

# Analyst and Investor Briefing on First Quarter of FY2024.3

(Fiscal year ending March 31, 2024)



August 3, 2023

Yamaha Corporation

# FY2024.3 1Q Highlights

## Overview

### Performance in FY2024.3 1Q

- Although demand for entry-level models continued to decline and recovery in the Chinese market was slow, revenue increased, partly due to the impact of exchange rates.
- Core operating profit decreased due to deterioration in the model mix stemming from sales decrease in digital pianos (DP), especially entry-level models, and production adjustment of Chinese pianos, etc.

## Outlook

### Full Year Forecasts for FY2024.3

- Discounting the impact of exchange rates, the full year revenue forecast has been revised downward in real terms due to factors including lower DP sales caused by worsening market conditions.
- The core operating profit forecast has been revised downward due to deterioration in factory profit/loss due to production cutbacks, etc. in addition to the above factors.



# 1. Performance Summary

# FY2024.3 1Q (Three Months) Summary

(billions of yen)

	FY2023.3 1Q	FY2024.3 1Q	Change (YoY)	
<b>Revenue</b>	105.9	<b>106.2</b>	+0.3	+0.3% <sup>*2</sup>
<b>Core Operating Profit</b> (Core Operating Profit Ratio)	11.0 (10.4%)	<b>6.7</b> <b>(6.3%)</b>	-4.3	-39.2%
<b>Net Profit</b> <sup>*1</sup>	8.6	<b>6.7</b>	-1.9	-21.8%

## Exchange Rate (yen)

<b>Revenue</b> (Average rate during the period)	<b>US\$</b>	130	<b>137</b>
	<b>EUR</b>	138	<b>150</b>
<b>Profit</b> (Settlement rate)	<b>US\$</b>	127	<b>136</b>
	<b>EUR</b>	130	<b>140</b>

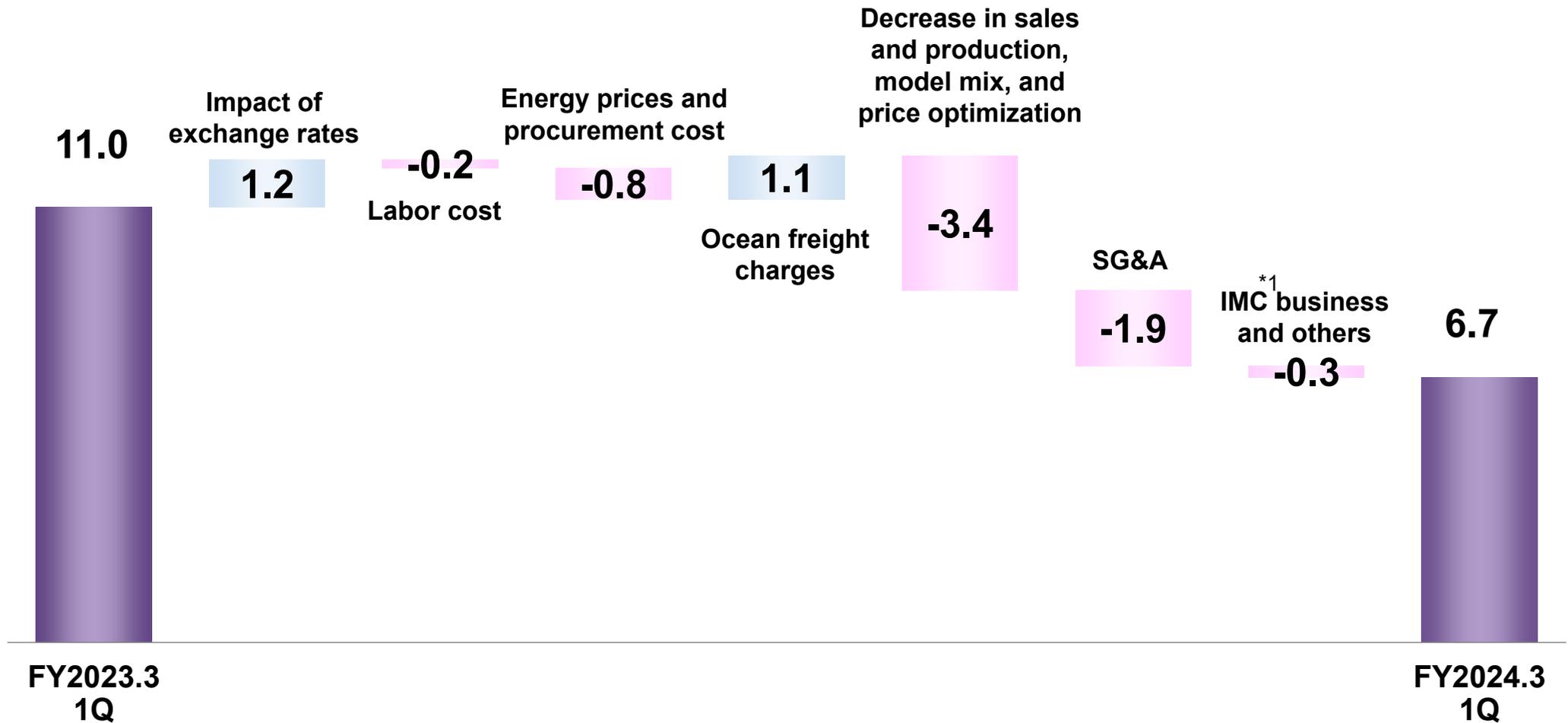
<sup>\*2</sup> -3.3%  
(Excluding the impact of exchange rate)

\*1 Net profit is presented as net profit attributable to owners of parent on the consolidated financial statements.

# Core Operating Profit Analysis

Versus previous year

(billions of yen)



\*1 Industrial Machinery and Components

# Performance by Business Segment

(billions of yen)

		FY2023.3 1Q	FY2024.3 1Q	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Revenue</b>	73.4	72.2	-1.2	2.4
	<b>Core Operating Profit</b>	9.6	4.9	-4.7	0.8
	Core Operating Profit Ratio	13.0%	6.7%	-6.3P	
<b>Audio Equipment</b>	<b>Revenue</b>	22.8	24.1	1.4	1.0
	<b>Core Operating Profit</b>	-0.4	0.1	0.5	0.1
	Core Operating Profit Ratio	-1.7%	0.4%	2.1P	
<b>IMC<sup>*1</sup> Business and Others</b>	<b>Revenue</b>	9.8	9.9	0.1	0.4
	<b>Core Operating Profit</b>	1.8	1.7	-0.1	0.2
	Core Operating Profit Ratio	18.5%	17.3%	-1.2P	

\*1 Industrial Machinery and Components

# FY2024.3 Outlook

(billions of yen)

	FY2023.3 Full year	FY2024.3 Full year (projections)	Change	
<b>Revenue</b>	451.4	<b>470.0</b>	18.6	+4.1% <sup>*2</sup>
<b>Core Operating Profit</b> (Core Operating Profit Ratio)	45.9 (10.2%)	<b>50.0</b> (10.6%)	4.1	+9.0%
<b>Net Profit</b> <sup>*1</sup>	38.2	<b>38.5</b>	0.3	+0.8%

