

Presentation of Operating Results in 2nd Quarter (Apr.-Sep.) of FY2011

November 8, 2011

FUNAI ELECTRIC CO., LTD.

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. Briefing of the 1st Half Operating Results, Future Outlook and Emphasizing Measures

1. Briefing of the 1st Half of Operating Results
2. Macro Outlook of the 2nd Half
3. Projection of the 2nd Half and the Full Year Operating Results
4. Emphasizing Measures

1 . Briefing of the 1st Half of Operating Results


(100 million yen)


	FY 2010		Forecast		FY 2011
Net Sales	1,540	→	1,568	→	1,406
Operating Income (Margin)	45 (3.0%)	→	34 (2.2%)	→	21 (1.5%)
Average USD-JPY Exchange Rate	88.15		83.00		79.15


Net Sales
Operating Income

Less than projection

1 . Briefing of the 1st Half of Operating Results

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TV Segment → Less than projection
Profitability are back on the recovery track
- 

DVD/BD Segment → In line with projection
- 

Information Equip. Segment → Less than projection

U.S. economic outlook

Continued slow and low growth

[Positive factors]

- Export increase / the dollar depreciation
- Firm capex and auto production and sales

[Negative factors]

- High jobless rate · income disparity
- Long slump of housing market
- Remaining high gas price

} Decline of purchasing power

European economic outlook

Continental Europe : European debt crisis spurring low growth

Concerted action for stabilization the issue facing crucial moment

U. K : Declining recovering speed, increasing opacity for prospects

High inflation rate, Decline of purchasing power

Decrease of personal disposal income

Economic outlook of other major market

Japan

Historical high yen rate, convergence of policy effect leading to economic deterioration

China

Slow down of high growth due to economic deterioration in U.S. and Europe, higher inflation rate than policy target

New emerging countries

Tracking on strong demand centering on BRICs

Risk factors in the market

1. Further deterioration of global economy
2. Further decline of the Dollar and Euro
3. Sharp hike of raw material and components due to a high oil price/the high yen value
4. Prolonged negative impact of Thai flood on supply chain

3 . Projection of the 2nd Half and the Full Year Operating Results

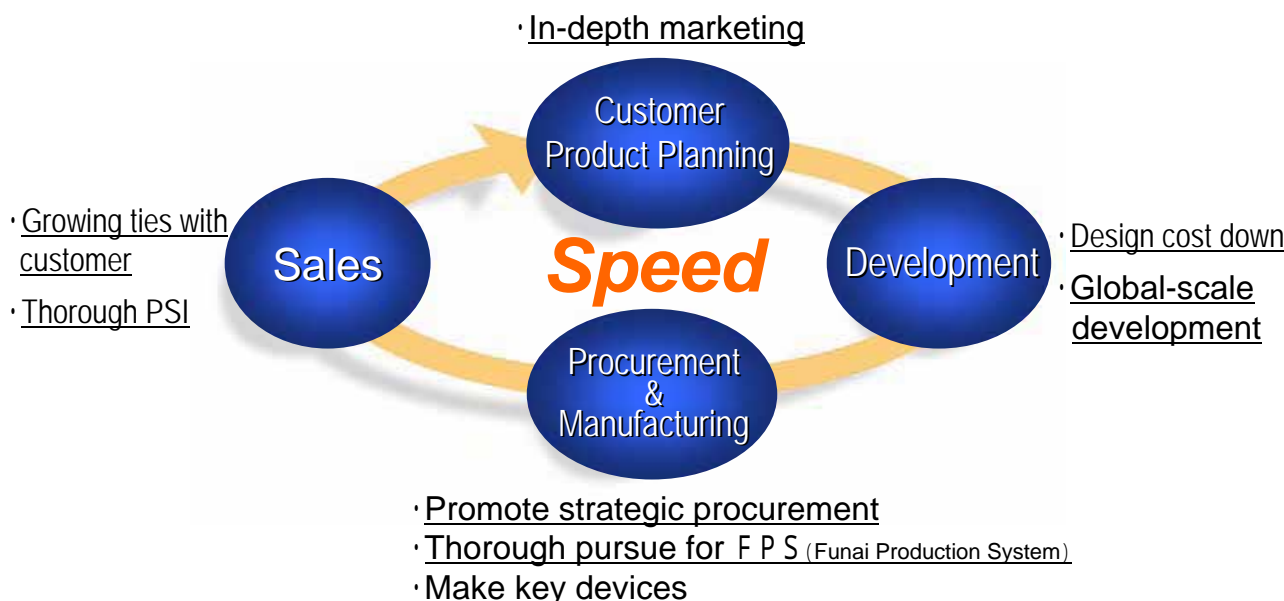
(100 million yen)

	Results of 1H	Revised	
		Projection of 2H	Projection of FY
Net Sales	1,406	1,244	2,650
Operating Income (Margin)	21 (1.5%)	11 (0.8%)	32 (1.2%)
Average USD-JPY Exchange Rate	79.15	78.00	78.57

- ▶ Revised assumption of forex rate (\$=¥83 ¥78)
- Sales revised from 3,100 yen to 2,650 yen, taking account of competition in LCD TV and Printer.

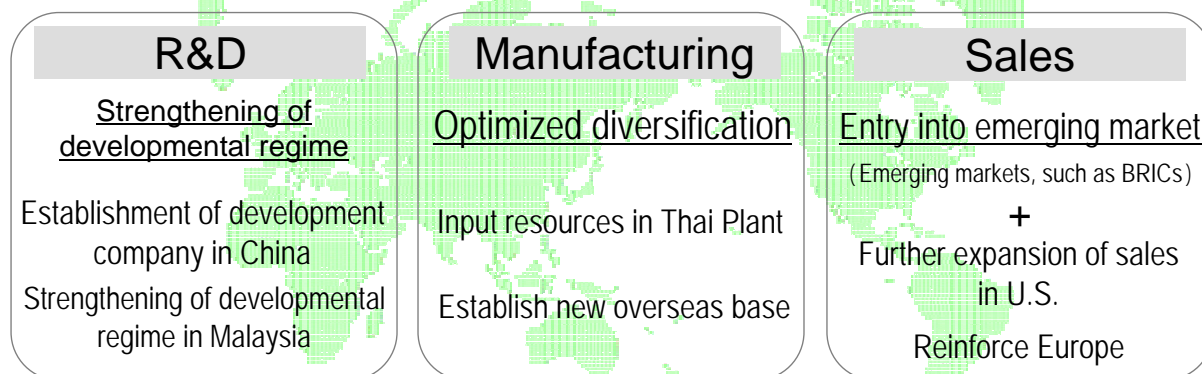
4 . Emphasizing Measures Re-strengthening the Management Base

