

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

November 2, 2015



Overview of Performance in the First Half of FY2016.3



Results Summary

- **First half sales and income increased year-on-year and exceeded previous projections**
- **1H sales and income have now increased for four consecutive years**
1H operating income exceeded ¥20 billion, regaining levels prevailing prior to FY2008.3
- **The musical instrument segment achieved robust sales of digital piano and wind instrument products, and piano sales were also brisk**
- **In the audio equipment segment, professional audio equipment sales were strong and AV product sales rallied**
- **Electronic device sales increased year-on-year and income returned to positive territory due to the restructuring effect**
- **Results from other business were generally in line with targets, and profitability improved to pull income into the black**

Performance in the First Half of FY2016.3

(Billions of yen)

	FY2015.3 1H results	FY2016.3 1H results	Changes from same period of the previous year	FY2016.3 1H previous projections	Changes from the previous projection
Net Sales	206.4	217.5	+5.4%	215.5	+0.9%
Operating Income (Operating Income Ratio)	15.1 (7.3%)	21.2 (9.8%)	+40.8%	18.5 (8.6%)	+14.8%
Ordinary Income (Ordinary Income Ratio)	15.1 (7.3%)	22.2 (10.2%)	+47.7%	18.5 (8.6%)	+20.2%
Net Income* (Net Income Ratio)	10.8 (5.2%)	17.4 (8.0%)	+61.4%	14.0 (6.5%)	+24.4%

Exchange Rate (yen)

Net Sales	US\$	103	122	121
	EUR	139	135	132
Operating Income	US\$	103	122	121
	EUR	140	134	131

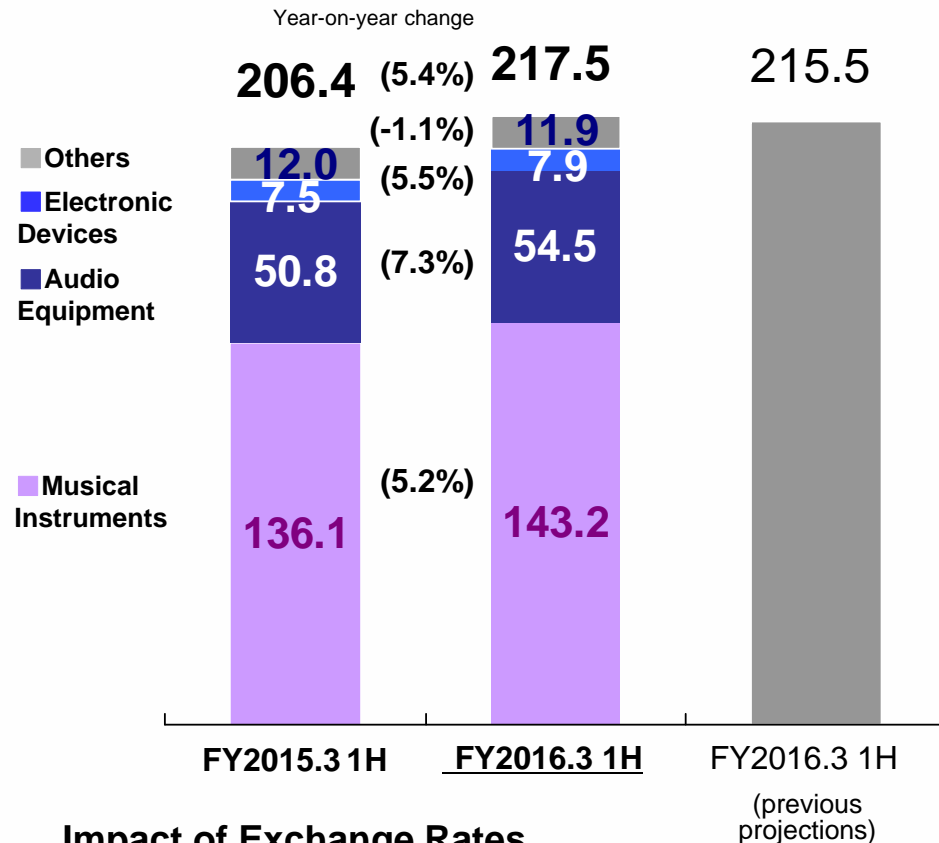
* Net income is presented as net income attributable to owners of parent (quarterly or full year) on the consolidated financial statements

**Previous projections were announced on July 30, 2015

Performance by Business Segment in the First Half of FY2016.3

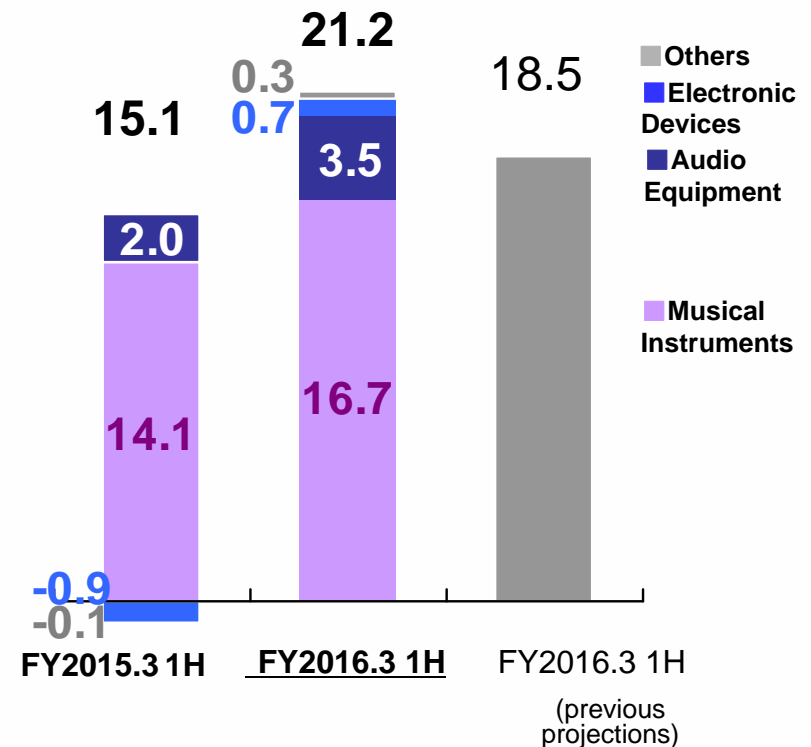


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year +¥10.1 billion
(musical instruments +¥7.3 billion, audio equipment +¥2.7 billion, electronic devices +¥0.2 billion)

Versus previous projections +¥1.1 billion
(musical instruments +¥0.7 billion, audio equipment +¥0.3 billion)

+¥1.3 billion

(musical instruments +¥1.2 billion, audio equipment +¥0.4 billion, electronic devices -¥0.3 billion)

+¥1.0 billion

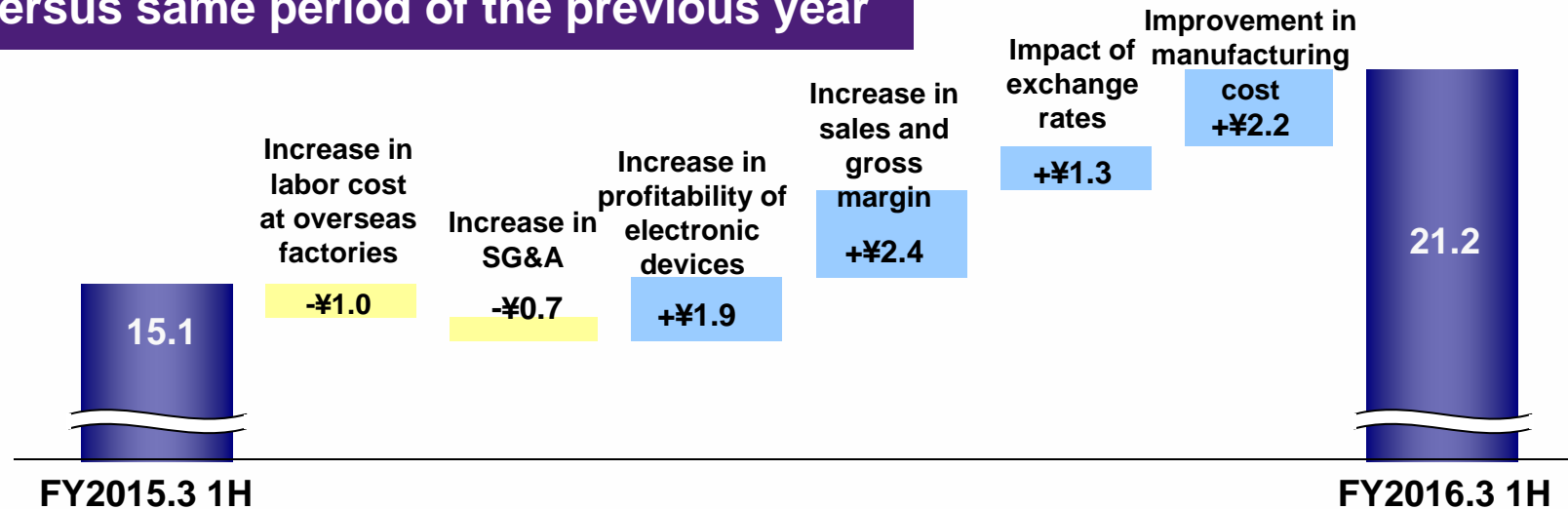
(musical instruments +¥0.6 billion, audio equipment +¥0.5 billion)

