

**Yamaha Corporation  
Analyst and Investor Briefing on  
the First Quarter of Fiscal Year  
Ending March 31, 2016 (FY2016.3)**

**July 31, 2015**



# Overview of Performance in the First Quarter (April-June)



## Results Summary

- **First quarter sales increased year-on-year, and operating, ordinary, and net income all rose sharply. This is the fourth consecutive year of rising first quarter sales and income. Sales and income both exceeded previous projections.**
- **In the musical instrument segment, strong sales in the Chinese and European markets made up for slow resurgence in Japan, and sales and income both increased from the same period of the previous year.**
- **Despite ongoing headwinds for AV products, brisk sales of professional audio equipment in Europe, China, and other markets resulted in higher year-on-year audio equipment sales and income.**
- **Although electronic device sales declined from the first quarter of the previous year, income improved as structural reforms took effect and sales of components for amusement equipment rebounded.**
- **Higher sales of factory automation equipment were the main factor behind increased year-on-year sales and income for other business.**

# Performance in the First Quarter of FY2016.3



(Billions of yen)

	FY2015.3 1Q results	FY2016.3 1Q results	Changes from same period of the previous year	FY2016.3 1Q previous projections	Changes from the previous projection
<b>Net Sales</b>	<b>99.6</b>	<b>105.5</b>	<b>+6.0%</b>	104.0	+1.5%
<b>Operating Income</b> (Operating Income Ratio)	<b>6.2</b> (6.3%)	<b>8.9</b> (8.4%)	<b>+42.0%</b>	7.0 (6.7%)	+26.4%
<b>Ordinary Income</b> (Ordinary Income Ratio)	<b>5.9</b> (5.9%)	<b>8.5</b> (8.0%)	<b>+44.5%</b>	6.5 (6.3%)	+30.2%
<b>Net Income*</b> (Net Income Ratio)	<b>4.1</b> (4.1%)	<b>6.3</b> (5.9%)	<b>+53.3%</b>	5.0 (4.8%)	+25.0%

## Exchange Rate (yen)

<b>Net Sales</b>	<b>US\$</b>	<b>102</b>	<b>121</b>	120
	<b>EUR</b>	<b>140</b>	<b>134</b>	130
<b>Operating Income</b>	<b>US\$</b>	<b>102</b>	<b>121</b>	120
	<b>EUR</b>	<b>140</b>	<b>133</b>	130

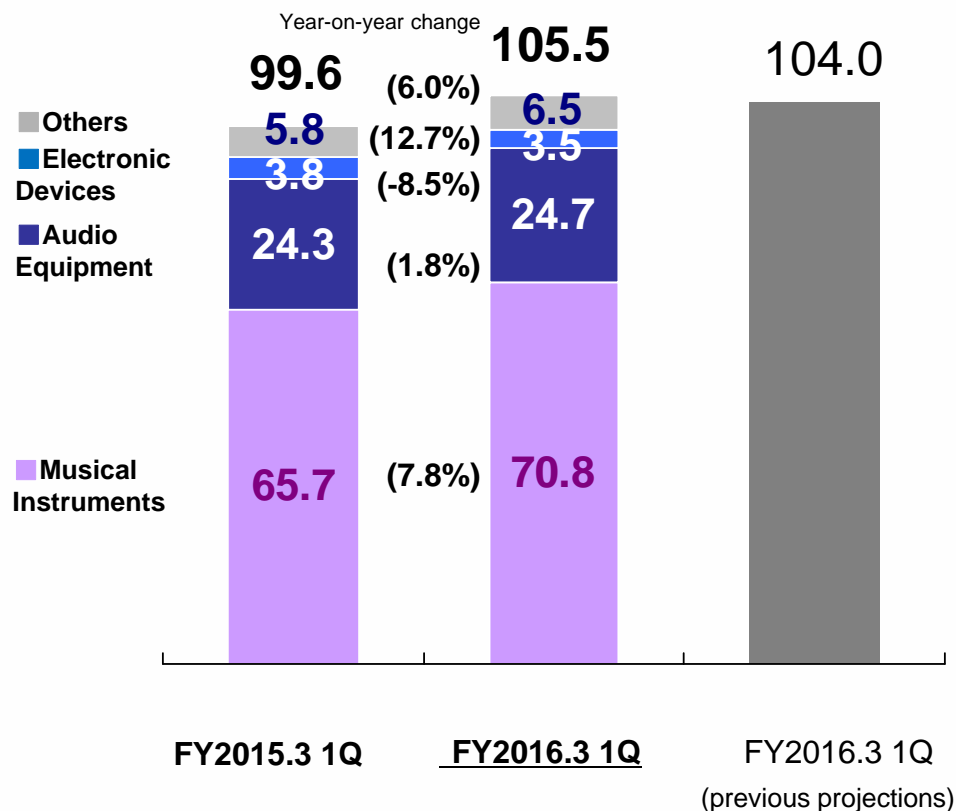
\* Net income is presented as net income attributable to owners of parent on the consolidated financial statements

\*\*Previous projections were announced on April 30, 2015

# Performance by Business Segment in the First Quarter of FY2016.3

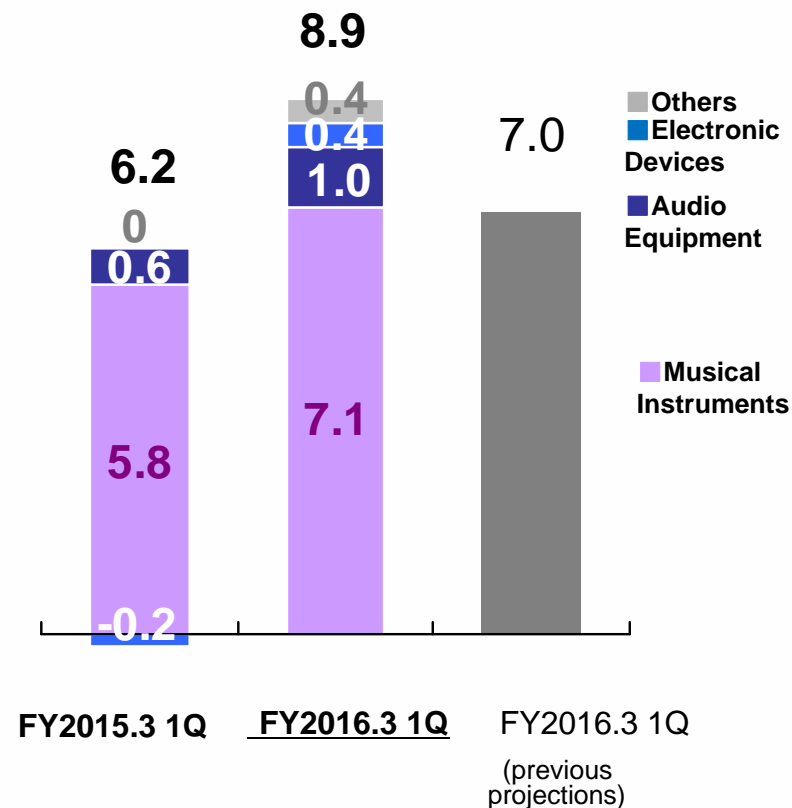


## Net Sales



## Operating Income

(Billions of yen)



### Impact of Exchange Rates

<b>Year-on-Year</b>	<b>+¥5.2 billion</b> (musical instruments +¥3.7 billion, audio equipment +¥1.4 billion, electronic devices +¥0.1 billion)
<b>Versus previous projections</b>	<b>+¥1.5 billion</b> (musical instruments +¥1.1 billion, audio equipment +¥0.5 billion)

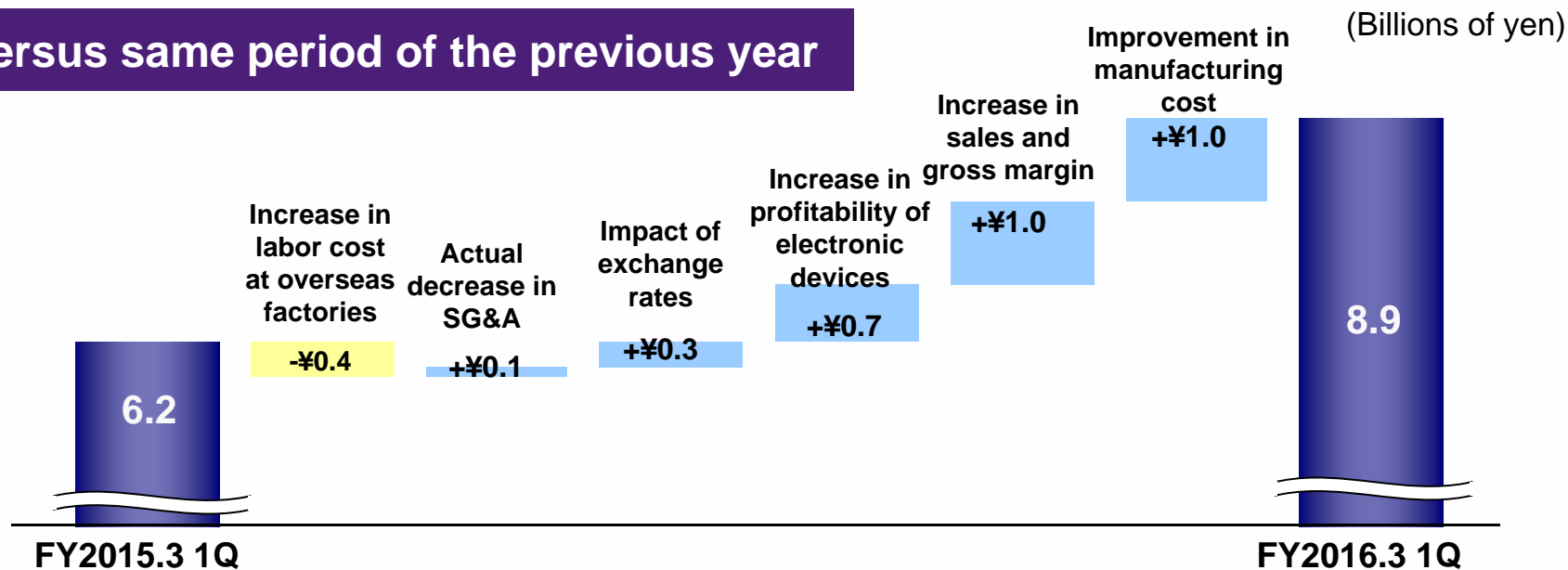
<b>Year-on-Year</b>	<b>+¥0.3 billion</b> (musical instruments +¥0.4 billion, electronic devices -¥0.1 billion)
<b>Versus previous projections</b>	<b>+¥0.7 billion</b> (musical instruments +¥0.5 billion, audio equipment +¥0.2 billion)

