

JVCKENWOOD

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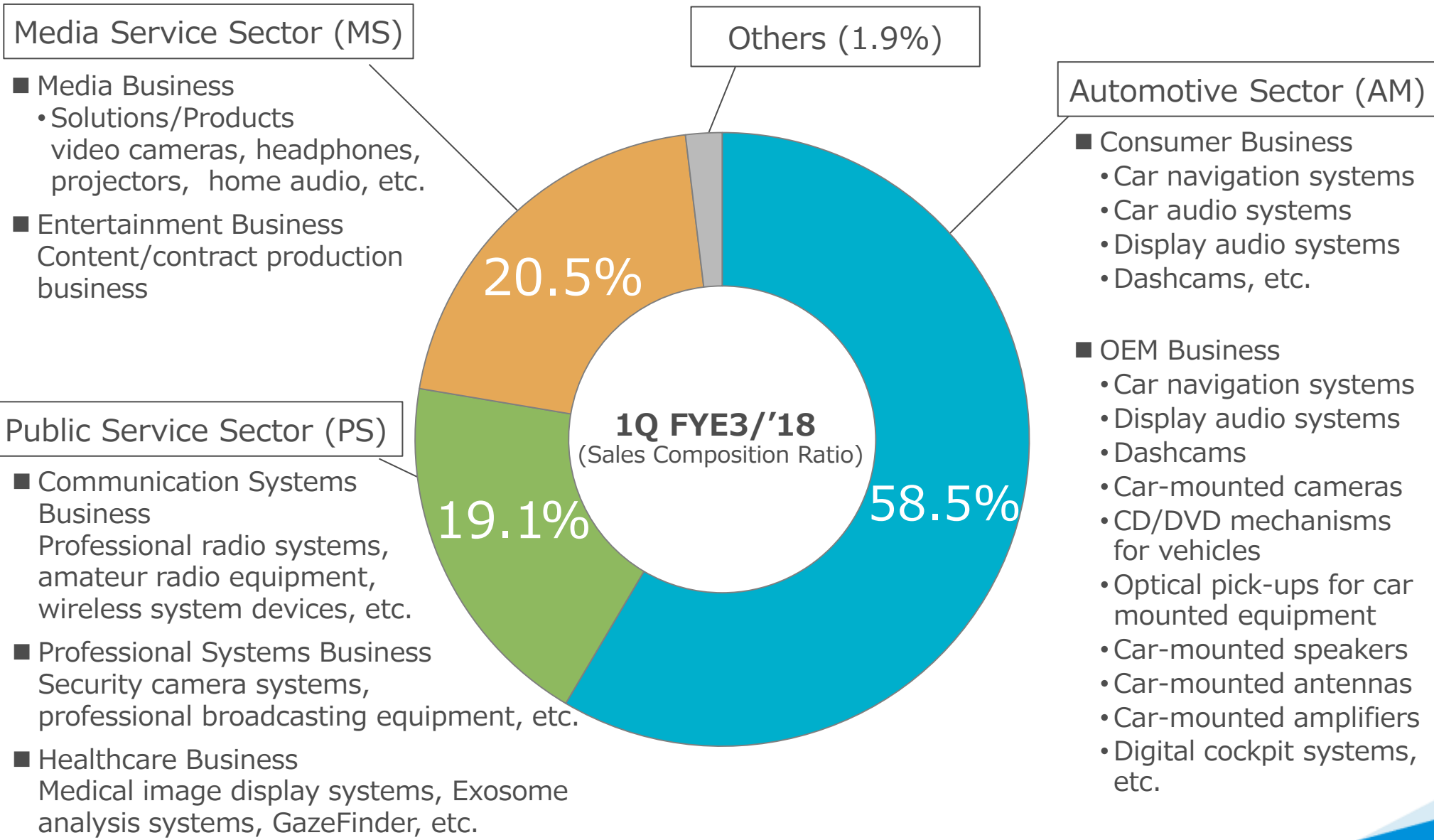
Results and Forecast Briefing

First Quarter of Fiscal Year Ending March 2018

August 2, 2017

JVCKENWOOD Corporation

Business Domains



- 1. Overview of Financial Results for 1Q of FYE3/'18**
- 2. Full-year Earnings Forecast for FYE3/'18**
- 3. Topics**

