



Pioneer Corporation

***Business Results
for Third Quarter of Fiscal 2018***

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February 9, 2018

Main Points of Today's Presentation

1. Business Results for 3Q of FY2018

- **Compared with the corresponding period of FY2017, net sales and operating income both decreased for the third quarter of fiscal 2018 and for the nine months ended December 31, 2017 mainly due to lower sales of Car Electronics. The amount of net loss declined for the third quarter of fiscal 2018 mainly due to a decrease in foreign exchange loss, but deteriorated for the nine months because of expanded foreign exchange loss.**
- **Compared with our plans, net sales, operating income and net income (loss) all did not reach the target mainly due to lower sales of Car Electronics.**

2. Business Forecasts for FY2018

- **Annual forecasts were revised downward to net sales of 370.0 billion yen, operating income of 5.0 billion yen and net loss of 3.0 billion yen. These revisions reflect recent slow sales of the consumer market products in Car Electronics, as well as the deterioration in the cost of sales ratio due to sales decrease.**

Today's Agenda

- 1. Business Results for 3Q of FY2018**
- 2. Business Forecasts for FY2018**

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this presentation with respect to our current plans, estimates, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. It is not our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to: (i) general economic conditions in our markets, particularly levels of consumer spending, and levels of demand in the major industrial sectors which we serve; (ii) exchange rates, particularly between the Japanese yen and the U.S. dollar, the euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continuously design and develop and win acceptance for our products in extremely competitive markets; (iv) our ability to successfully implement our business strategies; (v) the success of our joint ventures, alliances and other business relationships with third parties; (vi) our ability to access funding; (vii) our continued ability to devote sufficient resources to research and development, and capital expenditure; (viii) our ability to ensure the quality of our products; (ix) conditions in which we are able to continuously procure key parts essential to our manufacturing operations; and (x) the outcome of contingencies.

1. Business Results for 3Q of FY2018

Consolidated Business Results for 3Q & Nine Months of FY2018

(billion yen)

	Third Quarter			Nine Months		
	FY17	FY18	% to Prior Year	FY17	FY18	% to Prior Year
Net Sales	98.4	94.7	96.2%	288.8	270.9	93.8%
Operating Income	1.9	0.1	3.4%	3.4	2.1	62.3%
Ordinary Income/Loss	-1.0	-1.8	-	1.9	-2.2	-
Net Income/Loss*	-4.0	-2.9	-	-3.0	-5.5	-
Net Income/Loss* per Share (yen)	-10.88	-7.56	+3.32	-8.25	-14.85	-6.60
ROE	-19.8%	-13.8%	+6.0%	-4.8%	-8.9%	-4.1%
Book-value per Share (yen)	228.42	219.39	-9.03			
ROA	-5.6%	-3.9%	+1.7%	-1.4%	-2.5%	-1.1%

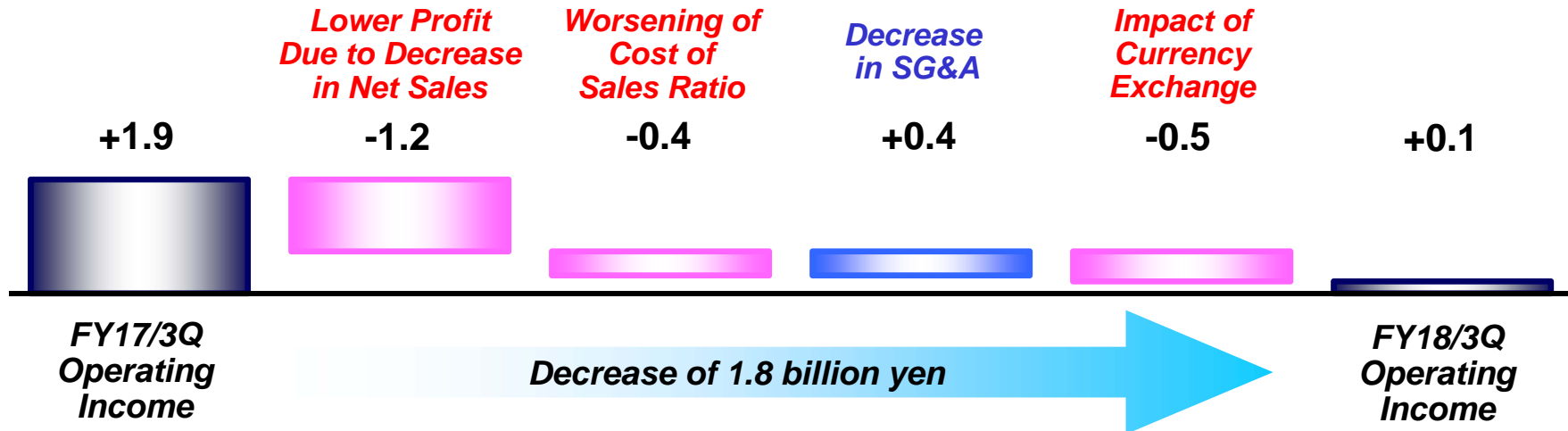
* Net income/loss attributable to owners of Pioneer Corporation

Average Currency Rate (yen)	1 US\$	109.30	112.98	+3.3%	106.63	111.70	+4.5%
	1 Euro	117.78	133.01	+11.5%	118.02	128.53	+8.2%

