

Panasonic



Eco Solutions Company Growth Strategy in Non-housing Related Market

0.8 Trillion Yen Sales Target in BtoB Solutions Business

November 26, 2014

Panasonic Corporation
Eco Solutions Company
President **Tamio Yoshioka**

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

2. In this presentation, "fiscal 2015" or "FY2015" refers to the year ending March 31, 2015.

In addition, "fiscal 2015 six months" or "FY15 6M" refer to the period from April to September 2014.

- I would like to present Eco Solutions Company growth strategy, focusing on non-housing related business for office buildings, stores, hotels and public facilities.
- Panasonic targets 10 trillion yen sales in FY2019. Eco Solutions Company is in charge of housing sector with 2 trillion yen, and non-housing sector with 0.8 trillion yen which is out of 2.5 trillion yen of group-wide BtoB solutions sales target.

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**1.FY2015 six month result
and full year forecast**

2.Towards FY2019

3.Growth strategy in
non-housing related market

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- I would like to talk about our performance for the first six months of FY2015.

FY15 Six Month Result

Sales

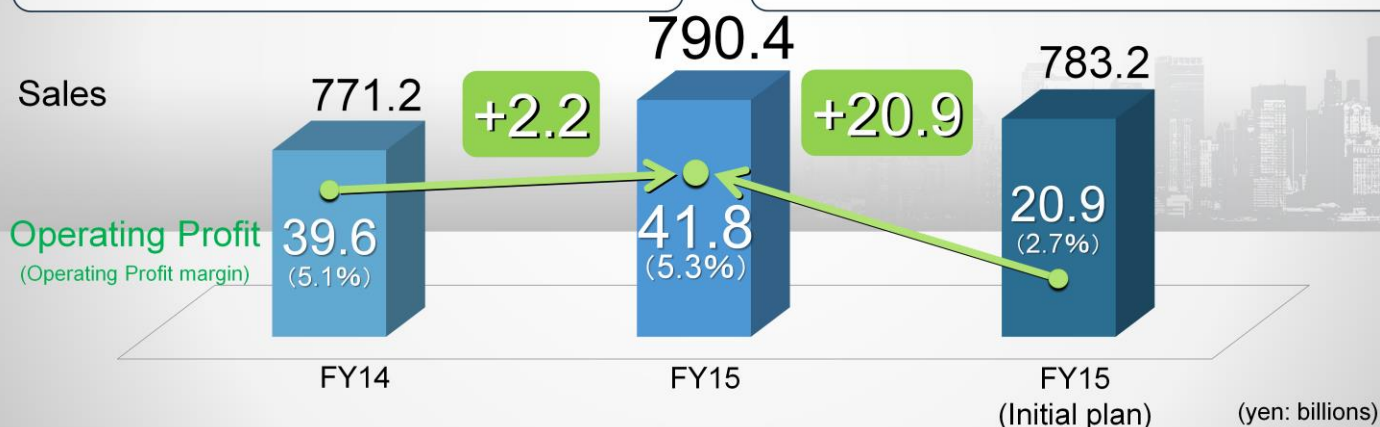
- Japan: favorable sales in solar business for housing and LED lighting business offsetting effect of consumption tax hike.
- Overseas: newly-consolidated VIKO and sales in strategic regions contribute to overall growth.

UP

Operating profit

- Sales increase in solar business and lighting business contributed to improvement.

