

FY2017 - FY2019 Mid-term management plan

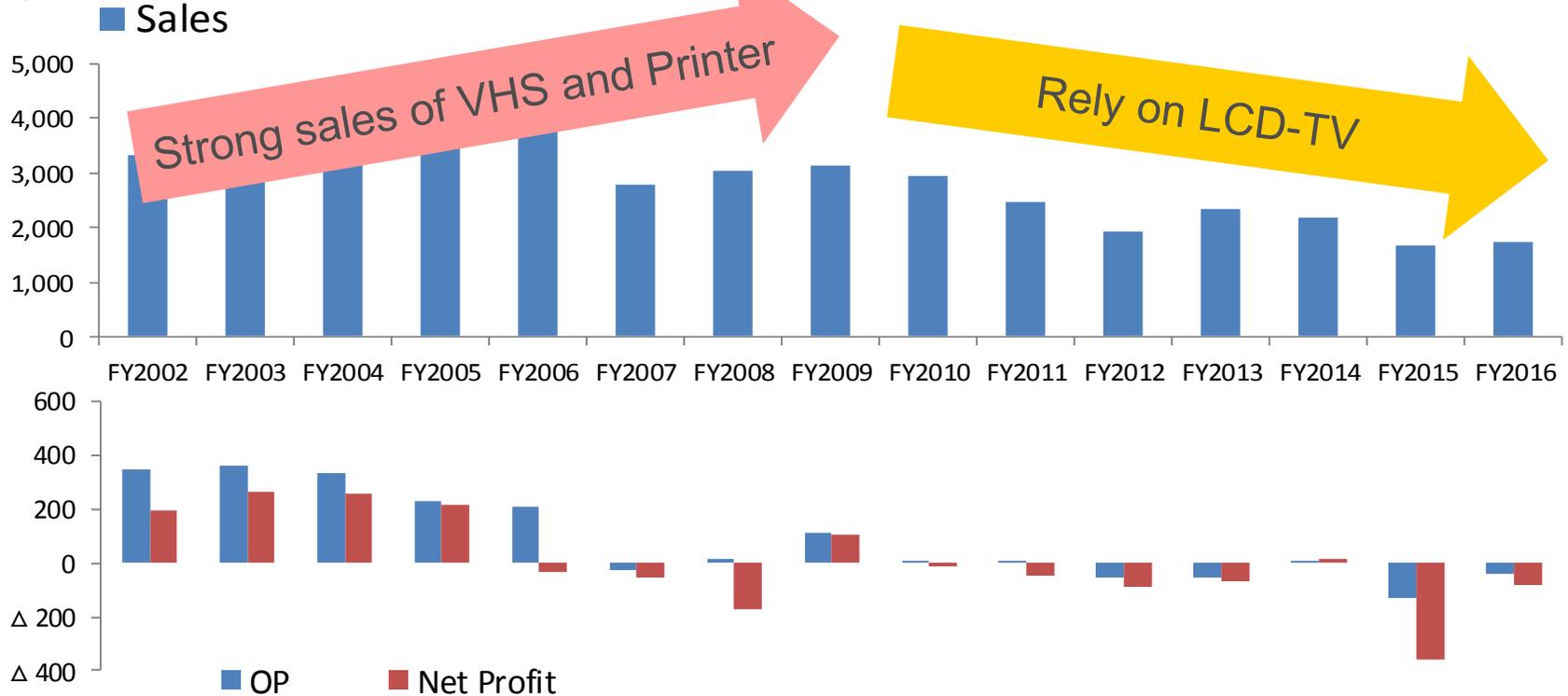
**November 15,2016
FUNAI ELECTRIC CO.,LTD**



- **Past 15-years Summary**
- **Summary of Mid-term plan**
- **Growth Strategy**
- **Optimize resources**
- **Sales Forecast**

Past 15-years Summary

100 Million yen



- ✓ Heavily relying on LCD-TV has caused unstable performance.
- ✓ We aim to make more stable profit.

