

Analyst and Investor Briefing on First Quarter of FY2021.3

(Fiscal year ending March 31, 2021)



August 5, 2020

Yamaha Corporation

FY2021.3 1Q Highlights

Overview

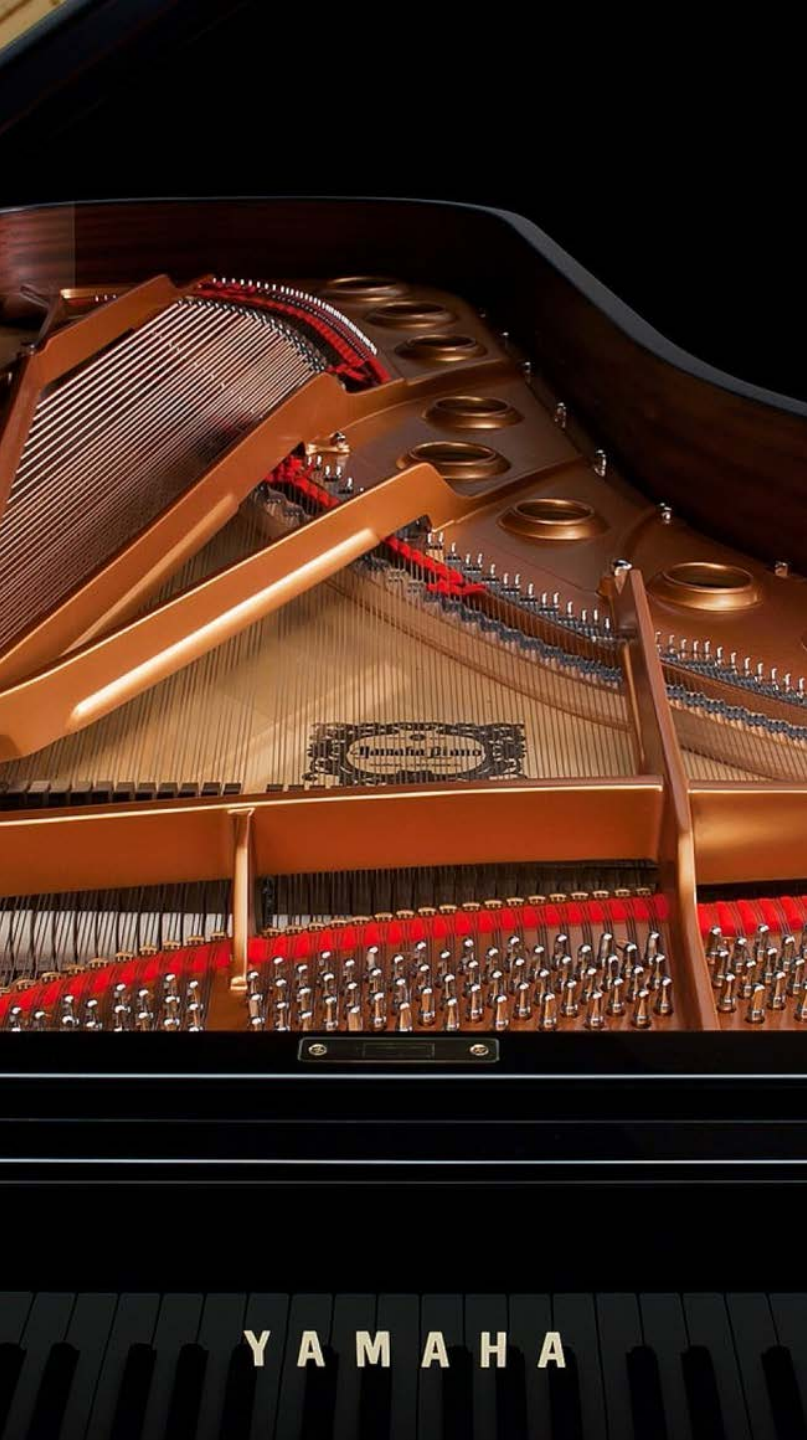
FY2021.3 1Q Achievements (Three Months)

- Revenue and profit both declined sharply as the COVID-19 pandemic led to decline in sales and forced factories to shutdown.
- A net profit was negative, due to a 2.5 billion yen loss resulting from suspension of operations.

Outlook

Full Year Forecasts for FY2021.3

- Market conditions are predicted to recover from the third quarter. Production and supply shortage are expected to continue until the third quarter, and full year revenue is projected to decline.
- Cost control efforts will not be able to compensate for the impact of lower 1H revenue and production, and core operating profit is projected to fall.
- In accordance with the stable dividend policy, the planned annual per-share dividend is 66 yen, the same amount as the previous year (dividend payout ratio of 73%).



1. Performance Summary

FY2021.3 1Q (Three Months) Summary

(billions of yen)

	FY2020.3 1Q	FY2021.3 1Q	Change (YoY)	
Revenue	99.5	71.8	-27.7	-27.9% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	10.8 (10.8%)	1.1 (1.6%)	-9.7	-89.5%
Net Profit ^{*1}	7.3	-1.8	-9.1	-

Exchange Rate (yen)			
Revenue (Average rate during the period)	US\$	110	108
	EUR	123	119
Profit (Settlement rate)	US\$	111	108
	EUR	126	121

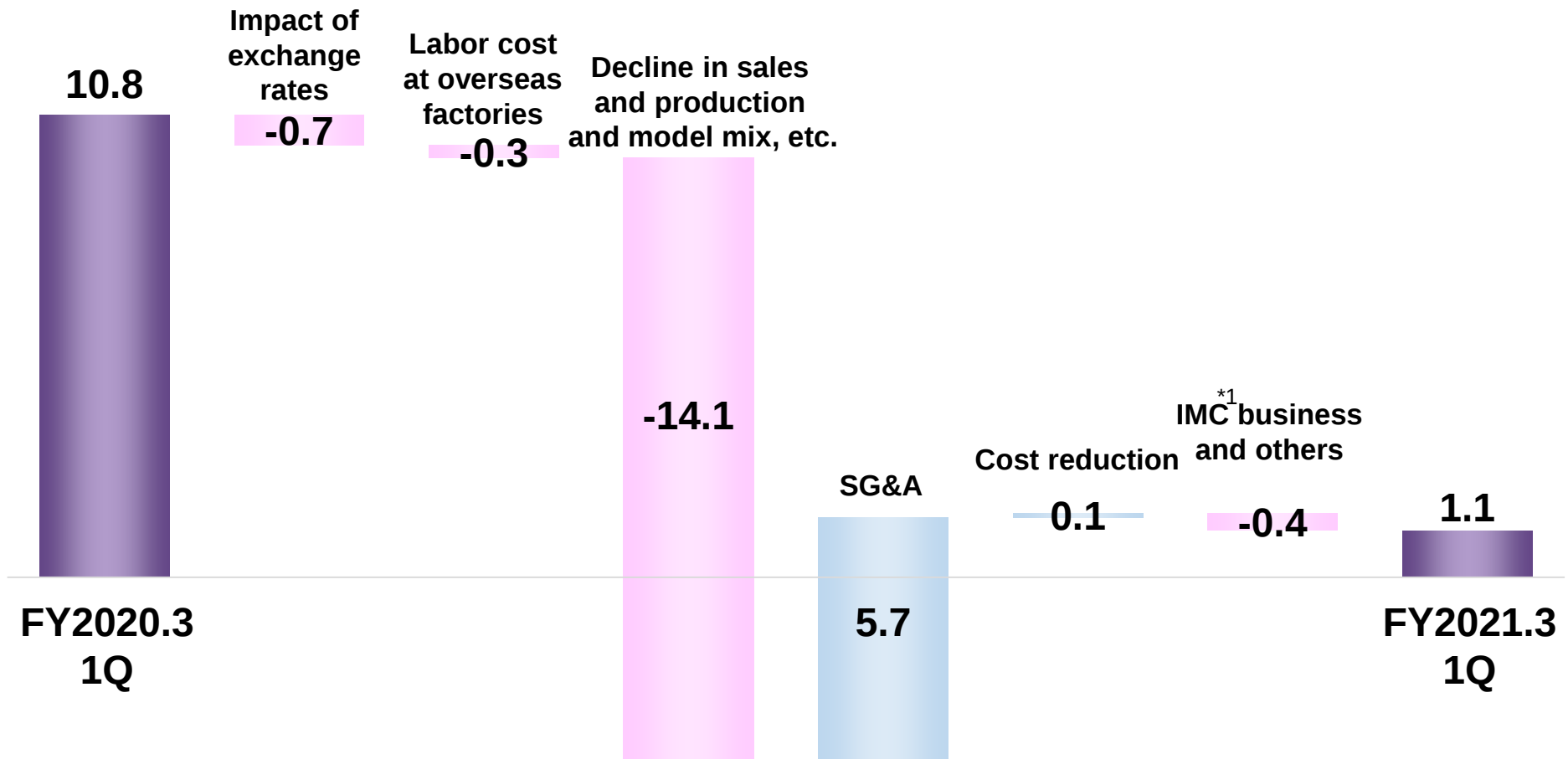
^{*2} -25.5%
(Excluding the impact of exchange rate)

