



FY2014 Business Strategy

President and CEO
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FUNAI ELECTRIC CO., LTD.

TSE 6839

1. FY2013 Operating Results
2. FY2014 Forecast
3. Future Growth Strategy

1. FY2013 Operating Results (April 2013 to March 2014)



(100 million yen)

	Original Forecast	Revised Projection (March 2014)	Results
Net Sales	2,020	2,300	2,340
Operating Income (Operating Margin)	2 (0.1%)	-51 (-2.2%)	-54 (-2.3%)

Summary

■ Growth in Net Sales

Growth in net sales mainly attributable to growth in sales of LCD TVs and the addition of cartridge sales

■ Operating Loss Recorded

An operating loss was recorded as a result of factors including sales support expenditures in connection with the disposal of inventory of Philips brand LCD TVs and audio accessory products in the U.S., Canada, and Mexico, mainly in the second half.

2. FY2014 Forecast

(100 million yen)

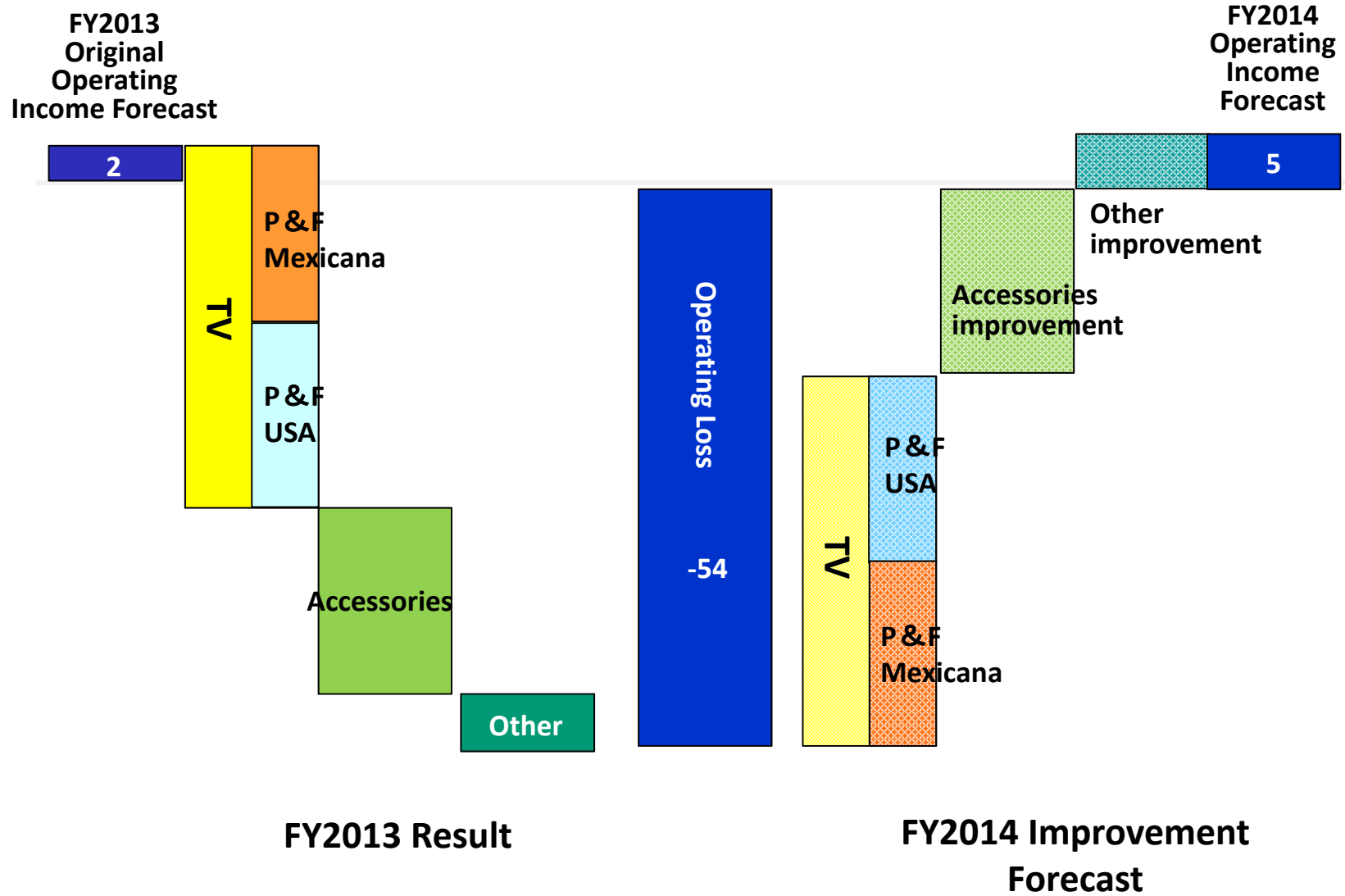
	FY2013	FY2014	Y/Y
Net Sales	2,340	2,000	-340
Operating Income	-54	5	+59
(Operating Margin)	(-2.3%)	0.25%	

