

News Release

For Immediate Release
February 13, 2017

Pioneer Announces Business Results for 3Q Fiscal 2017

Pioneer Corporation today announced its consolidated third-quarter and nine-month business results for the period ended December 31, 2016.

Consolidated Financial Highlights

(In millions of yen except per share information)

	Three months ended December 31			Nine months ended December 31		
	2016	2015	Percent change	2016	2015	Percent change
Net sales	¥98,405	¥116,861	-15.8%	¥288,802	¥339,456	-14.9%
Operating income	1,875	1,766	+6.2	3,391	3,844	-11.8
Ordinary income (loss)	(976)	964	-	1,852	2,369	-21.8
Net income (loss) *	¥ (3,994)	¥ 245	-%	¥ (3,028)	¥ (1,749)	-%
Net income (loss) * per share	¥(10.88)	¥0.67		¥(8.25)	¥(4.76)	

* Net income (loss) attributable to owners of Pioneer Corporation

Consolidated Business Results

For the third quarter of fiscal 2017, the three months ended December 31, 2016, consolidated net sales declined 15.8% year on year, to ¥98,405 million, mainly from the negative effects of the Japanese yen's appreciation, as well as a decrease in sales of Car Electronics, mainly in OEM business.

Operating income was ¥1,875 million, due to a decrease in selling, general and administrative (SG&A) expenses and an improvement in the cost of sales ratio, despite a decrease in net sales. Net loss attributable to owners of Pioneer was ¥3,994 million, compared with a net income of ¥245 million for the third quarter of fiscal 2016. This was mainly due to a foreign exchange loss of ¥2,295 million, an increase of ¥1,920 million year on year, and restructuring costs of ¥1,216 million associated with restructuring in overseas and a ¥1,152 million loss from the transfer of the cable TV system-related equipment business, each of which was recorded as an extraordinary loss, despite an increase in operating income.

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During the third quarter of fiscal 2017, the average value of the Japanese yen rose 11.2% against the U.S. dollar year on year, to ¥109.30=1 U.S. dollar, and increased 12.9% against the euro, to ¥117.78=1 euro.

Car Electronics sales declined 13.5% year on year, to ¥78,248 million, due to a decrease in sales of OEM business and the negative effects of the Japanese yen's appreciation.

Sales of consumer market business declined, due to the negative effects of the Japanese yen's appreciation. Sales of car audio products fell, mainly because of a decrease in North America and Europe, owing to a stronger yen, despite higher sales in Central and South America. Car navigation system sales increased in Europe, but sales decreased overall as a result of the negative effects of the Japanese yen's appreciation.

Sales of OEM business declined. Sales of car audio products fell, because of a decrease overseas, primarily in North America, mainly reflecting a stronger yen, despite higher sales in Japan. Car navigation system sales decreased mainly from lower sales in Japan and emerging markets, despite higher sales in North America.

OEM business sales accounted for 57% of total Car Electronics sales, compared with 61% a year earlier.

By geographic region, sales in Japan decreased 16.9%, to ¥29,353 million, and overseas sales decreased 11.4%, to ¥48,895 million.

Operating income increased 19.2% year on year, to ¥2,006 million, due to a decrease in SG&A expenses and an improvement in the cost of sales ratio owing to foreign exchange rate movements, despite a decrease in sales.

In the **Others** segment, sales declined 23.6% year on year, to ¥20,157 million. Sales increased in factory automation systems, but decreases in sales of home AV products and optical disc drive-related products, and the negative effects of the Japanese yen's appreciation, led to an overall decline.

By geographic region, sales in Japan decreased 19.5%, to ¥10,221 million, and overseas sales decreased 27.3%, to ¥9,936 million.

The segment's operating income increased to ¥264 million, compared with ¥42 million for the third quarter of fiscal 2016, due to an improvement in the cost of sales ratio and a decrease in SG&A expenses mainly owing to foreign exchange rate movements, despite a decrease in sales.

