

# Appliances Company Business Strategy

December 1, 2014

Panasonic Corporation  
Appliances Company  
Kazunori Takami

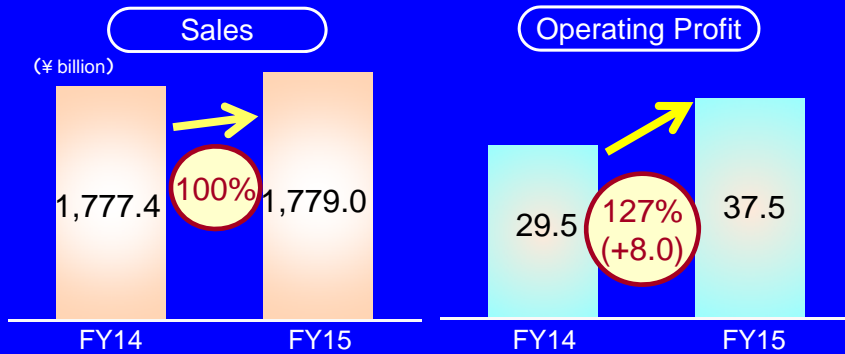
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## FY2015 Financial Forecast

- 【 Sales 】 Despite decrease in sales due to backlash from increase in consumption tax and PDP exit, secure increase in sales by growth of air-conditioners etc.
- 【 Operating Profit 】 Increase in profit by improvement of air-conditioners and devices (motor) etc.



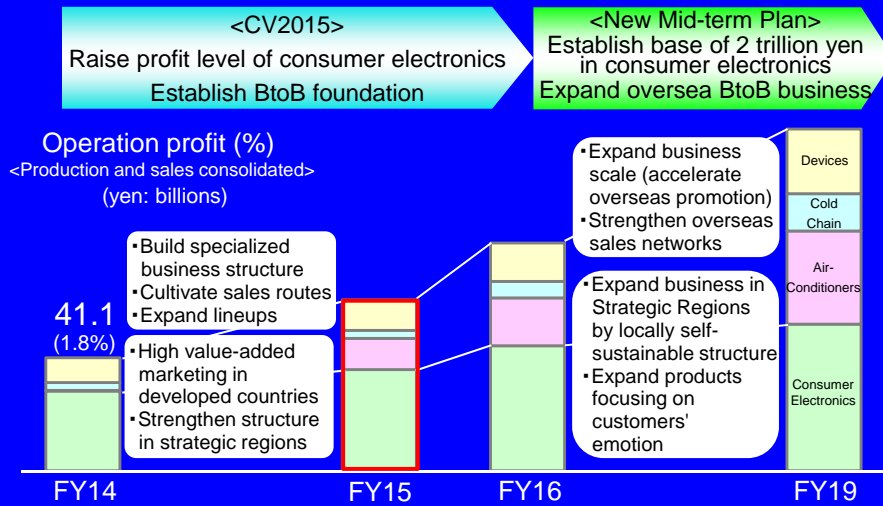
\*on a Company shipment basis (FY14 is recalculated based on FY15 organization)

## Progress in each business

	FY15 key initiatives	Progress in the first half of FY15
Consumer Electronics	Expand white goods sales in overseas by centering on Asia and improve profitability of AV business	<ul style="list-style-type: none"> <li>Increased sales in Asia in refrigerators and beauty care products</li> <li>Profitability improved vs last year in AV business</li> <li>AP Asia in progress, established task force</li> </ul>
Air-Conditioners	Rebuild China business for room air-conditioner and strengthen large scale air-conditioner business	<ul style="list-style-type: none"> <li>Significant improvement of profit due to rebuilding China business for room air-conditioner and streamlining promotion</li> <li>Highly efficient VRF launched in the US</li> </ul>
Cold Chain	Expand CO2 Refrigerant products and propose products by integration of manufacturing and sales	<ul style="list-style-type: none"> <li>Expanded CO2 Refrigerant products for convenience stores and supermarkets in Asia</li> </ul>
Devices	Shift towards high profit field and accelerate development of new devices	<ul style="list-style-type: none"> <li>Motor business shifted to high profit field and played a leading role for profit improvement</li> </ul>