\* Previous projections were announced on April 30, 2015

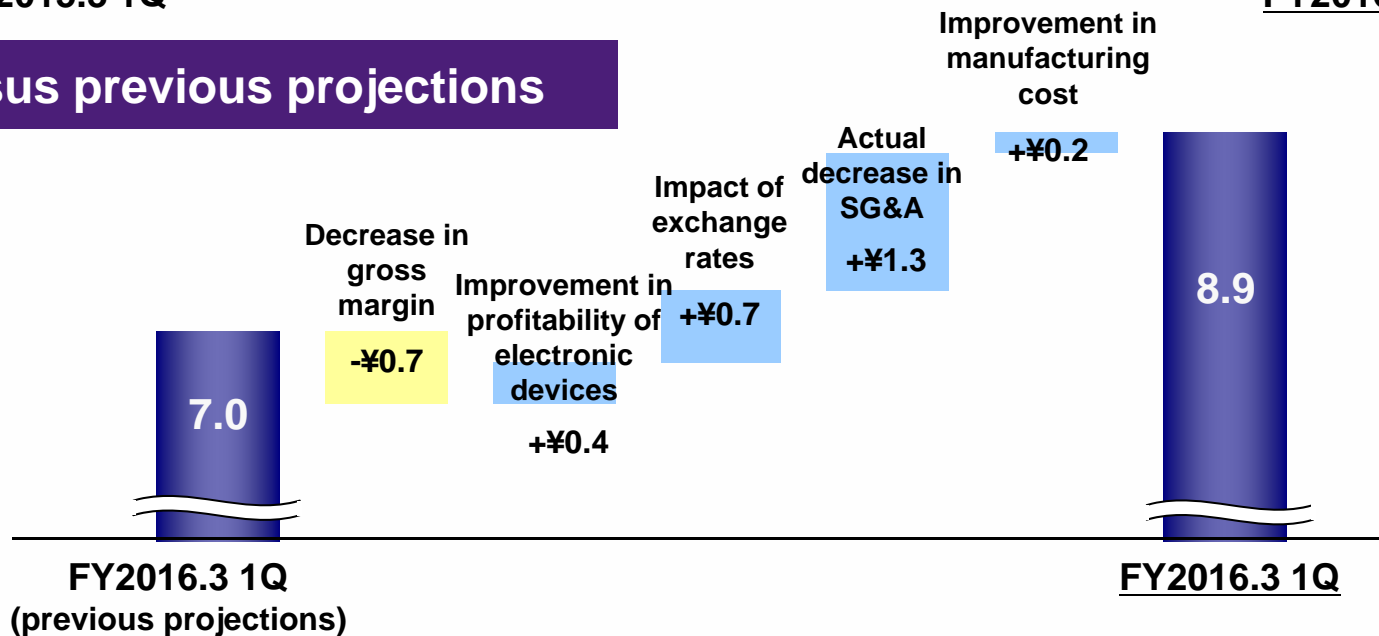
# FY2016.3 1Q Operating Income Analysis



## Versus same period of the previous year



## Versus previous projections

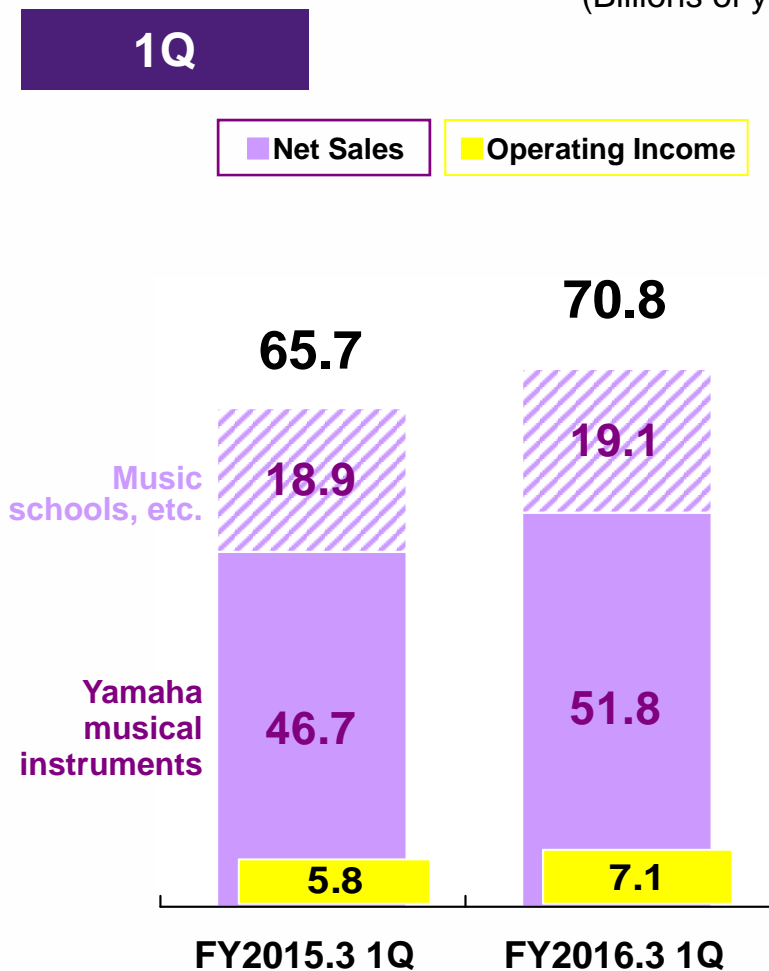


\* Previous projections were announced on April 30, 2015

# Musical Instruments 1Q



(Billions of yen)



## 1Q Overview

- Sales and income increased year-on-year
- Sales were robust in North America and exceeded expectations in Europe
- Strong sales of digital musical instruments drove double-digit growth in the Chinese market
- Other Markets generally produced healthy results
- Sales of digital pianos and wind instruments showed particular strength
- Amid slow revival in the Japanese market, piano sales were on a par with the previous year

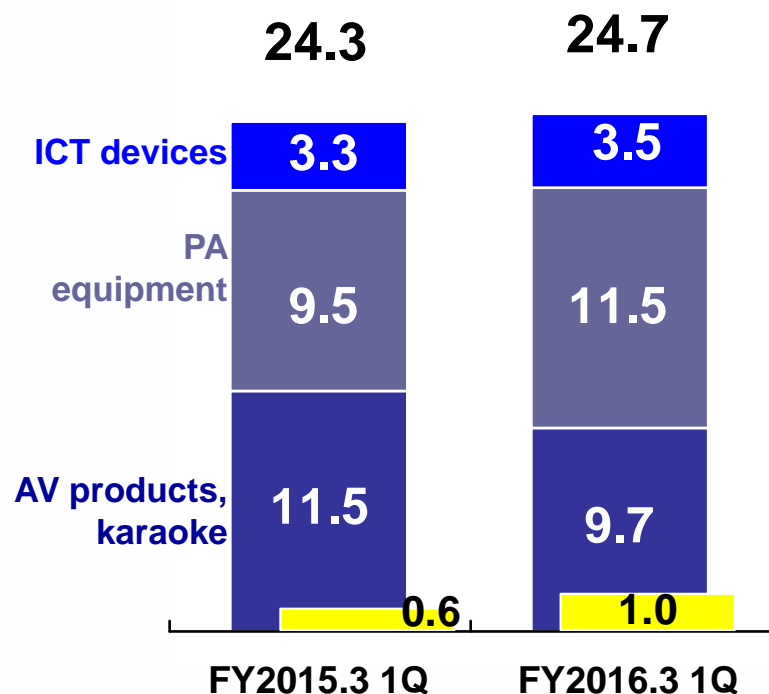
# Audio Equipment 1Q



(Billions of yen)

