



Pioneer Corporation

***Business Results
for Second Quarter of Fiscal 2018***

Susumu Kotani, President and CEO

November 9, 2017

Main Points of Today's Presentation

1. Business Results for 2Q of FY2018

- **Compared with the same periods of FY2017, operating income increased while net sales decreased both in the second quarter and in the first half.**
- **Compared with our plan, operating income reached the target while sales slightly missed the target.**
- **Net loss was posted for the second quarter and the first half, down from net income/loss of the same periods of FY2017 and below plan. This is due to a foreign exchange loss, and some restructuring costs recorded ahead of the second half where they were originally estimated.**

2. Business Forecasts for FY2018

- **Business forecasts for the full year remain unchanged from our previous forecasts.**

3. Topics

- **Started supplying 3D-LiDAR samples using MEMS mirror**
- **Business and capital alliance with HERE Technologies**

Today's Agenda

- 1. Business Results for 2Q of FY2018**
- 2. Business Forecasts for FY2018**
- 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 2Q of FY2018

Consolidated Business Results for 2Q & 1H of FY2018

(billion yen)

	Second Quarter			First Half		
	FY17	FY18	% to Prior Year	FY17	FY18	% to Prior Year
Net Sales	95.1	92.9	97.7%	190.4	176.2	92.5%
Operating Income	1.1	2.3	201.1%	1.5	2.0	135.2%
Ordinary Income/Loss	0.8	0.9	108.1%	2.8	-0.4	-
Net Income/Loss*	-0.3	-0.6	-	1.0	-2.6	-
Net Income/Loss* per Share (yen)	-0.83	-1.67	-0.84	2.63	-7.21	-9.84
ROE	-1.6%	-3.0%	-1.4%	2.4%	-6.4%	-8.8%
Book-value per Share (yen)	210.11	226.18	+16.07			
ROA	-0.4%	-0.9%	-0.5%	0.7%	-1.9%	-2.6%

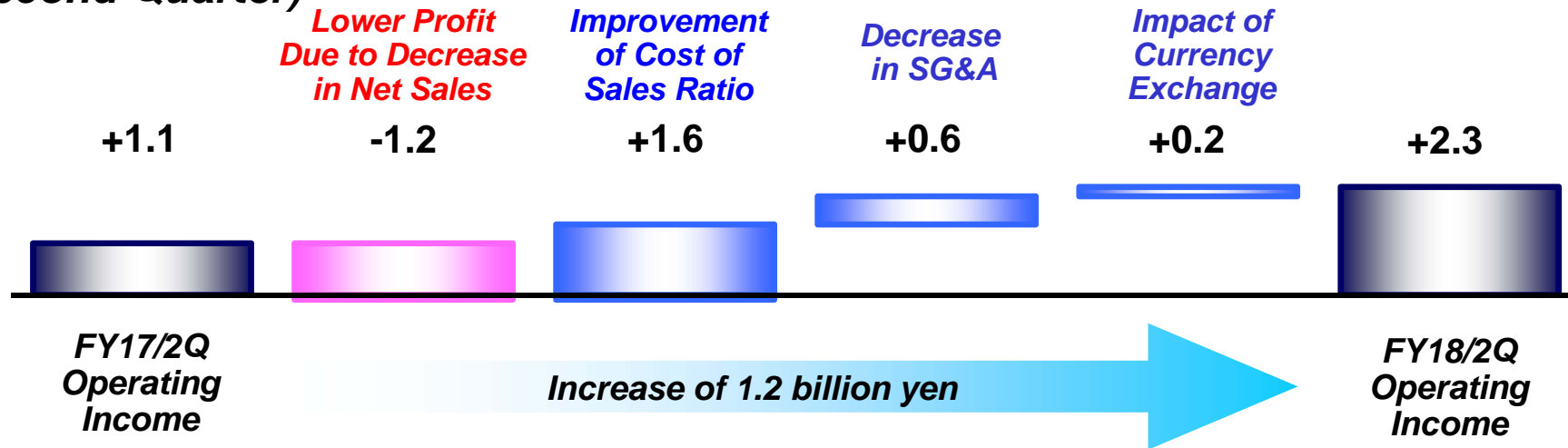
* Net income/loss attributable to owners of Pioneer Corporation

Average Currency Rate (yen)	1 US\$	102.43	111.03	+7.7%	105.29	111.06	+5.2%
	1 Euro	114.28	130.38	+12.3%	118.15	126.29	+6.4%

