

**Panasonic IR Day 2012**  
**AVC Networks Company**  
**Business Strategy**

**May 23, 2012**

**Panasonic Corporation**  
**AVC Networks Company**  
**President Mamoru Yoshida**

*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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1. Domain Overview

2. Market Trends

3. Business Policy and Growth Strategies

4. Toward New Business Growth

## AVC Networks Company Profile

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<b>Name</b>	<b>AVC Networks Company</b>
<b>Size of Business (FY2012)</b>	Sales Amount : 1.33 trillion yen Operating Loss : 72.5 billion yen
<b>Number of Offices</b>	33 offices in 14 countries (Domestic: 12, Overseas: 21)
<b>Number of Employees</b>	33,000 (Japan: 11,000, Overseas: 22,000)

AVC Networks Company	Unification of Technology C (Component Technology)	Business Development C (HUB/Business Creation)	Development of Next-generation PFC (development of Common PF)	Major Products	Sales Ratio
	Display Network Products Business G			Flat panel TVs	45%
	Display Devise Business G			PDP/LCD Panels	
	Creative Network Business G			DSC, Video Cameras, BD, Audio Equipment	25%
	Business Solution Business G			Notebook PCs, Projectors, Avionics, Professional AV equipment	30%
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## Market Share of Major Products

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Product Categories		Market Share of Shipped Products in FY 2012 (vs FY2011)			
		Global Market Share		Ranking	
			Compared with the previous year		
BtoC	Flat panel TVs	6%	-2%	No. 5	
	DSC	Compact	10%	-1%	No. 5
		SLR	5%	+2%	No. 4
	BD Recorders	37%	+2%	No. 1	
	HD Movies	22%	+2%	No. 2	
Product Categories		Market Share of Amounts of Money in FY 2012 (vs FY2011)			
		Global Market Share		Ranking	
			Compared with the previous year		
BtoB	Solid Laptop PCs	63%	+3%	No. 1	
	Projectors	14%*	+7%	No. 2	

\*Calculated before SANYO was merged

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1. Domain Overview

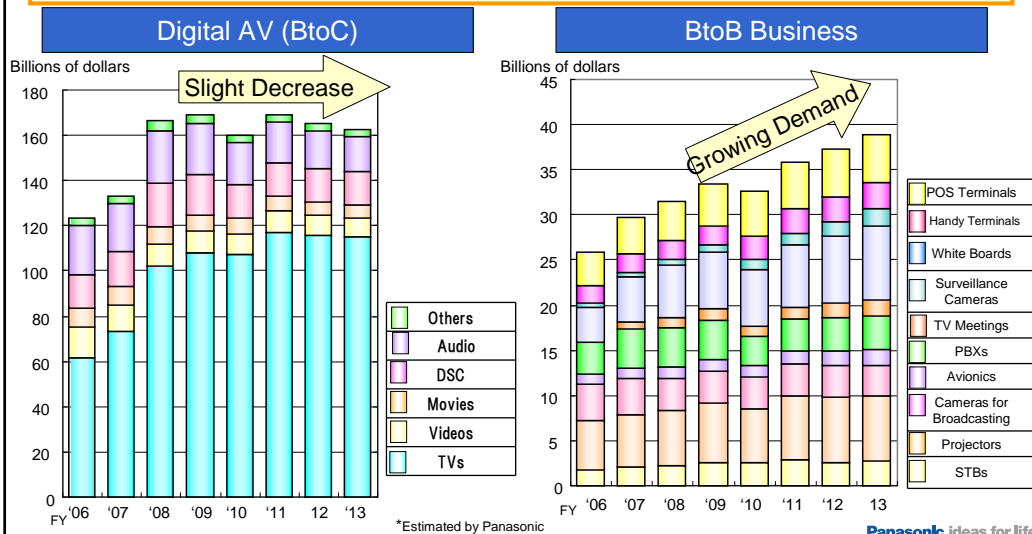
2. Market Trends

3. Business Policy and Growth Strategies

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Market Trends

- Sluggish demand for digital AV equipment, expected to slightly decrease
- BtoB business continuously growing with +6% of annual growth rate



