



Presentation of Financial Results Third Quarter (Sept.-Dec.) of FY2019

Monday, February 10, 2020
FUNAI ELECTRIC CO., LTD.

Securities Code: 6839

I. Consolidated Financial Highlights

1. 3rd Quarter (Oct.-Dec. 2019) Financial Highlights
2. 3rd Quarter (Apr.-Dec. 2019) Cumulative Financial Highlights
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1. 3rd Quarter (Oct.-Dec. 2019) Financial Highlights

<In billion yen>

	3Q FY2018	3Q FY2019	YoY change (% change in the brackets)
Net sales	34.3	28.1	-6.2 (-18.0%)
Operating income (Operating income to net sales ratio)	1.1 (3.4%)	+ 0.0 (0.1%)	-1.1
Ordinary income (Ordinary income to net sales ratio)	+ 0.0 (0.2%)	0.3 (1.2%)	+ 0.3
Net income attributable to owners of parent (Net income to net sales ratio)	+ 0.0 (0.2%)	0.2 (1.0%)	+ 0.2
Average USD/JPY exchange rate	112.⁵⁷	109.³³	

Month-end exchange rate	Sept. 2018	Dec. 2018	Sept. 2019	Dec. 2019
(USD/JPY)	113.⁵⁷	111.⁰⁰	107.⁹²	109.⁵⁶

2. 3rd Quarter (Apr.-Dec. 2019) Cumulative Financial Highlights

<In billion yen>

	3Q FY2018 (cumulative)	3Q FY2019 (cumulative)	YoY change (% change in the brackets)
Net sales	81.0	70.2	-10.8 (-13.3%)
Operating income (loss) (Operating income (loss) to net sales ratio)	(0.5) (-0.6%)	(1.9) (-2.7%)	-1.4
Ordinary income (loss) (Ordinary income (loss) to net sales ratio)	(0.1) (-0.1%)	(1.5) (-2.1%)	-1.4
Net income (loss) attributable to owners of parent (Net income (loss) attributable to owners of parent to net sales ratio)	0.7 (0.9%)	(1.6) (-2.2%)	-2.3

Average USD/JPY exchange rate	111. ³²	108. ⁸⁹
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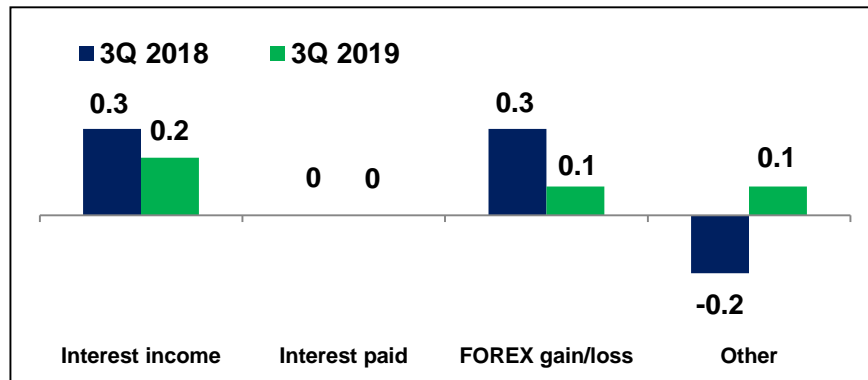
Month-end exchange rate	Mar. 2018	Dec. 2018	Mar. 2019	Dec. 2019
(USD/JPY)	106. ²⁴	111. ⁰⁰	110. ⁹⁹	109. ⁵⁶

3. 3rd Quarter (Apr.-Dec. 2019) Cumulative Ordinary Income and Net Income

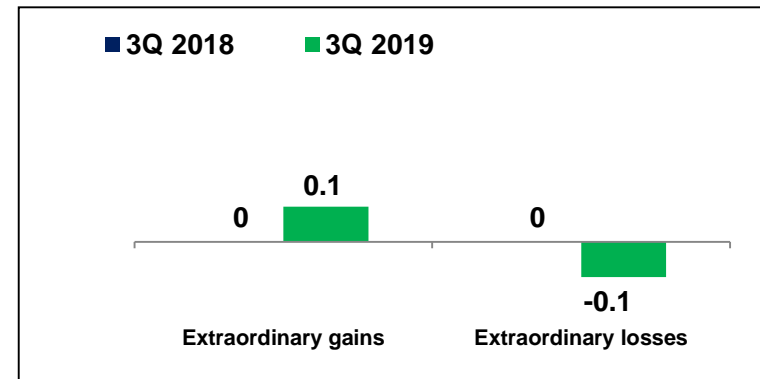
<In billion yen>

	3Q FY2018 (cumulative)	3Q FY2019 (cumulative)	YoY change
Operating income (loss)	(0.5)	(1.9)	(1.4)
Non-operating revenue	(*) 0.8	0.7	-0.1
Non-operating expenses	0.4	0.3	-0.1
Ordinary income (loss)	(0.1)	(1.5)	(1.4)
Extraordinary gains	(*2) 0.0	0.1	0.1
Extraordinary losses	0.0	0.1	0.1
Net income (loss) before taxes	(0.1)	(1.5)	(1.4)
Income taxes	-0.8	0.1	0.9
Net income (loss) attributable to owners of parent	0.7	(1.6)	(2.3)

(1 Breakdown of non-operating revenue/expenses)
Items in negative have a negative impact on income.

