

HARMAN

HARMAN TECHNOLOGY & INNOVATION STRATEGY

DINESH PALIWAL – CHIEF EXECUTIVE OFFICER

I.P. PARK – CHIEF TECHNOLOGY OFFICER

June 17, 2015

AKG

harman/kardon

 **Infinity**

JBL

lexicon

mark
levinson

 **REVEL**

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, 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 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 ability to integrate successfully its recently completed and future acquisitions (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 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. 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. The Company updates the estimated awarded business 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.

NUMBER ONE IN ALL MARKETS

- LTM REV \$5.9B
- LTM EBITDA 11.2%
- ~25,000 FTEs

INFOTAINMENT

NAVIGATION, MULTIMEDIA,
CONNECTIVITY, SAFETY &
SECURITY SOLUTIONS



LTM REVENUE \$3,074M
LTM EBITDA 12.7%

LIFESTYLE

BRANDED AUDIO PRODUCTS
FOR HOME, CAR, ON THE GO



LTM REVENUE \$1,832M
LTM EBITDA 14.2%

PROFESSIONAL

AUDIO, VIDEO, LIGHTING &
ENTERPRISE AUTOMATION
SOLUTIONS



LTM REVENUE \$1,012M
LTM EBITDA 15.2%

EBITDA is a non-GAAP measure. LTM = Last Twelve Months ending 31 March 2015

MARKET LEADERSHIP ACROSS FOUR DIVISIONS

Infotainment



Navigation, Multimedia, Connectivity, Safety & Security solutions

LTM REVENUE \$3,074M
LTM EBITDA 12.7%

Lifestyle



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

LTM REVENUE \$1,832M
LTM EBITDA 14.2%

Professional



Audio, Lighting, Video Switching and Control systems for the installation, portable PA, touring, broadcast and cinema markets

LTM REVENUE \$1,012M
LTM EBITDA 15.2%

Services



Cloud, Mobility and Analytics software solutions along with OTA update technologies to bring the benefits of the connected world for the Automotive, Mobile, Healthcare and Consumer markets

NEW GROWTH VERTICAL

SOFTWARE SERVICES

HARMAN



- Platform for integrated services serving converged markets
- S/W engineering & integration services for connected experiences
- Accelerated innovation for market expansion
- Deep technical partnerships
- Diversified revenue mix and enhanced growth profile
- Redbend by HARMAN – The De Facto OTA industry standard

INVESTMENT THESIS

- **INDUSTRY-LEADING \$20.5B BACKLOG WITH DOUBLE-DIGIT OPERATING MARGINS**
- **DEMAND FOR CONNECTED CAR DRIVES TAKE RATES AND SOFTWARE SERVICES**
- **POWERFUL BRAND PORTFOLIO LIFTS AUDIO BUSINESS IN HOME, CAR AND STAGE**
- **CONNECTED SERVICES BUSINESS POISED TO CAPITALIZE ON GROWTH OF IOT**
- **STRONG BALANCE SHEET WITH \$1.2 BILLION IN LIQUIDITY**
- **SIGNIFICANT EMERGING MARKET GROWTH OPPORTUNITIES IN ALL 4 DIVISIONS**
- **SUSTAINABLE INNOVATION WITH ~5,600 PATENTS & PATENTS PENDING**
- **GLOBAL FOOTPRINT WITH COMPETITIVE COST STRUCTURE**

FIVE STRATEGIC PILLARS

**FRAMEWORK
FOR LONG-TERM
VALUE CREATION**

EXPAND TECHNOLOGY LEADERSHIP



CAPITALIZE ON ICONIC BRANDS



GROW EMERGING MARKETS



OPTIMIZE COST & CAPITAL STRUCTURE



DIVERSIFY PORTFOLIO



Where we are

HARMAN

HARMAN HAS 50+ LOCATIONS, +10,000 Software Engineers



USA

ATLANTA
BELLEVUE
BOSTON
BURLINGTON
CALIFORNIA NORTH
CALIFORNIA SOUTH
CHENEY
DETROIT
ELKHART
EL PASO
FARMINGTON HILLS
FRANKLIN
MOUNTAIN VIEW
NASHVILLE
NEW JERSEY
NEW YORK
NORTHBRIDGE
PALO ALTO
PLANO
PROVIDENCE
RICHARDSON
SAN DIEGO
SANDY
SEATTLE
STAMFORD
ST LOUIS
VERNON HILLS
WESTFORD



