

**Yamaha Corporation  
Analyst and Investor Briefing on  
the Fiscal Year Ended March 31,  
2014 (FY2014.3)**

**May 1, 2014**



# Overview of Performance in FY2014.3



## Results Summary

- **Full year sales increased year-on-year, and operating, ordinary, and net income all rose sharply**  
**Fourth quarter results were much higher than previous projections**
- **Musical instrument sales exceeded previous projections, partly due to a rush in demand prior to the consumption tax increase in Japan**
- **Although audio equipment sales rose year-on-year, actual sales were on a par with the previous year**
- **Electronic device sales increased from the previous year, and operating income moved into positive territory due to the effects of structural reforms**

**Note: FY2013.3 figures have been adjusted to reflect segment composition changes effective from FY2014.3**

# Performance in FY2014.3



## ■ Sales and income increased substantially against the previous year

(Billions of yen)

	FY2013.3	FY2014.3 results	Changes from same period of the previous year	FY2014.3 previous projections	Changes from previous projection
<b>Net Sales</b>	<b>366.9</b>	<b>410.3</b>	<b>+11.8%</b>	408.0	+0.6%
<b>Operating Income</b> (Operating Income Ratio)	<b>9.2</b> (2.5%)	<b>26.0</b> (6.3%)	<b>+182.1%</b>	22.0 (5.4%)	+18.2%
<b>Ordinary Income</b> (Ordinary Income Ratio)	<b>8.6</b> (2.3%)	<b>26.1</b> (6.4%)	<b>+204.7%</b>	20.5 (5.0%)	+27.5%
<b>Net Income</b> (Net Income Ratio)	<b>4.1</b> (1.1%)	<b>22.9</b> (5.6%)	<b>+455.5%</b>	18.0 (4.4%)	+27.2%

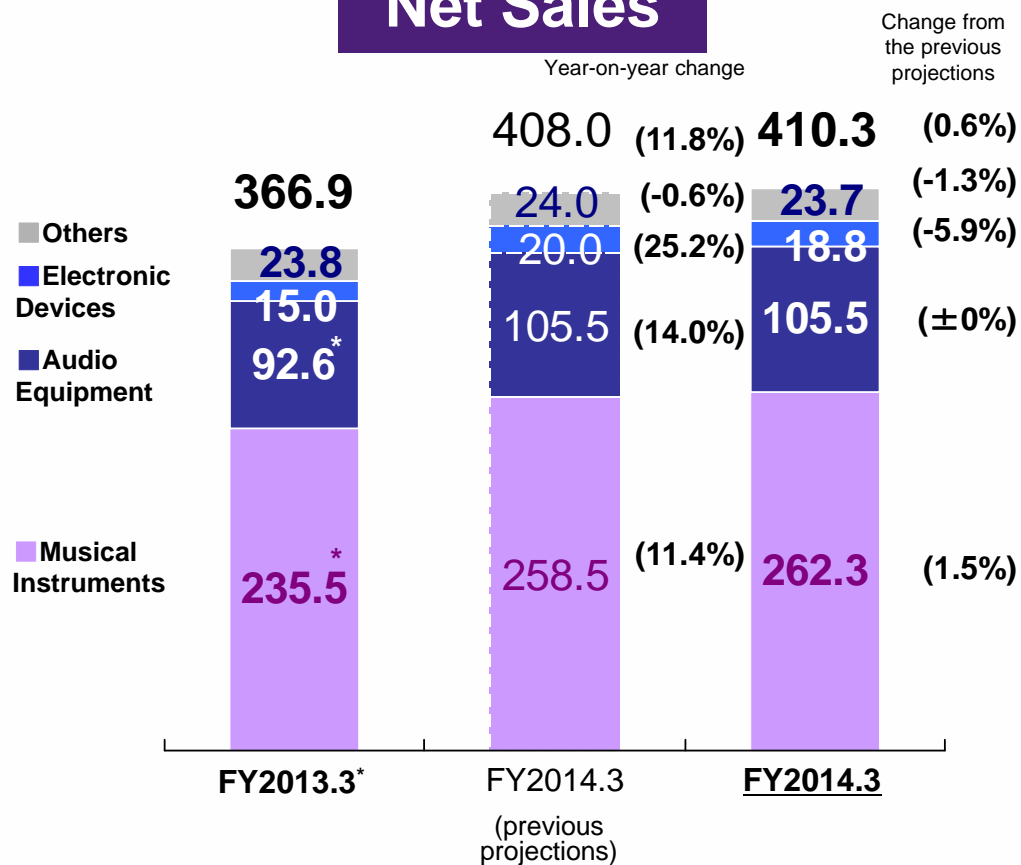
### Exchange Rate (yen)

<b>Net Sales</b>	<b>US\$</b>	<b>83</b>	<b>100</b>	100
	<b>EUR</b>	<b>107</b>	<b>134</b>	133
<b>Operating Income</b>	<b>US\$</b>	<b>82</b>	<b>100</b>	99
	<b>EUR</b>	<b>103</b>	<b>129</b>	128

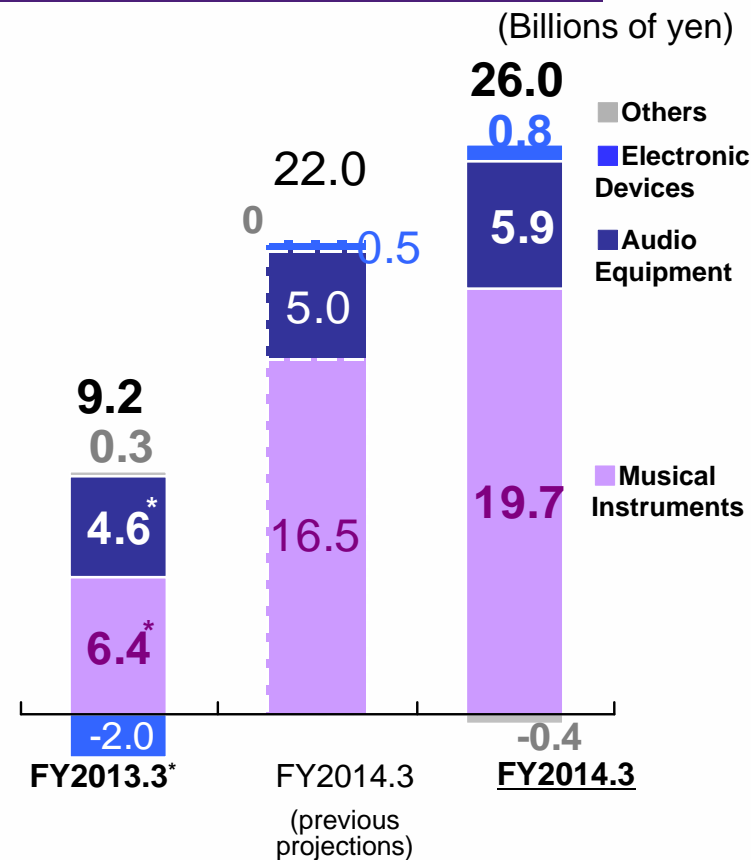
\*Previous projections were announced on February 5, 2014

# Performance by Business Segment in FY2014.3

## Net Sales



## Operating Income



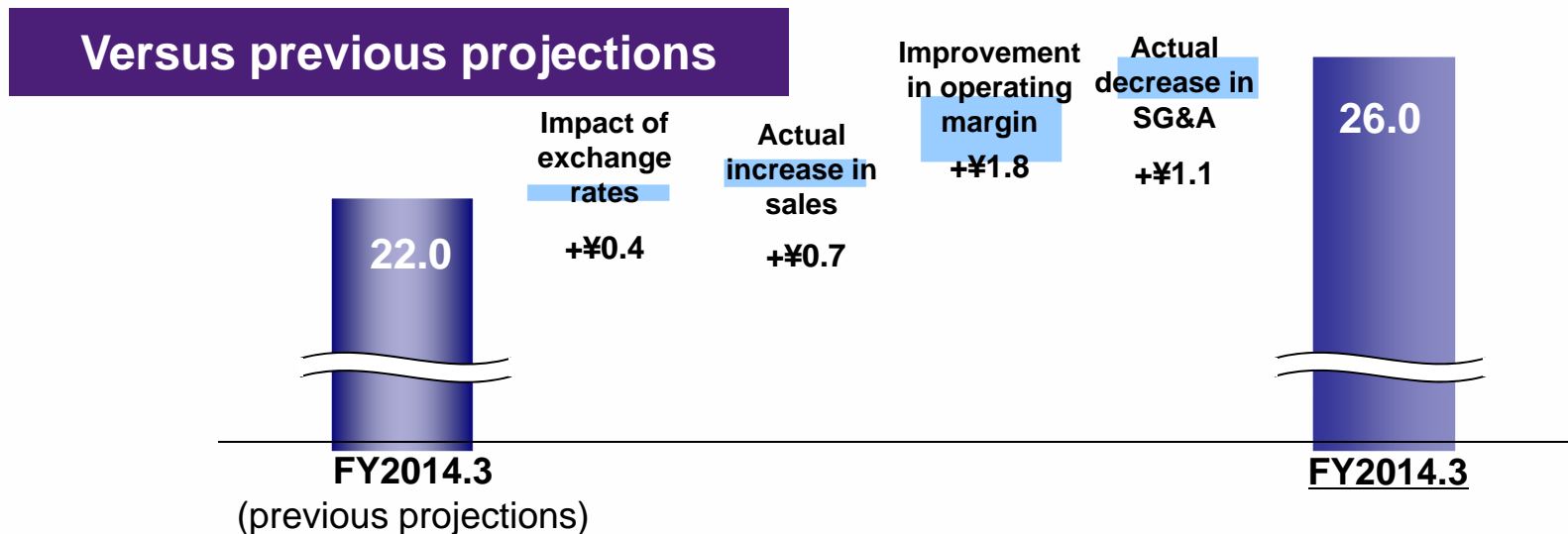
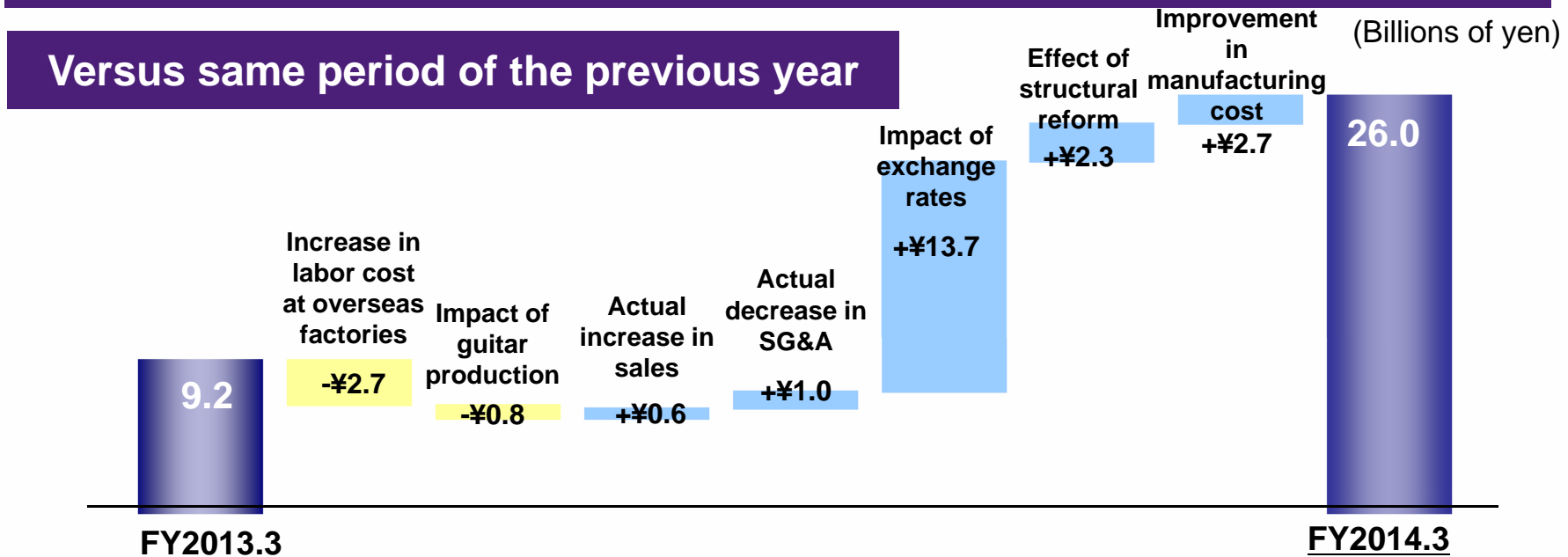
### Impact of Exchange Rates

<b>Year-on-Year</b>	<b>+¥42.8 billion</b> (musical instruments +¥27.7 billion, audio equipment +¥14.0 billion, electronic devices +¥1.1 billion)
<b>Versus previous projections</b>	<b>+¥2.0 billion</b> (musical instruments +¥1.3 billion, audio equipment +¥0.6 billion, electronic devices +¥0 billion)

<b>+¥13.7 billion</b>	(musical instruments +¥9.8 billion, audio equipment +¥3.4 billion, electronic devices +¥0.5 billion)
<b>+¥0.4 billion</b>	(musical instruments +¥0.3 billion, audio equipment +¥0.1 billion)

