

Panasonic IR Day 2014

**AVC Networks Company
Business Policy**

May 21, 2014

**Panasonic Corporation
AVC Networks Company**

President Yoshiyuki Miyabe

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal year 2015" or "FY15" refers to the year ended March 31, 2015.

Contents

- 1. FY14 Results**
- 2. FY15 Business Plan**
- 3. Toward FY19**
- 4. Summary**

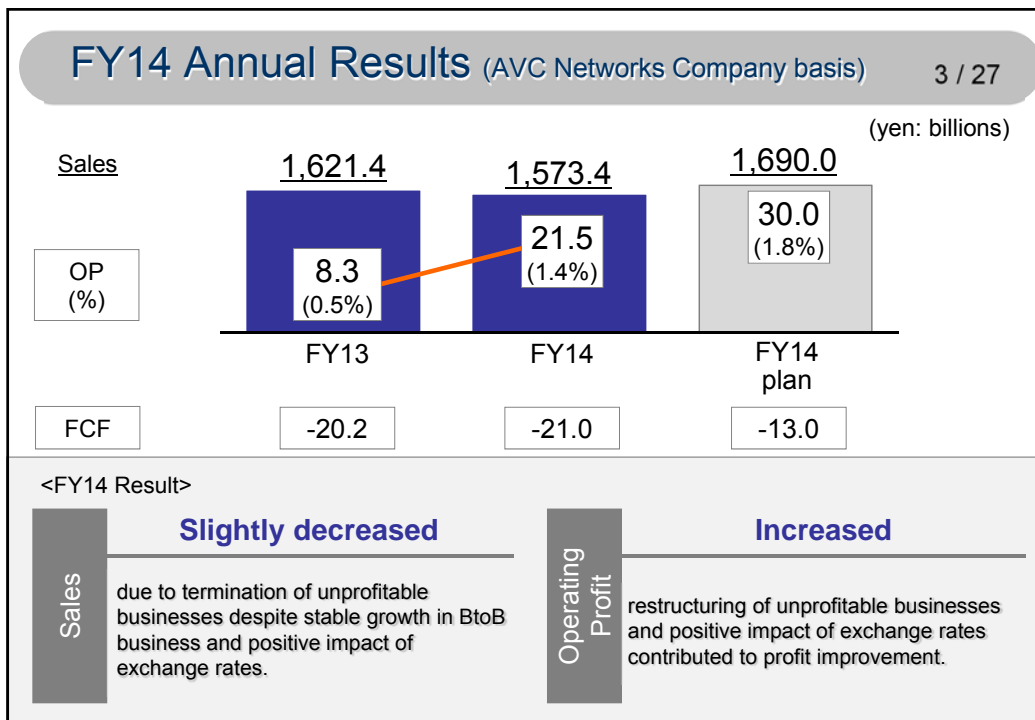
