

Business Transformation

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*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2014" or "FY2014" refers to the year ending March 31, 2014.*

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Measures Taken So Far

FY2013

- In the red for 2 consecutive years
- Funding risk
- No dividend

Reorganized "corporate structure"

- ▶ Head Office reform, introduction of Business Divisions & Divisional Companies

Unprofitable businesses

- ▶ Set guidelines for major unprofitable businesses & reform

Reviewed transferring businesses / growth strategy

- ▶ Formulated and started new mid-term plan 'CV2015'

Escaping from financial crisis

- ▶ Group-wide activity to generate cash

Introduce Business Division System

(Effective April 1)

Each business division has responsibility for

- global R&D, production and sales
- sustainable increase in cash and profit

9 business domains
88 BUs

49 BDs*

Basic management unit

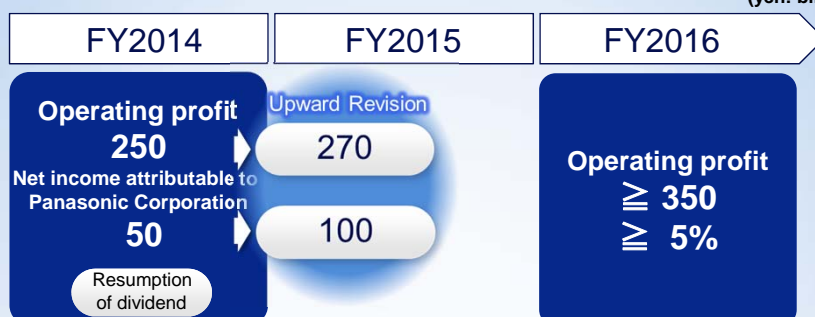
* as of April 2013

4 Divisional Companies support Business Divisions



Roadmap toward FY2016

(yen: billions)

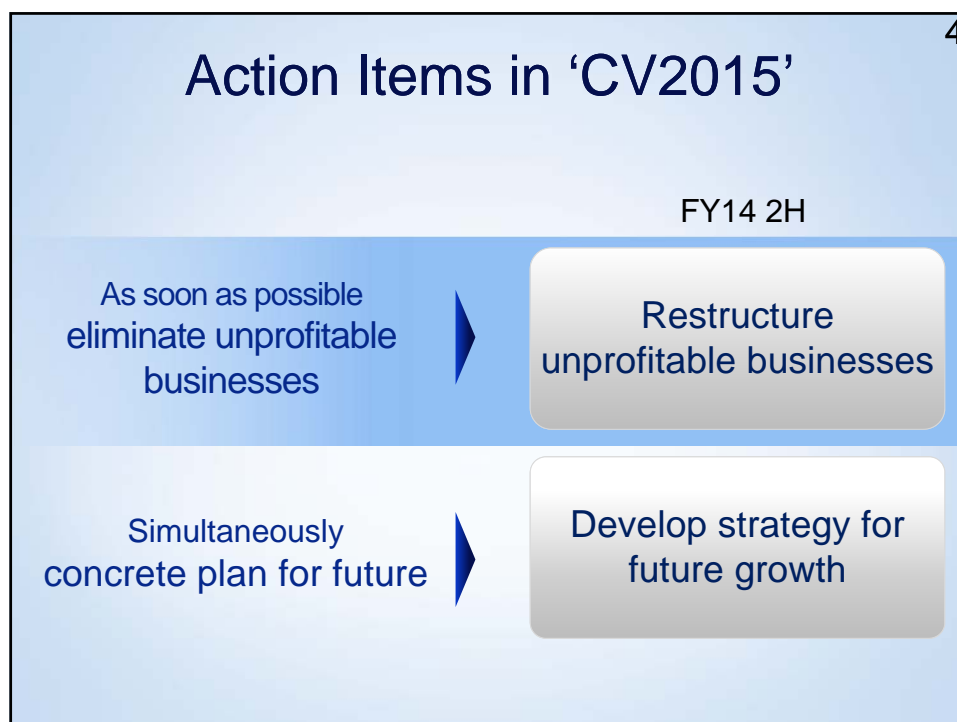


Eliminate unprofitable businesses Restructuring

Complete in 2 years

Each BD: Improve profitability towards 5%

FCF: ≥ 600 billion yen (accumulating total in FY14-16)



