

# Analyst and Investor Briefing on First Quarter of FY2023.3

(Fiscal year ending March 31, 2023)



Bösendorfer



August 4, 2022

**Yamaha Corporation**

# FY2023.3 1Q Highlights

## Overview

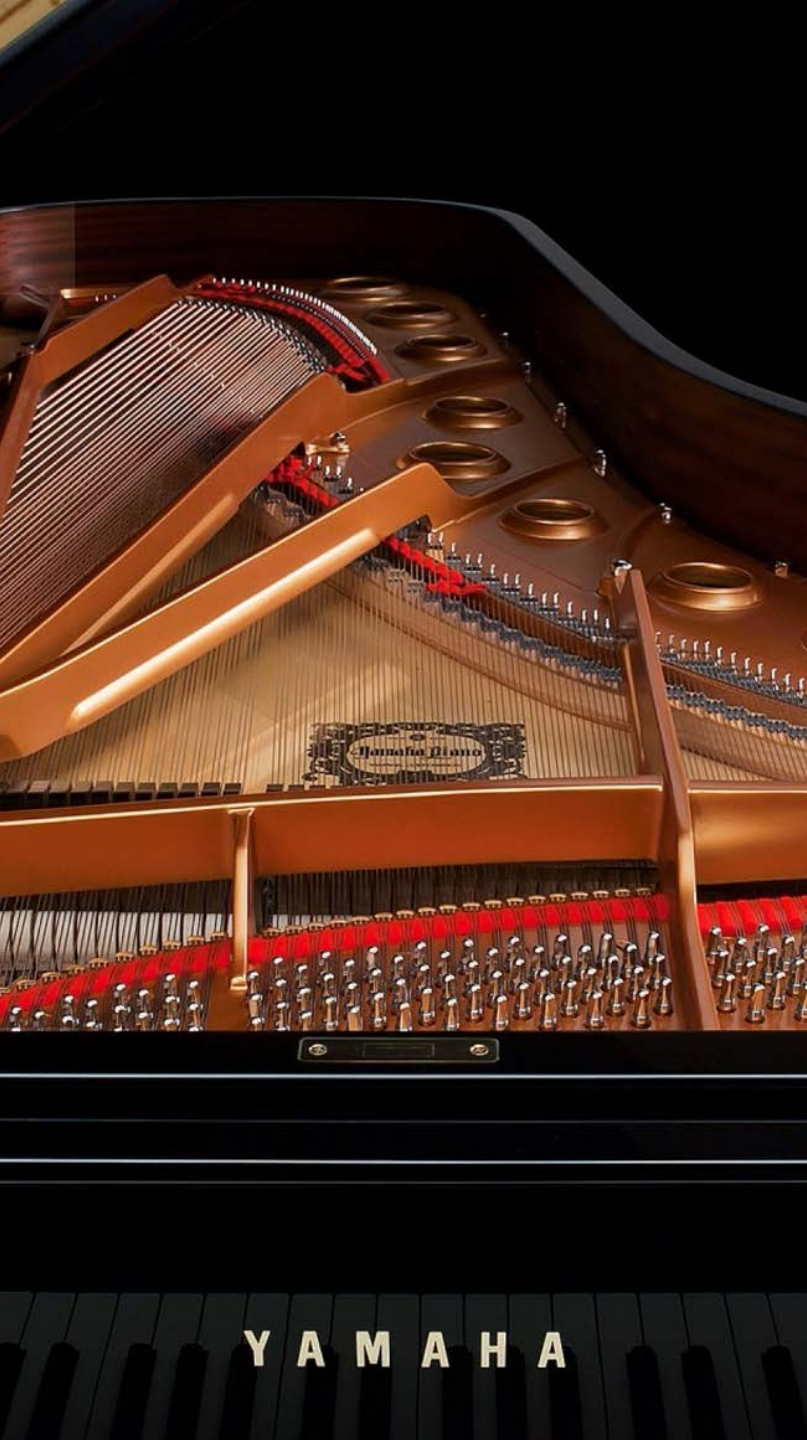
### Performance in FY2023.3 1Q

- Although lockdowns in China and semiconductor procurement difficulties had negative effects, revenue increased due to the impact of exchange rates.
- Cost increases were more than offset by price optimization, the core operating profit decreased due to limited impact of exchange rates amid decline in actual sales.

## Outlook

### Full Year Forecasts for FY2023.3

- Although revision of the US\$ exchange rate will sharply increase revenue, the impact on profit will be limited.
- Revenue is expected to decrease slightly in real terms from previous projections, due to factors including prolonged lockdowns in China.
- Continue efforts to ensure price optimization for rising procurement and energy costs.



# 1. Performance Summary

# FY2023.3 1Q (Three Months) Summary

(billions of yen)

	FY2022.3 1Q	FY2023.3 1Q	Change (YoY)	
			Change (YoY)	Change (YoY)
<b>Revenue</b>	102.5	<b>105.9</b>	+3.4	+3.3% <sup>*2</sup>
<b>Core Operating Profit</b> (Core Operating Profit Ratio)	13.4 (13.1%)	<b>11.0</b> <b>(10.4%)</b>	-2.4	-18.0%
<b>Net Profit</b> <sup>*1</sup>	13.4	<b>8.6</b>	-4.8	-35.9%

Exchange Rate (yen)			
<b>Revenue</b> (Average rate during the period)	<b>US \$</b>	110	<b>130</b>
	<b>EUR</b>	132	<b>138</b>
<b>Profit</b> (Settlement rate)	<b>US \$</b>	110	<b>127</b>
	<b>EUR</b>	127	<b>130</b>

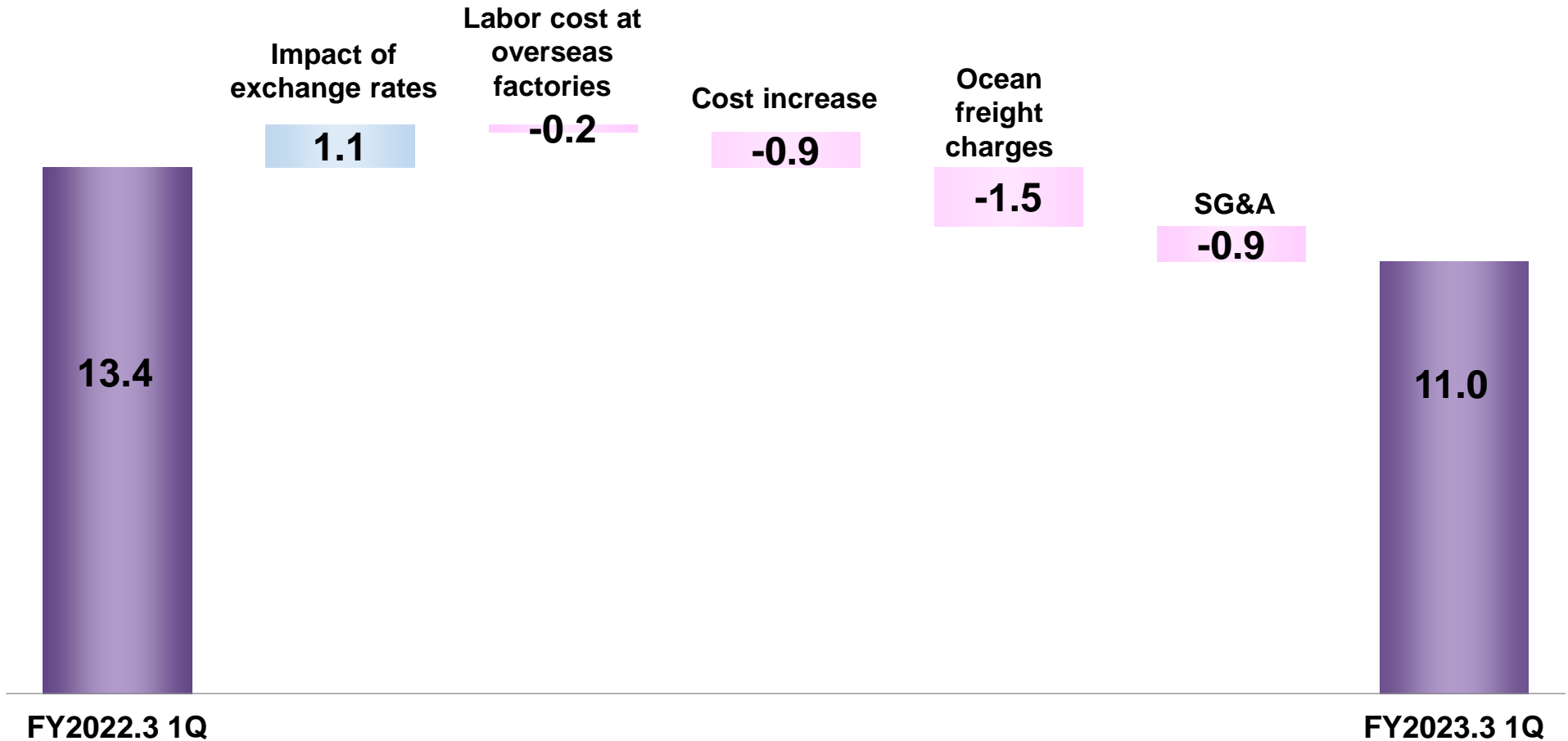
<sup>\*2</sup> -5.9%  
(Excluding the impact of exchange rate)

\*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)



# Performance by Business Segment

(billions of yen)

