



Presentation of Operating Results for the 2nd Quarter (Apr.-Sep.) of FY2014

November 5, 2014

FUNAI ELECTRIC CO., LTD.

TSE 6839

Outline of Operating Results

1. Summary of 2nd Quarter(Jul.-Sep.)
2. Summary of 2nd Quarter (Apr.-Sep.)
3. Breakdown of Sales by Equipment
4. Sales of DVD related Equipment
5. Sales of LCD Television
6. Geographic Breakdown of Sales
7. Factor of Changes of Operating Income
8. Financial Conditions
9. Changes of Inventories
10. Capital Expenditures, Depreciation Expense and R&D Expenditures
11. Projection of Fiscal 2014 ending March 2015
12. Projection of Sales by Equipment in Fiscal 2014 ending March 2015
13. Projection of Sales by Geography in Fiscal 2014 ending March 2015

1. Summary of 2nd Quarter (Jul.-Sep.)



(100 million yen)

	FY 2013 Jul-Sep	FY 2014 Jul-Sep	Y / Y	
Net Sales	700	728	+28 (+ 4.0%)	
Operating Income (Margin)	22 (3.3%)	34 (4.7%)	+12 +18 (※1)	+20 (※3)
Ordinary Income (Margin)	20 (2.9%)	52 (7.2%)	+32 -3 (※2)	+11 (※4)
Net Income after tax (Margin)	6 (0.9%)	49 (6.8%)	+43	

Average USD-JPY Exchange Rate	98. ⁰⁶	105. ³⁴
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(※1) forex gain and loss+18, interest received+1, others - 1

(※3) forex gain+18, interest received +1, others +1

(※2) income taxes -3

(※4) decrease of extraordinary loss+11

Month End Exchange Rate	Jun/13	Sep/13	Jun/14	Sep/14
(USD/JPY)	98. ⁵⁹	97. ⁷⁵	101. ³⁶	109. ⁴⁵

2. Summary of 2nd Quarter (Apr.-Sep.)



(100 million yen)

	FY2013 Apr-Sep	Forecast Apr-Sep	FY2014 Apr-Sep	Y / Y (Actual base)	Y / Y (Forecast base)
Net Sales	1,205	937	1,158	-47 (-3.9%)	+221 (123.6%)
Operating Income (Margin)	5 (0.5%)	5 (0.5%)	13 (1.2%)	+8 +14 (※1)	+8 -2 (※5)
Ordinary Income (Margin)	21 (1.8%)	4 (0.4%)	27 (2.4%)	+6 -1 (※2)	+23 +14 (※6)
Net Income after tax (Margin)	6 (0.5%)	2 (0.2%)	26 (2.3%)	+20	+24

※3: +15 (from Operating Income to Ordinary Income)
 ※4: +1 (from Ordinary Income to Net Income after tax)
 ※5: -2 (from Operating Income to Ordinary Income)
 ※6: +14 (from Ordinary Income to Net Income after tax)

Average USD-JPY Exchange Rate	98. ⁶⁴	100. ⁰⁰	103. ⁶¹
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(※1) interest expense -1, forex gain+14, interest received +1

(※2) extraordinary income +2, income taxes -3

(※3) forex gain+14, others +1

(※4) increase of extraordinary income +2, income taxes /others-1

(※5) forex gain -5, others +3

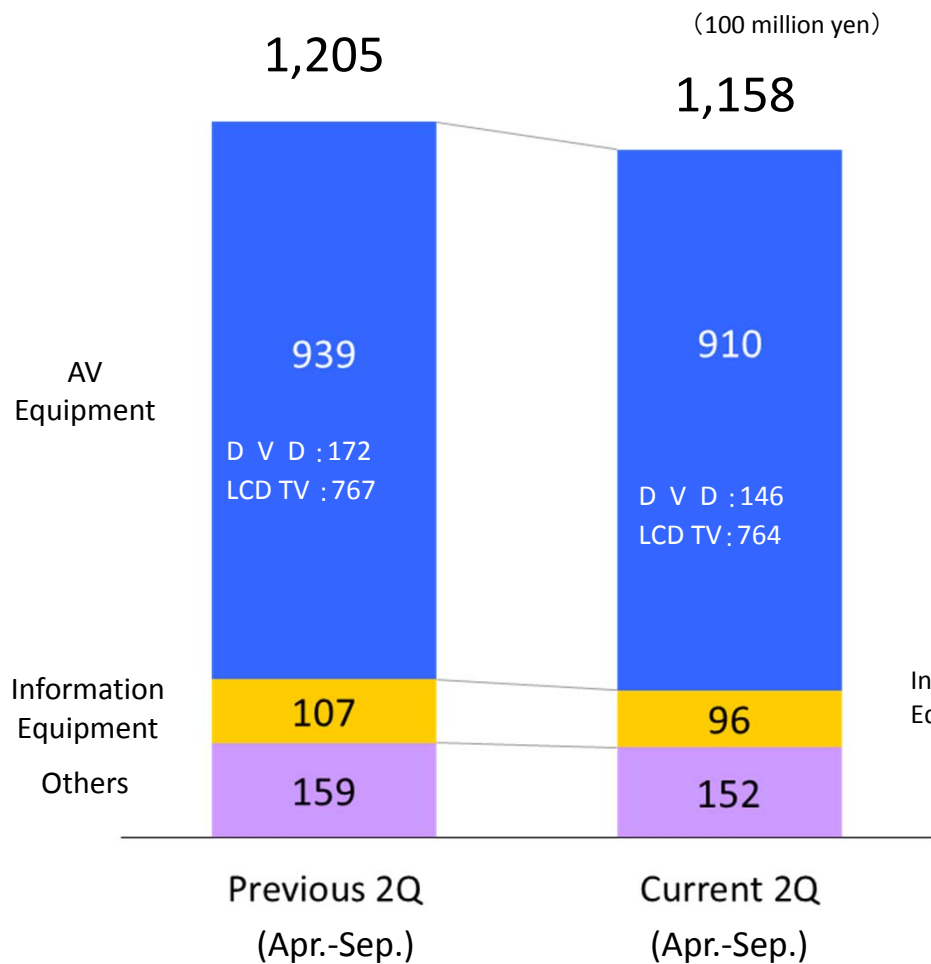
(※6) increase of extraordinary income +2, decrease of extraordinary loss +12

Month End Exchange Rate	Mar/13	Sep/13	Mar/14	Sep/14
(USD/JPY)	94. ⁰⁵	97. ⁷⁵	102. ⁹²	109. ⁴⁵

3. Breakdown of Sales by Equipment

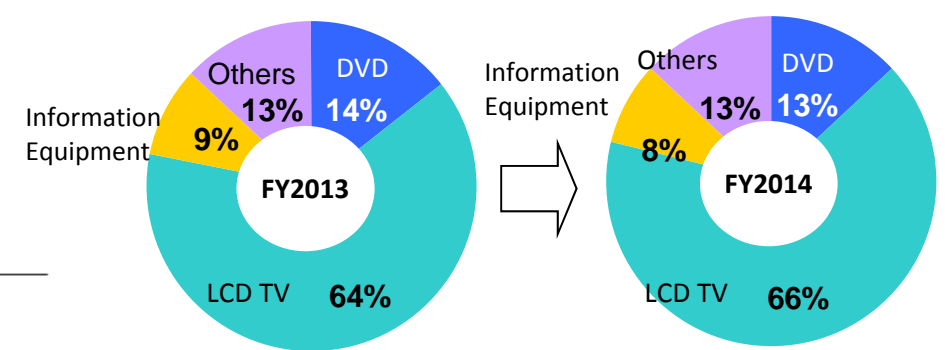
- Flat for LCD TVs, but declined for DVD related products.
- Declined for Info. Equipment, due to declined for Printers, but increased Ink Cartridges.
- Declined for Others, for Antennas and Audio Accessories.

