



## **Presentation of Consolidated Operating Results in FY 2008 (Apr.-March) and Future Strategy**

**May 14, 2009**

**FUNAI ELECTRIC.,LTD.**



## **Outline of FY 2008 Operating Results (Consolidated)**

1. Summary of Operating Results
2. Breakdown of Sales by Equipment
3. Sales of Audio and Visual Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment
6. Geographic Breakdown of Sale
7. Financial Condition
8. Changes of Inventories
9. Capital Expenditures, Depreciation Expense and R&D Expenditures
10. Projection of FY2009 Operating Results

# 1 Summary of Operating Results

(100 million yen)

	FY2007 Results	Previous Forecast (Released in Feb.)	FY2008 Results	Changes From Previous FY2007	Changes From Projection
	amount	amount	amount		
Net Sales	2,771	3,040	3,027	+9.2%	0.4%
Operating Income	24	5	14	—	+181.8%
Margin	( 0.9%)	(0.2%)	(0.5%)	2 ( 1)	
Ordinary Income	0	15	12	—	—
Margin	( 0.0%)	( 0.5%)	(0.4%)		
( Net Income after Tax )	53	22	5	—	—
Margin	( 1.9%)	( 0.7%)	( 0.2%)	185 ( 2)	
Net Income after tax	53 <sup>a</sup>	190	173	—	—
Margin	( 1.9%)	( 6.3%)	( 5.7%)		
Average USD- JPY Exchange Rate	113. <sup>80</sup>	100. <sup>00</sup>	100. <sup>66</sup>		

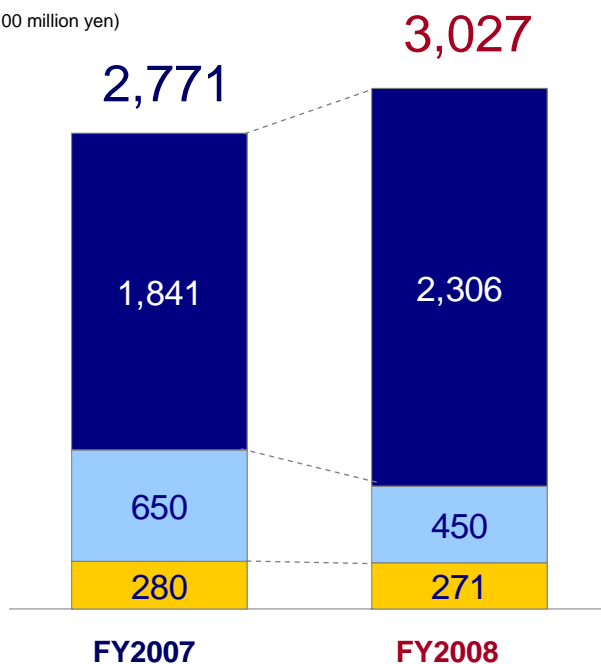
( 1) Interest receivables +33, Forex gain 28, Interest expenses 3, Others 4

( 2) Income taxes for prior periods 168, Loss on valuation of investment securities 30, Others+13  
( before deduction of income taxes for 16.8 bill.yen for prior periods )

# 2 Breakdown of Sales by Equipment



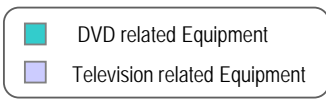
(100 million yen)



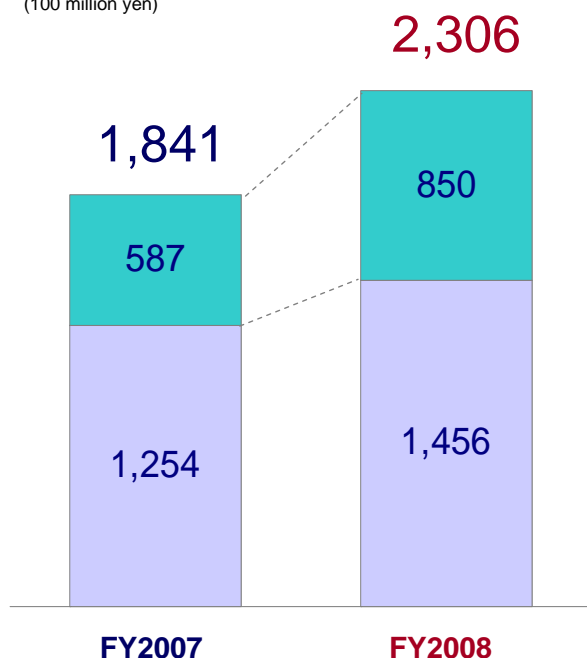
(100 million yen)

Comparison to Previous FY	
AV Equipment	: + 465 ( + 25.2%)
Information Equipment	: 200 ( - 30.7%)
Others	: 9 ( - 3.0%)
<b>Total</b>	<b>: + 256 ( + 9.2%)</b>

### 3 Sales of Audio and Visual Equipment



(100 million yen)



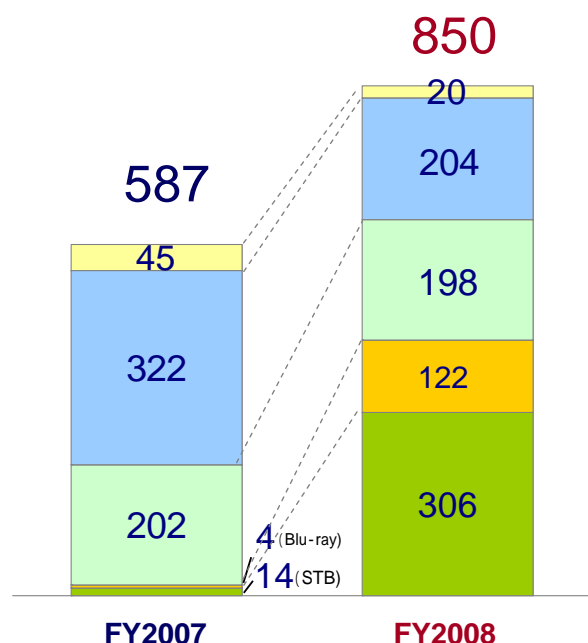
(100 million yen)

Comparison to Previous FY	
DVD related Equipment	: + 263 ( + 44.8% )
Television related Equipment	: + 202 ( + 16.1% )
<b>Total</b>	<b>: + 465 ( + 25.2% )</b>

### 4 Sales of DVD related Equipment



(100 million yen)



**DVD Players**      **DVD Recorders**

· Following the track of market contraction after plateauing out.