		FY2022.3 1Q	FY2023.3 1Q	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Revenue</b>	<b>68.6</b>	<b>73.4</b>	<b>4.8</b>	<b>7.0</b>
	<b>Core Operating Profit</b>	<b>10.4</b>	<b>9.6</b>	<b>-0.8</b>	<b>1.3</b>
	Core Operating Profit Ratio	15.1%	13.0%	-2.1p	
<b>Audio Equipment</b>	<b>Revenue</b>	<b>24.5</b>	<b>22.8</b>	<b>-1.7</b>	<b>1.8</b>
	<b>Core Operating Profit</b>	<b>1.3</b>	<b>-0.4</b>	<b>-1.7</b>	<b>-0.3</b>
	Core Operating Profit Ratio	5.5%	-1.7%	-7.2p	
<b>IMC<sup>*1</sup> Business and Others</b>	<b>Revenue</b>	<b>9.4</b>	<b>9.8</b>	<b>0.3</b>	<b>0.7</b>
	<b>Core Operating Profit</b>	<b>1.7</b>	<b>1.8</b>	<b>0.1</b>	<b>0.1</b>
	Core Operating Profit Ratio	17.6%	18.5%	+0.9p	

\*1 Industrial Machinery and Components

# FY2023.3 Outlook

(billions of yen)

	FY2022.3 Full year	FY2023.3 Full year (projections)	Change	
<b>Revenue</b>	408.2	<b>460.0</b>	51.8	12.7% <sup>*2</sup>
<b>Core Operating Profit</b> (Core Operating Profit Ratio)	43.0 (10.5%)	<b>50.0</b> (10.9%)	7.0	16.2%
<b>Net Profit</b> <sup>*1</sup>	37.3	<b>37.5</b>	0.2	0.7%

## Exchange Rate (yen)

<b>Revenue</b> (Average rate during the period)	<b>US \$</b>	112	<b>126</b>
	<b>EUR</b>	131	<b>136</b>
<b>Profit</b> (Settlement rate)	<b>US \$</b>	112	<b>125</b>
	<b>EUR</b>	131	<b>134</b>

## Currency sensitivity per JPY1

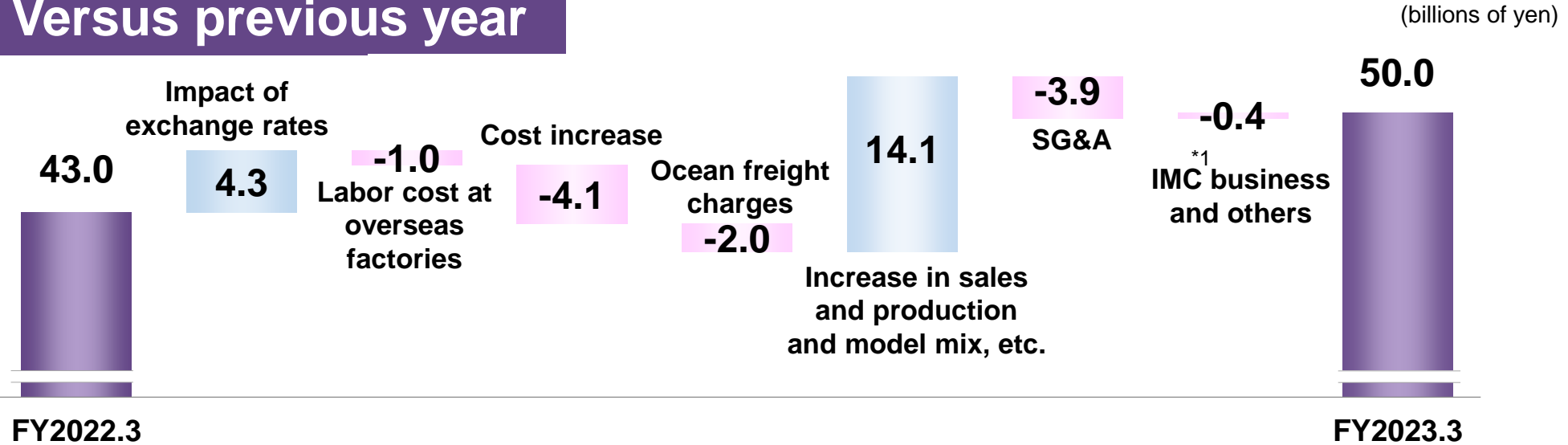
JPY 1,040 million
JPY 650 million
JPY 70 million
JPY410 million

<sup>\*2</sup> 5.2%  
(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



## Versus previous projections



\*1 Industrial Machinery and Components

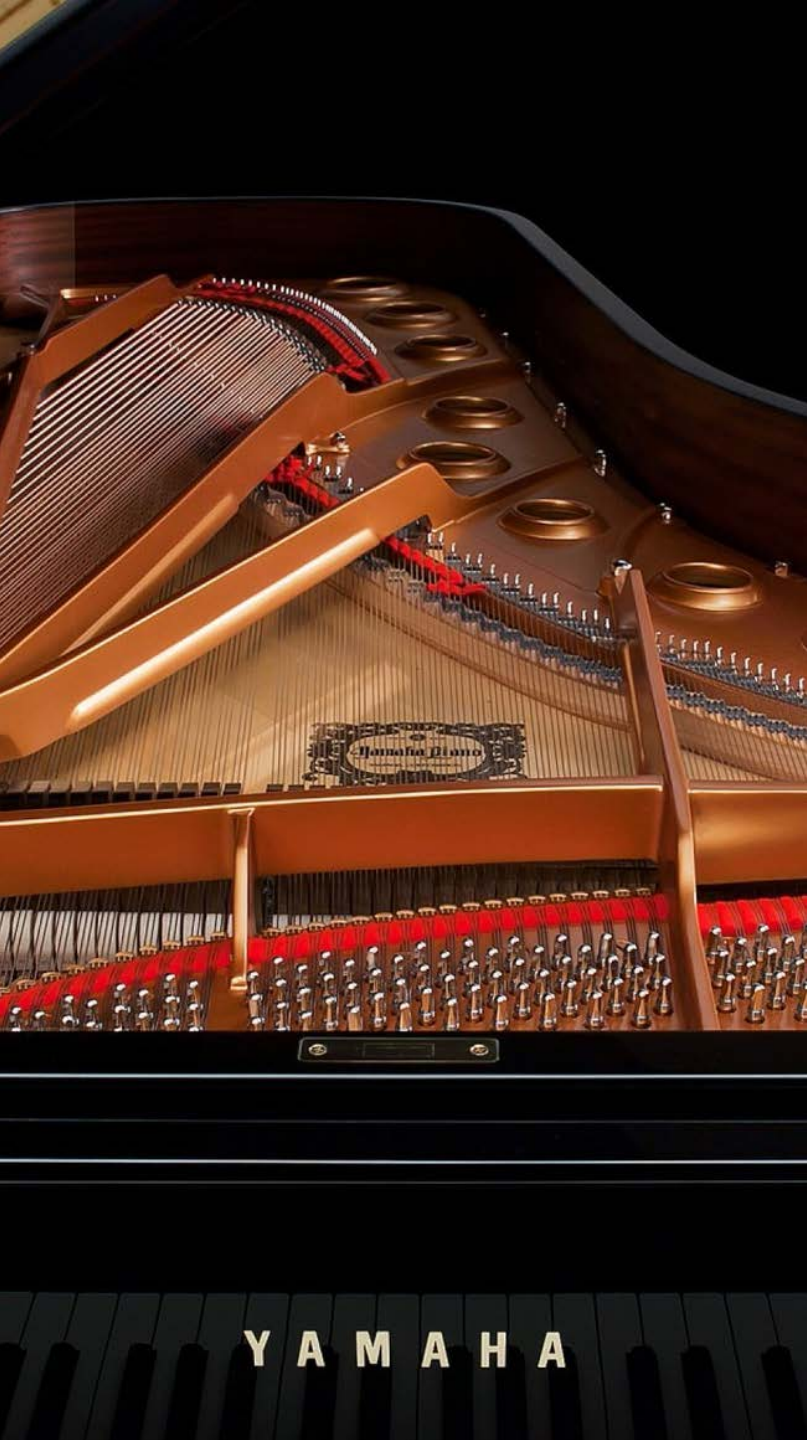


# Outlook by Business Segment

(billions of yen)