(100 million yen)



Y/Y	
AV Equipment	: - 29 (-3.1%)
DVD Equip.	: - 26 (-15.1%)
LCD TV	: - 3 (-0.4%)
Information Equipment	: - 11 (-10.4%)
Others	: - 7 (-4.8%)
Total	: - 47 (-3.9%)

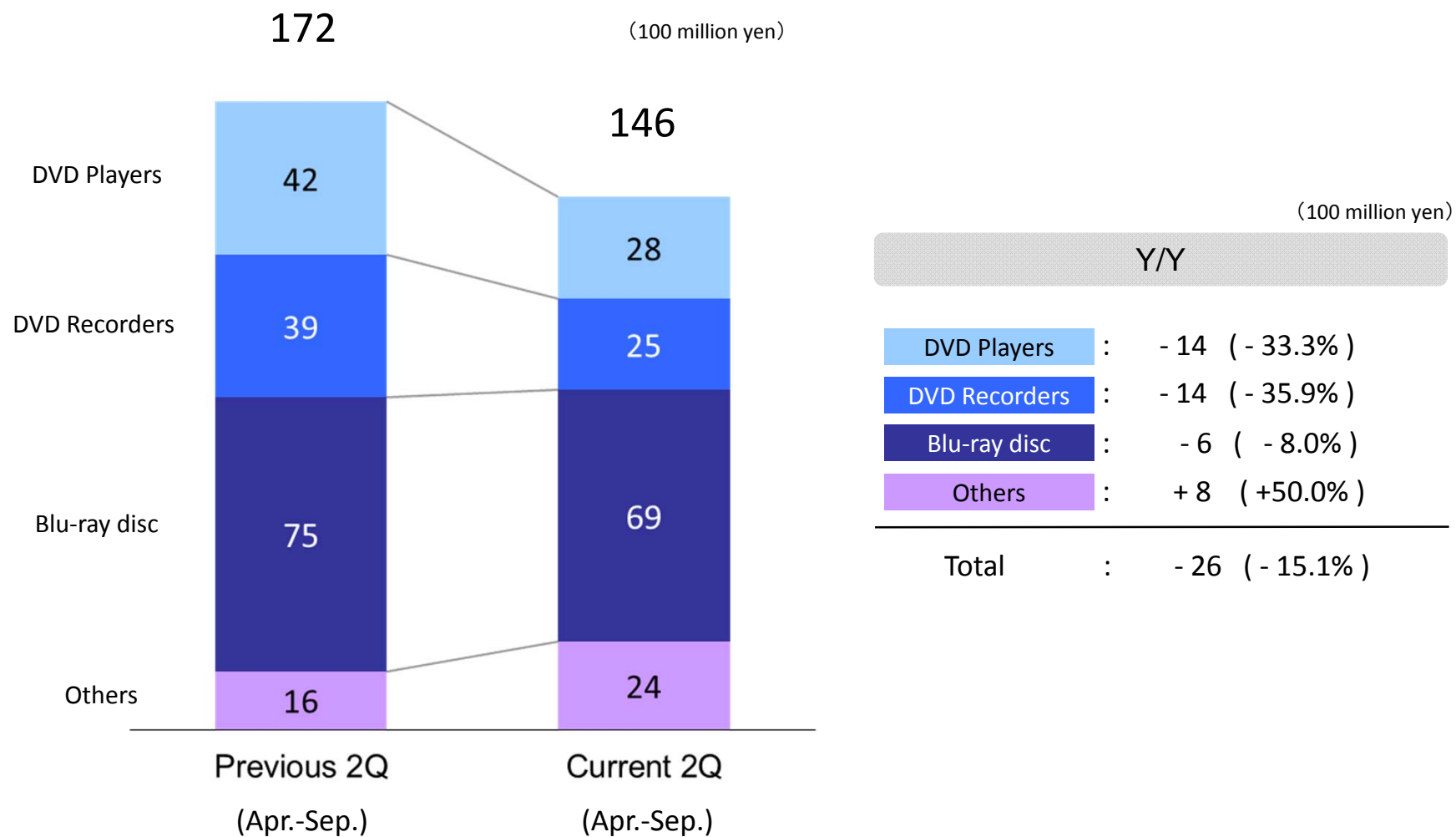
Sales Composition



4. Sales of DVD related Equipment



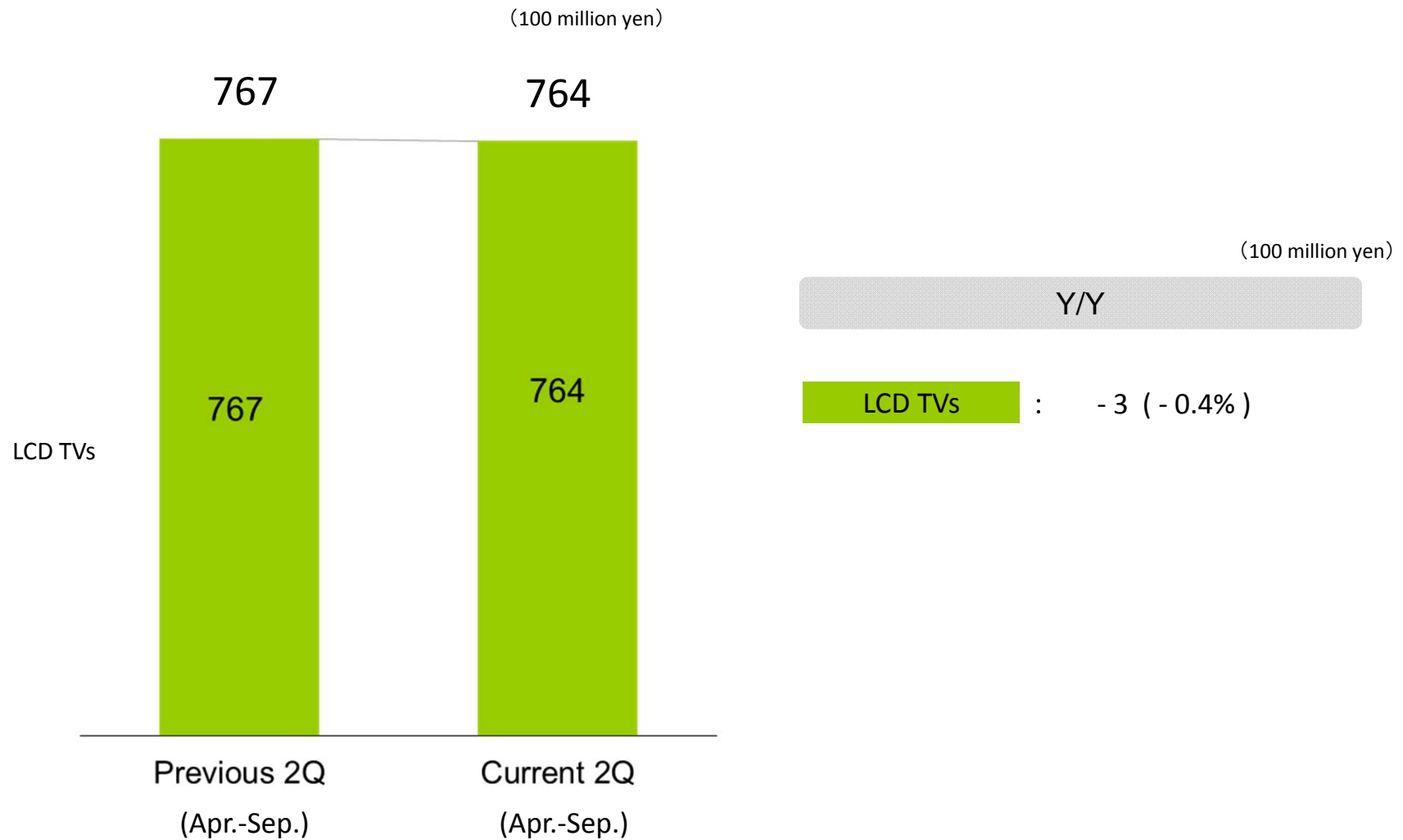
➤ Declined for DVD and Blu-ray Disc related products, due to the market size shrunk.



