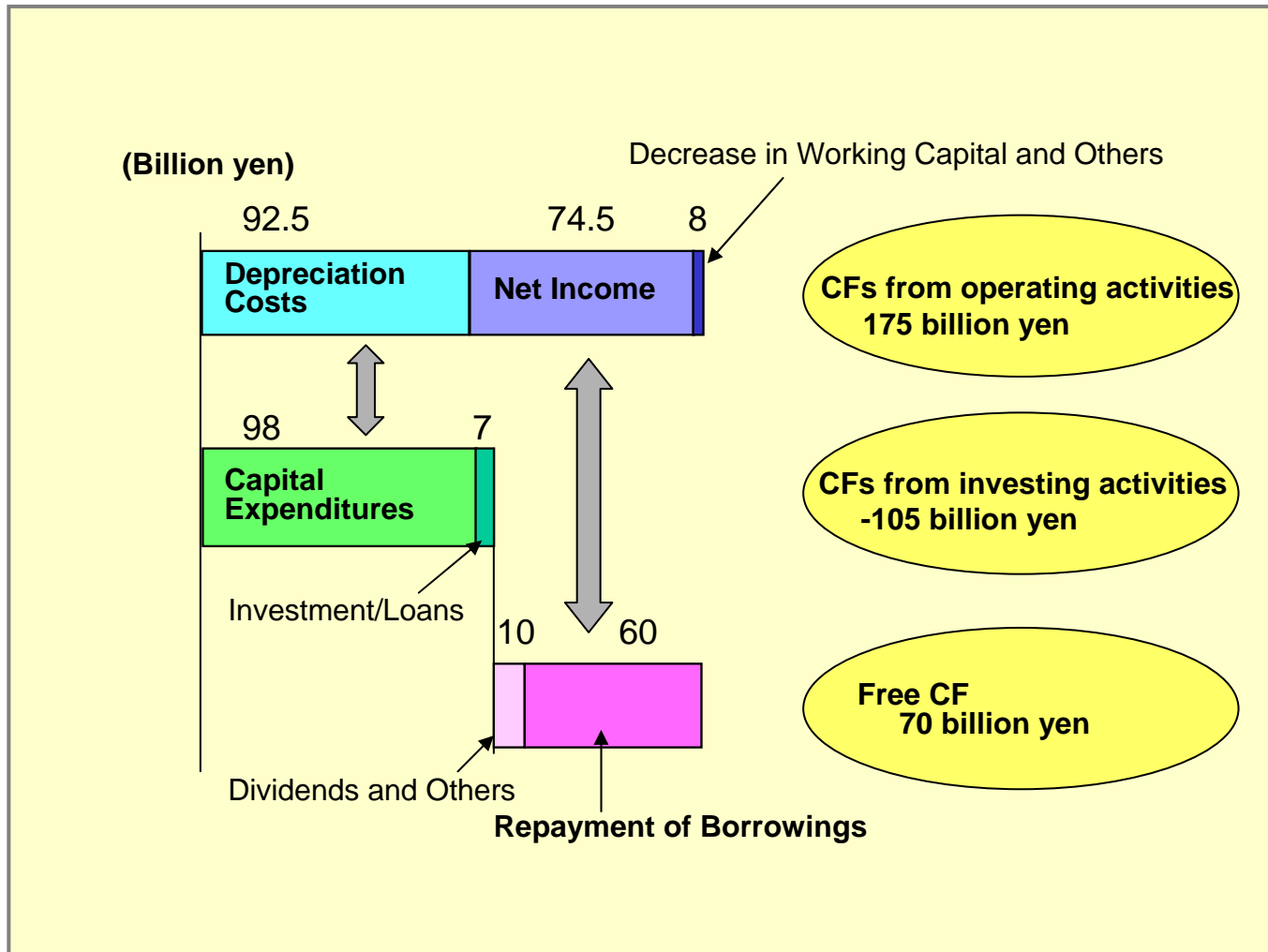
Note2: The conversion price is 828 yen for the 4th CB. and 1,066 yen for the 3rd CB.

# Cash Flows



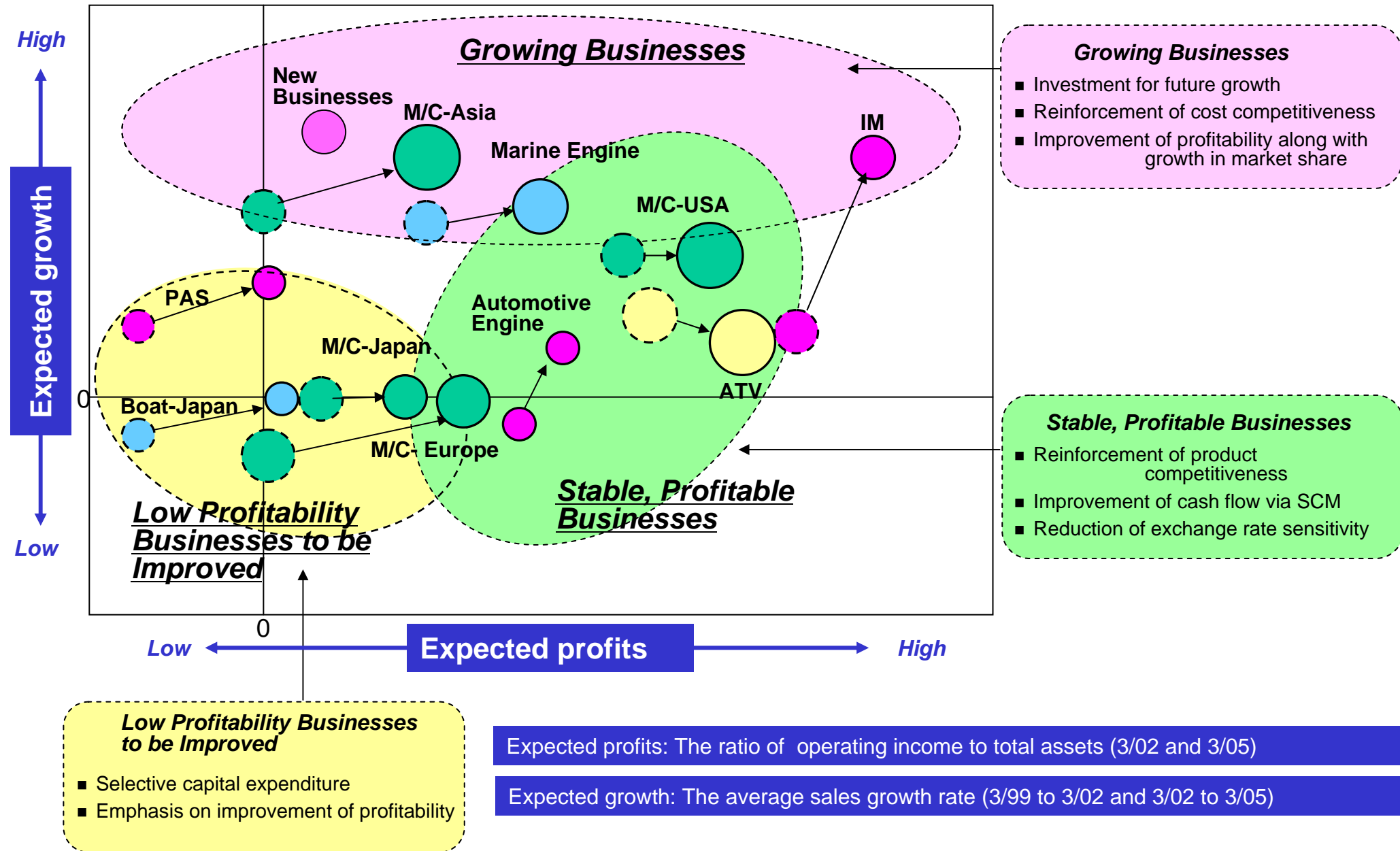
Generating 70 billion yen in free cash flow by increasing net income and improving asset turnover

## Cash Flows (3 Year Totals)



## **(b) Strategy**

# 1. Business Portfolio (Image)



# 2. Motorcycle Business (Overall)

## Policy

Restructure the motorcycle business to boost global competitiveness and expand sales and profits

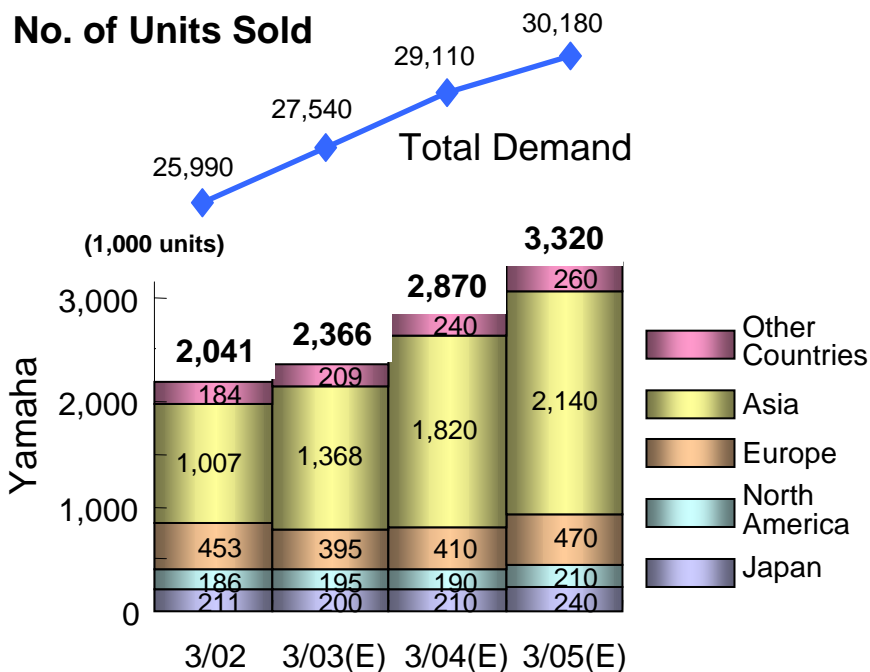
## Measures

- (1) 30% cost reduction through manufacturing innovation programs
- (2) Further enhancing brand power in Europe and the U.S. the major profit-generating markets for Yamaha Motor
- (3) Enhancing the business foundation in China, India and ASEAN countries to achieve growth
- (4) Continuous improvement of cash flows through promotion of SCM projects
- (5) Promoting development of compact 4-stroke models and global models

