



Presentation of Operating Results for the 1st Quarter (Apr.-Jun.) of FY2016

October 17, 2016

FUNAI ELECTRIC CO., LTD.

TSE 6839

I . Outline of Operating Results

1. Summary of 1st Quarter (Apr.-Jun.)
2. Summary of 1st Quarter (Apr.-Jun.) (Ordinary Income, Net Income)
3. Breakdown of Sales by Equipment
4. Sales of DVD related Equipment
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7. Geographic Breakdown of Sales
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9. Financial Conditions
10. Changes of Inventories
11. Capital Expenditures, Depreciation Expense and R&D Expenditures
12. Revised Forecast for the Fiscal Year 2016

1. Summary of 1st Quarter (Apr.-Jun.)



(100 million yen)

	FY2015 1Q	FY2016 1Q	Y / Y (Changes)
Net Sales	378	250	-128 (-33.7%)
Operating Income (Margin)	-42 (-11.2%)	-28 (-11.5%)	14 (—)
Ordinary Income (Margin)	-37 (-9.8%)	-58 (-23.4%)	-21 (—)
Net Income Attributable to owners of parent (Margin)	-40 (-10.7%)	-57 (-22.8%)	-17 (—)
Average USD-JPY Exchange Rate	121. ⁷²	108. ⁵³	

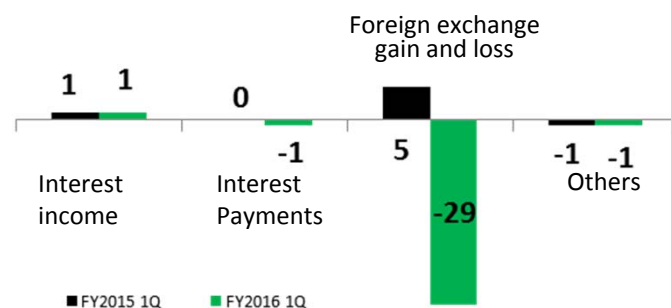
Month End Exchange Rate	15/3	15/6	16/3	16/6
(USD/JPY)	120. ¹⁷	122. ⁴⁵	112. ⁶⁸	102. ⁹¹

2. Summary of 1st Quarter (Apr.-Jun.) (Ordinary Income, Net Income)

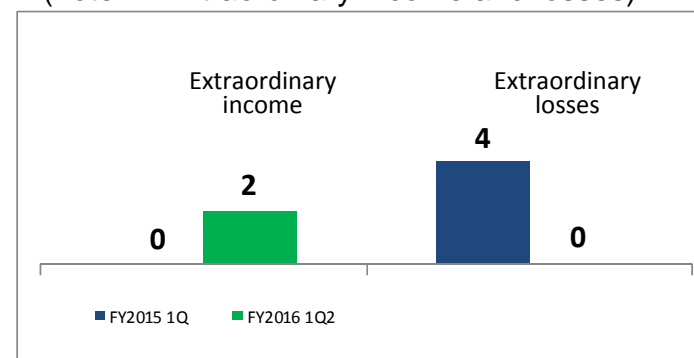
(100 million yen)

	FY2015 1Q	FY2016 1Q	Y / Y
Non-operating income	(note:1) { 6	1	-5
Non-operating expenses	{ 1	31	30
Ordinary Income	-37	-58	-21
Extraordinary income	(note:2) { 0	2	2
Extraordinary losses	{ 4	0	-4
Income before Income Taxes	-41	-56	-15
Income taxes	-1	1	2
Net Income Attributable to owners of parent	-40	-57	-17

(note:1 Non-operating income and expenses)

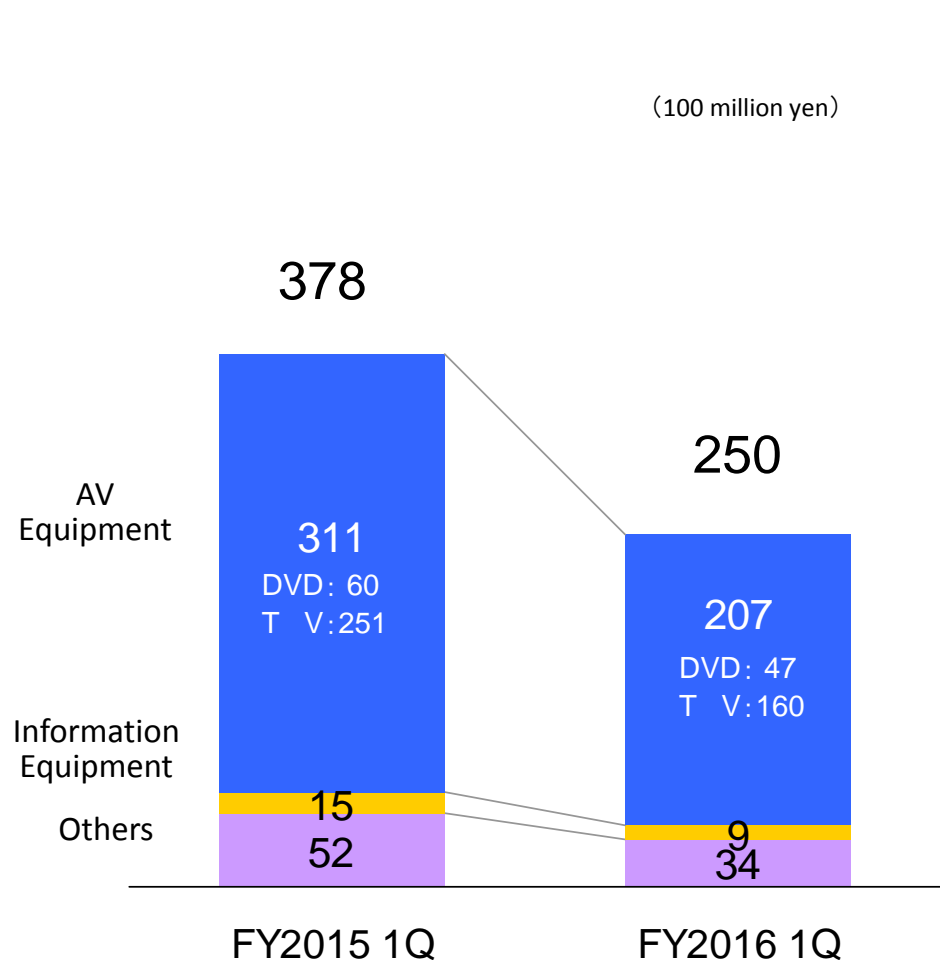


(note:2 Extraordinary income and losses)



