

Panasonic IR Day 2014

Eco Solutions Company FY2015 Business Policy

May 21, 2014

Panasonic Corporation
Eco Solutions Company

President Tamio Yoshioka

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.

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2. Fiscal 2014 Financial Results
3. Towards Fiscal 2019 and
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Outline of Businesses

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(Sales are based on FY14 consolidated basis)

Lighting Business Division

Sales : 322.5 billion yen
Overseas Sales Ratio: 23%
Principal Product & Business

- Residential lighting
- Institutional and commercial lighting
- Lamps, lighting devices and automotive lighting components



Energy Systems Business Division

Sales : 395.3 billion yen
Principal Product & Business
Overseas Sales Ratio: 18%

- Wiring devices and components
- Circuit breakers and distribution panelboards
- Home automation equipment and disaster prevention equipment
- PV power generation systems and storage batteries



Housing Systems Business Division

Sales : 404.6 billion yen
Overseas Sales Ratio: 4%
Principal Product & Business

- Kitchen furniture, bathroom, bathroom vanity and sanitary fittings
- Interior furnishing and systems, and storage materials
- Rain gutters and metal exterior building materials



Panasonic Ecology Systems Co., Ltd.

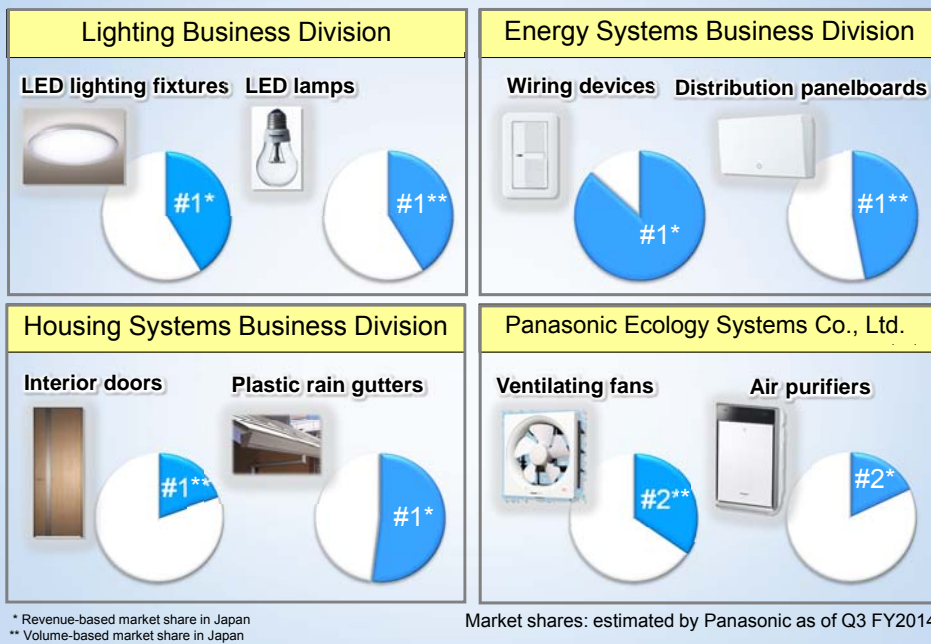
Sales : 145.2 billion yen
Overseas Sales Ratio: 44%
Principal Product & Business

- Air purifiers and ventilating fans
- Bathroom heater/dryer/ventilation systems
- Environmental systems and engineering including air, water and soil purification systems, and energy-related engineering



