Overview of Divisional Companies and Strategies by Business
(As of April 1, 2018)

FY2019 Forecast: Net Sales Composition Ratio by Segment

- **Automotive & Industrial Systems**: 33%
- **Connected Solutions**: 12%
- **Eco Solutions**: 23%
- **Appliances**: 32%

**Consolidated Net Sales**: ¥8,300.0 billion

FY2019 Forecast: Operating Profit Composition Ratio by Segment

- **Automotive & Industrial Systems**: 31%
- **Connected Solutions**: 19%
- **Eco Solutions**: 23%
- **Appliances**: 27%

**Consolidated Operating Profit**: ¥425.0 billion

**Breakdown by Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Net Sales</th>
<th>Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliances</td>
<td>2,830.0</td>
<td>121.0</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>2,061.0</td>
<td>101.0</td>
</tr>
<tr>
<td>Connected Solutions</td>
<td>1,093.0</td>
<td>83.0</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems</td>
<td>3,000.0</td>
<td>136.0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>8,984.0</td>
<td>441.0</td>
</tr>
<tr>
<td>Other</td>
<td>310.0</td>
<td>0</td>
</tr>
<tr>
<td>Eliminations and Adjustments</td>
<td>(994.0)</td>
<td>(16.0)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,300.0</td>
<td>425.0</td>
</tr>
</tbody>
</table>

**Appliances Company**

In the consumer electronics business, Appliances Company will pursue profitable growth by expanding its overseas business, primarily in China and other parts of Asia, on a foundation of capabilities cultivated in Japan. In the B2B business, it will work to establish an earnings model on its strength in energy-saving and environmentally conscious products as well as IoT technologies.

**Eco Solutions Company**

Space Innovation business, which provides electrical construction materials, housing materials and other products, is pursuing high growth in priority regions overseas. Lifestyle Innovation business, which is involved in detached residences, urban development and other areas, is working to achieve growth through Group synergies with Panasonic Homes at the core.

**Connected Solutions Company**

CNS Company will work to address social issues and establish “Gemba Process Innovation” in order to provide solutions to corporate customers for issues in frontline business operations and processes through its core devices and advanced technologies.

**Automotive & Industrial Systems Company**

Focusing on two mainstay businesses, automotive and industrial systems, AIS Company contributes to the creation of safe, comfortable societies. In Automotive Business in particular, with cars continuing to evolve in response to demands from society and against a background of tightening in environmental regulations worldwide, we are promoting active investment and intend to drive growth for Panasonic as a whole.
### FY2019 Strategies by Business

<table>
<thead>
<tr>
<th>Business Area</th>
<th>FY2019 Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air-Conditioner</strong></td>
<td>Enhance overseas sales channels and promote energy-efficient products. Strengthen capabilities to meet environmental requirements in Europe.</td>
</tr>
<tr>
<td><strong>Small &amp; Built-in Appliance</strong></td>
<td>Maintain high profit with high market share in Japan. Expand EC sales in China and strengthen built-in products.</td>
</tr>
<tr>
<td><strong>Major Appliance</strong></td>
<td>Accelerate sales of drum-type washing machines and others in China and Asia. Start sales of locally produced models in India.</td>
</tr>
<tr>
<td><strong>AVC</strong></td>
<td>Stabilize sales mainly with high-end digital single-lens mirrorless cameras. Promote white goods production at existing AVC factories.</td>
</tr>
<tr>
<td><strong>Commercial Refrigeration &amp; Food Equipment</strong></td>
<td>Strengthen development of new customers in North America. Establish OPEX business model to improve profitability in Japan.</td>
</tr>
</tbody>
</table>

### FY2019 Forecast Sales Composition

- **Air-Conditioner**
- **Commercial Refrigeration & Food Equipment**
- **Small & Built-in Appliance**
- **AVC**
- **Major Appliance**

### FY2019 Strategies by Business

<table>
<thead>
<tr>
<th>Business Area</th>
<th>FY2019 Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lighting</strong></td>
<td>Overseas: Increase sales through an integrated manufacturing and sales structure focused on China, India and Indonesia. Domestic: Increase sales by rolling out high-value-added products for each target.</td>
</tr>
<tr>
<td><strong>Energy Systems</strong></td>
<td>Overseas: Reinforce resources and increase sales of wiring devices centering on India and Vietnam. Domestic: Capture demand of renovation market centering on system equipment.</td>
</tr>
<tr>
<td><strong>Panasonic Ecology Systems</strong></td>
<td>Overseas: In China, capture electronic commerce market, and in North America, expand lineup of residential products. Domestic: Expand profits by shifting to high-value-added products such as heat exchange ventilation fans.</td>
</tr>
<tr>
<td><strong>Housing Systems</strong></td>
<td>Increase sales of medium- to high-end products in the remodeling market. Improve sales growth along with profit by strengthening customer contacts by salespeople.</td>
</tr>
<tr>
<td><strong>Panasonic Homes</strong></td>
<td>Increase revenue by reinforcing new construction contracts, etc. - Enhance sales of low-rise detached residences by utilizing the best Panasonic brands. - Expand multi-storied residence business mainly in the Tokyo metropolitan area.</td>
</tr>
</tbody>
</table>

### FY2019 Forecast Sales Composition

- **Others**
- **Lighting**
- **Energy Systems**
- **Panasonic Homes**
- **Housing Systems**

