



# Cold Chain Solutions

## Medium- to Long-term Business Strategy

November 22, 2022

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# Business Outline

## Cold Chain Solutions

Business area

**4 regions**

- North America
- Japan
- Oceania
- Asia

Factories

**9 sites**

Employees

**About 7,600**

Global share of  
showcases

Approx.  
**20% \* 1**

Global share of  
Refrigeration system

Approx.  
**10% \* 1**

\* 1 : Estimated by Panasonic based on shares in the four regions of our business

## Goods and Services

Showcase



SC for Supermarket



SC for  
Convenience  
store

Refrigeration system and  
logistic equipment



Refrigeration  
system



Cold roll box  
(Mobile low/medium  
temp. refrigerator)

Kitchen /Beverage equipment



Commercial  
refrigerator



Ice making  
machine

Service maintenance



storeconnect

APERION

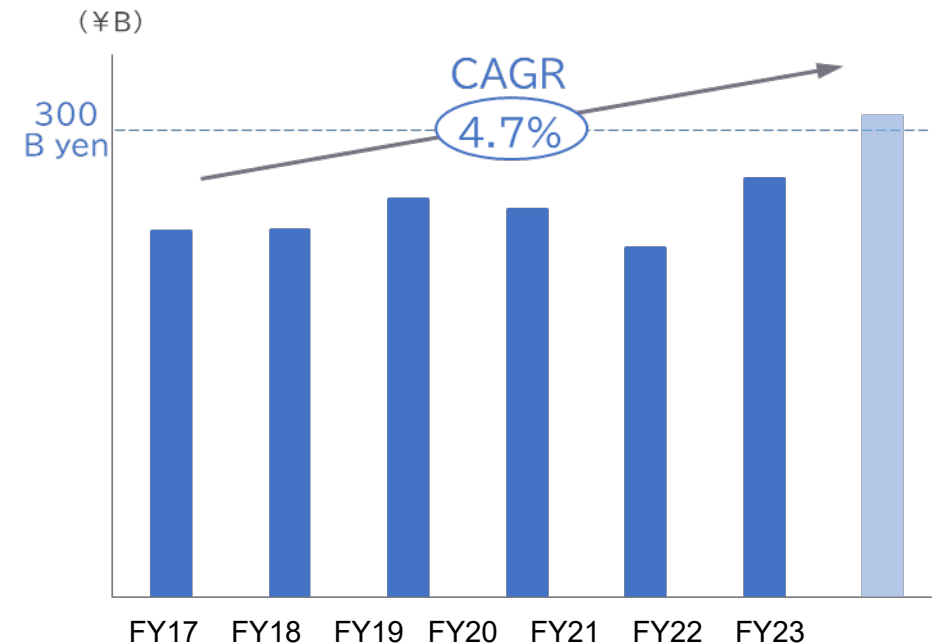
S-cubo

# History

## History of Cold Chain Solutions

1917	Husmann began production of medium temp. showcases
1962	Start of production of low temp/medium temp showcases
1963	Start of production of supermarket showcases
1969	Start of production of commercial refrigerators
2012	Integration of Panasonic and Sanyo Electric's cold chain business
2015	Acquisition of Husmann Corporation <b>HUSSMANN</b>
2018	Refrigeration system business was transferred to Cold Chain Business Division
2021	<b>Inauguration of Cold Chain Solutions Company</b>
2022	Transfer of Asia and Oceania business from CNA to CCS (Scheduled for Jan. 2023)

## <Sales Trend>



# Vision

## Mission

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Life tech & ideas  
For the wellbeing of people, society and  
the planet

## Vision

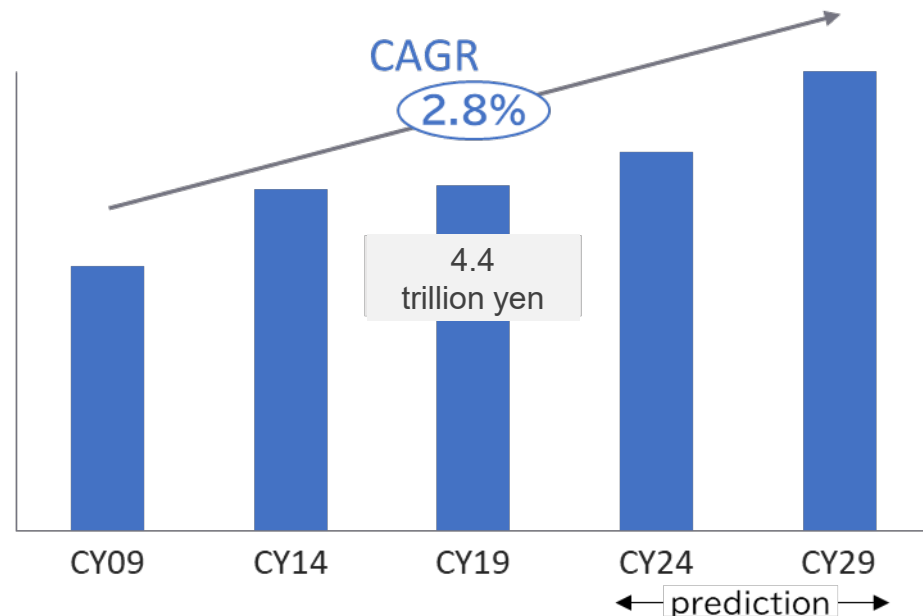
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To be recognized as the most customer-focused  
solutions provider to the cold chain

# Cold Chain Industry Market Demand

- The global market size is estimated to be over 4 trillion yen. Formation of markets in North America, Europe, Asia and other regions almost equally
- Cold chain industry is composed of showcases for retailers, kitchen equipment for food services, refrigeration system for warehouses, etc.

