

Pioneer

Pioneer Corporation

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

***Susumu Kotani, President and CEO
February 13, 2017***

Main Points of Today's Presentation

1. Business Results for Third Quarter of FY2017

- **For the third quarter, even though net sales decreased year on year mainly reflecting the effects of a stronger yen, operating income was almost at the same level as the third quarter last year and the targets in our plan.**
- **For the nine months, net sales and operating income were lower year on year. However, operating income reached the targets in our plan.**
- **Net loss was recorded in the third quarter and the nine months, from posting a foreign exchange loss, restructuring costs and a loss on business transfer.**

2. Business Forecasts for FY2017

- **Net sales forecast changed downward compared to the previous forecast, mainly reflecting weak car OEM orders. However, income forecasts remain unchanged with further cost management.**

3. Topics

- **Partnership between Pioneer and HERE deepens and expands to include global map solution and next generation location-based services.**

Today's Agenda

- 1. Business Results for Third 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 Third Quarter of FY2017

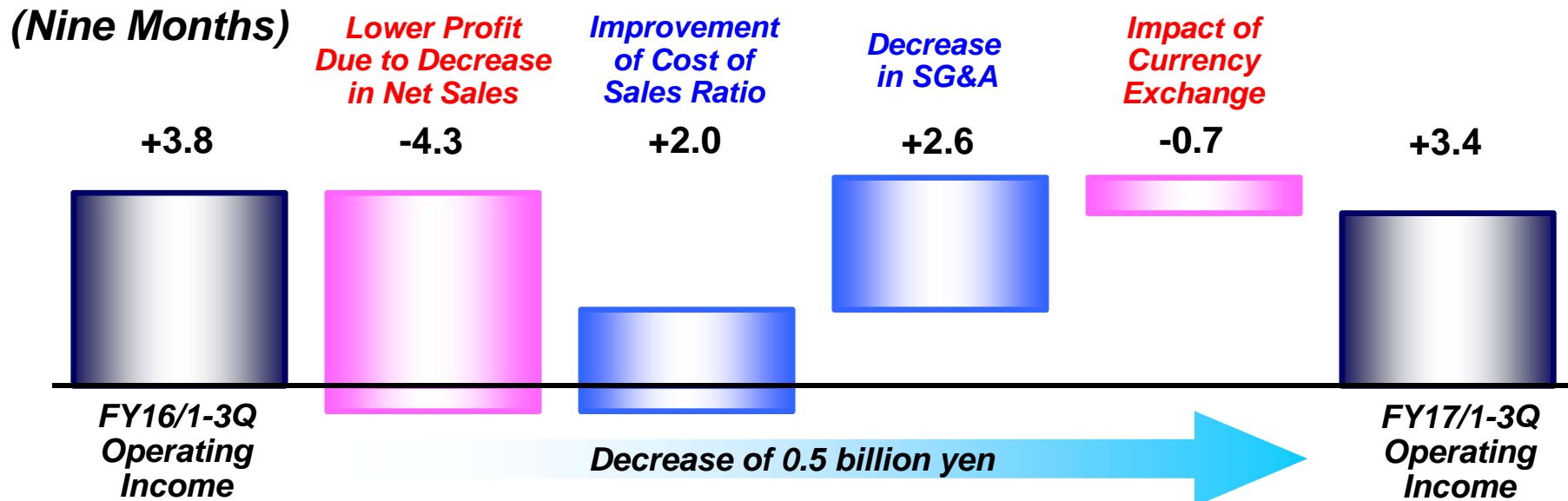
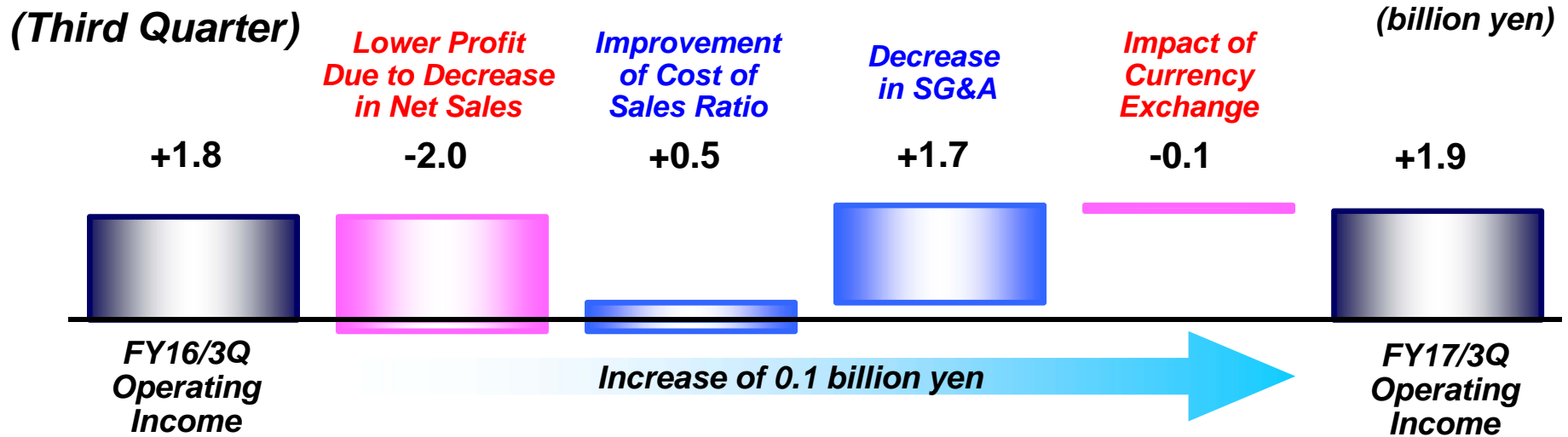
Consolidated Business Results for Third Quarter & Nine Months of FY2017

(billion yen)

