



Pioneer Corporation

***Business Results
for Second Quarter of Fiscal 2017***

***Susumu Kotani, President and CEO
November 10, 2016***

Main Points of Today's Presentation

1. Business Results for Second Quarter of FY2017

- **For the second quarter and the first half, net sales and operating income were lower year on year, while operating income reached the targets in our plan.**
- **For the first half, net income was recorded, a turnaround from the same period last year, and also exceeding the targets in our plan.**

2. Business Forecasts for FY2017

- **Sales and operating income for the first half are proceeding as planned and net income exceeded the target. Forecasts for the full year remain unchanged, since we are anticipating expenses related to part of the restructuring in the second half.**

3. Topics

- **We released the “Multi-Drive Assist Unit,” which supports reliability and safety for car drivers.**

Today's Agenda

- 1. Business Results for Second Quarter of FY2017**
- 2. Business Forecasts for FY2017**
- 3. Topics**

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 Second Quarter of FY2017

Consolidated Business Results for Second Quarter & First Half of FY2017

(billion yen)

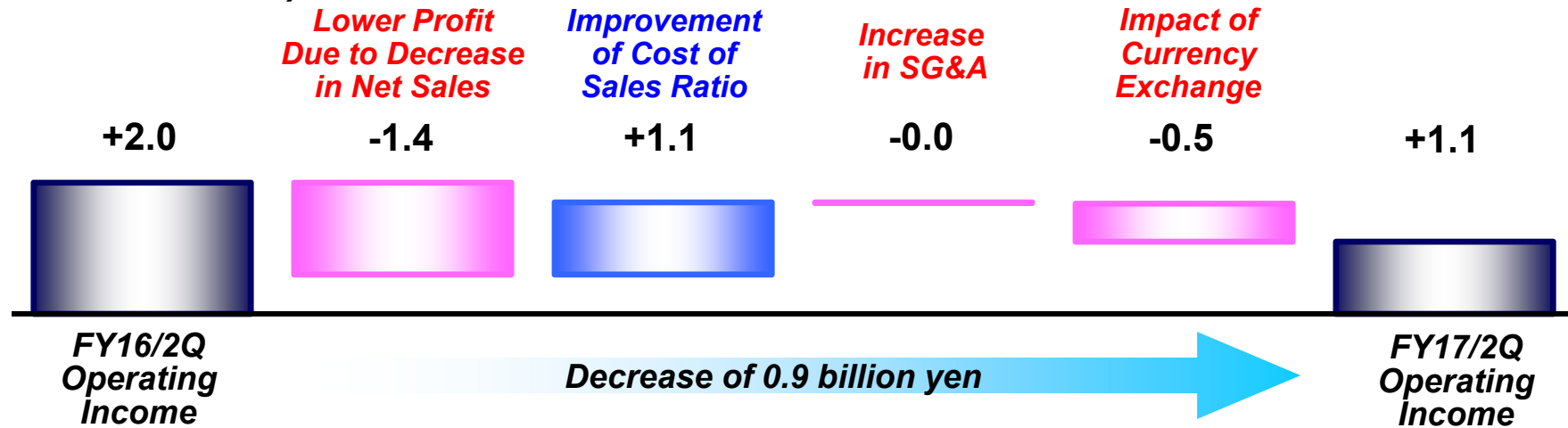
	Second Quarter			First Half			
	FY17	FY16	% to Prior Year	FY17	FY16	% to Prior Year	
Net Sales	95.1	113.6	83.7%	190.4	222.6	85.5%	
Operating Income	1.1	2.0	56.7%	1.5	2.1	73.0%	
Ordinary Income	0.8	2.0	40.3%	2.8	1.4	201.3%	
Net Income/Loss *	-0.3	0.5	-	1.0	-2.0	-	
Average Currency Rate (yen)	1 US\$	102.43	122.23	-19.3%	105.29	121.80	-15.7%
	1 Euro	114.28	135.98	-19.0%	118.15	135.07	-14.3%
Net Income/Loss * per Share (yen)	-0.83	1.42	-2.25	2.63	-5.43	+8.06	
ROE	-1.6%	2.1%	-3.7%	2.4%	-4.0%	+6.4%	
Book-value per Share (yen)	210.11	266.80	-56.69				
ROA	-0.4%	0.7%	-1.1%	0.7%	-1.3%	+2.0%	

* Net income/loss attributable to owners of Pioneer Corporation

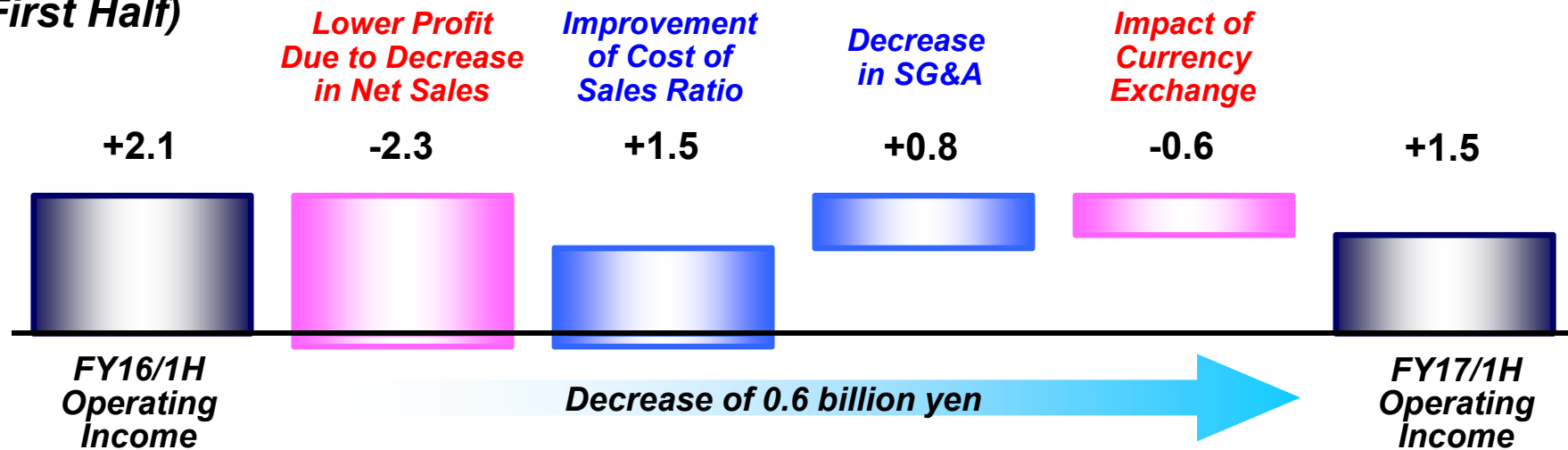
Operating Income Structure Breakdown

(Second Quarter)

