

## Panasonic IR Day 2012

# Systems & Communications Company Business Strategy

May 23, 2012

Panasonic Corporation  
Systems & Communications Company

President Takashi Toyama

*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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Summary - FY2012 Overview

FY2013 Business Policy

## Domain Summary

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Company Name	Systems & Communications Company
President	Toyama Takashi
Business Activities	Development/manufacturing/sales of communication and security equipment, and service/engineering sales including domains' related products
Headquarter Location	2-3-8, Shimomeguro, Meguro-ku, Tokyo, Japan
Major Locations	[Japan] Sales : 12(Major cities throughout Japan) Development/Manufacturing : 10(Tokyo, Yokohama, Shizuoka, Fukuoka, Saga)
	[Overseas] Sales : 4 (USA, Germany, China, Singapore) Development/Manufacturing : 9(China, Malaysia, Vietnam etc.)
Number of Employees	Approx. 27,000(Japan:13,000, Overseas:14,000) (*as of end of March, 2012)

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## Products 1 : Communication/Security

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### Communication

Sales:  
Approx. 230.0 billion yen

#### Smartphone



#### Feature phone



#### Fixed-line phone



#### Home FAX



#### Business IP phone etc



Mobile phone sales:  
Approx. 130.0 billion yen

### Security

Sales:  
Approx. 130.0 billion yen

#### Network Security



#### Payment Terminal



#### Infrastructure Systems



\*Sales: based on FY2012 sales

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## Products 2 : Panasonic Group Product

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### AVC Products (AVC Networks Company products)