1Q

■ Net Sales    ■ Operating Income



## 1Q Overview

- Sales and income rose year-on-year
- Although AV product sales again declined from the same period of the previous year, they were in line with expectations
- Sales of online karaoke equipment fell, due to changes in supply structure
- Actual professional audio equipment sales showed double-digit growth in all markets except North America
- Revolabs achieved strong sales

# Electronic Devices 1Q

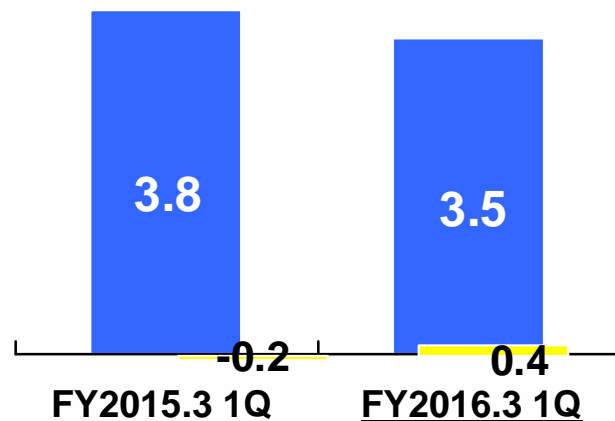


(Billions of yen)

1Q

■ Net Sales

■ Operating Income



## 1Q Overview

- Although sales declined year-on-year, income improved to return to positive territory
- Improved profitability was partly due to the effects of structural reforms and rallying sales of devices for amusement equipment

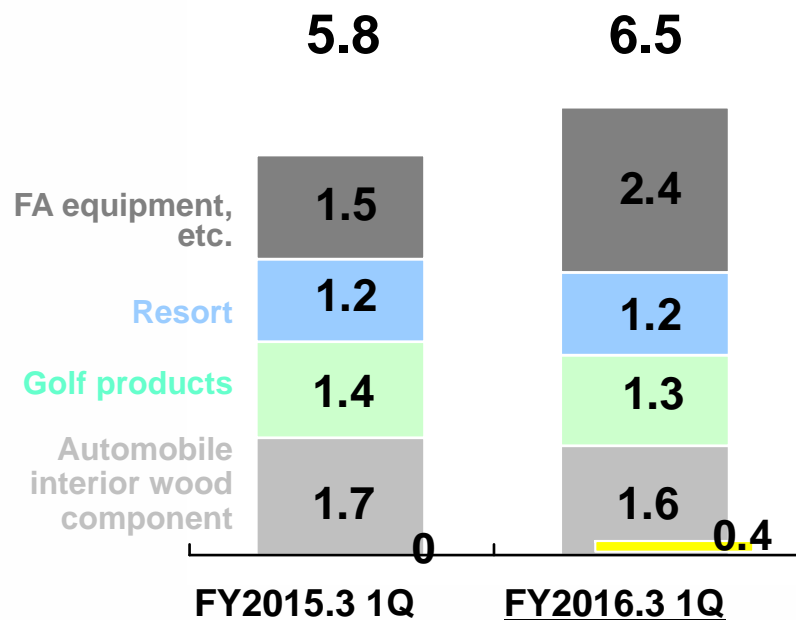


# Others 1Q



(Billions of yen)

1Q



## 1Q Overview

- Sales and income increased year-on-year
- Factory automation equipment sales were stronger than the previous year
- Sales of automobile interior wood components and golf products declined slightly year-on-year

# Outlook for 2-4Q and Full Year



## Outlook for 2-4Q

- In light of first quarter sales results, previous projections for musical instrument sales remain unchanged in all markets
- Audio equipment business will focus on continuing growth for professional audio equipment and recovery driven by the launch of new AV products
- Building on foundations laid by the effects of structural reforms, electronic device business aims to return to profitability
- The exchange rate forecast remains unchanged at US\$1=¥120 and EUR1=¥130

## Full Year Outlook

- Full year projections have been revised upwards in light of increased sales and higher operating, ordinary, and net income in the first quarter. The revised projections are ¥437.0 billion for sales and ¥35.0 billion for operating income.

# Forecast for Performance in FY2016.3 (Full Year)



(Billions of yen)

	FY2015.3 results	FY2016.3 projections	Changes from same period of the previous year	FY2016.3 previous projections	Changes from the previous projection
<b>Net Sales</b>	<b>432.2</b>	<b>437.0</b>	<b>+1.1%</b>	435.0	+0.5%
<b>Operating Income</b> (Operating Income Ratio)	<b>30.1</b> (7.0%)	<b>35.0</b> (8.0%)	<b>+16.1%</b>	34.0 (7.8%)	+2.9%
<b>Ordinary Income</b> (Ordinary Income Ratio)	<b>31.2</b> (7.2%)	<b>35.0</b> (8.0%)	<b>+12.1%</b>	33.0 (7.6%)	+6.1%
<b>Net Income*</b> (Net Income Ratio)	<b>24.9</b> (5.8%)	<b>27.0</b> (6.2%)	<b>+8.3%</b>	25.5 (5.9%)	+5.9%

## Exchange Rate (yen)

<b>Net Sales</b>	<b>US\$</b>	<b>110</b>	<b>120</b>	120
	<b>EUR</b>	<b>139</b>		130
<b>Operating Income</b>	<b>US\$</b>	<b>109</b>	<b>120</b>	120
	<b>EUR</b>	<b>141</b>		130

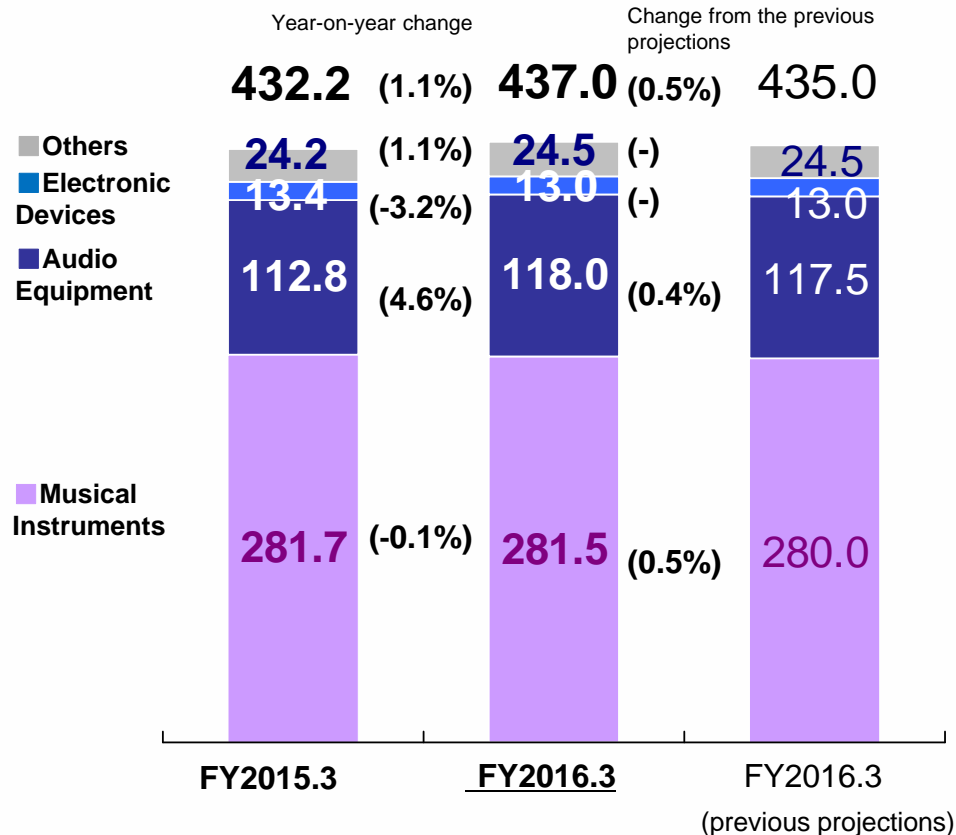
\* Net income is presented as net income attributable to owners of parent on the consolidated financial statements

\*\*Previous projections were announced on April 30, 2015

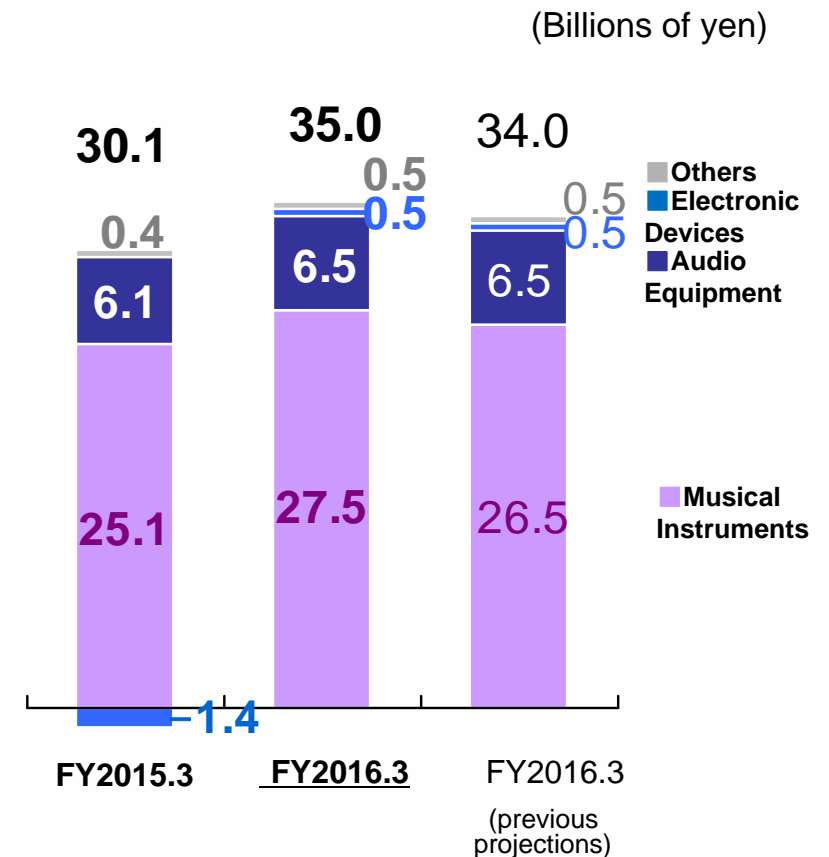
# FY2016.3 Full Year Forecast for Performance by Business Segment



