

Yamaha Corporation
Analyst and Investor Briefing on
the Second Quarter of the Fiscal
Year Ending March 31, 2013
(FY2013.3)

November 1, 2012



Performance in the First Half of FY2013.3



➤ A slowdown in the second quarter kept 1H performance at a similar level to the same period of the previous year, and net sales and operating income were both lower than previous projections.

(Billions of yen)

	FY2012.3 (1H) results	FY2013.3 (1H) results	Change from same period of the previous year	FY2013.3 (1H) previous projections	Change from previous projections	FY2013.3 2Q results	FY2012.3 2Q results
Net sales	176.6	176.8	+0.1%	182.5	-3.1%	86.8	88.7
Operating income (Operating income ratio)	6.3 (3.6%)	6.8 (3.9%)	+8.1%	8.5	-19.9%	2.6	3.2
Ordinary income (Ordinary income ratio)	5.3 (3.0%)	6.1 (3.5%)	+14.5%	7.5	-18.6%	2.3	2.6
Net income (Income ratio)	2.8 (1.6%)	3.3 (1.9%)	+18.9%	6.0	-44.2%	0.7	2.3

Currency exchange rates (yen)

Net sales	US\$	80	79	79	79	78
	EUR	114	101	101	98	110
Operating income	US\$	80	80	79	79	78
	EUR	115	105	103	103	117

Note: Previous projections made July 31, 2012

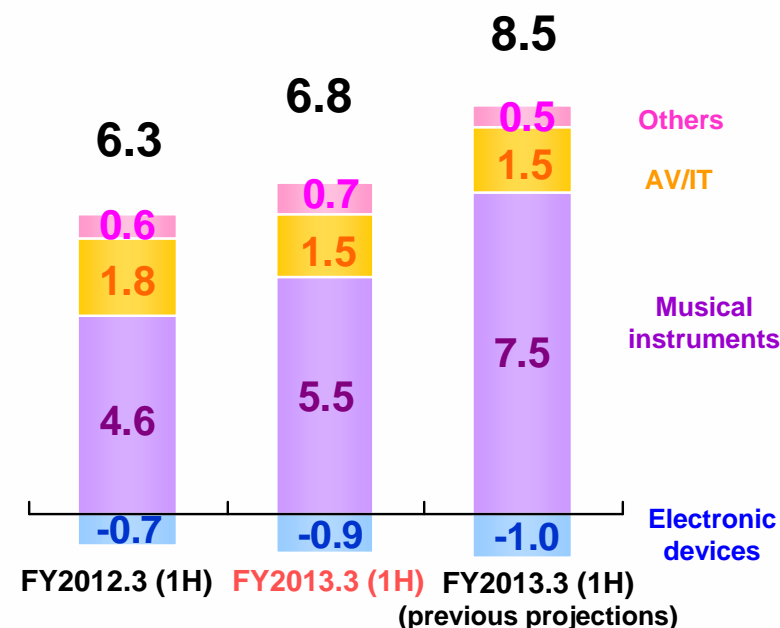
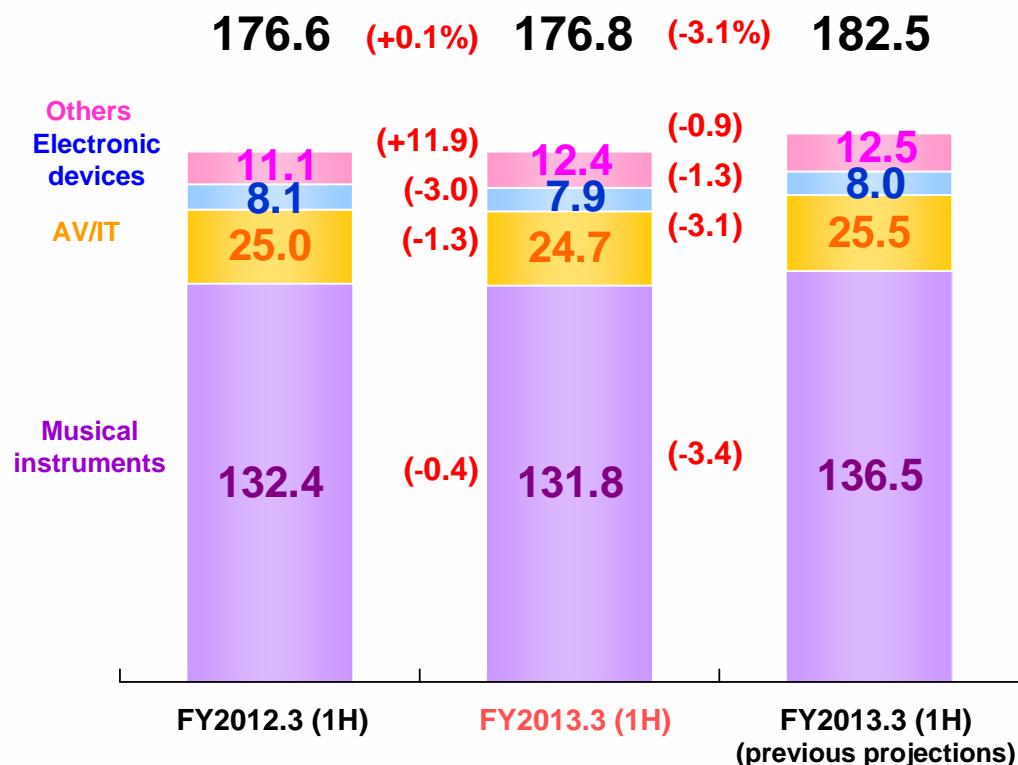
Performance by Business Segment in the First Half of FY2013.3



(Billions of yen)

Net Sales

Operating Income



Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥5.1 billion (musical instruments -¥4.1 billion, AV/IT -¥1.0 billion)
Versus previous projections	-¥0.1 billion (musical instruments -¥0.1 billion, AV/IT +¥0.1 billion)

	Impact of exchange rates
Year-on-year	-¥3.0 billion (musical instruments -¥2.4 billion, AV/IT -¥0.6 billion)
Versus previous projections	+¥0.1 billion (musical instruments +¥0.1 billion)

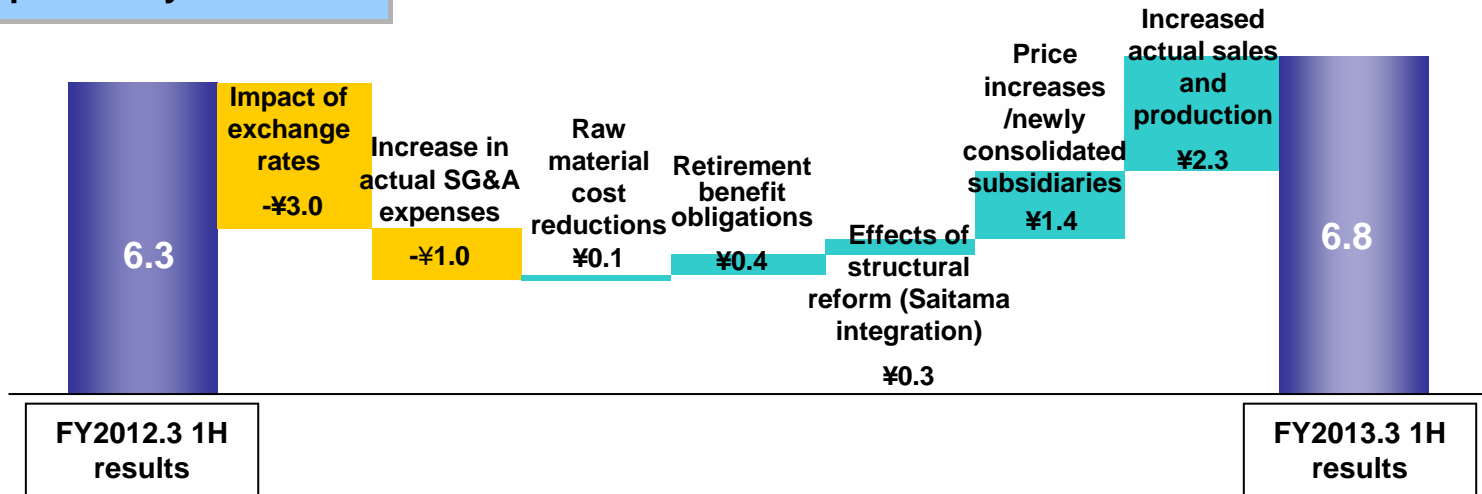
Note: Previous projections made July 31, 2012

FY2013.3 1H Operating Income Analysis

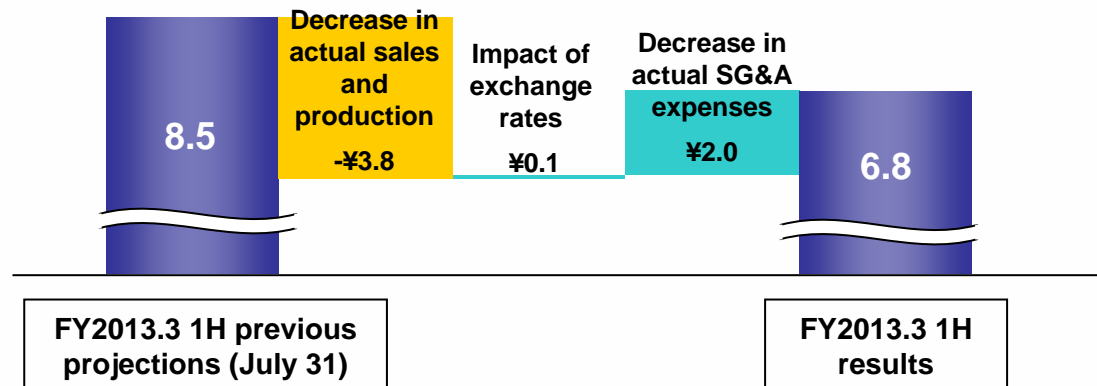


(Billions of yen)

Versus same period of the previous year



Versus previous projections



Outlook for Second Half and Full Year



Outlook for 2H

- Concerns over market slowdown in developed markets.
- Monitor slowing pace of growth in the Chinese economy and impact of anti-Japanese sentiment on business.
- Adjust production to reduce inventory.
- Stronger sales of new products including piano, digital musical instrument and professional audio equipment models anticipated during year-end period of high demand

Full year outlook

- Given that 2Q musical instrument sales were lower than expected, sales and income were below first half projections, and production will be adjusted to bring inventory down to appropriate levels, full year projections have been revised downward to ¥367.5 billion for net sales, ¥11.0 billion for operating income, ¥9.0 billion for ordinary income, and ¥3.5 billion for net income.

