



Presentation of Financial Results Third Quarter(Apr.-Dec.) of FY2018

**February 12, 2018
FUNAI ELECTRIC CO.,LTD.**

TSE 6839

I . Financial Results

- 1. Summary of 3rd Quarter (Oct.-Dec.)**
- 2. Summary of Nine-Month (Apr.-Dec.)**
- 3. Summary of Nine-Month (Apr.-Dec.)**
- 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 3rd Quarter (Oct.-Dec.)

〈100 million yen〉

	FY2017 3Q	FY2018 3Q	Difference (Y / Y)
Net Sales	366	343	-23 (-6.4%)
Operating Income (Margin)	-18 (-5.0%)	11 (3.4%)	+29
Ordinary Income (Margin)	-22 (-6.1%)	+ 0 (0.2%)	+22
Net Income Attributable to owners of parent (Margin)	-24 (-6.6%)	+ 0 (0.2%)	+24

Average USD-JPY Exchange Rate	112.⁷³	112.⁵⁷
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Month End USD-JPY Exchange Rate	Sep.2017	Dec.2017	Sep.2018	Dec.2018
	112.⁷³	113.⁰⁰	113.⁵⁷	111.⁰⁰

2. Summary of Nine-Month (Apr.-Dec.)

〈100 million yen〉

	FY2017 Nine-Month	FY2018 Nine-Month	Difference (Y / Y)
Net Sales	1,087	810	-277 (-25.5%)
Operating Income (Margin)	-58 (-5.4%)	-5 (-0.6%)	+53
Ordinary Income (Margin)	-58 (-5.4%)	-1 (-0.1%)	+57
Net Income Attributable to owners of parent (Margin)	-155 (-14.3%)	7 (0.9%)	+162

Average USD-JPY Exchange Rate	111.⁷⁷	111.³²
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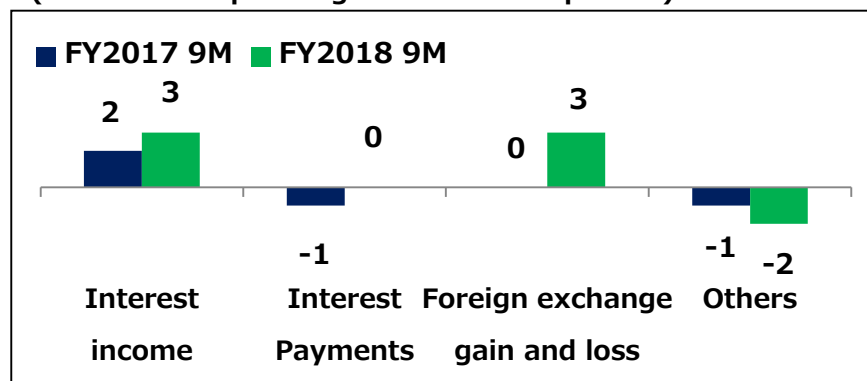
Month End USD-JPY Exchange Rate	Mar.2017	Dec.2017	Mar.2018	Dec.2018
	112.¹⁹	113.⁰⁰	106.²⁴	111.⁰⁰

3. Summary of Nine-Month (Apr.-Dec.)

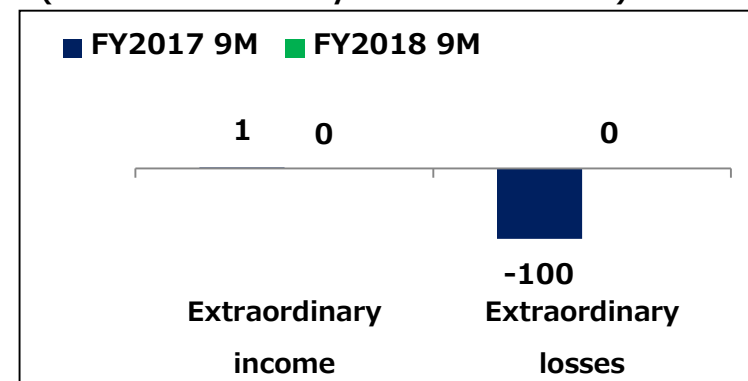
〈100 million yen〉

	FY2017 Nine-Month	FY2018 Nine-Month	Difference (Y / Y)
Operating income	-58	-5	+ 53
Non-operating income	(※1) { 3	8	5
Non-operating expenses	3	4	1
Ordinary Income	-58	-1	+ 57
Extraordinary income	(※2) { 1	0	-1
Extraordinary losses	100	0	-100
Income before Income Taxes	-157	-1	+ 156
Income taxes	-2	-8	-6
Net Income Attributable to owners of parent	-155	7	+ 162

(note:1 Non-operating income and expenses)



