



YAMAHA MOTORCYCLE, SPORTS ATV & SSV DEALERSHIP PACK

Franchising Dealership Information

yamaha-motor.com.au





BECOME A YAMAHA DEALER

FRANCHISED DEALERSHIP OPPORTUNITY FOR MOTORCYCLES, SPORTS ATV & SSV

If you are a motorcycle enthusiast you will already know about the quality, value and standing of the Yamaha product range. Why not turn your passion into a genuine business opportunity and integrate with your lifestyle?

Perhaps you are just looking for a great and interesting franchise opportunity?

How about franchise opportunity with an internationally recognised brand and reputation offering multiple revenue streams via:

- » Large and highly reputable product range
- » Retail Finance – Yamaha owned
- » Retail Insurance – Yamaha branded
- » Genuine Parts & Accessories
- » Servicing of products
- » Low franchise fees (From \$7,000 + GST)
- » Generous floor plan assistance from Yamaha Motor Finance
- » Incentive programs and a whole lot more

The Yamaha franchise offering is designed to provide the full “Yamaha Experience” to our customers, ensuring happy Yamaha customers create happy Yamaha franchisees.





Yamaha Franchised Dealerships

Our brand is important to our customers

A Yamaha franchised dealership is one of the most important means of communicating the Yamaha brand to our customers. It is essential that the dealership reflects the quality and core values of the Yamaha brand.

Appreciating the Yamaha experience

A dealership provides an environment where the customer feels welcome and can appreciate the Yamaha ownership experience. A high quality, corporate appearance will encourage customers to enter and return to your dealership safe in the knowledge that they will receive an equally high level of sales and service.

Experiencing owning a Yamaha dealership

Our goal is to deliver the Yamaha Ownership Experience to the customer. This experience starts when a customer first dreams of owning a Yamaha product.

We aim to realise dreams with ingenuity and passion while providing exceptional value and deep satisfaction.

Our customers deserve and expect us to deliver a passionate and informative experience from the first moment they start the research of the Yamaha product through to the realisation of their dream and onto the repurchase and recommendation of the experience.



