

Business Results

of the Year ended March 31, 2003



Victor Company of Japan, Ltd.

April 25, 2003

Results' Highlights of the Year ended March 31 2003

1. Profitability at operating income level, on both parent and consolidated basis (after five years since FY98)

Good performance with Consumer Electronics business

2. Business Structure Reinforcement in Progress

Employment structure reform/withdrawal from unprofitable businesses

Breakeven point to ¥500bil.

3. Total Assets Squeezing

Bearing capital: free cash flow of ¥23.3bil.

Business Results of the Year ended March 31 2003

(Consolidated)

(¥bil.)

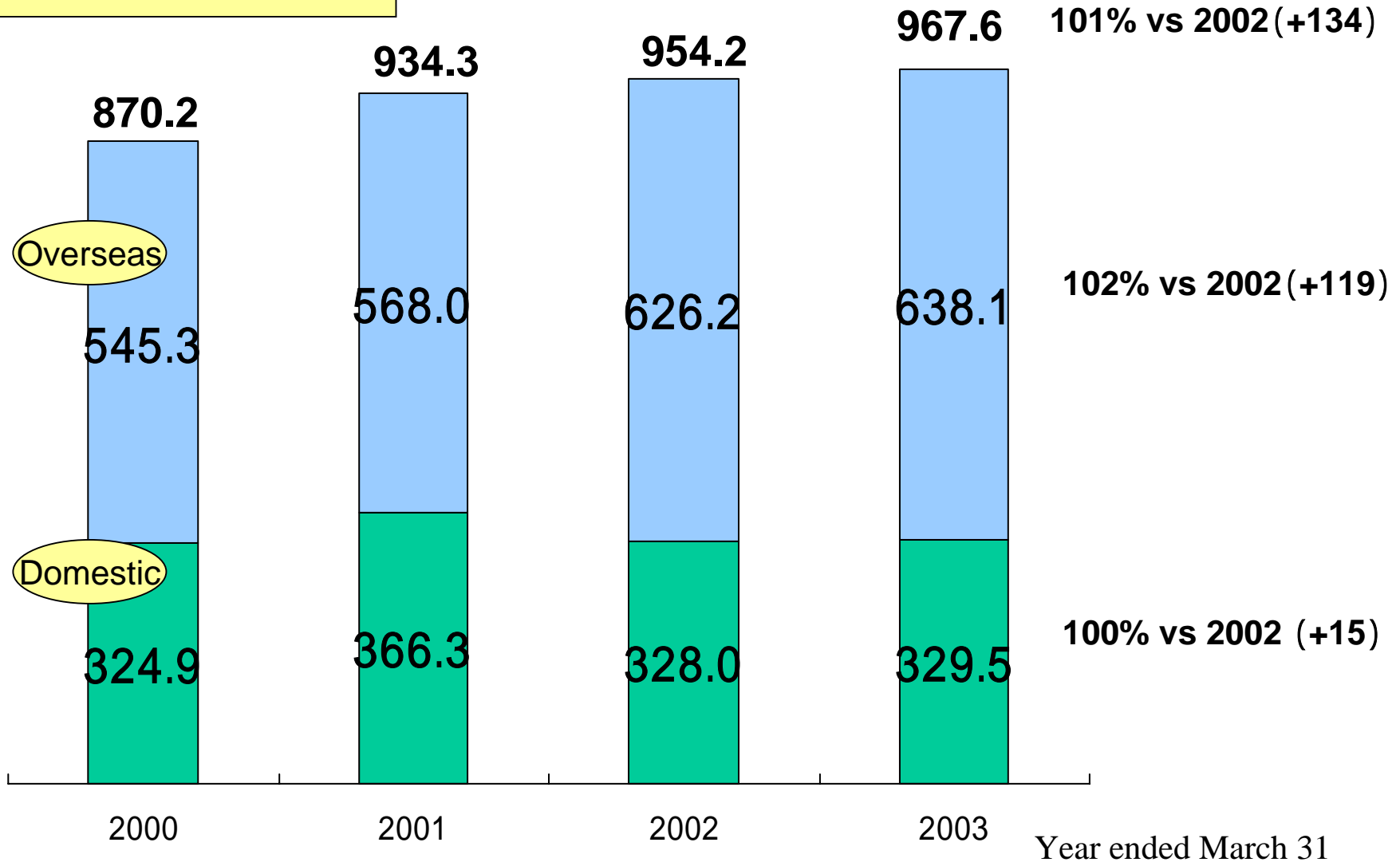
	Result	Oct.29 forecast	FY02 result	Change vs forecast	Change vs FY02 result
Net sales	967.6	982.5	954.2	98%	101%
Operating income	2.3% 22.3	2.0% 20.0	-1.3% (12.1)	2.3	34.4
Ordinary income	1.8% 17.3	1.4% 14.0	-1.6% (15.6)	3.3	32.9
Net income	0.7% 6.3	0.6% 6.0	-4.7% (44.6)	0.3	50.9

(Parent)

	Result	Oct.29 forecast	FY02 result	Change vs forecast	Change vs FY02 result
Net sales	522.8	537.0	501.4	97%	104%
Operating income	1.4% 7.3	1.4% 7.5	-5.3% (26.8)	(0.2)	34.1
Ordinary income	1.1% 5.8	0.9% 5.0	-5.1% (25.8)	0.8	31.6
Net income	0.4% 2.2	0.6% 3.0	-9.8% (49.0)	(0.8)	51.2

