

Panasonic IR Day 2012

Appliances Company Business Strategy

May 23, 2012

Panasonic Corporation
Appliances Company
President Kazunori Takami

*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2012" or "FY 2012" refers to the year ended March 31, 2012. In addition, "fiscal 2013" or "FY 2013" refers to the year ending March 31, 2013.*

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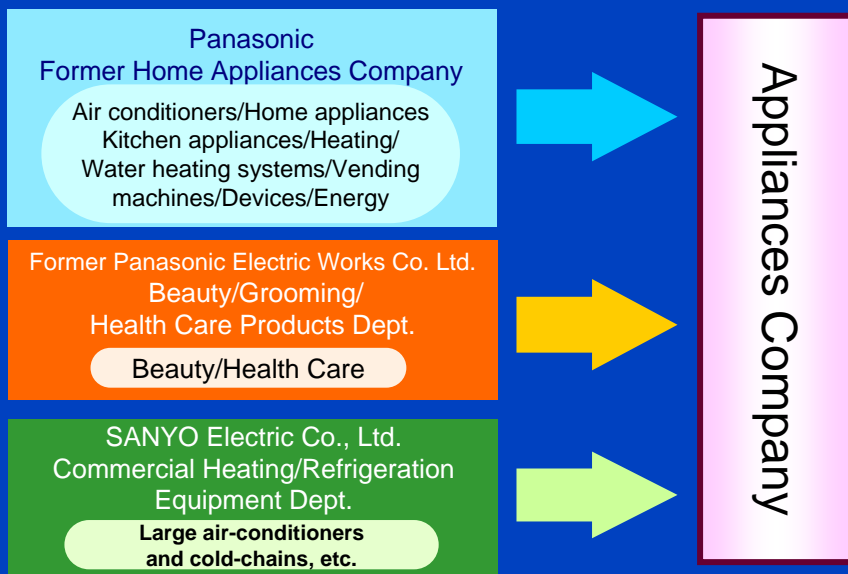
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- 1. Appliances Company Profile**
- 2. Market Trends**
- 3. Business Vision and
Key Initiatives for FY 2013**

1. Appliances Company Profile

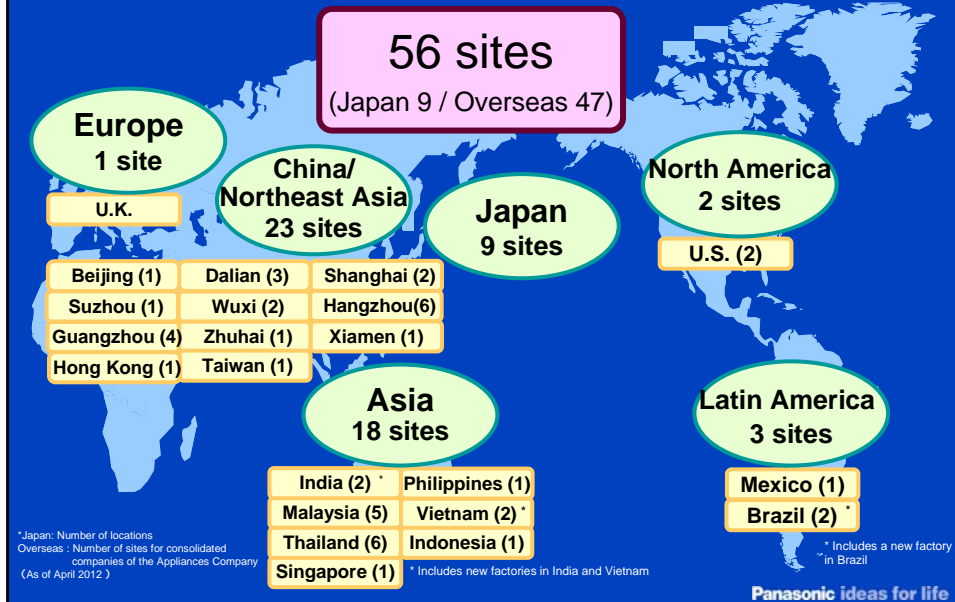
2. Market Trends

3. Business Vision and Key Initiatives for FY 2013



Global Sites

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Manufacturing and Sales Items

