



2nd Quarter(Apr-Sep) for FY2015 Business Strategy

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FUNAI ELECTRIC CO., LTD.

TSE 6839

- Overview 2nd Quarter (Apr.-Sep.) for FY2015 and Revised financial forecasts for FY2015 (Full Year)
- Outlook for business environment
- Business strategy
- Strengthen our organization

➤ Overview of 2nd Quarter(Apr.-Sep.) for FY2015



(100 million yen)

	2Q FY2014 Actual	2Q FY2015 Forecast	2Q FY2015 Actual
Net Sales	1,158	911	868
Operating Income (Margin)	13 (1.2%)	-14 (-1.5%)	-54 (-6.3%)
Average USD-JPY Exchange Rate	103. ⁶¹	118. ⁰⁰	121. ⁷²

Summary

- ✓ Sanyo products(LCD TVs, Blu-ray disc and Sounder) was strong.
- ✓ Launched in-house development IJP (Kodak-brand) in North America and Europe.
- ✓ Deteriorated profitability due to the depreciation of Mexican peso.
- ✓ Increased inventories for the 3rd quarter due to the change sales terms.

➤ Revised financial forecasts for FY2015 (Full year)

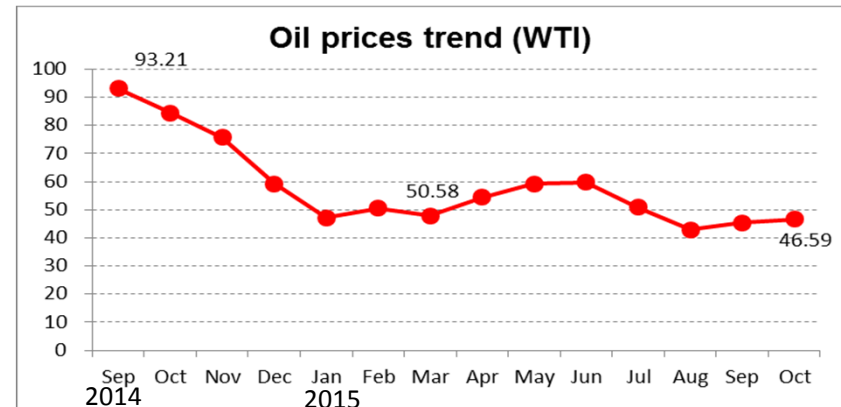
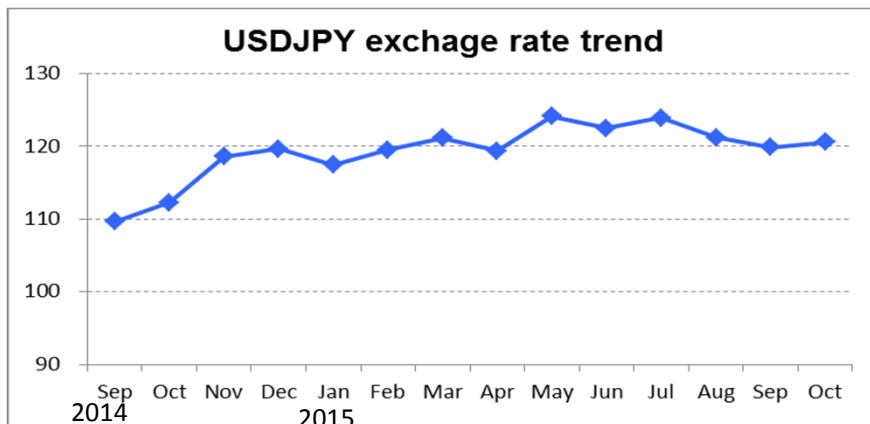
(100 million yen)

	Previous Forecast (May 11,2015)	Revised Forecast (Nov 9,2015)	Previous vs Revised Net Change
Net Sales	2,200	1,879	-321
Operating Income (Margin)	16 (0.7%)	-60 (-3.2%)	-76 —
Average USD-JPY Exchange Rate	118. ⁰⁰	119. ⁸⁶	

- ✓ As reflecting the financial results of the first half for FY2015, the forecasts for FY2015(Full year) has been revised downward.
- ✓ The U.S. economy is expected to remain strong, but the demand for LCD TVs is estimated to go further downward due to the influence in emerging countries, and business situation will be uncertain. We estimated the forecasts for FY2015(Full year) conservatively.

