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PIONEER CORP
Form 6-K
January 30, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of January, 2004

Commission File Number 1-7616

PIONEER CORPORATION
(Translation of registrant's name into English)

4-1, MEGURO 1-CHOME, MEGURO-KU, TOKYO 153-8654, JAPAN
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIONEER CORPORATION
(Registrant)

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Date: January 30, 2004

By /s/ Kaneo Ito

Kaneo Ito
President and Representative Director

This report on Form 6-K contains the following:

1. The announcement released by the Company to the press in Japan dated January 30, 2004, concerning its consolidated third-quarter and nine-month business results, for the period ended December 31, 2003.

FOR IMMEDIATE RELEASE
JANUARY 30, 2004

PIONEER ANNOUNCES THIRD-QUARTER AND NINE-MONTH RESULTS FOR FISCAL 2004

TOKYO -- Pioneer Corporation today announced its consolidated third-quarter and nine-month business results, for the period ended December 31, 2003.

CONSOLIDATED FINANCIAL HIGHLIGHTS

| | (In millions of yen except Third quarter ended December 31 | | | Nin |
|--|--|---------|-----------------------|---------|
| | 2003 | 2002 | % to prior year | 2003 |
| Operating revenue..... | 198,865 | 184,867 | 107.6 | 519,955 |
| Operating income..... | 16,784 | 11,883 | 141.2 | 34,375 |
| Income from continuing operations before income taxes..... | 15,951 | 12,298 | 129.7 | 32,543 |
| Income from continuing operations..... | 9,140 | 7,668 | 119.2 | 16,975 |
| Net income..... | 9,140 | 7,962 | 114.8 | 21,615 |
| Basic earnings per share (in yen): | | | | |
| Income from continuing operations..... | 52.10 | 43.15 | | 96.76 |
| Income (loss) from discontinued operations, net of taxes..... | -- | 1.66 | | 26.45 |
| Net income..... | 52.10 | 44.81 | | 123.21 |
| Diluted earnings per share (in yen): | | | | |
| Income from continuing operations..... | 52.08 | 43.15 | | 96.74 |
| Income (loss) from discontinued operations, net of taxes..... | -- | 1.66 | | 26.44 |

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| | | | |
|-----------------|-------|-------|--------|
| Net income..... | 52.08 | 44.81 | 123.18 |
|-----------------|-------|-------|--------|

Notes:

1. Effective from the fiscal 2003 year-end presentation, the Company classified gains and losses on sale and disposal of fixed assets, which were previously included in "Others, net" in "Other income (expenses)," into "Selling, general and administrative expenses." Previously reported amounts have been reclassified accordingly.

2. As a result of the sale of subsidiaries in audio/video software business in the second quarter of the fiscal 2004, the gain on such sale, as well as the business results of discontinued operations, are presented as a separate line item in the consolidated statements of income in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Previously reported amounts have been reclassified accordingly.

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CONSOLIDATED BUSINESS RESULTS

The third quarter of fiscal 2004, ended December 31, 2003, saw operating revenue at 198,865 million yen (US\$1,858.6 million), up 7.6% from the corresponding period in the previous year. Operating income was 16,784 million yen (US\$156.9 million), a 41.2% increase, and net income was 9,140 million yen (US\$85.4 million), a 14.8% increase. The average value of the yen was up 12.5% against the U.S. dollar and down 5.3% against the euro from the corresponding period in the previous year.

HOME ELECTRONICS sales decreased 6.4% to 71,824 million yen (US\$671.3 million) from the corresponding period last year. In Japan, sales rose 2.0% to 24,916 million yen (US\$232.9 million), due mainly to an increase in sales of DVD recorders, despite the decrease in sales of DVD players and home-use plasma displays. Overseas, sales decreased 10.3% to 46,908 million yen (US\$438.4 million), mainly due to a decrease in sales of DVD players worldwide; digital cable-TV set-top boxes and audio products in North America; and digital broadcast set-top boxes in Europe, despite the increase in sales worldwide of plasma displays for home use, as well as the increase in North America and Europe of DVD recorder sales.

