

A stylized world map in shades of green and yellow serves as the background for the slide. A thick horizontal bar with a purple-to-blue gradient is positioned across the middle of the map.

FY2005 3Q

Business Results

3 February, 2005

Victor Company of Japan, Ltd.

JVC

The Perfect Experience

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**1. Consumer electronics:
Difficulty in sales in America and Europe**

- ✓ Camcorder inventory level normalized

2. Difficulty in sales of music CD business

- ✓ Postponement of new titles and lack of hit titles

3. Big increase in sales of consumer electronics in domestic market (137% y/y)

- ✓ Launch of digital media camera
- ✓ Sales increase of DVD recorder and LCD TV

FY2005 3Q Consolidated Financial Results

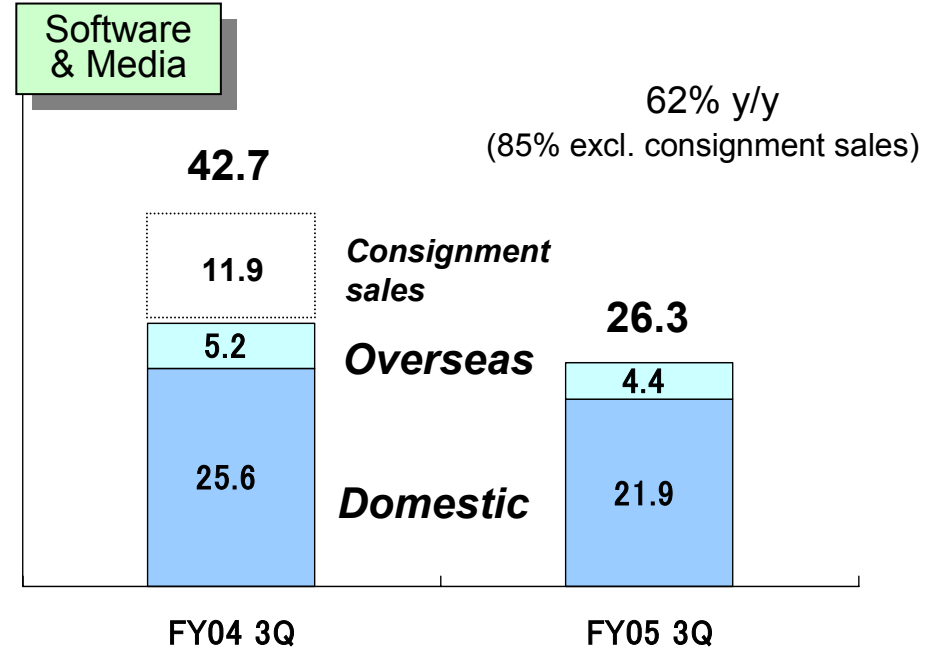
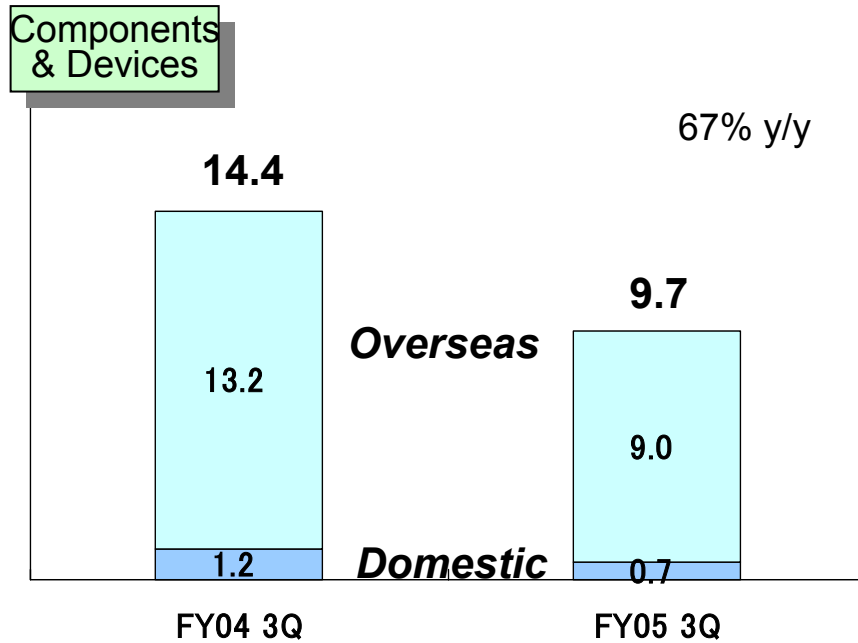
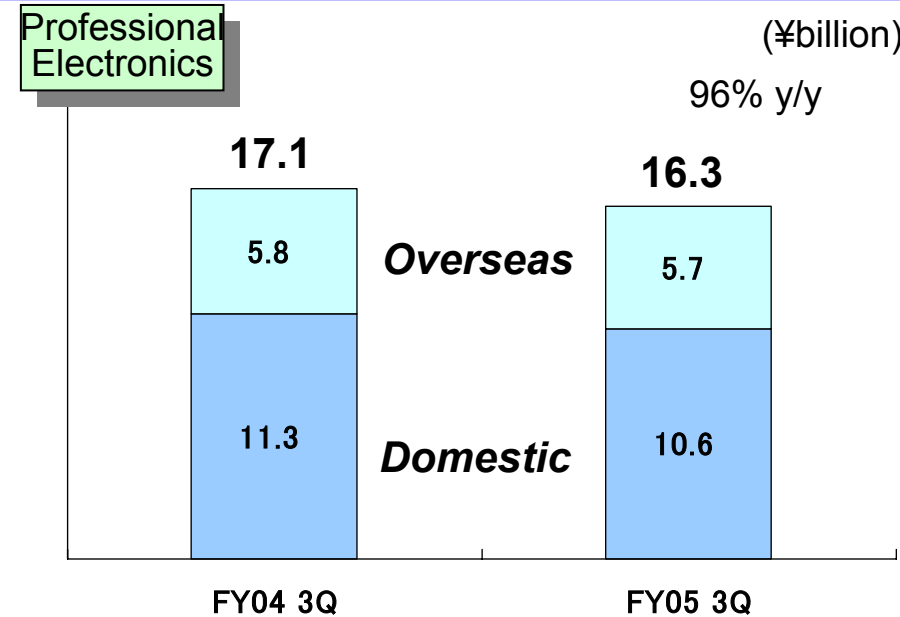
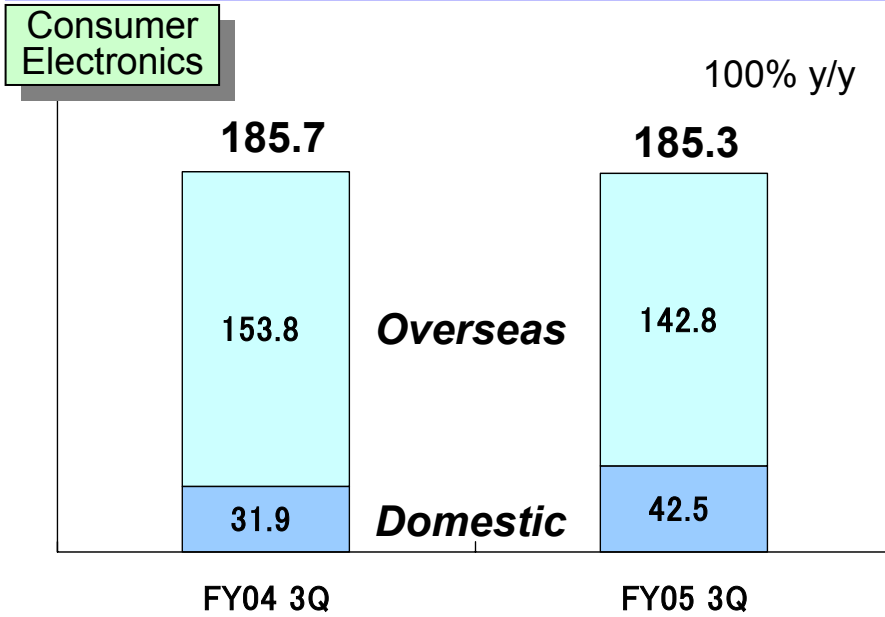
(¥billion)

