My Role

To develop a clear vision and direction of transformation for the **B2B business**

→ Panasonic's positioning and sources of differentiation

**Build organizational capabilities step by step and drive the transformation toward the direction**

**What we want to avoid**

**Repetitive strategy formulation and organizational changes**

→ Time consuming process without any improvement

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What Is Transformation?

Think based on problems and needs
- Combinations
- Software
- Services/solutions

= Struggle in shrinking markets and commoditization

**Become a customers’ partner from being a vendor to meet the needs of customers**
Our Passion in ‘Connected’
- The added value of connection -

Connect via the cloud/IoT/software (AI, etc.)
Connect single items and element technologies
Connect people across organizations
Connect with customers

FY2017 Summary
FY2017 Results

Sales and profit decreased, profit in real terms increased "

Based on the previous structure

[yen: billions]

<table>
<thead>
<tr>
<th>Sales</th>
<th>Operating profit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>1,172.7</td>
</tr>
<tr>
<td>FY2017</td>
<td>1,040.7</td>
</tr>
</tbody>
</table>

Adjusted operating profit excluding the effect of forex/earthquakes "

* Adjusted operating profit excluding the effect of forex/earthquakes
*2 Adjusted operating profit including the effect of forex/earthquakes: ¥66.9 Bil.

FY2017 Results

Based on the previous structure

[yen: billions]

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<th>&lt;Sales&gt;</th>
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<tr>
<td></td>
<td>69.0</td>
</tr>
</tbody>
</table>

Profit decrease

Sales decrease

* Adjusted operating profit excluding the effect of forex/earthquakes

FY2016

Communication
Solutions
Mobility
Visual and Imaging
Others
Earthquake effects
Forex

FY2017

Communication
Solutions
Mobility
Visual and Imaging
Others
Earthquake effects
Forex

Profit increase in real terms

Incl. structural reforms and reserves
FY2017 Achievements and Challenge

Stronger managerial foundation for B2B business growth
- Reorganized businesses (integrated the PA business and transferred the consumer electronics business)
- Substantially eliminated the number of unprofitable businesses
- Rebuilt the PC and security businesses in North America
- Created new solutions
  Visual presentation technologies (Rio Olympics), Regi-robo, next generation signage (established joint venture company with Tokyu Corporation)

Further growth in the overseas solutions business

What We Aim
Address Social Issues
- Problems and needs -

Surging freight traffic
Safety / security
Labor shortages

Contribute to Society via Innovation at Operational Fronts

A Better Life
Achieving “better living” with continued happiness

A Better World
Achieving a sustainable society

Individual

Society

B2B
Contributions in B2B
As a total integrator in operating sites

Customer base/SE and SI/installation and construction work/operations and support

Software/applications/IoT

Technologies

- IFE system
- Payment system
- Robust mobile
- Super-high brightness laser projector
- Security camera
- Archiver

Core devices

- Compact/lightweight
- Wireless
- Robust
- Image processing
- Sensing
- Security

Robotics

5G

Touchpoints

Back-office operations

Structural Reform

1. Enhance software and IoT technologies
2. Expand business model in Japan to Europe, the US and China
3. Maximize contact with customers

Customers

Solution selling

Enhancement

Software

IoT

Innovation Center

Expanded globally

Japan

US

Europe

China

* BD: business division

* Shares: Estimated by Panasonic

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Our Profit-making Business Model

Smile curve

Profit rate

Service and consultation
Integration of core devices

Adding a layer

Service
Consultation and concept design
Integration

Business chain
Components
Element technology
Processes
Assembly

Our Profit-making Business Model

Clearly identify our target areas, lay the groundwork for growth

Toward FY2022

Up to FY2017
Direction for unprofitable businesses
Consumer electronics business transfer
* PA business transfer

FY2018
Implement selection and concentration
Continue reforms with clear timelines for unprofitable businesses

FY2019
Continue to lift profitability
Enhance profitability by continuing to provide differentiation of products
Add layers and strengthen the structure for services
Create new pillars by getting closer customers and introduction of new differentiated technologies

FY2022
Highly profitable business with operating profit of over 10%

* Process automation business
FY2019 Management Targets
Operating profit: aim at ¥88 billion yen

[yen: billions]

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Operating profit %</th>
<th>Operating profit (yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>1,051.2</td>
<td>50.4 (4.8%)</td>
<td>108 yen to USD</td>
</tr>
<tr>
<td>FY2018(f)</td>
<td>1,103.0</td>
<td>69.0 (6.3%)</td>
<td>110 yen to USD</td>
</tr>
<tr>
<td>FY2019(f)</td>
<td>1,186.0</td>
<td>88.0 (7.4%)</td>
<td>115 yen to USD</td>
</tr>
</tbody>
</table>

FY2018 Business Policy
**FY2018 Disclosed Business Categories**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliances Company</td>
<td></td>
<td></td>
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<tr>
<td>Avionics Business Division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Entertainment Company</td>
<td></td>
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<tr>
<td>Mobile Solutions Company</td>
<td></td>
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<tr>
<td>Solutions Company</td>
<td></td>
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<tr>
<td>Communication Business Division</td>
<td></td>
<td></td>
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<tr>
<td>Automotive &amp; Industrial Systems</td>
<td></td>
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<tr>
<td>Process Automation Division</td>
<td></td>
<td></td>
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<tr>
<td>Solutions</td>
<td></td>
<td></td>
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<tr>
<td>AVC Networks Company</td>
<td></td>
<td></td>
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<tr>
<td>Visual and Imaging Business</td>
<td></td>
<td></td>
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<tr>
<td>IT Products Business Division</td>
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<tr>
<td>Factory solutions Business</td>
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</tr>
</tbody>
</table>