➤ Summary of Mid-term plan

We need to be a stable and profitable company in fierce business condition

Display Business	North America : Maximize the value of Philips brand : UHD and lager size Japan : Start the exclusive business with YAMADA DENKI
Digital Media Business	North America : Expand UHD-Blu-ray player Japan : Start the exclusive business with YAMADA DENKI
Office solution Business	Expand sales channels, Develop new products Expand C&I(B to B) and Micro fluidic business
New Business	Launch some new business with partners by utilizing our own technologies

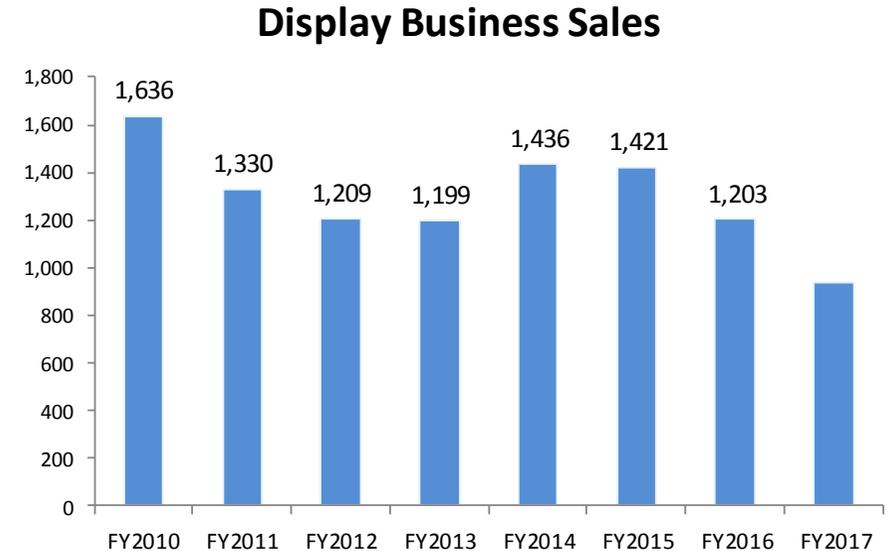
➤ **Growth Strategy**

- ◆ **Display Business(LCD-TV)**
- ◆ **Digital Media Business (DVD、BD)**
- ◆ **Office Solution Business (Printers)**
- ◆ **New Business**

◆ Display Business - Current situation

- As for display business, the sale was transitioning between 120 billion JPY and 160 billion JPY; however, it is expected to mark under 100 billion JPY in FY2017.
- We faced fierce competition at retail stores in the U.S. Non-name products are spreading in Mexico, which resulted in our slow sales.
- Although Philips brand often declared losses in the past due to the slow sales of hotel business and inventory adjustment of LE business, the performance has been improving recently.

