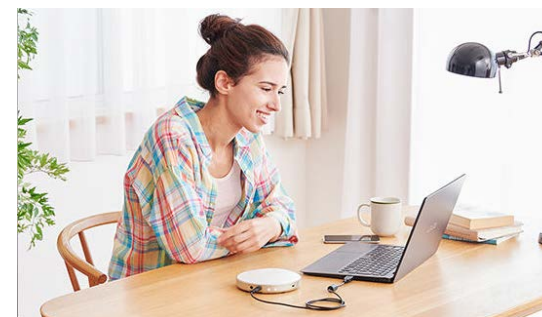


# Analyst and Investor Briefing on Third Quarter of FY2019.3

(Fiscal year ending March 31, 2019)



Yamaha Music India Pvt. Ltd.



February 6, 2019

**Yamaha Corporation**

# FY2019.3 Third-Quarter Highlights

## Overview

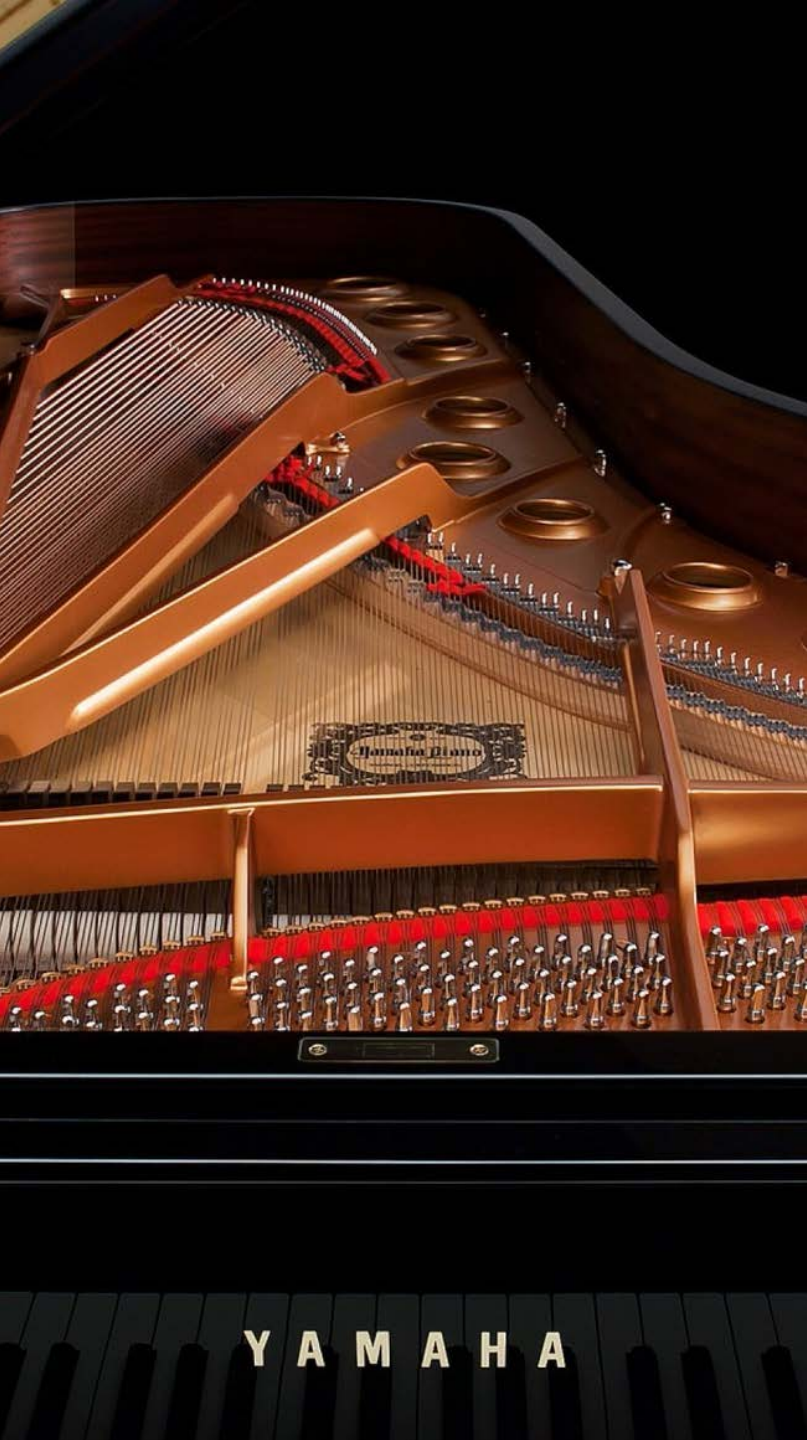
Figures in parentheses are year-on-year comparisons

### Performance in the First Three Quarters of FY2019.3 (nine months)

- Sales and income both increased year-on-year. Performance was on target to meet full-year projections.
- Robust sales (up 1.6%) were driven by strength in the musical instruments segment.
- Operating income amounted to ¥48.1 billion (up 16.0%) and the operating income ratio reached 14.4% (up 1.8 percentage points).

### FY2019.3 Full Year Outlook

- Sales projections were revised downward by ¥2.0 billion compared to the previous projections due to the decrease in sales of industrial machinery and components business.
- Operating income projection remains unchanged to ¥55.0 billion (+12.6%).
- Operating and ordinary income are projected to reach record high profits.



# 1. Performance Summary

# FY2019.3 3Q (Nine Months) Summary

(billions of yen)

	FY2018.3 1-3Q	FY2019.3 1-3Q	Change	
<b>Net Sales</b>	328.7	<b>333.9</b>	+5.2	+1.6% <sup>*2</sup>
<b>Operating Income</b> (Operating Income Ratio)	41.5 (12.6%)	<b>48.1</b> (14.4%)	+6.6	+16.0%
<b>Ordinary Income</b>	41.6	<b>48.9</b>	+7.3	+17.4%
<b>Net Income</b> <sup>*1</sup>	49.6	<b>36.7</b>	-12.8	-25.9%

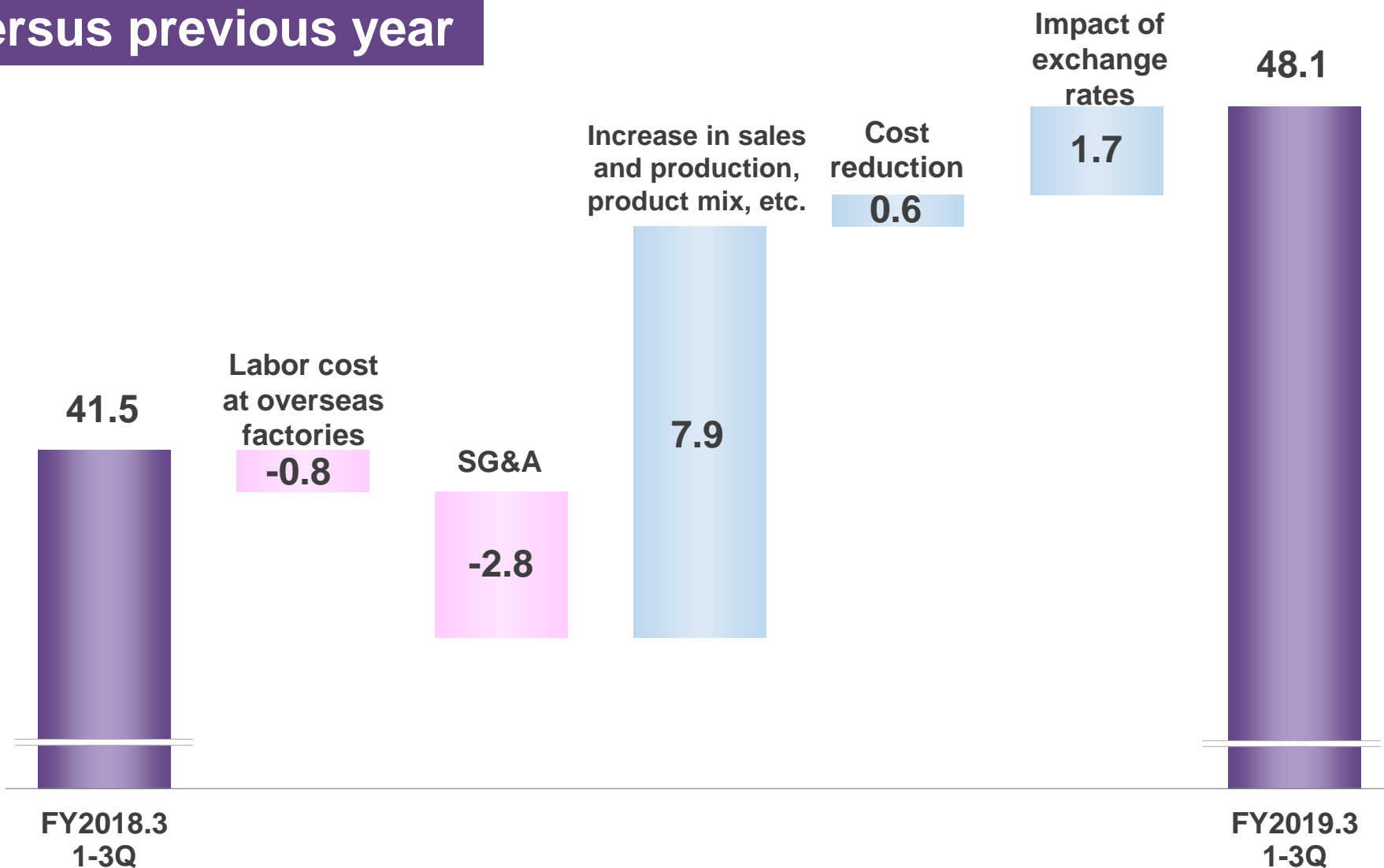
Exchange Rate (yen)				
<b>Net Sales</b> (Average rate during the period)	<b>US\$</b>	112	<b>111</b>	<sup>*2</sup> +2.2% (Excluding the impact of exchange rate)
	<b>EUR</b>	129	<b>129</b>	
<b>Operating Income</b> (Settlement rate)	<b>US\$</b>	112	<b>111</b>	
	<b>EUR</b>	124	<b>132</b>	

\*1 Net income is presented as net income attributable to owners of parent on the consolidated financial statements.  
In the same period of the previous year, gains of ¥25.8 billion (extraordinary income) were posted from a partial sale of shares in Yamaha Motor Co., Ltd.

