

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD

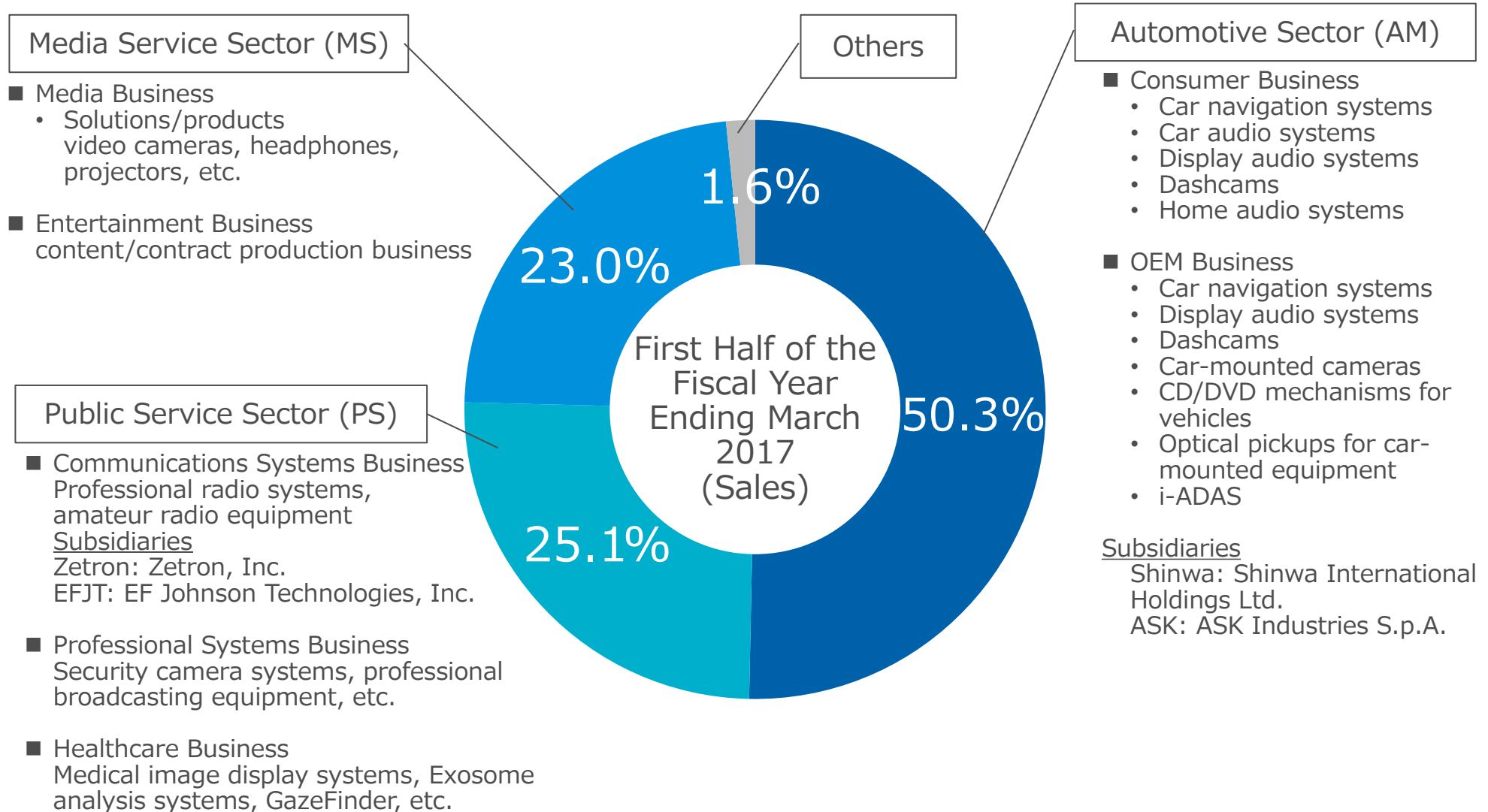
Results and Forecast Briefing

Second Quarter of Fiscal Year Ending March 2017

November 1, 2016

JVCKENWOOD Corporation

Business Domains



- 1. Overview of Financial Results for 2Q of FYE3/'17**
- 2. Initiatives Being Undertaken by the New Management**

- 1. Overview of Financial Results
for 2Q of FYE3/'17**
2. Initiatives Being Undertaken by
the New Management

Financial Results for 2Q (1-2Q) of FYE3/'17 – Summary

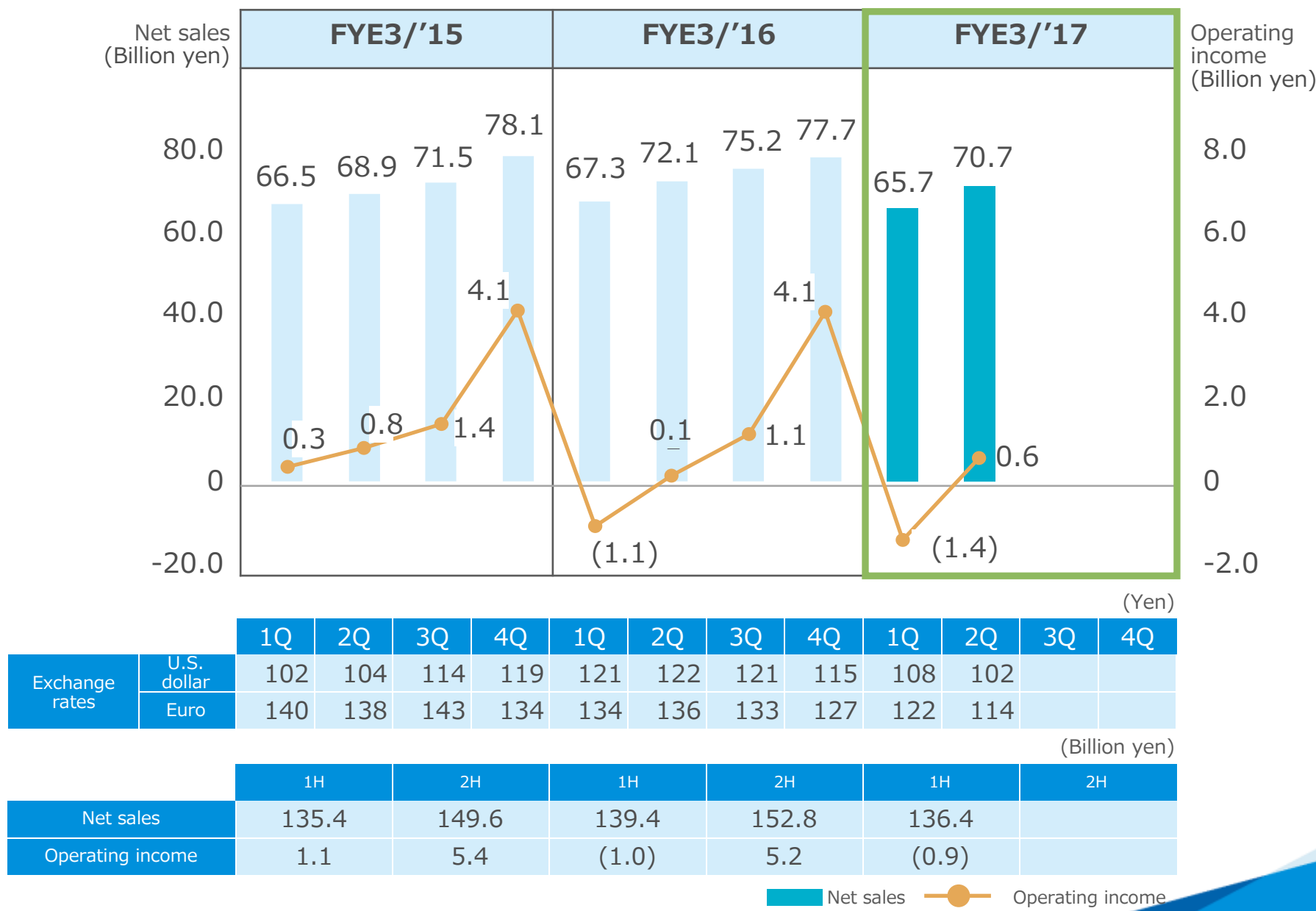
- Net sales declined due mainly to the effects of foreign exchange fluctuations and lower sales in the PS and MS sectors but increased in real terms after excluding the effects of foreign exchange.
- Operating loss decreased due mainly to higher sales and profit in the AM sector, despite the effects of factors within our period-start projection including foreign exchange fluctuations and an increase in retirement benefit expenses.

(Billion yen)

		1-2Q FYE3/'16		1-2Q FYE3/'17		
			Composition ratio		Composition ratio	YoY comparison
Net sales		139.4	100.0	136.4	100.0	97.9%
	Cost of sales	101.0	72.4	100.9	74.0	100.0%
	Selling, general and administrative expenses	39.4	28.3	36.3	26.6	92.2%
Operating income		(1.0)	(0.7)	(0.9)	(0.6)	-
Ordinary income		(3.1)	(2.2)	(1.7)	(1.3)	-
Net income attributable to owners of parent		(4.8)	(3.4)	(6.0)	(4.4)	-

		FYE3/'16		FYE3/'17	
		1Q	2Q	1Q	2Q
Profit-and-loss exchange rates	U.S. dollar	121 yen	122 yen	108 yen	102 yen
	Euro	134 yen	136 yen	122 yen	114 yen

Financial Results for 2Q of FYE3/'17 - Trends in Quarterly Results

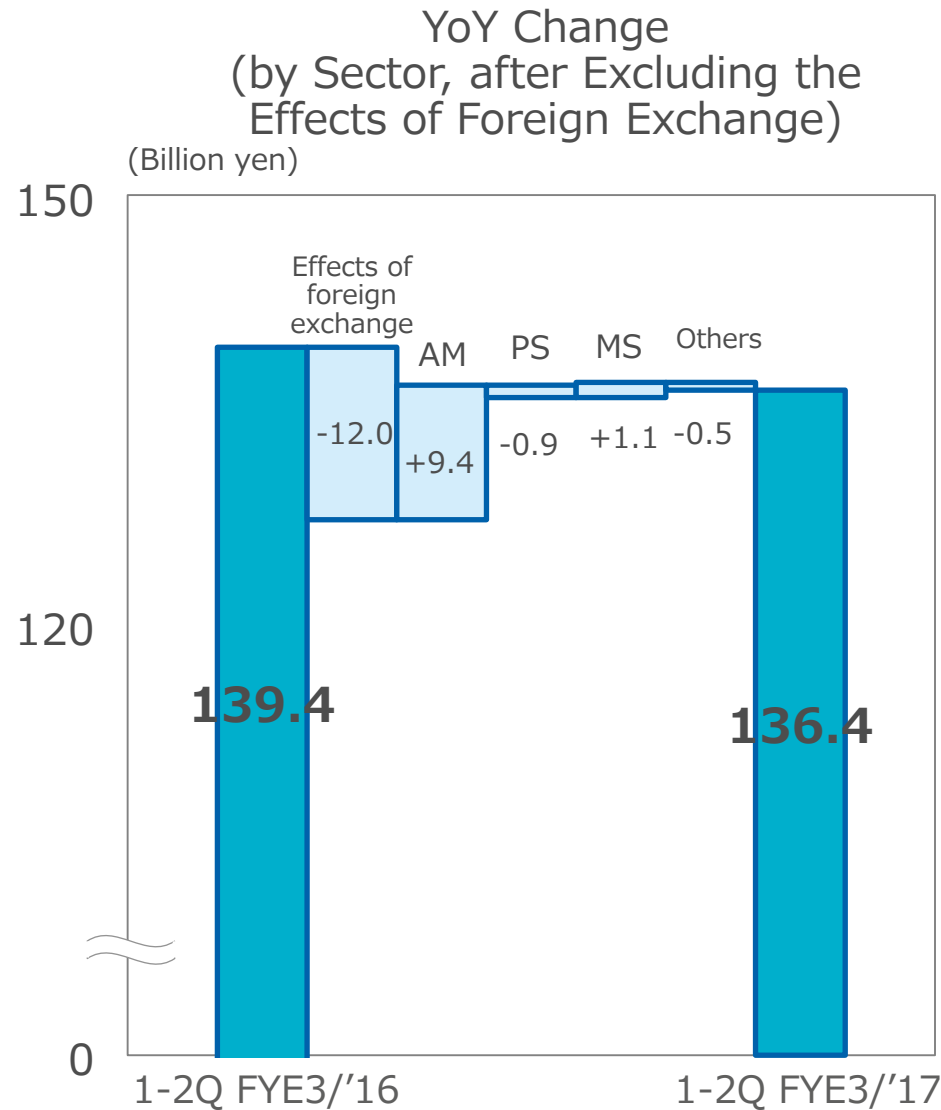
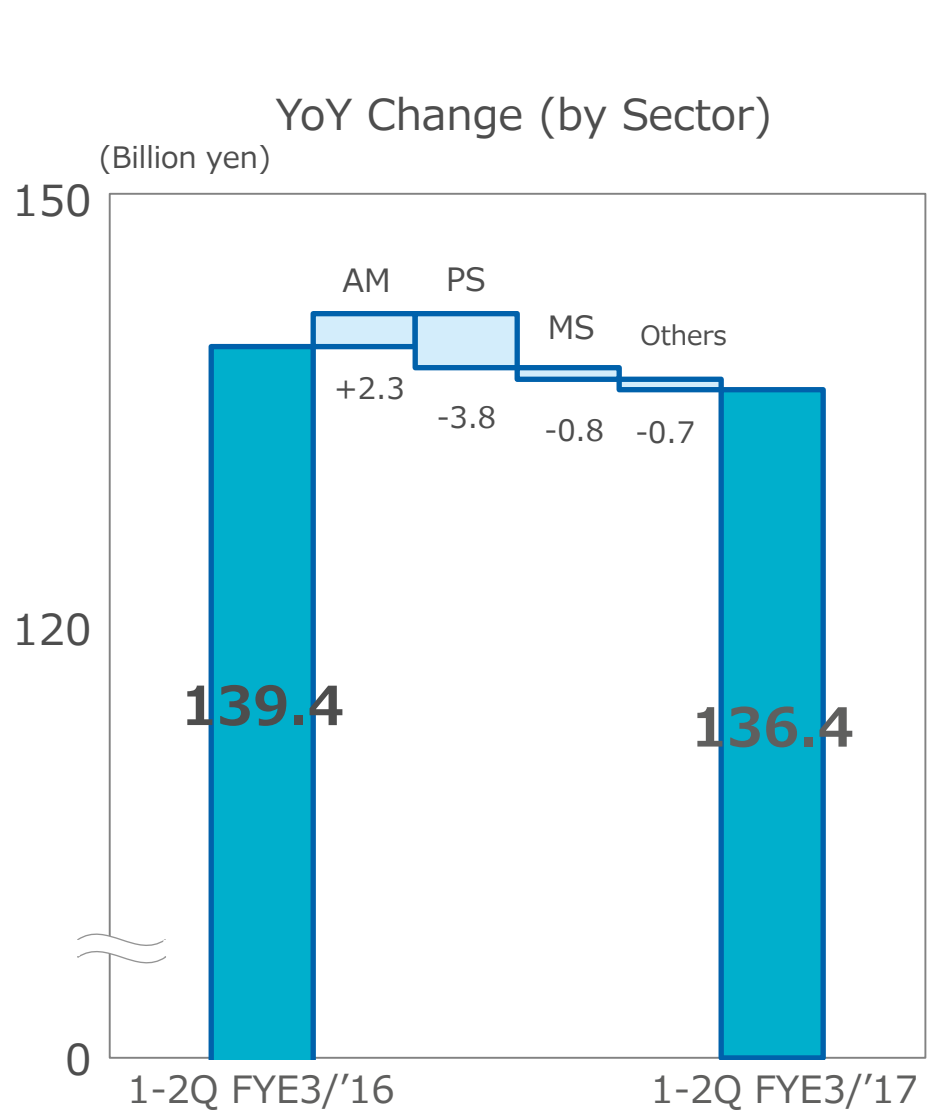


