



Presentation of Financial Results First Half (Apr.-Sep.) of FY2018

**November 13, 2018
FUNAI ELECTRIC CO.,LTD.**

TSE 6839

I . Financial Results

- 1. Summary of 2nd Quarter (Jul.-Sep.)**
- 2. Summary of First Half (Apr.-Sep.)**
- 3. Summary of First Half (Apr.-Sep.)**
- 4. Breakdown of Sales by Equipment**
- 5. Sales of DVD related Equipment**
- 6. Sales of LCD related Equipment**
- 7. Sales of Information Equipment**
- 8. Geographic Breakdown of Sales**
- 9. Operating Income Analysis (Y/Y)**
- 10. Balance Sheet Conditions**
- 11. Inventories Trends**
- 12. Capital Expenditures, Depreciation Expense and R&D Expenditures**

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

〈100 million yen〉

	FY2017 2Q	FY2018 2Q	Difference (Y / Y)
Net Sales	401	251	-150 (-37.4%)
Operating Income (Margin)	-17 (-4.3%)	-4 (-1.6%)	+13
Ordinary Income (Margin)	-14 (-3.7%)	7 (2.9%)	+21
Net Income Attributable to owners of parent (Margin)	-115 (-28.9%)	6 (2.7%)	+121

Average USD-JPY Exchange Rate	111.¹⁶	111.⁸⁸
-------------------------------	--------------------------	--------------------------

Month End USD-JPY Exchange Rate	Jun.2017	Sep.2017	Jun.2018	Sep.2018
	112.⁰⁰	112.⁷³	110.⁵⁴	113.⁵⁷

2. Summary of First Half (Apr.-Sep.)

〈100 million yen〉

	FY2017 FH Actual	FY2018 FH Forecast	FY2018 FH Actual	Difference (Y/Y)	Difference (Forecast)
Net Sales	721	450	467	-254 (-35.2%)	+17 (103.8%)
Operating Income (Margin)	-40 (-5.6%)	-24 (-5.3%)	-16 (-3.5%)	+24	+8
Ordinary Income (Margin)	-36 (-5.1%)	-25 (-5.6%)	-2 (-0.4%)	+34	+23
Net Income Attributable to owners of parent (Margin)	-130 (-18.1%)	-23 (-5.1%)	6 (1.4%)	+136	+29

Average USD-JPY Exchange Rate	111.²⁹	105.⁰⁰	110.⁷⁰
--	--------------------------	--------------------------	--------------------------

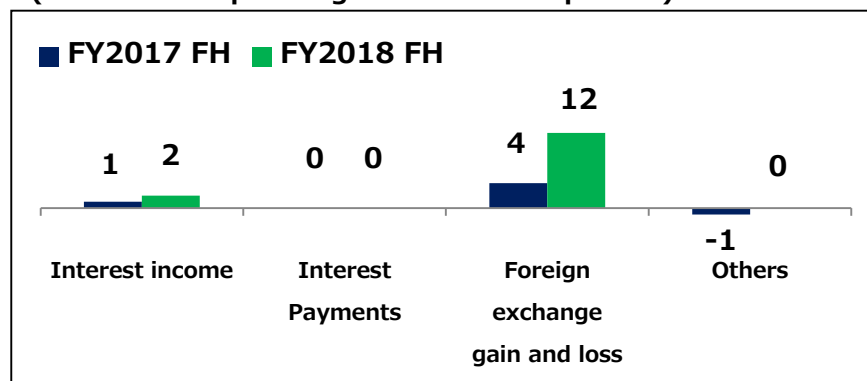
Month End USD-JPY Exchange Rate	Mar.2017	Sep.2017	Mar.2018	Sep.2018
	112.¹⁹	112.⁷³	106.²⁴	113.⁵⁷

3. Summary of First Half (Apr.-Sep.)

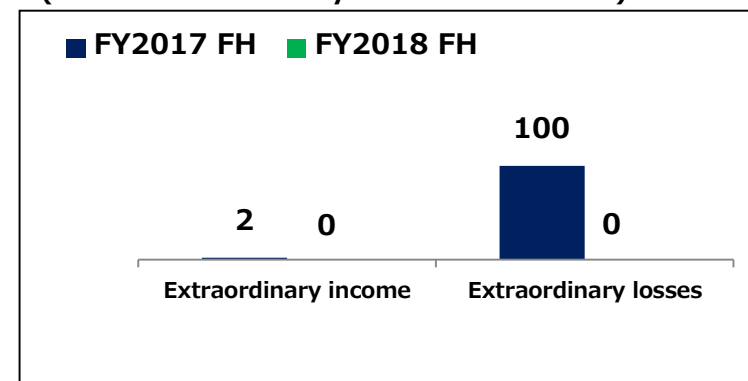
<100 million yen>

	FY2017 FH Actual	FY2018 FH Actual	Difference (Y / Y)
Operating income	-40	-16	+ 24
Non-operating income	(note:1) { 7	15	8
Non-operating expenses	3	1	-2
Ordinary Income	-36	-2	+ 34
Extraordinary income	(note:2) { 2	0	-2
Extraordinary losses	100	0	-100
Income before Income Taxes	-134	-2	+ 132
Income taxes	-4	-8	-4
Net Income Attributable to owners of parent	-130	6	+ 136

(note:1 Non-operating income and expenses)



