

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

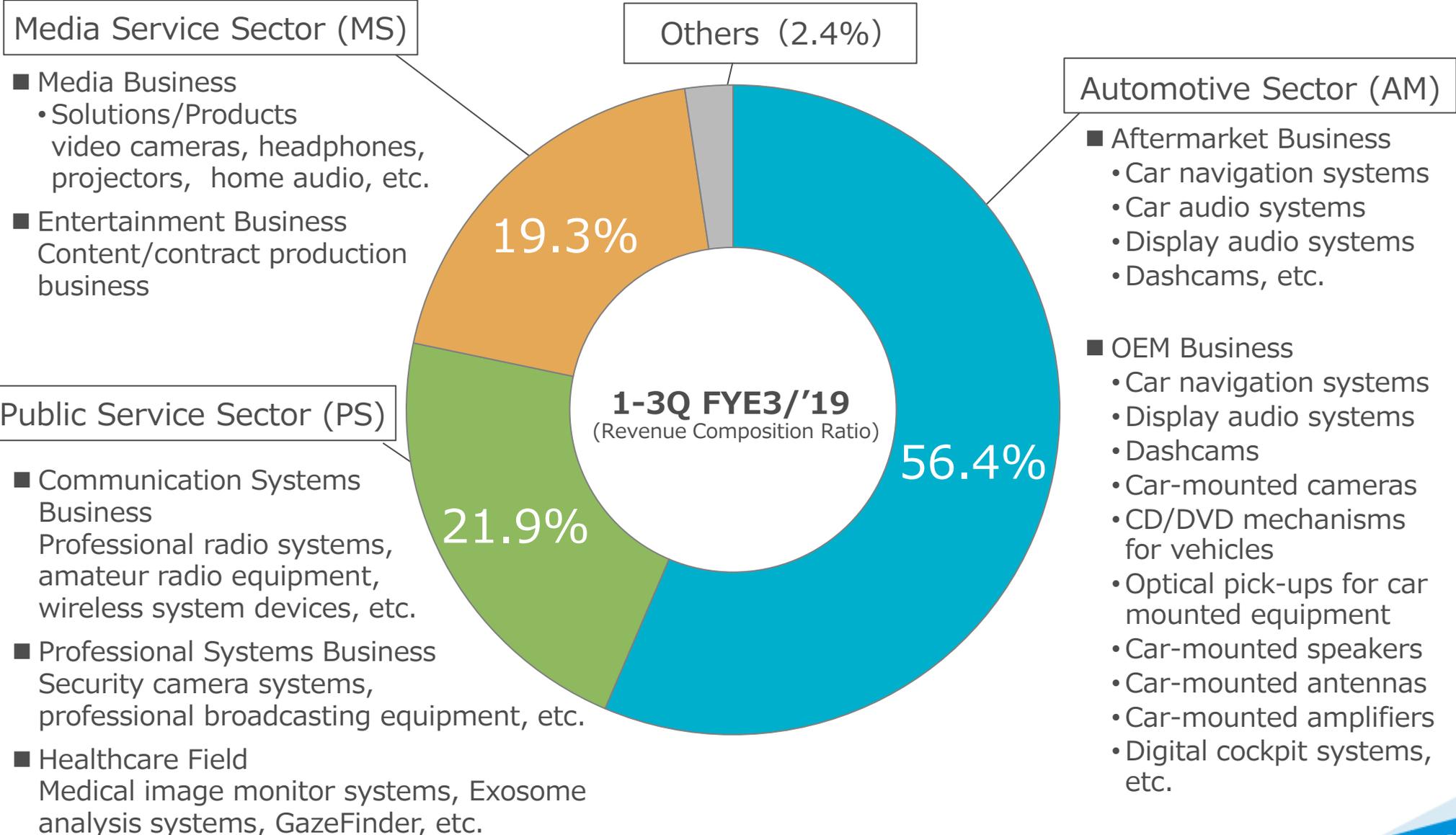
Results and Forecast Briefing
Third Quarter of Fiscal Year Ending March 2019

February 1, 2019

JVCKENWOOD Corporation

- JVCKENWOOD has voluntarily applied International Financial Reporting Standards (IFRS) to replace Japanese Generally Accepted Accounting Principles (JGAAP), starting from the Securities Report for the fiscal year ended March 2018.
- Accordingly, all figures for the fiscal years ending March 2019 and 2018 are prepared in accordance with IFRS.

Business Domains



**1. Overview of Financial Results
for 3Q of FYE3/'19**

**2. Full-Year Earning Forecast
for FYE3/'19**

3. Topics

**1. Overview of Financial Results
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3. Topics

Financial Results for 3Q (1-3Q) of FYE3/'19 - Highlights

- Revenue increased in all three operating segments—AM, PS, and MS Sectors.
- Core operating income increased sharply, due to revenue growth. Operating income also increased.
- Income before income taxes increased, reflecting higher operating income.
- Profit rose sharply, reflecting higher income before income taxes. (Billion yen)

