

May 9, 2019

Company Name: YAMAHA CORPORATION
President and Representative Executive Officer: Takuya Nakata
Code Number: 7951 (First Section of Tokyo Stock Exchange)

**Outline of the Yamaha Consolidated Financial Results
for the Fiscal Year Ended March 31, 2019 (FY2019.3)
and Outlook for Consolidated Performance in FY2020.3**

■ Consolidated Performance in FY2019.3

Seventh Consecutive Year-on-Year Increase in Income, Income at Record High, and All Targets of the Medium-Term Management Plan Were Attained

As a result of strong performances in the musical instruments business, consolidated net sales in FY2019.3 increased ¥4.4 billion, or 1.0% over the previous fiscal year, to ¥437.4 billion.

In terms of profits, the Group reported operating income of ¥56.0 billion, an increase of ¥7.2 billion, or 14.7% from the previous fiscal year, ordinary income of ¥58.4 billion, an increase of ¥9.2 billion, or 18.7% from the previous fiscal year. However, net income attributable to owners of parent was ¥43.8 billion, a decrease of ¥10.6 billion, or 19.5% from the previous fiscal year, due to the lack of reporting of gain on sales of investment securities (extraordinary income) of ¥25.8 billion because of sales of a portion of shares in Yamaha Motor Co., Ltd. in the previous fiscal year. Note that Yamaha reported its seventh consecutive year-on-year increase in operating income and ordinary income, and both were at the highest levels in history.

In addition, under the Medium-Term Management Plan, “NEXT STAGE 12,” with the fiscal year ended March 31, 2019 as the final year, the Company has achieved its management targets of attaining operating income ratio of 12%, ROE of 10% level, and EPS of ¥200 level, respectively.

➤ **Sales and Operating Income by Reportable Segment**

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

Musical Instruments

Sales of ¥282.0 billion (+2.7%) and Operating Income of ¥42.9 billion (+24.0%)

Sales of acoustic pianos continued double-digit growth in China and led the sales increase. Sales of digital pianos and guitars showed double-digit increase in China and the North America and sales of wind instruments also expanded in all overseas regions. Sales in this segment as a whole were favorable.

Sales of this segment amounted to ¥282.0 billion, an increase of ¥7.5 billion, or 2.7% year on year.

Operating income was ¥42.9 billion, an increase of ¥8.3 billion, or 24.0% year on year.

Audio Equipment

Sales of ¥120.7 billion (−0.9%) and Operating Income of ¥10.6 billion (−0.9%)

Sales in the professional audio equipment business held firm in all regions and sales of audio equipment installations expanded in Japan. On the other hand, sales of audio products decreased in the North America and other regions.

Sales of this segment amounted to ¥120.7 billion, a decrease of ¥1.1 billion, or 0.9% year on year.

Operating income was ¥10.6 billion, a decrease of ¥0.1 billion, or 0.9% year on year.

Industrial Machinery/Components and Others

Sales of ¥34.7 billion (−5.4%) and Operating Income of ¥2.5 billion (−29.0%)

Sales in the industrial machinery/components business decreased reflecting the slowing market condition.

Sales of this segment amounted to ¥34.7 billion, a decrease of ¥2.0 billion, or 5.4% year on year.

Operating income was ¥2.5 billion, a decrease of ¥1.0 billion, or 29.0% year on year.

■ Outlook for Consolidated Performance in FY2020.3 [IFRS]

Steady expansion in Revenue and Profit Expected in the First Year of the New Medium-Term Management Plan

The Company will voluntarily adopt the International Financial Reporting Standards (IFRS) from FY2020.3. For this reason, the consolidated financial forecasts for FY2020.3 are prepared based on IFRS. The forecast for consolidated performance for FY2020.3 calls for revenue of ¥444.0 billion, core operating profit of ¥55.0 billion (core operating profit ratio of 12.4%) and profit attributable to owners of parent of ¥42.5 billion.

Note that the performance results for FY2019.3 calculated based on IFRS call for revenue of ¥434.4 billion, core operating profit of ¥53.0 billion (core operating profit ratio of 12.2%) and profit attributable to owners of parent of ¥40.2 billion.

Note that the foreign currency exchange rates used in computing these forecasts are ¥110 to US\$1 and ¥125 to €1.

Note 1: Core operating profit corresponds to operating income under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit. The impact of application of IFRS on the performance results is mainly due to the deduction of sales discounts from revenue that was recorded as non-operating expenses under Japanese GAAP. As a result, revenue and core operating profit will decrease by approximately ¥3 billion, respectively. In addition, the impact on profit attributable to owners of parent includes such cases as gain on sales of investment securities is not included in profit attributable to owners of parent but recorded in other comprehensive income.

Note 2: Figures less than ¥100 million for net sales, sales revenue, and income/loss in the text of this release have, in principle, been rounded to the nearest ¥100 million.