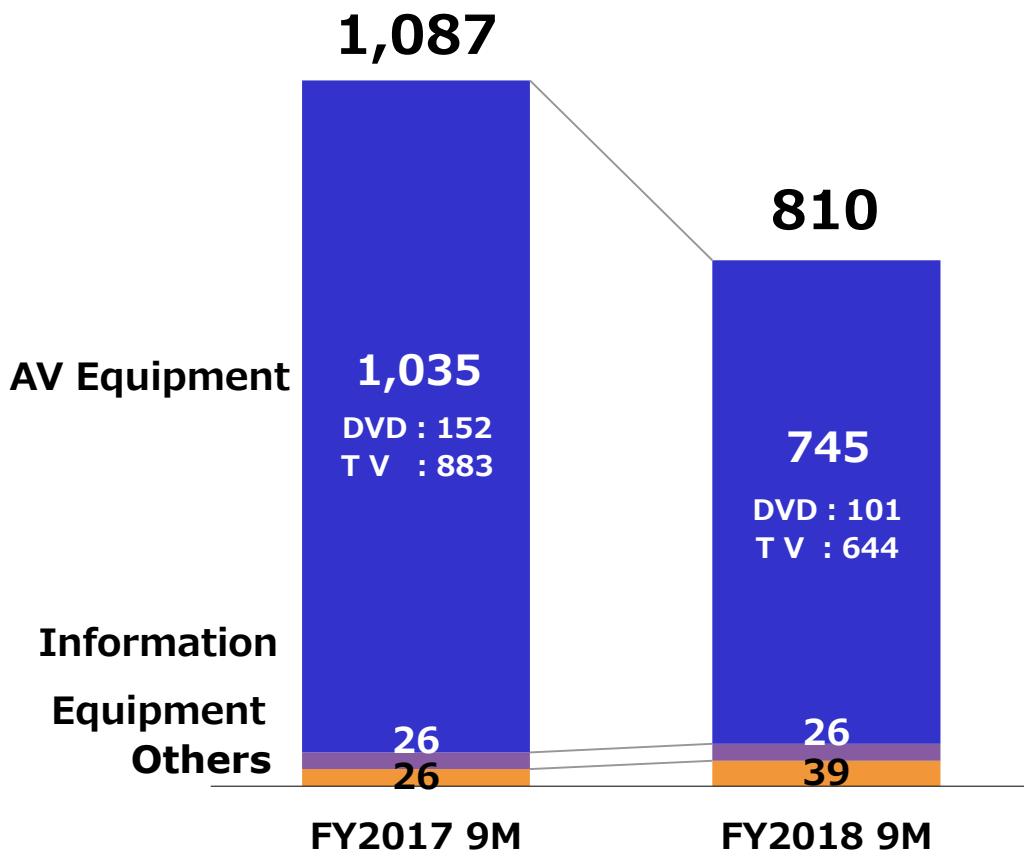
(note:2 Extraordinary income and losses)



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.

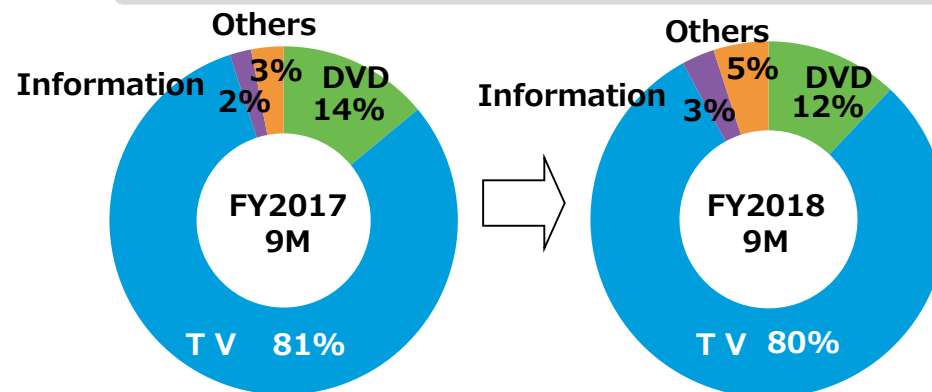
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Y/Y (Change)

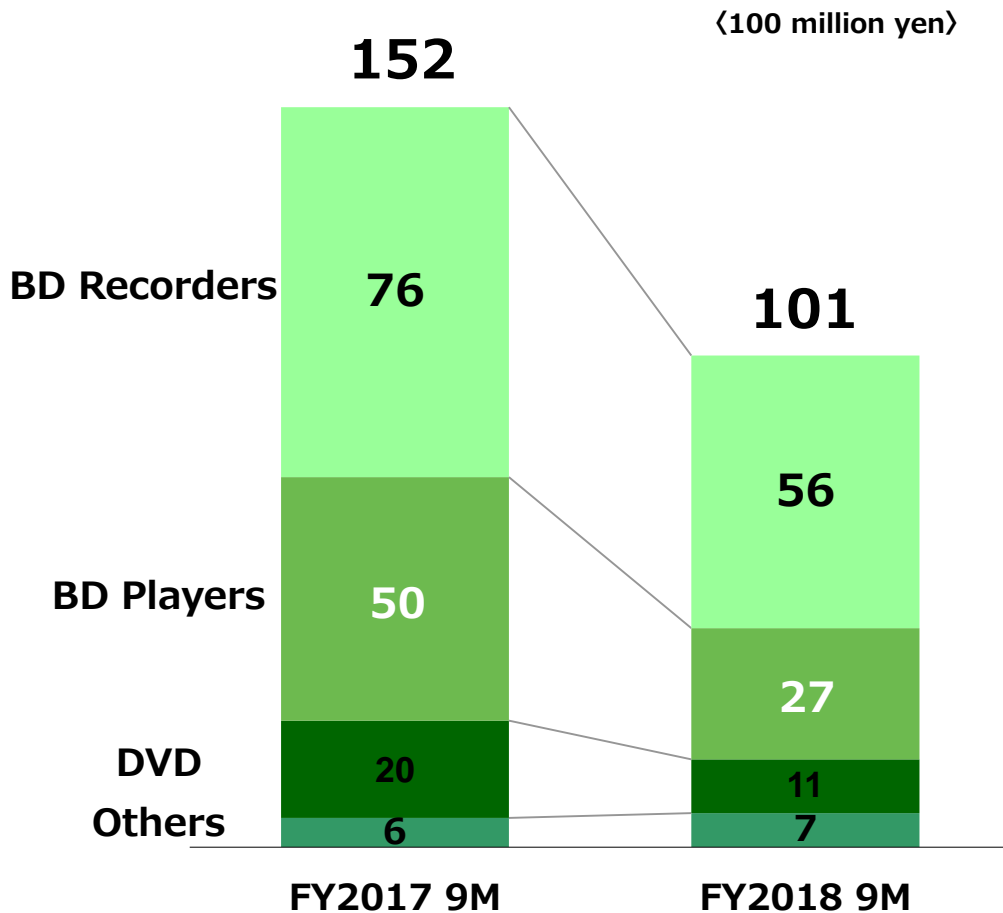
AV Equip	-290	(-28.1%)
DVD Equip	-51	(-33.8%)
TV Equip	-239	(-27.1%)
Information Equip	+0	(+0.8%)
Others	+13	(+51.2%)
Total	-277	(-25.5%)