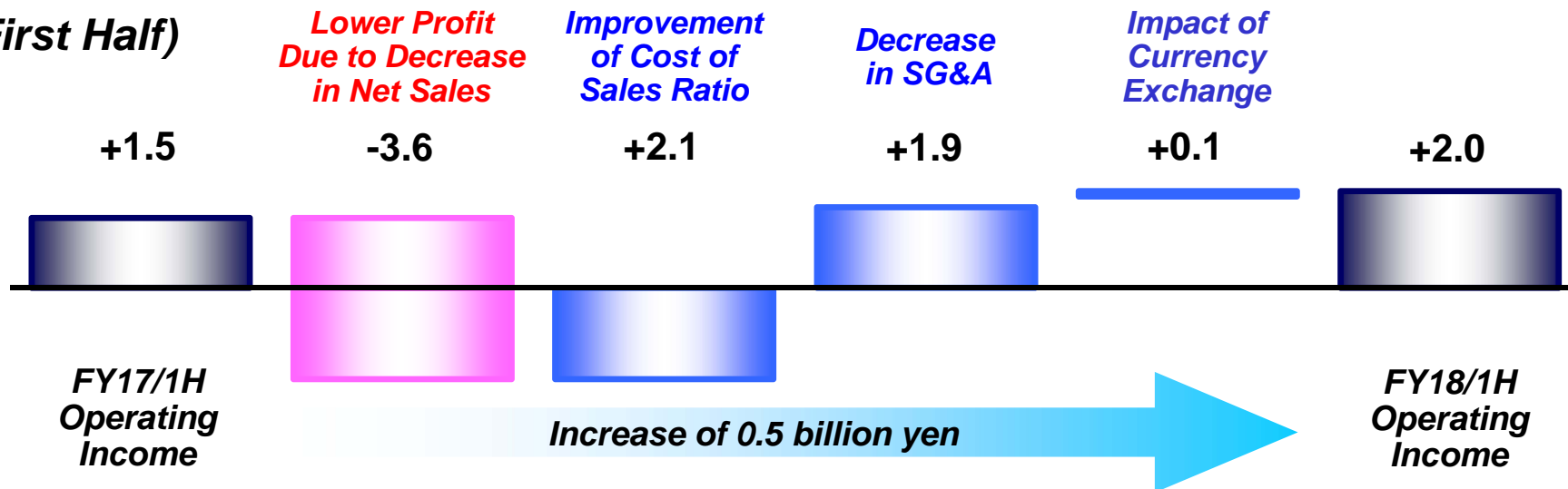
Operating Income Structure Breakdown

(Second Quarter)

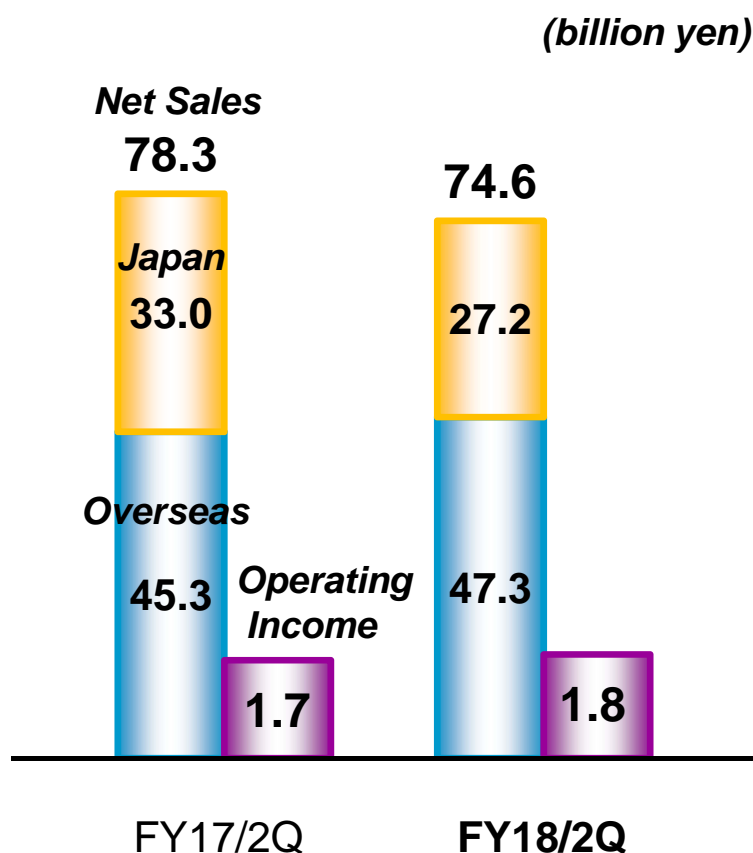
(billion yen)



(First Half)



2Q Results: Car Electronics



< Net Sales > OEM Ratio to Net Sales: 57% (FY17/2Q: 60%*)

% to Prior Year	95% (Japan 82%, Overseas 104% (Local currency basis: 95%))
Increase Factors	Consumer market car audio products, and OEM car audio products
Decrease Factors	OEM car navigation systems, and consumer market car navigation systems

< Operating Income >

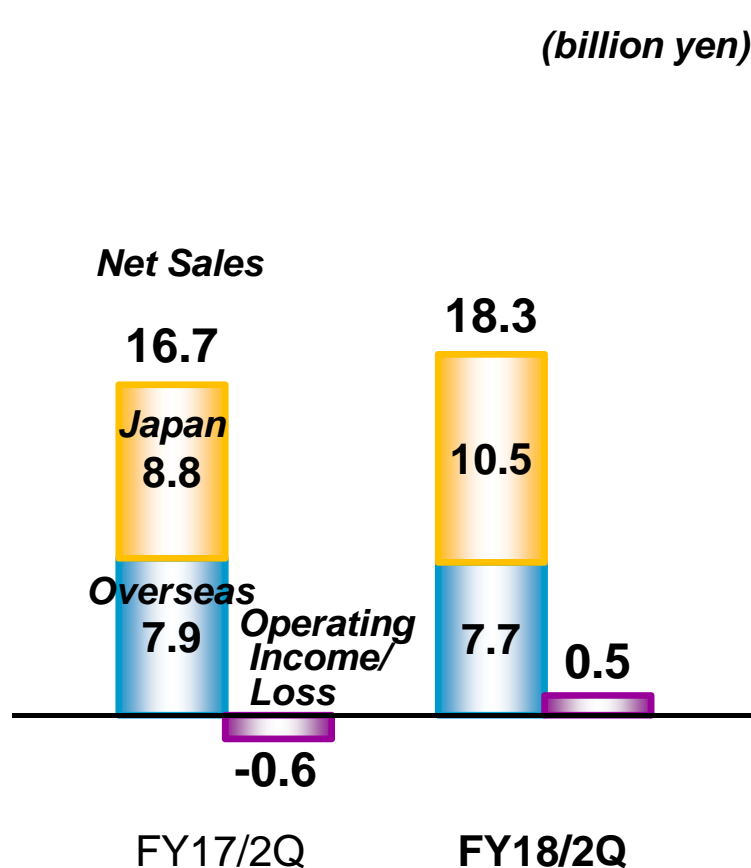
Year-on-Year	Increase of 0.1 billion yen
Positive Factors	Improvement of cost of sales ratio, and decrease in SG&A
Negative Factor	Lower profit due to decrease in net sales

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

* From FY18, some overseas car navigation systems are reclassified from consumer market business to OEM business. Figures shown for FY17/2Q have been reclassified accordingly.