	2004/10~2004/12			2004/4~2004/12		
	Results	FY04	Change vs FY04	Results	FY04	Change vs FY04
Net Sales	239.2	249.4 [*] 261.3	96% 92%	649.3	688.1 [*] 724.1	94% 90%
Operating income	3.1% 7.4	3.8% 10.0	74% -2.6	1.8% 11.8	2.8% 20.3	58% -8.5
Ordinary income	2.7% 6.5	3.3% 8.7	75% -2.2	1.5% 9.7	2.2% 15.9	61% -6.2
Net income	2.0% 4.7	2.6% 6.9	68% -2.2	0.0% 0.3	1.4% 10.4	3% -10.1

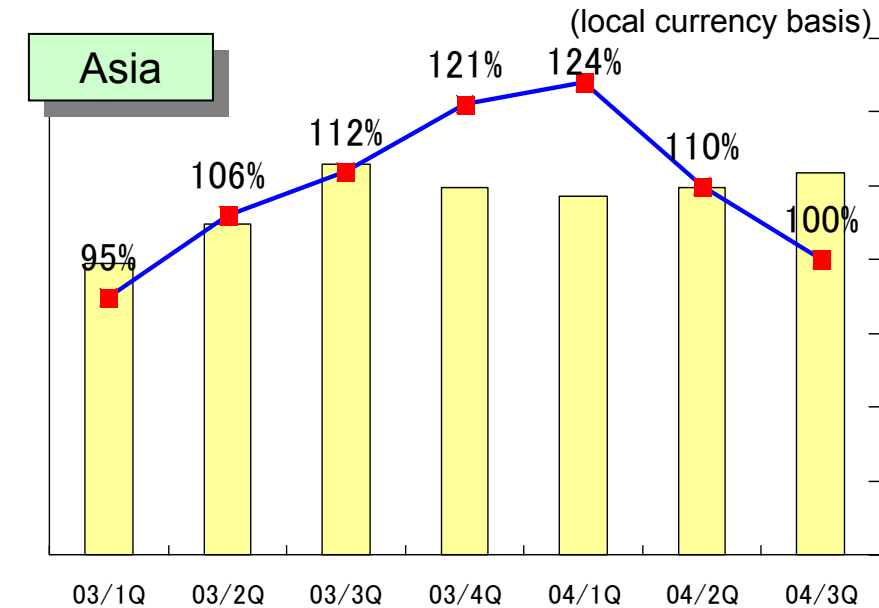
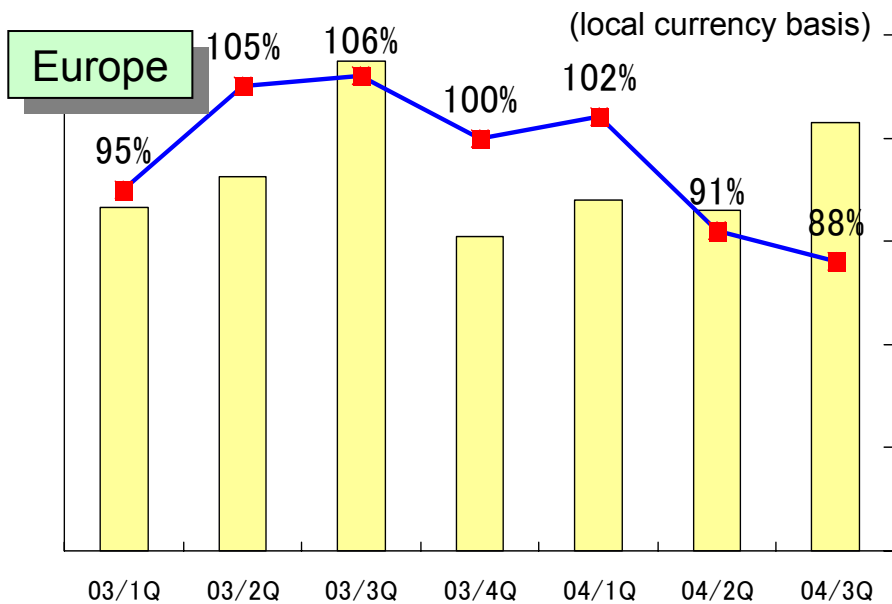
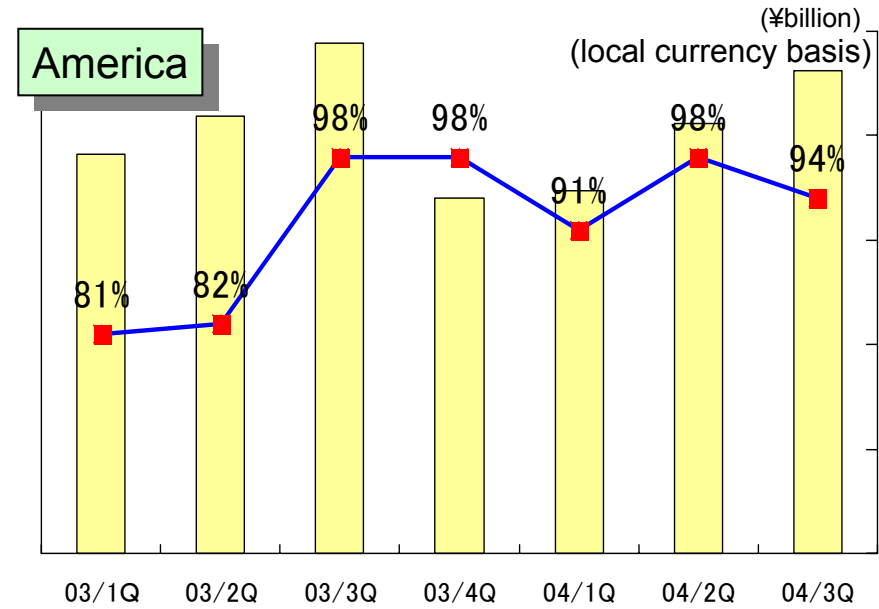
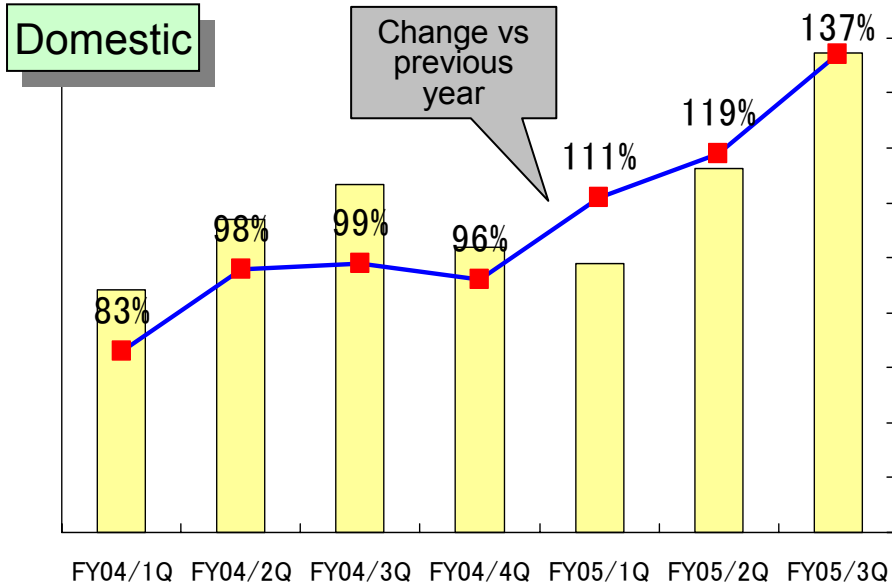
*excluding consignment sales

