For Immediate Release

February 6, 2013

**YAMAHA CORPORATION**

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

## ■ Consolidated Performance through the Third Quarter (Nine Months)

<u>Year-on-Year Increase in Net Sales and a Decline in Operating Income</u>

Consolidated net sales through the third quarter of FY2013.3 increased over the same period of the previous fiscal year in all business segments with the exception of electronic devices. This overall growth offset ¥3.9 billion in negative effects of foreign currency fluctuations and led to growth of ¥3.3 billion, or 1.2% in net sales year on year, to ¥273.9 billion.

Consolidated operating income through the third quarter decreased ¥0.6 billion, or 5.1% year on year, to ¥10.4 billion. Although operating income in the musical instruments segment expanded, the ¥3.9 billion in negative effects of foreign currency fluctuations resulted in an overall decline in operating income.

Consolidated ordinary income through the third quarter rose ¥0.2 billion, or 1.9% year on year, to ¥9.6 billion, and consolidated net income rose ¥1.7 billion, or 63.6%, to ¥4.5 billion.

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

### Musical Instruments

<u>Sales of ¥202.0 billion (+1.3%) and Operating Income of ¥8.1 billion (+4.3%)</u>

Although sales of pianos in China continued to be favorable, overall piano revenues decreased because of lower sales in Japan, Europe, and other geographical areas. In the digital musical instruments business, sales expanded in all geographical areas except Japan, and overall revenues increased. Sales of wind instruments decreased, mainly in Japan, thus resulting in lower sales. 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 rose ¥2.5 billion, or 1.3%, to ¥202.0 billion, and absorbed a ¥3.1 billion reduction in sales caused by foreign currency fluctuations.

Operating income absorbed an adverse impact due to foreign currency fluctuations of ¥2.9 billion, and rose ¥0.3 billion, or 4.3%, to ¥8.1 billion.

**AV/IT**

Sales of ¥42.5 billion (+0.8%) and Operating Income of ¥3.3 billion (–13.0%)

In the audio products business, although sales expanded in North America and the emerging countries, sales in Japan and Europe decreased, leading to a slight drop in the overall revenues of that business. Sales of telecommunications equipment, including routers and conferencing systems, were at about the same level as in the same period of the previous fiscal year, but sales of commercial online karaoke equipment expanded because of the introduction of new models.

Compared with the same period of the previous year, sales of this segment rose ¥0.3 billion, or 0.8%, to ¥42.5 billion, and absorbed a ¥0.8 billion reduction in sales caused by foreign currency fluctuations.

Operating income declined ¥0.5 billion, or 13.0%, to ¥3.3 billion, owing in part to the adverse effects of foreign exchange fluctuations of ¥1.1 billion.

**Electronic Devices**

Sales of ¥11.4 billion (–4.9%) and an Operating Loss of ¥1.6 billion (compared with an operating loss of ¥1.3 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 drop, although sales of graphic controllers used in amusement equipment and magnetic sensors expanded.

Sales of this segment in total slipped ¥0.6 billion, or 4.9%, to ¥11.4 billion.

As a result, the segment reported an operating loss of ¥1.6 billion for the period (compared with an operating loss of ¥1.3 billion in the same period of the previous fiscal year).

**Others**

Sales of ¥18.1 billion (+5.9%) and Operating Income of ¥0.7 billion (–10.6%)

Sales of automobile interior wood components rose, in part because of the recovery from the production adjustments among business customers following the Great East Japan Earthquake in 2011; however, sales of the golf products business declined, mainly in overseas markets. Sales of factory automation (FA) equipment to China and other emerging markets increased, while sales of the recreation business in Japan posted a slight increase because of gains in the third quarter.

Sales of this segment as a whole rose ¥1.0 billion, or 5.9%, to ¥18.1 billion.

Operating income declined ¥0.1 billion, or 10.6%, to ¥0.7 billion due to a decrease in sales of golf products and other factors.