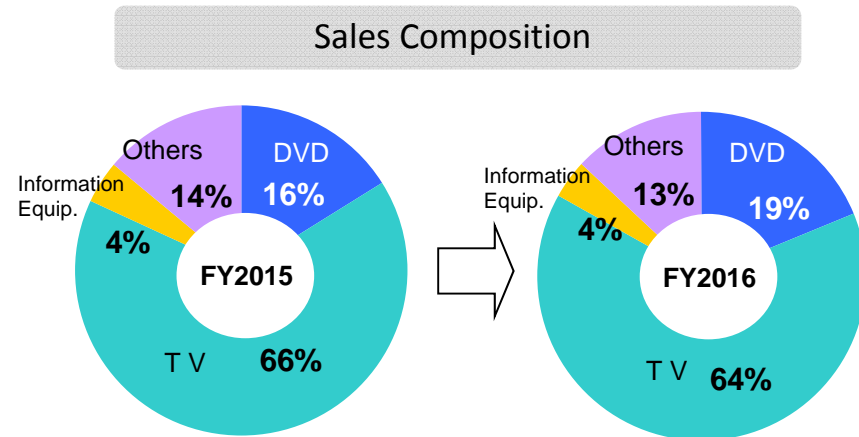
3. Breakdown of Sales by Equipment

- AV Equipment: LCD TVs and DVD related products decreased.
- Info Equipment: Printers decreased due to slow sales of ink-cartridge for OEM.
- Others: Audio Accessories decreased.



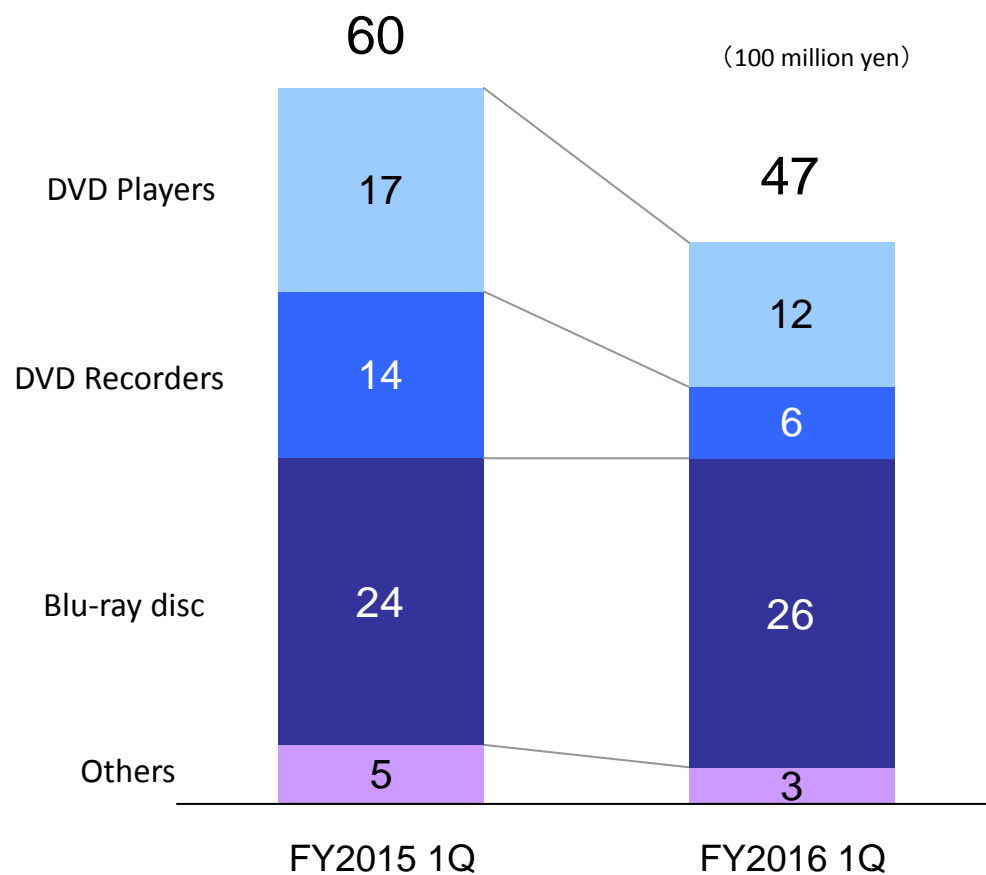
(100 million yen)

Y / Y (Change)		
AV Equip	-104	(-33.4%)
DVD Equip	-13	(-21.9%)
TV Equip	-91	(-36.2%)
Information Equip	-6	(-38.0%)
Others	-18	(-34.1%)
Total	-128	(-33.7%)