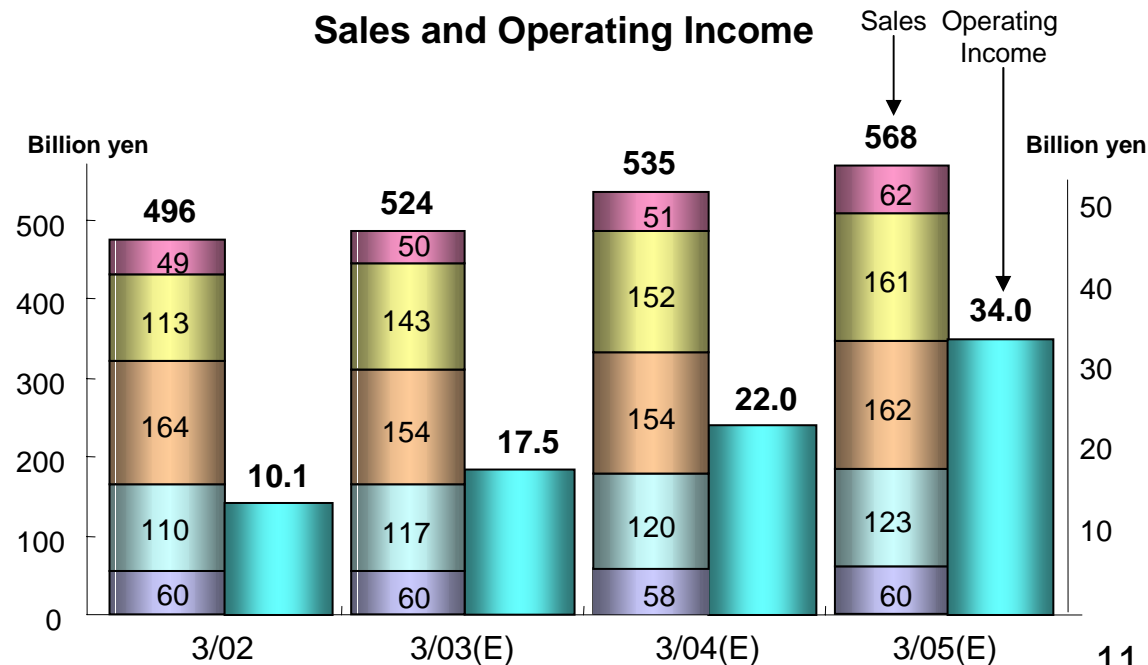
## Targets

	3/02	3/05	Growth rate
<b>Total demand</b>	<b>25,990,000 units</b>	<b>30,180,000 units</b>	<b>16%</b>
<b>Yamaha</b>	<b>2,041,000 units</b>	<b>3,320,000 units</b>	<b>63%</b>
	<b>496 billion yen</b>	<b>568 billion yen</b>	<b>15%</b>

**No. of Units Sold**



**Sales and Operating Income**



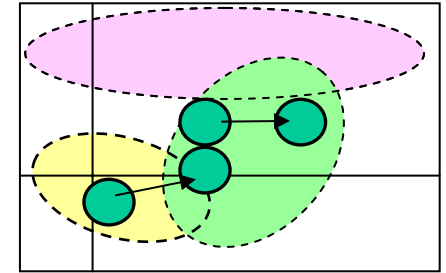
# Motorcycle Business (North America and Europe)

## Policy

Maintain and improve the power of the brand (market share) and profitability

## Measures

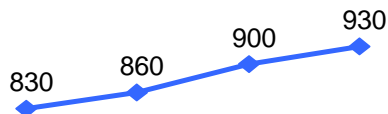
- (1) Establishing “Yamaha World” through the continuous introduction of new large models  
(North America: cruiser models, Europe: supersport models)
- (2) Enhancing the competitiveness of local production systems (manufacture, purchase, engineering) in Europe
- (3) Promoting cost reduction through the System Supplier system
- (4) Improving cash flows by promoting SCM reform



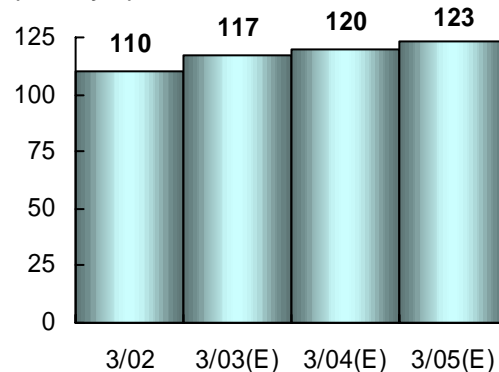
## Targets

		3/02	3/05	Growth rate
Total demand	North America	830,000 units	930,000 units	12%
	Europe	2,090,000 units	2,000,000 units	-4%
Yamaha	North America	186,000 units	210,000 units	13%
	Europe	453,000 units	470,000 units	4%

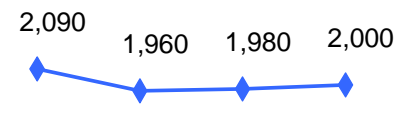
Total Demand



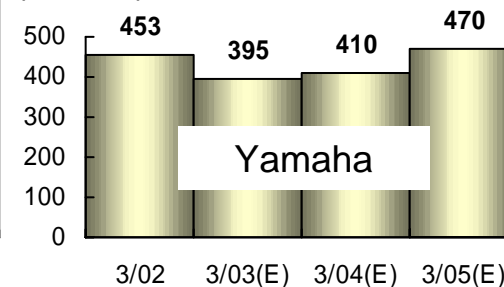
(Billion yen)



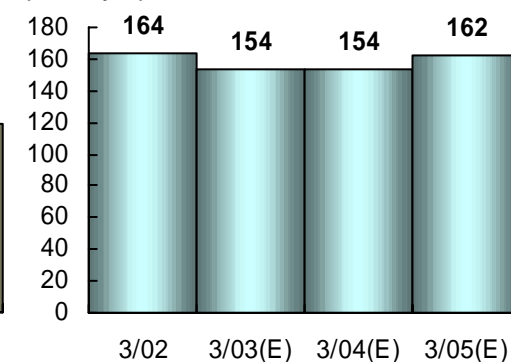
Total Demand



(1,000 units)



(Billion yen)



No. of units sold in North America

Sales in North America

No. of units sold in Europe

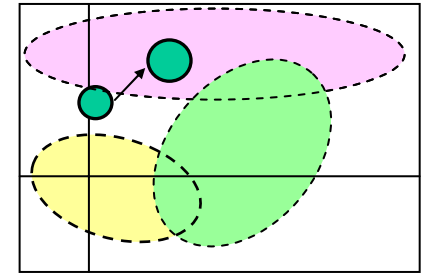
Sales in Europe

## Policy

Enhance the business foundation to secure appropriate market share in these top-priority markets