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

2Q Results: Others



< Net Sales >

% to Prior Year	109% (Japan 120%, Overseas 97% (Local currency basis: 93%))
Increase Factors	FA systems, optical disc drive-related products, and DJ equipment (subcontracted manufacturing and sales)
Decrease Factors	Home AV products, and equipment for cable-TV systems (business transfer)

< Operating Income/Loss >

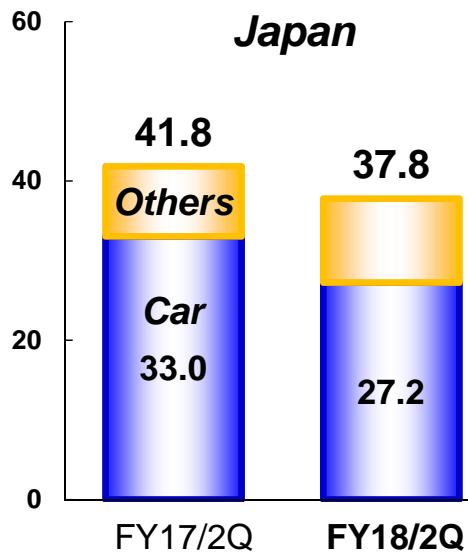
Year-on-Year	Improvement of 1.1 billion yen
Positive Factors	Improvement in cost of sales ratio, impact of currency exchange, higher profit due to increase in net sales, and decrease in SG&A
Negative Factor	None

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

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

2Q Results: Net Sales by Geographic Segment

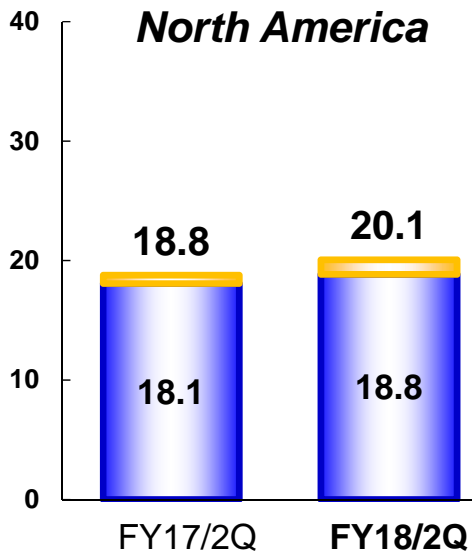
(billion yen)



FY18/2Q vs FY17/2Q
90%

Increase Factors
Optical disc drive-related products, FA systems, DJ equipment (subcontracted manufacturing and sales), and map software

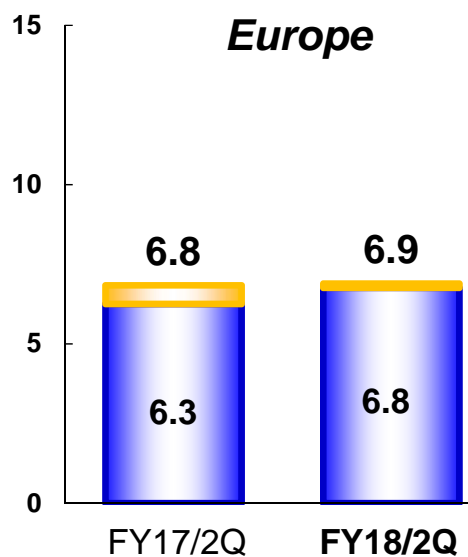
Decrease Factors
OEM car navigation systems, equipment for cable-TV systems (business transfer), and consumer market car navigation systems



FY18/2Q vs FY17/2Q
Yen basis: 107%
Local currency basis: 99%

Increase Factors
Consumer market car audio products, FA systems, and OEM car audio products

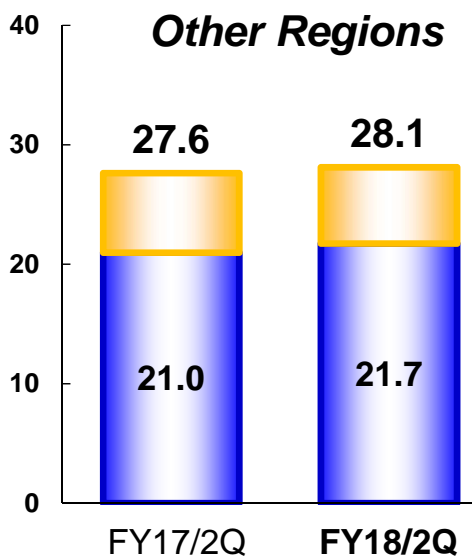
Decrease Factor
Consumer market car navigation systems



