

Life Solutions Fiscal 2020 Second-half and Medium-term Initiatives

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Panasonic Corporation



Note1: In this presentation, "FY20" refers to the year ending March 31, 2020
Note2: In this presentation, the figures for "LS" represent LS segment including CNA.

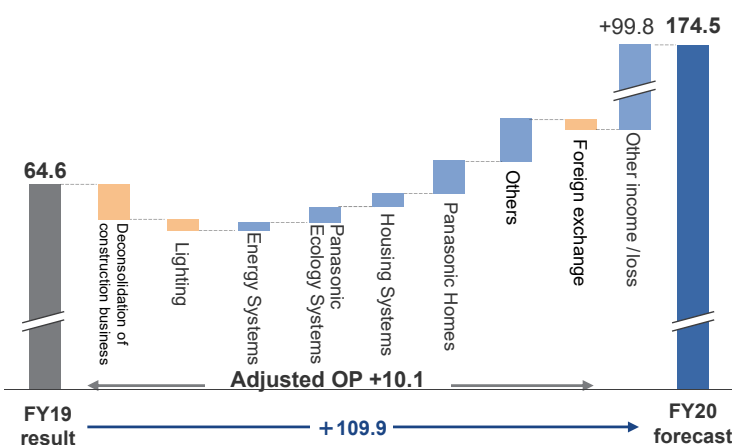
Fiscal 2020 First-Half Progress and Second-Half Initiatives



FY2020 1H Results and 2H Forecast

(yen: billions)	1H results	vs. FY19	2H forecast	vs. FY19	vs. FY19 *Excluding the impact of deconsolidation in the construction business	Full-year forecast (As of October 31)	vs. FY19	vs. FY19 Excluding the impact of deconsolidation in the construction business	vs. initial forecast
Sales	993.2	+42.1	966.8	-118.2	+27.3	1960.0	-76.1	+69.4	+10.0
Adjusted OP (rate)	45.8 (4.6%)	+22.7	54.2 (5.6%)	-12.6	-2.5	100.0 (5.1%)	+10.1	+20.1	+12.5
Other income/loss	-4.7	-4.4	79.2	+104.2	+15.4	74.5	+99.8	+11.1	-
Operating Profit (rate)	41.1 (4.1%)	+18.3	133.4 (13.8%)	+91.6	+12.9	174.5 (8.9%)	+109.9	+31.3	+12.5
Capital investment	16.6	-5.1	26.4	+5.9	+5.9	43.0	+0.8	+0.8	-8.0

Operating Profit (billion yen)



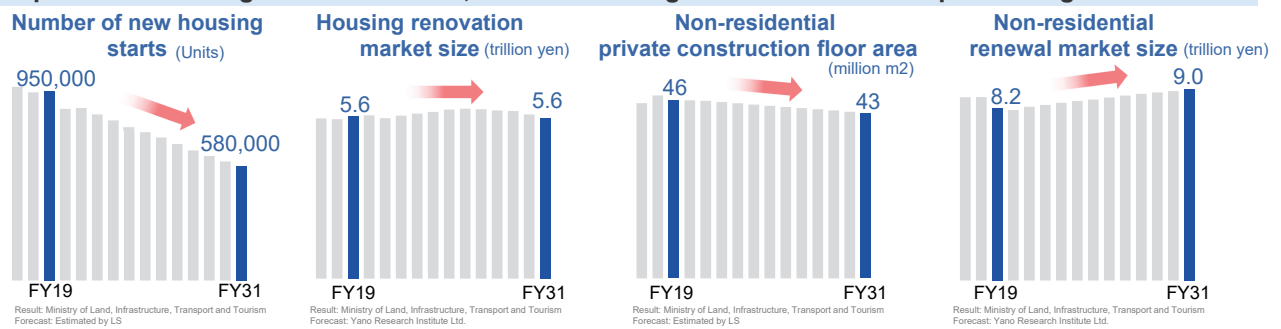
	Projections and business plan for the second half
Life Solutions Overall	<ul style="list-style-type: none"> In the second half, there will be impacts of consumption tax hike and market deterioration, but strengthening the constitution and annual adjusted operating profit is expected to increase
Lighting	<ul style="list-style-type: none"> Increase in sales in Asia, but profit is expected to decline due to struggle in Europe
Energy Systems	<ul style="list-style-type: none"> In the second half, sales will decrease in Japan due to the tax increase, but will recover in India and ASEAN, and annual profit is expected to increase
Panasonic Ecology Systems	<ul style="list-style-type: none"> Profit increase due to new product launch in Japan and sales increase in China and India
Housing Systems	<ul style="list-style-type: none"> In the second half, minimize the reaction of the tax increase by new product launch and promotion of rationalization, and increase annual profits
Panasonic Homes	<ul style="list-style-type: none"> In Q3, new construction contract / condominium business is expected to grow, and annual profit is expected to increase excluding the deconsolidation effect in Q4