Sales:  
Approx. 210.0 billion yen



### Environmental Products (Energy Company products etc)

Sales:  
Approx. 3.0 billion yen

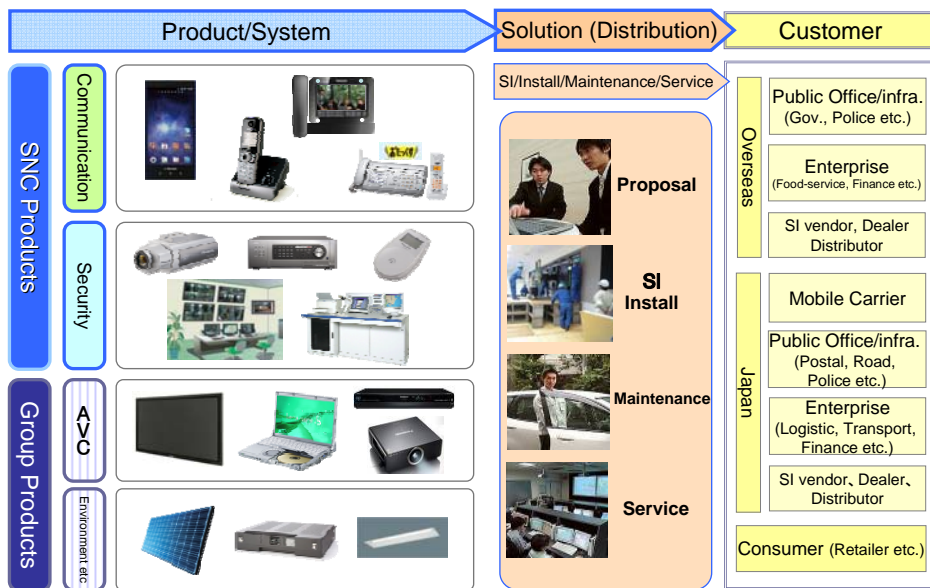


\*Sales: based on FY2012 sales

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## Business Model

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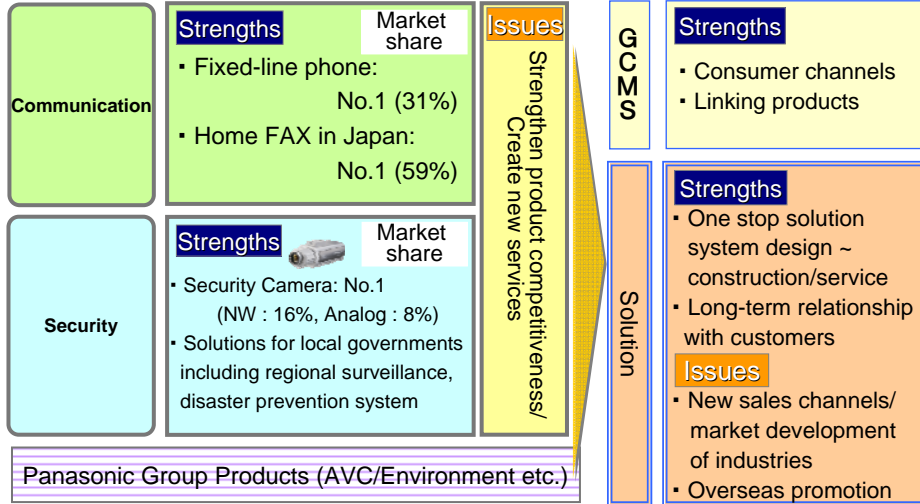


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## Business Features 1 : Strengths & Issues

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Expand Solution Business with Communication/Security & Group products



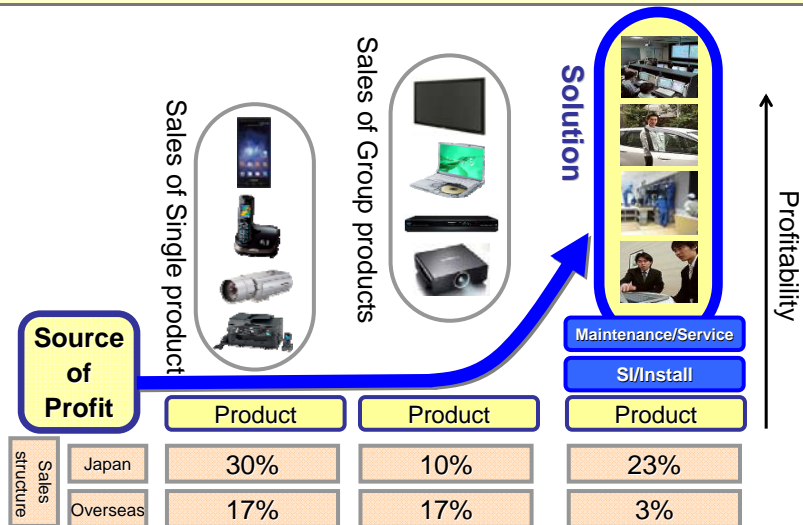
\*Shares: FY2012 forecasts (source: Panasonic)

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## Business Features 2 : Profit Structure

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Solution sales generate profit



\*Sales structure: based on FY2012 sales

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## FY2012 Overview

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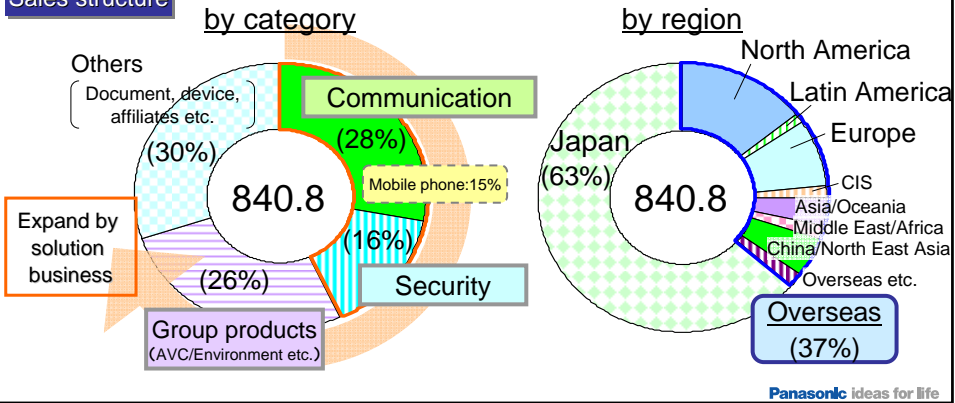
Sales : 840.8 billion yen  
(-10% vs. FY2011)