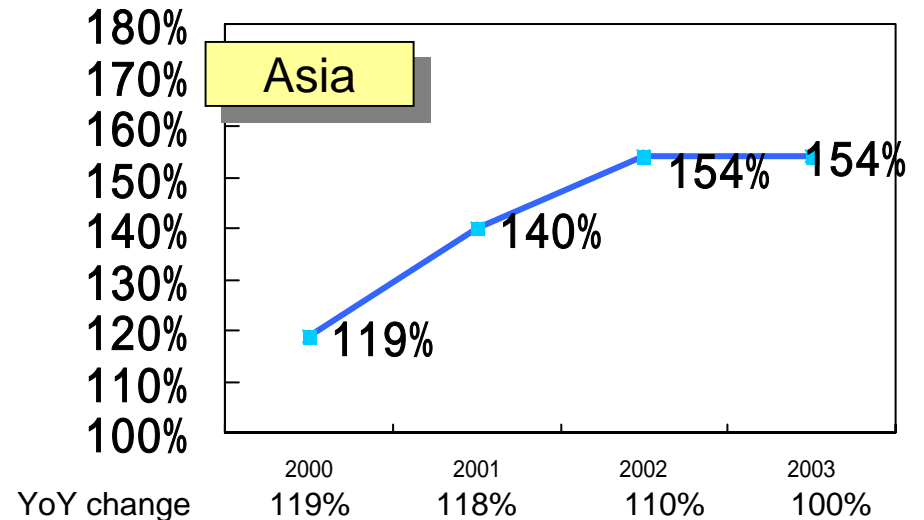
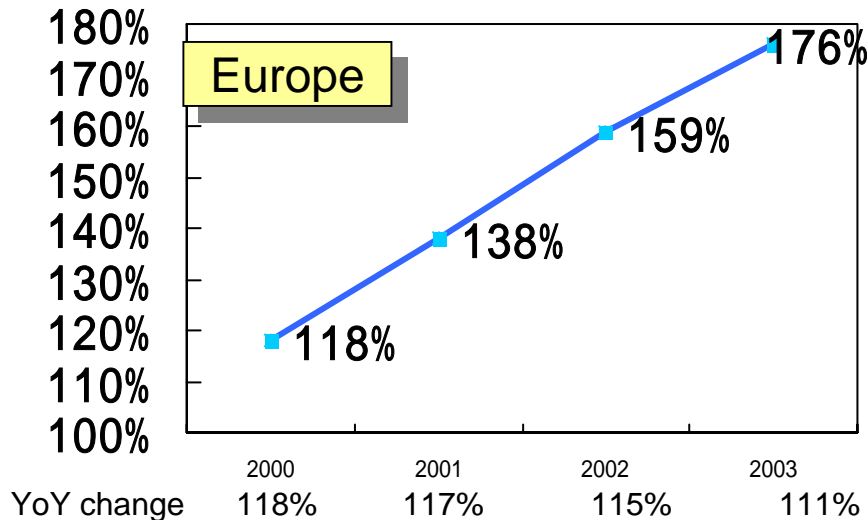
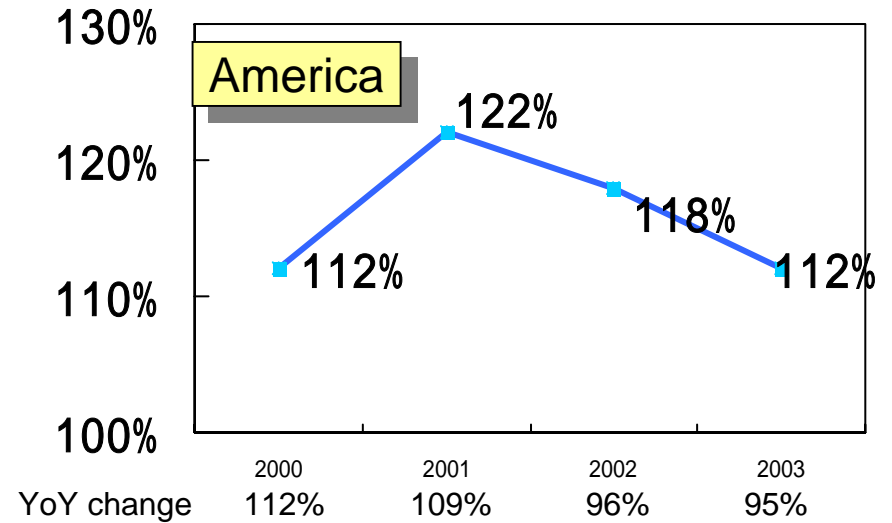
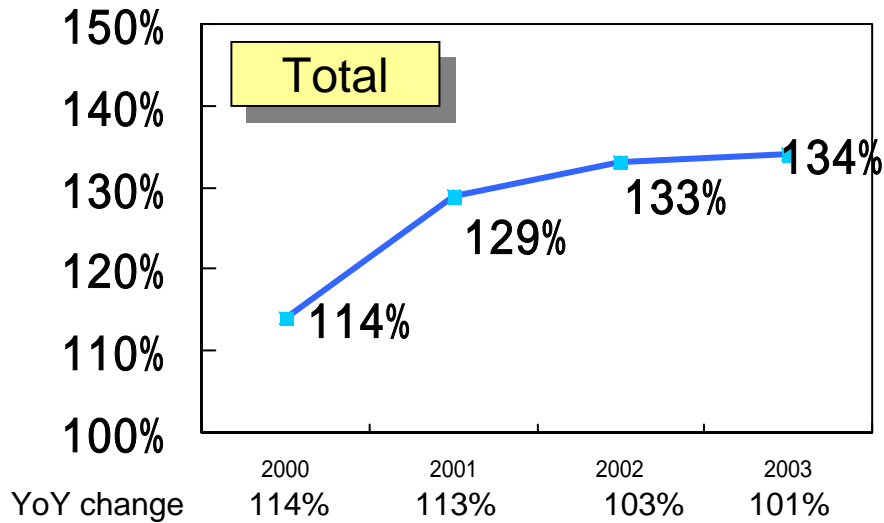
Sales Breakdown of the Year ended March 31 2003