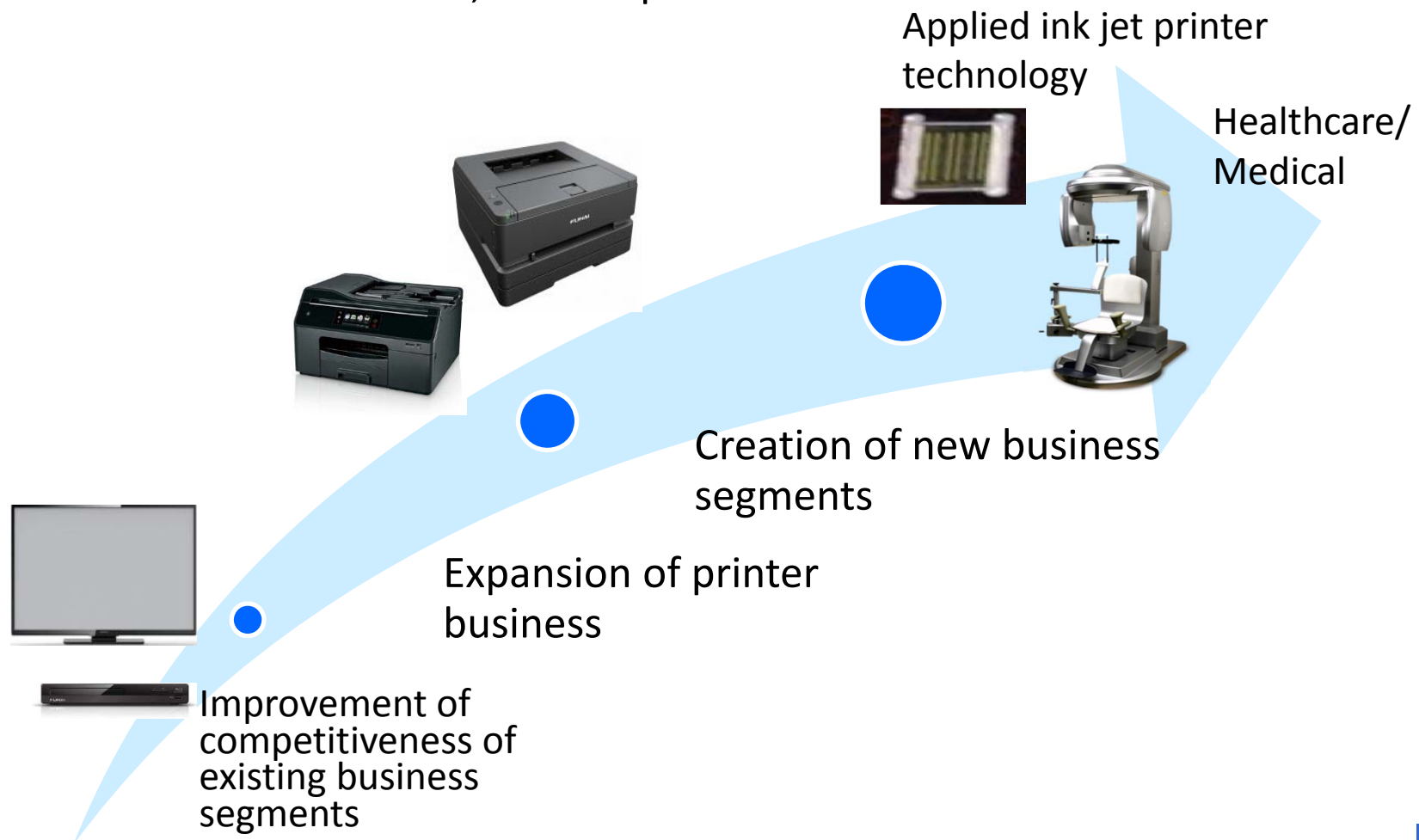
Economic Trends

- **U.S.** Economic conditions are expected to continue on an expansionary track until the end of 2016. Competitors will expand their business in North America due to the impact of strong dollar and deterioration of the Chinese economy. The price competition is expected to be intensified.
- **Europe** Due to the issues of refugees and Volkswagen, in addition to geopolitical risk. There is a possibility about economic depression.
- **China** The economic expansion was slowing down, and the recovery needs time. During the anniversary of founding, the sales of LCD TVs became one of the worst-ever results.
- **Japan** The economy is good for second to U.S. The recovery is sluggish due to consumption tax hike and irregular weather. But the pace of improvement is expected to strengthen because of TPP and Tokyo Olympic.



