

JVCKENWOOD

Results and Forecast Briefing

Third Quarter of the Fiscal Year Ending March 2013

[Abbreviations]

CE: Car Electronics (Business)

PS: Professional Systems (Business)

COM: Communications Equipment (Business)

BS: Business Solutions (Business)

HM: Home & Mobile Electronics (Business)

Sound: Sound & Acoustic Equipment (Business)

Imaging: Imaging Equipment (Business)

SE: Entertainment (Business)

Financial Results Overview for 3Q of Fiscal Year Ending March 2013

Satoshi Fujita, Director and CFO

Financial Results for 1-3Q FYE3/'13- Summary

* Net sales and income fell, due mainly to the effects of **foreign exchange volatility (impact on net sales and operating income plus incurring of foreign exchange losses)** and **sluggish sales in Europe**, although SE continued to be strong.

		(billion yen)			
		Net sales	Operating income	Ordinary income	Net income
1-3Q	FYE3/'13	224.5	4.8	0.8	-1.4
	FYE3/'12	236.5	8.8	6.5	4.4
	YoY change	-12.1 (-1.2)	-4.0 (-2.0)	-5.7 (-5.0)	-5.9 (-5.0)

* Figures in parentheses represent year-on-year foreign exchange impact.

3Q	FYE3/'13	75.2	0.4	-2.1	-2.7
	FYE3/'12	78.7	1.9	0.1	-0.5
	YoY change	-3.5	-1.4	-2.2	-2.2

Foreign Exchange Impact for 1-3Q FYE3/'13

[Operating income]

- * JVCKENWOOD benefits from a stronger yen against the U.S. dollar and a weaker yen against the euro. In 1-3Q FYE3/'13, **the yen weakened 1.0 yen against the U.S. dollar, while it strengthened 8.0 yen against the euro**, which **caused operating income to decline JPY2.0B**.

Profit-and-loss exchange rates		1Q	2Q	3Q	1-3Q
FYE3/'13	USD	JPY 80	JPY 79	JPY 81	JPY 80
	Euro	JPY 103	JPY 98	JPY 105	JPY 102
FYE3/'12	USD	JPY 82	JPY 78	JPY 77	JPY 79
	Euro	JPY 117	JPY 110	JPY 104	JPY 110

(Reference) Foreign exchange sensitivity
Impact (in 0.1 billions of yen) when the
yen **depreciates 1.0 yen**.

		FYE3/'13
Operating income	USD	- 0.5/year
	Euro	+ 0.2/year

[Ordinary income, Net income]

- * Posted foreign exchange losses totaling JPY 1.7B, due to an increase in the yen-equivalent value of foreign currency-denominated loans payable, as the yen **depreciated 9.0 yen against the U.S. dollar from the end of 2Q**. In addition, differences in settlement values arose in foreign currency-denominated accounts receivable.
- * Foreign exchange losses totaling JPY 1.3 billion were posted in the previous period. Therefore, foreign exchange losses **caused income to decline about JPY3.0B in 1-3Q and about JPY5.0B when including impact at an operating level**.

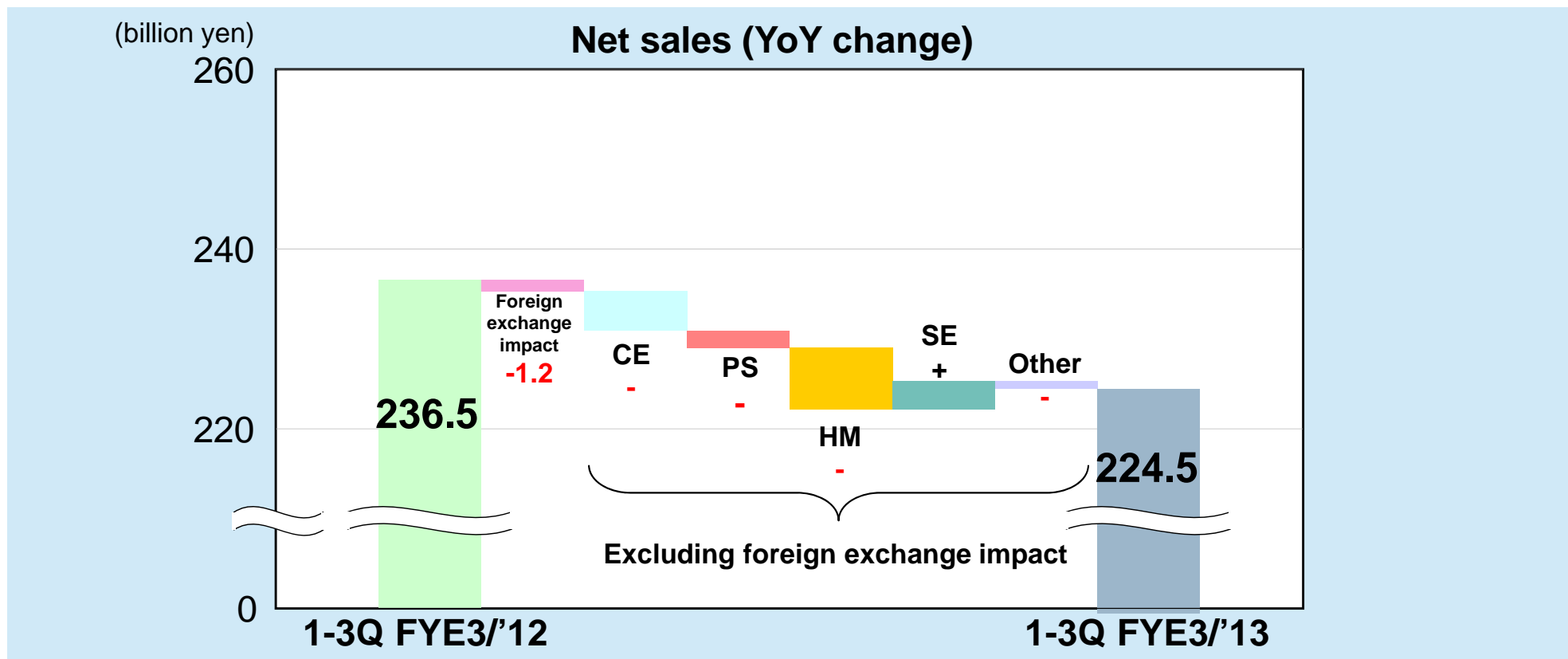
(Reference) Foreign exchange sensitivity
Impact (0.1 billion yen) when the yen **depreciates 1.0 yen**.

Period-end exchange rates		2Q	3Q
FYE3/'13	USD	JPY 78	JPY 87
	Euro	JPY 100	JPY 115

		FYE3/'13
Foreign exchange gains & losses	USD	- 0.1
	Euro	0

Results for 1-3Q FYE3/'13: JPY 224.5B (Down 5.1% YoY)

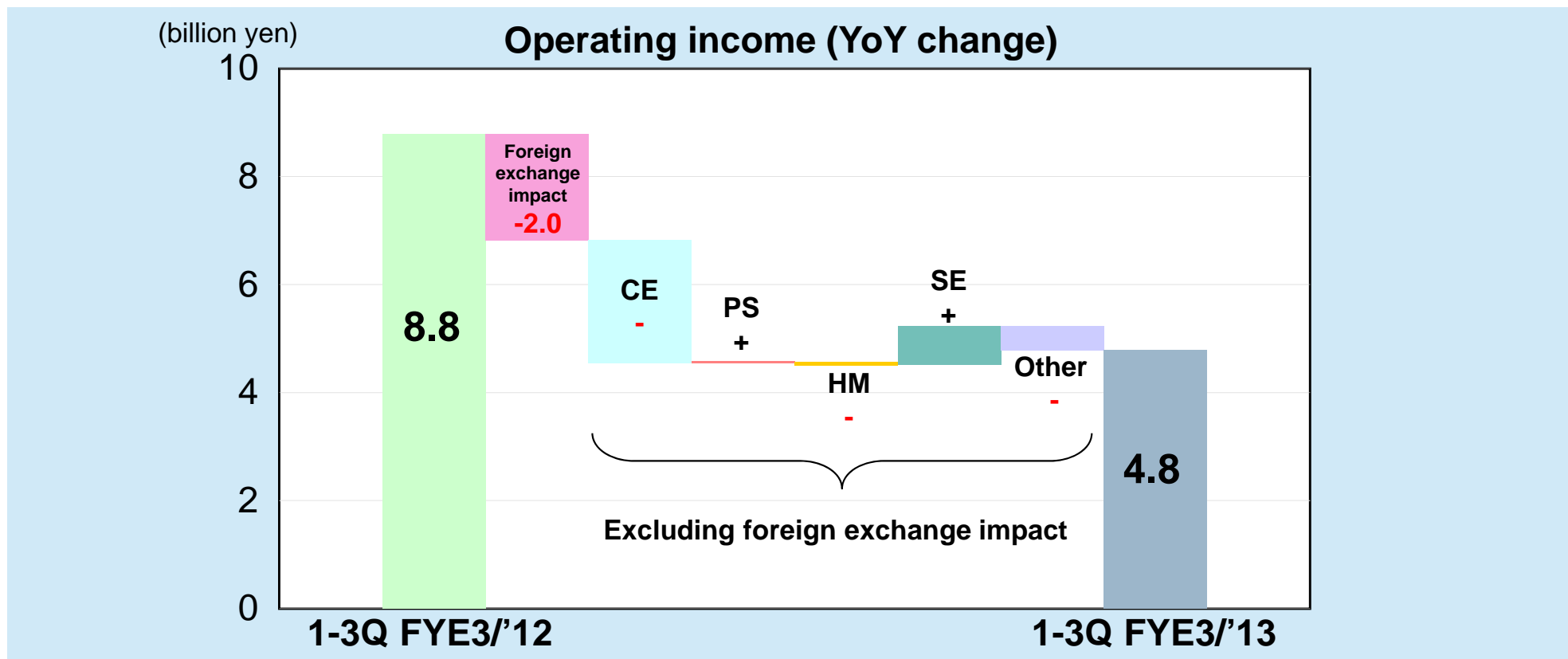
- * Net sales decreased due to the effects of the strong yen until 2Q, sluggish sales in Europe in CE, PS and HM, and realignment of some models in HM.
- * Earnings increased in SE, due to a series of hit releases since 1Q. Performance of CE, PS and HM was strong in North America.



