

FY2017 Business Policy

March 31, 2016

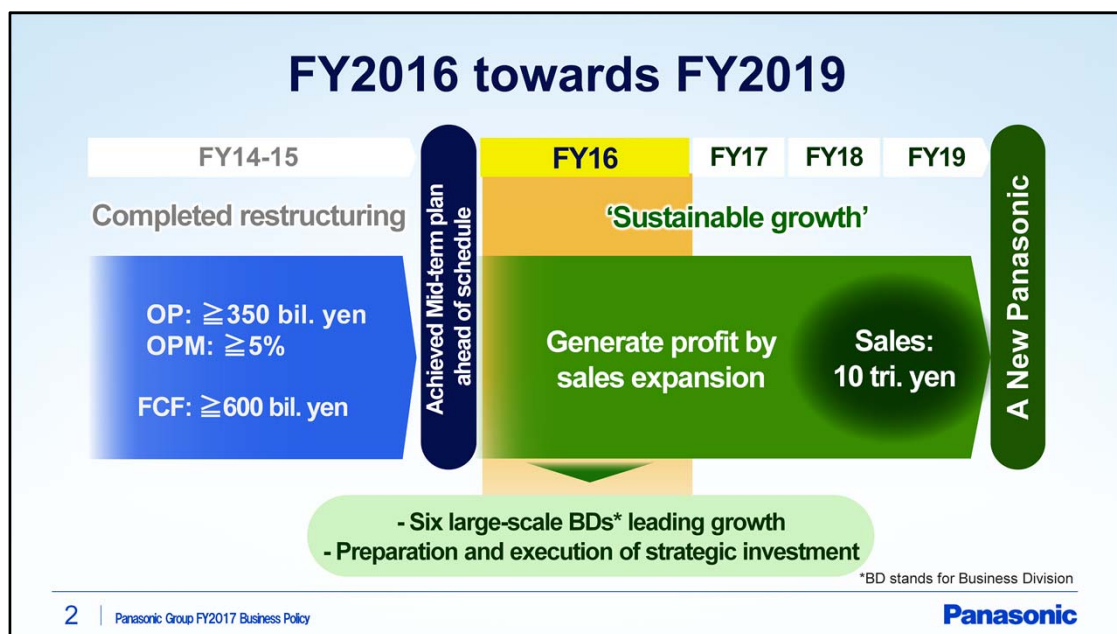
Panasonic Corporation

*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2017" or "FY2017" refers to the year ending March 31, 2017.*

- This presentation contains FY17 (ending March 31, 2017) business policy.

FY2016

- FY16 (ending March 31, 2016).



- We achieved our mid-term plan one year ahead of schedule in FY15 and shifted our focus to generate profit by sales expansion in FY16 to achieve sustainable growth.
- We expected six large-scale BDs (Business Divisions) to lead corporate-wide growth in sales and profit and proceeded investment in growing business areas.

FY2016 Forecast

Ended with far below sales target
six large-scale BDs could not lead company-wide growth

(Yen: billions)	FY16 (e)	vs original plan	FY16 (original plan, as of April 28, 2015)
Sales	7,550	-450	8,000
OP (%)	410 (5.4%)	-20	430 (5.4%)
Net Income* (%)	180 (2.4%)	-	180 (2.3%)

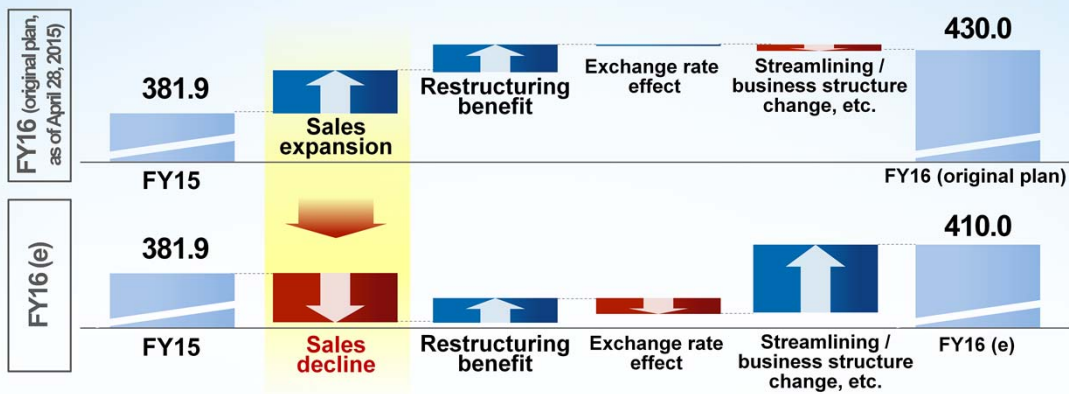
*Net Income attributable to Panasonic Corporation
Figures are based on US GAAP

- We however ended with downward revision of sales and OP as of February 3, 2016.
- Six large-scale BDs failed to lead corporate-wide growth, so did most of other BDs, failing to meet their sales targets.