Operating profit : 17.3 billion yen  
(-30.3 billion yen from FY2011)

The results were significantly affected by opportunity losses due to the earthquake in Japan and the flooding in Thailand, curbing or postponing investment in Japan and sales decrease because of weak economy in Europe

### Sales structure

(yen: billions)



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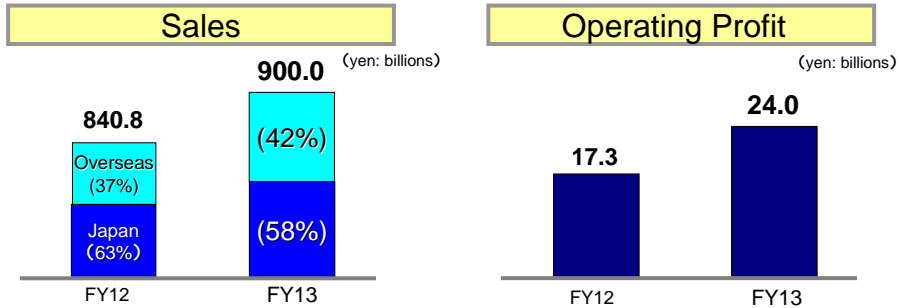
Summary - FY2012 Overview

FY2013 Business Policy

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# FY2013 Business Plan

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Priority Issue

Increase both in sales and profit by "strengthen products" & "solution expansion"

■ **Communication** FY13 sales target: 310.0 billion yen (+33% vs. FY12)

1. Product: Smartphone 2. Solution: Expand integrated network system to B2B market

■ **Security** FY13 sales target: 150.0 billion yen(+21% vs. FY12)

1. Products: NW camera (Full HD) etc. 2. Solution: Infrastructure global expand + Cloud

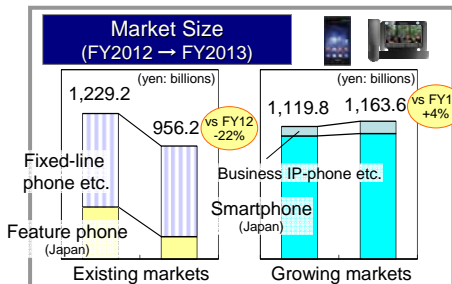
■ **Expand sales of Group products with solution business**

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# Communication Business Trend

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## Market Trend



## Market Conditions

- While demand for mobile phones is shrinking in Japan, demand for smart phones is expanding (vs. FY12:+2%, unit base:+18%)
- Demand for business IP phones is expanding (vs. FY12:+25%)
- 30% of the workforce is expected to be mobile workers by 2015 (mobile worker: workforce who can work outside using ICT)

