

Translation for Reference Only

JVC KENWOOD

JVC KENWOOD Group's Results and Forecast Briefing Fiscal Year Ended March 2012

JVC KENWOOD Corporation

April 27, 2012

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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 AV (Segment)

SE: Entertainment (Business)

- 1. Financial Results for
Fiscal Year Ended March 2012**
- 2. Business Forecasts for
Fiscal Year Ending March 2013
Priority Measures Going Forward**



1. Financial Results for FYE 3/’12

FYE 3/’12 Financial Results - Summary

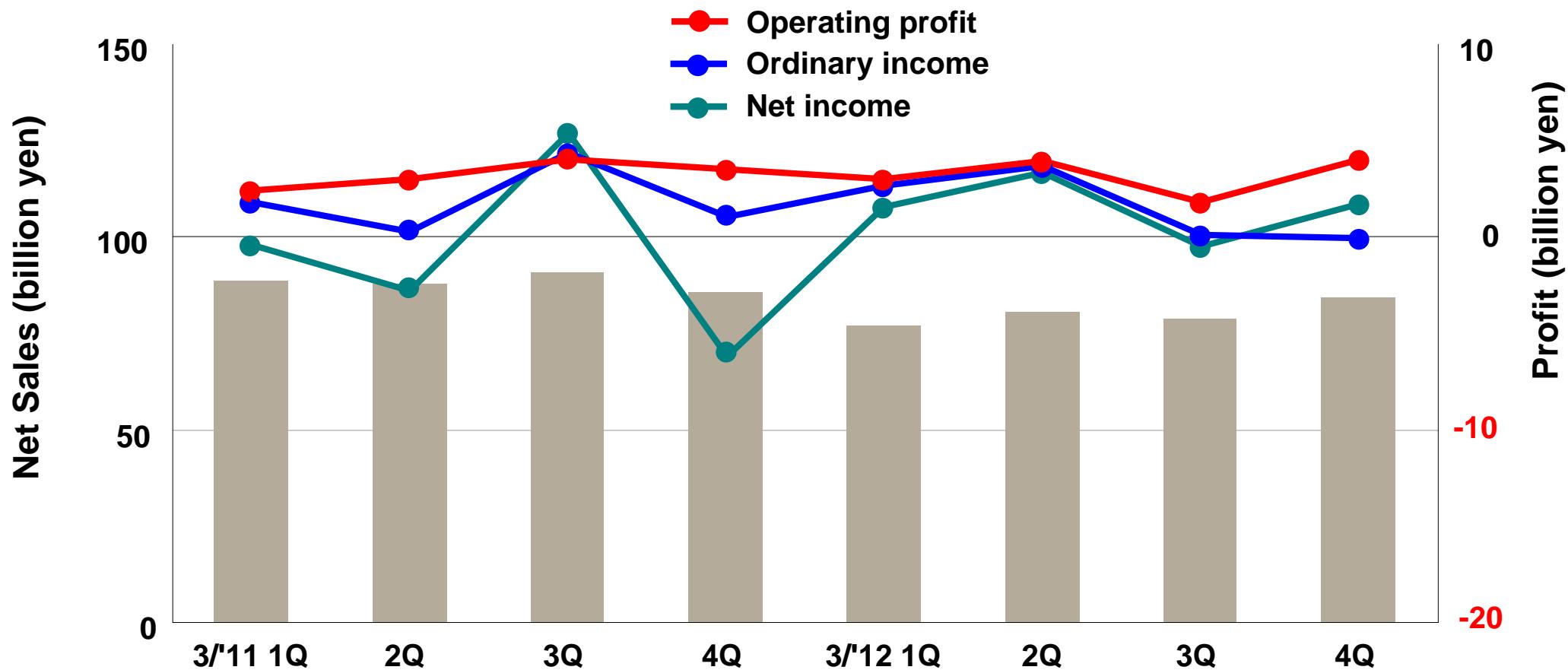
- * Earnings declined, due to the effects of the strong yen, the Earthquake, floods in Thailand and structural reforms in FYE 3/’11.
- * Operating profit was comparable to that of the previous year, as growth in COM and CE OEM and After-market in Japan and HM’s turnaround into the black covered the effects from the Earthquake and floods in Thailand.
- * Ordinary income fell, due to the deterioration in non-operating profit/loss. Net income was in the black on a full-year basis for the first time, as a result of a significant improvement in extraordinary profit/loss. Plan to distribute a year-end dividend of 5 yen per share.

| | | Net sales | Operating profit | Ordinary income | Net income | (Billion yen) |
|-----------|-----------------------|-----------|------------------|-----------------|------------|------------------------------|
| Full-year | FYE3/’12 | 320.9 | 12.8 | 6.4 | 6.0 | USD: JPY 79 Euro: JPY 109 |
| | Forecast on 10/28/’11 | 333.0 | 14.0 | 10.0 | 6.5 | USD: JPY 77 Euro: JPY 104 |
| | FYE3/’11 | 352.7 | 13.0 | 7.6 | -4.0 | USD: JPY 86 Euro: JPY 113 |
| 4Q | FYE3/’12 | 84.3 | 4.0 | -0.9 | 1.5 | USD: JPY 79 Euro: JPY 104 |
| | FYE3/’11 | 85.5 | 3.5 | 1.0 | -6.2 | USD: JPY 82 Euro: JPY 113 |

* Full-year exchange rates are reference values derived by averaging the exchange rates from April to March. The exchange rate estimated as of October 28, 2011 is the projected rate for the 3Q and thereafter.

FYE 3/'12 Financial Results - Quarterly Financial Results

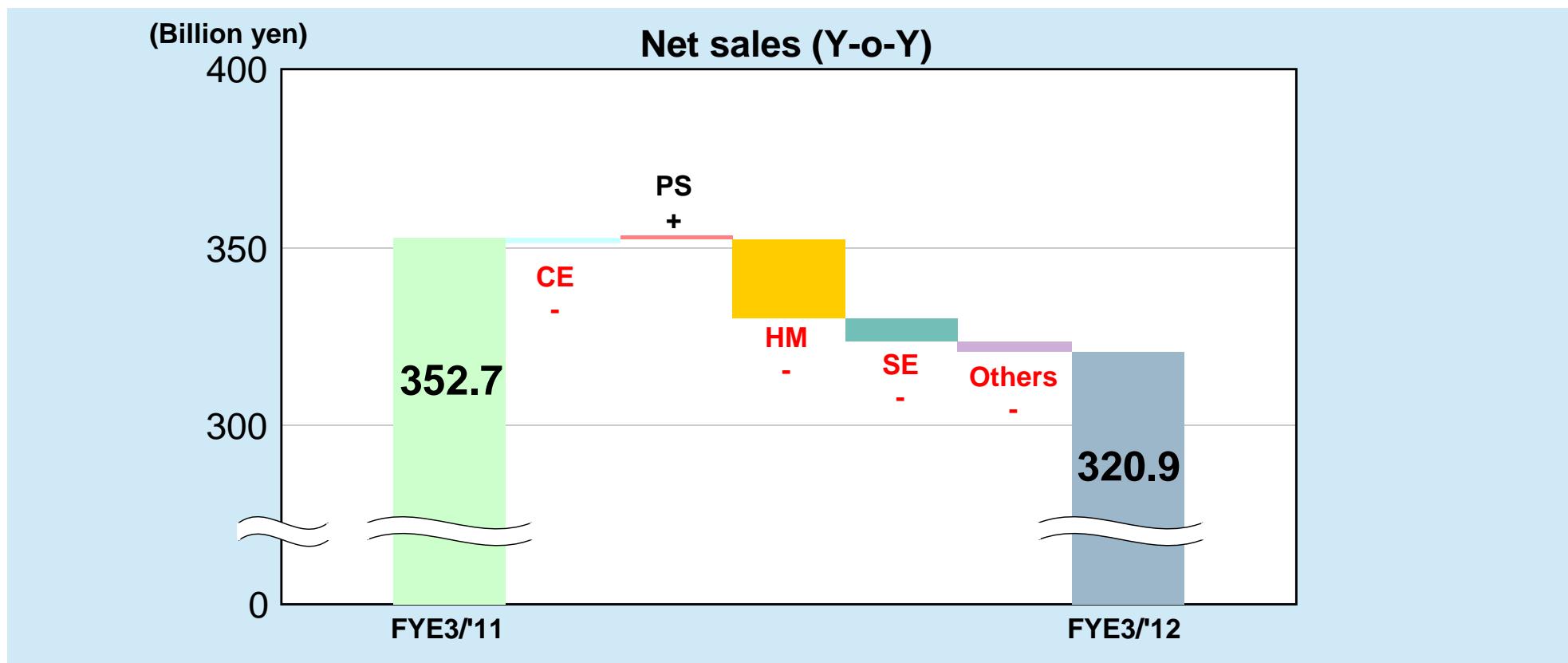
- * 1Q: Ended the quarter in the black with higher operating profit amid the effects of the Earthquake.
- * 2Q: Operating profit increased and foreign exchange gain rose after recovering from the effects of the Earthquake.
- * 3Q: Both sales and profit fell, due to the effects of floods in Thailand.
- * 4Q: Sales recovered, operating profit increased, and foreign exchange loss posted amid lingering effects of floods in Thailand.