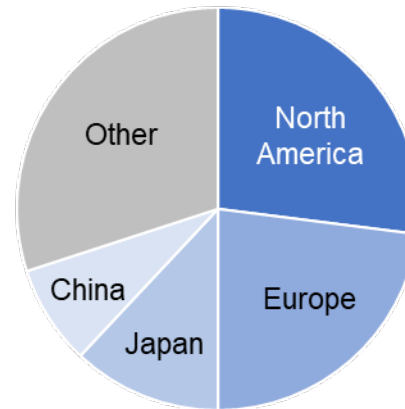
## Cold Chain Industry Total Demand



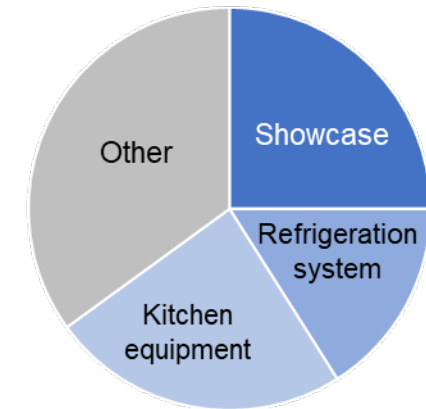
Source : The Freedonia Group  
exchange rate : 1\$=140yen

## Demand by Region and Product (CY19)

Composition ratio by region



Composition ratio by product

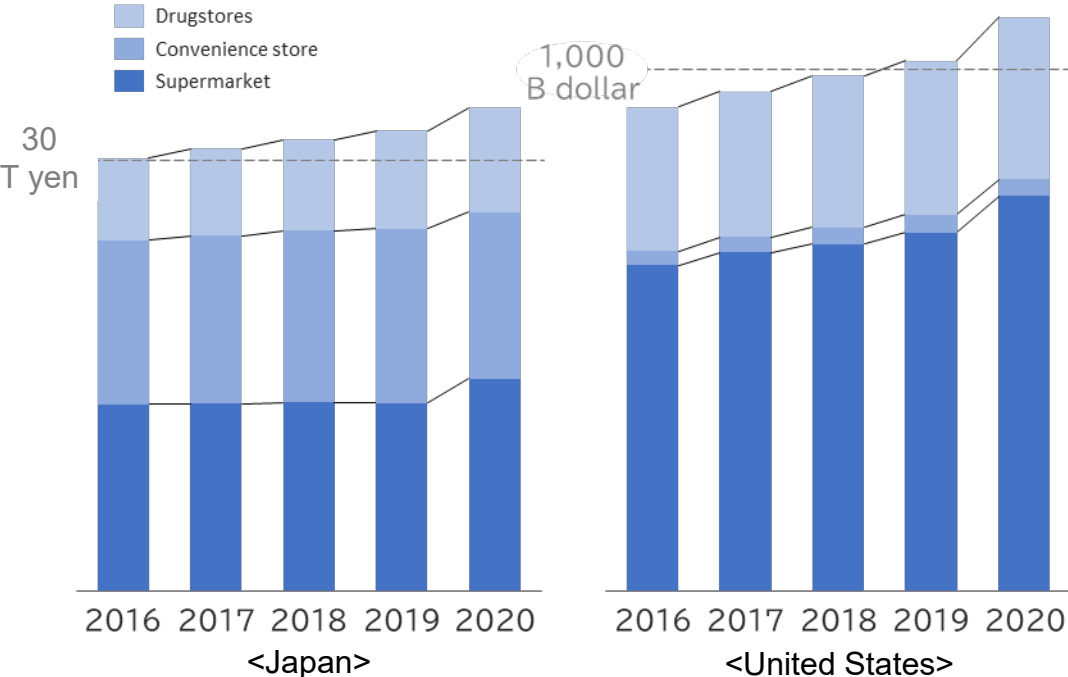


Source : The Freedonia Group, Japan Refrigeration and Air Conditioning Industry Association

# Market Environment of the Food Retailing & Food Service Industry

## Retail Sales by Type of Business

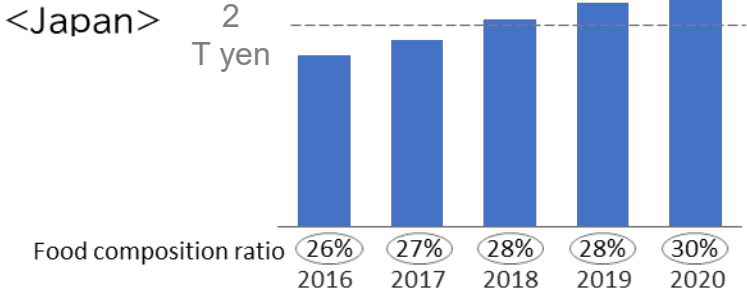
Stable growth in retail, a key customer base for showcases



Source : Ministry of Economy, Trade and Industry "Commerce Statistics", Census Bureau "Annual Retail Trade Survey"

