

JVC KENWOOD

Results and Forecast Briefing

Third Quarter of Fiscal Year Ending March 2012

JVC KENWOOD Corporation

[Abbreviations]

CE : Car Electronics (Business)

PS : Professional Systems (Business)

COM : Communications Equipment (Segment)

BS : Business Solutions (Segment)

HM : Home & Mobile Electronics (Business)

CAM : Camcorders (Segment)

HAV : Home Audio-Visual Equipment (Segment)

SE : Entertainment (Business)

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**1. Financial Results Overview for 3Q
of Fiscal Year Ending March 2012**

Financial Results for 3Q FYE3/'12 - Summary

- * Net sales declined due to the strong yen, the Great East Japan Earthquake (hereinafter, the “Earthquake”), floods in Thailand, and structural reforms (downsizing and transfer of businesses) in the first half of the year.
- * Major factors of the profit decrease were the impact of the Earthquake and floods in Thailand (occurred mostly in 3Q FYE3/12). However, operating profit declined only slightly due to positive factors such as a growth in earnings in the CE OEM/After-market in Japan and COM, in addition to the effects of cost reductions.
- * Ordinary income retained about the same level as the corresponding period of the previous fiscal year, and quarterly net income increased due to a decrease in extraordinary loss.
→ made a significant advance toward returning to profit on a full-year basis.

(billion yen)

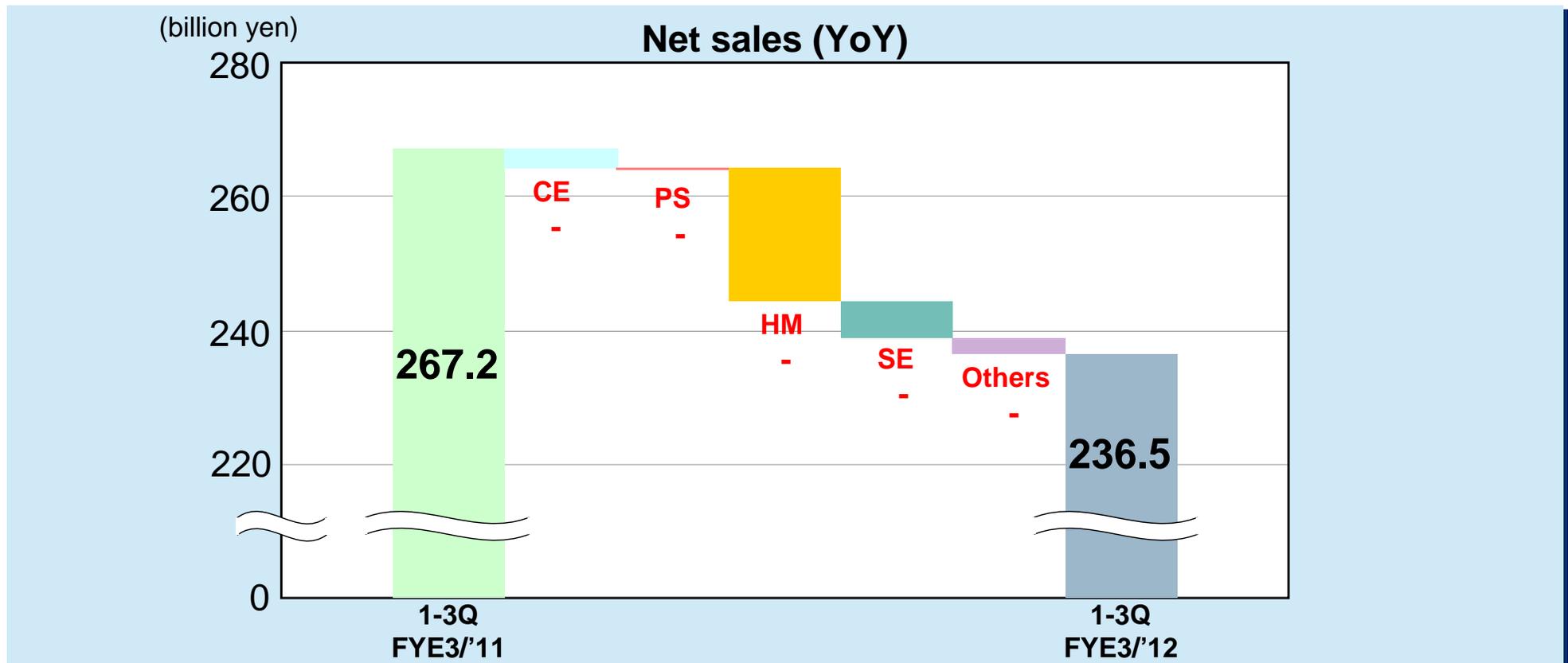
		Net Sales	Operating profit	Ordinary income	Net income	Exchange rate
1-3Q	FYE3/'12	236.5	8.8	6.5	4.4	USD: JPY79 Euro: JPY114
	FYE3/'11	267.2	9.4	6.5	2.2	USD: JPY87 Euro: JPY113
3Q	FYE3/'12	78.7	1.9	0.1	-0.5	USD: JPY77 Euro: JPY104
	FYE3/'11	90.6	4.0	4.4	5.4	USD: JPY83 Euro: JPY112

* Exchange rates for 1-3Q period are reference values estimated by averaging the exchange rates from April to December.

Financial Results for 3Q - Consolidated Net Sales

Results for 1-3Q : JPY236.5B (down 11.5% Year on Year)

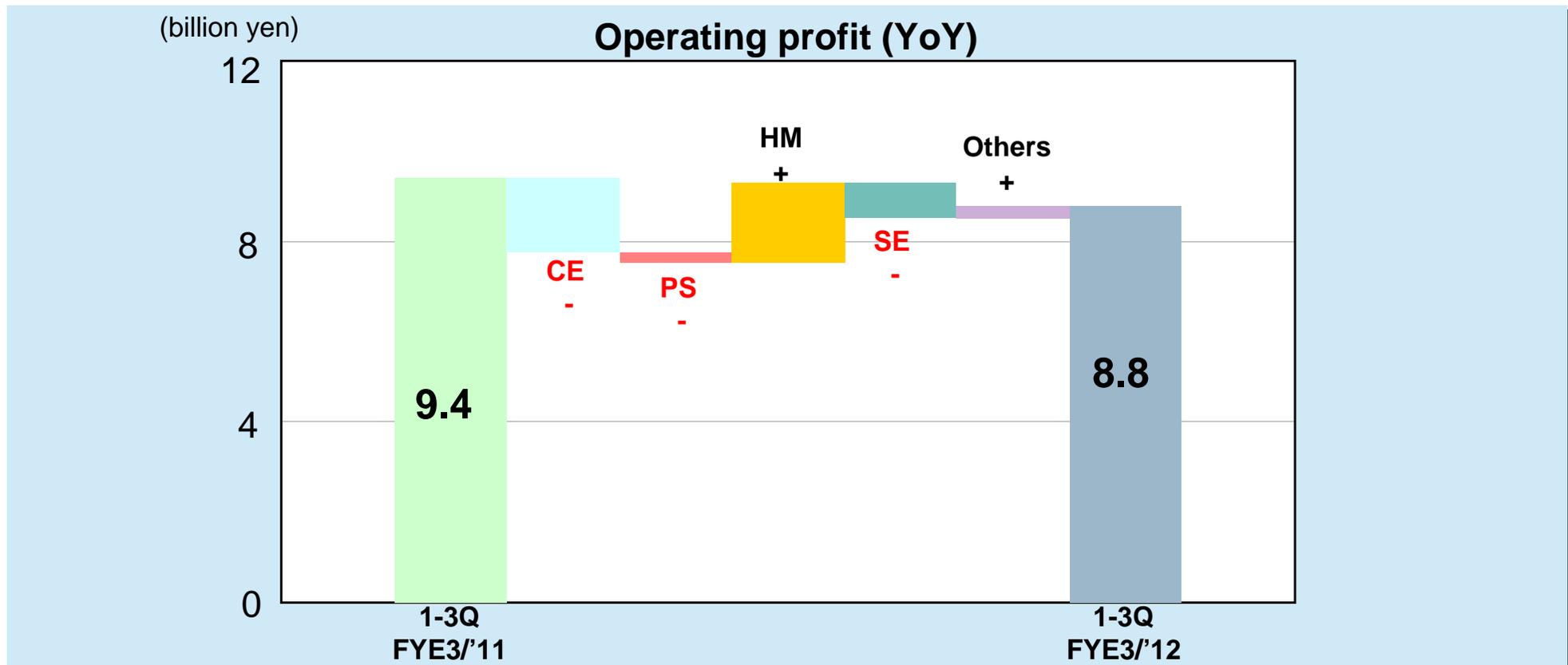
- * Although sales in the CE OEM/After-market in Japan and COM increased, sales in PS and CE did not grow due to the effects of the strong yen, the Earthquake, and floods in Thailand.
- * Net sales overall the company declined due to the effects of partially narrowing of HM business lines and transferring of SE's subsidiary.