FY2005 3Q Sales Results by Segment

(¥billion)

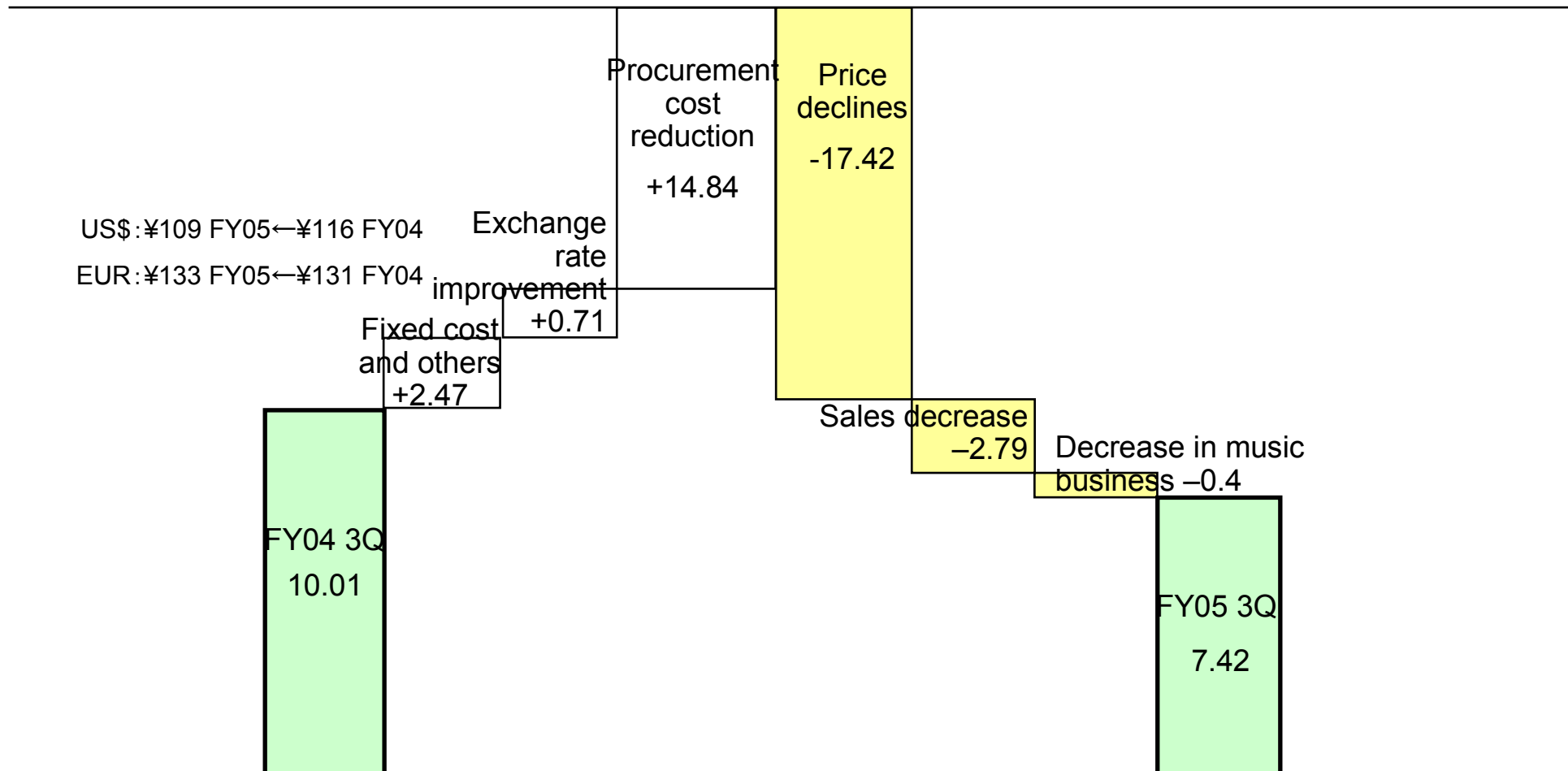
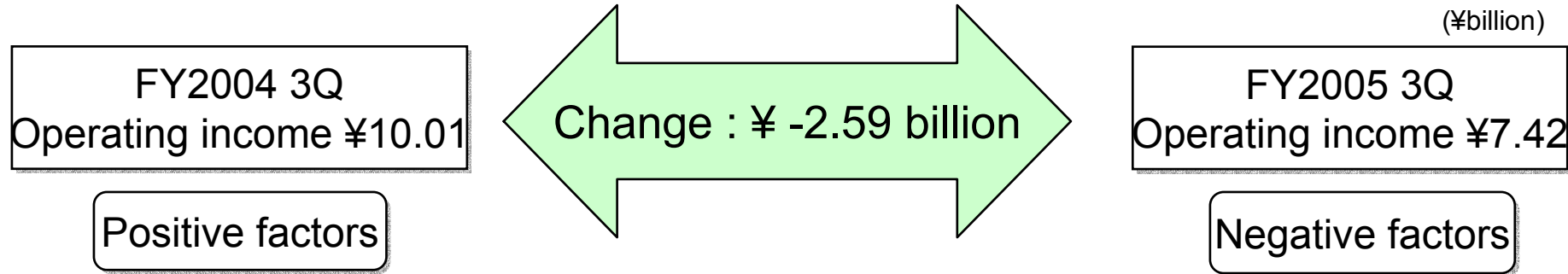