\*Previous projections were announced on February 5, 2014

# FY2014.3 Operating Income Analysis

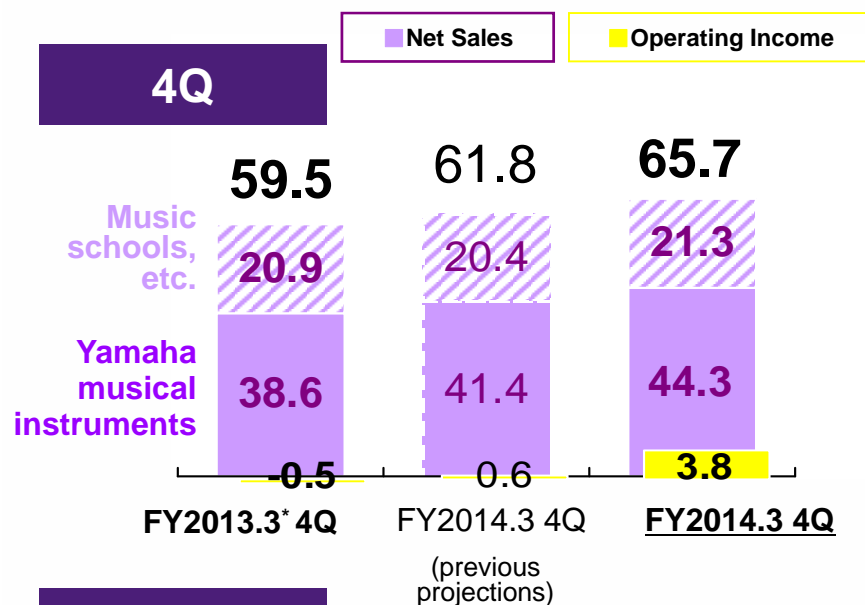


\*Previous projections were announced on February 5, 2014

# Musical Instruments

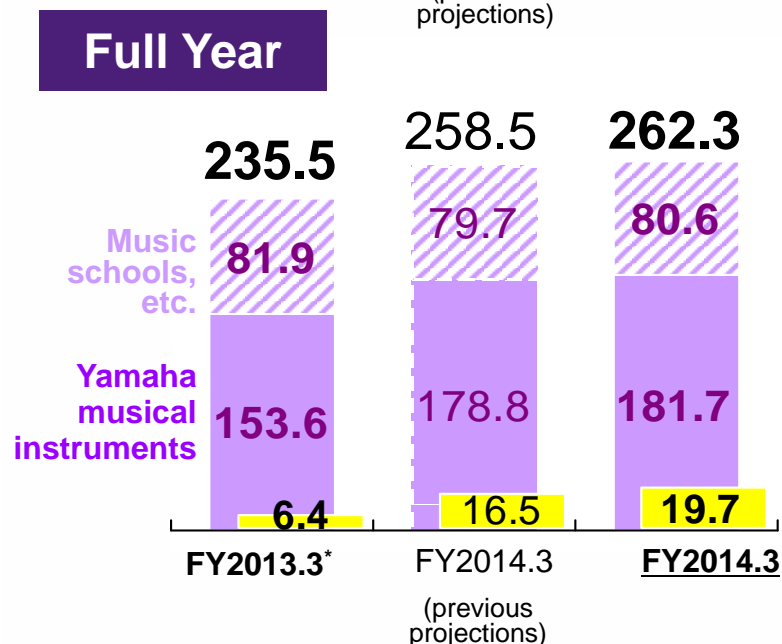


(Billions of yen)



## 4Q Overview

- Sales and income both rose year-on-year and exceeded previous projections
- Strong sales of digital musical instruments
- In Japan, there was a rush in demand for pianos, wind instruments, etc. prior to the consumption tax increase
- Operating income increased sharply due to cost reduction and higher income in the Japanese market



## Full Year Overview

- Sales and income increased year-on-year and were higher than previous projections
- Generally steady sales of pianos, digital musical instruments, and wind instruments
- String and percussion instrument sales were down year-on-year due to the impact of disrupted guitar production
- Sales in China and emerging markets did not reach targets

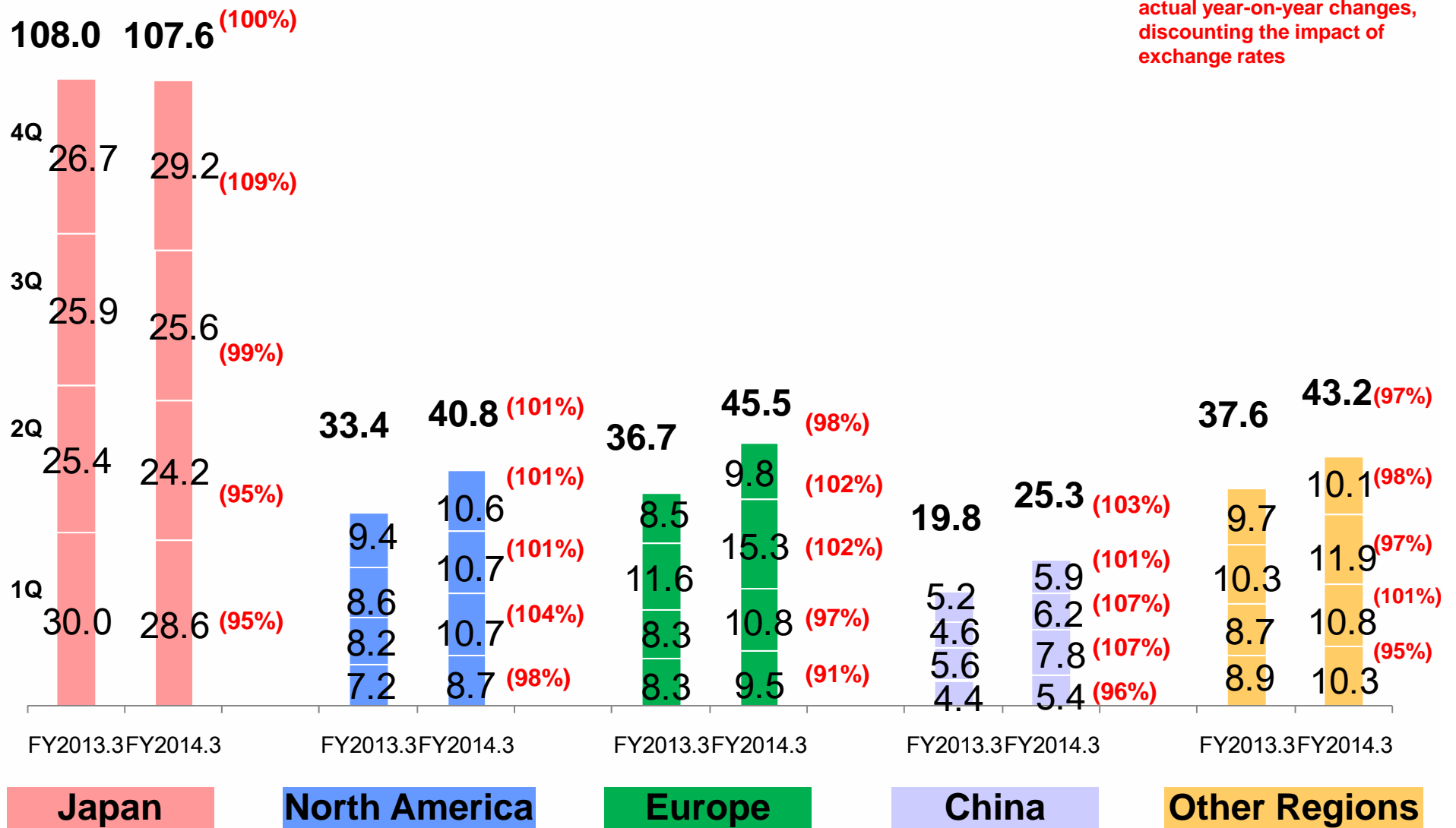
\*Previous projections were announced on February 5, 2014

# Musical Instruments Sales by Region



(Billions of yen)

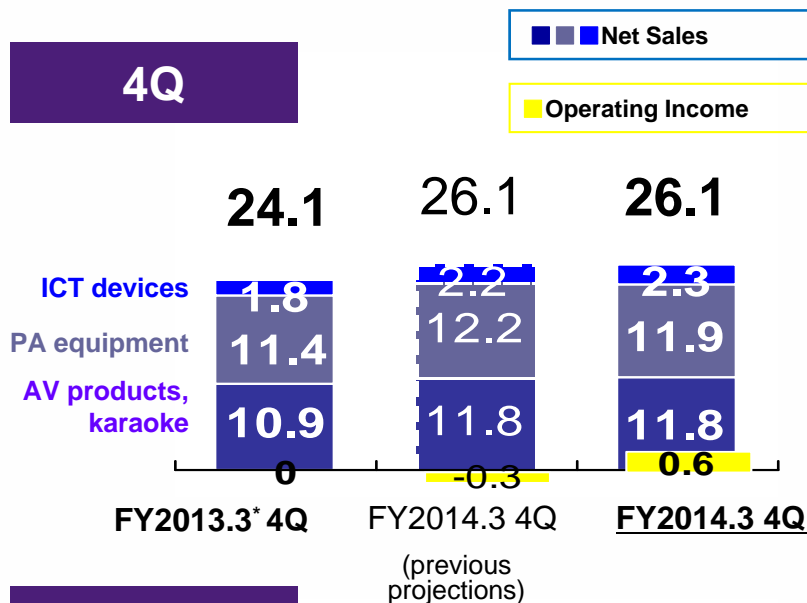
Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates



# Audio Equipment

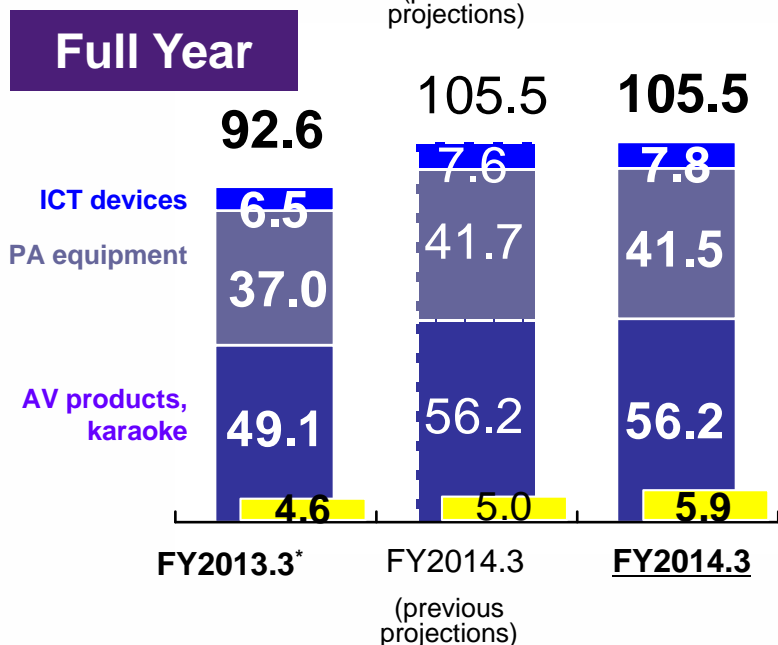


(Billions of yen)



## 4Q Overview

- Sales increased year-on-year and were in line with previous projections
- In North America and Europe, AV products struggled compared to the previous year
- For PA equipment, commercial audio equipment sales were lower than anticipated
- Robust sales of routers and karaoke equipment
- Operating income was higher than previous projections due to reduction of SG&A expenses and other costs



## Full Year Overview

- Sales and income were up year-on-year, and income surpassed previous projections
- Actual sales of AV products were lower than the previous year due to fierce competition
- Commercial audio equipment sales also lagged, and overall PA equipment sales were down year-on-year
- Sales of network karaoke equipment were higher than anticipated
- Router sales rebounded from sluggishness due to inventory adjustments early in the year to record strong results

