



Pioneer Corporation

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

***Susumu Kotani, President and CEO
August 5, 2016***

Main Points of Today's Presentation

1. Business Results for First Quarter of FY2017

- **Net sales were lower year on year due to decreased sales in Car Electronics, reflecting the effects of a stronger yen and the Kumamoto Earthquake in Japan.**
- **Operating income was higher year on year and exceeded our plans primarily owing to a decrease in SG&A despite seasonal factors and the effects of the Kumamoto Earthquake.**
- **Net income was recorded and we recaptured profitability due to factors such as higher operating income and an increase in foreign exchange gains.**

2. Business Forecasts for FY2017

- **For the first half and the full year, net sales are projected to decline compared to the previous forecast, reflecting recent foreign exchange rate movements, while profit forecasts remain unchanged.**

Today's Agenda

- 1. Business Results for First Quarter of FY2017**
- 2. Business Forecasts for FY2017**

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 First Quarter of FY2017

Consolidated Business Results for First Quarter of FY2017

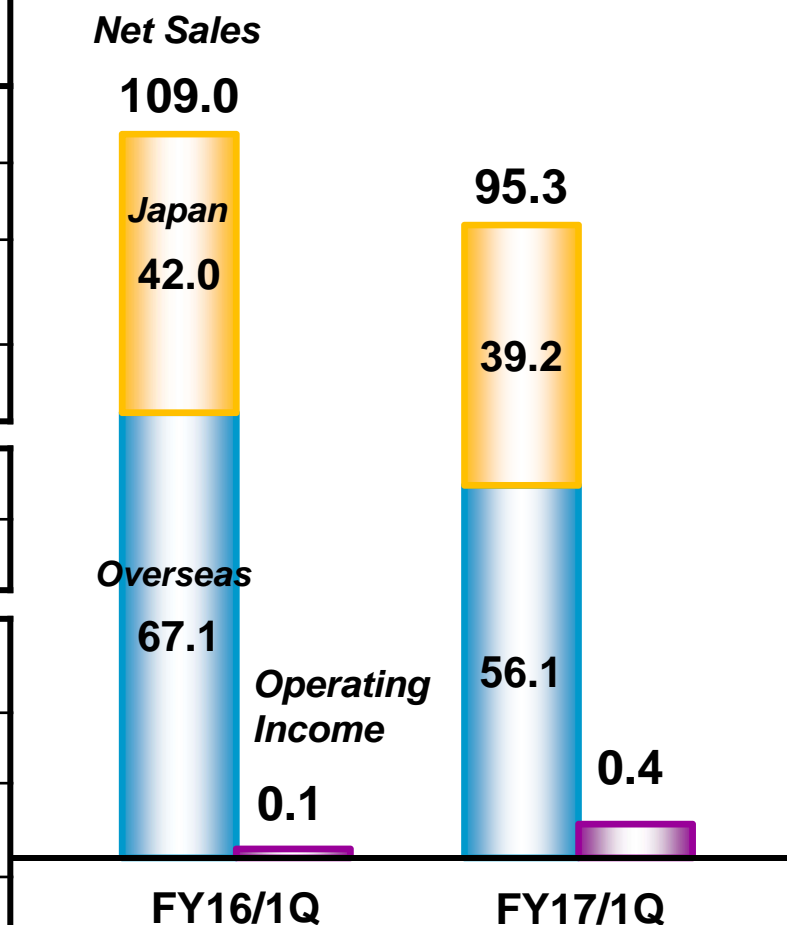
(billion yen)

	FY17/1Q	FY16/1Q	% to Prior Year
Net Sales	95.3	109.0	87.4%
Operating Income	0.4	0.1	5.4 times
Ordinary Income/Loss	2.0	-0.6	-
Net Income/Loss*	1.3	-2.5	-

Average Currency Rate (yen)	1 US\$	108.14	121.36	-12.2%
	1 Euro	122.02	134.16	-9.9%

Net Income/Loss* per Share (yen)	3.46	-6.85	+10.31
ROE	6.2%	-9.9%	+16.1%
Book-value per Share (yen)	213.28	274.73	-61.45
ROA	1.8%	-3.1%	+4.9%

