

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

February 5, 2016



Overview of Performance in the Third Quarter (October-December)



Results Summary

- **Sales increased year-on-year and exceeded previous projections. Operating, ordinary, and net income all rose sharply.**
 - 3Q operating income exceeded 15 billion yen, regaining levels prevailing prior to FY2004.3**
 - The operating income ratio rose to 13.3%**
- **In the musical instrument segment, actual sales of digital musical instruments and string and percussion instruments rose by double digits year-on-year**
- **In the audio equipment segment, actual sales of AV products and professional audio equipment also rose by double digits from the same period of the previous year**
- **Although electronic device sales declined year-on-year, profitability was broadly in line with expectations**
- **Other businesses showed firm results, especially for shipment of new golf products**

Performance in the Third Quarter of FY2016.3 (Three Months)



(Billions of yen)

	FY2015.3 3Q results	FY2016.3 3Q results	Changes from same period of the previous year	FY2016.3 3Q previous projections	Changes from the previous projection
Net Sales	116.9	118.3	+1.2%	117.0	+1.1%
Operating Income (Operating Income Ratio)	10.6 (9.1%)	15.7 (13.3%)	+47.7%	11.8 (10.1%)	+33.0%
Ordinary Income (Ordinary Income Ratio)	10.9 (9.3%)	15.4 (13.0%)	+41.0%	11.3 (9.7%)	+35.9%
Net Income* (Net Income Ratio)	9.9 (8.5%)	13.1 (11.1%)	+32.0%	9.1 (7.8%)	+43.8%

Exchange Rate (yen)

Net Sales	US\$	114	121	120
	EUR	143	133	130
Operating Income	US\$	112	121	120
	EUR	138	135	130

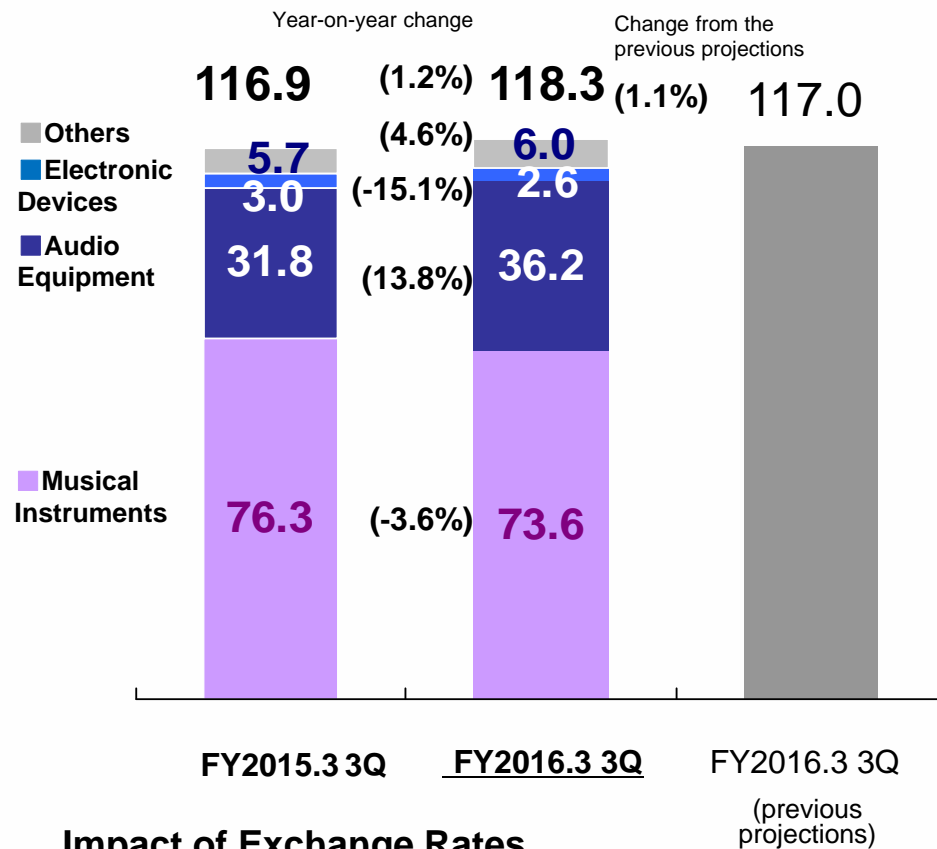
* Net income is presented as net income attributable to owners of parent on the consolidated financial statements

**Previous projections were announced on October 30, 2015

Performance by Business Segment in the Third Quarter of FY2016.3 (Three Months)

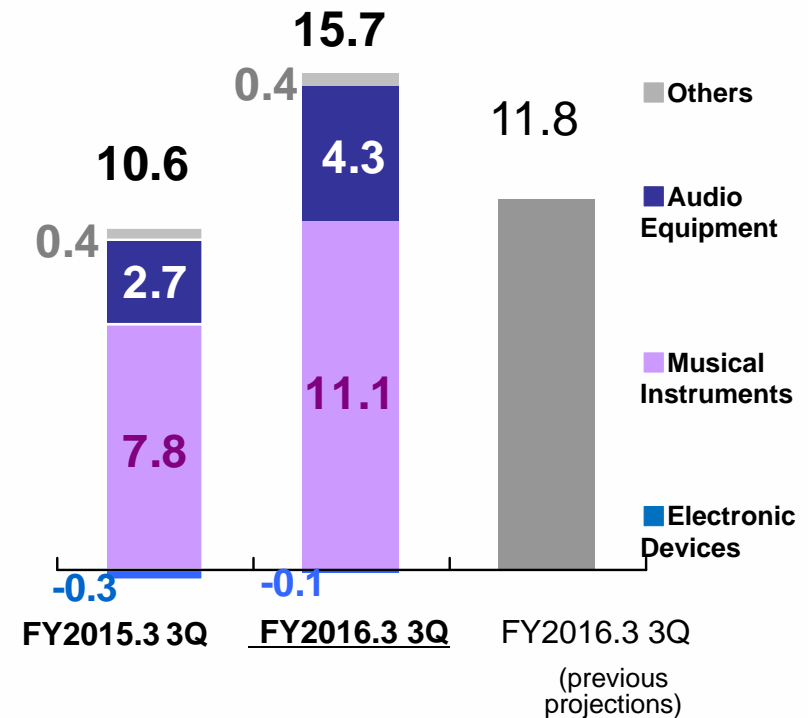


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year	-¥1.7 billion (musical instruments -¥1.1 billion, audio equipment -¥0.7 billion, electronic devices +¥0.1 billion)
Versus previous projections	-¥0.2 billion (musical instruments -¥0.1 billion, audio equipment -¥0.1 billion)

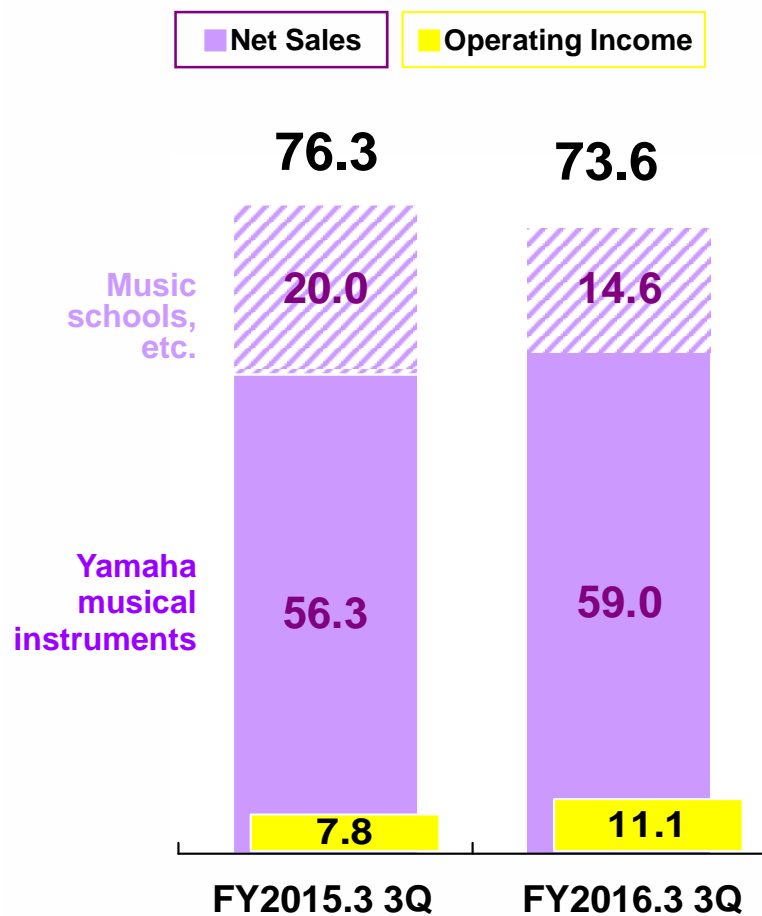
Change from previous projections	-¥0.3 billion (musical instruments -¥0.2 billion, electronic devices -¥0.1 billion)
Change from previous projections	+¥0.8 billion (musical instruments +¥0.3 billion, audio equipment +¥0.5 billion)

*Previous projections were announced on October 30, 2015

Musical Instruments 3Q (Three Months) YAMAHA

3Q

(Billions of yen)



3Q Overview

- Although sales declined year-on-year, income rose sharply
- The transfer of music school operations and effect of exchange rate were the main factor behind lower sales
- Actual sales of digital musical instruments and string and percussion instruments grew by double digits year-on-year, and wind instruments also recorded strong sales
- The Chinese and European markets achieved double-digit year-on-year growth, and the North American market was also robust
- Sales in the Japanese market were on a par with the previous year, with gains compensating for declining Electone sales

Audio Equipment 3Q (Three Months)

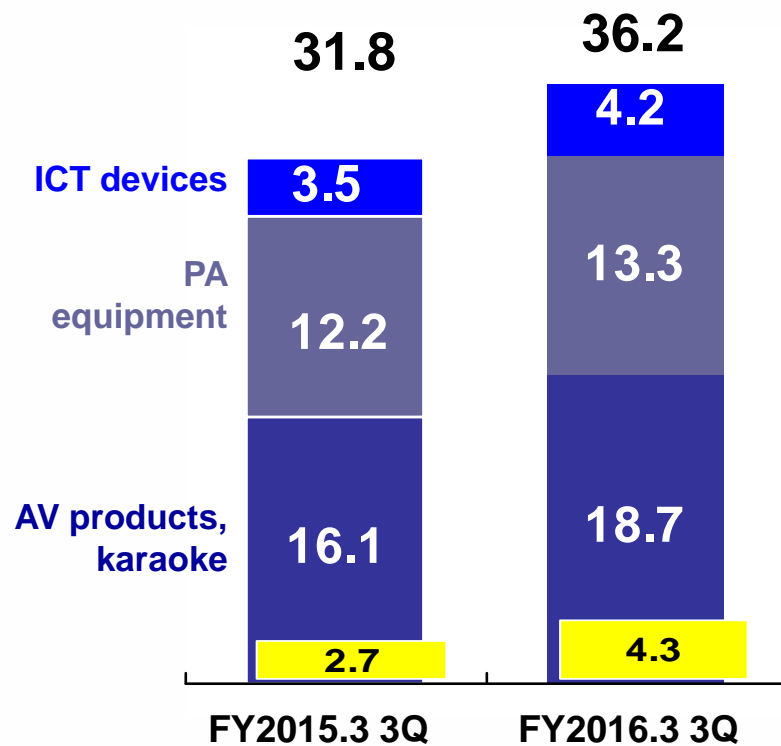


3Q

(Billions of yen)