FYE 3/’12 - Net Sales

FYE 3/’12 results: JPY320.9B (Down 9.0% Y-o-Y)

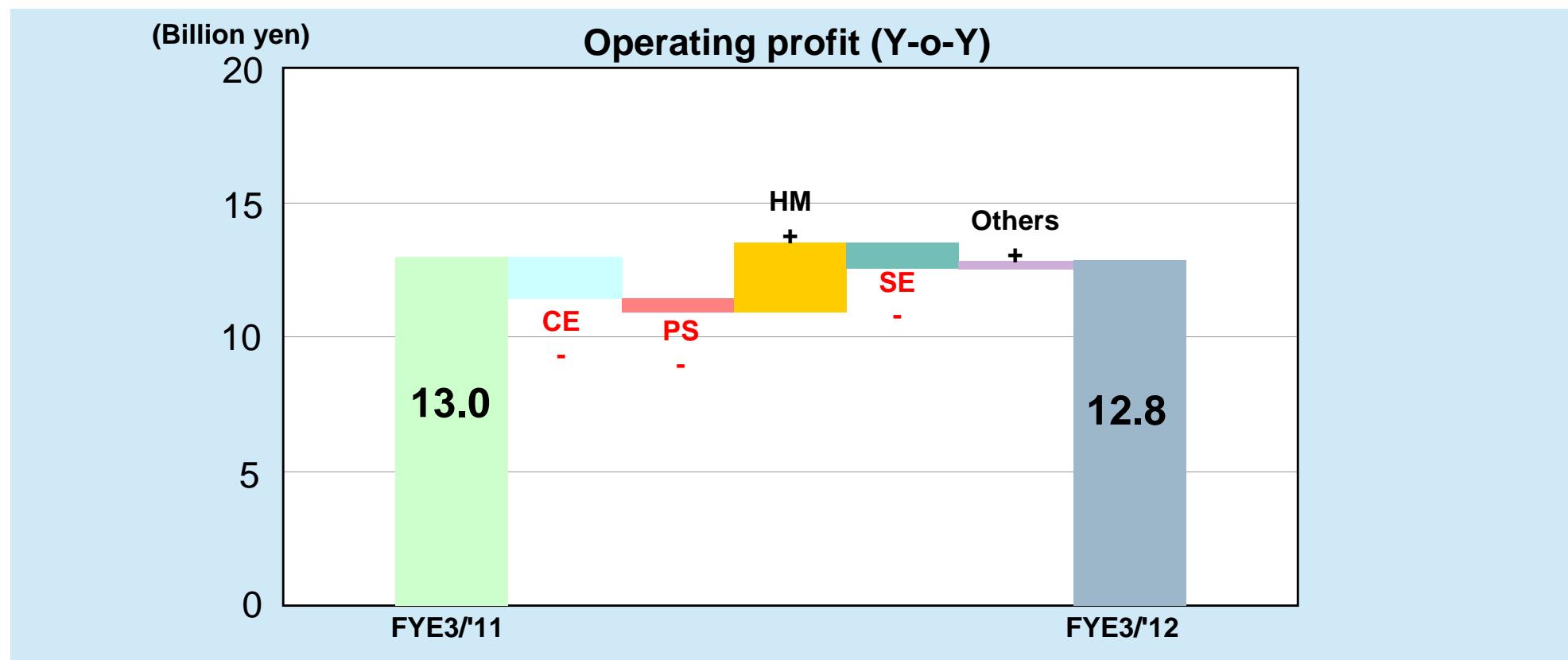
- * Net sales expanded for CE OEM and After-market in Japan and COM, but in terms of the overall business, CE saw a slight decline and PS posted a slight increase, due to the effects of the strong yen, the Earthquake and floods in Thailand.
- * Consolidated net sales decreased, due to the effects of the partial narrowing of HM and the transfer of SE’s subsidiary.



FYE 3/’12 - Operating profit

FYE 3/’12 results: JPY12.8B (Down 1.1% Y-o-Y)

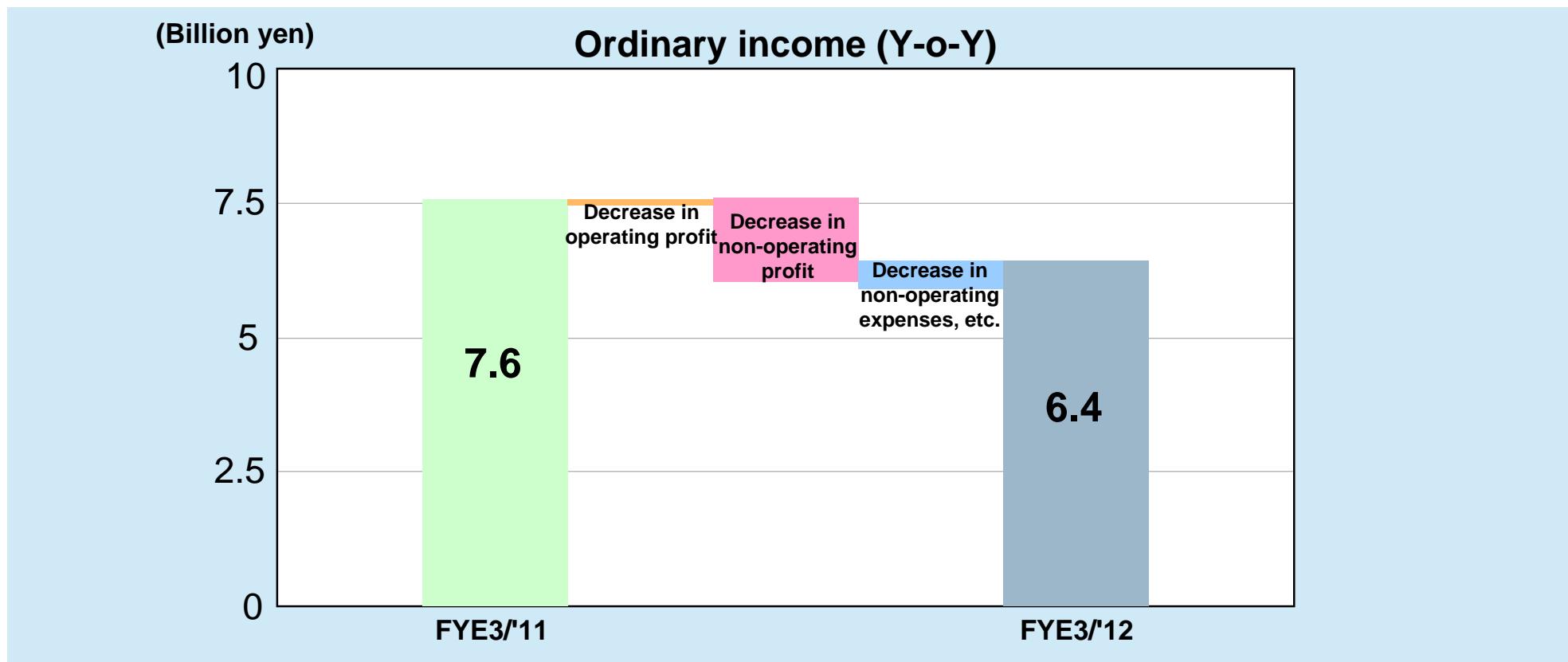
- * Entered the black, supported by sales expansions in CE OEM and After-market in Japan and COM plus the effects of structural reforms by HM in the previous fiscal year.
- * Consolidated operating profit was comparable to that of the previous fiscal year although earnings fell, affected significantly by the Earthquake and floods in Thailand.



