

For Immediate Release

April 28, 2016

Company Name: YAMAHA CORPORATION

President and Representative Director: Takuya Nakata

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

**Outline of the Consolidated Financial Results
for the Fiscal Year Ended March 31, 2016 (FY2016.3)
and Outlook for Performance in FY2017.3**

■ **Consolidated Performance in FY2016.3**

Four Consecutive Annual Increases in Net Sales and Income

Consolidated net sales in FY2016.3 increased ¥3.3 billion, or 0.8% over the previous fiscal year, to ¥435.5 billion. Consolidated operating income rose ¥10.5 billion, or 34.9%, to ¥40.7 billion. Ordinary income expanded ¥9.7 billion, or 31.0%, to ¥40.9 billion, and net income attributable to owners of the parent increased ¥7.7 billion, or 30.9%, to ¥32.6 billion. Therefore, major gains were shown in all indicators of profitability, and return on equity (ROE) amounted to 10.1%.

As a result, the Company reported increases in net sales and income for four consecutive fiscal years. In addition, in FY2016.3, the final year under the Yamaha Management Plan 2016 (YMP2016), the Company attained all of the numerical targets of the plan.

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

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

Musical Instruments

Sales of ¥278.9 billion (-1.0%) and Operating Income of ¥31.5 billion (+25.8%)

Sales of all musical instrument groups expanded, with the exception of ElectonesTM, where sales were strong in the previous fiscal year due to a new product launch.

Sales of acoustic pianos showed expansion in China, and, among digital musical instruments, sales of digital pianos increased in all regions. Sales of wind instruments increased in North America, Japan, and all other regions, while sales of guitars expanded in Europe, China, and Japan.

Sales in this segment as a whole decreased year on year by ¥2.8 billion (−1.0%), to ¥278.9 billion, in part because of the effect of a ¥12.4 billion decline in sales accompanying the transfer of Yamaha's music school Business in Japan in the second quarter to Yamaha Music Foundation (a general incorporated foundation). Operating income expanded ¥6.5 billion (+25.8%), to ¥31.5 billion.

Audio Equipment

Sales of ¥119.4 billion (+5.8%) and Operating Income of ¥8.7 billion (+41.7%)

In the audio products business, sales expanded mainly overseas, and overall segment sales rose year on year. Sales of the professional audio equipment business were strong and continued to rise at double-digit levels. Although sales of commercial online karaoke equipment decreased, within the ICT (information and communication technology) equipment business, sales of routers and voice communication devices held firm.

Sales in this segment as a whole were up ¥6.5 billion (+5.8%) year on year, to ¥119.4 billion. Operating income expanded ¥2.6 billion (+41.7%), to ¥8.7 billion.

Electronic Devices

Sales of ¥13.1 billion (−2.7%) and Operating Income of ¥0.1 billion (compared with an operating loss of ¥1.4 billion in the previous year)

In the semiconductor business, sales of LSIs for amusement equipment moved higher, but sales of digital amplifiers for mobile devices were weak.

Sales for this segment as a whole decreased ¥0.4 billion (−2.7%), to ¥13.1 billion. Operating income was ¥0.1 billion (compared with an operating loss of ¥1.4 billion in the previous fiscal year).

Others

Sales of ¥24.2 billion (−0.3%) and Operating Income of ¥0.3 billion (−13.5%)

In the Others business segment, shipments of FA (factory automation) equipment increased, and sales of the golf products and resort businesses held firm. These strong performances offset the decline in turnover in the automobile interior wood components business, and sales of this segment as a whole were virtually level with the same period of the previous fiscal year.

Sales of this segment as a whole were ¥24.2 billion, approximately the same as in the previous fiscal year. Operating income declined ¥0.1 billion (−13.5%), to ¥0.3 billion.

■ **Non-Consolidated Performance in FY2016.3**

Decrease in Net sales but Increase in Operating Income

Sales of Yamaha on a non-consolidated basis in FY2016.3 were ¥232.8 billion (−0.4%), and operating income amounted to ¥15.2 billion (+45.0%). Ordinary income was ¥27.1 billion (+10.7%), and net income amounted to ¥20.2 billion (−20.2%).

■ **Consolidated Forecast for FY 2017.3**

The forecast is for net sales to decline but for income to increase.