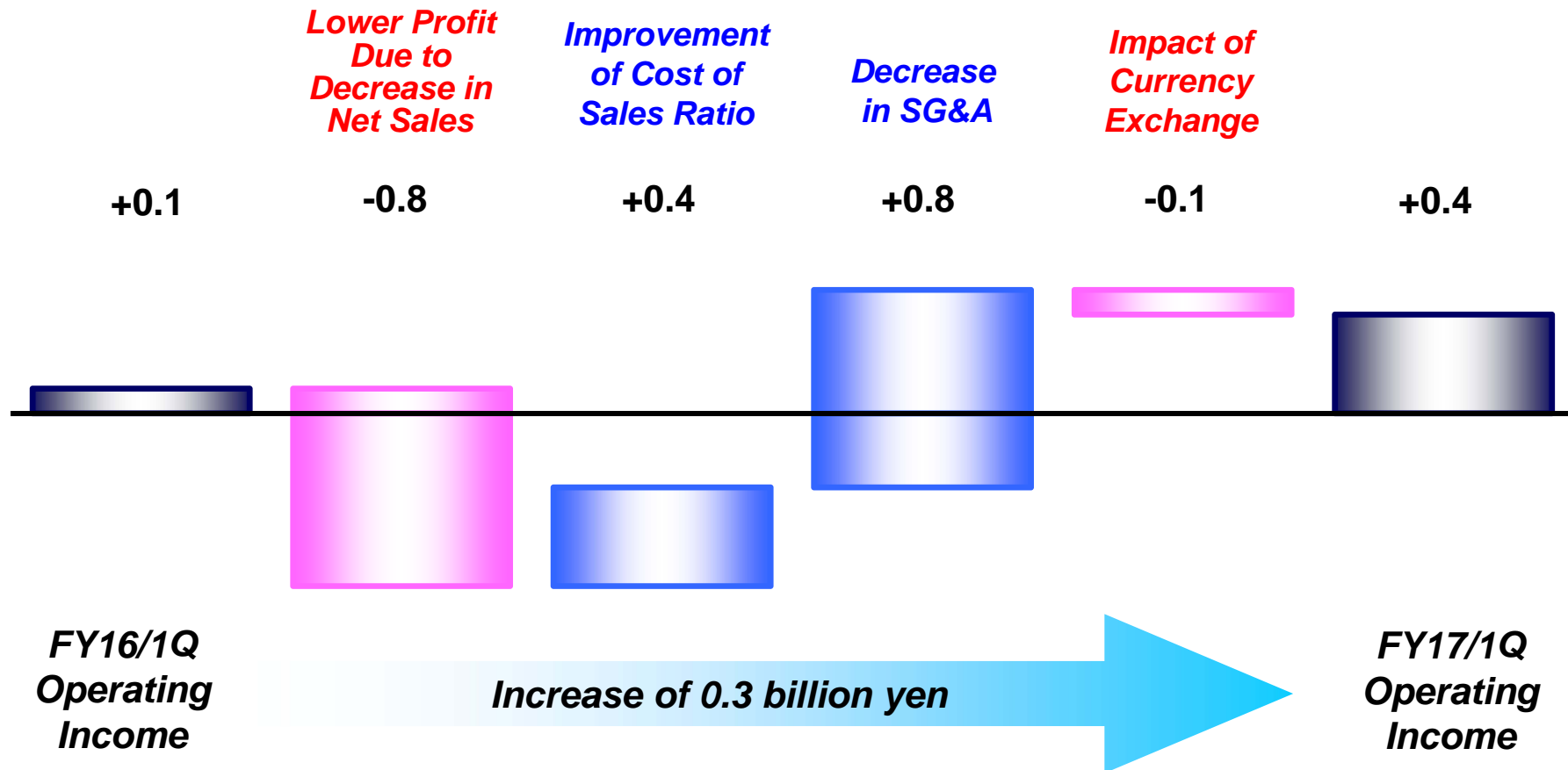
(billion yen)



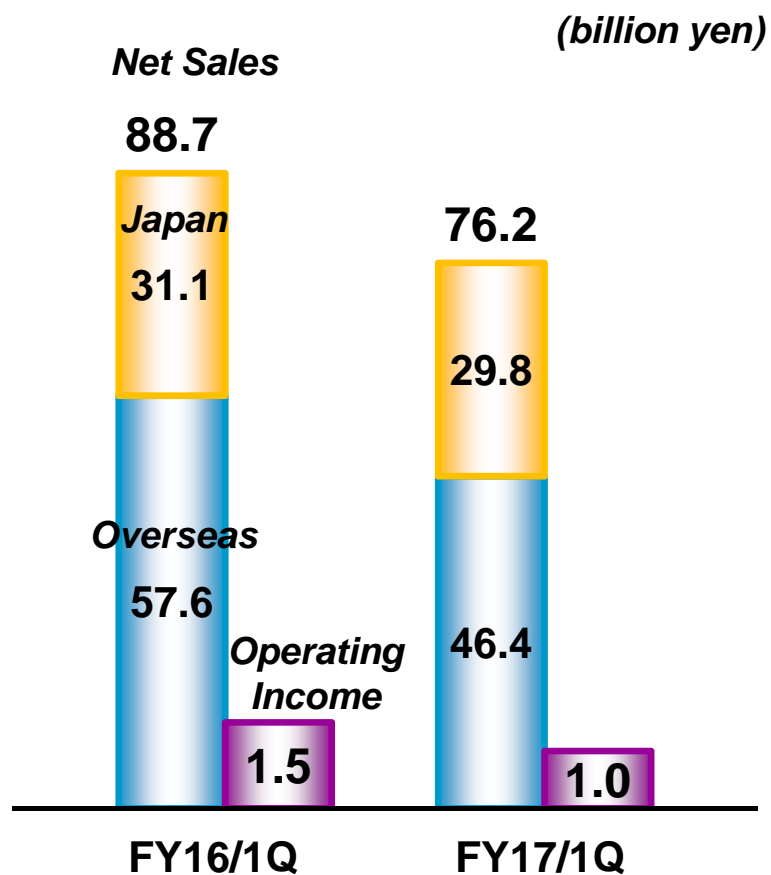
* Net income/loss attributable to owners of Pioneer Corporation

Operating Income Structure Breakdown

(billion yen)



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



< Net Sales > OEM Ratio to Net Sales: 62% (FY16/1Q: 61%)