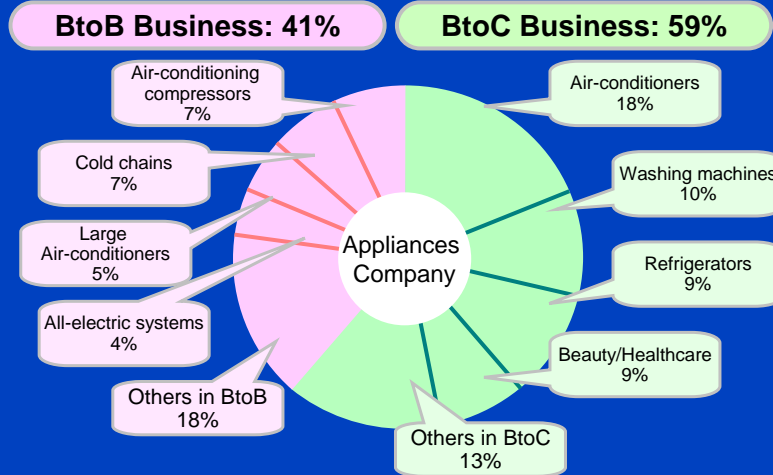
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Sales breakdown by Product

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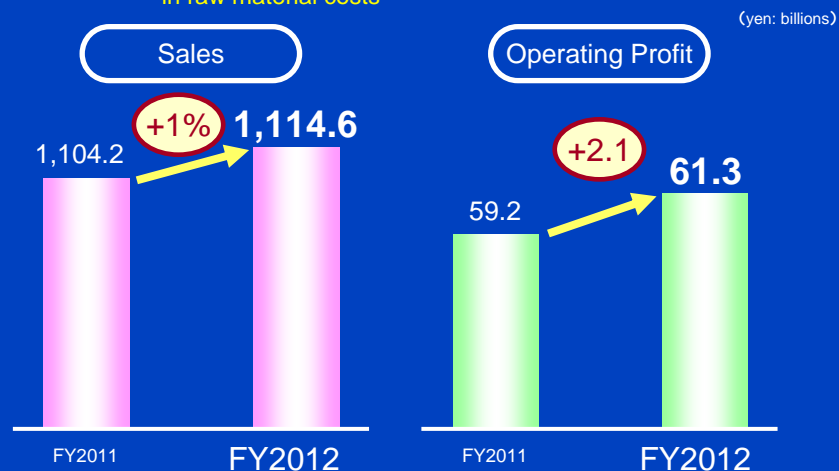
- BtoC business including air-conditioners, washing machines and refrigerators account for 59%
- BtoB Business including cold chains, large air-conditioners and devices account for 41%



FY 2012 Achievements

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- [Sales] Achieved revenue growth in spite of The Great East Japan Earthquake and the flooding in Thailand
- [Operating Profit] Acquired profit growth in spite of the impact of the rise in raw material costs



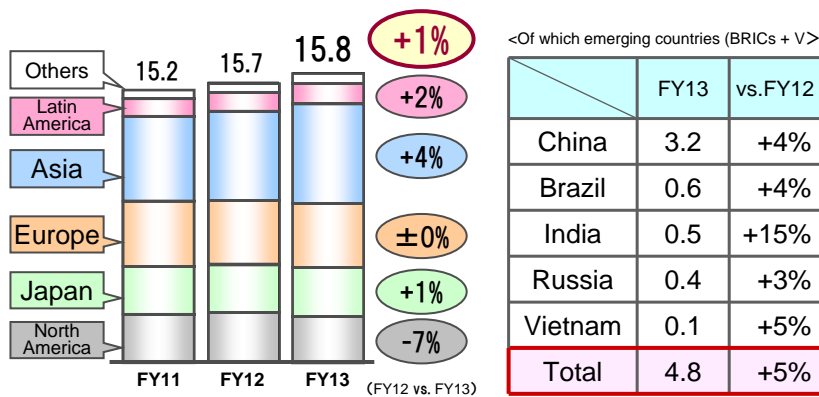
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Global Demand for Appliances

- Demand in FY 2013 : global +1%, Asia: +4% (y-o-y), Asia is driving growth
- High growth in emerging countries (BRICs + V): +5% (y-o-y)