Financial Results for 3Q FYE3/'13 - Operating Income

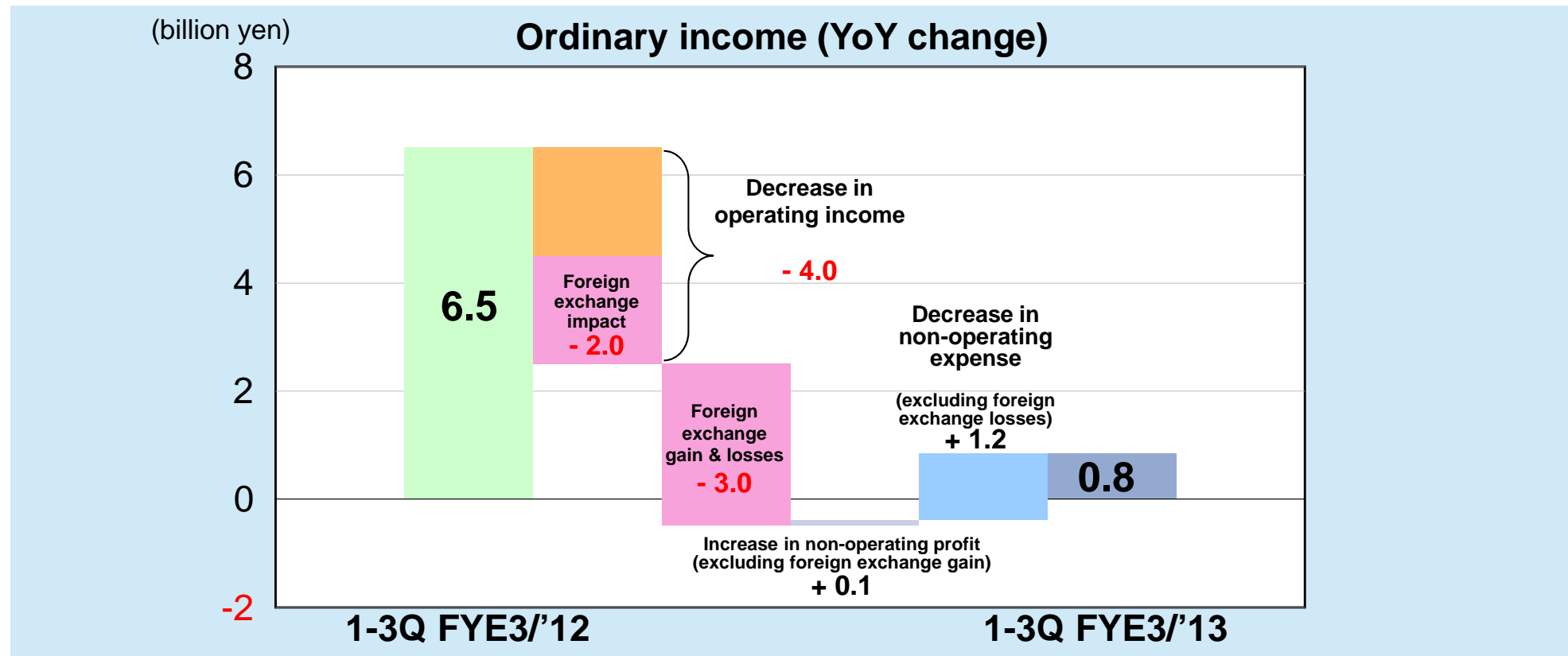
1-3Q FYE3/'13: JPY 4.8B (Down JPY4.0B YoY)

- * Operating income declined due to foreign exchange effects (down JPY2.0B), lower sales in Europe in CE, PS and HM, and slower domestic sales of CE.
- * Income rose for SE. PS also posted higher income when excluding the effects of foreign exchange volatility.



Results for 1-3Q FYE3/'13: JPY 0.8B (Down JPY 5.7B YoY)

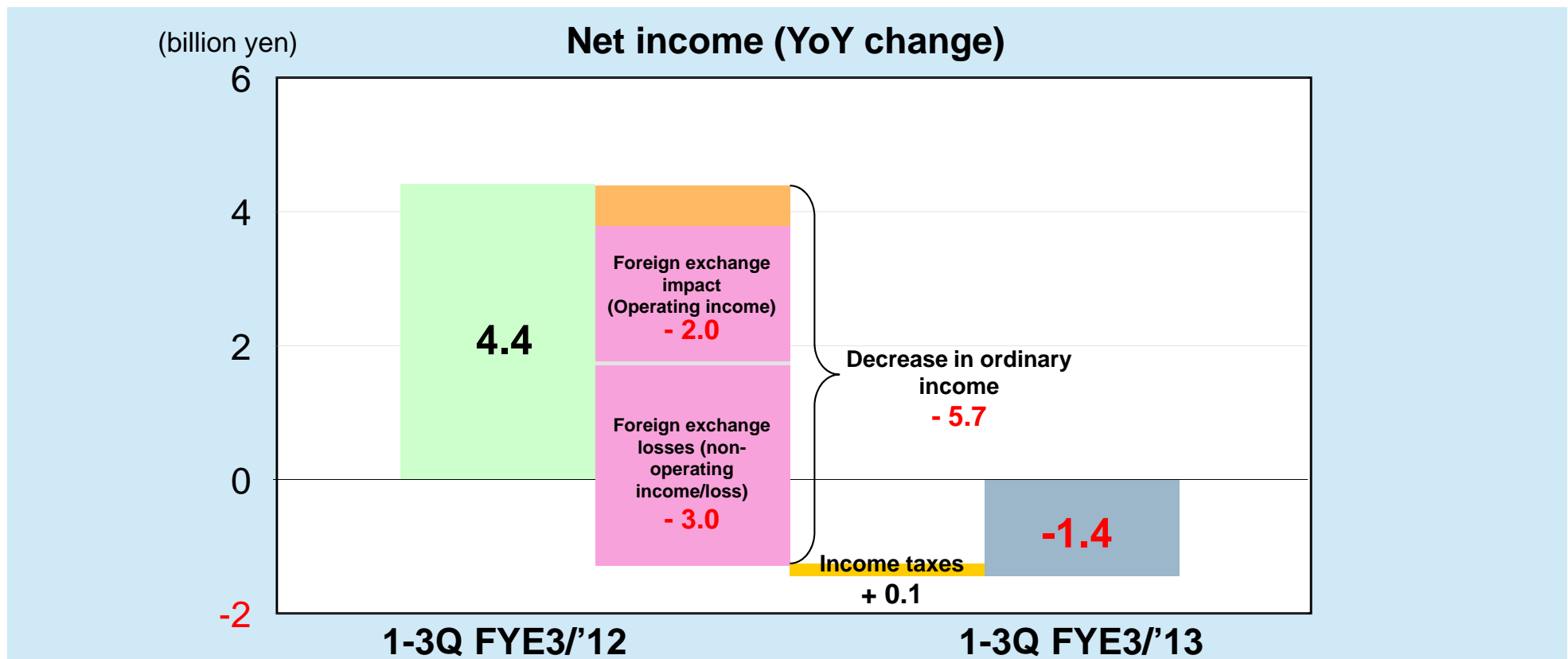
- * Ordinary income fell, mainly due to lower operating income and posting of foreign exchange losses.
- * Non-operating income and loss deteriorated approximately JPY 1.7B, due to foreign exchange losses that pushed income down by JPY 3.0B, despite a decrease in loans commission and posting of equity in earnings of affiliates associated with Shinwa.



