For Immediate Release

October 31, 2012

**YAMAHA CORPORATION**

# Outline of the Consolidated Financial Results through the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2013 (FY2013.3) and Outlook for Performance for the Full Fiscal Year

## ■ Consolidated Performance through the Second Quarter (Six Months)

Year-on-Year Increases in Net Sales and Income

Consolidated net sales through the second quarter of FY2013.3 increased over the same period of the previous year, despite slightly lower sales in the musical instruments and AV/IT segments, owing to the effects of foreign currency fluctuations, and decreased sales in the electronic devices segment. This overall growth was due to higher sales in the others segment, including recovery in sales of automobile interior wood components, which offset the ¥5.1 billion in negative effects of foreign currency fluctuations, and led to growth of ¥0.2 billion, or 0.1% in net sales year on year, to ¥176.8 billion.

Consolidated operating income through the second quarter increased ¥0.5 billion, or 8.1% year on year, to ¥6.8 billion. Although foreign currency fluctuations reduced overall operating income by ¥3.0 billion from the level it would have been otherwise, this was more than offset by expansion in operating income in the musical instruments and others segments.

Along with the increase in operating income, consolidated ordinary income rose ¥0.8 billion, or 14.5% over the same period of the previous year, to ¥6.1 billion, and net income for the quarter rose ¥0.5 billion, or 18.9%, to ¥3.3 billion.

## ■ Sales and Operating Income (Loss) by Business Segment

### Musical Instruments

Sales of ¥131.8 billion (–0.4%) and Operating Income of ¥5.5 billion (+20.2%)

Although sales of pianos in China continued to be favorable, overall piano revenues decreased because of lower sales in Japan and other geographical areas. In the digital musical instruments business, sales expanded in China and other emerging countries, and overall revenues increased. Sales of wind instruments decreased, mainly because of lower sales in Japan. Among string and percussion instruments, sales of guitars expanded. Sales in the professional audio equipment business increased in North America and Europe as a result of the introduction of new models.

Compared with the same period of the previous fiscal year, sales of this segment as a whole declined ¥0.5 billion, or 0.4%, to ¥131.8 billion, owing to a reduction in sales of ¥4.1 billion, caused by foreign currency fluctuations.

Operating income absorbed an adverse impact due to foreign currency fluctuations of ¥2.3 billion, and rose ¥0.9 billion, or 20.2% year on year, to ¥5.5 billion.

### AV/IT

Sales of ¥24.7 billion (–1.3%) and Operating Income of ¥1.5 billion(–19.0%)

In the audio products business, although sales expanded in North America and in China and other emerging countries, sales in Japan and Europe decreased, leading to an overall drop in revenues of this business. Sales of commercial online karaoke equipment expanded because of the introduction of new models, while sales of information and telecommunications equipment, such as routers and conferencing systems, also increased.

Compared with the same period of the previous fiscal year, sales of this segment, declined ¥0.3 billion, or 1.3%, to ¥24.7 billion, owing in part to the adverse impact of foreign currency fluctuations of ¥1.0 billion.

Operating income declined ¥0.4 billion, or 19.0%, to ¥1.5 billion, owing in part to the adverse effects of foreign currency fluctuations of ¥0.6 billion.

**Electronic Devices**

Sales of ¥7.9 billion (–3.0%) and an Operating Loss of ¥0.9 billion (compared with an operating loss of ¥0.7 billion in the same period of the previous fiscal year)

Sales in the semiconductor business declined, because sales of sound generator LSIs for mobile phones continued to decline along with the shift from mobile phones to smartphones, although sales of graphic controllers used in amusement equipment and magnetic sensors expanded.

Sales of this segment in total slipped ¥0.2 billion, or 3.0% from the same period of the previous fiscal year, to ¥7.9 billion.

As a result, the segment reported an operating loss of ¥0.9 billion for the period (compared with an operating loss of ¥0.7 billion in the same period of the previous fiscal year).

