

Company Name: YAMAHA CORPORATION
President and Representative Executive Officer: Takuya Nakata
Code Number: 7951 (First Section of Tokyo Stock Exchange)

Yamaha Reports First Quarter Results of Fiscal Year Ending March 2020 and Full Year Outlook [IFRS]

■ First Quarter Results of Fiscal Year Ending March 31, 2020 (FY2020.3)

Despite the Firm Musical Instruments Business, a Year-on-Year Decrease in Revenue and Profit Occurred Due to Deteriorating Market Conditions for Industrial Machinery/Components Business

For the first quarter of FY2020.3 (April 1, 2019 to June 30, 2019), revenue decreased ¥5.0 billion (-4.8%) year on year, to ¥99.5 billion, as a result of deteriorating market conditions for the industrial machinery/components business and a negative impact of ¥2.3 billion due to the exchange rate. On the other hand, the musical instruments business was firm. Core operating profit decreased ¥1.6 billion (-13.2%) to ¥10.8 billion due to deteriorating market conditions for the industrial machinery/components business and a negative impact of ¥1.1 billion due to the exchange rate; and profit for the period attributable to owners of the parent decreased ¥2.2 billion (-23.2%) to ¥7.3 billion.

➤ Revenue and Profit and Loss by Reportable Segment

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

Musical Instruments

Revenue of ¥67.5 billion (-1.4%) and core operating profit of ¥9.8 billion (+1.9%)

Although sales growth of acoustic pianos slowed in China, sales in Europe recovered and sales continued strongly in other emerging countries. Sales of digital pianos as a whole were driven by sales in North America. Sales of guitars increased in all regions, including China, but sales of wind instruments decreased from the previous year due to a decline in sales in Japan.

Revenues for the segment overall were down ¥1.0 billion, despite generally steady sales, to ¥67.5 billion because of a negative impact of ¥1.7 billion due to the exchange rate year on year. Core operating profit increased ¥0.2 billion to ¥9.8 billion, absorbing a negative impact of ¥0.7 billion due to the exchange rate.

Audio Equipment

Revenue of ¥24.8 billion (-4.8%) and Core Operating Profit of ¥0.9 billion (-33.7%)

Sales of audio equipment and professional audio equipment increased in Europe, but sales of ICT equipment decreased in Japan.

Overall revenue in this segment decreased ¥1.3 billion year on year to ¥24.8 billion, including a negative impact of ¥0.7 billion due to the exchange rate. Core operating profit decreased ¥0.4 billion year on year, to ¥0.9 billion, along with a negative impact of ¥0.4 billion due to the exchange rate.

Industrial Machinery/Components and Others

Revenue of ¥7.2 billion (-27.5%) and core operating profit of ¥0.1 billion (-95.5%)

Sales of factory automation (FA) equipment and electronic devices decreased due to market deterioration.

Overall revenues in this segment decreased ¥2.7 billion year on year to ¥7.2 billion and core operating profit decreased ¥1.4 billion to ¥0.1 billion.

■ Outlook for Performance in FY2020.3

The Previous Forecasts Remain Unchanged. The Outlook Is for Steady Increase in Revenue and Profit

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2020, announced on May 9, remain unchanged for revenue of ¥444.0 billion (+2.2%), core operating profit of ¥55.0 billion (+4.3%), and profit for the period attributable to owners of the parent of ¥42.5 (+5.4%).

For reference, results for the fiscal year ended March 2019 based on IFRS were: ¥434.4 billion in revenue, ¥52.7 billion in core operating profit, and ¥40.3 billion in profit for the period attributable to owners of the parent company.

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

Notes:

1. The Company has applied the International Financial Reporting Standards (IFRS) from the first quarter of FY2020.3. Financial figures for the previous first quarter and the previous fiscal year are also presented in accordance with IFRS.
2. Core operating profit corresponds to operating income under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.
3. Figures less than ¥100 million for revenue and profit and loss in the text of this release have, in principle, been rounded to the nearest ¥100 million.

