

Analyst and Investor Briefing on FY2020.3

(Fiscal year ended March 31, 2020)



May 27, 2020

Yamaha Corporation

FY2020.3 Full Year Highlights

Overview

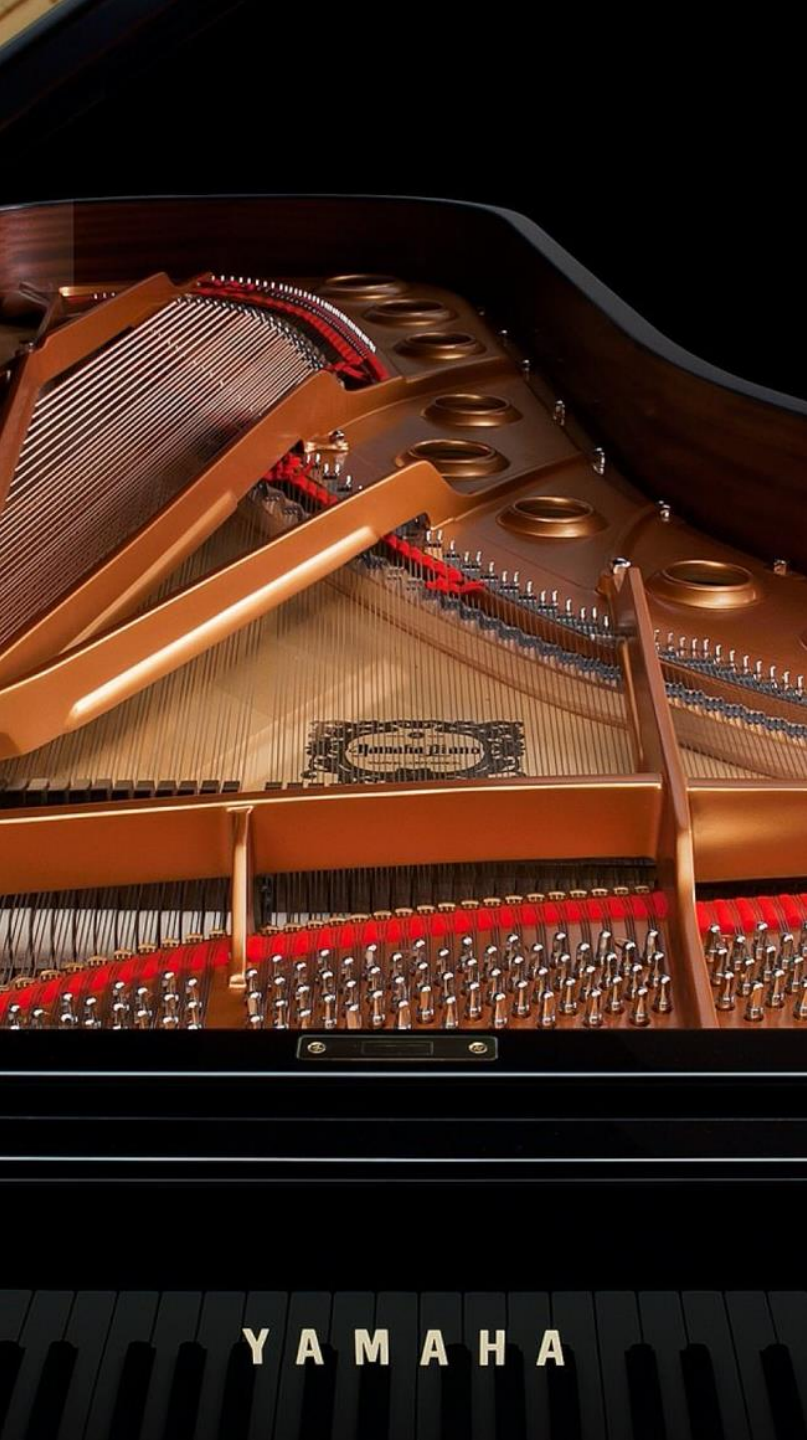
Performance in FY2020.3 (results)

- Revenue and profit both declined year-on-year. The main factors behind these decreases were the impacts of the COVID-19 pandemic and exchange rates, and a sluggish market for industrial machinery and components.
- Although musical instrument sales were robust, revenue fell due to the impact of COVID-19.
- Core operating profit declined as a result of lower sales and production due to the impact of COVID-19 and incurrence of one-time expenses.
- Net profit decreased. In addition to the decline in core operating profit, this was caused by losses from suspension of operations and recording of impairment losses for fixed assets.

Outlook

Full Year Forecasts for FY2021.3

- The impact of COVID-19 is currently causing a high degree of uncertainty, and forecasts will be announced when reasonable projections can be made.



1. Performance Summary

FY2020.3 Summary

(billions of yen)

	FY2019.3	FY2020.3	Change (YoY)	
Revenue	434.4	414.2	-20.1	-4.6% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	52.7 (12.1%)	46.4 (11.2%)	-6.4	-12.1%
Net Profit ^{*1}	40.3	34.6	-5.7	-14.2%

Exchange Rate (yen)

Revenue (Average rate during the period)	US \$	111	109
	EUR	128	121
Profit (Settlement rate)	US \$	111	109
	EUR	131	122

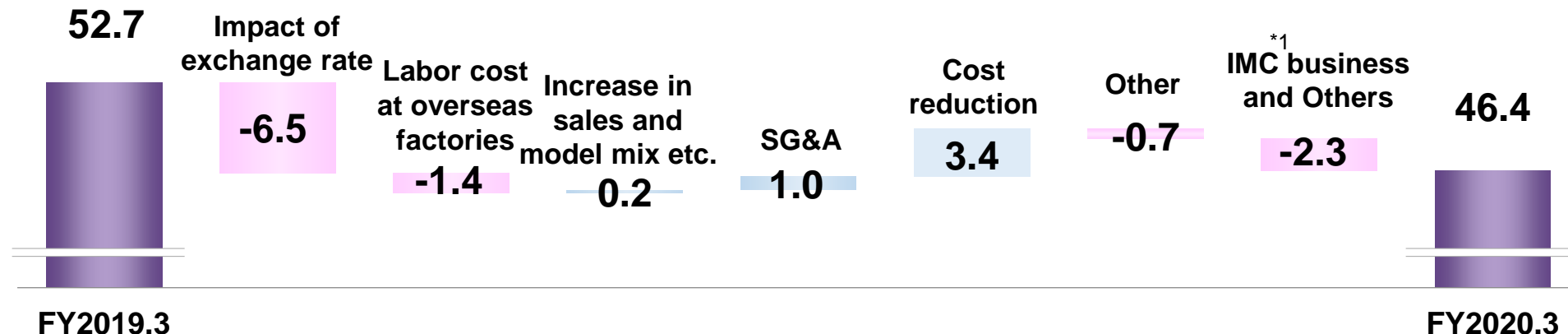
^{*2} -1.6%
(Excluding the impact of exchange rate)

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

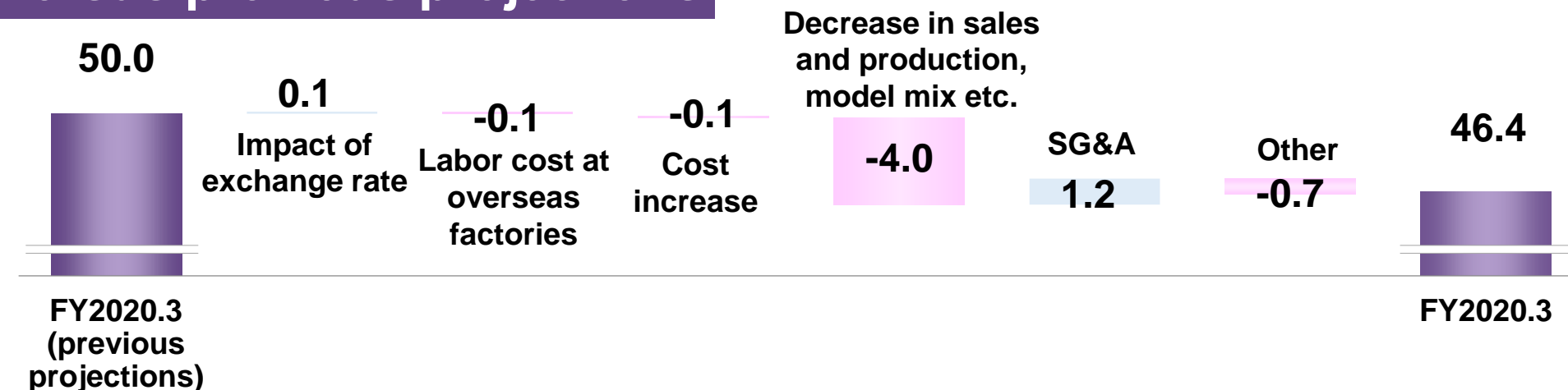
Core Operating Profit Analysis

Versus previous year

(billions of yen)



Versus previous projections



*1 Industrial Machinery and Components

Performance by Business Segment

(billions of yen)

		FY2019.3	FY2020.3	Change	Exchange rate impact
Musical Instruments	Revenue	279.5	269.4	-10.1	-9.1
	Core Operating Profit	40.8	37.8	-3.1	-4.8
	Core Operating Profit Ratio	14.6%	14.0%	-0.6P	
Audio Equipment	Revenue	120.1	114.4	-5.8	-3.8
	Core Operating Profit	9.6	8.6	-1.0	-1.7
	Core Operating Profit Ratio	8.0%	7.5%	-0.5P	
IMC^{*1} Business and Others	Revenue	34.8	30.5	-4.3	-0.1
	Core Operating Profit	2.3	0	-2.3	-0
	Core Operating Profit Ratio	6.7%	0.1%	-6.6P	

*1 Industrial Machinery and Components

Impact of COVID-19

Impact of COVID-19 on FY2020.3 Revenue

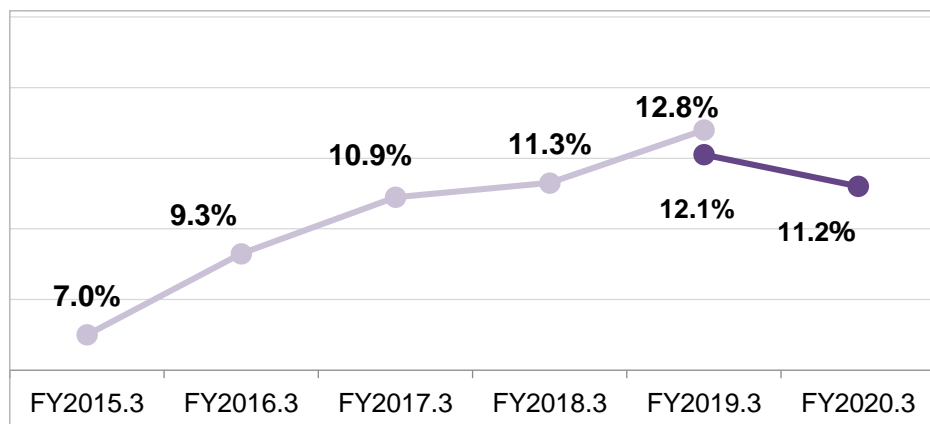
(billions of yen)