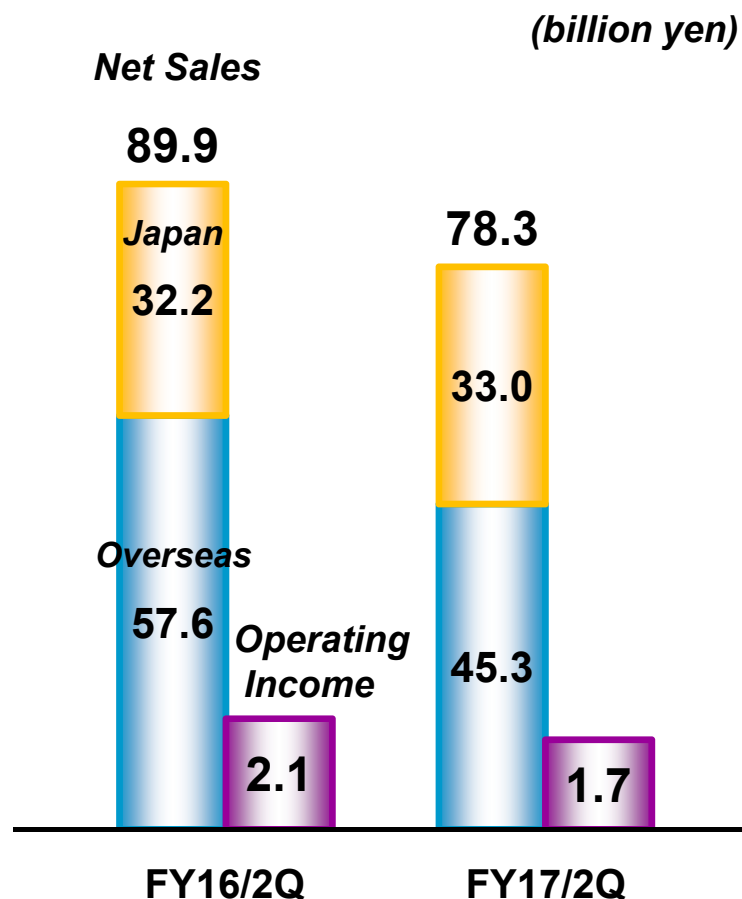
(billion yen)



(First Half)



Second Quarter of FY2017: Net Sales & Operating Income - Car Electronics



< Net Sales > OEM Ratio to Net Sales: 59% (FY16/2Q: 59%)

% to Prior Year	87% (Japan 103%, Overseas 79%)
Increase Factor	Consumer-market car navigation systems
Decrease Factors	OEM car audio products, consumer-market car audio products, and OEM car navigation systems

< Operating Income >

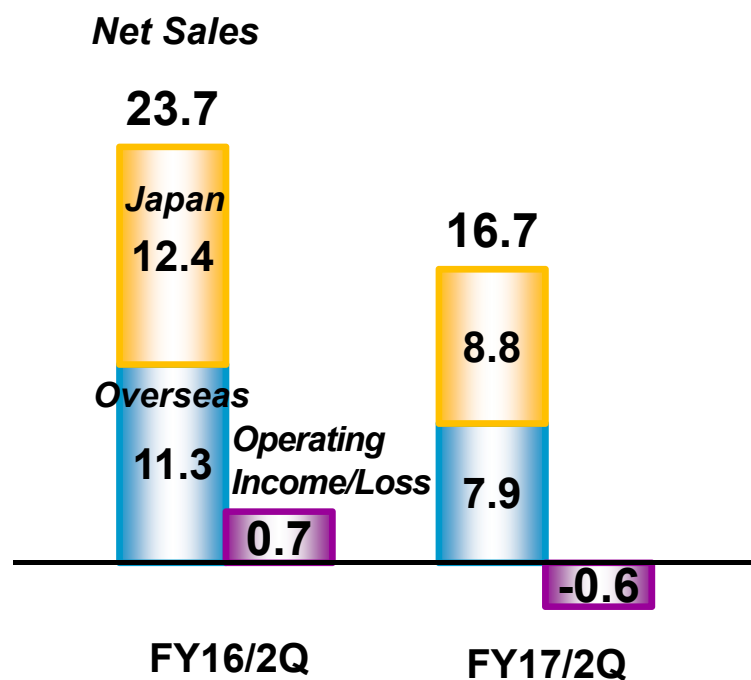
Year-on-Year	Decrease of 0.4 billion yen
Positive Factors	Improvement of cost of sales ratio (+0.2 billion yen), and decrease in SG&A (+0.1 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-0.6 billion yen), and impact of currency exchange (-0.1 billion yen)

Main products are:
 Car navigation systems, Car stereos, Car AV systems, Car speakers, and Map software

Notes: 1. Operating income by segment represents figures prior to elimination of transactions among segments.
 2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

Second Quarter of FY2017: Net Sales & Operating Income/Loss - Others

(billion yen) < Net Sales >



% to Prior Year	71% (Japan 71%, Overseas 70%)
Increase Factor	Organic light-emitting diode displays
Decrease Factors	Optical disc drives, and factory automation systems

