

Analyst and Investor Briefing on 1Q FY2019.3

(Fiscal year ending March 31, 2019)



August 2, 2018

Yamaha Corporation



FY2019.3 1Q Highlights

Overview

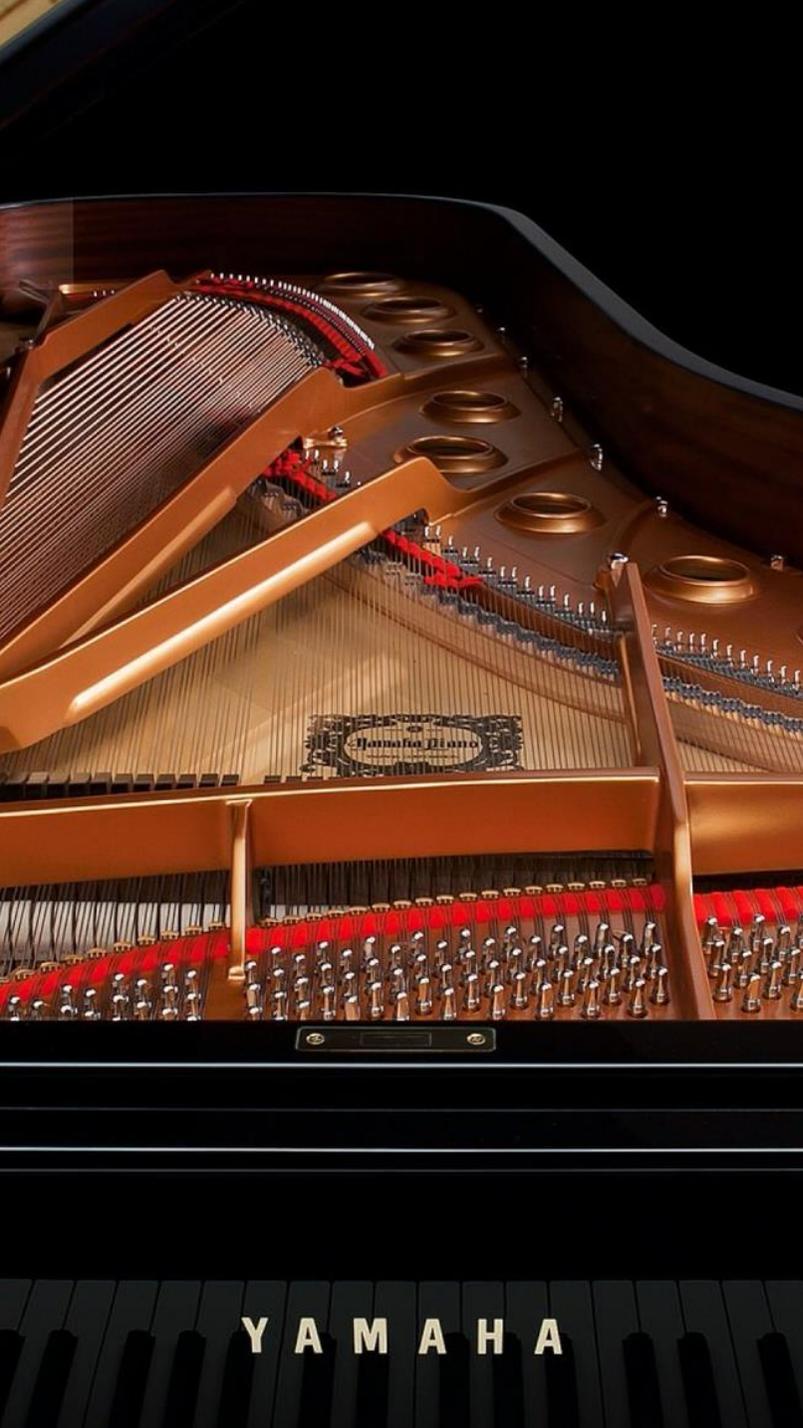
FY2019.3 1Q Achievements

- Sales and income both increased year-on-year. Performance was on target to meet full-year projections.
- Sales were robust in the musical instruments and others segments (up 3.8%).
- Operating income amounted to ¥13.3 billion (up 14.6%), and the operating income ratio reached 12.6% (up 1.2 percentage points).

*Note: figures in brackets are year-on-year comparisons.

FY2019.3 Full Year Outlook

- Full year projections remain unchanged from those announced on May, 2018.
(Net sales ¥442.0 billion, operating income ¥55.0 billion, and operating income ratio 12.4%)
- Exchange rate assumptions for 2Q and beyond also remain unchanged, at US\$1 = ¥105 and EUR1 = ¥125.



1. Performance Summary

FY2019.3 1Q Summary

(billions of yen)

	FY2018.3 1Q	FY2019.3 1Q	Change	
Net Sales	101.2	105.1	+3.9	+3.8% ^{*2}
Operating Income (Operating Income Ratio)	11.6 (11.4%)	13.3 (12.6%)	+1.7	+14.6%
Ordinary Income	11.2	13.5	+2.3	+20.6%
Net Income ^{*1}	9.3	9.4	+0.1	+0.6%

Exchange Rate (yen)

Net Sales (Average rate during the period)	US\$	111	109
	EUR	122	130
Operating Income (Settlement rate)	US\$	111	108
	EUR	121	132

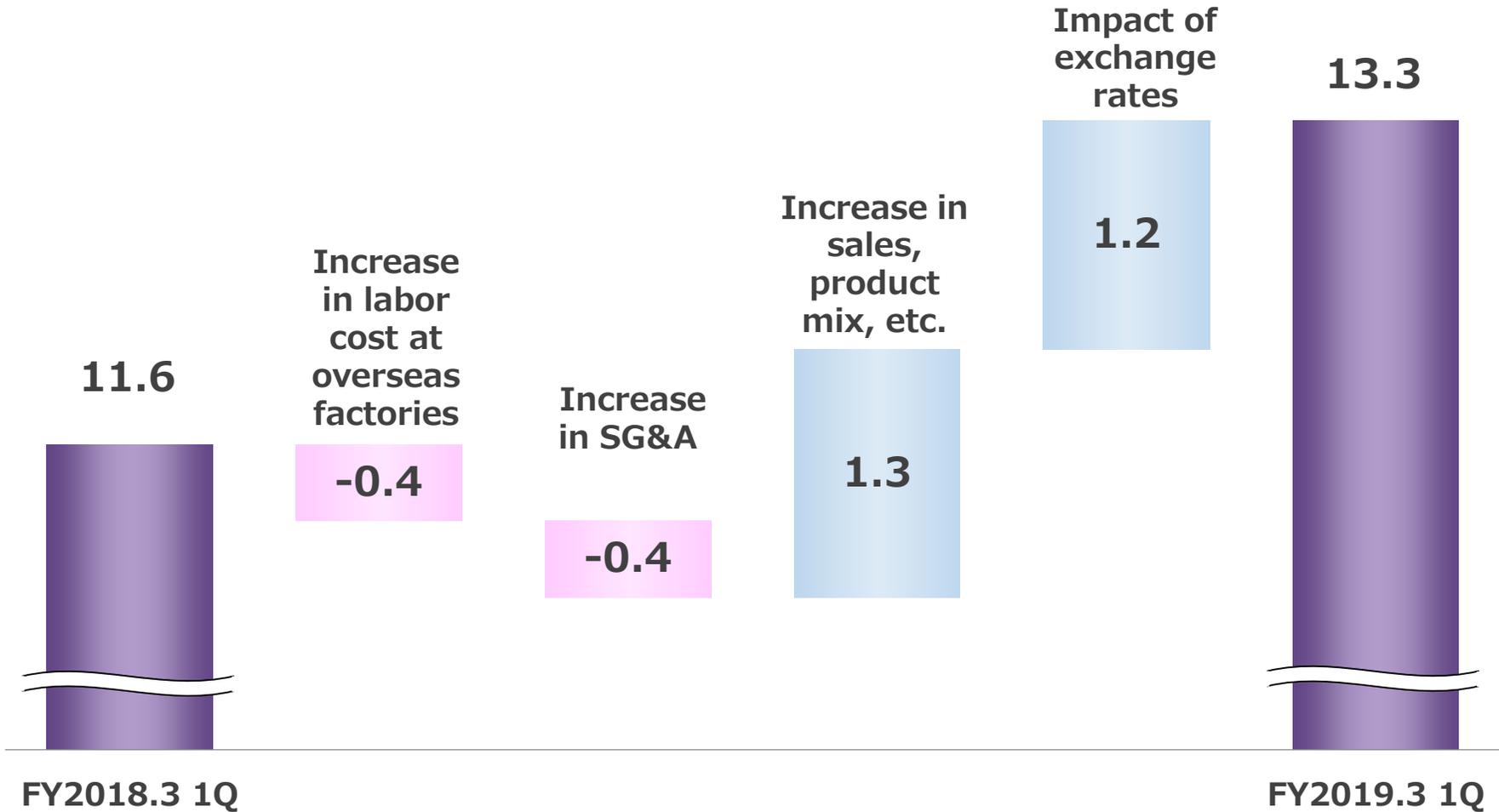
^{*2} +2.6%
(Excluding the impact of
exchange rate)