Exch.rate	FY02	FY03
US \$	125	122
EUR	111	121



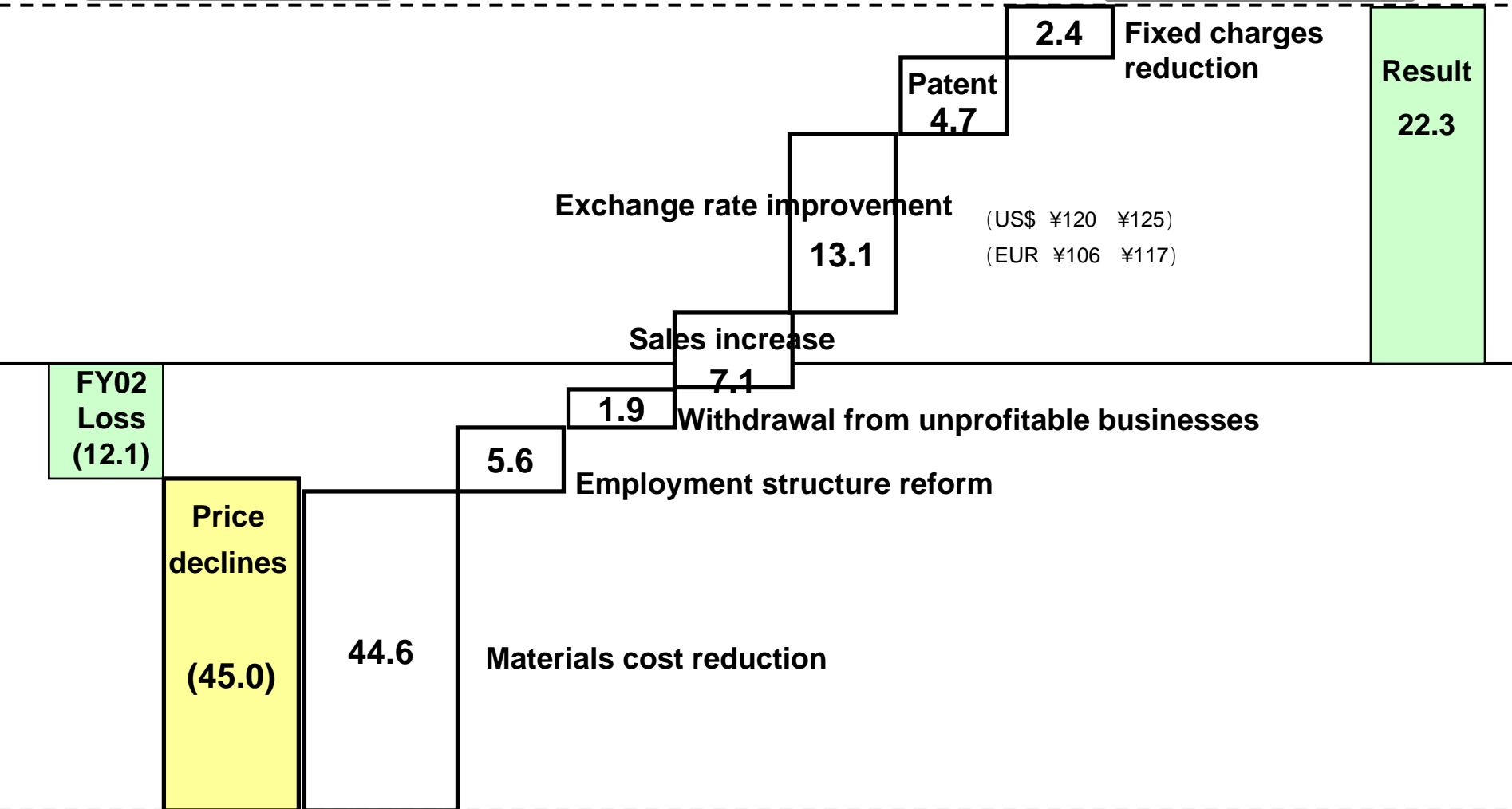
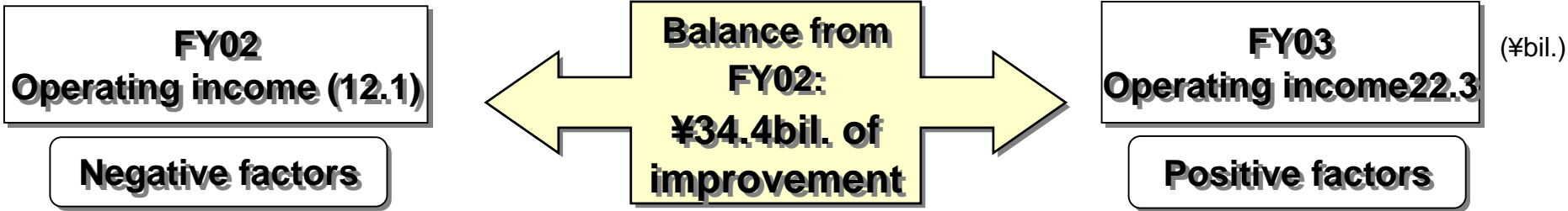
Overseas Local Sales Growth (Consumer Electronics)

Scale: FY1999=100, local currency base



Year ended March 31

Breakdown of Change in Operating Income (vs FY02)



Net Sales and Operating Income by Segment

Year ended March 31 2003

(¥bil.)

