

**Analyst and Investor Briefing on the  
Fiscal Year Ended March 31, 2011  
(FY2011.3)**

**May 10, 2011**

**YAMAHA CORPORATION**

# Overview of Performance in FY2011.3



## External Environment

- Recovery trend in the developed markets of Europe and North America. Ongoing steady growth in emerging markets.
- Personal consumption remains sluggish in Japan.
- Continuing strong yen.

## Results Summary

- Full year sales were down year-on-year, but operating income increased due to improved manufacturing profits and robust actual sales in overseas markets.
- Discounting the impact of exchange rates (-¥17.5 billion) together with handover of lifestyle-related products business and withdrawal from magnesium molded parts business (-¥41.9 billion), actual sales increased 5.2% year-on-year.
- Sales were broadly in line with previous projections. Operating and ordinary income were higher than projected, while net income was lower due to factors including impairment of fixed assets.
- Excluding the impact of exchange rates (-¥3.5 billion), actual inventory assets at term-end were ¥5.7 billion higher than at the end of the previous fiscal year.

# Performance in FY2011.3



➤ Sales declined year-on-year, but operating income increased. Both sales and operating income were higher than previous projections.

(Billions of yen)

	FY2010.3 results	FY2011.3 results	Increase/Decrease	Previous projections (Feb. 3, 2011)	Change from projections
<b>Net sales</b>	414.8	373.9	-9.9%	373.0	+0.2%
<b>Operating income</b> (Operating income ratio)	6.8 (1.6%)	13.2 (3.5%)	+92.8%	12.5 (3.4%)	+5.3%
<b>Ordinary income</b> (Ordinary income ratio)	4.9 (1.2%)	11.0 (2.9%)	+123.4%	10.0 (2.7%)	+9.7%
<b>Net income</b> (Net income ratio)	-4.9 (-)	5.1 (1.4%)	—	6.5 (1.7%)	-21.9%

## Currency exchange rates (yen)

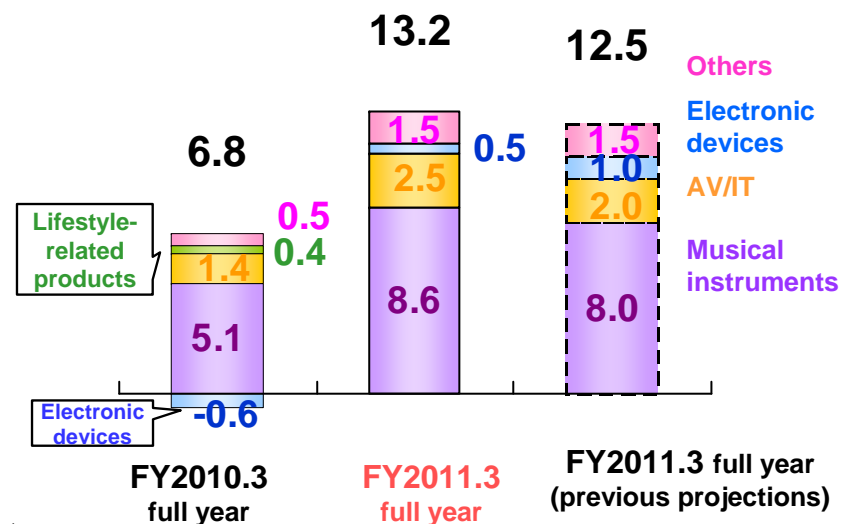
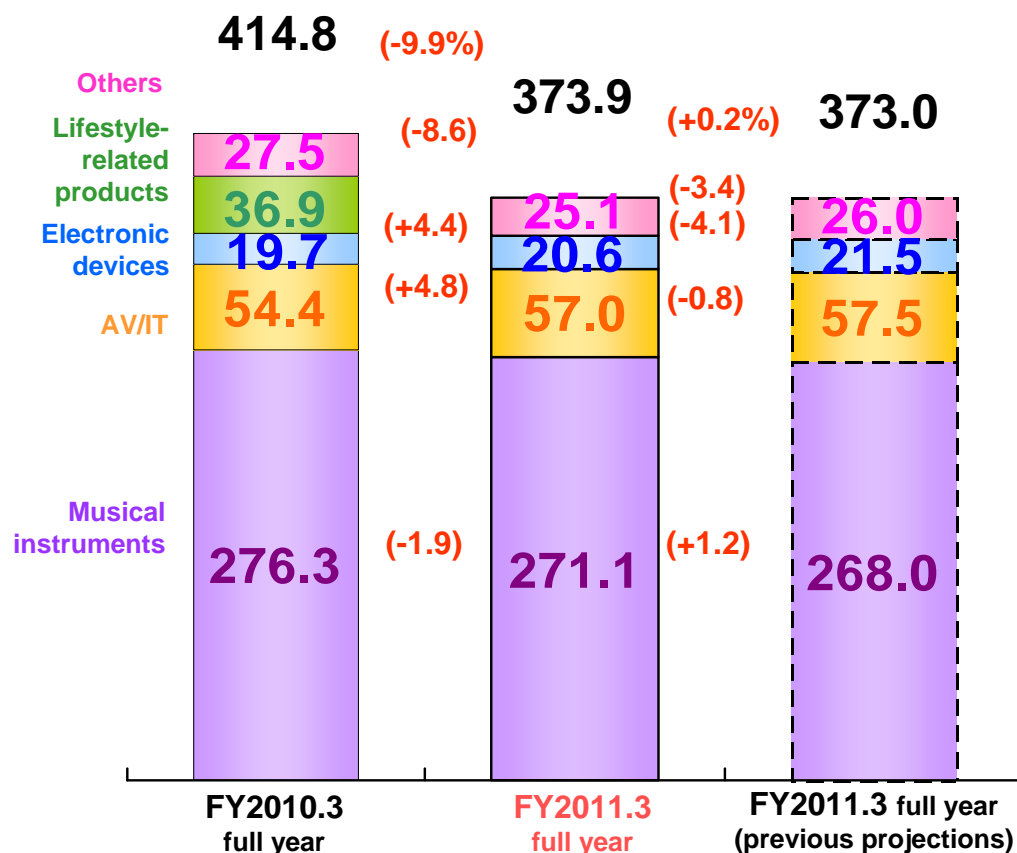
<b>Net sales</b>	US\$	93	86	86
	EUR	131	113	112
<b>Operating income</b>	US\$	93	86	87
	EUR	130	115	115

# Performance by Business Segment in FY2011.3

## Net Sales

## Operating Income

(Billions of yen)



Figures in parentheses indicate change from the previous year or previous projections

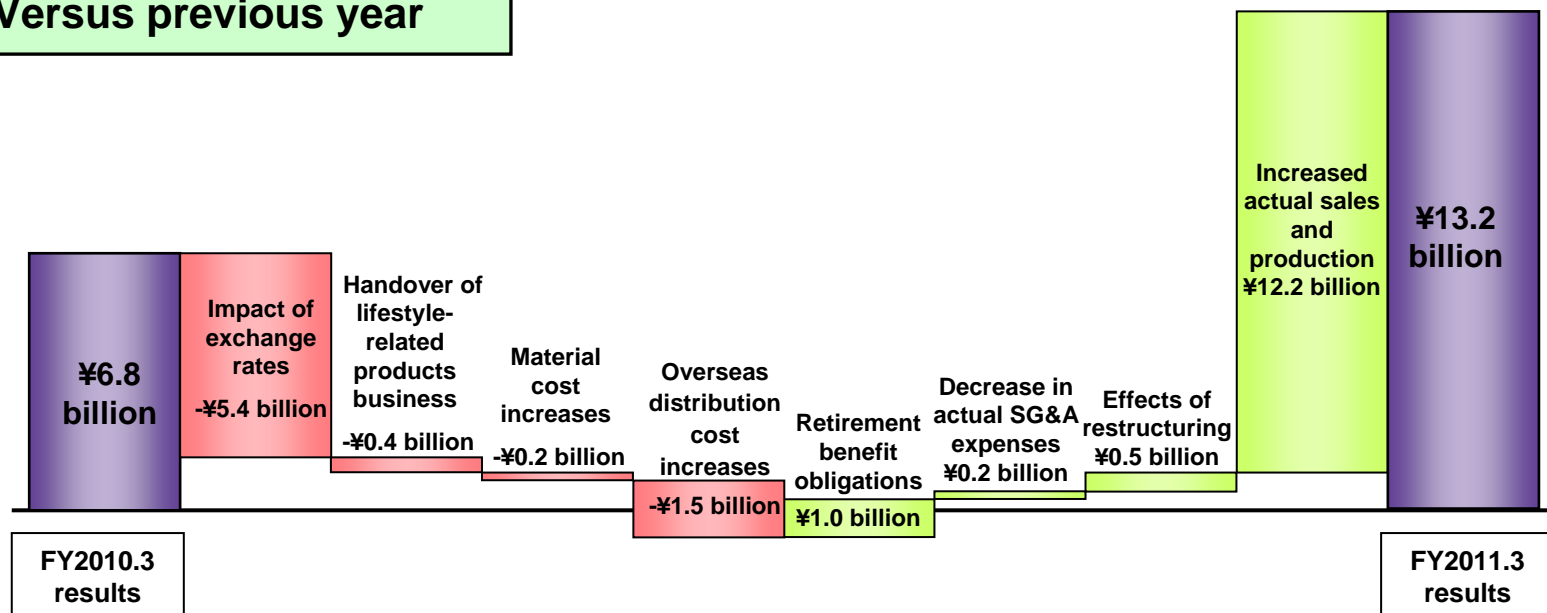
	Impact of exchange rates
Year-on year	-¥17.5 billion (musical instruments -¥13.7 billion, AV/IT -¥3.6 billion, electronic devices -¥0.2 billion)
Versus previous projections	-¥0.1 billion (musical instruments -¥0.1 billion)

	Impact of exchange rates
Year-on year	-¥5.4 billion (musical instruments -¥4.3 billion, AV/IT -¥1.0 billion, electronic devices -¥0.1 billion)
Versus previous projections	+¥0.2 billion (musical instruments +¥0.1 billion, AV/IT +¥0.1 billion)

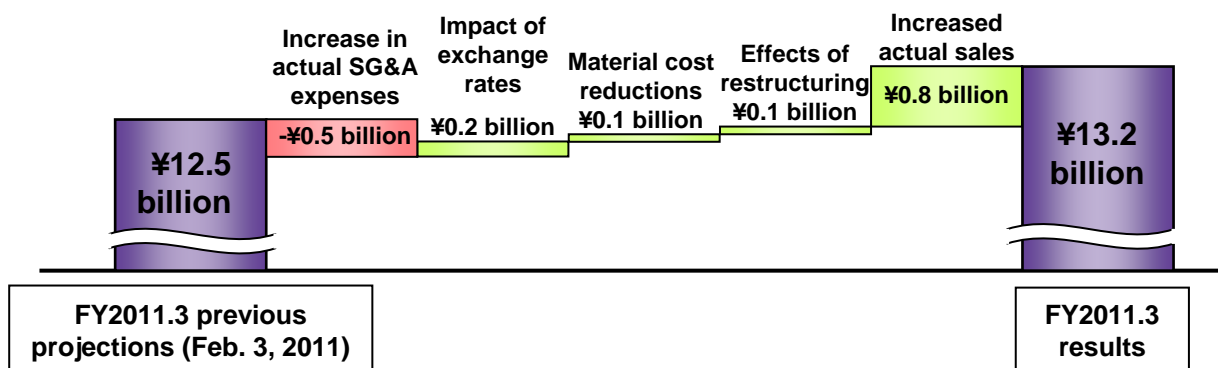
# FY2011.3 Operating Income Analysis



## Versus previous year



## Versus previous projections



# Musical Instruments

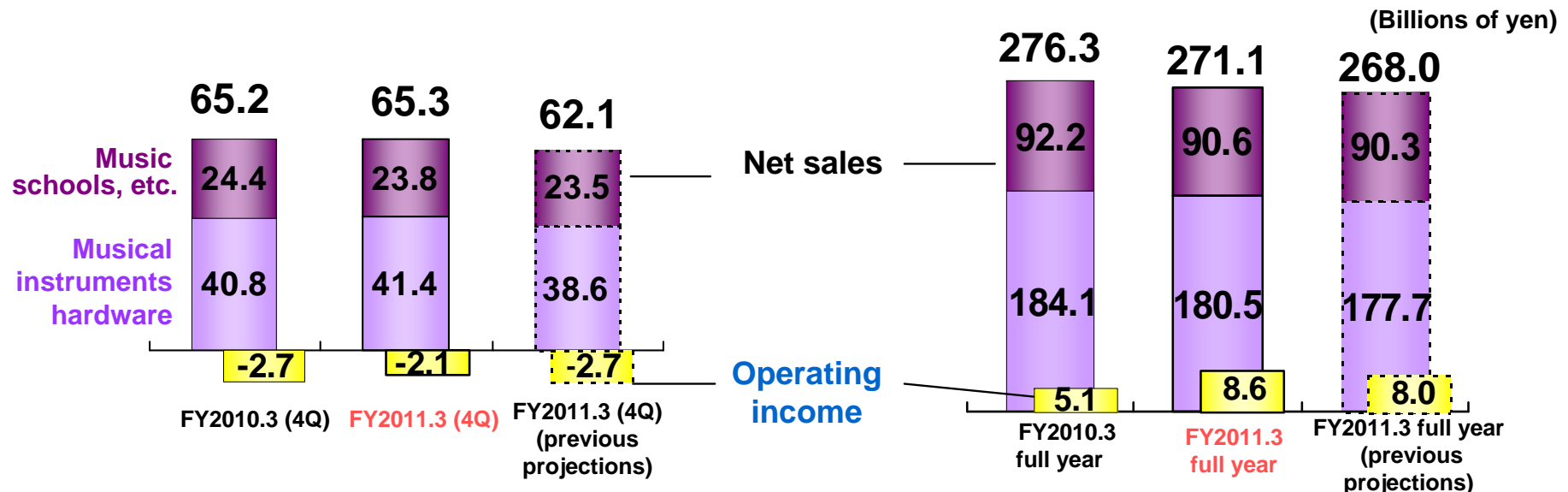


## 4Q Overview

- Sales and income were higher than in the fourth quarter of the previous year and previous projections.
- Discounting the impact of exchange rates, actual sales were up 4.4% (¥2.9 billion) on the same period of the previous year.
- Ongoing recovery trend in North America and Europe. Strong sales continue in China and emerging markets.
- Robust sales of pianos and portable keyboards.