■ Net Sales

■ Operating Income



3Q Overview

- Sales and income increased sharply from the same period of the previous year
- The launch of new AV products helped to drive strong results in all markets, with actual sales growing by double digits year-on-year
- Actual sales of professional audio equipment also maintained double-digit year-on-year growth, due to factors including new product launches and installation of audio equipment in Japan
- Revolabs sales rebounded, and sales of communication and karaoke equipment were also robust

Electronic Devices 3Q (Three Months)

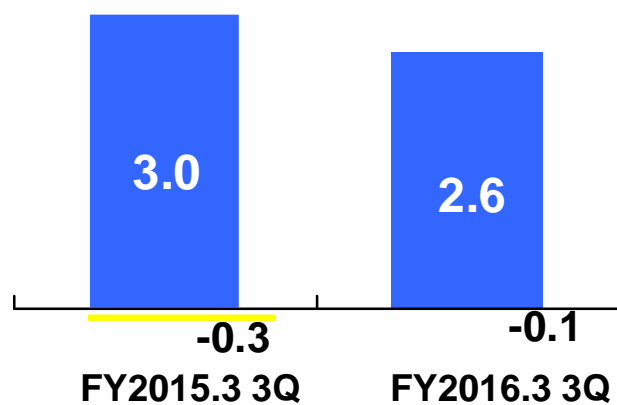


3Q

(Billions of yen)

■ Net Sales

■ Operating Income



3Q Overview

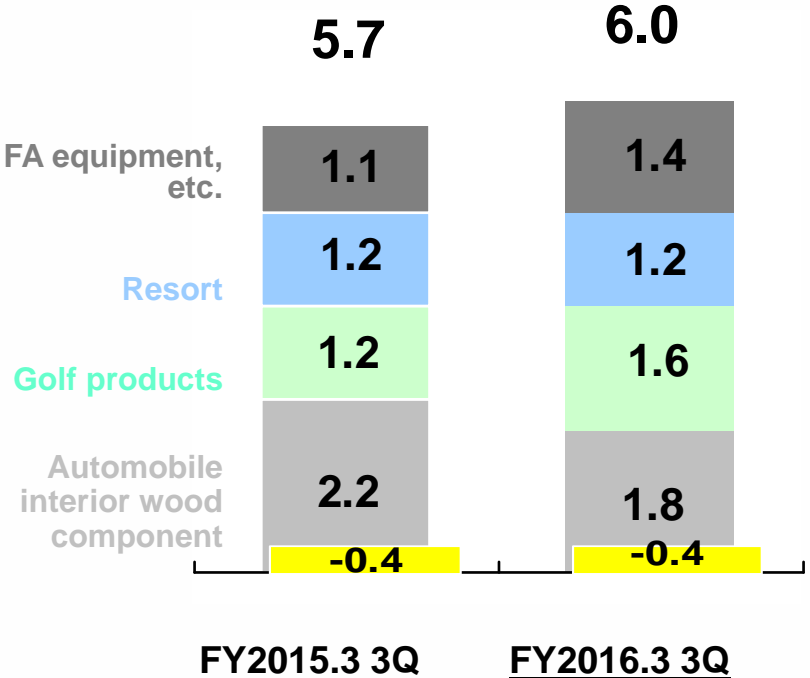
- Sales fell year-on-year, but profitability improved
- The recoil effect following advance shipment of amusement equipment in the first half was a factor behind lower sales
- Profitability was broadly in line with projections, due to the effects of structural reforms

Others 3Q (Three Months)



3Q

(Billions of yen)



3Q Overview

- Sales increased from the same period of the previous year, and profitability was steady
- Golf product sales increased, due to shipment of new products
- In the factory automation equipment segment, leak testers achieved firm sales

Performance in the First Three Quarters of FY2015.3 (Nine Months)



(Billions of yen)

	FY2015.3 1-3Q results	FY2016.3 1-3Q results	Changes from same period of the previous year	FY2016.3 1-3Q previous projections	Changes from the previous projection
Net Sales	323.2	335.8	+3.9%	334.5	+0.4%
Operating Income (Operating Income Ratio)	25.7 (8.0%)	36.9 (11.0%)	+43.6%	33.0 (9.9%)	+11.9%
Ordinary Income (Ordinary Income Ratio)	26.0 (8.0%)	37.6 (11.2%)	+44.9%	33.5 (10.0%)	+12.2%
Net Income* (Net Income Ratio)	20.7 (6.4%)	30.5 (9.1%)	+47.3%	26.5 (7.9%)	+15.1%

Exchange Rate (yen)				
Net Sales	US\$	107	122	121
	EUR	140	134	133
Operating Income	US\$	105	122	121
	EUR	140	134	133

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

**Previous projections were announced on October 30, 2015

Cumulative Results for the First Three Quarters: Non-Operating Profit and Loss



Recognition of Extraordinary Profit and Loss

- **Recognition of extraordinary loss due to immediate amortization of goodwill**

It has been decided to record immediate amortization of goodwill for Line 6, Inc., which became a wholly-owned subsidiary of Yamaha Corporation in January 2014.

Reason: Line 6 is projected to record losses for two consecutive years, and since delays have occurred in producing results that utilize its product planning and development strengths, it was deemed unlikely that Yamaha Corporation would recoup its investment within the timeframe initially targeted.

Impact on consolidated profit and loss: An extraordinary loss of 4.5 billion yen for immediate amortization of goodwill has been recognized.

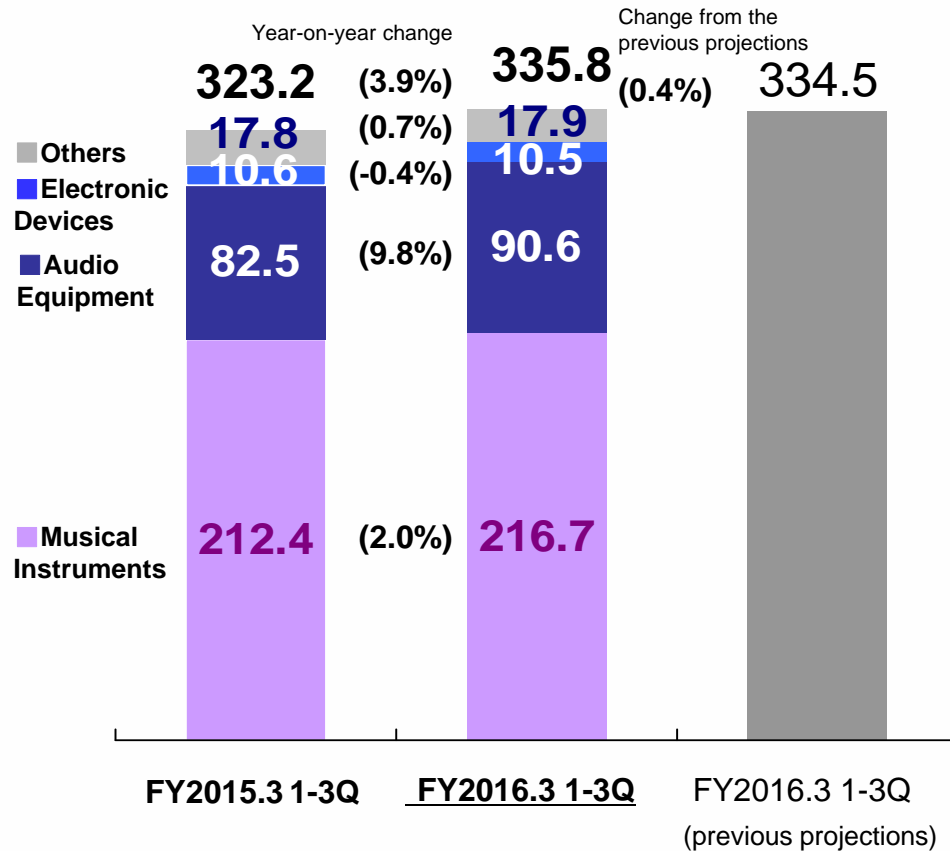
- **Gain on sale of fixed assets**

A 5.6 billion yen gain on sale of fixed assets has been recognized following the sale of land and buildings of the former Shinsaibashi store in Osaka and other facilities.

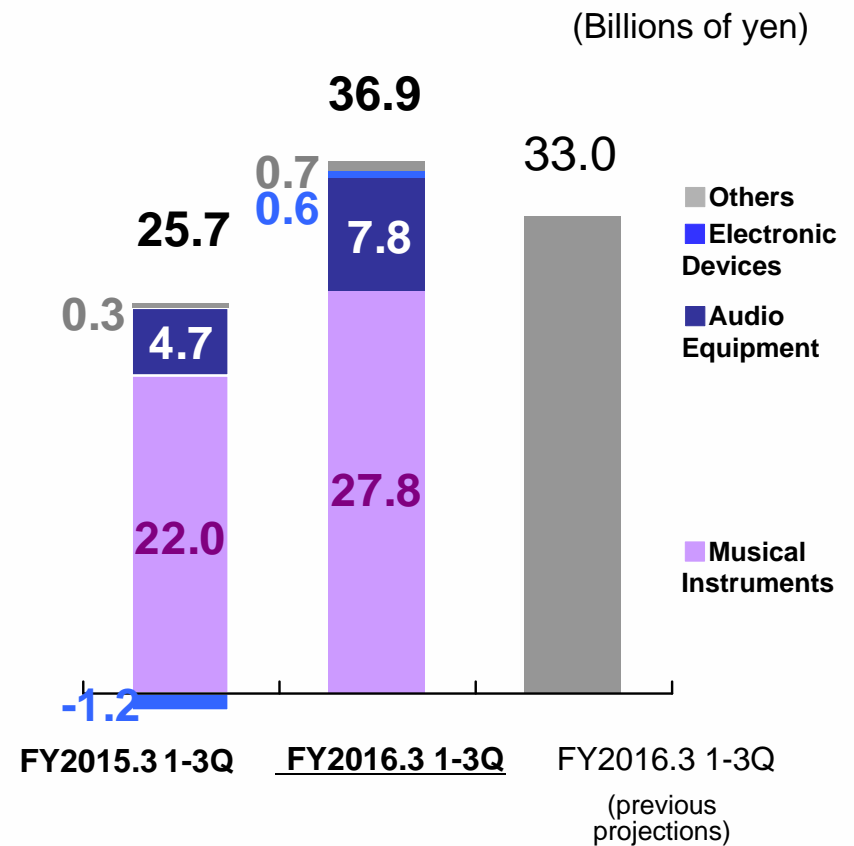
Performance by Business Segment in the First Three Quarters of FY2015.3 (Nine Months)



Net Sales



Operating Income



Impact of Exchange Rates

Year-on-Year	+¥8.5 billion (musical instruments +¥6.2 billion, audio equipment +¥2.0 billion, electronic devices +¥0.2 billion)
Versus previous projections	-¥0.2 billion (musical instruments -¥0.1 billion, audio equipment -¥0.1 billion)

