



FY2015 Business Strategy

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FUNAI ELECTRIC CO., LTD.

TSE 6839

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1. FY2014 Operating Results (April 2014 to March 2015)



(100 million yen)

	Original Forecast	Revised Projection (March 2015)	Results
Net Sales	2,000	2,030	2,170
Operating Income (operating margin)	5 (0.3%)	0 (0.0%)	5 (0.3%)

Point

- Thanks to the shift to large-screen models
- Turned to surplus with Audio Visual business (TV, DVD, Blu-ray)
- Had started to ship Funai-developed printers

2. FY2015 Forecast

(100 million yen)

	FY2014	FY2015	Y/Y
Net Sales	2,170	2,200	+30
Operating Income (operating margin)	5 0.3%	16 0.7%	+11

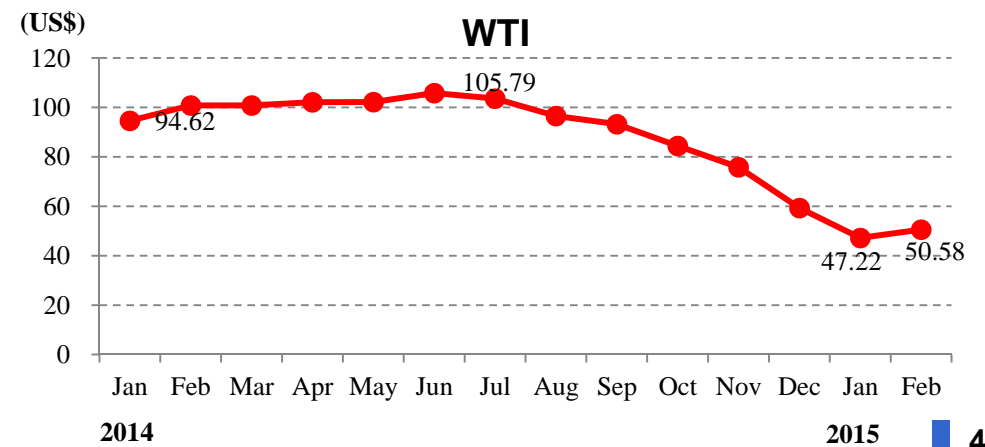
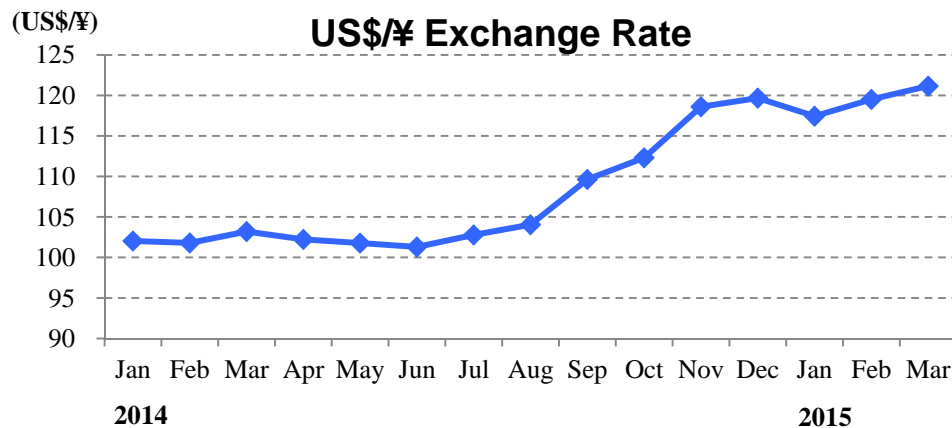
Point

- Improving profitability by adding 4K functionality to large-screen TVs and Blu-Ray players
- Major sales expansion and commercialization efforts targeting Funai-developed inkjet printers
- Expansion of inkjet printer line-up

3. Outlook for Business Environment

Economic Trends

- U S** : Despite a slowdown early in 2015 caused by labor problems in West Coast ports and a cold snap, the economy as a whole is on a recovery trend.
- Europe**: Economic performance has been impacted by stagnation in Russia and the rekindling of the Greek debt crisis, but Europe is still on a gradual recovery trend led by Germany.
- China** : A worsening housing market and other factors are reflected in an economic slowdown.
- Japan** : The pace of recovery is slow due to a reactionary downswing following rush demand ahead of the consumption tax increase, as well as abnormal weather patterns.