*Previous projections were announced on July 30, 2015

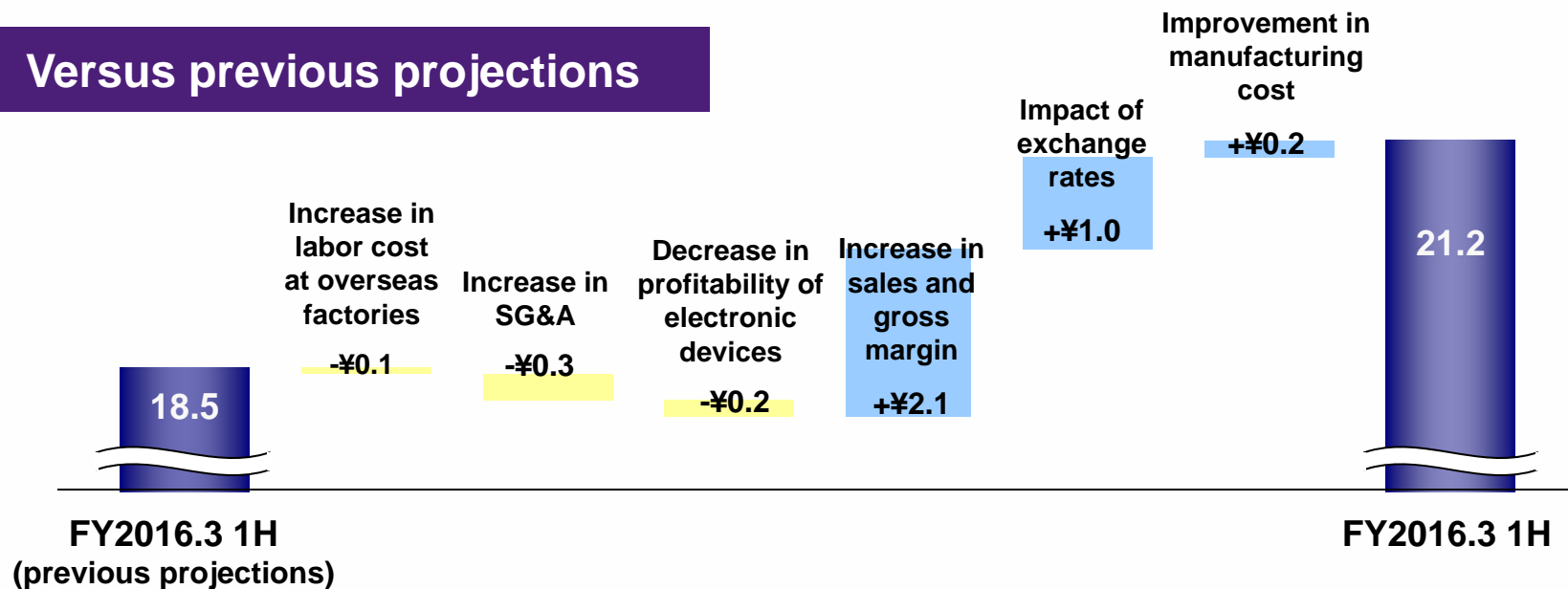
FY2016.3 1H Operating Income Analysis

(Billions of yen)

Versus same period of the previous year



Versus previous projections

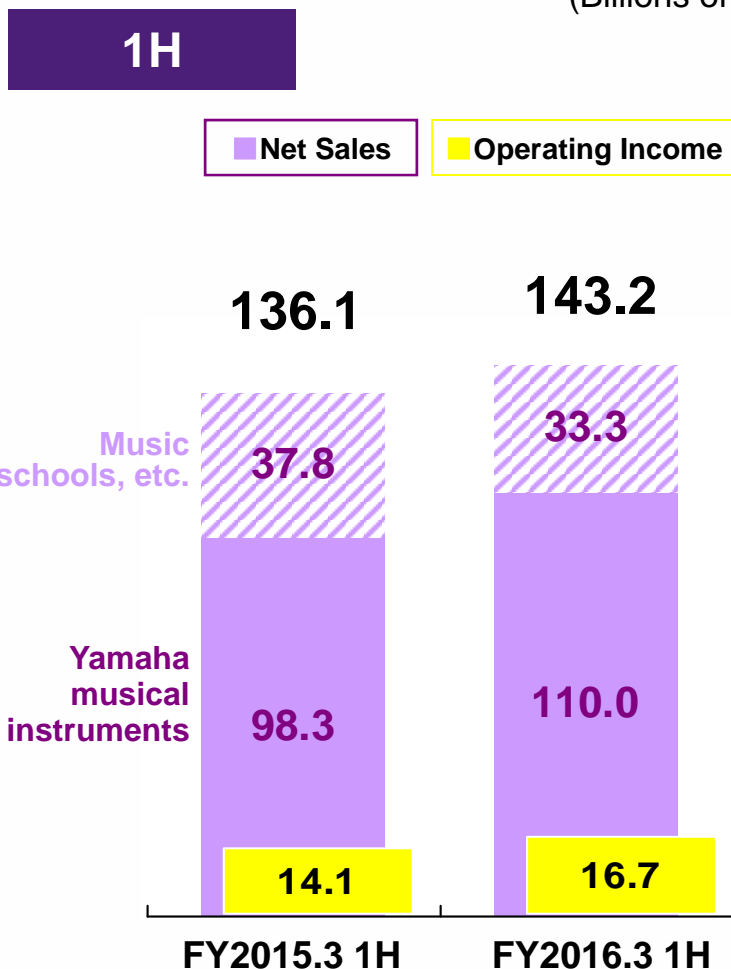


*Previous projections were announced on July 30, 2015

Musical Instruments 1H



(Billions of yen)



1H Overview

- Sales and income increased year-on-year
- Sales were brisk in China and Europe, and steady growth in North America and Other Markets
- Actual sales of digital pianos, wind instruments, and guitars all exhibited double-digit growth year-on-year
- Music school sales fell by ¥4.2 billion year-on-year due to transfer of operations to the Yamaha Music Foundation from Q2

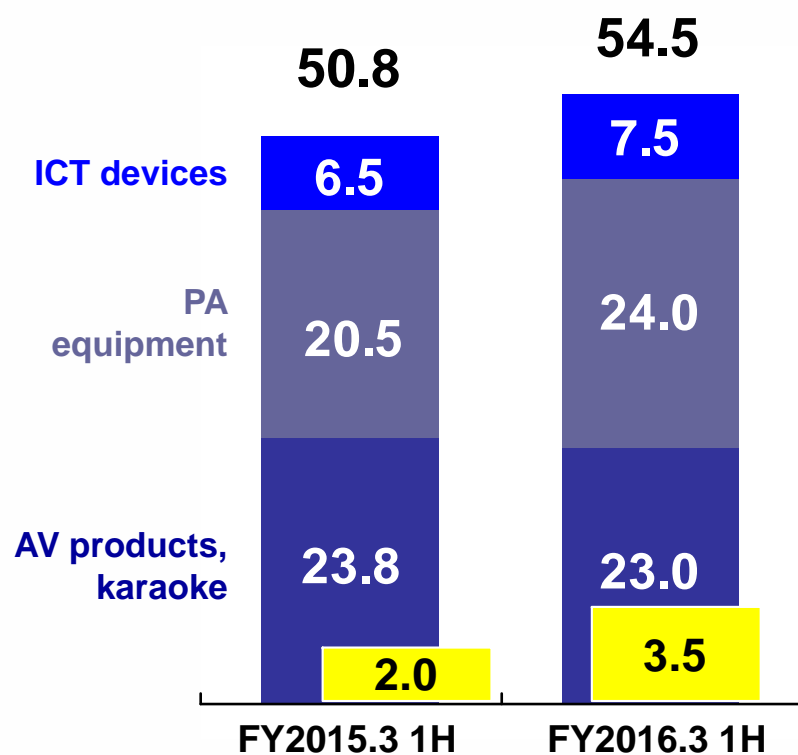
Audio Equipment 1H



(Billions of yen)

1H

Net Sales Operating Income



1H Overview

- Sales increased from the same period of the previous year, and income rose sharply
- AV product sales rallied from Q2, due to factors including the launch of new products
- As previously projected, karaoke equipment sales declined
- Actual sales of professional audio equipment showed double-digit growth, partly driven by new digital mixer products
- Router and Revolab sales were robust

Electronic Devices 1H

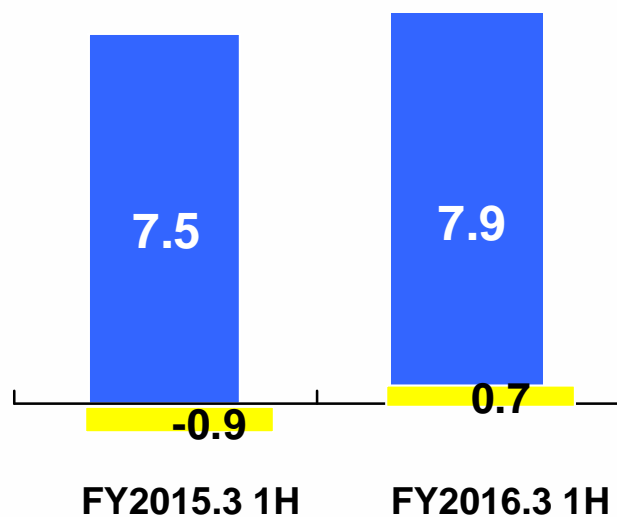


(Billions of yen)

1H

■ Net Sales

■ Operating Income



1H Overview

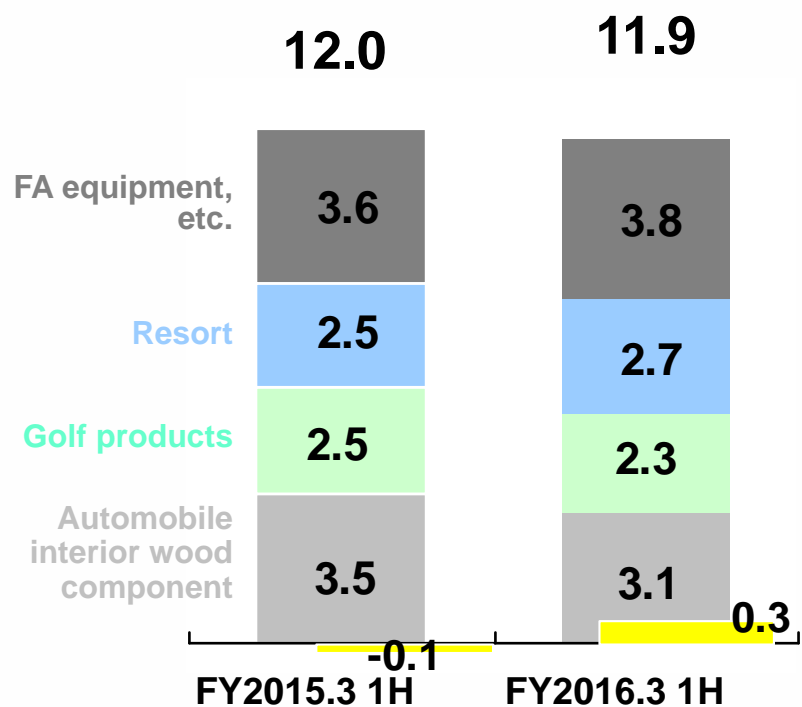
- Sales and income increased year-on-year, with income returning to positive territory
- Special orders of devices for amusement equipment shipped ahead of schedule
- Formal transfer of a manufacturing subsidiary Yamaha Kagoshima Semiconductor Inc. completed with effect from October 1

