

AVC Networks Company Business Strategy

September 17, 2014

**Panasonic Corporation
AVC Networks Company**

President Yoshiyuki Miyabe

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 ending March 31, 2015.

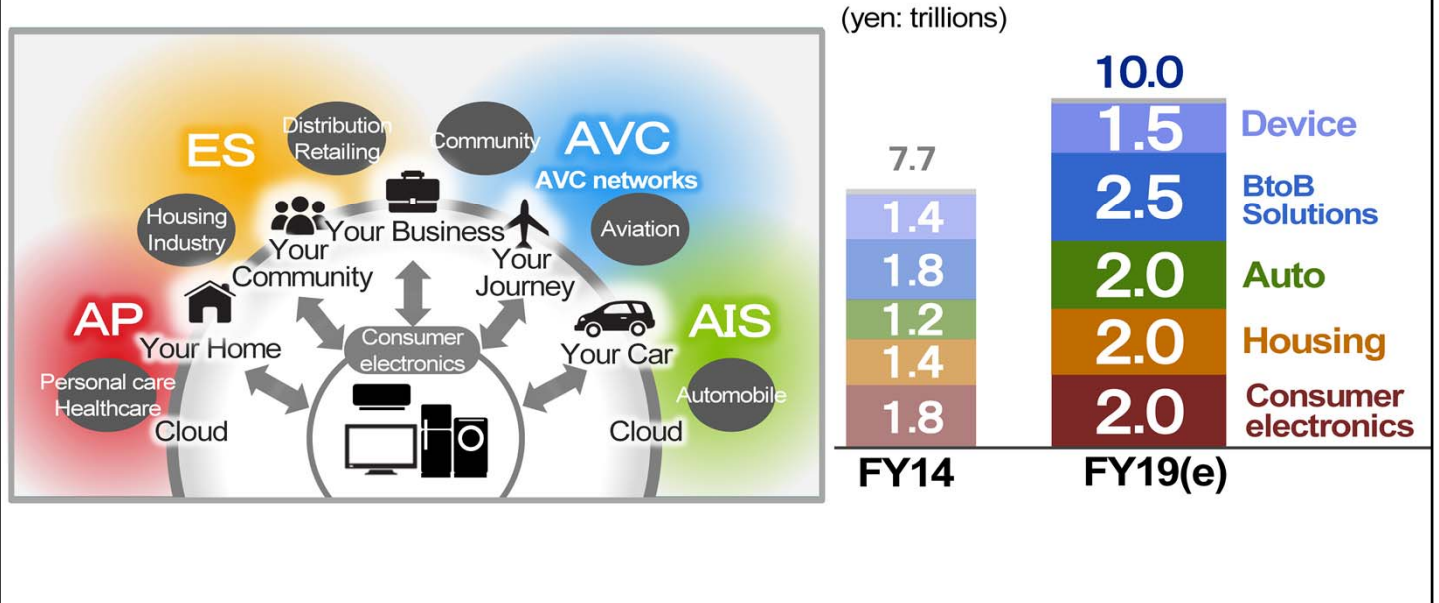
Today, I will explain the current situation of AVC Networks Company and its vision in addition to the contents which I explained at IR Day in May 2014.

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1. Vision of AVC Networks Company
2. Initiatives to Expand Businesses

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1. Vision of AVC Networks Company
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Last year, we announced that Panasonic targets approximately 10 trillion yen sales in FY2019.

Out of 10 trillion yen, sales target in BtoB Solutions business is 2.5 trillion yen.

The BtoB solutions business includes not only AVC Networks Company's business but also building and construction business etc.

Sales target in AVC Networks Company is 1.5 trillion yen out of 2.5 trillion yen.