Unable to Improve Profitability by Sales Expansion

<FY16 OP analysis>

(Yen: billions)



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- FY16 OP analysis.
- We improved OP by fixed cost reduction and restructuring done in the past two years and expected sales expansion in FY16 to achieve higher profitability.
- We were however unable to expand sales to lead profit improvement.
- Meantime, OP is expected to increase from the previous year by streamlining and business structure change, etc.

FY2016 Summary

Not flexible enough to macro environment change

Improved management structure steadily

Proceeded investment for future growth

Stay with growth strategy to expand sales and profit

- FY2016 summary.
- 1) We were unable to respond properly to macro environment changes such as Chinese economy, stagnant ICT (information communication technology) demand, etc. We need to revisit our macro forecast and our competitiveness, and take measures as needed.
- 2) We steadily improved management structure and maintained profit increase without sales expansion with our strong profit structure.
- 3) We proceeded investment for future growth, such as an acquisition of Hussmann Corporation. We enabled to take an approach which was beyond conservativeness because we had a target of 10 tri. yen sales in FY19. Seeing a benefit from these investments will take time.
- We therefore believe we are still on the right path focusing on sales and profit expansion. We need to revisit our target in FY19, taking the current situation into consideration, but nothing has been changed in our strategy where we will continue to pursue growth strategy.

Mid-Term Strategy

- Mid-term strategy.

Towards Future

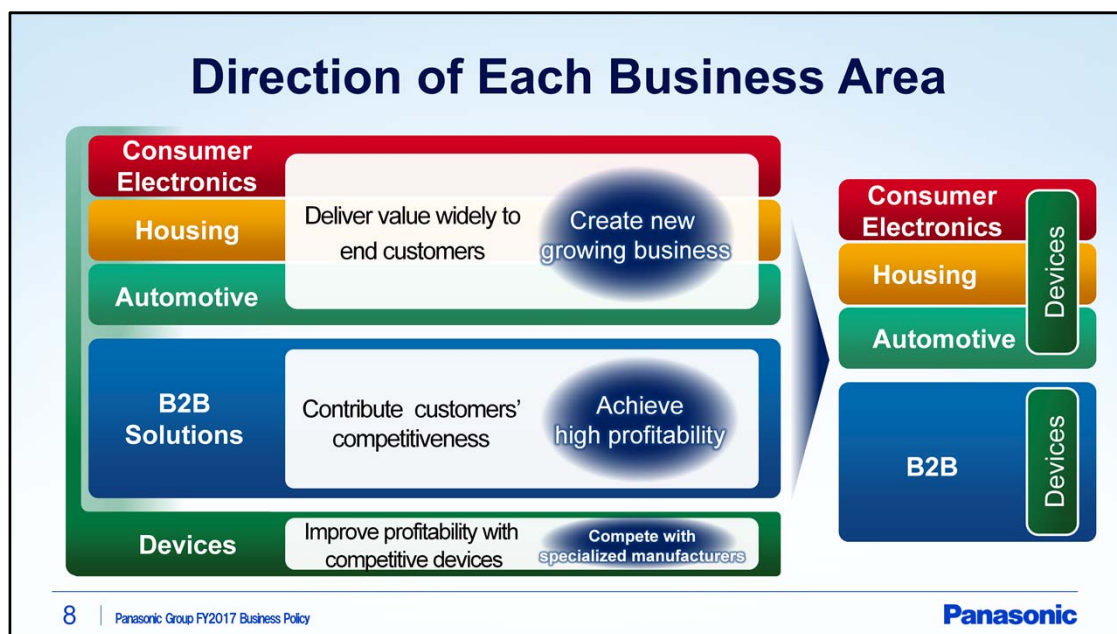
Panasonic continues to contribute to its customers