➤ Business Strategy — Building our Business Portfolio

While strengthening existing business segments to improve competitiveness and secure sales and income, we will also move into new business areas, such as printers.



**Inkjet
Printer**

BLI
(Buyers Laboratories Inc.)



KODAK Ink jet printer

BLI's summer 2015 pick awards

(Personal printer category)

All-in-one Ink jet printer

Launch from November 2015

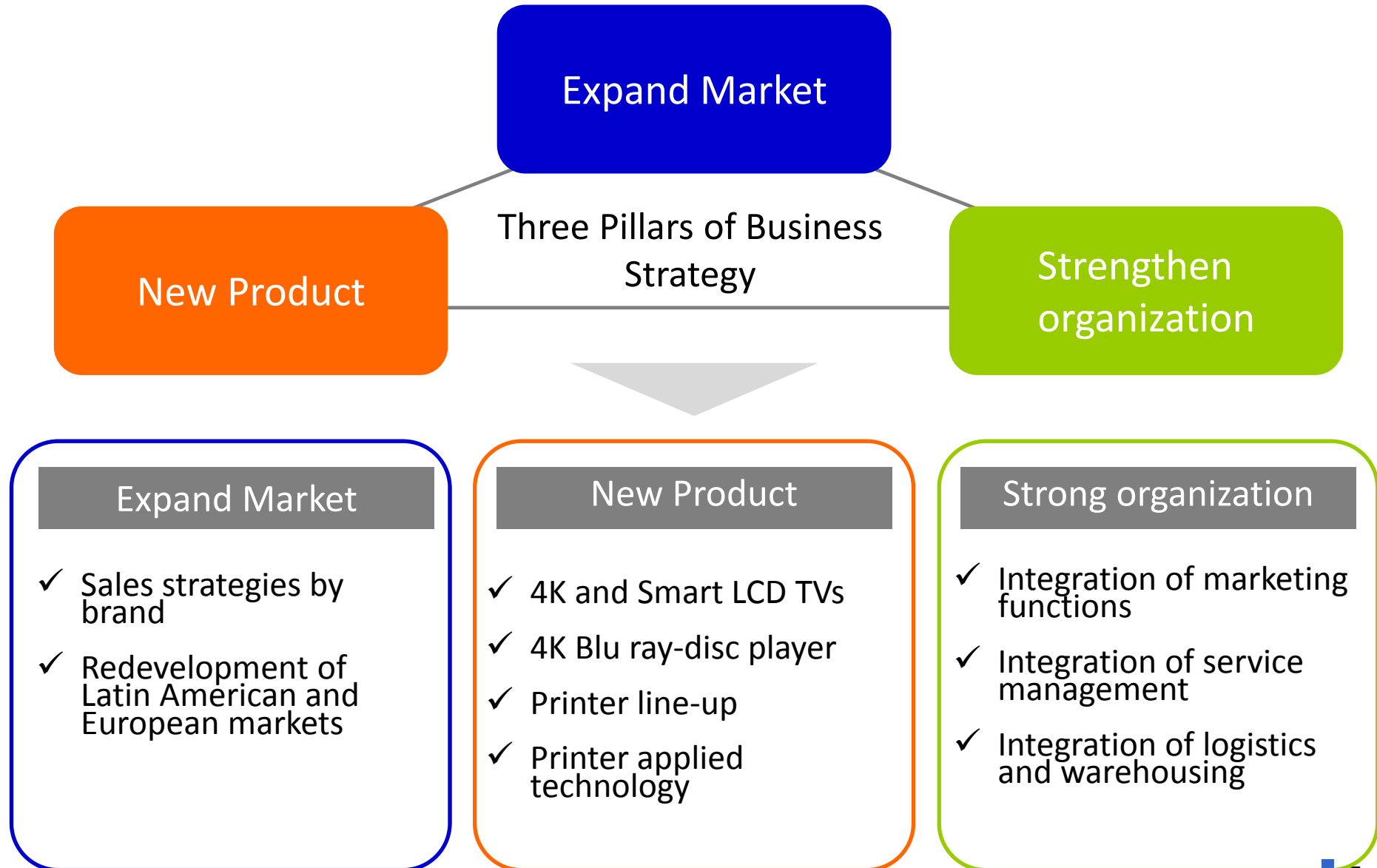
**Laser
Printer**



Single-function
monochrome laser printer



All-in-one
monochrome laser printer



Sales Planning

- Strengthen sales planning ⇒ planning strong products
- Smooth Integration of sales subsidiaries
- Global expansion in Printers and μ Fluidics business