Financial Results for 3Q FYE3/'13 - Net Income

Results for 1-3Q FYE3/'13: Net loss of JPY 1.5B (Down JPY 5.9B YoY)

- * Net income fell, due mainly to lower ordinary income.
- * Extraordinary income was comparable year-on-year, due to posting of employment structural reform expenses at overseas affiliates and a loss on the valuation of investment securities, although the Group posted a gain on sales of fixed assets and insurance income.
- * Income taxes increased about JPY 0.1B.



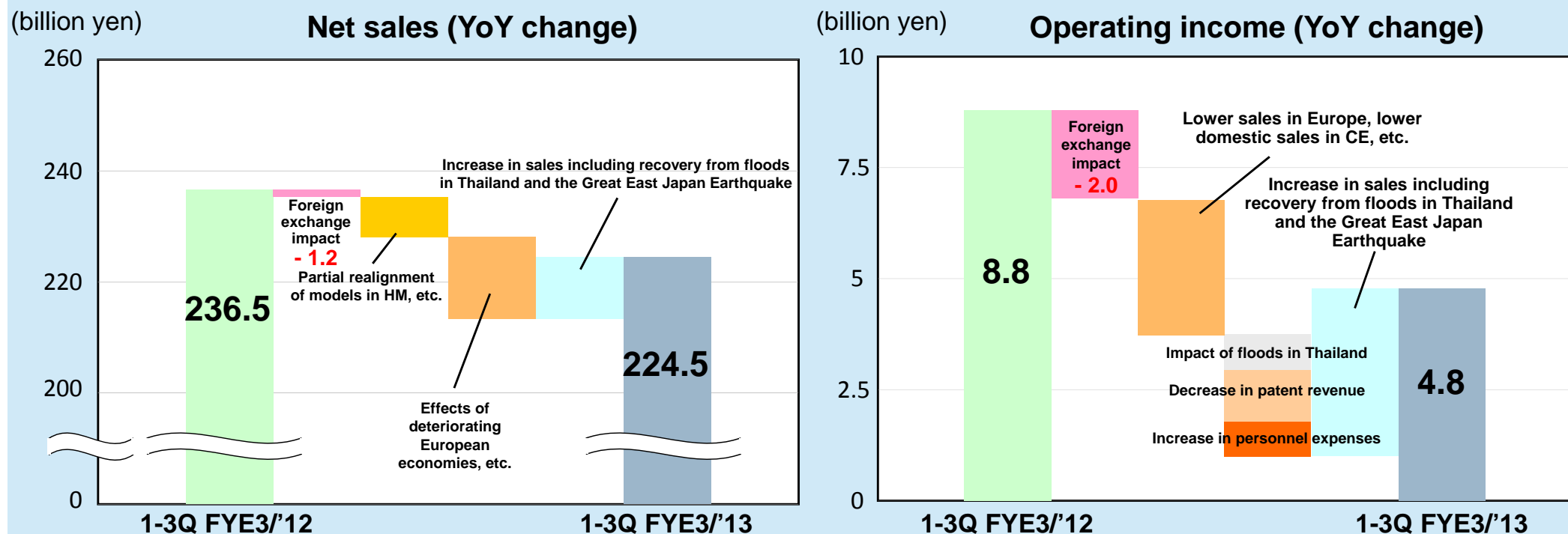
Financial Results for 1-3Q FYE3/'13 - Analysis of factors behind YoY increases/decreases

<Net sales>

- * The main factors behind the YoY decrease in net sales were deteriorating economic conditions in Europe and realignment of some models in HM, on top of the appreciation of the yen until 2Q.

<Operating income>

- * The main factors behind the YoY decrease in income were sluggish sales in Europe and lower domestic sales in CE, in addition to the foreign exchange impact.
- * Adverse factors such as the effects of the floods in Thailand, a decrease in patent licensing royalties and high labor costs were absorbed.



Information by Business Segment

Net sales, Profits, and Losses by Business Segment

- * In 1-3Q, sales and profits decreased in three business segments other than SE.
- * In 3Q (October to December), SE continued to post higher sales and profits, while PS turned around to post higher sales and profits, although CE and HM saw lower sales and profits.

(billion yen)

Segment		1Q FYE3/'13		2Q FYE3/'13		3Q FYE3/'13			1-3Q FYE3/'13		
		FYE3/'13	FYE3/'12	FYE3/'13	FYE3/'12	FYE3/'13	FYE3/'12	YoY change	FYE3/'13	FYE3/'12	YoY change
CE	Net sales	27.1	26.6	24.7	27.6	20.8	23.5	-2.7	72.6	77.7	-5.1
	Operating income	1.5	1.7	0.6	2.1	-0.8	0.5	-1.3	1.4	4.4	-3.0
PS	Net sales	20.0	21.6	22.5	23.5	22.6	22.1	+ 0.5	65.1	67.1	-2.0
	Operating income	-0.3	0.5	1.0	1.3	0.6	-0.2	+ 0.7	1.2	1.6	-0.4
HM	Net sales	16.1	18.7	16.5	19.3	19.5	21.3	-1.8	52.1	59.3	-7.1
	Operating income	0.1	0.2	0.3	0.4	0.2	0.8	-0.7	0.5	1.4	-0.9
SE	Net sales	8.9	9.0	11.2	9.0	11.2	10.1	+ 1.0	31.3	28.1	+ 3.1
	Operating income	0.7	0.5	0.6	0.2	0.6	0.5	+ 0.0	1.9	1.2	+ 0.7
Other	Net sales	1.0	1.3	1.2	1.3	1.1	1.6	-0.5	3.3	4.3	-1.0
	Operating income	-0.0	0.1	-0.1	-0.1	-0.1	0.2	-0.3	-0.2	0.2	-0.5
Total	Net sales	73.1	77.2	76.1	80.7	75.2	78.7	-3.5	224.5	236.5	-12.1
	Operating income	2.0	3.0	2.4	3.9	0.4	1.9	-1.4	4.8	8.8	-4.0

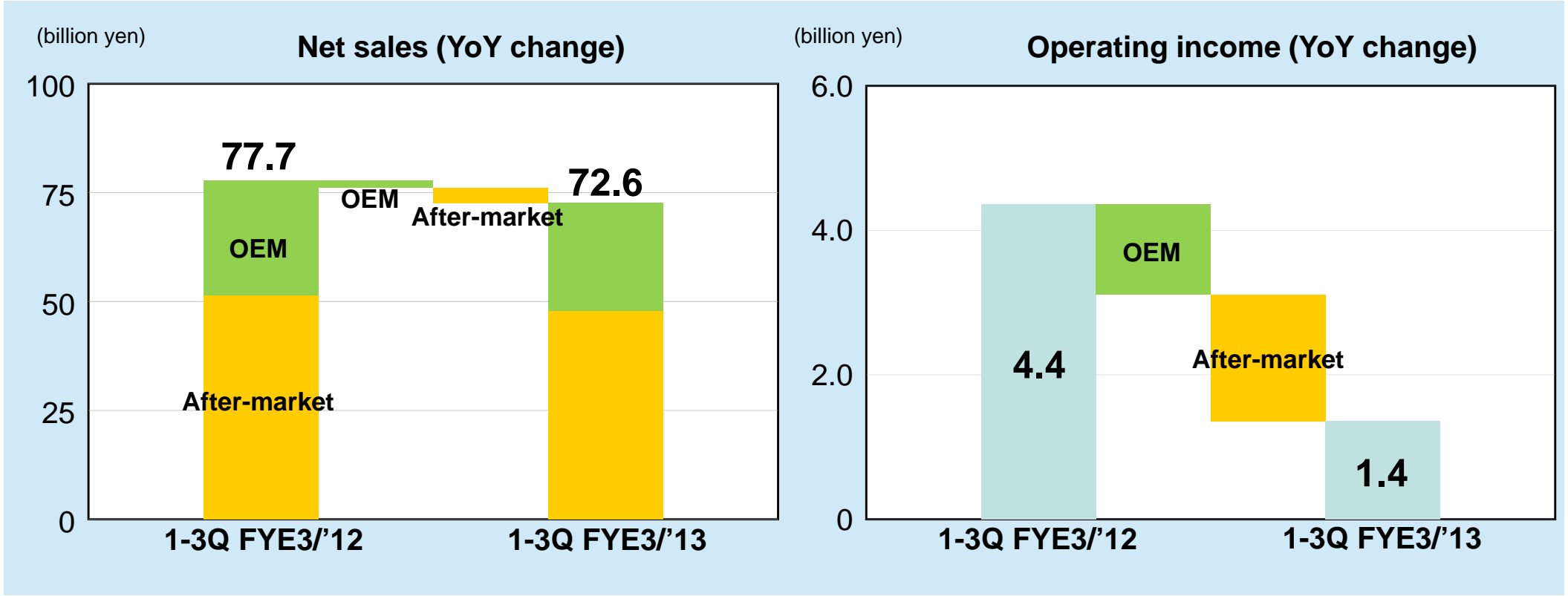
Results for 1-3Q Net sales: JPY 72.6B (Down 6.6%)

Operating income: JPY 1.4B (Down JPY 3.0B)

After-market: Performance deteriorated in 3Q, due to a sluggish market and foreign exchange volatility in Europe, and to the effects of a poor product mix in Japan. Business was strong in North America and sales recovered in Asia.