	Net sales					Operating income				
	Result	Oct 29 forecast	FY02	vs forecast	vs FY02	Result	Oct 29 forecast	FY02	Balance from forecast	Balance from FY02
Consumer Electronics	675.0	676.0	641.3	100%	105%	25.3	18.6	(3.5)	6.7	28.8
Professional Electronics	71.0	79.3	78.3	90%	91%	(3.7)	0.0	(5.0)	(3.7)	1.3
Components & Devices	47.6	50.4	49.7	94%	96%	(0.7)	0.2	(4.7)	(0.9)	4.0
Software & Media	167.5	170.3	177.0	98%	95%	1.3	2.6	3.2	(1.3)	(1.9)

Breakdown of Extraordinary Profits and Losses

(¥bil.)

	Result
Gain on portion of pension plan returned to government	3.46
Gains on sales of real estate	3.71
Employment structure reform	(4.26)
Business restructure	(3.78)
Structural reform	(8.04)
Valuation losses on holdings of marketable securities, and loss and gain by businesses on sale	(5.37)
Others	(0.99)
Total	(7.23)

Trends in Assets

(¥bil.)

Gross Assets

Exch.rate	Mar.'02	Mar.'03
US \$	133	120
EUR	116	130

Inventory

Below ¥500bil. since FY88

226 days

586.6

194 days

513.4

178 days

479.7

**Reduction of ¥33.7bil.
vs 2002**

2001

2002

2003

60 days

155.3

Products

108.6

46.7

Materials

2001

48 days

126.1

85.8

40.3

**Reduction of ¥14.8bil.
vs 2002**

42 days

111.3

77.4

33.9

2002

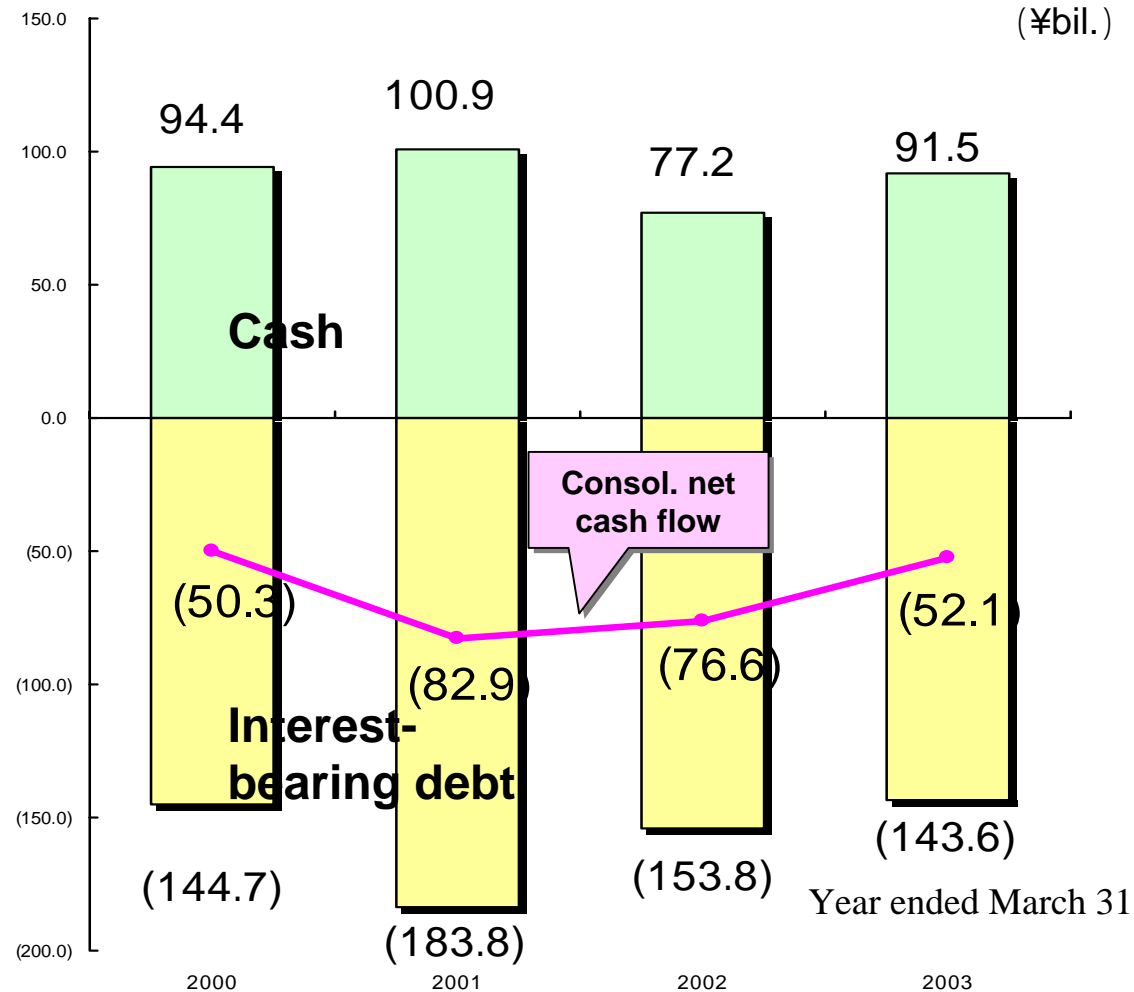
2003

Year ended March 31

Cash Flow of the Year ended March 31 2003

Cash Flow Statement (Consol.)