Forecast for Performance in FY2013.3 (Full Year)



- Full year sales and income projections revised downward
- Estimated exchange rates for 2H: US\$=77, EUR=100

(Billions of yen)

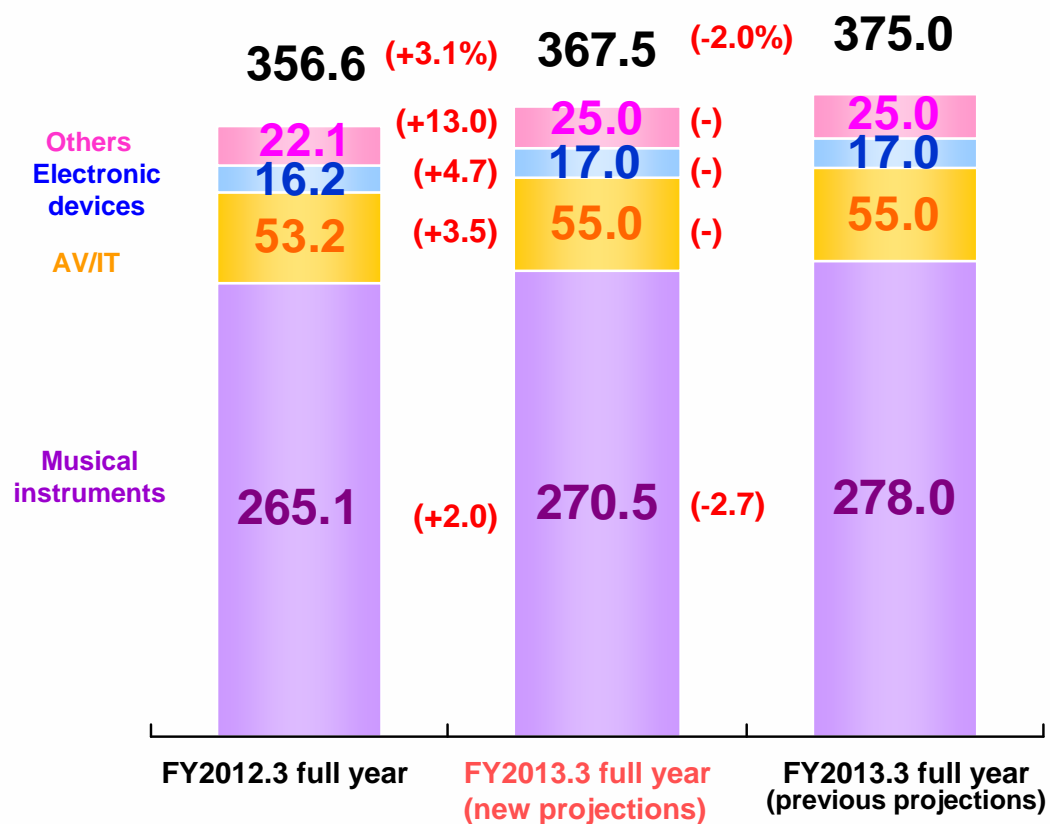
	FY2012.3 results			FY2013.3			Increase/ decrease	FY2013.3 previous projections (made July 31)
	1H	2H	Total	1H results	2H new projections	Total		
Net sales	176.6	180.0	356.6	176.8	190.7	367.5	+3.1%	375.0
Operating income (Operating income ratio)	6.3 (3.6%)	1.8 (1.0%)	8.1 (2.3%)	6.8 (3.9%)	4.2 (2.2%)	11.0 (3.0%)	+35.6%	14.5
Ordinary income (Ordinary income ratio)	5.3 (3.0%)	2.0 (1.1%)	7.3 (2.0%)	6.1 (3.5%)	2.9 (1.5%)	9.0 (2.4%)	+24.1%	13.0
Net income (Income ratio)	2.8 (1.6%)	-32.2 (—)	-29.4 (—)	3.3 (1.9%)	0.2 (0.1%)	3.5 (1.0%)	—	7.5

Currency exchange rates (yen)

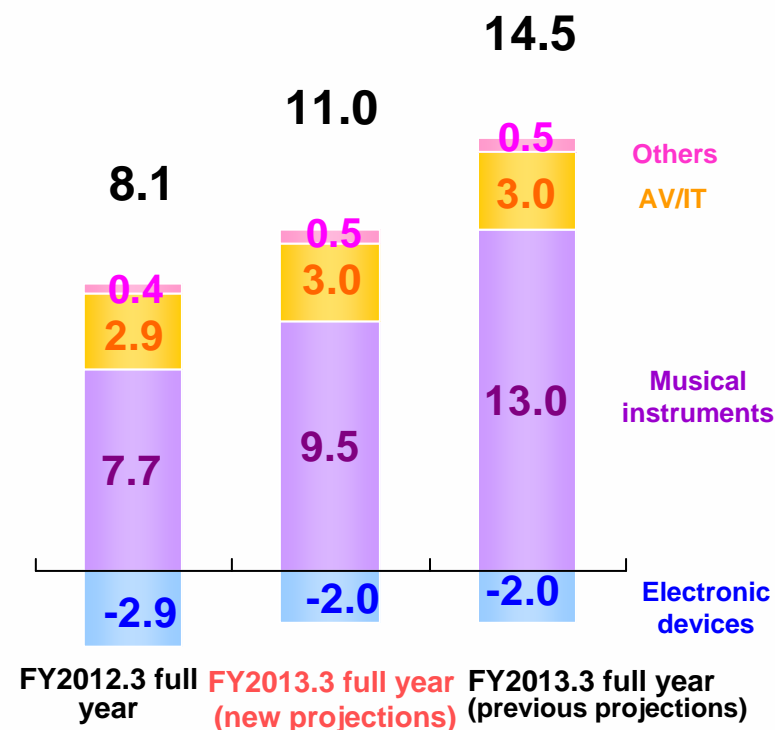
Net sales	US\$	80	78	79	79	77	78	78
	EUR	114	104	109	101	100	100	101
Operating income	US\$	80	78	79	80	77	78	78
	EUR	115	108	112	105	100	103	101

FY2013.3 Full Year Forecast for Performance by Business Segment

Net Sales



Operating Income



Figures in parentheses represent changes from the previous year or from previous projections

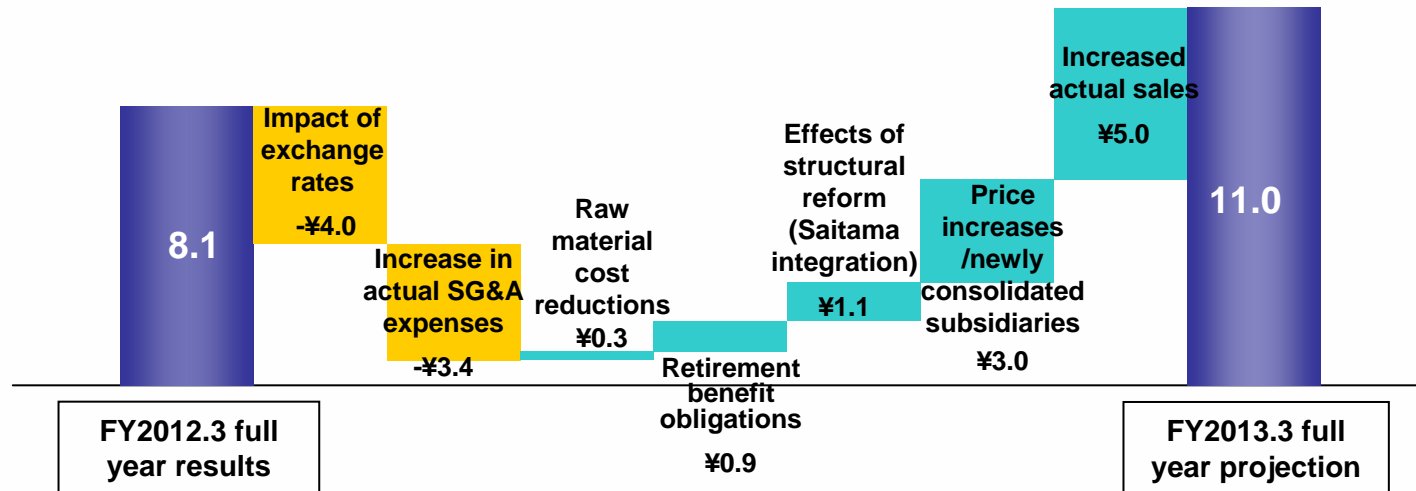
	Impact of exchange rates
Year-on-year	-¥7.3 billion (musical instruments -¥5.9 billion, AV/IT -¥1.4 billion)
Versus previous projections	-¥0.5 billion (musical instruments -¥0.6 billion, AV/IT +¥0.1 billion)

	Impact of exchange rates
Year-on-year	-¥4.0 billion (musical instruments -¥3.1 billion, AV/IT -¥1.0 billion)
Versus previous projections	+¥0.1 billion (AV/IT +¥0.1 billion)

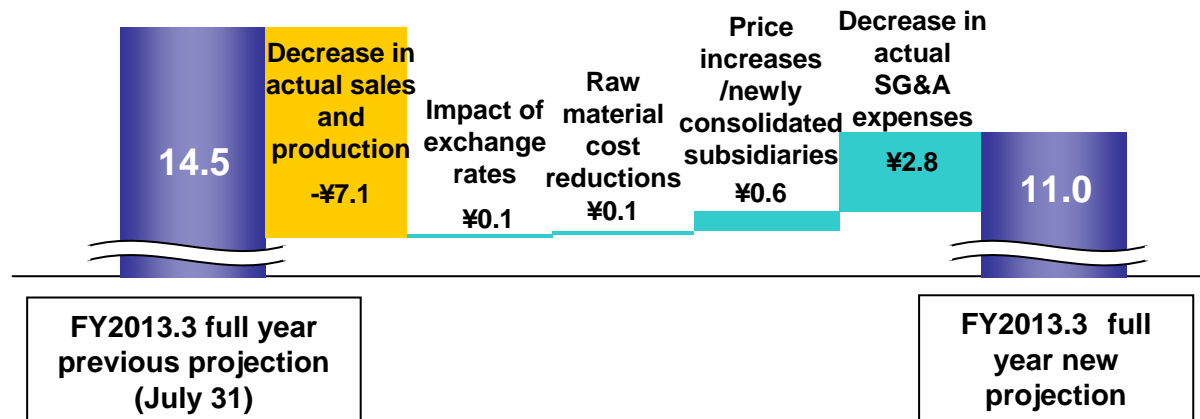
FY2013.3 Full Year Operating Income Analysis

(Billions of yen)