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FY2019.3 Performance Outline

YAMAHA CORPORATION

May 9, 2019

(Billions of yen)

	Results <Japanese GAAP> (Previous Year)	Projections <Japanese GAAP> (Full Year) (Announced on Feb. 5, 2019)	Results <Japanese GAAP>		Results <IFRS>	Projections <IFRS> (Full Year)
	FY2018.3	FY2019.3	FY2019.3		FY2019.3	FY2020.3
Net Sales	433.0	440.0	437.4	Revenue	434.4	444.0
Sales in Japan	133.7 (30.9%)	130.0 (29.5%)	129.7 (29.6%)	Japan	129.7 (29.9%)	129.0 (29.1%)
Overseas Sales	299.2 (69.1%)	310.0 (70.5%)	307.7 (70.4%)	Overseas	304.7 (70.1%)	315.0 (70.9%)
Operating Income	48.8 (11.3%)	55.0 (12.5%)	56.0 (12.8%)	Core Operating Profit ^(*)	53.0 (12.2%)	55.0 (12.4%)
-	-	-	-	Operating Profit	53.1	55.0 (12.4%)
Ordinary Income	49.2 (11.4%)	55.0 (12.5%)	58.4 (13.4%)	-	-	-
Income before Income Taxes	74.5 (17.2%)	-	60.5 (13.8%)	Profit before Income Taxes	56.8 (13.1%)	58.0 (13.1%)
Net Income ^(**)	54.4 (12.6%)	40.0 (9.1%)	43.8 (10.0%)	Net Profit ^(**)	40.2 (9.3%)	42.5 (9.6%)
Currency Exchange Rate (Settlement Rate) (=yen)	111/US\$ 126/EUR	111/US\$ 131/EUR	111/US\$ 131/EUR	Currency Exchange Rate (Settlement Rate) (=yen)	111/US\$ 131/EUR	110/US\$ 125/EUR
ROE	14.5%	10.3%	11.4%	ROE	11.1%	11.3%
ROA	10.2%	7.4%	8.2%	ROA	7.5%	8.0%
Earnings per Share	291.8yen	220.0yen	240.9yen	Earnings per Share	221.4yen	238.3yen
Capital Expenditure	24.6	17.7	16.0	Capital Expenditure	16.0	22.0
(Depreciation Expenses)	(10.8)	(11.0)	(10.8)	(Depreciation Expenses)	(10.8)	(12.7)
R&D Expenses	24.8	25.7	24.9	R&D Expenses	24.9	26.5
Cash Flows				Cash Flows		
Operating Activities	47.5	28.0	30.2	Operating Activities	35.8	62.0
Investing Activities	4.8	-25.0	-23.1	Investing Activities	-23.1	-22.0
Free Cash Flow	52.3	3.0	7.1	Free Cash Flow	12.7	40.0
Inventories at End of Period	94.1	99.3	100.3	Inventories at End of Period	100.3	100.7
Number of Employees				Number of Employees		
Japan	5,845	5,700	5,736	Japan	5,736	5,700
Overseas	14,383	14,900	14,639	Overseas	14,639	15,400
Total ^(***)	20,228	20,600	20,375	Total ^(***)	20,375	21,100
<small>(Changes from the changes in the scope of consolidation)</small>	-	-	-	<small>(Changes from the changes in the scope of consolidation)</small>	-	-
Temporary Staff (Average during the period)	7,558	7,500	7,733	Temporary Staff (Average during the period)	7,333	7,800
Sales by Business Segment				Revenue by Business Segment		
Musical Instruments	274.5 (63.4%)	282.5 (64.2%)	282.0 (64.5%)	Musical Instruments	279.9 (64.4%)	285.5 (64.3%)
Audio Equipment	121.8 (28.1%)	123.5 (28.1%)	120.7 (27.6%)	Audio Equipment	119.8 (27.6%)	123.5 (27.8%)
Others	36.7 (8.5%)	34.0 (7.7%)	34.7 (7.9%)	Others	34.7 (8.0%)	35.0 (7.9%)
Operating Income by Business Segment				Core Operating Profit ^(*) by Business Segment		
Musical Instruments	34.6	41.5	42.9	Musical Instruments	40.8	43.0
Audio Equipment	10.7	11.0	10.6	Audio Equipment	9.7	11.0
Others	3.5	2.5	2.5	Others	2.5	1.0

The Yamaha Group will voluntarily adopt the International Financial Reporting Standards (IFRS), beginning from the fiscal year ending March 2020 (FY2020.3).

Results under IFRS standards for FY2019.3 are tentative figures for the purpose of comparison with the projections for FY2020.3 and are used for convenience and reference only.

*1 Core operating profit is corresponding to operating income under the Japanese GAAP, and is calculated deducting SG&A from gross profit.

*2 Net income is presented as net profit attributable to owners of parent on the consolidated financial statements under Japanese GAAP, and net profit is profit attributable to owners of the parent under IFRS standards.

*3 Number of employees = Number of full-time staff at end of the period

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.