% to Prior Year	86% (Japan 96%, Overseas 80%)
Increase Factor	Consumer-market car navigation systems
Decrease Factors	OEM car audio products, consumer-market car audio products, and OEM car navigation systems

< Operating Income >

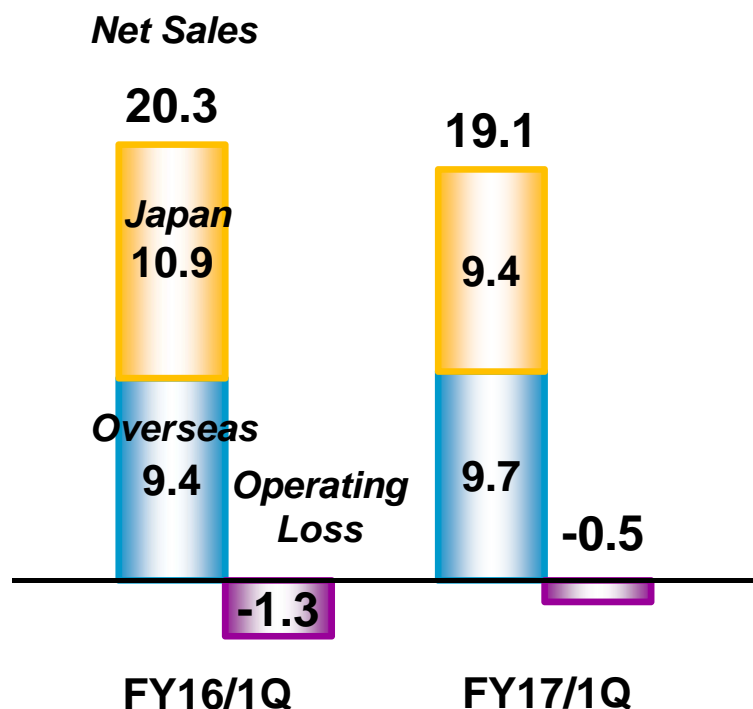
Year-on-Year	Decrease of 0.6 billion yen
Positive Factor	Decrease in SG&A (+0.6 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-1.0 billion yen), and worsening of cost of sales ratio (-0.3 billion yen)

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.

First Quarter of FY2017: Net Sales & Operating Loss - Others

(billion yen) < Net Sales >



% to Prior Year	94% (Japan 87%, Overseas 103%)
Increase Factors	Factory automation systems, and organic light-emitting diode displays
Decrease Factors	Optical disc drive-related products, and electronic devices and parts