UP

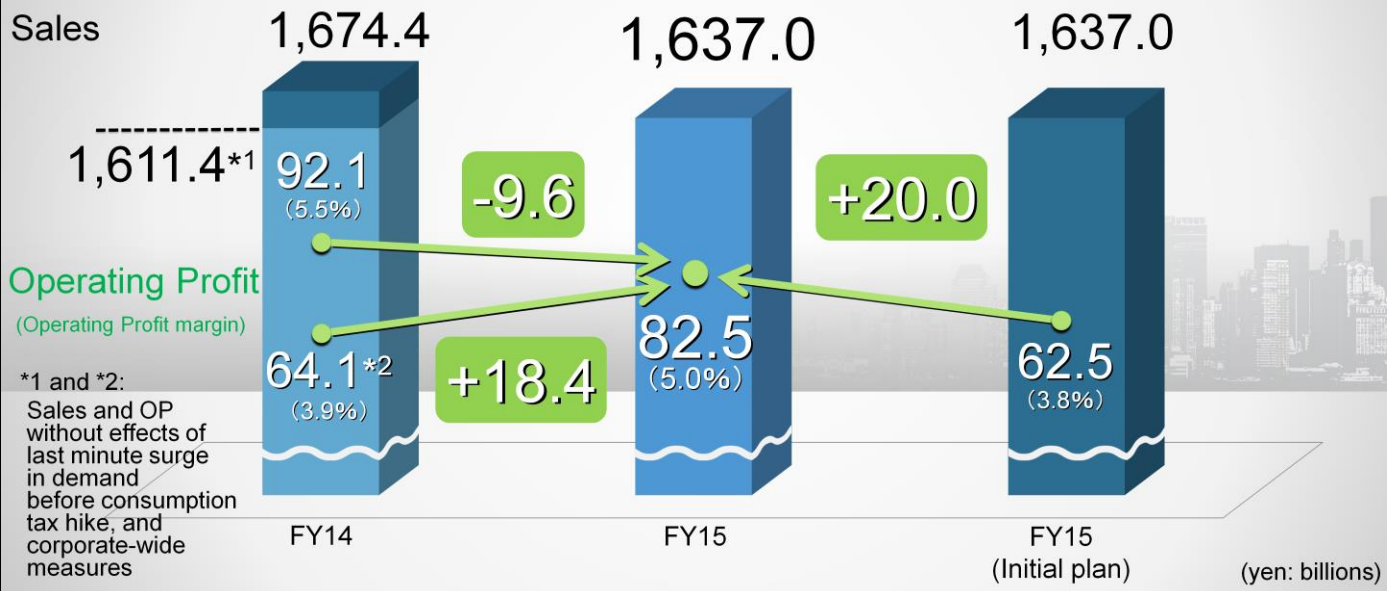


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- Sales were 790.4 billion yen, +2% (y-y) and +1% (vs plan) and operating profit was +2.2 billion yen (y-y), +20.9 billion yen (vs plan.) Both sales and profit exceeded last year's results and our plans.
- This is mainly because of favorable sales in solar business for housing and LED lighting in Japan. In addition, overseas sales increased due to newly-consolidated VIKO, a Turkish company*, as well as sales growth in strategic regions such as ASEAN, India and China.
- Operating profit increased due mainly to sales growth in solar and lighting businesses, and rationalization initiatives.

*Agreement signed with shareholders in February, consolidation in April 2014.

FY15 Forecast



- This slide shows our forecast of FY2015.
- Taking into account favorable sales in solar business for housing, we revised upward operating profit of 20 billion yen, from 62.5 billion yen to 82.5 billion yen.
- Operating profit is expected to decrease 9.6 billion yen due to specific factors such as increased sales from last-minute demand surge before the consumption tax hike and negative impact from terminating corporate-wide measures done in the previous year. Excluding these factors, operating profit greatly increases and profitability highly improves.