Contents

1. FY14 Results

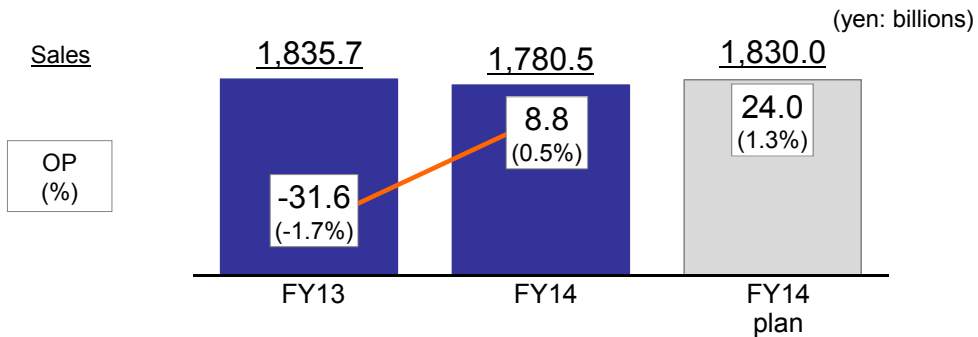
2. FY15 Business Plan

3. Toward FY19

4. Summary



FY14 Annual Results (Sales & production consolidated basis) 4 / 27

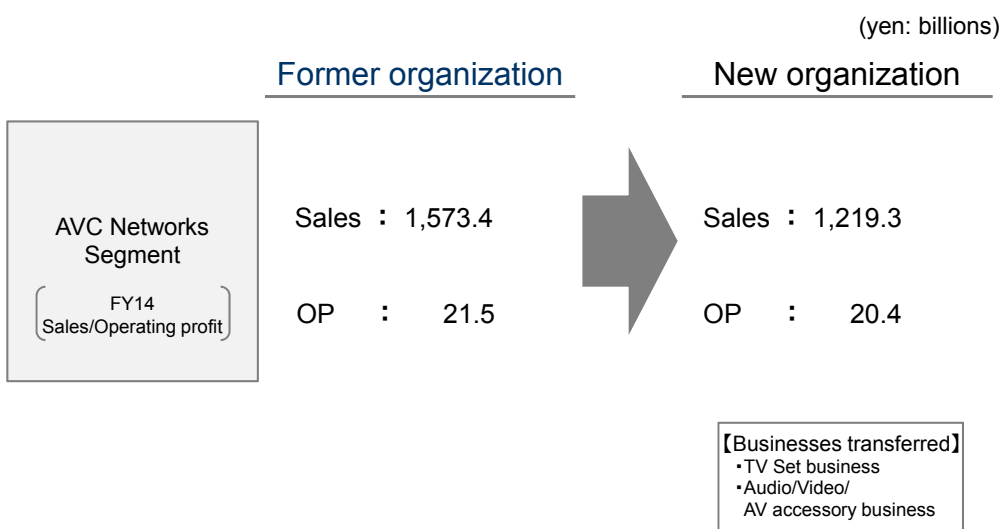


<FY14 Result>



Changes in Organization (from 1st April, 2014) 5 / 27

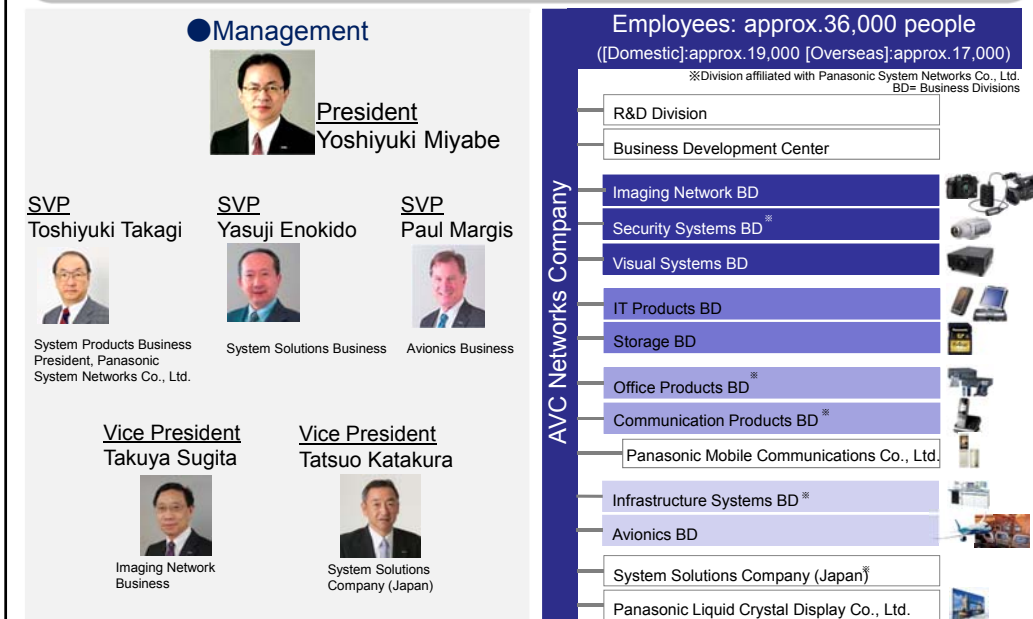
■ Transfer consumer businesses into Appliances Company