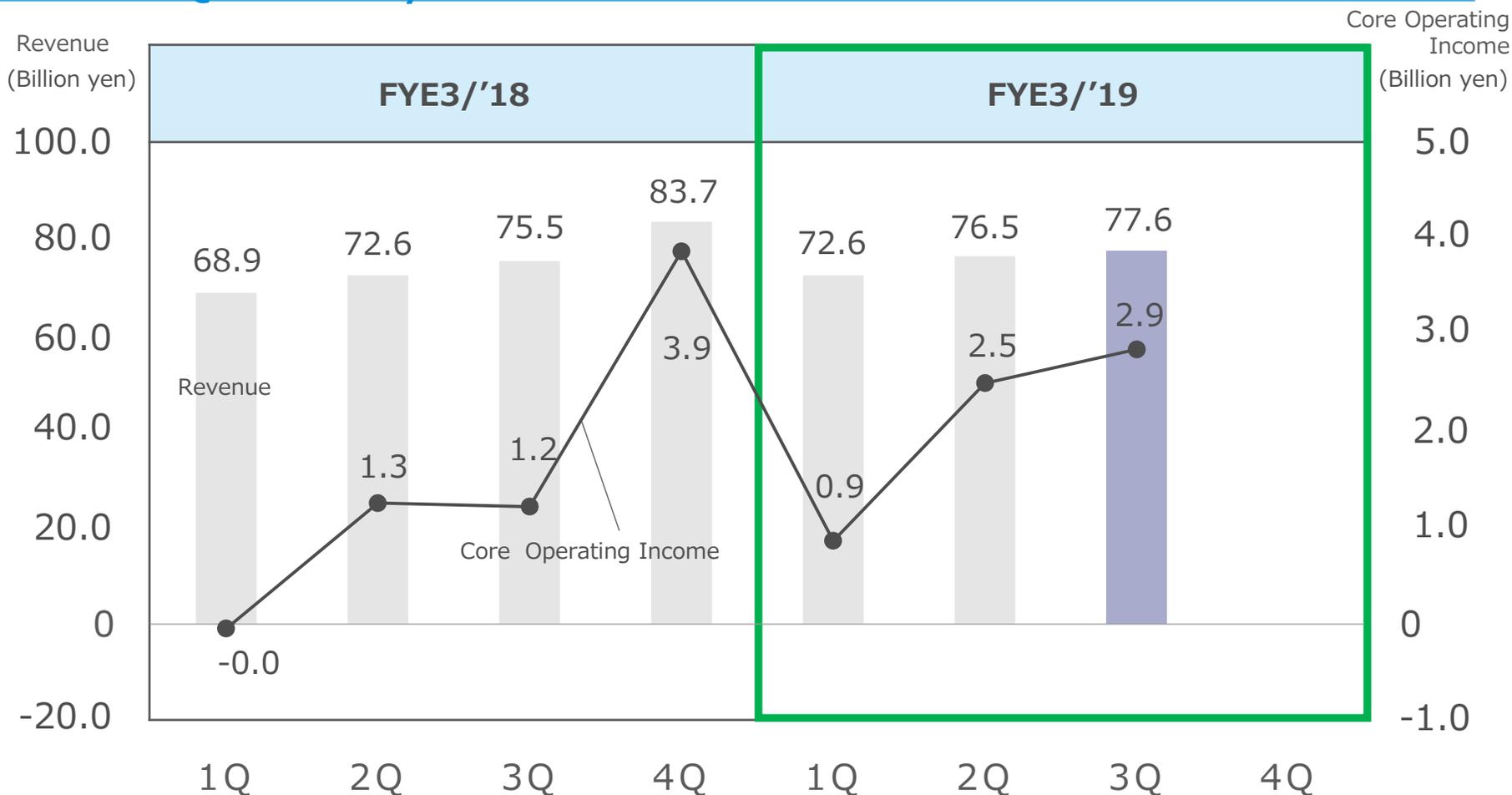
	3Q(1Q-3Q) FYE3/'18		3Q(1Q-3Q) FYE3/'19		
		Composition Ratio		Composition Ratio	YoY Comparison
Revenue	217.0	100.0	226.7	100.0	+ 9.7
Cost of Sales	159.7	73.6	164.2	72.4	+ 4.5
Gross Profit	57.3	26.4	62.5	27.6	+ 5.2
Core Operating Income*	2.4	1.1	6.2	2.7	+ 3.8
Operating Income	4.7	2.2	6.4	2.8	+ 1.6
Income Before Income Taxes	4.0	1.8	5.8	2.6	+ 1.8
Profit Attributable to Owners of the Parent Company	1.5	0.7	3.5	1.6	+ 2.0

* Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

		FYE3/'18					FYE3/'19				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Profit-and-Loss Exchange Rates	U.S. dollar	111yen	111yen	113yen	108yen	111yen	109yen	111yen	113yen	—	—
	Euro	122yen	130yen	133yen	133yen	130yen	130yen	130yen	129yen	—	—

Financial Results for 3Q (1-3Q) of FYE3/'19

- Trends in Quarterly Results



		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Profit-and-Loss Exchange Rates	U.S. dollar	111yen	111yen	113yen	108yen	109yen	111yen	113yen	-
	Euro	122yen	130yen	133yen	133yen	130yen	130yen	129yen	-

(Billion yen)

	1H	2H	1H	2H
Revenue	141.5	159.2	149.1	-
Operating Income	1.2	5.1	3.4	-

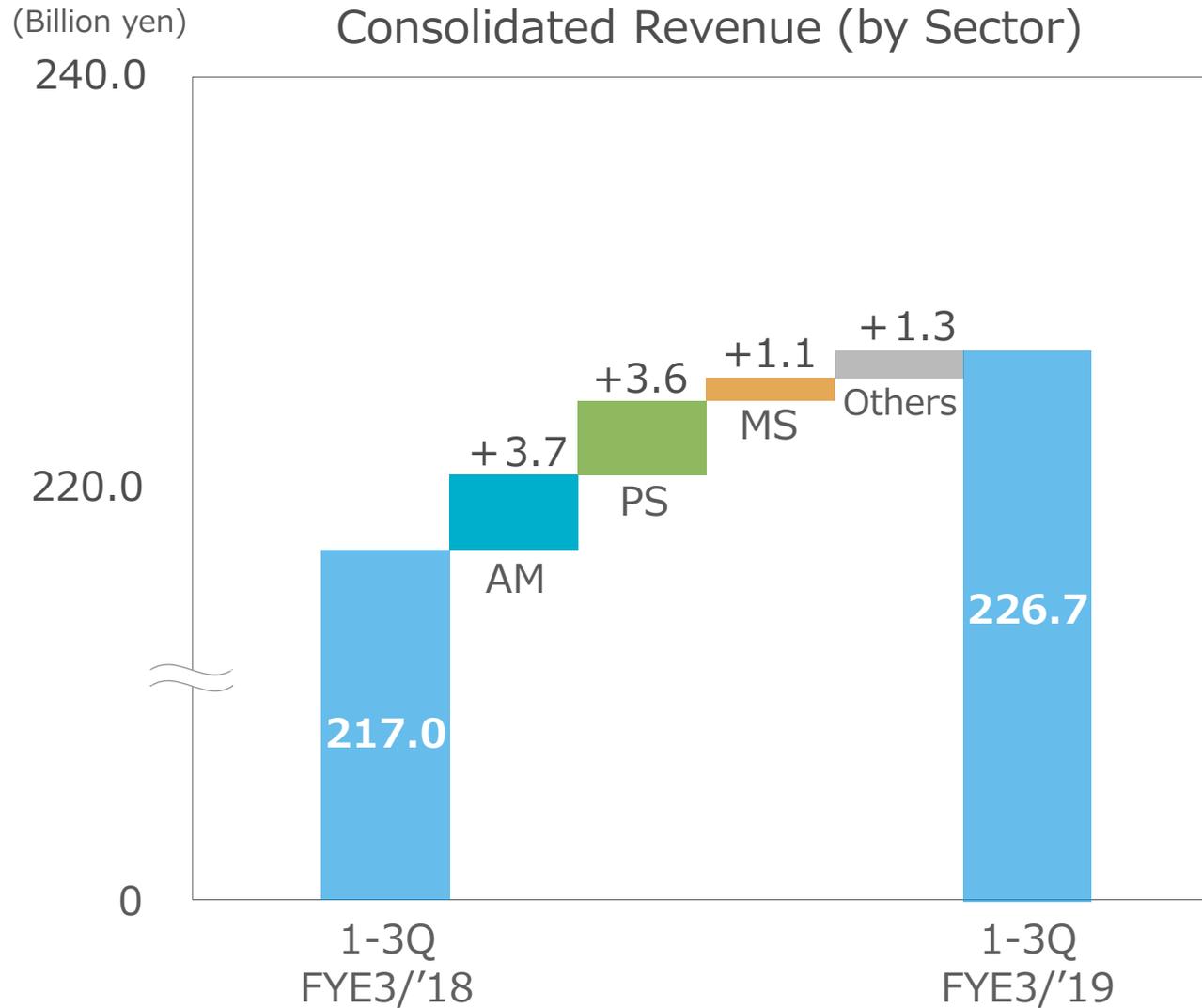
Financial Results for 3Q (1-3Q) of FYE3/'19

