

## Panasonic IR Day 2012

# Industrial Devices Company Business Strategy

May 23, 2012

Panasonic Corporation  
Industrial Devices Company  
President Toshiaki Kobayashi

*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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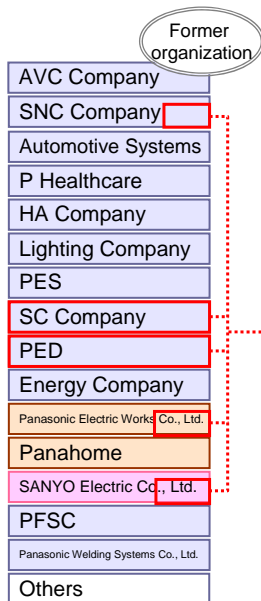
- 1. Industrial Devices Company Profile**
- 2. FY 2012 Performance Summary**
- 3. FY 2013 Business Strategy**
- 4. Towards Future Growth**

**1. Industrial Devices Company Profile**

2. FY 2012 Performance Summary

3. FY 2013 Business Strategy

4. Towards Future Growth



Industrial Devices Company	
Company Name	Industrial Devices Company (ID)
President	Toshiaki Kobayashi
Business Lineup	Development, manufacture, and sale of electronic components, electronic materials, semiconductors, and optical devices
Headquarter Location	1006, Oaza Kadoma, Kadoma-shi, Osaka
Affiliated Companies	Japan: 23 Overseas: 75
Sales	<p>FY12 1.4 tril. yen</p> <ul style="list-style-type: none"> <li>Electronic components and materials: 48%</li> <li>Other business domain products: 24%</li> <li>Semiconductors: 17%</li> <li>Optical devices: 11%</li> </ul>

## Industrial Devices Company Flagship Products

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Business Group	Business Unit	Flagship Products
Electronic components and materials	Capacitor BU	Conductive capacitors (aluminum, tantalum) film capacitors
	Printed circuit board BU	High-density PWBs, Build-up PWBs
	Circuit components BU	Angular rate sensors, SAW, Resistors
	Electromechanical components BU	Light touch switches, Automotive switches
	Custom devices BU	Power supplies, Speakers
	Electronic materials BU	SC encapsulation materials, Circuit board materials
	Automation controls BU	Connectors, Relays
Semiconductors	System LSI BU	System LSIs
	Application specific standard products BU	Microcontroller, ICs, Cameras modules
	Image sensor BU	CCDs, MOS sensors
	Power & optical devices BU	Lasers, LEDs, Power semiconductors
Panasonic Precision Devices Co., Ltd.		Optical disc drives, Ink-jets
SANYO Electric Co., Ltd. Optical pickup BU		Optical pickup units
Other business domain products		Compressors, IPS liquid crystal panels, Motors

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## Industrial Devices Company Management Vision

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Objective

**Global No. 1 Device Company**

Customers' perspective

- Provide customers with devices which can contribute to improve their values

Comfort  
Ecology

Feeling safe  
Safety

Ease usage  
Convenience

Business perspective

- Top-market share group products; sales ratio > 70%
- Sustainable growth in sales and profit with **double-digit percentage profit ratio**

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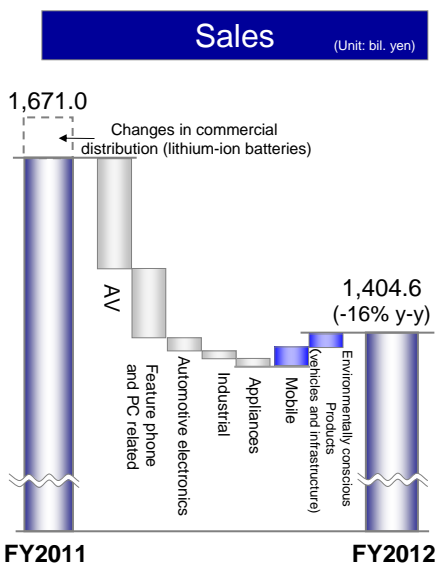
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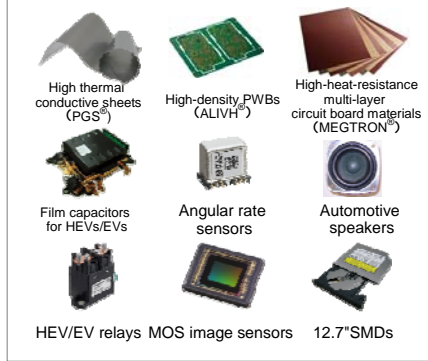
4. Towards Future Growth