Others 1H



(Billions of yen)

1H



1H Overview

- Although sales were on par with the same period of the previous year, profitability improved to return to positive territory
- Sales of factory automation equipment were brisk, but the number of new orders fell
- Resort showed steady sales
- Golf product sales declined year-on-year
- Sales of automobile interior wood components were in line with expectations

Outlook for Second Half and Full Year



Outlook for 2H

- No major change in overall outlook for the musical instrument market
- Launch of new AV products and steady growth in professional audio equipment expected to drive the audio equipment business forward
- Profitability of the electronic device segment projected to deteriorate due to factors including changes in the product mix resulting from shipment of special orders in 1H being brought forward
- The exchange rate forecast remains unchanged at US\$1=¥120 and EUR1=¥130

Full Year Outlook

- Although sales projections remain unchanged at ¥437.0 billion, strong 1H results including increased gross margins and the effect of favorable exchange rates have prompted upward revisions to income projections. The revised projections are ¥37.0 billion for operating income, ¥37.5 billion for ordinary income, and ¥29.0 billion for net income*.

* Net income is presented as net income attributable to owners of parent (quarterly or full year) on the consolidated financial statements

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
Net Sales	432.2	437.0	+1.1%	437.0	-
Operating Income (Operating Income Ratio)	30.1 (7.0%)	37.0 (8.5%)	+22.8%	35.0 (8.0%)	+5.7%
Ordinary Income (Ordinary Income Ratio)	31.2 (7.2%)	37.5 (8.6%)	+20.1%	35.0 (8.0%)	+7.1%
Net Income* (Net Income Ratio)	24.9 (5.8%)	29.0 (6.6%)	+16.3%	27.0 (6.2%)	+7.4%

Exchange Rate (yen)

Net Sales	US\$	110	121	120
	EUR	139	133	131
Operating Income	US\$	109	121	120
	EUR	141	132	131

* Net income is presented as net income attributable to owners of parent (quarterly or full year) on the consolidate financial statements

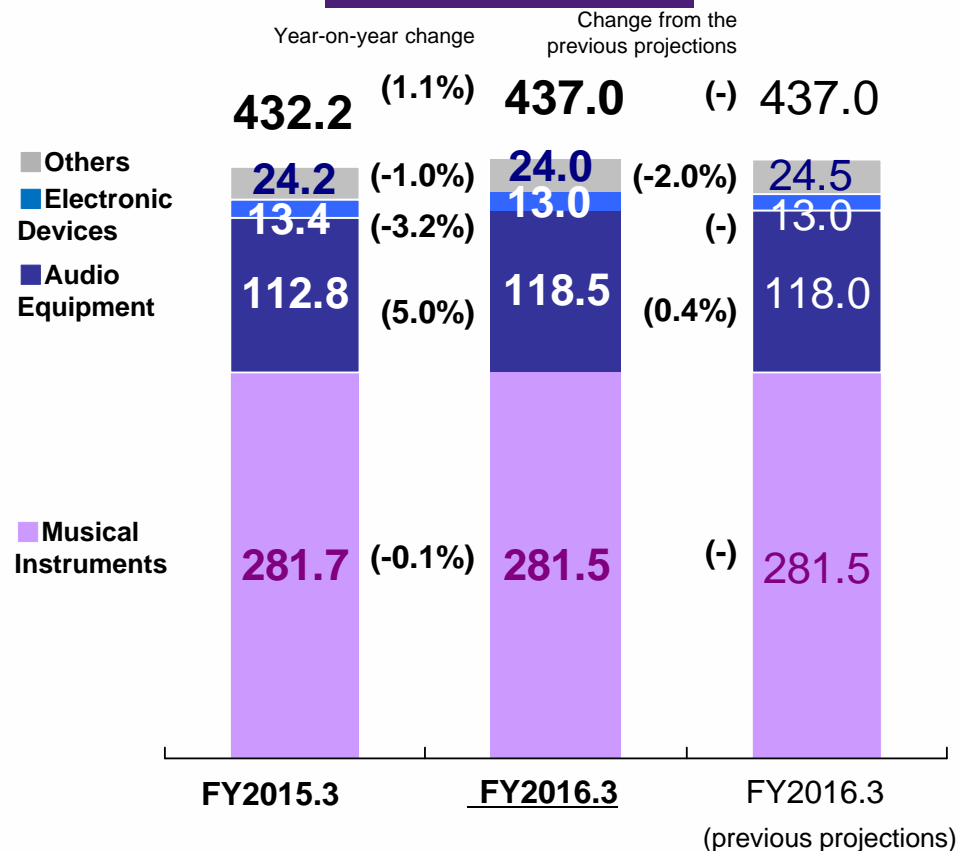
** Previous projections were announced on July 30, 2015

***FY2016.3 2H currency exchange rate assumption: US\$=120JPY EUR=130JPY

FY2016.3 Full Year Forecast for Performance by Business Segment

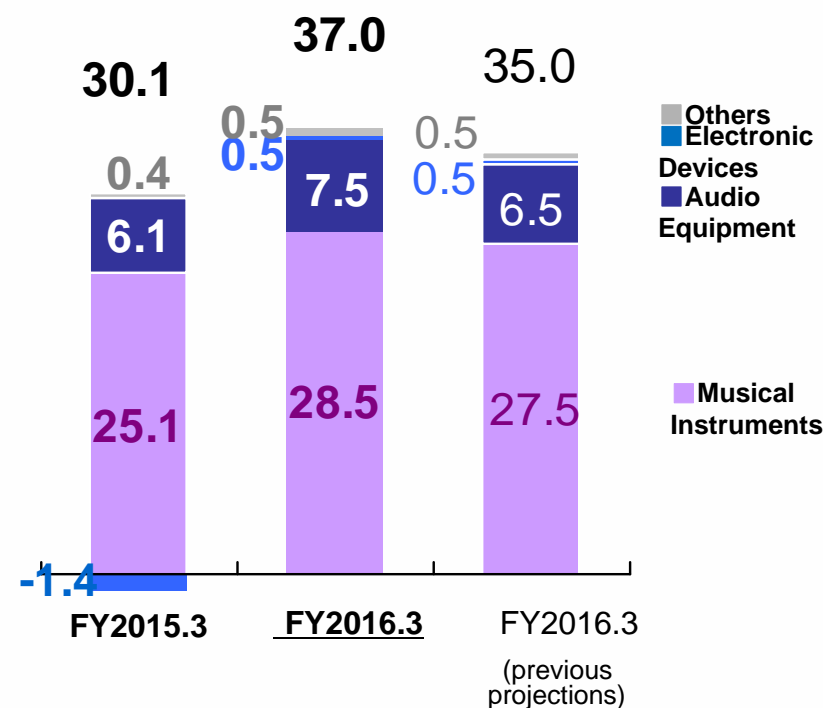


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year	+¥8.3 billion (musical instruments +¥6.2 billion, audio equipment +¥1.9 billion, electronic devices +¥0.2 billion)
Versus previous projections	+¥1.1 billion (musical instruments +¥0.7 billion, audio equipment +¥0.3 billion)

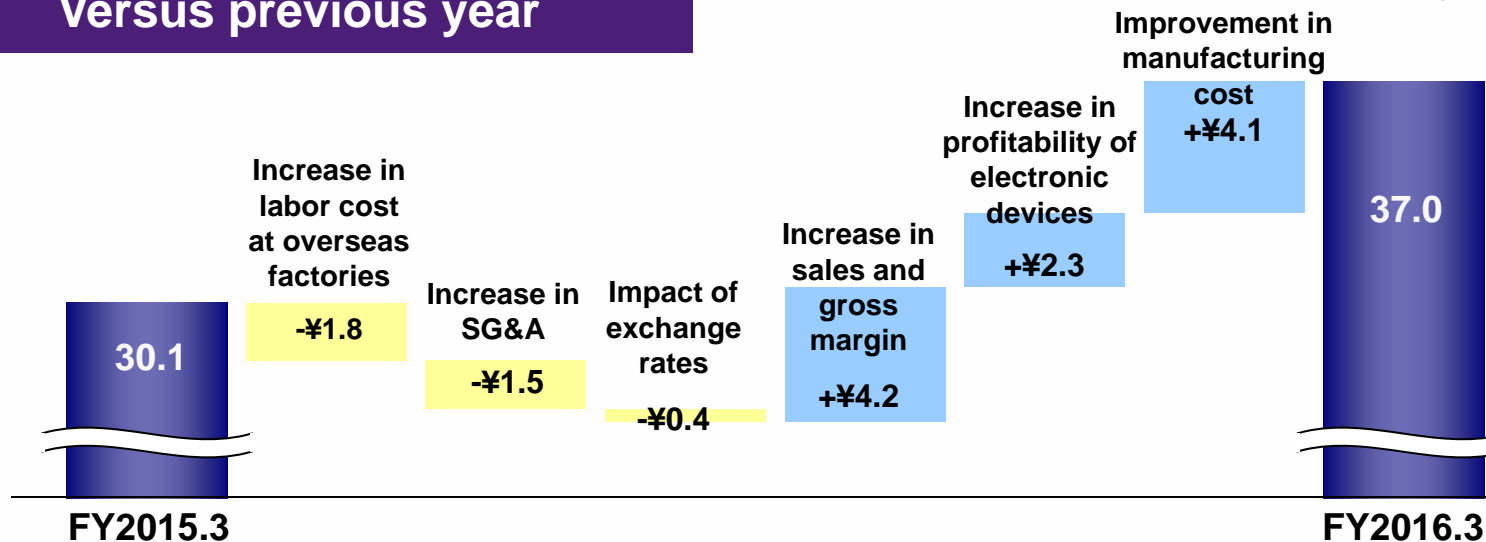
Year-on-Year	-¥0.4 billion (musical instruments +¥0.3 billion, audio equipment -¥0.3 billion, electronic devices -¥0.3 billion)
Versus previous projections	+¥1.0 billion (musical instruments +¥0.6 billion, audio equipment +¥0.5 billion)

