



## Yamaha New Medium-Term Management Plan

# Rebuild&Evolve

Apr. 2025-Mar. 2028

May 8, 2025





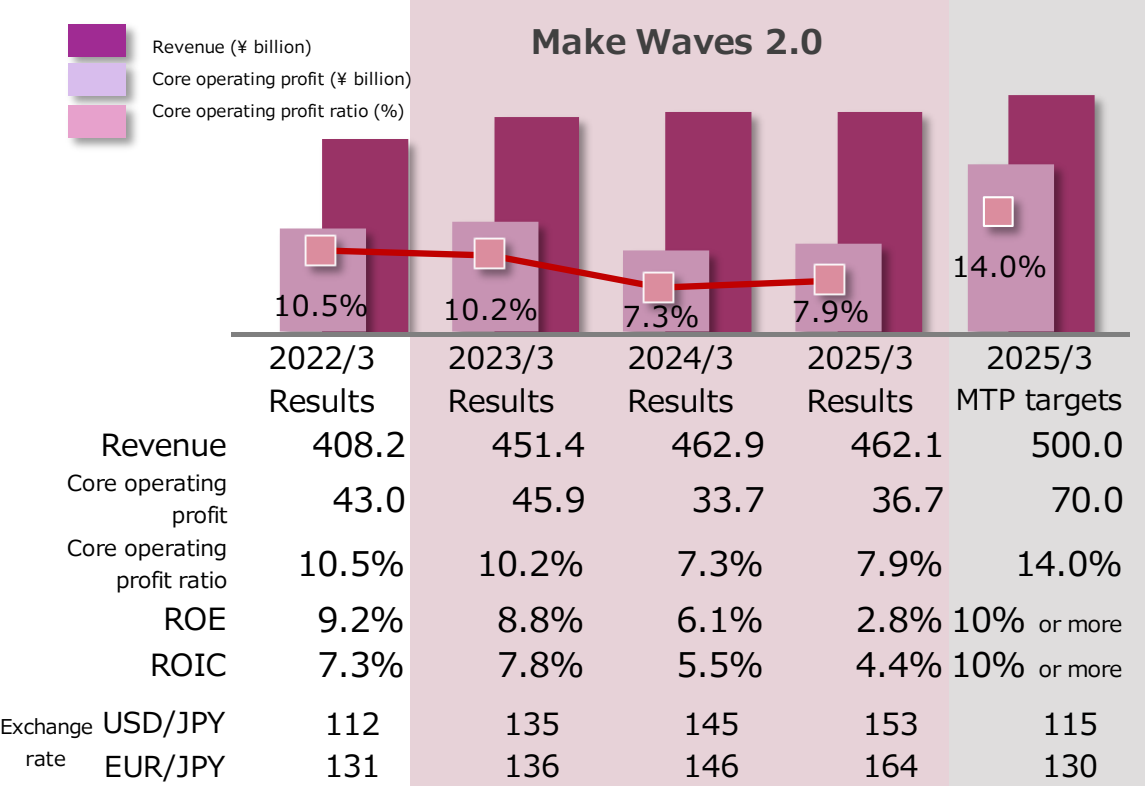


# **Review of the Previous Medium-Term Management Plan**



# Review of the Previous Medium-Term Management Plan: Make Waves 2.0

Despite structural reforms adapting to rapid market/environment changes, financial targets were not achieved. Issues are being clarified



■ **Factors behind Missed Financial Targets**

- Revenue down due to continued sluggishness in the musical instruments business caused by weak market in China
- Revenue down due to downsizing of audio equipment business for consumer products
- Posted losses associated with factory operation, mainly for pianos, and production structural reforms

**Progress: Key Strategies, Production Structural Reforms**

- **Develop Closer Ties with Customers**
  - Strengthened digital customer contact points and expanded real, hands-on stores
- **Create New Value**
  - Launched Yamaha Music Connect portal site (Learning, expression, connection)
  - Established business development base and CVC in Silicon Valley, U.S.
- **Be More Flexible and Resilient**
  - Reinforced production framework at the lead factory and decided to reorganize piano manufacturing bases

**Challenges: Adaptability to Environmental Changes and Investments in Growth**

- **Adaptability to Environmental Changes**
  - Excess inventory and declining profitability due to delayed response to rapid changes in the Chinese market
  - Urgent need to quickly identify changes in the market and environment and rebuild the business foundation to improve profitability of existing businesses
  - Establishing a strong supply chain is key in the face of increasing uncertainty in the business environment, such as rising geopolitical risks and soaring material costs
- **Investments in Growth**
  - Urgent need to cultivate new growth areas and expand business domains due to slowing growth in existing businesses.
  - Requires a system/mechanism to ensure swift decisions on growth investments

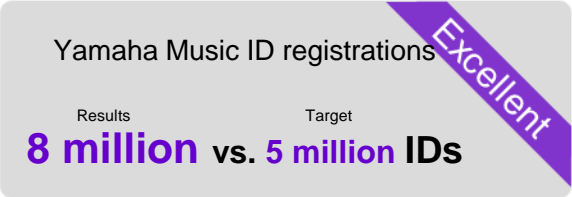
# Progress on Non-financial Indicators

» Fell short of production infrastructure investment target due to sharp market slowdown, but other non-financial targets largely achieved

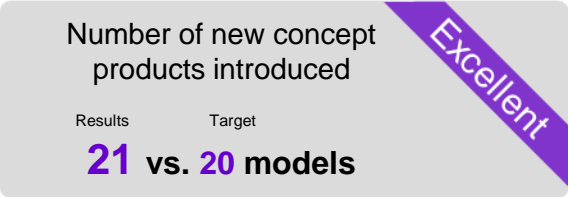
Further strengthen the business foundation



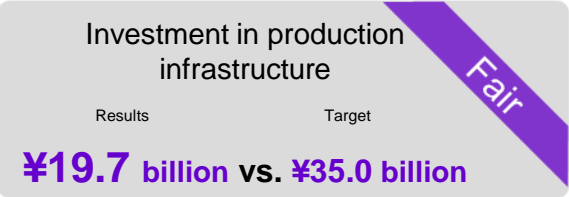
Indicators to connect more with customers



New value creation indicators



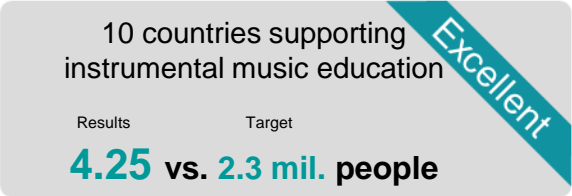
Resilience indicators



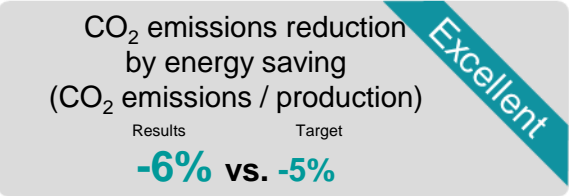
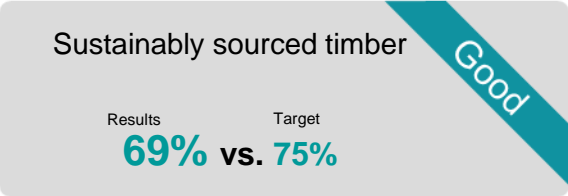
Set sustainability as a source of value



Music culture promotion indicators



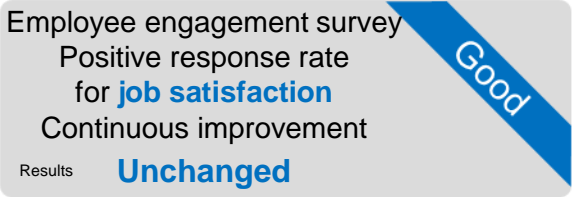
Environmental impact reduction indicators



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



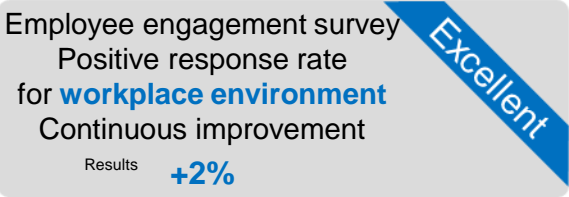
Indicators for job satisfaction



Gender equity indicators



Indicators for workplace environment



Excellent: Target achieved    Good: Measures progressed, but missed target    Fair: Measures delayed



# Trend Recognition

Dynamic environmental changes present opportunities for new growth

Environmental Change 1

## Economic Changes

**Major economies**

Political situation/finance/trade

**Fluctuating exchange rates**

Preparing for yen appreciation risk

**Rising prices**

Energy/parts/personnel costs

**Geopolitical risks**

Political/economic/geographic



Speed and flexibility gains to adapt to rapid business environment changes



Environmental Change 2

## Customer Changes

**Diversification**

Social significance/individuality/etc.

**Purchasing behavior**

Shift to online purchases

**Lifestyles**

Life, work, and leisure

**Experiential value**

Shifting focus from ownership to experiences



Providing experiential value that resonates with diverse lifestyles and values



Environmental Change 3

## Technological Changes

**Generative AI**

Rapid business transformation

**Communication**

Further evolution of 5G/IoT

**Robotics**

Supporting human potential

**Environmental impact**

Advances in environmentally-friendly materials and technologies



Exploration of new sound/music values and potential for expanded business opportunities







# **New Medium-Term Management Plan**



# Management Vision



## Creating a future where individuality shines through the power of sound and music

Enhance corporate value through the co-creation of social value

### ■ The Power of Sound and Music

Pursuing the possibility of new value creation in the area of sound and music, where Yamaha's strengths and uniqueness can be fully utilized

### ■ A Future Where People's Individuality Shines Through

Consistently providing products and services encouraging self-expression and the diverse individualities of people around the world

### ■ Co-Creating Social Value

Proactively collaborating with diverse stakeholders to create new value together that contributes resolve social issues

**Creating new value** by resolving social issues through sound and music

**Experiential value** that expands the enjoyment of sound and music

Refining **intrinsic product value** by fusing technology and sensibilities

#### New Business

Providing new value adding abundance to life and spirit



#### Adjacent Business

Providing enjoyment and convenience through the integration of hardware and services

