

For Immediate Release

February 5, 2019

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

**Outline of the Yamaha Consolidated Financial Results through the Third Quarter
(Nine Months) of the Fiscal Year Ending March 31, 2019 (FY2019.3)
and Outlook for Consolidated Performance in FY2019.3**

■ **Consolidated Performance through the Third Quarter of FY2019.3**

Year-on-Year Increase in Net Sales and Double-Digit Rise in Income

Through the third quarter of FY2019.3 (April 1, 2018 to December 31, 2018), net sales rose ¥5.2 billion (+1.6%) year on year, to ¥333.9 billion, as a result of favorable sales of musical instruments.

Profit-wise, operating income increased ¥6.6 billion (+16.0%), to ¥48.1 billion, and ordinary income rose ¥7.3 billion (+17.4%), to ¥48.9 billion, thus both posting double-digit gains. Net income attributable to owners of the parent, however, decreased ¥12.8 billion (–25.9%), to ¥36.7 billion, due to the lack of reporting of gain on sales of investment securities (extraordinary income) of ¥25.8 billion because of sales of a portion of shares in Yamaha Motor Co., Ltd. in the same quarter of the previous 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 ¥215.0 billion (+3.0%) and Operating Income of ¥35.8 billion (+27.2%)

Sales of acoustic pianos in China continued to grow at double-digit rates and sales were favorable in North America and other regions. Sales of digital pianos and wind instruments expanded in all regions overseas. Sales of guitars showed significant expansion in China, while sales increased in North America and in emerging countries.

Overall sales in this segment increased ¥6.2 billion (+3.0%), to ¥215.0 billion.

Operating income rose ¥7.6 billion (+27.2%), to ¥35.8 billion.

Audio Equipment

Sales of ¥91.0 billion (–1.4%) and Operating Income of ¥9.2 billion (–8.1%)

Within PA equipment, although growth in sales of commercial audio equipment were robust through the third quarter, overall sales decreased because installation of audio equipment in Japan will concentrate in the fourth quarter. In addition, sales of audio products decreased in North America and elsewhere.

Overall sales in this segment decreased ¥1.3 billion (–1.4%), to ¥91.0 billion.

Operating income declined ¥0.8 billion (–8.1%), to ¥9.2 billion.

Industrial Machinery/Components and Others

Sales of ¥27.9 billion (+0.9%) and Operating Income of ¥3.1 billion (−6.3%)

Sales of the industrial machinery and components businesses slowed for the quarter, but in part because sales of factory automation (FA) equipment and automobile interior wood components rose in the first half of the fiscal year, sales were up year on year on an accumulated-to-date basis.

Sales of this segment increased ¥0.2 billion (+0.9%), to ¥27.9 billion.

Operating income decreased 0.2 billion (−6.3%) billion, to ¥3.1 billion.

■ Outlook for Consolidated Performance in FY2019.3

Although the Forecast for Sales Was Lowered, the Forecast for Operating Income Remains Unchanged.

The Outlook Is for Record-High Operating Income and Ordinary Income

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2019, announced on May 1, called for net sales of ¥442.0 billion (+2.1%), operating income of ¥55.0 billion (+12.6%), ordinary income of ¥55.0 billion (+11.7%), and net income attributable to owners of the parent of ¥40.0 billion (−26.4%).

The Company's latest forecasts call for net sales of ¥440.0 billion (+1.6%), taking account of the decline in sales in the industrial machinery and components business. However, the decline in income in this business was fully covered by the musical instruments business, and the operating income forecast remains unchanged.

Note that the forecast for operating income of ¥55.0 billion exceeds the previous high of ¥48.8 billion reported in FY2018.3. Likewise, the forecast for ordinary income of ¥55.0 billion is above the previous high of ¥51.0 billion reported in FY2004.3. Thus, both figures are forecast to be at record high levels.

Note that the foreign currency exchange rates used in computing these forecasts for the fourth quarter are ¥110 to US\$1 and ¥125 to €1.

Note: Figures less than ¥100 million for net sales and income in the text of this release have, in principle, been rounded to the nearest ¥100 million.

