



# FOURTH QUARTER FY 2015 HIGHLIGHTS

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AUGUST 4, 2015



harman/kardon



lexicon

mark  
levinson.



# FORWARD LOOKING INFORMATION

Except for historical information contained herein, the matters discussed in this earnings presentation are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. 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, uncertainties and assumptions 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 if there are delays in its product launches or increased pricing pressure from its customers; (2) the loss of one or more significant customers, the loss of a significant platform with an automotive customer, or the in-sourcing of certain services by the Company's automotive customers; (3) fluctuations in currency exchange rates, particularly with respect to the value of the U.S. Dollar and the Euro; (4) 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; (5) the inability of the Company's suppliers to deliver products at the scheduled rate and disruptions arising in connection therewith; (6) the Company's ability to maintain a competitive technological advantage through innovation and leading product designs; (7) the Company's ability to integrate successfully its recently completed and future acquisitions; (8) the Company's ability to attract and retain qualified senior management and to prepare and implement an appropriate succession plan for its critical organizational positions; (9) the Company's failure to maintain the value of its brands and implementing a sufficient brand protection program; and (10) other risks detailed in the Harman International Industries, Incorporated Annual Report on Form 10-K for the fiscal year ended June 30, 2014 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 presentation 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. To validate these awards, the Company uses 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 and reported externally on an annual basis.

# Q4 HIGHLIGHTS

- **Q4 NET SALES UP 16% TO \$1.7B; FY NET SALES UP 15% TO \$6.2B**
- **Q4 EPS\* INCREASES 10% TO \$1.37; FY EPS\* UP 29% TO RECORD \$5.71**
- **COMPLETED ACQUISITION OF BANG & OLUFSEN AUTOMOTIVE AUDIO BUSINESS**
- **SECURED \$400M AND €350M IN LONG-TERM DEBT FINANCING**
- **NAMED PHILLIP EYLER PRESIDENT OF INFOTAINMENT DIVISION**

*\*EPS is a non-GAAP measure and excludes restructuring, non-recurring charges and acquisition-related items*

# Fiscal 2015 Results

## NUMBER ONE IN ALL MARKETS

- REV \$6.2B
- EBITDA 11.4%
- ~27,000 FTEs



### Infotainment



Navigation, Multimedia,  
Connectivity, Telematics, Safety  
& Security Solutions

**REVENUE \$3,125M**  
**EBITDA 13.2%**

### Lifestyle



Premium Branded Audio products  
for use at home, in the car and on  
the go

**REVENUE \$1,887M**  
**EBITDA 14.1%**

### Professional



Audio, Lighting, Video Switching  
and Enterprise Automation for  
Entertainment and Enterprises

**REVENUE \$1,049M**  
**EBITDA 14.6%**

### Services



Cloud, Mobility and Analytics  
Software Solutions along with OTA  
update technologies for Automotive,  
Mobile and Enterprises

**REVENUE\* \$89M**  
**EBITDA\* 17.0%**

*Note: EBITDA is non-GAAP measure and excludes restructuring, non-recurring charges and acquisition-related items* \*Services includes Symphony Teleca acquired April 8, 2015

# FINANCIAL PERFORMANCE



(\$ in millions, except EPS)	Quarter Year-Over-Year				Year-Over-Year			
	Q4 FY15	Q4 FY14	Nominal	Local	FY15	FY14	Nominal	Local
<b>HARMAN</b>								
Sales	1,679	1,444	16%	28%	6,155	5,348	15%	22%
EBITDA	187	154	22%	29%	699	555	26%	32%
% Margin	11.2%	10.7%			11.4%	10.4%		
EPS	1.37	1.25	10%	26%	5.71	4.41	29%	39%
<b>Infotainment</b>								
Sales	823	773	7%	21%	3,125	2,839	10%	19%
EBITDA	110	87	26%	35%	412	310	33%	39%
% Margin	13.3%	11.2%			13.2%	10.9%		
<b>Lifestyle</b>								
Sales	479	424	13%	21%	1,887	1,656	14%	20%
EBITDA	62	56	10%	13%	265	232	14%	18%
% Margin	12.9%	13.2%			14.1%	14.0%		
<b>Professional</b>								
Sales	285	248	15%	20%	1,049	853	23%	26%
EBITDA	46	46	-2%	3%	153	141	8%	11%
% Margin	16.0%	18.7%			14.6%	16.6%		
<b>Services</b>								
Sales	89				89			
EBITDA	15				15			
% Margin	17.0%				17.0%			