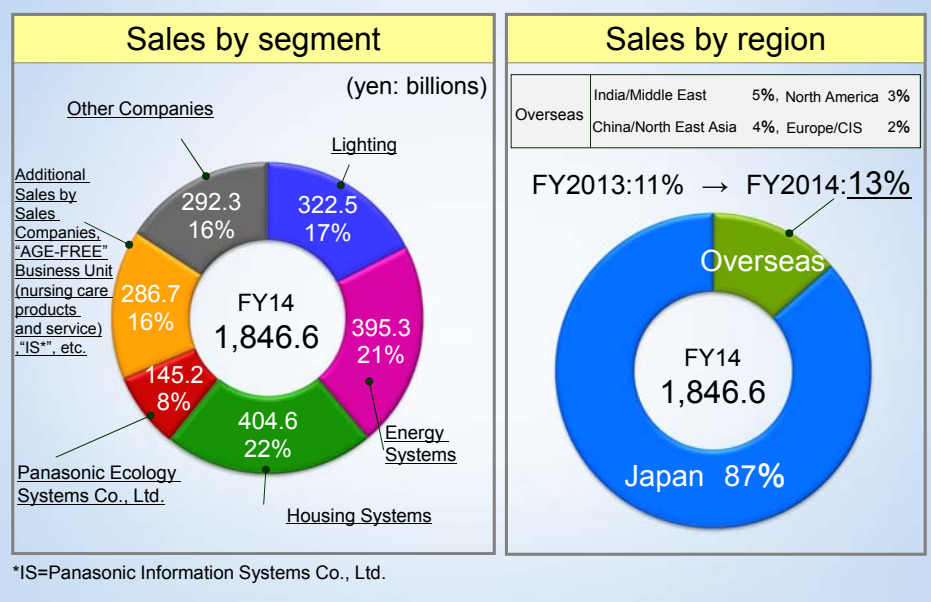
Main Products and Market Shares

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FY14 Business Composition

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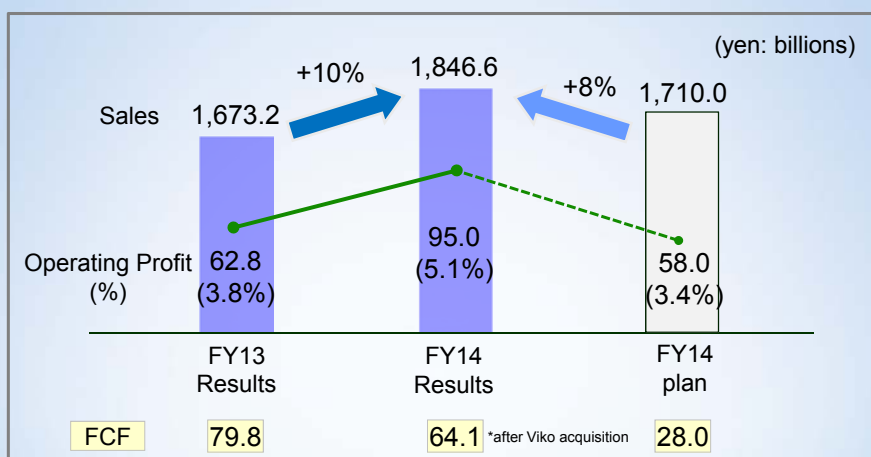
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FY14 Financial Results

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Sales

Increase vs. FY13

All business divisions achieved sales increases by capturing the last minute surge in demand before consumption tax hike in Japan.

OP

Increase vs. FY13

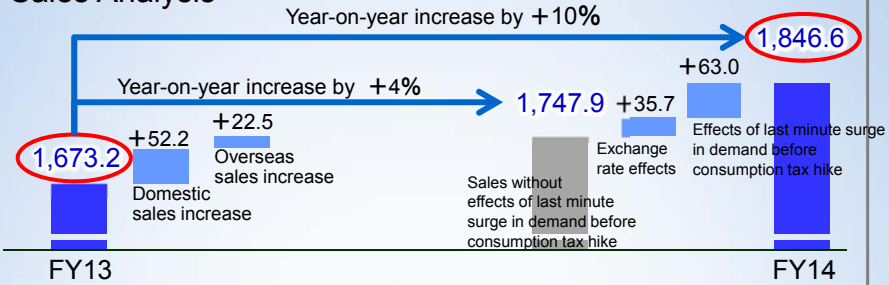
All business divisions achieved profit increases. Negative impact of yen depreciation was offset mainly by sales increases and cost reduction initiatives.

