

A nighttime cityscape featuring several tall, modern skyscrapers with illuminated windows. The scene is captured with a long exposure, creating vibrant, multi-colored light trails (red, blue, white) that streak across the lower portion of the image, suggesting traffic or light trails from a moving camera. The overall color palette is dominated by deep blues and purples, with bright highlights from the city lights.

# SECOND QUARTER FY 2016 HIGHLIGHTS

**DINESH C. PALIWAL - CHAIRMAN, PRESIDENT AND CEO**

**SANDRA E. ROWLAND - CHIEF FINANCIAL OFFICER**

JANUARY 28, 2016



# 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, 2015 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 or "backlog", 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.

# RECENT HIGHLIGHTS – Q2 FY16

- **NET SALES INCREASE 12% TO \$1.8B; UP 19% EX-FX**
- **OPERATIONAL EBITDA\* UP 14% TO \$225M; UP 20% EX-FX**
- **Q2 OPERATIONAL EPS\* UP 3% TO \$1.84; UP 9% EX-FX**
- **SECURED \$2 BILLION OF NEW AUTOMOTIVE AWARDS YEAR-TO-DATE**
- **EXPANDS IOT SOLUTIONS THROUGH PARTNERSHIPS**
  - **GOOGLE, MICROSOFT AND UNDER ARMOUR**
- **TOWERSEC ACQUISITION STRENGTHENS CYBER SECURITY LEADERSHIP**

*\* EBITDA and EPS exclude restructuring, non-recurring charges and acquisition-related items.*

# OUR BUSINESSES – Q2 FY16

LTM REV \$6.5B; LTM EBITDA 11.6%; ~28,000 FTEs



## TECHNOLOGIES FOR SEAMLESS LIVING

### CONNECTED CAR



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

**LTM Revenue \$2,981M**

**LTM EBITDA 13.0%**

### LIFESTYLE AUDIO



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

**LTM Revenue\* \$1,975M**

**LTM EBITDA 14.4%**

### PROFESSIONAL SOLUTIONS



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

**LTM Revenue\* \$1,023M**

**LTM EBITDA 14.4%**

### CONNECTED SERVICES



Cloud, Mobility, Analytics and OTA Software Solutions for Automotive, Mobile and Enterprises

**LTM Revenue\* \$583M**

**LTM EBITDA 14.3%**

*EBITDA is non-GAAP measure and excludes restructuring, non-recurring charges and acquisition-related items. LTM = Last Twelve Months ending December 31, 2015. \* Includes intercompany revenues.*

©2016 HARMAN INTERNATIONAL INDUSTRIES, INCORPORATED

# FINANCIAL PERFORMANCE - Q2 FY16



(\$ in millions, except EPS)	Q2 FY16	Quarter Year-Over-Year			YTD Year-Over-Year			
		Q2 FY15	Nominal	Local	Q2 FY16	Q2 FY15	Nominal	Local
<b>HARMAN</b>								
Sales	1,772	1,584	12%	19%	3,403	3,012	13%	21%
EBITDA	225	198	14%	20%	422	362	17%	23%
% Margin	12.7%	12.5%			12.4%	12.0%		
EPS	1.84	1.79	3%	9%	3.33	3.10	7%	13%
<b>Connected Car</b>								
Sales	737	722	2%	9%	1,492	1,423	5%	14%
EBITDA	105	96	9%	14%	210	186	13%	18%
% Margin	14.3%	13.3%			14.1%	13.1%		
<b>Lifestyle Audio</b>								
Sales*	625	519	20%	26%	1,087	925	18%	24%
EBITDA	99	76	30%	39%	162	138	18%	25%
% Margin	15.8%	14.7%			14.9%	14.9%		
<b>Professional Solutions</b>								
Sales*	249	267	-7%	-4%	496	522	-5%	-1%
EBITDA	37	41	-10%	-7%	73	78	-7%	-3%
% Margin	14.8%	15.2%			14.6%	14.9%		
<b>Connected Services</b>								
Sales*	170	74			343	141		
EBITDA	22	16			45	22		
% Margin	13.0%	21.1%			13.1%	15.3%		

EBITDA and EPS excludes restructuring, non-recurring charges and acquisition-related items.

\* Includes intercompany revenues.