Medium-term Initiatives

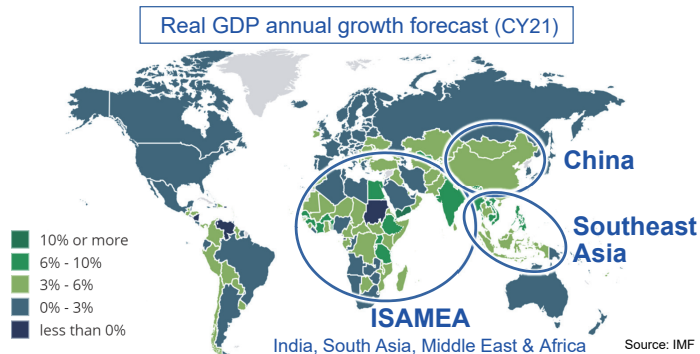
Market Environment

Japan: Focus on non-residential renewal market Overseas: There is potential for business expansion

Japan: New housing starts will shrink, but non-housing renewal market is expected to grow



Overseas: Market expansion is expected to continue in China, ISAMEA and Southeast Asia



	Nominal GDP growth rate (CY18→21 CAGR)	New housing starts (CY21)
ISAMEA	+12%	9.64 million
India		
Southeast Asia	+9%	2.14 million
Indonesia		
China	+8%	15.46 million

Source: IMF, Freedonia

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Mission and Vision of Life Solutions Company

Company Mission Expand “A Better Life” to home, community and society

Company Vision Make a better comfortable life with human centering solution



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Business Areas of Each Business Category

Company Mission Expand “A Better Life” to home, community and society

Company Vision Make a better comfortable life with human centering solution



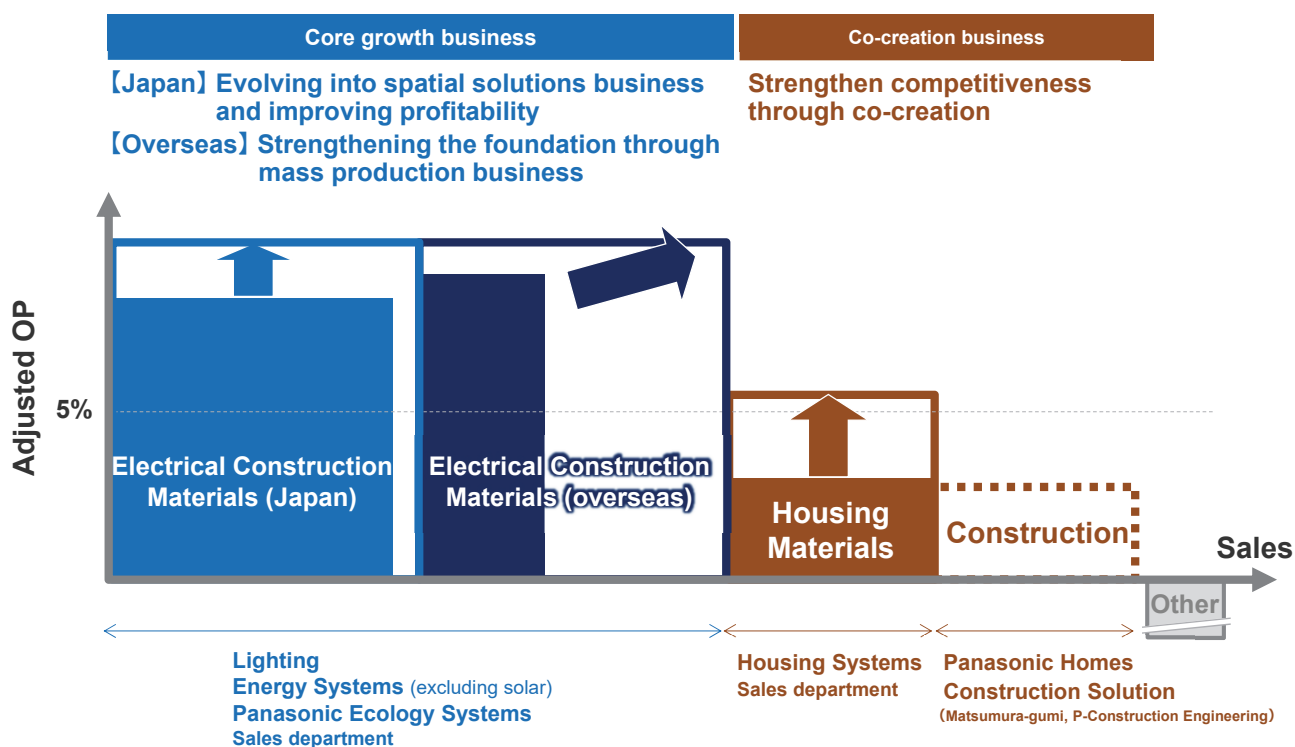
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Medium-term Strategy: Concept of Portfolio Management