- Results by Sector

		(Billion yen)				Factors
		3Q FYE3/'18	3Q FYE3/'19	YoY Change (Amount)	YoY Change (Percentage)	
AM Sector	Revenue	124.2	127.9	+ 3.7	+2.9%	* Revenue increased in the AM Sector as a whole, due to increased revenue in the OEM Business. * Operating income rose in the AM Sector as a whole, due to increased operating income in the OEM Business.
	Core Operating Income	4.6	6.0	+ 1.4	+30.4%	
PS Sector	Revenue	46.0	49.6	+ 3.6	+7.8%	* Revenue increased in the PS Sector as a whole, due to increased sales in the Communication Systems Business and conversion of Rein Medical into a subsidiary. * Operating income improved in the PS Sector as a whole, despite upfront investments in the healthcare field, due to the turnaround of the Communication Systems Business which became profitable.
	Core Operating Income	-2.1	-1.1	+ 1.0	—	
MS Sector	Revenue	42.7	43.8	+ 1.1	+2.6%	* Revenue increased in the MS Sector as a whole, despite decreased revenue in the Media Business, due to a sales increase in the Entertainment Business. * Operating income increased in the MS Sector as a whole, due to the turnaround of the Media Business which became profitable as a result of cost improvements, as well as the effects of structural reforms in the Entertainment Business.
	Core Operating Income	0.0	1.5	+ 1.5	—	
Others	Revenue	4.0	5.4	+ 1.3	+32.5%	—
	Core Operating Income	-0.1	-0.1	-0.0	—	
Total	Revenue	217.0	226.7	+ 9.7	+4.5%	—
	Core Operating Income	2.4	6.2	+ 3.8	+156.1%	

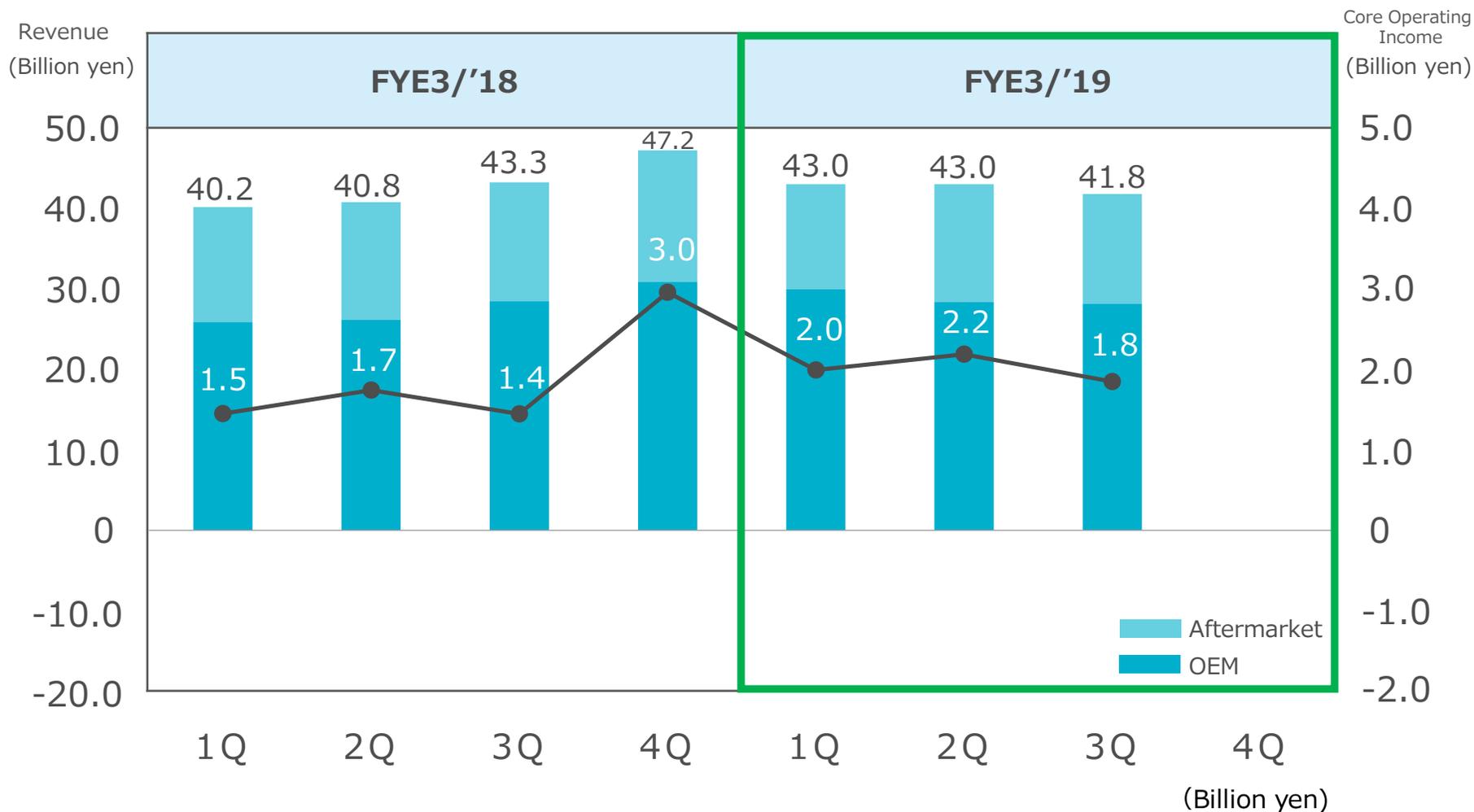
Financial Results for 3Q (1-3Q) of FYE3/'19

