Panasonic IR Day 2014

Automotive & Industrial Systems Company
Business Policy

May 21, 2014
Panasonic Corporation
Automotive & Industrial Systems Company
President  Yoshio Ito

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal year 2015" or "FY15" refers to the year ended March 31, 2015.

Contents

1. Company Overview
2. FY2014 Results
3. Growth Strategy towards FY2019
4. FY2015 Business Plan
Contents

1. Company Overview

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4. FY2015 Business Plan
Features of AIS Company

Promote BtoB and BtoBtoC solutions with broad business area and solid customer relationships

Automotive
- Automobiles
- Mobile, PC, etc.

Industrial
- FA infrastructures, etc.
- Consumer electronics, healthcare, etc.

ICT

Others

Products and Market Shares

Automotive Infotainment Systems
- Car navigation systems, audio with displays

Automotive Battery
- Automotive Li-ion batteries

Electromechanical Components
- Light touch switches

Circuit Components
- Heat sink sheets with high thermal conductivity (PGS)

Automotive Electronics
- Onboard chargers

Panasonic Storage Battery
- Lead storage batteries

Semiconductor
- Semiconductors for automotive HMI use

Automation Controls
- Automotive relays

Note: Market Shares are FY14 Panasonic estimates based on amount unless otherwise specified.
Contents

1. Company Overview

2. FY2014 Results

3. Growth Strategy towards FY2019

4. FY2015 Business Plan
FY2014 Results (1)

Sales, operating profit, and FCF significantly increased

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Yen: billions)</th>
<th>Operating profit (%)</th>
<th>FCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>2,518.0</td>
<td>29.5 (1.2%)</td>
<td>8.1</td>
</tr>
<tr>
<td>FY14</td>
<td>2,737.6</td>
<td>85.7 (3.1%)</td>
<td>172.2</td>
</tr>
<tr>
<td>FY14 plan</td>
<td>2,540.0</td>
<td>95.1 (3.7%)</td>
<td>84.1</td>
</tr>
</tbody>
</table>

Sales
- Automotive-related businesses led sales increase
- Yen depreciation contributed

Operating Profit
- Sales increased
- Restructured unprofitable products

FY2014 Results (2)

Restructured unprofitable businesses

<table>
<thead>
<tr>
<th>OPM</th>
<th>FY13</th>
<th>FY14</th>
<th>FY14 plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss</td>
<td>32%</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>0-5%</td>
<td>37%</td>
<td>31%</td>
<td>55%</td>
</tr>
<tr>
<td>5% or more</td>
<td>31%</td>
<td>56%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Portable rechargeable battery
- Accelerated shift to automotive/industrial areas

Semiconductor
- Set up JV on 3 factories in Hokuriku region
- Transferred 3 subsidiaries in Asia

Optical device
- Reorganized operating sites in Japan and overseas
- Expanded production outsource

Printed circuit board
- Exited ALIVH and ISB businesses

Note: Unprofitable business divisions in FY13 are Semiconductor, Portable Rechargeable Battery, Automotive Battery, Panasonic Precision Devices, Optical Pick Up, and Printed Circuit Board.
Eliminate Unprofitable Products

Improved profitability by halving unprofitable product categories

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>13 (out of 51)</td>
<td>19%</td>
</tr>
</tbody>
</table>

Number of unprofitable product category: 19 (out of 51)
Sales ratio of unprofitable product category: 40%

Note: Numbers exclude other Company products

Contents

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Towards FY2019

Increase sales to 3.6 trillion yen with 2 trillion yen sales in automotive business and sales expansion in industrial area

<table>
<thead>
<tr>
<th>Sales</th>
<th>FY14</th>
<th>FY15(e)</th>
<th>FY16(e)</th>
<th>FY19(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto- motive</td>
<td>2.7</td>
<td>2.8</td>
<td>3.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td></td>
<td></td>
<td>0.7</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Uniqueness responsible for 'comfort,' ‘safety’ and ‘environment’

Unconventional measures

Automotive

2 Trillion Yen Sales in Automotive Business

Valid until 2023

Competition for ‘comfort,’ ‘safety’ and ‘environment’

<Sales target in automotive area>

(Yen: trillions)

<table>
<thead>
<tr>
<th>FY14</th>
<th>FY19(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional measure</td>
<td>1.2</td>
</tr>
<tr>
<td>Unconventional measure</td>
<td>1.8</td>
</tr>
<tr>
<td>Comfort</td>
<td>2.0</td>
</tr>
<tr>
<td>Safety</td>
<td>0.88</td>
</tr>
<tr>
<td>Environment</td>
<td>0.44</td>
</tr>
</tbody>
</table>

- Conventional measures: 1.2
- Unconventional measures: 1.8
- Comfort: 2.0
- Safety: 0.88
- Environment: 0.44

- Expand business with next-generation cockpits
- Enter into Advanced Driving Assistance System (ADAS) market
- Aim for No. 1 automotive battery supplier for eco cars

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Expand Automotive Battery Business

Expand production in timely manner on detailed demand examination
Invest 14 billion yen in FY2015

