

FY2018 Strategy

~Efforts to break away from the deficit~

May 15, 2018

FUNAI ELECTRIC CO.,LTD.

President and CEO

Hideaki Funakoshi

FY2018 means from April 1th,2018 to March 31,2019



1. Management philosophy, Group vision

2. Competitive strategy

3. Business-specific policy

【Fundamental Principles】

**Dreams with Conviction,
and Information with Behavior**

【Management Philosophy】

**Challenge the company to grow
by becoming helpful in the community**

【Group Vision】

**FUNAI creates products that will be chosen
by people all over the world**

“For the world”, as a global company

“We will be chosen”, striving to reach the top of the industry

“We will create products”, that people will love

1. Management philosophy, Group vision

2. Competitive strategy

3. Business-specific policy

➤ Overall picture of competitive strategy

【Core competence】

~FPS : Technology to improve productivity cycle with ingenuity~

Reform the profit structure by developing a new competitive strategy for sustainable growth

Basic strategy

①NA: Expand market share

Expansion of SKU of major mass merchants

AI TV market launch

②JPN: Penetration of FUNAI brand

Establish a position in the JPN

③Development of new business

Entered into new fields through New and EV business

Business strategy

Positioning strategy

Alliance strategy

Ensure positioning that maximizes the company's capabilities

Differentiation by launching attractive products

Supplying modules to alliances companies

Two basic reforms

Human resource development

Thorough corporate governance

➤ Basic strategy: ①NA: Expand market share ~Sales Strategy~

- Expanding SKU of major mass merchants following Walmart
- AI TV market launch

Expansion of SKU of major mass merchants

Walmart

+

major mass merchants

COSTCO

BEST BUY

amazon

TARGET

etc...

Voice-activated AI TV market launch



Android TV

+

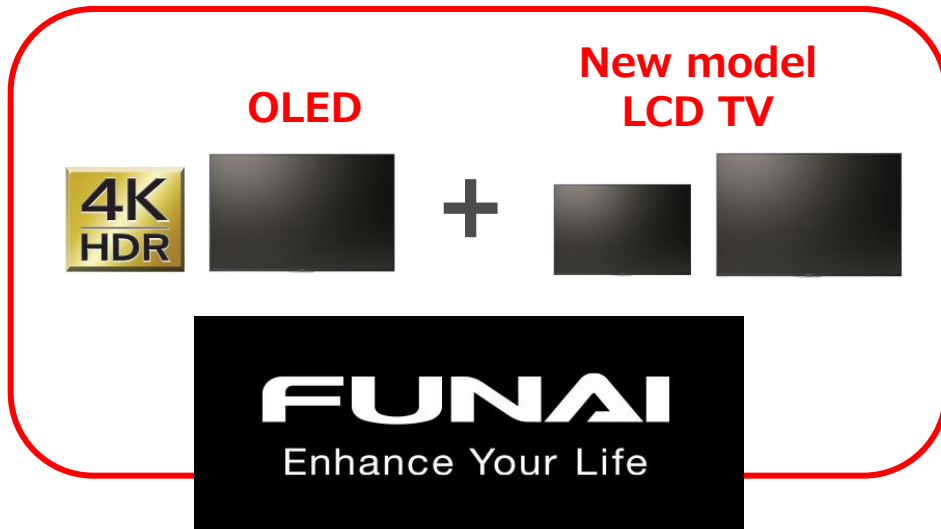
Google Assistant

Expand market share by boosting high-value added products in North America

➤ Basic strategy: ②JPN: Penetration of FUNAI brand ~Sales Strategy~

- Enhanced FUNAI lineup by introducing OLED
- Brand penetration by advertising enhancements and customer satisfaction