Strongly promote competitiveness with all-out effort



Thorough PSI management (Purchases · Sales · Inventory) ↔ Optimized SCM (Supply-chain management)

Promote global development · manufacturing · sales structure



Further necessity measures for new business plan

Networking · telecom areas
Devices · components

New technology for next generation

Proactive stance on strategic alliance / M&A

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. Outline of Operating Results

1. Summary of 2nd Quarter (Jul.-Sep.)
2. Summary of 2nd Quarter (Apr.-Sep.)
3. Breakdown of Sales by Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment
6. Geographic Breakdown of Sales
7. Factor of Changes of Operating Income
8. Financial Conditions
9. Changes of Inventories
10. Capital Expenditures, Depreciation Expense and R&D Expenditures
11. Revised Forecast of Consolidated Operating Results
12. Revised Forecast of Sales by Equipment

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1 . Summary of 2nd Quarter (Jul.-Sep.)

(100 million yen)

	FY 2010	FY 2011	Y / Y
Net Sales	791	750	41 (5.2%)
Operating Income (M a r g i n)	20 (2.6%)	17 (2.4%)	3 13 (1) 27 (3)
Ordinary Income (M a r g i n)	34 (4.4%)	4 (0.6%)	30 10 (2) 10 (4)
Net Income after tax (M a r g i n)	34 (4.4%)	6 (0.9%)	40
Average USD-JPY Exchange Rate	85. ⁰²	77. ⁰⁸	

(1) interest received +1, forex loss 14 (3) decrease of interest received 1, forex loss 26
 (2) extraordinary loss 1, income taxes 9 (4) increase of extraordinary loss 1, increase of income taxes 9

Month End Exchange Rate (USD/JPY)	10/6	10/9	11/6	11/9
	88. ⁴⁸	83. ⁸²	80. ⁷³	76. ⁶⁵

2 . Summary of 2nd Quarter (Apr.-Sep.)

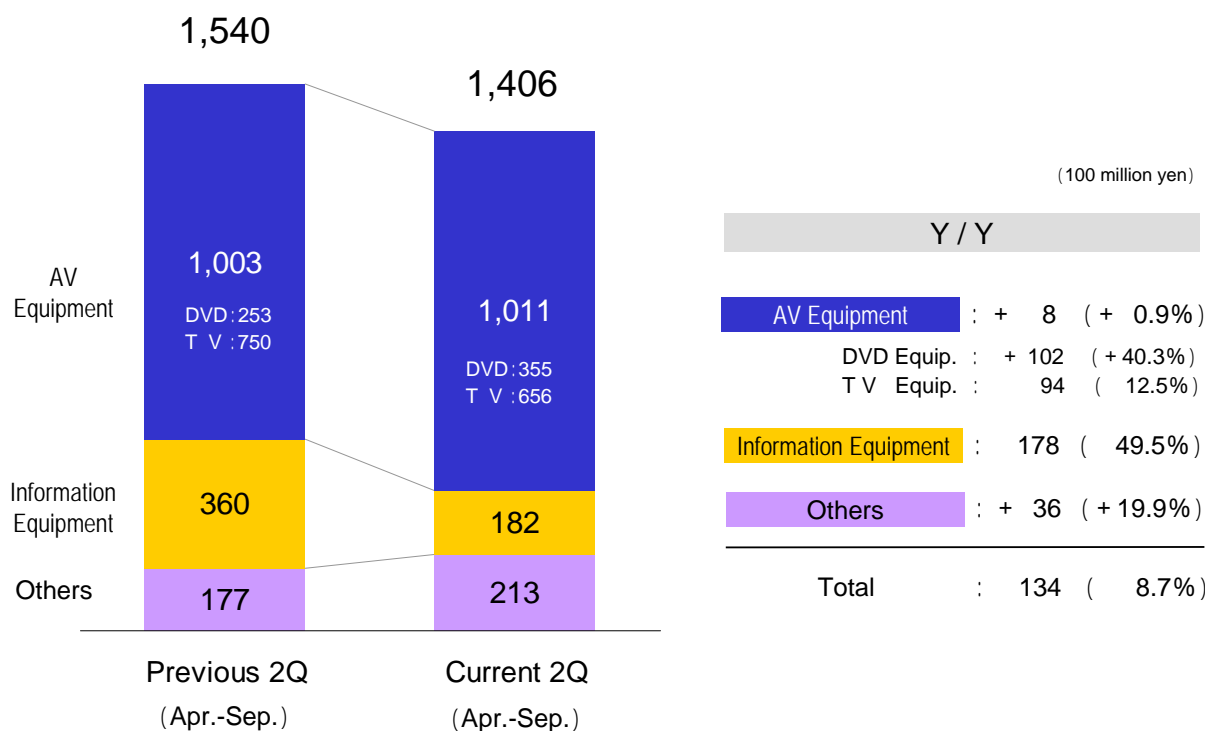
(100 million yen)

	FY 2010	Forecast	FY 2011	Y / Y (Actual base)	Y / Y (Forecast base)
Net Sales	1,540	1,568	1,406	134 (8.7%)	162 (89.7%)
Operating Income (M a r g i n)	45 (3.0%)	34 (2.2%)	21 (1.5%)	24 16 (1)	13 18 (3) 16 (5)
Ordinary Income (M a r g i n)	47 (3.1%)	34 (2.2%)	5 (0.4%)	42 34 (2)	29 25 (4) 2 (6)
Net Income after tax (M a r g i n)	38 (2.5%)	2 (0.1%)	29 (2.1%)	67	31
Average USD-JPY Exchange Rate	88. ¹⁵	83. ⁰⁰	79. ¹⁵		

