

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

May 2, 2016



Overview of Performance in FY2016.3



Results Summary

- **Full year sales and income increased year-on-year (for the fourth consecutive year). Operating income exceeded ¥40 billion, a level surpassed only in FY2004.3.**
 - **Musical instrument sales declined from the previous year due to factors including transfer of music school operations, but higher actual sales and improved gross margins led to a sharp increase in income.**
 - **Audio equipment sales and income rose year-on-year, driven by rallying demand for AV products and strong sales of professional audio equipment.**
 - **Although electronic device sales were lower than in the previous year, the effects of restructuring improved profitability and returned income to positive territory in all segments.**

- **The target of 10% ROE set for the final year of the YMP2016 Medium-Term Management Plan was met, and all the main goals of the plan were achieved.**

Performance in FY2016.3



(Billions of yen)

	FY2015.3	FY2016.3	Changes from the previous year	FY2016.3 previous projections	Changes from the previous projection
Net Sales	432.2	435.5	+0.8%	437.0	-0.3%
Operating Income (Operating Income Ratio)	30.1 (7.0%)	40.7 (9.3%)	+34.9%	41.0 (9.4%)	-0.8%
Ordinary Income (Ordinary Income Ratio)	31.2 (7.2%)	40.9 (9.4%)	+31.0%	41.5 (9.5%)	-1.4%
Net Income* (Net Income Ratio)	24.9 (5.8%)	32.6 (7.5%)	+30.9%	34.5 (7.9%)	-5.4%

Exchange Rate (yen)

Net Sales	US\$	110	120	121
	EUR	139	133	133
Operating Income	US\$	109	121	121
	EUR	141	134	134

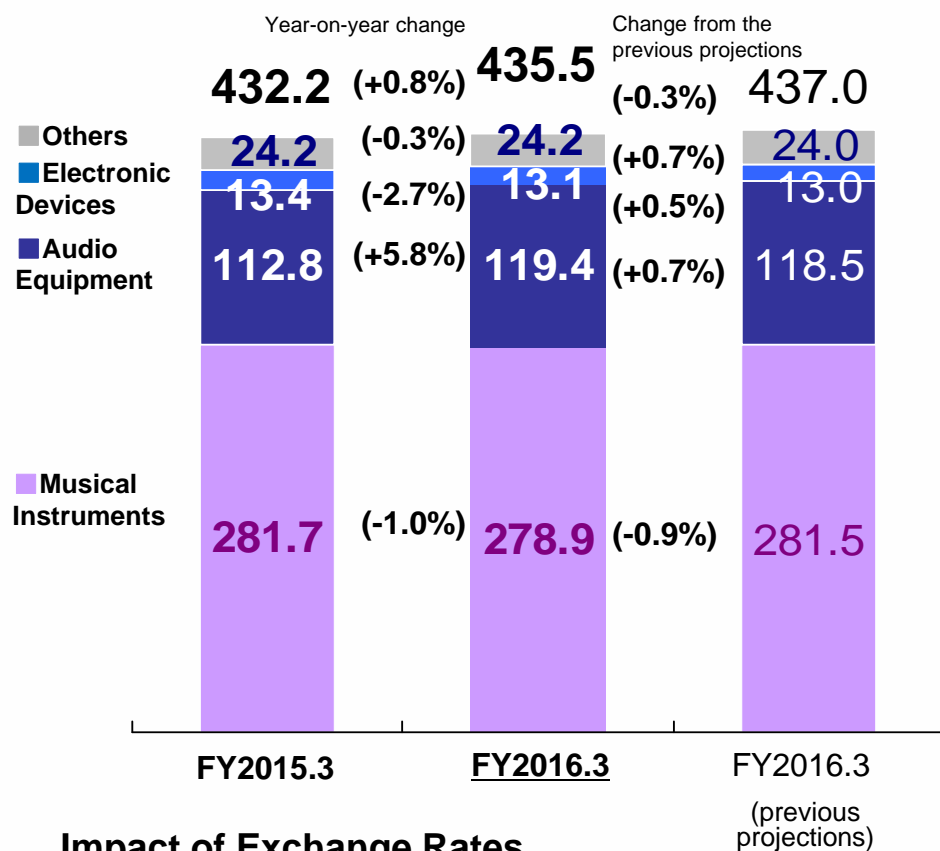
* Net income is presented as net income attributable to owners of parent on the consolidated financial statements

**Previous projections were announced on February 4, 2016

Performance by Business Segment in FY2016.3

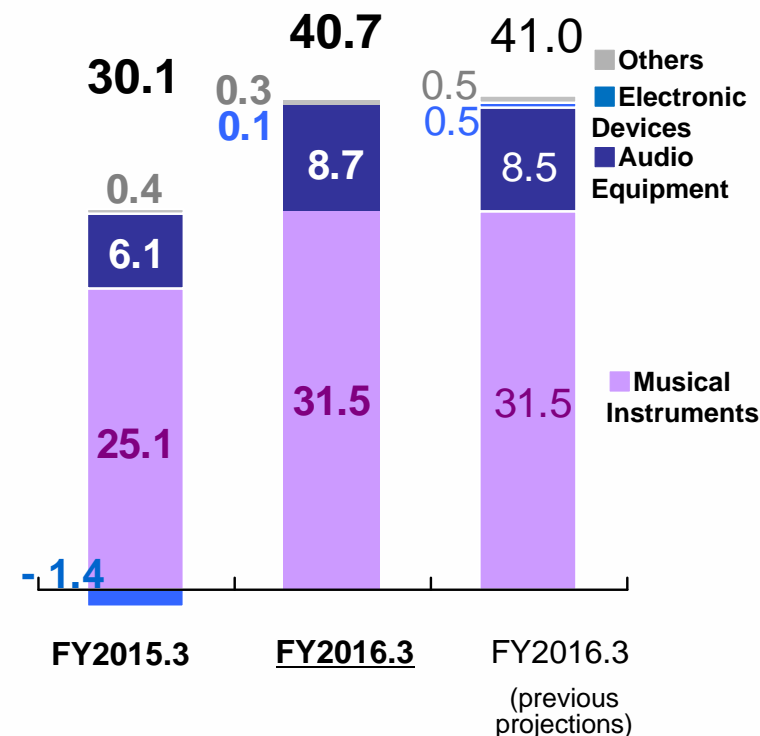


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year	+¥4.4 billion (musical instruments +¥3.5 billion, audio equipment +¥0.7 billion, electronic devices +¥0.2 billion)
Versus previous projections	-¥3.0 billion (musical instruments -¥2.1 billion, audio equipment -¥0.9 billion)

Year-on-Year	-¥1.7 billion (musical instruments -¥0.1 billion, audio equipment -¥1.3 billion, electronic devices -¥0.3 billion)
Versus previous projections	¥0 billion (musical instruments -¥0.1 billion, audio equipment +¥0.1 billion)

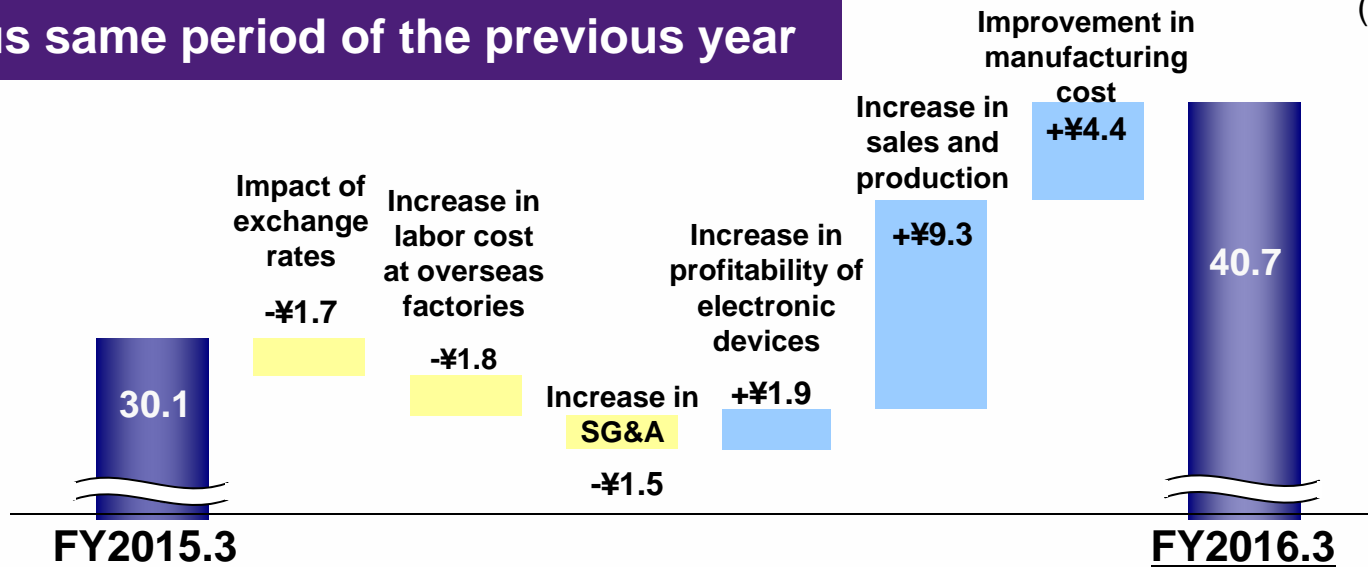
* Previous projections were announced on February 4, 2016

FY2016.3 Operating Income Analysis

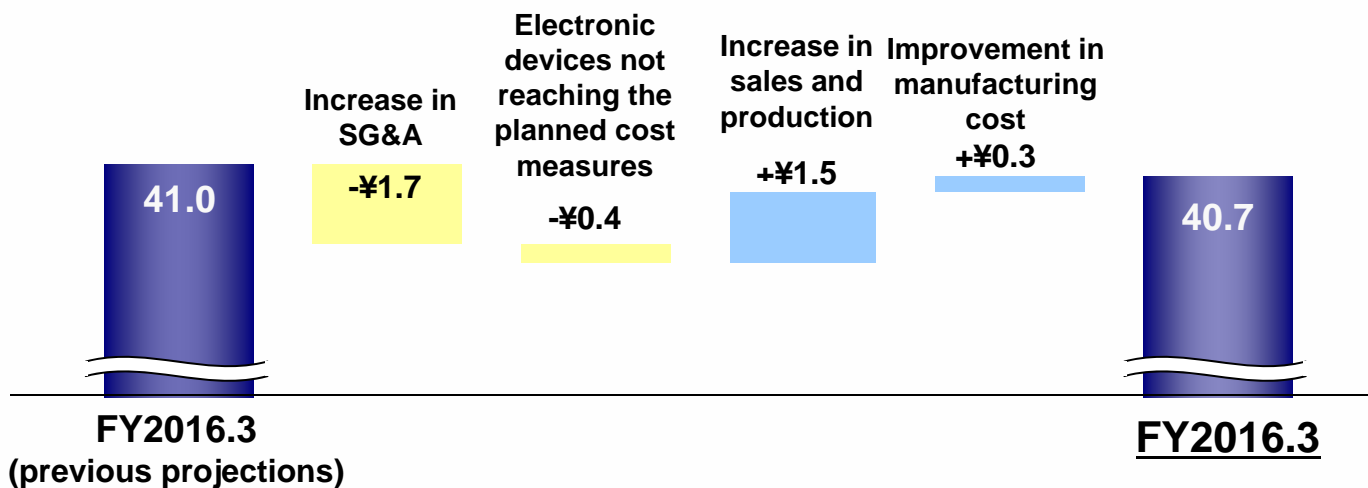


Versus same period of the previous year

(Billions of yen)