with slogan of **A Better Life, A Better World**

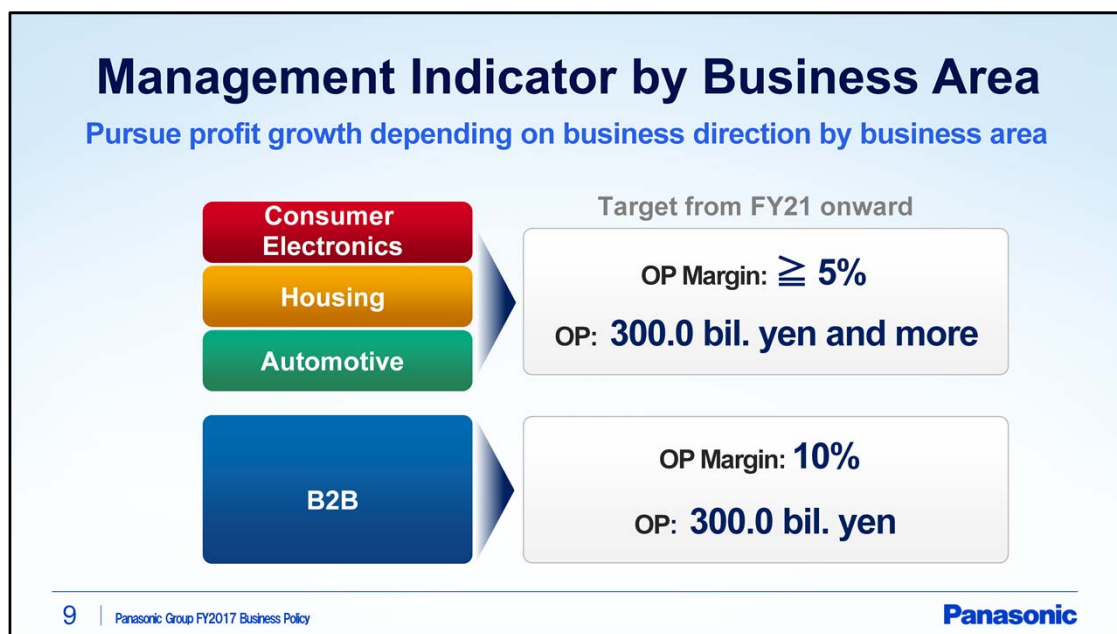
**Sales growth with
profitability**

Constant profit making

- We always work for our mid-term strategy based on our basic management philosophy.
- ‘Panasonic continues to contribute to its customers’ – this is our identity with our slogan of ‘A Better Life, A Better World.’
- Profit shows how much we contribute to customers and it is a return of our contribution to customers. We therefore have to continuously work for customers to achieve sales growth with profit and constant profit making.
- Back to our basic management philosophy, we redefine our mid-term strategy that sales growth with profit is our key management indicator and we need to expand sales to execute this strategy.



- We progressed with our 'five business areas and three regions' to increase profit and we here reorganize this structure as follows.
- For Consumer Electronics, Housing and Automotive business areas, we will deliver our value widely to end customers to create new growing business areas. We have taken measures on each business area and are confident our path towards growth.
- For B2B Solutions business area, we will contribute to customers' competitiveness to achieve higher profitability. We are currently working on our business model to secure high profitability, analyzing industry, core product and region where we see our advantage.
- For Devices business area, we will improve profitability with our competitive lineup of devices. We are shifting our focus from ICT (information and communication technology) to automotive and industrial application, although this takes time, to strengthen our competitiveness and survive in the industry where many specialized manufacturers are.
- We include Devices business area across all other business areas, reorganizing our strategy into 'four business areas.'



- We reorganize our mid-term target by business area.
- For Consumer Electronics, Housing and Automotive business areas, we target at more than 5% of OPM and more than 300 bil. yen of OP.
- For B2B business area excluding Housing and Automotive, where we work for customers to provide our value, we target at 10% of OPM and 300 bil. yen of OP.
- Adding to Consumer Electronics, Housing and Automotive business areas where we see steady growth, we expand promising B2B business area with high profitability to establish company-wide steady profit structure.