FYE 3/'12 - Ordinary income

FYE 3/’12 results: JPY6.4B (Down 15.3%Y-o-Y)

- * Non-operating profit decreased JPY1.5B YoY mainly due to the absence of foreign exchange gain and patent royalty adjustments posted in the previous fiscal year.
 - * Non-operating expenses decreased JPY0.5B YoY mainly due to the absence of provisions for product warranties posted in the previous fiscal year.

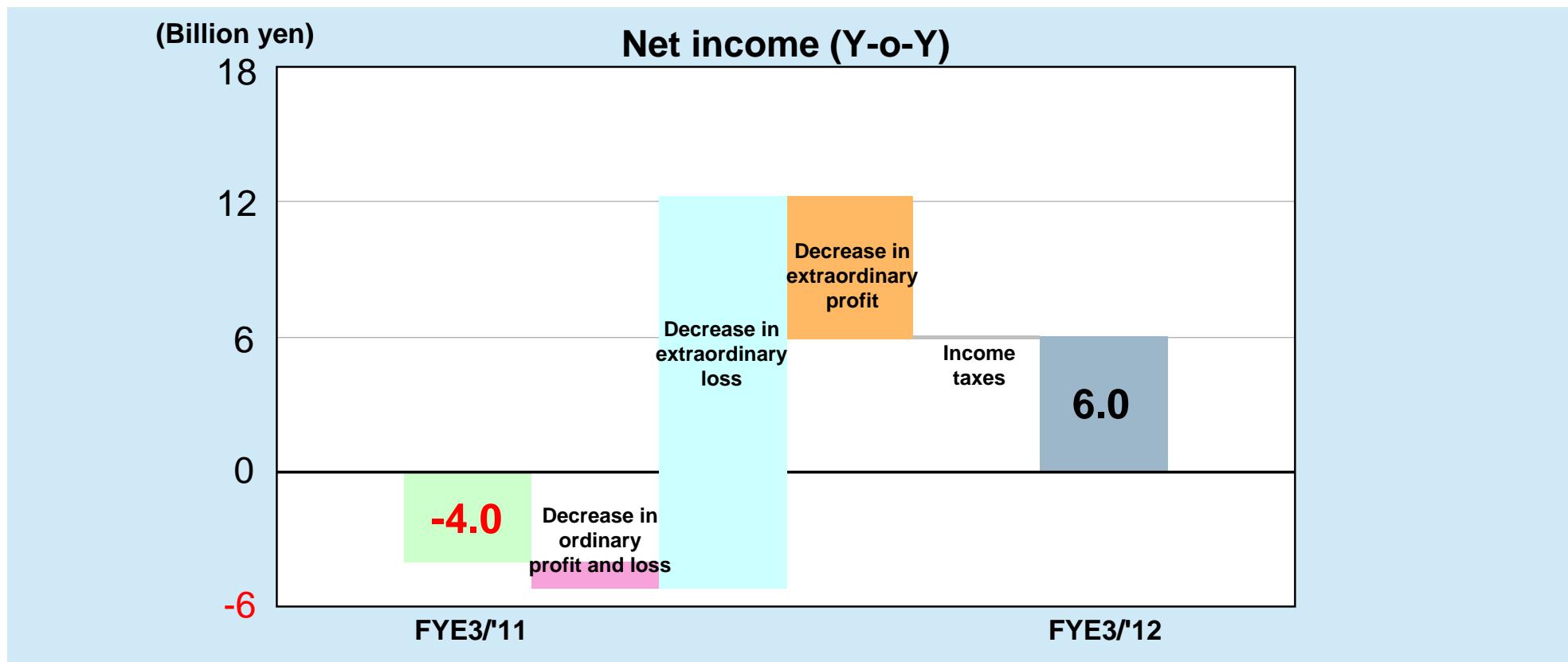


FYE 3/'12 - Net Income

FYE 3/'12 results: JPY6.0B (Up JPY10.1B YoY)

***First time in the black since the Group founding**

- * Extraordinary loss decreased JPY17.4B YoY mainly because major structural reforms 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 JPY6.4B YoY due mainly to a decline in gains on sales of fixed assets and the absence of patent licensing royalties posted in the previous fiscal year, despite recording insurance income.



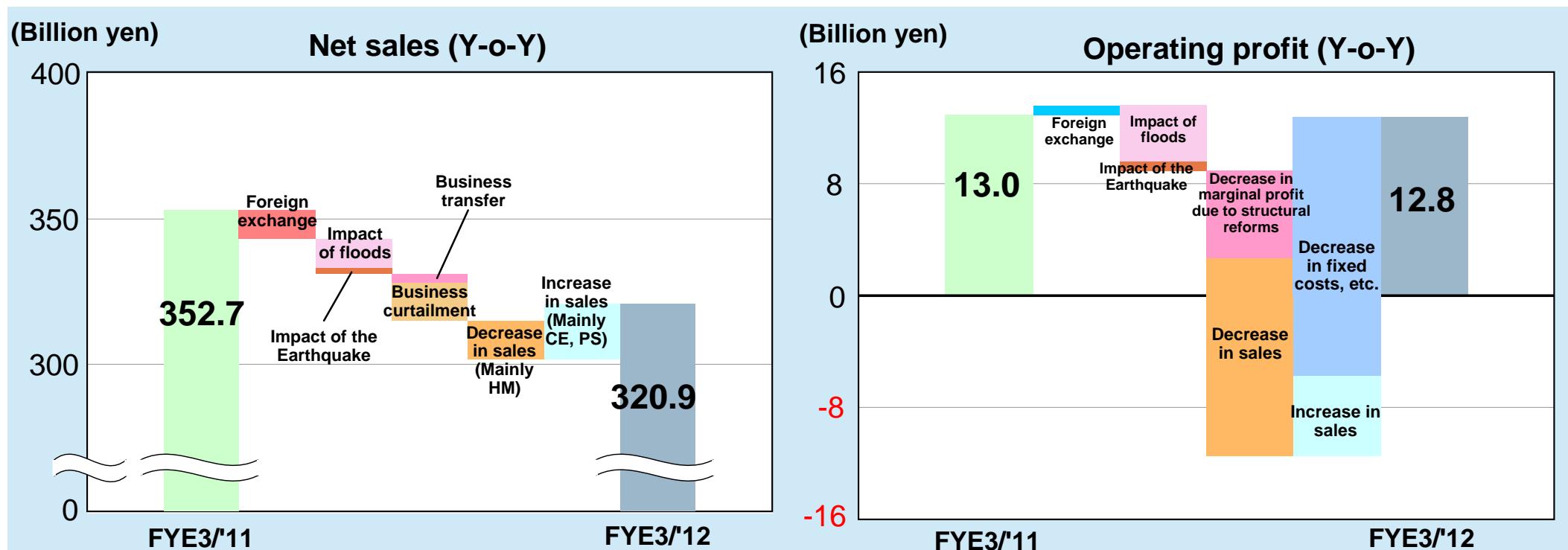
FYE 3/’12 - Change Analysis (Y-o-Y)

Net Sales

- * Net sales decreased, due to the effects of the strong yen, the Earthquake, floods in Thailand and structural reforms (partial narrowing of HM and transferring of SE's subsidiary).