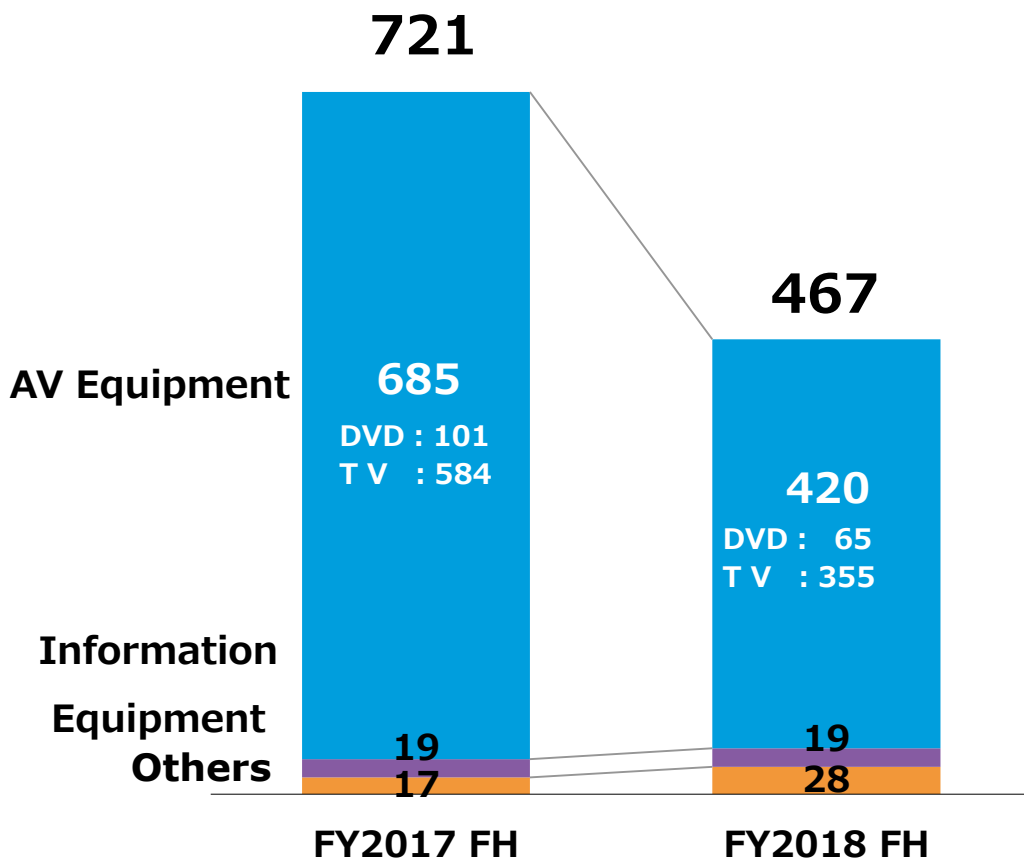
(note:2 Extraordinary income and losses)



4. Breakdown of Sales by Equipment

- AV Equipment: Decreased due to the effect of distribution inventory adjustment in North America.
- Info Equipment: Almost flat due to decreased inkjet printers and increased commercial ink-cartridges.

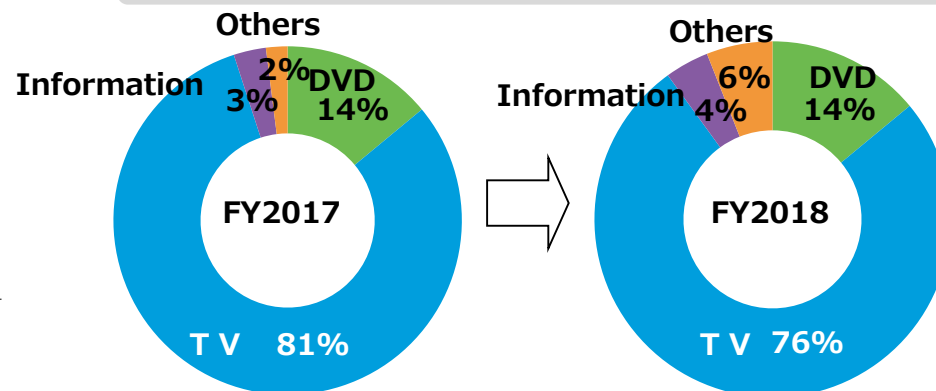
<100 million yen>



Y/Y (Change)

AV Equip	-265	(-38.7%)
DVD Equip	-36	(-35.5%)
TV Equip	-229	(-39.2%)
Information Equip	+0	(+2.6%)
Others	+11	(+61.1%)
Total	-254	(-35.2%)

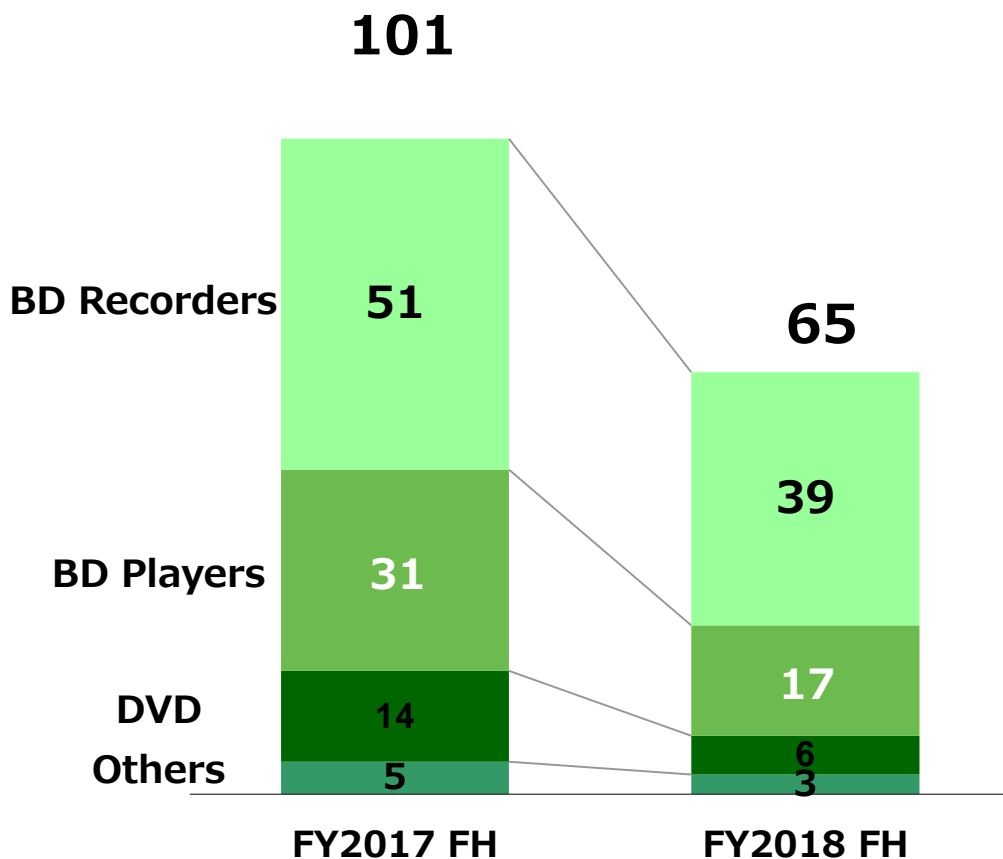
Sales Composition



5. Sales of DVD related Equipment

➤ Decreased, demand changed by rapid spread of Video streaming service such as the internet and sales of new products into the Japanese market were one month behind last year.

