

Automotive & Industrial Systems Company Growth Strategy of Automotive and Storage Battery System Businesses

November 22, 2013

Panasonic Corporation
Automotive & Industrial Systems Company

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*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2014" or "FY2014" refers to the year ending March 31, 2014.*

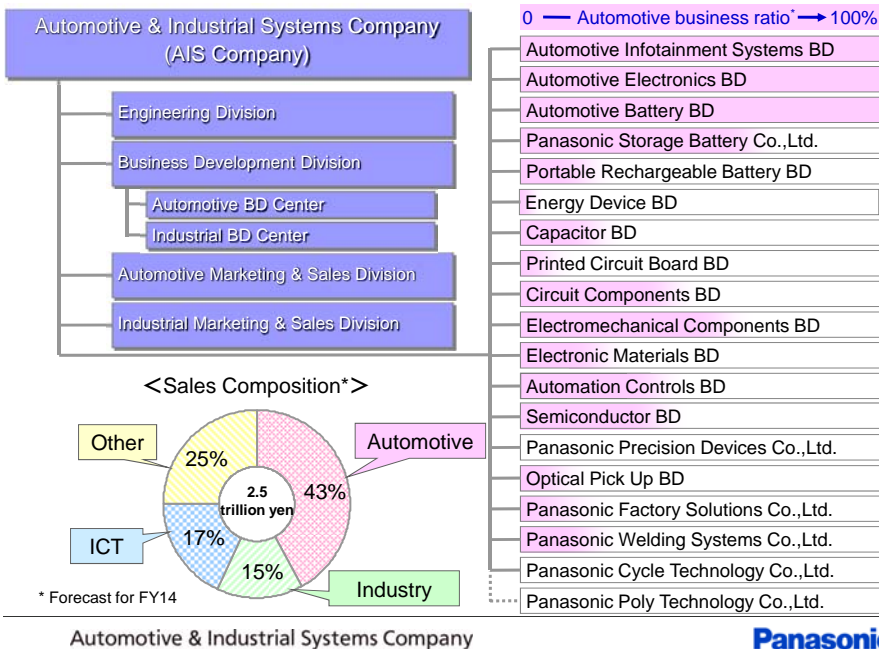
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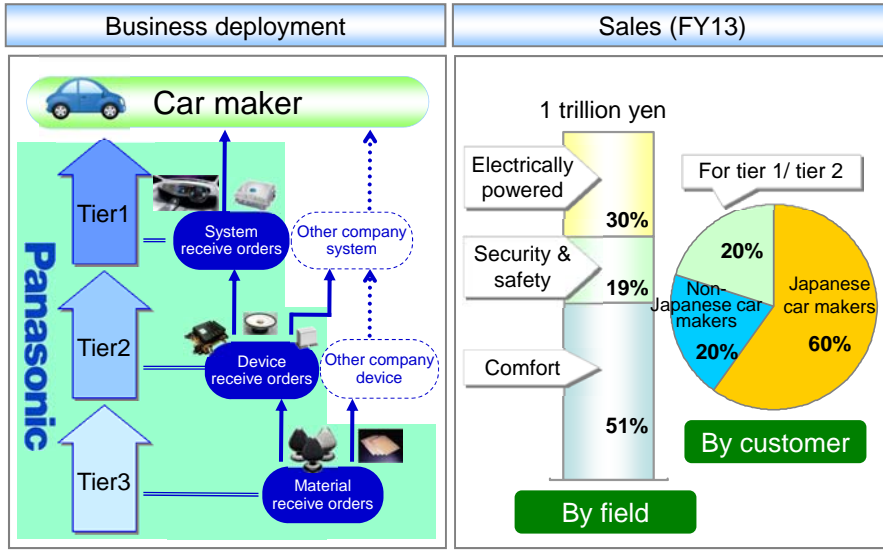
Organization of Automotive Business



Features of Automotive Business

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Developing Tier 1, Tier 2 and Tier 3 businesses based on wide-range of customers

