For Immediate Release

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Code Number: 7951 (First Section of Tokyo Stock Exchange)

Outline of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (FY2017.3) and Outlook for Performance in FY2018.3

■ Consolidated Performance in FY2017.3

Fifth Consecutive Year-on-Year Increase in Income, Net Income at Record High, and Operating Income/Sales Ratio at First Double-Digit Level

Consolidated net sales in FY2017.3 decreased ¥27.2 billion, or 6.3%, to ¥408.2 billion. Although sales performance continued to be robust, the decline was because of the negative effect of foreign currency fluctuations, which amounted to ¥33.4 billion, and the negative effect of the transfer of the music school business, which amounted to ¥4.2 billion.

Regarding income, the negative impact of foreign currency fluctuations, which amounted to ¥11.1 billion, was absorbed, operating income rose ¥3.6 billion (+8.9%), to ¥44.3 billion, and ordinary income rose ¥4.0 billion (+9.8%), to ¥44.9 billion. Net income attributable to owners of the parent, which was influenced by deferred tax assets of ¥13.5 billion that resulted from a review of the recoverability of deferred tax assets in the first quarter, increased ¥14.1 billion (+43.2%), to ¥46.7 billion. This was the fifth consecutive year-on-year increase in each of the indicators of income, and net income for the fiscal year was at the highest level in Yamaha’s history. Moreover, the ratio of operating income to sales expanded for the fifth consecutive year to 10.9%, the first double-digit performance for this indicator.

Note that the final loss in connection with the realignment of Yamaha’s resort business, which was announced on September 2, 2016, was ¥0.5 billion.

➢ Sales and Operating Income/Loss by Business Segment

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

Musical Instruments

Sales of ¥257.7 billion (–7.1%) and Operating Income of ¥32.1 billion (+1.4%)

Sales of acoustic pianos in China and Europe were favorable, and sales of digital pianos expanded in all regions except Japan. Growth in overall sales of portable keyboards, however, was relatively weak as demand shifted to purchases to digital pianos. Sales of wind instruments in the medium- to high-priced segments continued to be strong worldwide. Sales of guitars showed major expansion in China.

Sales of this segment as a whole decreased ¥19.7 billon (–7.1%), to ¥257.7 billion because of a negative impact of ¥22.2 billion due to foreign currency fluctuations and the a decline of ¥4.2 billion owing to the transfer of the operations of Yamaha Music Schools in Japan to the Yamaha Music Foundation in the second quarter of the previous fiscal year.

Operating income rose ¥0.5 billion (+1.4%), to ¥32.1 billion, thereby offsetting the ¥8.6 billion negative impact of foreign currency fluctuations.

Audio Equipment

Sales of ¥115.5 billion (–4.5%) and Operating Income of ¥10.4 billion (+22.4%)

Sales of audio products expanded in Japan and in China, while sales in North America and Europe were strong. Sales of professional audio equipment expanded in Japan and North America and were favorable in all other regions. Sales of ICT (information and communications technology) equipment expanded in the fields of routers and voice communication devices in Japan.

Sales in this segment as a whole, decreased ¥5.4billion (–4.5%), to ¥115.5 billon because of the ¥10.6 billion of the negative impact of foreign currency fluctuations.

Operating income rose ¥1.9 billion (+22.4%), to ¥10.4 billion, thus absorbing the negative impact of ¥2.6 billion due to foreign currency fluctuations.

Others

Sales of ¥35.1 billion (–5.7%) and Operating Income of ¥1.7 billion (+290.8%)

In the Others business segment, sales of factory automation (FA) equipment expanded, but sales of electronic equipment and devices as well as sales of automobile interior wood components were weak.

As a result, sales of this segment decreased ¥2.1 billion (–5.7%), to ¥35.1 billion, in part because of the adverse impact of ¥0.6 billion owing to foreign exchange fluctuations.

Operating income increased ¥1.3 billion (+290.8%), to ¥1.7 billion.

■ Non-consolidated Performance in FY2017.3

Decrease in Net sales and Increase in Operating Income

On a non-consolidated basis, sales for FY2017.3 amounted to ¥215.8 billion (–7.3%), operating income was ¥15.6 billion (+2.6%), ordinary income ¥26.6 billion (–2.1%), and net income amounted to ¥34.0 billion (+68.5%).

■ Outlook for Consolidated Performance for FY2018.3

Operating Income Expected to Rise to a Record High

The Company’s forecasts for consolidated performance for the full fiscal year ending March 31, 2018 call for net sales of ¥427.0 billion (+4.6%), operating income of ¥48.5 billion (+9.5%), ordinary income of ¥48.5 billion (+8.0%), and net income attributable to owners of the parent of ¥39.0 billion (–16.5%). The forecast level of ¥48.5 billion for operating income will set a new record following the previous high of ¥45.1 billion in FY2004.3.