Profit pool (FY2019→FY2031)



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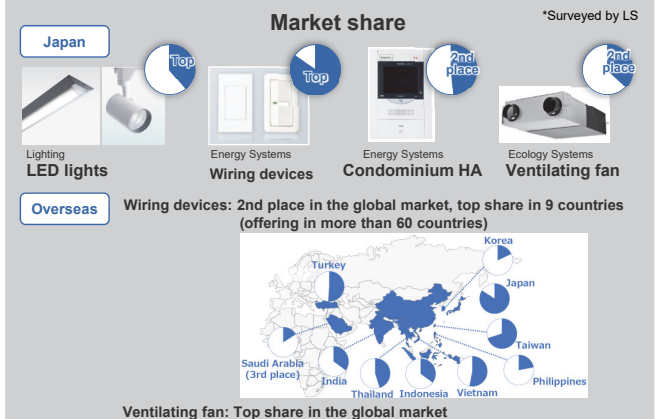
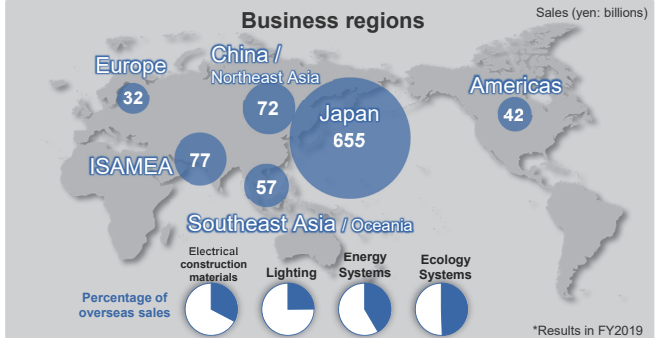
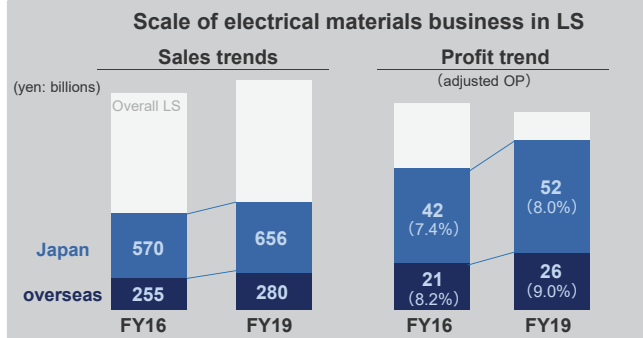
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Medium-term Strategy: Positioning of Electrical Construction Materials Business

Core Growth Business

Covering a wide range of fields from non-residential to residential businesses with the advantages of high profitability and a dominant presence in the market



