For Immediate Release

October 31, 2014

YAMAHA CORPORATION

Outline of the Consolidated Financial Results through the Second Quarter (Six Months) of the Fiscal Year Ending March 31, 2015 (FY2015.3) and Outlook for Consolidated Performance for the Full Fiscal Year

■ Consolidated Performance through the Second Quarter (Six Months)

Year-on-Year Increases in Net Sales, Operating Income, and Ordinary Income

Consolidated net sales through the second quarter of FY2015.3 increased ¥8.7 billion, or 4.4% from the same period of the previous fiscal year, to ¥206.4 billion, due to factors that included foreign currency fluctuation effects of ¥5.1 billion. By business segment, although sales of electronic devices decreased, sales of musical instruments, audio equipment, and others increased.

Consolidated operating income through the second quarter rose ¥1.4 billion, or 10.3% year on year, to ¥15.1 billion. Consolidated ordinary income rose ¥1.6 billion, or 11.8% over the same period of the previous fiscal year, to ¥15.1 billion, but net income through the second quarter fell ¥1.7 billion, or 13.7%, to ¥10.8 billion, due to the absence of a gain on sales of investment securities that were recorded in the previous fiscal year.

➢ Sales and Operating Income/Loss by Business Segment

Figures in parentheses are percentage changes from the same period of the previous fiscal year, except as indicated.

Musical Instruments

Sales of ¥136.1 billion (+7.2%) and Operating Income of ¥14.1 billion (+47.8%)

Sales of pianos in Japan were sluggish mainly because of the effects of the consumption tax rate increase, but sales in North America and China expanded, resulting in an increase in overall piano sales. In the digital musical instrument business, sales of digital pianos remained strong, and Electone™ sales grew, with the first new product launch in 10 years. Sales of wind instruments in North America remained robust. However, growth in the number of new students at music schools continued to be sluggish.

Sales in this segment as a whole rose ¥9.2 billion over the previous fiscal year, or 7.2%, to ¥136.1 billion. Operating income increased ¥4.6 billion, or 47.8% year on year, to ¥14.1 billion.

Audio Equipment

Sales of ¥50.8 billion (+4.2%) and Operating Income of ¥2.0 billion (-25.3%)

In the audio products business, sales were sluggish in all regions. Sales of professional audio equipment increased in Europe, due to the introduction of new products, resulting in higher sales in this business. Also, sales rose in the ICT (information and communication technology) business. In the commercial online karaoke equipment business, sales decreased.

Sales in this segment as a whole were up ¥2.0 billion, or 4.2%, over the previous fiscal year, to ¥50.8 billion. Operating income fell ¥0.7 billion, or 25.3% year on year, to ¥2.0 billion.

Electronic Devices

<u>Sales of ¥7.5 billion (-25.9%) and an Operating Loss of ¥0.9 billion (compared with operating income of ¥1.2 billion in the same period of the previous fiscal year)</u>

In the semiconductor business, sales decreased mainly due to the lower sales of magnetic sensors (electronic compasses) for smartphones and audio codec ICs.

Sales for this segment as a whole decreased ¥2.6 billion, or 25.9% year on year, to ¥7.5 billion. The segment posted an operating loss of ¥0.9 billion due to a decrease in sales, compared with operating income of ¥1.2 billion in the same period of the previous year.

Others

<u>Sales of ¥12.0 billion (+1.3%) and an Operating Loss of ¥0.1 billion (compared with operating income of ¥0.3 billion in the same period of the previous fiscal year)</u>

Sales of automobile interior wood components decreased slightly. Orders for FA (factory automation) equipment are recovering, and sales increased. In the golf products business, sales grew as new products performed well. Sales of the resort business decreased.

As a consequence, sales of this segment as a whole increased ¥0.2 billion, or 1.3%, to ¥12.0 billion. The operating loss amounted to ¥0.1 billion (compared with operating income of ¥0.3 billion in the same period of the previous year).

■ Outlook for Consolidated Performance for the Full Fiscal Year (FY2015.3)

<u>Forecasts for sales, operating income, and ordinary income remain unchanged, but the forecast for net income has been reduced</u>.

The Company's forecast, released on July 31, 2014, for consolidated performance for the full fiscal year ending March 31, 2015 calls for net sales of ¥430.0 billion (+4.8% year on year), operating income of ¥29.0 billion (+11.6%), ordinary income of ¥28.0 billion (+7.1%), and net income of ¥21.0 billion (-8.3%).

The forecasts for sales, operating income, and ordinary income for the full fiscal year ending March 31, 2015 remain unchanged. However, after taking account of business structural reform expenses of an estimated ¥1.8 billion as an extraordinary loss accompanying the conclusion of a basic agreement for the transfer of a subsidiary engaged in the manufacturing of semiconductors and other factors, the forecast for net income for the full fiscal year has been revised downward to ¥19.0 billion (-17.0%).