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

Operating Income Analysis

Versus previous year

(billions of yen)



Performance by Business Segment

(billions of yen)

		FY2018.3 1Q	FY2019.3 1Q	Change	Exchange rate impact
Musical Instruments	Net Sales	65.6	69.1	+3.5	+0.9
	Operating Income	8.3	10.2	+1.9	+0.8
	Operating Income Ratio	12.6%	14.8%	+2.2p	
Audio Equipment	Net Sales	26.5	26.2	-0.3	+0.3
	Operating Income	1.9	1.6	-0.4	+0.4
	Operating Income Ratio	7.3%	6.0%	-1.3p	
Others	Net Sales	9.2	9.9	+0.7	-0.1
	Operating Income	1.4	1.5	+0.1	0
	Operating Income Ratio	15.2%	15.2%	0p	

FY2019.3 Outlook

*Full year projections remain unchanged from the previous announcement (on May, 2018)

(billions of yen)

	FY2018.3 Full year	FY2019.3 Full year (projections)	Change	
Net Sales	433.0	442.0	+9.0	+2.1% ^{*2}
Operating Income (Operating Income Ratio)	48.8 (11.3%)	55.0 (12.4%)	+6.2	+12.6%
Ordinary Income	49.2	55.0	+5.8	+11.7%
Net Income ^{*1}	54.4	40.0	-14.4	-26.4%

Exchange Rate (yen)

*2 +4.3%
(Excluding the impact of exchange rate)

Net Sales (Average rate during the period)	US\$	111	105
	EUR	130	125
Operating Income (Settlement rate)	US\$	111	105
	EUR	126	125

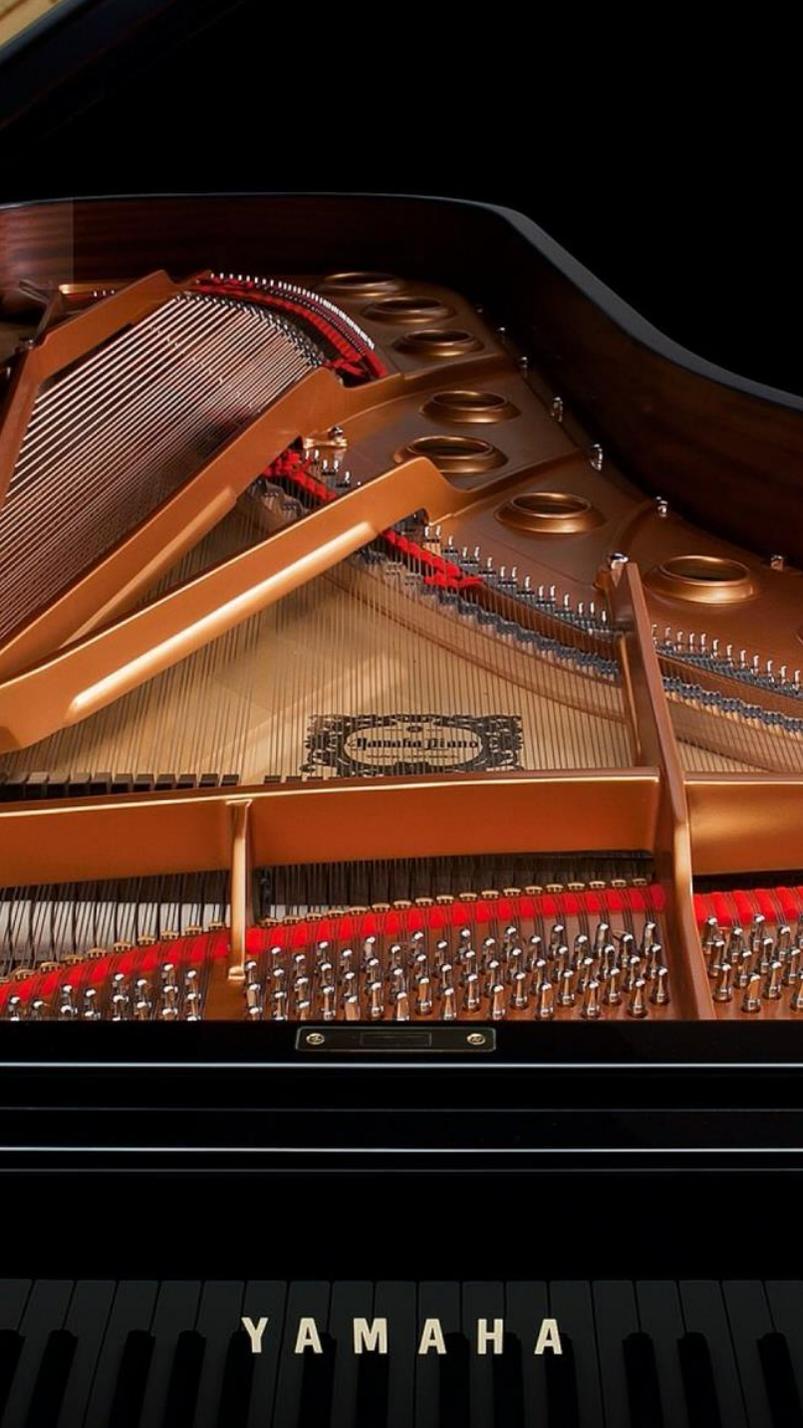
*1 Net income is presented as net income attributable to owners of parent on the consolidate financial statements

Outlook by Business Segment

*Full year projections remain unchanged from the previous announcement (on May, 2018)

(billions of yen)