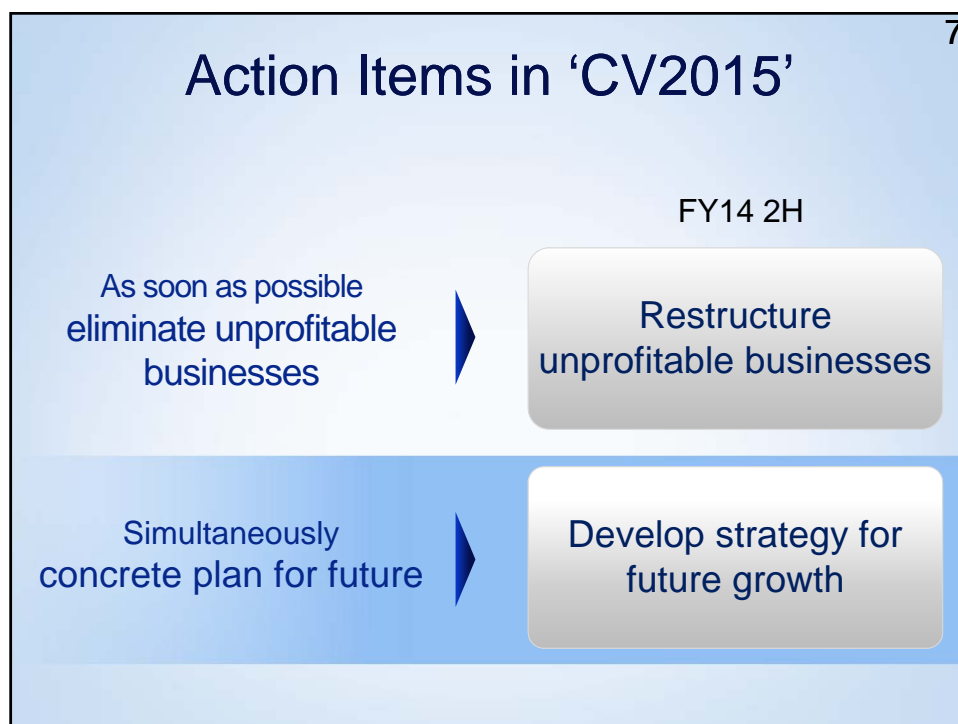
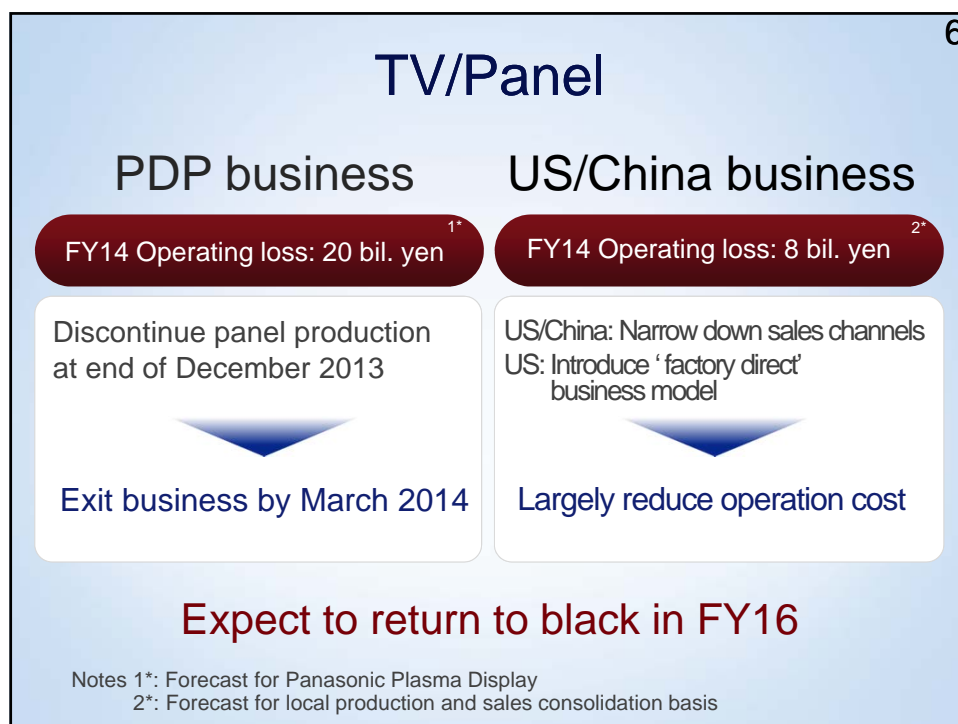
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