

**Pioneer** *sound.vision.soul*

## **Future Development of PDP Business**

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Masaru Saotome

President of Plasma Display Business Company

Senior Managing Executive Officer

Pioneer Corporation

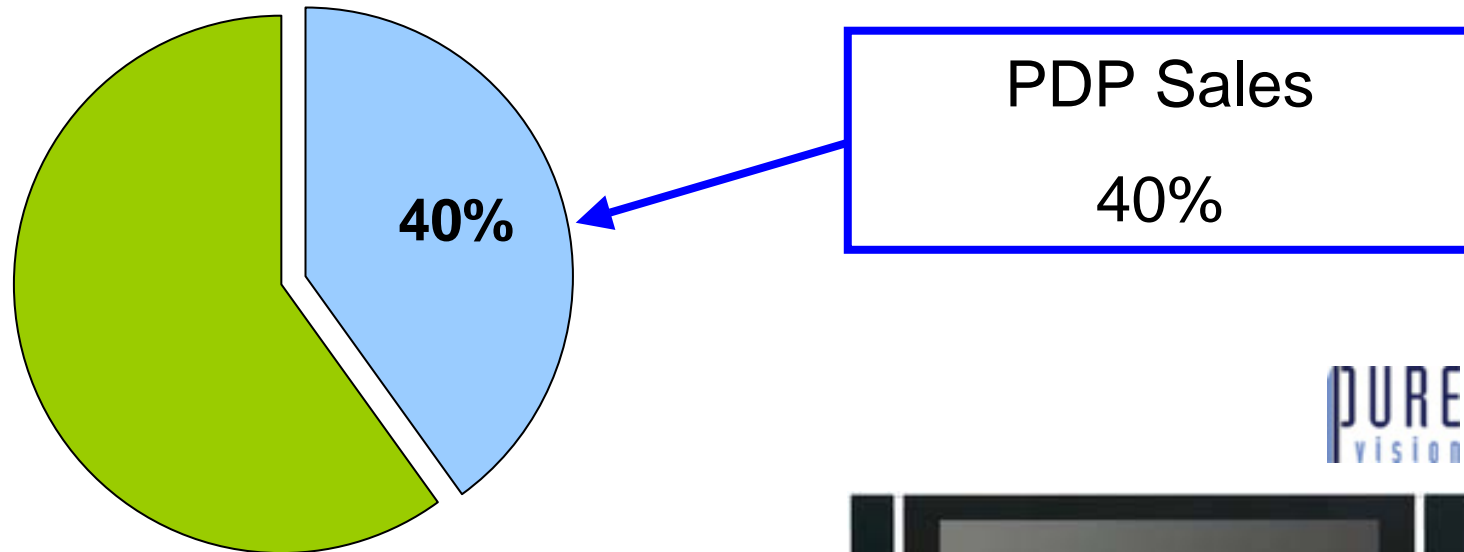
**November 17, 2004**

# Today's Agenda

- 1. FY2005.03 Forecast**
- 2. PDP Market**
- 3. Production Capability**
- 4. PPD Integration Progress**
- 5. Business Policy & Strategy**

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. You also should not rely on the belief that it is 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; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continue to design and develop and win acceptance of our products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology and subjective and changing consumer preferences; (iv) our ability to implement successfully our business strategies; (v) our ability to compete and develop and implement successful sales and distribution strategies in light of technological developments in and affecting our businesses; (vi) our continued ability to devote sufficient resources to research and development, and capital expenditure; (vii) our ability to continuously enhance our brand image; (viii) the success of our joint ventures and alliances; and (ix) the outcome of contingencies.

## **PDP Business Forecast for FY2005.03**



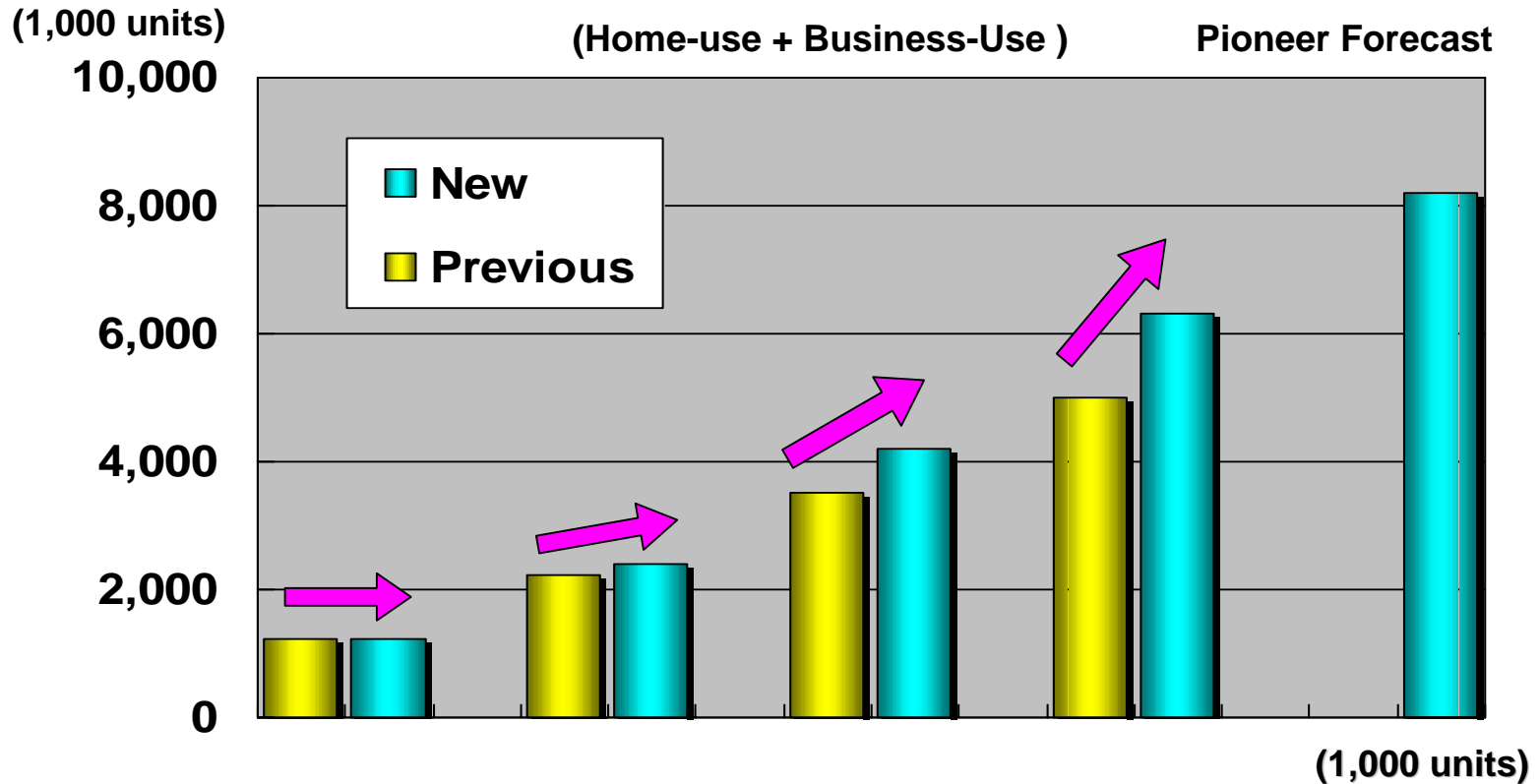
**342.0 billion yen  
Sales Revenue of  
Home Electronics Segment  
for FY2005.03**