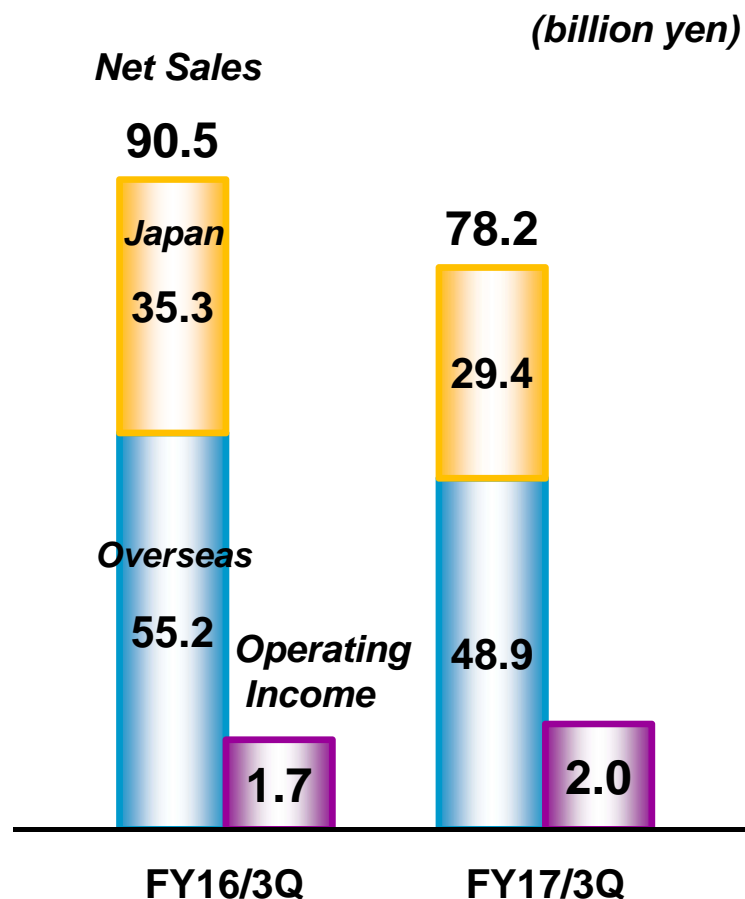
	Third Quarter			Nine Months			
	FY17	FY16	% to Prior Year	FY17	FY16	% to Prior Year	
Net Sales	98.4	116.9	84.2%	288.8	339.5	85.1%	
Operating Income	1.9	1.8	106.2%	3.4	3.8	88.2%	
Ordinary Income/Loss	-1.0	1.0	-	1.9	2.4	78.2%	
Net Income/Loss *	-4.0	0.2	-	-3.0	-1.7	-	
Average Currency Rate (yen)	1 US\$	109.30	121.50	-11.2%	106.63	121.70	-14.1%
	1 Euro	117.78	132.95	-12.9%	118.02	134.36	-13.8%
Net Income/Loss * per Share (yen)	-10.88	0.67	-11.55	-8.25	-4.76	-3.49	
ROE	-19.8%	1.0%	-20.8%	-4.8%	-2.3%	-2.5%	
Book-value per Share (yen)	228.42	268.30	-39.88				
ROA	-5.6%	0.3%	-5.9%	-1.4%	-0.7%	-0.7%	

* Net income/loss attributable to owners of Pioneer Corporation

Operating Income Structure Breakdown



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



< Net Sales > OEM Ratio to Net Sales: 57% (FY16/3Q: 61%)

% to Prior Year	86% (Japan 83%, Overseas 89%)
Increase Factor	None
Decrease Factors	OEM car navigation systems, OEM car audio products, and consumer market car audio products

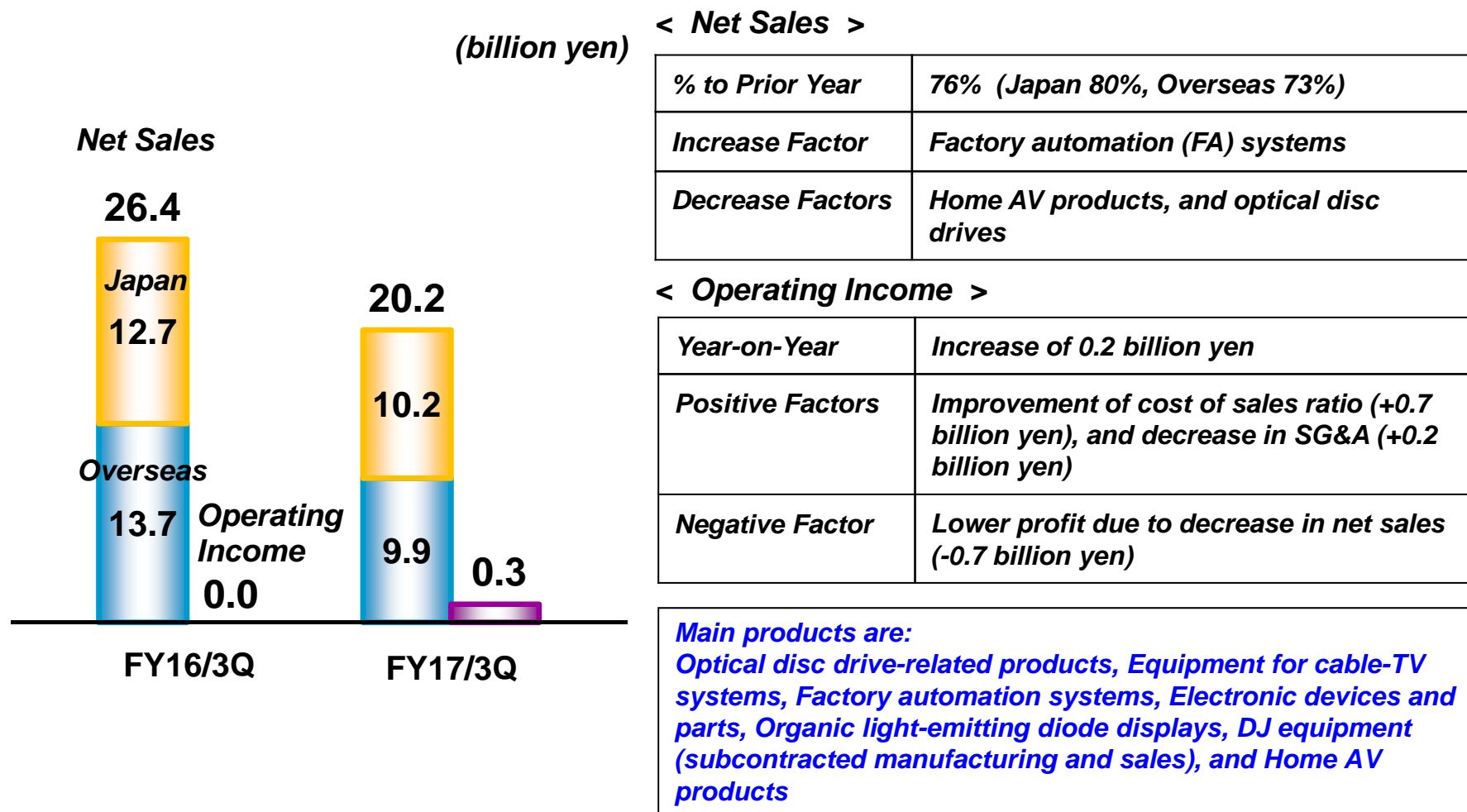
< Operating Income >

Year-on-Year	Increase of 0.3 billion yen
Positive Factor	Decrease in SG&A (+1.7 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-1.3 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