## FY2011.3 Overview

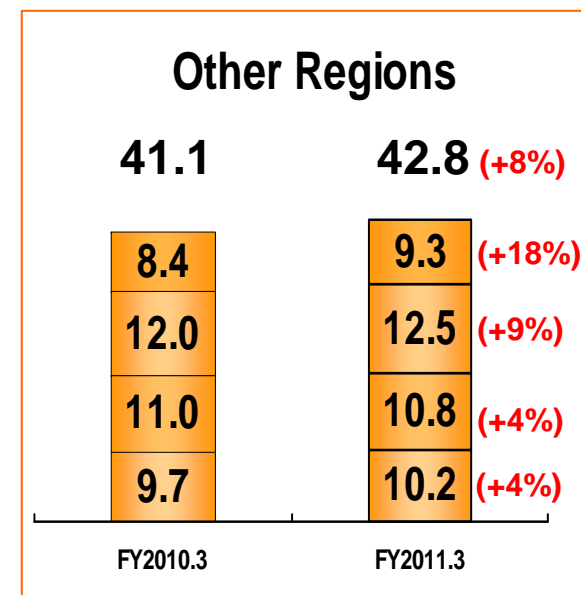
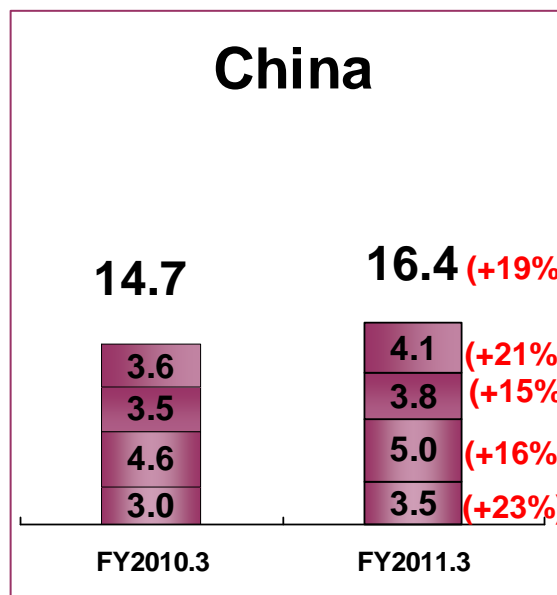
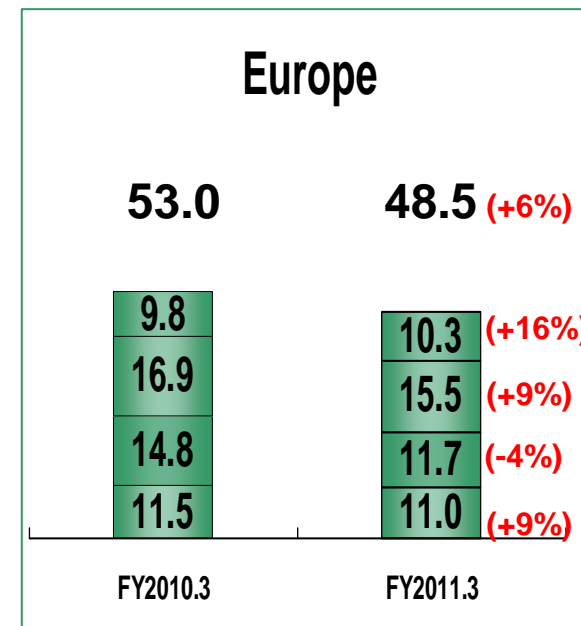
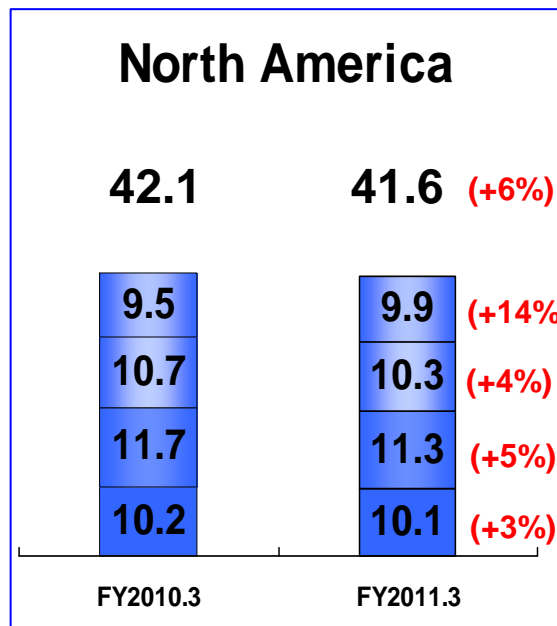
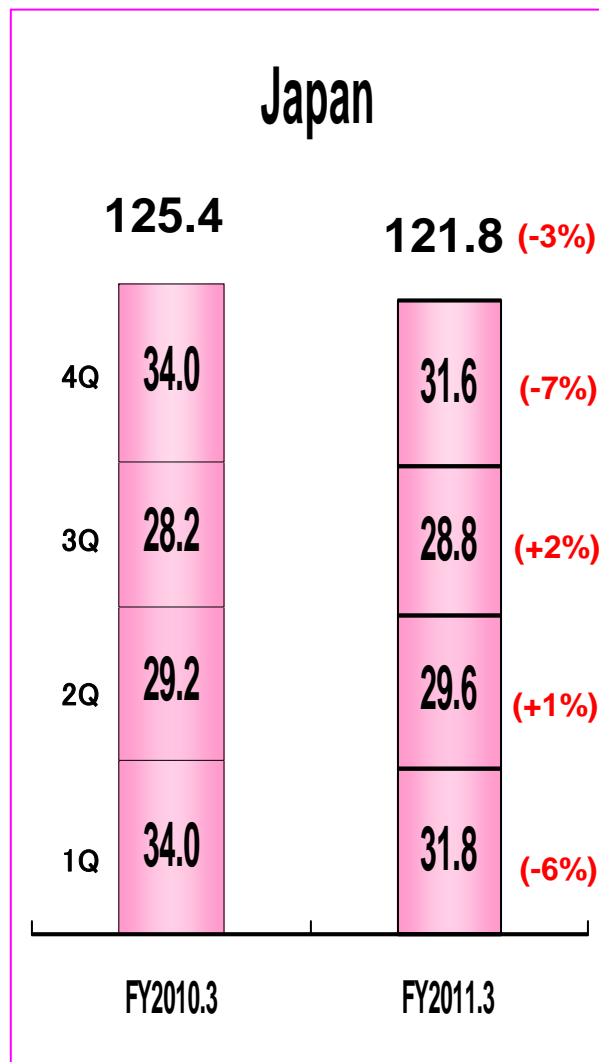
- Sales declined year-on-year, but income increased. Both sales and income were higher than previous projections.
- Discounting the impact of exchange rates (-¥13.7 billion), actual sales were 3.1% (¥8.5 billion) higher than the previous year.
- Year-on-year, actual sales were up 6% in North America and Europe but down 3% in Japan. Growth continued in China and other emerging markets.
- Actual sales rose for most major musical instruments.
- Actual piano sales increased in all regions except Japan, and grew by double digits in China and Europe.
- Digital piano sales rose sharply in China, portable keyboards saw double-digit growth everywhere except Japan, and guitar sales were robust in all regions.



# Musical Instruments: Sales by Region



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

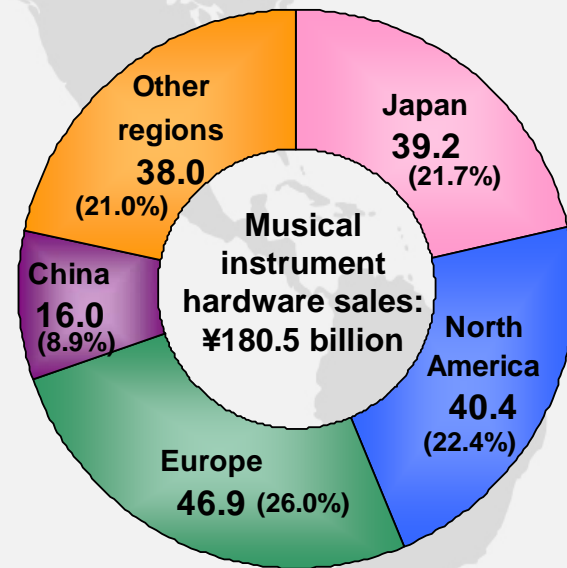


# Musical Instruments: Sales by Region



Musical Instrument Sales by Region	
Japan	Overall, consumers continue to seek low-priced products. Although sales of upright pianos manufactured overseas are robust, conditions are generally challenging. Moderately-priced digital pianos are still showing strong sales, but hybrid pianos are struggling. Moderately-priced guitars are selling well amid demand from bands spurred by the influence of anime and movies. Sales of both hardware and software products deteriorated further in March after the Japan earthquake.
North America	Although wholesale sales slowed in the Canadian market, the U.S. experienced a turnaround in 2010. Sales of almost all products were up year-on-year. Pianos, portable keyboards and electronic drums showed particularly strong growth. Although digital piano sales volumes increased, unit prices fell. The professional audio equipment market also showed recovery, recording higher sales than the previous year.
Europe	Economic recovery in Central and Northern Europe pushed sales above last years figures. Southern Europe struggled as fiscal austerity curbed consumption. Buyers shunned high-priced products and shifted their attention to low-priced models. Pianos are trending toward recovery, showing double-digit growth. Although digital pianos sales volumes were up, unit prices were down. Portable keyboard sales were robust, partly due to the popularity of the Tyros4 model. Education budget cuts have hampered any recovery in wind instrument sales to schools. The professional audio equipment market continues to languish.
China	Sales of pianos and portable keyboards are robust. Ongoing double-digit growth in pianos drove overall sales. The company continued to build sales networks for all categories, including wind instruments, portable keyboards, digital pianos and guitars.
Other regions	All products except Electones surpassed the previous year's sales figures. Portable keyboard sales remained especially strong. Although mature markets such as Taiwan and Australia struggled, powerful growth in other markets including Latin America, Russia and India made up for the shortfall. Overall sales were up year-on-year.

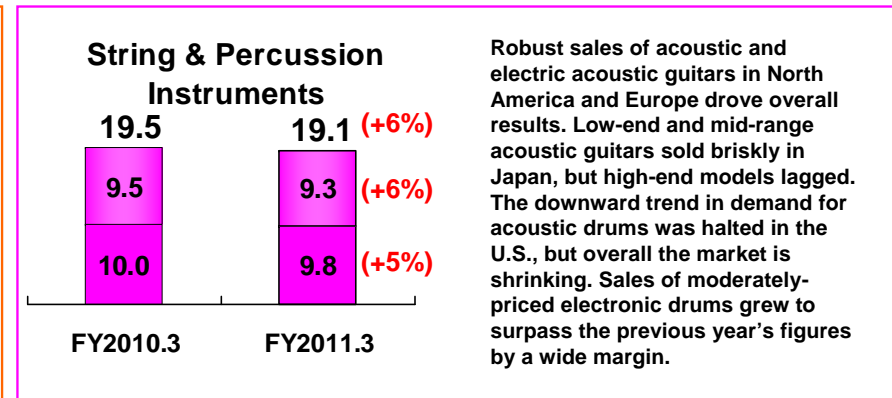
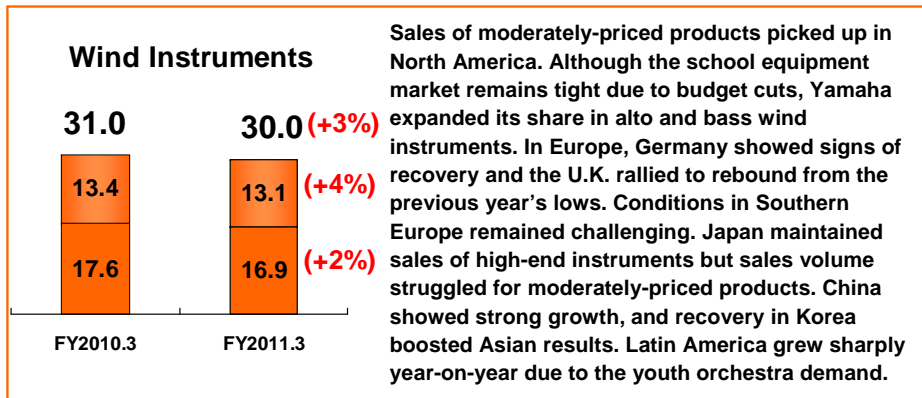
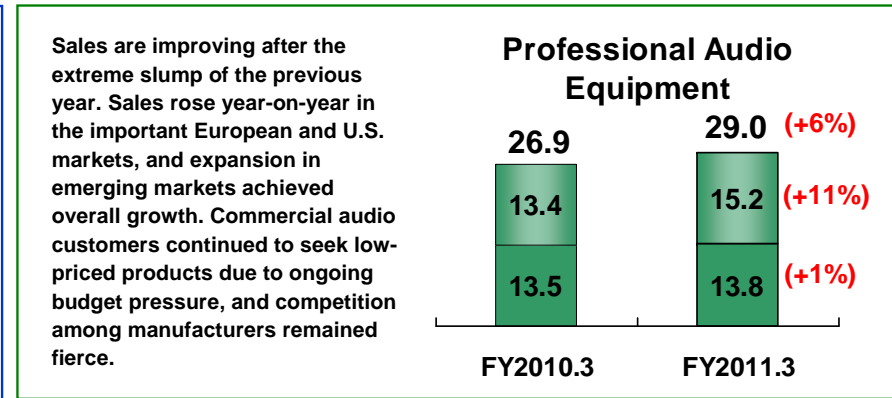
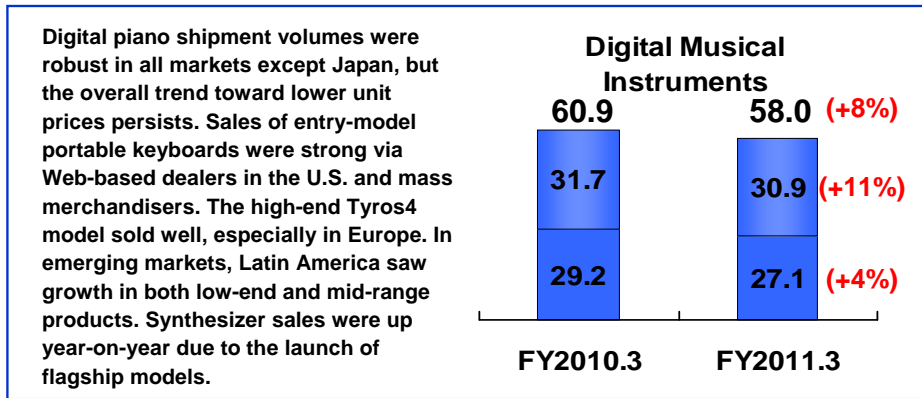
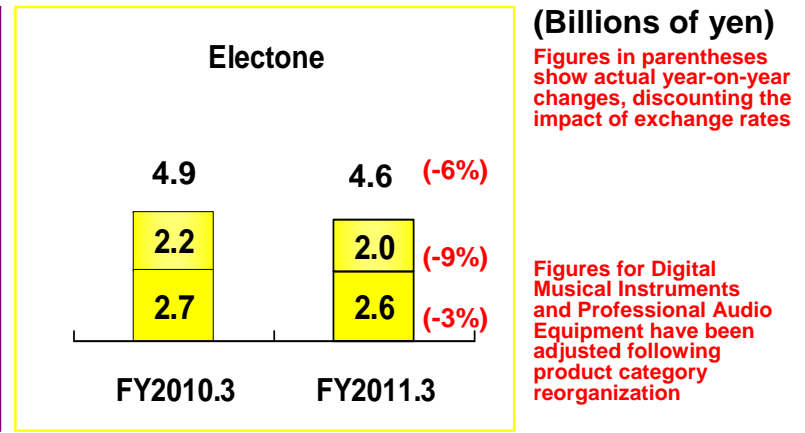
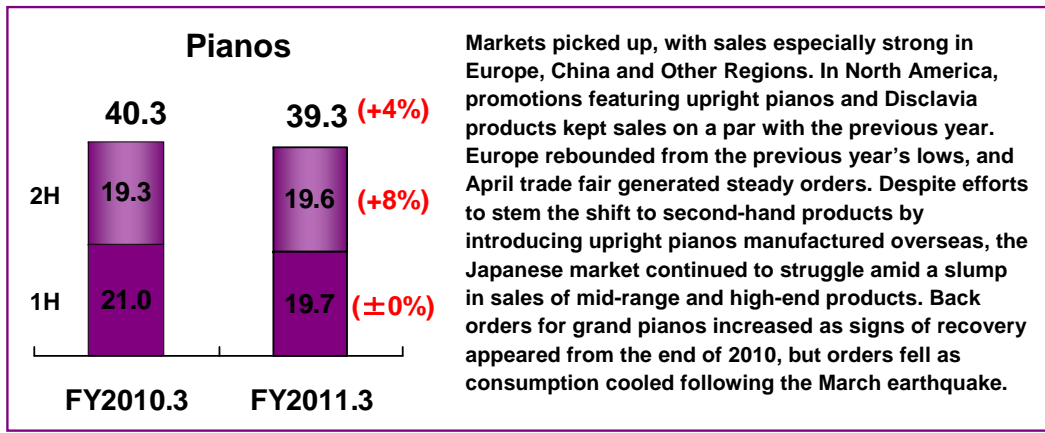
**Musical Instrument Hardware Sales by Region**



