



For Immediate Release

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Code Number: 7951 (First Section of Tokyo Stock Exchange)

**Outline of the Consolidated Financial Results through the Third Quarter  
(Nine Months) of the Fiscal Year Ending March 31, 2017 (FY2017.3)  
and Outlook for Consolidated Performance for the Full Fiscal Year**

■ **Consolidated Performance through the Third Quarter (Nine Months)**

Year on Year Decrease in Net Sales but Increase in Operating Income

Through the third quarter of FY2017.3 (April 1, 2016 to December 31, 2016), although sales performance was firm, net sales decreased ¥27.4 billion (-8.2%) compared with the same period of the previous fiscal year, to ¥308.3 billion. This was because of the negative effect of foreign currency fluctuations, which amounted to ¥32.0 billion and the negative effect of the transfer of the Yamaha Music School business, which amounted to ¥4.2 billion.

Regarding income, although foreign currency fluctuations had a negative impact of ¥10.0 billion, operating income rose ¥0.4 billion (+1.1%), to ¥37.4 billion, and ordinary income amounted to ¥37.6 billion (-0.0%), about the same as in the same period of the previous year.

Note that although business structural reform expenses of ¥4.9 billion were reported as an extraordinary loss in connection with the conclusion of operations at Yamaha Resort “Tsumagoi,” which was announced on September 2, 2016, net income attributable to the owners of the parent rose ¥6.6 billion (+21.5%), to ¥37.1 billion, accompanying the reporting of deferred tax assets of ¥12.1 billion.

➤ **Sales and Operating Income/Loss by Business Segment**

Figures in parentheses are percentage changes from the same period of the previous fiscal year, except as indicated.

**Musical Instruments**

Sales of ¥196.5 billion (-8.8% year on year) and Operating Income of ¥27.3 billion (-2.0% year on year)

In addition to the favorable sales of acoustic pianos in North America, Europe, and China, sales of guitars were strong in all regions. Sales of digital pianos and other digital instruments and wind instruments continued to be robust.

Although sales of the segment as a whole continued to be generally favorable, foreign currency fluctuations had a negative impact of ¥21.3 billion, and the transfer of the operations of Yamaha Music School business in Japan to the Yamaha Music Foundation in the second quarter of the previous fiscal year resulted in a decline in sales of ¥4.2 billion. As a consequence, sales of the musical instruments segment decreased ¥19.1 billion (-8.8%), to ¥196.5 billion.

Operating income decreased ¥0.5 billion (-2.0% year on year), to ¥27.3 billion, in part because of losses due to foreign currency fluctuations of ¥7.7 billion.

## **Audio Equipment**

Sales of ¥85.0 billion (-7.4% year on year) and Operating Income of ¥8.5 billion (+9.0% year on year)

Sales of professional audio equipment expanded in Japan and North America, and sales performance in Europe and China was favorable. Sales of audio products increased in Japan and China, and held firm overall. Sales of ICT (information and communications technology) equipment expanded in Japan.

Sales in this segment as a whole decreased ¥6.8 billion (-7.4% year on year), to ¥85.0 billion, because of the negative impact of ¥10.1 billion due to foreign currency fluctuations.

Operating income rose ¥0.7 billion (+9.0% year on year), to ¥8.5 billion, thus absorbing the negative impact of ¥2.4 billion due to foreign currency fluctuations.

## **Others**

Sales of ¥26.8 billion (-5.6% year on year) and Operating Income of ¥1.6 billion (+21.3% year on year)

In the Others business segment, sales of electronic devices and automobile interior wood components were weak; as a result, sales of the segment decreased ¥1.6 billion (-5.6%), to ¥26.8 billion.

Operating income increased ¥0.3 billion (+21.3%), to ¥1.6 billion.

## **■ Outlook for Consolidated Performance for the Full Fiscal Year**

### Net Sales, Ordinary Income, and Net Income Revised Upward

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2017, released on November 7, called for net sales of ¥402.0 billion (-7.7% year on year), operating income of ¥42.0 billion (+3.3%), ordinary income of ¥42.0 billion (+2.7%), and net income attributable to the owners of the parent of ¥41.0 billion (+25.6%).

In the revised consolidated outlook, following a review of exchange rates to be assumed\*, the forecast for net sales has been revised upward to ¥405.0 billion (-7.0% year on year), and forecasts for income, except operating income which remains the same, have been revised upward, to ¥43.0 billion for ordinary income (+5.1% year on year), and net income attributable to the owners of the parent to ¥42.0 billion (+28.7% year on year).

\*The foreign currency exchange rates used in computing these forecasts have been changed from ¥100 to US\$1 and ¥110 to €1 in the previous forecast to ¥110 to US\$1 and ¥120 to €1.

Notes:

1. Sales and income/loss figures in the text have, in principle, been rounded to the nearest ¥0.1 billion.
2. Beginning with the first quarter of FY2017.3, the Company has reviewed its business segment classification, and the Electronics Devices business has been presented in the Others segment. Figures and rates of increase/decrease year on year have been calculated using the post-reclassification method.