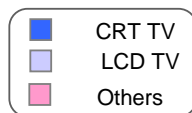
**Blu-ray disc Player** · Going well since launching in a full scale in April.

**Digital STB** · Going well quarter by quarter.

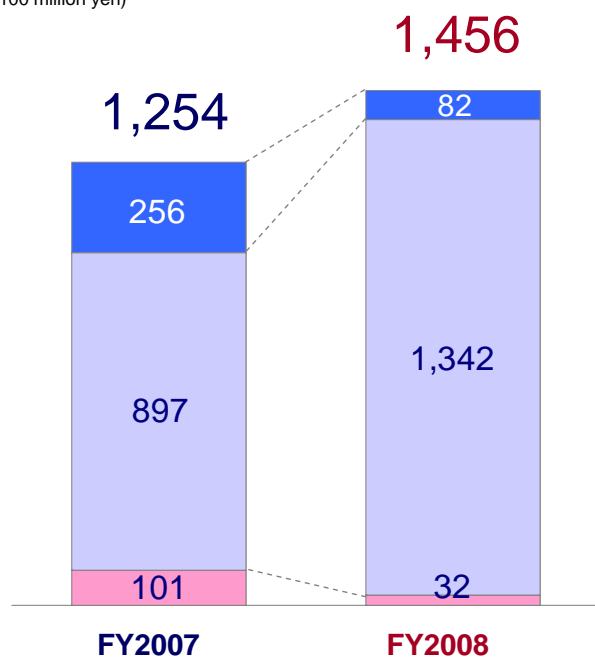
(100 million yen)

Comparison to Previous FY	
<b>Video</b>	: 25 ( 55.6% )
DVD Player related Equipment	: 118 ( 36.6% )
DVD Recorder related Equipment	: 4 ( 2.0% )
<b>BD Player</b>	: + 118 ( - )
<b>Digital STB</b>	: + 292 ( - )
<b>Total</b>	<b>: + 263 ( + 44.8% )</b>

## 5 Sales of Television related Equipment



(100 million yen)



### CRT TV

· Accelerating a downward-trend as LCD TV expands rapidly.

### LCD TV

· Gaining amount due to Philips brand contribution.

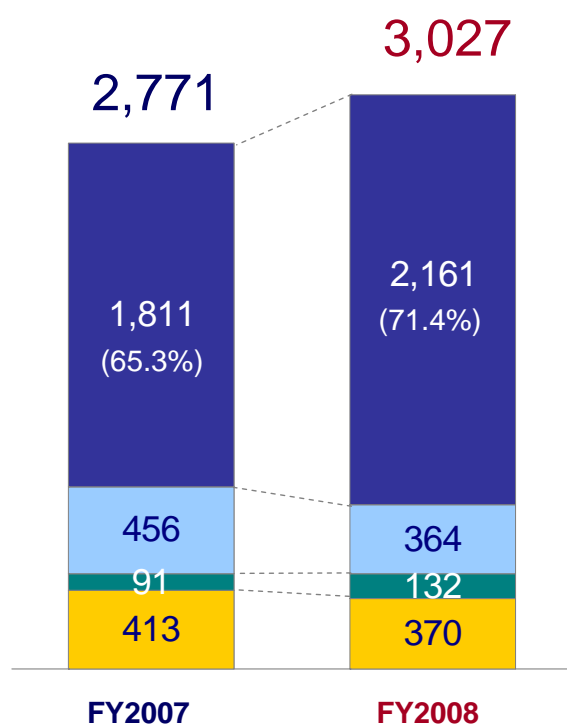
### Others

· Withdraw of projectors in 4Q.

### Comparison to Previous FY

CRT TV	: 174 ( 68.0%)
LCD TV	: + 445 ( + 49.6%)
Others	: 69 ( 68.3%)
<b>Total</b>	<b>: + 202 ( + 16.1%)</b>

## 6 Geographic Breakdown of Sales



### North America

· LCD TV, Digital set top box, BD player more covered than the decline of information equip.

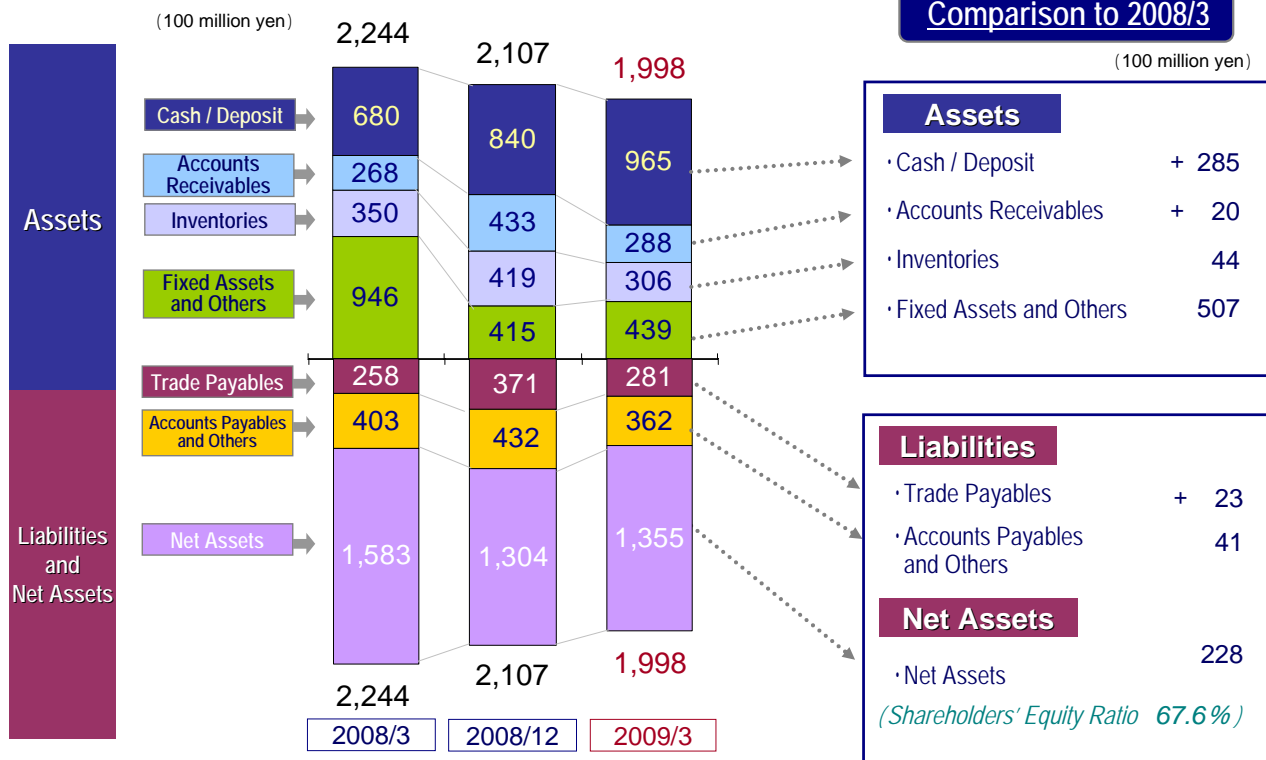
### Europe

· Suffered from price-war of LCD TV against Korean or Turkish brand.