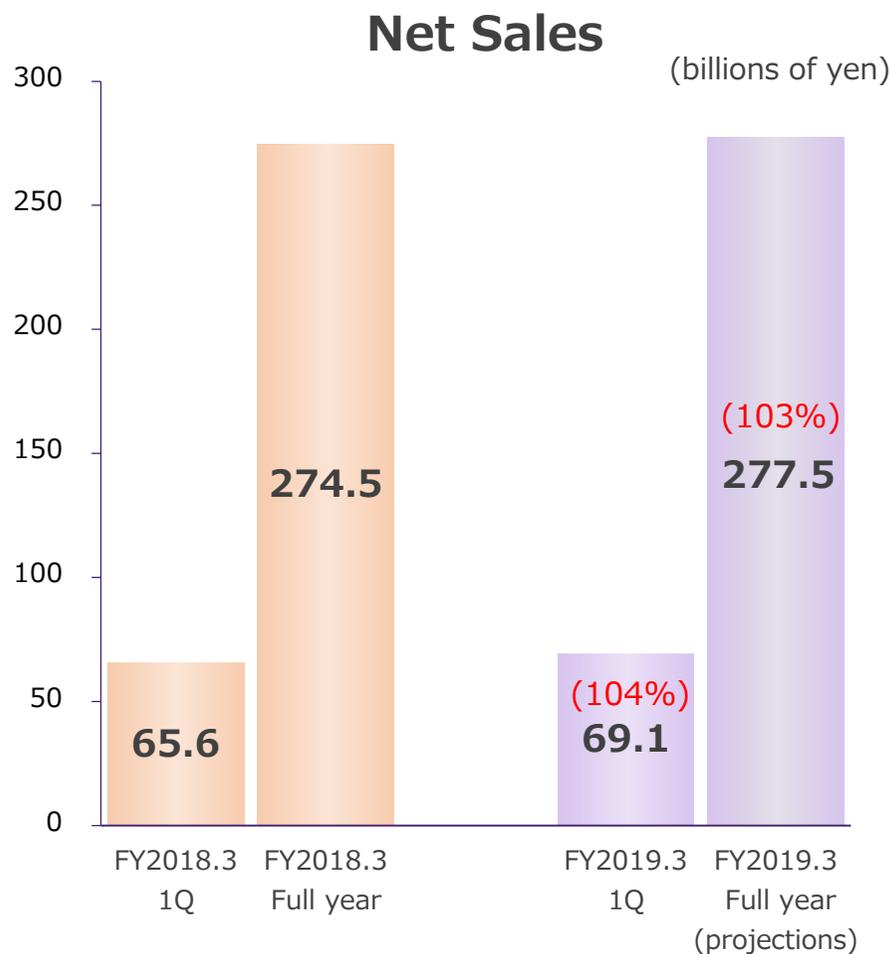
		FY2018.3 Full Year	FY2019.3 Full Year (projections)	Change
Musical Instruments	Net Sales	274.5	277.5	+3.0
	Operating Income	34.6	39.5	+4.9
	Operating Income Ratio	12.6%	14.2%	+1.6p
Audio Equipment	Net Sales	121.8	125.5	+3.7
	Operating Income	10.7	12.0	+1.3
	Operating Income Ratio	8.8%	9.6%	+0.8p
Others	Net Sales	36.7	39.0	+2.3
	Operating Income	3.5	3.5	0
	Operating Income Ratio	9.5%	9.0%	-0.5p



2. Segment Overview

Segment Sales and Operating Income

*Full year projections remain unchanged from the previous announcement (on May, 2018)



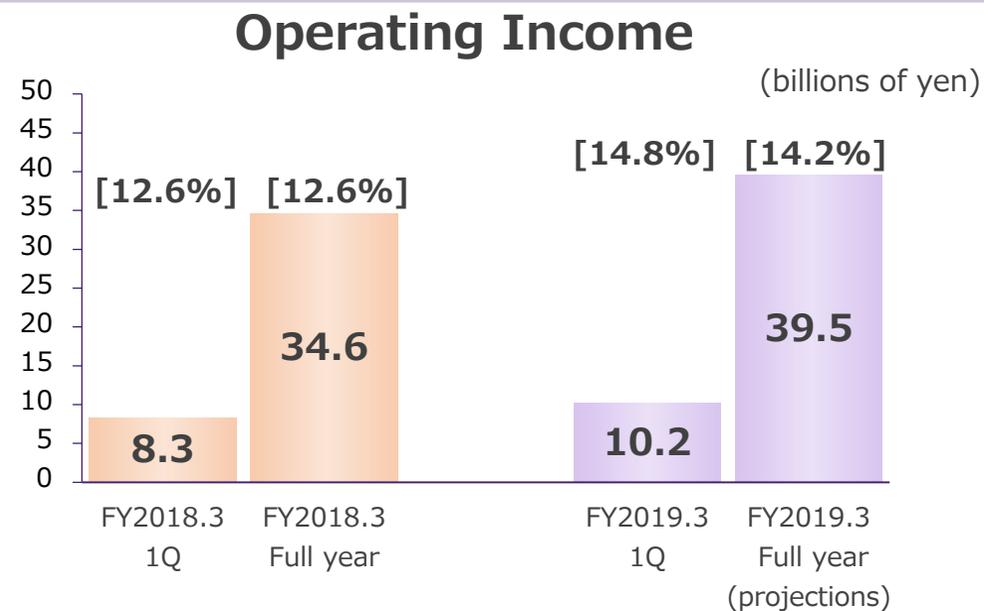
[1Q overview] Sales and income up YoY in all categories

- Sales grew double-digit in guitar and portable keyboard categories, and new products drove brisk sales of digital pianos.
- Sales were strong in North America by ongoing recovery, double-digit growth maintained in China, and robust results continued in emerging markets.

[Full year projection]

Growth projected to outpace previous year in all categories

- Guitars, pianos, and digital musical instruments are expected to continue showing strong growth.
- Double-digit growth is anticipated in China, and sales are likely to remain robust in emerging markets.



Red figures show actual YoY changes discounting impact of exchange rates

Figures in [] indicate operating income ratio

Sales by Major Product Category

*Full year projections remain unchanged from the previous announcement (on May, 2018)