Versus previous year



Versus previous projections

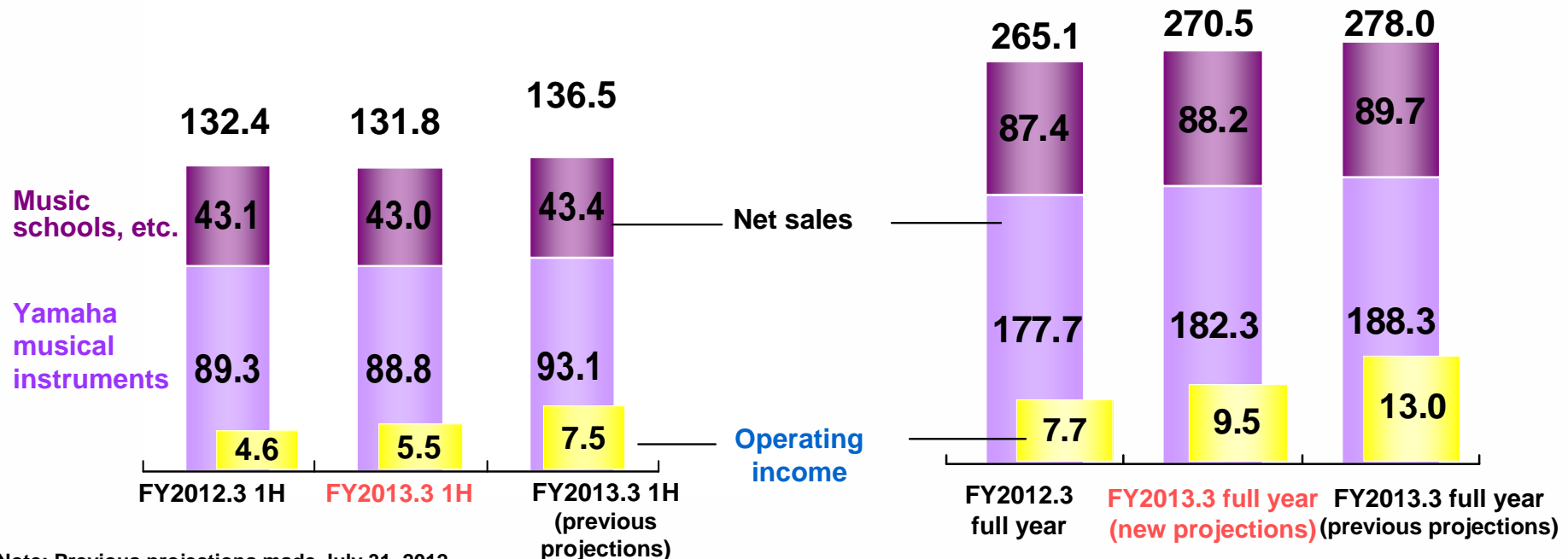


Musical Instruments



(Billions of yen)

1H Overview	Full Year Projections and Priority Measures
<ul style="list-style-type: none"> •Sales declined from the same period of the previous year, but operating income increased. Sales and income were both lower than previous projections. •Discounting the impact of exchange rates, actual sales were up 2.6% (¥3.5 billion) year-on-year, but were 3.7% (¥ 4.6 billion) lower than previous projections. •Compared to the first quarter, actual 2Q sales growth slowed in all markets. •Versus same period of the previous year, professional audio equipment sales were robust in 2Q due to the launch of new models, but sales of wind instruments slowed. •Operating income rose year-on-year, but was lower than previous projections due to the decline in sales and production adjustments. 	<ul style="list-style-type: none"> •Sales and income are expected to be lower than previous projections. •Bring inventory to appropriate levels by supporting sell-out and adjusting production, especially for digital instruments. •Strengthen sales of new piano, digital instrument, and professional audio equipment products. •Prepare to spin off domestic sales and marketing divisions into separate sales company next fiscal year. •Expand sales networks and enhance store displays to maintain growth in Chinese market.



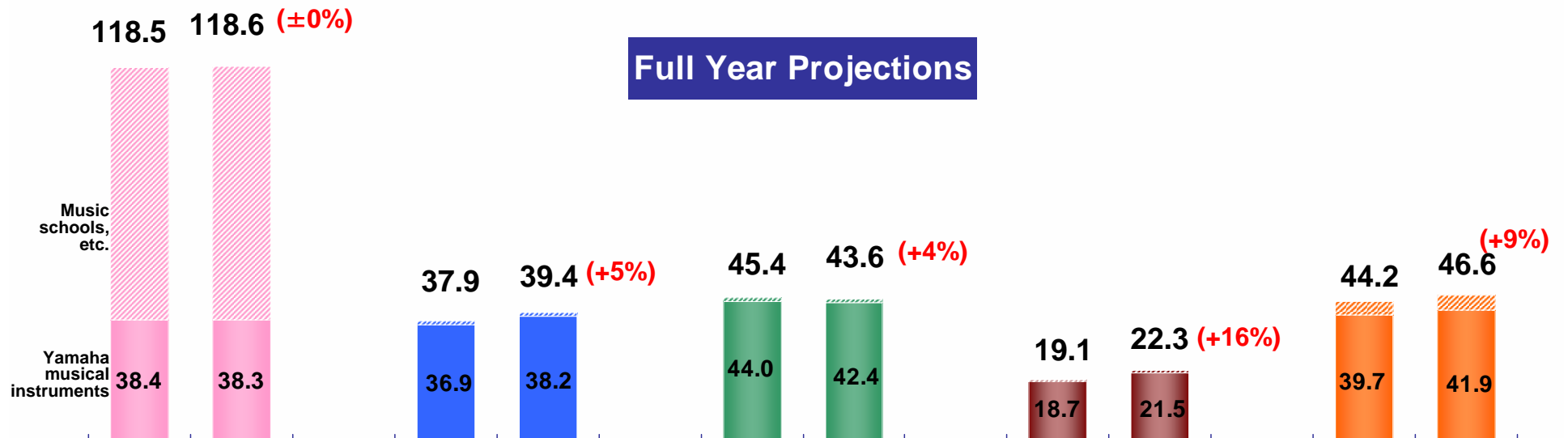
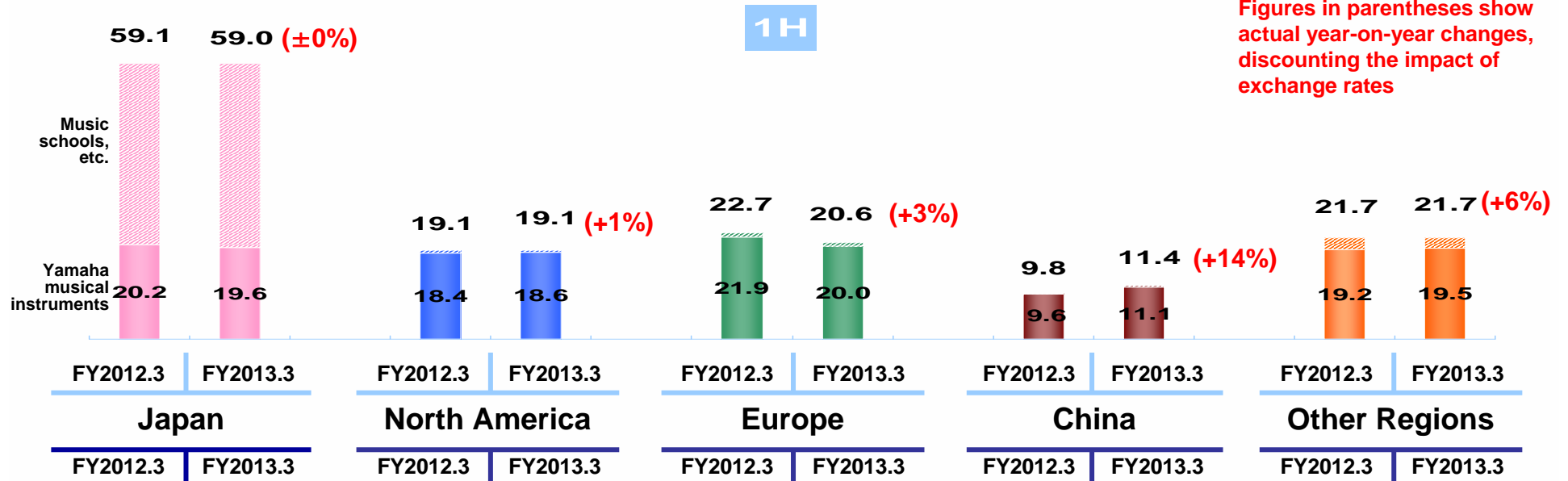
Note: Previous projections made July 31, 2012

Musical Instruments: Sales by Region



(Billions of yen)

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



Musical Instruments: Sales by Region

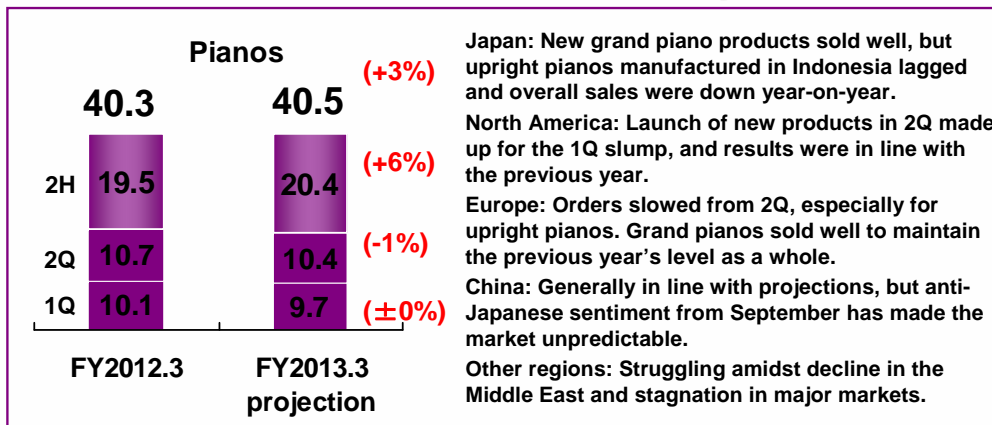


Musical Instrument Sales by Region	
Japan	Amid difficult conditions, sales of crucial piano, digital musical instrument, and wind instrument products were down year-on-year. Upright and digital piano sales, in particular, were below expectations. Music school enrolments have continued to decline since last spring.
North America	The US market is showing a gradual recovery as e-commerce continues to grow. Within the musical instrument sales network, musical instrument specialty stores are struggling. In 1Q digital piano and portable keyboard sales grew and shipments of wind instruments for rental use were brisk, but demand slowed in 2Q. Strong 2Q sales of big-ticket new professional audio equipment products contributed to a year-on-year increase in the PA sector, broadly in line with projections. Piano sales were also robust from 2Q, exceeding figures for the same period of the previous year. However, overall 2Q sales in North America were down year-on-year.
Europe	Retail sales began to fall even in Germany, the powerhouse of the European market, and musical instrument store inventories remain high. Overall sales increased year-on-year in Germany and were also robust in the UK, but conditions were difficult in France, Italy, Spain, and Northern Europe. Digital pianos and professional audio equipment performed well, but sales of acoustic pianos and wind instruments were flat. Drums and synthesizers struggled.
China	As sales of high-end products stagnate and retail growth slows in major cities, overall sales growth has been maintained by expanding sales networks into provincial cities and developing new specialty outlets. Promoting specialty stores through enhancing grand piano displays and increasing guitar store outlets has boosted the potential for sales of high-end products. However, the market needs to be monitored carefully to assess the impact of slowing consumption and anti-Japanese sentiment.
Other Regions	Strong performance by digital instruments continues to drive overall results. Sales are expanding in the major emerging markets of Russia and India. In Southeast Asia, Indonesia and Thailand maintained double-digit growth. In Latin America, although Argentina is struggling in the face of import controls and Panama distribution slowed somewhat in 2Q, Brazil and Mexico maintained double-digit growth. Conditions remain difficult in the Middle East due to the impact of economic sanctions on Iran and unrest in Syria. Oceania continues to struggle amidst music store restructuring.