Versus previous projections



* Previous projections were announced on February 4, 2016

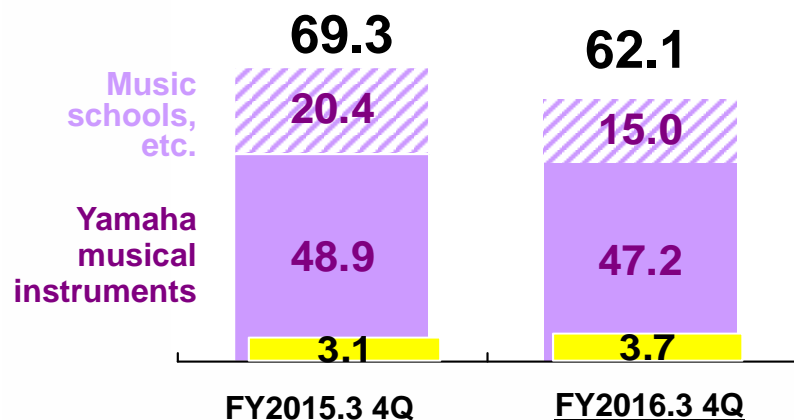
Musical Instruments 4Q/Full Year



(Billions of yen)

4Q

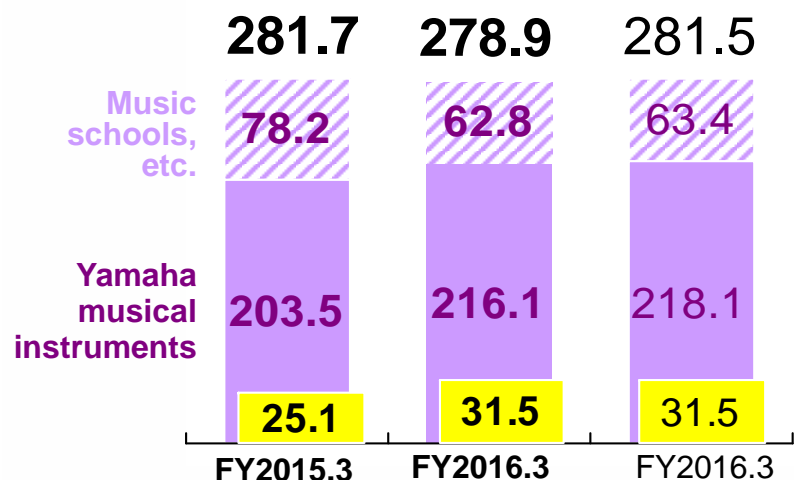
■ Net Sales ■ Operating Income



4Q Overview (Three Months)

- Sales declined year-on-year, but income rose. The impact of exchange rates and the transfer of music school operations were the main factors behind lower sales.
- Digital pianos, wind instruments, and guitars all recorded strong sales.
- Discounting the effect of exchange rates, overall actual product sales were broadly in line with the same period of the previous year.

Full Year



Full Year Overview

- Sales decreased year-on-year, but income increased sharply.
- Sales of digital pianos, wind instruments, and guitars were brisk throughout the year.
- Sales were favorable in Europe and China, and strong in North America.
- Profitability increased sharply, due to factors including improvements in the product mix and lower manufacturing costs.

(previous projections)

* Previous projections were announced on February 4, 2016

Musical Instruments: Sales by Region

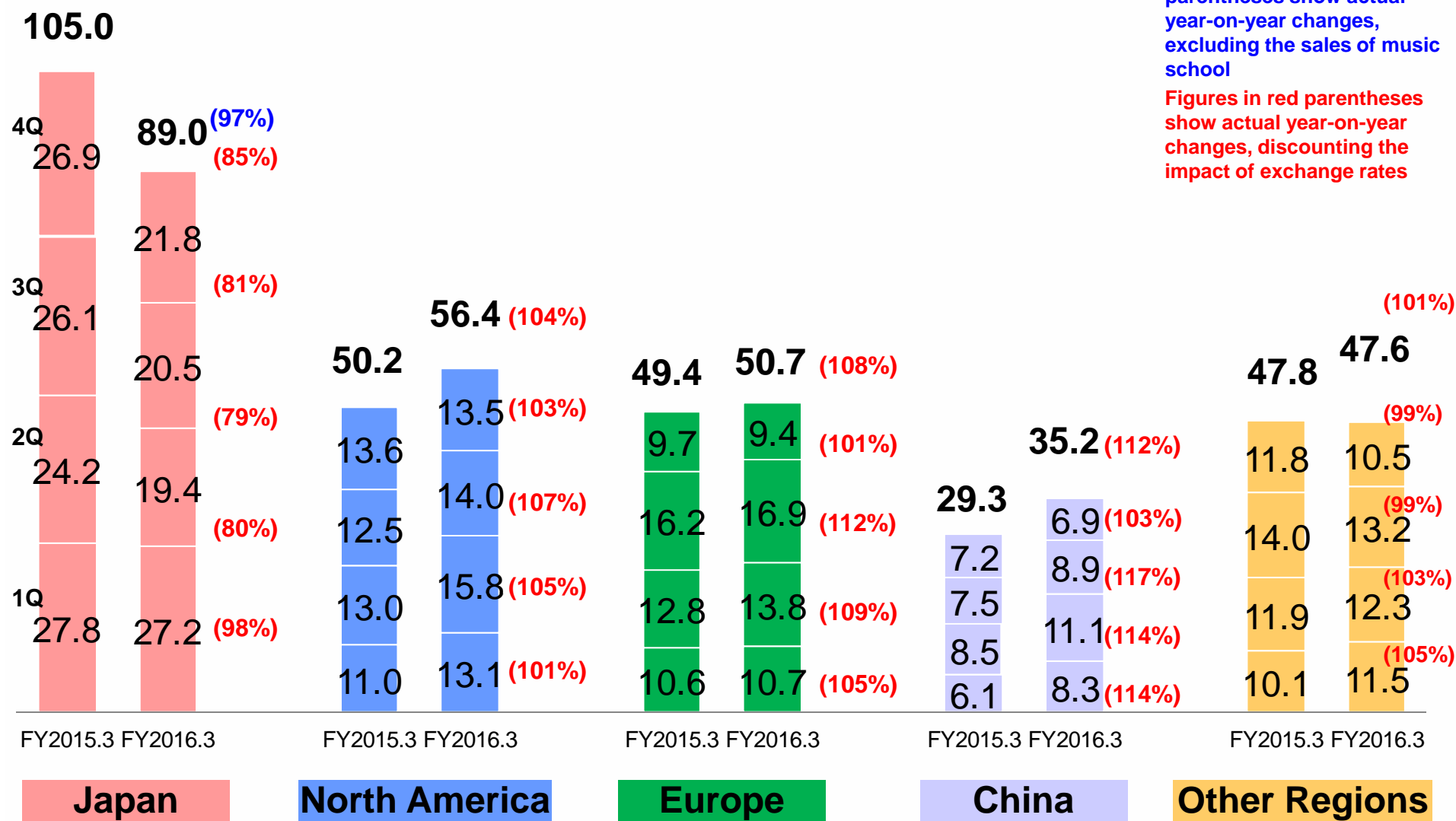


Sales Projections (including software products and music schools)

(Billions of yen)

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

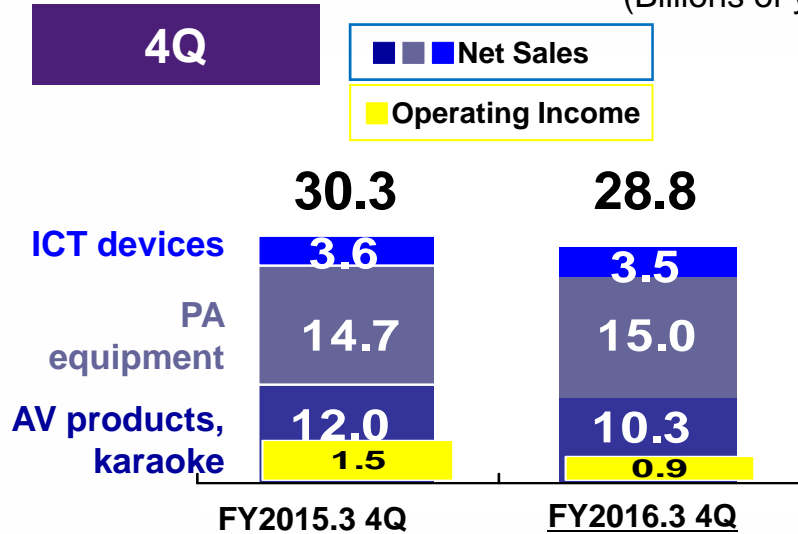
Figures in red parentheses show actual year-on-year changes, discounting the impact of exchange rates



Audio Equipment 4Q/Full Year

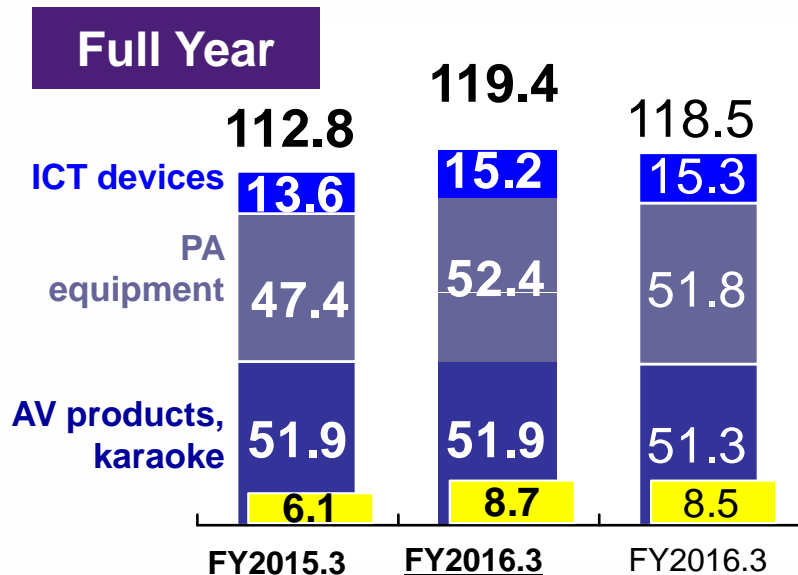


(Billions of yen)



4Q Overview (Three Months)

- Sales and income were both down year-on-year, but actual sales discounting the impact of exchange rates were on a par with the same period of the previous year.
- Although AV products rallied, actual sales did not reach the previous year's 4Q levels.
- Sales through musical instrument channels and installation of audio equipment in Japan drove strong sales of professional audio equipment in PA equipment business.



Full Year Overview

- Sales and income increased year-on-year.
- New products drove a rebound in AV product sales, and actual sales of professional audio equipment recorded double-digit growth.
- Higher income from both key product categories of AV products and professional audio equipment, drove the increase in segment income.

