

**Analyst and Investor Briefing on  
the Second Quarter of the Fiscal  
Year Ending March 31, 2012  
(FY2012.3)**

**November 2, 2011**

**YAMAHA CORPORATION**

# Overview of Performance in the Second Quarter

## 2Q External Environment

- Increasing uncertainty over global economic outlook
  - Delayed recovery of US economy, concern over the economic impact of the sovereign-debt/financial crisis in Europe
  - Slowing growth in the Chinese market
- Further sharp rise in the yen

## 2Q July-Sept Results

- Sales and income declined year-on-year. Sales were lower than previous projections (made on August 1), but operating income was higher.
- Sales were 4.2% (-¥3.9 billion) lower than previous projections, including the impact of exchange rates (-¥2.9 billion). Sales were down 5.1% (-¥4.7 billion) year-on-year, with the impact of exchange rates accounting for ¥2.3 billion of this decline.
- Operating income was ¥0.8 billion higher than previous projections, including the impact of exchange rates (-¥0.1 billion). Income was down ¥0.9 billion year-on-year, with the impact of exchange rates accounting for -¥0.2 billion of this decrease.

## First Half Results

- Sales and income both declined year-on-year. Sales were lower than previous projections, but income was higher.
- Including the impact of exchange rates (-¥4.7 billion), sales fell ¥7.7 billion year-on-year.
- Operating income was down 32% (-¥3.0 billion) year-on-year, with the impact of exchange rates accounting for ¥1.5 billion of this fall. Income was 14.6% (¥0.8 billion) higher than previous projections, including the impact of exchange rates (-¥0.1 billion).

# Performance in the First Half of FY2012.3 YAMAHA

➤ Net sales and operating income were both down year-on-year. Sales were lower than previous projections (made on August 1), but income was higher. (Billions of yen)

	FY2011.3 (1H) results	FY2012.3 (1H) results	Change from same period of the previous year	FY2012.3 (1H) previous projections	Change from previous projections	FY2012.3 2Q results	FY2011.3 2Q results
Net sales	184.3	176.6	-4.2%	180.5	-2.1%	88.7	93.4
Operating income (Operating income ratio)	9.3 (5.0%)	6.3 (3.6%)	-32.0%	5.5	+14.6%	3.2	4.1
Ordinary income (Ordinary income ratio)	8.4 (4.5%)	5.3 (3.0%)	-36.2%	5.0	+6.6%	2.6	3.5
Net income (Income ratio)	5.0 (2.7%)	2.8 (1.6%)	-44.2%	2.5	+12.7%	2.3	2.8

## Currency exchange rates (yen)

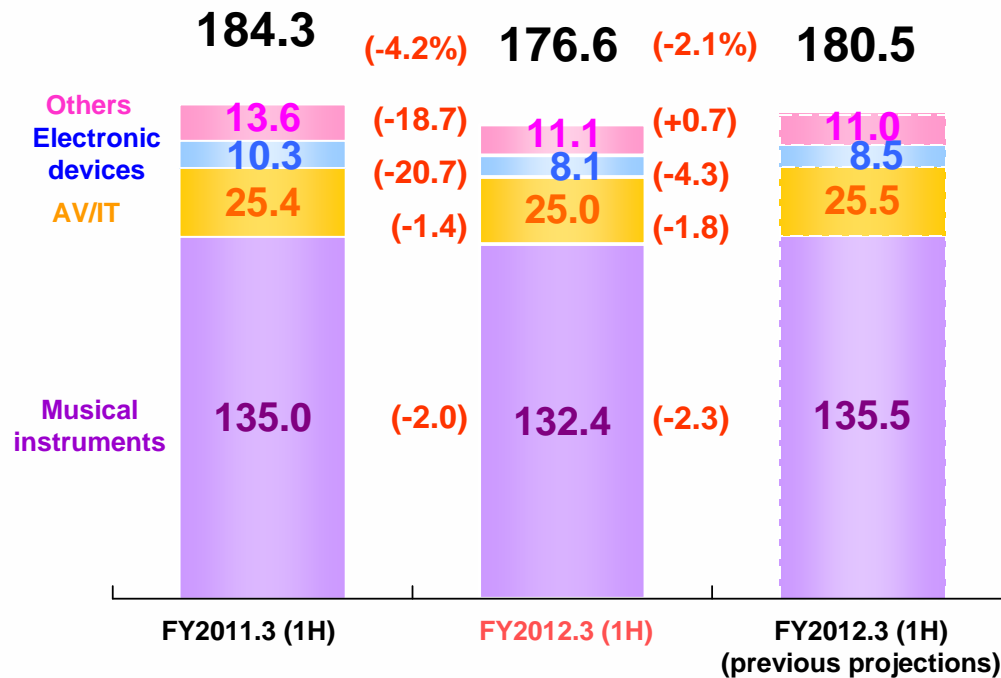
Net sales	US\$	89	80	83	78	86
	EUR	114	114	116	110	111
Operating income	US\$	89	80	84	78	87
	EUR	118	115	114	117	115

# Performance by Business Segment in the First Half of FY2012.3



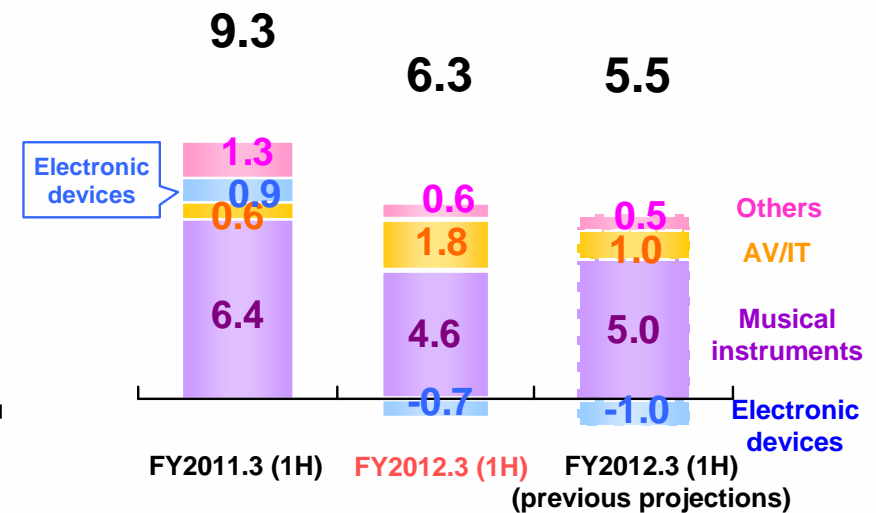
## Net Sales

(Billions of yen)



## Operating Income

(Billions of yen)



Figures in parentheses represent changes from the previous year or from previous projections

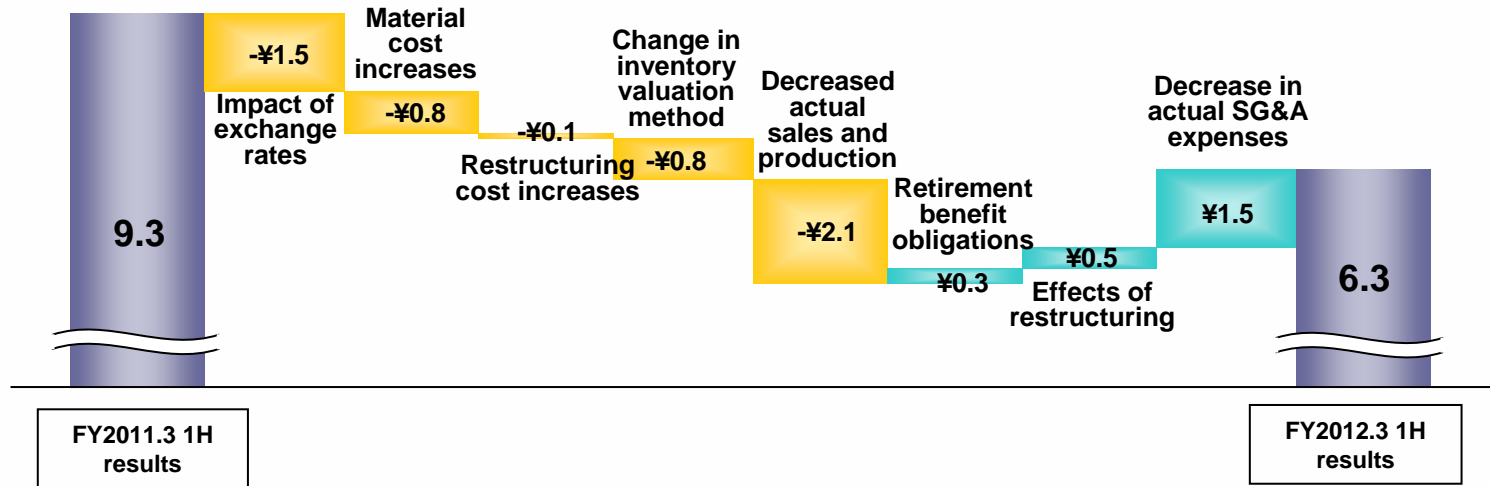
	Impact of exchange rates
Year-on-year	-¥4.7 billion (musical instruments -¥3.8 billion, AV/IT -¥0.7 billion, electronic devices -¥0.2 billion)
Versus previous projections	-¥2.9 billion (musical instruments -¥2.3 billion, AV/IT -¥0.5 billion, electronic devices -¥0.1 billion)

	Impact of exchange rates
Year-on-year	-¥1.5 billion (musical instruments -¥1.6 billion, AV/IT +¥0.2 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥0.1 billion (musical instruments -¥0.3 billion, AV/IT +¥0.2 billion)

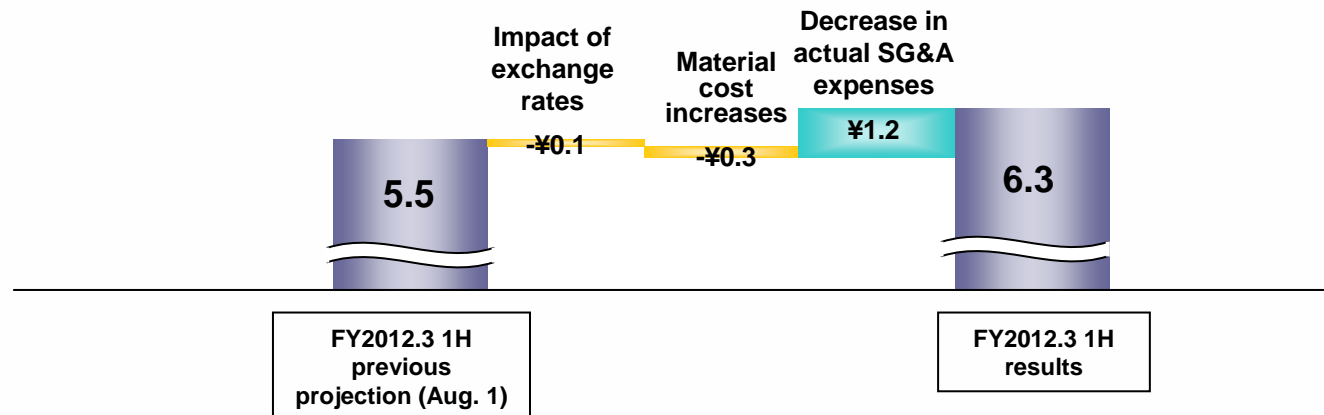
# FY2012.3 1H Operating Income Analysis

Versus same period of the previous year

(Billions of yen)



Versus previous projections



# Business Environment in the Second Half of FY2012.3 and Full Year Performance Forecast



## Business Environment in the Second Half

- Global economic uncertainty continues to grow
- Ongoing strong yen
- Floods in Thailand will affect certain business activities

## Full Year Performance Forecast

- Sharp appreciation of the yen is expected to have an impact and sales projections have been revised downward, but income projections remain unchanged. The effects of the floods in Thailand are currently being assessed.