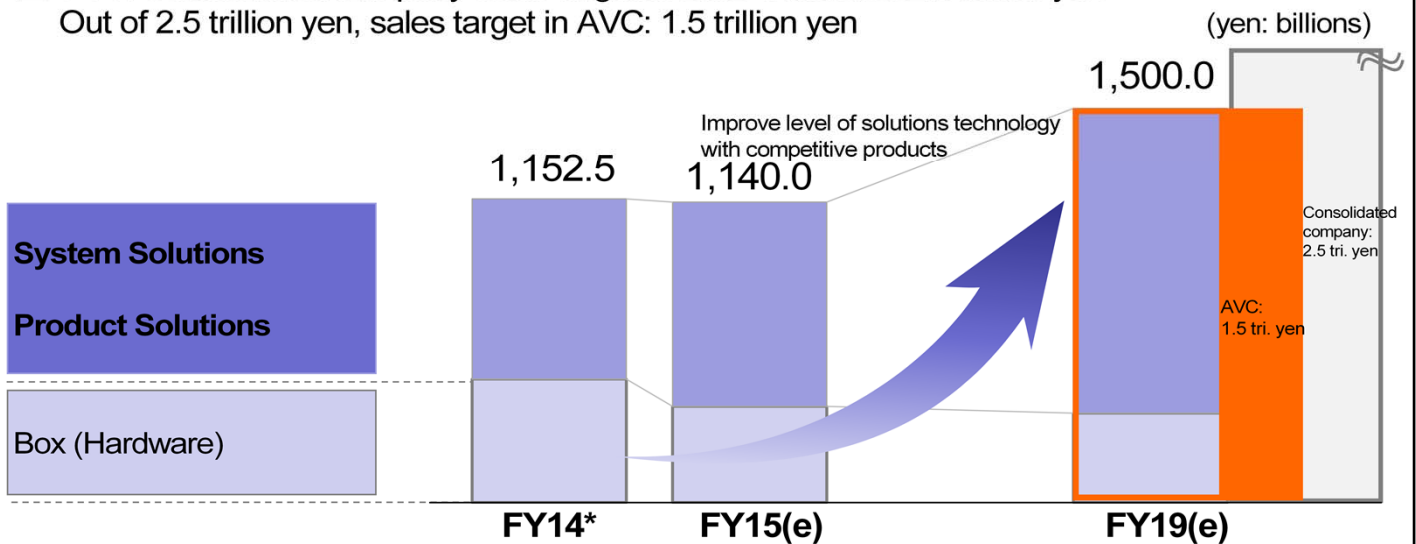
I will explain how AVC Networks Company grows up.

Vision of AVC Networks Company

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- Directly offer business solutions to BtoB customers, integrating AV and ICT technology
- contribute to smart society in cloud era -

- FY19 consolidated company sales target in BtoB Solutions: 2.5 trillion yen
Out of 2.5 trillion yen, sales target in AVC: 1.5 trillion yen



In FY2014, sales in AVC Networks Company amounted to 1,152.5 billion yen.

In FY2015, we aim at 1,140.0 billion yen for sales. The items of sales are hardware called as "BOX" and Solution. We define Solution as System Solutions and Product Solutions.

System Solutions is offering value for customer by integrating various hardware in respond to customer demands.

Product Solutions is offering hardware customized for specific industries.

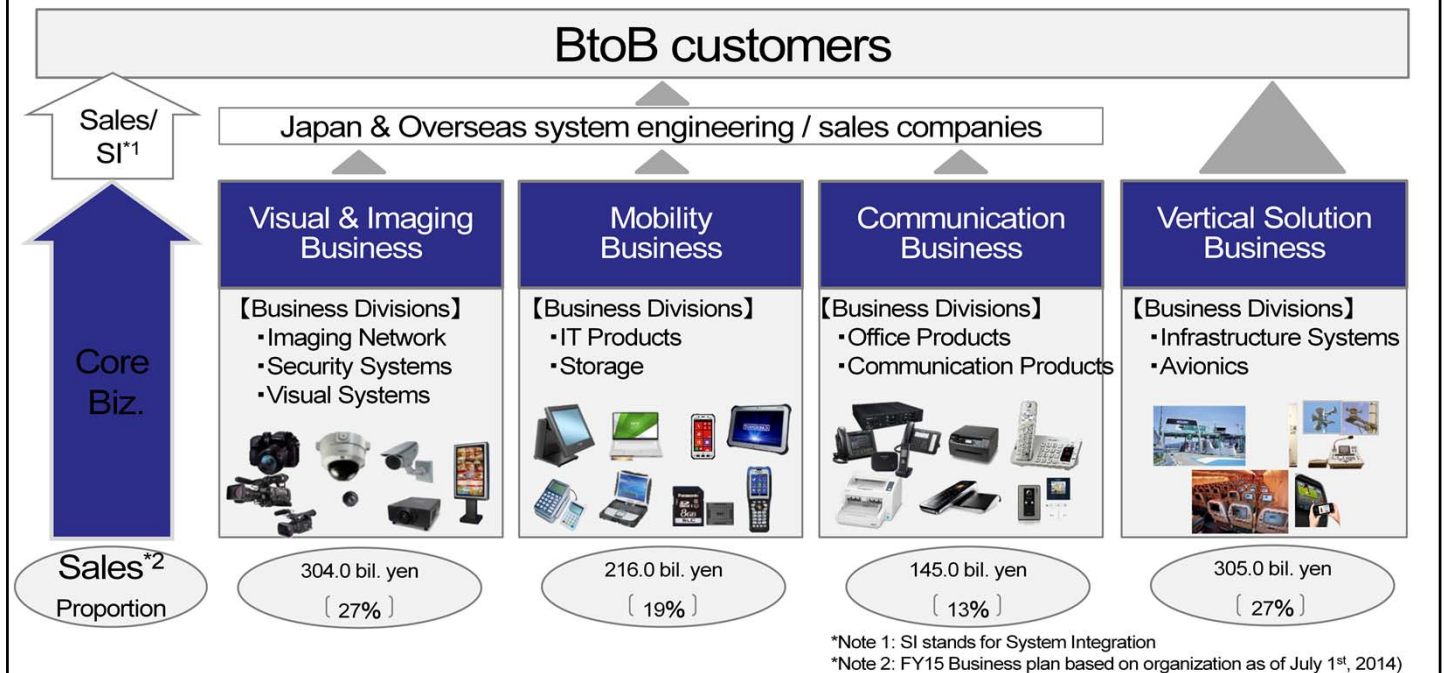
We aim at 1.5 trillion yen for sales in FY2019, focusing on the Solution.