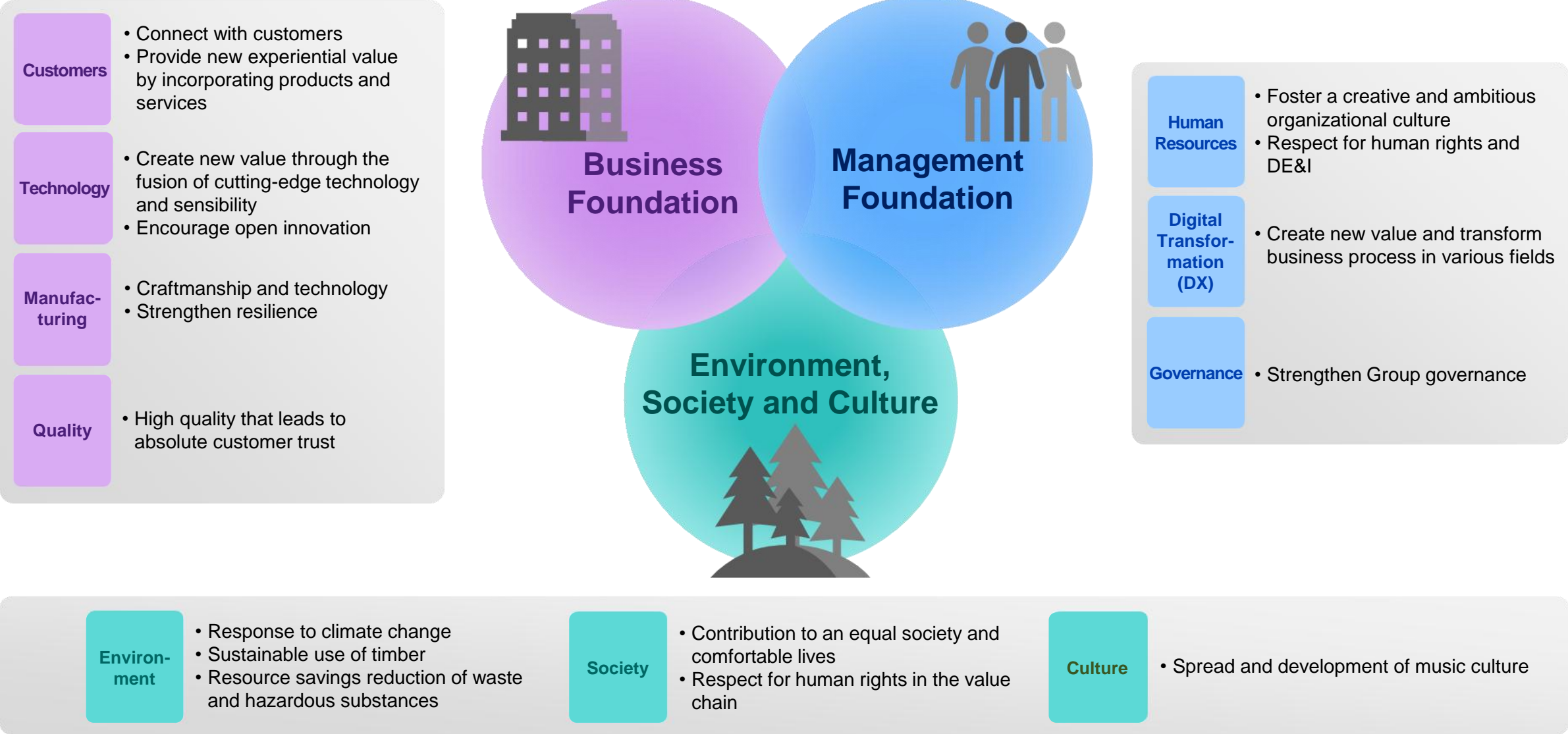


#### Core Business

Providing value through hardware such as musical instruments and audio equipment

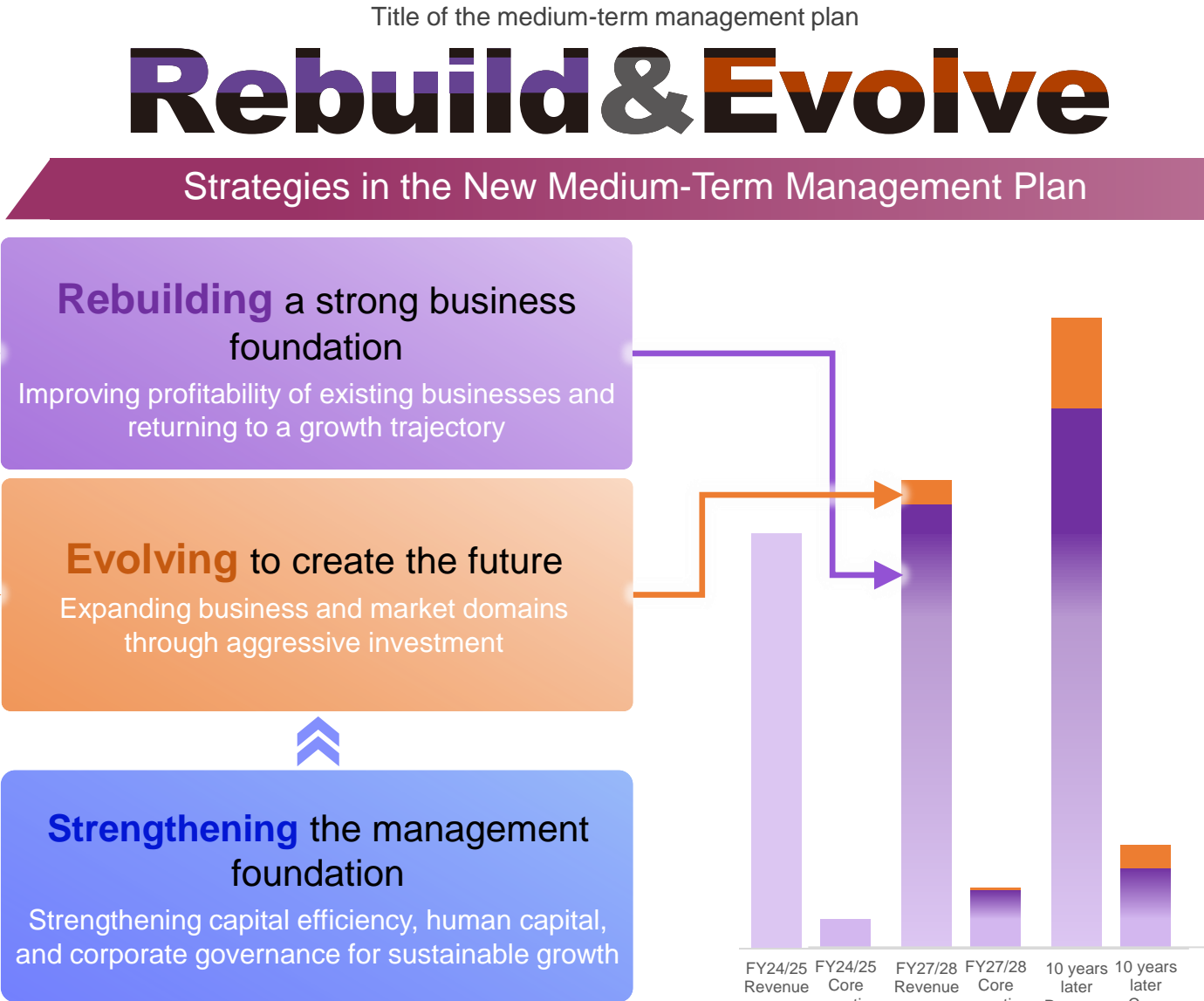


# Material Management Issues





# Key Issues and Outline of the Strategies for the New Medium-Term Management Plan





# Strategic Policy and Key Themes

Management  
Vision



**Creating a future where individuality shines through the power of sound and music**

Enhance corporate value through the co-creation of social value

Strategic Policy 1: **Rebuilding** a strong business  
foundation



Key theme

- 1-1 Musical instruments business: Reform profit structure and return to growth trajectory
- 1-2 Audio equipment business: Build business-optimal structure and accelerate growth
- 1-3 Challenging markets: Conduct structural reforms based on environmental changes
- 1-4 Reorganize organizations and functions to increase speed and competitiveness

Strategy Policy 2: **Evolving** to create the future



Key theme

- 2-1 Musical instruments business: Expand business opportunities by enhancing customer success
- 2-2 Audio equipment business: Expand domain into existing adjacent areas
- 2-3 Growth markets: Sales growth through proactive investment in priority markets
- 2-4 Build mechanisms for new business creation

Key theme

Strategic Policy 3: **Strengthening** the management foundation



3-1 Improve capital and asset efficiency

3-2 Strengthen human capital

3-3 Enhance corporate governance

Setting **sustainability** as a source of value





# Management Targets for the Medium-Term Management Plan Period

## Management Targets

Financial  
targets

Revenue growth rate (CAGR)

5%

ROE

10%

Core operating profit ratio

13.5%

Total return ratio

50% or more

Rebuilding a strong  
business foundation



Indicator for Expansion of Existing Business Scale

Revenue growth rate (CAGR) by  
segment

Musical instruments: 4%  
Audio equipment: 7%

Indicator for Profit Improvement

Core operating profit ratio by segment

Musical instruments: 14%  
Audio equipment: 12%

Indicators for Domain Expansion

Evolving to create  
the future



Strategic investments  
Yamaha Music IDs  
India and Philippines growth  
rate (CAGR)

¥60 billion  
10 million IDs  
18%

Indicator for New Value Creation

Number of commercializations  
and service adoptions  
in new/adjacent areas

20

Strengthening  
the management foundation



Indicators for Capital and Asset Efficiency

ROIC by segment (% increase)

Musical instruments: +7%  
Audio equipment: +3%

Indicators for Strengthening of Human Capital

Investment in human capital  
Percentage of female managers

1.5x

24%

Setting sustainability  
as a source of value



Environmental Indicators

Sustainably sourced timber  
Elimination of plastic packaging  
CO<sub>2</sub> emission reduction rate

80%  
-25% \*1  
-30% \*2

Social Indicators

Use cases for resolving  
social issues  
On-site supplier audits

20  
60 companies

Cultural Indicators

Music culture support activities \*3  
Children in school projects  
(cumulative)

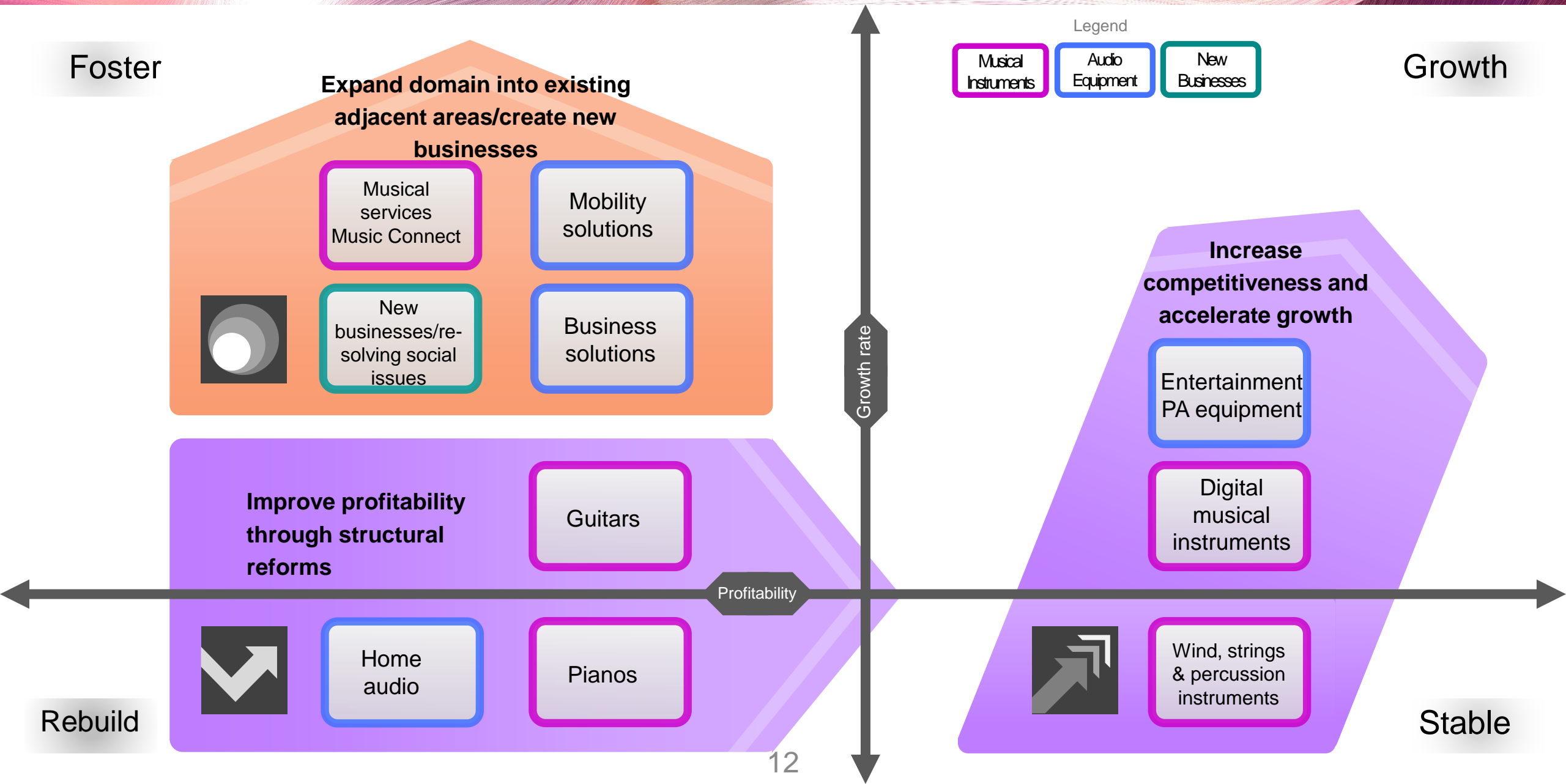
12,000  
7 million

\*1 Styrofoam (vs. FY2022) \*2 Scopes 1+2 (vs. FY2017)