5. Sales of LCD Television

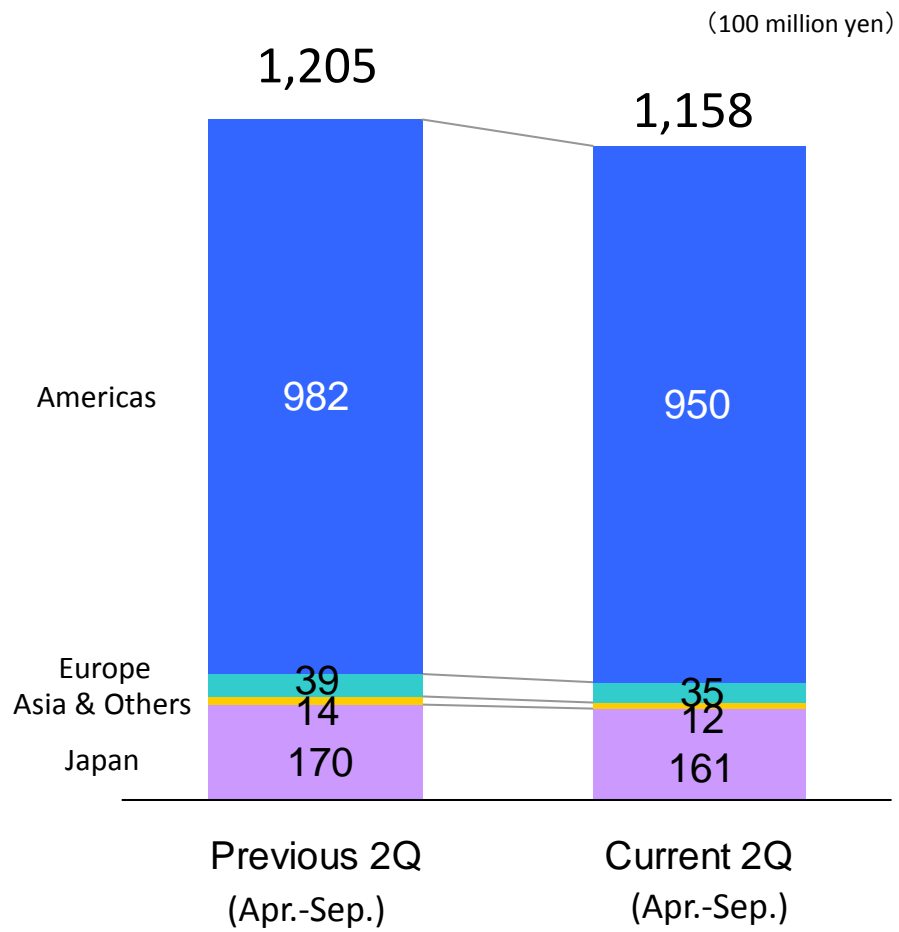


➤ Good at shipping for a major mass retailer in U.S. ; nevertheless flat for LCD TVs



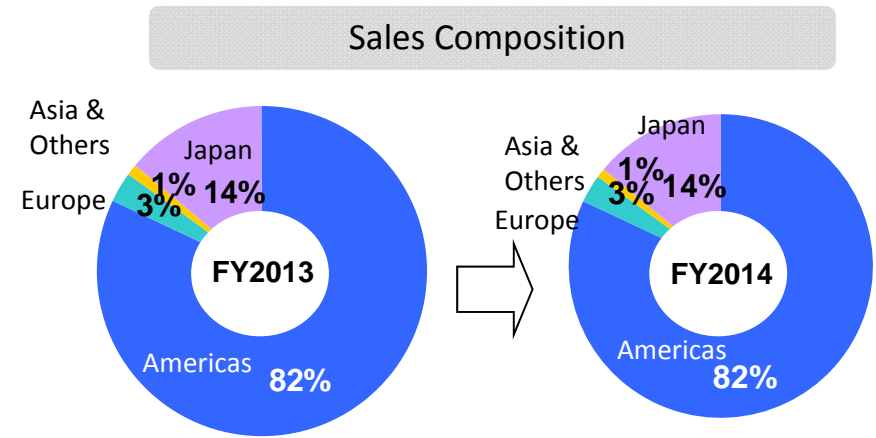
6. Geographic Breakdown of Sales

- Declined Americas, due to a drop in sales of DVD-related products and printers in U.S.
- Declined Japan, due to a drop in sales of Blu-ray Disc Recorder and Others.