# Operating Income Analysis

(billions of yen)

## Versus previous year



# Performance by Business Segment

(billions of yen)

		FY2018.3 1-3Q	FY2019.3 1-3Q	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Net Sales</b>	<b>208.8</b>	<b>215.0</b>	<b>+6.2</b>	<b>-1.5</b>
	<b>Operating Income</b>	<b>28.1</b>	<b>35.8</b>	<b>+7.6</b>	<b>+1.2</b>
	Operating Income Ratio	13.5%	16.6%	+3.2P	
<b>Audio Equipment</b>	<b>Net Sales</b>	<b>92.3</b>	<b>91.0</b>	<b>-1.3</b>	<b>-0.7</b>
	<b>Operating Income</b>	<b>10.1</b>	<b>9.2</b>	<b>-0.8</b>	<b>+0.5</b>
	Operating Income Ratio	10.9%	10.2%	-0.7P	
<b>IMC* Business and Others</b>	<b>Net Sales</b>	<b>27.7</b>	<b>27.9</b>	<b>+0.2</b>	<b>0</b>
	<b>Operating Income</b>	<b>3.3</b>	<b>3.1</b>	<b>-0.2</b>	<b>0</b>
	Operating Income Ratio	11.8%	11.0%	-0.8P	

\* Industrial Machinery and Components

Impact on operating income resulting from revision in cost burden of new business development expenses: +¥600 million for Musical Instruments and -¥600 million for Audio Equipment

# FY2019.3 Outlook

(billions of yen)

	FY2018.3 Full year	FY2019.3 Full year (projections)	Change	
<b>Net Sales</b>	433.0	<b>440.0</b>	+7.0	+1.6% <sup>*2</sup>
<b>Operating Income</b> (Operating Income Ratio)	48.8 (11.3%)	<b>55.0</b> (12.5%)	+6.2	+12.6%
<b>Ordinary Income</b>	49.2	<b>55.0</b>	+5.8	+11.7%
<b>Net Income</b> <sup>*1</sup>	54.4	<b>40.0</b>	-14.4	-26.4%

Exchange Rate (yen)			
<b>Net Sales</b> (Average rate during the period)	US\$	111	<b>111</b>
	EUR	130	<b>128</b>
<b>Operating Income</b> (Settlement rate)	US\$	111	<b>111</b>
	EUR	126	<b>131</b>

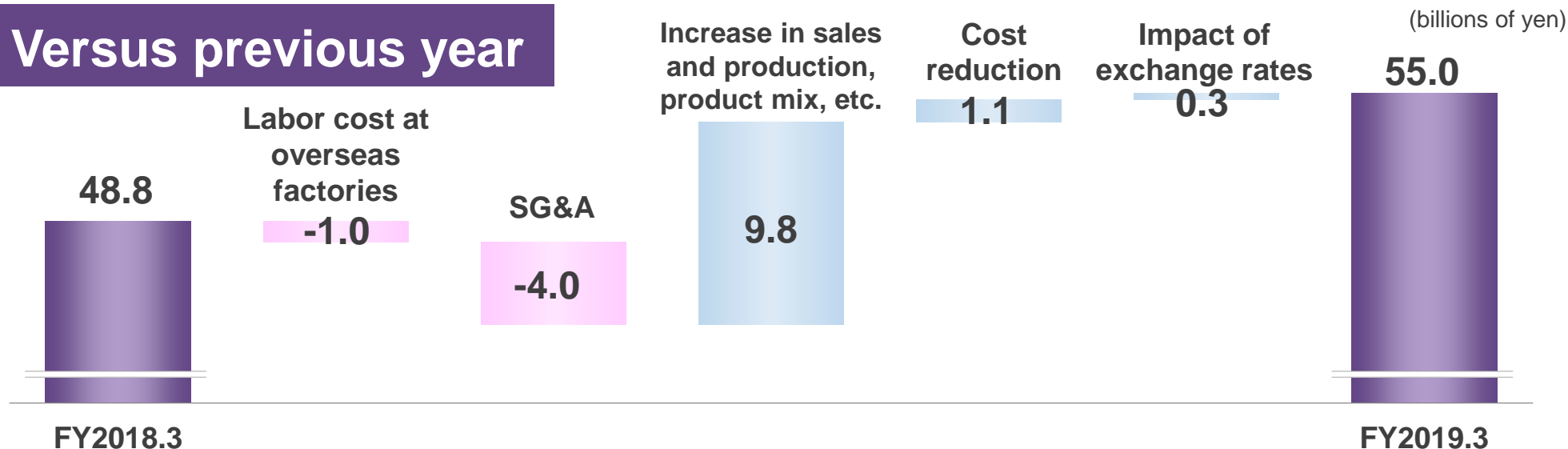
<sup>\*2</sup>  
+2.5%  
(Excluding the impact of exchange rate)

4Q currency exchange rates US\$=110JPY, EUR=125JPY

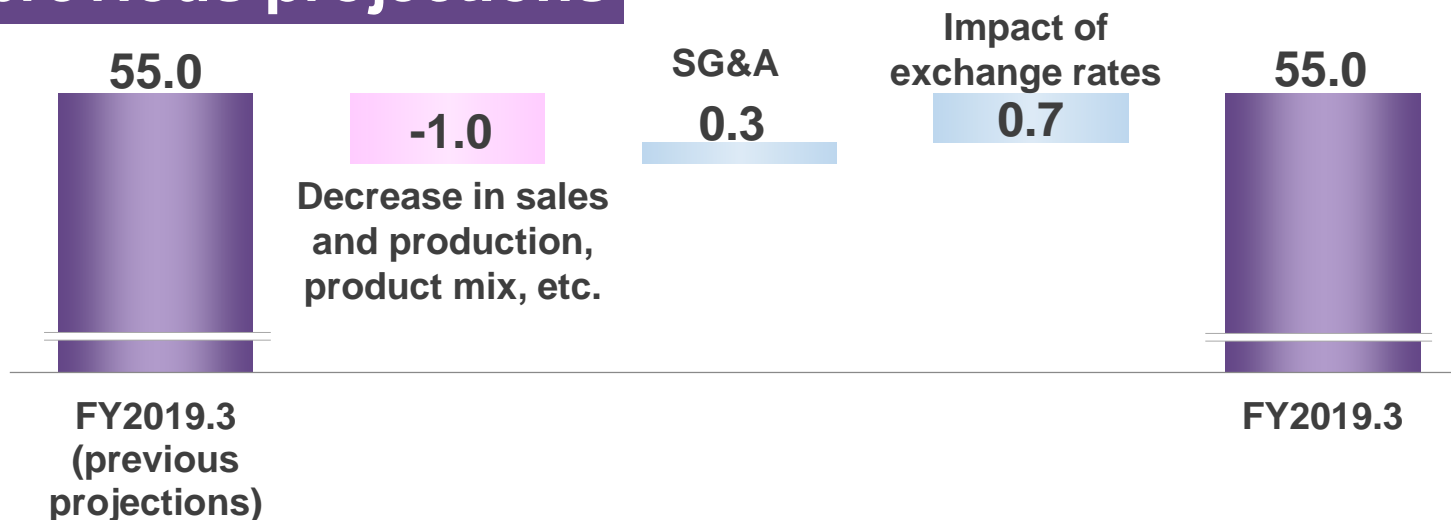
\*1 Net income is presented as net income attributable to owners of parent on the consolidated financial statements. In the same period of the previous year, gains of ¥25.8 billion (extraordinary income) were posted from a partial sale of shares in Yamaha Motor Co., Ltd.