Financial Results for 2Q of FYE3/'17 – Results by Sector

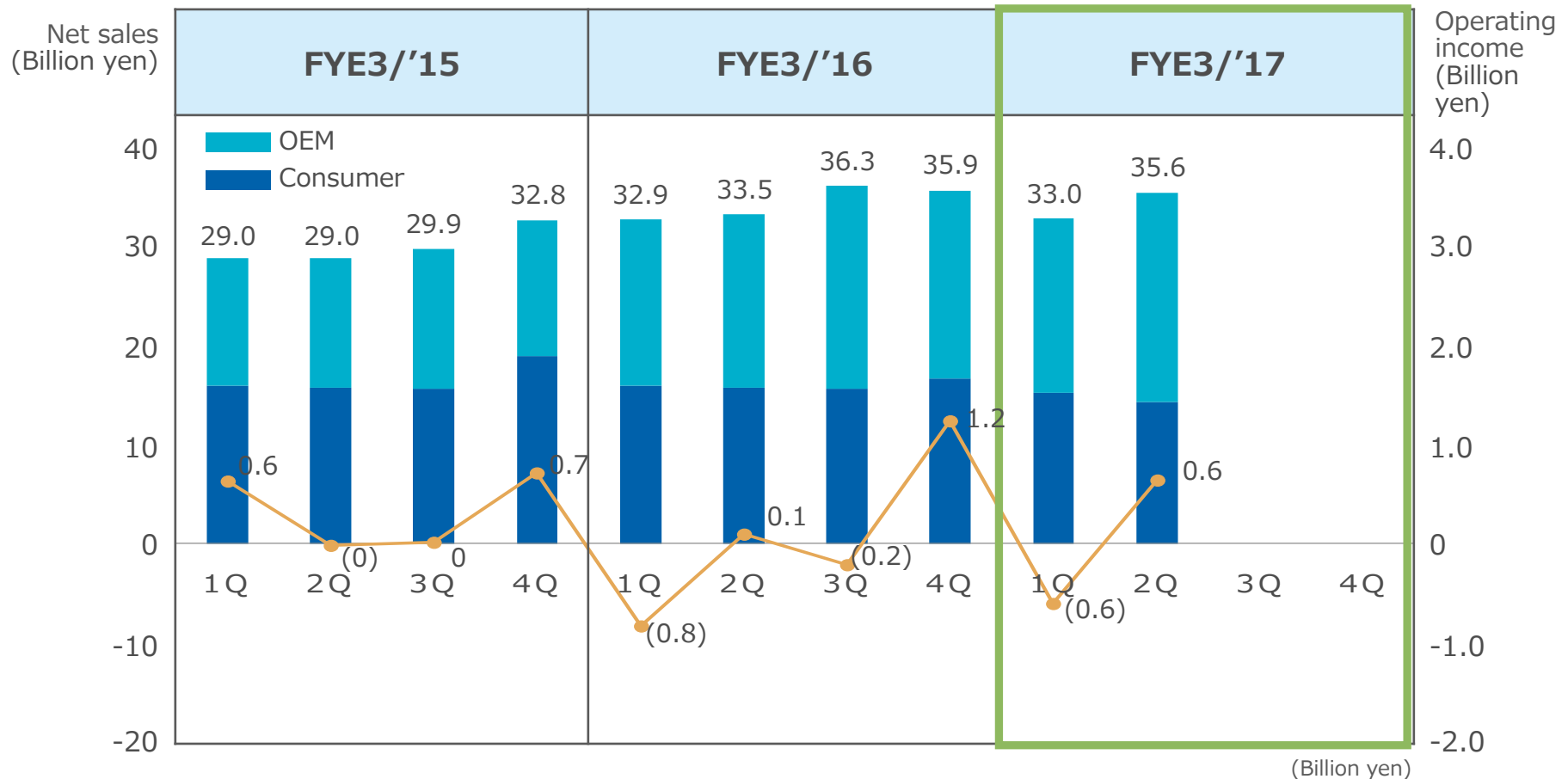
(Billion yen)

		1-2Q FYE3/'16	1-2Q FYE3/'17	YoY change (amount)	YoY change (percentage)	Factor
AM Sector	Net sales	66.3	68.6	2.3	103%	<ul style="list-style-type: none"> * Sales increase in the OEM Business due to higher sales of dealer-installed option products. * Income increase due to strong sales of car navigation systems and dashcams in the domestic market and effects of rollout of new products in overseas markets.
	Operating income	(0.7)	0.0	0.8	-	
PS Sector	Net sales	37.9	34.2	-3.8	90%	<ul style="list-style-type: none"> * Sales decrease in the Communications Systems Business. * Despite decrease in income in the Communications Systems Business, operating income was almost at the same level as a year ago due to income improvement in the Professional Systems Business.
	Operating income	(0.6)	(0.7)	-0.0	-	
MS Sector	Net sales	32.2	31.4	-0.8	97%	<ul style="list-style-type: none"> * Sales increase in the Entertainment Business. * Income increase in the Entertainment Business but income decrease in the Media Business including video cameras.
	Operating income	0.1	(0.4)	-0.5	-	
Others	Net sales	2.9	2.2	-0.7	75%	
	Operating income	0.3	0.2	-0.1	65%	

Financial Results for 2Q of FYE3/'17 – Consolidated Net Sales (by Sector)