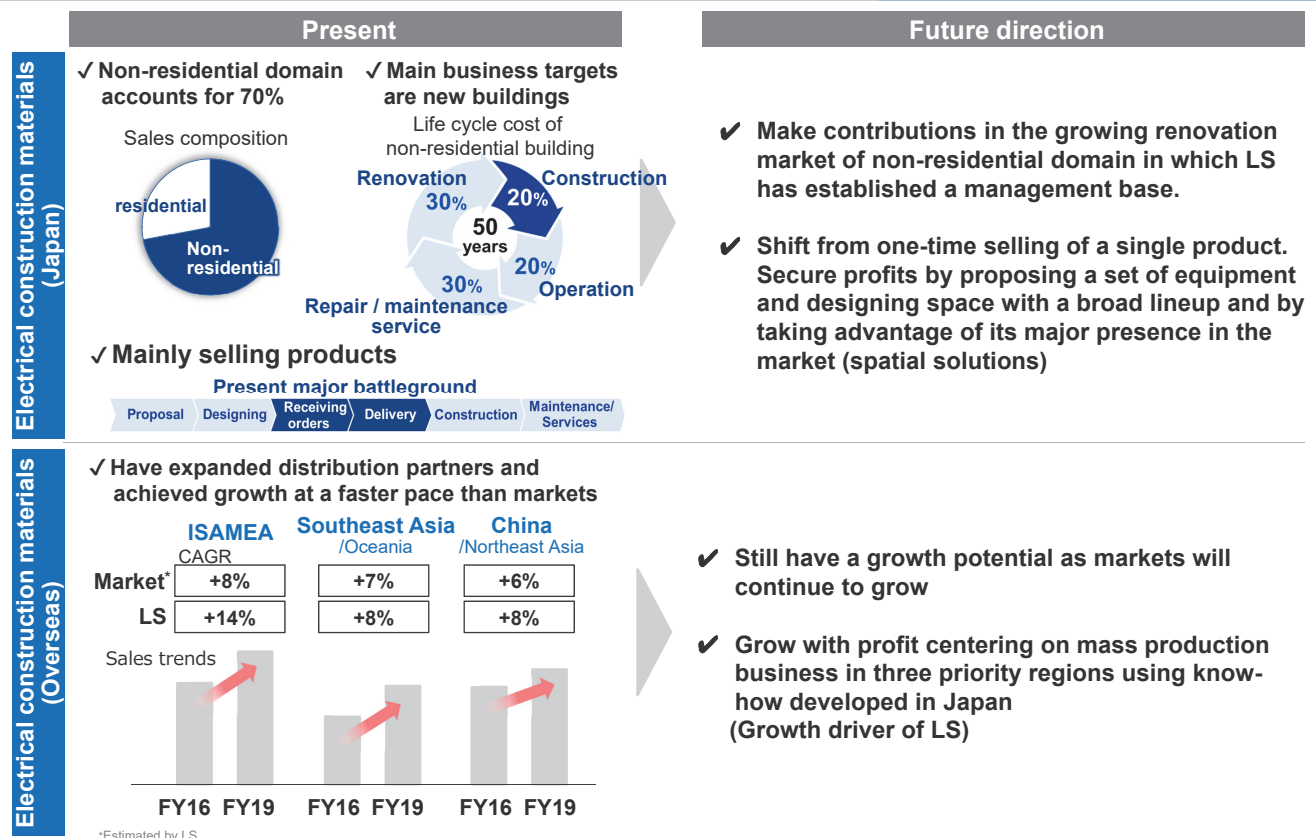
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Medium-term Strategy: Future Direction of Electrical Construction Materials Business