FY2011.3



# Musical Instruments: Sales by Product Category YAMAHA



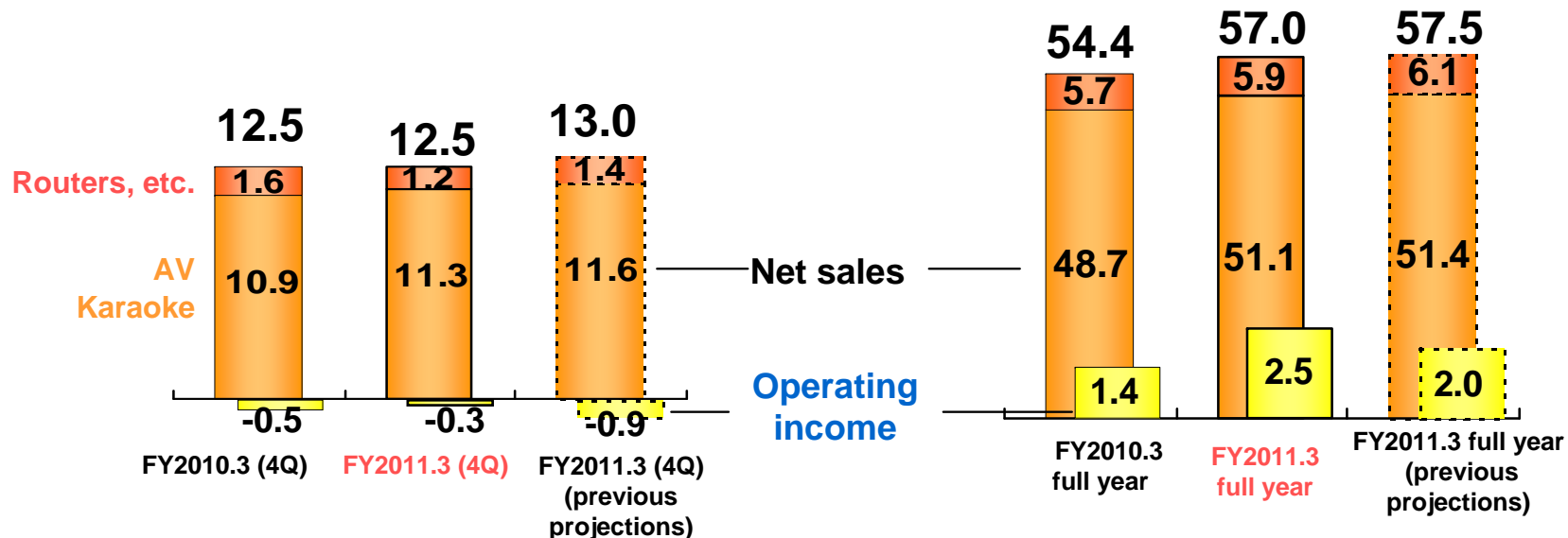
## 4Q Overview

- Although sales remained flat, operating income improved year-on-year. Sales were lower than previous projections, but operating income was higher.
- Actual sales excluding the impact of exchange rates (-¥0.7 billion) increased 5.6% (¥0.7 billion) over the same period of the previous year.
- In Japan, sales of front surround system with furniture stand slowed as the government’s “Eco Point” incentive scheme was scaled back.
- Sales of online karaoke equipment were robust.

## FY2011.3 Overview

- Sales and income increased year-on-year. Sales were lower than previous projections, but income was higher.
- Discounting exchange rate factors (-¥3.6 billion), actual sales were 11% (¥6.2 billion) higher than the previous year.
- Although AV products continued to face headwinds in North America, actual sales rose in Europe, China and Other Regions.
- Sales of front surround speakers remained strong in Japan throughout the year.
- Strong sales of new online karaoke equipment in the second half boosted results.

(Billions of yen)



# Electronic Devices

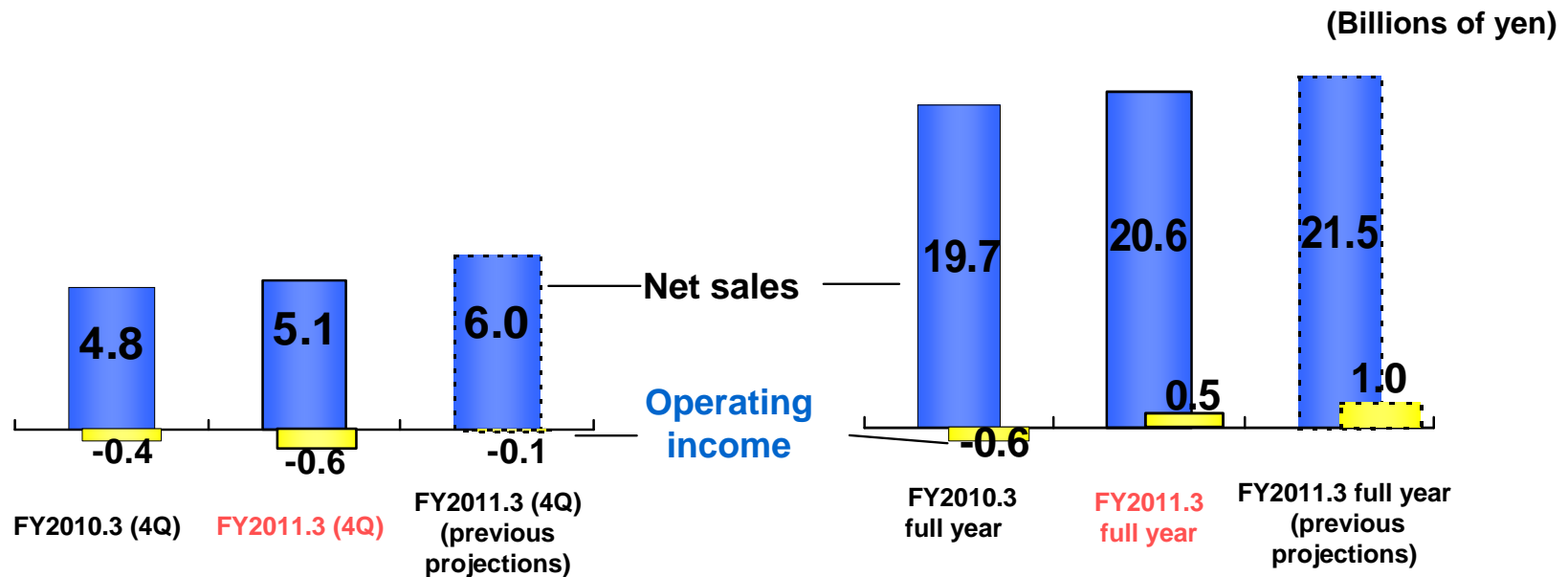


## 4Q Overview

- Sales increased year-on-year, but income declined. Sales and income were both lower than previous projections.
- Sales targets were not met mainly because customers reduced production.
- Sales of geomagnetic sensors grew sharply year-on-year.

## FY2011.3 Overview

- Sales and income rose year-on-year, but were below previous projections.
- Sales of sound generators for mobile phones continued to decrease from the previous year.
- Geomagnetic sensors and graphics controllers for pachinko-related equipment saw increased sales.
- Although previous projections had already been revised downward, sales were still below target due to factors including second-half postponement of delivery dates to the following fiscal year for all applications.



# Others

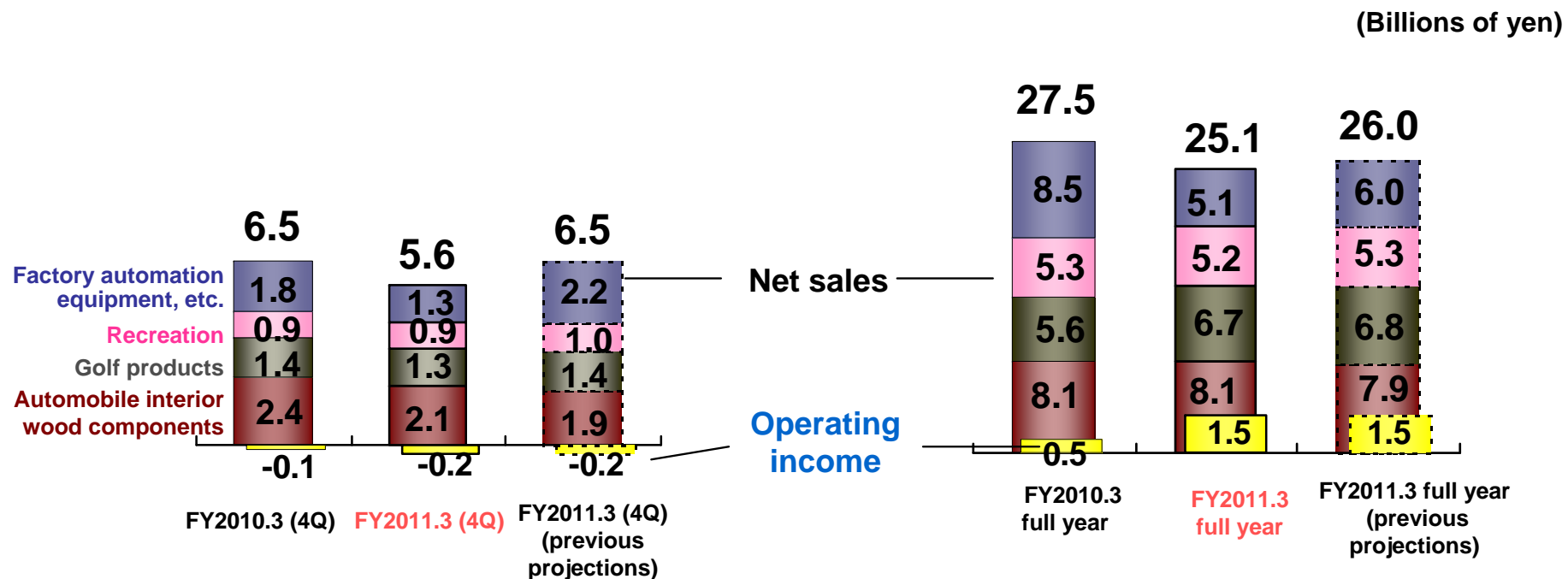


## 4Q Overview

- Sales fell year-on-year and against previous projections.
- The off-season for the recreation business was exacerbated by numerous cancellations due to the effects of the earthquake.
- Sales of automobile interior wood components were affected by production halts at automakers in the wake of the earthquake.
- Factory automation equipment sales were strong, driven by capital expenditure for Chinese plants.

## FY2011.3 Overview

- Sales declined year-on-year, partly due to withdrawal from magnesium molded parts business, but income increased.
- Automobile interior wood component sales were robust as production rose due to market recovery.
- Rebounding corporate capital expenditure spurred strong factory automation equipment sales.
- Golf product sales and income rose year-on-year.
- The decline in recreation business sales continued.