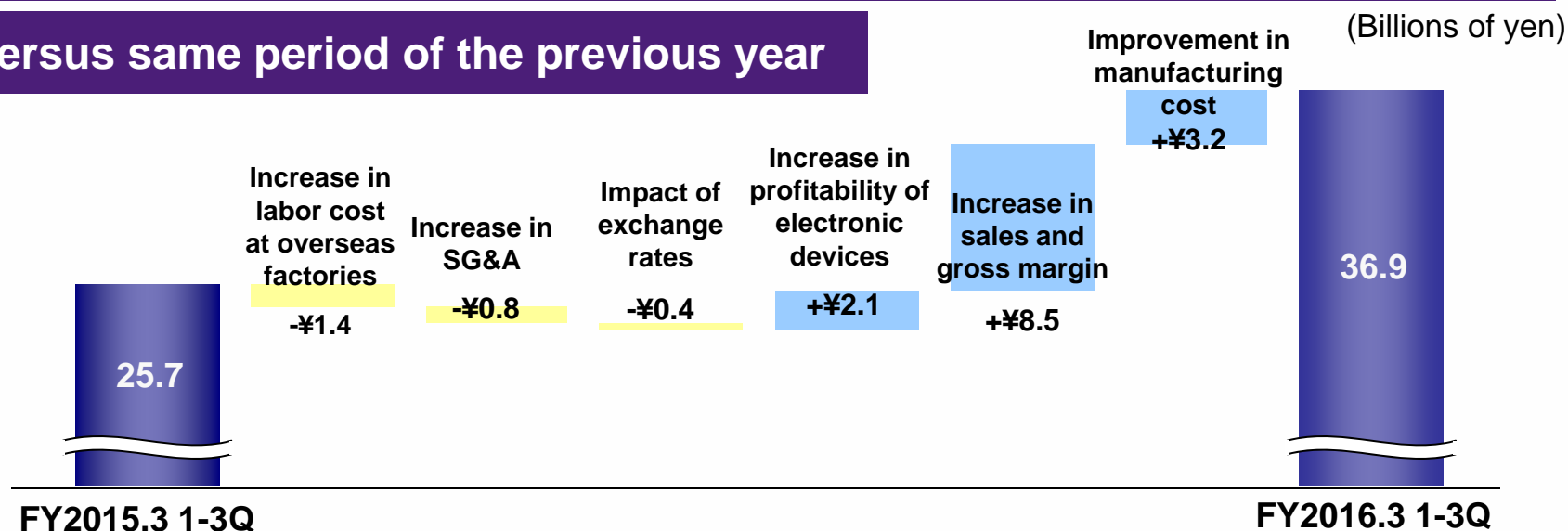
Year-on-Year	-¥0.4 billion (musical instruments +¥0.8 billion, audio equipment -¥0.9 billion, electronic devices -¥0.3 billion)
Versus previous projections	+¥0.8 billion (musical instruments +¥0.3 billion, audio equipment +¥0.5 billion)

*Previous projections were announced on October 30, 2015

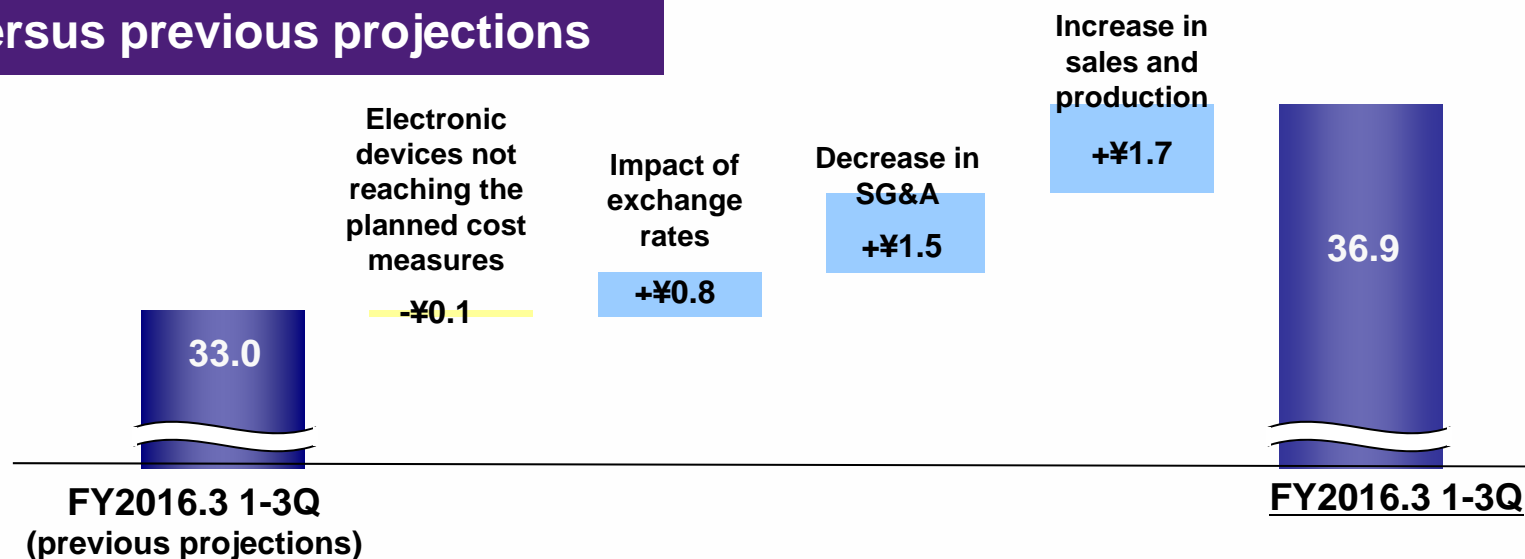
FY2016.3 1-3Q Operating Income Analysis (Nine Months)



Versus same period of the previous year



Versus previous projections



*Previous projections were announced on October 30, 2015

** Impact of exchange rates has been adjusted after the review of calculation method of currency exchange rates, the above figures may differ from the previously announced figures.

Outlook for Fourth Quarter and Full Year



Outlook for 4Q

- Despite concerns over the slowdown in the Chinese market and elsewhere and the impact of advance shipments of some products in 3Q, the outlook for the musical instrument and audio equipment segments is generally in line with previous projections
- Previous projections also remain largely unchanged for the electronic device and others segments
- No particular increase in SG&A expenses, etc. is anticipated

Full Year Outlook

Although strong results were recorded in the 3Q period of highest demand, and cumulative profitability over the first three quarters exceeded previous projections by a wide margin, projections for 4Q remain basically unchanged.

The full year sales projection also remains unaltered at 437.0 billion yen. Full year income projections have been revised to 41.0 billion yen for operating income, 41.5 billion yen for ordinary income, and 34.5 billion yen for net income.

Forecast for Performance in FY2015.3 (Full Year)



(Billions of yen)

	FY2014.3			FY2015.3			Change from previous year results	FY2015.3 full year previous projections	Change from previous projections
	1-3Q	4Q	Full Year	1-3Q	4Q projections	Full Year New Projections			
Net Sales	323.2	108.9	432.2	335.8	101.2	437.0	+1.1%	437.0	-
Operating Income (Operating Income Ratio)	25.7 (8.0%)	4.4 (4.1%)	30.1 (7.0%)	36.9 (11.0%)	4.1 (4.1%)	41.0 (9.4%)	+36.1%	37.0 (8.5%)	+10.8%
Ordinary Income (Ordinary Income Ratio)	26.0 (8.0%)	5.3 (4.8%)	31.2 (7.2%)	37.6 (11.2%)	3.9 (3.9%)	41.5 (9.5%)	+32.9%	37.5 (8.6%)	+10.7%
Net Income* (Net Income Ratio)	20.7 (6.4%)	4.2 (3.9%)	24.9 (5.8%)	30.5 (9.1%)	4.0 (4.0%)	34.5 (7.9%)	+38.4%	29.0 (6.6%)	+19.0%
ROE			8.1%			10.0%		8.3%	

Exchange Rate (yen)

Net Sales	US\$	107	119	110	122	120	121	121
	EUR	140	134	139	134	130	133	133
Operating Income	US\$	105	119	109	122	120	121	121
	EUR	140	144	141	134	130	134	132

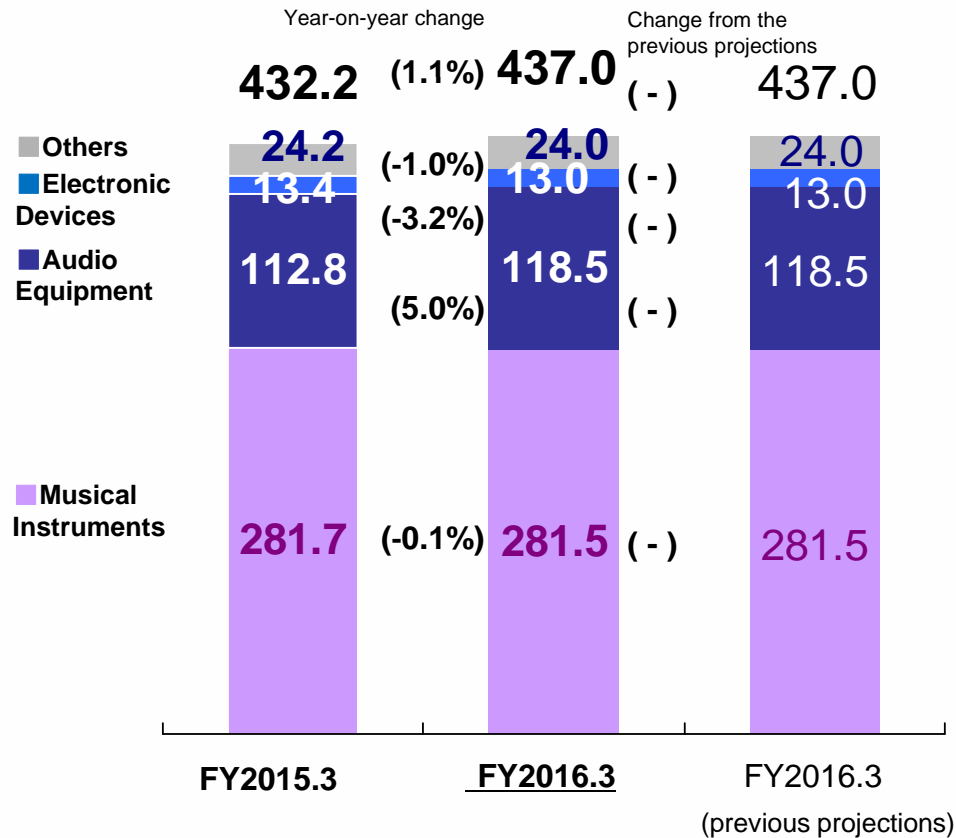
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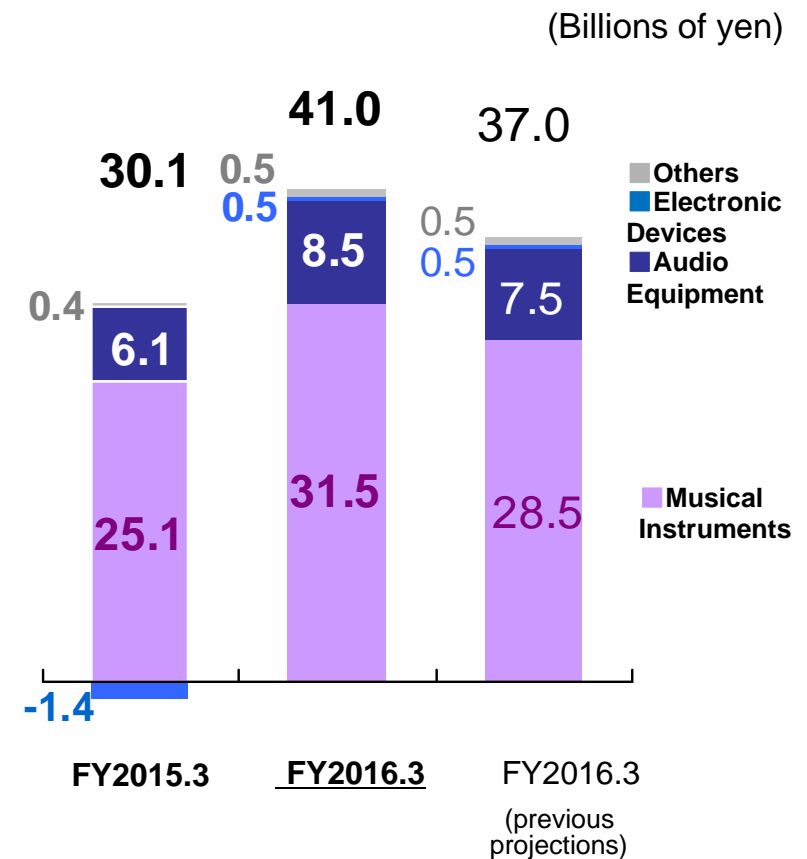
FY2016.3 Full Year Forecast for Performance by Business Segment