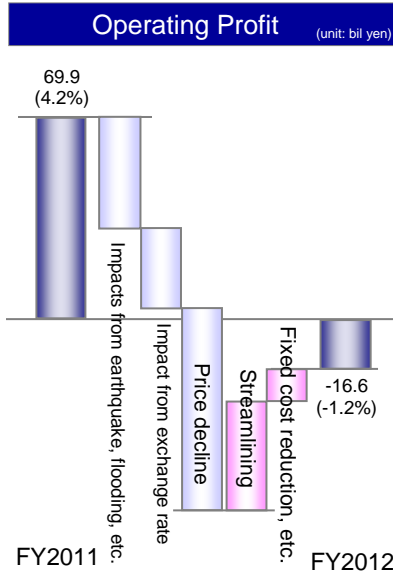
FY 2012 Summary – Sales



- ◇ Decreased sales compared with last year due to slump in finished goods market and disruption in supply chain
- ◇ Increased sales for growing markets such as mobile (smartphone / tablet PC) and eco cars

[Main products growing in sales (y-y)]





- ◇ Streamlining and fixed cost reduction failed to offset negative impacts from earthquake, flooding, exchange rate, price decline; and fell into loss
- ◇ Still in progress to establish strong management structure for market fluctuations (especially semiconductor business)

**Restructuring in semiconductor business in FY 2012**

=> FY 2013 benefit on profits: Approx. 35.0 bil. yen

<b>System LSI</b>	<ul style="list-style-type: none"> <li>• Shifted to fabless</li> <li>– Impaired asset of advanced sites</li> <li>• 'Selection and focus'</li> </ul>
<b>Site integration</b>	<ul style="list-style-type: none"> <li>• Integrated management in Hokuriku Plant</li> <li>• Consolidated plant technology in Hokuriku</li> </ul>
<b>Workforce reduction</b>	<ul style="list-style-type: none"> <li>• Downsized back office</li> <li>– Early retirement/transfer</li> </ul>

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## FY 2013 Market Trend

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- ◇ Sluggish overall in industry, despite prospect of recovery from earthquake and flooding
- ◇ Significant growth in mobile and environmentally conscious products (vehicles and infrastructure) markets

Forecast of demands for finished goods (vs FY2012)

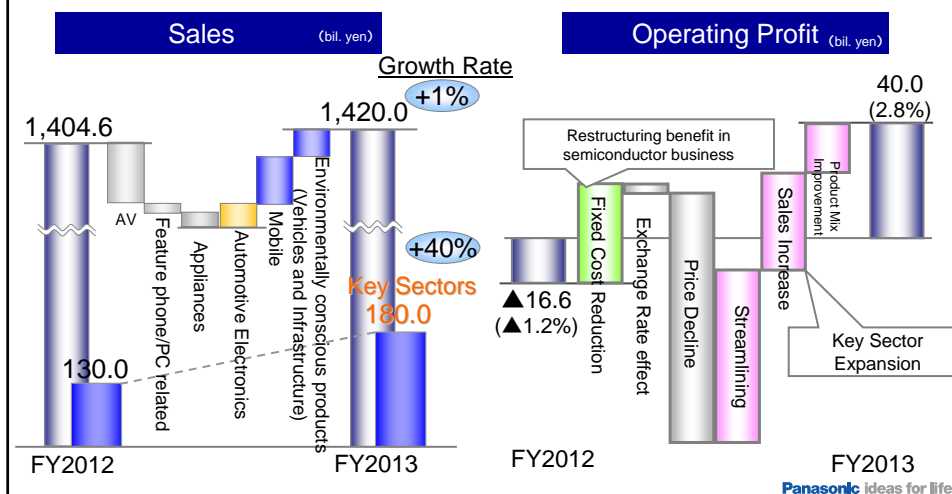
Value	Total	→	+1%
	Mobile (Smartphone/Tablet PC)	→	+23%
	Automotive electronics	→	+3%
	Appliances	→	+1%
	Industrial	→	+1%
	AV	↔	-1%
	Feature phone and PC related	↔	-3%
Unit	Eco car (including idling stop)	→	+48%
	Environmentally conscious infrastructure (with solar photovoltaic + wind power) (on basis of power output)	→	+13%