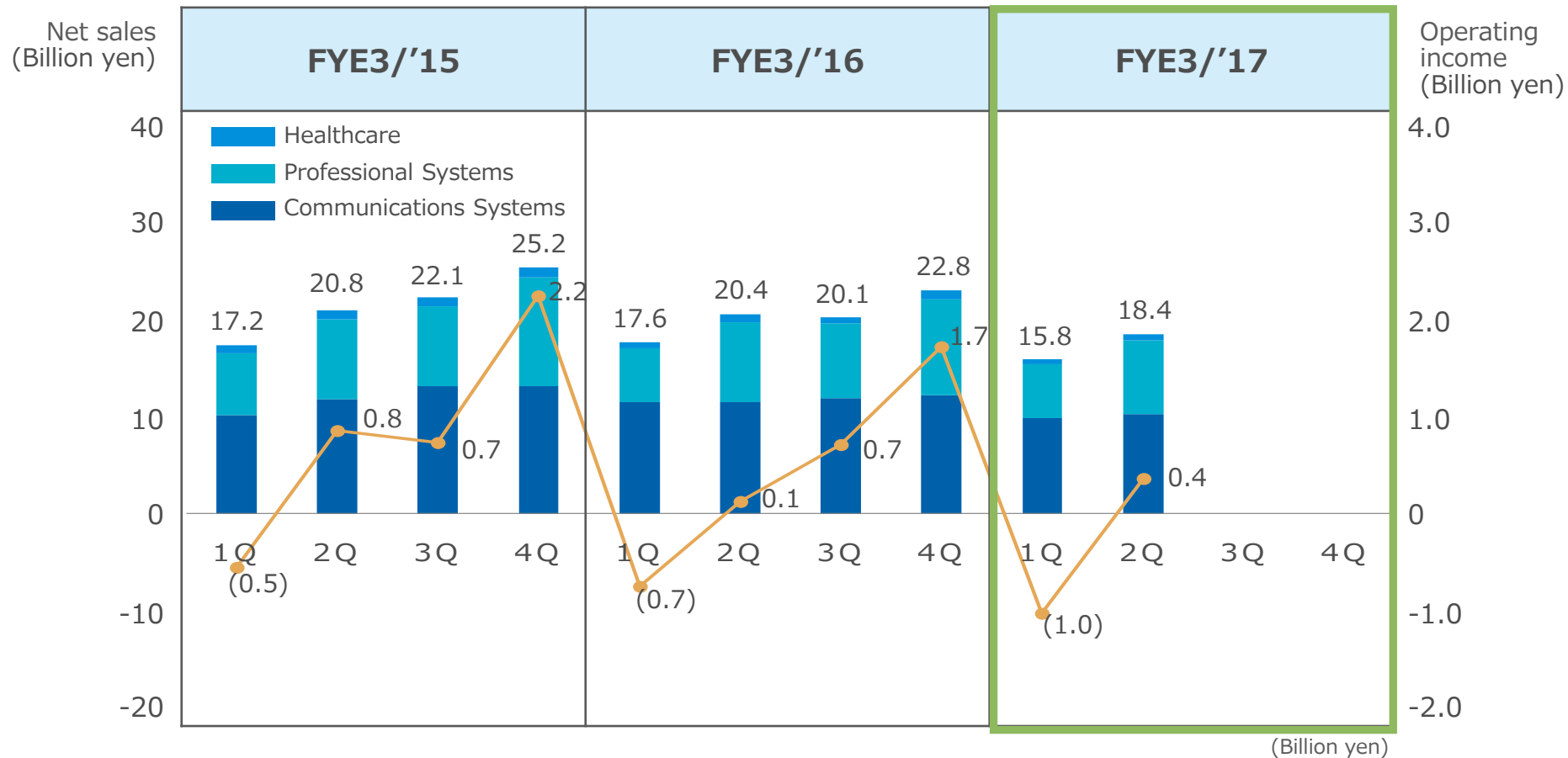


Financial Results for 2Q of FYE3/'17 – AM Sector



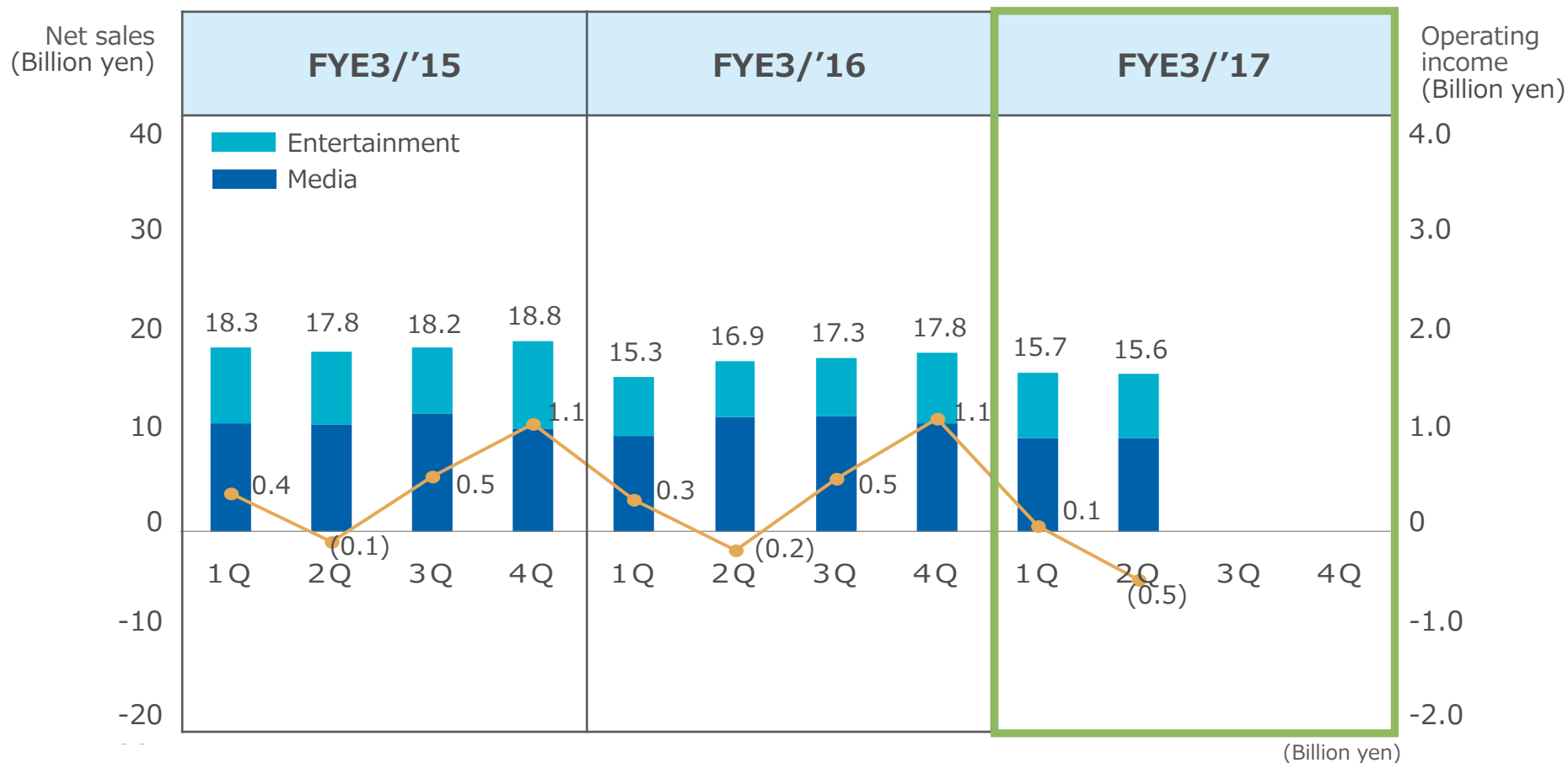
	1H	2H	1H	2H	1H	2H
Net sales	58.0	62.8	66.3	72.2	68.6	
Operating income	0.6	0.7	(0.7)	1.0	0.0	

Financial Results for 2Q of FYE3/'17 – PS Sector



	1H	2H	1H	2H	1H	2H
Net sales	38.0	47.2	37.9	43.0	34.2	
Operating income	0.3	3.0	(0.6)	2.4	(0.7)	

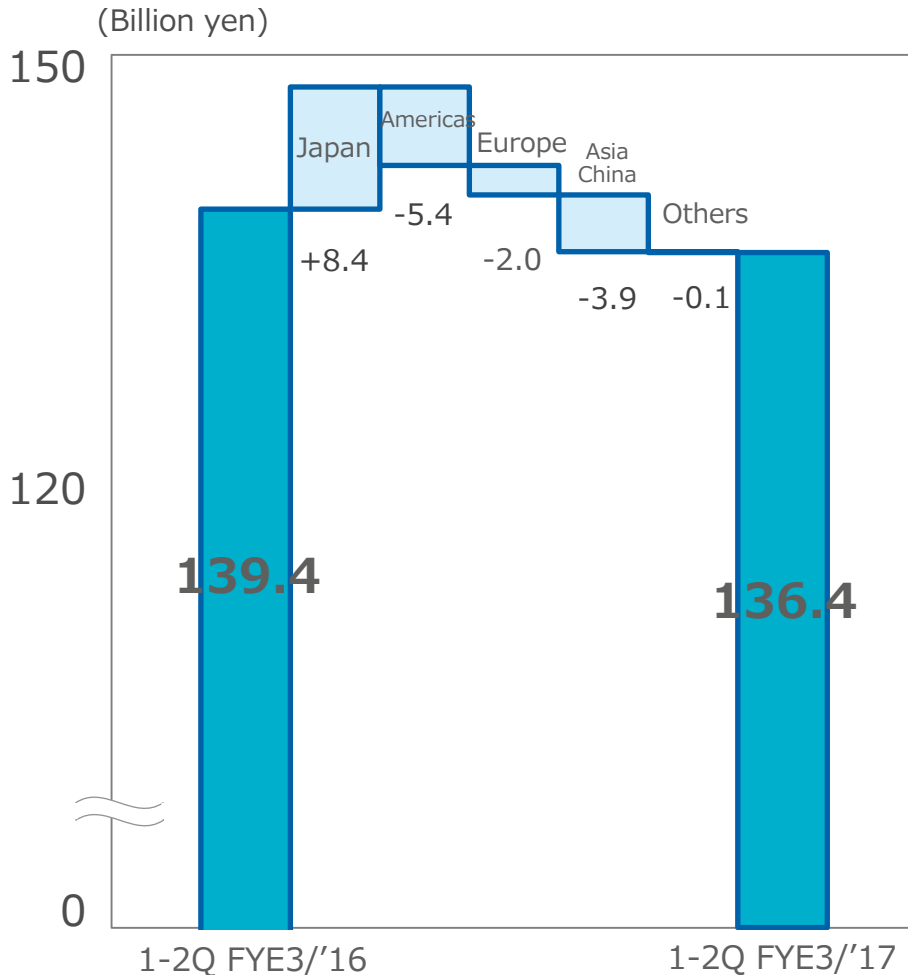
Financial Results for 2Q of FYE3/'17 – MS Sector



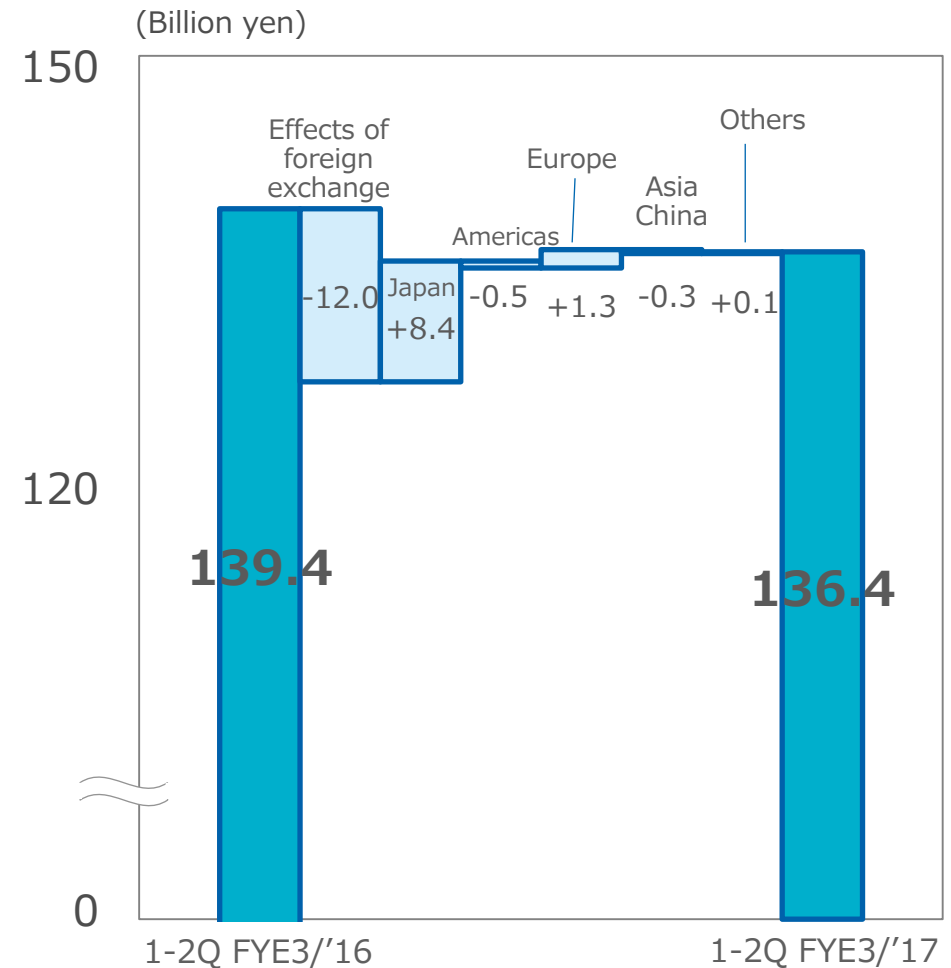
	1H	2H	1H	2H	1H	2H
Net sales	36.1	37.1	32.2	35.0	31.4	
Operating income	0.3	1.6	0.1	1.6	(0.4)	

Financial Results for 2Q of FYE3/'17 – Consolidated Net Sales (by Region)

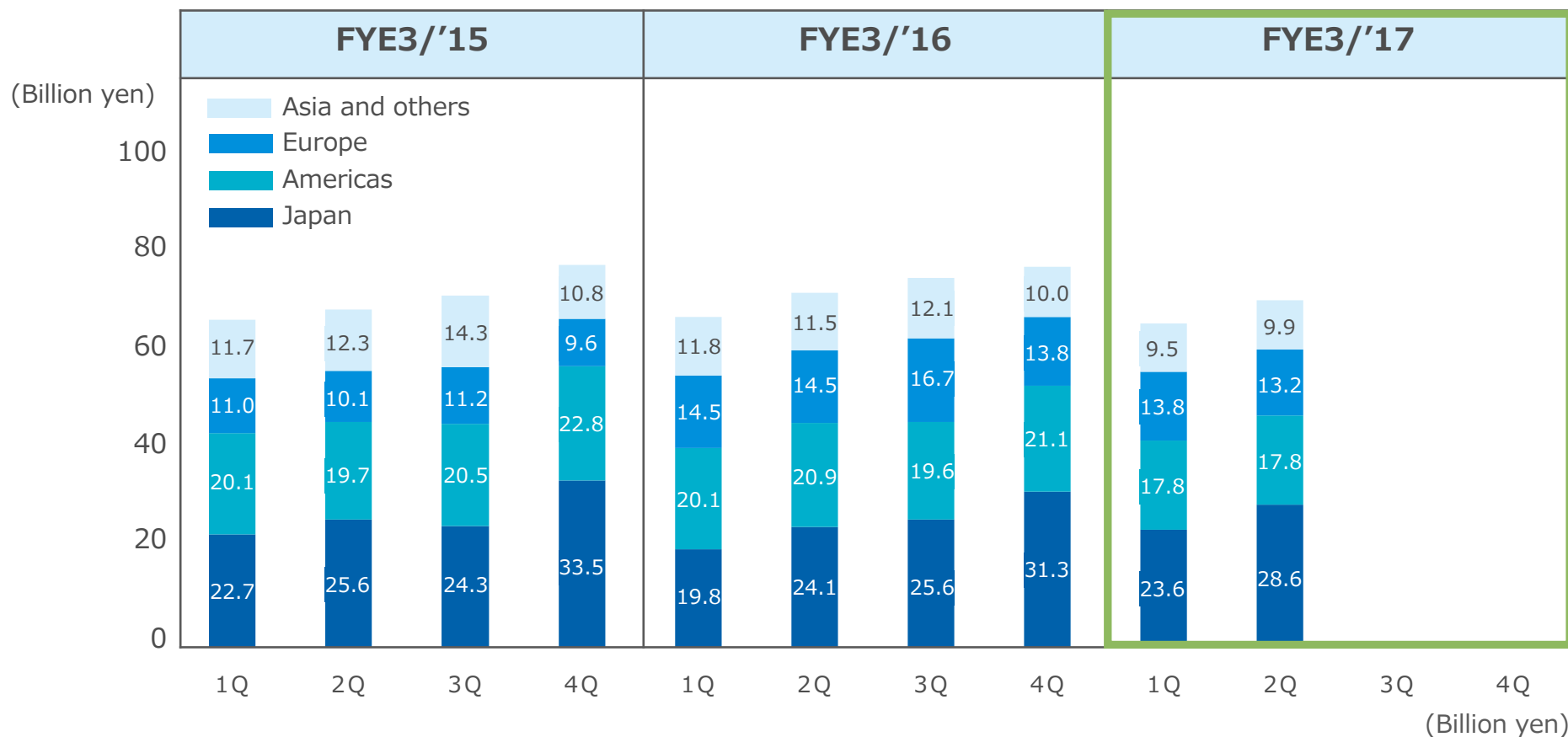
YoY Change (by Region)