# FY2012.3 Business Environment and Performance Forecast



## Business Environment

- Despite lingering uncertainties surrounding some European countries, recovery continues in the developed markets of Europe and North America.
- Strong growth in China and other emerging markets.
- The March earthquake is expected to have an impact on production and sales in the first half.

## Performance Forecast

- Sales and income are predicted to decline year-on-year.
- The earthquake is likely to have an impact on procurement of parts and materials, chiefly affecting production volumes for digital musical instruments, professional audio equipment and AV products.
- The negative impact of production cuts, sluggish consumption in Japan and uncertainties in shipments to corporate customers are projected.

# Forecast of Business Performance in FY2012.3

(Billions of yen)

	FY2011.3 results	FY2012.3 forecasts	Increase/ decrease	Year-on-year percentage change
<b>Net sales</b>	<b>373.9</b>	<b>370.0</b>	<b>-3.9</b>	<b>-1.0%</b>
<b>Operating income</b> (Operating income ratio)	<b>13.2</b> (3.5%)	<b>10.0</b> (2.7%)	<b>-3.2</b>	<b>-24.0%</b>
<b>Ordinary income</b> (Ordinary income ratio)	<b>11.0</b> (2.9%)	<b>8.0</b> (2.2%)	<b>-3.0</b>	<b>-27.1%</b>
<b>Net income</b> (Net income ratio)	<b>5.1</b> (1.4%)	<b>5.0</b> (1.4%)	<b>-0.1</b>	<b>-1.6%</b>

## Currency exchange rates (yen)

Net sales	US\$	86	85
	EUR	113	110
Operating income	US\$	86	85
	EUR	115	110

# Estimated Impact of Great East Japan Earthquake on Projected Results for FY2012.3



## Impact of component procurement difficulties

(mainly musical instruments and AV/IT segment)

Net sales	-¥9.2 billion
Operating income	-¥3.3 billion

## Impact of weak consumer spending in Japan

Net sales	-¥4.5 billion
Operating income	-¥1.5 billion

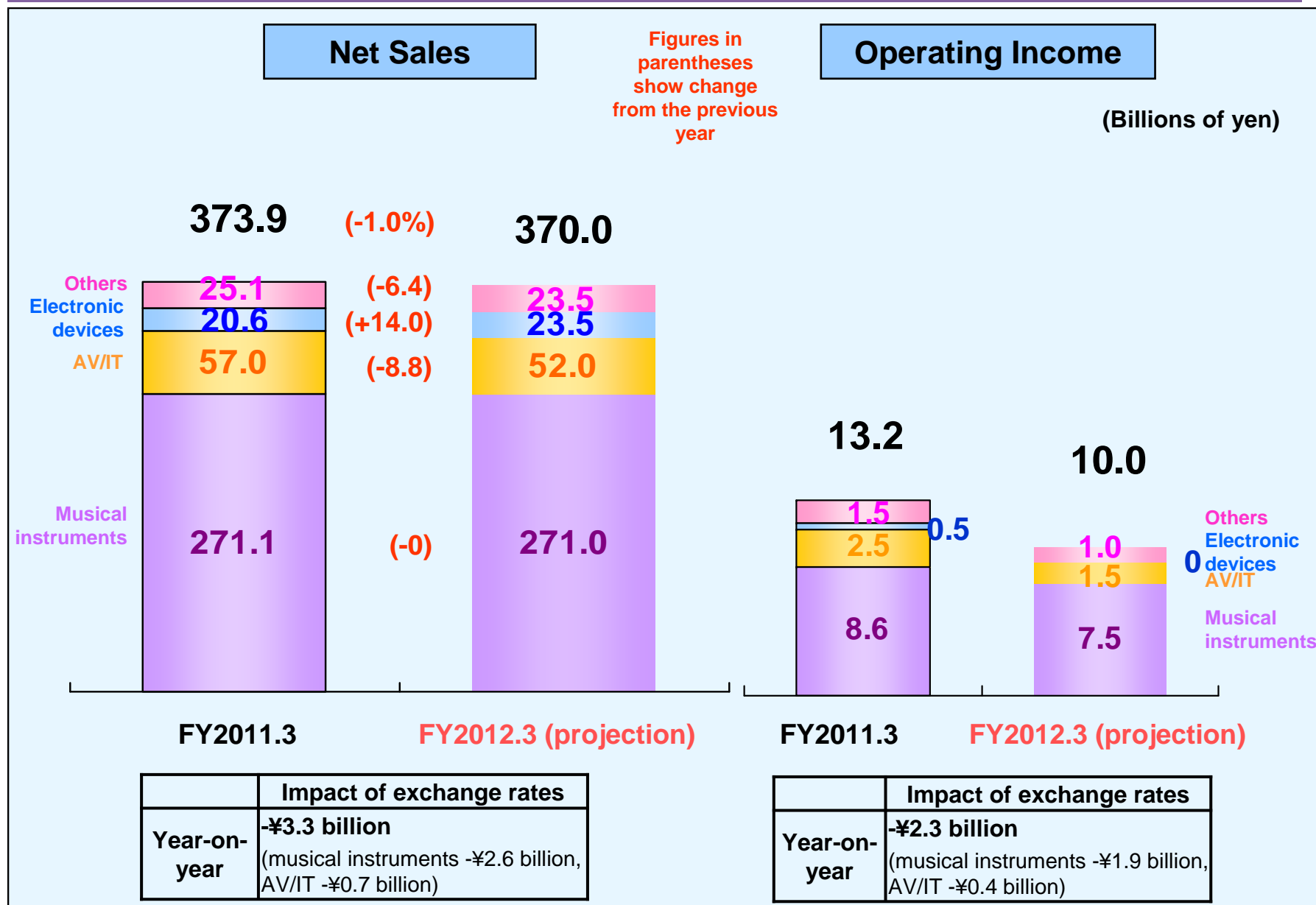
## Impact of customers' production cuts

(mainly electronic devices and others segment)

Net sales	-¥3.3 billion
Operating income	-¥1.2 billion

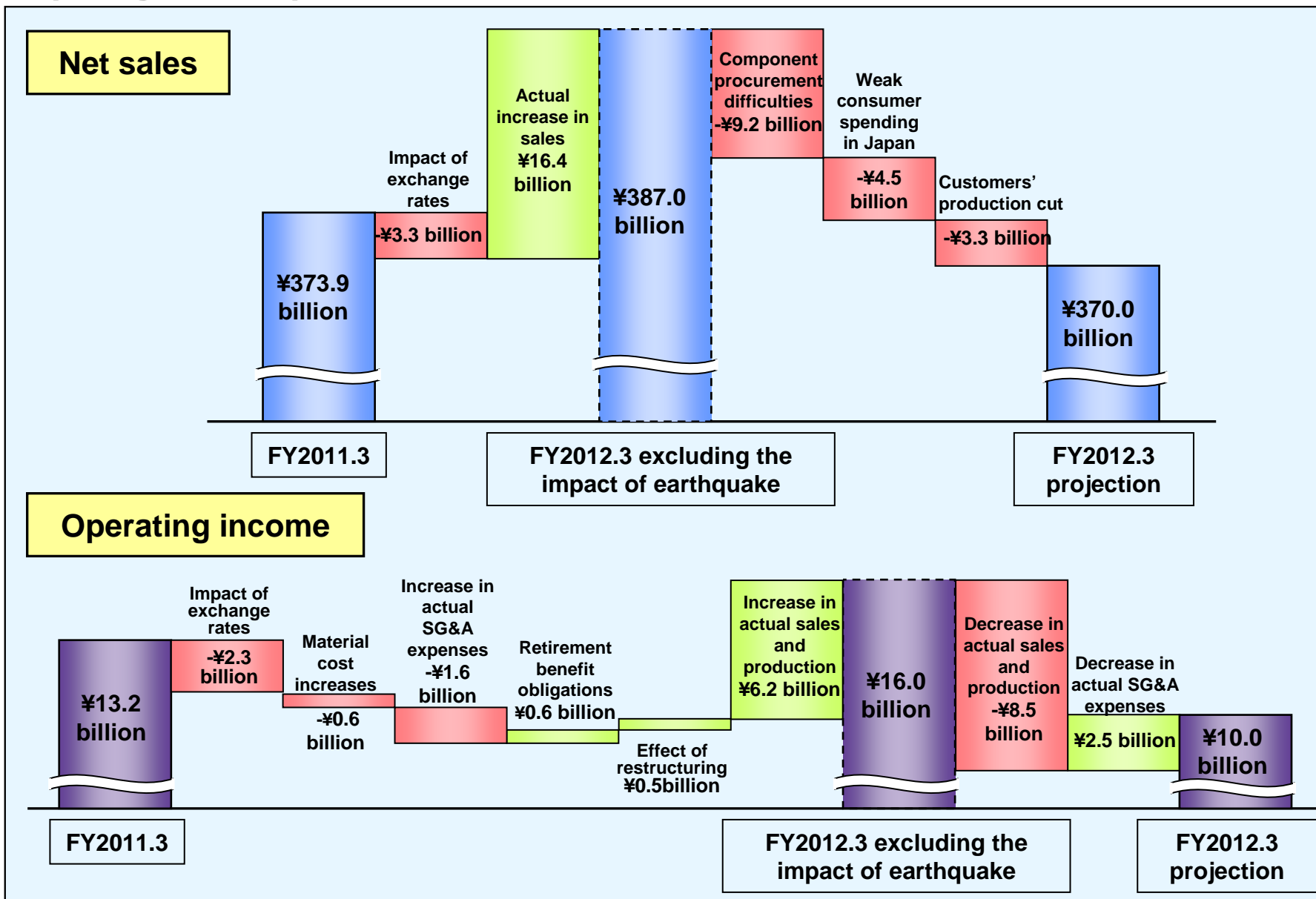
\* Effect of Yamaha production cutback from the above three factors -¥13.6 billion

# Forecast of Performance by Business Segment in FY2012.3





# FY2012.3 Sales and Operating Income Analysis (Projection)



# Musical Instruments: Projections

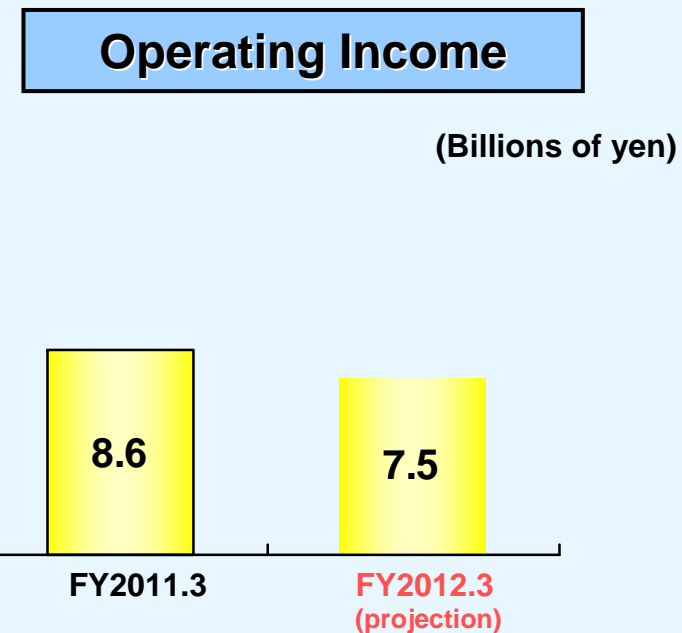
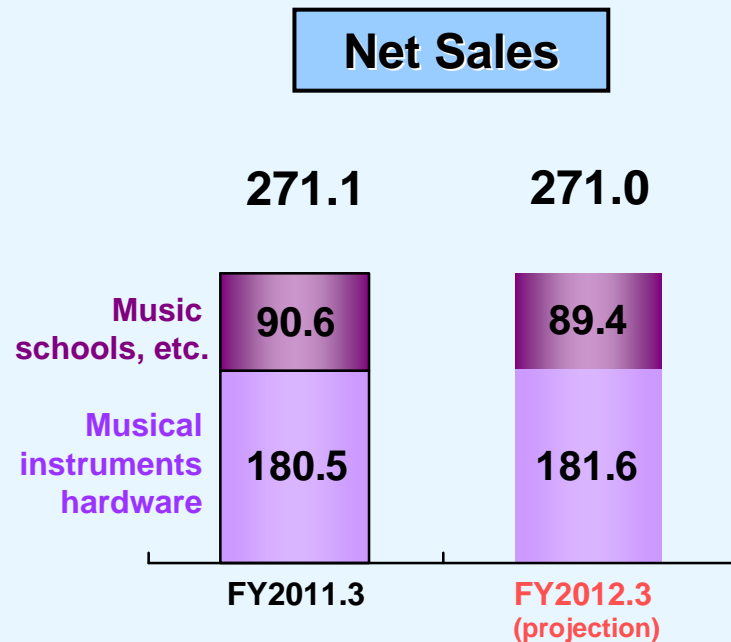


## Market Environment

- Ongoing gradual recovery in global economy.
- Continuing growth momentum in China and other emerging markets.
- Weak consumer appetite anticipated in Japan due to the impact of the earthquake.
- Ongoing change in forms of distribution (large-scale stores, growing share of mass merchandisers, Internet sales).

## Priority Measures

- Expand sales in emerging markets including China.
- Continue building optimum production structure to match market trends.
  - Increase production at factories in China and Indonesia.
  - Consolidate wind instrument production base in Japan (by March 2012).
- Minimize and swiftly overcome the effects of difficulties in procuring parts and materials for production of digital musical instruments, etc.