- Consolidated Revenue (by Sector)



Financial Results for 3Q (1-3Q) of FYE3/'19

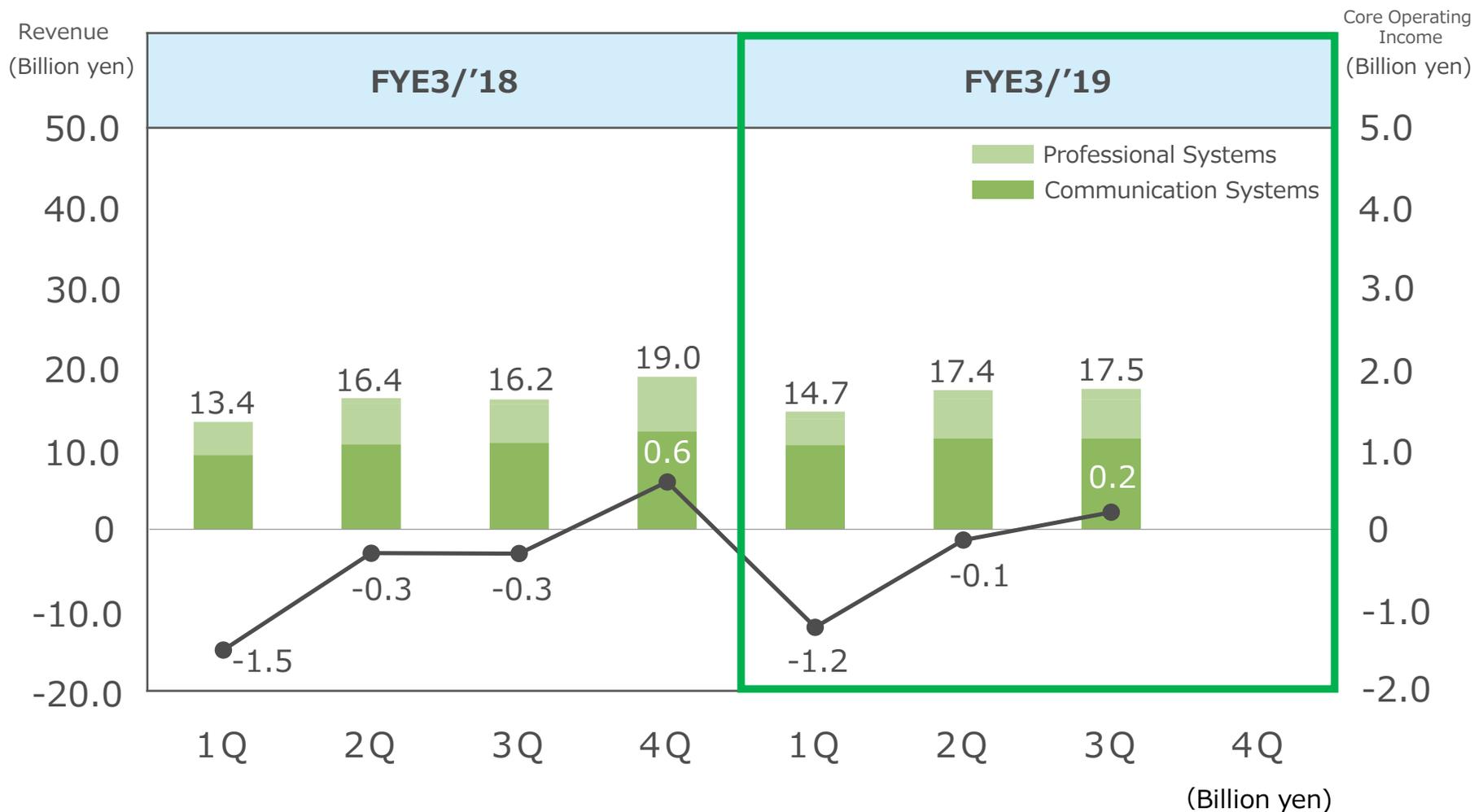
- Quarterly Results (AM Sector)



	1H	2H	1H	2H
Revenue	81.0	90.5	86.1	—
Core Operating Income	3.2	4.4	4.2	—

Financial Results for 3Q (1-3Q) of FYE3/'19

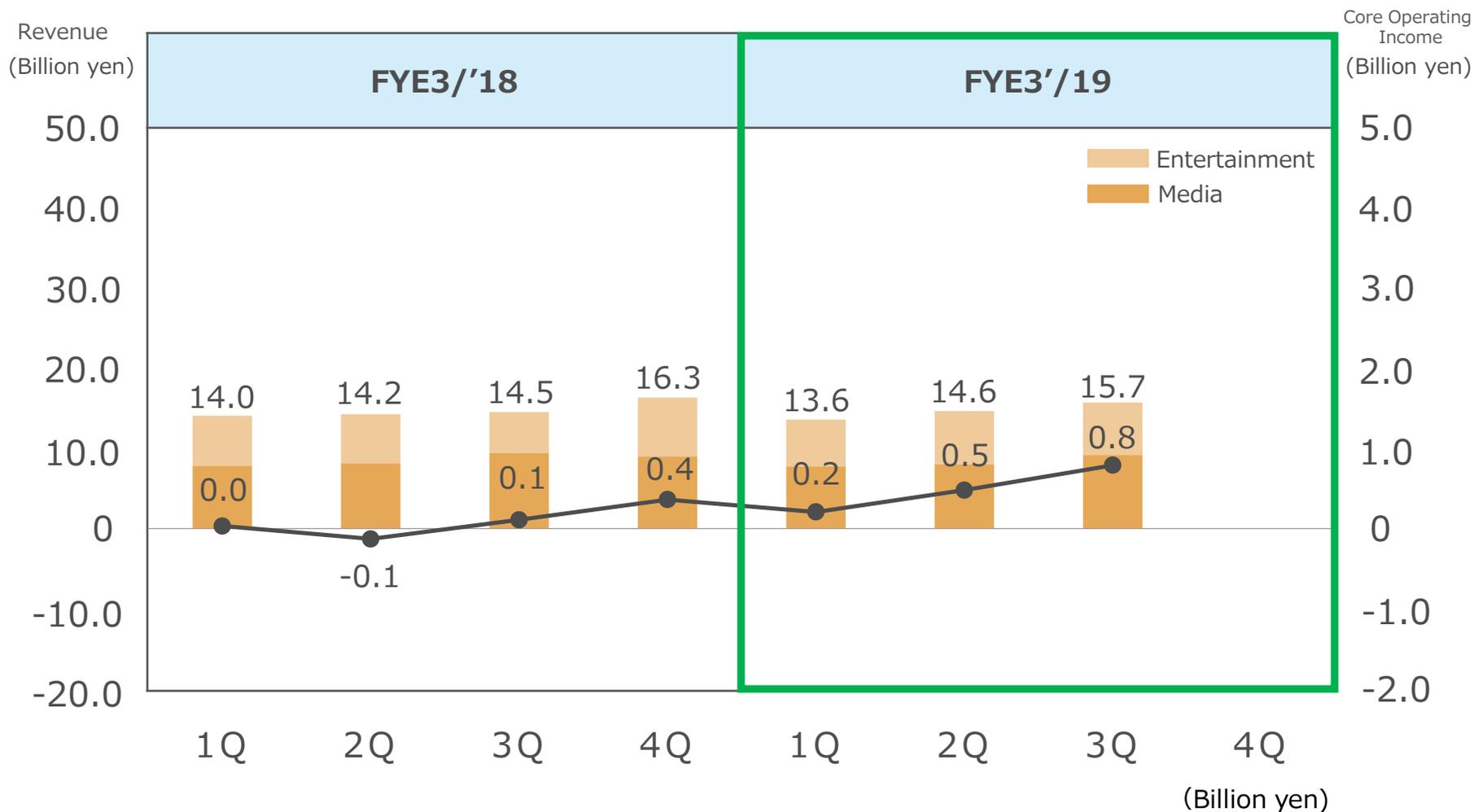
- Quarterly Results (PS Sector)