Cost Competitiveness

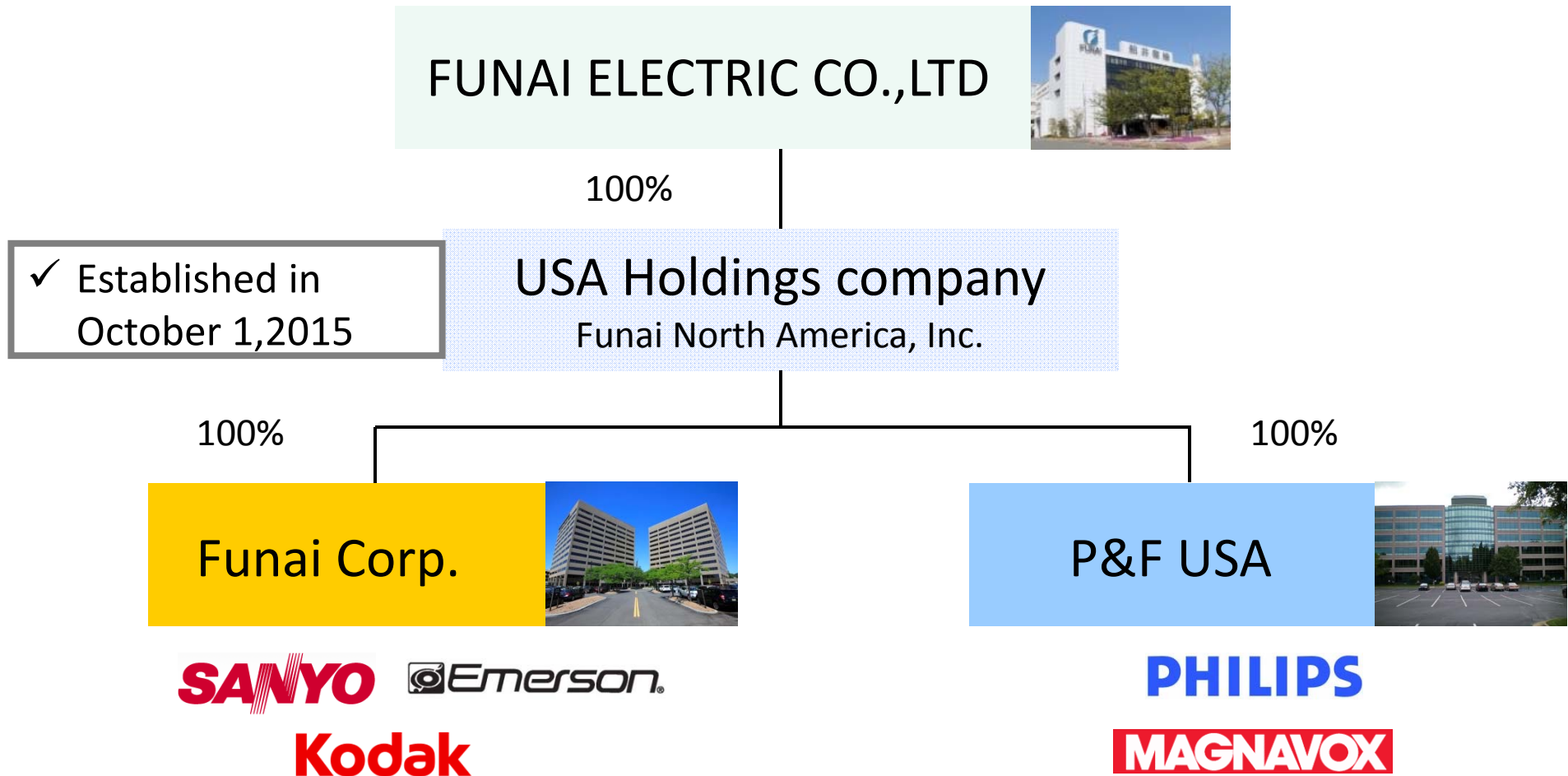
- Reduce costs by efficient design
- Reduce purchasing costs (strategic tie-up with vender)
- Increase productivity by FPS