\*Previous projections were announced on February 5, 2014

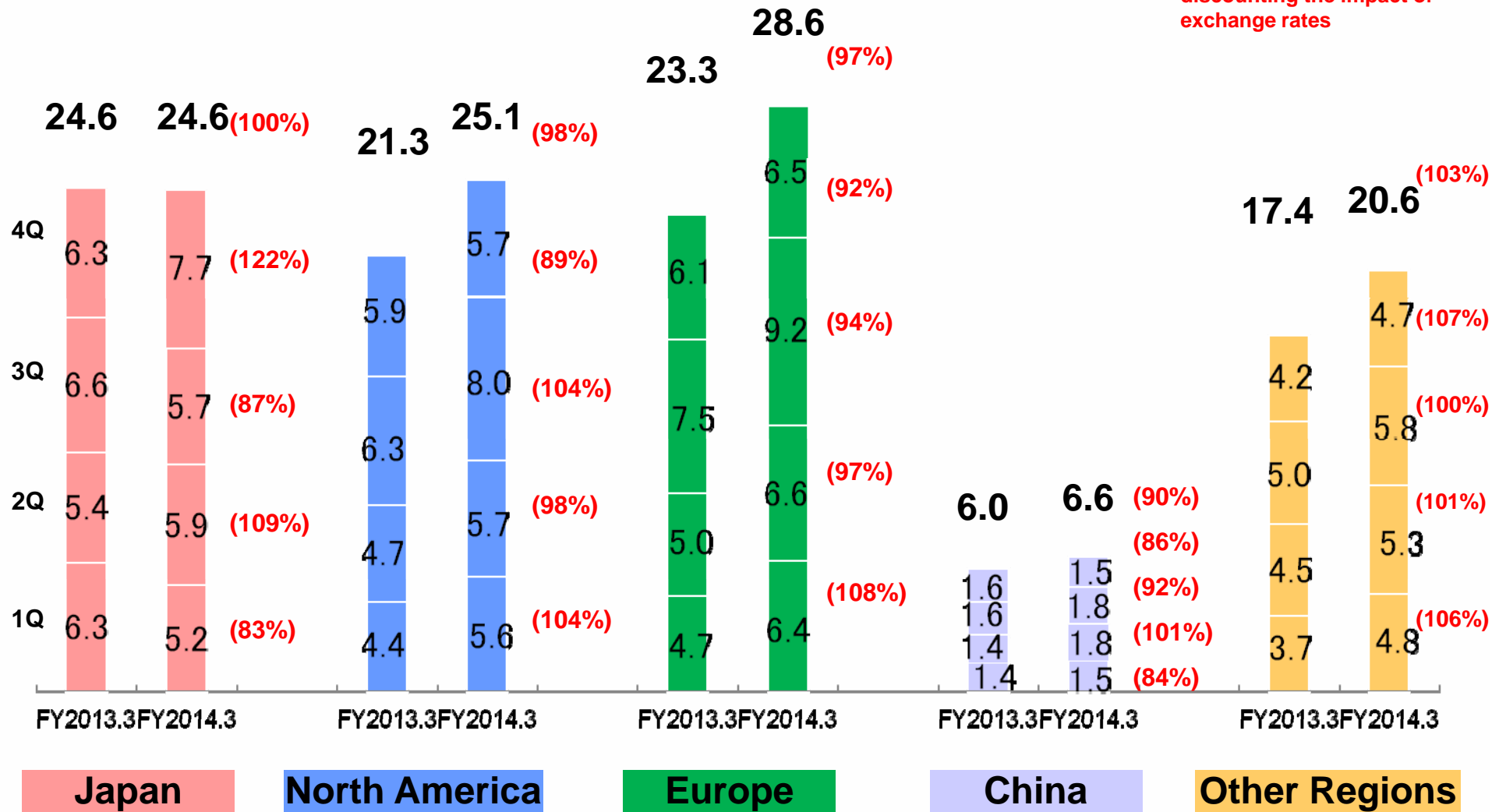


# Audio Equipment Sales by Region



(Billions of yen)

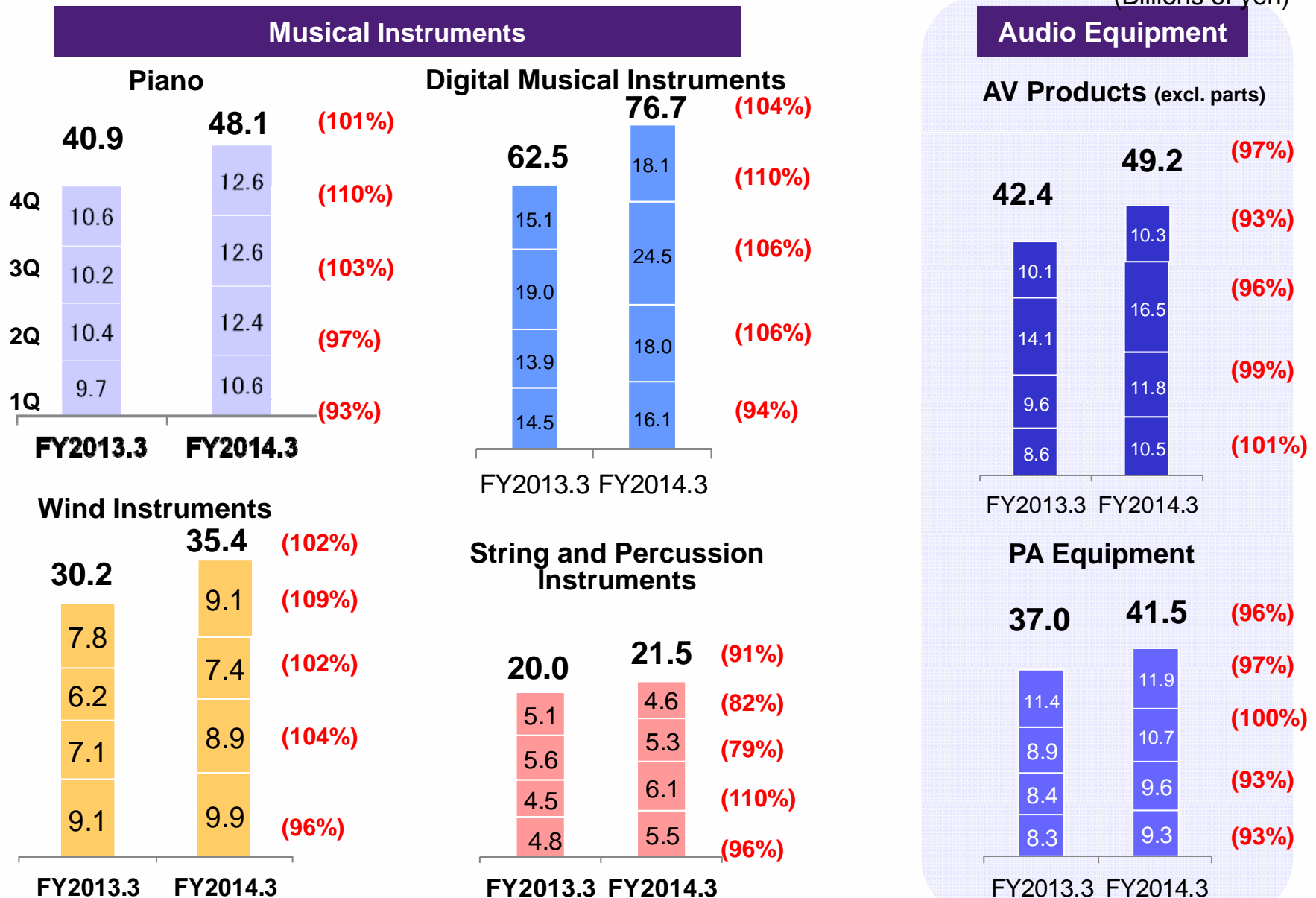
Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates



# Musical Instruments/Audio Equipment: Sales by Major Product Category



(Billions of yen)

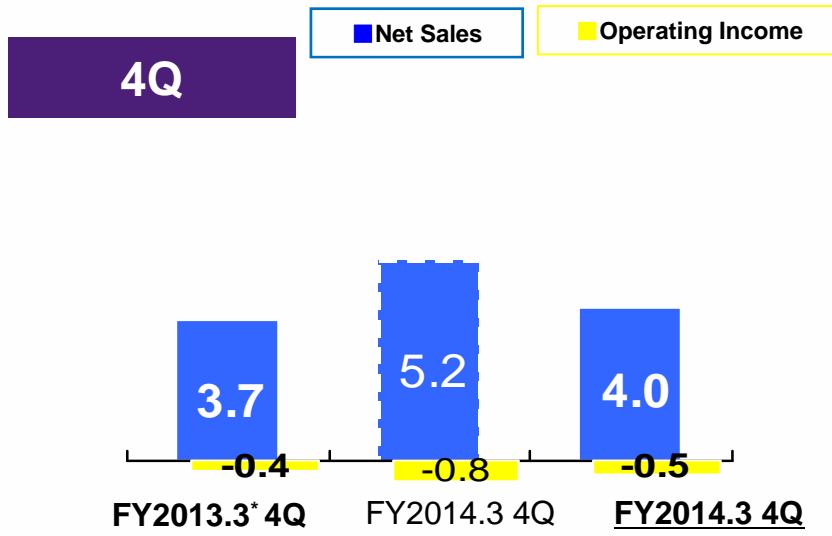


Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

# Electronic Devices

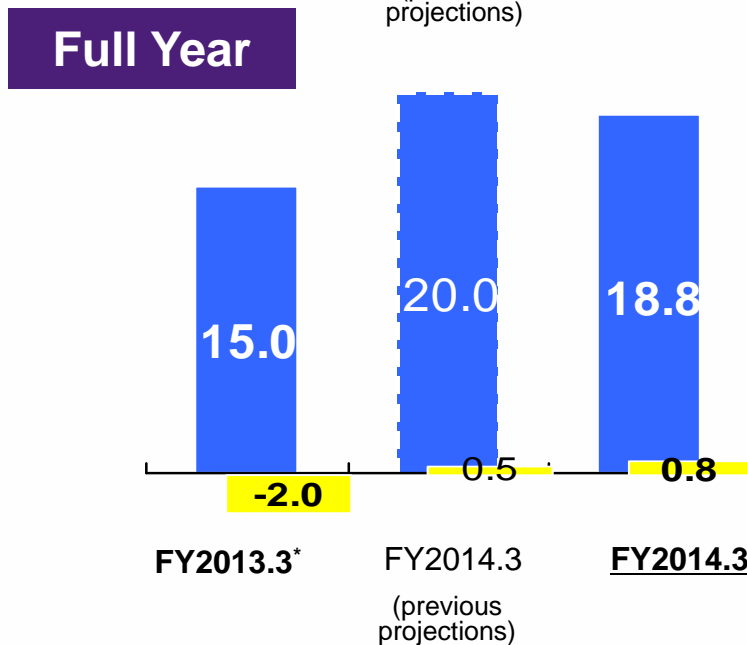


(Billions of yen)



## 4Q Overview

- Sales were up year-on-year, but below previous projections
- Sales of components for amusement equipment and geomagnetic sensors for smart phones were lower than expected
- Operating profit exceeded previous projections due to changes in product line-up and cost reductions



## Full Year Overview

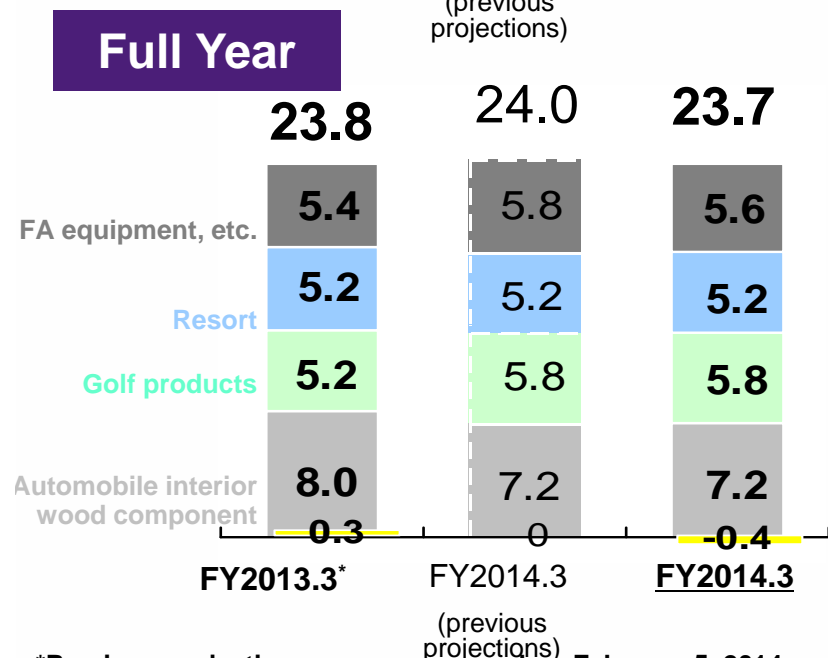
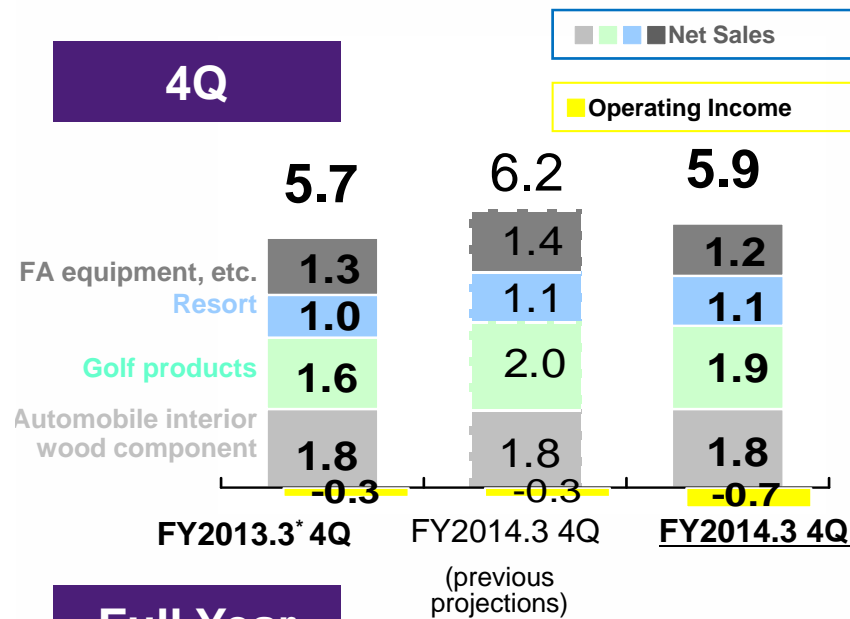
- Sales rose year-on-year, but were below previous projections
- Although sales of components for amusement equipment and smartphones were up year-on-year, they slowed in the second half
- Operating income moved into positive territory