\*Based on our company's research

## Market share (FY2012 Forecast)

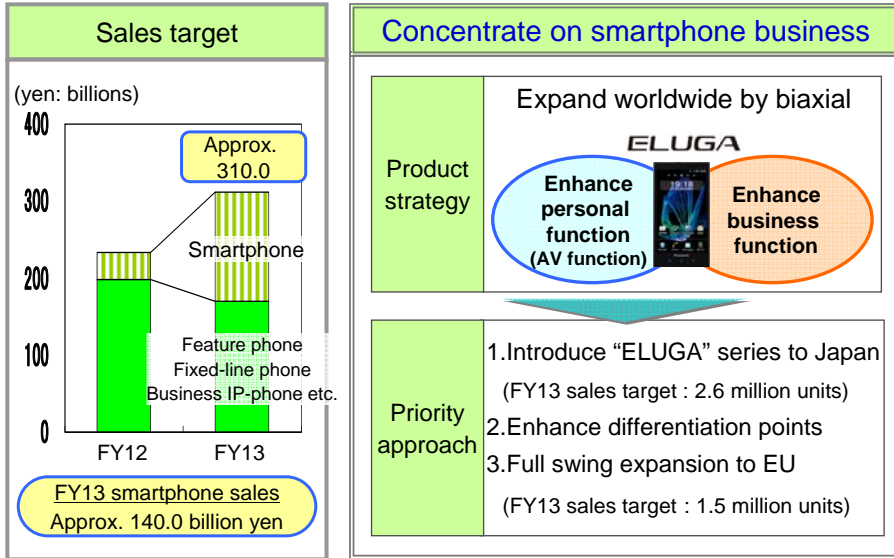
	Main Category	Share	Rank
Existing markets	Feature phone (Japan)	17%	3
	Fixed-line phone	31%	1
	Home FAX (Japan)	59%	1
Growing markets	Smart phone (Japan)	4%	7
	Business IP phone	3%	-

\*Feature phone/Smartphone: on unit basis

Accelerate the shift to growing products and BtoB markets where expansion of businesses and profitability can be expected with solutions business

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## Major Strategy of Communication Business 1 12



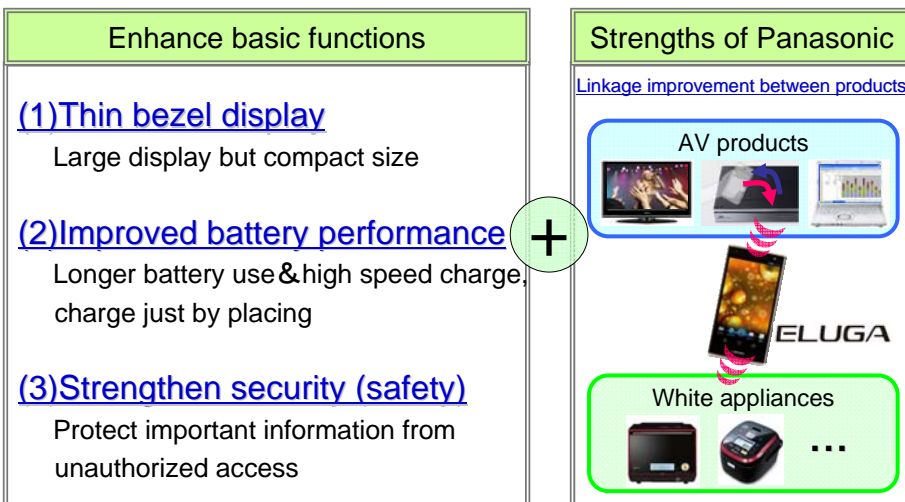
\*\*"Google Play" and "Google Play logo" are trademarks or registered trademarks of Google Inc.

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## Introduce "ELUGA" series to Japan

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### Enhance differentiation features (Panasonic's original functions)



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## Major Strategy of Communication business 2 14

Expansion by solution business

**Expand Integrated network system in B2B market**

**Expand smart phone to corporate**

- "Package sales" by linking to "Let's note"



- promote collaboration with Internal System

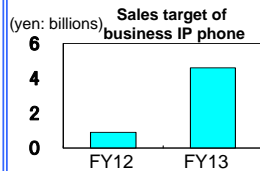


Outside the office

- Utilize internal phone
- Link with groupware
- Confirm camera image

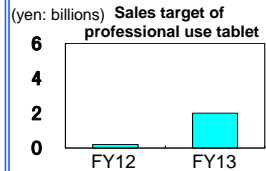
**Proposal focused on business**

• IP phone/Camera solution for SOHO



**Professional use tablet**

• Dedicated terminal to versatile terminal  
→ Expand support to various business