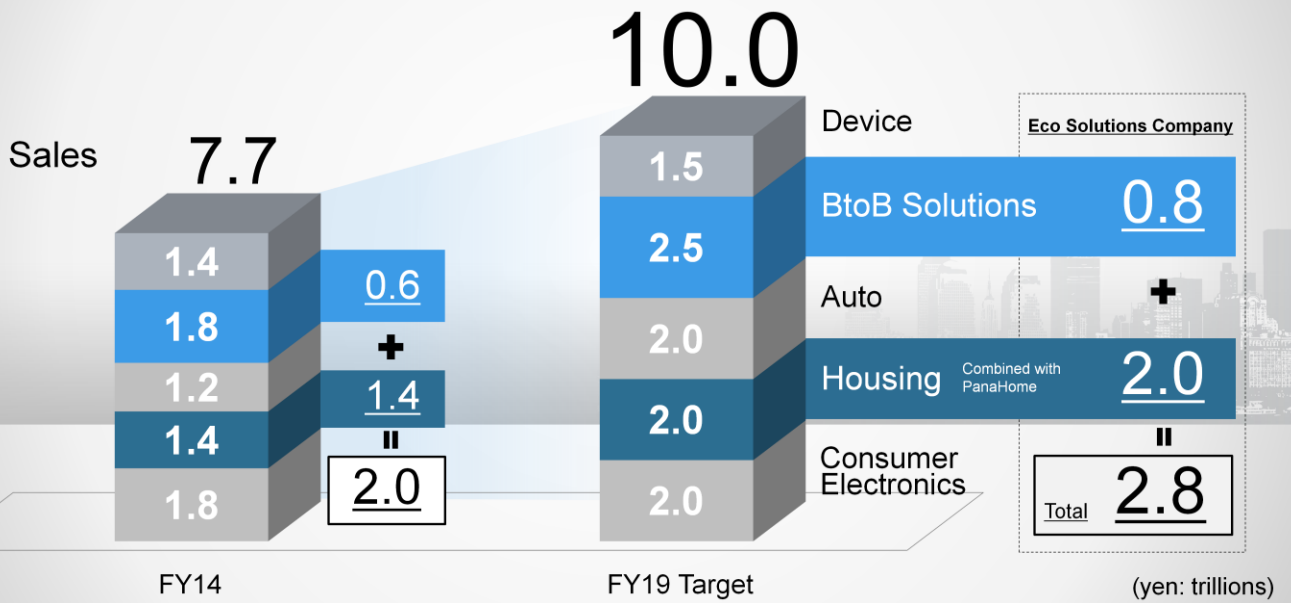
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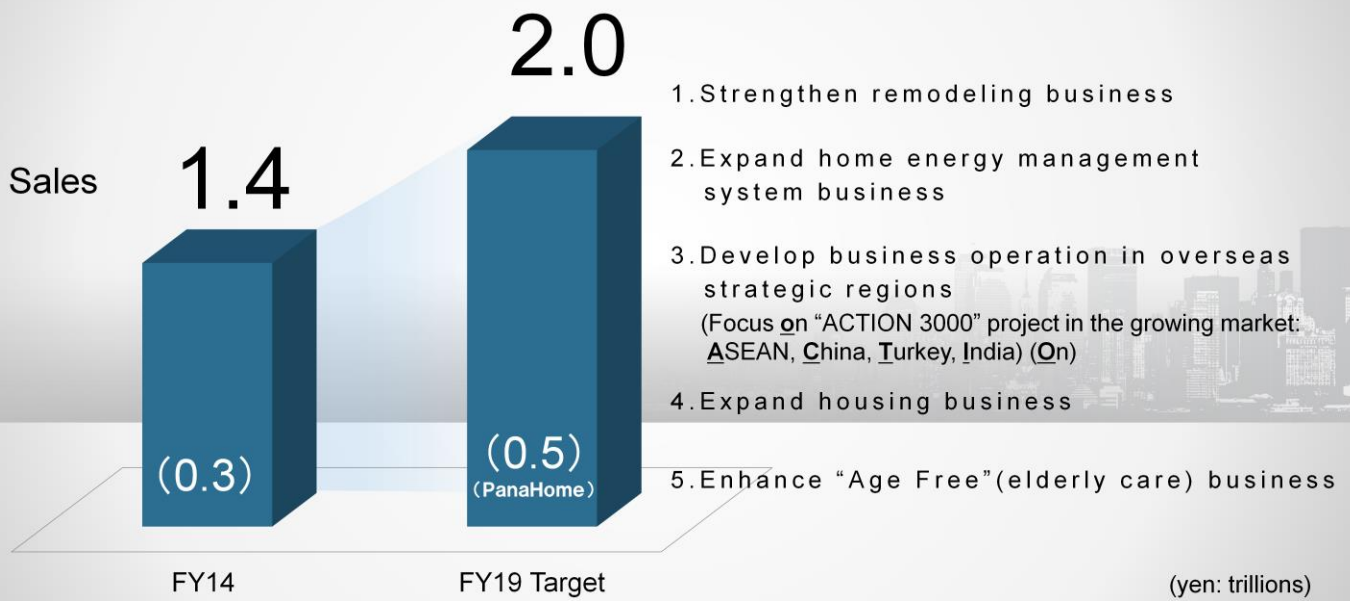
Five Business Areas