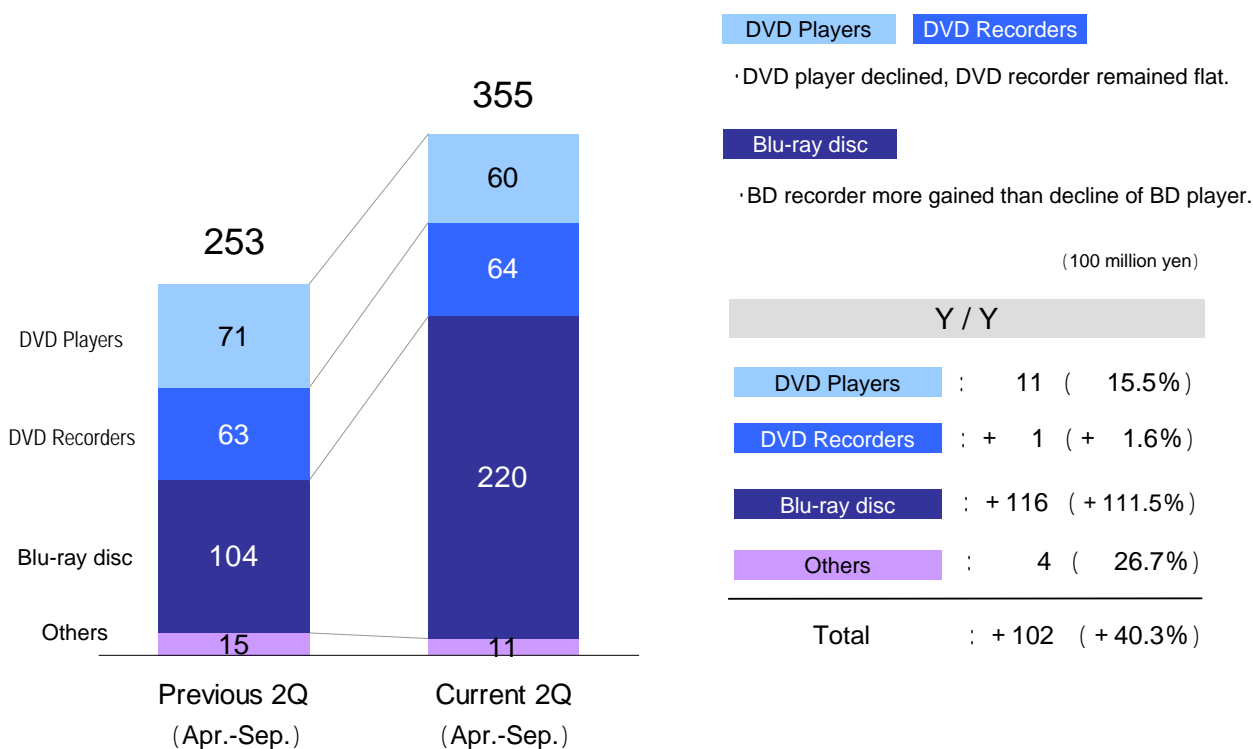
(1) interest received+1, forex loss 17 (3) decrease of interest received 2, increase of forex loss 16 (5) decrease of interest expense +1, increase of forex loss 17
 (2) extraordinary loss 1, income taxes 24, income taxes for prior periods 9 (4) increase of income taxes 16, increase of income taxes for prior periods 9 (6) increase of interest taxes 2

Month End Exchange Rate (USD/JPY)	10/3	10/9	11/3	11/9
	93. ⁰⁴	83. ⁸²	83. ¹⁵	76. ⁶⁵