Financial Results for 3Q - Consolidated Operating Profit

Results for 1-3Q : JPY8.8B (down 6.6% YoY)

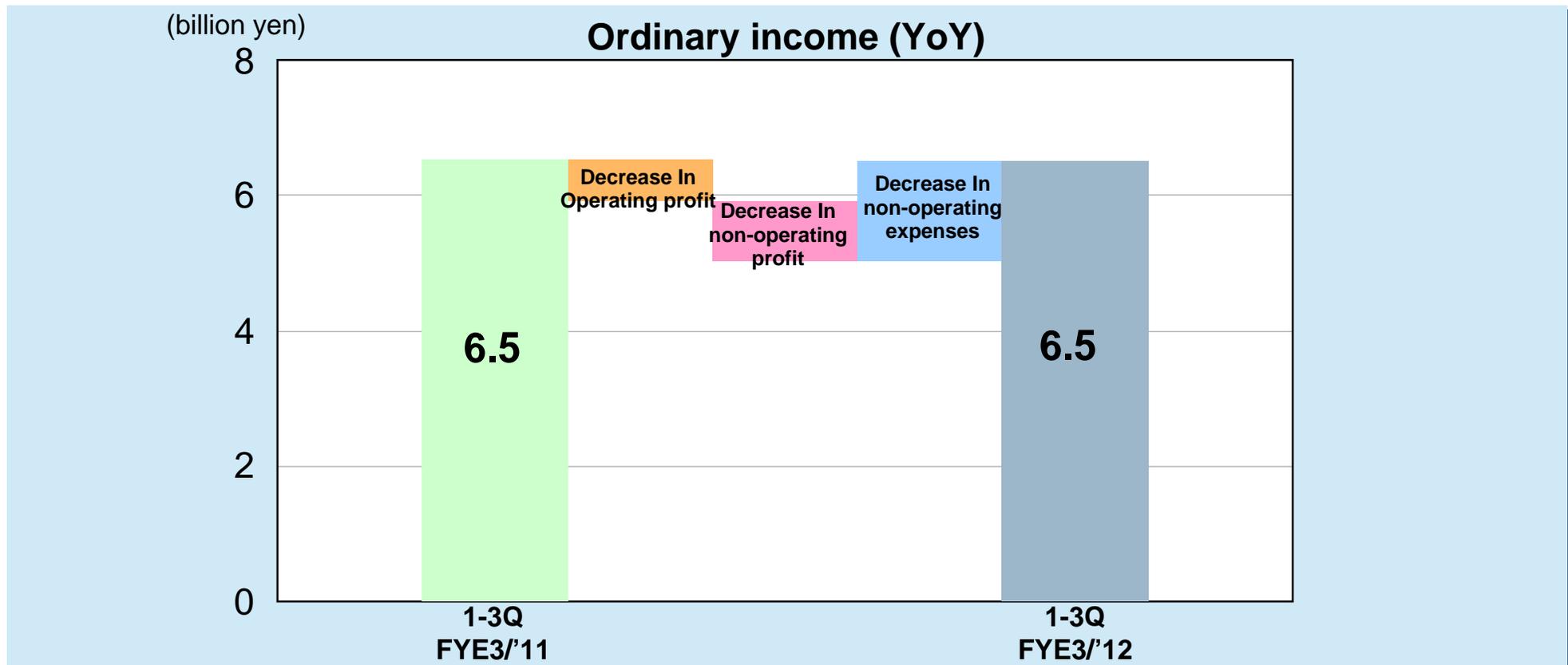
- * Operating profit decreased mainly due to the impacts of the Earthquake and floods in Thailand, which gave a negative affect to BS and CE partly.
- * However, overall operating profit showed a slight decline due to positive factors such as increased sales in the CE OEM/After-market in Japan and COM, as well as a return to profitability in HM.



Financial Results for 3Q - Consolidated Ordinary Income

Results for 1-3Q : JPY6.5B (unchanged from previous fiscal year)

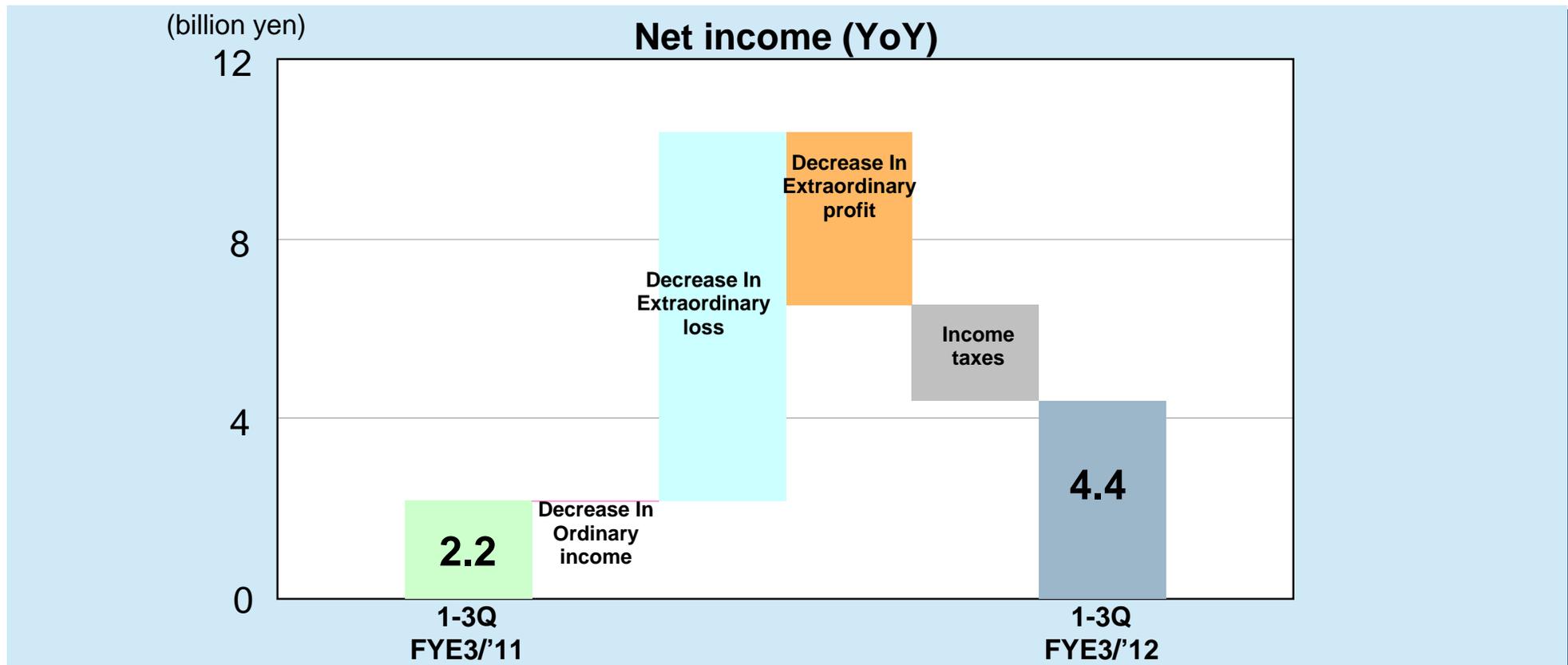
- * Non-operating profit decreased by JPY0.8B YoY due mainly to the absence of the adjustments to royalties.
- * Non-operating expenses decreased JPY1.4B YoY mainly due to decreases in interest expenses and loan commissions, and the absence of provisions for product warranties, although merger costs were recorded.