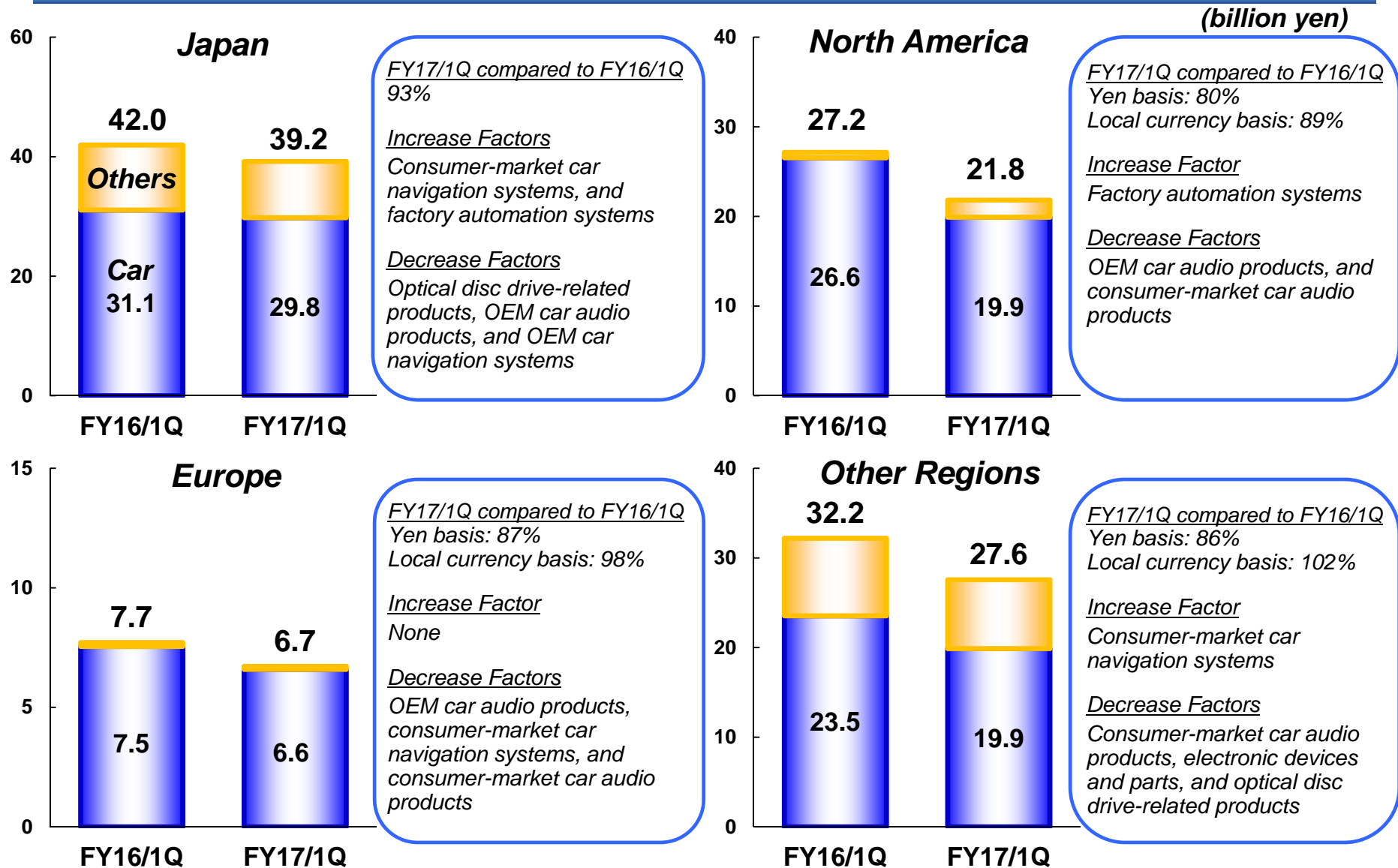
< Operating Loss >

Year-on-Year	Improvement of 0.8 billion yen
Positive Factor	Improvement of cost of sales ratio (+1.1 billion yen)
Negative Factors	Impact of currency exchange (-0.1 billion yen), and increase in SG&A (-0.1 billion yen)

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

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.

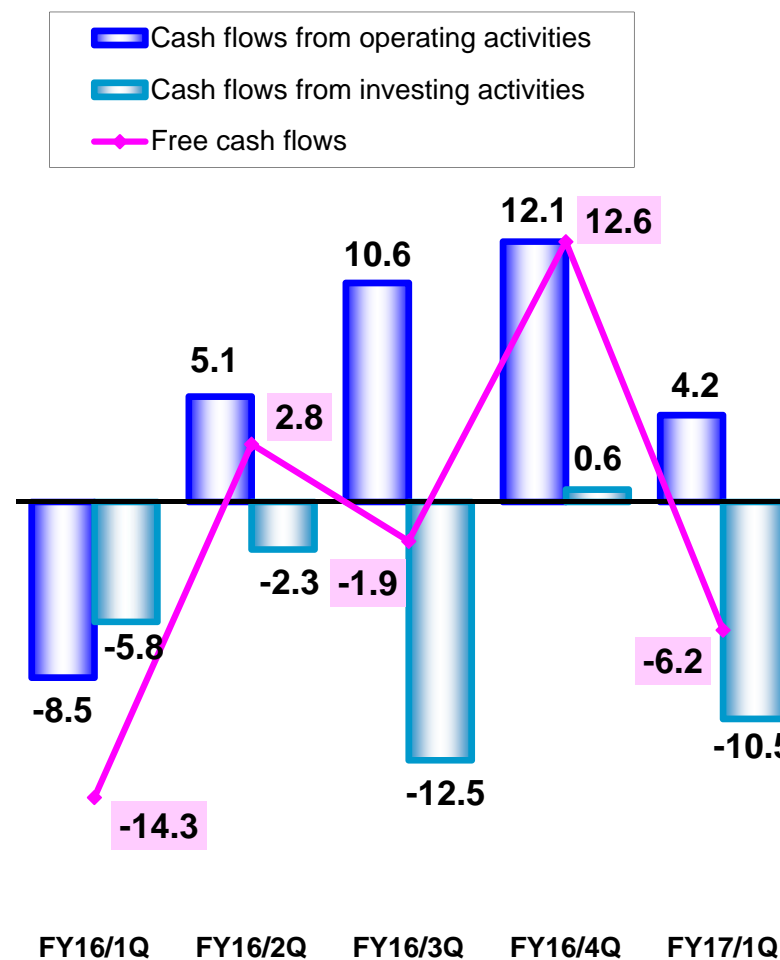
First Quarter of FY2017: Net Sales by Geographic Segment



