



For Immediate Release

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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 through the Second Quarter
(Six Months) of the Fiscal Year Ending March 31, 2017 (FY2017.3)
and Outlook for Consolidated Performance for the Full Fiscal Year**

■ **Consolidated Performance through the Second Quarter (Six Months)**

Year-on-Year Decrease in Net Sales, but Increase in Operating Income for the Fifth Consecutive Quarter

Through the second quarter of FY2017.3 (April 1, 2016 to September 30, 2016), sales performance was favorable, but net sales decreased ¥18.3 billion (−8.4%) compared with the same period of the previous fiscal year, to ¥199.2 billion. This was because of the negative effect of foreign currency fluctuations, which amounted to ¥22.4 billion and the negative effect of the transfer of the Yamaha Music School business, which amounted to ¥4.2 billion.

Regarding income, although foreign currency fluctuations had a negative impact of ¥6.3 billion, operating income rose ¥3.4 billion (+16.1%) over the same period of the previous year, to ¥24.6 billion, and ordinary income expanded ¥2.2 billion (+10.1%), to ¥24.5 billion. In particular, operating income in Yamaha's main businesses of musical instruments and audio equipment rose to a record high level, respectively, and operating income through the second quarter rose for the fifth consecutive quarter.

Although business structural reform expenses of ¥4.9 billion were reported as an extraordinary loss in connection with conclusion of operations at Yamaha Resort "Tsumagoi," which was announced on September 2, 2016, net income attributable to the owners of the parent rose ¥9.8 billion (+56.3%), to ¥27.2 billion, accompanying the reporting of deferred tax assets of ¥13.6 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 ¥128.5 billion (−9.8% year on year) and Operating Income of ¥18.8 billion (+11.9% year on year)

Sales of acoustic pianos in Europe and China were favorable, and sales of guitars were strong in all regions. Sales of digital pianos and other digital musical instruments and wind instruments continued to be robust.

Although sales of the segment as a whole continued to be generally favorable, foreign currency fluctuations had a negative impact of ¥15.2 billion, and the transfer of the operations of Yamaha Music School business in Japan to the Yamaha Music Foundation in the second quarter of the previous fiscal year resulted in a decline in sales of ¥4.2 billion. As a consequence, sales of the musical instruments segment decreased ¥13.9 billion (−9.8%), to ¥128.5 billion.

Operating income increased ¥2.0 billion (+11.9%), to ¥18.8 billion, thus absorbing losses due to foreign currency fluctuations of ¥5.1 billion.

Audio Equipment

Sales of ¥53.0 billion (−4.1% year on year) and Operating Income of ¥4.8 billion (+40.0% year on year)

Sales of audio products and professional audio equipment expanded in Japan and held firm overseas. Sales of ICT (information and communication technology) equipment expanded in Japan but were weak in overseas markets.

Sales in this segment as a whole decreased ¥2.3 billion (−4.1%), to ¥53.0 billion, because of the negative impact of ¥6.9 billion due to foreign currency fluctuations.

Operating income rose ¥1.4 billion (+40.0%), to 4.8 billion, thus absorbing the negative impact of ¥1.3 billion due to foreign currency fluctuations.

Others

Sales of ¥17.7 billion (−10.8% year on year) and Operating Income of ¥1.0 billion (+3.5% year on year)

In the Others business segment, sales of electronic devices and automobile interior wood components were weak; as a result, sales of the segment decreased ¥2.1 billion (−10.8%), to ¥17.7 billion.

Operating income increased ¥34 million (+3.5%), to ¥1.0 billion.

■ Outlook for Consolidated Performance for the Full Fiscal Year

Although the exchange rates to be assumed have been reviewed, forecasts for operating and ordinary income remain unchanged.

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2017, released on August 2, called for net sales of ¥411.0 billion (−5.6%), 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, following a review of exchange rates to be assumed*, the forecast for net sales has been revised downward, to ¥402.0 billion (−7.7%); however, forecasts for operating income and ordinary income remain unchanged. In addition, the Company reported an extraordinary loss of ¥4.9 billion in

business structural reform expenses in connection with the conclusion of operations at Yamaha's Resort "Tsumagoi." The forecast for net income attributable to the owners of the parent has been revised downward to ¥41.0 billion (+25.6%).

*The foreign currency exchange rates used in computing these forecasts have been changed from ¥105 to US\$1 and ¥115 to € in the previous forecast, to ¥100 to US\$1 and ¥110 to €

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 Electronics 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.

