

**Yamaha Corporation
Analyst and Investor Briefing on
the Third Quarter of the Fiscal
Year Ending March 31, 2013
(FY2013.3)**

February 7, 2013



Overview of Performance in the Third Quarter (Three Months)



3Q (Oct-Dec) Results

- Although sales increased year-on-year, they were much lower than previous projections.
- This was chiefly due to lower-than-expected musical instrument sales during the year-end period of high demand.
- Musical instrument inventories are not falling, and remain at a high level.
- Operating income in other business segments was broadly in line with previous projections.
- Exchange rates boosted sales year-on-year and against previous projections. They caused a decline in operating income from the same period of the previous year, but had minimal impact on previous income projections.

Performance in the Third Quarter of FY2013.3 (Three Months)



➤ Net sales rose year-on-year, but operating and ordinary income declined. Sales and income were both lower than previous projections.

(Billions of yen)

	FY2012.3 (3Q) results	FY2013.3 (3Q) results	Change from same period of the previous year	Previous projections (3Q)	Change from previous projections
Net sales	94.0	97.1	+3.3%	101.7	-4.5%
Operating income (Operating income ratio)	4.7 (5.0%)	3.6 (3.7%)	-22.9%	5.2 (5.1%)	-30.6%
Ordinary income (Ordinary income ratio)	4.1 (4.4%)	3.5 (3.6%)	-14.5 %	4.4 (4.3%)	-20.0%
Net income (Income ratio)	-0.1 (—)	1.1 (1.1%)	—	2.7 (2.7%)	-58.8%

Currency exchange rates (yen)

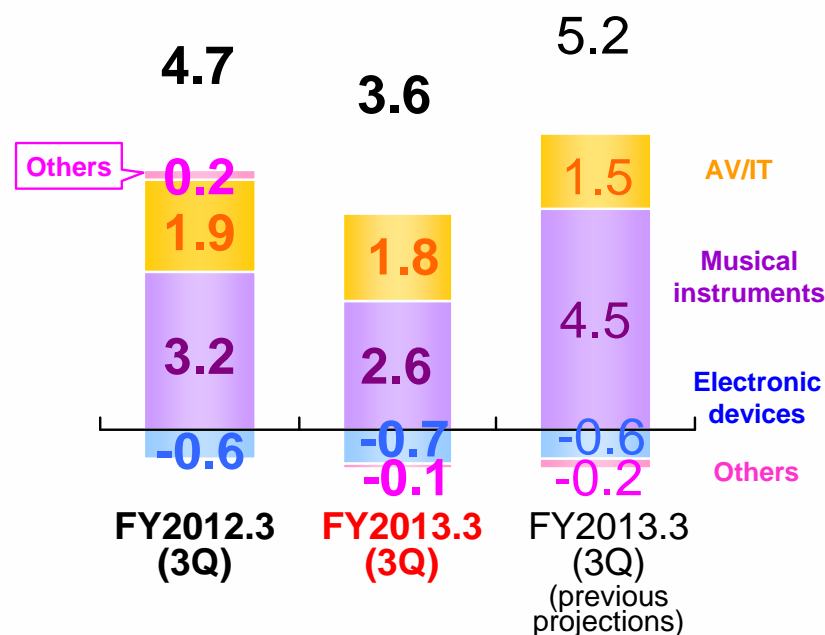
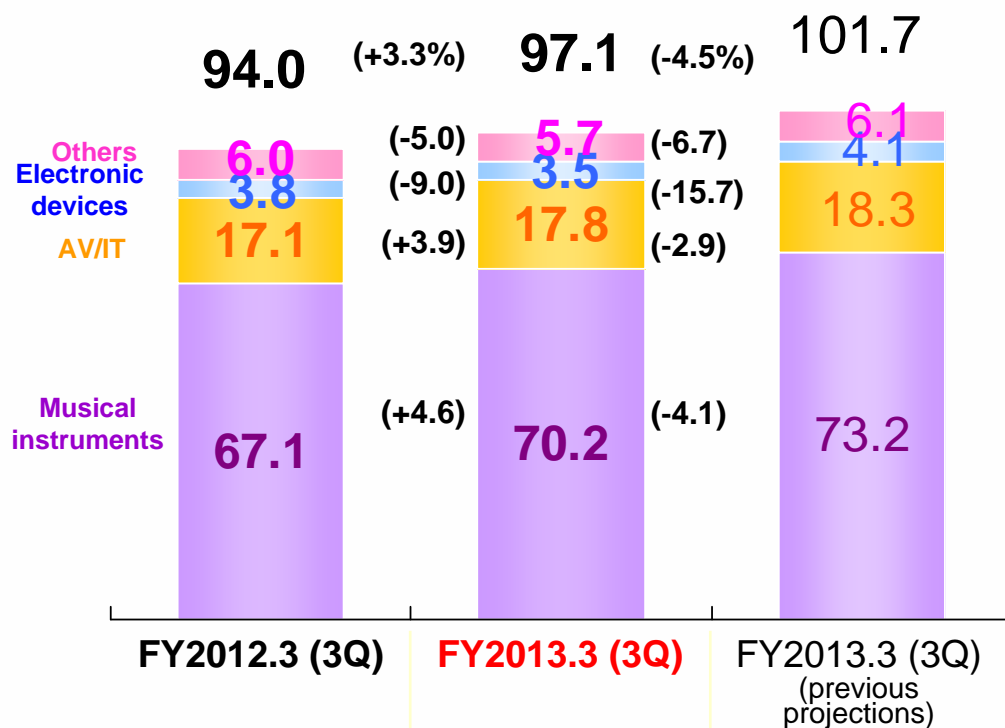
Net sales	US\$	77	81	77
	EUR	104	105	100
Operating income	US\$	77	80	77
	EUR	112	99	100

Performance by Business Segment in the Third Quarter of FY2013.3 (Three Months)

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

Net Sales

Operating Income



	Impact of exchange rates
Year-on-year	+¥1.2 billion (musical instruments +¥1.0 billion, AV/IT +¥0.2 billion)
Versus previous projections	+¥2.6 billion (musical instruments +¥2.0 billion, AV/IT +¥0.7 billion)

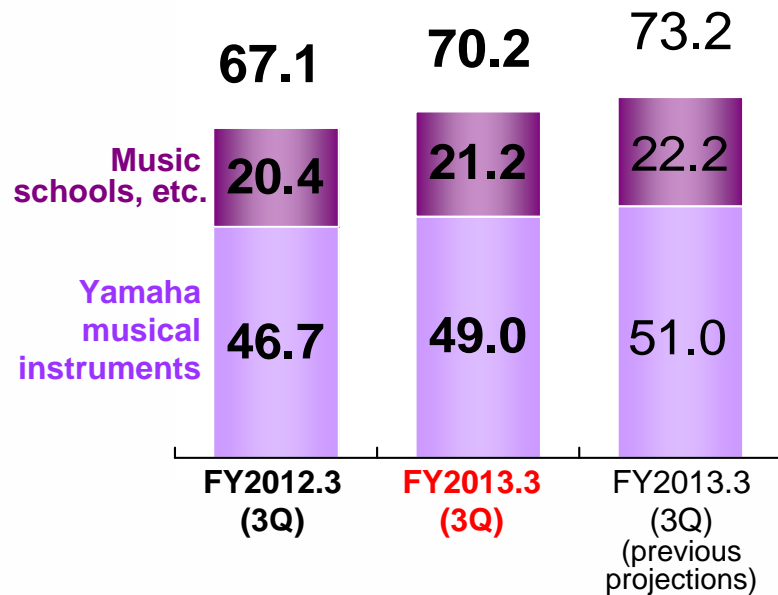
	Impact of exchange rates
Year-on-year	-¥1.0 billion (musical instruments -¥0.5 billion, AV/IT -¥0.4 billion)
Versus previous projections	+¥0 (musical instruments +¥0.1 billion, -¥0.1 billion)

Musical Instruments: 3Q Overview

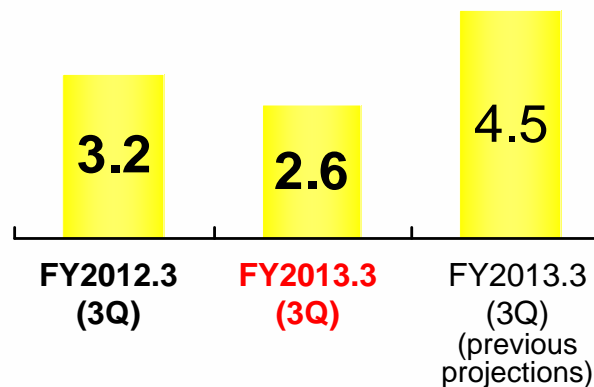


(Billions of yen)

Net Sales



Operating Income



3Q Overview (three months)

■ Sales were well below previous projections.

Projected vs. actual growth rates by market on local currency basis

Japan	105%→100%
North America	114%→108%
Europe	108%→104%
China	121%→112%
Other regions	116%→103%

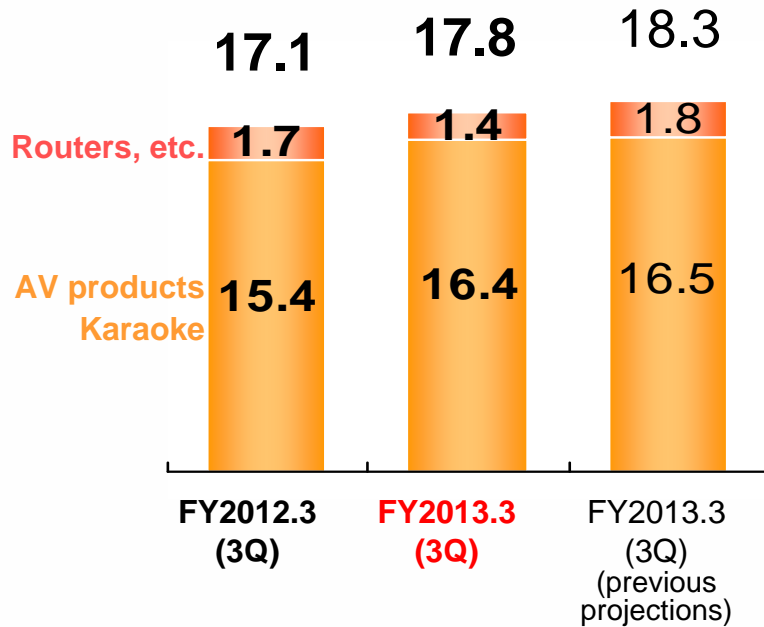
■ Profitability deteriorated year-on-year, due to the impact of exchange rates.

AV/IT: 3Q Overview

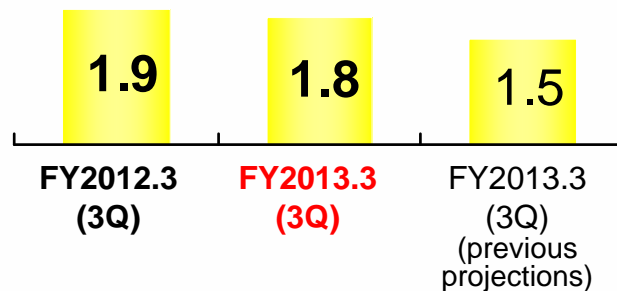


(Billions of yen)

Net Sales



Operating Income



3Q Overview (three months)

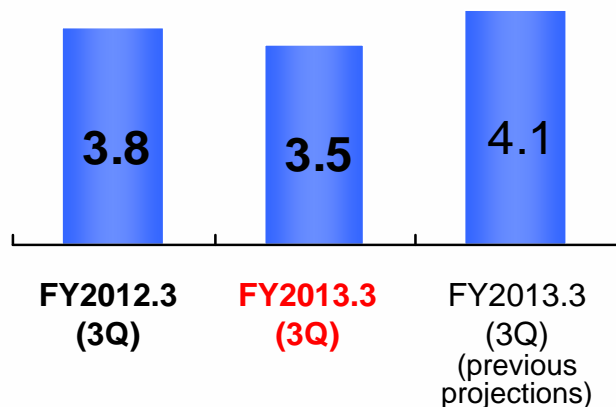
- Sales of AV products remained robust in the North American market.
- Online karaoke equipment also recorded strong sales.
- Router sales declined amid inventory adjustments.
- Although operating income fell slightly year-on-year, it was higher than previous projections.

