For Immediate Release

July 31, 2013

YAMAHA CORPORATION

Outline of the Consolidated Financial Results for the First Quarter (Three Months) of the Fiscal Year Ending March 31, 2014 (FY2014.3) and Outlook for Performance for the Full Fiscal Year

■ Consolidated Performance for the First Quarter (Three Months)

Year-on-Year Increases in Net Sales and Income

Consolidated net sales for the first quarter of FY2014.3 increased ¥7.0 billion, or 7.7% from the same period of the previous fiscal year, to ¥97.0 billion due to sales growth of ¥10.4 billion resulting from foreign currency fluctuations. Sales in the musical instruments segment and audio equipment segment effectively decreased excluding the impact of foreign currency fluctuations, while sales in the electronic devices segment increased and sales in the others segment decreased.

Consolidated operating income for the first quarter rose ¥1.9 billion, or 45.0% year on year, to ¥6.2 billion thanks to a ¥2.6 billion increase due to foreign currency fluctuations. Along with the increase in operating income, consolidated ordinary income rose ¥2.5 billion, or 65.9% over the same period of the previous fiscal year, to ¥6.3 billion, and net income for the quarter rose ¥3.2 billion, or 121.1%, to ¥5.8 billion.

■ Sales and Operating Income by Business Segment

Musical Instruments

Sales of ¥62.6 billion (+6.4%) and Operating Income of ¥4.4 billion (+38.5%)

Sales of pianos in North America remained brisk, but the market in Europe was sluggish. Sales growth in China and other emerging countries has been drastically decelerating. In the digital musical instruments business, sales of digital pianos stayed strong, but portable keyboards showed a weak performance overseas. In the wind, string & percussion instruments business, sales of wind instruments in North America and guitars in Japan and China remained robust. However, sales at music schools remained sluggish due to slow growth in the number of new students.

Compared with the same period of the previous fiscal year, sales of this segment as a whole rose ¥3.8 billion, or 6.4%, to ¥62.6 billion following an increase of ¥6.6 billion due to foreign currency fluctuations.

Operating income increased ¥1.2 billion, or 38.5% year on year, to ¥4.4 billion because foreign currency fluctuations boosted income by ¥1.9 billion.

Audio Equipment

Sales of ¥23.5 billion (+14.4%) and Operating Income of ¥0.9 billion (-14.8%)

In the audio products business, sales expanded in Europe and emerging countries, and sales in North America also remained strong. Sales of professional audio equipment increased in North America, Europe and emerging countries, but sales in Japan struggled. In the network devices business, although sales of routers recorded lackluster results, sales of commercial online karaoke equipment increased thanks to expanded orders.

Compared with the same period of the previous fiscal year, sales of this segment as a whole were up ¥3.0 billion, or 14.4%, to ¥23.5 billion due to an increase of ¥3.5 billion resulting from foreign currency fluctuations.

Operating income fell ¥0.1 billion, or 14.8% year on year, to ¥0.9 billion. Although foreign currency fluctuations pushed up income by ¥0.6 billion, the up-front development costs of professional audio equipment and other factors caused an overall decrease.

Electronic Devices

Sales of ¥4.6 billion (+20.4%) and an Operating Income of ¥0.4 billion (compared with an operating loss of ¥0.6 billion in the same period of the previous fiscal year)

In the semiconductor business, the sales of magnetic sensors (electronic compasses) and audio codecs increased thanks to the increased demand of smartphones.

Sales for this segment as a whole increased ¥0.8 billion, or 20.4% year on year, to ¥4.6 billion.
The segment was able to post ¥0.4 billion in operating income, compared with an operating loss of ¥0.6 billion year on year, through increased sales and by slashing fixed costs.

Others

Sales of ¥6.3 billion (-7.9%) and Operating Income of ¥0.4 billion (-29.3%)

Sales of automobile interior wood components for the first quarter declined because great demand had been generated due to model changes of our customers in the same period of the previous year. Sales of factory automation (FA) equipment expanded in China and other emerging markets. In the golf products business, sales grew in South Korea and other overseas markets but struggled in Japan, resulting in a decrease. Sales of the resort business in Japan increased because of the success of our activities to attract additional customers.

As a consequence, sales of this segment as a whole fell ¥0.5 billion, or 7.9%, to ¥6.3 billion, and operating income decreased ¥0.2 billion, or 29.3% year on year, to ¥0.4 billion.

■ Consolidated Forecast for the Full Fiscal Year (FY2014.3)

Previous Forecast Revised Upward

The Company's previous forecast, announced on April 30, 2013, for consolidated performance for FY2014.3 called for net sales of ¥390.0 billion (+6.3% year on year), operating income of ¥18.0 billion (+95.3%), ordinary income of ¥16.5 billion (+92.3%), and net income of ¥13.5 billion (+227.5%).

The Company has revised the forecast for net sales to ¥408.0 billion (+11.2%), operating income to ¥20.0 billion (+117.0%), ordinary income to ¥18.5 billion (+115.6%), and net income to ¥16.5 billion (+300.3%), as a result of taking the performance of the first quarter, business trends going forward, foreign currency fluctuations, and other factors into account.

Please note that the assumed foreign exchange rates for the consolidated forecast have been revised from ¥85/US$ and ¥115/€ to ¥95/US$ and ¥125/€.