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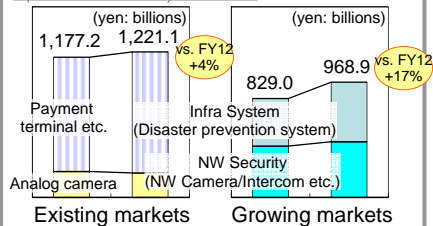
## Security Business Trend

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**Market Trend**

**Market Size**

(FY2012 → FY2013)



**Market Conditions**

- Shifting to IP is accelerating in security camera
  - Analogue camera : vs. FY12 : -5%
  - NW camera : vs. FY12 : +21%
- Expansion of Infrastructure system due to revitalization demand in Japan (vs. FY12 : +26%)

\*Based on our company's research

**Market share (FY2012 forecast)**

Major category	Share	Rank
Existing markets		
Analogue camera	8%	2
Payment terminal	2%	—
POS	2%	—
Growing markets		
Network camera	16%	2
Disaster prevention system (Japan)	29%	1

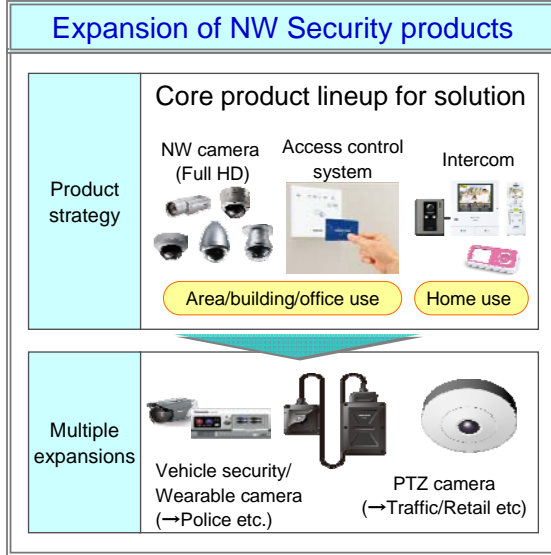
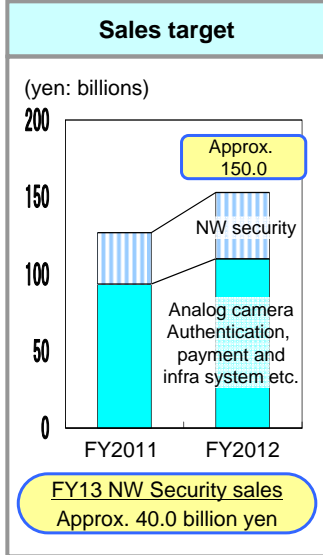
**Create new solutions business and services focusing on NW camera and lead the global market**

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# Major Strategy of Security Business 1

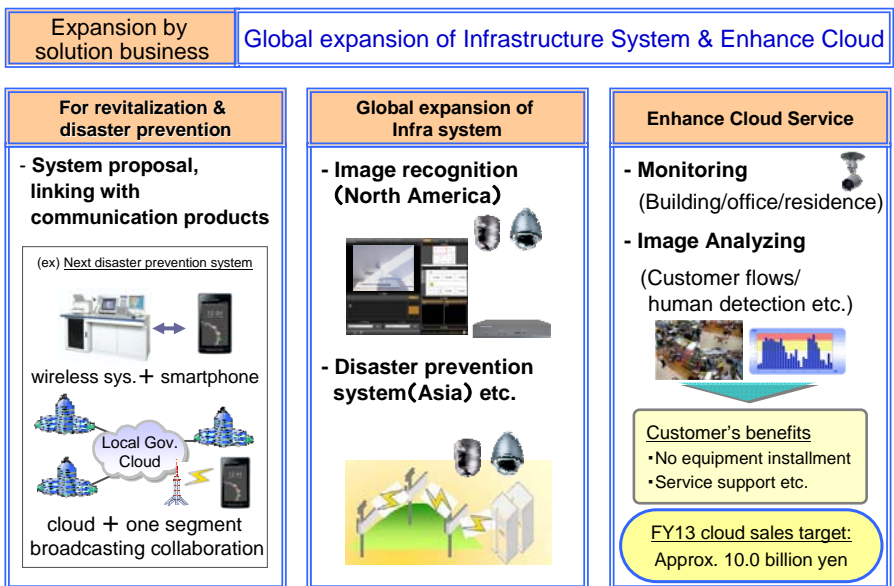
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# Major Strategy of Security Business 2