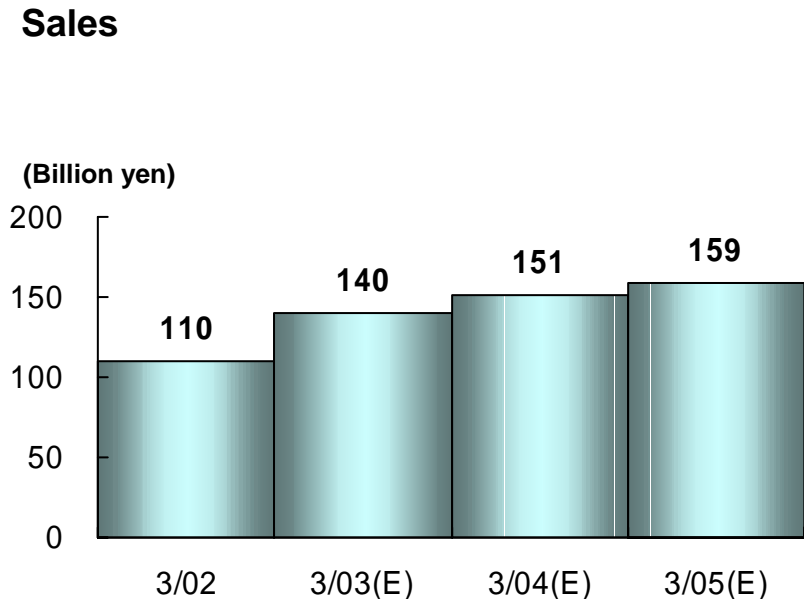
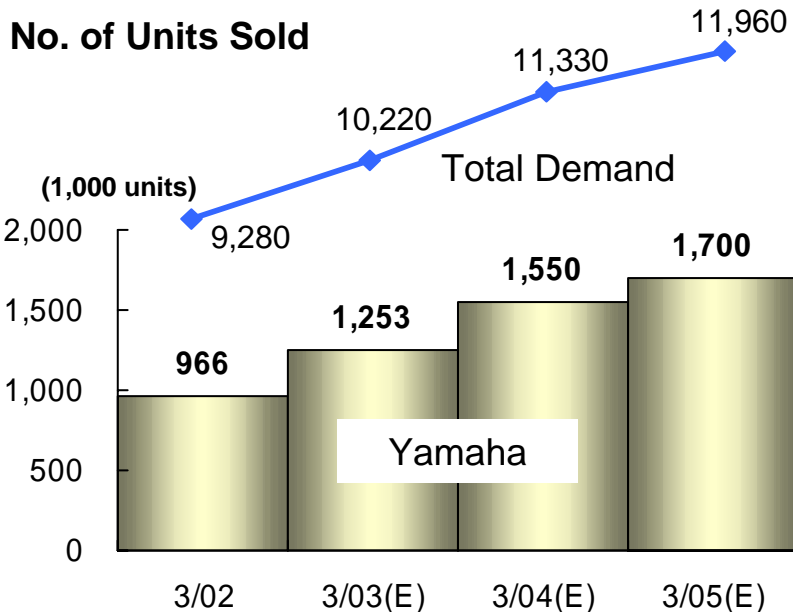
## Measures

- (1) Enhancing local business bases in India, Indonesia and Thailand -- markets with large demand
- (2) Introducing compact 4-stroke models and ASEAN models (new commuter vehicles)
- (3) Establishing an Asian headquarters to enhance competitiveness in all operations (procurement, development, financing, reciprocal supply)
- (4) Promoting cost reduction through overseas development of the System Supplier system and procurement of Chinese parts



## Targets

	3/02	3/05	Growth rate
Total demand	9,280,000 units	11,960,000 units	29%
Yamaha	966,000 units	1,700,000 units	76%
	110 billion yen	159 billion yen	45%





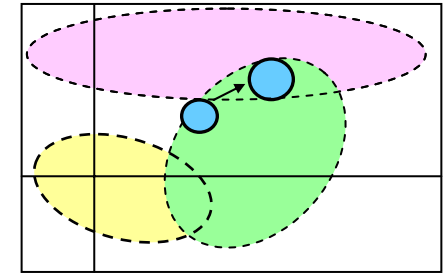
# 3. Marine Engine Business

## Policy

Maintain the leading position in worldwide markets and the company's high profit-generating structure

## Measures

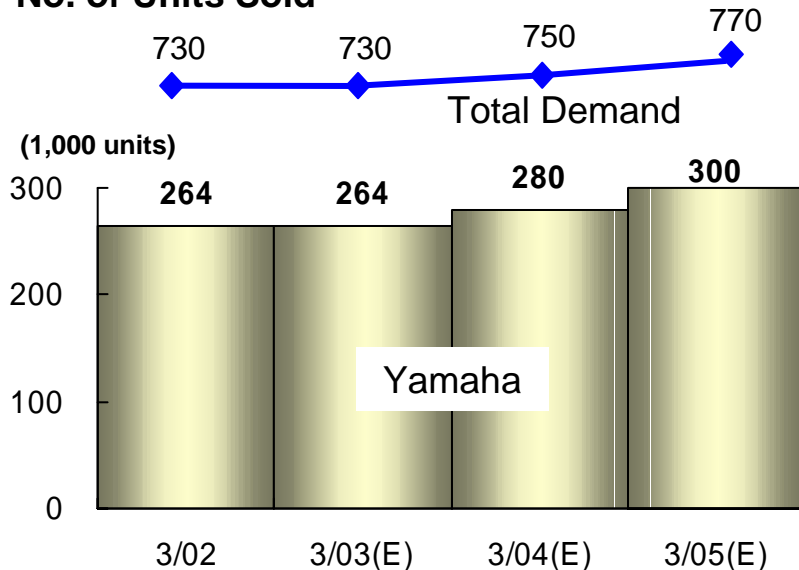
- (1) Expanding the business scale in North America (expansion of the boat- building business)
- (2) Improving sales worldwide by focusing on large models, where the company enjoys a competitive advantage
- (3) Maintaining a dominant position in developing countries, centering on enduro models
- (4) Strengthening development of environmentally friendly large models, and further promoting manufacturing innovation



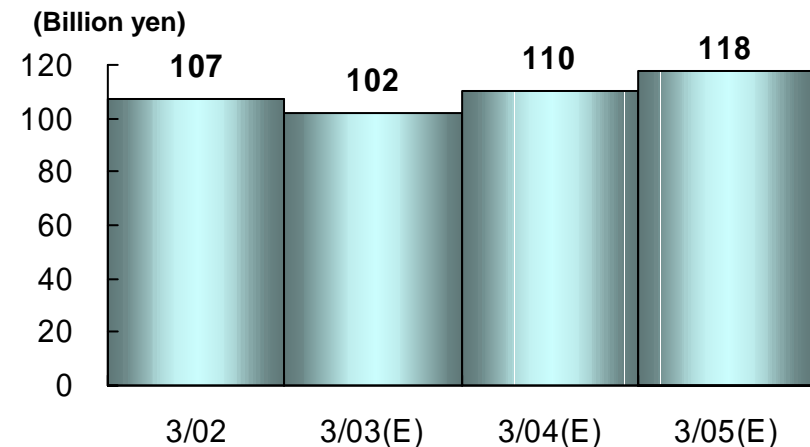
## Targets

	3/02	3/05	Growth rate
Total demand	730,000 units	770,000 units	6%
Yamaha	264,000 units	300,000 units	14%
	107 billion yen	118 billion yen	10%

No. of Units Sold



Sales



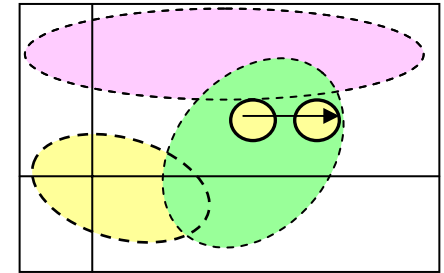
# 4. ATV Business

## Policy

Maintain and expand sales and profits in mature markets

## Measures

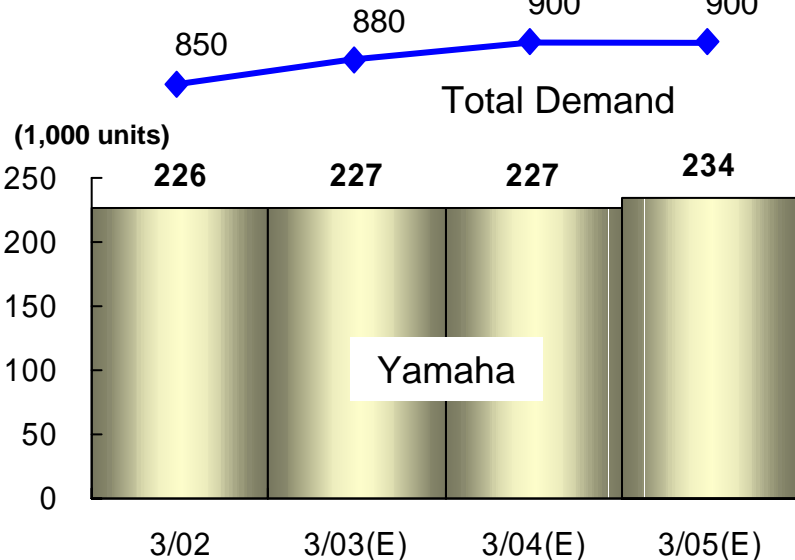
- (1) Strengthening the automatic model lineup, for which demand is expected to grow
- (2) Establishing a dual-factory production system using domestic and Atlanta plants
  - Improving productivity and efficiency by classifying production models
  - Expanding production capacity of the Atlanta plant (to more than 100,000 units)
- (3) Promoting SCM reform and manufacturing innovation



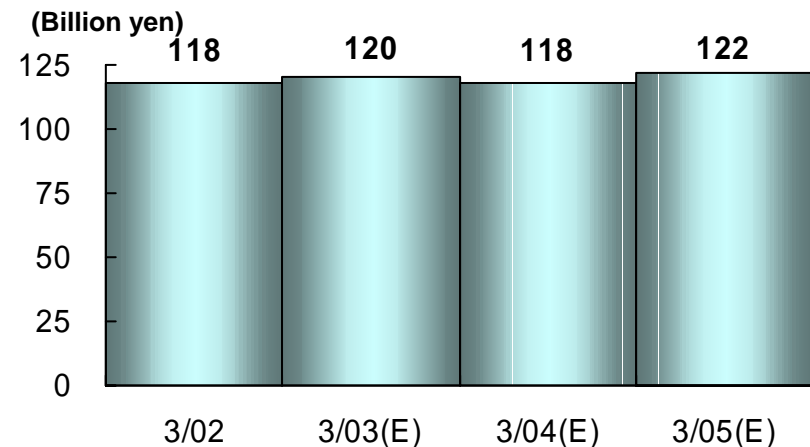
## Targets

	FY 2002	FY 2005	Growth rate
Total demand	850,000 units	900,000 units	6%
Yamaha	226,000 units	234,000 units	4%
	118 billion yen	122 billion yen	3%