## Priorities for Second Half

- Ensure product supply to meet year-end demand and maximize sales in all markets.
- Examine changing consumer trends in European and North American markets and methods of coping with the strong yen.
- Strengthen business foundation in line with medium-term management plan
  - Expand sales networks in China and emerging markets, and launch products suited to local markets
  - Build optimum production structure for wind instruments, including consolidation of factories in Japan

# Forecast for Performance in FY2012.3 (Full Year) YAMAHA

- Full year sales projections have been revised downward, but income projections remain unchanged
- Estimated exchange rates for 2H: US\$=80, EUR=110

(Billions of yen)

	FY2011.3 results			FY2012.3 new projections			Increase/ decrease	FY2012.3 previous projections (made on August 1)
	1H	2H	Total	1H	2H	Total		
Net sales	184.3	189.5	373.9	176.6	192.4	369.0	-1.3%	378.0
Operating income (Operating income ratio)	9.3 (5.0%)	3.9 (2.1%)	13.2 (3.5%)	6.3 (3.6%)	6.2 (3.2%)	12.5 (3.4%)	-5.1%	12.5
Ordinary income (Ordinary income ratio)	8.4 (4.5%)	2.6 (1.4%)	11.0 (2.9%)	5.3 (3.0%)	5.2 (2.7%)	10.5 (2.8%)	-4.3%	10.5
Net income (Income ratio)	5.0 (2.7%)	0 (—)	5.1 (1.4%)	2.8 (1.6%)	3.7 (1.9%)	6.5 (1.8%)	28.0%	6.5

## Currency exchange rates (yen)

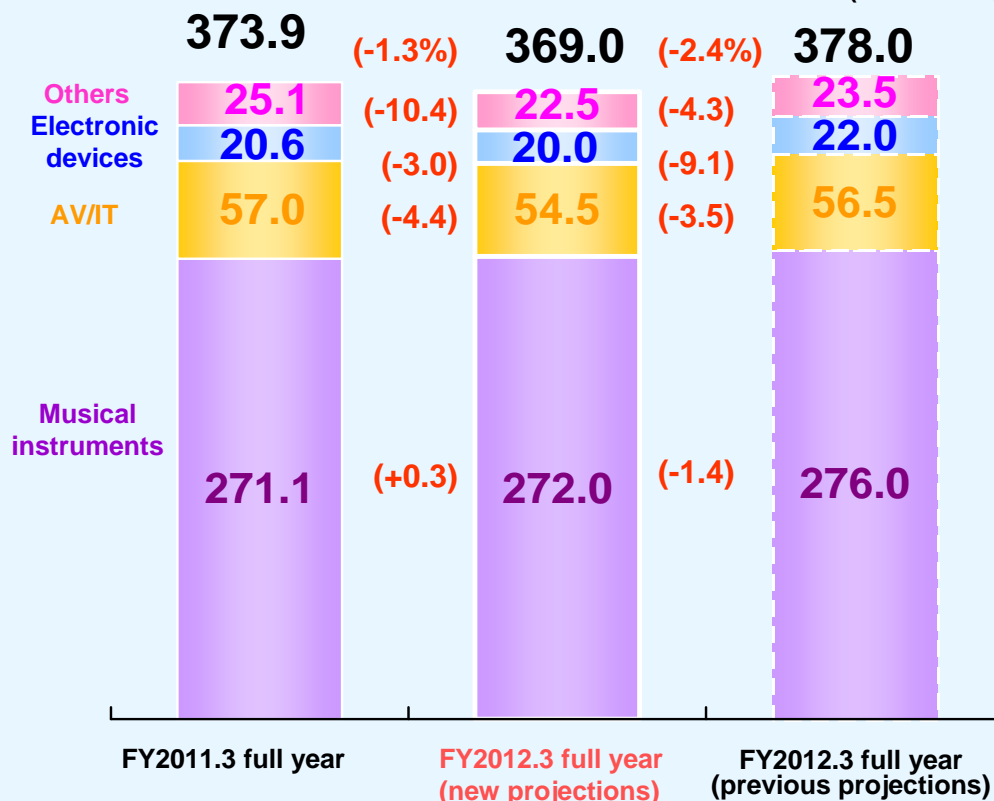
Net sales	US\$	89	82	86	80	80	80	84
	EUR	114	112	113	114	110	112	116
Operating income	US\$	89	82	86	80	80	80	84
	EUR	118	111	115	115	110	113	115

# FY2012.3 Full Year Forecast for Performance by Business Segment



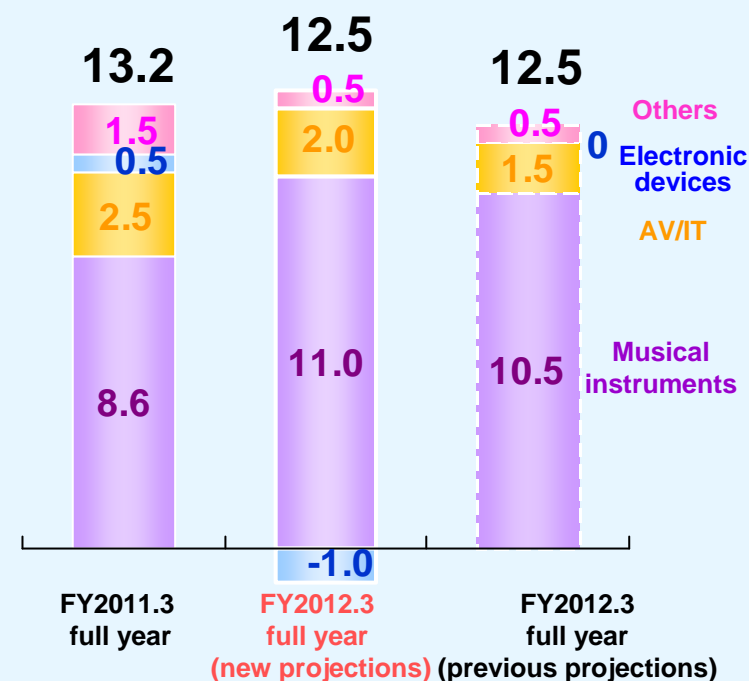
## Net Sales

(Billions of yen)



## Operating Income

(Billions of yen)



Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥6.5 billion (musical instruments -¥5.1 billion, AV/IT -¥1.2 billion, electronic devices -¥0.3 billion)
Versus previous projections	-¥7.0 billion (musical instruments -¥5.4 billion, AV/IT -¥1.4 billion, electronic devices -¥0.2 billion)

	Impact of exchange rates
Year-on-year	-¥1.7 billion (musical instruments -¥1.7 billion, AV/IT +¥0.1 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥1.3 billion (musical instruments -¥1.1 billion, AV/IT -¥0.1 billion, electronic devices -¥0.1 billion)



# Impact of Great East Japan Earthquake



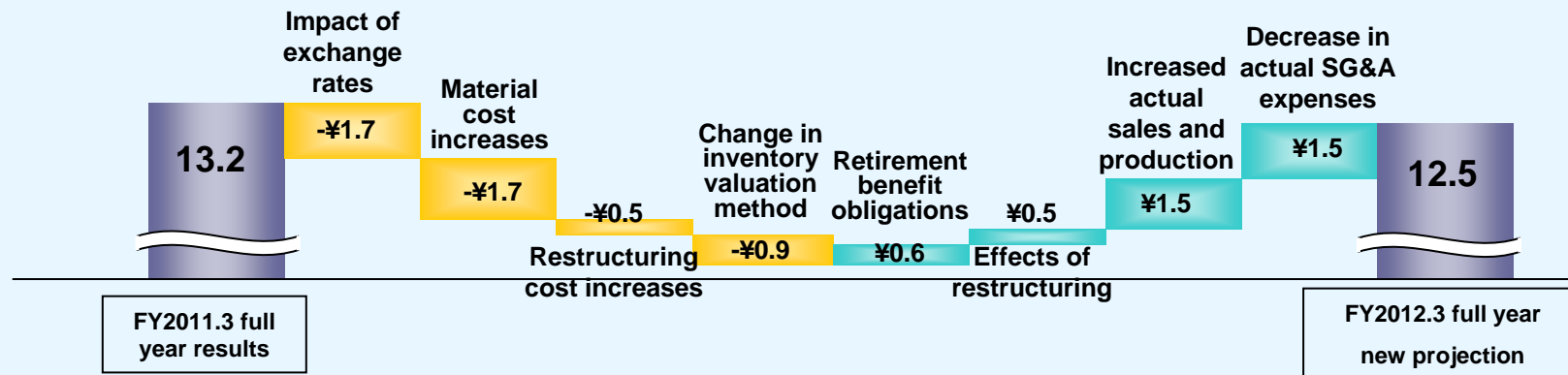
➤ The previously estimated impact of -¥11.7 billion on sales and -¥4.0 billion on operating income has been revised to -¥9.5 billion on sales and -¥3.5 billion yen on operating income.

Impact		Initial projections (May 9, 2011)	Previous projections (Aug.1, 2011)	New projections (Nov. 1, 2011)
Component procurement difficulties <small>(mainly affecting digital musical instruments and AV products)</small>	Net sales	-¥9.2 billion	-¥6.4 billion	-¥4.9 billion
	Operating income	-¥3.3 billion	-¥1.9 billion	-¥1.7 billion
Weak consumer spending in Japan	Net sales	-¥4.5 billion	-¥2.4 billion	-¥1.8 billion
	Operating income	-¥1.5 billion	-¥0.8 billion	-¥0.6 billion
Customers' production cuts <small>(electronic devices and "others" businesses)</small>	Net sales	-¥3.3 billion	-¥2.9 billion	-¥2.8 billion
	Operating income	-¥1.2 billion	-¥1.3 billion	-¥1.2 billion
Impact on production		-¥13.6 billion	-¥6.0 billion	-¥4.0 billion

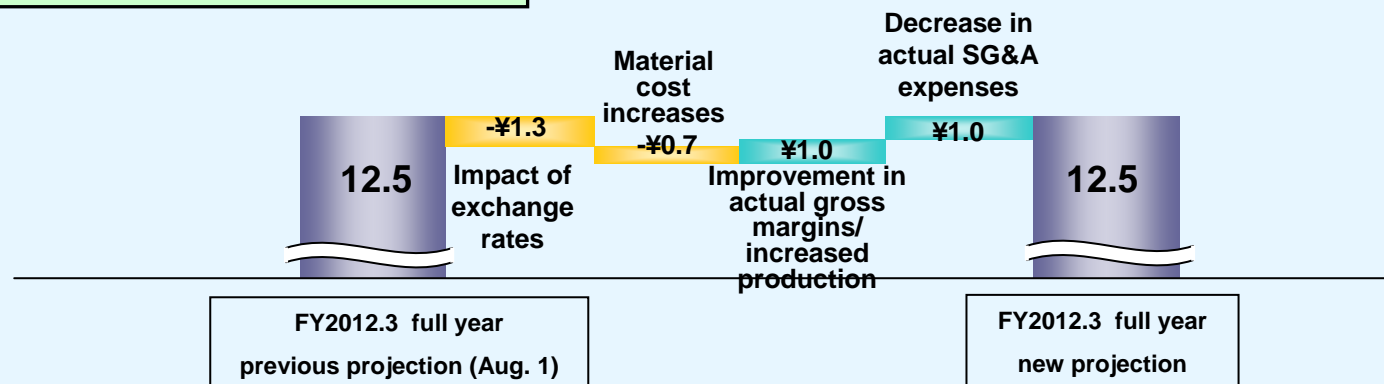
# FY2012.3 Full Year Operating Income Analysis