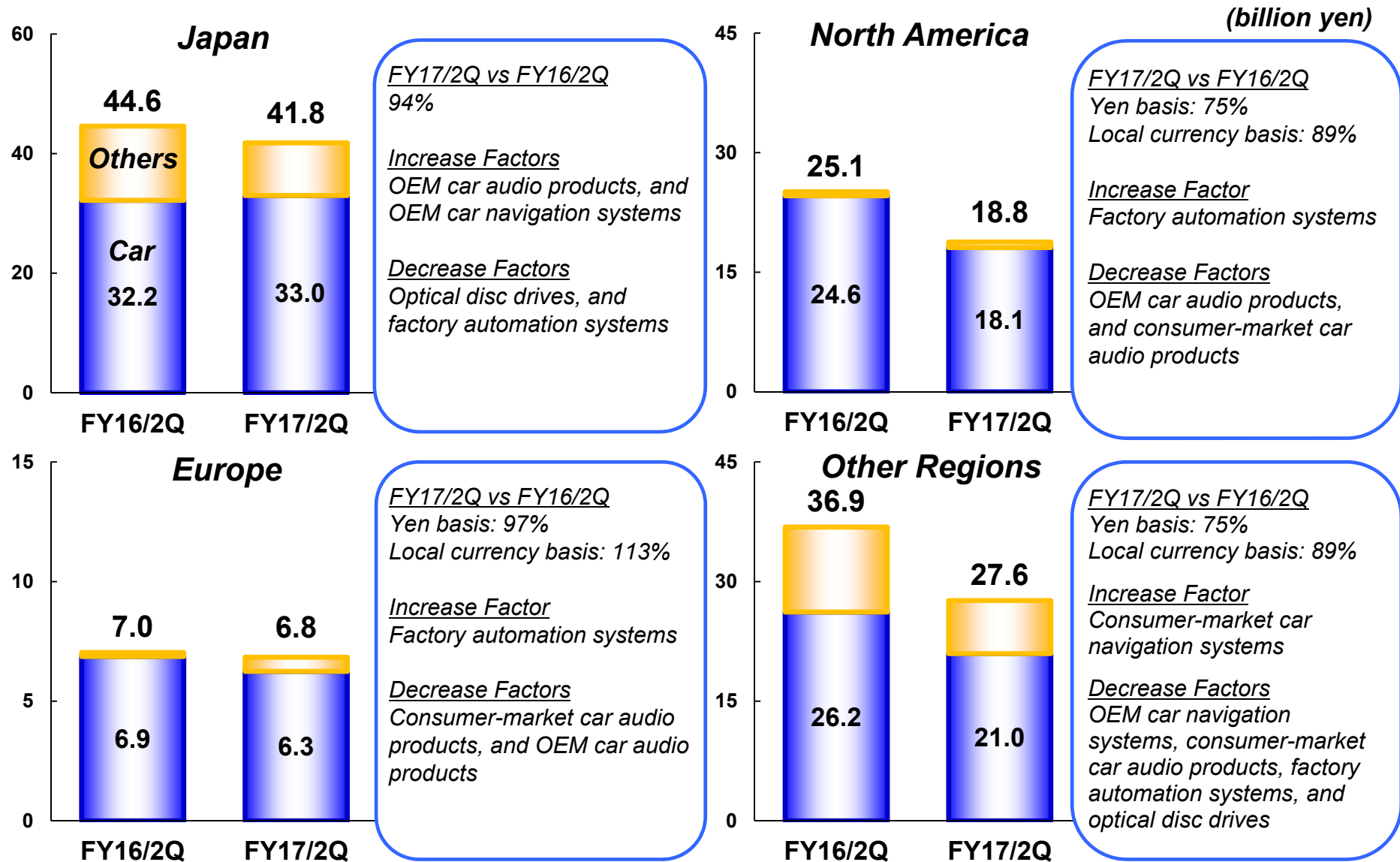
< Operating Income/Loss >

Year-on-Year	Decrease of 1.2 billion yen
Positive Factor	Improvement of cost of sales ratio (+0.2 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-0.9 billion yen), impact of currency exchange (-0.4 billion yen), and increase in SG&A (-0.1 billion yen)

Main products are:
 Optical disc drive-related products, Equipment for cable-TV systems, Factory automation systems, Electronic devices and parts, Organic light-emitting diode displays, DJ equipment (subcontracted manufacturing and sales), and Home AV products (subcontracted sales)

Notes: 1. Operating income/loss by segment represents figures prior to elimination of transactions among segments.
 2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

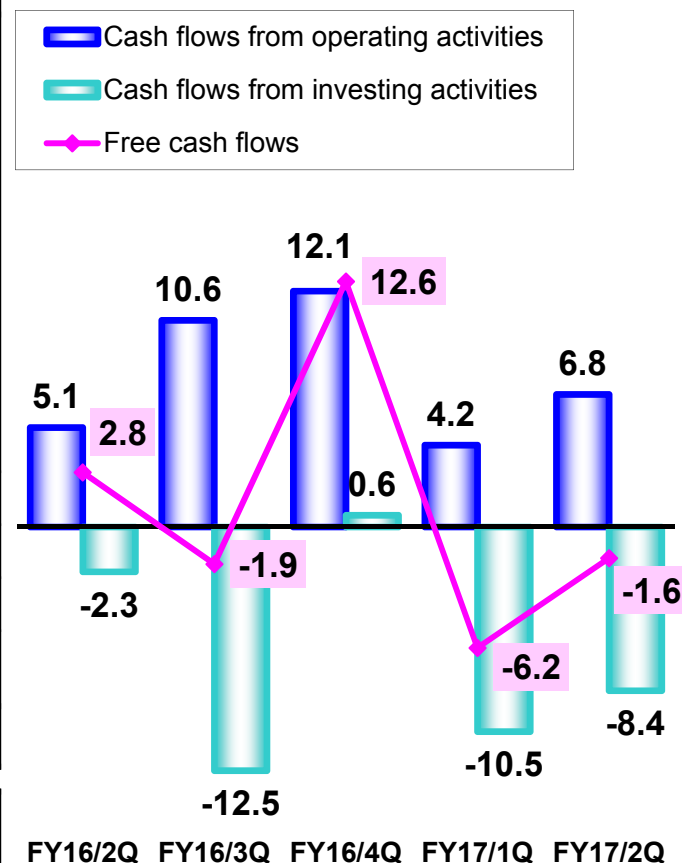
Second Quarter of FY2017: Net Sales by Geographic Segment