Sales Composition



5. Sales of DVD related Equipment

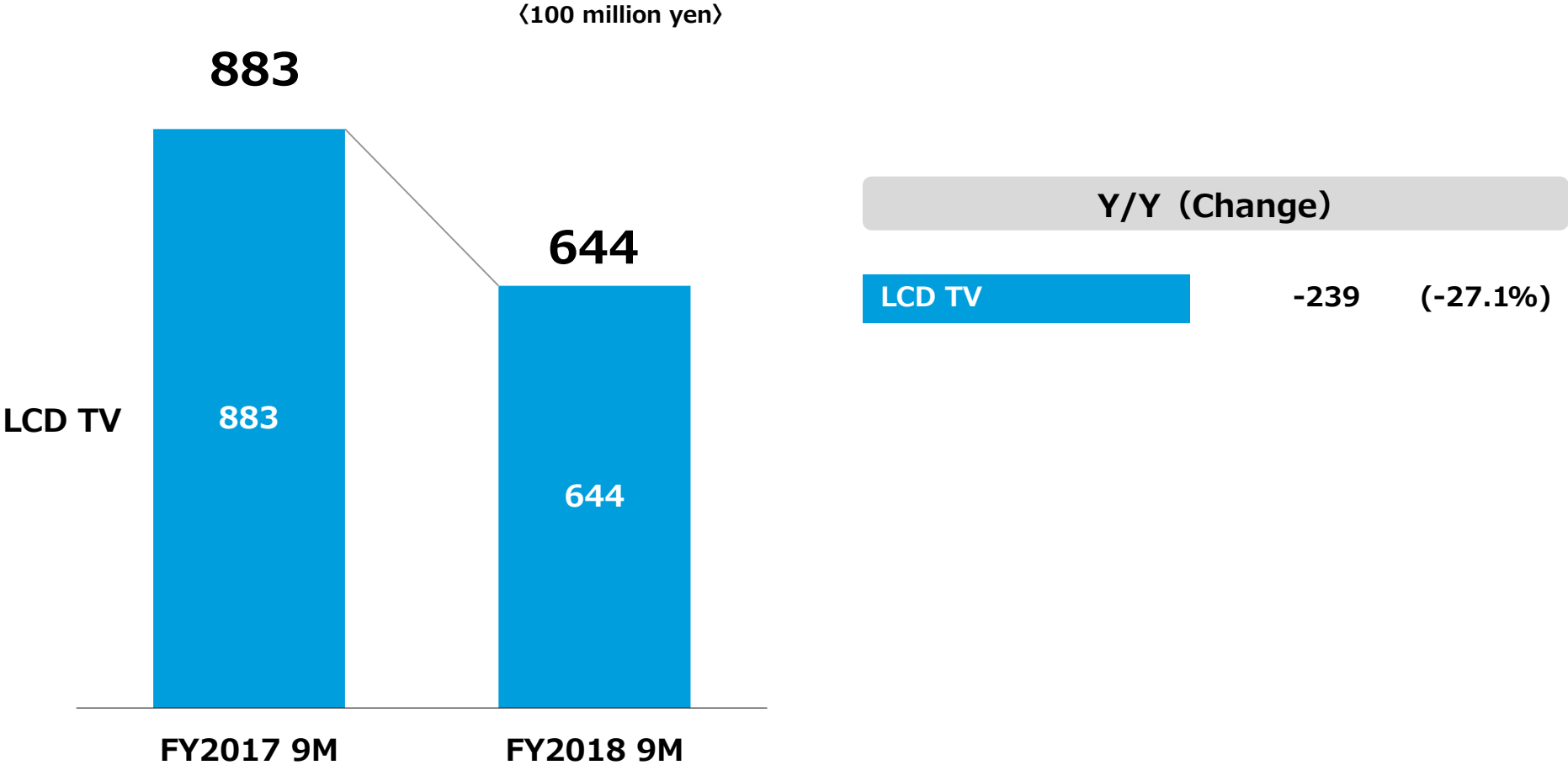
➤ Decreased, demand changed by rapid spread of Video streaming service such as the internet and sales of new products into the Japanese market were one month behind last year.



Y/Y (Change)		
BD Recorders	-20	(-26.9%)
BD Players	-23	(-46.6%)
DVD	-9	(-45.6%)
Others	+1	(+25.6%)
Total	-51	(-33.8%)

6. Sales of LCD related Equipment

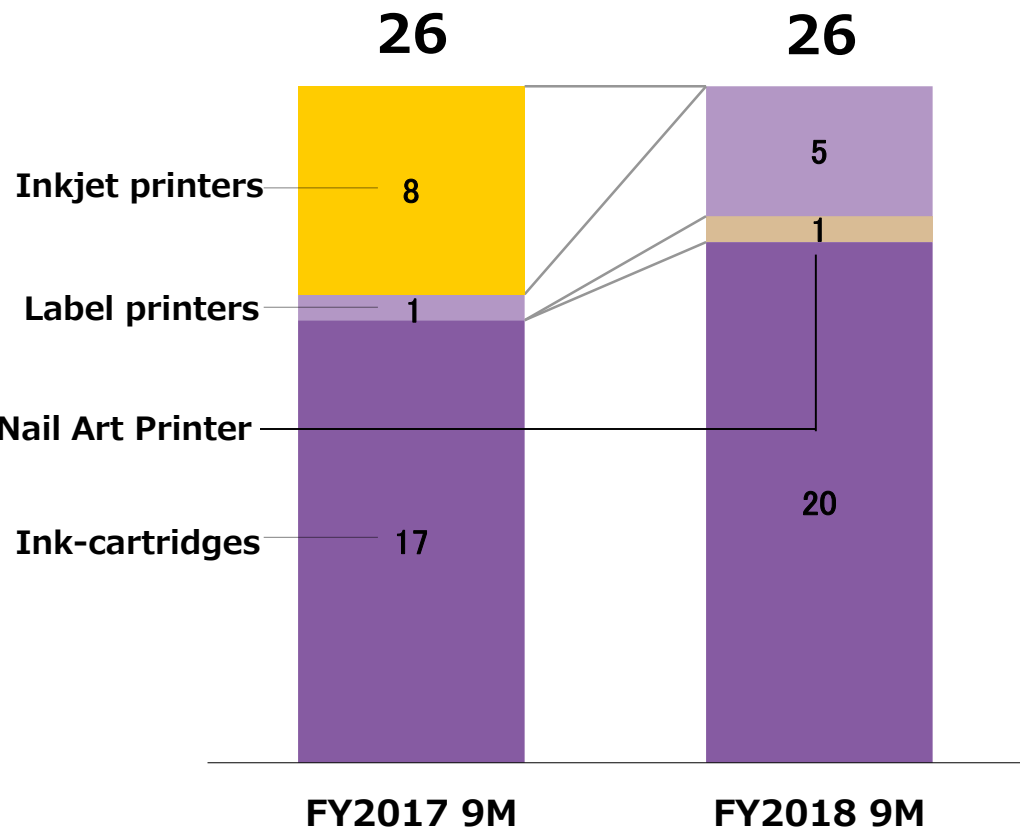
➤ Decreased new sales of TV due to the continuance of the distribution inventory adjustment phase of the North American market.