The foreign exchange rates assumed in making the consolidated forecasts for the third quarter and onward are ¥105/US$1 (¥100 at the previous forecast) and ¥135/€1 (unchanged from the previous forecast).

Note: Sales and income/loss figures in the text above have, in principle, been rounded to the nearest ¥0.1 billion.

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Second Quarter of FY2015.3 Performance Outline

YAMAHA CORPORATION

October 31, 2014

(billions of yen)

	Six Months Results Ended Sept. 30, 2013 (Previous Year) FY2014.3		Six Months Results Ended Sept. 30, 2014 FY2015.3		Results (Previous Year) FY2014.3		Projections (Full Year) FY2015.3		Initial Projections (Full Year) (announced on July 31, 2014) FY2015.3	
Net Sales	197.7		206.4		410.3		430.0		430.0	
Japan Sales	82.3	(41.6%)	78.5	(38.0%)	167.9	(40.9%)	164.8	(38.3%)	167.2	(38.9%)
Overseas Sales	115.4	(58.4%)	127.9	(62.0%)	242.4	(59.1%)	265.2	(61.7%)	262.8	(61.1%)
Operating Income	13.7	(6.9%)	15.1	(7.3%)	26.0	(6.3%)	29.0	(6.7%)	29.0	(6.7%)
Ordinary Income	13.5	(6.8%)	15.1	(7.3%)	26.1	(6.4%)	28.0	(6.5%)	28.0	(6.5%)
Net Income	12.5	(6.3%)	10.8	(5.2%)	22.9	(5.6%)	19.0	(4.4%)	21.0	(4.9%)
Currency Exchange Rate (Settlement Rate) (=yen)	98/US$ 125/EUR		103/US$ 140/EUR		100/US$ 129/EUR		104/US$ (*4) 138/EUR		101/US$ 136/EUR	
ROE (*1)	10.6%		7.6%		9.2%		6.6%		7.5%	
ROA (*2)	6.1%		4.6%		5.5%		4.2%		4.7%	
Earnings per Share	64.6 yen		55.7 yen		118.3 yen		98.1 yen		108.5 yen	
Capital Expenditure	4.9		6.7		10.8		13.6		13.6	
(Depreciation)	(6.0)		(5.9)		(12.8)		(12.6)		(13.1)	
R&D Expenditure	10.7		12.1		22.6		25.3		25.3	
Cash Flows										
Operating Activities	4.3		6.5		33.2		33.5		33.5	
Investing Activities	-2.5		-7.1		-23.0		-12.6		-12.6	
Total	1.8		-0.6		10.3		20.9		20.9	
Inventories at End of Period	90.5		94.7		82.7		82.1		82.5	
Number of Employees										
Japan	6,991		6,719		6,830		6,600		6,700	
Overseas	12,901		13,438		13,021		13,500		13,600	
Total (*3)	19,892		20,157		19,851		20,100		20,300	
(Changes from the changes in the scope of consolidation)	(46)		(266)		(46)		(270)		(290)	
Temporary Staff (average during the period)	8,604		7,772		7,863		7,700		7,200	
Sales by Business Segment										
Musical Instruments	126.9	(64.2%)	136.1	(65.9%)	262.3	(63.9%)	277.5	(64.5%)	274.5	(63.8%)
Audio Equipment	48.7	(24.7%)	50.8	(24.6%)	105.5	(25.7%)	112.0	(26.1%)	112.0	(26.1%)
Electronic Devices	10.1	(5.1%)	7.5	(3.7%)	18.8	(4.6%)	14.5	(3.4%)	17.5	(4.1%)
Others	11.9	(6.0%)	12.0	(5.8%)	23.7	(5.8%)	26.0	(6.0%)	26.0	(6.0%)
Operating Income by Business Segment										
Musical Instruments	9.6		14.1		19.7		24.0		22.5	
Audio Equipment	2.6		2.0		5.9		6.0		6.0	
Electronic Devices	1.2		-0.9		0.8		-1.5		0	
Others	0.3		-0.1		-0.4		0.5		0.5	

Non-Consolidated Basis

Net Sales	119.7		125.8		223.7	
Operating Income	7.0	(5.8%)	7.6	(6.0%)	8.1	(3.6%)
Ordinary Income	12.7	(10.6%)	14.5	(11.5%)	15.5	(6.9%)
Net Income	14.0	(11.7%)	13.8	(10.9%)	17.7	(7.9%)

＊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$=105JPY EUR=135JPY