YoY Change
(by Region, after Excluding the
Effects of Foreign Exchange)



Financial Results for 2Q of FYE3/'17 – Consolidated Net Sales (Quarterly Trends by Region)

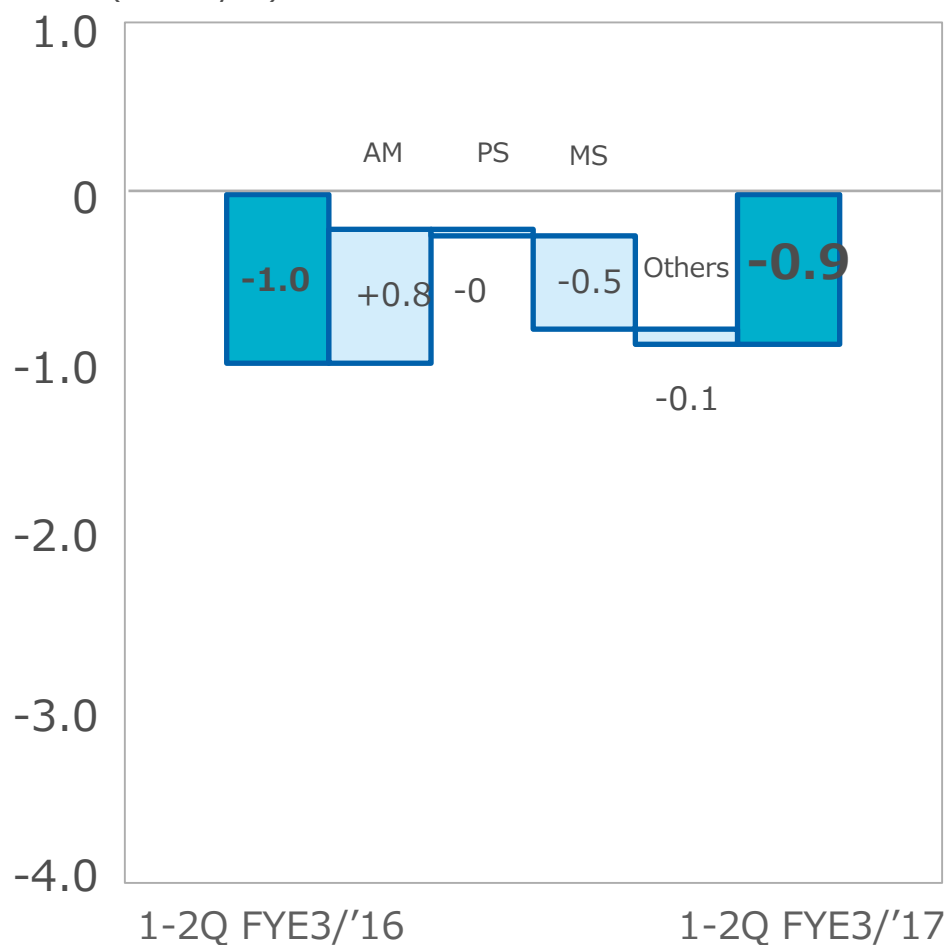


	1H	2H	1H	2H	1H	2H
Japan	48.3	57.8	43.9	56.9	52.3	
Americas	39.8	43.3	41.0	40.7	35.6	
Europe	21.1	20.8	29.0	30.5	27.0	
Asia	23.9	25.1	23.3	22.1	19.4	
Others	2.3	2.6	2.2	2.6	2.1	

Financial Results for 2Q of FYE3/'17 – Consolidated Operating Income

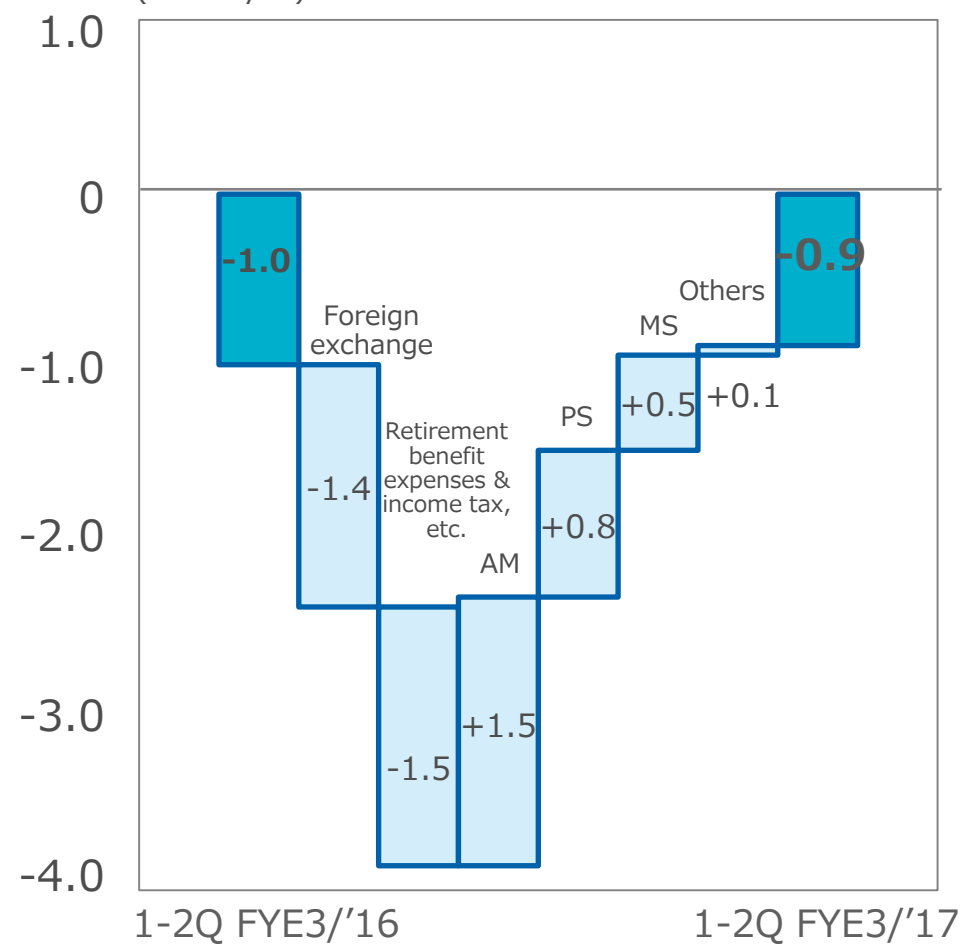
YoY Change (by Sector)

(Billion yen)



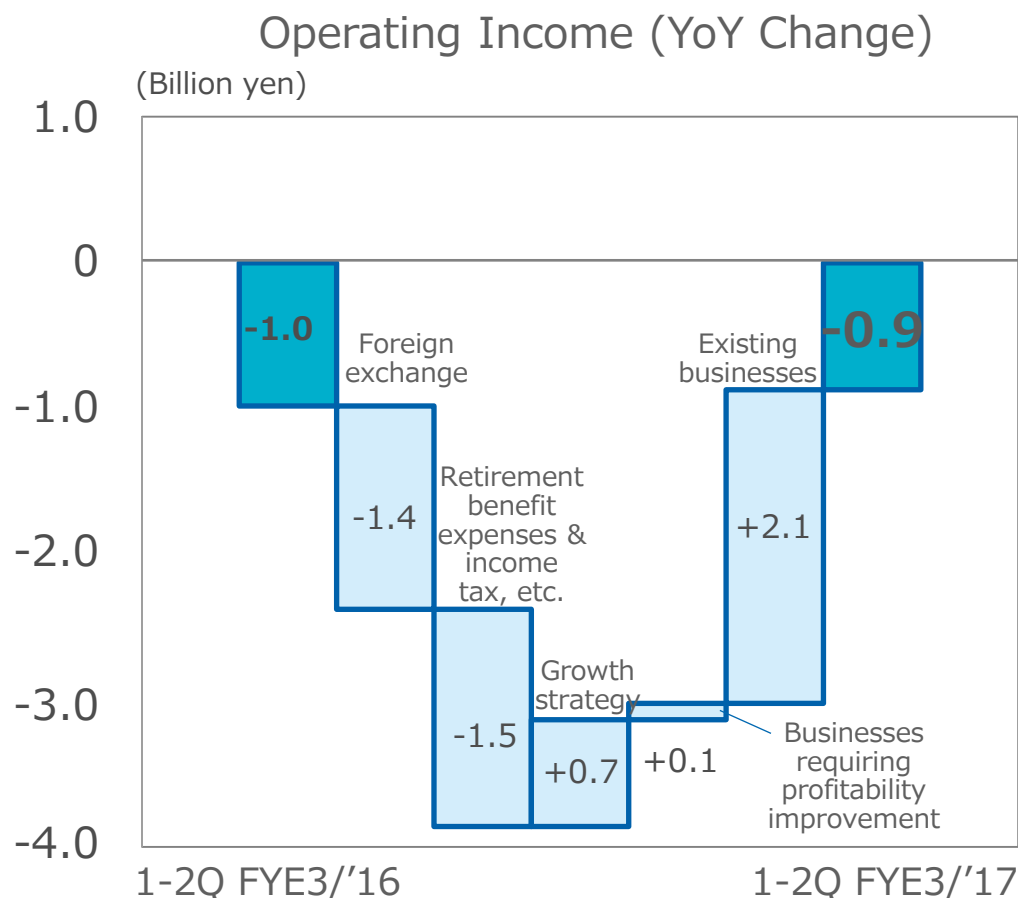
YoY Change
(by Sector, after Excluding the Effects of Foreign Exchange and other factors)

(Billion yen)



Financial Results for 2Q of FYE3/'17 – Consolidated Operating Income (by Factor)

- Factors such as foreign exchange fluctuations, increase in retirement benefit expenses and income tax were within our period-start projection.
- Income increase from growth strategy and in businesses requiring profitability improvement and existing businesses was significantly greater than expected. As a result, operating income improved by about 0.1 billion yen from a year ago.



- * Growth strategy (businesses):
Dealer-installed option business, ASK, Shinwa
- * Businesses requiring profitability improvement:
Zetron, EFJT
- * Existing businesses:
Businesses other than growth strategy (businesses) and those requiring profitability improvement

Financial Results for 2Q of FYE3/'17 – Consolidated Ordinary Income and Net Income Attributable to Owners of Parent

- Ordinary income improved due to the improvement in net financial income.

(Billion yen)

	2Q of FYE3/'16	2Q of FYE3/'17	YoY Change
Operating income	(0.98)	(0.87)	+0.11
Non-operating income and expenses	(2.11)	(0.86)	+1.26
Ordinary income	(3.09)	(1.73)	+1.37
Extraordinary income/loss	0.18	(2.47)	-2.65
Income tax, etc.	(1.86)	(1.78)	+0.08
Net income attributable to owners of parent	(4.78)	(5.98)	-1.20

Financial Results for 2Q of FYE3/'17 – Non-operating Income and Expenses and Extraordinary Income/Loss

(Million yen)

	1-2Q FYE3/'16	1-2Q FYE3/'17	YoY Change
Non-operating income and expenses	(2,113)	(855)	+1,258
Non-operating income	613	569	-44
Interest and dividend income	195	248	+53
Others	417	319	-98
Non-operating expenses	2,726	1,424	-1,302
Interest expenses	982	483	-499
Foreign exchange loss	433	264	-169
Loans commission	700	124	-576
Others	609	552	-57
Extraordinary income/loss	178	(2,475)	-2,653
Extraordinary income	1,591	167	-1,424
Gain on sales of non-current assets	33	90	+57
Gain on sales of shares of subsidiaries and affiliates	407	-	-407
Gain on liquidation of subsidiaries and affiliates	1,150	69	-1,081
Others	-	8	+8
Extraordinary loss	1,413	2,642	+1,229
Loss on sales and retirement of non-current assets	28	1,364	+1,336
Impairment loss	834	-	-834
Business structural reform expenses	98	68	-30
Employment structure improvement expenses	447	213	-234
Loss on liquidation of subsidiaries and affiliates	-	272	+272
Provision for loss on orders received	-	711	+711
Others	3	10	+7

Financial Results for 2Q of FYE3/'17 – Balance Sheet Summary

(Billion yen)

	End of FYE3/'16	End of 2Q FYE3/'17	YoY Change
Total assets	255.9	240.5	-15.3
Interest-bearing debts	69.2	72.1	+2.9
Net debt	26.4	35.2	+8.7
Net debt/equity ratio (times)	0.51	0.91	+0.40
Net assets	56.8	43.5	-13.3
Shareholders' equity	51.6	38.5	-13.0
Shareholders' equity ratio (%)	20.2	16.0	-4.2

Financial Results for 2Q of FYE3/'17 – Cash Flow Summary

- Cash flow from operating activities decreased due to a decrease in cash inflow from collection of notes and accounts receivable-trade.

