

**Yamaha Corporation
Analyst and Investor Briefing on
the Fiscal Year Ended March 31,
2015 (FY2015.3)**

May 1, 2015



Overview of Performance in FY2015.3



Results Summary

- **Full year sales and income increased year-on-year.**
 - **Musical instrument sales and income were up from the same period of the previous year, but income was lower than previous projections due to factors including rises in SG&A expenses.**
 - **In the audio equipment segment, although AV products continued to struggle, professional audio equipment showed double-digit growth, with overall sales and income both increasing year-on-year and exceeding previous projections.**
 - **Electronic device sales declined sharply year-on-year, but operating losses were smaller than previously projected.**
 - **Ordinary income and net income increased and were higher than previous projections, due to the impact of increased non-operating income and income tax adjustments.**

- **Medium-Term Management Plan targets for sales and operating income were achieved one year ahead of schedule.**

Performance in FY2015.3



(Billions of yen)

	FY2014.3	FY2015.3 3	Changes from the previous year	FY2015.3 previous projections	Changes from the previous projection
Net Sales	410.3	432.2	+5.3%	430.0	+0.5%
Operating Income (Operating Income Ratio)	26.0 (6.3%)	30.1 (7.0%)	+15.9%	30.0 (7.0%)	+0.5%
Ordinary Income (Ordinary Income Ratio)	26.1 (6.4%)	31.2 (7.2%)	+19.4%	30.0 (7.0%)	+4.1%
Net Income (Net Income Ratio)	22.9 (5.6%)	24.9 (5.8%)	+8.9%	21.0 (4.9%)	+18.7%

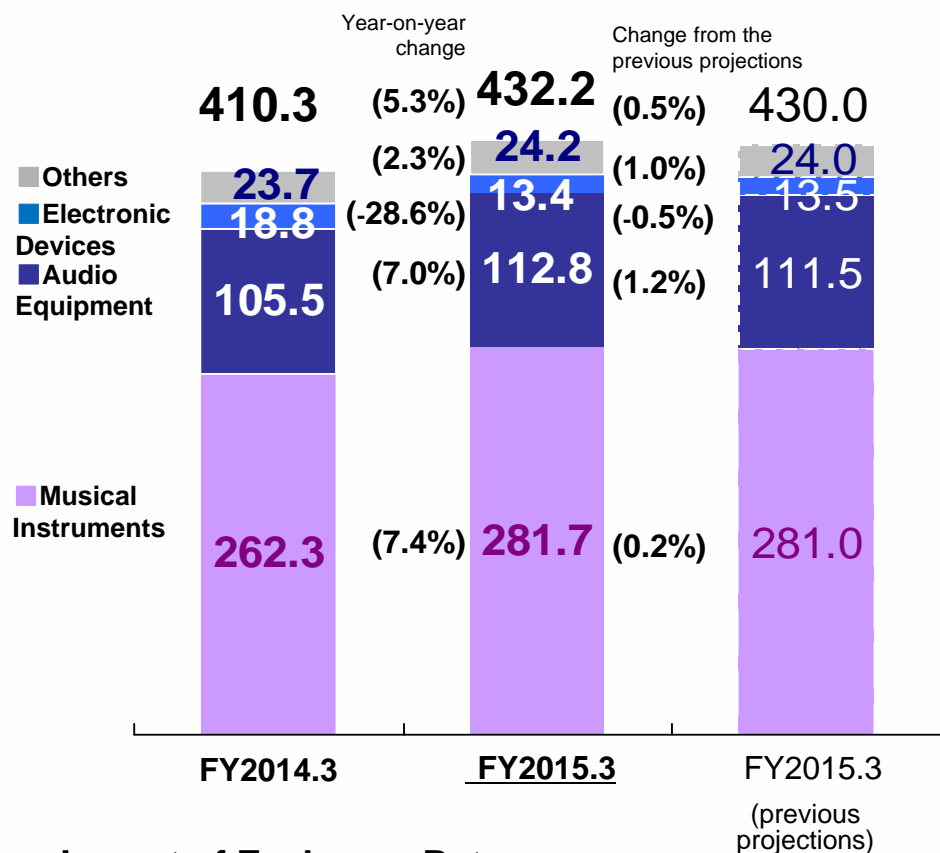
Exchange Rate (yen)

Net Sales	US\$	100	110	109
	EUR	134	139	140
Operating Income	US\$	100	109	108
	EUR	129	141	140

Performance by Business Segment in FY2015.3

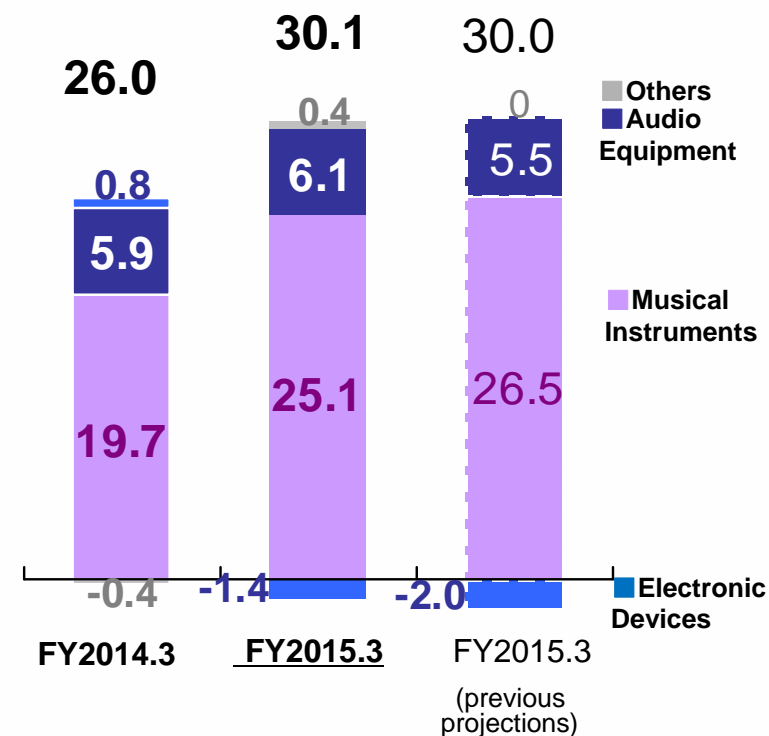


Net Sales



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year **+¥14.9 billion**
 (musical instruments +¥10.0 billion, audio equipment +¥4.6 billion, electronic devices +¥0.2 billion)

Versus previous projections **+¥0.5 billion**
 (musical instruments +¥0.5 billion)

+¥6.2 billion
 (musical instruments +¥5.0 billion, audio equipment +¥1.4 billion, electronic devices -¥0.1)

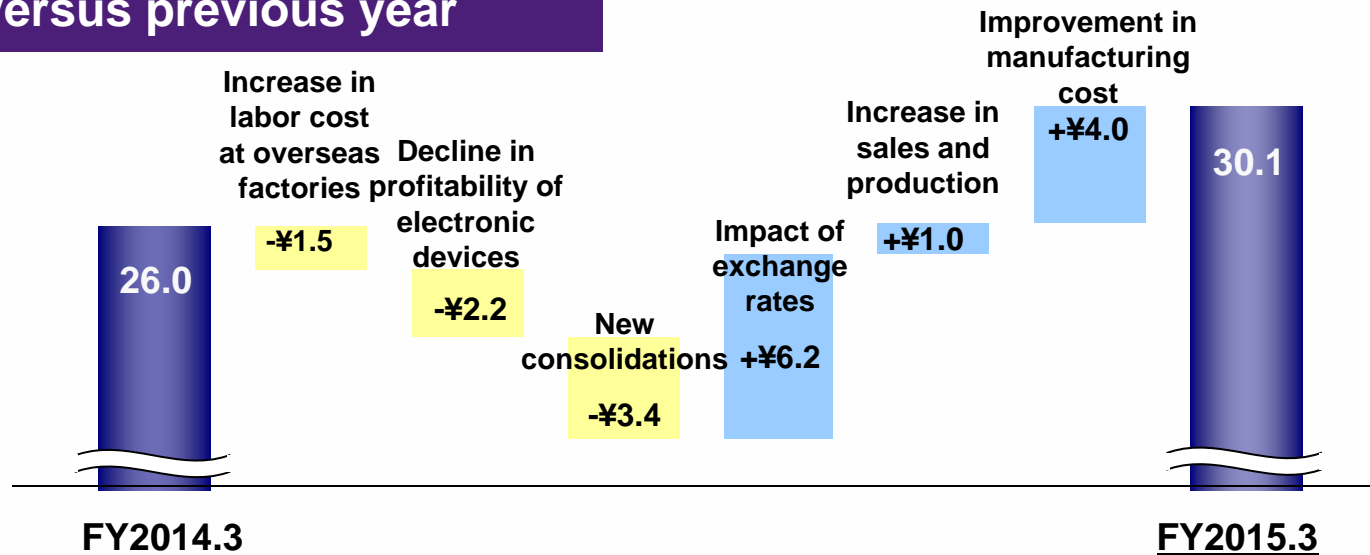
+¥0.7 billion
 (musical instruments +¥0.5 billion, audio equipment +¥0.2 billion)

FY2015.3 Operating Income Analysis

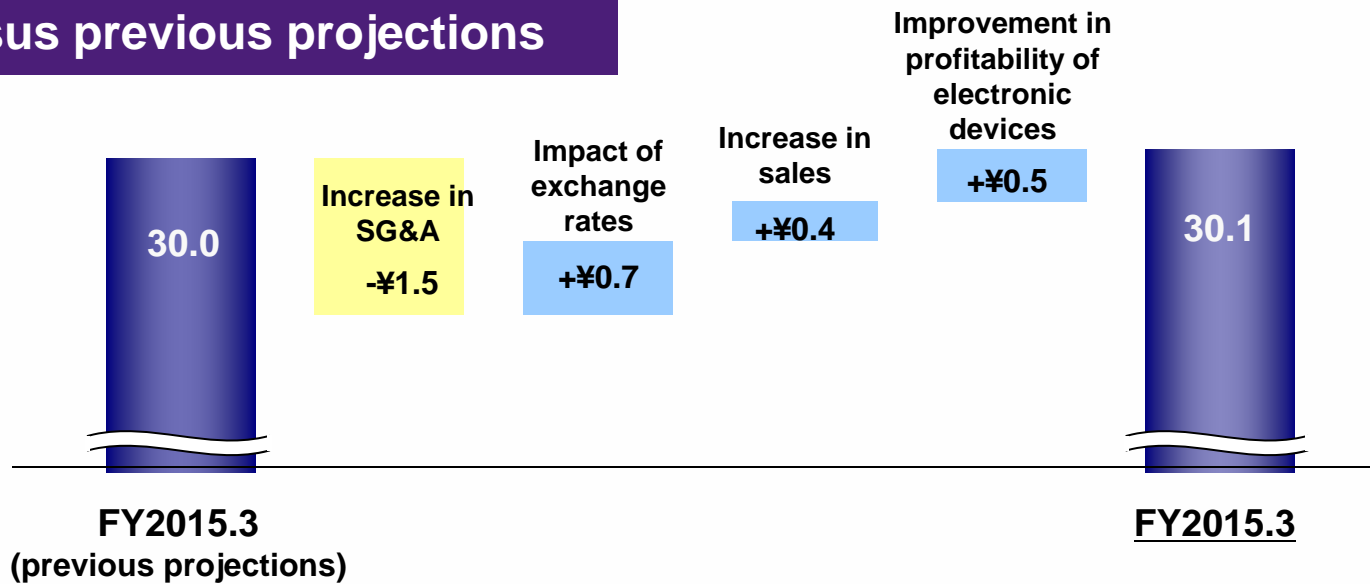


(Billions of yen)