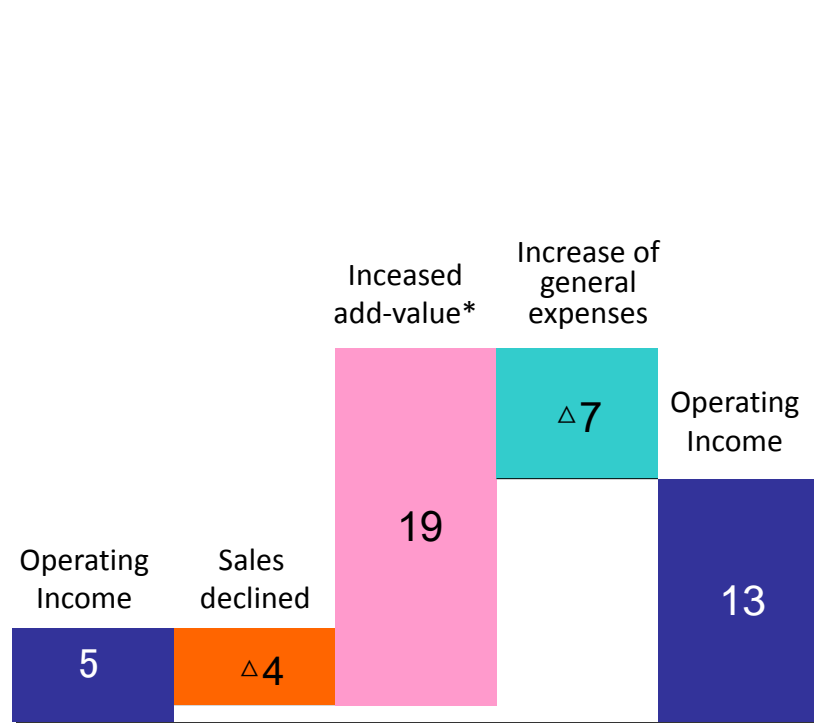
Y/Y

Americas	: - 32	(- 3.3%)
Europe	: - 4	(- 9.9%)
Asia & Others	: - 2	(- 12.5%)
Japan	: - 9	(- 5.6%)
Total	: - 47	(- 3.9%)



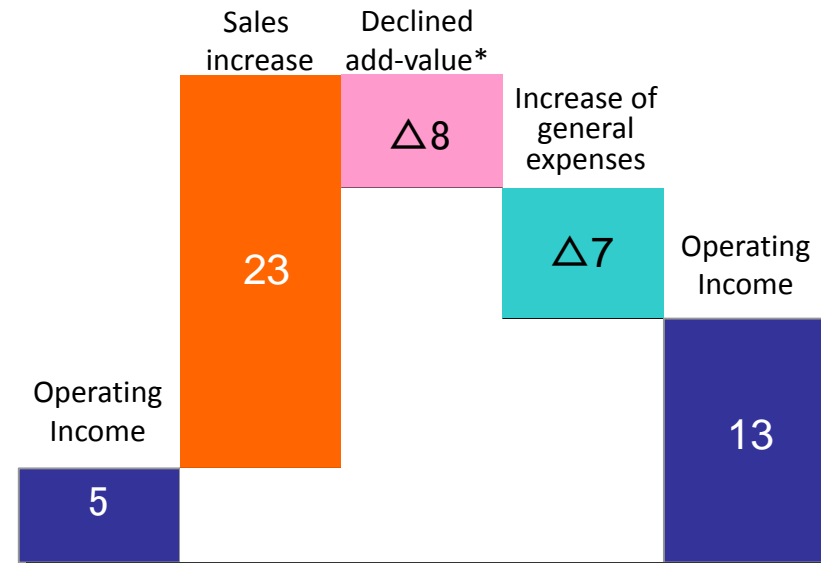
Note: Effective From FY2014, sales to Central and South America, which were previously included in the Asia and others, have been included in Americas. The segment name North America has been changed to Americas. Figures for FY2013 have been restated accordingly.

7. Factor of Changes of Operating Income



Previous 2Q → Current 2Q

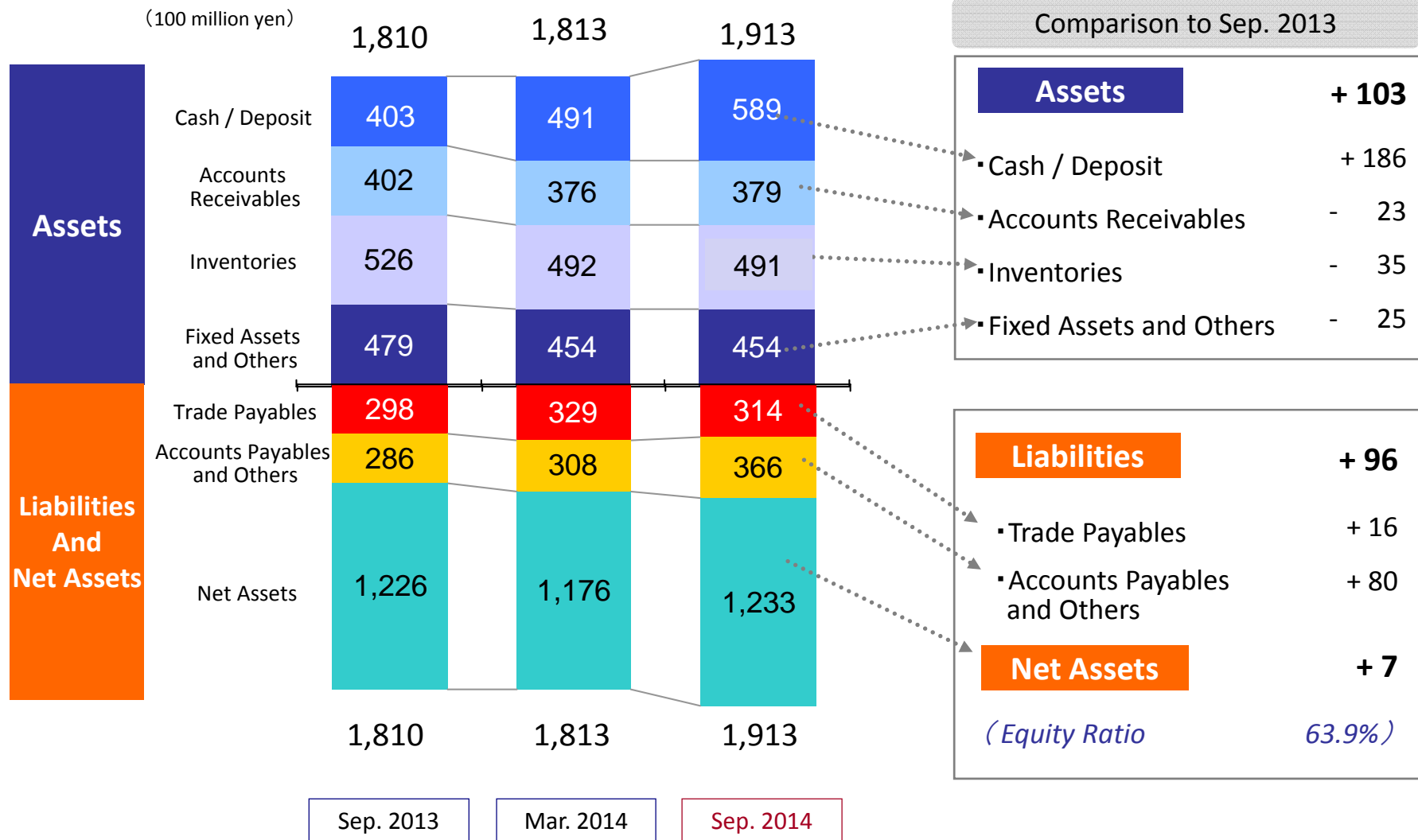
* Add-value=Sales – (Cost of sales + selling expenses)
(100 million yen)