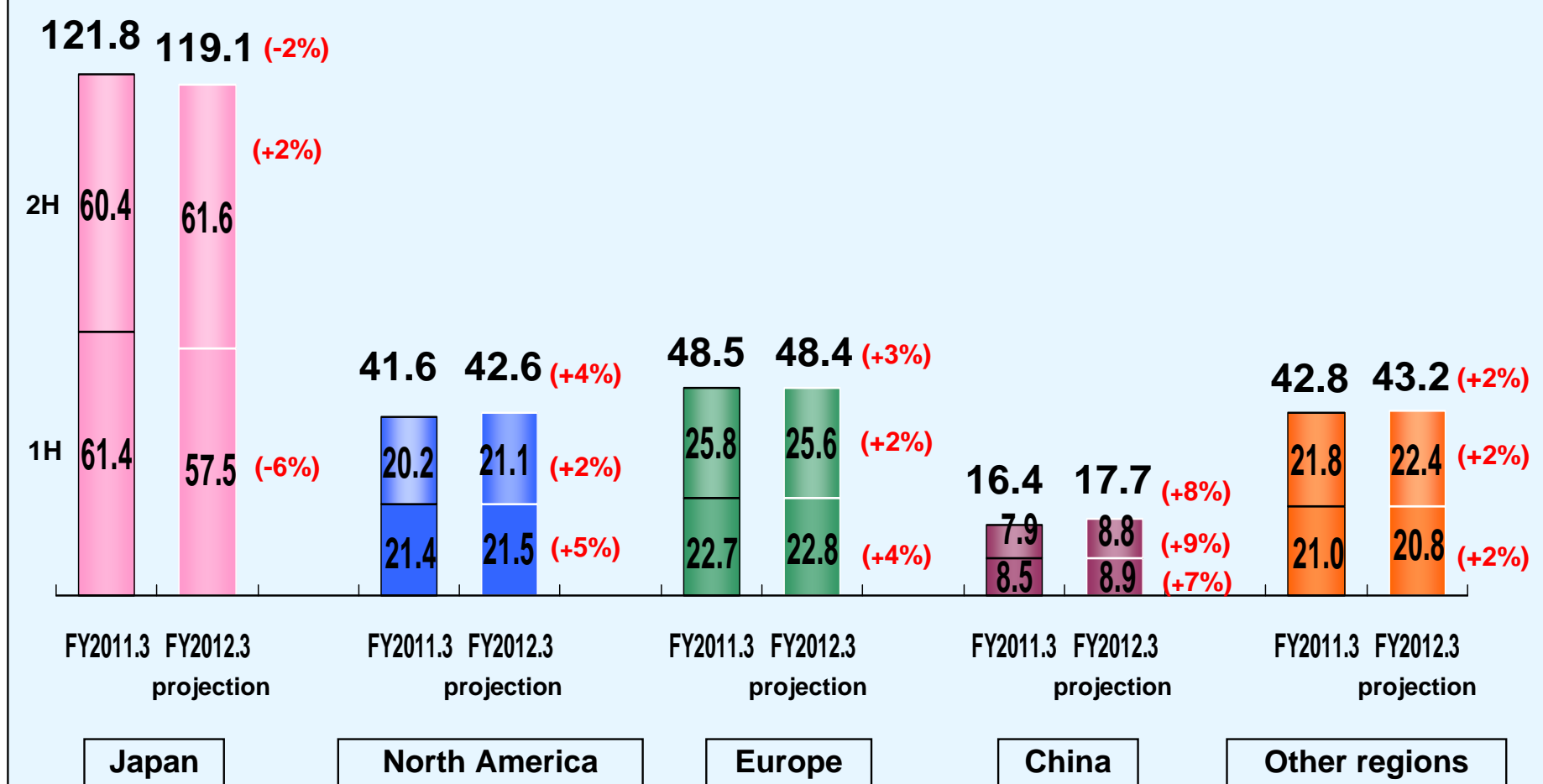


# Musical Instruments: Sales by Region (FY2012.3 Projections)



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

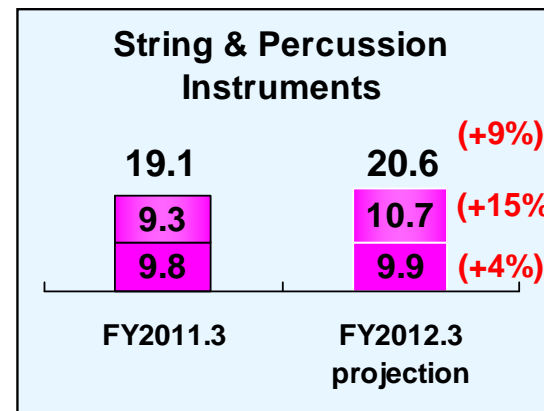
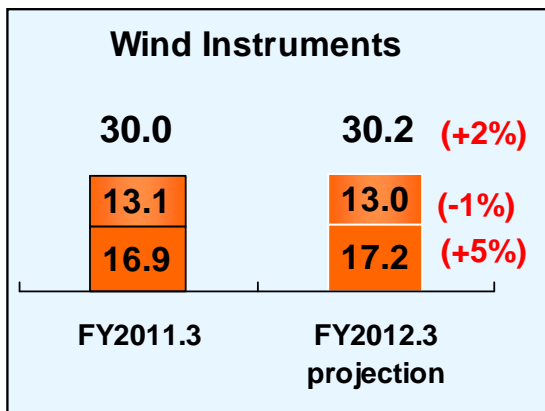
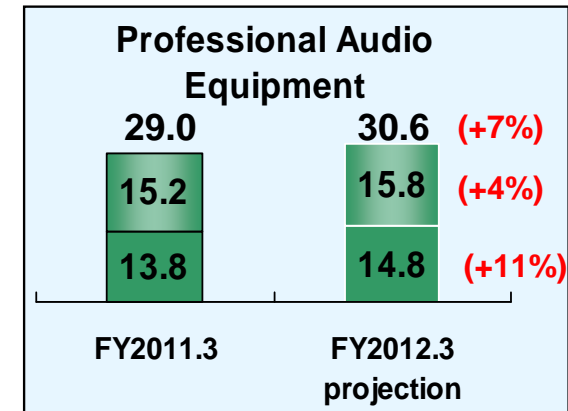
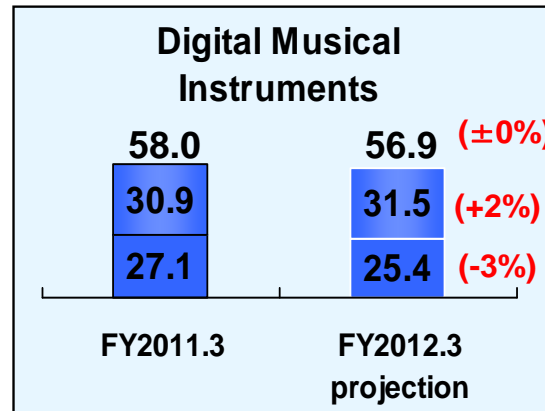
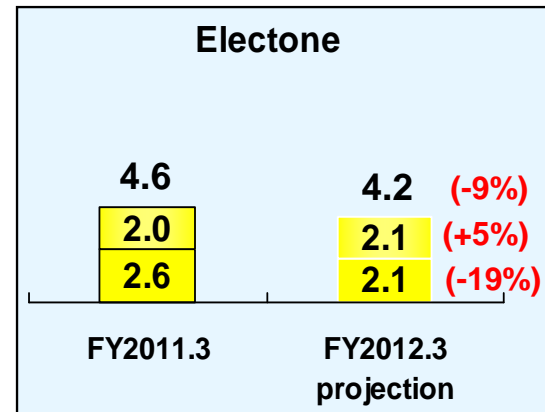
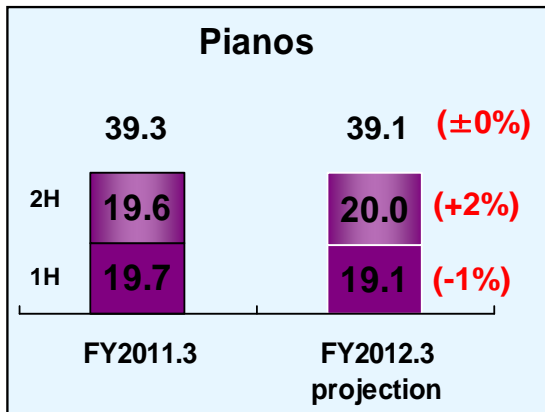
(Billions of yen)



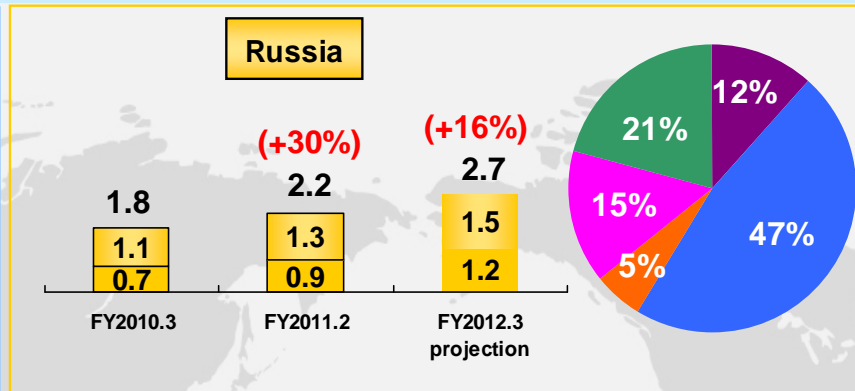
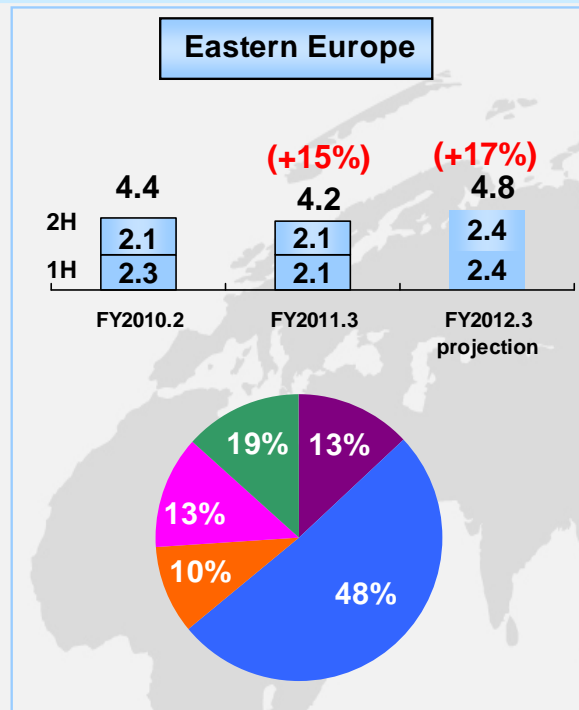
# Musical Instruments: Sales by Product Category (FY2012.3 Projections)



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



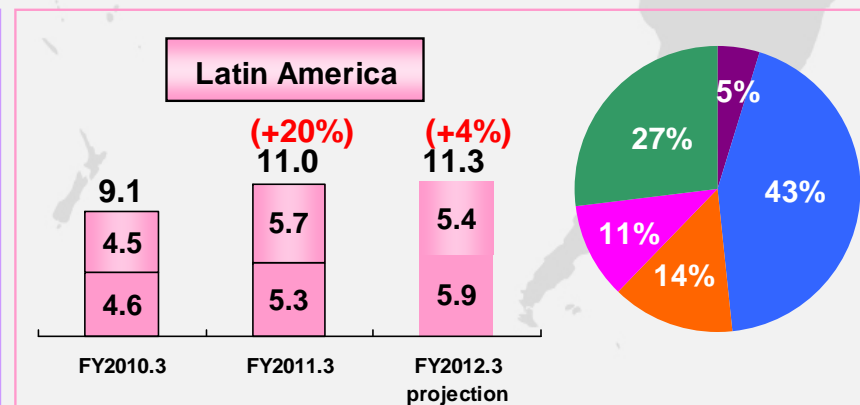
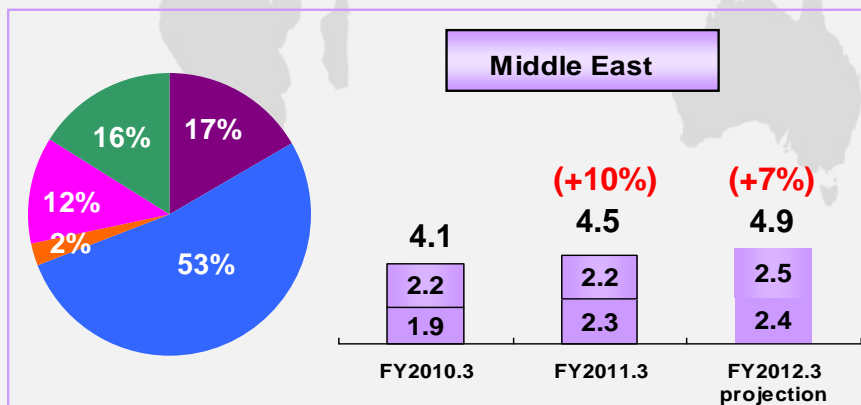
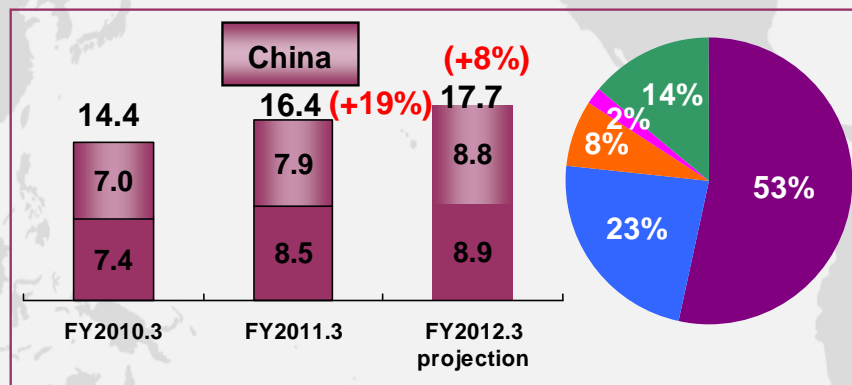
# Emerging Market Sales



(Billions of yen)

- Pianos
- Digital musical instruments
- Wind instruments
- String & percussion instruments
- PA equipment