Versus previous year



Versus previous projections

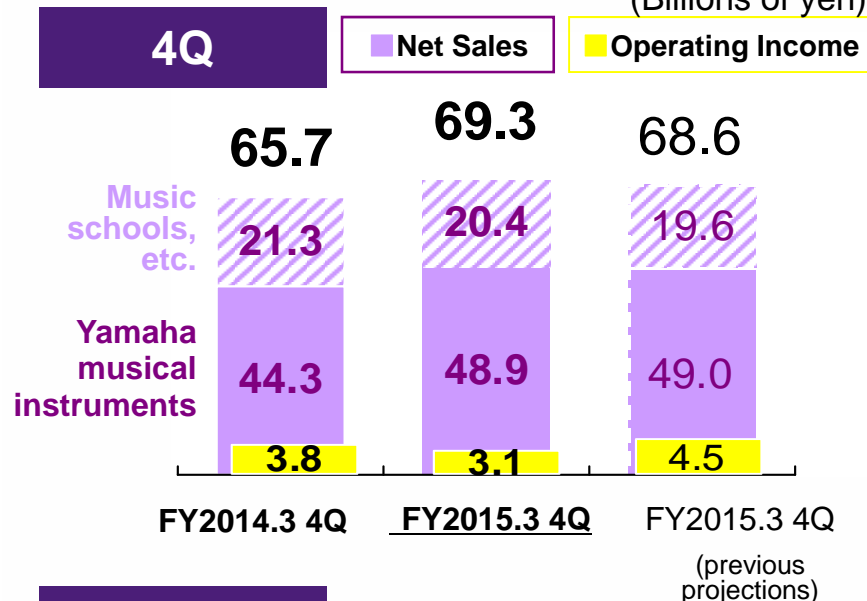


● Previous projections were announced on February 4, 2015

Musical Instruments 4Q/Full Year

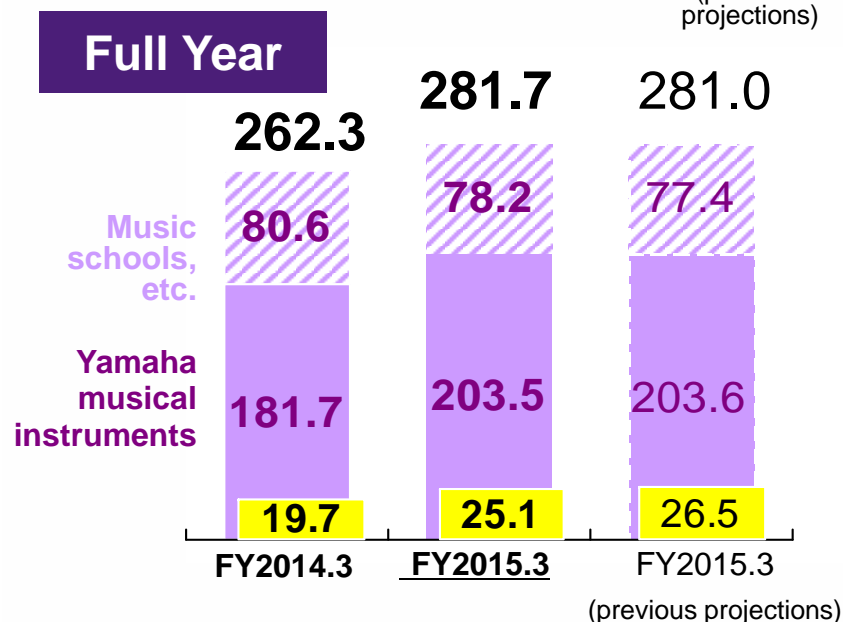


(Billions of yen)



4Q Overview (Three Months)

- Sales rose year-on-year and exceeded previous projections
- Strong sales of digital musical instruments, wind instruments, and guitars
- Operating income was down from the same period of the previous year, when the looming rise in the consumption tax rate created extraordinary demand. Income was lower than previous projections, due to rising SG&A expenses.



Full Year Overview

- Sales and income increased year-on-year. Sales were higher than previous projections, but operating income was lower.
- Strong sales of digital musical instruments, wind instruments, and guitars
- Sales in the North American market were robust
- Markets other than Japan, including Europe, China, and Other Markets, achieved real growth

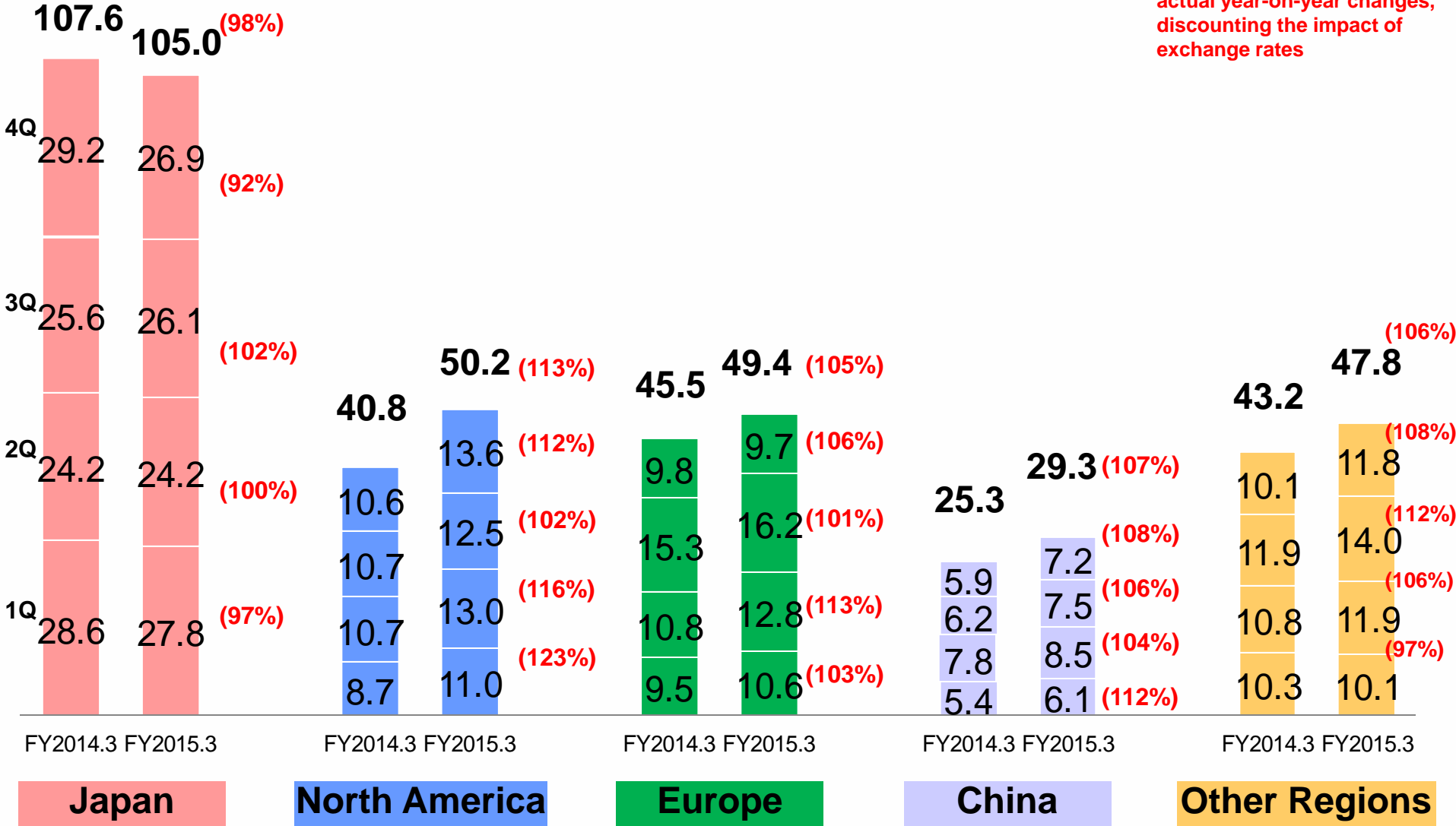
● Previous projections were announced on February 4, 2015

Musical Instruments: Sales by Region



(Billions of yen)

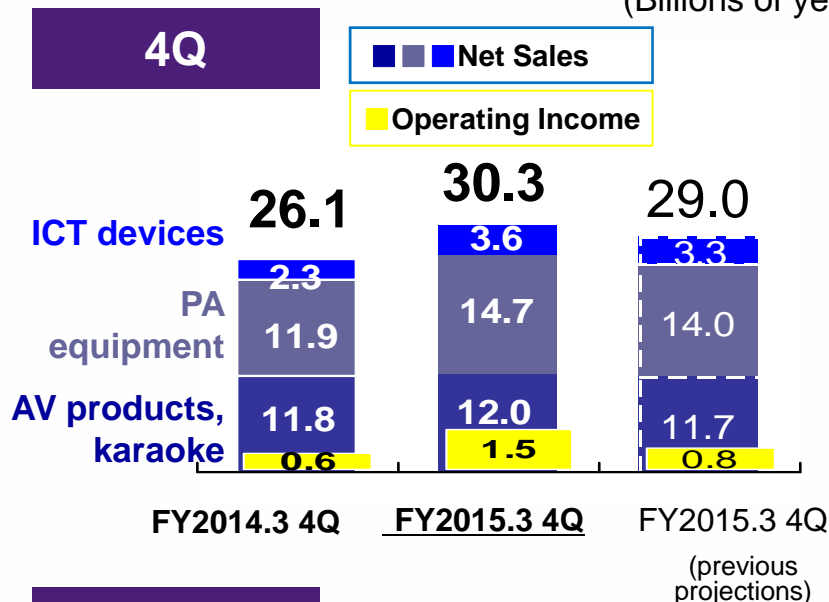
Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates



Audio Equipment 4Q/Full Year

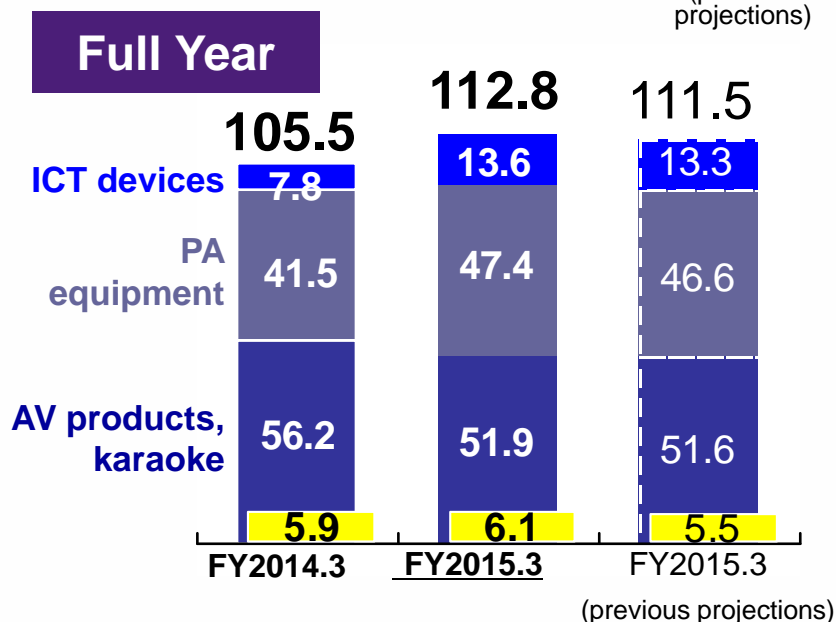


(Billions of yen)