## Roadmap toward sales expansion accompanied with profit

### Smooth start to achieve 5% operation profit early

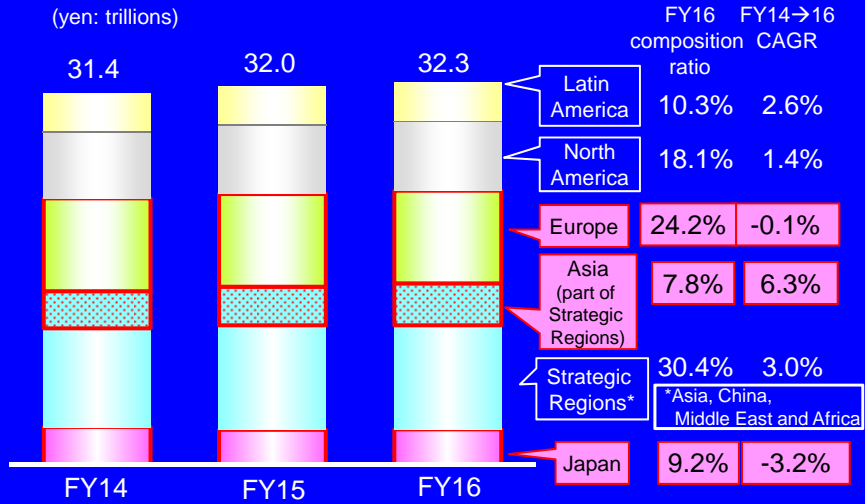


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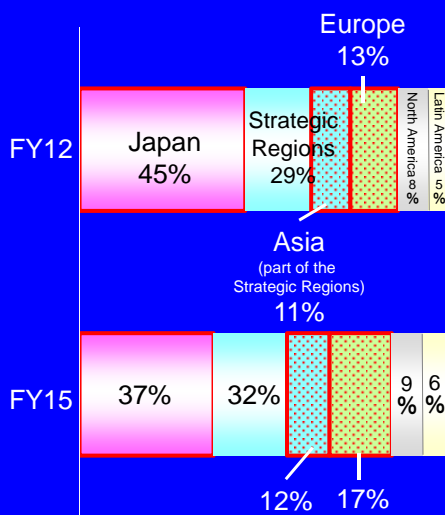
## Global Appliances Demand

- Europe is a large market which accounts for a quarter of global demand
- Asia still has the highest growth rate and is expected to grow further



(Source: Company's estimation)

## Composition ratio of sales by region (Company's consumer electronics)



### <Japan>

- Still has the highest composition despite decrease in TV sales
- Create new demand through products focusing on customers' emotion

### <Strategic Regions>

- Especially focus in Asia as it has large sales volume and business bases in each country
- Promote "Aspiration Marketing"

### <Europe>

- AV products such as TVs have large portion, and large room for white goods sales increase
- Strengthen profitability by "Premium appliances"

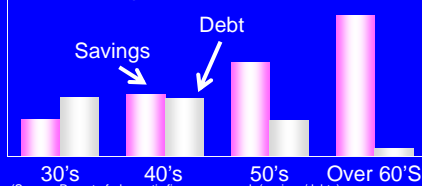
Create domestic demand and strengthen Asia and Europe

# Japan

Create new demand by products focusing on customers' emotion

- Increase the brand value by offering customers delightful surprises

[Current savings and debt by head of household]



(Source: Report of domestic finance research (savings/debts) 2013 average flash report (household more than 2 members))

Household over 60's increases by 4% over 2012 to 2018

(Source: Euromonitor)

- Focus on both function and design
- Top priority is user-friendliness
- Prefer simple function than multi-function