## Exchange Rate (yen)

<b>Revenue</b> (Average rate during the period)	<b>US\$</b>	135	<b>136</b>
	<b>EUR</b>	141	<b>146</b>
<b>Profit</b> (Settlement rate)	<b>US\$</b>	136	<b>135</b>
	<b>EUR</b>	136	<b>144</b>

## Currency sensitivity per JPY1

JPY 1,160 million
JPY 670 million
JPY 110 million
JPY420 million

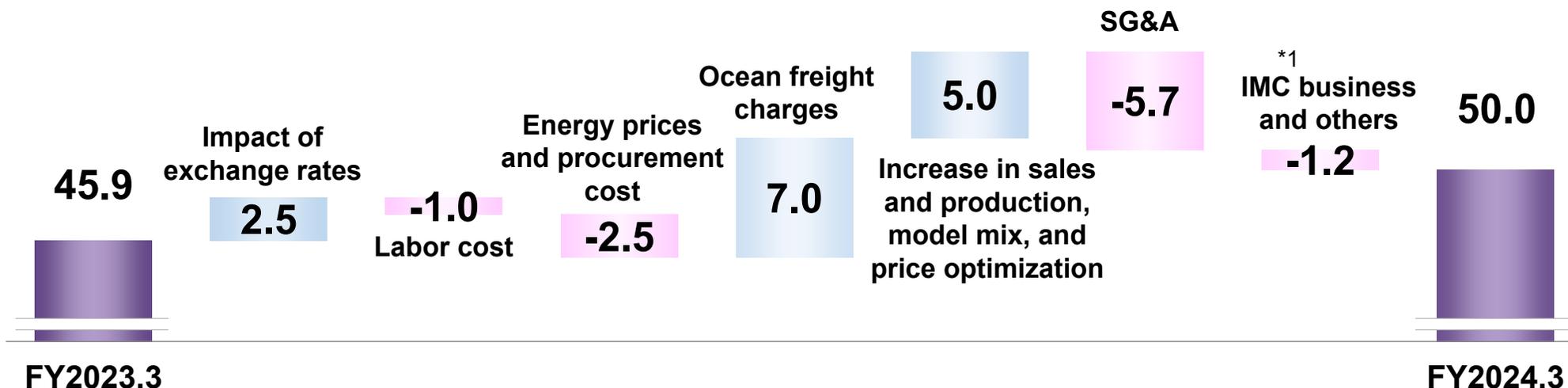
<sup>\*2</sup> +3.7%  
(Excluding the impact of exchange rate)

\*1 Net profit is presented as net profit attributable to owners of parent on the consolidated financial statements.

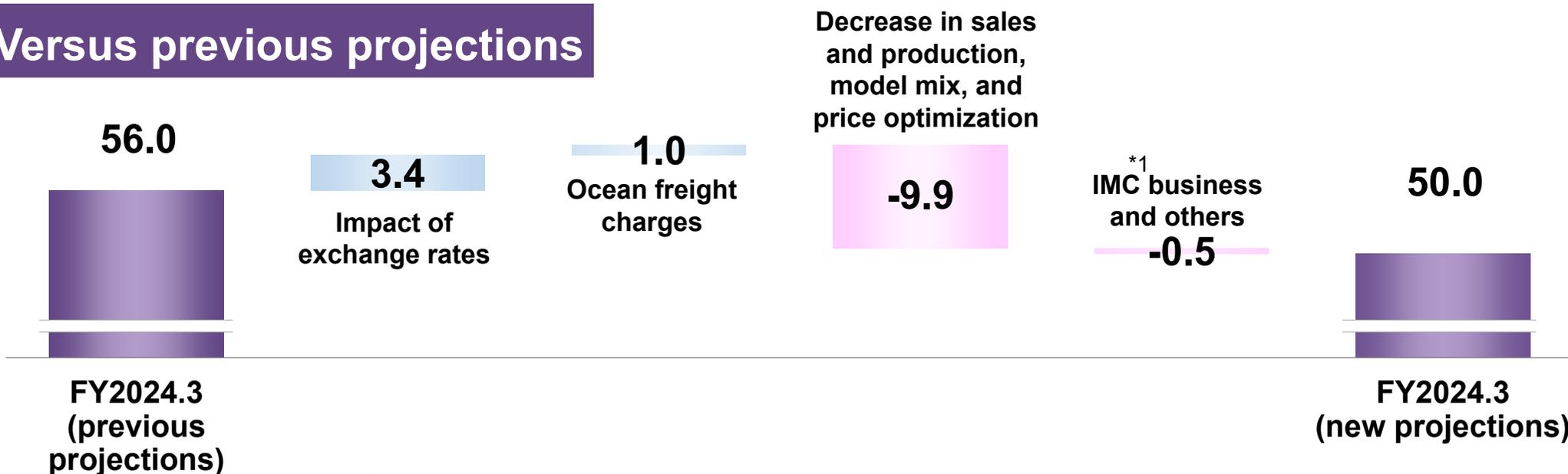
# Core Operating Profit Analysis

(billions of yen)

## Versus previous year



## Versus previous projections



\*1 Industrial Machinery and Components

# Performance by Business Segment

(billions of yen)

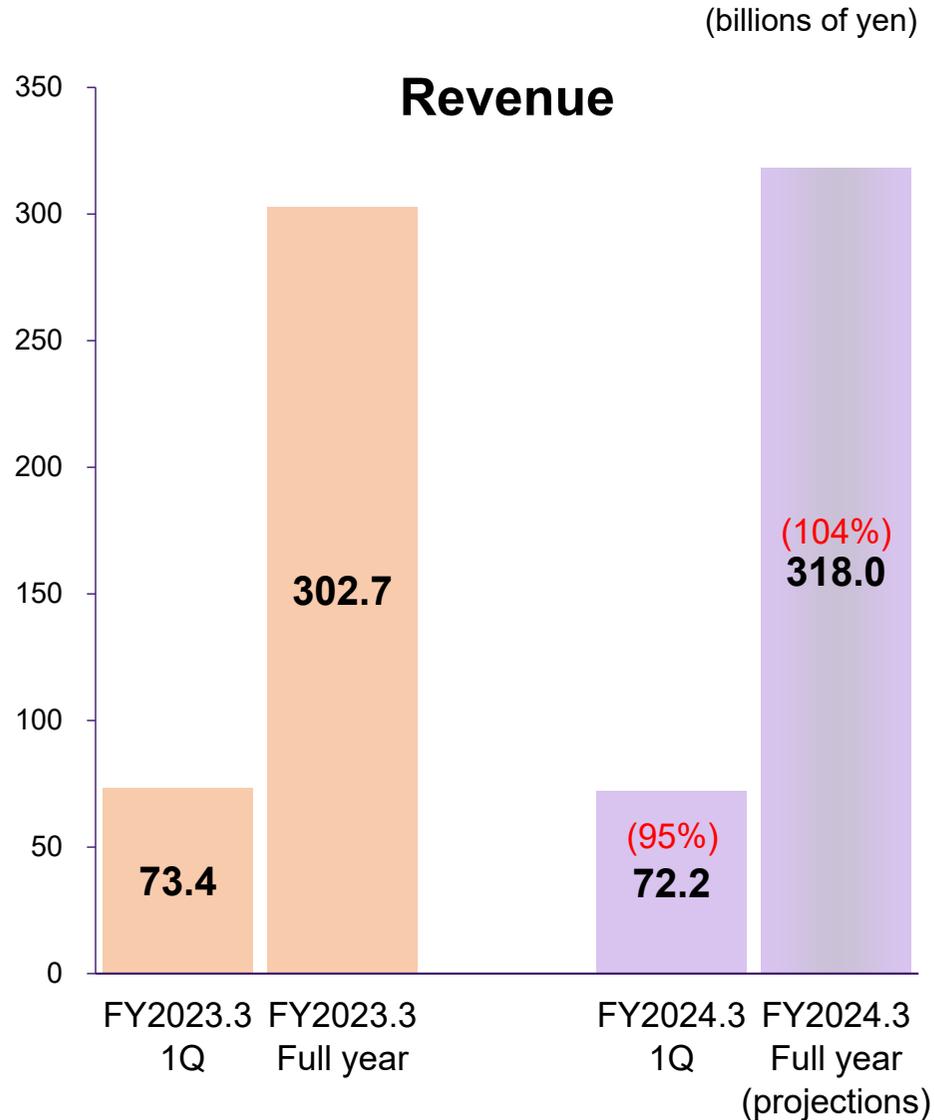
		FY2023.3 Full Year	FY2024.3 Full year (projections)	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Revenue</b>	<b>302.7</b>	<b>318.0</b>	<b>15.3</b>	<b>1.0</b>
	<b>Core Operating Profit</b>	<b>36.2</b>	<b>39.0</b>	<b>2.8</b>	<b>1.4</b>
	Core Operating Profit Ratio	12.0%	12.3%	+0.3P	
<b>Audio Equipment</b>	<b>Revenue</b>	<b>107.6</b>	<b>112.0</b>	<b>4.4</b>	<b>0.9</b>
	<b>Core Operating Profit</b>	<b>3.5</b>	<b>6.0</b>	<b>2.5</b>	<b>1.1</b>
	Core Operating Profit Ratio	3.2%	5.4%	+2.2P	
<b>IMC<sup>*1</sup> Business and Others</b>	<b>Revenue</b>	<b>41.1</b>	<b>40.0</b>	<b>-1.1</b>	<b>-0.2</b>
	<b>Core Operating Profit</b>	<b>6.2</b>	<b>5.0</b>	<b>-1.2</b>	<b>0</b>
	Core Operating Profit Ratio	15.1%	12.5%	-2.6P	