Musical Instruments: Sales by Product Category

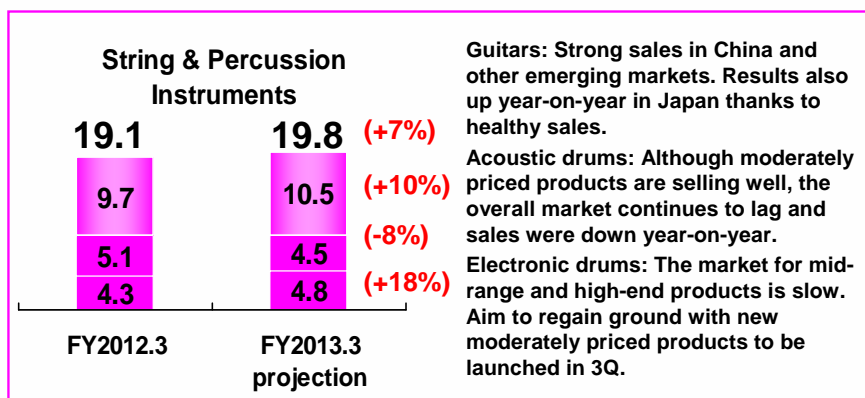
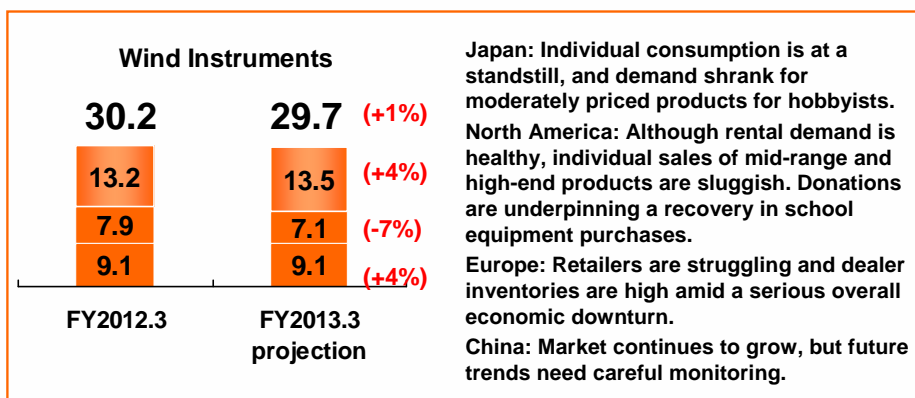
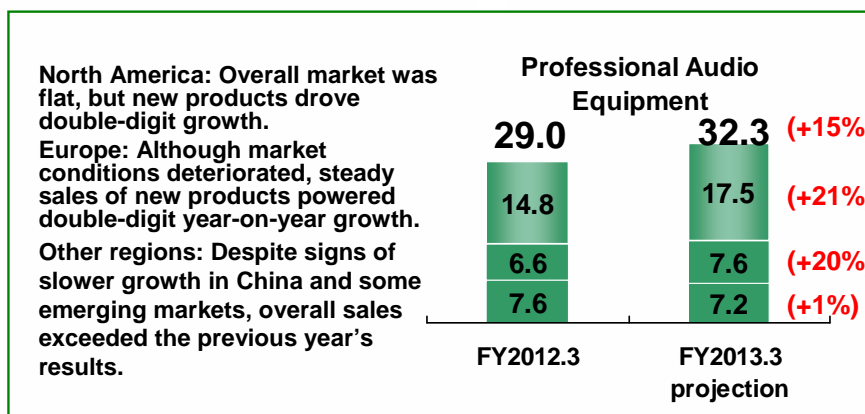
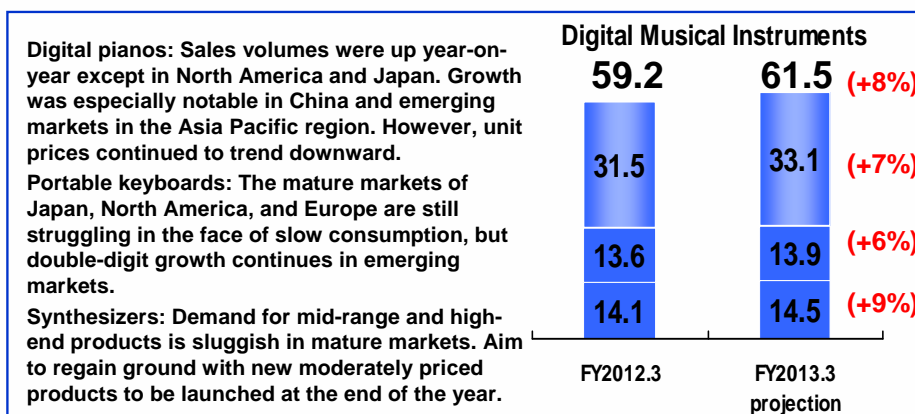


(Billions of yen)

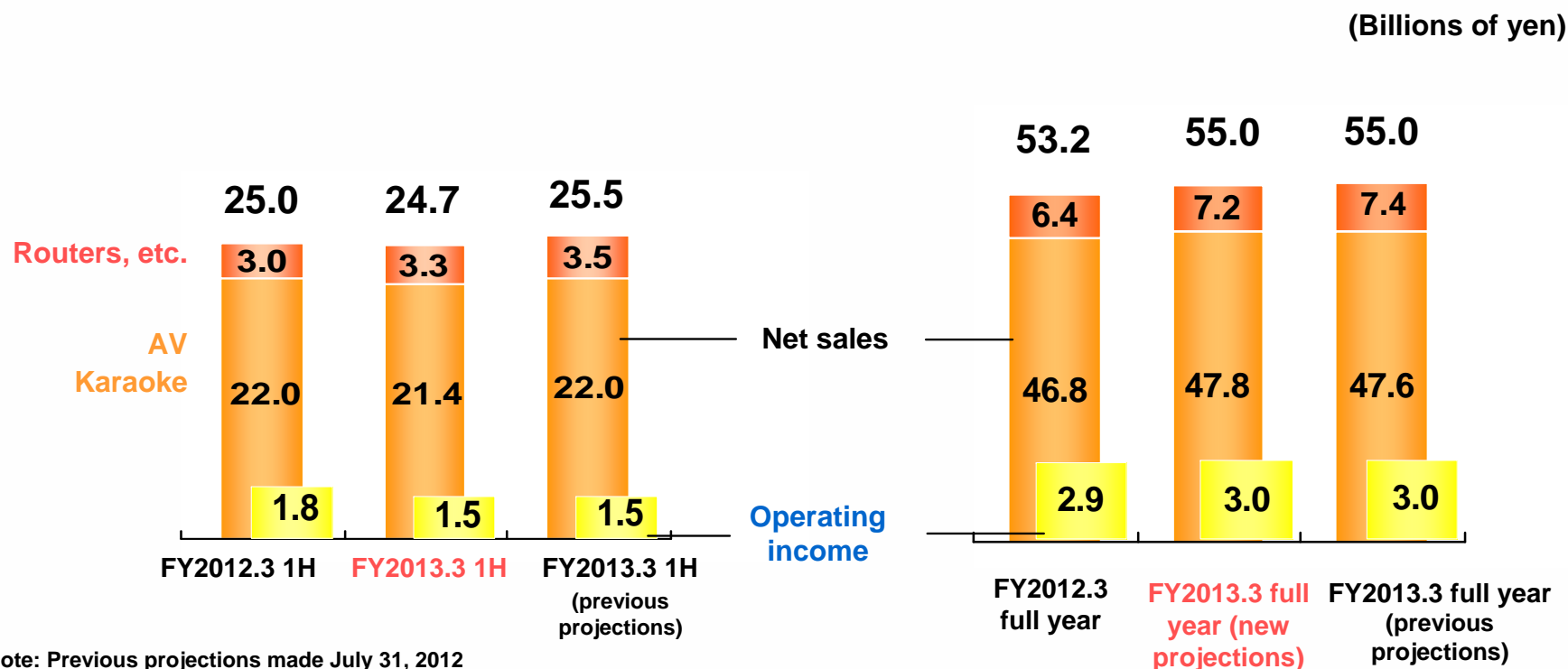


Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

Note: Sales of Electone electronic organ are included under digital musical instruments



1H Overview	Full Year Projections and Priority Measures
<ul style="list-style-type: none"> •Sales and income declined year-on-year, and sales were lower than previous projections. •Discounting the impact of exchange rates, actual sales increased by 2.8% (¥0.7 billion) from the same period of the previous year. •Sales of online karaoke equipment and routers rose year-on-year. Although AV products performed well in 1Q, actual 2Q sales declined due to a slowdown in the North American and European markets. 	<ul style="list-style-type: none"> •Full year projections remain unchanged. •Maintain strong sales achieved through launch of new products in North American market. •Expand sales of sound bar products in European and North American markets. •Focus on expanding sales through mass merchandisers in year-end period of high demand. •Steadily supply new online karaoke equipment products.



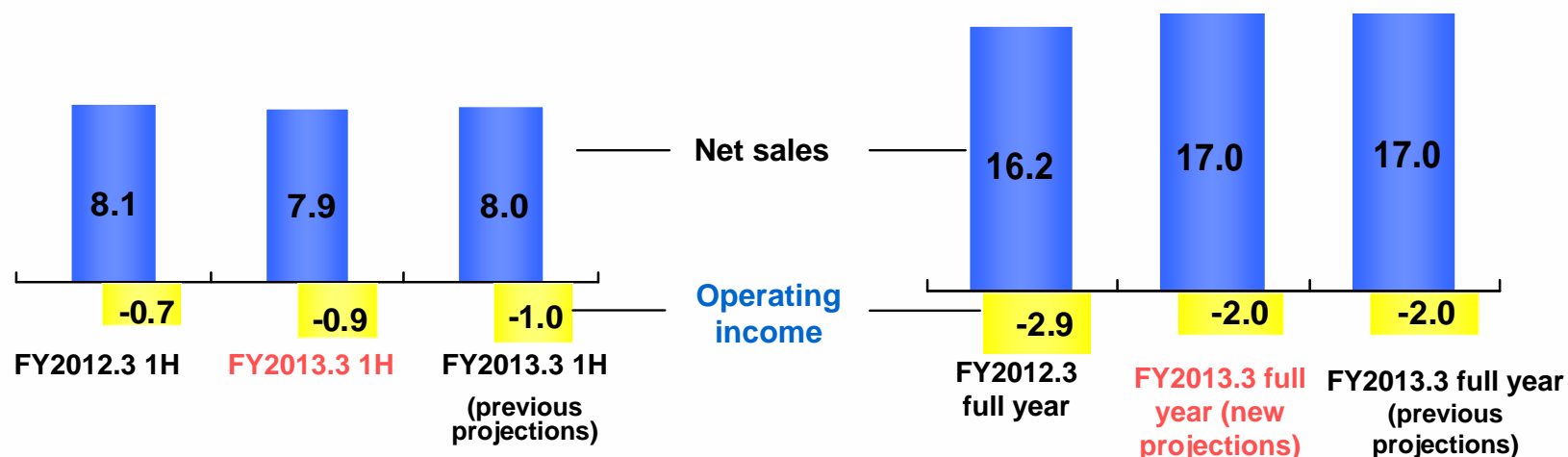
Note: Previous projections made July 31, 2012

Electronic Devices



1H Overview	Full Year Projections and Priority Measures
<ul style="list-style-type: none"> •Although sales and income decreased year-on-year, they were broadly in line with previous projections. •The recovery trend in sales of graphics and sound controllers for amusement equipment. Sales of in-car devices and sensors increased year-on-year. •Although operating income declined from the same period of the previous year due to factors including a deterioration in manufacturing profitability, the operating loss was slightly smaller than projected. 	<ul style="list-style-type: none"> •Full year projections remain unchanged. •Steadily shift to production outsourcing. •Take proactive approach to the expanding smart phone market. •Accelerate product development for amusement equipment and geomagnetic sensors. •Improve productivity at Yamaha Kagoshima Semiconductor Inc. through structural reform of business.