OEM: DOP slowed in 2Q. Performance of CD/DVD drive mechanisms for Europe were affected by a stagnant market and deteriorated in 3Q. Optical pickups continued to perform well.

Increase/decrease in the graphs includes foreign exchange impact.



Financial Results for 3Q - Professional Systems Business

Results for 1-3Q Net sales: JPY 65.1B (Down 3.0%)

Operating income: JPY 1.2B (Down JPY 0.4B)

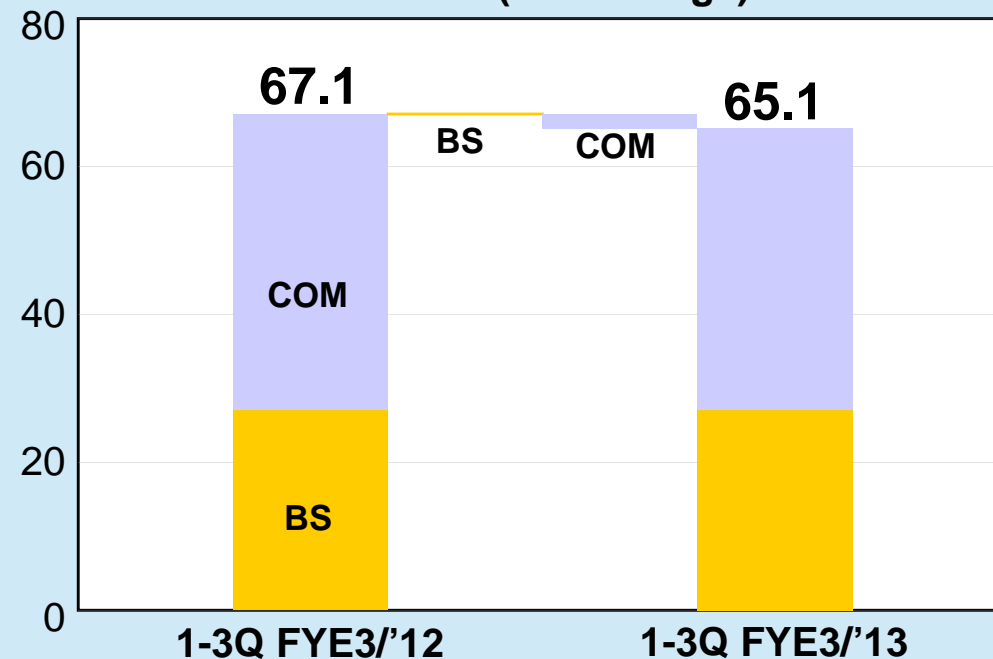
COM: Earnings was affected by foreign exchange volatility and lower sales in Europe and China. Sales of digital radio systems remained robust in North America, while new orders were captured in Japan.

BS: Although costs increased in 1Q due to foreign exchange volatility and floods in Thailand, profit/loss improved considerably as operations normalized in Thai plants during and after 2Q and sales recovered.

Increase/decrease in the graphs includes effects of foreign exchange volatility and floods in Thailand.

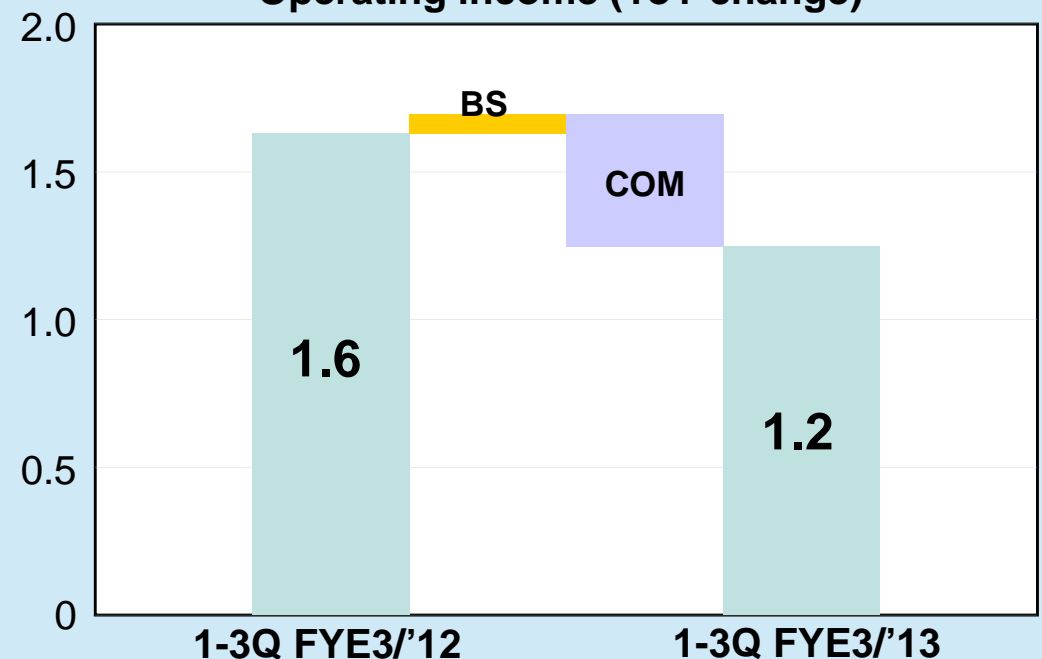
(billion yen)

Net sales (YoY change)



(billion yen)

Operating income (YoY change)



Financial Results for 3Q - Home & Mobile Electronics Business

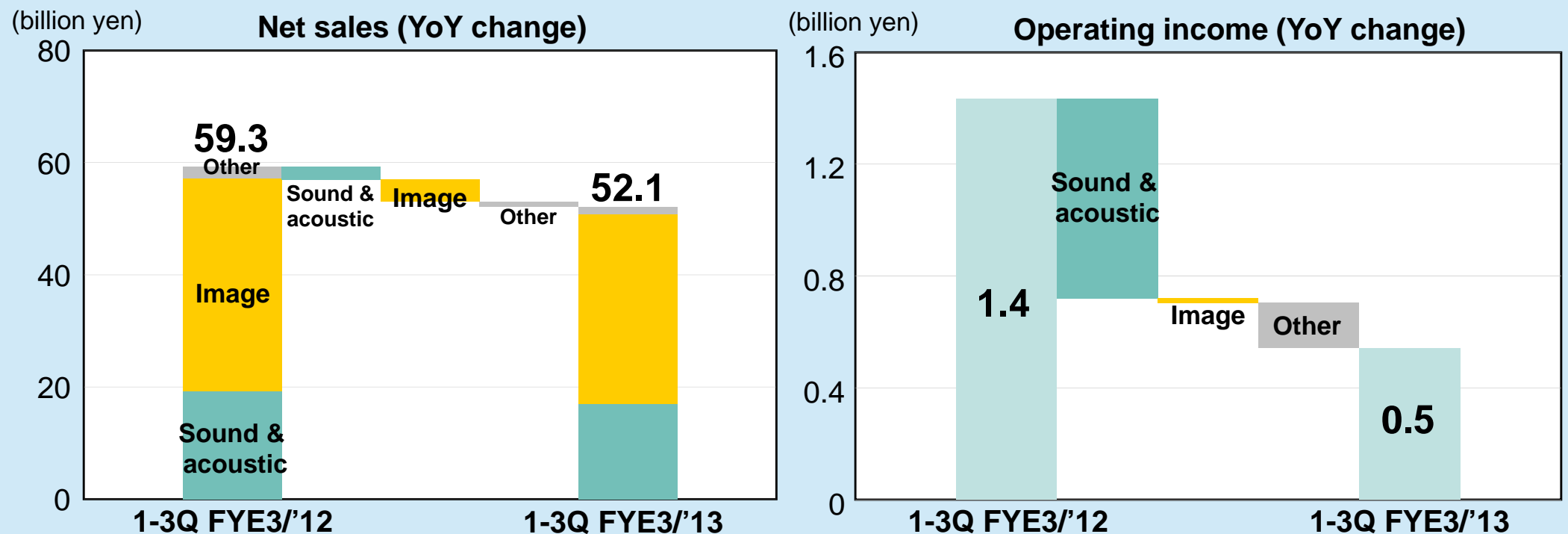
Results for 1-3Q Net sales: JPY 52.1B (Down 12.0%)

Operating income: JPY 0.5B (Down JPY 0.9B)

Sound & Acoustic: The AV accessory segment maintained high profitability. Profit/loss of the home audio segment weakened, due to a shrinking market in Japan and deteriorating economic conditions in Europe, although efforts were made to improve product mix.