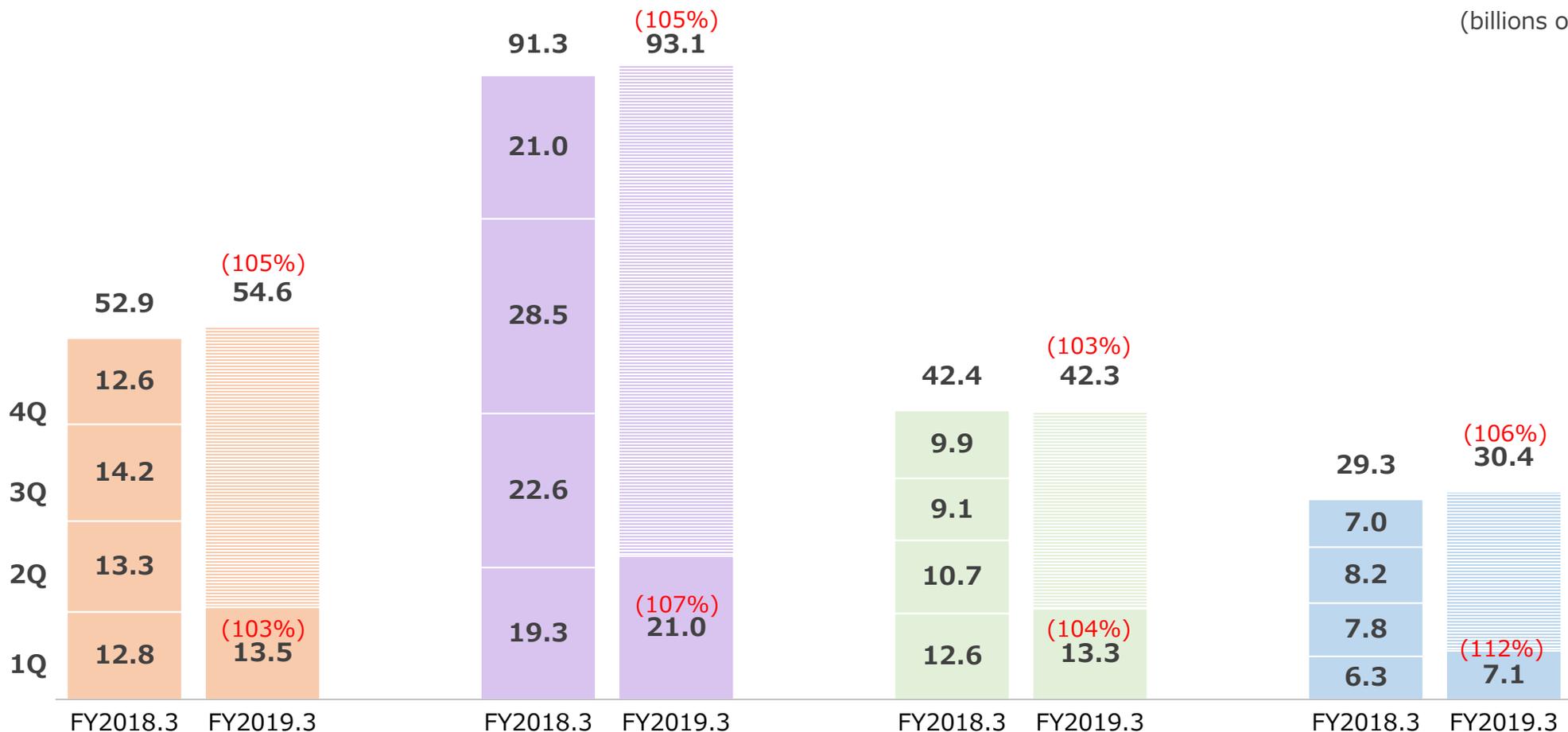
Pianos

Digital Musical Instruments

Winds

Strings/ Percussion

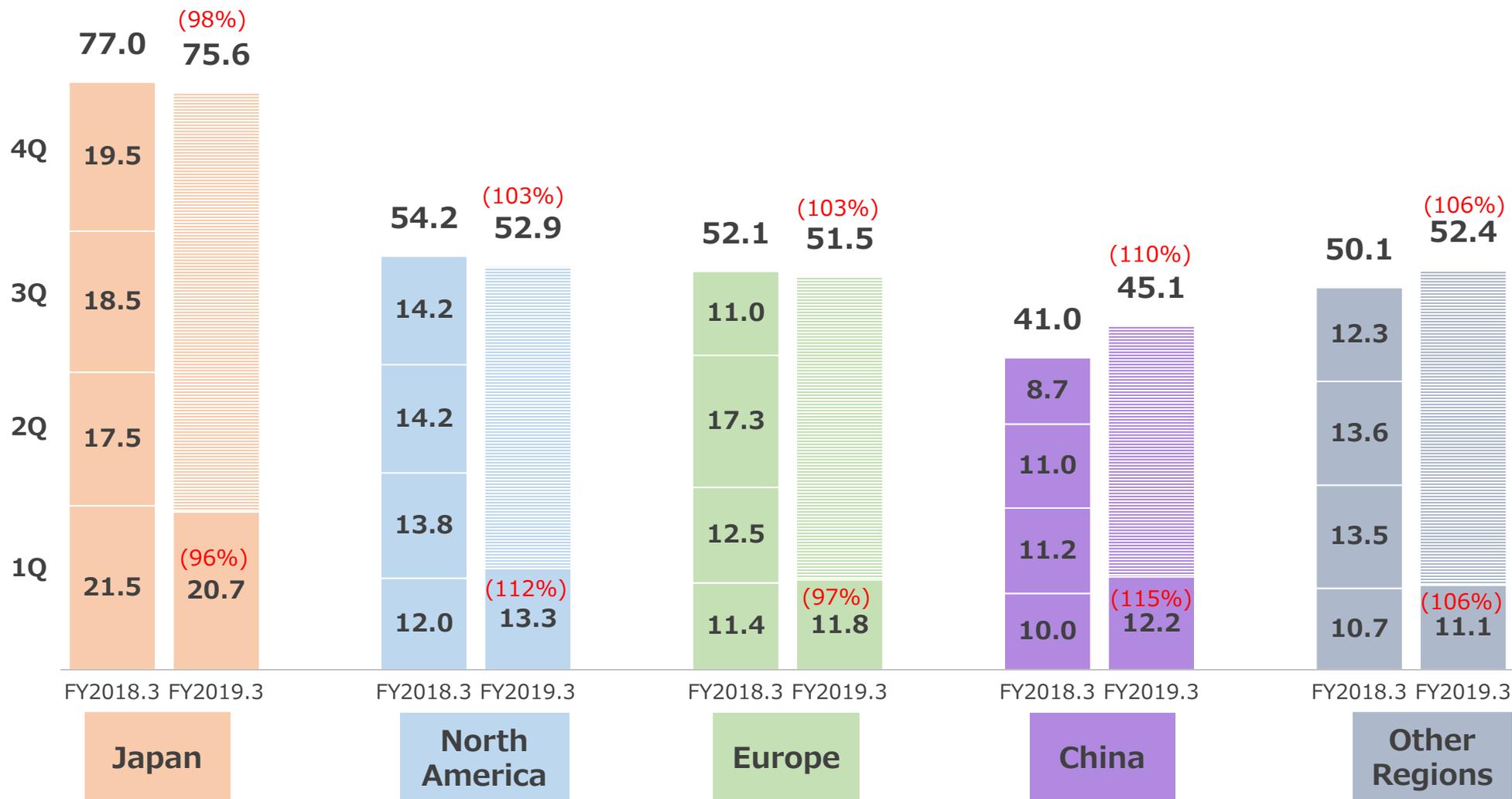
(billions of yen)



Sales by Region

*Full year projections remain unchanged from the previous announcement (on May, 2018)

(billions of yen)

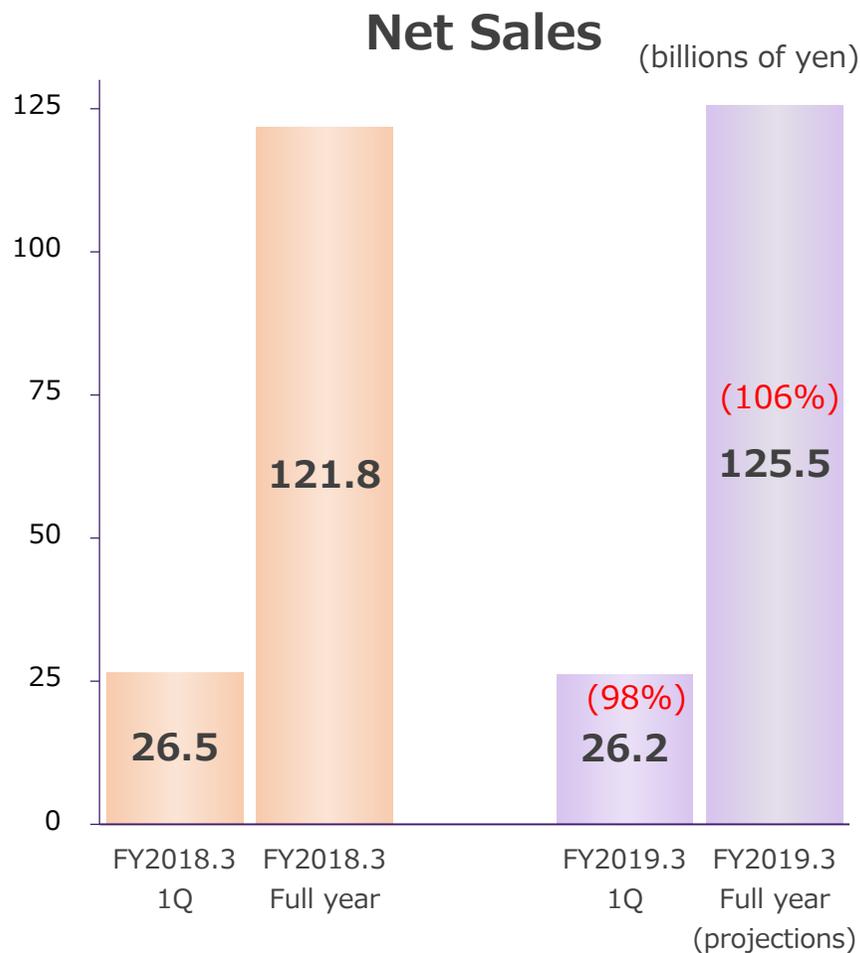


*Software products and music schools included

Red figures show actual YoY changes discounting impact of exchange rates

Segment Sales and Operating Income

*Full year projections remain unchanged from the previous announcement (on May, 2018)