Versus same period of the previous year

(Billions of yen)



Versus previous projections



# Musical Instruments



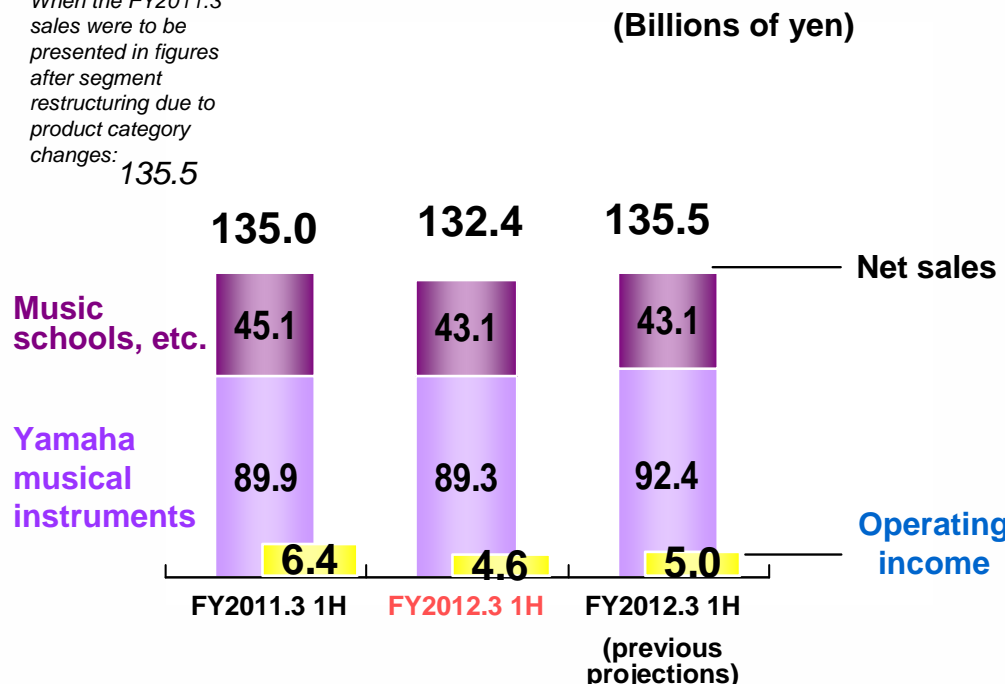
## 1H Overview

- Sales and income declined year-on-year and against previous projections.
- Discounting the impact of exchange rates, actual sales increased by ¥1.1 billion year-on-year, but were ¥0.9 billion lower than previous projections.
- Digital musical instrument sales were down year-on-year due to component procurement difficulties, but sales of pianos, professional audio equipment and wind instruments were up.
- Operating income fell year-on-year due to the impact of exchange rates and reduced manufacturing profitability resulting from component procurement problems. Income was lower than previous projections.

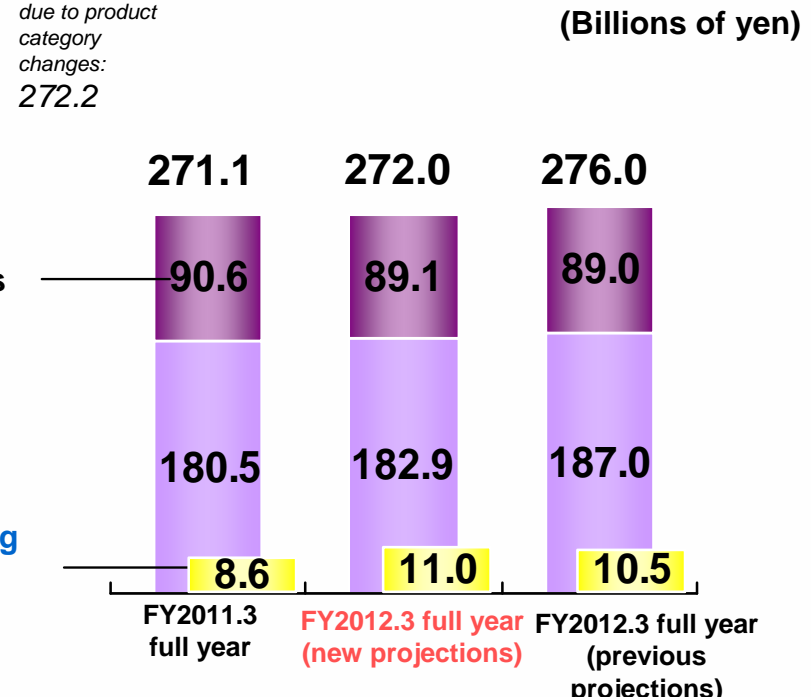
## Full Year Overview and 2H Priorities

- Sales projections revised downward, but income projections revised upward.
- Monitor trends in developed markets of North America and Europe and examine methods of coping with exchange rates.
- Steadily develop sales networks in China and emerging markets.
- Fill backlog of orders for Electones and other digital musical instruments.
- Continue to consolidate wind instrument factories in Japan.

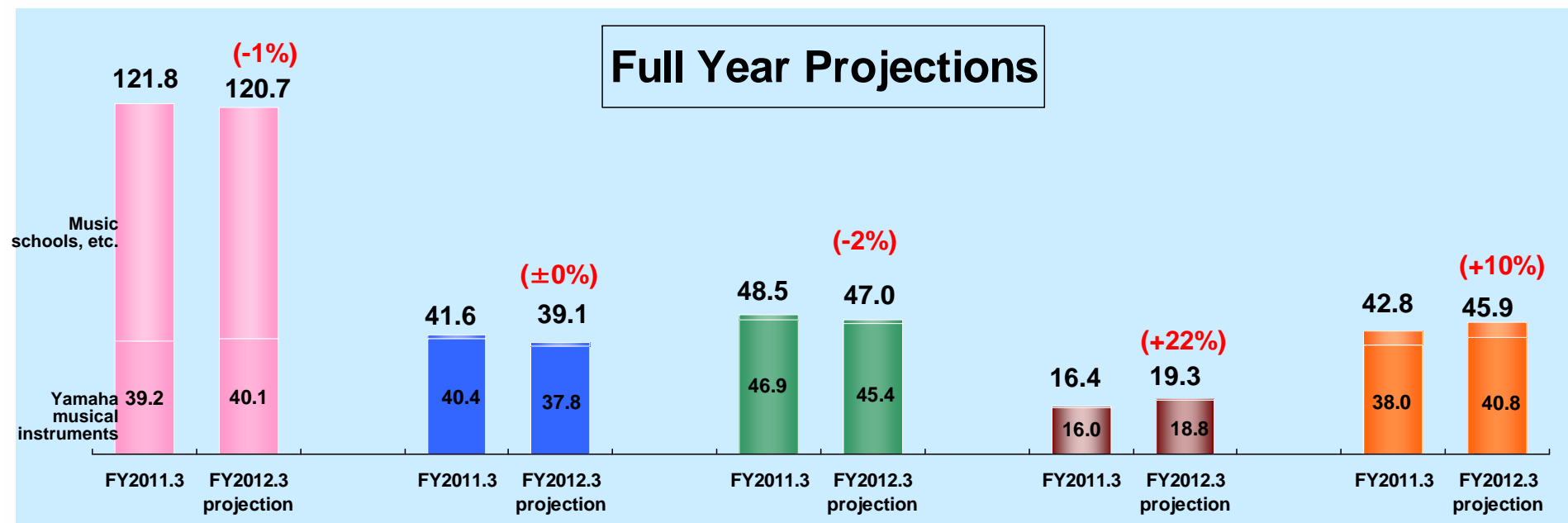
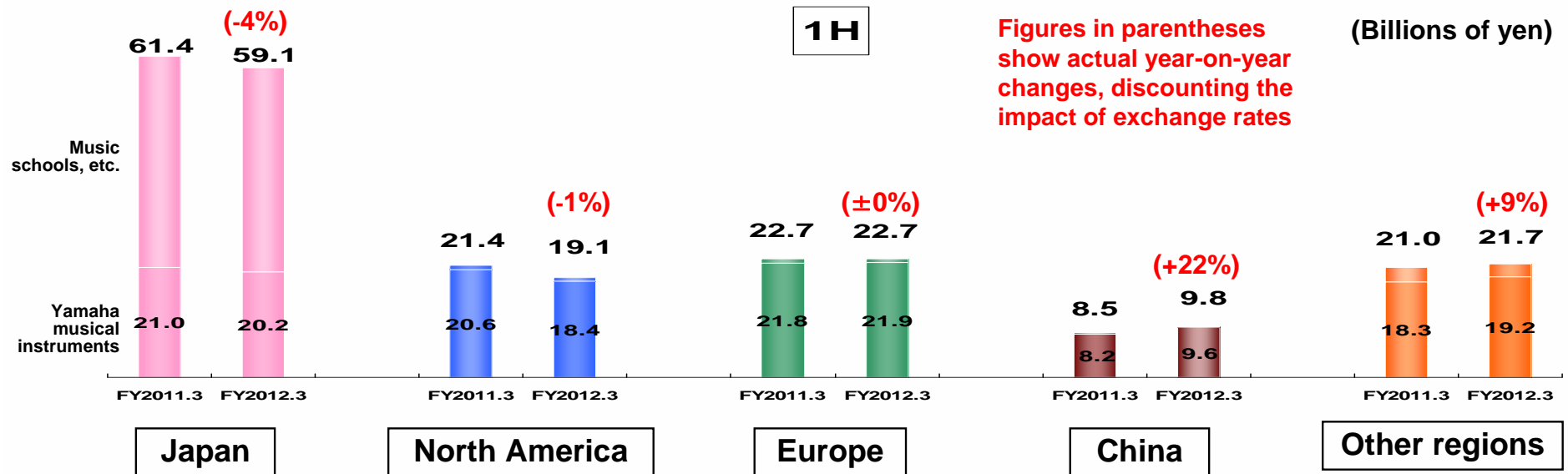
When the FY2011.3 sales were to be presented in figures after segment restructuring due to product category changes: 135.5