Consumer Electronics Sales by Area



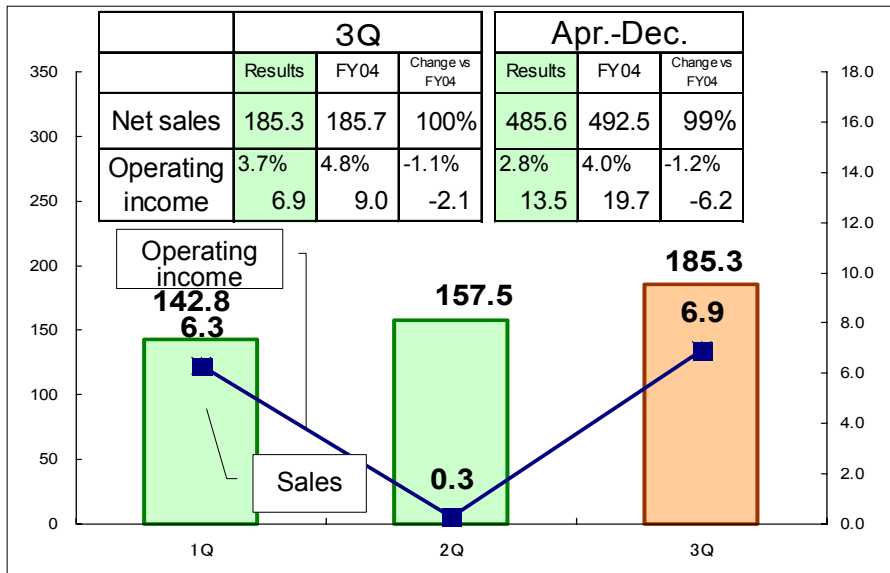
FY2005 3Q Operating Income Breakdown

(¥billion)