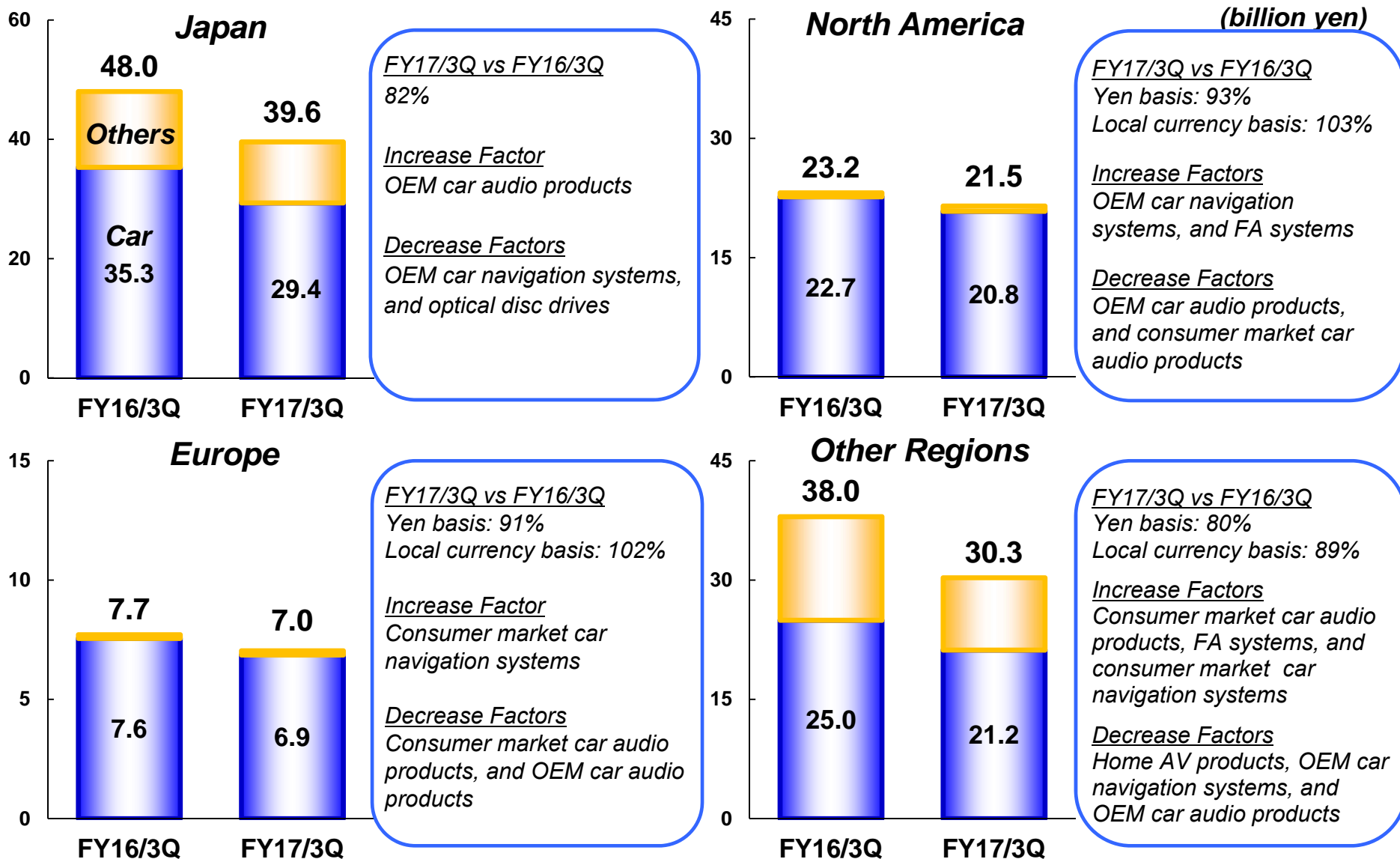
Notes: 1. Operating income by segment represents figures prior to elimination of transactions among segments.
 2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

Third Quarter of FY2017: Net Sales & Operating Income - Others



Notes: 1. Operating income by segment represents figures prior to elimination of transactions among segments.
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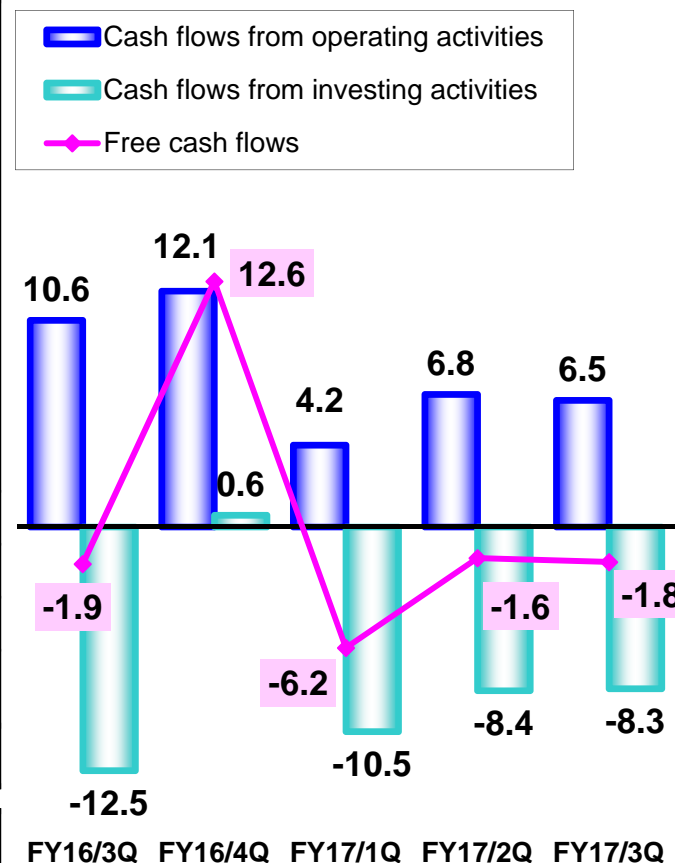
Third Quarter of FY2017: Net Sales by Geographic Segment