*Previous projections were announced on July 30, 2015

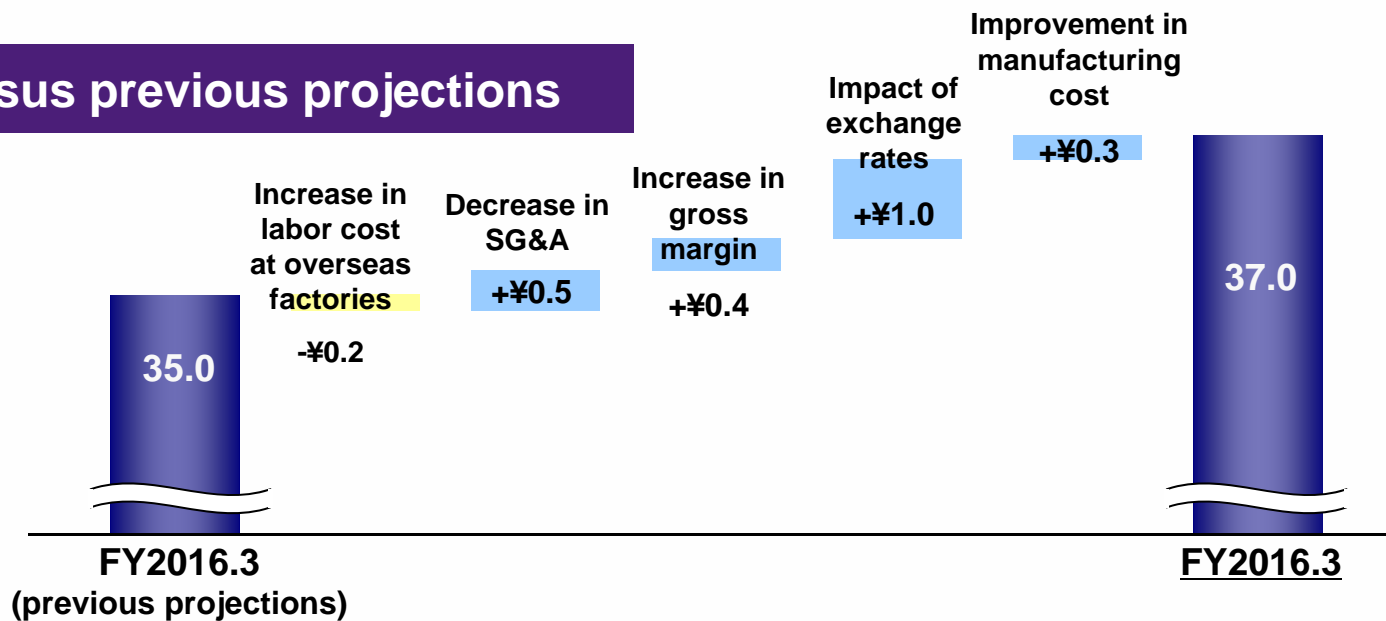
FY2016.3 Full Year Operating Income Analysis

(Billions of yen)

Versus previous year



Versus previous projections



*Previous projections were announced on July 30, 2015

Musical Instruments Full Year Projections

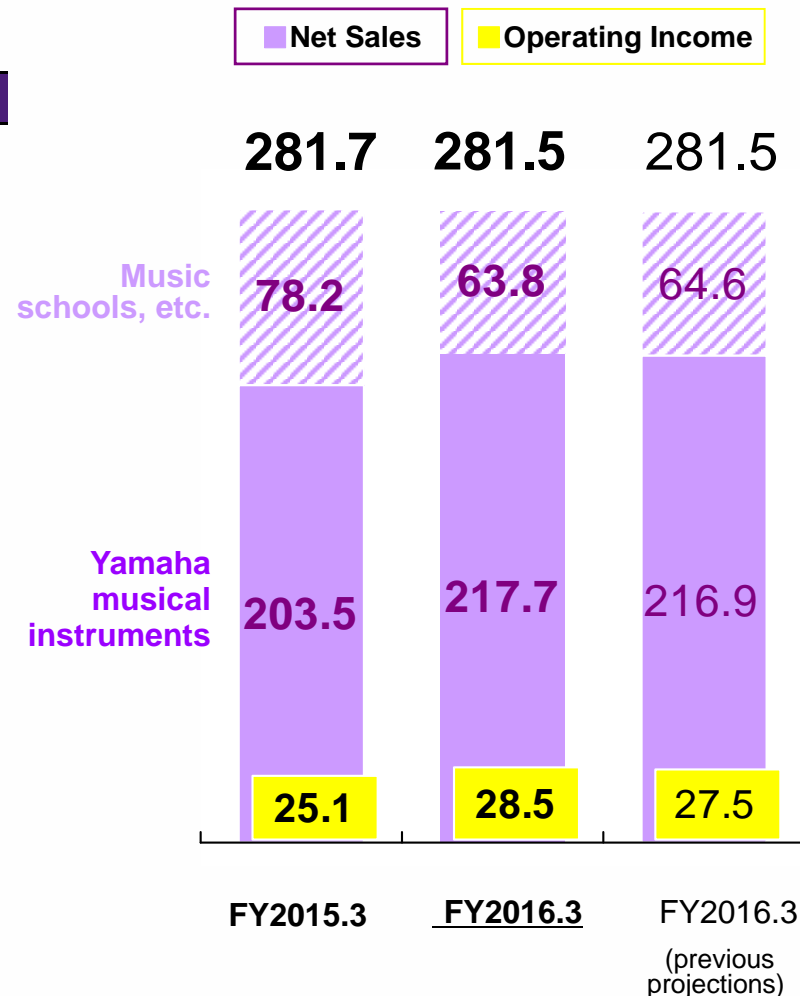


Full Year

(Billions of yen)

Full Year Projections

- Although previous projections for sales remain unchanged, income is expected to be higher than previously projected
- Conditions prevailing in 1H will generally continue in all markets
- Full year sales of digital pianos, wind instruments, and string and percussion instruments are expected to be robust
- Music school sales are projected to fall by ¥12.4 billion year-on-year due to the transfer of operations to the Yamaha Music Foundation from Q2