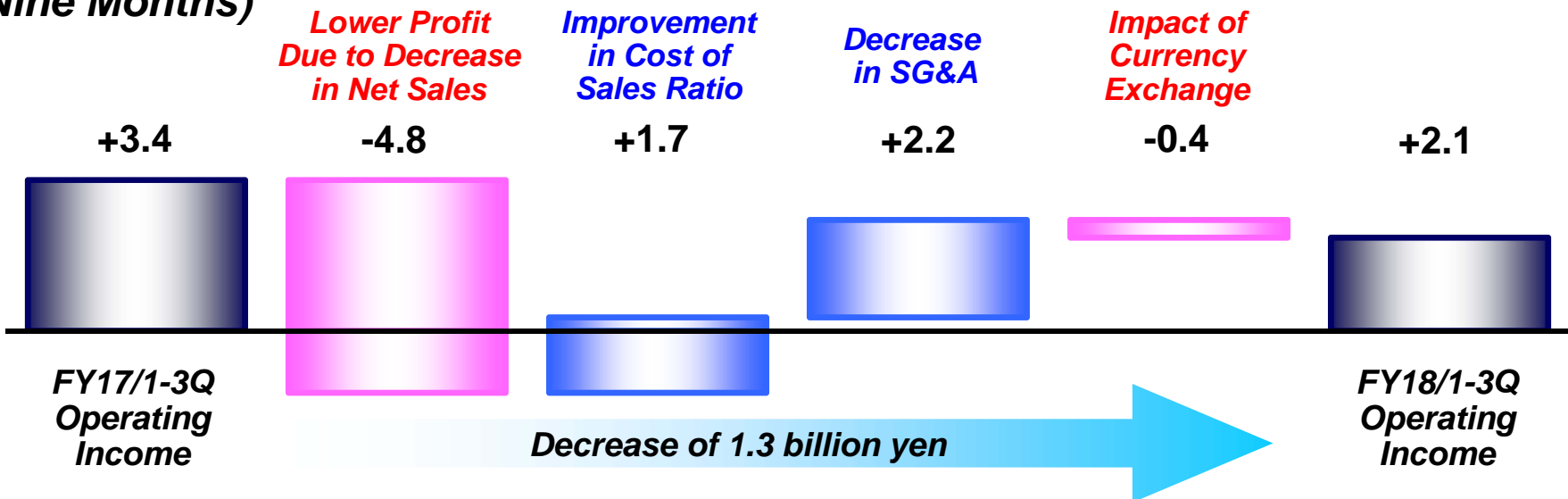
Operating Income Structure Breakdown

(Third Quarter)

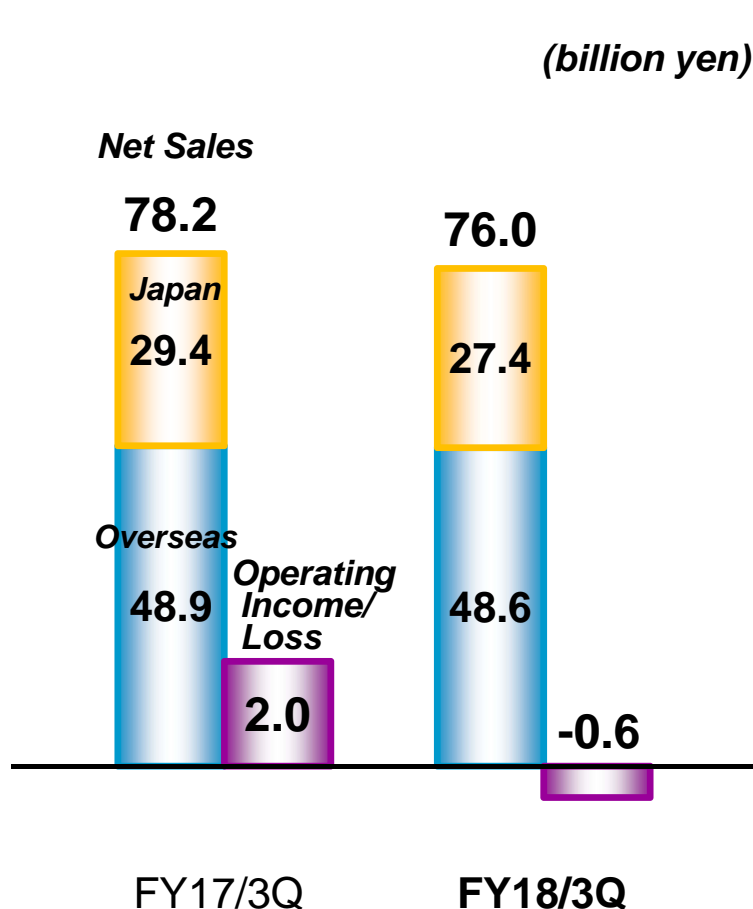
(billion yen)



(Nine Months)



3Q Results: Car Electronics



< Net Sales > OEM Ratio to Net Sales: 58% (FY17/3Q: 59% *)

% to Prior Year	97% (Japan 93%, Overseas 99% (Local currency basis: 94%))
Increase Factors	Telematics services, OEM car audio products, and map software
Decrease Factors	OEM car navigation systems, consumer market car navigation systems, and consumer market car audio products

< Operating Income/Loss >

Year-on-Year	Worsening of 2.6 billion yen
Positive Factor	None
Negative Factors	Lower profit due to decrease in net sales, Increase in SG&A, worsening of cost of sales ratio, and impact of currency exchange