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

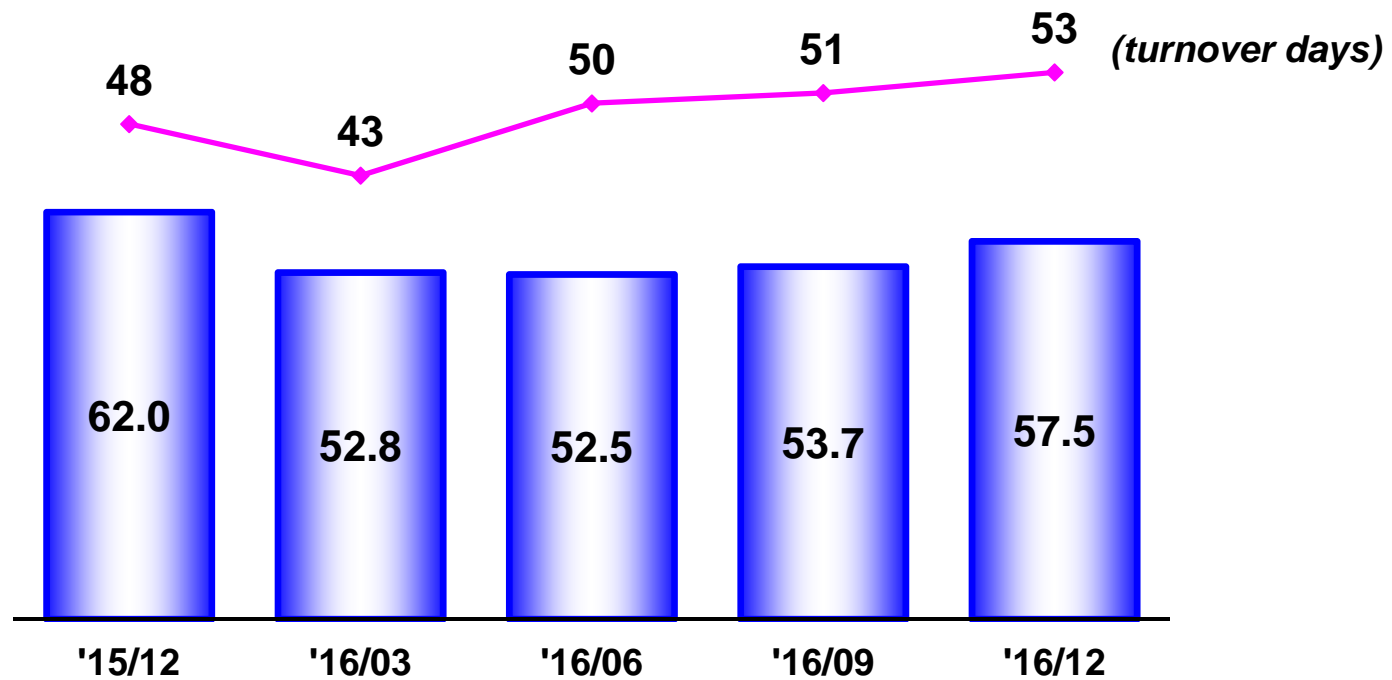
	Third Quarter		Nine Months	
	FY17	FY16	FY17	FY16
Income (loss) before income taxes	-3.2	0.9	-1.2	1.9
Depreciation and amortization	6.3	6.7	18.9	20.4
Loss (gain) on business transfer	1.2	-0.1	1.2	-0.3
Decrease in accrued pension and severance costs	-1.0	0.0	-1.6	-1.1
Decrease (increase) in trade receivables	4.1	-1.1	10.4	-1.7
Decrease (increase) in inventories	0.3	0.7	-3.9	-1.2
Increase (decrease) in trade payables	-4.1	2.2	-4.0	2.4
Decrease in accrued expenses	-0.8	-0.0	-1.2	-9.9
Others	3.7	1.2	-1.1	-3.1
Cash flows from operating activities	6.5	10.6	17.5	7.2
Cash flows from investing activities	-8.3	-12.5	-27.1	-20.7
Cash flows from financing activities	-0.6	15.9	2.7	10.2
Foreign currency translation adjustments on cash and cash equivalents	3.3	-0.4	0.1	-1.1
Free cash flows	-1.8	-1.9	-9.6	-13.4
Net increase (decrease) in cash and cash equivalents	0.9	13.6	-6.9	-4.2
Balance of cash and cash equivalents	45.1	47.4		
Net cash balance	4.8	3.2		

(billion yen)

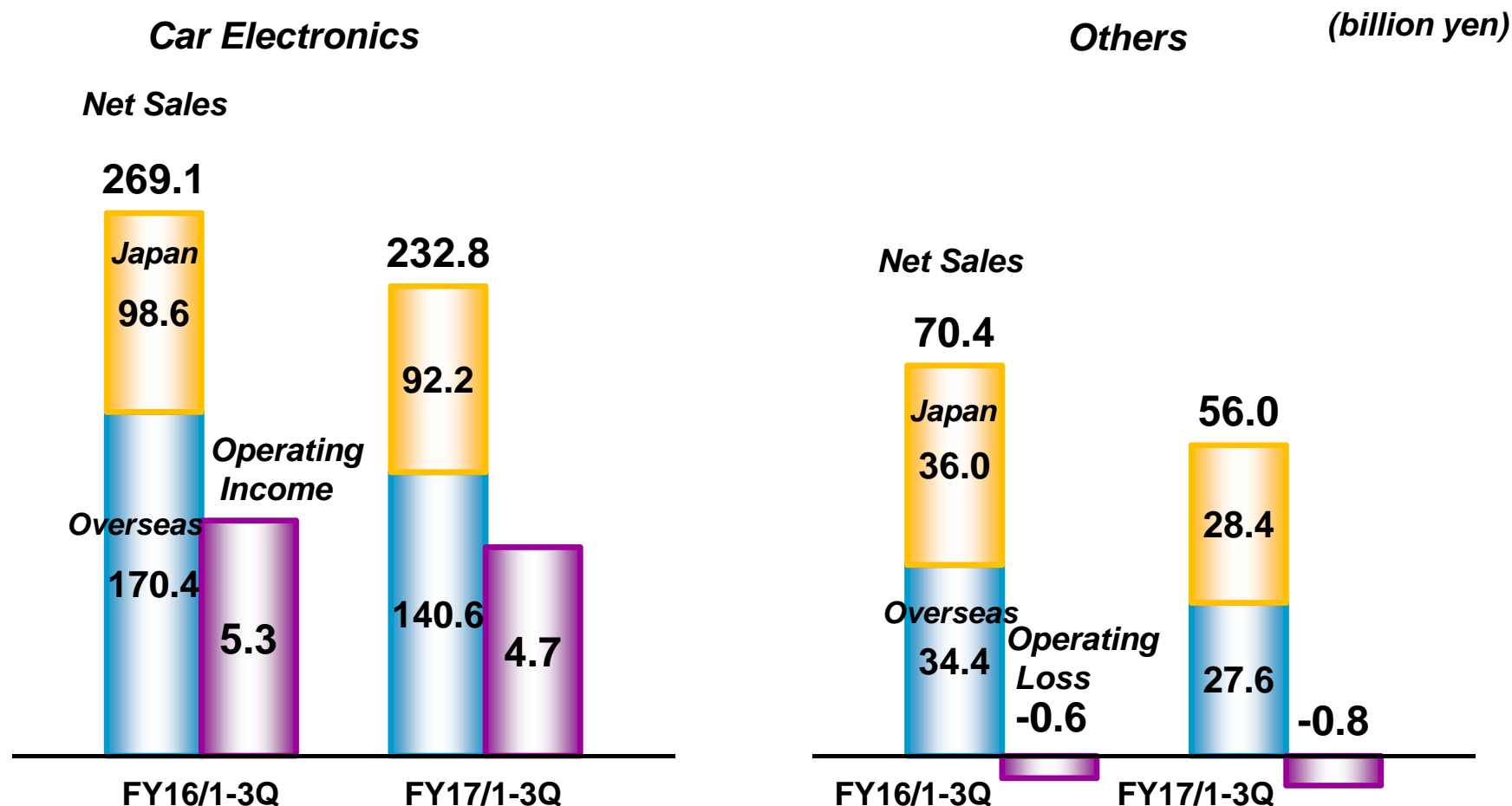


Third Quarter of FY2017: Inventories

(billion yen)