【Global Demand for Appliances】

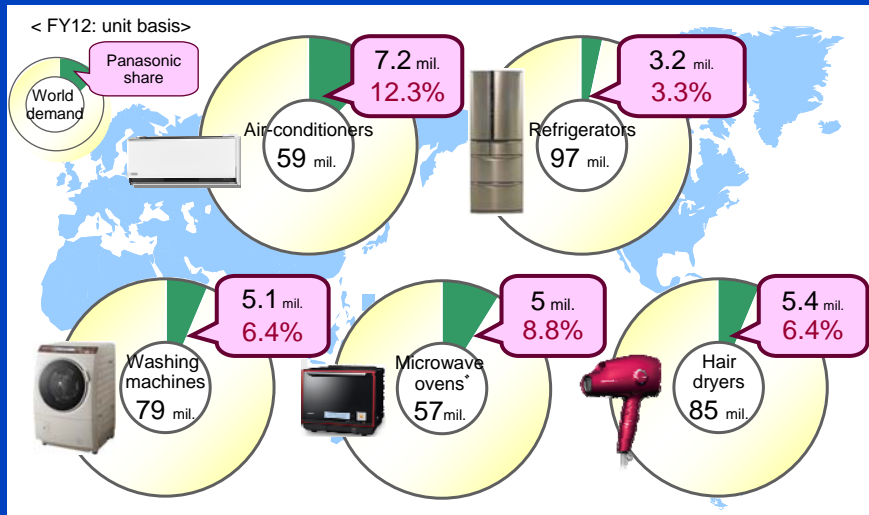
(yen: trillion)



Source: Estimates by Panasonic based on statistics from GfK, Euromonitor, JEMA, CMM, Bsria, and JRAIA.

World Demand & Panasonic Market Share by Flagship Products 10

■ Globally promote dynamic business growth



*Note: Air-conditioners refer to room air-conditioners and packaged air-conditioners. Drying machines are excluded from washing machines.
 *Source: Statistics and reports from GIK, Euromonitor, JEMA, CMM, Bora and the Japan Refrigeration and The Air Conditioning Industry Association. Estimated by the AP Company

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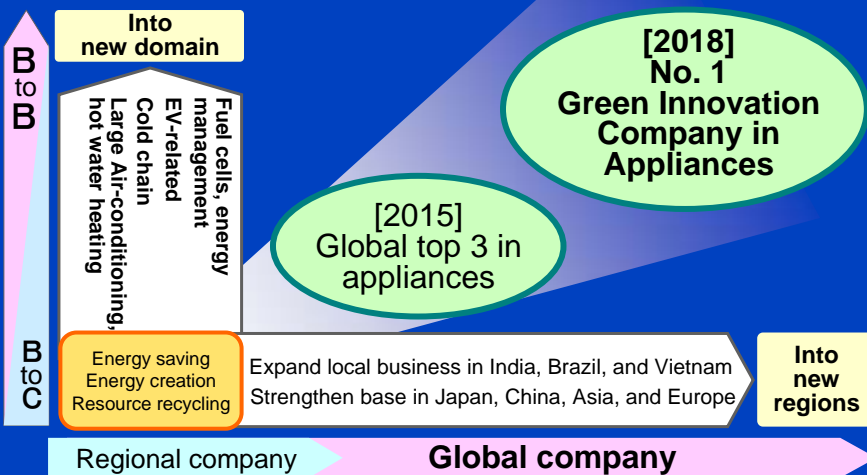
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Business Vision

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The No. 1 Green Innovation Company in Appliances by 2018
Accelerate global expansion and widen business domain



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FY 2013 Key Initiatives

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Accelerating global expansion
in the BtoC business (sets)

Expanding the BtoB business (facilities/devices)

Strengthening manufacturing competitiveness
supporting the creation of competitive products






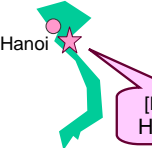
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**Accelerating global expansion
in the BtoC business (sets)**







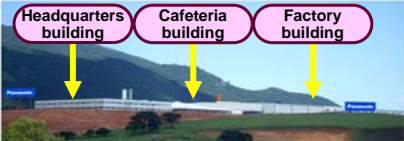







Expanding the BtoB business (facilities/devices)

**Strengthening manufacturing competitiveness
supporting the creation of competitive products**

■ Simultaneously establish manufacturing sites in key focus markets

<p>India</p> 	 <p>[New site] Jhajjar</p>	<p>■ Establish a manufacturing site for air-conditioners and washing machines to strengthen product and cost competitiveness in rapidly growing market</p> <p>Mass production commencing</p> <p>[Air-conditioners] Jan 2013 [Refrigerators] Jan 2013</p>
<p>Brazil</p> 	 <p>[New site] Extrema</p>	<p>■ Establish a manufacturing site for refrigerators and washing machines in order to introduce products based on local lifestyle research</p> <p>Mass production commencing</p> <p>[Refrigerators] Aug 2012 [Washing machines] May 2013</p>
<p>Vietnam</p> 	 <p>Hanoi</p> <p>[New site] Hung Yen</p>	<p>■ Establish a manufacturing site for washing machines and R&D center for refrigerators and washing machines for further expanding ASEAN business</p> <p>Mass production commencing</p> <p>[Washing machines] April 2013</p> <p>*Expand refrigerator production capacity at existing site (Hanoi)</p>