(Billion yen)

	1-2Q FYE3/'16	1-2Q FYE3/'17	YoY Change
Cash flow from operating activities	5.9	4.2	-1.7
Cash flow from investing activities	(7.6)	(8.5)	-0.9
Free cash flow	(1.7)	(4.3)	-2.6
Cash flow from financing activities	(7.5)	1.1	+8.6
Total	(9.3)	(3.2)	+6.1

Full-year Earnings Forecast for FYE3/'17

- No revision from the initial forecast for the fiscal year

(Billion yen)

	FYE3/'16	Forecast for FYE3/'17	YoY Change
Net sales	292.2	295.0	+2.8
Operating income	4.2	4.8	+0.6
Ordinary income	1.0	3.3	+2.3
Net income attributable to owners of parent	3.2	0.3	-2.9

Assumed exchange rates	U.S. dollar	120 yen	115 yen
	Euro	133 yen	125 yen

1. Overview of Financial Results for 2Q of FYE3/'17
- 2. Initiatives Being Undertaken by the New Management**

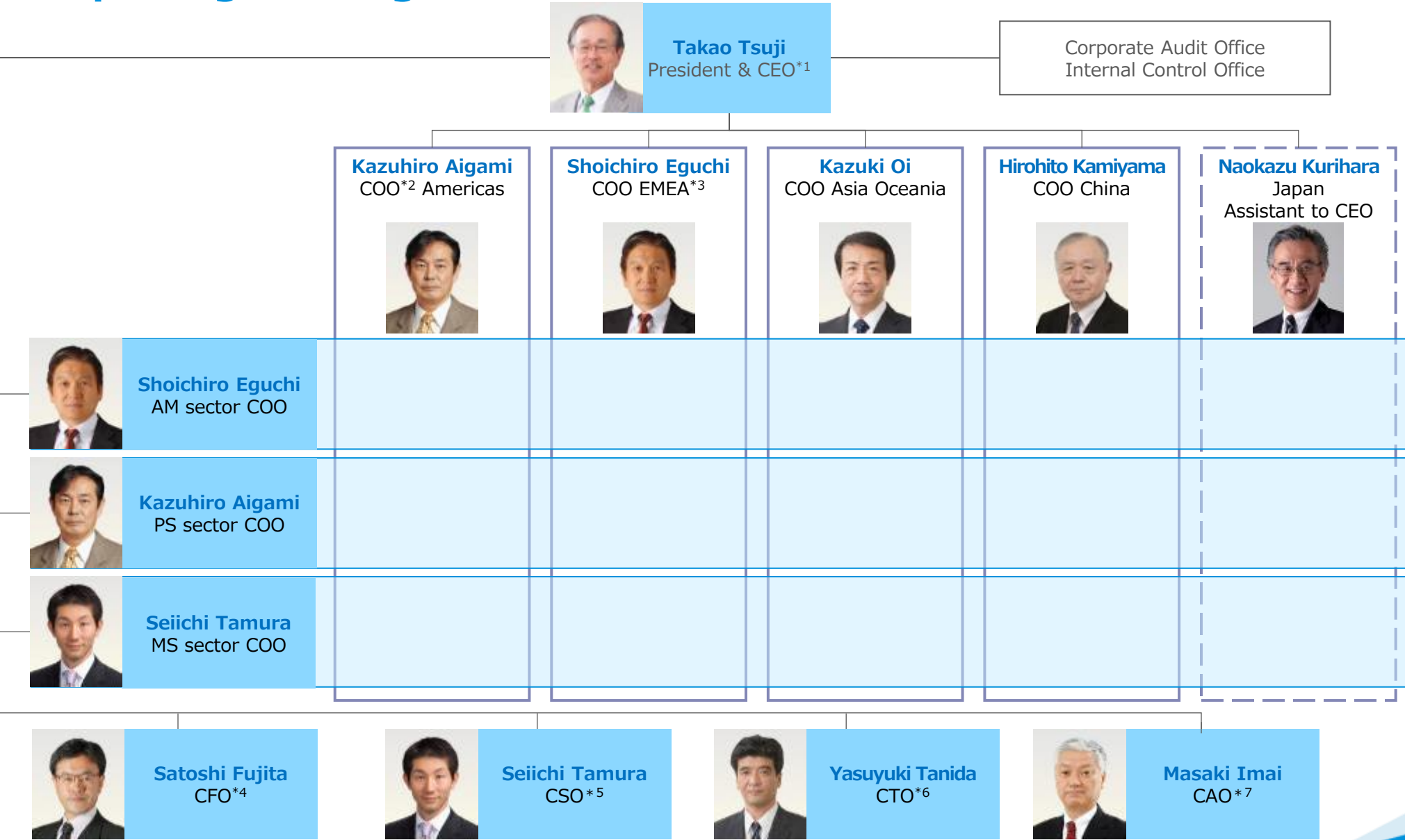
New Management Structure

- President and three executive vice presidents assume business execution
- Chairman of the Board is assumed by an external director, thereby enhancing corporate governance

	Name	Position
Reappointed External	Yasuyuki Abe	External Director, Chairman of the Board
Reappointed	Takao Tsuji	Representative Director, President & CEO*
Reappointed	Shoichiro Eguchi	Representative Director, Executive Vice President
Reappointed	Kazuhiro Aigami	Representative Director, Executive Vice President
Reappointed	Seiichi Tamura	Representative Director, Executive Vice President
Reappointed	Yasuyuki Tanida	Director, Managing Executive Officer
Reappointed External	Junichi Hikita	External Director
Reappointed External	Masanori Yoshikai	External Director
Reappointed	Haruo Kawahara	Director, Adviser

* CEO: Chief Executive Officer

New Management Structure: Matrix management structure comprising five regions and three business sectors



*1 CEO = Chief Executive Officer, *2 COO = Chief Operating Officer, *3 EMEA = Europe Middle East Africa, *4 CFO = Chief Financial Officer, *5 CSO = Chief Strategy Officer, *6 CTO = Chief Technology Officer, *7 CAO = Chief Administration Officer

Key initiatives to strengthen corporate governance system

- Use of a structure on a voluntary basis
Established Nominations and Remuneration Advisory Committee
⇒ Ensured management transparency
- Evaluation of the effectiveness of the Board
Executed analysis and evaluation of the Board and disclosed a summary of the results
⇒ Further improvement of effectiveness of the Board
- Chairman of the Board
An external director chairs the Board
⇒ Separation of authority

Key Initiative Being Undertaken by the New Management Structure – Aim to Achieve Further Growth in JK3.0, the Third Stage of Evolution

JVCKENWOOD

JK 3.0

From June 2016
onward

With the new management structure in place, the Company will thoroughly transform from the past including corporate culture to evolve into a customer value creator

JK2.0

October 2008 –
June 2016

The period after the management integration between JVC and KENWOOD

JK1.0

Until October 2008

The period in which JVC and KENWOOD operated independently

JVC

KENWOOD

Key Initiative Being Undertaken by the New Management Structure – Utilization of Buried Technologies

- Apply imaging, sound and communication technologies and know-how that have been accumulated over many years to new fields such as car-mounted equipment and healthcare that are promising and have social significance.
- Integrate such technologies and know-how into complex technologies and apply them to new fields.
- Utilize 11,000 intellectual property rights owned by JVCKENWOOD.
Make the most of 7,000 patents in force.
- Sort out element technologies, prior art and contract development and make well-balanced development investment.



Key Initiative Being Undertaken by the New Management Structure – Provision of Cutting-edge Solutions

- Boldly advance our new growth strategy and work to anticipate and solve customers' issues by playing the role of a partner offering cutting-edge solutions continuously.
- Target all forms of business transactions: B2B, B2G and B2C

Operate high-profit business of anticipating and solving customers' issues also in B2C business without competing in price alone.

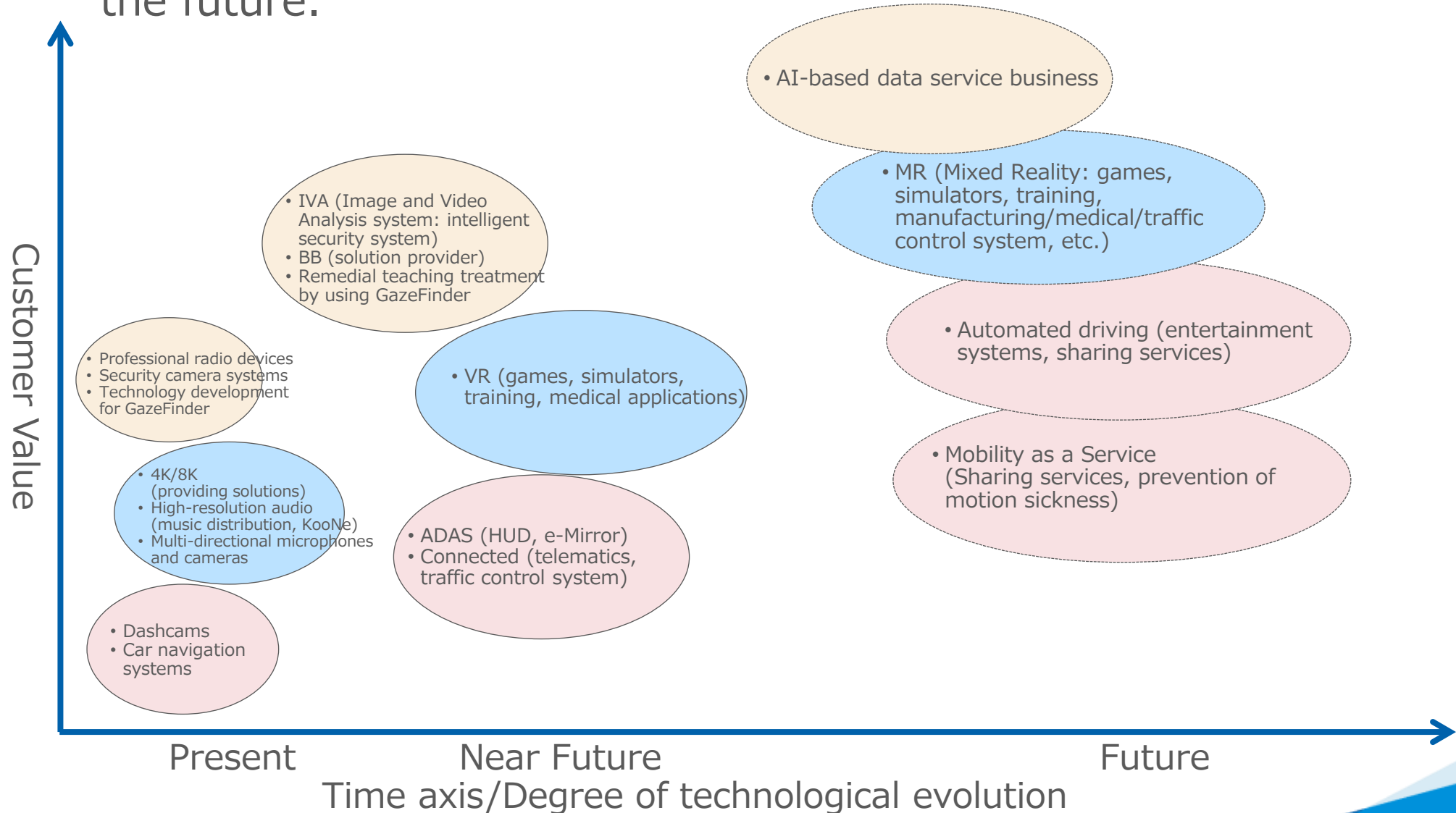


An example of B2C : Dashcam

- With the management foundation of the Company already in place, we will aim to achieve expansion and development. Under "Vision 2020," we will stick to the basic policy of placing the AM Sector as the pillar of growth.

JK3.0 “Mapping for the Future” (Relations between the Present Activities and the Future)

- Present technologies will develop into new businesses in the future.