MEXICO

JUAREZ
QUERETARO
TIJUANA



UK

BERKSHIRE
HAMPSHIRE
LONDON
LOUTH
POTTERS BAR
READING
RICHMOND
SOLI HULL MIDLANDS
SURREY
WINCHESTER



ITALY

TURIN



AUSTRIA

VIENNA



NETHERLANDS

AMSTERDAM



GERMANY

BOCHUM
FILDERSTADT
GARCHING
HAMBURG
KARLSBAD
MUNICH
NUREMBERG
STRAUBING
ULM



FRANCE

CHÂTEAU-DU-LOIR
PARIS

EUROPE
~1000
ENGINEERS

ASIA
~9500
ENGINEERS



SWITZERLAND

REGENSDORF



MOROCCO

CASABLANCA



HUNGARY

SZEKESFEHERVÁR



FINLAND

OULU
TAMPERE



INDIA

BANGALORE
CHENNAI
COIMBATORE
GURGAON
HYDERABAD
MUMBAI
PUNE



POLAND

LODZ



DENMARK

AARHUS
FREDERIKSHAVN



ISRAEL

TEL AVIV



RUSSIA

MOSCOW
NIZHNY NOVGOROD



KOREA

GUNPO
SEOUL
YONGIN



JAPAN

NAGOYA
TOKYO



CHINA

BEIJING
CHENGDU
DANGDONG
SHANGHAI
SHENZHEN
SUZHOU



SWEDEN

GOTHENBURG
MALMO
STOCKHOLM



BRAZIL

MANAUS
PORTO ALEGRE



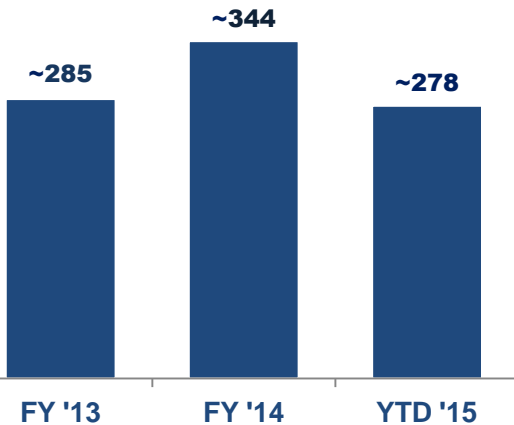
ARGENTINA

BUENOS AIRES

EXPAND TECHNOLOGY LEADERSHIP

R&D TREND

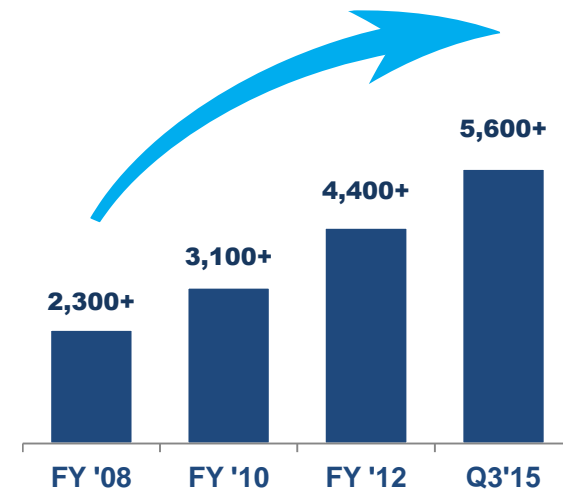
IN \$M



*YTD FY15 net is \$278 versus \$249 YTD in FY14

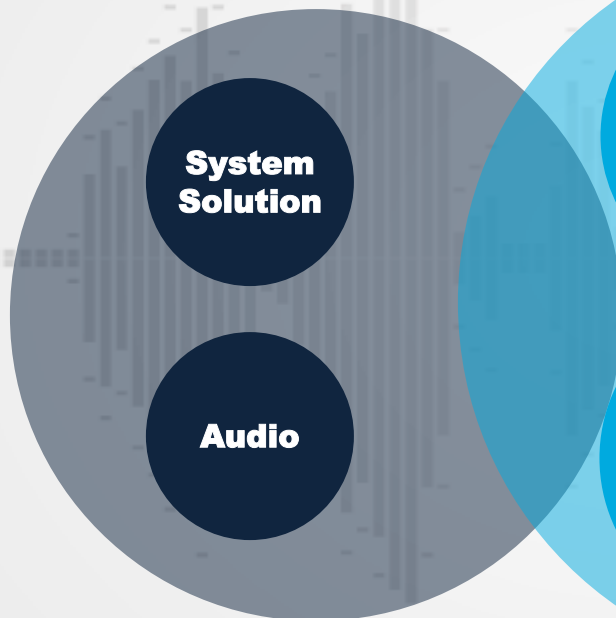


PATENT GROWTH TREND

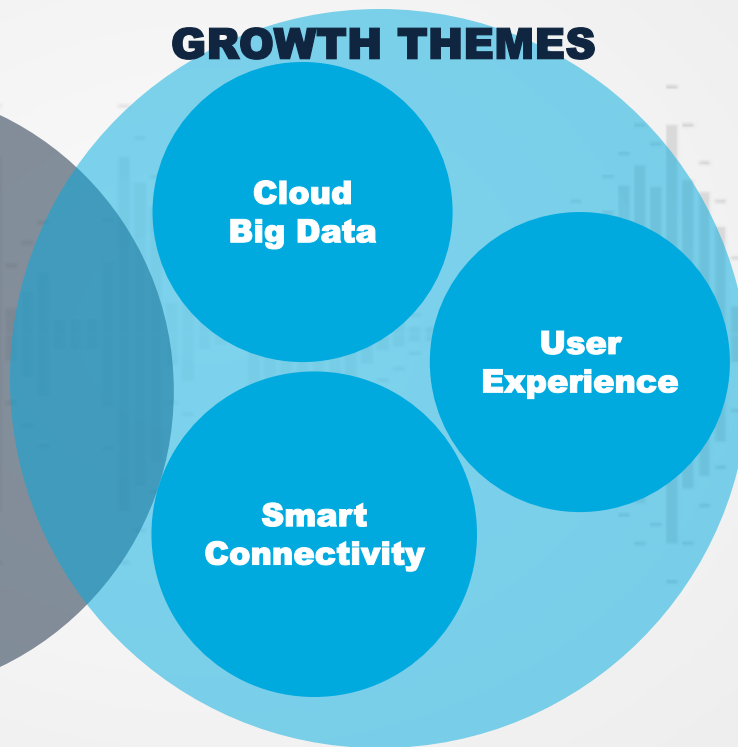


STRATEGIC TECHNOLOGY AREAS

CORE THEMES