4. Sales of DVD related Equipment

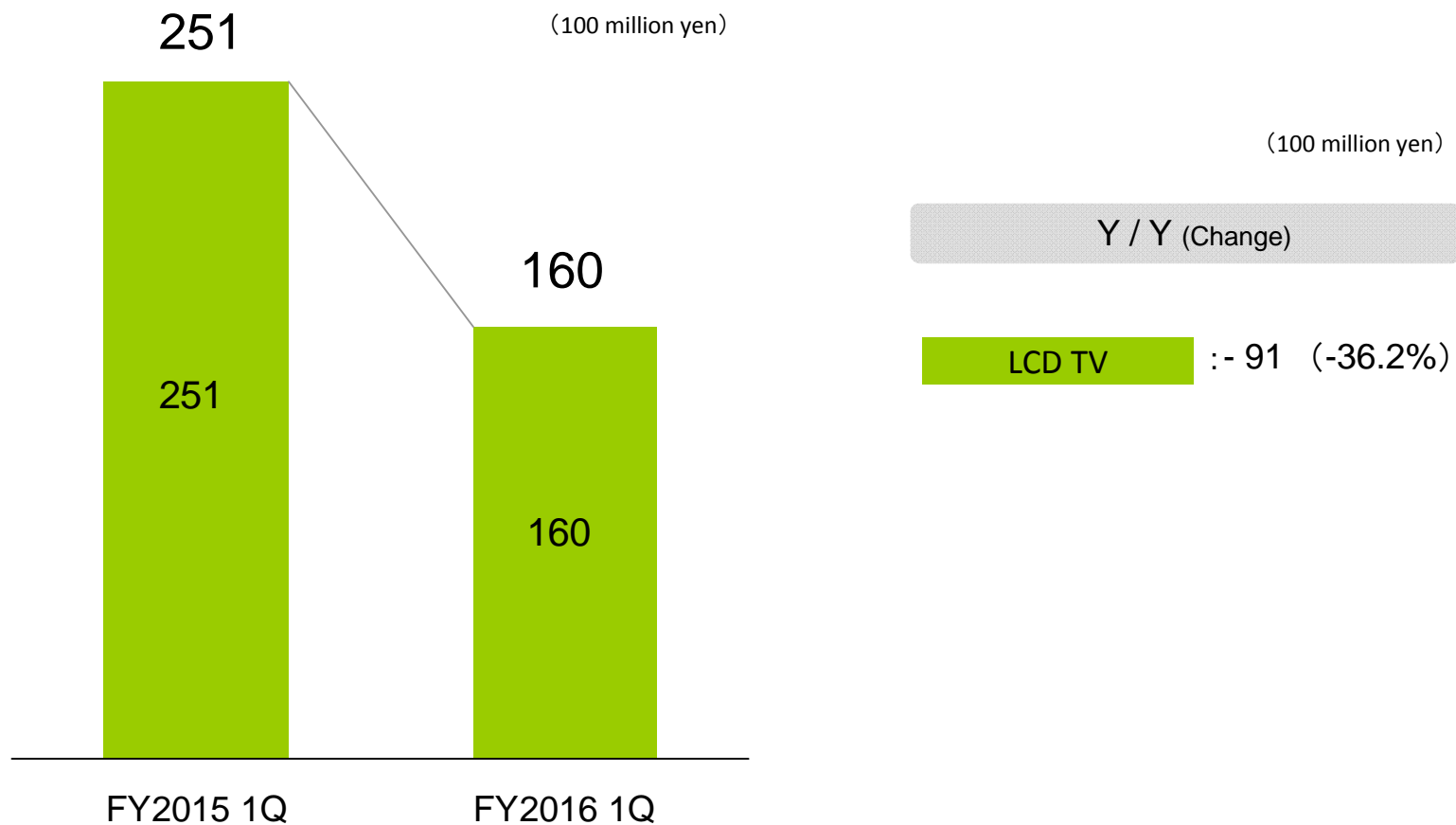
➤ Sales increased without Blu-ray disc.



Category	Change	Percentage
DVD Players	-5	(-28.3%)
DVD Recorders	-8	(-60.2%)
Blu-ray disc	+2	(+3.1%)
Others	-2	(-11.2%)
Total	-13	(-21.9%)

5. Sales of LCD Television

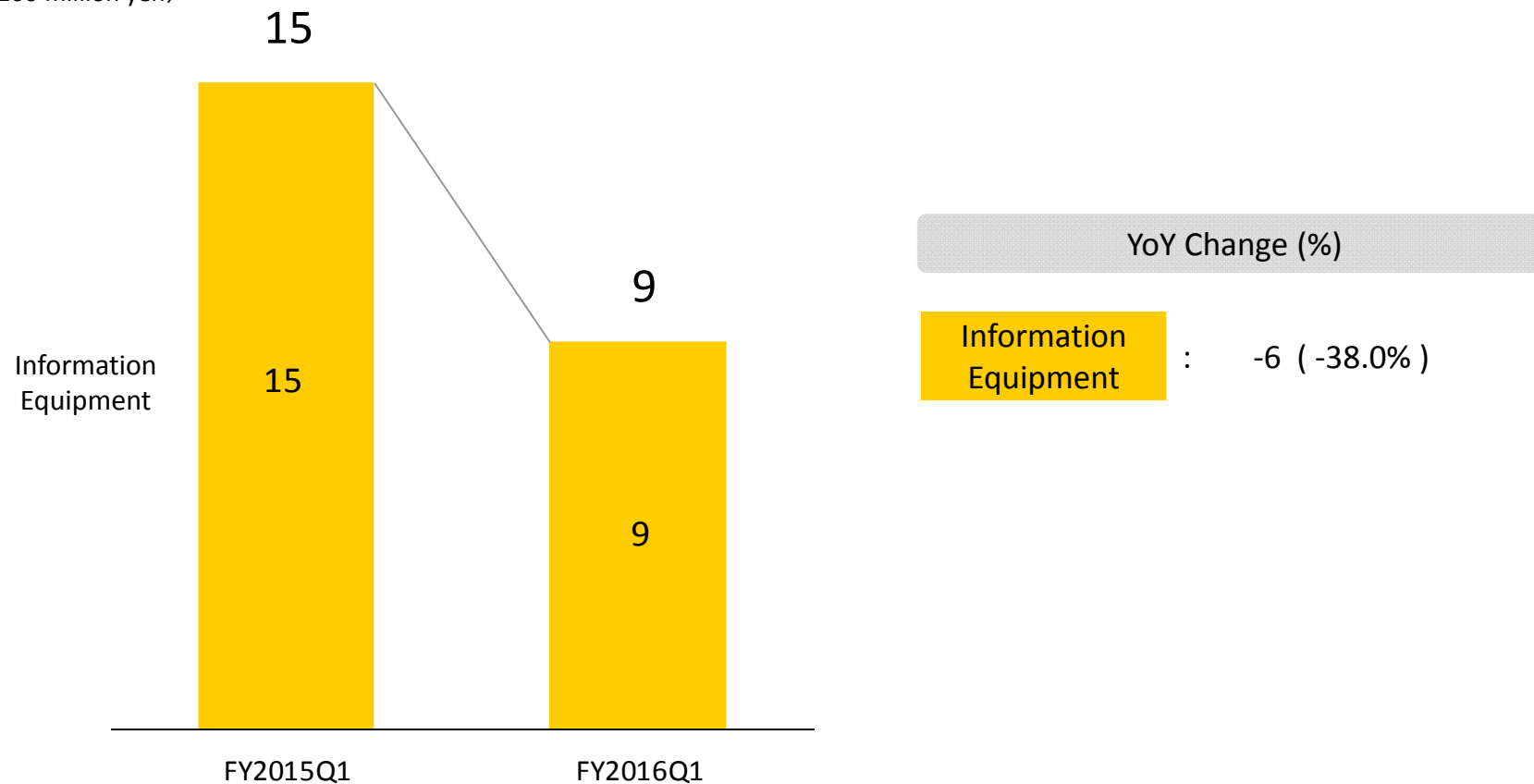
- Decreased due to the delay of New model and weak sales caused by price war against competitor.