Electronic Devices: 3Q Overview

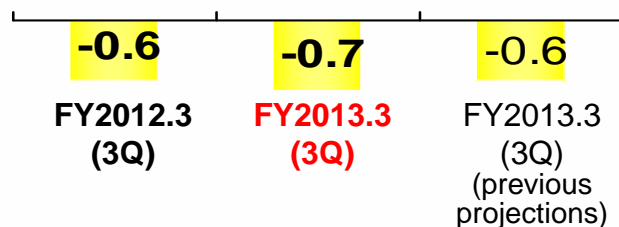


(Billions of yen)

Net Sales



Operating Loss



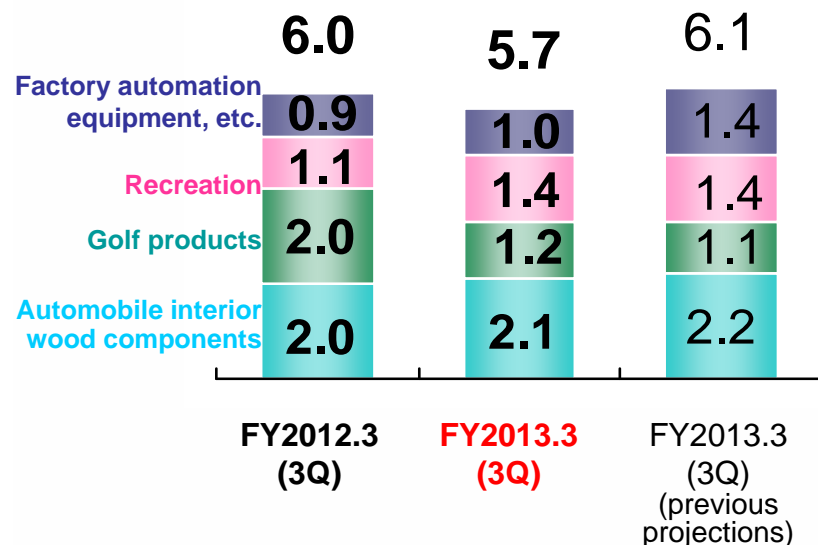
3Q Overview (three months)

- Manufacturing subsidiary in Japan was streamlined through measures including voluntary resignations.
- The rally in sales of graphics and sound controllers for amusement equipment slowed.
- Geomagnetic sensor sales increased year-on-year.
- Despite lower sales, operating losses were contained by measures including reduction of fixed costs.

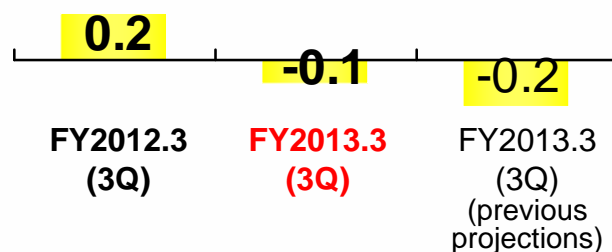
Others: 3Q Overview

(Billions of yen)

Net Sales



Operating Income/Loss



3Q Overview (three months)

- Sales of automobile interior wood components were generally on target.
- Golf sales decreased year-on-year, partly due to delays in launching new golf products.
- Resort sales rose year-on-year as efforts to attract more guests in the winter season paid off.
- Operating loss was slightly lower than anticipated.

Performance in the First Three Quarters of FY2013.3



➤ Net sales rose year-on-year, but operating income declined. Sales and income were both lower than previous projections.

(Billions of yen)

	FY2012.3 (1-3Q) results	FY2013.3 (1-3Q) results	Change from same period of the previous year	Previous projections for FY2013.3 (1-3Q)	Change from previous projections
Net sales	270.6	273.9	+1.2%	278.5	-1.6%
Operating income (Operating income ratio)	11.0 (4.1%)	10.4 (3.8%)	-5.1%	12.0 (4.3%)	-13.2%
Ordinary income (Ordinary income ratio)	9.5 (3.5%)	9.6 (3.5%)	+1.9%	10.5 (3.8%)	-8.3%
Net income (Income ratio)	2.7 (1.0%)	4.5 (1.6%)	+63.6%	6.0 (2.2%)	-25.7%

Currency exchange rates (yen)

Net sales	US\$	79	80	79
	EUR	111	102	100
Operating income	US\$	79	80	79
	EUR	114	103	103

Performance by Business Segment in the First Three Quarters of FY2013.3

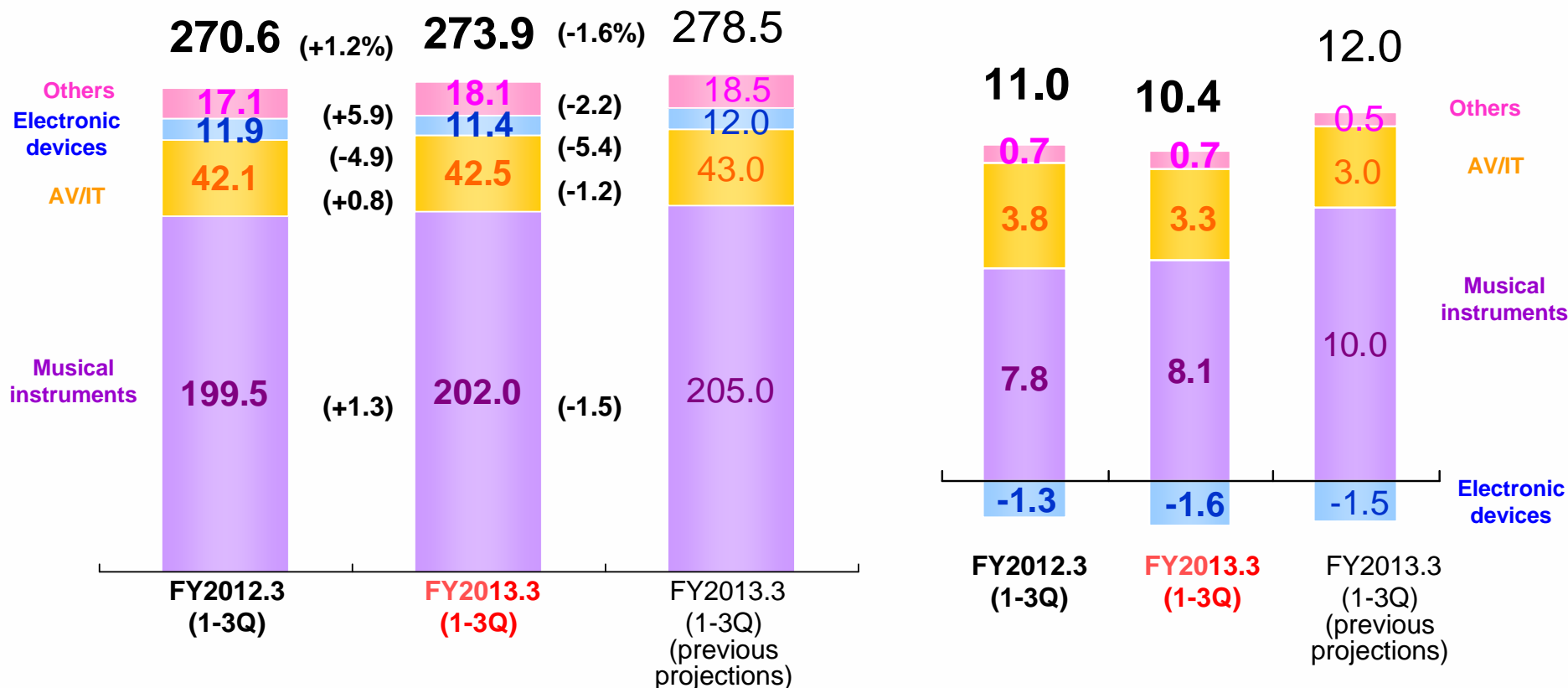


(Billions of yen)

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

Net Sales

Operating Income



Impact of exchange rates	
Year-on-year	-¥3.9 billion (musical instruments -¥3.1 billion, AV/IT -¥0.8 billion)
Versus previous projections	+¥2.6 billion (musical instruments +¥2.0 billion, AV/IT +¥0.7 billion)

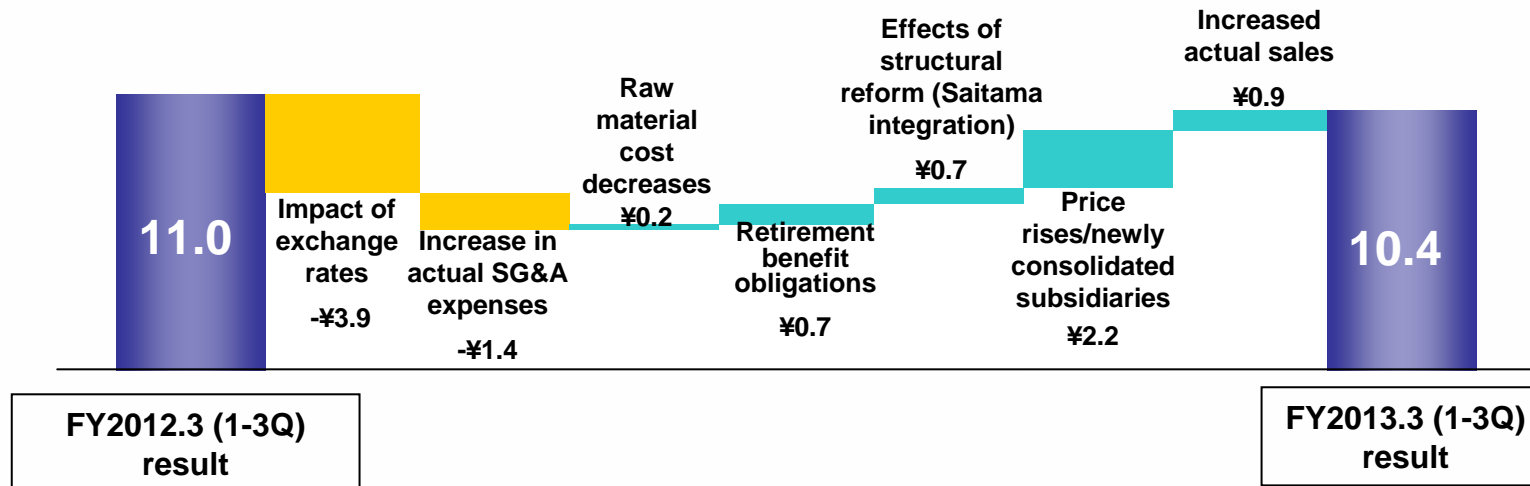
Impact of exchange rates	
Year-on-year	-¥3.9 billion (musical instruments -¥2.9 billion, AV/IT -¥1.1 billion)
Versus previous projections	+¥0 (musical instruments +¥0.1 billion, AV/IT -¥0.1 billion)

FY2013.3 1-3Q Operating Income Analysis

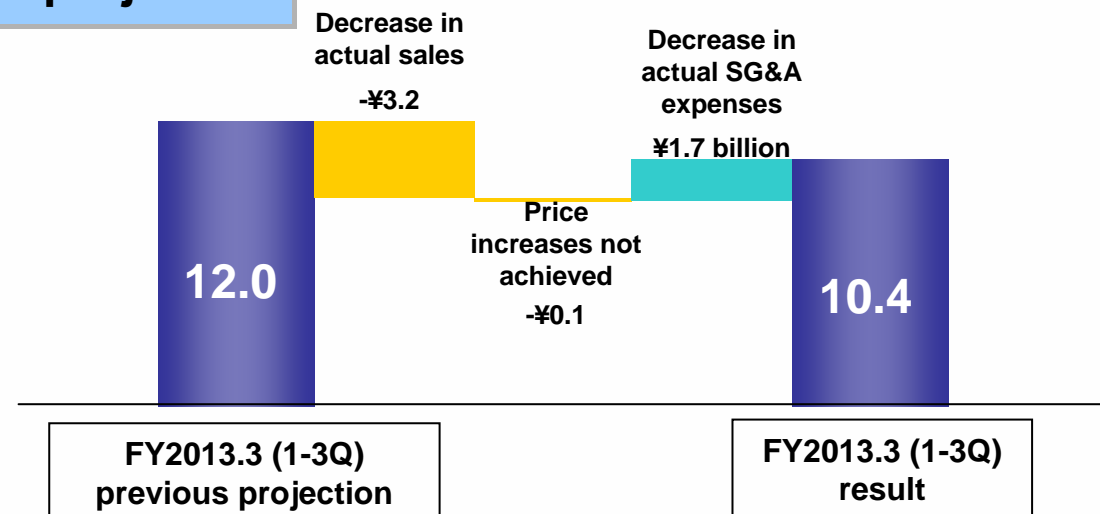


(Billions of yen)

Versus same period of the previous year



Versus previous projection



Key Points

- Musical instrument sales projections revised downward for all markets.
- Deterioration in manufacturing profitability due to further production adjustments.
- 4Q exchange rates revised.
- Recent depreciation of yen will have limited impact on operating income.