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

Core Operating Profit Analysis

Versus previous year

(billions of yen)



*1 Industrial Machinery and Components

Performance by Business Segment

(billions of yen)

		FY2020.3 1Q	FY2021.3 1Q	Change	Exchange rate impact
Musical Instruments	Revenue	67.5	46.6	-20.9	-1.8
	Core Operating Profit	9.8	2.5	-7.3	-0.6
	Core Operating Profit Ratio	14.6%	5.4%	-9.2P	
Audio Equipment	Revenue	24.8	19.5	-5.3	-0.6
	Core Operating Profit	0.9	-1.1	-2.0	-0.1
	Core Operating Profit Ratio	3.5%	-5.5%	-9.0P	
IMC ^{*1} Business and Others	Revenue	7.2	5.6	-1.6	-0.0
	Core Operating Profit	0.1	-0.3	-0.4	0
	Core Operating Profit Ratio	0.9%	-5.3%	-6.2P	

*1 Industrial Machinery and Components

FY2021.3 Outlook

(billions of yen)

	FY2020.3 Full year	FY2021.3 Full year (projections)	Change	
Revenue	414.2	355.0	-59.2	-14.3% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	46.4 (11.2%)	25.0 (7.0%)	-21.4	-46.1%
Net Profit ^{*1}	34.6	16.0	-18.6	-53.8%

Exchange Rate (yen)

Revenue (Average rate during the period)	US\$	109	108
	EUR	121	120
Profit (Settlement rate)	US\$	109	108
	EUR	122	120

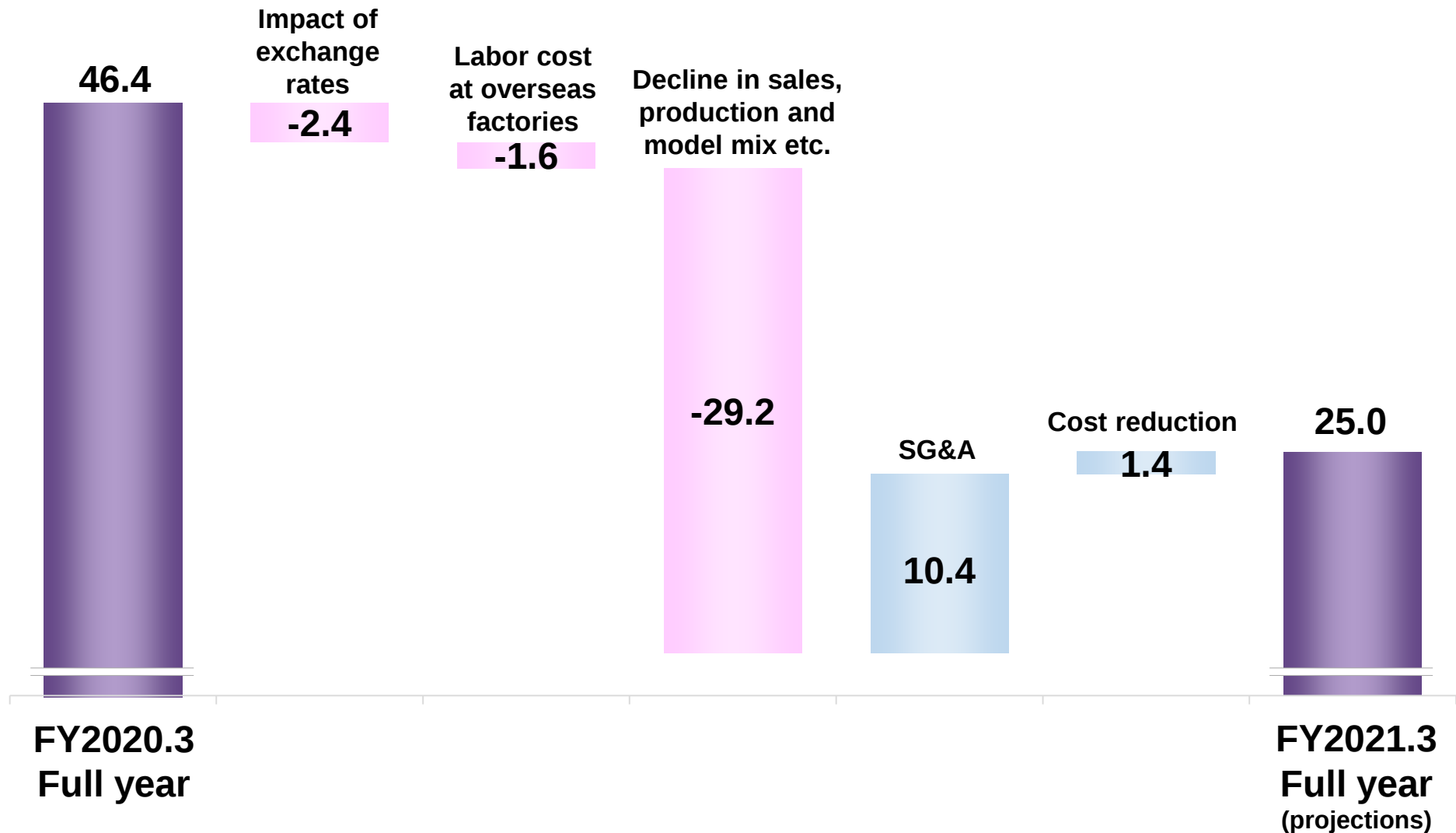
^{*2} -12.9%
(Excluding the impact
of exchange rate)

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

Core Operating Profit Analysis

Versus previous year

(billions of yen)



Outlook by Business Segment

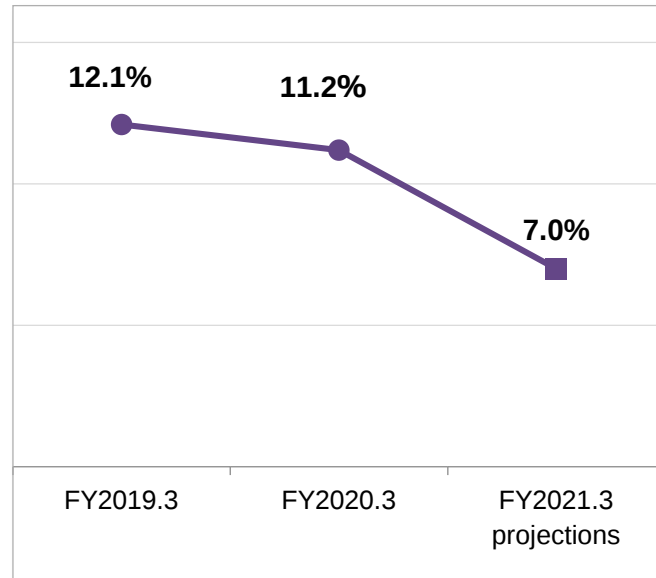
(billions of yen)

		FY2020.3 Full Year	FY2021.3 Full year (projections)	Change	Exchange rate impact
Musical Instruments	Revenue	269.4	228.0	-41.4	-4.4
	Core Operating Profit	37.8	20.0	-17.8	-1.9
	Core Operating Profit Ratio	14.0%	8.8%	-5.2P	
Audio Equipment	Revenue	114.4	100.0	-14.4	-1.5
	Core Operating Profit	8.6	5.0	-3.6	-0.5
	Core Operating Profit Ratio	7.5%	5.0%	-2.5P	
IMC ^{*1} Business and Others	Revenue	30.5	27.0	-3.5	-0.1
	Core Operating Profit	0.0	0.0	0.0	-0.0
	Core Operating Profit Ratio	0.1%	0.0%	-0.1P	