**Others**

Sales of ¥12.4 billion (+11.9%) and Operating Income of ¥0.7 billion (+28.4%)

Sales of automobile interior wood components rose substantially, in part because of the recovery from the production adjustments among business customers following the Great East Japan Earthquake in 2011. Sales of factory automation (FA) equipment to China and other emerging markets expanded. On the other hand, sales in the golf products business declined because of lackluster conditions in overseas markets, including South Korea, while sales of the recreation businesses in Japan reported slight decreases.

Sales of this segment as a whole rose ¥1.3 billion, or 11.9% year on year, to ¥12.4 billion.

Operating income expanded ¥0.2 billion, or 28.4%, to ¥0.7 billion.

## ■ Consolidated Forecast for the Full Fiscal Year (FY2013.3)

Forecasts Announced on July 31, 2012, Revised Downward

The Company's previous forecast, announced on July 31, 2012, for consolidated performance for FY2013.3 called for net sales of ¥375.0 billion (+5.2%), operating income of ¥14.5 billion (+78.8%), ordinary income of ¥13.0 billion (+79.2%), and net income of ¥7.5 billion (compared with a net loss of ¥29.4 billion in the previous fiscal year).

The Company has revised these forecast figures to net sales of ¥367.5 billion (+3.1%), operating income of ¥11.0 billion (+35.6%), ordinary income of ¥9.0 billion (+24.1%), and net income of ¥3.5 billion (compared with a net loss of ¥29.4 billion in the previous fiscal year).

By business segment, the Company is forecasting declines in sales and income in the musical instruments segment because of lower sales than originally expected and other factors, but performance in the AV/IT, electronic devices, and others segments will be as forecast in the previous outlook.

Please note that net income takes account of an extraordinary loss of ¥1.77 billion as expenses in domestic business structural reforms, which were announced on July 31, including ¥0.97 billion in such expenses already accrued in the second quarter.

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.

**For further information, please contact:**

Yamaha Corporation
Corporate Communications Division, Public Relations Group
Email: pr-contacts@gmx.yamaha.com
Telephone: +81-3-5488-6601
Facsimile: +81-3-5488-5060

# Second Quarter of FY2013.3 Performance Outline

YAMAHA CORPORATION

October 31, 2012

(billions of yen)