Revision of Projections

Projections have been revised downward, chiefly due to lower-than-expected 3Q sales and income in the musical instrument business, lower actual 4Q sales, and deteriorating manufacturing profitability due to production adjustments.

Forecast for Business Performance in the Fourth Quarter of FY2013.3 (Three Months)



➤ Sales are expected to increase year-on-year and exceed previous projections, but operating income is anticipated to decline year-on-year and be lower than previous projections.

(Billions of yen)

	FY2012.3 (4Q) results	FY2013.3 (4Q) new projections	Change from same period of the previous year	Previous projections for FY2013.3 (4Q)	Change from previous projections
Net sales	86.0	91.1	+5.9%	89.0	+2.3%
Operating income	-2.9	-3.4	—	-1.0	—
Ordinary income	-2.2	-3.6	—	-1.5	—
Net income	-32.1	-4.5	—	-2.5	—

Currency exchange rates (yen)

Net sales	US\$	79	85	77
	EUR	104	115	100
Operating income	US\$	78	85	77
	EUR	104	105	100

Forecast for Performance by Business

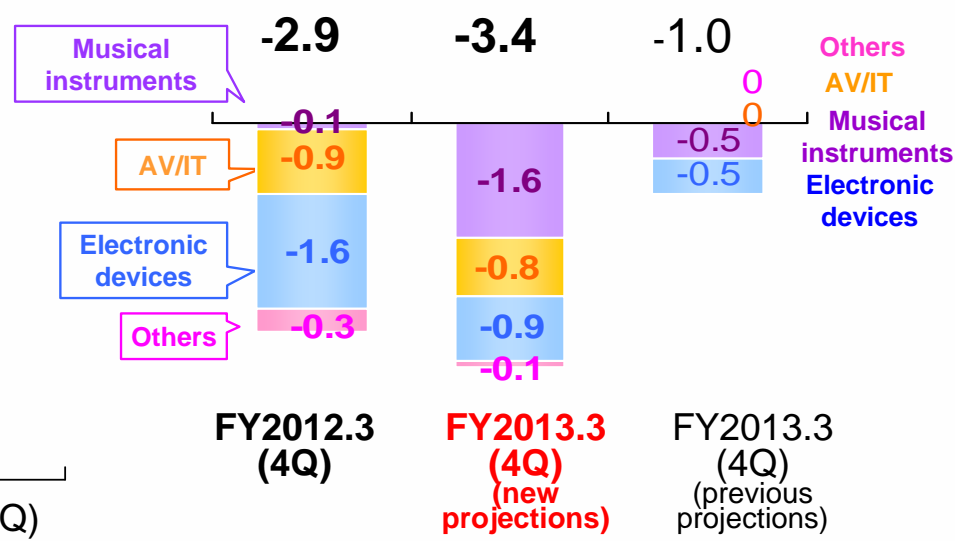
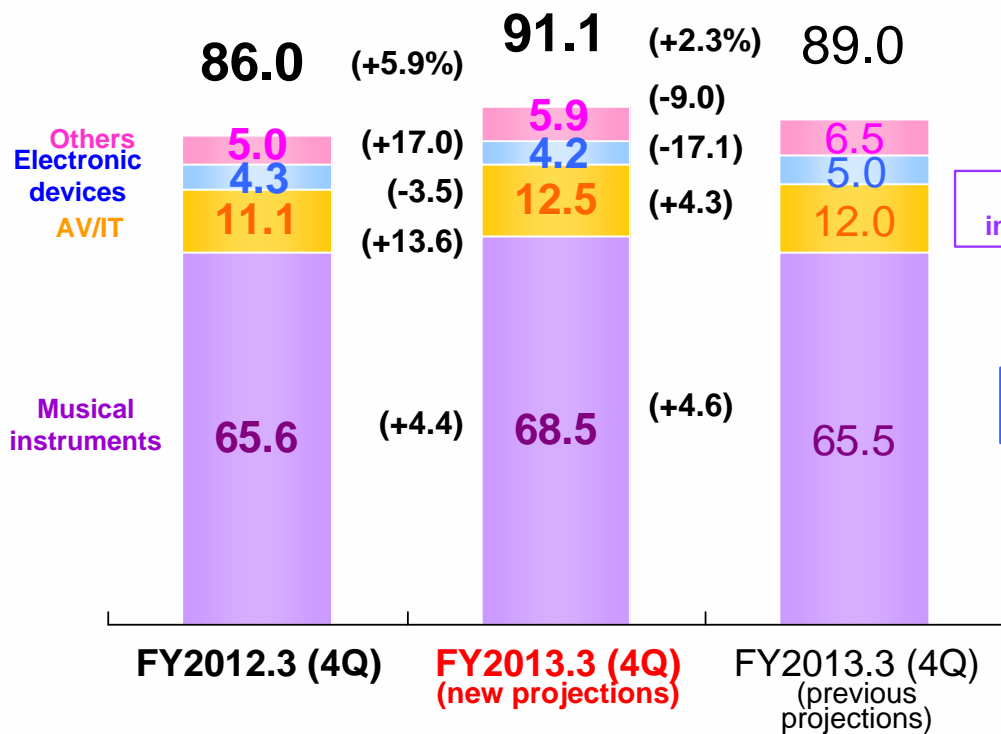
Segment in the 4Q of FY2013.3 (Three Months)



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

Net Sales

Operating Income



	Impact of exchange rates
Year-on-year	+¥3.8 billion (musical instruments +¥3.0 billion, AV/IT +¥0.7 billion, electronic devices +¥0.1 billion)
Versus previous projections	+¥5.2 billion (musical instruments +¥4.1 billion, AV/IT +¥1.0 billion, electronic devices +¥0.1 billion)

	Impact of exchange rates
Year-on-year	+¥0.4 billion (musical instruments +¥0.4 billion, AV/IT -¥0.1 billion)
Versus previous projections	+¥0.5 billion (musical instruments +¥0.5 billion)

Forecast for Performance in FY2013.3 (Full Year)



➤ Full year projections revised downward for sales and sharply downward for income

(Billions of yen)

	FY2013.3 (1-3Q) results	FY2013.3 (4Q) projections	FY2013.3 Full year (new projections)	Previous projections for FY2013.3 Full year	FY2012.3 full year results	Change from previous projections	Change from previous year results
Net sales	273.9	91.1	365.0	367.5	356.6	-2.5	+8.4
Operating income (Operating income ratio)	10.4 (3.8%)	-3.4 (—)	7.0 (1.9%)	11.0 (3.0%)	8.1 (2.3%)	-4.0	-1.1
Ordinary income (Ordinary income ratio)	9.6 (3.5%)	-3.6 (—)	6.0 (1.6%)	9.0 (2.4%)	7.3 (2.0%)	-3.0	-1.3
Net income (Income ratio)	4.5 (1.6%)	-4.5 (—)	0 (—)	3.5 (1.0%)	-29.4 (—)	-3.5	+29.4

Currency exchange rates (yen)

Net sales	US\$	80	85	81	78	79
	EUR	102	115	105	100	109
Operating income	US\$	80	85	81	78	79
	EUR	103	105	103	103	112

FY2013.3 Full Year Forecast for Performance by Business Segment

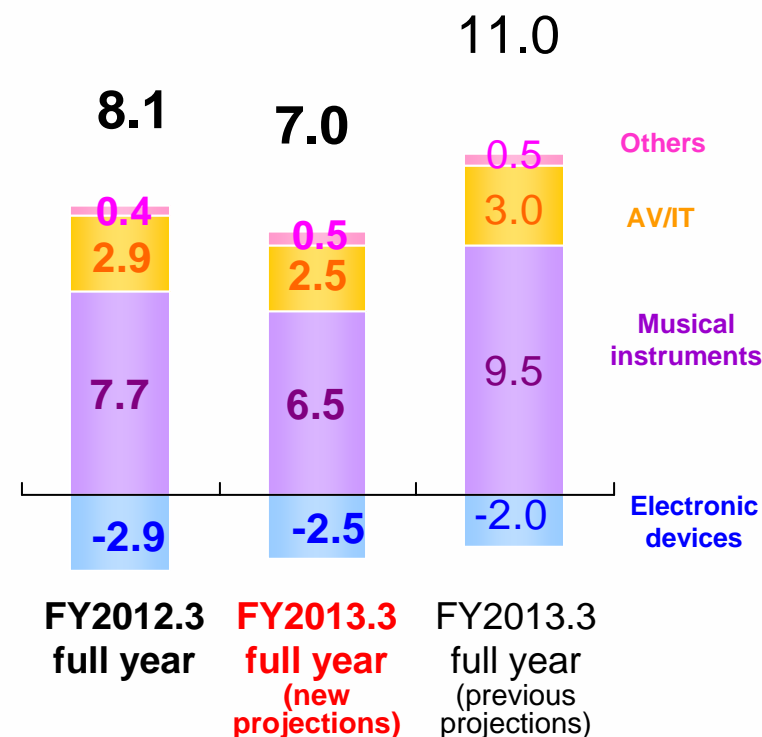
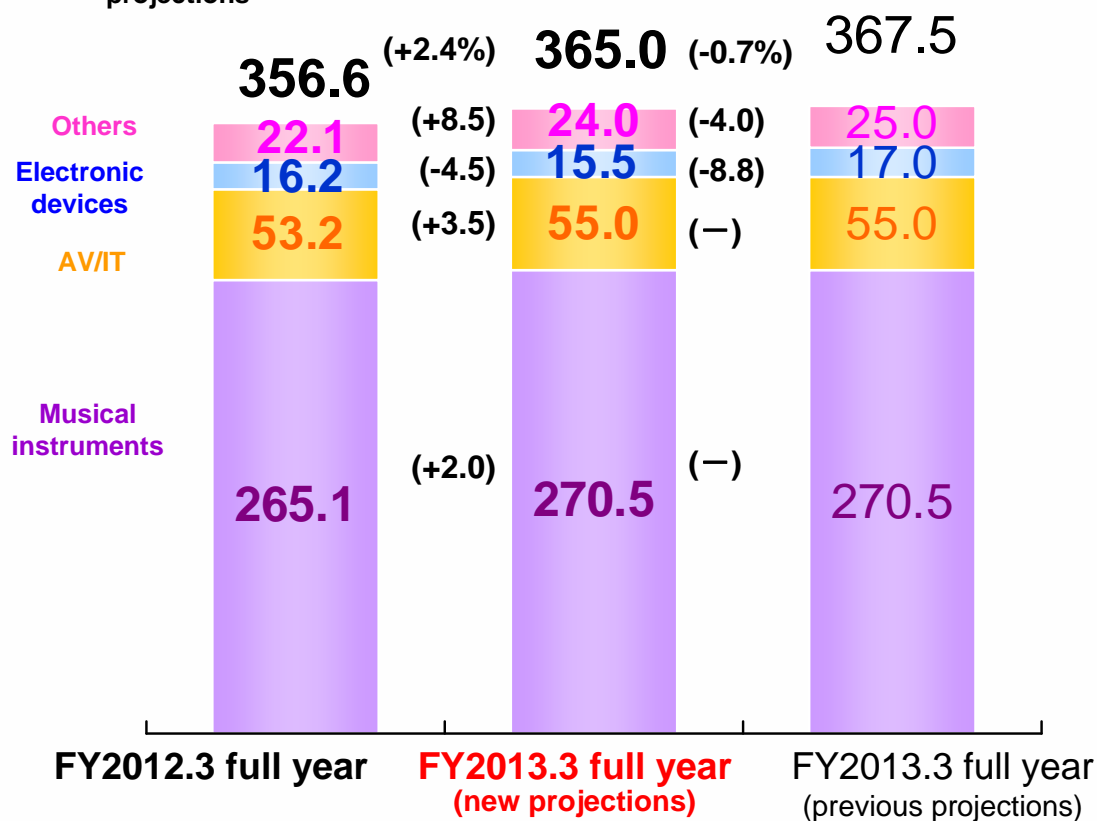