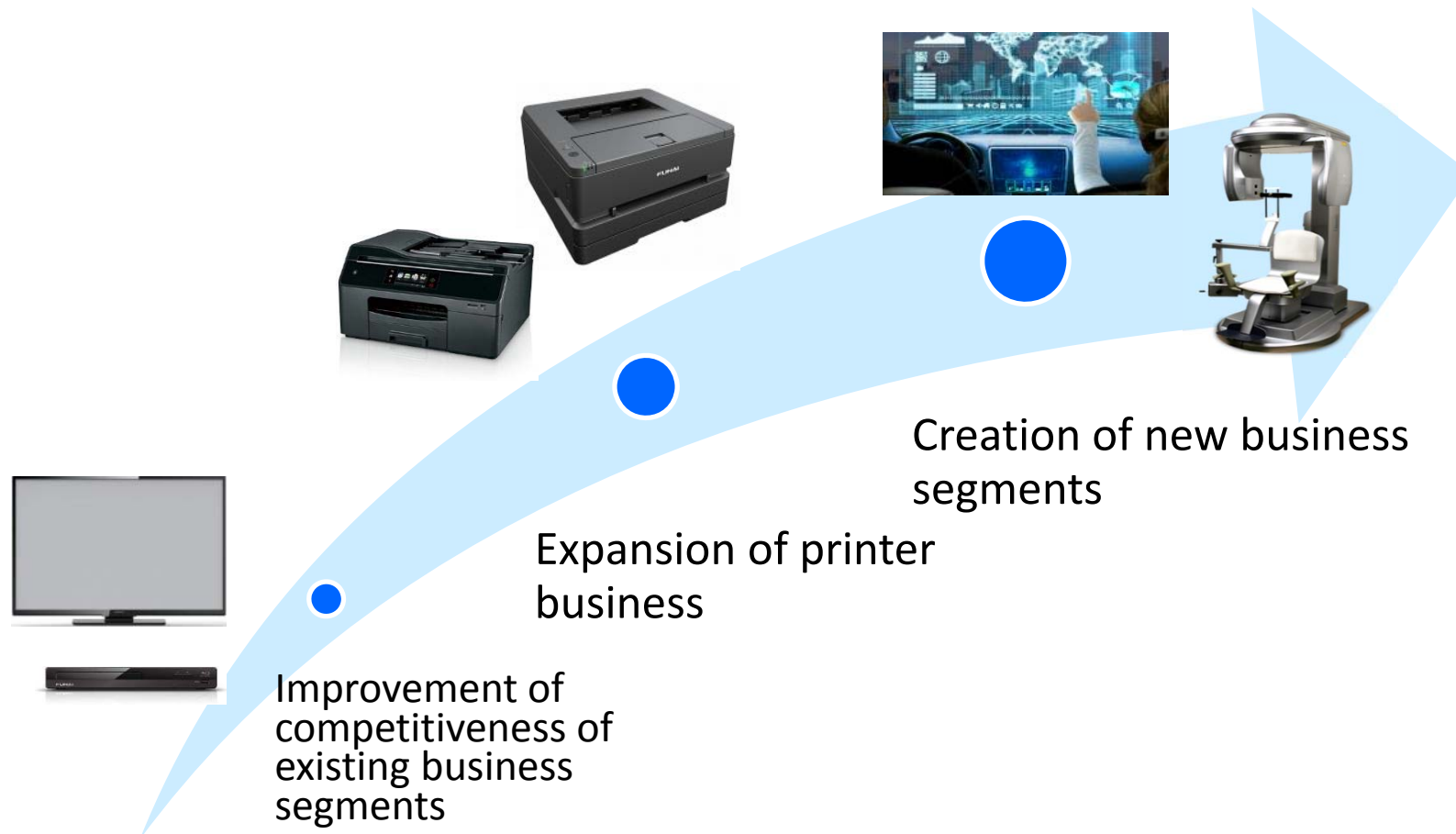


4. Industry trends

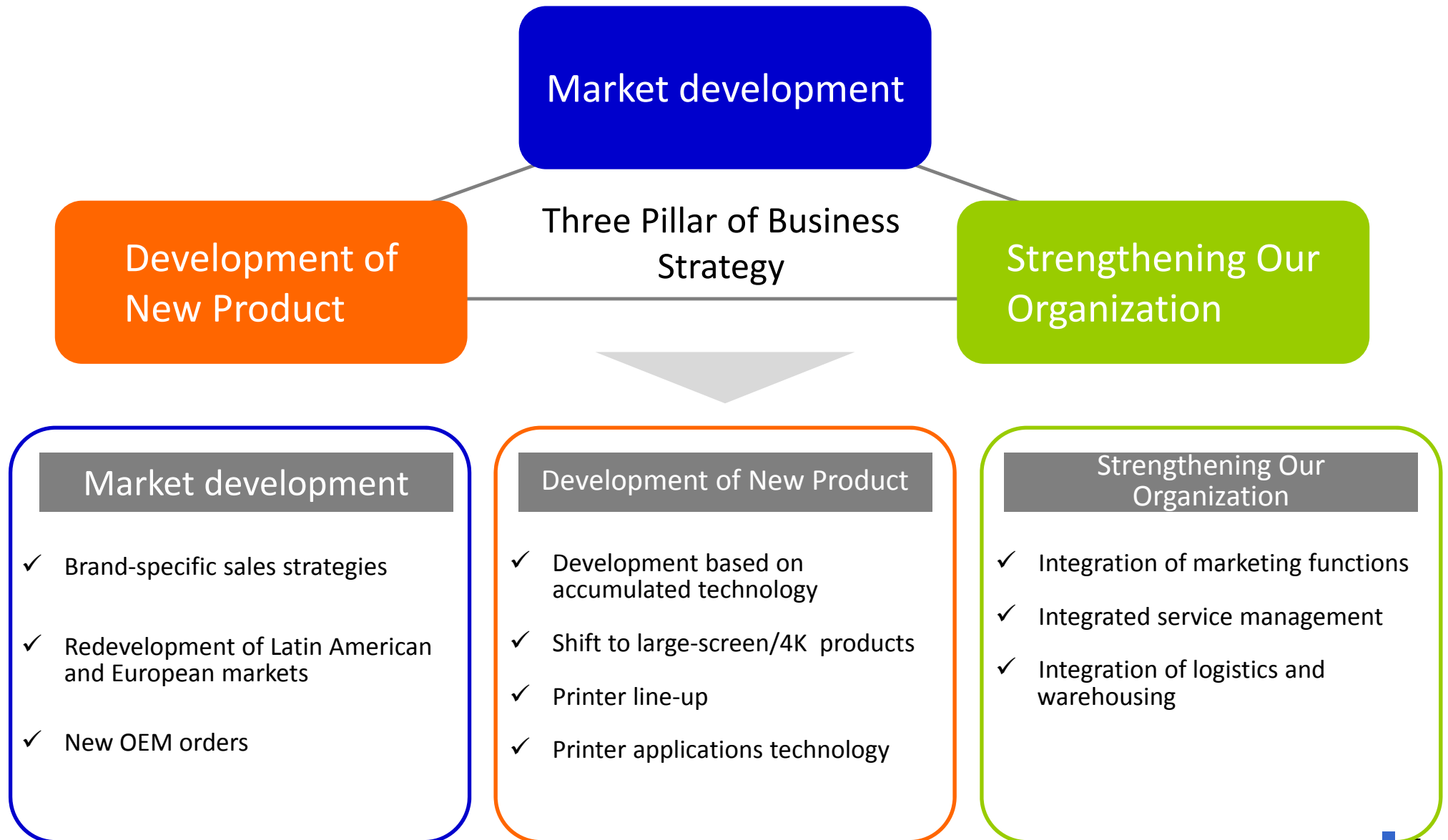
LCD TVs	<ul style="list-style-type: none">● Major upswing, accelerating brand polarization in North American market● Escalating competition from Chinese manufacturers● Accelerating shift to 4K technology for large-screen TVs
Digital Medias	<ul style="list-style-type: none">● DVD and Blu-Ray markets shrinking because of shift to net-based technology
Printers	<ul style="list-style-type: none">● Market maturation in developed countries also reflected in falling prices for consumables● Risk of price declines in emerging markets because of generic consumables

5-(1). Business Strategy — Building our Business Portfolio

While strengthening existing business segments to improve competitiveness and secure sales and income, we will also move into new business areas, such as printers.