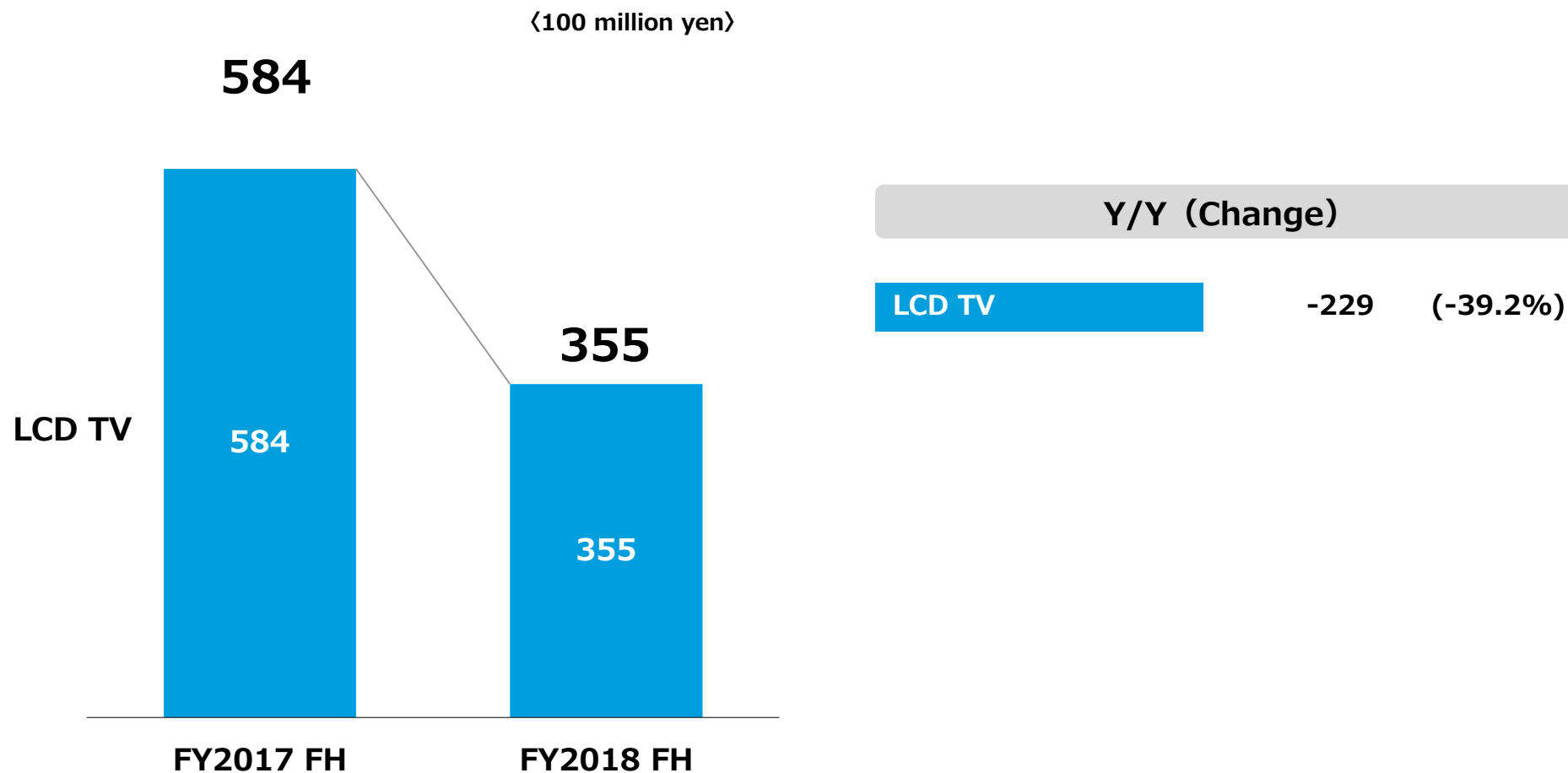
<100 million yen>



Y/Y (Change)		
BD Recorders	-12	(-23.5%)
BD Players	-14	(-47.8%)
DVD	-8	(-53.8%)
Others	-2	(-28.9%)
Total	-36	(-35.5%)

6. Sales of LCD related Equipment

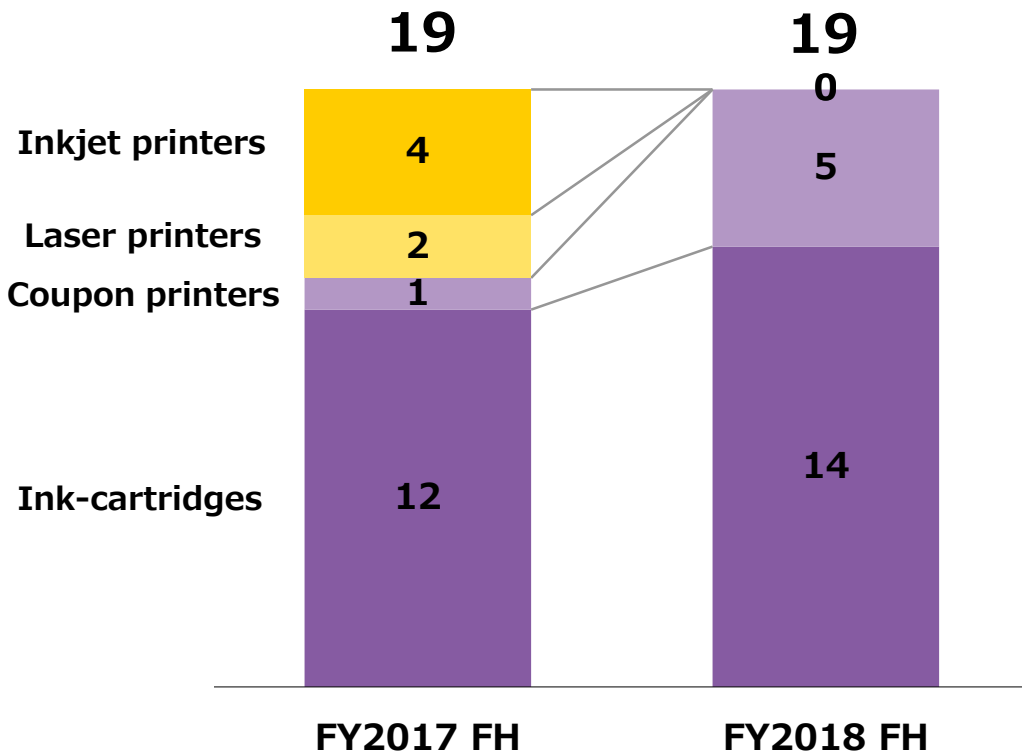
- Decreased new sales of TV due to the continuance of the distribution inventory adjustment phase of the North American market.



