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

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Masaharu Michiura, CEO
Life Solutions Company
Panasonic Corporation

Note1: In this presentation, "FY20" refers to the year ending March 31, 2020
Note2: In this presentation, the figures for "LS" represent LS segment including CNA.
FY2020 1H Results and 2H Forecast

<table>
<thead>
<tr>
<th></th>
<th>1H results</th>
<th>vs. FY19</th>
<th>2H forecast</th>
<th>vs. FY19</th>
<th>vs. FY19 excluding the impact of deconsolidation in the construction business</th>
<th>Full-year forecast (As of October 31)</th>
<th>vs. FY19 excluding the impact of deconsolidation in the construction business</th>
<th>vs. initial forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>993.2</td>
<td>+42.1</td>
<td>966.8</td>
<td>-118.2</td>
<td>+27.3</td>
<td>1960.0</td>
<td>-76.1</td>
<td>+69.4</td>
</tr>
<tr>
<td>Adjusted OP (rate)</td>
<td>45.8</td>
<td>+22.7</td>
<td>54.2</td>
<td>-12.6</td>
<td>-2.5</td>
<td>100.0</td>
<td>+10.1</td>
<td>+20.1</td>
</tr>
<tr>
<td>Other income/loss</td>
<td>-4.7</td>
<td>-4.4</td>
<td>79.2</td>
<td>+104.2</td>
<td>+15.4</td>
<td>74.5</td>
<td>+99.8</td>
<td>+11.1</td>
</tr>
<tr>
<td>Operating Profit (rate)</td>
<td>41.1</td>
<td>+18.3</td>
<td>133.4</td>
<td>+91.6</td>
<td>+12.9</td>
<td>174.5</td>
<td>+109.9</td>
<td>+31.3</td>
</tr>
<tr>
<td>Capital investment</td>
<td>16.6</td>
<td>-5.1</td>
<td>26.4</td>
<td>+5.9</td>
<td>+5.9</td>
<td>43.0</td>
<td>+0.8</td>
<td>+0.8</td>
</tr>
</tbody>
</table>

Operating Profit (billion yen)

- **Life Solutions Overall**
  - In the second half, there will be impacts of consumption tax hike and market deterioration, but strengthening the constitution and annual adjusted operating profit is expected to increase.
  - *Excluding the impact of deconsolidation in the construction business*

- **Lighting**
  - Increase in sales in Asia, but profit is expected to decline due to struggle in Europe.

- **Energy Systems**
  - In the second half, sales will decrease in Japan due to the tax increase, but we will recover in India and ASEAN, and annual profit is expected to increase.

- **Panasonic Ecology Systems**
  - Profit increase due to new product launch in Japan and sales increase in China and India.

- **Housing Systems**
  - In the second half, minimize the reaction of the tax increase by new product launch and promotion of rationalization, and increase annual profits.

- **Panasonic Homes**
  - In Q3, new construction contract / condominium business is expected to grow, and annual profit is expected to increase excluding the deconsolidation effect in Q4.

Medium-term Initiatives
**Market Environment**

**Japan: Focus on non-residential renewal market**

**Overseas: There is potential for business expansion**

**Japan: New housing starts will shrink, but non-housing renewal market is expected to grow**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>New Housing Starts</th>
<th>Housing Renovation Market Size</th>
<th>Non-residential Private Construction Floor Area</th>
<th>Non-residential Renewal Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>950,000 units</td>
<td>5.6 trillion yen</td>
<td>46 million m²</td>
<td>8.2 trillion yen</td>
</tr>
<tr>
<td>FY31</td>
<td>580,000 units</td>
<td>5.6 trillion yen</td>
<td>43 million m²</td>
<td>9.0 trillion yen</td>
</tr>
</tbody>
</table>

**Overseas: Market expansion is expected to continue in China, ISAMEA and Southeast Asia**

### Real GDP Annual Growth Forecast (CY21)

<table>
<thead>
<tr>
<th>Region</th>
<th>Nominal GDP Growth Rate (CY18→CY21 CAGR)</th>
<th>New Housing Starts (CY21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISAMEA</td>
<td>+12%</td>
<td>9.64 million</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>+9%</td>
<td>2.14 million</td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>+8%</td>
<td>15.46 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Mission and Vision of Life Solutions Company**

**Company Mission**
Expand “A Better Life” to home, community and society

**Company Vision**
Make a better comfortable life with human centering solution

**Home**
Providing solutions everywhere people spend time every day

**Mobility**

**Community / Society**

Business Areas of Each Business Category

**Company Mission**
Expand “A Better Life” to home, community and society

**Company Vision**
Make a better comfortable life with human centering solution

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**Medium-term Strategy: Concept of Portfolio Management**

**Profit pool (FY2019→FY2031)**

<table>
<thead>
<tr>
<th>Core growth business</th>
<th>Co-creation business</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Japan] Evolving into spatial solutions business and improving profitability</td>
<td>Strengthen competitiveness through co-creation</td>
</tr>
<tr>
<td>[Overseas] Strengthening the foundation through mass production business</td>
<td></td>
</tr>
</tbody>
</table>

**Adjusted OP**

- Electrical Construction Materials (Japan)
- Electrical Construction Materials (overseas)
- Housing Materials
- Construction
- Other

**Sales**

- Lighting
- Energy Systems (excluding solar)
- Panasonic Ecology Systems
- Housing Systems Sales department
- Panasonic Homes Construction Solution (Matsumura-gumi, P-Construction Engineering)
Medium-term Strategy: Positioning of Electrical Construction Materials Business

**Core Growth Business**

Covering a wide range of fields from non-residential to residential businesses with the advantages of high profitability and a dominant presence in the market.