Steady Progress in the Establishment of Local Manufacturing Sites 16

 India	 Brazil
<ul style="list-style-type: none"> ■ Air conditioner plant: 2 weeks ahead of plan ■ Washing machine plant: Progress in line with plans <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Washing machine plant</p>   <p>Washing machine plant</p> </div> <div style="text-align: center;"> <p>Air conditioner plant</p>   <p>Air conditioner plant</p> </div> </div>	<ul style="list-style-type: none"> ■ Buildings complete ■ Installation of refrigerator manufacturing equipment in progress <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Headquarters building</p>   </div> <div style="text-align: center;"> <p>Cafeteria building</p>   </div> <div style="text-align: center;"> <p>Factory building</p>   </div> </div> <p style="text-align: center;">Inside the plant</p>
<p>Vietnam</p> 	<ul style="list-style-type: none"> ■ Construction application approved ■ New plant construction commenced in March <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <p>Washing machine plant</p> <p>R&D</p> <p>(Conceptual drawing)</p> </div>  </div>

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3 Main Products (Air-Conditioners, Refrigerators, Washing Machines) Driving Growth

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1. Further global expansion of ECONAVI

- Proposing new energy conserving lifestyles for global consumers

ECONAVI

approximately 270 models rolled out in approximately 90 countries



2. Creation of new high-volume markets through locally-oriented products

- Produce new concept products that match customer needs in each country

[Eg.] CUBE split air-conditioner for India
March 2012 share: 12.1%* (up 6% y-y)



Score a series of innovations in each country and product

3. Active use of ODM with the aim of the rapid launch and roll out of products

- Expand product lineup quickly by breaking away from the conventional self-sufficiency policy

No. of ODM models (FY2013)

Europe

Refrigerators: 8 models
Washing machines: 5 models



India

Refrigerators: 8 models
Washing machines: 8 models



* Source for market share: GfK split air-conditioner market share

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Accelerate Global Promotion of Beauty / Health / Small Cooking Appliances as Groups of Product

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Beauty & Grooming / Healthcare

- Expand business in China and Asia by “Panasonic Beauty”
- Global roll out of European designed Milano Shaver and tap into young customers

Small Cooking Appliances

- Full-scale entry into Europe
Expansion into Russia, China, and Asia, etc.
- Expand business in Japan centered on rice cookers and bread makers



- Establish the Panasonic brand in the beauty / health and small cooking appliances markets through development of product groups -

★ Toward a pillar of new growth for the BtoC business

**FY 2013:
more than 15%
growth overseas**

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FY 2013 Key Initiatives

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**Accelerating global expansion
in the BtoC business (sets)**

Expanding the BtoB business (facilities/devices)

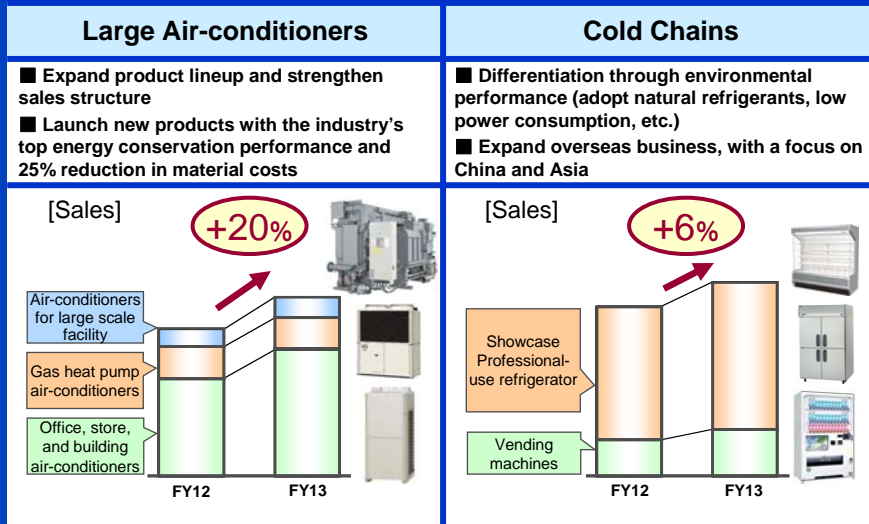
**Strengthening manufacturing competitiveness
supporting the creation of competitive products**

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Accelerate Global Development of Large Air-conditioners and Cold Chains

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■ Toward a BtoB growth engine by merging the strengths of Panasonic and SANYO