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

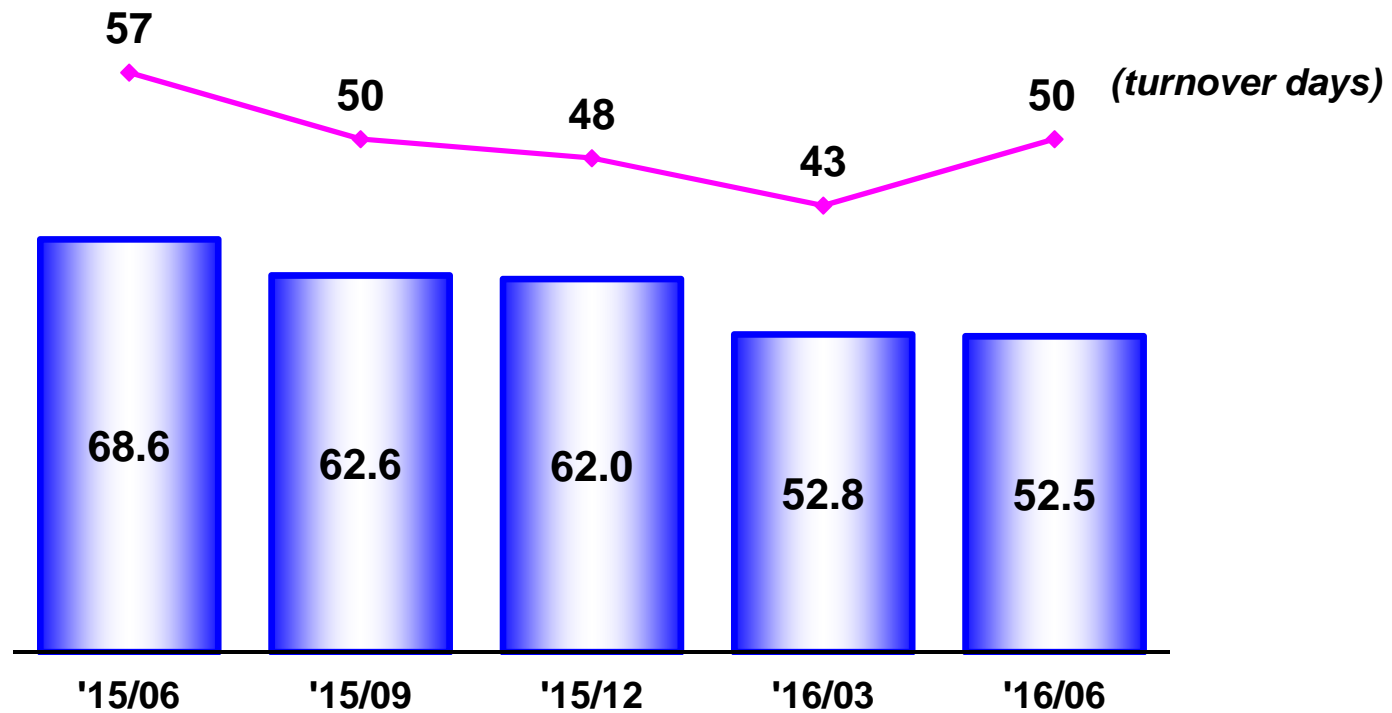
	FY17/1Q	FY16/1Q
<i>Income (loss) before income taxes</i>	1.9	-1.1
<i>Depreciation and amortization</i>	6.4	6.9
<i>Decrease in accrued pension and severance costs</i>	-0.5	-0.4
<i>Decrease in trade receivables</i>	8.7	3.6
<i>Increase in inventories</i>	-2.5	-4.5
<i>Decrease in trade payables</i>	-5.0	-0.0
<i>Decrease in accrued expenses</i>	-2.5	-11.3
<i>Others</i>	-2.3	-1.7
Cash flows from operating activities	4.2	-8.5
Cash flows from investing activities	-10.5	-5.8
Cash flows from financing activities	-2.0	-0.9
Foreign currency translation adjustments on cash and cash equivalents	-2.8	0.6
Free cash flows	-6.2	-14.3
Net decrease in cash and cash equivalents	-11.0	-14.7
Balance of cash and cash equivalents	41.0	37.0
Net cash balance	6.3	2.8

(billion yen)



First Quarter of FY2017: Inventories

(billion yen)



2. Business Forecasts for FY2017

Consolidated Business Forecasts for FY2017

(billion yen)

	First Half			Full Year			
	FY17 Current Forecasts	FY17 Previous Forecasts (Reference)	FY16 Results	FY17 Current Forecasts	FY17 Previous Forecasts (Reference)	FY16 Results	
Net Sales	193.0	200.0	222.6	400.0	420.0	449.6	
Operating Income	1.5	1.5	2.1	8.0	8.0	7.3	
Ordinary Income	1.0	1.0	1.4	7.0	7.0	7.3	
Net Income/Loss*	-2.0	-2.0	-2.0	1.0	1.0	0.7	
Average Currency Rate (yen)	1 US\$	106.57	115	121.80	105.79	115	120.14
	1 Euro	118.51	125	135.07	116.76	125	132.58
Net Income/Loss* per Share (yen)	-5.45	-5.45	-5.43	2.72	2.72	1.99	
ROE				1.2%	1.2%	0.8%	
Book-value per Share (yen)				212.54	236.04	233.32	
ROA				0.3%	0.3%	0.2%	