# Operating Income Analysis

## Versus previous year



## Versus previous projections





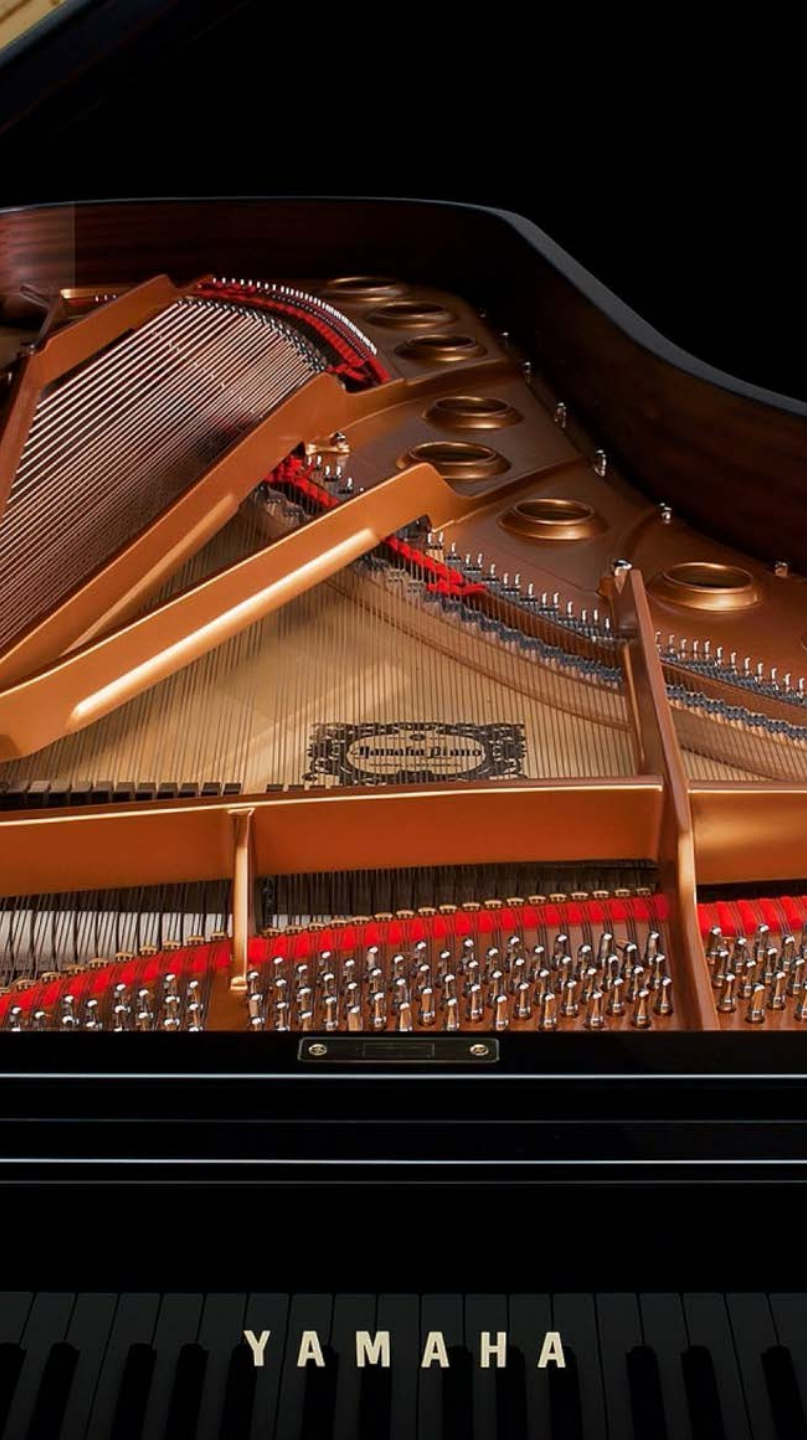
# Outlook by Business Segment

(billions of yen)

		FY2018.3 Full Year	FY2019.3 Full Year (projections)	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Net Sales</b>	<b>274.5</b>	<b>282.5</b>	<b>+8.0</b>	<b>-2.6</b>
	<b>Operating Income</b>	<b>34.6</b>	<b>41.5</b>	<b>+6.9</b>	<b>+0.3</b>
	Operating Income Ratio	12.6%	14.7%	+2.1P	
<b>Audio Equipment</b>	<b>Net Sales</b>	<b>121.8</b>	<b>123.5</b>	<b>+1.7</b>	<b>-1.2</b>
	<b>Operating Income</b>	<b>10.7</b>	<b>11.0</b>	<b>+0.3</b>	<b>+0.1</b>
	Operating Income Ratio	8.8%	8.9%	+0.1P	
<b>IMC* Business and Others</b>	<b>Net Sales</b>	<b>36.7</b>	<b>34.0</b>	<b>-2.7</b>	<b>0</b>
	<b>Operating Income</b>	<b>3.5</b>	<b>2.5</b>	<b>-1.0</b>	<b>0</b>
	Operating Income Ratio	9.5%	7.4%	-2.1P	

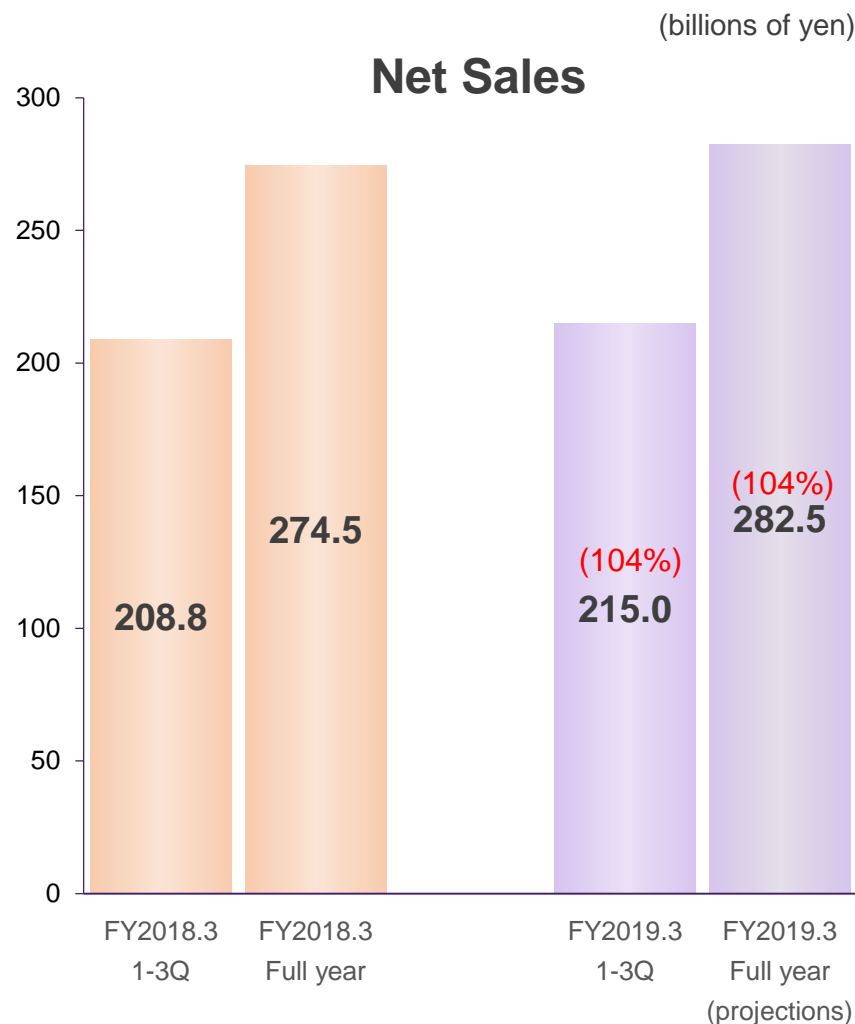
\* Industrial Machinery and Components

Impact on operating income resulting from revision in cost burden of new business development expenses: +¥900 million for Musical Instruments and -¥900 million for Audio Equipment



## 2. Segment Overview

# Segment Sales and Operating Income



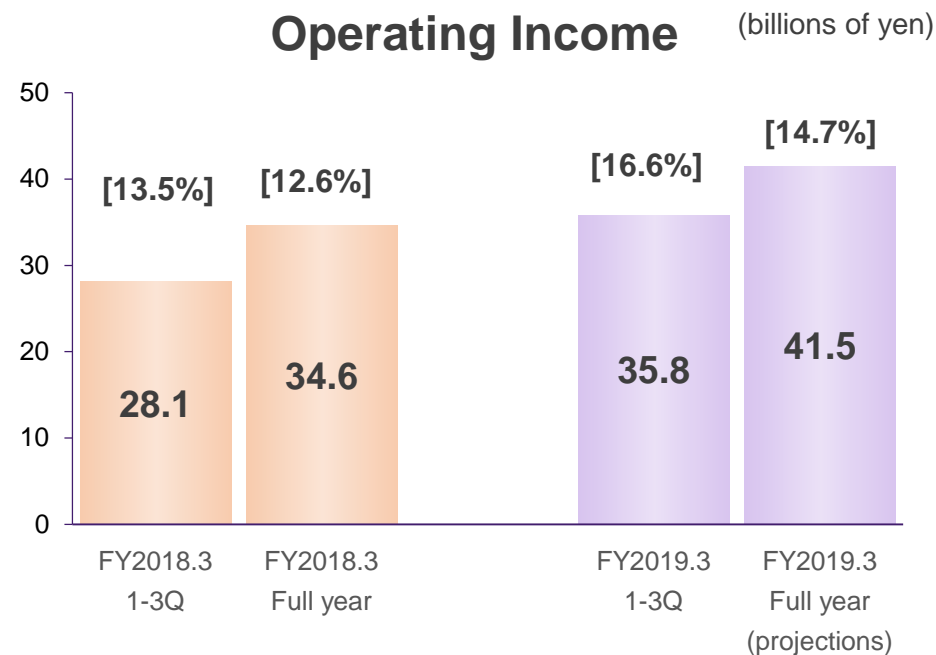
### [Nine Months] Higher sales in all product categories

- **Product:** Ongoing strength in piano sales due to double-digit growth in China and robust results in North America. Digital pianos also sold briskly due to growing sales of entry models. Guitar sales grew by double digit in China and North America.
- **Region:** China and North America both achieved double-digit growth.