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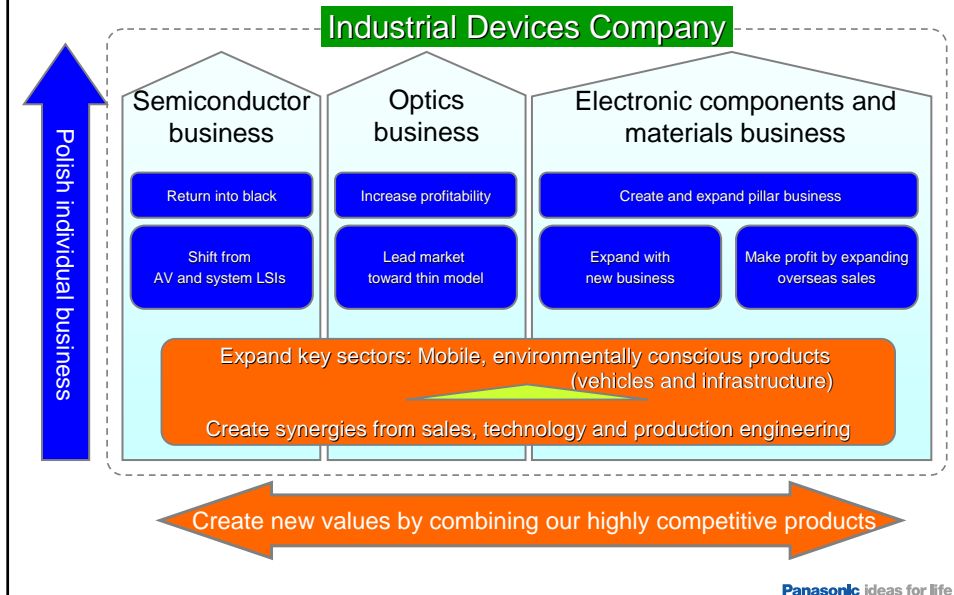
## FY 2013 Business Plan

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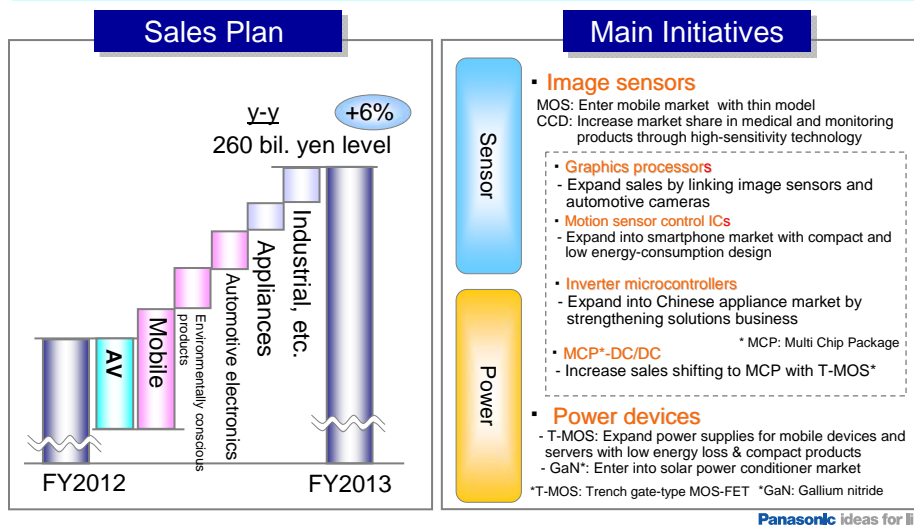
- ◇ Continuously grow in expanding key sectors (Mobile/Environment)
- ◇ Further streamlining and increase sales besides having restructuring benefit for V-shaped recovery in profitability



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Expand sensor, power and solution businesses, focusing on mobile devices/environmentally conscious products/automotive electronics

