Panasonic IR Day 2012

Appliances Company
Business Strategy

May 23, 2012
Panasonic Corporation
Appliances Company
President Kazunori Takami

Notes: 1. This is an English translation from the original presentation in Japanese.

Contents

1. Appliances Company Profile
2. Market Trends
1. Appliances Company Profile

2. Market Trends


Foundation of the Appliances Company

- Panasonic
  - Former Home Appliances Company
    - Air conditioners/Home appliances
    - Kitchen appliances/Heating/
    - Water heating systems/Vending
    - machines/Devices/Energy

- Former Panasonic Electric Works Co. Ltd.
  - Beauty/Grooming/
  - Health Care Products Dept.
    - Beauty/Health Care

- SANYO Electric Co., Ltd.
  - Commercial Heating/Refrigeration
  - Equipment Dept.
    - Large air-conditioners
    - and cold-chains, etc.

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Global Sites

56 sites
(Japan 9 / Overseas 47)

Europe
1 site

U.K.

China/
Northeast Asia
23 sites

Beijing (1)
Suzhou (1)
Guangzhou (4)
Hong Kong (1)

Japan
9 sites

Dalian (3)
Wuxi (2)
Zhuhai (1)
Hangzhou (6)
Xiamen (1)

Asia
18 sites

India (2)*
Philippines (1)*
Malaysia (5)
Vietnam (2)*
Thailand (6)
Singapore (1)

Japan: Number of locations
Overseas: Number of sites for consolidated
companies of the Appliances Company
As of April 2012

*Includes a new factory in Brazil
*Includes new factories in India and Vietnam

Manufacturing and Sales Items

Manufacturing and Sales Items

Heated toilet seats
with warm water shower

Electric heating appliances

Hot water heating

Refrigerators

Microwaves

Rice cookers/ Small cooking appliances

IH Cooking Heaters

Commercial food equipment

Dishwashers

Washer-dryers

Irons

Vacuum Cleaners

Home air-conditioners

Large air-conditioners

Heated toilet seats

with warm water shower

Electric heating appliances

Hot water heating

Motors

Compressors

PTC heaters

Gas meter devices

Low-power wireless modules

Heat Insulating devices

Magnetrons

Electronic water heaters

CO2 heat pump water heaters

Vacuum Cleaners

Irons

Washer-dryers

Dishwashers

Refrigerators

Microwaves

IH Cooking Heaters

Rice cookers/ Small cooking appliances

Commercial food equipment

Grooming/Beauty products

Healthcare appliances

Water purifiers

Vending machines

Showcases

Commercial cooking equipment

Commercial cooking equipment

Grooming/Beauty products

Healthcare appliances

Water purifiers

Cold Chain

Healthcare

Water Heating Systems

Air-conditioning

Air-conditioning

Heating

Heating

3
**Sales breakdown by Product**

- **BtoC Business**: 59%
  - Air-conditioning compressors: 7%
  - Cold chains: 7%
  - Large Air-conditioners: 5%
  - All-electric systems: 4%
  - Others in BtoC: 13%

- **BtoB Business**: 41%
  - Air-conditioners: 18%
  - Washing machines: 10%
  - Refrigerators: 9%
  - Beauty/Healthcare: 9%
  - Others in BtoB: 18%

**FY 2012 Achievements**

| [Sales] | Achieved revenue growth in spite of The Great East Japan Earthquake and the flooding in Thailand |
| [Operating Profit] | Acquired profit growth in spite of the impact of the rise in raw material costs |

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<tr>
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<tbody>
<tr>
<td>Sales</td>
<td>1,104.2</td>
<td>1,114.6</td>
<td>1,114.6</td>
<td>1,114.6</td>
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<tr>
<td>+1%</td>
<td></td>
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<tr>
<td>Operating Profit</td>
<td>59.2</td>
<td>61.3</td>
<td>61.3</td>
<td>61.3</td>
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<tr>
<td>+2.1</td>
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Note: The figures of FY2011 and FY2012 have been adjusted to conform to the new AP company founded in FY2012.
1. Appliances Company Profile