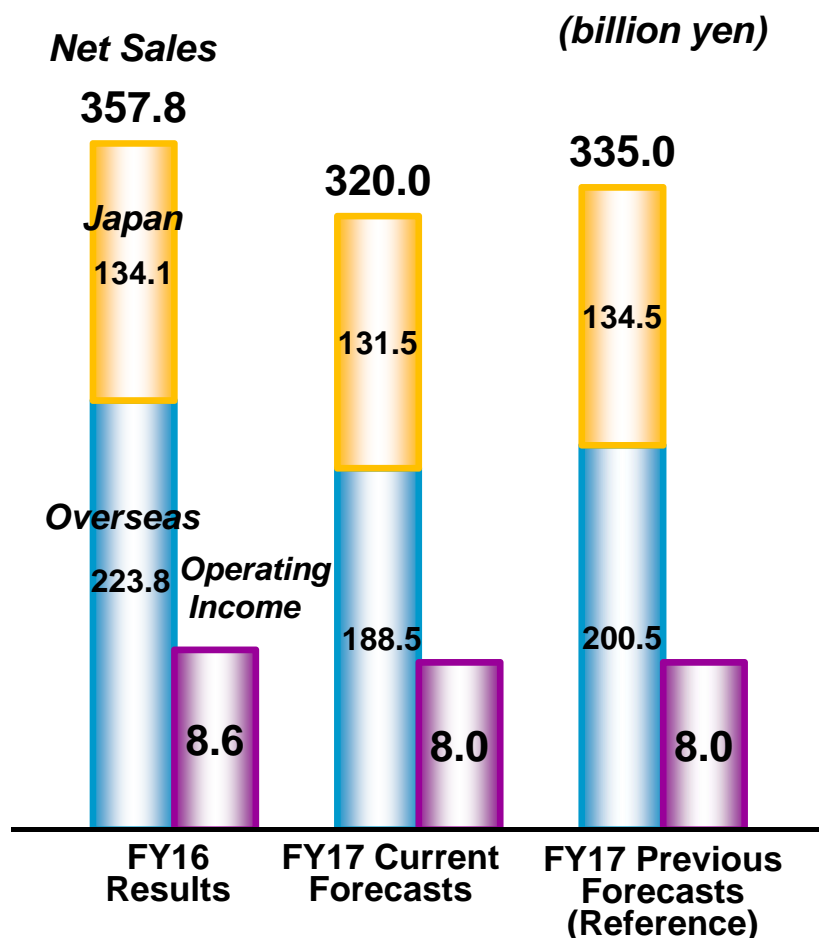
* Net income/loss attributable to owners of Pioneer Corporation

Notes: 1. The yen-U.S. dollar exchange rate assumption for remaining nine months of FY2017 is 105 yen, while the yen-euro exchange rate assumption is 115 yen.

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

Net sales— US\$: -1,480 million yen; euro: -160 million yen / Operating income— US\$: 90 million yen; euro: -110 million yen.

FY2017 Forecasts: Car Electronics



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

% to Prior Year	89% (Japan 98%, Overseas 84%)
Increase Factors	Map software, and consumer-market car navigation systems
Decrease Factors	OEM car audio products, 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 (+2.3 billion yen), and impact of currency exchange (+0.1 billion yen)
Negative Factors	Lower profit due to decrease in net sales (-1.9 billion yen), and increase in SG&A (-1.1 billion yen)

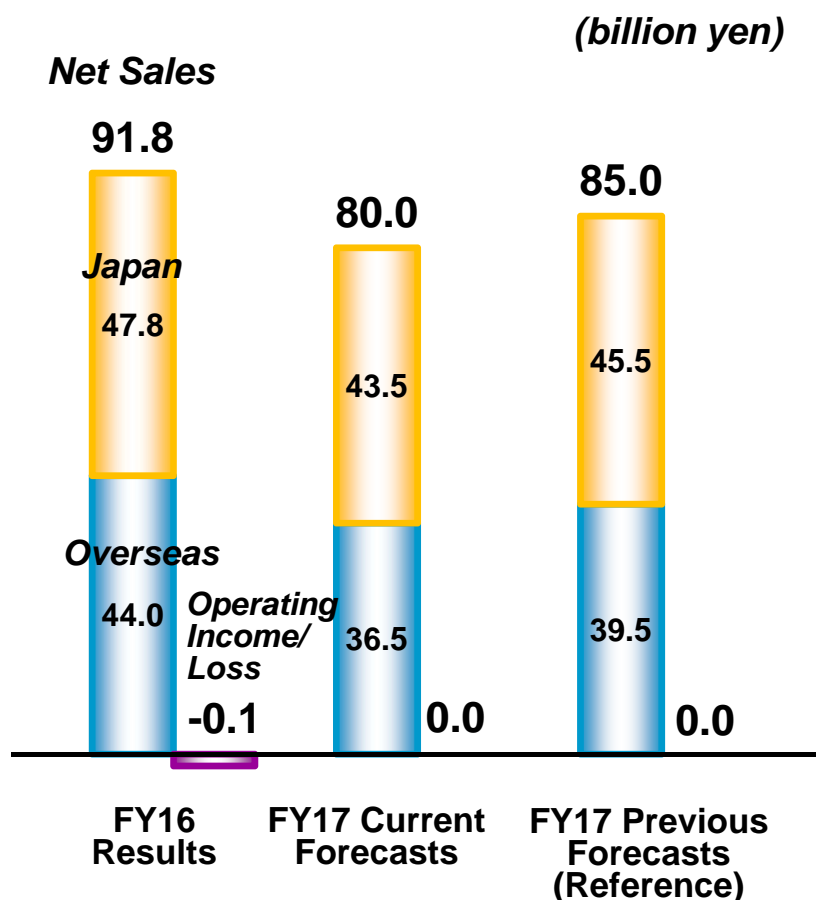
< Shipment to Consumer Market > (thousand units)

	FY2016 Results	FY2017 Forecasts*
Car navigation systems	691	710
Car CD players	5,784	6,100
Car AV products	1,432	1,540

* No change from the previous forecasts

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	87% (Japan 91%, Overseas 83%)
Increase Factor	Factory automation systems
Decrease Factors	Optical disc drive-related products, and home AV products (completion of subcontracted manufacturing)