(previous projections)

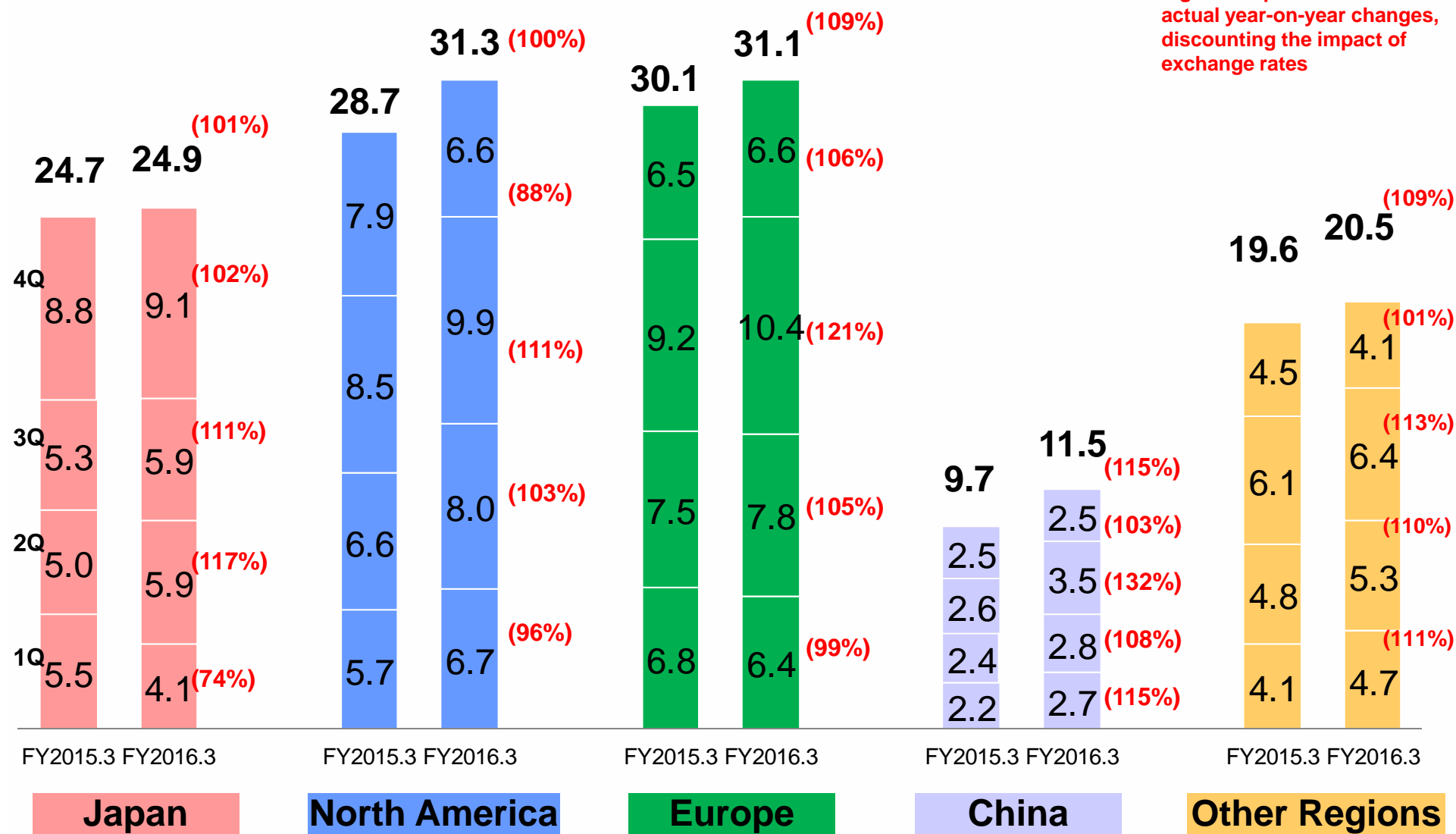
* Previous projections were announced on February 4, 2016

Audio Equipment: Sales by Region



(Billions of yen)

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



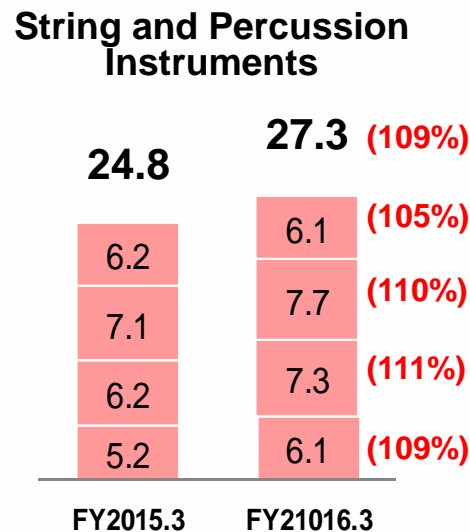
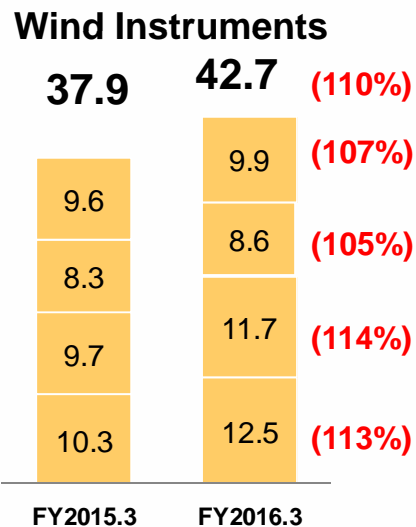
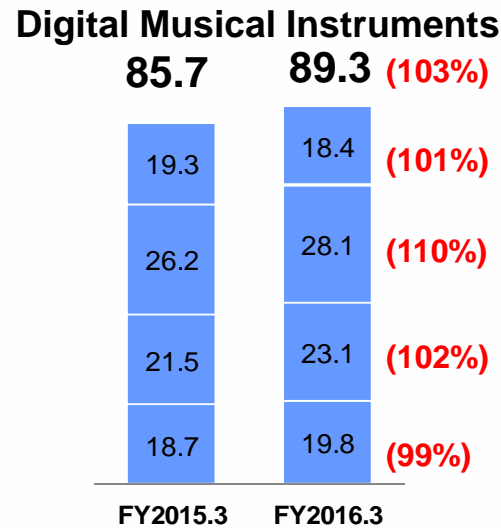
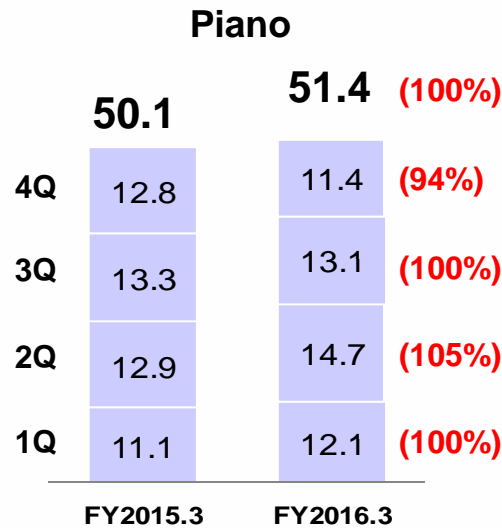
Musical Instruments/Audio Equipment: Sales by Major Product Category



(Yamaha branded products)

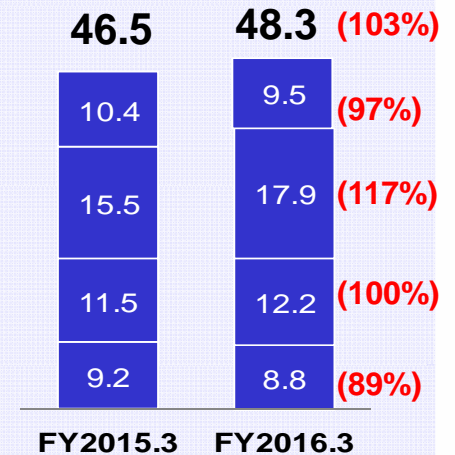
(Billions of yen)

Musical Instruments

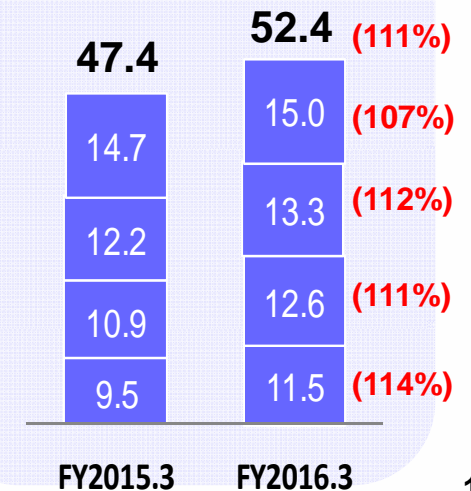


Audio Equipment

AV Products



PA Equipment



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

Electronic Devices 4Q/Full Year



(Billions of yen)

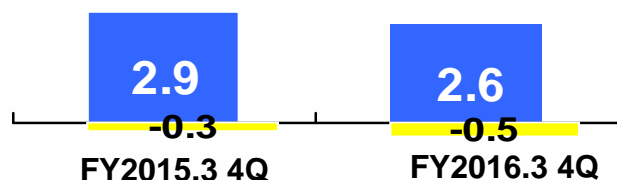
4Q

■ Net Sales

■ Operating Income

4Q Overview (Three Months)

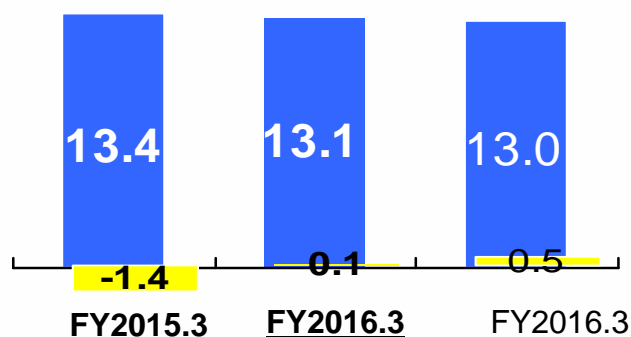
- Sales and income were down year-on-year.
- Reduced gross margins due to lower sales and deterioration in manufacturing profitability were the main factors behind the decline in income.



Full Year

Full Year Overview

- Although sales declined year-on-year, profitability improved to return income to positive territory.
- The recoil effect following advance shipment of amusement equipment in the first half continued throughout the second half.
- The effects of fixed cost reduction associated with the transition to fabless production restored profitability.