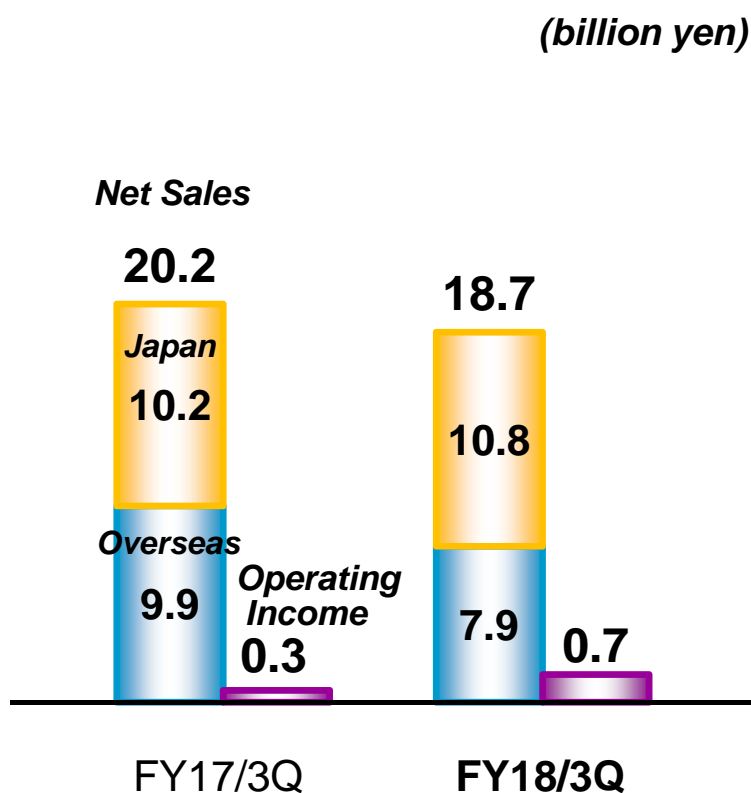
Main products are:

Car navigation systems, Car stereos, Car AV systems, Car speakers, and Map software

* From FY18, some overseas car navigation systems are reclassified from consumer market business to OEM business. Figures shown for FY17/3Q have been reclassified accordingly.

Note: Operating income/loss by segment represents figures prior to elimination of transactions among segments.

3Q Results: Others



< Net Sales >

% to Prior Year	93% (Japan 106%, Overseas 79% (Local currency basis: 76%))
Increase Factors	DJ equipment (subcontracted manufacturing and sales), and optical disc drive-related products
Decrease Factors	Equipment for cable-TV systems (business transfer), and home AV products

< Operating Income >

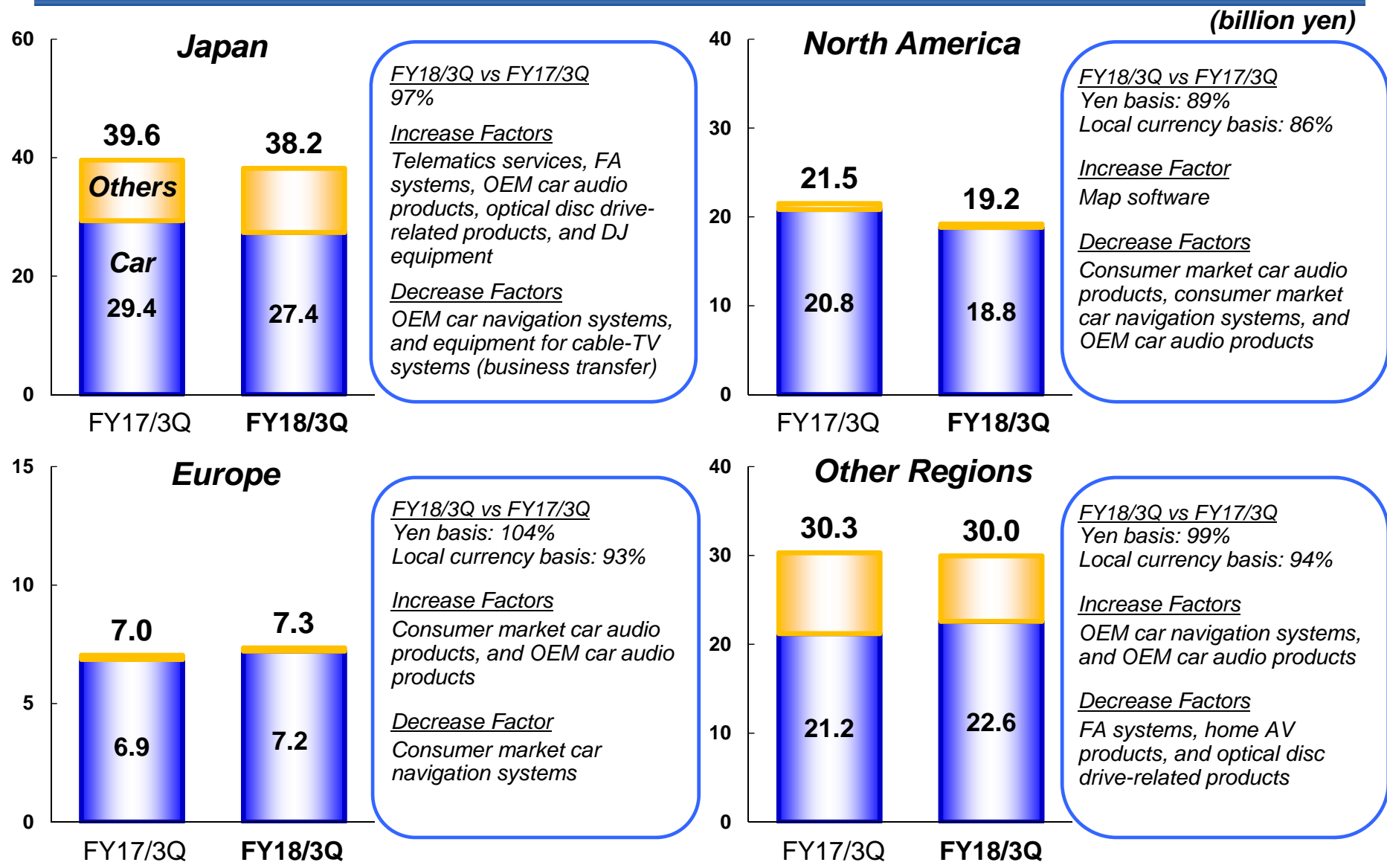
Year-on-Year	Improvement of 0.5 billion yen
Positive Factors	Improvement in cost of sales ratio, and decrease in SG&A
Negative Factor	Lower profit due to decrease in net sales