**1. Overview of Financial Results
for 1Q of FYE3/'18**

2. Full-year Earnings Forecast for
FYE3/'18

3. Topics

Financial Results for 1Q of FYE3/'18 – Summary

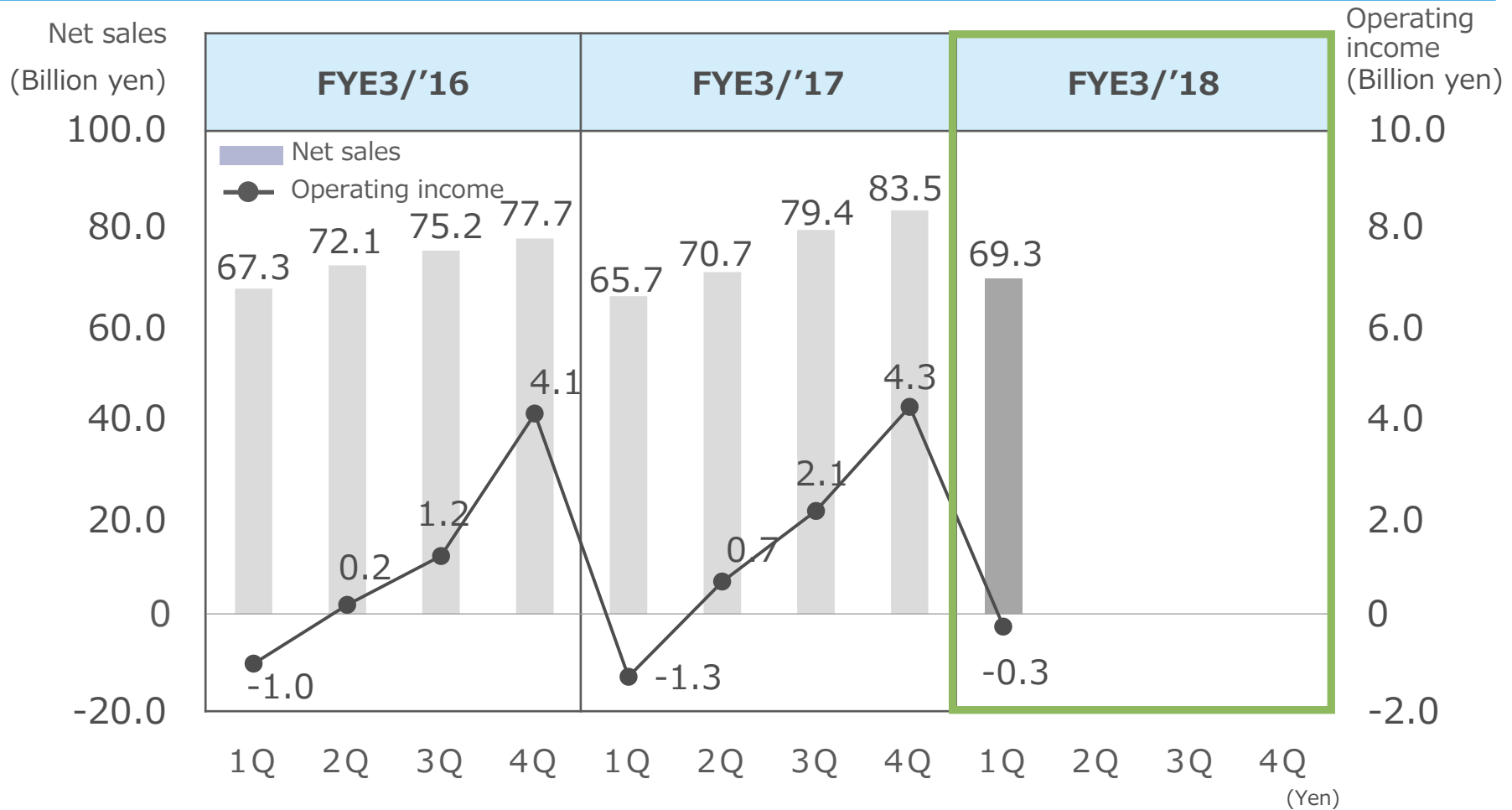
- Net sales increased due to significant sales increase in the OEM Business in the AM Sector.
- Operating loss decreased substantially due to a significant increase in profits in the OEM Business in the AM Sector.
- Both ordinary loss and net loss decreased substantially due to a decline in operating loss.

(Billion yen)

	1Q FYE3/'17		1Q FYE3/'18		
		Composition ratio		Composition ratio	YoY comparison
Net sales	65.7	100.0	69.3	100.0	+5.5%
Cost of sales	48.6	73.9	51.7	74.6	+6.4%
Selling, general and administrative expenses	18.4	28.0	17.9	25.8	-3.1%
Operating income	-1.3	-2.0	-0.3	-0.4	—
Ordinary income	-1.4	-2.1	-0.3	-0.4	—
Net income attributable to owners of parent	-2.7	-4.1	-1.2	-1.7	—

		FYE3/'17					FYE3/'18				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Profit-and-loss exchange rates	U.S. dollar	JPY 108	JPY 102	JPY 109	JPY 114	JPY 108	JPY 111				
	Euro	JPY 122	JPY 114	JPY 118	JPY 121	JPY 119	JPY 122				

Financial Results for 1Q of FYE3/'18 – Trends in Quarterly Results



		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Profit-and-loss exchange rates	U.S. dollar	121	122	121	115	108	102	109	114	111			
	Euro	134	136	133	127	122	114	118	121	122			

		1H		2H		1H		2H		1H		2H	
Net sales		139.4		152.8		136.4		162.9					
Operating income		-0.8		5.3		-0.6		6.4					

Financial Results for 1Q of FYE3/'18 – Results by Sector

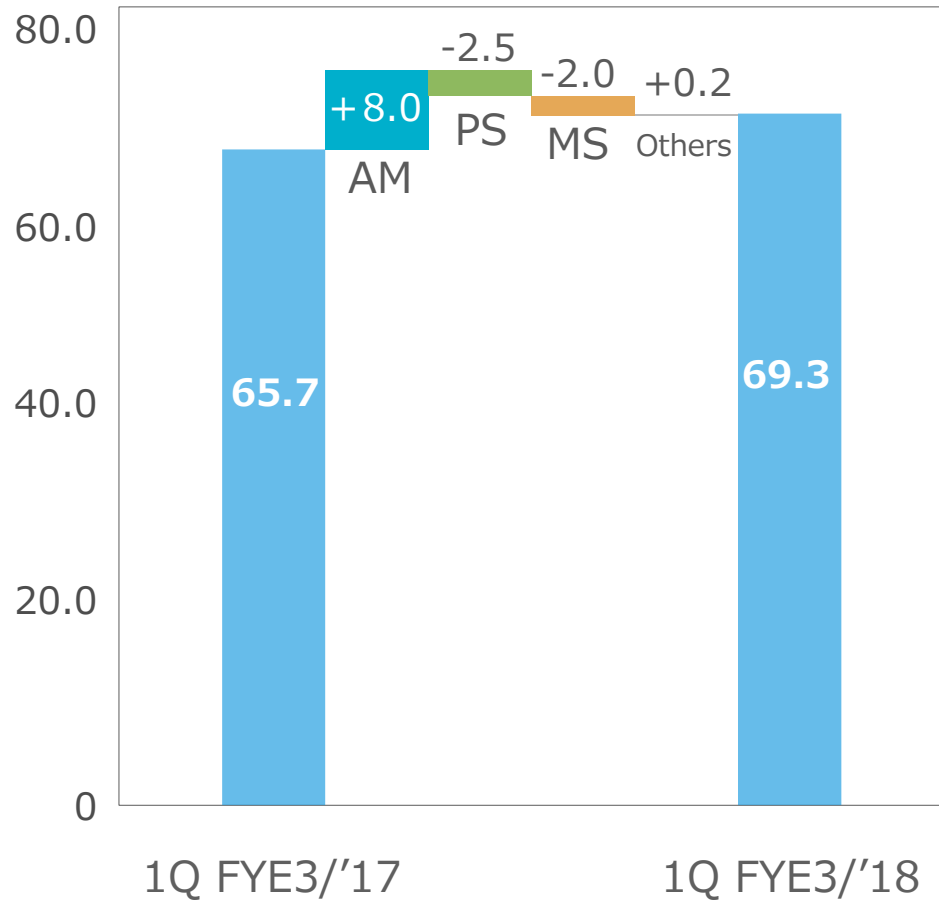
(Billion yen)