For more information yamaha-motor.com.au/about/become-a-yamaha-dealer

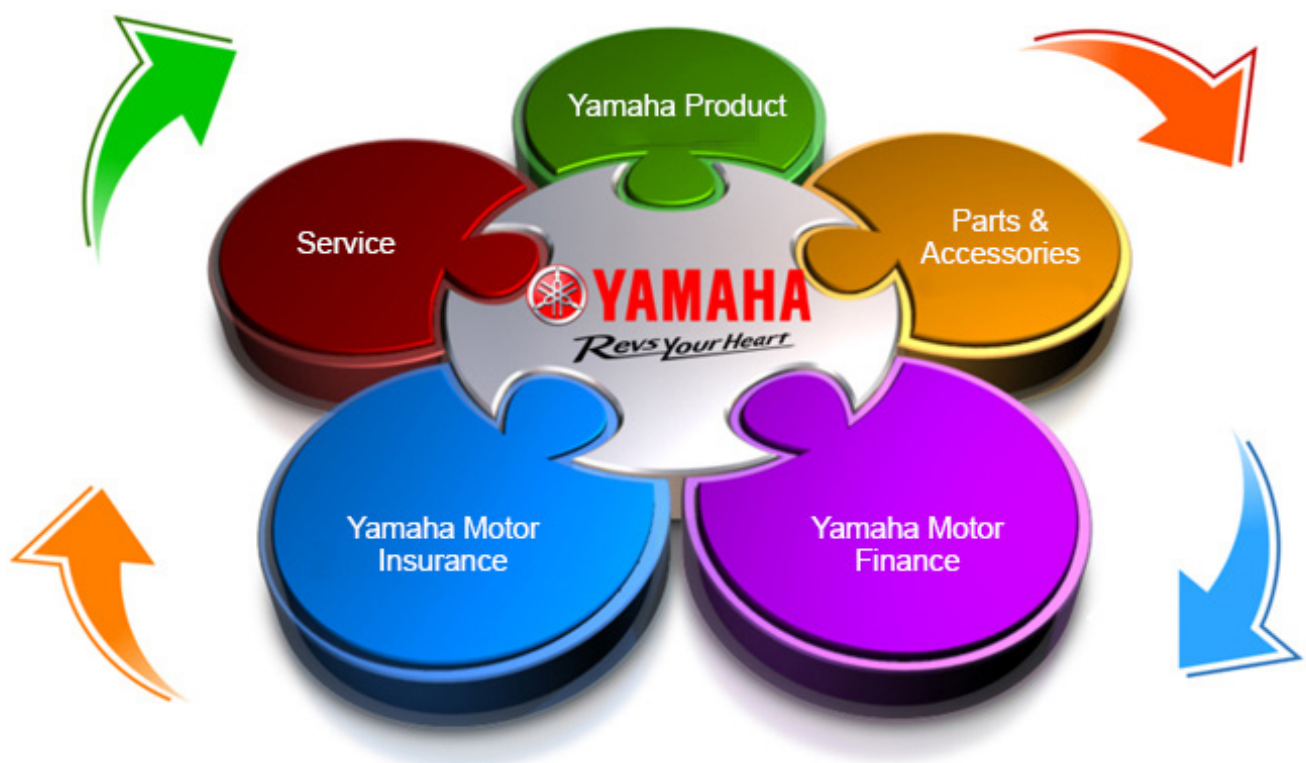
The Franchise System

AT THE HEART OF THE YAMAHA FRANCHISE SYSTEM

At the heart of the Yamaha Franchise system are our Yamaha Franchised Dealerships.

Our Franchise System provides five (5) core elements which not only represent five (5) separate income streams for Yamaha franchised dealers, but five separate yet co-dependent reasons for your customers to come back to your dealership for life.

Supported by field based representatives in each of these arms of the Yamaha franchise system, you will receive the support and training in your dealership to maximise these opportunities for the benefit of you and your customers.



Motorcycle Products

Yamaha Motor Australia distributes a wide array of motorcycle products through our franchised dealers.

There is a premium quality product for everyone from any walk of life, no matter their stage of life.

In conjunction with our dealers, our product range and supporting products, when a customer joins the Yamaha family we want them to be a customer for life.





Yamaha Authorised Service

The Yamaha Dealership Service Department is one of the most important means of communicating the Yamaha Brand to our customers.

It is essential that the Service Department reflects the quality and core values of the Yamaha Brand.

It is also essential that the dealership provides an environment where the customer feels welcome and can appreciate the Yamaha ownership experience.

» Dealer Support

» Training

Our “one to one” service philosophy epitomises the working relationships between Yamaha and its dealers.

Working together to achieve our common goal to offer service based on the same sense of value that can be shared with customers and create Yamaha enthusiasts.





Parts & Accessories

The Spare parts department is an integral part of a dealership, it is vital to a successful service department and deals directly to the public.

The design, layout and systems used are what makes it work for the dealership, or against the flow of the dealership.

At Yamaha we believe our customers attend Yamaha dealerships expecting to be supplied Genuine Yamaha Parts & Accessories, either through your Service Department or purchasing parts over the counter from your Parts Department.

To complement our genuine parts, Yamaha has the largest range of value add genuine accessories, engine oils, apparel & merchandise of any major manufacturer allowing our dealers to offer the "Full Yamaha Experience" to our customers, and giving your dealership the opportunity to make genuine parts & accessories one of the greatest profit centres for your business.





YMF Retail Finance & YMI Insurance

Yamaha Motor Finance PTY LTD, Australian Credit Licence (ACL) No. 394553 is a solely owned company of Yamaha Motor Australia PTY LTD.

YMF offers the Yamaha dealer a complete finance solution in regards to their Yamaha wholesale floor plan requirements and market leading retail finance solutions.

YMF have specialised industry trained staff that understand your dealerships needs and the customers passion for the product.

YMF offers Yamaha dealers and the consumer a convenient, affordable and competitive choice when financing their purchase.

YMF is vital to a successful sales department in your dealership.

At YMF, we know our customers choose to finance with YMF for convenience. Yamaha Motor Finance is a complete retail finance solution, by being in store and online you can potentially walk a customer through the road to a sale (sales enquiry, quote, application, contract printing and compliance within minutes).



Customers have no need to leave your dealership to complete a purchase (that is convenience).

Strategic retail marketing campaigns implemented by YMF in cooperation with Yamaha Motor Australia; are usually by way of retail finance promotions. These promotions give you (the dealer) the advantage in our market.

YMF not only supports our dealers through direct dealer originated business, YMF also forwards all direct sales enquiries to you (the dealer) this includes YMF customers whom are recycled from the YMF data base (CRM).

Yamaha Motor Insurance Australia Pty Ltd (YMIA) is a fully owned subsidiary of Yamaha Motor Australia Pty Ltd.

YMI was introduced in 2007 to enhance what is commonly known as the "Yamaha Purchase Experience" with convenience and market edge product features.

