

**Yamaha Corporation  
Analyst and Investor Briefing on  
the Fiscal Year Ending March 31,  
2015 (FY2015.3)**

**August 1, 2014**



# Overview of Performance in the First Quarter

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## Results Summary

- **First quarter sales increased year-on-year, and operating income was on a par with the previous year. Although sales were slightly lower than previous projections, operating income was broadly in line with expectations.**
- **Musical instrument sales were generally robust, partly due to a rebound in the North American and Chinese markets.**
- **The audio equipment segment struggled due to defects in outsourced parts for AV products.**
- **Electronic devices lagged overall, especially smartphone components.**
- **Except for factory automation equipment, other business was broadly in line with previous projections.**

# Performance in the First Quarter of FY2015.3



(Billions of yen)

	FY2014.3 1Q	FY2015.3 1Q	Change from same period of the previous year	Previous Projections 1Q	Change from the previous projections
<b>Net Sales</b>	<b>97.0</b>	<b>99.6</b>	<b>+2.7%</b>	100.5	-0.9%
<b>Operating Income</b> (Operating Income Ratio)	<b>6.2</b> (6.4%)	<b>6.2</b> (6.3%)	<b>+1.1%</b>	6.0 (6.0%)	+3.9%
<b>Ordinary Income</b> (Ordinary Income Ratio)	<b>6.3</b> (6.5%)	<b>5.9</b> (5.9%)	<b>-6.9%</b>	5.5 (5.5%)	+6.4%
<b>Net Income</b> (Net Income Ratio)	<b>5.8</b> (6.0%)	<b>4.1</b> (4.1%)	<b>-29.9%</b>	4.0 (4.0%)	+1.9%

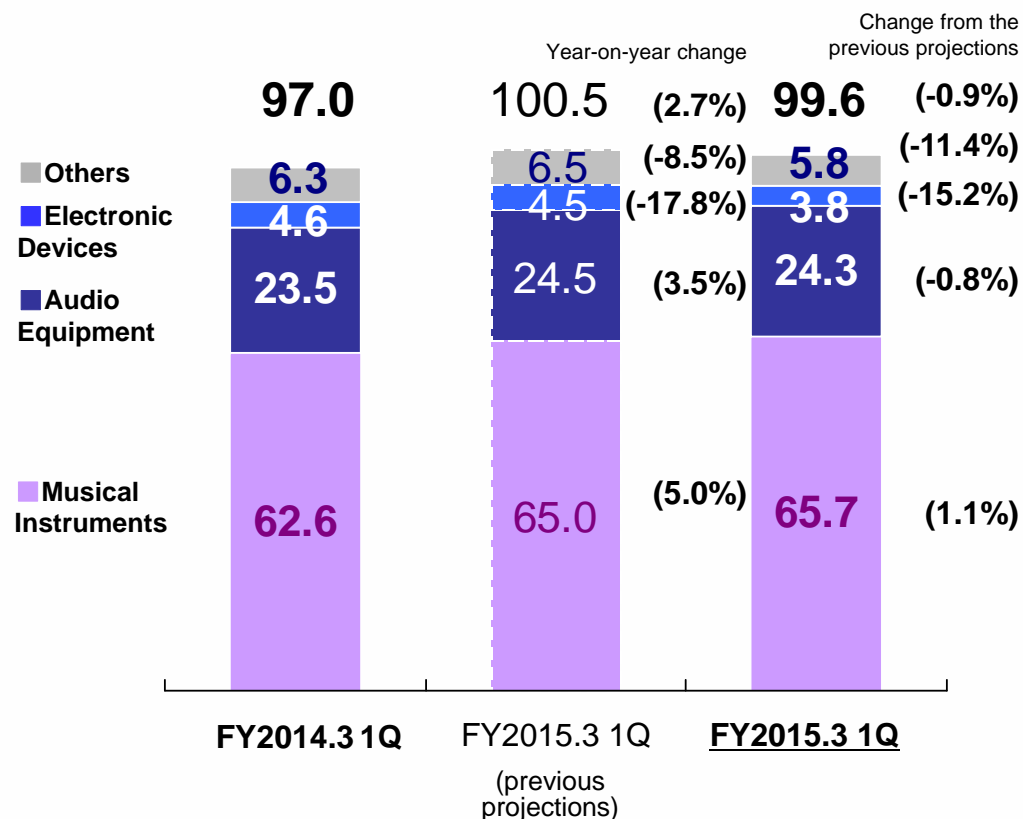
## Exchange Rate (yen)

<b>Net Sales</b>	<b>US\$</b>	<b>99</b>	<b>102</b>	100
	<b>EUR</b>	<b>129</b>	<b>140</b>	135
<b>Operating Income</b>	<b>US\$</b>	<b>98</b>	<b>102</b>	100
	<b>EUR</b>	<b>121</b>	<b>140</b>	135

# Performance by Business Segment in the First Quarter of FY2015.3

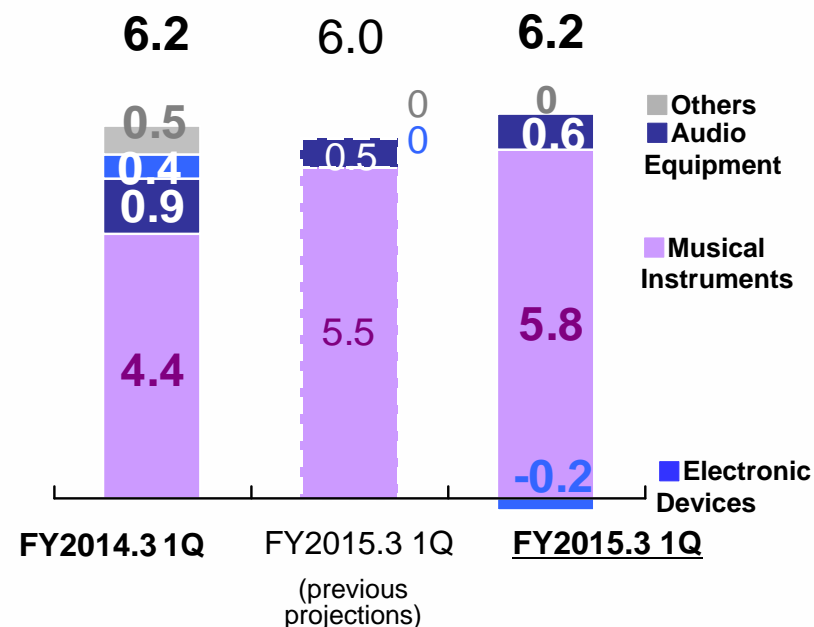


## Net Sales



## Operating Income

(Billions of yen)



### Impact of Exchange Rates

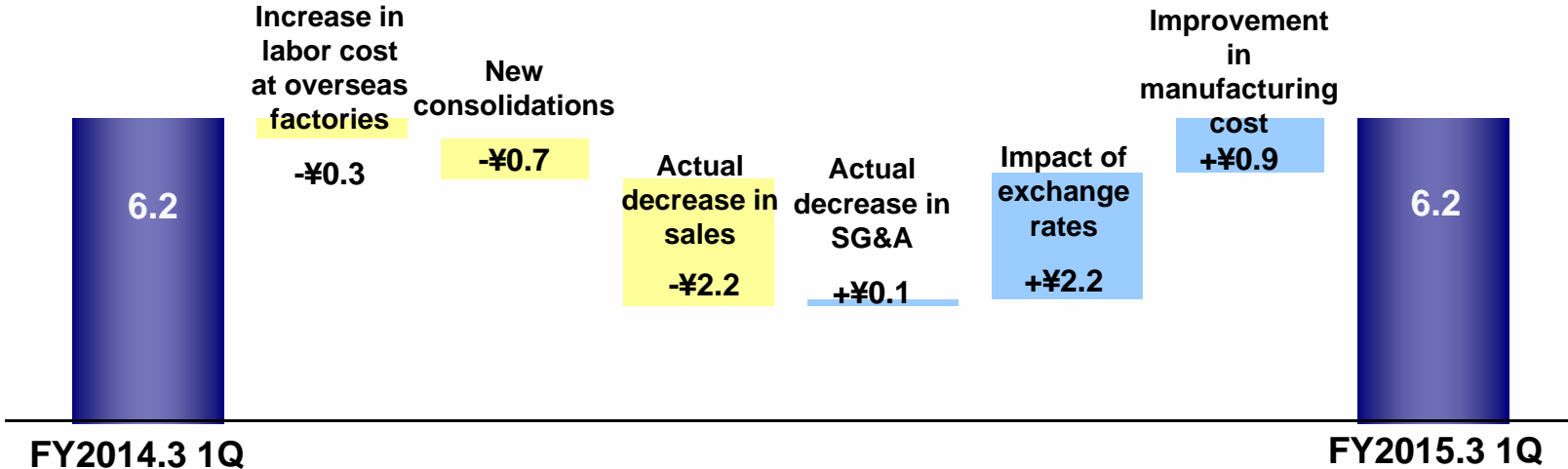
<b>Year-on-Year</b>	<b>+¥2.1 billion</b> (musical instruments +¥1.3 billion, audio equipment +¥0.8 billion)
<b>Versus previous projections</b>	<b>+¥1.8 billion</b> (musical instruments +¥1.2 billion, audio equipment +¥0.5 billion)

<b>Year-on-Year</b>	<b>+¥2.2 billion</b> (musical instruments +¥1.6 billion, audio equipment +¥0.6 billion)
<b>Versus previous projections</b>	<b>+¥1.0 billion</b> (musical instruments +¥0.7 billion, audio equipment +¥0.3 billion)