Second Quarter of FY2017: Summary of Consolidated Statements of Cash Flows

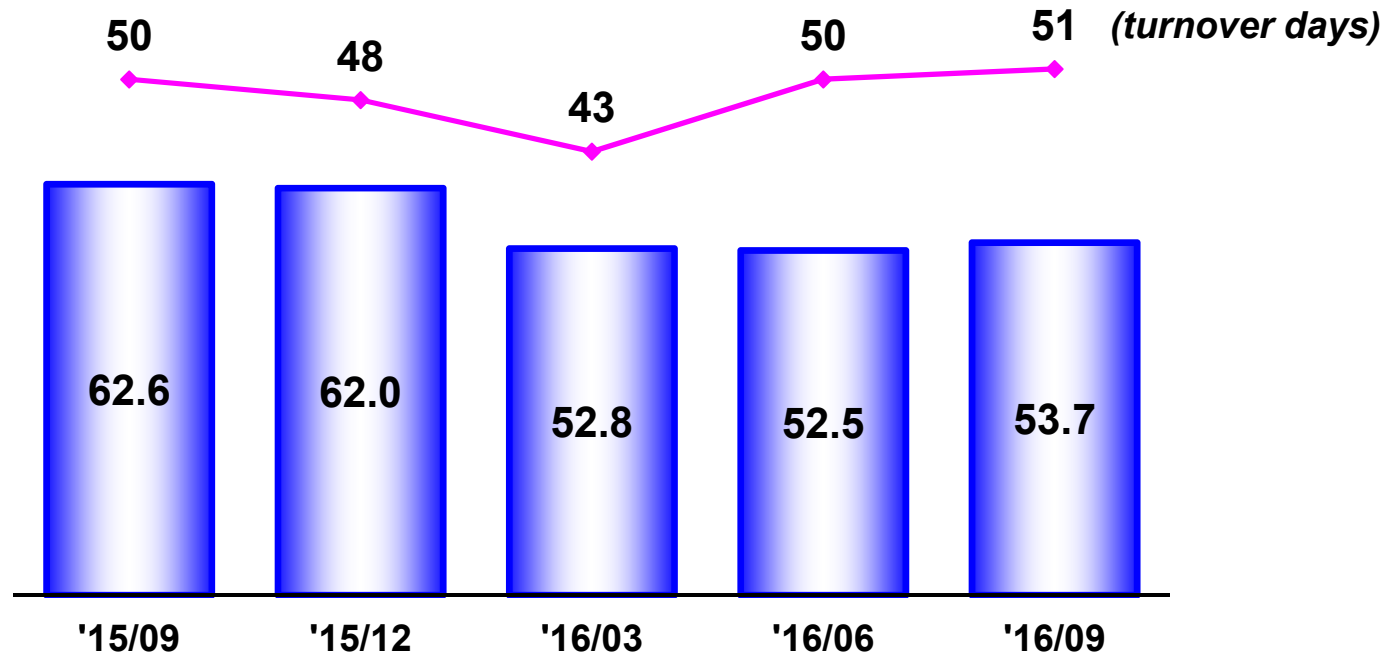
	Second Quarter		First Half	
	FY17	FY16	FY17	FY16
<i>Income before income taxes</i>	0.1	2.0	2.0	1.0
<i>Depreciation and amortization</i>	6.2	6.7	12.6	13.7
<i>Decrease in accrued pension and severance costs</i>	-0.1	-0.8	-0.6	-1.2
<i>Decrease (increase) in trade receivables</i>	-2.4	-4.2	6.3	-0.7
<i>Decrease (increase) in inventories</i>	-1.8	2.6	-4.2	-1.9
<i>Increase in trade payables</i>	5.1	0.2	0.1	0.2
<i>Increase (decrease) in accrued expenses</i>	2.1	1.4	-0.4	-9.9
<i>Others</i>	-2.5	-2.9	-4.8	-4.6
Cash flows from operating activities	6.8	5.1	11.0	-3.4
Cash flows from investing activities	-8.4	-2.3	-18.8	-8.1
Cash flows from financing activities	5.3	-4.7	3.3	-5.6
Foreign currency translation adjustments on cash and cash equivalents	-0.5	-1.2	-3.3	-0.7
Free cash flows	-1.6	2.8	-7.8	-11.5
Net increase (decrease) in cash and cash equivalents	3.2	-3.2	-7.8	-17.8
Balance of cash and cash equivalents	44.2	33.8		
Net cash balance	4.1	4.4		

(billion yen)