Main products are:

Optical disc drive-related products, Factory automation (FA) systems, Electronic devices and parts, Organic light-emitting diode (OLED) displays, DJ equipment (subcontracted manufacturing and sales), and Home AV products

Note: Operating income by segment represents figures prior to elimination of transactions among segments.

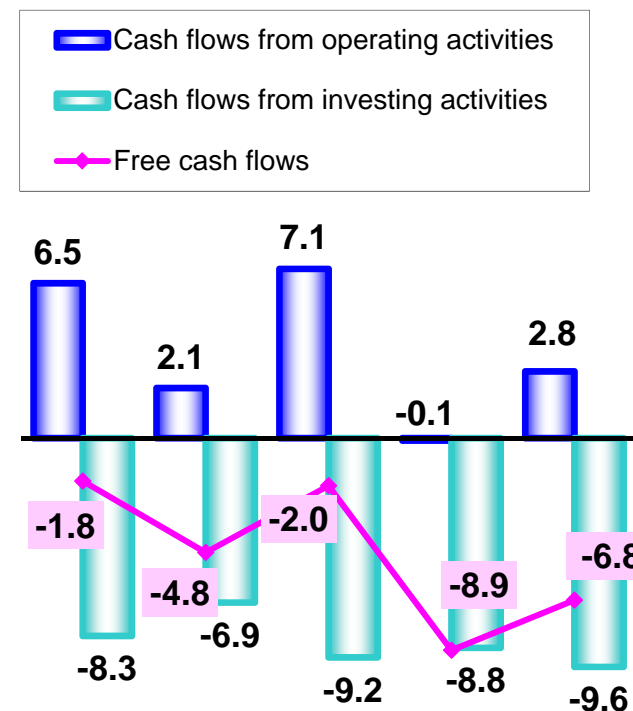
3Q Results: Net Sales by Geographic Segment



3Q & Nine Month Results: Cash Flows

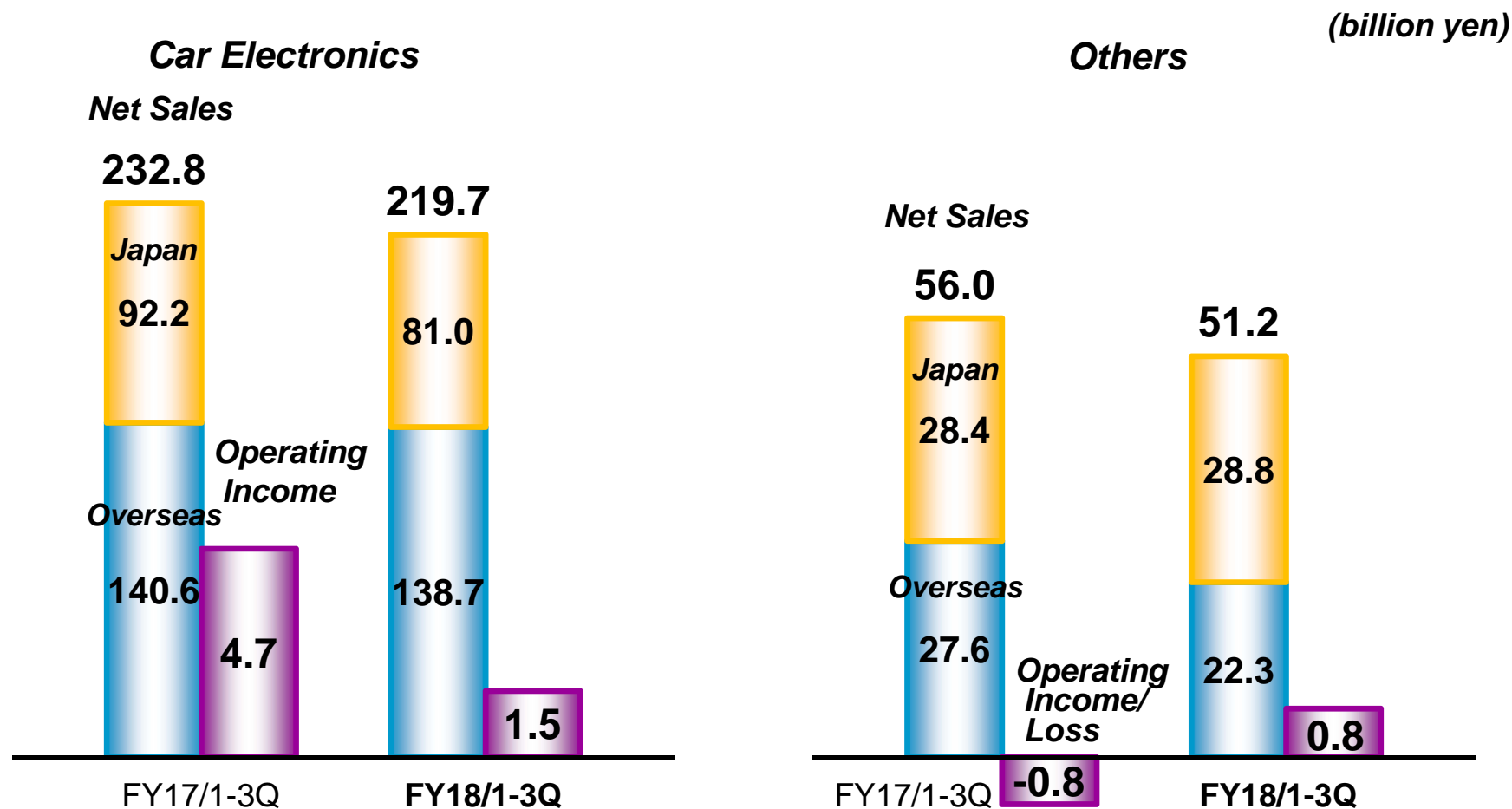
(billion yen)