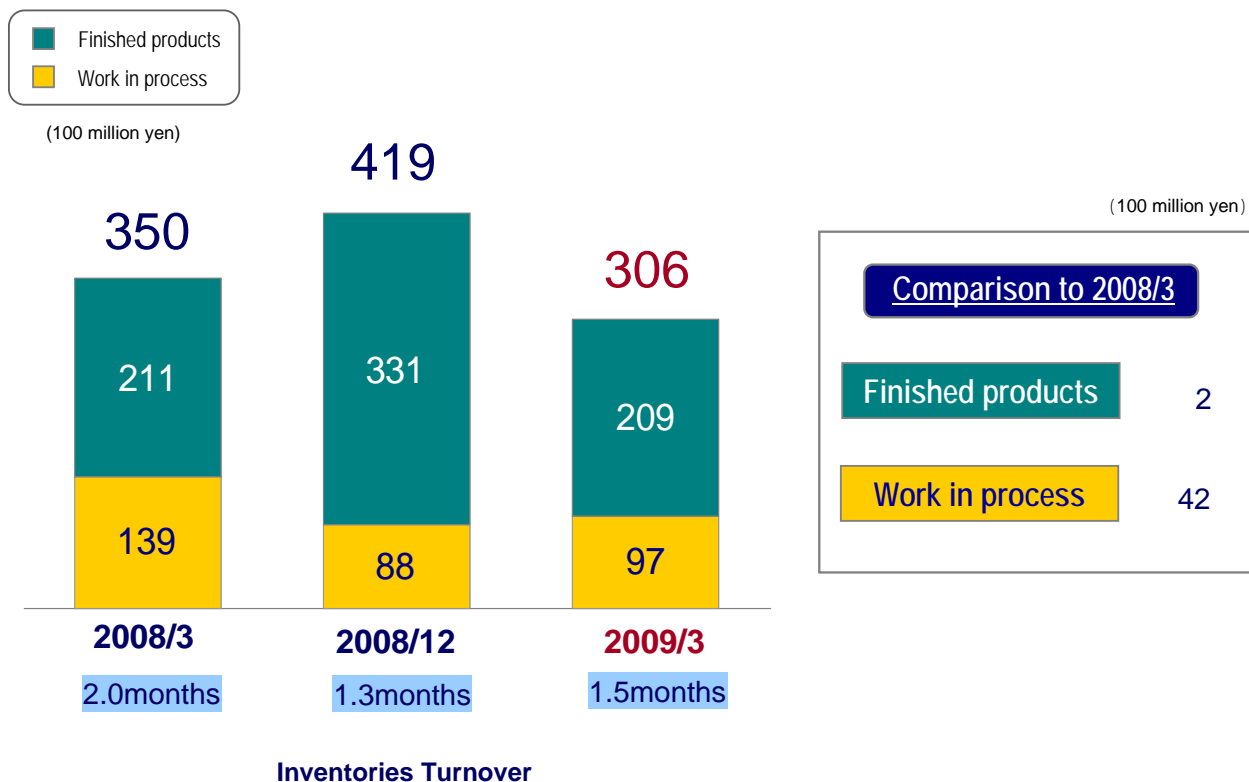
### Comparison to Previous FY

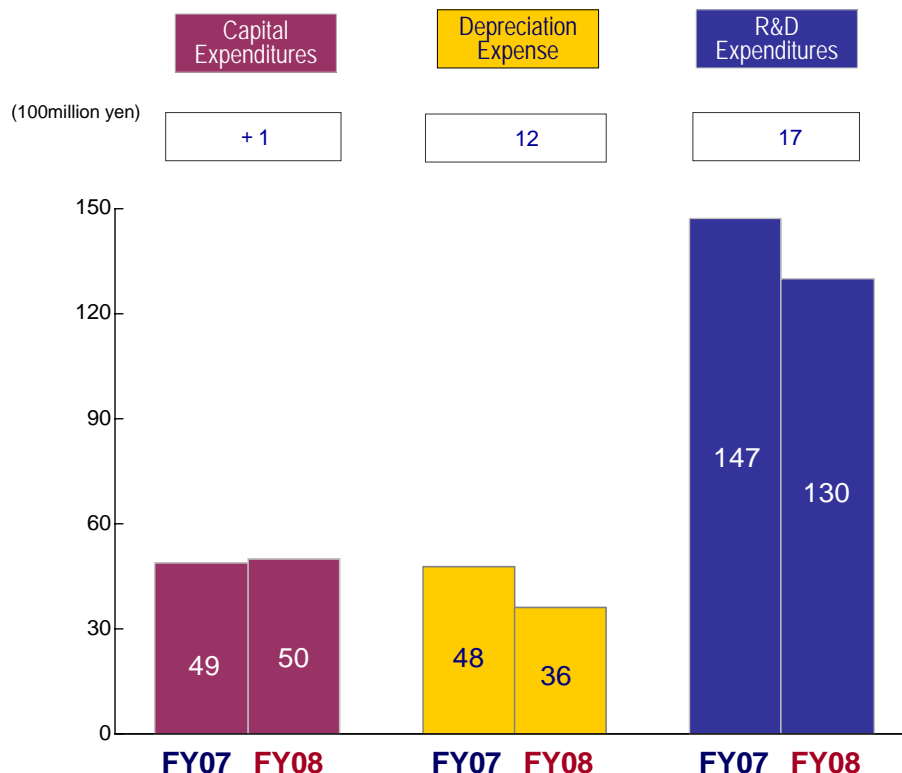
North America	: + 350 ( + 19.3%)
Europe	: 92 ( 20.2%)
Asia & Others	: + 41 ( + 45.1%)
Japan	: 43 ( 10.3%)
<b>Total</b>	<b>: + 256 ( + 9.2%)</b>