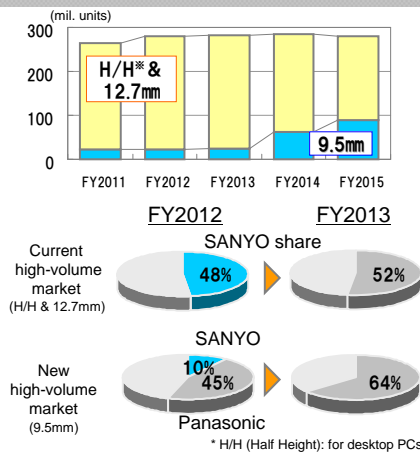


## Optical Devices Business: Lead Market toward Thin Model

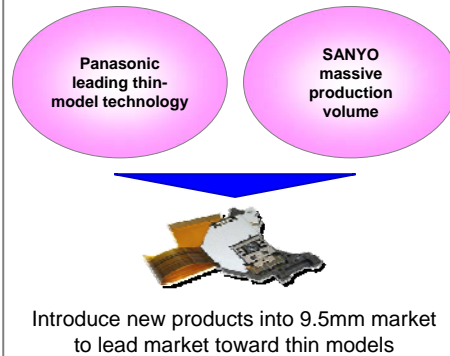
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Maximize Panasonic/SANYO strengths to develop superior products  
=> Capture new high-volume market

### Demand of optical pickup for DVD-Rewritable drives



### Superior Products Introduction



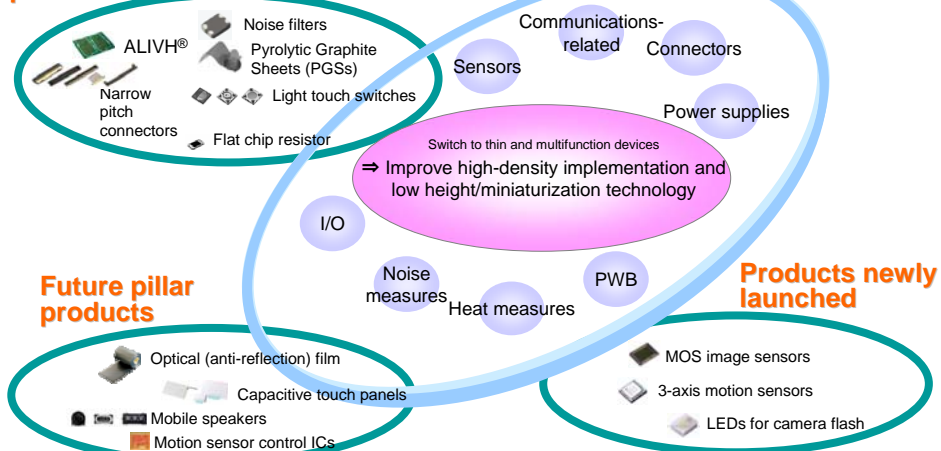
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## Key Sector (1): Mobile Market

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Achieve +38% (y-y) sales growth for mobile sector  
by leading the trend of Downsizing and Multi-functionalization

### Top-market share group products



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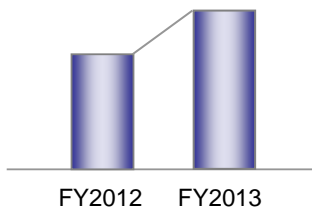


Maximize ALIVH® technology for growing Any-Layer demand with shifting to high functionality

Sales Plan

FY2013

- Business scale: 25 bil. yen+ (+30% y-y)
  - Market Share: 20%\*
- \* As Any Layer PWB for smartphones



Initiatives

Expand sales maximizing our superior<sup>\*1</sup> in HDI<sup>\*2</sup> PWB

\*1 Environmental compatibility / lead time / productivity

\*2 HDI: High Density Interconnect

Strengthen overseas production structure

- ◇ Newly launch Taiwan #2 Plant and production site in Vietnam
- Overseas production ratio: 26% (FY2012) → 55% (FY2013)