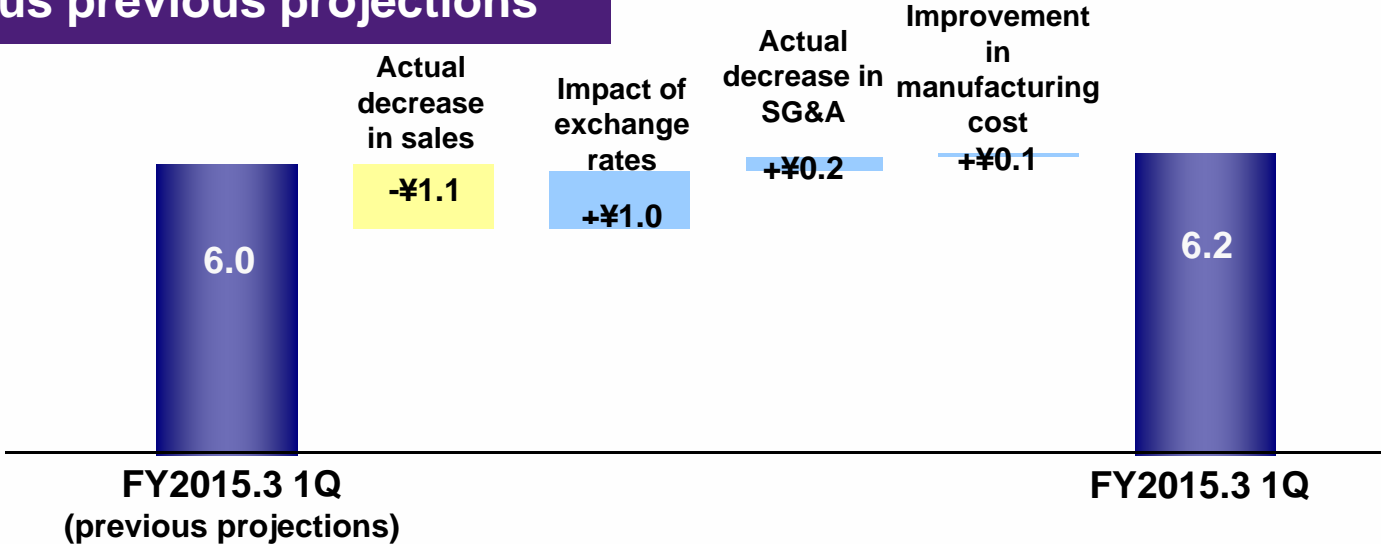
# FY2015.3 1Q Operating Income Analysis

(Billions of yen)

## Versus same period of the previous year



## Versus previous projections

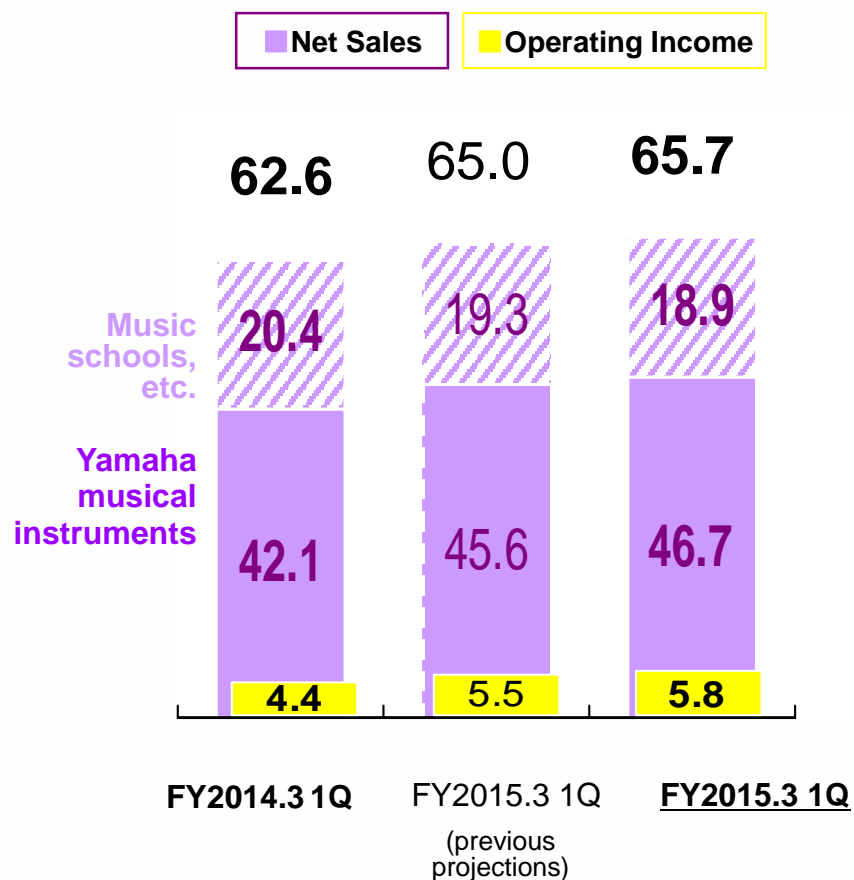


# Musical Instruments 1Q



1Q

(Billions of yen)



## 1Q Overview

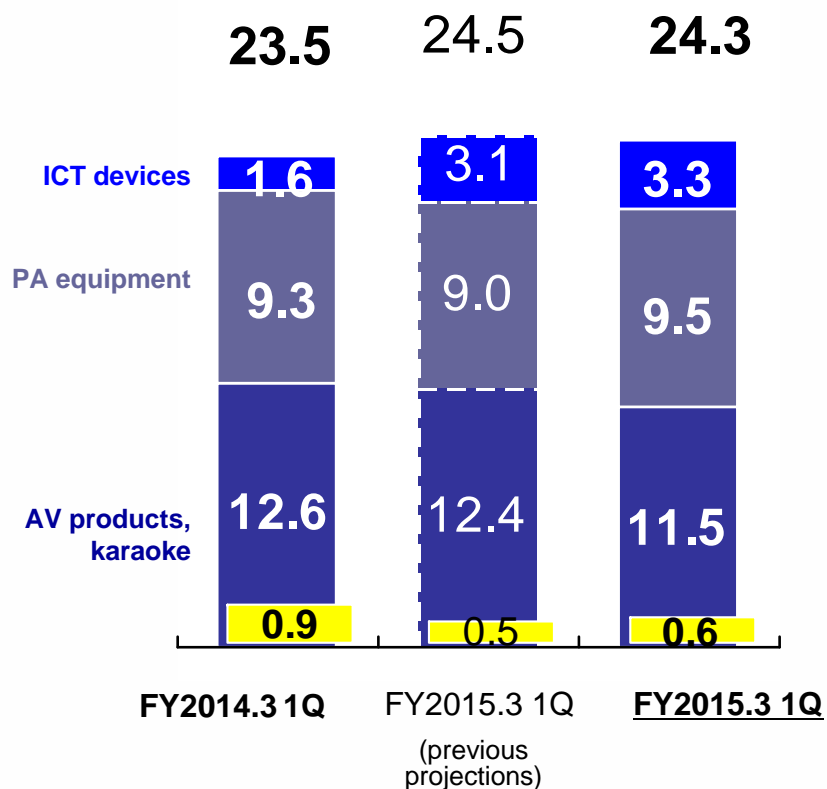
- Sales and income increased year-on-year and exceeded previous projections
- The North American market was on a recovery trend, but the European market remained flat year-on-year
- The Chinese market rallied to achieve double-digit growth
- Other markets continued to face challenging conditions
- The Japanese market recorded strong sales of new Electone products
- The impact of Japan's consumption tax hike remained within predicted levels
- Line 6, Inc. was included in consolidated results for the first time

# Audio Equipment 1Q



1Q

(Billions of yen)



## 1Q Overview

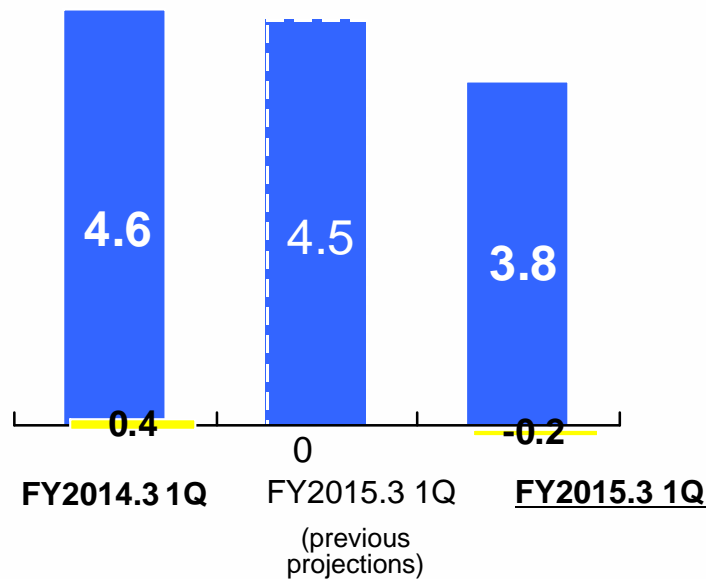
- Sales increased from the same period of the previous year, but income declined. These results were largely in line with previous projections.
- Sales of AV products fell year-on-year in all markets
- Sales of professional audio equipment were strong in the European market, but on a par with the previous year's 1Q results overall
- In the ICT devices segment, router sales were robust
- Revolabs, Inc. was included in consolidated results for the first time

# Electronic Devices 1Q



1Q

(Billions of yen)



## 1Q Overview

- Sales and income were down year-on-year and against previous projections
- Sales of smartphone components including geomagnetic sensors and codec products declined
- Conditions remained challenging in the amusement equipment market