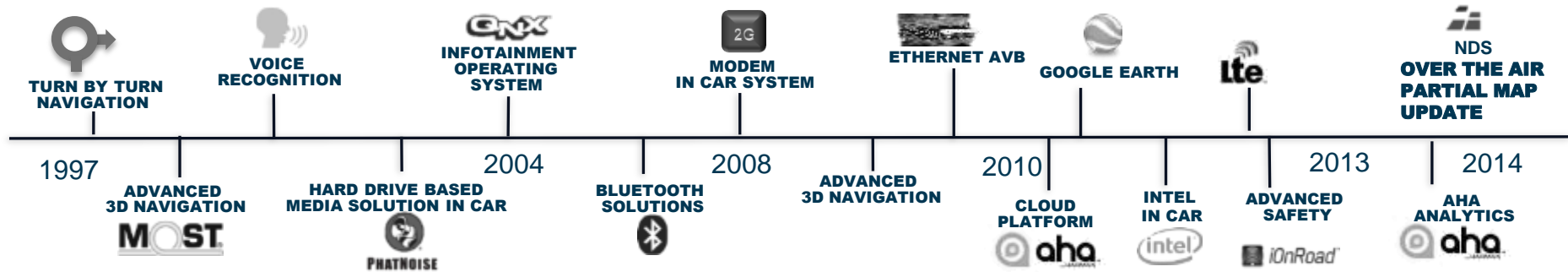
GROWTH THEMES



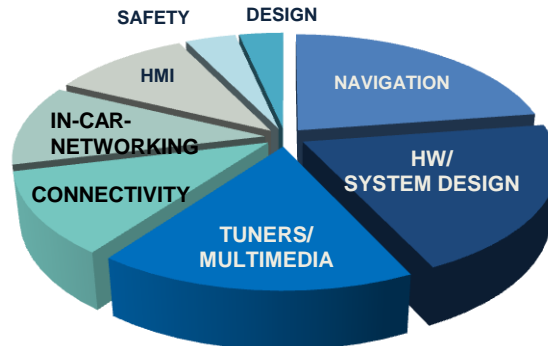
INFOTAINMENT DIVISION

CORE THEMES - NOTABLE INNOVATIONS

SYSTEM SOLUTION



PATENTS BY DOMAIN



- MOST NEW TECHNOLOGIES INTRODUCED BY HARMAN
- 2,000+ PATENTS IN ALL KEY DOMAINS
- CREATE OR ACQUIRE CRITICAL IP FOR FUTURE

LIFESTYLE DIVISION

CORE THEMES - NOTABLE INNOVATIONS

HARMAN

AUDIO
SOLUTION

CLARI-FI



Compressed and lossy music



Clari-fi restores audio
quality



QUANTUM LOGIC

QLS3D generates a 3D surround sound
from stereo music



LIVE STAGE

Generates a out-of-head localized
soundfield



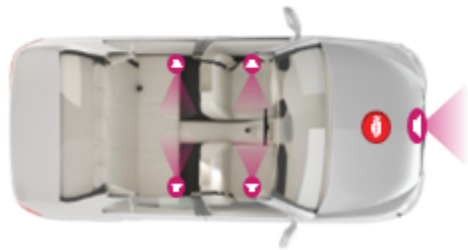
LIFESTYLE DIVISION

CORE THEMES - NOTABLE INNOVATIONS

HALOsonic Noise Management Solutions



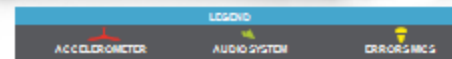
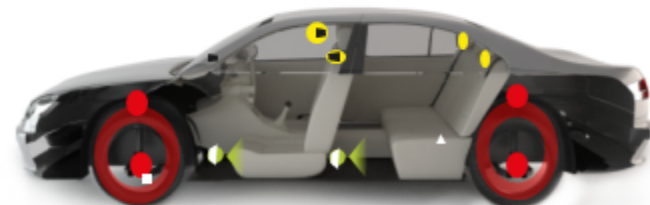
Improves safety of electric and hybrid vehicles through generation of fully adjustable synthetic sounds.



Tracks and cancels noise related to engine RPM. This technology reduces low frequency engine boom and exhaust noise.



Reduces broadband (random) noise transmitted from the road surface through the tires, suspension and body components into the vehicle's cabin.