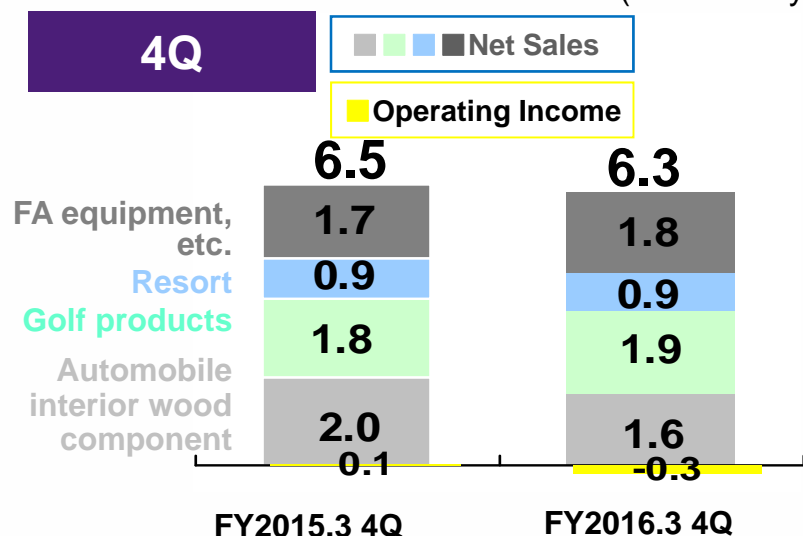
(previous projections)

* Previous projections were announced on February 4, 2016

Others 4Q/Full Year

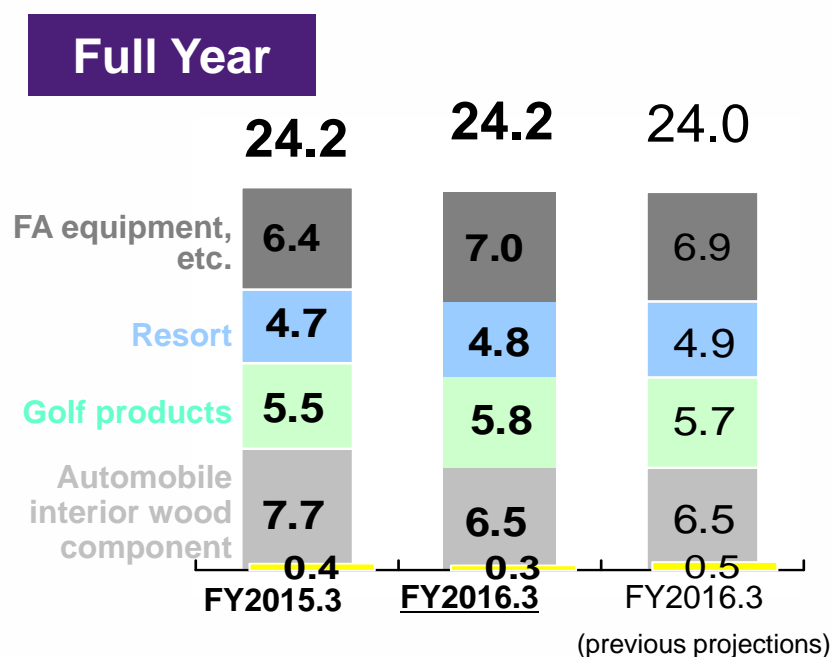


(Billions of yen)



4Q Overview (Three Months)

- Sales and income declined year-on-year, resulting in an operating loss.
- Although sales were on a par with the same period of the previous year, profitability declined due to lower sales of automobile interior wood components and deteriorating gross profit margins in the factory automation business.



Full Year Overview

- Although sales were broadly in line with the previous year and previous projections, income decreased slightly.
- Golf product sales increased, driven by strong demand in the domestic market.
- Sales also rose year-on-year in the factory automation and resort businesses.
- Sales of automobile interior wood components were down from the previous year.
- The year-on-year decline in income from automobile interior wood components was the main factor behind deteriorating profitability.

* Previous projections were announced on February 4, 2016

Forecast for Performance in FY2017.3



Assumptions

- **Despite uncertainty in the market environment, markets are projected to remain firm.**
 - **Musical instruments: growth in actual sales of pianos, digital musical instruments, and guitars. Aiming for increased market share in all product categories.**
 - **Audio equipment: anticipating full-scale market launches of new AV and professional audio equipment products.**
 - **Exchange rate forecast: US\$1 = ¥110, EUR1=¥125**

Changes in Segments for Reporting

- **From FY2017.3, soundproof room business, which were previously included in the musical instruments segment, will be recorded in the audio equipment segment. (In FY2016.3 sales from this business were around ¥1.5 billion and had minimal impact on income.)**
- **The electronic devices segment will be eliminated from reporting, and results will be listed under industrial machinery and components in the others segment, together with factory automation equipment and automobile interior wood components.**

Note: In subsequent slides, segment results for FY2016.3 have been adjusted to reflect these new arrangements.

Forecast for Performance in FY2017.3 (Full Year)



- Although net sales is expected to decline due to the major impact of exchange rates in FY2017.3, operating income is projected to rise.
- Net income is anticipated to increase due to recognition of deferred tax assets.

(Billions of yen)

	FY2016.3	FY2017.3 Projections	Changes from the previous year	Year-on-year percentage change
Net Sales	435.5	420.0	-15.5	-3.6%
Operating Income (Operating Income Ratio)	40.7 (9.3%)	42.0 (10.0%)	+1.3	+3.3%
Ordinary Income (Ordinary Income Ratio)	40.9 (9.4%)	42.0 (10.0%)	+1.1	+2.7%
Net Income* (Net Income Ratio)	32.6 (7.5%)	45.5 (10.8%)	+12.9	+39.4%

Exchange Rate (yen)

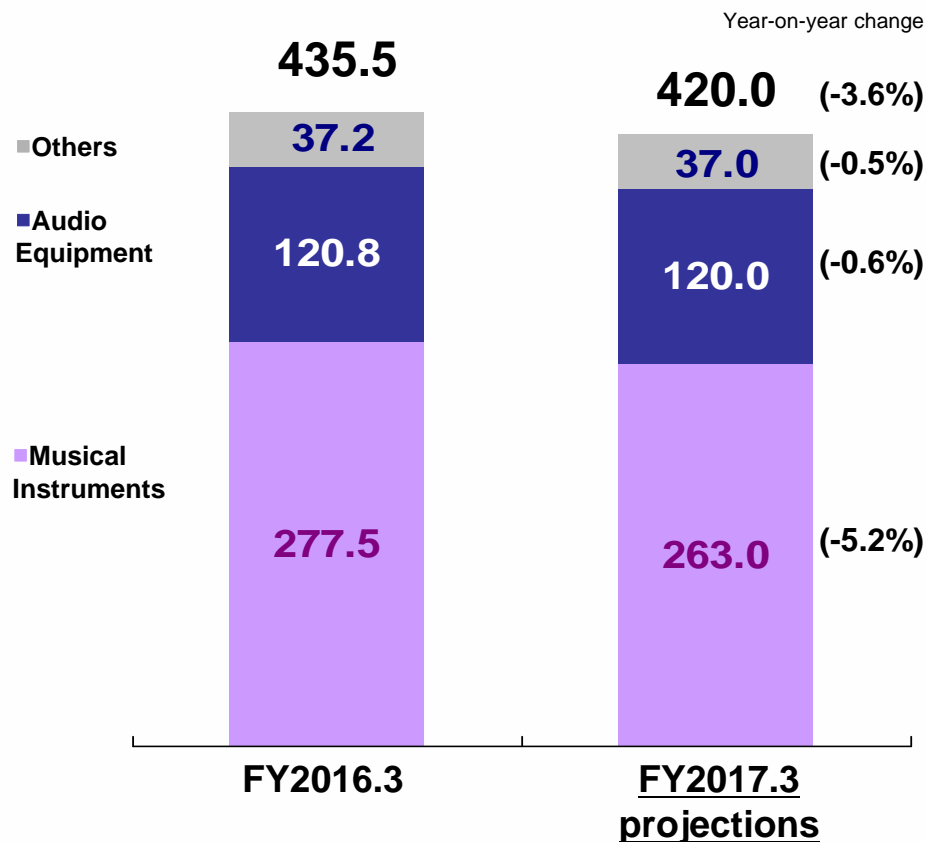
Net Sales	US\$	120	110
	EUR	133	125
Operating Income	US\$	121	110
	EUR	134	125

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

Forecast for Performance by Business Segment in FY2017.3

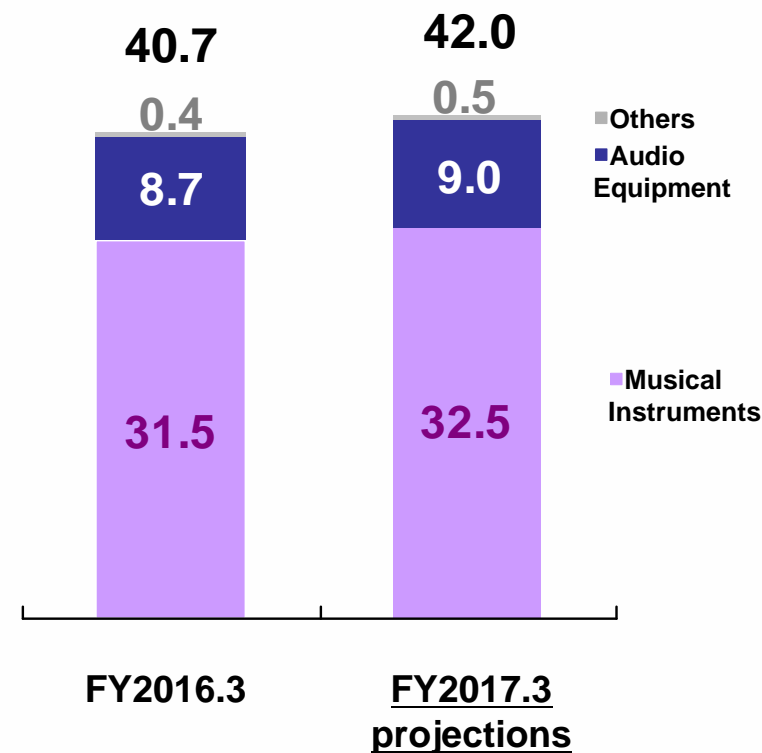


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year **-¥24.2 billion**
 (musical instruments -¥15.9 billion, audio equipment -¥7.9 billion, electronic devices -¥0.5 billion)

-¥6.5 billion
 (musical instruments -¥5.2 billion, audio equipment -¥1.4 billion, electronic devices +¥0.1 billion)

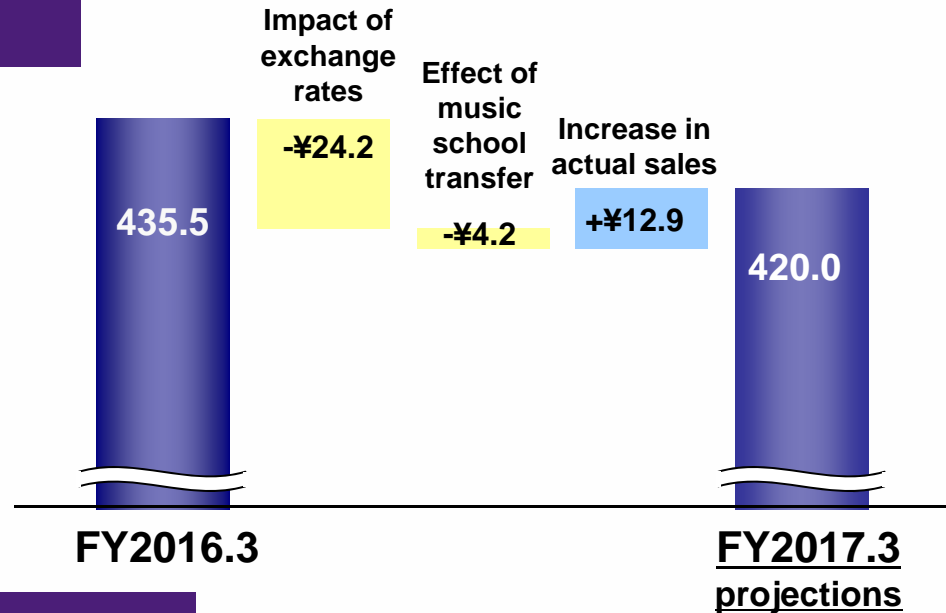
* The net sales of FY2016.3 has been adjusted to reflect the segment reallocation of soundproof room business.