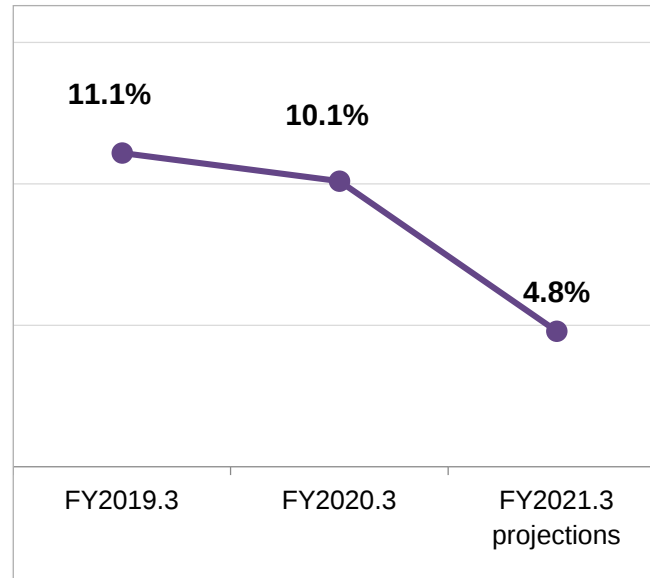
Key Management Figures

(billions of yen)

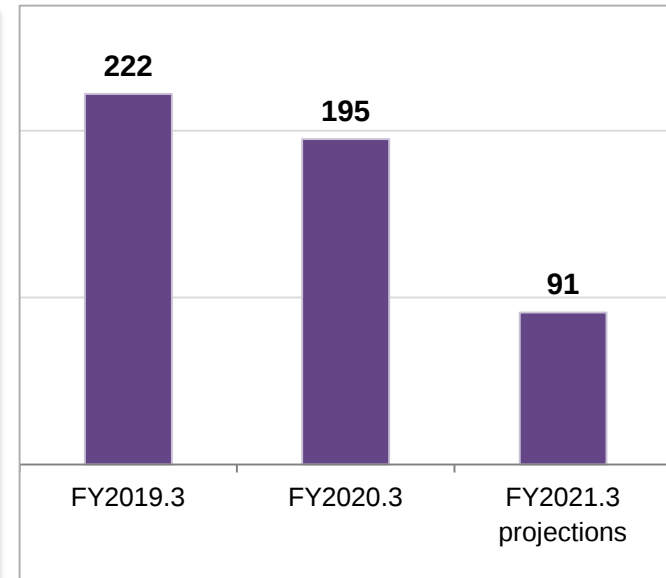
Core Operating Profit Ratio

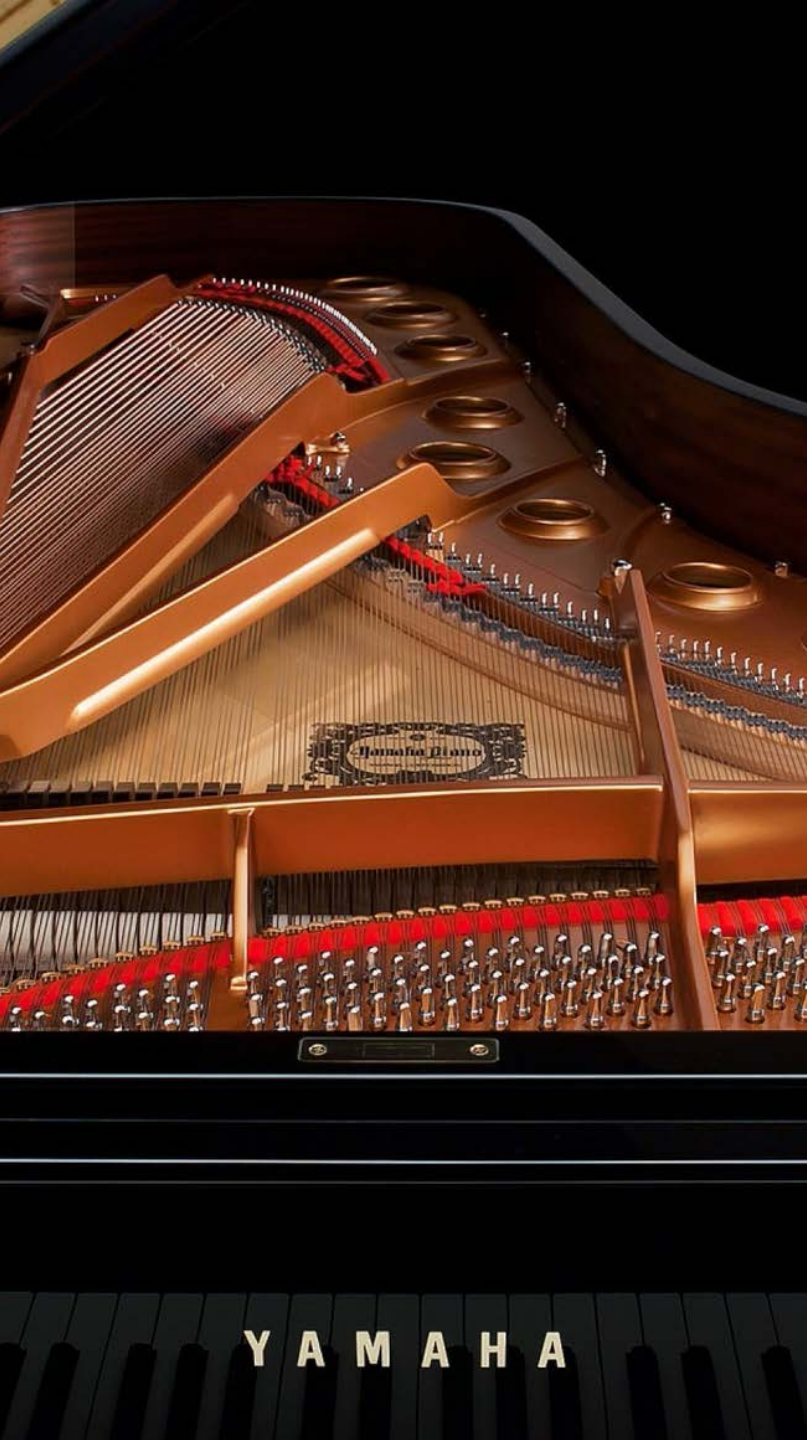


ROE



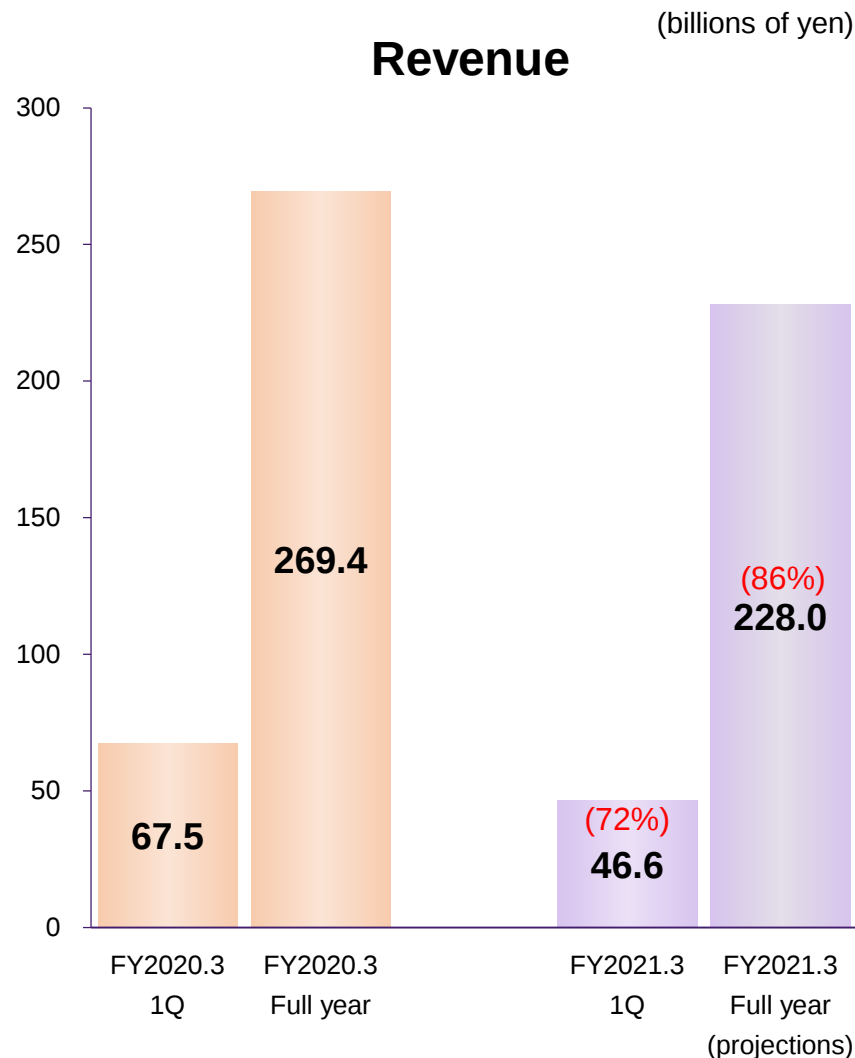
Earnings per Share (yen)