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Four Core Businesses

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AVC Networks Company consists of ten business divisions.

Ten business divisions are divided into four core businesses.

- Visual & Imaging Business(Three Business Divisions)
- Mobility Business(Two Business Divisions)
- Communication Business(Two Business Divisions)
- Vertical Solution Business(Two Business Divisions)

Four core Businesses offer value for BtoB customers through system engineering and sales company in Japan and Overseas.

We define System Solution Company (Japan) ,which is the sales company, as tenth Business Division. Because it is necessary for AVC Networks Company to expand the Solution business

Expand solution business with our competitive hardware

	Visual & Imaging Business	Mobility Business	Communication Business	Vertical Solution Business
Differentiation	Picture Processing Optical Technology	Tough Slim & light	Wireless Communication Sound Processing	Customize Operation Supporting
Competitive Products and Position in market*	<p>High luminance Projector Global No.1</p> <p>Broadcast/Industry Camcorder Global No.2</p> <p>Security system Global No.4 Japan No.1</p>	<p>Tough PC, Tough Tablet Global No.1</p> <p>Industrial SD memory Global No.1</p> <p>Payment terminal, IC Card R/W Japan No.1</p>	<p>Fixed Phone Global No.1</p> <p>PBX Global No.4</p> <p>Door phone Japan No.1</p>	<p>In-Flight Entertainment Global No.1</p> <p>Disaster prevention wireless system Japan No.1</p> <p>ETC system Japan No.2</p>

*Note: FY14(Tough PC/Tough Tablet is 2013) market share based on amount (except for PBX), number of extension (PBX). Panasonic estimates, including third-party sources.

This page explains market position of four core businesses.

This page shows our products which have Global No.1, Japan No.1 or near the position.

These are typical examples of our businesses.

Competitive products in specific market are the bases of our Solution businesses.

We will offer Solutions in specific industries by integrating various competitive products. This Solution will be growth area in our business.

■ Create new business with 'ICT-oriented Business Front'*



*Note: ICT stands for Information and Communication Technology

I will explain that what area and how AVC Networks will expand.

Looking back over the past, ICT-oriented Business started from IT-oriented business in back-end. For example, computer used to be in server room and people were using paper in middle-end.

From server era supported by wired network, ordinary office has been ICT-oriented.

With the spread of personal computer and short-range wireless network, I think that almost all white-collar workers became to use ICT in their office.

ICT-oriented business will spread in 'Business Front'.

By connecting IT of back-end to stores, drivers in distribution industry, construction sites etc., I think that business opportunities will expand in Business Front.