## Net Sales



## Operating Income



### Impact of Exchange Rates

<b>Year-on-Year</b>	<b>+¥7.4 billion</b> (musical instruments +¥5.5 billion, audio equipment +¥1.7 billion, electronic devices +¥0.2 billion)
<b>Versus previous projections</b>	<b>+¥2.0 billion</b> (musical instruments +¥1.4 billion, audio equipment +¥0.6 billion)

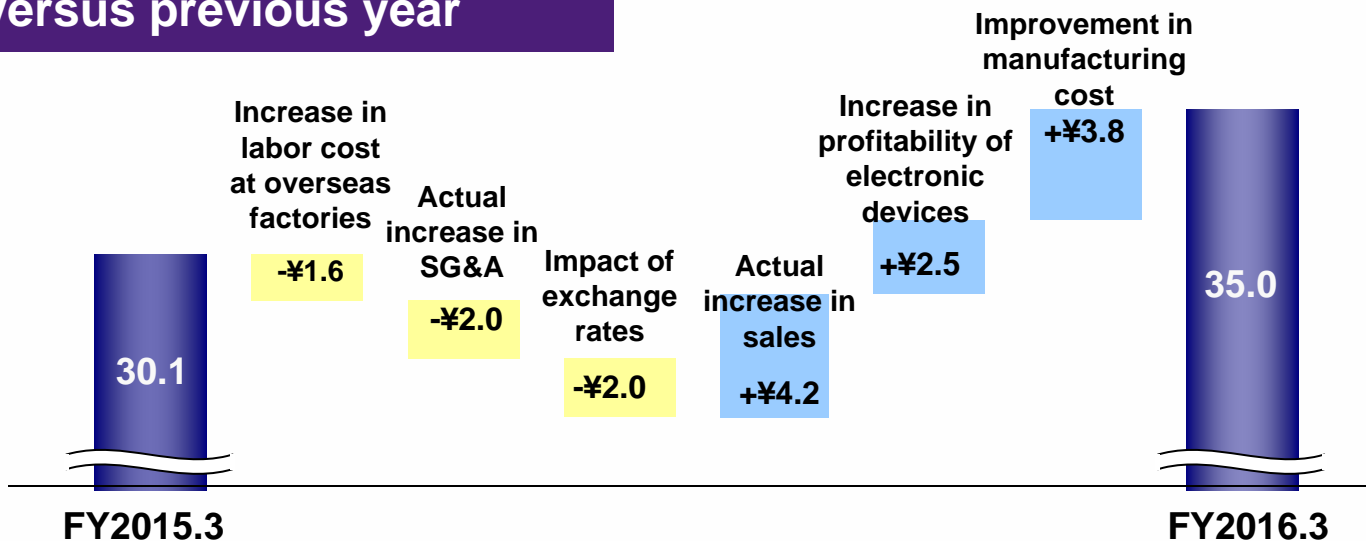
<b>Year-on-Year</b>	<b>-¥2.0 billion</b> (musical instruments -¥0.5 billion, audio equipment -¥1.0 billion, electronic devices -¥0.5 billion)
<b>Versus previous projections</b>	<b>+¥1.1 billion</b> (musical instruments +¥0.8 billion, audio equipment +¥0.3 billion)

\* Previous projections were announced on April 30, 2015

# FY2016.3 Full Year Operating Income Analysis

## Versus previous year

(Billions of yen)



## Versus previous projections



\* Previous projections were announced on April 30, 2015

# Musical Instruments Full Year Projections

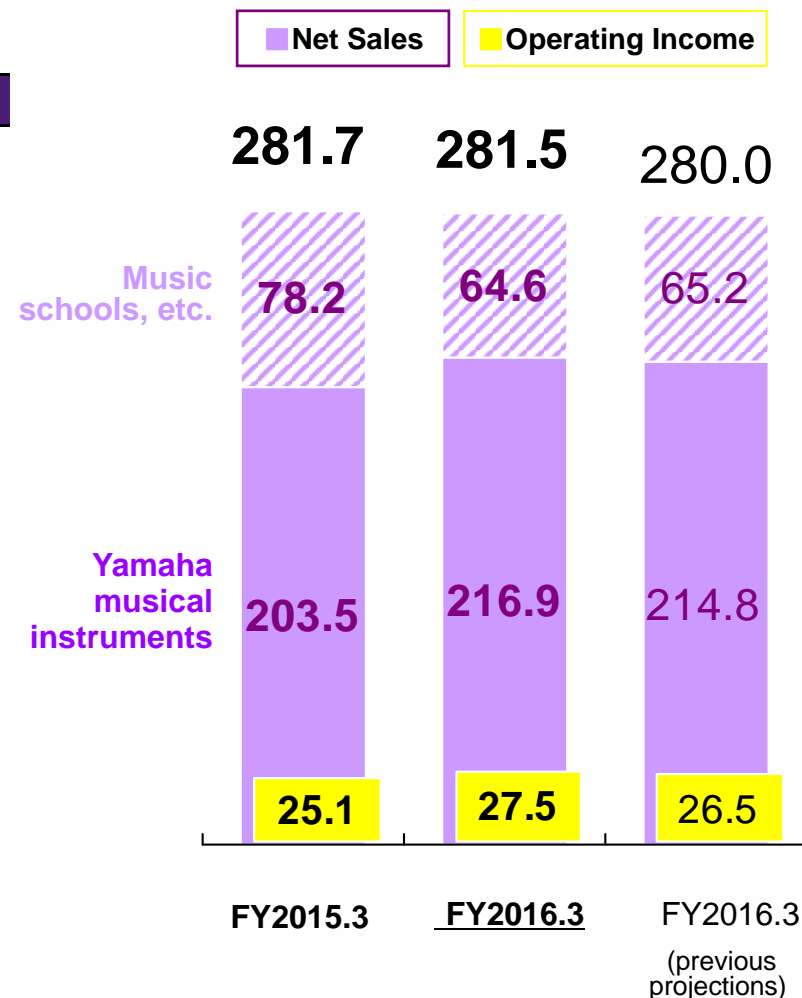


Full Year

(Billions of yen)

## Full Year Projections

- Income is projected to increase year-on-year, and sales and income are both expected to exceed previous projections
- Despite some concerns over prospects in Europe, China, and other markets, previous projections remain unchanged
- Sales of digital pianos and wind instruments are anticipated to grow