Good Quality

- Increase design quality and components quality
- Increase production quality
- Reduce returned goods rate

Supply stronger products

➤ Business Strategy — Establish US holdings company



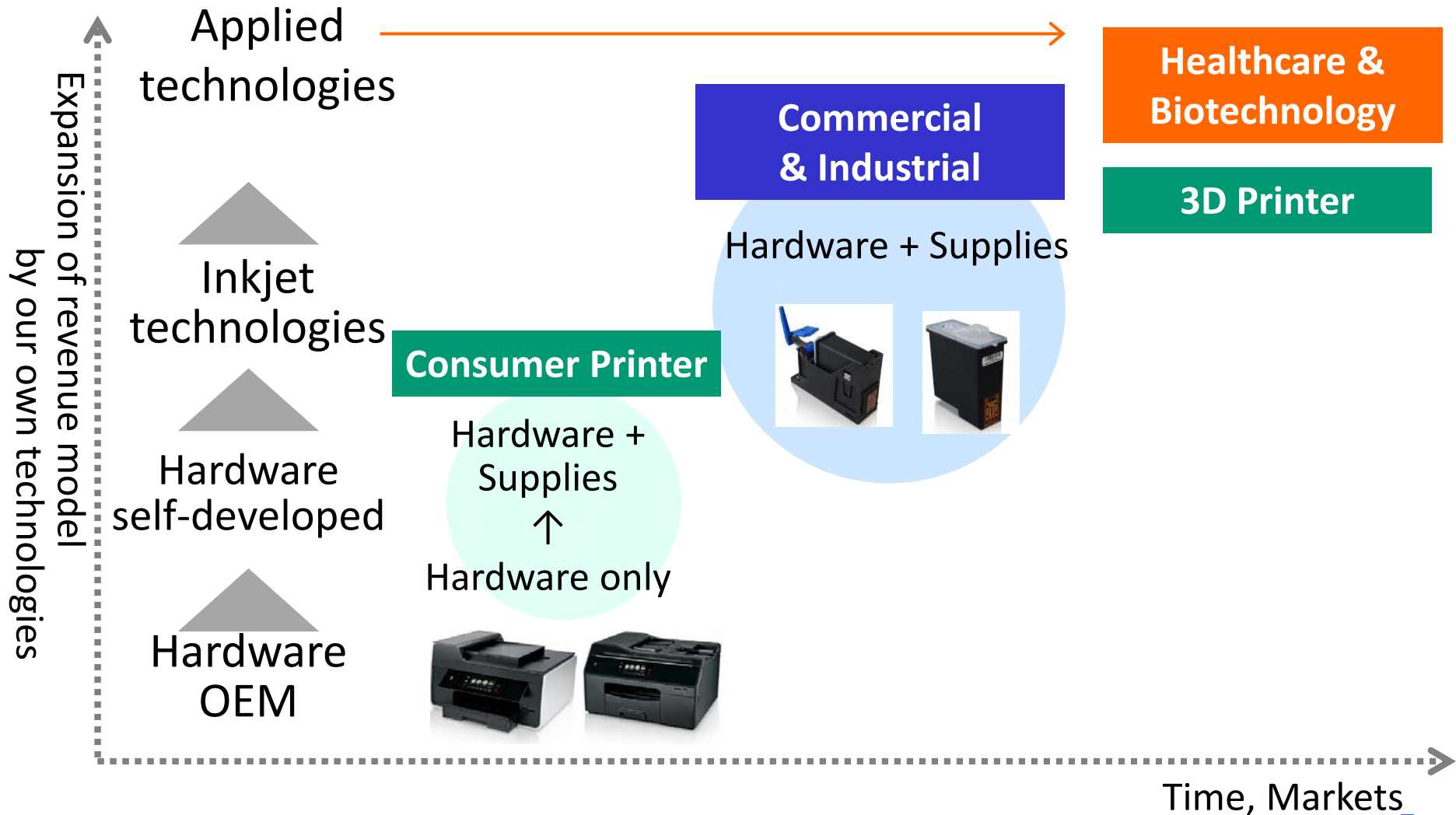
We aim to improve productivity and reduce costs by integration of logistics, warehouse and after-sales service