Growth Strategy - Automotive Sector

■ Overall

- Vision 2020 Strategy
“Achieve growth in the consumer market and dealer option in the short term, factory-installed equipment in the long-term”
- R&D cost reduction by developing a common platform

■ Consumer market

- Expand by exploiting untapped domestic distribution channels (e.g. used car market)
- Expand dashcam business abroad beyond the domestic market

■ Dealer-installed option

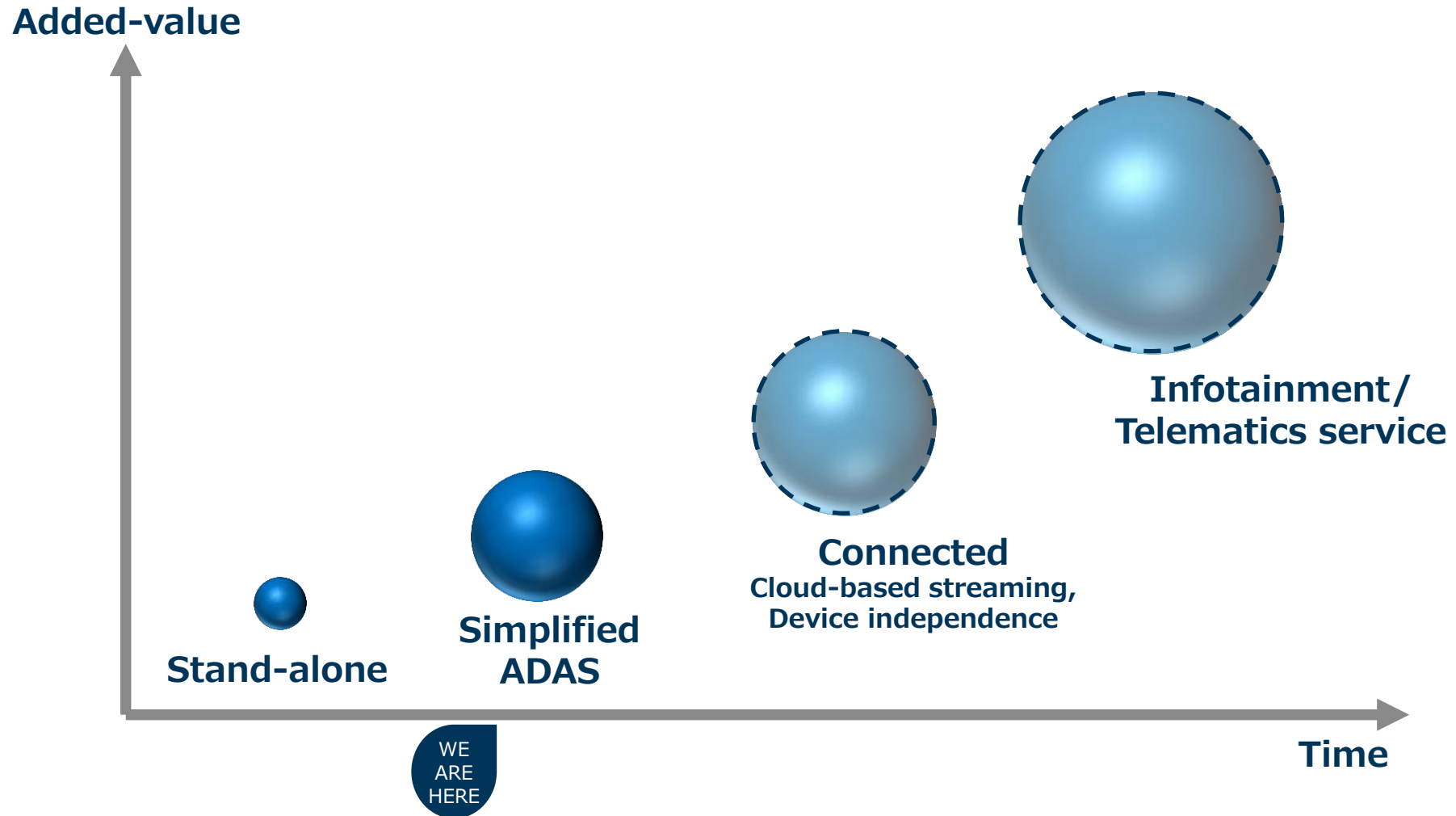
- Gain 40% or higher market share of domestic navigation
⇒ Further market share expansion and overseas business deployment
- Expand dashcam and car-mounted camera business
⇒ Launch of overseas business

■ Factory-installed equipment

- Digital Cockpit
- Business expansion through new orders, including display audio systems

Automotive Sector - Consumer Market

■ Foreseeable Evolution of Dashcam (illustrative presentation)



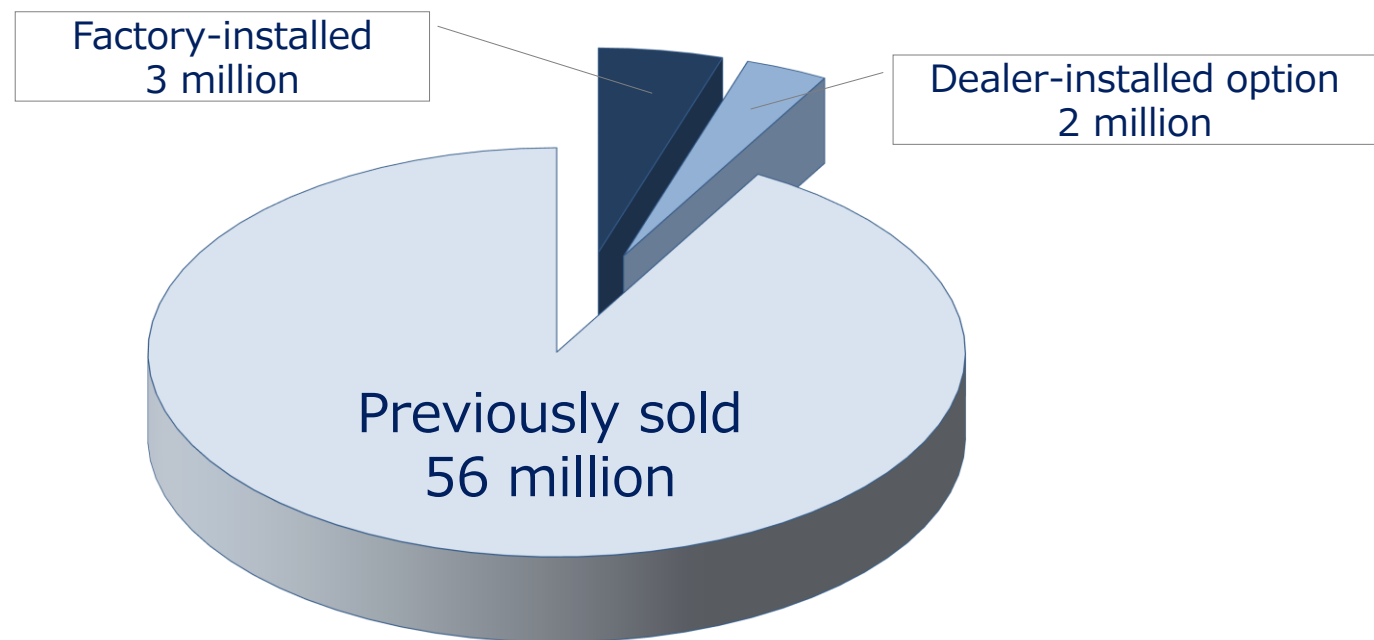
Automotive Sector - Consumer Market

- Huge market potential of the consumer market business for used cars
From navigation, a Dashcam to the ADAS Business

Number of Automobile Registrations in Japan

Total registrations = 61 million

(End of March 2016)

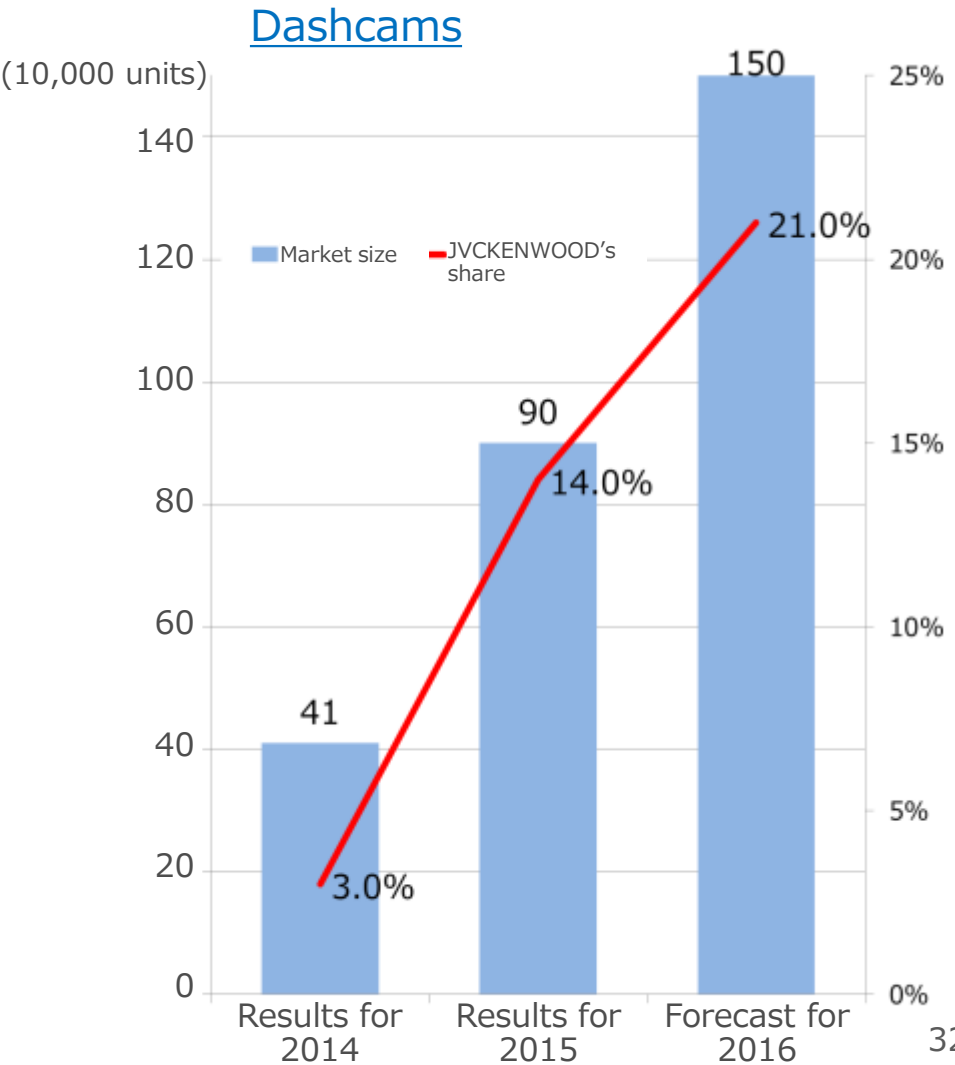
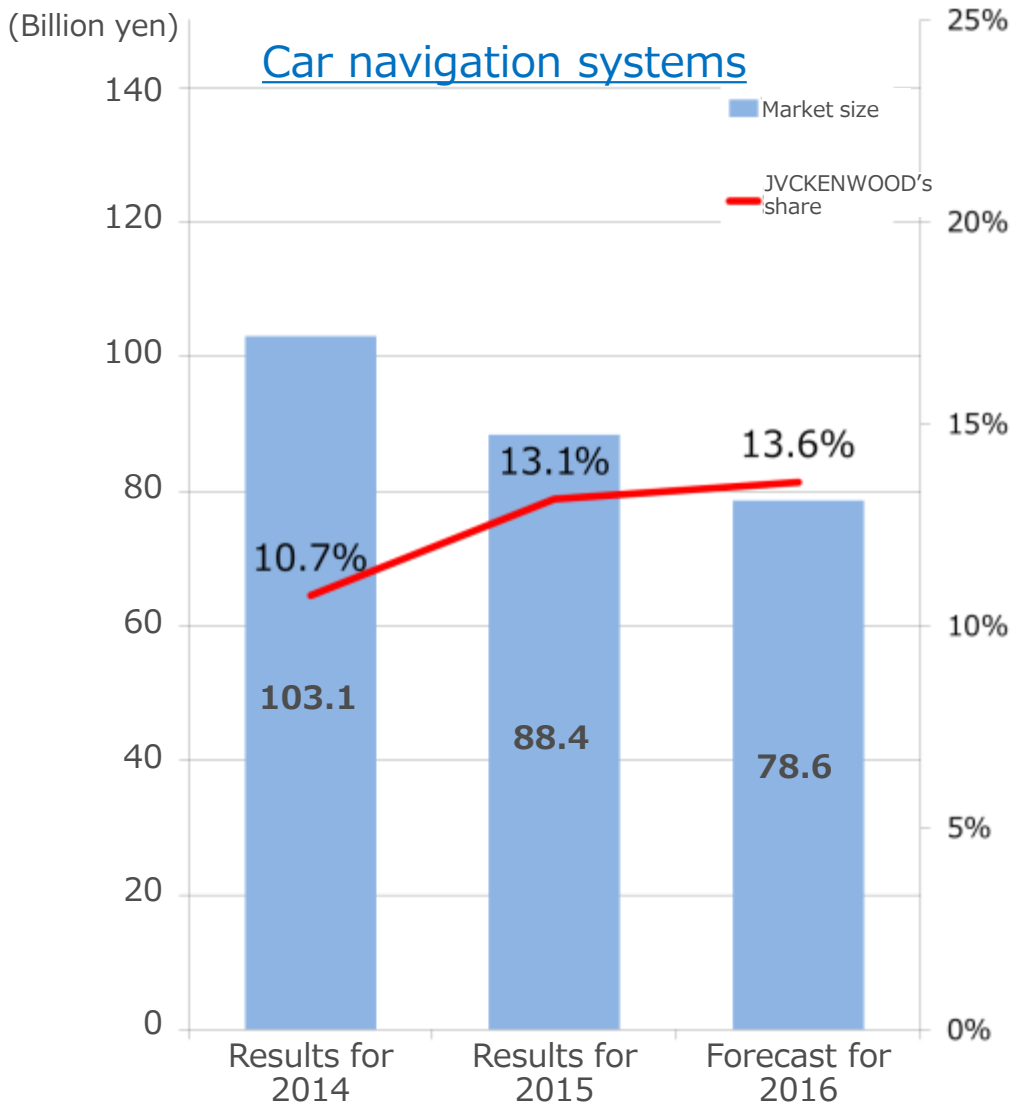