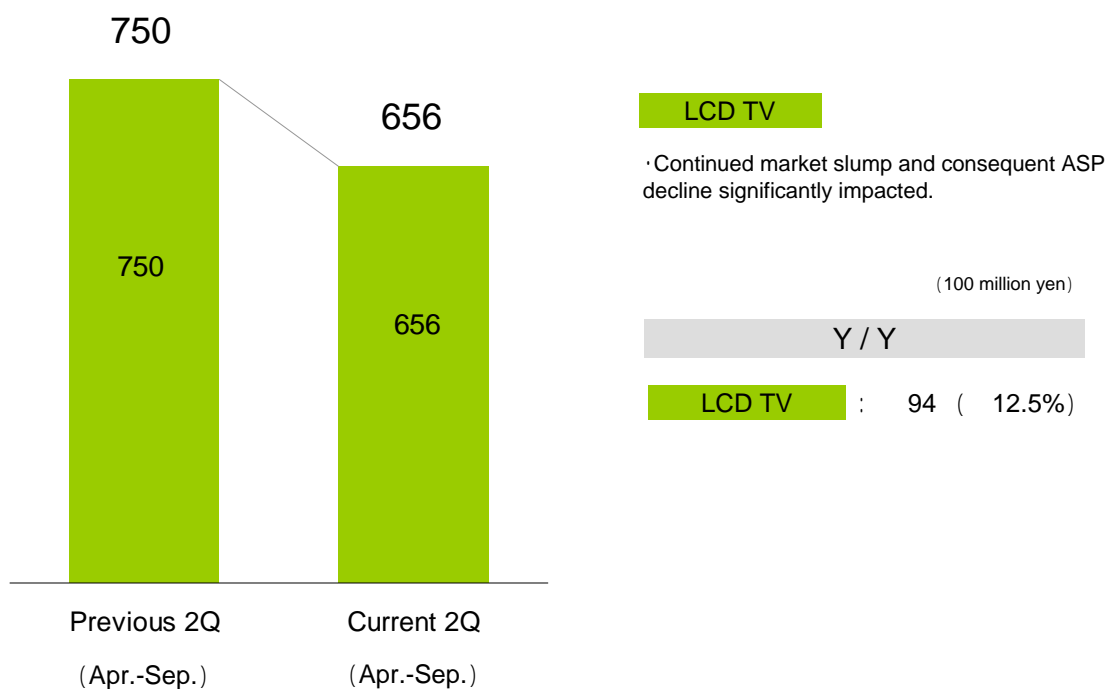
3 . Breakdown of Sales by Equipment



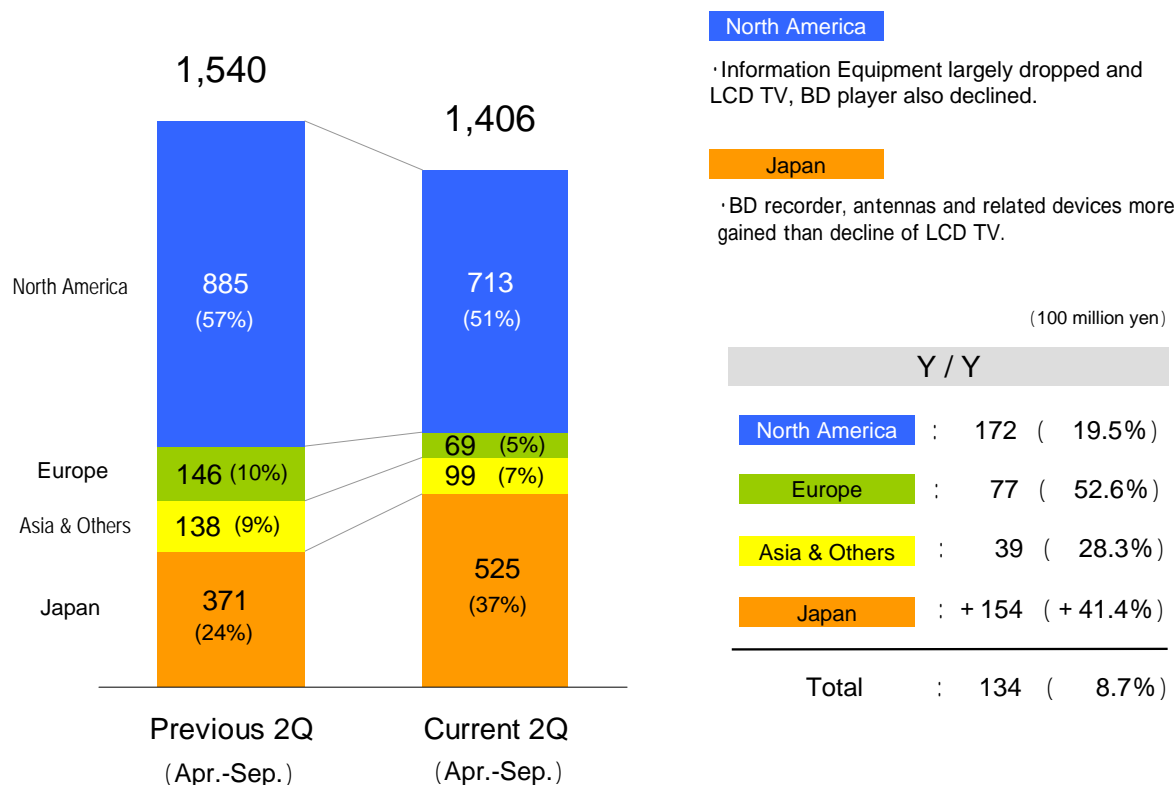
4 . Sales of DVD related Equipment



5 . Sales of Television related Equipment

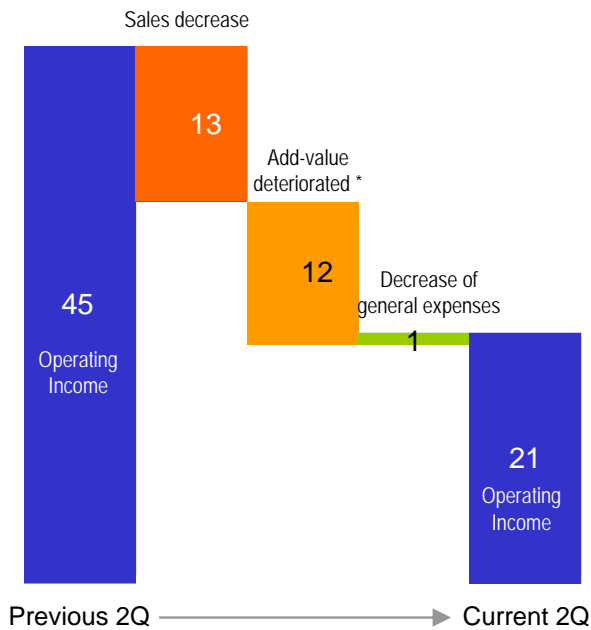


6 . Geographic Breakdown of Sales

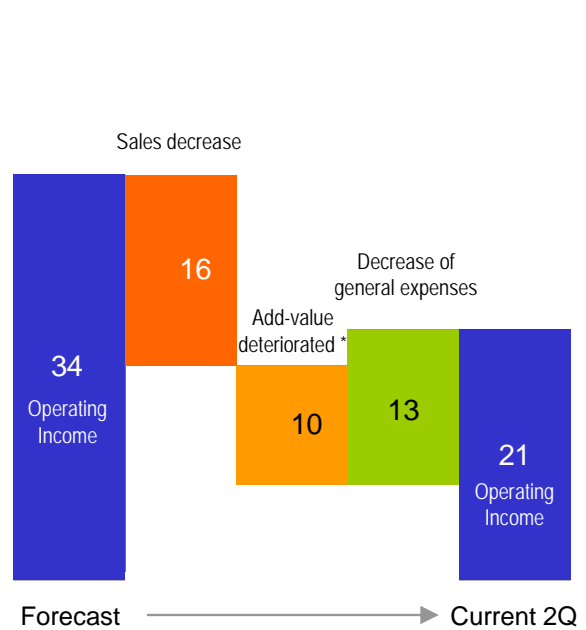


7 . Factor of Changes of Operating Income

(Comparison to 2010/9)