7. Sales of Information Equipment

➤ Almost flat , Sales of inkjet printers of unprofitable products were narrowed down, but sales increased due to sales of coupon printers and increased sales of commercial ink cartridges.

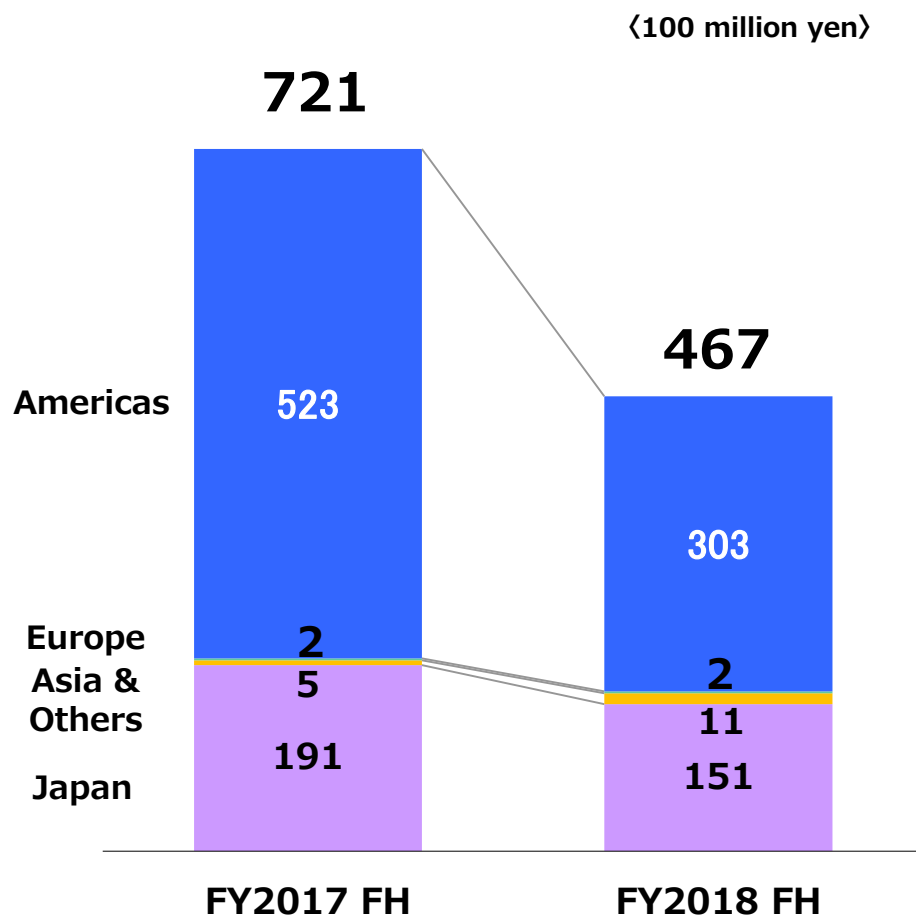
<100 million yen>



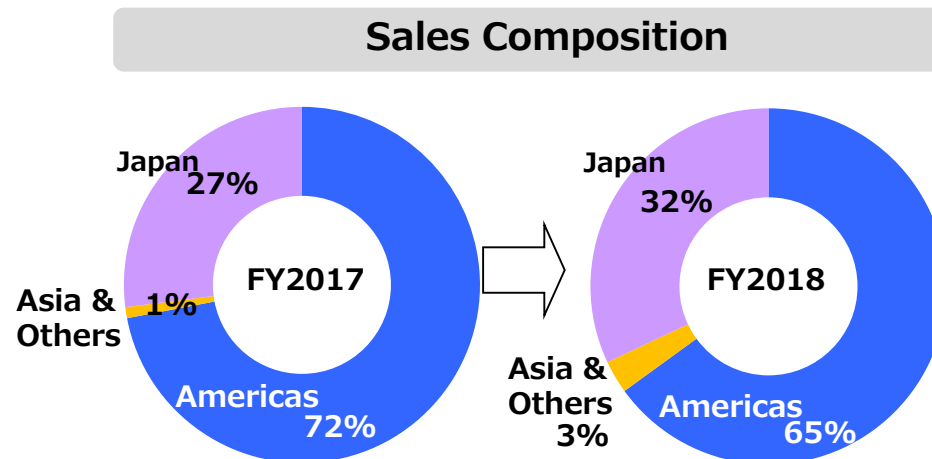
Y/Y (Change)		
Inkjet printers	-4	(-93.2%)
Laser printers	-2	(-)
Coupon printers	+4	(+556.1%)
Ink cartridges	+2	(+14.7%)
Total	+0	(+2.6%)

8. Geographic Breakdown of Sales

- Americas: Overall North American markets were in excess inventory. Therefore sales of LCD TVs declined due to sluggish growth in our new sales.
- Japan: Decreased, Sales of new products were one month behind last year.