### FY2019 Strategies by Business

<table>
<thead>
<tr>
<th>Business Area</th>
<th>FY2019 Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Avionics</strong></td>
<td>Aim for growth through new digital solutions and services, as well as enhanced maintenance and repair capabilities, by leveraging our broad IFEC (inflight entertainment + connectivity) customer base.</td>
</tr>
<tr>
<td><strong>Process Automation</strong></td>
<td>Expand value-providing scope from single mounting machines to overall customer processes. Expand the automobile industry business by strengthening the lineup of welding systems and enhancing next-generation laser processing machines.</td>
</tr>
<tr>
<td><strong>Media Entertainment</strong></td>
<td>Further strengthen core products, including high-brightness projectors, and develop solutions base for entertainment and education industries.</td>
</tr>
<tr>
<td><strong>Mobile Solutions</strong></td>
<td>Expand the supply chain solutions business in partnership with Zetes. Strengthen the existing hardware business and expand the software business using our powerful hardware.</td>
</tr>
<tr>
<td><strong>PSSJ</strong></td>
<td>Focus on receiving more orders related to the Olympic and Paralympic Games. Strengthen business for three key industries (public services, logistics/distribution, society)</td>
</tr>
</tbody>
</table>

### FY2019 Forecast Sales Composition

- **Panasonic System Solutions Japan Co., Ltd. (PSSJ)**
- **Avionics**
- **Process Automation**
- **Media Entertainment**
- **Mobile Solutions**

### FY2019 Strategies by Business

<table>
<thead>
<tr>
<th>Business Area</th>
<th>FY2019 Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automotive</strong></td>
<td>Four key categories (VI, cockpits, ADAS, and electric mechanisms) to fully contribute to increased sales. Continue R&amp;D investments for new themes (next-generation cockpits, etc.).</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>Accelerate the shift to automotive- and industrial-use areas. Launch full-scale operations for factories with large-scale investments (Nevada and Dalian) contributing to increased profit.</td>
</tr>
<tr>
<td><strong>Industrial</strong></td>
<td>Continue to expand sales and profits by further increasing the ratio of automotive and industrial businesses. Steadily improve profitability in “businesses to be turned around” (semiconductors and LCD panels) with a view to profitability in FY2020.</td>
</tr>
</tbody>
</table>

### FY2019 Forecast Sales Composition

- **Others**
- **Automotive**
- **Industrial**
- **Energy**
In the consumer electronics business, Appliances Company will pursue profitable growth by expanding its overseas business, primarily in China and other parts of Asia, on a foundation of capabilities cultivated in Japan. In the B2B business, it will work to establish an earnings model on its strength in energy-saving and environmentally conscious products as well as IoT technologies.

Opportunities
- Growth in consumer electronics markets from expanding middle and affluent income classes in China, India and other parts of Asia (Vietnam, Indonesia, the Philippines, Thailand, etc.)
- Growing demand for energy-saving, low-environmental-impact products due to rising global environmental awareness
- Increasing popularity of high-value products in Japan
- New earnings opportunities emerging with the advance of IoT

Strengths
- Advanced technological capabilities in the areas of the environment and materials/devices for creating energy-saving and low-environmental-impact products, and in biological sciences and IoT/Al/robotics, etc. for innovations in consumer electronics usage experience and results
- Development/design/manufacturing/sales systems and structures in China and other Asian countries capable of responding rapidly and accurately to local needs

Issues
- Initiatives for sustained growth through focusing resources on overseas air conditioners and white goods, where market expansion is expected
- Operational reforms aimed at optimization across businesses, regions, and manufacturing and sales
- Streamlining of production costs to offset the impact of higher raw material prices

Fiscal 2018 Performance
(Based on Previous Organization)

Higher Sales and Profit on Strong Sales Overseas

In fiscal 2018, ended March 31, 2018, AP Company sales totaled 2,796.4 billion yen, an increase of 4% year-on-year, due to increased sales from the AVC business in Europe and other factors. Operating profit was 107.6 billion yen, an increase of 8% year-on-year, as streamlining measures and gains on increased sales of consumer electronics in China and Europe more than offset the impact of lackluster sales in some regions of Asia and sharp increases in raw material prices. The operating profit ratio was 3.8%. Higher profits were achieved for the third consecutive year. Further, sales of premium products in the consumer electronics business continued to grow and this contributed to increased sales and profits.

AP Company’s initiatives for future growth included continuing to build a manufacturing-sales consolidated management structure in order to conduct integrated manufacturing and sales in key overseas regions and promoting the market launch of localized products that incorporate differentiated elements in line with the region in China, India and other parts of Asia. Further, the company actively promoted open innovation, which included collaborations with venture capital and universities.
Future Strategy

Fiscal 2019 Policy and Strategy

AP Company will work in fiscal 2019 to generate sales of 2,950.0 billion yen, a year-on-year increase of 3%, led largely by increased sales of air conditioners and white goods. In terms of profits, it will strive for operating profit of 121.0 billion yen, a year-on-year increase of 13%, and an operating profit ratio of 4.1%, through an expanded line of premium products in the consumer electronics business, gains on increased sales in China, India and other Asian regions, and further streamlining measures. This would result in a fourth consecutive year of higher profits.

Consumer Electronics Business Strategy

AP Company, as the headquarters of the consumer electronics business, will accelerate efforts to change its business portfolio and strategies to achieve sustained increases in sales and profit.

In terms of its business portfolio, the company will accelerate a resource shift from AVC to air conditioner and small/built-in appliance businesses. It will also focus on China, India and other regions of Asia with high growth, while maintaining its foundation in Japan, and thereby achieve profitable business growth.

In terms of strategies, AP Company will promote the further creation of premium products by introducing and expanding “global platform product development.” A global platform is a design concept in which design proceeds by combining modules under a unified set of global standards. Modules changed in line with market needs are designed for regional optimization, and shared values and functions are designed on a standard basis in order to reduce costs and further raise development efficiency.

Regarding regional consumer electronics strategy, in China, the company will strive for sales of 20.0 billion yuan in fiscal 2021, and targeting China’s so-called “Xingui,” households with annual income of 320,000 yuan or more, will work to expand sales of premium products on the themes of “healthy,” “relaxedly” and “dignity.” It will also strengthen partnerships with major online commerce platforms and further increase its ratio of online sales. Moreover, the company intends to raise profitability by building a system that enables original premium products, like living space proposals, to be provided quickly.