	1H	2H	1H	2H
Revenue	29.8	35.3	32.1	—
Core Operating Income	-1.8	0.3	-1.4	—

Financial Results for 3Q (1-3Q) of FYE3/'19

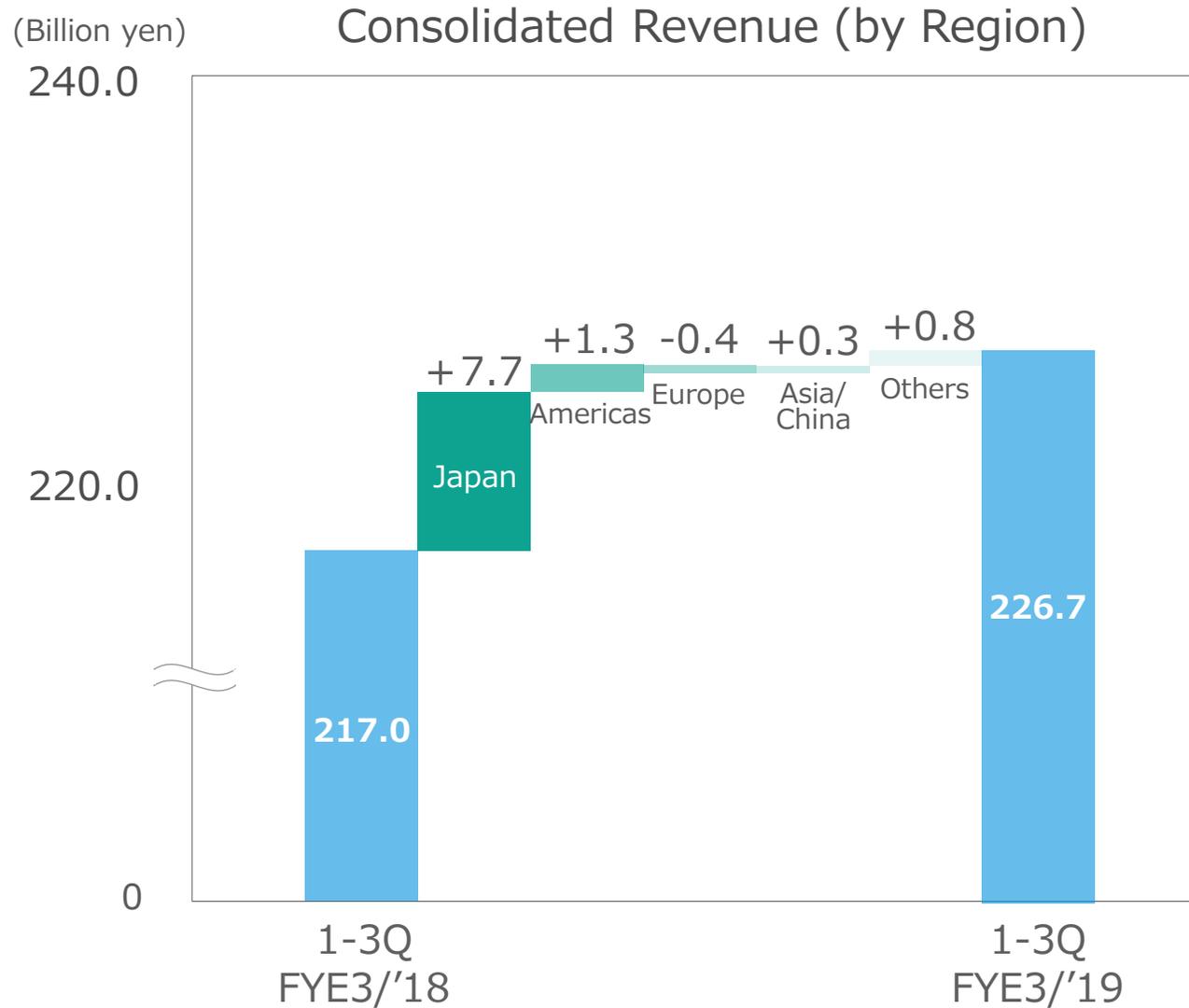
- Quarterly Results (MS Sector)