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

Forecasts Announced on October 31, 2012, Revised Downward

The Company's previous forecast, announced on October 31, 2012, for consolidated performance for FY2013.3 called for 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). The Company has revised these forecast figures to net sales of ¥365.0 billion (+2.4%), operating income of ¥7.0 billion (–13.7%), ordinary income of ¥6.0 billion (–17.3%), and net income of ¥0.0 (compared with a net loss of ¥29.4 billion in the previous fiscal year).

This latest forecast represents a downward revision of sales and income forecasts for the full fiscal year, ending March 31, 2013, from the previous figures. Although increases in sales are forecast for the fourth quarter in the musical instruments and AV/IT segments compared with the same period of the previous fiscal year, production adjustments are now scheduled to reduce inventory levels, which will decrease the profitability at the plant level in the musical instruments business.

Note that the Company makes use of forward contracts to hedge its foreign currency exposure. Accordingly, the recent depreciation in the value of the yen will have only a marginal positive impact on performance.

In addition, please note that net income takes account of an extraordinary loss of ¥3.29 billion as expenses for domestic business structural reforms, which were announced on July 31, including ¥2.28 billion in such expenses already accrued through the third 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.

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# Third Quarter of FY2013.3 Performance Outline

YAMAHA CORPORATION

February 6, 2013

(billions of yen)

| | Three Months Results Ended Dec. 31, 2012 FY2013.3 | Three Months Results Ended Dec. 31, 2011 FY2012.3 | Nine Months Results Ended Dec. 31, 2012 FY2013.3 | Nine Months Results Ended Dec. 31, 2011 FY2012.3 | Previous Projections (Full Year) (announced on Oct. 31, 2012) FY2013.3 | Projections (Full Year) FY2013.3 | Results (Previous Year) FY2012.3 |
|---|---|---|---|---|---|---|---|
| Net Sales | 97.1 | 94.0 | 273.9 | 270.6 | 367.5 | 365.0 | 356.6 |
| Japan Sales | 40.7 (42.0%) | 41.1 (43.7%) | 125.2 (45.7%) | 124.1 (45.9%) | 171.6 (46.7%) | 167.1 (45.8%) | 167.1 (46.9%) |
| Overseas Sales | 56.4 (58.0%) | 52.9 (56.3%) | 148.7 (54.3%) | 146.5 (54.1%) | 195.9 (53.3%) | 197.9 (54.2%) | 189.5 (53.1%) |
| Operating Income | 3.6 (3.7%) | 4.7 (5.0%) | 10.4 (3.8%) | 11.0 (4.1%) | 11.0 (3.0%) | 7.0 (1.9%) | 8.1 (2.3%) |
| Ordinary Income | 3.5 (3.6%) | 4.1 (4.4%) | 9.6 (3.5%) | 9.5 (3.5%) | 9.0 (2.4%) | 6.0 (1.6%) | 7.3 (2.0%) |
| Net Income | 1.1 (1.1%) | -0.1 - | 4.5 (1.6%) | 2.7 (1.0%) | 3.5 (1.0%) | 0 - | -29.4 - |
| Currency Exchange Rate (Settlement Rate) (=yen) | 80/US$<br>99/EUR | 77/US$<br>112/EUR | 80/US$<br>103/EUR | 79/US$<br>114/EUR | 78/US$<br>103/EUR | 81/US$ (*4)<br>103/EUR | 79/US$<br>112/EUR |
| ROE (*1) | 2.3% | -0.2% | 2.9% | 1.6% | 1.8% | 0% | -13.2% |
| ROA (*2) | 1.2% | -0.1% | 1.6% | 1.0% | 1.0% | 0% | -7.8% |
| Earnings per Share | 5.7 yen | -0.5 yen | 23.0 yen | 14.1 yen | 18.1 yen | 0 yen | -151.7 yen |
| Capital Expenditure | 2.9 | 2.5 | 8.7 | 7.7 | 15.3 | 14.0 | 11.3 |
| (Depreciation) | (2.9) | (3.0) | (8.3) | (8.7) | (11.8) | (11.5) | (12.0) |
| R&D Expenditure | 5.6 | 5.6 | 16.6 | 16.4 | 22.5 | 22.7 | 22.8 |
| **Cash Flows** | | | | | | | |
| Operating Activities | -0.1 | 0.7 | -4.7 | -1.1 | 16.1 | 9.2 | 10.9 |
| Investing Activities | -2.6 | -1.7 | -8.4 | -6.2 | -12.6 | -10.8 | -9.0 |
| Total | -2.7 | -1.0 | -13.1 | -7.3 | 3.5 | -1.6 | 1.9 |
| Inventories at period-end | - | - | 83.5 | 75.3 | 69.5 | 77.1 | 77.1 |
| **Number of Employees** | | | | | | | |
| Japan | - | - | 7,355 | 7,553 | 7,300 | 7,200 | 7,443 |
| Overseas | - | - | 12,520 | 12,210 | 12,800 | 12,800 | 12,251 |
| Total (*3) | - | - | 19,875 | 19,763 | 20,100 | 20,000 | 19,694 |
| (Changes from the changes in the scope of consolidation) | – | – | (170) | (0) | (170) | (170) | (0) |
| Temporary Staff (average during the period) | - | - | 8,036 | 8,483 | 8,200 | 7,800 | 8,497 |
| **Sales by Business Segment** | | | | | | | |
| Musical Instruments | 70.2 (72.3%) | 67.1 (71.4%) | 202.0 (73.7%) | 199.5 (73.7%) | 270.5 (73.6%) | 270.5 (74.1%) | 265.1 (74.3%) |
| AV/IT | 17.8 (18.3%) | 17.1 (18.2%) | 42.5 (15.5%) | 42.1 (15.6%) | 55.0 (15.0%) | 55.0 (15.1%) | 53.2 (14.9%) |
| Electronic Devices | 3.5 (3.6%) | 3.8 (4.0%) | 11.4 (4.1%) | 11.9 (4.4%) | 17.0 (4.6%) | 15.5 (4.2%) | 16.2 (4.6%) |
| Others | 5.7 (5.9%) | 6.0 (6.4%) | 18.1 (6.6%) | 17.1 (6.3%) | 25.0 (6.8%) | 24.0 (6.6%) | 22.1 (6.2%) |
| **Operating Income by Business Segment** | | | | | | | |
| Musical Instruments | 2.6 | 3.2 | 8.1 | 7.8 | 9.5 | 6.5 | 7.7 |
| AV/IT | 1.8 | 1.9 | 3.3 | 3.8 | 3.0 | 2.5 | 2.9 |
| Electronic Devices | -0.7 | -0.6 | -1.6 | -1.3 | -2.0 | -2.5 | -2.9 |
| Others | -0.1 | 0.2 | 0.7 | 0.7 | 0.5 | 0.5 | 0.4 |