Operating profit

- * Operating profit was almost comparable to that of the previous fiscal year, as cuts in fixed costs and other efforts covered the effects from the Earthquake and floods in Thailand.



Information by Business Segment

Net Sales, Profits and Losses by Business Segment

- * CE: Both sales and profits decreased, due to the effects of the strong yen, the Earthquake and floods in Thailand although sales in OEM and After-market in Japan increased.
- * PS: Profits declined although the favorable performance of COM absorbed the effects of the Earthquake and floods in Thailand on BS.
- * HM: Entered the black for the full year as P&L improved although sales were down due to the effects of the structural reforms.
- * SE: Managed to be in the black despite lower sales and profits due to the impact of the transfer of subsidiary.

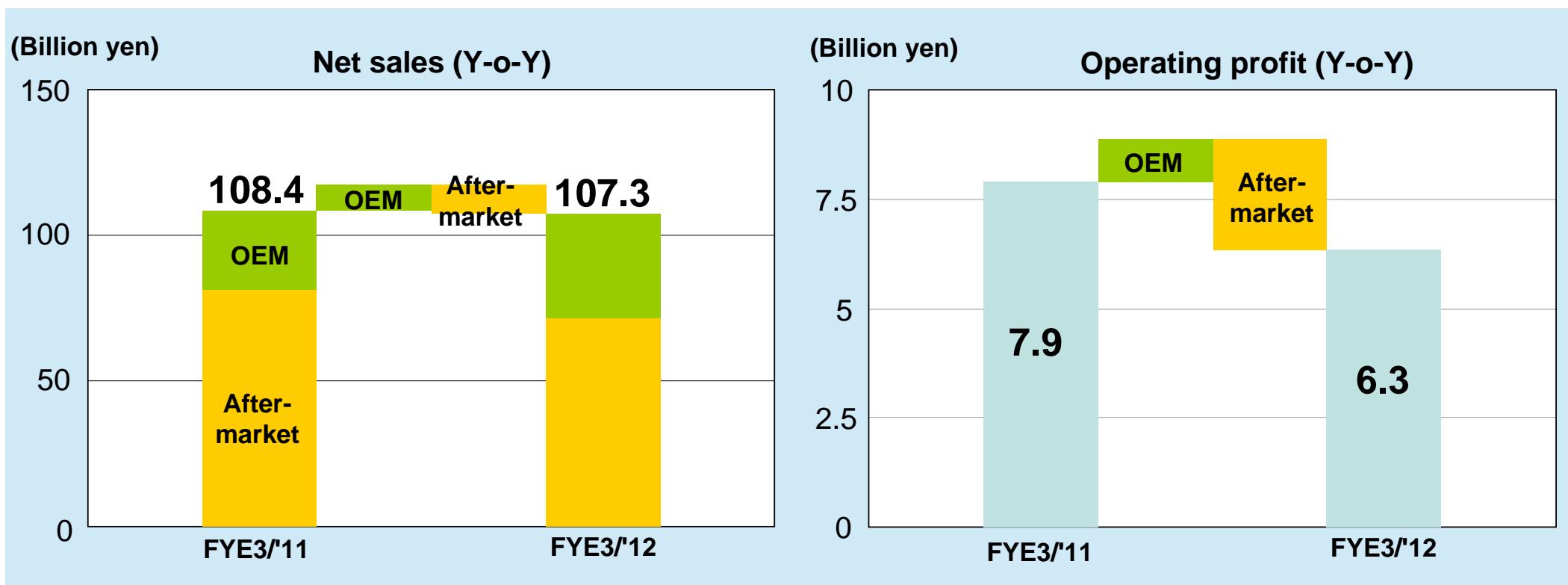
(Million yen)

| Segment | First three quarters | | | 4Q | | | Full-year | | |
|---|-------------------------|----------|---------|----------|----------|--------|-----------|----------|---------|
| | FYE3/'12 | FYE3/'11 | YoY | FYE3/'12 | FYE3/'11 | YoY | FYE3/'12 | FYE3/'11 | YoY |
| Car Electronics (CE) | Net sales | 77,707 | 80,558 | -2,851 | 29,574 | 27,891 | +1,683 | 107,281 | 108,449 |
| | Operating profit | 4,360 | 6,024 | -1,664 | 1,986 | 1,870 | +116 | 6,346 | 7,894 |
| Professional Systems (PS) | Net sales | 67,142 | 67,210 | -68 | 26,385 | 25,335 | +1,050 | 93,527 | 92,545 |
| | Operating profit | 1,630 | 1,847 | -217 | 1,463 | 1,747 | -284 | 3,093 | 3,594 |
| Home & Mobile Electronics (HM) | Net sales | 59,274 | 79,167 | -19,893 | 18,271 | 20,934 | -2,663 | 77,545 | 100,101 |
| | Operating profit | 1,433 | -378 | +1,811 | 297 | -457 | +754 | 1,730 | -835 |
| Entertainment (SE) | Net sales | 28,139 | 33,742 | -5,603 | 8,596 | 9,167 | -571 | 36,735 | 42,909 |
| | Operating profit | 1,150 | 1,901 | -751 | 62 | 276 | -214 | 1,212 | 2,177 |
| Others | Net sales | 4,279 | 6,502 | -2,223 | 1,499 | 2,164 | -665 | 5,778 | 8,666 |
| | Operating profit | 216 | 20 | +196 | 213 | 105 | +108 | 429 | 125 |
| Total | Net sales | 236,542 | 267,182 | -30,640 | 84,326 | 85,490 | -1,164 | 320,868 | 352,672 |
| | Operating profit | 8,791 | 9,416 | -625 | 4,022 | 3,540 | +482 | 12,813 | 12,956 |

FYE 3/'12 - Car Electronics Business

Net sales: JPY 107.3B (-1.1%) Operating profit: JPY6.3B (-JPY1.5B)