	Japan	North America	Europe	China	Other regions	Total
Musical Instruments	-2.9	-1.7	-0.4	-4.1	-0.8	-9.9
Audio Equipment	-0.3	-1.5	-0.6	-0.8	-0.3	-3.5
IMC Business and Others	-0.3	—	—	—	—	-0.3
合計	-3.5	-3.2	-1.0	-4.9	-1.1	-13.7

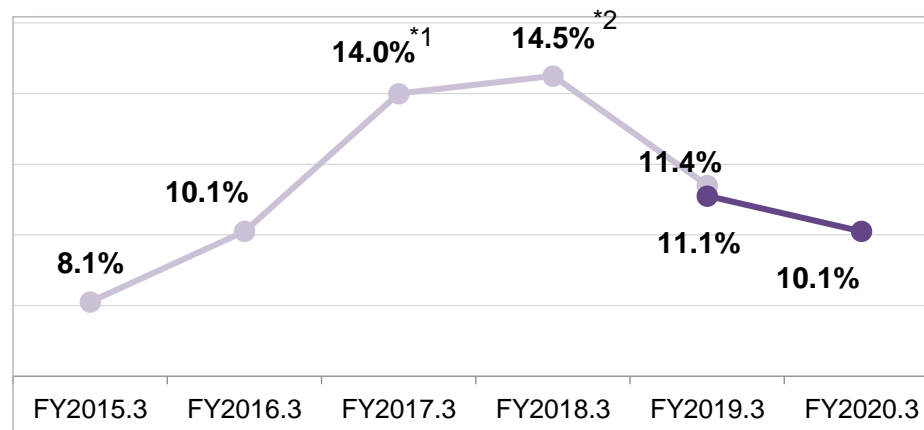
Above figures were announced on May 7, 2020

Key Management Figures

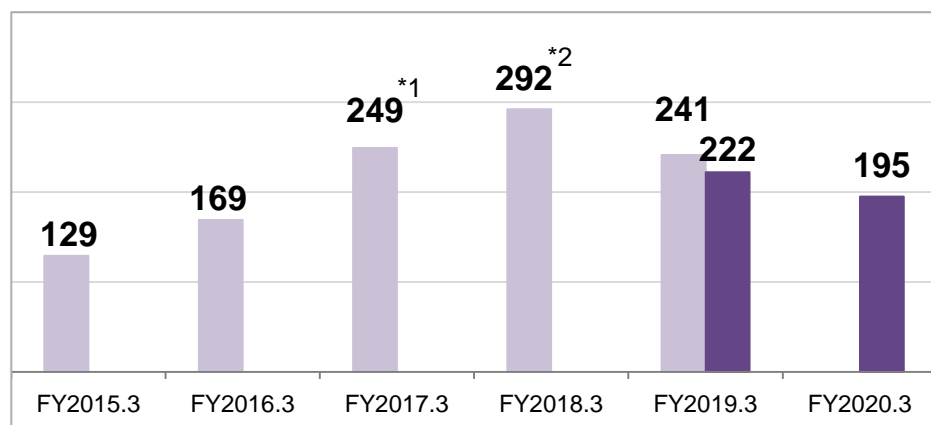
Operating Income Ratio/Core Operating Ratio



ROE

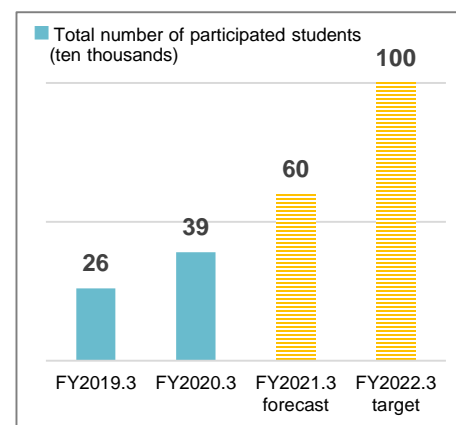


Earnings per Share (yen)

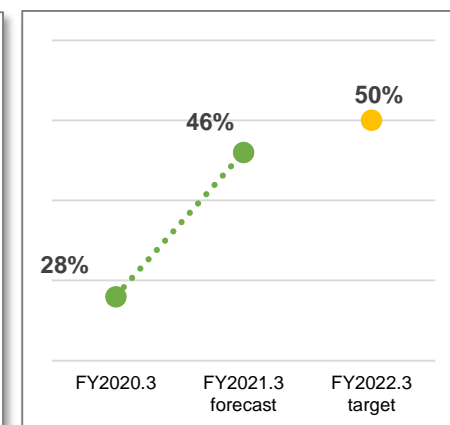


■ J-GAAP: FY2015-FY2019.3
 ■ IFRS: FY2019 onwards

Promoting musical instrument education in school music lessons

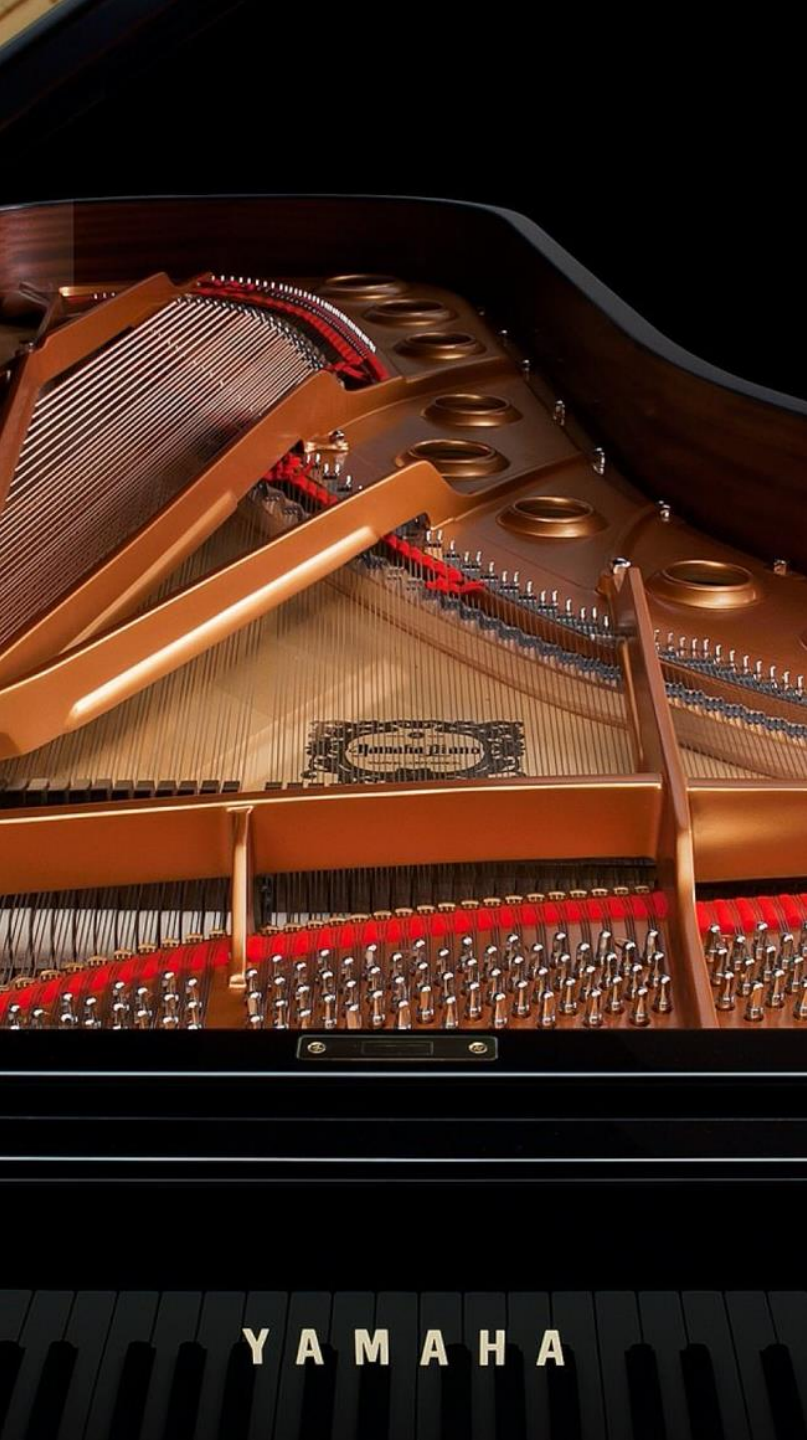


Expanding the utilization rate of certified timber



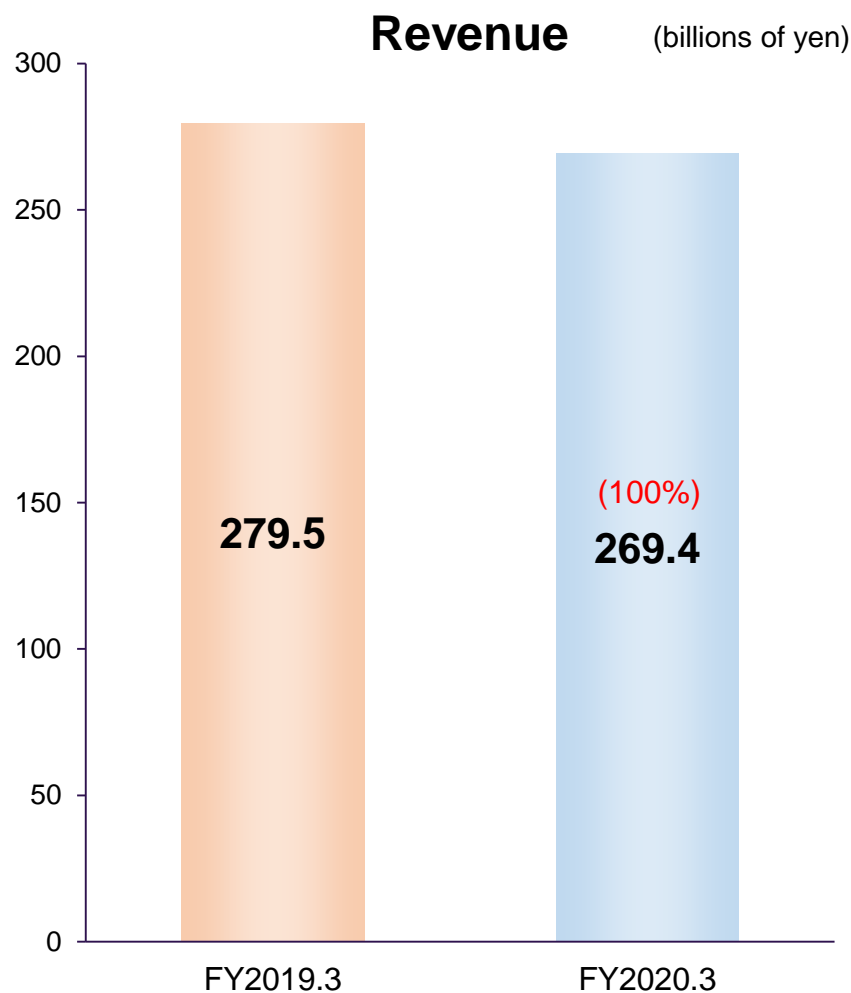
*1 Figure includes deferred tax assets

*2 Figure includes gains from a partial sale of shares in Yamaha Motor Co., Ltd.