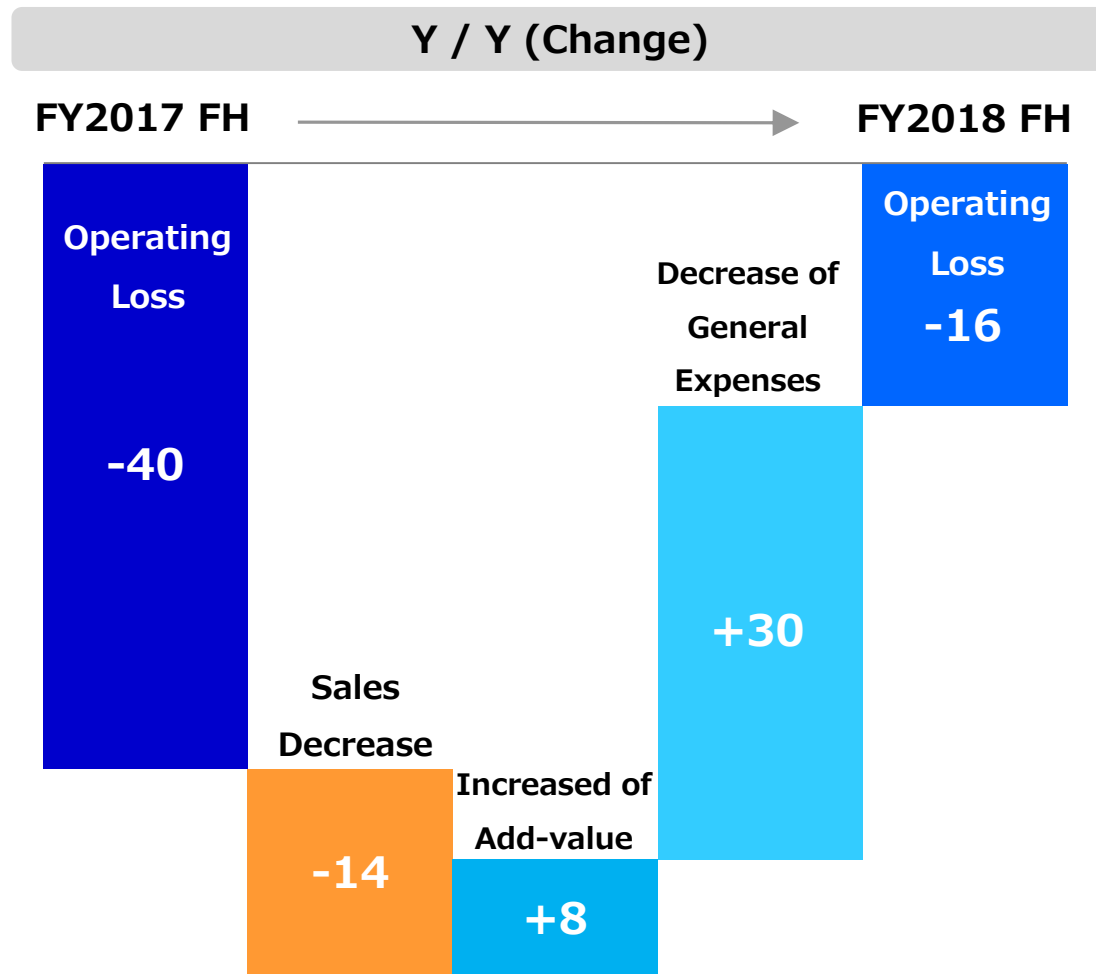


Y/Y (Change)		
Americas	-220	(-41.9%)
Europe	0	(-32.9%)
Asia & Others	+6	(+98.7%)
Japan	-40	(-20.7%)
Total	-254	(-35.2%)



9. Operating Income Analysis (Y/Y)

〈100 million yen〉



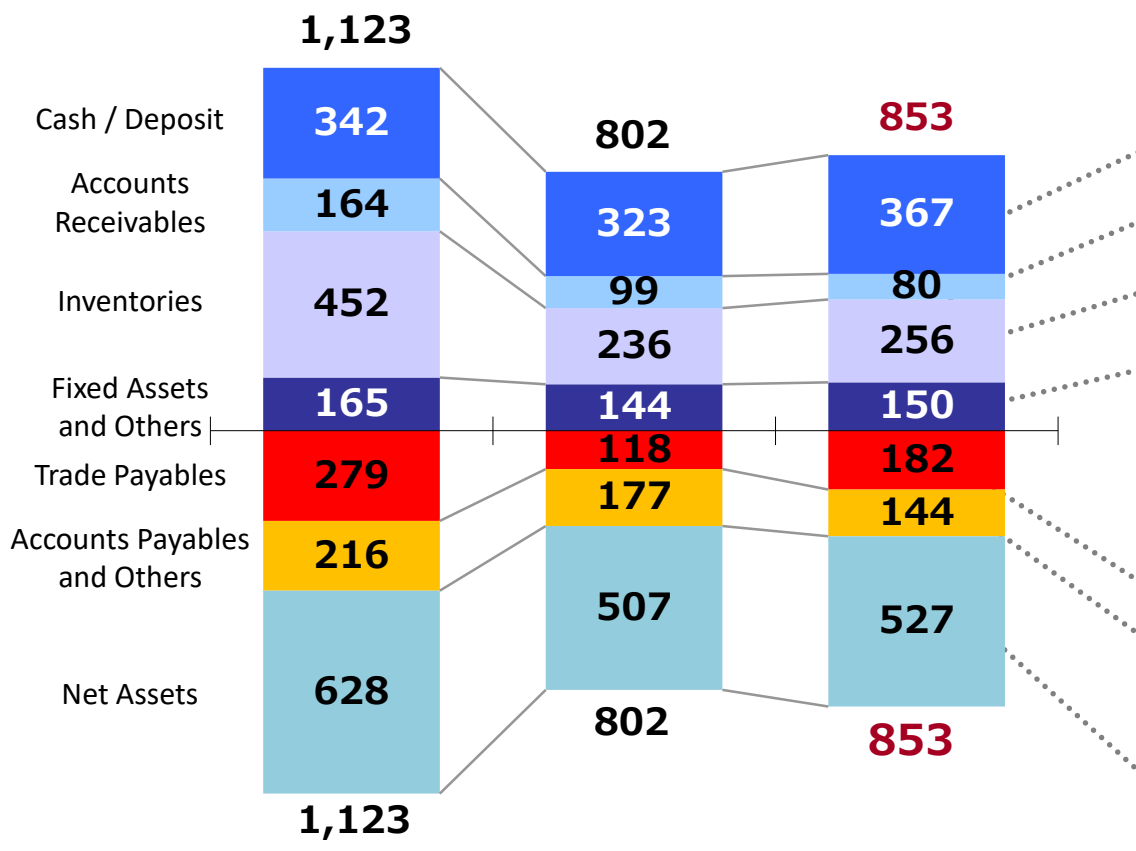
10. Balance Sheet Conditions

<100 million yen>

Y/Y (Change)