No. of Units Sold



Sales



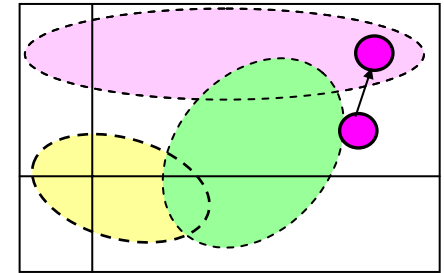
# 5. IM Business

## Policy

Maintain top share in the medium-speed surface mounter market (V-shape growth of sales and profits to correspond with market recovery)

## Measures

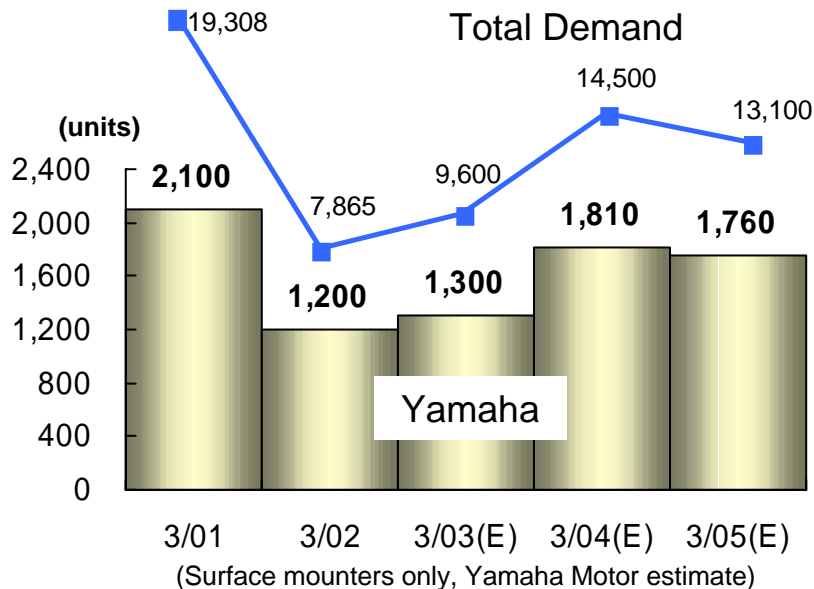
- (1) Concentrating marketing efforts on growing Asian and Chinese markets
- (2) Expanding the business for customer needs-oriented solutions
- (3) Developing and commercializing cutting-edge surface mounter technologies
- (4) Significantly reducing operation and product costs
- (5) Dramatically reducing lead time from order reception to installation



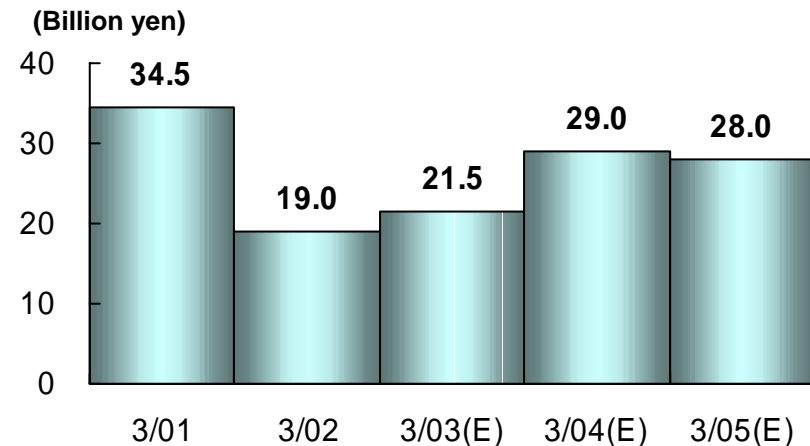
## Targets

	3/02	3/05	Growth rate
Total demand	7,865 units	13,100 units	67%
Yamaha	1,200 units	1,760 units	47%
	19 billion yen	28 billion yen	48%

No. of Units Sold



Sales



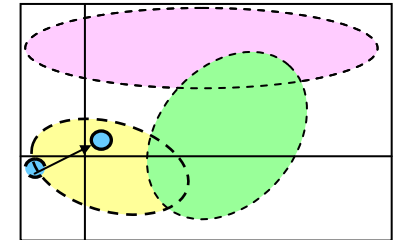
# 6. Marine Business in Japan

## Policy

Utilize our market-leading position to revitalize the domestic marine industry  
 Establish a low-cost business structure capable of generating profits even if boat sales fall below the current mark to the 16 billion yen level  
 (Return to profitability on a consolidated basis in FY 2004)

## Measures

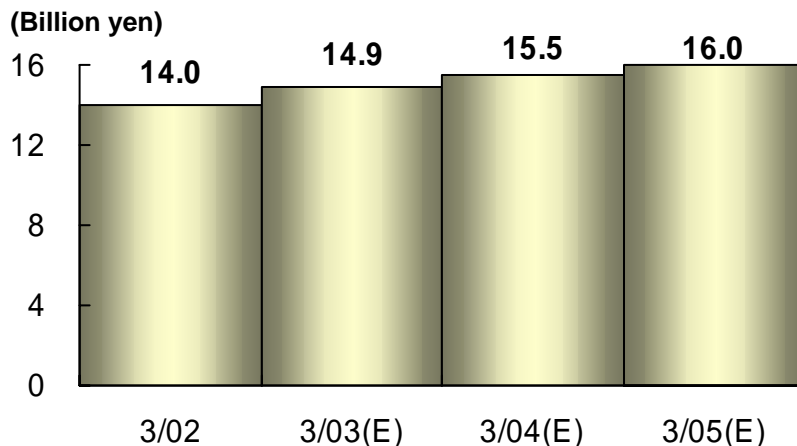
- (1) Promoting the hull business, focusing on highly profitable small boats with outboard motors
- (2) Establishing a globally cost-competitive production system
  - Establishment of Y2 Marine Manufacturing Co., Ltd. with Yanmar Diesel Engine Co., Ltd. (effective use of management resources)
  - Expansion of domestic and overseas outsourcing (for large boats and some smaller boats)
- (3) Integrating ordering and receiving functions into one domestic location, and enhancing service functions
- (4) Developing new engineering methods to improve productivity and environmentally friendliness



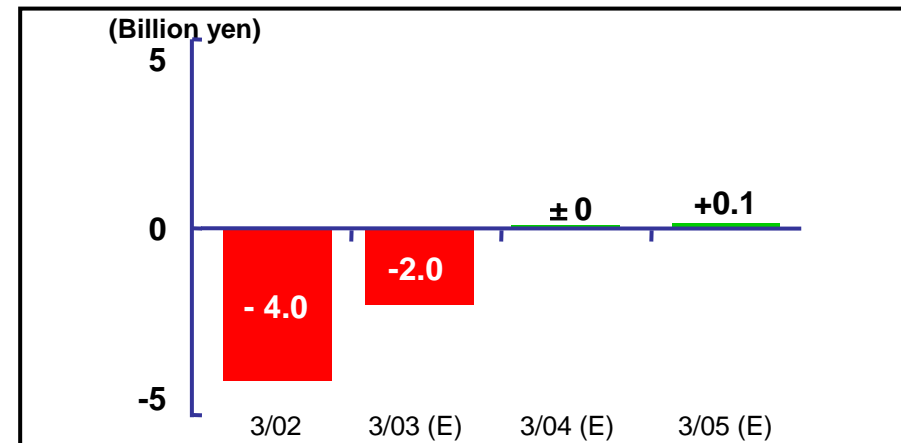
## Targets

Yamaha	Sales	3/02	3/05	Growth rate
	Operating Income (Loss)	14 billion yen - 4.0 billion yen	16 billion yen 0.1 billion yen	14%