Financial Results for 3Q - Consolidated Quarterly Net Income

Results for 1-3Q : JPY4.4B (About twofold increase YoY)

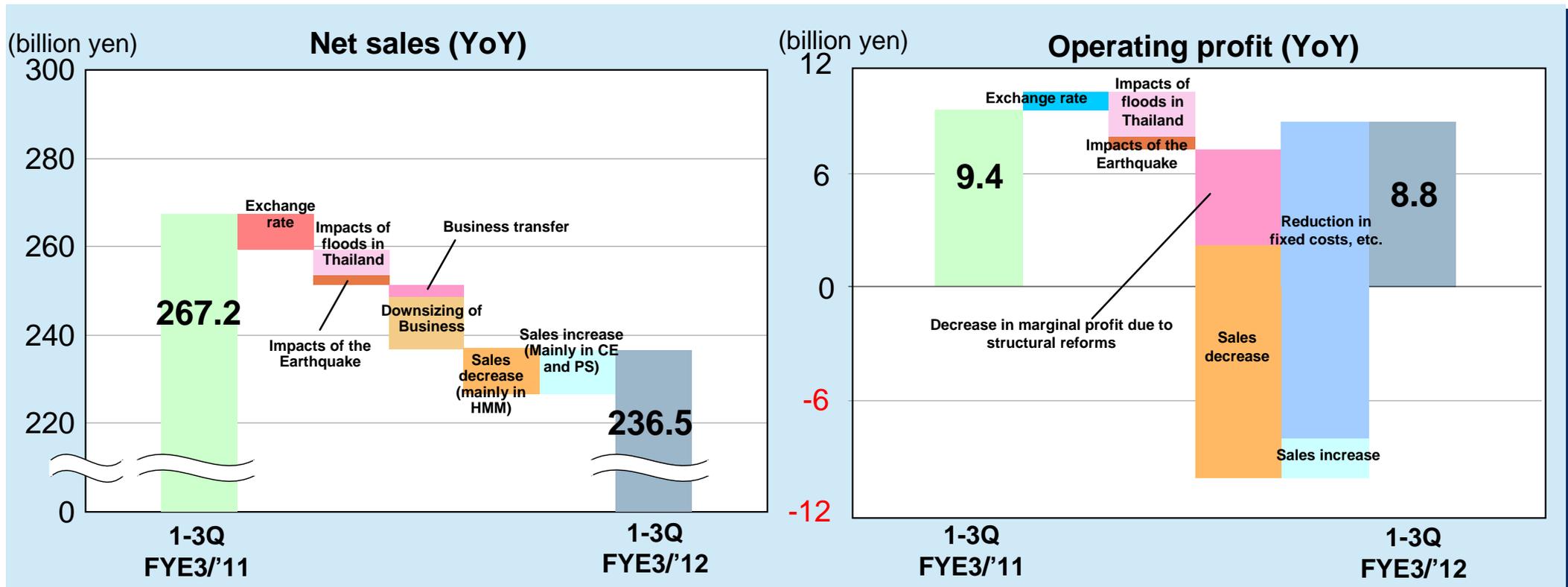
- * Extraordinary loss decreased JPY8.2B YoY mainly because major structuring were completed by the end of the previous fiscal year and employment structural reform expenses and loss on sales of fixed assets declined significantly.
- * Extraordinary profit decreased by JPY3.9B YoY due mainly to a decrease in gains on sales of fixed assets.



Financial Results for 3Q - Analysis of factors behind increases/decreases (YoY)

[1-3Q results]

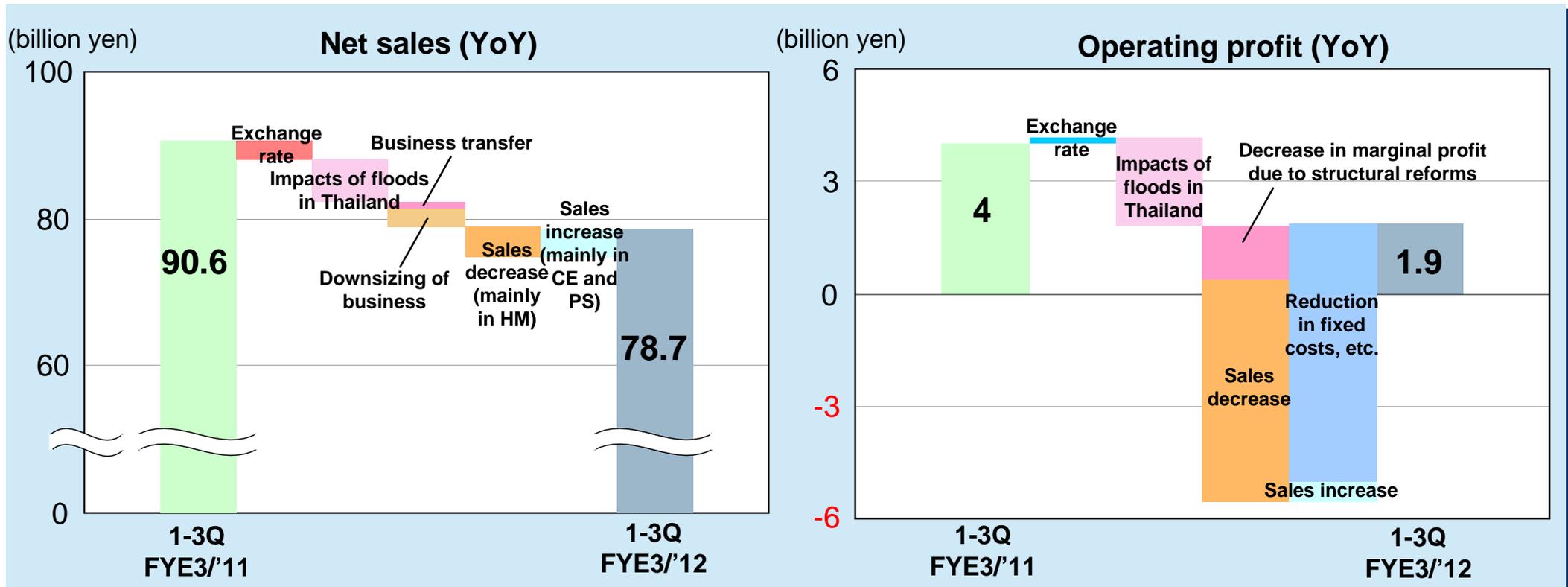
- * Factors behind decrease in net sales: impacts of strong yen, the Earthquake, floods in Thailand, structural reforms (narrowing HM business lines partially and transferring of HM's subsidiary).
- * Factors behind decrease in profits: impacts of the Earthquake and floods in Thailand.



Financial Results for 3Q - Analysis of factors behind increases/decreases (YoY)

[3Q]

- * Factors behind decrease in net sales: impacts of strong yen, floods in Thailand and structural reforms (partial narrowing of HM business lines and transferring of SE's subsidiary).
- * Factors behind decrease in profits: impacts of floods in Thailand.



Information by Business Segment

Net Sales, Profits, and Losses by Business Segment

- * In CE, both sales and profits decreased due to the effects of the strong yen, the Earthquake, and floods in Thailand, while OEM/After-market in Japan performed well.
- * In PS, the effects of the Earthquake and floods in Thailand on the BS were absorbed by strong performance in COM.
- * Although sales in HM decreased due to the impacts of structural reforms, earnings improved. As a result, HM recorded a positive operating profit for three consecutive quarters.
- * Although both sales and profits declined in SE due to the effects of the transfer of a subsidiary and a sluggish market, SE recorded a positive operating profit for three consecutive quarters.

(million yen)

Segment		1-2Q			3Q			1-3Q		
		FYE3/12	FYE3/11	YoY	FYE3/12	FYE3/11	YoY	FYE3/12	FYE3/11	YoY
Car Electronics Business (CE)	Net sales	54,199	54,993	-794	23,508	25,565	-2,057	77,707	80,558	-2,851
	Operating profit	3,861	4,661	-800	498	1,363	-865	4,360	6,024	-1,664
Professional Systems Business (PS)	Net sales	45,013	44,000	+1,013	22,129	23,209	-1,080	67,142	67,210	-68
	Operating profit	1,796	649	+1,147	-166	1,197	-1,363	1,630	1,847	-217
Hone & Mobile entertainment (HM)	Net sales	37,999	52,541	-14,542	21,275	26,626	-5,351	59,274	79,167	-19,893
	Operating profit	598	-674	+1,272	835	295	+540	1,433	-378	+1,811
Entertainment Business (SE)	Net sales	18,004	21,040	-3,036	10,135	12,702	-2,567	28,139	33,742	-5,603
	Operating profit	634	860	-226	516	1,040	-524	1,150	1,901	-751
Others	Net sales	2,645	4,013	-1,368	1,633	2,489	-856	4,279	6,502	-2,223
	Operating profit	42	-113	+155	175	134	+41	216	20	+196
Total	Net sales	157,861	176,589	-18,728	78,681	90,592	-11,911	236,542	267,182	-30,640
	Operating profit	6,933	5,383	+1,550	1,858	4,032	-2,174	8,791	9,416	-625