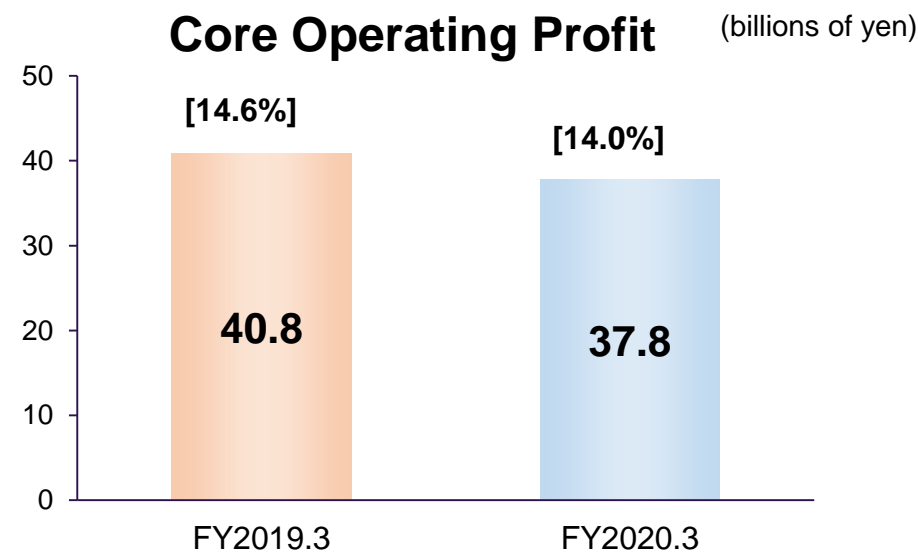
2. Segment Overview and Updates

Segment Revenue and Core Operating Profit



FY2020.3 Strong sales up to 3Q, but revenue down year-on-year due to impact of COVID-19

- Piano sales declined due to lower performance in China hit by the impact of COVID-19 and the relatively high ratio of store sales. Sales of digital musical instruments rose due to thriving e-commerce. Wind instrument sales increased except in Japan, and guitar sales were up in all regions, driven by growth in e-commerce.
- By region, sales increased in all regions except Japan. Results in Europe and emerging markets were in line with projections.



Revenue by Major Product Category

(billions of yen)

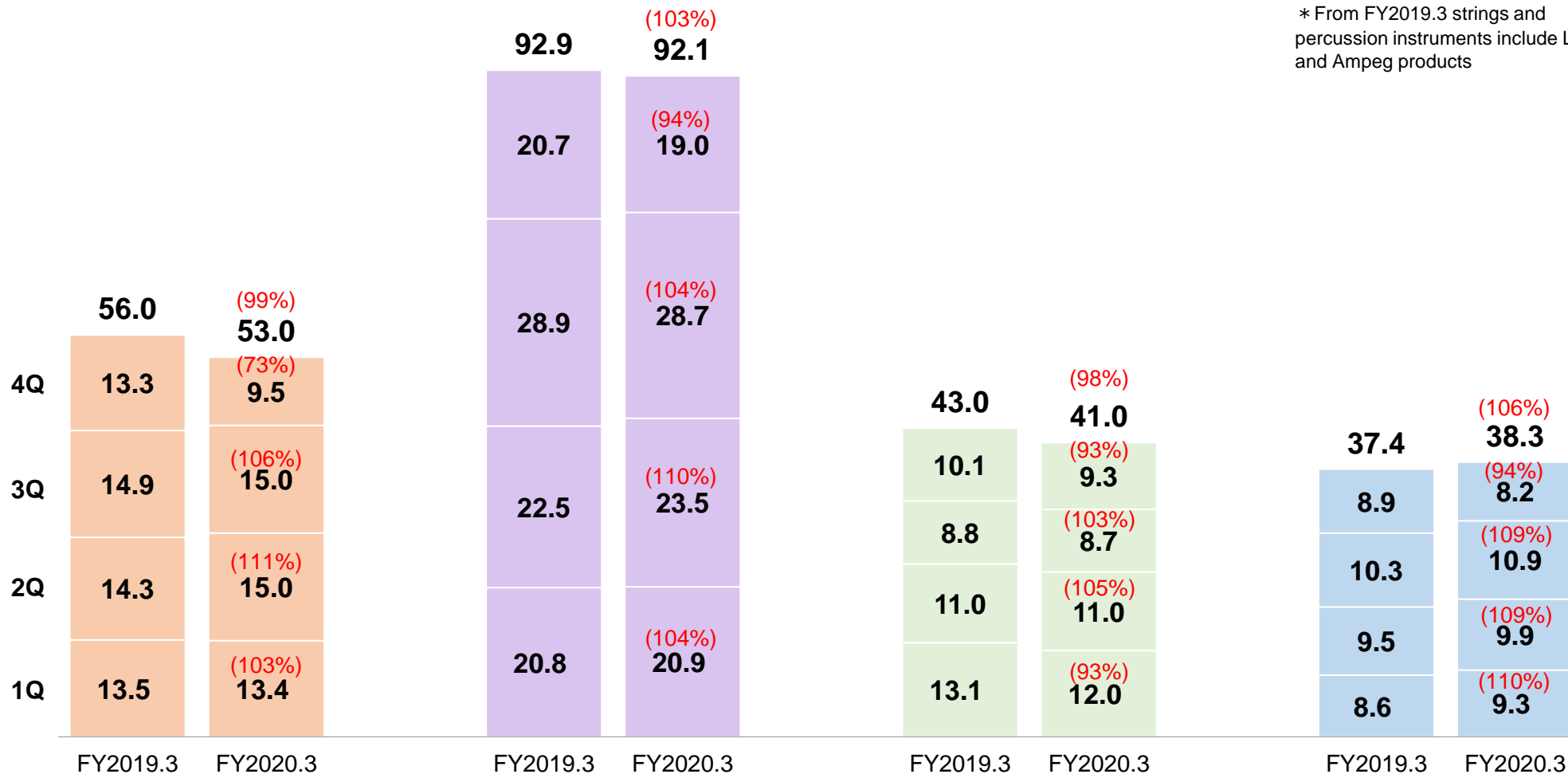
Pianos

Digital Musical Instruments

Winds

Strings/ Percussion

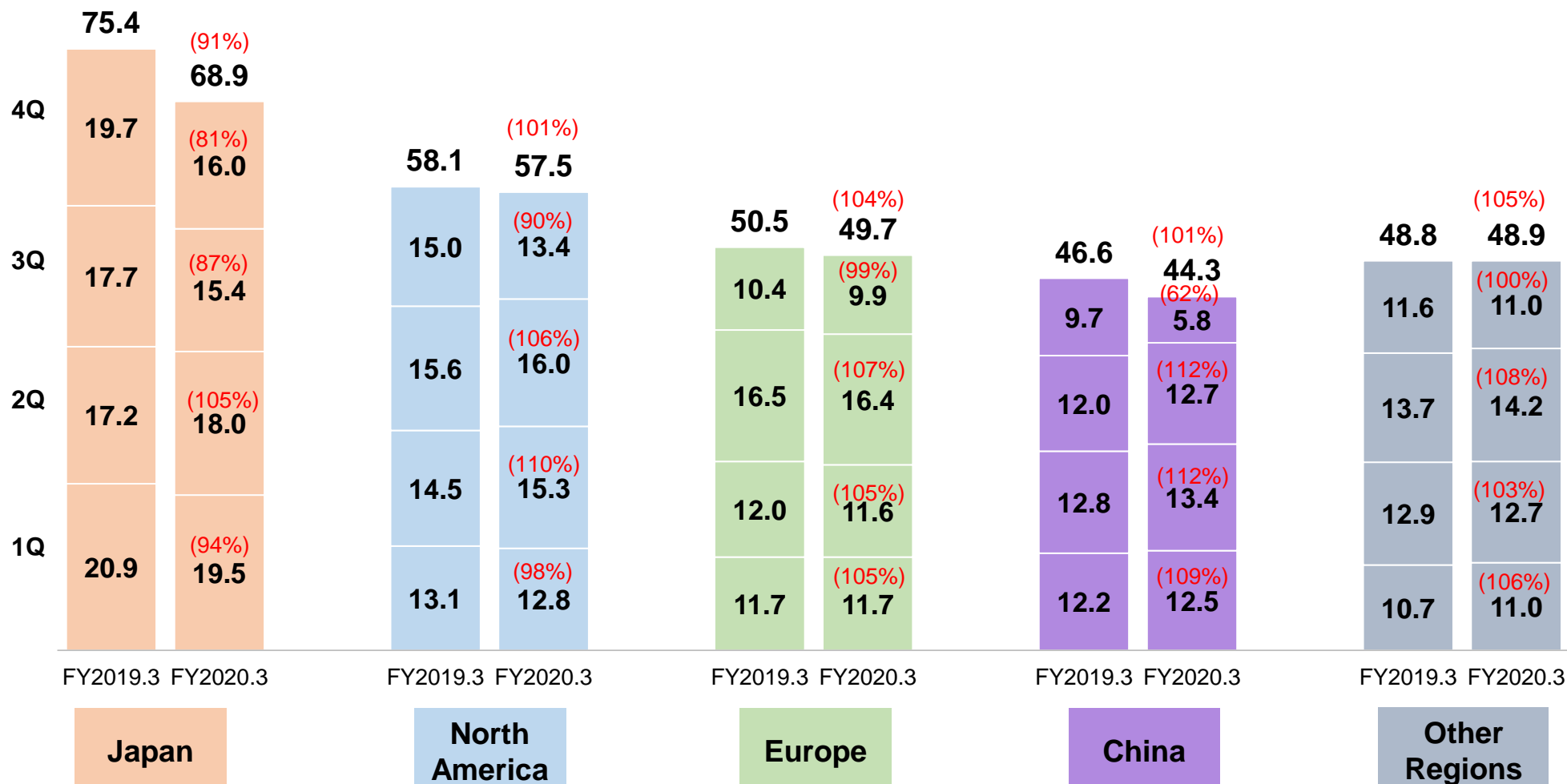
* From FY2019.3 strings and percussion instruments include Line 6 and Ampeg products



Red figures show actual YoY changes discounting impact of exchange rates

Revenue by Region

(billions of yen)



* Software products and music schools included
 Red figures show actual YoY changes discounting impact of exchange rates

Develop Products with Distinctive Individuality

Distinctive product line-up fusing a wide range of technologies

Clavinova digital piano CVP-800 series



CVP-809PE

GRANDTOUCH
KEYBOARD

Realistic touch and response, paired with the unmistakable tone of the finest concert grand pianos ever made, the Clavinova CVP-809 delivers expressive capabilities and a dynamic range that redefines the standard for digital pianos today.