In Asia, where sales slumped in certain areas due to cooler summer weather, AP Company will promote more premium products and further strengthen operations with manufacturing and sales consolidated to flexibly accommodate changes in supply-and-demand.

In India, where a new refrigerator plant went into operation alongside air conditioner, television and washing machine facilities, the company will pursue profitable growth through local production and increased sales of localized products that meet regional customer needs.

B2B Business Strategy

With strengths in energy-saving and environmentally conscious products and IoT technologies, which are helping society become carbon-free, AP Company will establish a profit model that allows long-term, ongoing transactions with its customers.

In the food retail & commercial equipment business, the company will market differentiated products that utilize IoT, such as smart lockers, expand the OPEX business for total support through to operations and maintenance, and further expand its lineup of natural refrigerator equipment.

In the commercial air conditioner business, AP Company acquired sales companies and engineering firms in the U.K. and Brazil the previous fiscal year. It will continue to reinforce overseas sale channels and engineering capabilities while also working to raise its marginal profit ratio by expanding its lineup of new products.

In the household fuel cell business, for which the company has a majority share in Japan, it will introduce new models in Europe and develop new sales routes in order to increase sales.

Medium-to-Long Term Policy and Strategy

With a view to fiscal 2021, AP Company will put even more emphasis on profitability and aim for an operating profit ratio of 5%. On the pillars of the air conditioner and small/built-in appliance businesses, where high profits are expected in particular, and of the food retail & commercial equipment business, where the company will work to increase profits in a stable manner, AP Company will work to generate cash by accumulating profits at significant levels.

Business Portfolio

<table>
<thead>
<tr>
<th>Business Category and Investment Policy</th>
<th>AP Company Mid-term Plan (FY2017–19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested capital</td>
<td>Sales</td>
</tr>
<tr>
<td>Air conditioner</td>
<td>↑</td>
</tr>
<tr>
<td>Small/built-in appliance</td>
<td>↑</td>
</tr>
<tr>
<td>Major appliance</td>
<td>↑</td>
</tr>
<tr>
<td>Food retail &amp; commercial equipment</td>
<td>↑</td>
</tr>
<tr>
<td>Devices</td>
<td>↑</td>
</tr>
<tr>
<td>AVC</td>
<td>↑</td>
</tr>
</tbody>
</table>

Localized Products that Meet Regional Needs, in China and India

- China: Refrigerator with internet connectivity
- India: Washing machine with curry stain removal function
Divisional Company Strategies

Eco Solutions Company (ES Company)

Space Innovation business, which provides electrical construction materials, housing materials and other products, is pursuing high growth in priority regions overseas. Lifestyle Innovation business, which is involved in detached residences, urban development and other areas, is working to achieve growth through Group synergies with Panasonic Homes at the core.

Opportunities
- Market expansion from high GDP growth in China, Southeast Asia and ISAMEA (India, South Asia, and the Middle East and Africa)
- Increase in large-scale development projects due to Tokyo Olympic and Paralympic Games and other factors

Strengths
- Robust domestic distribution channels and sales networks for electrical construction materials
- Numerous contact points with customers and marketing capabilities such as stores offering remodeling services and showrooms
- Ability to develop products that deliver value in response to the diverse needs of each country

Issues
- Accelerating growth in overseas electrical construction materials business
- Response to contraction of domestic construction market from 2021
- Profitable growth in the construction business

Opportunities Strengths Issues

<table>
<thead>
<tr>
<th>Net Sales (Billions of yen)</th>
<th>Operating Profit (Billions of yen)</th>
<th>Market Environment (FY2019–21 CAGR*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 (Forecast)</td>
<td>101.0</td>
<td>Predicting market expansion on sustained GDP growth in main regions</td>
</tr>
<tr>
<td>2019 (Forecast)</td>
<td></td>
<td>Maintain high growth in ES Company’s three priority regions</td>
</tr>
<tr>
<td>1,957.4</td>
<td>81.2</td>
<td>Asia: +4%</td>
</tr>
<tr>
<td>2,061.0</td>
<td></td>
<td>Europe &amp; CIS: +4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>China &amp; Northeast Asia: +7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ISAMEA*: +11%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Southeast Asia and Oceania: +8%</td>
</tr>
</tbody>
</table>

*1 Weighted averages of the countries’ nominal GDP growth rates based on the Panasonic sales composition ratio
*2 India, South Asia, and the Middle East and Africa

Eco Solutions Company (ES Company)

Achieved Increased Sales and Profits

Net sales in fiscal 2018, ended March 31, 2018, totaled 1,623.5 billion yen, a year-on-year increase of 5%, due to major growth in the electrical construction materials business, primarily overseas, and operating profit increased 13% year-on-year to 72.5 billion yen, for increases in both sales and profits.

Future Strategy

Fiscal 2019 Policy and Strategy

In fiscal 2019, ES Company is projecting net sales of 2,061.0 billion yen, a year-on-year increase of 5%, due largely to active expansion of the electrical construction materials business, including lighting equipment and wiring devices, in China, India and Southeast Asia, and operating profit of 101.0 billion yen, a year-on-year increase of 24%.
Medium-to-Long Term Policy and Strategy

Overseas, the three focus regions are China, ISAMEA (primarily India), and Southeast Asia, and these regions are projected to maintain high market growth. In Japan, both new residential starts and non-residential starts are expected to decline slightly through 2020, and then market contraction is expected from 2021.