Contents

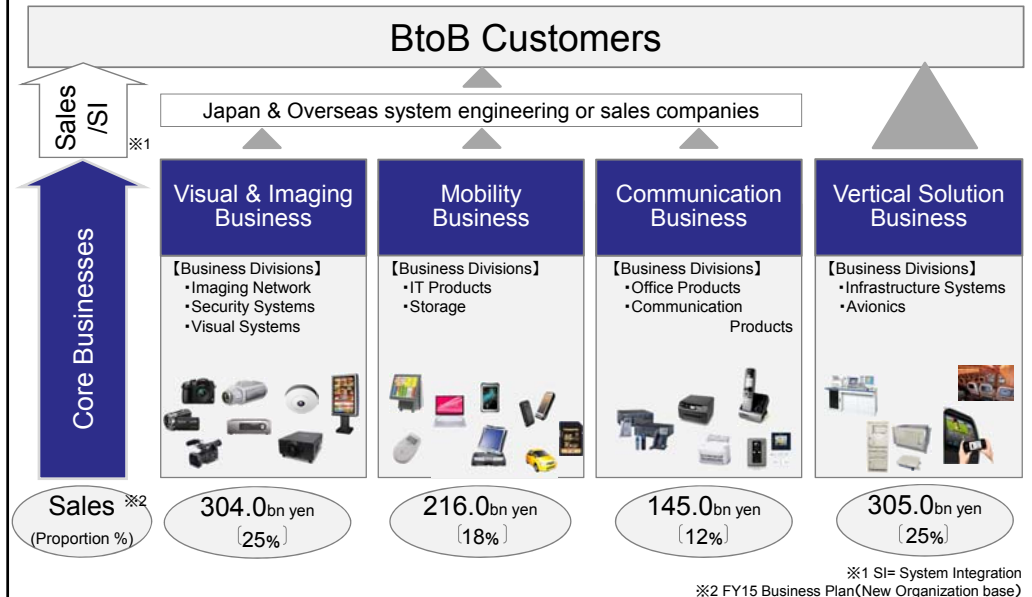
1. FY14 Results
- 2. FY15 Business Plan**
3. Toward FY19
4. Summary

Organization of AVC Networks Company (As of April 1, 2014) 7 / 27



4 Core Businesses

8 / 27



FY15 Management Targets

9 / 27

(yen: billions)

	FY14 (Results)	FY15 (Business Plan)	vs. FY14
Sales	1,219.3	1,231.0	+1%
Operating profit (%)	20.4 (1.7%)	43.0 (3.5%)	+22.6
FCF	-23.5	-22.5	+ 1.0

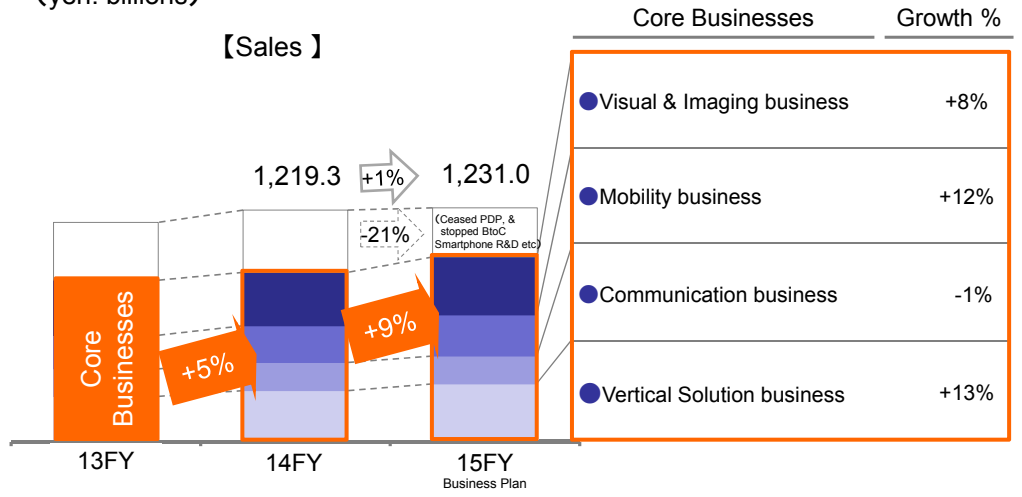
Double OP in FY15 vs. FY14

FY15 Sales Compositions

10 / 27

- Offset negative impact of termination of unprofitable businesses by growth in core businesses, and turnaround toward growth direction