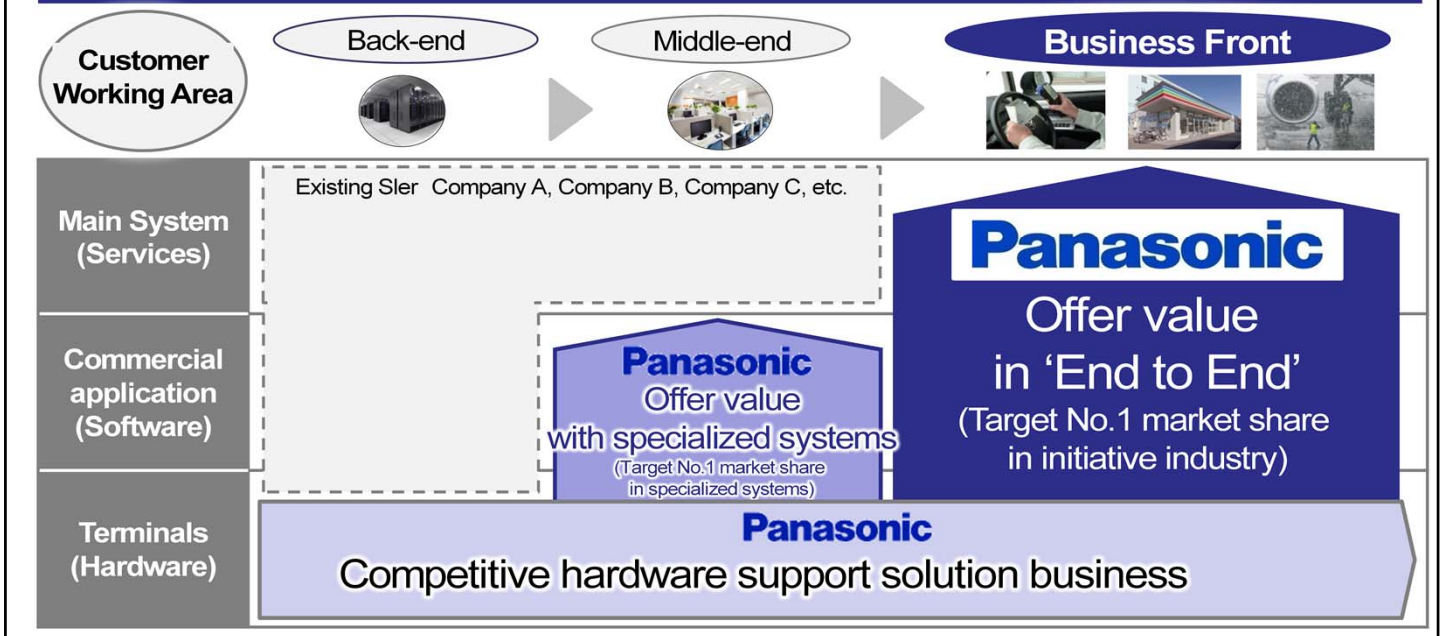
What is important here is hardware applied to the environment and response capability for wide-range wireless network(ex. LTE).

AVC Networks Company will contribute to the 'ICT-oriented Business Front' based on the two advantages.

Target Area in Solution Business

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■ Offer our value in 'Middle-end' and 'Business Front'



Next page is an explanation of our business layer.

Originally, our main business has been offering hardware to customer.

In the back-end, we could offer only a few hardware for customer.

In the middle-end, we have taken a position in hardware area such as mobile personal computer. However, we have not taken a position in main system area. Because existing strong System Integrator has been in main system area.

In the Business Front, we can take a position not only in the hardware area but also in the main system area.

For example, we will expand business including main system for distribution industry and stores in retail industry.

Examples of Solution in 'Business Front'

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I will explain a few examples of solution in Business Front.

Example for avionics.

We can offer not only In-Flight Entertainment, but also Repair & Maintenance based on service sites.

And we started to offer Global Communication Service by utilizing this platform from last year in response to a change of entertainment environment.

In addition, we are going to initiate contents service(ex. weather information).

Example for imaging (ex. for Police in North America)

At first, Tough PC was adapted in patrol car. Next, the business are expanding in-car camera and in-car recorder, wearable camera etc.

In addition, we initiate to make a total solution including evidence picture system etc..

Example for mobility.

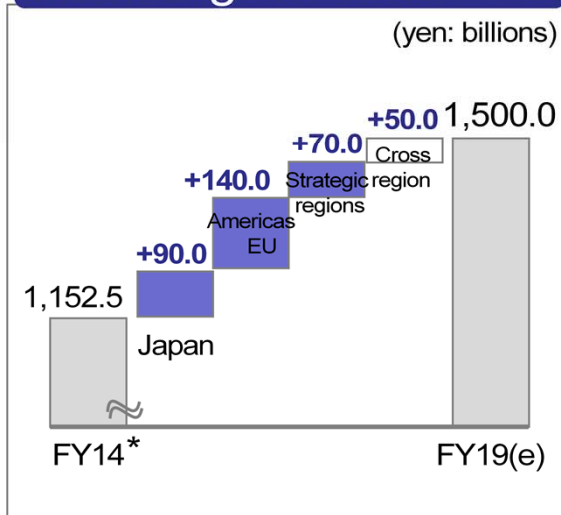
Driver's terminal is utilized by many customers. We initiate to make a total solution including freight management system and distribution management system, payment terminal by electronic money in addition to the driver's terminal.