### Scale of electrical materials business in LS

<table>
<thead>
<tr>
<th></th>
<th>Sales trends</th>
<th>Profit trend (adjusted OP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY16</td>
<td>FY19</td>
</tr>
<tr>
<td><strong>Overall LS</strong></td>
<td>570</td>
<td>656</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>255</td>
<td>280</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>315</td>
<td>376</td>
</tr>
</tbody>
</table>

\*Results in FY2019

**LED lights, lighting control systems, building energy management, distribution boards, wiring devices, piping materials, ventilation systems, disaster prevention equipment, security systems, etc.**

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**Medium-term Strategy: Future Direction of Electrical Construction Materials Business**

**Present**

- Non-residential domain accounts for 70%
- Main business targets are new buildings
- Life cycle cost of non-residential building
- Renovation 30%
- Construction 20%
- Repair / maintenance service 30%
- Operation 20%

**Mainly selling products**

**Present major battleground**

- Proposal
- Designing
- Receiving orders
- Delivery
- Construction
- Maintenance / Services

**Future direction**

- Make contributions in the growing renovation market of non-residential domain in which LS has established a management base.
- Shift from one-time selling of a single product. Secure profits by proposing a set of equipment and designing space with a broad lineup and by taking advantage of its major presence in the market (spatial solutions).

**Have expanded distribution partners and achieved growth at a faster pace than markets**

- **ISAMEA**: Market: +8%, LS: +14%
- **Southeast Asia / Oceania**: Market: +7%, LS: +8%
- **China / Northeast Asia**: Market: +6%, LS: +8%

**Sales trends**

- **FY16**
- **FY19**

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*Estimated by LS*
Medium-term Strategy: Electrical Construction Materials (Japan)

Target markets for spatial solution

In non-residential market, in addition to selling products in the new construction / large-scale renovation area (A Work Domain), expand into the renewal area of individual tenants (C Work Domain) and keep in touch with customers through maintenance and service.

Market scale in value chain
(For equipment in domestic office market)

Target market scale will expand from 2,500 billion yen to 7,500 billion yen. Further, expand market by creating new value.

Core Growth Business

Offering value through spatial solutions

Create value from the viewpoints of both owners and users—improve productivity, comfort of users, etc. Enhance human-centering value of space by utilizing IoT technologies and update space based on data continuously.
**Medium-term Strategy: Electrical Construction Materials (Japan)**

### Core Growth Business

**Ideal state of spatial solutions**

**Expand business domains throughout the value chain and establish circular business**

#### NOW
- One-time selling of single product accounts for a majority of sales.
- Risk of lowering profits due to fierce competition

![Image](image1.png)

#### AFTER
- Delivery of "package for space"
- Maintenance/Service

![Image](image2.png)

**Deeper business model by conducting demonstration experiments to materialize the providing value**

While analyze motion of working persons based on data provided by LPS*, which can grasp the location of persons, collect and analyze operation data of lighting and other instruments to enhance solution development.

*Local Positioning System

**Point 0 Marunouchi**
- Partners: Okamura, Daikin Industries, Tokio Marine & Nichido Fire Insurance, LION, MyCity, Asahi Breweries, TOA, TOTO
- Opened in July 2019

**TENNOZ Rim**
- Partners: Mitsubishi Estate Residence, Warehouse TERRADA
- Opened in June 2019

**Sales target for electrical construction materials (Japan)**

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (yen: billions)</td>
<td>656</td>
<td>683</td>
<td>683</td>
<td>683</td>
</tr>
<tr>
<td>Solution ratio in the electrical construction business in Japan (%)</td>
<td>30%</td>
<td>32%</td>
<td>35%</td>
<td>70%</td>
</tr>
</tbody>
</table>

**NOW**

**AFTER**

**UPDATE**

![Image](image3.png)

**Medium-term Strategy: Electrical Construction Materials (Japan)**

### Core Growth Business

**Long-term vision of spatial solutions**

Co-create an ecosystem with partners that responds to social changes/issues and maximizes the value created by space users and providers in order to realize company vision "Make a better comfortable life with human centering solution"

**User of Space**
- Person / People
- Emphasis on Kansei value (value of sensation)
  - □ Person who he/she wants to be (personality)
  - □ Diversified lifestyle and work style

**Provider of Space**
- Business
- Improve competitiveness and consider resources and the environment
  - □ Utilizing assets / improving productivity
  - □ Securing diverse and excellent human resources
  - □ Reduction of energy use and emissions

**Coordinate space**
- Panasonic
- Business design/Co-creation
- Data analysis partner

**Realizer of Space**
- Products/services/technologies
- Maximize value and business opportunities
- Construction of package for space
- Design/Construction Distribution
- Other manufacturers
- Service
As a growth driver of LS, achieve profitable growth driven by mass production business in three key regions

- **India**: Achieve substantial growth of business with the focus on India and Turkey (Expand products’ lineup in addition to wiring devices. Enhance domestic and overseas sales network).