		1Q FYE3/'17	1Q FYE3/'18	YoY change (amount)	YoY change (percentage)	Factor
AM Sector	Net sales	32.6	40.5	+8.0	+24.4%	* Sales in the AM Sector as a whole increased due to a substantial increase in sales in the OEM Business, despite the effects of a decrease in overseas sales in the Consumer Business.
	Operating income	-0.5	1.3	+1.9	–	* The AM Sector as a whole achieved an improvement in profits and losses and returned to profitability due to a significant profit increase in the OEM Business, despite the effects of lower sales in the Consumer Business.
PS Sector	Net sales	15.8	13.3	-2.5	-16.1%	* Sales in the PS Sector as a whole decreased due to the effects of a sales decrease in the Communication Systems Business and business sell-offs in the Professional Systems Business that caused 1.4 billion yen loss.
	Operating income	-1.0	-1.5	-0.6	–	* Operating loss in the PS Sector as a whole increased due to a sales decrease in the Communication Systems Business, profit decrease at the Group's U.S. communication systems subsidiary resulting from an increase in personnel, and profit decrease in the Professional Systems Business.
MS Sector	Net sales	16.2	14.2	-2.0	-12.4%	* Sales in the MS Sector as a whole decreased due to a sales decrease in the Media Business, although sales in the Entertainment Business were on a par with the same period a year earlier.
	Operating income	0.1	-0.1	-0.1	–	* Operating income in the MS Sector as a whole decreased due to a profit decrease in the Media Business, despite a profit increase in the Entertainment Business.
Others (including inter- segment elimination)	Net sales	1.1	1.3	+0.2	+15.8%	
	Operating income	0.1	0	-0.1	-95.8%	
Total	Net sales	65.7	69.3	+3.6	+5.5%	
	Operating income	-1.3	-0.3	+1.0	–	

Financial Results for 1Q of FYE3/'18 – Consolidated Net Sales (by Sector)

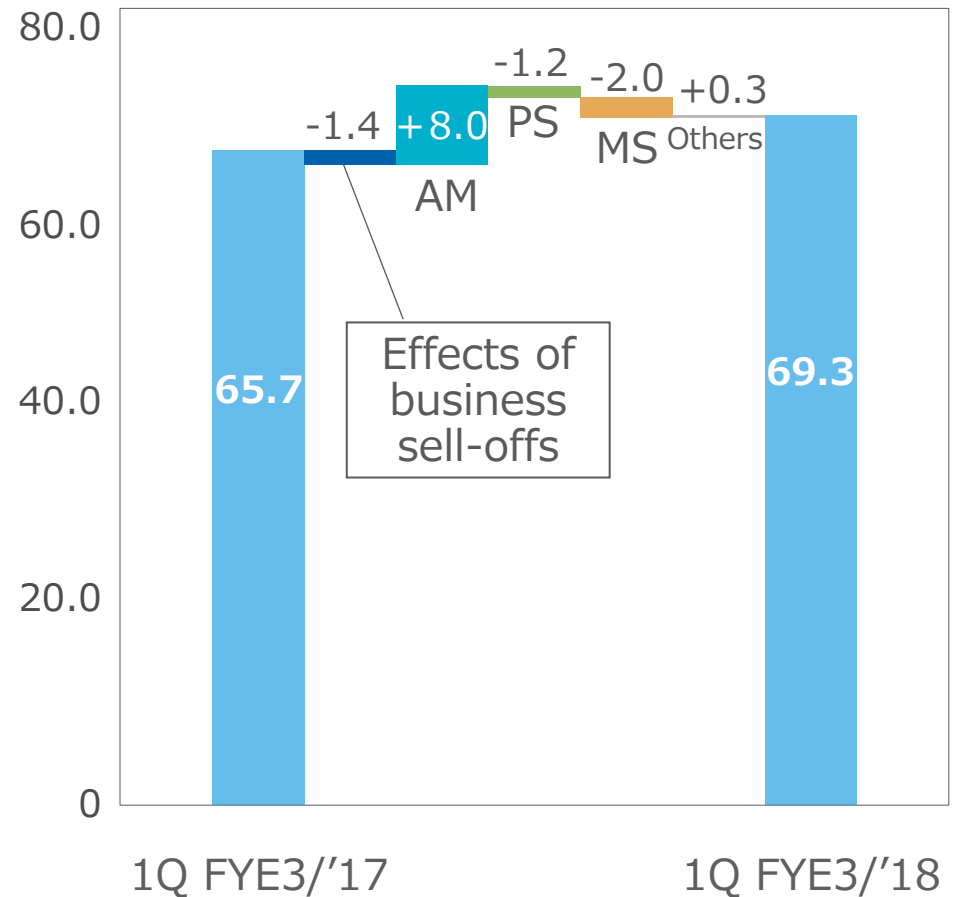
Consolidated Net Sales
(by Sector)

(Billion yen)