### Sales



### Operating Income (Loss)



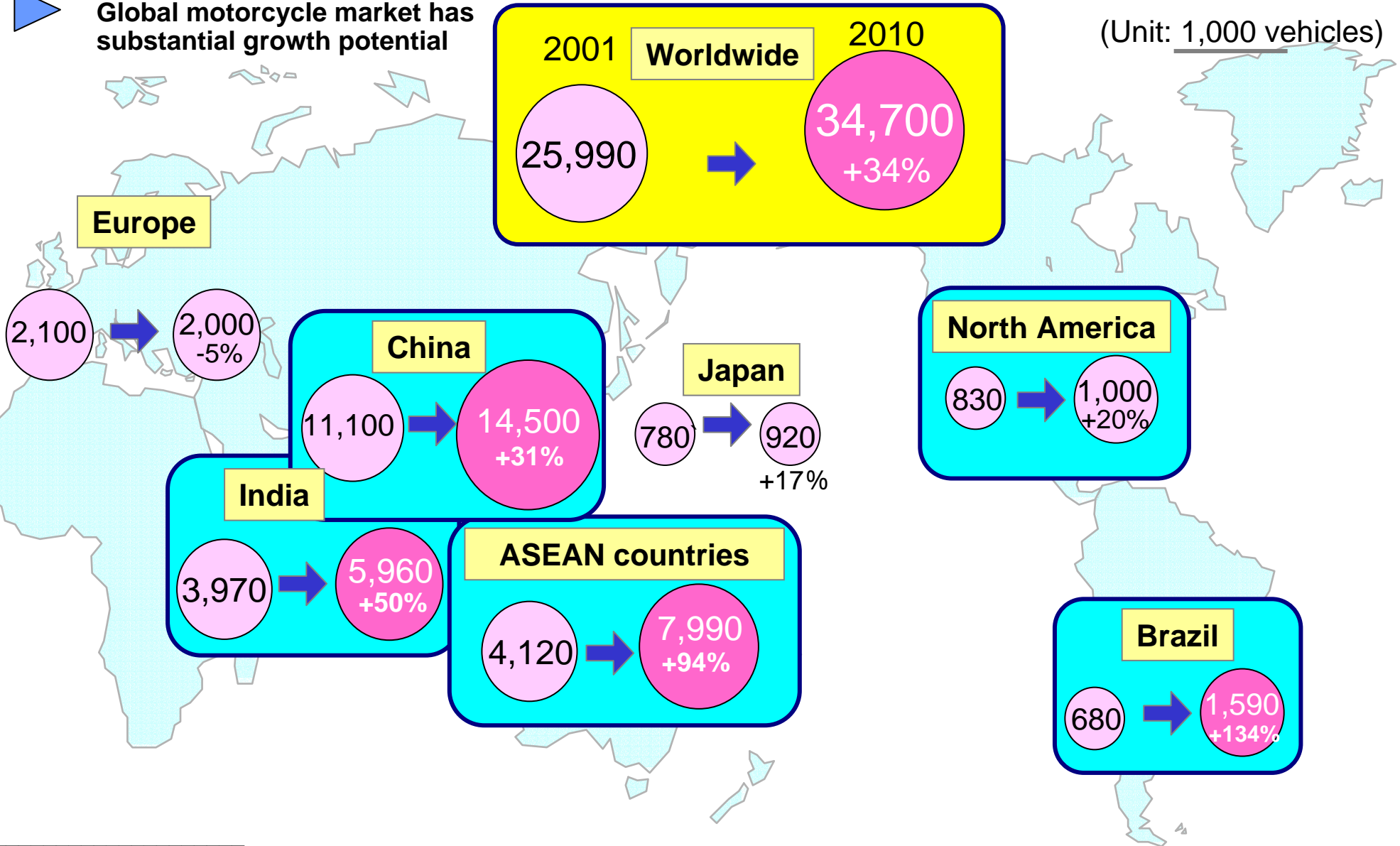
- Worldwide Motorcycle Demand Forecast
- Per-Capita GDP and Motorcycle Penetration Rate
- FY'02 Result and FY'03 Forecast
- Sales and Operating Income Trend by Region
- Earnings Outlook - Company Plan for FY 3/03
- Operating Income Trend
- Total Debt (Consolidated)
- ROE Analysis
- Shareholders & Share Price

# Worldwide Motorcycle Demand Forecast



Global motorcycle market has substantial growth potential

(Unit: 1,000 vehicles)



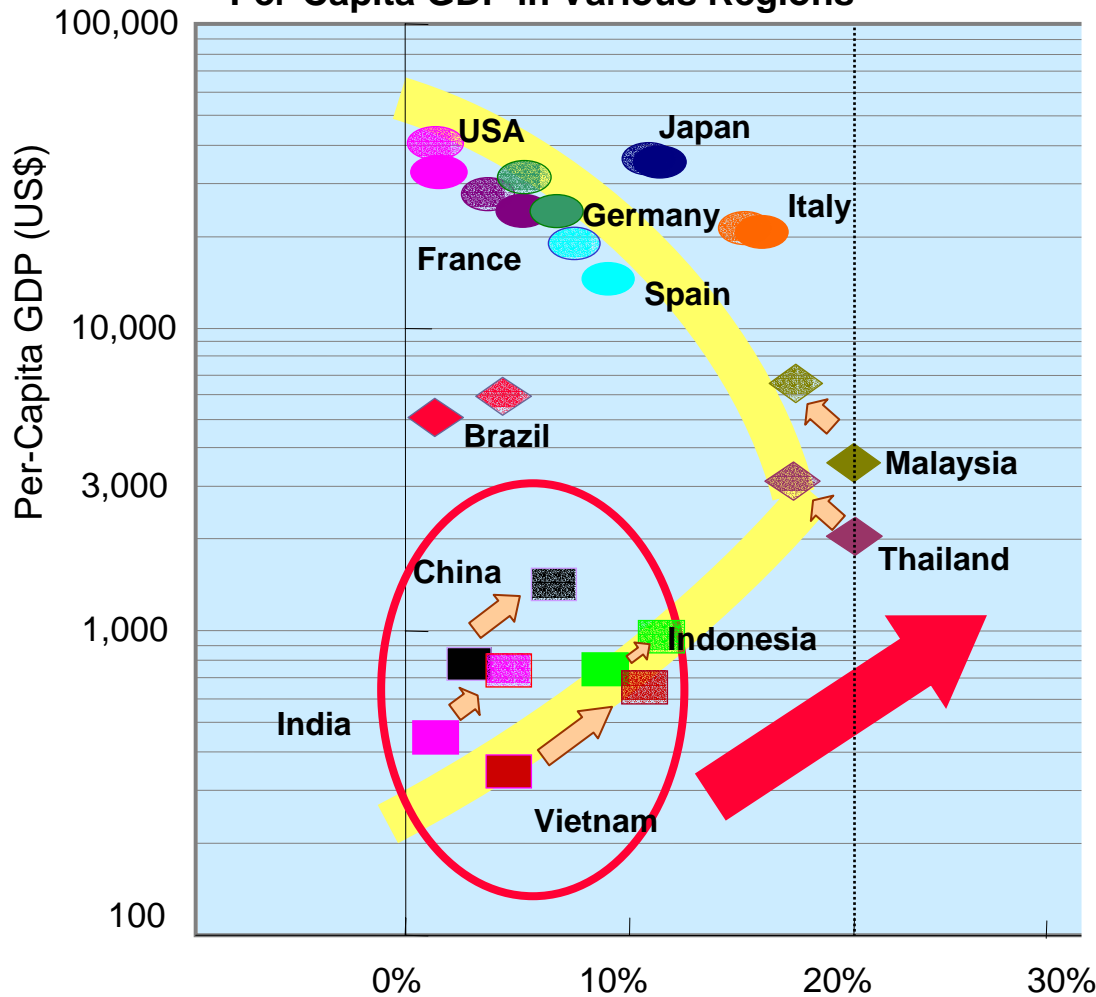
Note: The figures are based on Yamaha Motor estimates. ASEAN countries include Indonesia, Thailand and Vietnam. Worldwide demand includes total demand of 700,000 units excluding those listed above.

# Per-Capita GDP and Motorcycle Penetration Rate

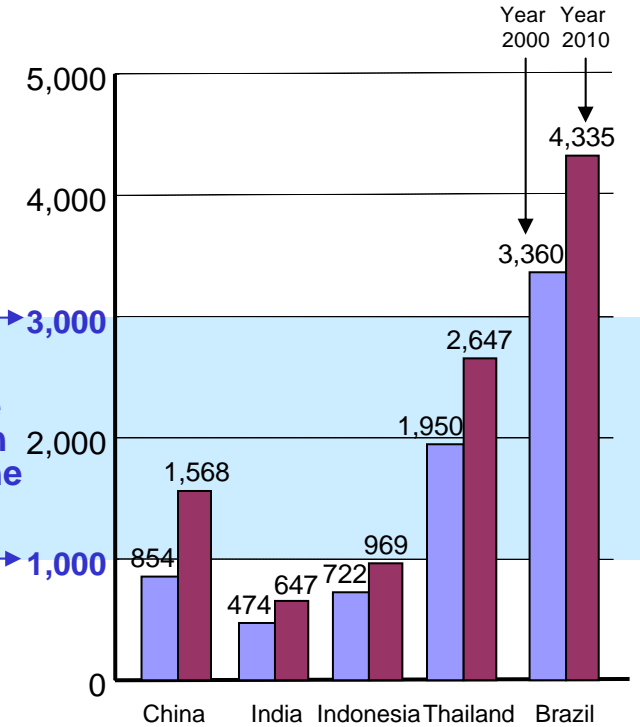


Analysis of per-capita GDP and motorcycle penetration rate shows that India, China and ASEAN countries offer potentially high demand growth.