7. Sales of Information Equipment

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

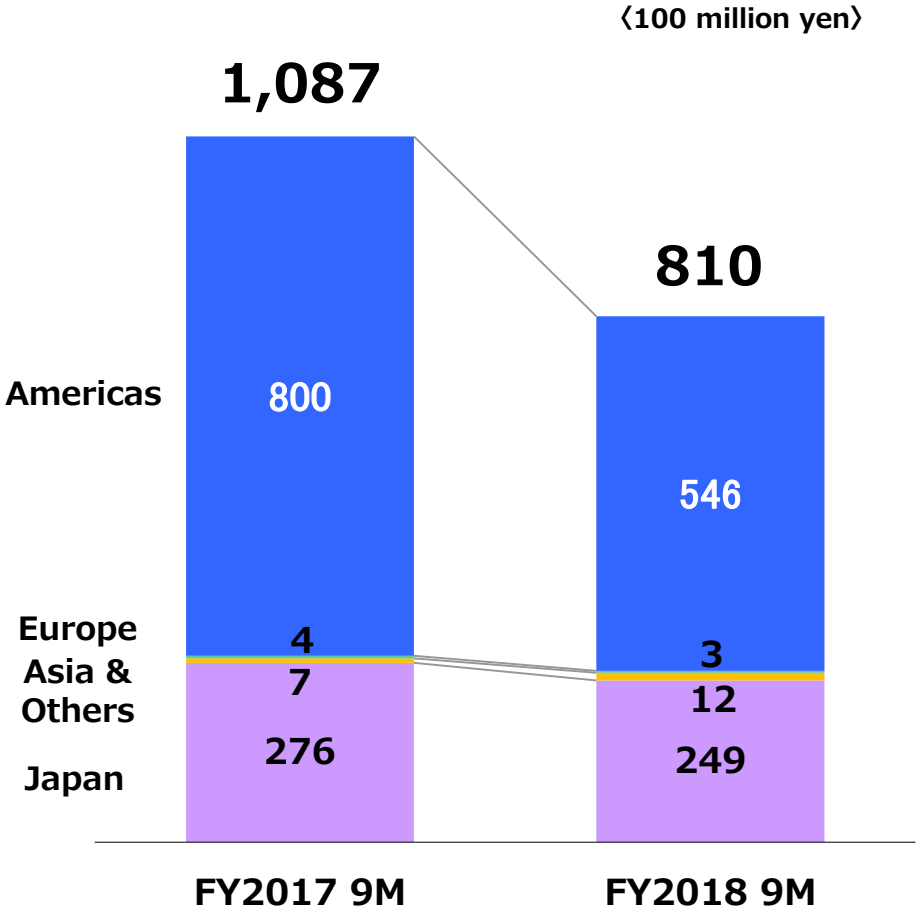
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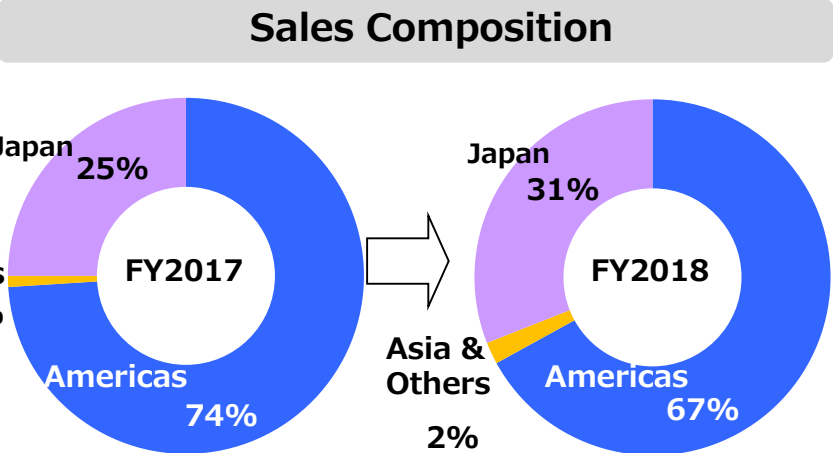
Y/Y (Change)		
Inkjet printers	-8	(-94.8%)
Label printers	+4	(+556.1%)
Nail Art Printer	+1	(-)
Ink-cartridges	+3	(+11.5%)
合計	+0	(+0.8%)

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.

