Industrial Solutions
Fiscal 2020 Second-half and Medium-term Initiatives

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Industrial Solutions Company
Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, “Fiscal 2020” or “FY20” refers to the year ending March 31, 2020.

Industrial Solutions Company: Business Introduction

Offer single-item devices and module/package products based on the devices

- Capacitors
- Inductors (Coils)
- Circuit board materials
- Resistors
- Dry batteries
- Semiconductors
- LCD panels

Businesses differentiated with material/process technologies
Businesses aiming for modules/packages

Core Growth Business: Sales 1,422.3 Billion yen (FY2019)

Devices Business 35%
Systems Business 42%
Others* 23%

*including other Divisional Companies’ products, etc.
Fiscal 2020 First-Half Progress and Second-Half Initiatives

FY20 1H Results and 2H Forecast

<table>
<thead>
<tr>
<th>[yen: billions]</th>
<th>1H results</th>
<th>2H forecast</th>
<th>Full-year forecast (as of Oct. 31)</th>
<th>vs. FY19/ Difference</th>
<th>vs. FY19/ Difference</th>
<th>vs. initial target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>657.9</td>
<td>-73.9</td>
<td>672.1</td>
<td>-18.4</td>
<td>1,330.0</td>
<td>-92.3</td>
</tr>
<tr>
<td>Adjusted OP</td>
<td>21.1 (3.2%)</td>
<td>-15.8</td>
<td>38.9 (5.8%)</td>
<td>+12.3</td>
<td>60.0 (4.5%)</td>
<td>-3.5</td>
</tr>
<tr>
<td>Other income/loss</td>
<td>-4.7</td>
<td>-5.3</td>
<td>-4.3</td>
<td>-8.8</td>
<td>-9.0</td>
<td>-14.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>16.4 (2.5%)</td>
<td>-21.1</td>
<td>34.6 (5.1%)</td>
<td>+3.5</td>
<td>51.0 (3.8%)</td>
<td>-17.6</td>
</tr>
<tr>
<td>Capital investment</td>
<td>23.9</td>
<td>-2.0</td>
<td>35.1</td>
<td>-2.4</td>
<td>59.0</td>
<td>-4.4</td>
</tr>
</tbody>
</table>

Recognition of challenges:
Shift to the structure resistant to market changes

- Although equipment market has signs of bottoming out, there is no recovery forecasted. Sales will continue to decrease y/y.
- Effect of decreased sales will be offset by fixed-cost reduction and contract alteration effect in the semiconductor business. Profit will increase y/y.
- Reaction to return the provisions for quality lawsuit in the previous year. (in rechargeable battery business)
FY20 2H Initiatives

Promote enhancing management structure and directing underperforming businesses

Key measures

- Fixed-cost reduction
  - Continue investment for growth
- Quality loss reduction
- Raw material rationalization

Break-even-point sales

-4%

Fixed cost (yen: billions)

FY19 results
FY20 forecast

-8.3

Core growth businesses

Underperforming businesses

LCD panels: End production around CY2021
Semiconductors: Set the direction through taking various approaches

Long-term Vision of Core Growth Business
Transition of Mid-term Strategy

Core Growth Business

Complete shift to automotive/industrial areas, taking advantage of our high-reliability products

Competitiveness of products

Continued to strengthen material/process technologies and lead in high reliability and performance

Strategic phases

Shift to automotive/industrial areas
Selection and concentration
Further growth in new areas

OP margin 10%

Sales composition

AV/ICT, etc. areas

Automotive/industrial areas

Sales CAGR +8.4%

FY13 FY17 FY18 FY19 FY20 forecast FY22 target

38% 83%

Further growth in new areas

Long-term Goal: Concept

Support the solution of social issues by focusing on continuously evolving areas

■ Areas to be faced (Focused areas)

Automotive CASE CAGR +8.7%*1

Information/communication infrastructure CAGR +5.9%*2

Factory labor-saving CAGR +6.5%*3

■ Value to offer

Devices Business

Competitive devices
(High-reliability/performance)

Systems Business

Modules/packages based on competitive devices
(Unique solutions)

*1: Our estimate based on research materials such as device markets for automotive CASE (2019-2030 CAGR)
*2: Our estimate based on research materials such as device markets for 5G base station and server markets (2019-2030 CAGR)
*3: Our estimate based on research materials such as device markets for labor-saving factories (2019-2030 CAGR)
Aim to become a leading device company in industry

Industry position (FY2019)

Top group

Sales (yen: trillions)

Operating profit

Company A

Company B

Company C

Company D

Company E

Company F

Size of circle: Operating profit

FY19

FY22

FY31

10%

20%

Medium-term Initiatives of Core Growth Business
# Medium-term Strategy: Strategy Outline of Devices Business

**Realize profitable growth by making even more competitive products**

**Basic strategy**
Increase top-share-product ratio in industry (Specialize in market share No.1 and No.2 products)

Build a solid foundation for sales and profit

**Approach**
Strengthen material/process technologies, sources of differentiation
- Continuous investment from a long-term perspective
- Innovation of development approaches (Materials informatics, AI)

Lead the industry with high reliability as our strength

**Sales/profit targets**
- Adjusted operating profit: 10%
- CAGR +4%

<table>
<thead>
<tr>
<th>Sales/profit targets</th>
<th>FY20 forecast</th>
<th>FY22 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (yen: trillions)</td>
<td>0.50</td>
<td>0.78</td>
</tr>
<tr>
<td>Top-share-product ratio</td>
<td>78%</td>
<td>82%</td>
</tr>
</tbody>
</table>