(Billions of yen)

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

Net Sales

Operating Income



Impact of exchange rates	
Year-on-year	-¥0.1 billion (musical instruments -¥0.1 billion, AV/IT -¥0.1 billion, electronic devices +¥0.1 billion)
Versus previous projections	+¥7.8 billion (musical instruments +¥6.1 billion, AV/IT +¥1.7 billion, electronic devices +¥0.1 billion)

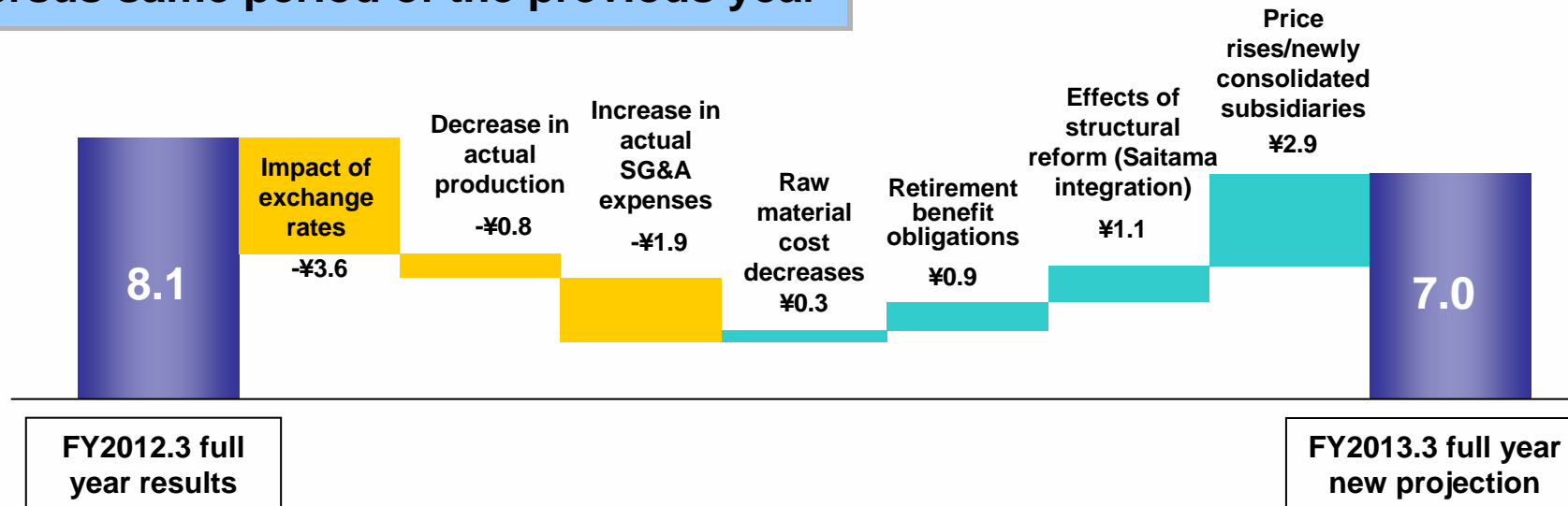
Impact of exchange rates	
Year-on-year	-¥3.6 billion (musical instruments -¥2.5 billion, AV/IT -¥1.1 billion)
Versus previous projections	+¥0.5 billion (musical instruments +¥0.6 billion, AV/IT -¥0.1 billion)

FY2013.3 Full Year Operating Income Analysis

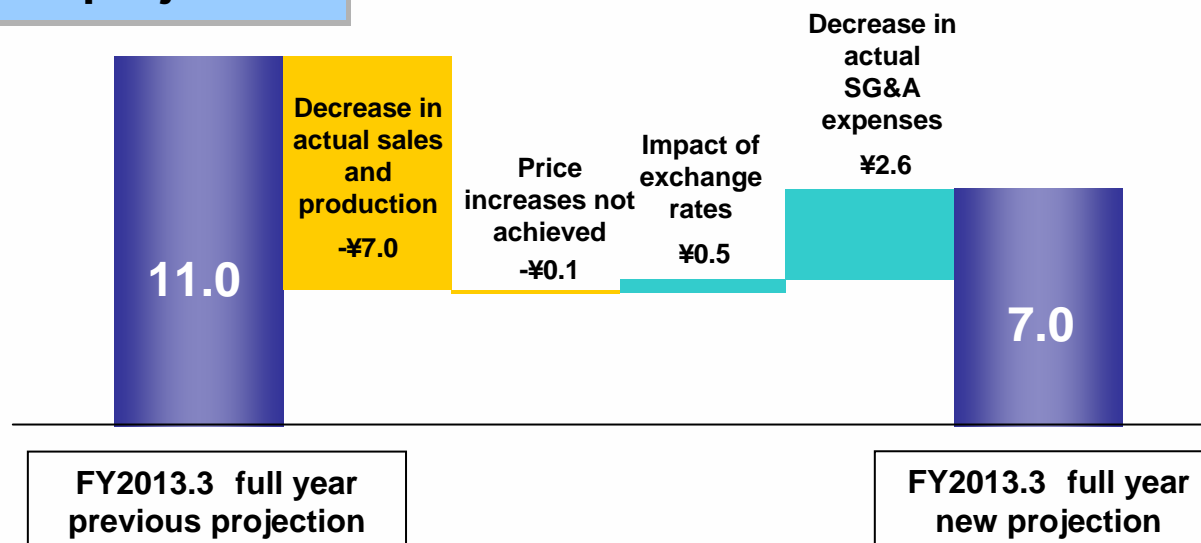


(Billions of yen)

Versus same period of the previous year



Versus previous projection



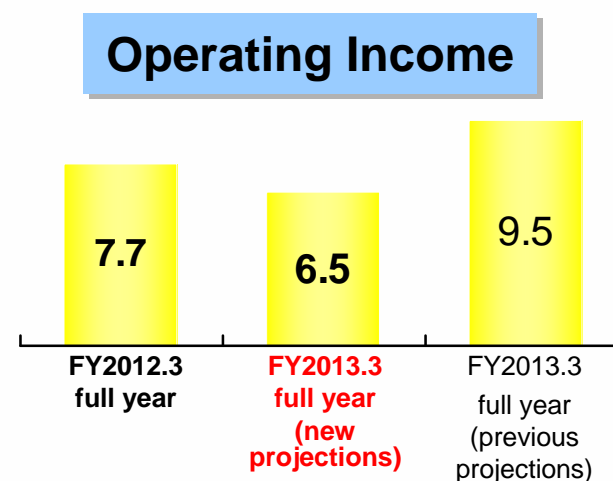
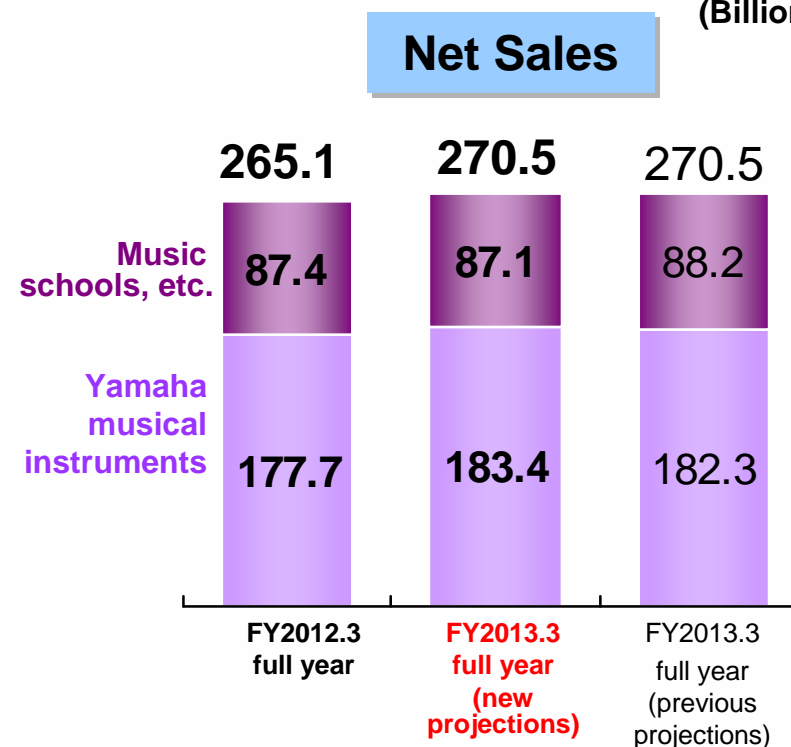
Musical Instruments: Full Year Projections



(Billions of yen)

Full Year Projections

- Although sales are expected to increase year-on-year and match previous projections, actual sales (discounting the impact of exchange rates) will decline.
- Downturn anticipated in all markets compared to previous projections. Especially sharp decline expected in Japan and “other regions.”
- Operating income will be much lower than previously projected, due to lower-than-expected actual sales and deterioration in manufacturing profitability.