### [Full Year] Sales are projected to increase in all product categories,

#### and growth is expected to exceed the previous year

- **Region:** Ongoing double-digit growth in China. Continuing strength in North America. Emerging markets projected to be robust despite sluggishness in some regions. Sales are expected to decline in Japan and Europe.

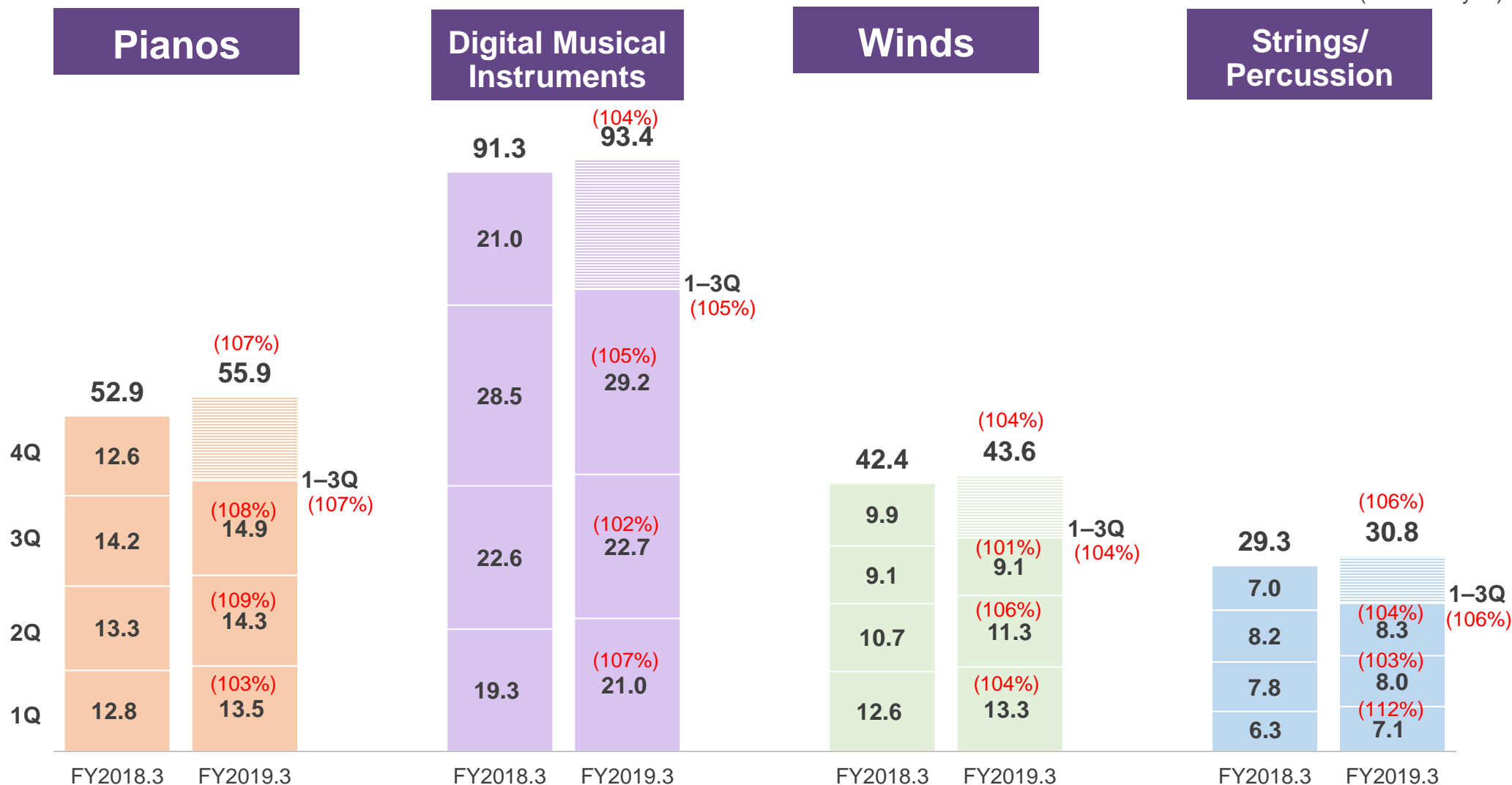


Red figures show actual YoY changes discounting impact of exchange rates

Figures in [ ] indicate operating income ratio

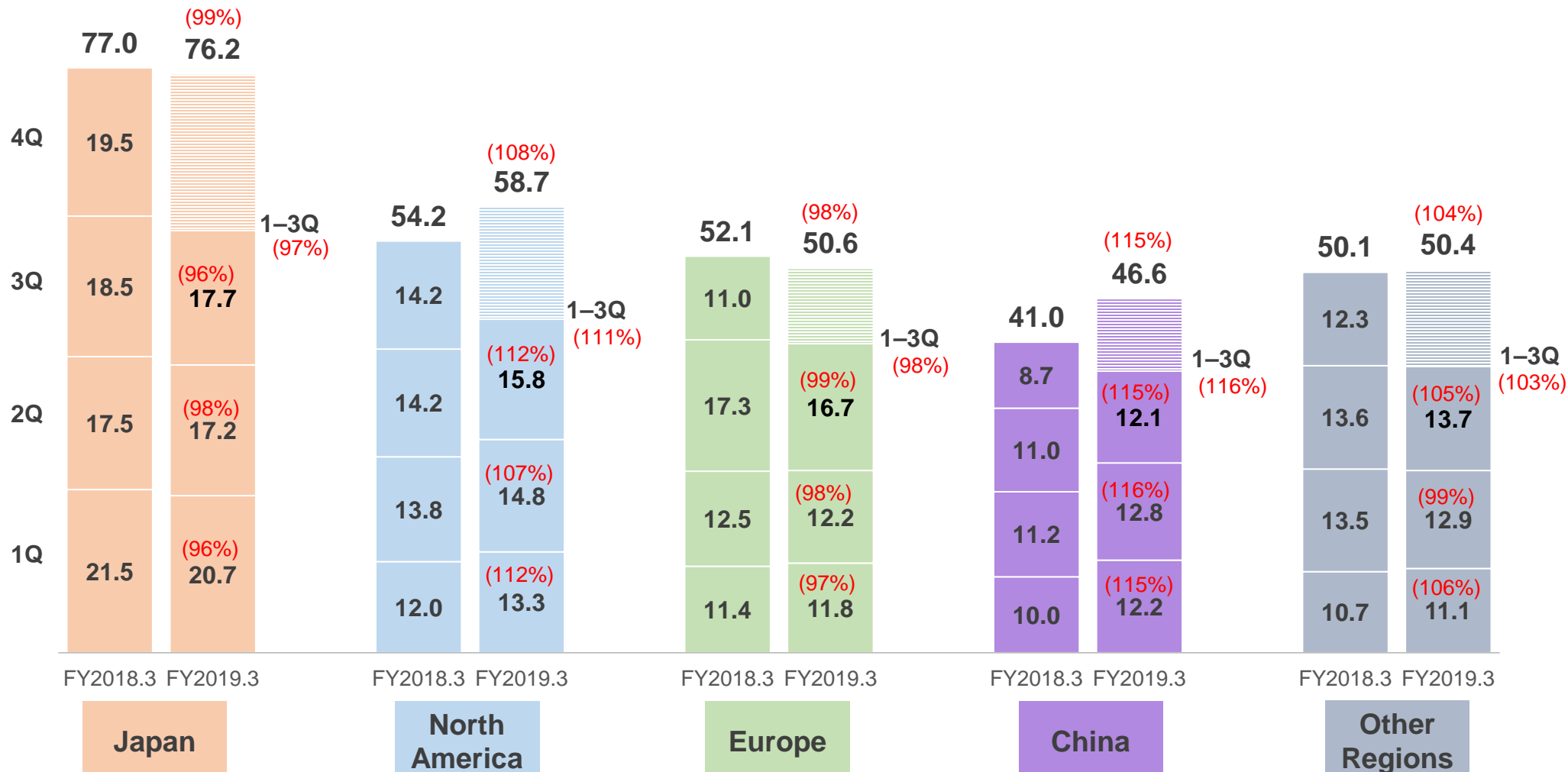
# Sales by Major Product Category

(billions of yen)