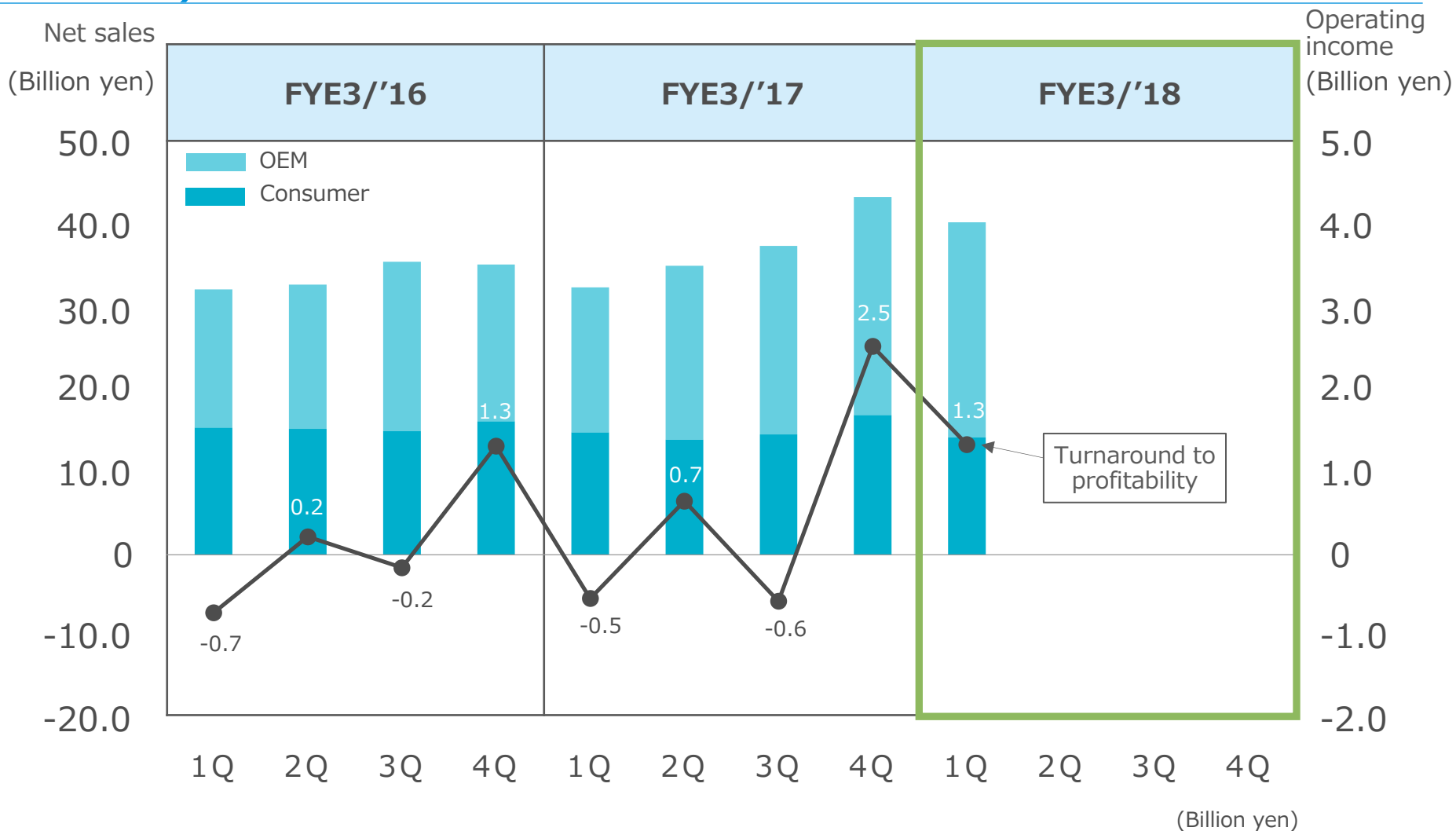


Consolidated Net Sales

(Billion yen) (by Sector, after Excluding the Effects of Business Sell-offs)

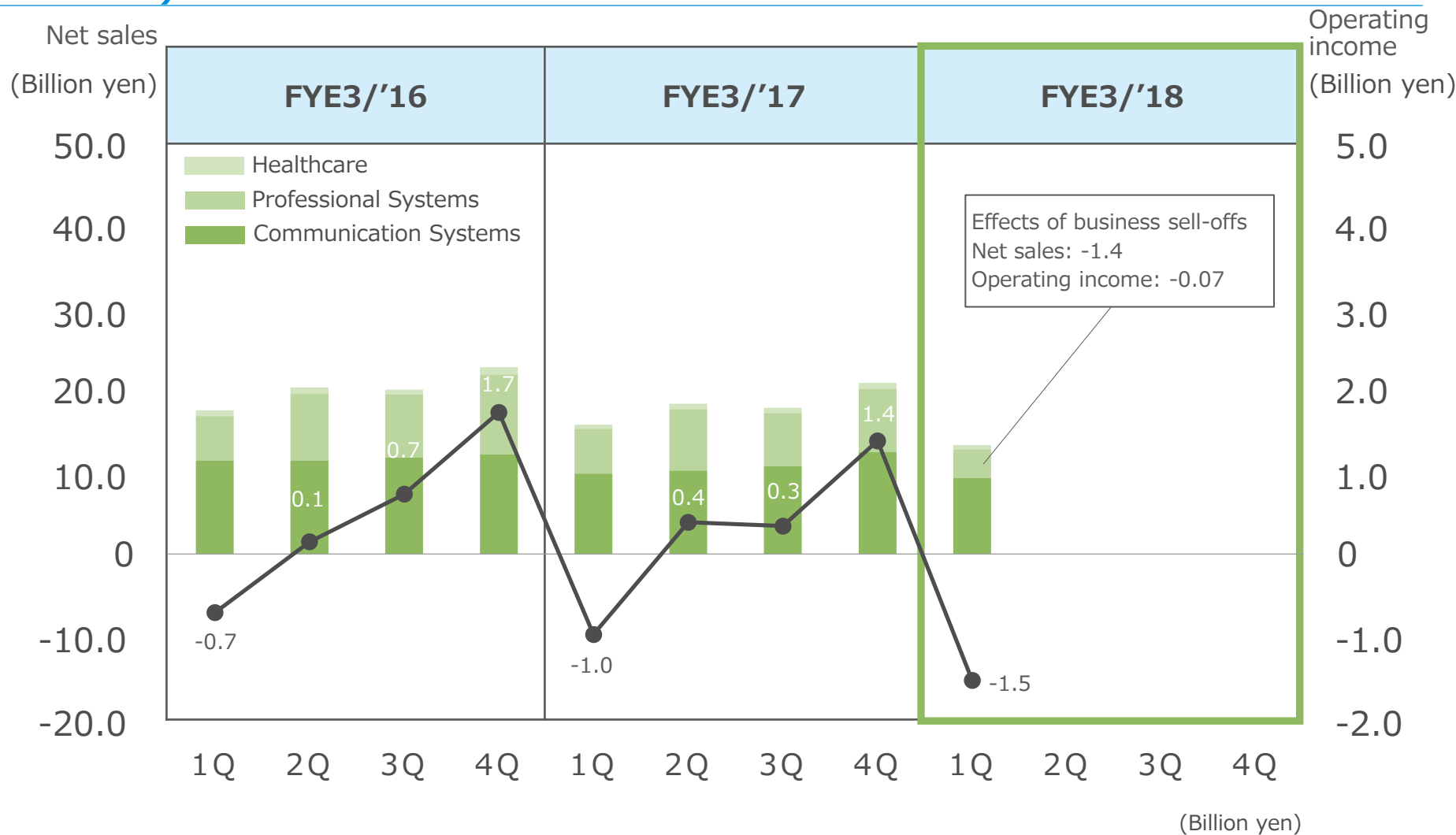


Financial Results for 1Q of FYE3/'18 – Quarterly Results (AM Sector)