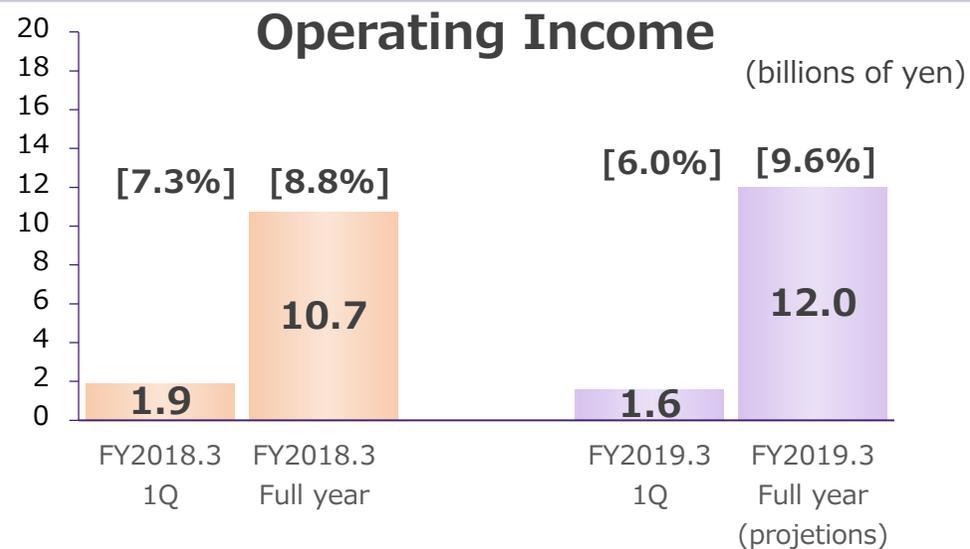


[1Q overview] PA sales grew but overall segment sales declined YoY

- Brisk sales in commercial audio equipment and music production drove strong results in PA segment.
- AV product sales declined YoY due to changes in demand for key AV receivers, the impact of a transitional period between old/new products, and the loss of orders from major mass channel customers in the US.
- ICT device sales decreased YoY, due to a reduction in OEM in China and network-related product sales extended to next fiscal year.

[Full year projections] Growth expected to outstrip the previous year

- Double-digit growth is anticipated in PA sales, driven by the impact of new products, the North American PA market, and an increase in audio engineering and installations.
- MusicCast sales are expected to expand in Europe, and growth is forecast in China and emerging markets for AV category.
- Routers and LAN products sales in the ICT device category are projected to rise.



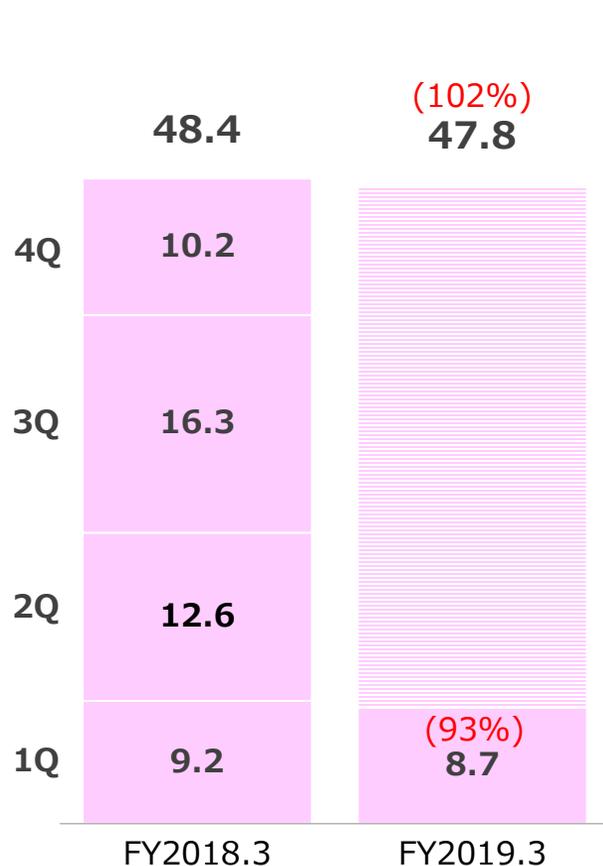
Red figures show actual YoY changes discounting impact of exchange rates

Figures in [] indicate operating income ratio

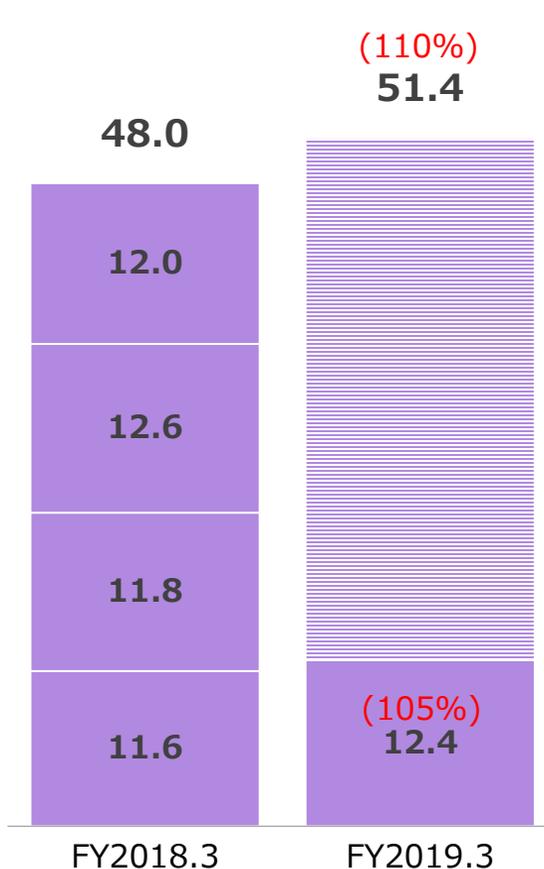
Sales by Major Product Category

*Full year projections remain unchanged from the previous announcement (on May, 2018)