\*3 Activities to create opportunities for people to connect through music



# Business Portfolio







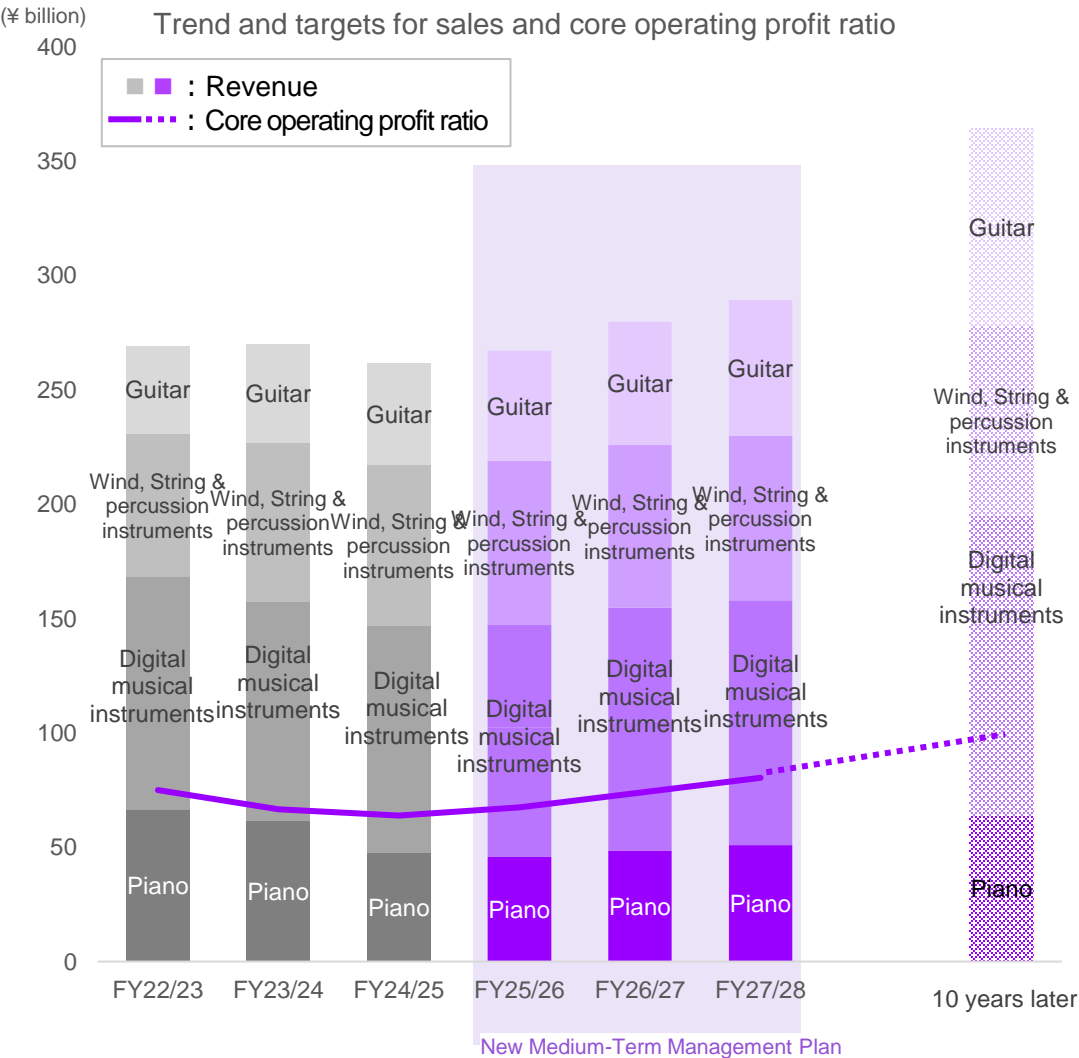
# **Rebuilding a Strong Business Foundation**

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Quickly improve profitability of the piano and guitar businesses and return the digital musical instruments business to a growth trajectory



### 1. Piano business



### 2. Digital musical instruments business



### 3. Wind, strings & percussion instruments business



### 4. Guitar business





# Rebuilding a Strong Business Foundation

## 1-1 Musical Instruments Business



- **Strengths**
  - Reliable quality backed by 125 years of development and manufacturing experience
  - The trustworthiness of our brand as the world's largest piano manufacturer

### Piano business



**Improve profitability by reorganizing production bases;  
rebuilding a high value-added business**

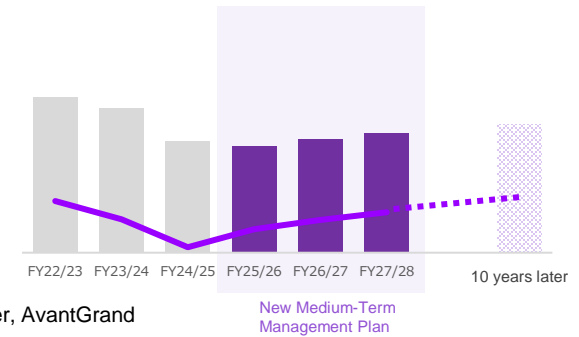
- **Business environment**
  - Cost increase due to excess production capacity amid sluggish demand in China; reduced core operating profit
- **Actions**
  - Reorganization into two bases (high-skilled in Japan and well-equipped facilities in China) to optimize production and reduce fixed costs. Maintenance of local production for local consumption in major market of China
  - Increase of the proportion of high value-added products unique to our company, such as hybrid pianos,\* which combine acoustic technology and digital technology, and improvement of profitability

\* Hybrid pianos: Silent, TransAcoustic, Disklavier, AvantGrand

Manufacturing  
fixed  
cost reduction  
**-10%**

Mid-/high-end  
model sales  
composition  
**+5%**

Trend and targets for sales and core operating profit ratio



### Digital musical instruments business

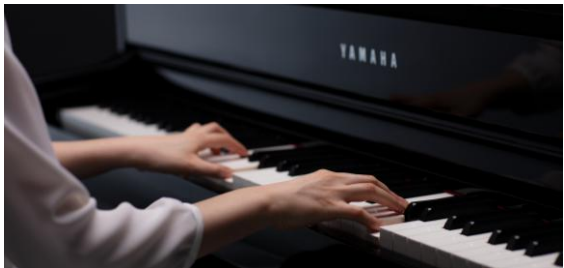
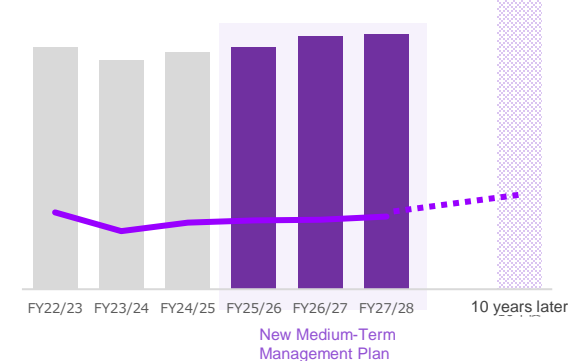


**Achieve growth rate exceeding market growth through  
sales strategy by price range for digital pianos**

- **Business environment**
  - Recovery of our market share amid a gradual recovery in demand
  - Competition is intensifying at lower price points
  - For entry-level models, emerging shifts toward use of e-commerce and preference for lower prices in purchasing behavior
- **Actions**
  - Medium/high-end models: Introducing new models that emphasize the touch and tone of an acoustic piano
  - Entry-level models: Strengthening of presence in online and mass channels
  - Provision of experiential value through services and apps to expand the customer base and differentiate from competitors

DP market  
share growth  
**+3%**

Trend and targets for sales and core operating profit ratio



- **Strengths**
  - A product lineup that covers a wide range of customer segments and a high market share where each instrument is positioned as a standard
  - Reproduction of realistic sound through proprietary sound source technology



# Rebuilding a Strong Business Foundation

## 1-1 Musical Instruments Business



### ■ Strengths

- The craftsmanship of skilled artisans that meets artists' demands and manufacturing technology capable of mass-producing high-quality products



### ■ Strengths

- A wide range of high-quality intermediate models highly regarded in the market
- Proprietary technologies such as Silent, TransAcoustics and others

## Wind, strings & percussion instruments

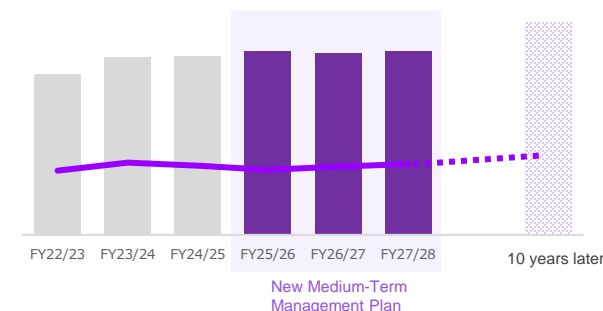


Optimize development and production systems for continued growth and expand mid- to high-end market share through strategic products

- Business environment
  - Special demand ended in the U.S. Demand is expected to return to pre-pandemic levels, especially in the U.S. and China
  - Passing on manufacturing technologies/skills is a top priority
- Actions
  - Expansion of market share by introducing strategic products in the high-end price range based on global artist relations
  - Sustained stable supply through capital investment and stronger technology/skill cultivation

Mid-/high-end  
wind instrument  
share growth  
**+3%**

Trend and targets for sales and core operating profit ratio



## Guitar business



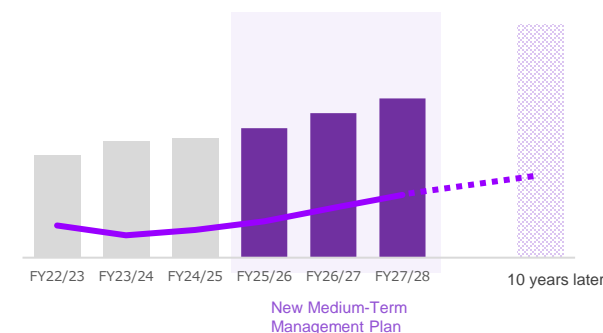
Improve earnings through manufacturing reforms and strengthen sales of mid- to high-end products

- Business environment
  - U.S. companies have a high market share in mid- to high-end products
  - House brands expanding market share among Entry-level products
  - Material and component costs continue to rise amid intense price competition.
- Actions
  - In-house integrated production to improve production efficiency through manufacturing reforms
  - Improvements to profit structure for guitar peripherals, including cost reduction measures
  - Launch of high-end products and gain customer trust through marketing originating in the U.S.