\*1 Industrial Machinery and Components



## 2. Segment Overview & Updates

# Segment Revenue and Core Operating Profit

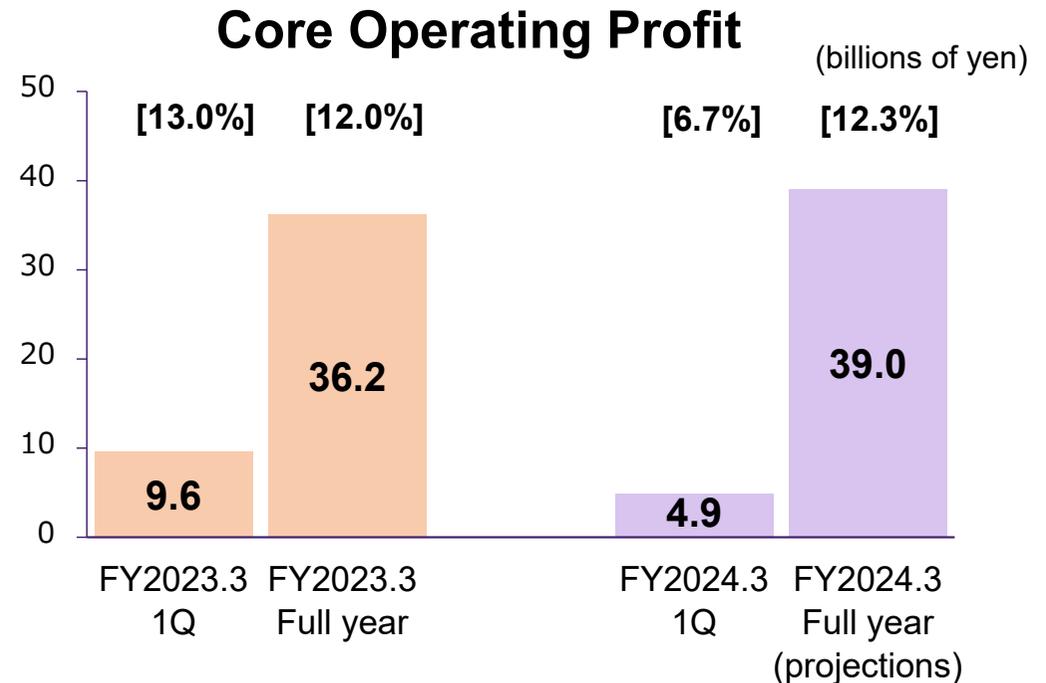


### Three months: Revenue declined due to decrease in digital piano (DP) sales

- Sales of pianos increased compared to the same period of the previous year, when China was in lockdown. Digital musical instrument sales declined due to decrease in DP sales as demand for entry-level models continued to fall. Although demand for wind, string, and percussion instruments was robust, sales did not reach the record highs of FY2023.3 1Q. Guitar sales rose as demand for electric guitars remained strong with the addition of Cordoba joining the Yamaha Guitar Group.

### FY2024.3 projections: Sales projected to rise in all regions

- Although recovery in China is slow, piano sales are expected to increase year-on-year. Digital musical instrument sales are projected to remain on par with the previous year due to delayed recovery in entry-level DPs. Firm demand for wind instruments is expected to drive higher sales of wind, string, and percussion instruments, and the addition of Cordoba will push up guitar sales. (Comments are on local currency basis)