Relation Between Motorcycle Penetration and Per-Capita GDP in Various Regions



Per-Capita GDP



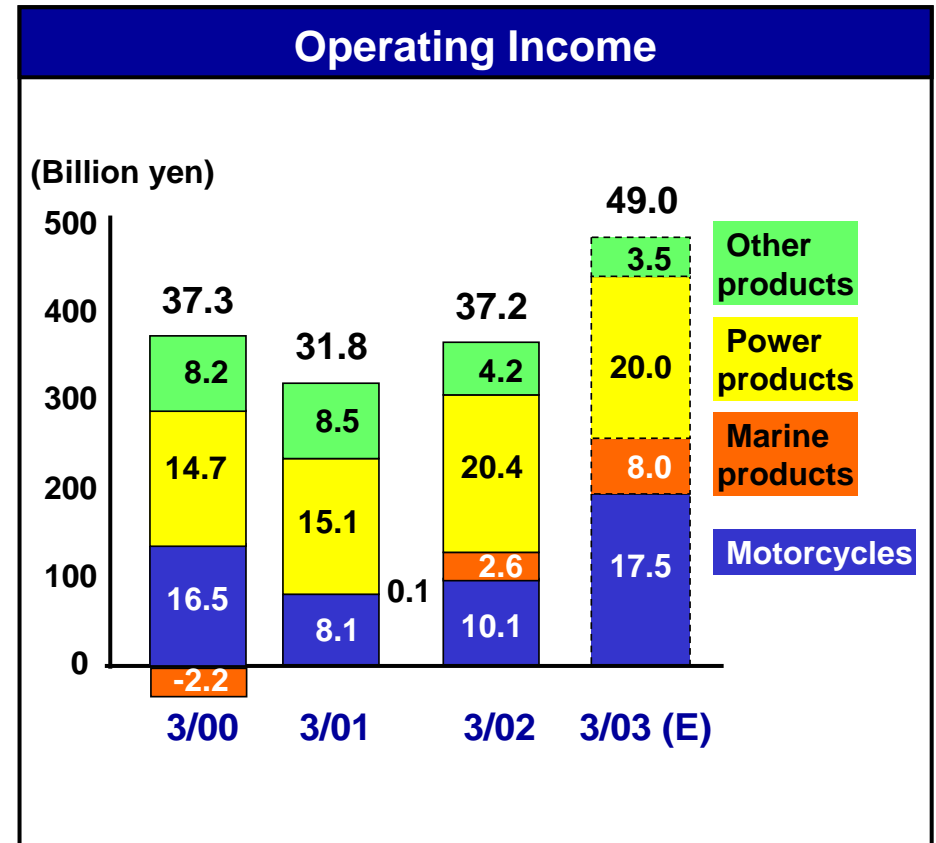
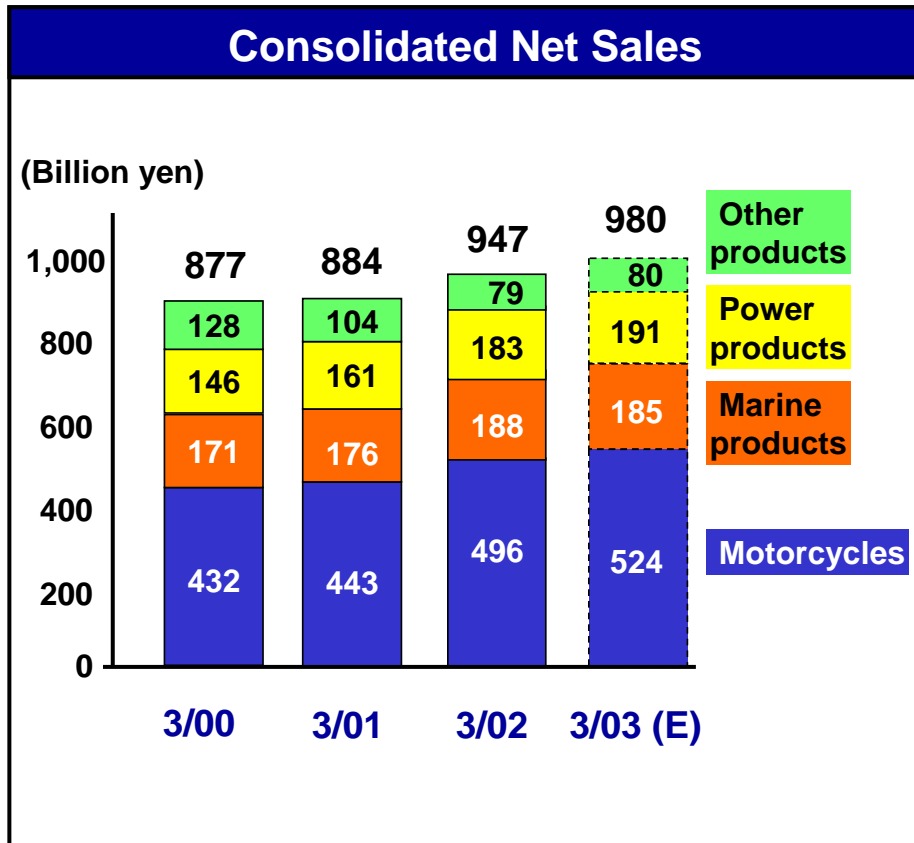
Source: Report issued by the Ministry of Public Management in Japan

Note: Arrows indicate expected shifts from 2000 to 2010.

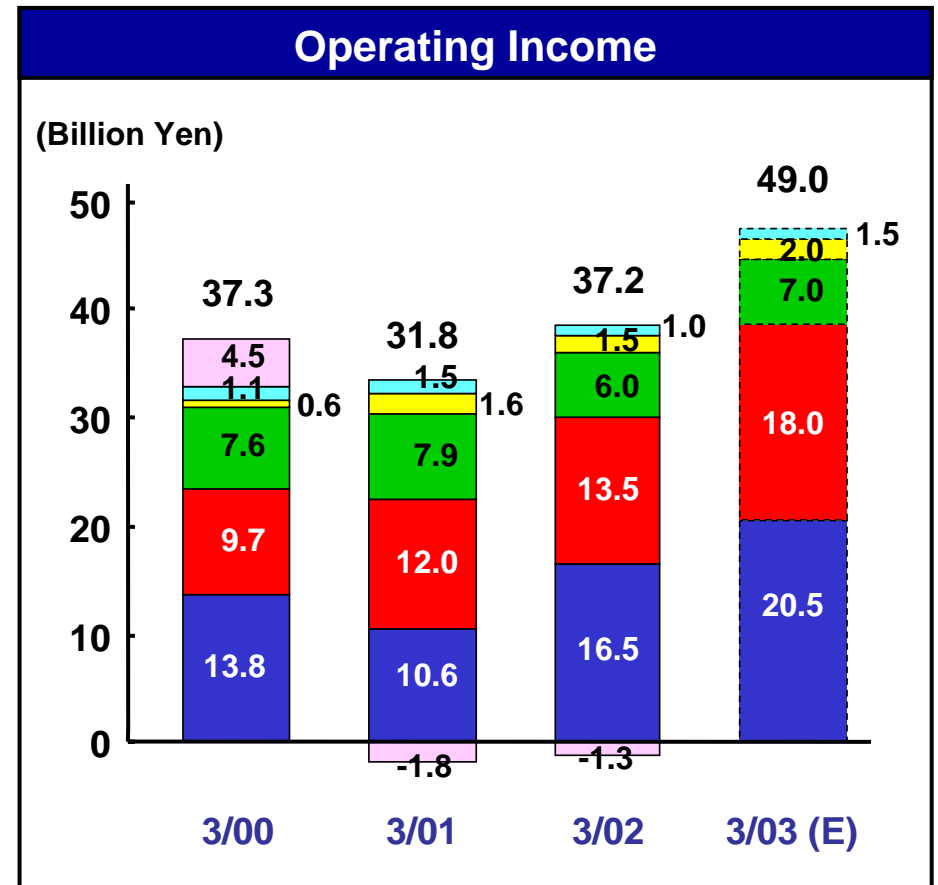
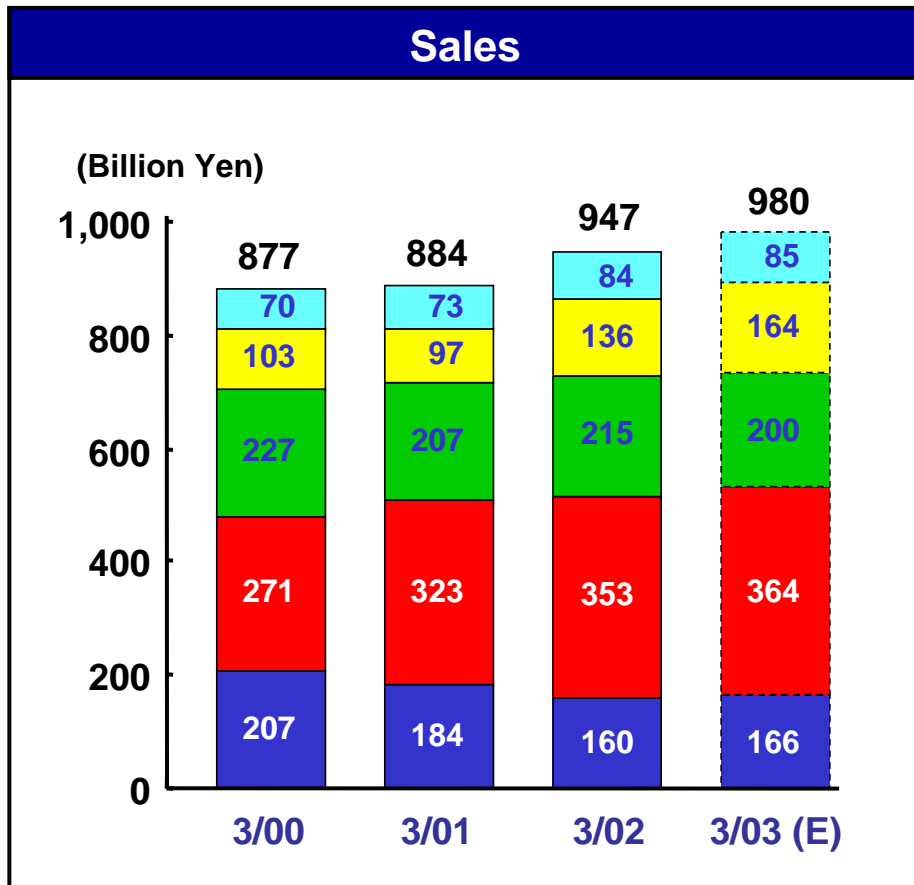


FY'02(ended Mar. 31, 2002) : Record high in sales

FY'03(ending Mar. 31, 2003): Forecasting record high in both sales and operating income.