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# Medium-term Strategy: Major Products in Devices Business

**Lead growth by top-share products based on high reliability**

**Business opportunity**

**Automotive CASE**
Growing demand for compactness and high reliability
- Increasing mounted ECUs*
- Operation under severe environment of use

**Information/communication infrastructure**
Growing demand for high-speed/high-reliability devices
- High-speed network
- Stable performance

**Major products / value to offer**

<table>
<thead>
<tr>
<th>Major products / value to offer</th>
<th>Growth ratio (FY20→FY22)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automotive inductor</strong> Market share No.1</td>
<td><strong>High heat resistance/vibration durability</strong> CAGR 30%</td>
</tr>
<tr>
<td><strong>Film capacitor</strong> (for xEV) Market share No.1</td>
<td><strong>Compact/high-reliability</strong> CAGR 31%</td>
</tr>
<tr>
<td><strong>Circuit board materials</strong> Market share No.1</td>
<td><strong>High-capacity/high-speed transmission</strong> MEGTRON CAGR 22%</td>
</tr>
</tbody>
</table>

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*Electronic Control Units*
Medium-term Strategy: Strategy Outline of Systems Business

Boost profit by module/package products based on competitive devices

**Basic strategy**
- Maximize value to offer by being close to customers (Provide unique solutions)
- Focus on modules/packages based on competitive devices

Boost profit by creating new businesses

**Approach**

- Strengthen/improve customer contacts and proposal capabilities
  - Localize management in the strategic regions
    - Europe: Strengthen a collaboration with OEMs utilizing local management
    - China: Built a new business operational organization for FA area (FY20)
  - Obtain technologies/know-hows
    - Aggressively promote business collaboration inside and outside the company

**Sales/profit targets**

<table>
<thead>
<tr>
<th>FY20 forecast</th>
<th>FY22 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (yen: trillions)</td>
<td>CAGR +6%</td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>5%</td>
</tr>
</tbody>
</table>

Medium-term Strategy: Major products in Systems Business

Create new businesses by maximizing value to offer

**Business opportunity**

- **Automotive CASE**
  - Accelerate module development with sophistication of automotive systems

- **Information/communication infrastructure**
  - Growing demand for data security

- **Factory labor-saving**
  - Shortage of development resources due to increase of multiproduct production lines with frequent quantity changes

**Major products / value to offer**

- **Automotive power module**
  - Safety and security of power system
  - (Core device) EV relay

- **Backup power module**
  - High heat resistance/long life
  - (Core device) LiB cell

- **Motion control**
  - Reduction of customers’ development manhours
  - (Core device) Servo motor

Cumulative sales

- FY20-22 Cumulative 90.0 billion yen
- FY20-25 Cumulative 300.0 billion yen
Medium-term Strategy: Target in FY22

Realize sales growth in evolving focused areas, and aim for double-digit profit margin in FY22 as a transit point.

■ Sales
- Grow in the focused areas

■ Adjusted operating profit
- Boost profit by enhancing management structure and increasing sales of competitive products

<table>
<thead>
<tr>
<th>FY20 forecast</th>
<th>FY20 forecast</th>
<th>FY22 target</th>
<th>FY22 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other than focused areas</td>
<td>Strengthen management structure</td>
<td>1.0 trillion yen</td>
<td>1.1 trillion yen</td>
</tr>
<tr>
<td>Focused areas</td>
<td>Revise portfolio/increase sales</td>
<td>1.0 trillion yen + 130 billion yen</td>
<td>OP margin +4 points</td>
</tr>
</tbody>
</table>

Panasonic
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(Reference) FY20 1H Results

<table>
<thead>
<tr>
<th>Sales (yen: billions)</th>
<th>731.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems</td>
<td></td>
</tr>
<tr>
<td>Devices</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>657.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating profit (yen: billions)</th>
<th>37.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems</td>
<td></td>
</tr>
<tr>
<td>Devices</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>16.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted OP (yen: billions)</th>
<th>-15.8</th>
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<tbody>
<tr>
<td>FY19 1H results</td>
<td>-21.1</td>
</tr>
<tr>
<td>FY20 1H results</td>
<td>-5.3</td>
</tr>
<tr>
<td>Businesses category</td>
<td>Major products and services</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------</td>
</tr>
</tbody>
</table>
| **Systems**         | Electromechanical Control Business Division  
  • Relays, power supplies, switches, touch panels, connectors  
|                     | Industrial Devices Business Division  
  • Motors, FA sensors, PLCs, laser markers  
|                     | Energy Solutions Business Division  
  • Lithium-ion batteries, storage battery modules  
| **Devices**         | Device Solutions Business Division  
  • Capacitors, inductors, resistors, thermal insulation sheets  
|                     | Electronic Materials Business Division  
  • Multi-layer circuit board materials, encapsulation materials, advanced films  
|                     | Energy Device Business Division  
  • Dry batteries, micro batteries, nickel-metal hydride batteries  
| **Others**          | Panasonic Semiconductor Solutions Co., Ltd.  
  • ICs/LSIs, image sensors, compound semiconductors  
|                     | Panasonic Liquid Crystal Display Co., Ltd.  
  • IPS liquid crystal display panels  

(Reference) Details of Business Category