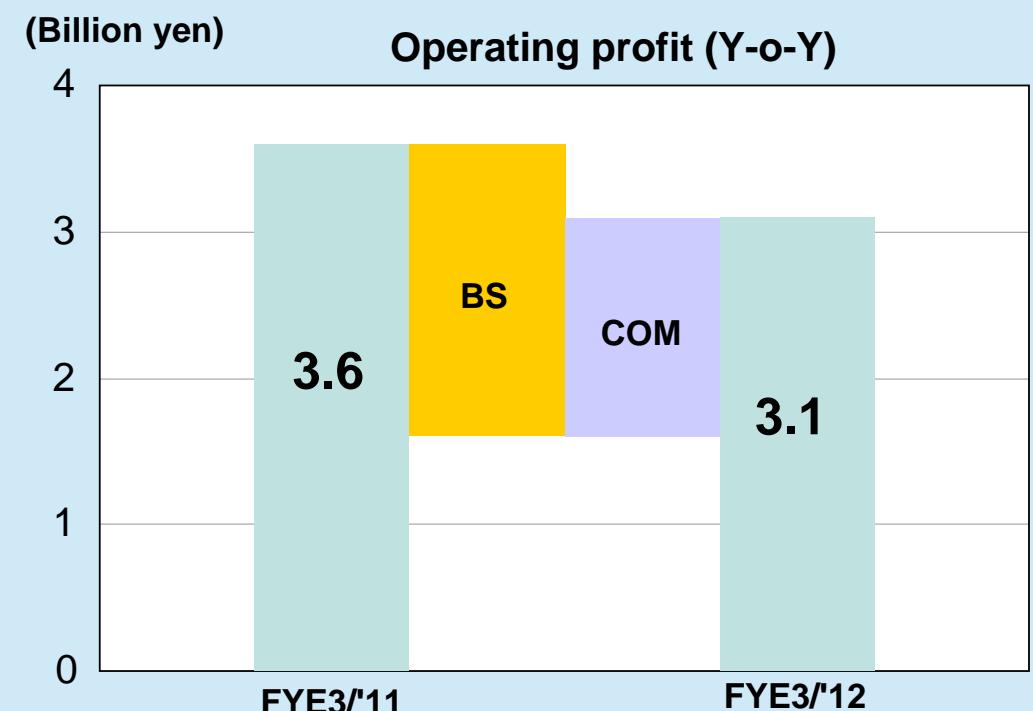
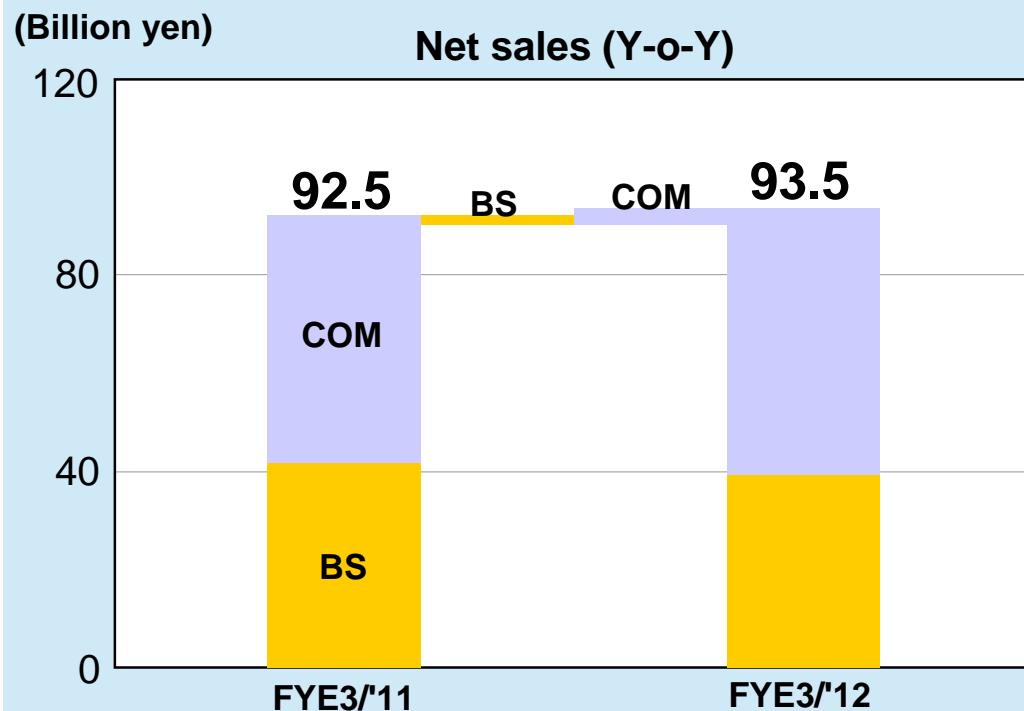
- * **After-market:** Maintained high market shares in Europe and the U.S., but net sales and operating profit declined due to the effects of the strong yen, the Earthquake, floods in Thailand, sluggish markets in Europe and the Middle East, and partial product inventory adjustments. In Japan, net sales and operating profit increased due to the robust sales of “Saisoku-Navi”, an SSD-type AV car navigation system, and a significant increase in market share.
- * **OEM:** Net sales and operating profit increased, supported by strong orders for AV car navigation systems (dealer option product), which began shipment in 2Q and for CD/DVD mechanisms while the effects of the Earthquake and floods in Thailand were kept at a minimum.



FYE 3/'12 -Professional Systems Business

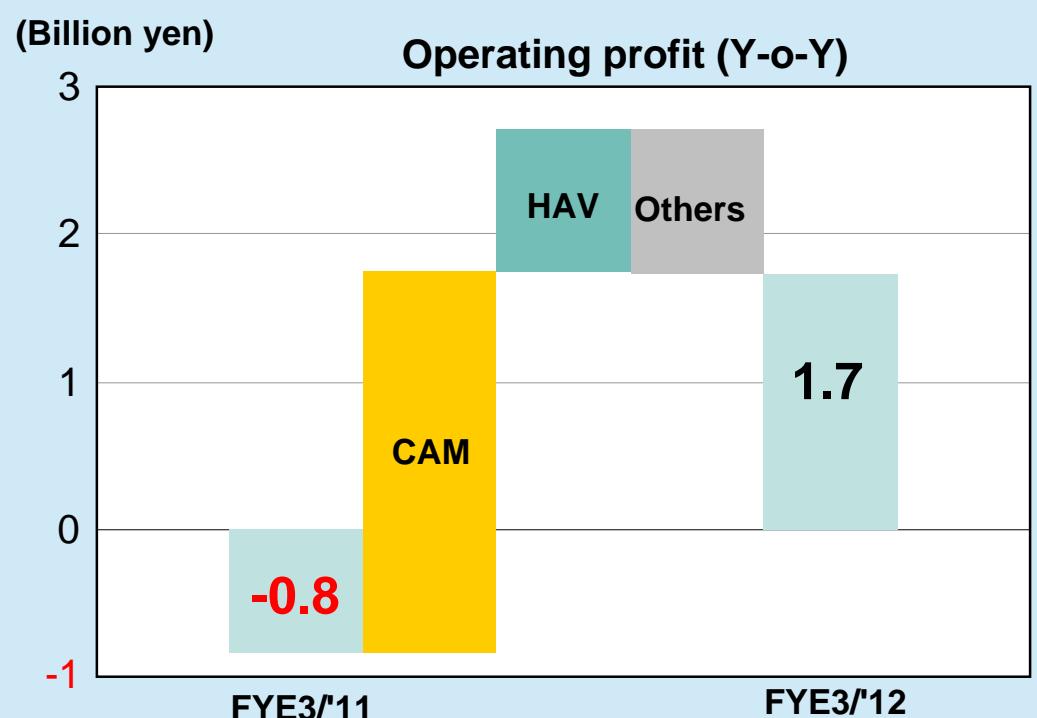
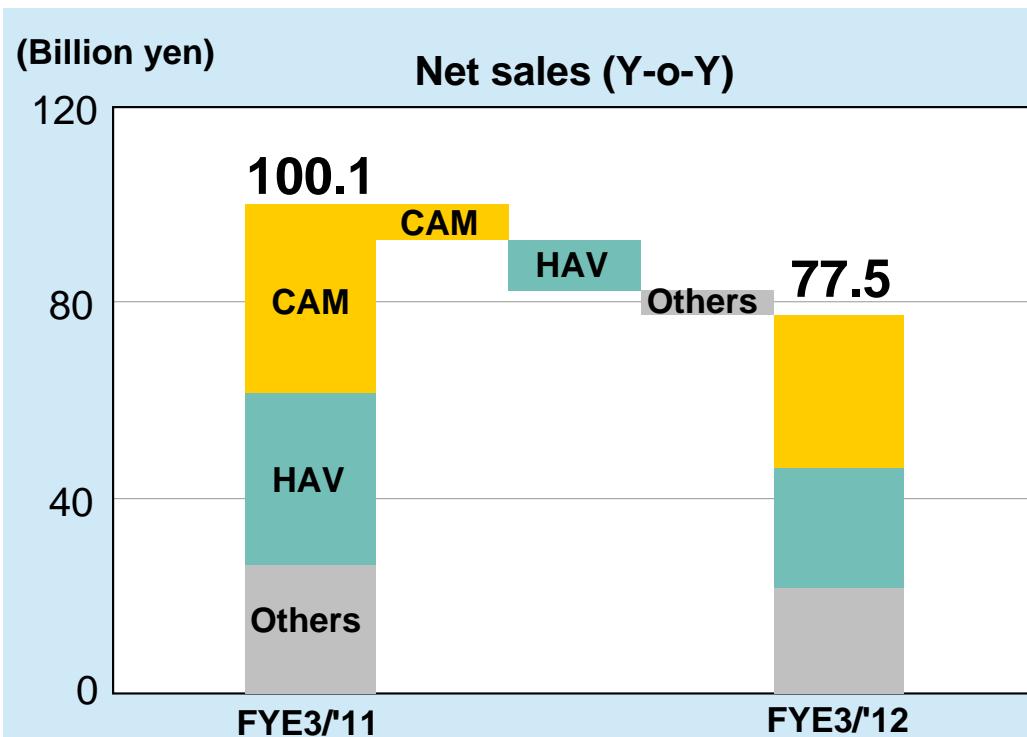
Net sales: JPY93.5B (+1.1%) Operating profit: JPY3.1B (-JPY0.5B)

- * **COM:** Net sales and operating profit increased, due to the strong performance throughout the year, including sales of NEXEDGE, a proprietary digital radio system, and the record-high sales in the largest market - North America - which absorbed the impact of the floods in Thailand on sales.
- * **BS:** Sales opportunities declined, due to the effects of the Earthquake and the suspension of plant operations in Thailand due to the floods. Alternative production began, but has yet to cover the delay in production and shipments.