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



# AV/IT: Projections

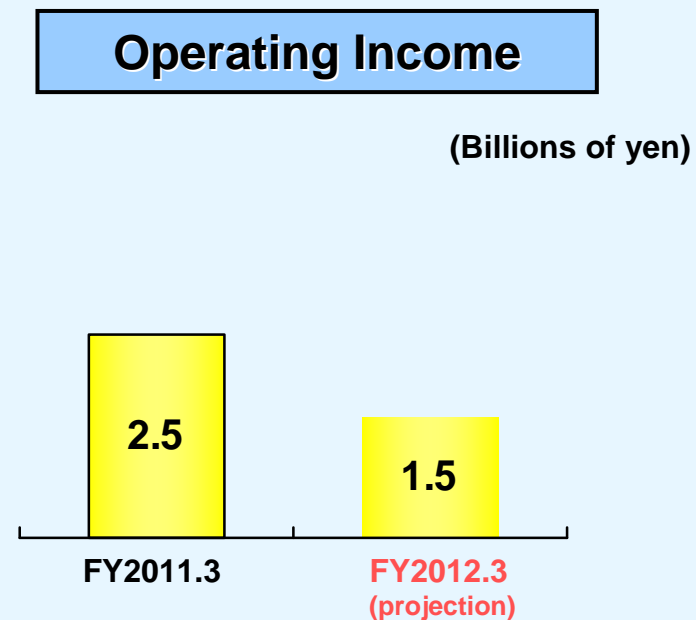
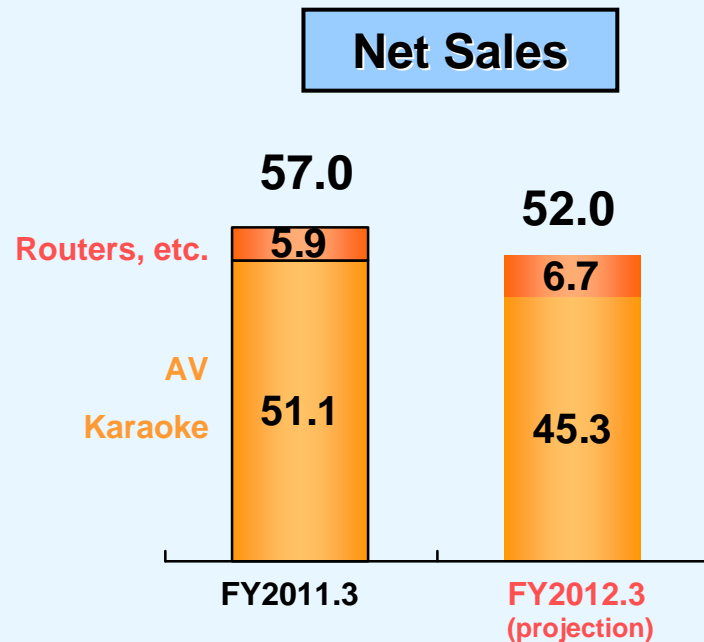


## Market Environment

- Fiercer competition from mass merchandisers and Web-based sales networks.
- Continuing growth in emerging markets.
- In Japan, a shrinking market as the “Eco Points” incentive scheme ends, and weak consumer appetite in the wake of the earthquake.

## Priority Measures

- Build AV business by launching products targeted at demand trends.
  - Expand AV receiver sales, especially to regain share in North American market.
  - Maintain sales of front surround systems in Japan and increase sales in Europe.
  - Strengthen product line-up in new categories including desktop audio systems.
  - Reduce manufacturing costs through in-house production of parts and lower materials prices.
- Steadily supply new online karaoke equipment.
- Expand share in router business by emphasizing product superiority.
- Minimize and swiftly overcome production impact of difficulties in procuring parts and materials.



# Electronic Devices: Projections



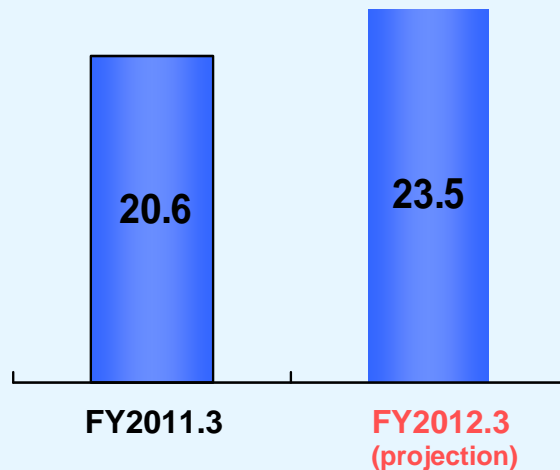
## ■ Market Environment

- Marked shift from conventional mobile phones to smart phones.
- Growing use of electronic components in vehicles.
- Contraction of market for pachinko-related equipment.

## ■ Priority Measures

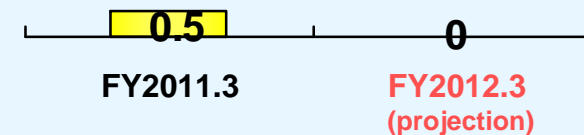
- Maintain sales of sound generators in mobile phones and continue developing products for smart phones.
- Enhance geomagnetic sensor product line-up and customer support.
- Maintain and expand sales of graphics controllers used in amusement equipment.
- Expand in-car display business.
- Accelerate product development for next growth.

### Net Sales



### Operating Income

(Billions of yen)



# Others: Projections



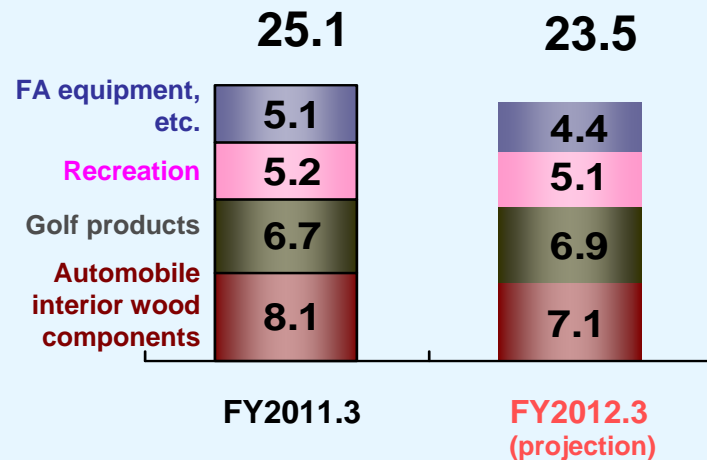
## Market Environment

- Uncertainty over automobile production in the wake of the earthquake.
- Signs of recovery in corporate capital expenditure.
- Golf products still face a sluggish market in Japan, but overseas markets are on an upward trend.
- Concerns over growing impact of earthquake on recreation business.

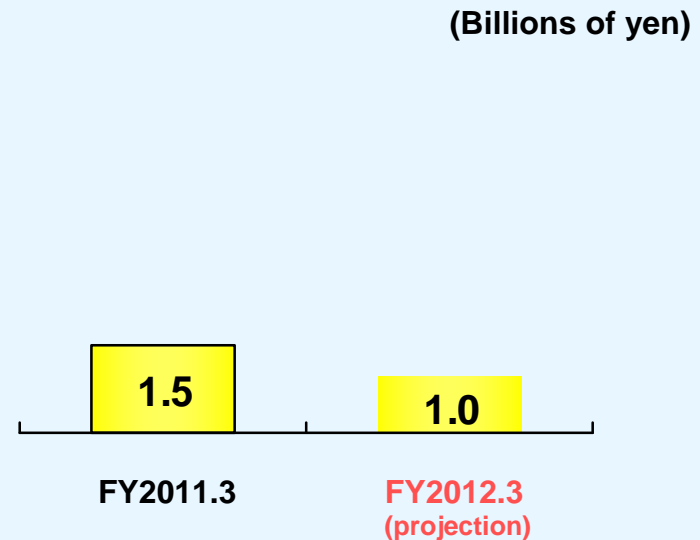
## Priority Measures

- Enhance manufacturing systems for automobile interior wood components by shrinking lead times, etc.
- Respond to signs of a growing Chinese market for golf products by launching full-scale efforts in China.
- In the recreation business, generate efficiencies from integration of facility operation subsidiaries by strengthening sales forces and other initiatives.

### Net Sales

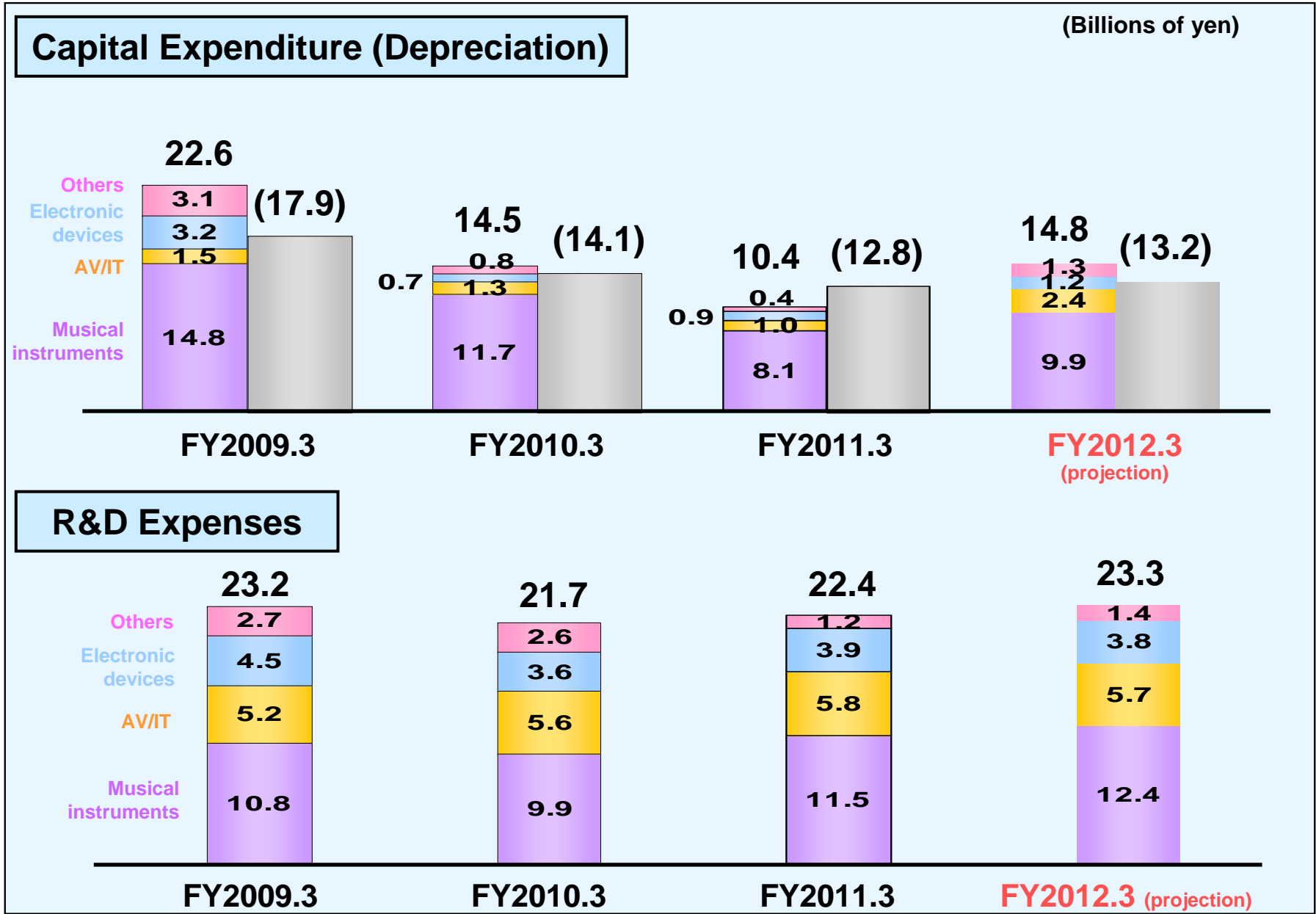


### Operating Income





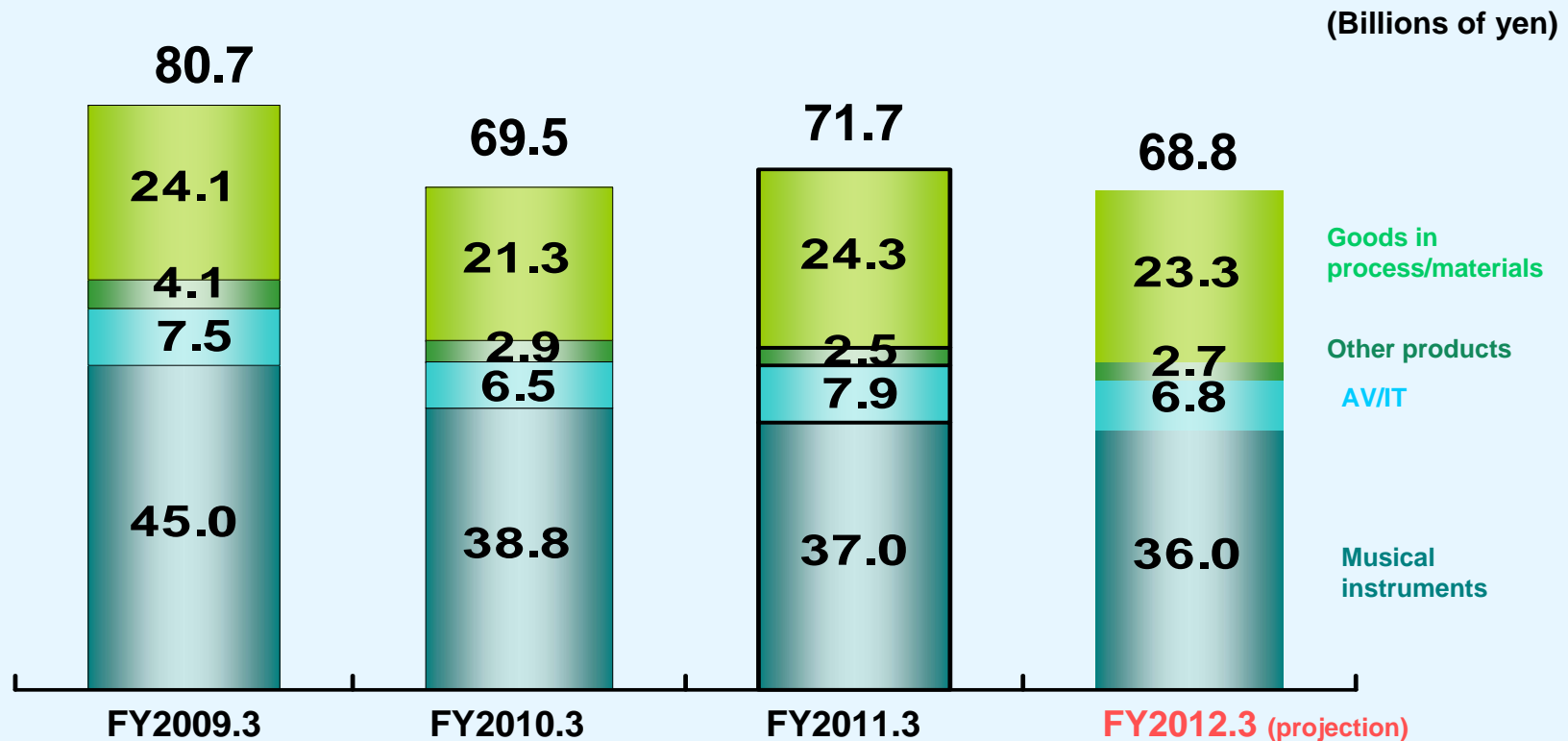
# Capital Expenditure/Depreciation/R&D Expenses