Growth Strategy Fit for Business Characteristics

Achieve growth with optimal business portfolio



- Since we have been working based on Business Divisions, it is essential for us to execute strategy by Business Division which constitutes of four business areas to achieve our target. That is, we conduct the strategy fit for each business characteristic point of view, based on its specialty and competitiveness, etc.
- We clarify our growth strategy into three categories of business.
- 1) Business with further profit improvement required: where sales growth is hardly expected due to its industry structure, we will pursue higher profitability thoroughly.
- 2) Steady growth business: where we see its demand increase, we will make an advantage of our competitiveness to expand both sales and profit more than industry.
- 3) High growth business: we thoroughly concentrate our resource to lead company-wide sales and profit increase including non-organic growth.
- We will achieve company-wide growth with optimal business portfolio, which we build through each strategy.

Invest on High Growth Business

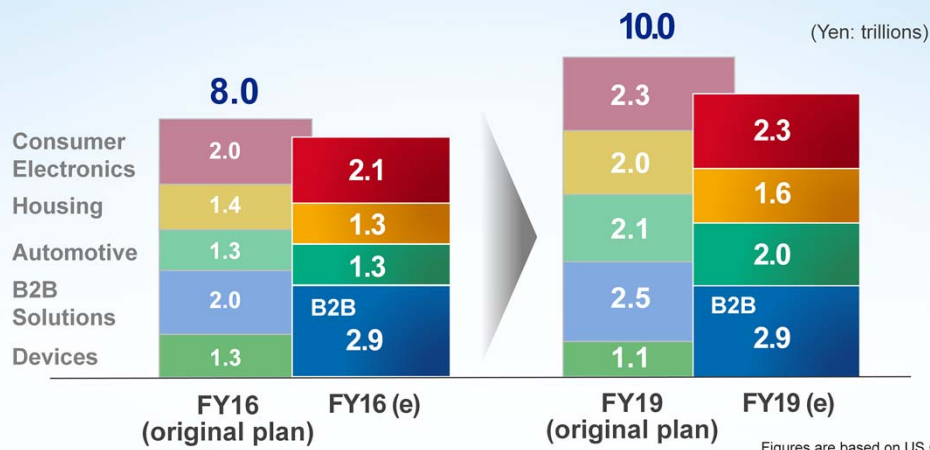
Further accelerate investment

continue to focus on high growth business with 1 tri. yen strategic investment

Consumer Electronics	<ul style="list-style-type: none">- Expand 'premium' product lineup in targeted countries in Asia- Strengthen product lineup and sales force in India and Africa
Housing	<ul style="list-style-type: none">- Expand operating sites for remodeling and 'age-free' (elderly-care) business in Japan- Accelerate urban development business in Asia
Automotive	<ul style="list-style-type: none">- Grow with next-generation cockpit system- Strengthen ADAS and battery business for further growth
B2B	<ul style="list-style-type: none">- Create new business pillars following Avionics and food-chain business

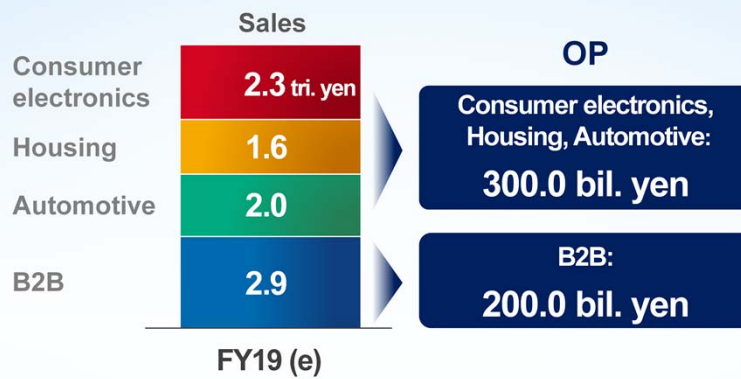
- Investment on high growth business.
- For Consumer Electronics business area, we will expand 'premium' product lineup in targeted countries in Asia and strengthen product lineup in India and sales force in Africa.
- For Housing business area, we will increase the number of operating sites to expand remodeling and 'age-free' (elderly-care) business in Japan. We also accelerate urban development business with PanaHome in Asia, collaborating with local developers, etc.
- For Automotive business area, we will grow with next-generation cockpit system business, such as accelerating collaboration with FICOSA. In addition, we will concentrate our resource on R&D and manufacturing sites to strengthen ADAS and battery business for FY19 onward.
- For B2B business area, we will create new business pillars following Avionics and food-chain business collaborating with Hussmann Corporation.
- We will further invest on these businesses, staying with our budget of 1 tri. yen for strategic investment mainly for M&A.