Given this outlook, ES Company, guided by a mission of “Expand ‘A Better Life’ to home, town and society,” and a vision of “Make a better, comfortable ‘life’ with human oriented solutions,” and with Panasonic beginning its next 100 years, has redefined its B2B2C (electrical construction materials / housing materials) business as the “Space Innovation business” and its B2C business as the “Lifestyle Innovation business” to further increase the value it provides while maintaining its business groupings. The company’s management goals are net sales of 2,270.0 billion yen and an operating profit ratio of 5.5% in fiscal 2021. With the overseas business as its growth driver, ES Company will work to significantly increase overseas sales from 325.0 billion yen in fiscal 2018 to 500.0 billion yen in fiscal 2021.

Strategy of Space Innovation Business

For the overseas electrical construction materials business, resources will be concentrated into three focus businesses (Lighting, Energy Systems and Ecology Systems) in three focus regions (China, ISAMEA and Southeast Asia) with the goal of generating profitable sales growth. For Energy Systems, high-function wiring devices and other strategic products will be launched in India, and home distribution board solutions will be rolled out as a new business. In Southeast Asia, the wiring device lineup will be expanded and the breaker business strengthened. In addition, wiring devices, which have a large market share in India and Turkey, will also be unrolled on African markets with the goal of being No. 1 globally. For Lighting, ES Company in China will promote expansion of the e-commerce business and sales growth for high-function products. In Southeast Asia and India, sales activities directed at commercial facilities, factories and offices will be reinforced in line with expanded sales channels. For Ecology Systems business, ES Company plans to develop new markets and sales channels in China, including regional cities and non-residential markets.

Further, ES Company will search for regional partners (such as developers) that can combine Panasonic products and businesses with local needs in each country in order to thereby accelerate the B2B solutions business.

In the domestic electrical construction materials business, ES Company will further strengthen its market advantage, and in the non-residential sector will capture rampant construction demand centering on the Tokyo metropolitan area, which includes demand associated with the upcoming Tokyo Olympics. In addition, for the renovation market, ES Company aims to generate sustained profit by expanding the engineering business through reinforcing system integration functions. Further, with a view to 2021 and beyond, preparations will be accelerated for space innovation that provides new solutions and new experiential value through the linking of “light,” “sound,” “image” and “air.”

Strategy of Lifestyle Innovation Business

In the construction business, with Panasonic Homes, which was made a wholly owned subsidiary in fiscal 2018, at the core, ES Company will seek to achieve profitable sales growth by creating Group synergies and focusing on not only conventional medium-class to high-end residences but also popular price-range residences, multi-storied residences and urban development including non-residences.

Specifically, with regard to popular price-range residences, ES Company intends to strengthen its wooden residence business through collaboration with the Housing Systems Business Division, which has know-how in building frame related materials. It will also reinforce construction capabilities through coordination with Panasonic’s integrated general contracting function, which includes Matsumura-Gumi Corp., made a consolidated subsidiary in fiscal 2018, and further expand the urban development business, including non-residences.

For the growth of Lifestyle Innovation business, ES Company will provide residences and towns where new value can be experienced through the utilization of our advanced technologies, one of Panasonic’s strengths. Through this, ES Company will enhance the presence of Panasonic Homes and at the same time quickly realize space value as a showcase. This will be wide-ranging promotions aimed at consumers, builders, general contractors and others, thus, Space Innovation business will create a positive cycle that further expands overall sales of Panasonic products.

Business Composition and Portfolio

Note: The size of the circle is proportional to the amount of operating profit. Overseas and domestic electrical construction materials do not include solar.
### Divisional Company Strategies

**Connected Solutions Company (CNS Company)**

CNS Company will work to address social issues and establish “Gemba Process Innovation”* in order to provide solutions to corporate customers for issues in frontline business operations and processes through its core devices and advanced technologies.

* Improving productivity and continuously generating value on operational frontlines

**Opportunities**
- Expanding needs for automation and labor saving in industrial fields against a backdrop of social issues
  - Labor shortage due to an aging society and lower birth rate and soaring labor costs, primarily in advanced countries
  - Surging freight traffic and increasingly complex operational frontlines due to the progress of e-commerce
- Advances in Industry 4.0, AI/IoT utilization
- Increase in number of large-scale development projects brought about by the Tokyo 2020 Olympic and Paralympic Games

**Strengths**
- Comprehensive capabilities to address B2B customer management issues in an all-Panasonic manner
- Expertise cultivated in manufacturing sector
- Strong, differentiated technical capabilities (image recognition, automation technologies, etc.)
- Product development, strong core devices
- Engineering system integration, customer base and sales capabilities that underpin solutions businesses in Japan

**Issues**
- Business model reform for sustainable high-profit business structure
  - Convert from individual products and hardware to solutions business
- Construct overseas solutions base

**Opportunities**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (Billions of yen)</th>
<th>Operating Profit (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/'18</td>
<td>1,110.4</td>
<td>90</td>
</tr>
<tr>
<td>3/'19</td>
<td>1,093.0</td>
<td>103.6</td>
</tr>
</tbody>
</table>

**Global e-Commerce Market**

![Chart showing explosive expansion and increased complexity of logistics due to further e-commerce development](chart-url)

Source: Panasonic estimate based on eMarketer’s forecasts

**Fiscal 2018 Performance**

### Higher Sales and Profits for First Time in Two Years

Net sales in fiscal 2018, ended March 31, 2018, totaled 1,119.3 billion yen, an increase of 6% over the previous fiscal year, due to Zetes Industries S.A. (Zetes), a Belgian logistics solutions company, being added to the scope of consolidation, as well as to increased sales of notebook PCs and mounting equipment for the ICT and automotive industries. Operating profit totaled 105.7 billion yen, a year-on-year increase of 110%, and the operating profit ratio was 9.4%. Higher sales and profits were achieved for the first time in two years.

In addition, in fiscal 2018, CNS Company promoted the provision of high added-value solutions, such as automation solutions for immigration procedures at airports using facial recognition technology and projection mapping using high-brightness projectors. It also created the “μSockets” IoT service using advanced core technologies and B2B system provision know-how cultivated for many years on the business frontlines.
Further, CNS Company headquarters was relocated from Osaka to Tokyo. It is being unified to maximize customer touchpoints and accelerate joint creation. Reforms are also being promoted to change to a flat corporate culture that is capable of quick business engagement.