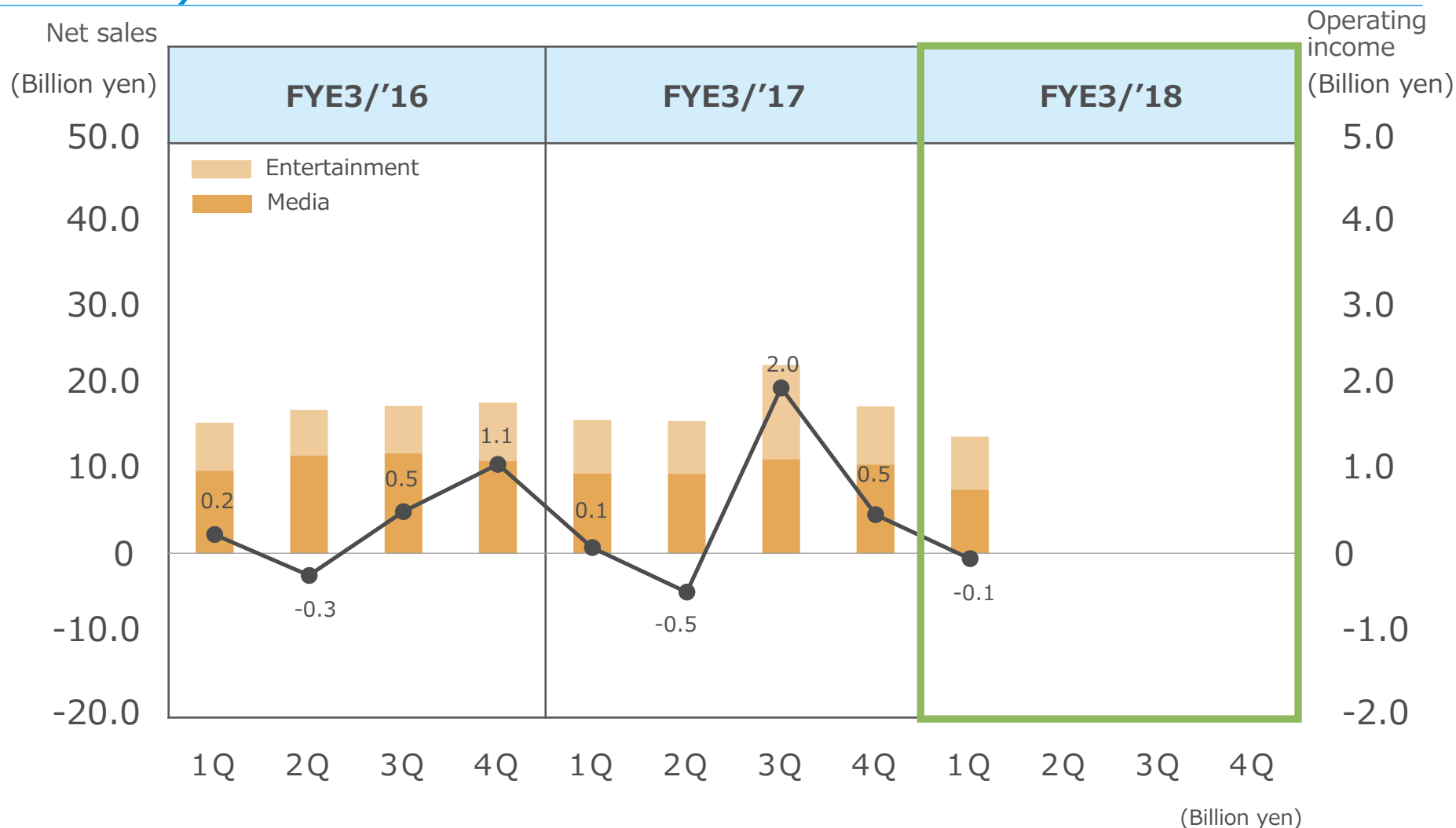
	FYE3/'16		FYE3/'17		FYE3/'18	
	1H	2H	1H	2H	1H	2H
Net sales	65.3	71.1	67.8	81.2		
Operating income	-0.5	1.2	0.1	2.0		

Financial Results for 1Q of FYE3/'18 – Quarterly Results (PS Sector)



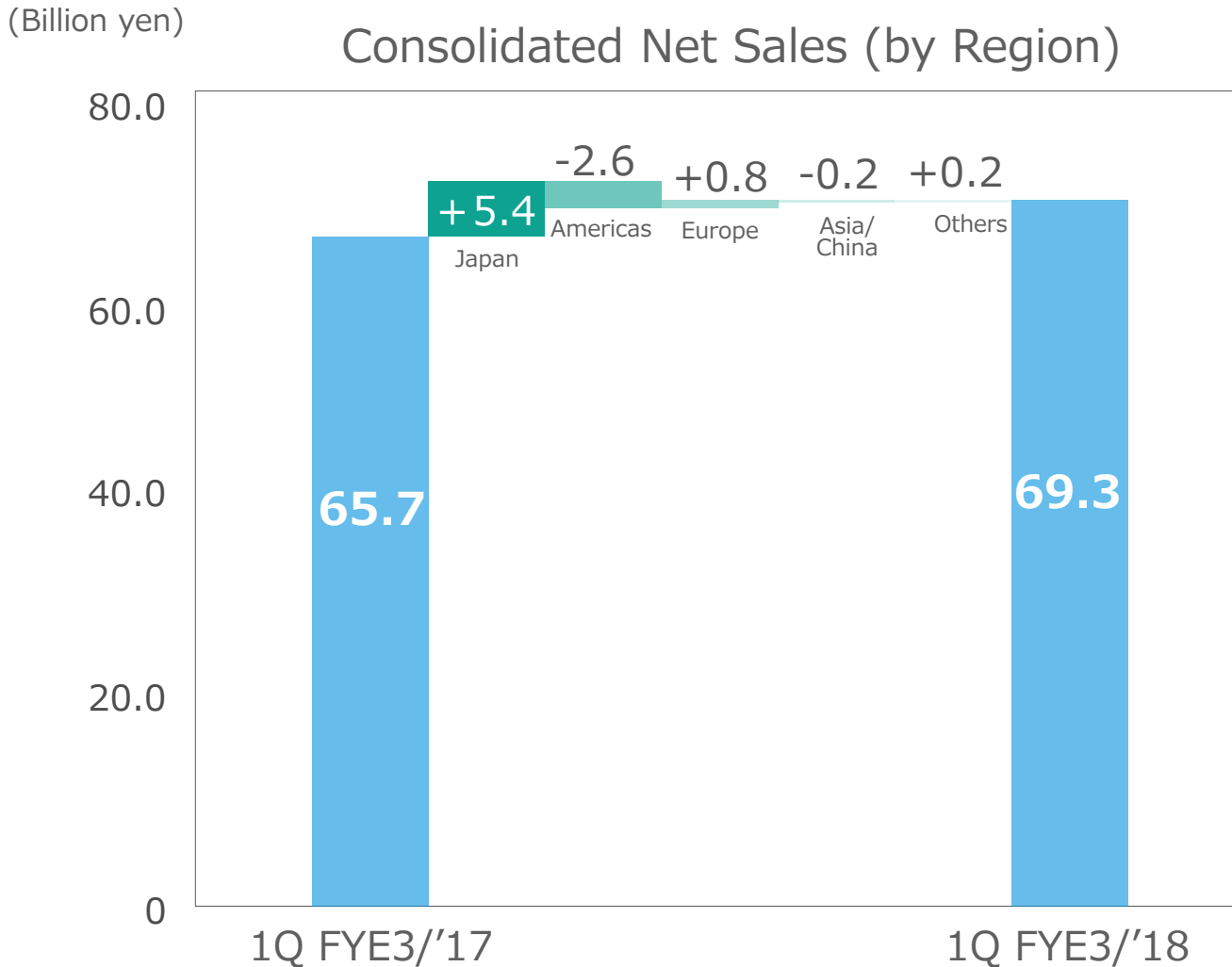
	FYE3/'16		FYE3/'17		FYE3/'18	
	1H	2H	1H	2H	1H	2H
Net sales	37.9	43.0	34.2	38.8		
Operating income	-0.6	2.5	-0.6	1.7		