2. Segment Overview & Updates

Segment Revenue and Core Operating Profit

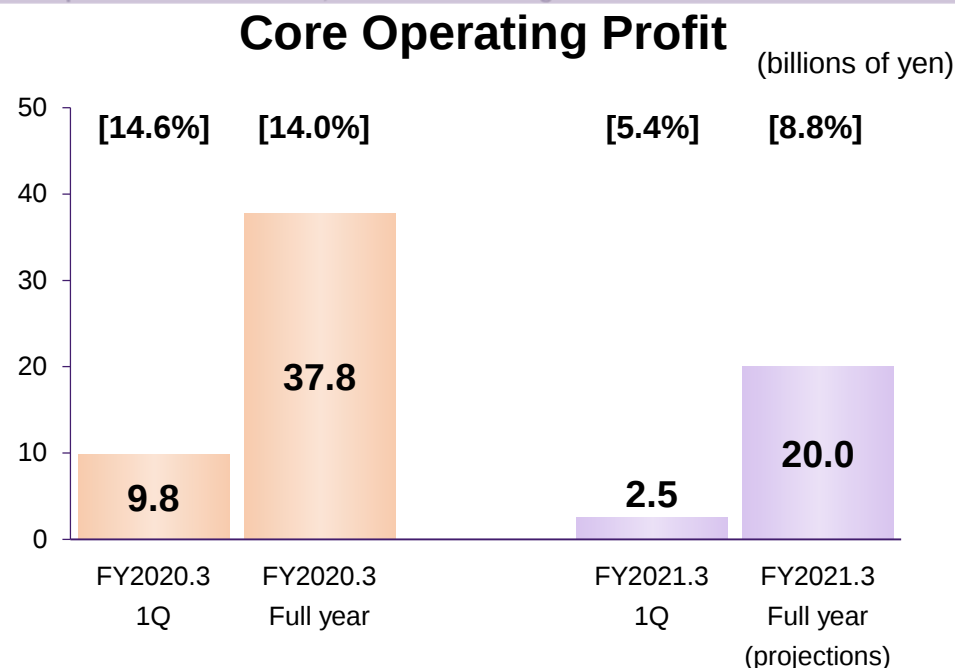


Three months: Strong e-commerce sales, but the store closure and other impact of COVID-19 led to sharp decline in sales

- Piano sales faced major headwinds due to the impact of store closures. Although digital musical instruments sold briskly in North America, sales were down due to supply shortage. Demand for wind, string, and percussion instruments was sluggish due to school closures, but stay-at-home demand and e-commerce drove robust sales of guitars.
- Revenue from music schools and software products halved due to the severe impact of closures

Full year projection: Market conditions predicted to recover and supply shortage is expected to be resolved in 2H

- Market conditions for piano sales are expected to recover from 2H, and digital musical instrument supply shortage will also be resolved in 2H. Sharp contraction of the market for wind, string, and percussion instruments is anticipated due to school closures, but guitar sales are projected to increase.
- Sales are expected to rise in China, but fall in other regions



Revenue by Major Product Category

(billions of yen)