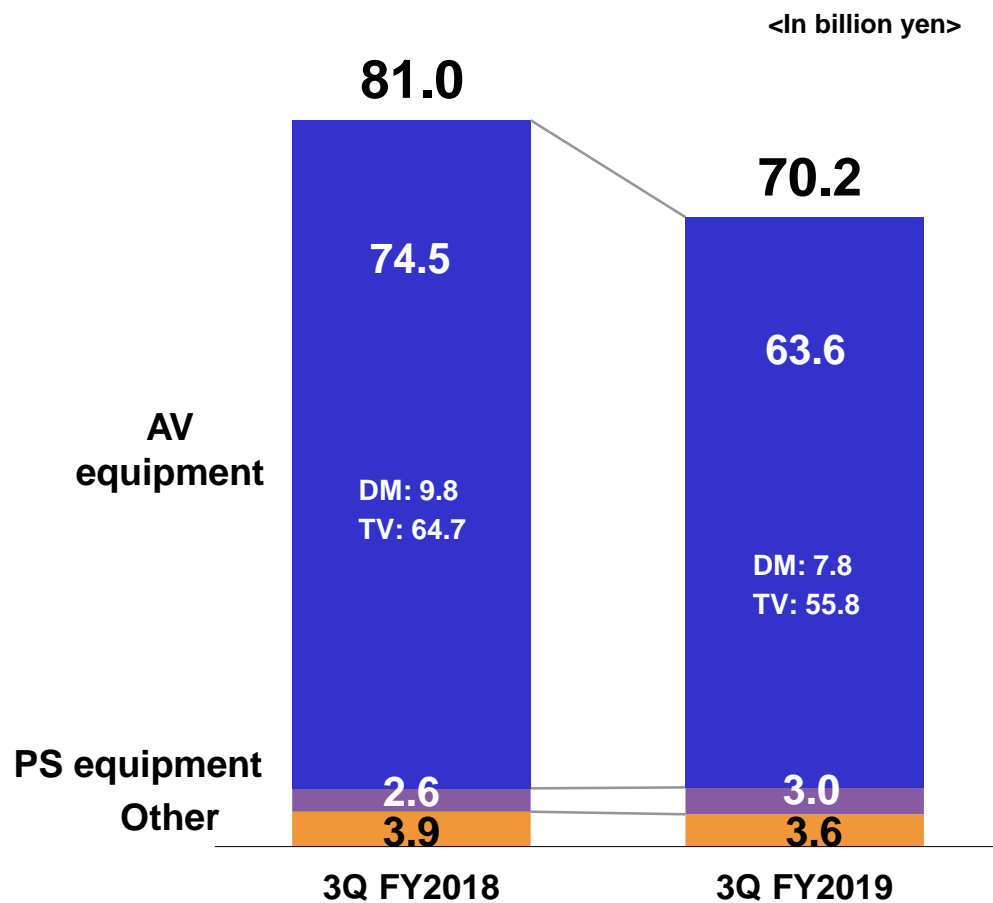


(*2 Breakdown of extraordinary gains/losses)



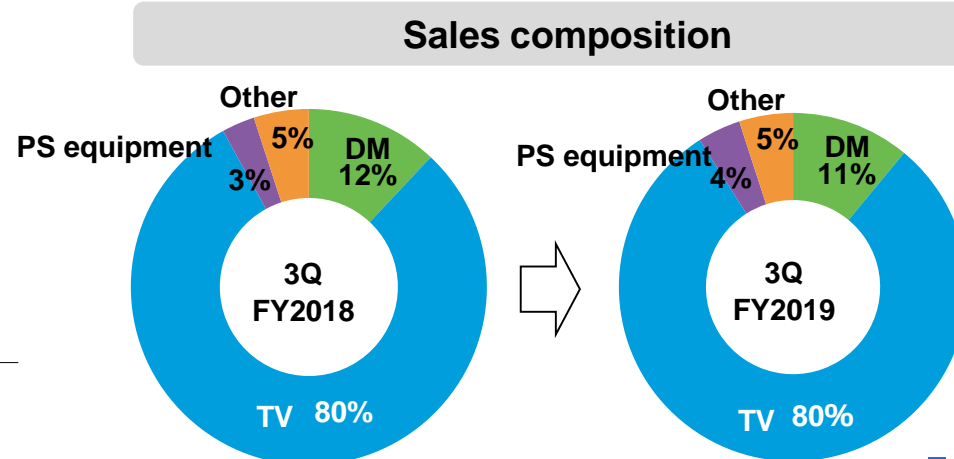
4. Sales by Equipment

- AV equipment: Sales declined due to the falling unit price of LCD TVs combined with the contracted DVD/BD-related product market caused by the spread of video streaming services.
- PS equipment: Sales rose due to the launch of new products such as nail art printer.



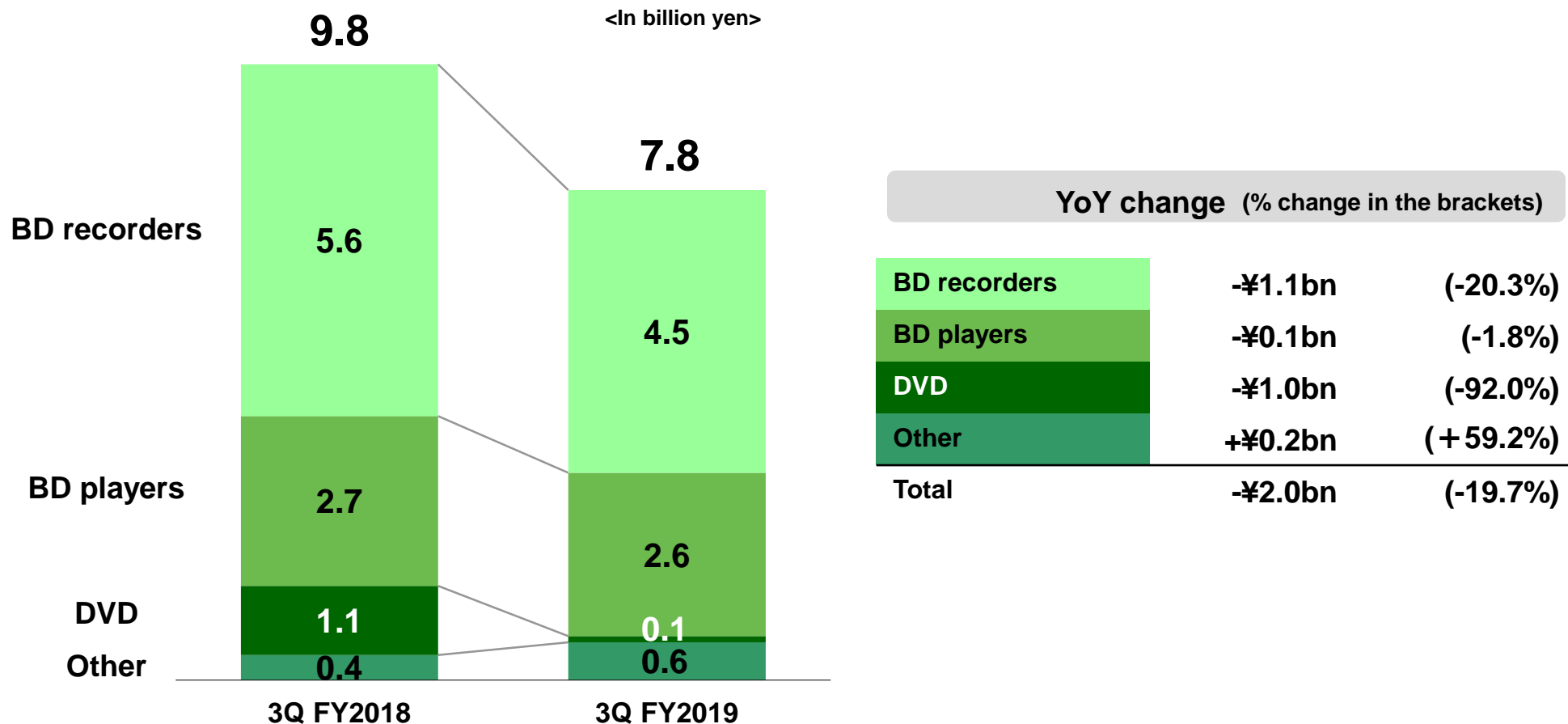
YoY change (% change in the brackets)