Financial Results for 1Q of FYE3/'18 – Quarterly Results (MS Sector)

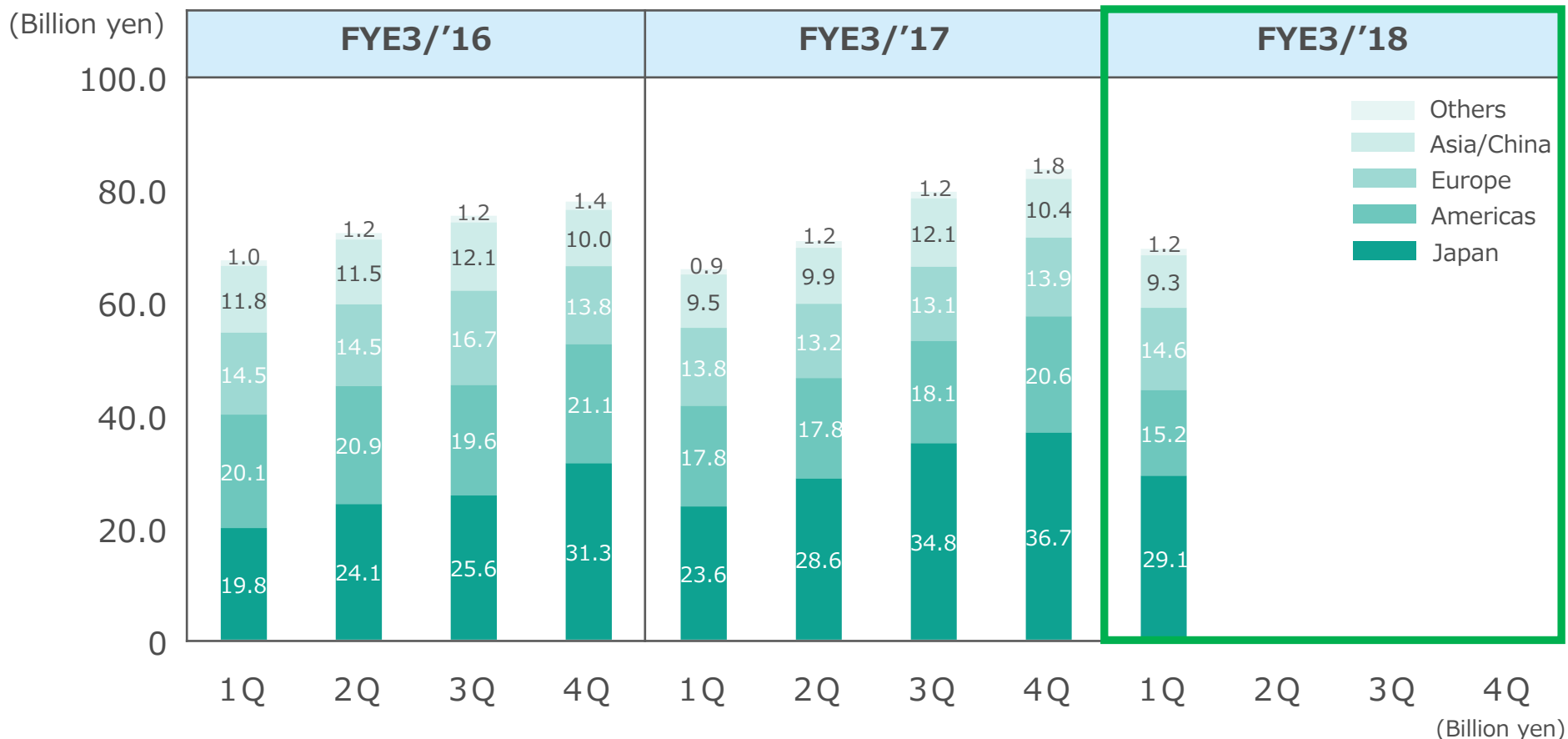


	1H	2H	1H	2H	1H	2H
Net sales	33.3	36.1	32.2	40.6		
Operating income	-0	1.6	-0.4	2.5		

Financial Results for 1Q of FYE3/'18 – Consolidated Net Sales (by Region)