6. Sales of Information Equipment

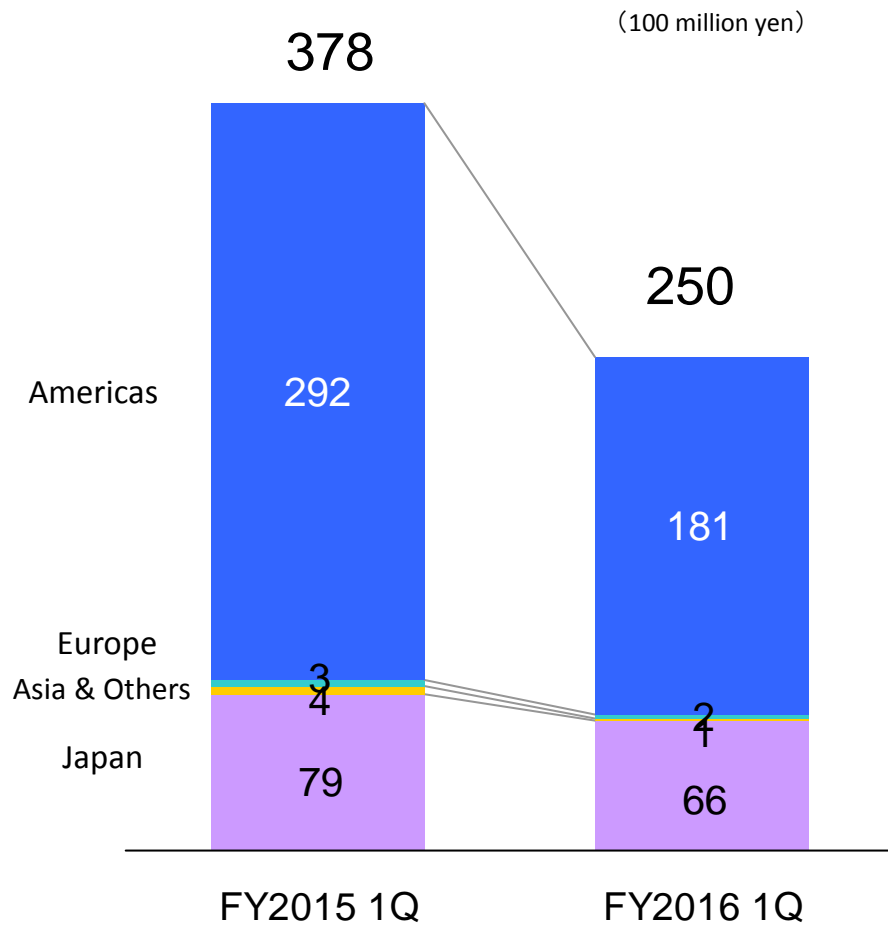
- Decreased, We launched the in-house ink-jet Printers, but we could not make up for a decline of ink-cartridges for OEM business.

(100 million yen)



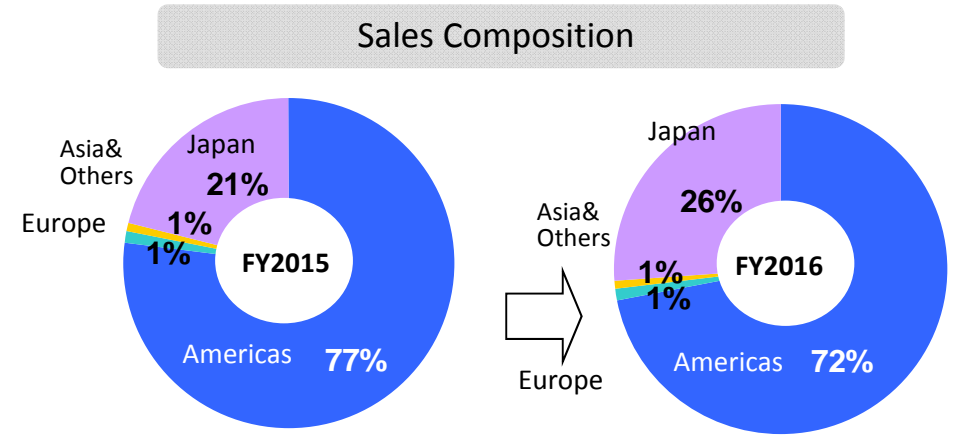
7. Geographic Breakdown of Sales

- Americas: LCD TVs and Audio Accessories decreased.
- Japan: Blu-ray Disc Recorders for OEM had good sales, but LCD TVs decreased.



(100 million yen)