Assets

Liabilities
And
Net Assets



Assets	
• Cash / Deposit	+44
• Accounts Receivables	-19
• Inventories	+20
• Fixed Assets and Others	+6
Total	+51

Liabilities	
• Trade Payables	+64
• Accounts Payables and Others	-33
Total	+31
Net Assets	+20
<i>(Equity Ratio)</i>	61.7%

Sep.2017

Mar.2018

Sep.2018

11. Inventories Trends

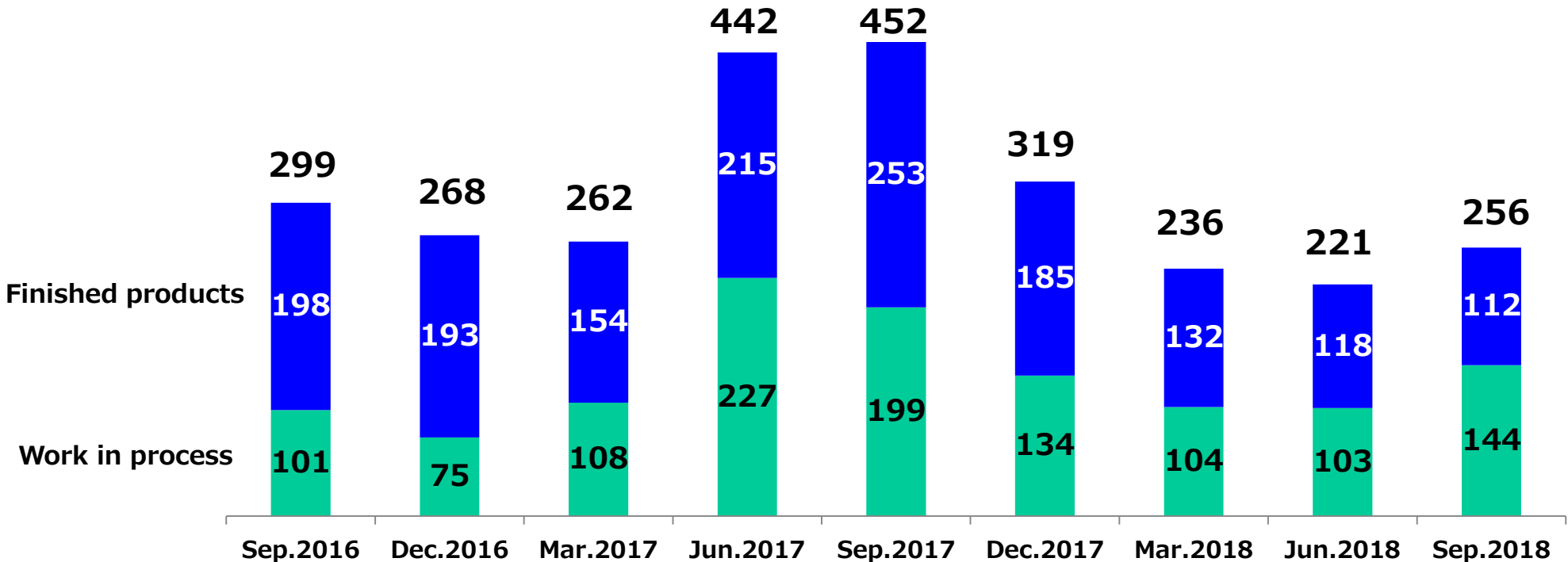
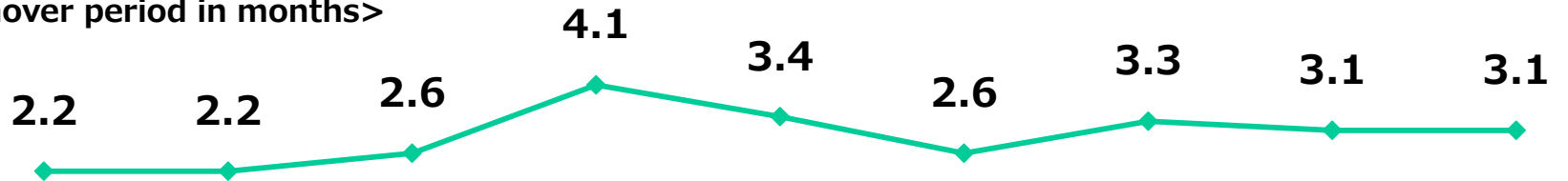
Y / Y (Change)