# Inventories



➤ Total inventories as of March 31, 2011 were ¥2.2 billion higher than at the end of the previous fiscal year (allowing for the impact of exchange rates, actual inventories were ¥5.7 billion higher than the previous year)



# Balance Sheet Summary



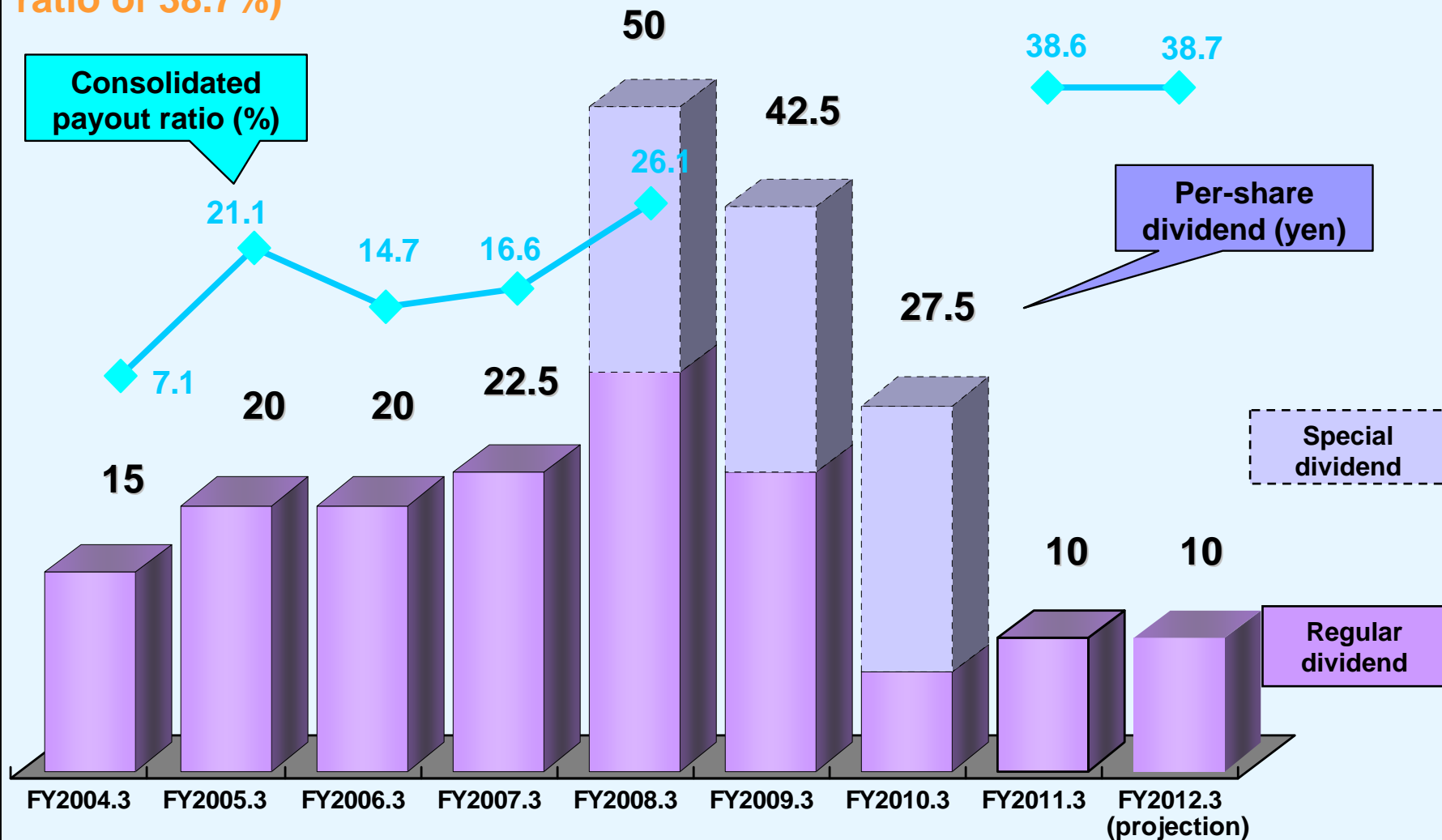
(Billions of yen)

	As of March 31, 2009	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012 (projections)
Cash and bank deposits	41.4	59.4	57.2	59.4
Notes & accounts receivable	50.5	47.4	45.1	50.5
Inventories	80.7	69.5	71.7	68.8
Other current assets	29.5	17.0	20.8	21.1
Fixed assets	206.9	208.9	196.1	197.9
<b>Total assets</b>	<b>409.0</b>	<b>402.2</b>	<b>390.9</b>	<b>397.7</b>
Notes & accounts payable	25.6	21.8	24.2	25.2
Short- and long-term loans	19.2	15.0	11.8	9.3
Resort membership deposits	16.7	16.1	15.9	15.9
Other liabilities	95.7	94.7	93.9	99.1
Total net assets	251.8	254.6	245.0	248.2
<b>Total liabilities and net assets</b>	<b>409.0</b>	<b>402.2</b>	<b>390.9</b>	<b>397.7</b>

# Return to Shareholders



➤ An annual dividend of ¥10 is planned for FY2012.3 (consolidated payout ratio of 38.7%)



# Appendix

# Performance in the Fourth Quarter of FY2011.3

➤ Sales in the fourth quarter were higher than previous projections

(Billions of yen)

	FY2010.3 4Q results	FY2011.3 4Q results	Increase/ decrease	Previous projections (Feb. 3, 2011)	Increase/ decrease against projections
Net sales	97.9	88.4	-9.7%	87.6	+1.0%
Operating income	-3.7	-3.2	—	-3.8	—
Ordinary income	-3.9	-3.4	—	-4.3	—
Net income	-7.9	-4.9	—	-3.5	—

## Currency exchange rates (yen)

Net sales	US\$	91	82	85
	EUR	125	113	110
Operating income	US\$	90	82	85
	EUR	131	112	110

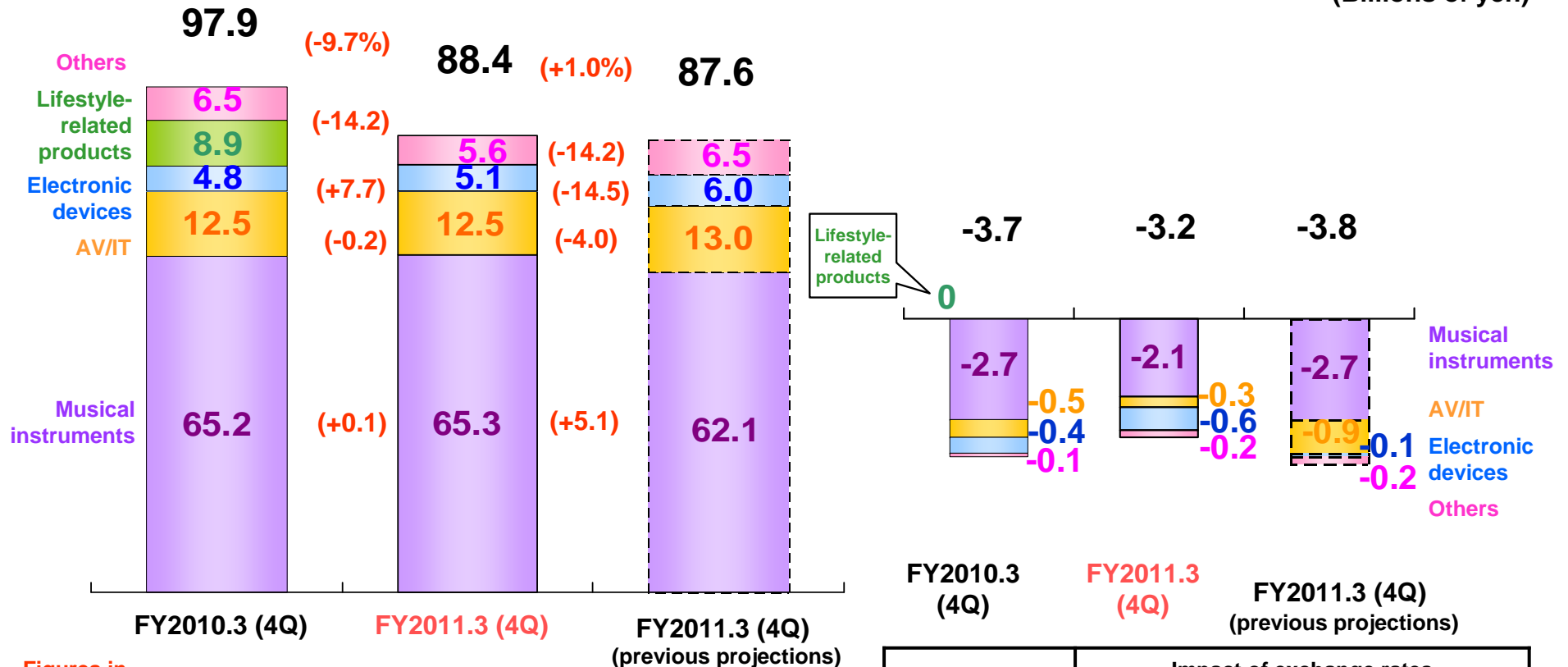
# Performance by Business Segment in the Fourth Quarter of FY2011.3



## Net Sales

## Operating Income

(Billions of yen)



Figures in parentheses indicate change from the previous year or previous projections

	Impact of exchange rates
Year-on year	-¥3.5 billion (musical instruments -¥2.8 billion, AV/IT -¥0.7 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥0.1 billion (musical instruments -¥0.1 billion)

	Impact of exchange rates
Year-on year	-¥1.2 billion (musical instruments -¥1.0 billion, AV/IT -¥0.2 billion)
Versus previous projections	+¥0.2 billion (musical instruments +¥0.1 billion, AV/IT + ¥0.1 billion)

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



	FY2010.3 results	FY2011.3 results	FY2012.3 projections
(Billions of yen)			
<b>Non-operating income (loss)</b>			
Net financial income	0.3	0.7	0.2
Other	-2.2	-2.9	-2.2
<b>Total</b>	<b>-1.9</b>	<b>-2.2</b>	<b>-2.0</b>
<b>Extraordinary income (loss)</b>			
Income from (loss on) disposal of fixed assets	0	-0.2	-0.3
Other	-5.1	-4.0	-0.2
<b>Total</b>	<b>-5.1</b>	<b>-4.2</b>	<b>-0.5</b>
<b>Income taxes and other expenses</b>			
Income taxes - current	3.1	4.3	3.1
Income taxes - deferred	1.3	-3.0	-0.8
Minority interests in income	0.4	0.4	0.2
<b>Total</b>	<b>4.7</b>	<b>1.7</b>	<b>2.5</b>

•Handover of Yamaha Livingtec -2.2  
 •Impairment loss -2.0  
 •Indonesian tariff assessment from previous periods -0.6

•Revaluation loss on investment securities -1.5  
 •Impairment loss -2.7



# Musical Instruments: Sales and Income by Quarter

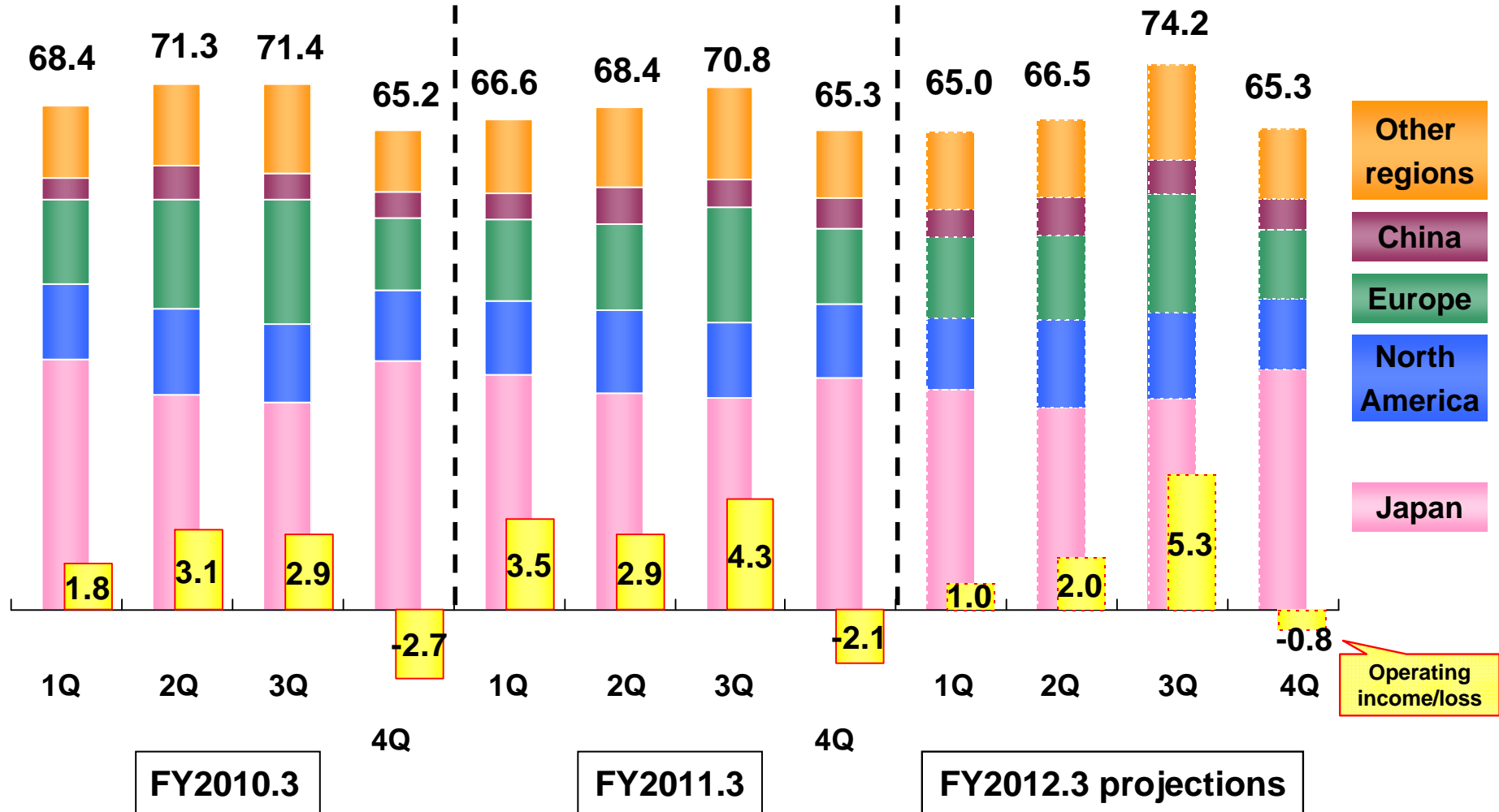


Net sales: ¥276.3 billion  
Operating income: ¥5.1 billion

Net sales: ¥271.1 billion  
Operating income: ¥8.6 billion

Net sales: ¥271.0 billion  
Operating income: ¥7.5 billion

(Billions of yen)