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- Panasonic Group targets at sales of 10 trillion yen in five business areas: consumer electronics, housing, automotive, BtoB solutions and devices in FY2019, its centennial anniversary year.
- As part of this, Eco Solutions Company aims at sales growth to 2 trillion yen for housing, and 0.8 trillion yen in non-housing sector in BtoB solutions business.

Housing-Related Business



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- This slide shows growth in housing-related business.
- Since I would like to present focusing on non-housing sector today, this slide is for your reference.

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non-housing related market**

Non-Housing Related Business

(yen: trillions)



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- This slide shows the outline of our non-housing business of Eco Solutions Company.
- In FY2014, sales were 630 billion yen in non-housing business which is categorized into four areas.
- The first to third areas are primarily focusing on Japan.
- The first has 100 billion yen sales with non-housing energy management products including energy monitors and industrial storage battery systems, and engineering business with office building monitoring systems and environment related products.
- The second has 200 billion yen sales with engineering business for stores, public facilities, including non-housing lighting fixtures and other lighting-related products.
- The third has 200 billion yen sales including distribution boards, fire alarm systems, electrical construction materials such as conduit piping, and industrial solar cells.
- The fourth has 130 billion yen business overseas, including electrical construction materials, lighting fixtures, lighting devices, engineering business, etc.