	Third Quarter		Nine Months	
	FY17	FY18	FY17	FY18
Loss before income taxes	-3.2	-1.7	-1.2	-3.2
Depreciation and amortization	6.3	5.5	18.9	15.1
Decrease in trade receivables	4.1	1.8	10.4	5.0
Decrease (increase) in inventories	0.3	-0.3	-3.9	-4.5
Decrease in trade payables	-4.1	-2.2	-4.0	-1.5
Decrease in accrued expenses	-0.8	-2.4	-1.2	-2.5
Others	3.8	2.2	-1.6	1.4
Cash flows from operating activities	6.5	2.8	17.5	9.8
Cash flows from investing activities	-8.3	-9.6	-27.1	-27.5
Cash flows from financing activities	-0.6	10.7	2.7	16.1
Foreign currency translation adjustments on cash and cash equivalents	3.3	0.3	0.1	1.1
Free cash flows	-1.8	-6.8	-9.6	-17.7
Net increase (decrease) in cash and cash equivalents	0.9	4.2	-6.9	-0.6
Balance of cash and cash equivalents	45.1	37.8		
Net cash balance	4.8	-13.9		



FY17/3Q FY17/4Q FY18/1Q FY18/2Q FY18/3Q

Nine Month Results : Net Sales & Operating Income/Loss by Segment



Note: Operating income/loss by segment represents figures prior to elimination of transactions among segments.

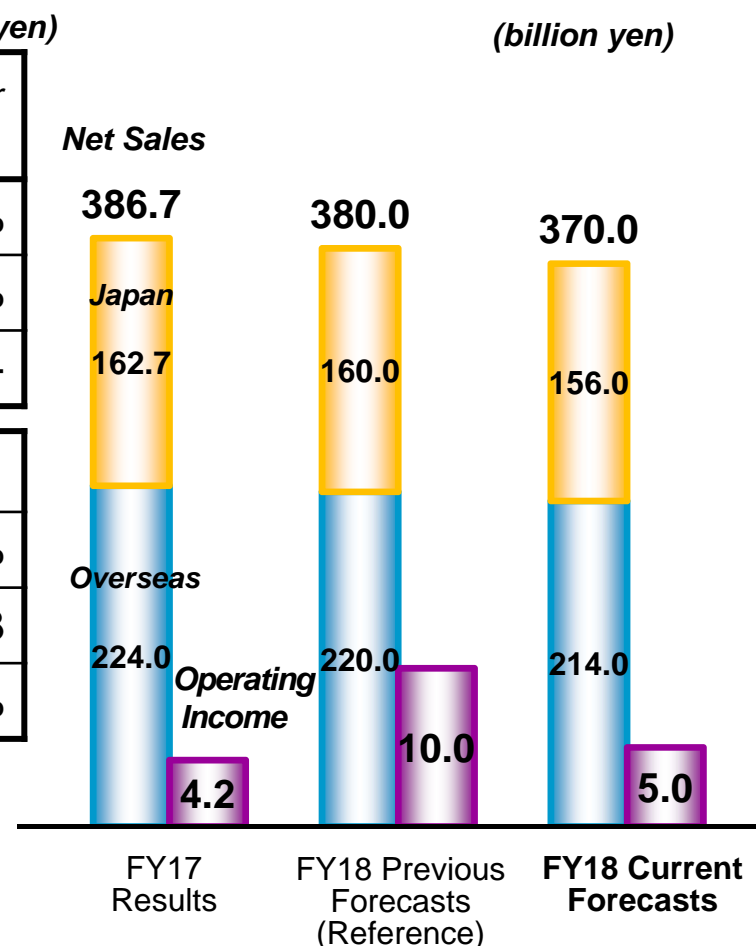
2. Business Forecasts for FY2018

Consolidated Business Forecasts for FY2018

	(billion yen)			
	FY17 Results	FY18 Previous Forecasts	FY18 Current Forecasts	% to Prior Year
Net Sales	386.7	380.0	370.0	95.7%
Operating Income	4.2	10.0	5.0	120.0%
Net Income/Loss*	-5.1	3.5	-3.0	-
Net Income/Loss* per Share (yen)	-13.76	9.39	-8.05	+5.71
ROE	-6.0%	4.0%	-3.6%	+2.4%
Book-value per Share (yen)	224.72	241.87	226.02	+1.3
ROA	-1.7%	1.2%	-1.0%	+0.7%