# Sales by Region

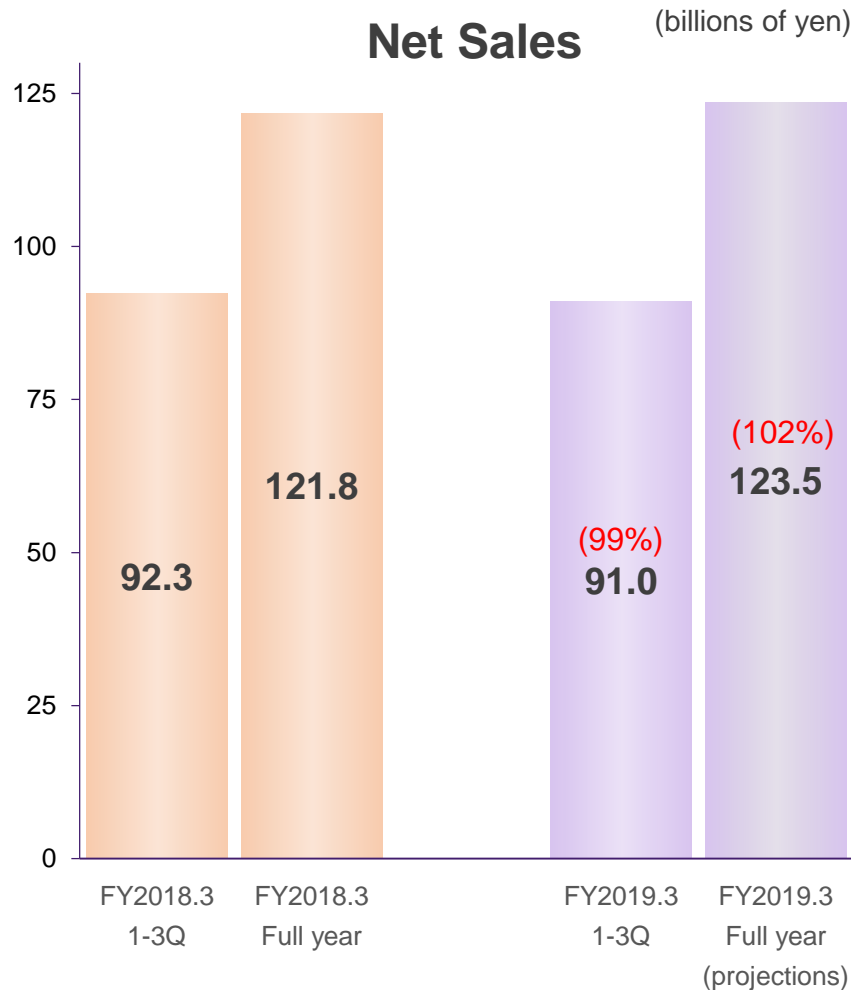
(billions of yen)



\* Software products and music schools included

Red figures show actual YoY changes discounting impact of exchange rates

# Segment Sales and Operating Income

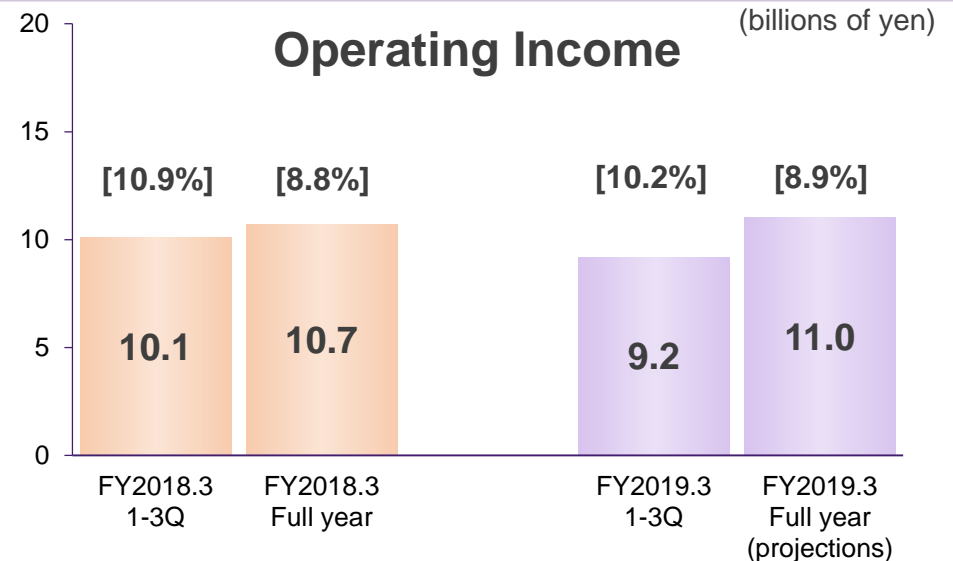


## [Nine Months] Robust sales of commercial audio equipment

- **AV products:** Although mass channel shipments were robust in the US, sales were below the same period of the previous year due to delays in responding to changes in demands.
- **PA equipment:** Commercial audio equipment sales were strong, but audio engineering and installation projects were delayed.
- **ICT devices:** Network equipment were robust, but overall sales were down year-on-year due to the impact of lower OEM product sales.

## [Full Year] Strong sales of commercial audio equipment and network devices are likely to continue

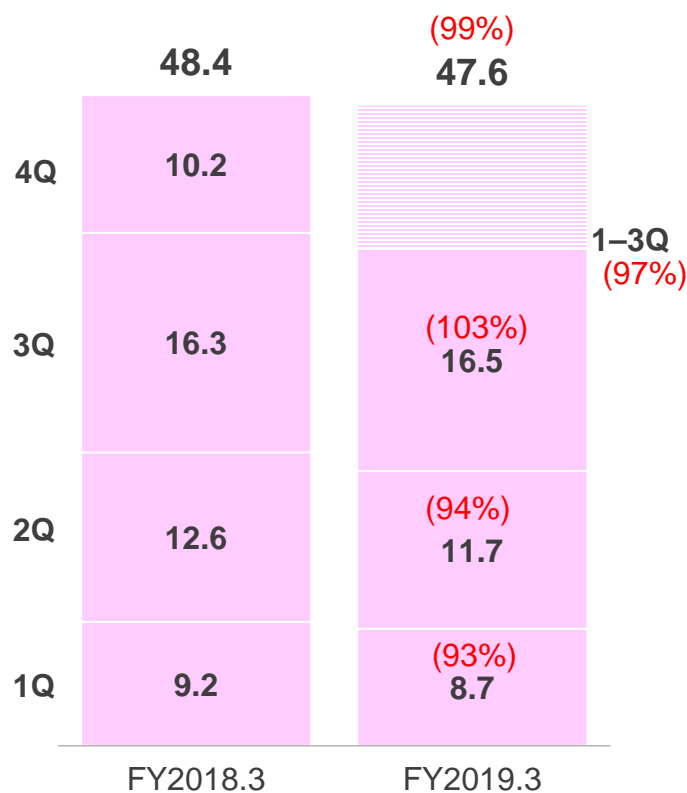
- **AV products:** Sales are projected to decline year-on-year despite 4Q recovery in Europe and the US.
- **PA equipment:** Commercial audio equipment sales are projected to exceed the previous year in all regions and grow by double digits.
- **ICT devices:** Strong sales are expected for network equipment and the sales is expected to exceed previous year's result.



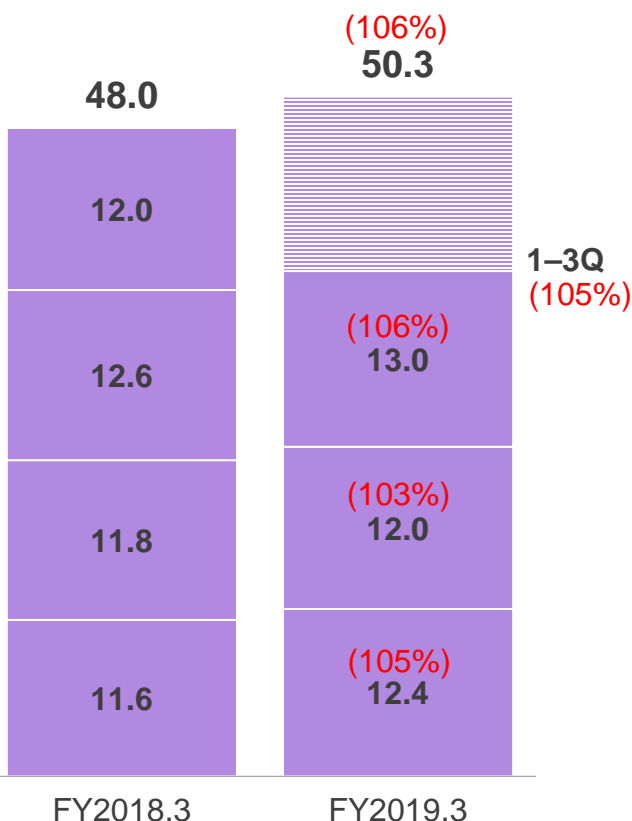
# Sales by Major Product Category

(billions of yen)