The Company's forecast for consolidated performance for FY2017.3 calls for net sales of ¥420.0 billion (−3.6%), operating income of ¥42.0 billion (+3.3%), and ordinary income of ¥42.0 billion (+2.7%). Net income attributable to owners of the parent is forecast to be ¥45.5 billion (+39.4%).

This forecast takes account of a ¥4.2 billion decline in sales accompanying the transfer of Yamaha's music school business in Japan to Yamaha Music Foundation (a general incorporated foundation) as well as a decrease in sales due to foreign currency fluctuations. In addition, the forecast includes income taxes—deferred of ¥13.5 billion accompanying the reporting of deferred tax assets after reviewing recoverability of such assets based on the recent trends in performance. The foreign exchange rates assumed for the fiscal year are ¥110 to US\$1 and ¥125 to €1.

Note: Sales and income/loss figures in the text above have, in principle, been rounded to the nearest ¥0.1 billion.

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FY2016.3 Performance Outline

YAMAHA CORPORATION

April 28, 2016

(billions of yen)

	Results (Previous Year)	Projections (announced on Feb. 4, 2016)	Results	Projections (Full Year)
	FY2015.3	FY2016.3	FY2016.3	FY2017.3
Net Sales	432.2	437.0	435.5	420.0
Japan Sales	160.4 (37.1%)	144.2 (33.0%)	145.0 (33.3%)	140.0 (33.3%)
Overseas Sales	271.8 (62.9%)	292.8 (67.0%)	290.5 (66.7%)	280.0 (66.7%)
Operating Income	30.1 (7.0%)	41.0 (9.4%)	40.7 (9.3%)	42.0 (10.0%)
Ordinary Income	31.2 (7.2%)	41.5 (9.5%)	40.9 (9.4%)	42.0 (10.0%)
Net Income ⁽¹⁾	24.9 (5.8%)	34.5 (7.9%)	32.6 (7.5%)	45.5 (10.8%)
Currency Exchange Rate (Settlement Rate) (=yen)	109/US\$ 141/EUR	121/US\$ 134/EUR	121/US\$ 134/EUR	110/US\$ 125/EUR
ROE	8.1%	10.0%	10.1%	14.3%
ROA	5.1%	6.6%	6.5%	9.5%
Earnings per Share	128.8 yen	178.5 yen	168.9 yen	242.7 yen
Capital Expenditure (Depreciation Expenses)	13.8 (12.6)	12.3 (12.7)	11.2 (12.7)	20.6 (12.6)
R&D Expenses	25.4	25.1	24.8	25.9
Cash Flows				
Operating Activities	31.7	41.0	42.4	43.0
Investing Activities	-11.7	-2.0	0.6	-21.5
Total	20.0	39.0	43.0	21.5
Inventories at End of Period	87.8	92.1	91.9	87.8
Number of Employees				
Japan	6,541	6,200	6,149	6,200
Overseas	13,426	14,200	14,199	14,700
Total ⁽²⁾	19,967	20,400	20,348	20,900
<small>(Changes from the changes in the scope of consolidation)</small>	(257)	(-100)	(-102)	(-)
Temporary Staff <small>(average during the period)</small>	7,860	7,900	7,990	8,000
Sales by Business Segment				
Musical Instruments ⁽³⁾	281.7 (65.2%)	281.5 (64.4%)	278.9 (64.0%)	263.0 (62.6%)
Audio Equipment ⁽³⁾	112.8 (26.1%)	118.5 (27.1%)	119.4 (27.4%)	120.0 (28.6%)
Electronic Devices ⁽⁴⁾	13.4 (3.1%)	13.0 (3.0%)	13.1 (3.0%)	-
Others	24.2 (5.6%)	24.0 (5.5%)	24.2 (5.6%)	37.0 (8.8%)
Operating Income by Business Segment				
Musical Instruments ⁽³⁾	25.1	31.5	31.5	32.5
Audio Equipment ⁽³⁾	6.1	8.5	8.7	9.0
Electronic Devices ⁽⁴⁾	-1.4	0.5	0.1	-
Others	0.4	0.5	0.3	0.5

Non-Consolidated Basis

Net Sales	233.7	232.8
Operating Income	10.5 (4.5%)	15.2 (6.5%)
Ordinary Income	24.5 (10.5%)	27.1 (11.7%)
Net Income	25.3 (10.8%)	20.2 (8.7%)

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

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

* 3 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.

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

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.