4Q Overview (Three Months)

- Sales and income both rose year-on-year and exceeded previous projections
- Compared to 3Q results, AV products showed signs of recovery
- Sales of professional audio equipment recorded double-digit year-on-year growth
- Network karaoke equipment sales increased from the same period of the previous year, due to a rise in shipments
- Router sales fell due to factors including inventory adjustments



Full Year Overview

- Sales and income both rose year-on-year and exceeded previous projections
- AV products continued to struggle throughout the year
- PA equipment sales grew supported by robust sales of European market and installation of new audio facilities in Japan
- Sales of network karaoke equipment were down year-on-year
- Router sales were broadly in line with the previous year

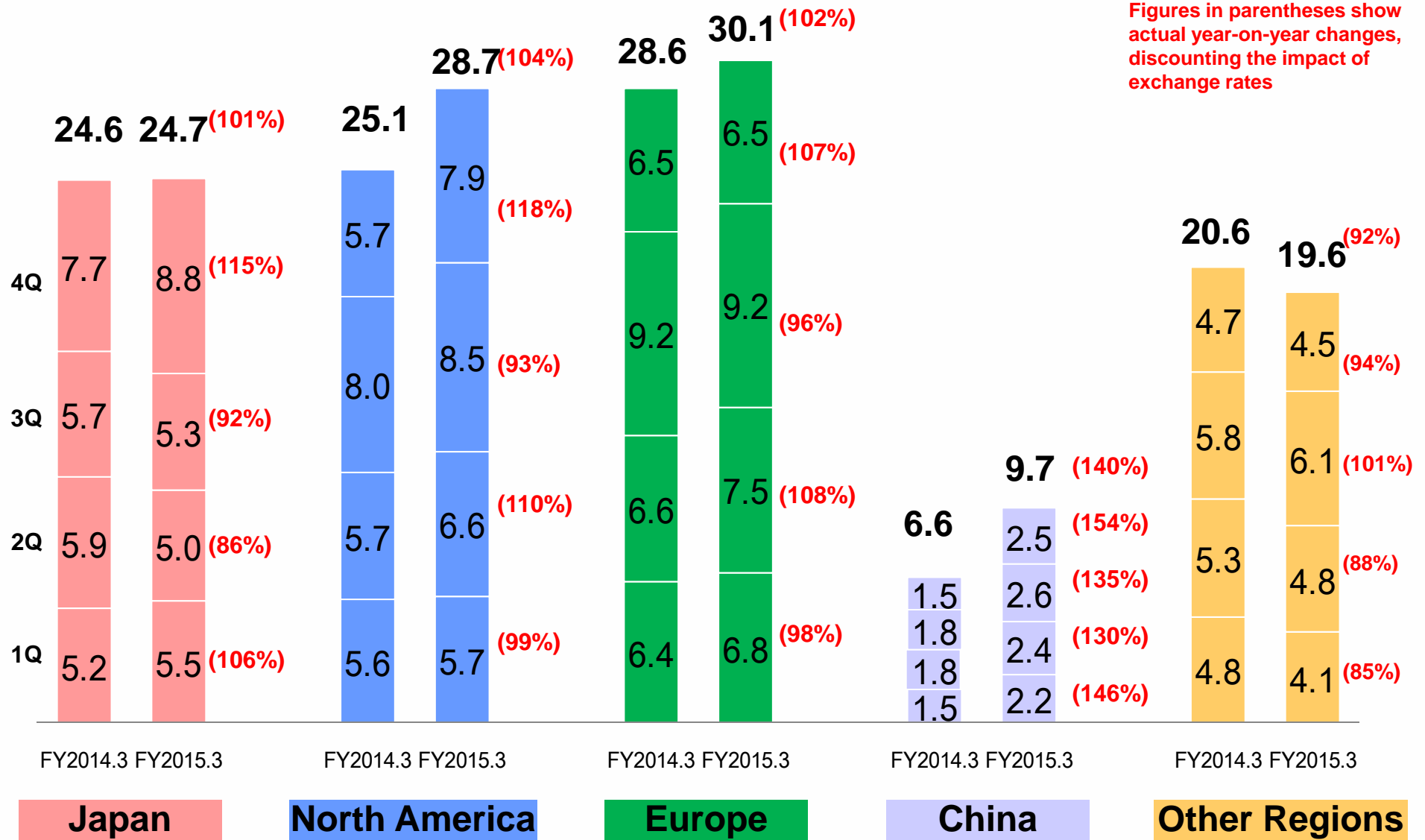
● Previous projections were announced on February 4, 2015

Audio Equipment: Sales by Region



(Billions of yen)

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

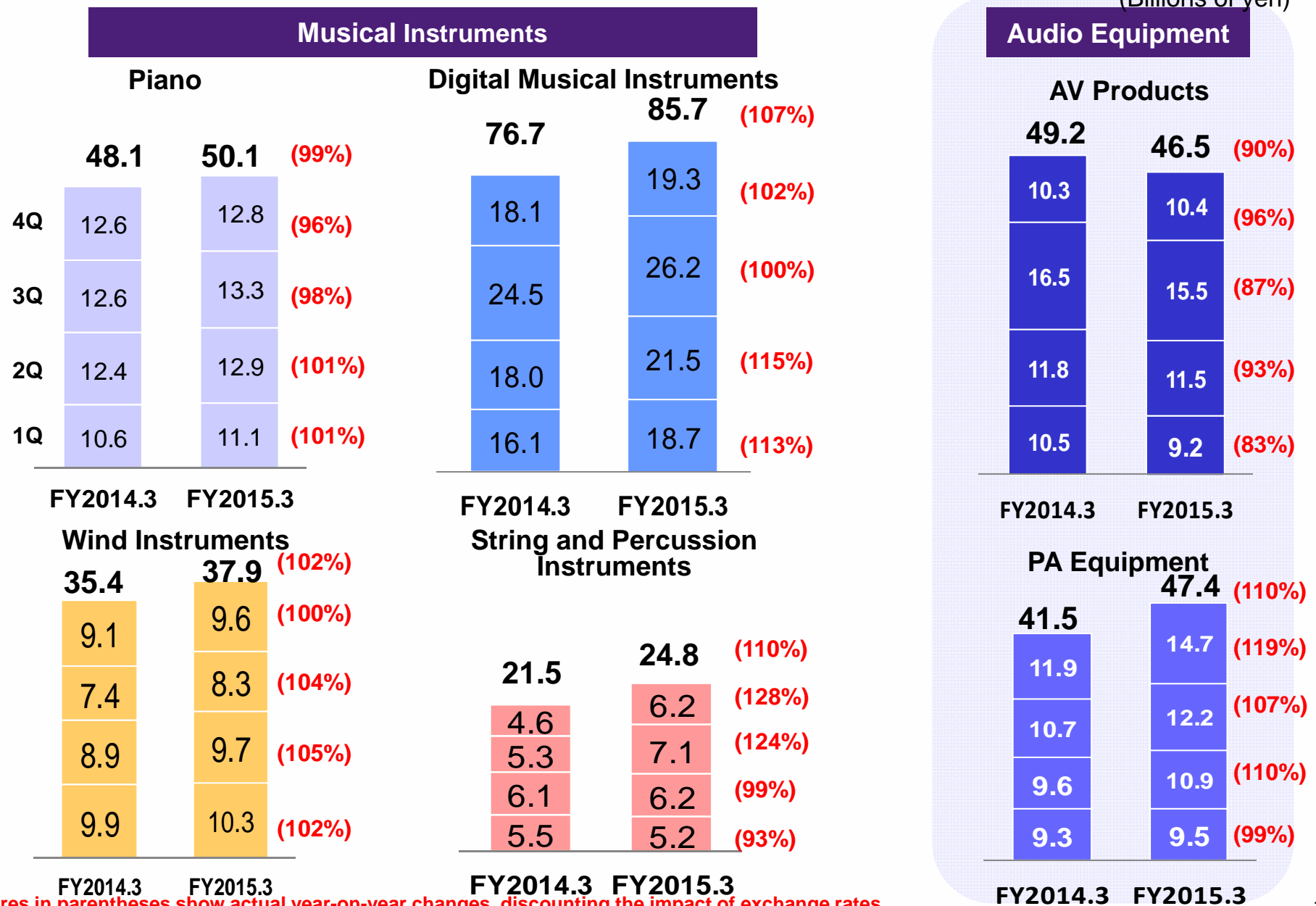


Musical Instruments/Audio Equipment: Sales by Major Product Category



(Yamaha branded products)

(Billions of yen)



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

Electronic Devices 4Q/Full Year



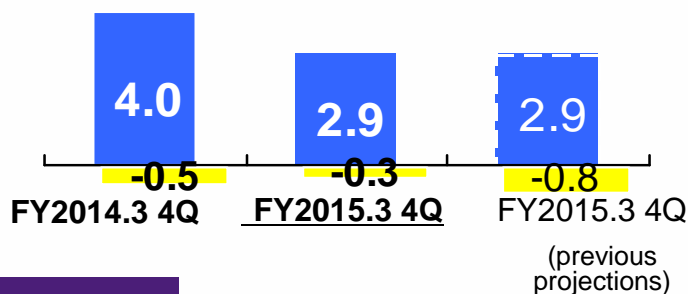
(Billions of yen)

4Q

■ Net Sales ■ Operating Income

4Q Overview (Three Months)

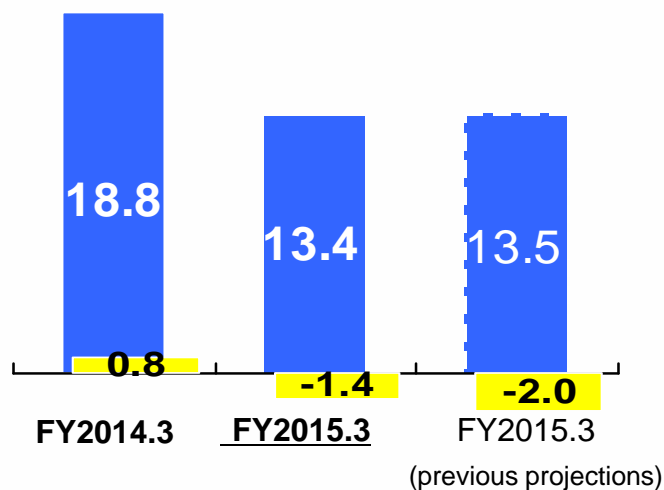
- Sales declined year-on-year and were broadly in line with previous projections
- Operating income improved compared to the previous projections due to initiatives including cost reduction and changes in the product mix
- Contract for official transfer of Kagoshima Semiconductor plant was signed