FY18/2Q vs FY17/2Q
Yen basis: 101%
Local currency basis: 88%

Increase Factors
Consumer market car audio products, and OEM car audio products

Decrease Factor
FA systems



FY18/2Q vs FY17/2Q
Yen basis: 102%
Local currency basis: 94%

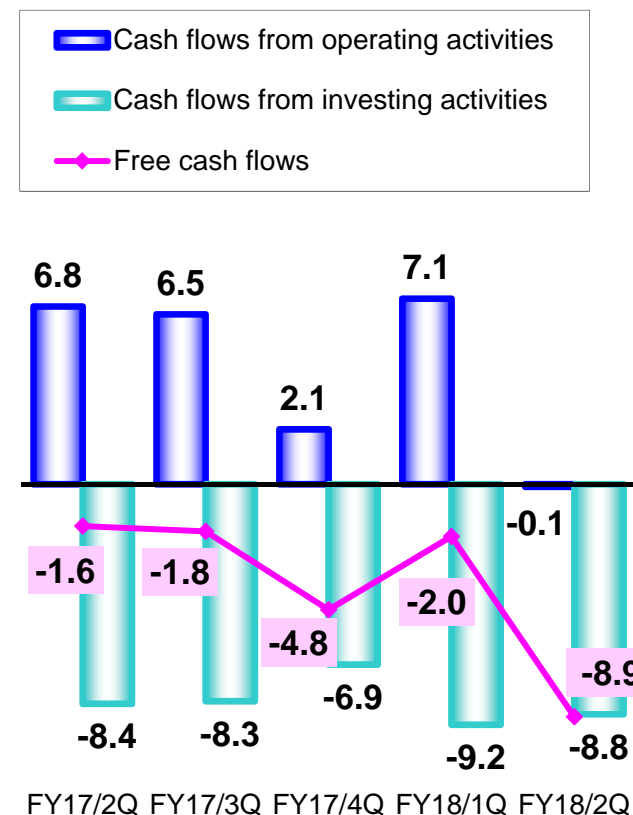
Increase Factors
OEM car audio products, FA systems, and consumer market car audio products

Decrease Factors
Home AV products, and OEM car navigation systems

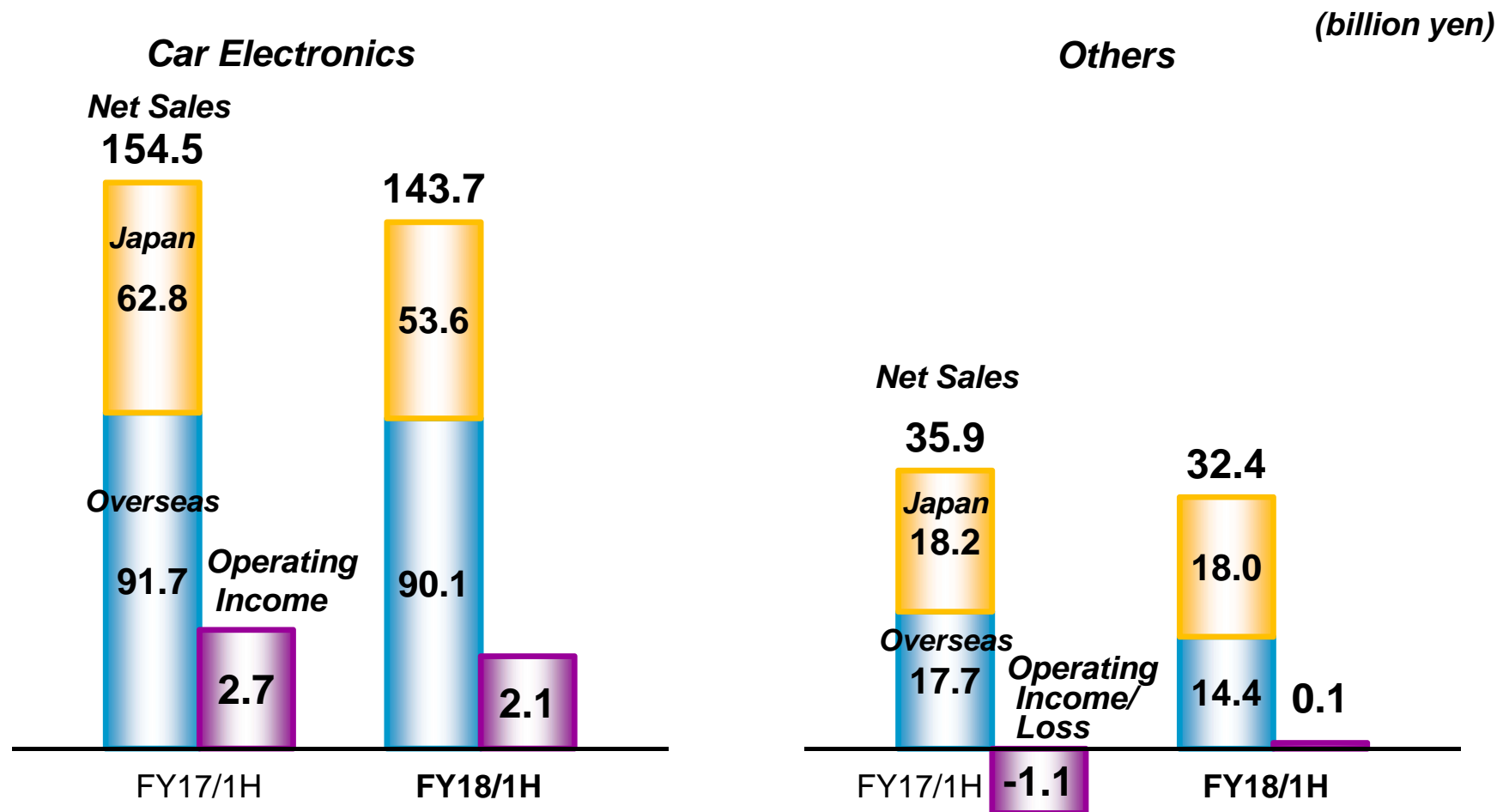
2Q & 1H Results: Cash Flows

(billion yen)

