

News Release

***For Immediate Release
September 16, 2014***

Pioneer's Business Strategies

Pioneer Corporation has formulated new business strategies, as outlined below:

1. Market Environment

The automobile industry is expected to continue to grow in sales going forward, primarily in emerging markets. And activities in the areas of incorporating information technology in automobiles and in automated driving are moving forward in developed markets. At the same time, the car electronics industry has entered a phase of major change in terms of the market environment in which Pioneer operates, including an increasing ratio of products being installed in new vehicles as standard equipment or dealer options.

2. Management Objectives

Pioneer aims to be a leading “comprehensive infotainment” company that creates comfort, excitement, safety and reliability in vehicles. We will do this by making maximum use of our strengths derived from the confidence of our customers, our brand strength, and technological capabilities to address these changes in the market environment and further raise our presence in the car electronics industry. We therefore view the current situation as a major opportunity for future success.

To achieve these objectives, we aim to be an indispensable key supplier to automakers and their mega-suppliers, based on the expertise and customer confidence we have gained in the OEM market. In the consumer market, we will drive the car electronics industry as a pioneer in providing new value in the connected car life market, by being the first company to provide and expand world-first, cutting-edge solutions.

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3. Business Portfolio Realignment

To achieve our management objectives, Pioneer will concentrate management resources in Car Electronics, and we will build a business structure that is centered on Car Electronics. Our goal for the home AV and DJ equipment businesses is to work with outside partners to expand the businesses and increase brand value. In businesses other than Car Electronics, we will accelerate our selection and concentration.

4. Growth Strategy

We will implement measures to achieve our management objectives as mentioned below.

(1) In-vehicle Network Connectivity

We foresee the dissemination of “connected cars,” that is, cars connected to a cloud platform to realize in-vehicle comfort. We will leverage our expertise and experience in the three areas of “information services,” “hardware,” and “peripheral devices” to realize attractive connected car life services that cannot be made by other companies.

In “information services,” we will work to improve precise map data for automated driving and map data for emerging markets through leveraging our in-house expertise in map data. We will also refine data-analysis technologies by strengthening the “Mobile Telematics Center” cloud platform for next-generation automobiles.

In “hardware,” we will leverage our position as a leading manufacturer of car AV equipment to address changes in the market swiftly and pursue the integration between AV equipment and navigation equipment, the adaptation of open platforms and the linkage with smartphones and cloud platforms.

As for “peripheral devices,” we will enhance key modules and devices for in-vehicle network connectivity, with a view to utilizing alliances and M&As to carry out our plan, by leveraging our experience in user interfaces and in-house development and production capabilities of key modules and devices.

We will promote the dissemination of value in the connected car life in the consumer market in advance, and expand to the OEM and the commercial markets.

(2) Expand OEM Business

The OEM business will work to increase sales and strengthen its profitability by expanding business with existing customers and new customer acquisitions, through such measures as enhancing our strengths, building on the expertise, customer confidence and technological capabilities, and strengthening our ability to provide solutions for connected cars and to develop key modules that create a vehicle cockpit. We will also work to increase our share of the global car speaker market by promoting our business in this segment on a full scale, which is expected to grow in line with the growth of automobile sales.

(3) Challenges in Emerging Markets

We are also taking up the challenge of developing an emerging market business, newly targeting consumers to buy compact cars which are expected to show significant growth in emerging markets. To pursue the challenge, we will consider M&As and alliances with local companies that would enable us to tailor our structure to each region's economic level.

(4) Strengthen the Management Base

We will realign our production sites by shifting manufacturing. We will also work to further reduce manufacturing costs by promoting the use of information technology in administrative operations at production sites in Japan and by accelerating the shift to operations overseas. Also we will reduce development costs and manufacturing costs by standardizing products architecture. In addition, we will improve development efficiency and reduce development costs drastically through model integration between car navigation systems and car AV systems. Through these measures, we will improve profitability of both car navigation systems and the OEM business.

Along with the realignment of our business portfolio, we will rebuild and streamline the Group's management structure. In Japan, we will restructure our organization from a business-based structure to one that is organized along functional lines, and integrate functions and business divisions and realign business sites. With regard to manufacturing and sales, we will rebuild our global structure centered on the Car Electronics business, while at the same time reinforcing the structure for our emerging market offensive. In addition, we intend to streamline our organization in line with the realignment of the business portfolio, with headcount reductions of approximately 800 positions in Japan and approximately 700 positions overseas, for a total reduction of approximately 1,500. We intend to reduce our consolidated headcount by 10%, as well as the number of executive officers.

5. Financial Strategy

Pioneer's financial strategy is to reduce debt through the partial transfer of businesses and sale of idle assets as part of our business portfolio realignment, while at the same time rebuilding and streamlining our management structure to generate continuous profits, to rebuild our financial base to allow for necessary investment for the future.

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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