Enhanced lineup



← OLED+
New Model

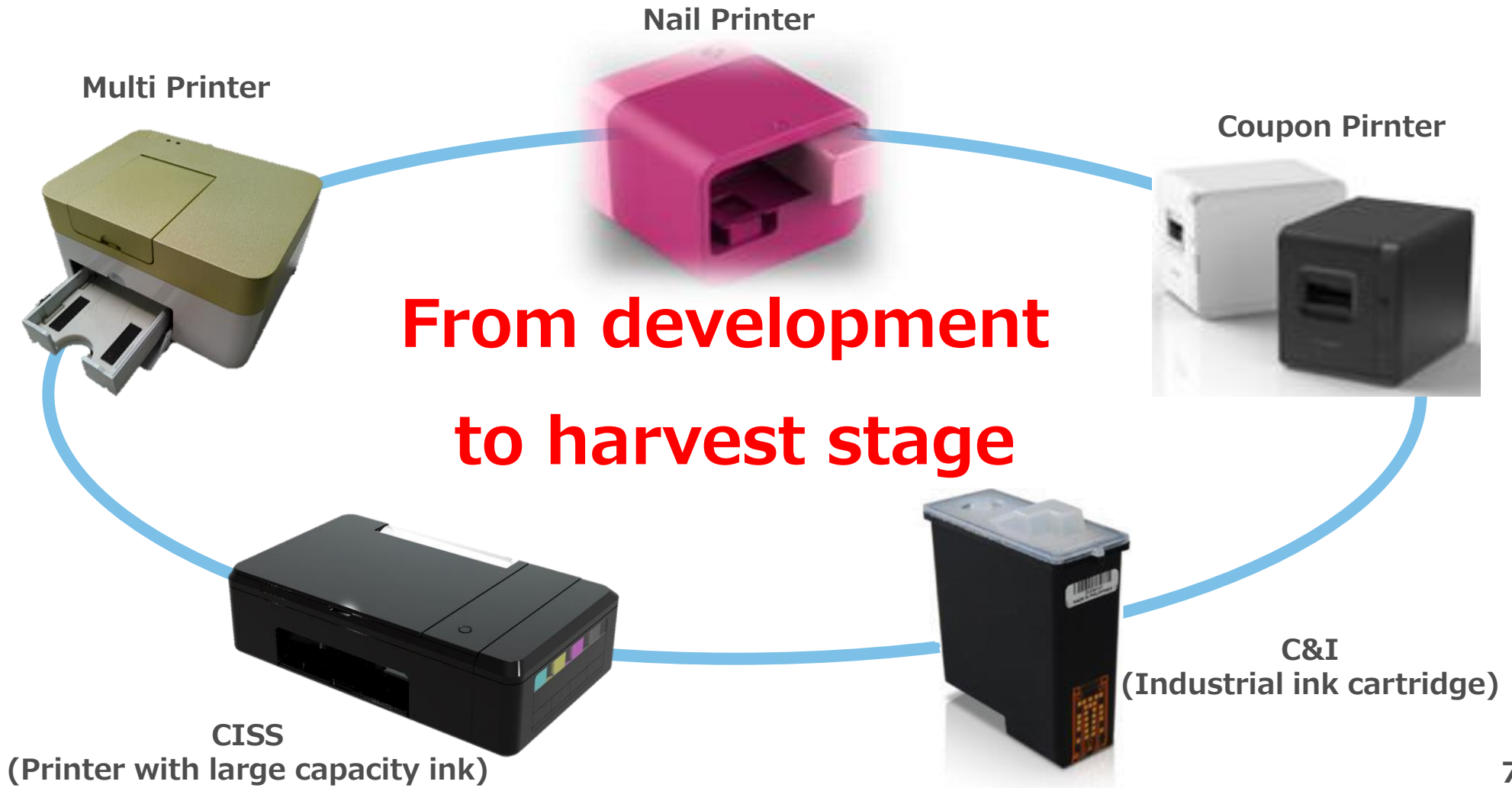
Brand penetration strategy

- Product development based on customer needs
- Enhancement of software functions
- LA Angels official sponsor
- Utilize the inbound effect