	Pre-tax income	10.1
	Depreciation	24.1
	Operating cash flow	8.2
	Inventory assets	18.1
	Employment structure reform	(23.1)
	Others	(1.6)
	C/F from operating activities	35.8
	Capital assets	(18.5)
	Others	6.0
	C/F from investing activities	(12.5)
	Free cash flow	23.3
	C/F from financing activities	(7.3)
	Other adjustments	(1.9)
	Net increase in cash	14.1
	Cash and cash equivalents at beginning of the year	69.3
	Cash and cash equivalents at end of the year	83.4



[Property, plant and equipment w/o mold cost]
(¥bil.)

	2002	2003
Investment	15.6	13.0
Depreciation	16.6	15.1

Business Forecasts of the Year ending March 31 2004

< Consolidated >

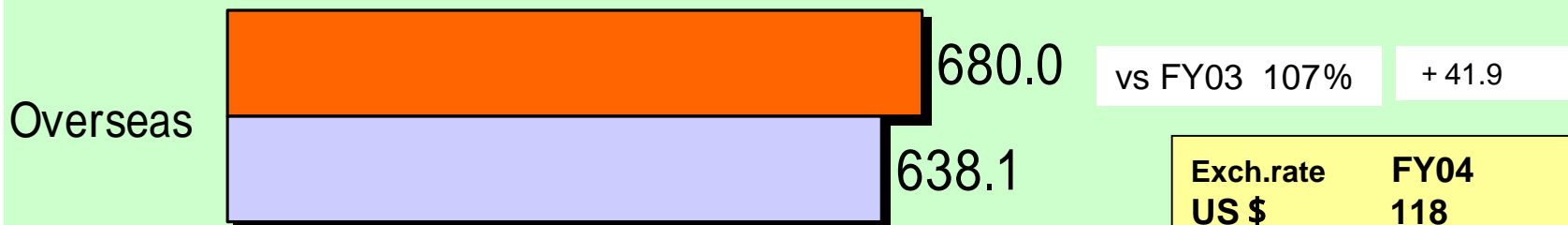
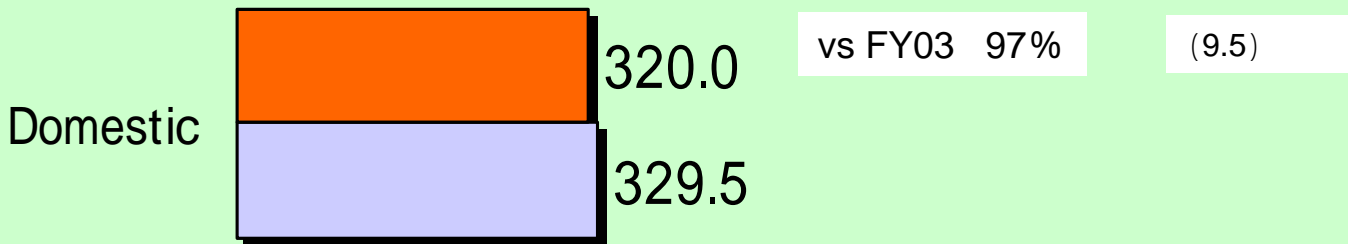
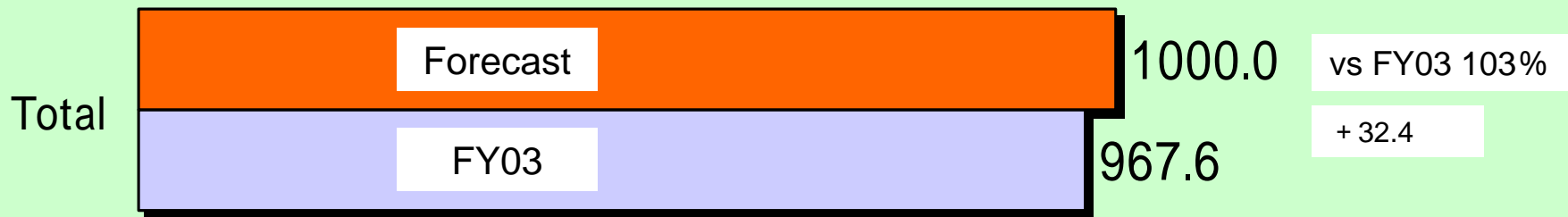
(¥bil.)

	Forecast	Change vs FY03	FY03 result
Net sales	1,000.0	103%	967.6
Operating income	2.5% 25.0	2.7	2.3% 22.3
Ordinary income	2.0% 20.0	2.7	1.8% 17.3
Net income	1.1% 11.0	4.7	0.7% 6.3

