

Motorcycle & Engine

Main Products

- Motorcycles
- Off-road utility vehicles (SxSs ATVs)
- Personal watercraft (PWC)
- General-purpose gasoline engines

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Vision

Guided by the “Kawasaki, working as one” philosophy, continue to grow as a manufacturer with primary focus on high-value-added domains in the power sports and general-purpose engine markets.

Opportunities

- Motorcycles**
 - Stable demand in developed countries and progress in the development of IoT applications, advanced safety features and other technologies
 - Medium- to long-term market expansion in emerging countries
- Utility vehicles**
 - Expanding market in North America
- General-purpose gasoline engines**
 - Firm growth, reflecting U.S. housing market expansion

Risks

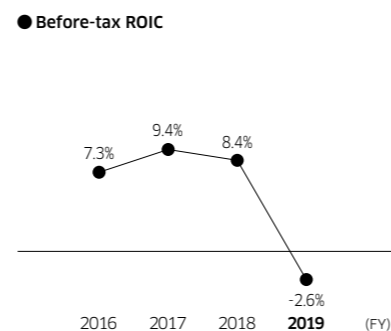
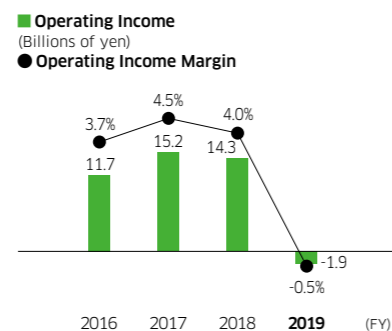
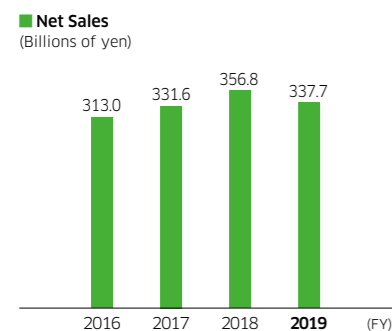
- Motorcycles**
 - Intensifying price competition in emerging markets
 - Tightening environmental regulations
- Utility vehicles**
 - Intensifying price competition
 - Rising materials prices and tariffs due to escalating U.S.-China trade friction
- Shared**
 - Slump in consumption or economic recession due to a viral pandemic

Core Competence

- Strong, clearly differentiated brands, such as *Ninja*, *Z*, *MULE*, and *TERYX*
- World-leading product development expertise
- Technological capabilities to develop and produce high-performance, high-quality products
- Global production, sales, and service structure

Business Direction

- Increase product competitiveness by introducing new models and expanding the model lineup
- Improve profit margins by raising sales prices and cutting costs and control fixed costs associated with development, production, and sales
- Promote inventory adjustment and other measures to increase free cash flows
- Proactively pursue collaboration and business tie-ups with other companies



Operating Environment and Strategies

Due to the COVID-19 pandemic, the outlook in our mainstay markets in Europe, the United States and Southeast Asia is unclear. Furthermore, conditions are growing more challenging, as raw materials costs and tariffs increase, reflecting U.S.-China trade tensions, and new manufacturers based in emerging countries enter markets. As such, Kawasaki needs to improve its productivity.

In this environment, we will anticipate the needs of customers and draw on world-class product development expertise and our strong, highly differentiated brands, such as *Ninja*, *Z*, *MULE*, and *TERYX* to quickly bring attractive, highly competitive models to market. At the same time, we will work to establish Kawasaki as a high-end brand through such means as customer relationship management. Furthermore, we will implement initiatives aimed at establishing and strengthening systems to control and streamline our global management resources from the perspective of overall optimization. By implementing this and other strategies, we will strengthen our financial platform (increase the operating income margin and free cash flow).

Initiatives to Create Social Value

The Motorcycle & Engine Company has designated as its vision for 2030 developing, manufacturing and delivering environmentally friendly motorcycles, as well as models with “fun-to-ride” appeal and advanced rider-support features. To realize this vision, in line with the philosophy that drives product development at Kawasaki, the concepts of “Fun to Ride,” “Ease of Riding,” and “Better Environmental Performance,” we are working to improve motorcycle performance, enhance rider-support features, and respond to tougher exhaust gas, noise, and other environmental regulations. Kawasaki aims to put motorcycles with C-ITS* functions and other advanced rider support functions on the market as soon as possible. In electric motorcycles, hybrid motorcycles, and other motorcycles powered by clean energy, we are building and evaluating the performance of prototypes with an eye to future business development.

* C-ITS: Cooperative Intelligent Transport Systems



Goals for fiscal 2021	<ul style="list-style-type: none"> • Realize comfortable and convenient transportation by launching connected motorcycles with data transmission functions and help users ride with confidence by adopting rider support functions • Clear the EU's strict emissions regulations and other environmental regulations around the world • Every fiscal year, achieve at least a 1.5% average increase in WMTC* fuel economy on new models over the previous models <p><small>* WMTC: Worldwide-harmonized Motorcycle Test Cycle</small></p>
Fiscal 2019 Results	<ul style="list-style-type: none"> • Implemented smartphone connectivity for the <i>Ninja 1000SX</i>, <i>Z900</i>, <i>Ninja 650</i>, and <i>Z650</i> in 2020, expanding the lineup of models with this feature to seven. “RIDEOLGY THE APP,” an official smartphone application, enables users to set their riding mode and confirm the status of their motorcycle using their smartphone, thereby improving riding comfort and convenience. • Achieved an average increase in WMTC fuel economy of 1.4% across the seven models that began production in fiscal 2019 (the <i>Z H2</i>, <i>Ninja 1000SX</i>, <i>Z900</i>, <i>W800</i>, <i>Ninja 650</i>, <i>Z650</i>, and <i>KLX230</i>) • Launched the <i>Z H2</i> with a supercharged engine for large motorcycles achieving high power and high fuel economy



TERYX KRX 1000



Z H2