# Revenue by Major Product Category

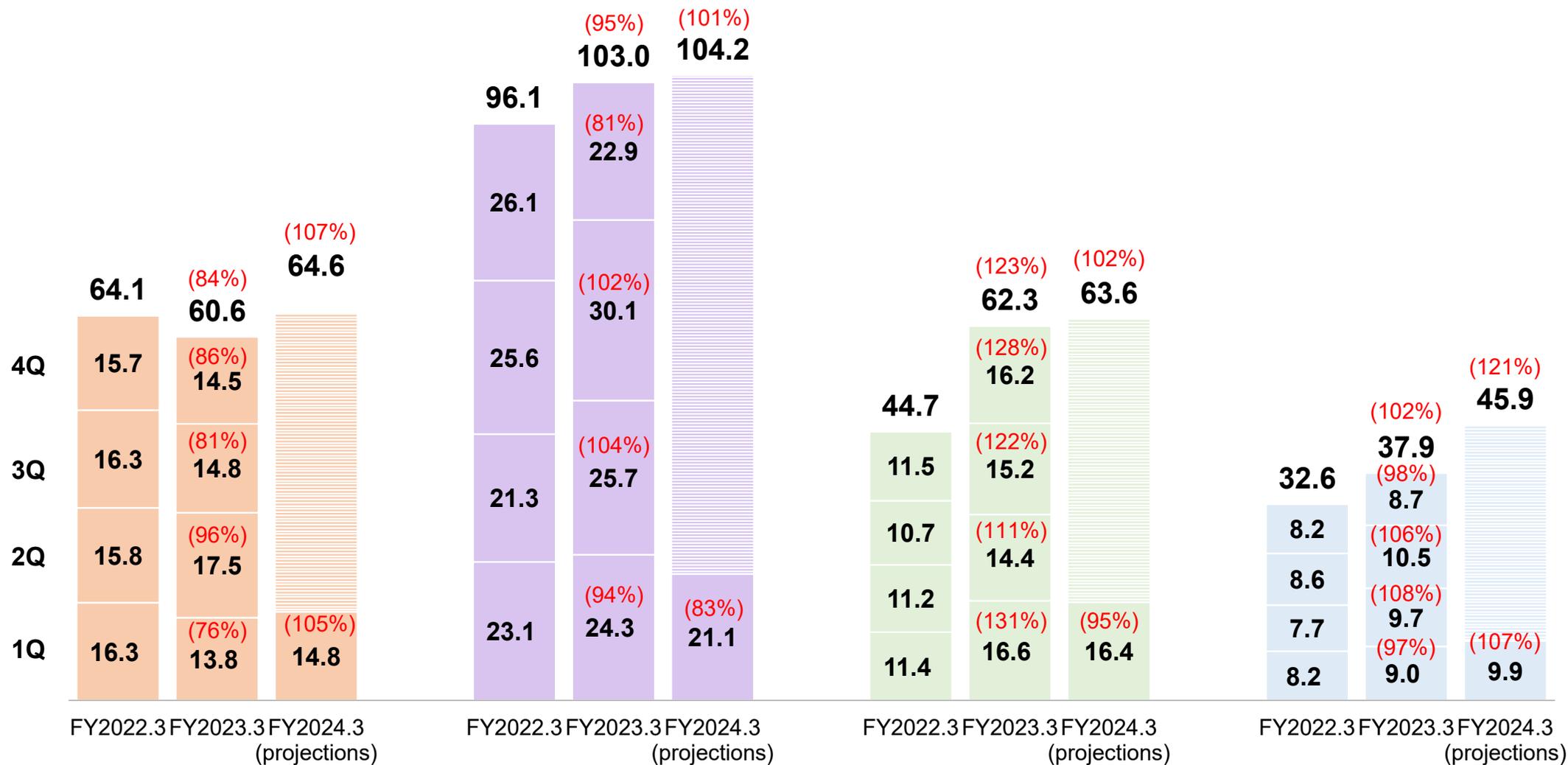
(billions of yen)