Cost reduction  
**-10%**

Mid-/high-end  
model sales  
composition  
**+8%**

Trend and targets for sales and core operating profit ratio



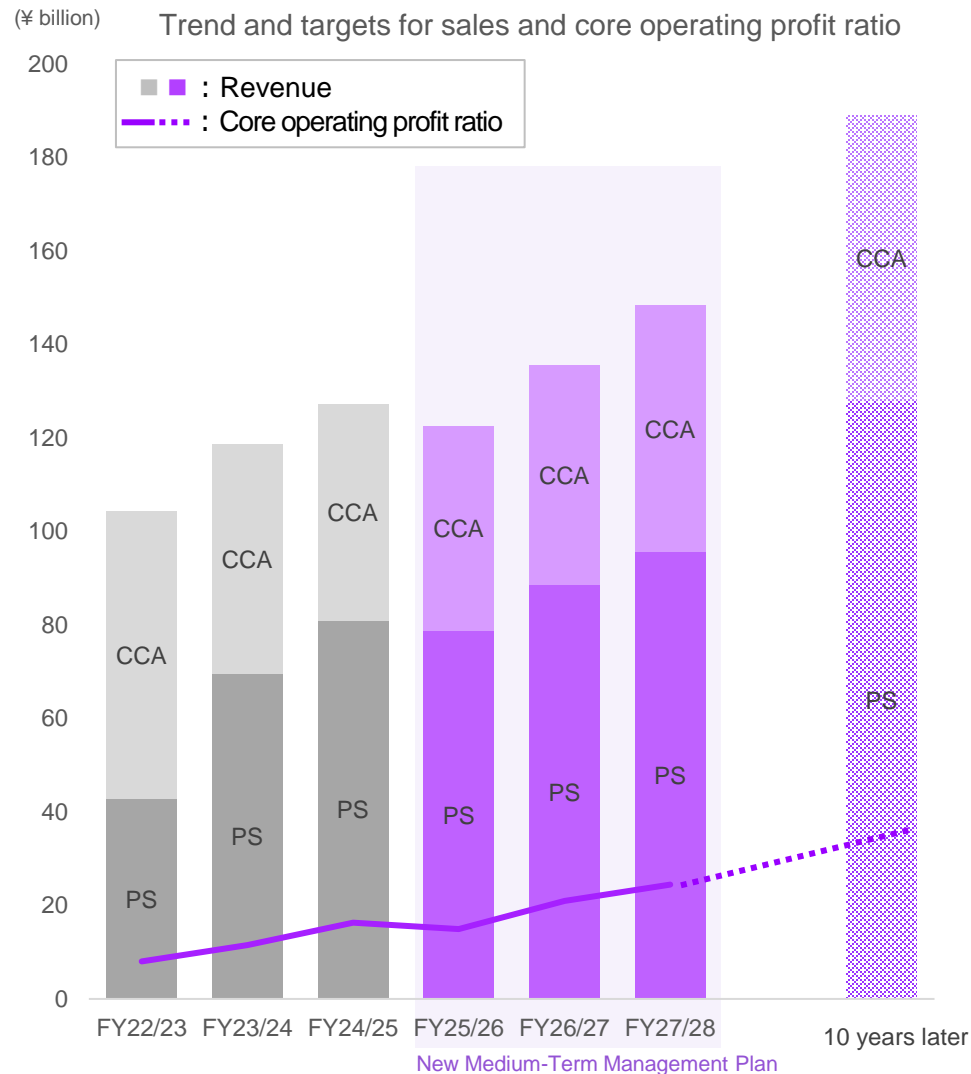


# Rebuilding a Strong Business Foundation

## 1-2 Audio Equipment Business



Accelerate growth in B2B audio equipment by creating an optimal business structure and quickly improve profitability of the home audio business



### Professional solutions business (PS)

#### Entertainment PA Equipment



#### Network Devices



### Creator & consumer audio business (CCA)

#### Content sharing & communication



#### Home audio products





# Rebuilding a Strong Business Foundation

## 1-2 Audio Equipment Business



- Strengths
  - Trusted and widely adopted in professional settings such as live sound, theaters, and studios
  - Established as the industry standard and holding the No.1 market share among mixers



- Strengths
  - High market share especially among corporations and educational institutions in the domestic corporate market
  - Provision of solutions across the entire network

### Professional solutions business (PS)



#### Entertainment PA Equipment



Enhance the functional integration between mixers and speakers; expand system sales of product packages for growth

- Business environment
  - Experience-based markets (concerts, etc.) expanded and grew steadily post-COVID
  - Diversification of device applications and needs, such as real, online, and hybrid
- Actions
  - Reorganization of business structure optimized to the characteristics of the audio equipment business
  - Expansion of sales of speakers developed jointly with trusted and renowned industry leader NEXO
  - Differentiation of mixers and speakers through functional integration and enhanced operability

#### Network Devices

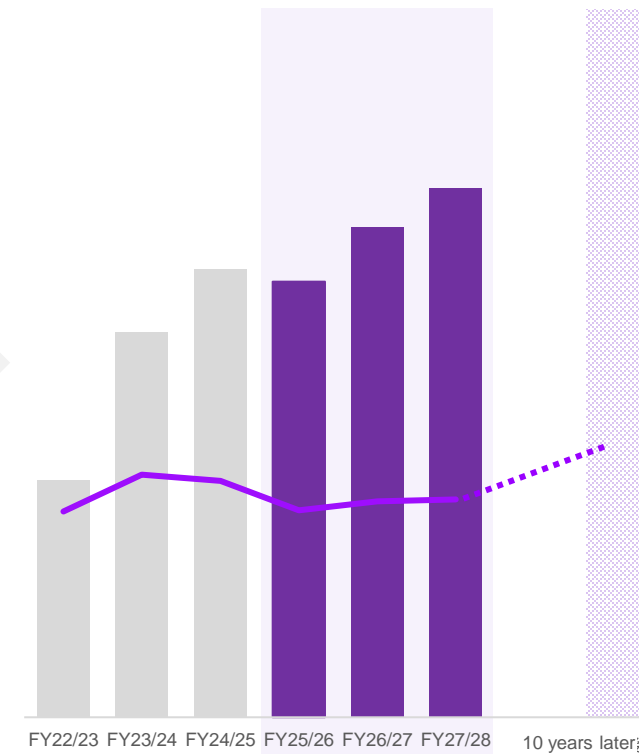


Co-create/provide optimal solutions for focus markets with channel partners

- Business environment
  - Strong market growth amid increased demand for DX and higher network speeds
  - Growing operation and management issues due to customers' lack of network IT personnel
- Strengths and actions
  - Provision of solutions for IT issues in cultural and educational facilities, hospitals, etc.
  - Creation of new customer value through integrated network management services\*

3-yr sales  
growth CAGR  
**+7%**

Trend and targets for sales and core operating profit ratio



New Medium-Term  
Management Plan



# Rebuilding a Strong Business Foundation

## 1-2 Audio Equipment Business



- Strengths
  - Reliability of streaming equipment based on mixer technology with the No.1 share
  - User-friendly operation and high sound quality highly praised by users



- Strengths
  - Our commitment to faithfully reproducing authentic sounds, cultivated through our experience as a musical instrument manufacturer
  - Advantages through advanced technologies such as sound field correction and networking

### Creator & consumer audio business (CCA)



#### Content sharing & communication



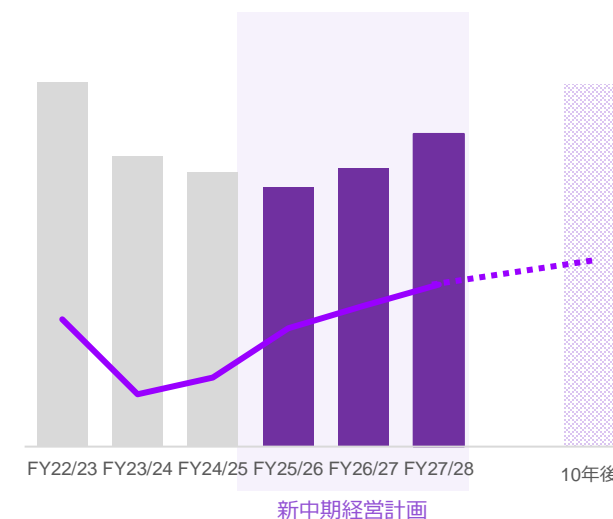
Grow as a brand supported by creators for production, streaming, live performances, etc.

- Business environment
  - Creator streaming has taken root. Market is expanding for solo/small-team live-streaming
  - Demand is emerging for high quality sound with easy operation and connectivity unlocked by AI & automation
- Actions
  - Establishment of a new market standard for customers with a new lineup of enhanced streaming capabilities
  - Provision of added value such as apps and services that simplify production and streaming

3-yr CS&C  
sales growth  
CAGR  
**+9%**

HA cost  
reduction  
**-25%**

Trend and targets for sales and core operating profit ratio



#### Home audio products



Restructure business by optimizing manufacturing and sales structure focused on hobbyist customers

- Business environment
  - Intensifying price competition amid growing commoditization in Entry-level price ranges
  - Quality and value-added competition continues among audio brands in the mid- to high-end price ranges
- Actions
  - Narrowing to mid- to high-end models that target sales regions and hobbyists
  - Reduction of development and manufacturing fixed costs through greater outsourced manufacturing



# Rebuilding a Strong Business Foundation

## 1-3 Focus Markets 1-4 Organizations/Systems

Improvement of profitability through business structural reforms based on environmental changes



### Chinese market

As a comprehensive musical instruments manufacturer, create future demand for products other than pianos and expand product sales

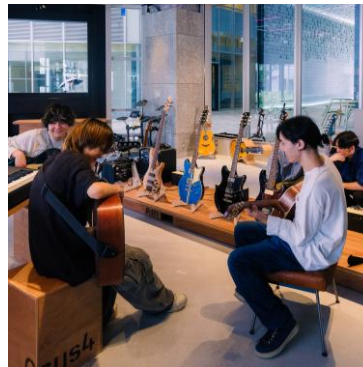
- Business environment
  - Decrease in acoustic piano sales volume due to lower educational demand for piano
  - Continued positioning as a large market despite sluggish economic growth
- Strengths and actions
  - Shift of piano business focus from volume to value-add, optimizing business structure
  - Establishment of specialized team for each product category/sales network to strengthen value-add proposition for guitars, wind instruments, and entertainment PA equipment, and creation of future demand



### Japanese market

Focus on customer growth and market share expansion while proceeding with profit structure reforms

