



For Immediate Release

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

**Outline of the Yamaha Consolidated Financial Results for the First Quarter  
(Three Months) of the Fiscal Year Ending March 31, 2018 (FY2018.3)  
and Outlook for Consolidated Performance in FY2018.3**

■ **Consolidated Performance in the First Quarter of FY2018.3**

**Year on Year Increase in Net Sales but Decline in Operating Income**

Sales continued to be strong in the first quarter of FY2018.3 (April 1 to June 30, 2017), overcoming a ¥0.9 billion impact of foreign currency fluctuations to rise ¥2.8 billion (+2.9%) year on year, to ¥101.2 billion.

Operating income declined ¥0.2 billion (-1.7%), to ¥11.6 billion, and ordinary income fell ¥0.2 billion (-2.1%), to ¥11.2 billion, with the declines largely owing to a ¥1.8 billion negative impact of foreign currency fluctuations. Net income attributable to owners of the parent declined ¥13.2 billion (-58.5%), to ¥9.3 billion, primarily reflecting the booking of ¥13.5 billion in deferred tax assets in the first quarter of the previous fiscal year.

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

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

**Musical Instruments**

**Sales of ¥65.6 billion (+1.4%) and Operating Income of ¥8.3 billion (-11.9%)**

Sales of acoustic pianos and digital pianos rose, driven by double-digit growth in China. Portable keyboard sales stalled, however, partially due to the shift in demand to digital pianos. Sales continued to be strong for wind instruments in the medium- and high-priced segments and were also strong for guitars in China.

Overall sales in the Musical Instruments segment increased ¥0.9 billion (+1.4%) year on year, to ¥65.6 billion, which included a ¥0.6 billion impact of foreign currency fluctuations.

Operating income declined ¥1.1 billion (-11.9%), to ¥8.3 billion, and included ¥1.4 billion due to the negative impact of foreign currency fluctuations.

**Audio Equipment**

**Sales of ¥26.5 billion (+3.7%) and Operating Income of ¥1.9 billion (-4.2%)**

Audio equipment posted strong sales growth worldwide, and professional audio equipment sales remained solid. Sales of ICT (information and communications technology) equipment expanded for voice communication devices and for routers in Japan.

Overall sales in this segment rose ¥1.0 billion (+3.7%) year on year, to ¥26.5 billion, which included ¥0.4 billion due to the positive impact of foreign currency fluctuations.

Operating income declined ¥0.1 billion (-4.2%), to ¥1.9 billion, because of the ¥0.4 billion negative impact due to foreign currency fluctuations.

## **Others**

Sales of ¥9.2 billion (+11.7%) and Operating Income of ¥1.4 billion (+255.5%)

Sales were strong in the Others segment for electronic equipment and devices as well as golf products and continued to be brisk for factory automation (FA) equipment and automobile interior wood components.

Overall sales in this segment rose ¥1.0 billion (+11.7%) year on year, to ¥9.2 billion.

Operating income increased ¥1.0 billion (+255.5%), to ¥1.4 billion.

## **Outlook for Consolidated Performance in FY2018.3**

Raised Forecasts for Sales, Operating Income, Ordinary Income, and Record-high Operating Income

The Company's initial forecasts announced on May 1 for consolidated performance for the full fiscal year ending March 31, 2018, called for net sales of ¥427.0 billion (+4.6%), operating income of ¥48.5 billion (+9.5%), ordinary income of ¥48.5 billion (+8.0%), and net income attributable to owners of the parent of ¥39.0 billion (-16.5%).

The Company has revised its forecasts to take into account the financial results for the first quarter of FY2018.3, business trends, and currency exchange movements going forward, for net sales to ¥432.0 billion (+5.8%), operating income to ¥50.0 billion (+12.9%), and ordinary income to ¥50.0 billion (+11.3%). The forecast for operating income of ¥50.0 billion represents a new record, surpassing the previous high of ¥45.1 billion reached in FY2004.3.

Yamaha's NEXT STAGE 12 Medium-Term Management Plan announced in April 2016 sets a management objective for the plan's final year of FY2019.3 to achieve a 12% ratio of operating income to net sales. Management expects to raise the ratio to 11.6% in FY2018.3.

The Company has revised the foreign exchange rate assumptions on which the forecasts are based. The assumption for US\$1 was unchanged at ¥110; the assumption for €1 was revised from ¥120 to ¥125.