1. Domain Overview

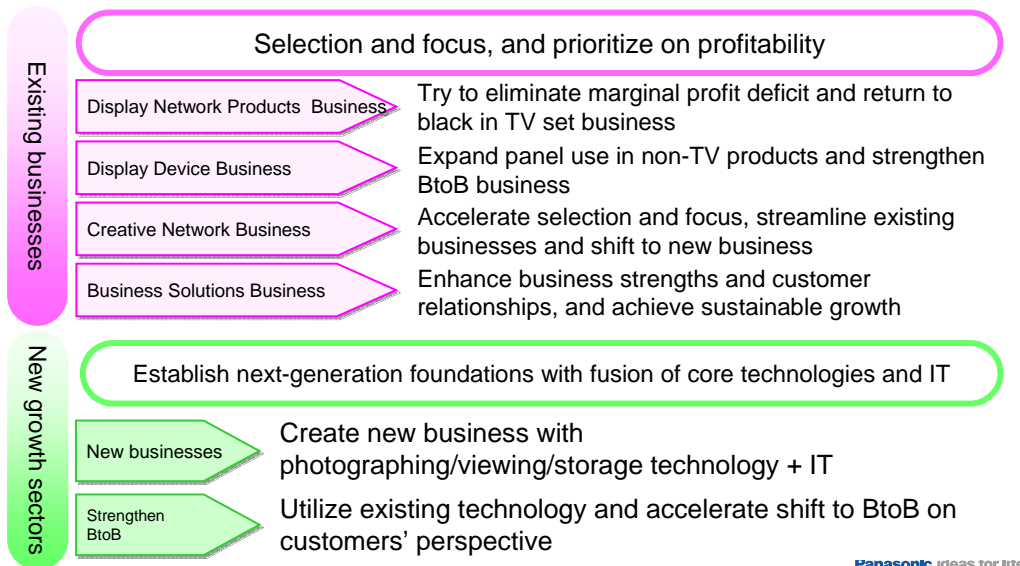
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FY 2013 Business Policy

Return into black in FY 2013 and prepare for midterm growth



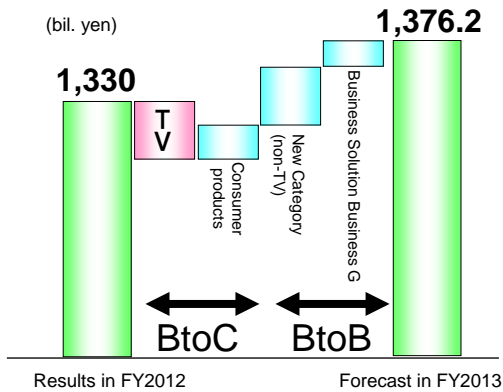
# FY 2013 Business Plan

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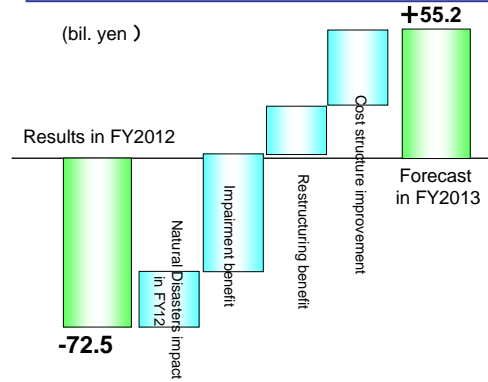
Increase profitability and manage risk factors to return into the black

( Sales: 1,376.2 billion yen (+3% vs FY2012)  
Operating Profit: 55.2 billion yen (+127.7 billion yen vs FY2012) )

**Increase Sales**  
(+3% vs FY2012)



**Improve Operating Profit**  
(+127.7 billion yen vs FY2012)



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# TV Business Restructuring

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- Shifted focus from unit scale to profitability
- Decreased fixed costs and slimmed down business structure into optimal scale