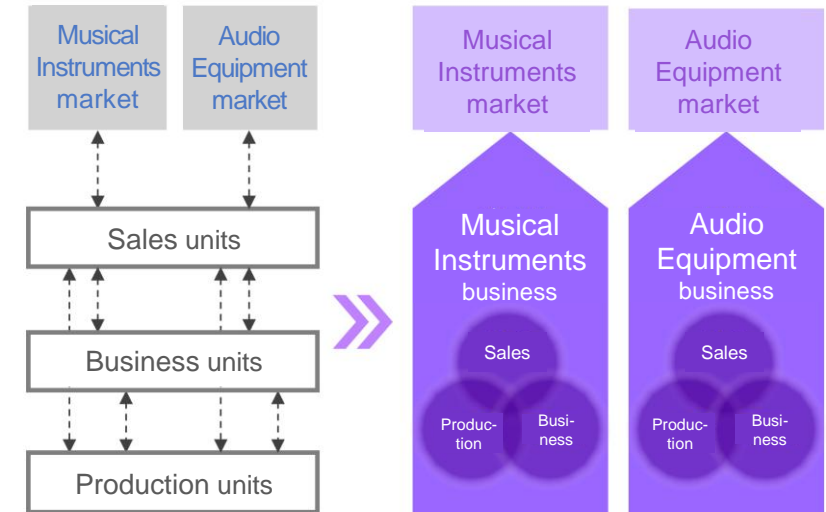
- Business environment
  - Strong customer base supported by music culture, despite slowing economic growth amid declining birthrate and aging population
  - Continue to promote demand development and revenue structure reforms by integrating subsidiaries for wholesale and retail sales of musical instruments and audio equipment
- Strengths and actions
  - Improvement of profit margin through streamlined operations and optimized prices
  - Expansion of the number of customers through region-specific and product-specific expert collaboration, specialized proposals, utilization of opportunities for hands-on experience, and promotional activities



### Organizations/systems

Reorganize organizations to increase execution speed and competitiveness

- Integration of business/production/sales function to reinforce collaboration
- Establishment of business operations integrating development/production/sales, optimized for individual characteristics/environment of musical instruments/audio equipment businesses



- Objective analysis utilizing an information database that captures signs of changes in the market environment, introduction of an early decision-making process at the management level to evaluate the appropriateness of strategies, and strengthening of supply chain management coordination and response capabilities



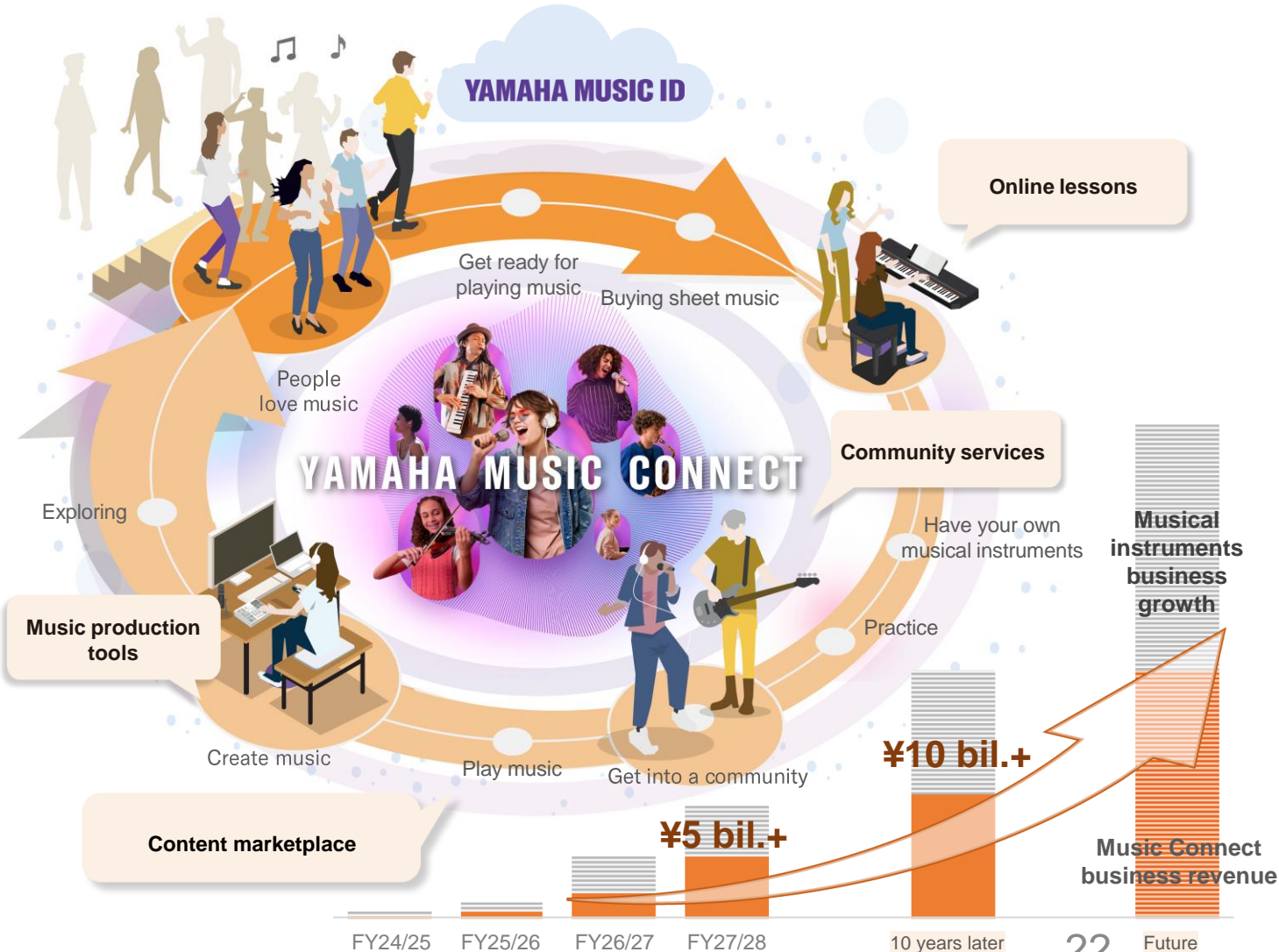


**Evolving to Create the Future**

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“Be one with music” Music Connect drives business growth



### Music Connect business



**Use the power of technology  
to expand the potential of people and music**

Expanding the number of people who enjoy music by improving and supporting the playing experience of each and every customer

#### Value added by Music Connect

#### Services

Rich music-playing experience with digital tools and lesson content

Online lessons  
Music production tools

More enjoyable music-playing experience through integration of hardware and software services

Content marketplace services

Connecting beyond time and place with online lessons, livestreaming, etc.

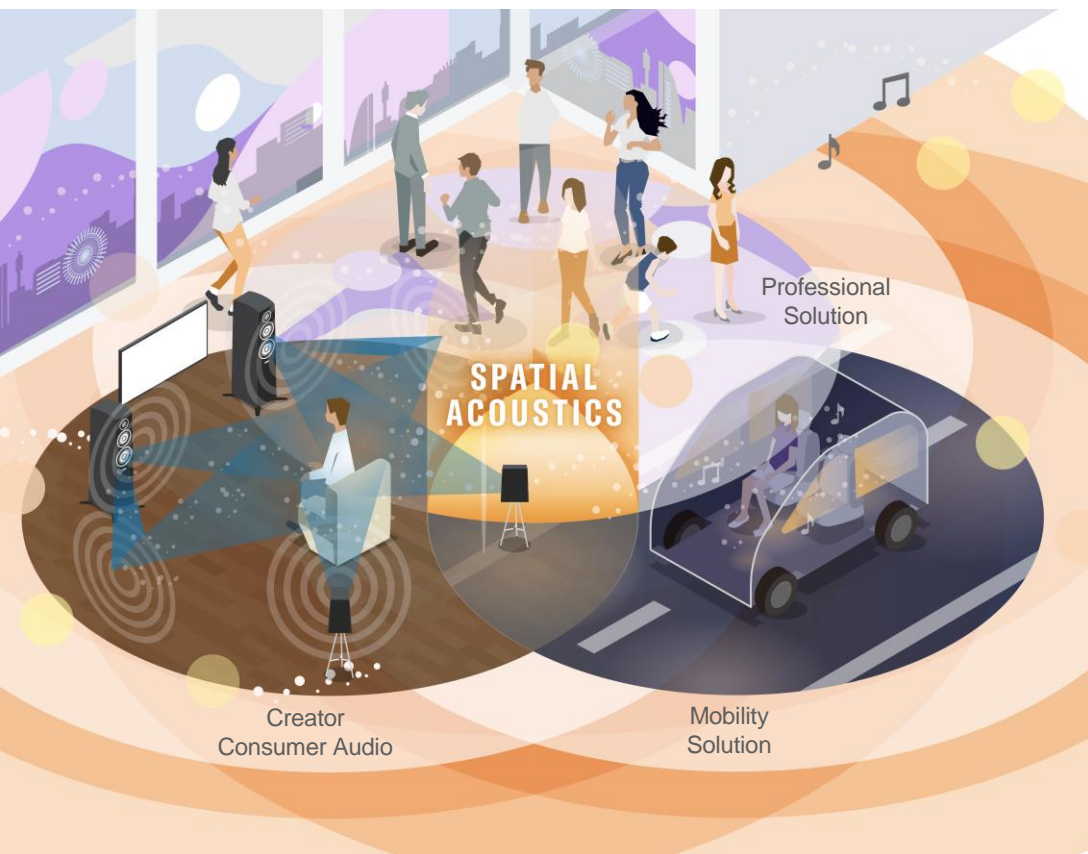
Community services

YAMAHA MUSIC ID

Designing services tailored to each individual based on YAMAHA MUSIC ID customer information infrastructure



Achieve high business growth in the audio equipment segment, including mobility solutions



### Total solution provider for spatial acoustics

Reinforcing of dedicated team/personnel to ensure rapid response to market/customer demands

### Create new sounds and experiences

Whether for individuals, live events and public facilities, or mobility; we create sound optimized for sound environments in diverse spaces

### Mobility solutions business (MS)<sup>\*1</sup>

Accelerate growth by offering premium experiences in line with customer requirements

- Business environment
  - EVs and automated driving changing how people spend time in cars
  - Demand for higher specs growing in China; new value propositions are required
- Strengths and actions
  - Technical capabilities to meet diverse manufacturer requirements in various countries and propose new experiences and specifications
  - Improvement of customer experience and development speed with Music AI<sup>\*2</sup>

<sup>\*1</sup> Mobility solutions business: Former electronic devices business

<sup>\*2</sup> Music AI: AI software for optimal sound environment settings

3-yr sales  
growth CAGR

**+6%**



### Professional solutions business (PS)

Expand domains with industry-leading signal processing and sound field adjustment technologies

- Business environment
  - Emerging needs for environmentally optimized high sound quality in commercial and public facilities
  - Growing demand for comprehensive performances combining light, sound, and video in the experiential market
- Strengths and actions
  - Proposal of customer solutions from local bases with an optimal structure tailored to market characteristics
  - Achievement of scene-optimized sound adjustment and experiential events with functions that facilitate integrated control of entire AV systems



Integrated control for optimal sound and experience





# Evolving to Create the Future

## 2-3 Growth Markets Business

## 2-4 New Business

Sales growth through proactive investment in  
priority markets



### India

**Further grow sales by expanding sales network  
and maximally leveraging local production model**

3-yr sales  
growth  
CAGR  
**+13%**

- Business environment
  - Market expansion due to population growth, economic development, and cultural maturity
  - Musical cultural background with particular preference toward entertainment and live performances.
- Actions
  - Musical instruments: Strengthening of sales of digital musical instruments and guitars through integrated manufacturing and sales structure, Expansion of sales network, with active introduction of local models and content
  - Audio equipment: Leveraging of strategic sales partners and expansion of speaker sales