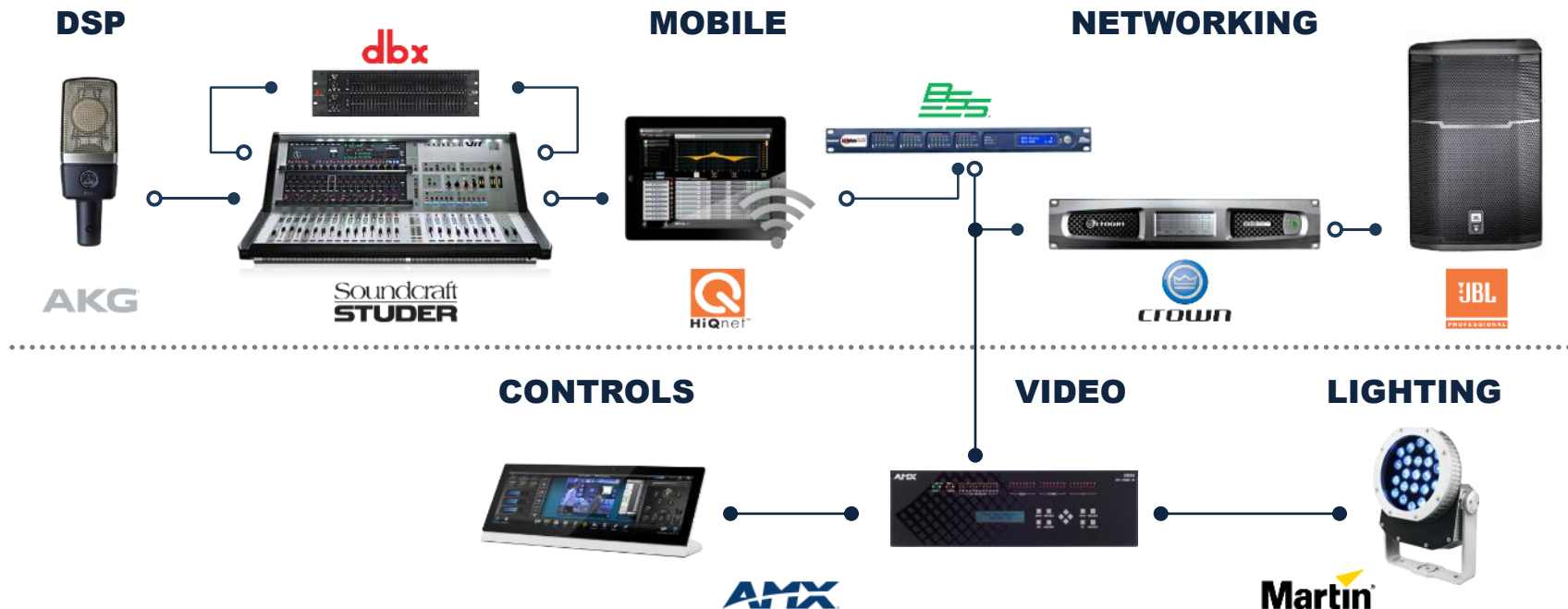


PROFESSIONAL DIVISION

CORE THEMES - NOTABLE INNOVATIONS

HARMAN

SYSTEM
SOLUTION

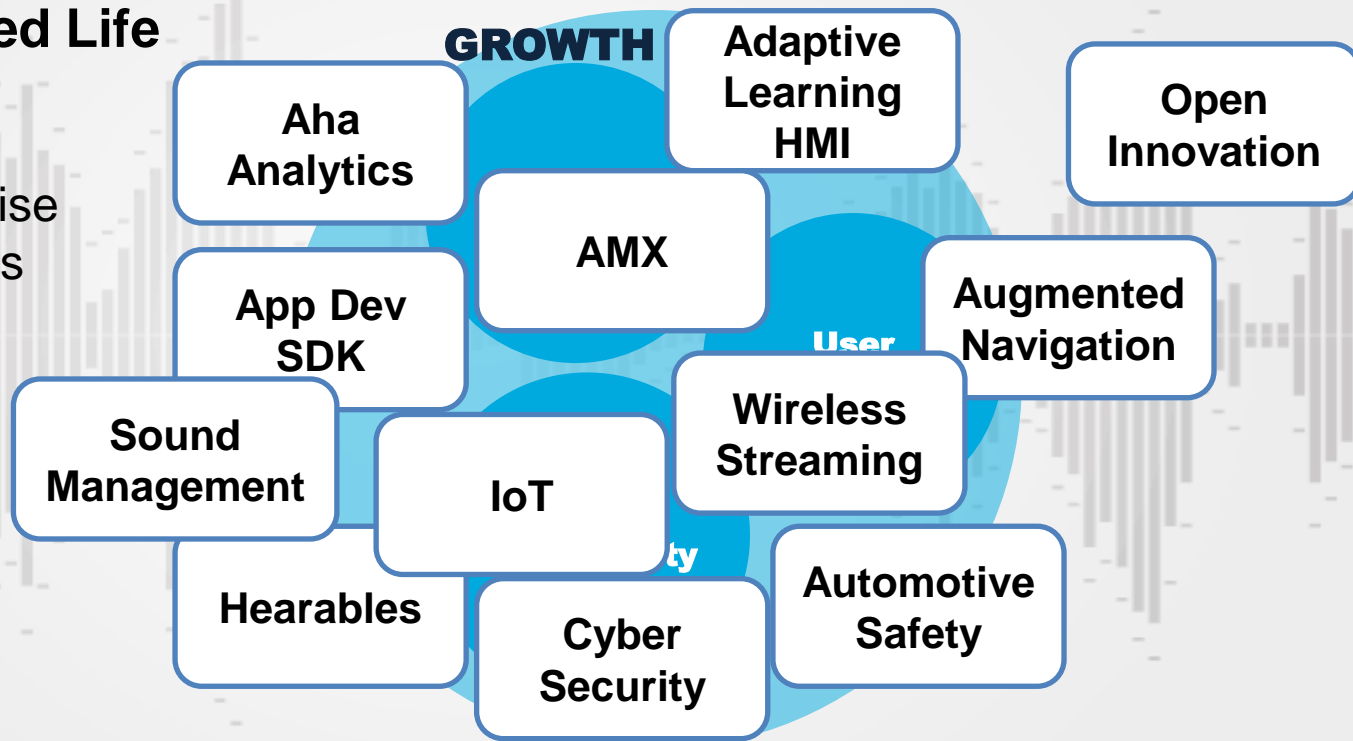


STRATEGIC TECHNOLOGY AREAS

Growth Technologies

Enabling Connected Life

- Connected Home
- Connected Car
- Connected Enterprise
- Connected Services