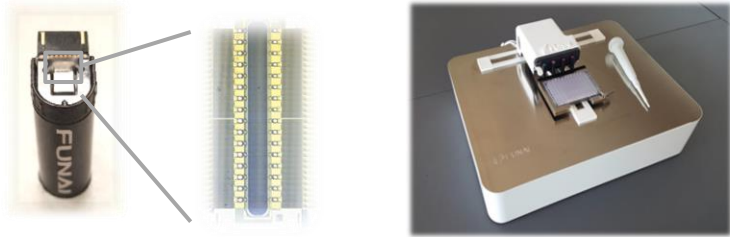
Established a position of the FUNAI brand in Japan

- Develop the new products from research and development results of office solution (OS) business



- Development of derived business utilizing OS business technology(micro-fluidics)
- Entry into new fields such as nursing care and medical care through New and AV business

Micro-fluidics



Auto-Pipetting

In-vehicle

Direct backlight



Health-care/Medical-care

Motorized bed



Dental CT



Business AV equipment

Digital Signage



Sickroom TV



Hotel TV

➤ Basic strategy: ③-3 Development of new business ~Entry into the EV business~

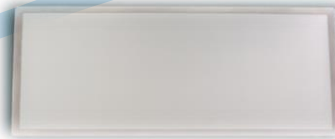
- Enter into a wide range of EV related businesses through partnership with alliance companies
- Becoming a company that grows sustainably while considering the environment through the EV business

Signed a capital and business alliance agreement with the FOMM Corporation which is compact electric vehicles development company at last November.

Meter panel



In-vehicle direct backlight



Look for various cooperation with alliances companies

Supply of molded parts

Supply of component modules

Sharing service

Others



Molded parts



Ranging sensor

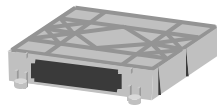
Car Audio



Inverter



ECU



- 1. Management philosophy, Group vision**
- 2. Competitive strategy**
- 3. Business-specific policy**

➤ TV market trends

		CY2016	CY2017	CY2018	CY2019	CY2020	(thousand Units)
Units	NA	43,400	36,763	37,414	36,982	36,637	※1
		—					
	JPN	4,748	4,880	5,500	6,500	8,000	※2
		—					
	CHN	50,000	44,000	46,000	—	—	※3
		—					

		2016年	2017年	2018年	2019年	2020年	(million USD)
Sales	NA	16,800	15,690	15,900	15,700	15,600	※1
		—					
	JPN	3,405	3,780	4,200	4,900	6,100	※2
		—	—				

※1: Our guess value based on the NPD data.

※2: Our guess value based on JEITA statistical data.

※3: Our guess value based on hearings by panel makers.

➤ Mid-term performance targets

(100 million USD)

	FY2017 Actual	FY2018 Forecast	FY2019 Forecast	FY2020 Forecast	Difference FY2018 and FY2020 Forecast
Net Sales	1,301	1,030	1,130	1,300	+270 (126%)
North + Latin America	950	655	640	630	-25
Japan + Others	351	375	490	670	+295
Operating Income	-108	4	7	11	+7
(Margin)	(-8.3%)	(0.4%)	(0.6%)	(0.8%)	(275%)
Exchange(Premise) \$⇒¥	@110.69	@105	@100	@100	