5-(2). Business Strategy – Concentration of Resources



5-(3). Business Strategy – Brands



- Full-scale marketing of SANYO brand
- Extended contract of PHILIPS / MAGNAVOX brands licenses to 2018
- Organization of brand-specific marketing strategies

Development of products to meet market needs

Adding High Value

- Introduction of super large-size TVs 60 inches and up
- Early development of 4K TVs

Response to Networking

- Strengthening of the response to networking content
- Increased smartphone and tablet compatibility

Global Response

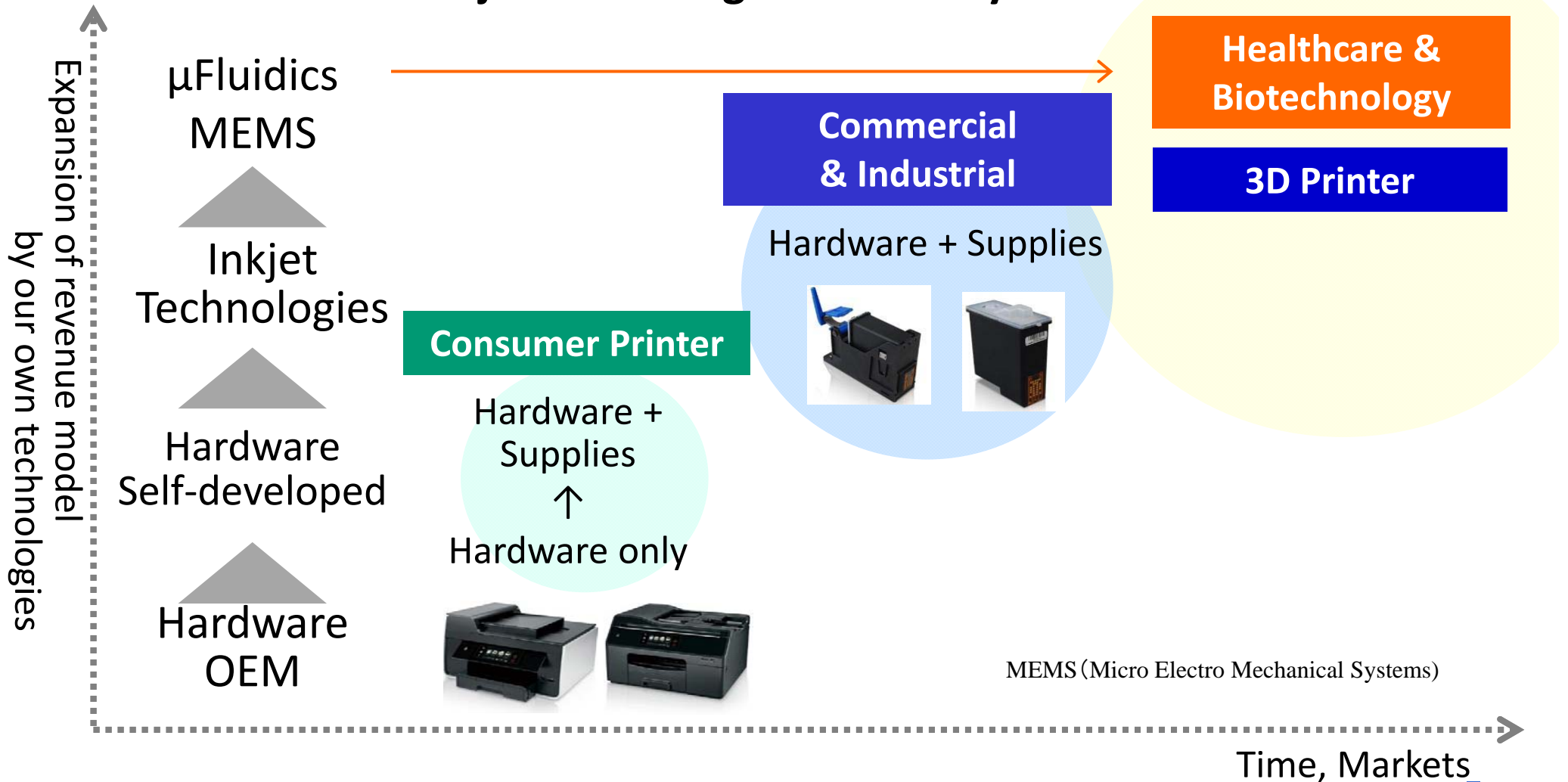
- Specifications that match the preferences of sales territories
- Response to conversion to terrestrial digital broadcasting in developing countries



Cost Competitiveness

6-(2). Development of New Products – Printers

- For Medium and Long-term revenue,
To Use Inkjet Technologies for Newly Build Businesses.