* The Company estimates

(Source) Automobile Inspection & Registration Information Association
Japan Automobile Dealers Association

Automotive Sector - Consumer Market Trends in the Share in the Domestic Market

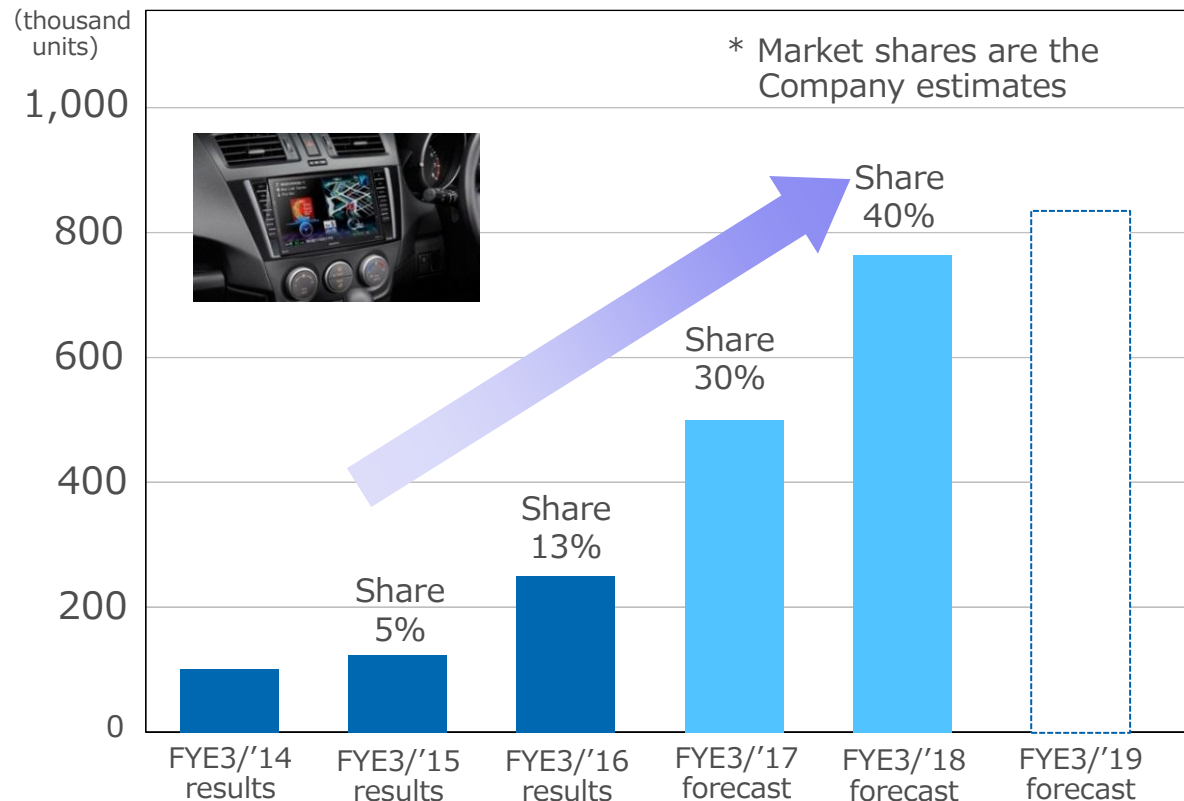
- Expanding share in spite of contraction of the car navigation system market.
- Both the market size and JVCKENWOOD's share are expanding for dashcams.



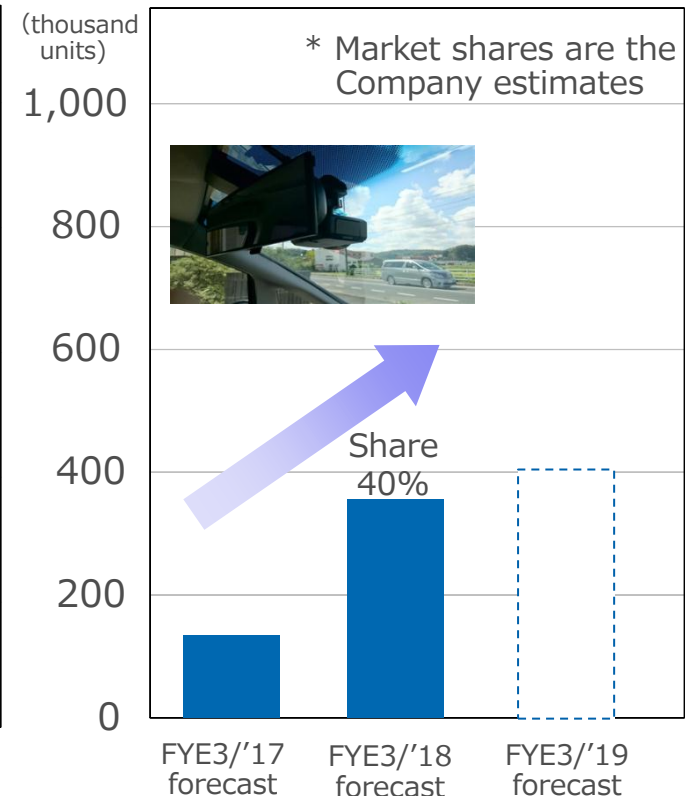
Automotive Sector – Dealer-installed Option

- Accepted a successive order after FYE3/'18 from a major automaker
- Aim to expand further including overseas business

Sales of Domestic Dealer-installed Navigation



Sales of Domestic Dealer-installed Dashcams

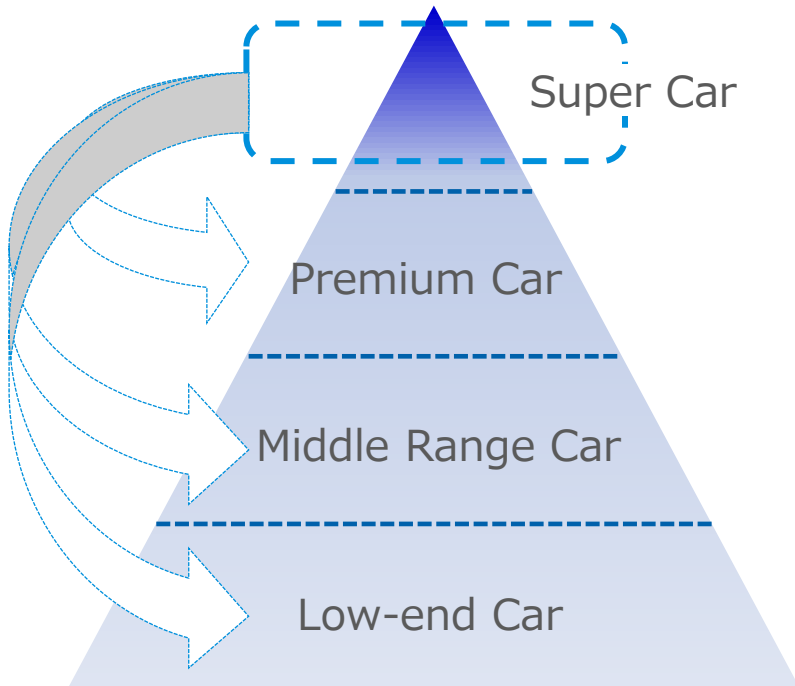


Automotive Sector – Factory-installed Equipment

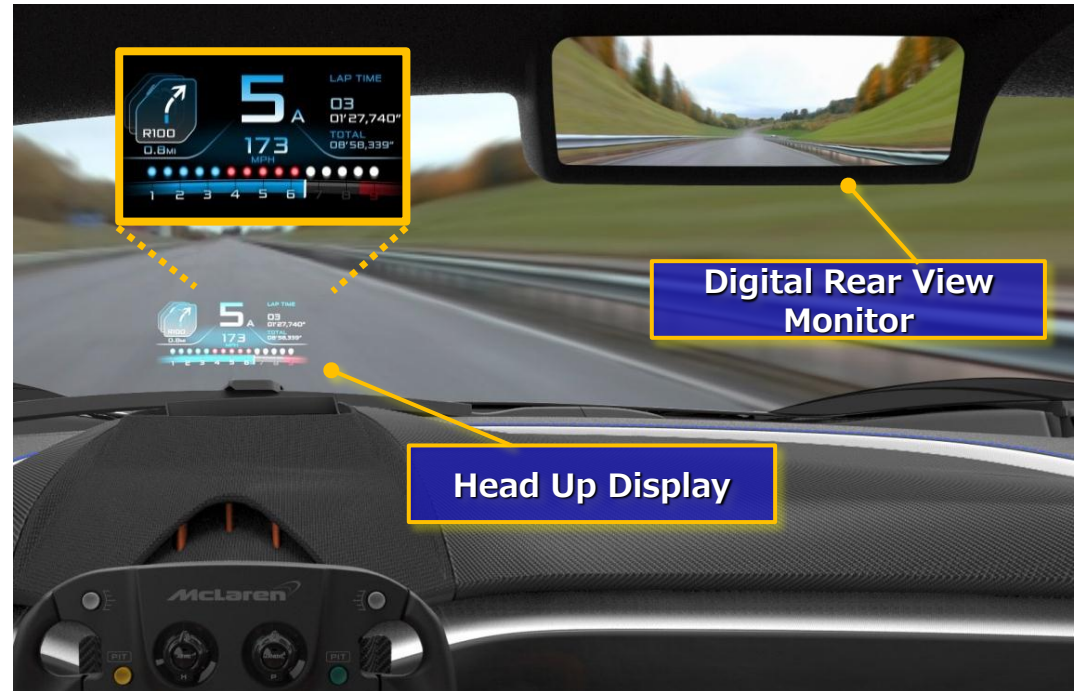
■ Developing innovative digital cockpit system

- Will start commercial production of digital cockpit system during FYE 3/'18, aiming at “trickle-down effect” in the industry
- Seek expansion of the each businesses, capitalizing on all related elemental technologies, and build unique position capable of taking versatile strategy