Imaging: Camcorders showed improved performance as a result of a better product mix, despite the effects of deteriorating European economies. Projectors and displays contributed to profitability.

Increase/decrease in the graphs includes effects of foreign exchange volatility.



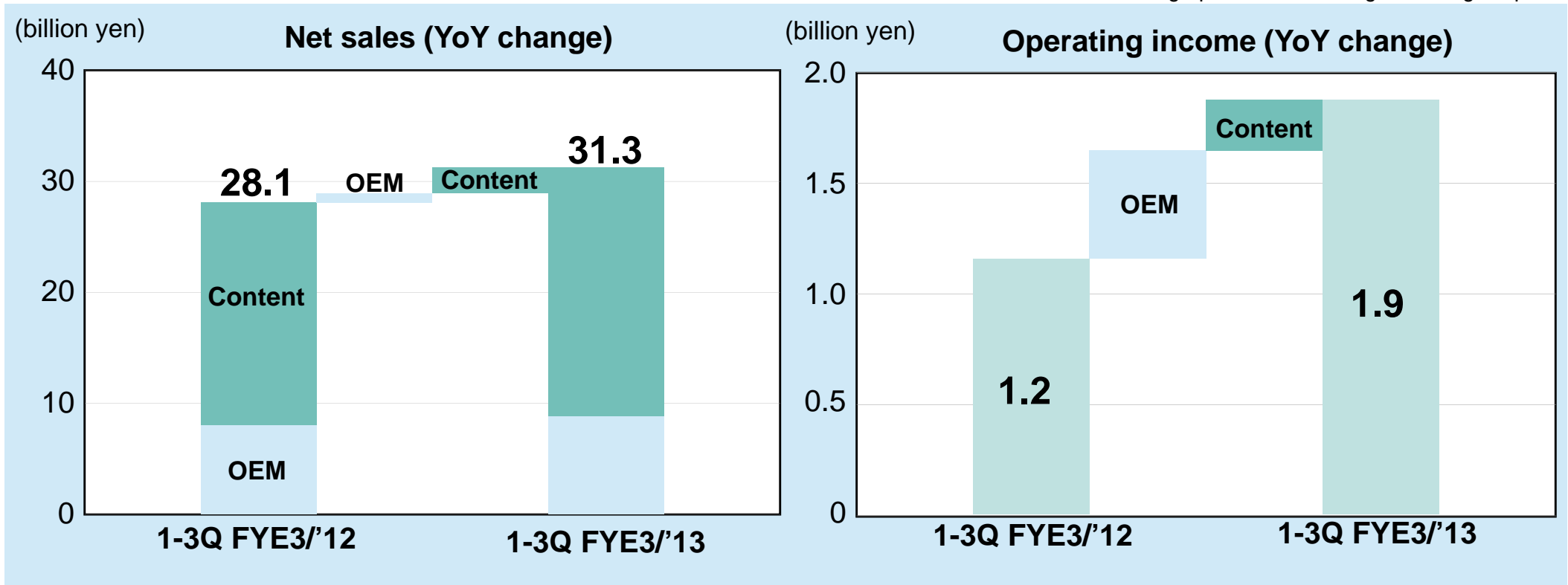
Financial Results for 3Q - Entertainment Business

Results for 1-3Q Net sales: JPY 31.3B (Up 11.1%)
Operating income: JPY 1.9B (Up JPY 0.7B)

Content: A number of hit theme songs of TV dramas and music albums contributed to performance. Earnings expanded, due also to strong animation products and steady rights-related income.

OEM: Profit/loss improved as a result of robust production of optical discs and the effects of cost reductions.

Increase/decrease in the graphs includes foreign exchange impact.

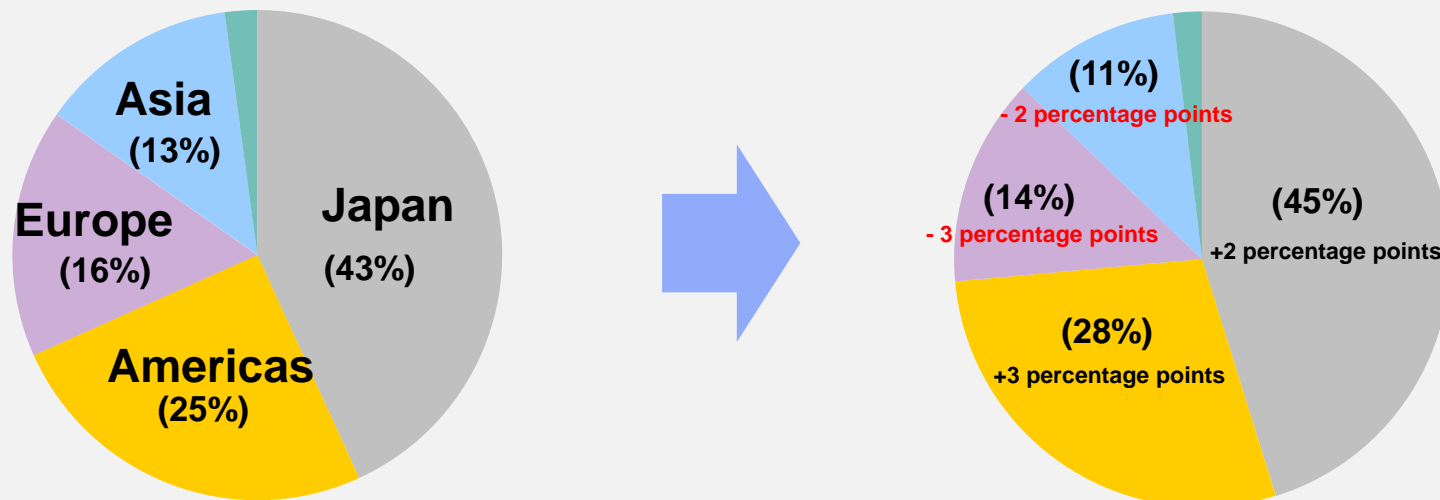


Financial Results for 1-3Q - Summary

Net Sales by Region (Reference)

- [Japan]** Net sales were comparable year-on-year, as higher sales in SE and PS offset lower sales in HM.
In CE, higher sales in 1Q and 2Q offset lower sales in 3Q.
- [Americas]** Net sales increased, as higher sales in PS (COM) absorbed lower sales in CE.
- [Europe]** Net sales fell, due to sales decreases in CE, HM, and PS.
- [Asia]** Net sales decreased, due to realignment of models in HM and lower sales in China in PS (COM). Sales of CE expanded.

Net sales for 1-3Q FYE3/'12 Net sales for 1-3Q FYE3/'13



Financial Results for 3Q FYE3/'13 - Financial Status

Balance Sheets

- * Total assets decreased JPY 7.2B, due to a decline in cash and deposits and declines in trade notes and accounts receivable.
- * Liabilities decreased JPY 8.7B, mainly due to a decline in accrued expenses and reductions in bonds payable and loans payable.
Interest-bearing debt declined JPY 6.8B. Net debt increased JPY 1.6B as cash and deposits declined.
- * Retained earnings fell JPY 2.1B due to the posting of negative net income. Shareholders' equity decreased JPY 2.1B.
Total net assets increased JPY 1.5B, due to an improvement in foreign currency translation adjustments. Shareholders' equity ratio increased 1.4%.