**PURE  
vision**



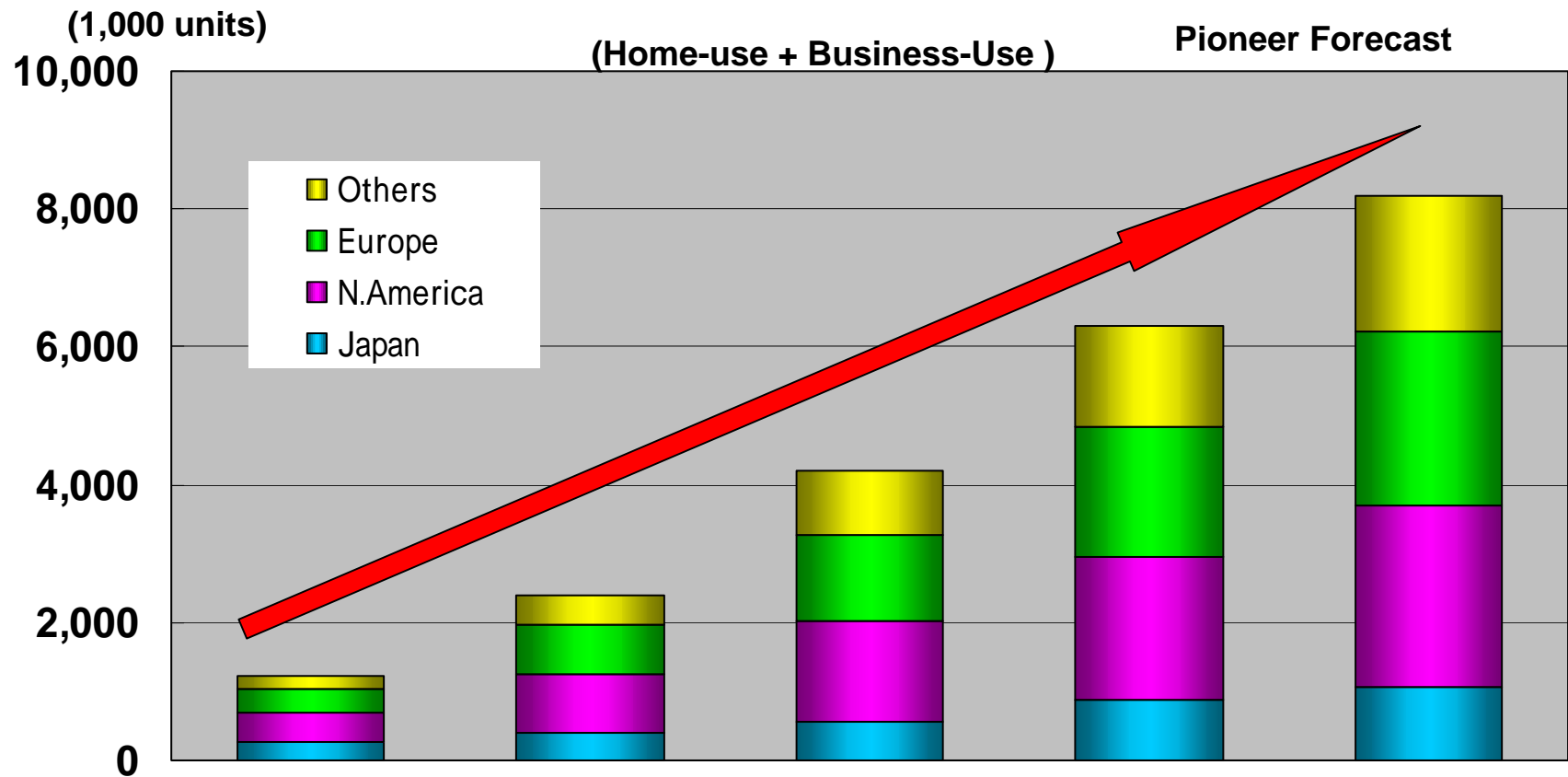
# PDP Market Size

## Global PDP Market (Comparison from previous Forecast)



	2004/03	2005/03	2006/03	2007/03	2008/03
Prev.(as of Jun.)	1,240	2,220	3,500	5,000	-
New (as of Nov.)	1,220	2,400	4,200	6,300	8,200
Diff.	- 20	+ 180	+ 700	+ 1,300	-