FY14 Financial Results

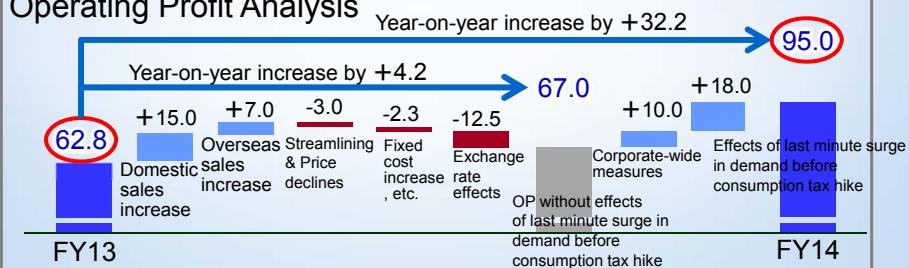
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(yen: billions)

Sales Analysis



Operating Profit Analysis



FY14-16 Mid-Term Business Strategy

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Secure profit from core businesses
and shift resources to growing business fields

Basic Strategy I Strengthen Core Businesses

Core Businesses

I-1

[Japan] Further strengthen core businesses

I-2

[Overseas] Expand business in "AC&I"
(China, India and other Asian countries)

Basic Strategy II New Growth in Engineering Business

Growing Business

II-1

Enhance added-value
in energy management system business

II-2

Strengthen shift to engineering & service businesses

II-3

Strengthen remodeling business
(living space & after-sales services)

Mid-term Business Strategy: Strategic Initiatives in FY14 ¹¹

Core Business

[Japan] Further strengthen in core businesses

Sales in Japan 1,600 billion yen (vs. FY14 BP*: +6%)

[Overseas] Expand business in "AC&I"

(AC&I: China, India and other Asian countries)

Sales in "AC&I" 166.0 billion yen (vs. FY14 BP*: +20%)

Growing Business

Enhance added-value in energy management system business

(EMS: Energy Management System)

EMS business sales 60.4 billion yen (vs. FY14 BP*: +9%)

Strengthen shift to engineering & service businesses

Engineering business sales 260.0 billion yen (vs. FY14 BP*: +4%)

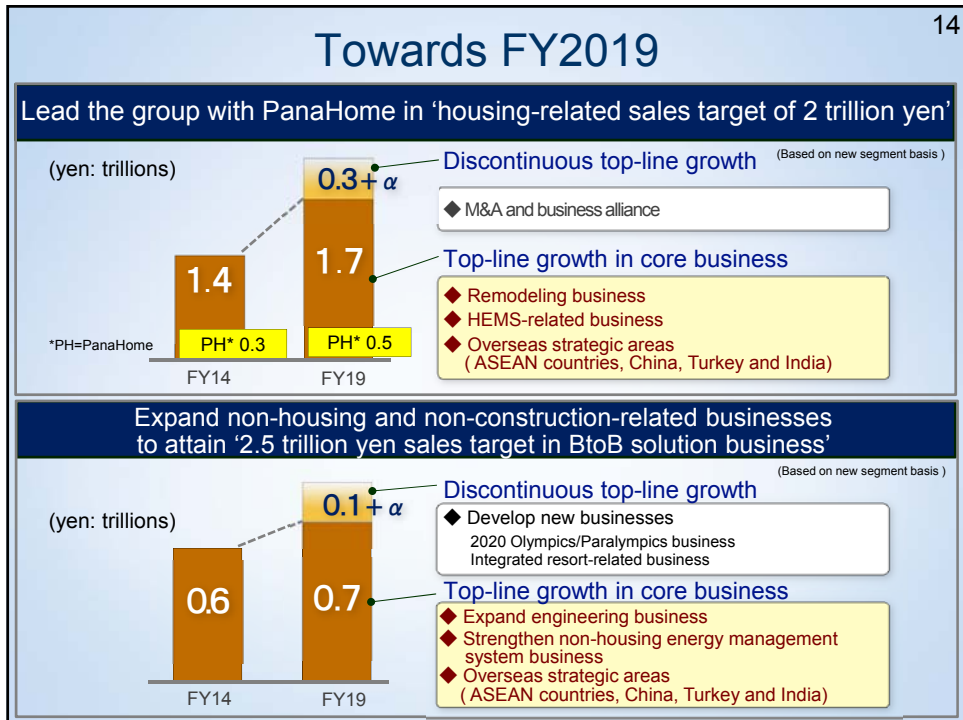
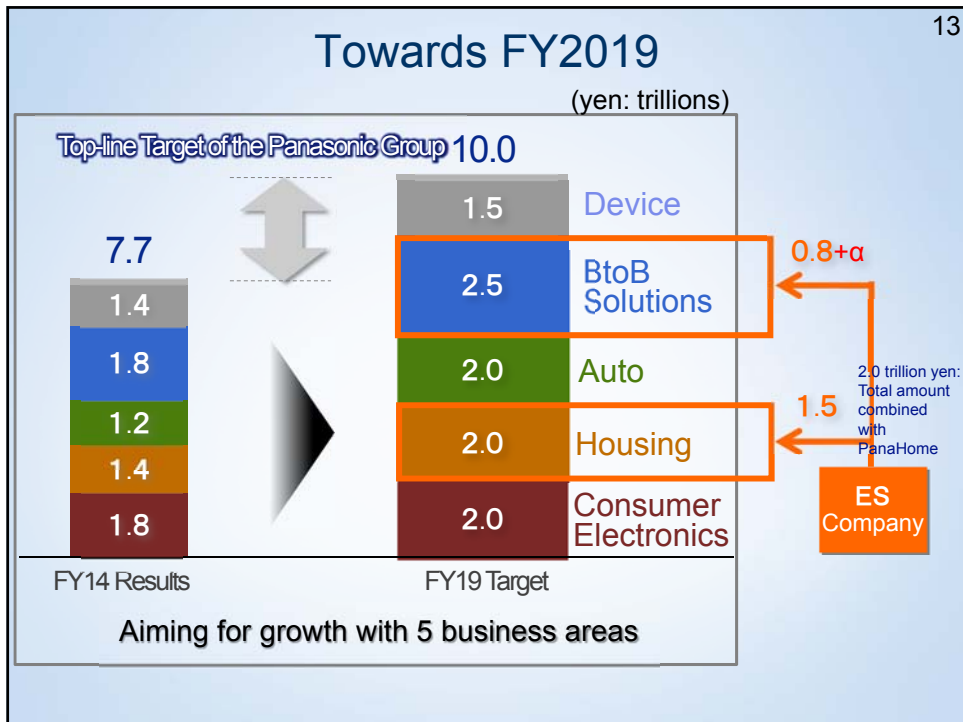
Strengthen remodeling business

