

# HARMAN



FROST & SULLIVAN

2013

BEST  
PRACTICES  
AWARD

GLOBAL IN-VEHICLE INFOTAINMENT  
INDUSTRY LEADERSHIP AWARD



reddot design award



by HARMAN



## 4<sup>th</sup> Quarter Highlights – FY 2013

Dinesh C. Paliwal – Chairman, President & CEO  
Herbert Parker – Chief Financial Officer

August 6, 2013

AKG

harman/kardon

Infinity



lexicon

mark  
levinson

We are proud of more than 60 years of innovation, technical excellence and multiple GRAMMY® Awards.

GRAMMY is a registered trademark of The Recording Academy.

# Forward Looking Information

*Except for historical information contained herein, the matters discussed in this earnings release are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act. One should not place undue reliance on these statements. The Company bases these statements on particular assumptions that it has made in light of its industry experience, as well as its perception of historical trends, current market conditions, current economic data, expected future developments and other factors that the Company believes are appropriate under the circumstances. These statements involve risks and uncertainties that could cause actual results to differ materially from those suggested in the forward-looking statements, including but not limited to: (1) the Company's ability to maintain profitability in its infotainment division if there are delays in its product launches which may give rise to significant penalties and increased engineering expense; (2) the loss of one or more significant customers, or the loss of a significant platform with an automotive customer; (3) fluctuations in currency exchange rates, particularly with respect to the value of the U.S. Dollar and the Euro; (4) the Company's ability to successfully implement its global footprint initiative, including achieving cost reductions and other benefits in connection with the restructuring of its manufacturing, engineering, procurement and administrative organizations; (5) fluctuations in the price and supply of raw materials including, without limitation, petroleum, copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components; (6) the inability of the Company's suppliers to deliver products at the scheduled rate and disruptions arising in connection therewith; (7) the Company's ability to maintain a competitive technological advantage through innovation and leading product designs; (8) the Company's failure to maintain the value of its brands and implementing a sufficient brand protection program; and (9) other risks detailed in Harman International Industries, Incorporated Annual Report on Form 10-K for the fiscal year ended June 30, 2012 and other filings made by the Company with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statement except as required by law.*

*This earnings release also makes reference to the Company's awarded business, which represents the estimated future lifetime net sales for all customers. The Company's future awarded business does not represent firm customer orders. The Company reports its awarded business primarily based on written award letters. The Company calculates its awarded business using various assumptions including global vehicle production forecasts, customer take rates for the Company's products, revisions to product life cycle estimates and the impact of annual price reductions and exchange rates, among other factors. These assumptions are updated on an annual basis. The Company updates the estimates quarterly by adding the value of new awards received and subtracting sales recorded during the quarter. These quarterly updates do not include any assumptions for increased take rates, revisions to product life cycle, or any other factors.*

# Q4 FY13 Overview and Highlights

HARMAN

Q4 net sales up 8% to \$1.2B; operating income \$87M\*

Delivered FY13 EPS of \$3.07, above FY12 of \$2.93\*

Doubled dividend & increased buyback authorization by \$200M

3 competitive infotainment replacement wins (details on Investor Day)

Infotainment & Lifestyle Divisions won industry innovation awards

Home & Multimedia revenue grew 33% with high single digit EBIT%

Reduced 930 FTEs; divested a German manufacturing operation

*\*A non-GAAP measure, see reconciliation of non-GAAP measures in the press release*

LTM Rev ~\$4.3B

LTM EBITDA 9.6%

~14,000 FTEs

### Infotainment Division



✓ Global Leader

Navigation, multimedia connectivity and safety solutions for a premium driving experience

