Appliances Company
Business Strategy

December 7, 2012
Panasonic Corporation
Appliances Company
President Kazunori Takami

Contents

1. FY2013 Forecast
2. FY2013 Key Initiatives
3. Business Vision
   - towards 2018 -
1. FY2013 Forecast

2. FY2013 Key Initiatives

3. Business Vision  
   - towards 2018 -

Impact of China

Sales

Operating Profit

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

2. FY2013 Key Initiatives

3. Business Vision
   - towards 2018 -
FY2013 Key Initiatives

- Expanding BtoB business (facilities/devices)
- Initiatives for strengthening management structure

Accelerating global expansion in BtoC business (sets)
Product Strategy for Global Expansion

- Currently, approximately 1,200 models are available in over 120 countries
- Wide range of products from air-conditioners, refrigerators, washing machines to beauty/healthcare and cookware products

<table>
<thead>
<tr>
<th>Japan</th>
<th>China</th>
<th>Asia Oceania</th>
<th>Europe</th>
<th>Middle East Africa</th>
<th>Central /South America</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air-conditioners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refrigerators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washing machines</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacuum Cleaners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microwaves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beauty/Healthcare</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Cookware</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New Manufacturing Sites

- All construction work has completed. Shipment started in Brazil. Mass production started in India.

**Brazil**

- Refrigerators: mass production started in Aug., the first shipment in Sep.
- Sales have been exceeding the Company plan

**India**

- Mass productions of air-conditioner & washing machine starts in Dec., one month ahead of plan

**Vietnam**

- Refrigerators: increase production ability at existing factory
- Washing machines: start installing facilities for mass production in Apr. ‘13 at new site
- Completion of R&D Center
- Accelerating development of local-based products

Copyright (C) 2012 Panasonic Corporation All Rights Reserved.
FY2013 Key Initiatives

- Accelerating global expansion in BtoC business (sets)
- Expanding BtoB business (facilities/devices)
- Initiatives for strengthening management structure

Large-sized Air-conditioners

11

- Wider product range (117→187 models), strengthening product & cost competitiveness by integration with SANYO
- Establish effective sales/service/supply structure to be competitive in the global market

<table>
<thead>
<tr>
<th>FY2013 Forecast</th>
<th>Initiatives for major markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Japan</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>Expected to increase due mainly to strong sales in Asia, offsetting weak demand in Europe and China on the back of sluggish economy</td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td></td>
</tr>
<tr>
<td>FY13(e)</td>
<td></td>
</tr>
</tbody>
</table>

Japan
- Launched industrial first self power supply GHP*1 (Jun. ’12)
- Increase sales by utilizing SANYO’s sales channel

Europe
- Meet increasing demands for convenience stores etc. by offering ‘comprehensive’ proposal with linking cold chain

Asia
- Launched new VRF*2 which offer more product & cost competitiveness (Apr. ’12) differentiate from competitors with industry No.1 energy saving functions
- Increased equipment sales staff (+40%)

- Meet increasing demands for convenience stores etc. by offering ‘comprehensive’ proposal with linking cold chain

*1: GHP = Gas Heat Pump  *2: VRF = Variable Refrigerant Flow (Multi-unit air conditioners for buildings)
Cold Chains

- Improve profitability by exiting non-profitable products (number of models: -10%)
- Increase product line-ups by integration with SANYO & offer comprehensive proposals to stores
- Aim for business expansion mainly in growing Asian and Chinese markets

Initiatives for major markets

<table>
<thead>
<tr>
<th>FY2013 Forecast</th>
<th>Initiatives for major markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>Play a leading role in the industry by expanding environmentally-friendly products</td>
</tr>
<tr>
<td></td>
<td>- adopt natural refrigerant, inverter etc.</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>Increase sales by utilizing complete structure of development/manufacture/sales/service in Dalian</td>
</tr>
<tr>
<td></td>
<td>Expand low temperature distribution business by collaboration with different industry</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>Increase production capacity in Thailand for business expansion after FY14 (FY13 → FY16 +100%)</td>
</tr>
<tr>
<td></td>
<td>- increase productions of drink showcases</td>
</tr>
<tr>
<td></td>
<td>- start local productions of showcases for convenience stores and supermarkets</td>
</tr>
<tr>
<td></td>
<td>Meet increasing demands for convenience stores etc. by offering 'comprehensive' proposal with linking large-sized air-conditioners</td>
</tr>
</tbody>
</table>

Environmental/Energy Business with Fuel Cell Battery

- Achieved accumulated production of 20,000 units in October, sales are expected to exceed 10,000 units in FY2013
- Announce partnership with Viessmann (Germany), strengthening foundations to enter European market