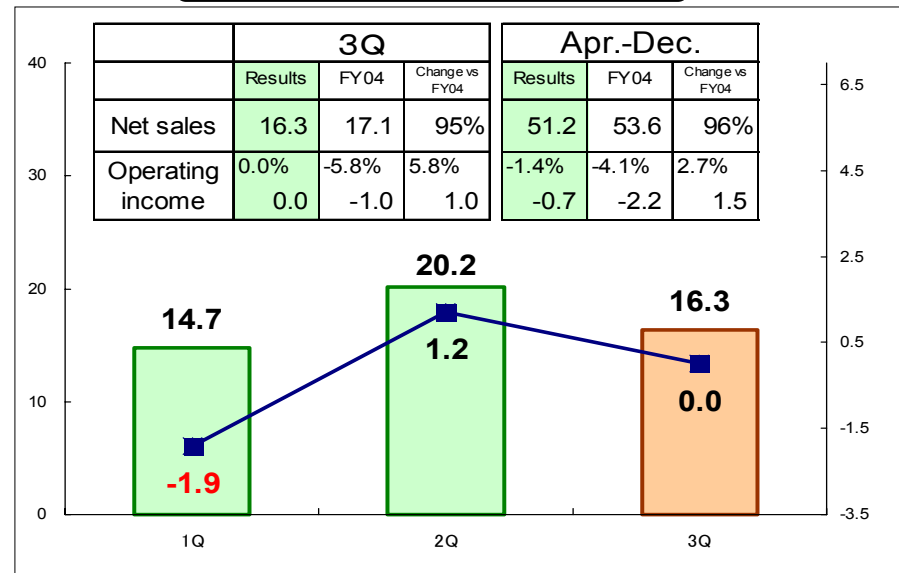
FY2005 3Q Sales Results by Segment

Consumer Electronics

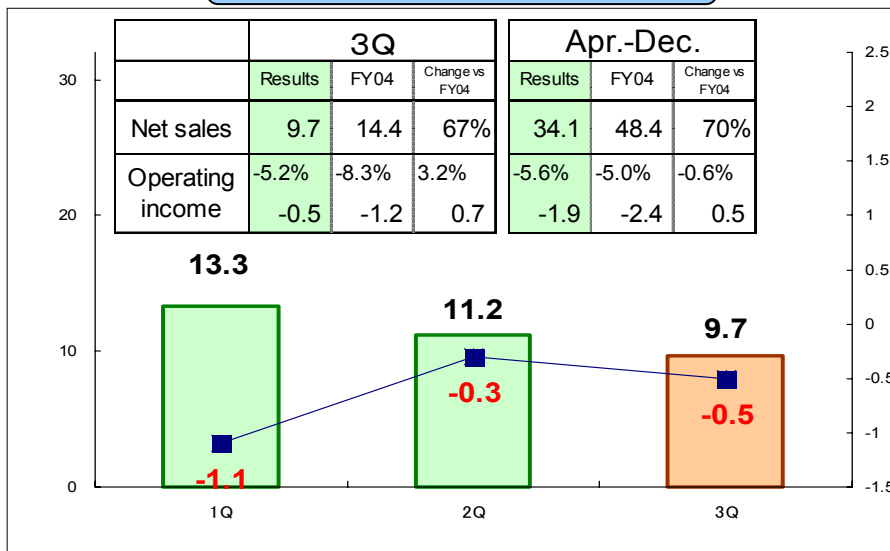


Professional Electronics

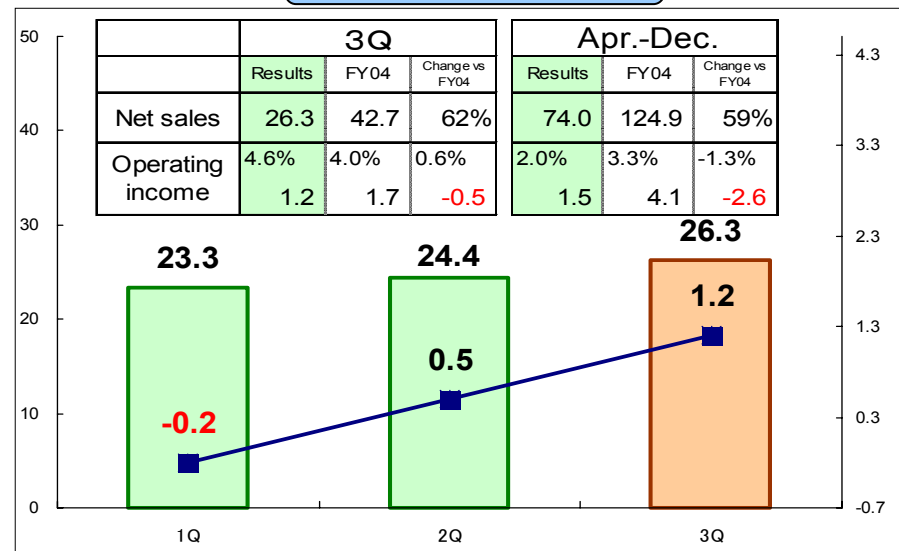
(¥billion)



Components & Devices



Software & Media



Consolidated Extraordinary Profit and Loss

(¥billion)

	Results
Proceeds from sales of property, plant and equipment	0.33
Proceeds from sales of marketable securities	0.06
Structural reform charges	-0.32
Total	0.07