(Billions of yen)

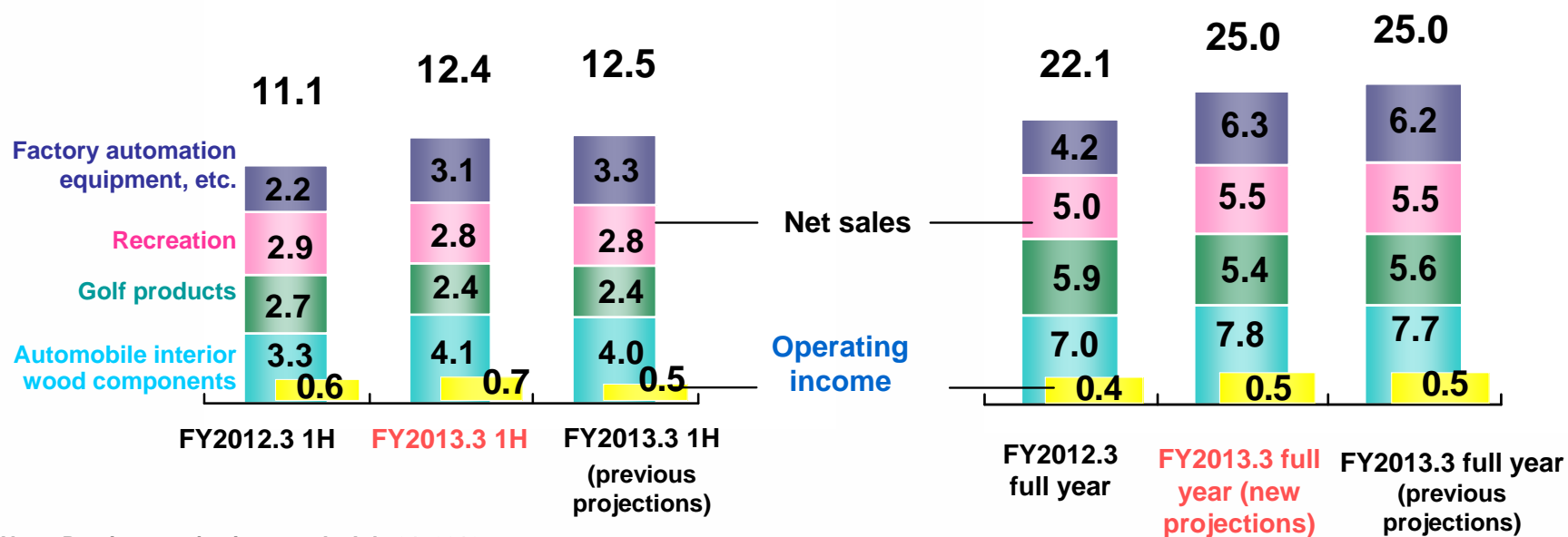


Note: Previous projections made July 31, 2012

Others

1H Overview	Full Year Projections and Priority Measures
<ul style="list-style-type: none"> •Sales increased year-on-year, in line with previous projections. •Strong sales of automobile interior wood components. •Golf product sales declined as overseas markets lagged. •Operating income rose year-on-year, driven by automobile interior wood components and factory automation equipment. 	<ul style="list-style-type: none"> •Full year projections remain unchanged. •Begin supply of automobile interior wood components for new car models. •Uncertainty over factory automation equipment sales to the Chinese market. •Maximize measures to attract guests to recreation facilities during the off season. •Regain ground with launch of new golf products.

(Billions of yen)

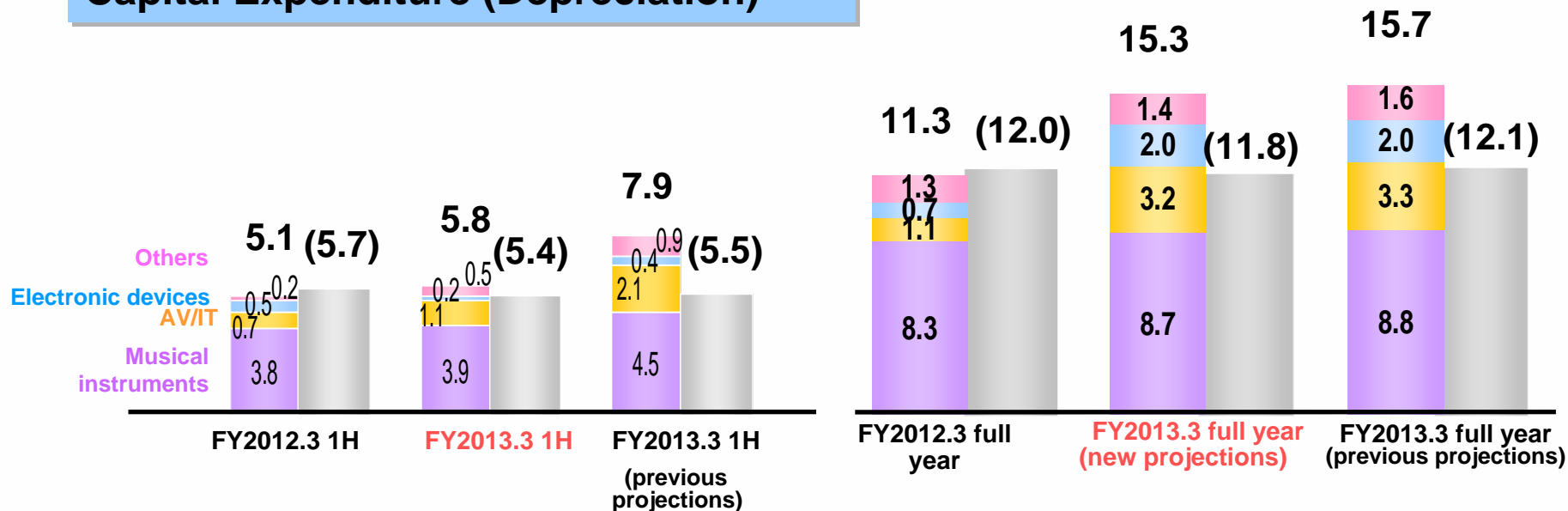


Note: Previous projections made July 31, 2012

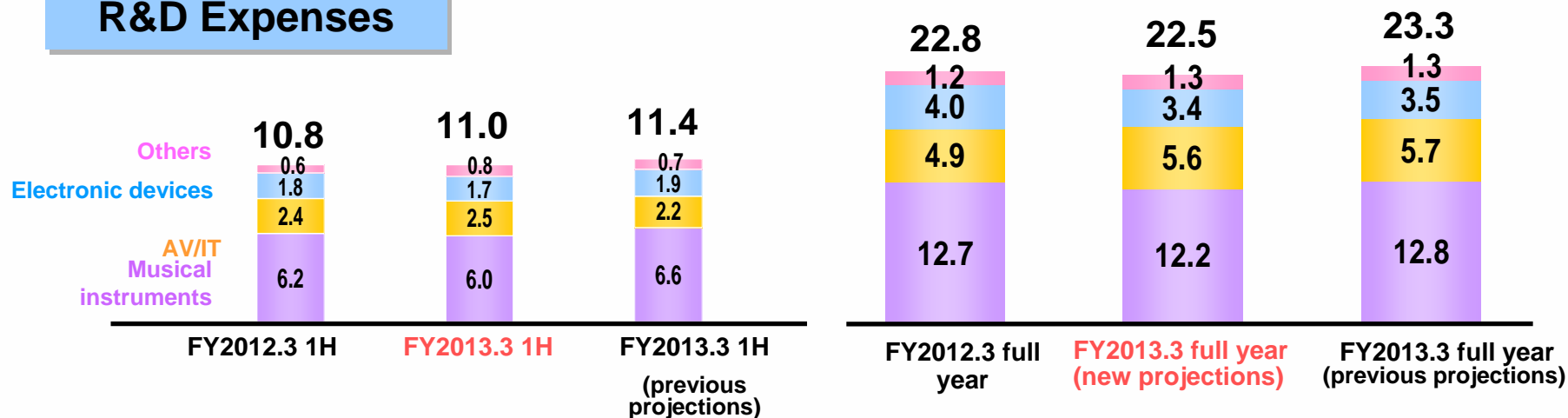
Capital Expenditure/Depreciation/ R&D Expenses

(Billions of yen)

Capital Expenditure (Depreciation)