# Sales and Operating Income Trend by Region



	Japan	N. America	Europe	Asia	Others	Corporate / Elimination	Overall
Operating Profit Margin (3/02)	2.7%	3.8%	2.9%	1.4%	2.1%	-	3.9%

## Summary of Consolidated Financials

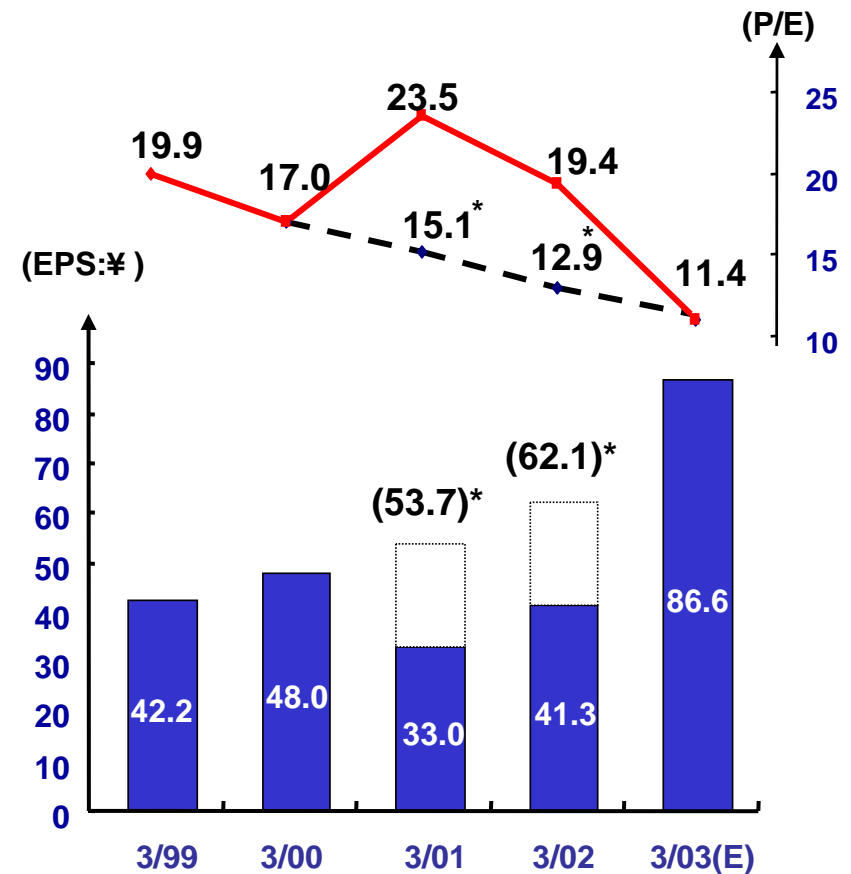
	3/02	3/03 (E)
Revenue	946.8	980.0
(YoY%)	7.1%	3.5%
Operating Income	37.2	49.0
(YoY%)	17.1%	31.7%
Pretax Income	32.7	46.0
(YoY%)	30.3%	40.7%
Net Income	9.5	20.0
(YoY%)	25.3%	110.5%
EPS (¥)	¥ 41.3	¥ 86.6
ROE (%)	6.1%	11.0%

