

**Panasonic**

# **Automotive & Industrial Systems Company Business Policy**

**May 30, 2017**

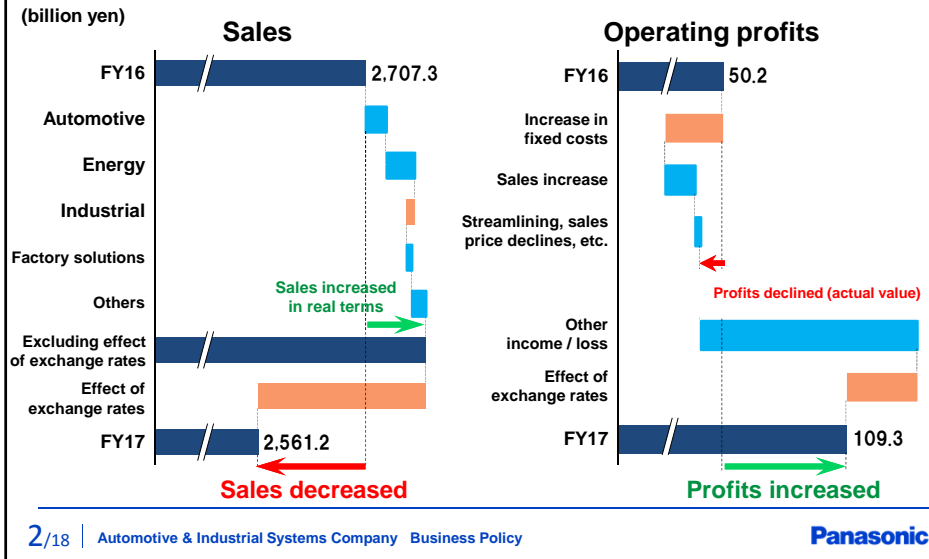
**Yoshio Ito, President  
Automotive & Industrial Systems Company  
Panasonic Corporation**

Notes: 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, "FY18" refers to the year ending March 31, 2018.

## **FY17 Summary**

# FY17 Results

Although sales increased in real terms, profits decreased (actual value) as a result of advanced investments in the automotive business.



# Preparations for Growth

Determined the direction, and steadily strengthened structures.

Automotive battery factory in Nevada, US



Vehicle test site (Yokohama)



## Response to the xEV market expansion

- US (Nevada): Launched operations of the automotive battery factory.
- China (Dalian): Built an automotive battery factory.
- China (Beijing): Established a joint venture electric compressor company.

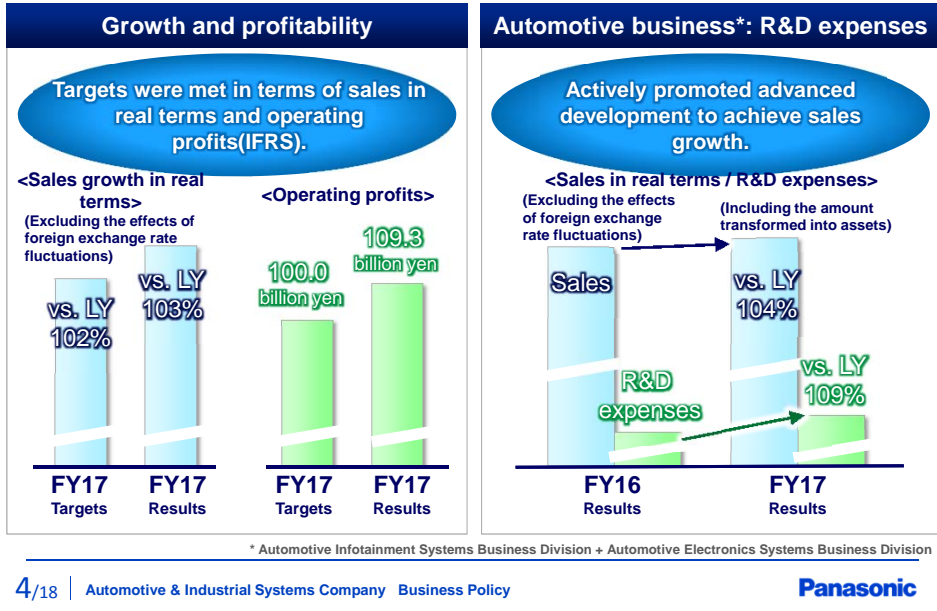
## Achievement of growth in unconventional ways

- Decided to acquire Ficosa as a consolidated subsidiary.