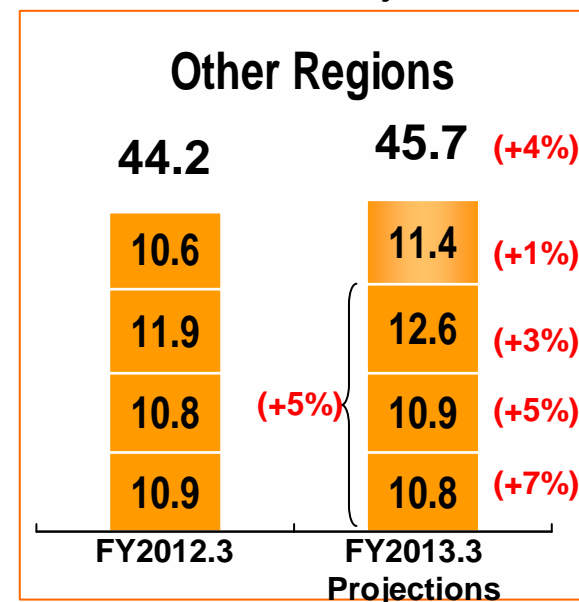
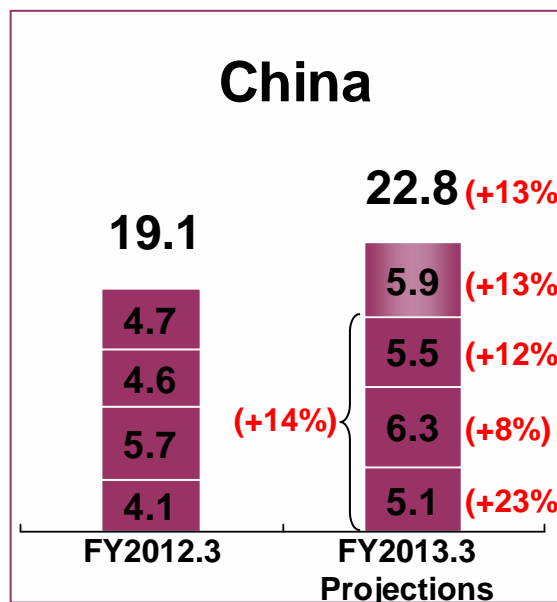
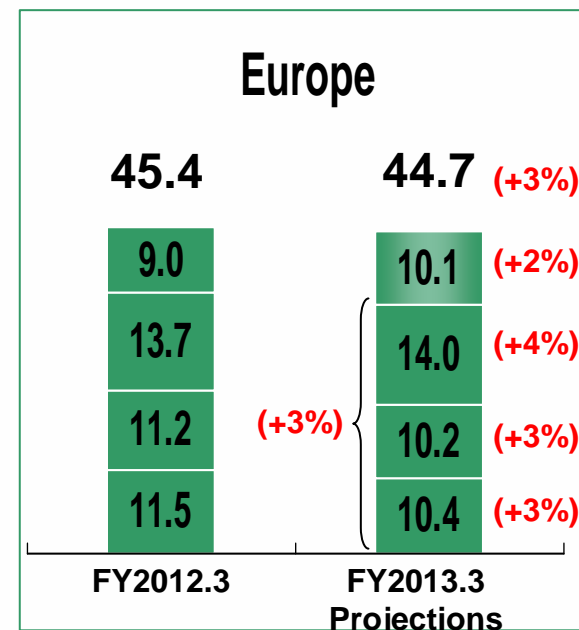
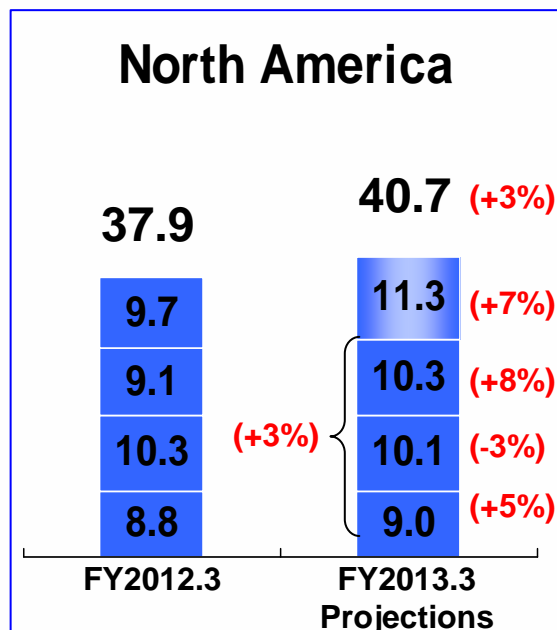
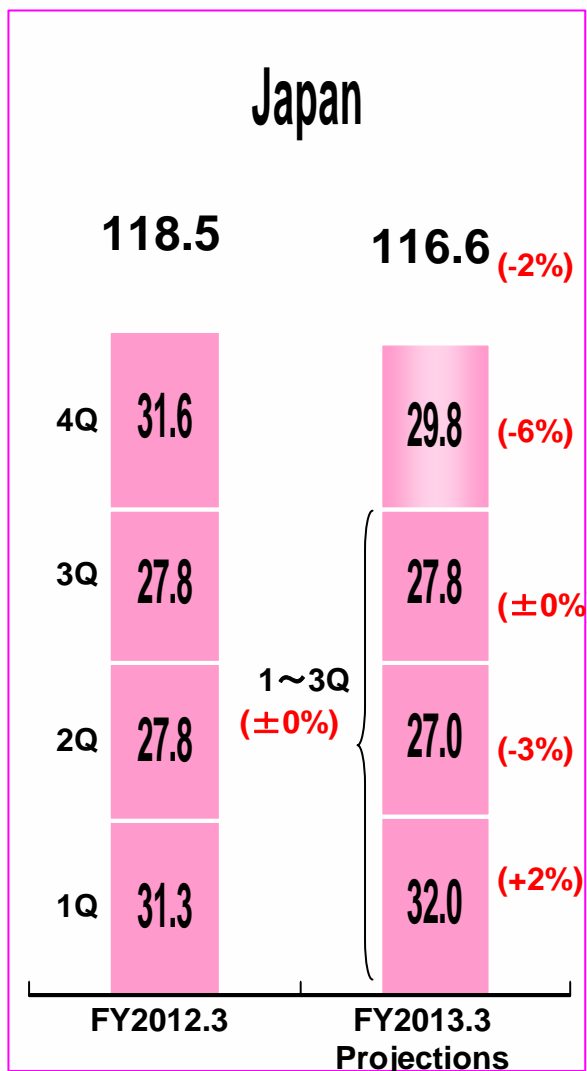


Musical Instrument: Sales by Region



(Billions of yen)

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

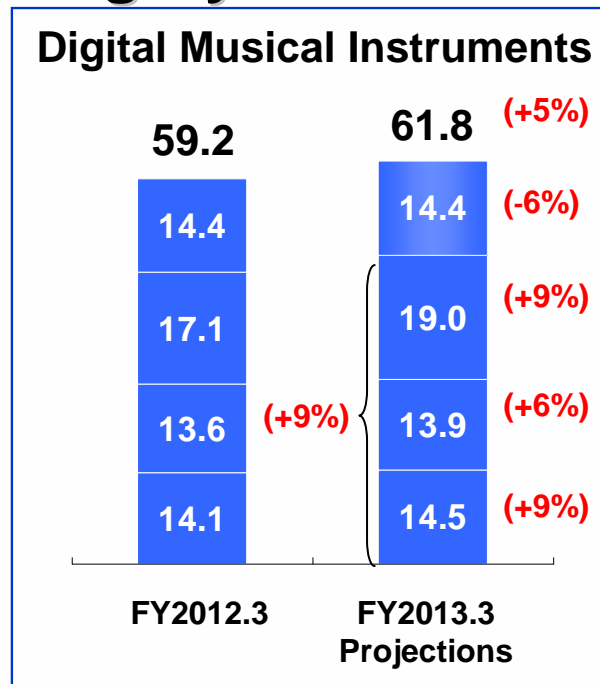
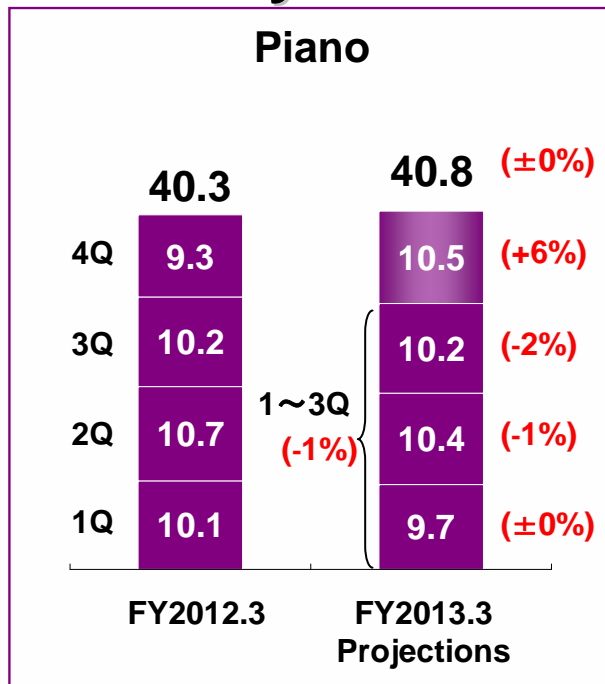


Musical Instruments: Sales by Product Category

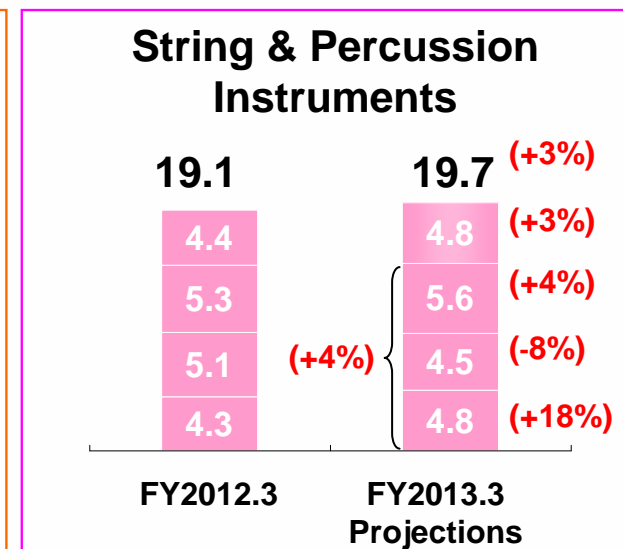
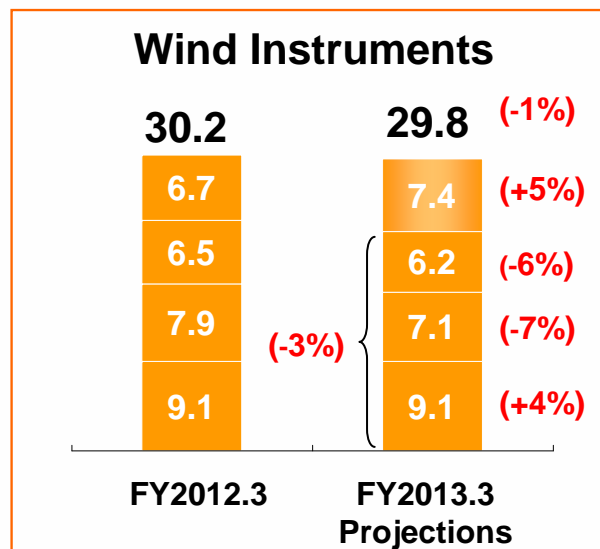
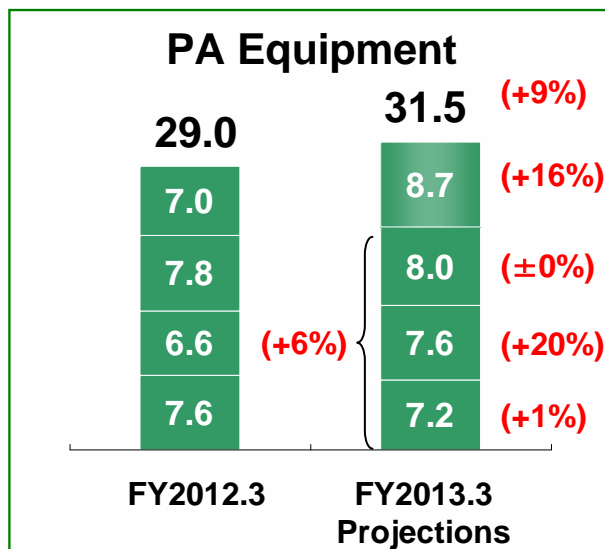


(Billions of yen)

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



Note: Sales of Electone electronic organ are now included under digital musical instruments



AV/IT: Full Year Projections

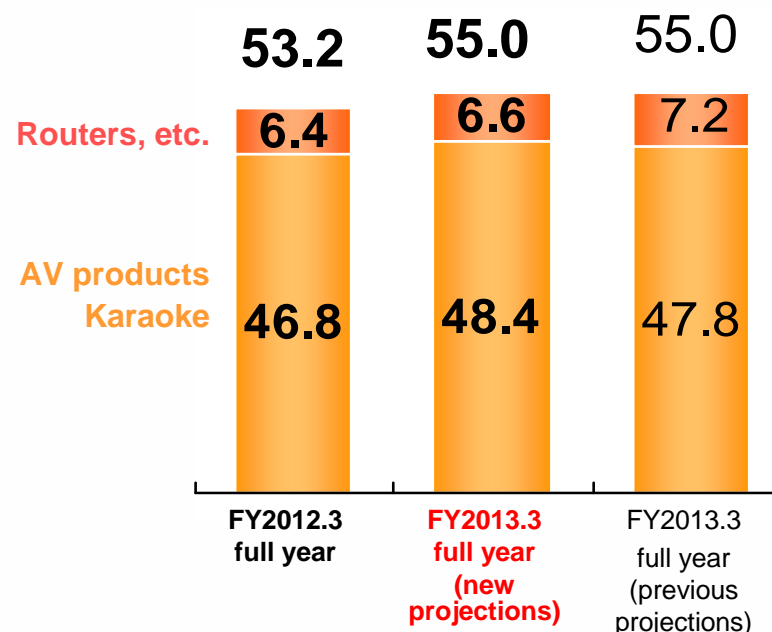


(Billions of yen)

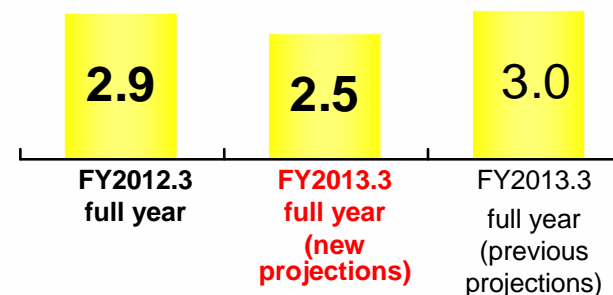
Full Year Projections

- AV products sales are expected to be in line with previous projections.
- Although robust sales of karaoke equipment are anticipated, router sales are projected to decline due to a decrease in large orders.
- Overall, full year sales are expected to be in line with previous projections.

