

YAMAHA CORPORATION

Outline of the Consolidated Financial Results through the Third Quarter (Nine Months) of the Fiscal Year Ending March 31, 2014 (FY2014.3) and Outlook for Consolidated Performance for the Full Fiscal Year and Revision of the Outlook for Dividends

■ Consolidated Performance through the Third Quarter (Nine Months)

Year-on-Year Increases in Net Sales and Income

Consolidated net sales for all segments, excluding the “Others” segment, through the third quarter of FY2014.3 increased ¥34.7 billion, or 12.7% from the same period of the previous fiscal year, to ¥308.7 billion due to sales growth of ¥37.3 billion resulting from foreign currency fluctuations.

Consolidated operating income through the third quarter rose ¥12.4 billion, or 118.6% year on year, to ¥22.8 billion, thanks to a ¥11.3 billion increase due to foreign currency fluctuations.

Along with the increase in operating income, consolidated ordinary income rose ¥12.7 billion, or 132.1% over the same period of the previous fiscal year, to ¥22.3 billion, and net income through the third quarter rose ¥14.6 billion, or 326.8%, to ¥19.0 billion.

■ Sales and Operating Income (Loss) by Business Segment

Musical Instruments

Sales of ¥196.7 billion (+11.7%) and Operating Income of ¥15.9 billion (+130.0%)

Although piano sales in Japan were below the previous year, they increased overall due to continued brisk sales in North America and the positive impact of foreign currency fluctuations. In the digital musical instrument business, sales of digital pianos increased. Growth in sales of portable keyboards was slow in emerging countries, but overall sales showed an increase. Sales of wind instruments remained robust in Japan and North America.

Compared with the same period of the previous fiscal year, sales of this segment as a whole rose ¥20.6 billion, or 11.7%, to ¥196.7 billion, following an increase of ¥24.1 billion due to foreign currency fluctuations.

Operating income increased ¥9.0 billion, or 130.0% year on year, to ¥15.9 billion, because foreign currency fluctuations boosted the income by ¥7.9 billion.

Audio Equipment

Sales of ¥79.4 billion (+15.9%) and Operating Income of ¥5.3 billion (+17.8%)

In the audio products business, while overall sales increased year on year, actual sales, excluding the impact of foreign currency fluctuations, decreased in all markets except North America. Regarding professional audio equipment, sales in the commercial audio equipment market remained sluggish. For network devices, sales of commercial online karaoke equipment decreased year on year, but sales of routers and conference systems increased.

Compared with the same period of the previous fiscal year, sales of this segment as a whole were up ¥10.9 billion, or 15.9%, to ¥79.4 billion, due to an increase of ¥12.3 billion resulting from foreign currency fluctuations.

Operating income increased ¥0.8 billion, or 17.8% year on year, to ¥5.3 billion, due to an increase of ¥2.9 billion resulting from foreign currency fluctuations.

Electronic Devices

Sales of ¥14.8 billion (+30.7%) and Operating Income of ¥1.3 billion (compared with an operating loss of ¥1.6 billion in the same period of the previous fiscal year)

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

Compared with the same period of the previous fiscal year, sales for this segment as a whole increased ¥3.5 billion, or 30.7% year on year, to ¥14.8 billion.

The segment was able to post a ¥1.3 billion operating income, compared with an operating loss of ¥1.6 billion year on year, through measures such as slashing fixed costs along with increased sales.

Others

Sales of ¥17.8 billion (-1.6%) and Operating Income of ¥0.3 billion (-51.3%)

Sales of automobile interior wood components through the third quarter declined because, in the first quarter of the previous fiscal year, great demand was generated due to model changes by our customers. Orders for factory automation (FA) equipment did not improve in Japan or China, with sales decreasing slightly. In the golf products business, sales struggled in Japan but grew in South Korea and other overseas markets, resulting in an increase. Sales of the resort business were almost the same level as the previous fiscal year.

As a consequence, sales of this segment as a whole dropped ¥0.3 billion, or 1.6%, to ¥17.8 billion.

Operating income decreased ¥0.3 billion, or 51.3% year on year, to ¥0.3 billion.

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

No change to the forecast announced on October 31, 2013

The Company's previous forecast, announced on October 31, 2013, for consolidated performance for the full fiscal year ending March 31, 2014 called for net sales of ¥408.0 billion (+11.2% year on year), operating income of ¥22.0 billion (+138.7%), ordinary income of ¥20.5 billion (+138.9%), and net income of ¥18.0 billion (+336.6%).

The current consolidated forecast remains unchanged, taking into account the results for the third quarter and factors forecast for the near future, such as business trends and foreign exchange trends.

Operations at the guitar manufacturing subsidiary in Indonesia resumed in January after the strike that began in September of last year. The overall impact due to the suspension of production includes sales opportunity losses as well as a ¥0.6 billion loss on closure of production as an extraordinary loss that was incurred into the current forecast.

■ Revision of the Outlook for Dividends

In view of the outlook for consolidated performance released today, the Company has revised the outlook for the final dividend for the fiscal year upward, from the previously announced ¥7.5 per share to ¥15 per share. As a result, the outlook for the dividend for the full fiscal year has also been increased from the previously announced ¥15 per share to ¥22.5 per share.

Notes:

1. The assumed foreign exchange rates for the consolidated forecast have been revised from ¥95/USD and ¥130/EUR to ¥100/USD and ¥135/EUR.
2. Sales and income/loss figures in the text above have, in principle, been rounded to the nearest ¥0.1 billion. Figures in parentheses are changes from the same period of the previous fiscal year, except as indicated.
3. The name of the AV/IT business segment was changed to "audio equipment" business segment as of the first quarter of FY2014.3.