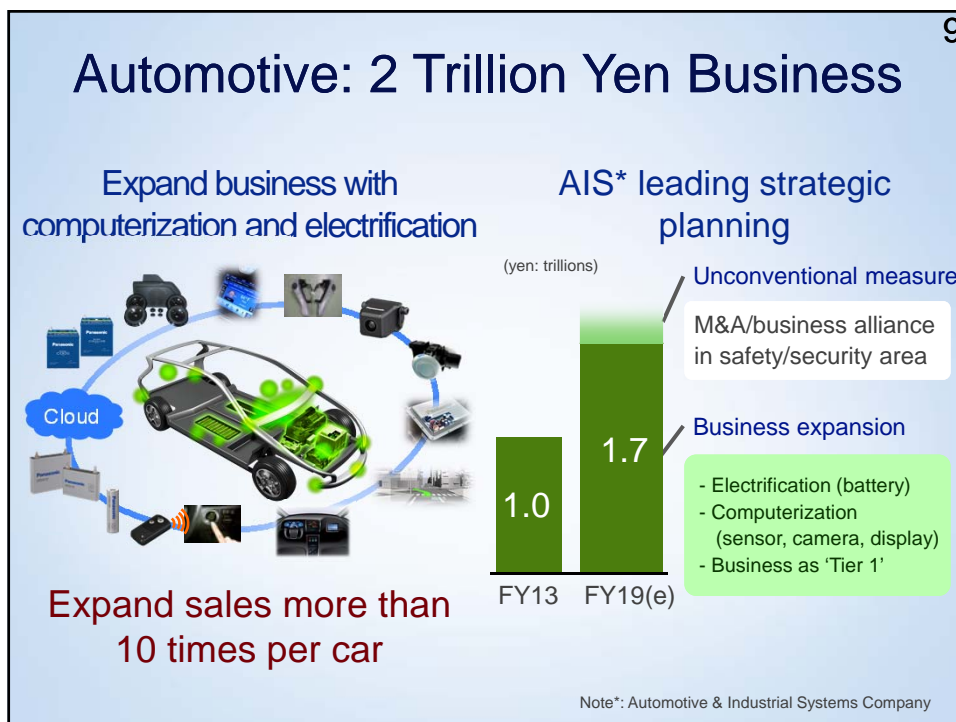
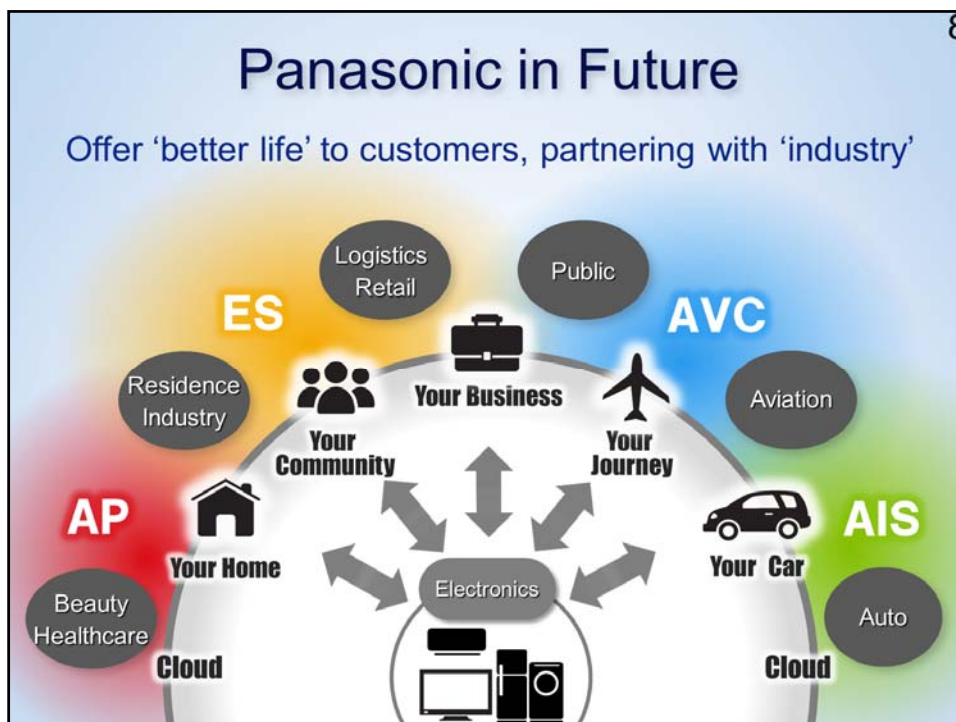
Eliminate Unprofitable Businesses