- Cylindrical li-ion batteries
  - Increase production sites in Japan from 2 to 3

- Prismatic li-ion batteries
  - Kasai plant in Japan: Start full operation of production lines added in FY2014

- Lead storage batteries
  - New overseas operating sites: Start operation in FY2016

Sales target in environmental area

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY19(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>330</td>
<td>680</td>
</tr>
<tr>
<td></td>
<td>130</td>
<td>450</td>
</tr>
</tbody>
</table>

Expand Industrial Area with Energy Business

Accelerate growth with energy business adding to strong production equipment and device businesses

Sales target in Industrial area

<table>
<thead>
<tr>
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<th>FY14</th>
<th>FY19(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>360</td>
<td>720</td>
</tr>
<tr>
<td>Production equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Devices</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Power storage systems
  - Expand business for data centers and base stations

- Lead storage batteries
  - Expand sales in industrial area (e.g. UPS)

- Production equipment
  - Innovate manufacturing in emerging countries with manpower saving technology

- Devices
  - Downsize, integrate and modularize sensors and power devices
Power Storage Systems as Second Pillar of Energy Business

100 billion yen scale business in FY2019

For base stations

- Expand business in emerging countries

For data centers

- Offer system business to IT vendors with company-wide collaboration

Take advantage of high capacity and high reliability products and control technology

Concentrated power supply backups

Diversified power supply backup

Conventional server rooms (Lead storage batteries)

Container-type data centers (Li-ion batteries)

Develop built-in design with downsizing

Industrial Energy

Expand Production Equipment Business Into New Areas

Create 10 billion yen scale business x 4 topics

Manpower saving technology in subsequent process

Develop automation market for post-mounting process

Agriculture-related

Develop vegetable supply business in Asia

Nano fibers

Create nano material manufacturing and supply business

Laser welding

Replace spot welding with total solution business

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FY2015 Management Targets

**Turn around for growth with restructuring benefit**

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15(e)</th>
<th>vs FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>2,737.6</td>
<td>2,777.0</td>
<td>+1%</td>
</tr>
<tr>
<td><strong>Operating profit (%)</strong></td>
<td>85.7 (3.1%)</td>
<td>107.0 (3.9%)</td>
<td>+ 21.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15(e)</th>
<th>FY14 and FY15 in total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FCF</strong></td>
<td>172.2</td>
<td>19.0</td>
<td>191.2</td>
</tr>
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</table>

Note: Midterm management plan FY14-15 total FCF is 155.0 bil. yen
Growth Strategy

Accelerate shift to growing areas with detailed exam on business

Automotive batteries
- Responsive to incoming orders
  <Sales increase 1.5 times vs FY14>

Conductive capacitors
- Expand business with major base station and server operators
  <Sales increase 1.4 times vs FY14>

Audio with displays
- Develop into emerging market adding to Japan, U.S. and EU
  <Sales increase 1.1 times vs FY14>

Sales (Yen: billions)
- Business to grow
- Business to restructure

2,737.6
2,777.0

Operating Profit

Increase profit with sales increase in growth areas and rationalization

85.7
107.0

Foreign exchange effect
5.9
56.0

Corporate wide measures
Price decline
R&D
Fixed cost increase
Restructuring benefit
Sales increase
Rationalization, etc.

-15.6
-84.7
-10.6
-2.2
24.9
47.6
5.9

21/26

FY14
FY15(e)

22/26

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Semiconductor Business

Promote fixed cost reduction and rationalization with restructuring benefit

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<tr>
<th>FY13</th>
<th>FY14</th>
<th>FY16(e) Profitable</th>
</tr>
</thead>
<tbody>
<tr>
<td>-20.5</td>
<td>-13.0</td>
<td>-5.7</td>
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-20.5 (Yen: billions)

- Sales decrease and price decline
  -35.8
- Fixed cost reduction
  -16.4
- Rationalization, etc.
  -3.4
- Developing into new areas
  -3.3
- Sales increase and price decline
  +3.2
- Fixed cost reduction
  +5.5
- Rationalization, etc.
  +2.0
- Developing into new areas
  +1.1

Improve Profitability

Complete restructuring and promote ‘selection and concentration’ to improve profitability

**Break-even point**

96% 92% 89%

*Note: Excluding effects of corporate-wide measures in FY14

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<th>FY15(e)</th>
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<td>100</td>
<td>114</td>
<td>122</td>
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**Productivity**

*Note: Marginal profit amount/Number of staff (FY13=100)

Lower break-even point

- Benefit from restructuring
- Materials cost reduction/VE

Increase productivity

- Reorganize operating sites and improve efficiency
- Eliminate low profitable businesses
Investment

Focus on growth areas within depreciation expense

Capex and depreciation expense

(Yen: billions)

FY14 | FY15(e) | Capex | Depreciation expense | Capex | Depreciation expense
85.4 | 109.4 | 109.0 | 116.6

By area
Automotive
ICT
Industrial
Energy
Others

By business

Others

Others

12%
46%

18%
16%
11%
55%

Capex
Depreciation expense

(FY15)

Summary

Achieve ‘growth with profitability’

(Yen: billions)

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