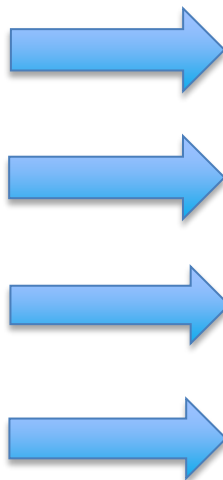
# New Reporting Structure

## FISCAL 2015 RESULTS



### 2015 REPORTING STRUCTURE

<b>TOTAL COMPANY</b> Revenue: \$6,155M EBITDA: \$699M, 11.4%
<b>INFOTAINMENT</b> Revenue: \$3,125M EBITDA: \$412M, 13.2%
<b>LIFESTYLE</b> Revenue: \$1,887M EBITDA: \$265M, 14.1%
<b>PROFESSIONAL</b> Revenue: \$1,049M EBITDA: \$153M, 14.6%
<b>SERVICES*</b> (SYMPHONY TELECA) Revenue: \$89M EBITDA: \$15M, 17.0%



### NEW REPORTING STRUCTURE

<b>TOTAL COMPANY</b> Revenue: \$6,155M EBITDA: \$699M, 11.4%
<b>CONNECTED CAR</b> Revenue: \$2,911M EBITDA: \$364M, 12.5%
<b>LIFESTYLE AUDIO</b> Revenue: \$1,813M EBITDA: \$260M, 14.4%
<b>PROFESSIONAL SOLUTIONS</b> Revenue: \$1,049M EBITDA: \$153M, 14.6%
<b>CONNECTED SERVICES*</b> (HARMAN AUTOMOTIVE SERVICES, SYMPHONY TELECA , & REDBEND) Revenue: \$381M EBITDA: \$60M, 15.7%

\*Includes Symphony Teleca, acquired April 8, 2015

# Infotainment Division

## Q4 FY 2015 HIGHLIGHTS



### NEW AWARDS

JOHN DEERE

GAC / FCA (CHINA)



JOHN DEERE



广汽菲亚特  
GAC FIAT

### NEW LAUNCHES / PLATFORM EXPANSIONS

SUZUKI (LAPIN, SPACIA)

BMW (1-, 2-, 3-, 7-SERIES)

JAGUAR (XE, XF)

MERCEDES BENZ (GLC)

GEELY (BORUI)



# Lifestyle Division

## Q4 FY 2015 HIGHLIGHTS



### CAR AUDIO

- NEW AWARDS**

BMW                      LEXUS  
DAIMLER                KIA



- NEW LAUNCHES**

MASERATI (HARMAN KARDON)                      HYUNDAI SANTA FE (INFINITY)  
BMW 7 SERIES (B+W)                                      LINCOLN CONTINENTAL (REVEL)  
AUDI A4 (BANG & OLUFSEN)



- COMPLETED BANG & OLUFSEN AUTOMOTIVE AUDIO ACQUISITION**

### HOME & MULTIMEDIA

- NEW LAUNCHES**

AKG N90Q HEADPHONES WITH PROPRIETARY TRUNOTE™ TECHNOLOGY (BEST OF CES AWARD 2015)



- AWARDS**

BEST PRODUCT AWARDS, EUROPEAN IMAGING AND SOUND (EISA)





# Professional Division

## Q4 FY 2015 HIGHLIGHTS



### MAJOR NEW ENTERPRISE INSTALLATIONS

- DAYTONA INTERNATIONAL SPEEDWAY, FLORIDA, USA
- SUPERVIA URBAN TRAINS SYSTEM, BRAZIL
- NATO HEADQUARTERS, BRUSSELS

### KEY EVENTS/TOURS

- ROYAL DANISH OPERA

### WON 21 AWARDS INCLUDING:

- JBL PRO FAVORITE AUDIO MANUFACTURER – rAVE 2015 READERS' CHOICE AWARDS
- AMX NETLINX NX SERIES INTEGRATED CONTROLLERS – INFOCOMM 2015 BEST AWARD
- PRO SOUND NETWORK BEST OF SHOW AWARD TO SOUNDCRAFT UI DIGITAL MIXER