\* Previous projections were announced on April 30, 2015

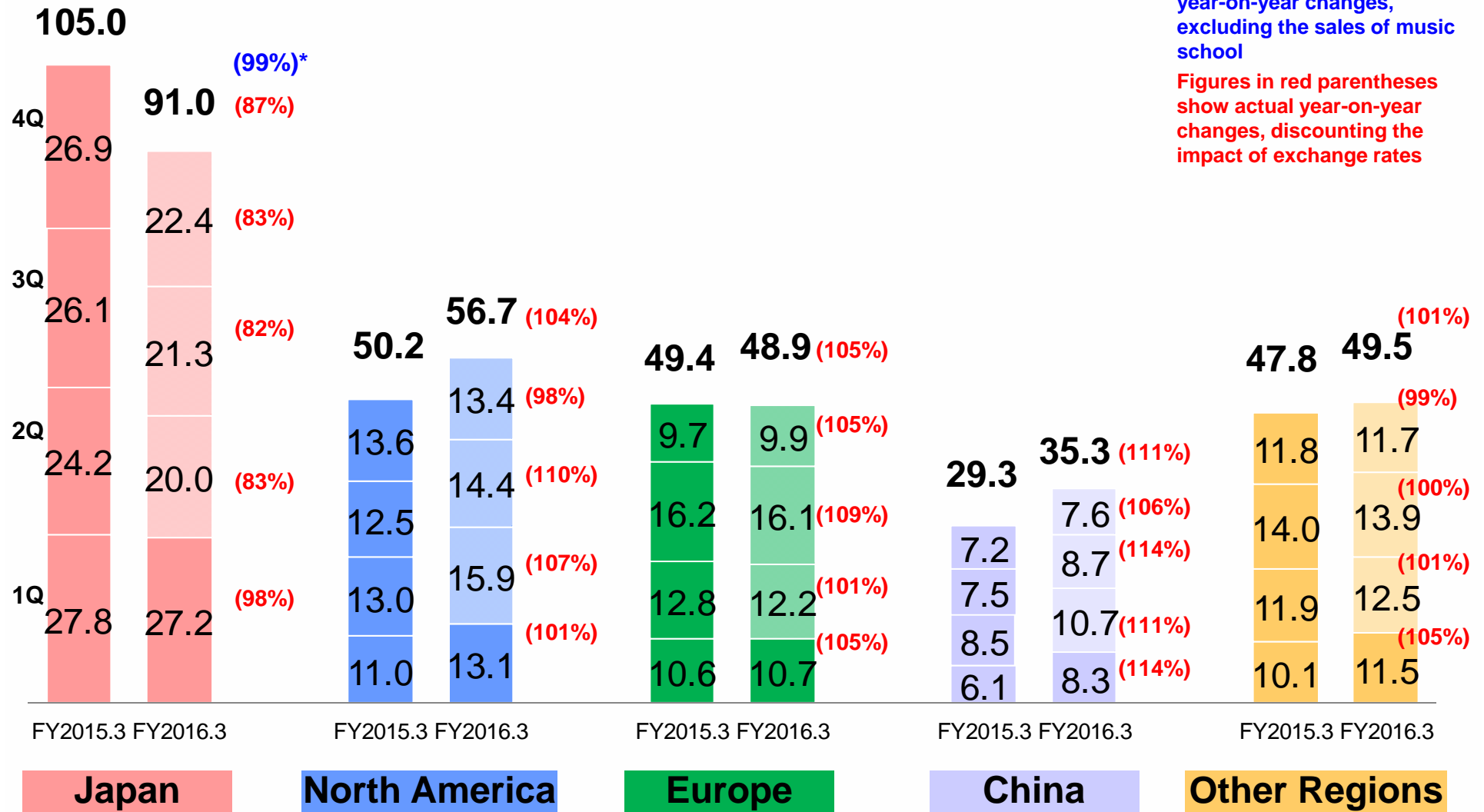
# Musical Instruments: Sales by Region

Sales Projections (including software products and music schools)

(Billions of yen)

\*Figures in blue parentheses show actual year-on-year changes, excluding the sales of music school

Figures in red parentheses show actual year-on-year changes, discounting the impact of exchange rates



# Audio Equipment Full Year Projections

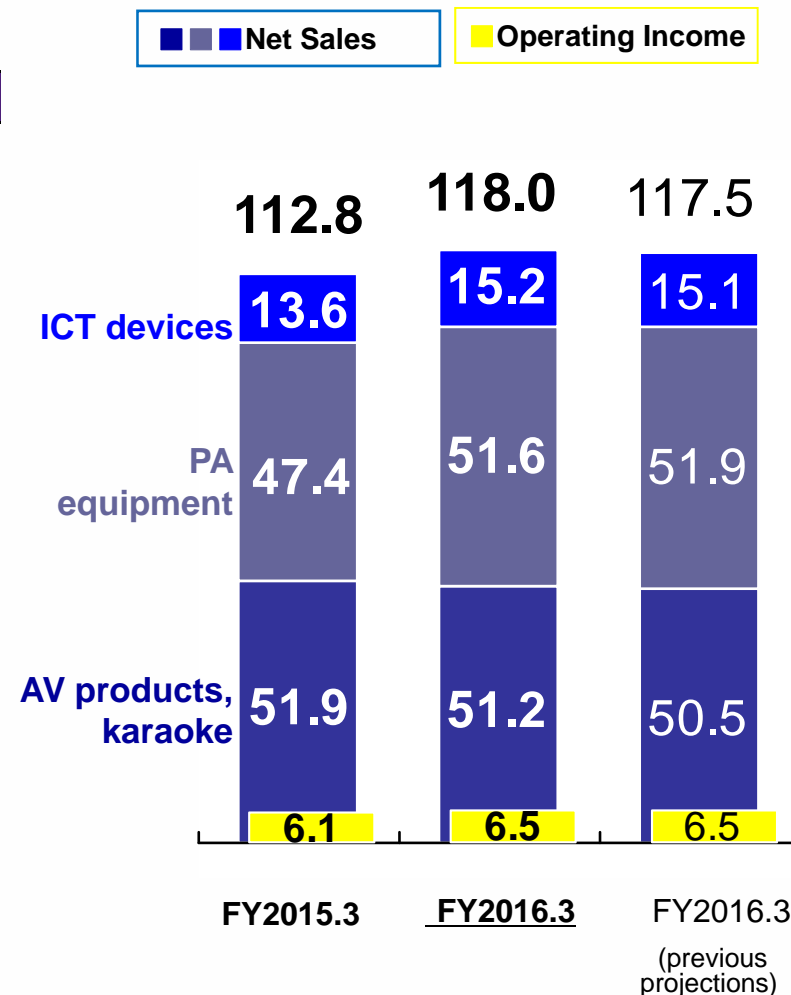


Full Year

(Billions of yen)

## Full Year Projections

- Sales and income are projected to rise year-on-year
- The launch of new models is expected to spur a rally in AV product sales
- Growth in professional audio equipment sales will accelerate, especially due to the launch of new digital mixer products
- Despite falling sales due to changes in supply structure, online karaoke equipment sales will remain profitable
- Robust sales of routers and conference systems are anticipated



\* Previous projections were announced on April 30, 2015

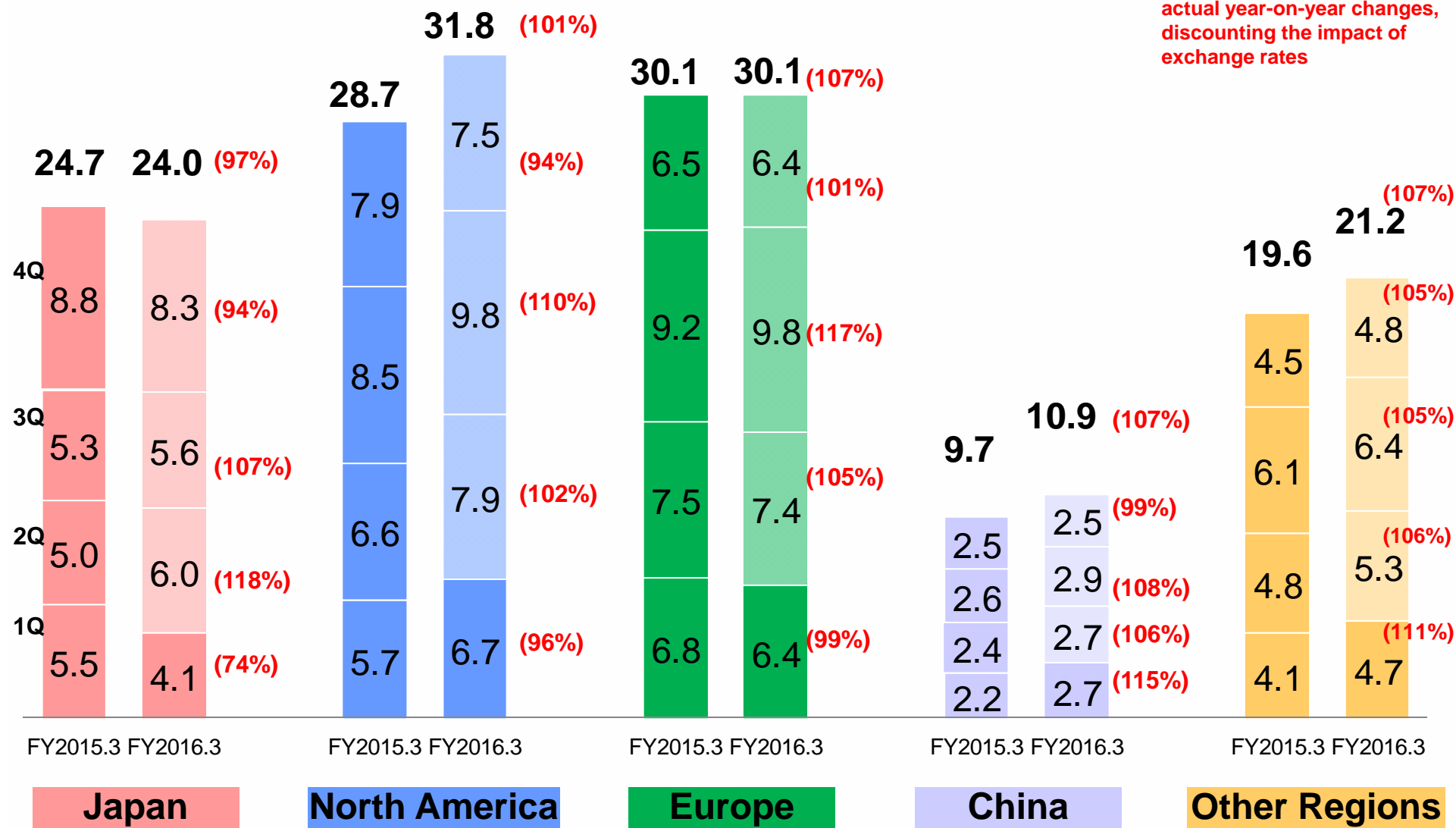


# Audio Equipment: Sales by Region



(Billions of yen)

Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates



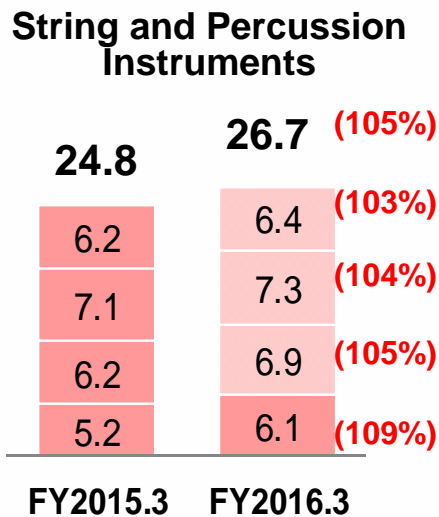
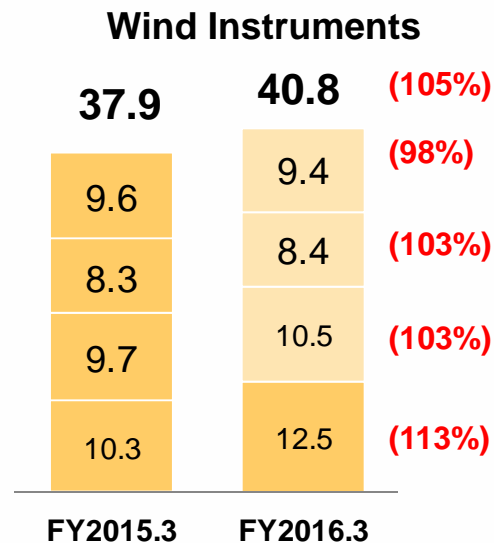
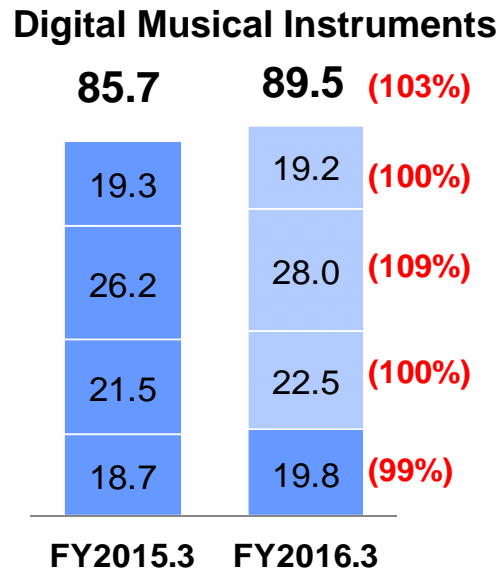
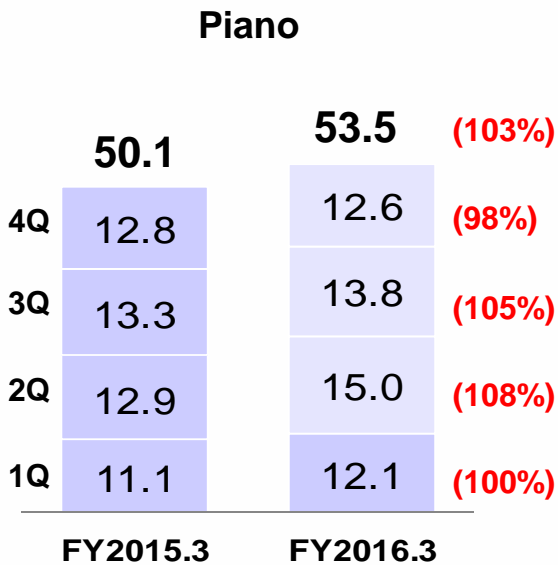
# Musical Instruments/Audio Equipment: Sales by Major Product Category



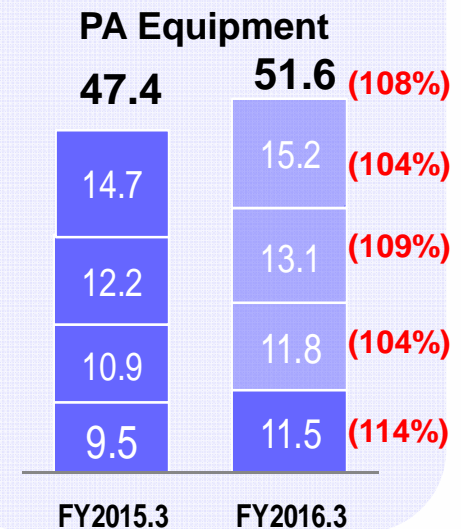
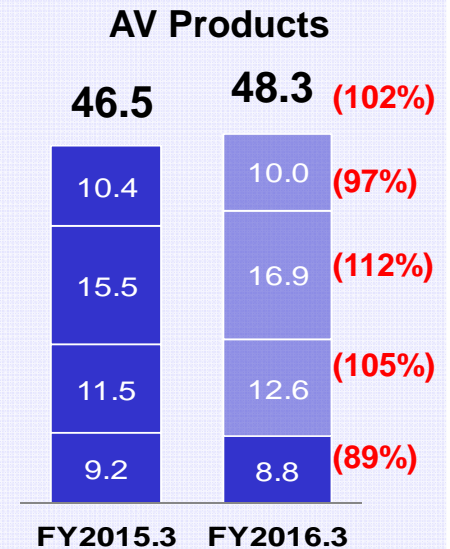
(Yamaha branded products)

(Billions of yen)

## Musical Instruments



## Audio Equipment



Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

# Electronic Devices Full Year Projections



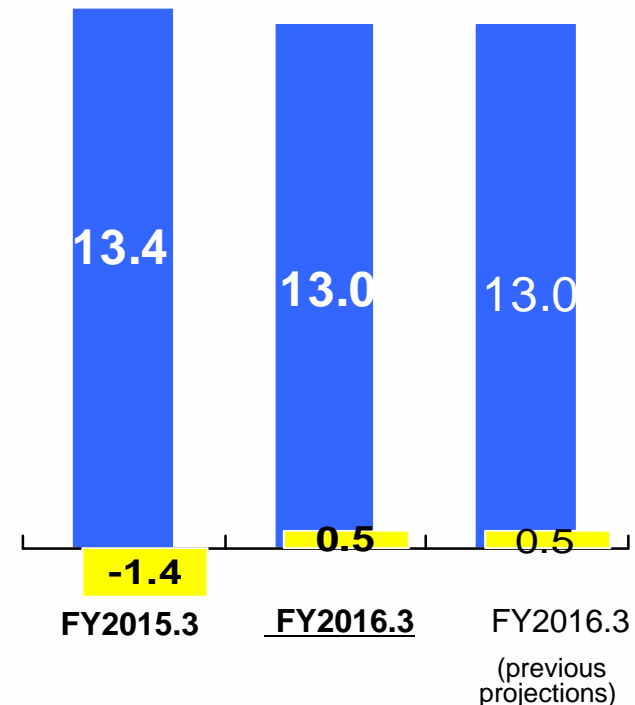
Full Year

(Billions of yen)



## Full Year Projections

- Previous projections remain unchanged
- Although sales of devices for amusement equipment are expected to rebound, the outlook for other devices remains cautious
- The effects of fixed cost reductions achieved through structural reforms are expected to contribute to a return to profitability



\* Previous projections were announced on April 30, 2015

# Others Full Year Projections

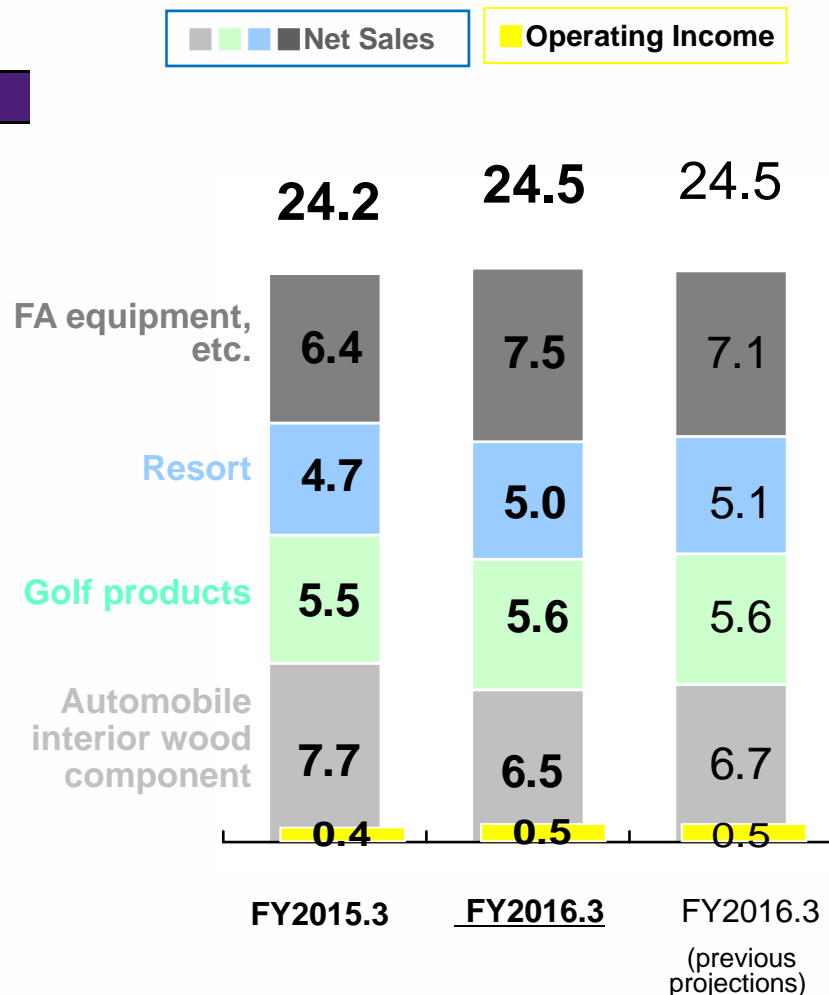


Full Year

(Billions of yen)