FY14-16 Operating loss: improve 130 billion yen

TV/Panel	<ul style="list-style-type: none"> - Termination of PDP business - TV business reform in US and China
Semiconductor	<ul style="list-style-type: none"> - Shift application usage to automotive/industrial areas - Promote asset compression
Mobile phone	<ul style="list-style-type: none"> - Discontinue BtoC smartphone development - Shift technology resources to other areas
Circuit board	<ul style="list-style-type: none"> - Termination of the ALIVH^{*1} and ISB^{*2} businesses <p style="font-size: small;">*1: Any Layer Interstitial Via Hole *2: Integrated System in Board</p>
Optical drive/pickup	<ul style="list-style-type: none"> - Complete domestic integration - Expand OEM

Take measures against new challenges (Air conditioner, DSC)





Automotive Battery: CAPEX

Receive orders from 5 auto manufacturers
for more than 10 models

For Tesla Motors: Supply 2 billion cells in 2014-17



Tesla Model S

CAPEX

Business plan: 13 bil. yen
(as of March 2013)

Additional : 18 bil. yen

Utilize existing/unused facilities



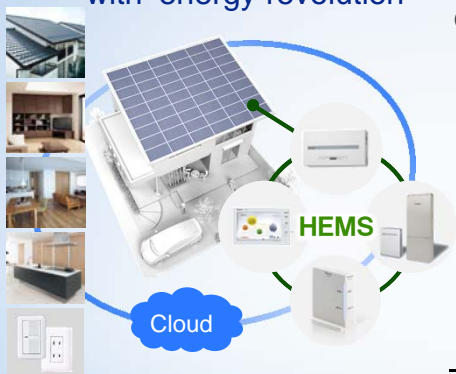
Expand business with partners

Housing: 2 Trillion Yen Business

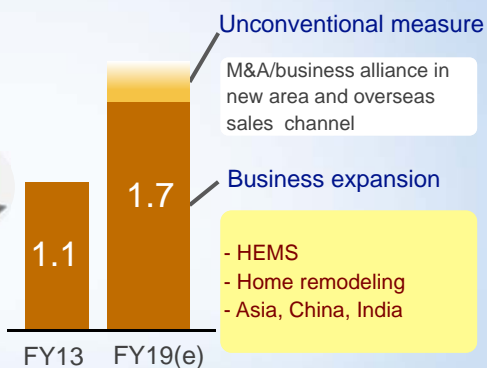
More business opportunity
with 'energy revolution'

ES* leading strategic
planning

(yen: trillions)

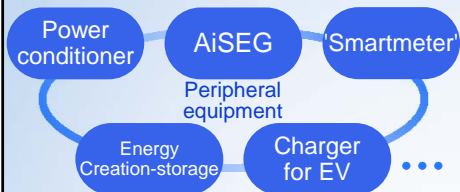


Double sales per house



Note*: Eco Solutions Company

HEMS



FY14 1H Sales: 29 bil. yen
(+11% vs FY13)



Smart power
distribution board
will be introduced
in 2014



"Smart Cosmo"

'Smart house'



Strong
orders

FY14 1H 500 houses
(FY14 full year forecast: $\geq 1,000$
houses)

Developed through
our integrated strength

Buyout ViKO: Turkish Wiring Device Maker

V:KO
aydınlık gelecekte

High market share
in Middle East, CIS



Panasonic

No. 1 market share
in Asia

FY14 Sales forecast: 15 bil. yen
Employees: approx. 700
Business: in 79 countries

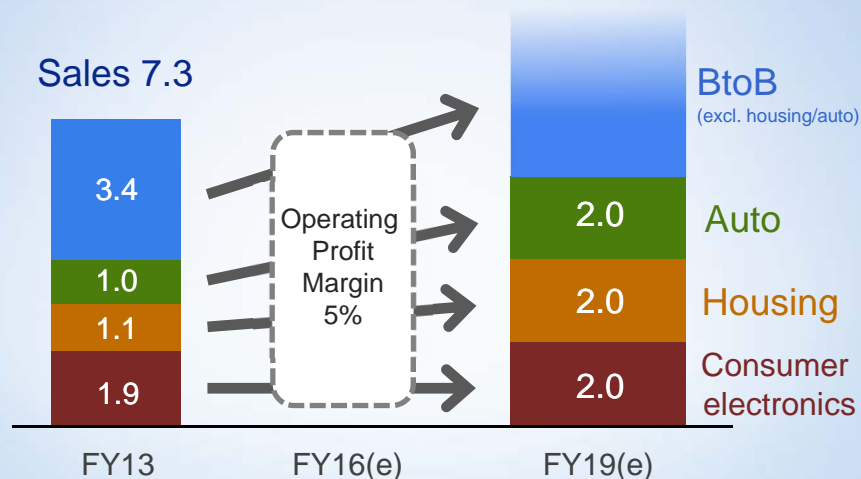
Purchase price: 46 bil. yen
(Acquire 90% shares)

Towards global No.1 market share

Accelerate business expansion through
new sales channels

Towards 2018

(yen: trillions)



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