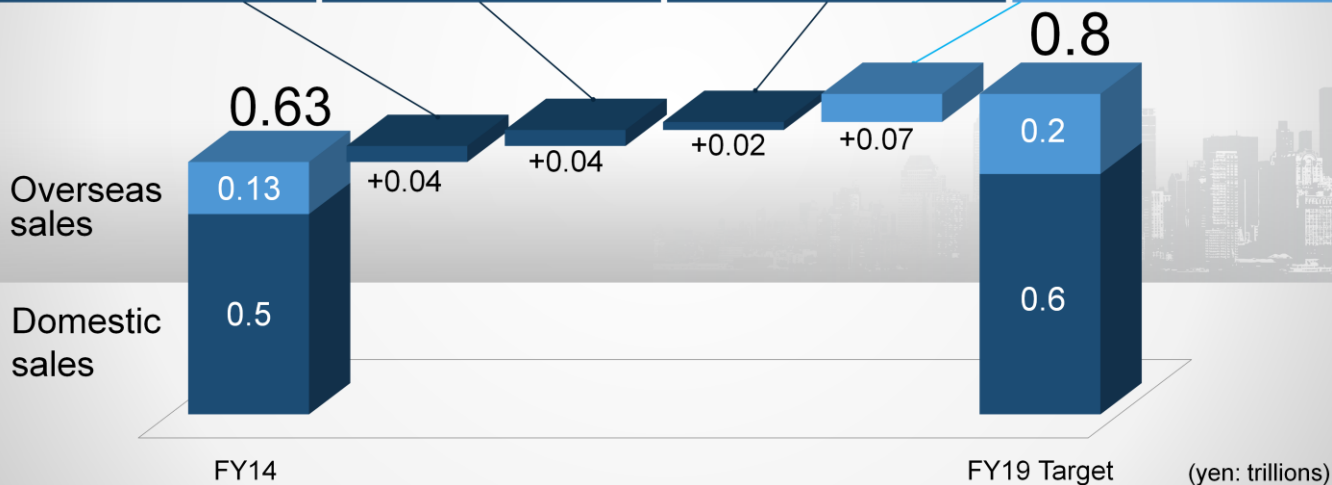
Non-Housing Related Business

1. Engineering business
centering on
energy management

2. LED solutions business

4. Business related to 2020
Olympics/Paralympics and
reconstruction of Tohoku
region, Japan

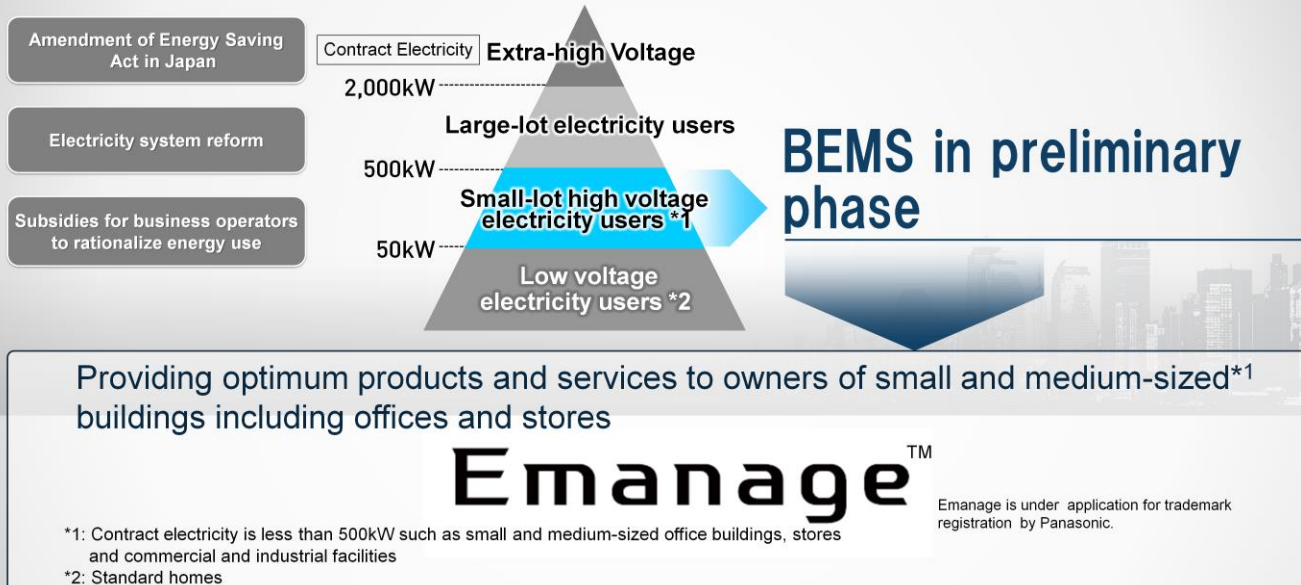
3. Overseas business



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- Our growth strategy for non-housing business is centered around these four areas.
- Let me talk about these strategies next.

Energy Management Solutions (1)

FY2014 FY2019 (Target)
Sales: 0.1 ⇒ 0.14 (yen: trillions)