Strategic Initiatives

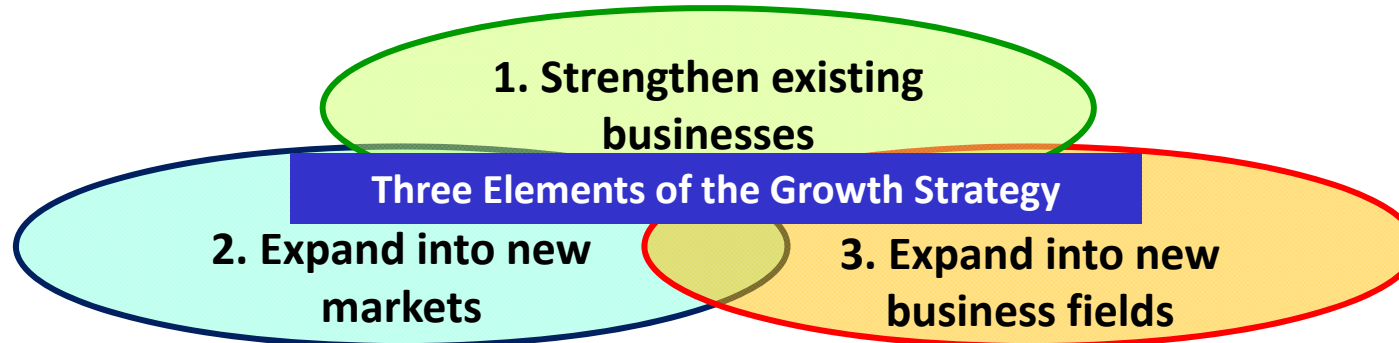
- Improved profitability for LCD TVs from screen size increases and higher value added
- Early productization of self-developed inkjet printers
- Acceleration of receipt of OEM orders in all businesses
- Profitability improvement from selective reduction of the range of purchased audio accessory items