Future Strategy

Fiscal 2019 Policy and Strategy

Net sales in fiscal 2019 are projected to be 1,093.0 billion yen, a decrease of 2% year-on-year, and operating profit is expected to total 83.0 billion yen, a decrease of 20% year-on-year, due in part to lower avionics sales and profits. Overall declines in sales and profits are being predicted because in-flight entertainment and connectivity systems are expected to struggle due to falling demand for large aircraft, and this will have a major impact on the avionics business. However, CNS Company will strive to achieve growth by further strengthening other businesses and expanding into the solutions business.

New initiatives will include, in avionics first of all, building a new integrated platform by leveraging three strengths already possessed by the business, hardware, satellite communications and the cloud, and working to expand the in-flight entertainment and connectivity business by broadly meeting the needs of airline companies. CNS Company will also promote its digital solutions and service business and repair and maintenance business. While lower sales and profits are forecast for fiscal 2019, over the medium term, stable growth is expected.

In the area of process automation, ICT industry investment is expected to decline more than in fiscal 2018, so a slight drop in sales is projected for fiscal 2019, but CNS Company will work to increase profits by focusing on expanding sales of overall factory process improvement and proposal services through its partnership with Siemens and of arc-welding systems and laser-welding systems, which help raise automotive industry productivity.

For the media entertainment business, CNS Company plans to accelerate the provision of solutions for the entertainment and education industries with mainstay products at the core, including high-brightness projectors, production cameras and remote cameras.

In mobile solutions, the company will globally expand supply chain solutions with Zetes at the core.

Panasonic System Solutions Japan Co., Ltd. (PSSJ) will focus on acquiring orders for projects related to the Tokyo Olympic and Paralympic Games ahead of 2020 and increasing sales to its three priority industries, public services, logistics/distribution, and social infrastructure systems.

Medium-to-Long Term Policy and Strategy

Until now, “push” businesses, in which quality products were manufactured and distributed in large quantities, were the mainstream. Going forward, however, the demand is for “pull” businesses, in which products that meet individual customer needs are individually delivered; in other words, what will be needed is supply chains with the customer as the starting point. At the same time, operational frontlines are becoming more complex with the explosive increase in logistics volume caused by the further development of e-commerce, but securing an adequate labor force has also become difficult. Given these circumstances, Panasonic’s corporate customers have begun to want not only simple manpower- and labor-saving benefits but also changes to overall processes across various worksites for higher operational productivity and added value. Panasonic will therefore promote “Gemba Process Innovation” to accommodate these needs. Specifically, the initiative will mobilize expertise in production management methods and frontline process improvements cultivated in manufacturing, differentiated technologies such as sensing, image recognition, and robotics, and experience and knowledge of operational frontlines cultivated at customer sites. It will also support the frontline operations of customers through automation and streamlining of individual processes and comprehensive process management, allowing CNS Company to assist in a way that goes beyond delivering products.

By accelerating this “Gemba Process Innovation” and acquiring needed capabilities (software services, etc.), including through M&A, to build a global solutions base, CNS Company will strive to establish a sustainable high-profit business structure.

Gemba Process Innovation in Supply Chain Field

Leverage know-how cultivated in manufacturing, robotics and other resources to innovate customer processes for production, transporting and selling

- Manufacturing
- Logistics
- Distribution

Produce
Transport
Sell

Data

Consumers

Process innovation across value chains

Robotics/next-generation communications/image processing/sensing, etc.

Know-how in manufacturing
Differentiated technology
operational frontline knowledge and experience
Divisional Company Strategies

Automotive & Industrial Systems Company (AIS Company)

Focusing on two mainstay businesses, automotive and industrial systems, AIS Company contributes to the creation of safe, comfortable societies. In Automotive Business in particular, with cars continuing to evolve in response to demands from society and against a background of tightening in environmental regulations worldwide, we are promoting active investment and intend to drive growth for Panasonic as a whole.

Opportunities
- Computerization/digitalization of cars (connected cars, advanced driver assistance system (ADAS))
- Shift in demand from gasoline-powered cars to eco-cars (more stringent environmental controls)
- IoT utilization, labor-saving measures in industrial fields

Strengths
- Group’s technological assets cultivated in digital consumer electronics and mobile phones (image processing, image recognition, wireless communications, cyber security, etc.)
- Technology development and stable supply capabilities for batteries that boast high capacity and high reliability
- Devices with high market shares underpinned by proprietary technologies

Issues
- Response to accelerating car evolution, including CASE *
- Maintaining/raising competitiveness of automotive batteries and response to sharply rising raw material prices
- Development from sales of individual devices to system proposals and other new businesses and services
- An acronym for Connectivity, Autonomous, Shared, Electric.

Toward Achievement of 2.5 Trillion Yen in Automotive Business Sales

Fiscal 2018 Performance (Based on Previous Organization)

Increase in Business Profitability

In fiscal 2018, Automotive Business, Energy Business and Industrial Business all recorded increased sales, and net sales totaled 2,803.5 billion yen, an increase of 16% over the previous fiscal year. Operating profit declined from the previous fiscal year to 91.4 billion yen, a year-on-year decrease of 2%, in reaction to posting gains on reversal related to legal affairs and gains on business transfer in the previous fiscal year. However, profit created from businesses excluding these impacts increased by over 30.0 billion yen from the previous fiscal year.