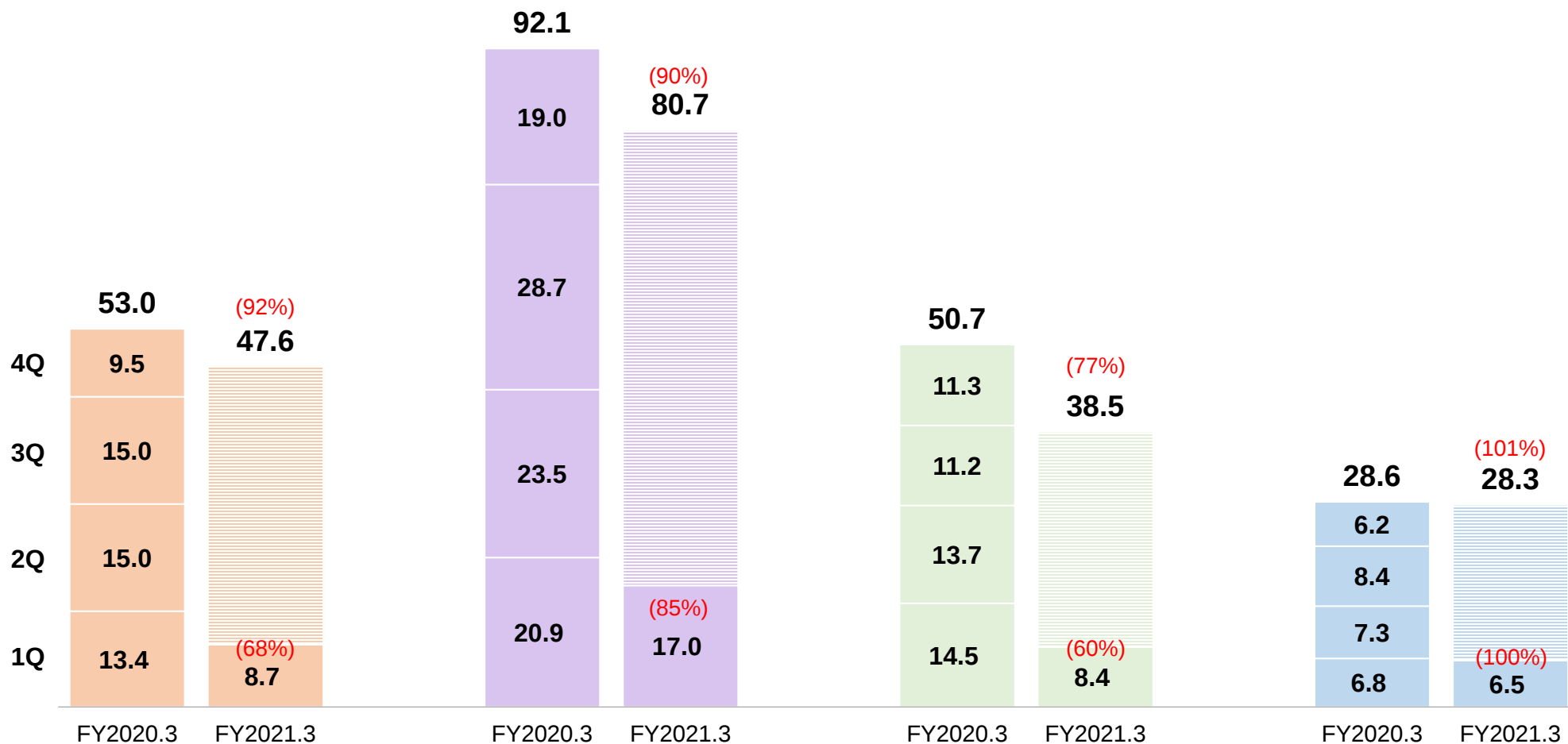
Pianos

Digital Musical Instruments

Winds, Strings /Percussion

Guitars

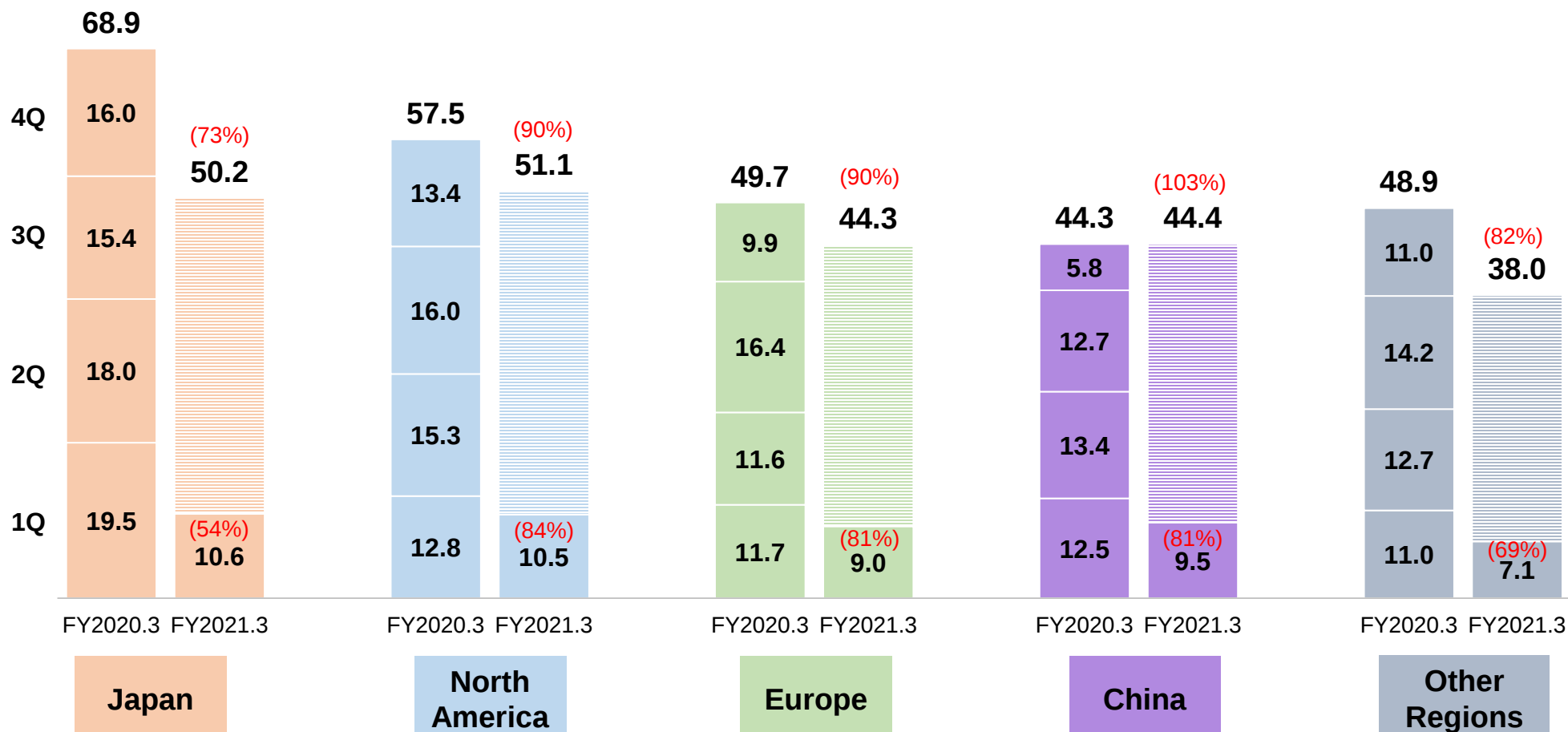
* Guitars include Line 6 and Ampeg products



Red figures show actual YoY changes discounting impact of exchange rates

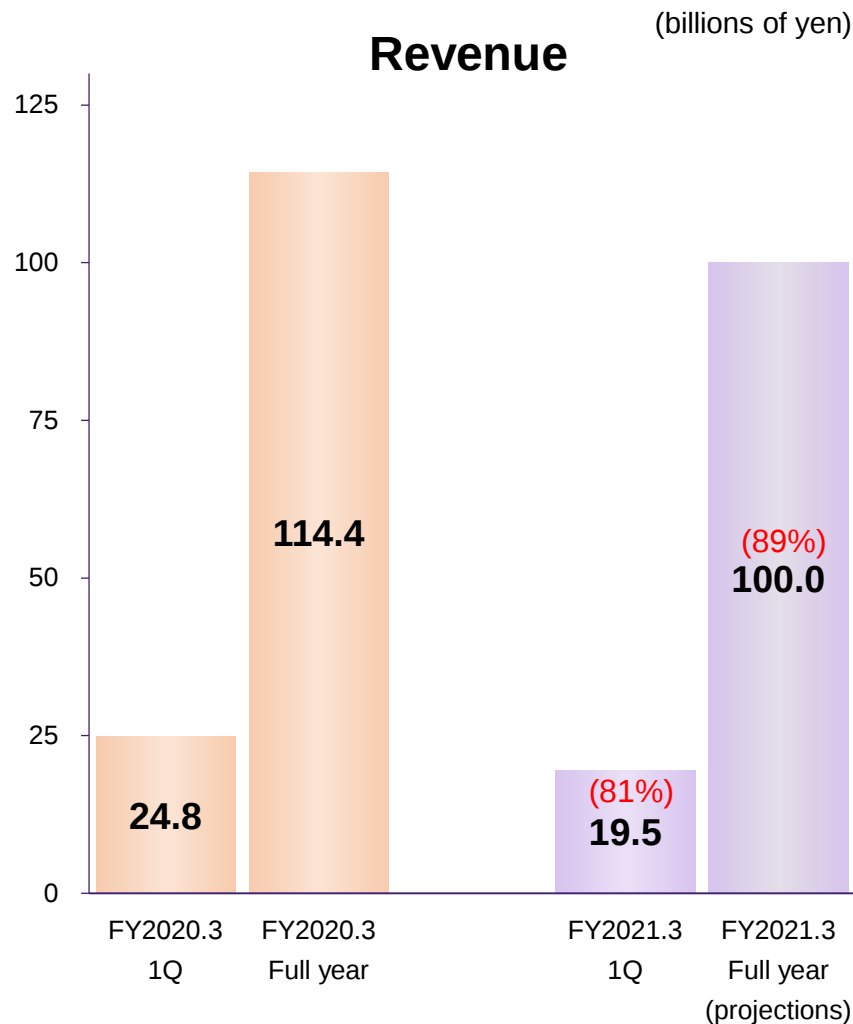
Revenue by Region

(billions of yen)



* Software products and music schools included
 Red figures show actual YoY changes discounting impact of exchange rates

Segment Revenue and Core Operating Profit

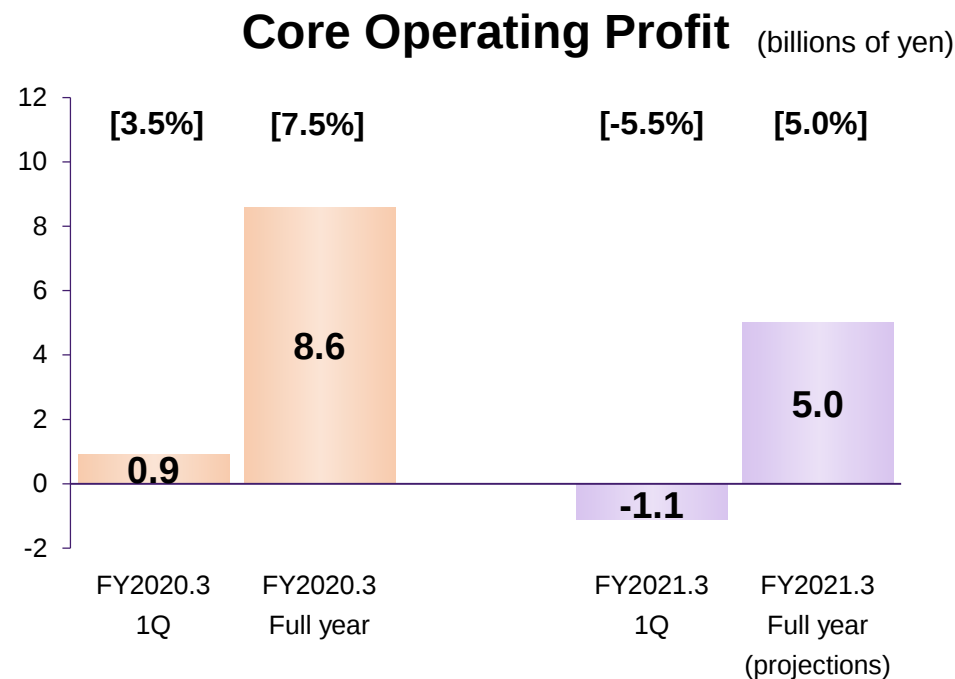


Three months: Stay-at-home demand increased for AV products, but PA equipment struggled

- AV products: sales of sound bars and earphones were robust, but AV receivers struggled
- PA equipment: the live performance market and CA equipment sales both slumped, but equipment installation in Japan was robust
- ICT equipment: conference system sales were strong

Full year projection: Although demand is predicted to grow, especially from stay-at-home demand, but PA equipment continues to face difficult situation

- AV products: strong growth is projected in earphone sales, and AV receivers are expected to remain in short supply
- PA equipment: sales are projected to decline, with no recovery in sight for the live performance market though robust music production products are projected
- ICT equipment: double digit growth is predicted, driven by strong sales of conference systems