Finished products : - 141

Work in process : - 55

<100 million yen>

<Inventories Turnover period in months>

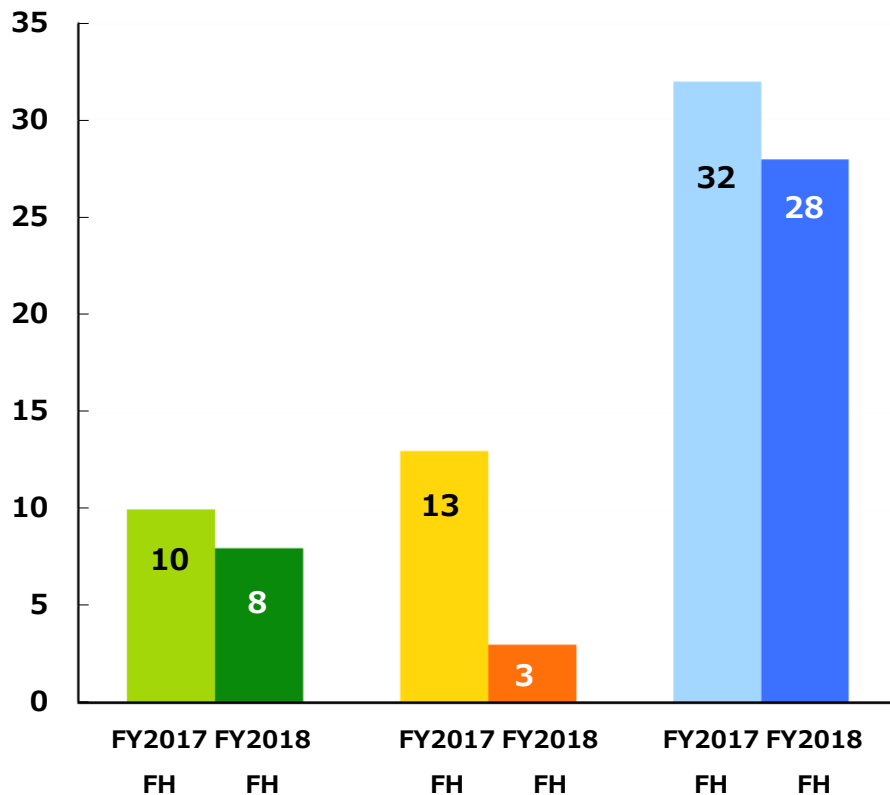


12. Capital Expenditures, Depreciation Expense and R&D Expenditures

First Half

Capital Investment	Depreciation	R&D
Y/Y -2	Y/Y -10	Y/Y -4

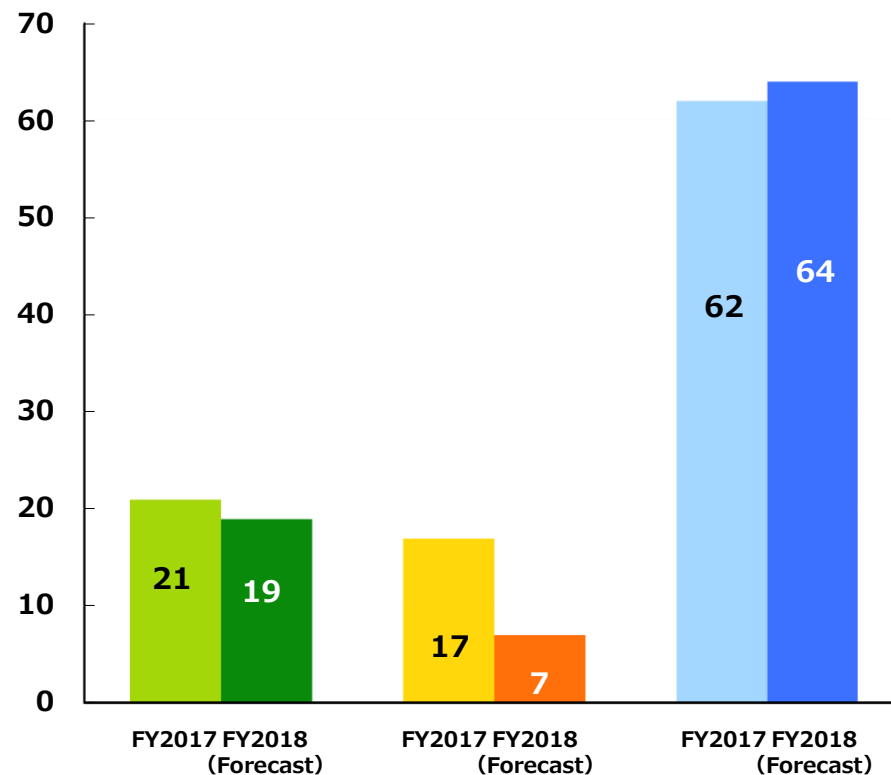
<100 million yen>



Full Year

Capital Investment	Depreciation	R&D
--------------------	--------------	-----

<100 million yen>





II. Appendix

- 1. Quarterly Financial Summary**
- 2. Quarterly Sales Trends by Equipment**
- 3. Quarterly Sales Trends by Geography**