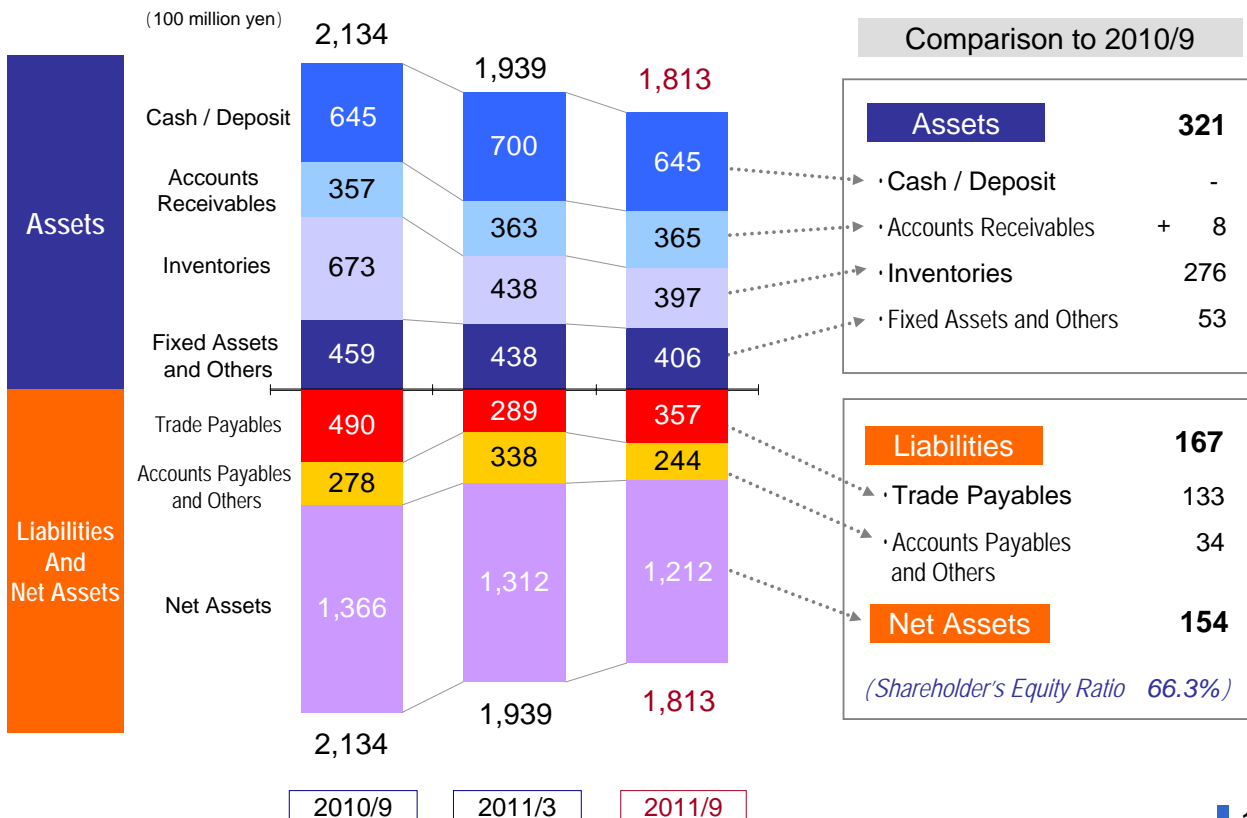


(Comparison to the forecast)

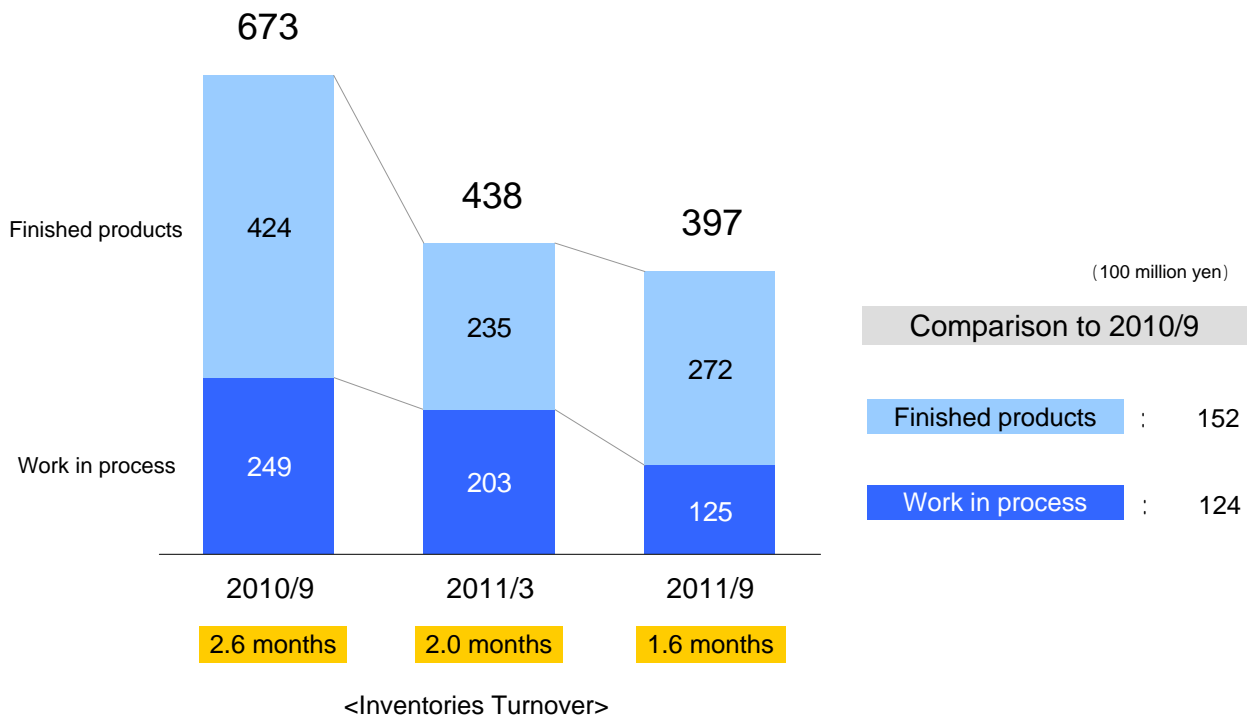


* Add-value=Sales – (Cost of sales + selling expenses)