*Previous projections were announced on July 30, 2015

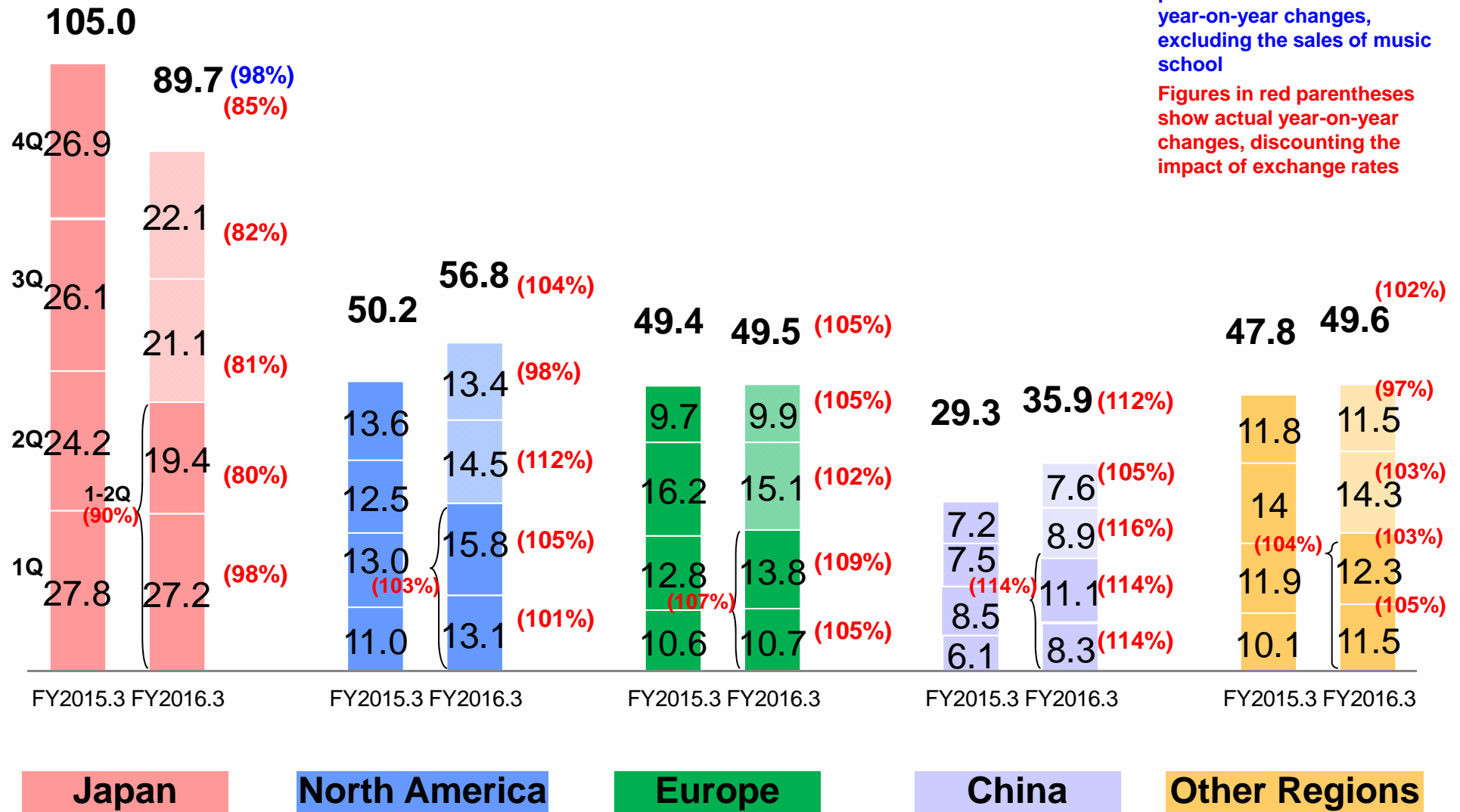
Musical Instruments: Sales by Region

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

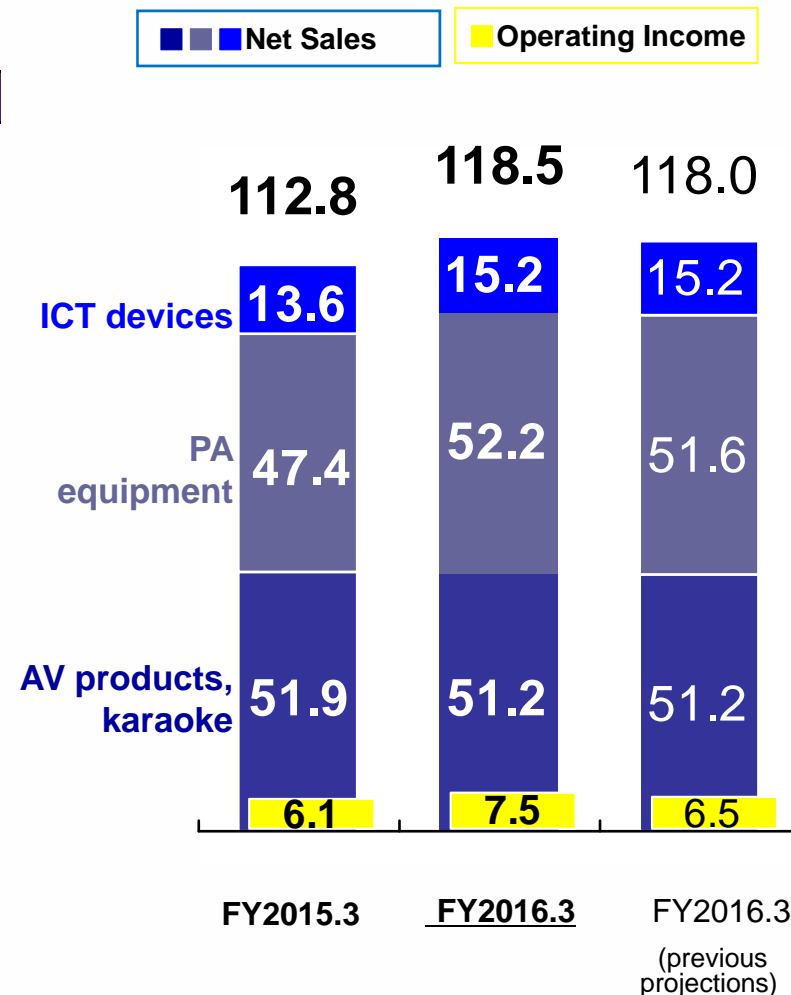


Full Year

(Billions of yen)

Full Year Projections

- Sales and income are expected to rise year-on-year and against previous projections
- A rebound in sales of AV product is anticipated, driven by new products
- New digital mixers are expected to boost sales of professional audio equipment
- Strong sales of ICT devices are also anticipated



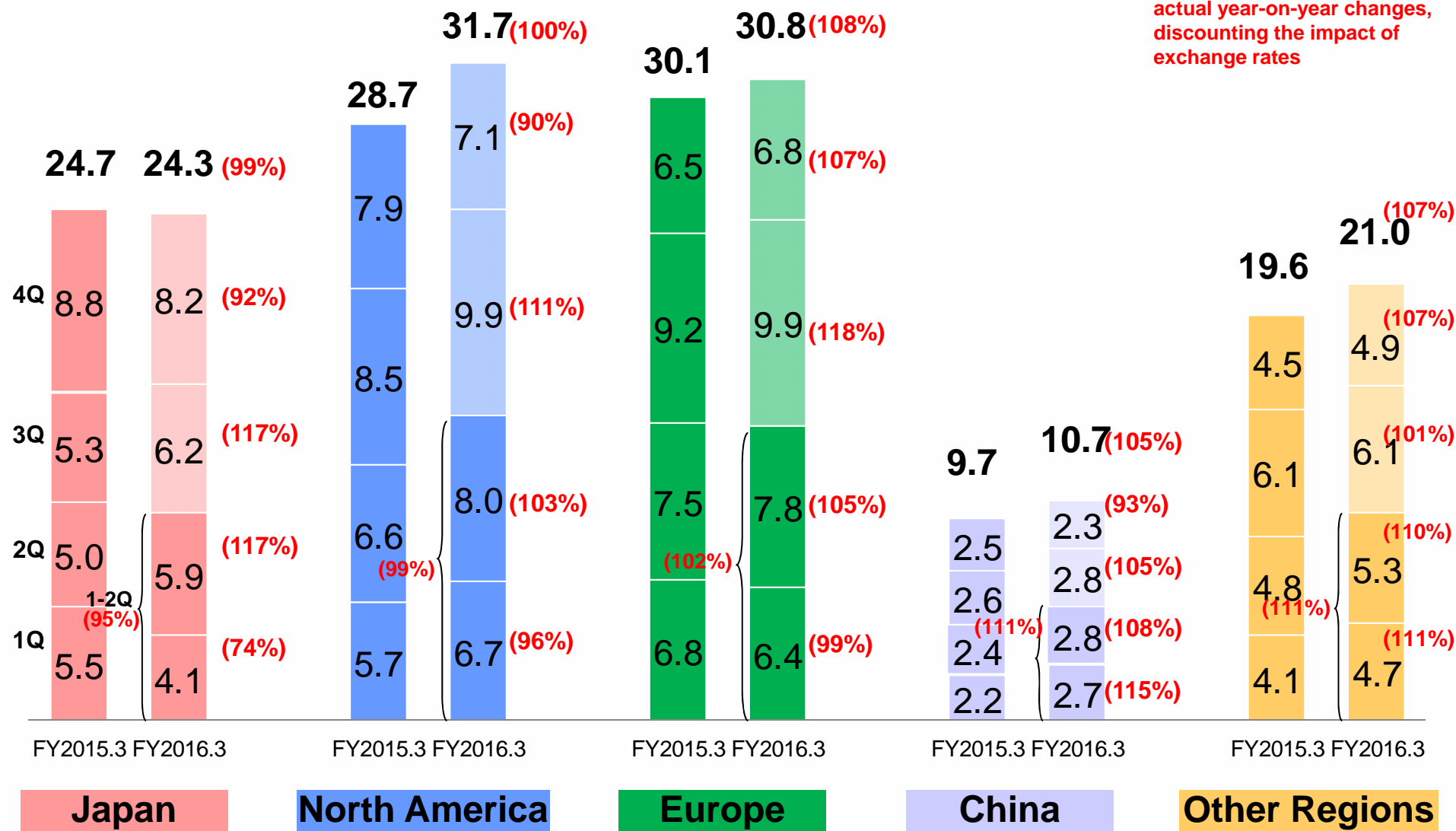
*Previous projections were announced on July 30, 2015

Audio Equipment: Sales by Region



(Billions of yen)

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

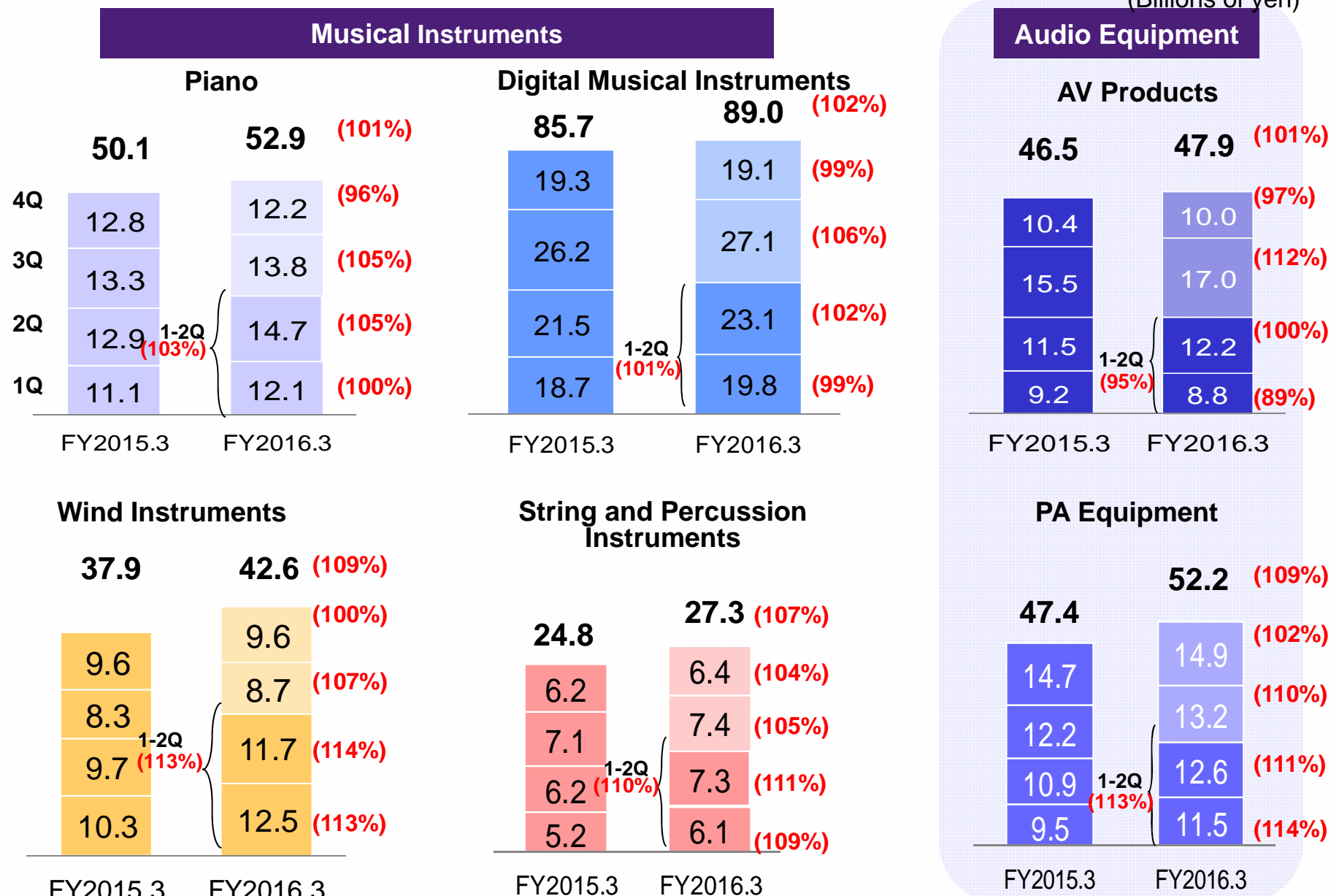


Musical Instruments/Audio Equipment: Sales by Major Product Category



(Yamaha branded products)