# 7 Financial Conditions



# 8 Changes of Inventories





## 10 . Projection of FY2009 Operating Results

(100 million yen)

	Result of FY 2008			Forecast of FY 2009			Changes from Previous Year
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	
Net Sales	1,446	1,581	3,027	1,745	1,655	3,400	+12.3%
Operating Income	43	29	14	41	19	60	+325.7%
Margin	(3.0%)	( 1.8%)	(0.5%)	(2.3%)	(1.1%)	(1.8%)	
Ordinary Income	59	47	12	38	15	53	+332.2%
Margin	(4.1%)	( 3.0%)	(0.4%)	(2.2%)	(0.9%)	(1.6%)	
Net Income after tax	121	52	173	30	9	39	-
Margin	( 8.4%)	( 3.3%)	( 5.7%)	(1.7%)	(0.5%)	(1.1%)	
Average USD-JPY Exchange Rate	106. <sup>22</sup>	95. <sup>09</sup>	100. <sup>66</sup>	95. <sup>00</sup>			

(Reference) Sales Breakdown by Equipment

(100 million yen)

	Results of FY2008	Forecast of FY2009	Changes
Audio & Visual	2,306	2,663	+ 357
Information	450	470	+ 20
Others	271	267	4
<b>Total</b>	<b>3,027</b>	<b>3,400</b>	<b>+ 373</b>

## . Future Business Strategy

- Management Policy
- Current Fiscal Year 2009 Outlook and Measures
- Medium-term Target and Measures

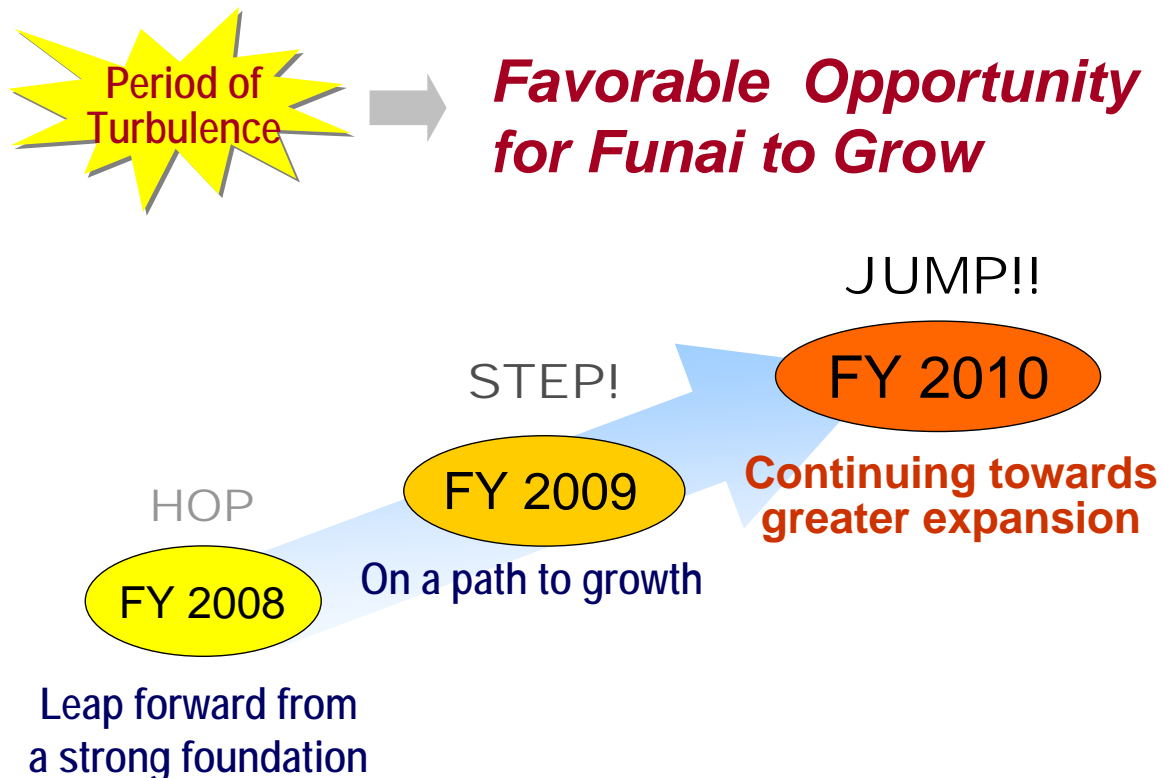
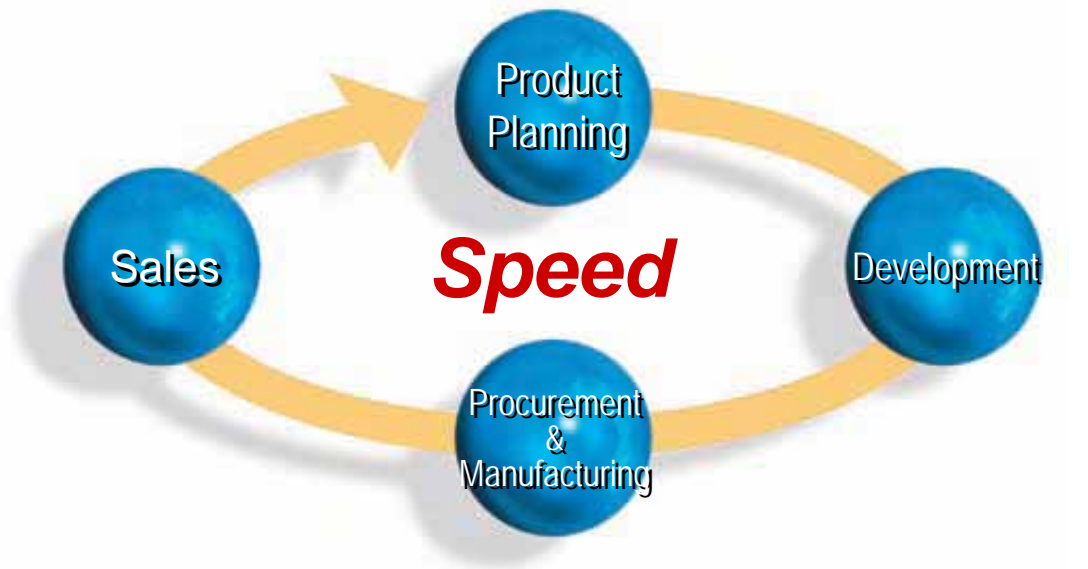
## 1 . Management Policy