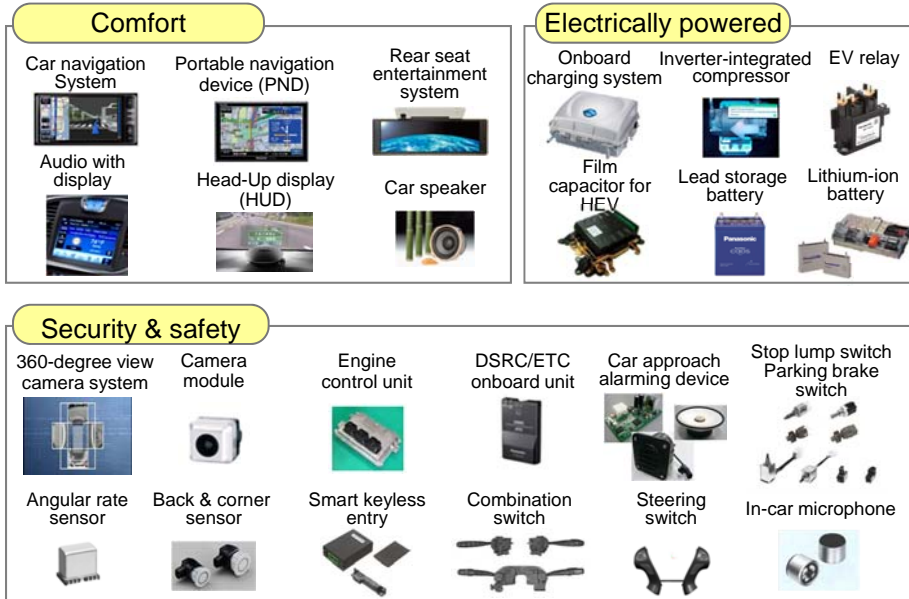


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Main Products

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1. Outline of automotive business
2. Growth strategy of automotive business
3. Growth strategy of storage battery system business

Business Opportunities and Measures

Increase business opportunities with safety regulation & legislation and environmental awareness

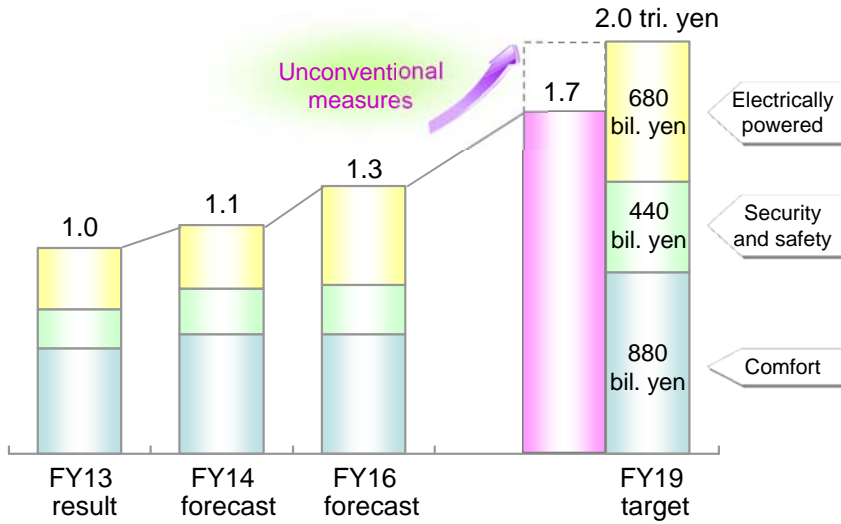
* Market size in 2018: Panasonic estimate

	Comfort	Security & safety	Electrically powered
	Market size in 2018: 4.9 tri. yen	Market size in 2018: 7.8 tri. yen	Market size in 2018: 6.4 tri. yen
Opportunities	Demand for easy control through Cloud connectivity and HMI* will increase <small>*HMI: Human Machine Interface</small>	Standardization of mounting system for security and safety will be accelerated	In order to meet each country's environmental criteria, electrical powered system will be progressed
Measures	Create comfortable in-car space with user-friendly functions to meet customer demand 	Propose safer cars by leveraging our strengths with sensing devices 	Lead electrically powered technology with smaller and lighter devices 

Sales Target

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Aim for 2 trillion yen sales,
focusing on “comfort”, “security & safety” and “electrically powered”



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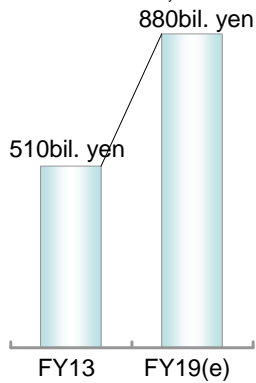
Growth Strategy(1): 'Comfort Space'

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- Focus on 'next generation cockpit' and 'cloud service' filling five senses
- Enhance corporate wide automotive core value

Sales Target

Note: Total sales amount of system and device



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Strategy

Develop from single product and module to system

<Next generation cockpit>

Create 'comfort space' with display systemizing and connecting by Cloud



<Head-Up display (HUD)>

Downsize with optical and projection technology (with AVC Networks Company)