(Billions of yen)



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

Electronic Devices Full Year Projections



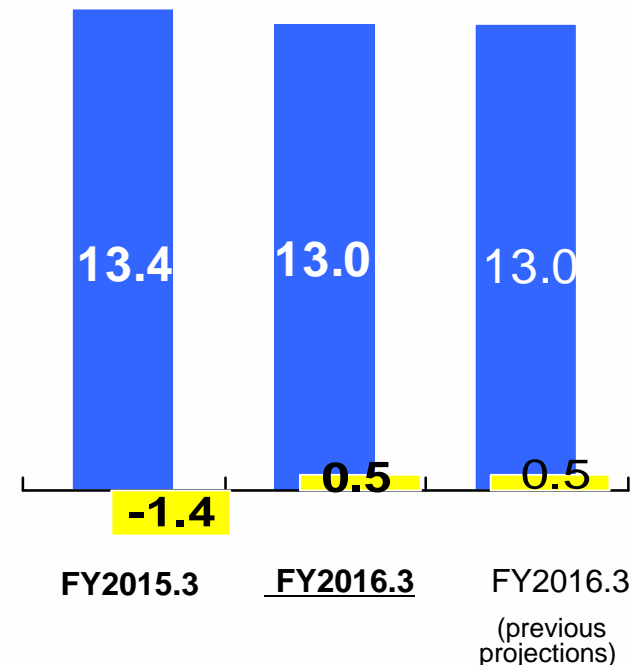
Full Year

(Billions of yen)

■ Net Sales ■ Operating Income

Full Year Projections

- Previous projections remain unchanged
- Deterioration in profitability of amusement equipment is anticipated due to changes in the product mix and lower 2H sales associated with 1H shipments being brought forward



*Previous projections were announced on July 30, 2015

Others Full Year Projections

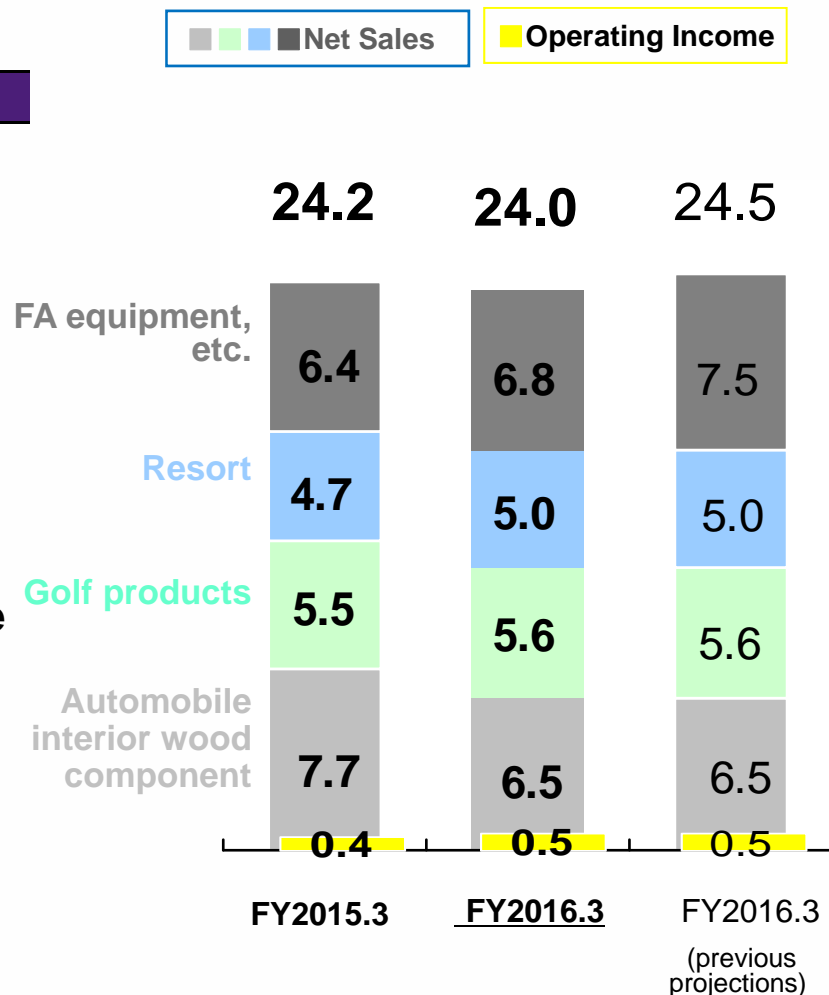


Full Year

(Billions of yen)

Full Year Projections

- Sales are expected to be lower than previous projections, but income projections remain unchanged
- New products are expected to boost golf product sales
- A rise in resort sales is anticipated, spurred by plans to attract more customers in the winter season
- Sales of factory automation equipment are expected to be lower than previously projected, due to a slowdown in orders
- Sales of automobile interior wood components are likely to be in line with projections



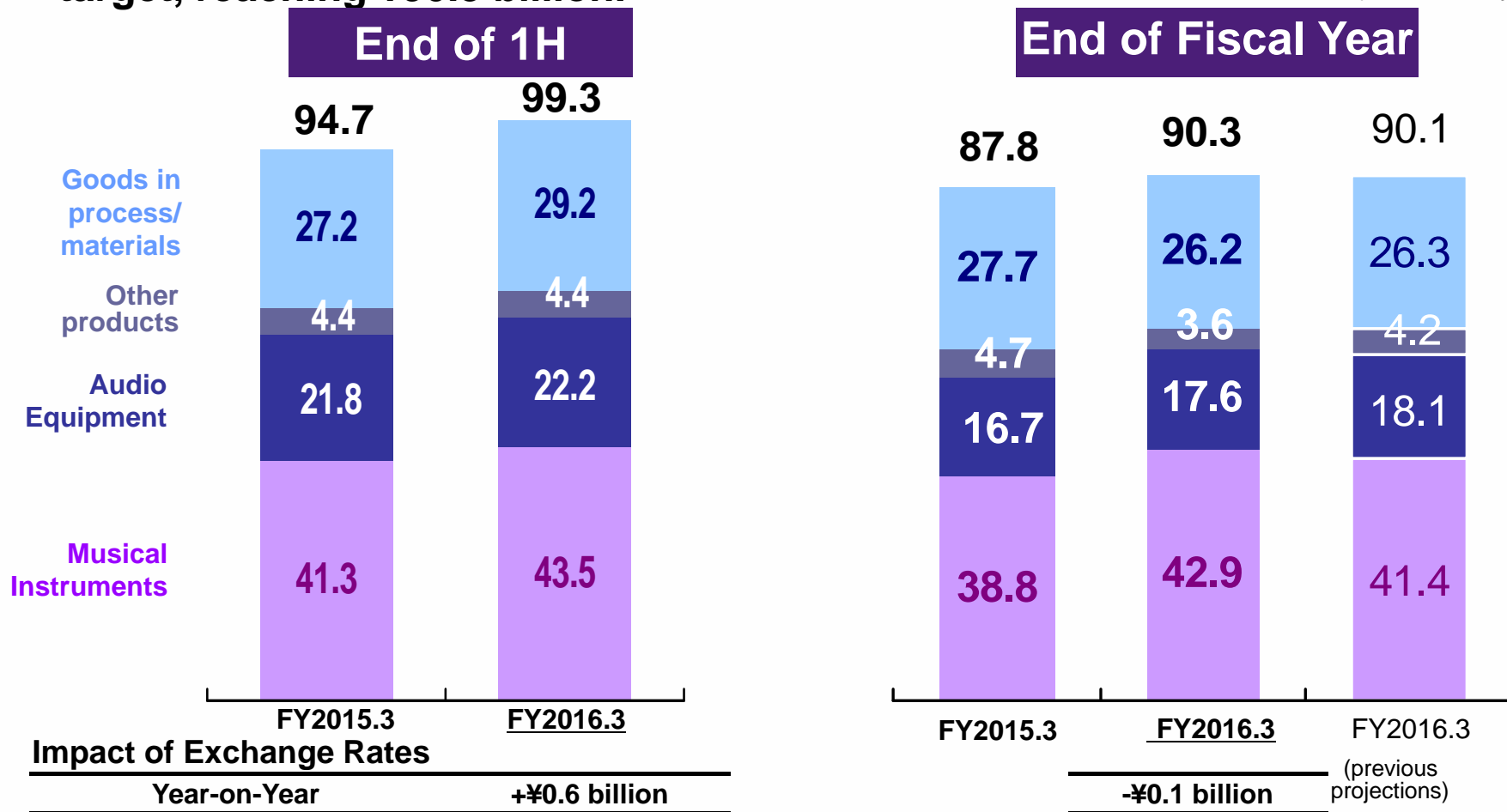
*Previous projections were announced on July 30, 2015

Inventories

➤ Inventories at the end of second quarter (Sept 30, 2015) amounted to ¥99.3 billion. Actual inventories increased ¥4.0 billion when excluding forex impact of +¥0.6 billion.

➤ Inventories at the end of the fiscal year is forecast to be in line with the target, reaching ¥90.3 billion.