Remodeling business sales 199.0 billion yen (vs. 14 BP*: +1%)

*BP=business plan

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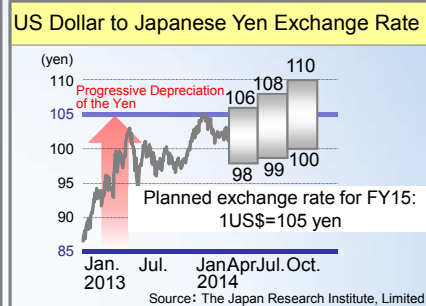
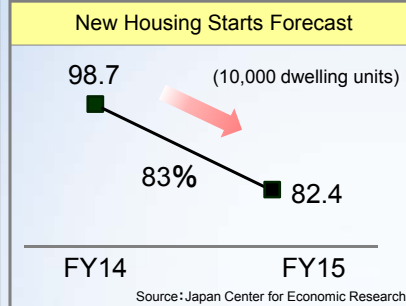


Market Trends

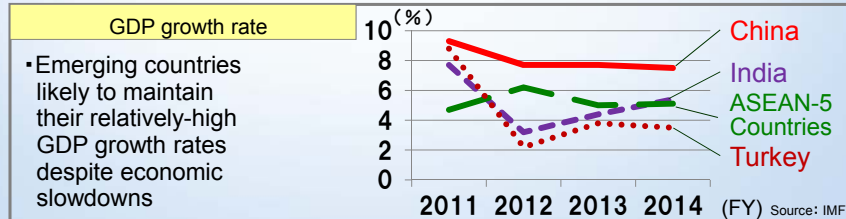
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- New housing starts in Japan estimated to drop significantly in FY15
- Negative impact on profit due to progressive depreciation of yen
(Sensitivity of the yen depreciation against the dollar: Operating loss of one billion yen a year)

Japan



Overseas



FY2015 Financial Target

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(based on new segment basis)