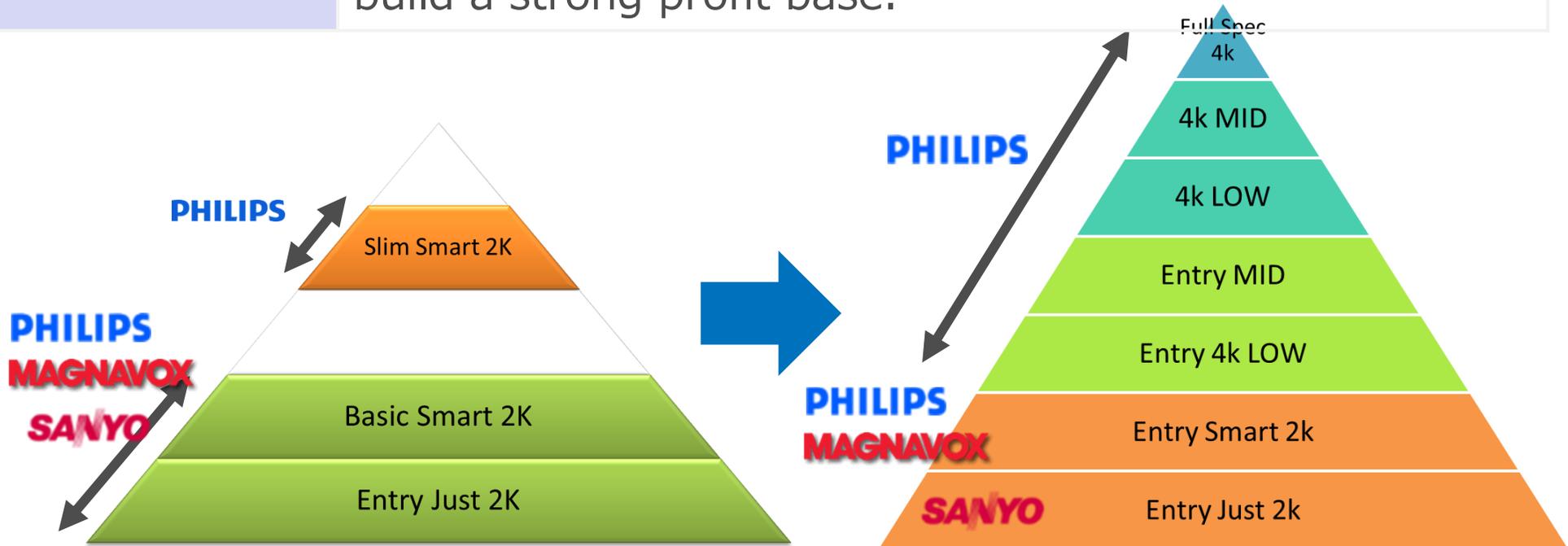
100 million yen



Boost the unit sales by re-vitalizing Philips brand

◆ Display Business - Growth Strategy

Product Lines	Develop the product lines that has clear differentiation in each brand and increase competitiveness in the price and something extra.
Enter into Japan market	Getting an exclusive sales agreement with Yamada Denki, which has the largest sales channel in Japan. we will avert a price competition among retail stores and build a strong profit base.