	<b>LCD</b> Be "Eco" front runner with IPS technology	<b>PDP</b> Best picture quality with "3D" and "black"
<b>TV Set business</b>	<p><b>LCD, sets</b></p> <p><u>Affordable panels, better cost structure</u></p> <ul style="list-style-type: none"> <li>In-house panels</li> <li>Limit to small size</li> </ul> <p>Overseas panels</p> <p>Expand larger screen lineup</p>	<p><b>PDP, sets</b></p> <p><u>Reduce number of models focusing on profitability</u></p> <ul style="list-style-type: none"> <li>All size lineup</li> <li>Focus on large screens</li> </ul>
<b>Panel business</b>	<p><b>LCD, panels</b></p> <p><u>With our technology, high priced products</u></p> <ul style="list-style-type: none"> <li>for TVs</li> <li>2 domestic sites (Mobara, Himeji)</li> </ul> <p>for non-TV products</p> <p>1 domestic site (Himeji)</p>	<p><b>PDP, panels</b></p> <p><u>Downsize business structure to optimal scale</u></p> <ul style="list-style-type: none"> <li>3 global sites (P4, P5, Shanghai)</li> <li>1 global site (Consolidation to P4)</li> </ul>

Restructured workforce and domestic sites (consolidated set production)

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TV Business Reforms and Initiatives		10
<ul style="list-style-type: none"> <li>■ Achieve three reforms without 'sacred areas' to eliminate marginal profit deficit and return into black</li> </ul>		
<b>Product</b>	<p><b>Create 'winning products' maximizing our strengths</b></p> <ul style="list-style-type: none"> <li>■ Ultra-high image quality PDPs, ultra-low power IPS-LCDs</li> <li>■ Promote Smart Viera</li> </ul>	
<b>Cost structure</b>	<p><b>Improve cost structure</b></p> <ul style="list-style-type: none"> <li>■ Increase marginal profit ratio in all models, controlling die and mold cost (+9.7% y-y)</li> <li>■ Cut man-hours (-30%), by halving man-hours, eliminating waste and promoting in-house manufacturing</li> </ul>	
<b>Business structure</b>	<p><b>Complete restructuring domestic operating sites and accelerate overseas operating site reforms</b></p> <ul style="list-style-type: none"> <li>■ Complete restructuring domestic operating sites (terminated set production in Ibaraki), accelerate overseas operating site reforms</li> <li>■ Improve profitability of overseas popular models utilizing ODM</li> </ul>	