For further information, please contact:

Yamaha Corporation

Corporate Communications Division, Public Relations Group

Email: pr-contacts@gmx.yamaha.com

Telephone: +81-3-5488-6601

Facsimile: +81-3-5488-5060

Second Quarter of FY2017.3 Performance Outline

YAMAHA CORPORATION

November 7, 2016

(Billions of yen)

	Six Months Results Ended Sept. 30, 2016 FY2017.3	Six Months Results Ended Sept. 30, 2015 FY2016.3	Previous Projections (Full Year) (announced on August 2, 2016) FY2017.3	Projections (Full Year) FY2017.3	Results (Previous Year) FY2016.3
Net Sales	199.2	217.5	411.0	402.0	435.5
Japan Sales	67.6 (33.9%)	73.1 (33.6%)	140.2 (34.1%)	139.6 (34.7%)	145.0 (33.3%)
Overseas Sales	131.6 (66.1%)	144.3 (66.4%)	270.8 (65.9%)	262.4 (65.3%)	290.5 (66.7%)
Operating Income	24.6 (12.4%)	21.2 (9.8%)	42.0 (10.2%)	42.0 (10.4%)	40.7 (9.3%)
Ordinary Income	24.5 (12.3%)	22.2 (10.2%)	42.0 (10.2%)	42.0 (10.4%)	40.9 (9.4%)
Net Income ^(*)	27.2 (13.7%)	17.4 (8.0%)	45.5 (11.1%)	41.0 (10.2%)	32.6 (7.5%)
Currency Exchange Rate (Settlement Rate) (=yen) ^{(*)2}	107/US\$ 123/EUR	122/US\$ 134/EUR	106/US\$ 120/EUR	104/US\$ ^{(*)8} 118/EUR	121/US\$ 134/EUR
ROE ^{(*)3}	17.7%	10.2%	14.9%	13.3%	10.1%
ROA ^{(*)4}	11.5%	6.6%	9.8%	8.8%	6.5%
Earnings per Share	145.1 yen	89.9 yen	242.6 yen	218.7 yen	168.9 yen
Capital Expenditures (Depreciation Expenses)	6.3 (5.4)	4.8 (6.1)	20.7 (11.7)	19.6 (11.3)	11.2 (12.7)
R&D Expenses	11.9	12.2	25.6	25.3	24.8
Cash Flows					
Operating Activities	8.1	8.2	43.0	43.0	42.4
Investing Activities	-6.3	-5.9	-21.0	-20.0	0.6
Free Cash Flow	1.8	2.3	22.0	23.0	43.0
Inventories at End of Period	94.5	99.3	86.3	84.8	91.9
Number of Employees					
Japan	6,149	6,480	6,200	6,100	6,149
Overseas	14,384	13,822	14,600	14,600	14,199
Total ^{(*)5} (Changes from the changes in the scope of consolidation)	20,533 (-124)	20,302 (23)	20,800 (-)	20,700 (-)	20,348 (-102)
Temporary Staff (average during the period)	8,087	8,227	7,800	7,700	7,990
Sales by Business Segment					
Musical Instruments ^{(*)6}	128.5 (64.5%)	142.4 (65.5%)	258.0 (62.8%)	254.0 (63.2%)	277.4 (63.7%)
Audio Equipment ^{(*)6}	53.0 (26.6%)	55.3 (25.4%)	116.0 (28.2%)	113.0 (28.1%)	120.9 (27.8%)
Others ^{(*)7}	17.7 (8.9%)	19.8 (9.1%)	37.0 (9.0%)	35.0 (8.7%)	37.2 (8.5%)
Operating Income by Business Segment					
Musical Instruments ^{(*)6}	18.8	16.8	32.5	32.5	31.7
Audio Equipment ^{(*)6}	4.8	3.5	9.0	9.0	8.5
Others ^{(*)7}	1.0	1.0	0.5	0.5	0.4

Non-Consolidated Basis

Net Sales	118.7	123.0	232.8
Operating Income	10.7 (9.0%)	8.8 (7.2%)	15.2 (6.5%)
Ordinary Income	18.5 (15.6%)	20.4 (16.6%)	27.1 (11.7%)
Net Income	23.4 (9.7%)	18.9 (15.4%)	20.2 (8.7%)

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

* 2, 8 Currency exchange rate is the export and import transaction rate applied to profit calculation. 2H Currency Exchange Rates US\$=100JPY EUR=110JPY

* 3, 4 The ROE and ROA for the interim period are calculated on an annually adjusted basis.

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

* 6 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.

* 7 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.