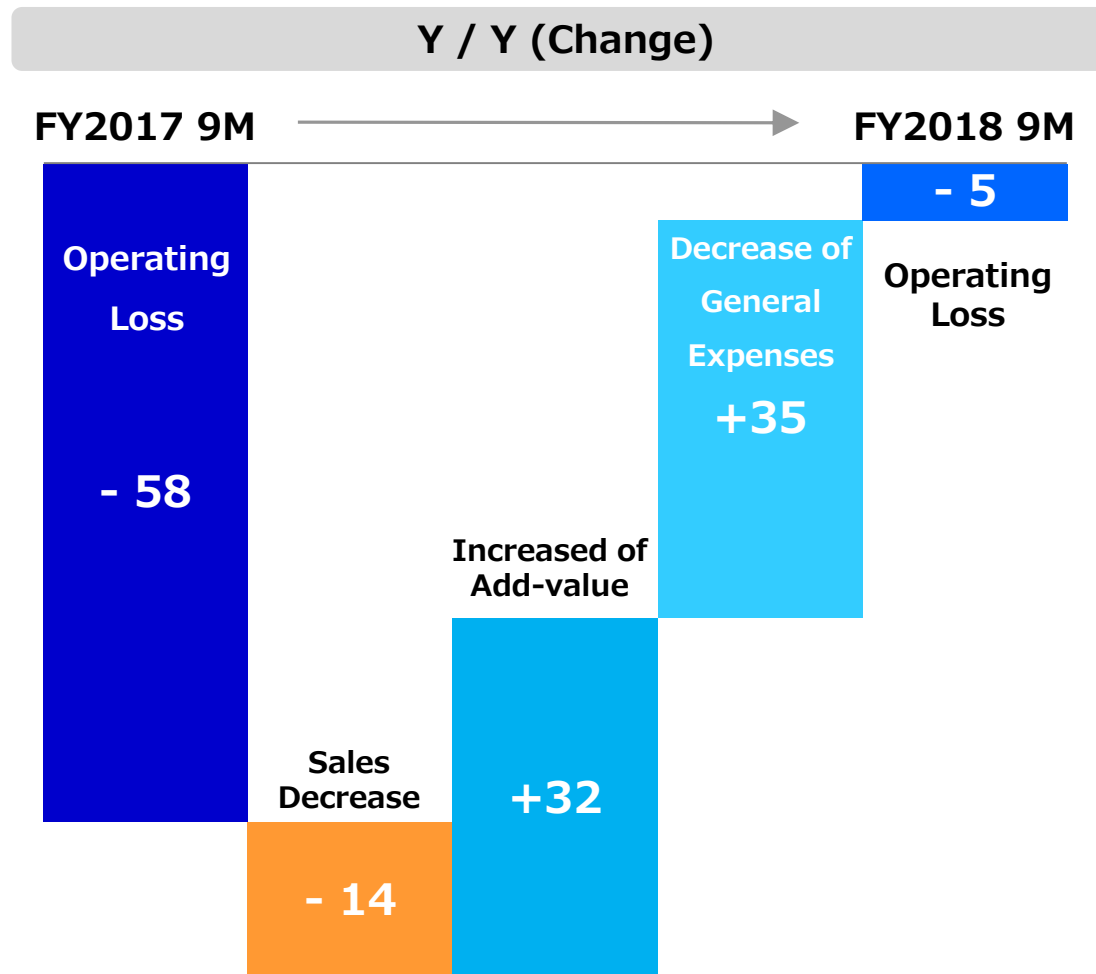


Y/Y (Change)		
Americas	-254	(-31.9%)
Europe	-1	(-24.3%)
Asia & Others	+5	(+83.3%)
Japan	-27	(-9.8%)
Total	-277	(-25.5%)



9. Operating Income Analysis (Y/Y)

〈100 million yen〉



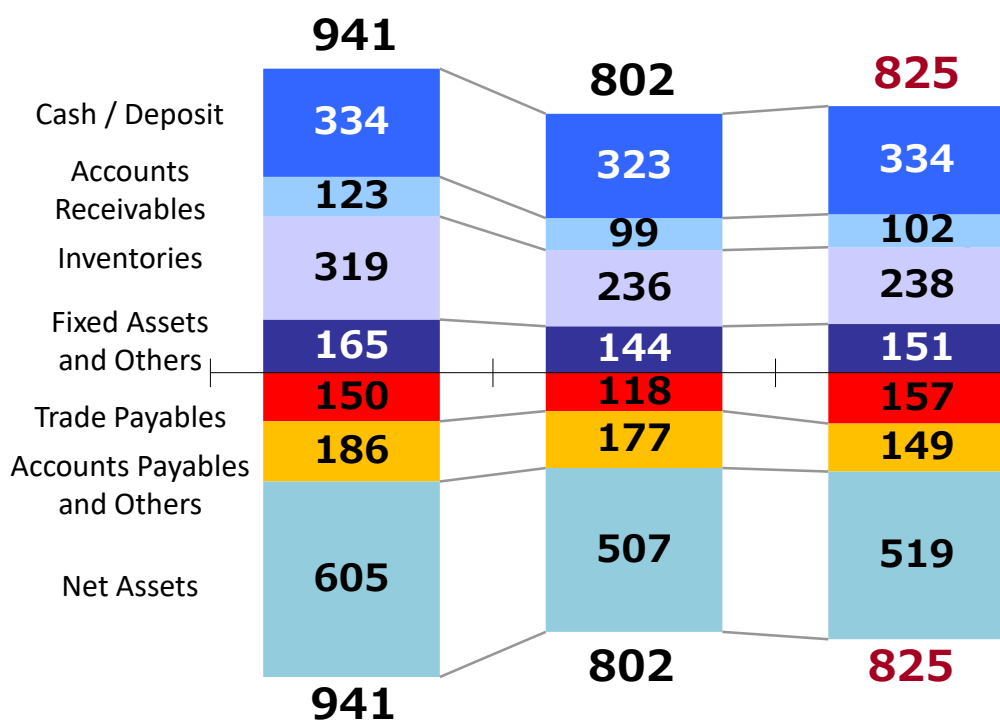
10. Balance Sheet Conditions

<100 million yen>

Y/Y (Change)

Assets

Liabilities
And
Net Assets



Assets		Y/Y (Change)
• Cash / Deposit		+11
• Accounts Receivables		+3
• Inventories		+2
• Fixed Assets and Others		+7
Total Assets		+23

Liabilities		Y/Y (Change)
• Trade Payables		+39
• Accounts Payables and Others		- 28
Total Liabilities		+11
Net Assets		+12
<i>(Equity Ratio)</i>		62.9%