Net Sales



Operating Income



Impact of Exchange Rates

Year-on-Year	+¥7.4 billion (musical instruments +¥5.5 billion, audio equipment +¥1.6 billion, electronic devices +¥0.2 billion)
Versus previous projections	-¥0.9 billion (musical instruments -¥0.6 billion, audio equipment -¥0.3 billion)

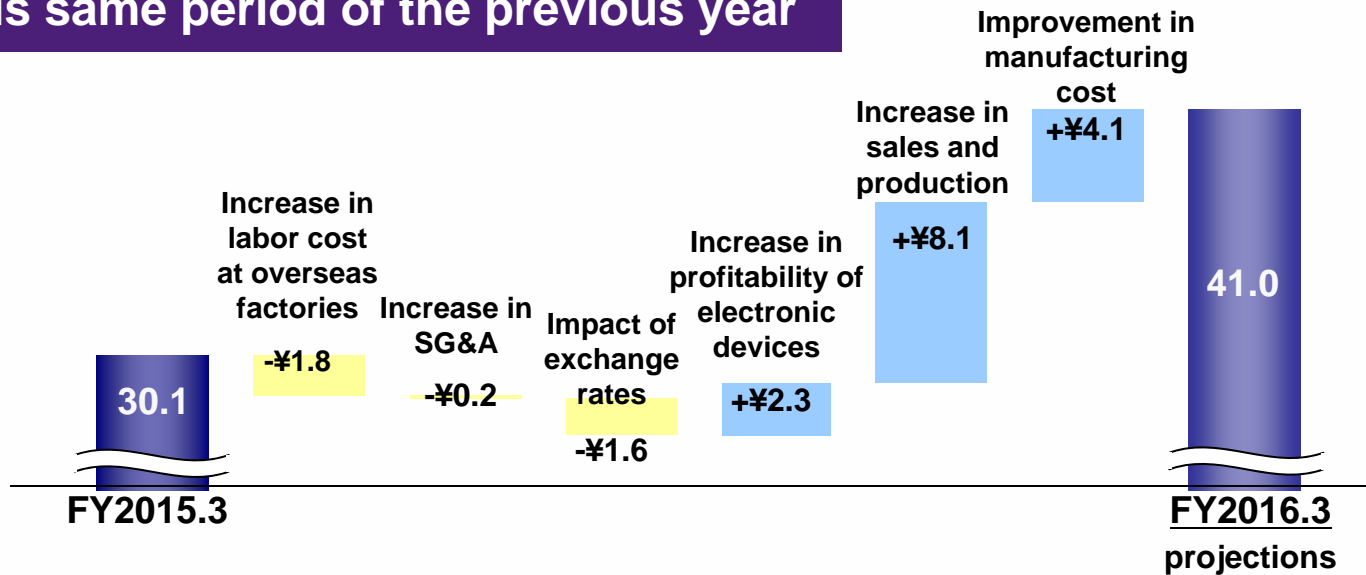
Year-on-Year	-¥1.7 billion (musical instruments -¥1.3 billion, electronic devices -¥0.3 billion)
Versus previous projections	+¥0.8 billion (musical instruments +¥0.2 billion, audio equipment +¥0.5 billion)

*Previous projections were announced on October 30, 2015

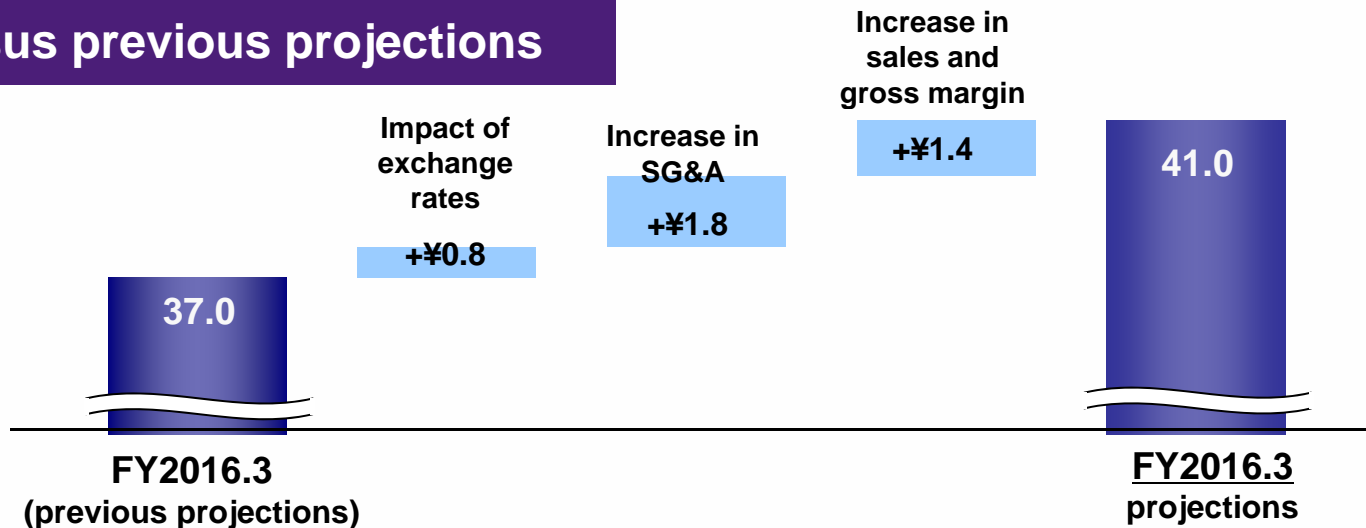
FY2016.3 Full Year Operating Income Analysis YAMAHA

Versus same period of the previous year

(Billions of yen)



Versus previous projections



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Musical Instruments Full Year Projections

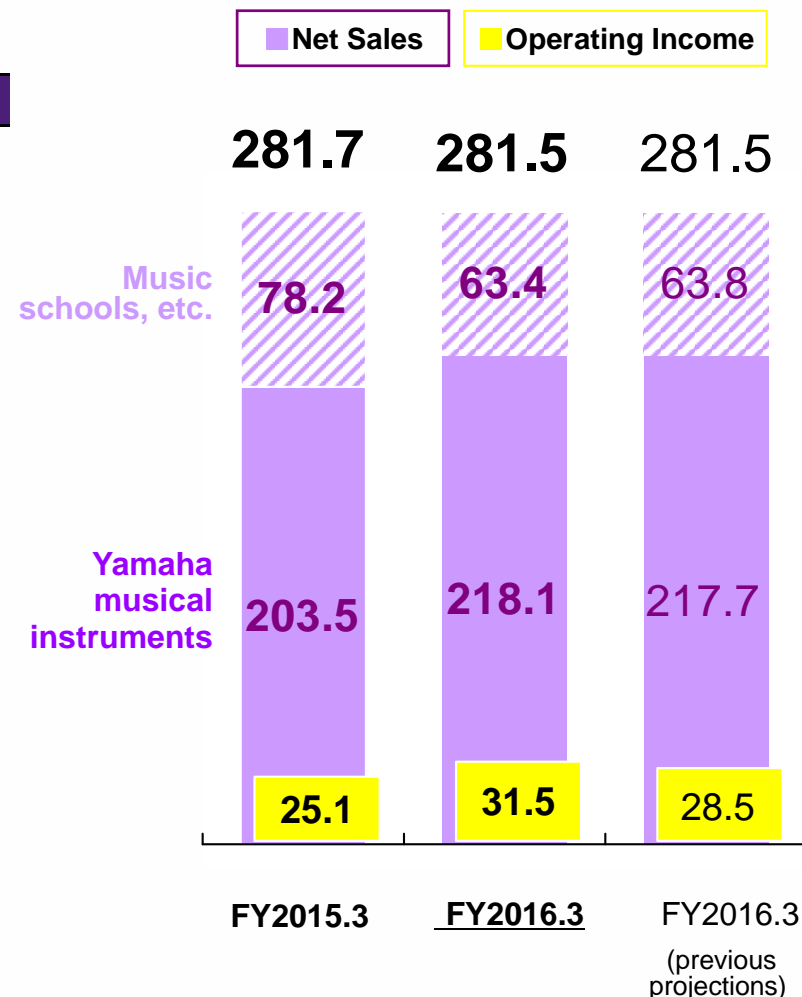


Full Year

(Billions of yen)

Full Year Projections

- Full year sales projections remain unchanged, and income is expected to be higher than previously projected
- Sales of digital musical instruments, wind instruments, and string and percussion instruments are expected to remain robust
- Although a slowdown is likely in the European and Chinese markets in 4Q, results are expected to be broadly in line with previous projections