AV equipment	-¥10.9bn	(-14.5%)
DM equipment	-¥2.0bn	(-19.7%)
TV equipment	-¥8.9bn	(-13.7%)
PS equipment	+¥0.4bn	(+14.9%)
Other	-¥0.3bn	(-9.3%)
Total	-¥10.8bn	(-13.3%)



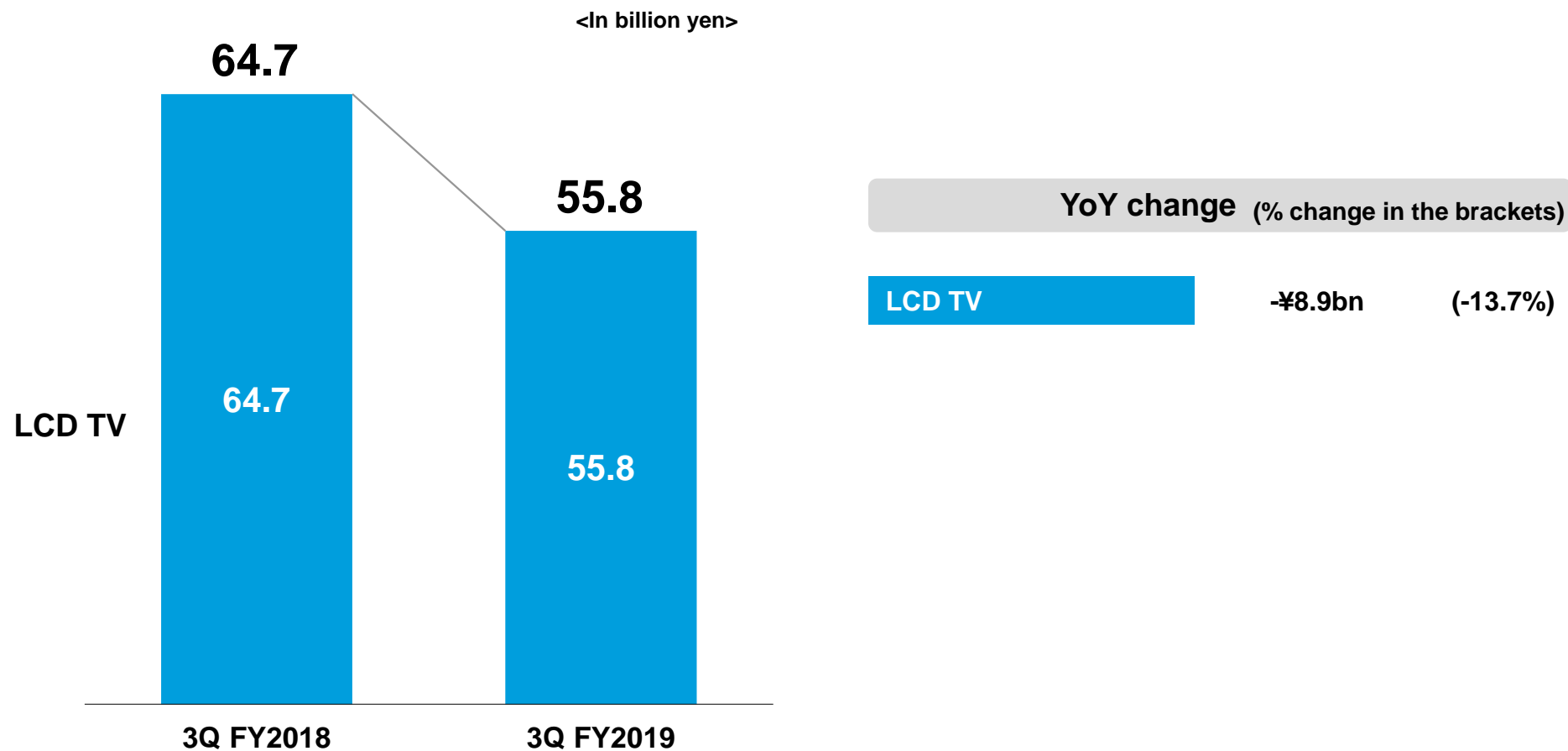
5. Sales of DM-related Equipment

➤ Revenue shrank due to the declining sales caused by the further contraction of the DVD/BD-related product market as a result of the spread of video streaming services.