## Full Year Projections

- Previous projections remain unchanged
- Smartphone-related equipment are expected to drive an increase in factory automation equipment sales and income
- Sales of automobile interior wood components are expected to decline from the previous year
- Resort sales are projected to rise

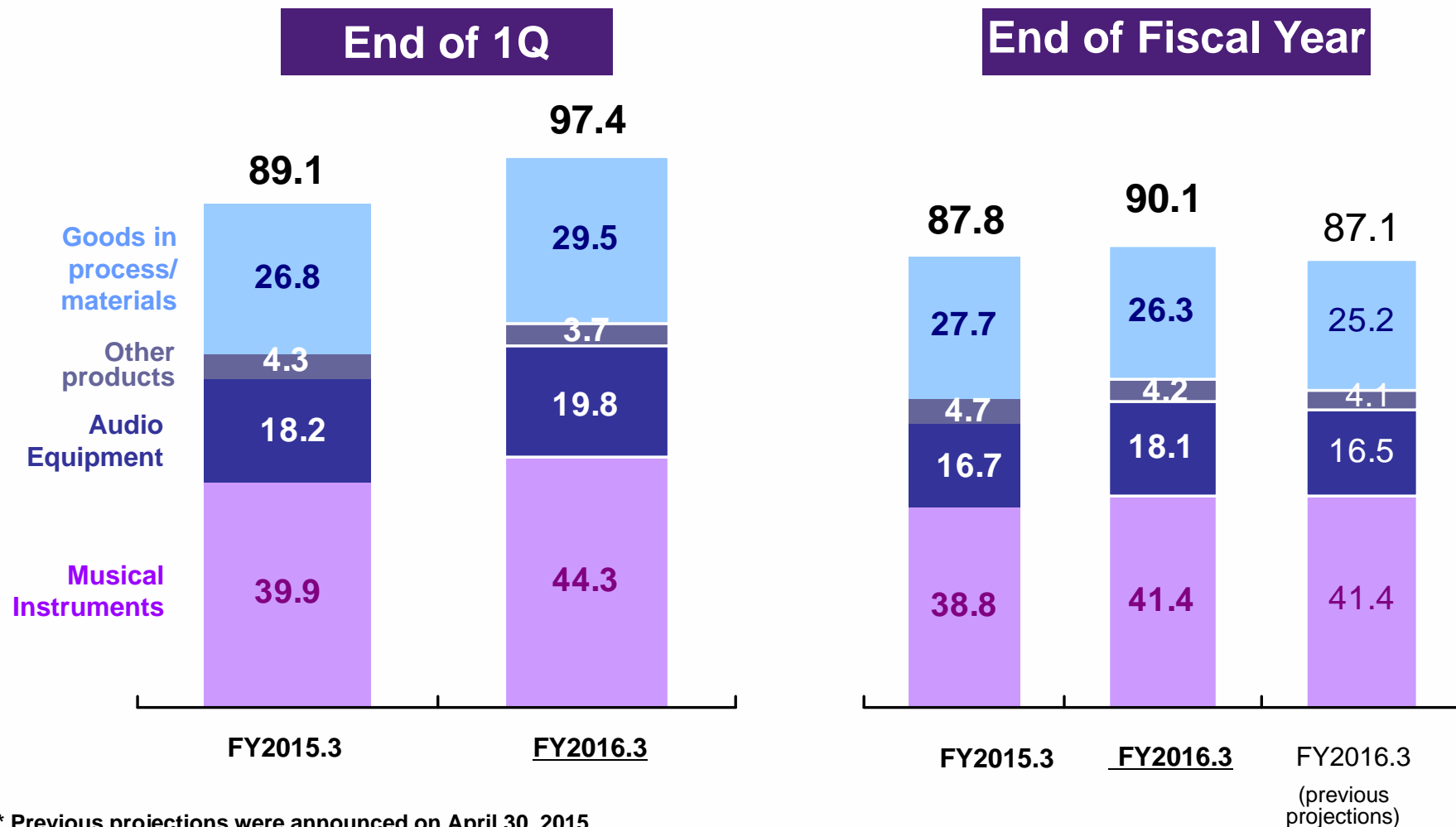


\* Previous projections were announced on April 30, 2015

# Inventories

- Inventories at the end of the first quarter (June 30, 2015) amounted to **¥97.4 billion** including the year-on-year forex impact of **+¥6.8 billion**
- Inventories at the end of the fiscal year is forecast to be **¥90.1 billion** with forex impact of **+¥0.1 billion**

(Billions of yen)



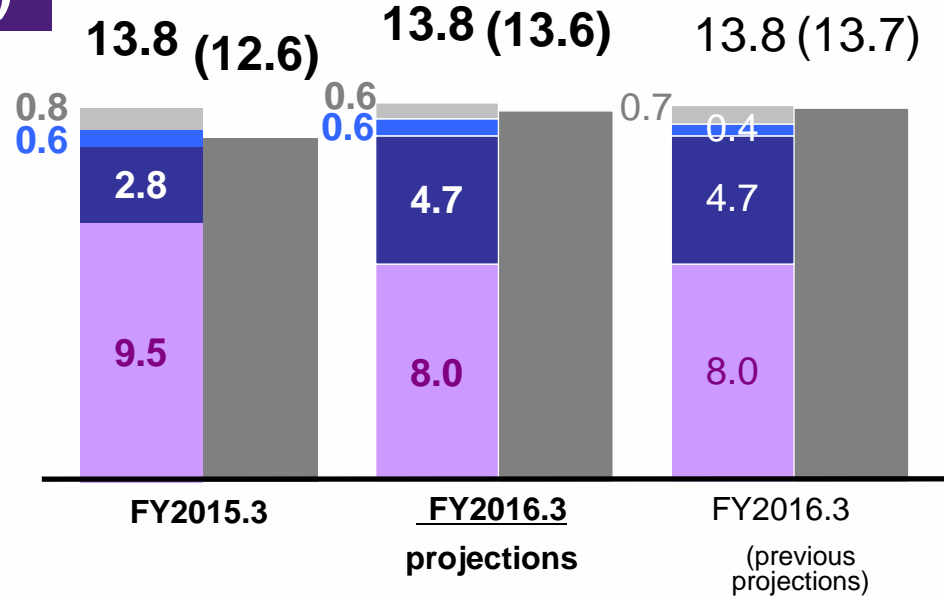
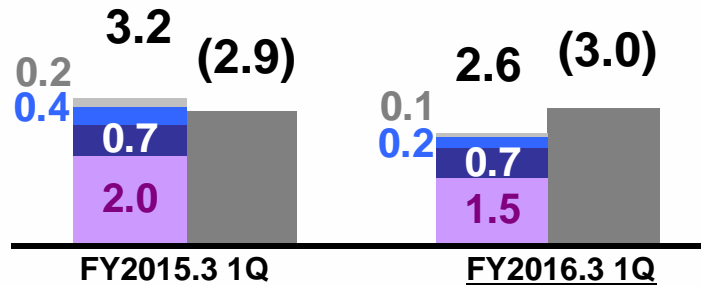
\* Previous projections were announced on April 30, 2015