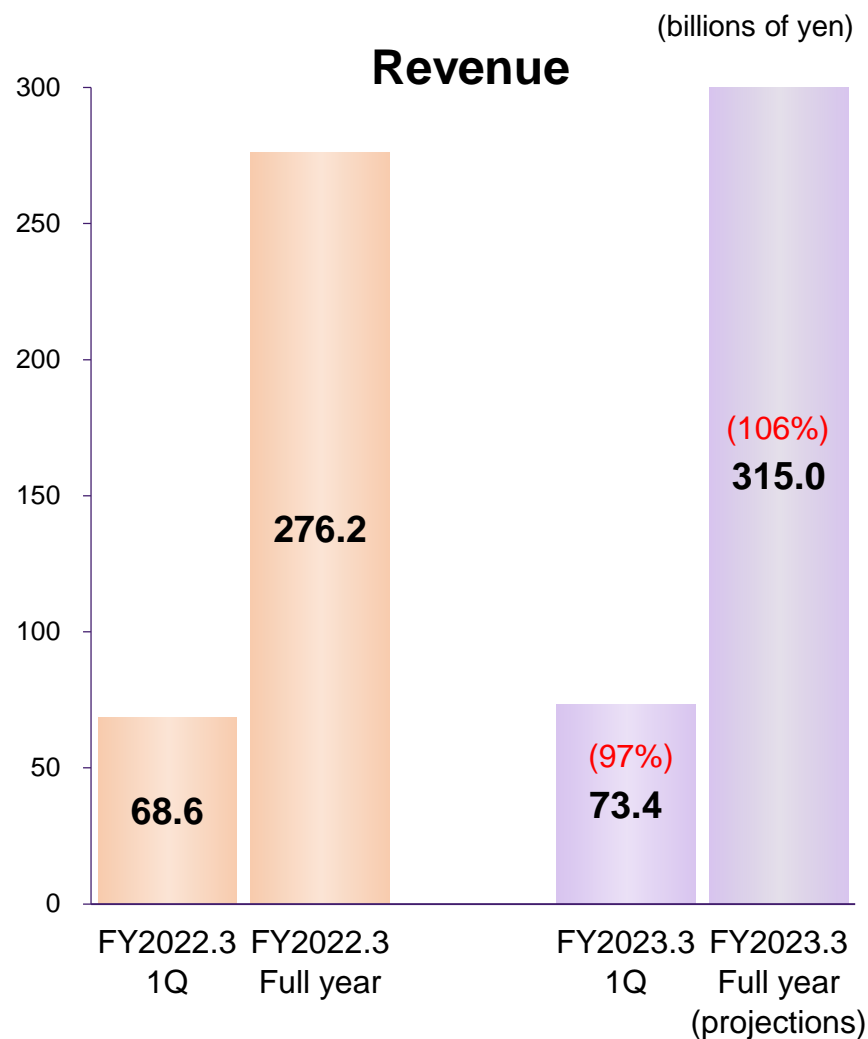
		FY2022.3 Full Year	FY2023.3 Full year (projections)	Change	Exchange rate impact
<b>Musical Instruments</b>	<b>Revenue</b>	<b>276.2</b>	<b>315.0</b>	<b>38.8</b>	<b>22.2</b>
	<b>Core Operating Profit</b>	<b>37.3</b>	<b>43.0</b>	<b>5.7</b>	<b>5.1</b>
	Core Operating Profit Ratio	13.5%	13.7%	+0.2p	
<b>Audio Equipment</b>	<b>Revenue</b>	<b>96.9</b>	<b>105.0</b>	<b>8.1</b>	<b>6.0</b>
	<b>Core Operating Profit</b>	<b>1.5</b>	<b>3.0</b>	<b>1.5</b>	<b>-1.0</b>
	Core Operating Profit Ratio	1.6%	2.9%	+1.3p	
<b>IMC<sup>*1</sup> Business and Others</b>	<b>Revenue</b>	<b>35.1</b>	<b>40.0</b>	<b>4.9</b>	<b>2.4</b>
	<b>Core Operating Profit</b>	<b>4.2</b>	<b>4.0</b>	<b>-0.2</b>	<b>0.2</b>
	Core Operating Profit Ratio	11.8%	10.0%	-1.8p	

\*1 Industrial Machinery and Components



## 2. Segment Overview & Updates

# Segment Revenue and Core Operating Profit



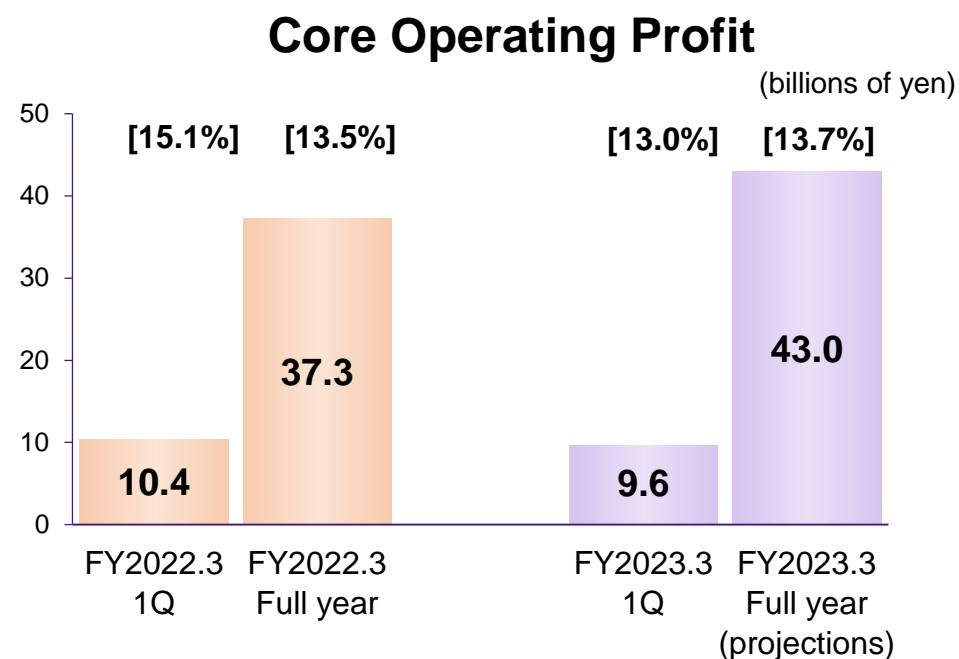
## Three months: Sharp decline due to impact of lockdowns in China

- Sales of pianos and digital musical instruments decreased due to the impact of lockdowns in China. Guitar sales decreased despite double-digit growth in China. Demand for wind, string, and percussion instruments remained robust and sales increased, especially in North America.
- Sales were brisk in North America and Other Regions, but fell sharply in China. In Europe, demand declined for entry models including portable keyboards and guitars.

## FY2023.3 projections: Supply is expected to recover, and higher sales are projected in all regions

- Piano sales are expected to be on par with the previous year due to the impact of lockdowns in China, but higher sales are anticipated for all other products.
- The impact of semiconductor procurement difficulties begins to ease, and supply is expected to improve.

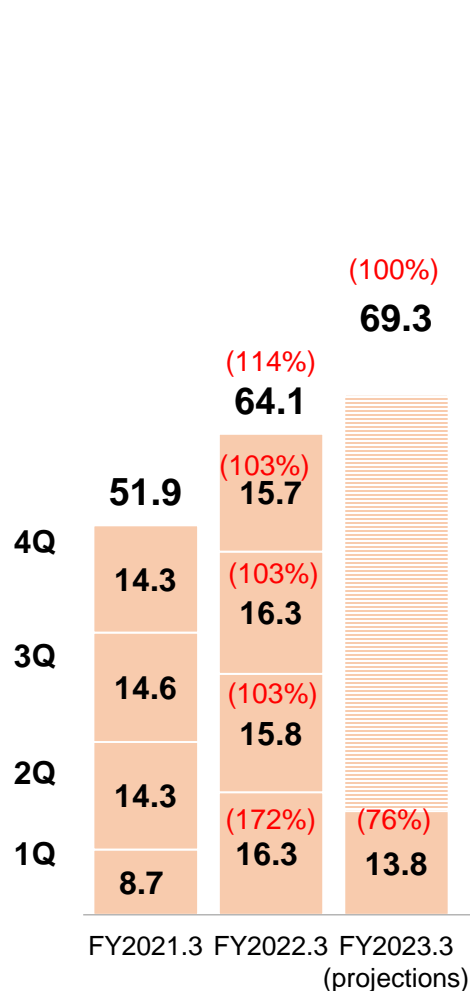
Comments are in local currency basis



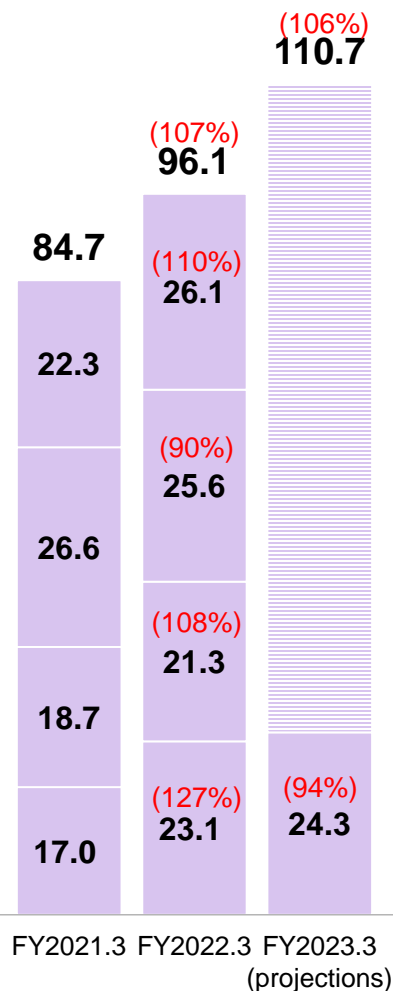
# Revenue by Major Product Category

(billions of yen)