In fiscal 2018, AIS Company also steadily conducted initiatives aimed at future growth. In Automotive Business, the company commenced a public road demonstration experiment of autonomous driving cars. In Energy Business, it began examining the possibility of collaborating with Toyota Motor Corporation (Toyota) for the further evolution of automotive prismatic type lithium-ion batteries. The Dalian factory in China also started mass production of automotive prismatic type lithium-ion batteries, the new Morocco factory of Ficosa International, S.A. (Ficosa)
opened to increase production of automotive cameras for European markets, and a motor factory in Zhuhai, China was expanded, as the company worked to bolster production capacity to meet rampant demand.

Future Strategy

Fiscal 2019 Policy and Strategy

In fiscal 2019, AIS Company will steadily translate large-scale investment made thus far into growth and drive the sales and profit growth of Panasonic overall. It is aiming for increased sales, in real terms excluding the effects of exchange rates, in all of its businesses, starting with Energy Business, where automotive batteries will grow significantly, and including Automotive Business and Industrial Business, and will aim to achieve net sales of 3 trillion yen, an increase of 7% compared to the previous fiscal year. The company will work for operating profit of 136.0 billion yen, an increase year-on-year of 46%, from gains on increased sales of automotive batteries in Energy Business, increased profits from automotive and industrial devices in Industrial Business, and profit improvement in semiconductors and LCD panels, and will strive for an operating profit ratio of 4.5%.

Regarding the main initiatives of each business, first of all, in Automotive Business, AIS Company will work for further business growth centering on its key categories of in-vehicle infotainment (IVI) systems, cockpit products, advanced driver assistance systems (ADAS), and electric mechanisms. In fiscal 2019, Automotive Business will aim to achieve higher sales and higher profits, in real terms excluding the effects of exchange rates, by expanding the vehicle models for which high-added-value products, including IVI and cockpit products, are delivered and by further increasing development efficiency. New products like electronic mirrors and communication units will also contribute to increased sales, as an effect of collaborating with Ficosa, which was made a consolidated subsidiary in fiscal 2018.

In Energy Business, the organization was restructured by customer and industry as of April 2018 to further reinforce the operating base. For automotive batteries, AIS Company is projecting a major increase in sales of both cylindrical and prismatic batteries as a result of working to increase production timed to demand from priority customers and to further increase capacity utilization. While results will be impacted by increased fixed costs, including personnel expenses and equipment depreciation expenses from large-scale investment, and by sharply increasing prices for materials such as cobalt and lithium, it aims to increase profit on gains from higher sales of automotive batteries, streamlining measures, and other factors.

In Industrial Business, the company will work for even higher profitability in electromechanical control, device solutions and electronic materials, its core businesses. Specifically, it will

Business Group Strategies

Automotive Business

<table>
<thead>
<tr>
<th>Net sales (Billions of yen)</th>
<th>Operating profit ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/17</td>
<td>928.8 (+38%)</td>
</tr>
<tr>
<td>3/18</td>
<td>922.7 (+1%)</td>
</tr>
<tr>
<td>3/19 (Forecast)</td>
<td>998.1 (+4%)</td>
</tr>
</tbody>
</table>

Energy Business

<table>
<thead>
<tr>
<th>Net sales (Billions of yen)</th>
<th>Operating profit ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/17</td>
<td>493.6 (+14%)</td>
</tr>
<tr>
<td>3/18</td>
<td>562.5 (+35%)</td>
</tr>
<tr>
<td>3/19 (Forecast)</td>
<td>759.0 (+35%)</td>
</tr>
</tbody>
</table>

Industrial Business

<table>
<thead>
<tr>
<th>Net sales (Billions of yen)</th>
<th>Operating profit ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/17</td>
<td>870.8 (+9%)</td>
</tr>
<tr>
<td>3/18</td>
<td>945.2 (+9%)</td>
</tr>
<tr>
<td>3/19 (Forecast)</td>
<td>984.1 (+4%)</td>
</tr>
</tbody>
</table>

Net Sales Composition Ratio (%)

Automotive Business

- Four Categories: 14%
- Industrial: 54%
- Others: 32%

Energy Business

- Automotive: 29%
- Industrial: 36%
- Others: 45%

Industrial Business

- Automotive: 29%
- Industrial: 30%
- Others: 45%

*PSCS: Panasonic Semiconductor Solutions Co., Ltd.; PLD: Panasonic Liquid Crystal Display Co., Ltd.
Divisonal Company Strategies

strive to expand profits by increasing sales of industrial products like servo motors and high-function multi-layer circuit board materials and of EV relays and passive components for automotive applications. For semiconductors and LCD panels, businesses to be turned around, the company will endeavor to improve marginal profit by streamlining, raising yields and revamping the product mix toward profitability in fiscal 2020.

With respect to capital investment, in fiscal 2018, investment of over 200.0 billion yen was made, centering on investment in Panasonic’s Nevada factory, which is inside the Gigafactory of U.S.-based Tesla Inc. (Tesla) However, sales increases by the Nevada factory lag behind by a fiscal year, so the company has worked to control depreciation expenses and minimize the impact on income and expenditure through measures such as delaying the facility’s operating period. In fiscal 2019 as well, AIS Company is planning investment of 241.0 billion yen, primarily in automotive battery factories in Nevada, Dalian and Himeji. It will strive to meet skyrocketing demand and minimize risk by carefully monitoring customer production plans and demand trends and by making staged investments.

Mid-term Growth Scenario

AIS Company’s Automotive Business is expected to be able to achieve net sales of 2 trillion yen in fiscal 2022, primarily due to increased sales of automotive batteries. It is also aiming for net sales of 2.5 trillion yen in fiscal 2022 and will endeavor to become one of the world’s top 10 manufacturers of automotive components. During the five-year period from fiscal 2017 to fiscal 2022, the

business will grow substantially, at an annual rate of 14%, exceeding the company’s effective demand (annual growth of +8%).

Mid-term Growth Scenario for Automotive Business

In Automotive Business, AIS Company will continue to focus on the four key categories of IVI, cockpit products, ADAS and electric mechanisms.