Net sales: JPY77.5B (-22.5%) Operating profit: JPY1.7B (+ 2.6B)

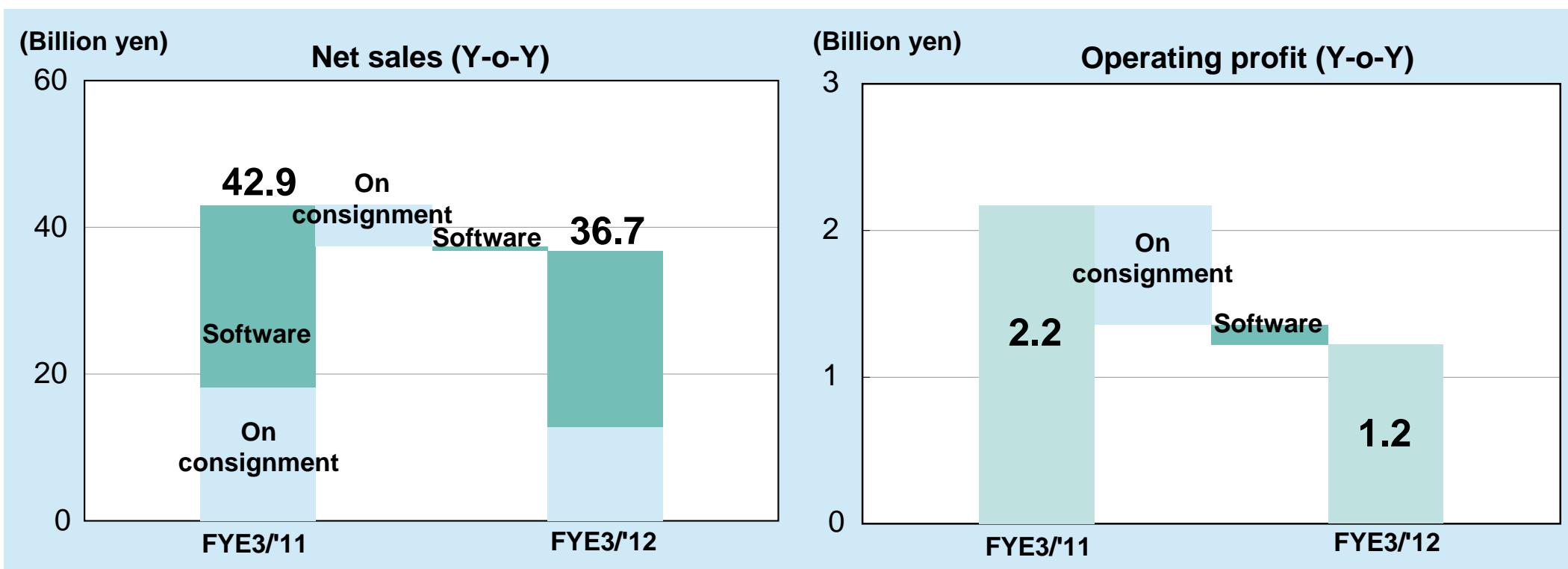
- * **CAM:** Entered the black as P&L improved significantly due to strong sales in Japan and structural reforms in the previous fiscal year despite the decline in overseas sales.
- * **HAV:** Deterioration of earnings was kept to a minimum due to the termination of in-house development and production of displays (in May 2011), brand licensing (since July 2011) and outsourcing of home audio (FYE3/11).
- * **Others:** Earnings increased as AV accessories sustained high profitability and sales of projectors that can handle 3D images expanded.



FYE 3/'12 - Entertainment Business

Net sales: JPY36.7B (-14.4%) Operating profit: JPY1.2B (-JPY1.0B)

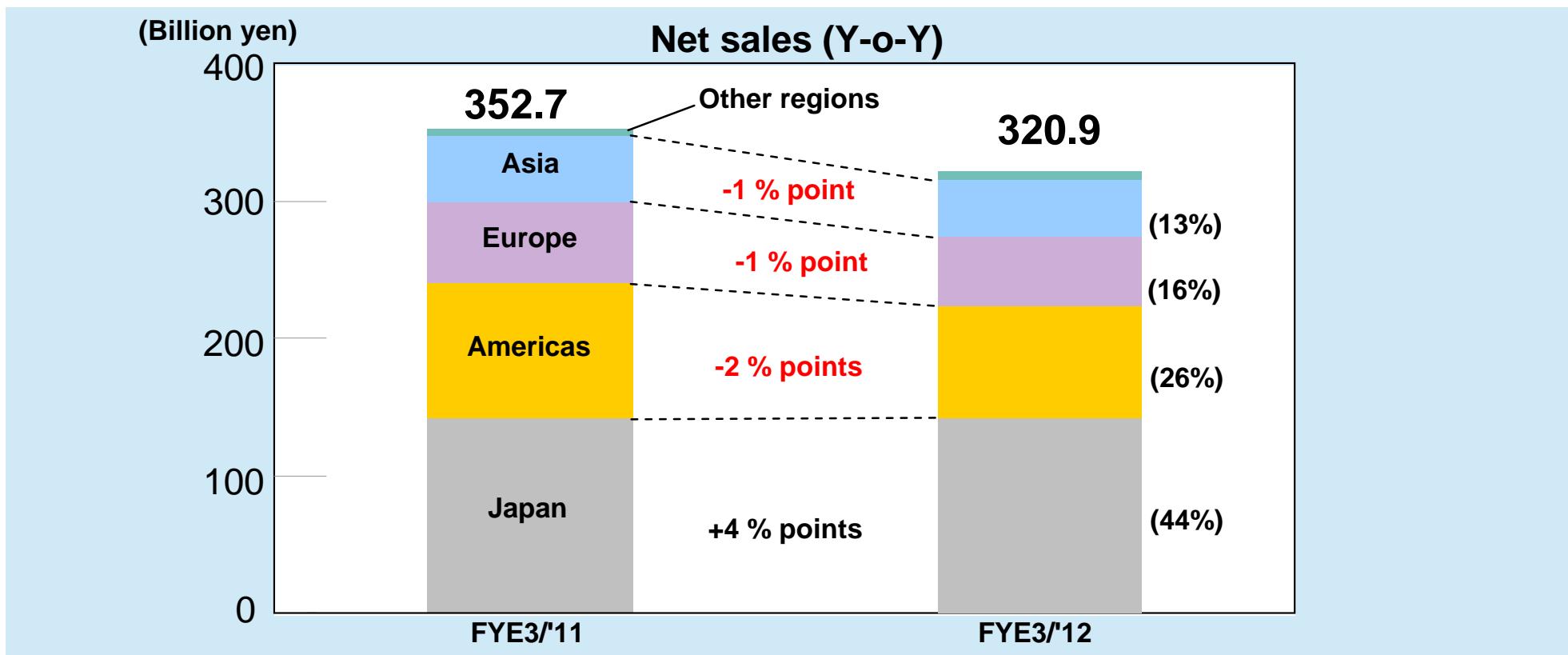
- * **Software:** Business remained strong as a result of hit music and animation products as well as revenues from music-related rights.
- * **On consignment (e.g. optical disk manufacturing):** Net sales decreased due to the transfer of a logistics entrustment subsidiary, and entrusted production of optical disk manufacturing was affected by the sluggish market.



