



# Fiscal Year 2016 Business Strategy

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**FUNAI ELECTRIC CO., LTD.**

TSE 6839

- Overview for the Fiscal Year 2015
- Outlook for business environment
- Forecast for the Fiscal Year 2016
- Management Policy
- Business strategy
- Expand new business
- Production and sales base

# ➤ Overview for the Fiscal Year 2015

(100 million yen)

	Previous Forecast	Revised Forecast	Actual
Net Sales	2,200	1,879	1,681
Operating Income (Margin)	16 (0.7%)	-60 (-3.2%)	-130 (-7.8%)
Average USD-JPY Exchange Rate	118. <sup>00</sup>	119. <sup>86</sup>	119. <sup>98</sup>

## Summary

- ✓ The orders for LCD-TVs for the year-end sales in the U.S. decreased.
- ✓ Price competition in regional mass merchandisers in the U.S.
- ✓ Red ink increased due to shortfall of sales forecast.
- ✓ Foreign exchange losses due to the depreciation of Mexican Peso against yen.

### Factors for the FY2015

- ✓ The shortage of orders for LCD-TVs for the year-end sales in the U.S
- ✓ Price competition in regional mass merchandisers in the U.S.
- ✓ Red ink increased due to shortfall of sales forecast.
- ✓ Foreign exchange losses due to the depreciation of Mexican Peso against yen.

### Countermeasure for the FY2015

- ✓ Focus more energy on obtaining orders for the year-end sales in the U.S.
- ✓ Forward exchange contracts to hedge transactions denominated in Mexican Pesos.
- ✓ Expand Philipps brand models.

## Economic Trends

- the U.S. The business expansion trend in the U.S. economy is likely to continue at least through the year-end . Long-term interest rates are expected to rise, and the dollar is following a one-sided appreciation trend. However, there are concerns about the impact on the U.S. of economic deterioration in emerging countries.
- Europe The European economy may stagnate due to geopolitical risks coupled with the refugee issue and other problems.
- China The Chinese economy has slowed because of slumping real estate and stock markets and will take time to recover.

- The U.S. economy remains the sole winner, and dollar appreciation continues.
- Competitor offenses and price competition in the U.S. market are intensifying due to factors including the business slowdown in China.



**We must beat in competition against companies such as Chinese fighting for survival.**

## ➤ Forecast for the Fiscal Year 2016

	FY2015 Actual	FY2016 Forecast	YoY
Net Sales	1,681	1,720	+39
Operating Income (Margin)	-130 (-7.8%)	43 (2.5%)	+173
Average USD-JPY Exchange Rate	119. <sup>98</sup>	112. <sup>00</sup>	

### Summary

- ✓ Become more profitable by offering large-size screen LCD-TVs and UHD Blu-ray player.
- ✓ Increase sales in-house development ink-jet printers.
- ✓ Begin selling a multi-model line of inkjet printers.

## Management policy

- ✓ Rebuilding Funai Production System and Training human resources
- ✓ Strengthen profitability — go into the black
- ✓ Market-oriented strategy
- ✓ Accelerate expansion new business and market
- ✓ Enhance the corporate value

## **Rebuilding Funai Production System (FPS) and Training human resources**

- ✓ Improve productivity by back to the source
- ✓ Training human resources through the practice of FPS

## **Strengthen profitability — go into the black**

- ✓ Re-Take thorough reduction of fixed costs
- ✓ Review allocation of human resources(the right people in the right place)
- ✓ Manage profitability strictly

**All of us join forces in an all-out effort to get over difficulties.**



## Market-oriented strategy

Strengthen  
product

- ✓ Improve marketing and product planning
- ✓ Provide high quality and reasonable products