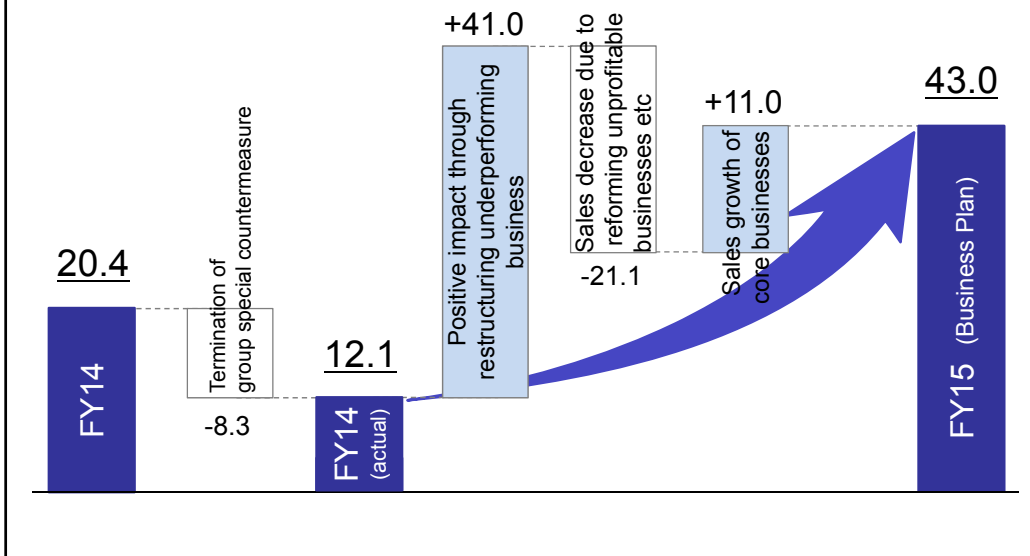
(yen: billions)



FY15 Operating Profit Analysis

11 / 27

(yen: billions)



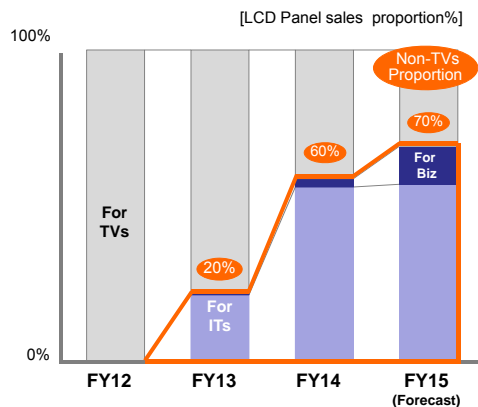
Rebuild LCD Panel Business

12 / 27

- Accelerating transformation to businesses where we can differentiate from our competitors.

Proportion of LCD Panel Sales

- Shifting portion from IT to business category



Feature of Biz area and our strengths

- Higher profitability can be expected in BtoB

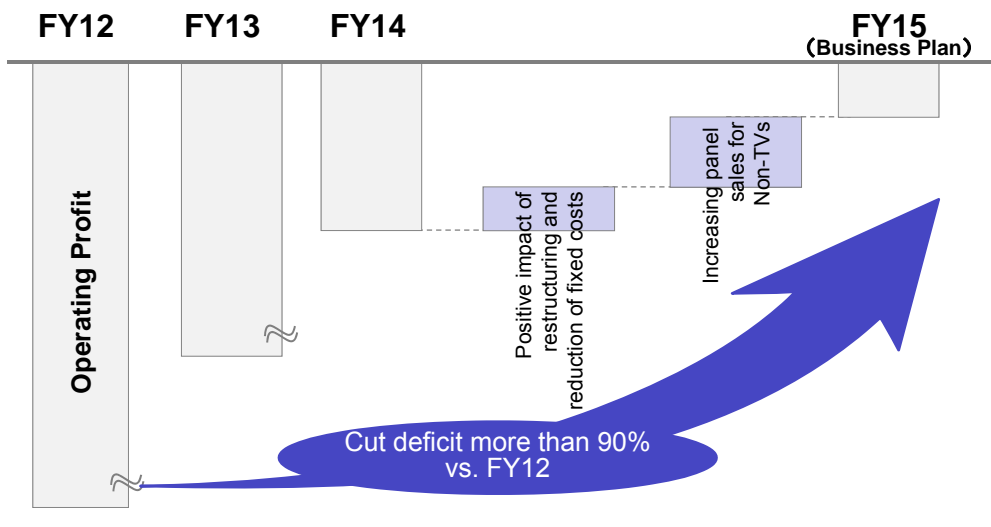
	For TVs	For ITs (Tablets, note PCs)	For Biz (Medical, Broadcast, Cars etc)
Market Condition	Commodity	Toward commodity	Niche & Custom
Requirement or Spec	A wide use	Normal	Special, High
Profitability	Low	Middle	High

- Fullfil BtoB customers' needs such as large screen and low power consumption etc through our advantage with consolidated engineering and productions operation in Himeji, Japan.