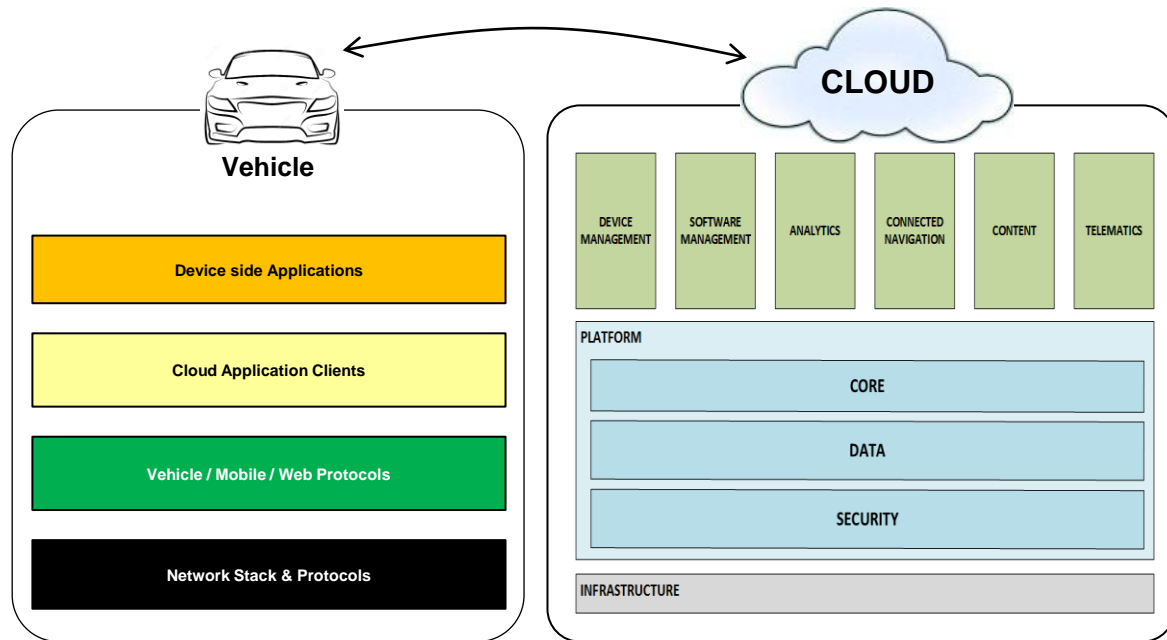


CONNECTED CAR SERVICES

END-TO-END ARCHITECTURE

**CLOUD/
BIG DATA**

- Automotive Focused
- SMART – Analytics is at the heart of all services
- Best-in-class end to end Security & Privacy
- Always up-to-date - Everything is OTA Upgradable
- Flexible - Cloud Agnostic (Public, Private and Hybrid Supported)