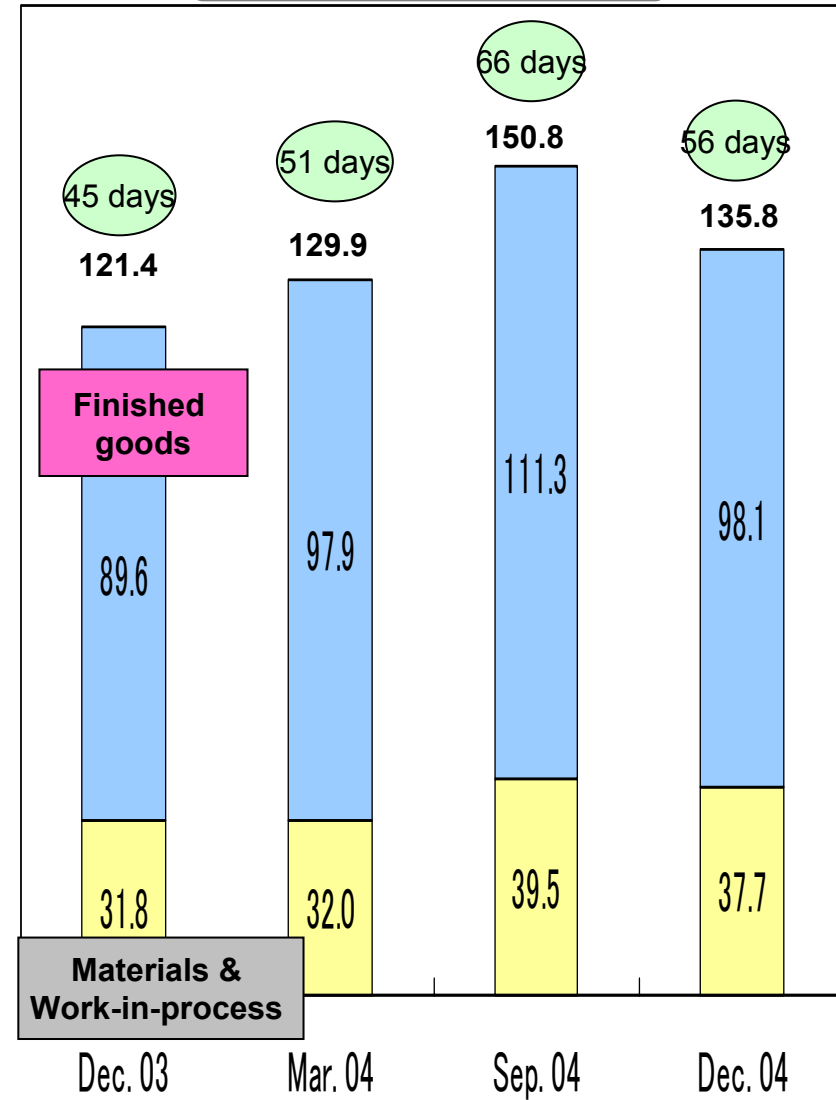
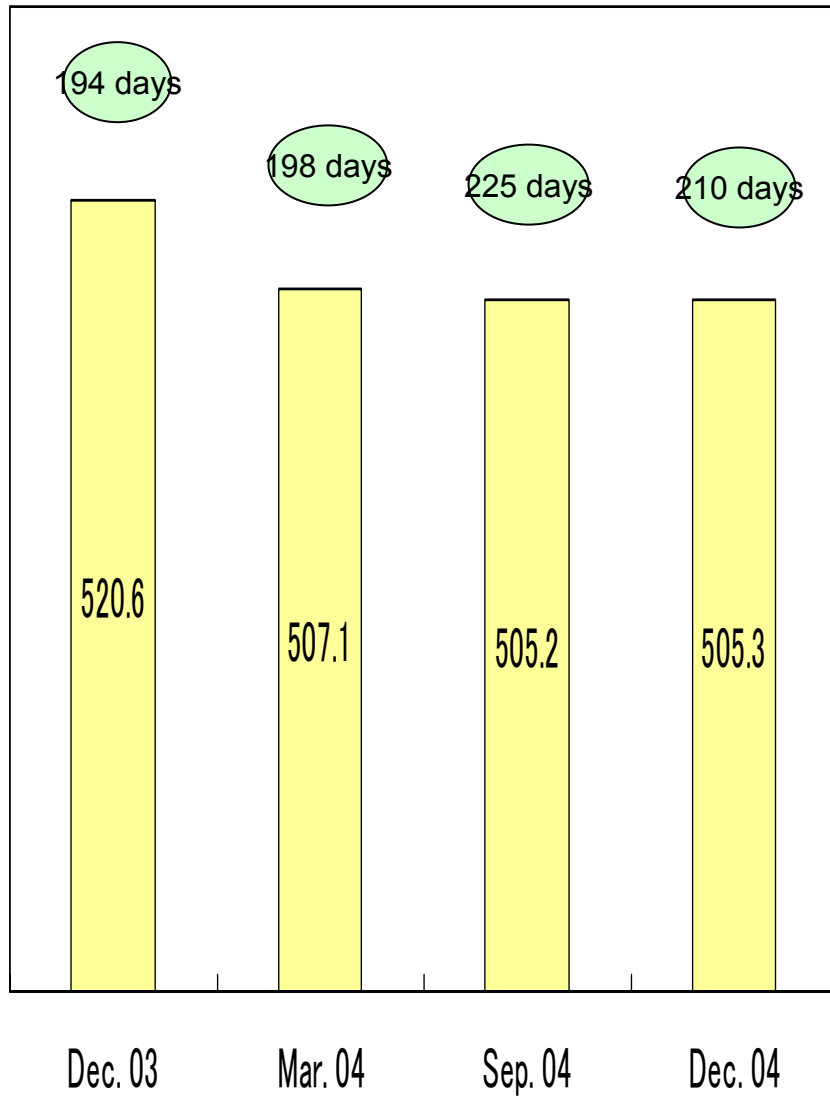
Trend in Asset and Inventory