Product lines in FY2015

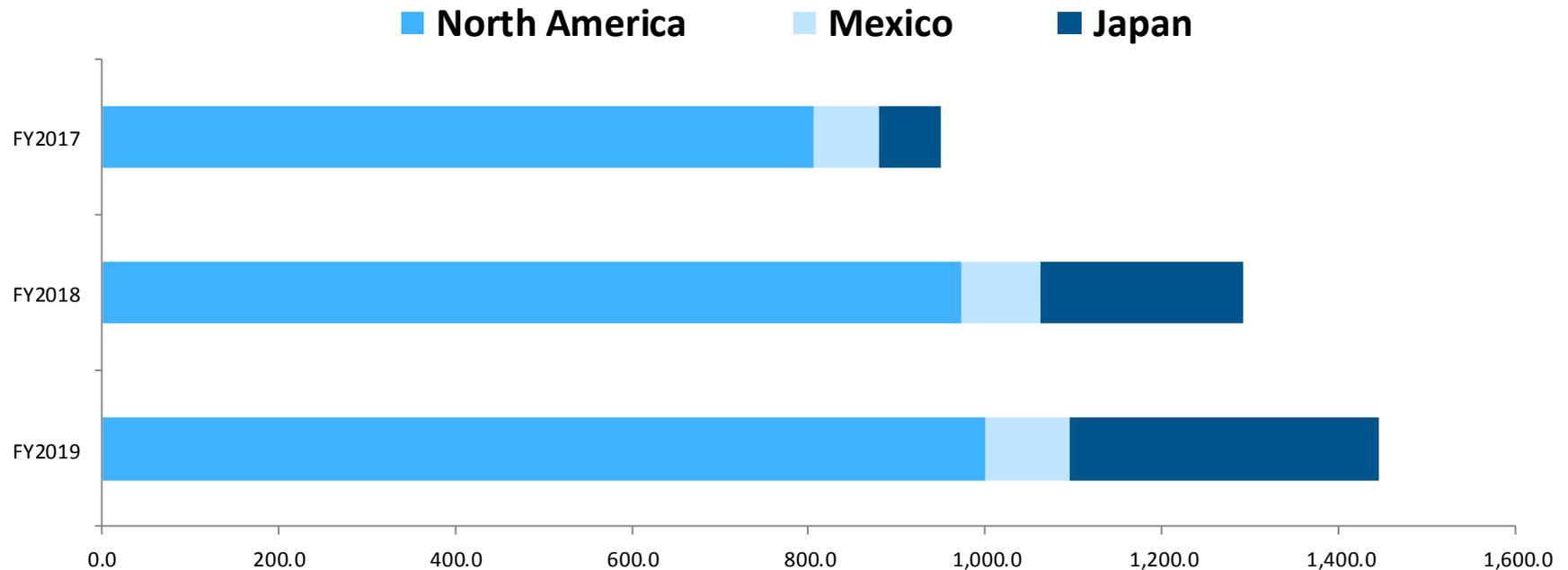
Product lines in FY2017

◆ Display Business – Sales Forecast

➤ Key Driver

- ◆ North America : Boost shelf keeping unit (SKU) in existing retail stores by maximizing the value of Philips brand
- ◆ Japan : Start the exclusive business with YAMADA DENKI

100 million year

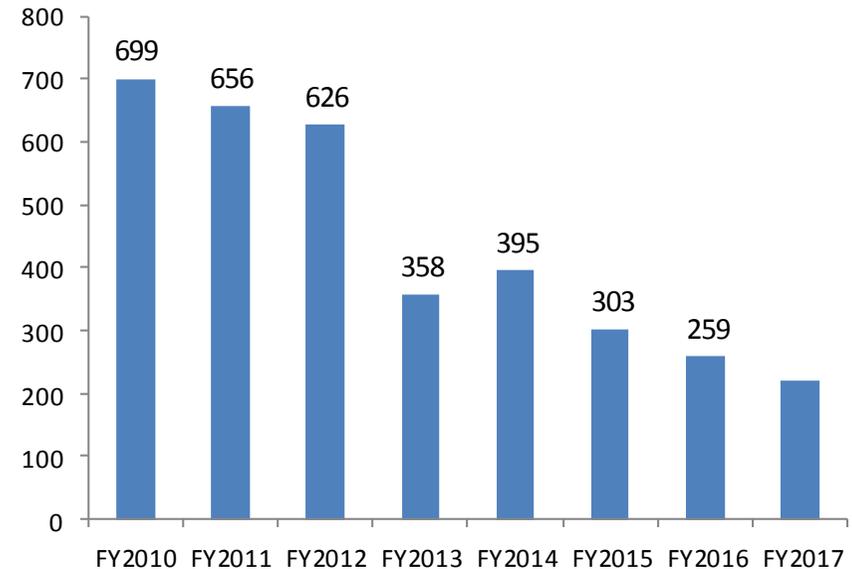


◆ Digital Media Business - Growth Strategy

- Digital Media business has been on a downward trend due to the market shrinkage of DVD/BD players, and the poor sales of OEMs in Japan.
- The sound bar has been growing, but it has not yet been able to prevent the total sales from decreasing.