Stage keyboard YC61



Designed for gigging keyboardists, the YC61 features a newly designed Virtual Circuitry Modeling (VCM) Organ engine with physical drawbars, extensive real time control and authentic Acoustic/Electric Piano and FM synth sound.

Portable mini keyboards Remie (PSS-E30) PSS-A50



The Remie (PSS-E30) features beautiful sound, a keyboard made for small hands, and a songbook designed to help you guide the beginner player in your home.



From performing to recording, PSS-A50 mobile keyboard can do it all.

Develop Products with Distinctive Individuality

Distinctive product line-up fusing a wide range of technologies

Electric guitars Pacifica 112 series



2020 Spring New Color
 -United Blue
 -Vintage White
 -Grey
 -Ice Blue
 -Sonic Pink

The ever-popular Pacifica 112V entry-model electric guitars are now available in a fashionable lineup of fresh color options.

Acoustic-electric nylon-string guitar NX series



The new NX series incorporate the unparalleled Atmosfeel™ pickup system, which provides consistently superb sound regardless of volume level making it especially appealing to performing guitarists.

SILENT Bass SLB300



The SLB300 is a brand-new type of electric upright bass that achieves natural sound and resonance by using the SRT POWERED system to simulate studio-quality sound.

Develop Products with Distinctive Individuality

Worldwide acclaim for Yamaha Design supports Yamaha growth and the brand enhancement

Yamaha products won internationally recognized German design awards of iF DESIGN AWARD and Red Dot Award: Product Design 2020

Stage piano CP88/CP73



The CP88/CP73 stage pianos boast authentic acoustic and electric piano sound, realistic piano touch, and an intuitive one-to-one user interface.

Sonogenic SHS-500 Keytars



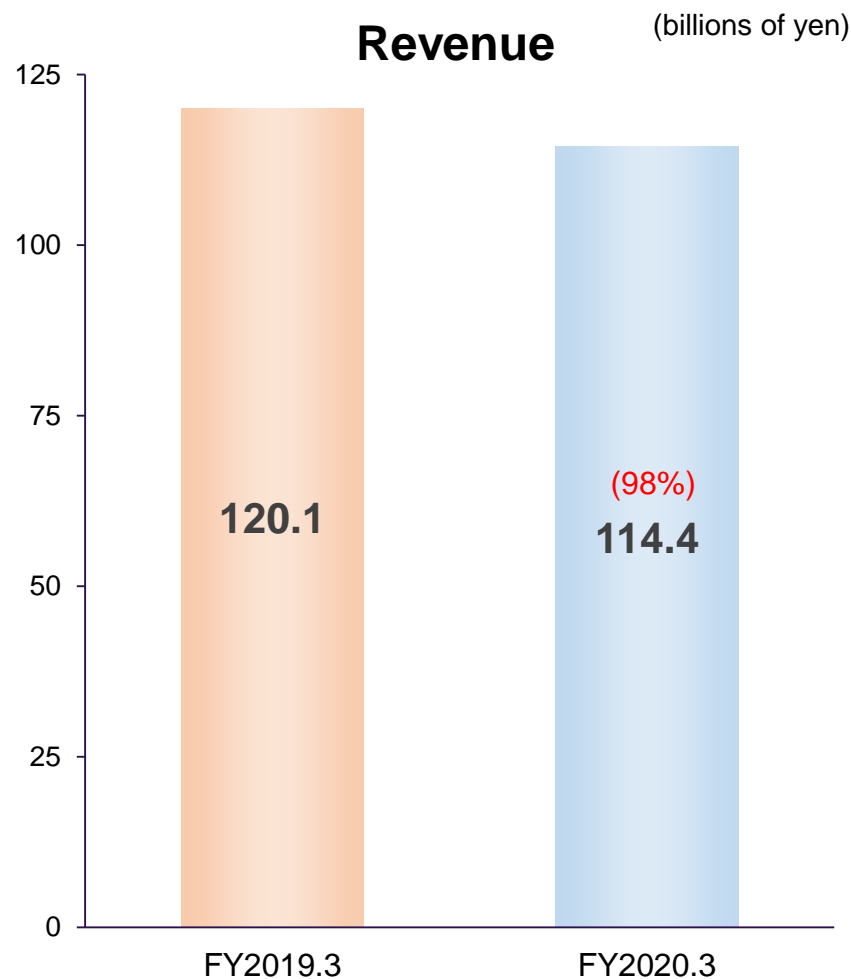
The Sonogenic SHS-500 is a "keytar," a digital keyboard that can be held like a guitar, designed to allow anyone to experience the fun of musical performance immediately, even if they've never played a keyboard before.

Acoustic guitar STORIA



STORIA fits into various lifestyles with modern aesthetics delivering rich tones and excellent playability.

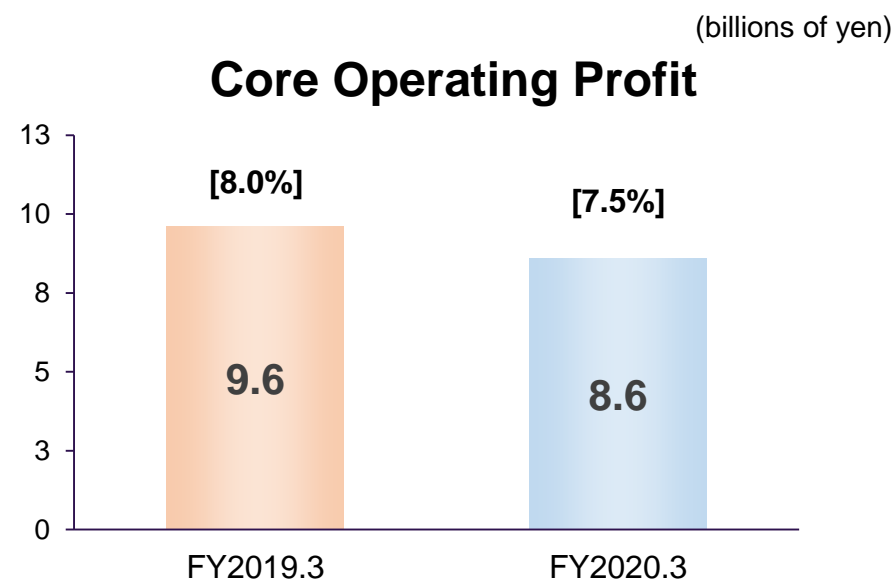
Segment Revenue and Core Operating Profit



FY2020.3 Although AV product sales were down year-on-year, sales of PA equipment increased

- **AV products:** sales fell as receiver markets degenerated and the impact of COVID-19 in North America hampered shipments.
- **PA equipment:** sales slowed as the live performance market fell into distress and deliveries in the CA equipment market were postponed.
- **ICT devices, etc.:** demand for unified communication (UC) products* increased, and although reduced OEM sales in China had an impact, overall ICT sales were in line with projections.

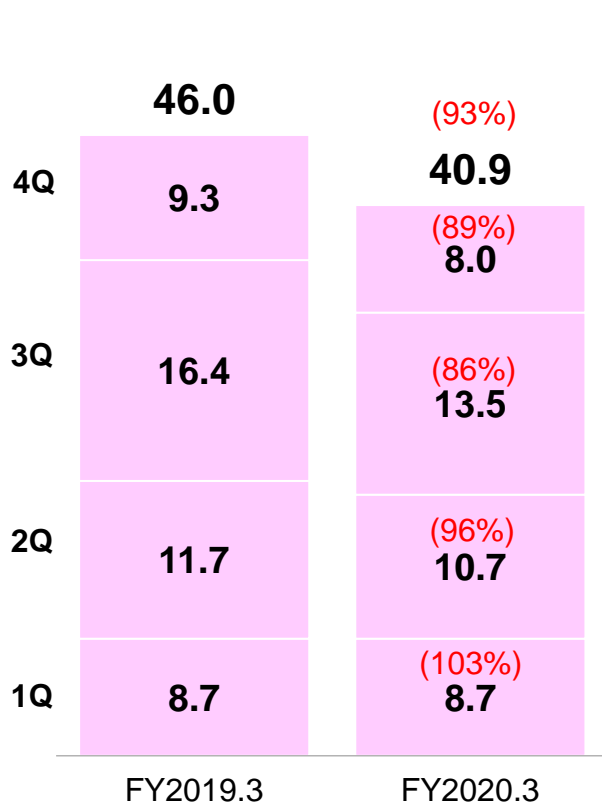
*UC products: conference systems



Revenue by Major Product Category

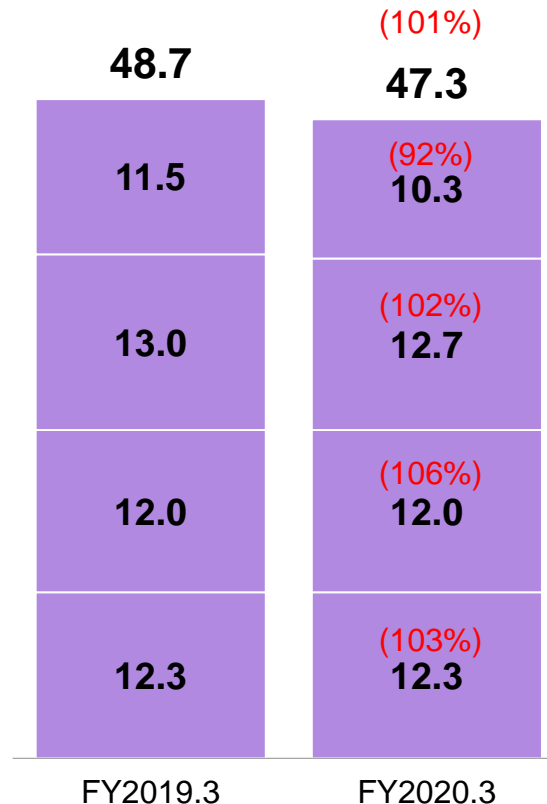
(billions of yen)