After segment restructuring due to product category changes: 272.2



# Musical Instruments: Sales by Region



# Musical Instruments: Sales by Region

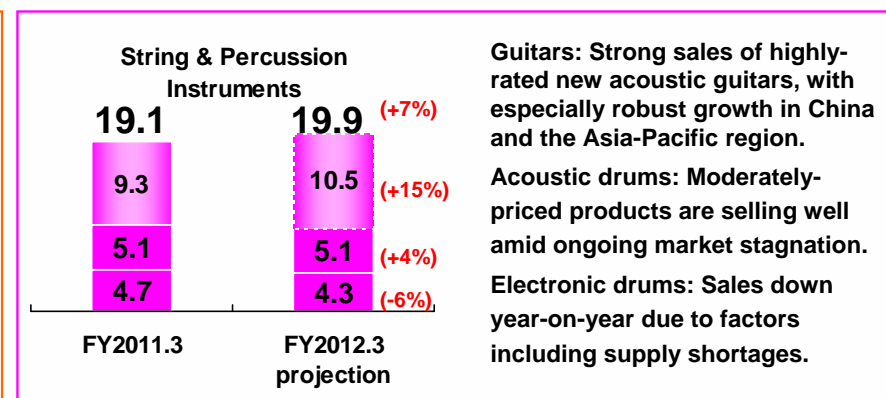
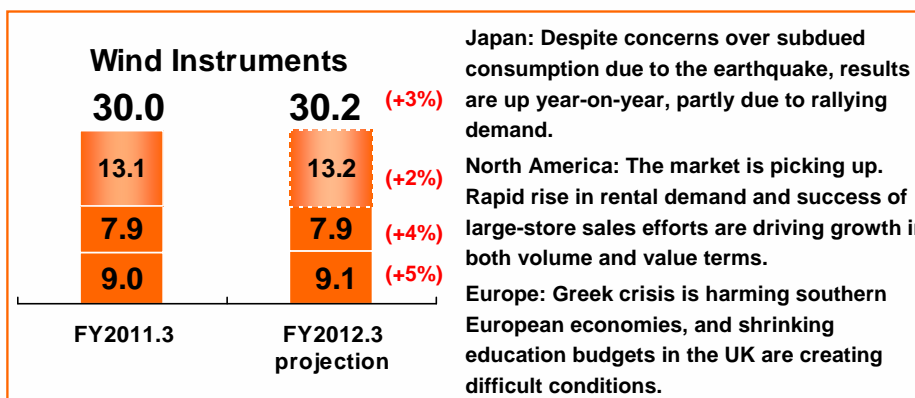
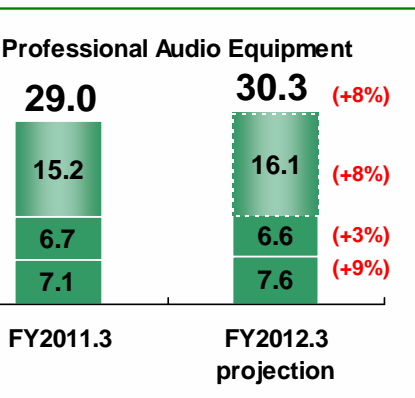
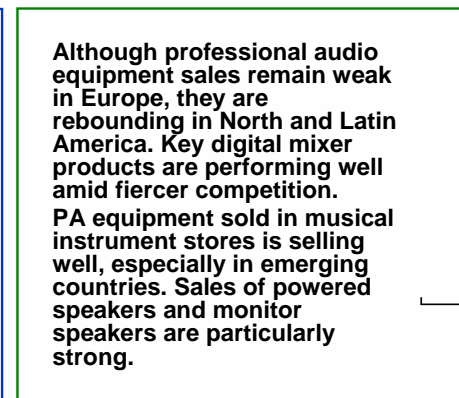
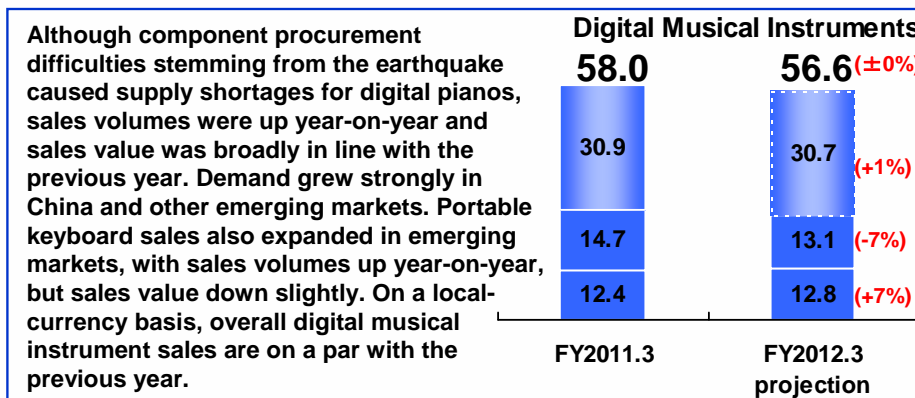
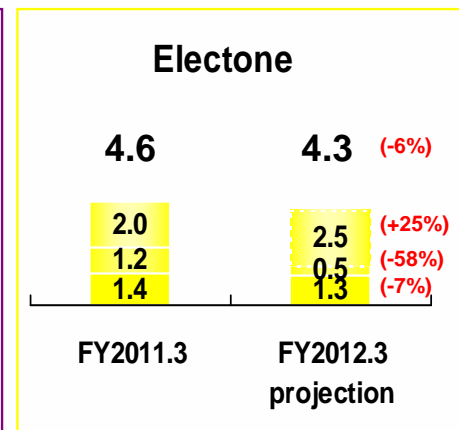
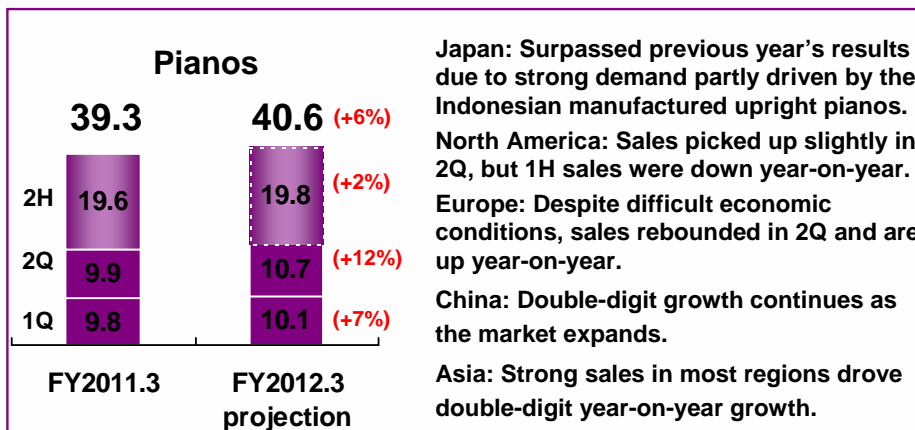


Musical Instrument Sales by Region	
<b>Japan</b>	The market is gradually recovering from the stagnation that followed the March earthquake. From July onward component procurement difficulties stemming from the earthquake inevitably led to production adjustments resulting in supply shortages for the main Electone and Clavinova models, but first half sales of wind instruments and digital pianos exceeded the previous year's 1H results. Music school student numbers were low, with children's enrollment down 5% year-on-year, partly due to post-earthquake voluntary withdrawal of TV commercials during the spring recruitment period.
<b>North America</b>	Although the musical instrument market had been picking up, high unemployment is now casting a pall over consumption. Sales also struggled in the face of low stocks of Clavinova products in the wake of the earthquake and supply backlogs for other products including some wind instruments, acoustic guitars, and electronic drums due to production delays. However, bright signs are appearing, including a rebound in grand piano sales and robust shipments of wind instruments for the school rental market. The moderately priced MOX synthesizer series is also showing strong sales.
<b>Europe</b>	Southern European markets are sluggish, especially Spain and France. Germany and other central European markets, which had recorded strong sales, are now slowing down. Sales are robust in emerging markets including eastern European countries and Turkey. Shipments picked up in all markets as school demand boosted sales from late August, but consumption remains subdued. Market in general, online sales account for an increasing proportion of retail business.
<b>China</b>	As the pace of economic growth slowed somewhat, expansion of sales networks in regional centers and efforts to foster more specialty store customers achieved a major increase in sales. The specialty store channel provided broader sales opportunities for big-ticket items through increased grand piano displays and development of more specialty guitar outlets. The line-up of China-specific models was expanded, including the launch of upright pianos (including one priced at 15,800 yuan) that take Yamaha products closer to the volume sales zone.
<b>Other regions</b>	Overall, first half sales rose year-on-year, with 10 out of 13 affiliates surpassing the previous year's 1H sales. India, Russia and Thailand all achieved growth of 20% or more. Although sales opportunities for digital instruments were lost as supply problems due to component procurement difficulties stemming from the earthquake began to bite in the second quarter, pianos, guitars, and professional audio equipment showed double digit year-on-year growth. Synthesizer sales were also robust following the launch of the MOX series.

# Musical Instruments: Sales by Product Category



(Billions of yen)

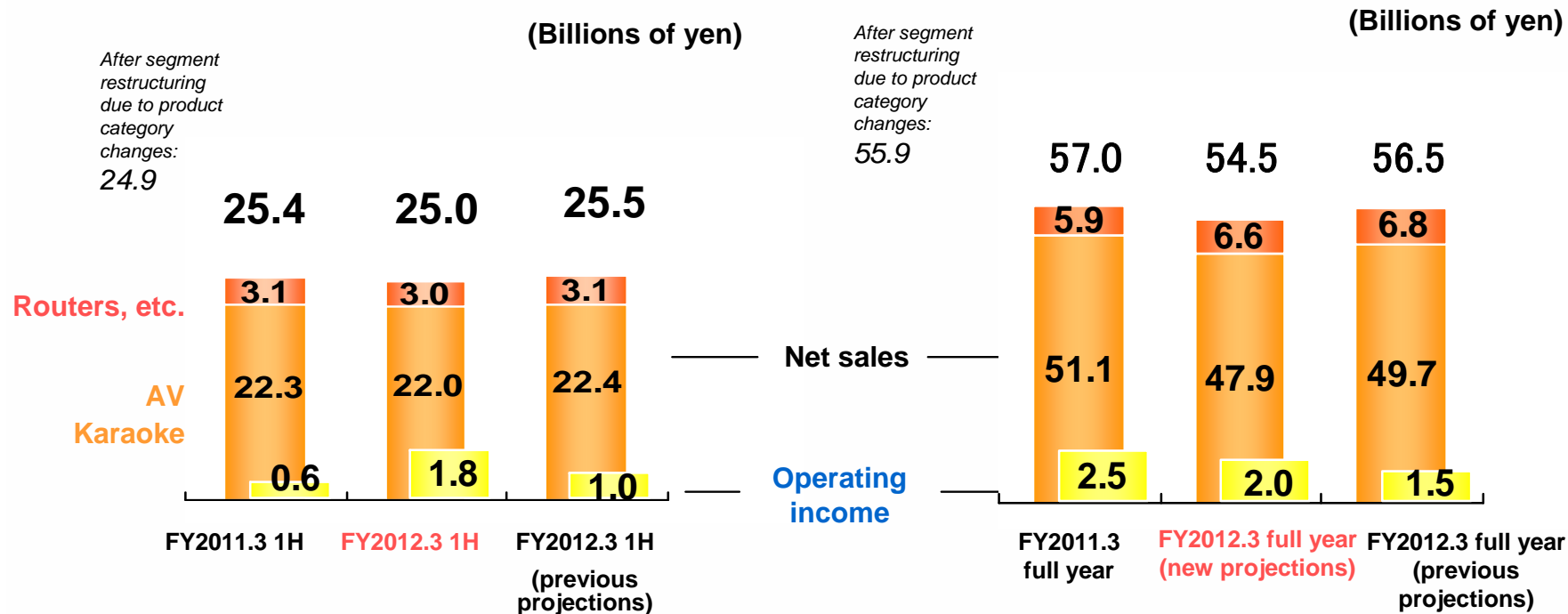


## 1H Overview

- Sales declined year-on-year and against previous projections, but income increased on both counts.
- Discounting the impact of exchange rates, actual sales increased by ¥0.4 billion.
- Operating income was up for audio products and karaoke equipment.