**Philippines** Make the Philippines an engine of growth in ASEAN regions;  
expand sales of mid- to high-end products through stronger  
communication of our value proposition

3-yr sales  
growth CAGR  
in Philippines  
**+48%**

- Business environment
    - Market expansion due to economic development and cultural maturity
    - The Philippines is shifting business models from distributors to direct business via sales subsidiary, and sales network development is progressing at an accelerated pace
  - Actions
    - Expansion of the number of experience-focused stores such as "shops in shops" to enhance value communications.
    - Philippines as a potential market through strengthening the organizational structure of sales company.
- Further expansion of sales channels/partners for sales growth



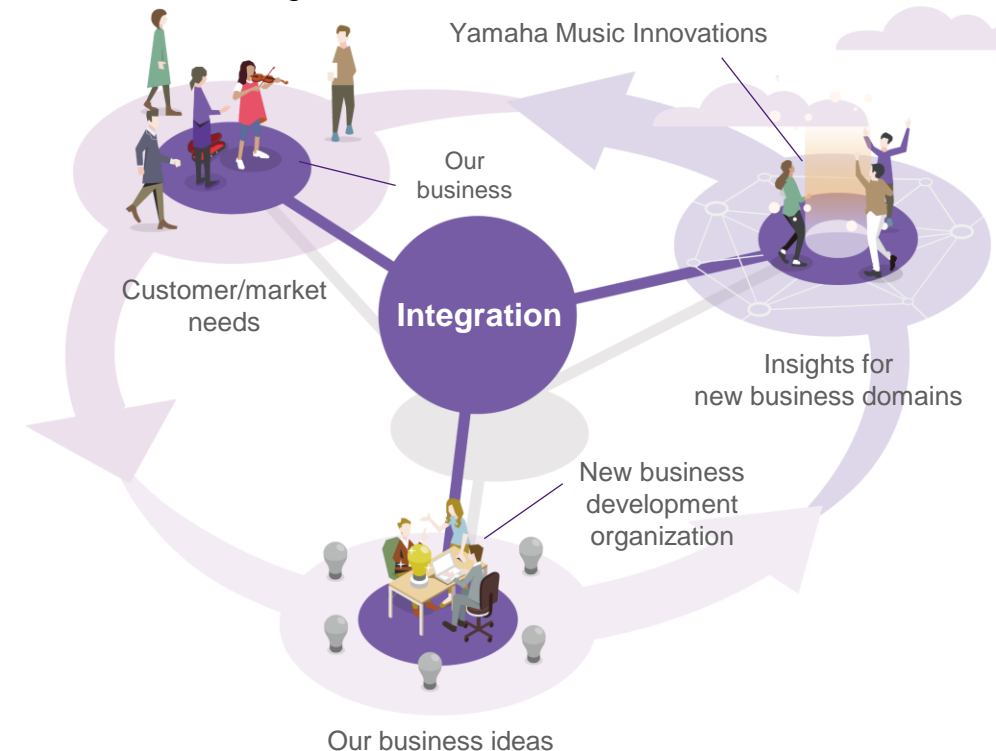
Plans to double sales offices  
mainly in urban areas

Building of mechanisms for new  
business creation



### Explore new business areas and business development

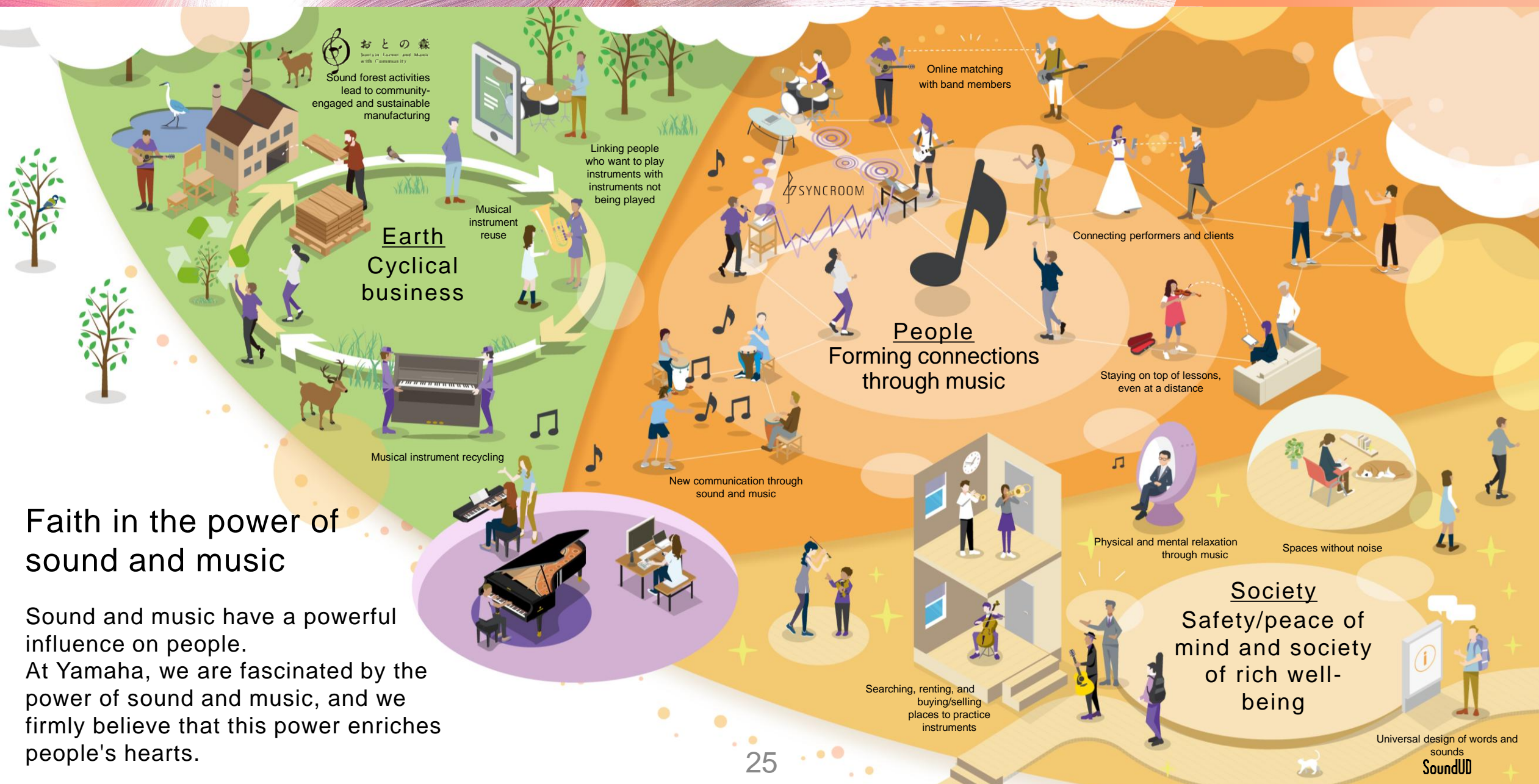
- Collaboration between Yamaha Music Innovations, new business development organization and existing businesses
- Building of a mechanism to accelerate expansion into adjacent areas and new business development, including via outside knowledge and collaboration





# Evolving to Create the Future

## 2-4 New Business





# **Strengthening the Management Foundation**

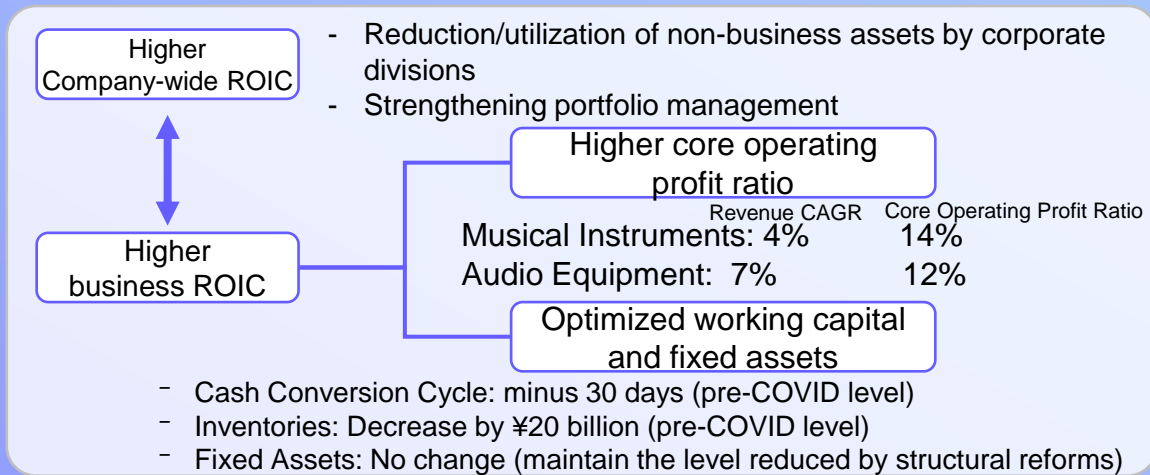
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Improve capital and asset efficiency, rapidly achieve ROIC > WACC

- Strengthening of balance sheet management through per-business ROIC tree analysis and actions

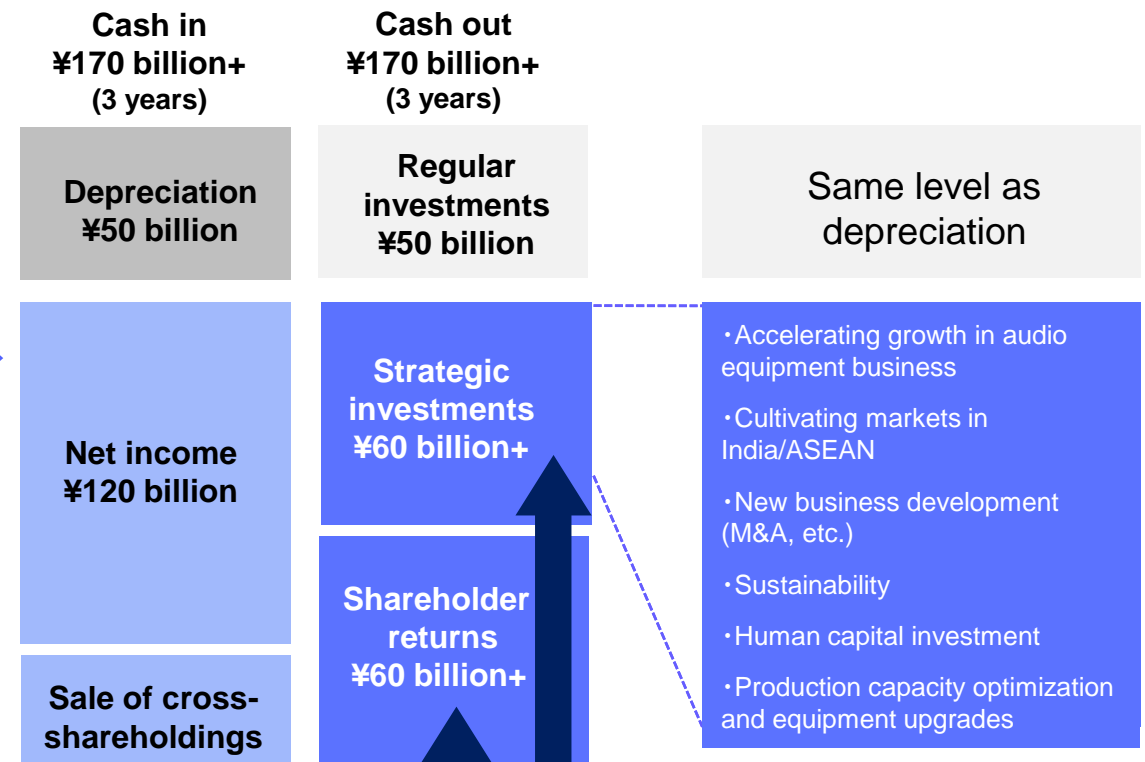


- Cross-shareholdings  
Scrutinize rationale for holdings and proceed with further reduction