CAR ELECTRONICS sales increased 15.7% to 75,172 million yen (US\$702.5 million) from the corresponding period last year. In Japan, sales rose 28.6% to 34,514 million yen (US\$322.6 million) due to an increase in sales of car navigation systems both to automobile manufacturers and consumer markets. Overseas, sales increased 6.6% to 40,658 million yen (US\$380.0 million) primarily due to an increase in sales of car audio products in regions including Central America, South America and Oceania, as well as car audio/video products to consumer markets in North America, despite the decrease in sales of car audio products in Europe.

Royalty revenue from PATENT LICENSING decreased 56.3% to 1,759 million yen (US\$16.4 million) from the corresponding period last year, due to the expiration of the Company's optical disc-related patents in certain regions.

OTHERS sales increased by 28.1% to 50,110 million yen (US\$468.3 million) from

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the corresponding period last year. In Japan, sales remained almost the same at 20,886 million yen (US\$195.2 million) as in the corresponding period last year. This resulted from increased sales of cellular phone-related devices such as organic electroluminescent (OEL) display panels, despite decreased sales of commercial karaoke products, as a result of the sale of the Company's karaoke business subsidiaries. Overseas sales increased 60.2% to 29,224 million yen (US\$273.1 million), due to an increase in sales worldwide of recordable DVD drives for personal computer use, as well as increased sales of optical disc-manufacturing systems in Asia.

Operating income increased 41.2% from the corresponding period of the previous year to 16,784 million yen (US\$156.9 million), mainly reflecting increased sales and improved gross profit margin, despite a decrease in royalty revenue. Foreign exchange fluctuation, mainly the yen's depreciation against the euro, as well as cost reductions, are attributable to the improvement of gross profit margin. Net income also increased 14.8% to 9,140 million yen

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(US\$85.4 million) from the corresponding period in the previous year, reflecting an increase in operating income.

Basic net income per share of common stock was 52.10 yen (US\$0.49), compared with 44.81 yen for the corresponding period in the previous year. Diluted net income per share of common stock was 52.08 yen (US\$0.49), compared with 44.81 yen for the corresponding period in the previous year.

Nine-month results - Operating revenue for the nine-month period ended December 31, 2003, was 519,955 million yen (US\$4,859.4 million), a 3.1% increase, and net income for the period was 21,615 million yen (US\$202.0 million), a 58.6% increase, each compared with the corresponding period in the previous year.

Basic net income per share of common stock was 123.21 yen (US\$1.15), compared with 76.12 yen for the corresponding period in the previous year. Diluted net income per share of common stock was 123.18 yen (US\$1.15), compared with 76.12 yen for the corresponding period in the previous year.

CASH FLOWS

Net cash provided by operating activities was 9,299 million yen (US\$86.9 million), a decrease of 3,221 million yen compared with the corresponding period in the previous year. This decrease is mainly caused by an increase in operating capital requirements, which resulted from an increase in inventories and accounts receivable. Net cash used in investing activities was 14,867 million yen (US\$138.9 million), an increase of 6,479 million yen compared with the corresponding period in the previous year, mainly due to an increase in capital expenditures.

BUSINESS FORECASTS FOR FISCAL 2004

Our consolidated business forecasts for fiscal 2004, ending March 31, 2004, are unchanged from those announced on October 30, 2003, which are shown below.

Projections for fiscal 2004
announced on
October 30, 2003

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| | |
|---------------------------------|---------------------|
| Operating revenue..... | 730,000 million yen |
| Operating income..... | 44,000 million yen |
| Income before income taxes..... | 41,000 million yen |
| Net income..... | 25,000 million yen |

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CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made in this release with respect to our current plans, estimates, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not believe that it is our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to,

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(i) general economic conditions in our markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continue to design and develop and win acceptance of our products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology and subjective and changing consumer preferences; (iv) our ability to successfully implement our business strategies; (v) our ability to compete and develop and implement successful sales and distribution strategies in light of technological developments in and affecting our businesses; (vi) our continued ability to devote sufficient resources to research and development, and capital expenditure; (vii) our ability to continuously enhance our brand image; (viii) the success of our joint ventures and alliances; and (ix) the outcome of contingencies.