AV Products

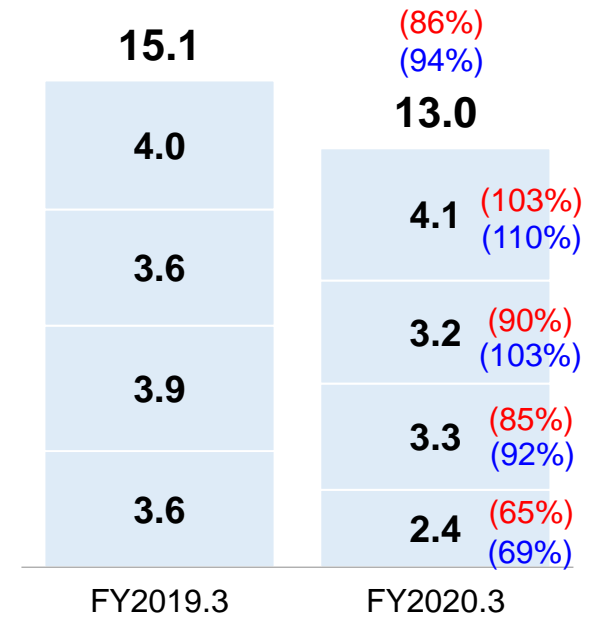


PA Equipment

*Includes only sales of products for PA Equipment (excluding engineering and installation services)

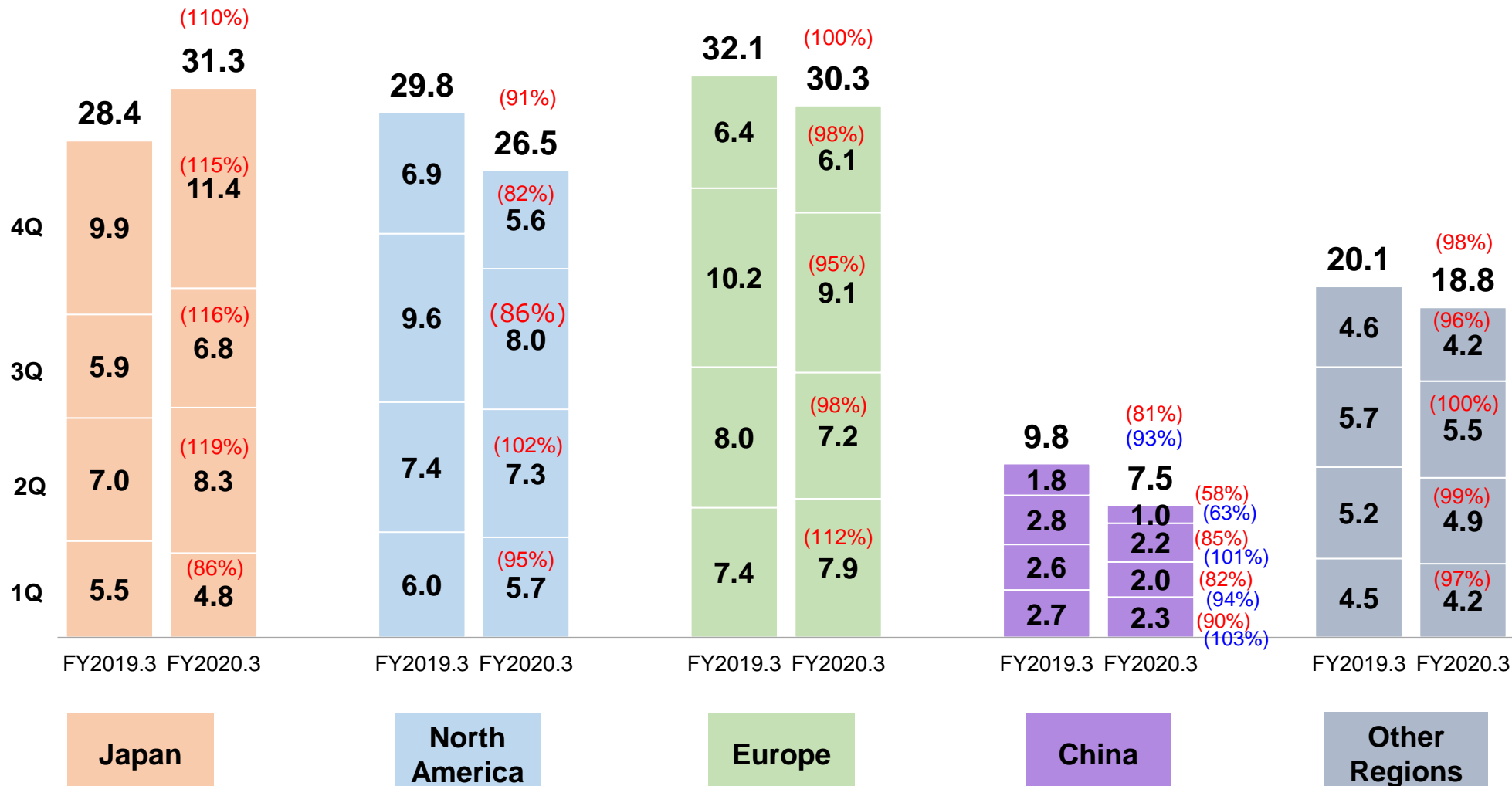


ICT Devices



Revenue by Region

(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

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

Develop Products with Distinctive Individuality

Strong product lineups to meet diverse needs

**Bluetooth® earphones
TW-E3A**



The new TW-E3A Bluetooth® earphones incorporate Yamaha's original Listening Care technology which optimizes the sound balance according to the volume

**Integrated amplifiers
A-S3200, A-S2200, AS1200**



A-3200



The flagship integrated amplifier pays homage to unparalleled musical history while embodying the latest in Hi-Fi innovation. An expressive, dynamic instrument that effortlessly delivers music with all its emotion.

**NEXO point source loudspeaker
P+ series P10, P8**



P10

P8



The P+ series are the most versatile point source loudspeakers in the business

Develop Products with Distinctive Individuality

Strong product lineups to meet diverse needs



Music production software
Cubase 10.5



Audio production mastering software
WaveLab 10



Music notation software
Dorico Pro
Dorico Elements



Audio interface
AXR4U

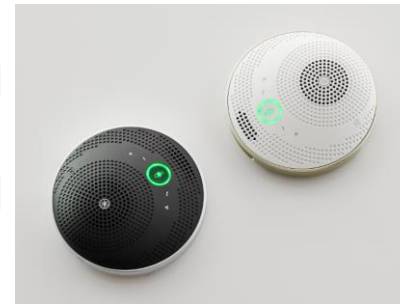
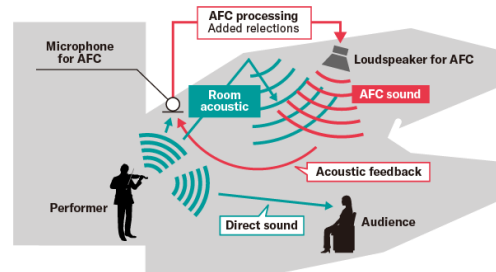


USB audio interface
UR24C



Acoustic field control system AFC4

Active Field Control (AFC) is an acoustic conditioning system designed to adjust and enhance the sound of a space while making use of the natural acoustic properties of the existing structure.



Conference phone YVC-200



Strong sales of conference phones which helps teleworkers to improve work-from-home productivity under COVID-19 pandemic

Develop Products with Distinctive Individuality

Yamaha awarded 1st place in the network device category of the Partner Satisfaction Survey 2020 published by Nikkei Computer magazine for the two consecutive years

Following on the 1st place award in the network device of the Customer Satisfaction Survey 2019-2020 published in the August 22, 2019 issue of Nikkei Computer magazine, Yamaha again placed 1st in the network device category of the Partner Satisfaction Survey 2020 published in the February 20, 2020 issue of Nikkei Computer magazine.



Customer Satisfaction Survey 2019-2020

Yamaha's corporate clients rated the company operability, highly supportive, and cost.



Partner Satisfaction Survey 2020

This award recognizes high rankings by business partners including system integrators and consulting firms and Yamaha was highly rated for its product, cost competitiveness, and profitability

Wireless LAN access point WLX212

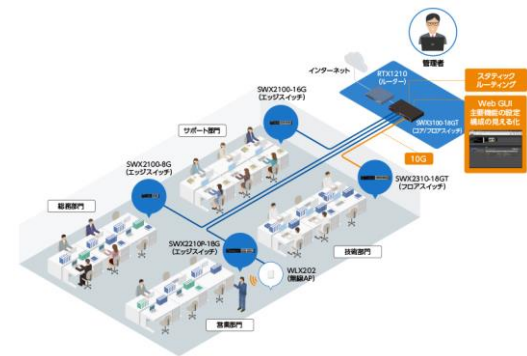


Supports Yamaha's original cloud-based integrated network management service

Intelligent L2 switch SWX2310 series

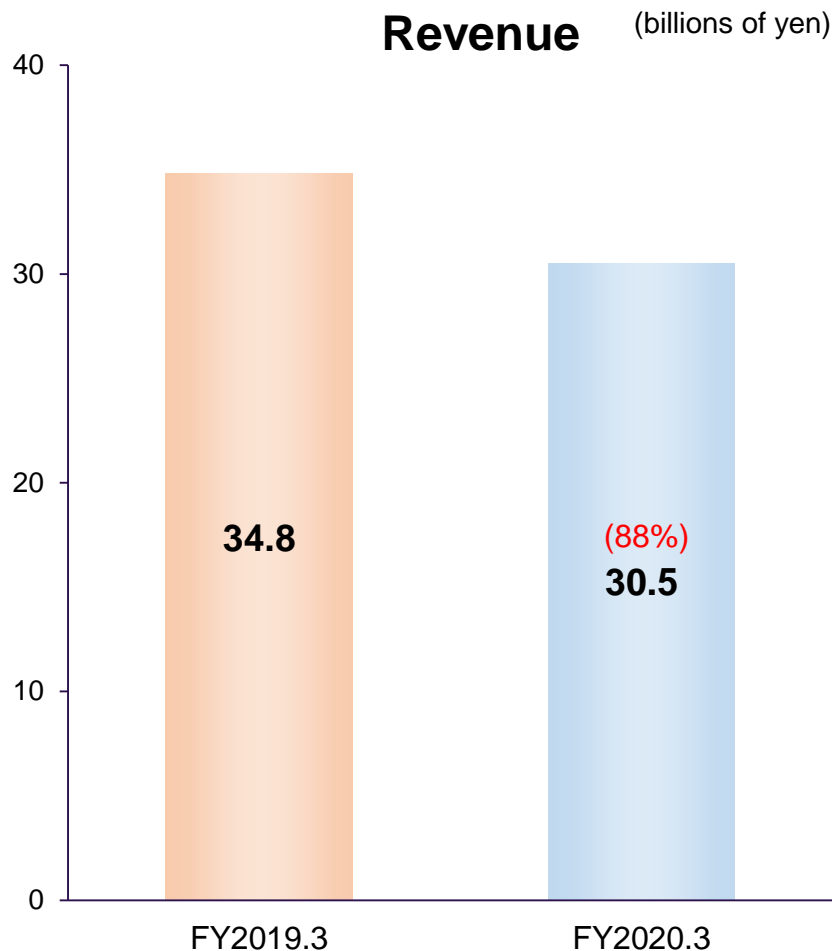


Enables LAN set-up and management for various network sizes



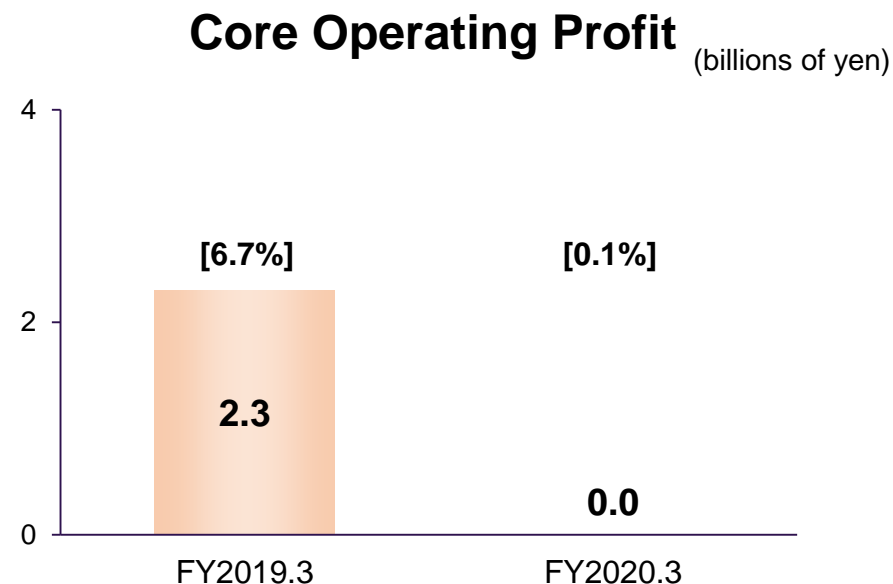
Provides a safer and more secure network for customers who use medium-sized networks or larger