## Full Year Overview and 2H Priorities

- Sales projections revised downward, but income projections revised upward.
- Steadily launch new products in developed markets of North America, Europe, Japan, etc.
- Enhance lineup of TV front surround systems to target volume sales zone and maintain sales in Japanese market.



# Electronic Devices



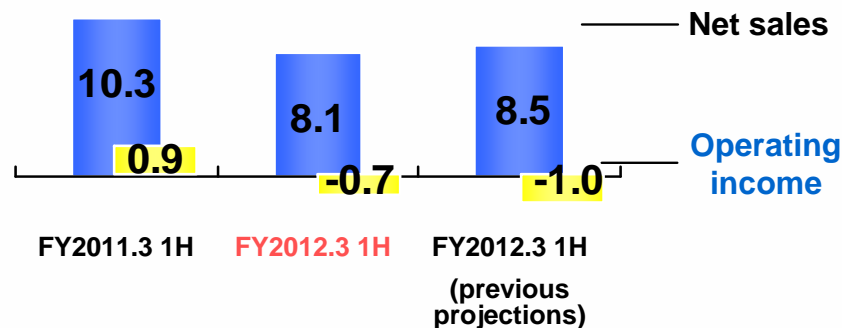
## 1H Overview

- Sales and income declined year-on-year, and sales were lower than previous projections.
- Sales of sound generators for mobile phones decreased due to reduced production by customers in the aftermath of the earthquake and slow sales of feature phones. Sales of graphics controllers used in amusement equipment also declined year-on-year.
- Although operating income fell due to the sharp decline in sales, the operating loss was smaller than previously projected.

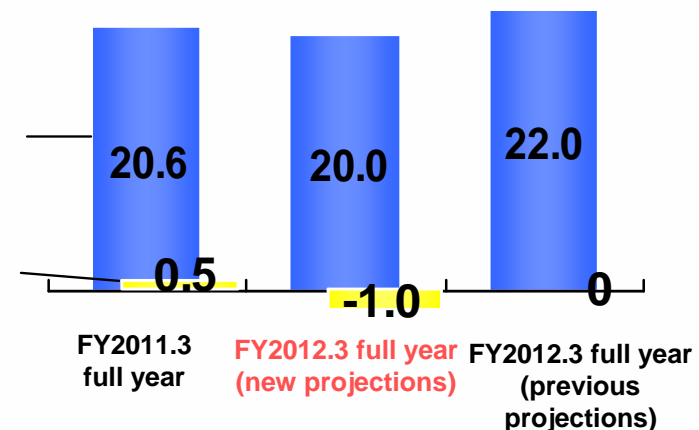
## Full Year Overview and 2H Priorities

- Sales and income projections revised downward.
- Focus on upswing in the amusement market to expand sales of products such as graphics controllers.
- Accelerate product development to drive next growth phase.
- Boost profitability by further trimming SG&A expenses.

(Billions of yen)



(Billions of yen)





# Others



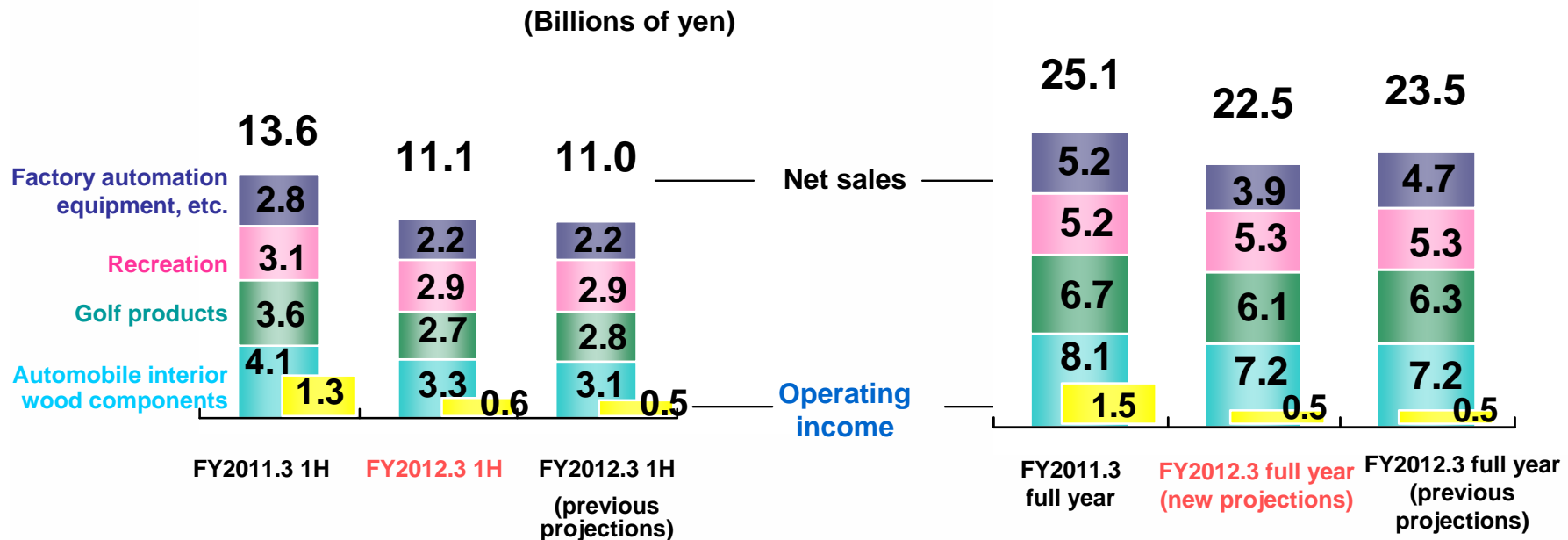
## 1H Overview

- Sales and income declined year-on-year.
- Although sales of automobile interior wood components were down year-on-year, they were higher than previous projections due to the rebound in production by automakers.
- The overall market environment and aggressive sales efforts by competitors led to year-on-year decline in sales of golf products.
- Recreation business sales declined, despite the year-on-year increase in number of guests in the peak season.

## Full Year Overview and 2H Priorities

- Sales projection revised downward.
- Steadily supply automobile interior wood components to meet rebounding demand from automakers.
- Introduce new golf products in second half and stage full-scale launch into Chinese market.

(Billions of yen)



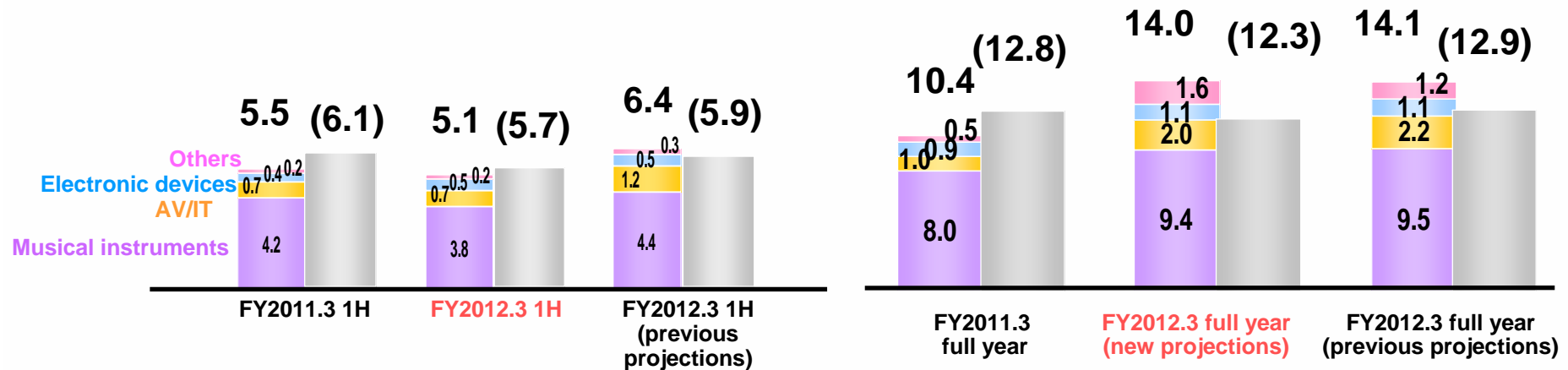
# Capital Expenditure/Depreciation/R&D Expenses

## Capital Expenditure (Depreciation)

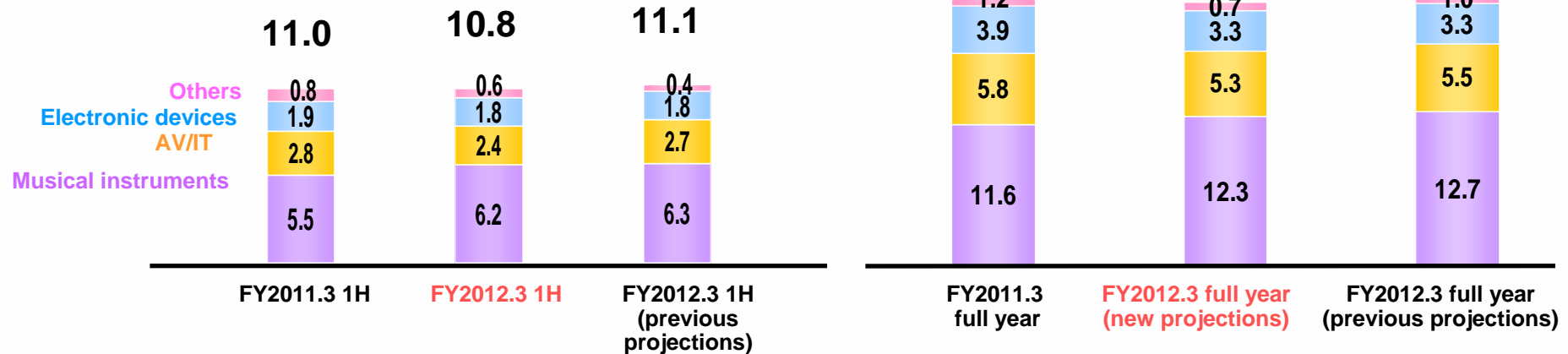
(Billions of yen)