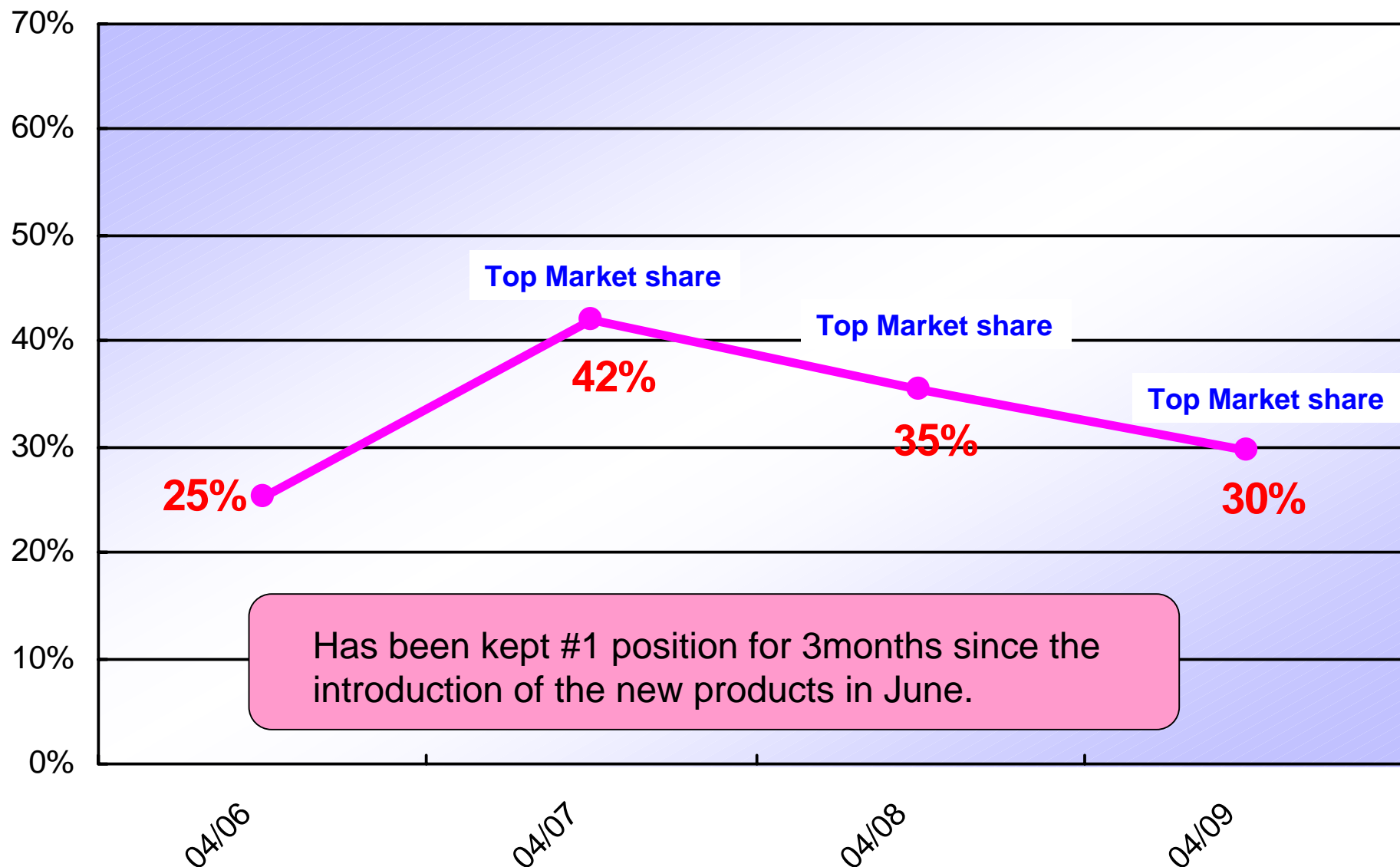
# Global PDP Market (by Region)



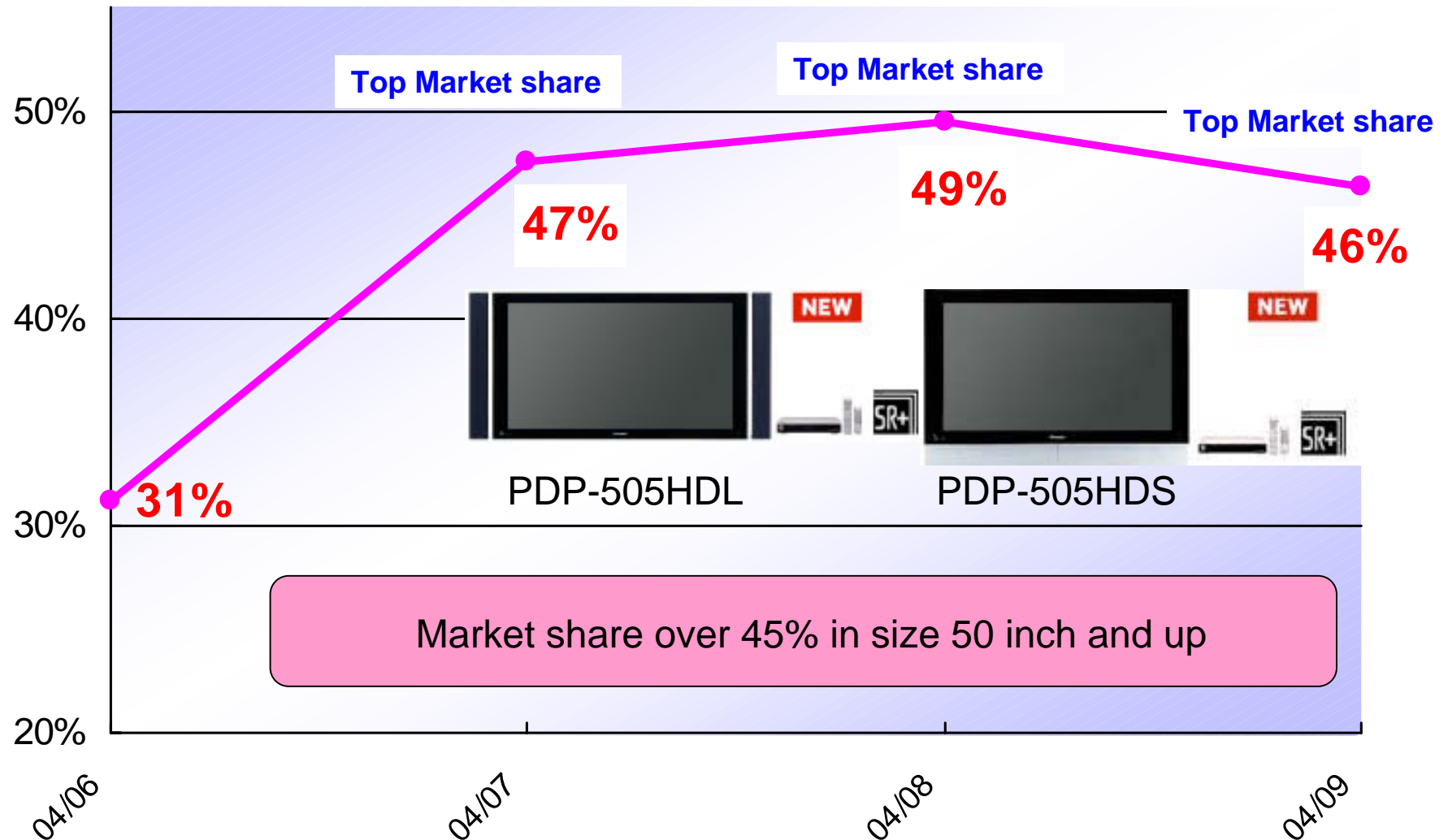
(1,000 units)

	2004/03	2005/03	2006/03	2007/03	2008/03
Japan	273	400	570	880	1,070
N.America	415	840	1,440	2,080	2,620
Europe	352	720	1,270	1,890	2,540
Others	180	440	920	1,450	1,970
<b>Total</b>	<b>1,220</b>	<b>2,400</b>	<b>4,200</b>	<b>6,300</b>	<b>8,200</b>