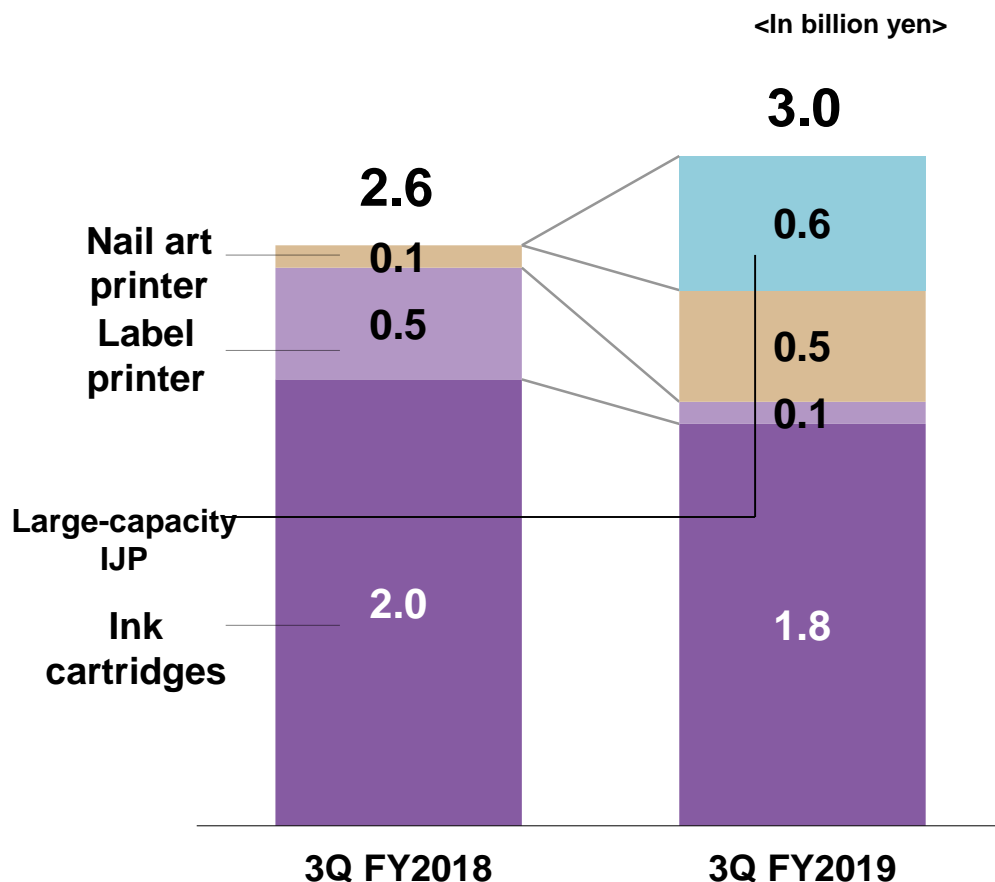
6. Sales of TV-related Equipment

- Revenue declined due to weak new sales caused by the excess inventories arising from the U.S.-China trade friction and the steep decline in unit price resulting from the intensifying price competition.



7. Sales of PS Equipment

➤ Revenue rose thanks to the impact of the launch of new nail art printer products and an increase in sales of large-capacity ink jet printers, which made up for the falling sales of label printers and ink cartridges.

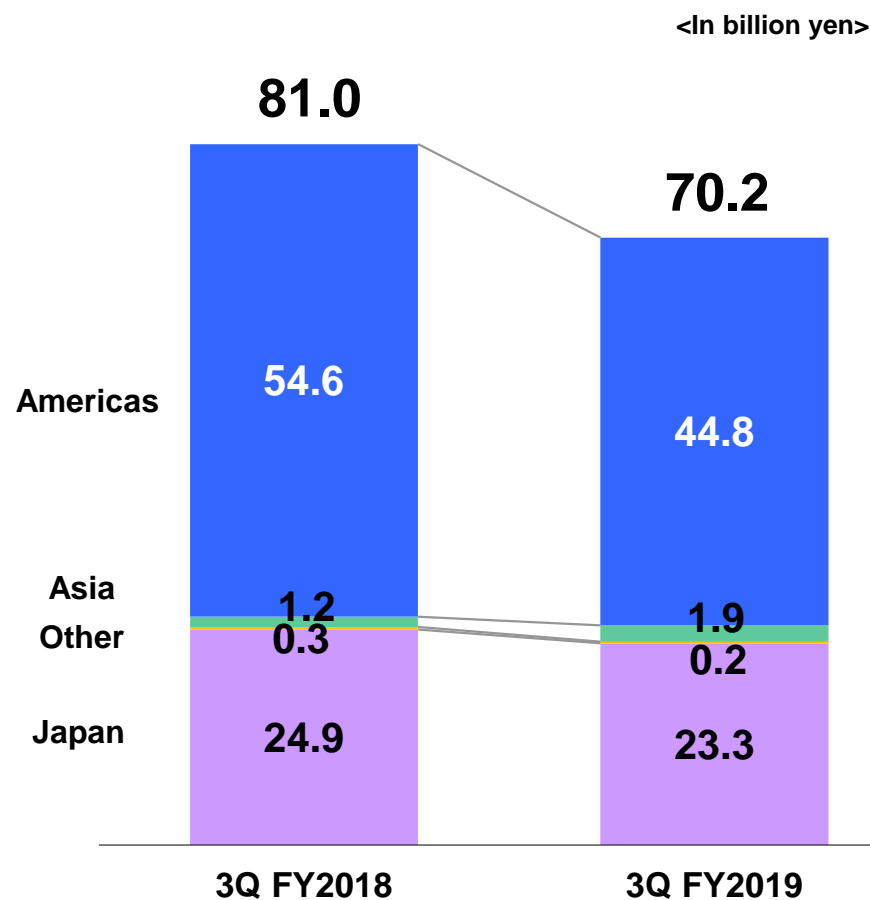


YoY change (% change in the brackets)

Large-capacity IJP	+¥0.6bn	(-)
Nail art printer	+¥0.4bn	(+472.6%)
Label printer	-¥0.4bn	(-73.2%)
Ink cartridges	-¥0.2bn	(-6.4%)
Total	+¥0.4bn	(+14.9%)

8. Geographic Breakdown of Sales

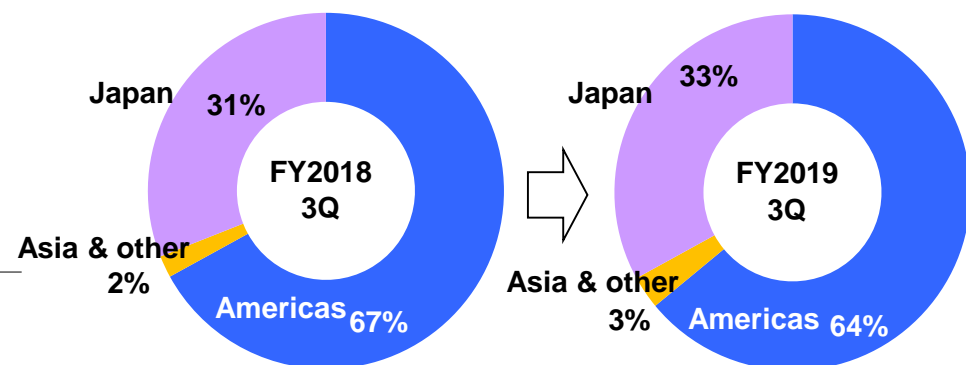
- Americas: Prices fell due to factors such as the excessive inventories of LCD TVs in the North American market caused by the U.S.-China trade friction. While the price decline stopped in the 3Q, sales in the Americas decreased YoY cumulatively.
- Japan: Sales shrank partly due to the falling prices of LCD TVs, despite new product launches.