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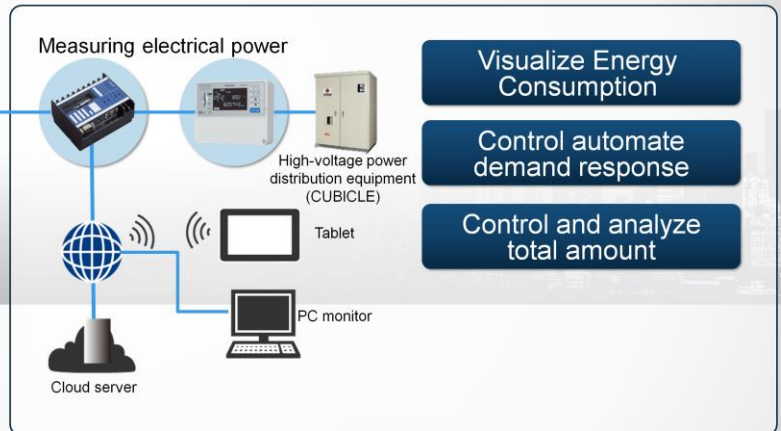
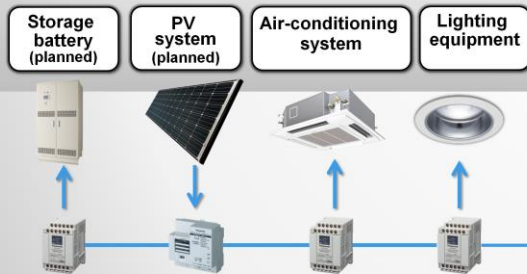
- In engineering business centering on energy management, sales were 100 billion yen in FY2014, and we plan to bring them up to 140 billion yen by FY2019.
- The Energy Saving Act was amended in Japan in 2013, therefore in 2020 every new construction including houses and office buildings, will have to meet the new energy saving standards in Japan.
- Having this situation, more effective energy management systems will be required. We have introduced Building Energy Management Systems or BEMS for large-lot electricity users of 500 kW or higher of high voltage of 600 V or higher, but we have not started business for small-lot electricity users of from 50 kW to 500 kW in small and medium-sized office buildings and stores.
- The reason is it is hard to widely introduce, since cost effectiveness to introduce high-priced large BEMS is low and running systems requires controllers with a high level of expertise, which small and medium-sized users usually do not have.
- Therefore we will launch Emanage, a new energy management solution for small-lot users of high-voltage electricity in FY2016.

Energy Management Solutions (2)

Easy-to-use equipment and systems / Affordable price / Support from installation to consultation

Emanage

Will start in Autumn, 2015



Support from analysis of electric power consumption to consultation on efficient energy management

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- Emanage is the system equipment including new power measurement meters and cloud servers plus support and services.
- We revisit its functions, prices and services for high voltage and small lot users.
- We make this energy management simple, covering from visualizing electricity usage to ensuring adequate power by demand control.
- The system also includes new service to analyze data on measured power usage to suggest to save electricity.
- We will have a full lineup of enhanced products, combined with expanded services to improve added value for facilities, making this business grow even further.

Engineering Business

Maintenance service business
/ non-housing renovation business

Remote monitoring
service for energy-management
related equipment



Solar power generation system

Storage battery

Remote alarm monitoring

Power output monitoring

Error report

Visualization of operational status

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Build up 180 regional disaster prevention bases in
Tohoku region, Japan with "Green New Deal"
foundation program

Develop regional disaster
prevention bases nationwide



Solar power generation system

Storage battery

- We will also strengthen our engineering business, approaching maintenance and service businesses and energy management.
- We introduced energy remote monitoring service in 2013.
- The service allows customers to comfortably use energy management equipment, by monitoring of solar panel output, visualizing storage battery system operating status. We will further expand this area.
- We also enhanced business operations in the Tohoku region. We have so far built more than 180 regional disaster bases in the area under the Green New Deal foundation program, adopting solar power generation systems and storage battery systems.
- We plan to expand regional disaster bases from Tohoku to nationwide.

Gain Market Share

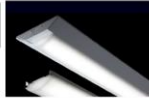
FY2014 FY2019 (Target)
Sales: 0.2 ⇒ 0.24 (yen: trillions)

**“Quality of light”
and “value of space”**

- Light wavelength control technology

美光色 彩光色

- Sensation-of-Room-
Brightness Index “Feu”
and Modulation



LED lighting fixture
“Favorable color iD” series

**Wide range of product lineup
and flexible customization capability**

- LED component solutions



New LED downlight

**Top market share by industrial sector
in Japan *1**

- Competitive Products for low-end market
- Competitiveness with value added products

*1: LED product market share by industrial
sector in Japan as of June 11, 2014,
Panasonic survey

Business development in various areas by leveraging Panasonic advantages
Store lighting

Facility lighting

Outdoor lighting


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- Next, I will talk about the second growth strategy of LED solutions.
- This business currently has 200 billion yen sales. We expand them to 240 billion yen by FY2019.
- Panasonic has refined light wavelength control technology to improve the quality of light and value of space, and technologies to control distribution of light in space.
- Furthermore, we have an industry top class lineup of LED component solutions as a new concept in product development and customization capabilities, enabling us to provide the best products to improve added value of each facility.
- Our unique approach is to have various lighting designs by combining power units, light source modules, lenses and reflector plates.
- Panasonic has the highest market share in various fields in Japan, including facilities and stores, outdoor lighting, disaster preparedness, etc.
- We will increase our market share in various sectors further.