<Steering wheel solution>

Improve operability equipped switch and sensor

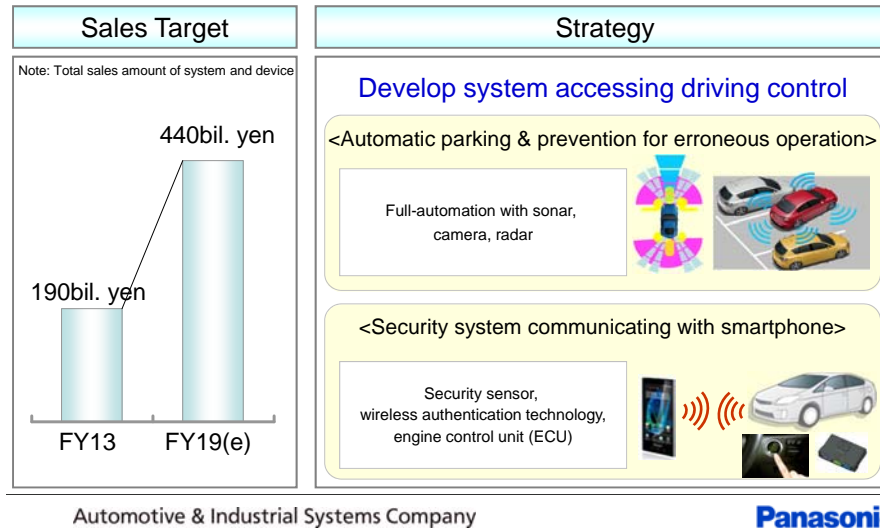


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Growth Strategy(2): 'Security and Safety'

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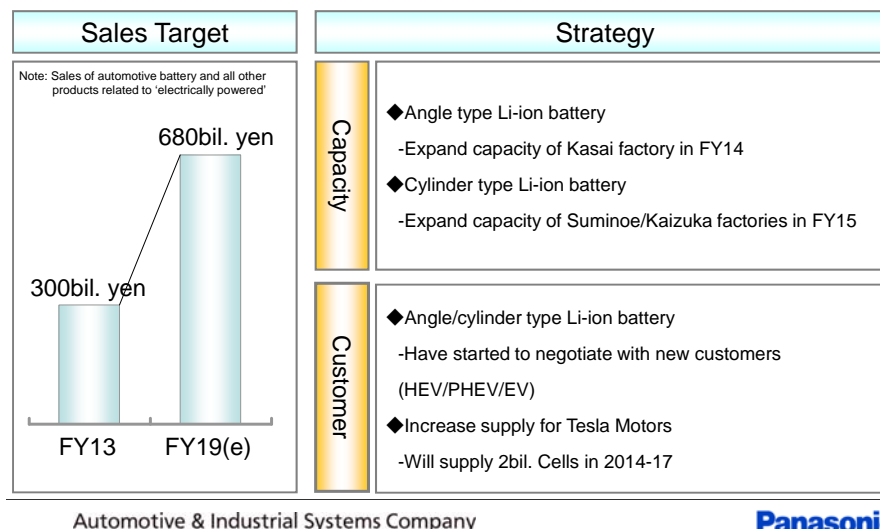
- Contribute 'security and safety' offering variety of sensors and system solutions
- Enter 'run, stop and turn' with M&A and alliance



Growth Strategy(3): Electrically powered (Automotive Li-ion Battery)

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- Expand production capacity to meet high demand
-CAPEX: 13bil. Yen (business plan) + 18bil. Yen (additional)
- Expand application from cell to system to meet customers perspective



CAPEX on Automotive Business

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Invest on automotive business in system, battery and device

Investment (FY14-16 in total)

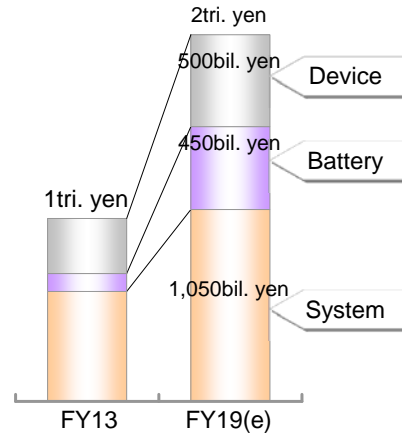
CAPEX: 120bil. yen

- ◆ Increase automotive Li-ion battery capacity
- ◆ Introduce new cockpit products
- ◆ Increase device production
 - Angular rate sensor, automotive relay, Film capacitor for HEV etc.