Move back into the black

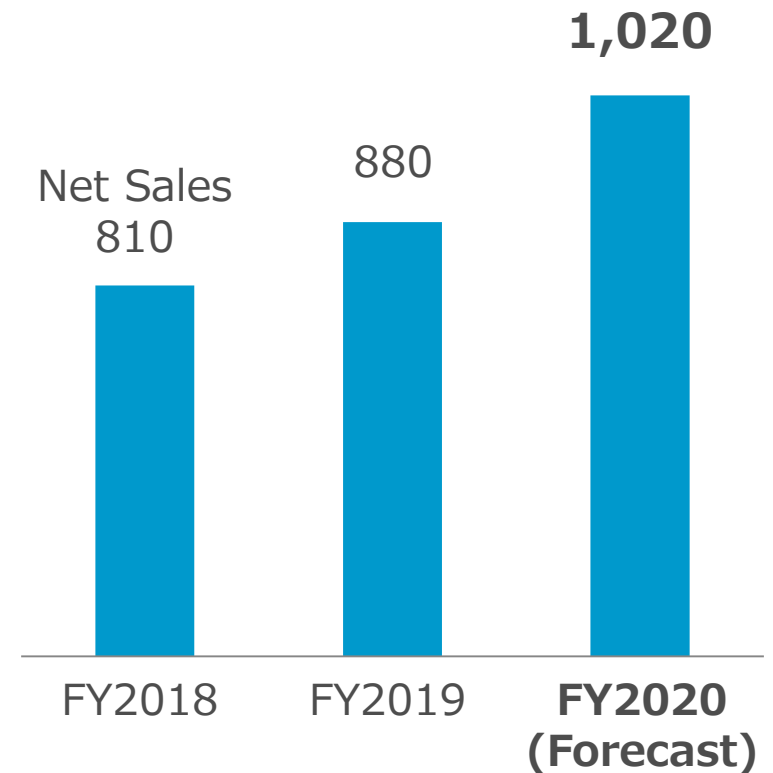
◆ Towards an increase of sales

1. Enhance online sales
2. Enhance FUNAI brand and OEM products
3. Exploitation of ASEAN market

◆ Towards an increase of profit

1. Thorough PSI and Supply Chain Management
2. Optimization of production system focusing on US tariff
3. Reduced service cost

(100 million Yen)



Battle for business to survive

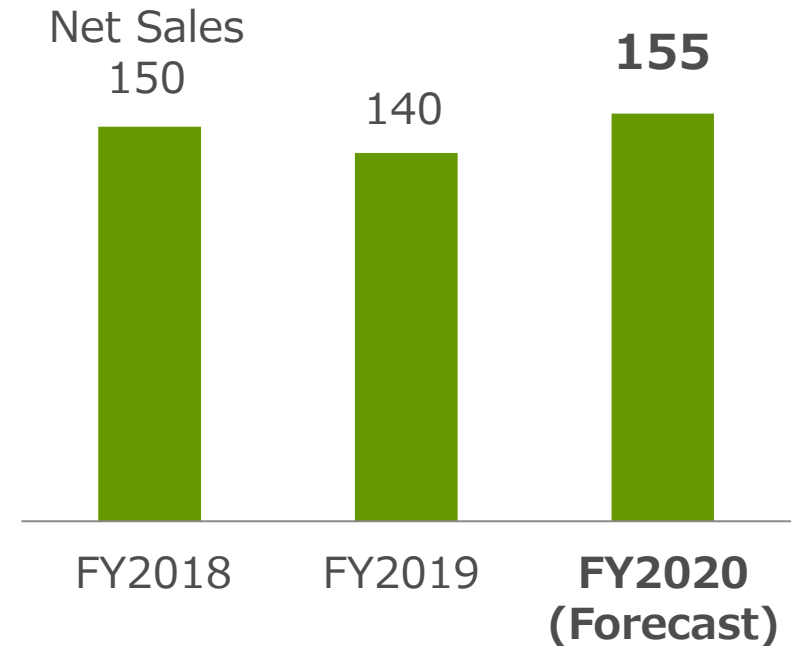
◆ Towards an increase of sales

1. NA: Exploitation of new customers
2. JPN: Enhances lineup of FUNAI brand

◆ Towards an increase of profit

1. Optimization of production system
2. Thorough reduces costs
3. Ensure a profit of the remaining players

(100 million Yen)