100 million yen

Digital Media Sales



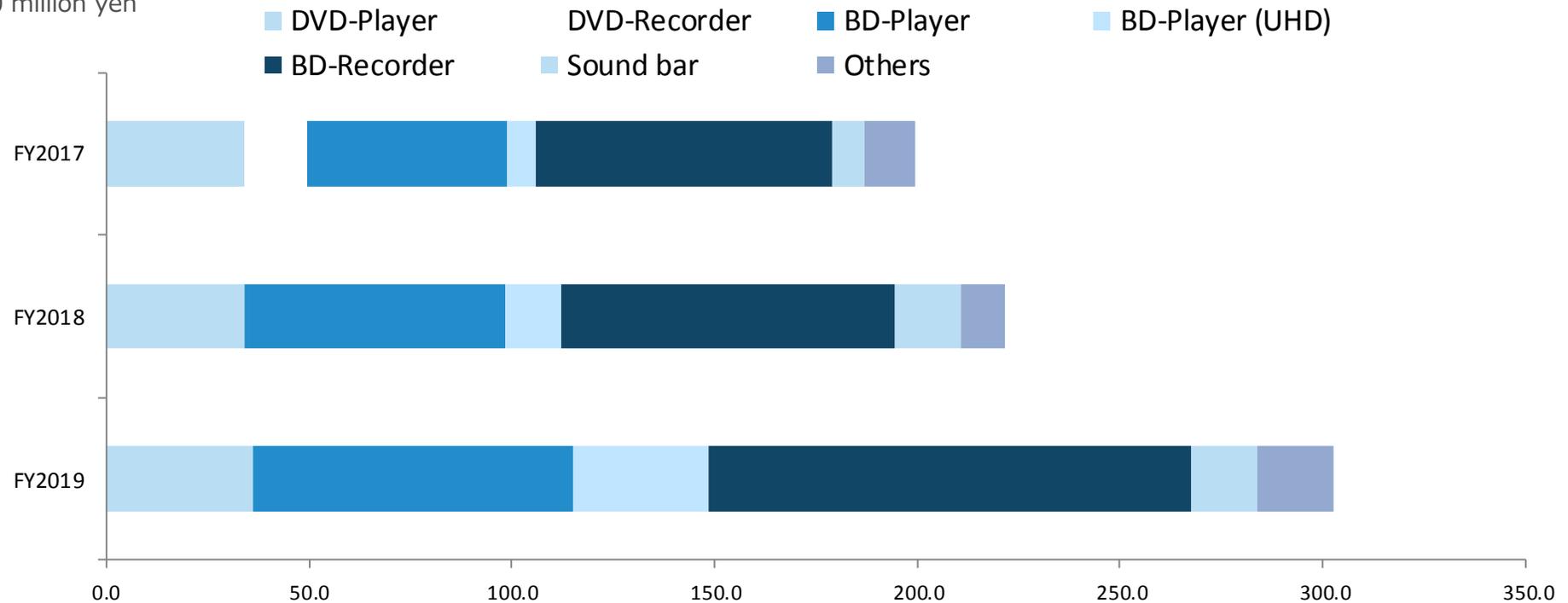
North America : Launch low-price UHD Blu-ray player
Japan: Launch in-house products in YAMADA DENKI

◆ Digital Media Business – Sales Forecast

➤ Key Driver

- ◆ **BD-Player** : Boost shelf keeping unit (SKU) by increasing price competitiveness
- ◆ **BD-Recorder** : Increase the market share in Japan

100 million yen



◆ Office Solution Business – Current Situation

- Low-range inkjet printer's sales faced fierce competition.
- Consumable supplies are slower than expected, led by the increase of mobile devices and the spread of SNS
- Consumable business style has been changing due to the widespread installation of CISS which has an external tank. (CISS=Continuous Ink Supply System)



We will aim for surplus in FY2019 by expansion of sales channels, new products, and new OEM business.

◆ Office Solution Business – Growth Strategy

Sales channels	<ul style="list-style-type: none">✓ Open up new sales channels such as office retail stores✓ Plan the products and the sales strategy for major e-commerce✓ Develop the products that can be used with specialized paper such as leather and labels
New products	Co-development products with partner and explore new markets with new concept that is not persistent with the existing printers for individual use
OEM	We will utilize OEM's channels and aim at entering into new markets. This plan has already been under consideration with some prospective partners.

➤ Enter into C&I (B to B) markets

We aim to enter into the C&I markets within 1-2 years. The long and stable demands for the printers and maintenance services can be expected. We are now under consideration of the partnership agreements with several major companies.