2. FY2014 Forecast

Analysis of Profit

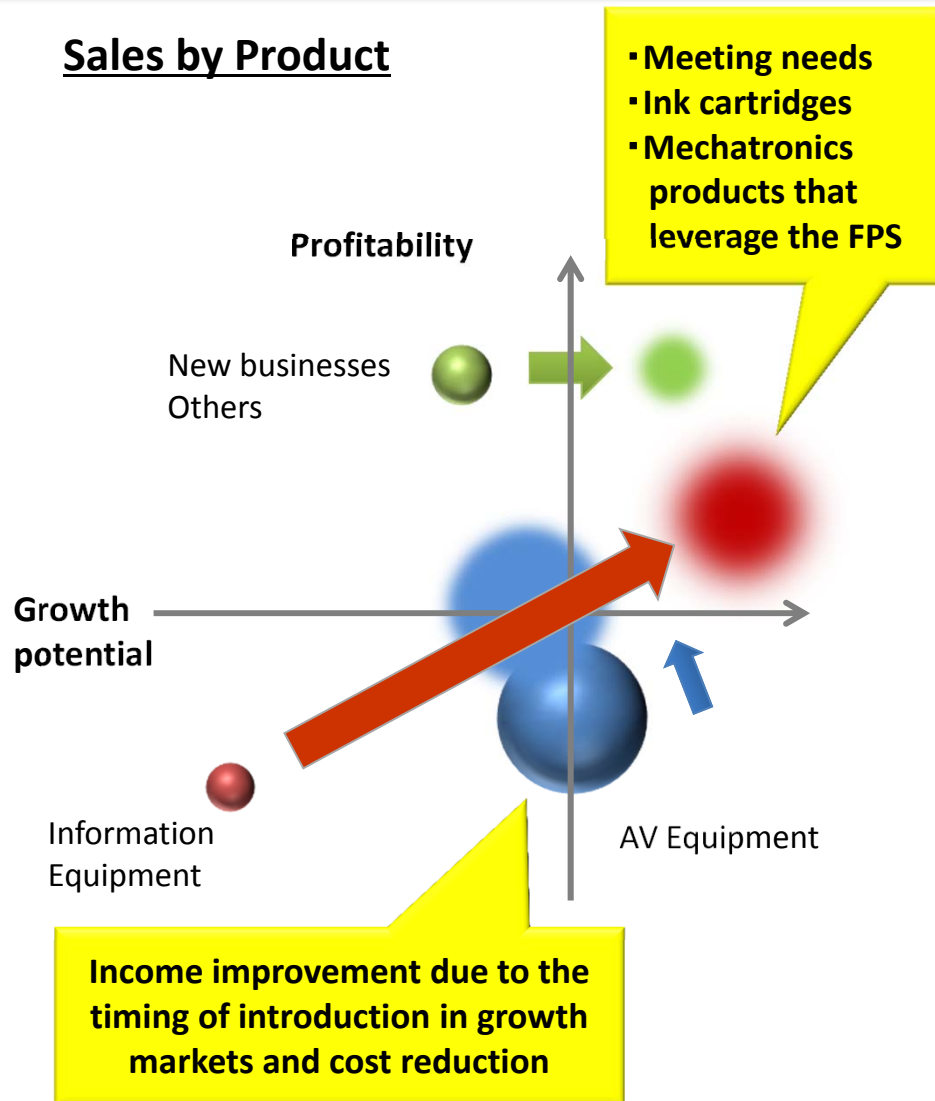


3. Future Growth Strategy



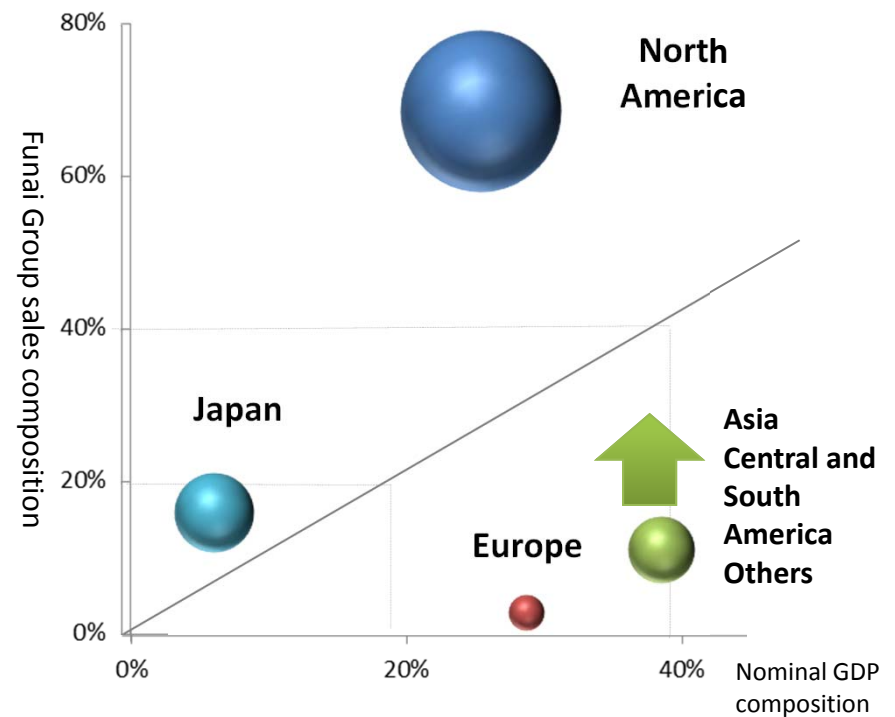
3. - a) Business Portfolio Restructuring

Sales by Product



Circle size is proportionate to net sales.

Sales by Region



2013	North America	Japan	Europe	Asia, Central and South America, Others
By-region GDP composition	25.7%	6.6%	29.0%	36.7%
By-region sales composition	69.4%	18.7%	3.2%	11.5%

Focus on sales expansion in Asia and Central and South America

Circle size is proportionate to net sales.

Further Enhancement of Televisions

Timely reflection in products of functions required in the market

Adding High Value

- Introduction of super large-size TVs 60 inches and up
- Also consider 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



IJP Contract Hardware Manufacturing Business

Cooperative inkjet printer business with Lexmark
Development cooperation and contract manufacturing for more than 16 years (since July 1997)

Acquisition of patent rights for printer-related products, product development functions and technologies, and manufacturing functions and technologies

Environmental Change in the Printer Business

Expansion in emerging markets
Expansion of smartphones and tablets

Realization of a self-contained structure through internal resources, including the manufacturing and sale of ink cartridges

Business growth driver for the Group



3. -a) -3 Business Portfolio Restructuring New Businesses



■ Post-AV – Aim to make each new business a 10 billion yen business in FY2018.