Nine Months 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

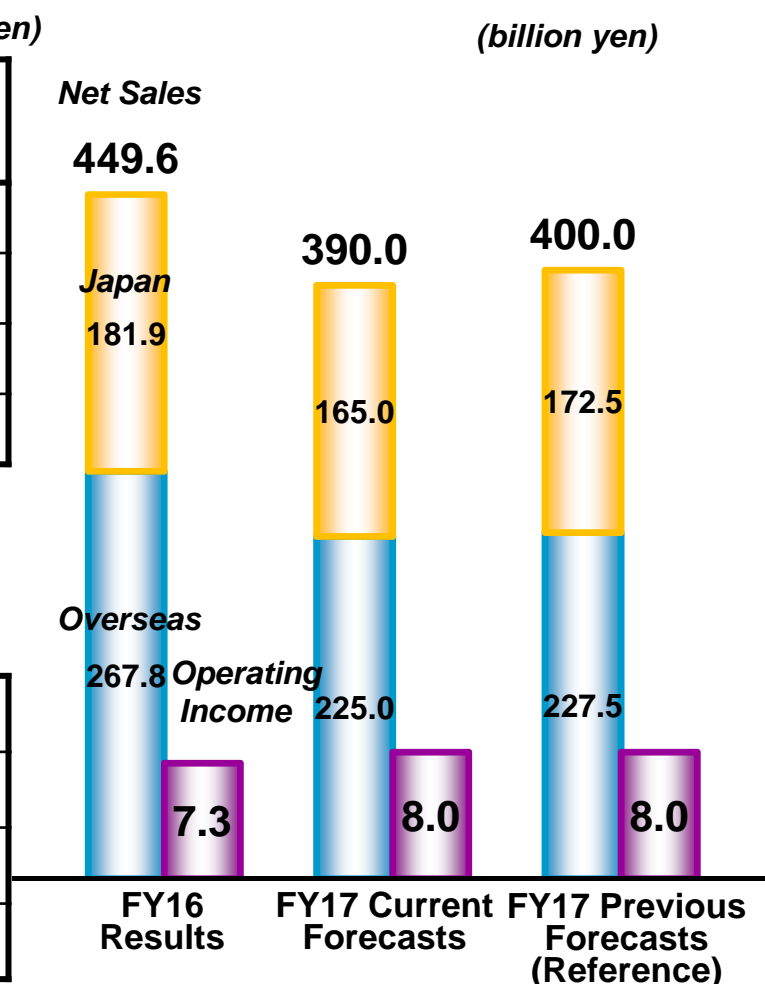
Consolidated Business Forecasts for FY2017

(billion yen)

	FY17 Current Forecasts	FY17 Previous Forecasts	FY16 Results	% to Prior Year
Net Sales	390.0	400.0	449.6	86.7%
Operating Income	8.0	8.0	7.3	109.5%
Ordinary Income	7.0	7.0	7.3	96.6%
Net Income *	1.0	1.0	0.7	136.8%

Average Currency Rate (yen)	1 US\$	107.47	105.14	120.14
	1 Euro	118.52	116.58	132.58

Net Income * per Share (yen)	2.72	2.72	1.99	+0.73
ROE	1.2%	1.2%	0.8%	+0.4%
Book-value per Share (yen)	230.24	210.21	233.32	-3.08
ROA	0.3%	0.3%	0.2%	+0.1%



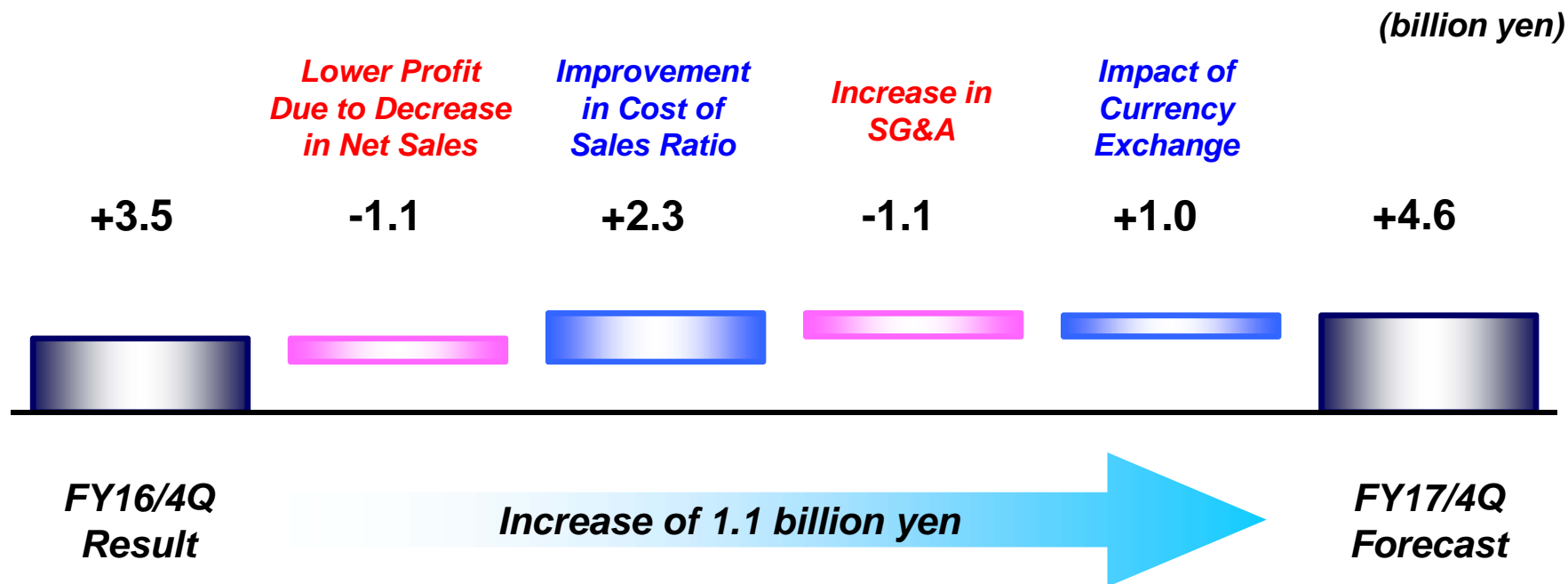
* Net income attributable to owners of Pioneer Corporation

Notes: 1. The yen-U.S. dollar exchange rate assumption for remaining three months of FY2017 is 110 yen, while the yen-euro exchange rate assumption is 120 yen.