*Previous projections were announced on October 30, 2015

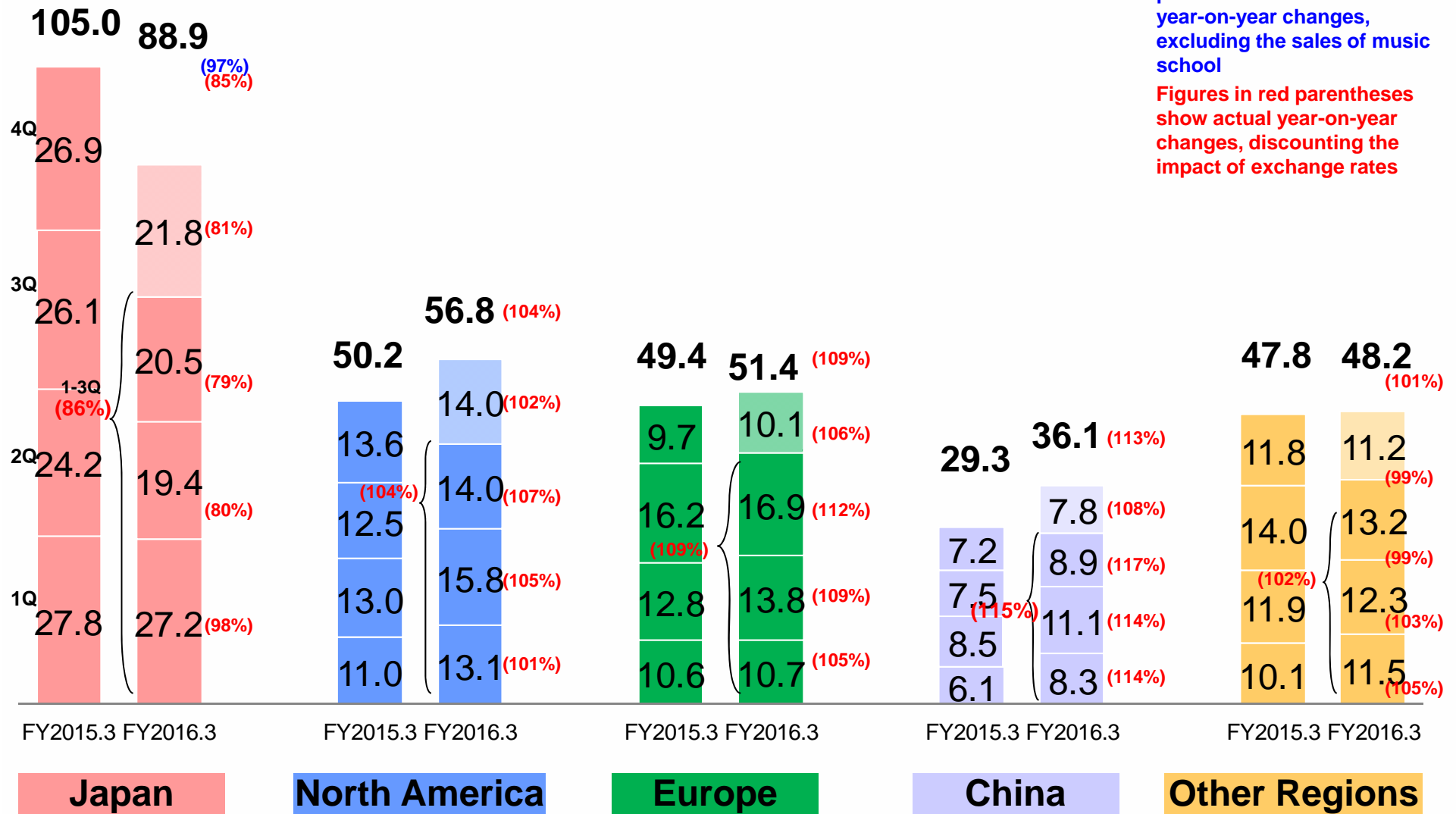
Musical Instruments: Sales by Region

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 Full Year Projections

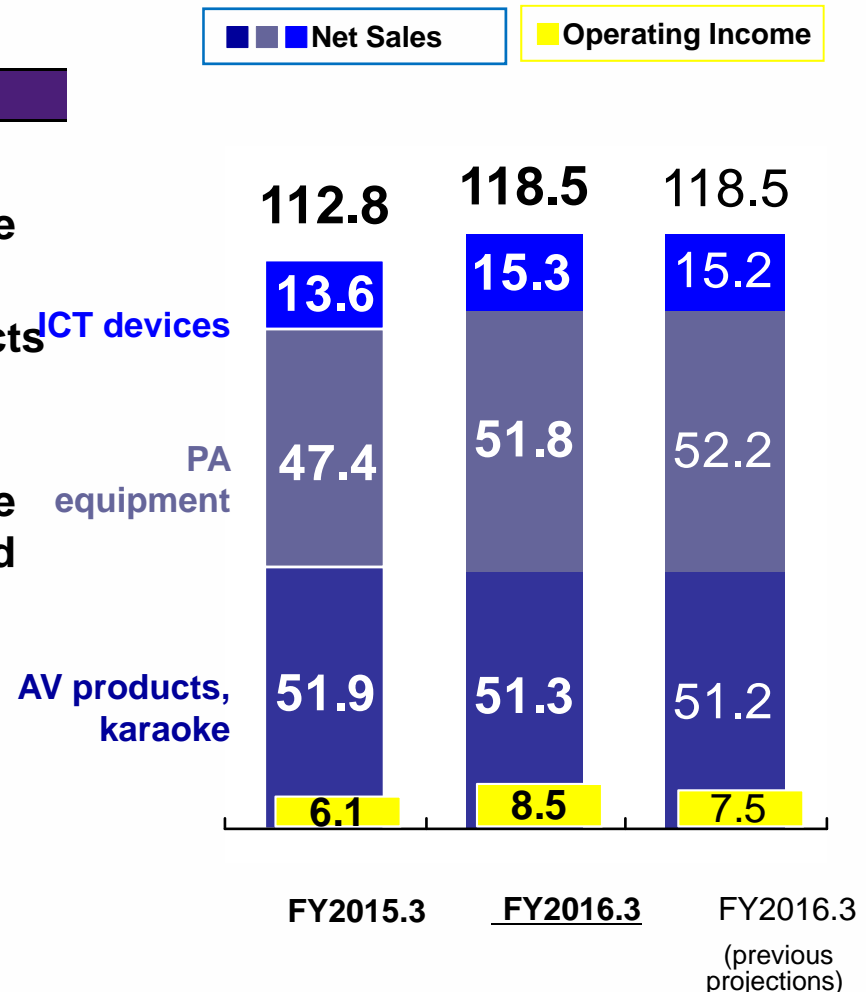


Full Year

(Billions of yen)

Full Year Projections

- Full year sales projections remain unchanged, but income is expected to be higher than previously projected
- A year-on-year rise in sales of AV products is anticipated, partly driven by new products
- Professional audio equipment results are likely to be boosted by new products and sales through musical instrument channels
- Strong sales of karaoke and ICT (information and communication technology) devices are also anticipated



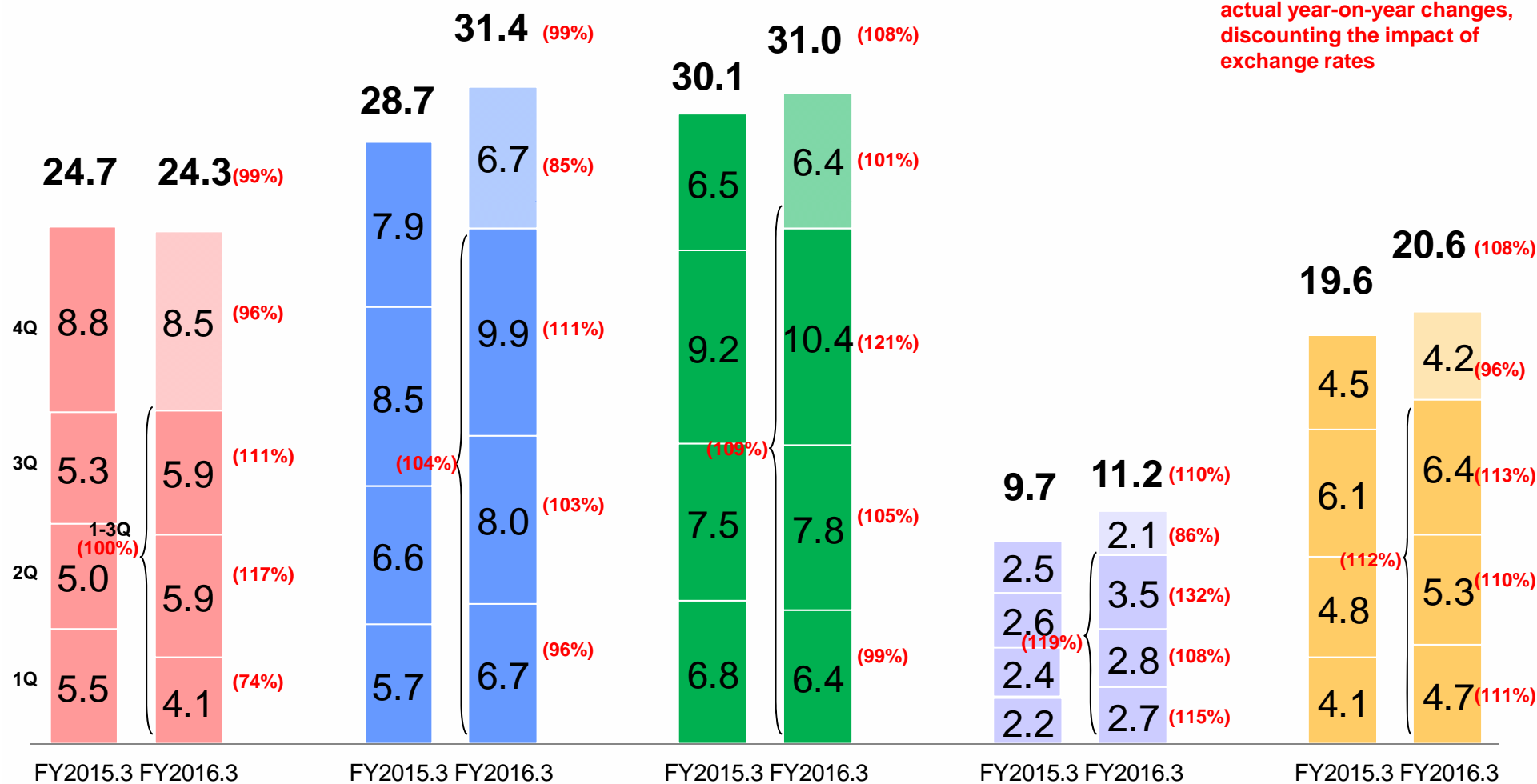
*Previous projections were announced on October 30, 2015

Audio Equipment: Sales by Region



(Billions of yen)