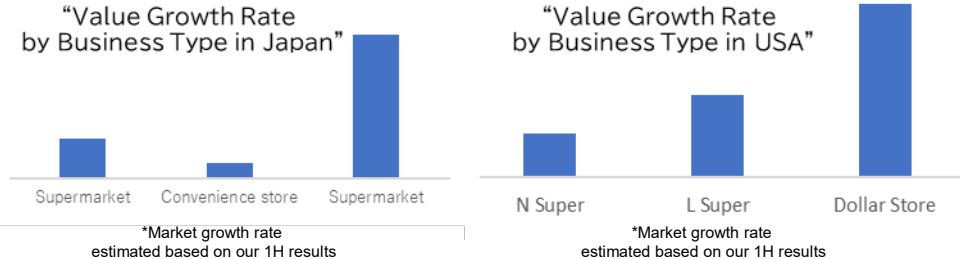
## Drug Store Industry Sales Trends

Food sales value and composition are expanding in the growing market of drugstores



## Showcase Market Growth Rate Comparison

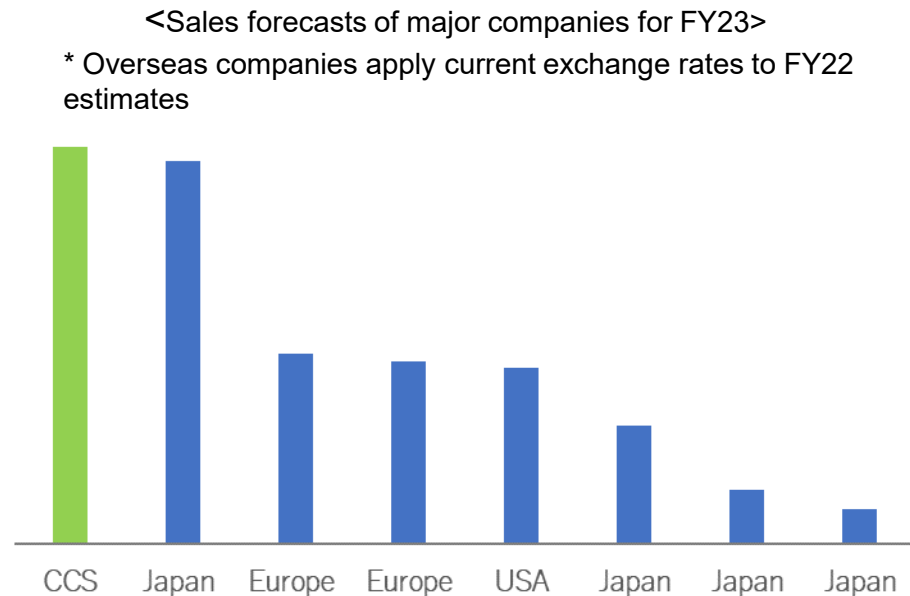
Drug stores and the dollar market in the growth area has high market growth rate



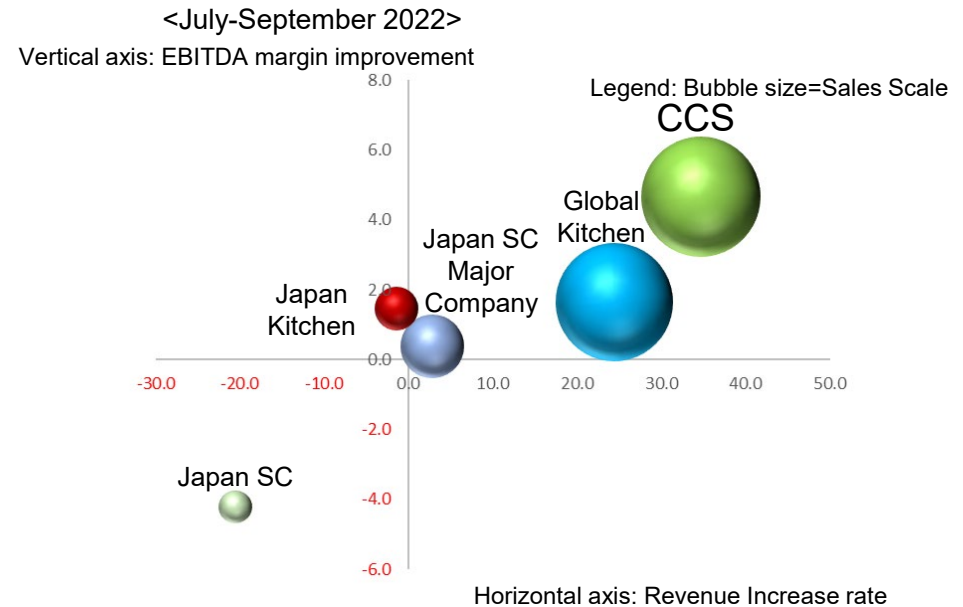
# CCS Co's Position in the Food Retailing & Food Service Industry

- Business Scale : Ranked No.1 (Global) in FY22 forecast, but poor profitability
- Profitability and Growth : Significant improvement in profitability and growth in the most recent financial results, closing the gap