1H

Full Year



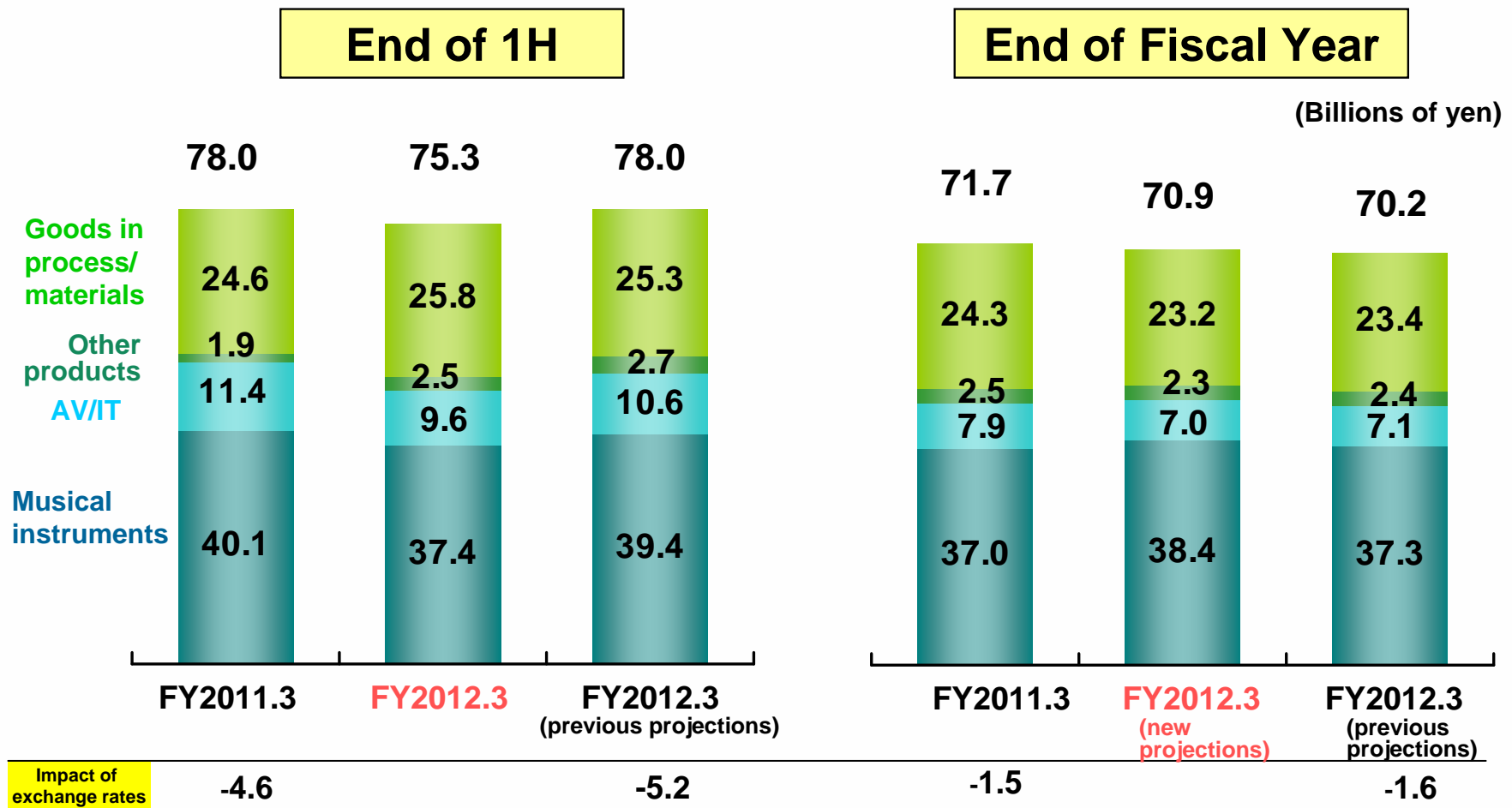
## R&D Expenses



# Inventories



- Inventories at the end of September were ¥2.6 billion lower than the same period of the previous year. Discounting the impact of exchange rates (-¥4.6 billion), actual inventories were up by ¥2.0 billion.
- Discounting the impact of exchange rates, actual inventories were ¥2.5 billion higher than previous projections.



# Balance Sheet Summary



(Billions of yen)

	As of end of 1H			As of fiscal year end		
	As of Sept. 30, 2010	As of Sept. 30, 2011	Change	As of Mar. 31, 2011	As of Mar. 31, 2012	Change
Cash and deposits*	51.8	55.6	3.8	58.7	63.8	5.1
Notes and accounts receivable	50.8	45.9	-5.0	45.1	43.3	-1.8
Inventories	78.0	75.3	-2.6	71.7	70.9	-0.8
Other current assets	18.2	16.6	-1.6	19.2	15.5	-3.7
Fixed assets	195.9	182.5	-13.4	196.2	183.9	-12.3
<b>Total assets</b>	<b>394.6</b>	<b>375.9</b>	<b>-18.8</b>	<b>390.9</b>	<b>377.4</b>	<b>-13.5</b>
Notes and accounts payable	23.9	22.3	-1.6	24.2	23.3	-0.9
Short- and long-term loans	22.2	18.3	-3.9	11.8	9.2	-2.6
Resort membership deposits	16.0	15.7	-0.3	15.9	15.8	-0.1
Other liabilities	89.9	92.7	2.7	94.0	99.2	5.2
Total net assets	242.6	226.8	-15.7	245.0	229.9	-15.1
<b>Total liabilities and net assets</b>	<b>394.6</b>	<b>375.9</b>	<b>-18.8</b>	<b>390.9</b>	<b>377.4</b>	<b>-13.5</b>

\*Includes negotiable deposits

# Appendix

# Performance in the Second Quarter of FY2012.3 (July 1 – September 30)



➤ 2Q three months sales and income declined year-on-year. Sales were lower than previous projections, but operating income was higher.

(Billions of yen)

	FY2011.3 (2Q) results	FY2012.3 (2Q) results	Change from same period of the previous year	Previous projections for FY2012.3 2Q (made on August 1, 2011)	Change from previous projections
Net sales	93.4	88.7	-5.1%	92.6	-4.2%
Operating income	4.1	3.2	-22.3%	2.4	+33.3%
Ordinary income	3.5	2.6	-26.7%	3.0	-14.4 %
Net income	2.8	2.3	-18.5%	2.7	-14.3%

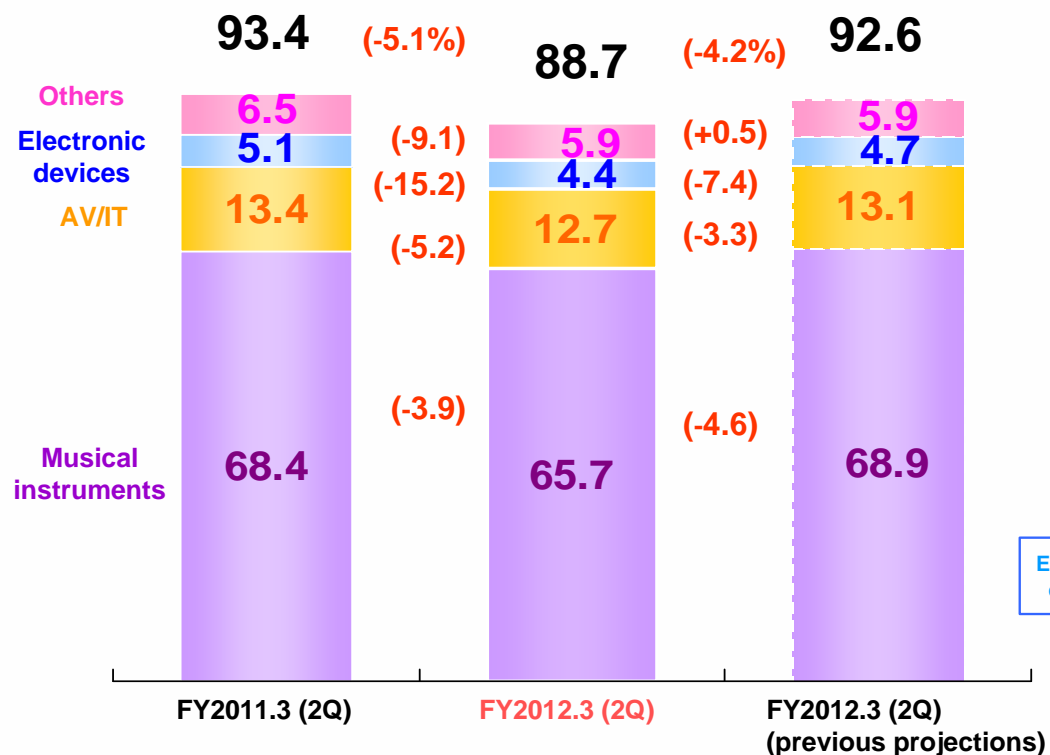
## Currency exchange rates (yen)

Net sales	US\$	86	78	85
	EUR	111	110	115
Operating income	US\$	87	78	85
	EUR	115	117	115

# Performance by Business Segment in the Second Quarter of FY2012.3 (Three Months)

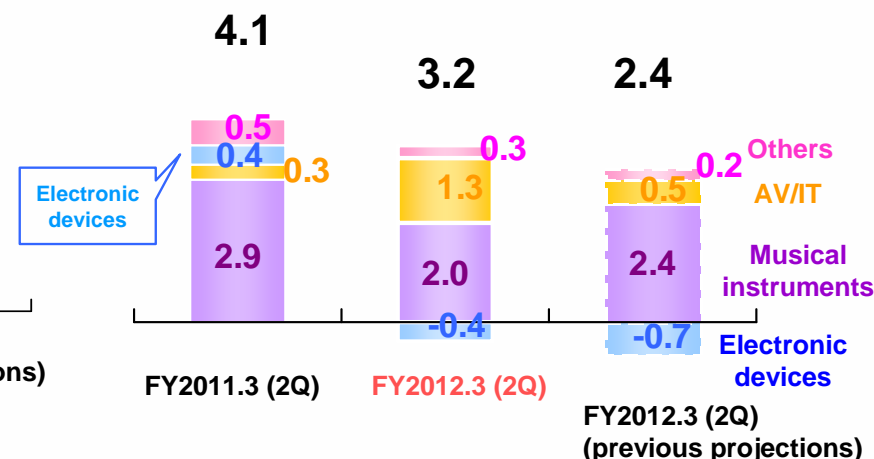


## Net Sales



## Operating Income

(Billions of yen)



Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥2.3 billion (musical instruments -¥1.9 billion, AV/IT -¥0.3 billion, electronic devices -¥0.1 billion)
Versus previous projections	-¥2.9 billion (musical instruments -¥2.3 billion, AV/IT -¥0.5 billion, electronic devices -¥0.1 billion)

	Impact of exchange rates
Year-on-year	-¥0.2 billion (musical instruments -¥0.3 billion, AV/IT +¥0.2 billion)
Versus previous projections	-¥0.1 billion (-¥0.3 billion, AV/IT +¥0.2 billion)

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



	FY2011.3 (1H) results	FY2012.3 (1H) results	FY2012.3 (1H) previous projections
(Billions of yen)			
<b>Non-operating income/loss</b>			
Net financial income	0.5	0.4	0.3
Other	-1.4	-1.4	-0.8
<b>Total</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-1.0</b>
<b>Extraordinary income/loss</b>			
Income from (loss on) disposal of fixed assets	-0.1	0	-0.2
Other	-1.5	-0.3	-0.3
<b>Total</b>	<b>-1.6</b>	<b>-0.3</b>	<b>-0.5</b>
<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-left: 100px;">                     Revaluation loss on investment securities -1.7                 </div>			
<b>Income taxes and other expenses</b>			
Income taxes - current	2.8	1.9	1.8
Income taxes - deferred	-1.3	0.1	
Minority interests in income	0.2	0.2	0.2
<b>Total</b>	<b>1.7</b>	<b>2.2</b>	<b>2.0</b>