Create alliance through licensee expansion

- ◇ Technology licensing to overseas/domestic HDI PWB makers

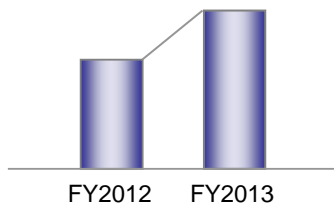
Capture mobile sector growth

Achieved to have 30% thinner products (vs previous models) with growing demand for smaller finished devices

Sales Plan

FY2013

- Business scale: 15 bil. yen+ (+50% y-y)
- Newly enter into market for smartphones

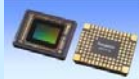


Initiatives

New MOS image sensor: SmartFSI™

- ◇ Development of proprietary sensor structure\*

- Industry's highest-class sensitivity
- Uniform color performance up through periphery in thinner camera



\* Improved front-side illuminated structure

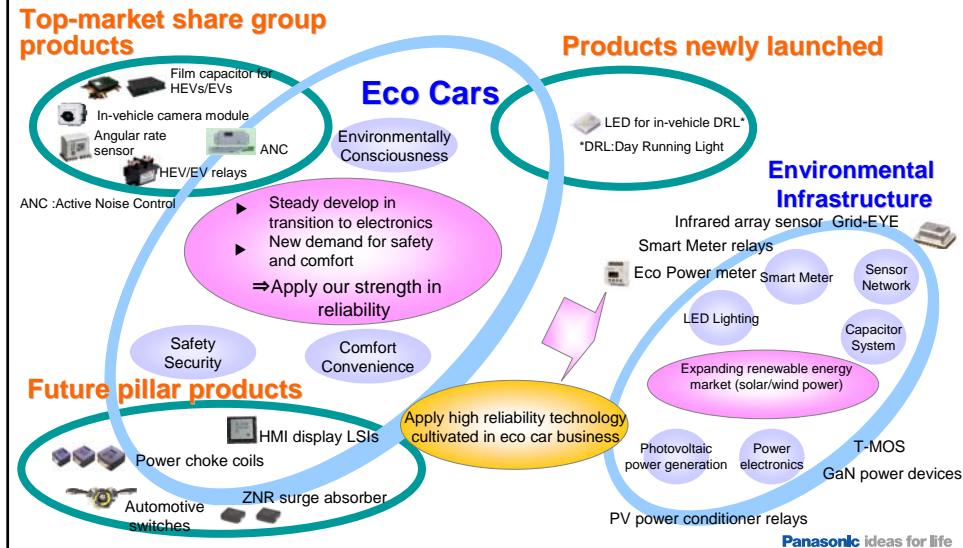
Newly enter into mobile market

30% thinner than back-side illuminated structure (camera module comparison)

## Key Sector (2): Environmental Market

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Apply core competence in eco cars into environmental infrastructure  
 Grow +45% in sales in environmentally conscious product field (cars/infrastructure) (y-y)



## -Environmentally Conscious Product Market- HEV/EV Film Capacitors 20

Capture demand in US, EU, and emerging countries with high reliability cultivated in working with Japanese auto companies

### Sales Plan

FY2013

- Business scale: 10 bil. yen+ (+38% y-y)
- Market Share: 85%



### Initiatives

#### Expand sales at overseas & new business markets

- ◇ Apply product capabilities cultivated in working with Japanese auto companies to US and EU autos / Tier 1\*

\* Primary suppliers

#### Strengthen overseas production structure

- ◇ Build up the consistent production line from upstream to downstream processes (in China)

Expand into new sectors (solar, railroad applications) supplied from China site

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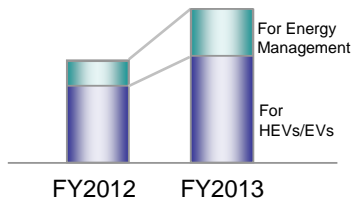
Build a pillar businesses of 10 billion yen sales in environmentally conscious products while maintaining top market share in eco car market

(FY2013)



**Sales Plan**

- FY2013**
- Business Scale: 10 bil. yen+ (+45% y-y)
- Market Share: 75%\* \*HEV/EV Relay Share