Pioneer Corporation is one of the leading manufacturers of consumer- and business-use electronics products such as audio, video and car electronics on a global scale. Its shares are traded on the New York Stock Exchange (ticker symbol PIO), Euronext Amsterdam, Tokyo Stock Exchange, and Osaka Securities Exchange.

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The U.S. dollar amounts in this release represent translation of Japanese yen, for convenience only, at the rate of 107 yen=US\$1.00, the approximate rate prevailing on December 31, 2003.

Attached are consolidated financial statements for the third quarter and the nine months ended December 31, 2003.

For further information, please contact:
Investor Relations Department, Corporate Communications Division

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 Website: http://www.pioneer.co.jp/corp/ir/index-e.html

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Pioneer Corporation and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS OF PIONEER CORPORATION
 FOR THE THIRD QUARTER AND THE NINE MONTHS ENDED DECEMBER 31, 2003

(1) OPERATING REVENUE BY SEGMENT

| | (In million yen) | | | |
|-----------------------|---------------------------------|---------------|---------|---------------|
| | Third quarter ended December 31 | | | |
| | 2003 | | 2002 | |
| | Amount | % to Total | Amount | % to Total |
| Domestic..... | 24,916 | 12.5 | 24,419 | 13.0 |
| Overseas..... | 46,908 | 23.6 | 52,313 | 28.0 |
| Home Electronics..... | 71,824 | 36.1 | 76,732 | 41.0 |
| Domestic..... | 34,514 | 17.4 | 26,839 | 14.0 |
| Overseas..... | 40,658 | 20.4 | 38,158 | 20.0 |
| Car Electronics..... | 75,172 | 37.8 | 64,997 | 35.0 |
| Domestic..... | - | - | - | - |
| Overseas..... | 1,759 | 0.9 | 4,029 | 2.0 |
| Patent Licensing..... | 1,759 | 0.9 | 4,029 | 2.0 |
| Domestic..... | 20,886 | 10.5 | 20,868 | 11.0 |
| Overseas..... | 29,224 | 14.7 | 18,241 | 9.0 |
| Others..... | 50,110 | 25.2 | 39,109 | 21.0 |
| Domestic..... | 80,316 | 40.4 | 72,126 | 39.0 |
| Overseas..... | 118,549 | 59.6 | 112,741 | 61.0 |
| Total..... | 198,865 | 100.0 | 184,867 | 100.0 |

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| | Nine months ended December 31 | | | |
|-----------------------|-------------------------------|------------|---------|------------|
| | 2003 | | 2002 | |
| | Amount | % to Total | Amount | % to Total |
| Domestic..... | 51,941 | 10.0 | 53,891 | 10.0 |
| Overseas..... | 100,032 | 19.2 | 119,616 | 23.3 |
| Home Electronics..... | 151,973 | 29.2 | 173,507 | 34.2 |
| Domestic..... | 91,624 | 17.6 | 79,624 | 15.7 |
| Overseas..... | 125,388 | 24.1 | 130,135 | 25.8 |
| Car Electronics..... | 217,012 | 41.7 | 209,759 | 41.6 |
| Domestic..... | - | - | - | - |
| Overseas..... | 10,163 | 2.0 | 10,073 | 2.0 |
| Patent Licensing..... | 10,163 | 2.0 | 10,073 | 2.0 |
| Domestic..... | 55,149 | 10.6 | 56,653 | 11.2 |
| Overseas..... | 85,658 | 16.5 | 54,386 | 10.7 |
| Others..... | 140,807 | 27.1 | 111,039 | 22.1 |
| Domestic..... | 198,714 | 38.2 | 190,168 | 37.7 |
| Overseas..... | 321,241 | 61.8 | 314,210 | 62.2 |
| Total..... | 519,955 | 100.0 | 504,378 | 100.0 |

Pioneer Corporation and Subsidiaries

(2) CONSOLIDATED STATEMENTS OF INCOME

| Third quarter ended December 31 | | |
|------------------------------------|------|--|
| 2003 | 2002 | |
| | | |