## Comparison of Global Company Size in the Food Retailing & Food Service Industry



## Comparison of Recent Financial Results of Domestic Companies in Food Retailing & Food Service Industry

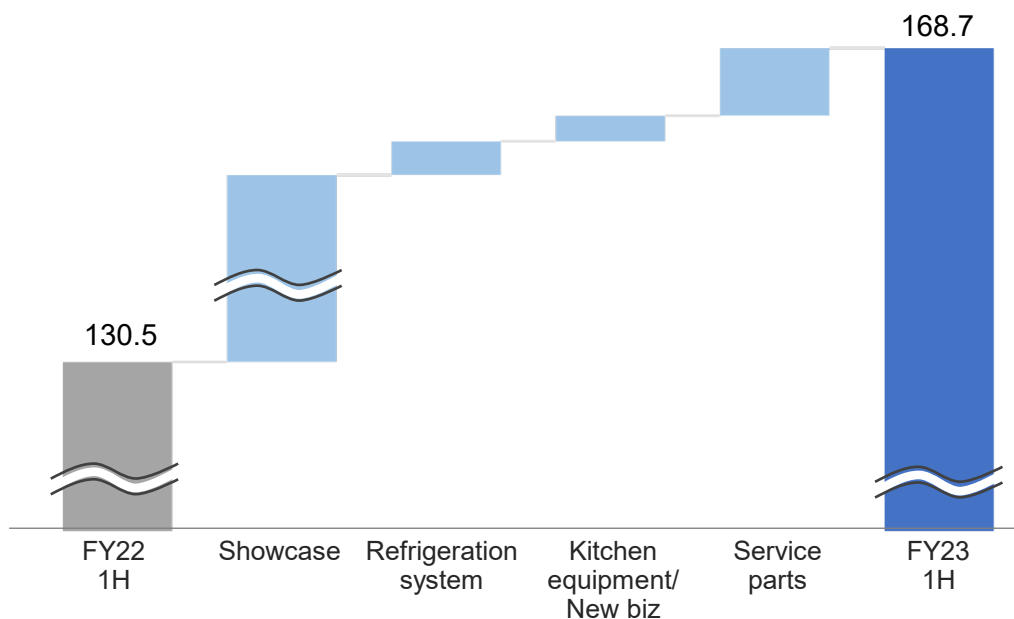


# FY2023 1H KGI Progress

## Sales

168.7 billion yen  
(+38.2 billion yen, 29% increase in revenue)

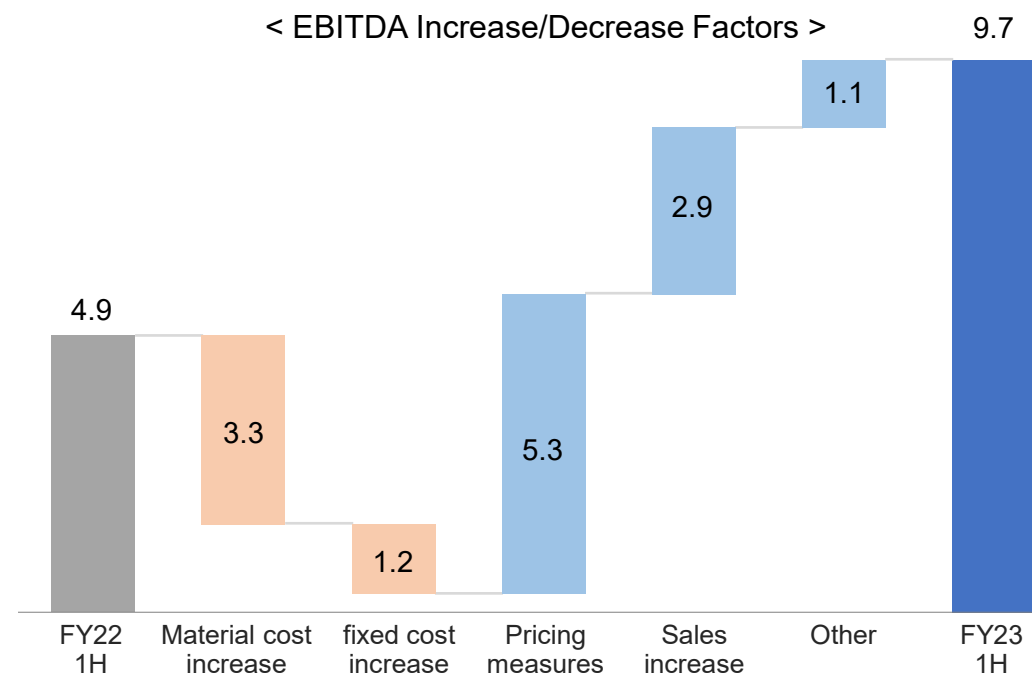
<Contribution to Revenue Growth by Business Segment>



## EBITDA

9.7 billion yen  
(+4.8 billion yen, margin 5.8%)

< EBITDA Increase/Decrease Factors >





# Social Issues Focused on by CCS Co.

## 1 Low Environmental Impact



## 2 Labor Shortage



## 3 Food Loss Reduction

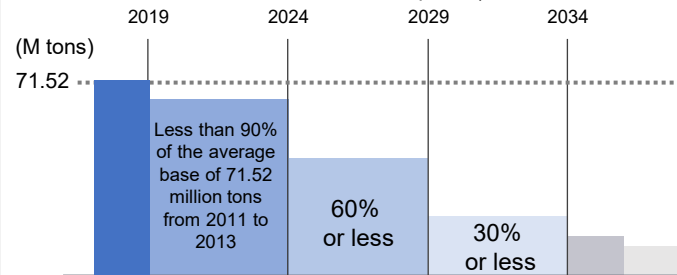


# Changes in the Business Environment Toward 2030

## 1 Low Environmental Impact

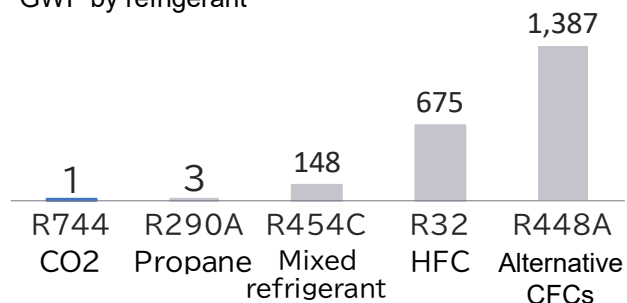
### Tighter regulations drives the shift to low-environmental-impact refrigerants

