Medium-to-Long Term Business Overview

Strategic Investments for Medium-to-Long Term Growth

Advancing Large-Scale Capital Investments and M&A

Investments decisions made for 85% of 1 trillion yen budget

Panasonic plans to undertake strategic investments totaling 1 trillion yen and has spent part of this total since fiscal 2016 with the aim of achieving sustainable growth in sales and profits.

As a result of making prudent investment decisions, taking into account possible risks while clarifying positions within business strategies, the Company has gone ahead with large-scale capital investments in business areas likely to experience high growth, such as in an automotive lithium-ion battery plant. As for M&A, Panasonic has also executed some large acquisitions that include Ficosa International, S.A. (Ficosa), a Spanish automotive parts and systems supplier, as well as Hussmann Corporation, a U.S. manufacturer of commercial-use refrigerated and freezer display cases.

As a result, the Company has already spent about 70% of its 1 trillion yen budget for strategic investments as of the end of fiscal 2018. Adding future plans, decisions have been made for about 85% of this budget. In fiscal 2019, the Company will move forward with strategic investments while keeping an eye on risks and returns, and take appropriate measures while stringently monitoring the profits and cash flow generated from invested projects.

Expansion of production capacity for automotive batteries to satisfy robust demand

In fiscal 2018, our lithium-ion battery plant commenced operations inside Tesla’s Gigafactory in the U.S. Our plant is in charge of mass producing the high performance cylindrical “2170 cell” used in Tesla’s new Model 3 electric vehicle and energy storage systems. We will continue investing capital in fiscal 2019 towards achieving annual production capacity of 35GWh.

In March 2018, mass production and shipments commenced at our automotive battery plant in Dalian, China. This plant is our first production base for prismatic automotive lithium-ion batteries in China. On
the commencement of mass production and shipments, we have now put in place a three-pillar global production system in Japan, the U.S. and China for automotive batteries. This plant will supply high-output, high-capacity, highly safe prismatic lithium-ion batteries to not only the Chinese market, but the global market as well, including North America.

In Japan, Panasonic has decided to produce new prismatic automotive lithium-ion batteries at its Himeji Plant, a production base for LCD panels. We plan to set up an integrated production line at this plant from component process to assembly. Plans call for launching production during fiscal 2020.

Deepening collaboration and synergies via M&A

In September 2017, the Company began mass production of electronic rear-view mirrors, the first product that was developed in collaboration with Ficosa, a Spanish automotive parts and systems supplier that was turned into a consolidated subsidiary in April the same year, as a fusion of Ficosa’s mirror technologies and Panasonic’s camera and LCD technologies. In December 2017, mass production and shipments commenced for the telematics control unit (TCU) that enables emergency notifications in the event of a car accident and the remote tracking of stolen vehicles. Panasonic is working more closely with Ficosa to expand their collaboratively developed products and win orders.

In April 2018, PanaHome Corporation, which was made a wholly owned subsidiary in October 2017, changed its name to Panasonic Homes Co., Ltd. At the same time, all of its brands were changed to Panasonic. With the change in company and brand names, we aim to generate synergies from our collective strengths as a group. In addition to low-rise mid-range and luxury homes, our area of expertise, we will focus more on affordably priced housing, multi-story housing, and creating communities, including non-residential areas.