FY2017.3 Sales and Operating Income Analysis

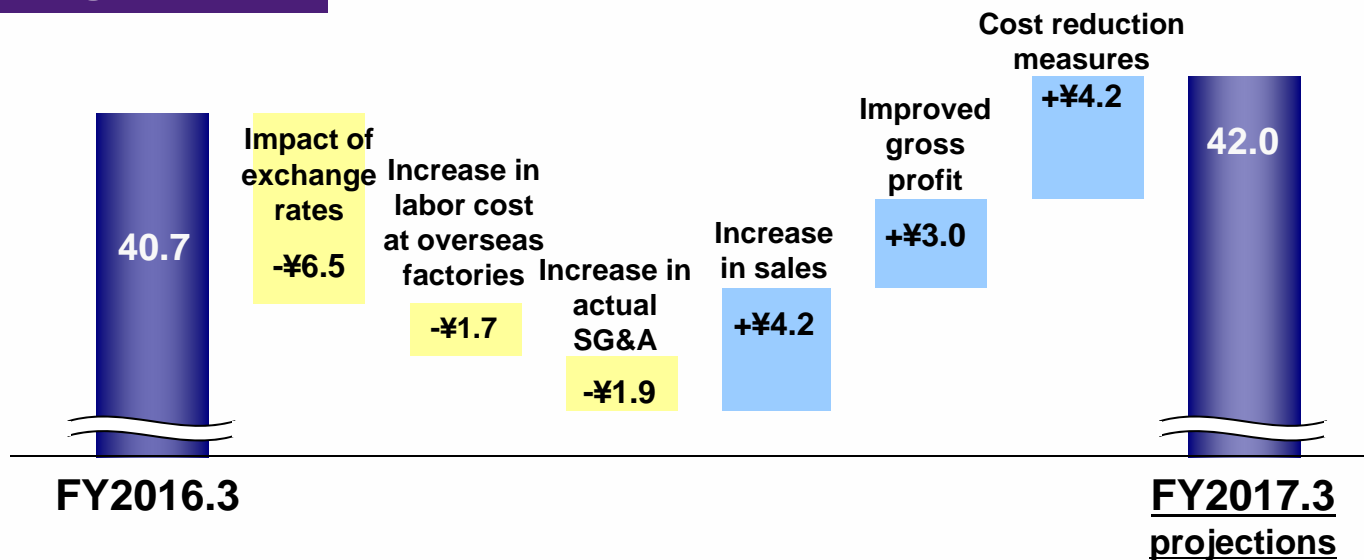


(Billions of yen)

Sales



Operating Income



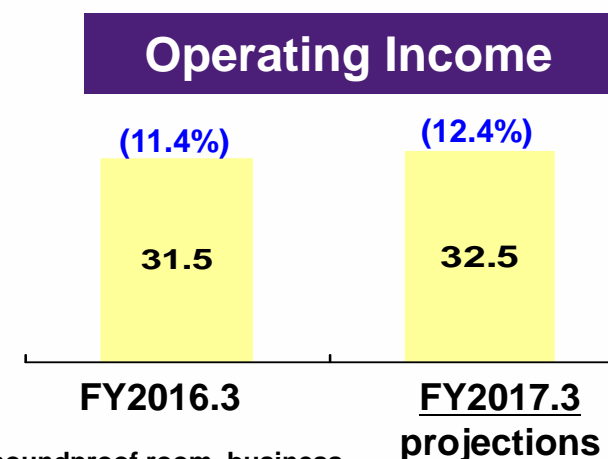
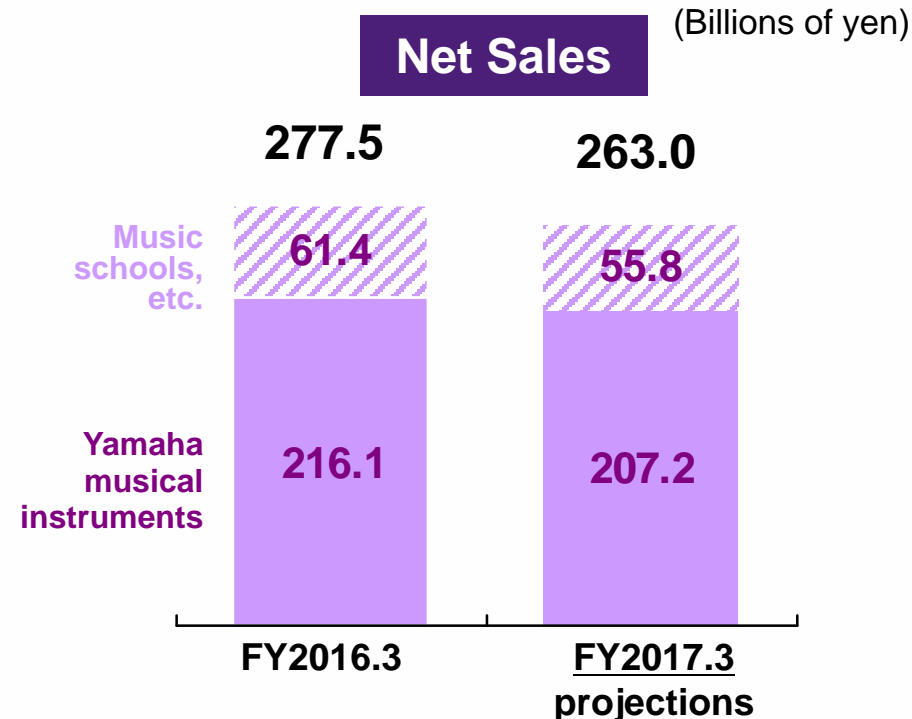
Musical Instruments FY2017.3 Projections



(Billions of yen)

Projections

- Although sales are expected to decline from the previous year, income is projected to increase.
- The effect of exchange rates and the transfer of music school operations will be the main factors behind lower sales.
- Actual sales are expected to increase, especially for acoustic and digital pianos.
- Selling price adjustments, manufacturing cost reductions, and lower amortization of goodwill are expected to compensate for reduced income due to exchange rates, leading to an overall rise in income.



* The net sales of FY2016.3 has been adjusted to reflect the segment reallocation of soundproof room business.

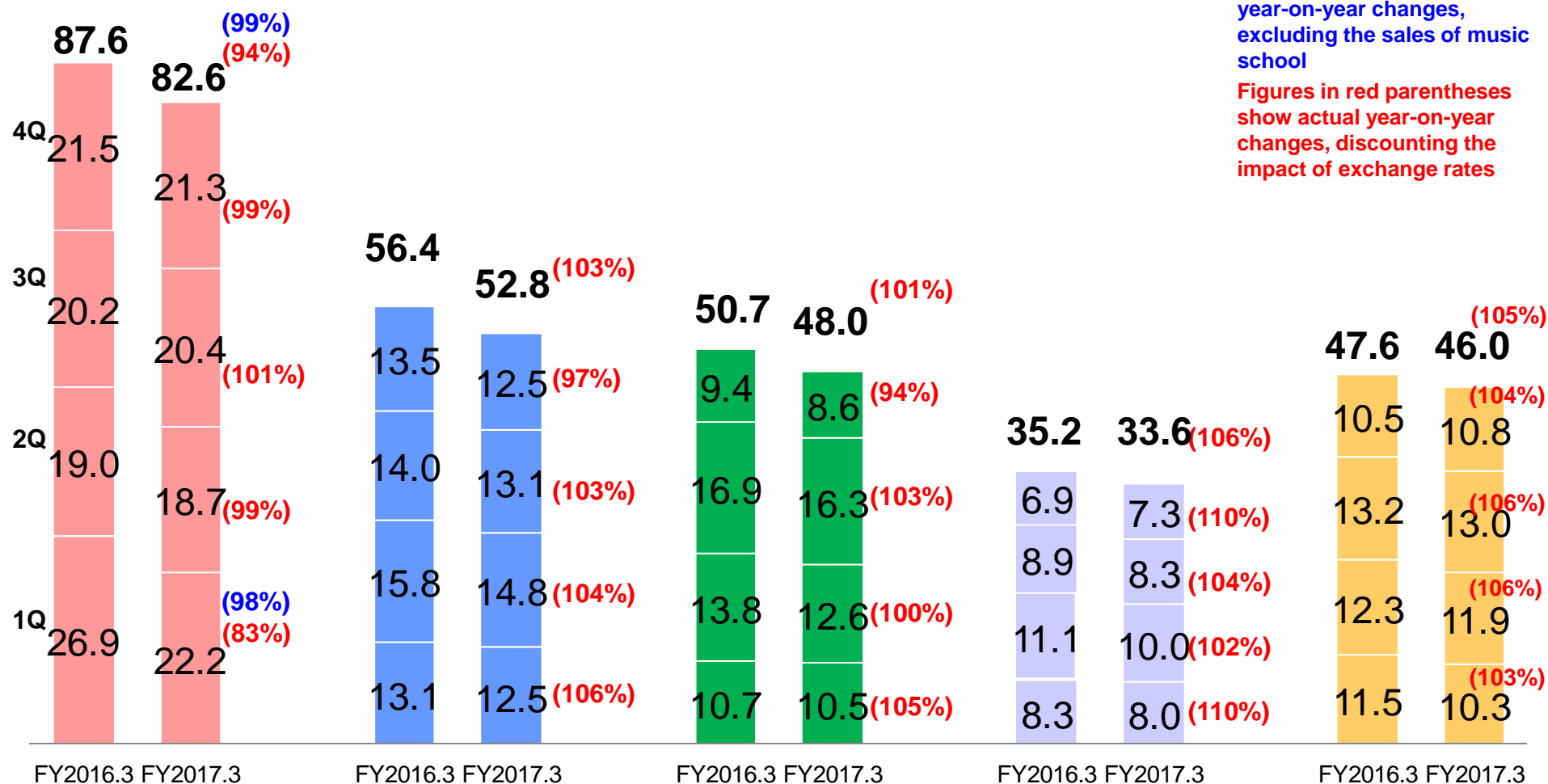
** Figures in blue parentheses show operating income ratio

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

Japan **North America** **Europe** **China** **Other Regions**

* The sales of FY2016.3 has been adjusted to reflect the segment reallocation of soundproof room business.