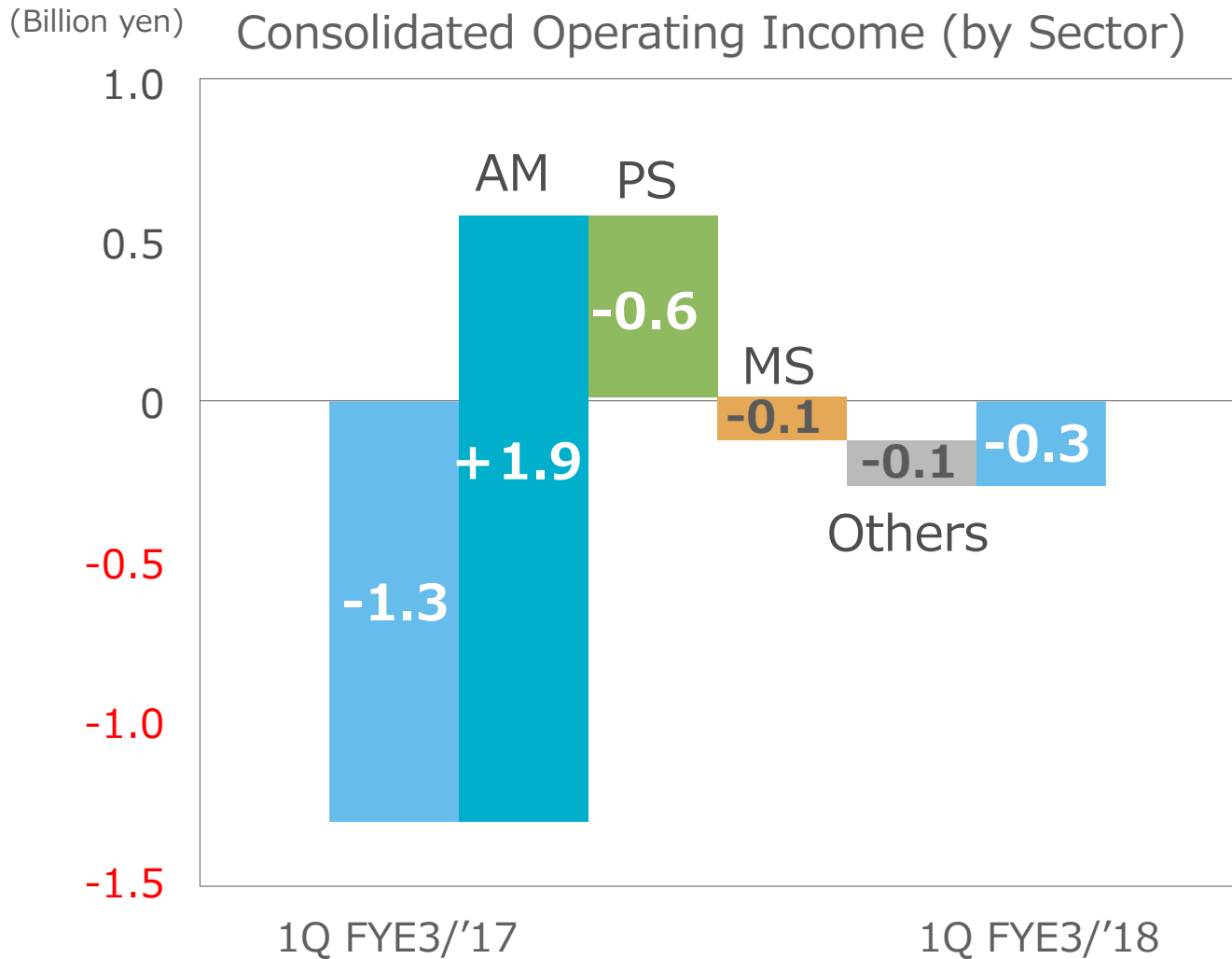


Financial Results for 1Q of FYE3/'18 – Quarterly Trends in Consolidated Net Sales (by Region)



	1H	2H	1H	2H	1H	2H
Japan	43.9	56.9	52.3	71.6		
Americas	41.0	40.7	35.6	38.7		
Europe	29.0	30.5	27.0	27.1		
Asia/China	23.3	22.1	19.4	22.5		
Others	2.2	2.6	2.1	3.0		

Financial Results for 1Q of FYE3/'18 – Consolidated Operating Income (by Sector)



Financial Results for 1Q of FYE3/'18 – Consolidated Ordinary Income and Net Income Attributable to Owners of Parent

- Both ordinary income and net income attributable to owners of parent improved substantially due to a significant decline in operating loss.

(Billion yen)

	1Q FYE3/'17	1Q FYE3/'18	YoY Change
Operating income	-1.3	-0.26	+1.04
Non-operating income and expenses	-0.11	-0.04	+0.07
Ordinary income	-1.41	-0.30	+1.11
Extraordinary income (loss)	-0.35	-0.00	+0.35
Income taxes, etc.	-0.92	-0.89	+0.02
Net income attributable to owners of parent	-2.68	-1.20	+1.48

Financial Results for 1Q of FYE3/'18 – Non-operating Income and Expenses and Extraordinary Income (Loss)

(Million yen)

	1Q FYE3/'17	1Q FYE3/'18	YoY Change
Non-operating income and expenses	-106	-39	+67
Non-operating income	383	497	+114
Interest and dividend income	201	122	-79
Dividends income of insurance	82	107	+25
Others	100	266	+166
Non-operating expenses	489	536	+47
Interest expenses	258	226	-32
Foreign exchange loss	61	126	+65
Others	169	182	+13
Extraordinary income (loss)	-355	-1	+354
Extraordinary income	29	35	+6
Gain on sales of non-current assets	29	18	-11
Others	-	16	+16
Extraordinary loss	384	36	-348
Loss on sales and retirement of non-current assets	19	21	+2
Expenses for business structural reform	3	4	+1
Expenses for employment structure improvement	86	-	-86
Loss on liquidation of subsidiaries and affiliates	272	-	-272
Others	2	9	+7

Financial Results for 1Q of FYE3/'18 – Balance Sheet Summary

(Billion yen)

	End of FYE3/'17	End of 1Q FYE3/'18	Change
Total assets	262.3	260.1	-2.2
Interest-bearing debts	70.3	71.6	+1.3
Net debt	28.5	27.3	-1.2
Net debt/equity ratio (times)	0.51	0.50	-0.01
Net assets	61.5	60.5	-1.1
Shareholders' equity	56.0	54.9	-1.2
Shareholders' equity ratio (%)	21.4	21.1	-0.3

Financial Results for 1Q of FYE3/'18 – Cash Flow Summary

- Cash flow from operating activities increased due to a decrease in loss before income taxes, coupled with an increase in proceeds as a result of collecting notes and accounts receivable-trade.
- Cash flow from investing activities decreased due to a decrease in cash outflow for the purchase of intangible fixed assets.