Gross asset

Exch. rate	2004/12	2003/12
US \$	104.2	107.1
EUR	141.6	133.7

Inventory

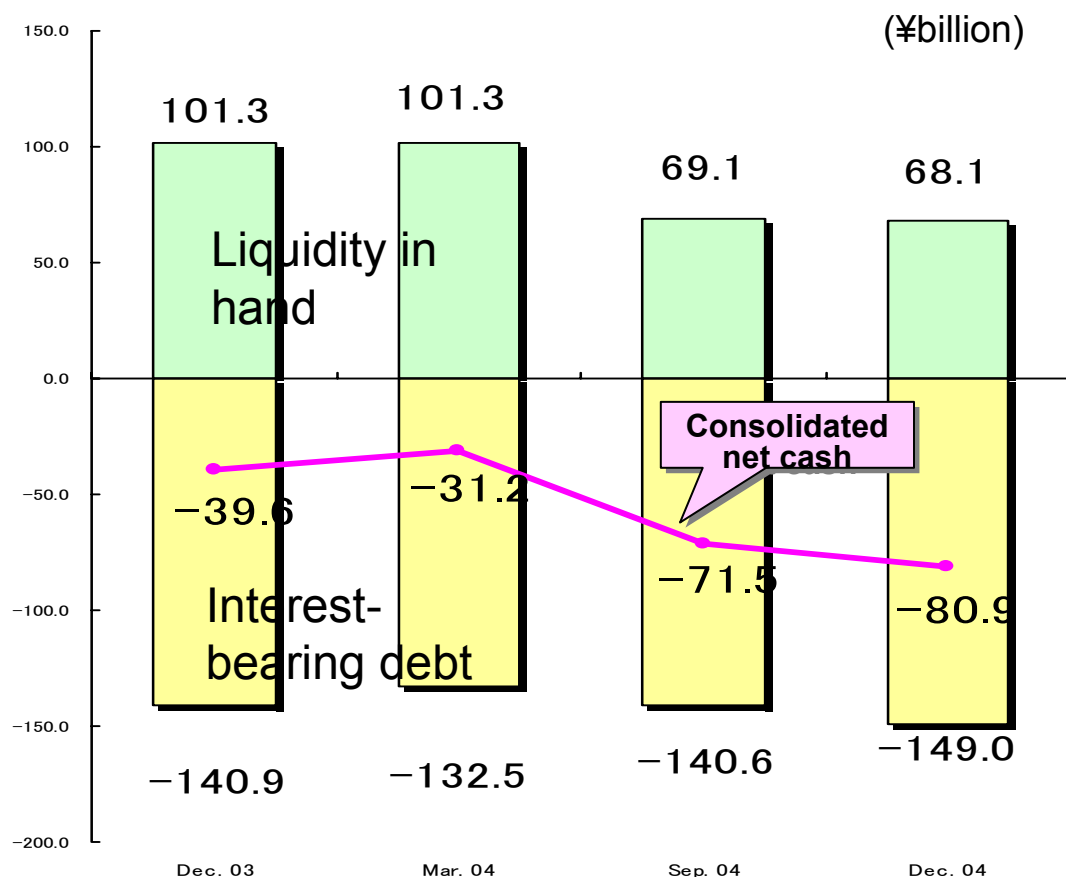
(¥billion)



FY2005 3Q Cash Flows

Consolidated cash flow statement

		2004/10~ 2004/12
Income before income taxes	Income before income taxes	6.5
	Depreciation	5.7
	Operating capital	-18.3
	Inventory	14.3
	Structural reform	-6.0
	Others	-5.9
Net cash provided by operating activities		-3.7
Capital assets	Capital assets	-6.1
	Others	1.1
Net cash used in investing activities		-5.0
Free cash flow		-8.7
Net cash used in financing activities		7.7
Other adjustments		-0.2
Net decrease in cash		-1.1
Cash and cash equivalent at beginning of the year		69.0
Cash and cash equivalents at end of 3Q		67.9



(Tangible fixed assets excluding mold cost)
(¥billion)

	2004/3Q
Capital investment	2.7
Depreciation&amortization	3.2

FY2005 Business Forecast

(¥billion)

(Consolidated)

	Forecast	Change vs FY04	FY04 result
Net Sales	905.0	102%* 98%	885.9* 922.0
Operating income	2.5% 23.0	-2.2	2.7% 25.2
Ordinary income	1.9% 17.0	-3.2	2.2% 20.2
Net income	0.4% 4.0	-11.6	1.7% 15.6

(Non-consolidated)

	Forecast	Change vs FY04	FY04 result
Net Sales	465.0	93%	501.7
Operating income	1.0% 4.5	-3.4	1.6% 7.9
Ordinary income	1.9% 9.0	2.1	1.4% 6.9
Net income	0.3% 1.5	-5.7	1.4% 7.2

*excluding consignment sales



HD-ILA
rear projection TV
HD-61/52 Z575/585

HD-ILA launch in North America with stable monthly production of 10k pcs since October



HDD camcorder “Everio”
GZ-MC200 / MC100

Good sales worldwide of digital media camera “Everio”



HD LCD TV
featuring Genessa
LT-32/26LC50

Good sales of LCD TV featuring Genessa, especially in Japan



DVD system equipped
with 2-Way wood cone
speaker EX-A5

Reinforcement of audio products with Only One technologies such as wood cone speaker, 4ch surround system “route-4”



VHS&HDD&DVD
video recorder
DR-MX3/5

Good sales of DVD+HDD+VHS 3-in-1 model, particularly in Japan



MP3/WMA ready
CD receiver
KD-SHX929

Good sales of Car electronics, especially in America and Asia

Objectives in 4Q

Consumer Electronics	Camcorder	Be aggressive to the market as the inventory level normalized : reinforcement of DVC & Everio lineup
	Display	Reinforce big screen and high quality product lineup
	DVD recorder	Expand sales especially with DVD+HDD+VHS 3-in-1 products
Professional Electronics	Japan : increase orders for electric and educational facilities Overseas : launch new products such as professional digital video cameras	
Components & Devices	Expand FDB motor business for HDD Improve productivity and increase market share of deflection yokes and CD pickups	
Software & Media	Expand sales with new big titles (SMAP, Love psychedelico) Improve productivity in order to cope with drastic price decline of blank media, and expand sales channels	