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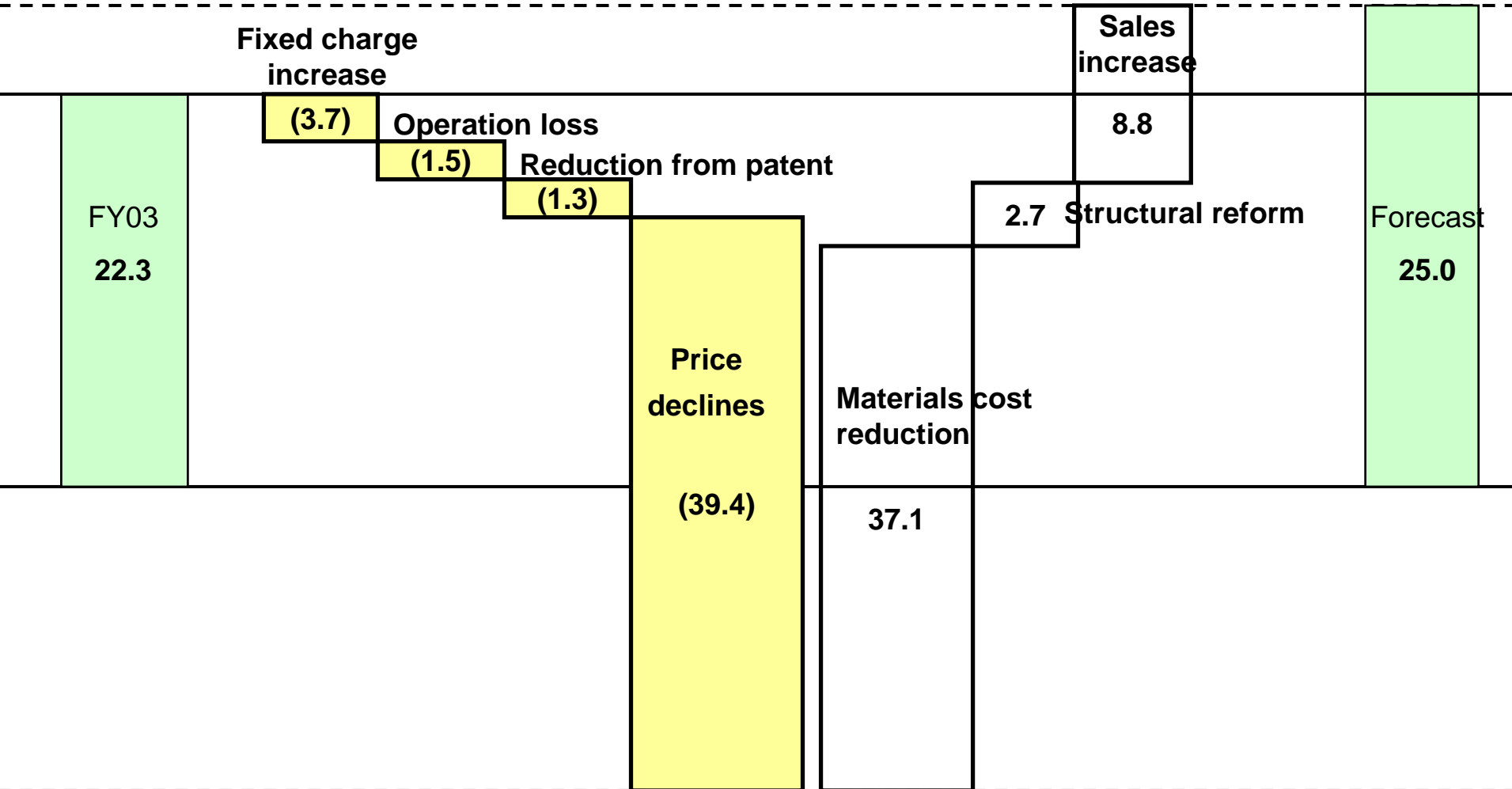
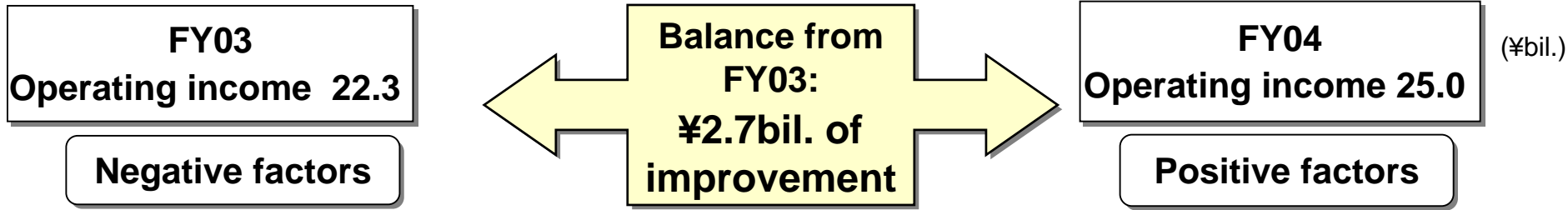
	Forecast	Change vs FY03	FY03 result
Net sales	490.0	99%	492.5
Operating income	1.8% 9.0	0.1	1.8% 8.9
Ordinary income	1.4% 6.8	0.8	1.2% 6.0
Net income	0.6% 3.0	1.6	0.3% 1.4

Sales Forecasts of the Year ending March 31 2004



Exch.rate	FY04	FY03
US \$	118	122
EUR	118	121

Breakdown of Projected Change in Operating Income (vs FY03)



Full Term Outlook for Consumer Electronics

I. FY04 objectives

【Growth strategy】

- Display
 - To increase market share by high quality picture strategy
- Car AV
 - To expand sales channel and to develop new market
- Camcorder
 - To achieve worldwide No1 market share with DVC
 - To expand HD (High Definition) world in the market
- Optical disc
 - To enter in the DVD recorder market

【Business structure reinforcement】

- To achieve the market designed cost
- Manufacturing and quality reform
- Logistics reform