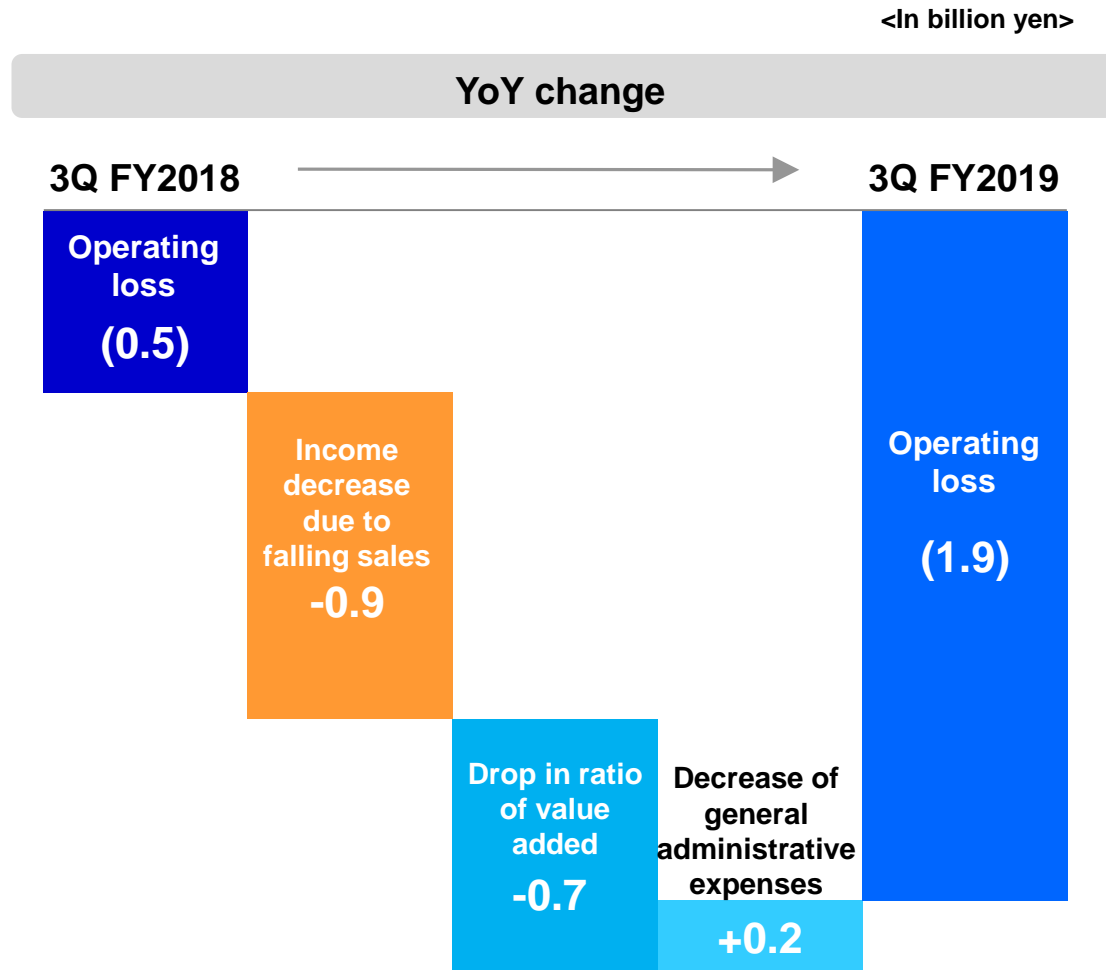
YoY change (% change in the brackets)

Americas	-¥9.8bn	(-17.9%)
Asia	+¥0.7bn	(+52.9%)
Other	-¥0.1bn	(-22.3%)
Japan	-¥1.6bn	(-6.6%)
Total	-¥10.8bn	(-13.3%)

