

News Release

**For Immediate Release
August 6, 2013**

Pioneer Announces Business Results for 1Q Fiscal 2014

Pioneer Corporation today announced its consolidated first-quarter business results for the period ended June 30, 2013.

Consolidated Financial Highlights

(In millions of yen except per share information)
Three months ended June 30

	2013	2012	Percent change
Net sales	¥109,257	¥111,430	-2.0%
Operating income (loss)	(7,568)	599	-
Ordinary loss	(9,151)	(976)	-
Net loss	¥ (10,076)	¥ (2,761)	-%
Net loss per share	¥(31.23)	¥(8.60)	

Consolidated Business Results

For the first quarter of fiscal 2014, the three months ended June 30, 2013, consolidated net sales declined 2.0% year on year, to ¥109,257 million. Despite a large positive effect from the Japanese yen's depreciation, lower consumer-market sales of car navigation systems and a decline in sales of optical disc drive-related products resulted in an overall decrease in net sales.

Pioneer recorded an operating loss of ¥7,568 million, compared with operating income of ¥599 million for the first quarter of fiscal 2013, from a higher cost of sales ratio, mainly caused by a decline in sales of high-margin consumer-market car navigation systems, and the negative effect of foreign exchange rates. The net loss was ¥10,076 million, compared with a net loss of ¥2,761 million for the first quarter of fiscal 2013, mainly because of the deterioration in operating income.

During the first quarter of fiscal 2014, the average value of the Japanese yen declined 18.8% against the U.S. dollar, and 20.2% against the euro year on year.

Car Electronics sales declined 2.4% year on year, to ¥79,088 million. Car navigation system sales declined on a decrease in consumer-market sales, primarily in Japan, reflecting weak market conditions, and despite an increase in OEM sales, mainly in

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Central and South America. Car audio product sales rose overall. Despite a sales decline in Japan, the effect of the Japanese yen's depreciation led to growth in sales of consumer-market products in Europe and North America, and of OEM sales in each overseas region. OEM sales accounted for 58% of total Car Electronics sales, compared with 53% a year earlier.

By geographic region, sales in Japan declined 16.2%, to ¥34,352 million, and overseas sales grew 11.6%, to ¥44,736 million.

The segment recorded an operating loss of ¥3,077 million, compared with operating income of ¥4,972 million for the first quarter of fiscal 2013, from a higher cost of sales ratio, mainly caused by a decline in sales of high-margin consumer-market car navigation systems, and the negative effect of foreign exchange rates.

Home Electronics sales declined 4.6% year on year, to ¥20,368 million. Although sales of DJ equipment grew, sales of optical disc drive-related products declined, reflecting weak market conditions.

By geographic region, sales in Japan declined 28.1%, to ¥6,257 million, while overseas sales rose 11.6%, to ¥14,111 million.

The operating loss was ¥3,510 million, compared with an operating loss of ¥2,780 million for the first quarter of fiscal 2013, because of a higher cost of sales ratio, higher SG&A expenses, and a decline in sales.

In the **Others** segment, sales rose 8.4% year on year, to ¥9,801 million, from increased sales of factory automation systems and subcontracted electronic manufacturing services (EMS), and despite lower sales of electronic devices and parts, and telephones.

By geographic region, sales in Japan declined 7.4%, to ¥5,757 million, while overseas sales increased 43.0%, to ¥4,044 million.

The operating loss was reduced to ¥999 million, compared with an operating loss of ¥1,156 million for the first quarter of fiscal 2013, primarily due to improved profitability in factory automation systems.

Note: Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.

Consolidated Financial Position

Total assets as of June 30, 2013 were ¥325,359 million, an increase of ¥14,034 million from March 31, 2013. Although trade receivables decreased, this increase reflected growth in cash and deposits, investment securities, and inventories. Trade receivables decreased ¥5,429 million, to ¥73,549 million, reflecting lower sales for the first quarter of fiscal 2014 compared with sales in the fourth quarter of fiscal 2013. On the other hand, cash and deposits increased ¥13,727 million, to ¥35,786 million, as a result of the capital increase through third-party allotments. Investment securities increased ¥1,700 million on an increase in the market value of equity holdings. Inventories grew ¥1,642 million, to ¥78,108 million, mainly reflecting the Japanese yen's depreciation.

Total liabilities were ¥240,663 million, a ¥10,914 million increase from March 31, 2013. Although the provision for restructuring costs decreased ¥6,211 million, trade payables grew ¥10,268 million, reflecting an increase in purchasing amounts, and accrued expenses increased ¥7,508 million.