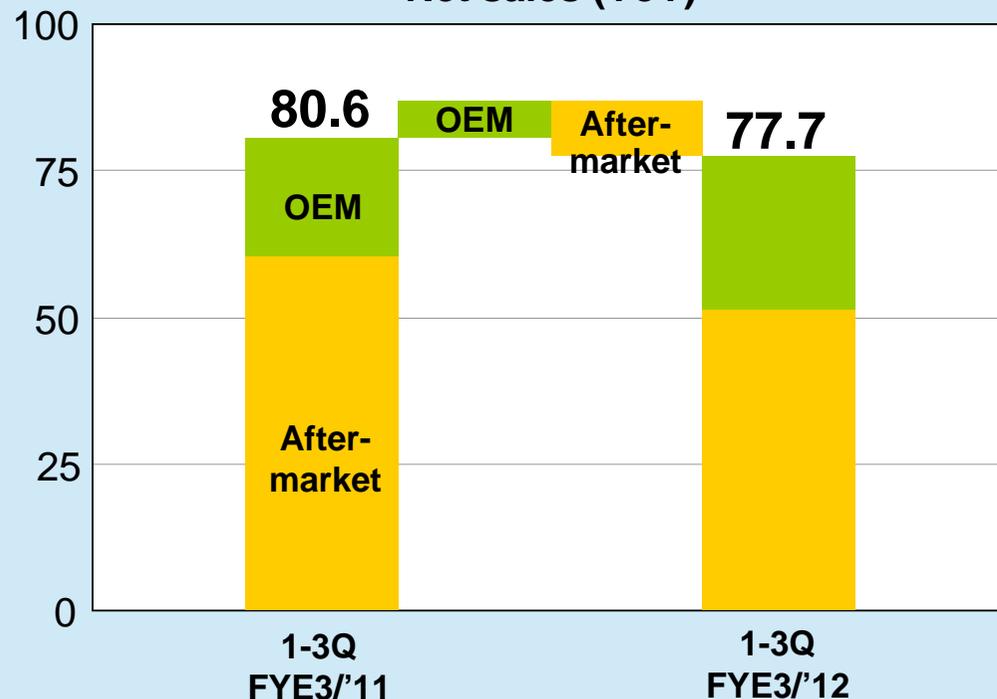
1-3Q Net sales : JPY77.7B (down 3.5%)

1-3Q Operating profit : JPY4.4B (down JPY 17B)

- * **After-market:** Maintained high market shares in Europe and the U.S., but sales decreased due to the effects of the strong yen, the Earthquake, floods in Thailand, and changes in circumstances in Europe and the Middle East. In Japan, sales grew due to robust sales of Saisoku-Navi and SSD-type AV car navigation system, and market share increased significantly.
- * **OEM:** The effects of the Earthquake and floods in Thailand were kept to a minimum and orders for AV car navigation systems (dealer option product), which started shipment in 2Q, and CD/DVD mechanisms remained strong, contributing to the expansion of business.

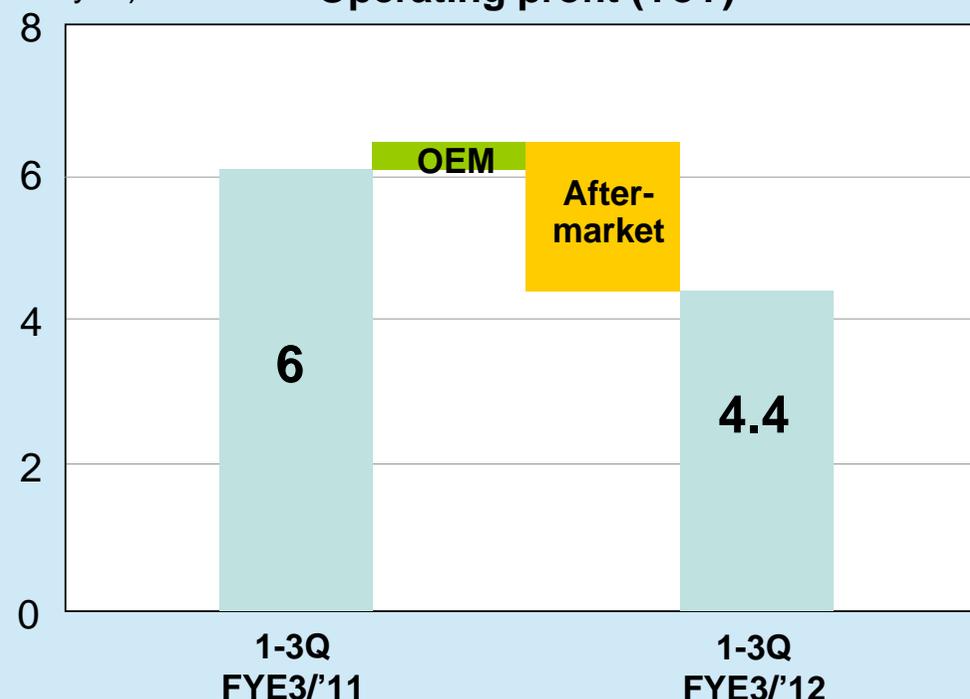
(billion yen)

Net sales (YoY)



(billion yen)

Operating profit (YoY)



Financial Results for 3Q - Professional Systems Business

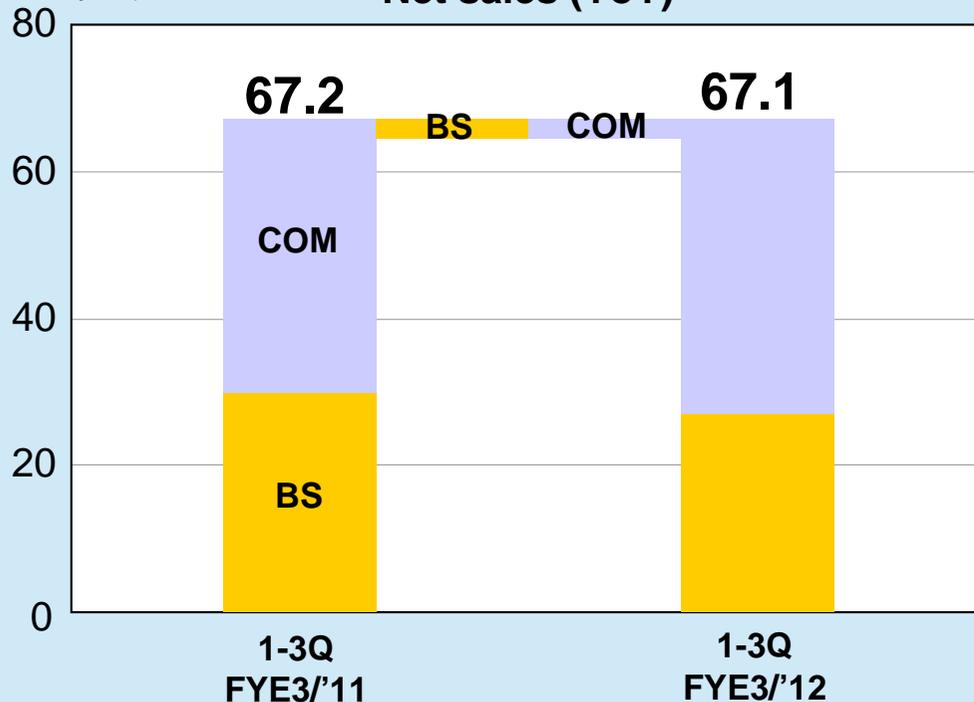
1-3Q Net sales : JPY67.1B (unchanged from 1-3Q of FYE3/11)

1-3Q Operating profit : JPY1.6B (down JPY 0.2B)

- * **COM:** Both sales and profits increased because performance of NEXEDGE, an originally-developed digital two-way radio system and radio systems for emerging markets remained strong, which absorbed the effects of the strong yen, the Earthquake, and floods in Thailand.
- * **BS:** There were fewer sales opportunities in Japan due to the impacts of the Earthquake. In addition, operation of the JVC Thailand plant was suspended due to the effects of floods. Alternative production has started, but delays in production and shipments have not been recovered.

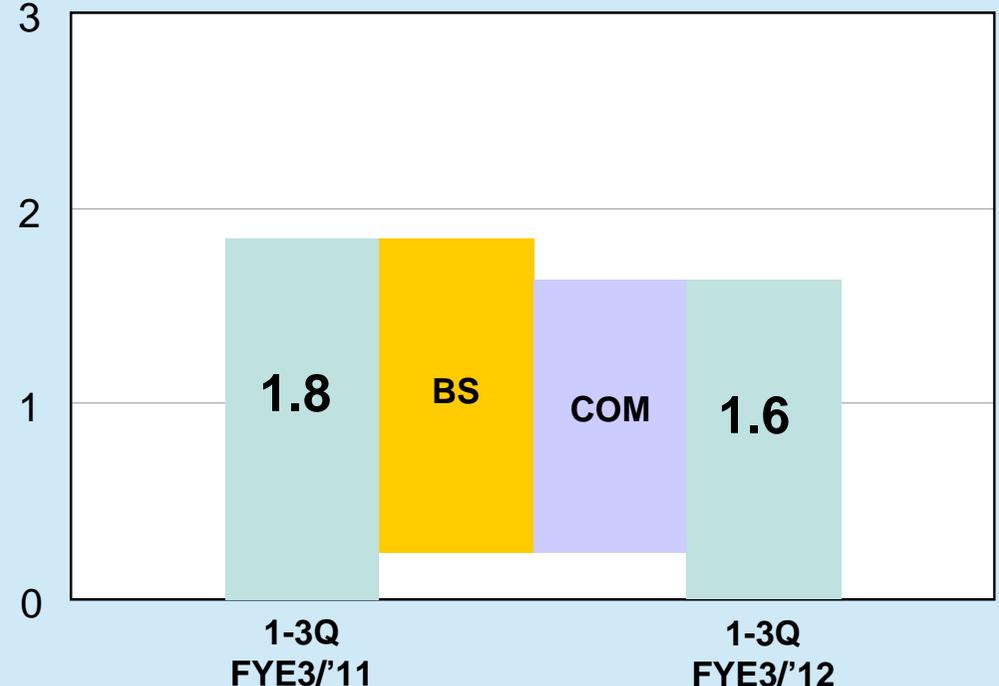
(billion yen)