	1H	2H	1H	2H
Revenue	28.2	30.7	28.2	—
Core Operating Income	-0.1	0.5	0.7	—

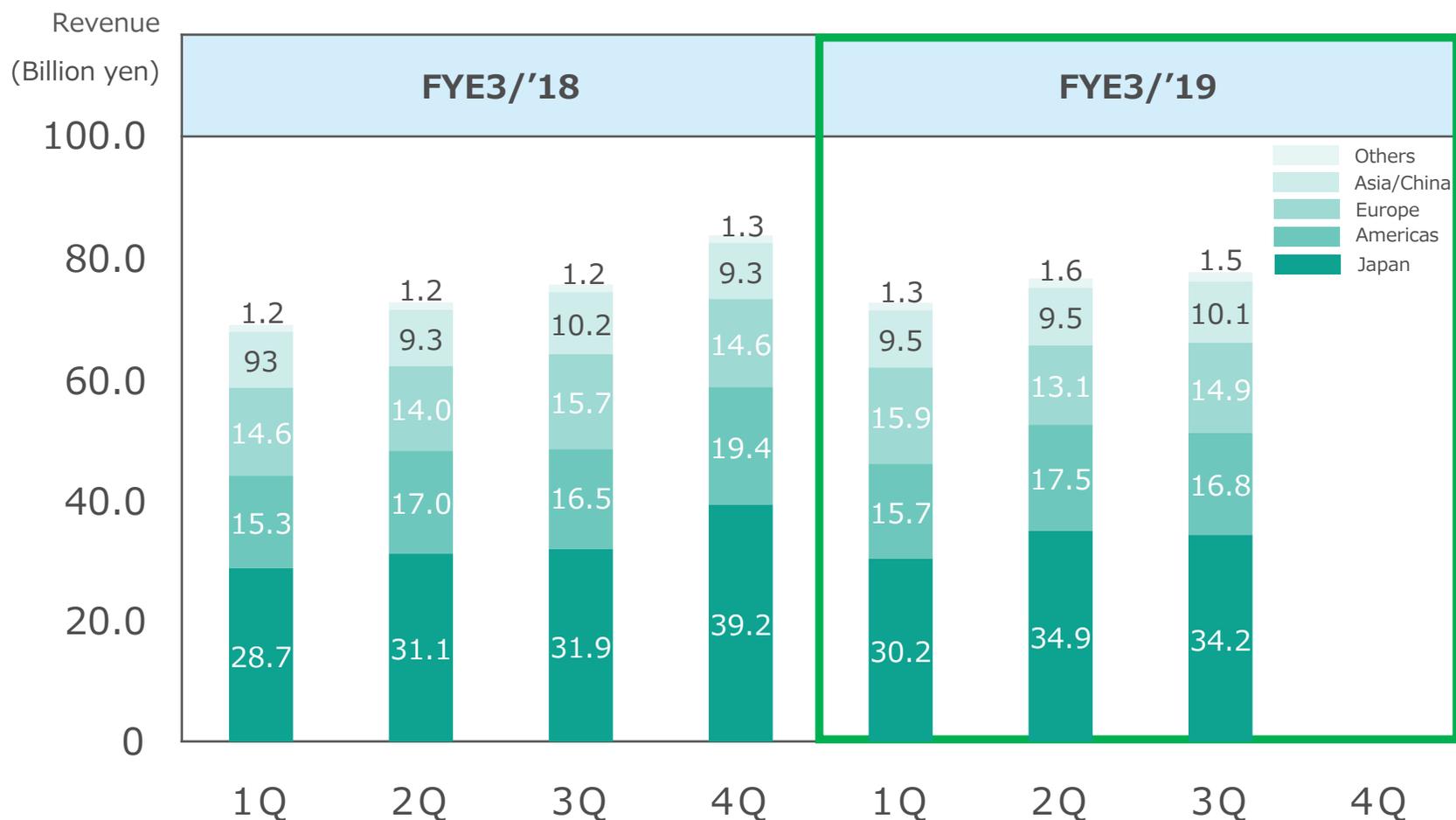
Financial Results for 3Q (1-3Q) of FYE3/'19

- Consolidated Revenue (by Region)



Financial Results for 3Q (1-3Q) of FYE3/'19

- Consolidated Revenue by Region



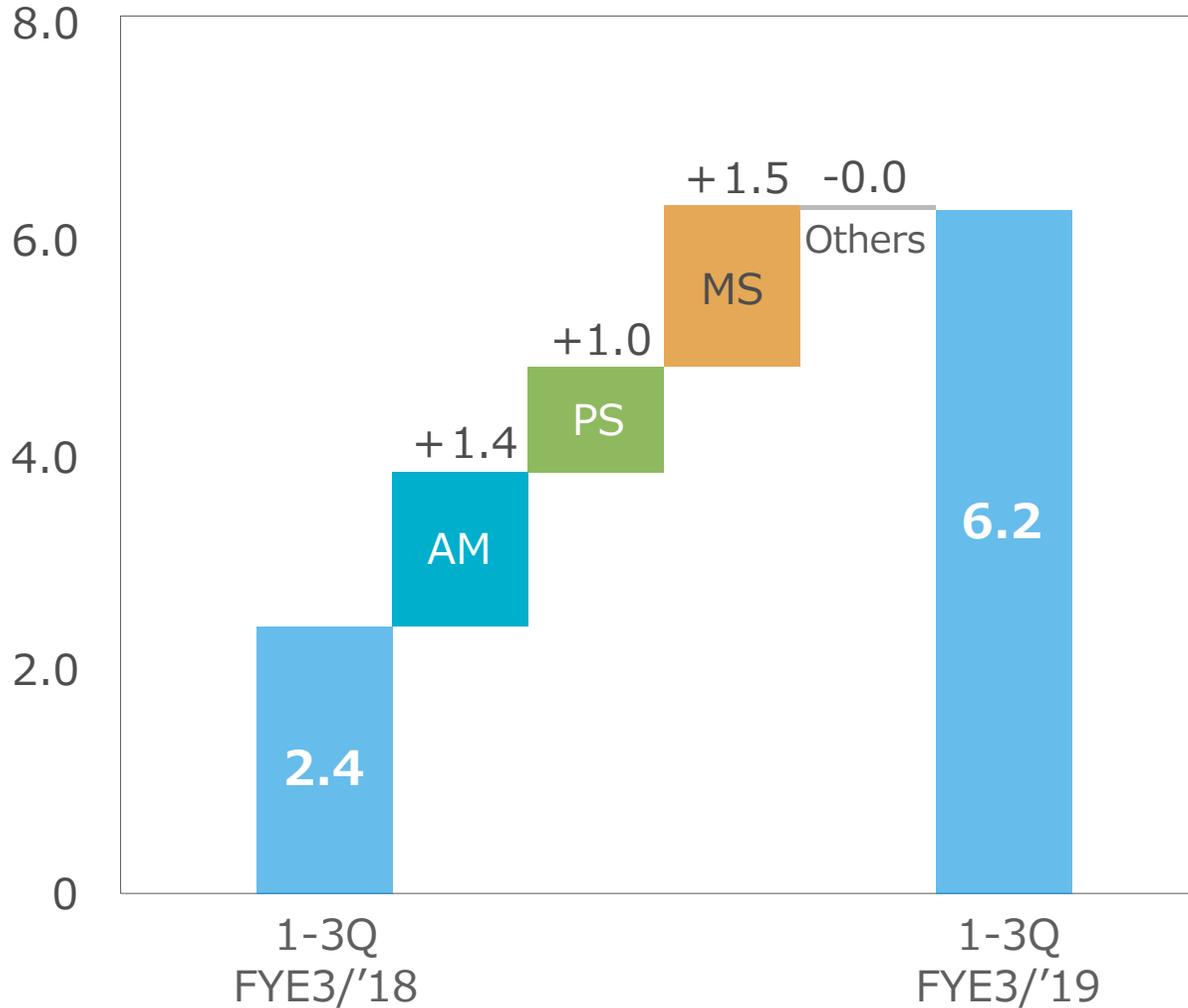
	FYE3/'18		FYE3/'19	
	1H	2H	1H	2H
Japan	59.8	71.1	65.1	-
Americas	32.3	35.9	33.2	-
Europe	28.5	30.3	29.0	-
Asia/China	18.6	19.5	19.0	-
Others	2.4	2.5	2.8	-

