This presentation outlines the progress with our mid-term management plan and growth strategy.
• As I mentioned at the business policy announcement on March 27, 2014, FY2015 is positioned as a year for making steady progress to achieve the mid-term management plan and for developing a strategy in preparation for the “New Panasonic” of 2018.

• Today, I would like to talk about our progress in these two efforts, along with our way of thinking and the direction we will take to ensure “investment for growth.”
First, to make steady progress to achieve CV2015, as Mr. Kawai has mentioned, we forecast reaching our mid-term targets, “Operating profit of 350 billion yen or more,” and “Accumulated free cash flow of 600 billion yen or more,” during FY2015. Initially, these targets were set for the end of FY2016, the third year of the mid-term plan. So we are one year ahead of schedule.

During the second half of FY2015, we are determined to accomplish these figures as the full-year forecast, which we have revised upward.

As for operating profit margin, we forecast 4.5%, which means that we are within the range to achieve “5%” in FY2016.

In order to achieve the mid-term management plan a year ahead of schedule, we will further expedite our initiatives.
• This slide shows the transition of operating profit by business division, our basis of management.

• So far, we have implemented various initiatives, such as carrying out business restructuring and shifting into new business areas. Through these efforts, we have reduced the number of unprofitable business divisions. At the end of FY2013, about 30% of our business divisions, then called business units, were unprofitable. By the end of FY2015, we forecast the number will be 5, which is approximately 10%.

• In addition, we have steadily improved profitabilities, with about half of our business divisions having an operating profit margin of 5% or more. We can now, realistically, expect to achieve a company-wide average of 5% operating profit margin.

• But we will not stop there. As for business divisions with an operating profit below 5%, we will continue to work toward bringing them up to our target of 5% or more within FY2016.
• Next, I would like to talk about our progress in developing our growth strategy. As I explained in the Management Policy for FY2015, we are in the process of formulating our growth strategies in 5 business areas x 3 global regions.

• In particular, we are directing our investment resources to the 8 key areas shown in yellow. These are the areas where we find room for growth, in other words, where we need to take on the challenge for growth.

• While making visits to our operation sites and customers globally, I have been able to see for myself how our employees are taking on challenges, and I have received firsthand feedback from our customers, expressing their high expectations of us. I feel very confident that we can further improve our profitabilities, and achieve further growth.

• Among the 8 key areas, today, I would like to introduce 4 examples, indicated here as initiatives A, B, C and D.
• First, the initiative taken in A, “Consumer Electronics x Strategic regions.” In this area, we are carrying out initiatives to develop competitive products in Asia.

• One of these initiatives is to strengthen the high-end category. From this fall, we will introduce a series of premium products to the market, in all about 40 models. These include refrigerators and washing machines, which we want to actively promote as “made-in-Japan” models.

• In addition, by adapting to the characteristics of the market, we will carry out marketing to inspire consumers’ “yearning.” In this way, we will strengthen our market competitiveness and brand capability, and thus increase sales.

• Furthermore, we will establish AP Asia, which consists of a marketing division, ODM division, and business units in Asia, in April 2015. We will create locally self-sustaining businesses, consolidating development, manufacturing, and sales functions.

• The business units will deal with air conditioners, refrigerators, washing machines, and TVs, and about 400 people will be working in development as total. We intends to realize to create locally oriented products, and to quickly strengthen our lineups by using ODM.
Next, let me discuss our initiative in the housing business for the Strategic Regions, initiative B. Panasonic is ready to launch an all-out housing business in the ASEAN region, placing PanaHome as its main pillar.

Targeting the affluent, we are currently developing Smart Cities in such areas as Kuantan, Malaysia.

Furthermore, to promote the home building business, we will introduce a fabless operation style in Malaysia, thus providing houses that are custom tailored to local needs, at locally standard prices.

Our houses will be built based on what we call, the W-PC construction method, which fully leverages the prefabrication technology widely used in Japan. This will enable us to improve the capabilities of “heat insulation,” “air ventilation,” and “waterproofing,” the major problems that conventionally built local houses have. Furthermore, the total construction period will be about 3 months, almost half the usual time needed.

In order for us to actively expand such initiatives to the other ASEAN countries, including Indonesia, Vietnam, and Thailand, we plan to establish the ASEAN housing business Headquarters by April 2015, and then accelerate our efforts.
This slide shows our ventures in the automotive business for Europe and the Americas, initiative C. Panasonic is fully resolved to lead innovation by collaborating with partners who play active roles in this industry.

Let me show you a specific example: For the production of lithium-ion batteries, we established “Panasonic Energy Corporation of North America” this month, on the premises of the “Gigafactory” Tesla Motors plans to complete in Nevada.

In doing this, we will further contribute to bringing EVs into wider use.

Another example is our investment agreement, signed last month, to enter into a capital and business alliance with Ficosa International S.A., of Spain.

By combining our imaging technology with Ficosa’s automotive mirror technology, we will aim to facilitate smooth launch of electronic mirror business that support comfortable and safe driving.
• As a final example, let me talk about initiative D, our B2B solutions for the Japanese market.

• Following our agreement to join the Official Worldwide Olympic Partnership, we have also signed for the Official Worldwide Paralympic Partnership this month.

• For the Paralympics, we will add some personal welfare devices to the current sponsor categories for the Olympic Games. These include audiovisual devices, home appliances, and power-assisted bicycles.

• Taking this opportunity, Panasonic intends to give strong support not only to the success of the Games, but also to people with disabilities as well as the elderly, by expanding our areas of contribution.

• We truly consider the Olympic and Paralympic Games an ideal opportunity to demonstrate the potential of Panasonic to customers around the world, by offering “future living.”

• To this end, we are developing a variety of systems and devices and making various proposals. So, going forward, we would like to occasionally share with you our latest information, including the progress of such activities.
• Finally, I will touch on our ideas about investments for growth.

• As we have been saying, our profitability and cash position have steadily improved.

• Although we initially planned to launch strategic investments for growth in FY2017, the first year of our next mid-term management plan, we will initiate the strategic investments in FY2016, moving up the schedule a full year.

• We are not yet at the stage to show you the scale and details of specific investments now. But for us to achieve sales of around 10 trillion yen in 2018, we must create inorganic growth. Consequently, we have studied which areas to focus on, from both the business and regional perspectives, and accordingly, will actively take M&A actions and build capital alliances, especially in the areas shown here.
• Thank you for your cooperation.
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