Core Growth Business

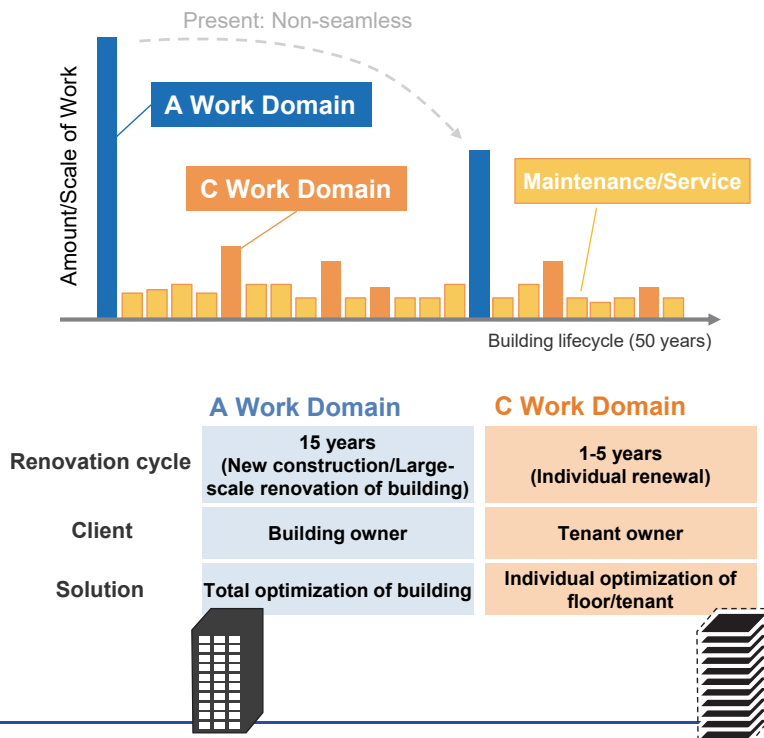


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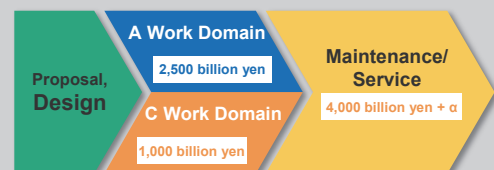
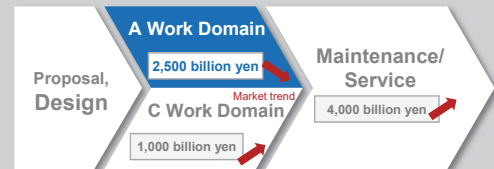
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In non-residential market, in addition to selling products in the new construction / large-scale renovation area (A Work Domain), expand into the renewal area of individual tenants (C Work Domain) and keep in touch with customers through maintenance and service.



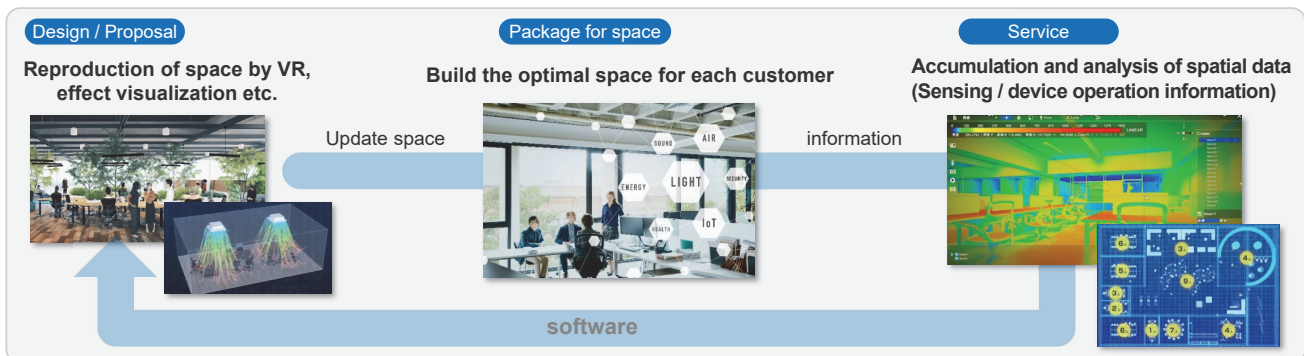
Market scale in value chain
(For equipment in domestic office market)

*Surveyed by LS

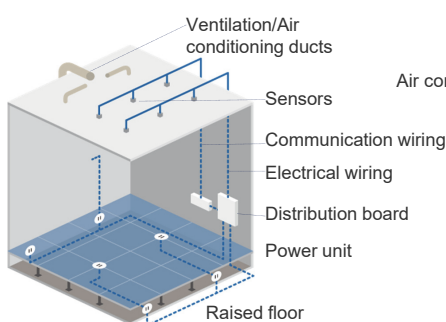


Target market scale will expand from 2,500 billion yen to 7,500 billion yen
Further, expand market by creating new value

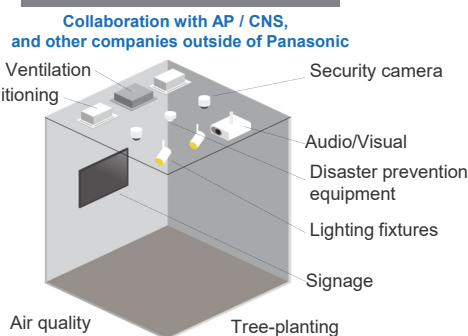
Create value from the viewpoints of both owners and users—improve productivity, comfort of users, etc.
Enhance human-centering value of space by utilizing IoT technologies and update space based on data continuously.