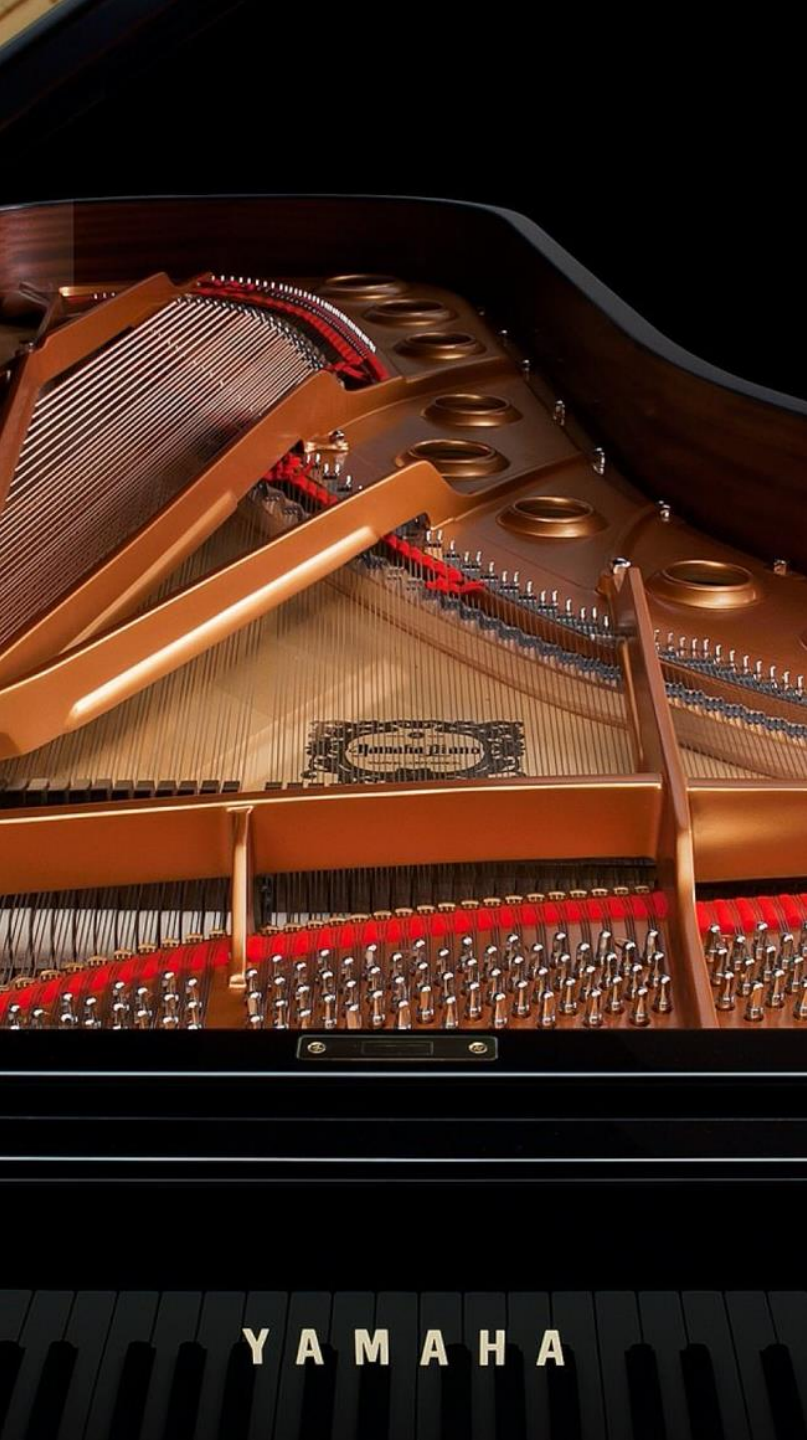
Segment Revenue and Core Operating Profit



FY2020.3

- Although electronic device sales increased year-on-year, market conditions for factory automation equipment did not recover, and demand fell well short of the previous year, when there were special orders.





3. Other Financial Figures

Balance Sheet Summary

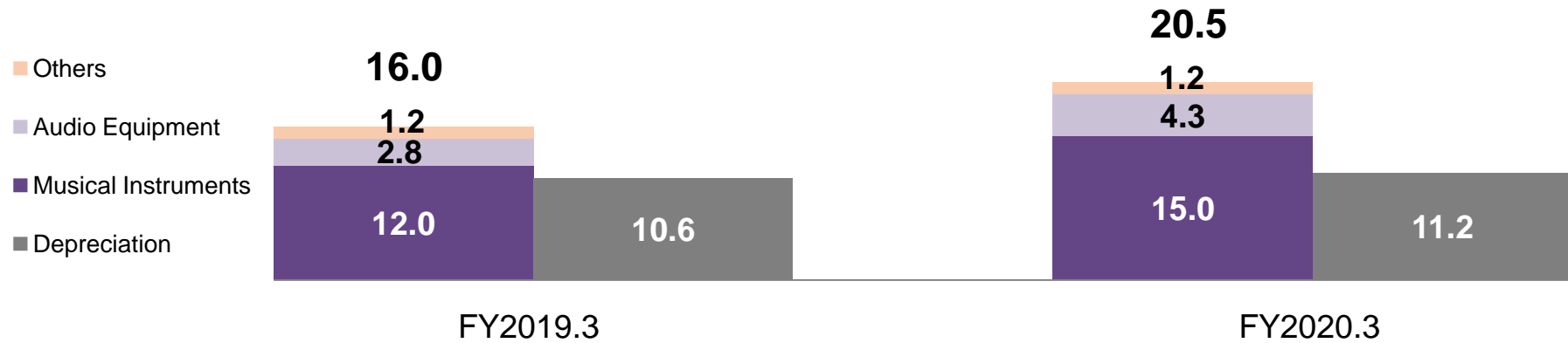
(billions of yen)

	As of March 31, 2019	As of March 31, 2020	Change
Cash and cash equivalents	95.8	92.7	-3.1
Trade and other receivables	65.3	58.1	-7.3
Other financial assets	10.5	12.9	+2.4
Inventories	101.0	100.1	-0.9
Other current assets	10.1	6.5	-3.7
Non-current assets	233.1	203.8	-29.3
Total Assets	515.9	474.0	-41.9
Current liabilities	100.4	99.1	-1.3
Non-current liabilities	56.5	48.4	-8.0
Total equity	359.0	326.5	-32.6
Total liabilities and equity	515.9	474.0	-41.9

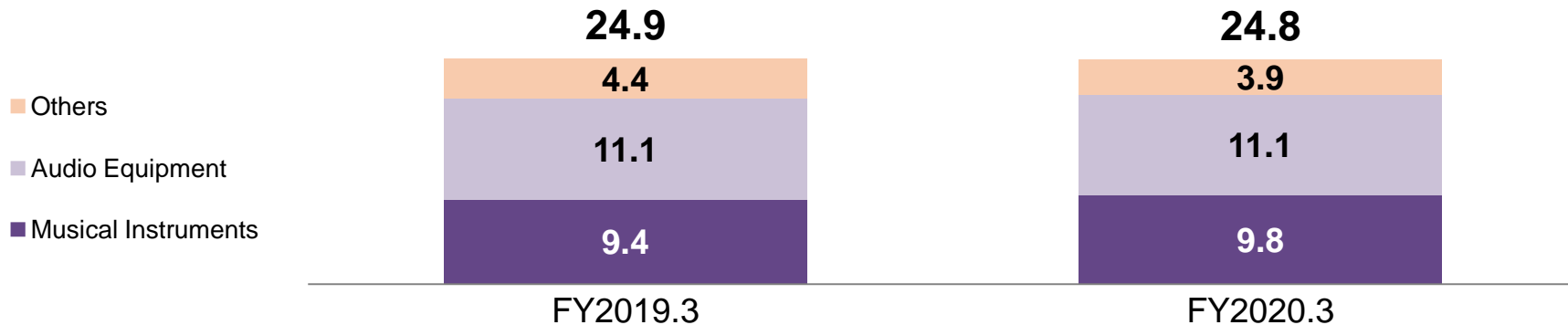
Capital Expenditure/Depreciation, R&D Expense