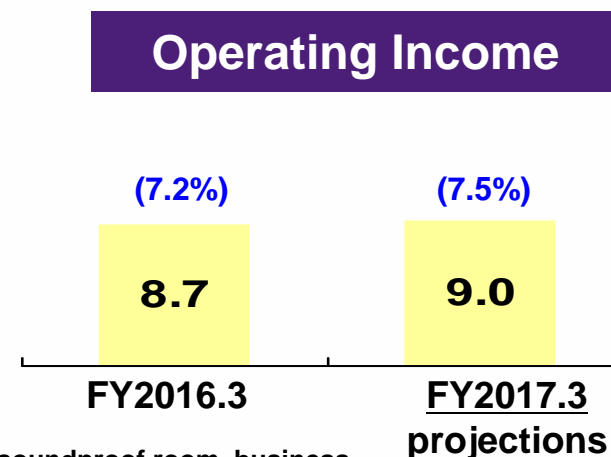
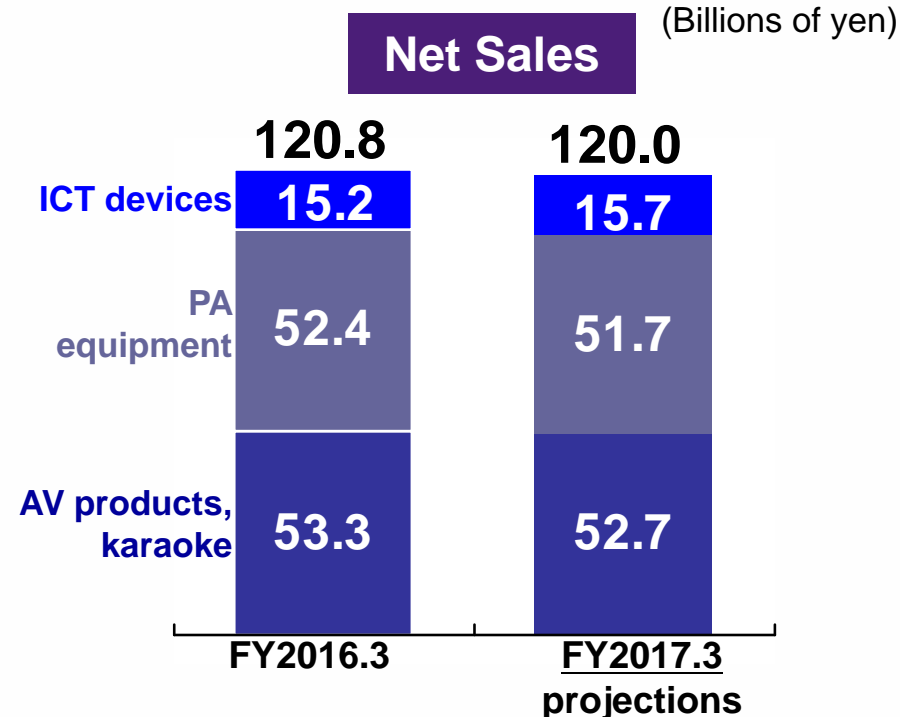
Audio Equipment FY2017.3 Projections



(Billions of yen)

Projections

- Sales are expected to decrease year-on-year, but income is projected to rise.
- Actual sales of AV, professional audio equipment, and ICT products are anticipated to increase.
- To enhance profitability, the company plans to boost actual sales, adjust selling prices, cut manufacturing costs, and reduce amortization of goodwill to compensate for lower income due to exchange rates.



* The net sales of FY2016.3 has been adjusted to reflect the segment reallocation of soundproof room business.

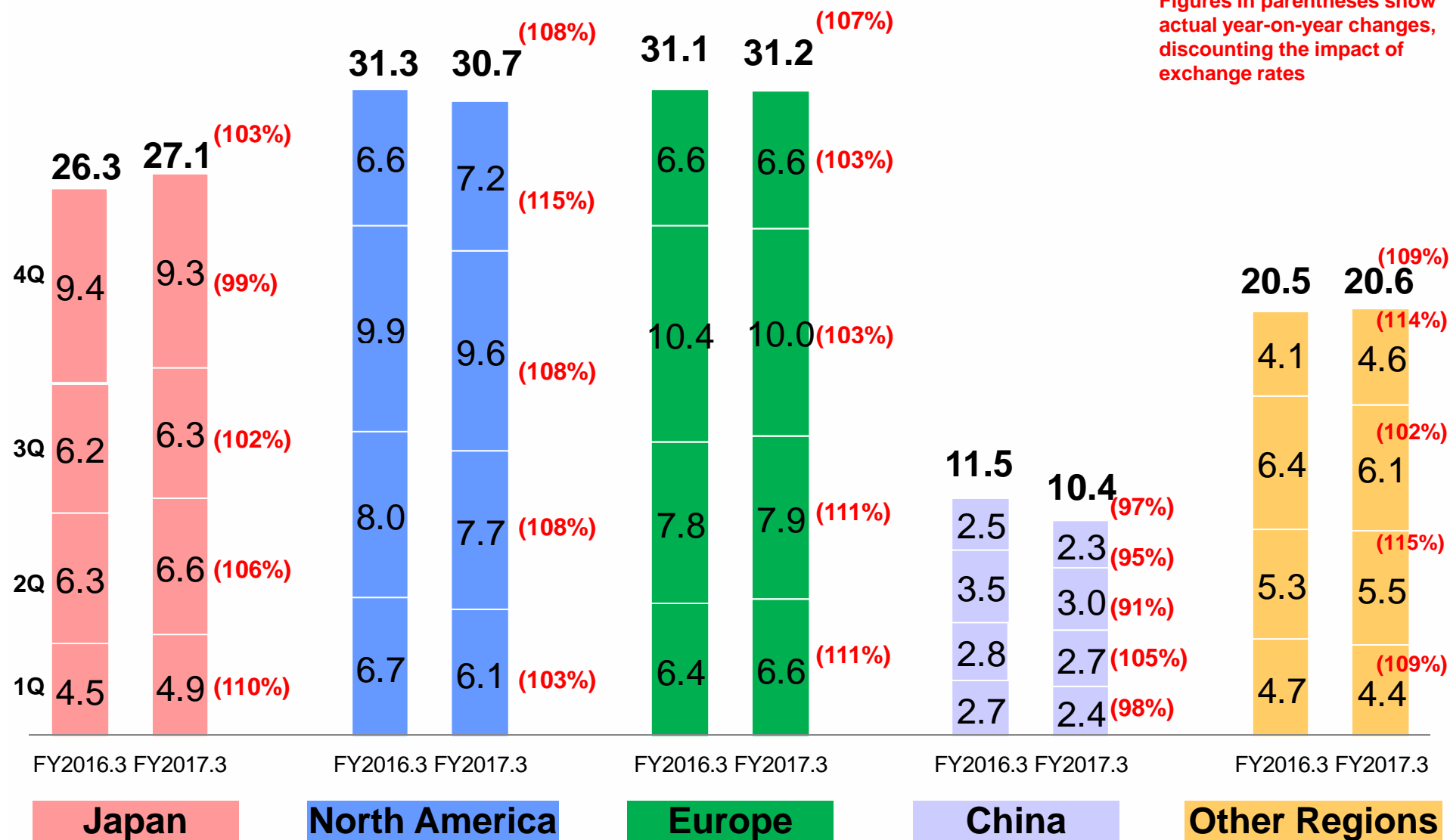
** Figures in blue parentheses show operating income ratio

Audio Equipment: Sales by Region



(Billions of yen)

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



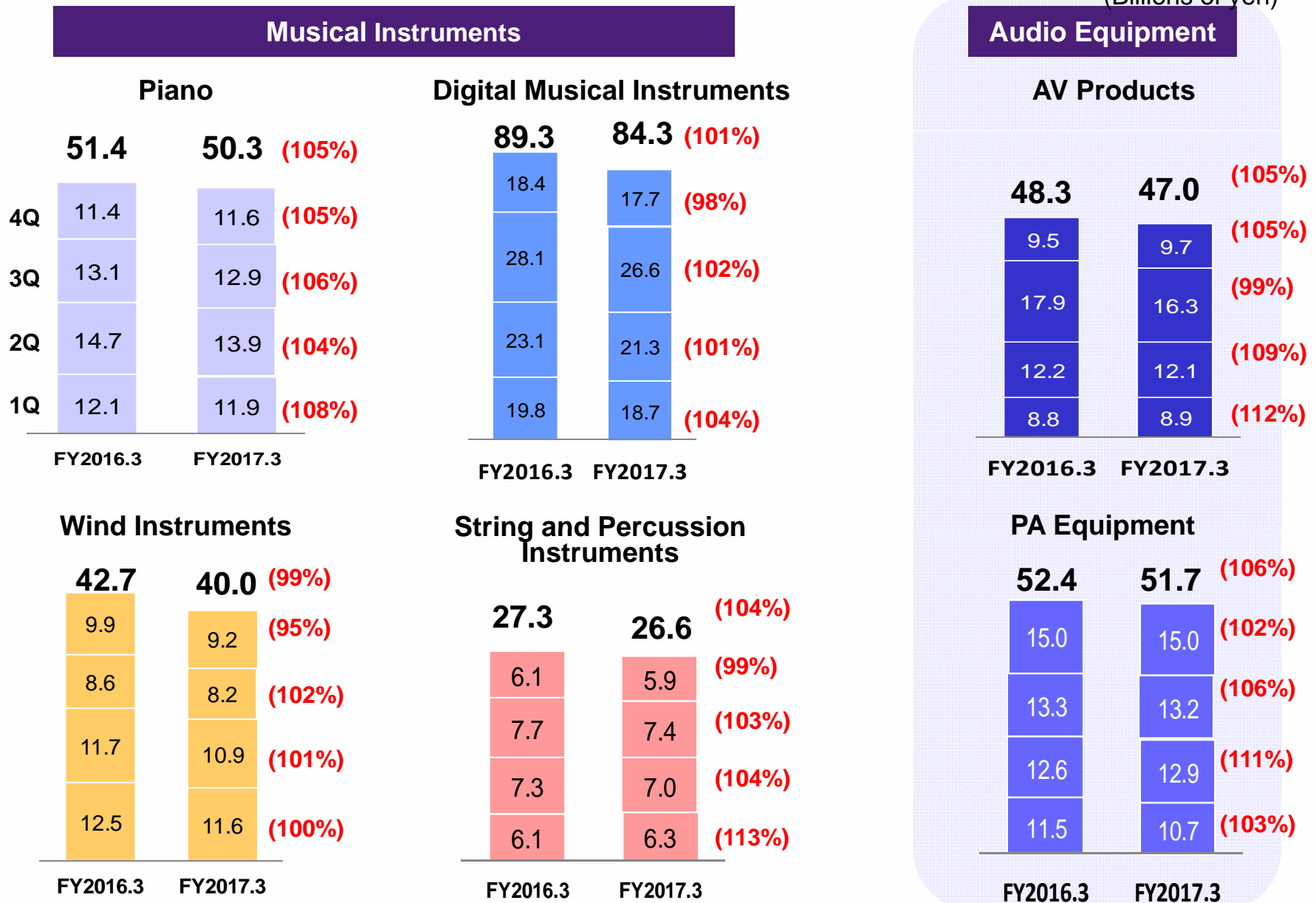
* The sales of FY2016.3 has been adjusted to reflect the segment reallocation of soundproof room business.

Musical Instruments/Audio Equipment: Sales by Major Product Category



(Yamaha branded products)

(Billions of yen)



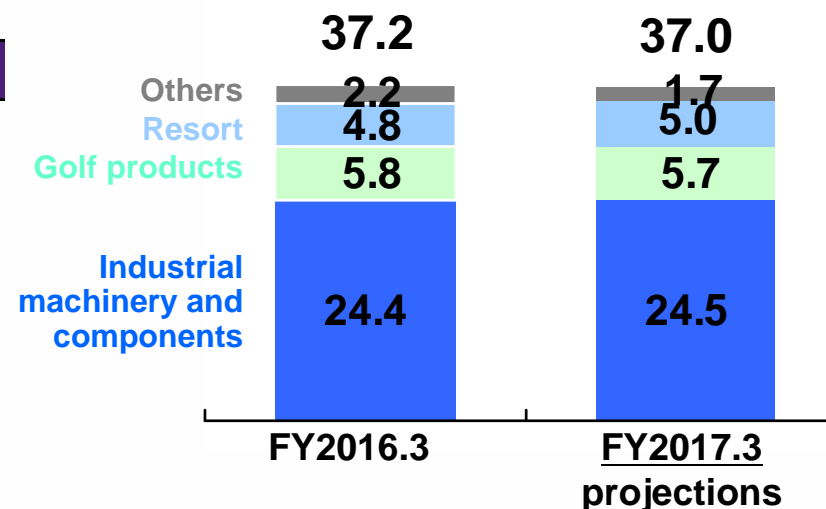
Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

Others FY2017.3 Projections

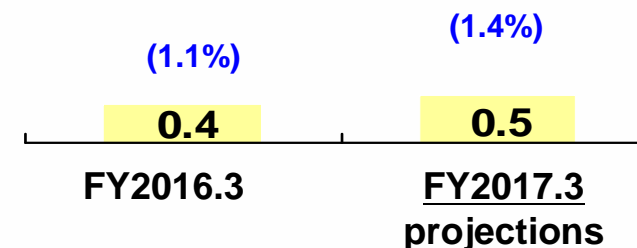


(Billions of yen)

Net Sales



Operating Income



Projections

- The others segment will include electronic devices.
- Sales and operating income are projected to be on a par with the previous year.