\*Previous projections were announced on February 5, 2014

# Others



(Billions of yen)



\*Previous projections were announced on February 5, 2014

## 4Q Overview

- Sales increased year-on-year, but were lower than previous projections
- Resort guest numbers were lower than anticipated
- Although golf product sales rose year-on-year as overseas markets recovered, they were still below previous projections
- Robust sales of automobile interior wood components, but factory automation equipment struggled

## Full Year Overview

- Sales were on a par with the previous year and below previous projections
- Sales of automobile interior wood components were in line with previous projections
- Golf product sales increased as overseas markets picked up
- An operating loss was recorded, partly due to deteriorating profitability in the factory automation and golf product businesses compared to previous projections

# Forecast for Performance in FY2015.3



- Sales and income are forecast to increase year-on-year

(Billions of yen)

	FY2014.3 results	FY2015.3 projections	Increase/ decrease	Year-on-year percentage change
<b>Net Sales</b>	<b>410.3</b>	<b>430.0</b>	<b>+19.7</b>	<b>+4.8%</b>
<b>Operating Income</b> (Operating Income Ratio)	<b>26.0</b> (6.3%)	<b>29.0</b> (6.7%)	<b>+3.0</b>	<b>+11.6%</b>
<b>Ordinary Income</b> (Ordinary Income Ratio)	<b>26.1</b> (6.4%)	<b>28.0</b> (6.5%)	<b>+1.9</b>	<b>+7.1%</b>
<b>Net Income</b> (Net Income Ratio)	<b>22.9</b> (5.6%)	<b>21.0</b> (4.9%)	<b>-1.9</b>	<b>-8.3%</b>

## Exchange Rate (yen)

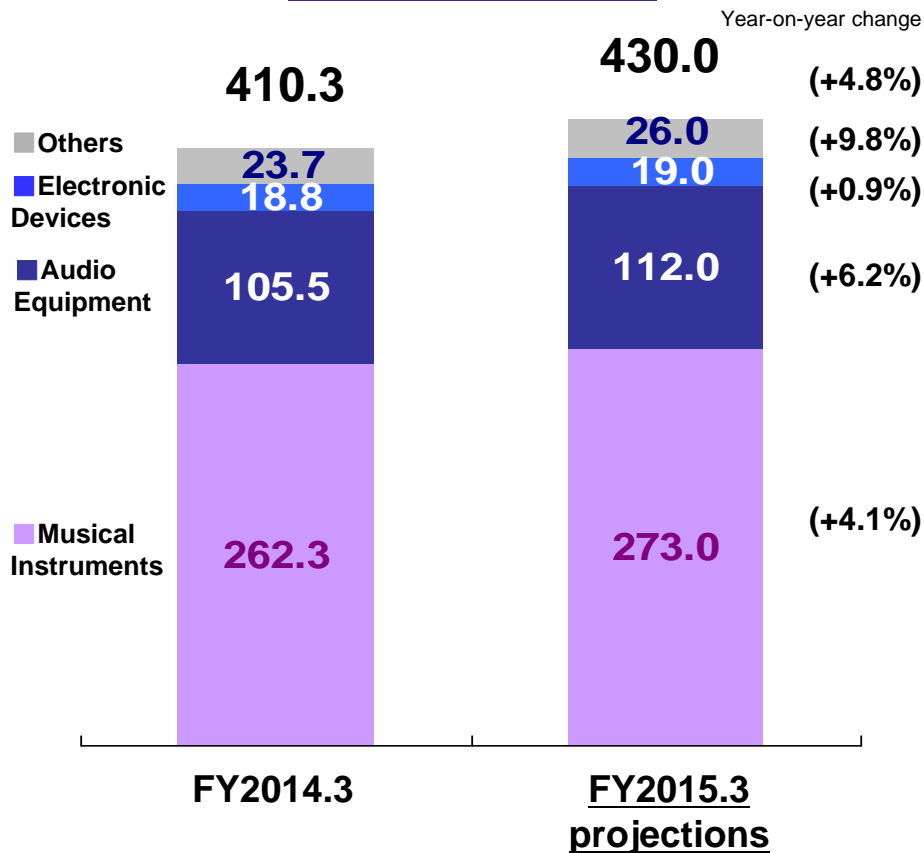
<b>Net Sales</b>	<b>US\$</b>	<b>100</b>	<b>100</b>
	<b>EUR</b>	<b>134</b>	<b>135</b>
<b>Operating Income</b>	<b>US\$</b>	<b>100</b>	<b>100</b>
	<b>EUR</b>	<b>129</b>	<b>135</b>

# Forecast for Performance by Business Segment in FY2015.3

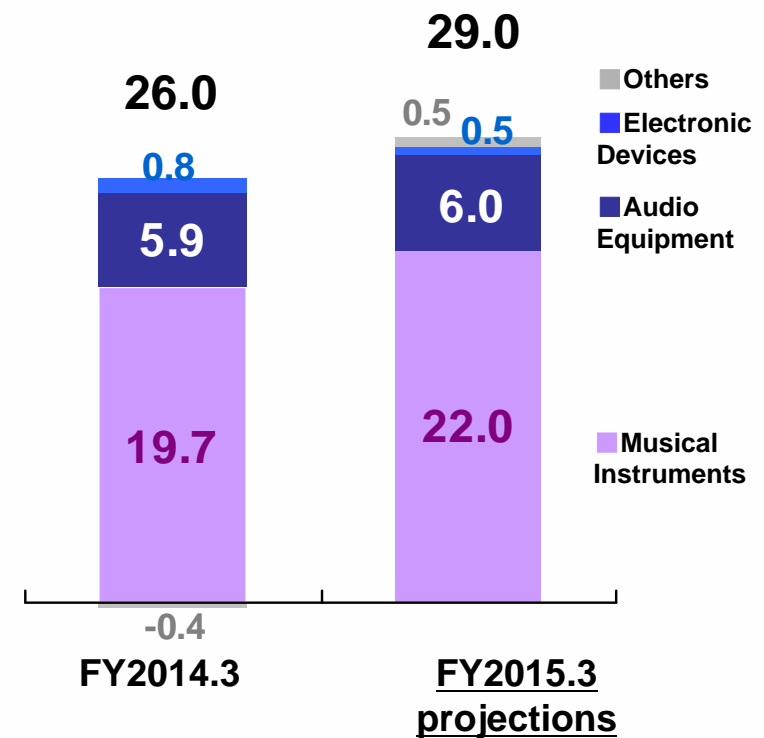


(Billions of yen)

## Net Sales



## Operating Income



### Impact of Exchange Rates

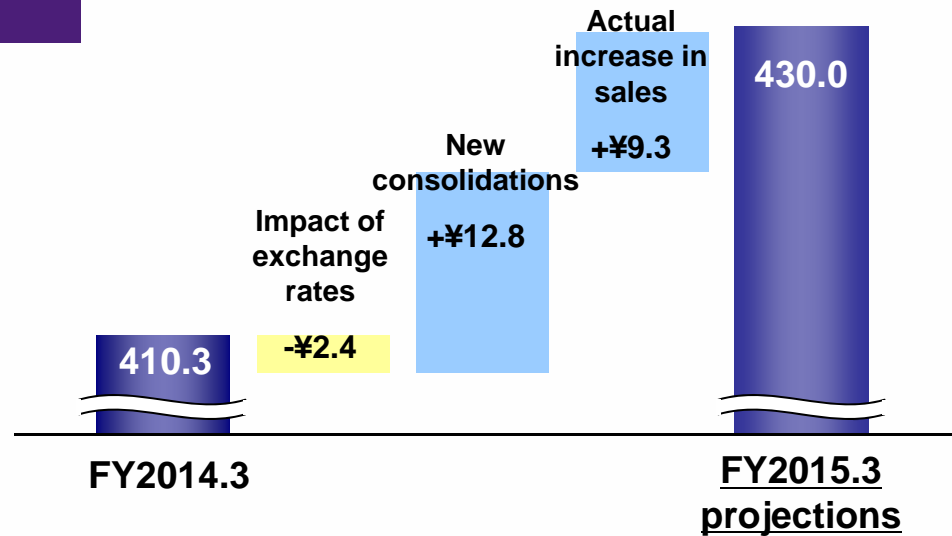
<b>Year-on-Year</b>	<b>-¥2.4 billion</b> (musical instruments -¥1.9 billion, audio equipment -¥0.6 billion, electronic devices +¥0.1 billion)
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<b>Year-on-Year</b>	<b>+¥1.9 billion</b> (musical instruments +¥1.4 billion, audio equipment +¥0.5 billion, electronic devices +¥0 billion)
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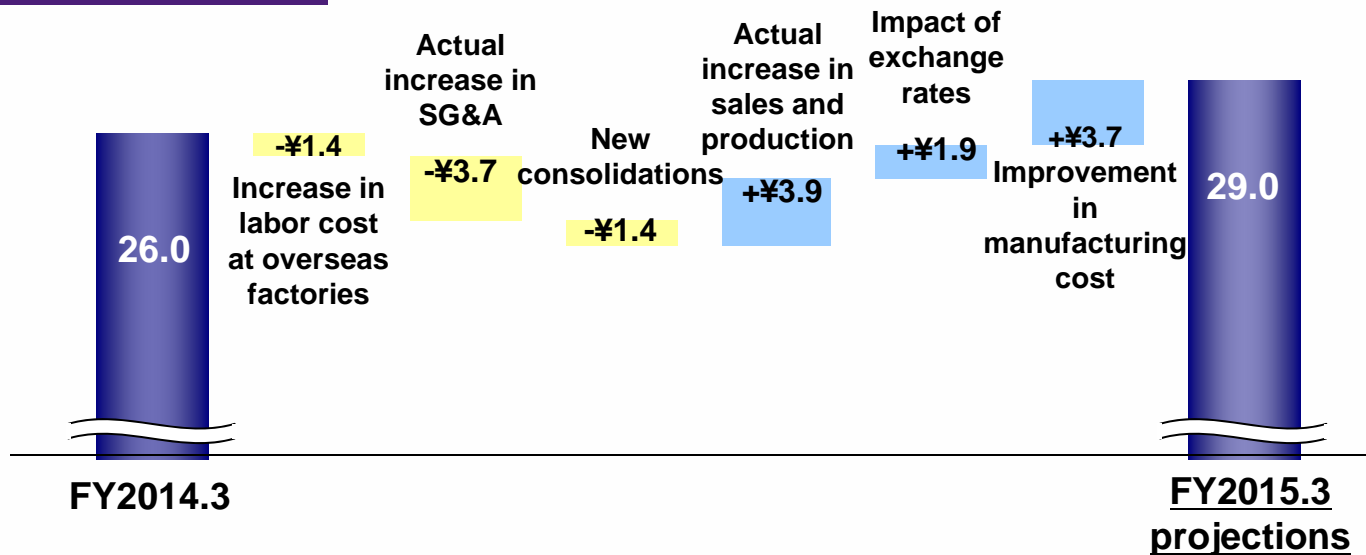
# FY2015.3 Sales and Operating Income Analysis

(Billions of yen)

## Sales



## Operating Income

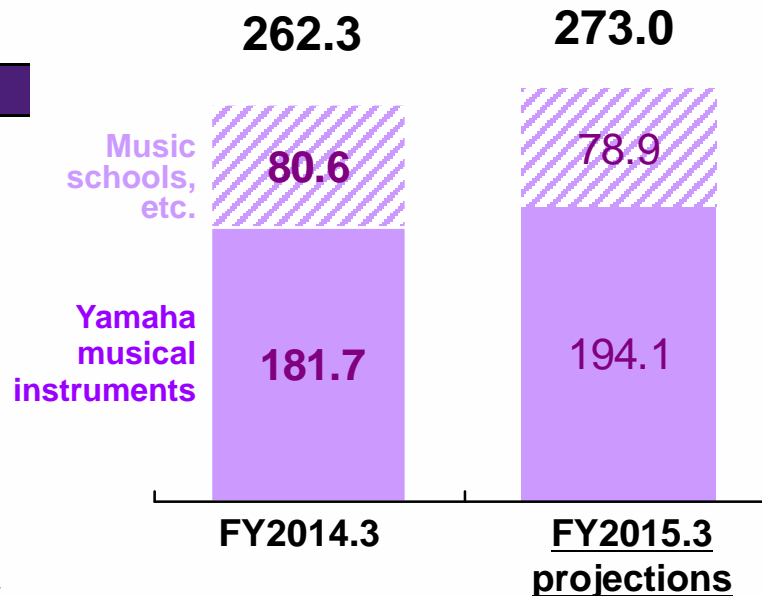


# Musical Instruments (projections)



(Billions of yen)

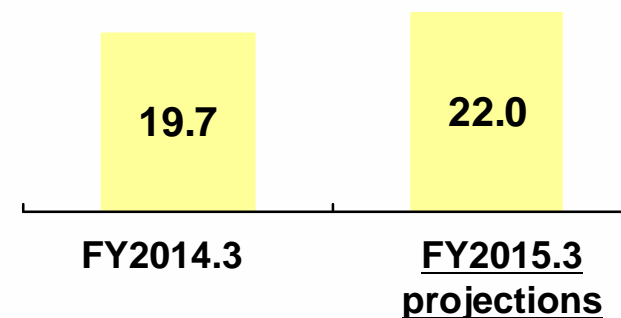
## Net Sales



## Full Year Projections

- Sales and income are expected to rise year-on-year (including consolidation of newly acquired Line 6, Inc.)
- Steady sales are anticipated in developed markets other than Japan
- Although there is uncertainty surrounding China and emerging markets, a certain level of growth is projected
- New products including Electone and digital pianos will have a positive effect, and a recovery from guitar production difficulties is expected

