

For immediate release

February 3, 2011

YAMAHA CORPORATION

Outline of the Consolidated Financial Results through the Third Quarter (Nine Months) of the Fiscal Year Ending March 31, 2011 (FY2011.3) and Outlook for Performance for the Full Fiscal Year

■ Consolidated Performance through the Third Quarter (Nine Months)

Year-on-Year Decline in Sales, Accompanied by an Increase in Income

Yamaha's accumulated sales through the end of the third quarter of FY2011.3 decreased ¥31.5 billion, or 9.9%, to ¥285.4 billion, compared with the same period of the previous fiscal year. This was due to a decline of ¥28.0 billion in sales owing to the transfer of the shares of a lifestyle-related products subsidiary at the end of the previous fiscal year and its exclusion from the scope of consolidation and the adverse impact of foreign currency fluctuations, which amounted to ¥14.0 billion. By business segment, sales increased in the AV/IT and electronic devices businesses, and, after the exclusion of the effects of foreign currency fluctuations, sales in the musical instruments segment also increased compared with the same period of the previous fiscal year.

Consolidated operating income through the end of the third quarter rose to ¥16.3 billion, which was ¥5.8 billion, or 55.7%, higher than in the same period of the previous fiscal year. This increase was the result of a gain of ¥2.9 billion in operating income in the musical instruments business, due mainly to the rise in production, and gains in income in the AV/IT and electronic devices business segments owing to higher sales.

Accompanying the rise in consolidated operating income, consolidated ordinary income through the third quarter rose ¥5.6 billion, or 63.3%, to ¥14.3 billion, and net income amounted to ¥10.0 billion, representing a jump of ¥7.0 billion, or 231.7%, over the same period of the previous fiscal year.

■ Sales and Operating Income (Loss) by Business Segment

Note: Because of the transfer of Yamaha's equity holdings in Yamaha Livingtec Corporation (YLT), as of March 31, 2010, YLT and two of its subsidiaries were excluded from the scope of consolidation, and the Company eliminated its lifestyle-related products business segment from the beginning of FY2011.3.

Musical Instruments

Sales of ¥205.9 billion (−2.5%) and Operating Income of ¥10.7 billion (+36.8%)

Sales of pianos in the Chinese and other emerging markets continued to be robust, and signs of recovery emerged in the European market. However, because of the delayed recovery of sales in Japan and North America as well as the impact of foreign currency fluctuations, overall piano sales declined. In the digital musical instruments business, overall sales increased as sales of electronic pianos continued to be strong, and portable keyboard sales expanded, in part because of the launching of new products. Although wind instruments are generally on a recovery trend, tough conditions continued in the Japanese market. In the professional audio equipment business, sales grew in Japan, China, and other emerging markets, but in North America and Europe, the market has still not shown full recovery.

For the segment as a whole, sales were down ¥5.2 billion, or 2.5%, year on year, in part because of the effect of foreign currency fluctuations, which had a negative impact of ¥10.9 billion.

Profitability rose, as the negative impact of ¥3.3 billion due to foreign currency fluctuations was offset mainly by a rise in production volume, and operating income rose ¥2.9 billion, or 36.8%.

AV/IT

Sales of ¥44.5 billion (+6.3%) and Operating Income of ¥2.9 billion (+49.3%)

In the audio products business, sales of AV receivers declined in the North American market, but an increase, primarily in sales of front surround system products, was reported in Japan. In China and other emerging markets, sales continued to be robust. A major increase was recorded in sales of commercial online karaoke equipment, as shipments of new products held strong. Sales of routers for business use continued to expand steadily. For the segment as a whole, foreign currency fluctuations had a negative impact of ¥3.0 billion, but sales rose ¥2.6 billion, or 6.3%.

Profitability improved because of the increases in production and sales, and the segment reported an increase of ¥1.0 billion (+49.3%) in operating income year on year.

Electronic Devices

Sales of ¥15.5 billion (+3.3%) and Operating Income of ¥1.1 billion (compared with an operating loss of ¥0.2 billion in the same period of the previous fiscal year)

In the semiconductor business, although sales of sound generators for mobile phones decreased year on year, strong sales of graphic LSIs for amusement equipment, geomagnetic sensors, and certain other products resulted in an overall rise in sales of this segment.

Profitability in this segment improved, as a result of the increase in sales and reductions in production costs and other expenses, and it reported an increase of ¥1.3 billion in operating income year on year.

Others

Sales of ¥19.5 billion (–6.8%) and Operating Income of ¥1.7 billion (+153.5%)

Sales of automobile interior wood components continued to be solid because of recovery in conditions in the automobile industry, and sales of the factory automation business expanded mainly because of sales of capital goods to the Chinese market. In addition, sales of golf products expanded in Japan and overseas.

The segment as a whole reported a decline in sales of ¥1.4 billion, or 6.8%, because of the Company's withdrawal from the magnesium molded parts business at the end of the previous fiscal year, which resulted in a drop in sales of ¥4.4 billion.

Profitability improved, and operating income through the third quarter rose ¥1.0 billion compared with the same period of the previous fiscal year because of reductions in production costs and other expenses.

■ Consolidated Forecast for the Full Fiscal Year (FY2011.3)
Previous Forecast of October 29 Has Been Revised

Yamaha's previous forecast for consolidated performance for the full fiscal year, which was announced on October 29, 2010, called for net sales of ¥374.0 billion, operating income of ¥11.0 billion, ordinary income of ¥8.5 billion, and net income of ¥5.0 billion. However, in view of performance through the third quarter, future business trends, and other factors, Yamaha has issued a revised forecast calling for net sales of ¥373.0 billion, operating income of ¥12.5 billion, ordinary income of ¥10.0 billion, and net income of ¥6.5 billion.

Notes:

1. Sales and income/loss figures in the text above have, in principle, been rounded to the nearest ¥0.1 billion.
2. Figures in parentheses are changes from the same period of the previous fiscal year, except as indicated.

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