## PDP Market Share in Japan (above 40", unit basis)



# PDP Market share in Japan, (above 50",unit base)



# **PDP-435HDE awarded the 2004-2005 PDP Award from EISA**



*EISA : European Imaging and Sound Association*

# High definition (HD) broadcasting by EURO 1080

Aggressive showcase display under way in Europe



## *Home Theater Business (Japan)*



*Wireless Type Home Theater*



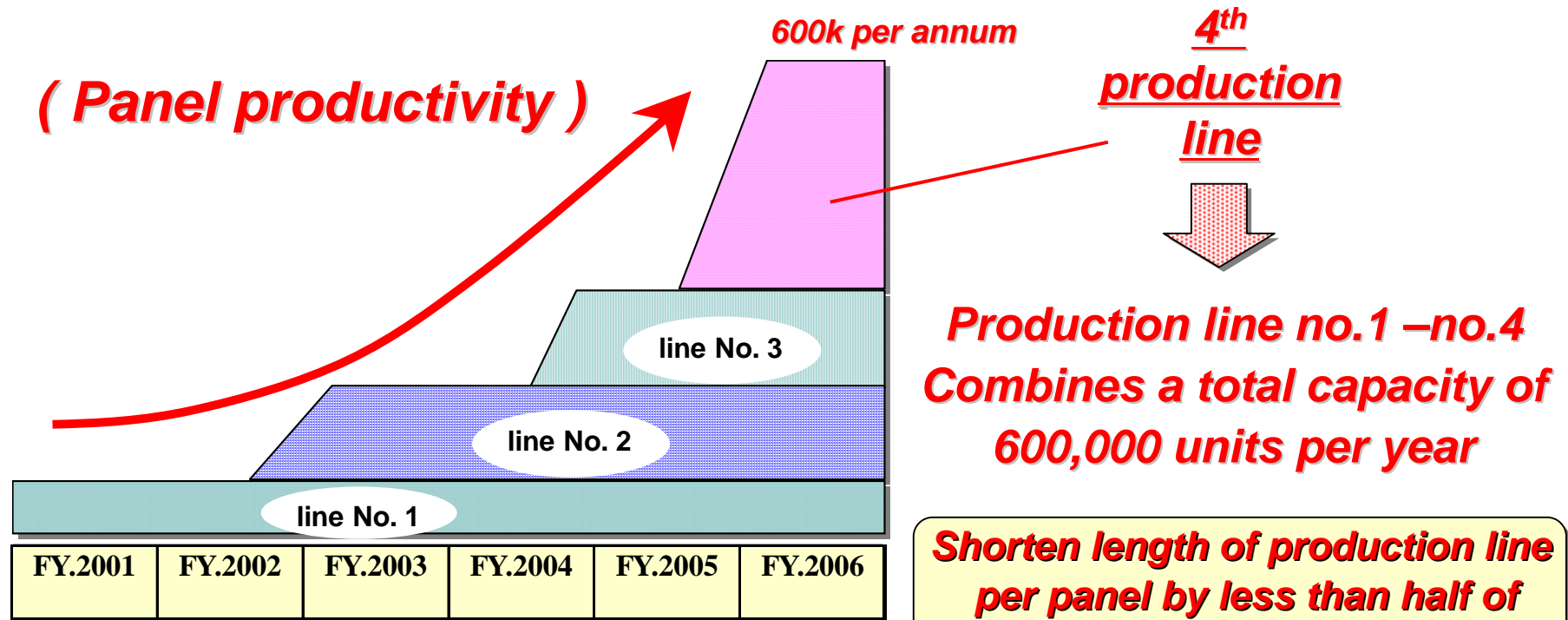
*High Grade Home Theater*

# ***PDP Production***



***Panoramic view of  
Pioneer Display Products, in Yamanashi Prefecture***

# Production Capacity of Pioneer Display Products



**Shorten length of production line  
per panel by less than half of  
conventional lines**

**Super- High efficient plant:  
4<sup>th</sup> production line**

**Shorten panel production time  
per piece by 1/3**

**Investment efficiency  
improved 1.8 times**

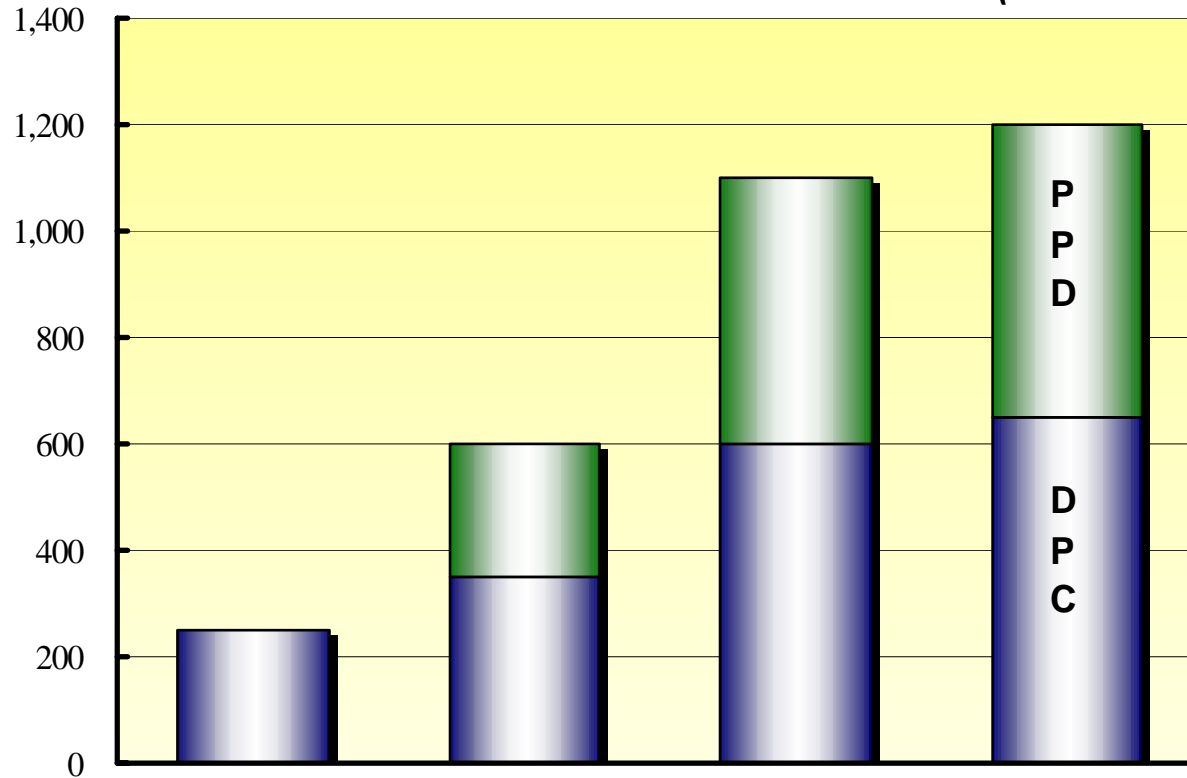
*(Compared to conventional production lines)*