Improve Operating Profit in LCD Panel Business

13 / 27

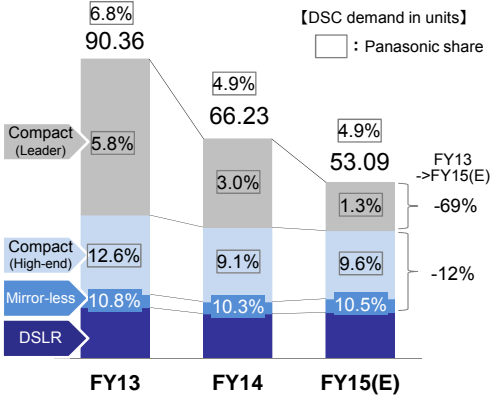
- Improve profitability in FY15 with positive impact of restructuring and increase panel sales for non-TV applications
- Cut deficit more than 90% vs. FY12



Rebuild DSC Business

■ Strengthening business structure and focusing on the business field, utilizing our advancement

Market Demand for Digital Still Cameras



Initiative in FY15

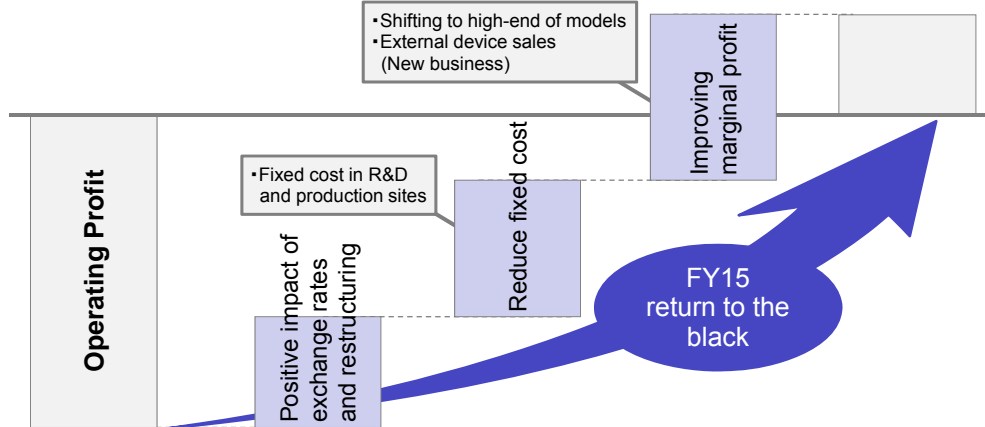
- **Strengthening business structure**
 - Create synergy by combining BtoB & BtoC video camera business
 - optimize the structure by unifying R&D and sharing main device
 - Reduce total fixed cost by approx.20% by cutting development models in half
 - **Shifting to higher profitable models**
 - Focus on compact (high-end) / mirror-less
 - **Shifting to new business areas by utilizing technical advance**
 - 4K videos
 - pick up high quality still picture from 4K video
 - External device sales
 - expand external sales for cars, security cameras and mobile terminals with black-box technology* such as optical design ability and molding method of nonspherical lens
- *black-box technology is a unique technology Panasonic owned that is hard for others to copy

Improve Operating Profit of DSC Business

■ Aiming to return to the black in FY15 through fixed-cost reduction, shifting to high-end of models and external device sales increases etc

FY14

FY15
(Business Plan)