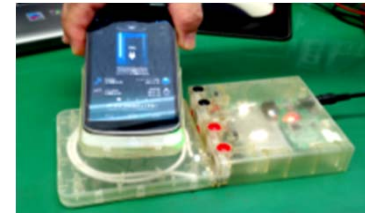


6-(3). Development of New Products

— Application of Funai technology to new products

Wireless Charging

Participation in A4WP
High transmission efficiency
⇒ Freedom of installation
Non-contact charging



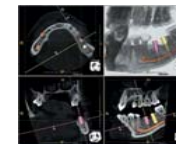
In-Vehicle Displays

ISO/TS16949 (Automotive)
certification acquired
(Chugoku Funai Electric, 2009)



Healthcare/Medical

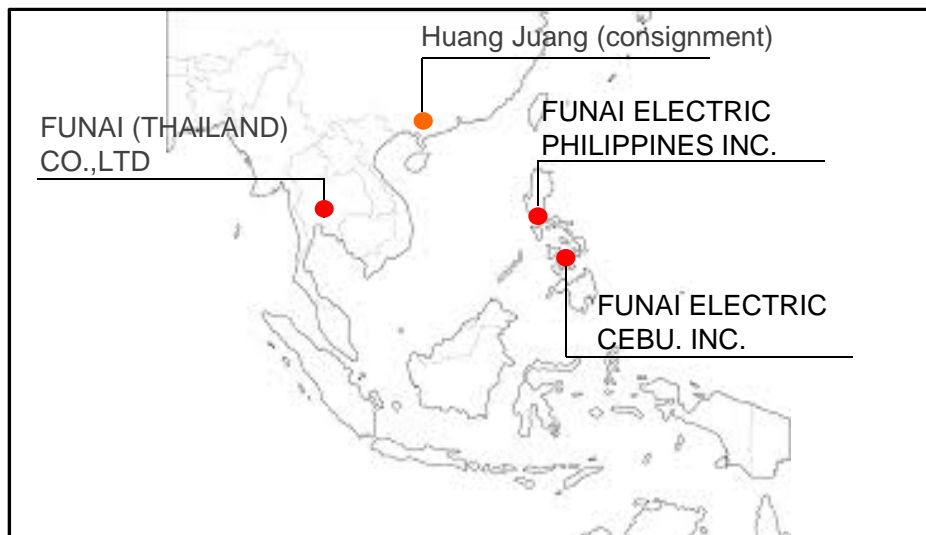
Studying the possibility of entry with partners,
by applying our technologies.



7. Strengthening Our Organization

Production sites

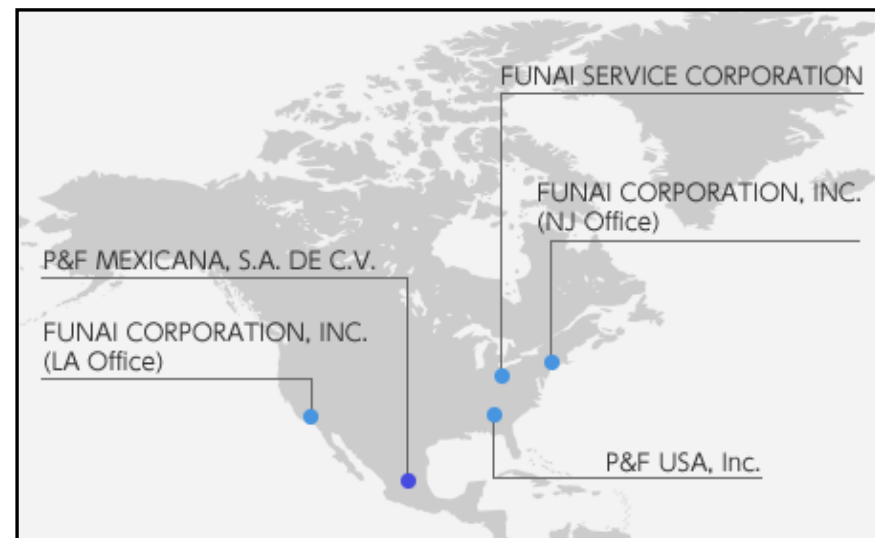
China	Huang Juang (consignment)	TVs▪DVDs Printers
Thailand	Pakchong	TVs(main)
Philippines	Cebu	Ink Cartridges
	Luzon	Inkjet Printers



USA marketing/service sites

Funai Corp.	NJ/LA	Sales
P&F USA	Atlanta	Sales
Funai Service Corp.	Ohio	Services

Operation United



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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