***Plant No. 4 of Pioneer Display Products, in Yamanashi***



## ***Annual Panel Production Capacity After Merger of Pioneer Plasma Display (PPD)***

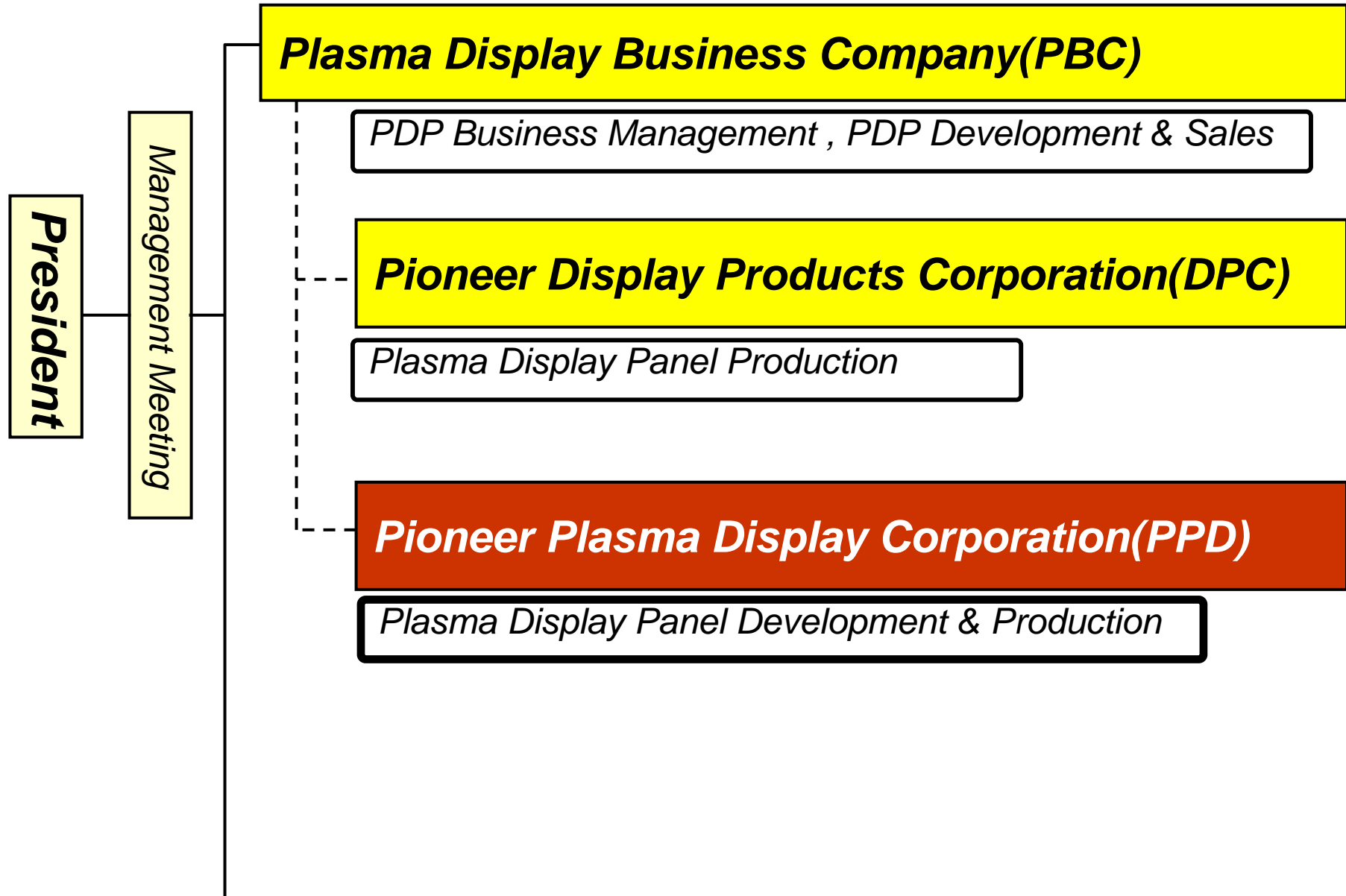
*(In thousands)*



	FY.04/3	FY.05/3	FY.06/3	FY.07/3
DPC	<b>250</b>	<b>350</b>	<b>600</b>	<b>650</b>
PPD	-	<b>250</b>	<b>500</b>	<b>550</b>
<b>Total</b>	<b>250</b>	<b>600</b>	<b>1,100</b>	<b>1,200</b>