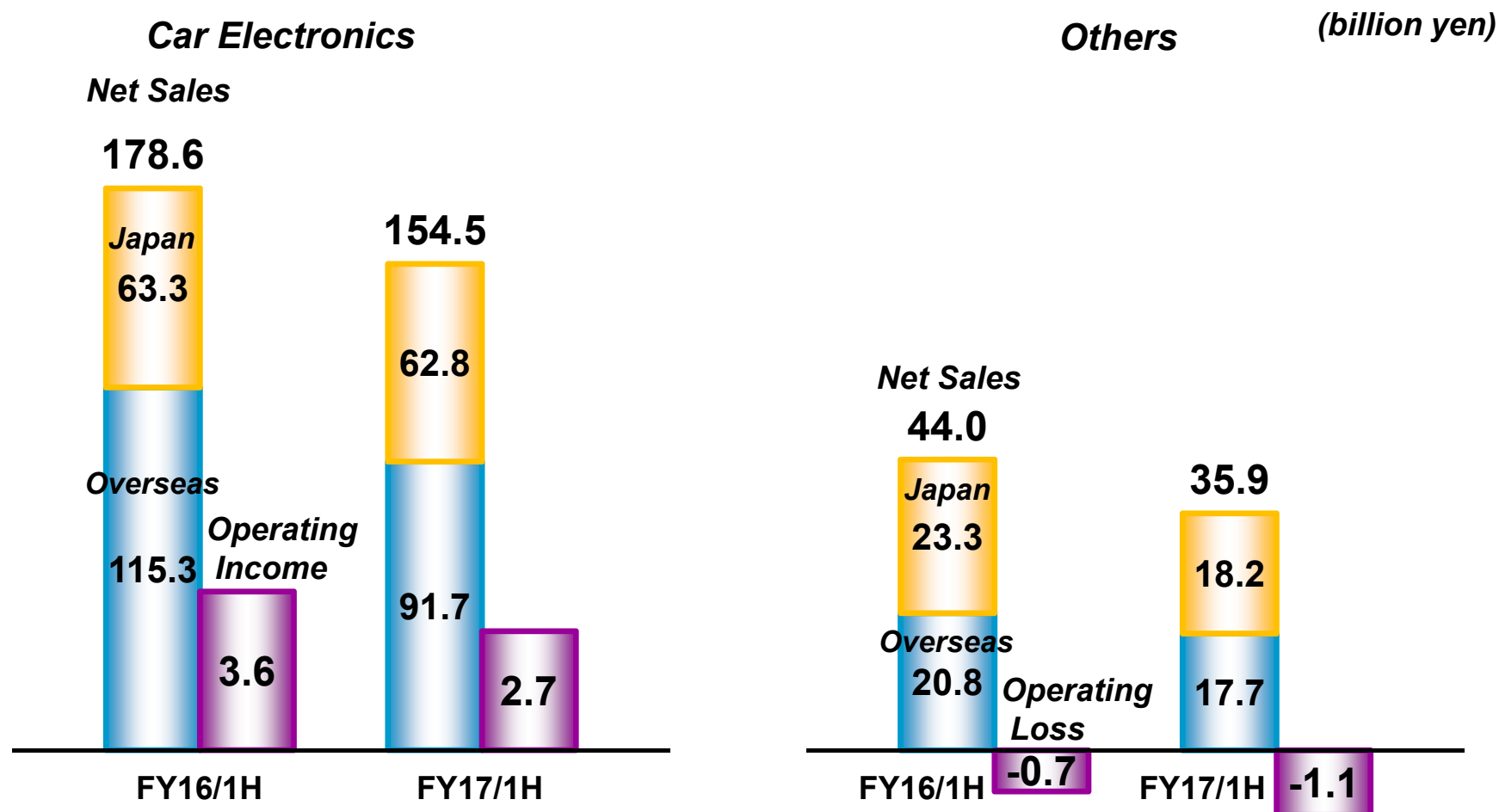


Second Quarter of FY2017: Inventories

(billion yen)



1H of FY2017 : Net Sales & Operating Income/Loss by Segment



Notes: 1. Operating income/loss by segment represents figures prior to elimination of transactions among segments.
 2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

2. Business Forecasts for FY2017

Consolidated Business Forecasts for FY2017

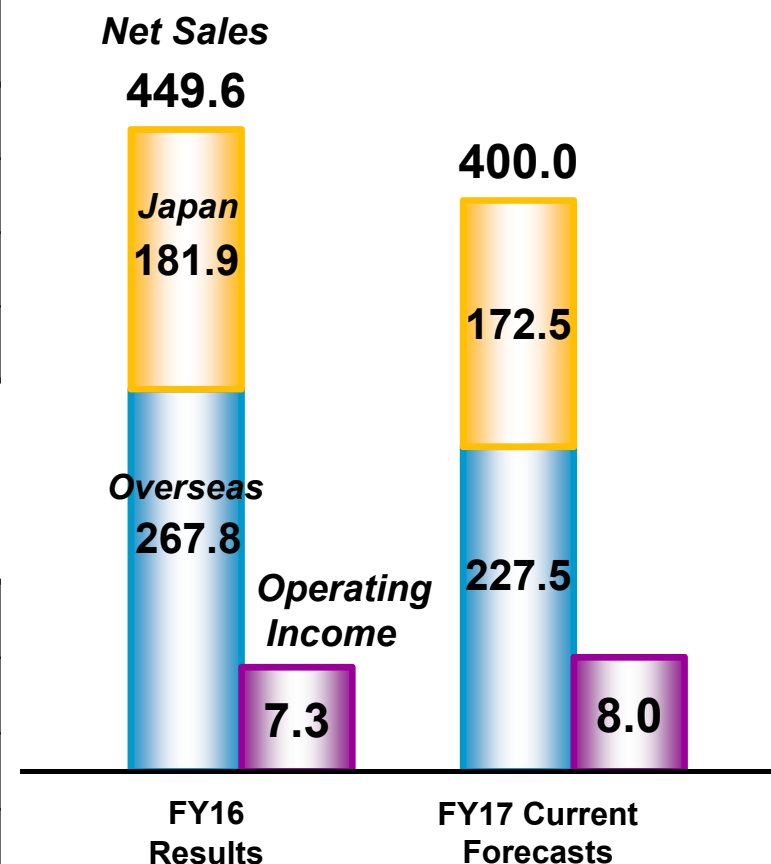
No change from sales and income forecasts announced on August 5, 2016. (billion yen)

(billion yen)

	FY17 Current Forecasts	FY16 Results	% to Prior Year
Net Sales	400.0	449.6	89.0%
Operating Income	8.0	7.3	109.5%
Ordinary Income	7.0	7.3	96.6%
Net Income *	1.0	0.7	136.8%

Average Currency Rate (yen)	1 US\$	105.14	120.14
	1 Euro	116.58	132.58

Net Income * per Share (yen)	2.72	1.99	+0.73
ROE	1.2%	0.8%	+0.4%
Book-value per Share (yen)	210.21	233.32	-23.11
ROA	0.3%	0.2%	+0.1%



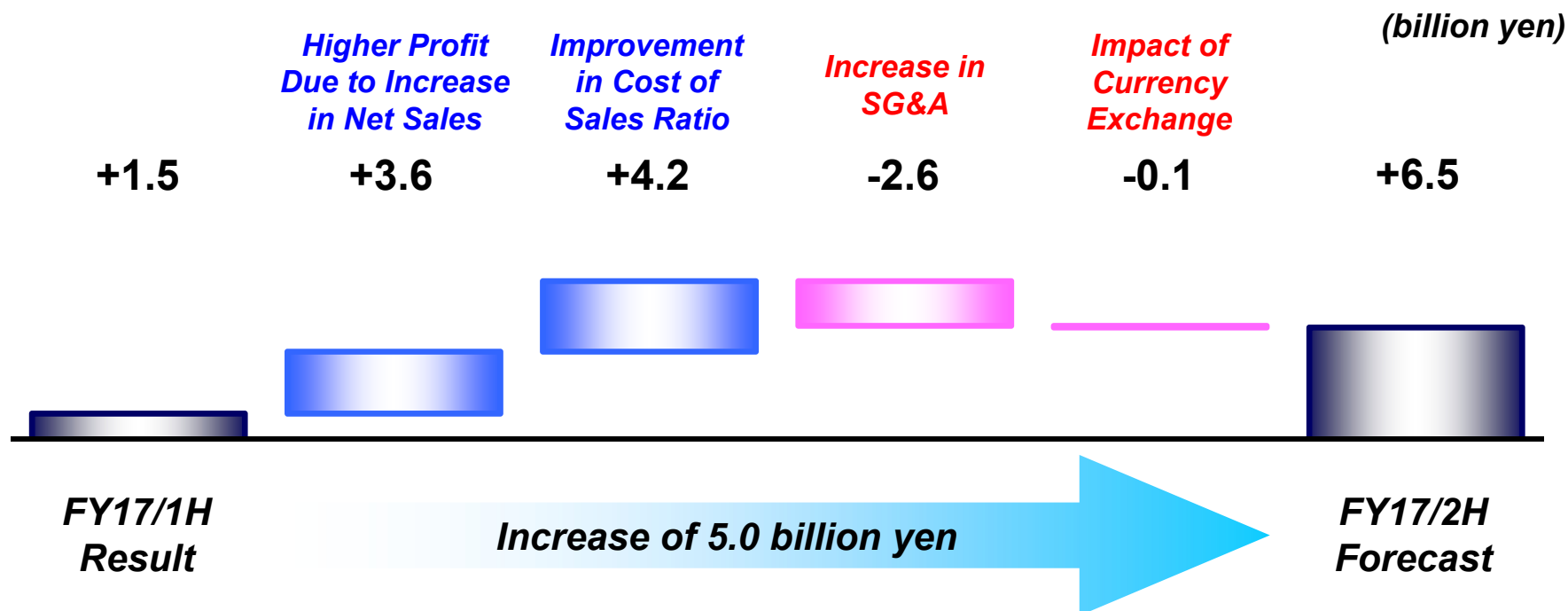
* Net income/loss attributable to owners of Pioneer Corporation