- Shareholder return policy  
Total return ratio of 50% or more



Cash allocation and strategic investments



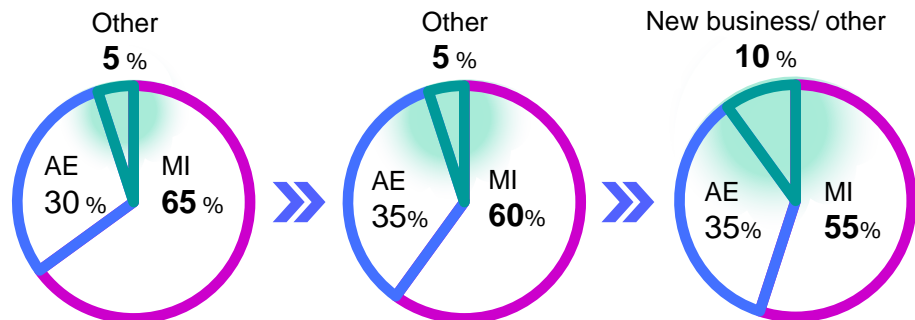
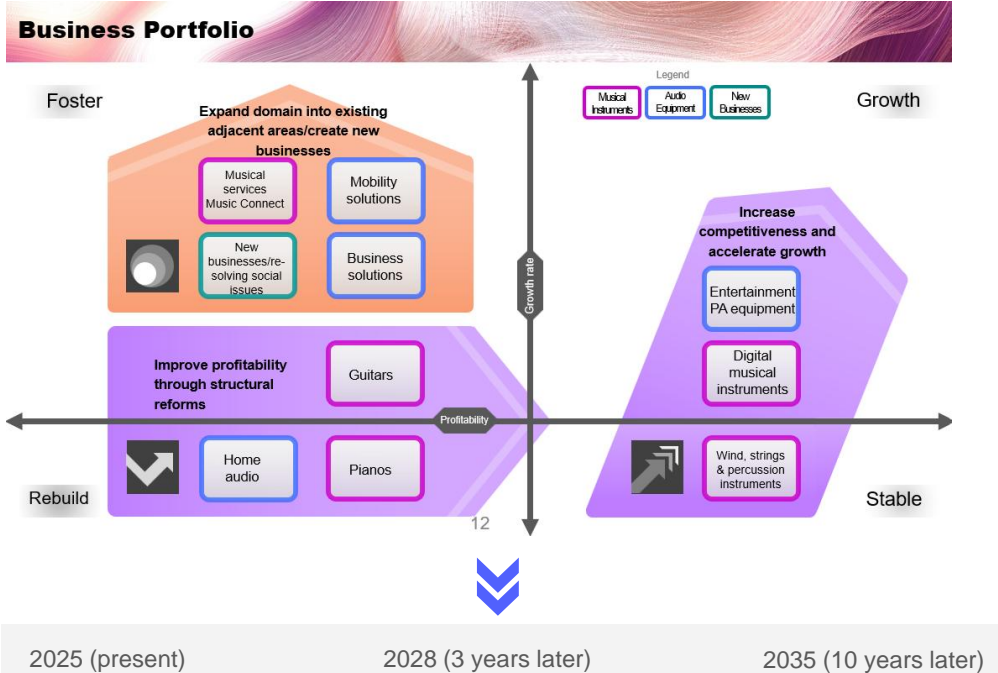
Balanced allocation of cash gained to strategic investment and shareholder returns



# Strengthening the Management Foundation

## 3-1 Improve Capital and Asset Efficiency

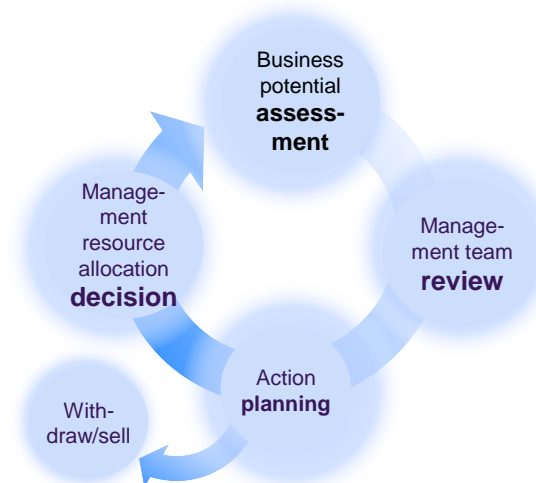
**Pivot to balance sheet management to enhance capital efficiency and strengthening portfolio management; accelerate rapid remediation of challenging businesses and aggressive investment in growth businesses**



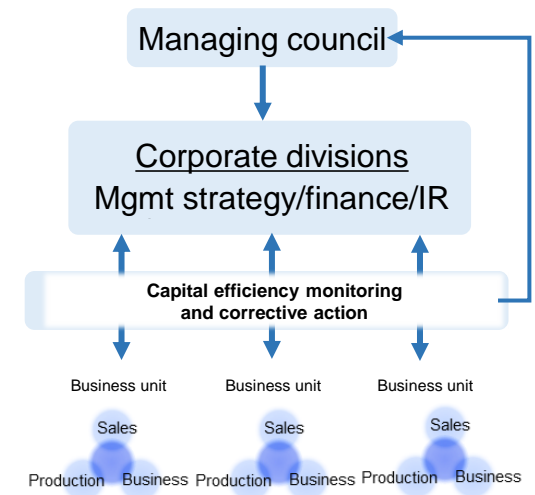
### Key transformation points

- Using three evaluation axes for portfolio business direction
  - Consistency with mission, management vision, and what we aim for
  - Evaluation of businesses based on future business potential and profitability (ROIC)
  - Examination of the meaning of our holdings from the best owner perspective
- Assessing businesses based on the evaluation axes and categorizing in one of four quadrants
- Introducing a management process for regular reviews  
Establishing investment/withdrawal standards
- Reorganizing to achieve ROIC management

### Management process



### Monitoring structure





# Strengthening the Management Foundation

## 3-2 Strengthen Human Capital and 3-3 Enhance Corporate Governance

### Strengthen human capital

Under a creative and ambitious organizational culture, employees who believe in their potential and continue to evolve independently help each other to create new value

- Fostering a creative and ambitious organizational culture
- Establishing a system to strengthen organizational capabilities and encourage individual growth
- Establishing a human resource management system linked to business strategies



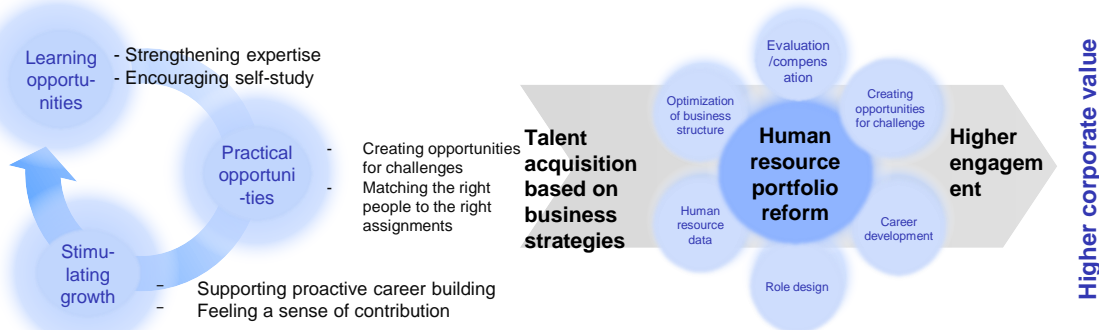
#### Human resource portfolio transformation in line with management strategy

##### Acquisition and development of human resources and optimal personnel structure based on business strategy

(e.g., audio equipment business expertise, market development and sales capabilities, new business development capabilities)

#### ■ System strengthening individual growth

#### ■ Talent management system

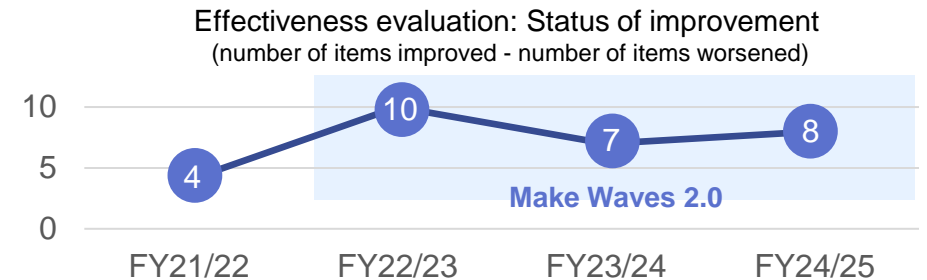


### Enhance corporate governance

Set medium- and long-term management direction and further strengthen supervision by improving the effectiveness of the Board of Directors

- Governance structure: Company with three committee (transitioned in June 2017)
  - Board of Directors
    - At least two-thirds of the Board of Directors consist of independent outside directors
    - Ample diversity in skills, nationality and gender
    - Board is chaired by a non-executive director, and each committee chair is an independent outside director
- Ended mutual dispatch of directors with Yamaha Motor Co., Ltd.