Total equity was ¥84,696 million, an increase of ¥3,120 million from March 31, 2013. Despite the recording of a ¥10,076 million net loss for the quarter, the capital

increase through third-party allotments increased common stock and capital surplus by ¥4,475 million each, and the Japanese yen's depreciation resulted in a ¥3,104 million increase in foreign currency translation adjustments.

Cash Flows

During the three months ended June 30, 2013, operating activities provided net cash in the amount of ¥11,157 million, compared with ¥3,159 million of net cash used in the year-earlier period. Despite a ¥7,967 million increase in loss before income taxes and minority interests, trade payables increased ¥9,048 million, compared with a ¥3,854 million decrease in the year-earlier period, and the amount of increase in inventories was smaller than the amount in the year-earlier period by ¥11,055 million.

Investing activities used net cash in the amount of ¥6,488 million, a ¥3,198 million decrease from the year-earlier period. This was mainly because of a ¥2,260 million decrease in outlays for the purchase of noncurrent assets.

Financing activities provided net cash in the amount of ¥8,229 million, compared with ¥511 million of net cash used in the year-earlier period. This increase was primarily from the capital increase through third-party allotments.

Foreign currency translation adjustments on cash and cash equivalents were a positive ¥605 million, compared with a negative ¥1,385 million in the year-earlier period.

As a result, cash and cash equivalents as of June 30, 2013, totaled ¥34,470 million, a ¥13,503 million increase from March 31, 2013.

Business Forecasts for Fiscal 2014

Consolidated business forecasts for fiscal 2014, ending March 31, 2014, have been revised downward, for both first-half and full-year periods, from those announced on May 13, 2013, as shown below.

[First Half of Fiscal 2014]

	(In millions of yen)				
	Revised forecasts (A)	Previous forecasts (B)	Amount change (A - B)	Percent change (A-B / B)	First-half results for fiscal 2013
Net sales	¥230,000	¥235,000	¥ (5,000)	-2.1%	¥224,577
Operating income	0	1,000	(1,000)	-100.0	3,153
Ordinary income (loss)	(2,500)	(1,500)	(1,000)	-	733
Net loss	¥ (5,000)	¥ (1,500)	¥ (3,500)	-%	¥ (7,500)

[Full Year of Fiscal 2014]

	(In millions of yen)				
	Revised forecasts (A)	Previous forecasts (B)	Amount change (A - B)	Percent change (A-B / B)	Full-year results for fiscal 2013
Net sales	¥505,000	¥515,000	¥(10,000)	-1.9%	¥451,841
Operating income	10,000	15,000	(5,000)	-33.3	5,997
Ordinary income	5,000	10,000	(5,000)	-50.0	812
Net income (loss)	¥ 500	¥ 6,000	¥ (5,500)	-91.7%	¥ (19,552)

In Car Electronics, we anticipate sales of consumer-market car navigation systems to fall short of our initial target, reflecting weak market conditions in Japan, and sales of car audio products overseas, mainly in emerging markets, to miss our initial target. In Home Electronics, lower sales of optical disc drive-related products and AV accessories, as well as declining profitability in home AV products, are also anticipated.

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this release 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 euro, the U.S. dollar, 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.

Pioneer Corporation is a leading global manufacturer of consumer- and business-use electronics products such as car electronics, audio and video products. Its shares are traded on the Tokyo Stock Exchange.

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Attached are consolidated financial statements for the three months ended June 30, 2013.

(1) CONSOLIDATED BALANCE SHEETS

(In millions of yen)

	March 31, 2013	June 30, 2013
ASSETS		
Current assets:		
Cash and deposits	¥ 22,059	¥ 35,786
Trade receivables	78,978	73,549
Merchandise and finished goods	40,032	44,090
Work in process	11,447	10,739
Raw materials and supplies	24,987	23,279
Deferred tax assets	4,925	5,187
Other current assets	14,559	16,734
Allowance for doubtful receivables	(1,734)	(1,796)
Total current assets	195,253	207,568
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	67,680	67,494
Machinery, vehicles, tools, furniture and fixtures	146,881	147,819
Lease assets	9,333	9,290
Others	21,344	20,722
Accumulated depreciation	(180,236)	(181,572)
Net property, plant and equipment	65,002	63,753
Intangible assets:		
Goodwill	606	595
Software	34,898	35,999
Others	1,206	1,046
Total intangible assets	36,710	37,640
Investments and other assets:		
Investment securities	6,491	8,191
Deferred tax assets	5,728	5,978
Others	2,351	2,317
Allowance for doubtful accounts	(210)	(210)
Total investments and other assets	14,360	16,276
Total noncurrent assets	116,072	117,669
Deferred assets	-	122
Total assets	¥ 311,325	¥ 325,359