### Further Efforts to Reach FY2008 Targets

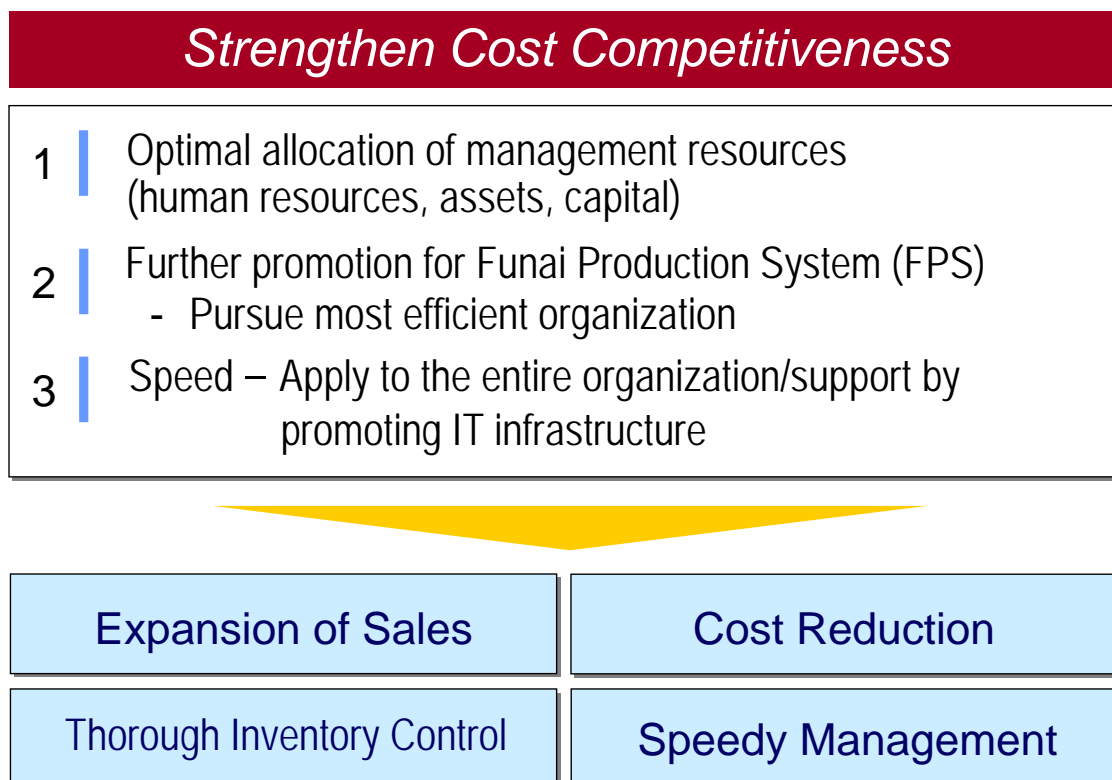
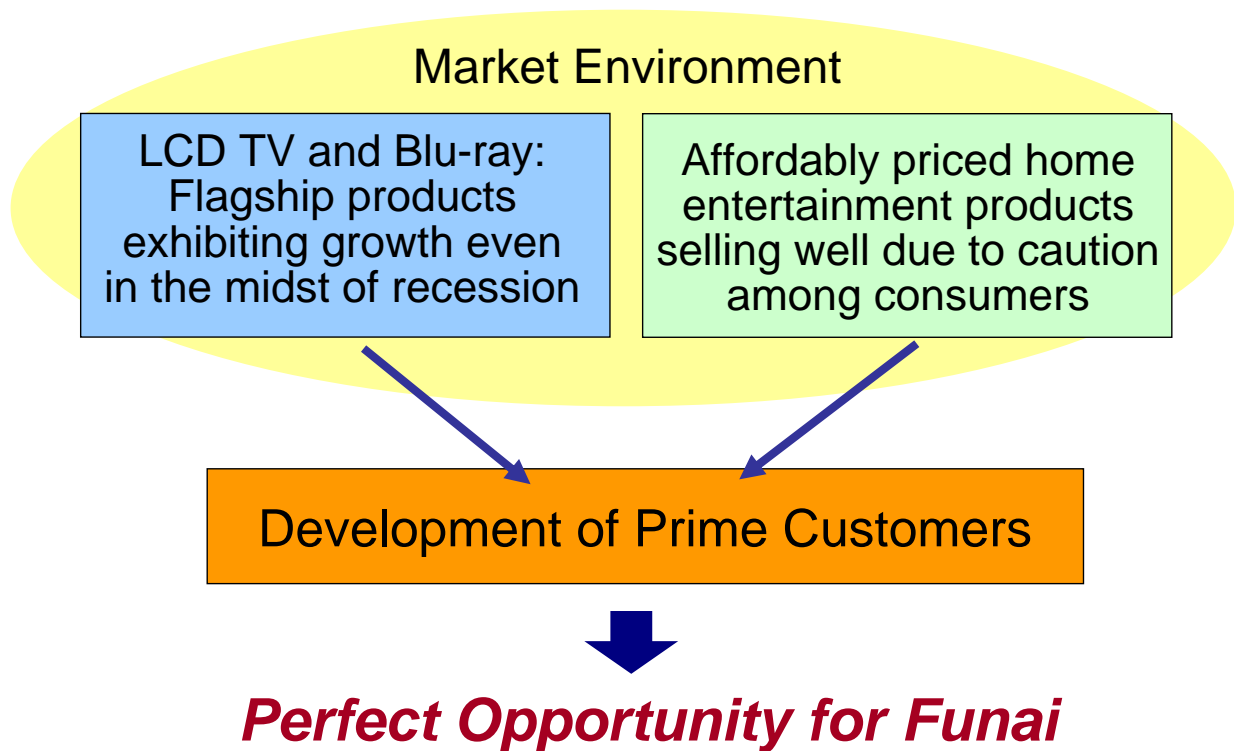
(100 million yen)

	Fiscal Year 2008 Projection		Fiscal Year 2008 Results		Fiscal Year 2009 Projection
Sales	3,400	→	3,027	→	3,400
Operating Profit Margin (%)	60 1.8	→	14 0.5	→	60 1.8