FY2019 Sales Target by Business Area



- FY19 sales target by business area.
- We revisit our original 10 tri. yen sales target with five business areas as follows:
 - 1) Distribute Devices business area into Consumer Electronics and B2B business areas.
 - 2) Include non-organic growth which is promising at this point, mainly in Housing and Automotive business areas.
 - 3) Count current business environment into Consumer Electronics, Housing and B2B business areas.

FY2019 Operating Profit Target by Business Area



Figures are based on US GAAP

- FY19 OP target by business area.
- Total OP of Consumer Electronics, Housing and Automotive business areas: 300 bil. yen
- Total OP of B2B business area: 200 bil. yen
- We believe that the targets of Consumer Electronics, Housing and Automotive business areas are promising. Meantime, we will work on B2B business area with targets of 10% of OPM and 300 bil. yen of OP to achieve from FY21 onward as the earliest as possible.

FY2019 Group Financial Target

Focus on profit growth

OP: 500.0 bil. yen

Net income*: \geq 250.0 bil. yen

*Net Income attributable to Panasonic Corporation
Figures are based on US GAAP

- FY19 financial target.
- We target at 500 bil. yen of OP and more than 250 bil. yen of net income.
- We show our net income target since we have strengthened our profit structure for the past few years by restructuring and now we are able to set net income as one of the financial target.
- We will focus on below the OP line including non-operating incomes/losses to improve net income with corporate value.

FY2017

- FY17.

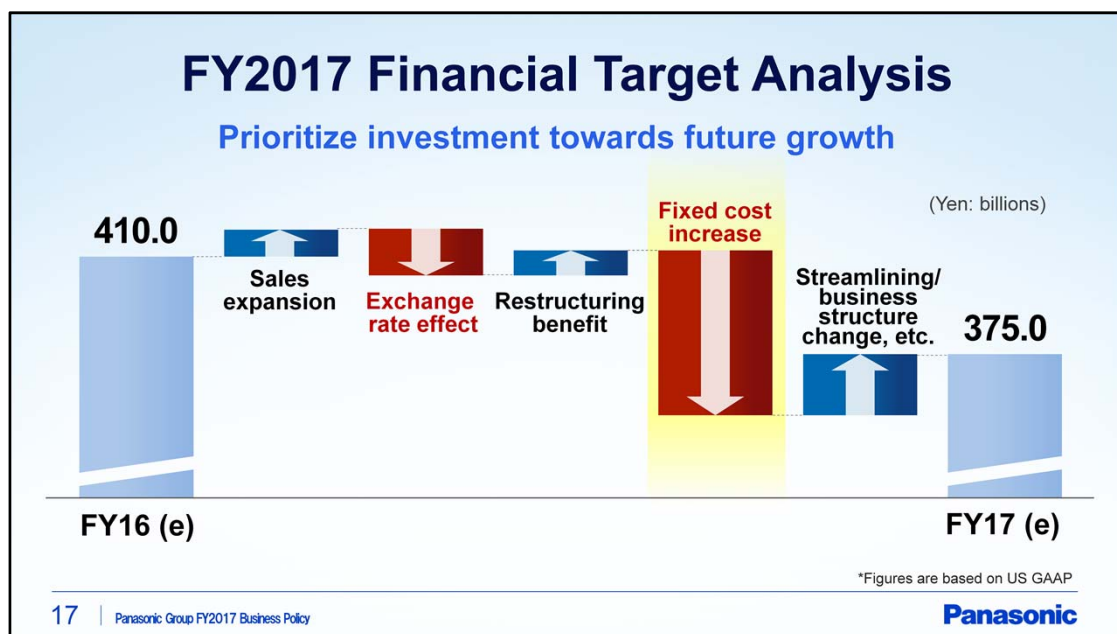
FY2017 Group Financial Target

(Yen: billions)