Contents

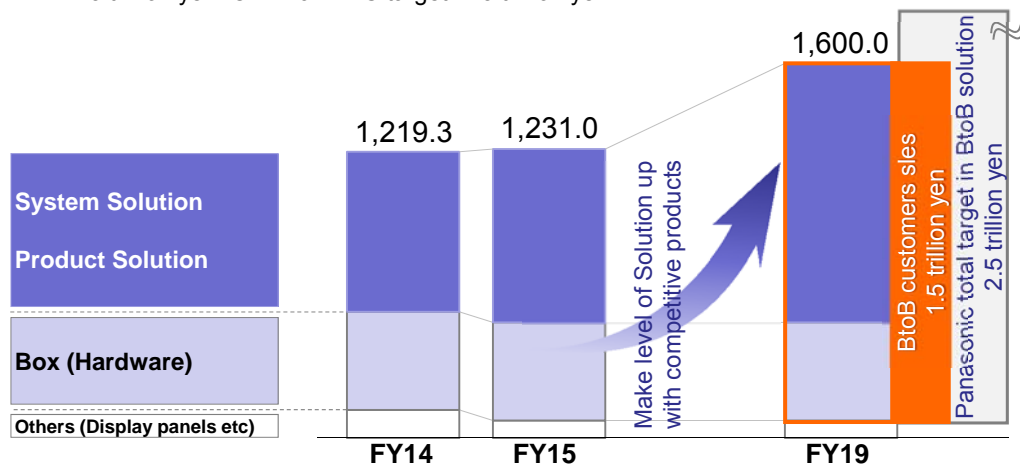
1. FY14 Results
2. FY15 Business Plan
- 3. Toward FY19**
4. Summary

Future of AVC Networks Company

17 / 27

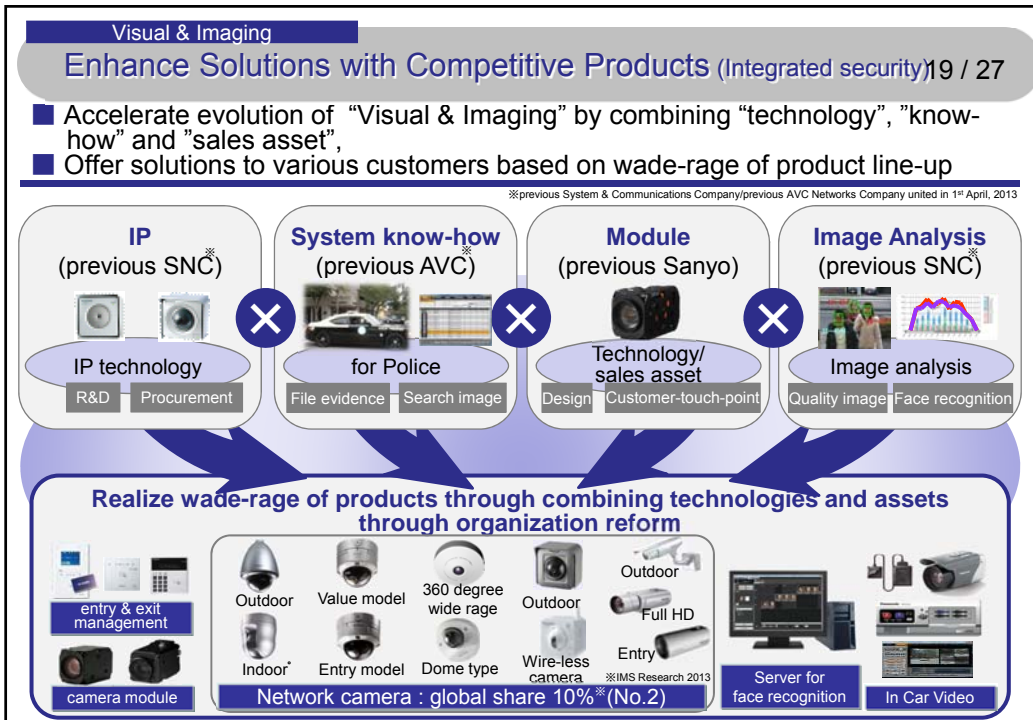
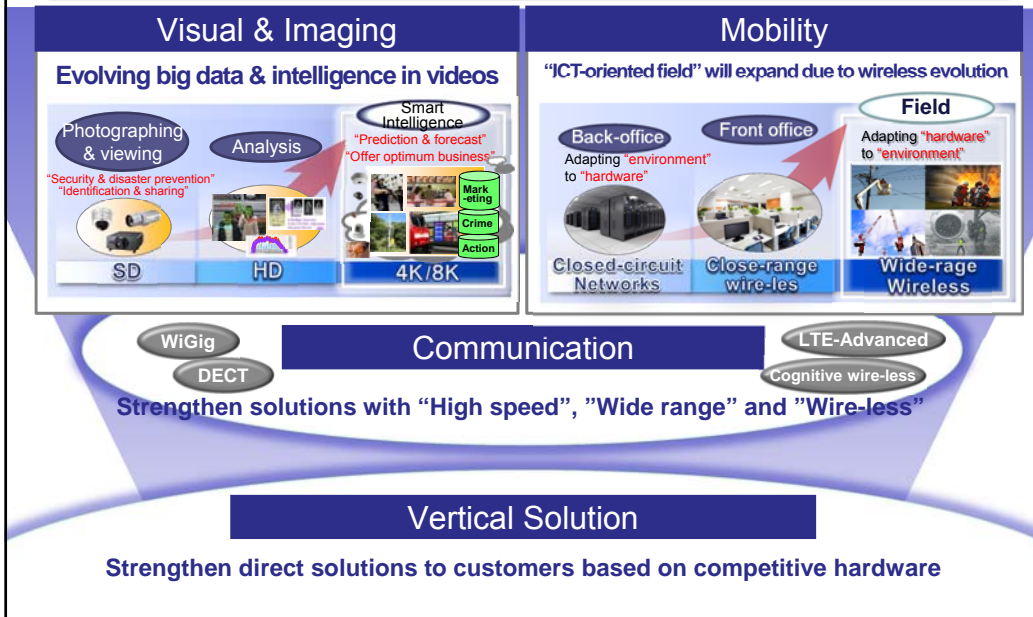
- Offering solutions to B2B customers directly by combining AV and ICT
- contributing to smart society in cloud era -