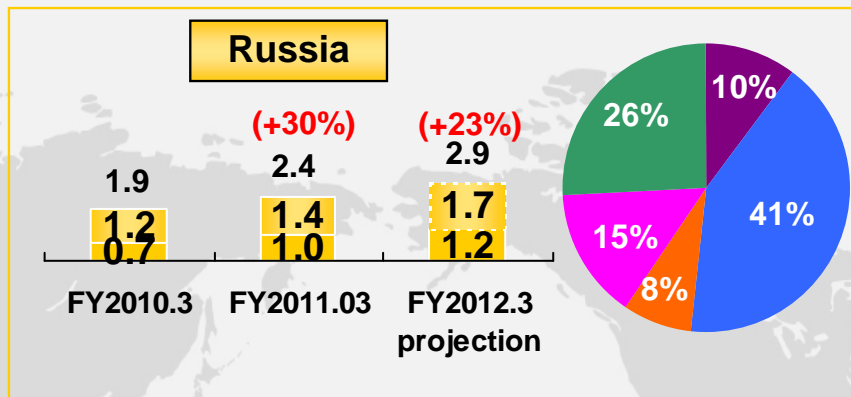
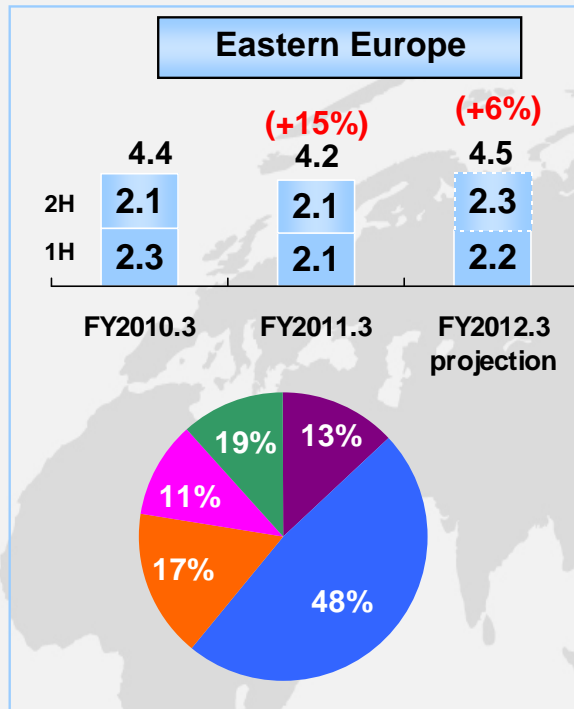


# Full Year Non-Operating Income/Loss & Extraordinary Income/Loss



	FY2011.3 results	FY2012.3 new projections	FY2012.3 previous projections
(Billions of yen)			
<b>Non-operating income/loss</b>			
Net financial income	0.7	0.8	0.4
Other	-2.9	-2.8	-2.4
<b>Total</b>	<b>-2.2</b>	<b>-2.0</b>	<b>-2.0</b>
<b>Extraordinary income/loss</b>			
Income from (loss on) disposal of fixed assets	-0.2	-0.2	-0.3
Other	-4.0	-0.3	-0.2
<b>Total</b>	<b>-4.2</b>	<b>-0.5</b>	<b>-0.5</b>
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <ul style="list-style-type: none"> <li>•Revaluation loss on investment securities -1.5</li> <li>•Impairment loss -2.7</li> </ul> </div>			
<b>Income taxes and other expenses</b>			
Income taxes - current	4.3	2.6	3.0
Income taxes - deferred	-3.0	0.7	0.3
Minority interests in income	0.4	0.2	0.2
<b>Total</b>	<b>1.7</b>	<b>3.5</b>	<b>3.5</b>

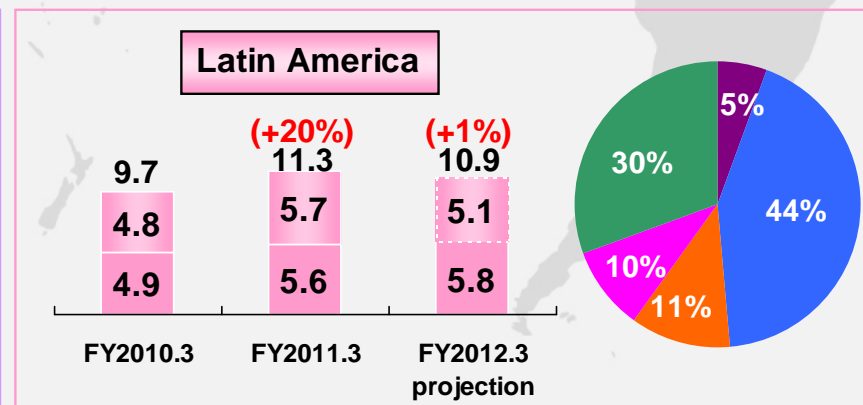
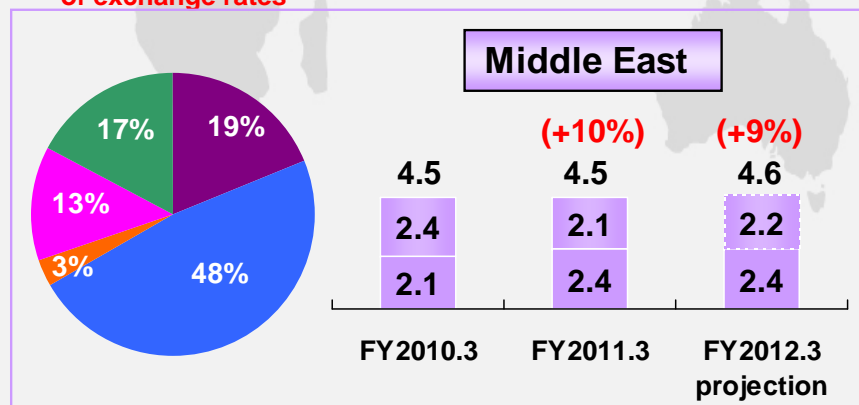
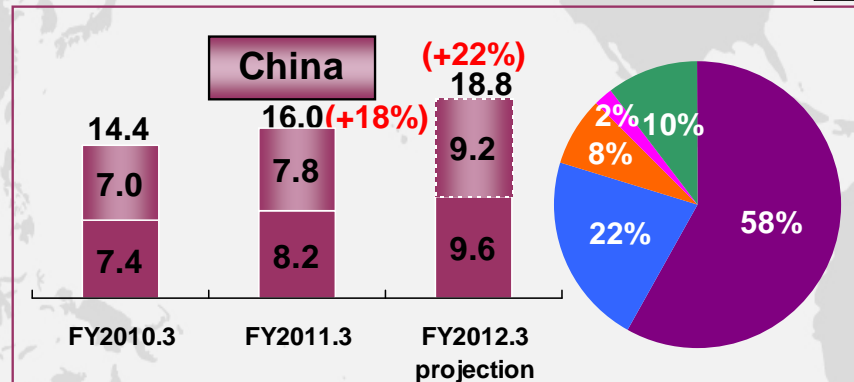
# Musical Instruments: Emerging Market Sales



(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



# Musical Instruments: Sales and Income by Quarter

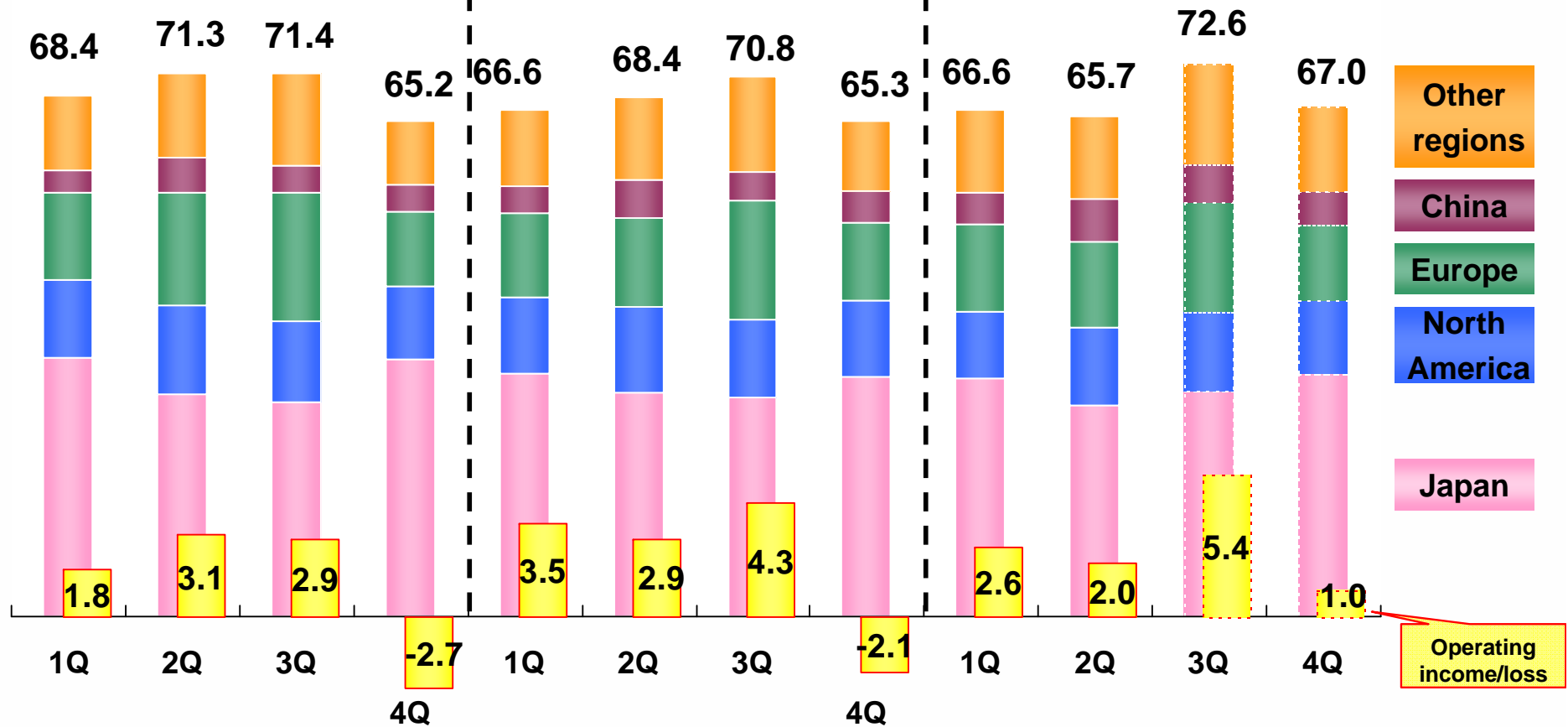


Net sales: ¥276.3 billion  
Operating income: ¥5.1 billion

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

Net sales: ¥272.0 billion  
Operating income: ¥11.0 billion

(Billions of yen)