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

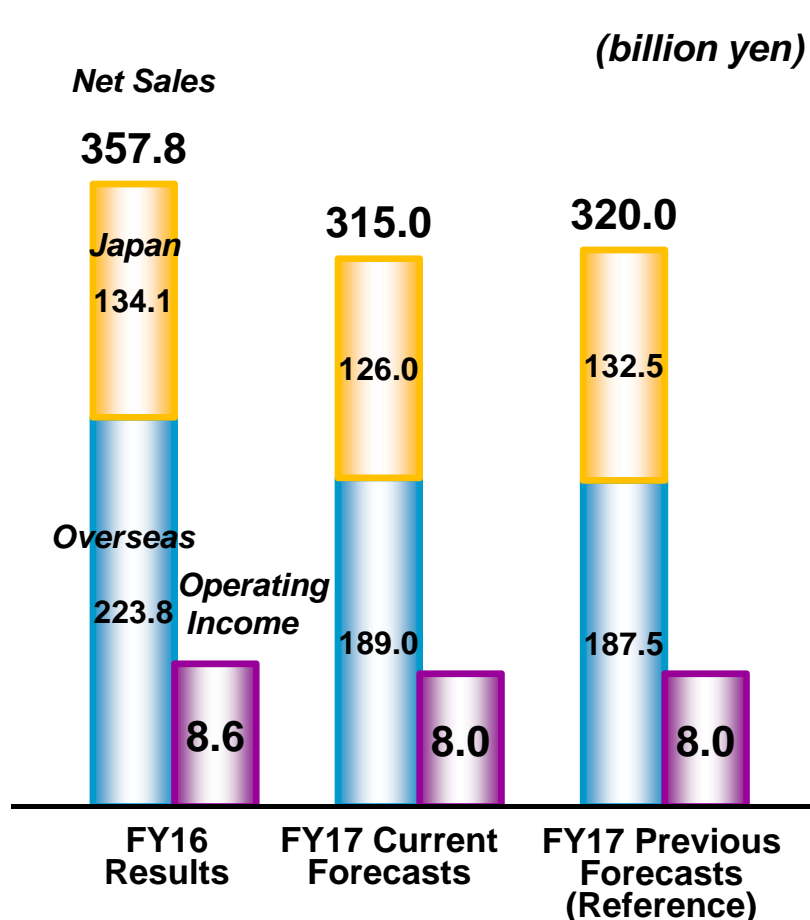
Net sales— US\$: -450 million yen; euro: -50 million yen / Operating income— US\$: 30 million yen; euro: -30 million yen.

FY2017 Forecasts: 4Q Operating Income Breakdown Compared to FY16/4Q



- *In Car Electronics, sales are projected to decline from 4Q of FY2016 due to decreased orders in OEM business, in spite of increased sales in consumer market business. In the Others, sales are expected to decrease mainly in optical disc drives, home AV products and subcontracted manufacturing of DJ equipment.*
- *Cost of sales ratio is expected to improve due to the decrease in depreciation and amortization as well as the effect of cost reduction.*
- *SG&A expenses are expected to increase mainly for sales expansion.*

FY2017 Forecasts: Car Electronics



< Net Sales >

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

% to Prior Year	88% (Japan 94%, Overseas 84%)
Increase Factor	Map software
Decrease Factors	OEM car navigation systems, OEM car audio products, and consumer market car audio products
% to Prev. Forecasts	98% (Japan 95%, Overseas 101%)
Increase Factor	OEM car audio products
Decrease Factors	OEM car navigation systems, and consumer market car audio products

< Operating Income >

Year-on-Year	Decrease of 0.6 billion yen
Positive Factors	Improvement in cost of sales ratio (+1.5 billion yen), decrease in SG&A (+0.8 billion yen), and impact of currency exchange (+0.8 billion yen)
Negative Factor	Lower profit due to decrease in net sales (-3.7 billion yen)
vs. Prev. Forecasts	No change

< Shipment to Consumer Market >

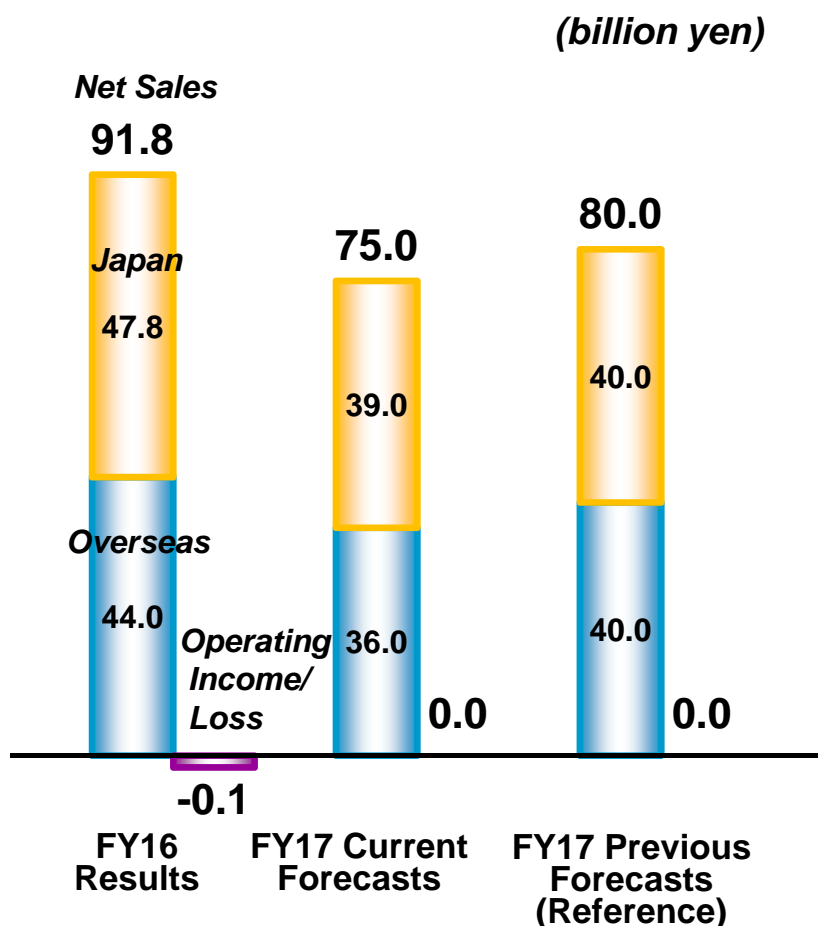
(thousand units)

	FY2016 Results	FY2017 Current Forecasts	FY2017 Previous Forecasts
Car navigation systems	691	695	675
Car CD players	5,784	5,955	6,150
Car AV products	1,432	1,380	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	82% (Japan 82%, Overseas 82%)
Increase Factor	FA systems
Decrease Factors	Optical disc drives, and home AV products
% to Prev. Forecasts	94% (Japan 97%, Overseas 90%)
Increase Factor	Optical disc drives
Decrease Factors	Home AV products, and equipment for cable-TV systems

