

For Immediate Release

Company Name: YAMAHA CORPORATION

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

## **Yamaha Reports Second Quarter (Six Months) Results of Fiscal Year Ending March 2020 and Full Year Outlook [IFRS]**

### **■ Results through the Second Quarter of Fiscal Year Ending March 31, 2020 (FY2020.3)**

Musical Instruments Business Firm, Year-on-Year Decrease in Revenue and Profit Due to Deteriorating Market Conditions for Industrial Machinery/Components Business and the Exchange Rate

Through the second quarter of FY2020.3 (April 1, 2019 to September 30, 2019), revenue decreased ¥4.8 billion (-2.2%) year on year, to ¥208.5 billion, as a result of deteriorating market conditions for the industrial machinery/components business and a negative impact of ¥6.7 billion due to the exchange rate. On the other hand, the musical instruments business was firm. Core operating profit decreased ¥0.6 billion (-2.1%) to ¥26.1 billion due to deteriorating industrial machinery/components business and a negative impact of ¥3.1 billion due to the exchange rate; and profit for the period attributable to owners of the parent decreased ¥0.1 billion (-0.3%) to ¥21.1 billion.

### **➤ Revenue and Profit/Loss by Reportable Segment**

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

#### **Musical Instruments**

Revenue of ¥138.7 billion (+0.6%) and Core Operating Profit of ¥22.3 billion (+9.1%)

Sales of acoustic pianos continued double-digit growth in China and also continued to be strong in Europe and other emerging countries, while sales in Japan captured increased demand before the tax hike. Sales of digital musical instruments increased in all regions, including North America. Sales of guitars made a double-digit growth due to favorable sales, but sales of wind instruments decreased from the previous year due to a decline in sales in Japan.

Overall revenues for the segment were up ¥0.8 billion to ¥138.7 billion, absorbing a negative impact of ¥4.8 billion due to the exchange rate year on year. Core operating profit increased ¥1.9 billion to ¥22.3 billion, also absorbing a negative impact of ¥2.3 billion due to the exchange rate.

#### **Audio Equipment**

Revenue of ¥54.5 billion (-3.2%) and Core Operating Profit of ¥3.7 billion (-10.7%)

For professional audio equipment business, in addition to strong sales and audio equipment installation in Japan, sales increased in all regions. Sales of audio equipment were sluggish in emerging countries, while sales of ICT equipment declined in Japan.

Overall revenue in this segment decreased ¥1.8 billion year on year to ¥54.5 billion, including a negative impact of ¥1.9 billion due to the exchange rate. Core operating profit decreased ¥0.4 billion year on year, to ¥3.7 billion, reflecting a negative impact of ¥0.8 billion due to the exchange rate.

## **Industrial Machinery/Components and Others**

### Revenue of ¥15.3 billion (-19.9%) and Core Operating Profit of ¥0.2 billion (-91.5%)

Although sales of electronic devices are recovering, sales of factory automation (FA) equipment decreased due to market deterioration.

Overall revenues in this segment decreased ¥3.8 billion year on year to ¥15.3 billion and core operating profit decreased ¥2.0 billion to ¥0.2 billion.

## **■ Outlook for Performance in FY2020.3**

### Revisions to Previous Forecasts, Revenue and Profit Increases Maintained

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2020, announced on May 9, called for revenue of ¥444.0 billion (+2.2%), core operating profit of ¥55.0 billion (+4.3%), and profit for the period attributable to owners of the parent of ¥42.5 (+5.4%). Accordingly, the Company revised revenue to ¥435.0 billion (+0.1%), core operating profit to ¥53.0 billion (+0.5%), and profit for the period attributable to owners of the parent to ¥41.5 (+2.9%), reflecting the deterioration of market conditions for the FA equipment business and the negative impact of the exchange rate on revenue of ¥9.6 billion and core operating profit of ¥4.5 billion compared to the previous forecasts.

For reference, results for the fiscal year ended March 2019 based on IFRS were: ¥434.4 billion in revenue, ¥52.7 billion in core operating profit, and ¥40.3 billion in profit for the period attributable to owners of the parent. Note that the foreign currency exchange rates used in computing these forecasts for the third quarter onward were revised from ¥110 to US\$1 and ¥125 to €1 in the previous forecasts to ¥110 to US\$1 and ¥120 to €1.