Notes: 1. The yen-U.S. dollar exchange rate assumption for remaining six months of FY2017 is 105 yen, while the yen-euro exchange rate assumption is 115 yen.

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

Net sales— US\$: -990 million yen; euro: -110 million yen / Operating income— US\$: 20 million yen; euro: -70 million yen.

FY2017 Forecasts: 2H Operating Income Breakdown Compared to 1H



- *In Car Electronics, consumer-market sales are expected to grow for both car audio products and car navigation systems, as full-scale launches of new models will start in the second half. In the Others segment, sales of products such as factory automation systems are estimated to increase.*
- *Depreciation and amortization expenses are expected to increase, but growth of net sales, and our cost reduction measures in Car Electronics, will lead to improvement in cost of sales ratio.*
- *SG&A is estimated to increase in line with the sales growth.*

FY2017 Forecasts: Car Electronics

Net Sales (billion yen)

357.8



Overseas

223.8

Operating Income

8.6

FY16 Results

320.0



187.5

8.0

FY17 Current Forecasts

< Net Sales > OEM Ratio to Net Sales: 58% (FY16: 60%)

% to Prior Year	89% (Japan 99%, Overseas 84%)
Increase Factor	Map software
Decrease Factors	OEM car audio products, OEM car navigation systems, and consumer-market car audio products

< Operating Income >

Year-on-Year	Decrease of 0.6 billion yen
Positive Factor	Improvement in cost of sales ratio (+2.9 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-2.0 billion yen), increase in SG&A (-1.0 billion yen), and impact of currency exchange (-0.5 billion yen)

< Shipment to Consumer Market >

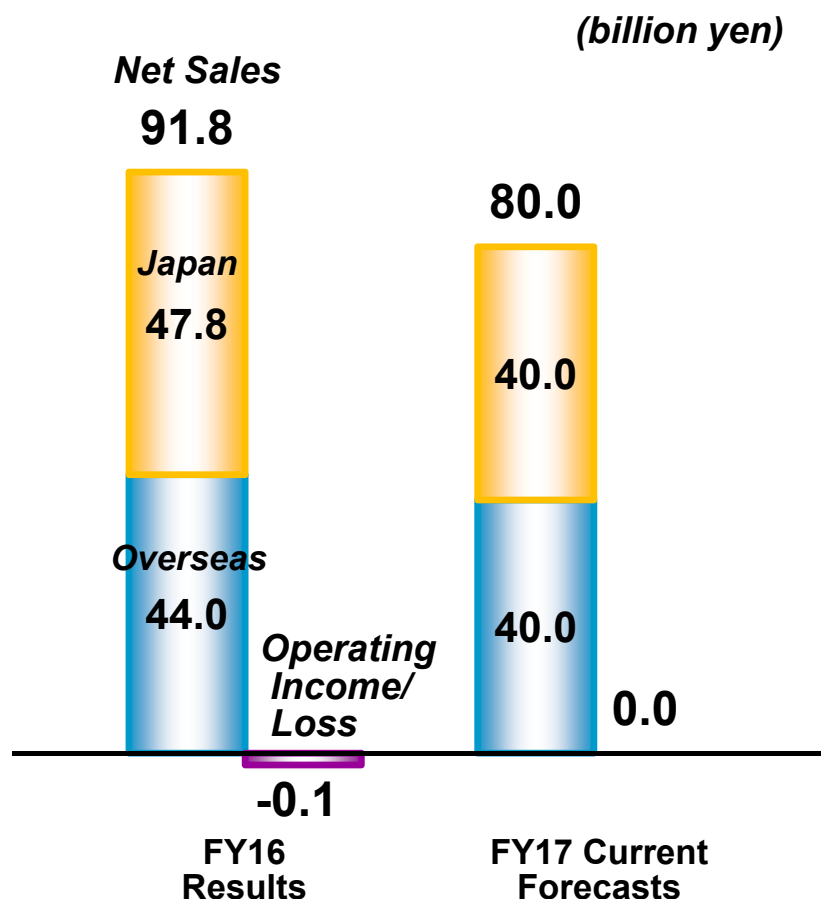
(thousand units)

	FY2016 Results	FY2017 Forecasts
Car navigation systems	691	675
Car CD players	5,784	6,150
Car AV products	1,432	1,460

Notes: 1. Operating income by segment represents figures prior to elimination of transactions among segments.