Forecast 2Q → Current 2Q

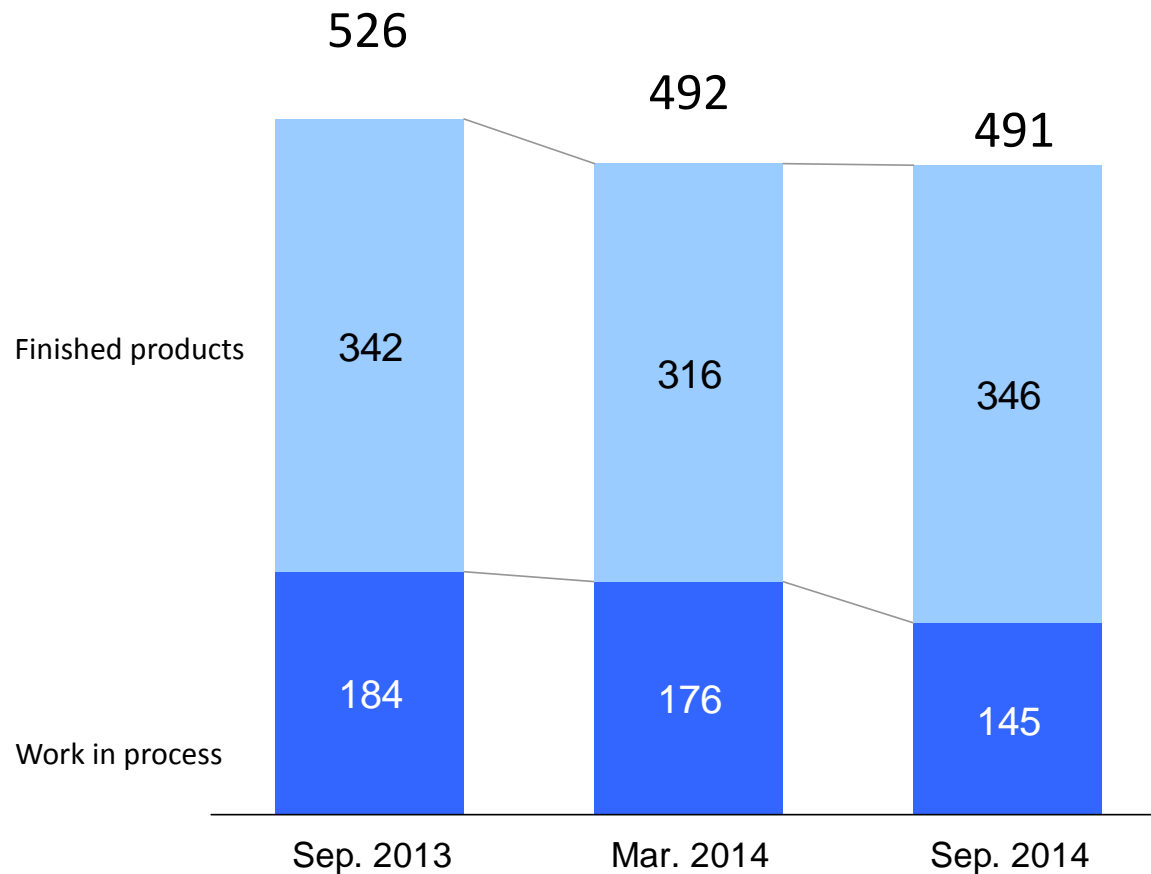
8. Financial Conditions

(100 million yen)



9. Changes of Inventories

(100 million yen)



(100 million yen)

Comparison to Sep. 2013

Finished products : + 4

Work in process : - 39

<Inventories Turnover>

2.3 months

3.0 months

2.0 months

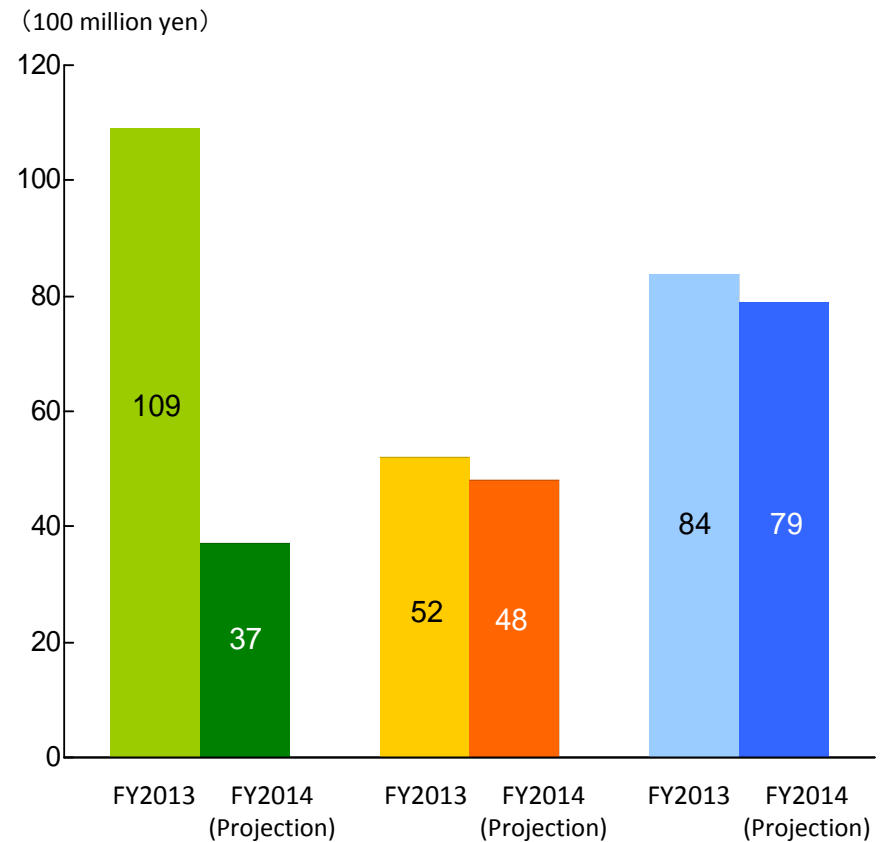
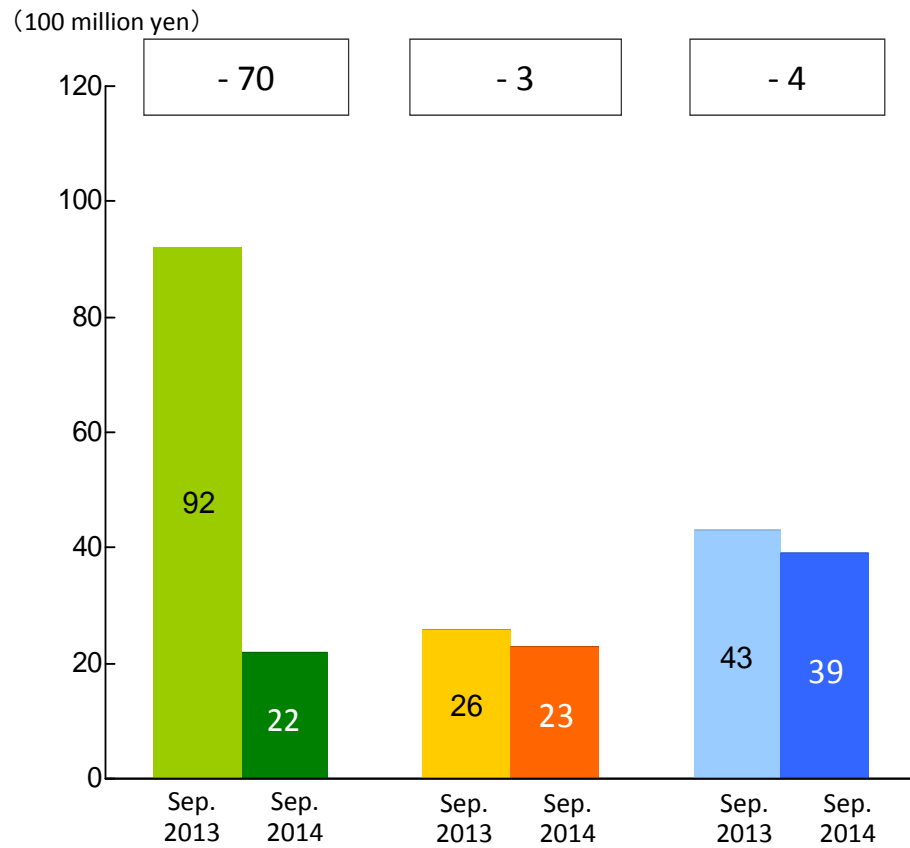
10. Capital Expenditures, Depreciation Expense and R&D Expenditures