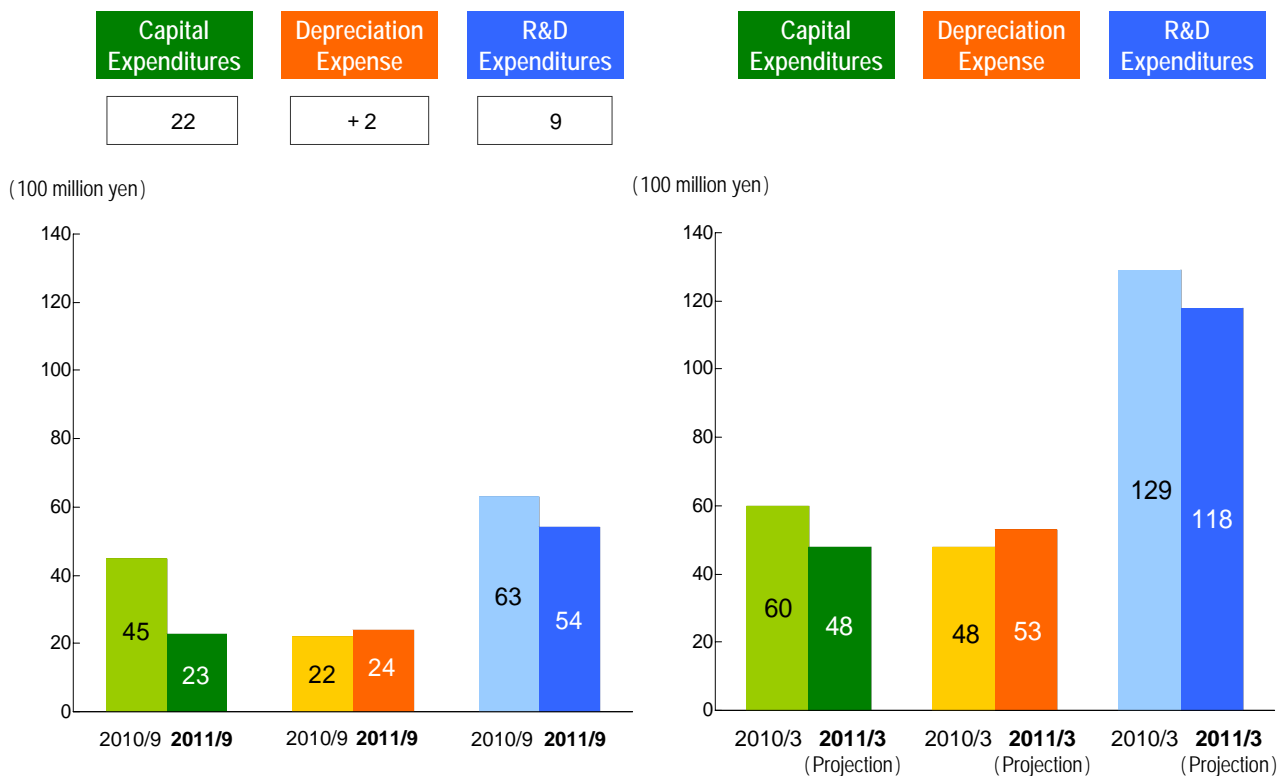
8 . Financial Conditions



9 . Changes of Inventories



10 . Capital Expenditures, Depreciation Expense and R&D Expenditures



11 . Revised Forecast of Consolidated Operating Results



(100 million yen)

	FY 2010	Forecast (2011/8/1)	Forecast (2011/10/28)	Y / Y (Actual base)	Y / Y (Forecast base)
Net Sales	2,959	3,100	2,650	309 (10.4%)	450 (14.5%)
Operating Income	7	80	32	+ 25 17 (1)	48 22 (3)
(M a r g i n)	(0.3%)	(2.6%)	(1.2%)		17 (5)
Ordinary Income	12	80	15	+ 3 43 (2)	65 20 (4)
(M a r g i n)	(0.4%)	(2.6%)	(0.6%)		5 (6)
Net Income after tax	11	42	28	17	70
(M a r g i n)	(0.4%)	(1.4%)	(1.1%)		
Average USD-JPY Exchange Rate	85. ²¹	83. ⁰⁰	78. ⁵⁷		

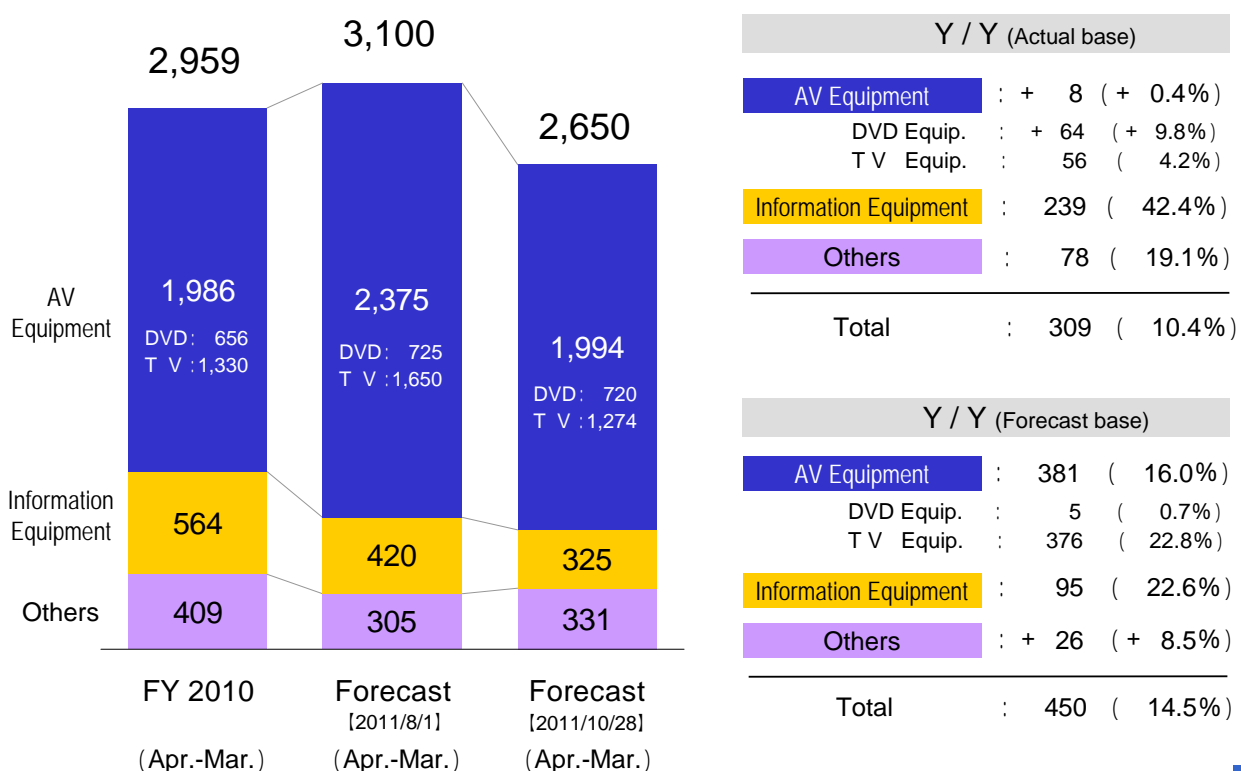
(1) interest received +3, interest expense 3, forex loss 17	(3) decrease of interest received 1, increase of interest expense 2, forex loss 19	(5) forex loss 17
(2) extraordinary loss 1, income taxes 33, income taxes for prior periods 9	(4) decrease of extraordinary gain 3, increase of income taxes 8, increase of income taxes for prior periods 9	(6) increase of income taxes 5

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12 . Revised Forecast of Sales by Equipment



(100 million yen)