**Initiatives**

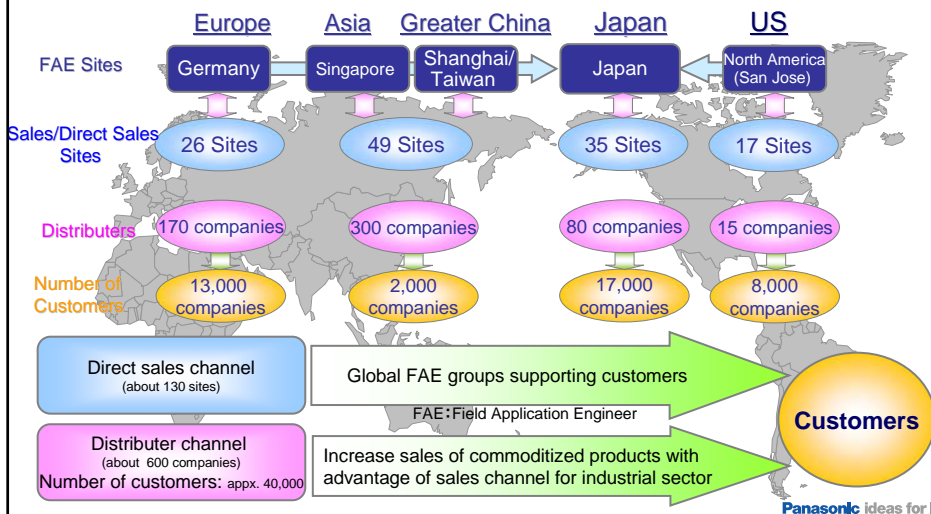
**Capture global eco car market with 'EV Relay'**

- ◇ Maintain No.1 position in functions and variety of products
  - Expand into lithium-ion EVs
  - Sales development & promotion for new models

**Expand Energy Management Business**

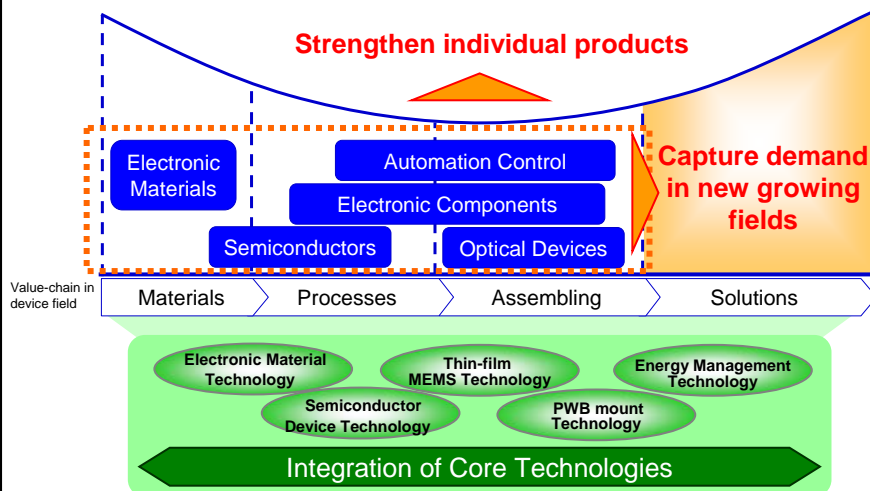
- ◇ Thoroughly cover market for environmental infrastructure (photovoltaic power generation, smart meter)
  - Launch equipment for photovoltaic use in FY2013

Close to customers by reinforcing technology support/  
Take full advantage of PEW's distributor channels on commoditized products



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Integrate Panasonic's technology asset and create new values



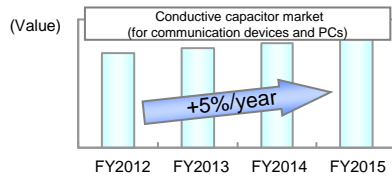
Promote integration of core technology for key sectors