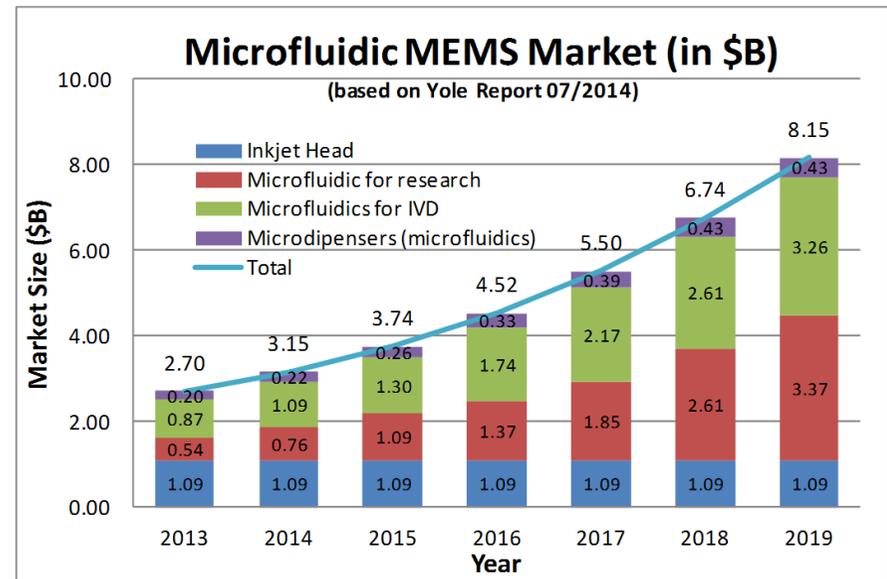
◆ Office Solution Business – Micro fluidics

➤ What's Micro fluidics?

It is the technology that can dispense and control liquids in Pico litre (a trillionth of a litre) quantities with a very high degree of precision. The market applying this technology is expected to be \$ 8.15 B (about 840 billion yen) in 2019 as shown below.

➤ Strategy

Co-development has already started with several major global companies. The launch into the market is expected to be in FY2019. We will be supplying tens of millions of head parts per year, which will bring us a stable and high profit.



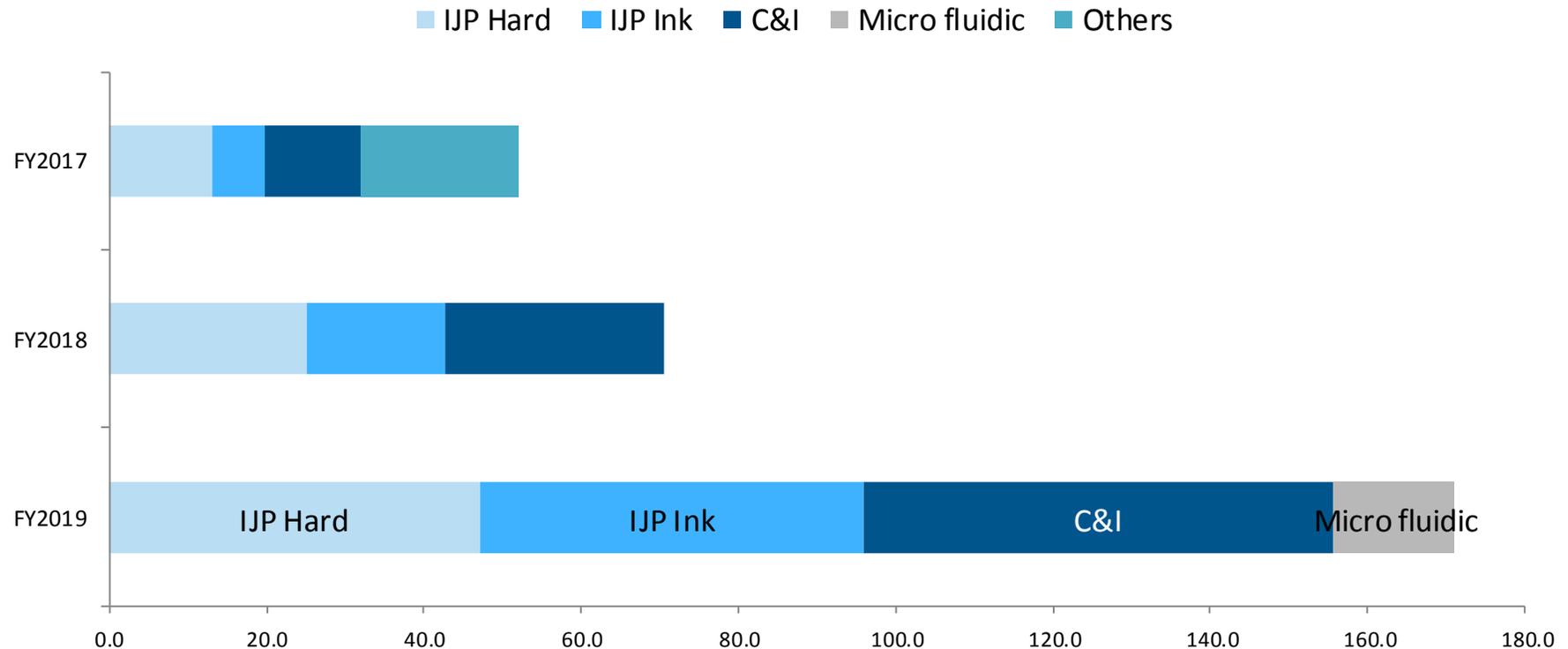
(Our Research)