Dec. 2017

Mar. 2018

Dec. 2018

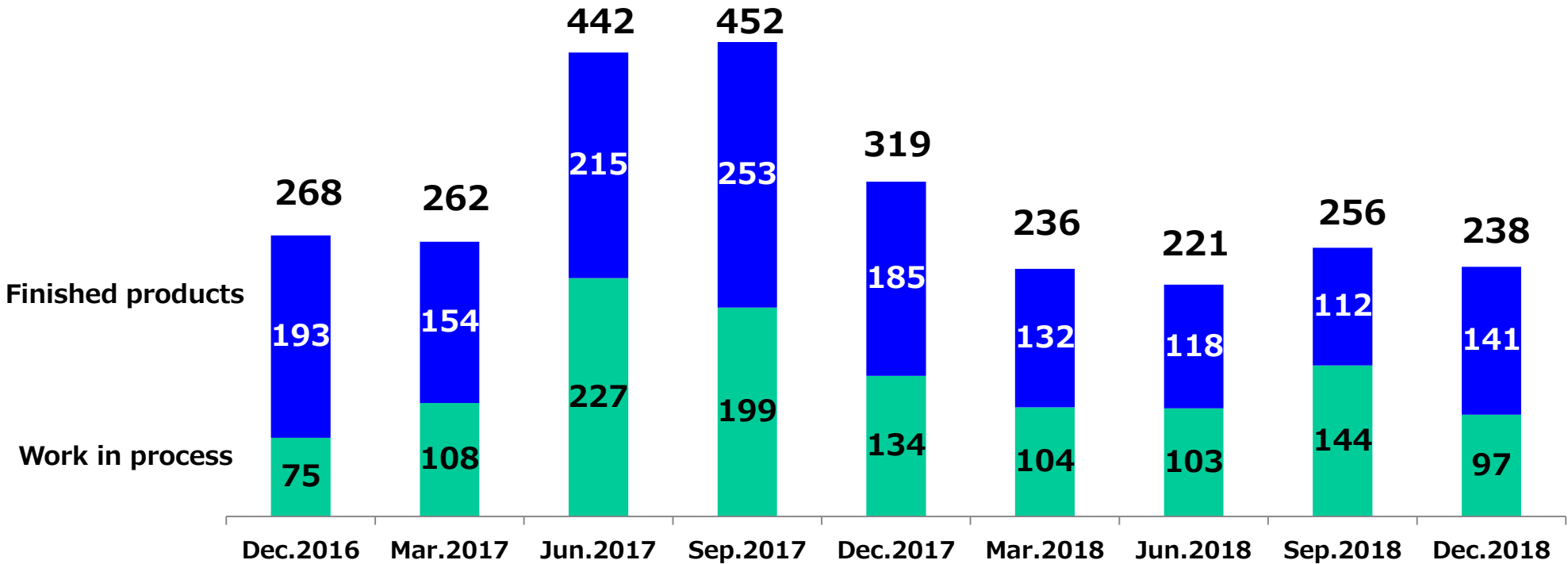
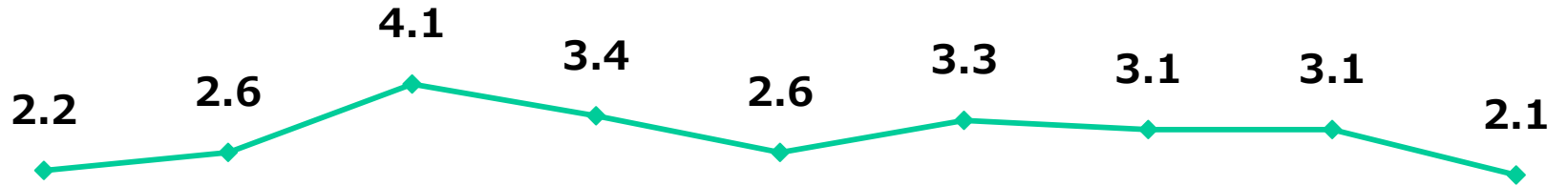
11. Inventories Trends

Y / Y (Change)