**Non-Consolidated Basis**

| | Three Months Results Ended Dec. 31, 2012 FY2013.3 | Three Months Results Ended Dec. 31, 2011 FY2012.3 | Nine Months Results Ended Dec. 31, 2012 FY2013.3 | Nine Months Results Ended Dec. 31, 2011 FY2012.3 | Results (Previous Year) FY2012.3 |
|---|---|---|---|---|---|
| Net Sales | 55.5 | 61.1 | 180.2 | 186.0 | 239.3 |
| Operating Income | -1.5 - | 0.0 - | 0.4 (0.2%) | 0.5 (0.3%) | -4.3 - |
| Ordinary Income | -0.5 - | 0.2 (0.3%) | 5.2 (2.9%) | 4.1 (2.2%) | 0.6 (0.3%) |
| Net Income | -1.6 - | -2.5 - | 3.2 (1.8%) | 0.6 (0.3%) | -30.4 - |

＊1, 2 The ROE and ROA are calculated on an annually adjusted basis.
＊3 Number of Employees = Number of full-time staff at end of the period
＊4 4Q Currency exchange rates US$=85JPY EUR=105JPY

Consolidated financial forecasts were prepared based on information available at the time of the announcement and do not represent promises by the Company or its management that these performance figures will be attained.
Actual consolidated results may differ from forecasts owing to a wide range of factors.