LTM Rev \$2,283M  
LTM EBITDA 9.3%

### Lifestyle Division



✓ Global Leader

Branded audio for high quality sound in the car, in the home and on the go

LTM Rev \$1,338M  
LTM EBITDA 14.2%

### Professional Division



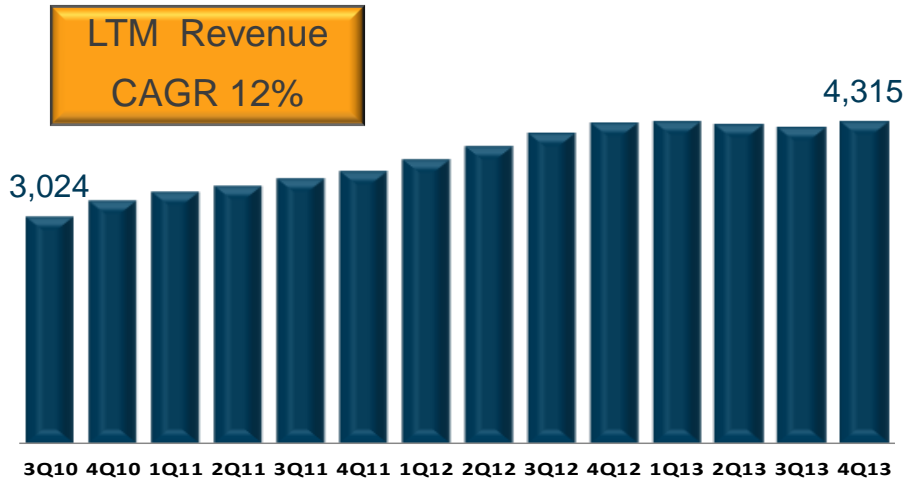
✓ Global Leader

Premium audio and lighting solutions for recording, broadcast, tour and installed sound

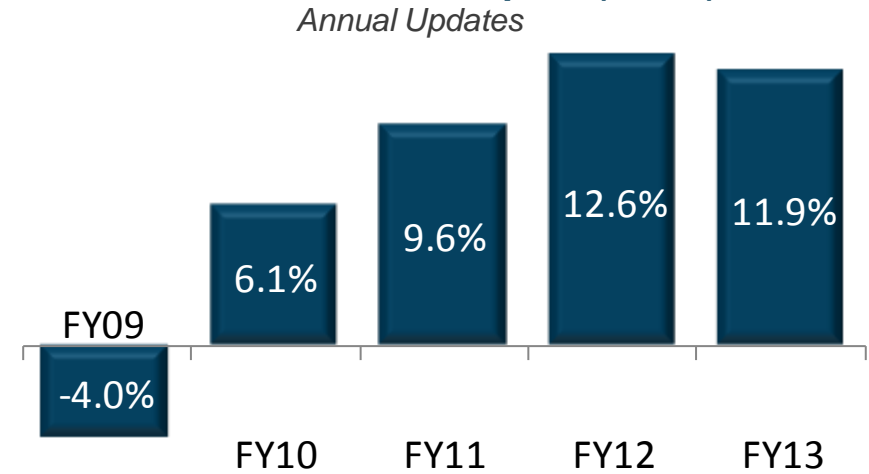
LTM Rev \$673M  
LTM EBITDA 16.6%

# Creating Shareholder Value with High Performance Culture

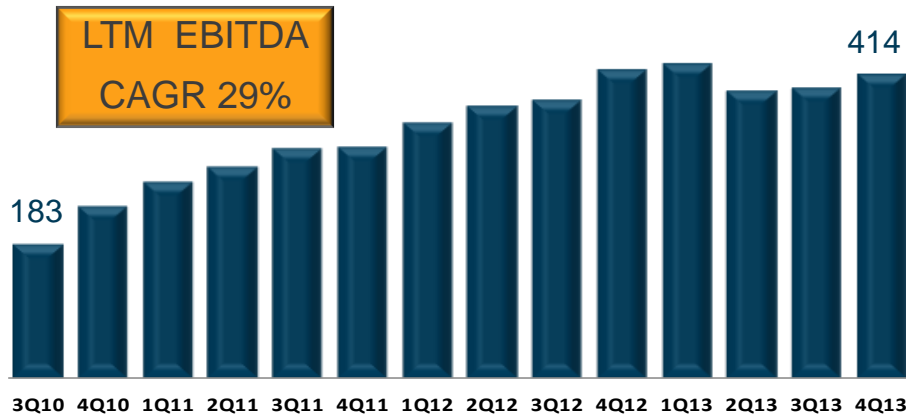
### Revenue Growth Trends\*



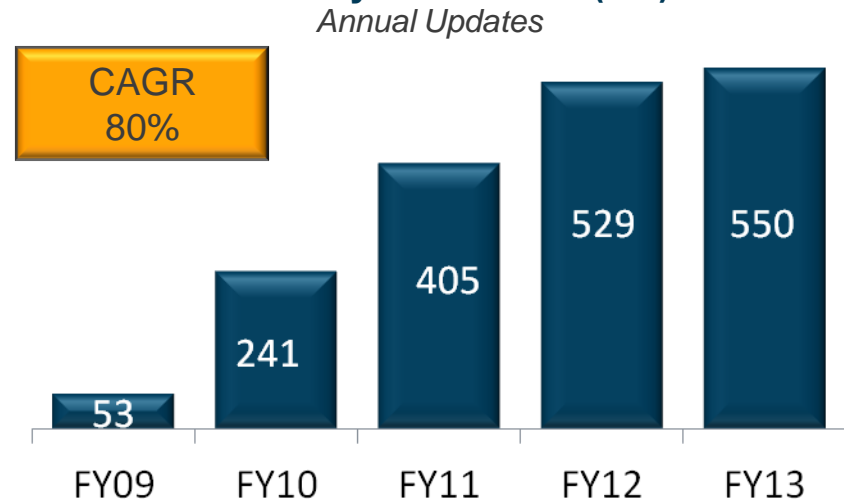
### Return on Invested Capital (ROIC)