## Pianos

## Digital Musical Instruments

## Winds, Strings /Percussion

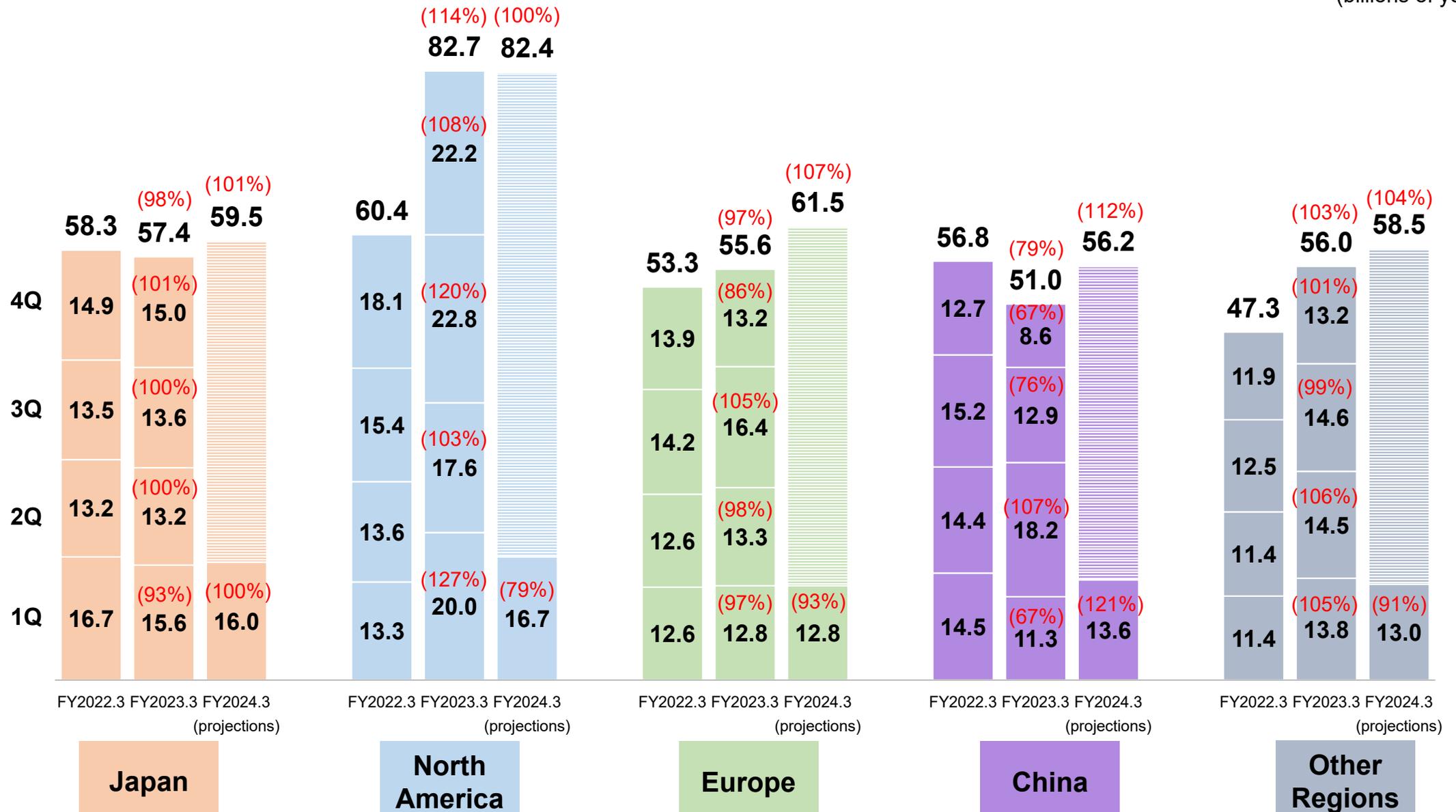
## Guitars



Red figures show actual YoY changes discounting impact of exchange rates

# Revenue by Region

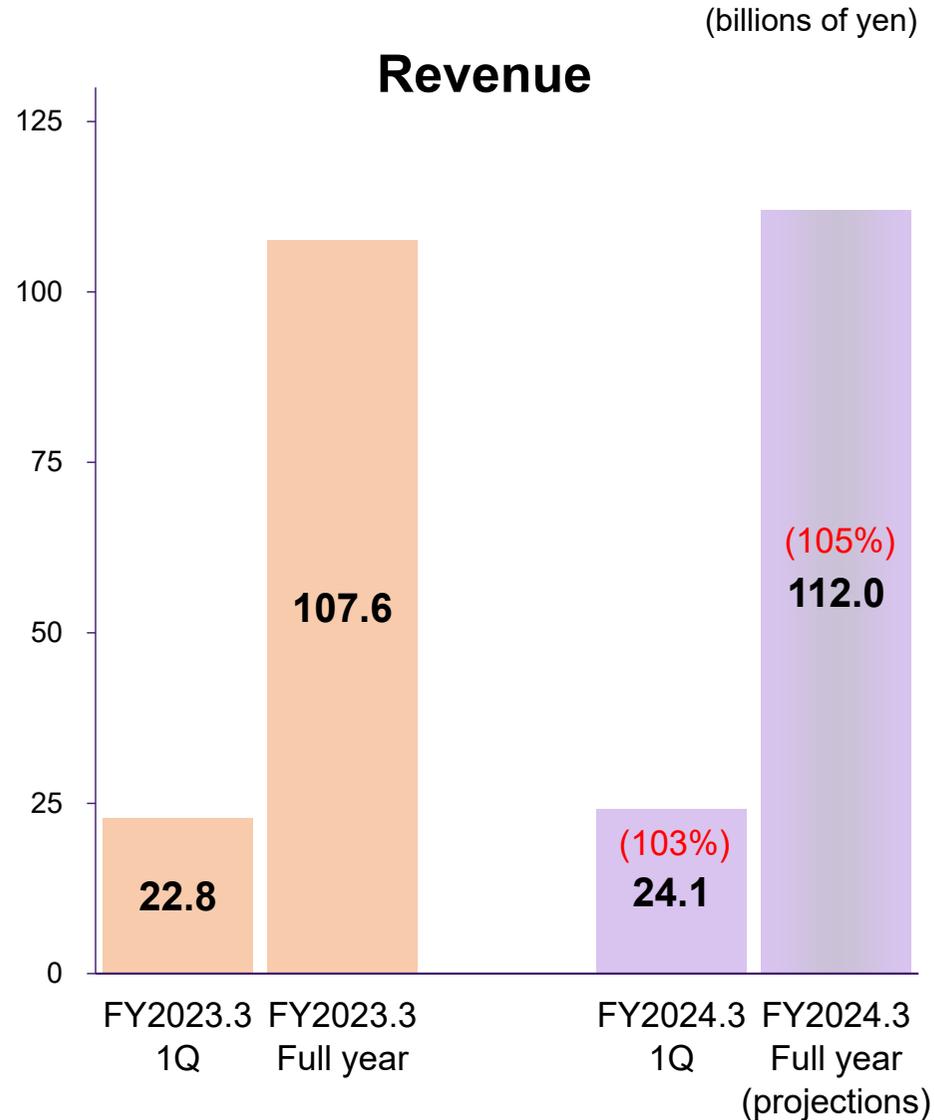
(billions of yen)



\* Software products and music schools included

Red figures show actual YoY changes discounting impact of exchange rates

# Segment Revenue and Core Operating Profit

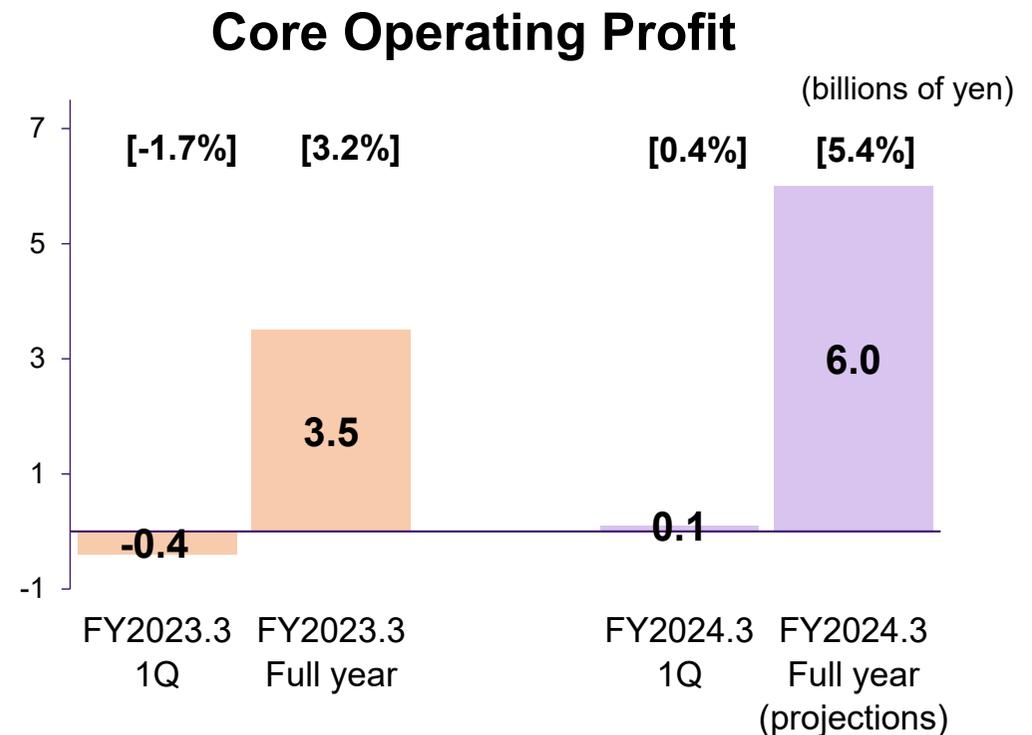


### Three months: Healthy B2B demand fueled a rise in revenue

- Sales of consumer products declined due to sluggish demand.
- B2B sales increased due to brisk demand in the entertainment and installation markets.

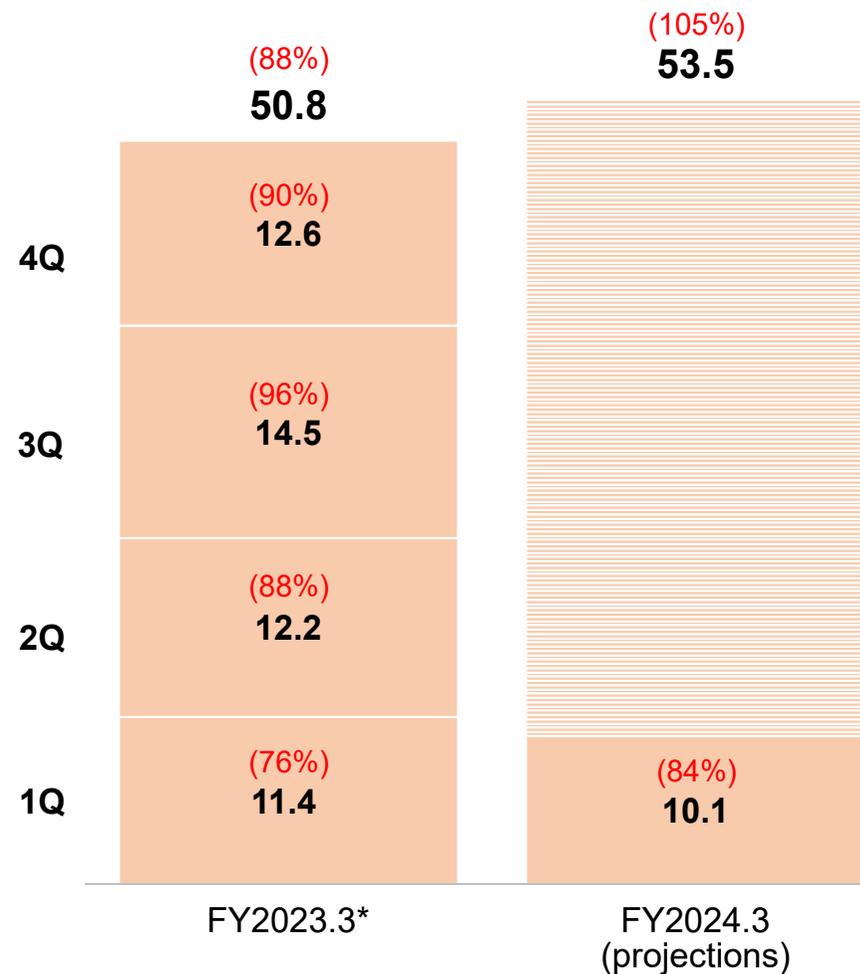
### FY2024.3 projections: Sales projected to increase as supply issues are resolved