- FY2019 consolidated company sales target in BtoB Solutions: 2.5 trillion yen. Of which AVC target: 1.5 trillion yen. (yen: billions)



Core Business Direction

18 / 27




Mobility

Enhance Solution with Competitive Products (TOUGHBOOK+TOUGHPAD) 20 / 27

- Strengthen ICT –use for outside tough environment with “communication”, “rugged”, “business know-how”
- Resolve customers’ problems based on competitive hardware that others cannot imitate


※previous Panasonic Mobile Communications Co., Ltd (applying wireless-communication related to BtoC smartphone to TOUGHBOOK+TOUGHPAD)
※previous System & Communications Company/previous AVC Networks Company united in 1st April, 2013

Mobile wireless communication
(former PMC)[※]




3G/LTE Super small antenna

Rugged & long time battery
(former AVC)[※]



Light sizing Slim sizing


Business know-how
(former SNC)[※]



Close-to-customer Sales capability


Increase product line-ups in TOUGHBOOK+TOUGHPAD(5”-20”) to strengthen ICT-use in outside

TOUGHBOOK
Global share 60%(No.1)[※]



TOUGHPAD
Global share 39%(No.1)[※]

Rugged tablet



5 inch 7 inch 10 inch 13 inch 20 inch

※VDC Research 2013 Q4

Vertical

Expanding Solution Business 21 / 27

- Create direct solution business to customers in the industries that our advance could be utilized
- Build the success model with partners, developing global expansion by N[※] times

Enhance solution with competitive products

Improve customers’ value collaborating with industry partners
【e.g.: test/demonstration with convenience store】

Products from other Companies

- Solar cells
- CO2 refrigerant
- Lighting control
- Air conditioning/ Ventilation control



Products from other Companies

- Massage chair
- Beauty appliance
- Ion water conditioner
- LED lighting
- Superdirectional Speakers, etc

Integrated Security



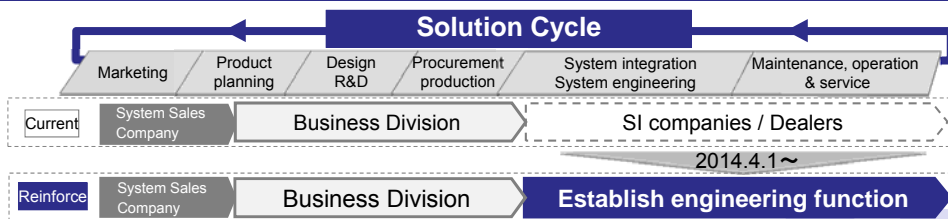
In-shop Signage



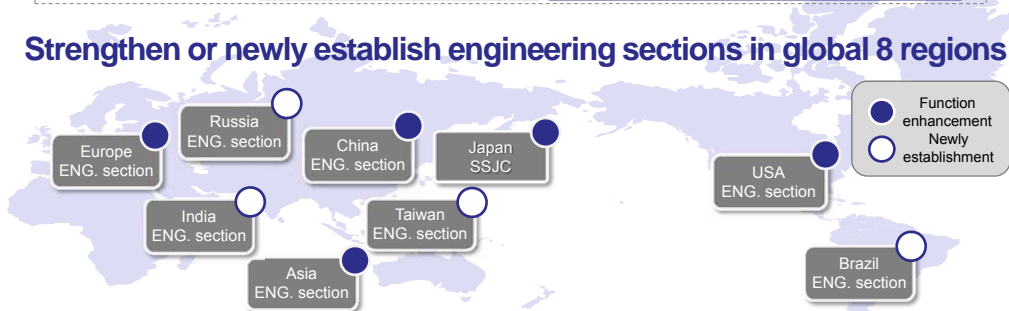
N times expansion of success models

※N: Number of shops etc.