Net Sales



Operating Income



Electronic Devices: Full Year Projections

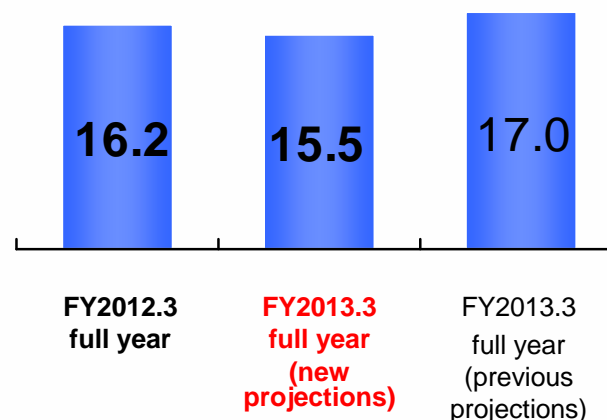


(Billions of yen)

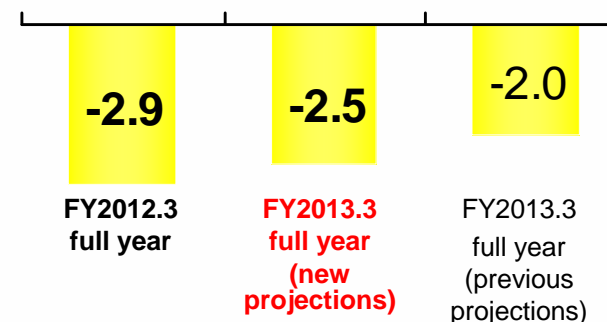
Full Year Projections

- Sales are expected to be below previous projections.
- Fiercer competition in the amusement market.
- Lack of growth in new customers for smart phone products.
- New product development will be brought forward.
- Operating income projected to decline as sales fall.

Net Sales



Operating Loss



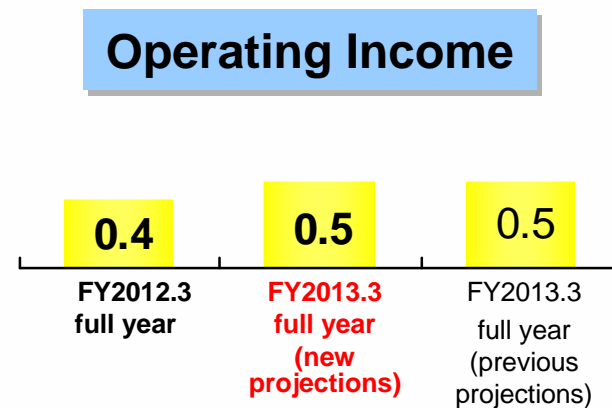
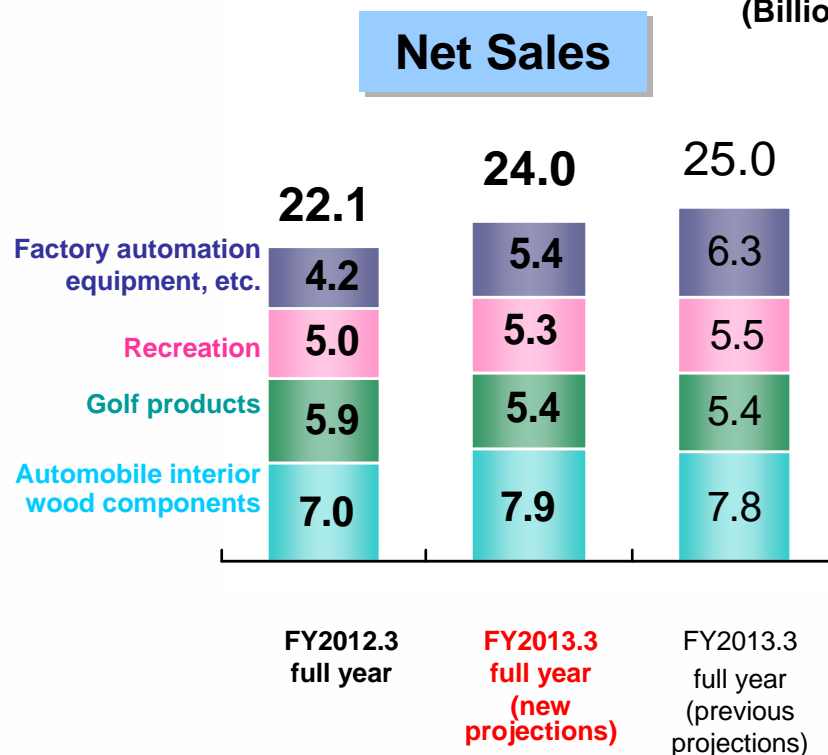
Others: Full Year Projections



(Billions of yen)

Full Year Projections

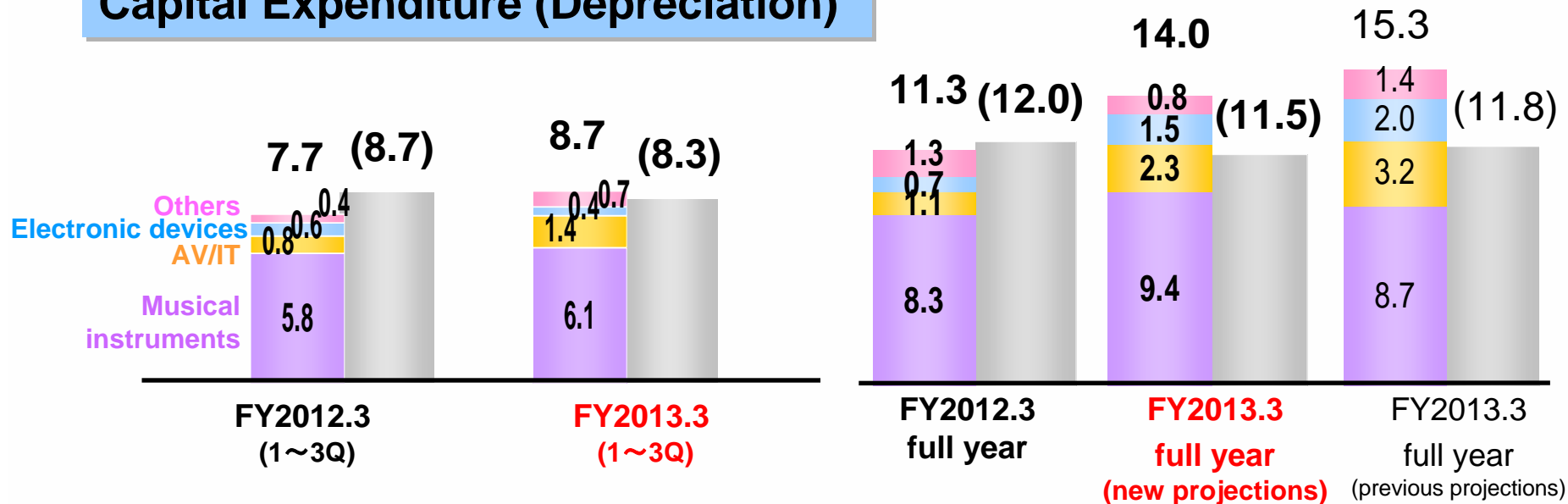
- Sales will be lower than previously projected.
- Sales of automobile interior wood components and golf products are expected to be in line with previous projections, while recreation and factory automation sales will decline.
- Operating income is expected to be on par with previous projections.



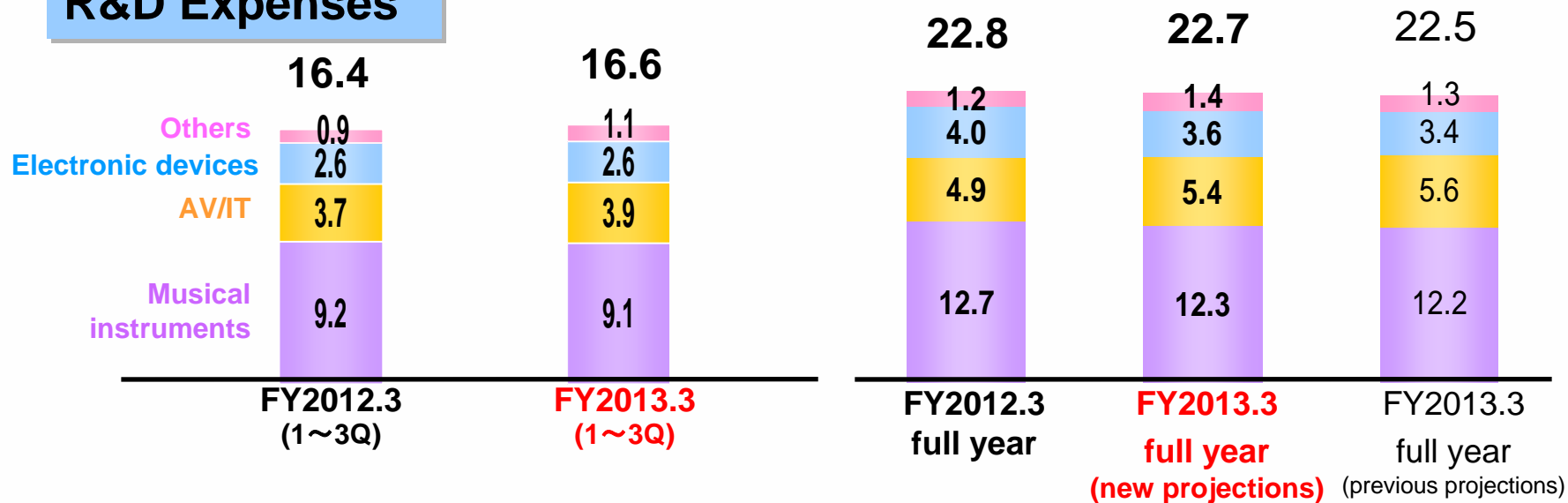
Capital Expenditure/Depreciation/R&D Expenses

(Billions of yen)

Capital Expenditure (Depreciation)