CONNECTED CAR SERVICES

AHA ANALYTICS

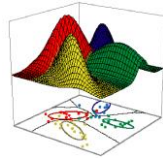
CLOUD/
BIG DATA



VALUABLE DATA



ANALYTICS



**BETTER UNDERSTANDING
OF DRIVER EXPERIENCE**



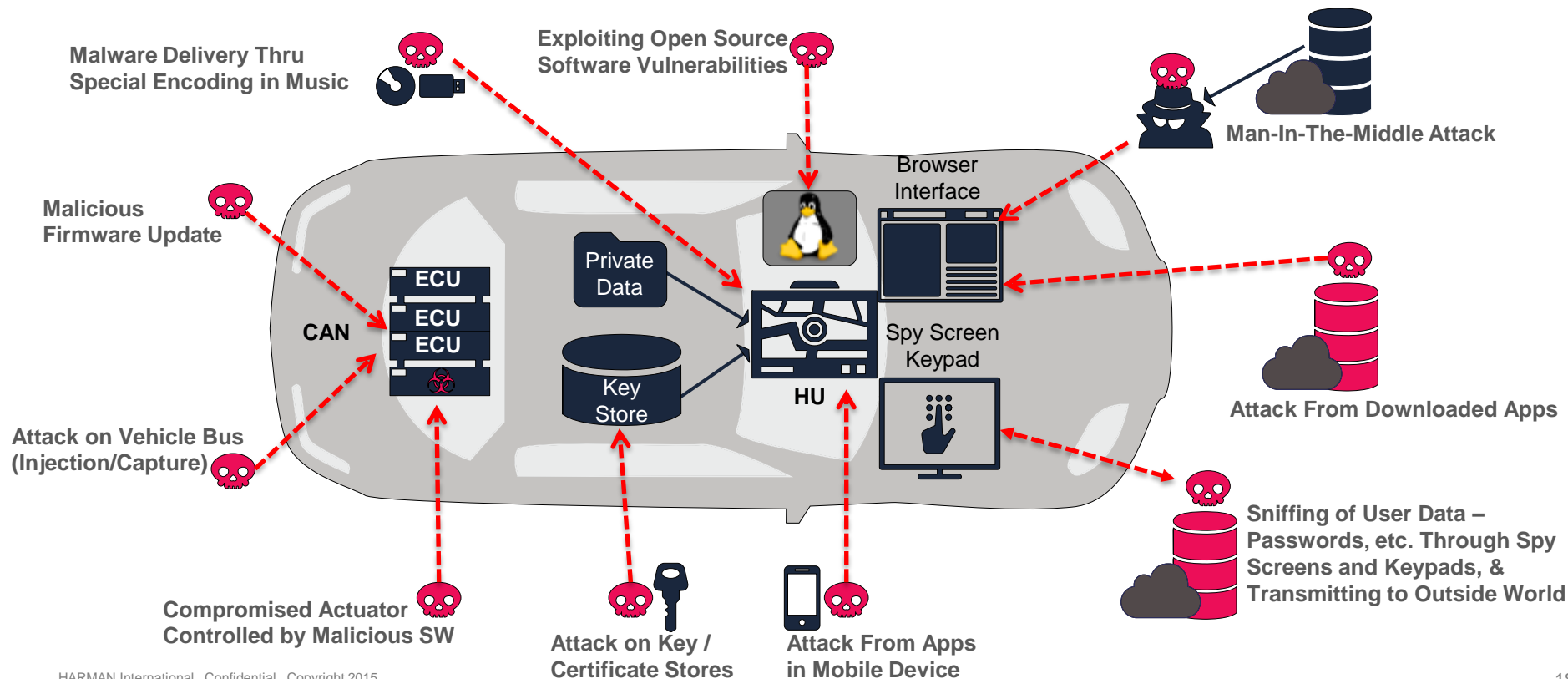
**DRIVER
BENEFITS**



CONNECTED CAR SECURITY

POTENTIAL THREAT VECTORS

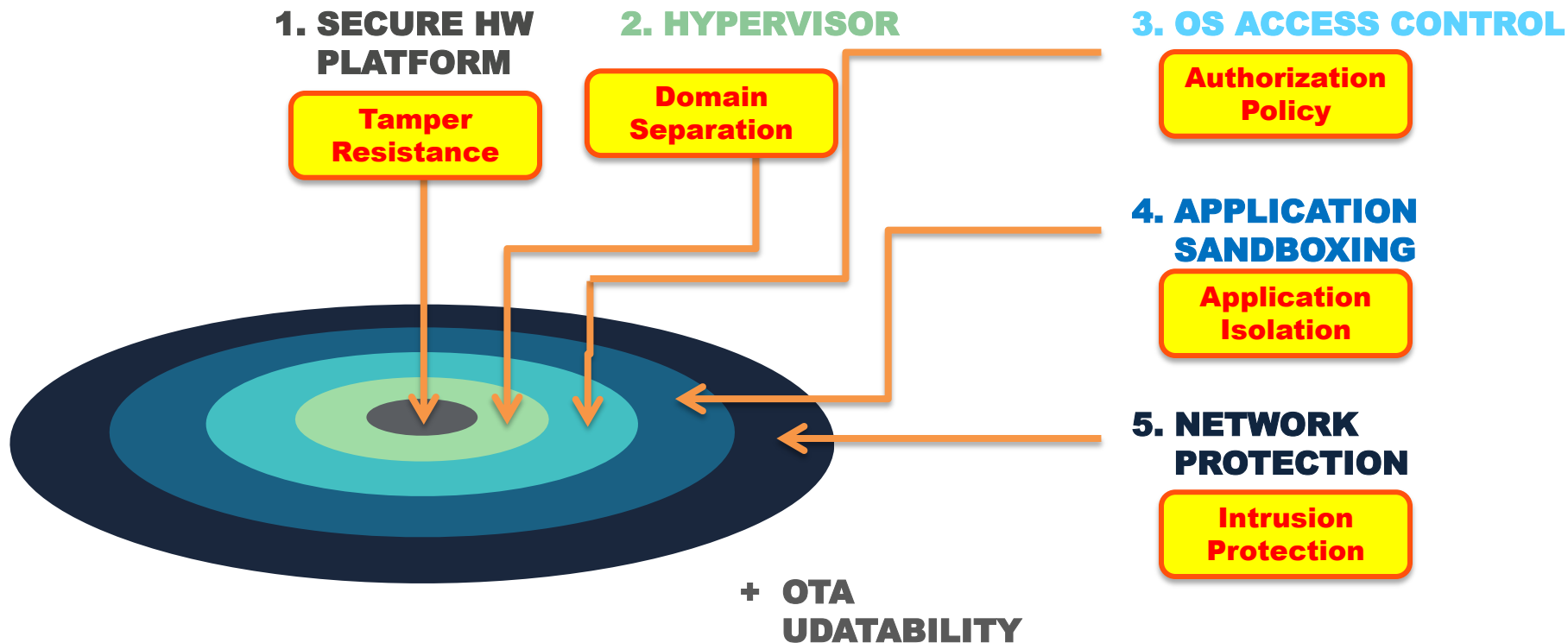
SMART CONNECTIVITY



CONNECTED CAR SECURITY

MULTI LAYER SECURITY MODEL

SMART
CONNECTIVITY

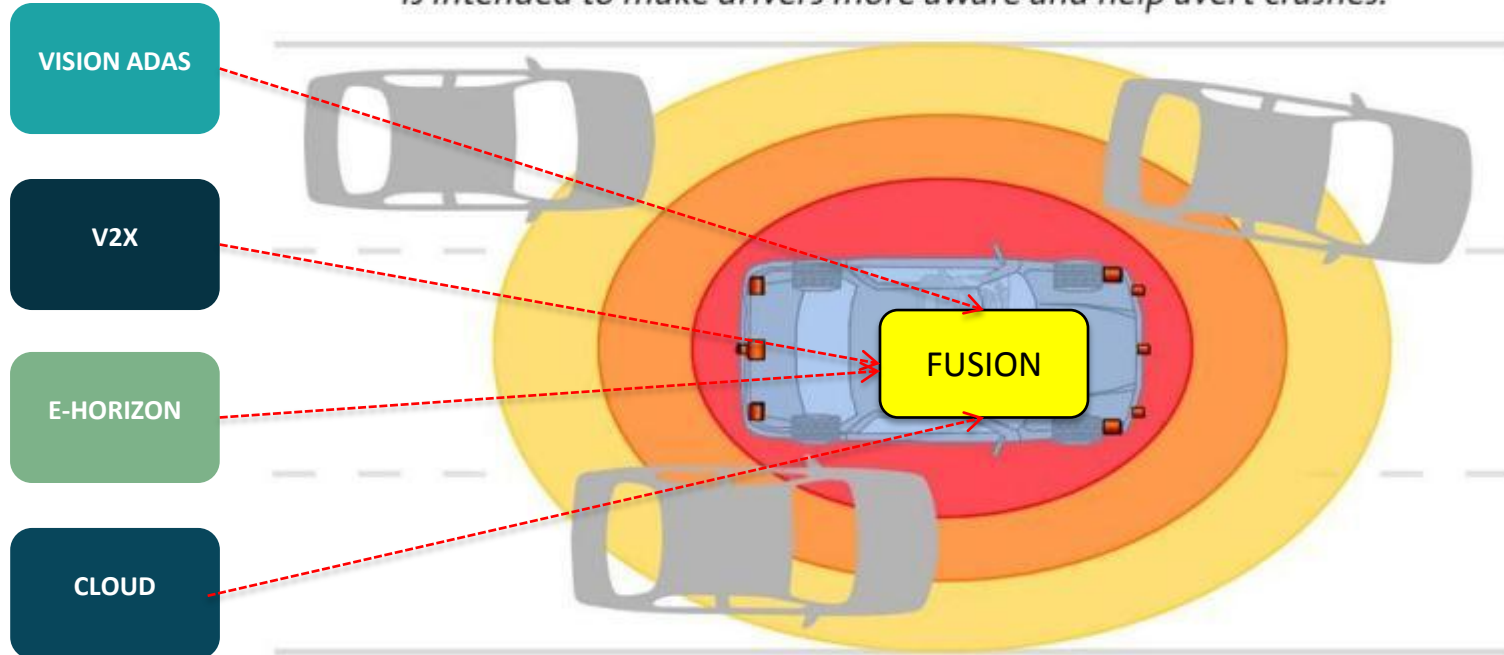


CONNECTED CAR SAFETY

INTELLIGENT SENSOR FUSION

SMART
CONNECTIVITY

Integrating cameras, radar, laser radar, sensors, GPS and digital mapping is intended to make drivers more aware and help avert crashes.



CONNECTED CAR SAFETY

DRIVER MONITORING & MULTIMODAL HMI

**UX
SAFETY**



EYE GAZE TRACKING