YMI offers a complete end to end insurance solution via a web based retail system. Applications are quick and non-intrusive.

YMI offers Yamaha dealers, quick and convenient processing of claims and repairs.

All repairs and replacement units are directed through the Yamaha dealer network.

Only genuine Yamaha parts are used for repairs on Yamaha products.



YMI have specialised industry trained staff that understand your dealerships needs and the customers passion for the product.

YMI offers the Yamaha dealer and the consumer a convenient, affordable and competitive choice. YMI is vital to a successful sales department in your dealership.

Still Interested? What Next?

As exciting as a Yamaha motorcycle franchise may be, it is not to be taken lightly. There is considerable expense and effort required in establishing and maintaining a Yamaha franchise.

Yamaha understands, potential franchisees are often making the biggest commitment of their lives and we take this very seriously.

Accordingly, we put you through a relatively lengthy process to make sure that you have the appropriate skills, resources and experience to give you every opportunity to be a successful Yamaha franchisee.

It is not guaranteed you will be successful; however by the time you decide to commit to a Yamaha franchise you will have been armed with all the information we can possibly provide you for you to make an informed decision and to have the best chance at success as possible.

You can expect the appointment process to take a minimum of 8-12 weeks and that is in circumstances where suitable premises already exist and your finances are completely in order. It can take much longer.

APPOINTMENT PROCESS OVERVIEW



Pre-Requisites - A Dealership

This may sound like a silly thing to say; however if you don't have a premises in mind already, then you really need to think about what you require.

Whilst Yamaha can provide you with market data which will help determine the type of dealership you will need, the responsibility for finding a location is completely up to you.

Consider the following:

- » The location of your dealership. It can be the difference between success and failure and it must be chosen correctly.
- » A Yamaha dealership must be located in a highly visible, high traffic sales area.
- » The dealership must be well viewed from both directions, allowing signage & branding to be clearly seen from a distance.
- » Corner blocks work very well as they offer a number of entry and exit points.
- » Access to the site must be easy for, cars, bikes, delivery vehicles and cars with trailers.
- » Will you buy or lease? Can you make alterations to the building as you require?
- » Will your premises allow for growth?
- » Do any council regulations in your proposed location impact your business?
- » What size dealership do you require?
- » Does your dealership allow you to provide for an appropriate Dealership Layout?





Branding

Our brand is our promise.

Brand is what maximises the value of the product and distinguishes us from competitors.

It is important to keep the consistency when representing Yamaha.

A Yamaha dealership must stand out from competitors.

The premises must be easily recognisable as a Yamaha dealership. An immediate impression of high quality, professionalism and care for detail must be apparent.



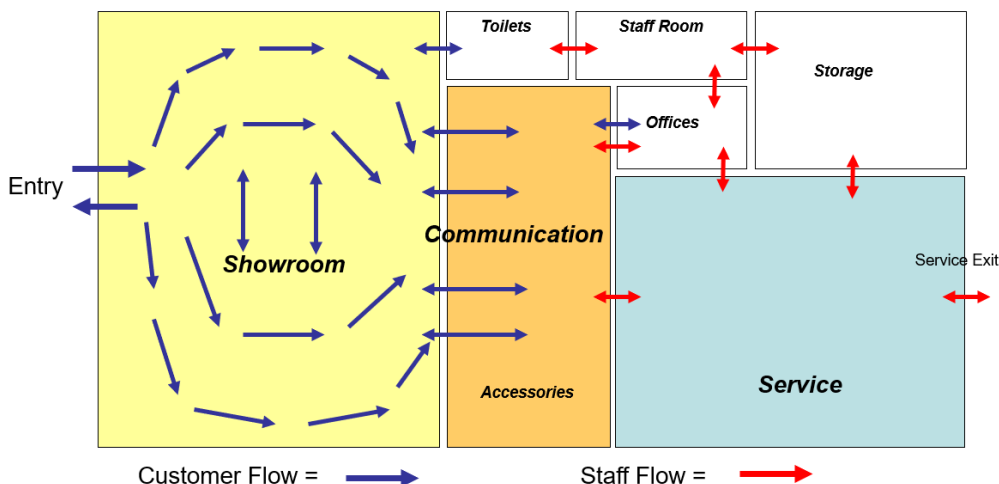
Dealership Layout & Size

DEALERSHIP LAYOUT

Whilst Yamaha has size requirements for each facet of a Yamaha franchised dealership, it is also critical your dealership can be laid out in a way which best represents the brand in your business. (For example, you customers must always be entering through your motorcycle showroom.)

Buildings comes in all shapes and sizes; however the principles shown in the above should always be adopted.