### EBITDA Growth Trends\*



### BRIC 5-year Growth (\$M)



\* In constant currency, excluding restructuring and non-recurring items

# Financial Performance – Q4 FY13

**HARMAN**

(\$ in millions, except EPS)	Quarter Year-Over-Year				Year-Over-Year			
	Q4 FY13	Q4 FY12	Nominal	Local	FY13	FY12	Nominal	Local
<b>HARMAN</b>								
Sales	1,182	1,091	8%	8%	4,298	4,364	-2%	1%
EBITDA	121	101	19%	18%	413	429	-4%	-2%
% Margin	10.2%	9.3%			9.6%	9.8%		
EPS	0.91	0.67	35%	33%	3.07	2.93	5%	8%
<b>Infotainment</b>								
Sales	614	588	4%	3%	2,283	2,402	-5%	-2%
EBITDA	59	55	8%	4%	213	245	-13%	-11%
% Margin	9.6%	9.3%			9.3%	10.2%		
<b>Lifestyle</b>								
Sales	348	330	5%	5%	1,338	1,331	1%	2%
EBITDA	50	51	-1%	-1%	189	185	2%	4%
% Margin	14.5%	15.4%			14.2%	13.9%		
<b>Professional</b>								
Sales	220	172	28%	29%	673	631	7%	8%
EBITDA	39	26	49%	50%	112	95	17%	19%
% Margin	17.9%	15.4%			16.6%	15.1%		

EBITDA and EPS are non-GAAP measures excluding restructuring and non-recurring items

## Delivering World Leading Automotive Solutions

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2013

BEST  
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- **Winner of Frost & Sullivan Global In-Vehicle Infotainment Industry Leadership Award for:**
  - Market share leadership
  - Customer loyalty and satisfaction
  - Innovative, connected solutions
  - Commitment to meeting customer demands and strengthening market position
- **Volumes on five new 2013 SOP launches continue to expand across vehicle lines**
  - BMW
  - Mercedes
  - Chrysler/Fiat
  - Volkswagen
  - Harley Davidson
- **Analysis of backlog and newly awarded business to be reported on Investor Day**

## More Design and Innovation Awards for Home & Multimedia



- **17 Red Dot Product Design Awards**

- Total of 39 Design / Innovation Awards for Home & Multimedia YTD

- **Continued momentum with wireless portable audio products**

- JBL Flip #1 selling portable audio product (NPD Group)

- **New branded audio design win from Volvo**

- Global cross car line solution

- **Analysis of backlog and newly awarded business to be reported on Investor Day**





## New Product Launches Bolster Performance

- **New Professional Products Launched**

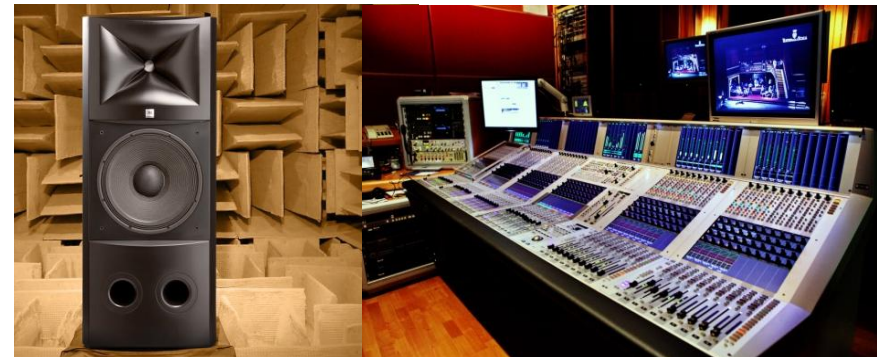
- 30+ new audio and lighting products

- **New Stadium & Venue Awards**

- Two new Brazil FIFA World Cup stadium wins
- IDX contracts for Amtrak and MGM Hotels
- Madison Square Garden Theater, NYC
- Pepsi Center (NBA Arena), Denver
- Levi's Center (NFL Stadium), San Francisco

- **Major Events, Festivals & Tours**

- Tony Awards
- Rock & Roll Hall of Fame Awards Ceremony
- Paul McCartney, Brad Paisley, and Rolling Stones tours



# HARMAN

WHERE SOUND MATTERS

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 JBL

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