### 20 MAJOR NEW PRODUCTS LAUNCHED

DAYTON INTERNATIONAL



SUPERVIA URBAN TRAINS



ROYAL DANISH OPERA



NATO HEADQUARTERS



# Services Division

## Q4 FY 2015 HIGHLIGHTS



### NEW CUSTOMER CONTRACTS

MORGAN STANLEY    MAZDA  
KDDI                    LAVA MOBILES  
KRONOS                GODADDY.COM

### FOLLOW ON CONTRACTS

BLACKBERRY        MERRIL LYNCH  
MICROSOFT

### OTA CONTRACTS

KDDI                    SAMSUNG

### AWARDS & ACCOLADES

- ACHIEVED AUTOMOTIVE SPICE LEVEL 3 CERTIFICATION
- NAMED MICROSOFT 2015 IOT PARTNER OF THE YEAR
- HORTONWORKS PARTNERSHIP FOR CONNECTED CAR SOLUTIONS

Morgan Stanley



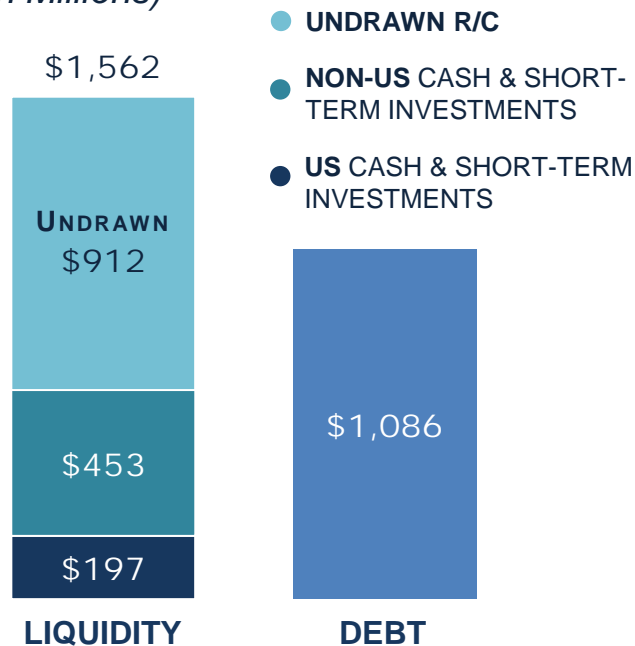
Designing The Future





# LIQUIDITY AND CAPITAL STRUCTURE

JUNE 2015  
(\$ in Millions)



## CAPITAL ALLOCATION CONSIDERATIONS

- **CAPEX PROJECTS TO DRIVE ORGANIC GROWTH**
- **STRATEGIC, ACCRETIVE ACQUISITIONS THAT ACCELERATE GROWTH**
- **CONTINUE DIVIDEND DISTRIBUTIONS**
  - 2016 DIVIDEND UP 6%
- **SHARE BUYBACK**
  - \$500M BOARD AUTHORIZATION OUTSTANDING

# INVESTMENT THESIS

- **INDUSTRY-LEADING BACKLOG WITH DOUBLE-DIGIT OPERATING MARGINS**
- **DEMAND FOR CONNECTED CAR DRIVES TAKE RATES AND SOFTWARE SERVICES**
- **POWERFUL BRANDS LIFT AUDIO BUSINESS IN HOME, CAR AND ENTERTAINMENT**
- **SOFTWARE SERVICES BUSINESS POISED TO CAPITALIZE ON GROWTH OF IOT**
- **STRONG BALANCE SHEET WITH \$1.6 BILLION IN LIQUIDITY**
- **SIGNIFICANT EMERGING MARKET GROWTH OPPORTUNITIES IN ALL 4 DIVISIONS**
- **SUSTAINABLE INNOVATION WITH ~5,700 PATENTS & PATENTS PENDING**
- **GLOBAL FOOTPRINT WITH COMPETITIVE COST STRUCTURE**



**Thank You**