Figure 1: Typical dealership layout.



DEALERSHIP SIZE

Building size is determined by area of responsibility, market share and market growth potential. This is a guide to the area needed for an efficient dealership.

Figure 2: Dealership size requirements.

Minimum areas needed for a MC / SPORTS ATV / SSV Yamaha Dealership					
Category	1	2	3	4	5
Yearly units sold	50 - 100	100 - 200	200 - 300	300 - 400	400+
Min Stock on hand	13 - 34	34 - 67	67 - 100	100 - 134	140
Min Stock on Floor	13 - 28	28 - 54	54 - 80	80 - 108	120
Floorplan Limit	\$150k-\$275k	\$275k-\$550k	\$550k-\$800k	\$800k-\$1.1M	\$1.2M+
Min Showroom size	120m ²	120m ² - 200m ²	200m ² - 320m ²	320m ² - 430m ²	450 +
Accessories	50m ²	80m ²	100m ²	100m ²	100m ² +
Sales / Finance	20m ²	30m ²	40m ²	40m ²	40m ² +
Spare Parts room	10m ²	20m ²	20m ²	25m ²	30m ²
Genuine Acc Area	12m ²	16m ²	20m ²	25m ²	25m ²
Administration / office	10m ²	20m ²	20m ²	20m ²	20m ²
Storage	50m ²	70m ²	100m ²	130m ²	150m ²
Service	135m ²	150m ²	200m ²	200m ²	220m ²
Staff amenities / Toilets	10m ²	10m ²	15m ²	15m ²	15m ²
Total Area m² New only	417m²	516m² - 596m²	715m² - 835m²	875m² - 985m²	1050m²
Used Bikes & ATV/SSVs - Outside	35m²	50m²	70m²	70m²	85m²+
Total if New & Used Inside	452m²	566m² - 646m²	785m² - 905m²	945m² - 1055m²	1135m²

Financial Capacity - YMF

Yamaha Motor Finance (YMF) offers wholesale floor plan funding for new Yamaha units.

YMF provides an approved credit facility to maintain an adequate stock holding to meet your individual market size and appetite.

Borrowers may be individuals, partnerships or private limited liability companies.

A prospective dealer completes YMF's standard new dealer application and supplies financial statements (balance sheet, profit and loss statements or tax returns) for the prior three years.

Where the applicant's accountants have not completed the most recent financial year end statements, then the applicant will need to provide management accounts for that year.

If a business/company is unable to provide figures for the past three years trading the application may still be eligible for consideration.

Situations where this may arise are as follows:

- » Principals acquired the business during the past three years. In this case, we would expect to sight the financial statements for any completed financial years plus the financial information upon which they based their decision to purchase the business: or
- » The business was newly established during the past three years. We would expect to sight the financial statements for any completed financial years plus we would need to confirm that results to date were in line with original financial projections.

In both these situations, the personal guarantees of the principals are taken and the guarantors must have satisfactory equity held in real estate property assets to pledge as security.

The principals will complete a statement of Position to list real estate property and personal assets for assessment.

Alternatively, YMF would accept a Bank Guarantee from an Australian or New Zealand Bank.



The amount of the Bank Guarantee to be taken is dependent on the floor plan credit limit required. These options are our preferred options and are assessed based on risk.

All company credit is to be supported by the joint and several guarantee of the directors. Occasionally, the directors are not the same as the major shareholders. Our definition of a major shareholder is a person or company who holds a number of shares equal to or greater than the shareholder with the next highest shareholding.

All credit lines are annually renewable, from a practical point of view, YMF regularly review the operational and financial behaviour of the dealer and from our experience a well conducted floor plan represents sound commercial behaviour of the dealer.

Floor Plan Credit Limits are formulated and based on the projected and forecast unit sales for the Dealership. The Dealership is expected to hold approximately 3 months stock at any one time on floor with a signed Bailment Agreement acknowledging the terms and conditions of operation.

YMF understands the importance for a business/company to operate effectively and the need to have sufficient working capital on hand. The right level of working capital is dependent on the industry and the particular circumstances of the business. It is important you work out the right level of working capital that you will need as this is crucial to maintaining a positive and efficient cash flow.

Information Statement for Prospective Franchisee

Thinking of becoming a franchisee?

It is important to consider the risks and the rewards.

This document **is not** a complete guide to franchising, it is a starting point.

It should be combined with your own independent legal, accounting or business advice and the disclosure document provided by the franchisor.