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Third Quarter of FY2019.3 Performance Outline

YAMAHA CORPORATION

February 5, 2019

(Billions of yen)

	Three Months Results Ended Dec. 31, 2017	Three Months Results Ended Dec. 31, 2018	Nine Months Results Ended Dec. 31, 2017	Nine Months Results Ended Dec. 31, 2018	Results (Previous Year)	Projections (Full Year)	Previous Projections (Full Year) (Announced on Nov. 1, 2018)
	FY2018.3	FY2019.3	FY2018.3	FY2019.3	FY2018.3	FY2019.3	FY2019.3
Net Sales	118.9	119.3	328.7	333.9	433.0	440.0	442.0
Sales in Japan	32.1 (27.0%)	30.5 (25.6%)	98.8 (30.1%)	94.5 (28.3%)	133.7 (30.9%)	130.0 (29.5%)	135.2 (30.6%)
Overseas Sales	86.8 (73.0%)	88.8 (74.4%)	229.9 (69.9%)	239.4 (71.7%)	299.2 (69.1%)	310.0 (70.5%)	306.8 (69.4%)
Operating Income	17.5 (14.8%)	19.6 (16.4%)	41.5 (12.6%)	48.1 (14.4%)	48.8 (11.3%)	55.0 (12.5%)	55.0 (12.4%)
Ordinary Income	16.9 (14.2%)	19.1 (16.0%)	41.6 (12.7%)	48.9 (14.6%)	49.2 (11.4%)	55.0 (12.5%)	55.0 (12.4%)
Net Income ^(*)	29.9 (25.2%)	14.8 (12.4%)	49.6 (15.1%)	36.7 (11.0%)	54.4 (12.6%)	40.0 (9.1%)	40.0 (9.0%)
Currency Exchange Rate ^(**) (Settlement Rate) (=yen)	113/US\$ 130/EUR	113/US\$ 132/EUR	112/US\$ 124/EUR	111/US\$ 132/EUR	111/US\$ 126/EUR	111/US\$ ^(***) 131/EUR	107/US\$ 129/EUR
ROE ^(***)	28.9%	15.0%	16.8%	12.7%	14.5%	10.3%	10.0%
ROA ^(****)	20.1%	10.9%	11.8%	9.1%	10.2%	7.4%	7.1%
Earnings per Share	159.9yen	81.6yen	264.6yen	202.0yen	291.8yen	220.0yen	220.0yen
Capital Expenditures	4.1	2.5	15.2	10.5	24.6	17.7	25.4
(Depreciation Expenses)	(2.8)	(2.7)	(8.1)	(8.2)	(10.8)	(11.0)	(11.6)
R&D Expenses	6.2	6.4	18.3	18.6	24.8	25.7	25.7
Cash Flows							
Operating Activities	13.4	3.1	23.0	7.5	47.5	28.0	35.0
Investing Activities	24.1	-4.7	12.4	-18.1	4.8	-25.0	-25.0
Free Cash Flow	37.5	-1.6	35.4	-10.6	52.3	3.0	10.0
Inventories at End of Period	-	-	99.6	102.6	94.1	99.3	91.0
Number of Employees							
Japan	-	-	5,903	5,793	5,845	5,700	5,900
Overseas	-	-	14,423	14,599	14,383	14,900	15,400
Total ^(***)	-	-	20,326	20,392	20,228	20,600	21,300
(Changes from the changes in the scope of consolidation)	-	-	-	-	-	-	-
Temporary Staff (average during the period)	-	-	7,700	7,960	7,558	7,500	7,700
Sales by Business Segment							
Musical Instruments	74.6 (62.7%)	76.0 (63.7%)	208.8 (63.5%)	215.0 (64.4%)	274.5 (63.4%)	282.5 (64.2%)	279.5 (63.2%)
Audio Equipment	34.7 (29.2%)	34.5 (28.9%)	92.3 (28.1%)	91.0 (27.2%)	121.8 (28.1%)	123.5 (28.1%)	123.5 (28.0%)
Others	9.6 (8.1%)	8.8 (7.4%)	27.7 (8.4%)	27.9 (8.4%)	36.7 (8.5%)	34.0 (7.7%)	39.0 (8.8%)
Operating Income by Business Segment							
Musical Instruments	11.5	14.2	28.1	35.8	34.6	41.5	40.5
Audio Equipment	4.9	4.6	10.1	9.2	10.7	11.0	11.0
Others	1.2	0.8	3.3	3.1	3.5	2.5	3.5

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

* 2, 6 Currency exchange rate is the export and import transaction rate applied to profit calculation. 4Q Currency Exchange Rates US\$=110JPY EUR=125JPY

* 3, 4 The ROE and ROA for the interim periods are calculated on an annually adjusted basis.

* 5 Number of Employees = Number of full-time staff at end of the period

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.