* Net income/loss attributable to owners of Pioneer Corporation

Average Currency Rate (yen)	1 US\$	108.38	110.53	111.22
	1 Euro	118.79	127.14	129.49

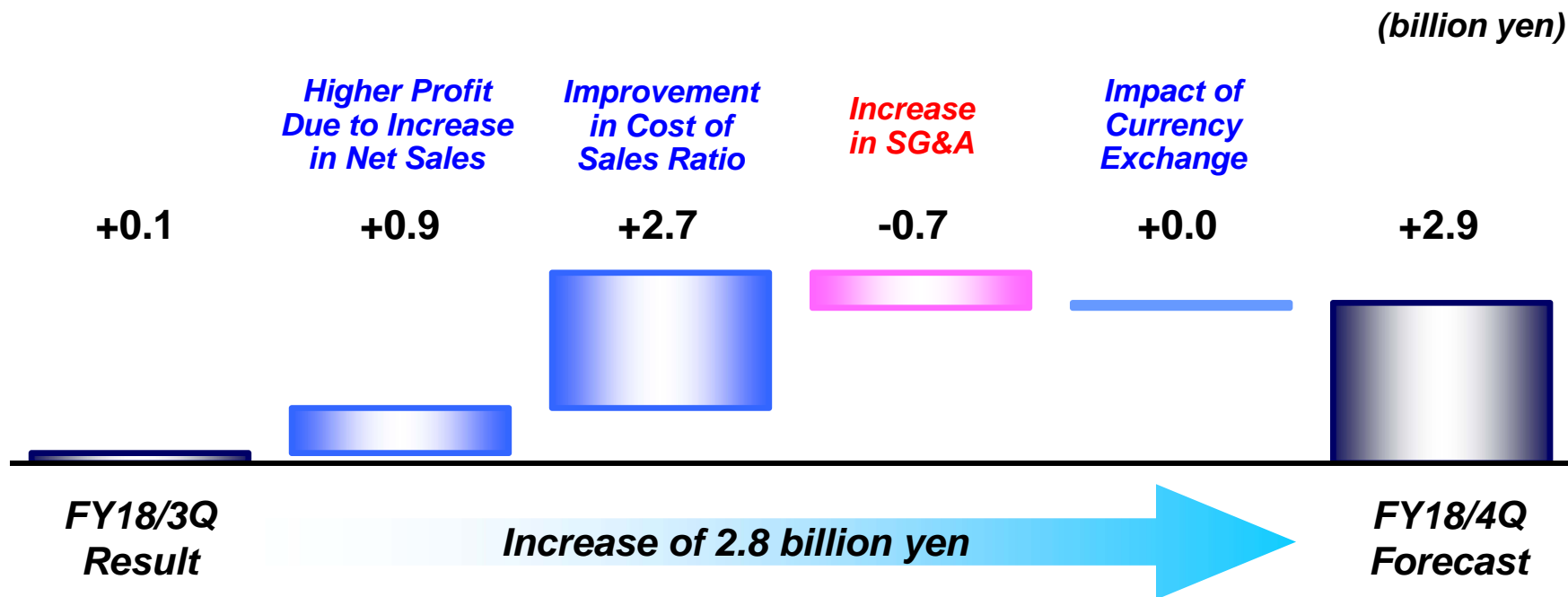


Notes: 1. The yen-U.S. dollar exchange rate assumption for remaining three months of FY2018 is 110 yen, while the yen-euro exchange rate assumption is 135 yen.

2. In case of 1 yen appreciation against US\$ and euro, impacts on remaining three months are:

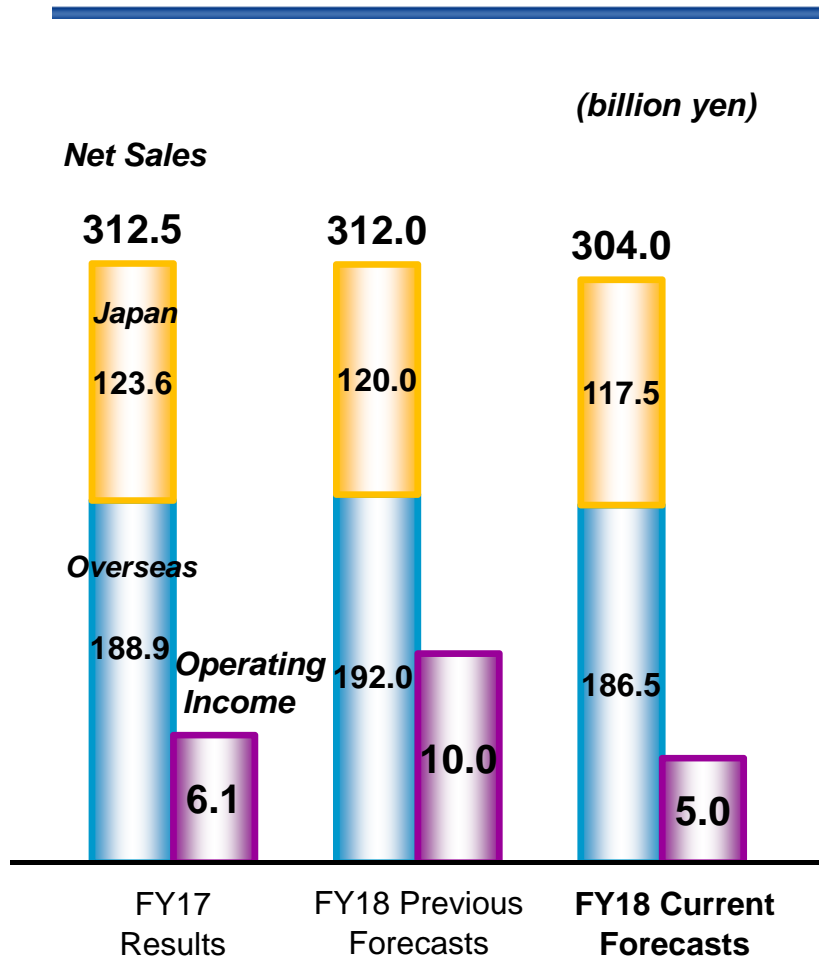
Net sales— US\$: -440 million yen; euro: -50 million yen / Operating income— US\$: +50 million yen; euro: -30 million yen.