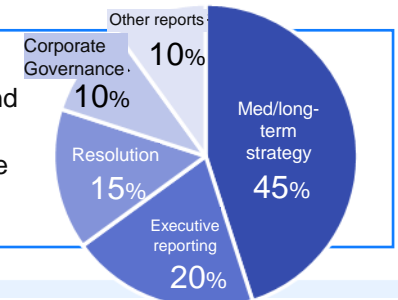
Current situation



Points to improve

- Greater Board effectiveness
  - Enhanced medium- and long-term strategies and business portfolio discussions
  - Meetings designed for objective and substantive discussions

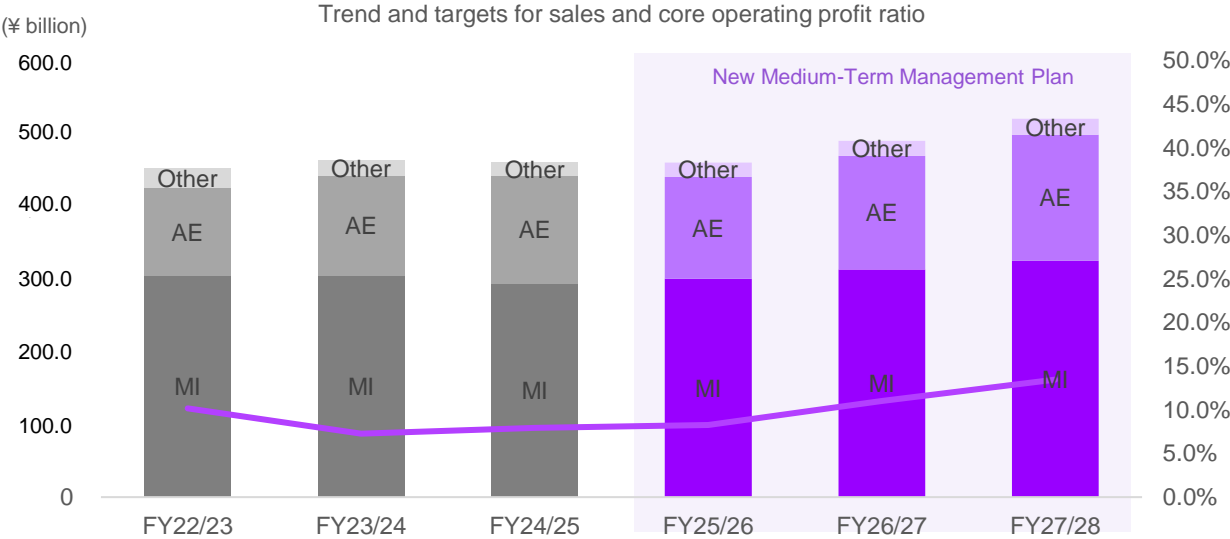
#### Breakdown of Board meeting time





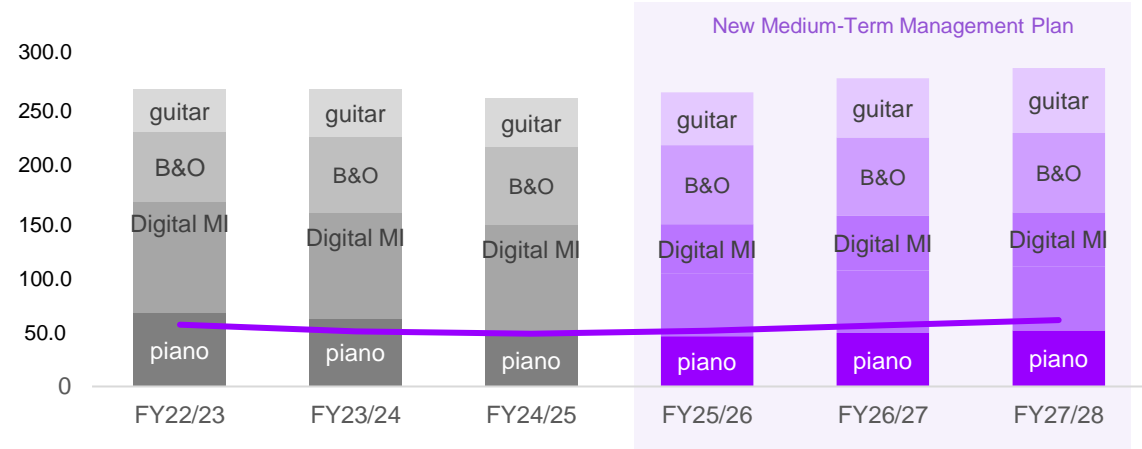
# Growth Targets

## Consolidated

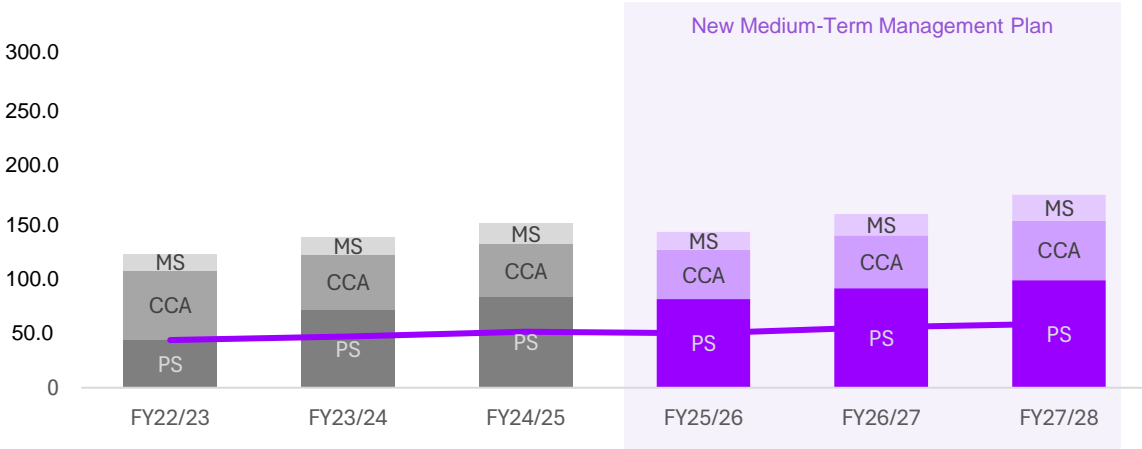


	FY24/25	FY27/28 Target
sales revenue	462.1 billion yen	520.0 billion yen
Business profit ratio	7.9%	13.5%
ROE	2.8%	10%

## Musical Instruments Business (MI)



## Audio equipment Business (AE)

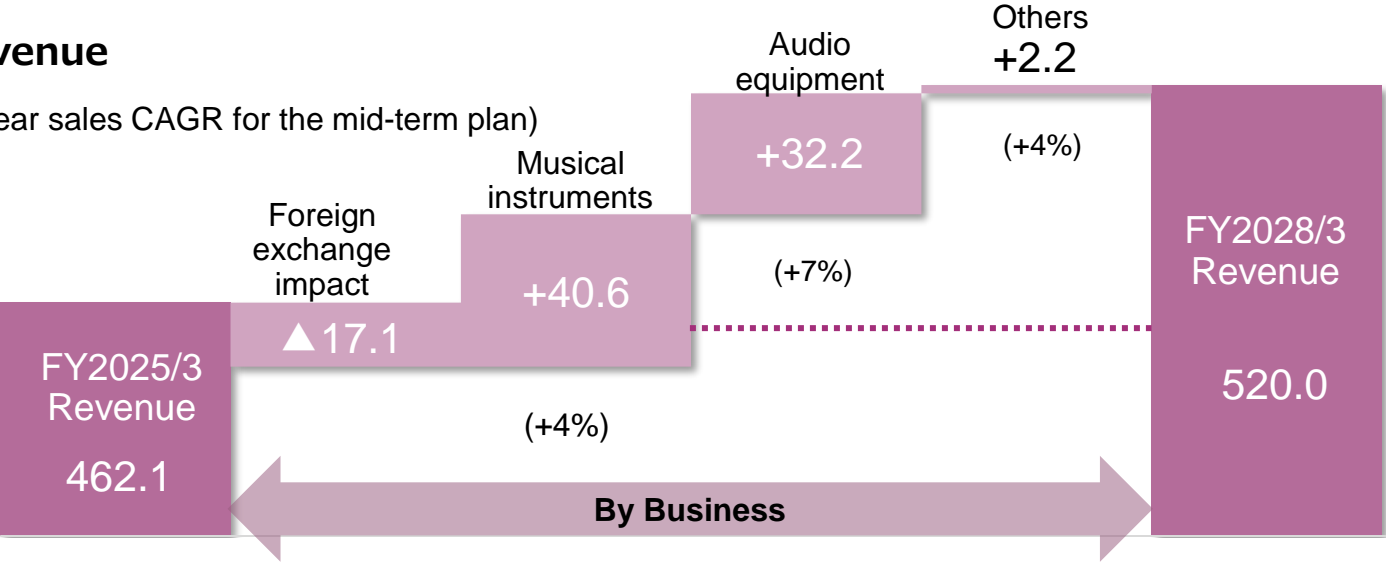




# Growth Factors (by Business Segment and Region)

## Revenue

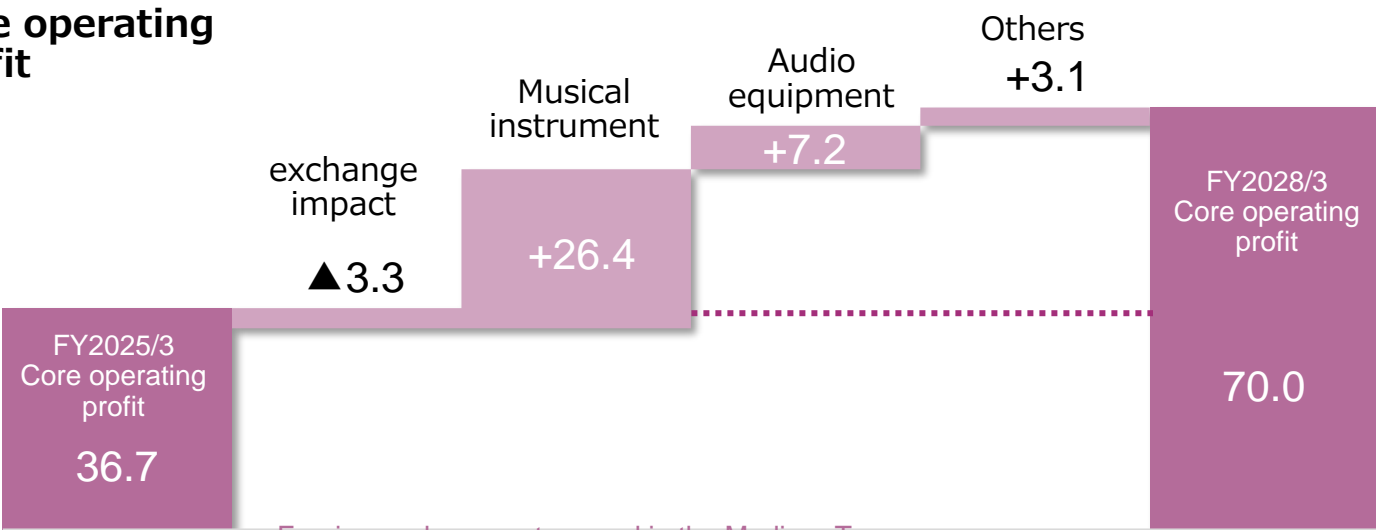
(3-year sales CAGR for the mid-term plan)



## By region

Region	3-yr sales CAGR
Mature countries	4%
Emerging countries	10%
Of which, India/Philippines	18%
Total	5%

## Core operating Profit



Foreign exchange rates used in the Medium-Term Management Plan: US\$1 = ¥145 and €1 = ¥160

## Core operating profit ratio

		FY2025/3	FY2028/3	3-year growth
Musical instruments	Revenues	296.1	325.0	+28.9
	Core operating profit	22.1	46.0	+23.9
	Core operating profit ratio	7.5%	14.2%	+6.7 P
Audio equipment	Revenues	147.8	175.0	+27.2
	Core operating profit	14.3	21.0	+6.7
	Core operating profit ratio	9.7%	12.0%	+2.3 P
Other	Revenues	18.2	20.0	+1.8
	Core operating profit	0.3	3.0	+2.7
	Core operating profit ratio	1.6%	15.2%	+13.6 P
Total	Revenues	462.1	520.0	+57.9
	Core operating profit	36.7	70.0	+33.3
	Core operating profit ratio	7.9%	13.5%	+5.5 P





Forward-looking statements in this document are based on information currently available to Yamaha and Yamaha Group companies, and include risks and uncertainties.

Accordingly, actual results may differ significantly from these forecasts due to factors such as the economic environment surrounding the business, demand trends, and exchange rate trends, particularly with respect to the U.S. dollar and the euro.