	Second Quarter		First Half	
	FY17	FY18	FY17	FY18
<i>Income (loss) before income taxes</i>	0.1	0.0	2.0	-1.5
<i>Depreciation and amortization</i>	6.2	5.1	12.6	9.6
<i>Decrease (increase) in trade receivables</i>	-2.4	-8.3	6.3	3.2
<i>Increase in inventories</i>	-1.8	-0.9	-4.2	-4.2
<i>Increase in trade payables</i>	5.1	2.6	0.1	0.7
<i>Increase (decrease) in accrued expenses</i>	2.1	3.0	-0.4	-0.1
<i>Others</i>	-2.6	-1.6	-5.4	-0.7
Cash flows from operating activities	6.8	-0.1	11.0	7.0
Cash flows from investing activities	-8.4	-8.8	-18.8	-18.0
Cash flows from financing activities	5.3	3.9	3.3	5.4
Foreign currency translation adjustments on cash and cash equivalents	-0.5	0.5	-3.3	0.8
Free cash flows	-1.6	-8.9	-7.8	-11.0
Net increase (decrease) in cash and cash equivalents	3.2	-4.5	-7.8	-4.8
Balance of cash and cash equivalents	44.2	33.6		
Net cash balance	4.1	-9.2		



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



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

2. Business Forecasts for FY2018

Consolidated Business Forecasts for FY2018

No change from sales and income forecasts announced on August 7, 2017.

(billion yen)

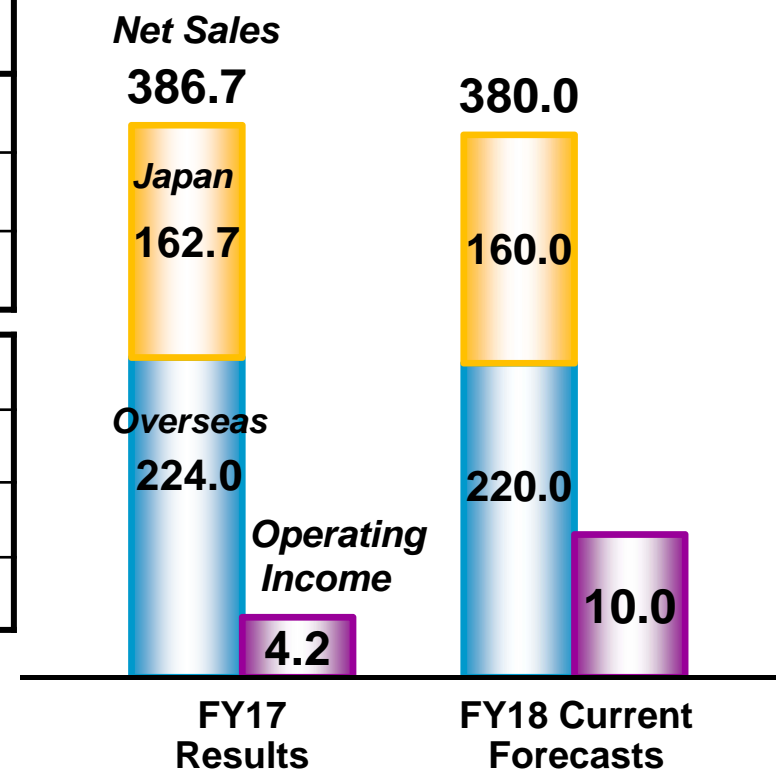
	FY17 Results	FY18 Current Forecasts	% to Prior Year
Net Sales	386.7	380.0	98.3%
Operating Income	4.2	10.0	240.0%
Net Income/Loss*	-5.1	3.5	-

Net Income/Loss* per Share (yen)	-13.76	9.39	+23.15
ROE	-6.0%	4.0%	+10.0%
Book-value per Share (yen)	224.72	241.87	+17.15
ROA	-1.7%	1.2%	+2.9%

* Net income/loss attributable to owners of Pioneer Corporation

Average Currency Rate (yen)	1 US\$	108.38	110.53
	1 Euro	118.79	127.14

(billion yen)