## Operating Income



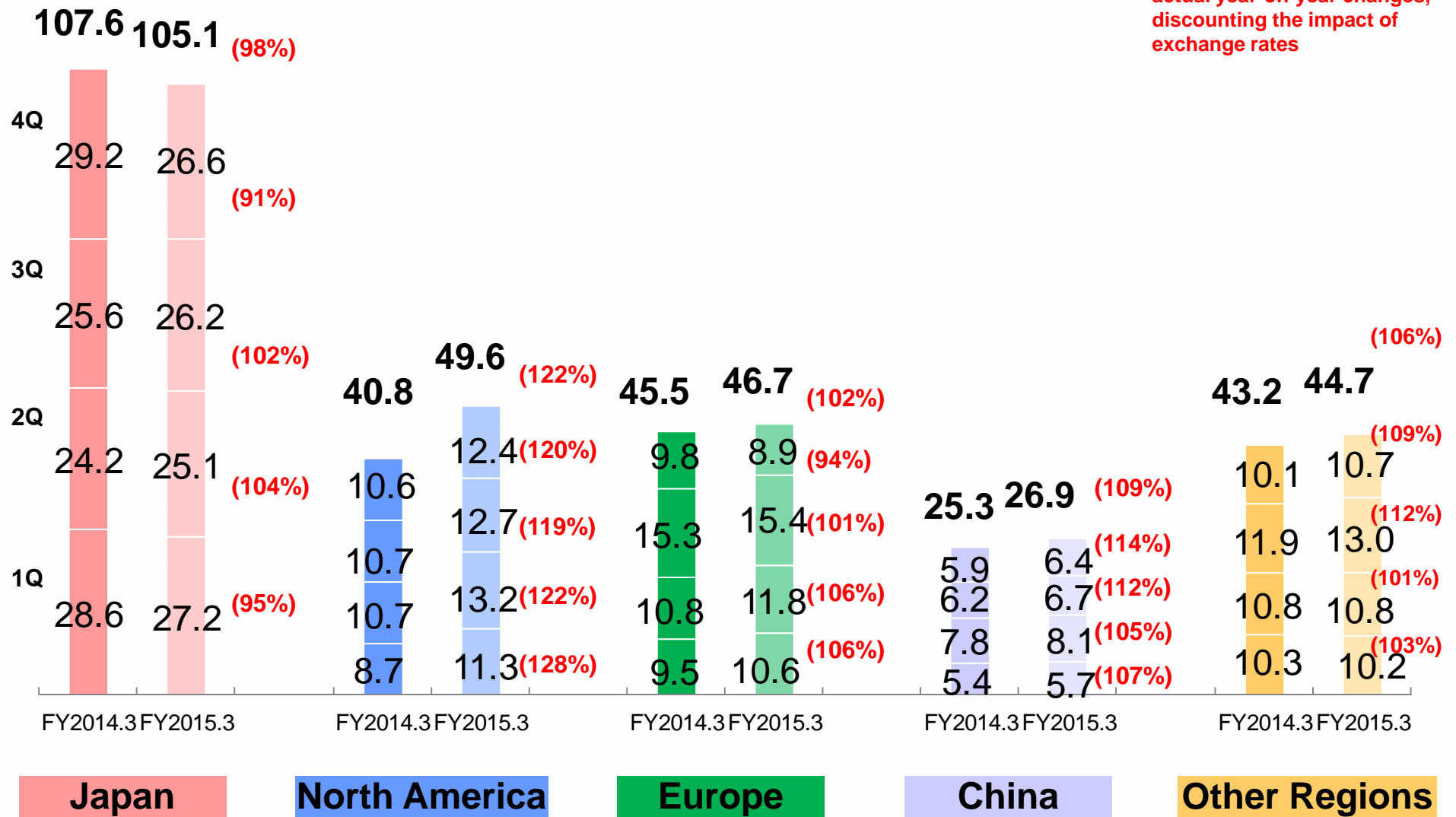


# Musical Instruments Sales by Region



(Billions of yen)

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



# Audio Equipment (projections)

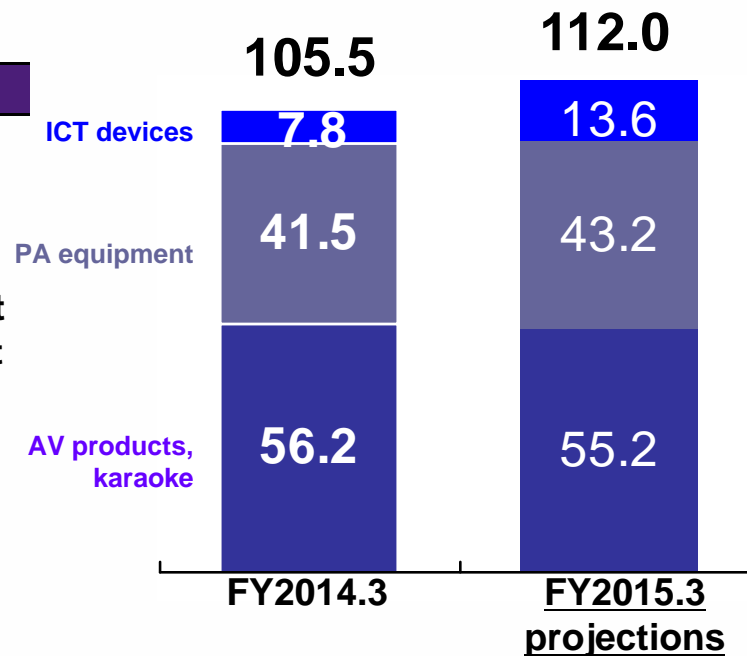


(Billions of yen)

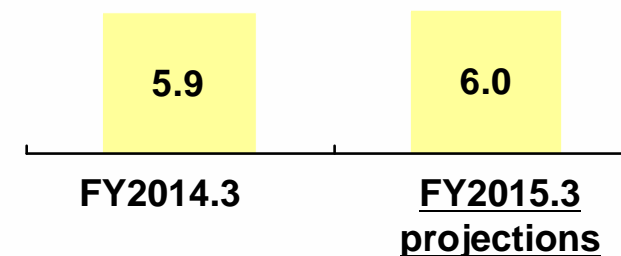
## Net Sales

### Full Year Projections

- Sales are projected to rise year-on-year, while operating income will remain steady (including consolidation of newly acquired Revolabs, Inc.)
- The launch of new professional audio equipment and AV equipment products is expected to boost sales
- Higher ICT devices sales are anticipated, driven especially by routers
- Operating income is expected to rise less than sales, due to factors including cost increases



## Operating Income

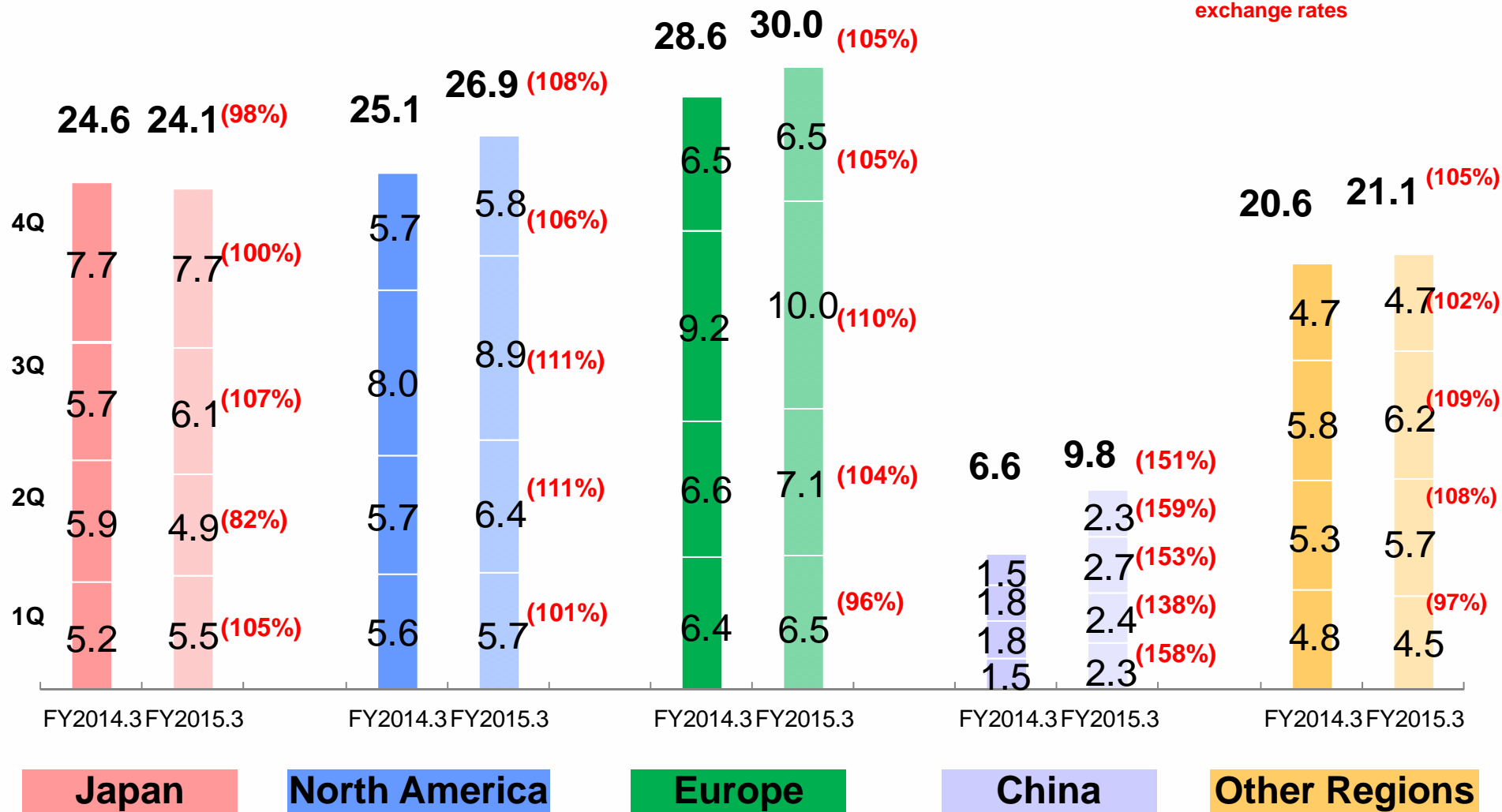


# Audio Equipment Sales by Region



(Billions of yen)

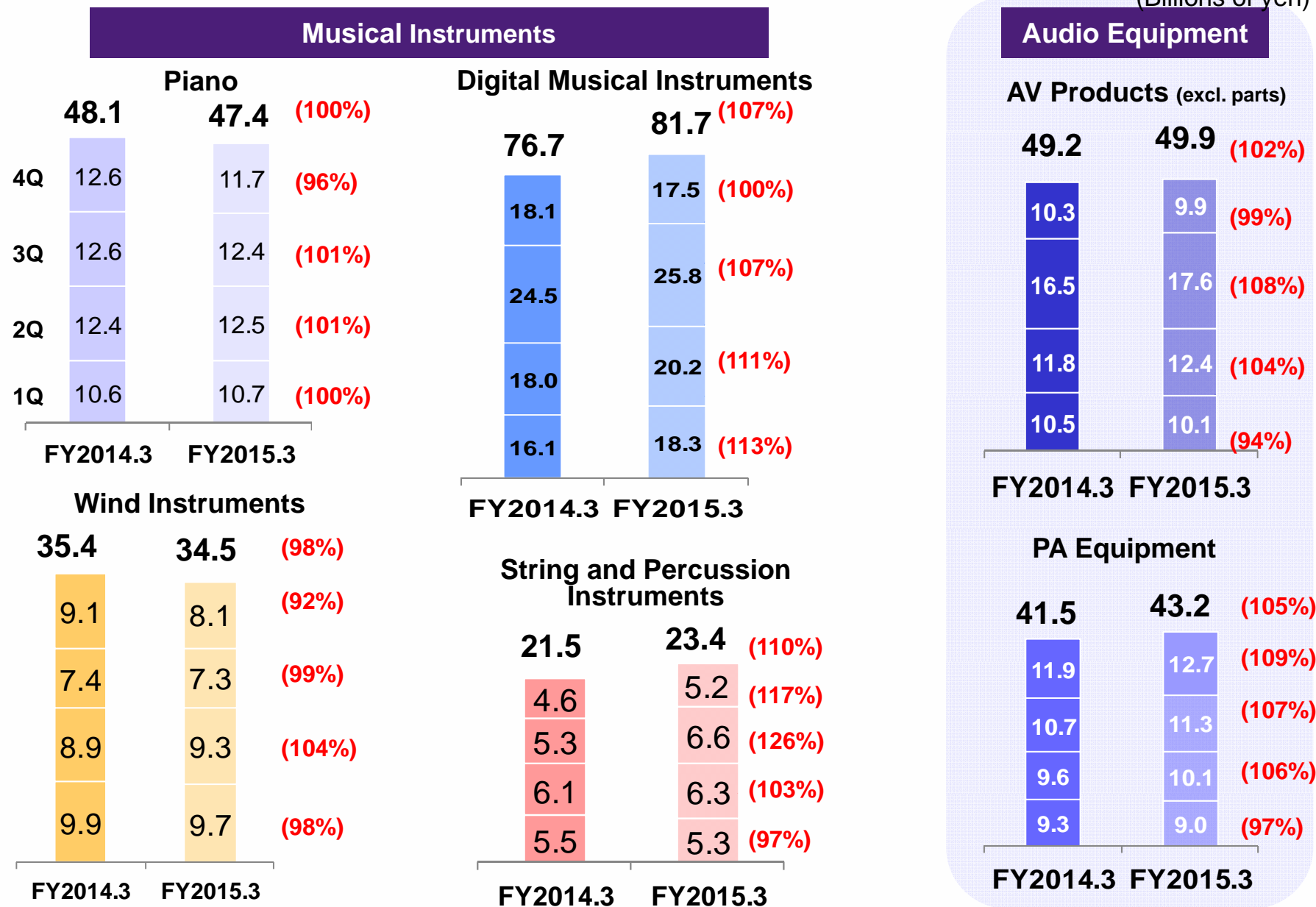
Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates



# Musical Instruments/Audio Equipment: Sales by Major Product Category



(Billions of yen)



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

# M&A Development



- Announced acquisition (100% ownership) of Line 6, Inc. (a U.S. musical instruments and audio equipment manufacturer) in December 2013, and Revolabs, Inc. (a U.S. provider of wireless audio solutions) in March 2014

**LINE 6**



Has a solid reputation in the marketplace for its modeling technology used in guitar processing products (guitar amplifiers, effecters, etc.)

