

For Immediate Release

Company Name: YAMAHA CORPORATION

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

Yamaha Reports Third Quarter (Nine Months) Results of Fiscal Year Ending March 2020 and Full Year Outlook [IFRS]

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

Musical Instruments Business Remained Solid, Revenue and Profit Decreased Year-on-Year Due to Deteriorating Market Conditions for Industrial Machinery/Components Business and the Exchange Rate

Through the third quarter of FY2020.3 (April 1, 2019 to December 31, 2019), revenue decreased ¥9.1 billion (–2.7%) year on year, to ¥322.6 billion, as a result of deteriorating market conditions for the industrial machinery/components business and a negative impact of ¥11.2 billion due to the exchange rate. On the other hand, the mainstay musical instruments business remained solid. Core operating profit decreased ¥2.5 billion (–5.5%) to ¥42.4 billion due to deteriorating industrial machinery/components business and a negative impact of ¥5.2 billion due to the exchange rate; and profit for the period attributable to owners of the parent decreased ¥0.9 billion (–2.8%) to ¥32.7 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 ¥213.3 billion (+0.1%) and Core Operating Profit of ¥34.8 billion (+3.1%)

Sales in Japan decreased affected by the consumption tax hike, but sales in other regions were strong. Sales of acoustic pianos continued double-digit growth in China and also sales expanded in Europe and other emerging countries. Sales of digital musical instruments and wind instruments continued to be strong in all regions, excluding Japan. Sales of guitars also achieved double-digit growth due to sales increases in all regions.

Overall revenues for the segment were up ¥0.1 billion to ¥213.3 billion, absorbing a negative impact of ¥7.8 billion due to the exchange rate year on year. Core operating profit increased ¥1.0 billion to ¥34.8 billion, also absorbing a negative impact of ¥3.9 billion due to the exchange rate.

Audio Equipment

Revenue of ¥86.2 billion (–4.9%) and Core Operating Profit of ¥7.1 billion (–12.3%)

For professional audio equipment business, in addition to sales increases in all regions, audio equipment installation in Japan was favorable, while sales of audio equipment and ICT equipment were sluggish.

Overall revenue in this segment decreased ¥4.4 billion year on year to ¥86.2 billion, including a negative impact of ¥3.2 billion due to the exchange rate. Core operating profit decreased ¥1.0 billion year on year to ¥7.1 billion, reflecting a negative impact of ¥1.3 billion due to the exchange rate.

Industrial Machinery/Components and Others

Revenue of ¥23.1 billion (–17.3%) and Core Operating Profit of ¥0.5 billion (–84.5%)

Although sales of electronic devices recovered, sales of factory automation (FA) equipment declined due to continued sluggish market conditions.

Overall revenues in this segment decreased ¥4.8 billion year on year to ¥23.1 billion and core operating profit decreased ¥2.5 billion to ¥0.5 billion.

■ Outlook for Performance in FY2020.3

Downward Revisions to Previous Forecasts, Incorporating Sales Trends and a Level of Uncertainty about the Future

The Company's forecasts for consolidated performance for the full fiscal year ending March 31, 2020, announced on November 1, projected revenue of ¥435.0 billion (+0.1%), core operating profit of ¥53.0 billion (+0.5%), and profit for the period attributable to owners of the parent of ¥41.5 (+2.9%). Accordingly, the Company revised revenue to ¥425.0 billion (–2.2%), core operating profit to ¥50.0 billion (–5.2%), and profit for the period attributable to owners of the parent to ¥39.5 (–2.1%), reflecting the sales trends through the third quarter and incorporating a level of uncertainty about the future such as concerns about the spread of the new coronavirus in China.

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 fourth quarter are ¥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 through the previous third 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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Third Quarter of FY2020.3 Performance Outline <IFRS standards>

YAMAHA CORPORATION

February 6, 2020

(Billions of yen)