- Although recovery in demand for consumer products is slow, sales are expected to surpass the previous year.
  - B2B sales are also projected to rise, due to robust demand and the effect of new PA products.
- (Comments are on local currency basis)



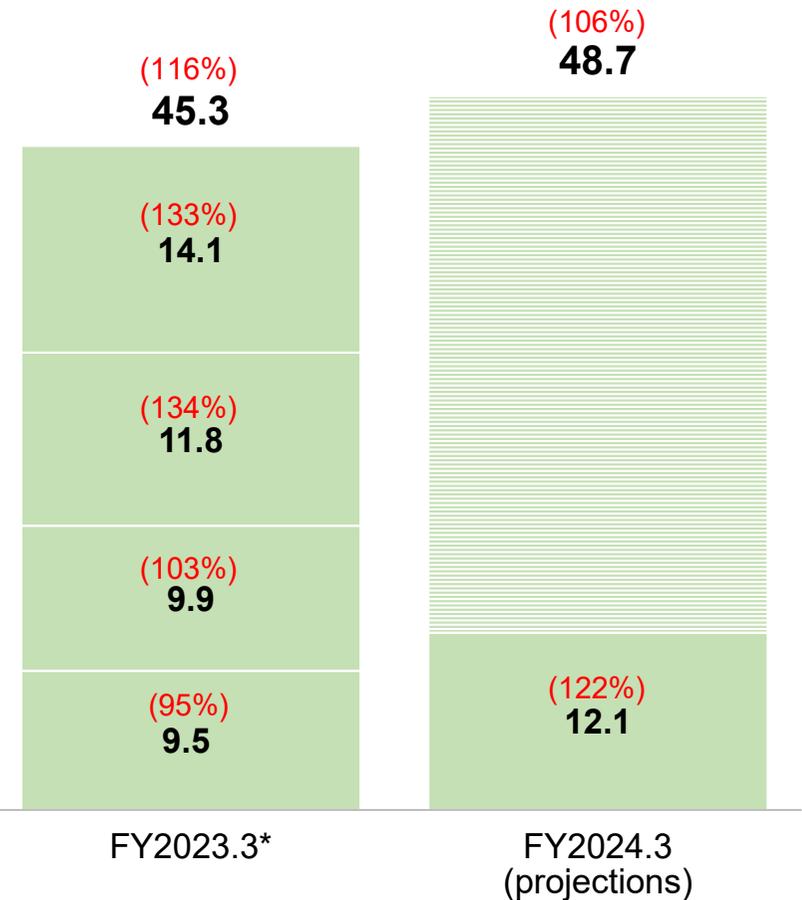
# Revenue by Major Product Category

## Consumer Products



## B2B Products

(billions of yen)

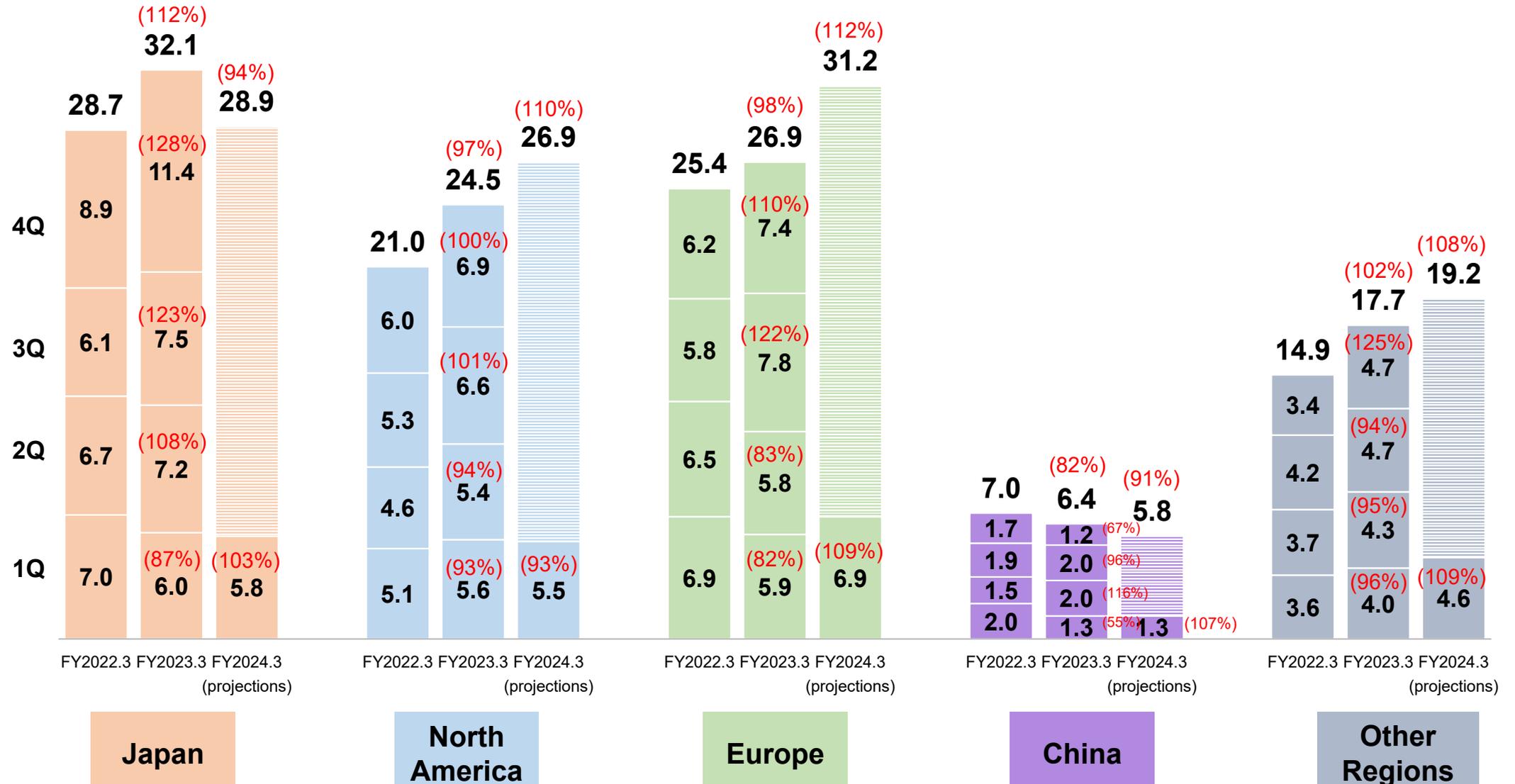


\*FY2023.3 figures have been adjusted to reflect the segment change from FY2024.3