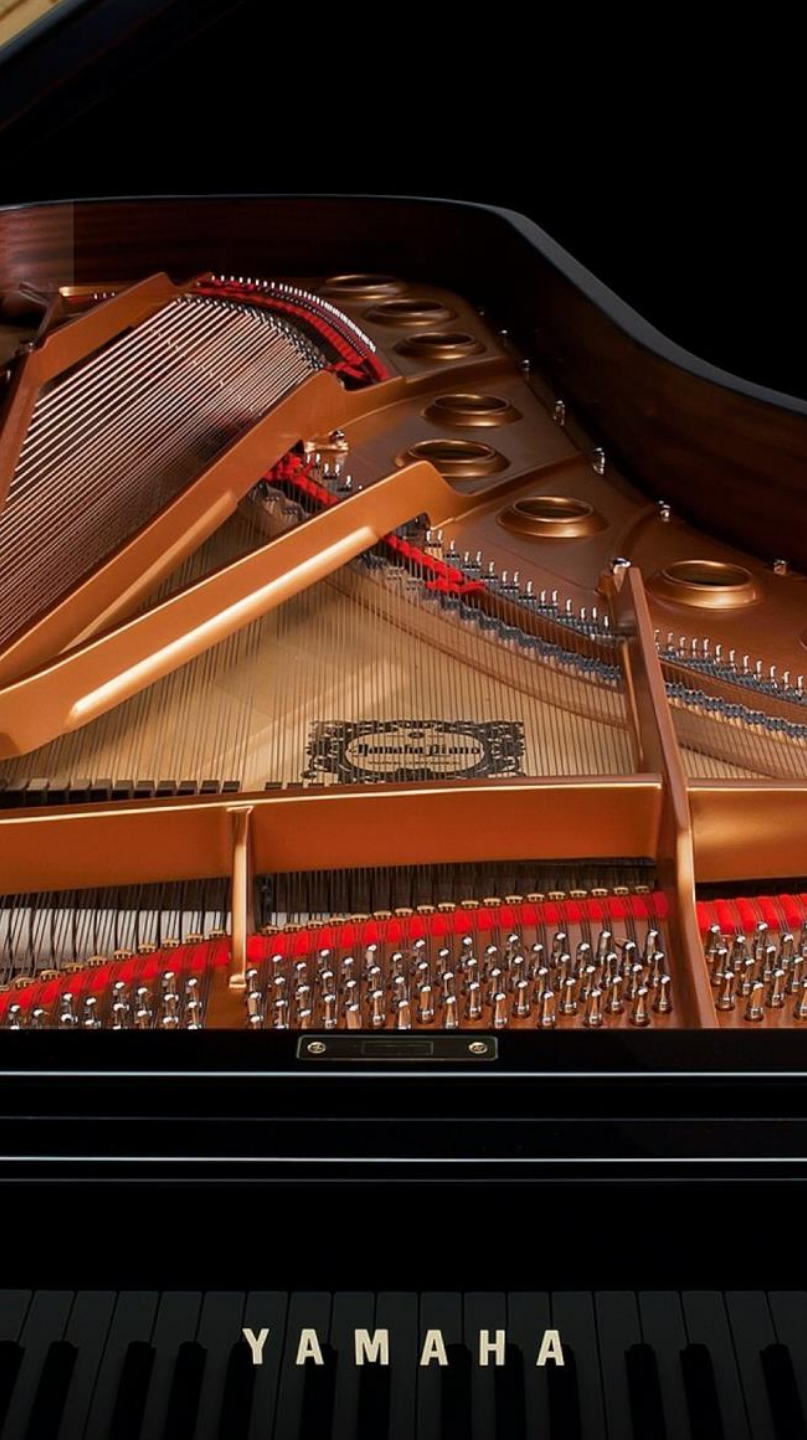
(billions of yen)

Capital Expenditure/Depreciation



R&D Expenses





4. ESG

Environment

Sustainable wood procurement initiatives

Expanded use of certified timber from sustainable forests

As of March 31, 2020, 28% of timber used was certified as sustainable. This is projected to rise to 46% by March 31, 2021, as a result of surveys and negotiations conducted. Steady progress is being made towards the Medium-Term Management Plan target of 50%.



Local site survey

Developing environmentally friendly products

Promote Yamaha Eco-Products Program to certify environmentally friendly products that meets standards established by Yamaha

46 models were certified as Eco-Products, exceeding the 40 models targeted for the fiscal 2020 (425 models certified in total)



**Intelligent L2 switch
SWX2310 series**

The reason for certification:
energy conservation
(achieved 125% of the energy consumption efficiency standards of the Japan Energy Conservation Act)



**Desktop audio system
TSX-B237**

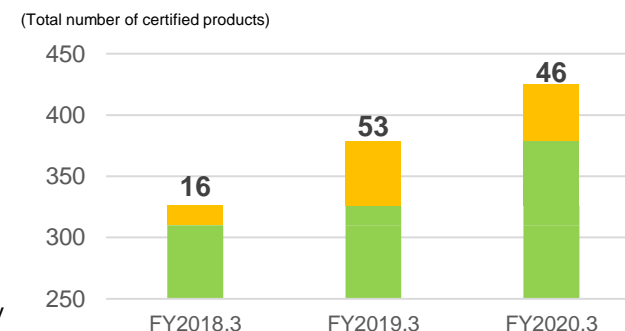
The reason for certification:
energy conservation
(low networked standby power consumption)



**Digital mixer
RIVAGE PM5**

The reason for certification:
weight reduction
(significant weight reduction by changing the main materials)

Number of certified products per fiscal year



Social

Steady advance of instrumental music education in emerging countries

Expanded School Project aimed at giving more children the opportunity to play a musical instrument



Provided packages of instructors, programs, and musical instruments to elementary schools in emerging countries to create environments enabling extracurricular music lessons

Countries promoting School Project



Total students participated in the Project

	Number of students
FY2019.3	260,000
FY2020.3	390,000

Other region (Egypt)

JICA* decided to adopt Yamaha's project as SDGs Business Model Formulation Survey with the Private Sector.

https://www.jica.go.jp/press/2019/20200205_10.html (in Japanese only)

*Japan International Cooperation Agency

Social

Yamaha received a Grand Award for The SoundUD Consortium

Awarded the first grand prize as a company-related measure



IAUD International Design Award

The International Association for Universal Design (IAUD) conducts activities aimed at achieving its basic objective: "To contribute to the healthy development of society, and improve the welfare of humanity as a whole, through further disseminating and actualizing of Universal Design (UD)." IAUD International Design Award recognized groups and individuals who have conducted or proposed particularly noteworthy activities aimed at realizing a UD society in which everyone - regardless of age, gender, nationality, ethnicity, culture, nationality, customs, or other factors - can live comfortably, without feeling any undue inconvenience.

SoundUD Consortium

The goal of this initiative is to help deliver a UD society by making public announcements and other forms of sound information available to all in forms they can readily understand and in all situations and environments, especially those that involve emergency announcements, a global gap in translation technology. There are now about 300 organizations participating in the consortium across industries, including municipalities, transportation, commercial facilities, entertainment, stadiums and broadcasting.



Send cheers of remote spectators to the stadium Remote Cheerer powered by SoundUD



New technology to deliver cheers and jeers to the stadium from your own home while watching TV or Internet broadcasts

Demonstration experimented in May 2020

Evaluation of Yamaha Group employee health management initiatives

Recognition under the 2020 Certified Health and Productivity Outstanding Organizations Program



Yamaha Group companies were recognized as having particularly outstanding health management practices in the large enterprise category of the Certified Health and Productivity Outstanding Organizations Recognition Program operated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

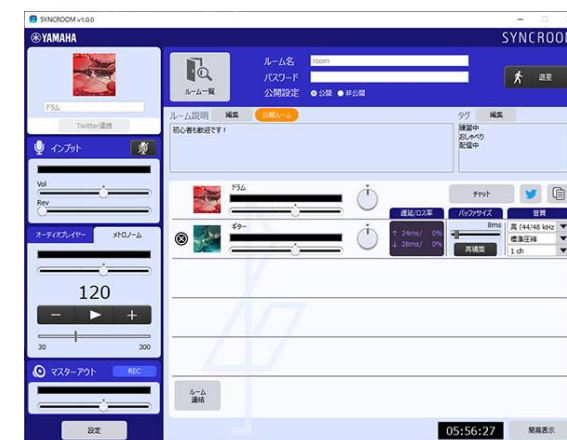
Yamaha Corporation was recognized for the 4th consecutive year, and Yamaha Corporate Services Corporation for the 3rd consecutive year.

Social

Musical performances between remote locations via the Internet

Online remote performance service enabling everyone to enjoy performances from home.

The Syncroom online remote performance service officially launches in June 2020, enabling multiple players in separate locations to enjoy performing together from their homes or other locations.



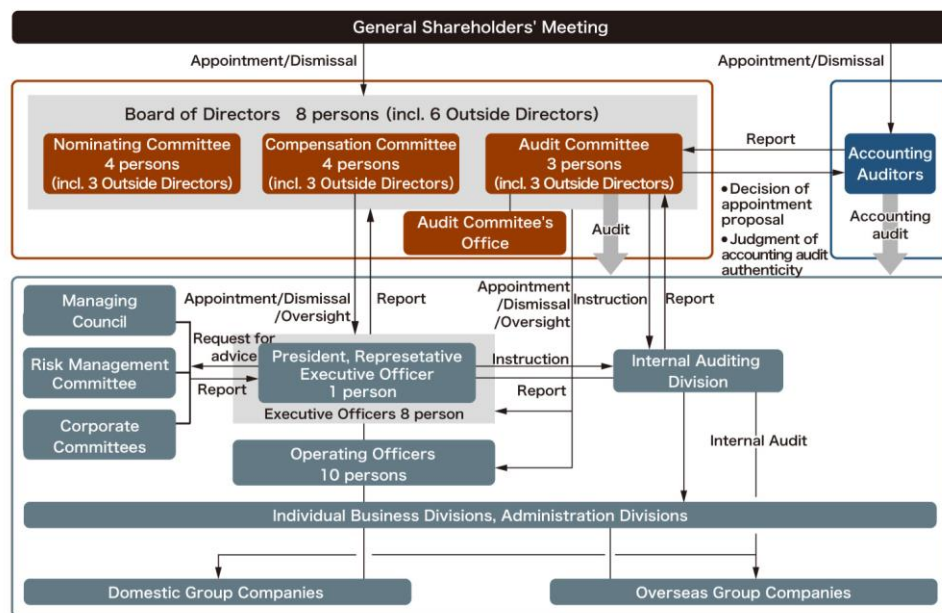
Stay-at-home demand has driven a rapid increase in users of the currently available Netduetto β service. By realizing musical performances between remote locations, Yamaha Corporation aims to create a rich musical culture (use of service is free of charge).

Governance

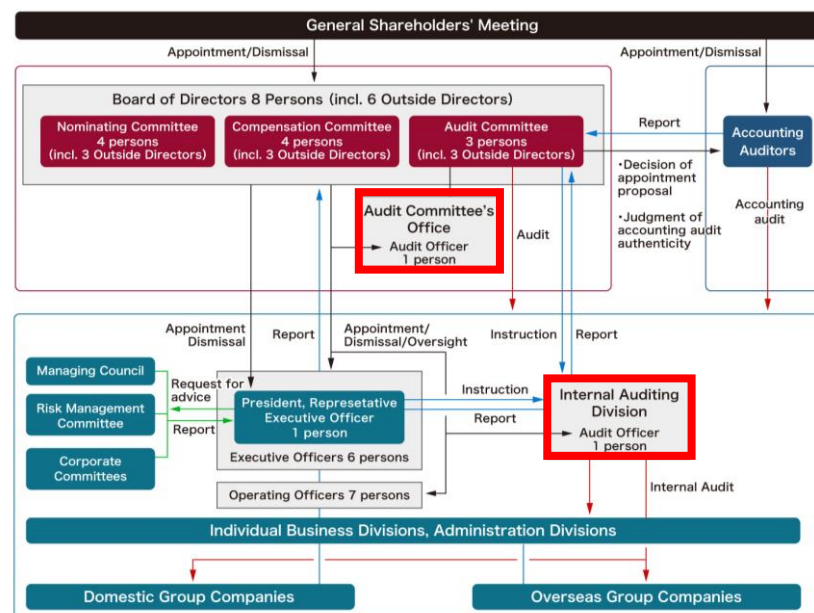
Audit Officer Newly Established

Objective: To strengthen auditing functions, Yamaha established the new position of Audit Officer responsible for auditing functions in the Yamaha Group as a member of the management team at the same rank as the Operating Officer.