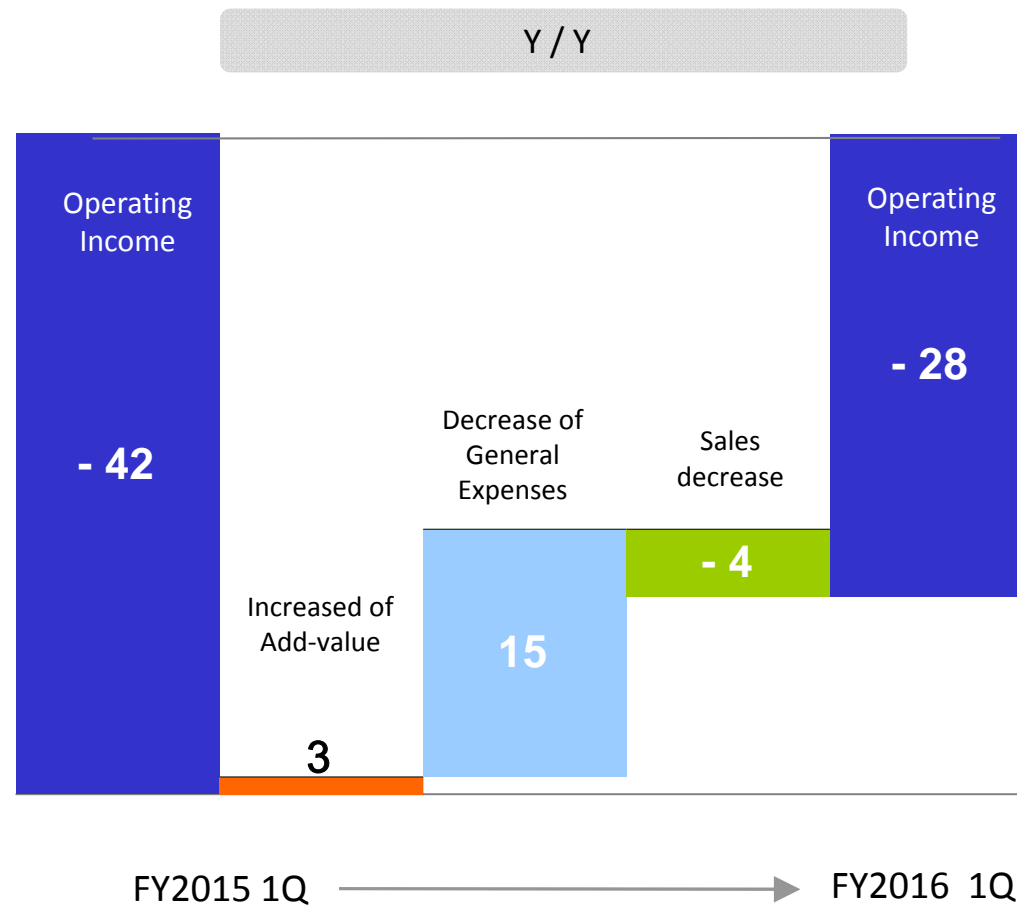
Y / Y (Change)		
Americas	-111	(-37.8%)
Europe	-1	(-25.7%)
Asia & Others	-3	(-67.7%)
Japan	-13	(-17.2%)
Total	-128	(-33.7%)



8. Factor of Changes of Operating Income

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

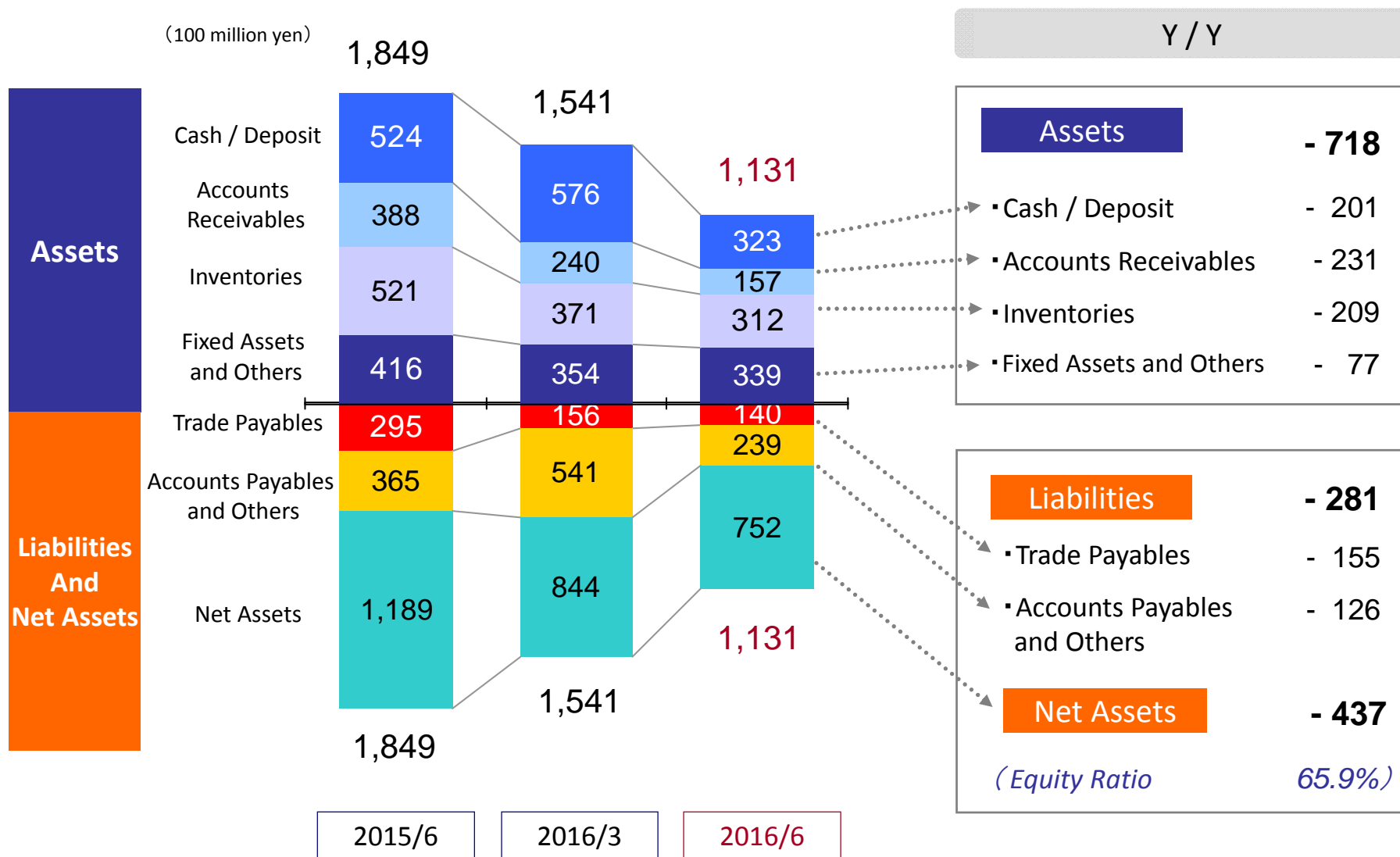
(100 million yen)