Our Products: "Stylish" LCDs and "Luxury" PDPs 11

テレビが変わる。  
あなたの毎日が変わる。

Glass & metal

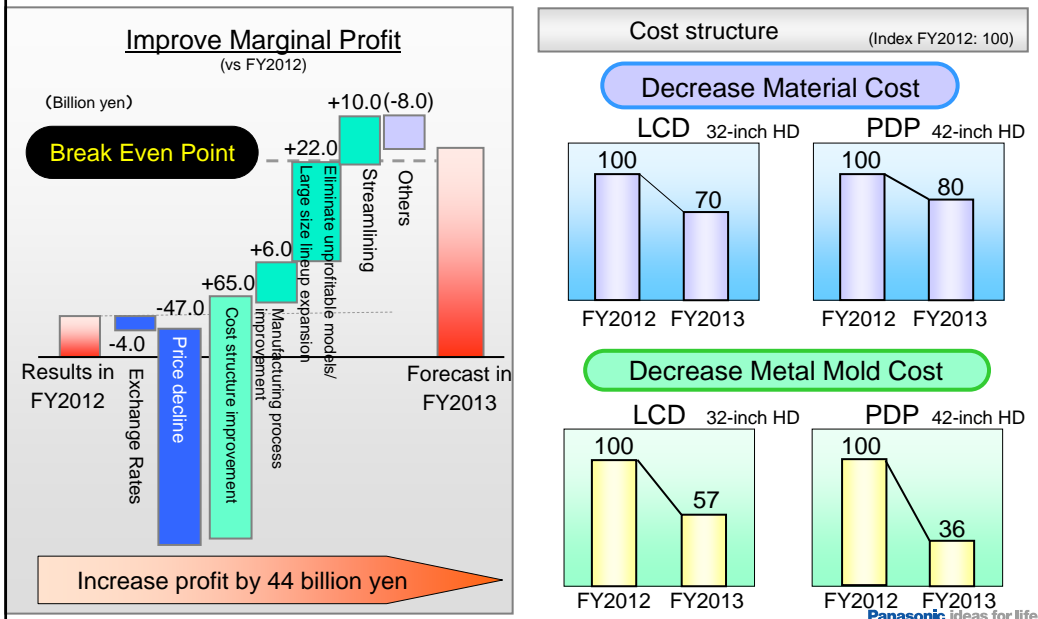
スマートビエラ  
**VIERA**

スマートビエラ、いよいよ。

<p style="text-align: center; font-weight: bold; color: #0056b3;">LCD WT series</p> <p style="text-align: center; font-size: 0.8em;">Four-sided uniformity, ultra-narrow frame, metal design</p>	<p style="text-align: center; font-weight: bold; color: #0056b3;">PDP VT series</p> <p style="text-align: center; font-size: 0.8em;">Narrow-frame, single glass, sheet high-class metal frame</p> <div style="text-align: right; margin-top: 10px;"> <p style="font-weight: bold; color: #0056b3;">AVForums</p> <p style="font-size: 0.7em;">Awarded highest ratings, 'Reference'</p> </div>
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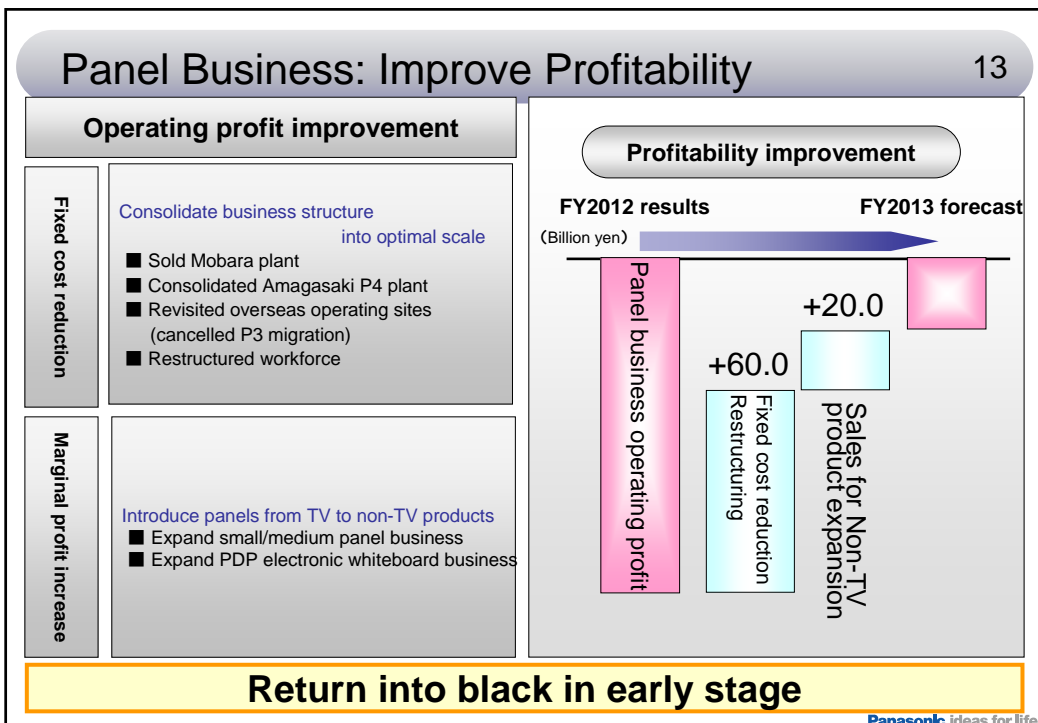
## TV Set Business: Return into Black

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## Panel Business: Improve Profitability

