



May 12, 2022

For Immediate Release

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Code Number: 7951 (TSE Prime Market)

Outline of New Medium-Term Management Plan “Make Waves 2.0”

Yamaha Corporation announces that, following “Make Waves 1.0” which ended at the end of March 2022, it has formulated a new medium-term management plan “Make Waves 2.0,” covering the three years onwards from April 2022.

[1] Review of Previous Medium-Term Management Plan

To achieve our future image in the medium to long term (Management Vision) of “Becoming an Indispensable, Brilliantly Individual Company—boost brand power to become a highly profitable enterprise,” we have been pursuing four key strategies with the basic policy to develop closer ties with customers and society, and boost value creation capabilities. Financial targets were not met due to the restrictions on social activities imposed by the COVID-19 pandemic and the extensive impact on business activities caused by supply chain disruptions. Despite the setbacks, we have made steady progress in the key strategies of “Develop Closer Ties with Customers,” “Create New Value,” “Enhance Productivity,” and “Contribute to Society through Our Businesses.” Consequently, we achieved all of the non-financial targets that were first set in the previous medium-term management plan: corporate brand value, spreading musical instrument education in emerging countries, and certified timber use.

[2] Recognition of Operating Environment

With the COVID-19 pandemic, the changes in our operating environment have rapidly accelerated which we assumed in the previous medium-term management plan, such as digitization, diversification, and growing awareness in sustainability. While outdoor activities and face-to-face activities are constrained, the exchange of goods and information via the internet is expanding, while products and services that accommodate new lifestyles are being created. The further growth of sustainability awareness is believed to be evidence that people’s interests are moving towards an authentic affluence of mind that goes beyond economic prosperity. We recognize that the new society brought about by these environmental changes will provide further opportunities for the Group, which has been pursuing the excitement and cultural inspiration through combining technologies and sensibilities based on sound and music.

[3] Management Vision and Basic Policy of the New Medium-Term Management Plan

Management Vision (Medium- to Long-Term Vision)

“Becoming an Indispensable, Brilliantly Individual Company”
Boost brand power to become a highly profitable enterprise

Basic Policy

Enhance Sustainable Growth Capability in the New Society

The Yamaha Group aims to create a society that promotes the well-being of people around the world through its business activities. Our corporate philosophy is “Sharing Passion & Performance: With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world” and, we use it as the starting point for our actions. We have been enhancing our corporate value at each stage of the medium-term management plan based on our medium- to long-term management vision of “Becoming an Indispensable, Brilliantly Individual Company.”

In the new stage of “Make Waves 2.0,” we will further increase our corporate value based on our basic policy to enhance sustainable growth capability in the post-COVID new society, which has undergone significant changes.

[4] Three “Key Policies” to Enhance Sustainable Growth Capability in the New Society

a. Further strengthen the business foundation

In addition to providing a brand experience that integrates digital marketing with activities at physical stores, Yamaha will further enhance its brand value by strengthening ties with customers through the expansion of its direct sales structure to end consumers. In products and services, we will create new experiences by combining Yamaha's strengths in acoustic and digital technologies, as well as AI and networks, with Yamaha's unique sensibilities. We will also create added value through DX while improving our resilience in procurement and production to create a business organization that can flexibly adapt to changes in the external environment.

b. Set sustainability as a source of value

As we aim to achieve carbon neutrality toward 2050, we will strive to support the conservation of the global environment through the reduction of CO₂ emissions in our business activities and the sustainable use of timber. We will create social value by solving ongoing social issues through our products and services and contributing to comfortable and safe lives. We will also contribute to the global music scene through the supply of a wide variety of musical instruments and will make every effort to spread and develop the music culture as a whole, including the spread of instrumental music education in emerging countries.

c. Enable Yamaha colleagues to be more valued, more engaged and more committed

The vitality of the people we work with is an essential element of our business activities and the driving force for creating social and corporate value. We will structure a management that makes the most of each employee's potential so that each employee can perform at his or her best. By creating opportunities for multifaceted communication within and between organizations, we will promote the creation of a comfortable workplace that secures psychological safety, and foster an organizational culture in which many challenges and co-creations are generated from the wisdom and ideas of diverse human resources.

[5] Management Targets

a. Non-financial targets

Further strengthen the business foundations

- Yamaha Music ID registrations : 5 million IDs
- Number of new concept products introduced : 20 models
- Investment in production infrastructure : ¥35 billion

Set sustainability as a source of value

- Spread of instrumental music education in emerging countries : 2.3 million students (cumulative total)
- Sustainably sourced timber use rate : 75%
- Reduction of CO₂ emissions by energy conservation at business sites: 5%

Enable Yamaha colleagues to be more valued, more engaged and more committed

- Positive response rate for job satisfaction in the employee engagement survey : continuous improvement
- Percentage of female manager : 19%
- Positive response rate for workplace environment in the employee engagement survey : continuous improvement

b. Financial targets

- Sales growth : 20%
 - Core operating profit ratio : 14%
 - ROE : 10% or more
 - ROIC : 10% or more
- (These forecasts assume foreign exchange rates of US\$1 = ¥115 and €1 = ¥130)

c. Investment and shareholder returns

We will allocate the cash generated in a well-balanced manner to investment in growth and returns to shareholders
[Investment]

- Regular investment ¥40.0 billion
- Strategic investment ¥65.0 billion (Production facilities and equipment, sustainability, new businesses, M&A, etc.)

[Shareholder returns]

Taking continuous and steady cash dividends as the basis of its shareholder returns, we will also implement flexible shareholder return measures for the purpose of improving capital efficiency, while giving due consideration to the balancing between adequate internal reserves for investment in future corporate growth. We aim to achieve a total return ratio of 50% on an aggregate basis over the three-year period.

[6] Business Portfolio and Direction

a. Musical Instruments Business

We will expand sales of high-value-added products by strengthening sales and marketing that caters to the needs of the new society. As a growing business for digital musical instruments, we will drive market growth to expand the scale of our business through the creation of demand. As a fostering business for guitars, we will develop measures to improve brand power, mainly in the mid- to high-end price range, and expand the scale while improving profitability. As a core business for pianos and wind, string, percussion instruments, we will establish the position of a premium brand and further strengthen profits in these areas.

b. Audio Equipment Business

Positioned as a business for rebuilding, we will expand our business domain into the new market for audio equipment, which has changed dramatically due to the COVID-19 pandemic. In the business-use markets, we will provide sound systems to companies, public facilities, and schools that offer a comfortable sound environment without the need for specialized knowledge for installation. In the consumer-use markets, we will provide solutions for online gaming and production/distribution scenes that can realize high-quality sound with simple settings. To meet these demands, we will flexibly recombine our diverse technological assets and resources to establish a development platform and system that can efficiently provide optimal products and solutions for each market.

c. Industrial Machinery and Components Business

We will establish the provision of solutions for in-vehicle sound space in response to the CASE era as a new business pillar, centered on automotive audio systems in the electronic devices business, which we have positioned as a business to foster and have been working on since the previous medium-term management plan. In the factory automation (FA) equipment business, we aim to develop new markets for ultrasonic inspection business leveraging our ultrasonic and sensing technologies, leak detectors for EV batteries, and other inspection equipment.

For further information, please contact:

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