FY2018 Forecasts: 4Q Operating Income Breakdown Compared to 3Q



- **Net sales are planned to increase mainly in the consumer market business of Car Electronics.**
- **Cost of sales ratio is expected to improve due to business mix from higher sales in consumer market business.**
- **SG&A expenses are expected to increase in line with higher sales.**

FY2018 Forecasts: Car Electronics



Note: Operating income by segment represents figures prior to elimination of transactions among segments.

< Net Sales > OEM Ratio to Net Sales: 57% (FY17: 60% *)

% to Prior Year	97% (Japan 95%, Overseas 99% (Local currency basis: 94%))
Increase Factors	Consumer market car audio products, OEM car audio products, telematics services, and map software
Decrease Factors	OEM car navigation systems, and consumer market car navigation systems
% to Prev. Forecasts	97% (Japan 98%, Overseas 97%)
Positive Factors	OEM car audio products, and telematics services
Negative Factors	Consumer market car audio products, OEM car navigation systems, and consumer market car navigation systems

< Operating Income >

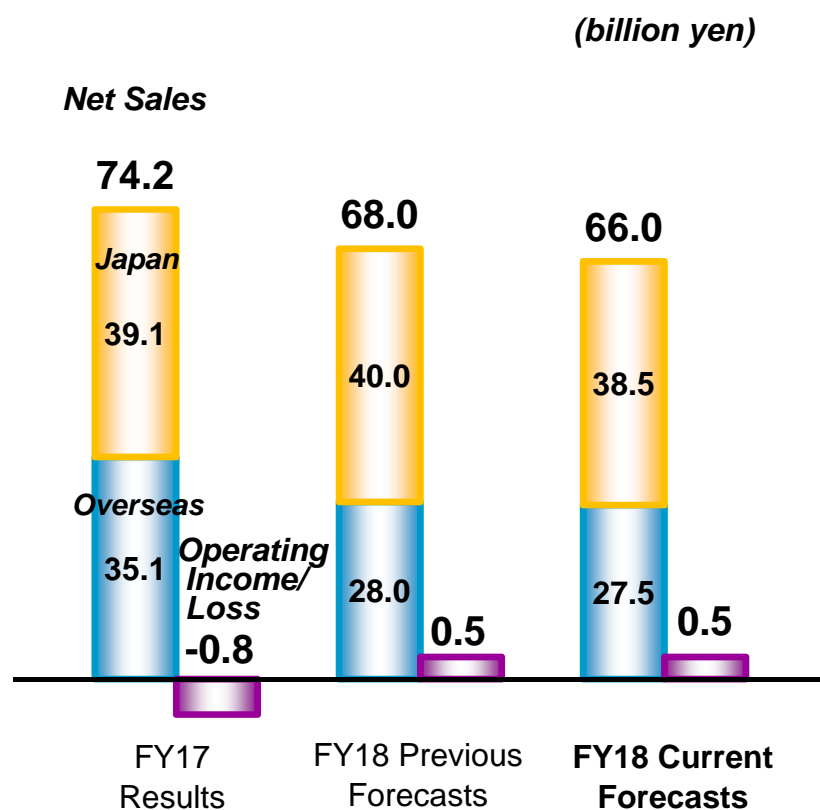
Year-on-Year	Worsening of 1.1 billion yen
Positive Factors	Improvement in cost of sales ratio, and decrease in SG&A
Negative Factors	Lower profit due to decrease in net sales, and impact of currency exchange
vs. Prev. Forecasts	Worsening of 5.0 billion yen
Positive Factor	Decrease in SG&A
Negative Factors	Worsening of cost of sales ratio, and lower profit due to decrease in net sales

< Shipment to Consumer Market > (thousand units)

	FY2017 Results	FY2018 Previous Forecasts	FY2018 Current Forecasts
Car navigation systems	568 *	580	540
Car CD players	5,834	6,000	5,400
Car AV products	1,367	1,700	1,500

* From FY18, some overseas car navigation systems are reclassified from consumer market business to OEM business. Figures shown for FY17 have been reclassified accordingly.