Finished products : + 9
Work in process : - 7

<100 million yen>

<Inventories Turnover period in months>

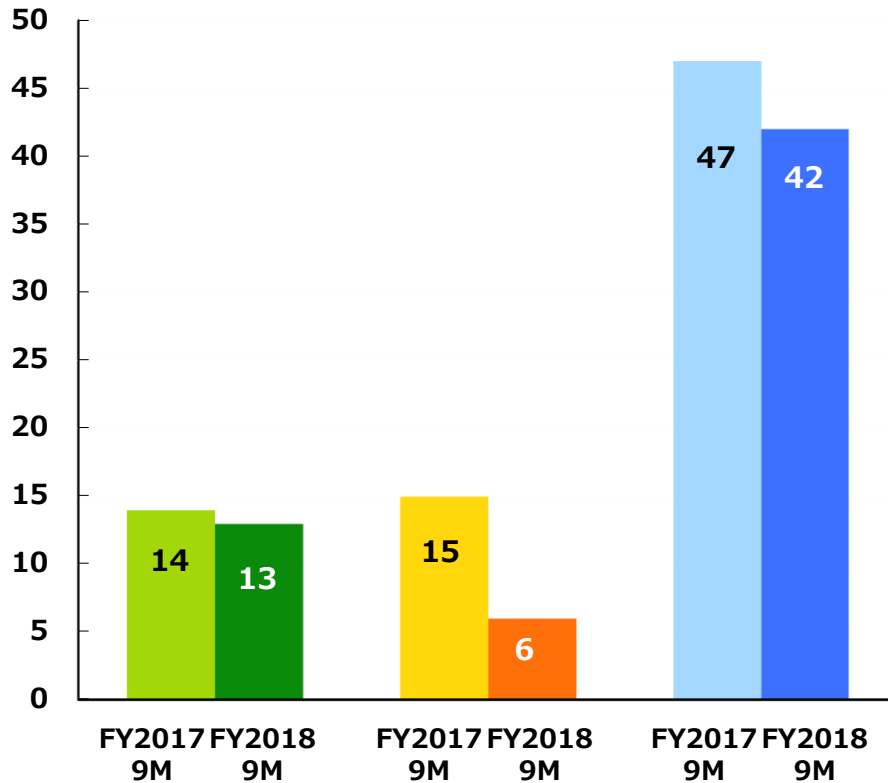


12. Capital Expenditures, Depreciation Expense and R&D Expenditures

Third Quarter

Capital Investment	Depreciation	R&D
Y/Y -1	Y/Y -9	Y/Y -5

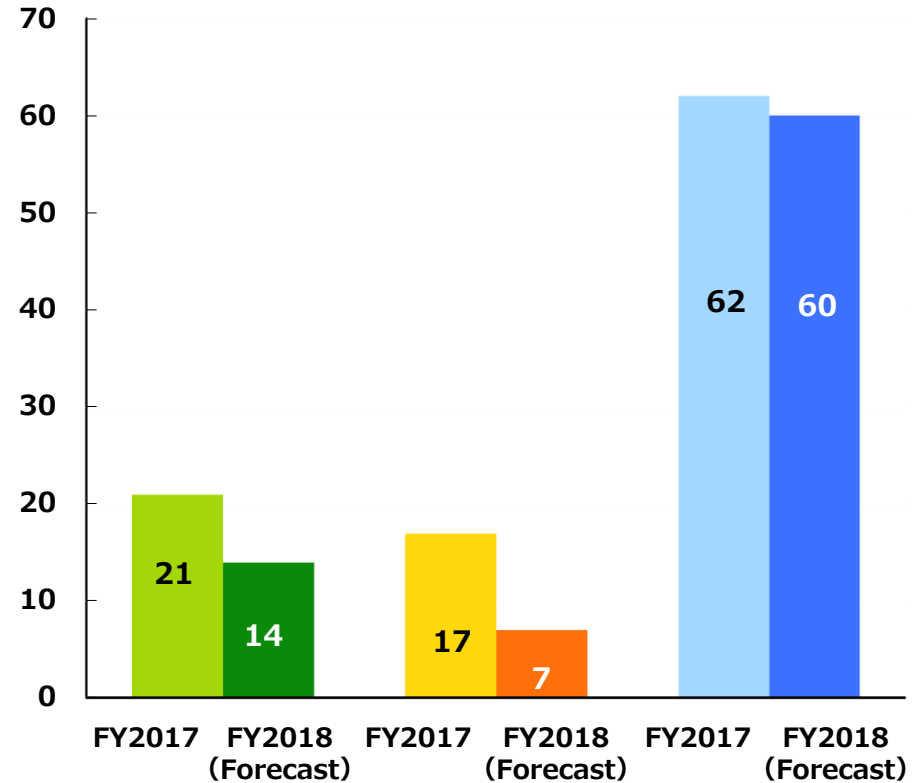
<100 million yen>



Full Year

Capital Investment	Depreciation	R&D
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<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