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| | | | |
|--|---------|---------|-------|
| Operating revenue: | | | |
| Net sales..... | 197,106 | 180,838 | 5 |
| Royalty revenue..... | 1,759 | 4,029 | |
| | ----- | ----- | |
| | 198,865 | 184,867 | 5 |
| Operating costs and expenses: | | | |
| Cost of sales..... | 135,054 | 126,827 | 3 |
| Selling, general and administrative..... | 47,027 | 46,157 | 1 |
| | ----- | ----- | |
| | 182,081 | 172,984 | 4 |
| Operating income..... | | | |
| | 16,784 | 11,883 | |
| Other income (expenses): | | | |
| Interest income..... | 377 | 674 | |
| Foreign exchange gain (loss)..... | (867) | (250) | |
| Interest expense..... | (503) | (836) | |
| Others, net..... | 160 | 827 | |
| | ----- | ----- | |
| | (833) | 415 | |
| Income from continuing operations | | | |
| before income taxes..... | 15,951 | 12,298 | |
| Income taxes..... | 6,197 | 4,317 | |
| Minority interest in income of subsidiaries..... | (382) | (159) | |
| Equity in losses of affiliated companies..... | (232) | (154) | |
| | ----- | ----- | |
| Income from continuing operations..... | 9,140 | 7,668 | |
| Income (loss) from discontinued | | | |
| operations, net of taxes..... | - | 294 | |
| | ----- | ----- | |
| Net income..... | 9,140 | 7,962 | |
| | ===== | ===== | ===== |

Pioneer Corporation and Subsidiaries

(3) CONSOLIDATED BALANCE SHEETS

| | December 31 | |
|--|-------------|-------|
| ASSETS | 2003 | 2002 |
| | ----- | ----- |
| Current assets: | | |
| Cash and cash equivalents..... | 132,740 | 1 |
| Trade receivables, less allowance..... | 125,664 | 1 |
| Inventories..... | 116,217 | 1 |
| Others..... | 63,565 | |
| | ----- | ----- |

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| | | |
|--|----------|-------|
| Total current assets..... | 438,186 | 4 |
| Investments and long-term receivables..... | 29,639 | |
| Property, plant and equipment, less depreciation..... | 155,174 | 1 |
| Intangible assets..... | 18,065 | |
| Other assets..... | 39,919 | |
| | ----- | ----- |
| | 680,983 | 6 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term borrowings and current portion | | |
| of long-term debt..... | 41,424 | |
| Trade payables..... | 88,329 | |
| Others..... | 109,157 | |
| | ----- | ----- |
| Total current liabilities..... | 238,910 | 2 |
| Long-term debt..... | 28,500 | |
| Other long-term liabilities..... | 72,071 | |
| Minority interests..... | 17,728 | |
| Shareholders' equity: | | |
| Common stock..... | 49,049 | |
| Capital surplus..... | 82,379 | |
| Retained earnings..... | 272,688 | 2 |
| Accumulated other comprehensive income (loss)..... | (69,882) | (|
| Treasury stock..... | (10,460) | |
| | ----- | ----- |
| Total shareholders' equity..... | 323,774 | 3 |
| | ===== | ===== |
| | 680,983 | 6 |
| | ===== | ===== |
| Breakdown of accumulated other comprehensive income (loss) | | |
| Minimum pension liability adjustments..... | (31,032) | (|
| Net unrealized holding gain on securities..... | 6,613 | |
| Cumulative foreign currency translation adjustments..... | (45,463) | (|
| | ----- | ----- |
| Total accumulated other comprehensive income (loss)..... | (69,882) | (|
| | ===== | ===== |

Pioneer Corporation and Subsidiaries

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Third quarter ended | |
|--------------------------|---------------------|-------|
| | December 31 | |
| | ----- | ----- |
| | 2003 | 2002 |
| | ----- | ----- |
| I. Operating activities: | | |
| Net income..... | 9,140 | 7,962 |