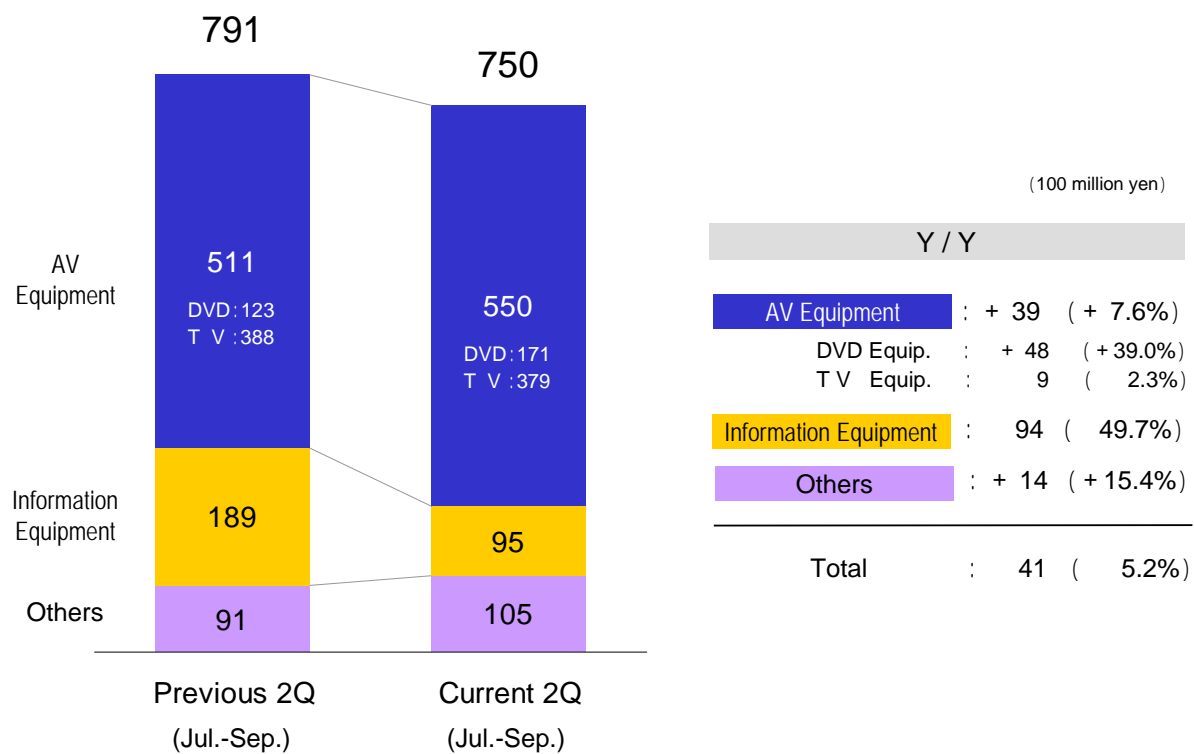
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Supplemental Data

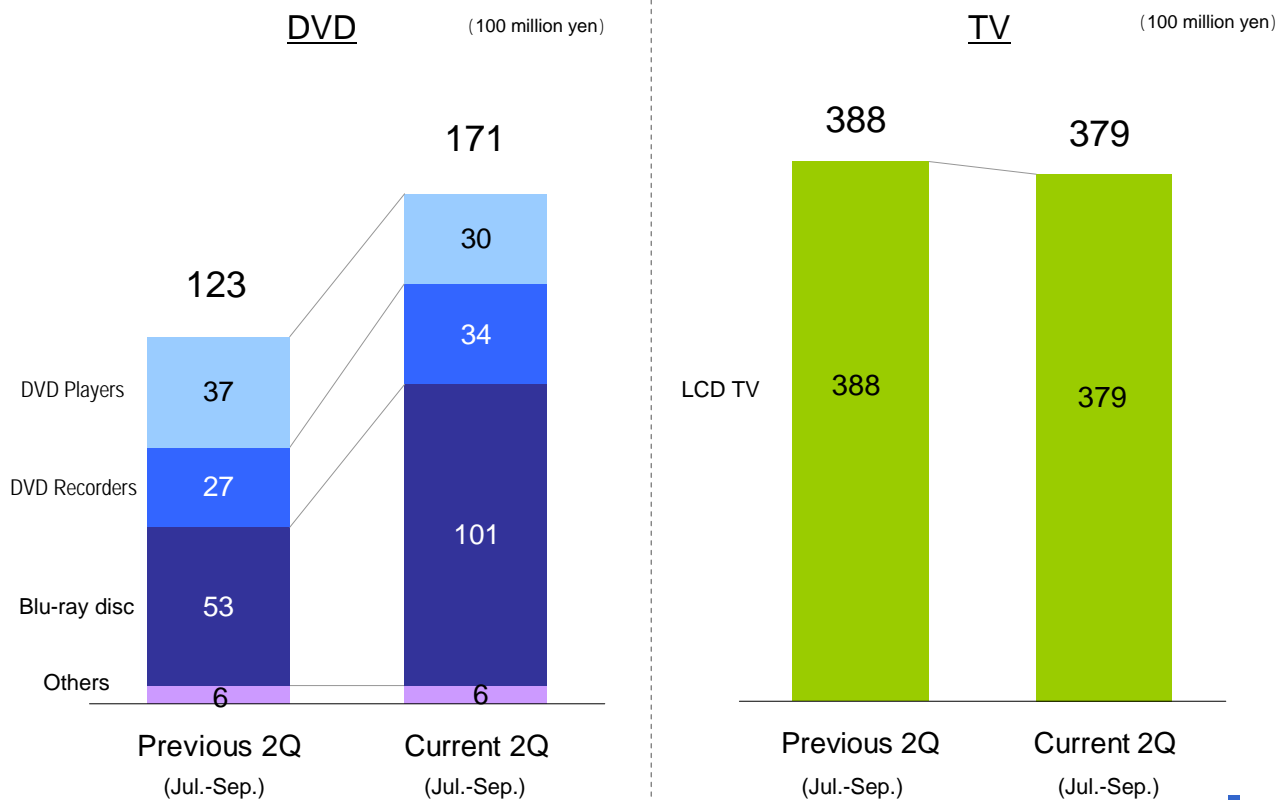
Summary of Operating Results (Jul.-Sep.)

