

For Immediate Release

August 2, 2016

Company Name: YAMAHA CORPORATION

President and Representative Director: Takuya Nakata

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

**Outline of the Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2017(FY2017.3)
and Outlook for Performance in FY2017.3**

■ **Consolidated Performance for the First Quarter (Three Months)**

Year-on-Year Decrease in Net Sales, but a Substantial Increase in Income

Although sales were generally favorable, consolidated net sales for the first quarter of FY2017.3 decreased ¥7.1 billion, or 6.8%, from the same period of the previous year to ¥98.4 billion. Foreign currency fluctuations resulted in a decline in net sales of ¥8.8 billion and the transfer of the music school business resulted in a ¥4.2 billion decline.

Despite the negative impact of foreign currency fluctuations amounting to ¥2.4 billion, consolidated operating income for the first quarter rose ¥2.9 billion year on year, or 33%, to ¥11.8 billion, and ordinary income increased ¥3.0 billion, or 35.5%, to ¥11.5 billion. This increase in operating income represented the fifth consecutive increase for the first quarter. In particular, operating income in Yamaha's main businesses of musical instruments and audio equipment rose to record high levels, thus bringing a substantial increase in income.

In addition, based on the recent performance trends and other factors, the Company has revised the recoverability of deferred tax assets and additionally recorded deferred tax assets of ¥13.5 billion. As a result, net income attributable to the owners of the parent increased ¥16.2 billion, or 259.7%, to ¥22.5 billion.

➤ **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 ¥64.7 billion (-8.2%) and Operating Income of ¥9.4 billion (+32.1%)

Sales of acoustic pianos and digital pianos were favorable in North America, Europe, and China. Sales of guitars expanded in Japan, North America, Europe, and China. Wind instruments also rose

mainly in Japan and Europe.

Although sales were favorable, sales in this segment as a whole decreased ¥5.8 billion (8.2%), to ¥64.7 billion. Factors accounting for this decline were the negative impact of foreign currency fluctuations of ¥6.0 billion and the effect of ¥4.2 billion accompanying the transfer of Yamaha's music school business in Japan to the Yamaha Music Foundation in the second quarter of the previous fiscal year.

Operating income increased ¥2.3 billion (32.1%), to ¥9.4 billion, as a result of absorbing ¥2.0 billion in negative effects due to foreign currency fluctuations.

Audio Equipment

Sales of ¥25.5 billion (+1.7%) and Operating Income of ¥2.0 billion (+111.2%)

Sales of audio products and professional audio equipment expanded in Japan and held firm overseas, resulting in a rise in sales. In addition, sales of the commercial online karaoke equipment and ICT (information and communication technology) business held strong, also contributing to the rise in sales.

Sales in this segment as a whole increased ¥0.4 billion (1.7%), to ¥25.5 billion, despite a ¥2.7 billion negative impact because of the effects of foreign currency fluctuations.

Operating income rose ¥1.1 billion (111.2%), to ¥2.0 billion, as a result of absorbing a negative impact of ¥0.4 billion due to foreign currency fluctuations.

Others

Sales of ¥8.2 billion (-17.9%) and Operating Income of ¥0.4 billion (-51.2%)

In the others business segment, sales as a whole declined ¥1.8 billion (17.9%), to ¥8.2 billion, because of overall weak sales, mainly in the electronic devices and automobile interior wood components businesses.

Operating income decreased ¥0.4 billion (51.2%), to ¥0.4 billion.

■ Outlook for Consolidated Performance for the Full Fiscal Year (FY2017.3)

The forecast for net sales has been revised downward and forecasts for income remain unchanged.

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2017, released on April 28, 2016, called for net sales of ¥420.0 billion (-3.6%), operating income of

¥42.0 billion (+3.3%), ordinary income of ¥42.0 billion (+2.7%), and net income attributable to the owners of the parent of ¥45.5 billion (+39.4%).

In the amended consolidated outlook, the forecast for net sales has been revised downward, to ¥411.0 billion (−5.6%) since the impact due to foreign currency fluctuations is forecast to be ¥16.9 billion and cannot be offset by increase in sales. However, income is expected to cover a decline due to foreign currency fluctuations, which is forecast to be ¥5.6 billion. Therefore, forecasts for income items remain unchanged.

The previous forecasts for the exchange rates were ¥110 to US\$1 and ¥125 to €, but the revised forecast calls for ¥105 to US\$1 and ¥115 to €. In addition, the Company has arranged for forward foreign exchange contracts for euros of ¥121 to € in the second quarter, and these have been taken into account in the revised forecasts.