Break away from the deficit

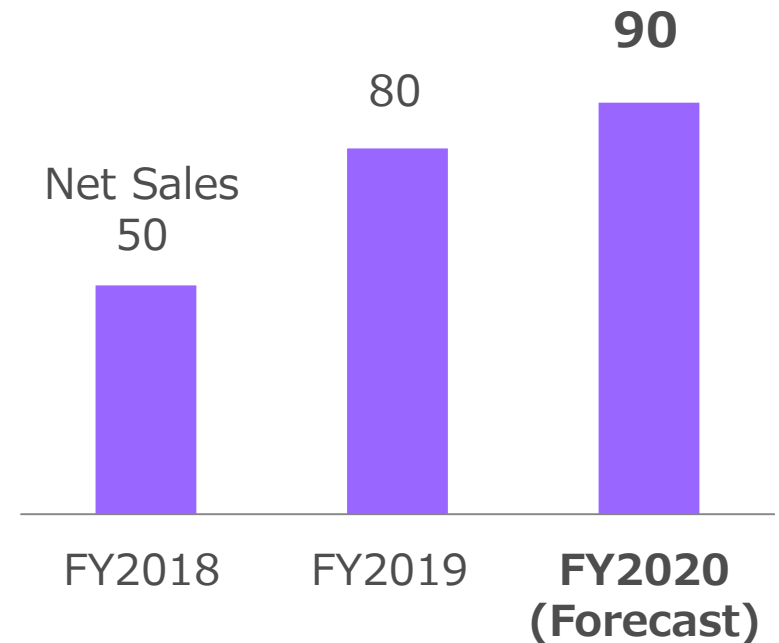
◆ Towards an increase of sales

1. Launches a CISS Printer
2. Exploitation of new customer of C&I
3. Entry into niche printer market

◆ Towards an increase of profit

1. Drastic overhaul of unprofitable product
2. Stabilization of profit base by OEM business
3. Launches a micro-fluidics products

(100 million Yen)



New business development

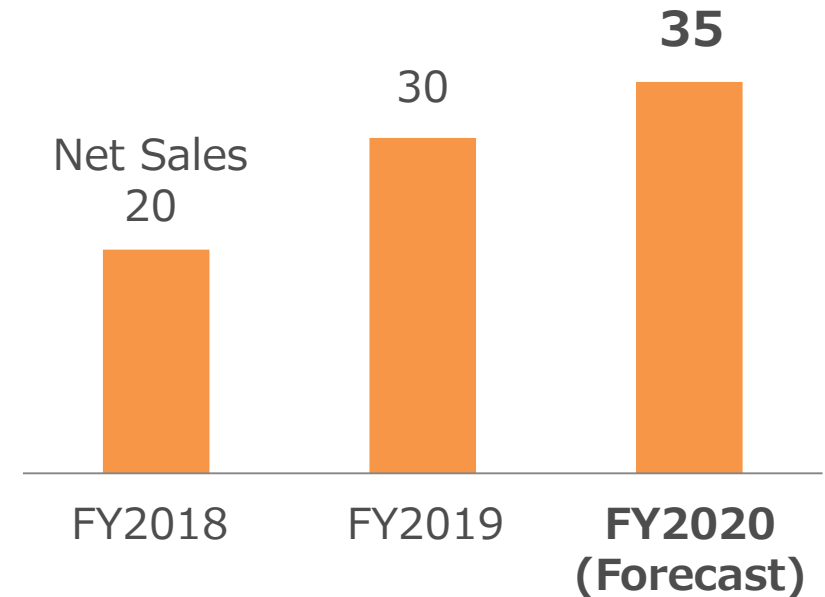
◆ Towards an increase of sales

1. Commercialization of AV equipment for business use
2. Commercialization of in-vehicle products
3. Expand business field through EV strategy

◆ Towards an increase of profit

1. Improve profit margin by healthcare and medical products
2. Ensure revenue base by AV equipment for business use
3. Developing and commercialization of high-value added products

(100 million Yen)



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These factors include industry trends relating 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.

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