## Acceleration of development processes

- Acquired OpenSynergy.
- Established a vehicle test site (Yokohama).

# FY17 Review



# FY18 Business Policy

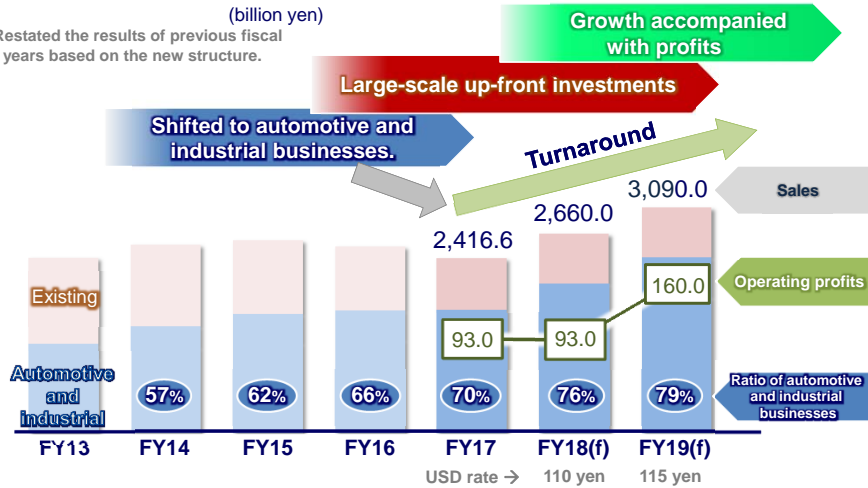
# Positioning of FY18

## Complete structural reforms, and make a turnaround.

<Changes in sales and operating profits>

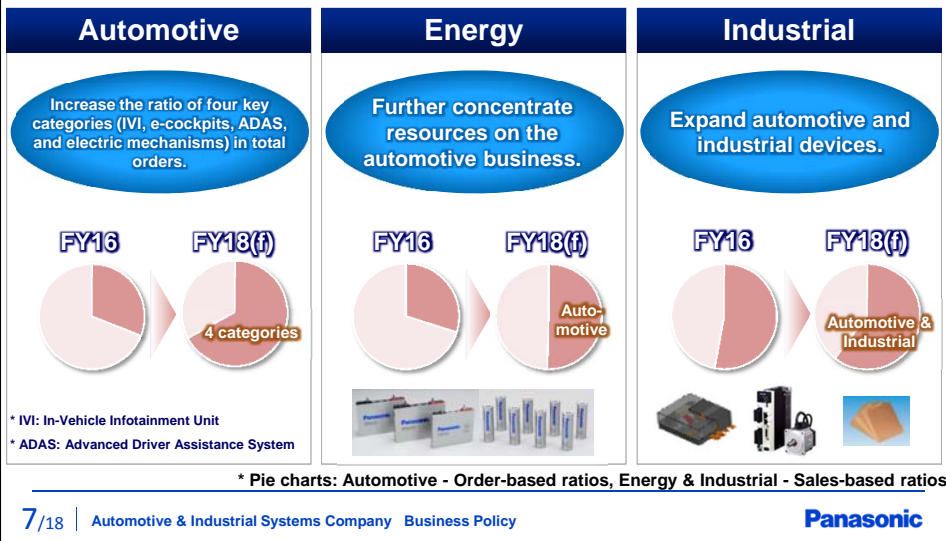
(billion yen)

\* Restated the results of previous fiscal years based on the new structure.