For the nine months ended December 31, 2016, consolidated net sales declined 14.9% year on year, to ¥288,802 million, primarily from the negative effects of the Japanese yen's appreciation, as well as a decrease in sales of Car Electronics, mainly in OEM business.

Operating income declined 11.8% year on year to ¥3,391 million. This was due to a decline in net sales, despite a decrease in SG&A expenses mainly owing to foreign exchange rate movements and an improvement in the cost of sales ratio. Net loss attributable to owners of Pioneer was ¥3,028 million compared with a net loss of ¥1,749 million in the corresponding period of fiscal 2016. This was mainly due to a decrease in operating income, and restructuring costs of ¥1,443 million associated with restructuring in overseas and a ¥1,152 million loss from the transfer of the cable TV system-related equipment business, each of which was recorded as an extraordinary loss.

During the nine months ended December 31, 2016, the average value of the Japanese yen increased 14.1% year on year against the U.S. dollar, to ¥106.63=1 U.S. dollar, and rose 13.8% against the euro, to ¥118.02=1 euro.

- Notes: 1. Operating income in each business segment represents operating income before elimination of intersegment transactions.
2. From fiscal 2017, map software, previously classified in "Others," is reclassified in "Car Electronics." Figures for the third quarter of fiscal 2016 have been reclassified accordingly.

Consolidated Financial Position

Total assets as of December 31, 2016 were ¥291,671 million, a decrease of ¥6,341 million from March 31, 2016, mainly due to decreases in trade receivables and cash and deposits, despite an increase in intangible assets and inventories. Intangible assets increased ¥9,489 million, to ¥56,449 million, mainly reflecting an increase in software in progress. Inventories increased ¥4,709 million, to ¥57,546 million, due to an increase in inventories primarily in consumer market car audio products. Meanwhile, trade receivables decreased ¥10,785 million, to ¥63,811 million, mainly reflecting lower sales for the third quarter of fiscal 2017 compared with sales for the fourth quarter of fiscal 2016. Cash and deposits decreased ¥6,855 million, to ¥45,138 million.

Total liabilities were ¥203,297 million, a ¥4,229 million decrease from March 31, 2016. This was primarily due to a decrease in trade payables of ¥3,928 million, mainly owing to a decline in purchases, and a decrease of ¥1,681 million in accrued pension and severance costs, despite an increase of ¥3,118 million in borrowings.

Total equity was ¥88,374 million, a ¥2,112 million decline from March 31, 2016. This mainly reflected a recording of ¥3,028 million in net loss attributable to owners of Pioneer for the first nine months of fiscal 2017 and a ¥621 million decrease in foreign currency translation adjustments, despite a ¥2,058 million increase in defined retirement benefit plans.

Cash Flows

During the nine months ended December 31, 2016, operating activities provided net cash in the amount of ¥17,495 million, an increase of ¥10,263 million compared with the same period a year ago. This was mainly due a ¥10,442 million decrease in trade receivables compared with an increase of ¥1,731 million in the same period a year ago, and a ¥8,773 million decline in the amount of a decrease in accrued expenses, primarily due to the payment of special retirement benefits in the first quarter of fiscal 2016, despite a ¥4,014 million decrease in trade payables compared with an increase of ¥2,406 million in the same period a year ago.

Investing activities used net cash in the amount of ¥27,120 million, a ¥6,465 million increase year on year, mainly from a ¥4,862 million increase in the purchase of noncurrent assets.

Financing activities provided net cash in the amount of ¥2,692 million, a decrease of ¥7,533 million compared with the same period a year ago. This was mainly due to a ¥15,073 million inflow from the issuance of convertible bonds during the same period a year ago, although net proceeds of borrowings were recorded, compared with net repayments in the same period a year ago.

Foreign currency translation adjustments on cash and cash equivalents were a positive ¥78 million, compared with a negative ¥1,051 million in the same period a year ago.