Red figures show actual YoY changes discounting impact of exchange rates

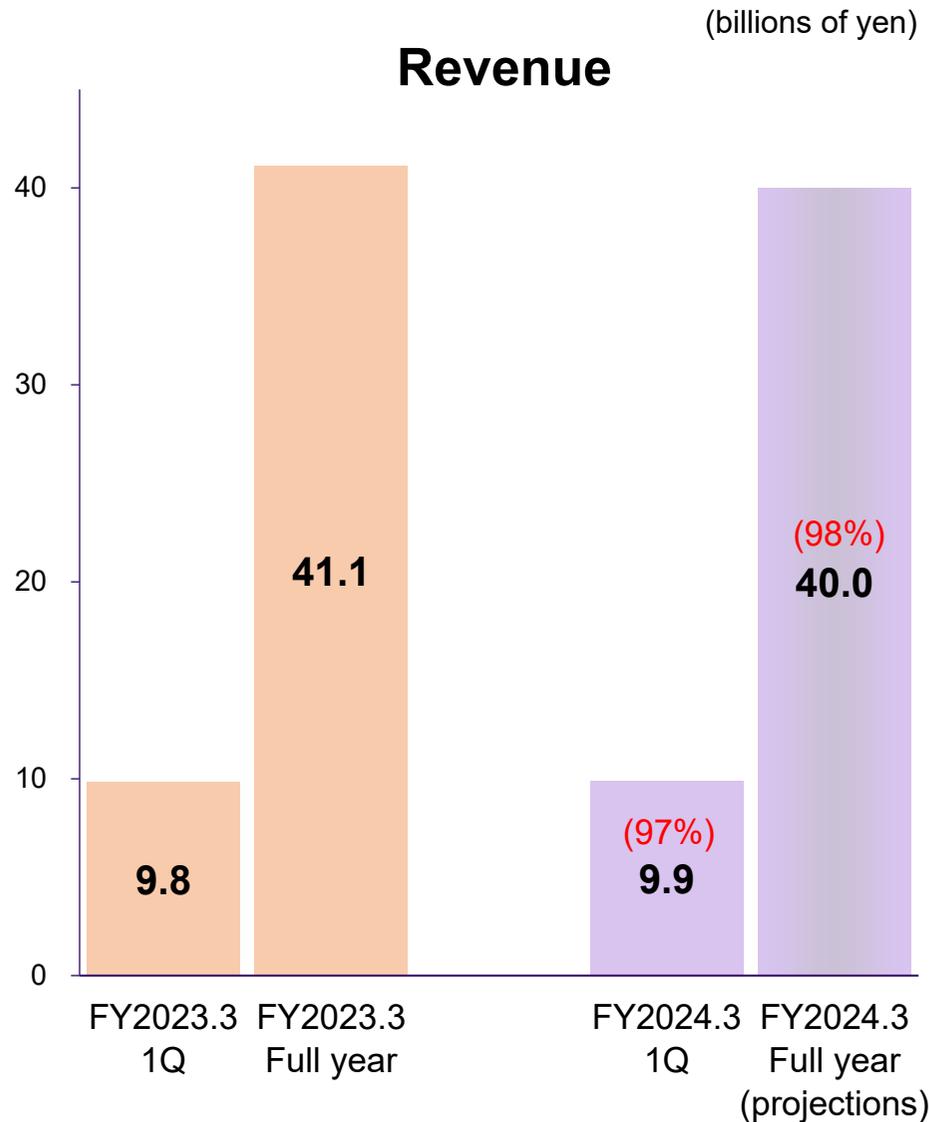
# Revenue by Region

(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

# Segment Revenue and Core Operating Profit

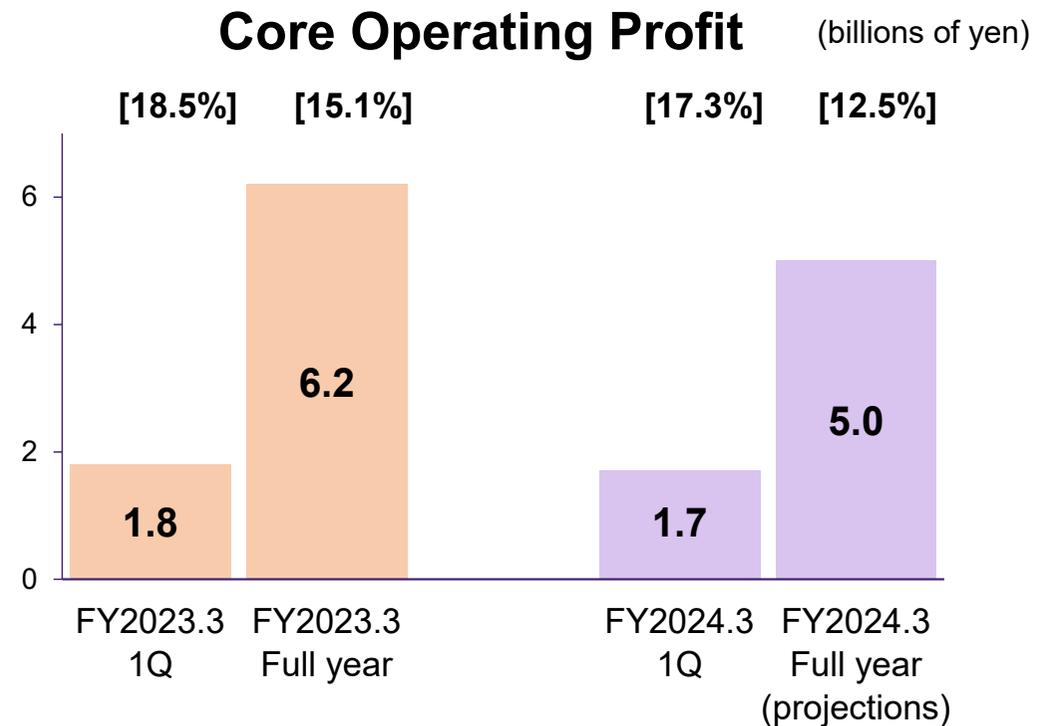


### Three months:

- Sales of automotive sound systems and automobile interior wood components rose sharply.
- Steep decline in sales of factory automation equipment and golf products.

### FY2024.3 projections:

- Further growth in automotive sound systems is expected to increase sales.
  - Golf product sales are projected to decline as special demand peaks out.
- (Comments are on local currency basis)





## 3. Other Financial Figures

# Balance Sheet Summary

(billions of yen)