		Key sectors		
		Mobile	Environmentally conscious product (Automobile)	Environmentally conscious product (Infrastructure)
Value creation	Strengthen individual business	<ul style="list-style-type: none"> <li>ALIVH®</li> <li>Capacitive touch panels</li> <li>Conductive polymer capacitors</li> </ul>	<ul style="list-style-type: none"> <li>Devices for vehicular monitoring systems (B&amp;C*/intrusion) * Back and Corner</li> <li>Vehicular combined sensors (angular rate + acceleration)</li> </ul>	<ul style="list-style-type: none"> <li>Next-generation high thermal conductivity resin PWB</li> <li>Power semiconductors (T-MOS, GaN, SiC*) * SiC: Silicon carbide</li> </ul>
	Capture demand in new growing fields	<ul style="list-style-type: none"> <li>Ultra-thin optical drives / optical pickup units</li> <li>Gesture input devices</li> <li>Ultra-low-energy consumption microcontroller</li> </ul>	<ul style="list-style-type: none"> <li>Next-generation HMI* system * Human Machine Interface</li> <li>Ultra-compact integrated power units</li> </ul>	<ul style="list-style-type: none"> <li>Photovoltaic inverters</li> <li>Photoelectric composite PWB materials</li> <li>Data server power supplies</li> </ul>

Strengthen pillar business through technological synergy

Market trend

Increase demand in high-performance conductive capacitor with growing number of finished devices and shifting to high functionality

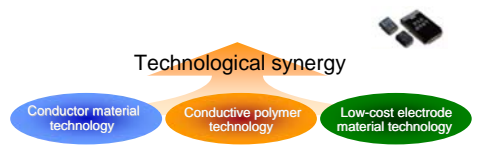


■ Top market share in conductive capacitor market (57%)

		Application	Market share
Tantalum	Chip-type	Ultra-thin PCs Tablet PCs Smartphones	#1
Aluminum	Chip-type	Ultra-thin PCs	#1
	Wind-around-type	PCs	#3

Core technology fusion

- ◇ Smaller and thinner in product lineups
- ◇ Achieve high-reliability (longer product life)



Further expand into growing mobile market\*

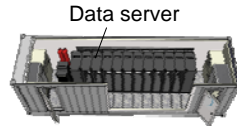
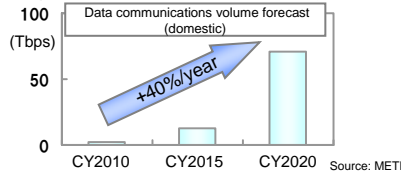
\* Smartphones, tablet PCs, ultra-thin PCs

Market share 57% (FY2012)  
→60% (FY2014)

Enter into growing areas by integrating our highly competitive products and core technology

**Market trends**

◆ Demand for low-energy consumption in data servers with cloud computing expansion and increasing communication traffic capacity



Data server  
 Power supply component on each PWB  
 ⇒ Great demand for higher efficiency

**Core technology fusion**

◆ Ultra-compact, high-efficiency, high-reliability power supplies

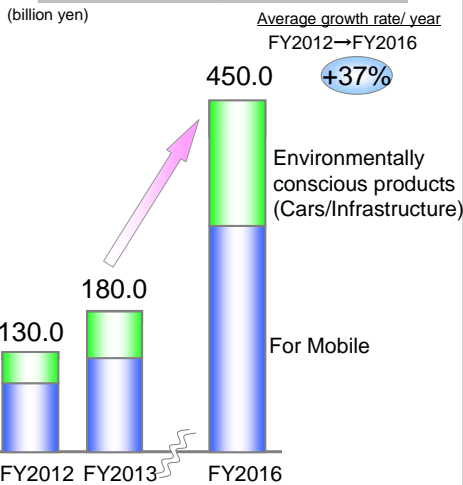
- Halve size/loss compared with competitors (FY2016)
- Analytical support for heat measures; efficient design including semiconductors, PWBs, passive components; etc.



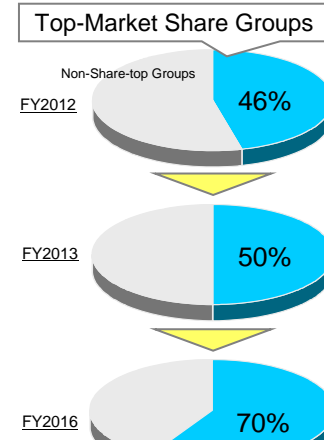
Enter into market of power supply solutions for environmental infrastructure

FY2016 sales +10.0 bil. yen

**Sales Target for Focused Business Fields**



**Sales ratio of top market share group products**



\*Charts exclude other business domain products

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