*(In thousands)*

# ***Pioneer Plasma Display Corporation Positioning and Major Business***



## ***Outline of Pioneer Plasma Display Corporation***

***President: Kenji Tokuyama***

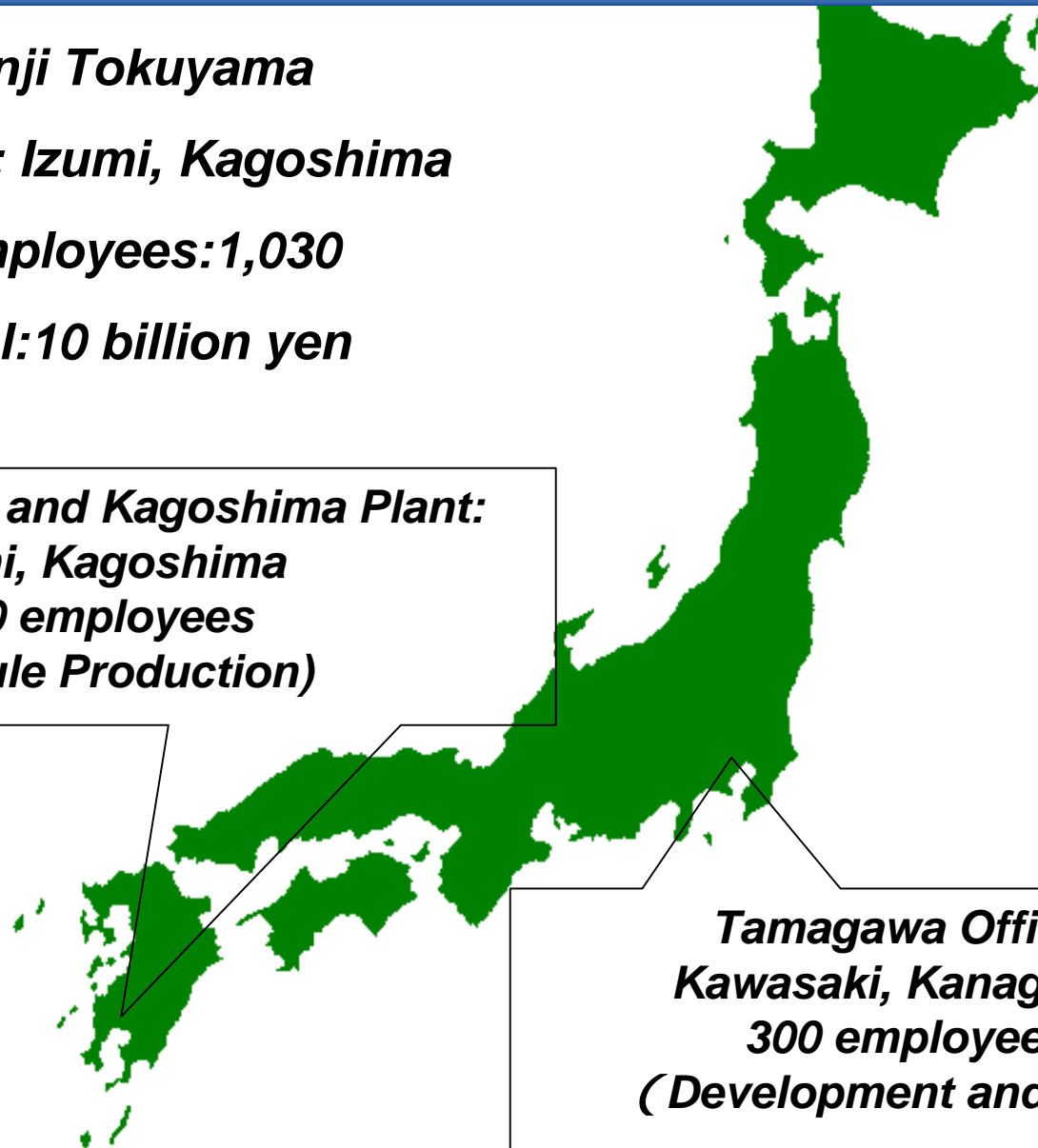
***Headquarters: Izumi, Kagoshima***

***Number of Employees: 1,030***

***Paid-in Capital: 10 billion yen***

***Headquarters and Kagoshima Plant:  
Izumi, Kagoshima  
730 employees  
(Module Production)***

***Tamagawa Office:  
Kawasaki, Kanagawa,  
300 employees  
(Development and Sales)***



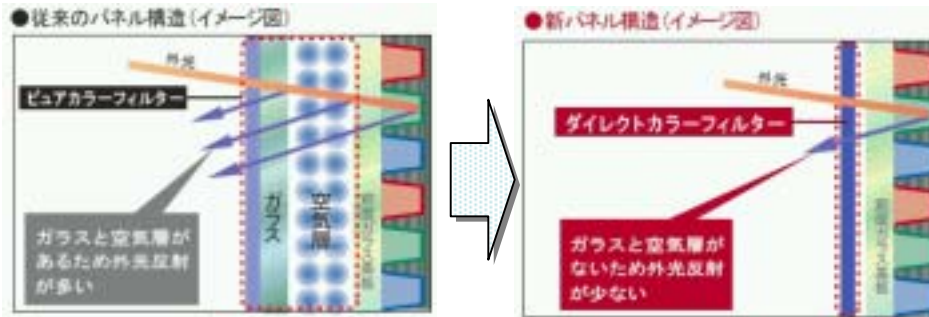
## ***Pioneer Plasma Display Corporation Kagoshima Plant***



# Progress of Business Integration

Full-Implementation of DCF

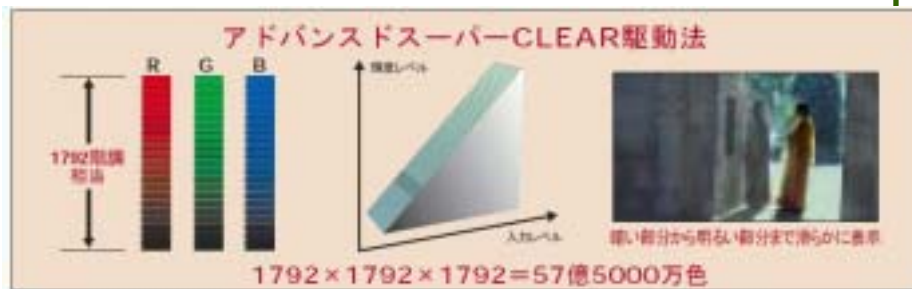
Using Pioneer's original DCF(Direct Color Filter) in PPD products