Notes:

1. The Company has applied the International Financial Reporting Standards (IFRS) from the first quarter of FY2020.3. Financial figures for the previous second quarter and the previous fiscal year are also presented in accordance with IFRS.
2. Core operating profit corresponds to operating income under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.
3. Figures less than ¥100 million for revenue and profit and loss in the text of this release have, in principle, been rounded to the nearest ¥100 million.

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## Second Quarter of FY2020.3 Performance Outline <IFRS standards>

YAMAHA CORPORATION

November 1, 2019

(Billions of yen)

### (1) Key Financial Indicators

|                                                                   | Six Months Results<br>Ended Sept. 30, 2018 | Six Months Results<br>Ended Sept. 30, 2019 | Results<br>(Previous Year) | Projections<br>(Full Year)         | Previous Projections<br>(Full Year)<br>(Announced on Aug. 1, 2019) |
|-------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|----------------------------|------------------------------------|--------------------------------------------------------------------|
|                                                                   | FY2019.3                                   | FY2020.3                                   | FY2019.3                   | FY2020.3                           | FY2020.3                                                           |
| Revenue                                                           | 213.3                                      | 208.5                                      | 434.4                      | 435.0                              | 444.0                                                              |
| Japan                                                             | 64.2 (30.1%)                               | 61.9 (29.7%)                               | 129.8 (29.9%)              | 127.0 (29.2%)                      | 129.0 (29.1%)                                                      |
| Overseas                                                          | 149.1 (69.9%)                              | 146.6 (70.3%)                              | 304.6 (70.1%)              | 308.0 (70.8%)                      | 315.0 (70.9%)                                                      |
| Core Operating Profit <sup>(*)</sup>                              | 26.7 (12.5%)                               | 26.1 (12.5%)                               | 52.7 (12.1%)               | 53.0 (12.2%)                       | 55.0 (12.4%)                                                       |
| Operating Profit                                                  | 26.5 (12.4%)                               | 27.6 (13.2%)                               | 52.8 (12.2%)               | 54.5 (12.5%)                       | 55.0 (12.4%)                                                       |
| Profit before Income Tax                                          | 29.2 (13.7%)                               | 28.9 (13.8%)                               | 56.5 (13.0%)               | 57.0 (13.1%)                       | 58.0 (13.1%)                                                       |
| Net Profit <sup>(*)</sup>                                         | 21.2 (9.9%)                                | 21.1 (10.1%)                               | 40.3 (9.3%)                | 41.5 (9.5%)                        | 42.5 (9.6%)                                                        |
| Currency Exchange Rate <sup>(*)</sup><br>(Settlement Rate) (–yen) | 110/US\$<br>132/EUR                        | 109/US\$<br>124/EUR                        | 111/US\$<br>131/EUR        | 110/US\$ <sup>(*)</sup><br>122/EUR | 110/US\$<br>125/EUR                                                |
| ROE <sup>(*)</sup>                                                | 11.3%                                      | 11.9%                                      | 11.1%                      | 11.3%                              | 11.3%                                                              |
| ROA <sup>(*)</sup>                                                | 7.5%                                       | 8.2%                                       | 7.5%                       | 7.9%                               | 8.0%                                                               |
| Basic Profit per Share                                            | 116.4yen                                   | 118.3yen                                   | 222.1yen                   | 232.6yen                           | 238.2yen                                                           |
| Capital Expenditures<br>(Depreciation Expenses)                   | 8.0<br>(5.3)                               | 7.2<br>(5.4)                               | 16.0<br>(10.6)             | 22.0<br>(12.7)                     | 22.0<br>(12.7)                                                     |
| R&D Expenses                                                      | 12.1                                       | 12.3                                       | 24.9                       | 26.5                               | 26.5                                                               |
| <b>Cash Flows</b>                                                 |                                            |                                            |                            |                                    |                                                                    |
| Operating Activities                                              | 7.2                                        | 19.0                                       | 35.5                       | 59.0                               | 62.0                                                               |
| Investing Activities                                              | -13.3                                      | -5.4                                       | -23.1                      | -20.0                              | -22.0                                                              |
| Free Cash Flow                                                    | -6.1                                       | 13.6                                       | 12.4                       | 39.0                               | 40.0                                                               |
| Inventories at End of Period                                      | 107.6                                      | 106.1                                      | 101.0                      | 99.0                               | 100.7                                                              |
| <b>Number of Employees</b>                                        |                                            |                                            |                            |                                    |                                                                    |
| Japan                                                             | 5,832                                      | 5,736                                      | 5,736                      | 5,700                              | 5,700                                                              |
| Overseas                                                          | 14,588                                     | 14,668                                     | 14,639                     | 15,400                             | 15,400                                                             |
| Total <sup>(*)</sup>                                              | 20,420                                     | 20,404                                     | 20,375                     | 21,100                             | 21,100                                                             |
| (Changes from the changes in<br>the scope of consolidation)       | -                                          | -                                          | -                          | -                                  | -                                                                  |
| Temporary Staff<br>(Average during the period)                    | 7,949                                      | 8,261                                      | 7,733                      | 7,800                              | 7,800                                                              |
| <b>Revenue by Business Segment</b>                                |                                            |                                            |                            |                                    |                                                                    |
| Musical Instruments                                               | 137.8 (64.6%)                              | 138.7 (66.5%)                              | 279.5 (64.3%)              | 281.0 (64.6%)                      | 285.5 (64.3%)                                                      |
| Audio Equipment                                                   | 56.3 (26.4%)                               | 54.5 (26.2%)                               | 120.1 (27.7%)              | 121.0 (27.8%)                      | 123.5 (27.8%)                                                      |
| Others                                                            | 19.1 (9.0%)                                | 15.3 (7.3%)                                | 34.8 (8.0%)                | 33.0 (7.6%)                        | 35.0 (7.9%)                                                        |
| <b>Core Operating Profit by Business Segment</b>                  |                                            |                                            |                            |                                    |                                                                    |
| Musical Instruments                                               | 20.4                                       | 22.3                                       | 40.8                       | 43.0                               | 43.0                                                               |
| Audio Equipment                                                   | 4.1                                        | 3.7                                        | 9.6                        | 10.0                               | 11.0                                                               |
| Others                                                            | 2.2                                        | 0.2                                        | 2.3                        | 0.0                                | 1.0                                                                |