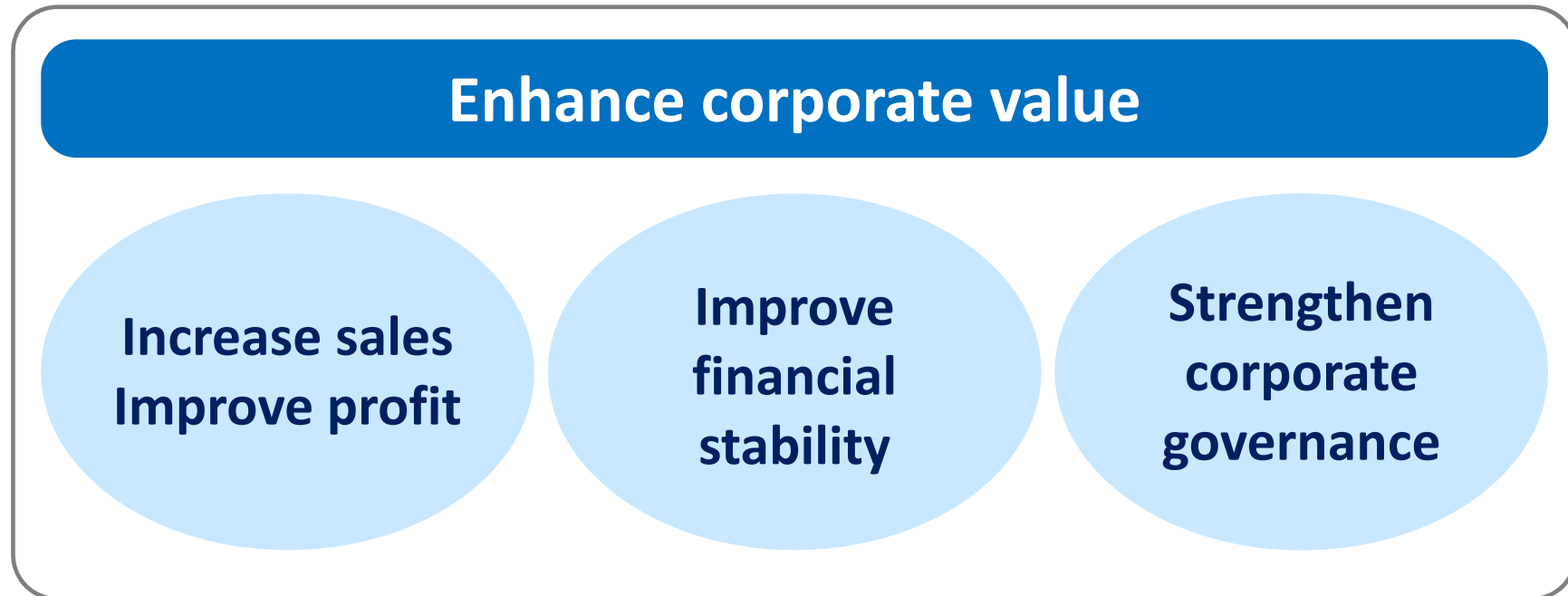
⇒ **Meet the customer's needs**

Strengthen  
after-sales  
service

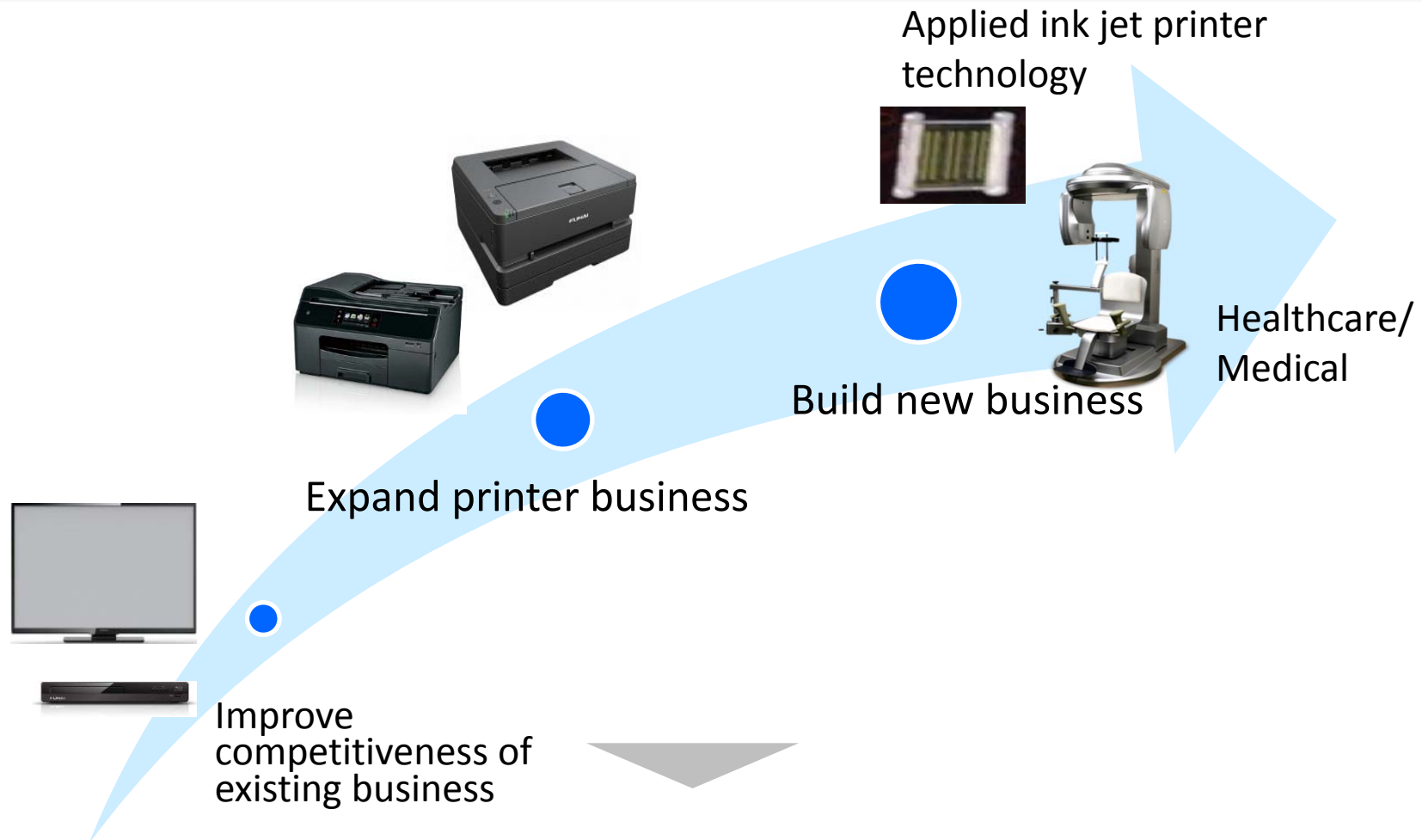
- ✓ Speedy after-sales service
- ✓ Feedback return products information