1. Quarterly Financial Summary of FY 2017 - 2018

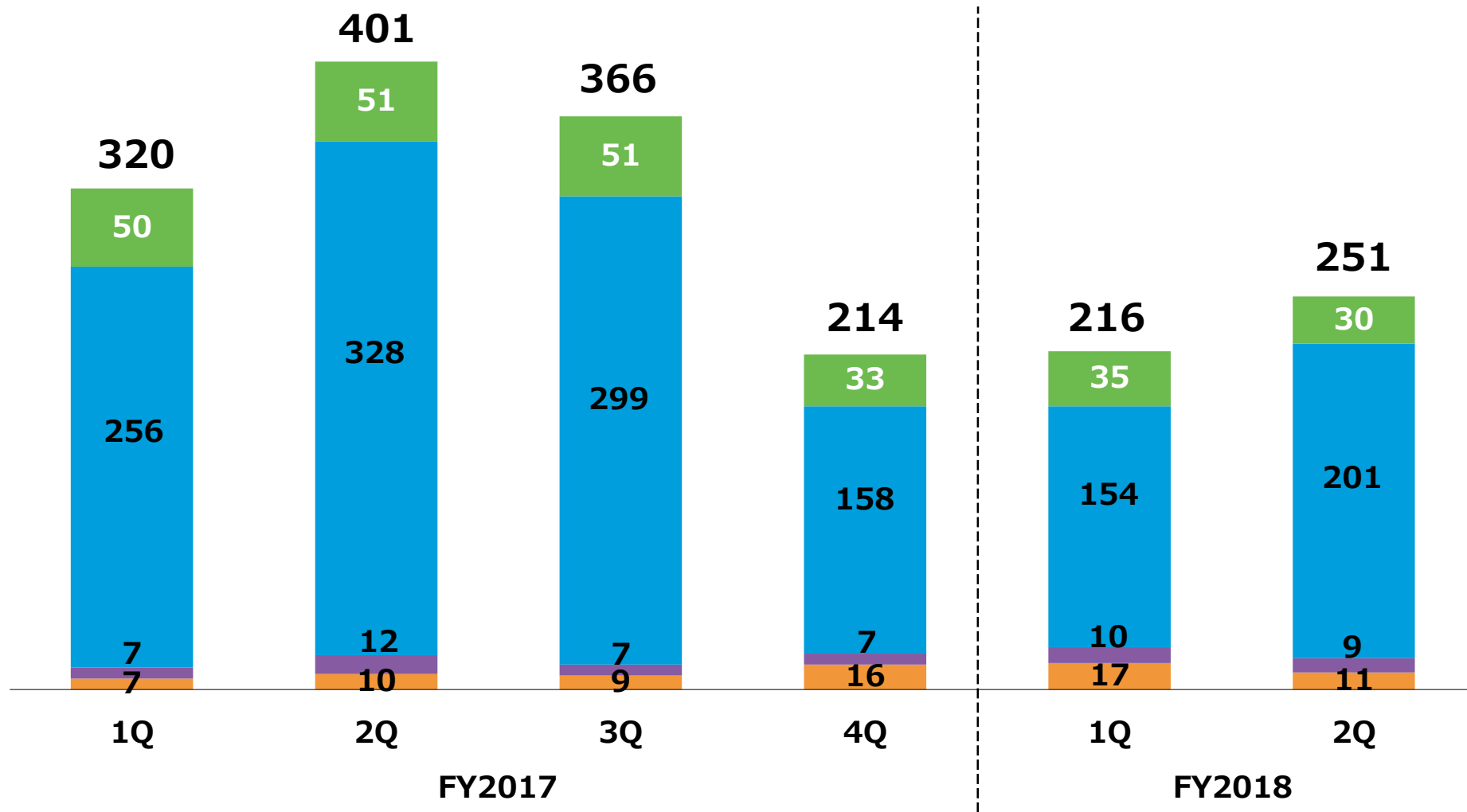
〈100 million yen〉

	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	320	401	366	214	216	251
Operating Income	-23	-17	-18	-50	-12	-4
(Margin)	(-7.3%)	(-4.3%)	(-5.0%)	(-23.4%)	(-5.7%)	(-1.6%)
Ordinary Income	-21	-14	-22	-60	-9	7
(Margin)	(-6.7%)	(-3.7%)	(-6.1%)	(-28.3%)	(-4.2%)	(2.9%)
Net Income Attributable to owners of parent	-15	-115	-24	-92	-0	6
(Margin)	(-4.7%)	(-28.9%)	(-6.6%)	(-43.1%)	(-0.1%)	(2.7%)
Average USD-JPY Exchange Rate	111.⁴¹	111.¹⁶	112.⁷³	107.⁴⁶	109.⁵³	111.⁸⁸

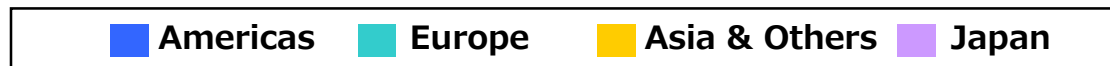
2. Quarterly Sales Trends by Equipment



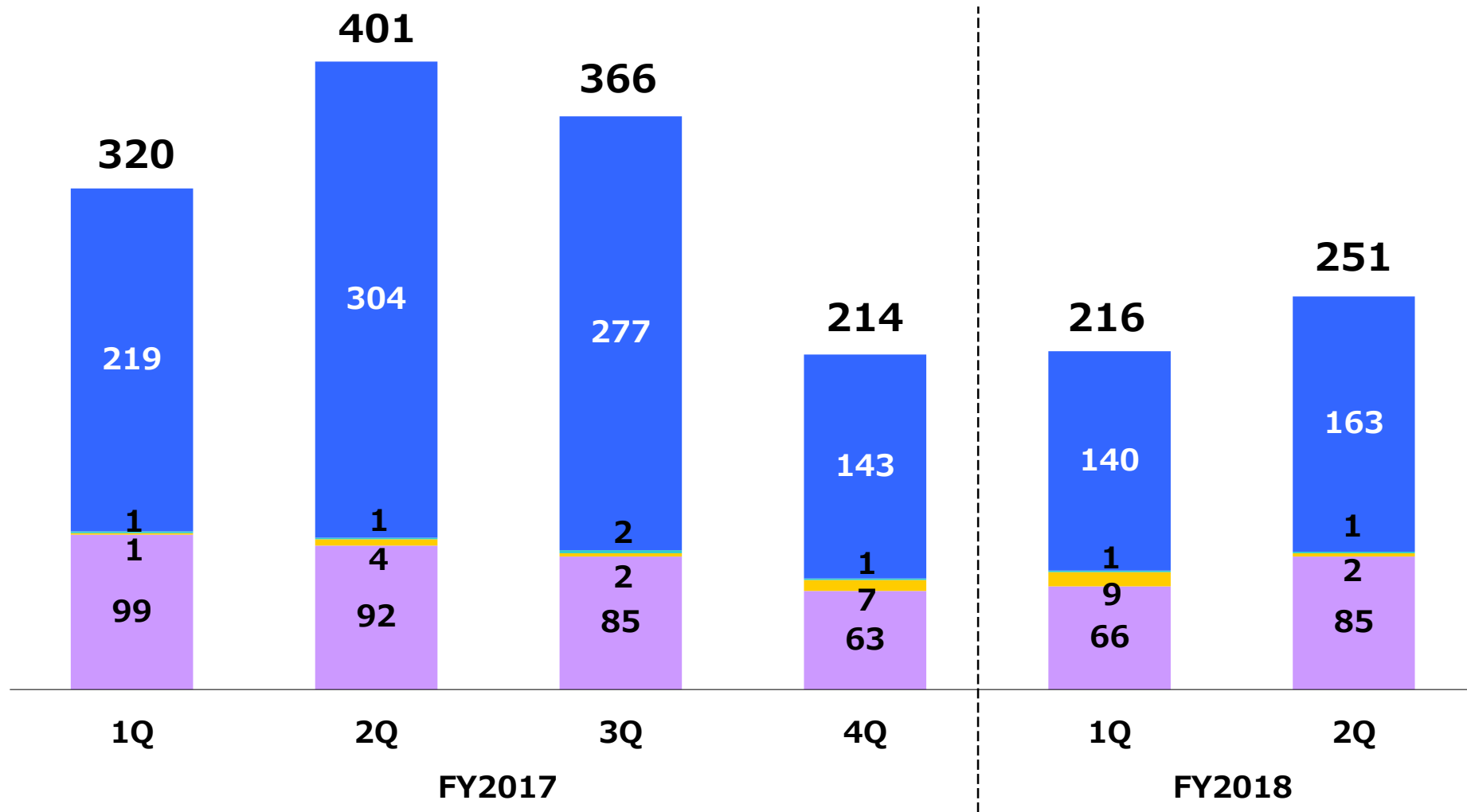
<100 million yen>



3. Quarterly Sales Trends by Geography



<100 million yen>



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.