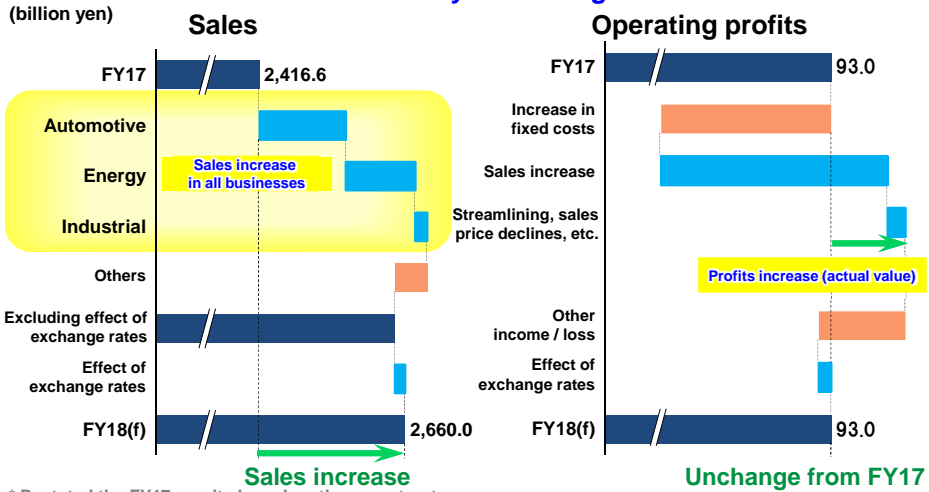
# Company Business Strategy Summary

Implement “the selection and concentration strategy” in all business fields.



# FY18 Management Targets

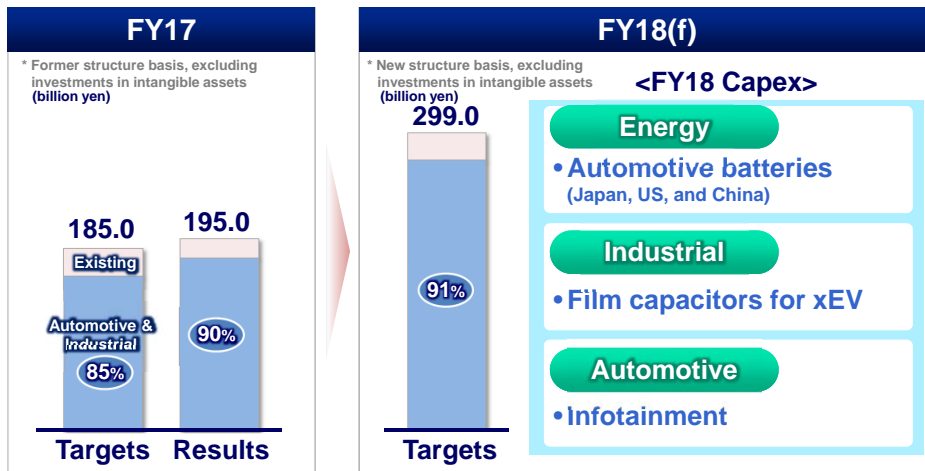
Continue to make investments for growth, and make up for the increase in fixed costs by increasing sales.



\* Restated the FY17 results based on the new structure.

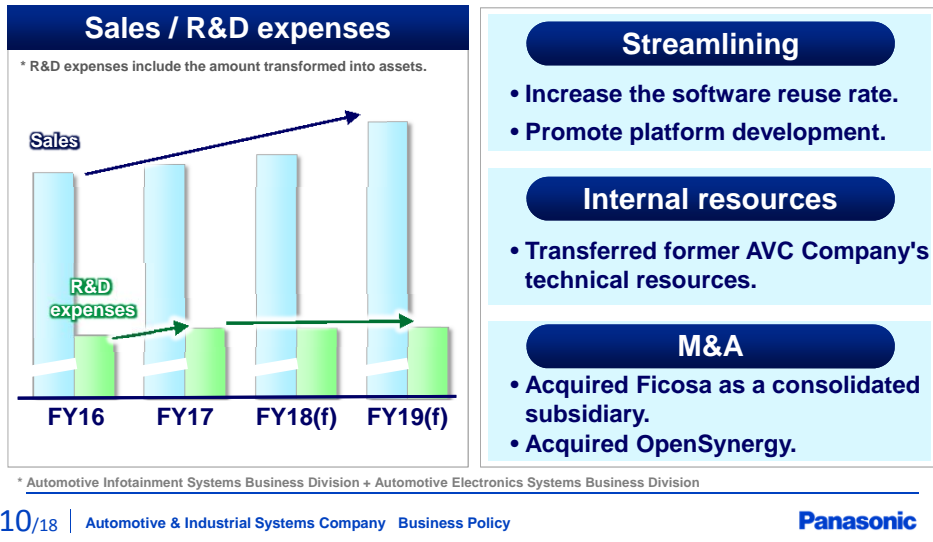
# FY18 Capital Investment Strategies

Invest aggressively, including up-front investments to capture on the automotive demand without fail.



## Automotive Business\*: R&D Expense Management

Make the most of internal and external resources.



## Automotive Business Strategies

# Automotive Business Market Environment

Effective demand for our products will increase in line with social changes and the tightening of environmental regulations.