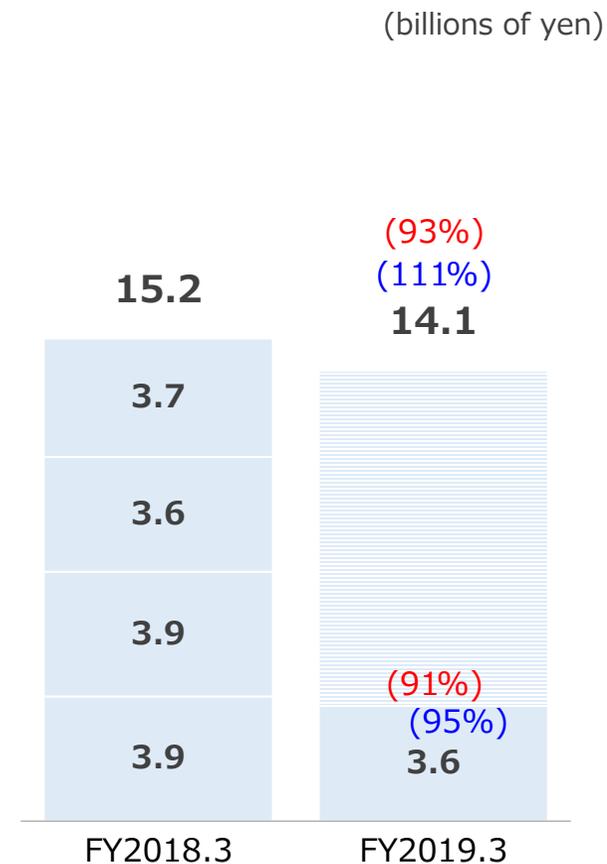
AV Products



PA Equipment



ICT Devices



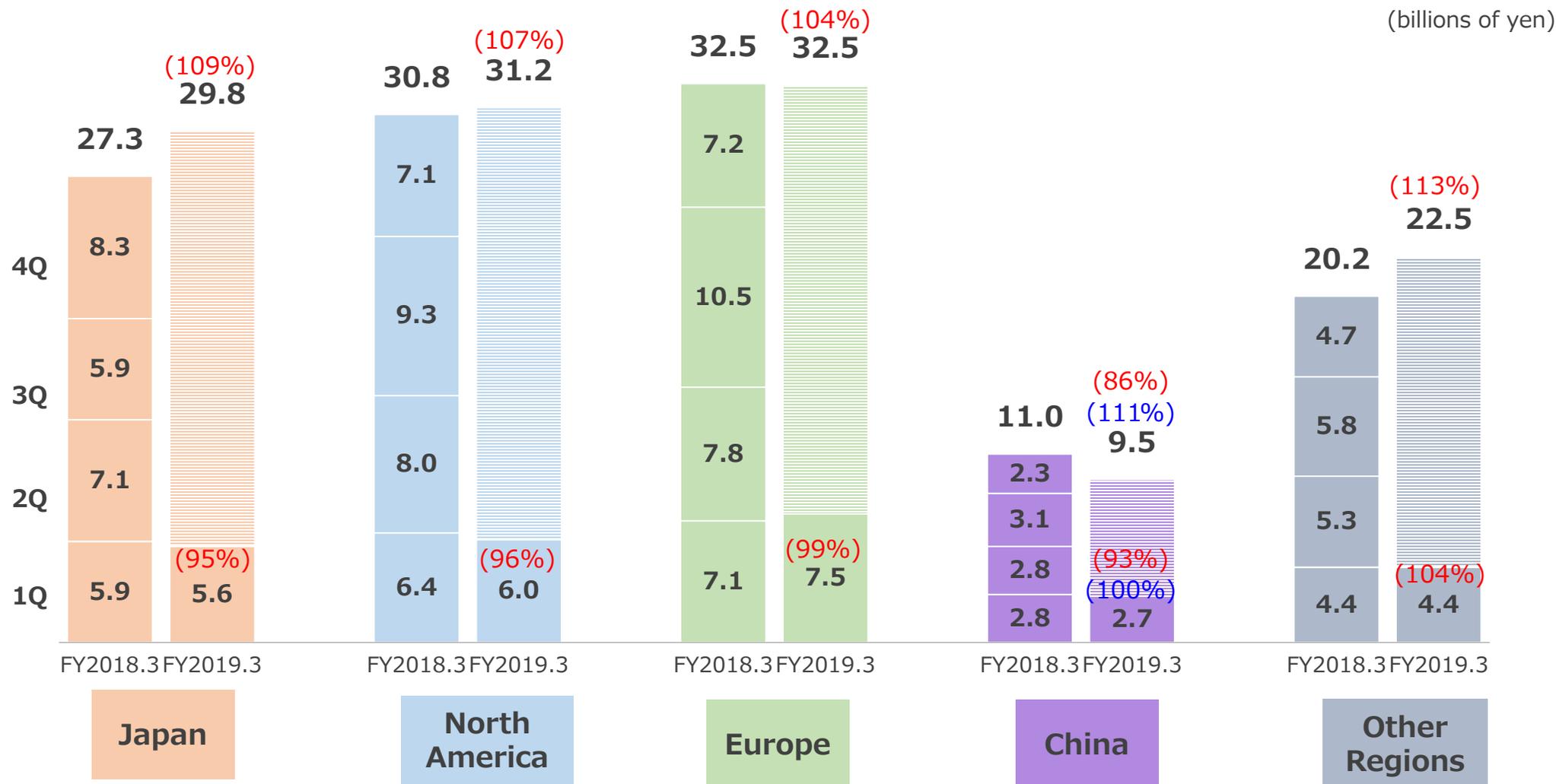
*Includes only hardware products for PA
(excluding engineering and installation services)

Red figures show actual YoY changes discounting impact of exchange rates

Blue figures show actual YoY changes excluding the sales of OEM products

Sales by Region

*Full year projections remain unchanged from the previous announcement (on May, 2018)

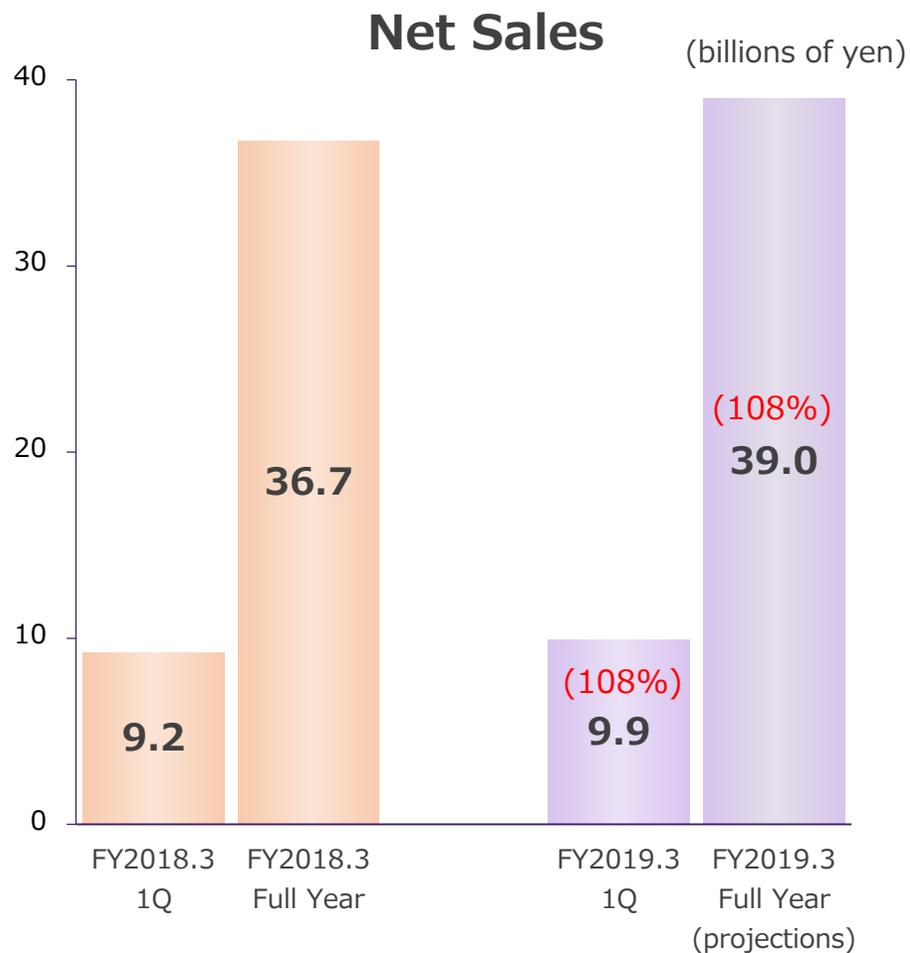


Red figures show actual YoY changes discounting impact of exchange rates

Blue figures show actual YoY changes excluding the sales of OEM products

Segment Sales and Operating Income

*Full year projections remain unchanged from the previous announcement (on May, 2018)