9. Financial Conditions

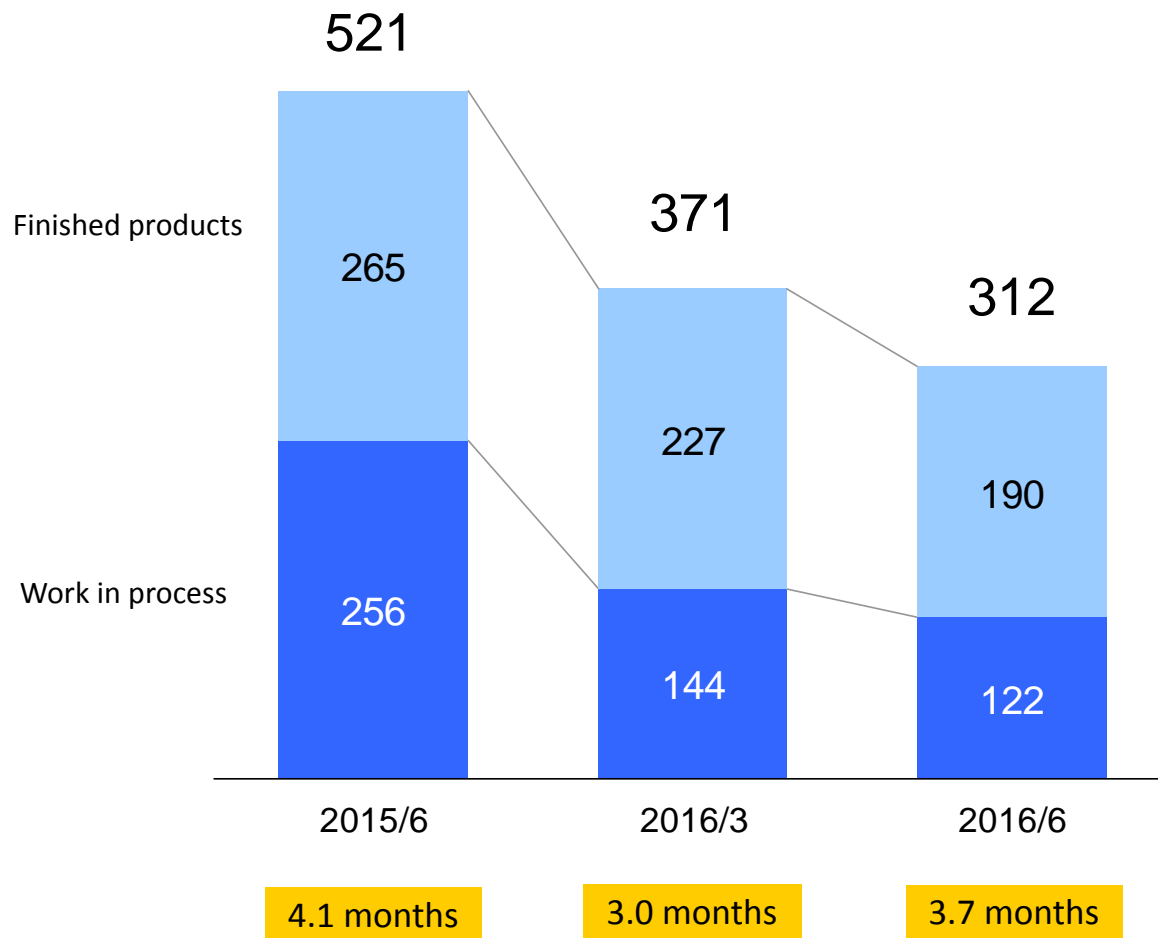


(100 million yen)



10. Changes of Inventories

(100 million yen)



(100 million yen)

