



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)

### **Yamaha to Establish a Subsidiary and a New Plant in Indonesia and Build a New Plant in India**

Yamaha Corporation (Yamaha) announces that its Board of Directors (the Board) has decided to establish a manufacturing subsidiary in Indonesia, PT. Yamaha Musical Products Asia (YMPA), and construct a new factory in that country. The Board has also approved an increase in the capital of its subsidiary in India, Yamaha Music India Pvt. Ltd. (YMI), and the construction of a new factory.

The construction of these two new factories reflects Yamaha's intention to respond to rising demand for musical instruments and audio equipment as a consequence of expansion, primarily in the middle income classes, in the emerging countries as well as Yamaha's aim to further expand its sales and market share on these areas. Yamaha's Management Vision, which describes the desired future image of the Company for the coming 10 years, states that it is aiming at "Becoming an indispensable, brilliantly individual company," and the construction of these new factories is positioned as a strategic investment on the way to realizing this vision.

In Indonesia, the new factory of the newly established YMPA will manufacture digital musical instruments, piano parts, and other products. In addition, while optimizing production items working together with Yamaha's five existing factories in Indonesia, the new facility will contribute to increasing profitability and to raising production capacity in the musical instruments and audio equipment businesses as a whole.

In India, the construction of a new factory by consolidated subsidiary YMI, will facilitate the integration of manufacturing and sales, and YMI will work to manufacture and market products that take account of the specific needs of customers in the Indian market. In addition, YMI will play the role of a base for supplying musical instruments and audio equipment to markets in the emerging countries, where growth in demand is anticipated.

Please note that the investments in these new factories will use a portion within the framework for strategic investments (¥50.0 billion) called for in Yamaha's Medium-Term Management Plan "NEXT STAGE 12," which covers the three-year period that began in April 2016.

Yamaha going forward will work to further increase its global competitiveness by implementing the following four key strategies that are contained in its Medium-Term Management Plan "Next Stage 12": (1) Develop products with distinctive individuality, (2) Enhance customer interaction, (3) Continually reduce costs, and (4) Strengthen global business platforms. Details are as follows.

## 1. Establishment of a New Plant (Subsidiary) in Indonesia

### (1) Reason for establishing the new plant

Yamaha has five manufacturing subsidiaries in Indonesia that are engaged in production of musical instruments and audio equipment. To raise production capacity, mainly for digital pianos, Yamaha will establish YMPA, a musical instruments manufacturing subsidiary.

The subsidiary will be established in Bekasi Regency, which is located in the suburbs of Jakarta. There are many large industrial parks in this region, and a number of Japanese companies have set up operations here. The infrastructure in the region is developed, and it is regarded as a suitable site for establishing manufacturing companies.

Operation of the planned new factory will start in August 2018, and it will manufacture digital musical instruments for shipment to world markets. In addition, for greater efficiency, the piano parts will also be manufactured in the factory using the same facilities because of the similarity of manufacturing processes.

### (2) Outline of the Subsidiary to Be Established

Company Name: PT. Yamaha Musical Products Asia

Location: Bekasi Regency, Indonesia

Representative: Toshiaki Goto, President and Director

(Plans call for Mr. Goto to serve concurrently as President and Director of PT.  
Yamaha Music Manufacturing Indonesia)

Paid-in Capital: 568.5 billion Indonesian rupiah (About ¥4.5 billion)

Ownership ratio: Yamaha Corporation 100% (Including indirect ownership)

Lines of Business: Manufacturing of digital musical instruments, piano parts, etc.

Date of Establishment: March 2017 (Planned)

Date for Commencing Operations: August 2018 (Planned)

## 2. Establishment of a New Factory in India (Capital Increase)

### (1) Reason for establishing the new factory

Yamaha Music India (YMI), which was established in 2008, has thus far served as a base for sales of musical instruments and audio equipment in India and has engaged in introduction and sales of products in the Indian market. Recently, it has been decided to increase this company's paid-in capital to finance the establishment of a new factory in India.

Sales of musical instruments and audio equipment in India has been supported by high economic growth, and, since YMI's founding, its sales have expanded steadily. Compared with other countries in terms of population and GDP, India has considerable potential for further growth. Especially, in the professional audio equipment business, where demand for equipment is growing, YMI will work to realize significant expansion in sales through its marketing activities.

Tamil Nadu State, where the new factory will be located, is situated in the southern part of India. This region has undergone fast economic development centered around the city of Chennai and offers many superior advantages, including a promising market with necessary port and other infrastructure as well as an ample labor force. Many Japanese companies have established operations in the region, and it is well suited to manufacturing, sales, and other business activities.

The new factory is scheduled to go into operation in January 2019, and it will produce portable keyboards and acoustic guitars as well as professional audio equipment in the mass market price range for sale in the expanding Indian market and in other emerging markets.

### (2) Outline of the Subsidiary Receiving the Capital Increase

Company Name: Yamaha Music India Pvt. Ltd.

Location: Haryana State, India

Representative: Hitoshi Mochizuki, President and Director

Paid-in Capital: 500 million Indian rupees

Ownership Ratio: Yamaha Corporation 100% (Including indirect holdings)

Lines of Business: Sales of musical instruments and audio equipment

Established: 2008

### (3) Content of the Capital Increase

Amount of Increase: 3.2 billion Indian rupees (About ¥4.9 billion): Scheduled total amount

Capital after the increase: 3.7 billion Indian rupees

Date for first payment: February end, 2017 (Scheduled): The remainder in stages

### (4) Outline of the New Factory

Location: Tamil Nadu State, India

Items to Be Produced: Portable keyboards, acoustic guitars, professional audio equipment, etc.

Number of Employees: 500 persons (Planned for 2021)

Date for Commencing Operations: January 2019 (Planned)

### 3. Outlook Going Forward

The impact on Yamaha's consolidated performance of the developments mentioned above for the current fiscal year will not be material.

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