	End of FYE3/'12	End of 3Q FYE3/'13	(billion yen) Change from End of FYE3/'12
Total assets	241.8	234.6	-7.2
Interest-bearing debt	92.4	85.5	-6.8
(of which, long-term loans)	50.3	6.2	-44.1
Net debt	26.8	28.4	+1.6
Net D/E ratio (times)	0.48	0.49	+0.01
Capital surplus	45.9	45.9	± 0.0
Retained earnings	24.2	22.1	-2.1
Net assets	57.1	58.6	+1.5
Shareholders' equity ratio (%)	22.9	24.3	+1.4

Cash Flows

Cash flow from operating activities: Net cash totaled JPY 9.2B (Up JPY 6.4B YoY)

* This was mainly due to a considerable decline in expenses relating to structural employment reforms.

Cash flow from investing activities: Net cash used totaled JPY 11.3 B (Up JPY 7.2B YoY)

* This was mainly the result of promoting strategic investments, including the acquisition of Shinwa's shares.

Cash flow from financing activities: Net cash used totaled JPY 8.2B (Up JPY 7.3B YoY)

* This was mainly due to the redemption of bonds payable and repayment of loans payable.

Cash and cash equivalents at the end of 3Q: JPY 56.9B (Down JPY 3.3B YoY)

Initiatives for 4Q of Fiscal Year Ending March 2013

Shoichiro Eguchi, President and CEO

Full-year Earnings Forecast for FYE 3/'13

Full-year Earnings Forecast for FYE 3/'13

* Earnings forecast was revised considering the continuing depreciation of the yen against the U.S. dollar and stagnant European economy.


* Exchange rates assumed for 4Q were revised:

USD 1: JPY 79 → JPY 95, EUR 1: JPY 103 → JPY 125

Given the correction of foreign exchange sensitivity, the negative impact is only on non-operating profit-and-loss (incurring of foreign exchange losses).

	Net sales	Operating income	Ordinary income	Net income
Revised forecast as of Feb.1, 2013	310.0	10.0	5.0	3.0
Revised forecast as of Nov.1, 2012	320.0	14.0	9.0	7.0
Results for FYE3/'12	320.9	12.8	6.4	6.0

(billion yen)

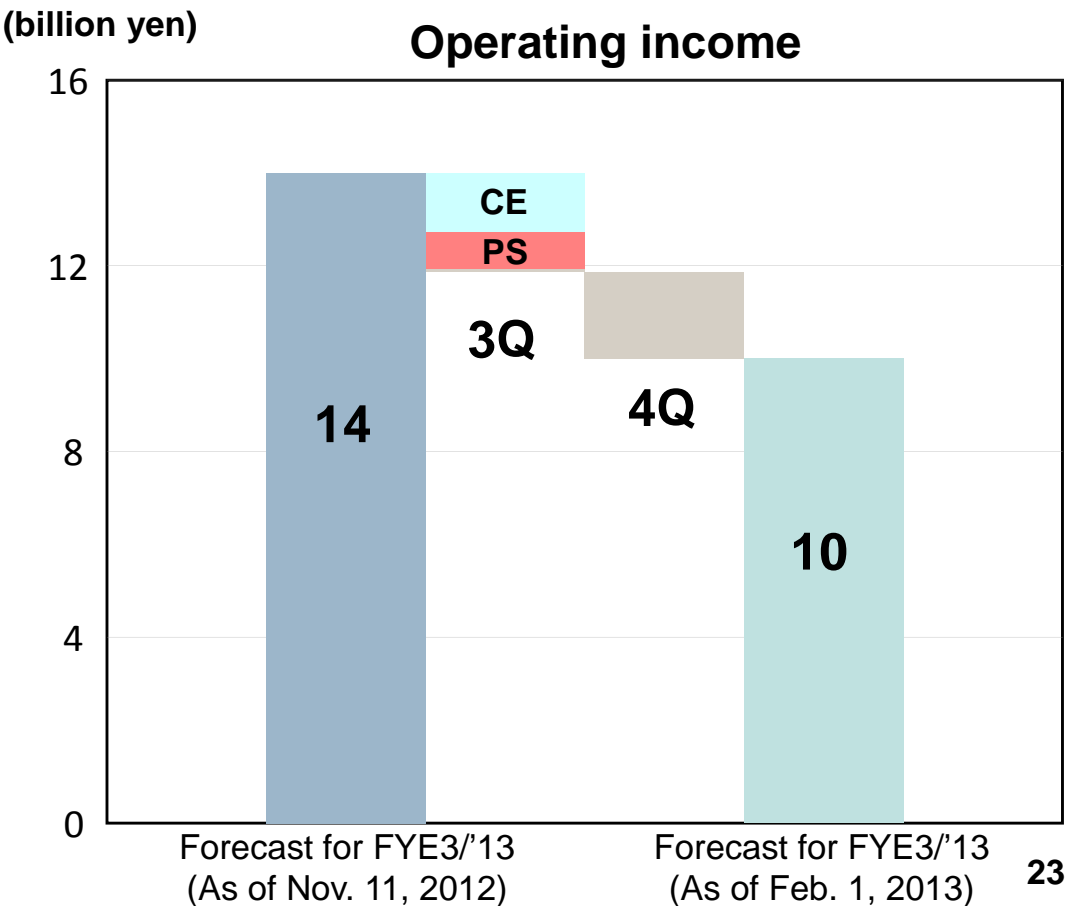
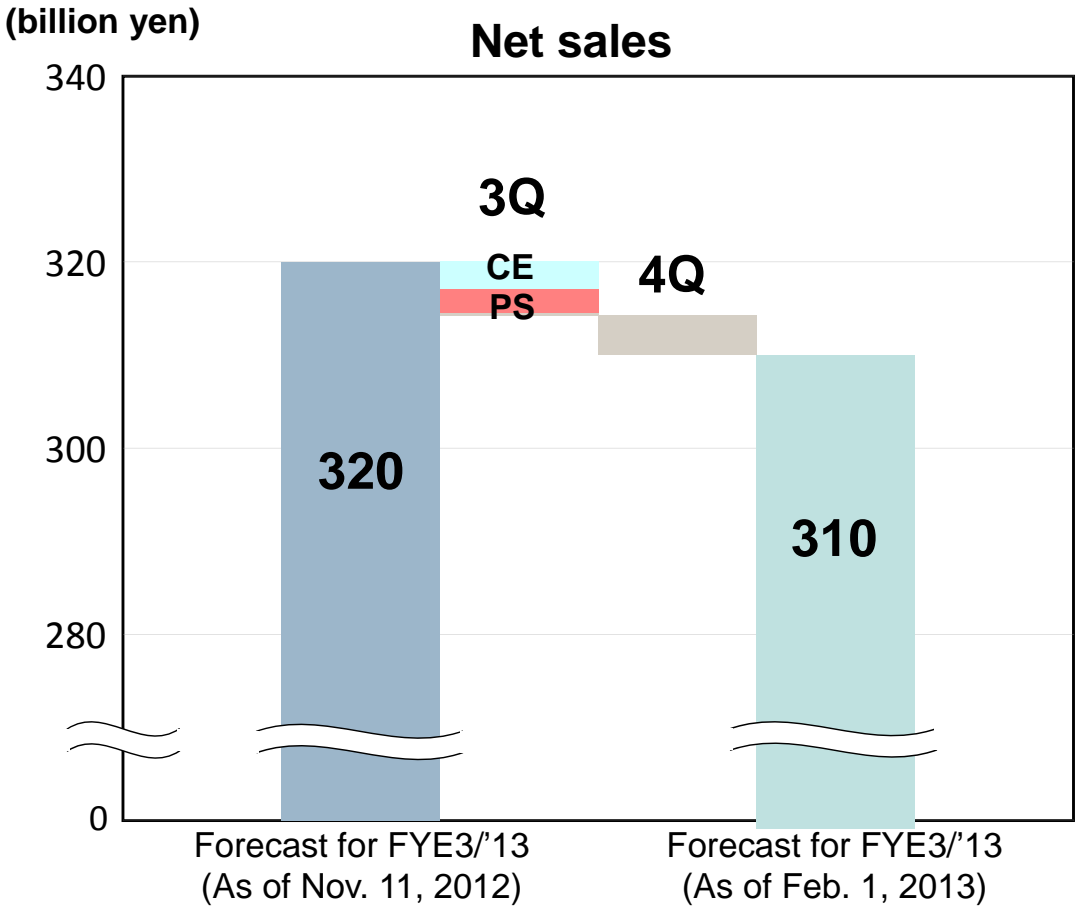
Plan at beginning of the year (billion yen)			4Q & thereafter (billion yen)		
			4Q		
(Reference) Foreign exchange sensitivity	Net sales	USD Euro	+0.8/year +0.3/year		+0.8/year (+0.2/quarter) +0.3/year (+0.08/quarter)
	Operating income	USD Euro	-0.5/year +0.2/year		-0.2/year (-0.05/quarter) +0.2/year (+0.05/quarter)
	Foreign exchange losses*	USD Euro	- 0.1 0		- 0.1 0

(Note) Foreign exchange losses resulting from an increase in the yen-equivalent value of foreign currency-denominated loans payable.