**revolabs**



Built market position with wireless microphone systems for conference rooms



Accelerate growth in new businesses and generate synergy with the current businesses.

# Key Products in FY2015.3



Another progress in the digital musical instruments with leading-edge technology and brand new concept unit  
**Electone™ electronic organ STAGEA™**



**ELS-02X professional model**  
 JPY1,580,000 (excl. tax)

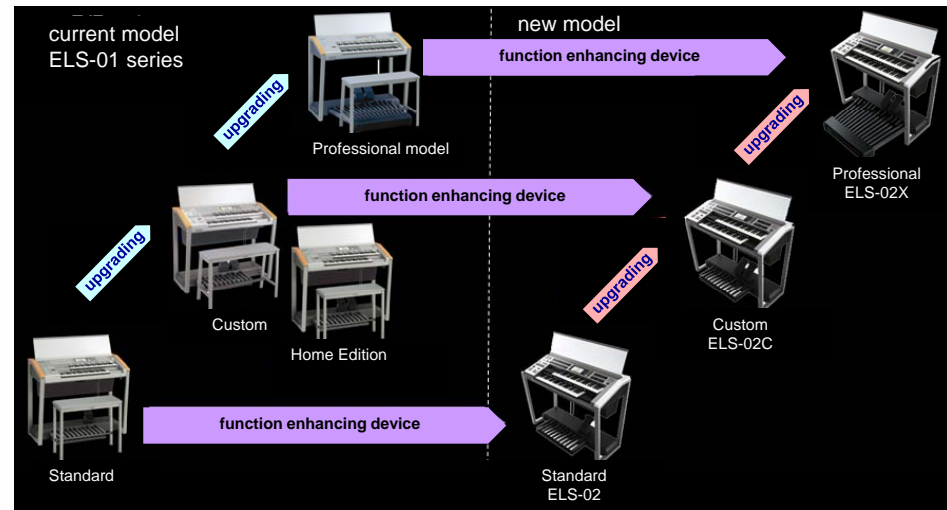
**Launched in April 2014**



**ELS-02C custom model**  
 JPY980,000 (excl. tax)



**ELS-02 standard model**  
 JPY650,000 (excl. tax)



No need for upgrade purchasing, the customer simply installs a device to the current ELS-01 to enhance the functions, which will allow him/her to enjoy the same experience as ELS-02

# Key Products in FY2015.3



Digital piano incorporated with superb sounds of two different concert grand pianos  
Clavinova digital piano CLP series

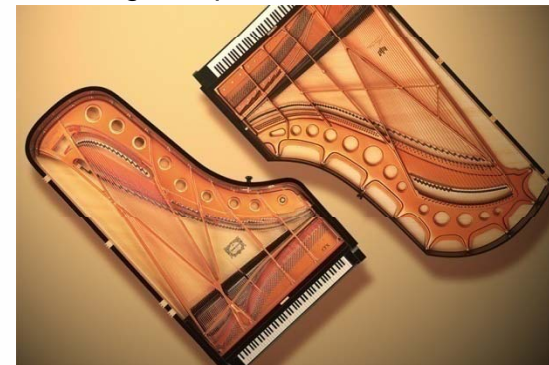


**Clavinova CLP-585PE**  
polished ebony  
JPY400,000 (excl. tax)



**Clavinova CLP-545WA**  
White ash  
JPY215,000 (excl. tax)

Carries true tonal characters of concert grand pianos



Yamaha CFX grand piano (left) and Bösendorfer Imperial grand (right)



Product release scheduled to start from May 2014

Easy-to-use interface enables simple operation



# Key Products in FY2015.3



Music production synthesizer with the latest sound engine and rich sound production function  
The music production synthesizers MOXF6 and MOXF8



Music production synthesizers MOXF6 and MOXF8 (discretionary price)

A trumpet carrying an international artist's deep musical sensitivity and  
the expertise and skill of designers and craftsmen

The trumpet Xeno series



YTR-8335 Xeno JPY255,000 (excl. tax)



YTR-8335RS Xeno JPY280,000 (excl. tax)



# Key Products in FY2015.3

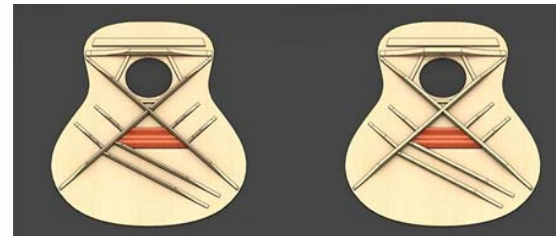


Renewing a lineup of acoustic guitars with A.R.E. wood reforming technology  
The acoustic guitar L series



**Acoustic guitar LL36 ARE**  
JPY360,000 (excl. tax)

Launched in March 2014



A modified non-scalloped bracing pattern  
(traditional model on the left, and the new model on the right)



A 5-ply neck and headstock  
of the model LL36 ARE

Introducing a new era of active bass which delivers sheer tonal quality  
The electric basses TRBX300 and TRBX500



**Electric bass TRBX304 CAR**  
JPY45,000 (excl. tax)



**Electric bass TRBX505 TBL**  
JPY72,000 (excl. tax)

# Key Products in FY2015.3



Mixers with an intuitive easy-to-use interface with superior sound quality and reliable construction  
The mixing console MG series



Product release started from February 2014

A compact mixing console with core features and performance inherited from the industry leading standards of CL series  
The digital mixing console QL series



Launched in April 2014

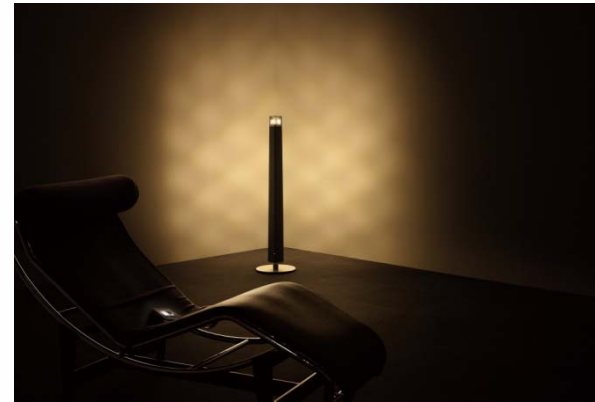
# Key Products in FY2015.3



A unique designer sound system of light and music, blending into one  
**Relit lighting audio system LSX-700**



**Lighting and audio system LSX-700**  
Black on the left and brown on the right  
JPY70,000 (excl. tax)



11.2-channel AV preamplifier and power amplifier at the pinnacle of the AVENTAGE series  
**AV pre-amplifier CX-A5000 and power amplifier MX-A5000**



**AV pre-amplifier CX-A5000 black**  
JPY250,000 (excl. tax)

**Power amplifier MX-A5000 black**  
JPY300,000 (excl. tax)

# Electronic Devices (projections)

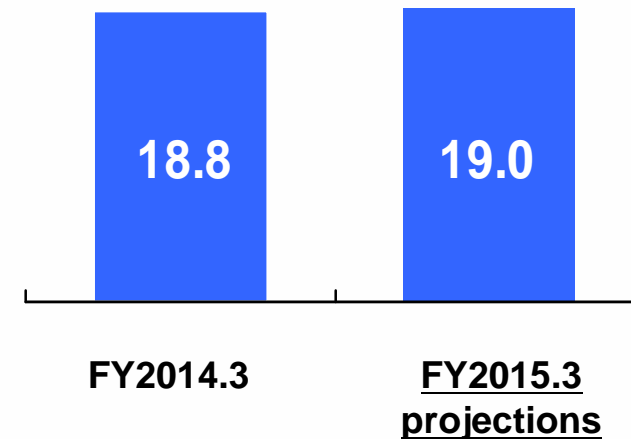


## Net Sales

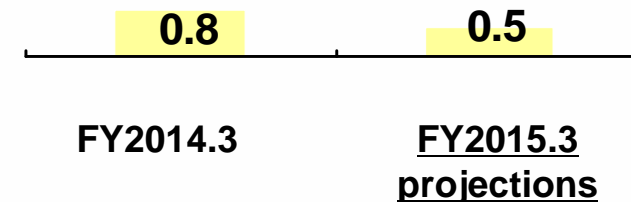
(Billions of yen)

### Full Year Projections

- Sales and income are both likely to be generally on a par with the previous year
- Although use of geomagnetic sensors will increase, unit prices are projected to fall
- Demand from buyers of amusement equipment is expected to rebound



## Operating Income



# Others (projections)

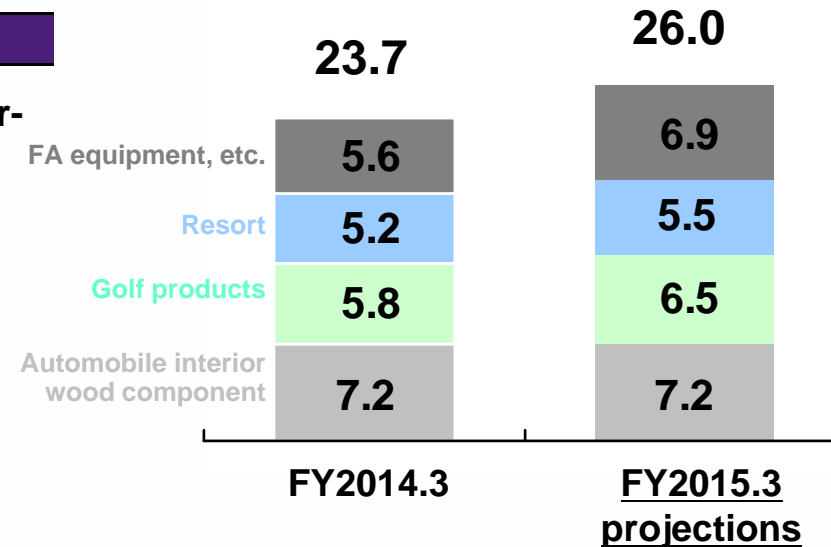


## Net Sales

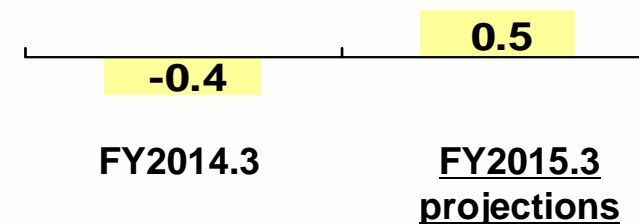
(Billions of yen)

### Full Year Projections

- Sales and income are expected to increase year-on-year
- Factory automation equipment, golf, and resort sales are projected to rise
- Sales of automobile interior wood components will remain on a par with the previous year
- Operating income is expected to return to positive territory due to increased sales