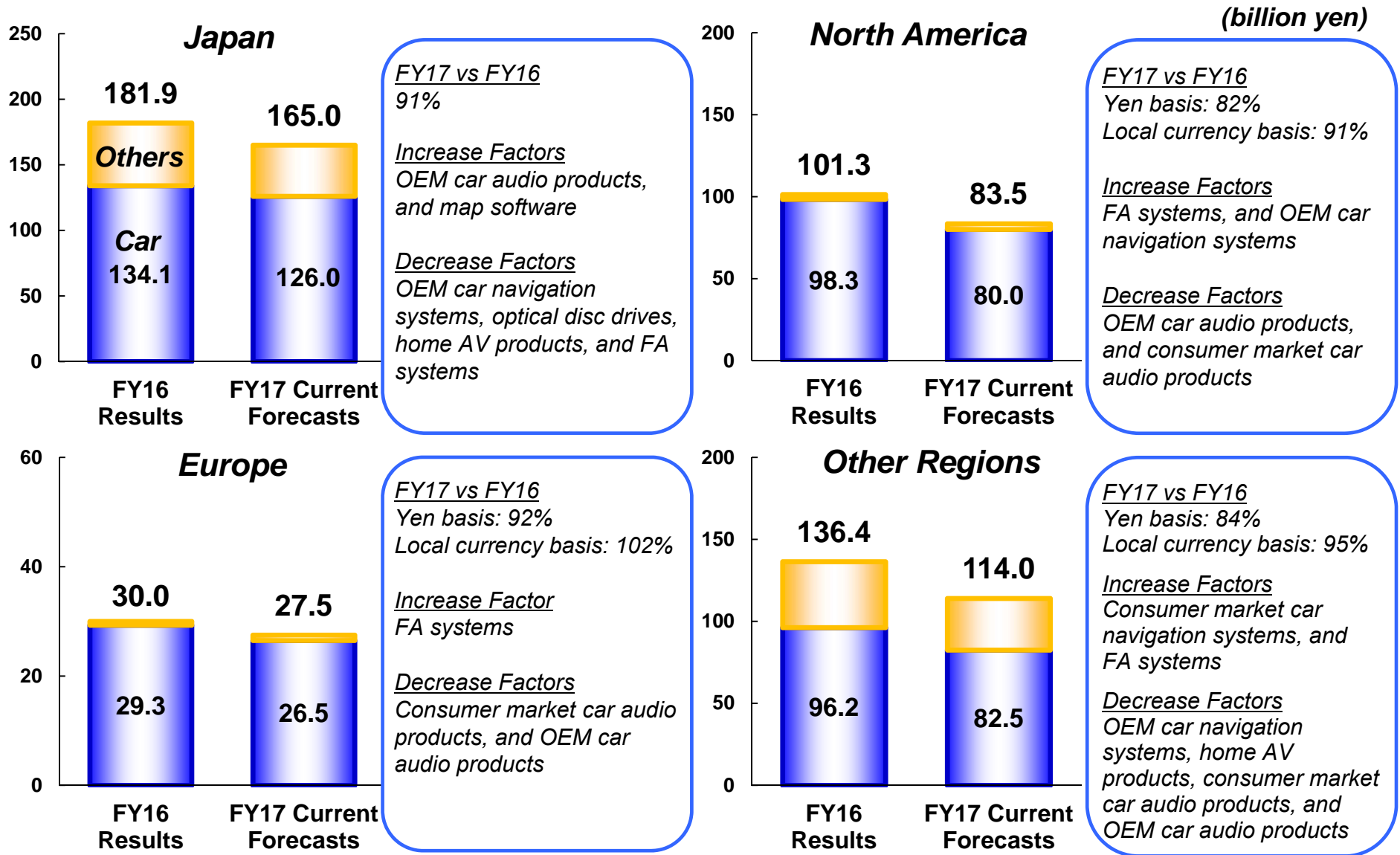
< Operating Income/Loss >

Year-on-Year	Improvement of 0.1 billion yen
Positive Factor	Improvement in cost of sales ratio (+2.4 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-1.8 billion yen), and impact of currency exchange (-0.4 billion yen)
vs. Prev. Forecasts	No change

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

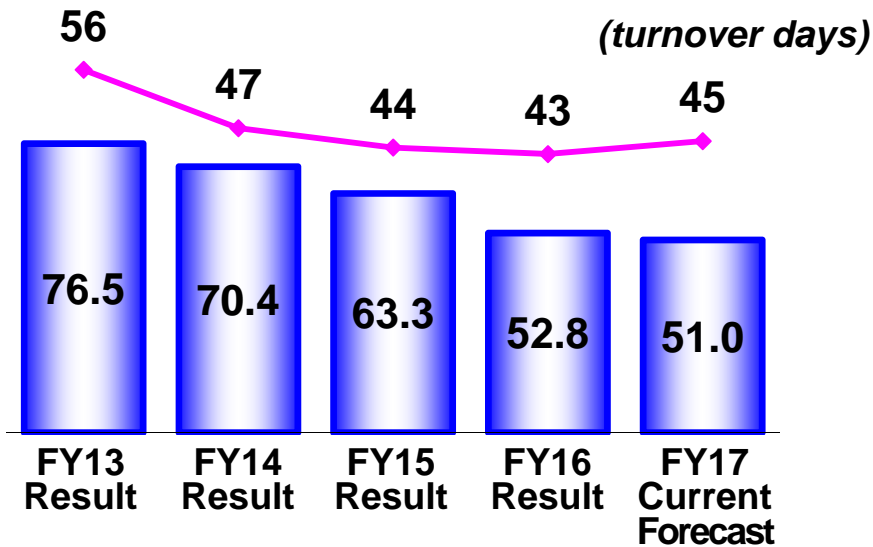
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FY2017 Forecasts: Net Sales by Geographic Segment



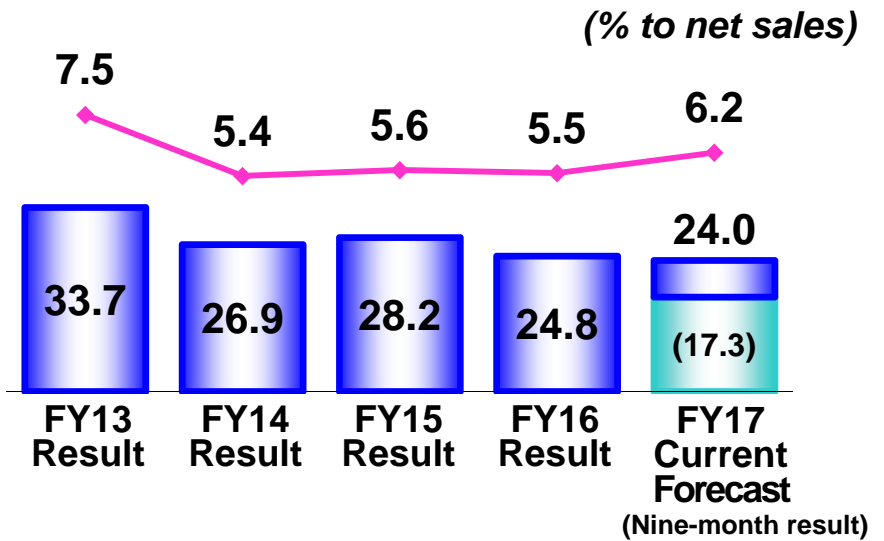
**FY2017 Forecasts:
Inventories, R&D Expenses, Capital Expenditures, Depreciation & Amortization**