	(In millions of yen)	
	March 31, 2013	June 30, 2013
LIABILITIES		
Current liabilities:		
Trade payables	¥ 58,773	¥ 69,041
Short-term borrowings	20,535	20,844
Current portion of long-term debt	62,677	62,677
Accrued income taxes	2,617	1,669
Accrued expenses	28,431	35,939
Warranty reserve	2,678	2,672
Provision for restructuring costs	6,211	-
Other current liabilities	17,328	17,179
Total current liabilities	199,250	210,021
Long-term liabilities:		
Long-term debt	13,000	13,000
Accrued pension and severance costs	13,153	13,632
Other long-term liabilities	4,346	4,010
Total long-term liabilities	30,499	30,642
Total liabilities	229,749	240,663
EQUITY		
Shareholders' equity:		
Common stock	87,257	91,732
Capital surplus	51,541	56,016
Retained earnings	17,318	7,242
Treasury stock	(11,050)	(11,050)
Total shareholders' equity	145,066	143,940
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	695	2,009
Deferred loss on derivatives under hedge accounting	(34)	(33)
Foreign currency translation adjustments	(66,260)	(63,156)
Pension adjustments recognized by foreign consolidated subsidiaries	(3,063)	(3,210)
Total accumulated other comprehensive loss	(68,662)	(64,390)
Minority interests	5,172	5,146
Total equity	81,576	84,696
Total liabilities and equity	¥311,325	¥325,359

(2) CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions of yen)

	Three months ended June 30	
	2012	2013
Net sales	¥111,430	¥109,257
Cost of sales	87,425	93,045
Gross profit	24,005	16,212
Selling, general and administrative expenses	23,406	23,780
Operating income (loss)	599	(7,568)
Non-operating income:		
Interest income	43	31
Dividend income	62	18
Equity in earnings of affiliated companies	–	48
Others	125	63
Total non-operating income	230	160
Non-operating expenses:		
Interest expenses	634	669
Equity in losses of affiliated companies	254	–
Exchange loss	552	706
Others	365	368
Total non-operating expenses	1,805	1,743
Ordinary loss	(976)	(9,151)
Extraordinary income:		
Gain on sale of property, plant and equipment	72	98
Insurance income for disaster	35	–
Total extraordinary income	107	98
Extraordinary loss:		
Restructuring costs	–	305
Loss on sale and disposal of property, plant and equipment	20	29
Impairment loss	45	–
Loss on disaster	490	–
Others	–	4
Total extraordinary loss	555	338
Loss before income taxes and minority interests	(1,424)	(9,391)
Income taxes:		
Current	1,351	930
Deferred	32	(85)
Total income taxes	1,383	845
Loss before minority interests	(2,807)	(10,236)
Minority interests	(46)	(160)
Net loss	¥ (2,761)	¥ (10,076)

(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In millions of yen)

	Three months ended June 30	
	2012	2013
Loss before minority interests	¥(2,807)	¥(10,236)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	(2,197)	1,314
Deferred gain on derivatives under hedge accounting	366	1
Foreign currency translation adjustments	(4,140)	3,077
Portion of other comprehensive gain of associates	82	165
Pension adjustments recognized by foreign subsidiaries	139	(147)
Total other comprehensive income (loss)	(5,750)	4,410
Comprehensive loss	¥(8,557)	¥ (5,826)
Comprehensive loss attributable to:		
Shareholders of the parent company	¥(8,286)	¥ (5,804)
Minority interests	¥ (271)	¥ (22)

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of yen)