R&D Expenses

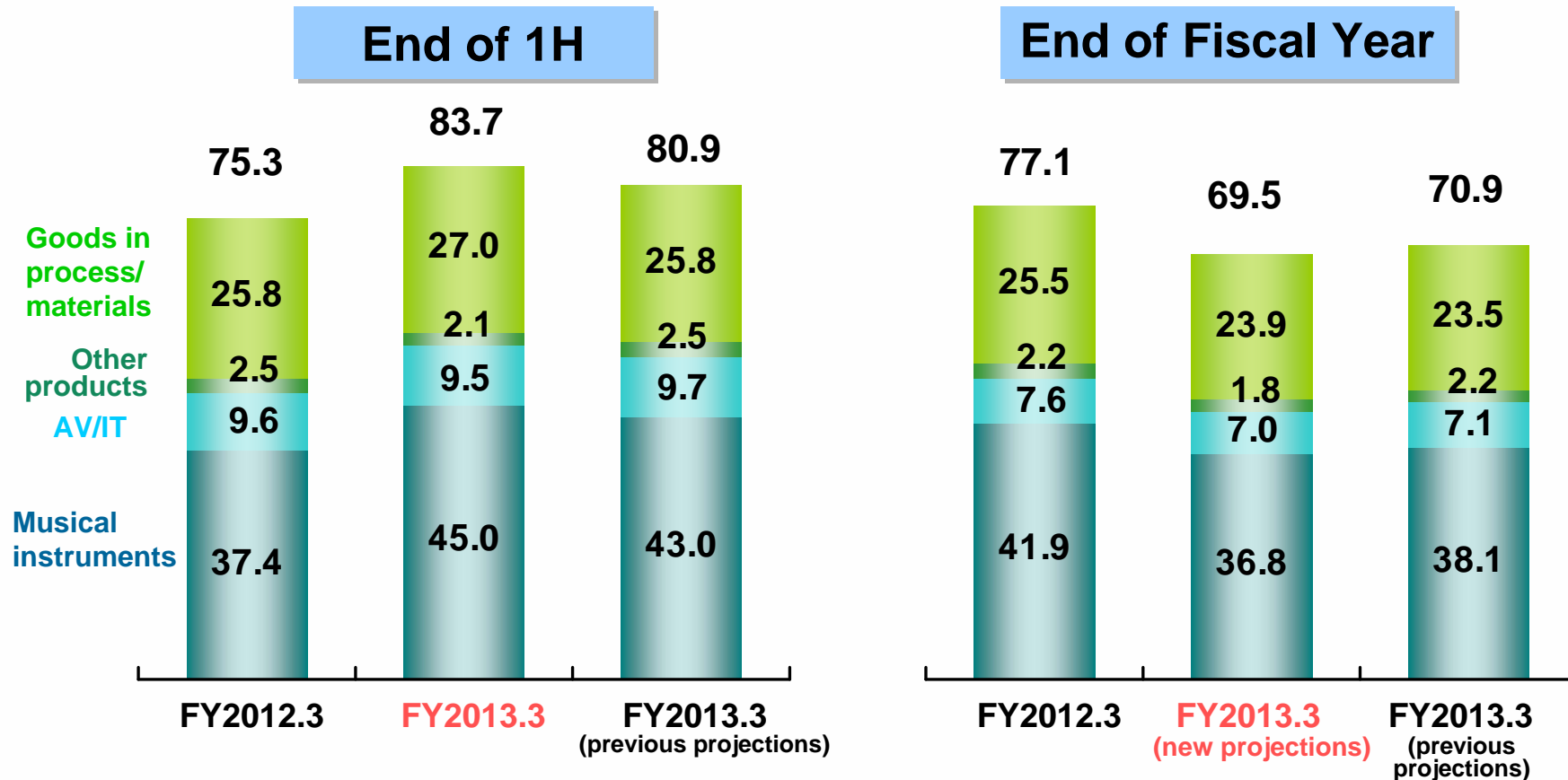


Note: Previous projections made July 31, 2012

Inventories

➤ Inventories at the end of September were ¥8.4 billion higher than the same period of the previous year. Discounting the impact of exchange rates (+¥0.3 billion), actual inventories were up by ¥8.1 billion.

(Billions of yen)



Note: Previous projections made July 31, 2012

Balance Sheet Summary



(Billions of yen)

	As of end of 1H			As of fiscal year end		
	As of Sept. 30, 2011	As of Sept. 30, 2012	Change	As of March 31, 2012	Mar. 31, 2013 projection	Change
Cash and deposits*	55.6	50.0	-5.6	56.6	50.3	-6.3
Notes and accounts receivable	45.9	48.8	2.9	44.5	46.8	2.3
Inventories	75.3	83.7	8.4	77.1	69.5	-7.6
Other current assets	16.6	9.6	-7.0	10.8	9.1	-1.7
Fixed assets	182.5	156.7	-25.8	177.6	159.3	-18.3
Total assets	375.9	348.8	-27.1	366.6	335.0	-31.6
Notes and accounts payable	22.3	21.7	-0.6	22.3	20.5	-1.8
Short- and long-term loans	18.3	18.2	-0.1	11.3	6.5	-4.8
Resort membership deposits	15.7	15.4	-0.3	15.5	15.4	-0.1
Other liabilities	92.7	103.5	10.8	110.7	103.8	-6.9
Total net assets	226.8	190.0	-36.8	206.8	188.8	-18.0
Total liabilities and net assets	375.9	348.8	-27.1	366.6	335.0	-31.6

*Includes negotiable deposits

Appendix

Performance in the Second Quarter of FY2013.3 (Three Months)

➤ 2Q sales and income declined year-on-year and were lower than previous projections

(Billions of yen)

	FY2012.3 (2Q) results	FY2013.3 (2Q) results	Change from same period of the previous year	Previous projections for FY2013.3 2Q (made July 31, 2012)	Change from previous projections
Net sales	88.7	86.8	-2.1%	92.5	-6.2%
Operating income	3.2	2.6	-19.9%	4.2	-39.0%
Ordinary income	2.6	2.3	-9.8%	3.7	-37.4%
Net income	2.3	0.7	-69.0%	3.4	-78.9%

Currency exchange rates (yen)

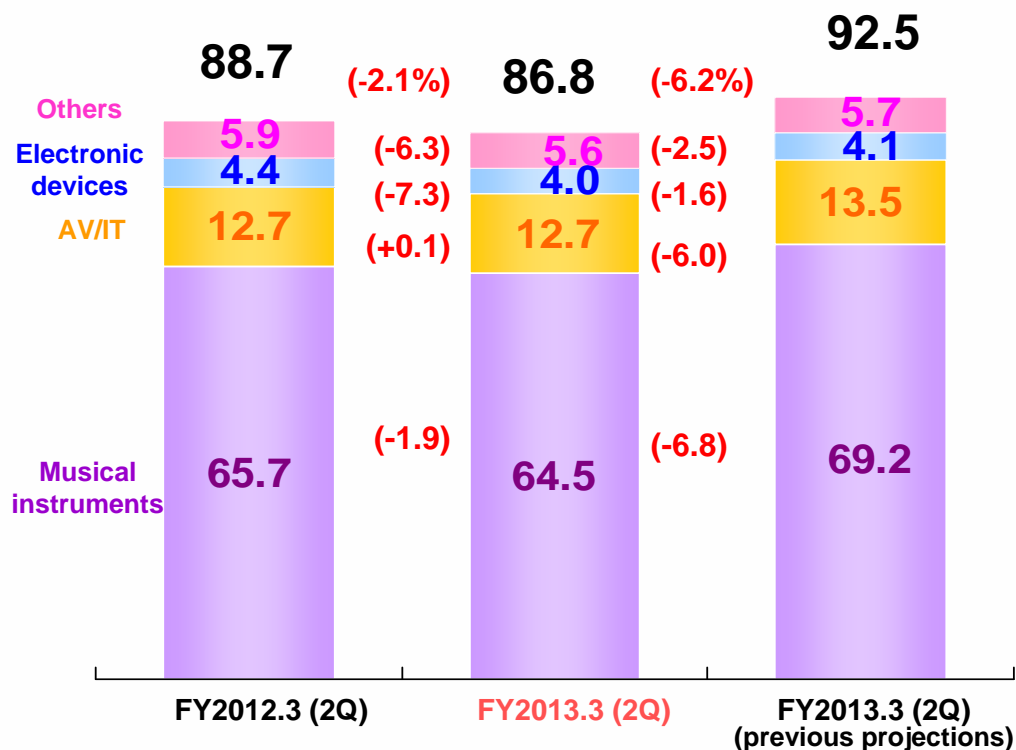
Net sales	US\$	78	79	77
	EUR	110	98	100
Operating income	US\$	78	79	77
	EUR	117	103	100

Performance by Business Segment in the Second Quarter of FY2013.3 (Three Months)

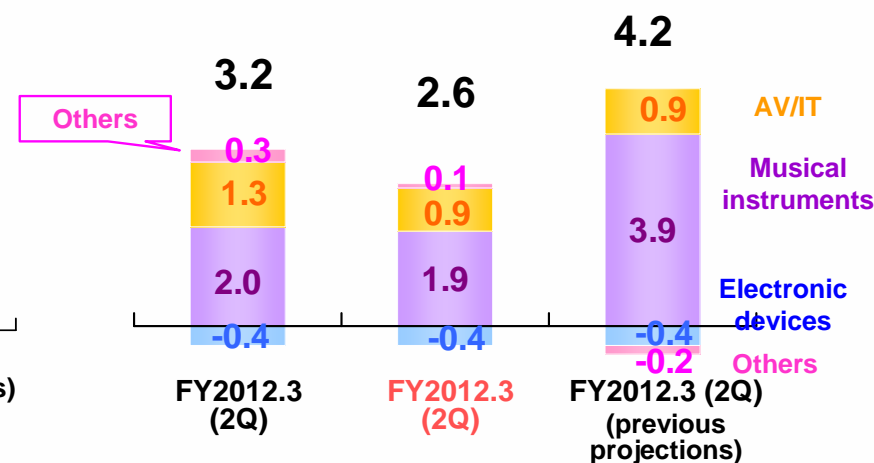


(Billions of yen)

Net Sales



Operating Income



Figures in parentheses represent changes from the previous year or from previous projections

	Impact of exchange rates
Year-on-year	-¥2.0 billion (musical instruments -¥1.6 billion, AV/IT -¥0.4 billion)
Versus previous projections	-¥0.1 billion (musical instruments -¥0.1 billion, AV/IT +¥0.1 billion)

	Impact of exchange rates
Year-on-year	-¥2.0 billion (musical instruments -¥1.5 billion, AV/IT -¥0.5 billion)
Versus previous projections	+¥0.1 billion (musical instruments +¥0.1 billion)

Note: Previous projections made July 31, 2012

First Half Non-Operating Income/ Loss & Extraordinary Income/Loss



(Billions of yen)

FY2013.3 (1H)
previous projections

	FY2012.3 (1H) results	FY2013.3 (1H) results	
Non-operating income/loss			
Net financial income (loss)	0.4	0.5	0.4
Other	-1.4	-1.2	-1.4
Total	-1.0	-0.7	-1.0
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	0	0.3	0.2
Other	-0.3	-1.0	-0.2
Total	-0.3	-0.7	0
Income taxes and other expenses			
Income taxes - current	1.9	2.1	1.5
Income taxes - deferred	0.1	-0.2	-0.2
Minority interests in income	0.2	0.2	0.2
Total	2.2	2.1	1.5

Structural reform expenses -1.0

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



(Billions of yen)