## Operating Income



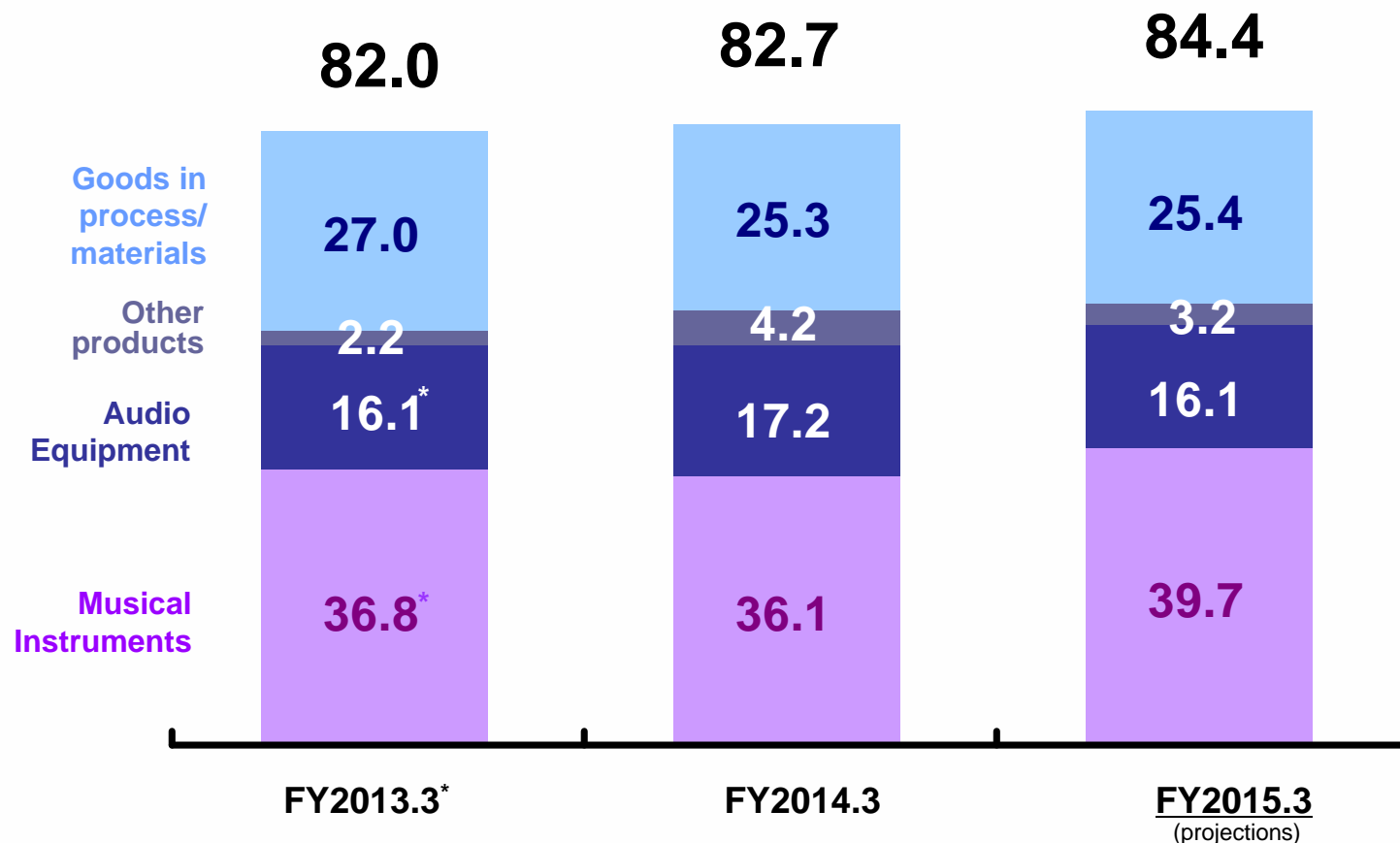
# Inventories



➤ Inventories at the end of the fiscal year (March 31, 2014) were ¥82.7 billion (previous projections were ¥81.0 billion)

Actual inventories decreased excluding the impact of exchange rates (forex impact of +¥5.1 billion versus previous year, and +¥2.0 billion versus the previous projections)

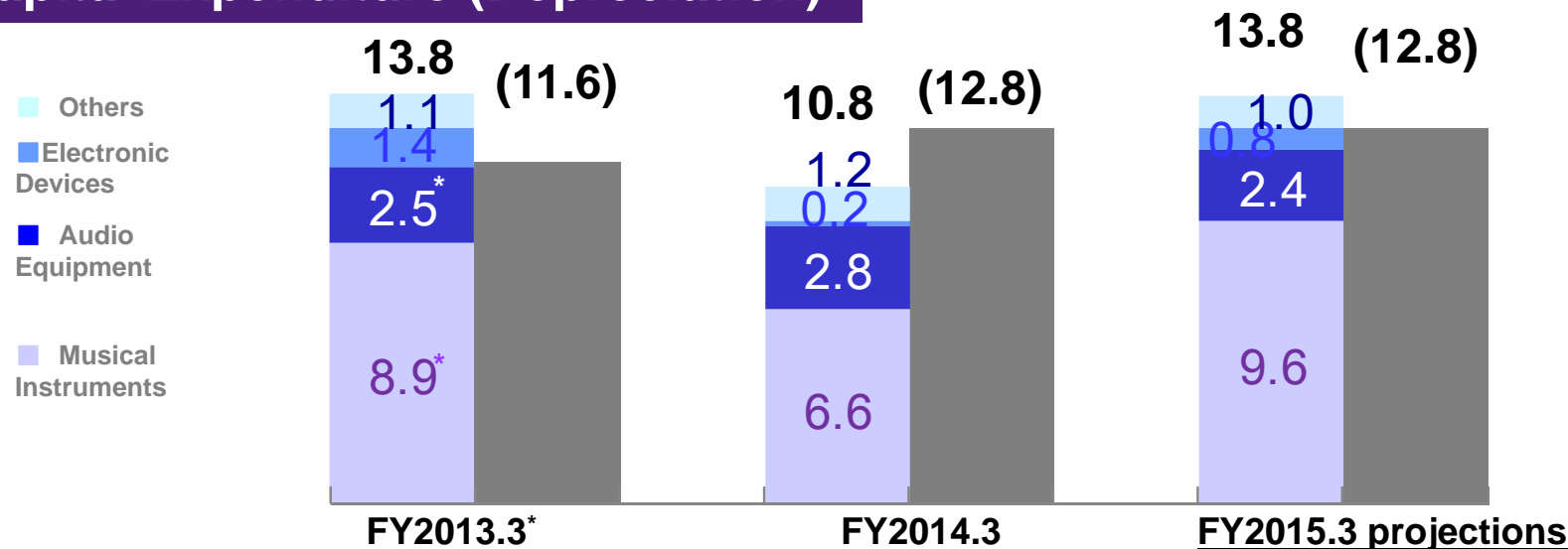
(Billions of yen)



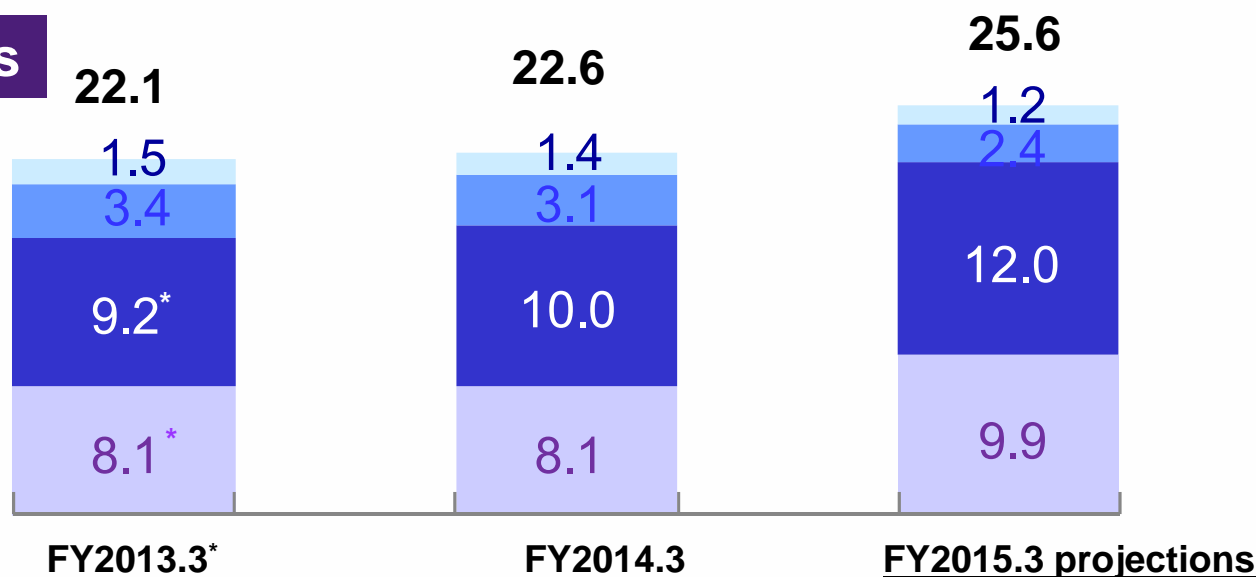
# Capital Expenditure/Depreciation/R&D Expenses

## Capital Expenditure (Depreciation)

(Billions of yen)



## R&D Expenses



# Balance Sheet Summary



(Billions of yen)

	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015 projections
Cash and deposits	51.4	60.6	76.2
Notes and accounts receivable	51.0	56.7	57.3
Inventories	82.0	82.7	84.4
Other current assets	13.5	14.5	14.5
Fixed assets	192.7	224.4	219.5
<b>Total assets</b>	<b>390.6</b>	<b>438.9</b>	<b>451.9</b>
Notes and accounts payable	20.3	21.6	22.4
Short- and long-term loans	10.1	8.8	8.7
Resort membership deposits	15.4	15.3	15.4
Other liabilities	115.2	118.4	115.2
Total net assets	229.6	274.8	290.2
<b>Total liabilities and net assets</b>	<b>390.6</b>	<b>438.9</b>	<b>451.9</b>

\*Unrecognized pension liabilities have been recorded on the balance sheet as of end of the first quarter of FY2014.3



# Key Financial Figures



(Billions of yen)

	FY2011.3	FY2012.3	FY2013.3	FY2014.3	FY2015.3 (projections)	FY2016.3 Mid-term target
<b>Net Sales</b>	<b>373.9</b>	<b>356.6</b>	<b>366.9</b>	<b>410.3</b>	<b>430.0</b>	<b>430.0</b>
<b>Operating Income</b> (Operating Income Ratio)	<b>13.2</b> (3.5%)	<b>8.1</b> (2.3%)	<b>9.2</b> (2.5%)	<b>26.0</b> (6.3%)	<b>29.0</b> (6.7%)	<b>30.0</b> (7.0%)
<b>ROE</b>	<b>2.1%</b>	<b>-</b>	<b>1.9%</b>	<b>9.2%</b>	<b>7.5%</b>	<b>10%</b>
<b>Free Cash Flow</b>	<b>12.9</b>	<b>1.9</b>	<b>-4.9</b>	<b>10.3</b>	<b>20.7</b>	<b>50.0</b> (over three years)

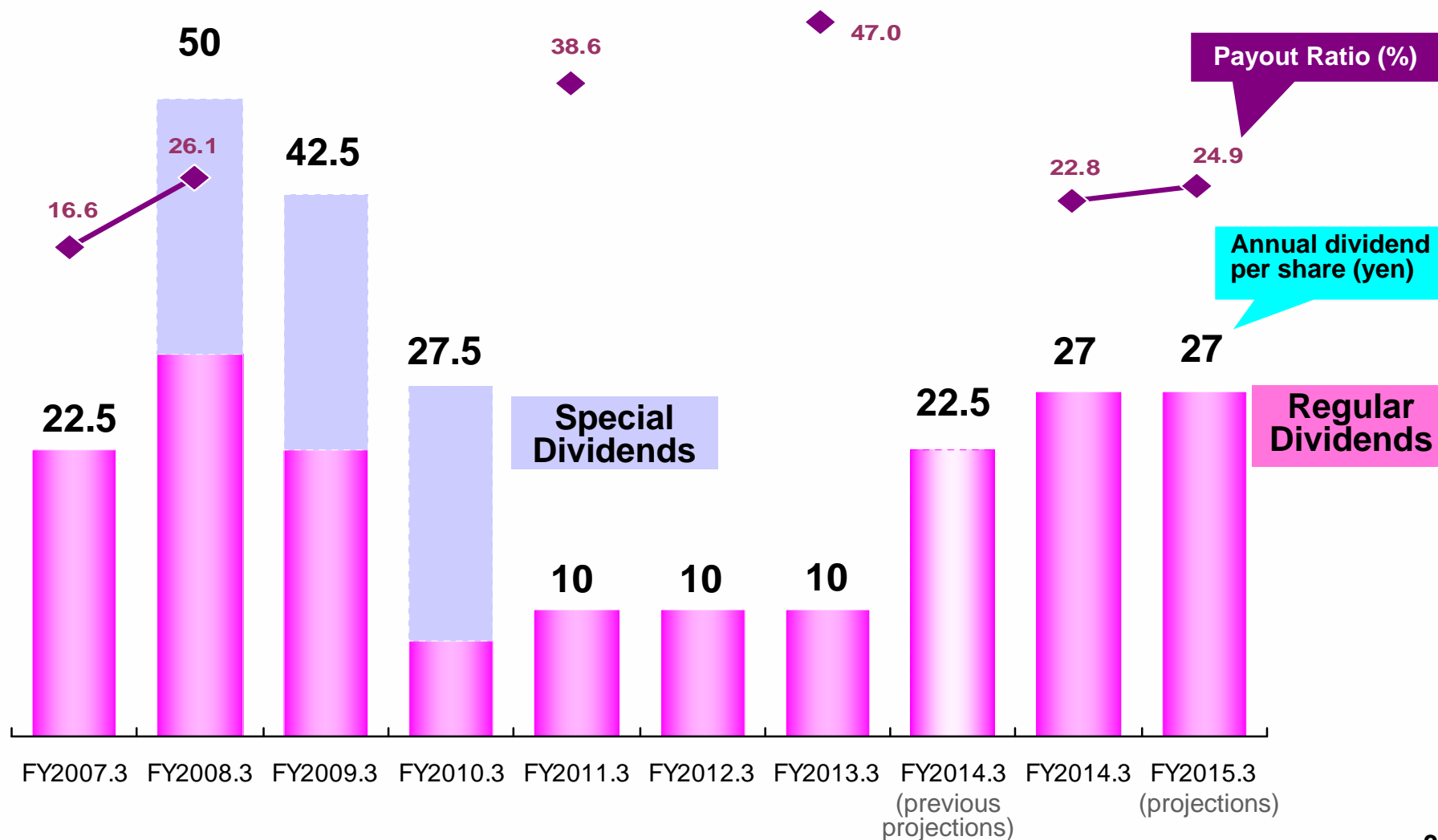
## Exchange Rate (yen)