- Menu control by Eye Gaze
- Driver looks at any object and system identifies it

COGNITIVE LOAD DETECTION

- Tracks and manages cognitive load of the driver



PROJECT FANCI

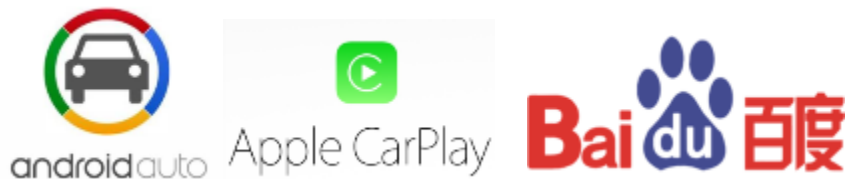
- EU Horizon 2020 research project for multi-modal UI system
- Consortium of 7 Companies

SMARTPHONE CONNECTIVITY

APPLE, GOOGLE, BAIDU

SMART
CONNECTIVITY

SOLUTIONS FOR ALL WORLD MARKET



CONNECTED IMMERSIVE LIFE

SOUND MANAGEMENT

SMART UX



INDIVIDUAL SOUND ZONES

- Separate listening zones inside the car cabin

SITUATION AWARE HEARING

- Removes unwanted noise
- Amplifies sound you want
- Localization of sound direction

AUDITORY AUGMENTED REALITY

- Auditory scene analysis of sounds
- Replace natural sound with synthesized sound