Full-year Earnings Forecast for FYE3/'13

(Compared to the revision as of November 1, 2012)

- * Factors underlying the downturn in 3Q are **delayed recovery of domestic sales of CE** and **stalled recovery of sales in China of PS**, and sluggish sales in Europe.
- * The revised plan for 4Q reflects factors such as the delayed economic recovery in Europe and **delayed recovery of domestic sales of CE**.



Full-year Earnings Forecast for FYE 3/'13

4Q Sales and Operating Income

* In 4Q, sales and profits are likely to post their record highs for FYE3/'13, as **CE and PS** welcome a season that brings the biggest sales opportunities of the year, while **HM** launches a new camcorder.



Communication navigation system for overseas markets



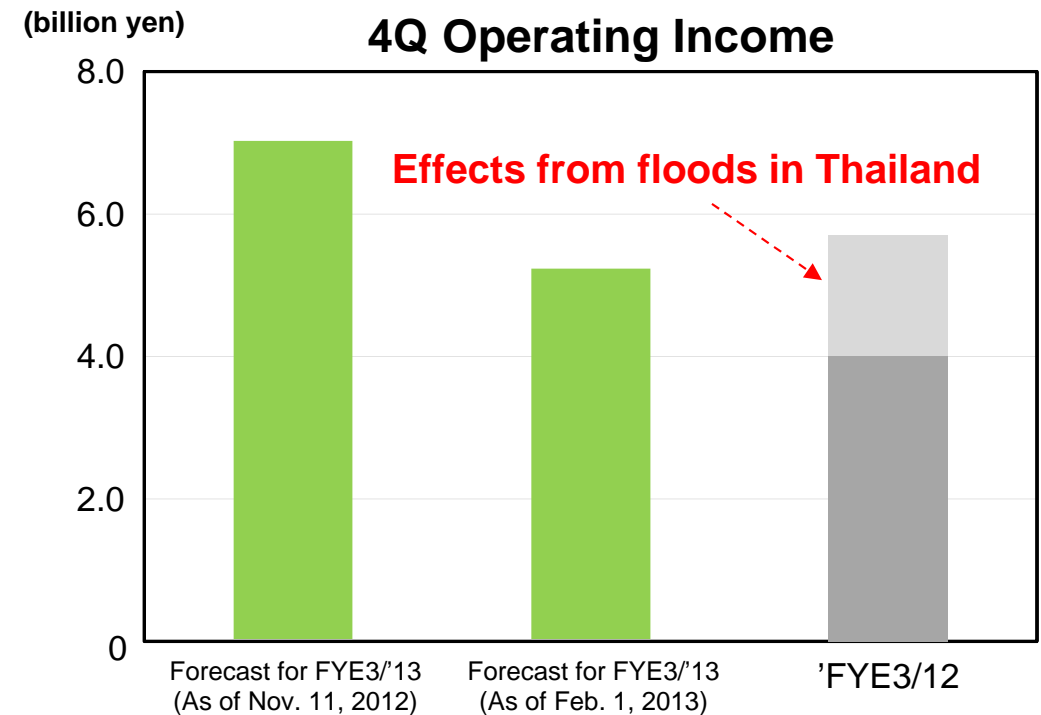
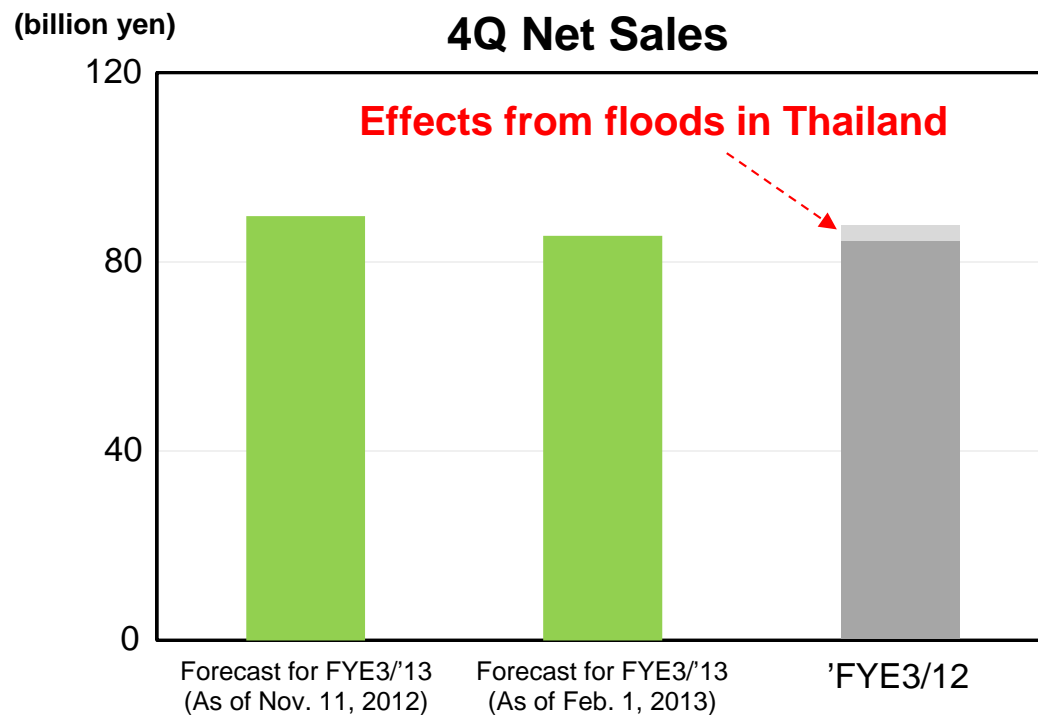
Saisoku Navi 2013 model



Analog radio equipment for the U.S. market



Professional video cameras



<Revision of dividend forecast>

Considering the revision of the consolidated earnings forecast, the annual dividend forecast was revised from **10.00 yen per share** previously announced to **5.00 yen per share**, which is the same as for FYE3/'12.

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Previously announced forecast (released on November 1, 2012)			—	10.00 yen	10.00 yen
Revised forecast			—	5.00 yen	5.00 yen
Result for fiscal year under review	—	0.00 yen			
Result for the previous fiscal year (FYE3/'12)	—	0.00 yen	—	5.00 yen	5.00 yen

Initiatives for 4Q of Fiscal Year Ending March 2013 by Business Segment

Priority measures for 4Q

[After-market segment]

* Overseas: Launch 2013 models and promote sales

Expand and improve navigation lineup with communication navigation system at the top end.
Expand and improve display audio lineup with enhanced smartphone linkage.

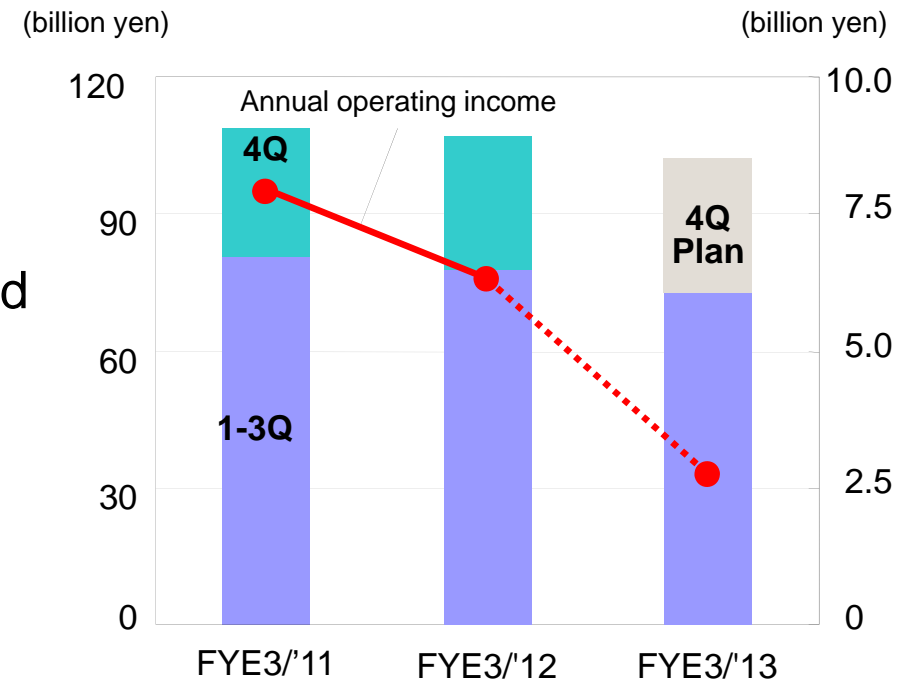
* Japan: Launch the new Saisoku Navi and promote sales

Increase market share by launching 3rd-generation reinforced touch panel.
Boost sales in agent channels.