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

# First Quarter of FY2018.3 Performance Outline

YAMAHA CORPORATION  
August 1, 2017  
(billions of yen)

	1Q Results (Previous Year) FY2017.3	1Q Results FY2018.3	Results (Previous Year) FY2017.3	Projections (Full Year) FY2018.3	Initial Projections (Full Year) (announced on May 1, 2017) FY2018.3
Net Sales	98.4	101.2	408.2	432.0	427.0
Sales in Japan	34.4 (35.0%)	34.5 (34.0%)	138.4 (33.9%)	138.2 (32.0%)	137.8 (32.3%)
Overseas Sales	64.0 (65.0%)	66.8 (66.0%)	269.8 (66.1%)	293.8 (68.0%)	289.2 (67.7%)
Operating Income	11.8 (12.0%)	11.6 (11.4%)	44.3 (10.9%)	50.0 (11.6%)	48.5 (11.4%)
Ordinary Income	11.5 (11.6%)	11.2 (11.1%)	44.9 (11.0%)	50.0 (11.6%)	48.5 (11.4%)
Net Income <sup>(*)</sup>	22.5 (22.9%)	9.3 (9.2%)	46.7 (11.4%)	39.0 (9.0%)	39.0 (9.1%)
Currency Exchange Rate (Settlement Rate) (=yen)	111 /US\$ 126 /EUR	111 /US\$ 121 /EUR	108 /US\$ 121 /EUR	110 /US\$ <sup>(*)</sup> 123 /EUR	110 /US\$ 120 /EUR
ROE <sup>(*)</sup>	30.1 %	10.0 %	14.0 %	10.2 %	10.2 %
ROA <sup>(*)</sup>	19.7 %	7.0 %	9.4 %	7.2 %	7.2 %
Earnings per Share	119.8 yen	49.8 yen	249.2 yen	208.1 yen	208.0 yen
Capital Expenditures (Depreciation Expenses)	3.6 (2.8)	3.5 (2.7)	17.5 (11.1)	25.9 (10.8)	28.4 (11.1)
R&D Expenses	6.0	6.2	24.4	26.3	26.8
<b>Cash Flows</b>					
Operating Activities	2.6	1.9	39.1	51.0	53.0
Investing Activities	-3.2	-6.8	-9.7	-27.0	-28.0
Total	-0.6	-4.9	29.4	24.0	25.0
Inventories at End of Period	93.3	100.1	93.1	92.1	89.7
<b>Number of Employees</b>					
Japan	6,226	6,013	5,937	5,900	5,900
Overseas	14,413	14,347	14,238	15,000	15,000
Total <sup>(*)</sup>	20,639	20,360	20,175	20,900	20,900
(Changes from the changes in the scope of consolidation)	(-125)	(-)	(-)	(-)	(-)
Temporary Staff (average during the period)	8,239	7,802	7,938	7,400	7,200
<b>Sales by Business Segment</b>					
Musical Instruments	64.7 (65.7%)	65.6 (64.7%)	257.7 (63.1%)	271.5 (62.9%)	269.0 (63.0%)
Audio Equipment	25.5 (26.0%)	26.5 (26.2%)	115.5 (28.3%)	124.5 (28.8%)	123.0 (28.8%)
Others	8.2 (8.3%)	9.2 (9.1%)	35.1 (8.6%)	36.0 (8.3%)	35.0 (8.2%)
<b>Operating Income by Business Segment</b>					
Musical Instruments	9.4	8.3	32.1	35.5	35.0
Audio Equipment	2.0	1.9	10.4	12.0	11.5
Others	0.4	1.4	1.7	2.5	2.0

## Non-Consolidated Basis

Net Sales	58.3	59.9	215.8
Operating Income	5.0 (8.6%)	7.1 (11.9%)	15.6 (7.2%)
Ordinary Income	12.0 (20.6%)	14.8 (24.7%)	26.6 (12.3%)
Net Income	22.1 (37.8%)	12.8 (21.4%)	34.0 (15.7%)

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

\* 2, 3 ROE and ROA are calculated on an annually adjusted basis.

\* 4 Number of employees = Number of full-time staff at end of period

\* 5 2Q-4Q currency exchange rates US\$1=110JPY, EUR1=125JPY (exchange contract rate for Q2 EUR1=123JPY)

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.