Net sales (YoY)



(billion yen)

Operating profit (YoY)



Financial Results for 3Q - Home & Mobile Electronics Business

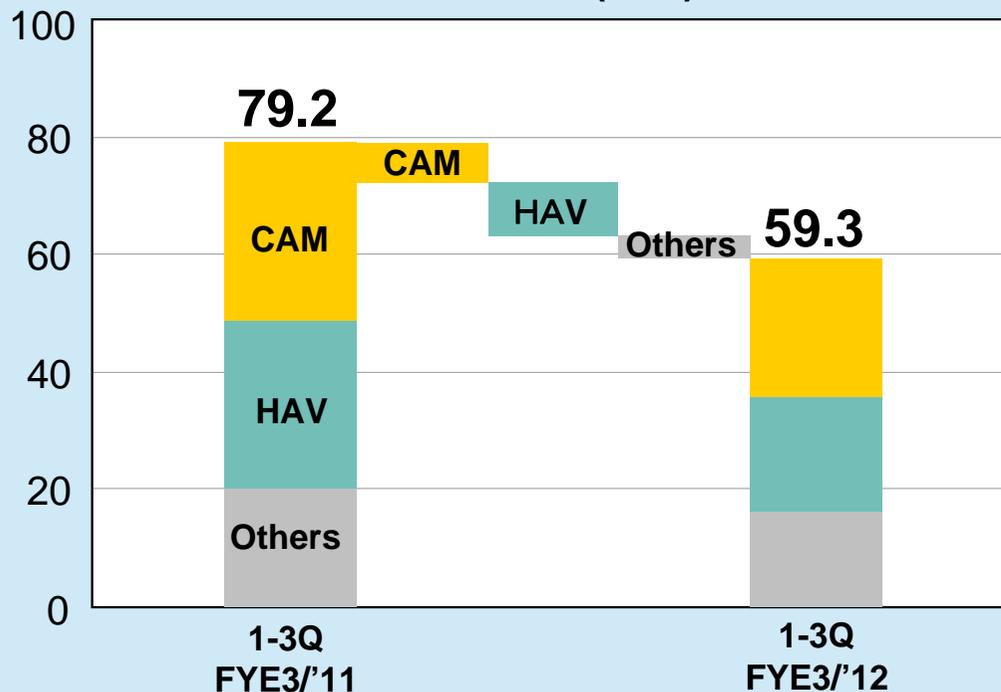
1-3Q Net sales : JPY59.3B (down 25.1%)

1-3Q Operating profit : JPY1.4B (up JPY1.8B)

- * **CAM:** Overseas sales decreased, but earnings improved significantly due to strong sales in Japan and structural reforms.
- * **HAV:** Deterioration of earnings was kept to a minimum due to termination of in-house development and production of displays (in May 2011), as well as the start of brand licensing (since July 2011) and a shift to fabless production structure (FYE3/11).
- * **Others:** AV accessories sustained high profitability and profits of projectors were boosted by the expansion of sales of models that can handle 3D images.

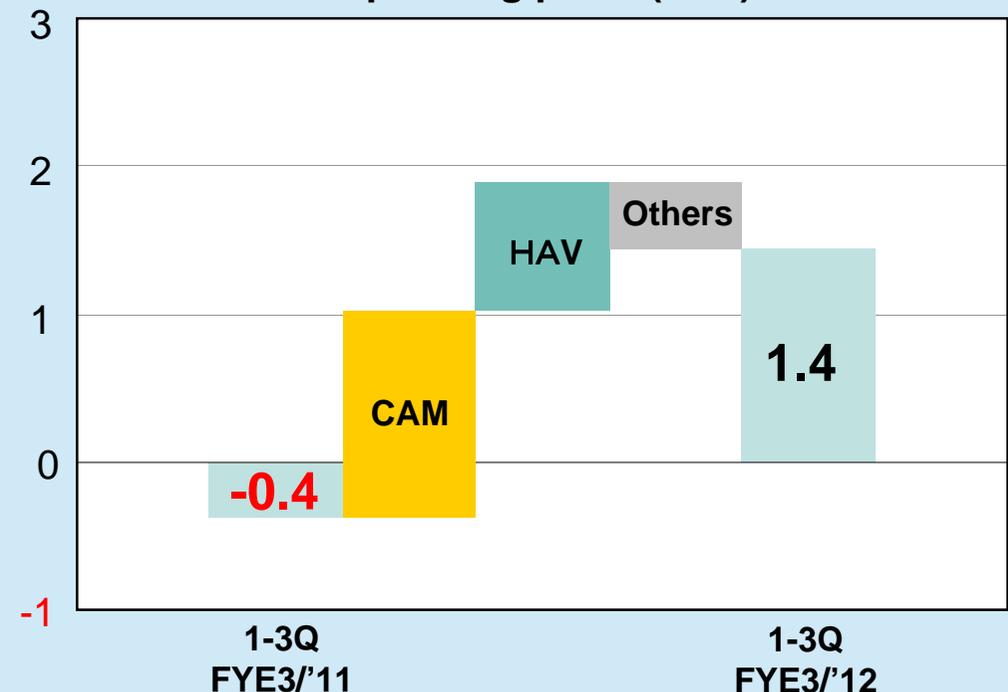
(billion yen)

Net sales (YoY)



(billion yen)

Operating profit (YoY)

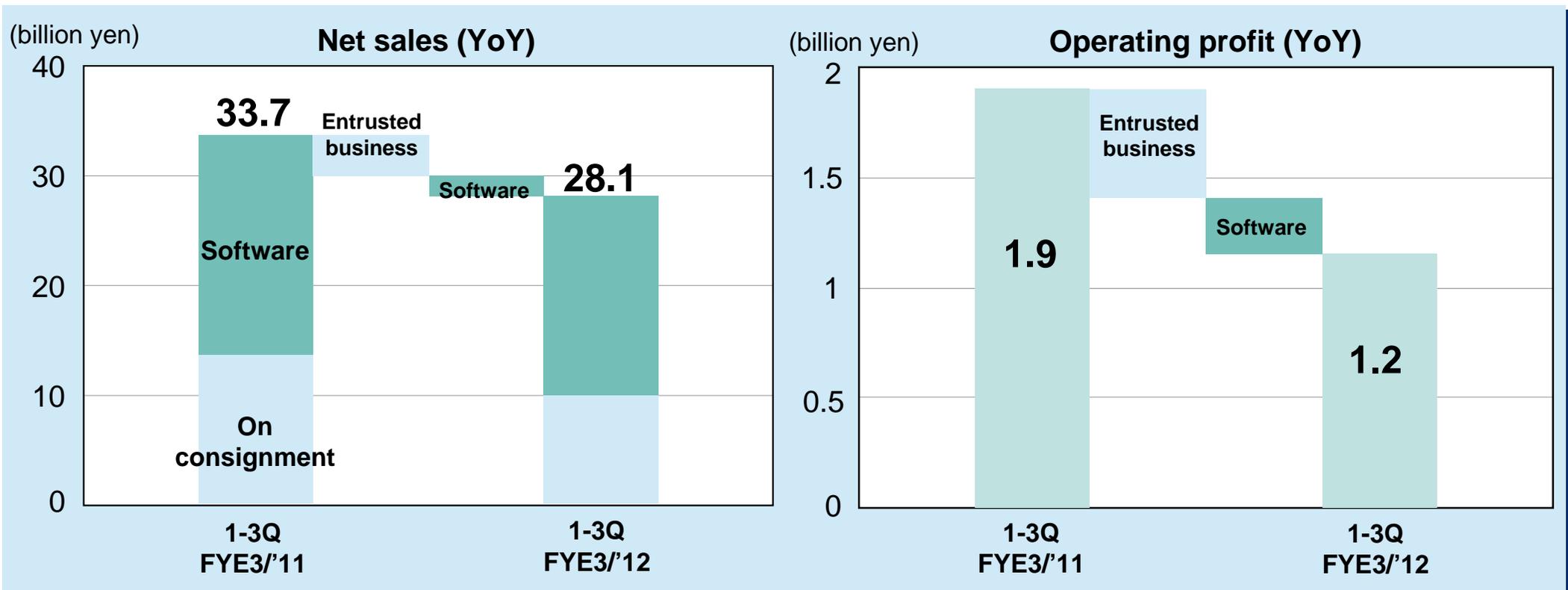


Financial Results for 3Q - Entertainment Business

1-3Q Net sales: JPY28.1B (down 16.6%)

1-3Q Operating profit: JPY1.2B (down JPY 0.8 Billion)

- * **Software:** Net sales remained robust as a result of hit music and animation products, as well as strong earnings from music-related rights.
- * **Entrusted business (e.g. optical disk manufacturing):** Net sales decreased due to the transfer of a subsidiary, and the entrusted production of optical disk manufacturing were affected by a slump in the market.