(Billions of yen)



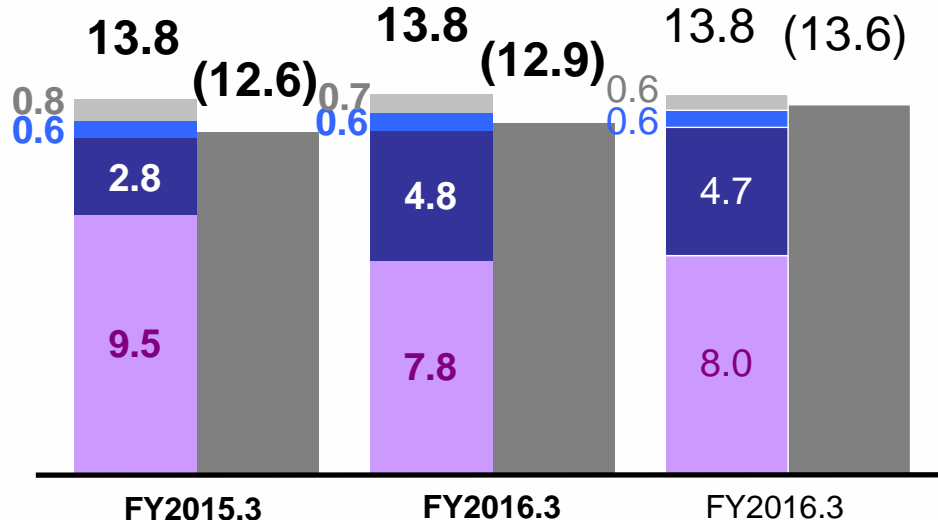
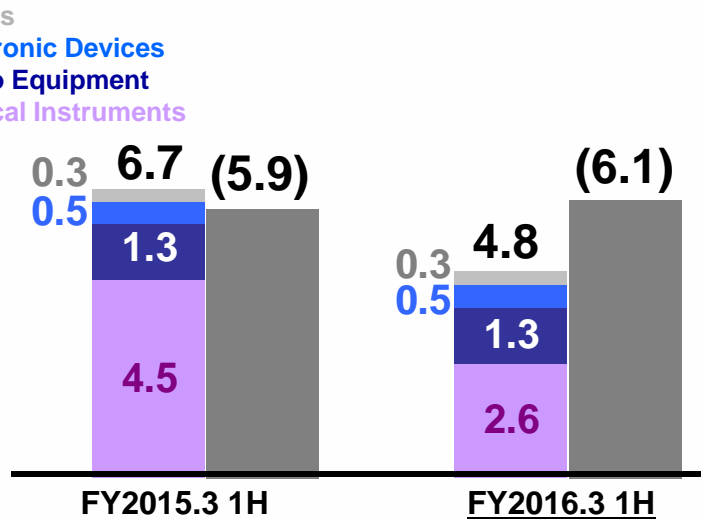
*Previous projections were announced on July 30, 2015

Capital Expenditure/Depreciation/R&D Expenses

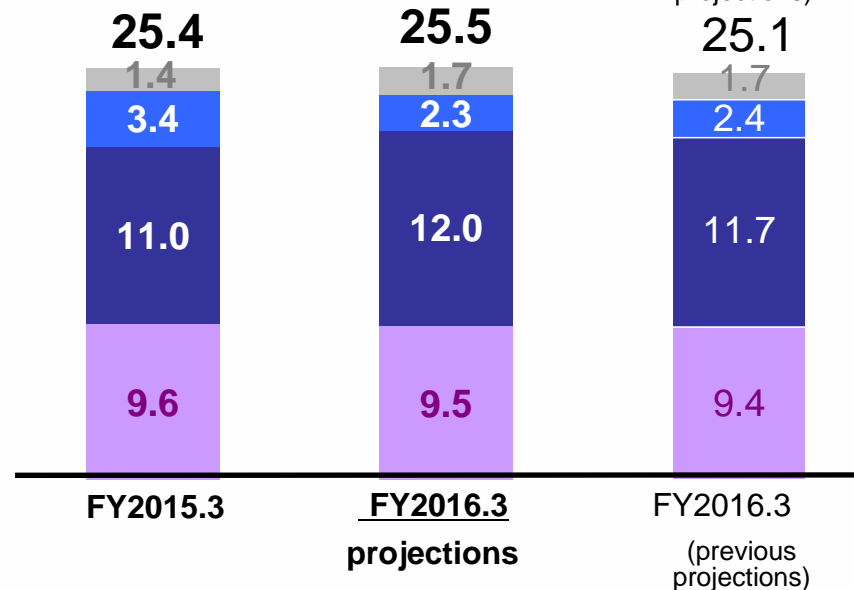
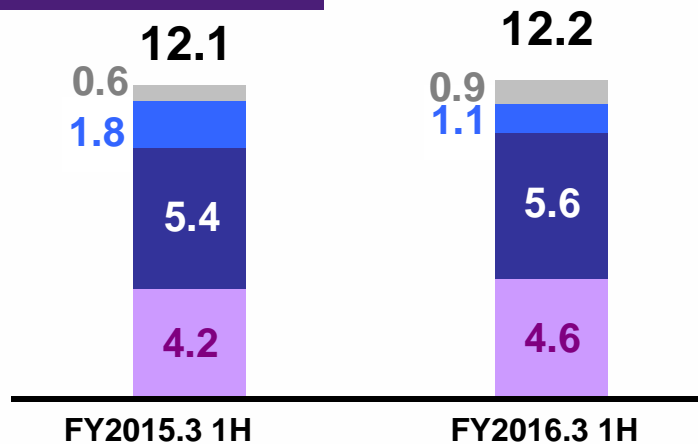
Capital Expenditure (Depreciation)

(Billions of yen)

- Others
- Electronic Devices
- Audio Equipment
- Musical Instruments



R&D Expenses



*Previous projections were announced on July 30, 2015

Balance Sheet Summary



(Billions of yen)

	As of end of 1H			As of end of fiscal year end		
	As of Sept 30, 2014	As of Sept 30, 2015	Change	As of Mar. 31, 2015	As of Mar. 31, 2016 projections	Change
Cash and deposits	72.3	87.6	15.3	79.3	96.3	17.0
Notes and accounts receivable	60.6	59.6	-1.0	60.3	56.5	-3.8
Inventories	94.7	99.3	4.6	87.8	90.3	2.5
Other current assets	16.1	22.1	6.0	20.2	19.1	-1.1
Fixed assets	245.6	254.3	8.7	282.4	255.9	-26.5
Total assets	489.3	522.9	33.6	530.0	518.1	-11.9
Notes and accounts payable	25.3	21.2	-4.1	23.2	18.7	-4.5
Short- and long-term loans	21.7	21.4	-0.3	11.9	10.7	-1.2
Other liabilities	140.3	136.6	-3.7	146.2	136.5	-9.7
Total net assets	302.0	343.7	41.7	348.8	352.2	3.5
Total liabilities and net assets	489.3	522.9	33.6	530.0	518.1	-11.9

Appendix

Performance in the Second Quarter of FY2016.3 (Three Months)



(Billions of yen)

	FY2015.3 2Q results	FY2016.3 2Q results	Changes from same period of the previous year	FY2016.3 2Q previous projections	Changes from the previous projection
Net Sales	106.8	111.9	+4.8%	110.0	+1.7%
Operating Income (Operating Income Ratio)	8.8 (8.3%)	12.4 (11.1%)	+39.9%	9.6 (8.7%)	+29.0%
Ordinary Income (Ordinary Income Ratio)	9.2 (8.6%)	13.8 (12.3%)	+49.7%	10.0 (9.1%)	+37.8%
Net Income* (Net Income Ratio)	6.7 (6.3%)	11.2 (10.0%)	+66.3%	7.7 (7.0%)	+44.9%

Exchange Rate (yen)

Net Sales	US\$	104	122	120
	EUR	138	136	130
Operating Income	US\$	103	123	120
	EUR	140	134	130

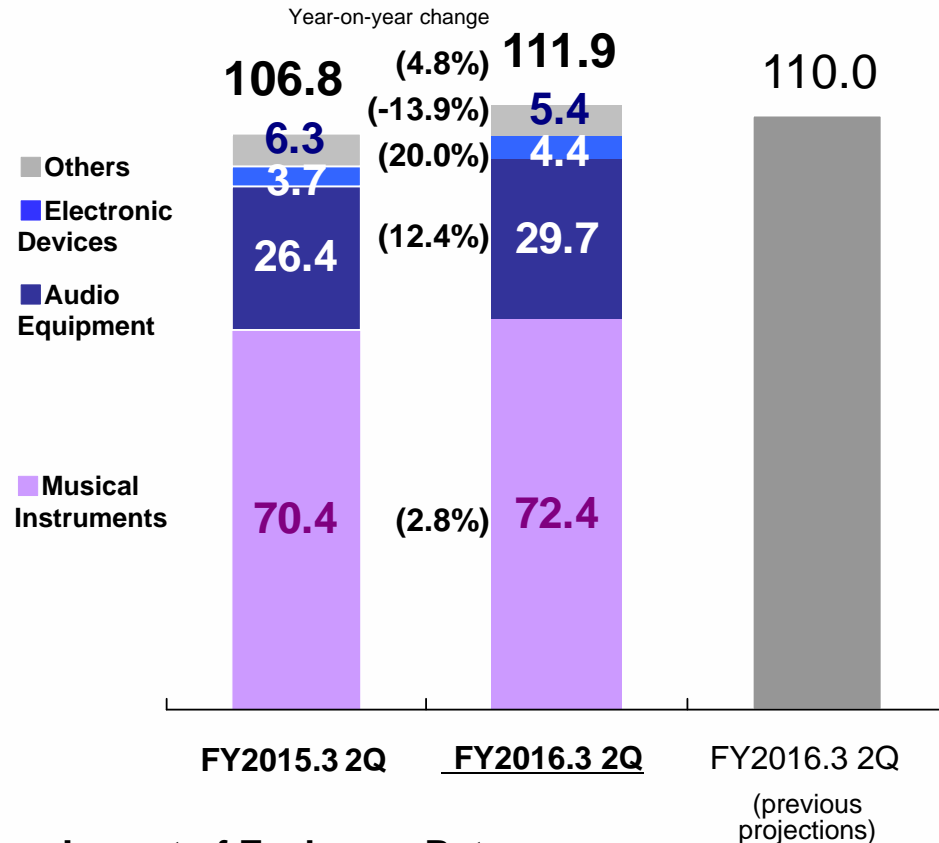
* Net income is presented as net income attributable to owners of parent (quarterly or full year) on the consolidated financial statements

**Previous projections were announced on July 30, 2015

Performance by Business Segment in the Second Quarter of FY2016.3 (Three Months)

