

HARMAN

FIRST QUARTER FY 2015 HIGHLIGHTS

DINESH C. PALIWAL – CHAIRMAN, PRESIDENT & CEO

HERBERT K. PARKER – CHIEF FINANCIAL OFFICER

OCTOBER 30, 2014

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levinson.**

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 **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 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 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 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 slide deck 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.

Q1 FY2015 HIGHLIGHTS

- **Q1 NET SALES UP 22% TO \$1.4B; OPERATIONAL EBITDA* UP 33% TO \$164M**
- **Q1 OPERATIONAL EPS* UP 38% TO \$1.31**
- **SECURES OVER \$2 BILLION OF NEW AUTOMOTIVE AWARDS IN Q1**
- **BOARD AUTHORIZES \$500M SHARE REPURCHASE PROGRAM**
- **CONFIRMS FULL-YEAR GUIDANCE FOR FISCAL YEAR 2015**

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

NUMBER ONE IN ALL MARKETS

- LTM REV \$5.6B
- LTM EBITDA 10.6%
- ~16,600 FTEs

INFOTAINMENT

NAVIGATION, MULTIMEDIA,
CONNECTIVITY, SAFETY &
SECURITY SOLUTIONS



LTM REVENUE \$2,947M
LTM EBITDA 11.4%

LIFESTYLE

BRANDED AUDIO PRODUCTS
FOR HOME, CAR, ON THE GO



LTM REVENUE \$1,748M
LTM EBITDA 14.0%

PROFESSIONAL

AUDIO, VIDEO, LIGHTING &
ENTERPRISE AUTOMATION
SOLUTIONS



LTM REVENUE \$910M
LTM EBITDA 16.1%

FINANCIAL PERFORMANCE

(\$ in millions, except EPS)	Quarter Year-Over-Year				LTM Year-Over-Year			
	Q1 FY15	Q1 FY14	Nominal	Local	FY15	FY14	Nominal	Local
HARMAN								
<i>Sales</i>	1,429	1,172	22%	22%	5,606	4,471	25%	24%
<i>EBITDA</i>	164	123	33%	34%	596	428	39%	39%
<i>% Margin</i>	11.5%	10.5%			10.6%	9.6%		
<i>EPS</i>	1.31	0.95	38%	41%	4.75	3.24	47%	46%
Infotainment								
<i>Sales</i>	748	640	17%	17%	2,947	2,362	25%	22%
<i>EBITDA</i>	94	69	36%	38%	335	222	51%	49%
<i>% Margin</i>	12.6%	10.8%			11.4%	9.4%		
Lifestyle								
<i>Sales</i>	426	334	27%	28%	1,748	1,381	27%	26%
<i>EBITDA</i>	63	50	25%	25%	244	195	25%	25%
<i>% Margin</i>	14.8%	15.1%			14.0%	14.1%		
Professional								
<i>Sales</i>	254	197	29%	29%	910	727	25%	26%
<i>EBITDA</i>	37	31	18%	18%	147	120	22%	23%
<i>% Margin</i>	14.6%	15.9%			16.1%	16.6%		

EBITDA and EPS are non-GAAP measures and exclude non-recurring items

INFOTAINMENT DIVISION

Q1 FY2015 HIGHLIGHTS

GLOBALLY DIVERSE
CUSTOMER BASE

NEW INFOTAINMENT AWARDS

- SUBARU
- AUDI
- DONGFENG
- HONDA MOTORCYCLES

NEW SOPs AND PRODUCT LINE EXPANSIONS

- DAIMLER
- FIAT CHRYSLER
- JAGUAR LAND ROVER (NEW)
- BMW
- TOYOTA
- VW, AUDI, PORSCHE

GM QUALITY EXCELLENCE AWARD



LIFESTYLE DIVISION

Q1 FY2015 HIGHLIGHTS

CAR AUDIO

- **NEW BUSINESS AWARDS**

- DAIMLER (SOUND SYNTHESIS)
- TOYOTA FORTUNER (JBL)
- PORSCHE (AKG WIRELESS HEADPHONES)
- SUBARU IMPREZA (HARMAN KARDON)