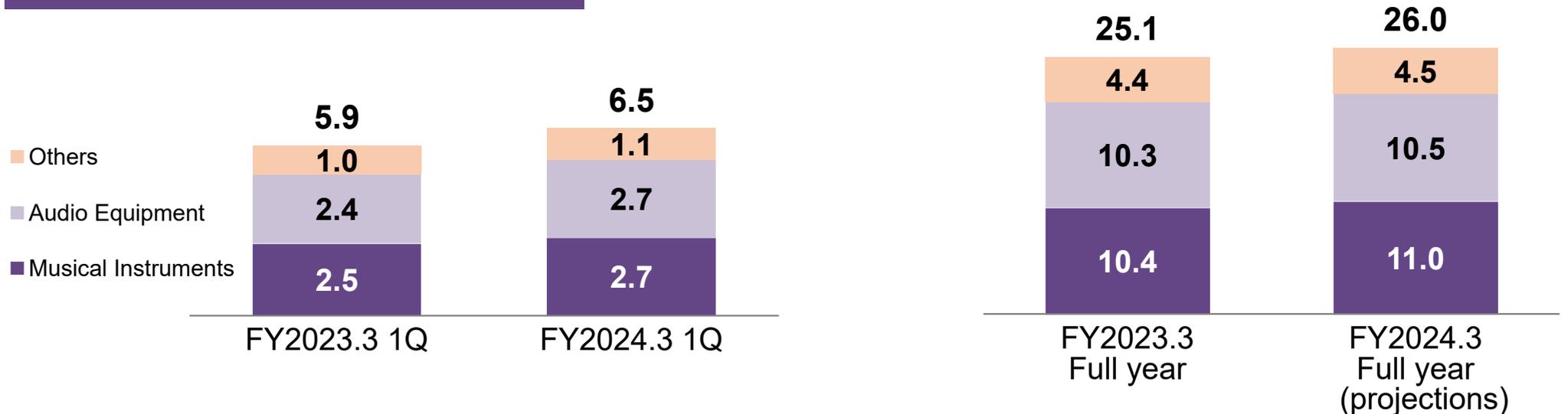
	As of March 31, 2023	As of June 30, 2023	Change	As of March 31, 2024 (projections)
Cash and cash equivalents	103.9	98.3	-5.6	130.5
Trade and other receivables	75.4	72.4	-3.0	74.0
Other financial assets	1.1	1.4	0.3	1.5
Inventories	153.6	166.6	13.0	136.0
Other current assets	12.6	12.5	-0.1	8.0
Non-current assets	247.7	273.5	25.8	286.0
<b>Total Assets</b>	<b>594.2</b>	<b>624.7</b>	<b>30.4</b>	<b>636.0</b>
Current liabilities	95.1	103.2	8.0	102.0
Non-current liabilities	41.2	46.1	5.0	45.5
Total equity	457.9	475.4	17.4	488.5
<b>Total liabilities and equity</b>	<b>594.2</b>	<b>624.7</b>	<b>30.4</b>	<b>636.0</b>

# Capital Expenditure/Depreciation and R&D Expenses

## Capital Expenditure/Depreciation



## R&D Expenses





## 4. Topics

# Medium-Term Management Plan Key Themes

## Further strengthen the business foundation

### Develop closer ties with customers

#### Hybrid value appeal and enhancement of product value

Expand models with free online lessons targeting beginners in Europe



<https://europe.yamaha.com/en/products/contents/remote-music-lesson/index.html>

#### Strategic investments to enhance sustainable growth

Sales subsidiary in the Philippines begins operations

#### Communicate product value through media mix and SNS



The collaboration success with major hit animation *Bocchi the Rock!* spreads to Asia

[https://mp.weixin.qq.com/s/OFOd0\\_tT2bZyXa1dYfR1ng](https://mp.weixin.qq.com/s/OFOd0_tT2bZyXa1dYfR1ng)

#### Expand business domain

Yamaha's automotive sound system to bring superior sound experience to Mitsubishi Motors Corporation automobiles



Automotive sound system to be installed in an all-new compact SUV from Mitsubishi Motors set to debut in Indonesia

[https://www.yamaha.com/en/news\\_release/2023/23053101/](https://www.yamaha.com/en/news_release/2023/23053101/)

# Medium-Term Management Plan Key Themes

## Further strengthen the business foundation

### Create new value

#### Develop products with distinctive Individuality

Strong sales of portable keyboards for India and digital mixers

Portable keyboard



PSR-I300

Digital mixer



DM3

#### Create customer experiences unique to Yamaha

Online music performance service newly launched in Korea



Play your music over a network with your friends who are far away

<https://syncroom.yamaha.com/global/>

## Set sustainability as a source of value

[Culture]

Expand market through the promotion and development of music culture

#### Expand instrumental music education initiatives in emerging countries



#### Japanese-style Music Education Using Recorders Begins at Public Primary Schools in India



Currently being introduced in 8 pilot schools

[https://www.yamaha.com/en/news\\_release/2023/23051201/](https://www.yamaha.com/en/news_release/2023/23051201/)

# Governance

**Ensure diversity on board of directors** (professional expertise, experience, gender, and nationality)

Expertise held by the Company's Directors

Directors		Corporate management	Legal and risk management	Finance and accounting	IT and digital	Manufacturing, technology, and R&D	Marketing and sales	Global
Takuya Nakata	-	●			●	●	●	●
Satoshi Yamahata	-		●	●				●
Yoshihiro Hidaka	Outside	●		●				●
Mikio Fujitsuka	Outside	●	●	●				●
Paul Candland	Outside	●					●	●
Hiromichi Shinohara	Outside	●			●	●		●
Naoko Yoshizawa	Outside	●			●	●		●
Naho Ebata (New)	Outside		●					●



Director Takuya Nakata



Director Satoshi Yamahata



Outside Director Yoshihiro Hidaka  
(President of Yamaha Motor Co., Ltd.)



Outside Director Mikio Fujitsuka  
(Outside Director of NSK Ltd.)



Outside Director Paul Candland  
(Managing Director of PMC Partners Co., Ltd.)



Outside Director Hiromichi Shinohara  
(Outside Director of Mizuho Financial Group, Inc.)



Outside Director Naoko Yoshizawa  
(Director of knowledge piece Inc.)



**New** Outside Director Naho Ebata  
(Partner of Abe, Ikubo & Katayama Law Firm)



# Appendix

# 1Q Other Income and Expenses

(billions of yen)

		FY2023.3 1Q	FY2024.3 1Q
<b>Core Operating Profit</b>		<b>11.0</b>	<b>6.7</b>
<b>Other Income and Expenses</b>	Profit from (loss on) disposal of fixed assets	-0	0
	Others	0.1	0.2
	<b>Total</b>	<b>0.1</b>	<b>0.2</b>
<b>Operating Profit</b>		<b>11.1</b>	<b>6.9</b>
<b>Financial Income and Expenses</b>	Dividends income	0.3	0.4
	Others	1.2	2.8
	<b>Total</b>	<b>1.5</b>	<b>3.2</b>
<b>Profit before Income Taxes</b>		<b>12.6</b>	<b>10.0</b>
Income taxes		4.0	3.3
Net profit attributable to non-controlling interests		0	0
<b>Net Profit <sup>*1</sup></b>		<b>8.6</b>	<b>6.7</b>

\*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

# Full Year Other Income and Expense

(billions of yen)

		FY2023.3 Full year	FY2024.3 Full year (projections)
<b>Core Operating Profit</b>		<b>45.9</b>	<b>50.0</b>
<b>Other Income and Expenses</b>	Profit from (loss on) disposal of fixed assets	-0	0
	Others	0.6	-0
	<b>Total</b>	<b>0.6</b>	<b>-0</b>
<b>Operating Profit</b>		<b>46.5</b>	<b>50.0</b>
<b>Financial Income and Expenses</b>	Dividends income	2.6	2.7
	Others	1.5	0.3
	<b>Total</b>	<b>4.1</b>	<b>3.0</b>
<b>Profit before Income Taxes</b>		<b>50.6</b>	<b>53.0</b>
Income taxes		12.4	14.6
Net profit attributable to non-controlling interests		-0	-0.1
<b>Net Profit <sup>*1</sup></b>		<b>38.2</b>	<b>38.5</b>

\*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

**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 projections 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.**