As a result, cash and cash equivalents as of December 31, 2016, totaled ¥45,138 million, a ¥6,855 million decrease from March 31, 2016.

Business Forecasts for Fiscal 2017

Net sales in the consolidated business forecasts for fiscal 2017, ending March 31, 2017, have been revised from the previous forecast announced on August 5, 2016, as shown below.

	(In millions of yen)				
	Revised forecasts (A)	Previous forecasts (B)	Amount change (A – B)	Percent change (A–B / B)	Results for fiscal 2016
Net sales	¥390,000	¥400,000	¥(10,000)	-2.5%	¥449,630
Operating income	8,000	8,000	0	–	7,304
Ordinary income	7,000	7,000	0	–	7,250
Net income *	¥ 1,000	¥ 1,000	¥ 0	–%	¥ 731

* Net income attributable to owners of Pioneer Corporation

We have revised the net sales forecasts for fiscal 2017 downward by ¥10 billion, mainly reflecting weak car OEM orders. The forecasts for operating income, ordinary income and net income attributable to owners of Pioneer remain unchanged from the previous forecasts.

The yen–U.S. dollar exchange rate assumption for the fourth quarter of fiscal 2017 is ¥110, a depreciation of ¥5 from the previous assumption, while the yen–euro exchange rate assumption is ¥120, a depreciation of ¥5 from the previous assumption.

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 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.

Pioneer Corporation is a leading global manufacturer of car electronics products. Its shares are traded on the Tokyo Stock Exchange.

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Attached are consolidated financial statements for the three months and the nine months ended December 31, 2016.

(1) CONSOLIDATED BALANCE SHEETS

	(In millions of yen)	
	March 31, 2016	December 31, 2016
ASSETS		
Current assets:		
Cash and deposits	51,993	45,138
Trade receivables	74,596	63,811
Finished products	21,882	24,929
Work in process	12,306	12,944
Raw materials and supplies	18,649	19,673
Deferred tax assets	4,027	4,447
Other current assets	17,555	15,733
Allowance for doubtful receivables	(3,308)	(2,944)
Total current assets	197,700	183,731
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	52,138	47,534
Machinery, equipment and others	130,663	129,148
Lease assets	6,975	3,548
Others	11,446	11,513
Accumulated depreciation	(158,528)	(150,763)
Net property, plant and equipment	42,694	40,980
Intangible assets:		
Goodwill	480	447
Software	23,134	17,284
Software in progress	22,489	38,100
Others	857	618
Total intangible assets	46,960	56,449
Investments and other assets:		
Investment securities	6,081	5,647
Deferred tax assets	1,159	1,224
Net defined benefit asset	915	737
Others	2,486	2,953
Allowance for doubtful accounts	(0)	(50)
Total investments and other assets	10,641	10,511
Total noncurrent assets	100,295	107,940
Deferred assets	17	-
Total assets	298,012	291,671

	(In millions of yen)	
	March 31, 2016	December 31, 2016
LIABILITIES		
Current liabilities:		
Trade payables	69,821	65,893
Short-term borrowings	12,257	12,042
Current portion of long-term debt	–	10,000
Income taxes payable	2,031	2,091
Accrued expenses	30,907	30,173
Provision for loss on transfer of business	–	1,152
Warranty reserve	2,112	1,988
Other current liabilities	22,015	20,995
Total current liabilities	139,143	144,334
Long-term liabilities:		
Convertible bonds	15,071	15,060
Long-term debt	10,000	3,333
Accrued pension and severance costs	39,108	37,427
Other long-term liabilities	4,204	3,143
Total long-term liabilities	68,383	58,963
Total liabilities	207,526	203,297
EQUITY		
Shareholders' equity:		
Common stock	91,732	91,732
Capital surplus	56,016	56,016
Retained earnings	34,038	31,010
Treasury stock	(11,051)	(11,051)
Total shareholders' equity	170,735	167,707
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	(286)	(482)
Deferred gain (loss) on derivatives under hedge accounting	(88)	(101)
Foreign currency translation adjustments	(56,329)	(56,950)
Defined retirement benefit plans	(28,357)	(26,299)
Total accumulated other comprehensive income (loss)	(85,060)	(83,832)
Non-controlling interests	4,811	4,499
Total equity	90,486	88,374
Total liabilities and equity	298,012	291,671