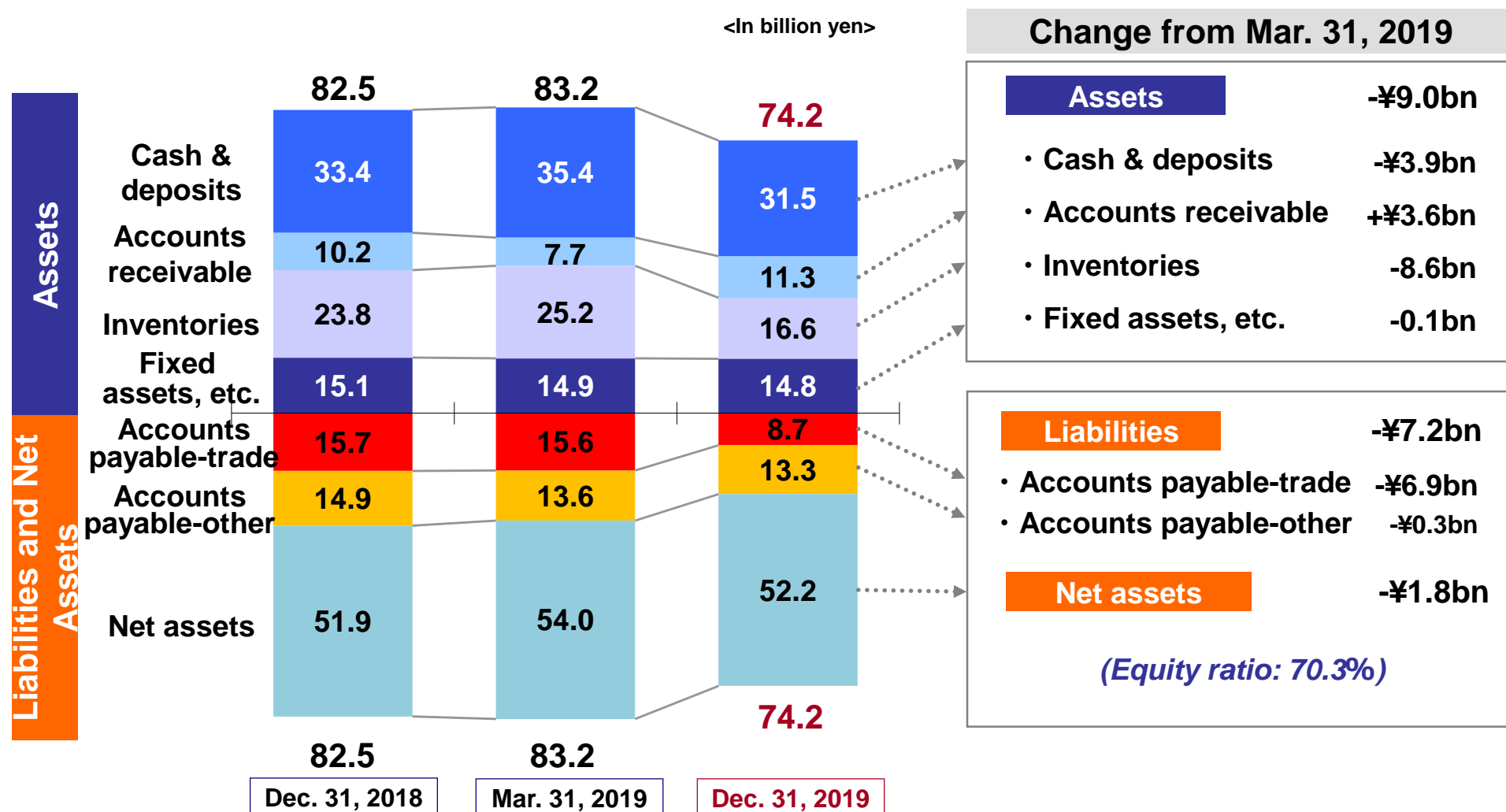
Sales composition



9. Operating Income Analysis



10. Balance Sheet Conditions



11. Inventories

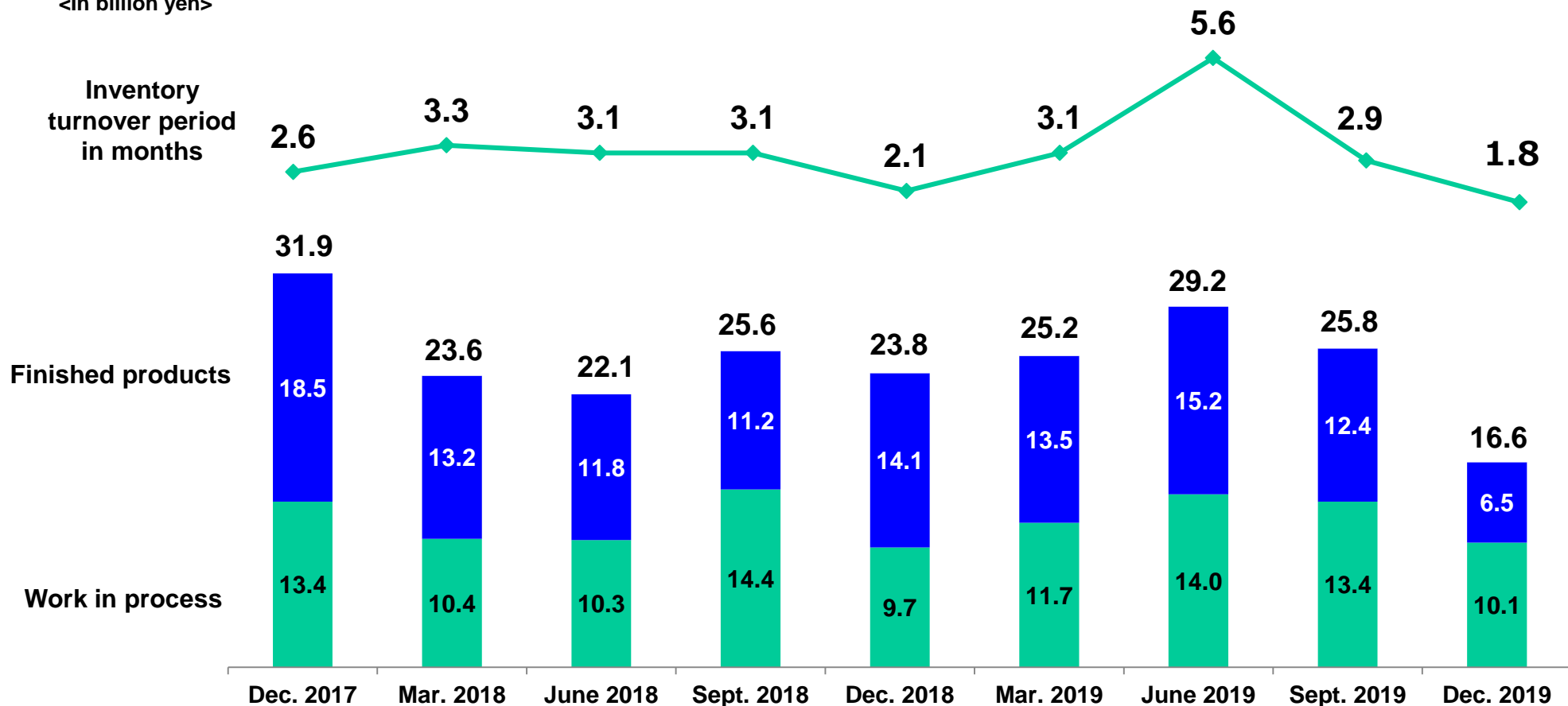
Change from Mar. 31, 2019

Finished products : -¥7.0bn

Work in process : -¥1.6bn

<In billion yen>

Inventory turnover period in months



*Inventory turnover period in months = average sales in the last three months / inventories