***Focus on promotion of viable products bolstered by speedy management***







## 6 . Fiscal Year 2009 Outlook and Measures

### Management Issues of FY2008

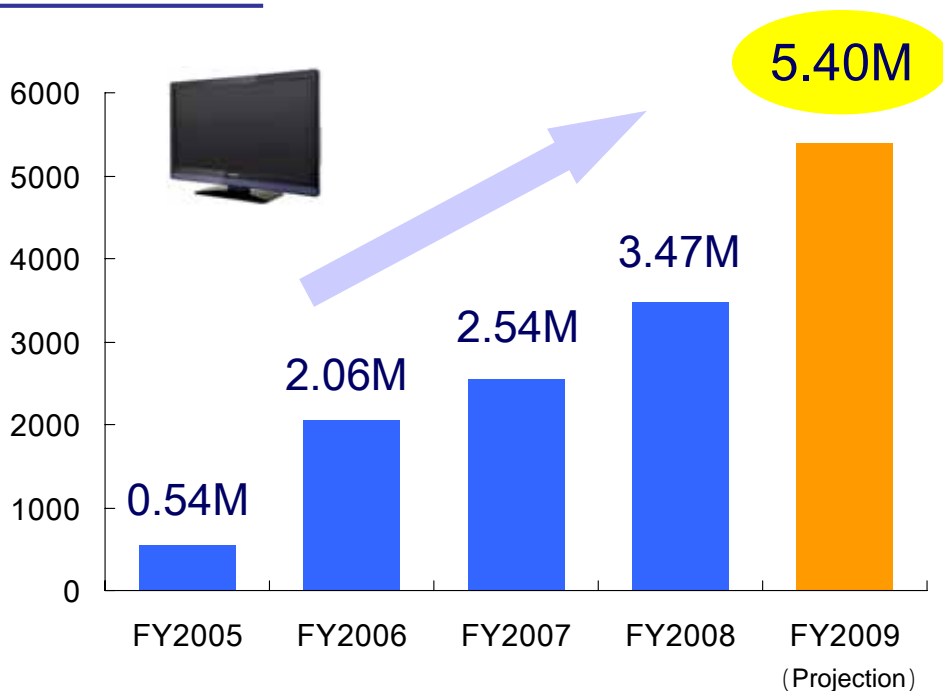
Ongoing deficit in LCD TV business    Improving, but still only halfway there

### Measures for FY 2009

1. Strict observance of smooth flow among development, production and delivery
2. Establishment of product line-up, brand position, solid structure of sales subsidiaries
3. Fostering of network-related technology for products related to LCD TVs and Blu-ray
4. Further gain of market share in North America

## 7 . Fiscal Year 2009 Outlook and Measures

### Sales of LCD TV



## 8 . Medium-term Target and Measures

### Targets for Consolidated Sales and Operating Profit for FY2011

Sales **5,000**

Operating Profit **250** (5% margin)

(Units: 100 million yen)

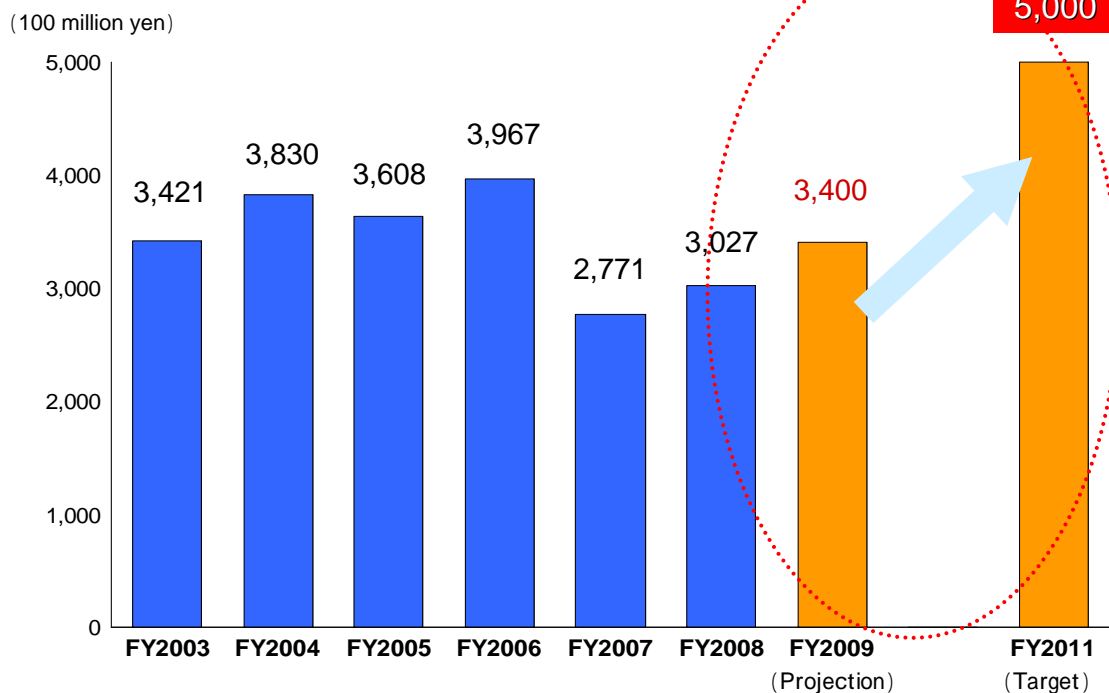
#### Measures to Achieve the Target

- 1 | Fostering of human resources and appointments to responsible positions
- 2 | Sales of 10 million units LCD TVs units
- 3 | Expansion of Blu-ray and related products line-up
  - Player
  - Recorder
  - Home Theater System
  - Portable Player
- 4 | Enlargement of mechatronics-related business (e.g., printers)
- 5 | Successful cultivation of new clients and entrance into emerging markets

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## 9 . Medium-term Target and Measures