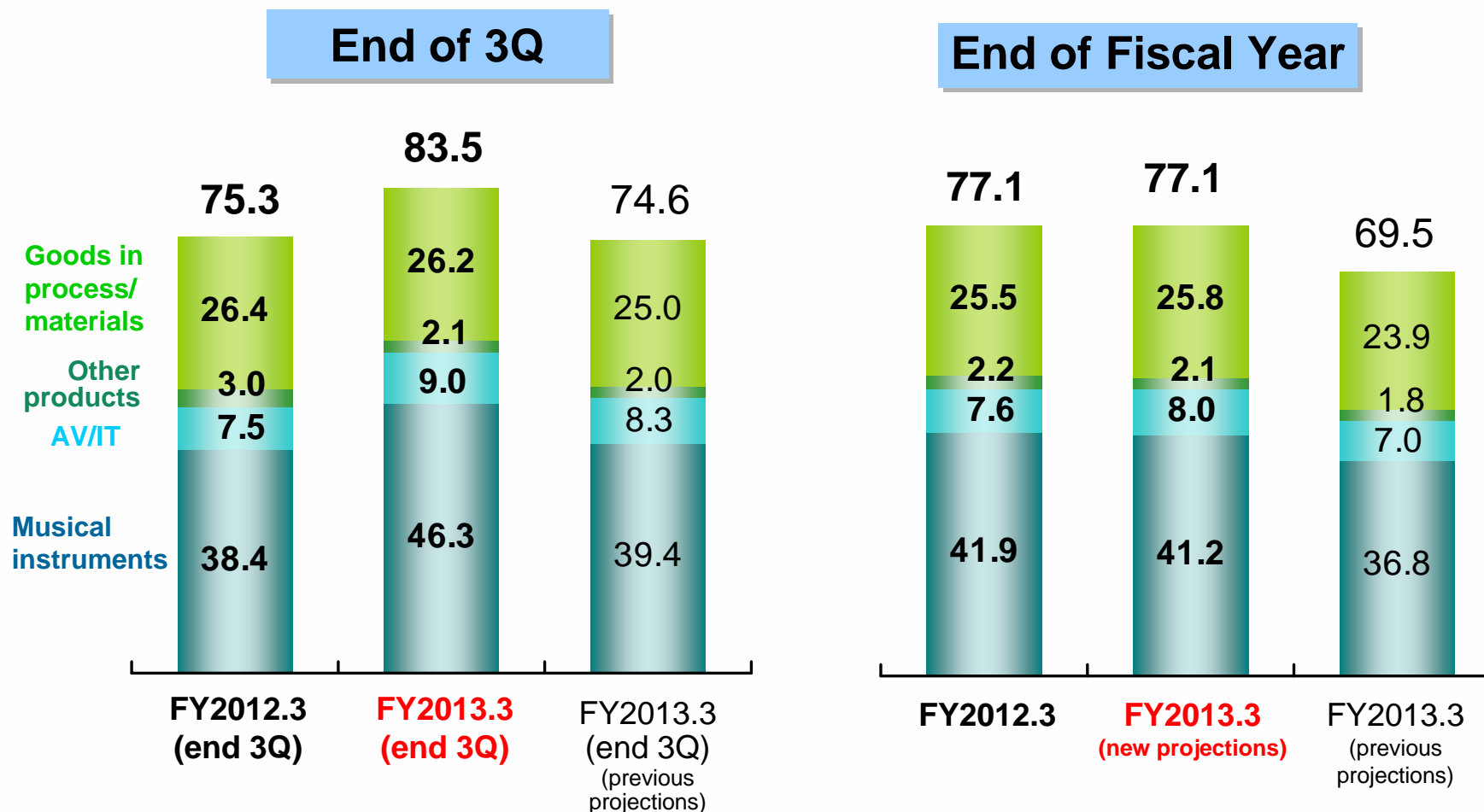
R&D Expenses



Inventories

- Inventories at the end of December were ¥8.2 billion higher than the same period of the previous year, including the impact of exchange rates (+¥6.3 billion).
- Inventories at fiscal year-end are projected to be ¥77.1 billion. The impact of exchange rates is +¥1.9 billion year-on-year and +¥5.3 billion against previous projections.

(Billions of yen)



Balance Sheet Summary



(Billions of yen)

	As of end of 3Q			As of fiscal year end		
	As of Dec. 31, 2011	As of Dec. 31, 2012	Change	As of Mar. 31, 2012	As of Mar. 31, 2013 projections	Change
Cash and deposits*	53.2	50.0	-3.2	56.6	49.4	-7.2
Notes and accounts receivable	51.2	57.1	5.9	44.5	48.0	3.5
Inventories	75.3	83.5	8.2	77.1	77.1	0
Other current assets	14.6	10.6	-4.0	10.8	9.3	-1.5
Fixed assets	179.9	172.6	-7.3	177.6	173.9	-3.7
Total assets	374.2	373.8	-0.4	366.6	357.7	-8.9
Notes and accounts payable	21.8	19.1	-2.7	22.3	19.6	-2.7
Short- and long-term loans	18.0	20.6	2.6	11.3	8.3	-3.0
Resort membership deposits	15.6	15.5	-0.1	15.5	15.5	0
Other liabilities	91.2	108.4	17.2	110.7	109.0	-1.7
Total net assets	227.6	210.2	-17.5	206.8	205.3	-1.5
Total liabilities and net assets	374.2	373.8	-0.4	366.6	357.7	-8.9

*Includes negotiable deposits

Appendix

Third Quarter Non-Operating Income/Loss & Extraordinary Income/Loss (Three Months)



(Billions of yen)

	FY2012.3 (3Q) results	FY2013.3 (3Q) results	FY2013.3 (3Q) previous projections
Non-operating income/loss			
Net financial income	0.2	0.1	0.1
Other	-0.7	-0.2	-0.9
Total	-0.5	-0.1	-0.8
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	0	0.1	0
Other	0	-1.1	-0.8
Total	0	-1.0	-0.8
Income taxes and other expenses			
Income taxes - current	0.9	1.1	0.7
Income taxes - deferred	3.3	0.1	0.2
Minority interests in income	0.1	0	0
Total	4.3	1.2	0.9

Structural reform expenses -1.3

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



(Billions of yen)

	FY2012.3 results	FY2013.3 new projections	FY2013.3 previous projections
Non-operating income/loss			
Net financial income	1.3	0.9	0.8
Other	-2.1	-1.9	-2.8
Total	-0.8	-1.0	-2.0
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.1	1.6	0.3
Other	-0.2	-3.6	-1.8
Total	-0.3	-2.0	-1.5
Income taxes and other expenses			
Income taxes - current	4.0	3.6	3.7
Income taxes - deferred	32.1	0.2	0.1
Minority interests in income	0.3	0.2	0.2
Total	36.4	4.0	4.0

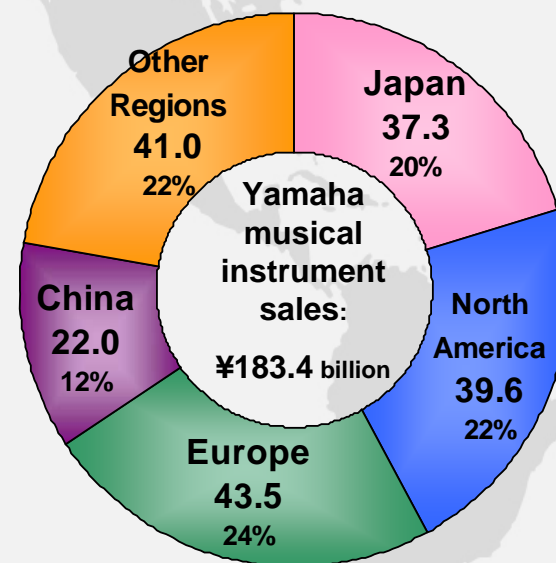
Structural reform expenses -3.3
 -Employment adjustments in Japan business -2.45
 -Impairment of business facilities -0.85

Musical Instruments: 3Q Sales by Region



Musical Instrument Sales by Region (three months)	
Japan	There is still no market recovery, with all product categories recording weak actual sales during the year-end period. Sales of grand and hybrid pianos were relatively robust, but upright pianos lagged and overall piano sales declined year-on-year. Although digital musical instrument sales were broadly in line with the previous year during the peak demand season, they were still below targets. Wind instrument sales were down year-on-year, despite the launch of many new moderately priced products.
North America	The US market saw generally strong sales during the year-end period of high demand. Although pianos sold briskly in the third quarter, the switchover to new digital musical instrument products was slowed by lagging retail sales, and results were below previous projections. Shipments of wind instruments for school rental use, which had been robust, slowed in the third quarter. Despite continuing tough conditions in Canada, overall sales in the North American market increased year-on-year.
Europe	The year-end period of peak demand lacked vigor throughout. Although 3Q sales increased year-on-year, there was a slowdown in Central Europe, especially Germany which has been a driving force in the European market. Southern Europe is struggling, and conditions are becoming more difficult in Eastern Europe. Sales of digital musical instruments and professional audio equipment rose year-on-year, but were well below target. Pianos and wind instruments lagged, with sales down year-on-year.
China	Although wholesale figures were up year-on-year, the retail market slowed somewhat at year-end. Piano sales rose, but the rate of growth declined sharply. Rising store inventories for pianos and wind instruments are a concern. Digital pianos continue to sell briskly. Although portable keyboard sales volumes have increased, unite prices continued to fall. Anti-Japanese sentiment has subsided for the time being.
Other Regions	Emerging markets are slowing sharply, affected by the downturn in developed economies. Although sales continue to increase in Russia, they are losing pace in India. In Southeast Asia, Indonesia and Thailand continue to show robust results. Brazil and Mexico are growing, but other South American markets are slowing. In the Middle East, the impact of economic sanctions on Iran and prolonged unrest in Syria is worsening.