2. Market Trends


Global Demand for Appliances

- Demand in FY 2013: global +1%, Asia: +4% (y-o-y), Asia is driving growth
- High growth in emerging countries (BRICs + V): +5% (y-o-y)

[Diagram showing global demand for appliances with regional breakdown and percentage changes for FY11, FY12, and FY13]

Source: Estimates by Panasonic based on statistics from GfK, Euromonitor, JEMA, CMM, Bsria, and JRAIA.
World Demand & Panasonic Market Share by Flagship Products

Globally promote dynamic business growth

< FY12: unit basis>

- Air-conditioners: 59 mil. (12.3%)
- Refrigerators: 97 mil. (3.3%)
- Washing machines: 79 mil. (6.4%)
- Microwave ovens: 57 mil. (8.8%)
- Hair dryers: 85 mil. (6.4%)

Note: Air-conditioners refer to room air-conditioners and packaged air-conditioners. Drying machines are excluded from washing machines.

Source: Statistics and reports from GfK, Euromonitor, JEMA, CMM, BSRIA and the Japan Refrigeration and Air Conditioning Industry Association. Estimated by the AP Company.

Contents

1. Appliances Company Profile
2. Market Trends
Business Vision

The No. 1 Green Innovation Company in Appliances by 2018
Accelerate global expansion and widen business domain

[2015] Global top 3 in appliances
[2018] No. 1 Green Innovation Company in Appliances

Into new domain

Regional company

Global company

Expand local business in India, Brazil, and Vietnam
Strengthen base in Japan, China, Asia, and Europe

Into new regions

Large Air-conditioning, hot water heating
EV-related
Fuel cells, energy management
Cold chain

Energy saving
Energy creation
Resource recycling

FY 2013 Key Initiatives

Accelerating global expansion in the BtoC business (sets)

Expanding the BtoB business (facilities/devices)

Strengthening manufacturing competitiveness supporting the creation of competitive products
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Accelerating global expansion in the BtoC business (sets)

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Strengthening manufacturing competitiveness supporting the creation of competitive products

Accelerate Growth in the BtoC, Primarily in Emerging Countries

Simultaneously establish manufacturing sites in key focus markets

India
- Establish a manufacturing site for air-conditioners and washing machines to strengthen product and cost competitiveness in rapidly growing market
  - [New site] Jhajjar
  - Mass production commencing [Refrigerators] Jan 2013

Brazil
- Establish a manufacturing site for refrigerators and washing machines in order to introduce products based on local lifestyle research
  - [New site] Extrema

Vietnam
- Establish a manufacturing site for washing machines and R&D center for refrigerators and washing machines for further expanding ASEAN business
  - [New site] Hung Yen
  - Mass production commencing [Washing machines] April 2013

*Expand refrigerator production capacity at existing site (Hanoi)
3 Main Products (Air-Conditioners, Refrigerators, Washing Machines) Driving Growth

1. Further global expansion of ECONAVI
   - Proposing new energy conserving lifestyles for global consumers
     - Approximately 270 models rolled out in approximately 90 countries

2. Creation of new high-volume markets through locally-oriented products
   - Produce new concept products that match customer needs in each country
     - [Eg.] CUBE split air-conditioner for India
       March 2012 share: 12.1%* (up 6% y-y)
     - Score a series of innovations in each country and product

3. Active use of ODM with the aim of the rapid launch and roll out of products
   - Expand product lineup quickly by breaking away from the conventional self-sufficiency policy
     - No. of ODM models (FY2013)
       - Europe: Refrigerators: 8 models, Washing machines: 5 models
       - India: Refrigerators: 8 models, Washing machines: 5 models

* Source for market share: GfK split air-conditioner market share
Accelerate Global Promotion of Beauty / Health / Small Cooking Appliances as Groups of Product

- Establish the Panasonic brand in the beauty / health and small cooking appliances markets through development of product groups
- Toward a pillar of new growth for the BtoC business