**FY2018 Management Targets**

Sales increase with new consolidation and expanding solutions business
Profit increase due to impact of special factors in the previous fiscal year

<table>
<thead>
<tr>
<th>FY2017 (new structure)</th>
<th>FY2018(f)</th>
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<tbody>
<tr>
<td>Sales</td>
<td>1,051.2</td>
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<td></td>
<td>69.0 (6.3%)</td>
</tr>
</tbody>
</table>

Conversion rates:
- 108 yen to USD
- 110 yen to USD

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FY2018 Management Targets
Sales increase via new consolidation of Zetes, etc.
Sales/profit decrease in Avionics due to decline in demand for airplanes

<table>
<thead>
<tr>
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<td></td>
<td></td>
<td>1,103.0</td>
</tr>
<tr>
<td>&lt;Operating profit&gt;</td>
<td>50.4</td>
<td>Mobile Solutions</td>
<td>PSSJ</td>
<td>Process Automation</td>
<td>Media Entertainment</td>
<td>Avionics</td>
<td>Others</td>
<td>Forex</td>
<td>69.0</td>
</tr>
</tbody>
</table>

Avionics
Delight Passengers and Enhance airline value

Stable growth by global business platform
Grow with IFE, Connectivity and PTS.
Differentiate by global business platform and digital/ connectivity technology.

Innovation by next gen solution
Develop "NEXT" Platform as next-gen IFEC
4K, UI, Connected with Smart phone
“Connected Aircraft” remote media upload. Real time system check
Process Automation
Provide value to customers in their entire process throughout the whole operation life cycle

Sales targets
[yen: billions]

From selling devices to proposing improvements and providing services
Continue and evolve by maintaining connections with customers for overall operations

Integrated line control system
Applying automation know-how to non-manufacturing industries
Bring about innovations to increasingly complex store operations with automation technology

CAGR +11%
149.8 161.3 185.4
FY2017 FY2018(f) FY2019(f)

Media Entertainment
Shift to provide solutions based on video x audio x light

Sales targets
[yen: billions]

Establish solutions business in North America
Provide impressive experiences in the space design field using our know-how from Olympic performances, to steadily expand our business area

Enhance edge devices to support solutions
Maintain No. 1 share for high brightness projectors
Build core products specialized for the media entertainment industry e.g. high-speed cameras for stadiums

CAGR +7%
125.8 134.8 142.9
FY2017 FY2018(f) FY2019(f)

*For brightness of 5,000 lumens or more (Panasonic estimates based on PMA Research data)
Mobile Solutions
Expand the business with supply chain solutions and strengthen capabilities to meet customer needs

Expand solutions in expanding markets
Concentrate on traceability and expand business globally with Zetes

Create added value by strengthening capabilities to meet customer needs
Spread throughout the industry by meeting the needs of individual customers with product robustness and customization
Enhance new business models/OPEX maximizing sales with the lightest model

PSSJ
(Panasonic System Solutions Japan Co., Ltd.)
Focus on 3 core industries and capturing demand for the Olympic/Paralympic Games

Expand the business looking toward new demand
Public services
Growth with ETC and wireless disaster prevention warning system
Logistics / Distribution
Establish automated/next generation store solutions
Social (transportation, energy, communications, broadcasting, etc.)
Security, advertising signage, etc.

Surely capture demand for the Olympic/Paralympic Games
Strengthen promotion to gain related demand
Maximize Contact with Customers

Make united efforts to stay closer to customers and accelerate collaboration

Relocate our headquarter to Tokyo
(Operation planned to start from Oct. 2017)

Concentrate headquarter strategic functions and technology, design and sales functions in Shiodome, Tokyo

Powerful Technologies to Create New Value

Total integrator for operational fronts

Industry’s top quality

Image recognition accuracy

Wireless and antenna technology

Optical technology

Robotics

Security

Simulation

Optics

Video

Audio

Wireless

Customer

Regirobo®

Automation

Safety

High performance sound collection and voice identification

Security for IoT devices

Measurement visualizing technology

Industry firsts
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## Disclosed Businesses Categories

<table>
<thead>
<tr>
<th>Businesses categories</th>
<th>Main products and services</th>
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<tr>
<td>Avionics</td>
<td>In-flight entertainment systems, global communications services, repairs and maintenance</td>
</tr>
<tr>
<td>Process Automation</td>
<td>Chip mounters, screen printers, FPD bonders, electronic component insertion machines, welding-related systems, lasers, integrated line control systems</td>
</tr>
<tr>
<td>Media Entertainment</td>
<td>Projectors, professional displays, professional broadcasting equipment, total spatial design solutions</td>
</tr>
<tr>
<td>Mobile Solutions</td>
<td>Personal computers, tablets, payment systems, Supply chain solutions</td>
</tr>
<tr>
<td>PSSJ</td>
<td>Development of system solutions (public systems, social systems, logistics/distribution, etc.), system integration, construction, operation, maintenance</td>
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