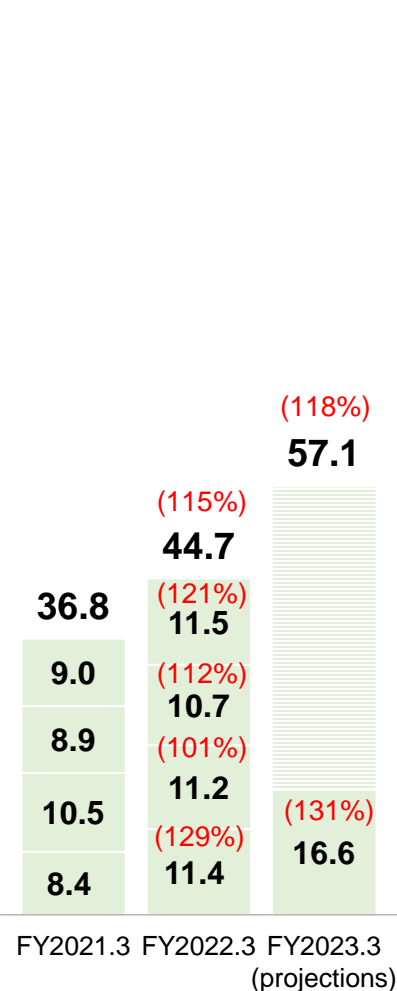
## Pianos



## Digital Musical Instruments

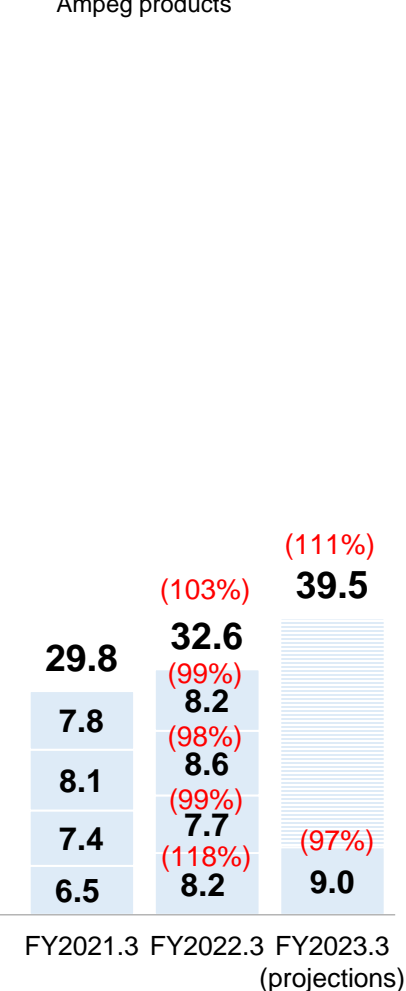


## Winds, Strings /Percussion



## Guitars

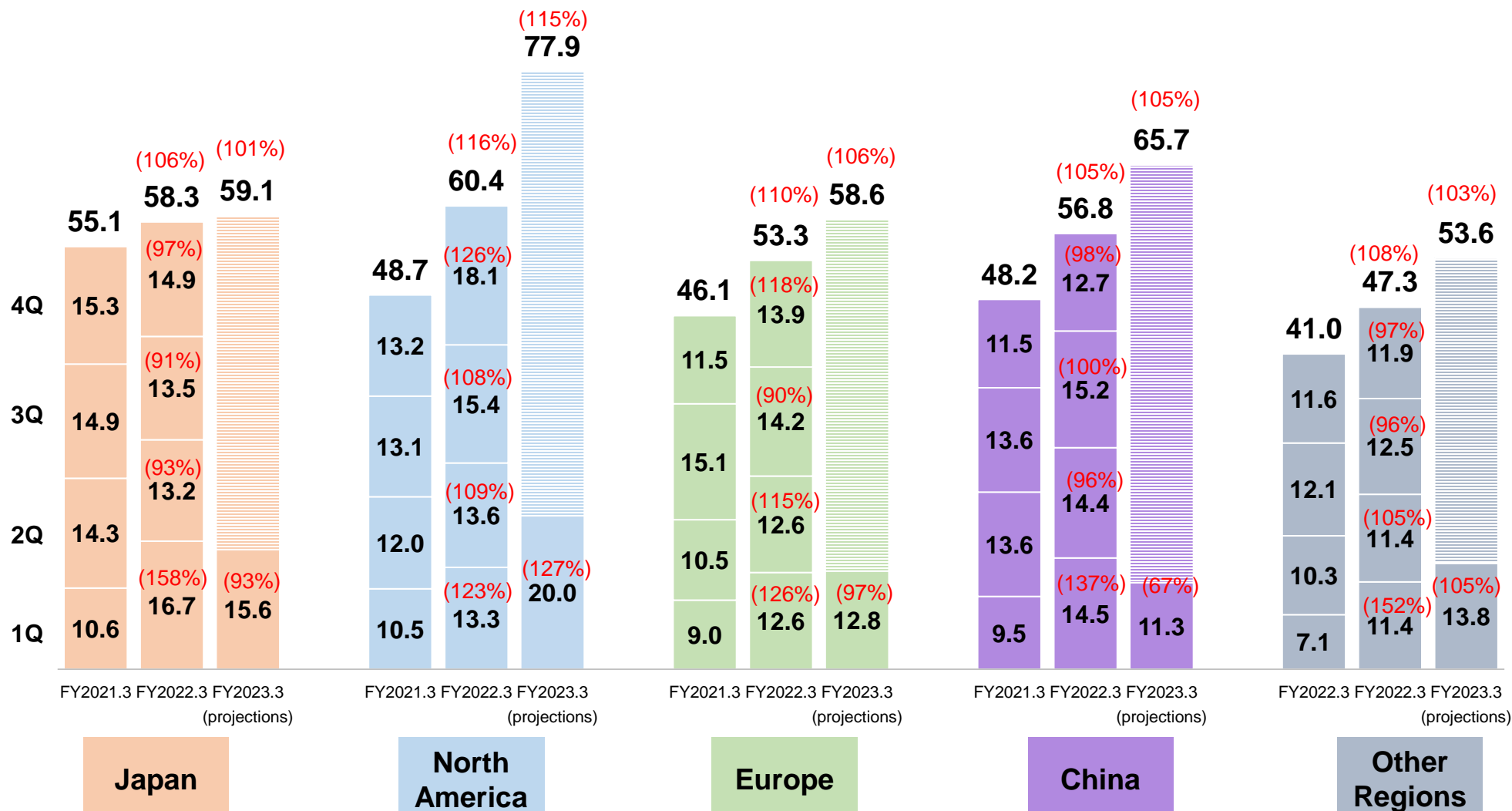
\* Guitars include Line 6 and Ampeg products



Red figures show actual YoY changes discounting impact of exchange rates

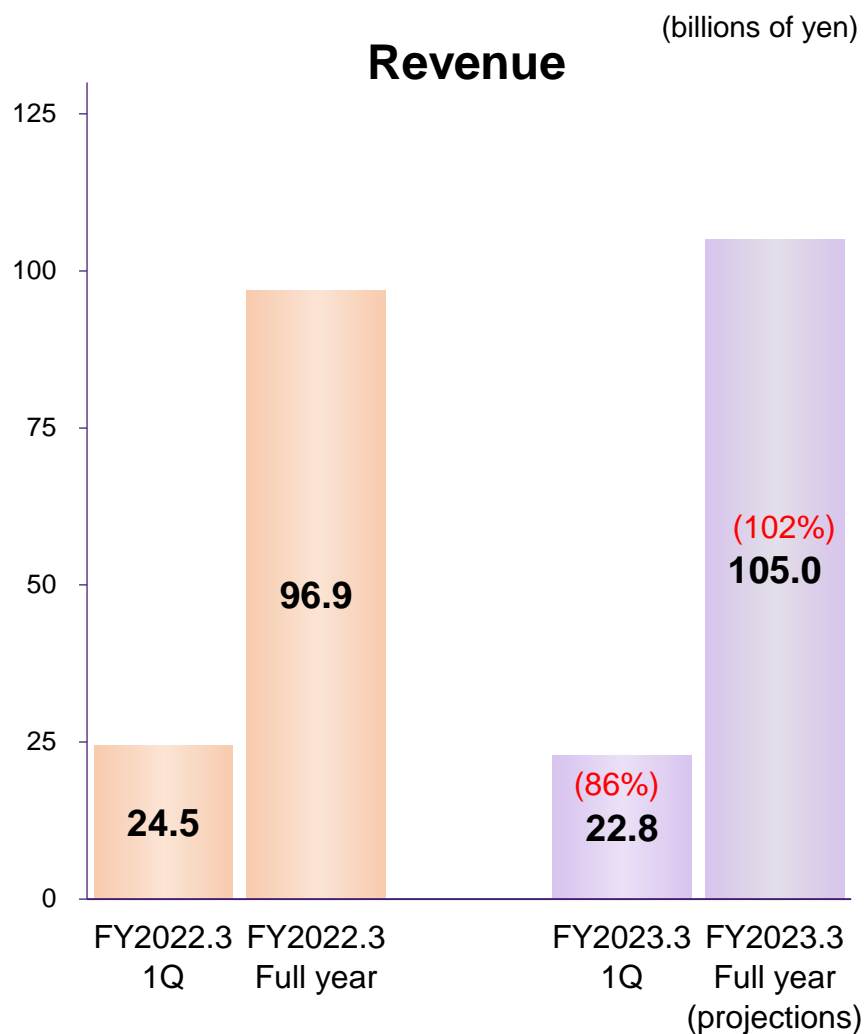
# Revenue by Region

(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

# Segment Revenue and Core Operating Profit



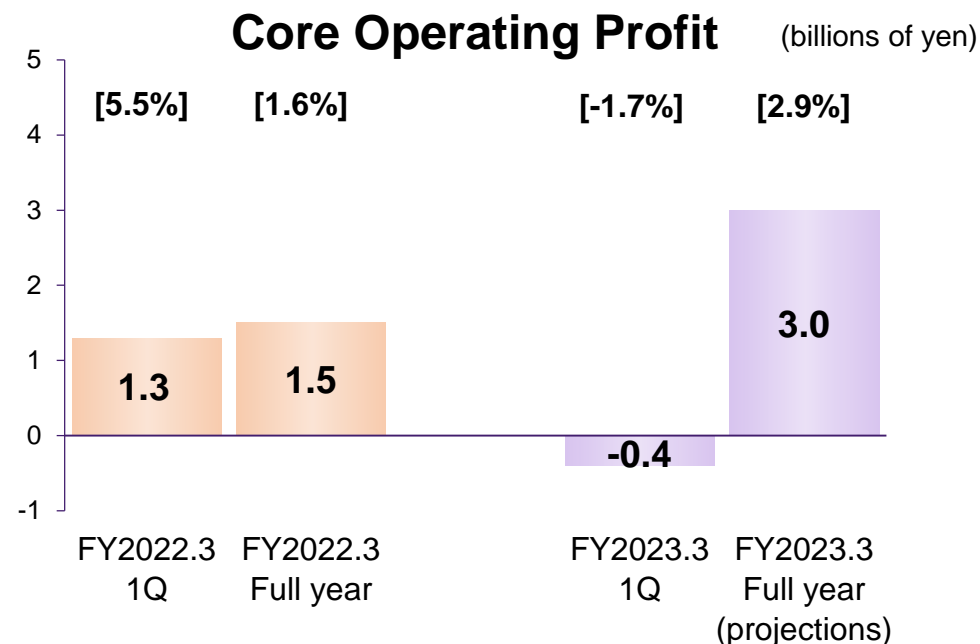
## Three months: Sales declined as impact of semiconductor procurement difficulties continued

- AV and PA: Sales decreased as supply shortages continued due to semiconductor procurement difficulties.
- ICT: Demand for network devices remained healthy, but strong market demand for conference systems declined and sales decreased.