2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

FY2017 Forecasts: Others



< Net Sales >

% to Prior Year	87% (Japan 84%, Overseas 91%)
Increase Factor	Factory automation systems
Decrease Factors	Optical disc drives, and home AV products (completion of subcontracted manufacturing)

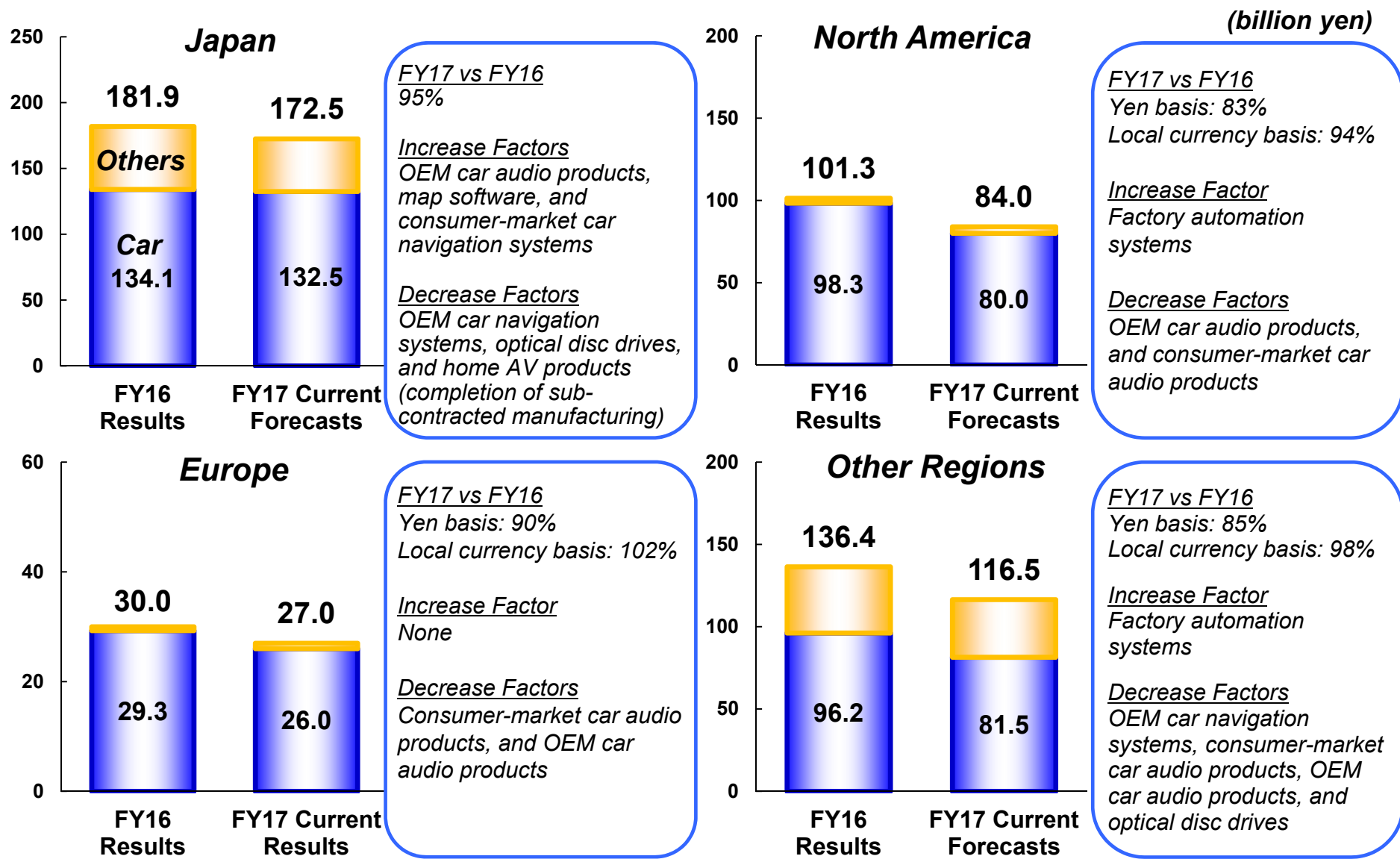
< Operating Income/Loss >

Year-on-Year	Improvement of 0.1 billion yen
Positive Factor	Improvement in cost of sales ratio (+1.9 billion yen)
Negative Factors	Increase in SG&A (-0.8 billion yen), lower profit due to decrease in net sales (-0.6 billion yen), and impact of currency exchange (-0.3 billion yen)

Notes: 1. Operating income/loss by segment represents figures prior to elimination of transactions among segments.

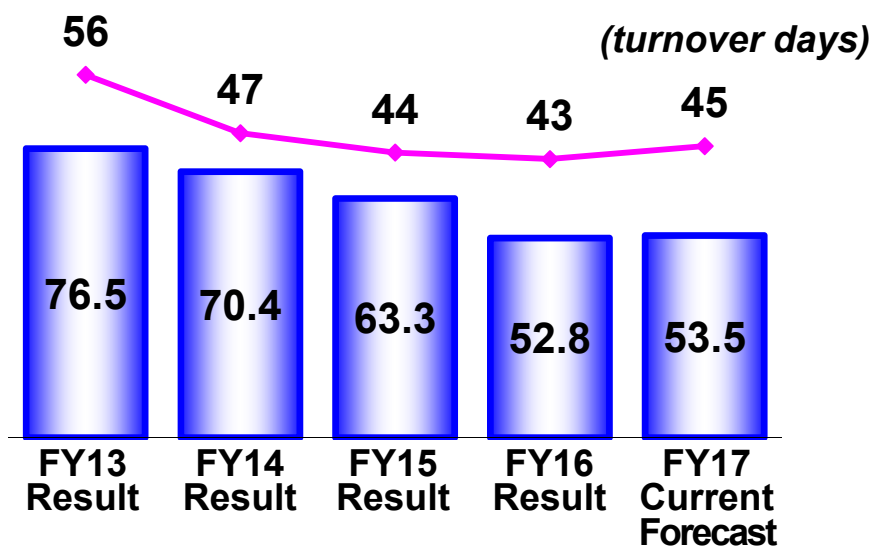
2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