FYE 3/’12 - Sales by Region (Reference)

* The strong yen caused income to decrease JPY9.6 B.

- Japan** Net sales increased, as CE's significant growth in sales absorbed the effects of the Earthquake and floods in Thailand.
- Americas** Net sales declined, due to the effects of the strong yen and structural reforms in HM, despite strong sales in COM.
- Europe** Net sales fell, due to decreased sales in CE and HM.
- Asia** Net sales fell, due to decreased sales in CE and HM.



FYE 3/’12 - Financial Status

Balance Sheets

- * Total assets decreased JPY18.9B from the end of the previous fiscal year, due mainly to the sales of unused tangible fixed assets, the suppression of inventory assets and the significant decline in prepaid pension costs associated with the absorption-type merger with subsidiaries executed as of October 1, 2011.
- * Liabilities declined JPY23.2B from the end of the previous fiscal year, due mainly to decreases in other accounts payable and accrued expenses although trade notes and accounts payable increased.
 - Interest-bearing debts (the sum of loans payable and bonds payable) decreased JPY0.7B from the end of the previous fiscal year, due mainly to the repayment of loans payable and retirement by purchase before redemption date of bonds payable in part.
 - The ratio of long-term loans payable against loans payable rose 64.8% from the end of the previous fiscal year, due to the refinance executed in March 2012.
- * As of August 25, 2011, the maturity date of 50% (JPY6B) of JVC’s No. 7 Unsecured Bond (JPY12B) was extended by one year and that of the remaining 50% (JPY6B) was extended by three years. The present values were revised and reflected in the B/S.
- * Retained earnings rose JPY65.5B from the end of the previous fiscal year, mainly due to the posting of net income and the transfer of other capital surplus to retained earnings.
- * Total net assets increased JPY4.3B from the end of the previous fiscal year as shareholders’ equity increased despite the decline in foreign currency translation adjustments.
Capital ratio rose by 2.9 percentage points from the end of the previous fiscal year to 22.9%.

| | End of FYE3/’11 | End of FYE3/’12 | Change from end of FYE3/’10 |
|--|-----------------|-----------------|--------------------------------|
| Total assets | 260.7 | 241.8 | (18.9) |
| Interest-bearing debt (Long-term loans payable) | 93.1 | 92.4 | (0.7) |
| Net debt | 1.7 | 50.3 | +48.6 |
| Net debt / Equity Ratio (double) | 28.1 | 26.8 | (1.3) |
| Capital surplus | 0.53 | 0.47 | (0.06) |
| Retained earnings | 105.3 | 45.9 | (59.5) |
| Net assets | (41.3) | 24.2 | +65.5 |
| Equity ratio (%) | 52.7 | 57.1 | +4.3 |
| | 20.0 | 22.9 | +2.9 |

FYE 3/’12 - Financial Status

Cash Flow

Cash flow from operating activities

An increase of JPY8.9B, down JPY11.1B YoY.

- * Mainly attributable to expenses related to the reform of the employment structure implemented in the previous fiscal year and an increase in trade notes and accounts receivable.

Cash flow from investing activities

A decrease of JPY6.5B, down JPY11.9B YoY

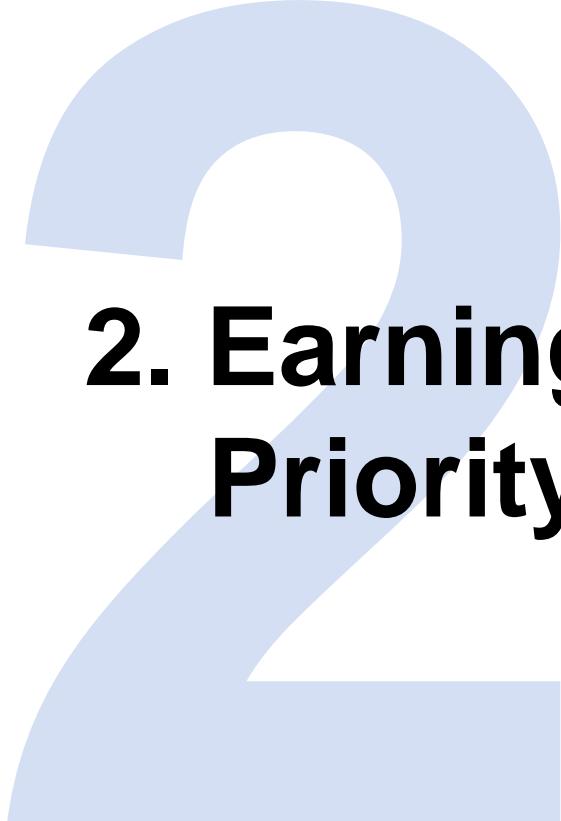
- * Mainly attributable to the decline in income from the sale of tangible fixed assets.

Cash flow from financing activities

A decrease of JPY1.5B, down JPY0.8B YoY

- * Mainly attributable to the decreased in short-term loans payable and the absence of proceeds from new shares issued and disposal of treasury shares posted in the previous fiscal year.

Cash and cash equivalents at the fiscal year-end JPY65.5B



2. Earnings Forecast for FYE 3/’13 Priority Measures Going Forward

Earnings Forecast for FYE3/'13

- Factors for greater sales and profits include: growth in CE and COM and less impact from the Earthquake and floods in Thailand.
- Factors for a decline in profits are: weaker yen against the dollar, decline in patent revenue, and end of the partial return of compensation by employees.
- As a result, projections are: net sales of JPY340B, operating profits of JPY14B, ordinary income of JPY9B and net income of JPY7B.
- Dividend projection: JPY10 per share per annum

| | Net sales | Operating profit | Ordinary income | Net income | (Billion yen) |
|----------|-----------|------------------|-----------------|------------|------------------------------|
| FYE3/'13 | 340.0 | 14.0 | 9.0 | 7.0 | USD: JPY 80 Euro: JPY 110 |
| FYE3/'12 | 320.9 | 12.8 | 6.4 | 6.0 | USD:JPY 79 Euro: JPY 109 |
| Y-o-Y | +19.1 | +1.2 | +3.6 | +1.0 | |

* Full-year exchange rates are reference values derived by averaging the exchange rates from April to March.

Priority Measures Going Forward

■ Execution of growth measures

- * CE business and Wireless equipment business

■ Cultivation of new business areas

- * Automobile-related network business and image pickup / image / sound business

■ Enhancement and acceleration of management efficiency

- * Aim for: compression of inventory/scrap, shorter lead time, reduction of procurement costs and minimization of the defect rate

■ Environmental protection and social contribution activities

- * Participation in the “commitment to a low-carbon society”
- * Integration of ISO14001 certification and expansion of certification coverage

(1) Expansion of OEM

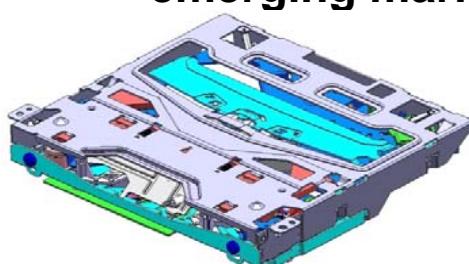
- Strengthen CD/DVD mechanisms by leveraging capital & business alliance with Shinwa.
- Capture new orders for genuine products and dealer option products through promoting collaboration.

(2) Expansion of After-market

- Boost sales by expanding product line-ups for Saisoku Navi in Japan and increasing market share.
- Boost sales by promoting Saisoku Navi in overseas and expanding smartphone-linked navigation systems.

(3) Expansion of business for emerging markets

- Expand sales of strategic models for emerging markets.