R&D: 300bil. yen

- ◆ Core devices
 - Sensor: single/fusion products
 - Battery: high capacity Li-ion battery
 - Power semiconductor: SiC, GaN
- ◆ Module, system

Sales target by business area



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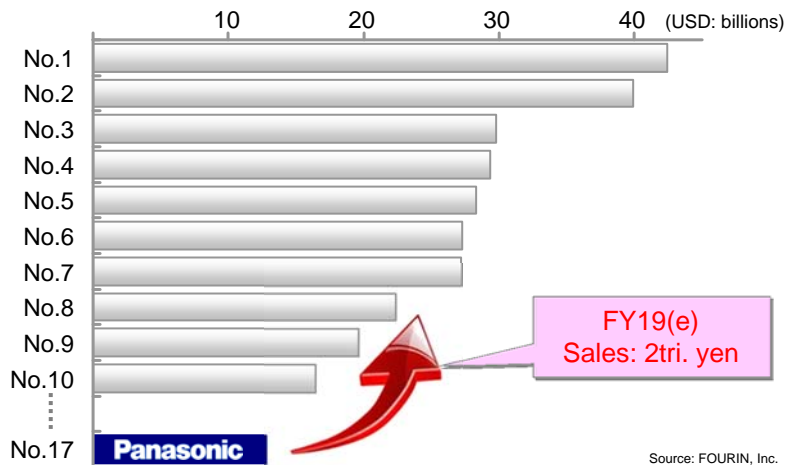
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Towards 2018

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Become one of 'top 10' global automotive parts manufacturers in 2018

Sales for automotive parts (FY13)



Source: FOURIN, Inc.

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Growth Strategy(1): Business Opportunity

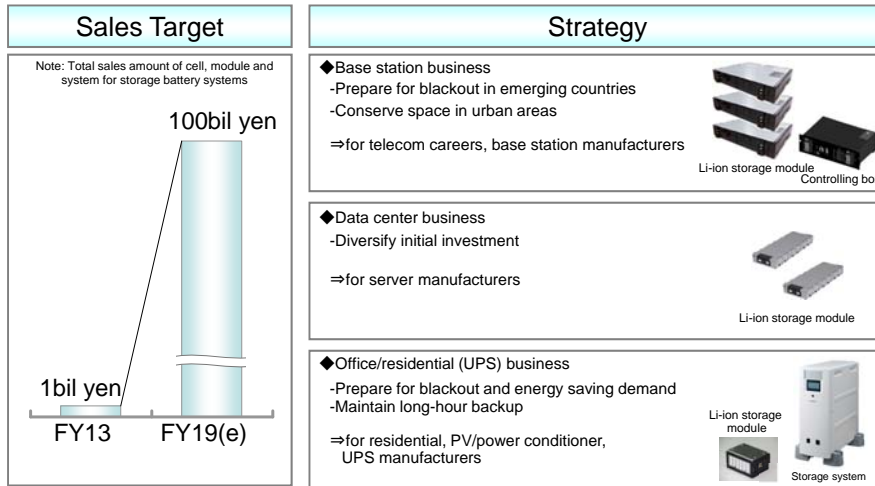
Expand Li-ion storage battery system market contributing TCO decrease

<p>Base station</p> <p>◆ Decrease maintenance cost, conserve space</p> <p>Lead battery: need more space to equip</p> <p>Li-ion battery: Conserve space</p> <p>Lead battery</p> <p>Li-ion storage module</p> <p>Wireless base station</p> <p>Control box</p> <p>Power for base station</p> <p>Commercial power</p>	<p>Data center</p> <p>◆ Downsize, diversify and reduce air-conditioning cost</p> <p>Concentrated backup power</p> <p>Diversified backup power</p> <p>Conventional server room (Lead battery)</p> <p>Container type data center (Li-ion battery)</p>
<p>Office/residence</p> <p>◆ Prepare for blackout and power shortage</p> <p>[Europe] Increase electricity cost due to lower natural energy buyback price</p> <p>[North America] Increase blackout due to old electric facilities and natural disasters</p> <p>[Emerging countries] Increase blackout due to increasing power consumption</p> <p>[Japan] Unstable power supply due to natural disasters</p>	<p>Market</p> <p>◆ FY19 500bil. Yen (Total amount of base station, data center and office/residence)</p> <p>500bil. yen</p> <p>250bil. yen</p> <p>75bil. yen</p> <p>FY14(e) FY16(e) FY19(e)</p> <p>Note: Panasonic estimate</p>

Growth Strategy(2): Storage Battery Systems

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- Accelerate shifting Li-ion battery application from ICT to industrial
- Expand business with Panasonic's advantage
(high capacity, high reliability and controlling technology)



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