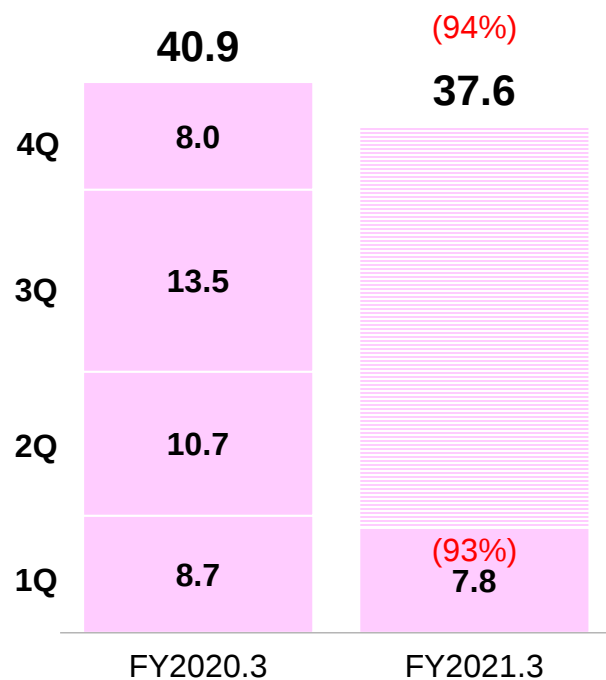
Red figures show actual YoY changes discounting impact of exchange rates

Figures in [] indicate core operating profit ratio

Revenue by Major Product Category

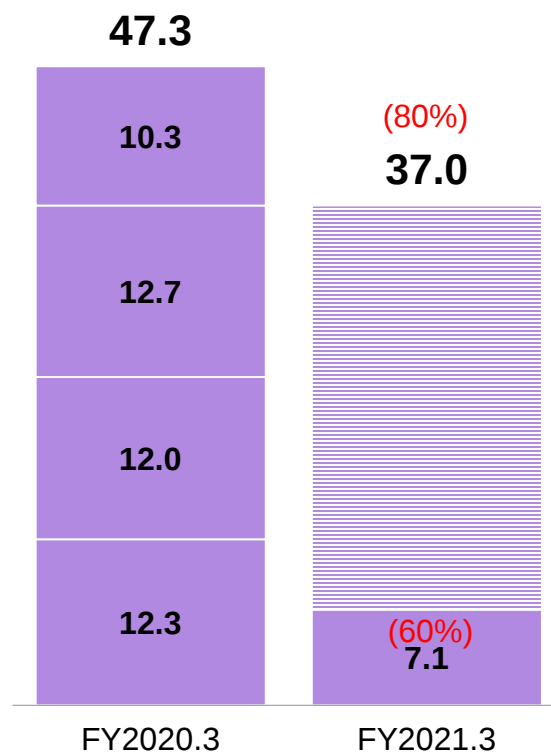
(billions of yen)

AV Products

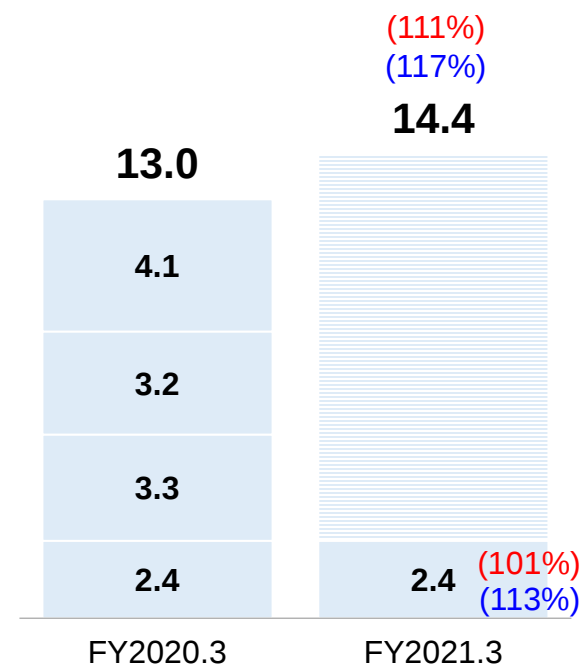


PA Equipment

*Includes only sales of products for PA Equipment (excluding engineering and installation services)

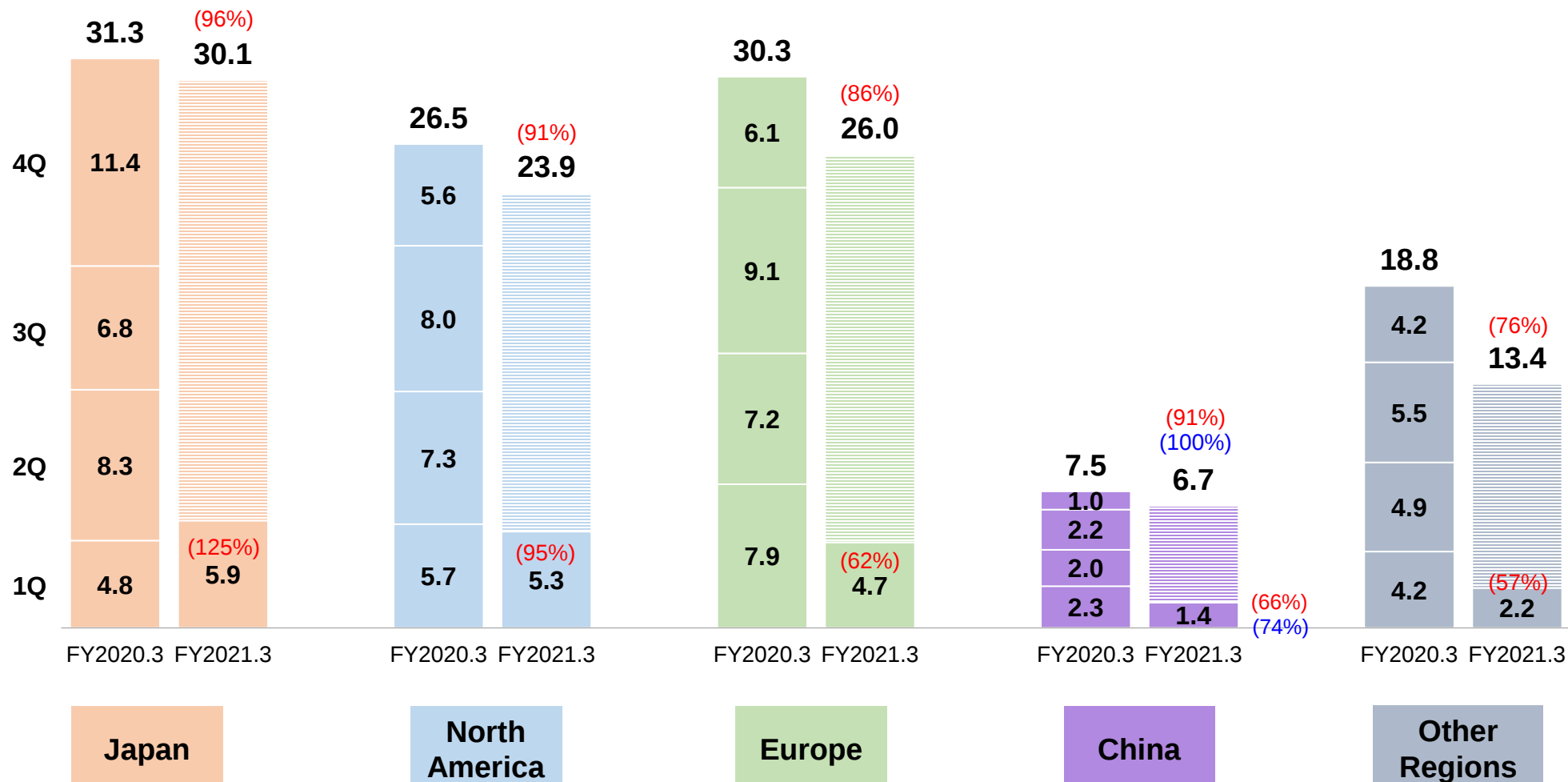


ICT Equipment



Revenue by Region

(billions of yen)