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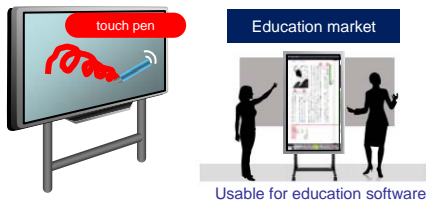
# Expand Panel Business for Non-TV Products

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## Commercial-use displays

### ■ PDP electronic whiteboards

- Touch pen features: 'Stress-free' Best touch pen for writing
- Vertical display compatible: New presentations using vertical displays



Usable for education software

### ■ Tough LCD digital signage

- Toughness: Dust-proof, water-proof, heat-resistant



## LCDs: Develop applications with our strengths

### IPS Alpha Panel

- Super energy-saving
- Wide view angle in all directions

Super high aperture ratio pixel structure  
New liquid crystal molecular orientation process technology

Technology to achieve 20" 4K2K panels

### Received orders from customers

- Tablet PCs
- Medical equipment
- In-car monitors
- In-flight monitors
- High-resolution monitors
- Ultrabook PCs

FY 2013: Toward 50%+ sales ratio for non-TV products

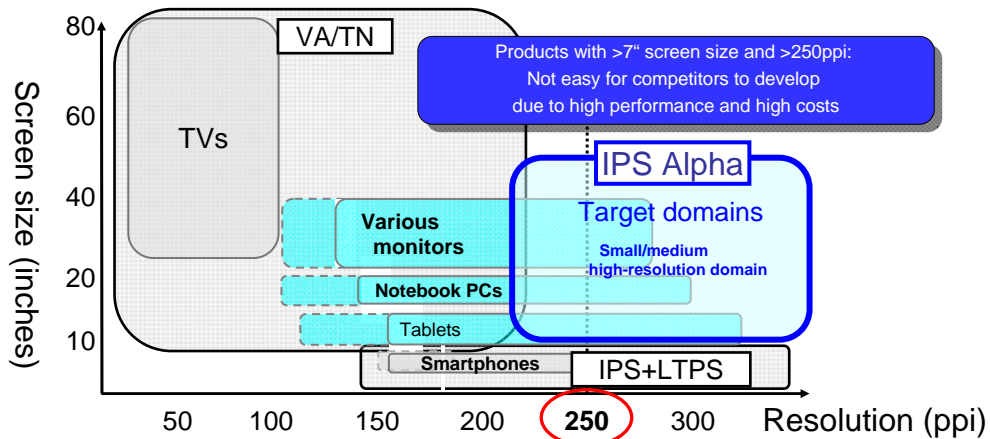
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# Business for Non-TV Product

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## ■ Specialize in industries and sectors with our IPA Alpha panel

Our strength in IPA Alpha panels: High-resolution, color reproduction, touch panel-equipped, low-energy consumption



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## FY 2013 Business Plan (TV Set & Panel Business)

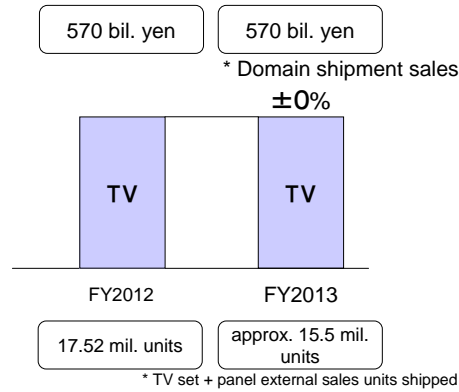
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■ Sales: 570 bil. yen (100% y-y), operating profit improvement: 130 bil. yen

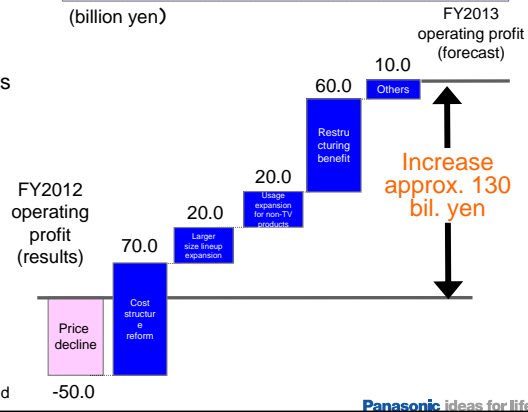
■ Target growth in FY2014 and enter growing emerging markets