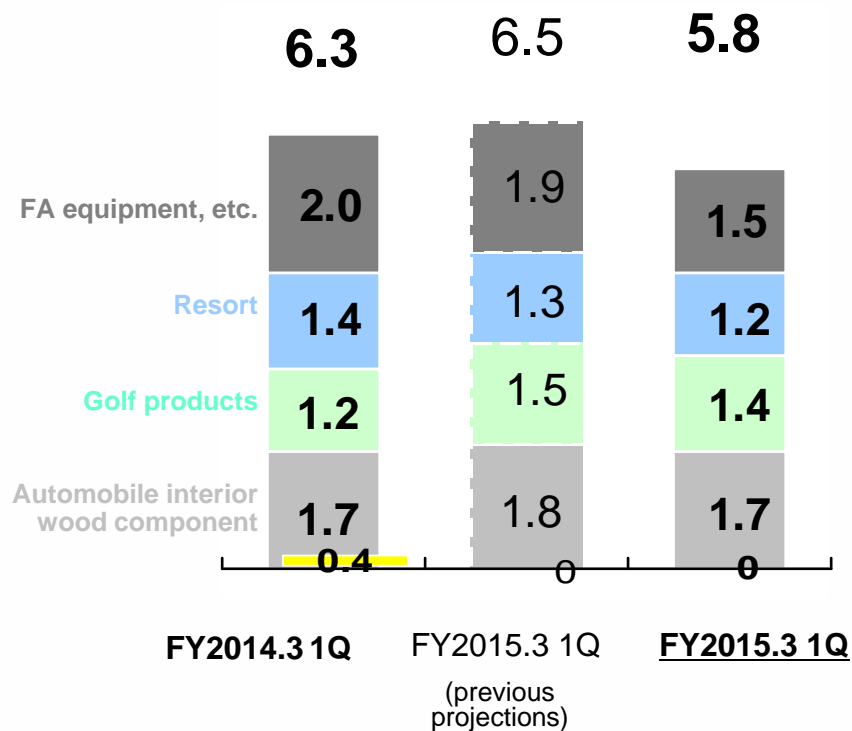


# Others 1Q



## 1Q

(Billions of yen)



## 1Q Overview

- Sales and income declined from the same period of the previous year, and sales were below previous projections
- Automobile interior wood component sales were broadly in line with expectations
- Golf product sales rose year-on-year
- Resort sales fell from the same period of the previous year as resorts struggled to attract customers
- Although factory automation equipment sales declined, orders picked up

# Outlook for 2-4Q and Full Year



## Outlook for 2-4Q

- Ongoing rebound in demand is anticipated for musical instruments in the North American and Chinese markets
- Although recovery from the negative impact of defective AV product components is expected, conditions remain challenging in the audio market. Professional audio equipment sales are projected to pick up as the new product launch starts in regions outside Europe
- In the electronic devices segment, the focus will be on expanded introduction of new products

## Full Year Outlook

- Previous projections (announced on April 30) remain unchanged at ¥430.0 billion for sales and ¥29.0 for operating income

# Forecast for Performance in FY2015.3 (Full Year)



(Billions of yen)

	FY2014.3 results	FY2015.3 projections	Increase/ decrease	Previous Projections	Change from the previous projections
<b>Net Sales</b>	<b>410.3</b>	<b>430.0</b>	<b>+4.8%</b>	430.0	-
<b>Operating Income</b> (Operating Income Ratio)	<b>26.0</b> (6.3%)	<b>29.0</b> (6.7%)	<b>+11.6%</b>	29.0 (6.7%)	-
<b>Ordinary Income</b> (Ordinary Income Ratio)	<b>26.1</b> (6.4%)	<b>28.0</b> (6.5%)	<b>+7.1%</b>	28.0 (6.5%)	-
<b>Net Income</b> (Net Income Ratio)	<b>22.9</b> (5.6%)	<b>21.0</b> (4.9%)	<b>-8.3%</b>	21.0 (4.9%)	-

## Exchange Rate (yen)

<b>Net Sales</b>	US\$	100	101	100
	EUR	134	136	135
<b>Operating Income</b>	US\$	100	101	100
	EUR	129	136	135

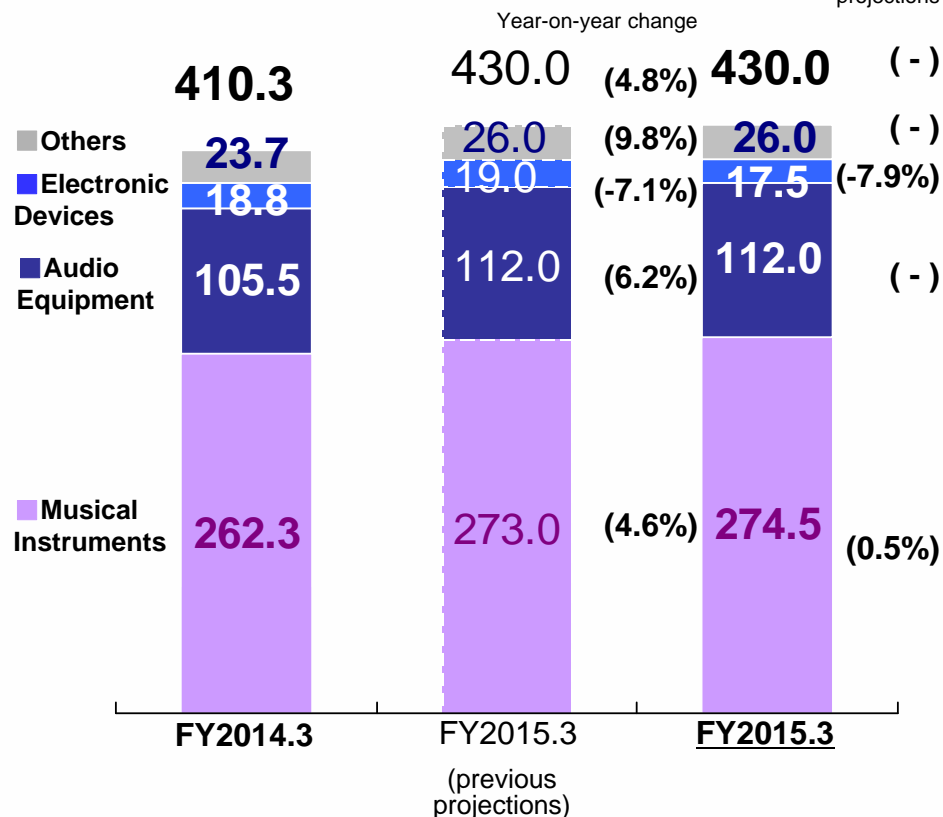
# FY2015.3 Full Year Forecast for Performance by Business Segment



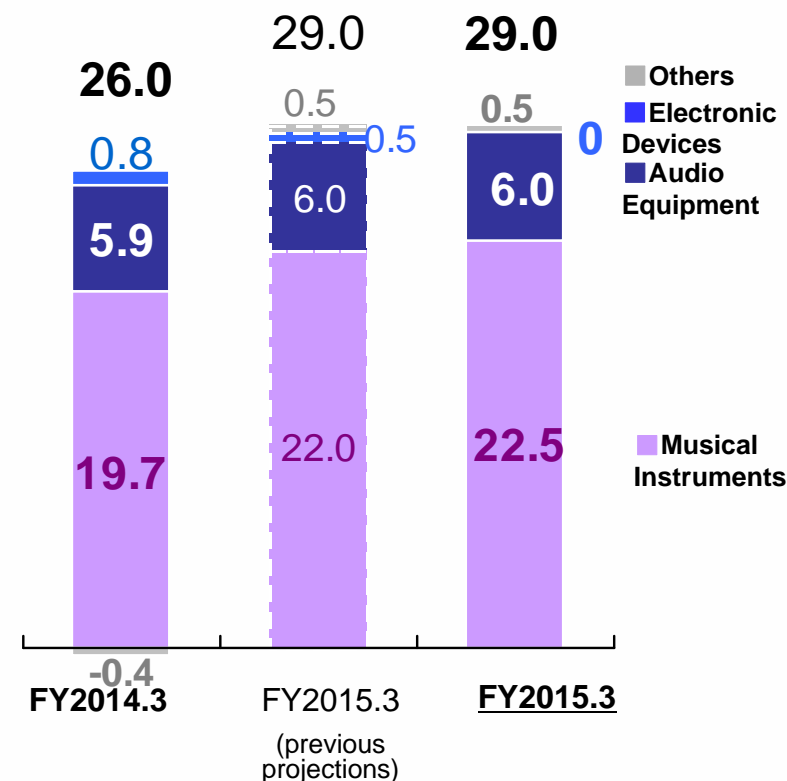
(Billions of yen)

## Net Sales

Change from the previous projections



## Operating Income



### Impact of Exchange Rates

**Year-on-Year** **+¥0.4 billion**  
 (musical instruments +¥0.2 billion, audio equipment +¥0.2 billion)

**Versus previous projections** **+¥2.6 billion**  
 (musical instruments +¥2.1 billion, audio equipment +¥0.5 billion)

**+¥2.5 billion**  
 (musical instruments +¥1.9 billion, audio equipment +¥0.6 billion)

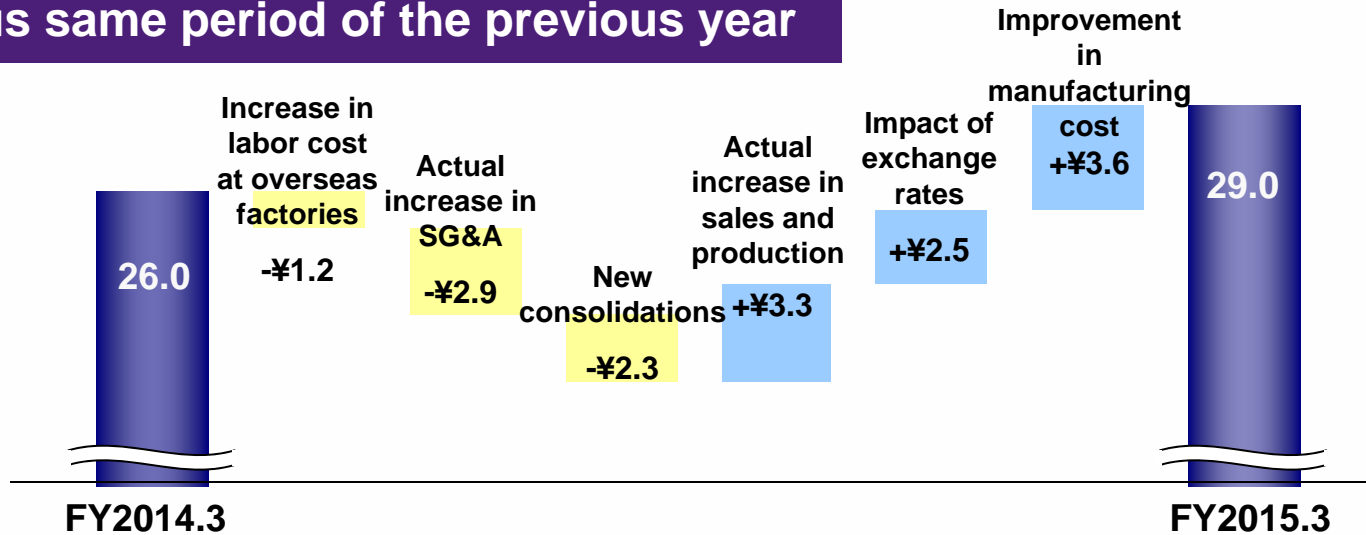
**+¥0.5 billion**  
 (musical instruments +¥0.5 billion)