Financial Results for 1-3Q - Sales by Region (Reference)

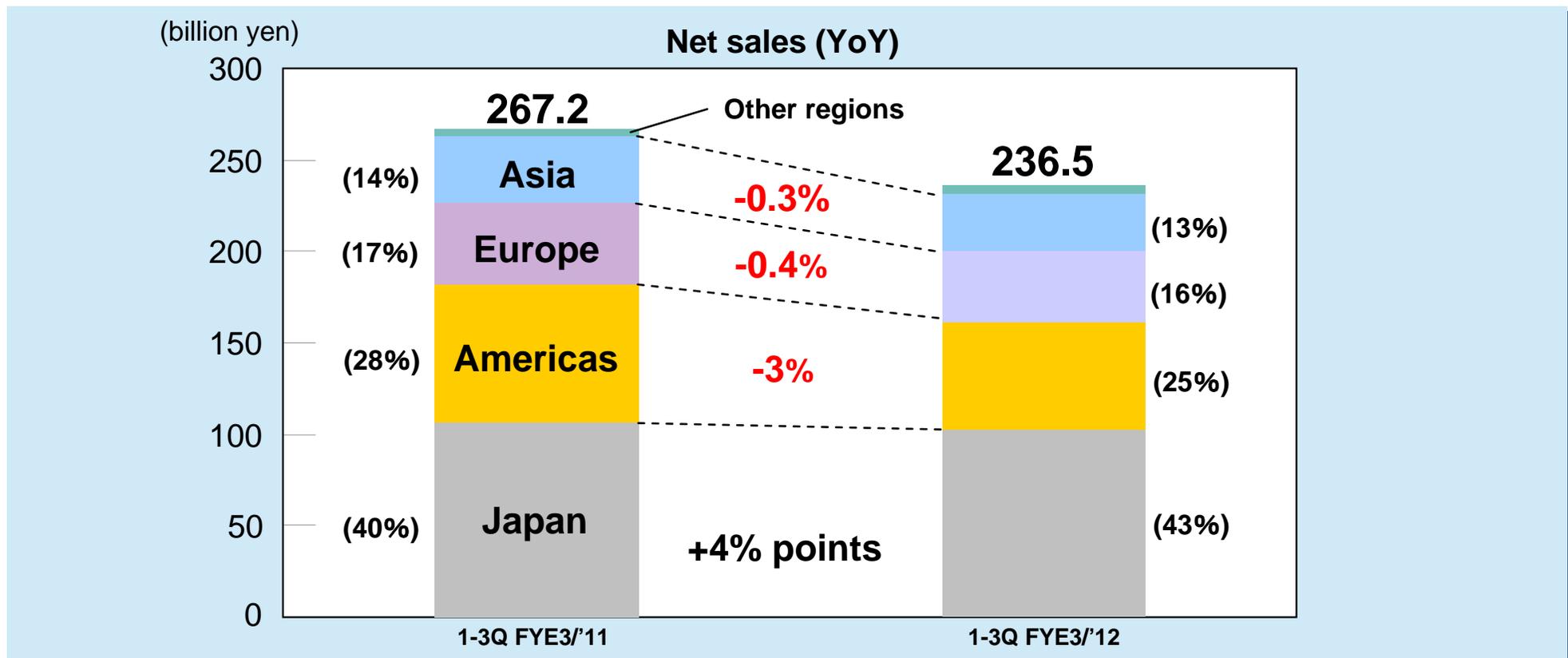
* The strong yen was the factor of a decrease by JPY 7.7 Billion in overseas sales.

[Japan] Sales in Japan remained at the same level as 3Q of FYE3/11 as a sharp increase in sales in CE absorbed the effects of the Earthquake and floods in Thailand.

[Americas] Sales in the Americas decreased due to the effects of the strong yen and structural reforms in HM, despite strong sales in COM.

[Europe] Sales in Europe declined due to decreased sales in CE and HM.

[Asia] Sales in Asia declined due to decreased sales in CE and HM.



Financial Results for 3Q - Financial Status

Balance Sheets (As of the end of 3Q)

- * Total assets decreased by JPY23.9B from the end of the previous fiscal year due mainly to a decrease in trade notes and accounts receivable, sale of unused tangible fixed assets, and a decline in the yen-equivalent value of the asset portfolio.
 - * Liabilities decreased by JPY21.5B from the end of the previous fiscal year due mainly to decreases in other accounts payable and accrued expenses.
- Interest-bearing debts (sum of loans payable and bonds payable) decreased by JPY1.1B from the end of the previous fiscal year due mainly to the repayment of loans payable.
- Net debt (amount obtained by deducting cash and deposits from interest-bearing debt) increased by JPY3.6B from the end of the previous fiscal year.
- * As of August 25, 2011, 50% of JVC's No.7 Unsecured Bond (JPY12B) was extended its maturity date by one year and the remaining 50% by three years. >> Present values were reviewed and reflected in the B/S.
 - * Retained earnings increased JPY63.9B from the end of the previous fiscal year due to the transfer of other capital surplus to retained earnings.
 - Total net assets decreased by JPY2.4B from the end of the previous fiscal year due mainly to the yen's continued appreciation and decline in foreign currency translation adjustments.

Capital ratio rose by 0.7 percentage points from the end of the previous fiscal year to 20.7%.

	End of FYE3/'11	End of 3Q EYE3/'12	(billion yen) Change from End of FYE3/'11
Total assets	260.7	236.7	-23.9
Interest-bearing debt	93.1	91.9	-1.1
Net debt	28.1	31.6	+3.6
Capital surplus	105.3	45.9	-59.5
Retained earnings	-41.3	22.6	+63.9
Shareholders' equity	73.5	77.9	+4.4
Net assets	52.7	50.3	-2.4
Capital ratio (%)	20.0	20.7	+0.7

Financial Results for 3Q - Financial Status

Cash Flows (1-3Q)

Cash flows from operating activities :

An increase by JPY2.9B, down JPY13.9B YoY.

*Mainly attributable to employment structural reform expenses.

Cash flows from investing activities :

A decrease by JPY4.1B, down JPY10.6B YoY.

* Mainly attributable to a decrease in income from the sale of tangible fixed assets.

Cash flows from financing activities:

A decrease by JPY0.9B, down JPY10.6B YoY.

*Mainly attributable to a net increase in short-term loans payable and a decrease in expenditure due to repayment of long-term loans payable.

**As of the end of the current third quarter, cash and cash equivalents totaled:
JPY60.2B.**



2. Status of floods in Thailand and Responses

- Status of damage and present conditions

- * JVC Manufacturing (Thailand) Co., Ltd. (JMT) suspended operation on October 17, 2011.
→ Restoration work is in progress on the first floor of the company building, and operations were partially resumed on the second floor on January 28, 2012.
- * Alternative production started at Yokosuka Business Center on December 5, 2011.
→ Additional production lines were built, and production efficiency was increased.
- * JVC KENWOOD donated two hundred units of radio systems to the Thai government and JPY2.8M through a program for matching donations of JVC KENWOOD Group employees to the Thai Red Cross Society.

[Status as of the end of October 2011]

[Status as of the end of January 2012]



Front view of JMT

The inside of JMT (first floor)



Front view of JMT

The inside of JMT (second floor)



3. Financial Results Forecast of Full-Year Ending March 2012

Financial Results Forecast for Full-Year Ending March 2012

No revision to the Full-Year Forecast for FYE3/12, released on October 28, 2011.

- * Damage from floods in Thailand occurred mostly in 3Q. JVC KENWOOD Group started alternative production and resumed partial production at JMT, and plans to keep their effects on the Group's business results on a full-year basis within expected levels (decreases of net sales by JPY8B and operating profit by JPY2B).
- * Sales in CE OEM/after-market in Japan and COM are expected to grow steadily, and HM and SE are expected to post stable operating profits.
- * Dividend will be determined upon announcing business results for FYE3/'12 considering JVC KENWOOD's earnings and financial conditions in 3Q FYE3/'12 and beyond.

(billion yen)

	Net sales	Operating profit	Ordinary income	Net income	Exchange rate
1-3Q FYE3/'12	236.5	8.8	6.5	4.4	USD: JPY79 Euro: JPY111
Forecast as of October 10, 2011	333	14	10	6.5	USD: JPY77* Euro: JPY104*
Results for FYE3/'11	352.7	13	7.6	-4	USD: JPY86 Euro: JPY113
Year-on-Year	-19.7	+1	+2.4	+10.5	

* Forecasted exchange rates for 3Q and beyond.