■ Deploy engineering functions in each regions to establish solution cycle



Strengthen or newly establish engineering sections in global 8 regions



■ Since 1988, we have contributed to Olympic operation in technology as a Olympic Partner
 ■ Established record of introduction of new technologies and business creation.
 Strengthen further toward Tokyo Olympics in 2020.

Relationship between Olympic & Us

1988 Seoul	Start The Olympic Partner (TOP)
1992 Barcelona	From analog to digital Launch D3 cameras
1996 Atlanta	In main stadium Display large equipment
2004 Athens	Launch P2 card Record video in semiconductor
2008 Beijing	DVCPRO HD Realize Full HD broadcasting
2010 Vancouver	HD video communication HD-link at different locations
2012 London	Realize 3D broadcasting & Ultra-high luminance projector
2016 Rio de Janeiro	
2018 Pyeongchang	

2020 Tokyo Further technology evolution & create new businesses

e.g.) Solution for a better Olympic operation

Stadium

e.g.) Smart Stadium

[Main products]

- Large Screen
- Large Speaker
- Broadcasting system
- Security system etc

Infrastructure

Ex) Smart Olympic Lane

[Main products]

- Security system
- Broadcasting system
- Payment solution etc

Contribute to Panasonic Group total target sales:150 JPYbn

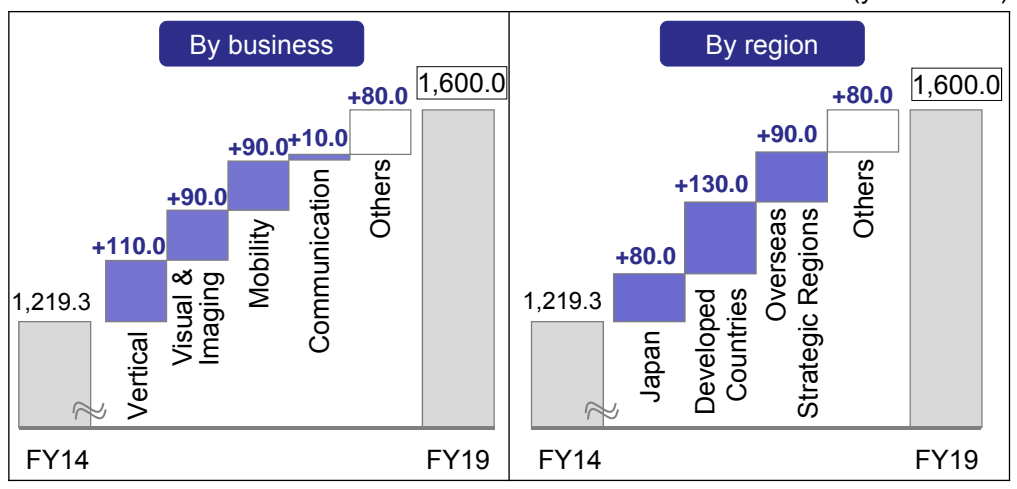
■ Plan to invest accumulated 100 billion yen including M&A by FY19

Main areas to focus	Specific action to take
Enhance Business Platform	■ Establishment of overseas engineering organization
Expansion of Solution Area	■ Acquire know-how in main core business for the specific industries
Cloud and Wide-range wireless	■ Construct MVNO and collaboration with IT BtoB partners etc

Sales Growth by business & region (FY14 → FY19)

- By business : Based on the core businesses, expand solution sales across each business divisions
- By region : Expand sales especially outside Japan to reinforce or newly build the engineering sections

(yen: billions)



Contents

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2. FY15 Business Plan
3. Toward FY19
- 4. Summary**

Summary

27 / 27

(yen: billions)

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FCF	-23.5	-22.5

Toward FY19: 1,600 billion yen by shifting to growth strategy

Panasonic

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