FY2013.3

previous projections

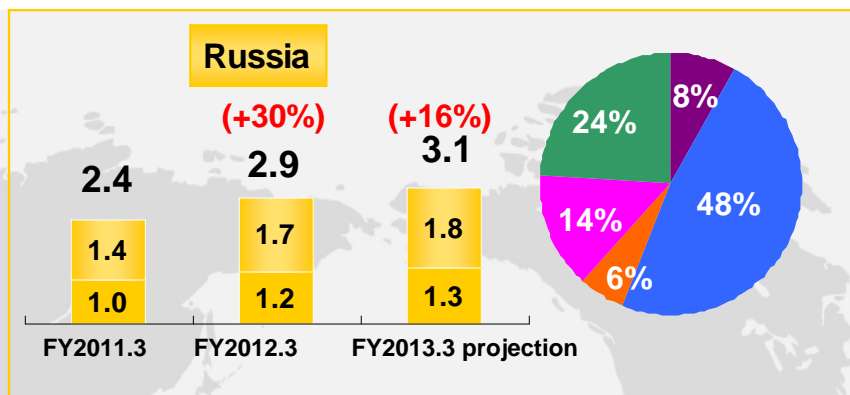
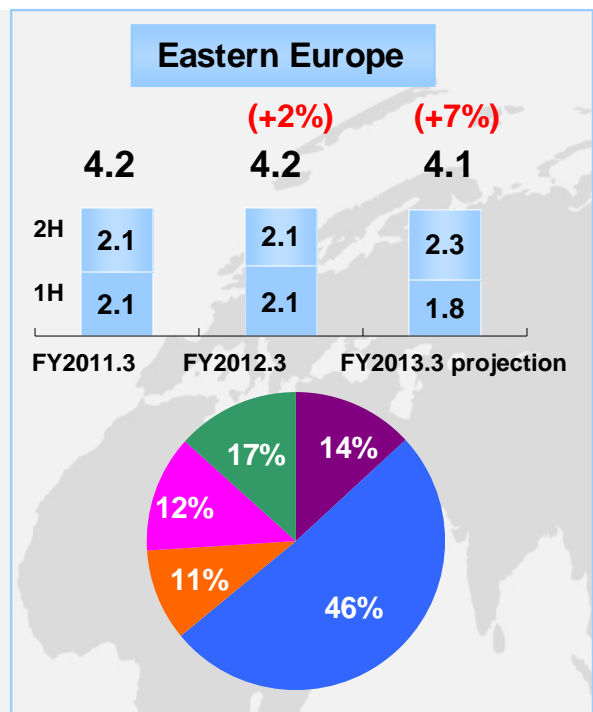
	FY2012.3 results	FY2013.3 new projections	FY2013.3 previous projections
Non-operating income/loss			
Net financial income (loss)	1.3	0.8	0.8
Other	-2.1	-2.8	-2.3
Total	-0.8	-2.0	-1.5
Extraordinary income/loss			
Income from (loss on) disposal of fixed assets	-0.1	0.3	0.2
Other	-0.2	-1.8	-2.2
Total	-0.3	-1.5	-2.0
Income taxes and other expenses			
Income taxes - current	4.0	3.7	3.2
Income taxes - deferred	32.1	0.1	-0.1
Minority interests in income	0.3	0.2	0.4
Total	36.4	4.0	3.5

Structural reform expenses -1.8

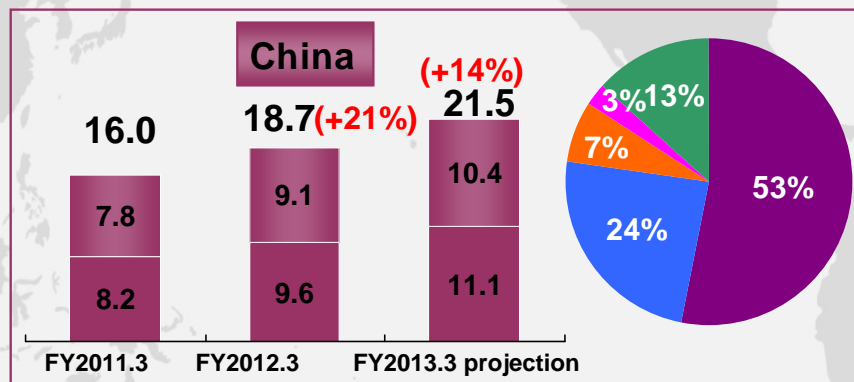
Musical Instruments: Emerging Market Sales



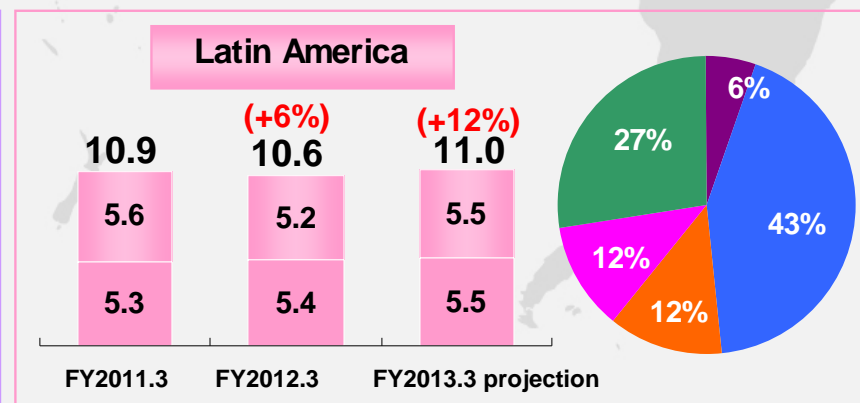
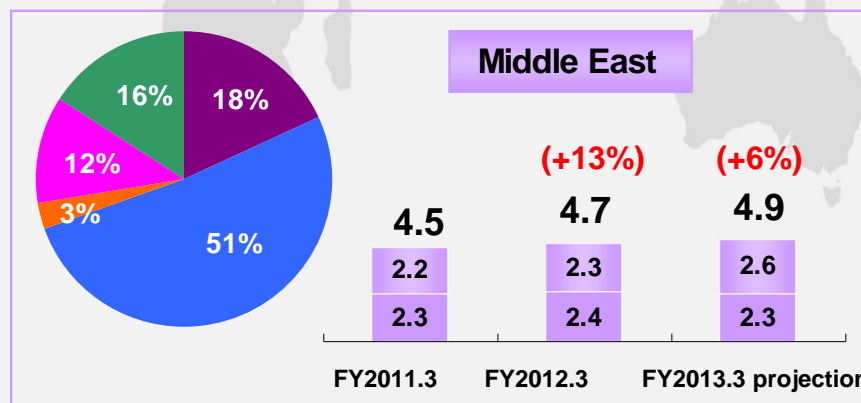
(Billions of yen)



- Pianos
- Digital musical instruments
- Wind instruments
- String & percussion instruments
- PA equipment



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



Musical Instruments: Sales and Income by Quarter

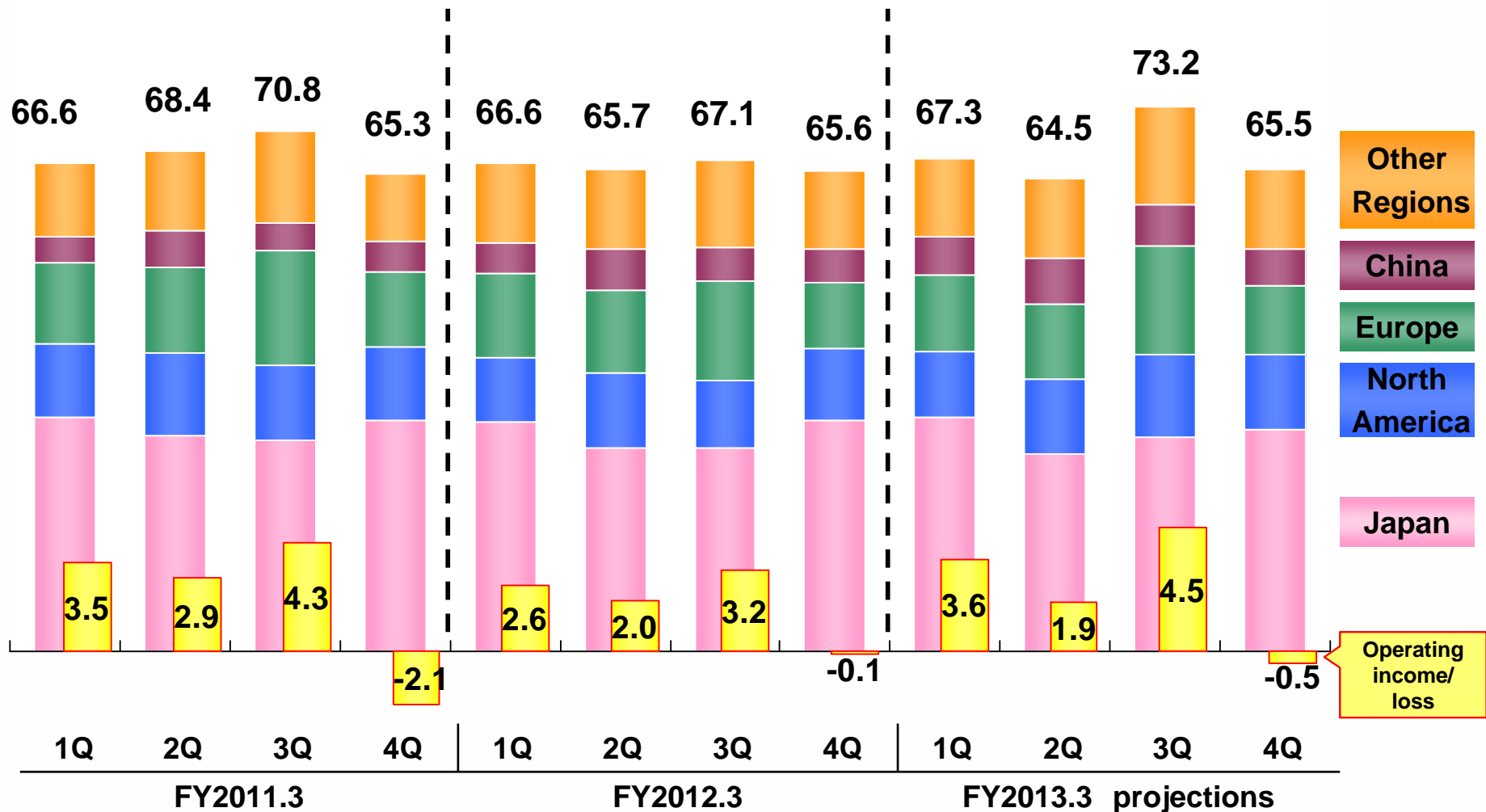


(Billions of yen)