Under Yamaha's "NEXT STAGE 12" Medium-Term Management Plan, which was announced in April 2016, the management objective for the FY2019.3, the final year of the plan, is to reach a ratio of operating income to sales of 12%. This ratio is expected to reach 11.4% in FY2018.3.

Note that the foreign currency exchange rates used in computing these forecasts were ¥110 to US$1 and ¥120 to €1.

Notes:

1. Sales and income figures in the text have, in principle, been rounded to the nearest ¥0.1 billion.
2. The Company has reviewed its business segment classification and the soundproof product business has been moved from the musical instruments segment to the audio equipment segment.

   Figures and rates of increase/decrease year on year have been calculated using the post-reclassification method.

FY2017.3 Performance Outline

YAMAHA CORPORATION

May 1, 2017

(billions of yen)

	Results (Previous Year) FY2016.3	Projections (announced on Feb. 3, 2017) FY2017.3	Results FY2017.3	Projections (Full Year) FY2018.3
Net Sales	435.5	405.0	408.2	427.0
Japan Sales	145.0 (33.3%)	138.7 (34.2%)	138.4 (33.9%)	137.8 (32.3%)
Overseas Sales	290.5 (66.7%)	266.4 (65.8%)	269.8 (66.1%)	289.2 (67.7%)
Operating Income	40.7 (9.3%)	42.0 (10.4%)	43.3 (10.9%)	48.5 (11.4%)
Ordinary Income	40.9 (9.4%)	43.0 (10.6%)	44.9 (11.0%)	48.5 (11.4%)
Net Income (*1)	32.6 (7.5%)	42.0 (10.4%)	46.7 (11.4%)	39.0 (9.1%)
Currency Exchange Rate (Settlement Rate) (=yen)	121/US$ 134/EUR	107/US$ 121/EUR	108/US$ 121/EUR	110/US$ 120/EUR
ROE (*2)	10.1%	13.0%	14.0%	10.2%
ROA (*3)	6.5%	8.6%	9.4%	7.2%
Earnings per Share	168.9 yen	224.0 yen	249.2 yen	208.0 yen
Capital Expenditure	11.2	16.5	17.5	28.4
(Depreciation Expenses)	(12.7)	(11.1)	(11.1)	(11.1)
R&D Expenses	24.8	24.9	24.4	26.8
Cash Flows				
Operating Activities	42.4	38.0	39.1	53.0
Investing Activities	0.6	-15.0	-9.7	-28.0
Total	43.0	23.0	29.4	25.0
Inventories at End of Period	91.9	92.0	93.1	89.7
Number of Employees				
Japan	6,149	5,900	5,937	5,900
Overseas	14,199	14,400	14,238	15,000
Total (*4)	20,348	20,300	20,175	20,900
（Changes from the changes in the scope of consolidation）	(-102)	(-)	(-)	(-)
Temporary Staff (average during the period)	7,990	7,800	7,938	7,200
Sales by Business Segment				
Musical Instruments (*5)	277.4 (63.7%)	256.0 (63.2%)	257.7 (63.1%)	269.0 (63.0%)
Audio Equipment (*5)	120.9 (27.8%)	114.0 (28.2%)	115.5 (28.3%)	123.0 (28.8%)
Others (*6)	37.2 (8.5%)	35.0 (8.6%)	35.1 (8.6%)	35.0 (8.2%)
Operating Income by Business Segment				
Musical Instruments (*5)	31.7	32.0	32.1	35.0
Audio Equipment (*5)	8.5	9.5	10.4	11.5
Others (*6)	0.4	0.5	1.7	2.0

Non-Consolidated Basis

	FY2016.3		FY2017.3
Net Sales	232.8		215.8
Operating Income	15.2 (6.5%)		15.6 (7.2%)
Ordinary Income	27.1 (11.7%)		26.6 (12.3%)
Net Income	20.2 (8.7%)		34.0 (15.7%)

＊1 Net income is presented as net income attributable to owners of parent on the consolidate financial statements.
＊2, 3 The ROE and ROA for the interim period are calculated on an annually adjusted basis.
＊4 Number of employees = Number of full-time staff at end of the period
＊5 Effective in FY2017.3, sound proof room business which was previously reported as a part of the musical instrument segment has now been reported as a part of the audio equipment segment.
＊6 Effective in FY2017.3, others segment includes electronic devices segment which was closed at the end of FY2016.3.
The figures for FY2016.3 has been adjusted to conform to current year disclosure for reference only.

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.