

News Release

***For Immediate Release
May 12, 2016***

Pioneer Announces New Medium-Term Plan

Pioneer Corporation today announced its new Medium-Term Plan for the five years through fiscal 2021, ending March 31, 2021, as follows:

1. Business Strategies

Pioneer seeks to become a leading company in “Comprehensive Infotainment” that creates comfort, excitement, reliability and safety in vehicles amid great changes in the car electronics market through the promotion of strategies suited to the properties of the Company’s two businesses; consumer market business that constantly offers new values to the market; and OEM business that grows together with automakers by making proposals that meet their expectations.

It is also focusing on its map business and autonomous driving field business as one of its business pillars as it looks ahead to the coming autonomous driving society.

2. Car Electronics Business

(1) Consumer Market Business

With regard to the business environment surrounding the consumer market business, the number of worldwide vehicles owned is expected to further increase through the sale of new vehicles, mainly on emerging markets in the medium- to long-term. Also, a demand for replacing hardware in vehicles increasing against a backdrop of the market needs for advanced driving assist systems that support reliability and safety of driving, products that can offer various services by connecting to the cloud, and enhancing sound quality and entertainment in vehicles.

Given these changes in the business environment, Pioneer will put a special focus on the four areas of “connectivity,” “reliability and safety,” “entertainment,” and “new fields” to promote strategies that respond to changes in the environment, maintaining high profitability through sustained sales growth while also striving to establish early “connected car life” related business.

In the “connectivity” area, we will promote changing media in vehicles through the expansion of smartphone-linked products.

For further information, please contact:

Investor Relations & Public Relations Division
Corporate Management Division
Pioneer Corporation, Tokyo
Phone: +81-3-6634-8777 / Fax: +81-3-6634-8745
E-mail: pioneer_ir@post.pioneer.co.jp
IR Website: <http://pioneer.jp/en/ir/>

In the “reliability and safety” area, we will use our own advanced driving assist systems to propose new added value with our strength to the consumer market business.

In the “entertainment” area, we will combine our products and services with musical content to offer new forms of in-vehicle entertainment and deploy new proposed products that use smartphones.

Finally, in the “new fields” area, we will expand our commercial-use businesses that utilize the cloud such as services for automobile insurance and a *Vehicle Assist* telematics service for fleet vehicles. Additionally, we will move forward with the introduction of car AV products compatible with specific automobile models aimed at vehicles in Europe and North America, and in emerging markets we will expand our business areas by introducing new products suited for individual regions and placing a greater focus on products in the affordable price range.

(2) OEM Business

With regard to the business environment surrounding the OEM business, automakers’ projects are becoming more large-scale and long-term as automobiles spread globally. Values toward automobiles are undergoing significant change in environmental, safety, and comfort aspects, and as automakers move forward with efforts to create more advanced and sophisticated vehicles, the expectations for suppliers capable of value-added proposals are also increasing.

Given these changes in the business environment, Pioneer will focus on strengthening competitiveness via improving profitability in existing businesses and proposing new value-added solutions toward future growth.

In order to strengthen competitiveness via improving profitability in existing businesses, measures such as the integrated AV and navigation development will be taken in order to increase development efficiency and reduce development costs. Additionally, in order to accommodate a large scale of orders from existing customers, we will optimize our business process as a whole by increasing productivity through increased production scale at main plants, as well as through increased production efficiency made possible by automating production. Furthermore, in order to acquire new orders, we will better handle automakers’ various larger-scale and longer-term projects by developing and designing products in anticipation of customer needs and making development more efficient, improving profitability.

With regard to proposing new value-added solutions toward future growth, we will proactively propose advanced technologies based on customer needs ascertained from examining the consumer market.

(3) Map Business and Autonomous Driving Field

In the map business, we are making proactive use of our alliances and participation in Japanese governmental projects in order to move forward with efforts to use high-precision map data in the autonomous driving field. We are also striving to expand the map business in the ASEAN market, the non-navigation corporate-use business market and the GIS (Geographic Information System) market.

In the autonomous driving field, we will strive to become an “essential company toward realization of autonomous driving” by making use of the strength that is our ability to provide both “3D-LiDAR” sensor and high-precision map data, necessary for autonomous driving, as well as by utilizing our alliances to create and commercialize “data ecosystem” for advanced maps.

3. Other Businesses

In other businesses, we will use our unique optical, audio, and video technologies to foster new businesses, with a specific focus on a medical and health care-related business and an OLED lighting business. We are also striving to steadily grow the automotive-related factory automation systems business.

4. Financial Strategy

Regarding our financial strategy, we will steadily generate free cash flow to be used in investments for future growth and returns to our shareholders properly by using the above growth strategies.

5. Business Targets

Consolidated business targets through fiscal 2021 are as follows:

(In billions of yen)

	Fiscal year ended (ending) March 31				
	2016 (Results)	2017 (Forecasts)	2018 (Plan)	2019 (Plan)	2021 (Plan)
Consolidated:					
Net sales	¥449.6	¥420.0	¥430.0	¥450.0	¥510.0
Operating income	7.3	8.0	13.0	20.0	31.0
Operating income margin	1.6%	1.9%	3.0%	4.4%	6.1%
Net income *	0.7	1.0	4.0	13.0	22.0
Car electronics:					
Net sales	357.8	335.0	340.0	355.0	410.0
Operating income	8.6	8.0	13.0	17.0	25.0
Others:					
Net sales	91.8	85.0	90.0	95.0	100.0
Operating income (loss)	¥ (0.1)	¥ 0.0	¥ 0.0	¥ 3.0	¥ 6.0
Currency rate (yen):					
1 U.S. dollar	¥120.14	¥115	¥115	¥115	¥115
1 euro	¥132.58	¥125	¥125	¥125	¥125
Free cash flows	¥ (0.8)	¥ (8.0)	¥ 2.0	¥ 11.0	¥ 21.0
ROE	0.8%	1.2%			10% and more

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

Notes: 1. Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.

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

Based on the Medium-Term Plan, Pioneer will work to stand victorious in the car electronics industry by having its consumer market business firmly generate profits, steadily improving earnings in its OEM business, and becoming an "essential company toward realization of autonomous driving."

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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