The Yamaha Group has applied the International Financial Reporting Standards (IFRS) from the first quarter of fiscal year ending March 31, 2020 (FY2020.3).

\*1 Core operating profit is corresponding to operating income under the Japanese GAAP, and is calculated deducting SG&A from gross profit.

\*2 Net profit is presented as net profit attributable to owners of the parent under IFRS standards.

\*3, 7 Currency exchange rate is the export and import transaction rate applied to profit calculation. 2H Currency Exchange Rates US\$=110JPY EUR=120JPY

\*4, 5 ROE and ROA are calculated on an annually adjusted basis.

\*6 Number of employees = Number of full-time staff at end of the period

The Company made a decision related to the acquisition of treasury shares at the meeting of the Board of Directors held on November 1, 2019. The effect of this decision on acquisition of treasury shares has not been taken into the projections for FY2020.3.

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.

## Second Quarter of FY2020.3 Performance Outline <IFRS standards>

### (2) Revenue by Business Segment and Region

(Billions of yen)

| Six Months Results<br>Ended Sept. 30, 2019<br>(April-Sept. 2019) | Musical Instruments |         | Audio Equipment |                | Others  |         | Total   |         |
|------------------------------------------------------------------|---------------------|---------|-----------------|----------------|---------|---------|---------|---------|
|                                                                  | Revenue             | Change* | Revenue         | Change*        | Revenue | Change* | Revenue | Change* |
| Japan                                                            | 37.6                | 99%     | 13.1            | 104%           | 11.2    | 83%     | 61.9    | 96%     |
| North America                                                    | 28.2                | 104%    | 13.0            | 99%            | 1.8     | 133%    | 43.0    | 103%    |
| Europe                                                           | 23.3                | 105%    | 15.1            | 104%           | 0.1     | 72%     | 38.5    | 105%    |
| China                                                            | 25.9                | 111%    | 4.3             | 86%<br>(99%)   | 0.9     | 41%     | 31.0    | 102%    |
| Asia, Oceania,<br>and other areas                                | 23.7                | 105%    | 9.1             | 98%            | 1.3     | 69%     | 34.1    | 101%    |
| Total                                                            | 138.7               | 104%    | 54.5            | 100%<br>(101%) | 15.3    | 80%     | 208.5   | 101%    |

\* Actual year-on-year changes discounting impact of exchange rates

Figures in parenthesis show actual year-on-year change excluding the sales of OEM products