Y / Y	
Finished products	: - 75
Work in process	: - 134

<Inventories Turnover>

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



1Q

Full Year

Capital Expenditures

Depreciation Expense

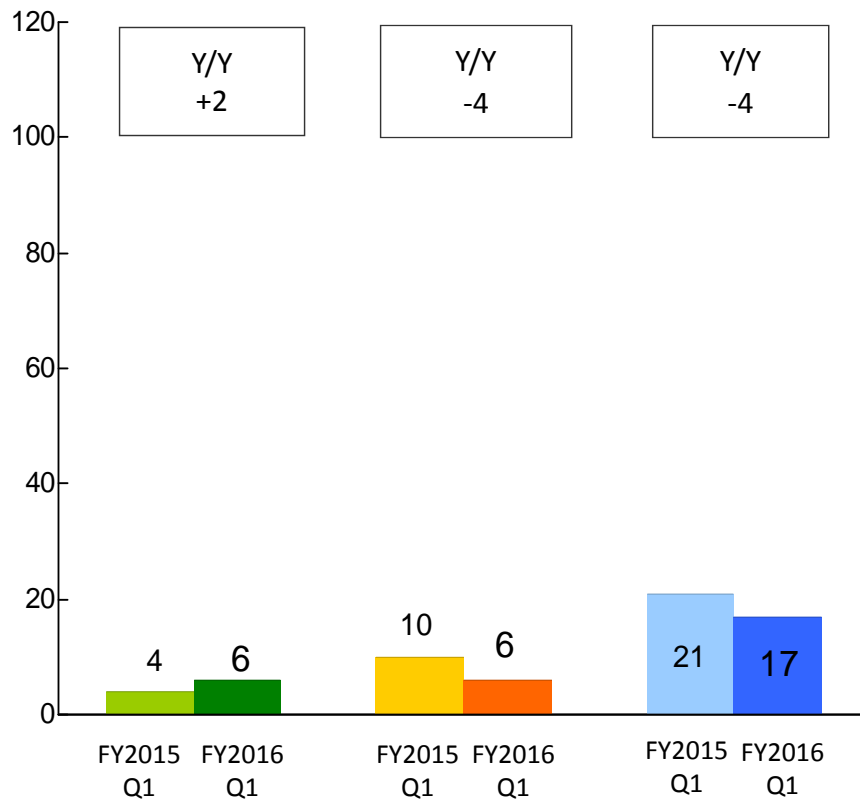
R&D Expenditures

Capital Expenditures

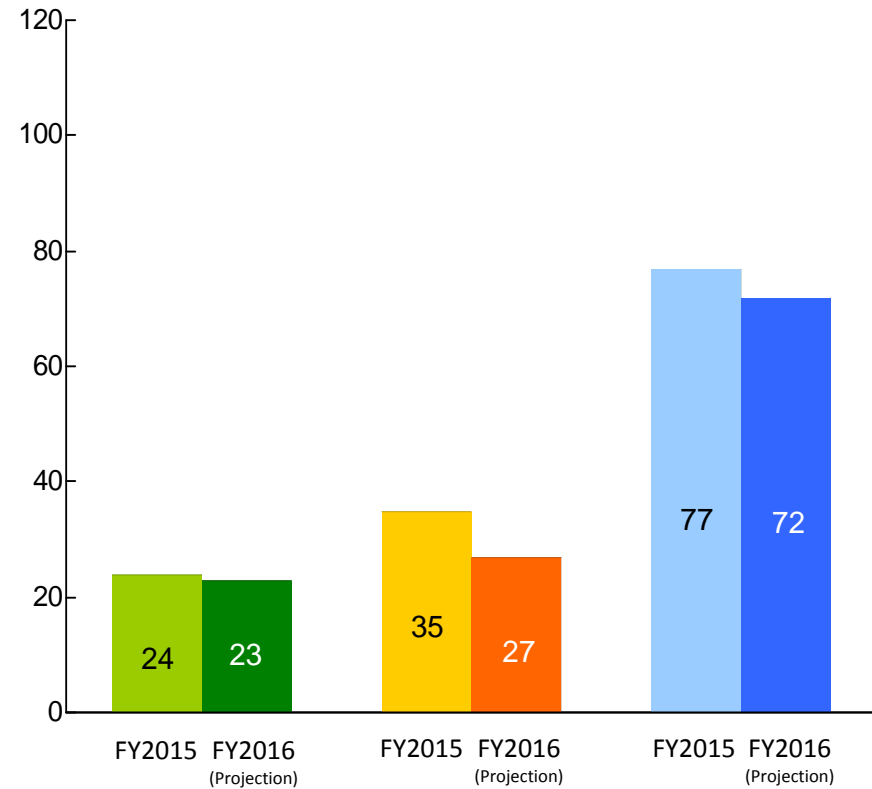
Depreciation Expense

R&D Expenditures

(100 million yen)



(100 million yen)



12. Revised Forecast for the Fiscal Year 2016



(100 million yen)

	FY 2016 (Original Forecast)			FY 2016 (REVISED Forecast)			YoY Change(%)		
	1H	2H	Full Year	1H	2H	Full Year	1H	2H	Full Year
Net Sales	779	941	1,720	706	639	1,345	-73	-302	-375 (-21.8%)
Operating Income (margin)	11 (1.4%)	32 (-9.3%)	43 (2.5%)	-30 (-4.2%)	-10 (-1.6%)	-40 (-3.0%)	-41	-42	-83
Ordinary Income (margin)	4 (0.5%)	31 (-11.6%)	35 (2.0%)	-69 (-9.8%)	-11 (-1.7%)	-80 (-5.9%)	-73	-42	-115
Net Income (margin)	2 (0.3%)	12 (1.3%)	14 (0.8%)	-67 (-9.5%)	-15 (-2.3%)	-82 (-6.1%)	-69	-27	-96
Average USD-JPY Exchange Rate	112. ⁰⁰			105. ⁷²	103. ⁰⁰	104. ³⁶			

II . Appendix

1. Quarterly Operating Summary of FY 2014 - 2015
2. Quarterly Changes of Sales Amount by Equipment
3. Quarterly Changes of Sales Amount by Geography

1. Quarterly Operating Summary of FY 2015 - 2016

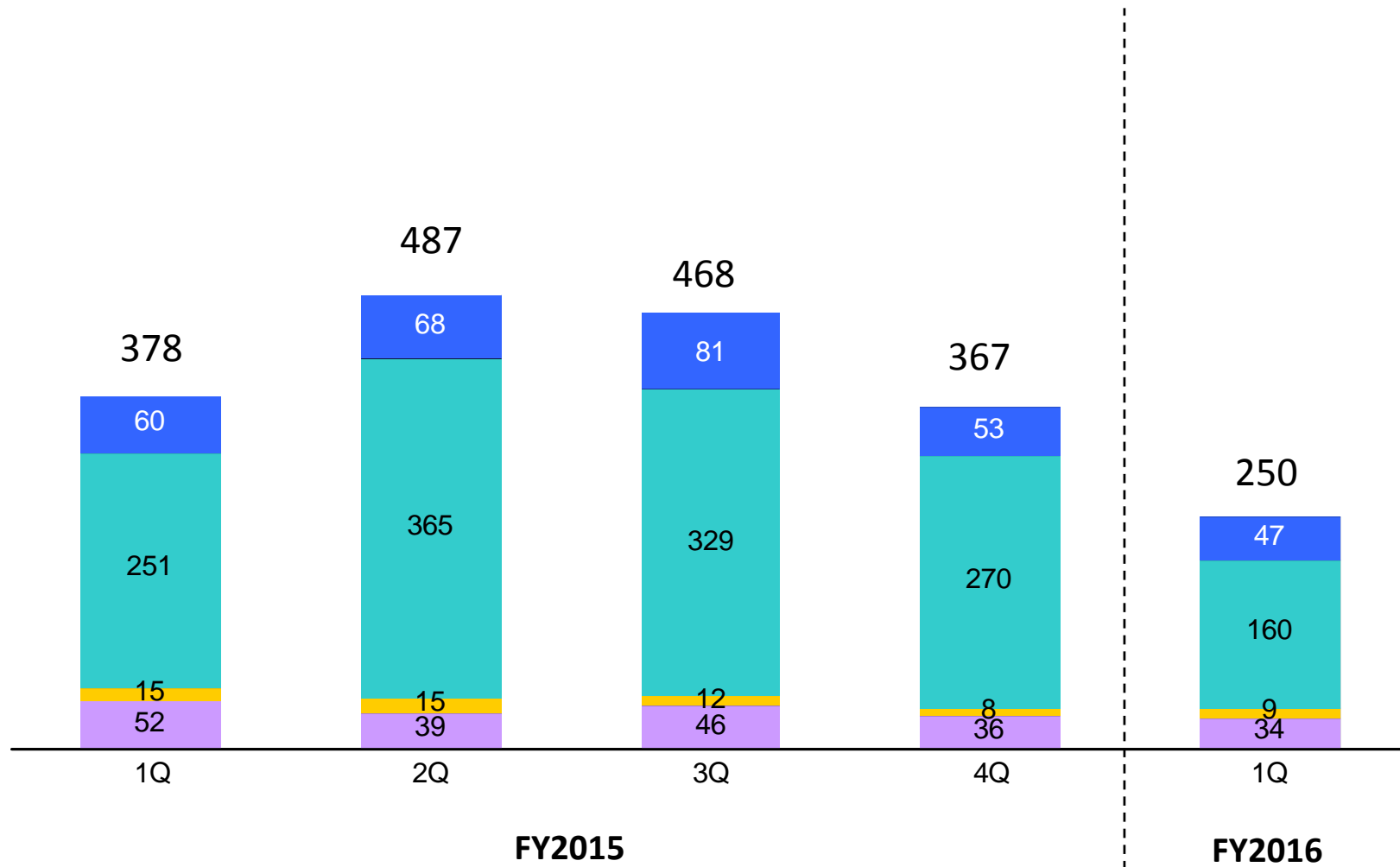
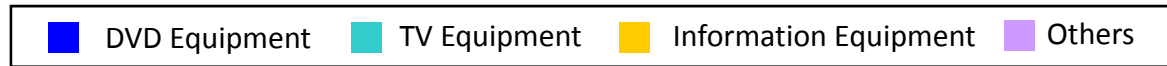