1. Sales by Equipment
2. Sales by AV Equipment
3. Geographic Sales

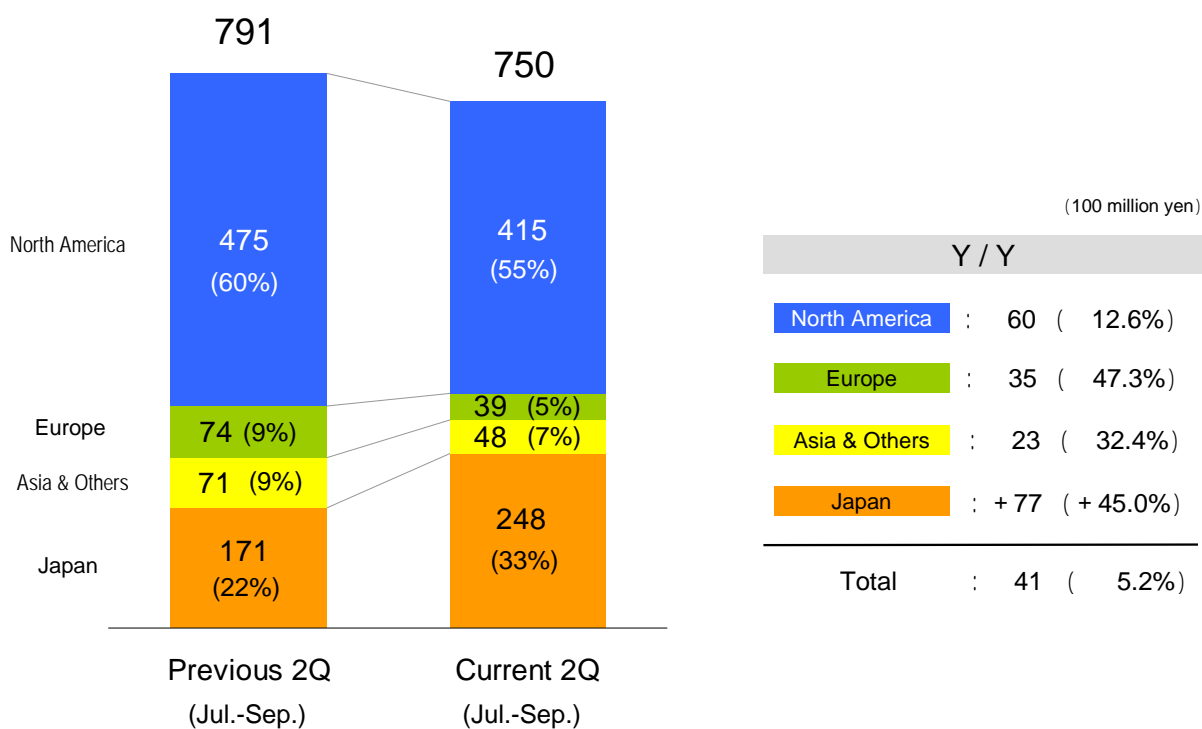
1 . Sales by Equipment



2 . Sales by AV Equipment



3 . Geographic Sales



. Supplemental Data

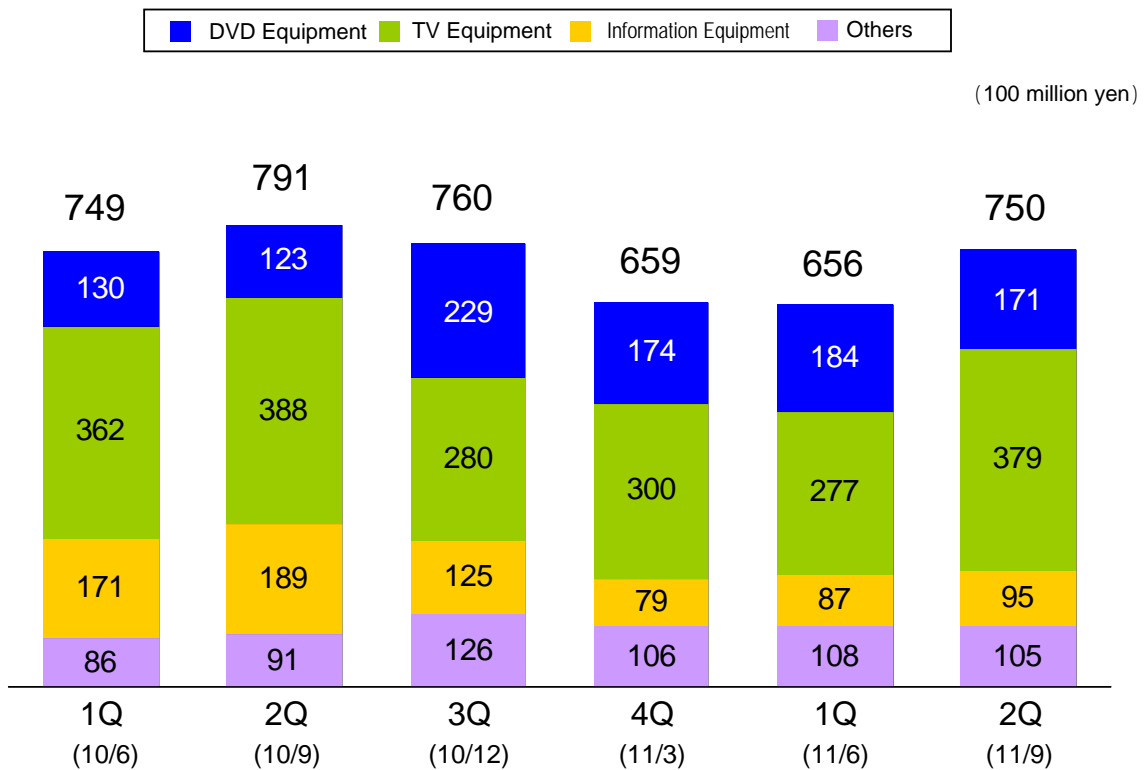
1. Quarterly Operating Summary of FY 2010 / 2011
2. Quarterly Changes of Sales Amount by Equipment

1 . Quarterly Operating Summary of FY 2010 / 2011

(100 million yen)

	FY 2010				FY 2011	
	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	749	791	760	659	656	750
Operating Income	25	20	5	32	3	17
(M a r g i n)	(3.4%)	(2.6%)	(0.7%)	(5.0%)	(0.5%)	(2.4%)
Ordinary Income	12	34	7	27	0	4
(M a r g i n)	(1.7%)	(4.4%)	(0.9%)	(4.2%)	(0.1%)	(0.6%)
Net Income after tax	4	34	16	33	23	6
(M a r g i n)	(0.6%)	(4.4%)	(2.2%)	(5.1%)	(3.6%)	(0.9%)

2 . Quarterly Changes of Sales Amount by Equipment



Disclaimer

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