For further information, please contact:

Yamaha Corporation

Corporate Communications Division, Media Relations Group

Contact form: https://inquiry.yamaha.com/contact/?act=55&lcl=en_WW

Telephone: +81-3-5488-6601 / Facsimile: +81-3-5488-5060

First Quarter of FY2020.3 Performance Outline <IFRS standards>

YAMAHA CORPORATION

August 1, 2019

(Billions of yen)

	1Q Results (Previous Year) FY2019.3	1Q Results FY2020.3	Results (Previous Year) FY2019.3	Projections ^{(*)6} (Full Year) FY2020.3
Revenue	104.5	99.5	434.4	444.0
Japan	33.5 (32.1%)	29.4 (29.6%)	129.8 (29.9%)	129.0 (29.1%)
Overseas	71.0 (67.9%)	70.1 (70.4%)	304.6 (70.1%)	315.0 (70.9%)
Core Operating Profit ^{(*)1}	12.4 (11.9%)	10.8 (10.8%)	52.7 (12.1%)	55.0 (12.4%)
Operating Profit	12.1 (11.6%)	11.1 (11.2%)	52.8 (12.2%)	55.0 (12.4%)
Profit before Income Taxes	13.1 (12.5%)	11.0 (11.1%)	56.5 (13.0%)	58.0 (13.1%)
Net Profit ^{(*)2}	9.5 (9.1%)	7.3 (7.3%)	40.3 (9.3%)	42.5 (9.6%)
Currency Exchange Rate (Settlement Rate) (=yen)	108/US\$ 132/EUR	111/US\$ 126/EUR	111/US\$ 131/EUR	110/US\$ 125/EUR
ROE ^{(*)3}	10.4%	8.3%	11.1%	11.3%
ROA ^{(*)4}	6.9%	5.8%	7.5%	8.0%
Earnings per Share	52.2yen	40.8yen	222.1yen	238.2yen
Capital Expenditures (Depreciation Expenses)	3.8 (2.6)	3.8 (2.7)	16.0 (10.6)	22.0 (12.7)
R&D Expenses	6.1	6.1	24.9	26.5
Cash Flows				
Operating Activities	-4.2	7.2	35.5	62.0
Investing Activities	-4.4	-4.1	-23.1	-22.0
Free Cash Flow	-8.6	3.1	12.4	40.0
Inventories at End of Period	100.0	104.6	101.0	100.7
Number of Employees				
Japan	5,898	5,843	5,736	5,700
Overseas	14,487	14,606	14,639	15,400
Total ^{(*)5}	20,385	20,449	20,375	21,100
(Changes from the changes in the scope of consolidation)	-	-	-	-
Temporary Staff (Average during the period)	7,668	8,128	7,733	7,800
Revenue by Business Segment				
Musical Instruments	68.5 (65.5%)	67.5 (67.9%)	279.5 (64.3%)	285.5 (64.3%)
Audio Equipment	26.1 (25.0%)	24.8 (24.9%)	120.1 (27.7%)	123.5 (27.8%)
Others	9.9 (9.5%)	7.2 (7.2%)	34.8 (8.0%)	35.0 (7.9%)
Core Operating Profit by Business Segment				
Musical Instruments	9.7	9.8	40.8	43.0
Audio Equipment	1.3	0.9	9.6	11.0
Others	1.4	0.1	2.3	1.0

The Yamaha Group has applied the International Financial Reporting Standards (IFRS) from the first quarter of fiscal year ending March 31, 2020 (FY2020.3).

*1 Core operating profit is corresponding to operating income under the Japanese GAAP, and is calculated deducting SG&A from gross profit.

*2 Net income is presented as net profit is profit attributable to owners of the parent under IFRS standards.

*3, 4 ROE and ROA are calculated on an annually adjusted basis.

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

*6 Full year projections remain unchanged from the previous announcement on May 9, 2019.

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.