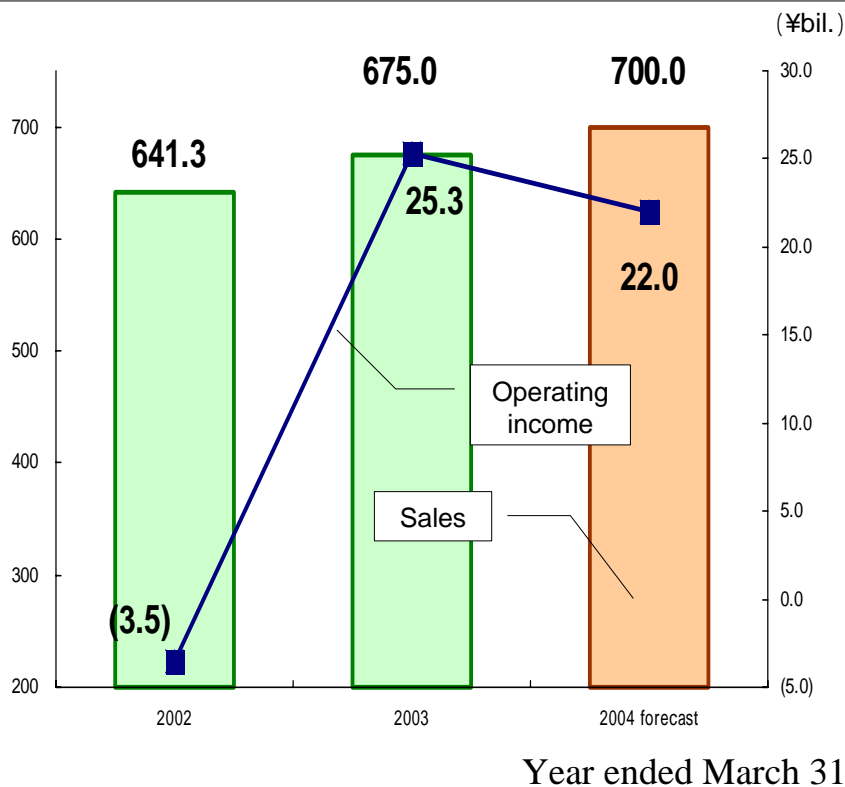
II. Positive/negative factors on OP compared to FY03

【Positive factors】

- Good effect from sales increase
- Improvement of market designed cost

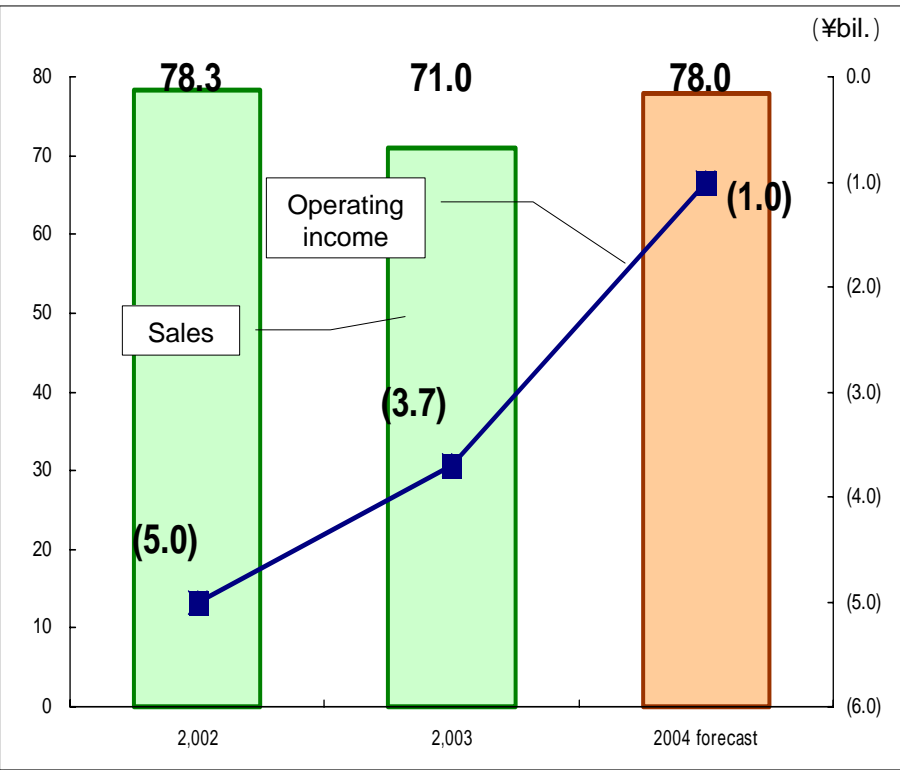
【Negative factors】

- Price declines
- Decrease of gaining from patent
- Operation loss by inventory reduction



	2003	2004	Change vs 2003
Sales	675.0	700.0	104%
Operating income	3.7% 25.3	3.1% 22.0	(3.3)

Full Term Outlook for Professional Electronics



Year ended March 31

	2003	2004	Change vs 2003
Sales	71.0	78.0	110%
Operating income	-5.2% (3.7)	-1.3% (1.0)	2.7