Date: Effective April 1, 2020

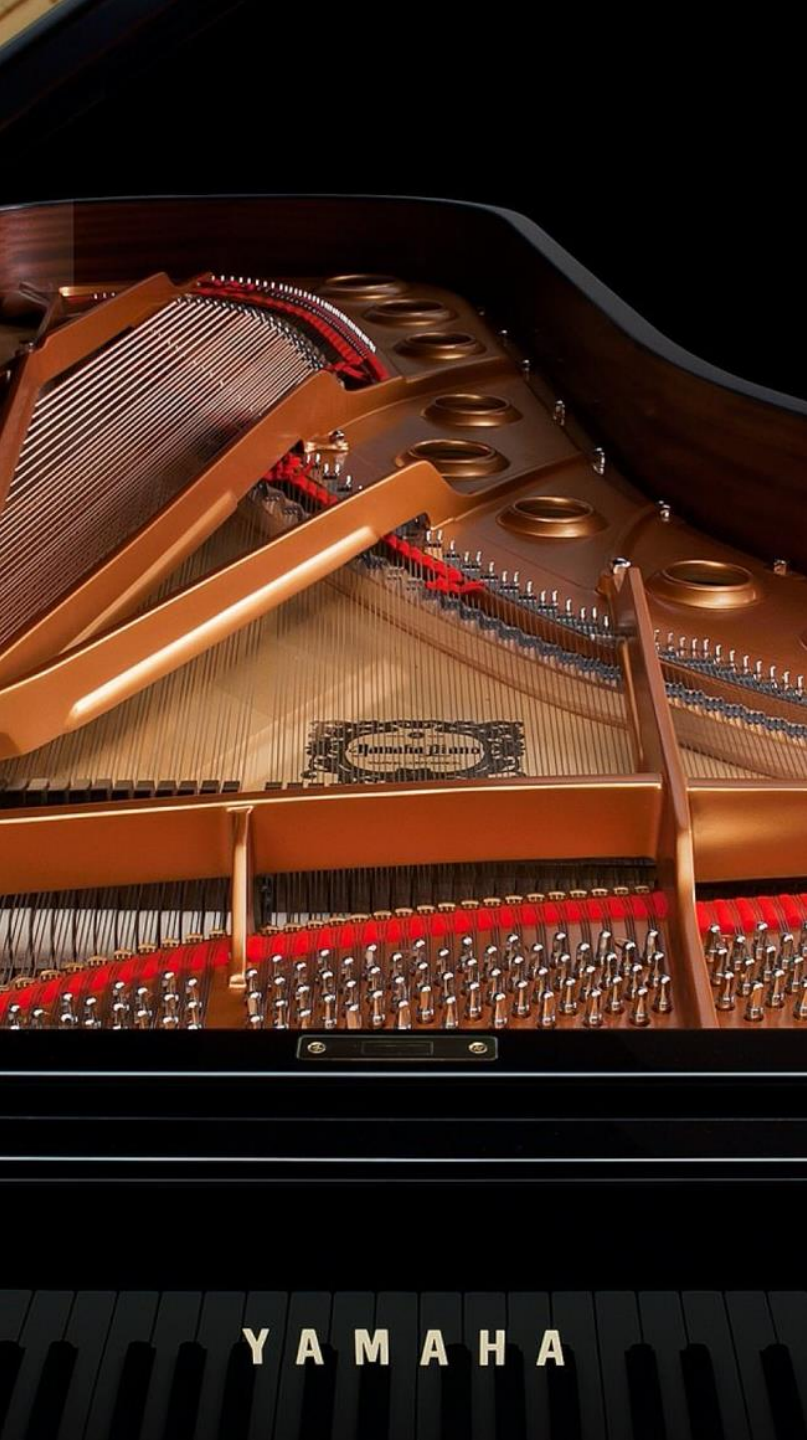


Before April 1, 2020



Effective April 1, 2020

Position one audit officer each at Audit Committee's Office and Internal Auditing Division



5. Returns to Shareholders

Acquisition of Treasury Stock and Dividends

Acquisition of Treasury Stock

Purpose of acquisition: To enhance shareholder returns and capital efficiency

- Acquisition period: November 5, 2019 to February 20, 2020
- Number of shares acquired: 2,534,800 shares
- Amount of acquisition: ¥14,999,927,963

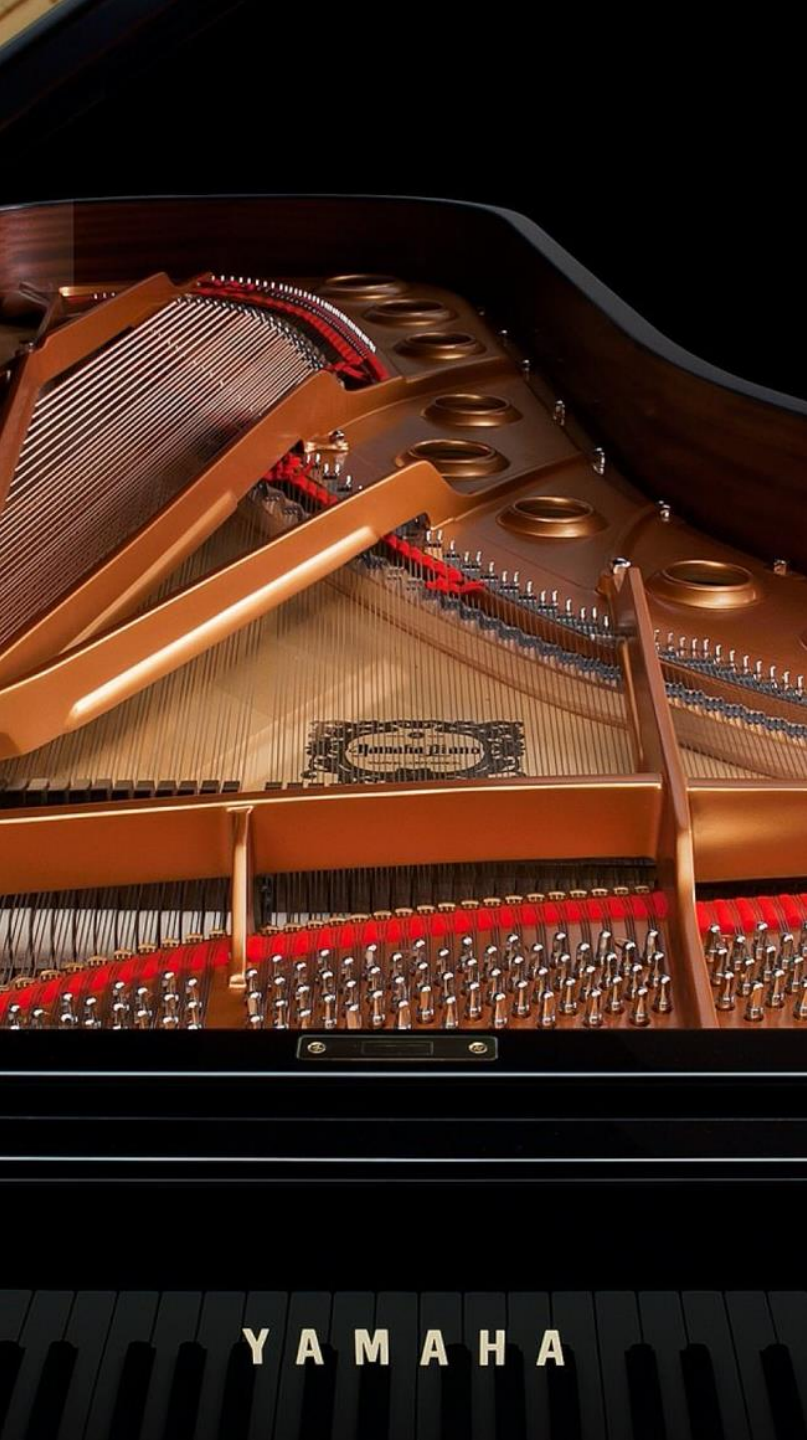
Dividends, payout ratios and total return ratios

	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3	FY2019.3 ^{*3}	FY2020.3
Annual per-share dividend	¥27	¥36	¥44	¥52	¥56	¥60	¥66
Payout ratio	22.8%	28.0%	26.1%	20.9% ^{*1}	19.2% ^{*2}	27.0%	33.9%

*1 Figures for deferred tax assets included

*2 Figures for gain on sales of a portion of Yamaha Motor Co., Ltd. shares included

*3 Figures after FY2019.3 conform with IFRS standards



Appendix

FY2020.3 4Q (Three Months) Summary

(billions of yen)

	FY2019.3 4Q	FY2020.3 4Q	Change	
Revenue	102.7	91.6	-11.0	-10.8% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	7.8 (7.6%)	4.0 (4.3%)	-3.9	-49.8%
Net Profit ^{*1}	6.6	1.9	-4.8	-71.5%

Exchange Rate (yen)

Revenue (Average rate during the period)	US\$	110	109
	EUR	125	120
Profit (Settlement rate)	US\$	110	109
	EUR	130	120

^{*2} -8.9%
(Excluding the impact of exchange rate)

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

Performance by Business Segment (Three Months)

(billions of yen)

		FY2019.3 4Q	FY2020.3 4Q	Change	Exchange rate impact
Musical Instruments	Revenue	66.3	56.0	-10.2	-1.3
	Core Operating Profit	7.0	3.0	-4.0	-0.9
	Core Operating Profit Ratio	10.6%	5.3%	-5.4P	
Audio Equipment	Revenue	29.6	28.2	-1.4	-0.6
	Core Operating Profit	1.5	1.5	-0	-0.3
	Core Operating Profit Ratio	5.0%	5.1%	+0.1P	
IMC^{*1} Business and Others	Revenue	6.8	7.4	+0.5	-0
	Core Operating Profit	-0.6	-0.5	+0.2	-0
	Core Operating Profit Ratio	-0.1%	-0.1%	0P	

*1 Industrial Machinery and Components

Full Year Other Income and Expenses

(billions of yen)

		FY2019.3	FY2020.3
Core Operating Profit		52.7	46.4
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	-0.3	0.3
	Others	0.3	-3.3
	Total	0.1	-3.0
Operating Profit		52.8	43.3
Financial Income and Expenses	Dividends income	3.8	3.7
	Others	-0.1	0.2
	Total	3.7	3.9
Profit before Income Taxes		56.5	47.2
Income taxes		16.1	12.5
Net profit attributable to non-controlling interests		0	0.1
Net Profit ^{*1}		40.3	34.6

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

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.