⇒ **Reflect to product planning and design**

**Increase sales and profit**  
**Enhance brand value**



**Head for sustainable growth**



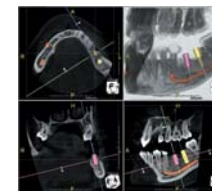
**Aim for profitable printer and new business by company-wide support**

## Applied ink jet printer technology

- ✓ We are applying microfluidics (a high-precision control technology using picoliter-scale droplets) in beauty products, chemicals, medications, and various other fields.
- ✓ Joint development with global companies in preparation for commercialization is underway.

## Healthcare/Medical

- ✓ We have succeeded in technical development of the world's first LED photoacoustic imaging system through closer cooperation with a business partner.
- ✓ We start to develop Dental CT diagnostic equipment



# ➤ Production and sales base



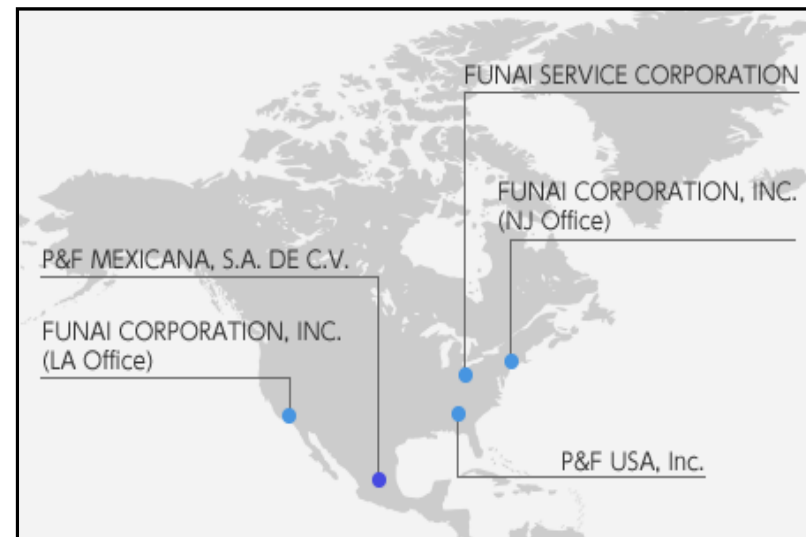
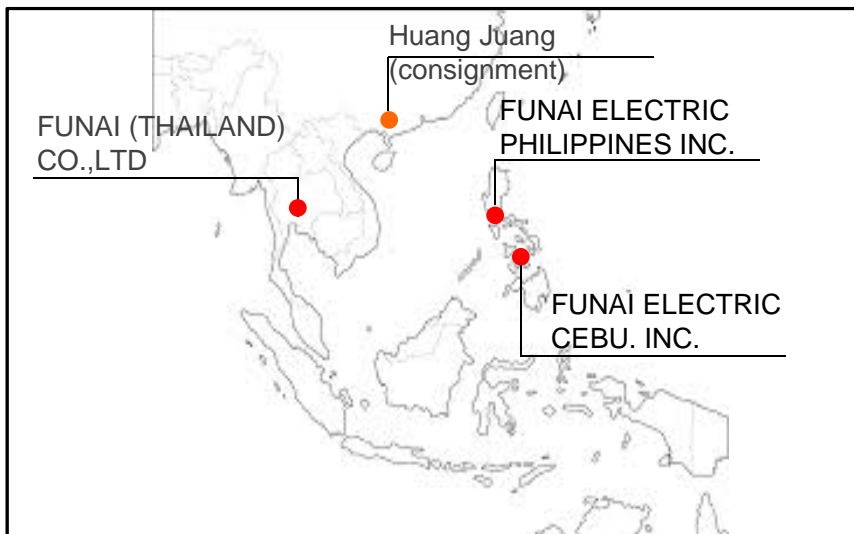
## Production base

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

## North America sales/service base

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

New Mexicana production TV



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