• Strengthen product planning utilizing local materials and locally oriented marketing mainly in overseas operating sites

### Sales y-y



### Operating profit y-y



## FY 2013 Business Plan (DSC/BD)

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### DSC

■ LUMIX: Back to beginning

– Create new photograph culture with its uniqueness –

- Compact DSC: Promote new usage with its unique lenses, high zoom, Wi-Fi, and cloud features
- SLR: Strengthen lineup and establish special marketing forces



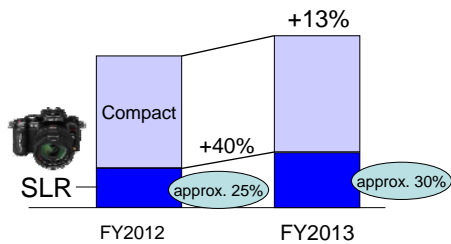
### BD recorders/players

■ Maintain top market share in BD recorder (target: 40%)

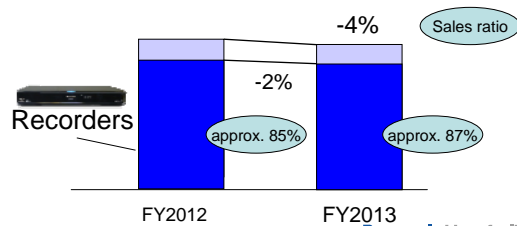
- Create value linking 'easy-to-use' and cloud services –
- Strengthen features of recording, watching and 'ease-of-use' and improve features of 'Room Jump Link' and strengthen device linkage
- Propose new usages linking with cloud services



### Sales y-y



### Sales y-y



Projectors

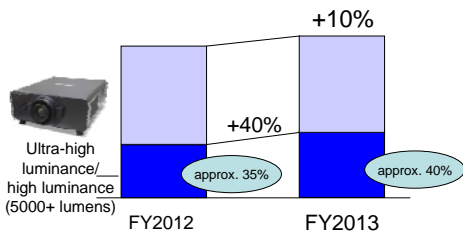
- Target No.1 market share in sales
  - Industry's largest lineup with SANYO integration (52 models)
  - Introduce ultra-high luminance models to projector rental market (launched in May)
- Achieve industry's smallest, lightest 20,000-lumen projector

Notebook PCs

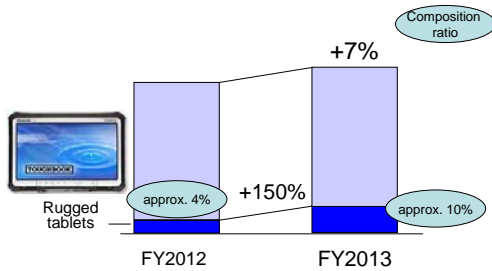
- Sustainable growth in business and mobile markets
- Maintain No. 1\* market share, growing in Asia and other emerging countries
- Promote our robust tablet as third pillar in business (approx. +150% y-y)