## Third Quarter of FY2017.3 Performance Outline

YAMAHA CORPORATION

February 3, 2017

(billions of yen)

	Three Months Results Ended Dec. 31, 2015	Three Months Results Ended Dec. 31, 2016	Nine Months Results Ended Dec. 31, 2015	Nine Months Results Ended Dec. 31, 2016	Results (Previous Year)	Projections (Full Year)	Previous Projections (Full Year) (announced on Nov. 7, 2016)
	FY2016.3	FY2017.3	FY2016.3	FY2017.3	FY2016.3	FY2017.3	FY2017.3
Net Sales	118.3	109.2	335.8	308.3	435.5	405.0	402.0
Japan Sales	34.2 (28.9%)	33.7 (30.9%)	107.4 (32.0%)	101.3 (32.9%)	145.0 (33.3%)	138.7 (34.2%)	139.6 (34.7%)
Overseas Sales	84.1 (71.1%)	75.5 (69.1%)	228.4 (68.0%)	207.0 (67.1%)	290.5 (66.7%)	266.4 (65.8%)	262.4 (65.3%)
Operating Income	15.7 (13.3%)	12.7 (11.6%)	36.9 (11.0%)	37.4 (12.1%)	40.7 (9.3%)	42.0 (10.4%)	42.0 (10.4%)
Ordinary Income	15.4 (13.0%)	13.1 (12.0%)	37.6 (11.2%)	37.6 (12.2%)	40.9 (9.4%)	43.0 (10.6%)	42.0 (10.4%)
Net Income <sup>(*)</sup>	13.1 (11.1%)	9.8 (9.0%)	30.5 (9.1%)	37.1 (12.0%)	32.6 (7.5%)	42.0 (10.4%)	41.0 (10.2%)
Currency Exchange Rate (Settlement Rate) (=yen) <sup>(*)</sup>	121/US\$ 135/EUR	106/US\$ 114/EUR	122/US\$ 134/EUR	107/US\$ 121/EUR	121/US\$ 134/EUR	107/US\$ <sup>(*)</sup> 121/EUR	104/US\$ 118/EUR
ROE <sup>(*)</sup>	15.0%	11.8%	11.5%	15.1%	10.1%	13.0%	13.3%
ROA <sup>(*)</sup>	9.9%	7.8%	7.6%	9.9%	6.5%	8.6%	8.8%
Earnings per Share	67.6 yen	52.5 yen	157.5 yen	197.6 yen	168.9 yen	224.0 yen	218.7 yen
Capital Expenditures (Depreciation Expenses)	2.9 (3.2)	5.6 (2.7)	7.7 (9.4)	11.9 (8.1)	11.2 (12.7)	16.5 (11.1)	19.6 (11.3)
R&D Expenses	6.2	6.2	18.5	18.1	24.8	24.9	25.3
<b>Cash Flows</b>							
Operating Activities	12.7	10.9	20.9	16.3	42.4	38.0	43.0
Investing Activities	4.9	-1.0	-1.0	-7.3	0.6	-15.0	-20.0
Free Cash Flow	17.6	9.9	19.9	9.0	43.0	23.0	23.0
Inventories at End of Period	-	-	95.2	97.4	91.9	92.0	84.8
<b>Number of Employees</b>							
Japan	-	-	6,266	6,082	6,149	5,900	6,100
Overseas	-	-	13,993	14,279	14,199	14,400	14,600
Total <sup>(*)</sup> <small>(Changes from the changes in the scope of consolidation)</small>	-	-	20,259 (-104)	20,361 (-)	20,348 (-102)	20,300 (-)	20,700 (-)
Temporary Staff (average during the period)	-	-	8,143	7,650	7,990	7,800	7,700
<b>Sales by Business Segment</b>							
Musical Instruments <sup>(*)</sup>	73.2 (61.9%)	68.1 (62.3%)	215.6 (64.2%)	196.5 (63.7%)	277.4 (63.7%)	256.0 (63.2%)	254.0 (63.2%)
Audio Equipment <sup>(*)</sup>	36.5 (30.9%)	32.0 (29.3%)	91.8 (27.3%)	85.0 (27.6%)	120.9 (27.8%)	114.0 (28.2%)	113.0 (28.1%)
Others <sup>(*)</sup>	8.6 (7.2%)	9.1 (8.4%)	28.4 (8.5%)	26.8 (8.7%)	37.2 (8.5%)	35.0 (8.6%)	35.0 (8.7%)
<b>Operating Income by Business Segment</b>							
Musical Instruments <sup>(*)</sup>	11.1	8.5	27.9	27.3	31.7	32.0	32.5
Audio Equipment <sup>(*)</sup>	4.3	3.6	7.8	8.5	8.5	9.5	9.0
Others <sup>(*)</sup>	0.3	0.5	1.3	1.6	0.4	0.5	0.5

### Non-Consolidated Basis

Net Sales	59.1	52.7	182.1	171.4	232.8
Operating Income	6.0 (10.2%)	4.4 (8.3%)	14.8 (8.1%)	15.1 (8.8%)	15.2 (6.5%)
Ordinary Income	6.3 (10.7%)	5.1 (9.7%)	26.7 (14.6%)	23.6 (13.8%)	27.1 (11.7%)
Net Income	1.1 (1.9%)	4.7 (8.9%)	20.1 (11.0%)	28.1 (16.4%)	20.2 (8.7%)

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

\* 2, 8 Currency exchange rate is the export and import transaction rate applied to profit calculation. 4Q Currency Exchange Rates US\$=110JPY EUR=120JPY

\* 3, 4 The ROE and ROA for the interim period are calculated on an annually adjusted basis.

\* 5 Number of Employees = Number of full-time staff at end of the period

\* 6 Effective in FY2017.3, soundproof room business which was previously reported as a part of the musical instrument segment has now been reported as a part of the audio equipment segment. The figures for FY2016.3 reflect the new segment accordingly.

\* 7 Effective in FY2017.3, others segment includes electronic devices segment which was closed at the end of FY2016.3.

The figures for FY2016.3 has been adjusted to conform to current year disclosure for reference only.

Consolidated financial forecasts were prepared based on information available at the time of the announcement and do not represent promises by the Company or its management that these performance figures will be attained.

Actual consolidated results may differ from forecasts owing to a wide range of factors.