- **NEW CAR LAUNCHES**

- BMW i8 (HARMAN KARDON)
- SMART FORTWO / FORFOUR (JBL)
- VOLVO XC-90 (BOWERS & WILKINS)
- LEXUS RC (MARK LEVINSON & CLARI-FI)

HOME & MULTIMEDIA

- 58 NEW PRODUCT LAUNCHES
- WON 3 EISA AWARDS AND 2 CEDIA EXPO “BEST OF SHOW” AWARDS
- STRATEGIC PARTNERSHIP WITH MEDIA-SATURN-HOLDING
 - *LARGEST CONSUMER ELECTRONICS RETAILER IN EUROPE*



PROFESSIONAL DIVISION Q1 FY2015 HIGHLIGHTS

MAJOR NEW VENUE INSTALLATIONS

- CINEMAXX CINEMA CONTRACT WON (INDONESIA, 300 SCREENS)
- CONDE NAST (NYC)
- QUICKEN LOANS ARENA (CLEVELAND)
- ERSTE BANK (VIENNA)
- FLORIDA CITRUS BOWL STADIUM (ORLANDO)
- PHILIPS ARENA (ATLANTA)

AWARDS/INNOVATION

- AMX NX SERIES CONTROLLERS; EXCITE AWARDS
- STUDER INFINITY CORE – TVBE EUROPE BEST OF SHOW 2014
- AMX ENZO PRESENTATION SYSTEM; RAVE EDITOR'S CHOICE – BEST NEW WIRELESS COLLABORATION PRODUCT

28 NEW PRODUCTS LAUNCHED

Erste Bank, Vienna



Conde Nast, One World Trade Center, NYC



Quicken Loans Arena, Cleveland



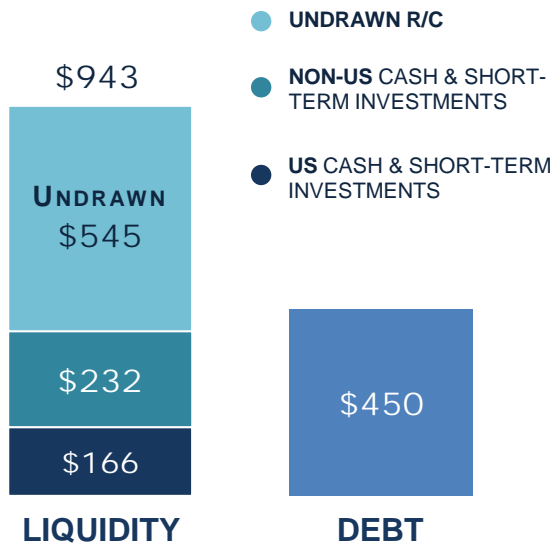
Florida Citrus Bowl, Orlando



LIQUIDITY & CAPITAL STRUCTURE

MOODY'S AND S&P RATINGS: INVESTMENT GRADE

SEPTEMBER 2014
(IN \$M)



CAPITAL ALLOCATION CONSIDERATIONS

- CAPEX PROJECTS TO DRIVE ORGANIC GROWTH
 - STRATEGIC, ACCRETIVE ACQUISITIONS THAT ACCELERATE GROWTH
 - CONTINUE DIVIDEND DISTRIBUTIONS
 - SHARE BUYBACK
- OPENED PLANTS IN BRAZIL & INDIA
 - AMX, YURBUDS, DURAN
 - INCREASED 10%
 - \$500M AUTHORIZATION

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**
- **STRONG BALANCE SHEET WITH \$943 MILLION IN LIQUIDITY**
- **SIGNIFICANT EMERGING MARKET GROWTH OPPORTUNITIES IN ALL 3 DIVISIONS**
- **SUSTAINABLE INNOVATION WITH ~5,200 PATENTS & PATENTS PENDING**
- **GLOBAL FOOTPRINT WITH COMPETITIVE COST STRUCTURE**

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