	Three months ended June 30	
	2012	2013
Cash flows from operating activities:		
Loss before income taxes and minority interests	¥ (1,424)	¥ (9,391)
Depreciation and amortization	6,018	6,502
Increase in accrued pension and severance costs	598	264
Decrease in provision for restructuring costs	—	(6,211)
Interest and dividends income	(105)	(49)
Interest expenses	634	669
Decrease in trade receivables	8,979	6,943
Increase in inventories	(11,161)	(106)
Increase (decrease) in trade payables	(3,854)	9,048
Increase (decrease) in accrued expenses	(3,162)	7,263
Other—net	3,442	(1,980)
Subtotal	(35)	12,952
Interest and dividends income received	105	49
Interest expenses paid	(622)	(651)
Income taxes paid	(2,607)	(1,193)
Net cash provided by (used in) operating activities	(3,159)	11,157
Cash flows from investing activities:		
Increase in time deposits	(700)	(161)
Purchase of noncurrent assets	(9,124)	(6,864)
Proceeds from sales of noncurrent assets	117	653
Other—net	21	(116)
Net cash used in investing activities	(9,686)	(6,488)
Cash flows from financing activities:		
Net decrease in short-term borrowings	(3)	(202)
Repayment of long-term debt	(582)	—
Proceeds from issuance of new shares	—	8,823
Other—net	74	(392)
Net cash provided by (used in) financing activities	(511)	8,229
Foreign currency translation adjustments on cash and cash equivalents	(1,385)	605
Net increase (decrease) in cash and cash equivalents	(14,741)	13,503
Cash and cash equivalents, beginning of period	45,953	20,967
Cash and cash equivalents, end of period	¥ 31,212	¥ 34,470

(5) NOTE WITH RESPECT TO SIGNIFICANT CHANGES IN SHAREHOLDER'S EQUITY

On June 28, 2013, the Company issued new shares through third-party allotments to NTT DOCOMO, INC. and Mitsubishi Electric Corporation. As a consequence, common stock and capital surplus each increased by ¥4,475 million in the first quarter of fiscal 2014, resulting in common stock of ¥91,732 million and capital surplus of ¥56,016 million as of June 30, 2013.

(6) SEGMENT INFORMATION

<Net Sales by Segment>

(In millions of yen)

	Three months ended June 30				
	2012		2013		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	¥ 40,972	36.8%	¥ 34,352	31.4%	-16.2%
Overseas	40,070	35.9	44,736	41.0	+11.6
Total	81,042	72.7	79,088	72.4	-2.4
Home Electronics:					
Japan	8,698	7.8	6,257	5.7	-28.1
Overseas	12,649	11.4	14,111	12.9	+11.6
Total	21,347	19.2	20,368	18.6	-4.6
Others:					
Japan	6,214	5.6	5,757	5.3	-7.4
Overseas	2,827	2.5	4,044	3.7	+43.0
Total	9,041	8.1	9,801	9.0	+8.4
Consolidated:					
Japan	55,884	50.2	46,366	42.4	-17.0
Overseas	55,546	49.8	62,891	57.6	+13.2
Total	¥111,430	100.0%	¥109,257	100.0%	-2.0%

<Sales and Income (Loss) by Segment>

(In millions of yen)

Three months ended June 30, 2012	Car Electronics	Home Electronics	Others	Total	Reconciliations * 1	Consolidated * 2
Sales:						
Sales to external customers	¥81,042	¥21,347	¥ 9,041	¥111,430	-	¥111,430
Intersegment sales	191	68	1,833	2,092	¥(2,092)	-
Total sales	81,233	21,415	10,874	113,522	(2,092)	111,430
Segment income (loss)	¥ 4,972	¥ (2,780)	¥ (1,156)	¥ 1,036	¥ (437)	¥ 599

Notes:

1. Reconciliations of ¥(437) million recorded for segment income (loss) include elimination of intersegment transactions of ¥44 million and corporate expenses of ¥(481) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
2. Adjustments are made to reconcile segment income (loss) to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)

Three months ended June 30, 2013	Car Electronics	Home Electronics	Others	Total	Reconciliations * 1	Consolidated * 2
Sales:						
Sales to external customers	¥79,088	¥20,368	¥ 9,801	¥109,257	-	¥109,257
Intersegment sales	190	51	2,049	2,290	¥(2,290)	-
Total sales	79,278	20,419	11,850	111,547	(2,290)	109,257
Segment loss	¥ (3,077)	¥ (3,510)	¥ (999)	¥ (7,586)	¥ 18	¥ (7,568)

Notes:

1. Reconciliations of ¥18million recorded for segment loss include elimination of intersegment transactions of ¥94 million and corporate expenses of ¥(76) million that are not allocated to any segment. Corporate expenses principally consist of allocation variance of general and administrative expenses, and general and administrative expenses and R&D expenses which are not attributable to any segment.
2. Adjustments are made to reconcile segment loss to operating loss presented in the accompanying consolidated statements of operations.