Regulation schedule for CFC substitute consumption (regulation of manufacturer's shipment)



Source: Montreal Protocol, Kigali Amendment (Reference values are for Japanese case)

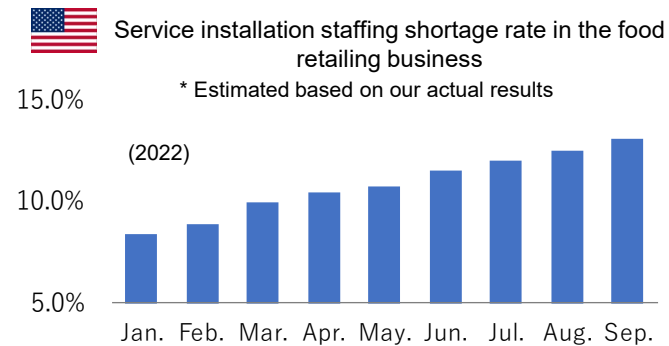
### GWP by refrigerant



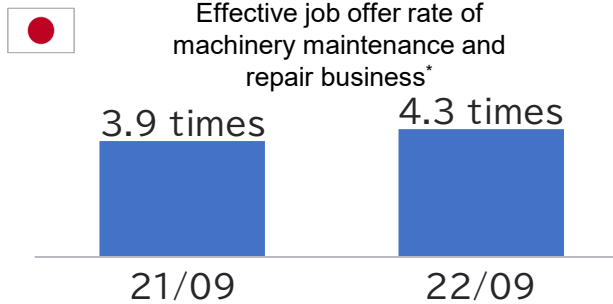
\* GWP: a multiple of the heat that would be absorbed by the same mass of CO2 (Global Warming Potential)

## 2 Labor Shortage

### Severe industry staffing shortages in both the U.S. and Japan



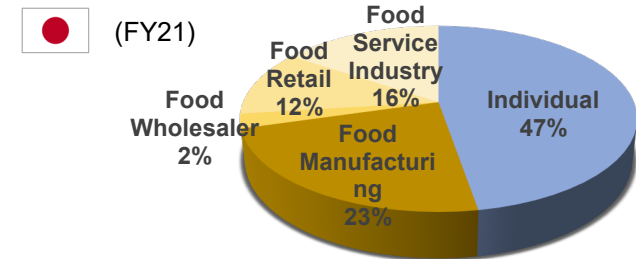
\* Estimated based on our actual results



\*Effective Job Offer Rate :  
Number of effective job offers in a month /  
Number of effective job seekers in a month