“Trickle-down Effect” from Super Car

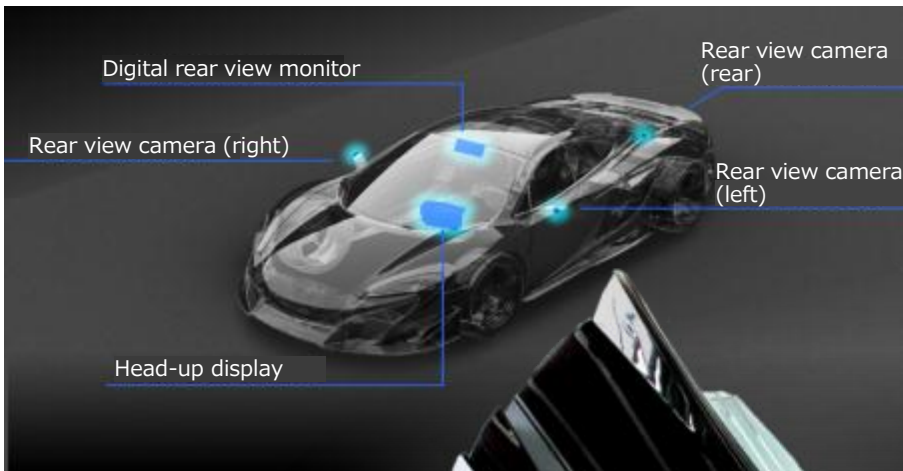


All in One Digital Cluster Information System



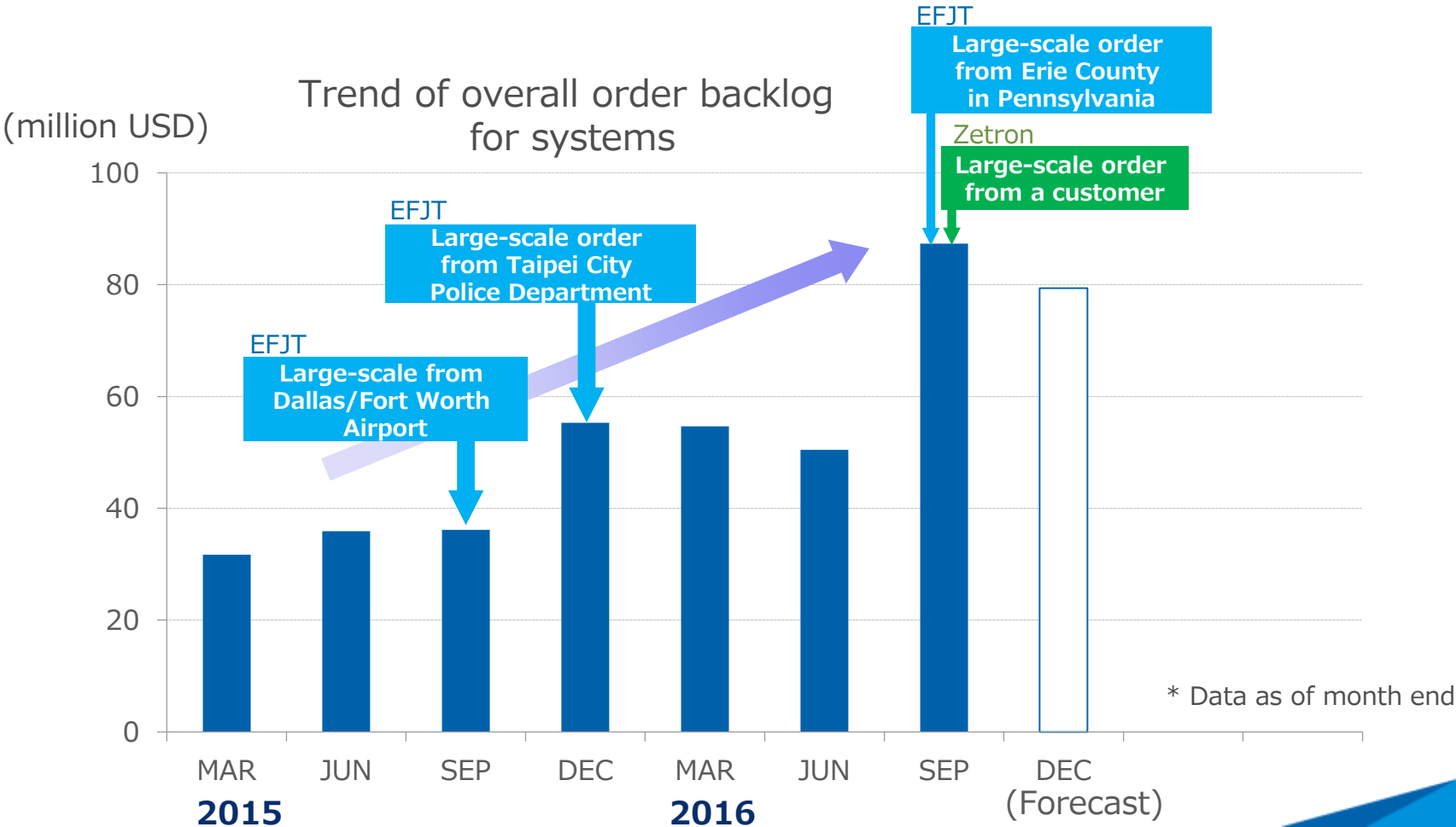
McLaren 675LT JVCKENWOOD Concept

Show car Equipped with JVCKENWOOD's Unique Digital Cockpit System



Public Service Sector – Communications Systems Business

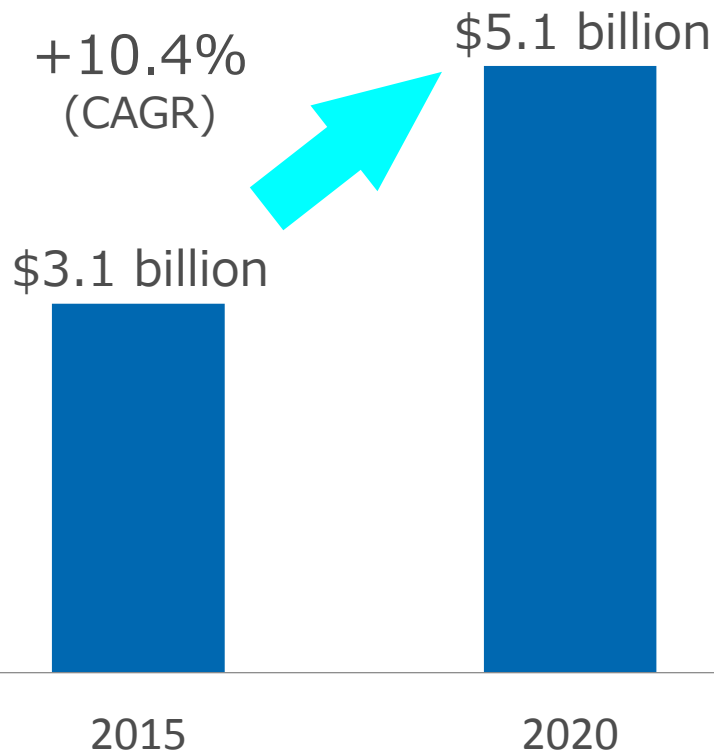
- Received large-scale orders for systems from Taipei City Police Department, Erie County in Pennsylvania, U.S. and other public-sector customers



Public Service Sector – Healthcare Business - Exosome Analysis System

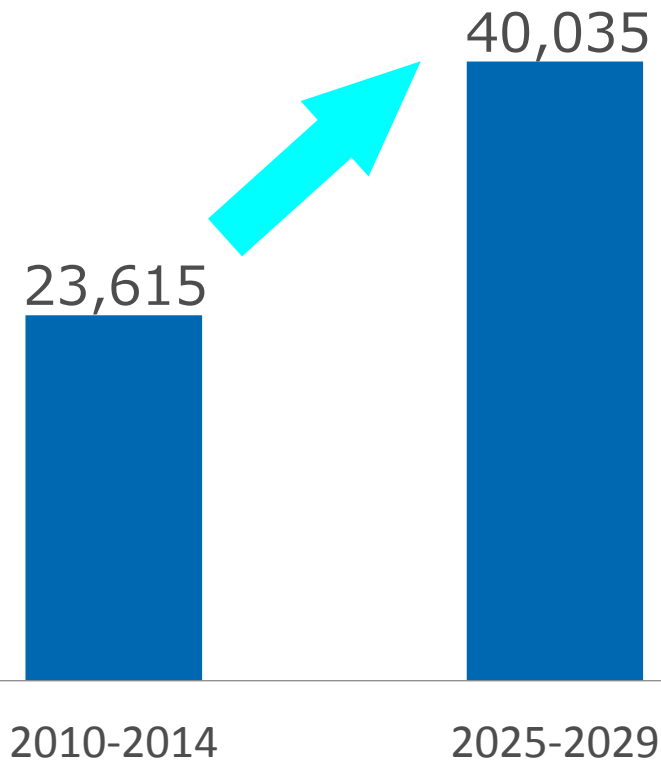
- The global CNS biomarker market is projected to grow
- The number of times of cancer tests in Japan is also projected to increase

The Global CNS*1
Biomarker Market



*1 Central Nervous System
(Source) BCC Research

Number of Times of
Cancer Tests in Japan
(annual average, thousands)

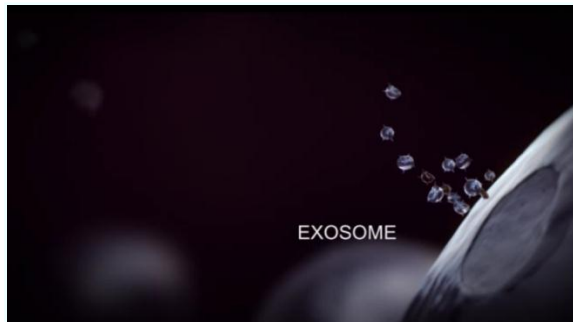


(Source) National Cancer Center, Center for
Cancer Control and Information Services

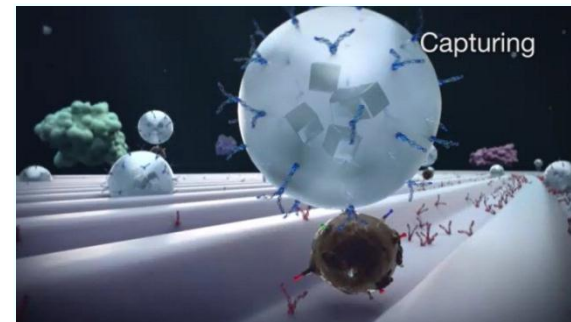
Public Service Sector – Healthcare Business - Exosome Analysis System

Optical disk technologies of **JVCKENWOOD** × ultrahigh sensitive measurement technologies of **sysmex**

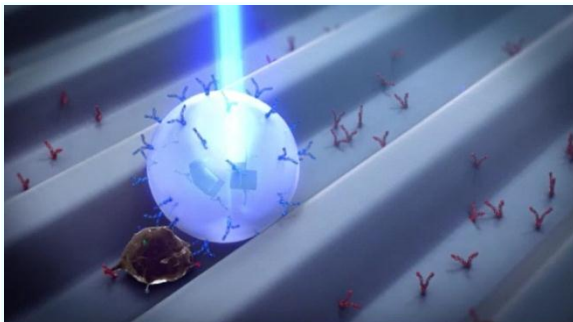
- Aim to realize a system for early detection of diseases such as cancer through blood sampling
 - Capture, count and measure “exosomes”, granular vesicles
 - Create groundbreaking testing and diagnostic technologies



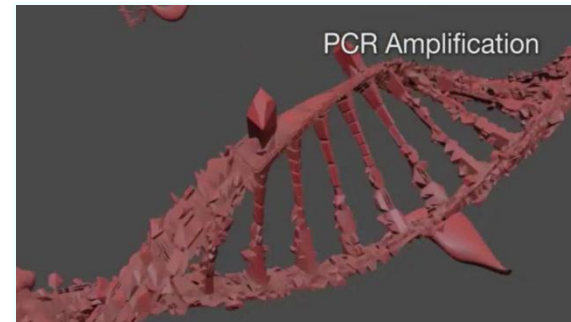
① Exosomes (cell-derived vesicles)



② Discriminate disease-related exosomes



③ Count the number of exosomes using optical disk technologies



④ Measure substances contained in exosomes by using Sysmex's ultrahigh sensitive measurement technologies

Case Example of efforts toward Providing Solutions in the Media Service Sector (1)

- Proposed new IP solutions by exhibiting professional imaging equipment in which live streaming technology is used at NAB* SHOW 2016 (April 18–21).



* NAB: National Association of Broadcasters

Case Example of efforts toward Providing Solutions in the Media Service Sector (2)

- Emphasized the good points of shifting from single-selling of cameras to selling solutions and shifting to open architecture for cloud computing and acquisition of professional operability at IBC*2016 (September 9–13).



* IBC: International Broadcast Conference

Case Example of efforts toward Providing Solutions in the Media Service Sector (3)

- Working on the development of a new genre of products by using a crowd-funding platform.
 - Product development and solution proposal from the viewpoint of customers enabled by understanding the needs of customers directly.
 - Utilized in acceptability survey and marketing tools for new genre of products.



Total amount raised: **22,515,000 yen** (funding period expired October 30) Funding target: 1,000,000 yen

Official project website: <https://www.makuake.com/project/jvc-mlm/>

Case Example of efforts toward Providing Solutions in the Media Service Sector (4)

- KooNe High-resolution Sound Design Solution that produces a comfortable space



Sound Space that Nourishes the Five Senses
Creating a comfortable space that offers high-quality relaxation

Anniversary Commemorative Activities

- Accelerate the development of new-generation **JVCKENWOOD** toward expansion and development
- Create a corporate culture that allows all directors and employees to feel the joy of work
 - October 2016:
5th anniversary of JVCKENWOOD Corporation
 - December 2016:
70th anniversary of Kenwood (Kasuga Radio Co., Ltd.)
 - September 2017:
90th anniversary of JVC

Examples of measures

- Business deployment by utilizing the accumulation of past brands
- Deployment of a new visual identity
- Innovation Act
 - …Aim to create an organization that stimulates innovation
- Anniversary commemorative models



5th Anniversary
Commemorative
Logo

JVCKENWOOD

The expressions contained in this presentation referring to the Company's future plans, intentions and expectations are categorized as future forecast statements.

Such statements reflect management expectations of future events, and accordingly, are inherently susceptible to risk, uncertainty and other factors, whether known or unknown, and may be significantly different from future performance. These statements represent management's targets as of the time of issuance of these presentation materials, and the Company is under no obligation, and expressly disclaims any such obligation, to update, alter or publicize its future forecast statements in the event there are changes in the economic climate and market conditions affecting the performance of the Company. Risk factors and other uncertainty which may affect the Company's actual performance include: (1) violent fluctuations in economic circumstances and supply and demand systems in major markets (in Japan, the U.S, the EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp fluctuations in the exchange rate of the U.S. dollar, euro, and such like against the yen; (4) marked fluctuations in exchange rates in capital markets; and (5) changes in social infrastructure due to short-term changes in technology and such like.

Please note however, that the above is not a comprehensive list of all the factors that may exert a significant influence on the Company's performance.