Net sales: ¥271.1 billion
Operating income: ¥8.6 billion

Net sales: ¥265.1 billion
Operating income: ¥7.7 billion

Net sales: ¥270.5 billion
Operating income: ¥9.5 billion



AV/IT: Sales and Income by Quarter

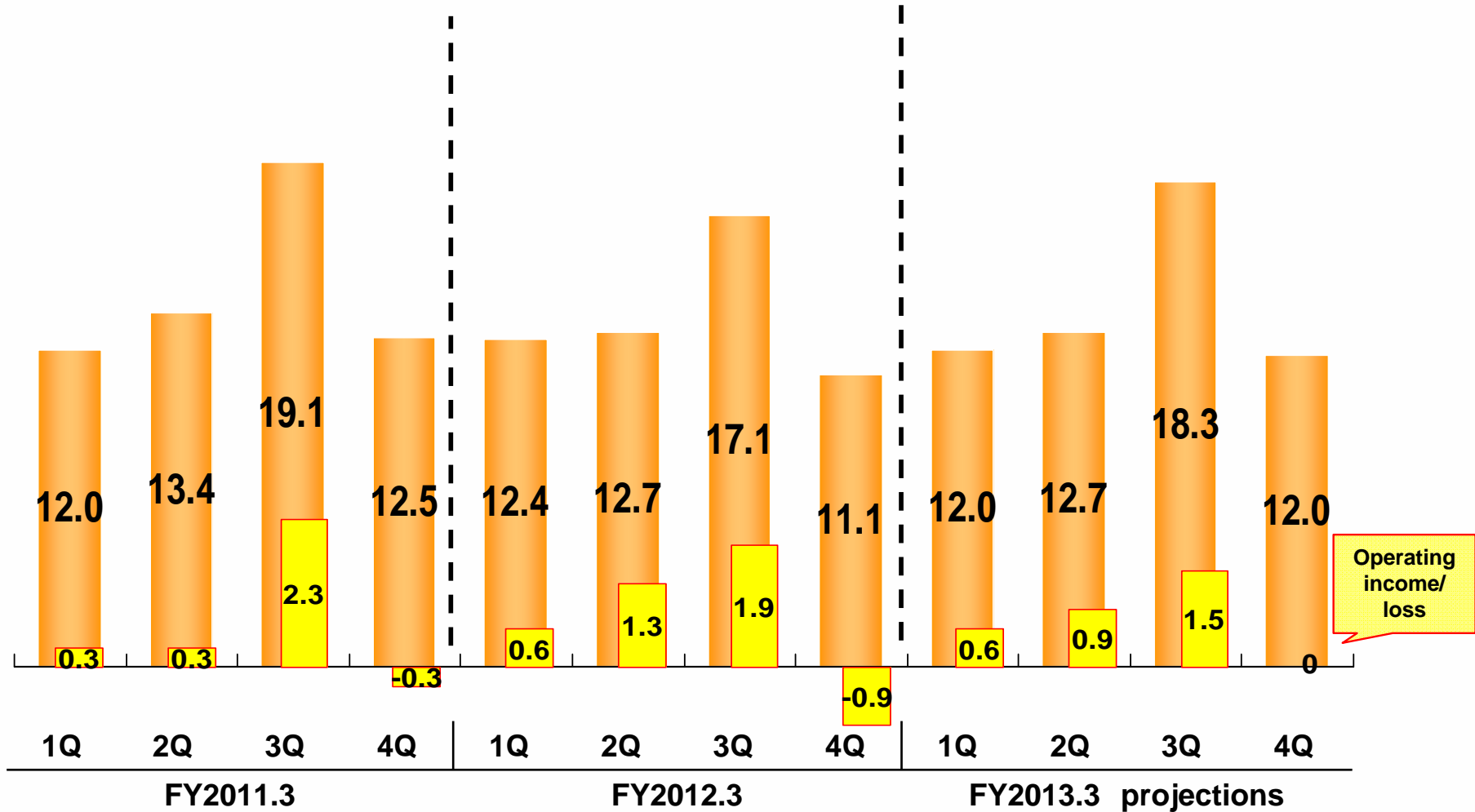


(Billions of yen)

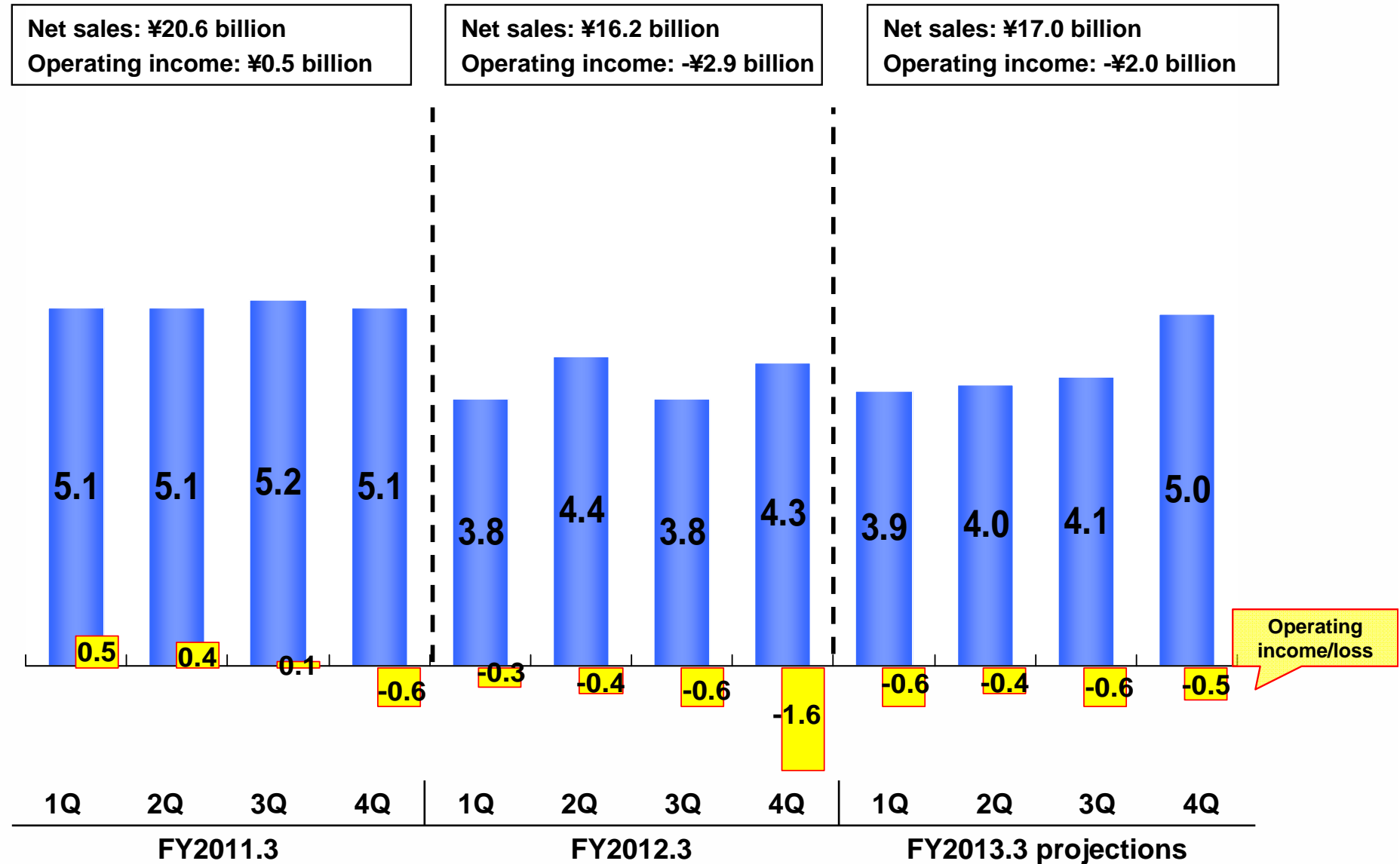
Net sales: ¥57.0 billion
Operating income: ¥2.5 billion

Net sales: ¥53.2 billion
Operating income: ¥2.9 billion

Net sales: ¥55.0 billion
Operating income: ¥3.0 billion



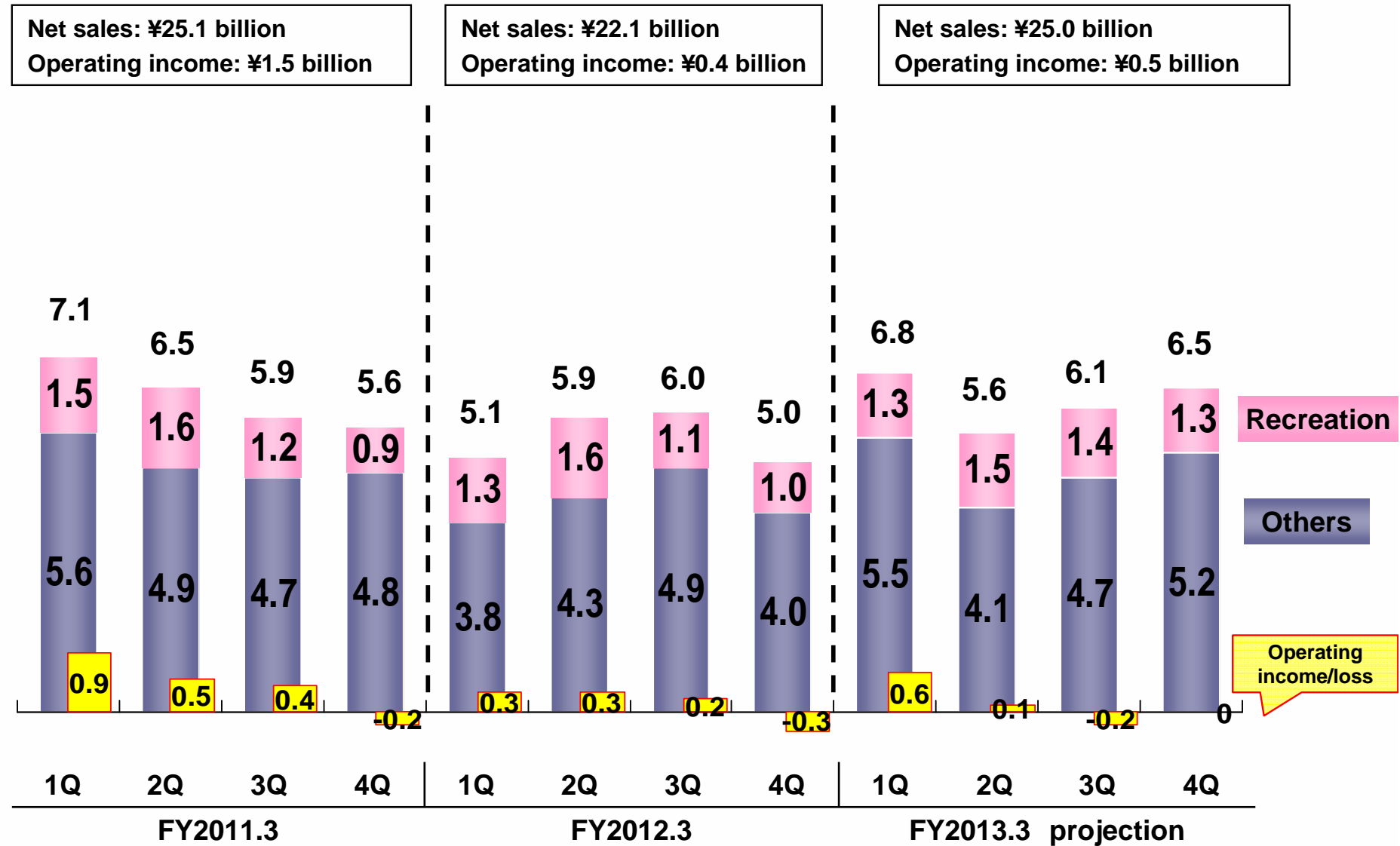
Electronic Devices: Sales and Income by Quarter



Others: Sales and Income by Quarter



(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.