# FY2015.3 Full Year Operating Income Analysis

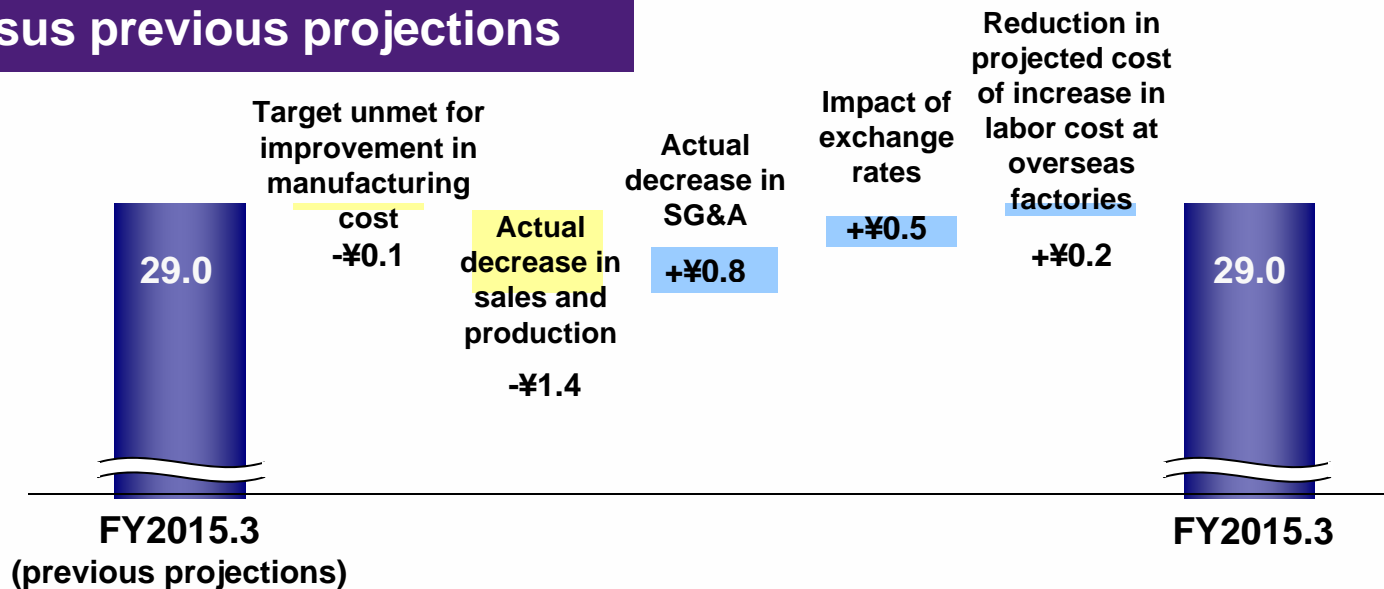


(Billions of yen)

## Versus same period of the previous year



## Versus previous projections



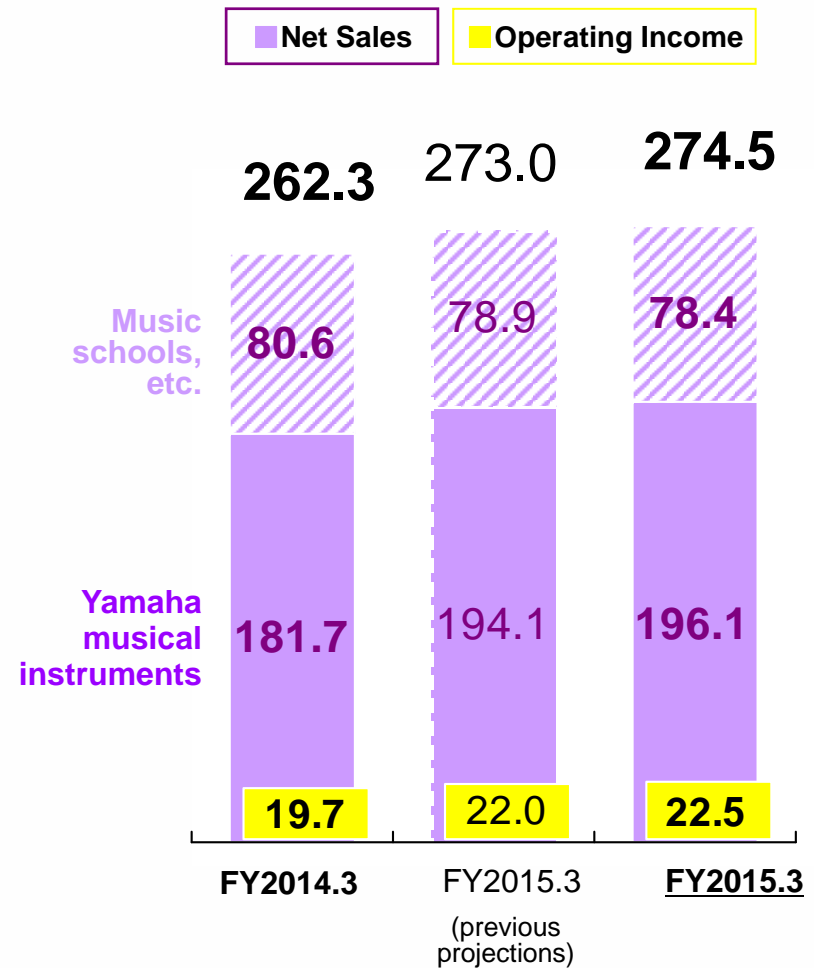
# Musical Instruments Full Year Projections

Full Year

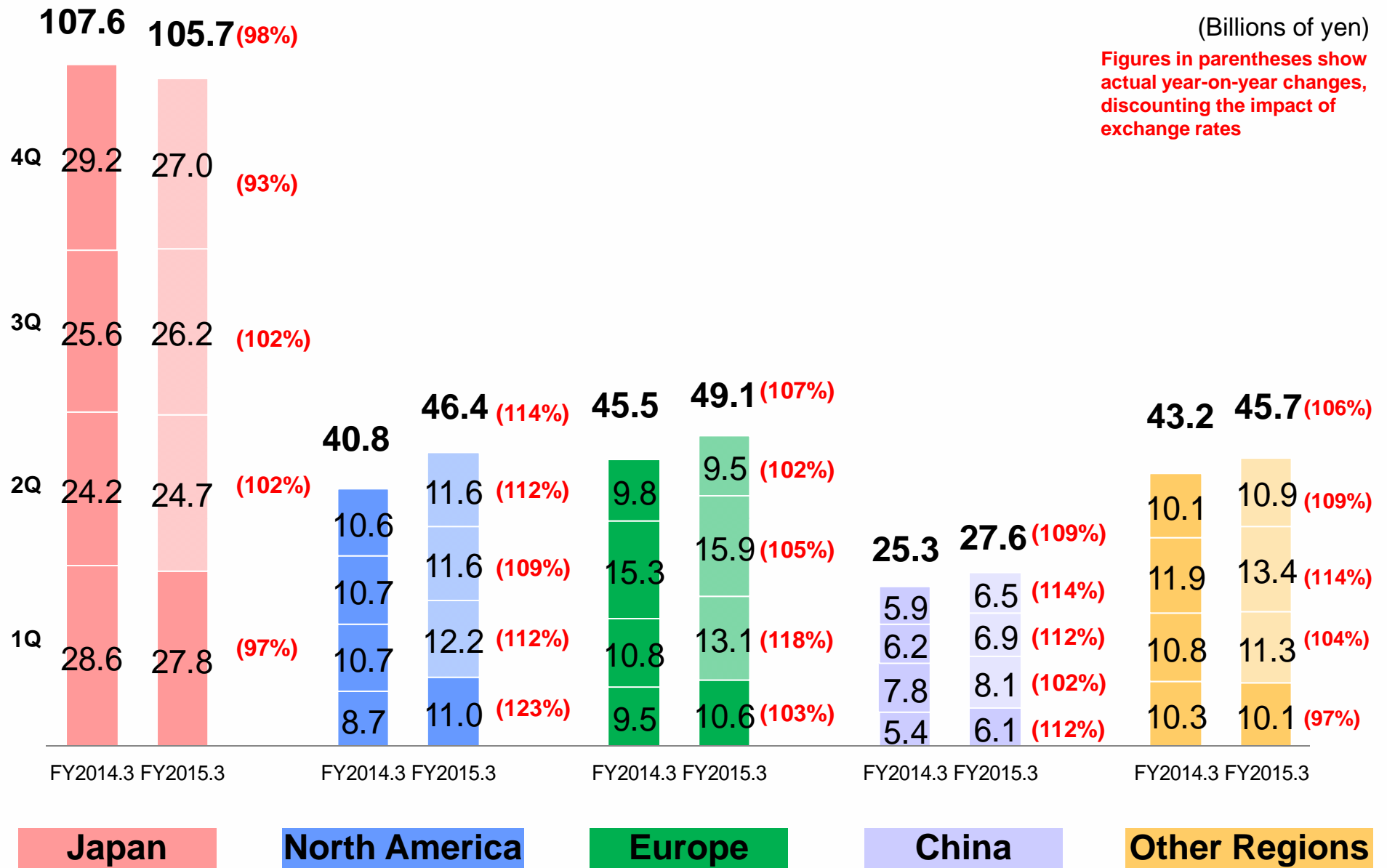
(Billions of yen)