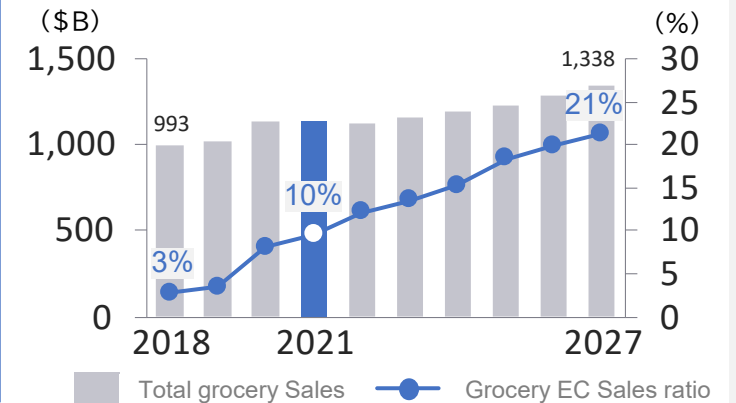
## 3 Food Loss Reduction

### Breakdown of 5.22M tons of food loss by route



Source : Ministry of Agriculture, Forestry and Fisheries

### Grocery e-commerce also contributes to food loss reduction



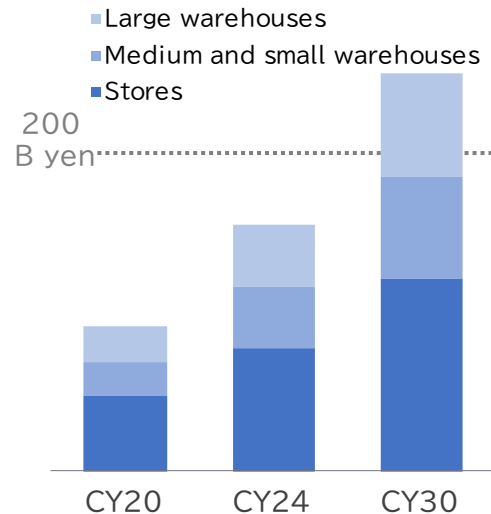
# 1. Low Environmental Impact

~Core of environmental strategy : CO2 refrigeration system connecting the world~

## Market Forecast for CO2 Refrigeration System

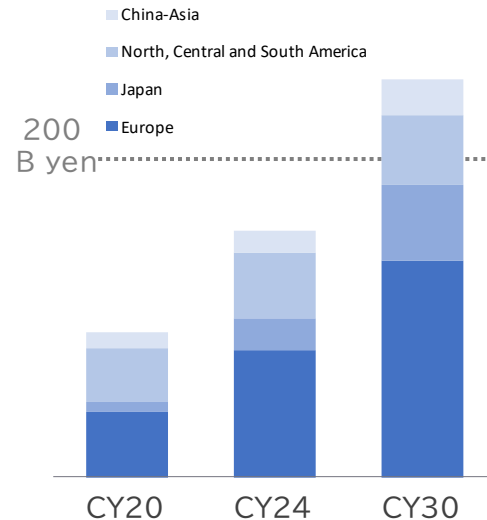
### By segment

Largest for stores  
expanding for medium-sized



### By region

Europe, Japan to take off from key markets



Source : Estimated by CCS based on materials of Japan Warehouse Association, Hussmann, Fuji Keizai, etc.

## Key Points Supporting the CO2 Refrigeration Equipment Business

### 1. Two-stage compression type compressor

Energy saving, downsizing of chillers, and Low noise, low cost, high reliability



### 2. Solid business foundation through MIF share

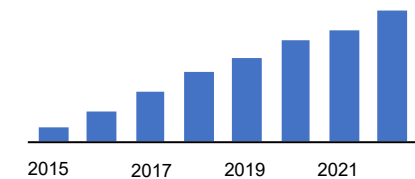
Showcase MIF share



※MIF : Machine in the field

### 3. Installation and maintenance know-how

Cumulative shipments  
**15,700 units**



### 4. Wide range of product lineup

Wide range of applications from convenience stores and supermarkets to large warehouses

#### Our lineup

Horse power	2	4	10	15	20	30	40	80
Japan	○	○	○	○	○	○	○	○
Europe	○	○	○					

## 2. Labor Shortage

~Core digital strategy : Storeconnect and human resource development~

### Storeconnect Value Offerings

HUSSMANN



Early detection  
of refrigerant  
leaks



Service  
Cost  
Reduction



Preservation of  
client asset  
values



Improving  
energy  
efficiency

### Investment in Service/Installation Human Resources Development



TECHX

By HUSSMANN

ADVANCED REFRIGERATION TRAINING PROGRAM

### How IOT Solutions Work

#### Stores with equipment installed



Equipment operation data

Detecting signs of defects and responding to them before they occur

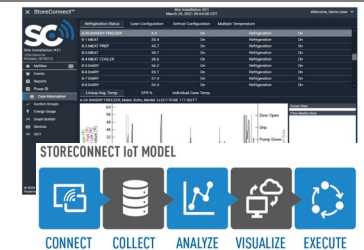
SC  
storeconnect

BOS  
Branch Operating System

S-cubo

Sharing of equipment operating data

#### Service locations



Failure prediction by analyzing  
equipment operating condition  
monitoring data

# 3. Reduction of Food Loss

~Taking up the challenge to preserve taste and quantity of food~

## Creation of differentiated products through kitchen, showcase and refrigeration technologies

**<Maximizing Expiration Date>**  
Small high-temperature  
& high-pressure  
cooking equipment

Quick and easy retort packaging of food  
with experts' cooking technique, taste,  
and recipe



**<Food Loss Reduction and Taste>**  
Defrost Cooler

Realize high quality thawing  
by highly controlled temperature



**<EC Support: Smart Locker >**

Delivery box adapting 3 temperature zones :  
low, medium and ambient temperature