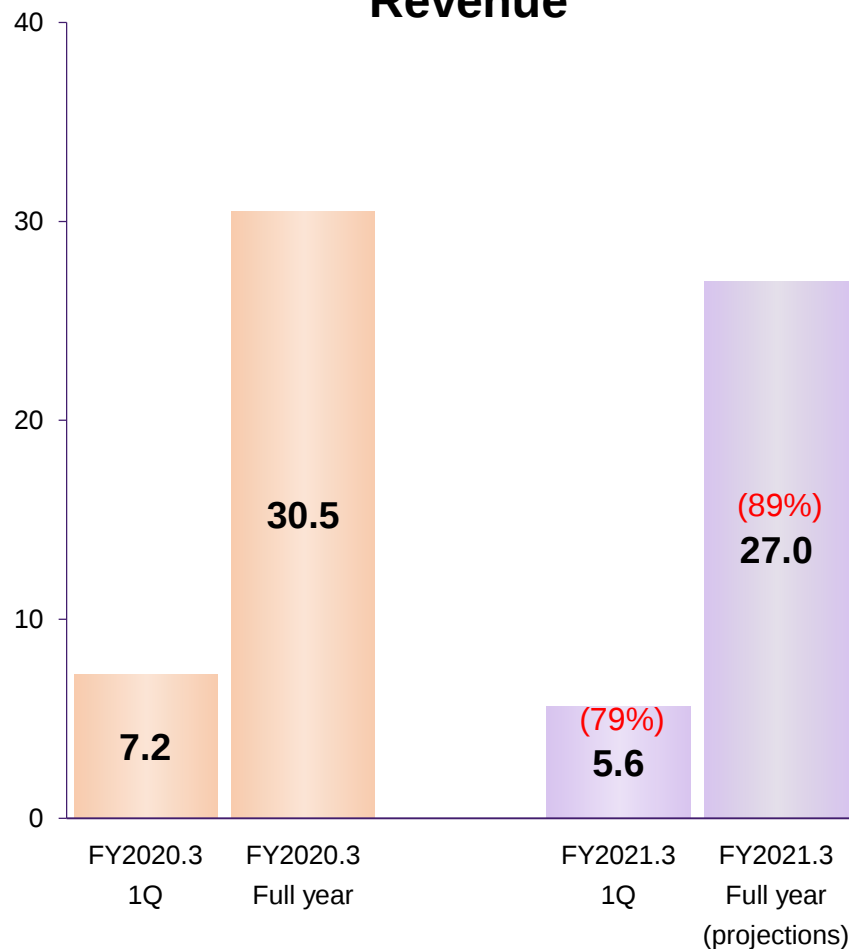
Red figures show actual YoY changes discounting impact of exchange rates

Blue figures show actual YoY changes excluding the sales of OEM products

Segment Revenue and Core Operating Profit

(billions of yen)

Revenue



Three months:

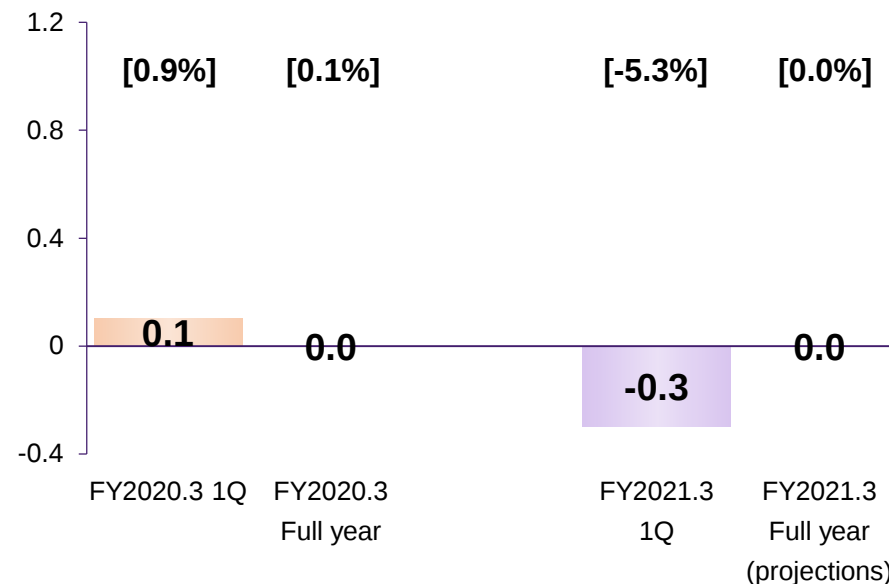
- In-vehicle electronic devices and automobile interior wood components struggled due to the impact of automobile market conditions

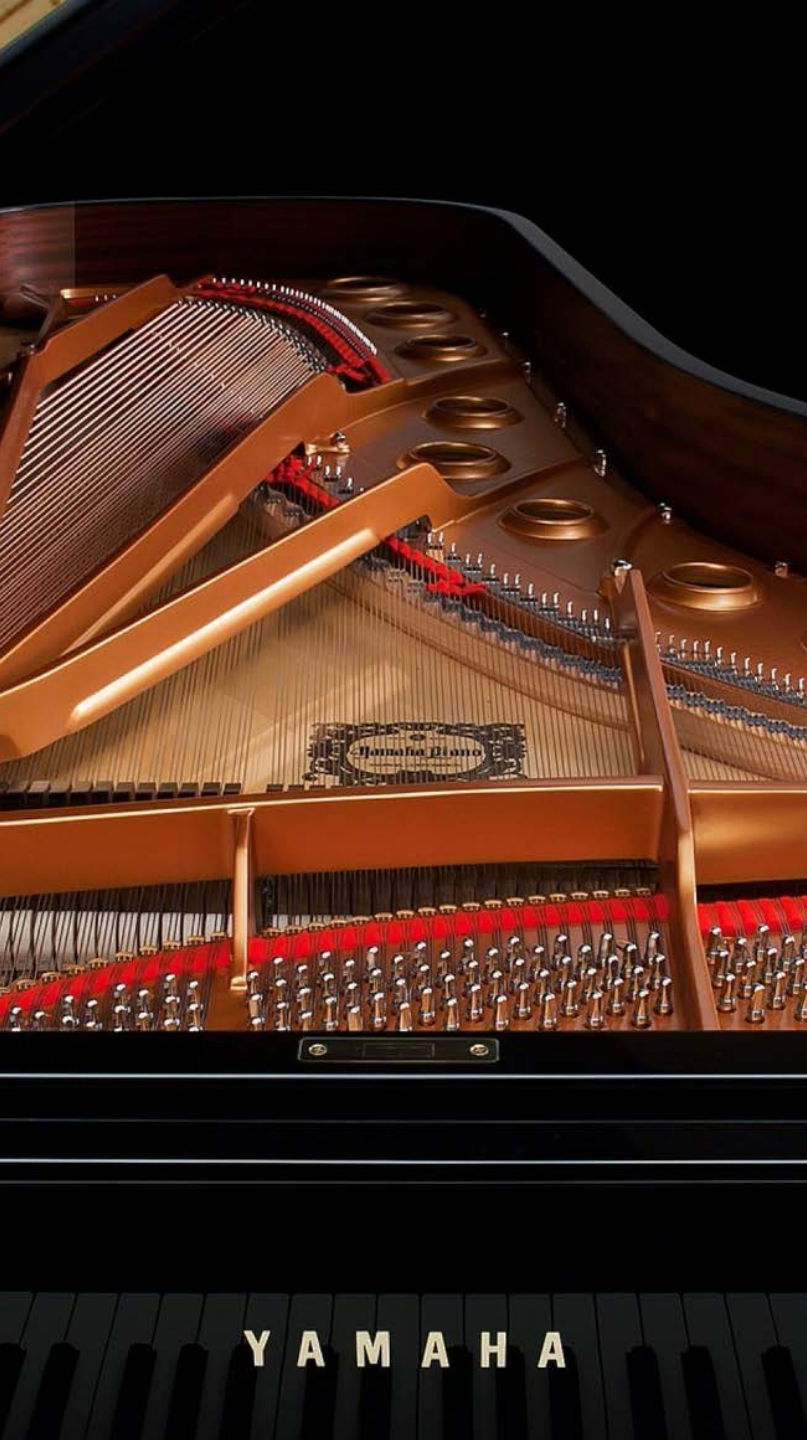
Full year projection:

- Given the uncertain outlook for in-vehicle electronic devices and factory automation related capital expenditure associated with the impacts of COVID-19, recovery in market condition is expected to be delayed

Core Operating Profit

(billions of yen)





3. Other Financial Figures

Balance Sheet Summary

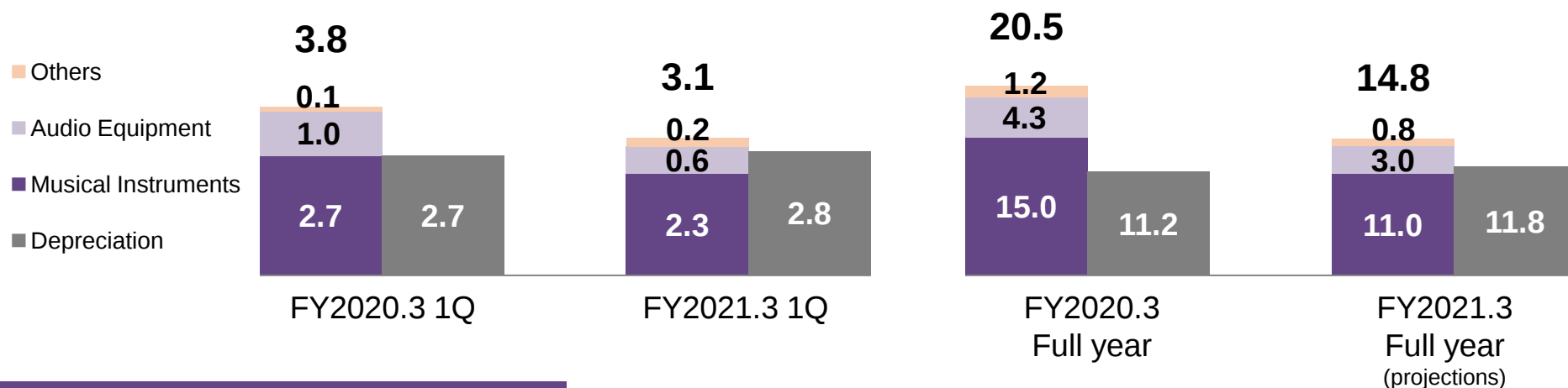
(billions of yen)