# Capital Expenditure/Depreciation/R&D Expenses

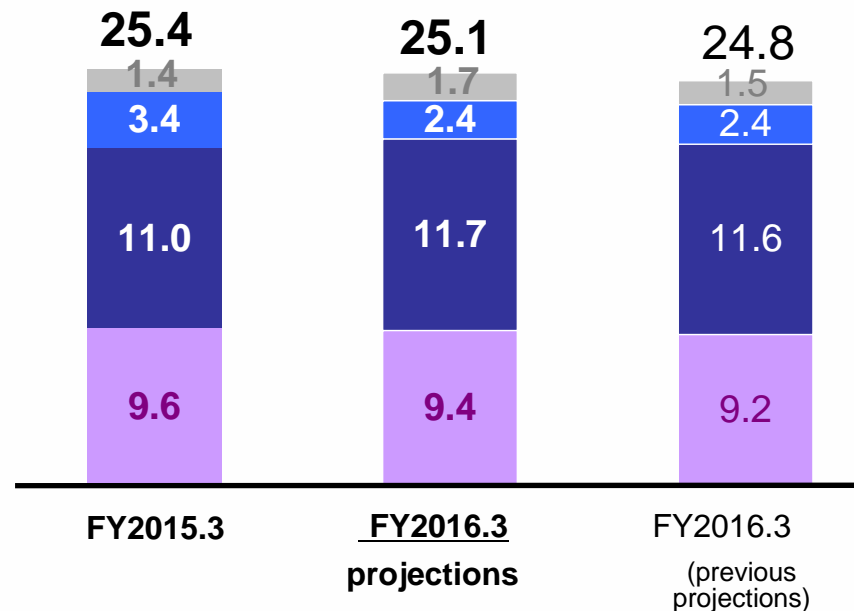
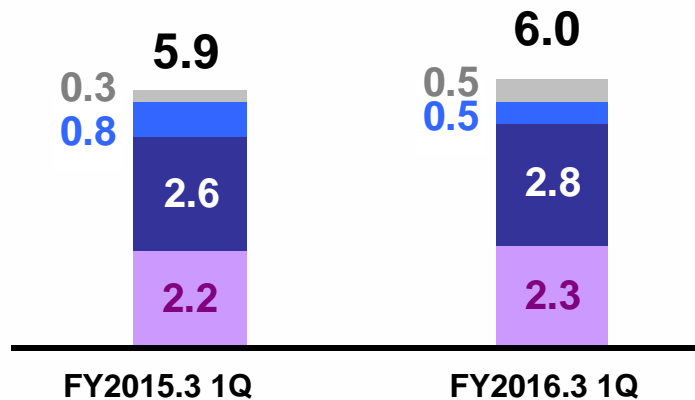
## Capital Expenditure (Depreciation)

(Billions of yen)

- Others
- Electronic Devices
- Audio Equipment
- Musical Instruments



## R&D Expenses



\* Previous projections were announced on April 30, 2015

# Balance Sheet Summary



(Billions of yen)

	As of end of 1Q			As of end of fiscal year end		
	As of June 30, 2014	As of June 30, 2015	Change	As of Mar. 31, 2015	As of Mar. 31, 2016 projections	Change
Cash and deposits	61.4	84.3	22.9	79.3	95.3	16.0
Notes and accounts receivable	52.4	54.8	2.4	60.3	56.5	-3.8
Inventories	89.1	97.4	8.3	87.8	90.1	2.3
Other current assets	14.9	19.9	5.0	20.2	18.0	-2.2
Fixed assets	226.1	273.4	47.3	282.4	270.8	-11.6
<b>Total assets</b>	<b>443.9</b>	<b>529.8</b>	<b>85.9</b>	<b>530.0</b>	<b>530.7</b>	<b>0.7</b>
Notes and accounts payable	23.6	25.6	2.0	23.2	19.1	-4.1
Short- and long-term loans	12.1	16.0	3.9	11.9	10.7	-1.2
Other liabilities	132.2	139.1	6.9	146.2	140.7	-5.5
Total net assets	276.0	349.1	73.1	348.8	360.2	11.4
<b>Total liabilities and net assets</b>	<b>443.9</b>	<b>529.8</b>	<b>85.9</b>	<b>530.0</b>	<b>530.7</b>	<b>0.7</b>

# Appendix



# First Quarter Non-Operating Income/Loss & Extraordinary Income/Loss



(Billions of yen)	FY2015.3 1Q	FY2016.3 1Q	FY2016.3 1Q previous projections
<b>Non-Operating Income/Loss</b>			
Net financial income	0.3	0.4	0.2
Other	-0.6	-0.8	-0.7
<b>Total</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.5</b>
<b>Extraordinary Income/Loss</b>			
Income from (loss on) disposal of fixed assets	-0.1	-0.1	-0.1
Others	0	-0.1	0.1
<b>Total</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0</b>
<b>Income Taxes and Other Expenses</b>			
Income taxes -current	1.7	2.0	1.6
Income taxes -deferred	-0.1	0.1	-0.2
Net income attributable to non-controlling interests	0.1	-0.1	0.1
<b>Total</b>	<b>1.7</b>	<b>2.0</b>	<b>1.5</b>

\* Previous projections were announced on April 30, 2015

# Full Year Non-Operating Income/Loss & Extraordinary Income/Loss



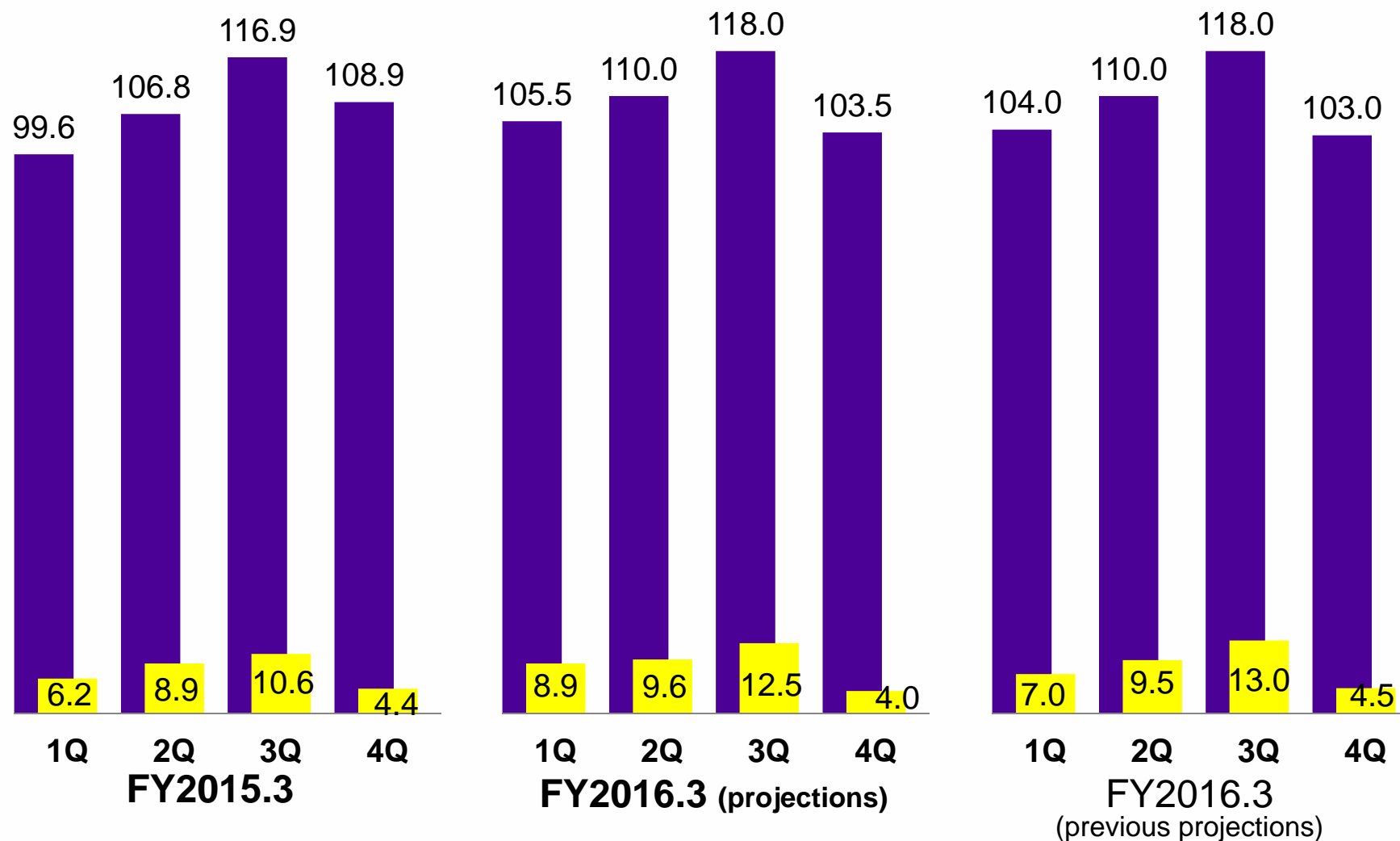
(Billions of yen)	FY2015.3 full year	FY2016.3 full year projections	FY2016.3 full year previous projections
<b>Non-Operating Income/Loss</b>			
Net financial income	3.8	3.2	2.1
Other	-2.7	-3.2	-3.1
<b>Total</b>	<b>1.1</b>	<b>0</b>	<b>-1.0</b>
<b>Extraordinary Income/Loss</b>			
		-Business structural reform expenses -¥1.8 -Impairment loss on fixed assets -¥0.9	
Income from (loss on) disposal of fixed assets	0	0	-0.1
Others	-2.7	0	0.1
<b>Total</b>	<b>-2.7</b>	<b>0</b>	<b>0</b>
<b>Income Taxes and Other Expenses</b>			
Income taxes -current	7.3	7.8	7.1
Income taxes -deferred	-3.9	0.2	0.2
Net income attributable to non-controlling interests	0.2	0	0.2
<b>Total</b>	<b>3.6</b>	<b>8.0</b>	<b>7.5</b>

\* Previous projections were announced on April 30, 2015

# Quarterly Sales and Income



(Billions of yen)



Net Sales	432.2
Operating Income	30.1

Net Sales	437.0
Operating Income	35.0

Net Sales	435.0
Operating Income	34.0

\* Previous projections were announced on April 30, 2015

**In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.**

**Accordingly, actual performance may differ greatly from our predictions depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.**