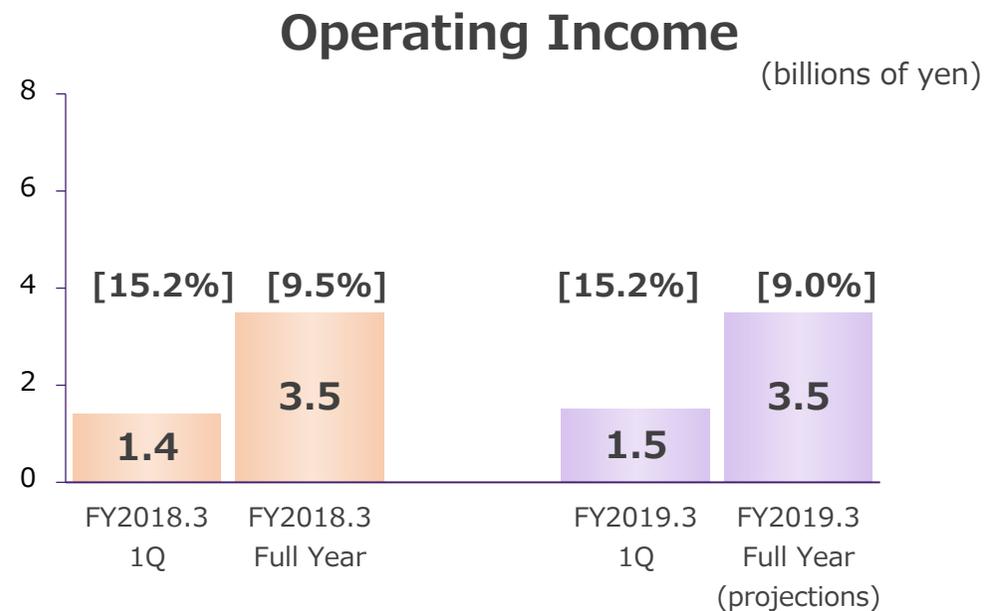


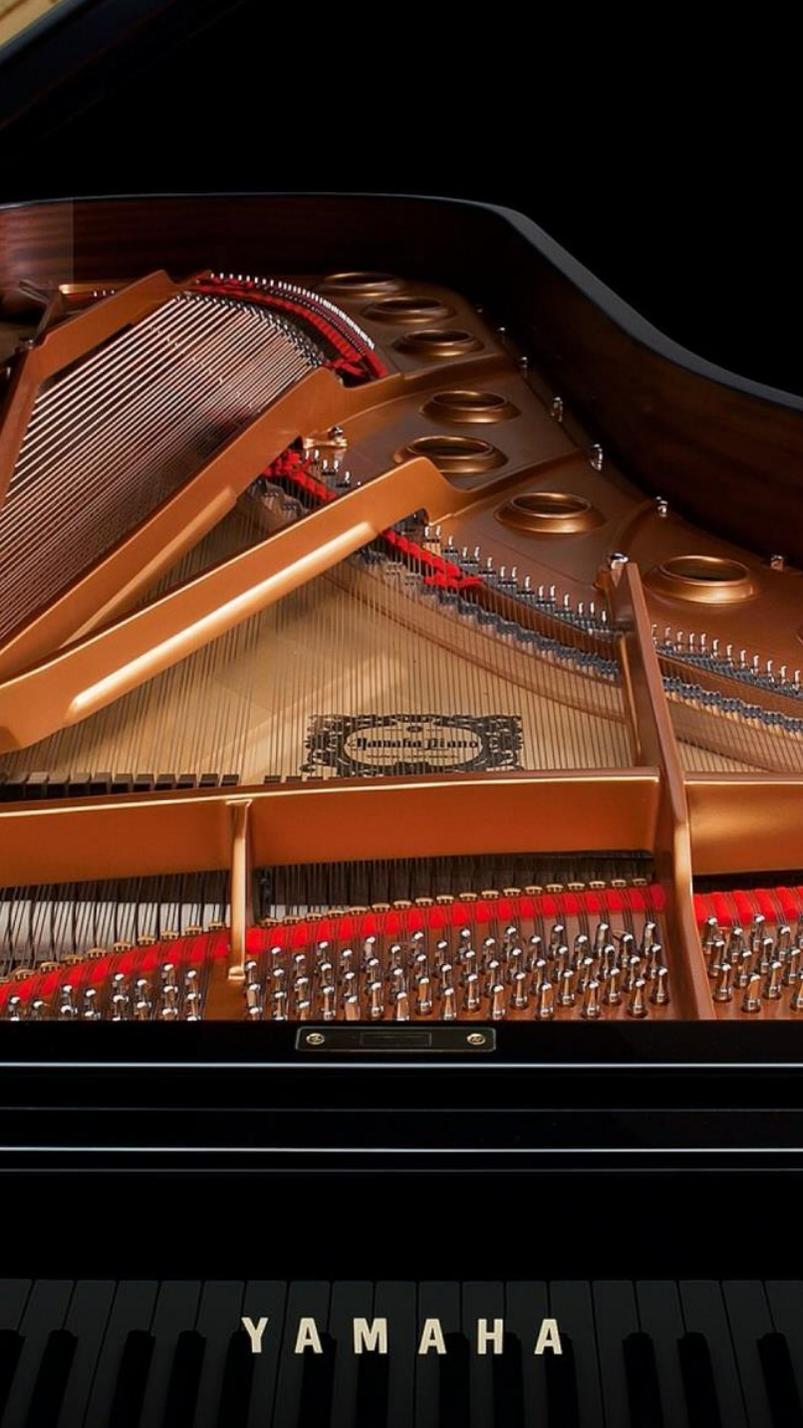
[1Q overview]

- Brisk sales in factory automation equipment were driven by strong order since the previous year. Robust sales continued in automobile interior wood components due to expansion of customers.

[Full year projections]

- Electronic devices is expected to see double-digit growth spurred by on-board communication module sales.





3. Other Financial Figures

Y A M A H A

Balance Sheet Summary

*Full year projections remain unchanged from the previous announcement (on May, 2018)

(billions of yen)

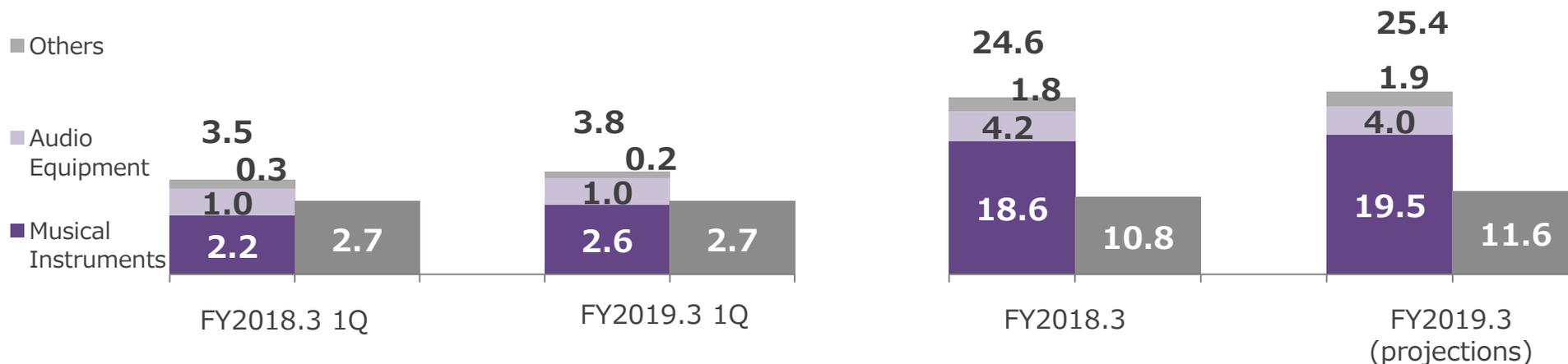
	As of June 30, 2017	As of June 30, 2018	Change	As of Mar. 31, 2018	As of March 31, 2019 (projections)	Change
Cash and deposits	102.7	112.5	+9.8	122.7	119.9	-2.8
Notes and accounts receivable	51.0	53.6	+2.6	55.3	58.5	+3.2
Inventories	100.1	99.3	-0.8	94.1	91.0	-3.1
Other current assets	15.0	15.7	+0.7	17.4	18.3	+0.9
Fixed assets	263.9	250.8	-13.1	262.8	275.7	+12.9
Total assets	532.7	531.9	-0.8	552.3	563.4	+11.1
Notes and accounts payable	18.9	20.7	+1.8	19.9	20.4	+0.5
Short- and long-term loans	18.0	15.4	-2.6	11.1	9.9	-1.2
Other liabilities	114.3	110.8	-3.5	133.0	116.8	-16.2
Total net assets	381.5	385.0	+3.5	388.3	416.3	+28.0
Total liabilities and net assets	532.7	531.9	-0.8	552.3	563.4	+11.1

