

For Immediate Release

Company Name: YAMAHA CORPORATION

President and Representative Executive Officer: Takuya Nakata

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

Yamaha Reports Consolidated Financial Results for FY2020.3 [IFRS]

■ Consolidated Financial Results in FY2020.3

Year-on-Year Decrease in Revenue and Profit Due to the COVID-19 Pandemic, Impact of Exchange Rate and Sluggish Market Conditions for Industrial Machinery/Components Business

In the consolidated fiscal year ended March 31, 2020, revenue declined by ¥20.1 billion (−4.6%) year on year to ¥414.2 billion due to the combined impacts of ¥13.7 billion from the COVID-19 pandemic, a ¥13.1 billion negative impact in foreign exchange, and sluggish market conditions for the industrial machinery and components business. Along with the impact of the COVID-19 pandemic, core operating profit declined by ¥6.4 billion (−12.1%) year on year to ¥46.4 billion, because there was a ¥6.5 billion negative impact in foreign exchange and the industrial machinery and components business worsened. In addition to a decrease in core operating profit, profit attributable to owners of the parent decreased by ¥5.7 billion (−14.2%) year on year to ¥34.6 billion due to a ¥1.4 billion of loss from suspension of operations owing to the impact from the COVID-19 pandemic along with the booking of ¥3.3 billion impairment loss on fixed assets.

➤ Revenue and Profit/Loss by Reportable Segment

Figures in parentheses are percentage changes from the previous fiscal year, unless indicated otherwise.

Musical Instruments

Revenue of ¥269.4 billion (−3.6%) and Core Operating Profit of ¥37.8 billion (−7.5%)

The musical instruments business recorded higher overall full-year sales in all regions other than Japan despite impacts in the fourth quarter from the COVID-19 pandemic in all regions. Against a background of retail store closures, acoustic piano sales in China maintained the same level as the previous year, and sales declined year on year in Japan and North America. Guitar sales rose year on year in all regions and digital musical instrument sales grew in all regions, excluding Japan, both of which have a high ratio of e-commerce sales. Wind instrument sales decreased, largely due to reduced demand from wind instrument ensembles in Japan.

Overall revenue in this segment declined ¥10.1 billion year on year to ¥269.4 billion, largely due to a ¥9.1 billion negative impact in foreign exchange from the previous fiscal year. Core operating profit declined by ¥3.1 billion to ¥37.8 billion, including a ¥4.8 billion negative impact in foreign exchange.

Audio Equipment

Revenue of ¥114.4 billion (−4.8%) and Core Operating Profit of ¥8.6 billion (−10.9%)

Professional audio equipment sales declined in North America and China from the COVID-19 pandemic, but overall revenue increased because sales from audio equipment installations grew in Japan since construction continued as planned. Audio products sales rose in Japan but fell year on year in other regions.

Overall revenue in this segment declined ¥5.8 billion year on year to ¥114.4 billion, primarily owing to a ¥3.8 billion negative impact in foreign exchange from the previous fiscal year. Core operating profit declined by ¥1.0 billion to ¥8.6 billion, including a ¥1.7 billion negative impact in foreign exchange.

Industrial Machinery/Components and Others

Revenue of ¥30.5 billion (−12.4%) and Core Operating Profit of ¥30 million (−98.7%)

Sales grew for electronic devices year on year but fell for FA equipment in the adverse business conditions.

Overall revenue in this segment declined ¥4.3 billion year on year to ¥30.5 billion. Core operating profit decreased ¥2.3 billion to ¥30 million.

■ Outlook for Performance in FY2021.3

At present, there is a high degree of uncertainty regarding the impact of the COVID-19 pandemic on the Group, and this makes it difficult to formulate a reasonable financial forecast for the fiscal year ending March 31, 2021. We therefore will announce a forecast as soon as it becomes possible.

■ Operating Conditions at Production and Sales Bases (as of May 26, 2020)

The Yamaha Group place the highest priority on the safety and health of our customers, business partners, employees, and their families. We are focused on preventing the spread of the virus. We are also taking steps to minimize the impact on our businesses while following the requests and guidance of each country's national and local governments.

<Production bases>

- Factories in Japan, China and Malaysia are operating almost normally. Factories in Indonesia will be suspended operations through early June for the Lebaran holidays. The factory in India is preparing for restart with a partial operation permit from the local government.

<Sales bases, etc.>

- In Japan, directly managed shops reopened in stages, and directly managed schools also reopened in stages while verifying the status of schools in the area. Offices recommenced operation, including Headquarters function, but the Company encourages employees to work from home.
- Employees at overseas sales bases in Europe and the United States are working from home at many locations but continue to ship to distributors, including via online channels. Employees are working as usual in China, South Korea, Vietnam, and Thailand.