Create New Demand / Develop New Business

Provide new value of space
by fusing lighting and projected image

Cross-Value Innovation



Note: Space Player is a registered trademark of Panasonic



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New business development

LED Sign Lighting Fixture

- Smooth and bright both-face emission with thinnest light guide panel in the Industry *1
- Launched This Product in September 2014

*1: In LED signage lighting market in Japan as of August 19, 2014

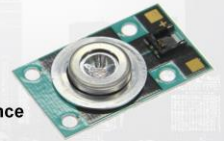


LED lighting device business development

UV-LED lighting module

- Deep UV rays emission with disinfection function
- Able to be embedded into small home appliance

Launched in June, 2014



Apply lightening technology to transportation



- We will also develop new businesses using LEDs.
- We launched Space Player in July 2014, fusing LED lighting and a projector, to create new market demand.
- We have many orders currently from stores, art galleries and museums, where we are providing not just products but also contents to be projected.
- This is our "Cross-Value Innovation," and plan to supply new value by combining with various technologies from outside.
- We also create new applications such as LED signs and LED devices like UV-LED with sterilization, using LEDs to develop new market demand in various ways.
- We expand our business fields in transportation as well.
- We believe we can provide new value through improving mileage by applying lightening technology to transportation and enhancing its comfort.

ASEAN, China and Taiwan

FY2014 FY2019 (Target)
Sales: 0.13 ⇒ 0.2 (yen: trillions)

Expand sales of non-housing LED lighting products

China

- For stores, factories and offices



LED downlight



LED spotlight



LED base light

Indonesia

- For stores, factories and streets



LED downlight



LED base light



LED street light

Develop environmental engineering business

- Equipment for effluent treatment, chemical recycling, and exhaust gas treatment
- Clean room and air-conditioning system

Malaysia

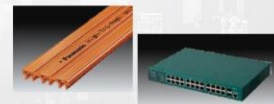
Thailand

Taiwan



Develop New Business

- Wiring duct business in China
- Switching hub business in Indonesia
- Power supply business for areas without electricity



Power Supply Container
contains solar modules and storage batteries.



"Power Supply Container"

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- The third growth strategy is to expand our overseas businesses.
- We expect to increase sales in this area of 70 billion yen from 130 billion yen in FY2014 to 200 billion yen in FY2019.
- We are focusing on strategic overseas regions called 'ACTION3000,' made up with the initials of ASEAN, China, Turkey and India, to double sales in both housing and non-housing to 300 billion yen or more in FY2019.
- These are strategies in ASEAN, China and Taiwan.
- In non-housing lighting business, we revisit our targets/categories in China and Indonesia, and expand business by deploying competitively priced LED lighting fixtures suited to local regions.
- We expand our environmental engineering business for wastewater processing, chemical recycling, exhaust gas processing etc. in the ASEAN region and factories in Taiwan.
- We also expand the business already developed in Japan to overseas by remodeling them to each local demand.
- There are still many areas in Asia without electricity. Therefore we introduced a power supply business with a container combining solar power and storage battery systems.
- In Indonesia, approximately 30% of an entire country has no electricity.
- Having ODA, we started to deliver a container to an elementary school on Karimun Java in Indonesia. We expand this business further, contributing to solving power infrastructure problems in the ASEAN region.