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 percentage changes from the same period of the previous fiscal year, except as indicated.
3. The name of the AV/IT segment was changed to audio equipment segment as of the first quarter under review. In addition, the segment classification was reviewed and professional audio equipment was moved from the musical instruments segment to the "audio equipment segment. Please note that the amount and percentage change on a year on year basis were calculated using the classification method after the change.

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First Quarter of FY2014.3 Performance Outline

YAMAHA CORPORATION

July 31, 2013

(billions of yen)

	1Q Projections (announced on April 30, 2013) FY2014.3		1Q Results FY2014.3		1Q Results (Previous Year) FY2013.3		Initial Projections (Full Year) (announced on April 30, 2013) FY2014.3		Projections (Full Year) FY2014.3		Results (Previous Year) FY2013.3	
Net Sales	94.0		97.0		90.0		390.0		408.0		366.9	
Japan Sales	43.3	(46.1%)	42.7	(44.0%)	45.4	(50.4%)	168.4	(43.2%)	165.8	(40.6%)	165.8	(45.2%)
Overseas Sales	50.7	(53.9%)	54.3	(56.0%)	44.6	(49.6%)	221.6	(56.8%)	242.2	(59.4%)	201.2	(54.8%)
Operating Income	2.5	(2.7%)	6.2	(6.4%)	4.3	(4.7%)	18.0	(4.6%)	20.0	(4.9%)	9.2	(2.5%)
Ordinary Income	2.0	(2.1%)	6.3	(6.5%)	3.8	(4.2%)	16.5	(4.2%)	18.5	(4.5%)	8.6	(2.3%)
Net Income	1.5	(1.6%)	5.8	(6.0%)	2.6	(2.9%)	13.5	(3.5%)	16.5	(4.0%)	4.1	(1.1%)
Currency Exchange Rate (Settlement Rate) (=yen)	85/US$ 115/EUR		98/US$ 121/EUR		81/US$ 106/EUR		85/US$ 115/EUR		96/US$ (*5) 124/EUR		82/US$ 103/EUR	
ROE (*1)	2.7%		10.1%		5.4%		5.8%		7.0%		1.9%	
ROA (*2)	1.6%		5.9%		3.0%		3.4%		4.2%		1.1%	
Earnings per Share	7.7 yen		30.1 yen		13.6 yen		69.7 yen		85.2 yen		21.3 yen	
Capital Expenditures	4.7		2.1		2.6		15.4		14.8		13.8	
(Depreciation Expenses)	(2.9)		(2.9)		(2.6)		(13.5)		(13.7)		(11.6)	
R&D Expenses	5.8		5.7		5.6		23.5		24.0		22.1	
Cash Flows												
Operating Activities	6.4		-1.8		-3.4		27.8		26.3		7.8	
Investing Activities	-3.9		-0.7		-3.8		-15.4		-11.8		-12.6	
Total	2.5		-2.5		-7.2		12.4		14.5		-4.9	
Inventories at End of Period	80.8		89.9		79.9		76.0		79.4		82.0	
Number of Employees												
Japan	7,200		7,108		7,629		7,000		7,000		7,143	
Overseas	13,000		12,759		12,346		13,100		13,200		12,545	
Total (*3)	20,200		19,867		19,975		20,100		20,200		19,688	
（Changes from the changes in the scope of consolidation）	(50)		(43)		(171)		(55)		(55)		(173)	
Temporary Staff (average during the period)	8,300		8,329		8,770		7,900		8,200		8,198	
Sales by Business Segment												
Musical Instruments (*4)	61.5	(65.4%)	62.6	(64.5%)	58.8	(65.3%)	246.5	(63.2%)	258.0	(63.2%)	235.5	(64.2%)
Audio Equipment (*4)	22.0	(23.4%)	23.5	(24.2%)	20.5	(22.8%)	99.5	(25.5%)	106.0	(26.0%)	92.6	(25.2%)
Electronic Devices	4.0	(4.3%)	4.6	(4.8%)	3.9	(4.3%)	19.0	(4.9%)	19.0	(4.7%)	15.0	(4.1%)
Others	6.5	(6.9%)	6.3	(6.5%)	6.8	(7.6%)	25.0	(6.4%)	25.0	(6.1%)	23.8	(6.5%)
Operating Income by Business Segment												
Musical Instruments (*4)	2.0		4.4		3.2		12.0		14.0		6.4	
Audio Equipment (*4)	0.5		0.9		1.0		5.5		5.5		4.6	
Electronic Devices	0		0.4		-0.6		0		0		-2.0	
Others	0		0.4		0.6		0.5		0.5		0.3	

Non-Consolidated Basis

	1Q Results FY2014.3		1Q Results FY2013.3		Results FY2013.3	
Net Sales	58.7		63.6		231.4	
Operating Income	2.8	(4.8%)	2.0	(3.1%)	-4.2	-
Ordinary Income	8.2	(14.0%)	5.5	(8.7%)	6.2	(2.7%)
Net Income	8.9	(15.2%)	5.4	(8.4%)	5.8	(2.5%)

＊1, 2 ROE and ROA are calculated on an annually adjusted basis.

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

＊4 Effective in the first quarter of FY2014.3, AV/IT segment was renamed audio equipment segment, and the PA equipment business, which was previously reported as part of the musical instruments segment has now been reported as part of the audio equipment business. The above figures of FY2013.3 reflect the new segments accordingly.

＊5 2Q-4Q currency exchange rates US$1=JPY95, EUR1=JPY125