Full-Implementation of CLEAR Drive System

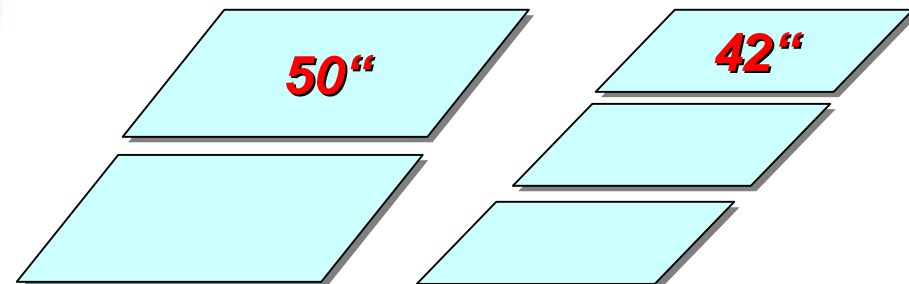
Technology Fusion

Adopting Multi Panel Production Method



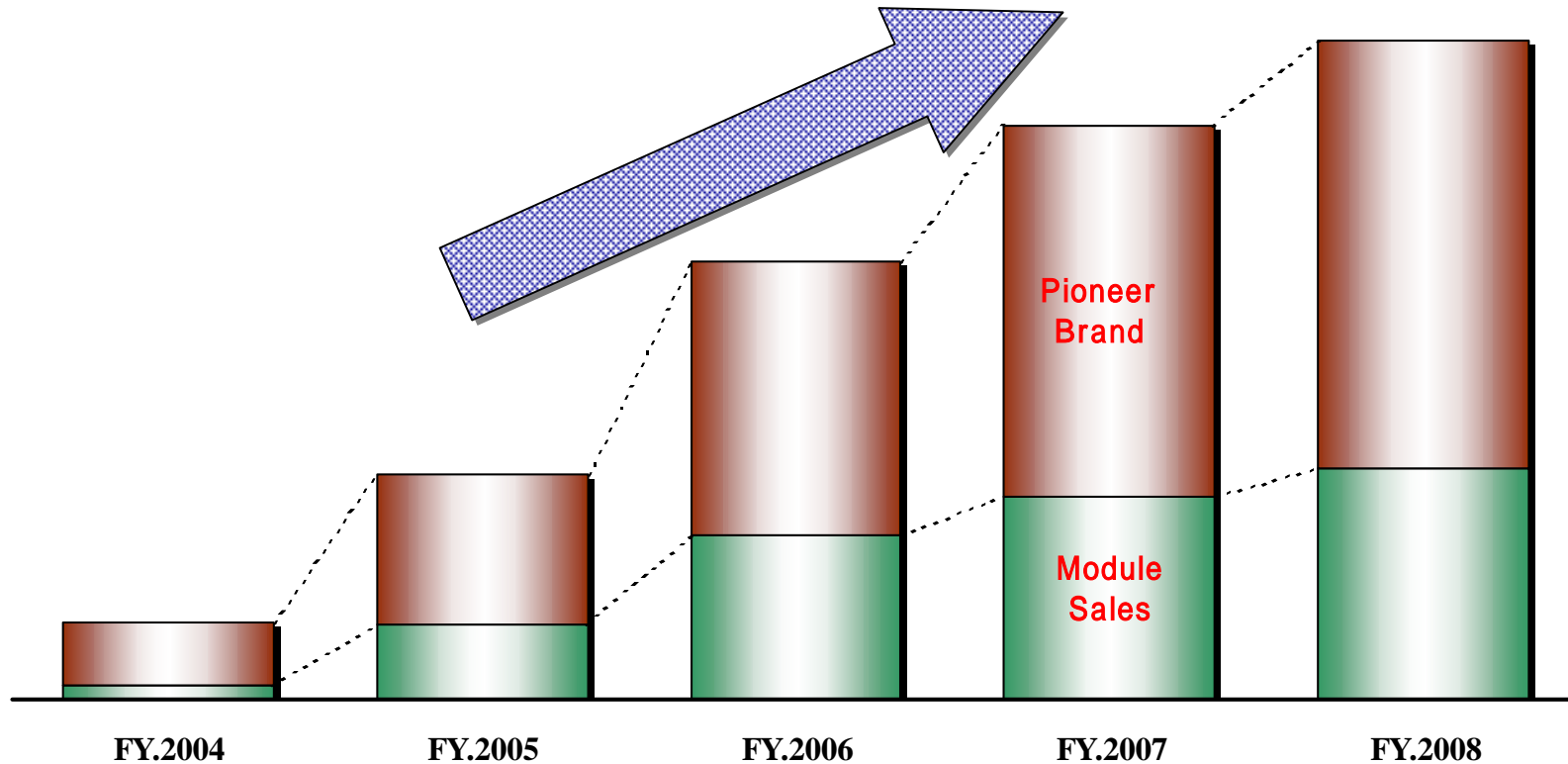
Using Pioneer's original CLEAR drive system in all panel

Adopting PPD's production process for multi panel production.  
=> Cost reduction



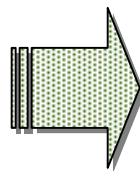
# << Expansion of Module Business >>

( Module Business : Sell PDP module to other TV manufacturers )



Some finished product sales is included in module sales.