Notes:

1. Sales and income/loss figures in the text have, in principle, been rounded to the nearest ¥0.1 billion.
2. Beginning with the first quarter of FY2017.3, the Company has reviewed its business segment classification, and the Electronic Devices business has been presented in the Others segment. Figures and rates of increase/decrease year on year have been calculated using the post-reclassification method.

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First Quarter of FY2017.3 Performance Outline

YAMAHA CORPORATION

August 2, 2016

(billions of yen)

	1Q Results	1Q Results	Initial Projections	Projections	Results
	FY2017.3	(Previous Year) FY2016.3	(Full Year) (announced on April 28, 2016) FY2017.3	(Full Year) FY2017.3	(Previous Year) FY2016.3
Net Sales	98.4	105.5	420.0	411.0	435.5
Japan Sales	34.4 (35.0%)	39.2 (37.2%)	140.0 (33.3%)	140.2 (34.1%)	145.0 (33.3%)
Overseas Sales	64.0 (65.0%)	66.3 (62.8%)	280.0 (66.7%)	270.8 (65.9%)	290.5 (66.7%)
Operating Income	11.8 (12.0%)	8.9 (8.4%)	42.0 (10.0%)	42.0 (10.2%)	40.7 (9.3%)
Ordinary Income	11.5 (11.6%)	8.5 (8.0%)	42.0 (10.0%)	42.0 (10.2%)	40.9 (9.4%)
Net Income ^(*)	22.5 (22.9%)	6.3 (5.9%)	45.5 (10.8%)	45.5 (11.1%)	32.6 (7.5%)
Currency Exchange Rate (Settlement Rate) (=yen)	111/US\$ 126/EUR	121/US\$ 133/EUR	110/US\$ 125/EUR	106/US\$ ^(*) 120/EUR	121/US\$ 134/EUR
ROE ^(*)	30.1%	7.2%	14.3%	14.9%	10.1%
ROA ^(*)	19.7%	4.7%	9.5%	9.8%	6.5%
Earnings per Share	119.8 yen	32.3 yen	242.7 yen	242.6 yen	168.9 yen
Capital Expenditures (Depreciation Expenses)	3.6 (2.8)	2.6 (3.0)	20.6 (12.6)	20.7 (11.7)	11.2 (12.7)
R&D Expenses	6.0	6.0	25.9	25.6	24.8
Cash Flows					
Operating Activities	5.3	6.8	43.0	43.0	42.4
Investing Activities	-3.2	-5.0	-21.5	-21.0	0.6
Total	2.1	1.8	21.5	22.0	43.0
Inventories at End of Period	93.3	97.4	87.8	86.3	91.9
Number of Employees					
Japan	6,226	6,595	6,200	6,200	6,149
Overseas	14,413	13,662	14,700	14,600	14,199
Total ^(*)	20,639	20,257	20,900	20,800	20,348
(Changes from the changes in the scope of consolidation)	(-125)	(21)	(-)	(-)	(-102)
Temporary Staff (average during the period)	8,239	7,970	8,000	7,800	7,990
Sales by Business Segment					
Musical Instruments ^(*)	64.7 (65.7%)	70.4 (66.7%)	263.0 (62.6%)	258.0 (62.8%)	277.4 (63.7%)
Audio Equipment ^(*)	25.5 (26.0%)	25.1 (23.8%)	120.0 (28.6%)	116.0 (28.2%)	120.9 (27.8%)
Others ^(*)	8.2 (8.3%)	10.0 (9.5%)	37.0 (8.8%)	37.0 (9.0%)	37.2 (8.5%)
Operating Income by Business Segment					
Musical Instruments ^(*)	9.4	7.1	32.5	32.5	31.7
Audio Equipment ^(*)	2.0	1.0	9.0	9.0	8.5
Others ^(*)	0.4	0.8	0.5	0.5	0.4

Non-Consolidated Basis

Net Sales	58.3	58.5	232.8
Operating Income	5.0 (8.6%)	3.9 (6.7%)	15.2 (6.5%)
Ordinary Income	12.0 (20.6%)	14.4 (24.6%)	27.1 (11.7%)
Net Income	22.1 (37.8%)	13.0 (22.2%)	20.2 (8.7%)

* 1 Net income is presented as net income attributable to owners of parent on the consolidate financial statements.

* 2, 3 ROE and ROA are calculated on an annually adjusted basis.

* 4 Number of employees = Number of full-time staff at end of period

* 5 Effective in FY2017.3, soundproof 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. The figures for FY2016.3 reflect the new segment accordingly.

* 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.

* 7 2Q-4Q currency exchange rates US\$1=JPY105, EUR1=JPY115 (exchange contract rate for Q2 EUR1=JPY121)

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.