Existing Product Lines

TV development



Power circuit design technologies

Printer development



Mechanical design technologies

DVD/BD development



Wireless transmission design technologies / Optical disc device technologies

Expansion into New Areas

Wireless charging



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

Expansion into B2B

In-vehicle displays



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

Electric walking assistance cart



Expansion into healthcare

Aim for an early business start-up and focus on sales.

3. -c) Plant Site Optimization

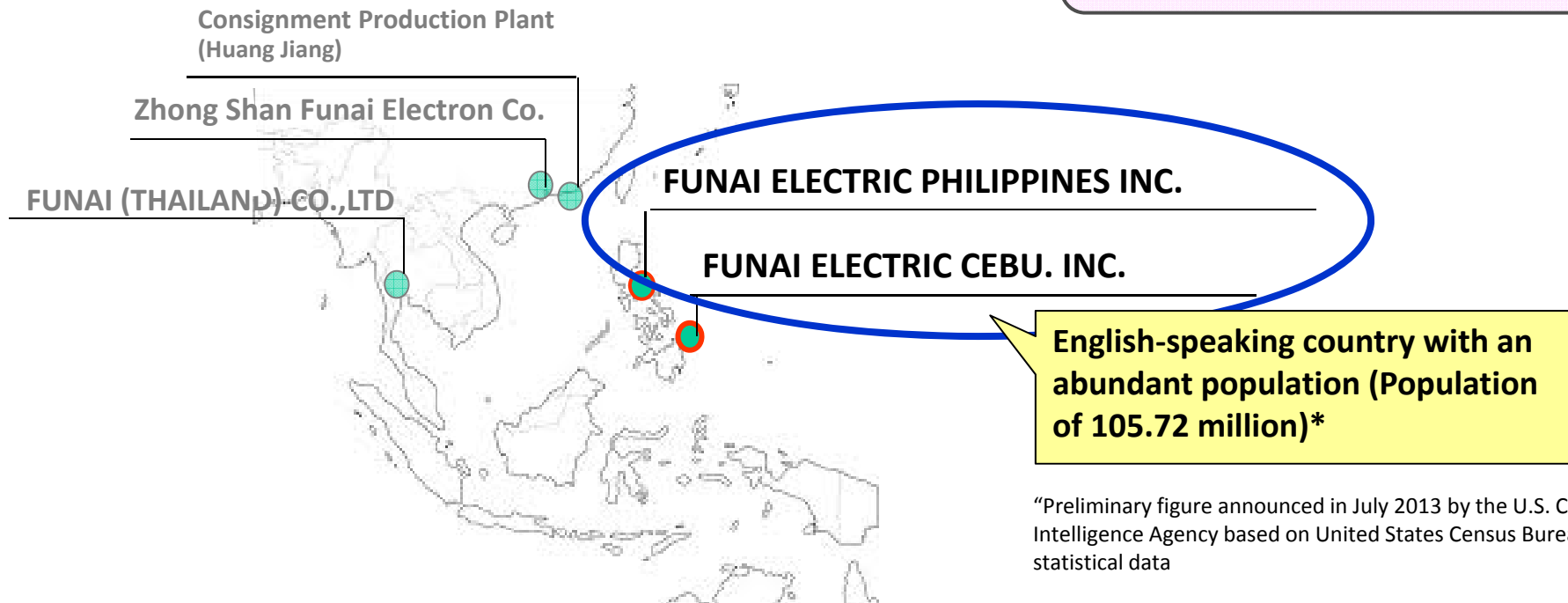
Optimization of plant sites in response to changes in the business environment and labor environment

- China** Concentration into 2 plants (Huang Jiang, Zhong Shang) (From April 2013)
- Thailand** July 30 2013 expansion of the **No. 3 Plant** (From July 2013)
- Philippines** Cebu Plant ... Ink cartridges
Philippines Plant ... Printers

TVs / DVD / Printers

Production site for products For Asia in the main TV plant

A view to production of post-AV products at the main printer plant



*Preliminary figure announced in July 2013 by the U.S. Central Intelligence Agency based on United States Census Bureau statistical data

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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