## Social needs

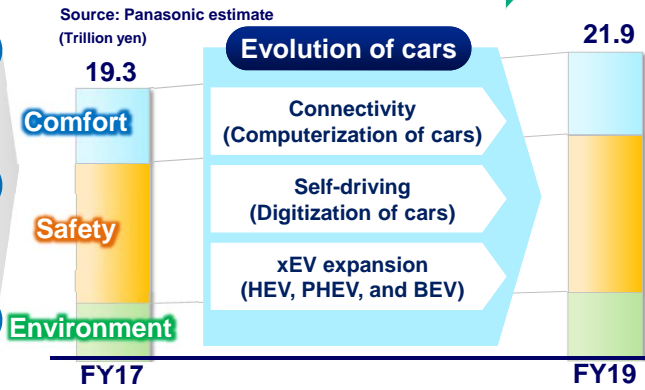
Reduce drivers' burdens.

Reduce traffic accidents.

Reduce environmental impact.

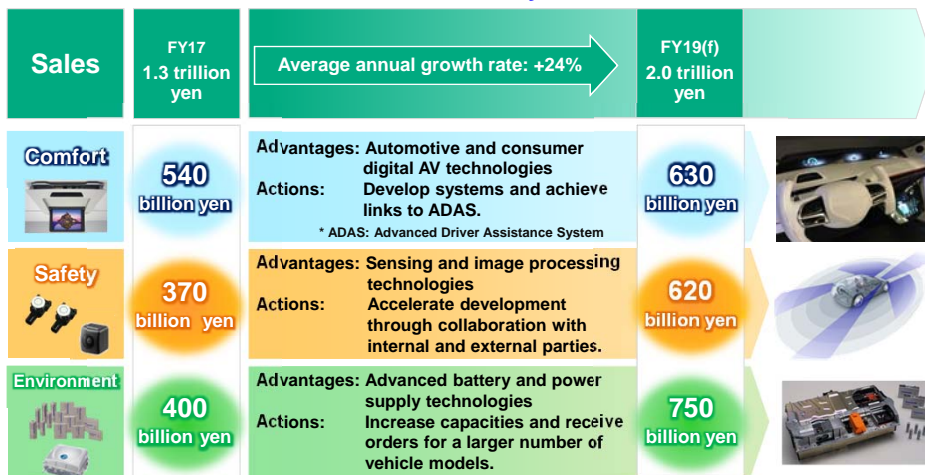
## <Forecasts of the effective demand for our products>

Average annual growth rate: 7%



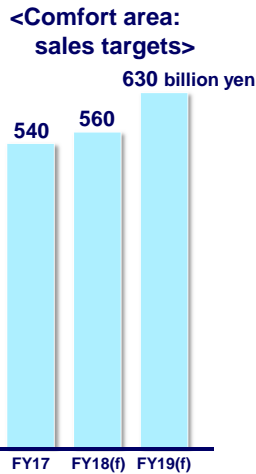
# Automotive Business: Growth Strategies

Achieve growth that exceeds the industry's average by expanding businesses into systems.



## Aiming to become the No. 1 Cockpit Supplier

We started to deliver new systems, and have been receiving constant orders.



### E-cockpit systems

Started delivering e-cockpit systems to JLR "Range Rover Velar" during 2017.

Photo credit: JAGUAR LAND ROVER LIMITED

■ Touch Pro Duo

■ HUD

\* HUD: Head-Up Display

<Order volume>

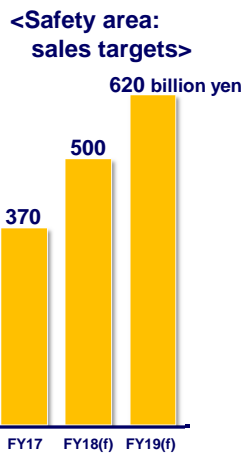
Category	FY17 results	FY18 targets
Existing products	43%	40%
New systems (IVI and cockpit systems)	57%	60%

\* IVI: In-Vehicle Infotainment

System orders have been steadily increasing.

## Promoting the ADAS Business with Competitive Devices at the Core

Expand the systems business by utilizing our group's image processing technologies.



### Demonstrate our strength by developing ADAS.

Promote step-by-step development by "device" x "image processing", and expand orders.