Inventories

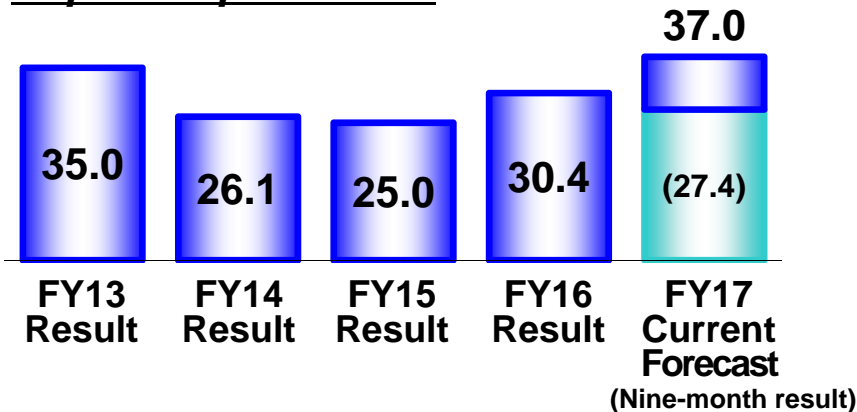


R&D Expenses

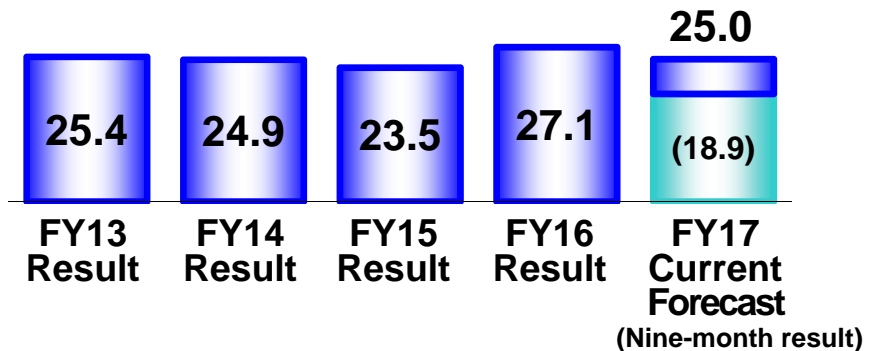
(billion yen)



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	20.0	21.0
<i>Cash Flows from Investing Activities</i>	-20.1	-37.0	-37.0
<i>Cash Flows from Financing Activities</i>	3.4	1.5	1.5
<i>Free Cash Flows</i>	-0.8	-17.0	-16.0
<i>Equity</i>	90.5	89.0	81.0
<i>Equity Ratio</i>	29%	30%	28%
<i>Borrowings</i>	37.3	39.0	39.0
<i>D/E Ratio</i>	0.4 times	0.5 times	0.5 times
<i>Cash and Deposits</i>	52.0	35.0	34.0

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

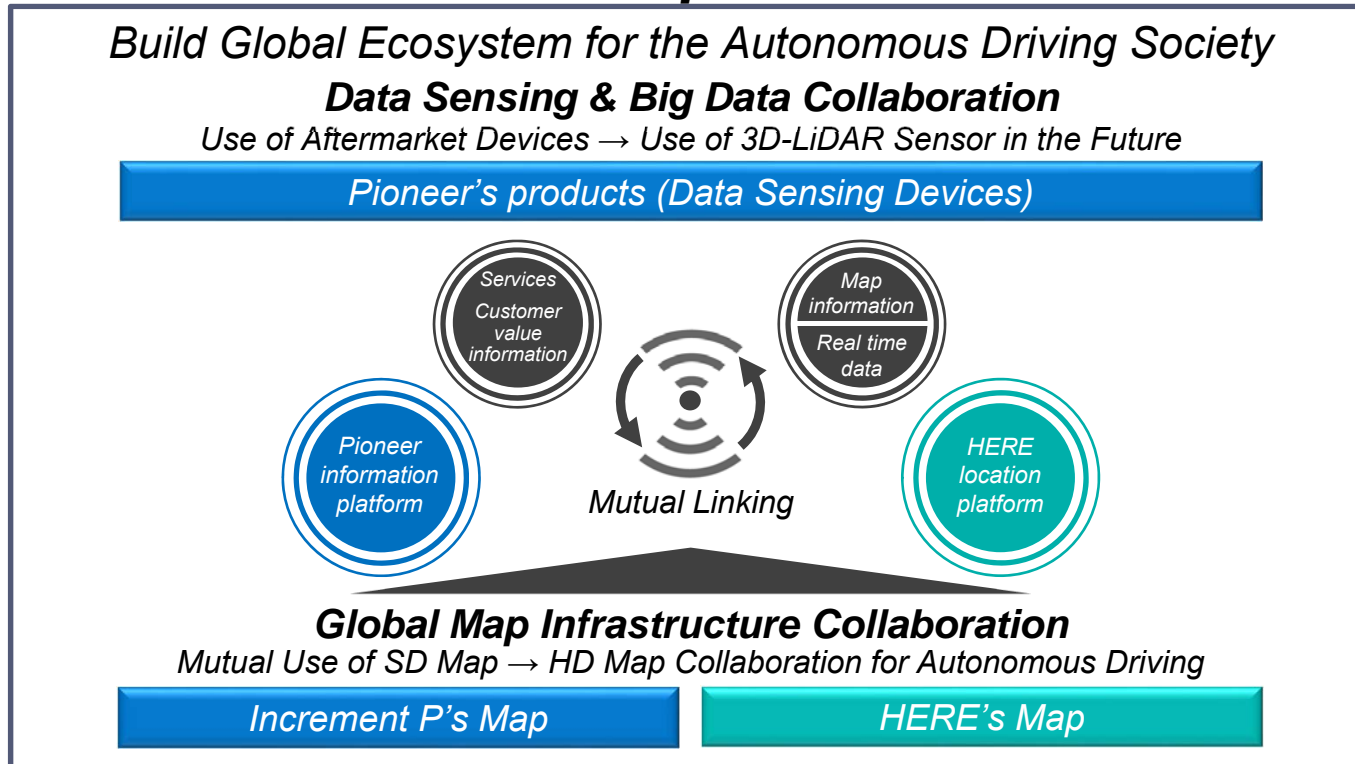
3. Topics

Partnership with HERE Deepens and Expands to Include Global Map Solution and Next Generation Location-Based Services



- Global SD (standard definition) map offering
- Global HD (high definition) map offering to support autonomous driving
- Use of data from connected Pioneer sensing devices to fuel new location services and support map updates

[New Collaboration of HERE and Pioneer]



Pioneer