(2) CONSOLIDATED STATEMENTS OF OPERATIONS – Nine months ended December 31

	(In millions of yen)	
	Nine months ended December 31	
	2015	2016
Net sales	339,456	288,802
Cost of sales	281,344	237,058
Gross profit	58,112	51,744
Selling, general and administrative expenses	54,268	48,353
Operating income	3,844	3,391
Non-operating income:		
Interest income	205	244
Dividend income	95	95
Others	188	224
Total non-operating income	488	563
Non-operating expenses:		
Interest expenses	940	460
Exchange loss	6	505
Equity in losses of affiliated companies	82	93
Others	935	1,044
Total non-operating expenses	1,963	2,102
Ordinary income	2,369	1,852
Extraordinary income:		
Gain on sale of noncurrent assets	210	529
Gain on sale of investment securities	702	–
Gain on transfer of business	301	–
Total extraordinary income	1,213	529
Extraordinary loss:		
Loss on sale and disposal of noncurrent assets	294	283
Impairment loss	–	138
Restructuring costs	882	1,443
Provision for loss on transfer of business	–	1,152
Litigation loss	–	506
Others	492	70
Total extraordinary loss	1,668	3,592
Income before income taxes	1,914	(1,211)
Income taxes:		
Current	2,631	2,469
Deferred	945	(405)
Total income taxes	3,576	2,064
Net income (loss)	(1,662)	(3,275)
Net income (loss) attributable to non-controlling interests	87	(247)
Net income (loss) attributable to owners of Pioneer Corporation	(1,749)	(3,028)

**(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) – Nine months ended
December 31**

	(In millions of yen)	
	Nine months ended December 31	
	2015	2016
Net income (loss)	(1,662)	(3,275)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	208	(196)
Deferred gain (loss) on derivatives under hedge accounting	53	(13)
Foreign currency translation adjustments	(3,196)	(456)
Defined retirement benefit plans	1,241	2,058
Share of other comprehensive income (loss) in associates	(69)	(230)
Total other comprehensive income (loss)	(1,763)	1,163
Comprehensive income (loss)	(3,425)	(2,112)
Comprehensive income (loss) attributable to:		
Owners of Pioneer Corporation	(3,246)	(1,800)
Non-controlling interests	(179)	(312)

(4) CONSOLIDATED STATEMENTS OF OPERATIONS – Three months ended December 31

	(In millions of yen)	
	Three months ended December 31	
	2015	2016
Net sales	116,861	98,405
Cost of sales	96,483	80,524
Gross profit	20,378	17,881
Selling, general and administrative expenses	18,612	16,006
Operating income	1,766	1,875
Non-operating income:		
Interest income	80	53
Dividend income	7	6
Others	30	52
Total non-operating income	117	111
Non-operating expenses:		
Interest expenses	288	146
Exchange loss	375	2,295
Equity in losses of affiliated companies	36	26
Others	220	495
Total non-operating expenses	919	2,962
Ordinary income (loss)	964	(976)
Extraordinary income:		
Gain on sale of noncurrent assets	21	238
Gain on sale of investment securities	343	–
Others	62	–
Total extraordinary income	426	238
Extraordinary loss:		
Loss on sale and disposal of noncurrent assets	127	65
Restructuring costs	279	1,216
Provision for loss on transfer of business	–	1,152
Others	52	–
Total extraordinary loss	458	2,433
Income (loss) before income taxes	932	(3,171)
Income taxes:		
Current	(93)	1,019
Deferred	680	(169)
Total income taxes	587	850
Net income (loss)	345	(4,021)
Net income (loss) attributable to non-controlling interests	100	(27)
Net income (loss) attributable to owners of Pioneer Corporation	245	(3,994)