**4. Progress and future actions for
the new mid-term business plan
released on September 16, 2011**

Car Electronics Business

- (1) Expansion of OEM
- (2) Expansion of after-market segment in Japan
- (3) Expansion of business for emerging markets
- (4) Activities for new business domains

Home & Mobile Electronics Business

- (1) Reform of product mix
- (2) Development of new communication products
- (3) Activities for new business domains

Professional Systems Business

- (1) Expansion of COM segment
- (2) Expansion of BS segment
- (3) Expansion of business for emerging markets
- (4) Activities for new business domains

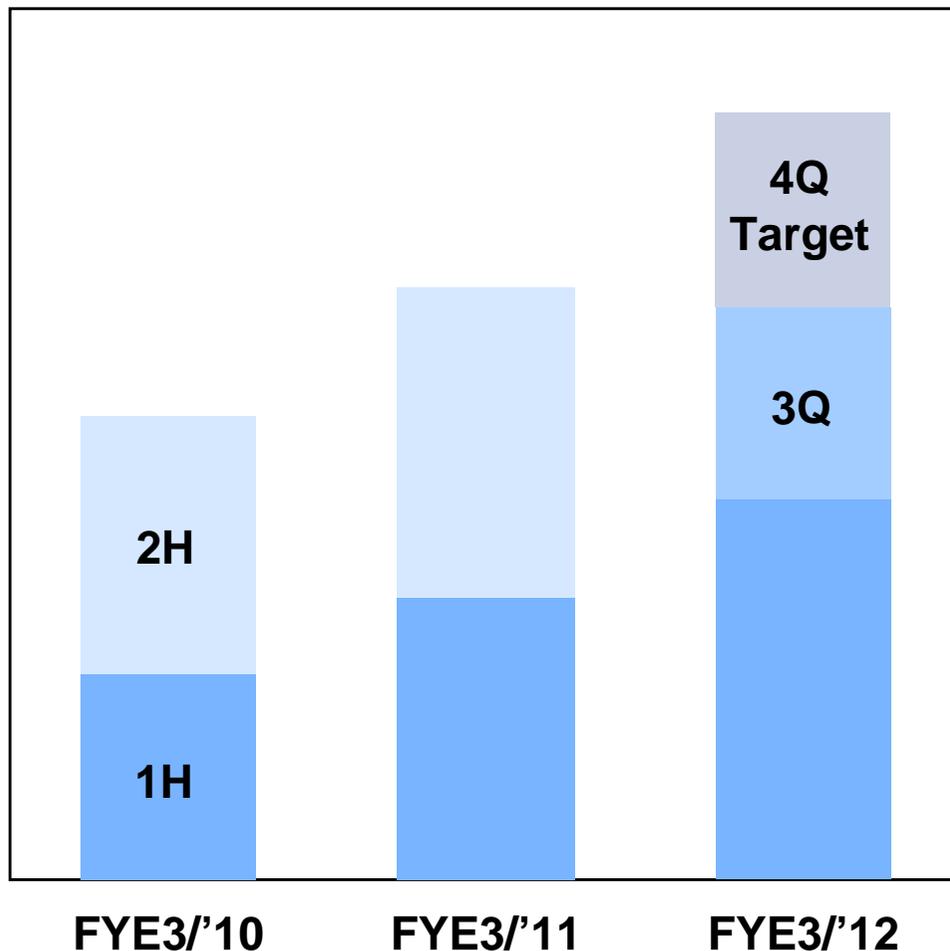
Soft Entertainment Business

- (1) Expand Content Business
- (2) Expand On Consignment Business

Decided to make strategic investments of about JPY7B for the total of 18 themes.

(1) Expansion of OEM - Increase new orders by extending strengths in after-market to factory-installed and dealer option products (DOP).

Net sales in OEM segment



- Increasing new orders for navigation systems from major automobile makers in Japan and abroad.
- Promoting adoption of after-market navigation systems by Japanese automobile makers (Suzuki, Daihatsu, Subaru, Mitsubishi, etc.) for their dealer option products.
- Expanding device business and boosting sales in the Chinese market through Shinwa's subsidiary.



DOP navigation system for Subaru



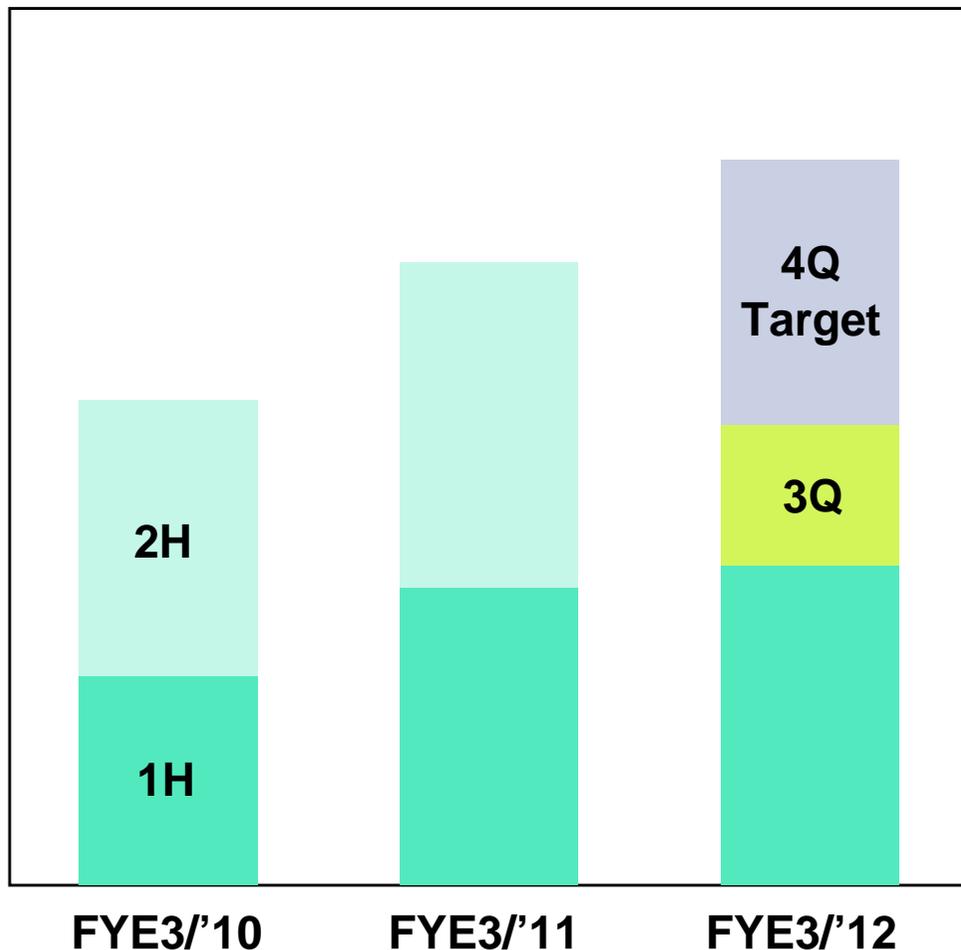
CD/DVD mechanisms



Optical Pickup

(2) Expansion of After-market - Expanding product line-ups and boosting sales with the focus on memory navigation systems.

Shipments of navigation system in the after-market segment



- Expanding product lineups of Saisoku Navi in Japan
 - supported by Navi Con, the industry's first application for iPhone, smart phones running Android™ and iPhone4S.
- Expanding product lineups of Garmin Navi for overseas markets.
 - Introducing AV receiver that supports Garmin Navi application for iPhone.
- Capturing demand for innovations.