* Figures in blue parentheses show operating income ratio

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



(Billions of yen)	FY2015.3 full year	FY2016.3 full year	FY2017.3 full year projections
Non-Operating Income/Loss			
Net financial income	2.6	2.7	3.3
Other	-1.5	-2.5	-3.3
Total	1.1	0.2	0
Extraordinary Income/Loss			
Income from (loss on) disposal of fixed assets	0	8.3	-0.2
Others	-2.7	-7.6	0.2
Total	-2.7	0.7	0
Income Taxes and Other Expenses			
Income taxes -current	7.3	9.5	9.9
Income taxes -deferred	-3.9	-0.6	-13.5
Minority interests in income	0.2	0.1	0.1
Total	3.6	9.0	-3.5

-Gain on disposal of idle land +¥9.0
-Others -¥0.7

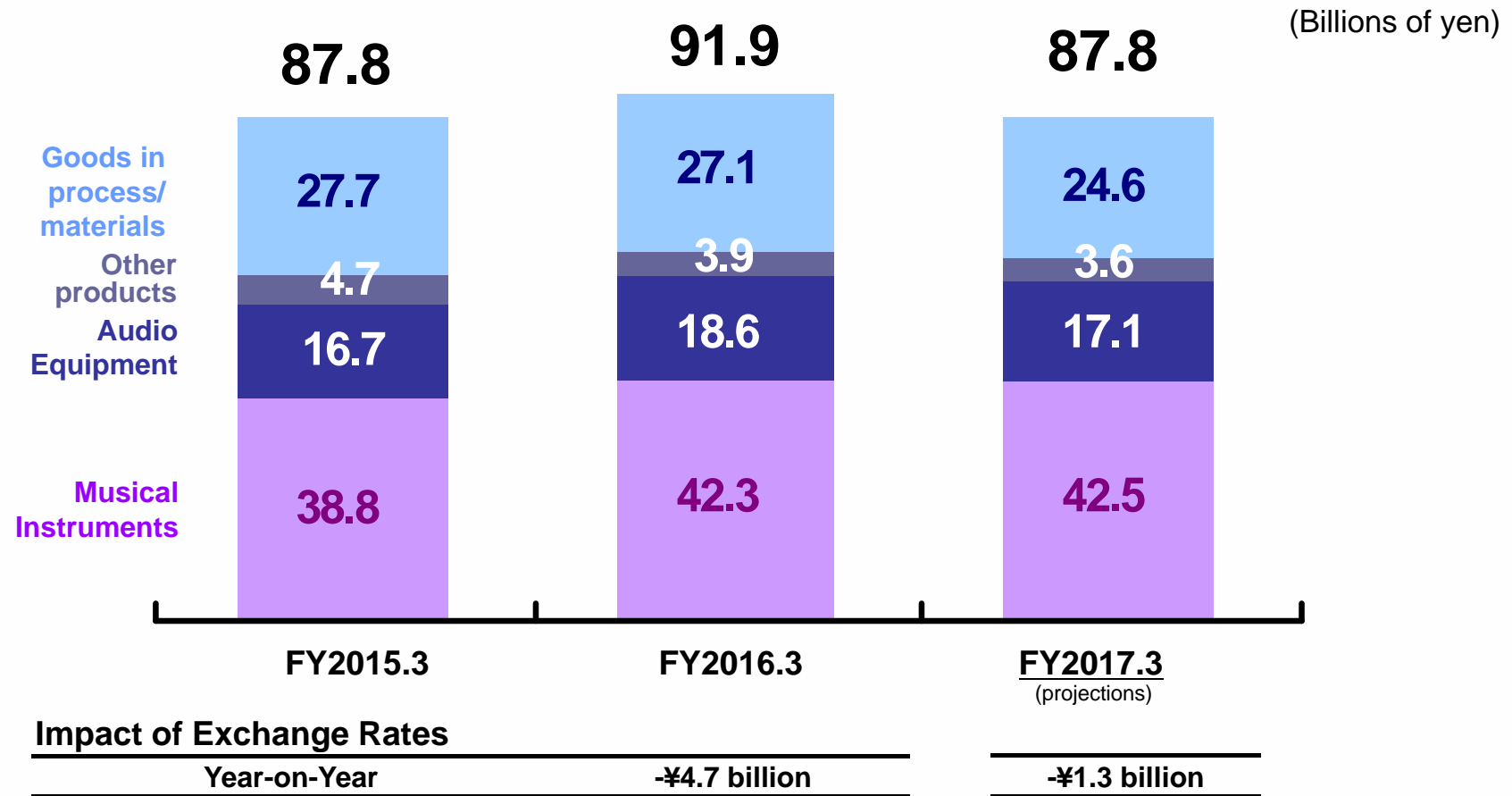
-Structural reform expenses -¥1.8
-Impairment loss on fixed asset -¥0.9

-Immediate amortization of goodwill of Line 6 -¥4.5
-Immediate amortization of goodwill of Revolabs -¥2.3
-Impairment loss on fixed asset -¥0.8

- An extraordinary loss was recorded in 4Q for a ¥2.3 billion immediate amortization of partial goodwill in the U.S. subsidiary Revolabs.
- In conjunction with the recent improvement in profitability, scope for recording deferred tax assets will be expanded from FY2017.3, and deferred tax assets of ¥13.5 billion are expected to be recorded.

Inventories

- Inventories at the end of fiscal 2016 amounted to ¥91.9 billion, actual inventories increased drastically due to the major impact of exchange rates compared to the previous year
- Inventories at the end of fiscal 2017 are forecast to be ¥87.8 billion

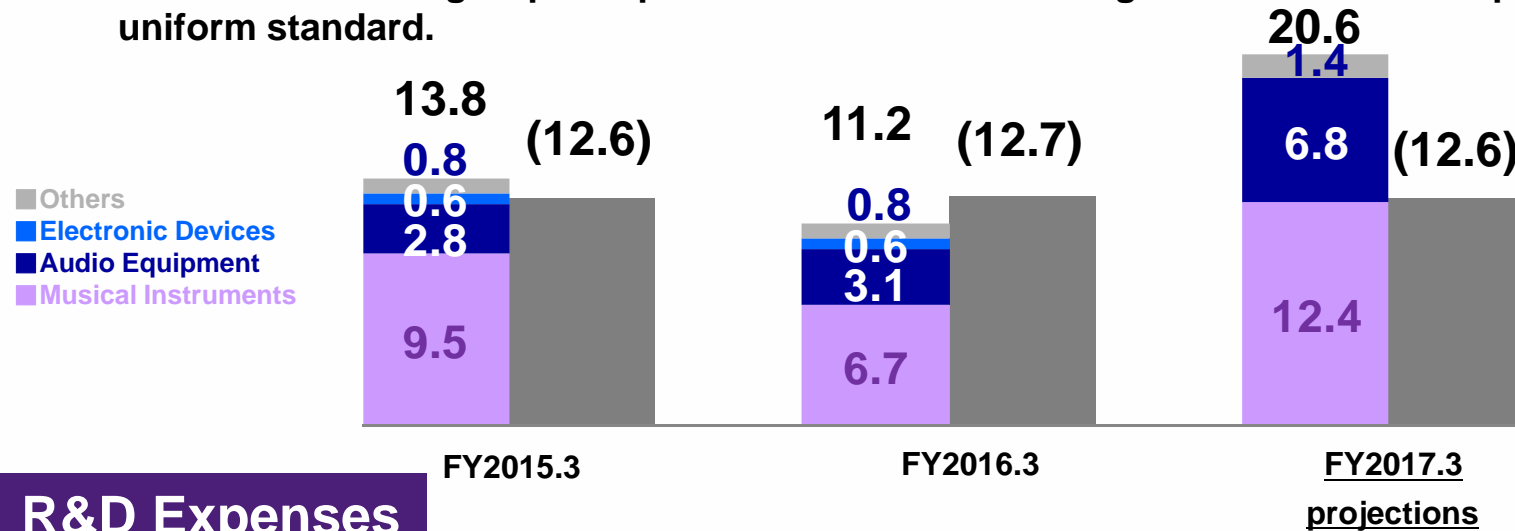


Capital Expenditure/Depreciation/R&D Expenses

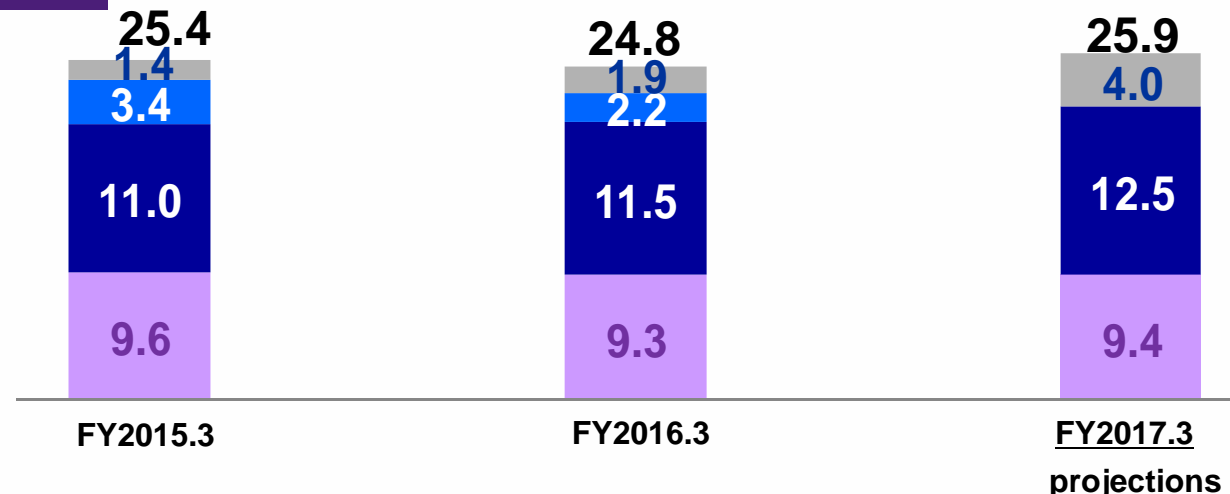
(Billions of yen)

Capital Expenditure (Depreciation)

- Capital expenditure in FY2017.3 will increase due to projects including construction of the new Innovation Center on the headquarters site and investment in overseas production facilities.
- From FY2017.3 all group companies will shift to the straight-line method of depreciation as a uniform standard.