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| | | |
|--|----------|----------|
| (Income) loss from discontinued operations, net of taxes..... | - | (294) |
| Depreciation and amortization..... | 9,799 | 9,255 |
| Increase in trade receivables..... | (22,905) | (16,279) |
| Increase in inventories..... | (6,740) | (1,732) |
| Increase in trade payables..... | 12,324 | 9,028 |
| Increase in other accrued liabilities..... | 1,944 | 736 |
| Other..... | 5,737 | 3,844 |
| | ----- | ----- |
| Net cash provided by operating activities..... | 9,299 | 12,520 |
| | ----- | ----- |
| II. Investing activities: | | |
| Payment for purchase of fixed assets..... | (14,891) | (8,774) |
| Other..... | 24 | 386 |
| | ----- | ----- |
| Net cash used in investing activities..... | (14,867) | (8,388) |
| | ----- | ----- |
| III. Financing activities: | | |
| Increase (decrease) in short-term borrowings and long-term debt..... | 5,342 | (3,139) |
| Dividends paid..... | (2,193) | (1,338) |
| Purchase and sale of treasury stock, net..... | (3) | (4,434) |
| Other..... | (99) | 413 |
| | ----- | ----- |
| Net cash provided by (used in) financing activities... | 3,047 | (8,498) |
| | ----- | ----- |
| Effect of exchange rate changes on cash and cash equivalents..... | (2,675) | (1,358) |
| | ----- | ----- |
| Net increase (decrease) in cash and cash equivalents..... | (5,196) | (5,724) |
| Cash and cash equivalents at beginning of period..... | 137,936 | 140,412 |
| | ----- | ----- |
| Cash and cash equivalents at end of period..... | 132,740 | 134,688 |
| | ===== | ===== |
| | ----- | ----- |
| I + II Free cash flow..... | (5,568) | 4,132 |
| | ----- | ----- |

Pioneer Corporation and Subsidiaries

(5) SEGMENT INFORMATION

The following segment information is prepared pursuant to the regulations under the Securities and Exchange Law of Japan.

Business Segments

Third quarter ended December 31

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| | 2003 | | 2002 | | Op R |
|--------------------------------|----------------------|---------------------|----------------------|---------------------|---------|
| | Operating Revenue | Operating Income | Operating Revenue | Operating Income | |
| Home Electronics..... | 72,151 | 4,822 | 76,965 | 3,460 | |
| Car Electronics..... | 76,426 | 7,671 | 65,476 | 4,540 | |
| Patent Licensing..... | 2,348 | 1,681 | 4,552 | 3,823 | |
| Others..... | 60,831 | 4,332 | 49,185 | 1,059 | |
| Total..... | 211,756 | 18,506 | 196,178 | 12,882 | |
| Corporate and elimination..... | (12,891) | (1,722) | (11,311) | (999) | |
| Consolidated total..... | 198,865 | 16,784 | 184,867 | 11,883 | |

| | Nine months ended December 31 | | | | Op R |
|--------------------------------|-------------------------------|---------------------|----------------------|---------------------|---------|
| | 2003 | | 2002 | | |
| | Operating Revenue | Operating Income | Operating Revenue | Operating Income | |
| Home Electronics..... | 152,902 | (5,314) | 174,247 | 92 | |
| Car Electronics..... | 218,917 | 21,786 | 210,904 | 21,162 | |
| Patent Licensing..... | 11,721 | 9,900 | 11,583 | 9,241 | |
| Others..... | 169,254 | 11,061 | 140,778 | (355) | |
| Total..... | 552,794 | 37,433 | 537,512 | 30,140 | |
| Corporate and elimination..... | (32,839) | (3,058) | (33,134) | (5,082) | |
| Consolidated total..... | 519,955 | 34,375 | 504,378 | 25,058 | |

Notes:

1. The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.
2. The consolidated financial statements include the accounts of the parent company and 132 subsidiaries and the investments in 5 affiliated companies accounted for on an equity basis.
3. Effective from the fiscal 2003 year-end presentation, the Company classified gains and losses on sale and disposal of fixed assets, which were previously included in "Others, net" in "Other income (expenses)," into "Selling, general and administrative expenses." Previously reported amounts have been reclassified accordingly.
4. Effective from the fiscal 2003 year-end presentation, profit and loss on intercompany lease, which was previously included in "Others" segment,

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is included in the segment which each user of leased assets belongs to. Previously reported amounts have been reclassified accordingly.

5. As a result of the sale of subsidiaries in audio/video software business in the second quarter of the fiscal 2004, the gain on such sale, as well as the business results of discontinued operations, are presented as a separate line item in consolidated statements of income in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Reclassifications have been made to previously reported consolidated statements of income, consolidated statements of cash flows and segment information to conform to this presentation.