I. FY04 objectives

~ Restructuring business ~

【Concentration on priority businesses】

・ Security systems

To make efficient use of JVC own camera and compression technologies

・ Presentation systems

Technology for network application
ILA projector

【Improvement of ILA projector manufacturing】

Establishment of highly reliable manufacturing structure

【Development sales activity】

II. Positive/negative factors on OP compared to FY03

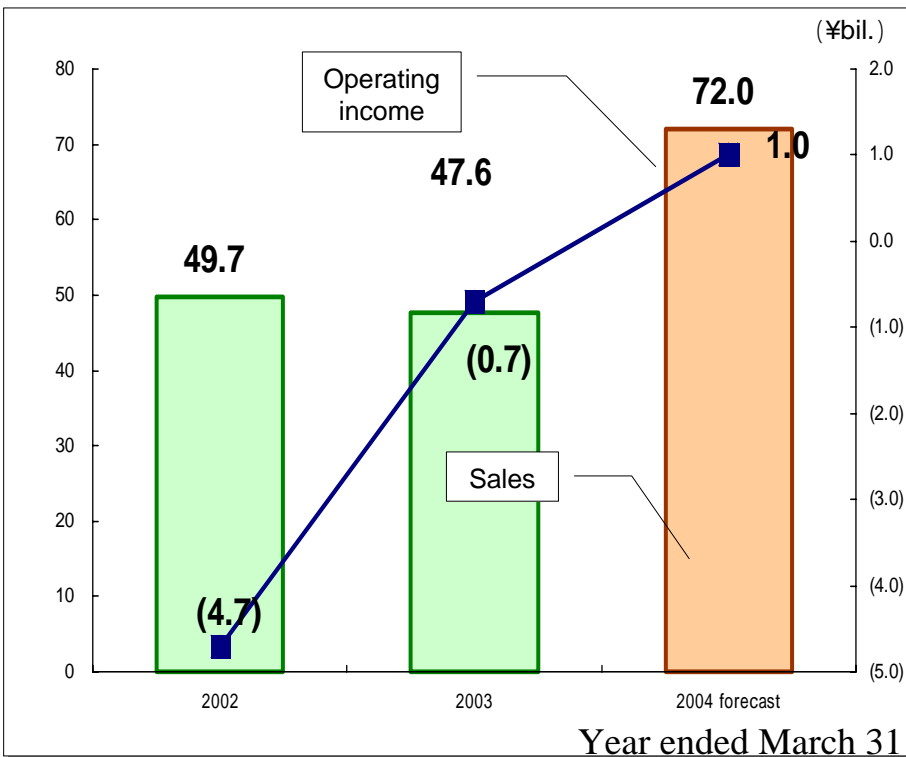
【Positive factors】

- ・ Good effect from sales increase (security/presentation)
- ・ Re-introduction of ILA projector in the market
- ・ Improvement of market designed cost

【Negative factors】

- ・ Price declines

Full Term Outlook for Components & Devices



I. FY04 objectives

~ **Structure reinforcement & Profit creation** ~

【Growth strategy】

· To make the business base for expanded sales

- Fluid dynamic bearing motor
- Dual-wavelength pickup

【Surviving business】

· To be used in various ways

- Deflection yoke
- Circuit board

【 Sales & marketing on prospective system business activity 】

II. Positive/negative factors on OP compared to FY03

【Positive factors】

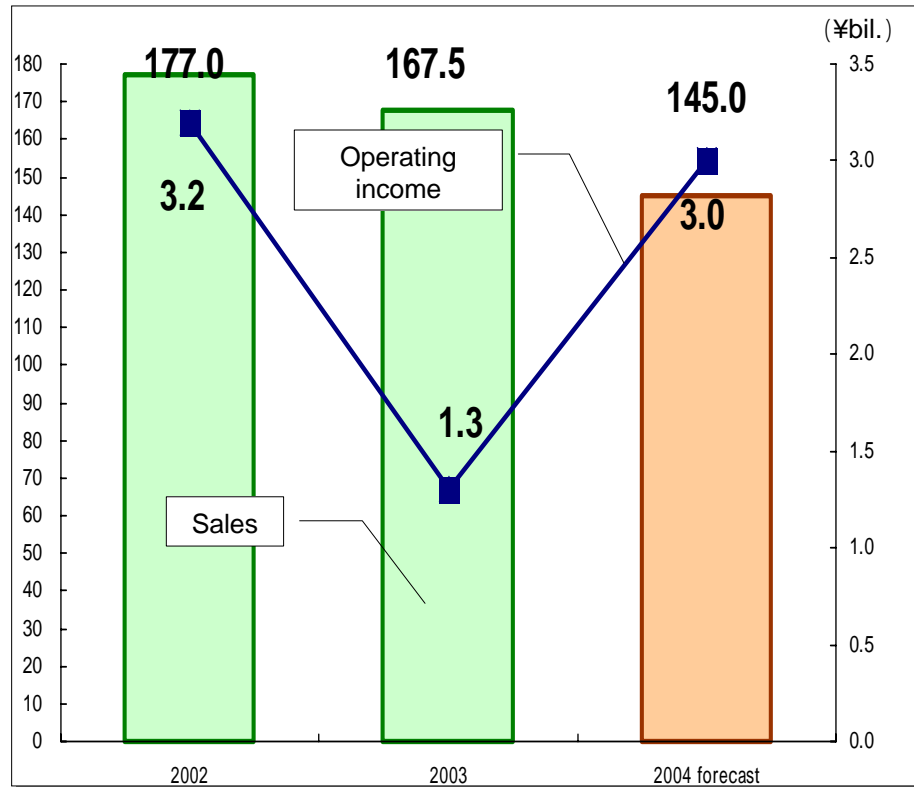
- Effect from structural reform (Devices business)
- Improvement of market designed cost

【Negative factors】

- Price declines
- Increase of depreciation cost towards growing business

	2003	2004	Change vs 2003
Sales	47.6	72.0	151%
Operating income	-1.5% (0.7)	1.4% 1.0	1.7

Full Term Outlook for Software & Media



Year ended March 31

	2003	2004	Change vs 2003
Sales	167.5	145.0	87%
Operating income	0.8%	2.1%	1.7

I. FY04 objectives

【Software】

- To concentrate on music business and to re-inforce music related business

Music titles of middle scale volume sales
Copyrighting business
Non-package business

【Recording media】

- To expand sales and break through the business structure

Lowering breakeven point (yield improvement)
Defining growth strategy (DVC·DVD·····)
Expanding sales channel

II. Positive/negative factors on OP compared to FY03

【Positive factors】

- Effect from structural reform (Victor Entertainment, film business and game business)
- Business structure improvement

【Negative factors】

- Price declines (MiniDV tape, DVD-RW, etc)