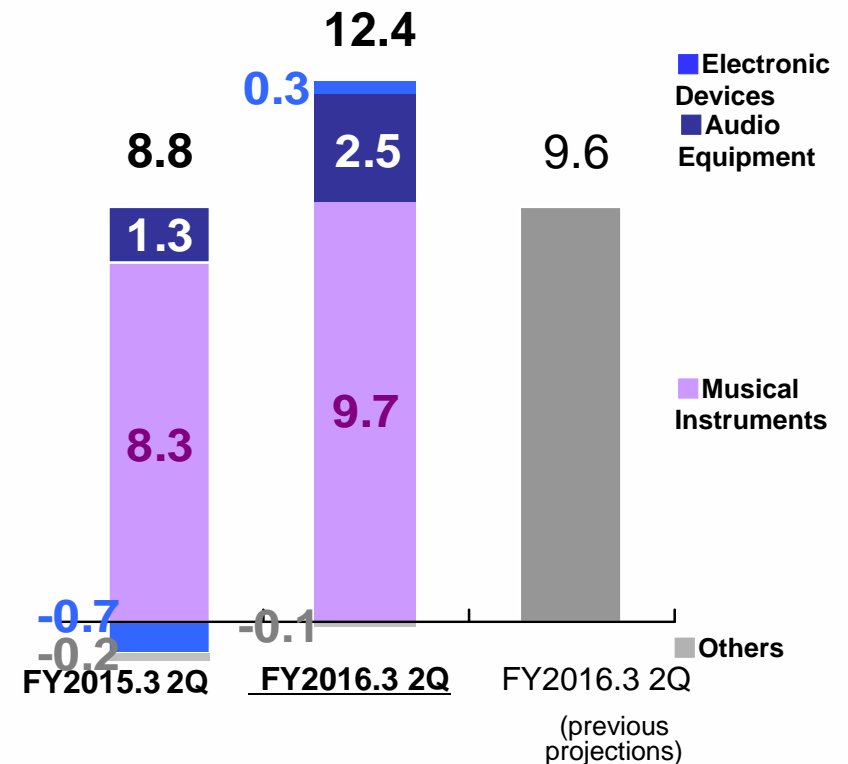


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year	+¥4.9 billion (musical instruments +¥3.5 billion, audio equipment +¥1.3 billion, electronic devices ¥+0.1 billion)
Versus previous projections	+¥1.1 billion (musical instruments +¥0.7 billion, audio equipment +¥0.3 billion)

Year-on-Year	+¥1.0 billion (musical instruments +¥0.8 billion, audio equipment +¥0.4 billion, electronic devices -¥0.2 billion)
Versus previous projections	+¥1.0 billion (musical instruments +¥0.6 billion, audio equipment +¥0.5 billion)

*Previous projections were announced on July 30, 2015

1H Non-Operating Income/Loss & Extraordinary Income/Loss



(Billions of yen)	FY2015.3 1H	FY2016.3 1H	FY2016.3 1H previous projections
Non-Operating Income/Loss			
Net financial income	1.1	1.3	1.2
Other	-1.1	-0.3	-1.2
Total	0	1.0	0
Extraordinary Income/Loss			
Income from (loss on) disposal of fixed assets	-0.1	0.5	0
Other	-0.2	-0.2	0
Total	-0.3	0.3	0
Income Taxes and Other Expenses			
Income taxes -current	4.1	5.7	4.7
Income taxes -deferred	-0.3	-0.7	-0.2
Minority interests in income	0.2	0.1	0
Total	4.0	5.1	4.5

Preferential tariff refund at a U.S. subsidiary +¥0.7

*Previous projections were announced on July 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
Non-Operating Income/Loss			
Net financial income	2.6	2.4	2.3
Other	-1.5	-1.9	-2.3
Total	1.1	0.5	0
Extraordinary Income/Loss			
Income from (loss on) disposal of fixed assets	0	0.4	0
Others	-2.7	-0.4	0
Total	-2.7	0	0
Income Taxes and Other Expenses			
Income taxes -current	7.3	9.0	7.8
Income taxes -deferred	-3.9	-0.5	0.2
Net income attributable to non-controlling interests	0.2		0
Total	3.6	8.5	8.0

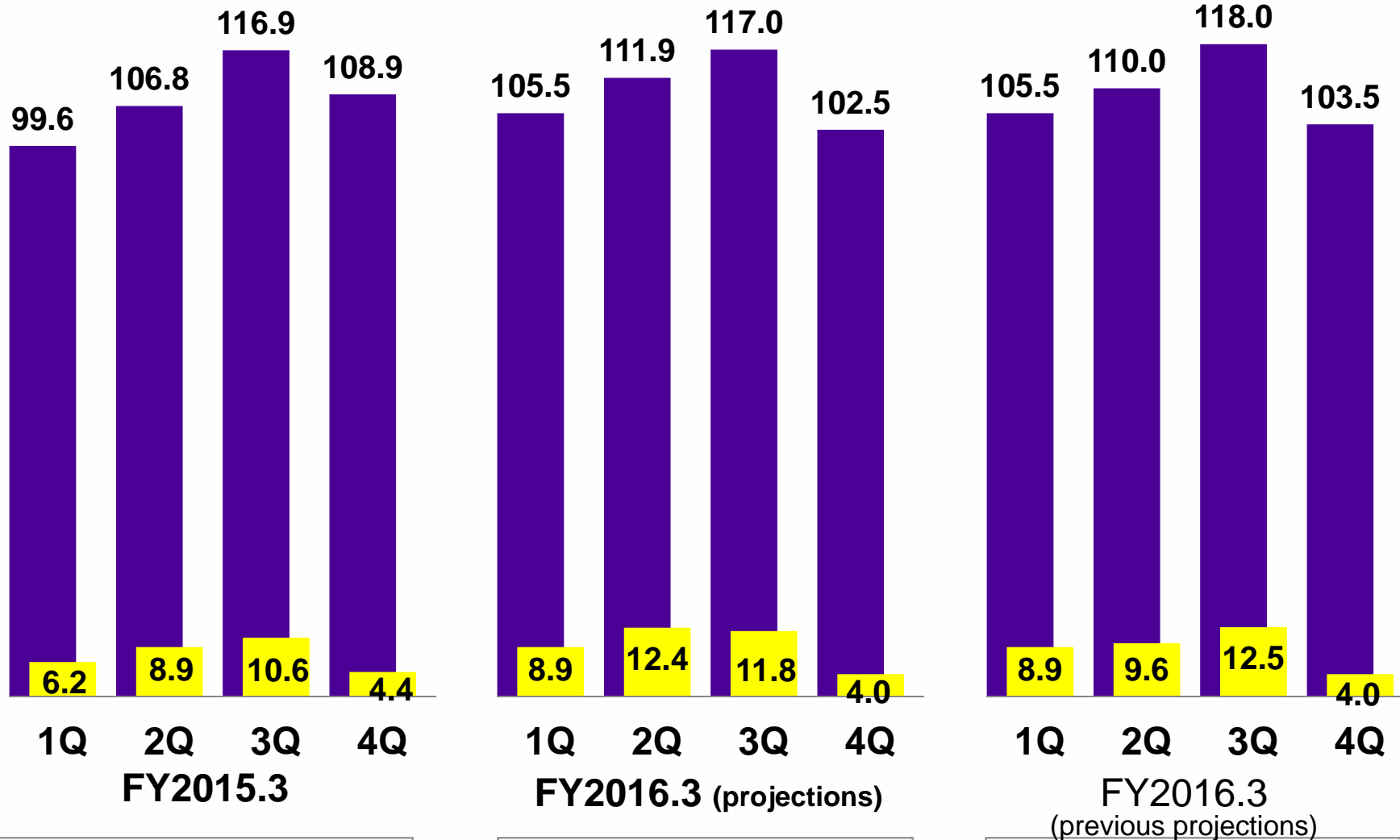
-Business structural reform expenses -¥1.8
 -Impairment loss on fixed assets -¥0.9

*Previous projections were announced on July 30, 2015

Quarterly Sales and Income



(Billions of yen)



Net Sales	432.2
Operating Income	30.1

Net Sales	437.0
Operating Income	37.0

Net Income	437.0
Operating Income	35.0

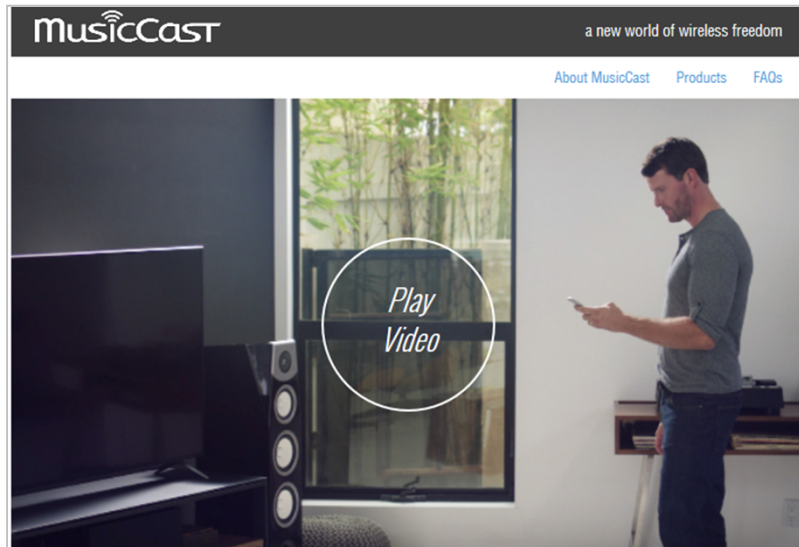
*Previous projections were announced on July 30, 2015

Key Products in FY2016.3



A wireless multiroom audio system controlled by a simple app
MusicCast™

Delivering compatible products in the US and European market



INTRODUCING MusicCast

Now Yamaha makes it easy to bring music to every room in your home wirelessly.

Whether you start with a single speaker or the ultimate home theater, MusicCast expands to fit your needs, providing wireless multiroom audio playback controlled by a simple app.

Available in a wide range of AV receivers, sound bars and speakers, MusicCast offers more options and versatility than ever before.

EXPAND YOUR POSSIBILITIES

MusicCast uses your existing Wi-Fi network to stream music wirelessly throughout your home.

Play different music in each room, combine rooms or get everyone listening to the same thing.

MusicCast devices support both Wi-Fi and wired Ethernet connections, so you can also choose to build an all-wired network if desired.



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.