## FY2023.3 projections: Although semiconductor procurement difficulties will continue, sales are projected to rise

- AV: Sales are expected to decline due to the prolonged impact of semiconductor procurement difficulties.
- PA: Although semiconductor procurement difficulties will have an impact, higher sales are anticipated due to market recovery.
- ICT: Strong demand for network devices is expected to drive a rise in sales.

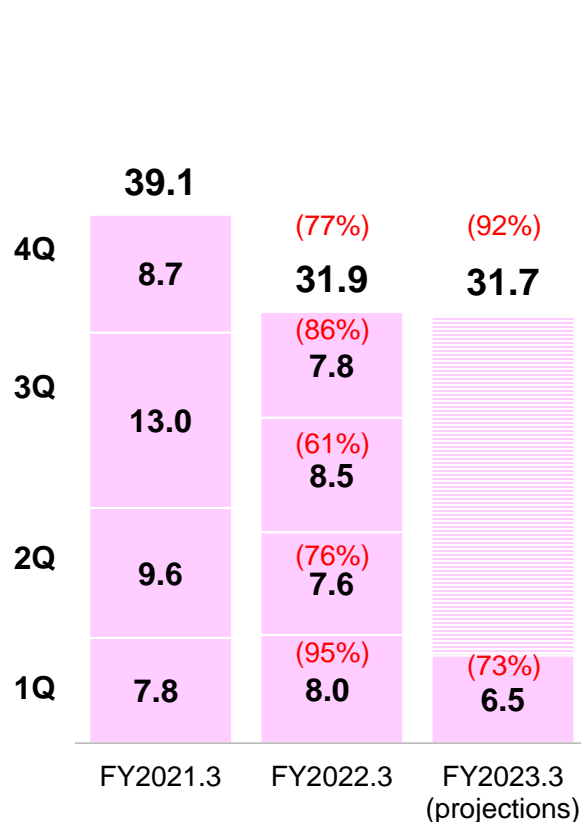
Comments are in local currency basis



# Revenue by Major Product Category

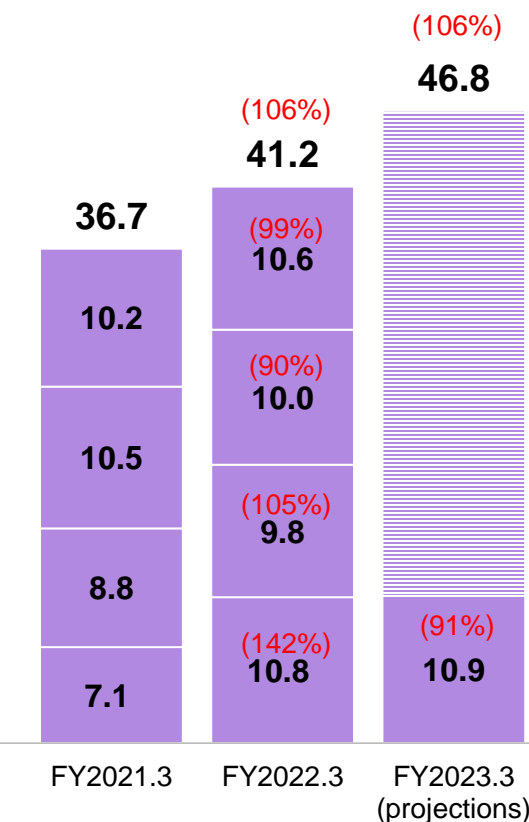
(billions of yen)