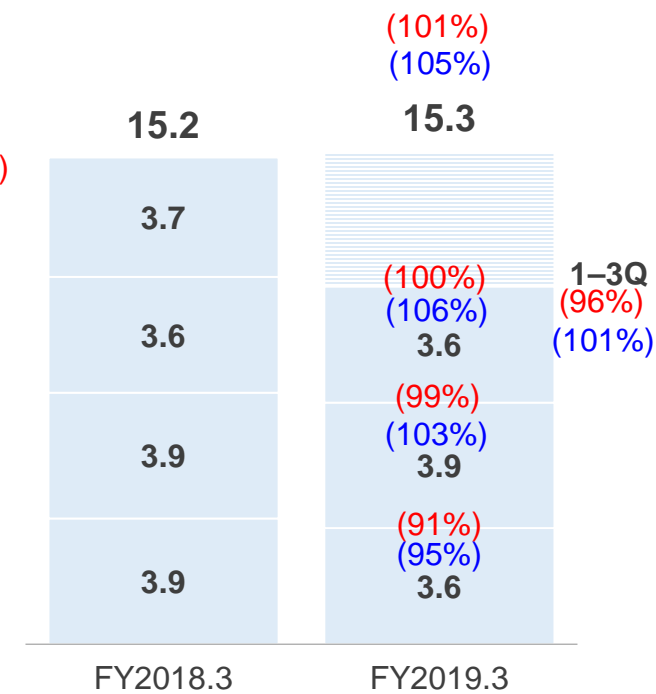
## AV Products



## PA Equipment



## ICT Devices



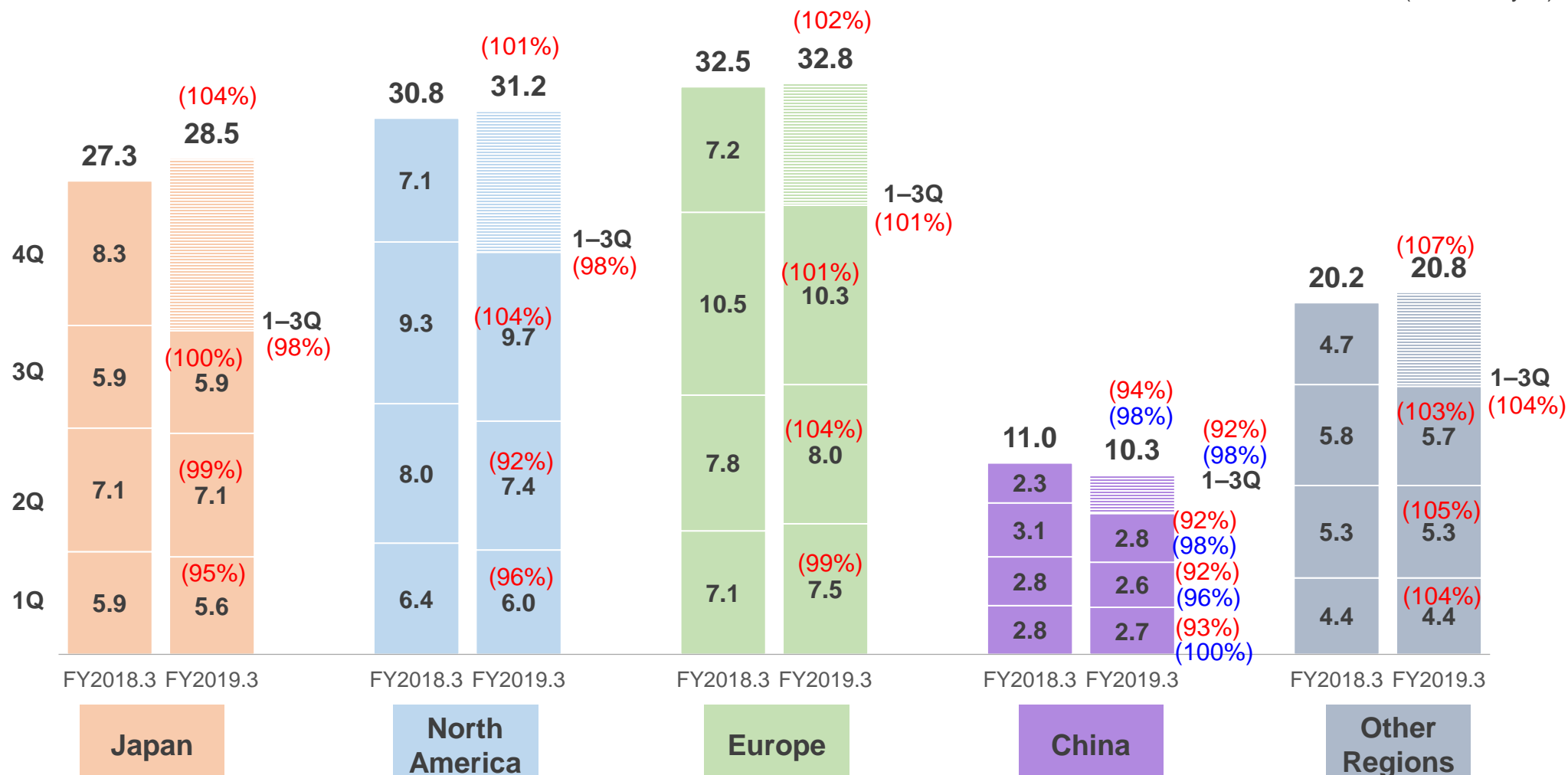
\*Includes only sales of products for PA Equipment (excluding engineering and installation services)

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

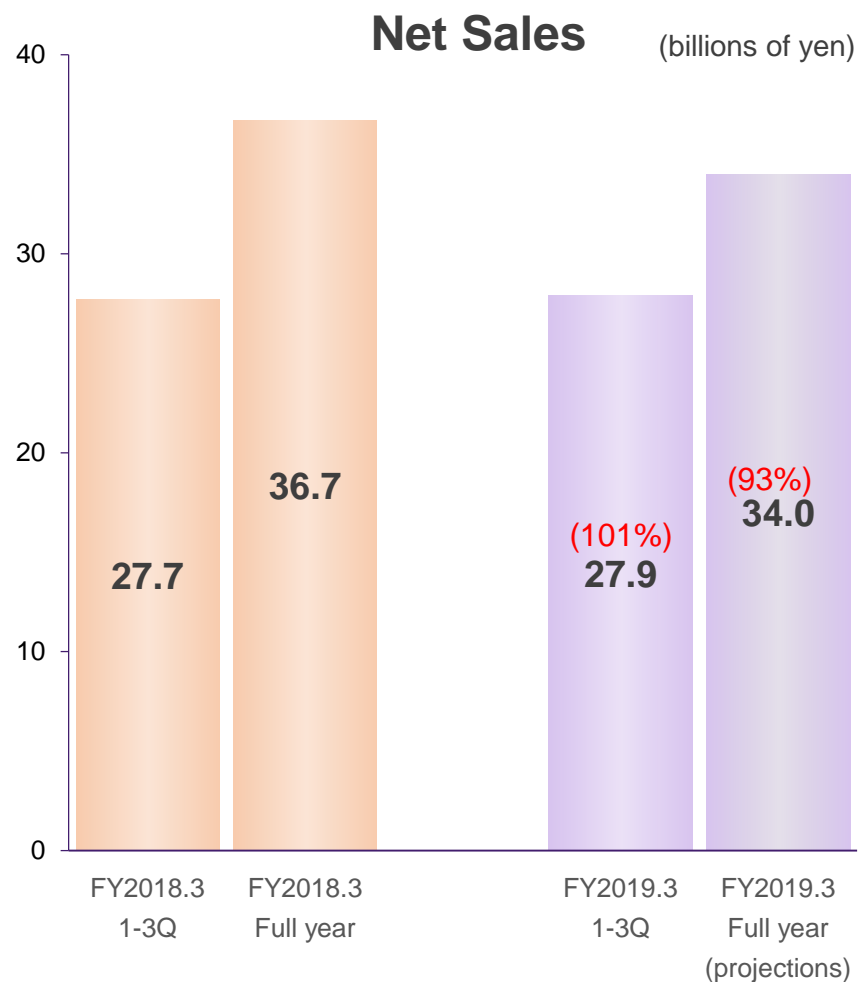
(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates  
 Blue figures show actual YoY changes excluding the sales of OEM products



# Segment Sales and Operating Income

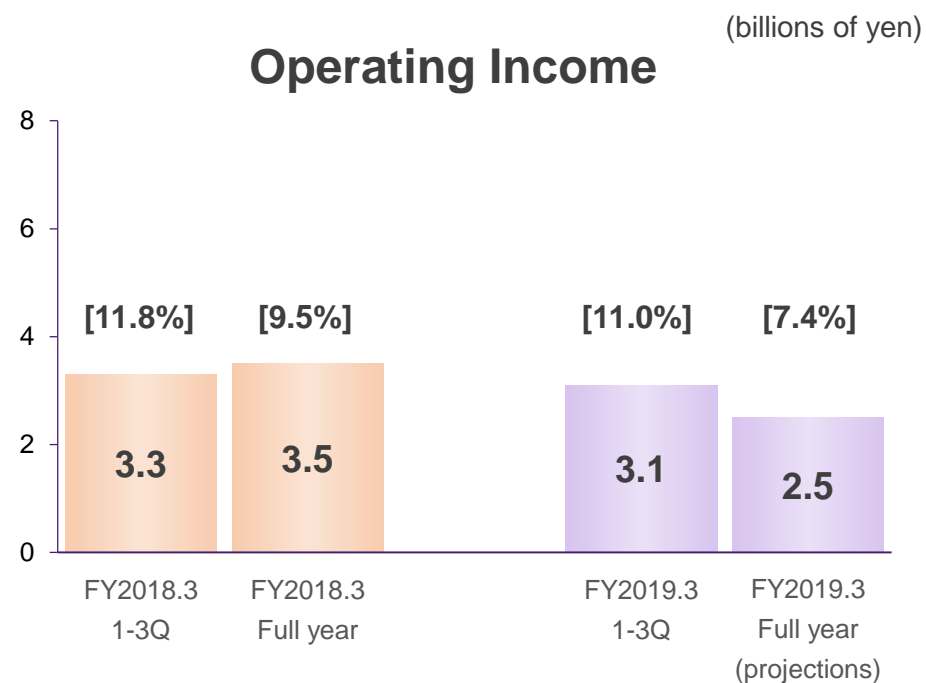


### [Nine Months]

- Electronic device sales declined year-on-year due to a fall in amusement equipment sales and slowdown in sales for China.
- Although factory automation equipment sales slowed as expected from 3Q, over the first three quarters they were up from the same period of the previous year.