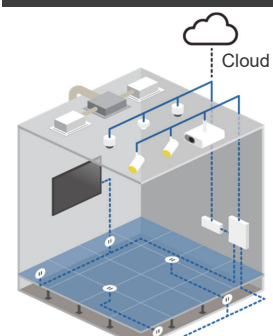
Infrastructure for space



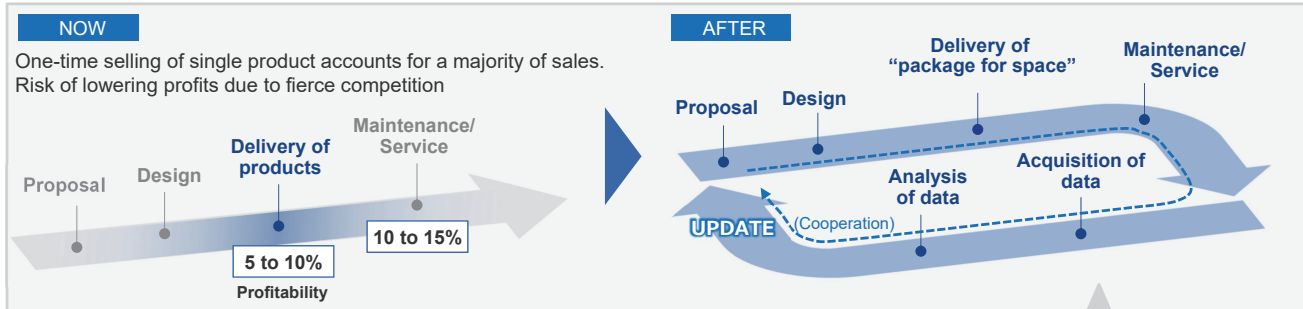
Devices for space



Package for space



Expand business domains throughout the value chain and establish circular business

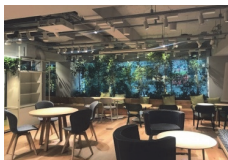


Deepen business model by conducting demonstration experiments to materialize the providing value

While analyze motion of working persons based on data provided by LPS* which can grasp the location of persons, collect and analyze operation data of lighting and other instruments to enhance solution development.

※Local Positioning System

(Co-working space)
point 0 marunouchi
Partners:
Okamura, Daikin Industries, Tokio Marine & Nichido Fire Insurance, LION, MyCity, Asahi Breweries, TOA, TOTO



Opened in
July 2019

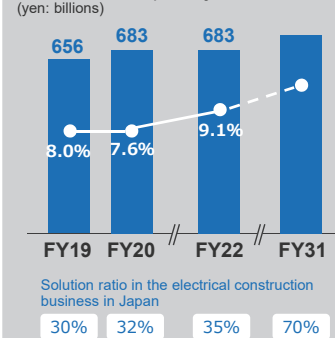
(Co-working space)
TENNOZ Rim
Partners:
Mitsubishi Estate Residence, Warehouse TERRADA



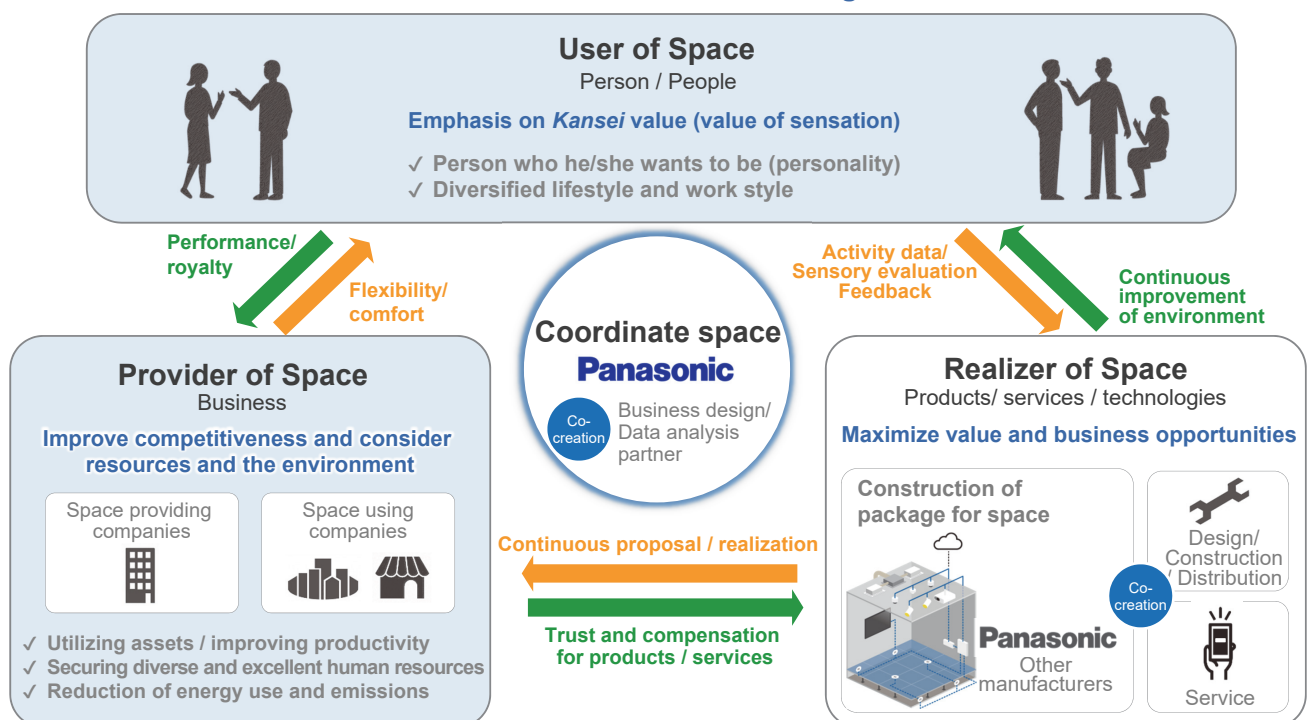
Opened in
June 2019

Sales target for electrical construction materials (Japan)