## Full Year Projections

- The recovery trend in the North American market is expected to continue
- The European market is projected to pick up after flat year-on-year 1Q results to achieve actual growth
- The Chinese market is expected to grow in all product categories
- Other markets are anticipated to recover mainly in digital musical instruments, string and percussion instruments.
- Growth in guitar sales is predicted in all markets



# Musical Instruments: Sales by Region



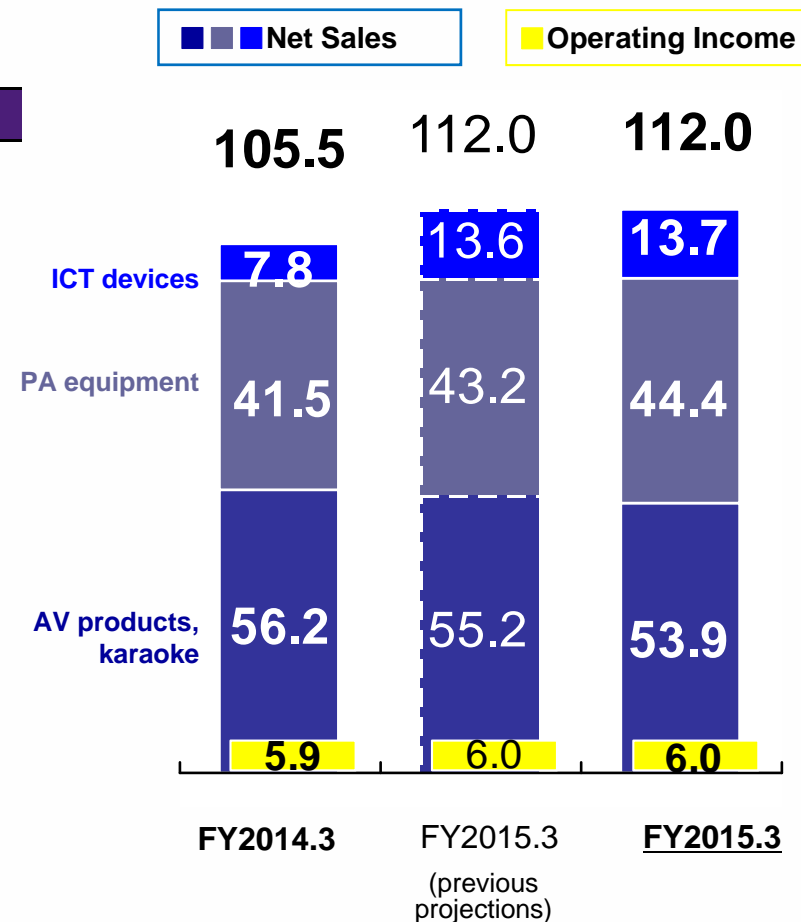
# Audio Equipment Full Year Projections

Full Year

(Billions of yen)

## Full Year Projections

- Launch of new AV products will keep actual results broadly in line with the previous year
- Professional audio equipment sales are expected to grow in Europe and other markets
- Router sales will remain robust



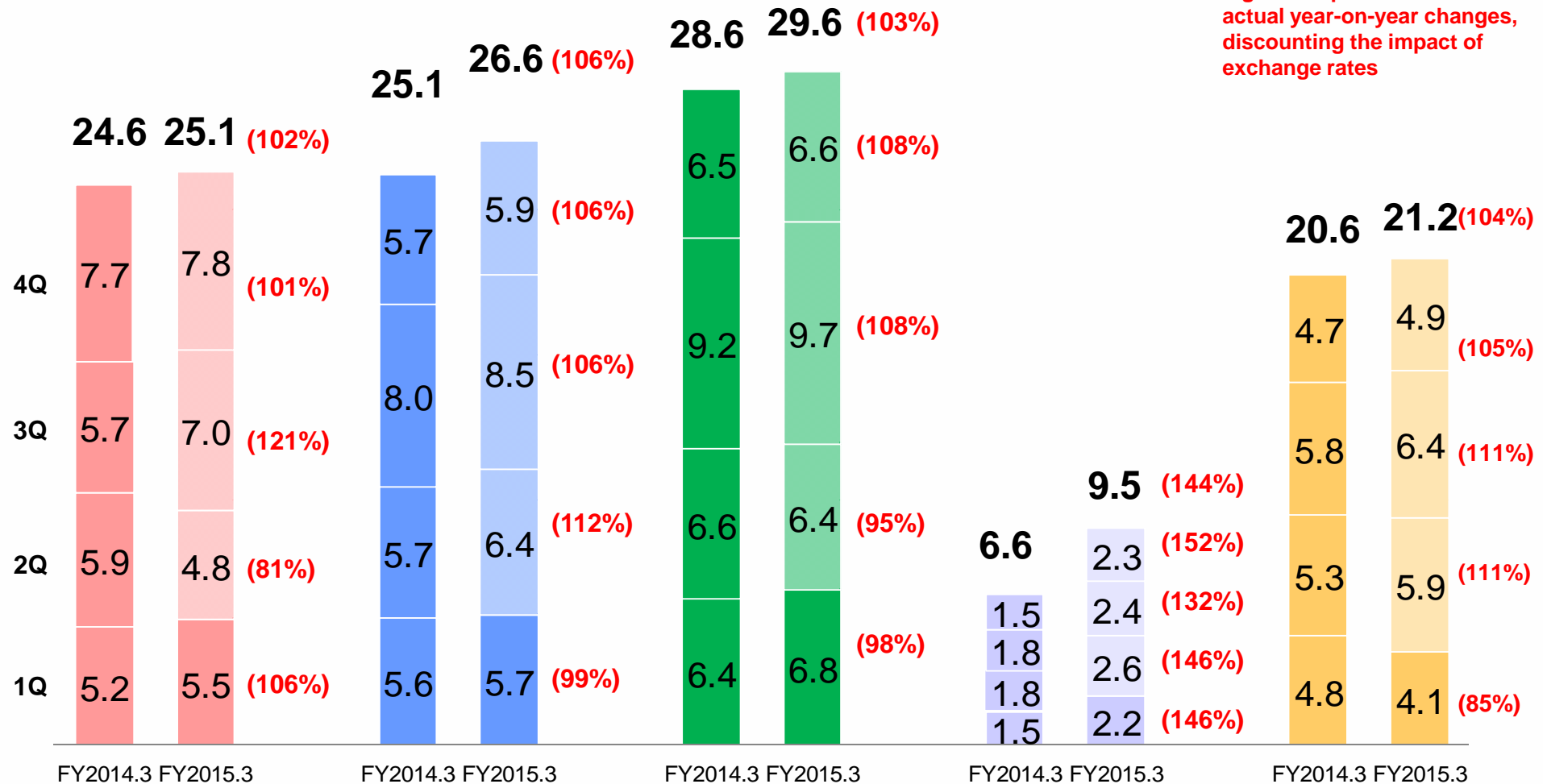


# Audio Equipment: Sales by Region



(Billions of yen)

Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates



Japan

North America

Europe

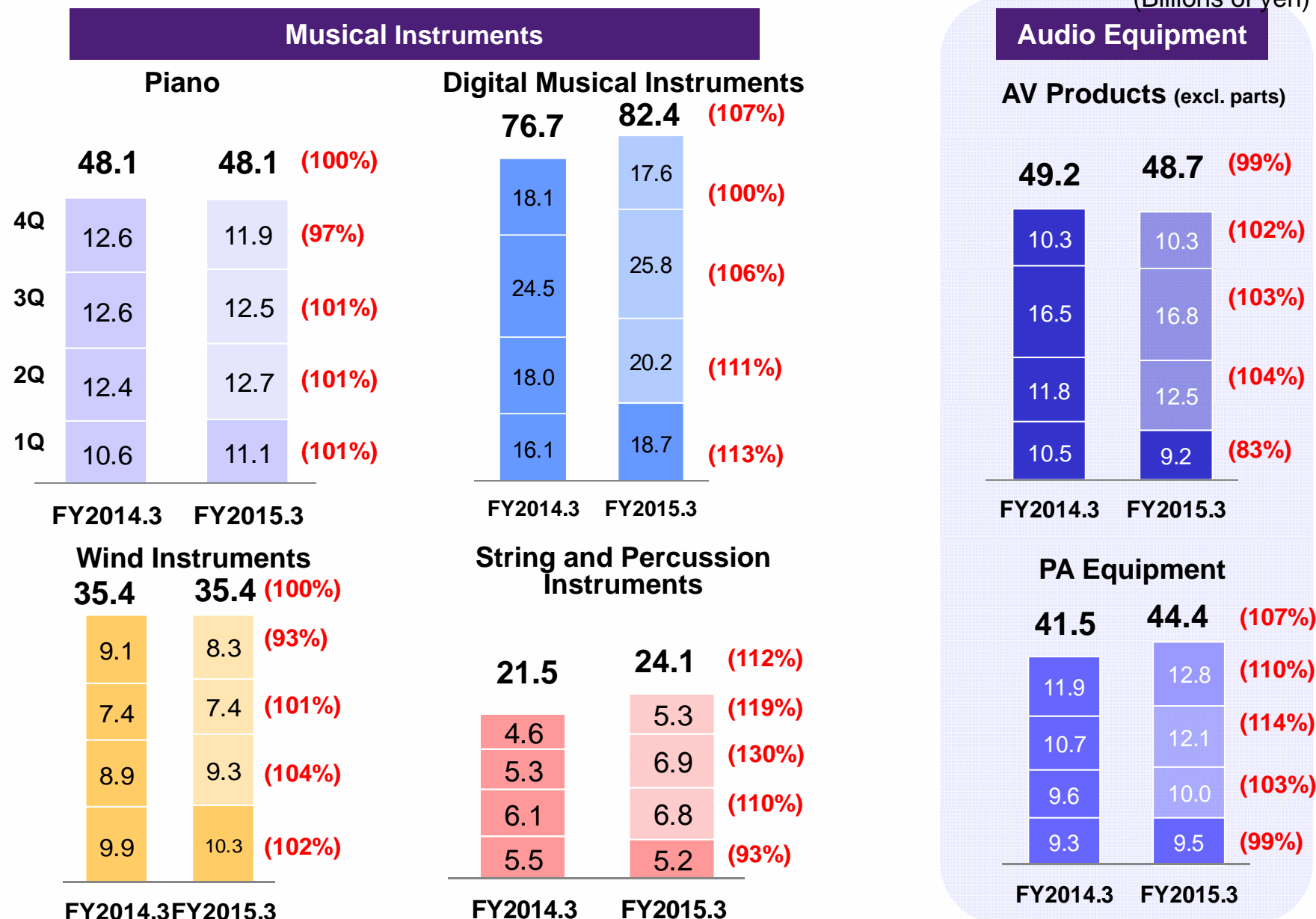
China

Other Regions

# Musical Instruments/Audio Equipment: Sales by Major Product Category



(Billions of yen)