2Q (Apr.-Sep.)

Full Year

Capital Expenditures Depreciation Expense R&D Expenditures

Capital Expenditures Depreciation Expense R&D Expenditures



11. Projection of Fiscal 2014 ending March 2015



(100 million yen)

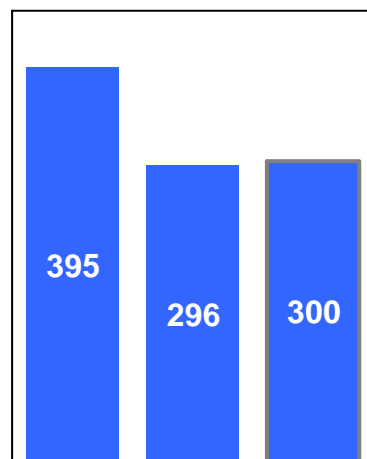
	FY2013	Original Forecast (May 13 th 2014)	Revised Forecast (Nov. 4 th 2014)	Y / Y (Actual base)	Y / Y (Forecast base)
Net Sales	2,340	2,000	2,030	- 310 (- 13.3%)	+ 30 (+ 1.5%)
Operating Income (Margin)	- 54 (- 2.3%)	5 (0.3%)	5 (0.2%)	+ 59	-
Ordinary Income (Margin)	- 22 (- 1.0%)	4 (0.2%)	14 (0.7%)	+ 36	+ 10
Net Income after tax (Margin)	- 67 (- 2.9%)	0 (0.0%)	9 (0.4%)	+ 76	+ 9

Average USD-JPY Exchange Rate	100. ⁴⁹	100. ⁰⁰	102. ⁸⁰
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12. Projection of Sales by Equipment in Fiscal 2014 ending March 2015

(100 million yen)

DVD related Equipment

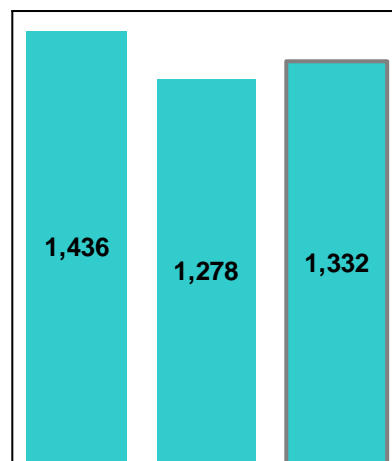


(Comparison to Previous Forecast)
+ 1.4%

【Plus Factor】
• DVD/BDs recorder

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

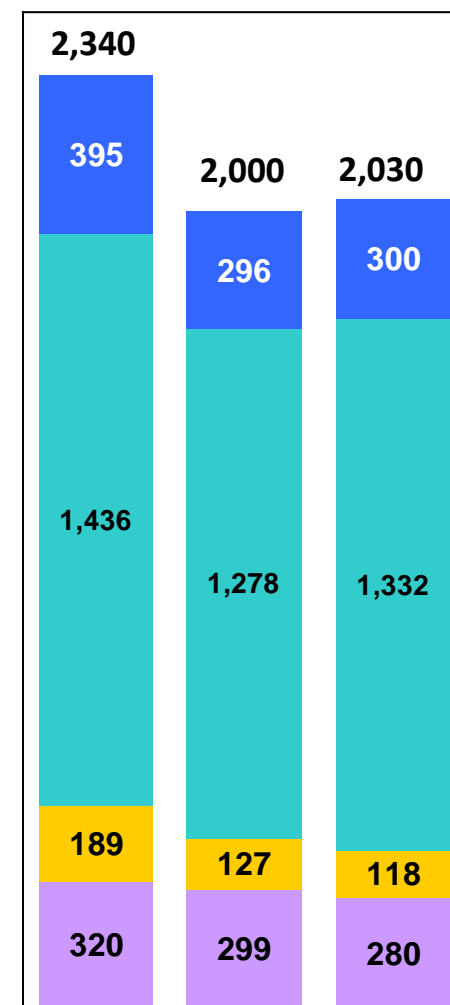
TV related Equipment



(Comparison to Previous Forecast)
+ 4.2%

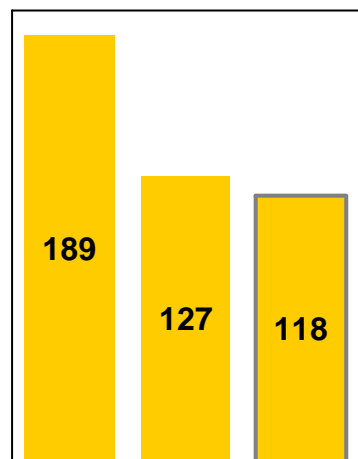
【Plus Factor】
• Sales increased

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast



Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

Information Equipment

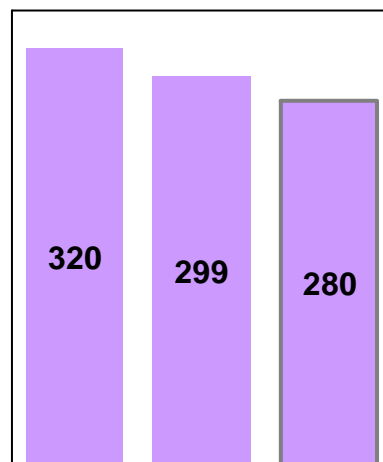


(Comparison to Previous Forecast)
- 7.1 %

【Minus Factor】
• Sales declined

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

Others



(Comparison to Previous Forecast)
- 6.4%

【Minus Factor】
• Antenna and Related devices
• AV Accessories

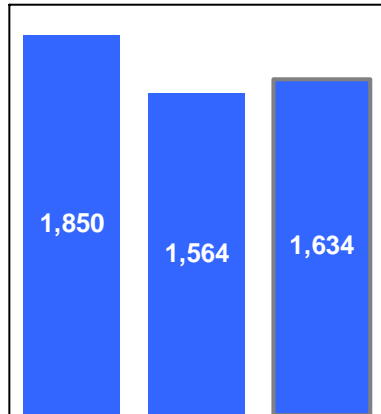
Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