**“Pioneer Brand”  
Business**

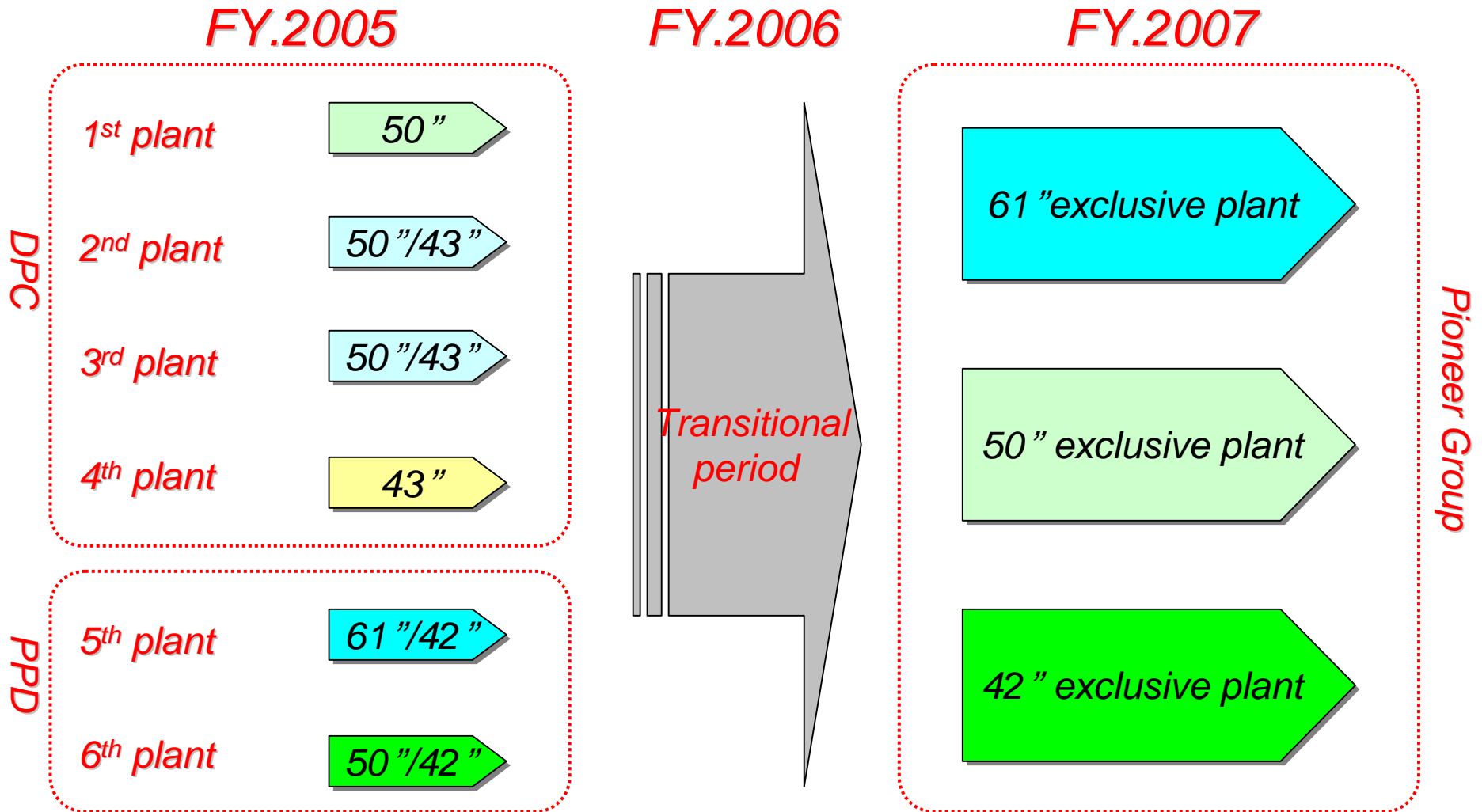


**“Pioneer Brand”  
“Business-use and  
Module Business”**

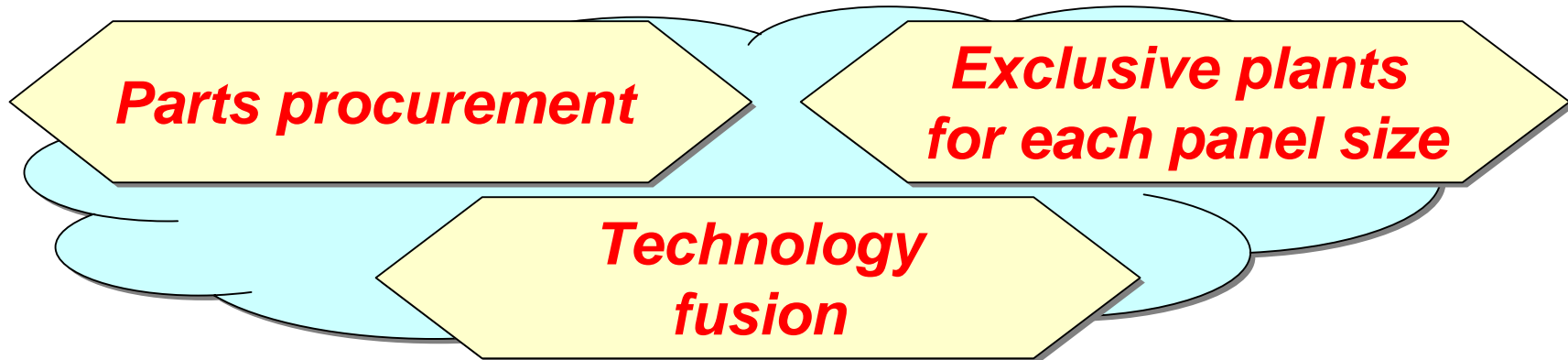
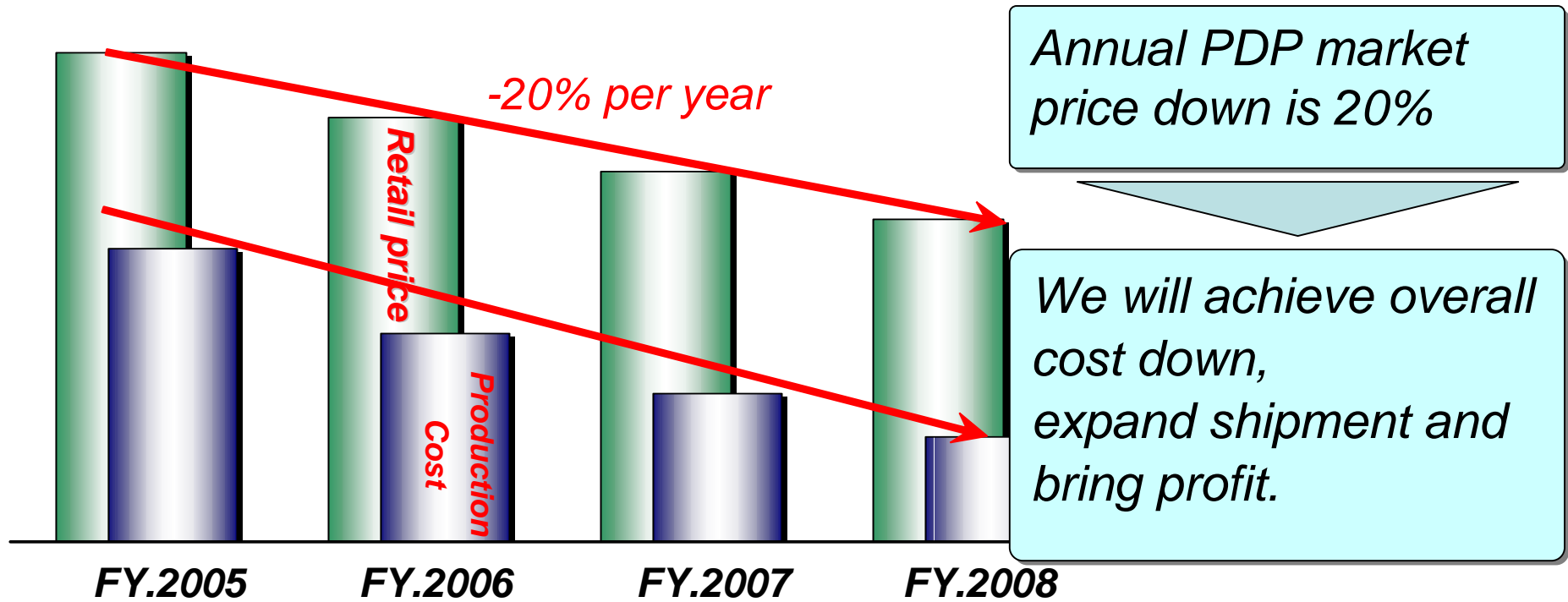
**Expanding  
both  
businesses**

## Panel production plan after merger

**Maximize production efficiency**  
**by operating exclusive plant for each panel size**



# <<For Cost Reduction>>



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## ***Business Strategy***

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### ***<Basic Policy >***

- 1. Specialize in large size, high definition plasma display***
- 2. Full line-up strategy***
- 3. Promoting both “finished product business” and “module sales business”***

# Company Vision

We aim at gaining the **top position in the plasma display business,**  
by offering **superb picture quality that touches the soul.**

**Superb Picture Quality that Touches the Soul:** In order to become No. 1 in customer satisfaction, we must meet all requirements on environmental issues, product design, features, ease of use, product quality, and pricing, in addition to high quality in picture and sound. Above all, **superb picture quality**, which is the core of our display products that touch the soul, is the key to differentiate us from our competitors and lead the industry.

**Top Position in the Plasma Display Business:** The top position means being **No. 1 in customer satisfaction, brand image, and product quality.** In addition, we are committed to maintaining **No. 1 in the competition of our cutting-edge technology, scale of production and sales, and cost competitiveness.**