

News Release

For Immediate Release
May 13, 2013

Pioneer Announces New Medium-Term Plan

Pioneer Corporation today announced its new Medium-Term Plan for the two years through fiscal 2015, ending March 31, 2015, as follows:

1. Car Electronics Business

At the Car Electronics business, we will work to create new value through transforming the business model with a close eye on the automobile market going forward and build a stronger business foundation through profitability enhancement and sales expansion.

First, with regard to the transformation of the business model, we consider automotive equipment will evolve to next generation which copes with higher levels of information, that transcends conventional car navigation systems.

As part of our partnership in car navigations systems with Mitsubishi Electric Corporation, we are utilizing both companies' strengths to jointly develop a "multimedia platform," base technologies for vehicle-linked next-generation automotive equipment. Through centralized management of the vehicle's various equipment and vehicle-linked functions like telecommunication with other vehicles, we intend to provide new value in terms of "safety" and "reliability," and establish a strong competitive position.

At the same time, we are partnering with NTT DOCOMO, INC. in the "docomo Drive Net™" smartphone-based navigation service, to strengthen our cloud-based information service base for enhanced "comfort" and "entertainment." By combining and leveraging NTT DOCOMO's strengths of having Japan's largest number of smartphone users and telecommunications infrastructure, as well as a variety of established content and services, with Pioneer's wealth of traffic data acquired via information terminals and server technology for processing that information, we intend to quickly launch a cloud-based information services business for all automobile users.

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Second, we will thoroughly review the cost structure to significantly reduce costs and enhance our profitability.

With the full-scale implementation of modular designing method in our product development, we expect to reduce total development man-hours by 20% and total manufacturing man-hours by 10%.

We will also realign and streamline our manufacturing sites in Japan and overseas. We will concentrate our Japanese manufacturing on flagship models, and shift manufacturing of other models overseas. In addition, we intend to shift overseas manufacturing to Southeast Asia, and to reduce costs by integrating sites' functions. These measures will be successively implemented in stages from fiscal 2014, and we are forecasting cost reductions of roughly ¥1.5 billion in fiscal 2015.

We also intend to reduce costs by roughly ¥2.5 billion in fiscal 2014 by pursuing greater efficiency through the mutual use of resources with our alliance partner, and we plan to achieve more efficiency through development of "multimedia platform" in and after fiscal 2015.

Third, we will work to steadily increase sales at both the consumer-market and OEM businesses.

At the consumer-market business, in car audio we intend to maintain our high share in developed markets while capturing new demand for products like integrated AV models, especially in emerging markets. The car navigation business in Japan will continue to lead the market with features that offer original value and our broad product lineup, and we will also strengthen our activities in the business-use market. We will also work to increase sales by developing a strategy for smartphone-linkage and by broadening our target customer base, including overseas.

At the OEM business, in addition to strengthening our relationships with major customers, we will strive to accurately meet the requests of automakers in Japan and overseas. We will also work to expand the business through car dealer channels, mainly in emerging markets.

Sales are showing steady growth in emerging markets, and we will utilize the experience and expertise we have cultivated through the business to date to enhance products with an emphasis on the special characteristics of respective local markets. To date our focus has been on China, Russia and Brazil, and going forward we will emphasize India and Indonesia as well.

2. Home Electronics Business and Others Business

The Home Electronics business will leverage our DJ equipment to achieve steady growth.

Pioneer's DJ equipment is highly regarded by the top DJs in Europe and North America, and we expect the market to grow further as it expands to include amateur DJs. We will continue to provide innovative products that meet the expectations of a wide range of users, as the product group leading the Home Electronics business.

We intend to spin off the home AV business and integrate it into a home electronics sales subsidiary in July 2013, and also merging our telephone business subsidiary into this same sales subsidiary in October 2013. We will further streamline the optical disc business with a target of July 2013 for reducing the size of the business structure, including headcount, by roughly 40% compared with fiscal 2013.

At Others business, we will concentrate on businesses that make a high contribution to earnings, with a focus on areas that can be expected to generate synergies with existing businesses.

3. New Businesses

Pioneer is putting effort into cultivating new businesses as next core businesses to follow Car Electronics, by concentrating resources in promising business areas and working efficiently with the aim of generating earnings at an early date.

One of priority themes in these efforts is the organic light-emitting diode (OLED) lighting business. We are making steady progress toward the commercialization of this business, including the adoption of a component as a medical-use light-source unit. Going forward, we will step up our efforts to quickly establish mass production technologies for the printing process and to develop uses that make use of OLED lighting's advantages, with the aim of launching a full-scale business during 2014.

In the medical and healthcare-related business, another priority theme, we have taken on subcontracted development of medical-use laser blood flow meter. We are also looking at applications in the field of healthcare in addition to medical use, and are striving to expand this business.

4. Financial Strategy

Financial strategy that supports above growth strategies, utmost priority is recovery and stabilization of the financial base. As to equity ratio, we will strive to achieve rapid recovery to the 30% level. For stable cash position, we will generate cash by strengthening management of inventories and optimizing inventory levels.

We will pursue early resumption of dividend payments, by steadily generating profits.

5. Business Targets

Consolidated business targets through fiscal 2015 are as follows:

	(In billions of yen)		
	Year ended (ending) March 31		
	2013 (Results)	2014	2015
Consolidated:			
Net sales	¥451.8	¥515.0	¥540.0
Operating income	6.0	15.0	20.0
Operating income margin	1.3%	2.9%	3.7%
Ordinary income	0.8	10.0	15.5
Net income (loss)	(19.6)	6.0	11.0
Car electronics:			
Net sales	312.6	357.0	371.0
Operating income	9.8	12.0	17.0
Home electronics:			
Net sales	95.9	110.0	115.0
Operating income (loss)	¥ (2.8)	¥ 4.0	¥ 4.5
Currency rate (yen):			
1 U.S. dollar	¥ 83.10	¥ 95	¥ 95
1 euro	¥107.14	¥125	¥125

Note: Operating income (loss) for each business segment is the operating income before elimination of intersegment transactions.

Based on the Medium-Term Plan, through measures to increase profitability and to grow for the future Pioneer is making every effort to return to growth track.

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 euro, the U.S. dollar, 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 consumer- and business-use electronics products such as car electronics, audio and video products. Its shares are traded on the Tokyo Stock Exchange.

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