## AV Products

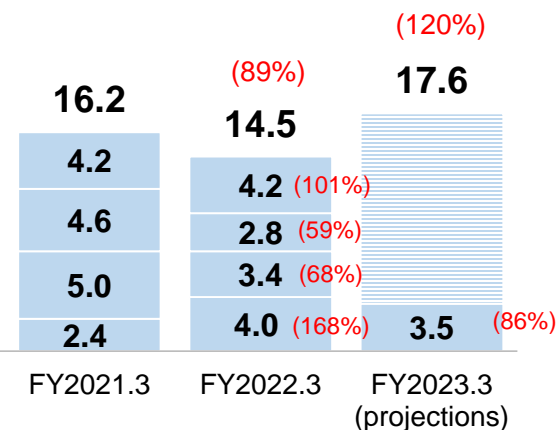


## PA Equipment

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

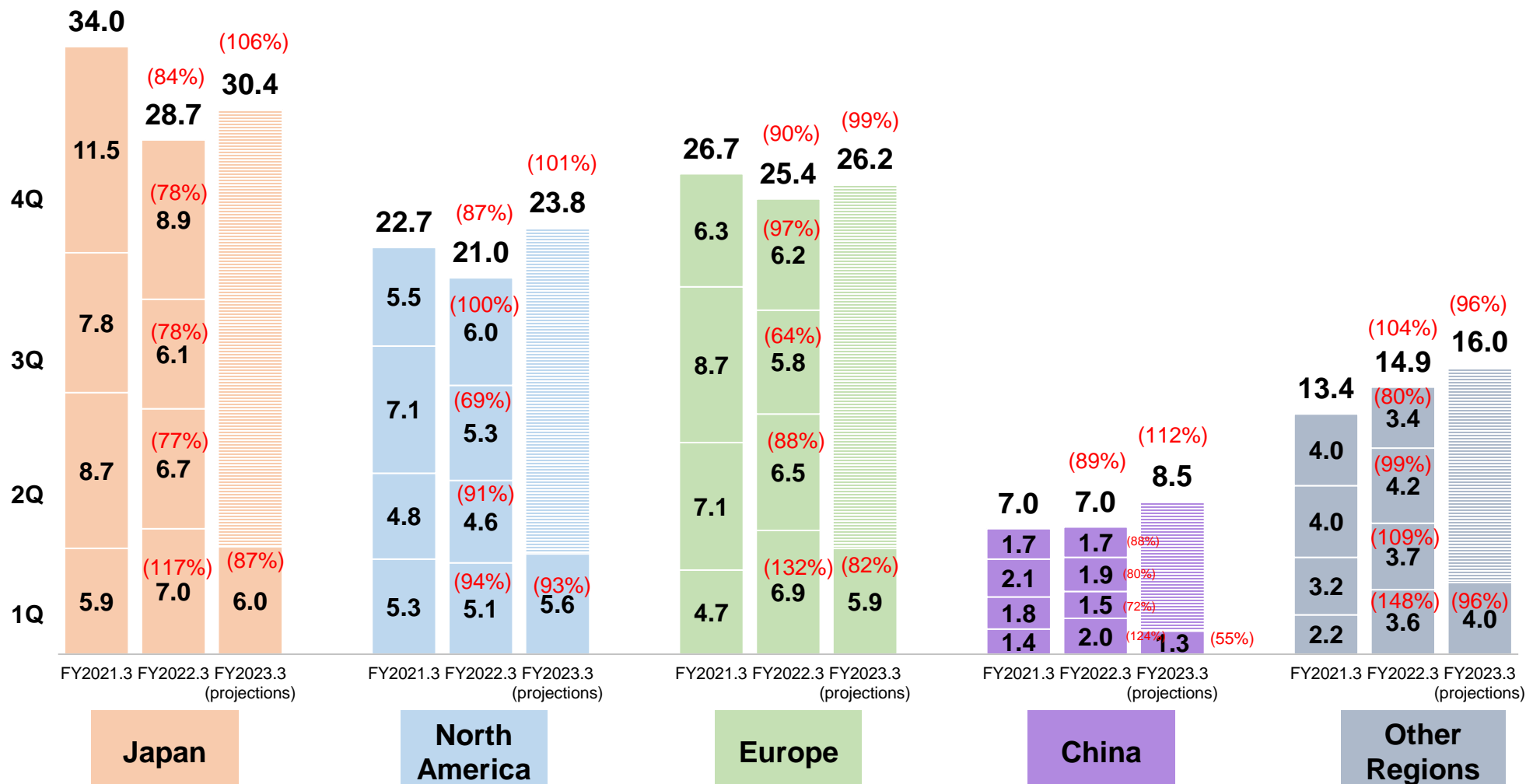


## ICT Equipment



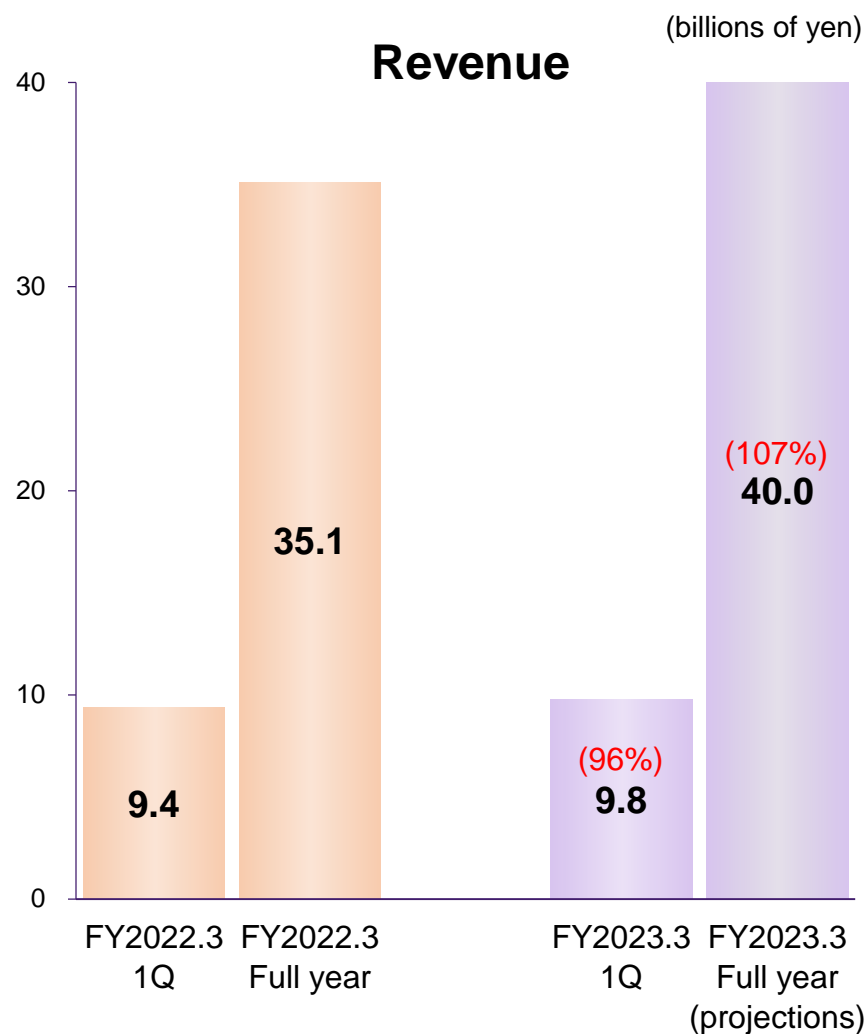
# Revenue by Region

(billions of yen)





# Segment Revenue and Core Operating Profit



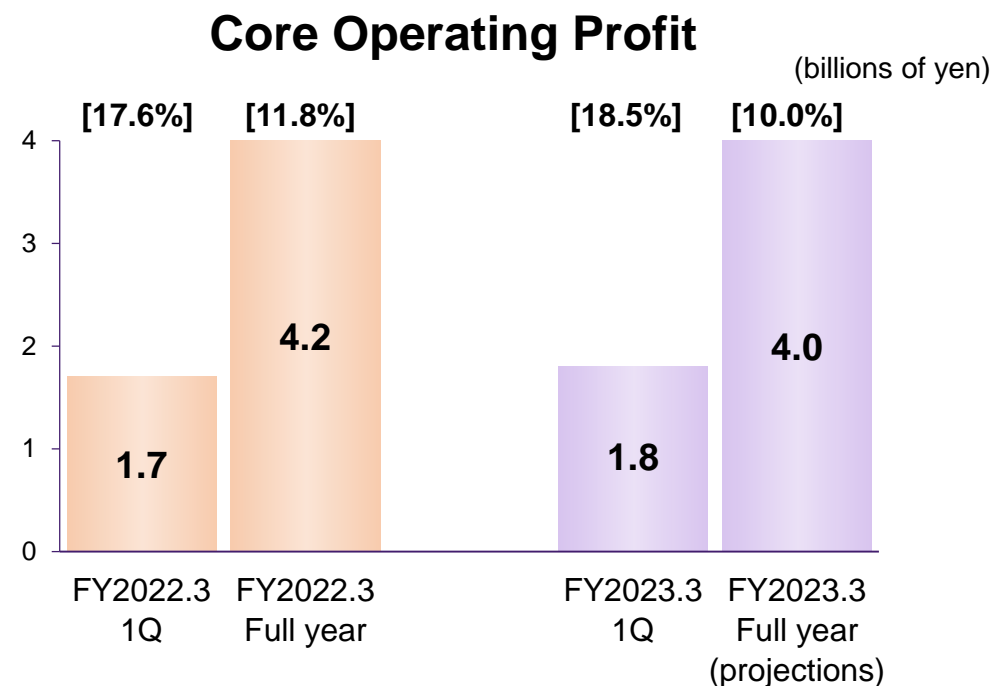
## Three months:

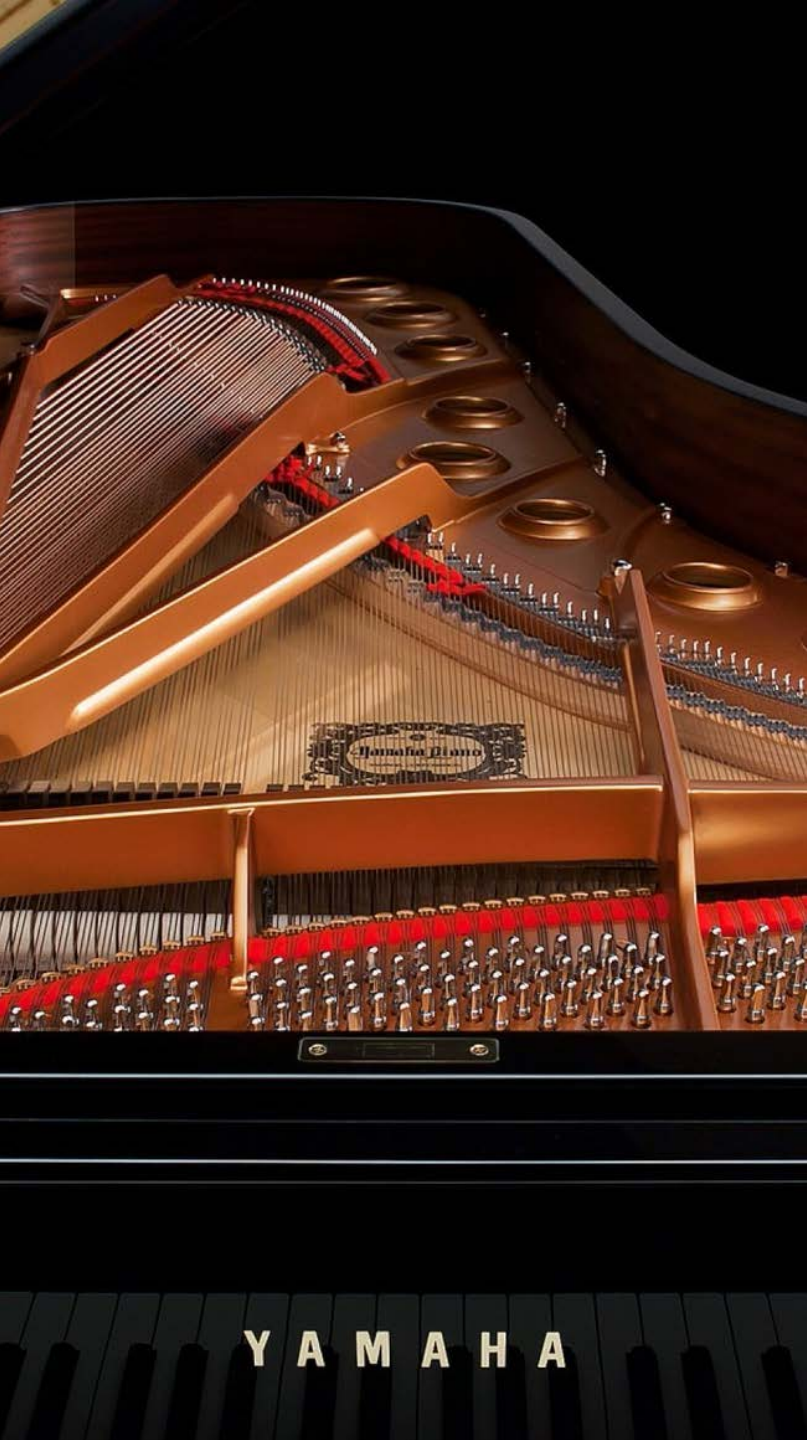
- Sales of electronic devices, automobile interior wood components, and factory automation equipment all declined due to reduced production by corporate customers.

## FY2023.3 projections:

- Sales of automotive-related products and factory automation equipment are projected to recover.