Full Year

Full Year Overview

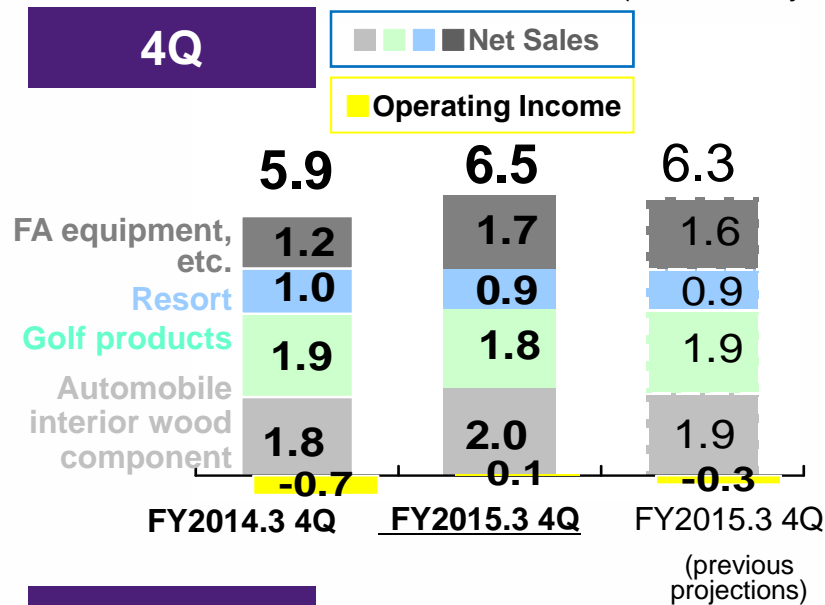
- Sales fell sharply year-on-year, but were consistent with previous projections
- The amusement equipment market remained sluggish throughout the year, and customers for geomagnetic sensors and other products continued to face headwinds
- The full year operating loss was smaller than previously projected



● Previous projections were announced on February 4, 2015

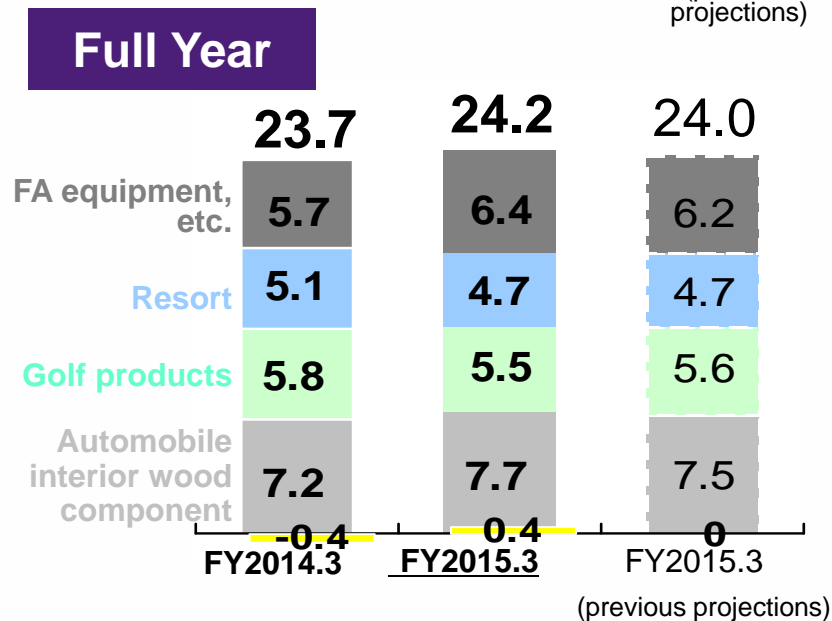
Others 4Q/Full Year

(Billions of yen)



4Q Overview (Three Months)

- Sales and income both rose year-on-year and exceeded previous projections
- Strong sales of automobile interior wood components
- A rebound in customer orders drove brisk sales of factory automation equipment
- Resort sales declined year-on-year as facilities struggled to attract customers during the winter season



Full Year Overview

- Sales rose year-on-year and exceeded previous projections
- Automobile interior wood component sales increased from the previous year
- High demand for smartphone-related products drove robust sales of factory automation equipment
- Golf product sales were down from the previous year
- Boosted by higher income from factory automation equipment and automobile interior wood components, operating income increased year-on-year and exceeded previous projections to move into positive territory

● Previous projections were announced on February 4, 2015

Forecast for Performance in FY2016.3



Assumptions

- **Musical instruments: steady growth in all markets. Sales in Chinese market will continue to grow.**
- **Audio equipment: launch new products including digital mixers. Reinforce line-up of products for commercial installed sound markets and achieve continuing growth through further development of sales networks.**
- **Electronic devices: enhance profitability through structural reforms, including reduction in fixed costs.**

- **Impact of lower sales due to changes in the status of music school operations:**
 - **Projected decrease of ¥12.4 billion in consolidated sales will have minimal impact on profitability.**

- **Exchange rate forecast: US\$1=¥120, EUR1=¥130: Effect will be to increase sales and decrease income year-on-year.**

Forecast for Performance in FY2016.3 (Full Year)



➤ Sales and income are forecast to increase year-on-year

(Billions of yen)

	FY2015.3	FY2016.3 Projections	Changes from the previous year	Year-on-year percentage change
Net Sales	432.2	435.0	+2.8	+0.7%
Operating Income (Operating Income Ratio)	30.1 (7.0%)	34.0 (7.8%)	+3.9	+12.8%
Ordinary Income (Ordinary Income Ratio)	31.2 (7.2%)	33.0 (7.6%)	+1.8	+5.7%
Net Income (Net Income Ratio)	24.9 (5.8%)	25.5 (5.9%)	+0.6	+2.3%

Exchange Rate (yen)

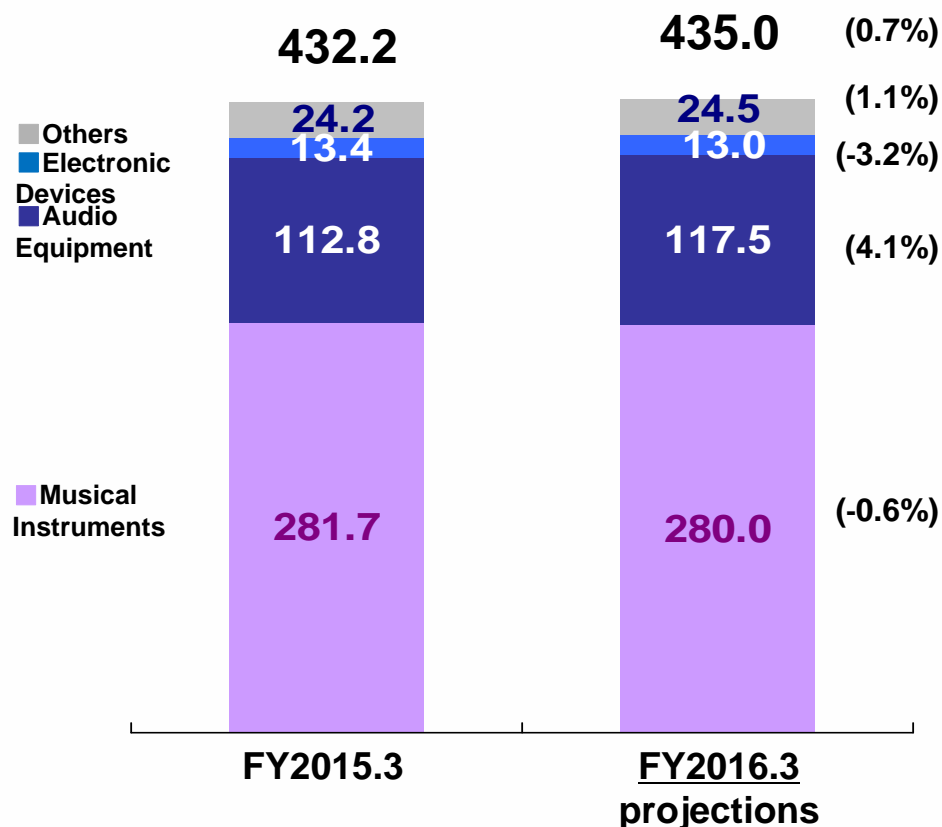
Net Sales	US\$	110	120
	EUR	139	
Operating Income	US\$	109	120
	EUR	141	

Forecast for Performance by Business Segment in FY2016.3



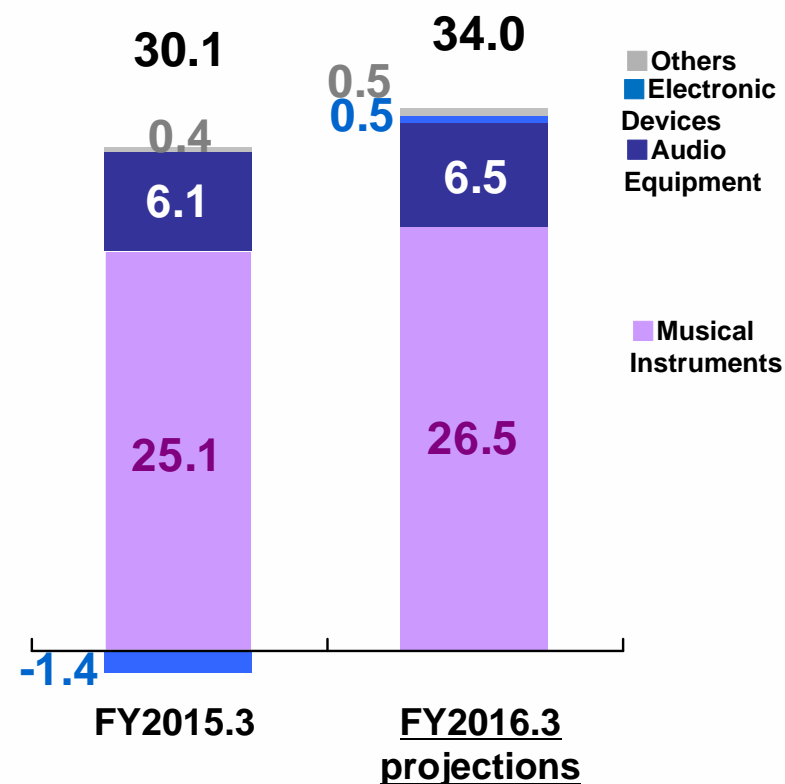
Net Sales

Year-on-year change



Operating Income

(Billions of yen)



Impact of Exchange Rates

Year-on-Year **+¥5.7 billion**
 (musical instruments +¥4.3 billion, audio equipment +¥1.2 billion, electronic devices +¥0.2 billion)

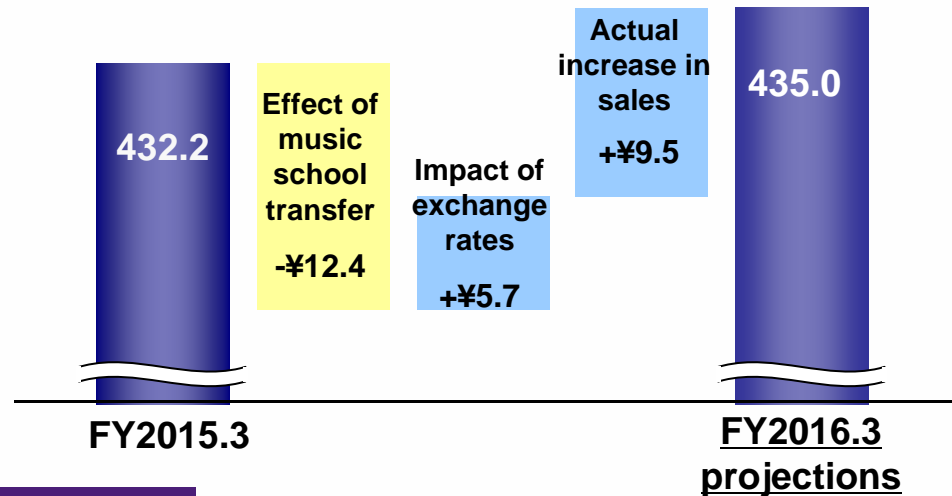
-¥3.5 billion
 (musical instruments -¥1.9 billion, audio equipment -¥1.4 billion, electronic devices -¥0.1 billion)