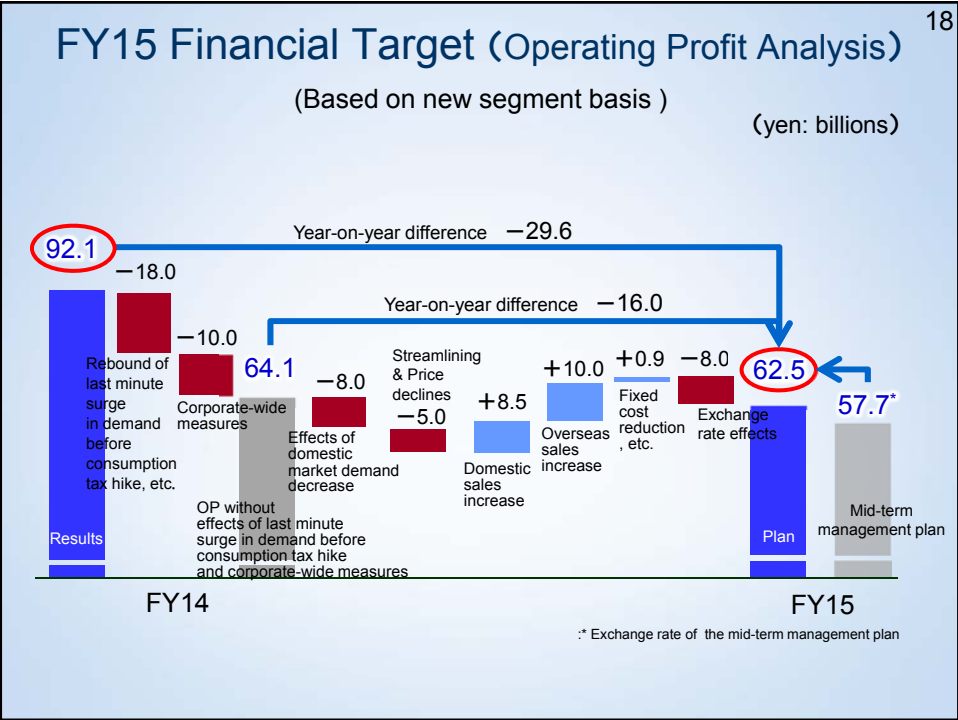
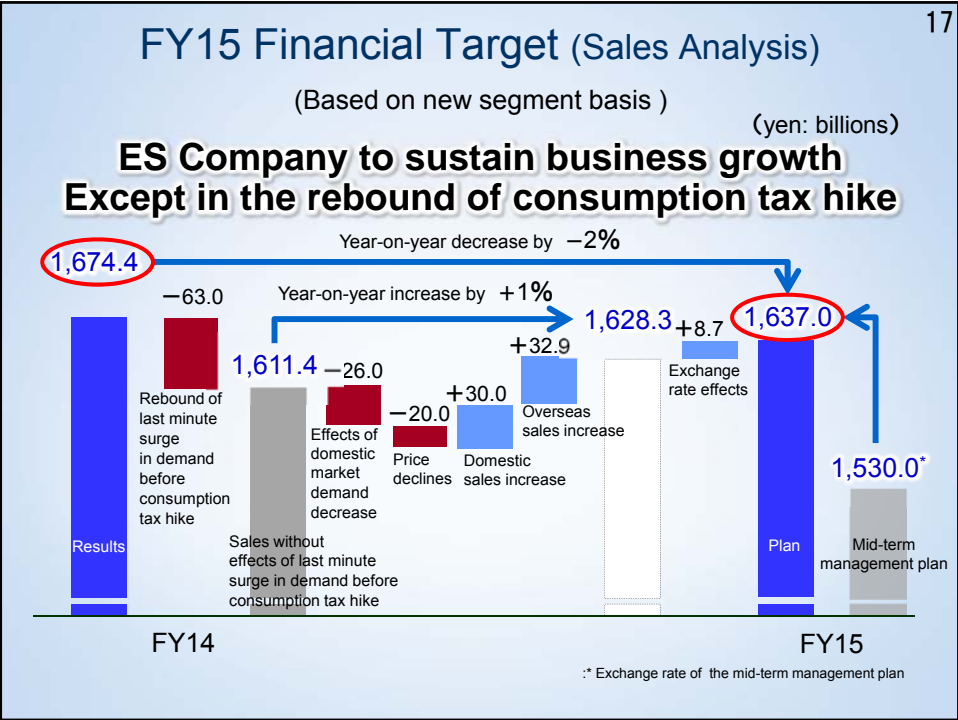
(yen: billions)