**Environment**

## Automotive Batteries: Implement Aggressive Strategies Based on Product and Production Competitiveness

Make investments (development and equipment) through close collaboration with clients, and contribute to the proliferation of xEV.

<Environment area: sales targets>

Year	Sales Target (billion yen)
FY17	400
FY18(f)	540
FY19(f)	750

Capacitors, battery chargers, relays, etc.

**Product competitiveness (prismatic types)**

Metric	FY17	FY20(f)
Output density (Acceleration performance)	1.0 times	1.5 times
Energy density (Driving distance)	1.0 times	2.0 times

**Vehicle models that adopted our batteries**

Month	Delivered batteries	Received orders	Underway	Total Models
March 2015	40	0	0	40
March 2016	45	0	0	45
March 2017	50	18	20	88

**Increasing production capacity**

- Prismatic types**
  - Sumoto: Build one more production line to operate two lines during FY18.
  - Dalian: Start mass production during FY18.
- Cylindrical types**
  - Nevada: Increase production capacity in response to an increase in vehicle production.

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**Comfort**

**Safety**

## Acceleration of Growth through the Acquisition of Ficosa As a Consolidated Subsidiary

Integrate Ficosa's as well as our strengths, and pursue synergy effects.

**Increase sales based on synergy effects.**

Year	Sales (vs. LY)
FY17	Baseline
FY18(f)	Baseline
FY19(f)	+26% (Collaborative business)

**Orders received and promoting products**

■ **Orders received (Starting delivery during FY18)**

- Electronic interior rearview mirrors
- Communication modules

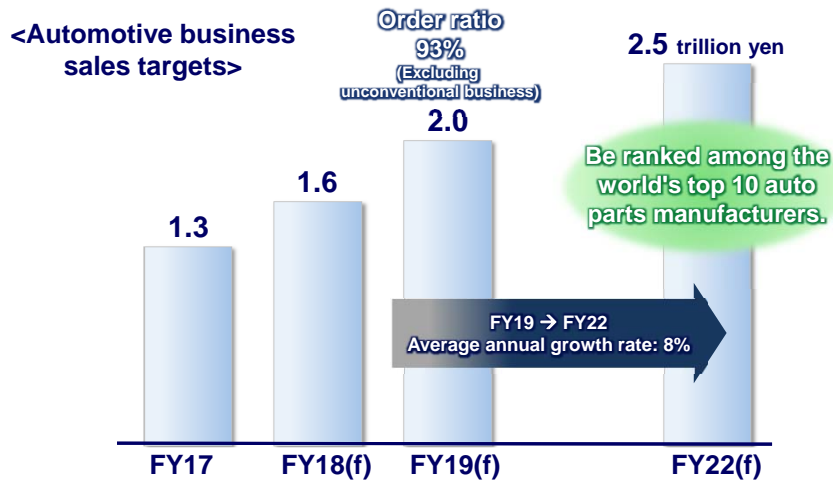
■ **Promoting**

- Electronic exterior rearview mirrors
- Camera cleaning systems
- Electronic shifters

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## Automotive Business: Aiming Higher

Achieve sales target 2.0 trillion yen during FY19, and aim to be ranked among the world's top 10 by FY22.



# Panasonic










A Better Life, A Better World

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**(Reference) Details of each business whose sales are disclosed**

Automotive	 <b>Automotive Infotainment Systems Business Division</b> Cockpit systems, car navigation systems, car AV systems, car speakers, etc.	Industrial	 <b>Electromechanical Control Business Division</b> Relays, connectors, automotive switches, motors, FA sensors, etc.
	 <b>Automotive Electronics Systems Business Division</b> On board charging systems, camera modules, back & corner sensors, etc.		 <b>Device Solutions Business Division</b> Conductive polymer capacitors, resistors, in-car and industrial-use sensors, etc.
Energy	 <b>Rechargeable Battery Business Division</b> Automotive batteries, lithium ion batteries, battery modules for storage, power storage systems, etc.		 <b>Electronic Materials Business Division</b> Circuit board materials, semiconductor encapsulation materials, plastic molding compounds, advanced films, etc.
	 <b>Energy Device Business Division</b> Dry batteries, micro batteries, nickel metal-hydride rechargeable batteries, etc.		<b>Panasonic Semiconductor Solutions Co., Ltd.</b>  Power semiconductors, LSIs, image sensors, optical semiconductors, etc.
			<b>Panasonic Liquid Crystal Display Co., Ltd.</b>  IPS liquid crystal display panel