In addition, the segment classification was reviewed, and "professional audio equipment" business 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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Third Quarter of FY2014.3 Performance Outline

YAMAHA CORPORATION

February 5, 2014

(billions of yen)

	Three Months Results Ended Dec. 31, 2013	Three Months Results Ended Dec. 31, 2012	Nine Months Results Ended Dec. 31, 2013	Nine Months Results Ended Dec. 31, 2012	Previous Projections (Full Year) (announced on Oct. 31, 2013)	Projections (Full Year)	Results (Previous Year)
	FY2014.3	FY2013.3	FY2014.3	FY2013.3	FY2014.3	FY2014.3	FY2013.3
Net Sales	111.0	97.1	308.7	273.9	408.0	408.0	366.9
Japan Sales	41.0 (36.9%)	40.7 (42.0%)	123.2 (39.9%)	125.2 (45.7%)	166.2 (40.7%)	166.5 (40.8%)	165.8 (45.2%)
Overseas Sales	70.0 (63.1%)	56.4 (58.0%)	185.4 (60.1%)	148.7 (54.3%)	241.8 (59.3%)	241.5 (59.2%)	201.2 (54.8%)
Operating Income	9.1 (8.2%)	3.6 (3.7%)	22.8 (7.4%)	10.4 (3.8%)	22.0 (5.4%)	22.0 (5.4%)	9.2 (2.5%)
Ordinary Income	8.9 (8.0%)	3.5 (3.6%)	22.3 (7.2%)	9.6 (3.5%)	20.5 (5.0%)	20.5 (5.0%)	8.6 (2.3%)
Net Income	6.5 (5.9%)	1.1 (1.1%)	19.0 (6.2%)	4.5 (1.6%)	18.0 (4.4%)	18.0 (4.4%)	4.1 (1.1%)
Currency Exchange Rate (Settlement Rate) (=yen)	99/US\$ 131/EUR	80/US\$ 99/EUR	98/US\$ 127/EUR	80/US\$ 103/EUR	97/US\$ 127/EUR	99/US\$ ^(*) 128/EUR	82/US\$ 103/EUR
ROE (*1)	10.2%	2.3%	10.3%	2.9%	7.5%	7.5%	1.9%
ROA (*2)	6.0%	1.2%	6.1%	1.6%	4.5%	4.4%	1.1%
Earnings per Share	33.8 yen	5.7 yen	98.3 yen	23.0 yen	93.0 yen	93.0 yen	21.3 yen
Capital Expenditure (Depreciation)	2.2 (3.3)	2.9 (2.9)	7.1 (9.3)	8.7 (8.3)	12.0 (13.1)	11.3 (12.7)	13.8 (11.6)
R&D Expenditure	5.7	5.6	16.5	16.6	23.0	22.9	22.1
Cash Flows							
Operating Activities	9.4	-0.1	13.7	-4.7	26.5	28.8	7.8
Investing Activities	-1.6	-2.6	-4.1	-8.4	-7.3	-14.4	-12.6
Total	7.8	-2.7	9.6	-13.1	19.2	14.4	-4.9
Inventories at end of period	-	-	88.8	83.5	80.3	81.0	82.0
Number of Employees							
Japan	-	-	6,923	7,355	6,900	6,900	7,143
Overseas	-	-	12,936	12,520	13,200	13,200	12,545
Total (*3)	-	-	19,859	19,875	20,100	20,100	19,688
(Changes from the changes in the scope of consolidation)	-	-	(49)	(170)	(50)	(50)	(173)
Temporary Staff (average during the period)	-	-	8,395	8,036	8,200	7,700	8,198
Sales by Business Segment							
Musical Instruments ^(*)	69.7 (62.8%)	61.0 (62.8%)	196.7 (63.7%)	176.0 (64.3%)	258.5 (63.4%)	258.5 (63.4%)	235.5 (64.2%)
Audio Equipment ^(*)	30.6 (27.6%)	26.9 (27.7%)	79.4 (25.7%)	68.5 (25.0%)	105.0 (25.7%)	105.5 (25.8%)	92.6 (25.2%)
Electronic Devices	4.7 (4.2%)	3.5 (3.6%)	14.8 (4.8%)	11.4 (4.1%)	20.0 (4.9%)	20.0 (4.9%)	15.0 (4.1%)
Others	5.9 (5.4%)	5.7 (5.9%)	17.8 (5.8%)	18.1 (6.6%)	24.5 (6.0%)	24.0 (5.9%)	23.8 (6.5%)
Operating Income by Business Segment							
Musical Instruments ^(*)	6.3	2.2	15.9	6.9	16.0	16.5	6.4
Audio Equipment ^(*)	2.7	2.2	5.3	4.5	5.0	5.0	4.6
Electronic Devices	0.1	-0.7	1.3	-1.6	0.5	0.5	-2.0
Others	0	-0.1	0.3	0.7	0.5	0	0.3

Non-Consolidated Basis

Net Sales	54.3	55.5	173.9	180.2	231.4
Operating Income	2.6 (4.7%)	-1.5 -	9.5 (5.5%)	0.4 (0.2%)	-4.2 -
Ordinary Income	3.1 (5.7%)	-0.5 -	15.8 (9.1%)	5.2 (2.9%)	6.2 (2.7%)
Net Income	2.8 (5.2%)	-1.6 -	16.9 (9.7%)	3.2 (1.8%)	5.8 (2.5%)

* 1, 2 The ROE and ROA for the 3Q are calculated on an annually adjusted basis.

* 3 Number of Employees = Number of full-time staff at end of the 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 4Q Currency exchange rates US\$=100JPY EUR=135JPY

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.