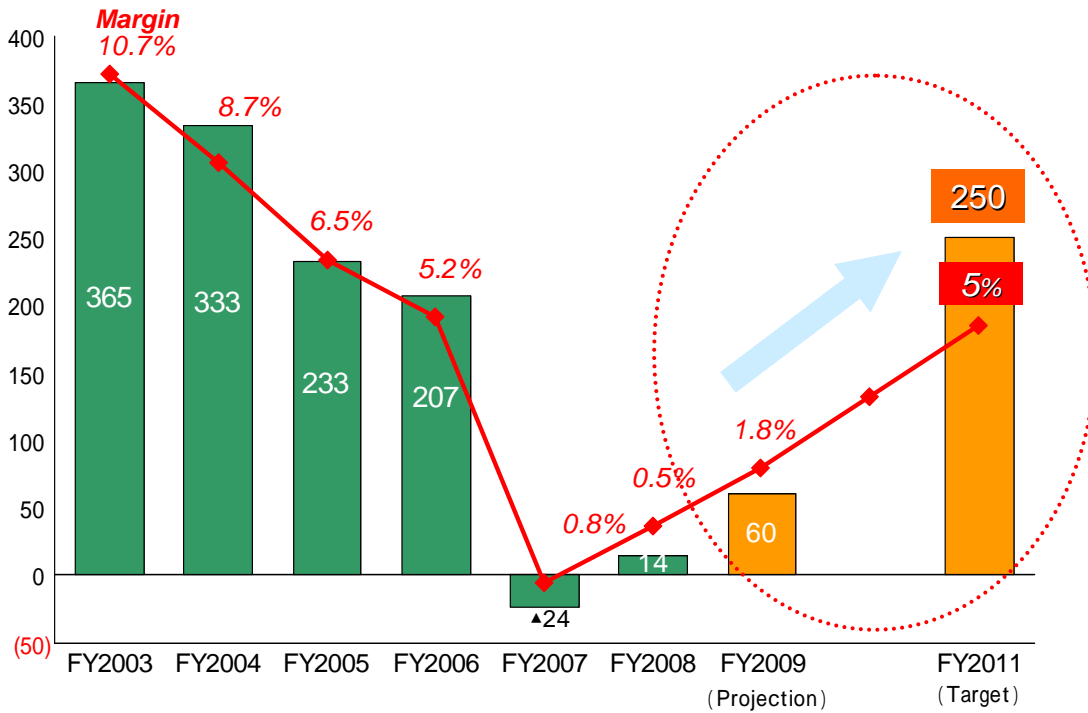
### Medium-term Sales Target



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## Medium-term Operating Profit Target

(100 million yen)



## Supplemental Data

### Summary of Operating Results (Jan.-March)

1. Summary of Operating Results
2. Breakdown of Sales by Equipment
3. Sales of Audio and Visual Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment

# 1 Summary of Operating Results (Jan.-Mar.)

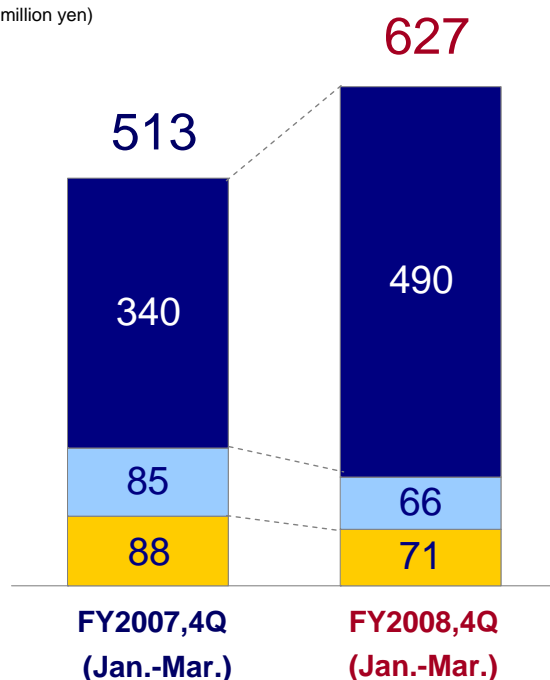
	FY2007 4Q	FY2008 4Q	Changes from Previous 4Q
Net Sales	513	627	+22.2%
Operating Income	36	18	—
<b>Margin</b>	( 7.0%)	( 3.0%)	+7 ( )
Ordinary Income	58	11	—
<b>Margin</b>	( 11.3%)	( 1.9%)	
Net Income after tax	23	13	—
<b>Margin</b>	( 4.5%)	( 2.1%)	
Average USD- JPY Exchange Rate	103. <sup>79</sup>	95. <sup>19</sup>	

( ) Interest receivables +3, Forex gain +6, Others 2

# 2 Breakdown of Sales by Equipment

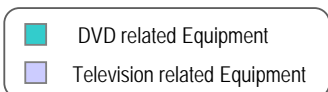


(100 million yen)

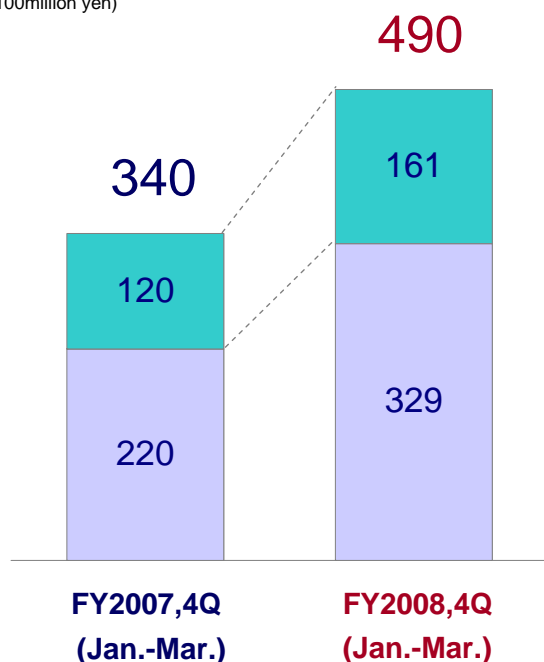


Comparison to Previous 4Q	
AV Equipment	: + 150 ( + 44.1%)
Information Equipment	: 19 ( 22.4%)
Others	: 17 ( 19.3%)
<b>Total</b>	<b>: + 114 ( + 22.2%)</b>

### 3 Sales of Audio and Visual Equipment



(100million yen)



#### Comparison to Previous 4Q

DVD related Equipment : + 41 ( + 34.2%)

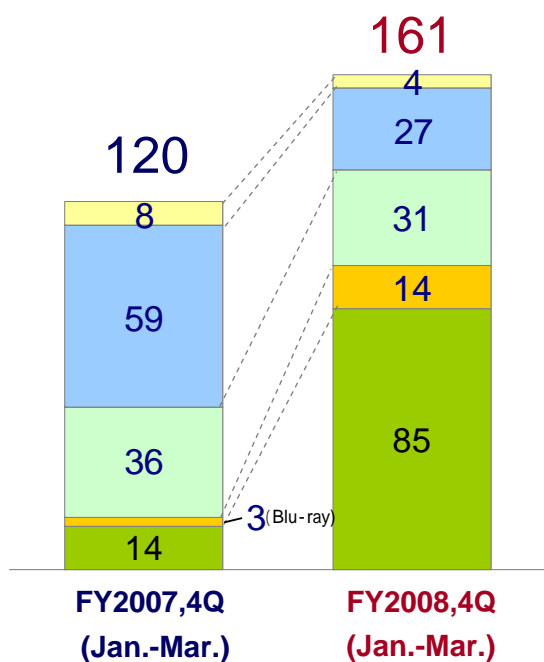
Television related Equipment : + 109 ( + 49.5%)