Figures in parentheses show actual year-on-year changes, discounting the impact of exchange rates

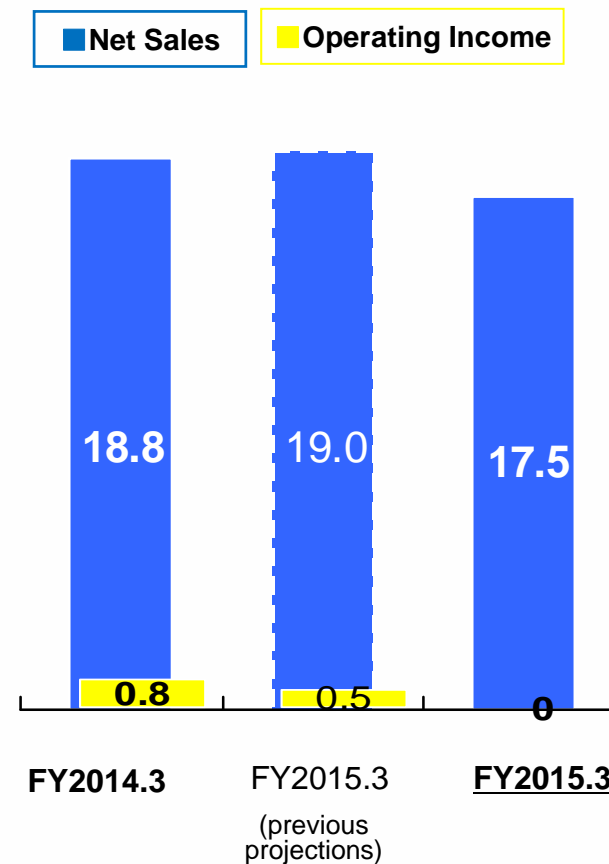
# Electronic Devices Full Year Projections

Full Year

(Billions of yen)

## Full Year Projections

- Sales and income are expected to be below previous projections
- Trends in new product launches are the key to a rally in sales of components for amusement equipment
- Although prospects for smartphone component demand remain uncertain, a recovery is expected in the second half
- Focus will be on expanded introduction of new products



# Others Full Year Projections

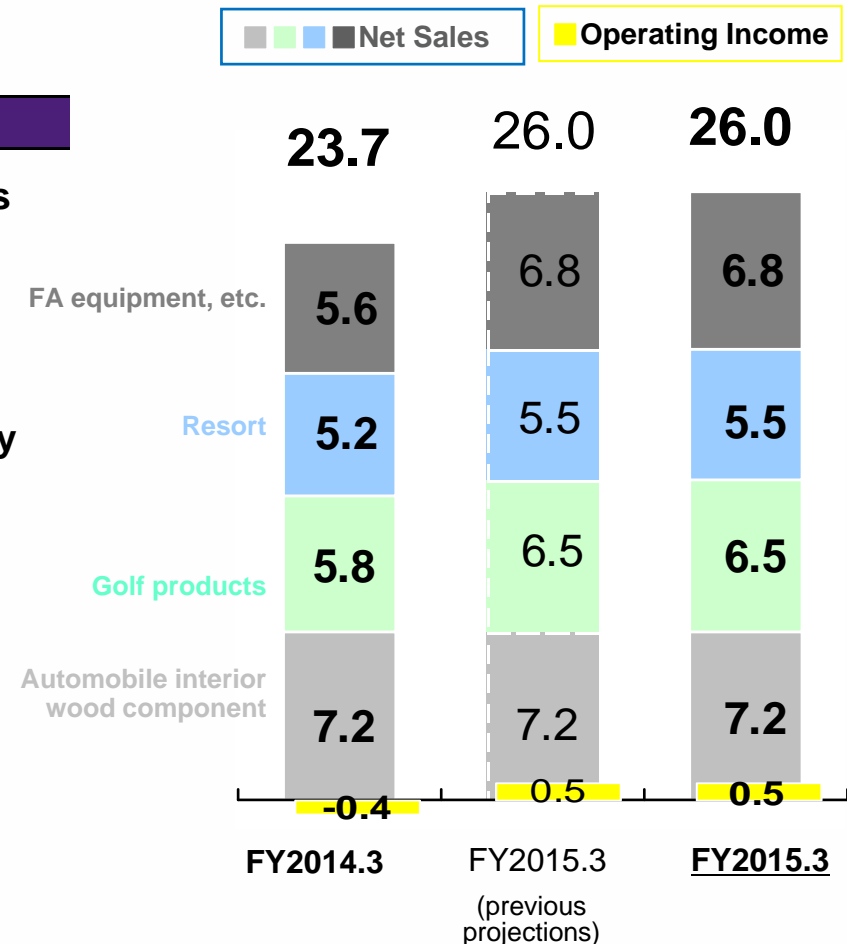


Full Year

(Billions of yen)

## Full Year Projections

- Sales of automobile interior wood components are expected to be in line with previous projections
- Sales are anticipated to rise year-on-year with the launch of new golf products
- Rallying demand will drive a rebound in factory automation equipment sales
- Resort sales are predicted to be in line with previous projections



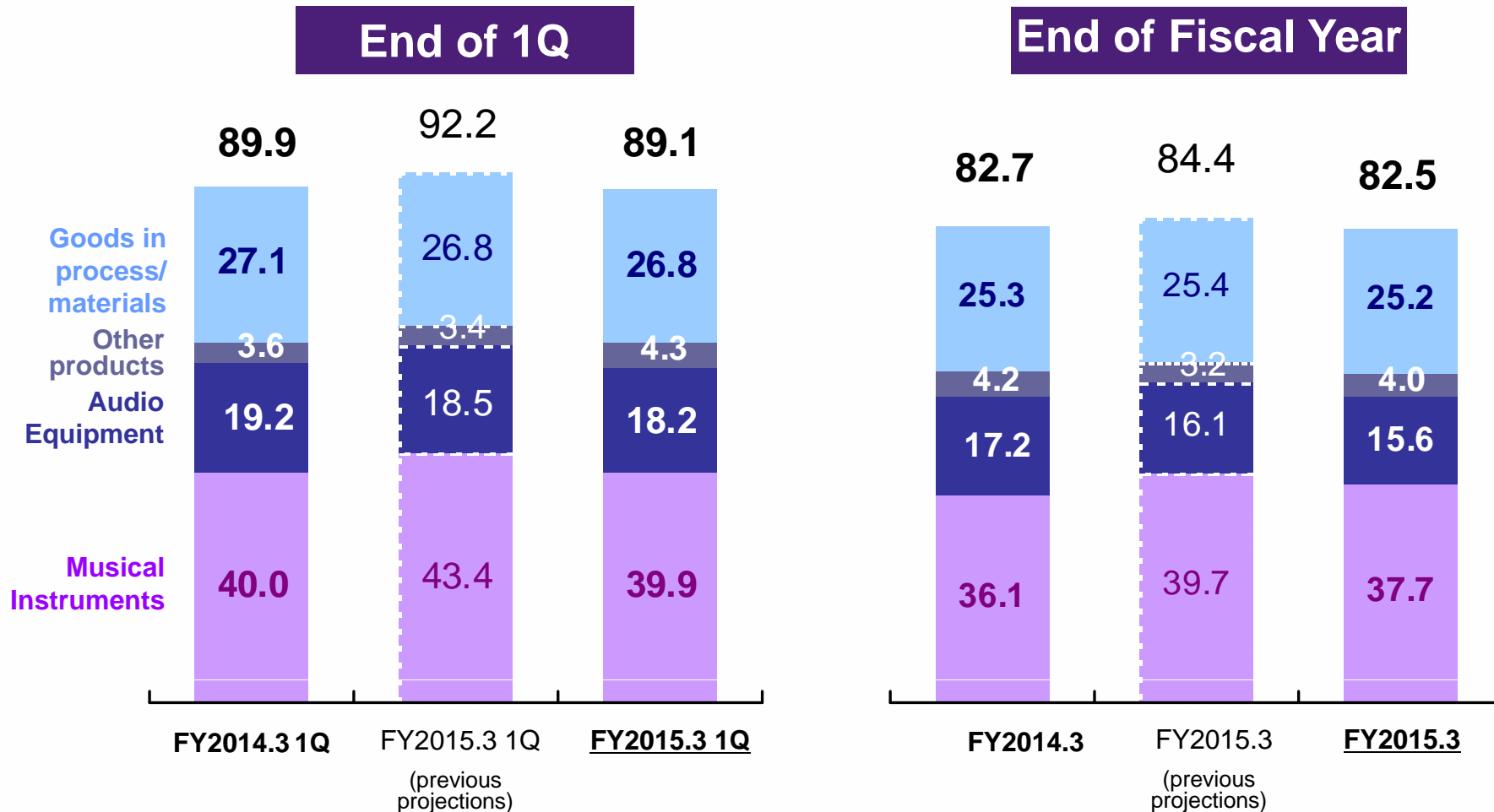
# Inventories



➤ Inventories at the end of 1Q (June 30, 2014) decreased year on year and versus previous projections (year-on-year forex impact of +¥2.4 billion)