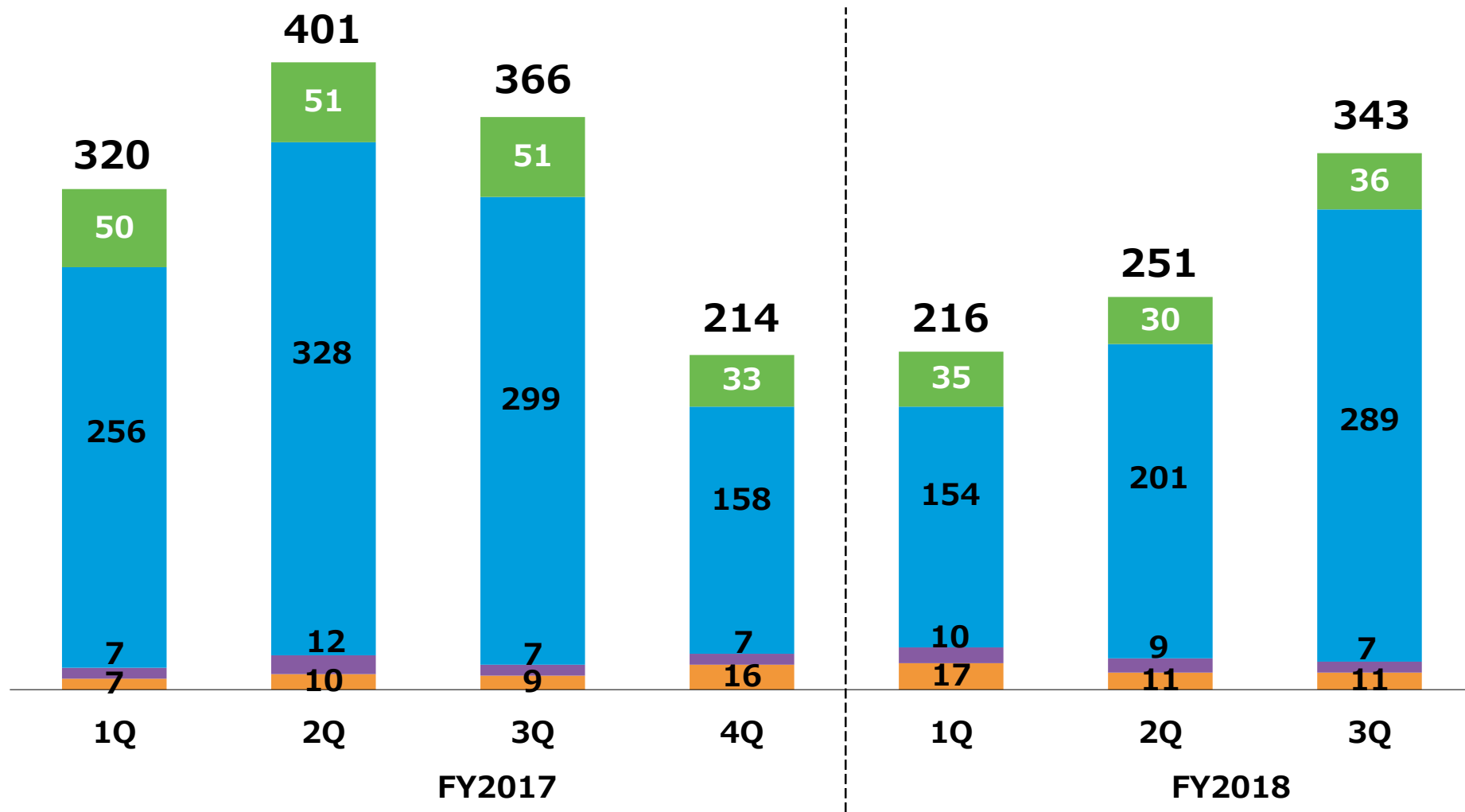
〈100 million yen〉

	FY2017				FY2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net Sales	320	401	366	214	216	251	343
Operating Income	-23	-17	-18	-50	-12	-4	11
(Margin)	(-7.3%)	(-4.3%)	(-5.0%)	(-23.4%)	(-5.7%)	(-1.6%)	(3.4%)
Ordinary Income	-21	-14	-22	-60	-9	7	+0
(Margin)	(-6.7%)	(-3.7%)	(-6.1%)	(-28.3%)	(-4.2%)	(2.9%)	(0.2%)
Net Income Attributable to owners of parent	-15	-115	-24	-92	-0	6	+0
(Margin)	(-4.7%)	(-28.9%)	(-6.6%)	(-43.1%)	(-0.1%)	(2.7%)	(0.2%)
Average USD-JPY Exchange Rate	111.⁴¹	111.¹⁶	112.⁷³	107.⁴⁶	109.⁵³	111.⁸⁸	112.⁵⁷

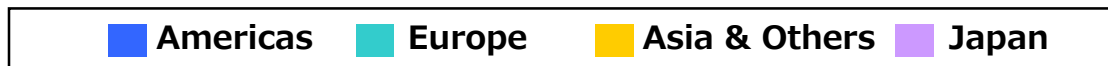
2. Quarterly Sales Trends by Equipment



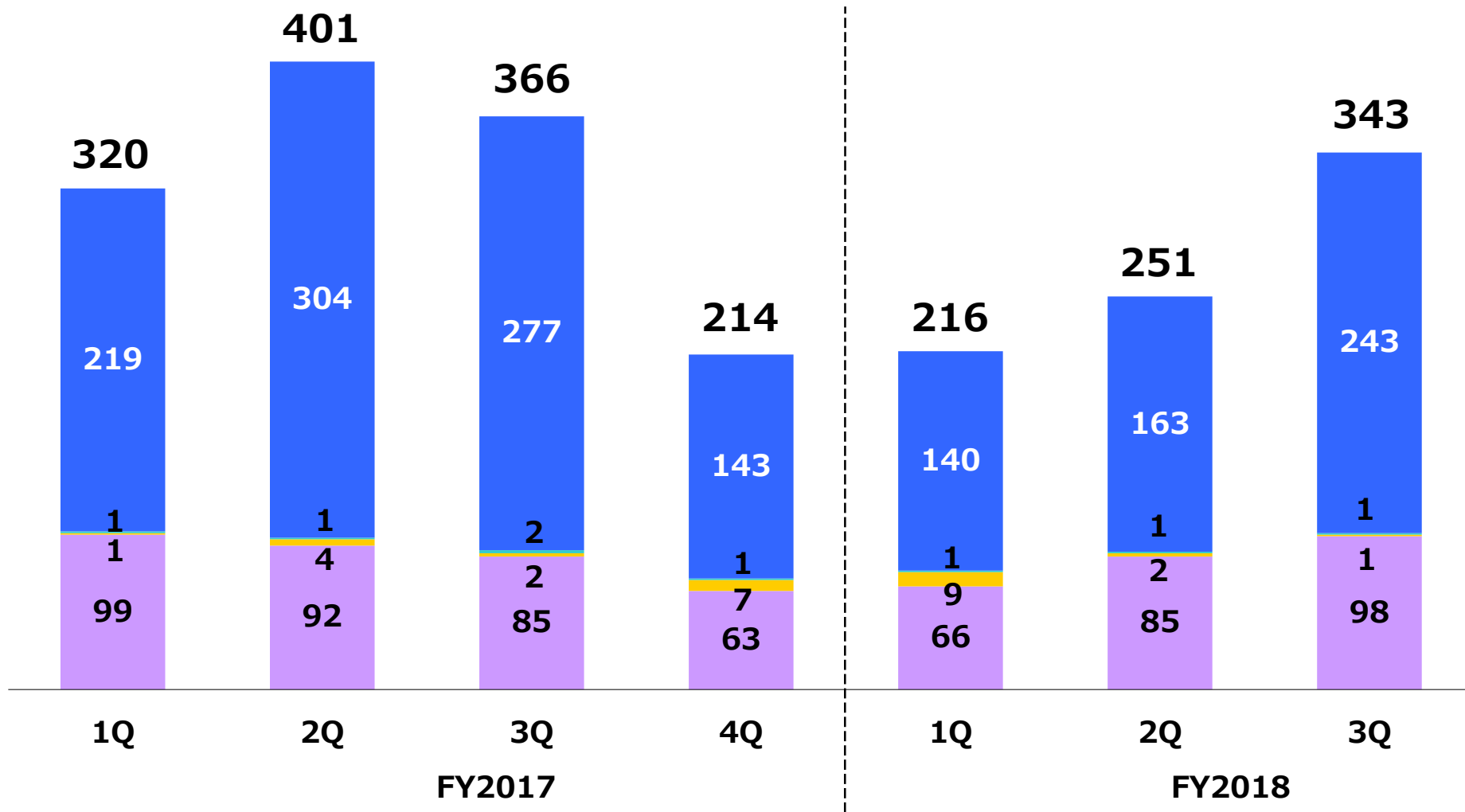
〈100 million yen〉



3. Quarterly Sales Trends by Geography



〈100 million yen〉



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