**Note:**

**Foreign Exchange Assumption**

US\$	121	125
€	108	111

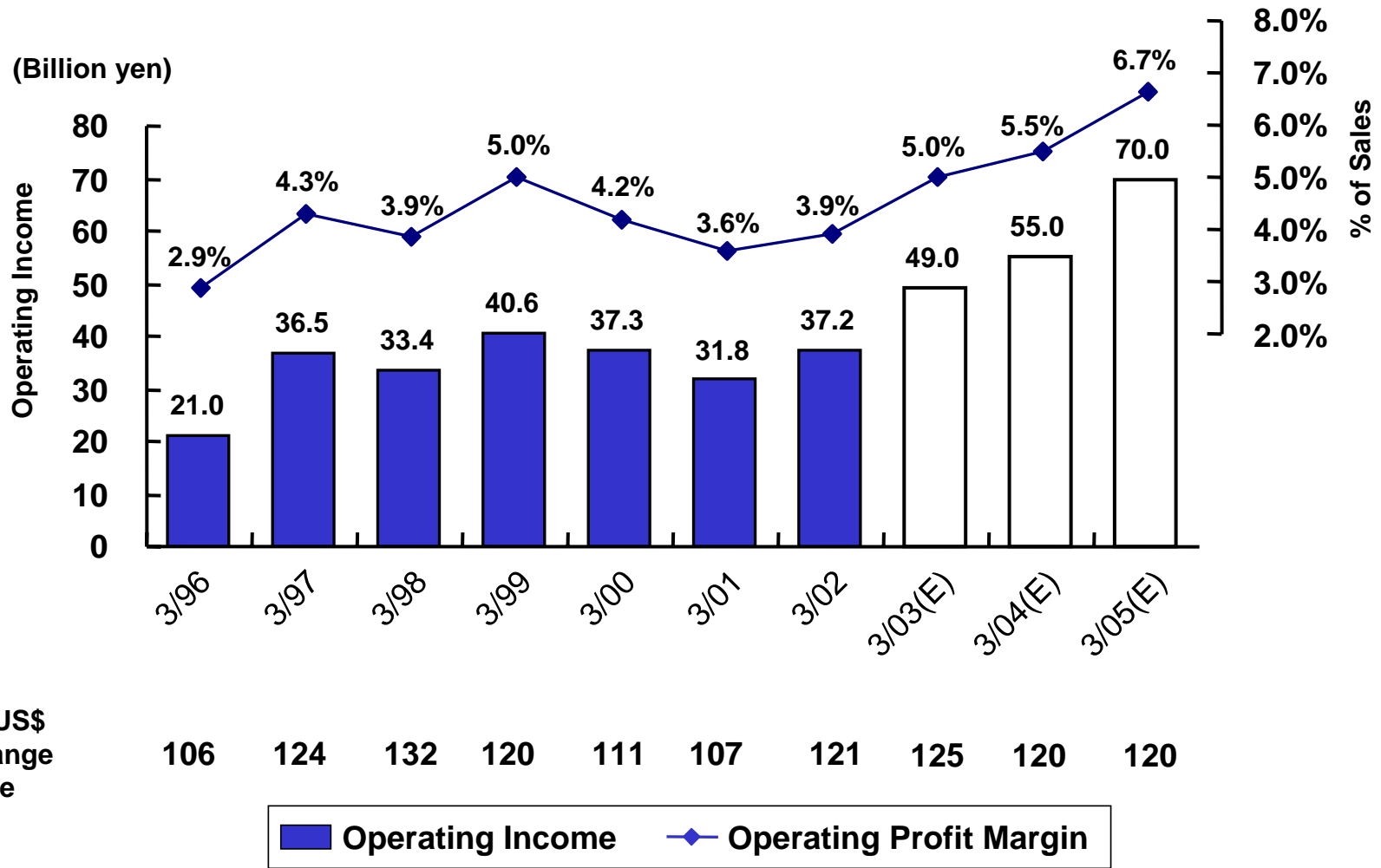
## EPS and P/E Trend



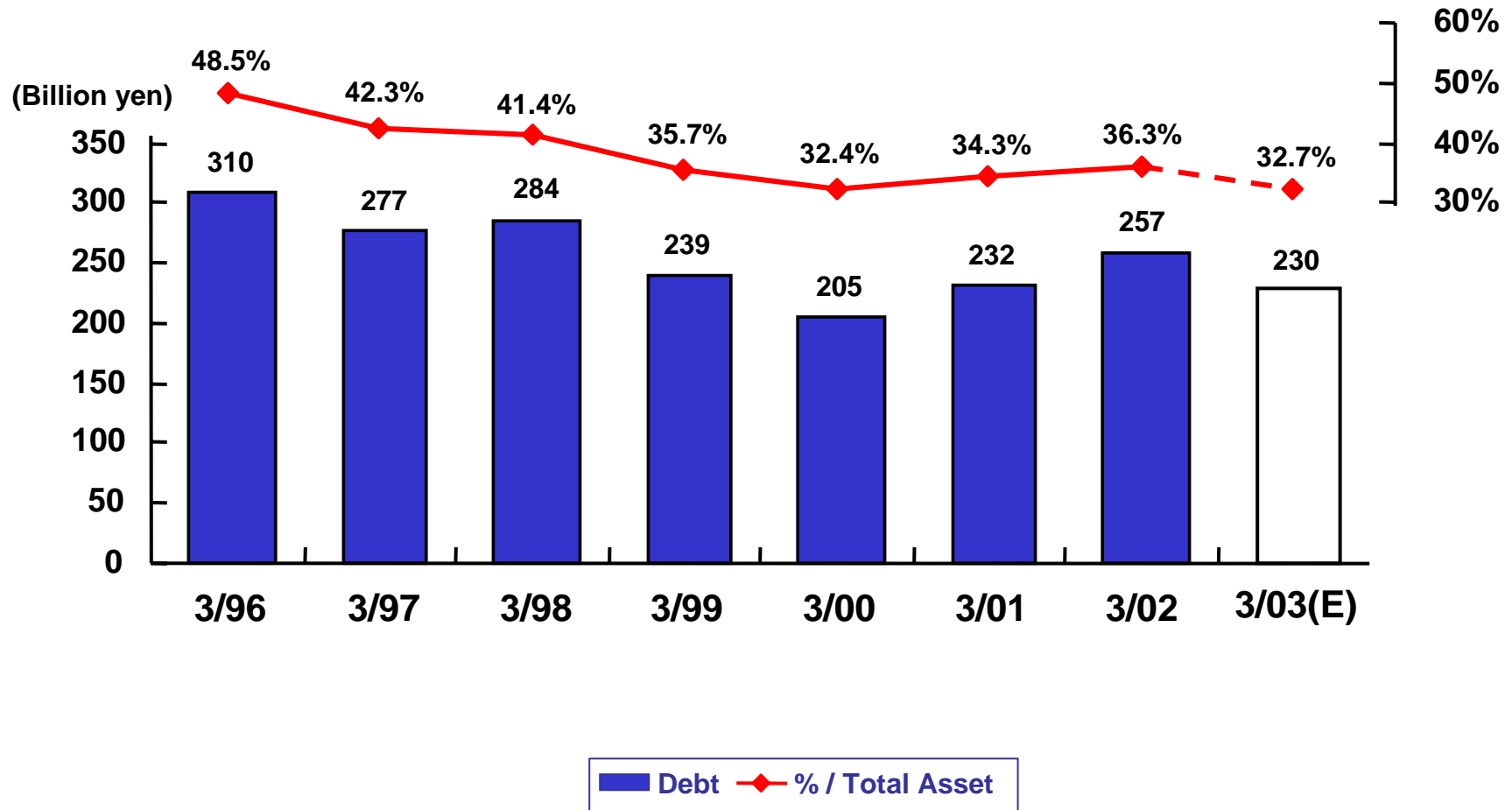
Note: \* Hypothetical EPS excluding one-time unfunded PBO write-off of ¥8.2bn each in FY3/01 and FY3/02

\* P/E multiple is based on price of each fiscal year  
 Leading P/E in FY3/02 is based on the closing price on May 28, 2002 (983 yen).

# Operating Income Trend

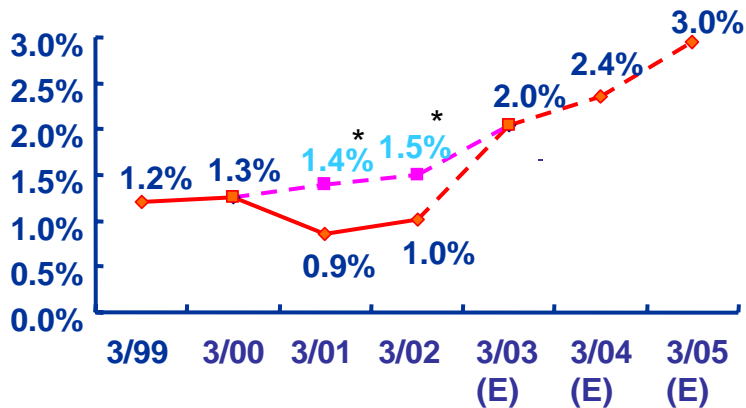


# Total Debt (Consolidated)

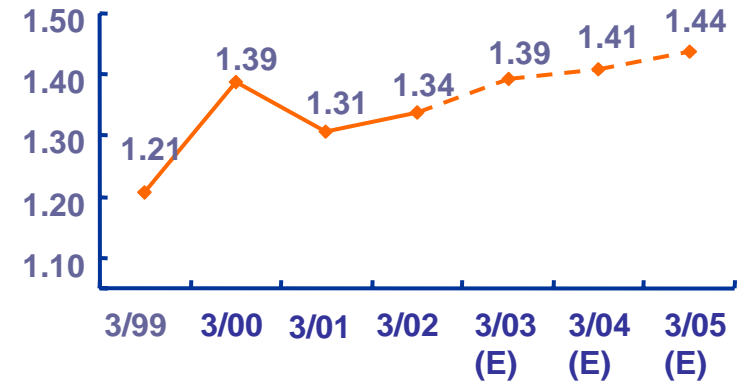


# ROE Analysis

## Net Income / Sales



## Sales / Total Assets

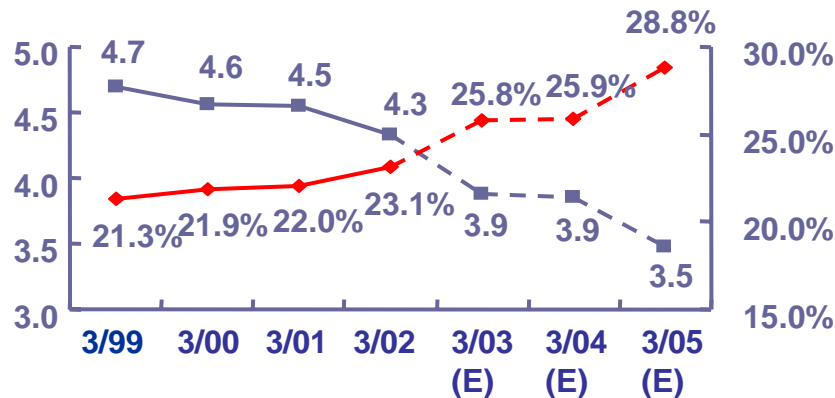


×

## Total Assets / Equity, Equity / Total Assets

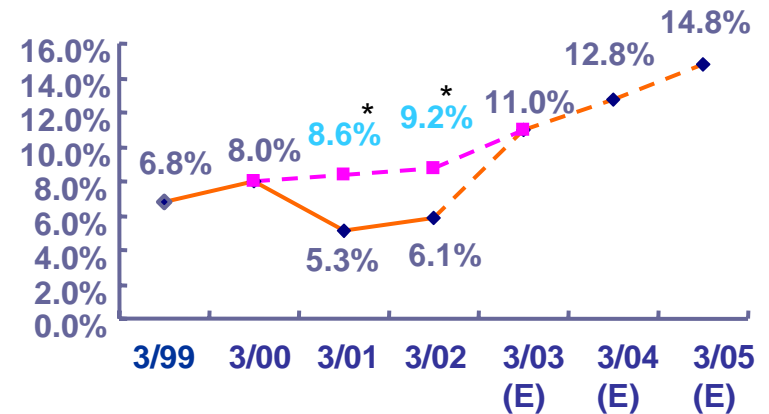
### Total Assets/Equity

### Equity/Total Assets



Budget 3 year plan

## ROE

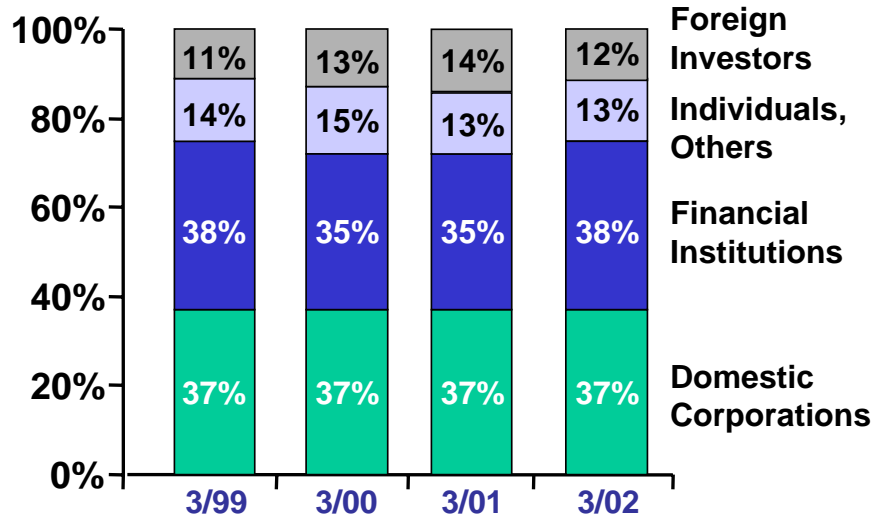


Budget 3 year plan

=

# Shareholders & Share Price

## Shareholders % by Category



## Principal Shareholders (%)

■ Yamaha Corporation	27.89
■ Toyota Motor Corporation	5.41
■ The Fuji Bank, Limited	4.98
■ Mizuho Trust & Banking Co.,Ltd. (Trust Account)	4.98
■ The Mitsubishi Trust and Banking Corporation (Trust Account)	3.50
■ Japan Trustee Services Bank, Ltd. (Trust Account)	3.26
■ The Sumitomo Mitsui Banking Corp	2.96
■ The Shizuoka Bank, Ltd.	2.51
■ The Sumitomo Trust & Banking Company Limited	1.51
■ Mitsui Sumitomo Insurance Company Limited	1.30