FY2016.3 Sales and Operating Income Analysis

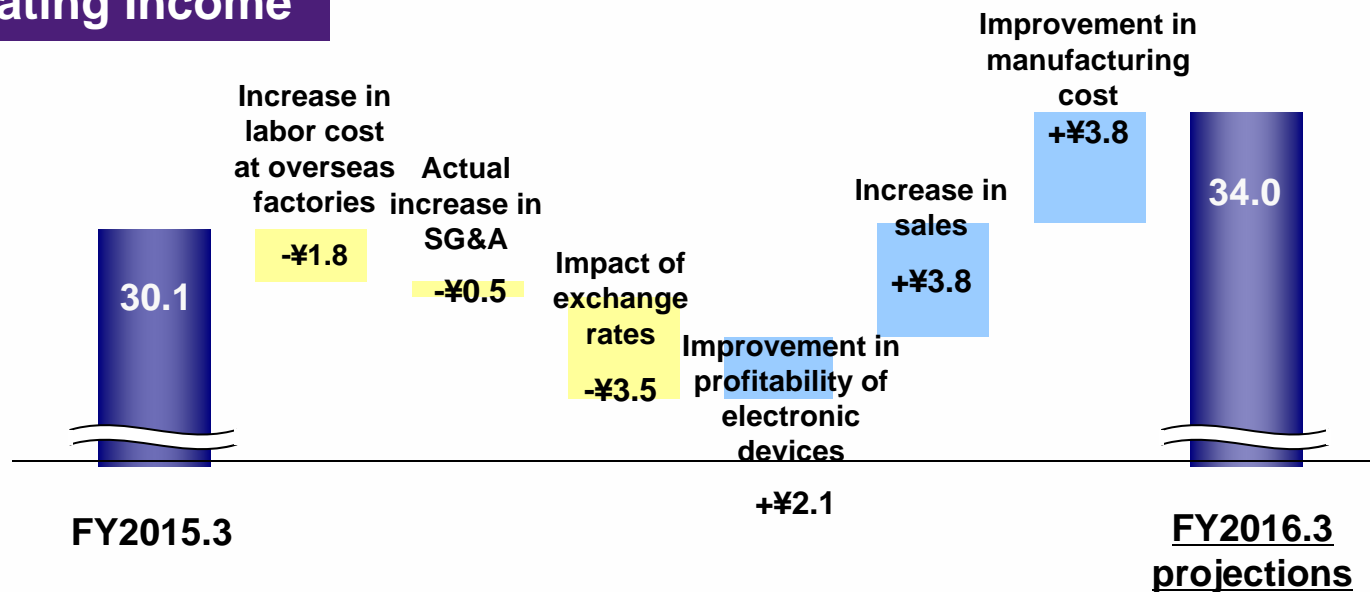


(Billions of yen)

Sales



Operating Income



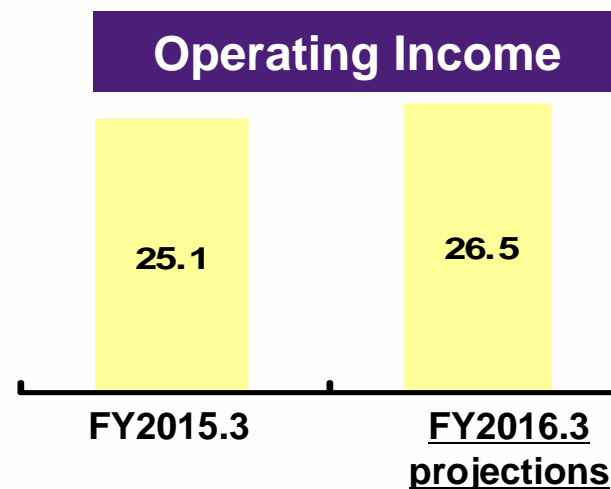
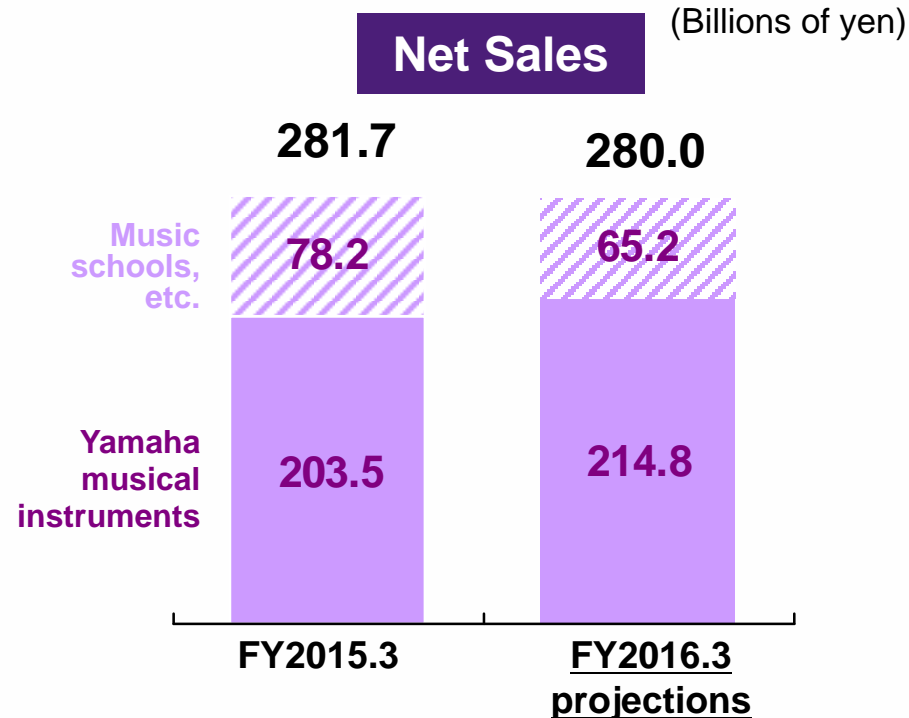
Musical Instruments FY2016.3 Projections



(Billions of yen)

Projections

- Sales are expected to decline due to changes in the status of music school operations
- Steady growth anticipated in all musical instrument categories
- Growth projected in Chinese market, especially for pianos and digital musical instruments



Musical Instruments: Sales by Region

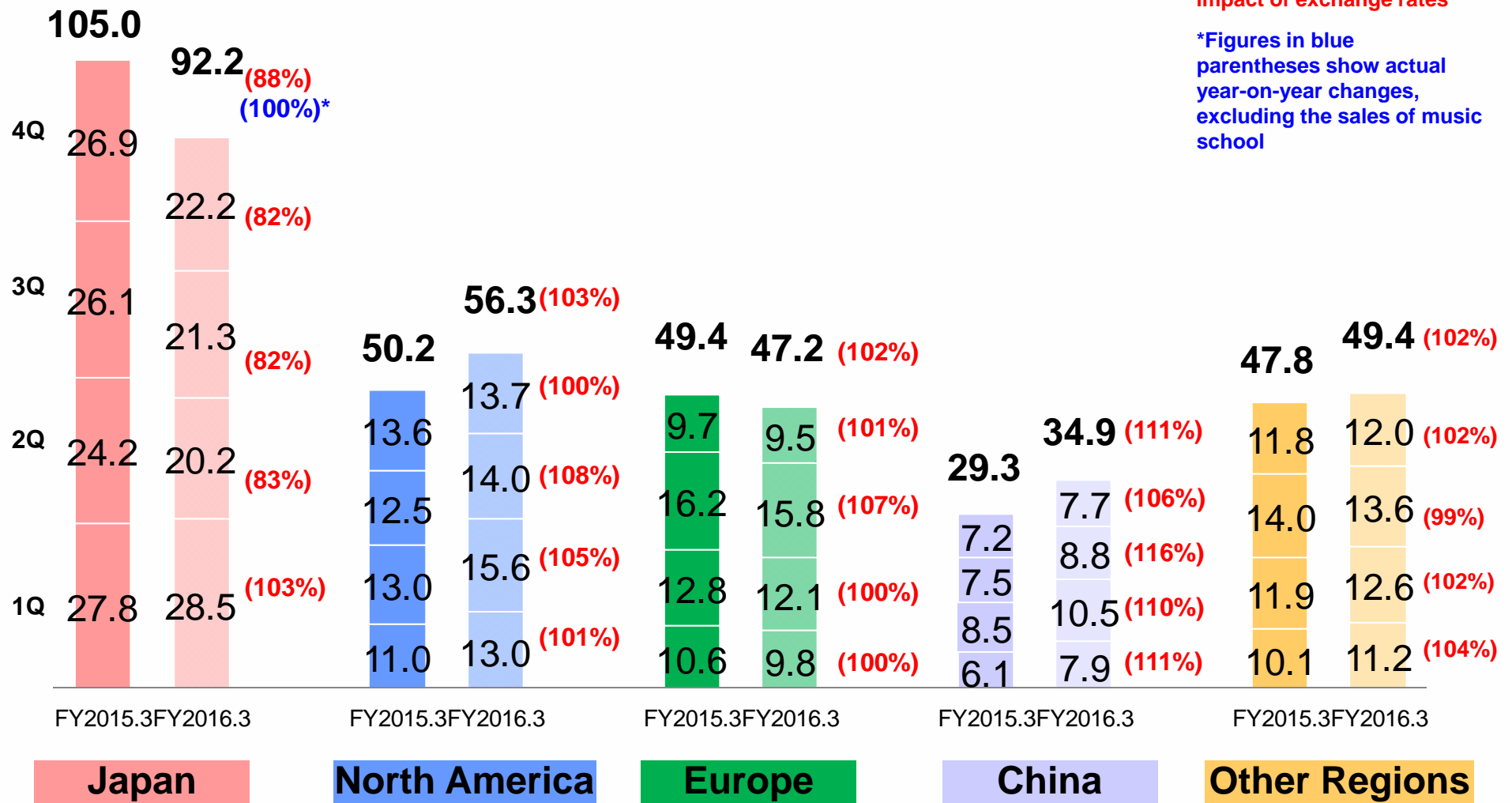


Sales Projections (including software products and music schools)

(Billions of yen)

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

*Figures in blue parentheses show actual year-on-year changes, excluding the sales of music school



Audio Equipment FY2016.3 Projections

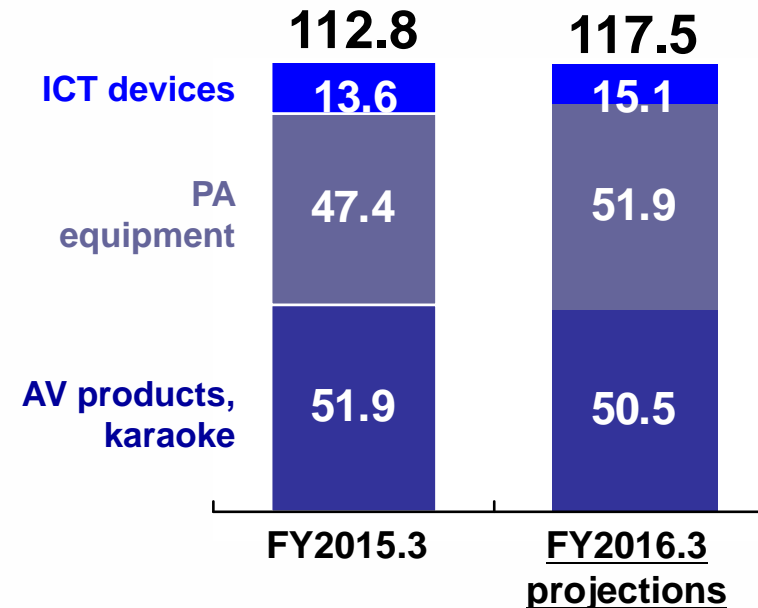


(Billions of yen)