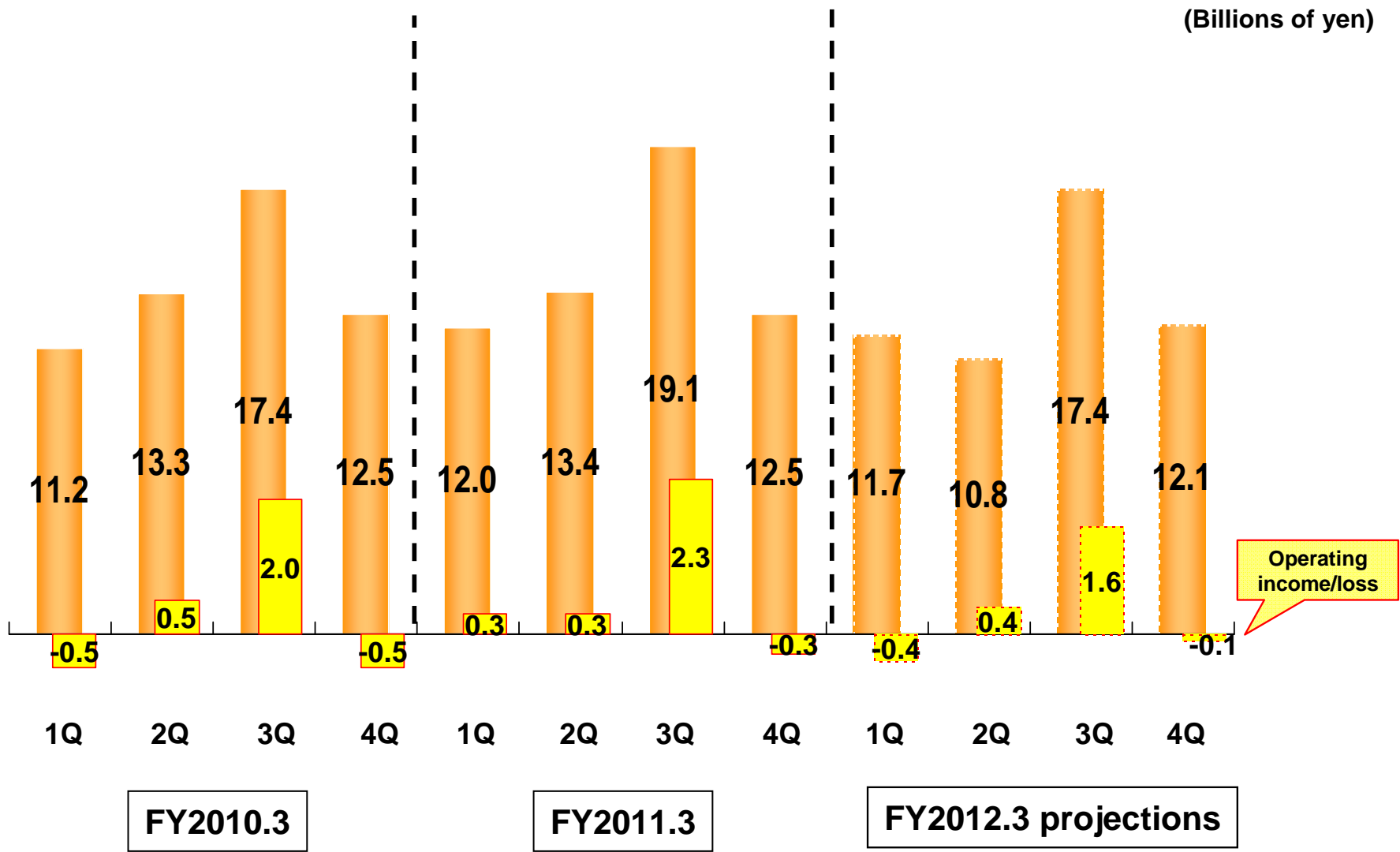


# AV/IT: Sales and Income by Quarter

Net sales: ¥54.4 billion  
Operating income: ¥1.4 billion

Net sales: ¥57.0 billion  
Operating income: ¥2.5 billion

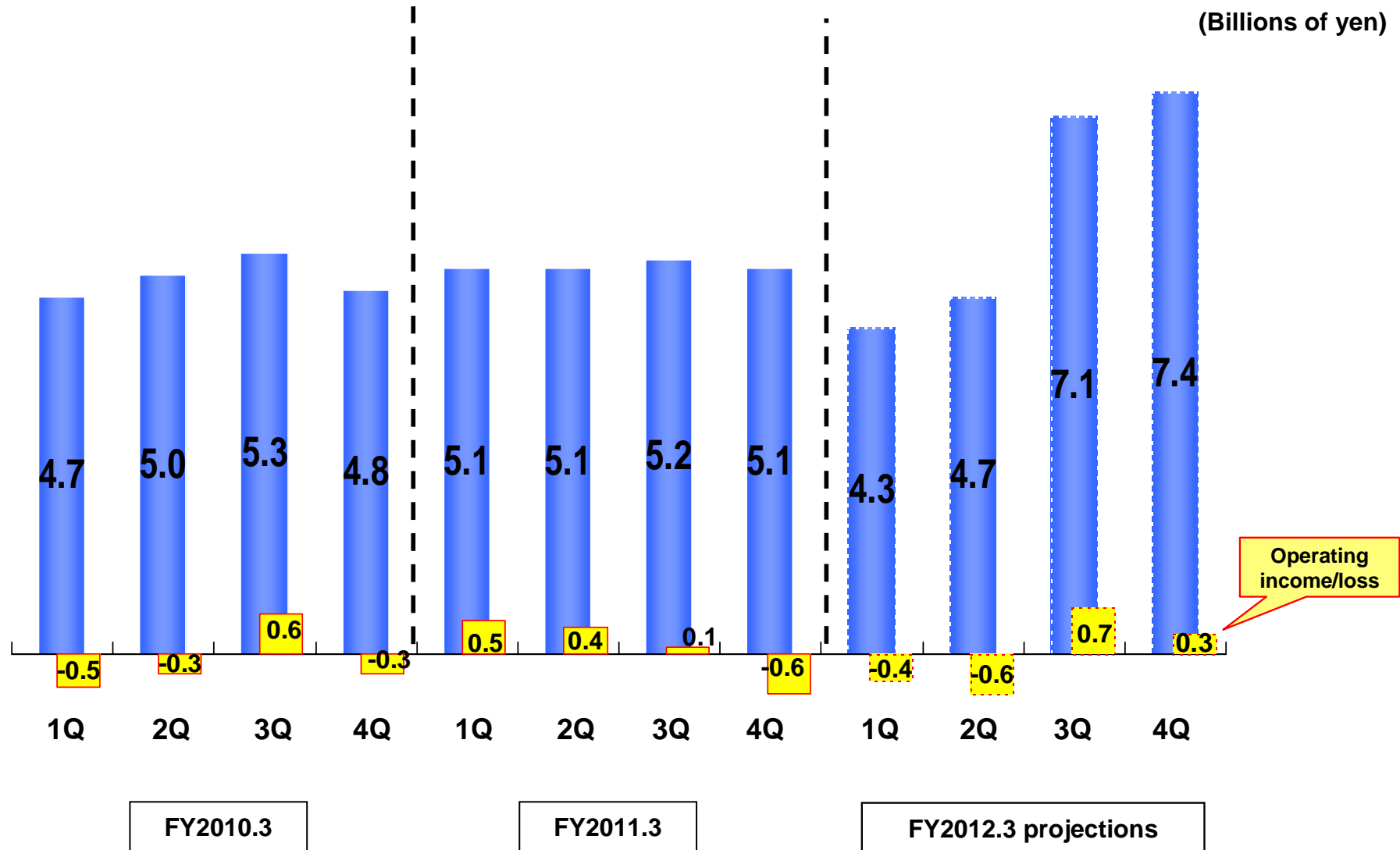
Net sales: ¥52.0 billion  
Operating income: ¥1.5 billion



# Electronic Devices: Sales and Income by Quarter



Net sales: ¥19.7 billion Operating income: -¥0.6 billion	Net sales: ¥20.6 billion Operating income: ¥0.5 billion	Net sales: ¥23.5 billion Operating income: ¥0 billion
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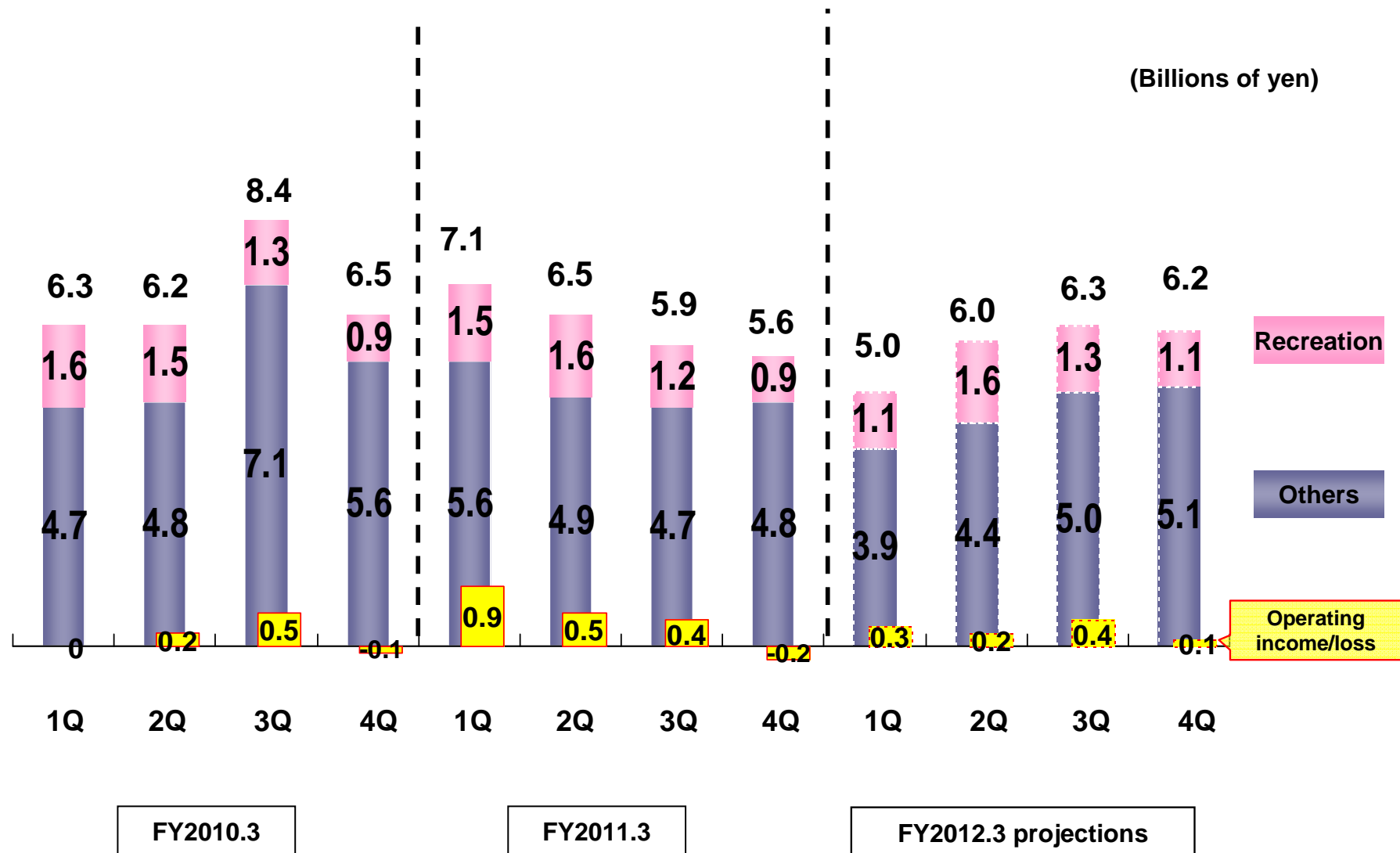
# Others: Sales and Income by Quarter



Net sales: ¥27.5 billion  
Operating income: ¥0.5 billion

Net sales: ¥25.1 billion  
Operating income: ¥1.5 billion

Net sales: ¥23.5 billion  
Operating income: ¥1.0 billion



**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.**