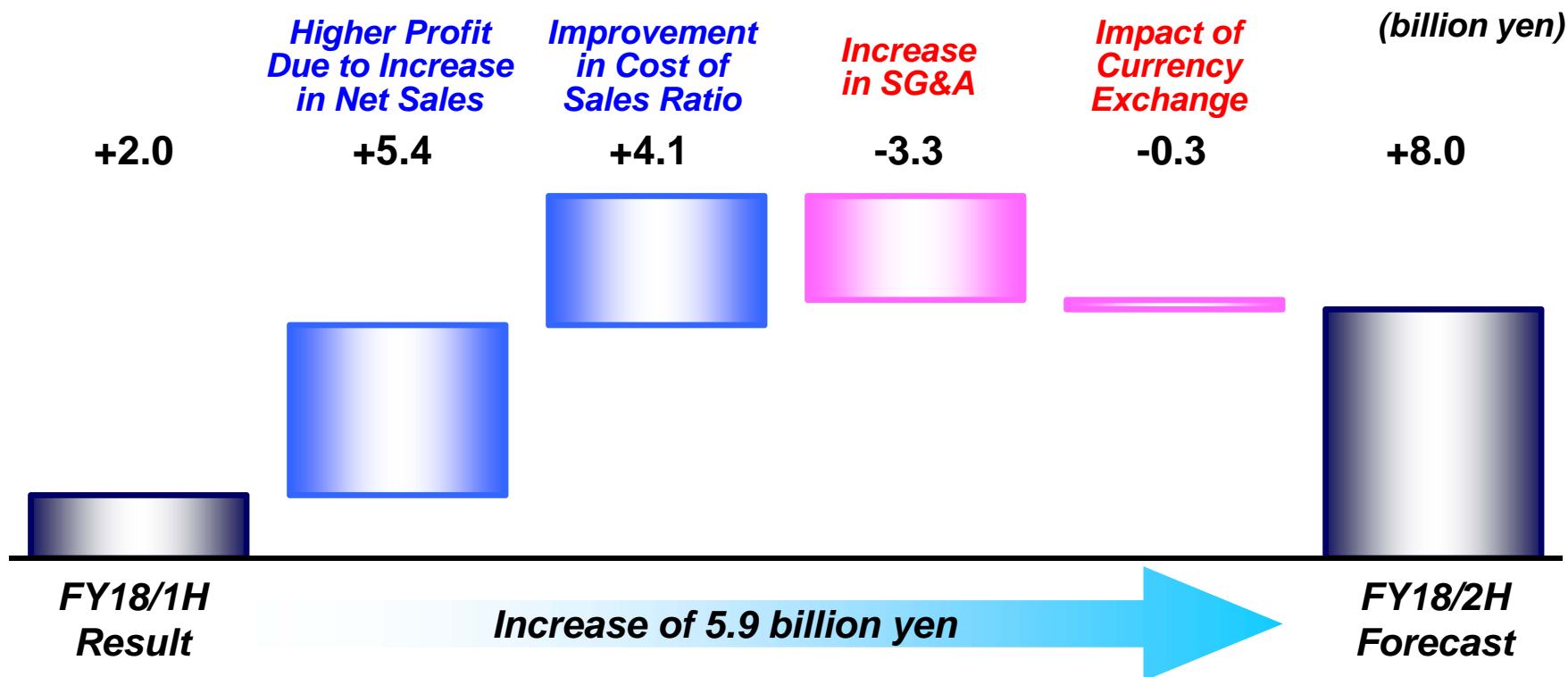


Notes: 1. The yen-U.S. dollar exchange rate assumption for remaining six months of FY2018 is 110 yen, while the yen-euro exchange rate assumption is 128 yen.

2. In case of 1 yen appreciation against US\$ and euro, impacts on remaining six months are:
 Net sales— US\$: -940 million yen; euro: -110 million yen / Operating income— US\$: 30 million yen; euro: -70 million yen.

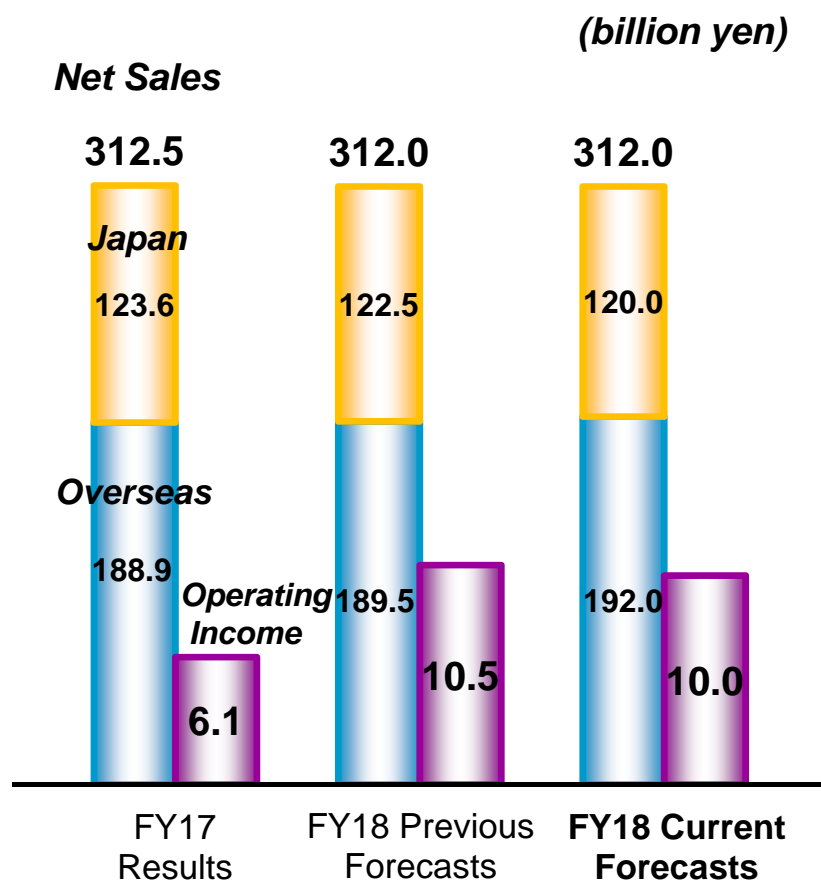
3. Figures in FY18 forecasts are calculated reflecting new share issuance on October 5, 2017.

FY2018 Forecasts: 2H Operating Income Breakdown Compared to 1H



- Higher profit is estimated due to an increase in sales mainly in consumer market business of Car Electronics with an effect of new model introduction.
- Cost of sales ratio is expected to improve owing to an increase in sales.
- SG&A expenses are expected to increase in sales variable costs and policy costs due to sales increase.