- **Southeast Asia/Oceania (CAGR 11%)**: Expand market sales through distribution channels in Vietnam, Indonesia, Thailand. Speed up the expansion of B2B business with lighting business as a springboard.

- **ISAMEA (CAGR 14%)**: Through collaboration with leading local partners, offer solutions for urban development focused on health and nursing, etc. (Collaboration with CNA Company)

**Medium-term Strategy: Electrical construction materials (overseas)**

- **Construction**
  - Set up a new company with TOYOTA Motor Corporation and achieve growth by urban development

- **Housing materials**
  - Improve profitability by expanding value chain and strengthening constitution

- **Solar**
  - Increase the competitiveness of solar panels through collaboration with GS Solar (Transfer of Malaysia Factory, setup of new R&D company)
  - LS focuses on energy solution business
# Medium-term Strategy: Ideal state for FY2022

**Improve profitability of electrical construction materials business (Japan) while steadily expanding overseas business toward 2030**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Adjusted OP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core growth business</strong> (Electrical construction materials)</td>
<td></td>
</tr>
<tr>
<td>FY2020 1,600 billion yen</td>
<td>FY2020 5.7%</td>
</tr>
<tr>
<td>FY2020 963 billion yen</td>
<td>FY2020 7.9%</td>
</tr>
<tr>
<td><strong>LS</strong></td>
<td>To 7%</td>
</tr>
<tr>
<td>1,700 billion yen</td>
<td></td>
</tr>
<tr>
<td>FY2020</td>
<td>FY2020 10%</td>
</tr>
</tbody>
</table>

*Figures for FY2020 are after taking into account the effects of deconsolidation in the construction business*
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(Reference) FY20 1H Results

<table>
<thead>
<tr>
<th>Sales (yen: billions)</th>
<th>First half results and initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Solutions Overall</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td>951.1</td>
</tr>
<tr>
<td>FY20 1H result</td>
<td>993.2</td>
</tr>
<tr>
<td><strong>Lighting</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td></td>
</tr>
<tr>
<td>FY20 1H result</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Systems</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td></td>
</tr>
<tr>
<td>FY20 1H result</td>
<td></td>
</tr>
<tr>
<td><strong>Panasonic Ecology Systems</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td></td>
</tr>
<tr>
<td>FY20 1H result</td>
<td></td>
</tr>
<tr>
<td><strong>Housing Systems</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td></td>
</tr>
<tr>
<td>FY20 1H result</td>
<td></td>
</tr>
<tr>
<td><strong>Panasonic Homes</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td></td>
</tr>
<tr>
<td>FY20 1H result</td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
</tr>
<tr>
<td>FY19 1H result</td>
<td></td>
</tr>
<tr>
<td>FY20 1H result</td>
<td></td>
</tr>
</tbody>
</table>
## Businesses whose sales are disclosed

<table>
<thead>
<tr>
<th>Electrical construction materials</th>
<th>Lighting</th>
<th>Lighting equipment (for residential, facility, out door, store etc.), lighting device, lamp</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Energy Systems</td>
<td>Wiring device, home distribution board, piping materials, electric tool, condominium HA, disaster prevention equipment, building systems System for solar PV and storage battery, HEMS</td>
</tr>
<tr>
<td></td>
<td>Panasonic Ecology Systems</td>
<td>IAQ related equipment (ventilation system, ceiling fan, home appliance), environmental systems and engineering (purifying system of water and air, construction)</td>
</tr>
<tr>
<td>Housing materials</td>
<td>Housing Systems</td>
<td>System kitchen, system bathroom, washbasin, toilet, interior door, floor material, delivery box, drainpipe</td>
</tr>
<tr>
<td>Construction</td>
<td>Panasonic Homes</td>
<td>New construction contract (detached house / condominium / multi-story house), renovation, urban development, overseas Construction, interior finish work</td>
</tr>
<tr>
<td></td>
<td>(Construction Solution)</td>
<td></td>
</tr>
<tr>
<td>Bicycle</td>
<td>(Panasonic Cycle Technology)</td>
<td>Power-assisted bicycle, electric motor unit</td>
</tr>
<tr>
<td>Elderly Care</td>
<td>(AGE-FREE)</td>
<td>Elderly care service &amp; products, reform / rental for elderly care</td>
</tr>
</tbody>
</table>