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



Japan

North America

Europe

China

Other Regions

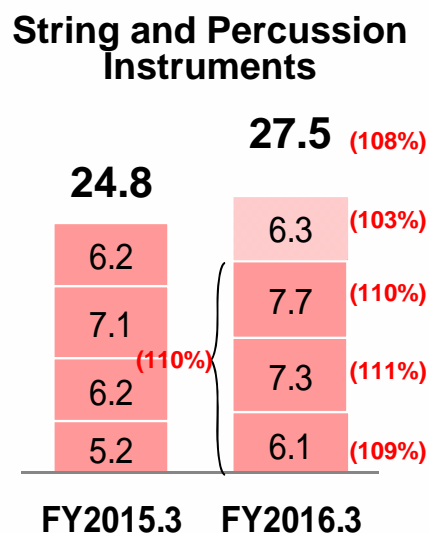
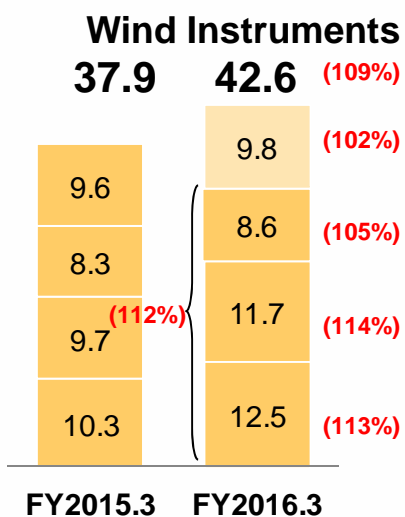
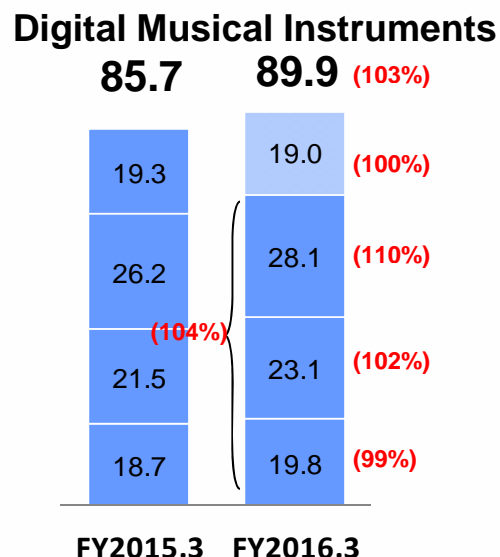
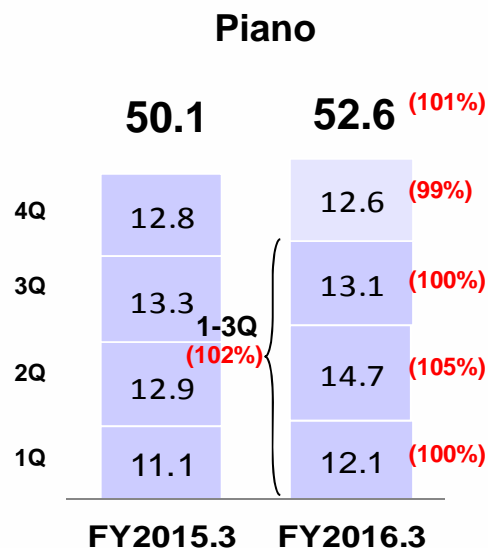
Musical Instruments/Audio Equipment: Sales by Major Product Category



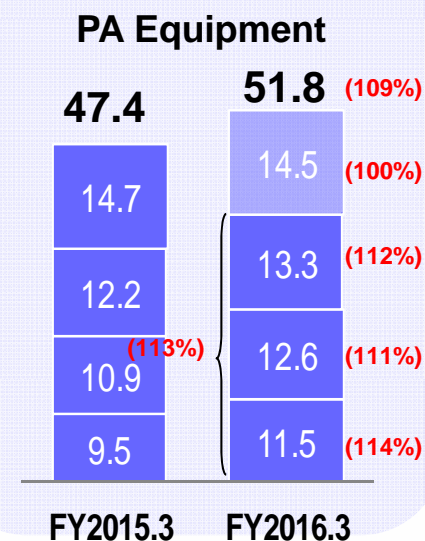
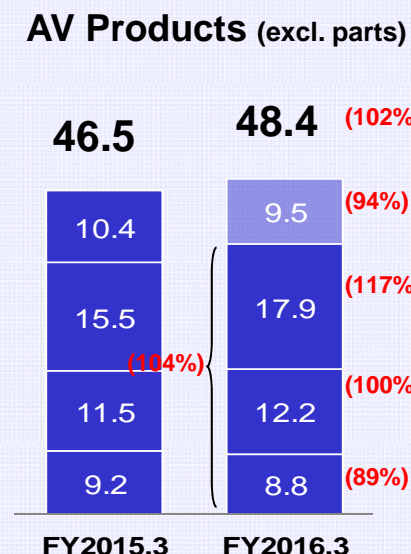
(Yamaha branded products)

(Billions of yen)

Musical Instruments



Audio Equipment



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

Electronic Devices Full Year Projections

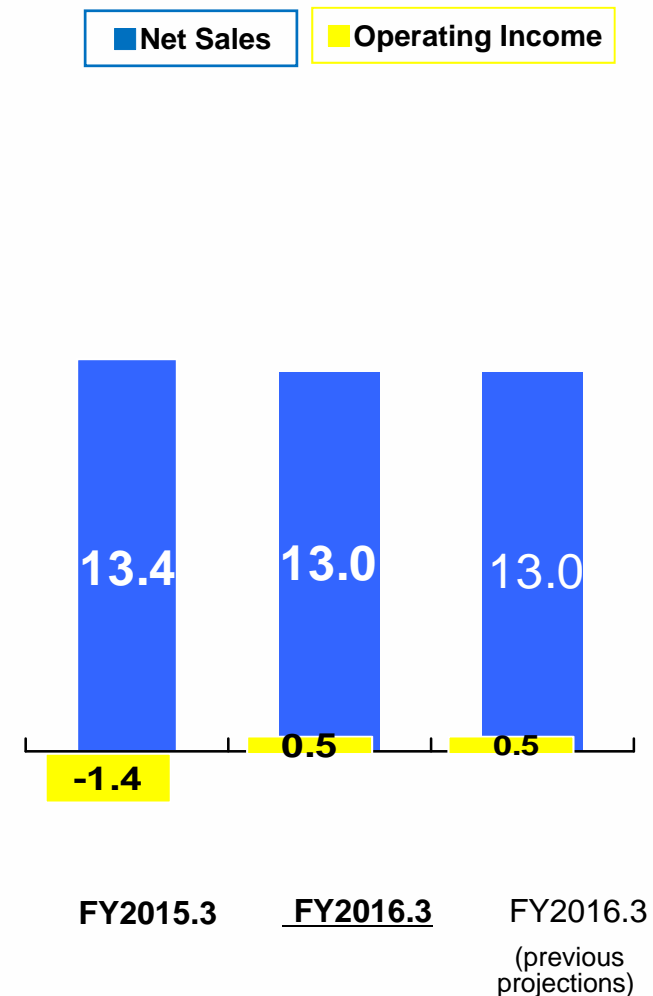


Full Year

(Billions of yen)

Full Year Projections

- Previous projections remain unchanged
- Conditions will remain challenging in the amusement equipment market
- It will be difficult to increase sales of geomagnetic sensors and other products above previous projections
- Structural reforms are expected to improve profitability and pull the segment back into the black



*Previous projections were announced on October 30, 2015

Others Full Year Projections

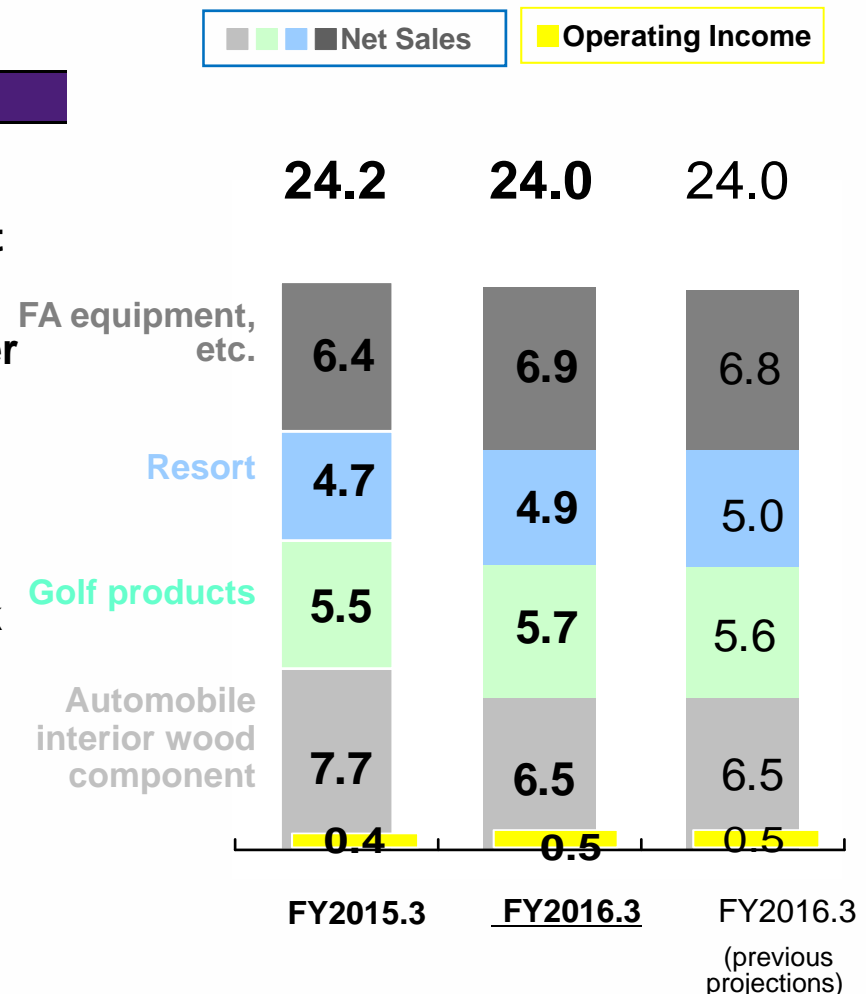


Full Year

(Billions of yen)

Full Year Projections

- Previous projections remain unchanged
- New golf products are expected to boost sales
- Plans to attract more customers in winter are expected to spur resort sales
- In the factory automation equipment business, conditions will remain challenging for precision machine, but increased demand is anticipated for leak testers and other products



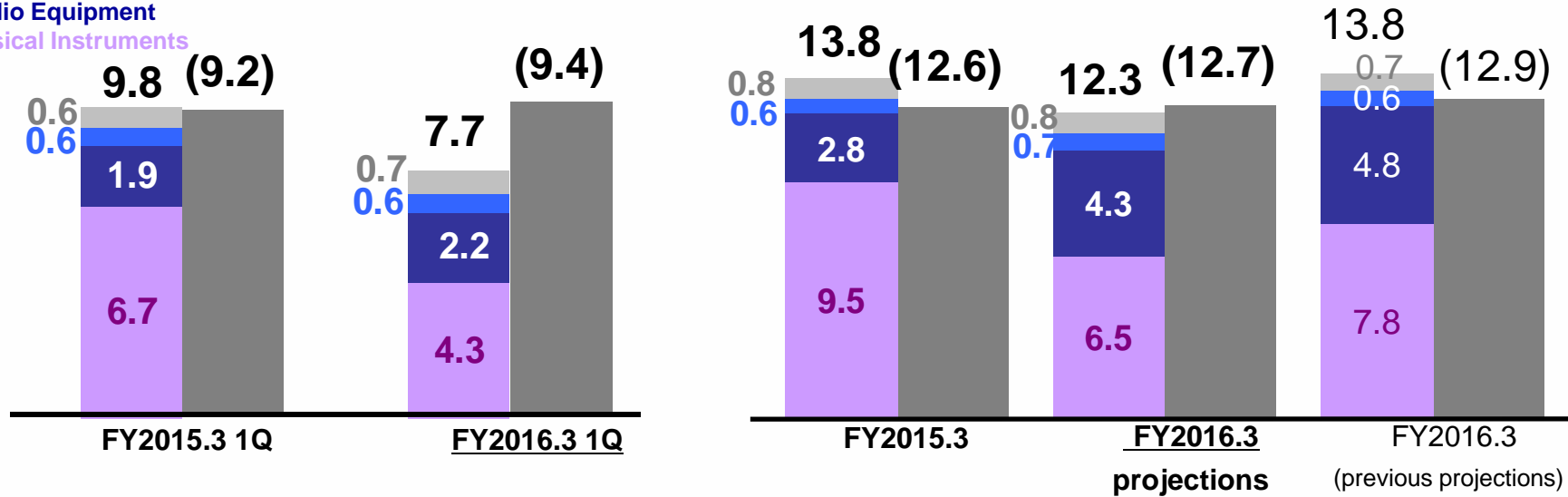
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Capital Expenditure/Depreciation/R&D Expenses