For cockpit systems, which started being shipped in fiscal 2018, it will work to propose systems that are combined with IVI to thereby steadily increase orders. For ADAS, it will utilize image processing and synthesis technologies cultivated in the digital AV business to capture orders for advanced driver assistance system with sensing cameras and sonar in the low-to-medium speed range and will actively work to acquire orders for more advanced systems, such as autonomous parking systems. For electric mechanisms, the company will work to expand the business through overseas development of automotive battery chargers, which have a track record in Japan, and by acquiring new orders for products such as electric power train systems for compact electric vehicles.

Further, utilizing these automotive systems, AIS Company will continue planning commercialization of new services required of the mobility society, taking into account all people and objects that move.

Mid-term Growth Scenario for Energy Business

Demand for automotive batteries has been increasing rapidly with the spread of electric vehicles. In response to this sharp growth in demand, AIS Company will not pursue market share but rather will put even more emphasis on profitability and reliable investment returns as it makes staged investment in its factories in Japan, the U.S. and

Medium-to-Long Term Policy and Strategy

Toward Automotive Business Sales of 2.5 Trillion Yen

AIS Company’s Automotive Business is expected to be able to achieve net sales of 2 trillion yen in fiscal 2020, primarily due to increased sales of automotive batteries. It is also aiming for net sales of 2.5 trillion yen in fiscal 2022 and will endeavor to become one of the world’s top 10 manufacturers of automotive components. During the five-year period from fiscal 2017 to fiscal 2022, the

business will grow substantially, at an annual rate of 14%, exceeding the company’s effective demand (annual growth of +8%).

Mid-term Growth Scenario for Automotive Business

In Automotive Business, AIS Company will continue to focus on the four key categories of IVI, cockpit products, ADAS and electric mechanisms.

For cockpit systems, which started being shipped in fiscal 2018, it will work to propose systems that are combined with IVI to thereby steadily increase orders. For ADAS, it will utilize image processing and synthesis technologies cultivated in the digital AV business to capture orders for advanced driver assistance system with sensing cameras and sonar in the low-to-medium speed range and will actively work to acquire orders for more advanced systems, such as autonomous parking systems. For electric mechanisms, the company will work to expand the business through overseas development of automotive battery chargers, which have a track record in Japan, and by acquiring new orders for products such as electric power train systems for compact electric vehicles.

Further, utilizing these automotive systems, AIS Company will continue planning commercialization of new services required of the mobility society, taking into account all people and objects that move.

Mid-term Growth Scenario for Energy Business

Demand for automotive batteries has been increasing rapidly with the spread of electric vehicles. In response to this sharp growth in demand, AIS Company will not pursue market share but rather will put even more emphasis on profitability and reliable investment returns as it makes staged investment in its factories in Japan, the U.S. and

Medium-to-Long Term Policy and Strategy

Toward Automotive Business Sales of 2.5 Trillion Yen

AIS Company’s Automotive Business is expected to be able to achieve net sales of 2 trillion yen in fiscal 2020, primarily due to increased sales of automotive batteries. It is also aiming for net sales of 2.5 trillion yen in fiscal 2022 and will endeavor to become one of the world’s top 10 manufacturers of automotive components. During the five-year period from fiscal 2017 to fiscal 2022, the

business will grow substantially, at an annual rate of 14%, exceeding the company’s effective demand (annual growth of +8%).

Mid-term Growth Scenario for Automotive Business

In Automotive Business, AIS Company will continue to focus on the four key categories of IVI, cockpit products, ADAS and electric mechanisms.

For cockpit systems, which started being shipped in fiscal 2018, it will work to propose systems that are combined with IVI to thereby steadily increase orders. For ADAS, it will utilize image processing and synthesis technologies cultivated in the digital AV business to capture orders for advanced driver assistance system with sensing cameras and sonar in the low-to-medium speed range and will actively work to acquire orders for more advanced systems, such as autonomous parking systems. For electric mechanisms, the company will work to expand the business through overseas development of automotive battery chargers, which have a track record in Japan, and by acquiring new orders for products such as electric power train systems for compact electric vehicles.

Further, utilizing these automotive systems, AIS Company will continue planning commercialization of new services required of the mobility society, taking into account all people and objects that move.

Mid-term Growth Scenario for Energy Business

Demand for automotive batteries has been increasing rapidly with the spread of electric vehicles. In response to this sharp growth in demand, AIS Company will not pursue market share but rather will put even more emphasis on profitability and reliable investment returns as it makes staged investment in its factories in Japan, the U.S. and
China. With the shift to electric vehicles and entry of new manufacturers accelerating, in part due to stronger environmental and fuel economy restrictions in countries and regions around the world, Panasonic intends to deepen relationships with leading customers that understand the superior qualities of Panasonic batteries, share its values and are willing to share a portion of the risk involved. Based on this thinking, as of the present, the company delivers automotive batteries to 12 top-running customers, starting with Tesla and Toyota. On the strength of this track record, AIS Company intends to further grow its automotive battery business. To this end, it plans to remain committed to the development of both cylindrical and prismatic type products and continue to evolve its automotive batteries to meet customer requirements and further raise their world-leading performance level.

The company will also expand battery sales for non-automotive applications. For example, Panasonic’s power storage systems, which are highly regarded for reliability and lifespan, are being adopted globally in applications such as backup power sources for data centers and base stations, and the company will work for further growth over the medium term. It will also strive to create new businesses, including remote battery monitoring and battery sharing.

Mid-Term Growth Scenario for Industrial Business

In Industrial Business, AIS Company will focus resources on devices that support the three fields of labor saving, information and communications infrastructure, and automotive electric systems, where societal demand is strong. For labor saving, system proposals will be promoted for automotive electric systems, where societal demand is strong. For information and communications infrastructure, the company will maintain its dominant share for conductive capacitors and multi-layer circuit board materials, which leverage proprietary materials technologies, and pursue high profits. In automotive electric systems, the power control unit business, which pivots on device strengths such as EV relays, will be promoted along with efforts to increase sales of devices highly regarded by customers, such as inductors.