	FY14 (Results)	FY15 (Plan)	vs. FY14
Sales	1,674.4	1,637.0	-2%
Operating Profit (%)	92.1 (5.5%)	62.5 (3.8%)	-29.6

	FY14 (Results)	FY15 (Plan)	Accumulated total (FY14 - FY15)
Free CF	58.9	37.5	96.4

Changes in Organizations

1. Transfer of three companies under Marketing Division to Appliances Company
2. Transfer of PNA's AV solution business to AVC Networks Company (PNA: Panasonic North America)
3. New consolidation of two companies: VIKO (by acquisition) and Panasonic AGE-FREE Services (by incorporating the Company into AGE-FREE Business Unit)



FY15 Major Business Initiatives

I Growth in housing-related business Towards sales target of 2 trillion yen in housing-related business in FY2019

- ◆ Strengthen remodeling business
- ◆ Expand home energy management system business
- ◆ Expand "Age Free"(elderly care) business
- ◆ Develop "ACTION 3000" project
- ◆ Develop smart cities

II Growth in non-housing / non-construction-related businesses Towards sales target of 2.5 trillion yen in B2B solutions business in FY2019

- ◆ Expand engineering business
- ◆ Drive forward the project to provide solutions for reconstruction of the Tohoku region in Japan
- ◆ Strengthen non-housing energy management system business
- ◆ Prepare for 2020 Olympics and Paralympics-related business, and integrated resort-related business

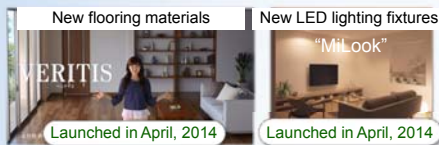
III Strengthening management foundation for growth acceleration

- ◆ Strengthen solar business
- ◆ Expand investment for business growth
- ◆ Strengthen LED lighting business competitiveness
- ◆ Reap the full benefits of structural reforms

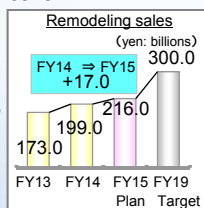
FY15 Major Business Initiatives: Growth in Housing-related Business

Strengthen Remodeling Business Japan

- ◆ Expand product line-ups
 - Water-related equipment: middle-to-high-end products
 - Interior furnishing materials: for remodeling
 - Lighting fixtures: LED lighting products (e.g. "MiLook")



- ◆ Strengthen customer care
 - Renovating showrooms to improve services for remodeling
 - Expanding strategic stores for remodeling, "Refine shop" to 500 shops by FY2016 (401 shops in FY2014)



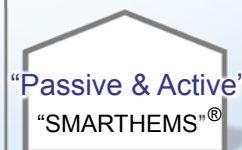
Expand Home Energy Management System Business Japan

- ◆ Standardize HEMS and develop new services
 - <"Active" energy management>
 - Accelerate introduction of "Smart Cosmo", home-use distribution panelboards
 - Enter solar aggregation business
 - <"Passive" energy management>
 - Exterior and interior thermal insulation panels
 - Heat exchange ventilation system and air purifiers to improve indoor air quality

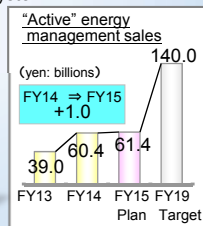
"Smart Cosmo"™

*Smart Cosmo is a registered trademark of the Panasonic Group (under application).

- <"Passive & Active" energy management>



*SMARTHEMS is a registered trademark of the Panasonic Group.