(1) Key Financial Indicators

	Three Months Results Ended Dec. 31, 2018	Three Months Results Ended Dec. 31, 2019	Nine Months Results Ended Dec. 31, 2018	Nine Months Results Ended Dec. 31, 2019	Results (Previous Year)	Projections (Full Year)	Previous Projections (Full Year) (Announced on Nov. 1, 2019)
	FY2019.3	FY2020.3	FY2019.3	FY2020.3	FY2019.3	FY2020.3	FY2020.3
Revenue	118.4	114.1	331.7	322.6	434.4	425.0	435.0
Japan	30.5 (25.7%)	28.3 (24.8%)	94.7 (28.5%)	90.2 (28.0%)	129.8 (29.9%)	126.5 (29.8%)	127.0 (29.2%)
Overseas	88.0 (74.3%)	85.8 (75.2%)	237.0 (71.5%)	232.4 (72.0%)	304.6 (70.1%)	298.5 (70.2%)	308.0 (70.8%)
Core Operating Profit ^(*)	18.2 (15.3%)	16.3 (14.2%)	44.9 (13.5%)	42.4 (13.1%)	52.7 (12.1%)	50.0 (11.8%)	53.0 (12.2%)
Operating Profit	18.8 (15.8%)	16.5 (14.4%)	45.3 (13.7%)	44.0 (13.6%)	52.8 (12.2%)	51.5 (12.1%)	54.5 (12.5%)
Profit before Income Tax	18.3 (15.5%)	16.6 (14.5%)	47.5 (14.3%)	45.5 (14.1%)	56.5 (13.0%)	54.5 (12.8%)	57.0 (13.1%)
Net Profit ⁽²⁾	12.5 (10.5%)	11.6 (10.2%)	33.7 (10.1%)	32.7 (10.1%)	40.3 (9.3%)	39.5 (9.3%)	41.5 (9.5%)
Currency Exchange Rate ⁽³⁾	113/US\$	109/US\$	111/US\$	109/US\$	111/US\$	109/US\$ ⁽⁷⁾	110/US\$
(Settlement Rate) (=yen)	132/EUR	119/EUR	132/EUR	122/EUR	131/EUR	122/EUR	122/EUR
ROE ⁽⁴⁾	13.4%	12.9%	12.3%	12.1%	11.1%	10.9%	11.3%
ROA ⁽⁵⁾	9.1%	8.9%	8.3%	8.4%	7.5%	7.6%	7.9%
Basic Profit per Share	68.7yen	65.2yen	185.1yen	183.5yen	222.1yen	222.1yen	232.6yen
Capital Expenditures	2.5	4.5	10.5	11.7	16.0	20.0	22.0
(Depreciation Expenses)	(2.8)	(2.9)	(8.2)	(8.3)	(10.6)	(11.2)	(12.7)
R&D Expenses	6.4	6.1	18.6	18.4	24.9	25.0	26.5
Cash Flows							
Operating Activities	4.2	21.3	11.4	40.3	35.5	57.0	59.0
Investing Activities	-4.6	-7.6	-17.9	-13.0	-23.1	-21.0	-20.0
Free Cash Flow	-0.5	13.8	-6.5	27.3	12.4	36.0	39.0
Inventories at End of Period	-	-	102.4	103.6	101.0	99.0	99.0
Number of Employees							
Japan	-	-	5,793	5,685	5,736	5,600	5,700
Overseas	-	-	14,599	14,723	14,639	14,700	15,400
Total ⁽⁶⁾	-	-	20,392	20,408	20,375	20,300	21,100
(Changes from the changes in the scope of consolidation)	-	-	-	-	-	-	-
Temporary Staff (Average during the period)	-	-	7,960	8,068	7,733	8,100	7,800
Revenue by Business Segment							
Musical Instruments	75.4 (63.7%)	74.7 (65.5%)	213.2 (64.3%)	213.3 (66.1%)	279.5 (64.3%)	277.5 (65.3%)	281.0 (64.6%)
Audio Equipment	34.3 (28.9%)	31.7 (27.7%)	90.6 (27.3%)	86.2 (26.7%)	120.1 (27.7%)	116.5 (27.4%)	121.0 (27.8%)
Others	8.8 (7.4%)	7.7 (6.8%)	27.9 (8.4%)	23.1 (7.2%)	34.8 (8.0%)	31.0 (7.3%)	33.0 (7.6%)
Core Operating Profit by Business Segment							
Musical Instruments	13.3	12.5	33.8	34.8	40.8	41.5	43.0
Audio Equipment	4.0	3.5	8.1	7.1	9.6	8.5	10.0
Others	0.8	0.3	3.0	0.5	2.3	0.0	0.0

(2) Revenue by Business Segment and Region

(Billions of yen)

Nine Months Results Ended Dec. 31, 2019 (April-Dec, 2019)	Musical Instruments		Audio Equipment		Others		Total	
	Revenue	Change ^(*)	Revenue	Change ^(*)	Revenue	Change ^(*)	Revenue	Change ^(*)
Japan	53.0	95%	19.9	108%	17.3	85%	90.2	95%
North America	44.2	105%	20.9	93%	2.7	128%	67.8	102%
Europe	39.7	106%	24.2	101%	0.2	63%	64.1	104%
China	38.5	111%	6.5	86% (100%)	1.1	45%	46.1	103%
Asia, Oceania, and other areas	37.9	106%	14.6	99%	1.8	70%	54.4	102%
Total	213.3	104%	86.2	99% (100%)	23.1	83%	322.6	101%

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.

4Q 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

^{*8} The Change indicates actual year-on-year changes discounting impact of exchange rates and figures in parenthesis show actual year-on-year change excluding the sales of OEM products

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.