\* In 'robust notebook PC' market

Sales y-y



Sales y-y

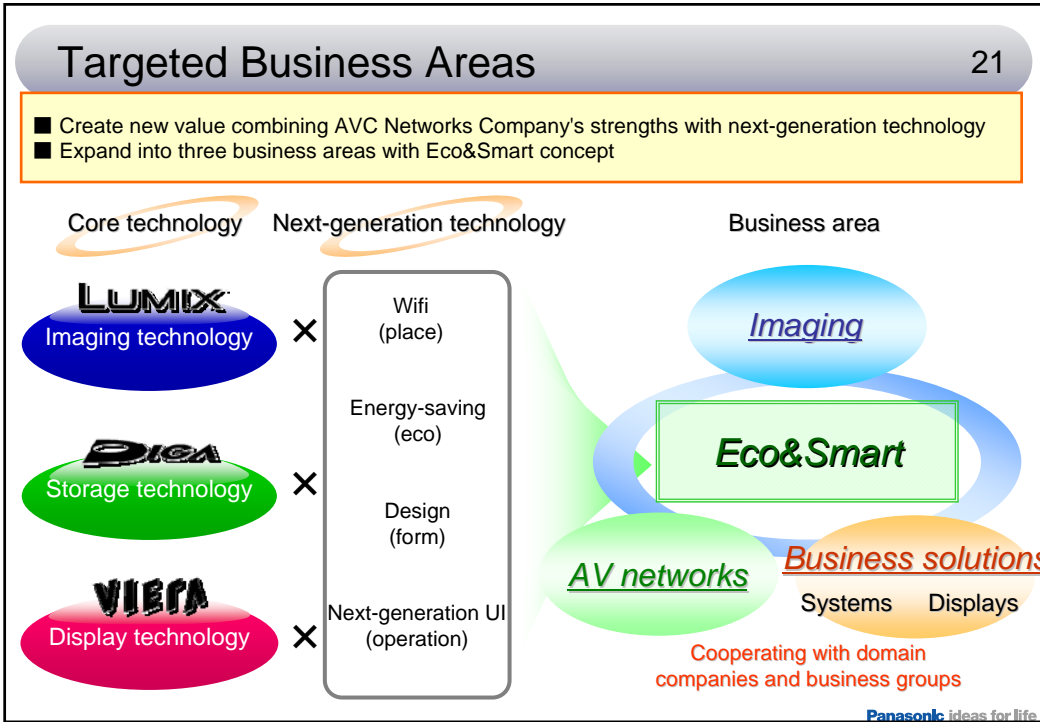
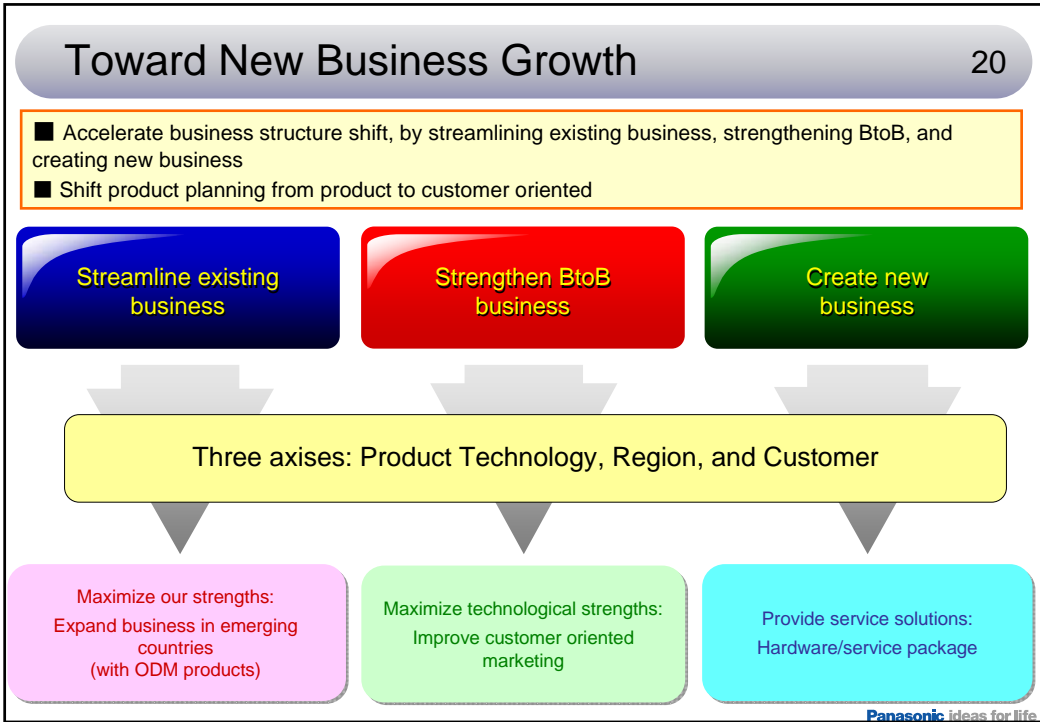


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# Panasonic

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