FY15 Major Business Initiatives:
Growth in Housing-related Business

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Focus on "ACTION 3000" project **Overseas**

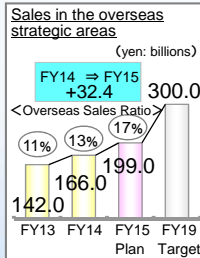
Focus on the growing markets(strategic areas) **(ON)**
FY19 sales target: 300billion yen

◆ **ASEAN** (Sales: 53.3billion yen, vs. FY14 +7%)
• Increasing the market share of electrical construction material products by leveraging the strength of our sales routes

◆ **China** (Sales: 50.7billion yen, vs. FY14 +4%)
• Increasing sales of lighting products and wiring devices
• Developing air purifiers that are best suitable for the local needs

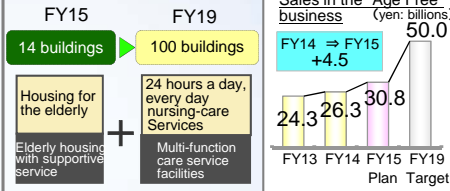
◆ **Turkey** (Sales: 11.5 billion yen, New Consolidation of "ViKO")
• Capturing the C type wiring device market
• Positioning Turkey as new strategic strongholds to enter into CIS and North African markets

◆ **India** (Sales: 35.3billion yen, vs. FY14 +17%)
• Developing the high volume zone products
• Expanding lighting business



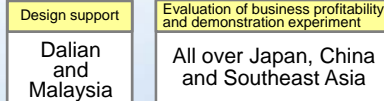
Expand "Age Free" (elderly care) business **Japan**

- ◆ Expand business bases and services
 - Increasing day care service and multi-function care service facilities
- ◆ Elderly housing with supportive service business
 - Establishing Panasonic Comheart Co., Ltd.



Develop smart cities **Japan Overseas**

- ◆ Horizontal development of the know-how on "Fujisawa Sustainable Smart Town"



FY15 Major Business Initiatives:
Growth in Non-housing- related / Non-construction-related Businesses

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Expand Engineering Business

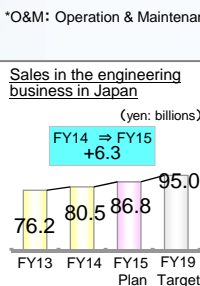
- ◆ Strengthen non-housing renovation business and enhance growth in maintenance business **Japan**
 - Promote the continuous businesses in terms of business life cycle strategy



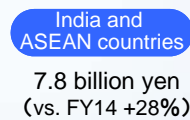
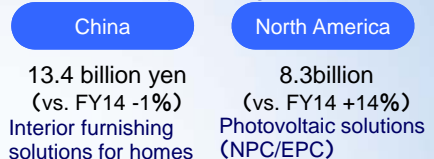
O&M for solar power generation system

Remote alarm monitoring, Power output monitoring, Rush Services

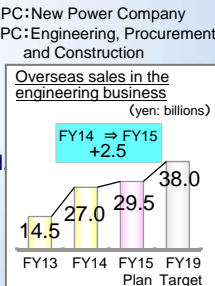
Remote monitoring for storage battery system, Confirmation report of the operational status, Rush Services, Visualization of the operational status, Error Report



- ◆ Create new business models and develop business operations that are best suited to customer needs in each country and region **Overseas**



- ◆ Energy saving and water purification solutions for factories




FY15 Major Business Initiatives: 23
 Growth in Non-housing- related / Non-construction-related Businesses

Strengthen Non-housing Energy Management System Business

◆ Propose energy creation and energy storage linkage system and develop BEMS business Japan

- Propose energy creation and energy storage linkage energy management system by leveraging green new deal fund




Drive forward the Project to Provide Solutions for Reconstruction of the Tohoku Region in Japan

◆ Entire Panasonic group contribute to the reconstruction

FY14 Sales: 3.3 billion yen (Results) FY15 Sales: 5.0 billion yen (Planned)

Safety and piece of mind	Energy
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Tsunami observation system Equipped mainly in public facilities for disaster prevention

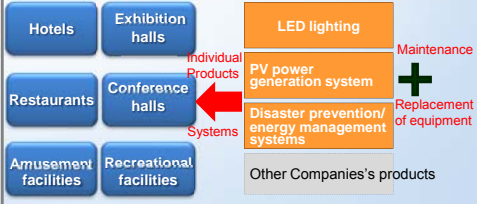
Prepare for the 2020 Olympics-and-Paralympics-related Business and Integrated Resort-related Business