FY2018 Forecasts: Car Electronics



< Net Sales > OEM Ratio to Net Sales: 56% (FY17: 60% *)

% to Prior Year	100% (Japan 97%, Overseas 102% (Local currency basis: 99%))
Increase Factor	Consumer market car audio products
Decrease Factor	OEM car navigation systems
% to Prev. Forecasts	No change

< Operating Income >

Year-on-Year	Increase of 3.9 billion yen
Positive Factor	Improvement in cost of sales ratio
Negative Factors	Lower profit due to decrease in net sales, impact of currency exchange, and increase in SG&A
vs. Prev. Forecasts	Worsening of 0.5 billion yen
Positive Factor	Decrease in SG&A
Negative Factors	Worsening of cost of sales ratio, and impact of currency exchange

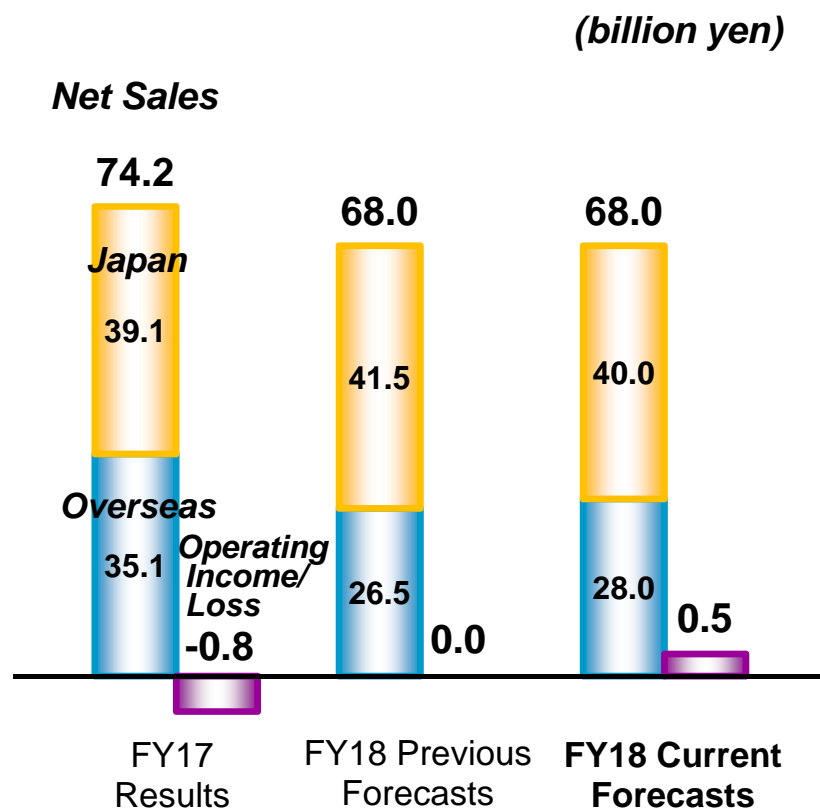
< Shipment to Consumer Market > (thousand units)

	FY2017 Results	FY2018 Previous Forecasts	FY2018 Current Forecasts
Car navigation systems	568 *	580	580
Car CD players	5,834	6,200	6,000
Car AV products	1,367	1,650	1,700

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

* From FY18, some overseas car navigation systems are reclassified from consumer market business to OEM business. Figures shown for FY17 have been reclassified accordingly.

FY2018 Forecasts: Others



< Net Sales >

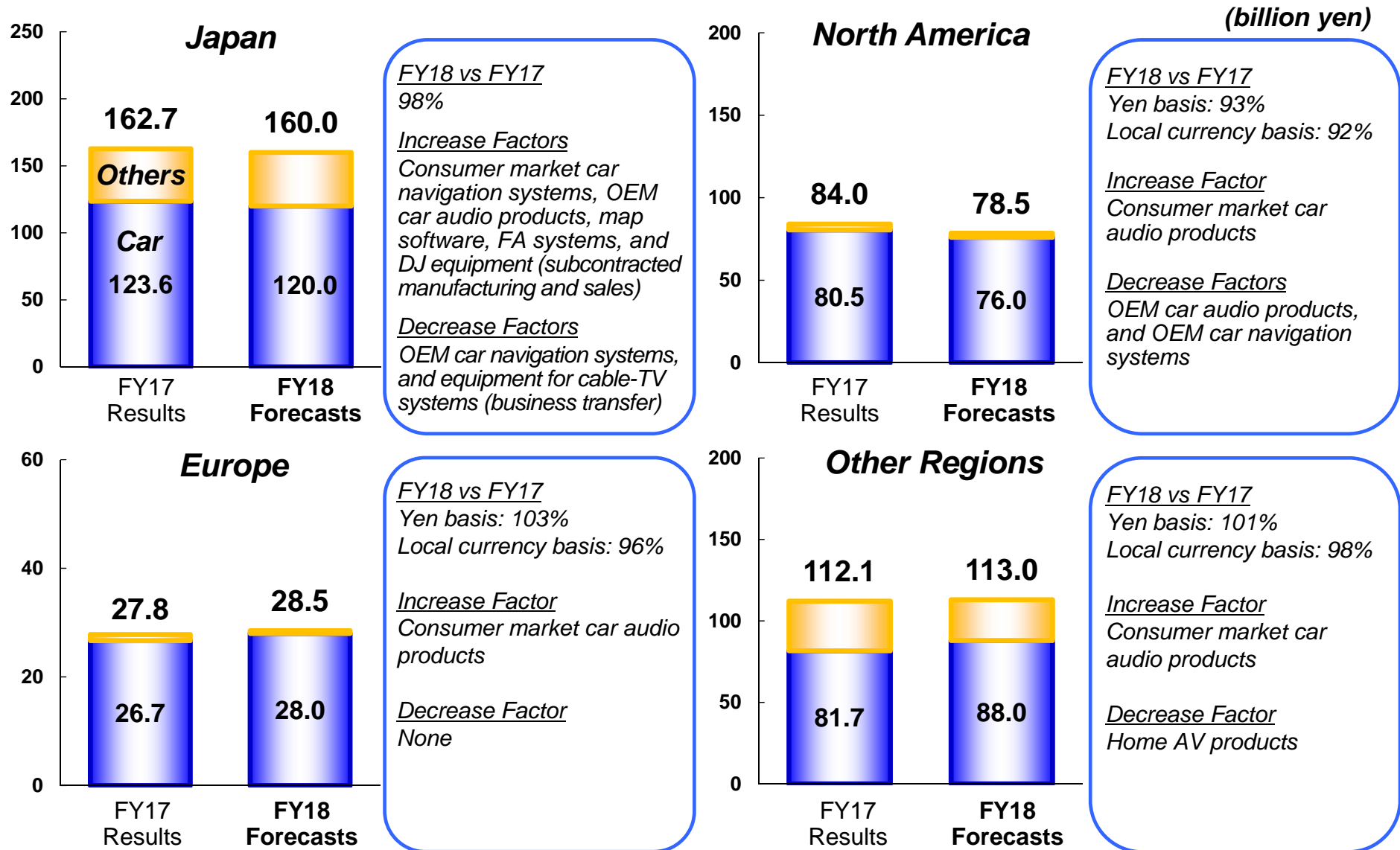
% to Prior Year	92% (Japan 102%, Overseas 80% (Local currency basis: 78%))
Increase Factors	DJ equipment (subcontracted manufacturing and sales), and FA systems
Decrease Factors	Home AV products, and equipment for cable-TV systems (business transfer)
% to Prev. Forecasts	No change