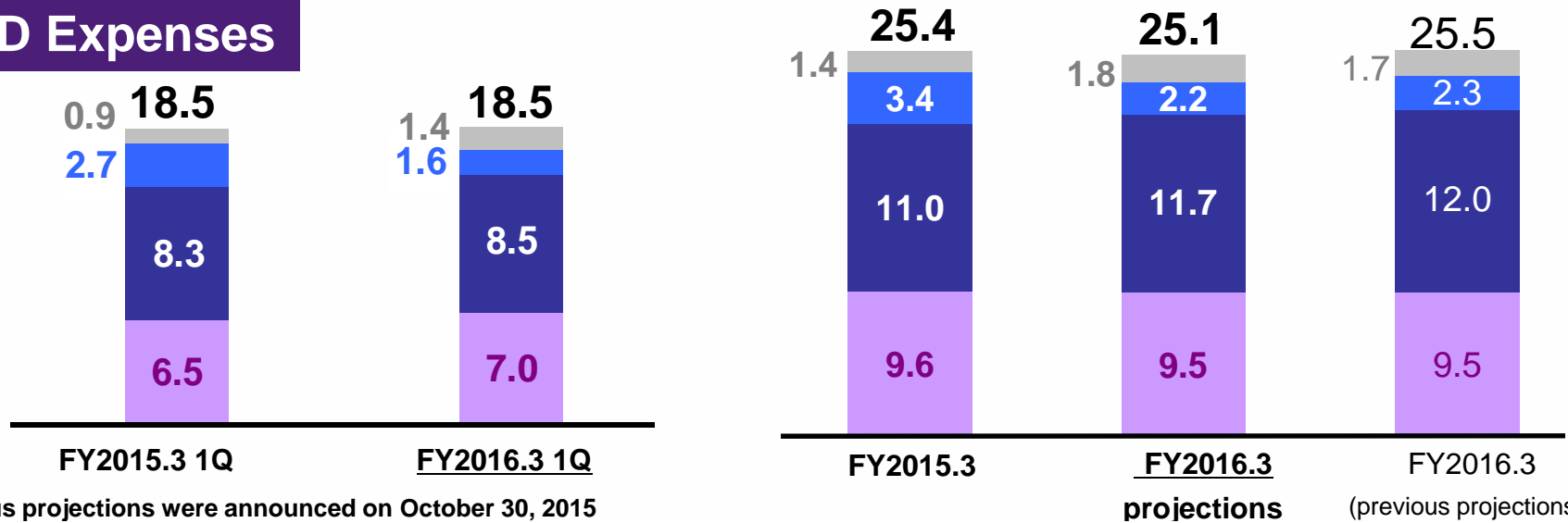
Capital Expenditure (Depreciation)

(Billions of yen)

- Others
- Electronic Devices
- Audio Equipment
- Musical Instruments



R&D Expenses



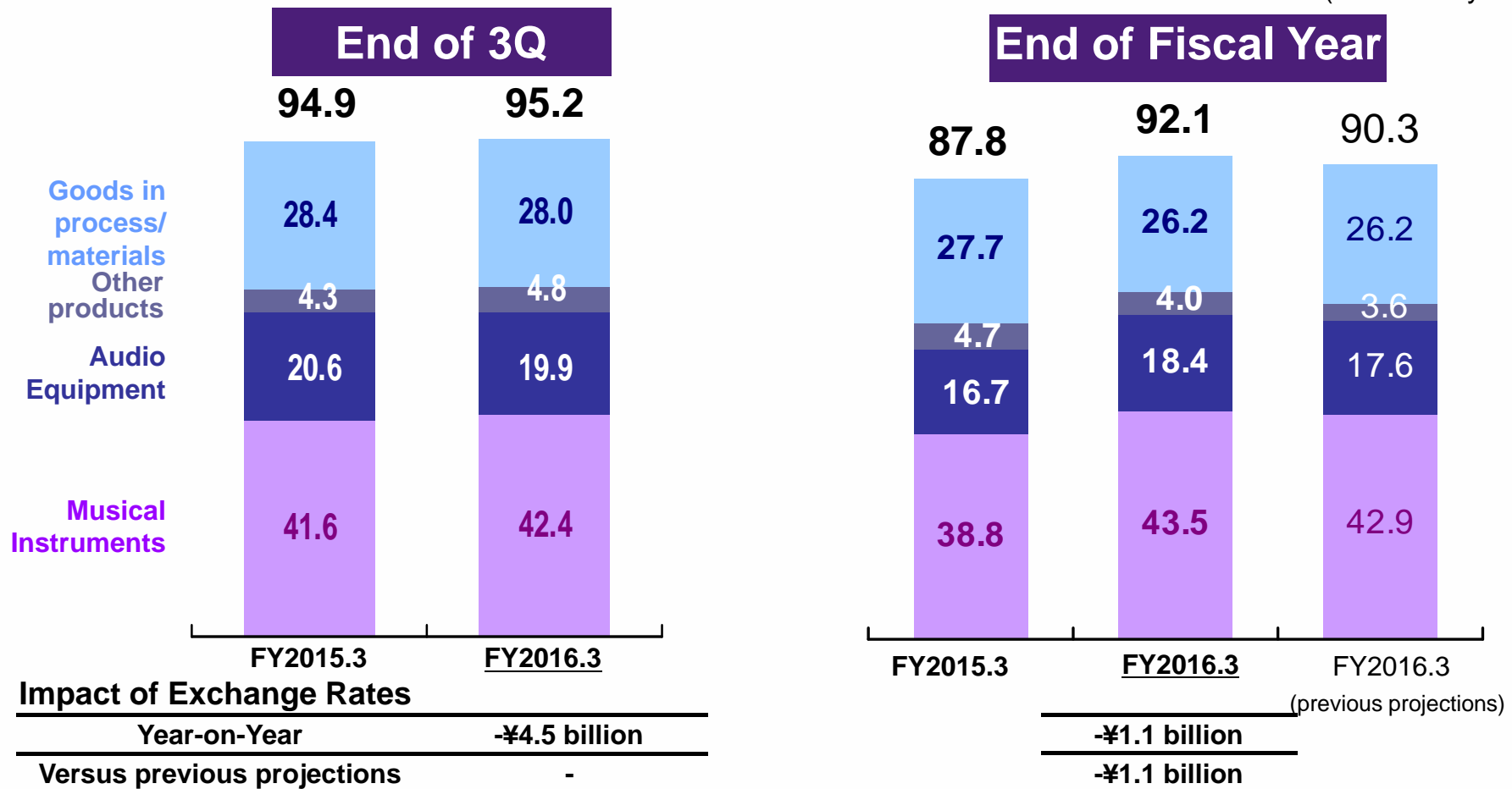
*Previous projections were announced on October 30, 2015

Inventories

➤ Inventories at the end of the third quarter (December 31, 2015) amounted to 95.2 billion yen. Actual inventories increased by 4.8 billion yen year-on-year after adjusting for foreign exchange impact of -4.5 billion yen.

➤ Inventories at the end of the fiscal year are forecast to be 92.1 billion yen. Although this will exceed the optimum inventory level, there are no significant issue such as defective or immobile stock.

(Billions of yen)



Balance Sheet Summary



(Billions of yen)

	As of end of 3Q			As of end of fiscal year end		
	As of Dec. 31, 2014	As of Dec. 31, 2015	Change	As of Mar. 31, 2015	As of Mar. 31, 2016 projections	Change
Cash and deposits	74.5	99.5	25.0	79.3	89.4	10.1
Notes and accounts receivable	68.2	62.8	5.4	60.3	54.1	-6.2
Inventories	94.9	95.2	0.3	87.8	92.1	4.3
Other current assets	19.4	23.6	4.2	20.2	30.9	10.7
Fixed assets	262.0	262.5	0.5	282.4	250.5	-31.9
Total assets	519.0	543.6	24.6	530.0	517.0	-13.0
Notes and accounts payable	23.0	18.9	-4.1	23.2	20.4	-2.8
Short- and long-term loans	19.8	20.5	0.7	11.8	11.8	0
Other liabilities	146.5	140.8	-5.7	146.3	137.8	-8.5
Total net assets	329.7	363.4	33.7	348.7	347.0	-1.7
Total liabilities and net assets	519.0	543.6	24.6	530.0	517.0	-13.0

Return to Stockholders: Stock Buyback and Dividends



➤ Decision to acquire treasury stock

Reason:	To increase the return profits to shareholders and improve capital efficiency
Type of shares to be acquired:	Common stock of Yamaha Corporation
Total shares to be acquired:	9 million shares (upper limit)
Total value of acquisition:	20 billion yen (upper limit)
Acquisition period:	From February 5 to July 15, 2016
Method of acquisition:	Purchase in the market through a trust bank

➤ The year-end dividend has been revised upward by 8 yen per share to 26 yen, consequently the annual dividend for FY2016.3 is forecast to be 44 yen

	FY2011.3	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3
Annual per-share dividend (yen)	10	10	10	27	36	44
Dividend payout ratio	38.6%	-	47.0%	22.8%	28.0%	24.6%

Appendix

Forecast for Performance in the Fourth Quarter of FY2016.3 (Three Months)



(Billions of yen)

	FY2014.3 4Q results	FY2015.3 4Q projections	Changes from same period of the previous year	FY2015.3 4Q previous projections	Changes from the previous projection
Net Sales	108.9	101.2	-7.1%	102.5	-1.3%
Operating Income (Operating Income Ratio)	4.4 (4.1%)	4.1 (4.1%)	-7.3%	4.0 (3.9%)	+2.5%
Ordinary Income (Ordinary Income Ratio)	5.3 (4.8%)	3.9 (3.9%)	-26.1%	4.0 (3.9%)	-2.5%
Net Income* (Net Income Ratio)	4.2 (3.9%)	4.0 (4.0%)	-5.3%	2.5 (2.4%)	+60.0%

Exchange Rate (yen)