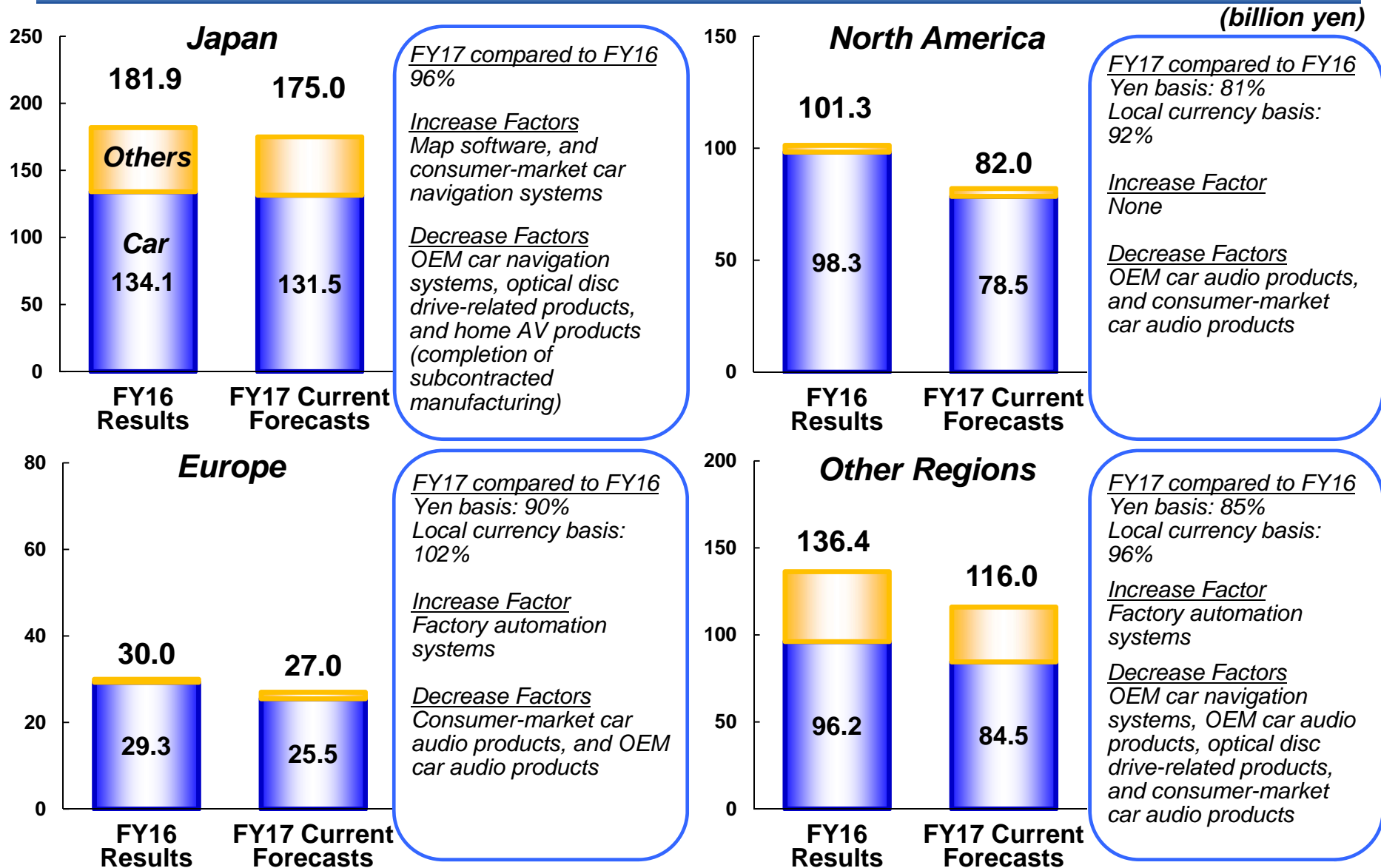
< Operating Income/Loss >

Year-on-Year	Improvement of 0.1 billion yen
Positive Factors	Improvement in cost of sales ratio (+2.2 billion yen), and impact of currency exchange (+0.3 billion yen)
Negative Factors	Increase in SG&A (-1.8 billion yen), and lower profit due to decrease in net sales (-0.6 billion yen)

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

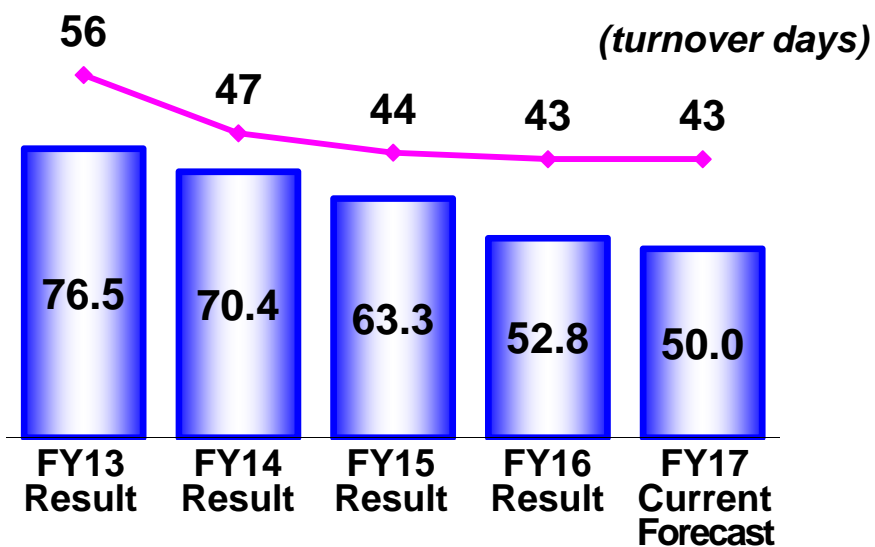
2. From FY17, map software is reclassified from "Others" to "Car Electronics." Figures shown for FY16 have been reclassified accordingly.