Comments are in local currency basis





## 3. Other Financial Figures

# Balance Sheet Summary

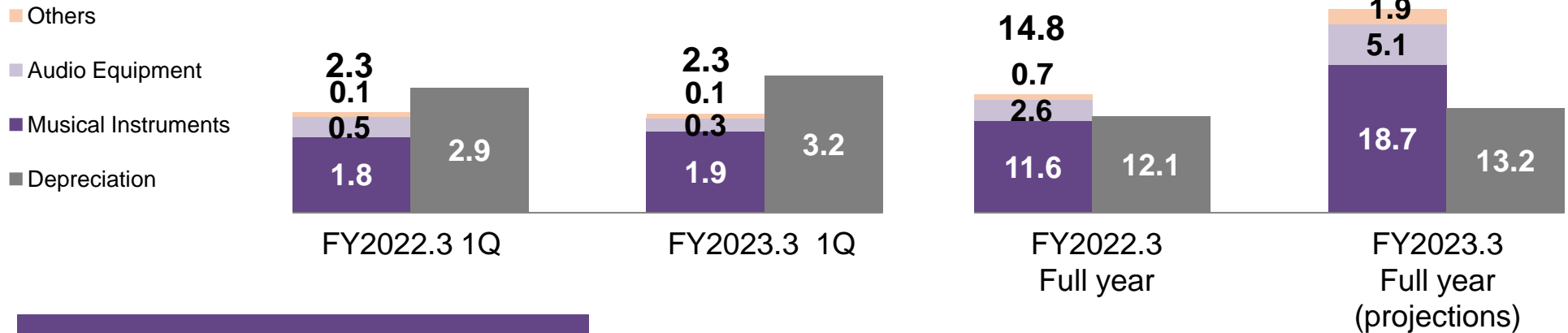
(billions of yen)

	As of March 31, 2022	As of June 30, 2022	Change	As of March 31, 2023 (projections)
Cash and cash equivalents	172.5	149.6	-22.9	163.0
Trade and other receivables	60.0	62.5	2.5	69.0
Other financial assets	4.4	3.7	-0.7	5.0
Inventories	118.6	136.7	18.1	131.0
Other current assets	7.2	8.0	0.9	10.0
Non-current assets	218.3	216.4	-1.9	227.0
<b>Total Assets</b>	<b>580.9</b>	<b>577.0</b>	<b>-4.0</b>	<b>605.0</b>
Current liabilities	126.1	108.6	-17.5	114.0
Non-current liabilities	38.9	38.0	-0.9	39.0
Total equity	415.9	430.3	14.4	452.0
<b>Total liabilities and equity</b>	<b>580.9</b>	<b>577.0</b>	<b>-4.0</b>	<b>605.0</b>

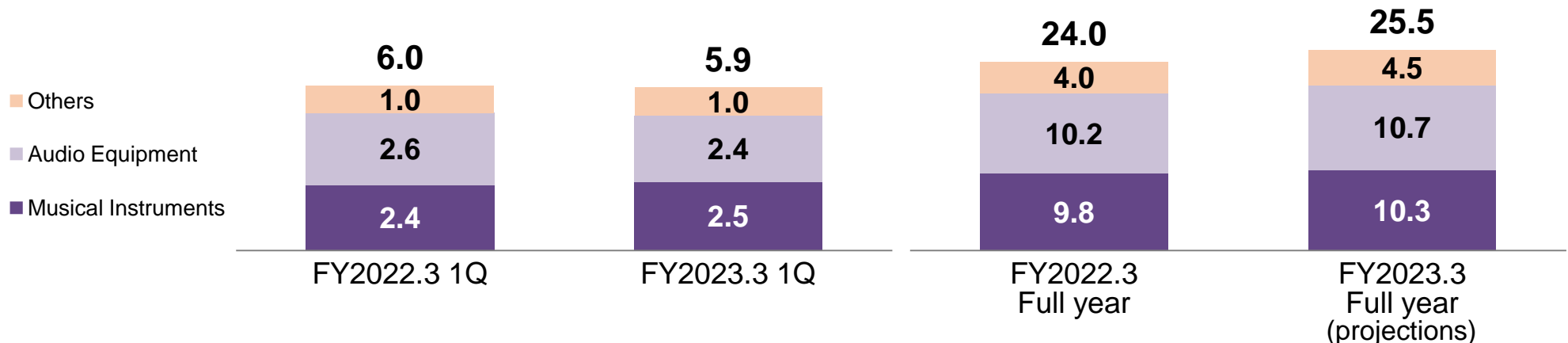
# Capital Expenditure/Depreciation and R&D Expenses

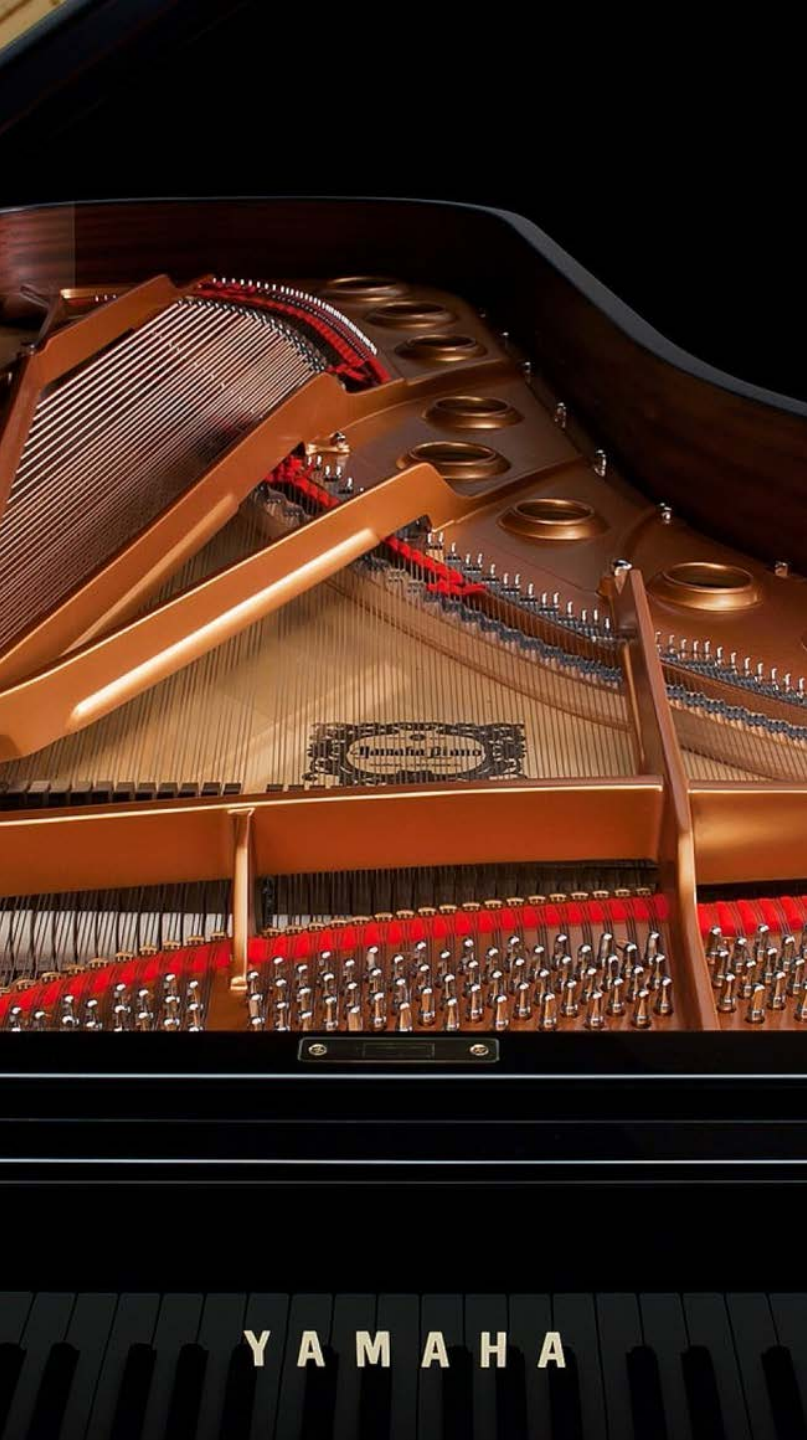
## Capital Expenditure/Depreciation

(billions of yen)



## R&D Expenses





Y A M A H A

## 4. ESG

# ESG topics

Culture

## Promotion and development of music culture

A project to introduce instrumental music education in Egypt and Brazil was certified as a *2022 EDU-Port Japan Supported Project for the Introducing of Japanese-style Education Using Public-Private Collaborative Platforms* under Japan's Ministry of Education, Culture, Sports, Science and Technology's EDU-Port initiative\* to introduce Japanese-style education overseas.



Recorder lesson in Egypt

## Inclusion in ESG indices

Yamaha has been selected for inclusion in all of five major ESG investment indices for Japanese equities adopted by Japan's Government Pension Investment Fund (GPIF)

FTSE Blossom Japan Index  
 FTSE Blossom Japan Sector Relative Index (newly launched)  
 MSCI Japan ESG Select Leaders Index  
 S&P/JPX Carbon Efficient Index  
 MSCI Japan Empowering Women Index (WIN)



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index

2022 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

FTSE Russell (the trading name of International Limited and Frank Company) confirms that Yamaha Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Russell (the trading name of International Limited and Frank Company) confirms that Yamaha Corporation has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

THE INCLUSION OF YAMAHA CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF YAMAHA CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

<https://www.yamaha.com/en/csr/evaluation/#01>



\*Under the EDU-Port initiative, the Japan International Cooperation Agency (JICA), the Japan External Trade Organization (JETRO), local public bodies, educational institutions, private companies, NPOs, and other organizations collaborate in a public-private, nationwide effort aimed at overseas introduction of Japanese-style education, which is drawing a great deal of attention from around the world.