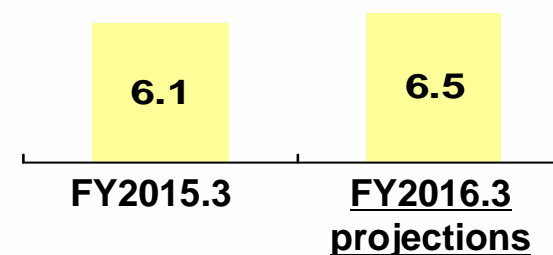
Projections

- Sales and income are projected to rise year-on-year
- Aim to drive rebound in AV product sales with launch of new products
- Pace of growth in professional audio equipment sales is expected to pick up, especially for new digital mixer products
- Decline in karaoke equipment sales is anticipated
- Router sales are projected to rise as distributor inventories are normalized

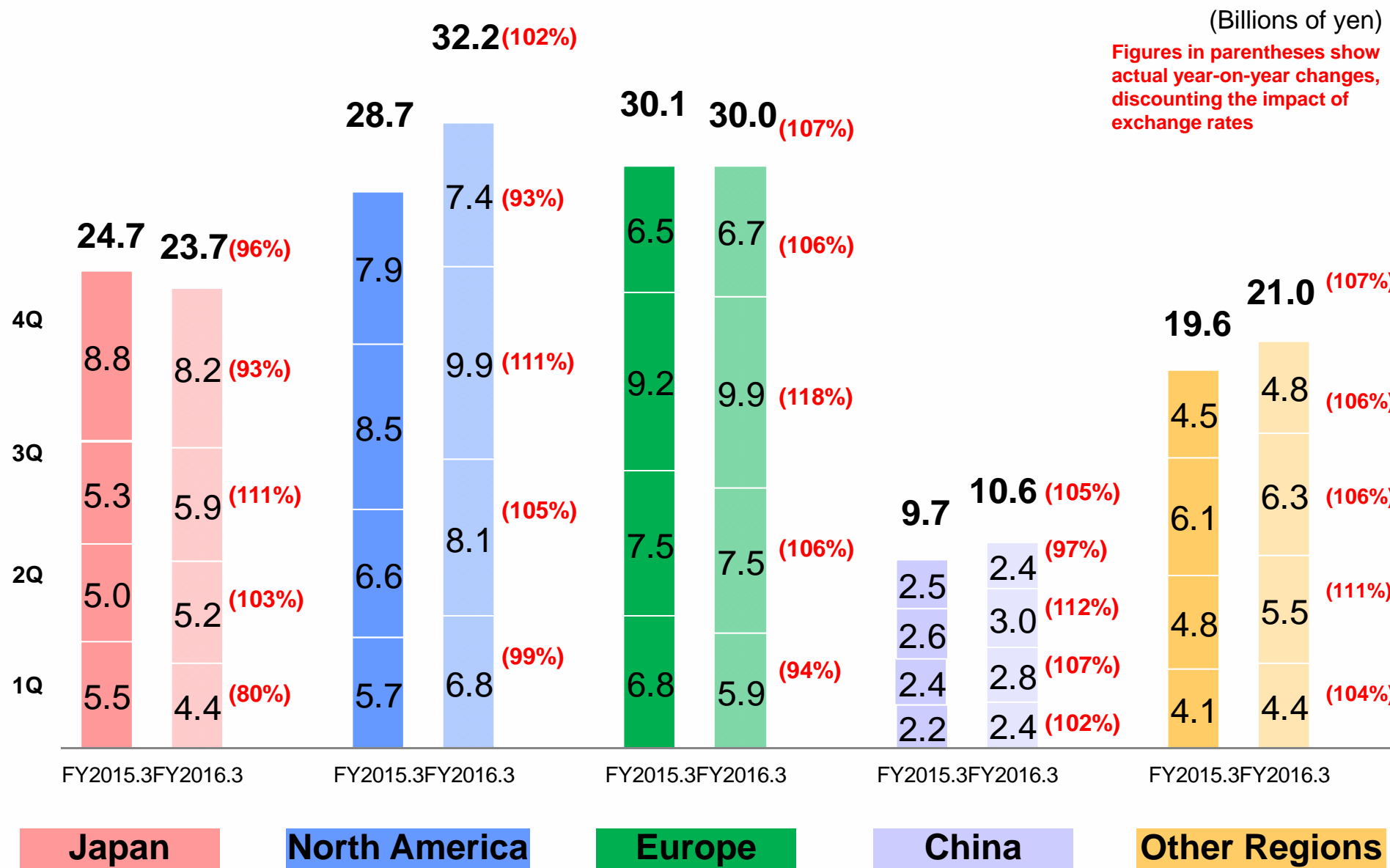
Net Sales



Operating Income



Audio Equipment: Sales by Region

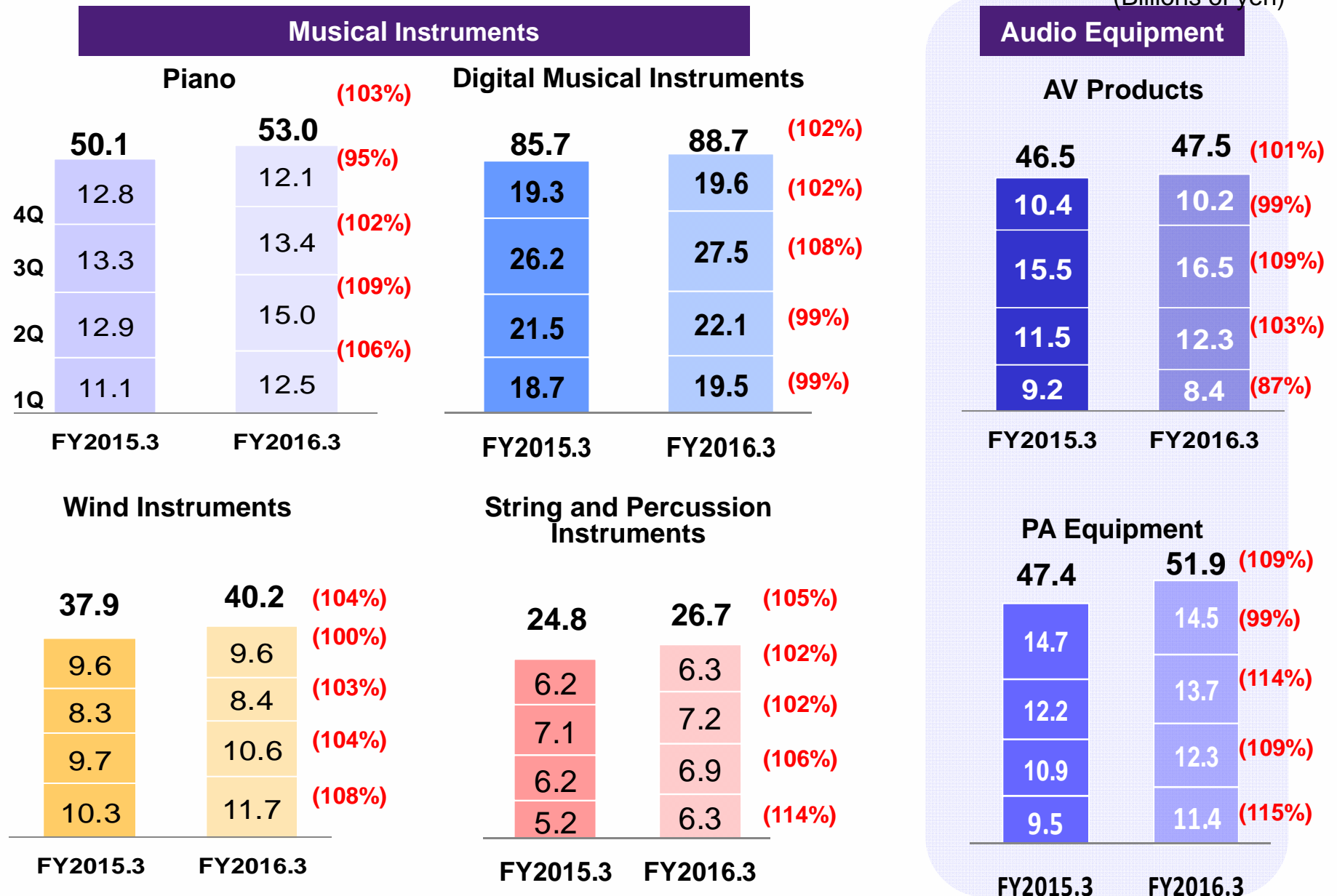


Musical Instruments/Audio Equipment: Sales by Major Product Category



(Yamaha branded products)

(Billions of yen)



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

Electronic Devices FY2016.3 Projections

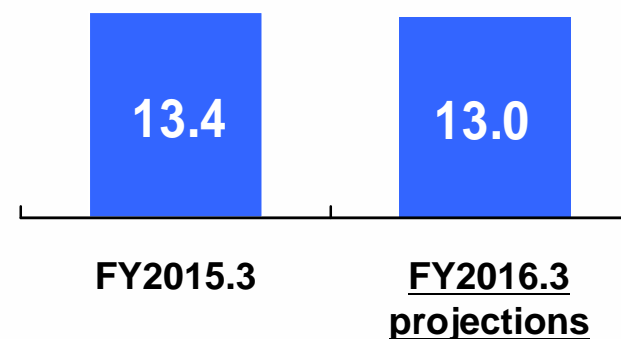


Net Sales

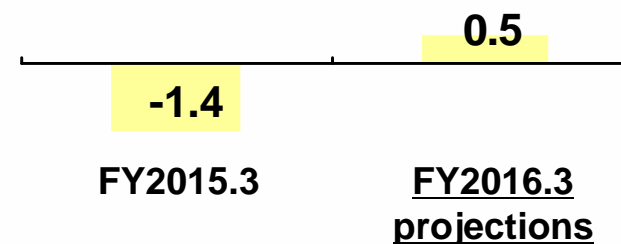
(Billions of yen)

Projections

- Sales are expected to decline year-on-year
- A return to profit is anticipated, largely due to fixed cost reductions achieved in conjunction with structural reforms
- Focus on sales of new amusement equipment products
- Boost in efforts to secure new customers for geomagnetic sensor products



Operating Income



Others

FY2016.3 Projections

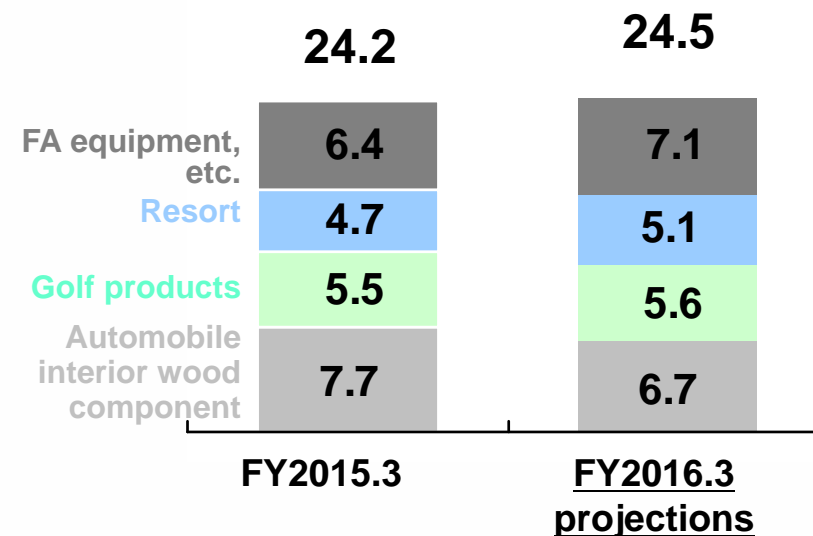


Net Sales

(Billions of yen)