- ✓ Full-scale expansion of SANYO brand
- ✓ Extended contract of PHILIPS / MAGNAVOX brands licenses to 2018

➤ Business strategy – Printer technological development 

■ Aim to increase revenue in mid-term by inkjet technologies



➤ Business strategy – New products

Take advantage of our strong points

Select the most effective strategy in accordance with synergies with existing business

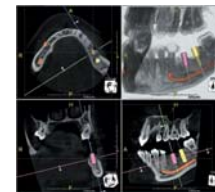
Launch new products and business

Applied ink jet printer technology

- ✓ We plan to apply μ Fluidics to various fields, for example beauty, chemical and medicine.
- ✓ Joint developments with the global companies are now in progress.

Healthcare/Medical

- ✓ We have already been successful to develop the photoacoustic imaging technology using LED array light.
- ✓ We start to develop Dental CT diagnostic equipment



➤ Strengthen our organization

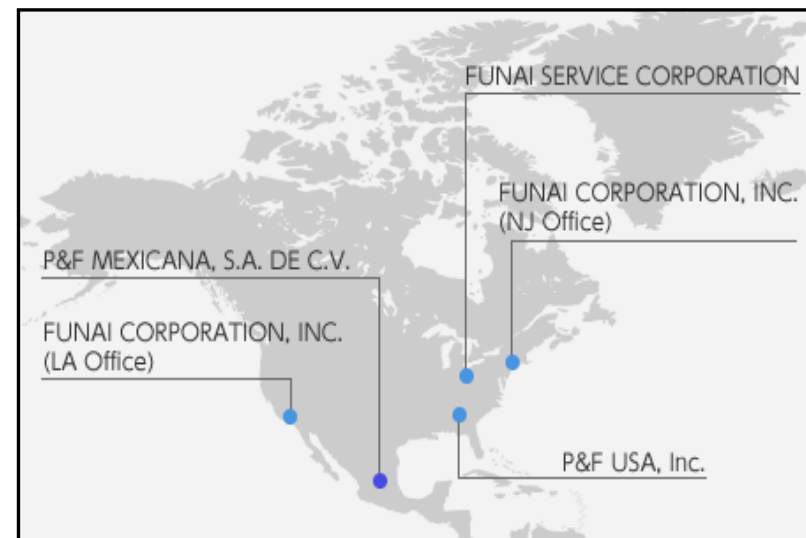
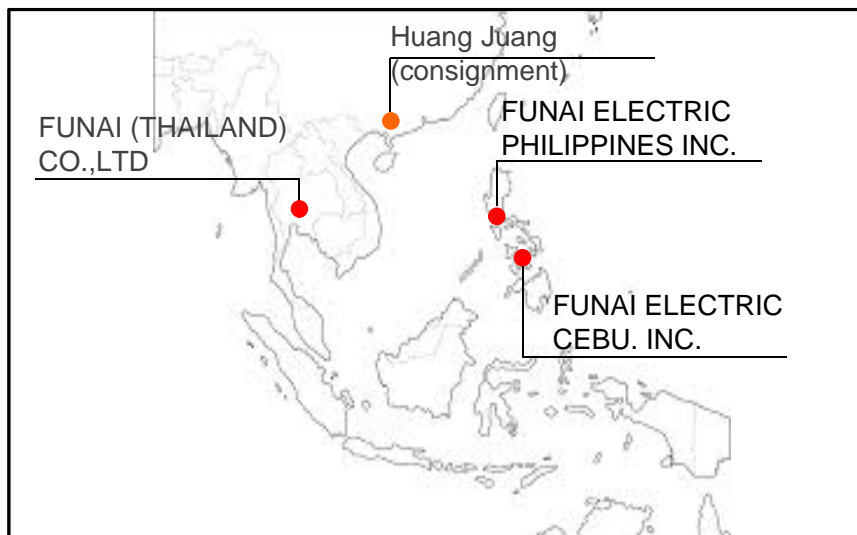


Production sites

China	Huang Juang (consignment)	TVs ▪ DVDs Printers
Thailand	Pakchong	TVs(main)
Philippines	Cebu	Ink Cartridges
	Luzon	Inkjet Printers

USA marketing/service sites

Funai Corp. P&F USA	NJ/LA Atlanta	Sales	} Integrate
Funai Service Corp.	Ohaio	Service	
P&F Mexicana		Sales	Branding



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