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

Third Quarter

CAPEX

Depreciation

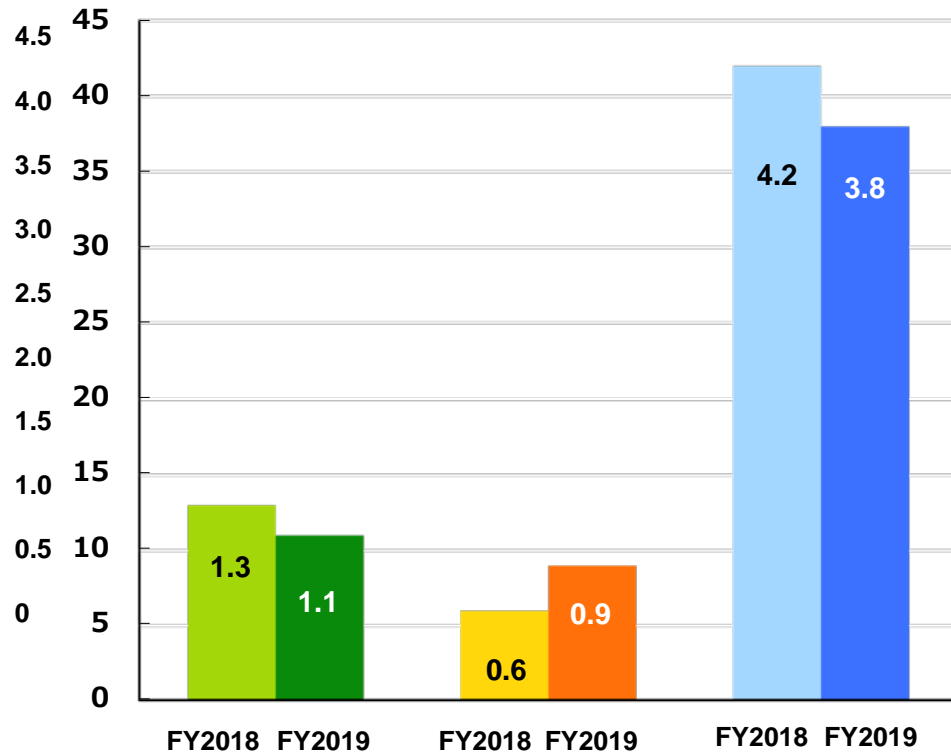
R&D

Down ¥0.2bn
YoY

Up ¥0.3bn
YoY

Down ¥0.4bn
YoY

<In billion yen>



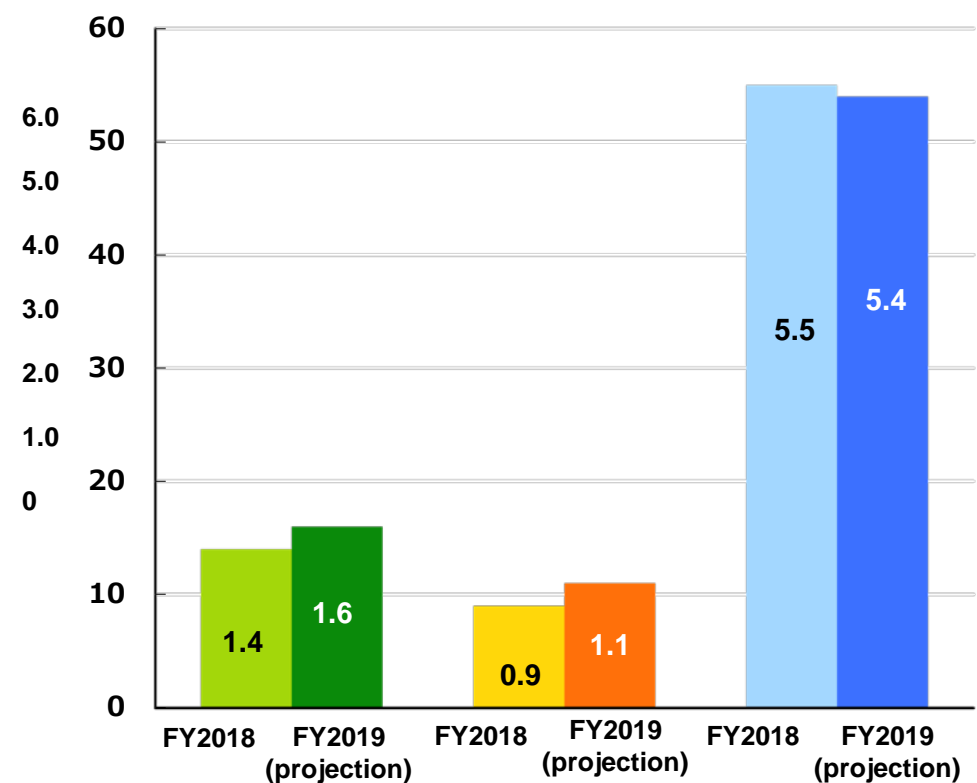
Full Year

CAPEX

Depreciation

R&D

<In billion yen>



Appendixes

- 1. Quarterly Financial Highlights**
- 2. Quarterly Sales Trends by Equipment**
- 3. Quarterly Sales Trends by Geographical Area**