➤ Inventories at the end of the fiscal year is forecast to decrease versus previous projections and remain at the previous year level

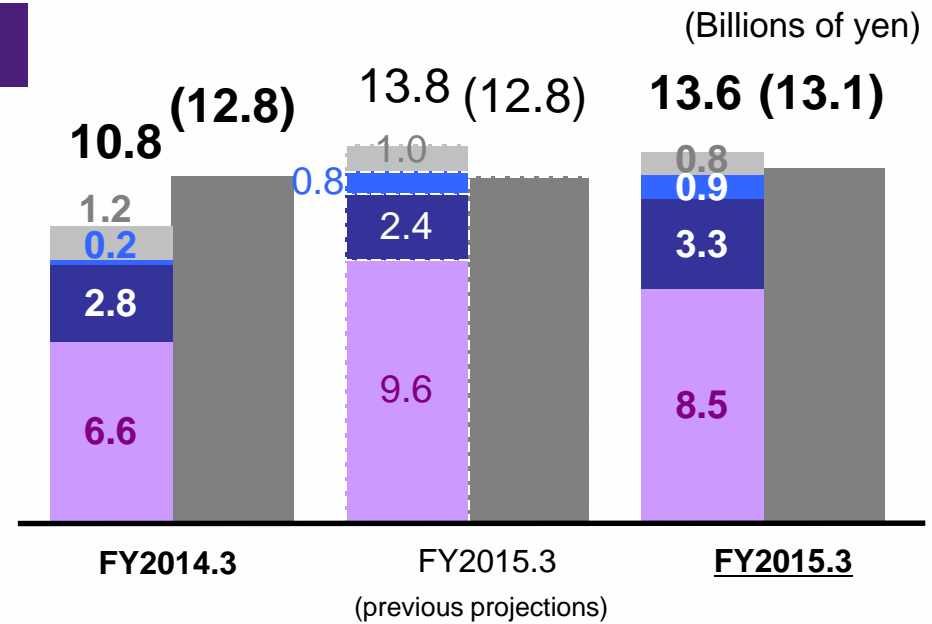
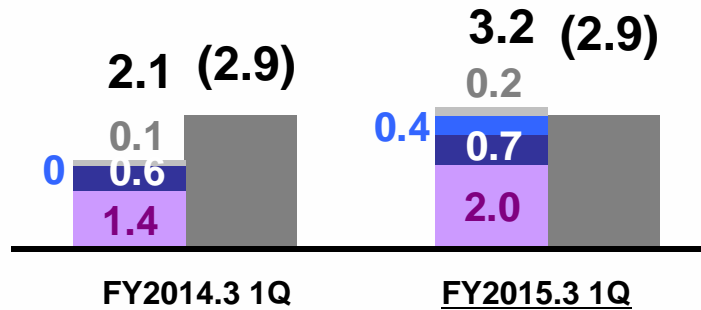
(Billions of yen)



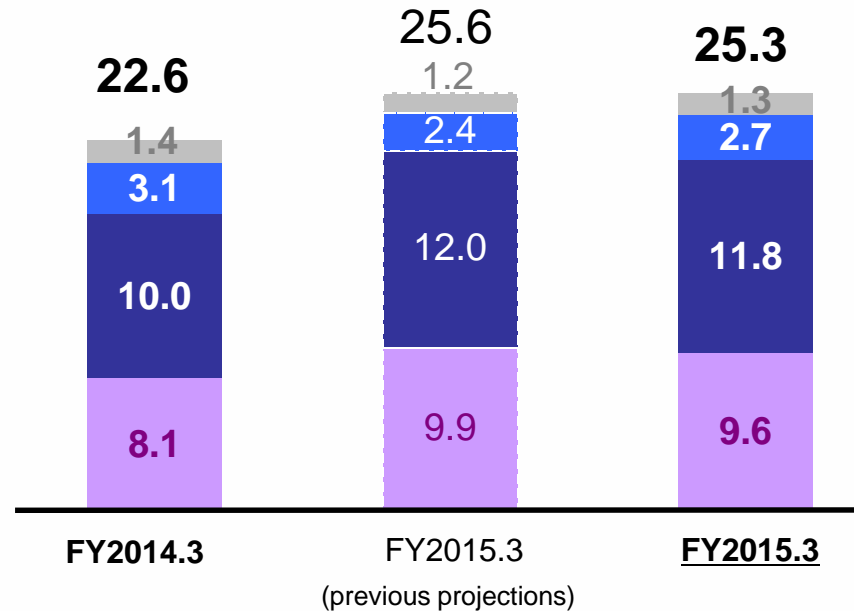
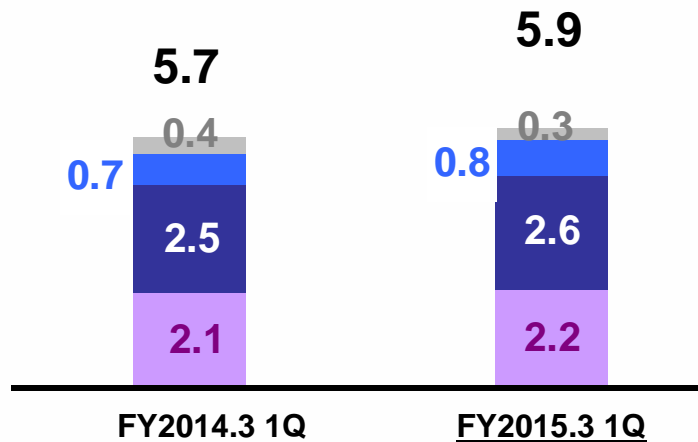
# Capital Expenditure/Depreciation/R&D Expenses

## Capital Expenditure (Depreciation)

- Others
- Electronic Devices
- Audio Equipment
- Musical Instruments



## R&D Expenses



# Balance Sheet Summary



(Billions of yen)

	As of end of 1Q			As of fiscal year end		
	As of June 30, 2013	As of June 30, 2014	Change	As of Mar. 31, 2014	As of Mar. 31, 2015	Change
Cash and deposits	52.1	61.4	9.3	60.6	76.2	15.6
Notes and accounts receivable	52.3	52.4	0.1	56.7	57.3	0.6
Inventories	89.9	89.1	-0.8	82.7	82.5	-0.2
Other current assets	13.1	14.9	1.8	14.5	14.5	0
Fixed assets	194.7	226.1	31.4	224.4	223.2	-1.2
<b>Total assets</b>	<b>402.1</b>	<b>443.9</b>	<b>41.8</b>	<b>438.9</b>	<b>453.7</b>	<b>14.8</b>
Notes and accounts payable	22.9	23.6	0.7	21.6	22.4	0.8
Short- and long-term loans	13.7	12.1	-1.6	8.8	8.7	-0.1
Other liabilities	128.4	132.2	3.8	133.7	129.8	-3.9
Total net assets	237.1	276.0	38.9	274.8	292.8	18.0
<b>Total liabilities and net assets</b>	<b>402.1</b>	<b>443.9</b>	<b>41.8</b>	<b>438.9</b>	<b>453.7</b>	<b>14.8</b>

# Appendix



# 1Q Non-Operating Income/Loss & Extraordinary Income/Loss



(Billions of yen)	FY2014.3 1Q	FY2015.3 1Q previous projections	FY2015.3 1Q
<b>Non-Operating Income/Loss</b>			
Net financial income	0.4	0.2	0.3
Other	-0.3	-0.7	-0.6
<b>Total</b>	<b>0.1</b>	<b>-0.5</b>	<b>-0.3</b>
<b>Extraordinary Income/Loss</b>			
Income from (loss on) disposal of fixed assets	0	0	-0.1
Other	1.0	0	0
<b>Total</b>	<b>1.0</b>	<b>0</b>	<b>-0.1</b>
<b>Income Taxes and Other Expenses</b>			
Income taxes -current	1.5	1.5	1.7
Income taxes -deferred	-0.1	-0.1	-0.1
Minority interests in income	0.1	0.1	0.1
<b>Total</b>	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>