Garmin Navi for overseas markets



Saisoku Navi for Japanese market



AV receiver that supports Garmin Navi application for iPhone

Industry's highest-level response and image intensity



HUD's debut at CES (Head Up Display)

Rearview camera

<Three industry's first>

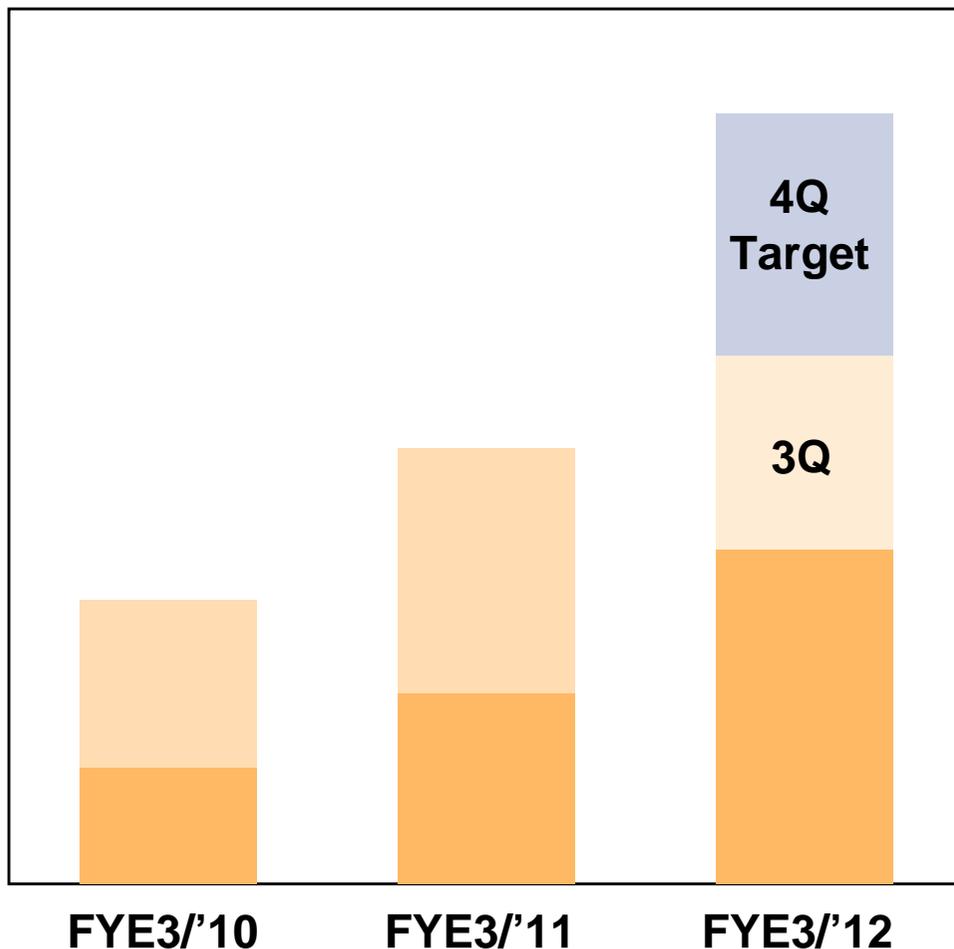
- (1) Supports NaviCon, application for iPhone
- (2) Supports smart phones running Android™
- (3) Supports iPhone4S

Professional Systems Business Priority Measures

Expansion of Wireless Application - Digitization/systematization

Capturing demand for replacing analog professional radio systems with digital, and new demand for systems

Shipments of digital land mobile radio



- Expansion of businesses in overseas with a network system of proprietary digital professional radio NEXEDGE (market creation).
- Supporting TETRA for Europe and other digital radio systems that were made compatible with various digital formats and broadband



Worldwide



Americas



Europe



Europe, Asia



- * Stand-alone disaster management communication system - Inexpensive new system for disaster management wireless communication systems for municipalities.
- * 3D-related systems - 3D Projector, 2D-3D Converter
- * Ultra high-definition image systems - 4K2K Camera, 4K2K Projector

Stand-alone disaster management communication system



Safety



Master station facilities (console)

Outdoor loudspeaker slave station
Solar panel, waterproof monitoring camera (optional)

Main markets

Municipalities and organizations related to daily life, etc.

3D-related systems

Professional full High-Vision 3D LCD monitor



Excitement



Professional 2D-3D converter

Main markets



3D image editing studio

Ultra high-definition image systems

D-ILA 4K2K Projector



Safety

Excitement



4K2K Camcorder

Main markets



Design / R&D



Control simulator



Medical institutions



Monitoring center

Home & Mobile Electronics Business Priority Measures

Improving profitability to capture demand for innovations

(1) Image segment “shooting” “monitoring”

- * Hybrid camera, 3D Camcorders, 4K2K Camcorders
- * Wi-Fi enabled Camcorders
- * Home security systems
- * 4K2K Projectors

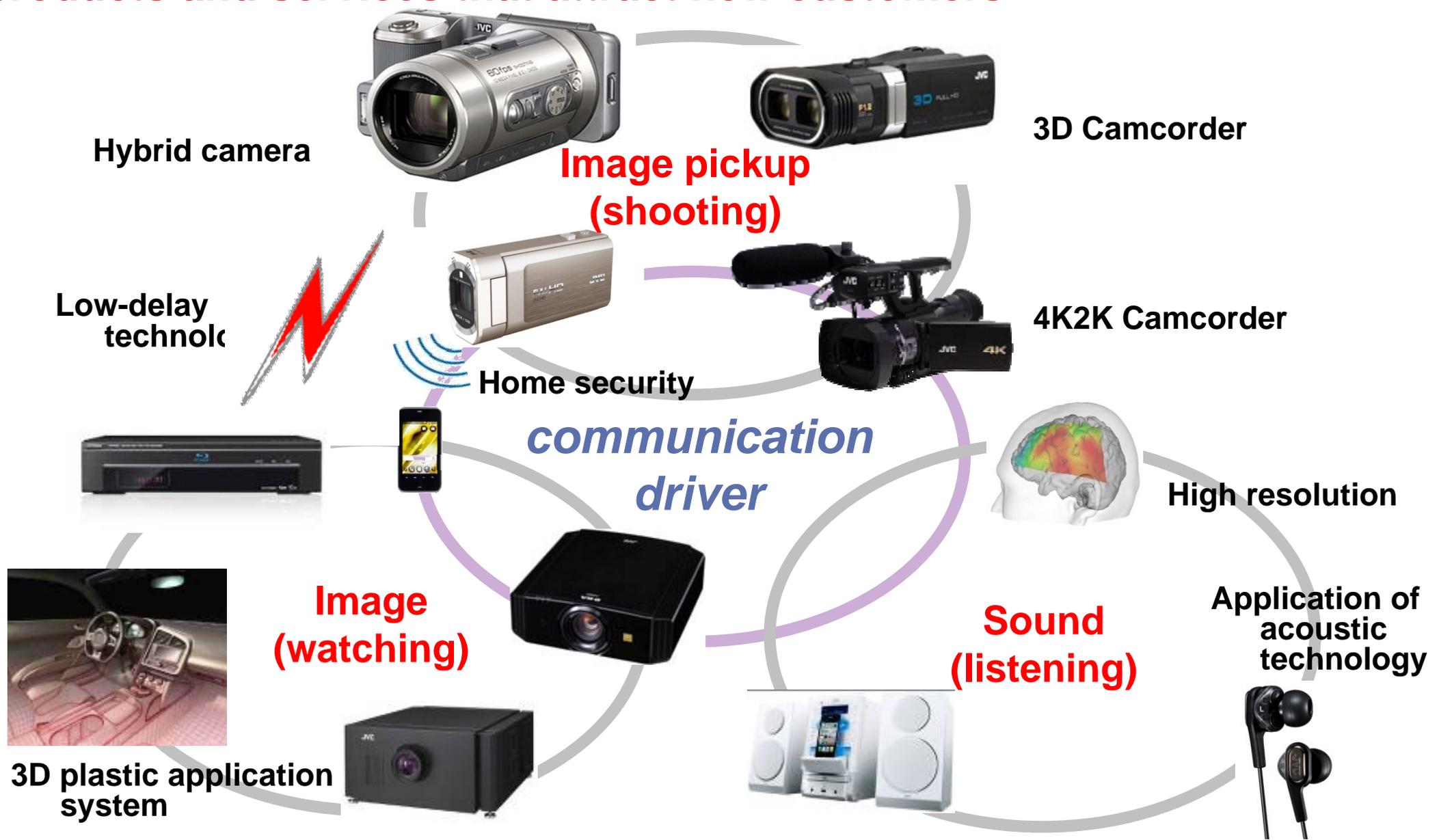


(2) Audio segment “listening”

- * Developing platform for audio technology
 - Noise cancelling and utilization/application of directionality, etc.
- * Expanding AV accessory business
 - Accessories for the elderly and those compatible with smart phones



Shifting away from conventional business domains; proposing products and services that attract new customers



Entertainment Business Priority Measures

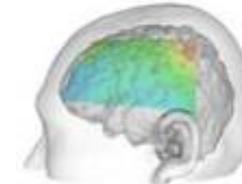
■ Content Business

(1) Enhance core music business

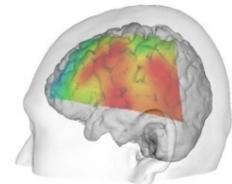
- * Active investments in talented new artists
 - Aiming to get hits
- * Promotion of partnership strategy

Effects of high resolution

Activation of the frontal and temporal lobes



Compressed sound source
for CDs
44.1 kHz/16 bit



High-resolution sound source
96 kHz/24 bit

(2) Promote realization of total entertainment

- * Enhancement of the B-to-B business
- * Expansion of artist-related businesses
- * Strengthening of animation/
visual-related businesses

(3) Capture demand for innovation

- * sports, education, child care, high resolution, etc.

■ On Consignment Business

- * Expand non-package and fulfillment businesses through the use of technologies, expertise, and assets.

JVC KENWOOD

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