India

ANCHOR
by **Panasonic**



Entered non-housing LED lighting business

- Launched LED lighting fixtures for office and store (from November 2014)
- Utilizing strong sales channel of wiring devices

firepro
STAY SAFE



Expand system engineering business

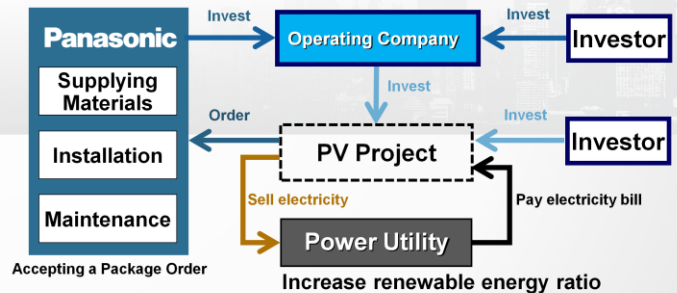
- Expand security system business centering on fire alarm business as prime general contracting company
- Reinforce profitability by expanding maintenance service business

North America

Expand PV solutions business

Establish operating company as prime contractor to increase Orders

- Propose and Operate tax-efficient business model by leveraging U.S. renewable energy program
- Operating company receive packaged order including design, procurement, installation and maintenance as prime contractor



- These are our initiatives in the Indian market.
- This year we entered non-housing LED lighting business.
- Since November we have sequentially introduced LED lighting for offices and stores, drastically expanding the lineup and selling through the wide sales routes of Anchor acquired in 2007.
- With the engineering company, Firepro acquired in 2012, we are expanding primer general contracting of fire extinguishers and security systems centering on fire alarm business, as well as maintenance and service businesses.
- In North America, we expand PV (solar power) solutions business.
- This business started in 2012. We set up a company to handle development, run solar projects and raise fund, moving beyond just selling solar panel materials to become as a prime contractor for solar projects to take package orders for design, procurement, construction and maintenance.
- This scheme is unique, since we incorporate the U.S. renewable energy program, where we will continue to concentrate in future.

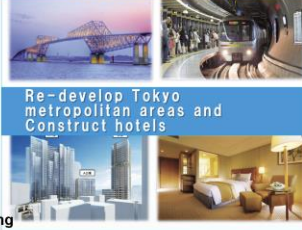
2020 Olympics/Paralympics related business

Verify product specs for designed transportation infrastructure

Products for non-housing market



Transportation Infrastructure (road and railroad)



Newly propose to related facilities

Indoor LED lighting fixture for stadium



Stage lighting fixture



Crowd guiding system

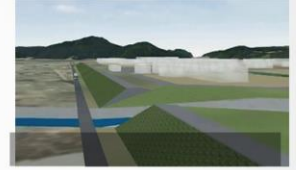


- Street lighting fixture with independent power supply
- Multi-functional pole
- Security camera and public Wi-Fi

Reconstruction support business in Tohoku region, Japan

Support new town planning

- Propose town planning by utilizing ICT (Information and Communication Technology)
- Support town planning with virtual reality system



Build regional disaster prevention bases

- Utilize "Green New Deal" foundation program
- Build 180 regional disaster prevention bases in Tohoku region, Japan



Newly open sales office in Ofunato city, Iwate, Japan

- Develop community-based proposal



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- Our fourth growth strategy involves initiatives for the Tokyo 2020 Olympic and Paralympic Games and reconstruction in Tohoku.
- We expect 20 billion yen sales in FY2019 and 60 billion yen cumulative sales by FY2021 related to Tokyo 2020.
- We focus on not only developing event facilities and athletes' village but also redeveloping building and restoring hotels.
- Under the Tokyo Olympic Enterprise Division where Panasonic involves at a corporate level, we make a variety of proposals to contribute to green and pleasant urban development.
- The Eco Solutions Company also has bolstered its sales activities with a team of 200 employees for Tokyo 2020.
- Meantime, group-wide efforts are underway for reconstruction in the Tohoku region.
- These include new urban development using information and communication technology (ICT) and regional disaster base development with the Green New Deal foundation program.
- To enhance our capability to make locally-oriented proposals, we set up a sales office of electrical construction materials in Ofunato City in Iwate Prefecture. Our business is progressing closely tied to the local community.

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○ Thank you for your cooperation.

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