# Full Year Non-Operating Income/Loss & Extraordinary Income/Loss

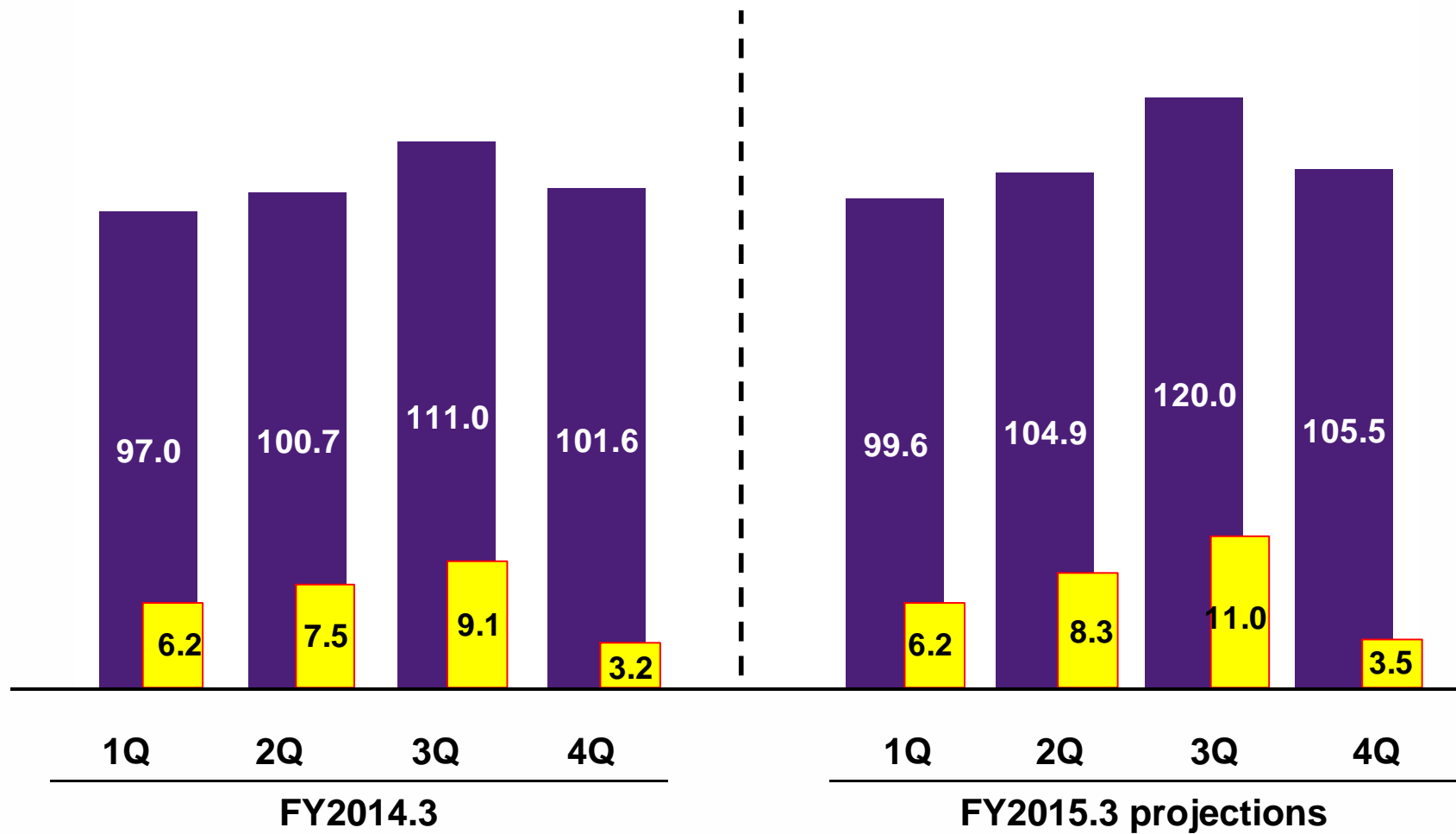


(Billions of yen)	FY2014.3 full year	FY2015.3 full year previous projections	FY2015.3 full year projections
<b>Non-Operating Income/Loss</b>			
Net financial income	2.6	1.6	2.1
Other	-2.5	-2.6	-3.1
<b>Total</b>	<b>0.1</b>	<b>-1.0</b>	<b>-1.0</b>
<b>Extraordinary Income/Loss</b>			
Income from (loss on) disposal of fixed assets	0.3	-0.2	-0.2
Other	-0.6	0.2	0.2
<small>Gain on sales of investment securities +¥1.0            Structural reform expenses -¥0.9            Loss on closure of YMMI operations, etc. -¥0.7</small>			
<b>Total</b>	<b>-0.3</b>	<b>0</b>	<b>0</b>
<b>Income Taxes and Other Expenses</b>			
Income taxes -current	5.8	6.4	6.8
Income taxes -deferred	-3.1	0.4	0
Minority interests in income	0.2	0.2	0.2
<b>Total</b>	<b>2.9</b>	<b>7.0</b>	<b>7.0</b>

# Quarterly Sales and Income

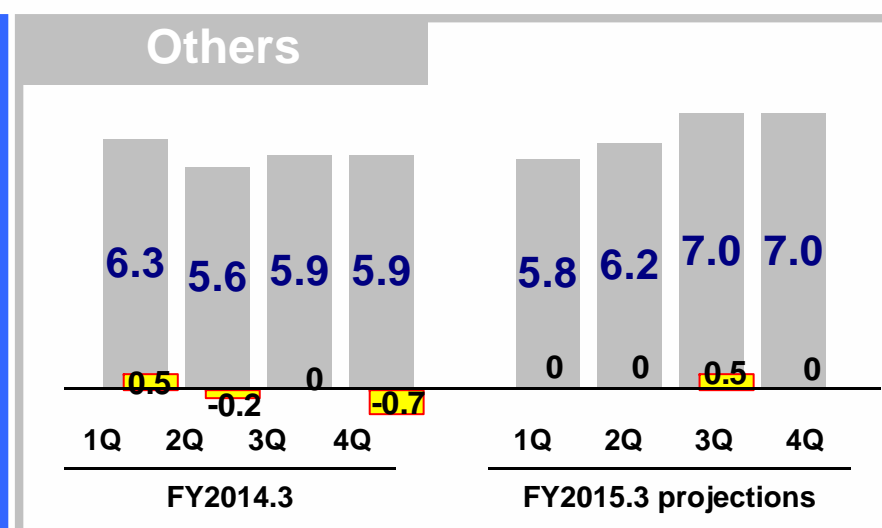
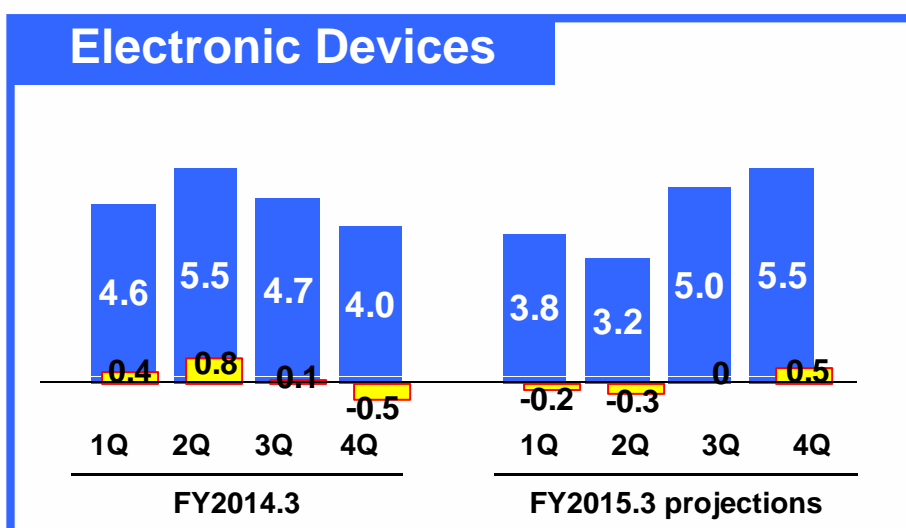
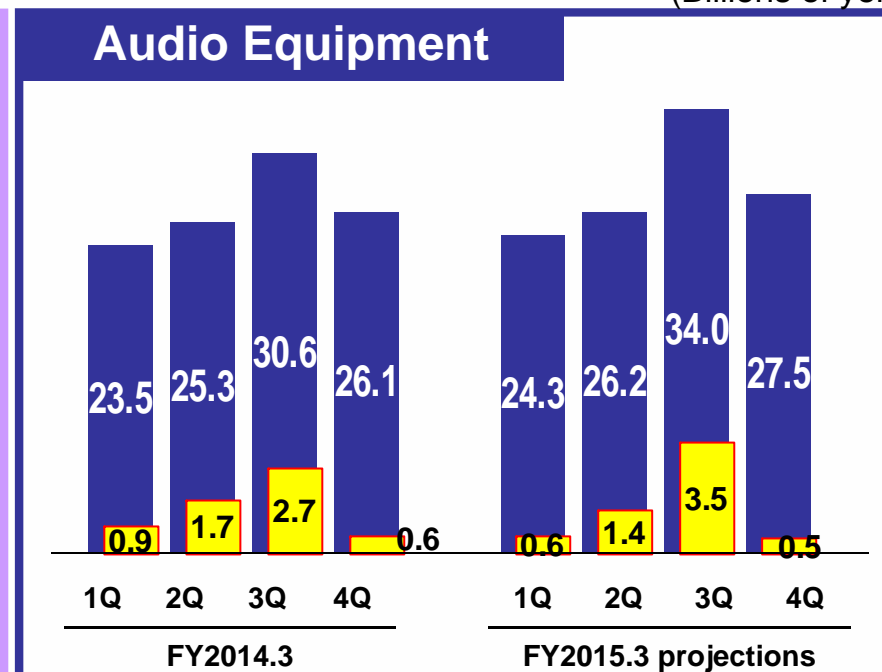
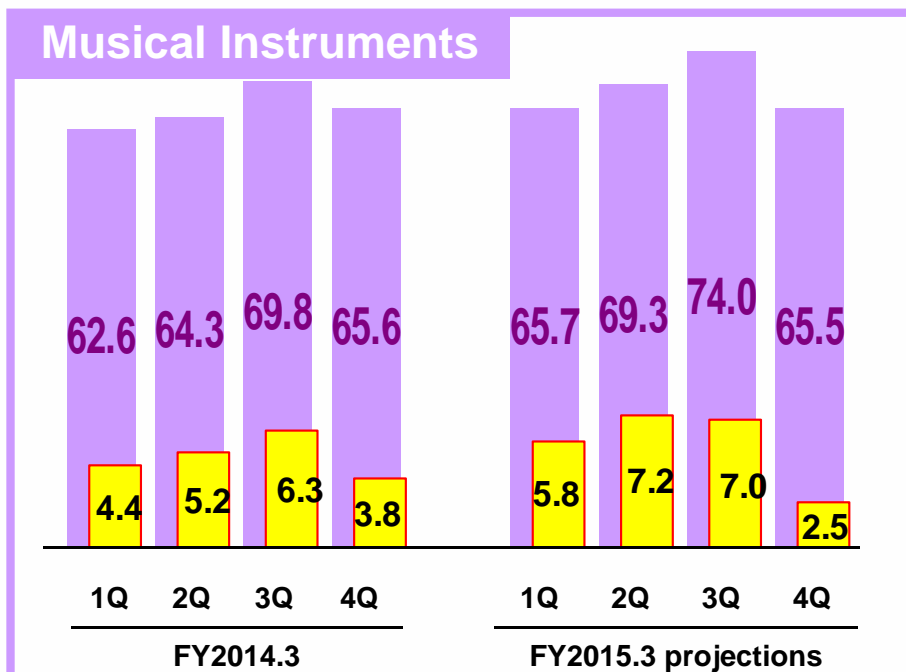


(Billions of yen)



# Quarterly Sales and Income by Segment

(Billions of yen)



**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 predictions 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.**