We will make growth by expanding solution business based on competitive hardware.

Sales Target by Region

■ Expand business, improving our value for customers by region

Sales target toward FY19



	Sales growth* (FY14 to FY19)	Expand business
Japan	+90.0 bil. yen	<ul style="list-style-type: none"> Introduce next generation products and services
Americas /EU	+140.0 bil. yen	<ul style="list-style-type: none"> Develop solution business and strengthen alliance
Strategic regions	+70.0 bil. yen	<ul style="list-style-type: none"> Cooperate with local partners and customers

*Note: FY14 is reclassified to conform to the presentation as of July 1, 2014, including Panasonic estimates

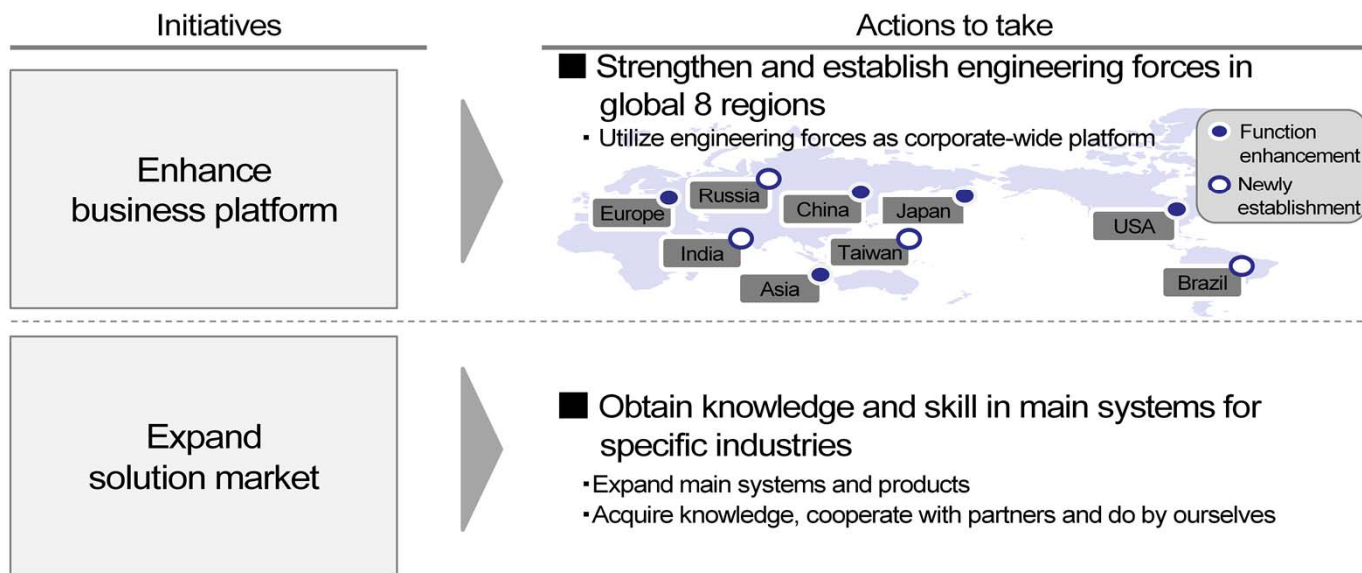
These businesses are expanding globally. Sales targets by region are 90.0 billion yen in Japan, 140.0 billion yen in Americas/EU and 70.0 billion yen in Strategic regions.

In Japan, we will introduce next generation products and services.

In Americas/EU, we will develop solution business and strengthen alliance.

In Strategic regions, we will expand business with customers including global account.

■ Plan to invest 100 billion yen including M&A in total by FY19



It is necessary for us to enhance business platform for expanding businesses.

We will enhance function of engineering forces in Japan, USA, Asia and Europe.

And we will newly establish function of engineering forces in Russia, India, Brazil etc.

Hereby, we will show that we can develop not only box sales but also solution business.

In addition, we will obtain knowledge and skill in main system for specific industries for expanding solution areas.

We are initiating to expand main systems and products by acquiring knowledge, cooperating with partners and doing by ourselves.

For example, we have acquired the small company which manages server of security camera in Europe. And we have done capital participation of the company which shares picture contents for public community in Asia.

These are a part of investment. We plan to invest 100 billion yen including M&A in total by FY2019.

Panasonic

Thank you for your cooperation.

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