(100 million yen)

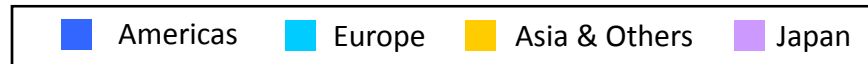
	FY2015				FY2015
	1Q	2Q	3Q	4Q	1Q
Net Sales	378	487	468	367	250
Operating Income (Margin)	-42 (-11.2%)	-16 (-3.3%)	-14 (-3.0%)	-33 (-9.1%)	-28 (-11.5%)
Ordinary Income (Margin)	-37 (-9.8%)	-33 (-6.9%)	-14 (-2.9%)	-52 (-14.1%)	-58 (-23.4%)
Net Income Attributable to owners of parent (Margin)	-40 (-10.7%)	-39 (-8.1%)	-11 (-2.2%)	-248 (-67.6%)	-57 (-22.8%)
Average USD-JPY Exchange Rate	121. ⁷²	121. ⁷²	121. ⁴⁴	115. ⁰⁵	108. ⁵³

2. Quarterly Changes of Sales Amount by Equipment

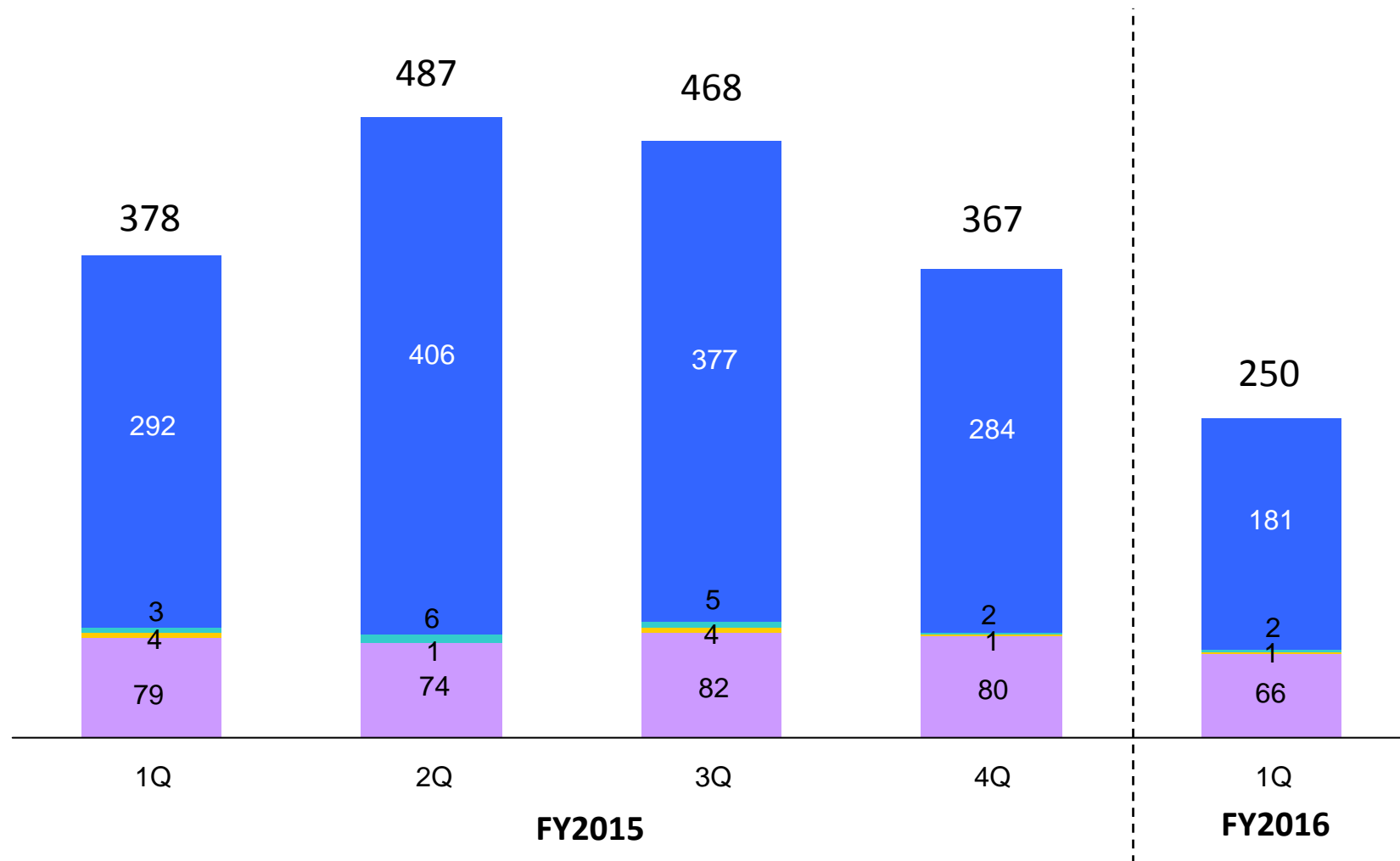
(100 million yen)



3 . Quarterly Changes of Sales Amount by Geography



(100 million yen)



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