(Billion Yen)

Financial Results for 3Q (1-3Q) of FYE3/'19

- Consolidated Core Operating Income (by Sector)

(Billion yen) Consolidated Core Operating Income (by Sector)



Financial Results for 3Q (1-3Q) of FYE3/'19

- Consolidated Profit and Loss (Summary)

- Operating income increased, despite a decrease in gains on sales of assets.
- Income before income taxes increased, reflecting higher operating income.
- Profit attributable to owners of parent increased, reflecting higher income before income taxes.

(Billion yen)

	3Q (1Q-3Q) FYE3/'18	3Q (1Q-3Q) FYE3/'19	YoY Change
Core Operating Income*	2.43	6.23	+ 3.80
Other Income, Other Expenses, Foreign Exchange Loss, etc.	2.28	0.13	-2.15
Operating Income	4.71	6.36	+ 1.65
Finance Income, Finance Expenses, etc.	-0.72	-0.57	+ 0.15
Income Before Income Taxes	3.99	5.79	+ 1.80
Income Tax Expenses	1.80	1.88	+ 0.08
Non-Controlling Interests	0.68	0.37	-0.30
Profit Attributable to Owners of the Parent Company	1.51	3.54	+ 2.03

* Core operating income does not include nonrecurring items that mainly occur temporarily, such as other income included in operating income, other expenses, and foreign exchange losses (gains).

Financial Results for 3Q (1-3Q) of FYE3/'19

- Consolidated Statement of Financial Position Summary

(Billion yen)

	FYE3/'18	3Q FYE3/'19	YoY Change
Total Assets	239.9	250.5	+ 10.6
Total Liabilities	186.1	185.2	-0.9
Total Equity	53.8	65.3	+ 11.5
Interest-Bearing Debts	67.8	70.7	+ 2.9
Net Debt	30.7	32.2	1.6
Net Debt/Equity Ratio (Times)	0.61	0.52	-0.09
Equity Attributable to Owners of the Parent Company	50.6	61.6	+ 11.0
Stockholder's Equity Ratio (%)	21.1	24.6	+ 3.5

Financial Results for 3Q (1-3Q) of FYE3/'19

- Cash Flow Summary

- Net cash provided by operating activities increased, reflecting higher income before income taxes.
- Net cash used in investment activities increased, due to an increase in cash outflows for the acquisition of intangible assets, conversion of Rein Medical into a subsidiary, and investment in Tait International.
- Net cash provided by financing activities increased, due to proceeds from the exercise of subscription rights to shares.

(Billion yen)

	3Q (1-3Q) FYE3/'18	3Q (1-3Q) FYE3/'19	YoY Change
Cash Flow from Operating Activities	13.2	14.1	+ 0.9
Cash Flow from Investing Activities	-8.8	-20.6	-11.8
Free cash flow	4.4	-6.5	-10.9
Cash Flow from Financing Activities	-6.9	7.9	+ 14.7
Total	-2.4	1.4	+ 3.8

* Free cash flow: Cash flow from operating activities + Cash flow from investing activities

1. Overview of Financial Results
for 3Q of FYE3/'19

**2. Full-Year Earning Forecast
for FYE3/'19**

3. Topics

Full-Year Earnings Forecast for FYE3/'19

- Consolidated earnings for the first nine months of the fiscal year under review were strong and exceeded period-start projections in all operating segments.
- In 4Q, we expect the earnings improvement to continue in the PS and MS Sectors, due to the launch of new products. However, we will not revise the full-year earnings forecast at this time in view of risks, such as the economic slowdown in China and uncertainty in the European market post-Brexit.

(Billion Yen)

	Result for FYE3/'18	Forecast for FYE3/'19	YoY Change
Revenue	300.7	310.0	+9.3
Operating Income	6.9	7.1	+0.2
Income Before Income Taxes	5.9	6.0	+0.1
Profit Attributable to Owners of the Parent Company	2.4	2.7	+0.3

		Result for FYE3/'18	Assumption for FYE3/'19
Profit-And-Loss Exchange Rates	U.S. dollar	111 yen	107 yen
	Euro	130 yen	131 yen

1. Overview of Financial Results
for 3Q of FYE3/'19

2. Full-Year Earning Forecast
for FYE3/'19

3. Topics

Automotive Sector

Aftermarket

- Our new dual-camera dashcam, which supports synchronized video recording of vehicle front and rear views, launched from 3Q, has become a massive hit, already establishing a firm position in the market.
- Announced the 2019 models of the Saisoku-Navi series car navigation systems, which deliver a new dimension of high image quality, high sound quality, and high-speed response, and the standard model of dashcams in January.



Dual-camera dashcam supports synchronized video recording of front and rear views

OEM

- Started shipments of display audio/car audio systems for overseas models of domestic automobile manufacturers.
- Our domestic production base (in Nagano) obtained IATF16949 certification, which is an international standard for quality management for the automotive industry.



2019 models of Saisoku-Navi series car navigation systems deliver a new dimension of high image quality and will be released successively from January to March

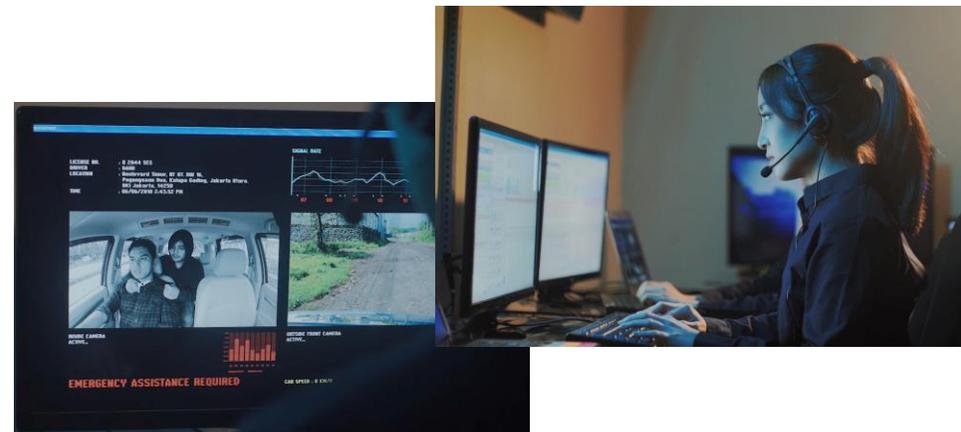
Expansion of Telematics Solutions Business

- Started shipments of dashcams with communication capabilities, adopted for use by contractors of *Mimamoru* auto insurance provided by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance, from January.
- JVCKENWOOD and DeNA Co., Ltd. started to work together from December toward the launch of next-generation taxi dispatch services in which our IoT-based taxi dispatch system is linked to DeNA's taxi dispatch app.