**(5) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – Three months ended
December 31**

	(In millions of yen)	
	Three months ended December 31	
	2015	2016
Net income (loss)	345	(4,021)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale securities	445	57
Deferred gain (loss) on derivatives under hedge accounting	11	218
Foreign currency translation adjustments	(632)	10,711
Defined retirement benefit plans	451	199
Share of other comprehensive income (loss) in associates	(76)	1
Total other comprehensive income (loss)	199	11,186
Comprehensive income (loss)	544	7,165
Comprehensive income (loss) attributable to:		
Owners of Pioneer Corporation	548	6,723
Non-controlling interests	(4)	442

(6) CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In millions of yen)	
	Nine months ended December 31	
	2015	2016
Cash flows from operating activities:		
Income (loss) before income taxes	1,914	(1,211)
Depreciation and amortization	20,361	18,893
Impairment loss	–	138
Loss (gain) on transfer of business—net	(288)	–
Increase (decrease) in provision for loss on transfer of business	–	1,152
Increase (decrease) in accrued pension and severance costs	(1,135)	(1,621)
Interest and dividends income	(300)	(339)
Interest expenses	940	460
Loss (gain) on sale and disposal of noncurrent assets—net	84	(246)
Loss (gain) on sale of investment securities—net	(702)	–
Decrease (increase) in trade receivables	(1,731)	10,442
Decrease (increase) in inventories	(1,247)	(3,870)
Increase (decrease) in trade payables	2,406	(4,014)
Increase (decrease) in accrued expenses	(9,938)	(1,165)
Other—net	593	1,703
Subtotal	10,957	20,322
Interest and dividends income received	300	339
Interest expenses paid	(902)	(473)
Income taxes paid	(3,123)	(2,693)
Net cash provided by (used in) operating activities	7,232	17,495
Cash flows from investing activities:		
Decrease (increase) in time deposits	489	–
Purchase of noncurrent assets	(22,577)	(27,439)
Proceeds from sale of noncurrent assets	2,526	560
Proceeds from sale of investment securities	846	–
Payment for business transfer	(2,017)	–
Other—net	78	(241)
Net cash provided by (used in) investing activities	(20,655)	(27,120)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings—net	(1,345)	119
Proceeds from long-term debt	–	3,333
Repayment of long term debt	(3,129)	–
Proceeds from issuance of convertible bonds	15,073	–
Proceeds from sale and lease back transactions	1,059	–
Repayment of lease obligations	(1,433)	(760)
Net cash provided by (used in) financing activities	10,225	2,692
Foreign currency translation adjustments on cash and cash equivalents	(1,051)	78
Net increase (decrease) in cash and cash equivalents	(4,249)	(6,855)
Cash and cash equivalents, beginning of period	51,676	51,993
Cash and cash equivalents, end of period	47,427	45,138

(7) CHANGE IN ACCOUNTING POLICY

Effective from the beginning of fiscal 2017, the year ending March 31, 2017, the Company adopted the “Practical Solution on a Change in Depreciation Methods Due to TAX Reform 2016” (Accounting Standard Board of Japan Practical Issues Task Force No.32 issued on June 17, 2016) in accordance with the revision of the Corporation Tax Act of Japan. In applying the revised accounting standard, the Company changed the depreciation method for facilities attached to buildings and for structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. The impact of this change on profit and loss for fiscal 2017 is immaterial.

(8) ADDITIONAL INFORMATION

Effective from the beginning of fiscal 2017, the year ending March 31, 2017, the Company adopted the “Guidance on Recoverability of Deferred Tax Assets” (Accounting Standard Board of Japan Guidance No. 26 issued on March 28, 2016).