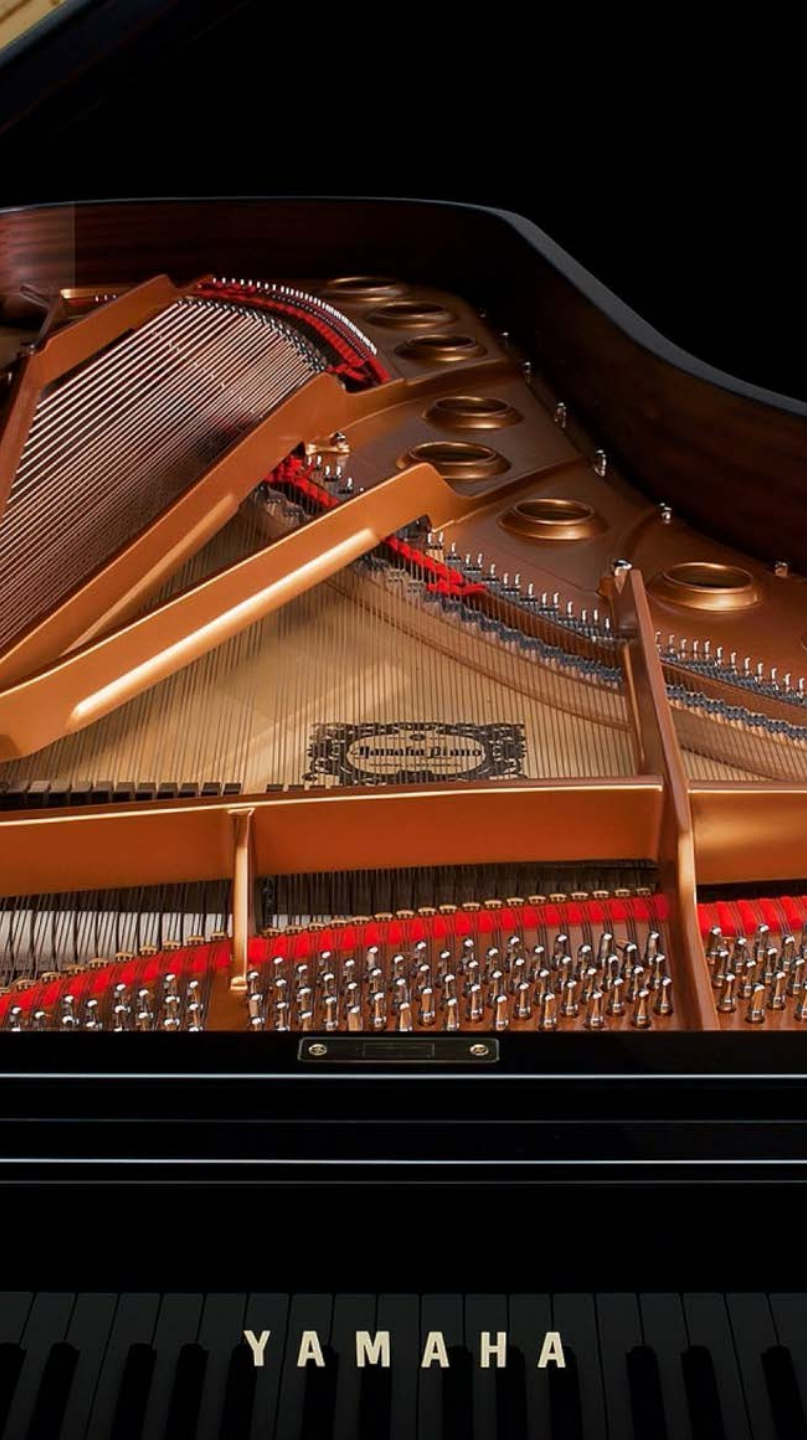
### [Full Year]

- Overall sales are expected to be down year-on-year due to a decline in electronic device sales.



Red figures show actual YoY changes discounting impact of exchange rates

Figures in [ ] indicate operating income ratio



### 3. Other Financial Figures

Y A M A H A

# Balance Sheet Summary

(billions of yen)

	As of Dec. 31, 2017	As of Dec. 31, 2018	Change	As of Mar. 31, 2018	As of Mar. 31, 2019 (projections)	Change
Cash and deposits	138.7	109.6	-29.1	122.7	112.6	-10.1
Notes and accounts receivable	67.0	62.9	-4.1	55.3	55.4	+0.1
Inventories	99.6	102.6	+3.0	94.1	99.3	+5.2
Other current assets	19.0	21.9	+2.9	17.4	21.9	+4.5
Fixed assets	277.3	229.9	-47.4	262.8	234.9	-27.9
<b>Total assets</b>	<b>601.7</b>	<b>526.9</b>	<b>-74.8</b>	<b>552.3</b>	<b>524.1</b>	<b>-28.2</b>
Notes and accounts payable	18.2	18.1	-0.1	19.9	19.8	-0.1
Short- and long-term loans	25.9	19.1	-6.8	11.1	11.7	+0.6
Other liabilities	136.5	102.3	-34.2	133.0	101.5	-31.5
Total net assets	421.1	387.4	-33.7	388.3	391.1	+2.8
<b>Total liabilities and net assets</b>	<b>601.7</b>	<b>526.9</b>	<b>-74.8</b>	<b>552.3</b>	<b>524.1</b>	<b>-28.2</b>

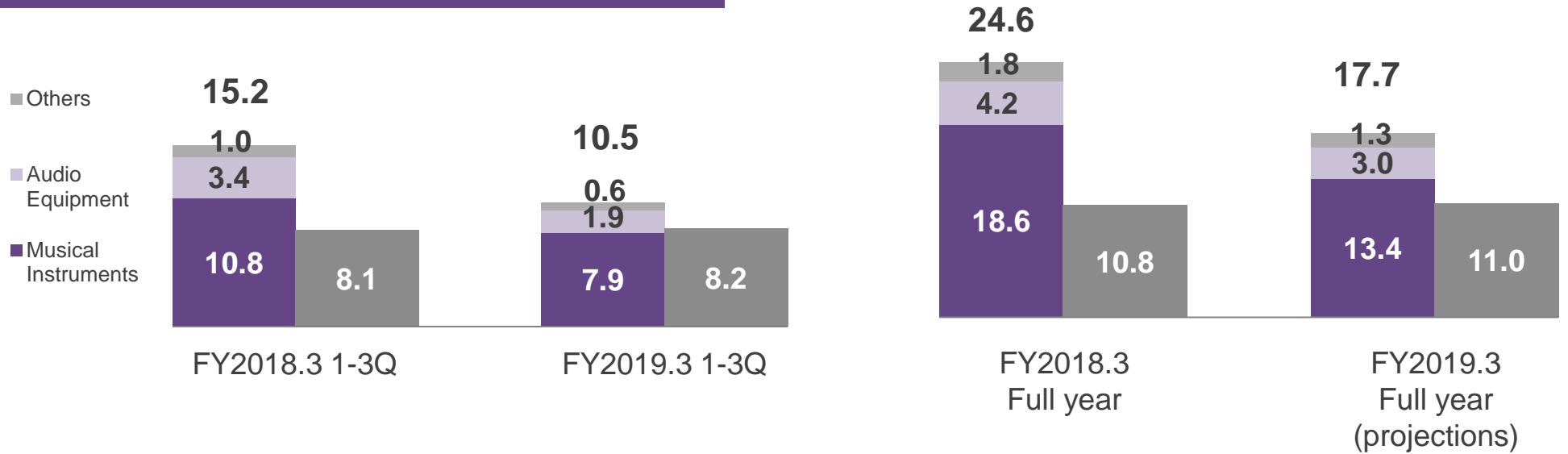
\* Previous year's figures have been adjusted to reflect revision of Accounting Standards for Tax Effect Accounting

\*\* Contingent liabilities were eliminated from the notes to the balance sheets due to the decrease in its materiality after the filing and progress of formal objection with the Indonesian tax authorities.