Projections

- Sales and income are expected to be on par with the previous year
- Higher sales of factory automation equipment is anticipated mainly on smartphone-related products
- Sales of automobile interior wood components are expected to decrease in conjunction with a decline in new vehicle models
- Resort sales are projected to rise



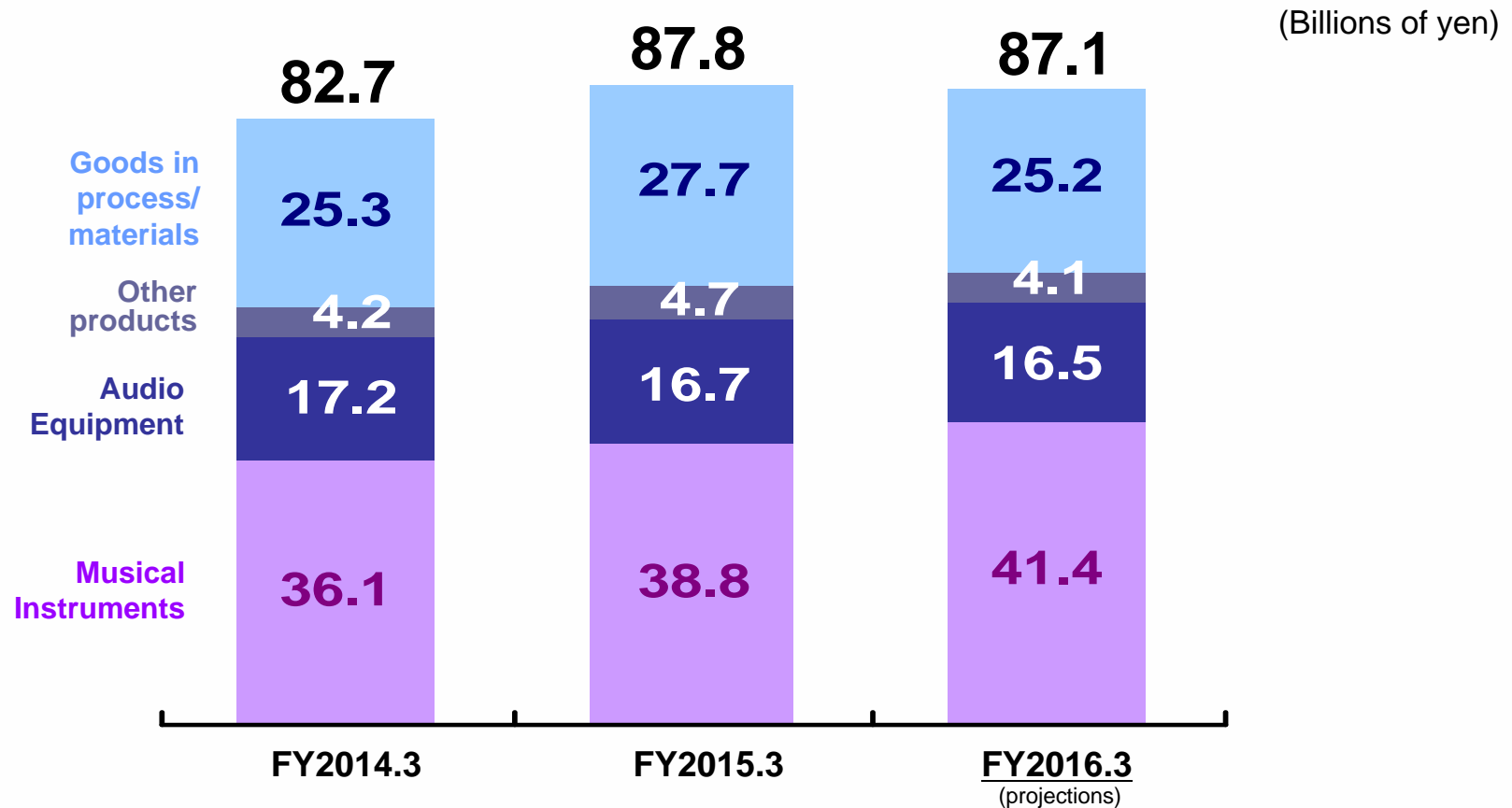
Operating Income



Inventories

➤ Inventories at the end of fiscal 2015 amounted to ¥87.8 billion (previous forecast was ¥87.9 billion)

➤ Inventories at the end of fiscal 2016 are forecast to be ¥87.1 billion



Impact of Exchange Rates

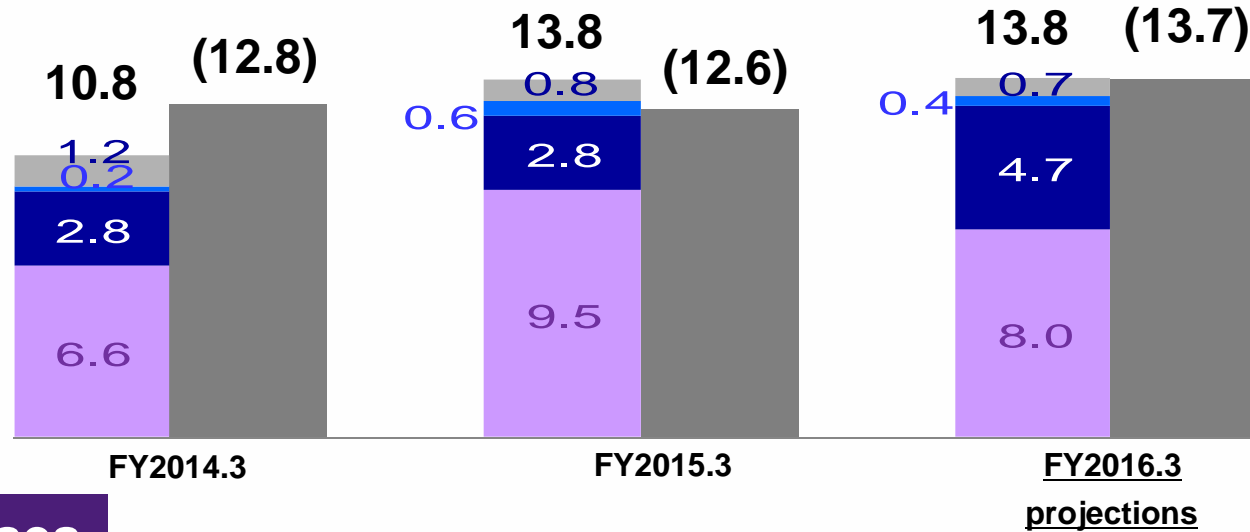
Year-on-Year	+¥3.6 billion	-¥0.1 billion
Versus previous projections	+¥0.3 billion	-

Capital Expenditure/Depreciation/R&D Expenses

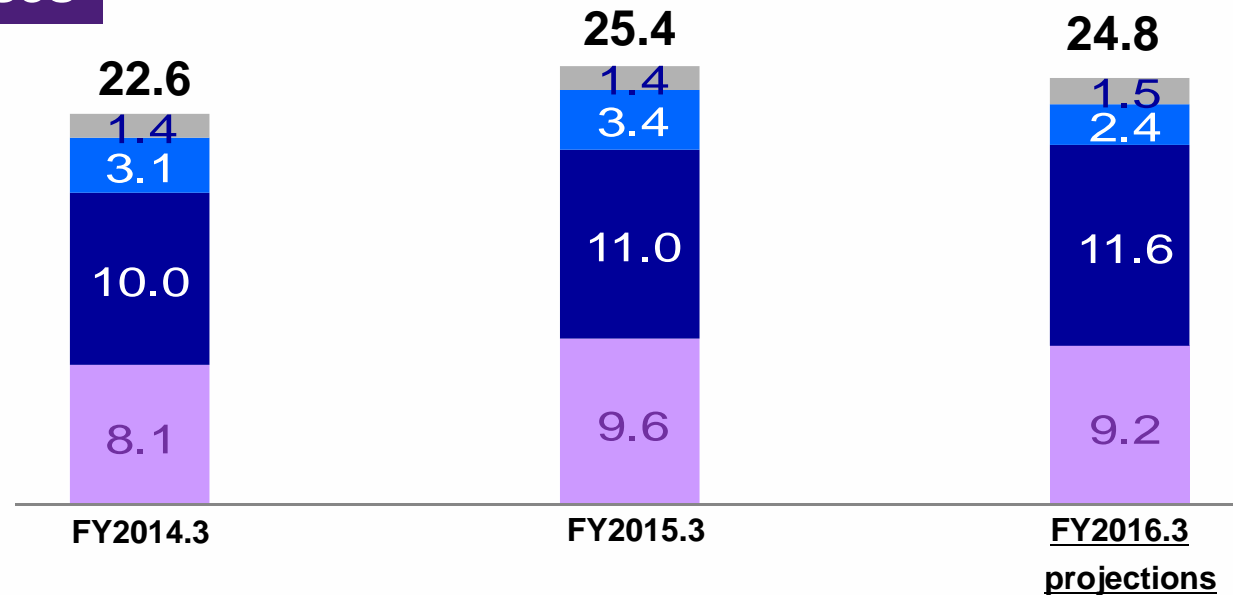
Capital Expenditure (Depreciation)

(Billions of yen)

- Others
- Electronic Devices
- Audio Equipment
- Musical Instruments



R&D Expenses



Balance Sheet Summary



(Billions of yen)

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016 projections
Cash and deposits	60.6	79.3	94.3
Notes and accounts receivable	56.7	60.3	56.5
Inventories	82.7	87.8	87.1
Other current assets	14.5	20.2	20.6
Fixed assets	224.4	282.4	279.0
Total assets	438.9	530.0	537.5
Notes and accounts payable	21.6	23.2	19.5
Short- and long-term loans	8.8	11.9	10.4
Other liabilities	133.7	146.2	140.2
Total net assets	274.8	348.8	367.4
Total liabilities and net assets	438.9	530.0	537.5

Key Financial Figures



(Billions of yen)