Initiatives for major markets

<table>
<thead>
<tr>
<th>FY2013 Forecast</th>
<th>Initiatives for major markets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td>Expected to maintain top share (over 50%)*</td>
</tr>
<tr>
<td></td>
<td>Accelerate growth by strengthening product competitiveness of saving energy functions and supports by government stimulus policy</td>
</tr>
<tr>
<td></td>
<td>* Cabinet passed 25.1 bil. yen emergency bill on Oct. 26</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>In addition to Germany, R&amp;D center established in U.K.</td>
</tr>
<tr>
<td></td>
<td>Develop products which meet local environment and aim for early global expansion</td>
</tr>
</tbody>
</table>

*Source: Panasonic estimate based on data from Fuel Cell Association
### Strengthen BtoB business profitability with devices business

<table>
<thead>
<tr>
<th>Gas meter device</th>
<th>[Sales]</th>
<th>[Japan] Maintain No.1 market share (80%)*1</th>
<th>[Overseas] Signed contract to supply to Itron* in Oct. ’12 to strengthen foundations to enter European market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacuum insulator</td>
<td>[Sales]</td>
<td>[Japan] Maintain No.1 market share (45%)*2</td>
<td>[Overseas] Launch production in Thailand in Mar. ’13 to increase external sales from FY14 and strengthen cost competitiveness</td>
</tr>
<tr>
<td>'Nanoe' device</td>
<td>[Sales]</td>
<td>[Japan] Expanded business with 13 clients including 5 automakers (installed in 33 vehicle models) and 3 elevator manufacturers</td>
<td>[Overseas] Accelerate installation in set business (China) 10 (FY12) → 17 models (FY13) (Asia) 7 (FY12) → 19 models (FY13)</td>
</tr>
</tbody>
</table>

*Source: Panasonic estimate based on data from Japan LP Gas Instrument Inspection Association etc.

### FY2013 Key Initiatives

- Accelerating global expansion in BtoC business (sets)
- Expanding BtoB business (facilities/devices)
- Initiatives for strengthening management structure
### Initiatives for improvement of profitability

- Promote 30% reduction in FY14 (vs FY12) in man-hours in all 48 production sites
- Expect 10% reduction by end of FY13 in 25 sites

#### Case: Drum-type washer dryers in Shizuoka, Japan

**<Reduce man-hours in product design process>**

<table>
<thead>
<tr>
<th>Method</th>
<th>Approach</th>
<th>Reduction in FY14 (vs FY12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard design</td>
<td>Unify functional part to reduce number of components</td>
<td>-15%</td>
</tr>
<tr>
<td>Automation</td>
<td>Automate process in best way</td>
<td>-8%</td>
</tr>
<tr>
<td>All work flow in same space</td>
<td>Facilitate efficient work flow by eliminating excess logistics</td>
<td>-7%</td>
</tr>
</tbody>
</table>

**Total** -30%

### Generate Cash Flow

- **Strengthen cash flow improvement**

#### [Cash Flow]

(yen billions)

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating CF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment CF, dies and molds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCF</td>
<td>500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Improve profitability to generate cash flow

**Working capital investment**

- Reduce inventory (-2 day turnover)
- Manage inventory and standardize management
- Protect A/R and promote collection
- Expand period of grace

**Asset**

- Carefully select investment within depreciation
- Focusing on strategic investment and cut general investment
- Dispose assets (land, real estate, etc.)
- Efficiently consolidate operation sites

**FY13 Improvement effect**

- 4 bl. yen
- 5 bl. yen
- 3 bl. yen

---

Copyright (C) 2012 Panasonic Corporation All Rights Reserved.
1. FY2013 Forecast

2. FY2013 Key Initiatives

3. Business Vision
   - towards 2018 -

Towards 2018

2010-2012
Provide foundation

2013-2015
Expand business

2016-2018
Towards Global No.1 company

[2015]
Global top 3 in appliances

Establish foundation for business expansion

Expand BtoB Business

Expand Large-sized air-conditioning, cold chain and strengthen environmental and energy related business (fuel cell etc.)

[2018]
No. 1 Green Innovation Company in Appliances

Expand business in emerging market

Regional Company

Strengthen business in Japan, China, Asia and Europe
Expand business in India, Brazil and Vietnam

Global Company

Copyright (C) 2012 Panasonic Corporation All Rights Reserved.
Disclaimer Regarding Forward-Looking Statements
This presentation includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group’s actual results, performance, achievements or financial position to be materially different from any future results, performance or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the U.S. Securities Exchange Act of 1934 and its other filings.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China, and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of the Panasonic Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in Panasonic’s latest annual reports, Form 20-F, and any other reports and documents which are on file with the U.S. Securities and Exchange Commission.

In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented in accordance with generally accepted accounting principles in Japan. The company believes that this is useful to investors in comparing the company’s financial results with those of other Japanese companies. Under United States generally accepted accounting principles, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies, and impairment losses on long-lived assets are usually included as part of operating profit (loss) in the statement of income.