GOOD DESIGN  
AWARD 2022

# Reflection on the Past and Future Business Operations

## Reflection on the Past

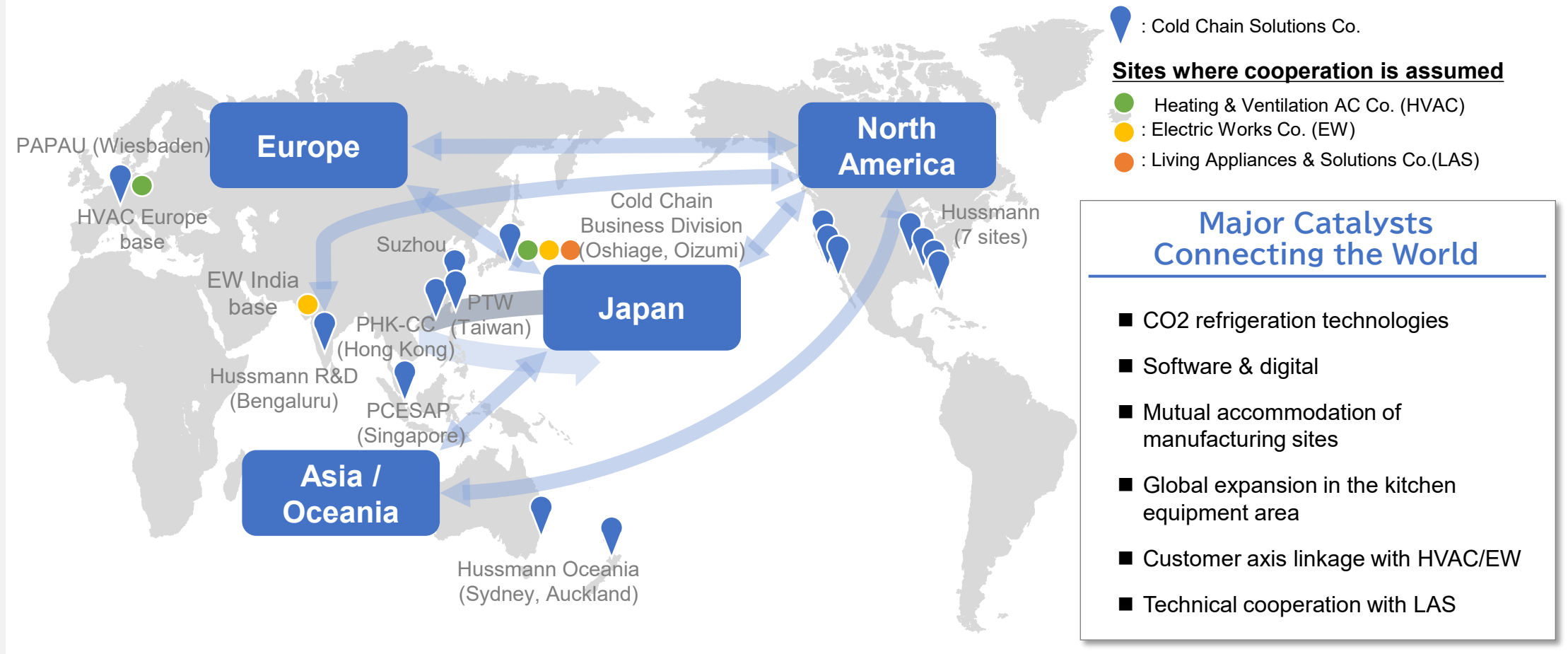
- 1 Lack of investment in facilities and IT**
- 2 Many times of organizational and strategic changes**
- 3 Lack of synergy creation in acquisition of Hussmann**



## What needs to be changed

- 1 Realization of appropriate investment to maintain and improve the level of MIF**
- 2 Clarification and transparency of strategic axis, judgment axis, and time axis**
- 3 Regional cooperation by relatively superior management resources**

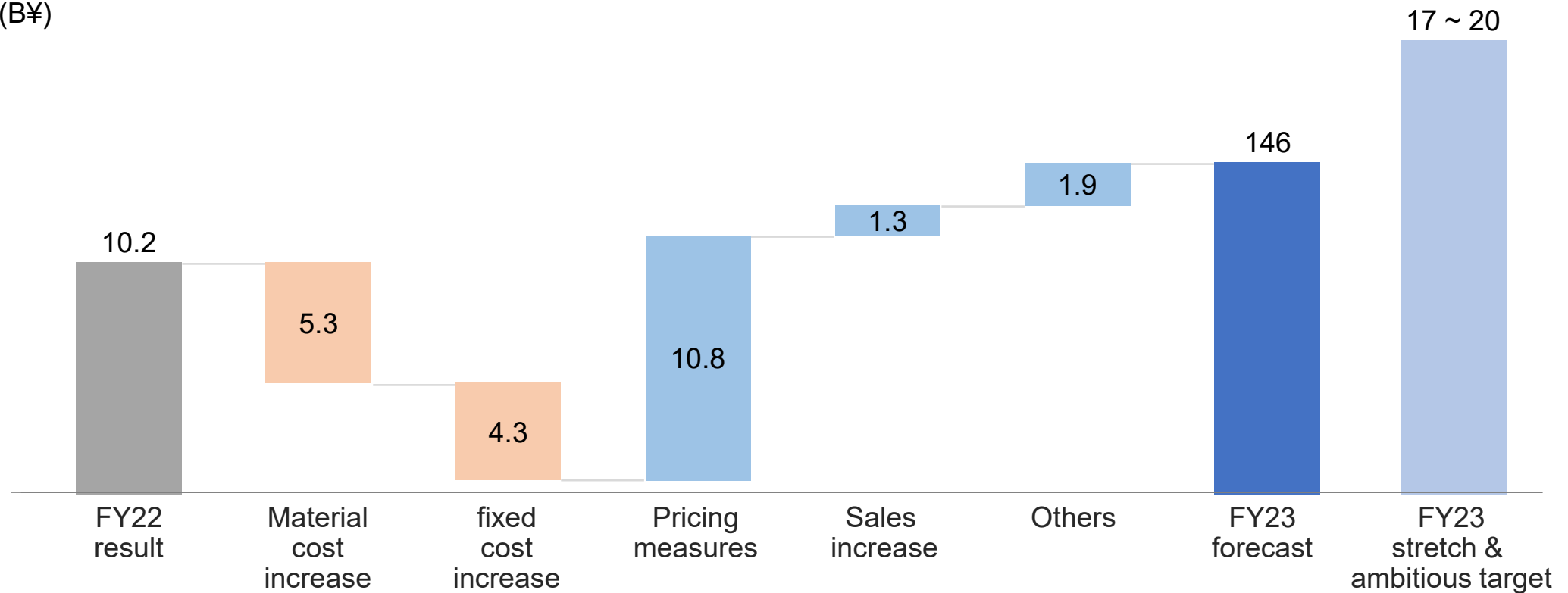
# Expanding Value by Connecting Businesses Globally



# Forecast for FY2023

## EBITDA

(B¥)