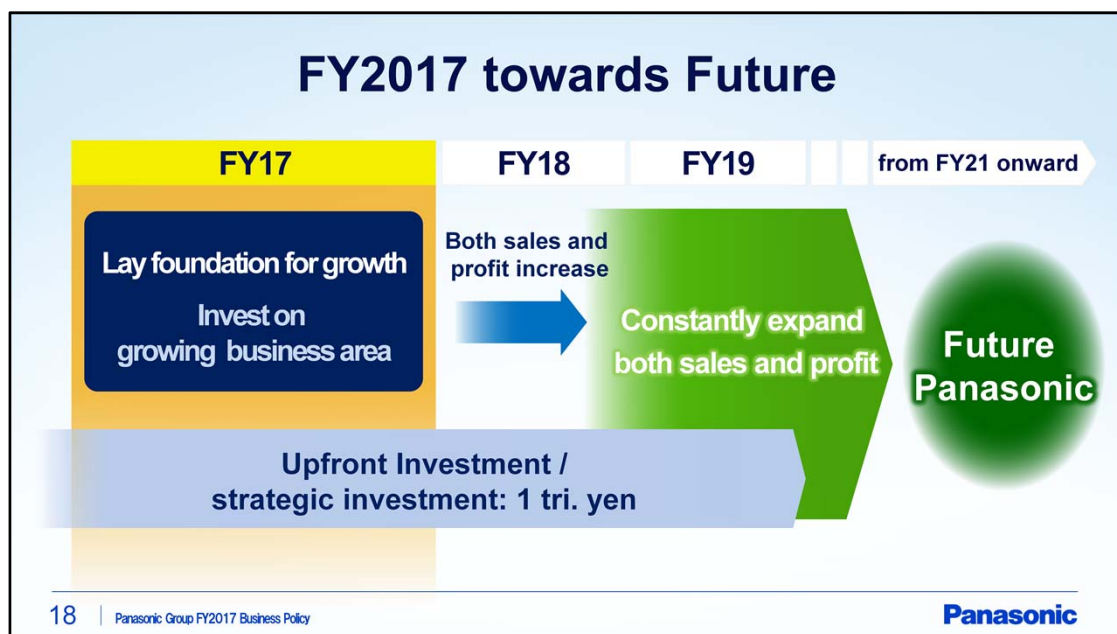
	FY17 (e)	y-y	FY16 (e)
Sales	7,500.0	-1%	7,550.0
OP (%)	375.0 (5.0%)	-35.0	410.0 (5.4%)

*Figures are based on US GAAP

- FY17 financial target.
- Sales maintain the same level of 7.5 tri. yen as FY16. A slow ICT (information and communication technology) demand offsets a positive impact from the consolidation of Hussmann Corporation.
- OP declines by 35 bil. yen to 375 bil. yen



- We set OP target lower than FY16 since we will further invest on growing business areas.
- We concentrated too much on a single year profit making, we were unable to thoroughly invest for future and we did not spend money enough for growth.
- We will prioritize investment towards future growth mainly for high growth business, particularly on Automotive and Housing business areas, we therefore intentionally decline OP target, shown as an increase of fixed cost.



- We will invest on growing business area in FY17 to lay foundation for growth.
- By upfront investment and strategic investment of 1 tri. yen, we will turn to a growth phase both in sales and profit in FY18, and will constantly expand both sales and profit from FY19 onward.

The Panasonic logo is centered within a light blue rectangular box with a thin black border. The word "Panasonic" is written in a bold, blue, sans-serif font.

Panasonic

- Thank you for your cooperation.

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(Reference)

Segments and Business Divisions

Appliances

Air-Conditioner Company
TV BD
Home Entertainment BD
Refrigerator BD
Laundry Systems and Vacuum Cleaner BD
Kitchen Appliances BD
Beauty and Living BD
Panasonic Cycle Technology Co., Ltd.
Refrigeration and Air-Conditioning Devices BD
Smart Energy System BD
Cold Chain BD
Husmann Corporation

AVC Networks

Imaging Network BD
Storage BD
Visual Systems BD
Panasonic Avionics Corporation
IT Products BD
Security Systems BD
Communication Products BD
Office Products BD
System Solutions Company (Japan)

Automotive & Industrial Systems

Automotive Infotainment Systems BD
Automotive Electronics Systems BD
Rechargeable Battery BD
Energy Device BD
Panasonic Storage Battery Co., Ltd.
Electromechanical Control BD
Panasonic Semiconductor Solutions Co., Ltd.
Device Solutions BD
Electronic Materials BD
Panasonic Liquid Crystal Display Co., Ltd.
Smart Factory Solutions BD

Eco Solutions

Lighting BD
Energy Systems BD
Housing Systems BD
Panasonic Ecology Systems Co., Ltd.

Other

PanaHome Corporation

As of April 1, 2016