Yamaha Musical Instrument Sales by Region



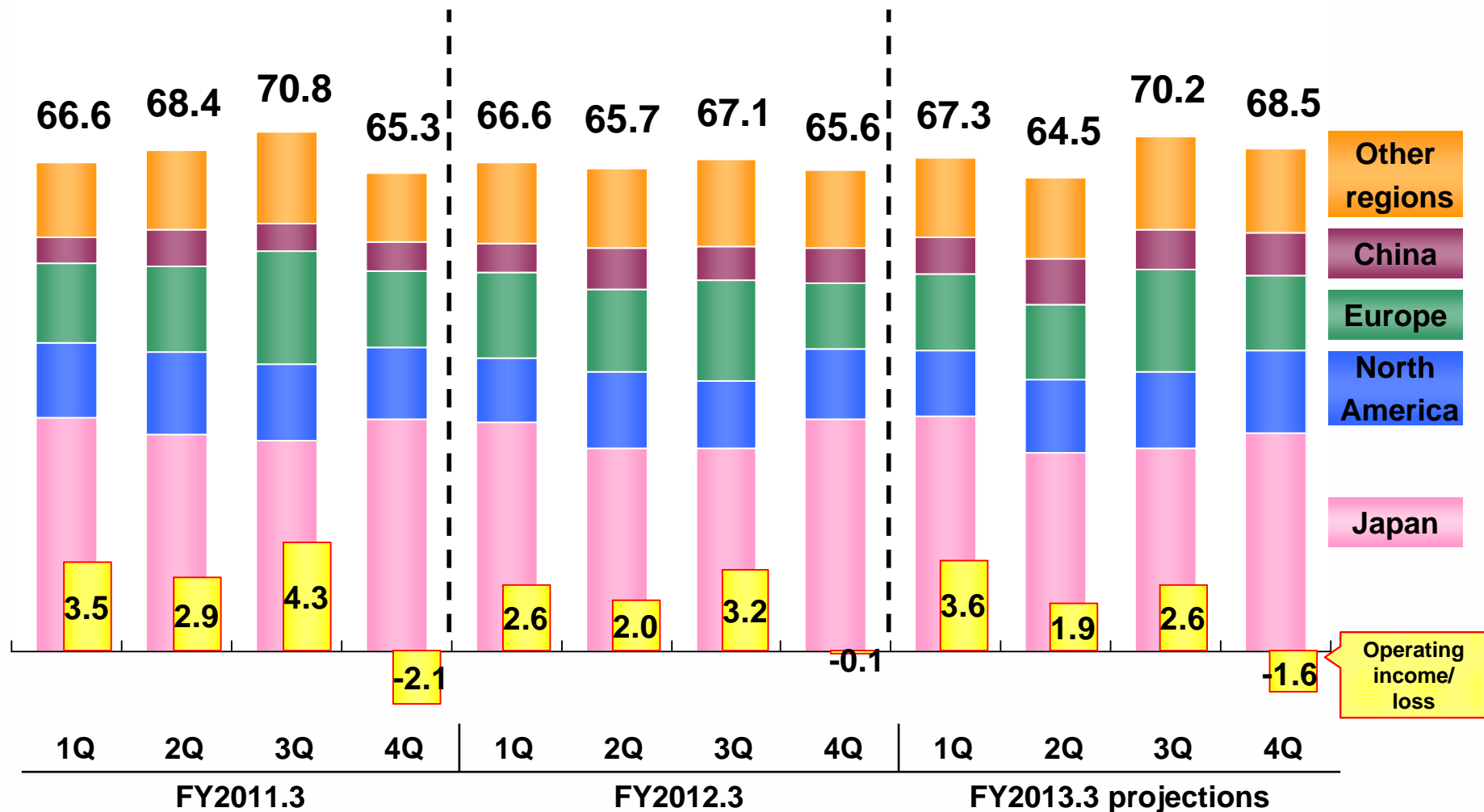
FY2013.3 full year projection

Musical Instruments: Sales and Income by Quarter

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

Net sales: ¥265.1 billion
Operating income: ¥7.7 billion

Net sales: ¥270.5 billion
Operating income: ¥6.5 billion



AV/IT: Sales and Income by Quarter

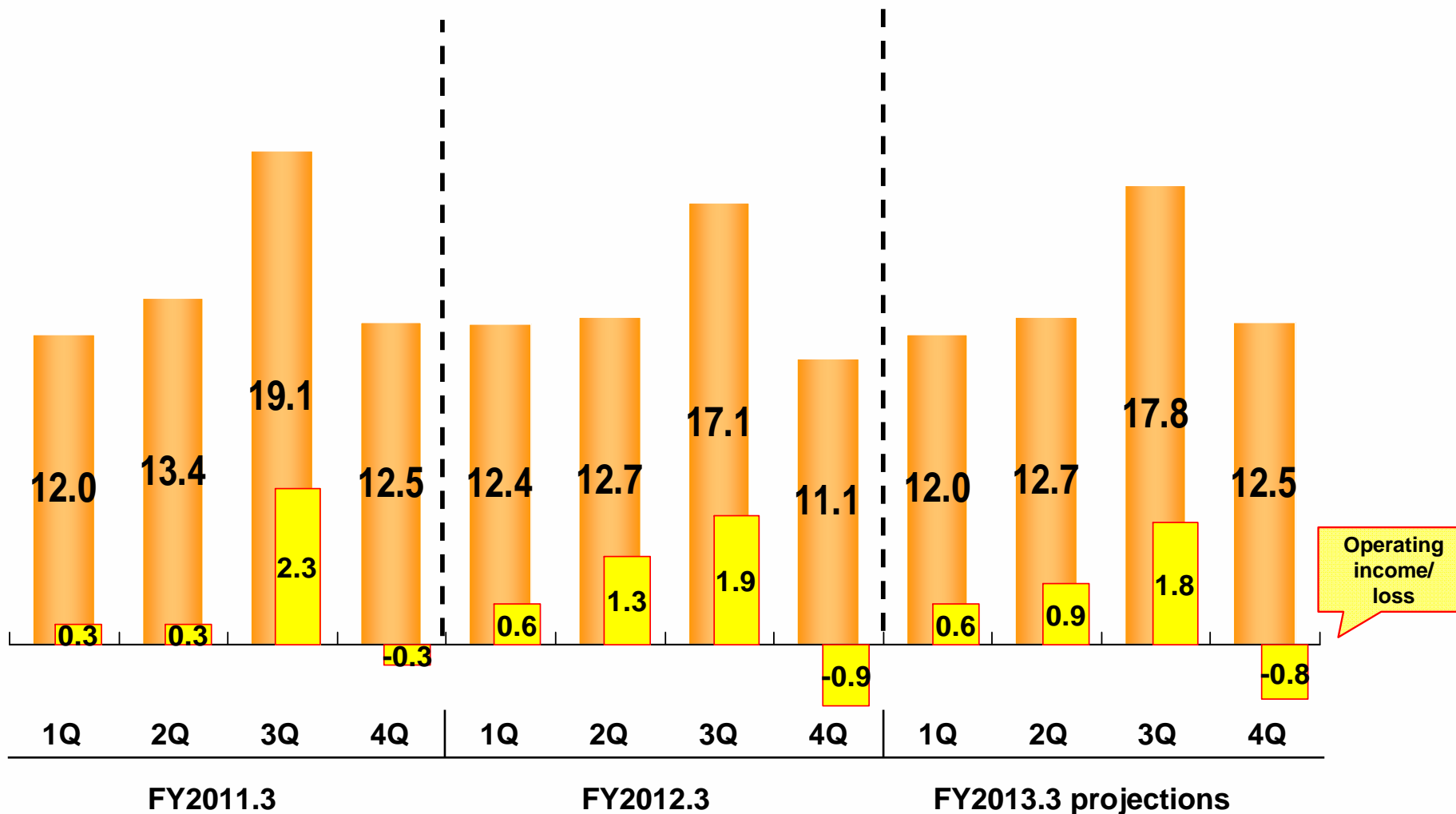


(Billions of yen)

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

Net sales: ¥53.2 billion
Operating income: ¥2.9 billion

Net sales: ¥55.0 billion
Operating income: ¥2.5 billion



Electronic Devices: Sales and Income by Quarter

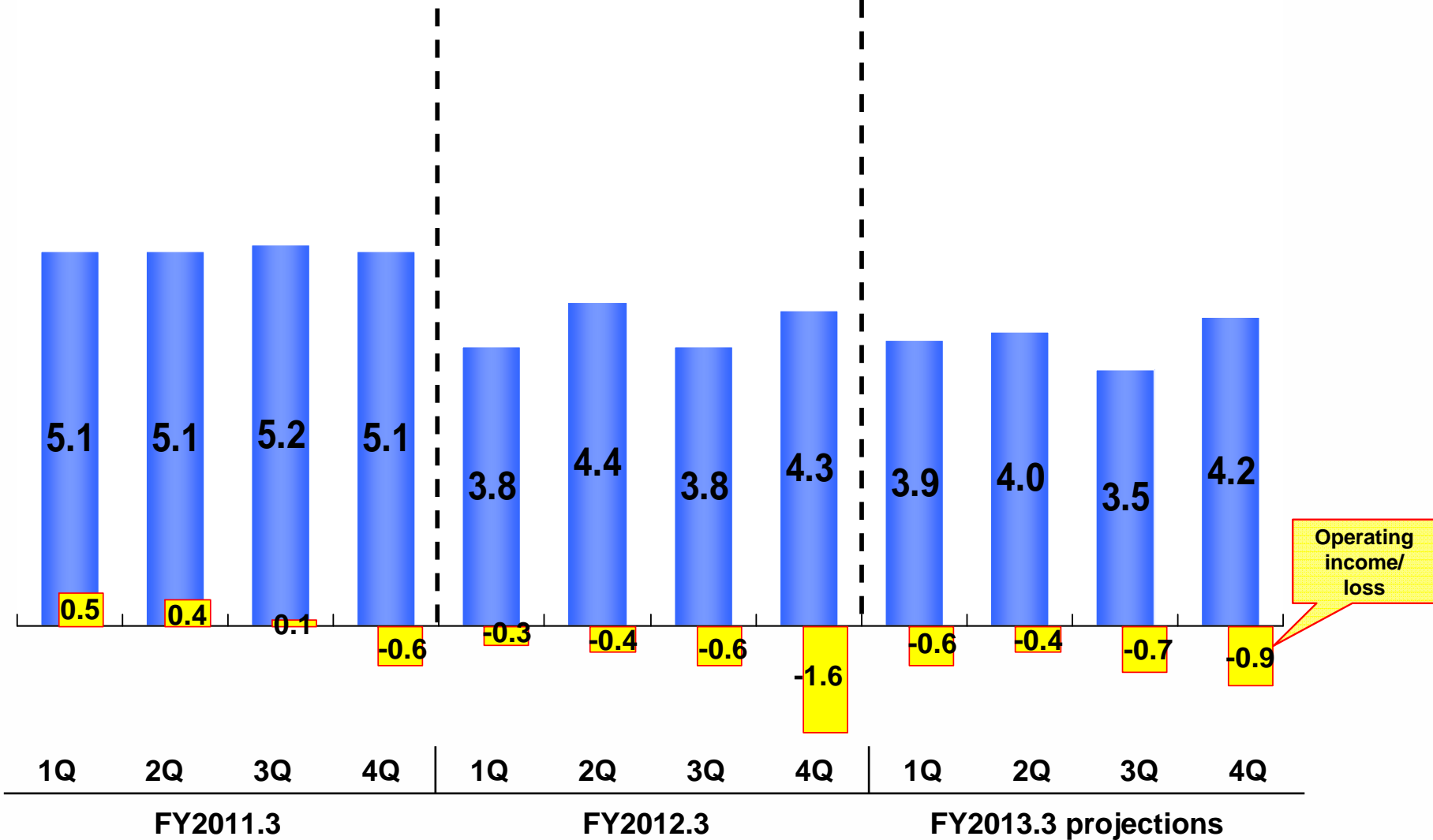


(Billions of yen)

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

Net sales: ¥16.2 billion
Operating loss: -¥2.9 billion

Net sales: ¥15.5 billion
Operating loss: -¥2.5 billion



Others: Sales and Income by Quarter

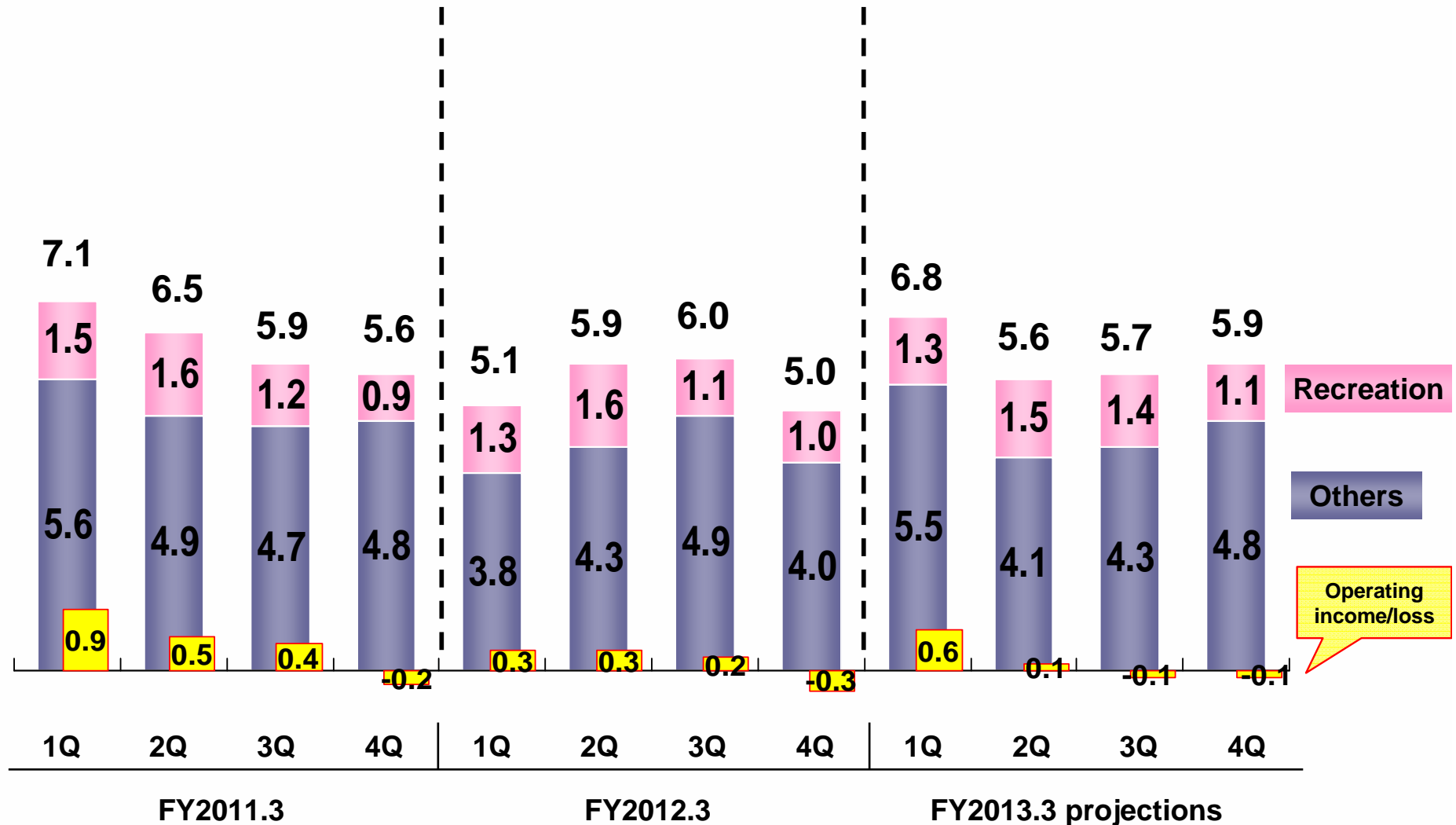


(Billions of yen)

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

Net sales: ¥22.1 billion
Operating income: ¥0.4 billion

Net sales: ¥24.0 billion
Operating income: ¥0.5 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.