**Total** : + 150 ( + 44.1%)

### 4 Sales of DVD related Equipment



(100 million yen)



#### Comparison to Previous 4Q

Video : 4 ( 50.0%)

DVD Player related Equipment : 32 ( 54.2%)

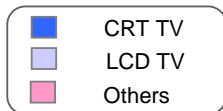
DVD Recorder related Equipment : 5 ( 13.9%)

BD Player : + 11 ( + 366.7%)

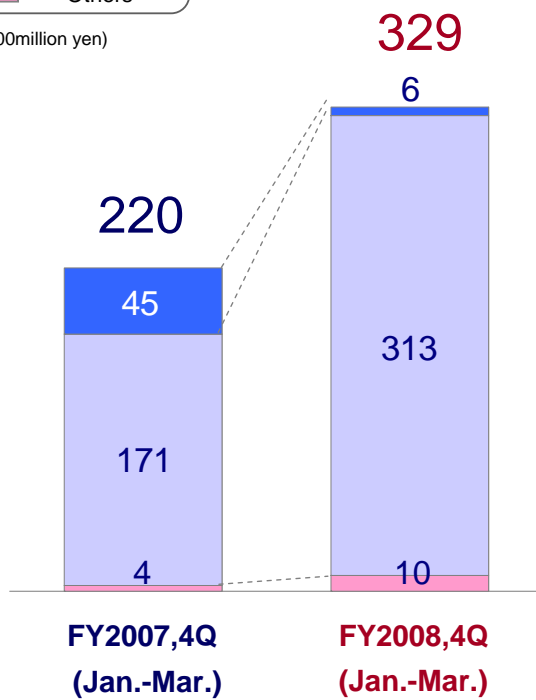
Digital STB : + 71 ( + 507.1%)

**Total** : + 41 ( + 34.2%)

# 5 Sales of Television related Equipment



(100million yen)



Comparison to Previous 4Q	
CRT TV	: 39 ( - 86.7%)
LCD TV	: + 142 ( + 83.0%)
Others	: + 6 ( + 150.0%)
<b>Total</b>	<b>: + 109 ( + 49.5%)</b>



## Supplemental Data

Quarterly Comparison of FY 2007 and FY 2008

1. Operating Summary
2. Sales Amount by Equipment

# 1 Quarterly Operating Summary of FY 2007, 2008

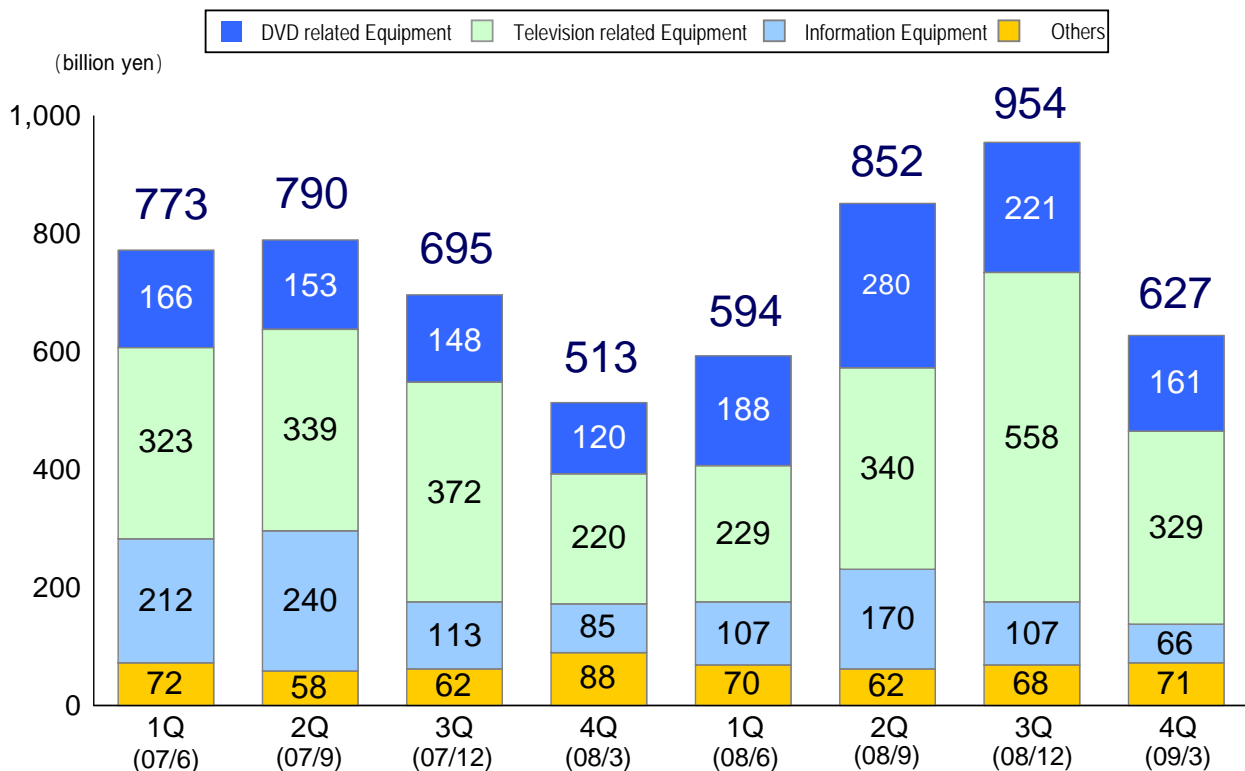


(100 million yen)

	FY 2007				FY 2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	773	790	695	513	594	852	954	627
Operating Income	11	9	7	36	9	33	10	18
Margin	(1.5%)	(1.1%)	( 1.1%)	( 7.0%)	(1.7%)	(3.9%)	( 1.1%)	( 3.0%)
Ordinary Income	44	6	7	58	44	15	35	11
Margin	(5.8%)	(0.8%)	(1.1%)	( 11.3%)	(7.5%)	(1.8%)	( 3.8%)	( 1.9%)
Net Income After Tax	13	56	12	23	137	16	39	13
Margin	(1.7%)	( 7.1%)	(1.8%)	( 4.5%)	( 23.2%)	(2.0%)	( 4.1%)	( 2.1%)

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# 2 Quarterly Changes of Sales Amount by Equipment



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