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## Expand Group Product Sales by Solution Business 18

### Expand Japan's "comprehensive solution" examples to overseas

Next-gen environmental store for  
Japan Kentucky Fried Chicken Co., Ltd.



Solar power system



Lithium-ion  
rechargeable battery



Signage+Operation

(e.g.) Investment on food-service store

Creating  
comfortable,  
optimum and  
safe store

Operation  
support  
by system

Improve customer  
service by receiving  
orders smoothly  
and speedily

Investment	
<b>Building</b>	(incl. signboard, audience seat etc.)
<b>Lighting, conditioning</b>	
<b>Kitchen equipment</b>	Cooking, refrigerator etc.
New proposal : solar power generation, power storage etc.	
<b>IT/AV</b>	Store system Audio system
	Display
	Infrastructure Network etc.
New proposal : signage, cloud etc.	

Panasonic's comprehensive solution

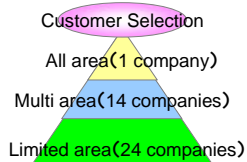
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## Expand Solution Business in Overseas 19

### Enhance activities in U.S /Europe/Asia/China as priority area

#### Global account strategy

Propose solutions to BtoB global customers for their local expansion



Select 39 companies in U.S/Europe

⇒5 regions including Japan collaborate to support clients

FY13 sales target : 15.0 bil. yen

#### Create new demand by industry

Select priority industries, build sales structure and create "packages"



Police, Government,  
Education, Medical



Auto, Retail,  
Transport, Education



Government, Education,  
Medical, Service, Transport

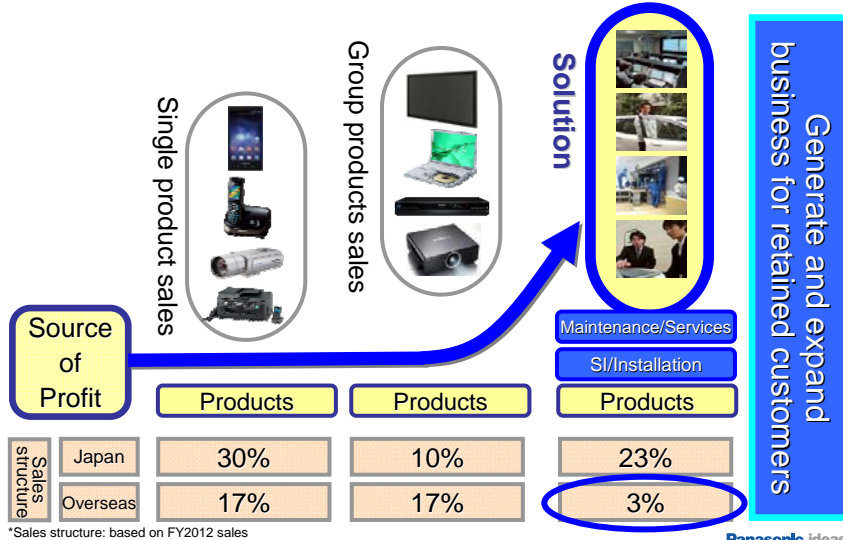


Government, Corporate,  
Transport

FY13 sales target : 20.0 bil. yen

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Enhance profitability by expanding solutions business in overseas



\*Sales structure: based on FY2012 sales

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