(yen: billions) (% : adjusted OP rate)



Co-create an ecosystem with partners that responds to social changes/issues and maximizes the value created by space users and providers in order to realize company vision "Make a better comfortable life with human centering solution"

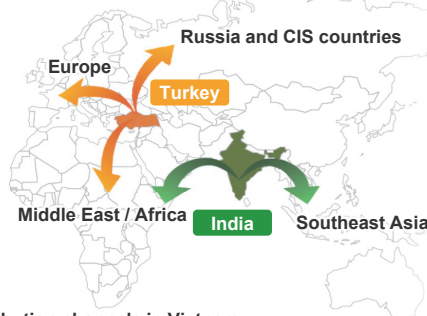
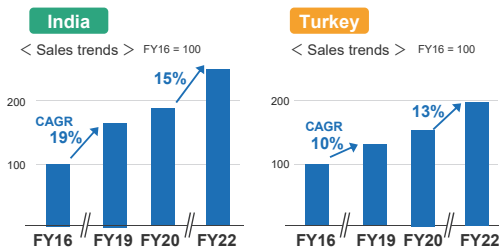


As a growth driver of LS, achieve profitable growth driven by mass production business in three key regions

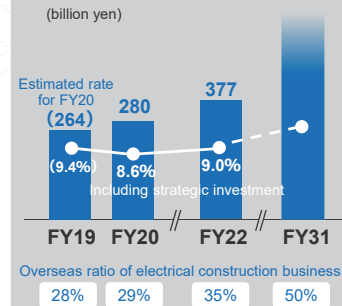
ISAMEA (CAGR 14%)

FY2020⇒FY2022

Achieve substantial growth of business with the focus on India and Turkey (Expand products' lineup in addition to wiring devices. Enhance domestic and overseas sales network).



Sales target for electrical construction materials (overseas) (% : adjusted OP rate)



Southeast Asia /Oceania (CAGR 11%)

Expand market sales through distribution channels in Vietnam, Indonesia, Thailand. Speed up the expansion of B2B business with lighting business as a springboard



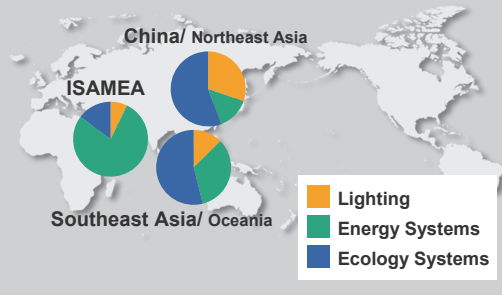
China /Northeast Asia (CAGR 13%)

Through collaboration with leading local partners, offer solutions for urban development focused on health and nursing, etc. (Collaboration with CNA Company)



Business composition of the three priority regions

*FY2019 results



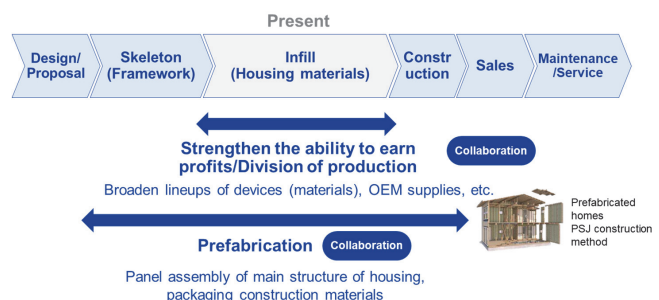
Construction

Set up a new company with TOYOTA Motor Corporation and achieve growth by urban development



Housing materials

Improve profitability by expanding value chain and strengthening constitution



Solar

Increase the competitiveness of solar panels through collaboration with GS Solar
(Transfer of Malaysia Factory, setup of new R&D company)

LS focuses on energy solution business

Improve profitability of electrical construction materials business (Japan) while steadily expanding overseas business toward 2030