◆ Reinforce earlier activities for product specification verification and approval for advanced urban development and social infrastructure improvement Japan

Olympic arena-related facilities	Social infrastructures, including roads, railroads, communication facilities, etc.
Hotels/commerce facilities/redevelopment projects	

◆ Develop solutions business for integrated resorts

- Shift to the continuous business from proposing-and-selling-individual-product



FY15 Major Business Initiatives: 24
 Strengthening Management Foundation for Growth Acceleration


Develop Future Solar Business Strategy

【Market environment (vs. FY14)】

- Lower price of the Feed-In tariff and price decline of the products due to termination of the subsidy program (-13% per year)
- Lower profit (-5.4 billion yen) due to Yen depreciation (96⇒105/US\$)

【Business strategy】

- Appeal No.1 amount of power generated by solar panels on roofs in Japan to customers by leveraging advantage of technologies behind world's highest energy conversion efficiency
- Increase sales by expanding the product lineup, including "HIT®Solar Panel Half Type," Double-sided Type ("HIT®Double"), multi-string PV inverter and energy creation and energy storage linkage energy management system



Starting order entry from June, 2014

- Reduce costs by implementing streamlining steadily and maintain profitability

Sales of PV (MW)	FY13	FY14	FY15
	536	835	752

* HIT is a registered trademark of the Panasonic Group.

Enhance Lighting Business Competitiveness

【Market environment】


- Commoditization and price decline by new entrants from outside

LED lighting sales ratio (Shipment volume basis)	FY13	FY14	FY15
	46%	69%	82%

【Business strategy】

- Secure profits by streamlining procurement and production rationalization (modularity, use of EMS, improvement of production process) EMS: Electronic Manufacturing Service
- Strengthen product lineup by market segment

【Homes】	【Facilities】	【Stores】	【Outdoor】
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- Develop new business in non-housing-related and non-construction-related areas

Lighting for railroad cars Space Player (Lighting space design)

Expand Investment for Business Growth

◆ Expand marketing-related investment within depreciation

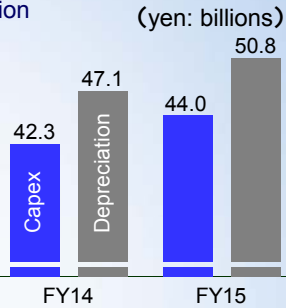
- Marketing-related investment to strengthen the remodeling business (6.5 billion yen)

IT-related investment

- To equip the tablet PCs at the business sites

Investment in showrooms

- To expand the remodeling services
- To renovate showrooms



Reap the Full Benefits of Structural Reforms

◆ We have completed structural reforms and continue with the next phase of reaping their full benefits.

- Rebuilding manufacturing systems of lighting and solar businesses
 - Establishment of new lightning source company in Japan
 - Closure of Hungarian factory and production reduction at Oregon factory in solar business

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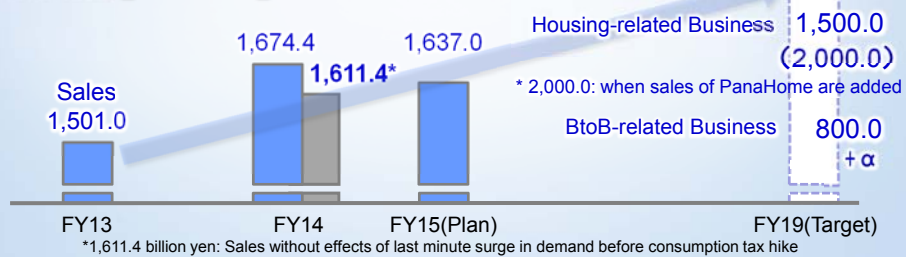
Summary

(Based on the new segment)

(yen:billions)

	FY14	FY15(Plan)
Sales	1,674.4	1,637.0
Operating Profit (%)	92.1 (5.5%)	62.5 (3.8%)
[]: OP Margin except other Companies's products	[5.8%]	[4.1%]
FCF	58.9	37.5

ES Company is on track to sustain the growth momentum in FY2015 and will accelerate its growth steadily towards achieving the target for FY2019.



Panasonic

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