FY2018 Forecasts: Others



< Net Sales >

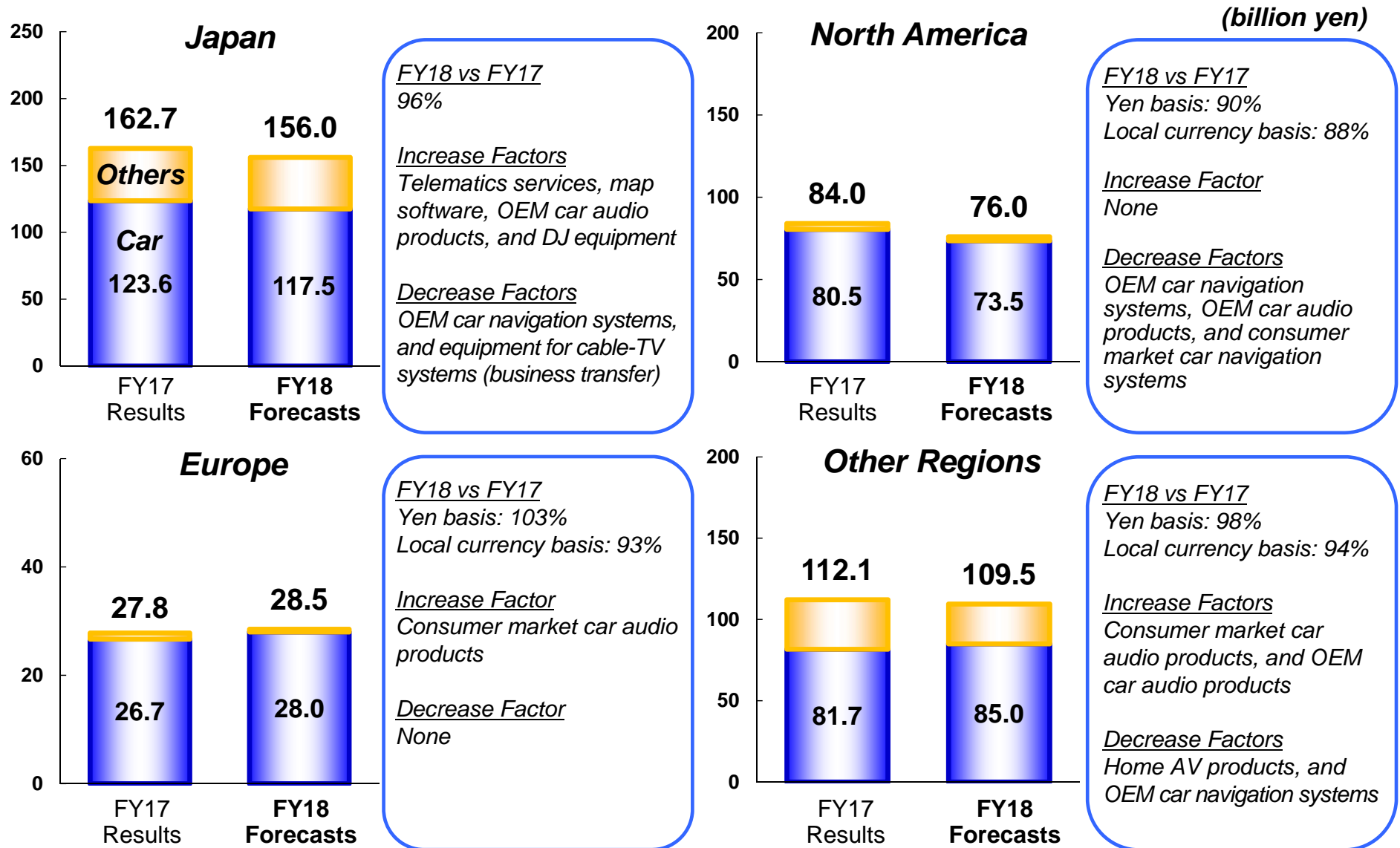
% to Prior Year	89% (Japan 99%, Overseas 78% (Local currency basis: 76%))
Increase Factor	DJ equipment (subcontracted manufacturing and sales)
Decrease Factors	Home AV products, and equipment for cable-TV systems (business transfer)
% to Prev. Forecasts	97% (Japan 96%, Overseas 98%)
Positive Factor	None
Negative Factor	FA systems

< Operating Income/Loss >

Year-on-Year	Improvement of 1.3 billion yen
Positive Factors	Improvement in cost of sales ratio, decrease in SG&A, and impact of currency exchange
Negative Factor	Lower profit due to decrease in net sales
vs. Prev. Forecasts	No change

Note: Operating income/loss by segment represents figures prior to elimination of transactions among segments.

FY2018 Forecasts: Net Sales by Geographic Segment



FY2018 Forecasts: Financial Data

(billion yen)

	<i>FY17 Results</i>	<i>FY18 Previous Forecasts</i>	<i>FY18 Current Forecasts</i>
R&D Expenses (% to net sales)	23.9 (6.2%)	25.0 (6.6%)	25.0 (6.8%)
Capital Expenditures	35.2	38.0	35.0
Depreciation & Amortization	24.9	21.5	21.5
Inventories	49.8	52.0	53.0
Cash Flows from Operating Activities	19.6	23.0	18.0
Cash Flows from Investing Activities	-34.0	-40.5	-37.5
Cash Flows from Financing Activities	1.4	6.5	15.0
Free Cash Flows	-14.4	-17.5	-19.5
Equity	86.8	96.0	90.0
Equity Ratio	29%	31%	29%
D/E Ratio	0.5 times	0.5 times	0.6 times
Net Cash Balance	-0.8	-15.0	-16.0

Note: D/E Ratio = Debt ÷ (Equity – Noncontrolling Interests)

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