		Sales	Adjusted OP
LS	Core growth business (Electrical construction materials)	1,700 billion yen	To 7%
		FY2020 1,600 billion yen	FY2020 5.7%
		1,060 billion yen	To 10%
		Grow sales mainly overseas FY2020 963 billion yen	Improve profitability in Japan FY2020 7.9%

*Figures for FY2020 are after taking into account the effects of deconsolidation in the construction business

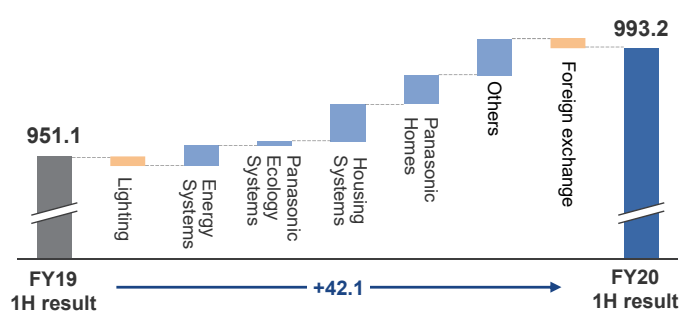
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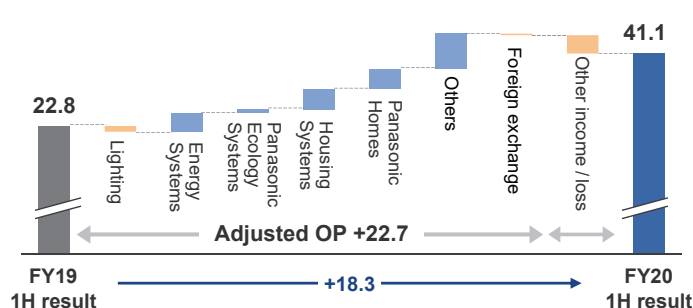
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(Reference) FY20 1H Results

Sales (yen: billions)



Operating Profit (yen: billions)



	First half results and initiatives
Life Solutions Overall	<ul style="list-style-type: none"> Soaring demand before consumption tax hike contributed to favorable sales in the entire Company Increased sales and profits brought about higher profits from expanded sales and streamlining of business
Lighting	<ul style="list-style-type: none"> Enjoyed sales success in India and Indonesia, etc. while sales declined in the U.S., Europe and China, resulting in decreased sales and profits
Energy Systems	<ul style="list-style-type: none"> Increased sales and profits driven by robust domestic sales of high-function products such as housing distribution boards and sales growth in ASEAN and India
Panasonic Ecology Systems	<ul style="list-style-type: none"> Increased sales and profits driven by large-scale projects in environmental engineering business and brisk sales of IAQ* business (bathroom dryers in China and domestic sales of Ziaino, etc.) <p>*Indoor Air Quality</p>
Housing Systems	<ul style="list-style-type: none"> Increased sales and profits due to increased sales of new products of plumbing equipment and housing construction materials, as well as rush demand.
Panasonic Homes	<ul style="list-style-type: none"> Growth of new housing contractor business and renovation business have boosted sales and profits
Others	<ul style="list-style-type: none"> Increased sales and profits brought by brisk sales of domestic engineering business and construction contracting business

(Reference) Businesses whose sales are disclosed

✓ Businesses whose sales are disclosed		Main products/ service
Electrical construction materials	✓ Lighting	<ul style="list-style-type: none"> ■ Lighting equipment (for residential, facility, out door, store etc.), lighting device, lamp 
	✓ Energy Systems	<ul style="list-style-type: none"> ■ Wiring device, home distribution board, piping materials, electric tool, condominium HA, disaster prevention equipment, building systems System for solar PV and storage battery, HEMS 
	✓ Panasonic Ecology Systems	<ul style="list-style-type: none"> ■ IAQ related equipment (ventilation system, ceiling fan, home appliance), environmental systems and engineering (purifying system of water and air, construction) 
Housing materials	✓ Housing Systems	<ul style="list-style-type: none"> ■ System kitchen, system bathroom, washbasin, toilet, interior door, floor material, delivery box, drainpipe 
Construction	✓ Panasonic Homes	<ul style="list-style-type: none"> ■ New construction contract (detached house / condominium / multi-story house), renovation, urban development, overseas 
	(Construction Solution)	<ul style="list-style-type: none"> ■ Construction, interior finish work 
Bicycle	(Panasonic Cycle Technology)	<ul style="list-style-type: none"> ■ Power-assisted bicycle, electric motor unit 
Elderly Care	(AGE-FREE)	<ul style="list-style-type: none"> ■ Elderly care service & products, reform / rental for elderly care 