**FY 2013:** more than 15% growth overseas

FY 2013 Key Initiatives

- Accelerating global expansion in the BtoC business (sets)
- Expanding the BtoB business (facilities/devices)
- Strengthening manufacturing competitiveness supporting the creation of competitive products
Accelerate Global Development of Large Air-conditioners and Cold Chains

- Toward a B2B growth engine by merging the strengths of Panasonic and SANYO

**Large Air-conditioners**

- Expand product lineup and strengthen sales structure
- Launch new products with the industry’s top energy conservation performance and 25% reduction in material costs

**Cold Chains**

- Differentiation through environmental performance (adopt natural refrigerants, low power consumption, etc.)
- Expand overseas business, with a focus on China and Asia

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Expand Business in the Environment and Energy Field

- Create new demand by proposing products that anticipate changes in the market

**Fuel cells**

- Firmly maintain a top share over 50% of the domestic market*1
  ⇒ Expand unit sales: 1.4 times y-o-y in FY 2013
- Prepare products for launch in the European market

**Gas meters**

- Push forward proposals for ultrasonic meters as the top domestic manufacturer*2
- Tap into the European smart gas meter market
- Firmly maintain a top share over 50% of the domestic market*1
  ⇒ Expand unit sales: 1.4 times y-o-y in FY 2013

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*1 Source: Estimated by Panasonic based on Fuel Cell Association statistics and data
*2 Source: Top domestic share estimated by Panasonic based on Japan LP Gas Instrument Inspection Association statistics and data and customer interviews
FY 2013 Key Initiatives

- Accelerating global expansion in the BtoC business (sets)
- Expanding the BtoB business (facilities/devices)
- Strengthening manufacturing competitiveness supporting the creation of competitive products

Strengthen Core Technologies to Support Next-generation Products

- Combine technologies in energy conservation, beauty / health, and resource recycling, etc., to maximize synergy

<table>
<thead>
<tr>
<th>Energy saving technologies</th>
<th>Improve energy saving performance through significantly improved efficiency</th>
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<tbody>
<tr>
<td></td>
<td>Heat pump technology</td>
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<td></td>
<td>Inverter technology</td>
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<td>Insulation technology</td>
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<table>
<thead>
<tr>
<th>Beauty / health technologies</th>
<th>Technology to promote health and beauty based on human research (biological and physiological)</th>
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<tbody>
<tr>
<td></td>
<td>Technology to improve hair and skin condition (Nanoe)</td>
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<td>Massage machine technology (3D Mammakuka)</td>
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<tr>
<th>Resource recycling manufacturing</th>
<th>Promote recycling technology and full utilization technology</th>
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<tbody>
<tr>
<td></td>
<td>Glass wool production</td>
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<tr>
<td></td>
<td>Plastic recycling</td>
</tr>
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<td></td>
<td>Advanced molding</td>
</tr>
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</table>
Initiatives Aimed at Strengthening Cost Competitiveness

Steady progress in cost reductions to offset the sharp rise in raw material prices

- Adopt every possible means to counter risk of sharp increases in raw material prices that squeeze profits
  - Value engineering (Technology-driven)
    - Promote substitution of raw materials with sharp price increases, such as rare earth elements and copper
    - Utilization of recycled materials
  - Cost reductions (Procurement-driven)
    - Further utilization of overseas resources
    - Expansion of centralized global contracts

Promote 30% reduction in man-hours at all 48 global production sites

- Build a robust world-class manufacturing structure
  - Radical examination and review of all production processes starting from design (parts reduction, automation, etc.)

FY 2013 Business Plan

[Sales] 3% increase y-o-y, boosting both BtoC and BtoB businesses
[Operating Profit] 18.7 billion yen increase from FY12 by streamlining materials etc.

<table>
<thead>
<tr>
<th>Sales</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
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<tbody>
<tr>
<td>Sales</td>
<td>1,114.6</td>
<td>1,145.0</td>
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<tr>
<td>Operating Profit</td>
<td>61.3</td>
<td>80.0</td>
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Focus meticulously on "products" and grow business through "products"

Strengthen Our Products, Accelerate Our Growth
- Aiming to be the Eco No. 1 Global Company -
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