Strategic mechanisms



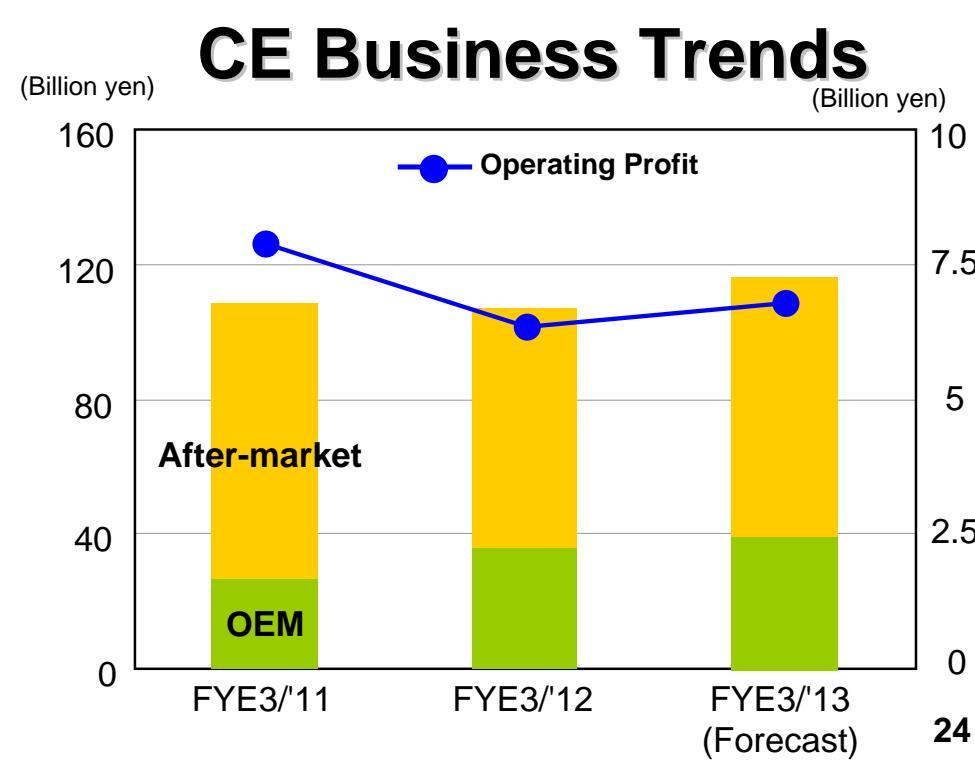
Model for emerging markets



Dealer option navigation system



"Saisoku Navi" for after-market in Japan



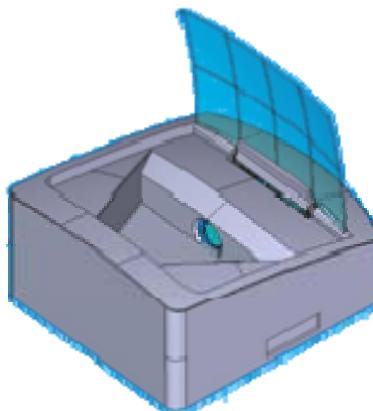
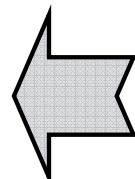
Cultivation of New Business Areas

Automobile-Related Network Business

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■ Deploy technologies of HM, Wireless application business and Kurihama Technology Center in CE business, and expand product line-ups to include automobile-related network products and services

■ **LCOS- Head Up Display**
Liquid Crystal On Silicon



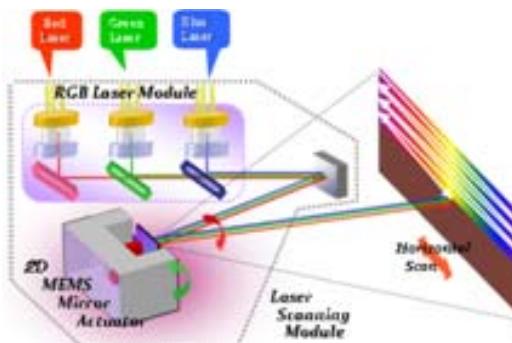
Features of LCOS- Head Up Display

- Linear tone and color reproduction
- Color stability using white LED
- LCOS high-resolution feature



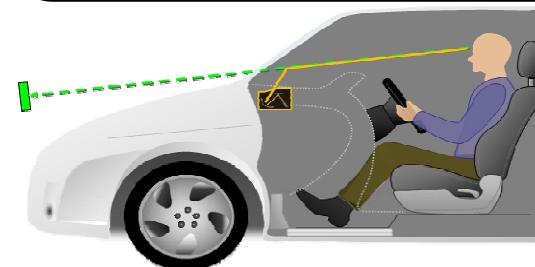
Deploy **HUD** for automotive use by adopting projector technology

■ **LSM- Head Up Display**
Laser Scanning Module



Features of LSM- Head Up Display

- Low electricity, low heat generation, high contrast
- Higher recognition ratio



Wireless Equipment Business

(1) Expansion of wireless application for professional digital products

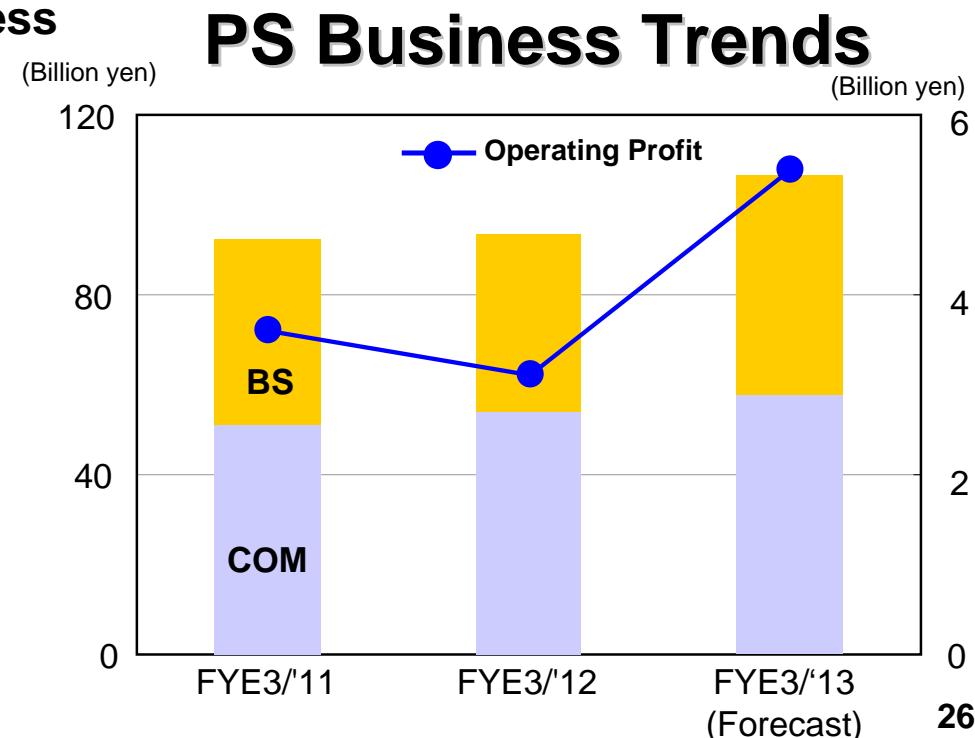
- Expand sales of professional digital wireless equipment for public safety use and commercial companies in North America.
- Develop and introduce professional digital wireless equipment for China and Europe.

(2) Expansion of system solutions

- Reinforce the large-scale network business by leveraging “NEXEDGE”.
- Introduce system solutions in Japan; deploy new platforms in overseas.

(3) Expansion of business for emerging markets

- Develop and introduce region-oriented wireless equipment.



Prompt Recovery from Floods in Thailand

- Began full-fledged alternative production at the Yokosuka Business Center on December 5, 2011.
- On January 28, 2012, resumed partial production on the 2nd floor of the plant in Thailand that was not covered by water. From mid-March, production is being transferred in phases from the Yokosuka Business Center to the Thai plant.
- Production of professional devices is expected to be normalized by the end of May.

Employees from Thailand moved to Japan as emergency measures (Yokosuka Plant)



New production line on the 2nd floor (Plant in Thailand)



Cultivation of New Business Areas

Image-shooting/Image/Music Business

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- Further strengthen collaboration between BS and HM businesses and promote implementation of common R&D and core devices.
- Use music and image content and know-how of SE business to create new demand.



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