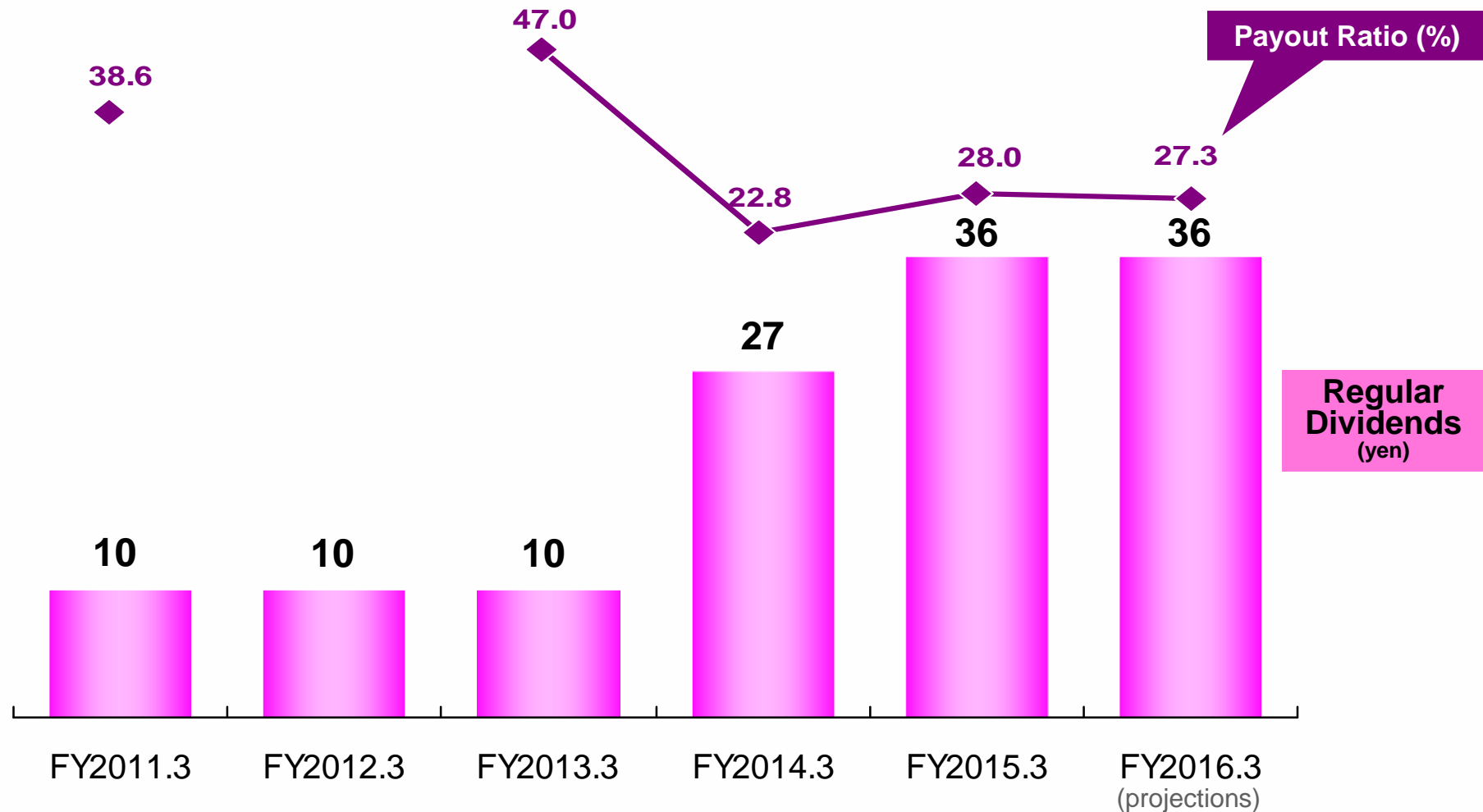
	FY2011.3	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3 projections	FY2016.3 Mid-term target
Net Sales	373.9	356.6	366.9	410.3	432.2	435.0	430.0
Operating Income (Operating Income Ratio)	13.2 (3.5%)	8.1 (2.3%)	9.2 (2.5%)	26.0 (6.3%)	30.1 (7.0%)	34.0 (7.8%)	30.0 (7.0%)
ROE	2.1%	-13.2%	1.9%	9.2%	8.1%	7.1%	10%
Free Cash Flow	12.9	1.9	-4.9	10.3	20.0	24.5	50.0 (over three years)

Exchange Rate (yen)

Net Sales	US\$	86	79	83	100	110	120	85
	EUR	113	109	107	134	139	130	115
Operating Income	US\$	86	79	82	100	109	120	85
	EUR	115	112	103	129	141	130	115

Return to Shareholders

- Annual cash dividends for FY2015.3 have been revised upward to ¥36, an increase of ¥6 from the previous announcement
- Annual dividends for FY2016.3 is forecast to be ¥36



Appendix

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

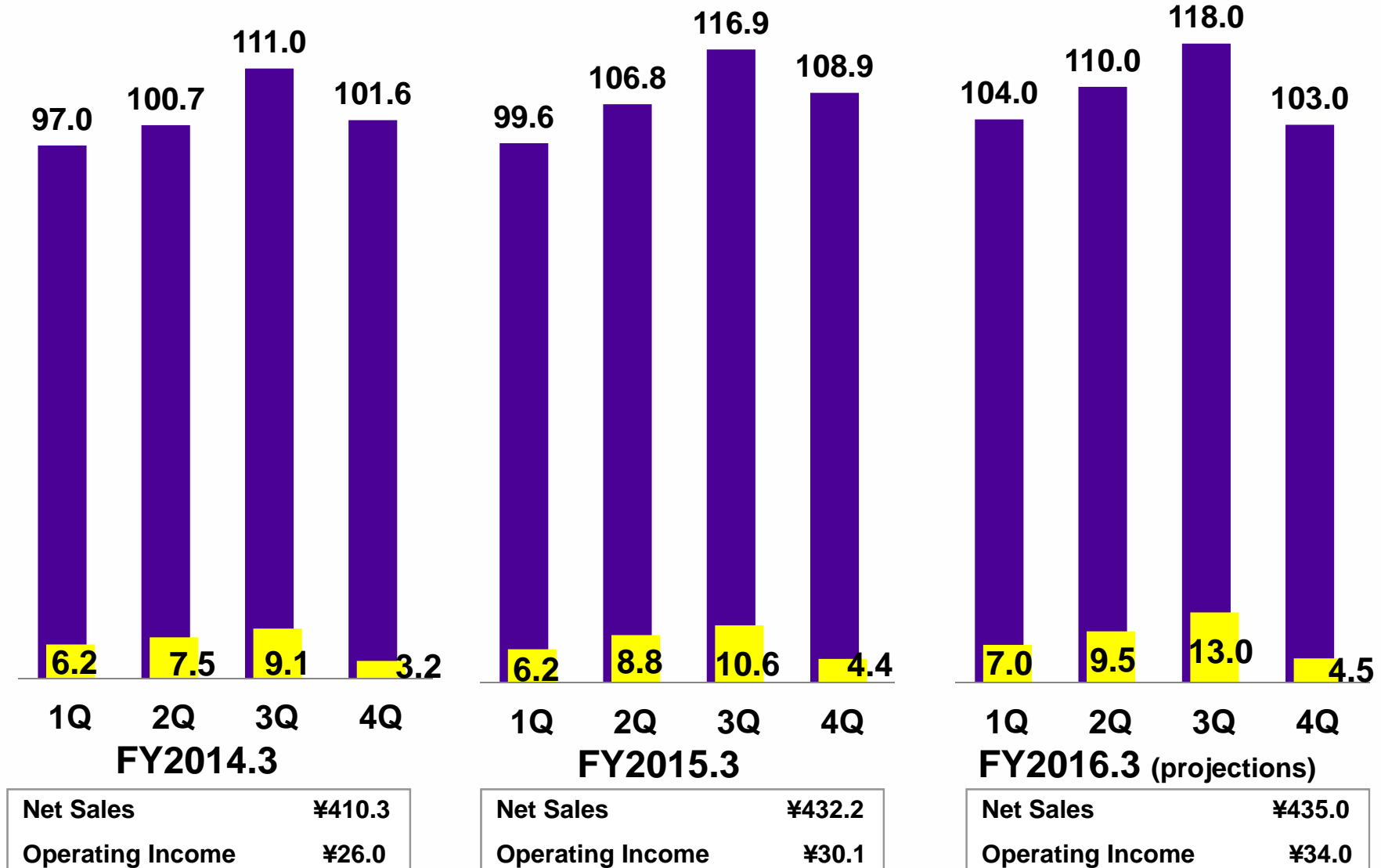


(Billions of yen)	FY2014.3 full year	FY2015.3 full year	FY2016.3 full year projections
Non-Operating Income/Loss			
Net financial income	2.6	3.8	2.1
Other	-2.5	-2.7	-3.1
Total	0.1	1.1	-1.0
Extraordinary Income/Loss			
Income from (loss on) disposal of fixed assets	0.3	0	-0.1
Others	-0.6	-2.7	0.1
Total	-0.3	-2.7	0
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> -Gain on sales of investment securities +1.0 -Business structural reform expenses -0.9 -Expenses related to YMMI production closure, etc. -0.7 </div>			
Income Taxes and Other Expenses			
Income taxes -current	5.8	7.3	7.1
Income taxes -deferred	-3.1	-3.9	0.2
Minority interests in income	0.2	0.2	0.2
Total	2.9	3.6	7.5
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> -Business structural reform expenses -1.8 -Impairment loss on fixed assets -0.9 </div>			

Quarterly Sales and Income



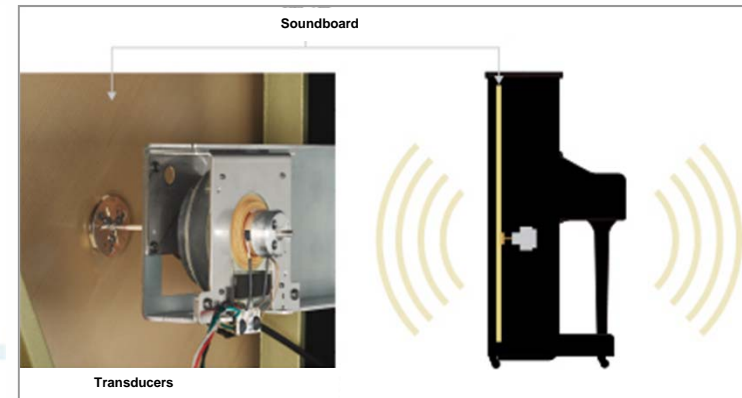
(Billions of yen)



Key Products in FY2016.3



An entirely new and unprecedented hybrid piano TransAcoustic™ Piano



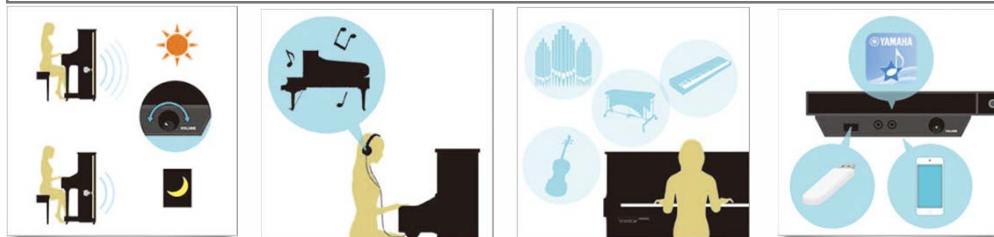
◇ Play piano at any volume

◇ Enjoy different sounds, with the selection from the award-winning Yamaha CFX Concert Grand, or from a number of electric pianos, organs, strings and much more

◇ Play-along to music by connecting to an external music players like a smartphone, tablet PC, etc.

◇ Experience a real, fully strung and resonant acoustic piano

Transducers inside the TransAcoustic™ Piano effectively transmit vibrations to the acoustic piano soundboard, thereby allowing digital sound to be produced directly from the soundboard without using conventional speakers or amplifiers.



TransAcoustic™ YU11SHTA
¥980,000 (excl. tax)
(released in March 2015)

Key Products in FY2016.3



A flagship digital mixing system for large concert halls Digital Mixing System RIVAGE PM10



(scheduled to be released in 2015)

◇ A thoroughly refined flagship of sound quality, operation, functionality, reliability and expandability

◇ A new PM will bring true innovation to the evolving live sound scene

A new generation digital mixing console with an innovation in console operation Yamaha Digital Mixing Console TF series



(scheduled to be released in June 2015)

◇ A new concept in console interfaces TouchFlow Operation offers unprecedented comfort and convenience in small consoles, for a wide range of users and applications

◇ The product lineup covers wide range of applications and venues

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.