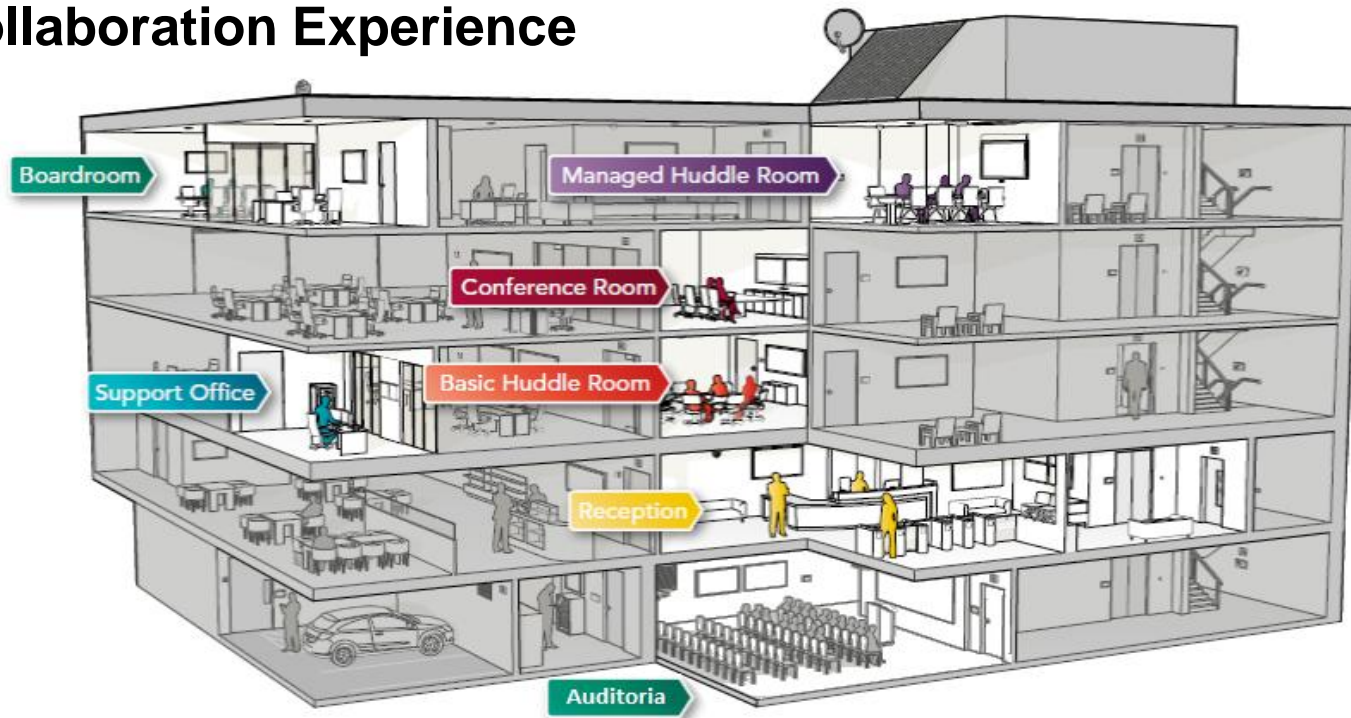
CONNECTED ENTERPRISE

CONVERGENCE OF A/V AND IT

SMART
CONNECTIVITY

Simplifying the Collaboration Experience

- NO COMPETITOR HAS THE BREADTH OF TECHNOLOGY AND PRODUCT TO PROVIDE A COMPLETE A/V SOLUTION
- TODAY AMX INTEGRATES THE “IT WORLD” WHILE AUDIO IDX CONNECTS “PRO AV SPACES”
- OUR ASPIRATION IS THE BEST OF BOTH WORLDS UNDER THE BANNER OF “SIMPLICITY”



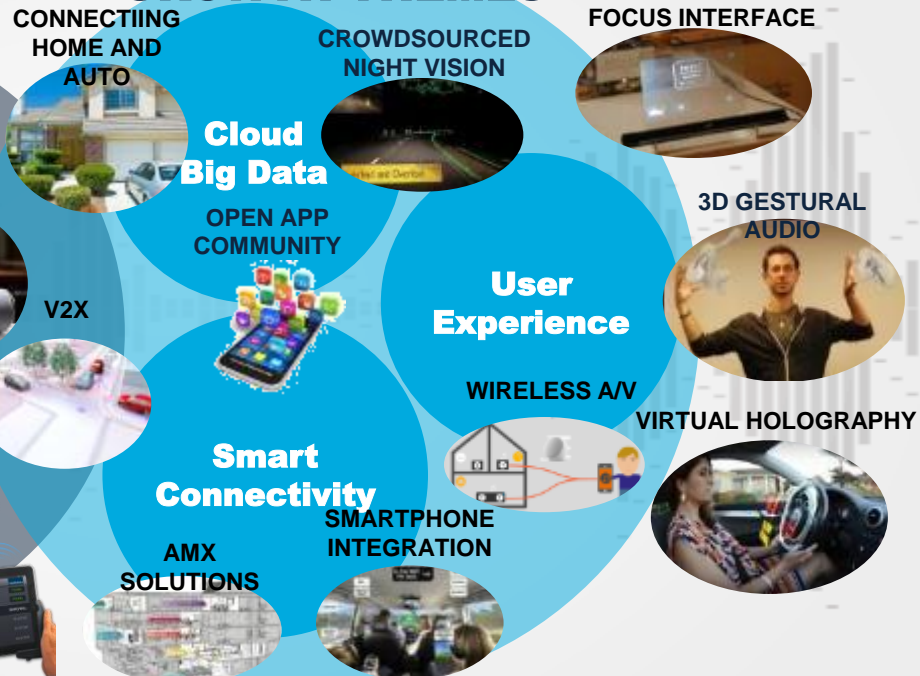
CONCLUSIONS

HARMAN INNOVATION PIPELINE

CORE THEMES



GROWTH THEMES



Thank You