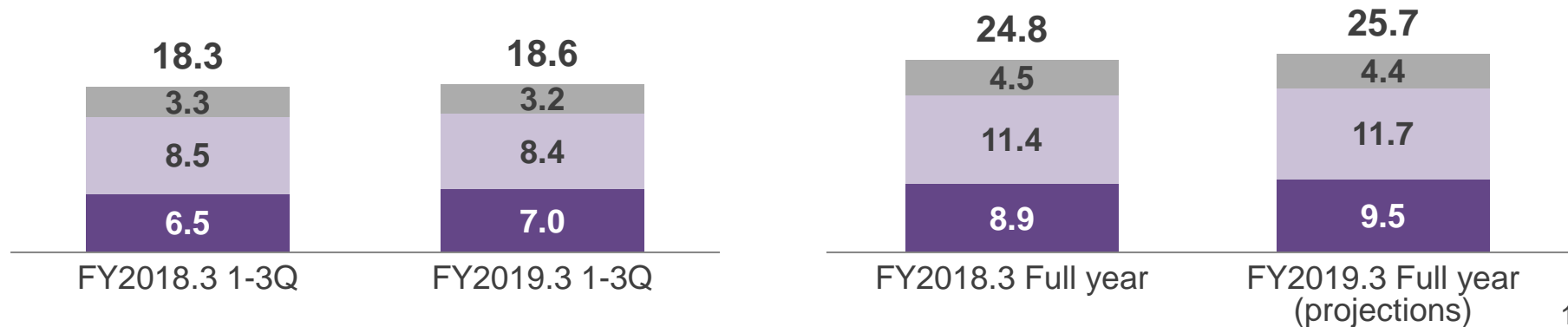
# Capital Expenditure/Depreciation, R&D Expenses

(billions of yen)

## Capital Expenditure/Depreciation



## R&D Expenses



# Corporate Governance



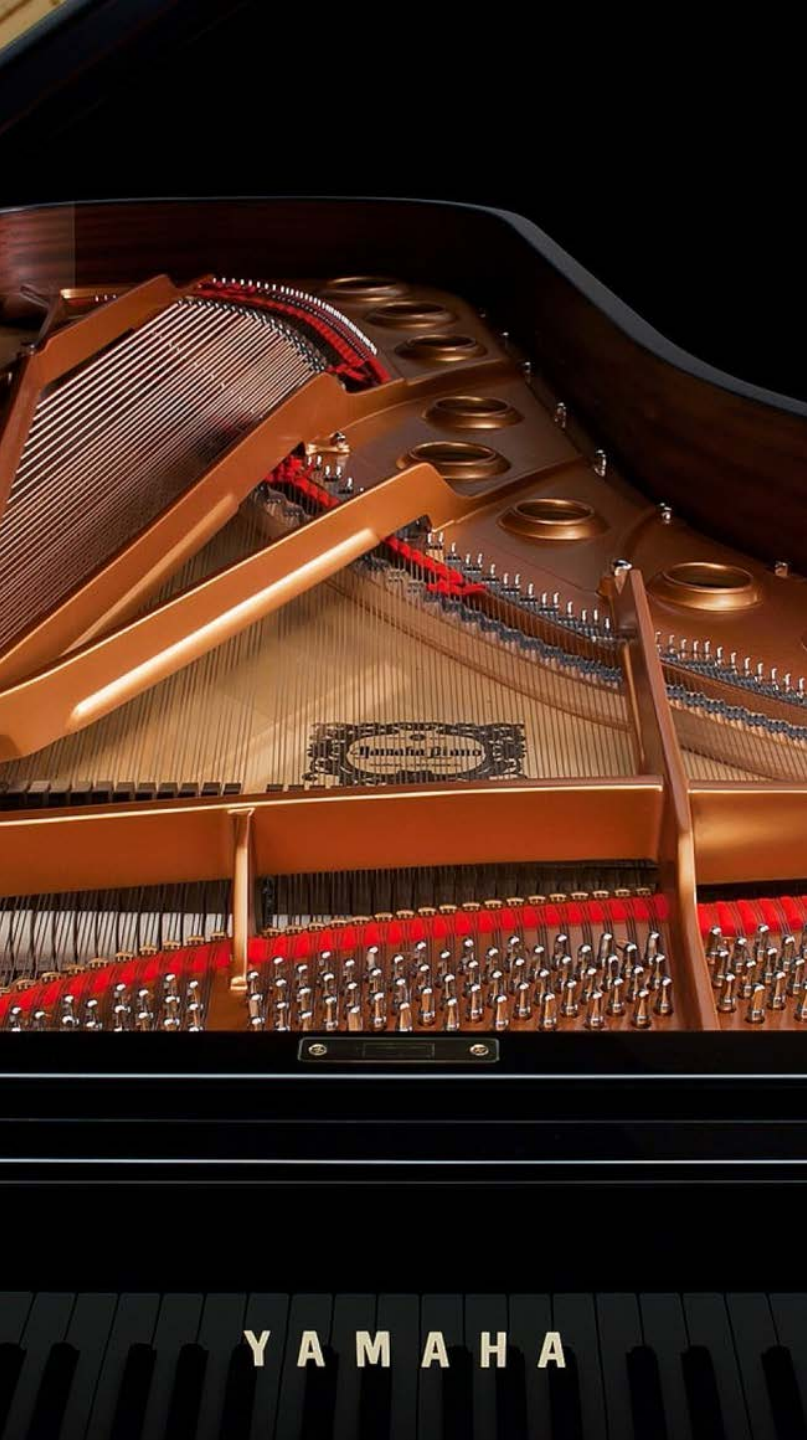
Corporate Governance  
of The Year

## Grand Prize Winner Corporate Governance of the Year™ 2018

Winners announced on February 1, 2019 and award ceremony held on February 21

### Corporate Governance of the Year™ Prize

<b>Organizer</b>	Japan Association of Corporate Directors		
<b>Purpose</b>	To honor companies that practice sound corporate governance to achieve medium- to long-term growth and to encourage widespread awareness and practice of good corporate governance.		
<b>Screening Committee</b>	<p><b>Chair</b> Atsushi Saito (Chairman of Nippon Professional Baseball Organization and Commissioner of Nippon Professional Baseball, former CEO of the Japan Exchange Group)</p> <p><b>Members</b> Shigeyuki Ii (Editorial writer, The Sankei Shimbun)          Kunio Ito (Director, Center for CFO Education and Research, Hitotsubashi University and Adjunct Professor, Graduate School of Commerce, Hitotsubashi University)          Yo Ota (Partner, Nishimura &amp; Asahi, New York State attorney)          Kazuhiko Toyama (Managing Partner, Industrial Growth Platform, Inc.)          Yasunori Nakagami (Representative Director and CEO, Misaki Capital Inc.)</p>		
<b>Eligibility</b>	Companies listed on the first section of the Tokyo Stock Exchange (approx. 2,000)		
<b>2018 winners</b>	Grand Prize Winner: <b>Yamaha Corporation</b> Winners: <b>TDK Corporation, Meiji Holdings Co., Ltd.</b> Minister of Economy, Trade and Industry Prize: <b>OMRON Corporation</b> Tokyo Governor Prize: <b>Daiwa House Industry Co., Ltd.</b>	<b>Past Grand Prize Winners</b>	2017 <b>Kao Corporation</b> 2016 <b>HOYA Corporation</b> 2015 <b>Bridgestone Corporation</b>



# Appendix

# Performance in 3Q FY2019.3 (Three Months)

(billions of yen)

	FY2018.3 3Q	FY2019.3 3Q	Change	
<b>Net Sales</b>	118.9	<b>119.3</b>	+0.4	+0.3% <sup>*2</sup>
<b>Operating Income</b> (Operating Income Ratio)	17.5 (14.8%)	<b>19.6</b> (16.4%)	+2.0	+11.6%
<b>Ordinary Income</b>	16.9	<b>19.1</b>	+2.2	+13.1%
<b>Net Income</b> <sup>*1</sup>	29.9	<b>14.8</b>	-15.1	-50.4%

Exchange Rate (yen)			
<b>Net Sales</b> (Average rate during the period)	US\$	113	<b>113</b>
	EUR	133	<b>129</b>
<b>Operating Income</b> (Settlement rate)	US\$	113	<b>113</b>
	EUR	130	<b>132</b>

<sup>\*2</sup>+2.2%  
(Excluding the impact of exchange rate)

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

# Performance by Business Segment in 3Q FY2019.3 (Three Months)

(billions of yen)

		FY2018.3 3Q	FY2019.3 3Q	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Net Sales</b>	<b>74.6</b>	<b>76.0</b>	<b>+1.4</b>	<b>-1.7</b>
	<b>Operating Income</b>	<b>11.5</b>	<b>14.2</b>	<b>+2.7</b>	<b>0</b>
	Operating Income Ratio	15.4%	18.6%	+3.2P	
<b>Audio Equipment</b>	<b>Net Sales</b>	<b>34.7</b>	<b>34.5</b>	<b>-0.3</b>	<b>-0.7</b>
	<b>Operating Income</b>	<b>4.9</b>	<b>4.6</b>	<b>-0.3</b>	<b>-0.1</b>
	Operating Income Ratio	14.1%	13.3%	-0.8P	
<b>IMC<sup>*</sup> Business and Others</b>	<b>Net Sales</b>	<b>9.6</b>	<b>8.8</b>	<b>-0.8</b>	<b>0</b>
	<b>Operating Income</b>	<b>1.2</b>	<b>0.8</b>	<b>-0.3</b>	<b>0</b>
	Operating Income Ratio	12.1%	9.4%	-2.7P	

\* Industrial Machinery and Components



# 3Q Non-Operating Income/Loss, Extraordinary Income/Loss (Nine Months)

(billions of yen)

		FY2018.3 1-3Q	FY2019.3 1-3Q
Non-Operating Income/Loss	Net financial income	2.5	2.5
	Others	-2.3	-1.7
	Total	0.1	0.8
Extraordinary Income/Loss	Income from (loss on) disposal of fixed assets	-0.1	0
	Others	25.5	2.2
	Total	25.3	2.2
Income Taxes and Other Expenses	Income taxes -current	18.5	11.0
	Income taxes -deferred	-1.2	3.3
	Net income attributable to non-controlling interests	0	0
	Total	17.3	14.3

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

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

(billions of yen)

	FY2018.3 Full year	FY2019.3 Full year (projections)	
Non-Operating Income/Loss	Net financial income	4.3	4.1
	Others	-3.9	-4.1
	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	12.3
	Income taxes -deferred	-1.3	2.6
	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.**