<b>Net Sales</b>	US\$	86	79	83	100	100	85
	EUR	113	109	107	134	135	115
<b>Operating Income</b>	US\$	86	79	82	100	100	85
	EUR	115	112	103	129	135	115

# Return to Shareholders



- Annual cash dividends for FY2014.3 have been revised upward to ¥27, an increase of ¥4.5 from the previous announcement
- Annual dividends for FY2015.3 is forecast to be ¥27



\*Previous projections were announced on February 5, 2014

# Appendix

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



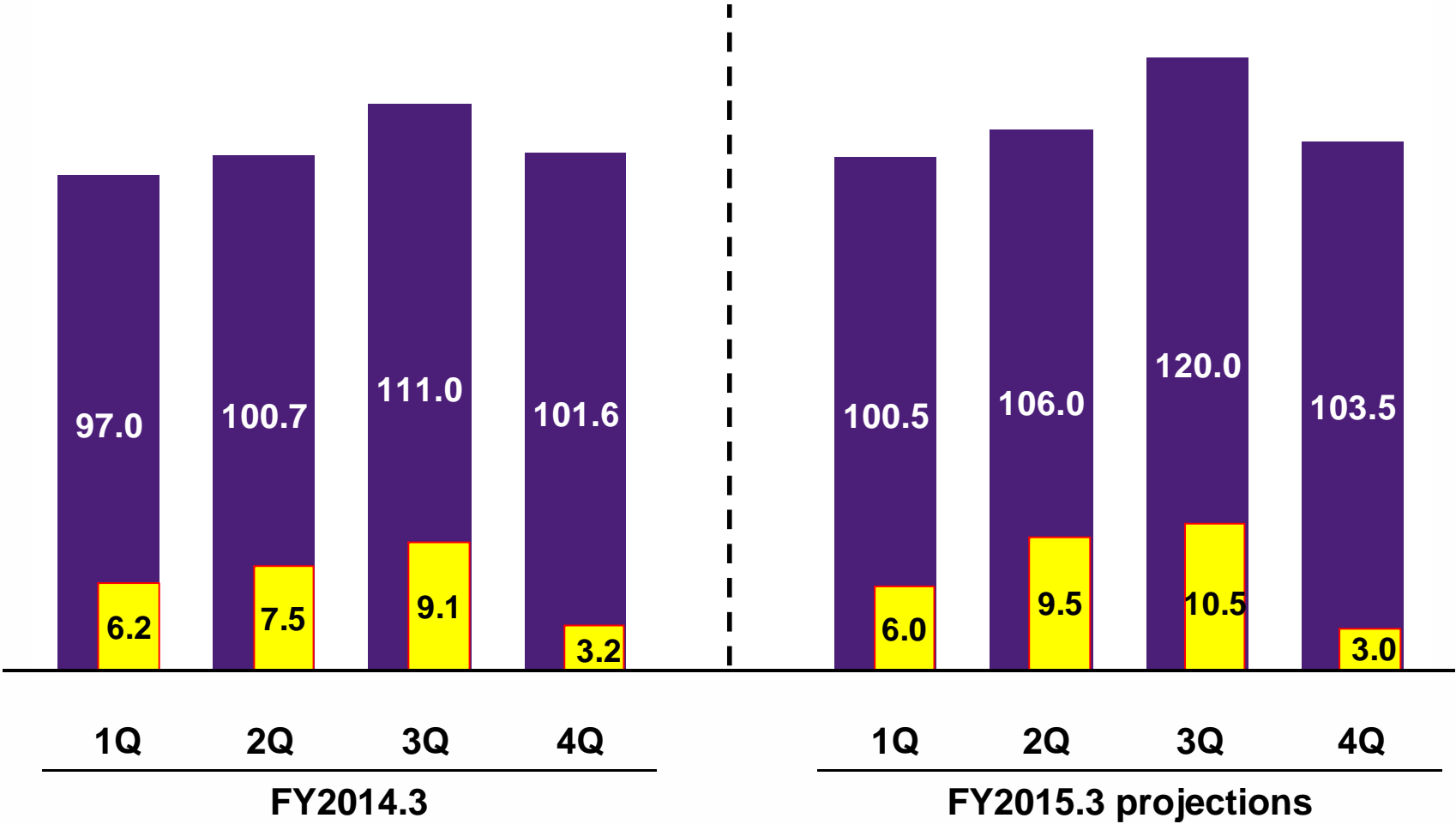
(Billions of yen)	FY2013.3 full year	FY2014.3 full year	FY2015.3 full year projections
<b>Non-Operating Income/Loss</b>			
Net financial income	1.1	2.6	1.6
Other	-1.7	-2.5	-2.6
<b>Total</b>	<b>-0.6</b>	<b>0.1</b>	<b>-1.0</b>
<b>Extraordinary Income/Loss</b>			
Income from (loss on) disposal of fixed assets	1.6	0.3	-0.2
Others	Structural reform expenses -3.1 -2.4	-0.6	0.2
<b>Total</b>	<b>-0.8</b>	<b>-0.3</b>	<b>0</b>
<b>Income Taxes and Other Expenses</b>			
Income taxes -current	3.7	5.8	6.4
Income taxes -deferred	-0.2	-3.1	0.4
Minority interests in income	0.2	0.2	0.2
<b>Total</b>	<b>3.7</b>	<b>2.9</b>	<b>7.0</b>

Gain on sales of investment securities 1.0  
 Structural reform expenses -0.9  
 Expenses related to YMMI production closure, etc. -0.7

# Quarterly Sales and Income

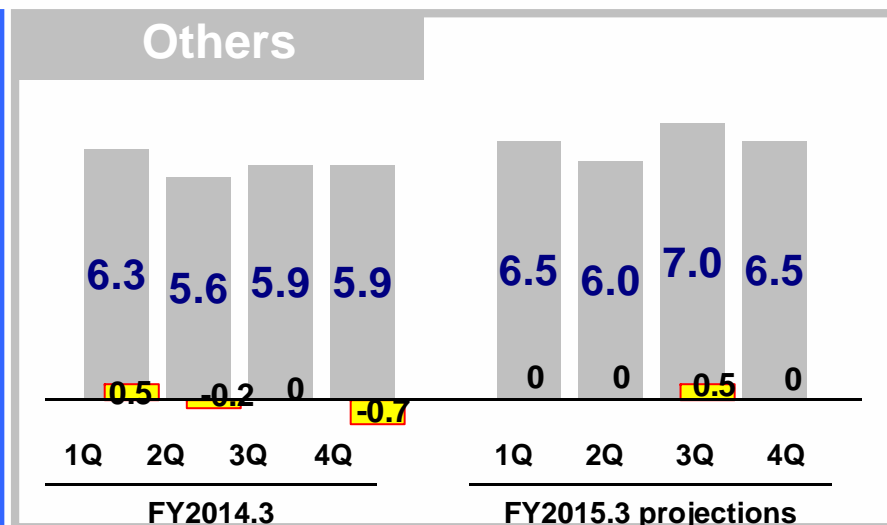
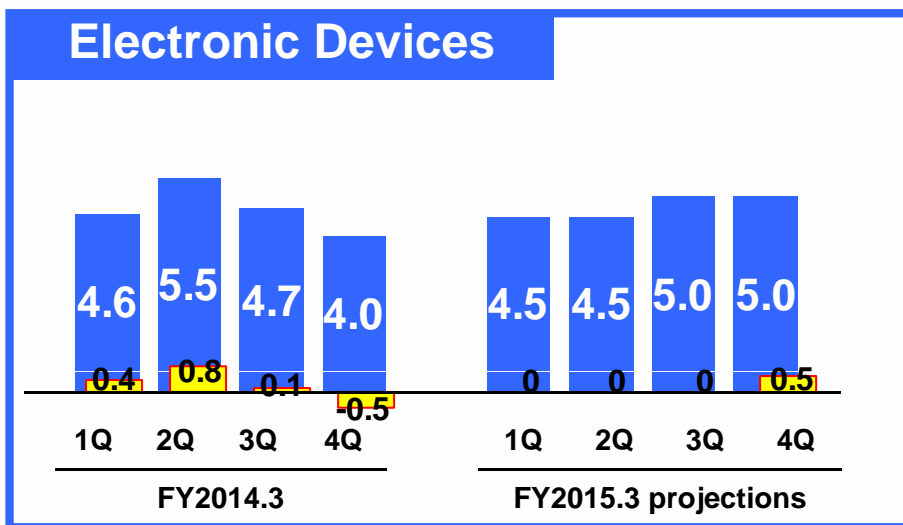
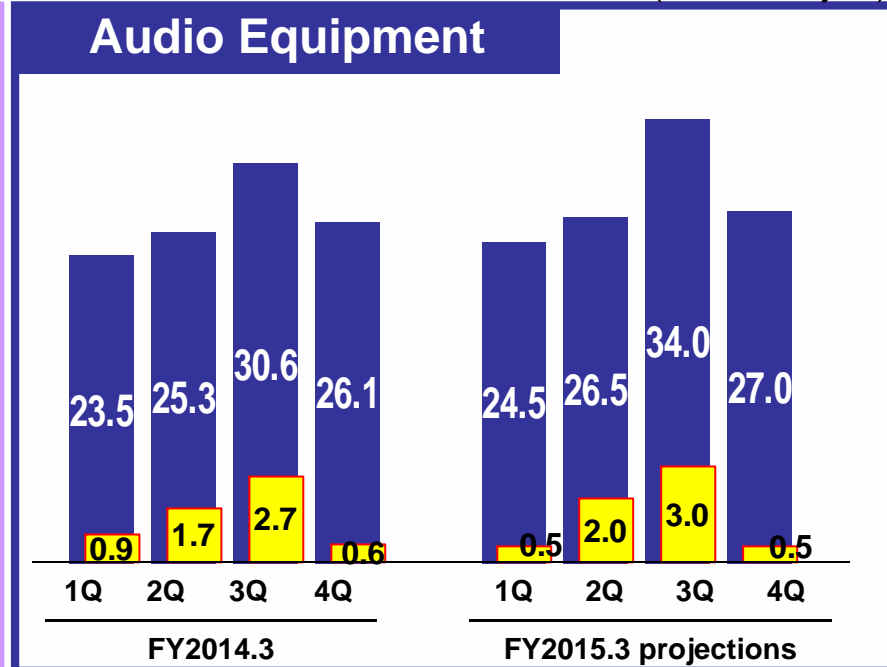
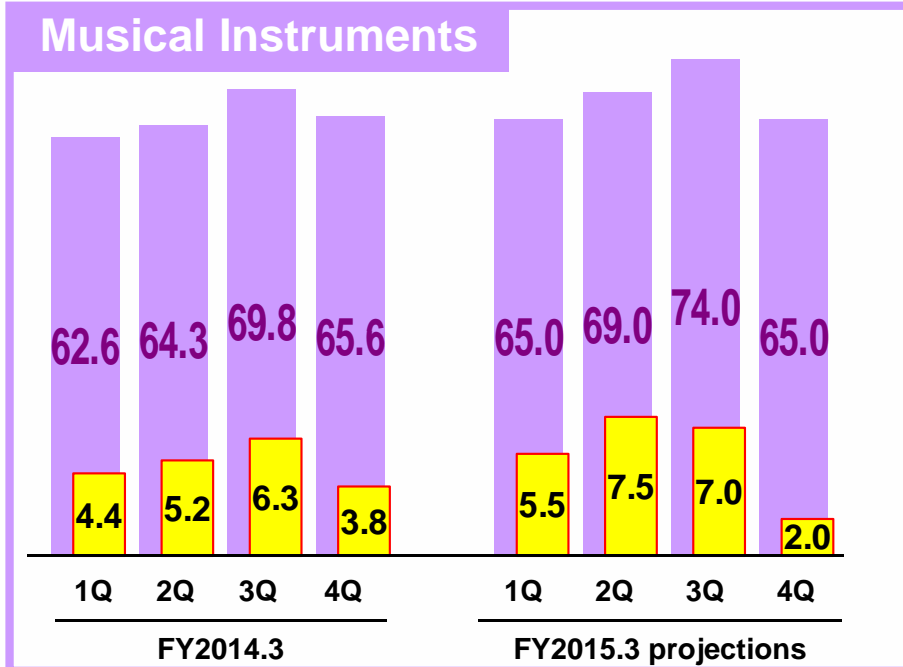


(Billions of yen)



# Quarterly Sales and Income by Segment

(Billions of yen)



**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.**