13. Projection of Sales by Geography in Fiscal 2014 ending March 2015



(100 million yen)

Americas

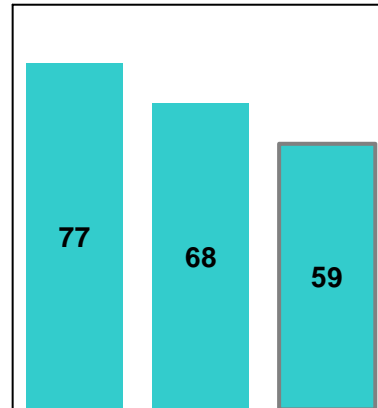


(Comparison to Previous Forecast)
+ 4.5%

【Plus Factor】
• Sales increased

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

Europe

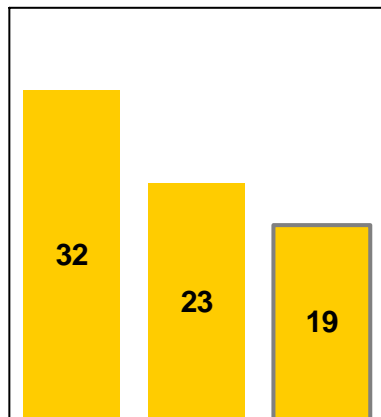


(Comparison to Previous Forecast)
- 13.2%

【Minus Factor】
• AV equipment

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

Asia & Others

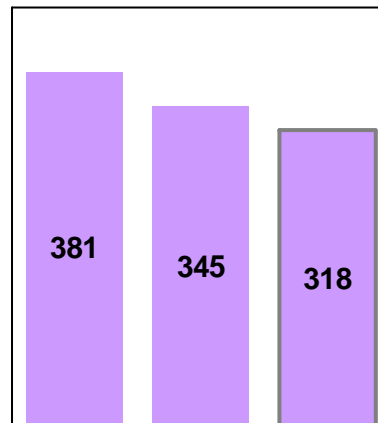


(Comparison to Previous Forecast)
- 17.4%

【Plus Factor】
• AV equipment

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

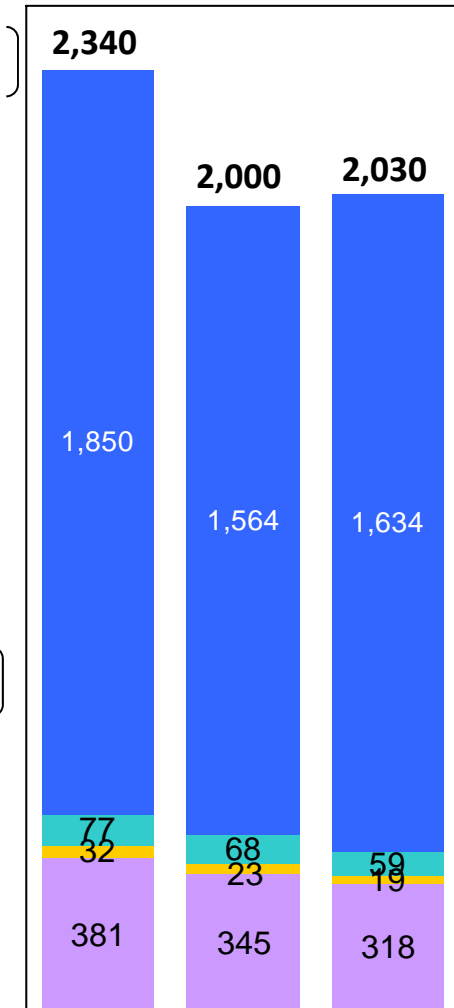
Japan



(Comparison to Previous Forecast)
- 7.8%

【Minus Factor】
• Antenna and Related devices

Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast



Mar.2014 Mar.2015 Mar.2015
 Previous Current
 Forecast Forecast

Note: Effective From FY2014, sales to Central and South America, which were previously included in the Asia and others, have been included in Americas. The segment name North America has been changed to Americas. Figures for FY2013 have been restated accordingly.

Appendix

1. Quarterly Operating Summary of FY 2013 / 2014
2. Quarterly Changes of Sales Amount by Equipment
3. Quarterly Changes of Sales Amount by Geography

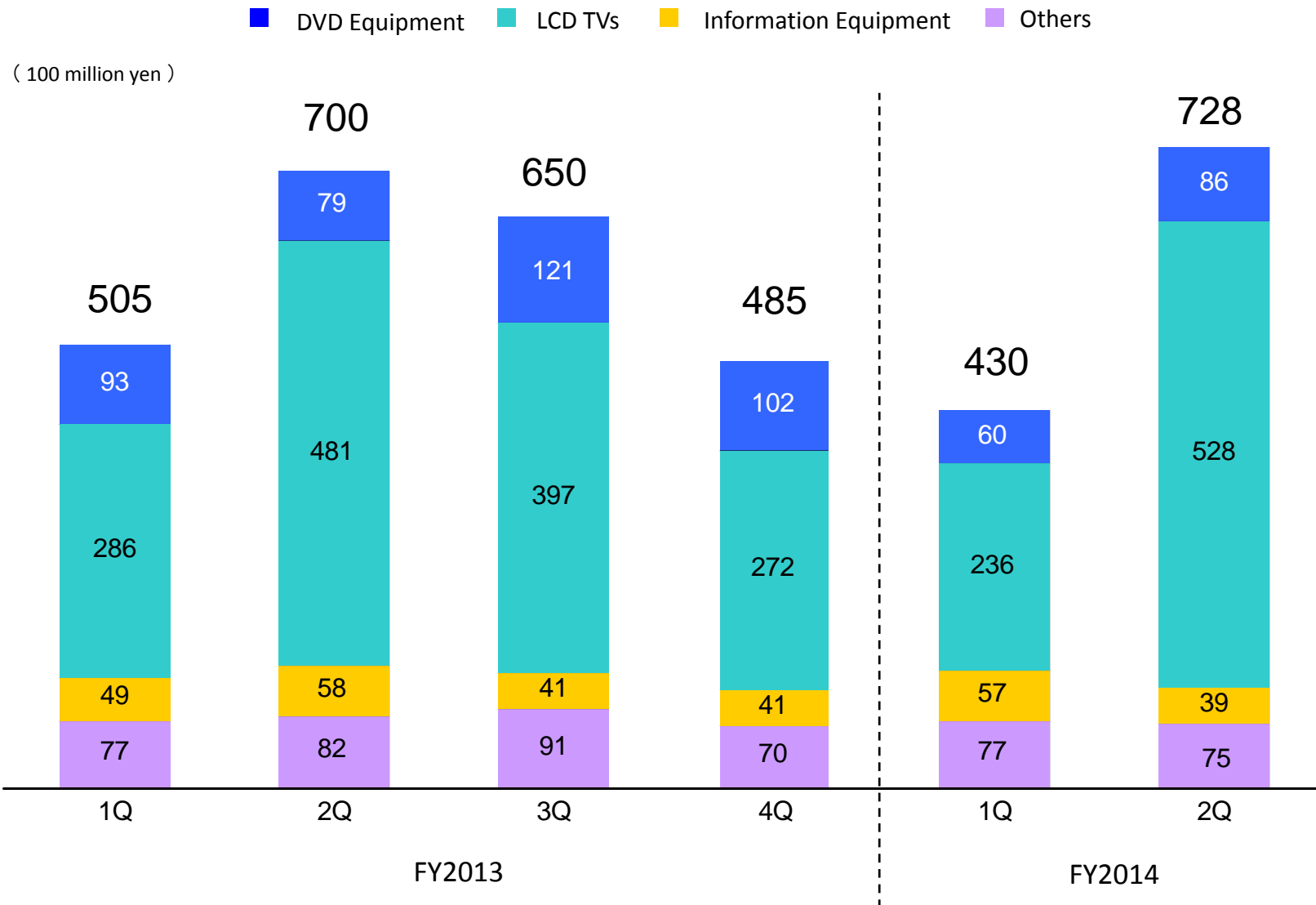
1. Quarterly Operating Summary of FY 2013 / 2014