(Billion yen)

	1Q FYE3/'17	1Q FYE3/'18	YoY Change
Cash flow from operating activities	0.2	5.3	+5.1
Cash flow from investing activities	-3.3	-2.5	+0.9
Free cash flow	-3.1	2.9	+6.0
Cash flow from financing activities	-1.6	-0.3	+1.4
Total	-4.8	2.6	+7.4

1. Overview of Financial Results for 1Q of FYE3/'18
- 2. Full-year Earnings Forecast for FYE3/'18**
3. Topics

Full-year Earnings Forecast for FYE3/'18

- Earnings for 1Q exceeded the initial forecast due mainly to strong sales in the OEM Business in the AM Sector.
- As for the outlook for 2Q and beyond, sales are expected to remain strong in the OEM Business in the AM Sector and earnings are expected to improve in the PS and MS Sectors through 2Q. However, the full-year earnings forecast announced at the beginning of period is left unchanged at this time.

(Billion yen)

		Results for FYE3/'17	Forecast for FYE3/'18	Change
Net sales		299.3	295.0	-4.3
Operating income		5.8	6.4	+0.6
Ordinary income		3.6	4.4	+0.8
Net income attributable to owners of parent		-6.7	1.4	+8.1
		Results for FYE3/'17	Assumptions for FYE3/'18	
Profit-and-loss exchange rates	U.S. dollar	JPY 108	JPY 113	
	Euro	JPY 119	JPY 121	

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Topics – AM Sector

- Consumer: Proactively promoted connecting dashcams to Saisoku-Navi car navigation systems in the domestic market.

スマート連携 ドライブレコーダー + カーナビ

Advantage 1

Large-screen display provides improved visibility



Advantage 2

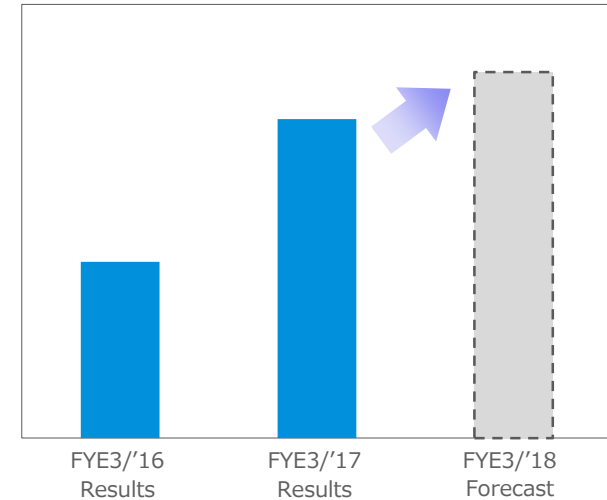
Zoomed playback images can be viewed



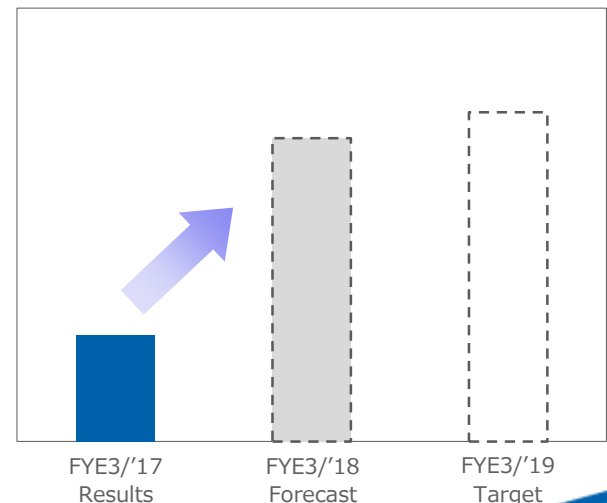
- OEM: Sales volume of dealer-installed dashcams, in addition to dealer-installed car navigation systems, grew substantially.



Domestic sales volume results and forecast for JVCKENWOOD's consumer dashcams



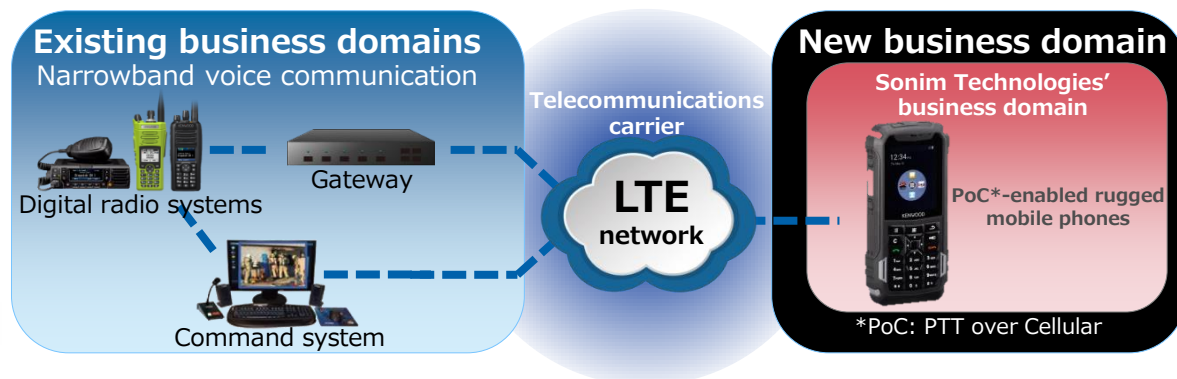
Domestic sales volume results and forecast for JVCKENWOOD's dealer-installed dashcams



Topics – PS Sector

- Wireless systems:
Boosted sales through introduction of new devices and expanded order intake for systems by increasing personnel at EFJT, while promoting sales activities for IP wireless solutions providers in Japan and abroad.

NEW
NX-3000 series
multi-protocol
digital radio system



Conceptual image of IP wireless solutions through collaboration with Sonim Technologies in the U.S.

- Professional systems:
Expanded solution business by introducing Intelligent Video Analytics (IVA) to a domestic logistics company and receiving orders for face-recognition system at transport infrastructure facilities, etc.



Intelligent Video Analytics



Conceptual image of face recognition system

Topics (MS Sector)

■ Media:

First product marketed under the new Victor brand:

WiZMUSIC, an acoustic characteristics customizing service that uses our proprietary EXOFIELD out-of-head localization sound field processing technology



■ Entertainment:

Artists' works that contributed to earnings in 1Q:

"Music Video Tour 2010-2017," BD/DVD by Gen Hoshino

"Koizumi Chronicle – Complete Single Best 1982-2017" by Kyoko Koizumi

Promising works scheduled to be released in 2Q: "Garakuta," an album by Keisuke Kuwata (to be released on Aug. 23)

"Family Song," a new single by Gen Hoshino (to be released on Aug. 16)

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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 price fluctuations 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.