	As of Mar. 31, 2020	As of June 30, 2020	Change	As of March 31, 2021 (projections)
Cash and cash equivalents	92.7	88.5	-4.2	89.2
Trade and other receivables	58.1	47.4	-10.7	59.0
Other financial assets	12.9	7.4	-5.6	7.4
Inventories	100.1	100.8	0.8	95.0
Other current assets	6.5	7.8	1.3	9.7
Non-current assets	203.8	215.1	11.2	214.3
Total assets	474.0	466.9	-7.1	474.5
Current liabilities	99.1	90.1	-9.1	86.3
Non-current liabilities	48.4	45.7	-2.7	45.1
Total equity	326.5	331.1	4.7	343.1
Total liabilities and equity	474.0	466.9	-7.1	474.5

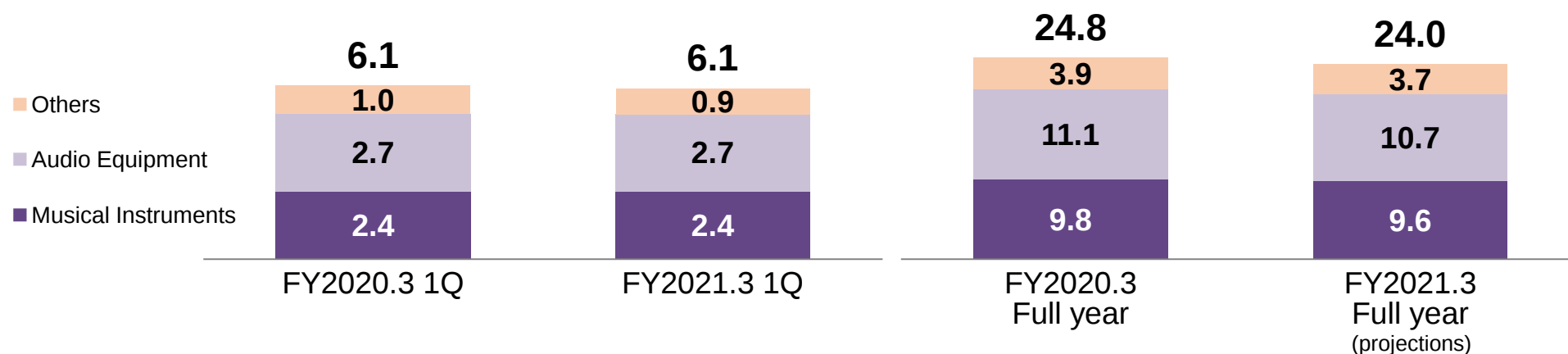
Capital Expenditure/Depreciation, R&D Expense

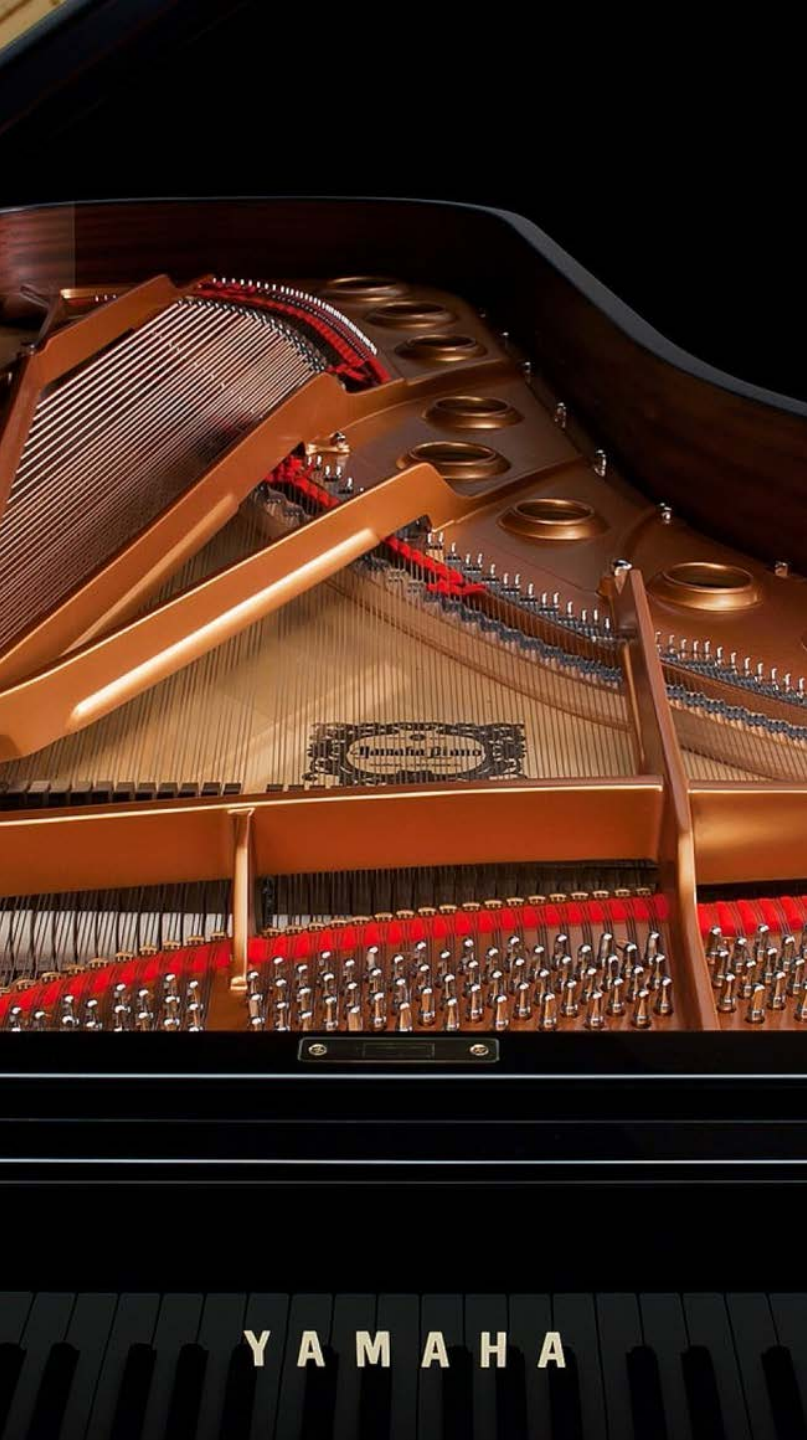
(billions of yen)

Capital Expenditure/Depreciation



R&D Expenses





Appendix

1Q Other Income and Expenses

		FY2020.3 1Q	FY2021.3 1Q	(billions of yen)
Core Operating Profit		10.8	1.1	
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	0.0	0.0	
	Others	0.3	-2.7	
	Total	0.3	-2.6	
Operating Profit		11.1	-1.5	
Financial Income and Expenses	Dividends income	0.3	0.3	
	Others	-0.4	-0.5	
	Total	-0.1	-0.2	
Profit before Income Taxes		11.0	-1.7	
Income taxes		3.7	0.1	
Net profit attributable to non-controlling interests		0.0	0.0	
Net Profit^{*1}		7.3	-1.8	

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

Full Year Other Income and Expenses

(billions of yen)

		FY2020.3 Full year	FY2021.3 Full year (projections)
Core Operating Profit		46.4	25.0
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	0.3	-0.0
	Others	-3.3	-2.5
	Total	-3.0	-2.5
Operating Profit		43.3	22.5
Financial Income and Expenses	Dividends income	3.7	2.1
	Others	0.2	-0.8
	Total	3.9	1.3
Profit before Income Taxes		47.2	23.7
Income taxes		12.5	7.6
Net profit attributable to non-controlling interests		0.1	0.1
Net Profit^{*1}		34.6	16.0

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our projections depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.