(9) SEGMENT INFORMATION

<Net Sales by Segment>

(In millions of yen)

	Nine months ended December 31				
	2015		2016		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	98,619	29.1 %	92,190	31.9 %	-6.5 %
Overseas	170,445	50.2	140,587	48.7	-17.5
Total	269,064	79.3	232,777	80.6	-13.5
Others:					
Japan	35,956	10.5	28,420	9.9	-21.0
Overseas	34,436	10.2	27,605	9.5	-19.8
Total	70,392	20.7	56,025	19.4	-20.4
Consolidated:					
Japan	134,575	39.6	120,610	41.8	-10.4
Overseas	204,881	60.4	168,192	58.2	-17.9
Total	339,456	100.0 %	288,802	100.0 %	-14.9 %

(In millions of yen)

	Three months ended December 31				
	2015		2016		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Japan	35,322	30.2 %	29,353	29.8 %	-16.9 %
Overseas	55,162	47.2	48,895	49.7	-11.4
Total	90,484	77.4	78,248	79.5	-13.5
Others:					
Japan	12,701	10.9	10,221	10.4	-19.5
Overseas	13,676	11.7	9,936	10.1	-27.3
Total	26,377	22.6	20,157	20.5	-23.6
Consolidated:					
Japan	48,023	41.1	39,574	40.2	-17.6
Overseas	68,838	58.9	58,831	59.8	-14.5
Total	116,861	100.0 %	98,405	100.0 %	-15.8 %

<Sales and Income (Loss) by Segment>

Nine months ended December 31, 2015	(In millions of yen)				
	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2
Sales:					
Sales to external customers	269,064	70,392	339,456	-	339,456
Intersegment sales	399	2,639	3,038	(3,038)	-
Total sales	269,463	73,031	342,494	(3,038)	339,456
Segment income (loss)	5,318	(626)	4,692	(848)	3,844

Notes:

1. Reconciliations of ¥(848) million recorded for segment income (loss) include elimination of intersegment transactions of ¥179 million and corporate expenses of ¥(1,027) 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.

Nine months ended December 31, 2016	(In millions of yen)				
	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2
Sales:					
Sales to external customers	232,777	56,025	288,802	-	288,802
Intersegment sales	290	2,281	2,571	(2,571)	-
Total sales	233,067	58,306	291,373	(2,571)	288,802
Segment income (loss)	4,689	(795)	3,894	(503)	3,391

Notes:

1. Reconciliations of ¥(503) million recorded for segment income (loss) include elimination of intersegment transactions of (¥100) million and corporate expenses of ¥(403) 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.

<Sales and Income (Loss) by Segment>

(In millions of yen)					
Three months ended December 31, 2015	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2
Sales:					
Sales to external customers	90,484	26,377	116,861	-	116,861
Intersegment sales	131	827	958	(958)	-
Total sales	90,615	27,204	117,819	(958)	116,861
Segment income	1,683	42	1,725	41	1,766

Notes:

1. Reconciliations of ¥41 million recorded for segment income include elimination of intersegment transactions of ¥235 million and corporate expenses of ¥(194) 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 to operating income presented in the accompanying consolidated statements of operations.

(In millions of yen)					
Three months ended December 31, 2016	Car Electronics	Others	Total	Reconciliations * 1	Consolidated * 2
Sales:					
Sales to external customers	78,248	20,157	98,405	-	98,405
Intersegment sales	89	682	771	(771)	-
Total sales	78,337	20,839	99,176	(771)	98,405
Segment income	2,006	264	2,270	(395)	1,875

Notes:

1. Reconciliations of ¥(395) million recorded for segment income include elimination of intersegment transactions of ¥(214) million and corporate expenses of ¥(181) 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 to operating income presented in the accompanying consolidated statements of operations.

<Change in Segment>

From fiscal 2017, map software, previously classified in "Others," is reclassified in "Car Electronics." Figures for fiscal 2016 have been reclassified, accordingly.