FY2010.3

FY2011.3

FY2012.3 projections

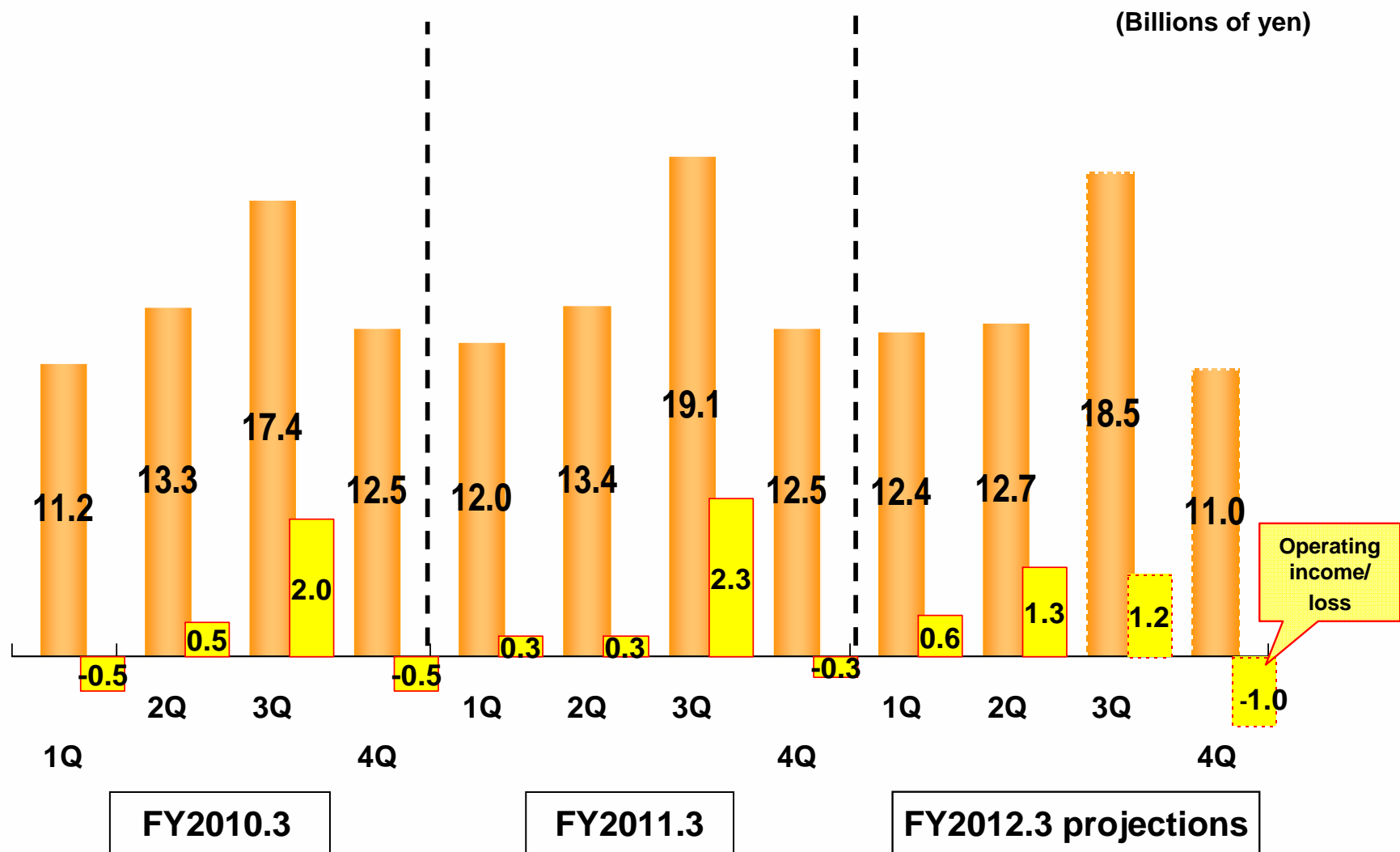
# AV/IT: Sales and Income by Quarter



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

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

Net sales: ¥54.5 billion  
Operating income: ¥2.0 billion



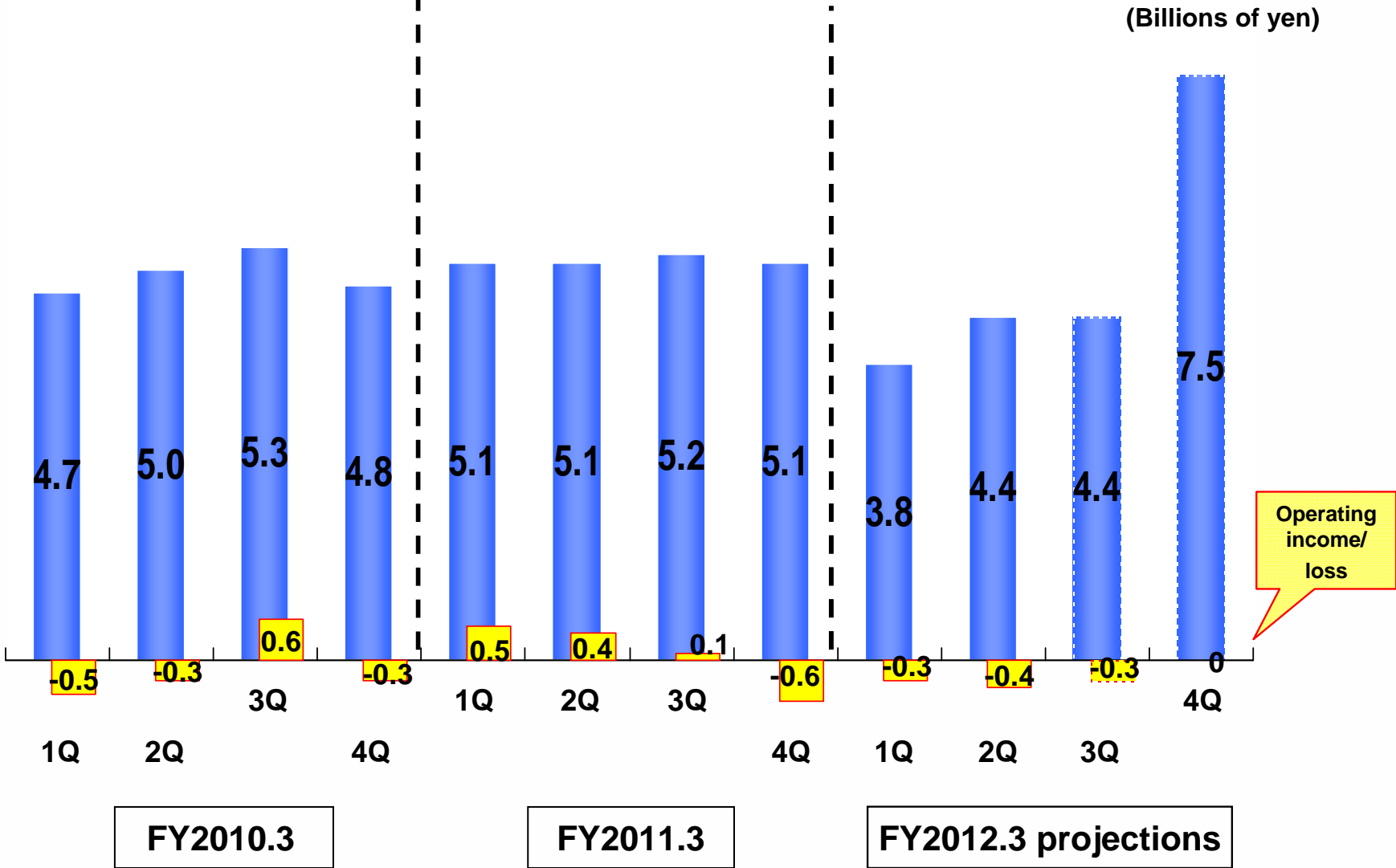
# Electronic Devices: Sales and Income by Quarter



Net sales: ¥19.7 billion  
Operating income: -¥0.6 billion

Net sales: ¥20.6 billion  
Operating income: ¥0.5 billion

Net sales: ¥20.0 billion  
Operating income: -¥1.0 billion



# Others: Sales and Income by Quarter

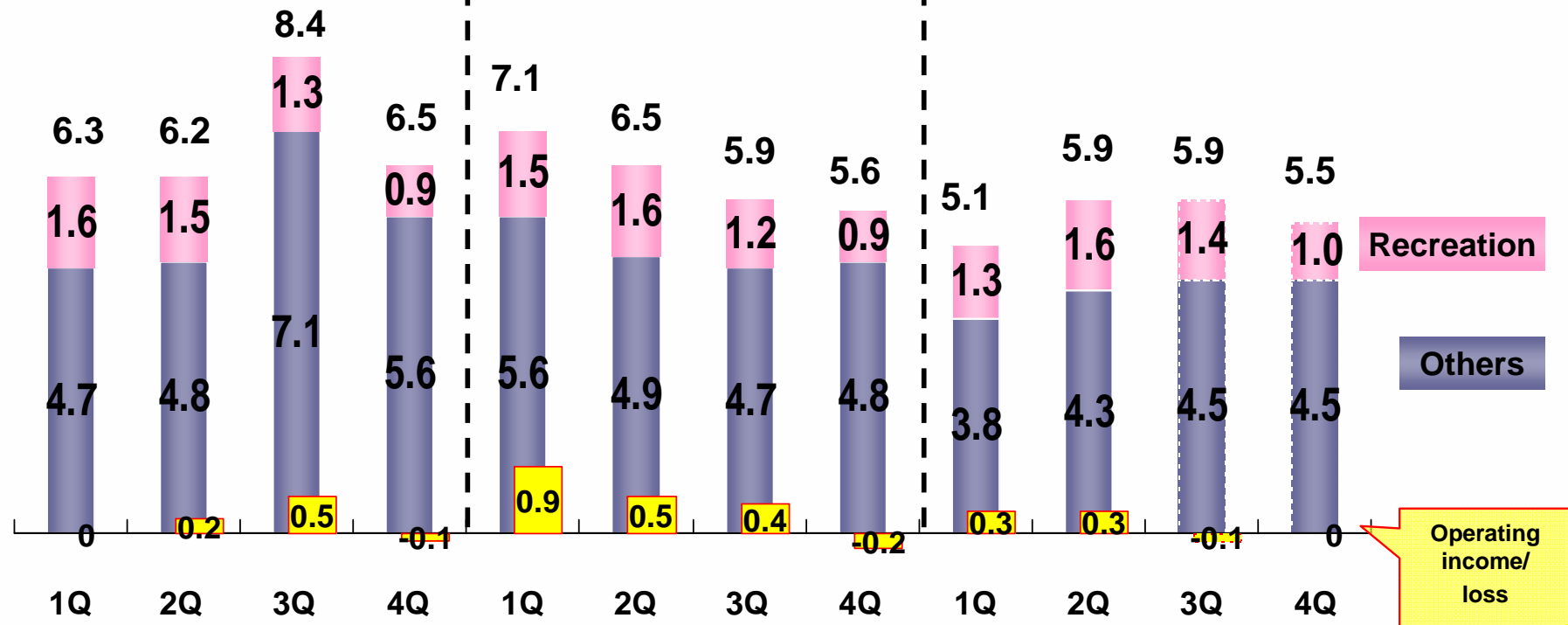


Net sales: ¥27.5 billion  
Operating income: ¥0.5 billion

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

Net sales: ¥22.5 billion  
Operating income: ¥0.5 billion

(Billions of yen)



FY2010.3

FY2011.3

FY2012.3 projections

**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.**