1. Quarterly Financial Highlights

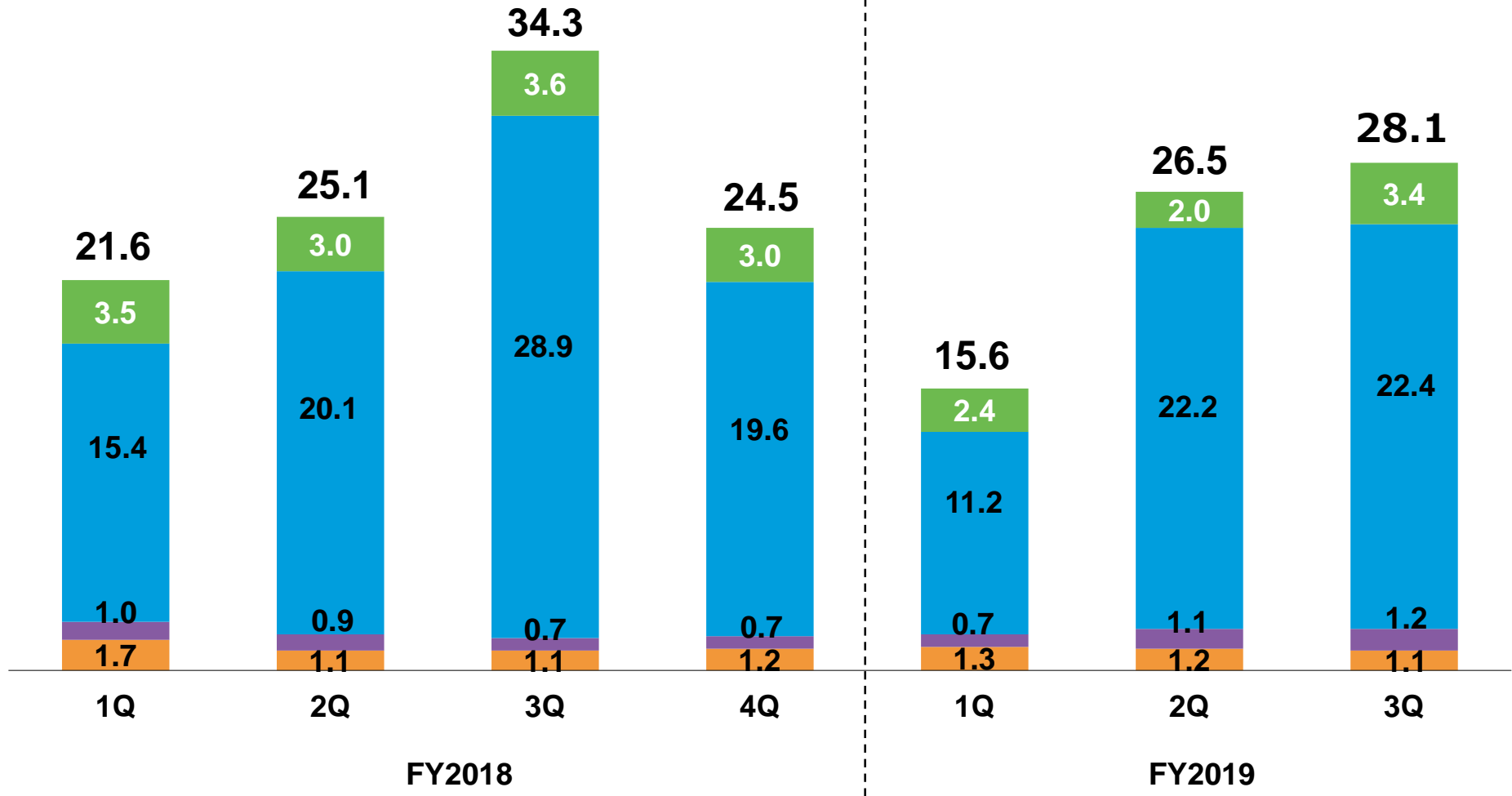
<In billion yen>

	FY2018				FY2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	21.6	25.1	34.3	24.5	15.6	26.5	28.1
Operating income (loss) (Operating income (loss) to net sales ratio)	(1.2) (-5.7%)	(0.4) (-1.6%)	1.1 (3.4%)	1.1 (4.8%)	(0.9) (-5.8%)	(1.0) (-3.8%)	0.0 (0.1%)
Ordinary income (loss) (Ordinary income (loss) to net sales ratio)	(0.9) (-4.2%)	0.7 (2.9%)	+0.0 (0.2%)	1.4 (6.1%)	(1.2) (-7.3%)	(0.7) (-2.5%)	0.3 (1.2%)
Net income (loss) attributable to owners of parent (Net income (loss) to net sales ratio)	(0.0) (-0.1%)	0.6 (2.7%)	+0.0 (0.2%)	1.9 (7.8%)	(1.2) (-7.6%)	(0.7) (-2.6%)	0.2 (1.0%)
Exchange rate (USD/JPY)	109.⁵³	111.⁸⁸	112.⁵⁷	110.²⁷	109.⁶⁶	107.⁶⁷	109.³³

2. Quarterly Sales Trends by Equipment



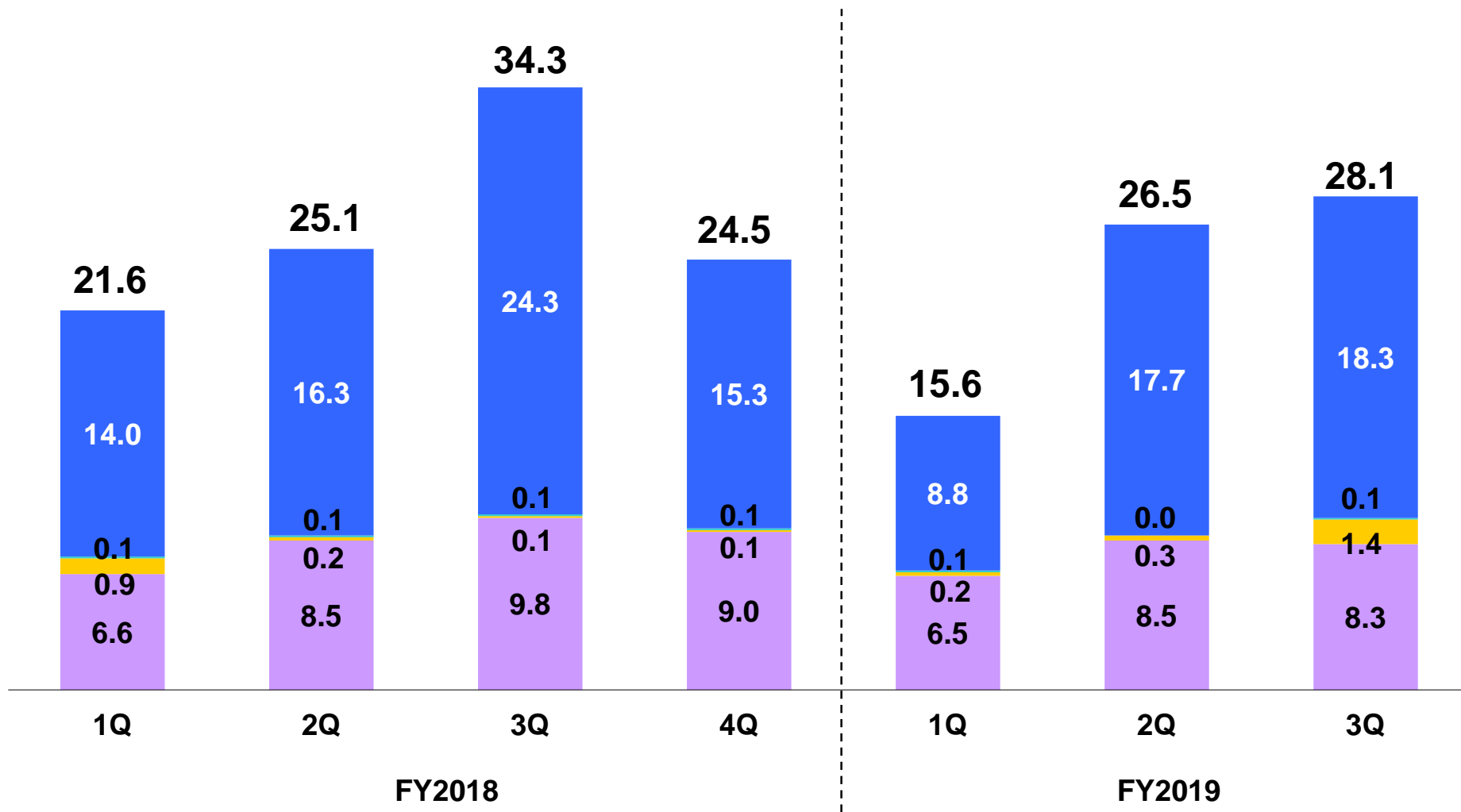
<In billion yen>



3. Quarterly Sales Trends by Geographical Area



<In billion yen>



This document contains forward-looking statements and projections regarding business performance which are not historical facts.

These statements are based on information relating to factors that may impact future business performance which was available for analysis at the time this document was printed. These factors include industry trends in relation 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.

Please note that actual performance may greatly differ from the projections included in this document because of the impacts of variable factors in such areas as the competitive conditions of the electronics industry, market trends, currency exchange rate, introduction and performance of new products, and various other global conditions that may affect taxation and other systems.