< Operating Income/Loss >

Year-on-Year	Improvement of 1.3 billion yen
Positive Factors	Improvement in cost of sales ratio, decrease in SG&A, and impact of currency exchange
Negative Factor	Lower profit due to decrease in net sales
vs. Prev. Forecasts	Improvement of 0.5 billion yen
Positive Factor	Decrease in SG&A
Negative Factor	None

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

FY2018 Forecasts: Net Sales by Geographic Segment



FY2018 Forecasts: Financial Data

(billion yen)

	<i>FY17 Results</i>	<i>FY18 Previous Forecasts</i>	<i>FY18 Current Forecasts</i>
R&D Expenses (% to net sales)	23.9 (6.2%)	25.0 (6.6%)	25.0 (6.6%)
Capital Expenditures	35.2	35.0	38.0
Depreciation & Amortization	24.9	21.5	21.5
Inventories	49.8	52.0	52.0
Cash Flows from Operating Activities	19.6	23.0	23.0
Cash Flows from Investing Activities	-34.0	-36.0	-40.5
Cash Flows from Financing Activities	1.4	-0.5	6.5
Free Cash Flows	-14.4	-13.0	-17.5
Equity	86.8	92.0	96.0
Equity Ratio	29%	30%	31%
D/E Ratio	0.5 times	0.4 times	0.5 times
Net Cash Balance	-0.8	-13.0	-15.0

Note: D/E Ratio = Debt ÷ (Equity – Noncontrolling Interests)

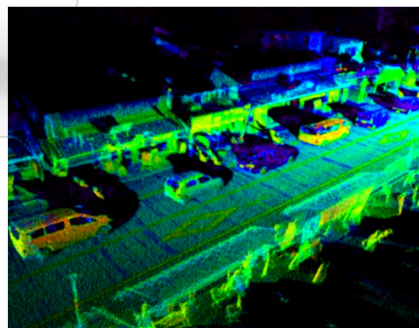
3. Topics

Started Supplying 3D-LiDAR Samples Using MEMS Mirror

- **Started in late September 2017**
- **Supplying for car manufacturers, ICT related companies, etc. in Japan and overseas**
- **Aimed for practical in-car use, featuring a MEMS mirror characterized by small aperture and a lens, and optimizing the optical design**



**Current sample
(scanning device)**



**Image of point-group
map data collected
by 3D-LiDAR sensors**

Exhibited at Tokyo Motor Show 2017



Business and Capital Alliance with HERE Technologies



Collaboration to develop an ADAS solution for global telematics insurance market



Pioneer

IoT device
Accident risk prediction service

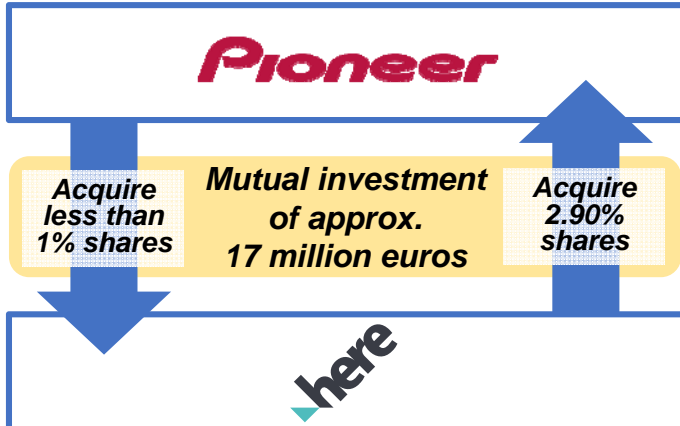


here

Standard-definition map
Cloud service
Historical / recorded data

Sept. 2017

Capital Alliance



Pioneer