Capital Expenditure/Depreciation, R&D Expenses

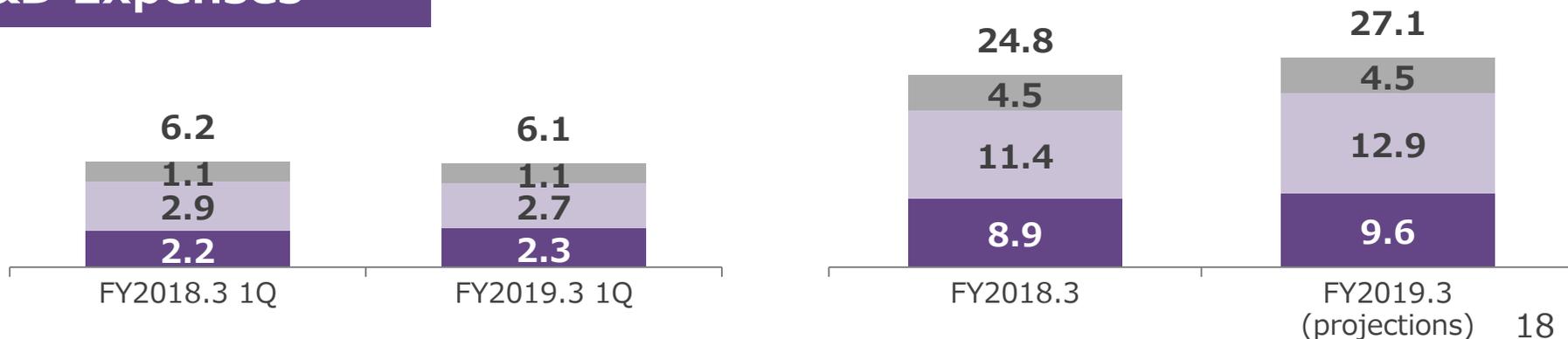
*Full year projections remain unchanged from the previous announcement (on May, 2018)

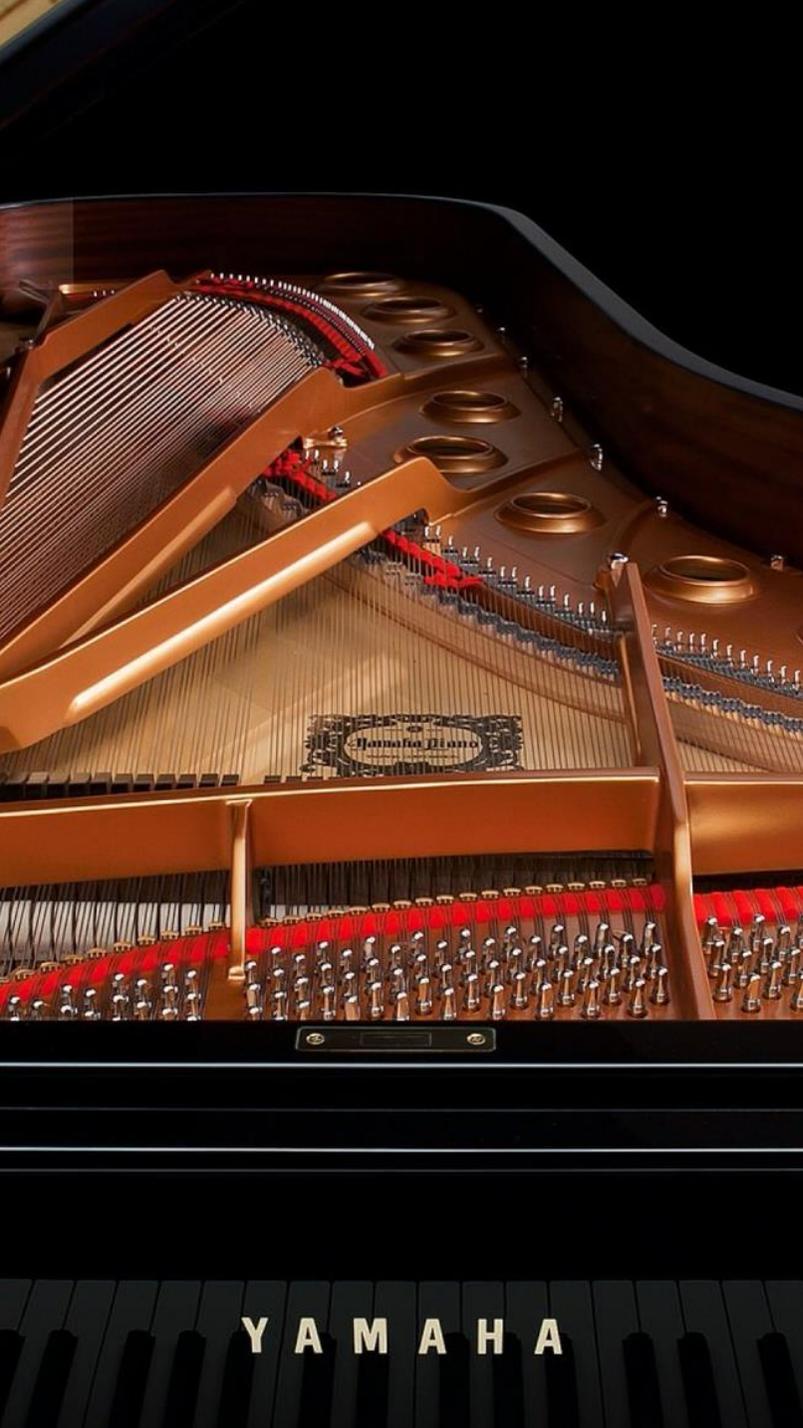
(billions of yen)

Capital Expenditure/ Depreciation



R&D Expenses





Appendix

1Q Non-Operating Income/Loss, Extraordinary Income/Loss

(billions of yen)

	FY2018.3 1Q	FY2019.3 1Q	
Non-Operating Income/Loss	Net financial income	0.4	0.4
	Other	-0.8	-0.2
	Total	-0.4	0.2
Extraordinary Income/Loss	Income from (loss on) disposal of fixed assets	0	0
	Others	-0.2	0.1
	Total	-0.2	0.1
Income Taxes and Other Expenses	Income taxes -current	2.1	3.2
	Income taxes -deferred	-0.5	1.1
	Net income attributable to non-controlling interests	0.1	0
	Total	1.7	4.3

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

*Full year projections remain unchanged from the previous announcement (on May, 2018)

(billions of yen)

	FY2018.3 Full year	FY2019.3 Full year (projections)	
Non-Operating Income/Loss	Net financial income	4.3	3.5
	Other	-3.9	-3.5
	Total	0.4	0
Extraordinary Income/Loss	Income from (loss on) disposal of fixed assets	-0.2	0
	Others	25.5	0
	Total	25.2	0
Income Taxes and Other Expenses	Income taxes -current	21.4	13.7
	Income taxes -deferred	-1.3	1.2
	Net income attributable to non-controlling interests	0	0.1
	Total	20.1	15.0

-Gain on sales of
Yamaha Motor Co., Ltd.
shares +¥25.8

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 projections 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.