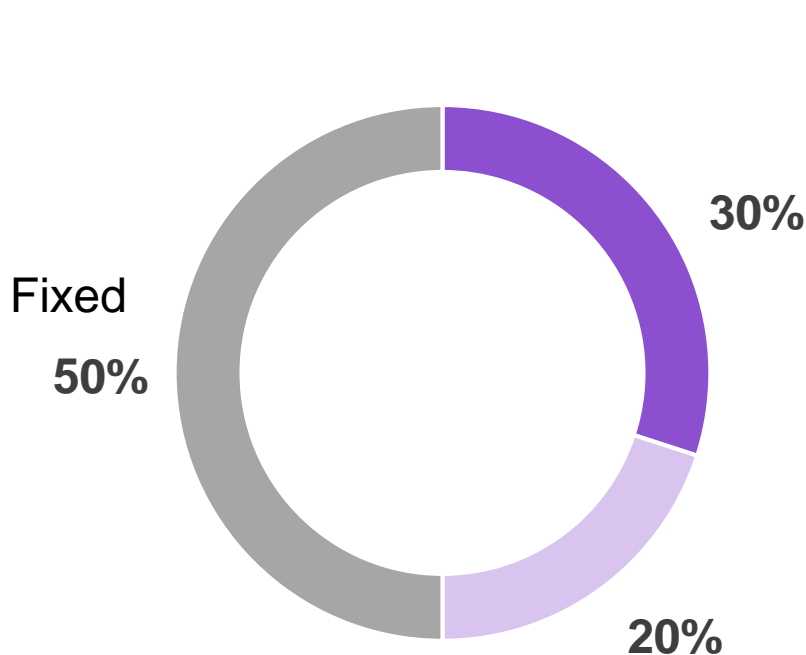
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[https://www.yamaha.com/en/about/initiatives/school\\_project/collaborations/](https://www.yamaha.com/en/about/initiatives/school_project/collaborations/)

# Governance: Compensation for an Officer

## Revision of assessment indicators for compensation of directors and officers\*

For restricted stock compensation, non-financial targets focused on sustainability and corporate value targets have been added to the existing financial targets.

\*Applies to directors (excluding outside directors), executive officers, and operating officers (outside directors receive fixed compensation only)

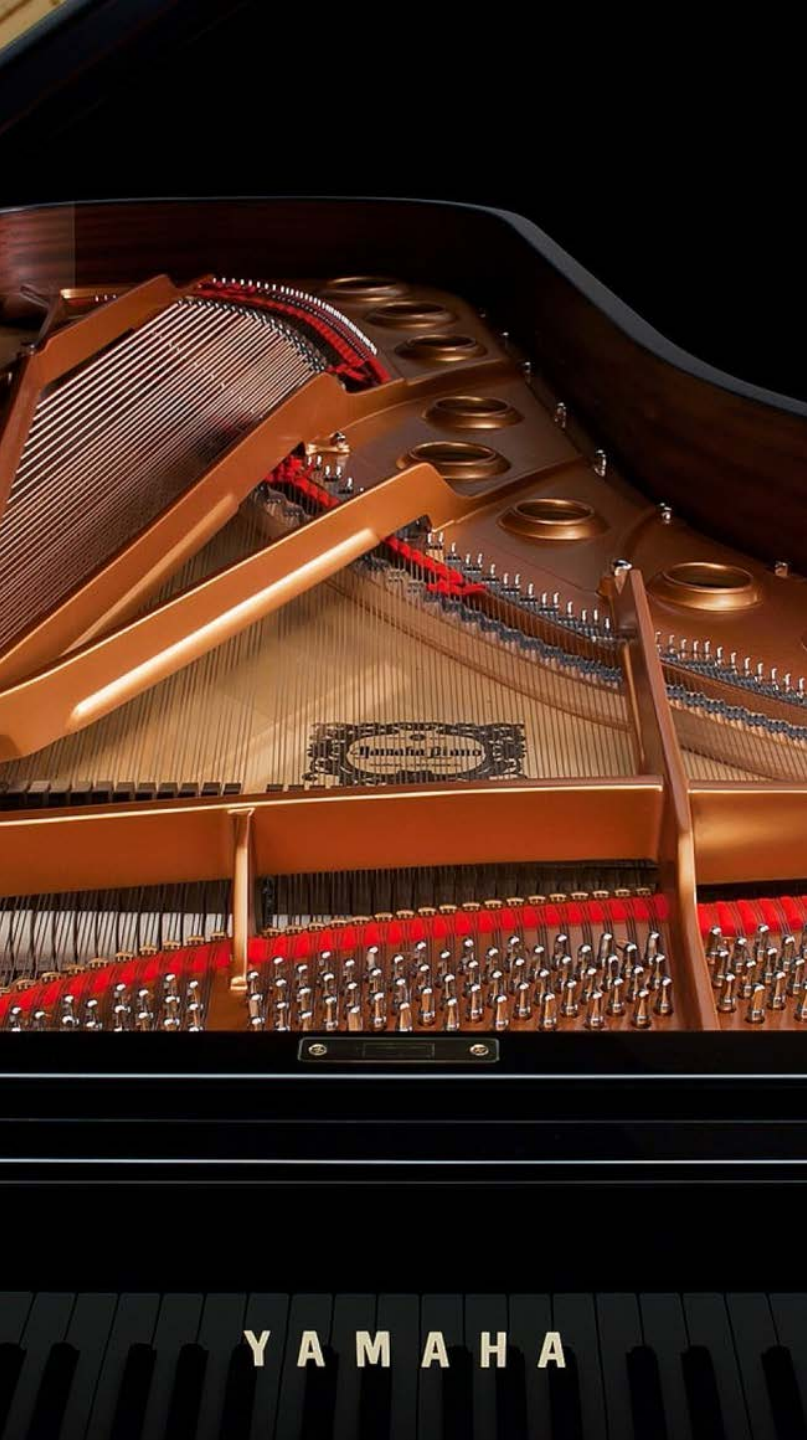


**Bonus linked to results (single year)**  
Consolidated net profit, ROE, and individual results

**Restricted stock compensation (3 years)**  
Financial and non-financial targets set out in Medium-Term Management Plan  
Ratio of financial targets, non-financial targets, and corporate value target (total shareholder return) = 50%:30%:20%

### Non-Financial Targets

<p><b>Further strengthen the businesses foundation</b></p>	<p>Indicators to connect more with customers</p> <p>Yamaha Music ID registrations</p> <p><b>5 million IDs</b></p> <p>New indicator</p>	<p>New value creation indicators</p> <p>Number of new concept products introduced</p> <p><b>20 models</b></p> <p>Make Waves 1.0: 10 models</p>	<p>Resilience indicators</p> <p>Investment in production infrastructure</p> <p><b>¥35 billion</b></p> <p>Make Waves 1.0: ¥27 billion</p>
<p><b>Set sustainability as a source of value</b></p>	<p>Music culture promotion indicators</p> <p>10 countries supporting instrumental music education</p> <p>Cumulative total :</p> <p><b>2.3 million students</b></p> <p>Current Cumulative total 1.29 million</p>	<p>Environmental impact reduction indicators</p> <p>Sustainability sourced timber</p> <p><b>75% reduction</b></p> <p>Current : Assumed 50%</p>	<p>CO<sub>2</sub> emissions</p> <p><b>5% reduction</b></p> <p>By energy saving</p> <p>*CO<sub>2</sub> emissions / production compared with the FY2019 levels</p>
<p><b>Enable Yamaha colleagues to be more valued, more engaged and more committed</b></p>	<p>Indicators for job satisfaction</p> <p>Employee engagement survey</p> <p>Positive response rate for job satisfaction</p> <p><b>Continuous improvement</b></p> <p>Current results for FY2022Q3: 66%</p>	<p>Gender Equity indicators</p> <p>Percentage of female managers</p> <p>Employee engagement survey</p> <p>Positive response rate for workplace environment</p> <p><b>Continuous improvement</b></p> <p>Current results for FY2022Q3: 69%</p>	<p>Indicators for workplace environment</p> <p>Employee engagement survey</p> <p>Positive response rate for workplace environment</p> <p><b>Continuous improvement</b></p> <p>Current results for FY2022Q3: 69%</p>



# Appendix



# 1Q Other Income and Expenses

(billions of yen )

		FY2022.3 1Q	FY2023.3 1Q
<b>Core Operating Profit</b>		<b>13.4</b>	<b>11.0</b>
<b>Other Income and Expenses</b>	Profit from (loss on) disposal of fixed assets	4.7	-0
	Others	0.2	0.1
	<b>Total</b>	<b>4.9</b>	<b>0.1</b>
<b>Operating Profit</b>		<b>18.3</b>	<b>11.1</b>
<b>Financial Income and Expenses</b>	Dividends income	0.3	0.3
	Others	0.1	1.2
	<b>Total</b>	<b>0.4</b>	<b>1.5</b>
<b>Profit before Income Taxes</b>		<b>18.7</b>	<b>12.6</b>
Income taxes		5.3	4.0
Net profit attributable to non-controlling interests		0	0
<b>Net Profit<sup>*1</sup></b>		<b>13.4</b>	<b>8.6</b>

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

# Full Year Other Income and Expense

(billions of yen)

		FY2022.3 Full year	FY2023.3 Full year (projections)
<b>Core Operating Profit</b>		<b>43.0</b>	<b>50.0</b>
<b>Other Income and Expenses</b>	Profit from (loss on) disposal of fixed assets	4.6	-0
	Others	1.7	0
	<b>Total</b>	<b>6.3</b>	<b>0</b>
<b>Operating Profit</b>		<b>49.3</b>	<b>50.0</b>
<b>Financial Income and Expenses</b>	Dividends income	3.4	2.4
	Others	0.3	-0.4
	<b>Total</b>	<b>3.7</b>	<b>2.0</b>
<b>Profit before Income Taxes</b>		<b>53.0</b>	<b>52.0</b>
Income taxes		15.7	14.4
Net profit attributable to non-controlling interests		0.1	0.1
<b>Net Profit <sup>*1</sup></b>		<b>37.3</b>	<b>37.5</b>

\*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.**