| | Six Months Initial Projections (announced on July. 31, 2012) FY2013.3 | Six Months Results Ended Sept. 30, 2012 FY2013.3 | Six Months Results Ended Sept. 30, 2011 (Previous Year) FY2012.3 | Initial Projections (Full Year) (announced on July 31, 2012 FY2013.3 | Projections (Full Year) FY2013.3 | Results (Previous Year) FY2012.3 |
|---|---|---|---|---|---|---|
| Net Sales | 182.5 | 176.8 | 176.6 | 375.0 | 367.5 | 356.6 |
| Japan Sales | 85.6 (46.9%) | 84.4 (47.8%) | 83.0 (47.0%) | 173.3 (46.2%) | 171.6 (46.7%) | 167.1 (46.9%) |
| Overseas Sales | 96.9 (53.1%) | 92.4 (52.2%) | 93.6 (53.0%) | 201.7 (53.8%) | 195.9 (53.3%) | 189.5 (53.1%) |
| Operating Income | 8.5 (4.7%) | 6.8 (3.9%) | 6.3 (3.6%) | 14.5 (3.9%) | 11.0 (3.0%) | 8.1 (2.3%) |
| Ordinary Income | 7.5 (4.1%) | 6.1 (3.5%) | 5.3 (3.0%) | 13.0 (3.5%) | 9.0 (2.4%) | 7.3 (2.0%) |
| Net Income | 6.0 (3.3%) | 3.3 (1.9%) | 2.8 (1.6%) | 7.5 (2.0%) | 3.5 (1.0%) | -29.4 - |
| Currency Exchange Rate (Settlement Rate) (=yen) | 79/US$ 103/EUR | 80/US$ 105/EUR | 80/US$ 115/EUR | 78/US$ 101/EUR | 78/US$ (*4) 103/EUR | 79/US$ 112/EUR |
| ROE (*1) | 6.1% | 3.4% | 2.4% | 3.8% | 1.8% | -13.2% |
| ROA (*2) | 3.3% | 1.9% | 1.5% | 2.1% | 1.0% | -7.8% |
| Earnings per Share | 31.0 yen | 17.3 yen | 14.6 yen | 38.7 yen | 18.1 yen | -151.7 yen |
| Capital Expenditure | 7.9 | 5.8 | 5.1 | 15.7 | 15.3 | 11.3 |
| (Depreciation) | (5.5) | (5.4) | (5.7) | (12.1) | (11.8) | (12.0) |
| R&D Expenditure | 11.4 | 11.0 | 10.8 | 23.3 | 22.5 | 22.8 |
| **Cash Flows** | | | | | | |
| Operating Activities | -1.7 | -4.6 | -1.7 | 19.7 | 16.1 | 10.9 |
| Investing Activities | -6.8 | -5.8 | -4.5 | -14.3 | -12.6 | -9.0 |
| Total | -8.5 | -10.5 | -6.3 | 5.4 | 3.5 | 1.9 |
| Inventories at End of Period | 80.9 | 83.7 | 75.3 | 70.9 | 69.5 | 77.1 |
| **Number of Employees** | | | | | | |
| Japan | 7,600 | 7,538 | 7,647 | 7,500 | 7,300 | 7,443 |
| Overseas | 12,600 | 12,551 | 12,198 | 12,800 | 12,800 | 12,251 |
| Total (*3) | 20,200 | 20,089 | 19,845 | 20,300 | 20,100 | 19,694 |
| (Changes from the changes in the scope of consolidation) | (170) | (169) | (0) | (170) | (170) | (0) |
| Temporary Staff (average during the period) | 9,300 | 8,598 | 8,697 | 8,300 | 8,200 | 8,497 |
| **Sales by Business Segment** | | | | | | |
| Musical Instruments | 136.5 (74.8%) | 131.8 (74.5%) | 132.4 (74.9%) | 278.0 (74.1%) | 270.5 (73.6%) | 265.1 (74.3%) |
| AV/IT | 25.5 (14.0%) | 24.7 (14.0%) | 25.0 (14.2%) | 55.0 (14.7%) | 55.0 (15.0%) | 53.2 (14.9%) |
| Electronic Devices | 8.0 (4.4%) | 7.9 (4.5%) | 8.1 (4.6%) | 17.0 (4.5%) | 17.0 (4.6%) | 16.2 (4.6%) |
| Others | 12.5 (6.8%) | 12.4 (7.0%) | 11.1 (6.3%) | 25.0 (6.7%) | 25.0 (6.8%) | 22.1 (6.2%) |
| **Operating Income by Business Segment** | | | | | | |
| Musical Instruments | 7.5 | 5.5 | 4.6 | 13.0 | 9.5 | 7.7 |
| AV/IT | 1.5 | 1.5 | 1.8 | 3.0 | 3.0 | 2.9 |
| Electronic Devices | -1.0 | -0.9 | -0.7 | -2.0 | -2.0 | -2.9 |
| Others | 0.5 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 |

**Non-Consolidated Basis**

| | | | | | | |
|---|---|---|---|---|---|---|
| Net Sales | | 124.7 | 124.9 | | | 239.3 |
| Operating Income | | 1.9 (1.5%) | 0.5 (0.4%) | | | -4.3 - |
| Ordinary Income | | 5.7 (4.5%) | 3.9 (3.2%) | | | 0.6 (0.3%) |
| Net Income | | 4.8 (3.9%) | 3.1 (2.5%) | | | -30.4 - |

＊1, 2 The ROE and ROA for the interim period are calculated on an annually adjusted basis.

＊3 Number of Employees = Number of full-time staff at end of the period

＊4 2H Currency Exchange Rates US$=77JPY EUR=100JPY

The forward-looking statements in this document contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.