Toward Fiscal 2031

AIS Company in fiscal 2018 was able to return to an upward sales trend from its recent downturn, as increased sales from automotive and industrial related businesses outstripped the declines in existing businesses such as information and communications technology (ICT). Moreover, it achieved higher profit by not simply selling products but by listening closely to customers and proposing the products as systems to address their concerns.

Going forward, AIS Company will continue to grow by partnering with top-running, industry-leading customers, developing industry-leading products with distinctive proprietary technologies, and proactively making investments. With a multitude of business opportunities, the company will focus on areas where its characteristics and strengths can be leveraged and concentrate its resources in order to steadily achieve profitable growth.

While keeping at its core the automotive and industrial fields to which it’s committed, AIS Company will seek to create new business fields and generate further growth.
Main Products and Services by Business Division (As of April 1, 2018)

**Appliances Company**
- **Air-Conditioner Company**
  - Air-conditioners for home, office and store use, multi-unit air-conditioners for buildings, gas heat pump air-conditioners, absorption chillers, and CO2 heat pump hot water supply systems
- **TV Business Division**
  - TVs
- **Imaging Network Business Division**
  - Digital cameras and digital video cameras
- **Home Entertainment Business Division**
  - Blu-ray and DVD recorders, audio equipment, and portable TVs
- **Communication Products Business Division**
  - Cordless telephones/faxes, home network systems, and intercoms

**Eco Solutions Company**
- **Lighting Business Division**
  - Lighting equipment (for residential, facility, outdoor, store etc.), lighting devices, and lamps
- **Energy Systems Business Division**
  - Wiring devices, home distribution boards, electric tool, condominium HA, HEMS/BEMS, and solar photovoltaic systems

**Connected Solutions Company**
- **Panasonic Avionics Corporation**
  - In-flight entertainment and connectivity systems, digital solutions & services, and repairs and maintenance services
- **Process Automation Business Division**
  - Chip mounters, screen printers, FPD bonders, electronic component insertion machines, welding-related systems, lasers, and integrated line control systems

**Automotive & Industrial Systems Company**
- **Automotive Infotainment Systems Business Division**
  - IVI, cockpit systems, car navigation systems, car AV systems, and car speakers
- **Automotive Electronics Systems Business Division**
  - On-board charging systems, camera modules, and back & corner sensors
- **Ficosa International, S.A.**
  - Automotive mirrors, shifter systems, and communication modules
- Refrigerator Business Division
  Refrigerators and freezers

- Laundry Systems and Vacuum Cleaner Business Division
  Washer/dryers, clothes dryers, vacuum cleaners, and hygiene toilet seats

- Kitchen Appliances Business Division
  Induction heating (IH) cooking equipment, microwave ovens, rice cookers, built-in cooking appliances, and dishwashers

- Beauty and Living Business Division
  Beauty appliances (shavers, hair dryers, oral care products, etc.), health enhancing products (blood pressure monitors, body composition meters, massage chairs, etc.), cooking appliances (home bakeries, coffee makers, juicers, etc.), electric irons, hearing aids, and nanoe devices

- Refrigeration and Air-Conditioning Devices Business Division
  Air-conditioner compressors, refrigeration compressors, and vacuum insulation materials

- Smart Energy System Business Division
  Smart gas meter-use devices and fuel cells

- Cold Chain Business Division
  Showcases, commercial-use refrigerators and freezers, ice-making machines, drink vending machines, and kitchen equipment

- Hussmann Corporation
  Commercial-use refrigerated and freezer display cases

- Panasonic Ecology Systems Co., Ltd.
  HVAC-related equipment (ventilation systems, ceiling fans, and air purifiers) and Environmental Systems and Engineering (purifying systems of water, air and soil)

- Housing Systems Business Division
  System kitchens, system bathrooms, tankless toilets, interior doors, floor materials, delivery boxes, drainpipes, and roof materials

- Panasonic Homes Co., Ltd.
  Low-rise detached residences, multistoried residences, renovation, and urban development

- Panasonic Cycle Technology Co., Ltd.
  Power-assisted bicycle and electric motor unit

- Media Entertainment Business Division
  Projectors, professional displays, audio systems, and professional broadcasting equipment

- Mobile Solutions Business Division
  PCs, tablets, payment systems, and supply chain solutions

- Panasonic System Solutions Japan Co., Ltd.
  Development of system solutions (public systems, social systems, logistics/distribution, etc.); system integration, installation, operation and maintenance

- Security Systems Business Division
  Surveillance cameras and recorders, video analysis solutions, industrial & medical cameras, and mobile camera systems for police

- Energy Device Business Division
  Dry batteries, nickel metal-hydride rechargeable batteries, and micro batteries

- Energy Solutions Business Division
  Small lithium-ion batteries, battery modules for storage, and power storage systems

- Tesla Energy Business Division
  Automotive/power storage cylindrical type lithium-ion batteries

- Automotive Energy Business Division
  Automotive prismatic-type lithium-ion batteries and automotive nickel metal-hydride rechargeable batteries

- Electromechanical Control Business Division
  Relays, connectors, switches, automotive power supplies, motors, and FA sensors

- Panasonic Semiconductor Solutions Co., Ltd.
  IC/LSI, image sensors, compound semiconductors, and lead frames

- Device Solutions Business Division
  Conductive polymer capacitors, resistors, inductors, and inertial sensors

- Electronic Materials Business Division
  Electronic circuit board materials, plastic molding compounds, encapsulation materials, and advanced films

- Panasonic Liquid Crystal Display Co., Ltd.
  IPS liquid crystal display panel