FY2017 Forecasts: Net Sales by Geographic Segment



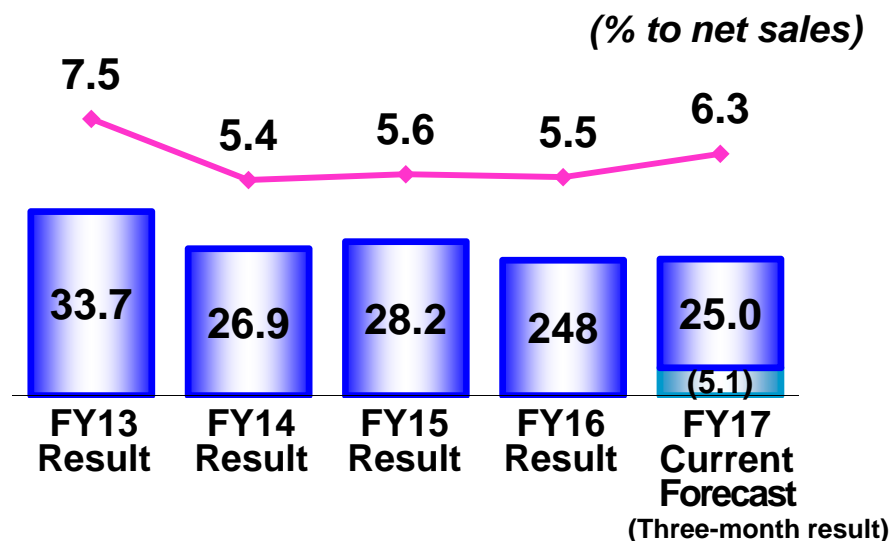
**FY2017 Forecasts:
Inventories, R&D Expenses, Capital Expenditures, Depreciation & Amortization**

Inventories

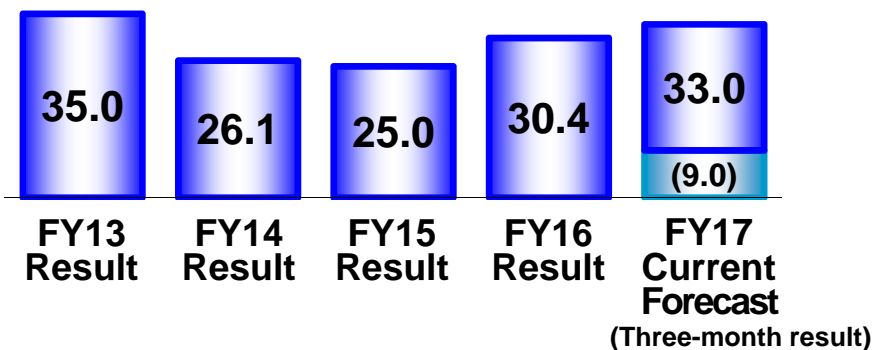


R&D Expenses

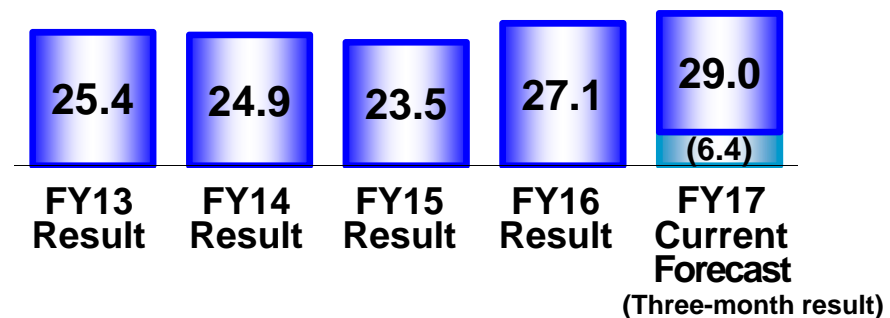
(billion yen)



Capital Expenditures



Depreciation & Amortization



FY2017 Forecasts: Cash Flows and Other Financial Data

(billion yen)

	FY16 Results	FY17 Current Forecasts	FY17 Previous Forecasts (Reference)
Cash Flows from Operating Activities	19.3	25.0	25.0
Cash Flows from Investing Activities	-20.1	-33.0	-33.0
Cash Flows from Financing Activities	3.4	-4.0	-4.0
Free Cash Flows	-0.8	-8.0	-8.0
Equity	90.5	82.0	91.0
Equity Ratio	29%	28%	29%
Borrowings	37.3	34.0	35.0
D/E Ratio	0.4 times	0.4 times	0.4 times
Cash and Deposits	52.0	37.0	40.0

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

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