# CONNECTED CAR - Q2 FY16

## RECENT HIGHLIGHTS



### AWARDS / NEW LAUNCHES

Subaru

Genesis (Hyundai) G90/EQ900



**SUBARU**



**GENESIS**

### ACQUISITION

TowerSec – Automotive Cyber Security Leader



### TECHNOLOGY / INNOVATIONS

Microsoft Partnership to Integrate Productivity Solutions

HARMAN LIVS Compute Platform for End-to-End Connected Car Products and Services



# LIFESTYLE AUDIO – Q2 FY16

## RECENT HIGHLIGHTS



### CAR AUDIO

#### New Business Awards:

Audi          BMW          Geely          Volvo



#### New Car Launches:

Harley Davidson Road Glide (Harman Kardon)          Hyundai Equus (Lexicon)

Lexus GS (Mark Levinson)

Toyota Prius (JBL)



#### Milestones:

First Customer Award for Individual Sound Zones

Bang & Olufsen Audi Q7 Car Audio Solution Named “Best Sound System” by Autobild (Germany)

HARMAN’s Summit Platform; Infinity Voyager Drive – “Best of CES” Award



BANG & OLUFSEN

### CONSUMER AUDIO

Strategic Partnership with Under Armour for Connected Health and Fitness Technology

➤ JBL Under Armour Bluetooth Headphones Win CES 2016 Editors’ Choice Award

Record 13 CES Design & Innovation Awards



# PROFESSIONAL SOLUTIONS - Q2 FY16

## RECENT HIGHLIGHTS



### MAJOR NEW VENUE INSTALLATIONS

ESPN Studios, Mexico City

Newport Naval Station

USC Marshall School of Business

Dubai Opera House

ESPN MEXICO CITY



NAVAL STATION, NEWPORT



USC MARSHALL SCHOOL OF BUSINESS



DUBAI OPERA HOUSE



NEW YEAR'S EVE, TIMES SQUARE



WORLD AIDS DAY CONCERT



### KEY EVENTS / TOURS

New Year's Eve 2016, Times Square

World AIDS Day Concert, Carnegie Hall

### INDUSTRY AWARDS

Product Excellence Award (DigiTech Trio)

Parnelli Award (JBL VTX Speakers)

### 12 MAJOR NEW PRODUCTS LAUNCHED





# CONNECTED SERVICES – Q2 FY16

## RECENT HIGHLIGHTS



### NEW CUSTOMER CONTRACTS

Reliance Jio      InterDigital



### FOLLOW ON CONTRACTS

Dealertrack      Nielsen      Polycom      Renault



RENAULT

### OTA CONTRACTS

Honda      JLR (Telematics)



### AWARDS & ACCOLADES

Zinnov “Leadership Zone” Award for Software R&D Services

First Systems Integrator of Google Brillo And Weave Platforms for IoT Devices

Won 4 CES Innovation Awards (JBL Aftermarket Audio)



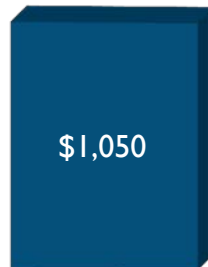
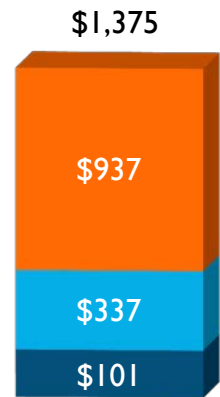
# CAPITAL STRUCTURE – Q2 FY16

## LIQUIDITY & CAPITAL STRUCTURE



### LIQUIDITY

### DEBT



- **UNDRAWN**
- **NON-U.S.**
- **U.S.**

December 31, 2015 (\$ IN MILLIONS)

### CAPITAL ALLOCATION CONSIDERATIONS

- CAPEX PROJECTS TO DRIVE ORGANIC GROWTH
- STRATEGIC, BOLT-ON ACQUISITIONS THAT ACCELERATE GROWTH
- CONTINUE DIVIDEND DISTRIBUTIONS
- SHARE BUYBACK
  - REPURCHASED 495,000 SHARES
  - \$450M BOARD AUTHORIZATION REMAINS

# INVESTMENT THESIS



**INDUSTRY-LEADING \$23B 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**

**SIGNIFICANT EMERGING MARKET GROWTH OPPORTUNITIES IN ALL 4 DIVISIONS**

**SUSTAINABLE INNOVATION WITH ~5,900 PATENTS & PATENTS PENDING**

**GLOBAL FOOTPRINT WITH COMPETITIVE COST STRUCTURE**

**STRONG BALANCE SHEET WITH \$1.4 BILLION IN LIQUIDITY**



**THANK YOU**