R&D Expenses



Balance Sheet Summary



(Billions of yen)

	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017 projections
Cash and deposits	79.3	88.2	98.0
Notes and accounts receivable	60.3	47.8	48.5
Inventories	87.8	91.9	87.8
Other current assets	20.2	27.2	23.7
Fixed assets	282.4	214.6	229.5
Total assets	530.0	469.7	487.5
Notes and accounts payable	23.2	19.4	20.3
Short- and long-term loans	11.8	8.5	10.5
Other liabilities	146.3	137.9	120.6
Total net assets	348.7	303.9	336.1
Total liabilities and net assets	530.0	469.7	487.5

Key Financial Figures



(Billions of yen)

	FY2015.3	FY2016.3	FY2017.3 Projections	FY2019.3 Mid-term target
Net Sales	432.2	435.5	420.0	465.0
Operating Income	30.1	40.7	42.0	55.0
Operating Income Ratio	7.0%	9.3%	10.0%	12%
ROE	8.1%	10.1%	14.3%	10% level
Earnings per Share (EPS) (yen)	¥129	¥169	¥243	¥200 level

Exchange Rate (yen)					
Net Sales	US\$	110	120	110	115
	EUR	139	133	125	125
Operating Income	US\$	109	121	110	115
	EUR	141	134	125	125

Return to Stockholders: Stock Buyback and Dividends



➤ Completed the acquisition of treasury stock which was decided at the Board of Directors meeting on February 4

Reason: To increase the return profits to shareholders and improve capital efficiency

Type of shares to be acquired: Common stock of Yamaha Corporation

Total number of shares acquired: 6,182,400 shares

Total amount acquired: 20,000,000,000 yen

Acquisition period: From February 5, 2016 to April 8, 2016

Acquisition method: Purchase in the market through a trust bank

➤ Annual dividends for FY2016.3 is ¥44 and is forecast to be ¥52 for FY2017.3.

	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3 projections
Annual per-share dividend (yen)	¥10	¥10	¥27	¥36	¥44	¥52
Dividend payout ratio	-	47.0%	22.8%	28.0%	26.1%	21.4%

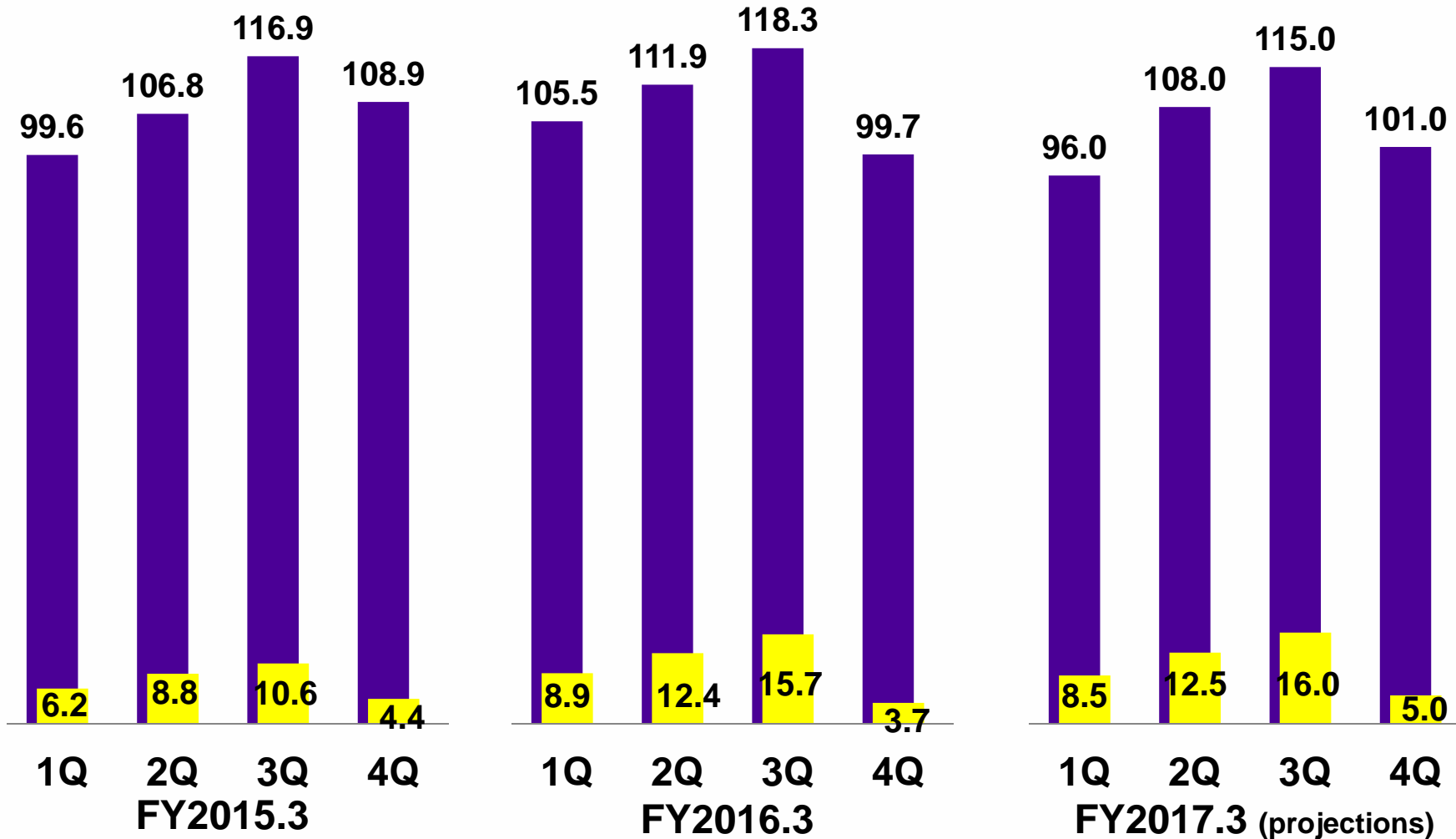
(Fore reference only) Projected dividend payout ratio for FY2017.3 excluding the tax effect is 30.5%

Appendix

Quarterly Sales and Income



(Billions of yen)



Net Sales	¥432.2
Operating Income	¥20.1

Net Sales	¥435.5
Operating Income	¥40.7

Net Sales	¥420.0
Operating Income	¥42.0

Key Products in FY2017.3



Hybrid piano TransAcoustic Piano

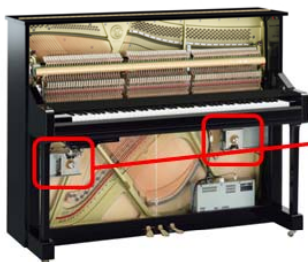


YUS1SHTA



C3X-SHTA

TransAcoustic™



transducer



TransAcoustic piano is a hybrid piano born from the fusion of cutting-edge technology and more than a century of piano-crafting experience. It seems like an acoustic piano with volume control, or a digital piano with strings.

Transducers inside the TransAcoustic piano effectively transmit vibrations to the acoustic piano soundboard, thereby allowing digital sound to be produced directly from the soundboard without using conventional speakers or amplifiers.

Key Products in FY2017.3



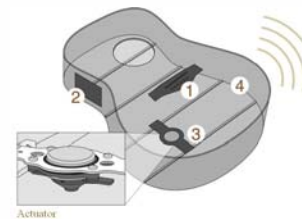
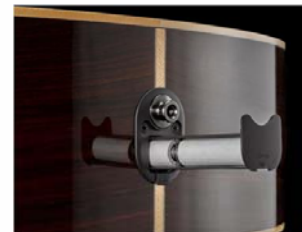
TransAcoustic Guitar

TransAcoustic™

TransAcoustic Guitar Offering

- Amazing sounding reverb/chorus
- Authentic acoustic sound
- Comfortable playability
- Outstanding durability

The Yamaha TransAcoustic guitar recreates an experience of playing in a rich, live room without needing any external amplification or effects, just the guitar itself. An actuator installed on the inner surface of the guitar back vibrates, thereby generating authentic reverb and chorus sounds from inside the body.



LL-TA Vintage Tint



LS-TA Brown Sunburst

Key Products in FY2017.3



Electric Guitar Revstar series

Drawing inspiration from London and Tokyo's vintage street-racing motorbikes, Japan's heritage of engineering excellence and the 50-year legacy of Yamaha guitar craftsmanship, every detail of each Revstar model has been carefully engineered to bring out the unique personality of each guitar in the lineup.



Key Products in FY2017.3



Electric Violin YEV104 and YEV105

A new kind of electric violin taking its design inspiration from the organic beauty of wood, the simplicity of clean lines, and the comfort of light weight, combined with innovative Yamaha sound to create this gorgeous live-performance instrument.



YEV104



YEV105



Key Products in FY2017.3



Mobile mini keyboard **reface series**

For keyboardists, music creators and sound designers - reface mobile mini keyboards are reimagined interfaces of classic Yamaha keyboards.



reface series

reface CS, reface DX, reface YC, reface CP (from upper left to lower right)

Key Products in FY2017.3



Guitar peripheral products from Line 6

Guitar processor Helix Rack Guitar wireless system Relay G10

Helix is a guitar processor, the most comprehensive master controller for guitar systems delivering attributes and nuance that weren't previously attainable from modeling, giving the players classic boom and gooey compression on some amp models, and powerful gut punch on others.

Relay G10 is a plug-and-play digital guitar wireless system which allows the player an incredible sound quality, rock-solid performance, and freedom of digital wireless all from the easiest, most compact instrument wireless system.



Line 6 guitar processor Helix Rack



Line 6 guitar wireless system Relay G10

Key Products in FY2017.3



Digital mixing system **RIVAGE PM10**

Rivage PM10 is a new generation of PM console, a thoroughly refined flagship model realizing a state-of-the-art sound quality operation, functionality, reliability and expandability bringing true innovation to the evolving live sound scene.



Key Products in FY2017.3

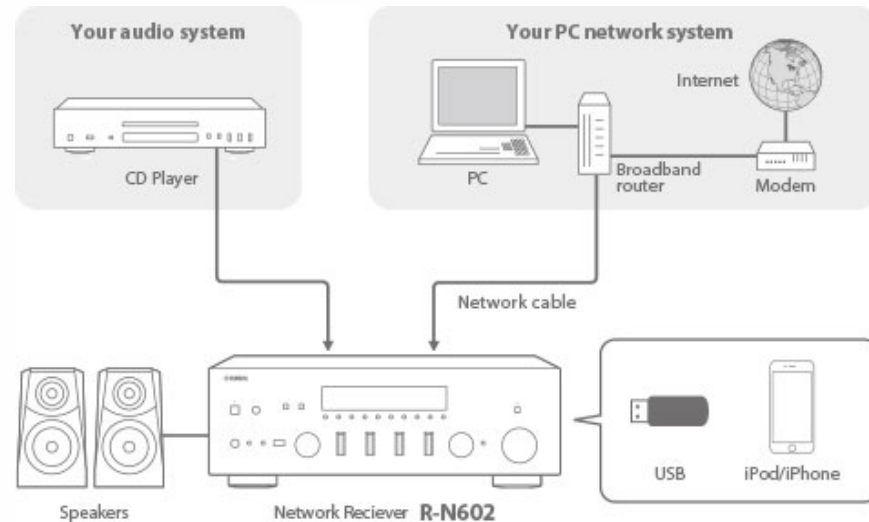


Network Hi-Fi receiver **R-N602**

R-N602 is a high sound quality network Hi-Fi receiver compatible with MusicCast and packed with network functions which can deliver wireless multiroom audio playback, all controlled by a simple app. It realizes an ultimated enjoyment of many different sound sources including high-resolution sources, smartphones and streaming services.



R-N602



Key Products in FY2017.3



USB conference phone from Revolabs

FLX UC 500

FLX UC 500 is a PC-based unified communication phone specifically designed to be the audio solution for conference rooms, small offices and homes. It provides professional quality audio through powered tweeter and mid-woofer speaker elements offering the best in class audio performance.



FLX UC 500

mid woofer



tweeter



推奨: 1.5m

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.