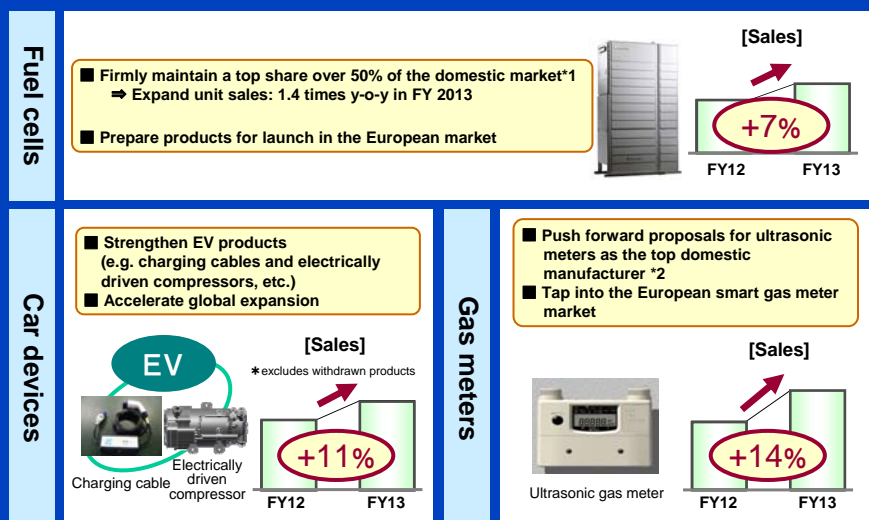


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Expand Business in the Environment and Energy Field

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■ Create new demand by proposing products that anticipate changes in the market



*1 Source: Estimated by Panasonic based on Fuel Cell Association statistics and data

*2 Source: Top domestic share estimated by Panasonic based on Japan LP Gas Instrument Inspection Association statistics and data and customer interviews

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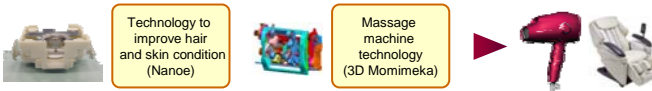
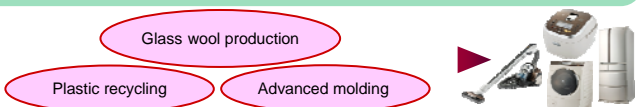
Accelerating global expansion
in the BtoC business (sets)

Expanding the BtoB business (facilities/devices)

Strengthening manufacturing competitiveness
supporting the creation of competitive products

Strengthen Core Technologies to Support Next-generation Products

Combine technologies in energy conservation, beauty / health, and resource recycling, etc., to maximize synergy

<p>Energy saving technologies</p>	<p>Improve energy saving performance through significantly improved efficiency</p>  <p>Heat pump technology, Inverter technology, Insulation technology</p>
<p>Beauty / health technologies</p>	<p>Technology to promote health and beauty based on human research (biological and physiological)</p>  <p>Technology to improve hair and skin condition (Nance), Massage machine technology (3D Momimeka)</p>
<p>Resource recycling manufacturing</p>	<p>Promote recycling technology and full utilization technology</p>  <p>Glass wool production, Plastic recycling, Advanced molding</p>

Initiatives Aimed at Strengthening Cost Competitiveness

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Steady progress in cost reductions to offset the sharp rise in raw material prices

Promote 30% reduction in man-hours at all 48 global production sites

- Adopt every possible means to counter risk of sharp increases in raw material prices that squeeze profits

Value engineering (Technology-driven)

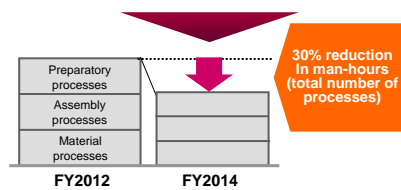
- Promote substitution of raw materials with sharp price increases, such as rare earth elements and copper
- Utilization of recycled materials

Cost reductions (Procurement-driven)

- Further utilization of overseas resources
- Expansion of centralized global contracts

- Build a robust world-class manufacturing structure

Radical examination and review of all production processes starting from design (parts reduction, automation, etc.)



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FY 2013 Business Plan

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[Sales] 3% increase y-o-y, boosting both BtoC and BtoB businesses
 [Operating Profit] 18.7 billion yen increase from FY12 by streamlining materials etc.

(yen: billions)



Note: The presentation of FY2011 and FY2012 figures has been adjusted to conform to the new AP company founded in FY2013.

Panasonic ideas for life

Focus meticulously on "products" and
grow business through "products"

**Strengthen Our Products ,
Accelerate Our Growth**

- Aiming to be the Eco No. 1 Global Company -

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ideas for life

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