## KGI Target for FY2025

### EBITDA

**23** billion yen

10.2 billion yen  
(FY2022 result)

### ROIC

**5.0** % or more

1.0%  
(FY2022 result)

### Three-years Cumulative Operating Cash Flow

**29** billion yen

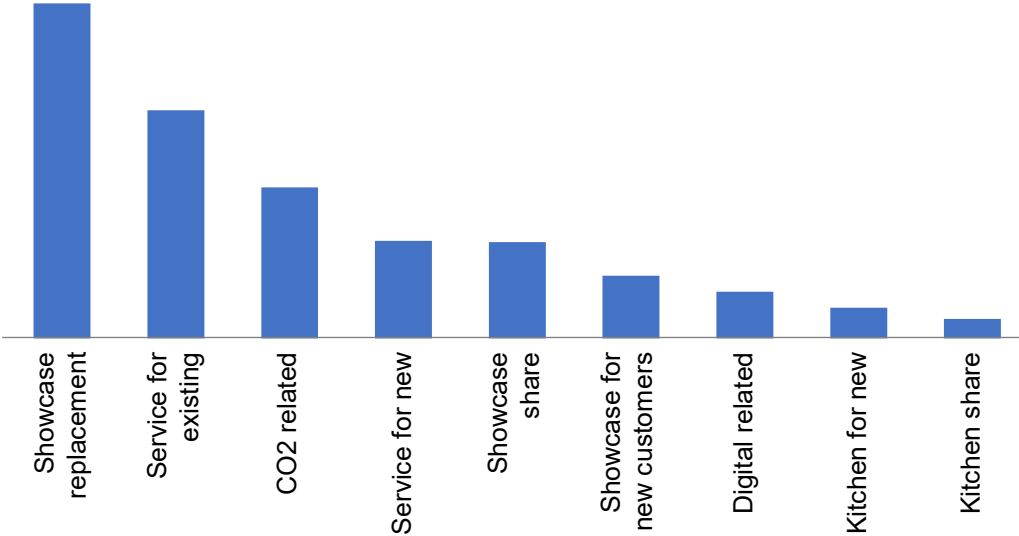
# Outlook for FY2025 KGI Targets

## Sales

340 billion – 360 billion yen  
(CAGR 2% or more)

\* Figures are based on the 140 yen against US dollar,  
assumption of new organization

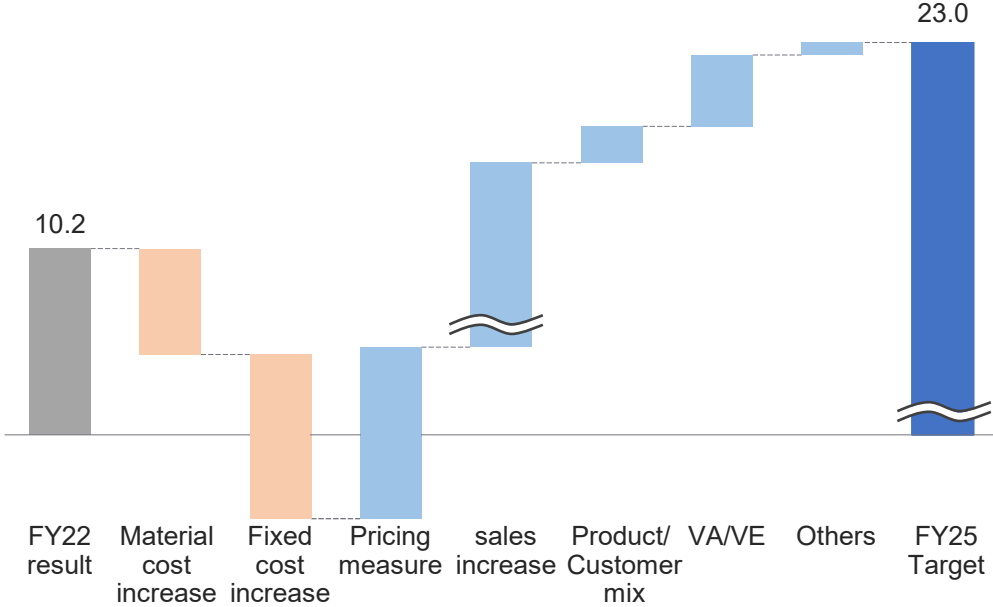
<Target breakdown by revenue increase contribution>



## EBITDA

23 billion yen  
(+ 13 billion yen is a must-achieve target)

<Incremental changes in EBITDA by factor>



# Challenges to take up in achieving KGI targets for FY2031

✓ Sales growth

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✓ Improve manufacturing productivity

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✓ Innovations of IT and operations

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✓ Increase sales by highly profitable products

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## EBITDA

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40 Billion Yen

(Aiming for a margin of 8% or more)

# Executive Summary

## Contribution by Panasonic Group

Blade the way of innovative edge businesses and leading environmental contribution through B2B2C in the food business area

1

Connecting the world and building a solid foundation for enhancing the competitiveness of cold chain businesses

2

Leveraging the strengths of the CO2 refrigeration system to become one of the world's leading environmental companies

3

Take advantage of high MIF, and grow service to a pillar of business through expanding digital solutions

4

Strengthen the kitchen business as a company that solves the food loss issue by launching differentiated products

5

Achieving EBITDA of 40 billion yen at an early stage at a rate exceeding the industry average



**Panasonic**

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