◆ Office Solution Business – Sales Forecast

➤ Key Driver

- ✓ Inkjet-printer : We aim to gain stable revenue by expansion MIF.(machines in field)
- ✓ C&I and Micro fluidic : We will start in full swing in 2018 and promote investment towards future rapid growth.

100 million

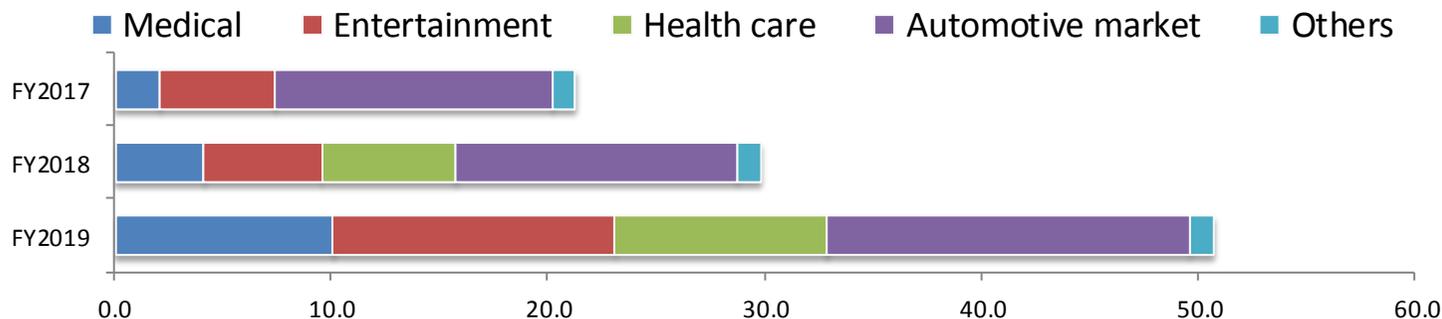


◆ New Business - Growth Strategy and Sales Forecast

➤ Key Driver

① Entertainment	② Health care	③ Medical	④ Automotive market
<p>Promote the project to achieve low-cost and double sales.</p>	<p>Start to develop the components of motorized beds for the U.S. and aim for shipment in 2017.</p>	<p>Start contracted manufacture of dental CTs in 2016 and aim for orders for the European model.</p>	<p>Production of car LCD backlight is increasing. Meet the request for larger and various LCDs.</p>
			

100 million



➤ Optimize resources

- ✓ Strengthen the financial position through the sale of assets.
 - ① Transfer of subsidiary shares
(February 2017 as scheduled)
 - ② Under consideration on the sale of fixed assets.
- ✓ Improve profitability by reducing fixed costs

➤ Sales Forecast

100 million

Consolidated Sales
FY2017 Forecast | **1,345**



FY2019 Forecast | **2,000**

■ Display ■ Digital Media ■ Office Solution ■ New Business