FY2017 Forecasts: Net Sales by Geographic Segment



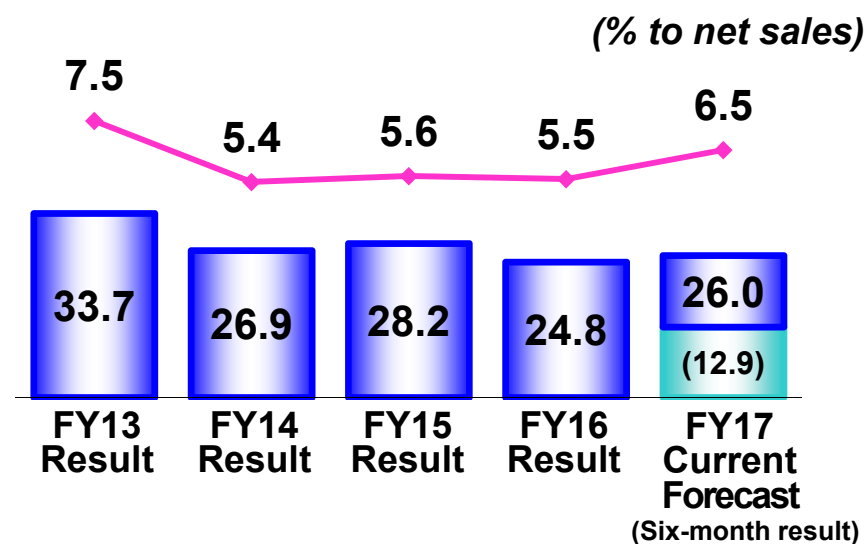
**FY2017 Forecasts:
Inventories, R&D Expenses, Capital Expenditures, Depreciation & Amortization**

Inventories

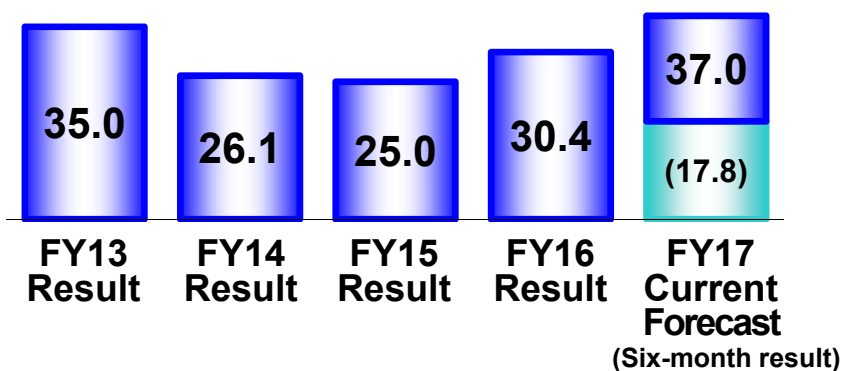


R&D Expenses

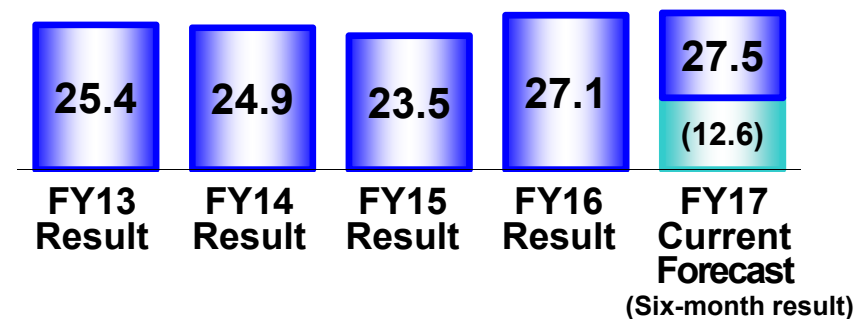
(billion yen)



Capital Expenditures



Depreciation & Amortization



FY2017 Forecasts: Cash Flows and Other Financial Data

(billion yen)

	<i>FY16 Results</i>	<i>FY17 Current Forecasts</i>	<i>FY17 Previous Forecasts (Reference)</i>
<i>Cash Flows from Operating Activities</i>	19.3	21.0	25.0
<i>Cash Flows from Investing Activities</i>	-20.1	-37.0	-33.0
<i>Cash Flows from Financing Activities</i>	3.4	1.5	-4.0
<i>Free Cash Flows</i>	-0.8	-16.0	-8.0
<i>Equity</i>	90.5	81.0	82.0
<i>Equity Ratio</i>	29%	28%	28%
<i>Borrowings</i>	37.3	39.0	34.0
<i>D/E Ratio</i>	0.4 times	0.5 times	0.4 times
<i>Cash and Deposits</i>	52.0	34.0	37.0

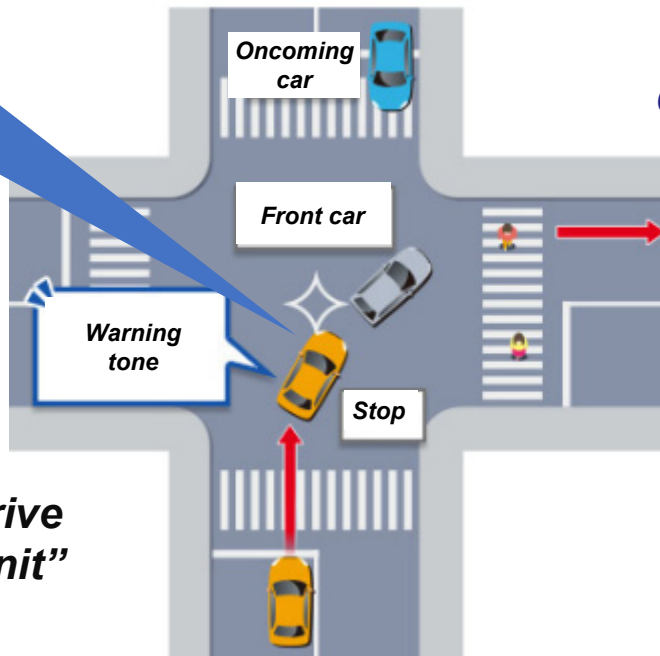
Note: D/E Ratio = Debt ÷ (Equity – Non-controlling Interests)

3. Topics

“Multi-Drive Assist Unit” to Support Reliability and Safety for Car Drivers

By linking the “Multi-Drive Assist Unit” with CYBER NAVI, our car navigation system, this unit uses our sophisticated image recognition technologies and probe information*, employing a variety of advanced driving assistance functions. These functions include “following start detection during right turn,” “front car proximity warning,” and “accidental start warning” among others that warn the driver and help prevent accidents by warning tones and warning messages.

* Road traffic Information generated mainly from vehicle’s tracking data



“Following start detection during right turn” function

Utilizing knowledge and information from a national project and data of near-miss spots with frequent incidents such as sudden braking recorded in CYBER NAVI, the unit alerts and warns the driver in order to help prevent accidents during a right turn.



“Multi-Drive Assist Unit” ND-MA1

Pioneer