Dashcam with communication capabilities adopted by Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance

- Scheduled to complete a pilot test for a security system based on a dashcam with communication capabilities, conducted jointly with Grab, the leading ride-hailing company in Southeast Asia, in March.
- Scheduled to start shipments of dashcams with communication capabilities, which can be linked to a digital tachograph toward business expansion in the commercial telematics field, such as the trucking industry, from this spring.



Security system for drivers with whom a pilot test is being conducted jointly with Grab

Public Service Sector

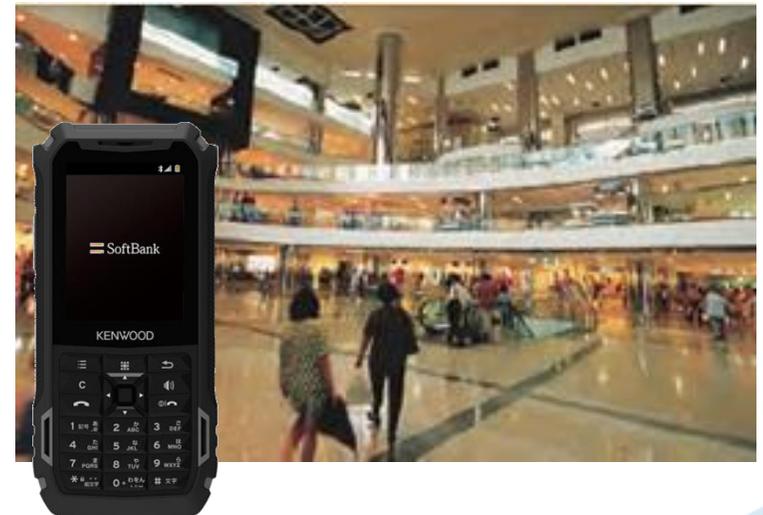
Communication Systems

- Won a large order for P25-compliant professional digital radio systems from Fayette County, Georgia, USA.
- Zetron, the Group's communication systems subsidiary in the US, was awarded a contract for a next-generation 911 call-center system from Iowa State, USA.



Won a large order for P25-compliant digital radio systems

- Completed investment in Tait International, a New Zealand-based critical communications system company. Accelerating business alliance with the company and promoting collaboration, including procurement and development.
- Started supplying the SoftBank 801KW handy-type rugged, all-weather professional IP radio system, which supports LTE, to SoftBank.



IP radio system for SoftBank

Public Service Sector

Professional Systems

- Supplying municipalities nationwide with a full-function digital conference system, which delivers high-quality sound and comes with the latest functions, designed to ensure smooth operation of proceedings and reinforce assembly functions.
- Supplying remote monitoring systems with high-resolution cameras to public infrastructure facilities, such as data center, which require solid security.



Supplied full-function digital conference systems to 11 municipalities and won orders from six municipalities nationwide

Healthcare

- Promoting clinical trial implementation for Gazefinder, a gaze tracking system, as a supplementary device to diagnose autism spectrum disorder, and research and development activities with organizations toward applying Gazefinder for early dementia screening.
- Exhibiting at HOSPEX Japan and RSNA (The Radiological Society of North America) to step up order-taking activities for medical display monitors and OR imaging system solutions.



Gazefinder gaze tracking system

Media Service Sector

Media (Lifestyle)

- Sales are strong for Bluetooth® headphones and the Victor brand's Wood series 10th anniversary flagship models.
- Launched wearable speakers that allow users to enjoy wireless music from a smartphone, etc. with a new listening style with the user wearing wireless speakers around the neck.



NAGARAKU wearable wireless speaker allows users to enjoy music without having their ears plugged

Media (Solutions)

- Invested in StreamStar to expand the IP-based video production solutions business based on the new CONNECTED CAM™ concept.
- JVC's projectors, such as DLA-V9R, the world's first home projector to support 8K resolution, received the Grand Prix at the Home Theater Grand Prix 2019.



JVC's projector received high ratings for various models at the Home Theater Grand Prix sponsored by Ongen Publishing

Media Service Sector

Entertainment

Major works released in 3Q

- *POP VIRUS*: Gen Hoshino (Album)
- "Magical Mirai 2018": Hatsune Miku (DVD/BD)
- "THE DAY IN QUESTION 2017"
: BUCK-TICK (DVD/BD)
- "THE PENDULUM": Kenji Furuya (Album)
- *Mukishi*: Rekishi (Album)

Major promising works for release in 4Q

- "Let's Go Bowling"
: Keisuke Kuwata & The Pin Boys (Single)
- "Kono Sekai de": Leo Ieri (Single)
- *Blank Envelope*: Nulbarich (Album)
- *CAM ON! -5th Anniversary Best-*
: Sakurako Ohara (Album)
- "Ale": Kazuyoshi Saito (Single)



Media Service Sector

Entertainment

■ The 6th Victor Rock Festival will be held at Makuhari Messe in March, with a lineup featuring big-name artists.

■ VICTOR STUDIO received the Grand Prize at the Japan Professional Music Recording Award, winning the award for the 24th consecutive year.

■ Yuto Tatsumi, an *enka* singer on Victor Entertainment, received the award for Best New Artist at the 60th Japan Record Award.



Brand Strategy

- Exhibited at CES 2019, the world's largest consumer electronics show, showcasing new products and solutions, etc. from the JVC and KENWOOD brands.

- Exhibited at the TOKYO AUTO SALON 2019, showcasing the 2019 model of Saisoku-Navi series car navigation system and line of dashcams.

- Sponsored the Japan round of the 2018 FIA World Touring Car Championship as the Event Presenting Partner (title sponsor).

- Sponsoring InuFes!—Flying Dog's 10th anniversary live performance event—to be held on February 2.



JVCKENWOOD

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