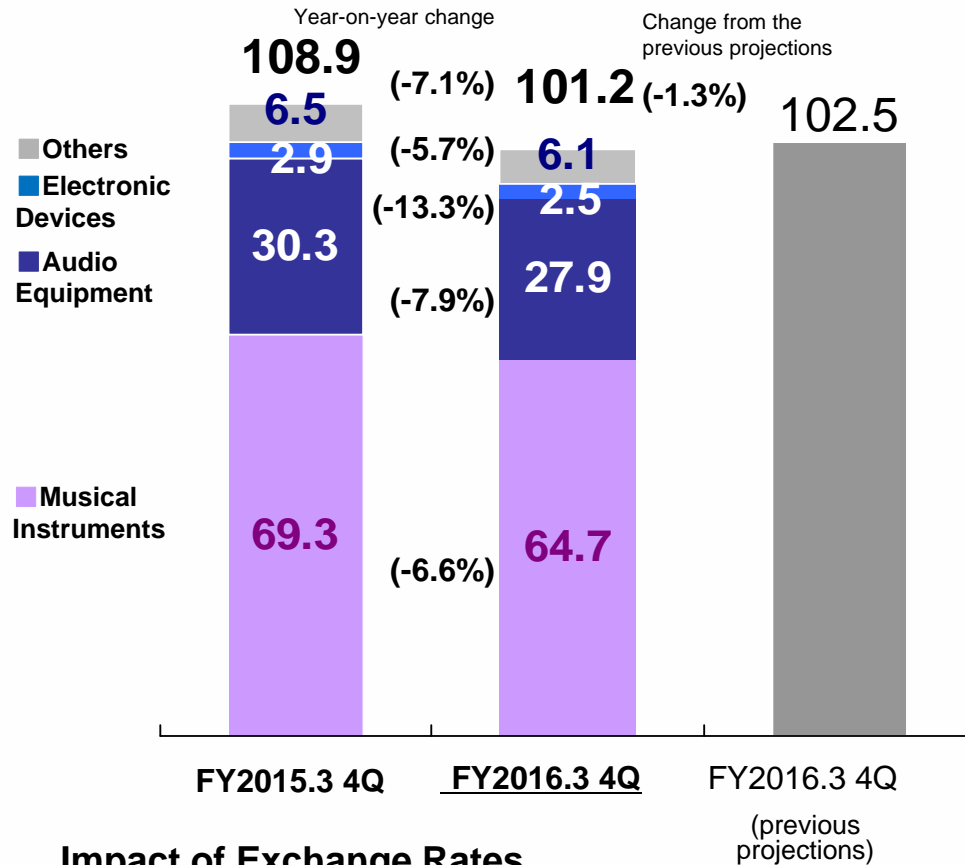
Net Sales	US\$	119	120	120
	EUR	134	130	130
Operating Income	US\$	119	120	120
	EUR	144	130	130

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

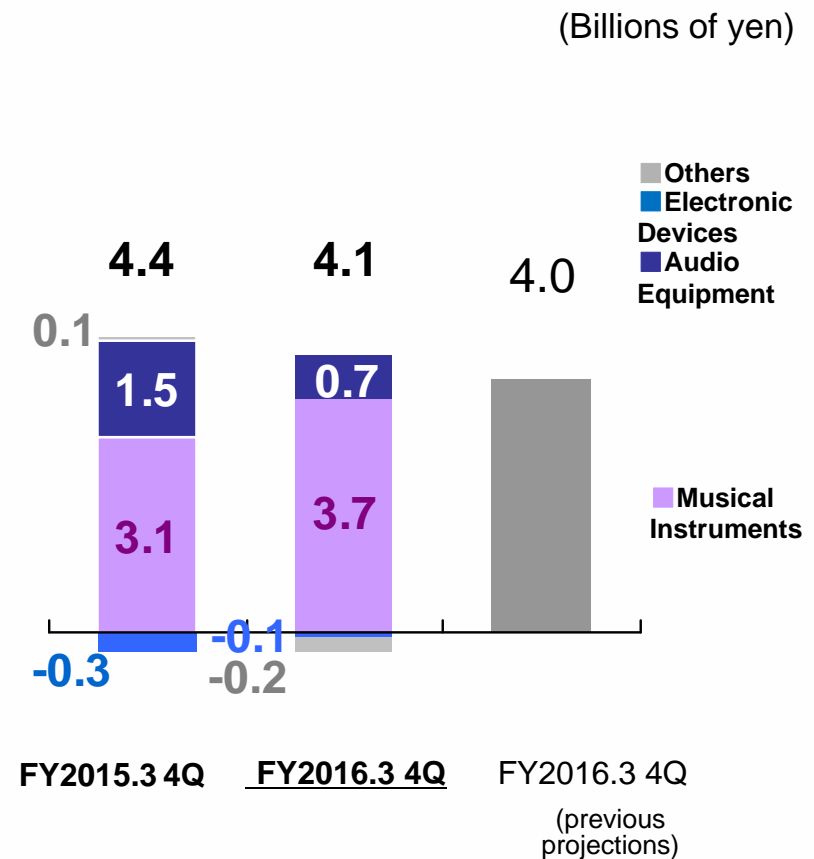
**Previous projections were announced on October 30, 2015

Forecast for Performance by Business Segment in the Fourth Quarter of FY2016.3 (Three Months)

Net Sales



Operating Income



Impact of Exchange Rates

Year-on-Year	-¥1.1 billion (musical instruments -¥0.7 billion, audio equipment -¥0.4 billion)
Versus previous projections	-¥0.8 billion (musical instruments -¥0.5 billion, audio equipment -¥0.3 billion)

Year-on-Year	-¥1.3 billion (musical instruments -¥0.8 billion, audio equipment -¥0.5 billion)
Versus previous projections	¥0 billion (musical instruments -¥0.1 billion, audio equipment +¥0.1 billion)

*Previous projections were announced on October 30, 2015

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



(Billions of yen)	FY2014.3 1-3Q	FY2015.3 1-3Q	FY2015.3 1-3Q previous projections
Non-Operating Income/Loss			
Net financial income	1.3	1.6	1.5
Other	Patent income +¥0.6 -1.0	-0.9	-1.0
Total	0.3	0.7	0.5
Extraordinary Income/Loss			
Income from (loss on) disposal of fixed assets	0	5.6	0.4
Other	-0.7	-4.7	-0.4
Total	-0.7	0.9	0
Income Taxes and Other Expenses			
Income taxes -current	5.7	8.1	7.4
Income taxes -deferred	-1.3	-0.2	-0.5
Minority interests in income	0.2	0.1	0.1
Total	4.6	8.0	7.0

-Gain on sales of fixed assets (music instrument store and residential quarters) +¥6.2

-Immediate amortization of goodwill of Line 6 -¥4.5

*Previous projections were announced on October 30, 2015

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



(Billions of yen)		FY2015.3 full year	FY2016.3 full year projections	FY2016.3 full year previous projections
Non-Operating Income/Loss				
Net financial income	2.6		2.6	2.4
Other	-1.5		-2.1	-1.9
Total	1.1		0.5	0.5
Extraordinary Income/Loss				
Income from (loss on) disposal of fixed assets	0		8.1	0.4
Other	-2.7	-Structural reform expenses -¥1.8 -Impairment loss on fixed asset -¥0.9	-5.6	-0.4
Total	-2.7		2.5	0
Income Taxes and Other Expenses				
Income taxes -current	7.3		9.1	9.0
Income taxes -deferred	-3.9		0.4	-0.5
Minority interests in income	0.2			
Total	3.6		9.5	8.5

-Gain on sales of fixed assets (music instrument store and residential quarters) +¥6.2
-Gain on disposal of idle land +¥2.7

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

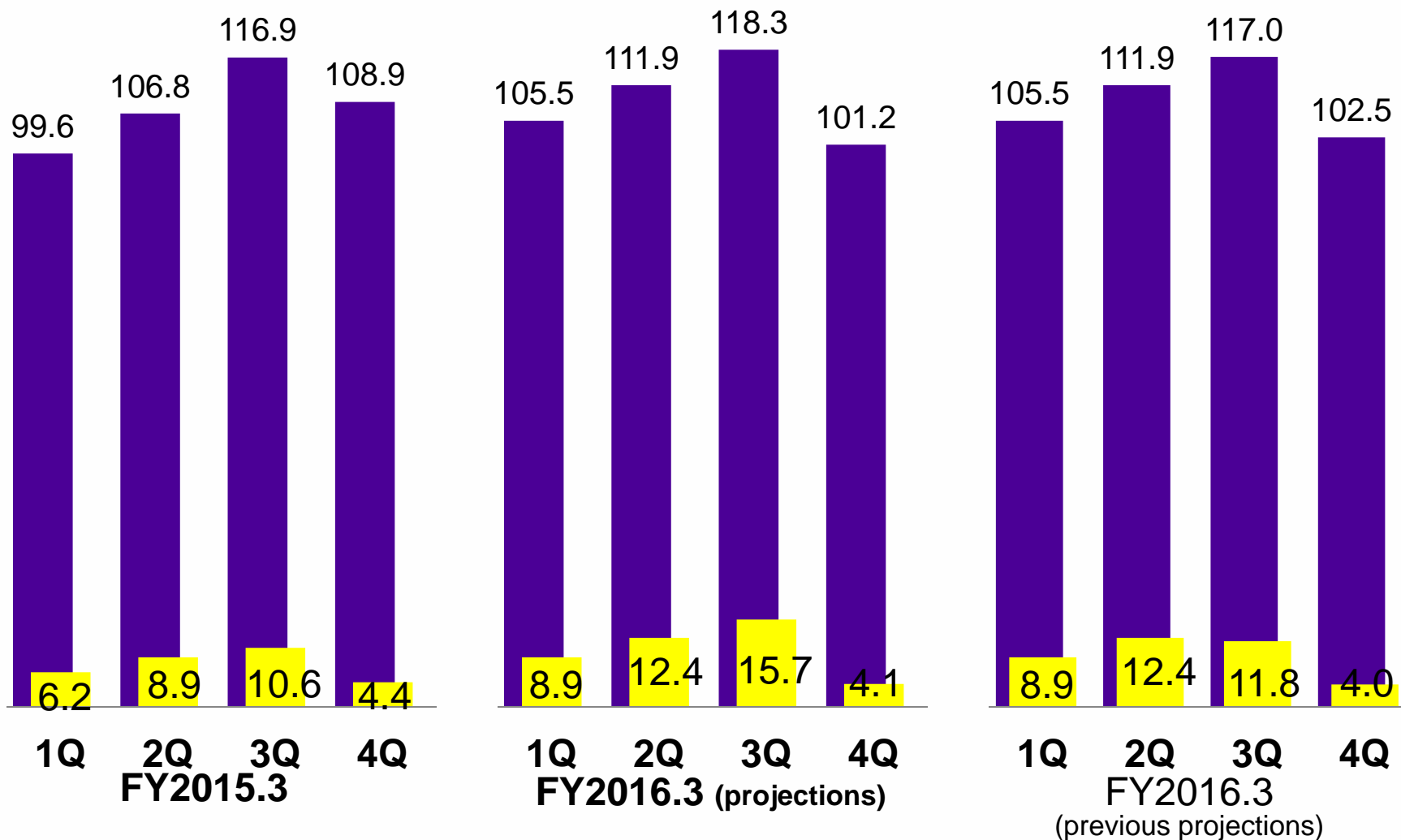
-Immediate amortization of goodwill of Line 6 -¥4.5

*Previous projections were announced on October 30, 2015

Quarterly Sales and Income



(Billions of yen)



Net Sales	432.2
Operating Income	30.1

Net Sales	437.0
Operating Income	41.0

Net Income	437.0
Operating Income	37.0

*Previous projections were announced on October 30, 2015

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.