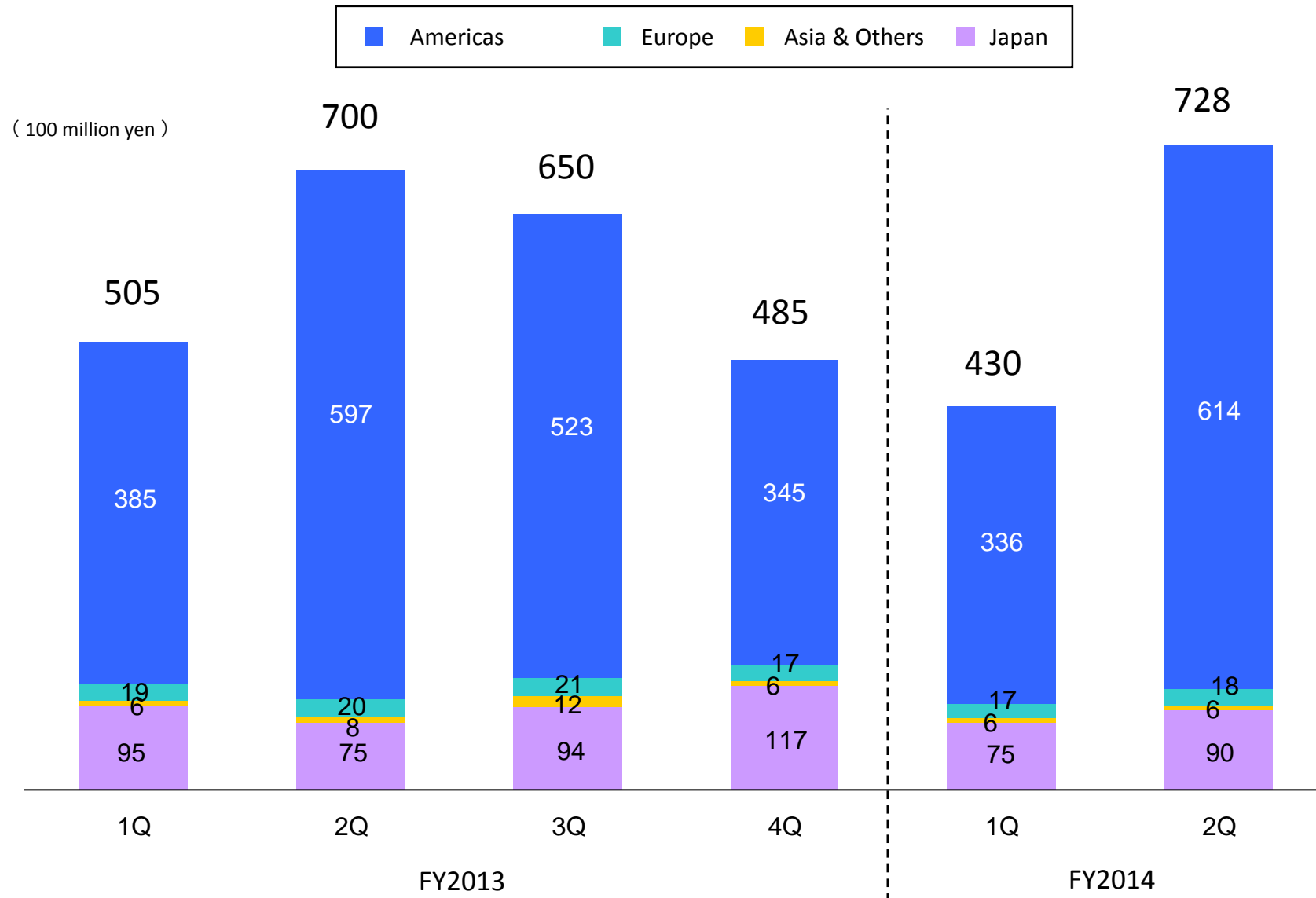
(100 million yen)

	FY2013				FY2014	
	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	505	700	650	485	430	728
Operating Income (margin)	- 17 (- 3.4%)	22 (3.3%)	- 1 (- 0.2%)	- 59 (- 12.2%)	- 21 (- 4.9%)	34 (4.7%)
Ordinary Income (margin)	1 (0.2%)	20 (2.9%)	26 (4.1%)	- 70 (- 14.5%)	- 24 (- 5.7%)	52 (7.1%)
Net Income after tax (margin)	- 0 (- 0.0%)	6 (0.9%)	11 (1.7%)	- 84 (- 17.5%)	- 23 (- 5.4%)	49 (6.7%)
Average USD-JPY Exchange Rate	99. ²³	98. ⁰⁶	102. ¹⁰	102. ⁵⁷	101. ⁸⁷	105. ³⁴

2. Quarterly Changes of Sales Amount by Equipment



3. Quarterly Changes of Sales Amount by Geography



This document contains forward-looking statements and projections regarding business performance which are not historical facts. Please note that these statements are based on information relating to factors that may impact future business performance that was available for analysis at the time this document was printed. These factors include industry trends relating to the business areas of Funai Electric Co., Ltd. or the Funai Group, such as audio-visual devices and information communication equipment, the economic conditions of both domestic and international markets, and fluctuations in currency exchange rates. Actual performance may greatly differ from projections included in this document because of the impacts of uncertainty in such areas as the competitive conditions of the electronics industry, market trends, currency exchange rate, introduction and success of new products, and various other global conditions that may affect the tax system and other systems.



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