Notes:

1. The Group has applied IFRS from the fiscal year ended March 31, 2020.
2. Core operating profit corresponds to operating income under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.
3. Figures less than ¥100 million for revenue and profit or loss in the text of this release have, in principle, been rounded to the nearest ¥100 million.

For further information, please contact:

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Contact form: https://inquiry.yamaha.com/contact/?act=55&lcl=en_WW

FY2020.3 Performance Outline <IFRS standards>

YAMAHA CORPORATION
May 26, 2020
(Billions of yen)

(1) Key Financial Indicators

	Results	Previous Projections	Results	Projections
	(Full Year) FY2019.3	(Full Year) (Announced on Feb. 6, 2020) FY2020.3	(Full Year) FY2020.3	(Full Year) FY2021.3
Revenue	434.4	425.0	414.2	-
Japan	129.8 (29.9%)	126.5 (29.8%)	123.6 (29.8%)	- (-)
Overseas	304.6 (70.1%)	298.5 (70.2%)	290.6 (70.2%)	- (-)
Core Operating Profit ⁽¹⁾	52.7 (12.1%)	50.0 (11.8%)	46.4 (11.2%)	- (-)
Operating Profit	52.8 (12.2%)	51.5 (12.1%)	43.3 (10.5%)	- (-)
Profit before Income Tax	56.5 (13.0%)	54.5 (12.8%)	47.2 (11.4%)	- (-)
Net Profit ⁽²⁾	40.3 (9.3%)	39.5 (9.3%)	34.6 (8.4%)	- (-)
Currency Exchange Rate (Settlement Rate) (=yen) ⁽³⁾	111/US\$ 131/EUR	109/US\$ 122/EUR	109/US\$ 122/EUR	- -
ROE	11.1%	10.9%	10.1%	-
ROA	7.5%	7.6%	7.0%	-
Basic Profit per Share	222.1yen	222.1yen	194.7yen	-
Capital Expenditures (Depreciation Expenses)	16.0 (10.6)	20.0 (11.2)	20.5 (11.2)	- (-)
R&D Expenses	24.9	25.0	24.8	-
Cash Flows				
Operating Activities	35.5	57.0	57.2	-
Investing Activities	-23.1	-21.0	-21.1	-
Free Cash Flow	12.4	36.0	36.1	-
Inventories at End of Period	101.0	99.0	100.1	-
Number of Employees				
Japan	5,736	5,600	5,623	-
Overseas	14,639	14,700	14,580	-
Total ⁽⁴⁾ (Changes from the changes in the scope of consolidation)	20,375 -	20,300 -	20,203 -	- -
Temporary Staff (Average during the period)	7,733	8,100	8,064	-
Revenue by Business Segment				
Musical Instruments	279.5 (64.3%)	277.5 (65.3%)	269.4 (65.0%)	- (-)
Audio Equipment	120.1 (27.7%)	116.5 (27.4%)	114.4 (27.6%)	- (-)
Others	34.8 (8.0%)	31.0 (7.3%)	30.5 (7.4%)	- (-)
Core Operating Profit ⁽¹⁾ by Business Segment				
Musical Instruments	40.8	41.5	37.8	-
Audio Equipment	9.6	8.5	8.6	-
Others	2.3	0.0	0.0	-

(2) Revenue by Business Segment and Region

(Billions of yen)

FY2020.3 (April 2019-March 2020)	Musical Instruments		Audio Equipment		Others		Total	
	Revenue	Change ⁽⁵⁾	Revenue	Change ⁽⁵⁾	Revenue	Change ⁽⁵⁾	Revenue	Change ⁽⁵⁾
Japan	68.9	91%	31.3	110%	23.4	90%	123.6	95%
North America	57.5	101%	26.5	91%	3.3	120%	87.3	98%
Europe	49.7	104%	30.3	100%	0.3	65%	80.2	103%
China	44.3	101%	7.5	81% (93%)	1.2	48%	53.1	95%
Asia, Oceania, and other areas	48.9	105%	18.8	98%	2.3	78%	70.0	102%
Total	269.4	100%	114.4	98% (100%)	30.5	88%	414.2	98%

The Yamaha Group applied the International Financial Reporting Standards (IFRS) from the first quarter of fiscal year ended March 31, 2020 (FY2020.3).

At present, there is a high degree of uncertainty regarding the impact of the COVID-19 pandemic on the Group, and this will make it difficult to formulate a reasonable financial forecast for the fiscal year ending March 31, 2021. We therefore will announce a forecast as soon as it becomes possible.

¹ Core operating profit is corresponding to operating income under the Japanese GAAP, and is calculated deducting SG&A from gross profit.² Net profit is presented as net profit attributable to owners of the parent under IFRS standards.³ Currency exchange rate is the export and import transaction rate applied to profit calculation.⁴ Number of employees = Number of full-time staff at end of the period.⁵ The Change indicates actual year-on-year changes discounting impact of exchange rates and figures in parenthesis show actual year-on-year change excluding the sales of OEM products.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.