[OEM segment]

* Conduct campaigns to expand sales of dealer option (DOP) navigation systems.

Trends of Quarterly Net Sales in the CE Business



Communication navigation system for overseas markets



MirrorLink-compatible display audio



Saisoku Navi 2013 model



dealer option (DOP) navigation system

Initiatives for 4Q FYE3/'13

Professional Systems Business

Priority measures for 4Q [COM Business]

- * **North America:** Expand orders for P25* and promote NEXEDGE* and the new analog device at IWCE (participate in the radio equipment exhibit.)
- * **Asia:** Expand sales of NEXEDGE*, NBR*, and community-based radio communication devices.
- * **Japan:** Increase order receipts for broadcasting and communication business operators.

* P25: Digital radio systems for the public safety sector;
NEXEDGE: Digital radio system for the private sector.
NBR: Analog radio system for emerging countries.

[BS Business]

- * **Japan:** Increase order receipts for surveillance cameras, professional audio, and consignment business.
- * **Overseas:** Increase order receipts for new video cameras and low-tier surveillance cameras.



Analog radio equipment for the U.S. market



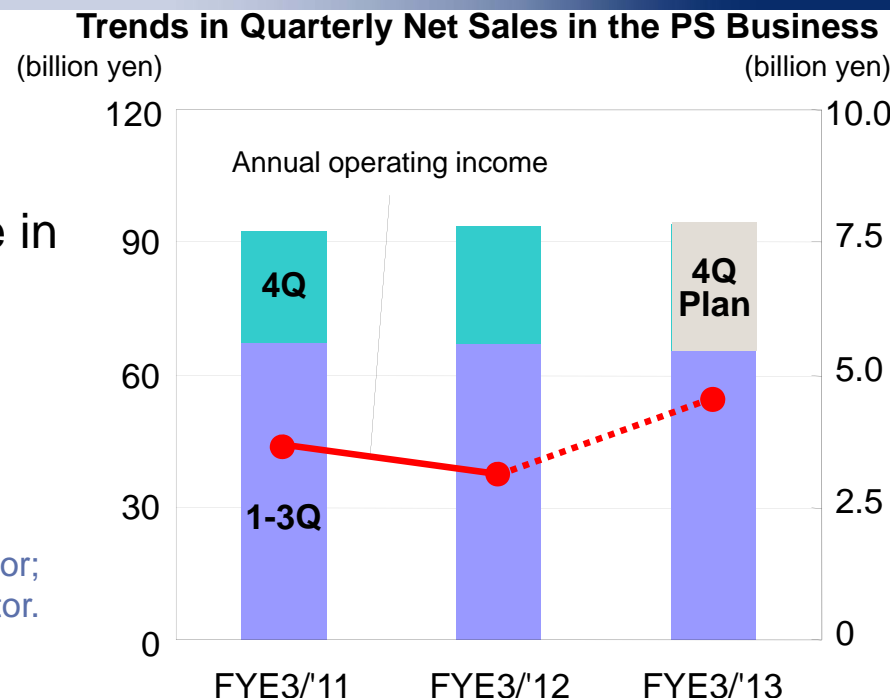
Image of IWCE Exhibit



Professional video cameras



Full HD network surveillance cameras



Priority measures for 4Q

[Sound & Acoustic]

- * **AV accessories:** Boost sales of new products in Europe and the U.S.; expand sales channels by deploying products exclusively for emerging countries; and, shift to mid- and high-tier models in Japan.
- * **Audio:** Improve profitability by shifting to high value-added products.

[Imaging]

- * **Camcorders:** Expand business fields by boosting sales of new products, aggressively selling sports camcorders, and launching new-concept products.
- * **Projectors:** Expand sales channels of professional 4K projectors and boost sales by promoting functions of projectors for home-use.



Sports camcorder
ADIXXION GC-XA1

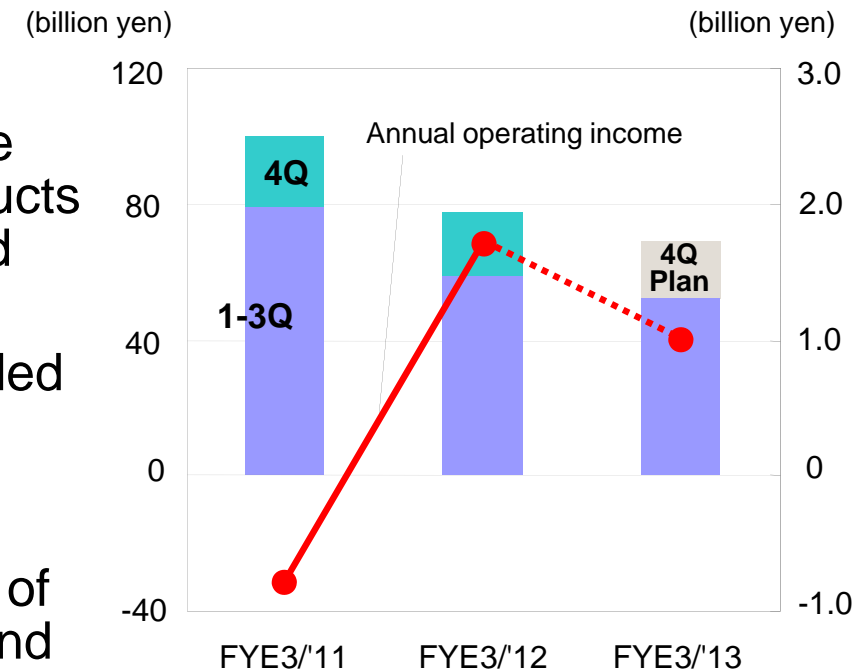


4K projector



Headphones for
emerging countries

Trends in Quarterly Net Sales in the HM Business



Prospective works for 4Q

Keisuke Kuwata

Released on March 13, 2012

Theme song for “Saiko no Rikon,” a drama on Fuji TV

“Yin Yang”

LIVE TOUR & DOCUMENT FILM

“I LOVE YOU – now & forever –”

THE BAWDIES

Released on January 16, 2013

Album “1-2-3” containing the theme song “ROCK ME BABY” for the drama “Hungry” and others

Sakanaction

Released on January 23, 2013

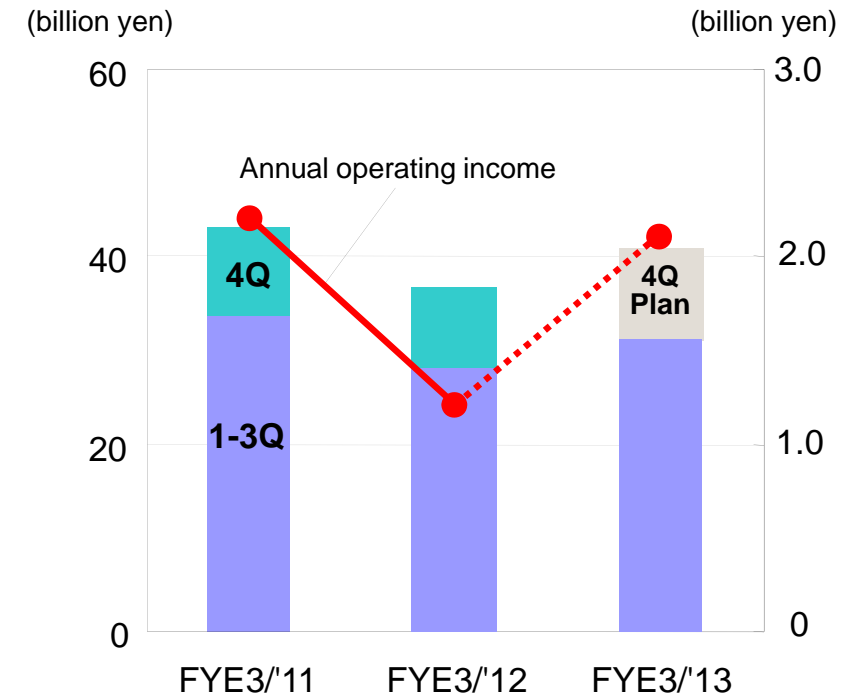
Theme song “Music” for the drama “Dinner”

Kanjani ∞

Released on February 20, 2013

“Dragon Braves,” a DVD & BD with Kanjani ∞ performing

Trends in Quarterly Net Sales in the SE Business



JVC KENWOOD

creates excitement & peace of mind

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