Entering a franchise is a big decision. Before you do so, you should:

- » Conduct due diligence – this means researching the franchise system and talking to current and former franchisees.
- » Get advice – get legal, accounting and/or business advice from professionals with expertise in franchising.
- » Read all the documents – carefully study the disclosure document, franchise agreement and any other documents provided by the franchisor.
- » Know your rights – make your own enquiries to ensure that it is the right decision for you. The Franchising Code of Conduct sets out the rights and obligations of the people involved in a franchising relationship. It can be found at <http://www.comlaw.gov.au>.

You should also consider taking a specialist franchising or business course before making a decision to enter a franchise agreement.

There are free, online education courses available for prospective franchisees. Some courses can be found here <http://www.franchise.edu.au/education.html>.

WHAT IS FRANCHISING?

Franchising is a model for doing business. When you enter a franchise agreement, the franchisor controls the name, brand and business system you are going to use. The franchisor grants you the right to operate a business in line with its system, usually for a set period of time. There is no guarantee you will be able to keep your franchise business after the initial period of the agreement ends.

Franchisors and franchisees must comply with the Franchising Code of Conduct, which exists under the Competition and Consumer Act 2010, as well as consumer and company laws. The Franchising Code sets out minimum requirements for a franchisor to provide specific information to you. A franchise agreement, once entered into, is a legally binding contract that sets out the terms of the franchise.

WHY CONSIDER FRANCHISING?

A franchise can offer particular benefits over other types of businesses. For example, franchises may have an established product or service and an existing reputation and image. It may also give you access to the franchisor's experience and knowledge in the industry, planning, marketing skills and operating procedures. Some franchise systems provide support, some do not.

You should carefully think about whether the franchise system you are considering suits your business experience, skills and needs.

UNDERSTANDING THE FRANCHISING RELATIONSHIP

Two important features of franchising are that the franchisor has established the business system you are using and that most franchise systems rely on each franchise maintaining consistency. For those reasons, franchisees are usually required to strictly comply with the operating procedures set down by the franchisor. As a result, you may be limited in the changes you can make to the franchise system without the agreement of the franchisor.

You will usually also be bound by confidentiality obligations. This includes limits on your rights to use the franchisor's intellectual property or business system outside the franchise.

Most businesses adjust to meet changes in the market. The franchisor might make changes to the franchise system at any time but does not have to discuss them with all franchisees.

Information Statement for Prospective Franchisee

UNEXPECTED EXPENSES

In franchising, as in any business, unexpected expenses may arise. Events such as a natural disaster or a change in the law or Australian standards can impact your business. You need to have a business plan that takes this into account when working out the funds you will need for the future. You should also make sure you have the type of insurance which is right for your situation.

During the life of your franchise agreement, a franchisor might also decide to update computer systems or introduce new uniforms or change the appearance of the franchise system. These changes might not have been thought about when you entered the agreement. Those costs would normally be paid by the franchisee under the agreement.

THE RISKS OF FRANCHISING

Statistics suggest franchises have a lower failure rate than other businesses, but franchising is not risk free. Franchising is a business and, like any business, there is the potential for a franchisor or franchisee to become insolvent. If this occurs this may have significant impacts on your business, for instance, you may no longer be able to use the franchise system's branding.

Some of the things you should think about are:

- » How much working capital or extra funds you need for the first year or two while the business is getting established.
- » Consumer demand for products or services is not the same in every geographical area and a franchise system might not be successful in every area.
- » As a franchisee, you may not have an exclusive territory.
- » Your franchisor may have the ability to compete with you online.
- » As a franchisee, you won't necessarily have the choice of where you buy the products you need to run the business, even if you believe you can get those products for a lesser price somewhere else.

- » An agreement may allow the franchisor to terminate the agreement even if there hasn't been a breach by a franchisee.
- » Some locations are better for some businesses than others (i.e. consider a shopping centre versus a main street).
- » The economy has its ups and downs.
- » Whether the business is a fad or should it pass the test of time.

You may not have an automatic right to renew your agreement once the initial term is over. You should think about what happens at the end of the agreement:

- » Will you be able to recover your outlay and make a profit during the term of the agreement?
- » What are your rights and responsibilities around renewing your franchise agreement?
- » What are the rules about you selling your business?
- » Are there any restrictions on you starting a similar business if you want to?

The Australian Competition and Consumer Commission (ACCC) administer and enforce the Franchising Code. For example, the ACCC can provide information on how supply arrangements work in a franchising relationship.

FURTHER INFORMATION

Further information on franchising can be found at <http://www.accc.gov.au> or by calling the ACCC Small Business Helpline on 1300 302 021.