(Source: Company's net research, GF Ltd)

Focus on seniors who have strong interests in consumer electronics

Aim to increase the brand value by expanding premium products

Launch high quality "J concept series" from Japan

## Great response to J concept series

- High reputation for user-friendliness and design
- Expand to other products and aim to 50 billion yen sales in FY17



35 degree C  
wind to floor

Vegetables  
in the middle  
compartment,  
focusing on  
freshness



World's  
lightest\*

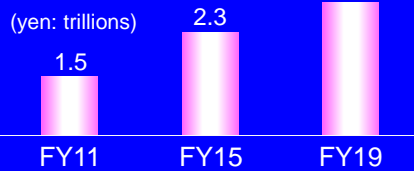
※As of September 17, 2014, of body weight (2.0kg) of domestic canister vacuum cleaners

Asia

## Expand in significantly growing Asia

### ■ Capture middle and high-end zone by “Aspiration Marketing”

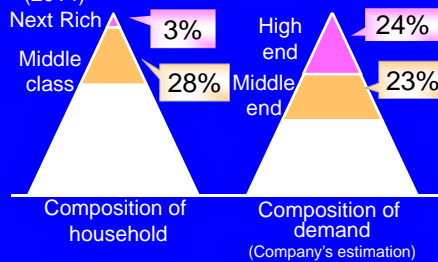
【Appliances demand】



Source: Company estimate

Most important area for achieving 2 trillion yen yen in consumer electronics

【Demand composition of households by income】 (2014)



Expand “Aspiration Marketing” targeting to affluent class

Establish locally self-sustainable structure, from lifestyle research to sales

(Source: composition of household is from Euromonitor, sum of Indonesia, Vietnam, Philippines, Singapore, Malaysia and Thailand. Middle class: household income over US\$10,000, Next Rich: over US\$45,000. Composition of demand is estimated from GfK)

## Marketing to inspire consumers' yearning

- Inspire customers' yearning and enhance brand image
- Create and lock in loyal customers in affluent class

### Japanese hospitality

- Establish presence in high-end zone by “Made in Japan” products



Start loyal customer creation campaign

### Collaboration with developers

- Exhibit premium products in urban high-class condominiums



Hold events at exhibit galleries

### Caravan car/ Roadshow

- Thorough product appeal and experience



Panasonic Cooking Caravans (66 sites)

### Tie up with TV program

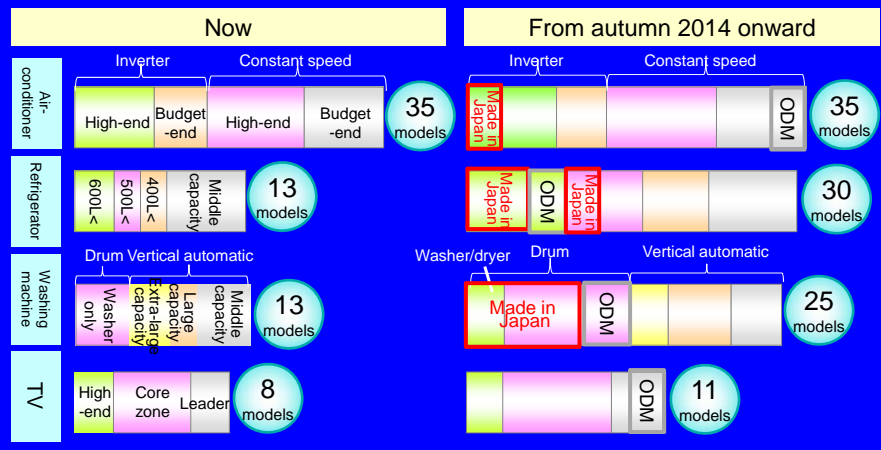
- Strengthen PR in cooking program etc.



PR in “Asian Food Channel”

Growth and improve profitability by strengthening middle/high-end zone

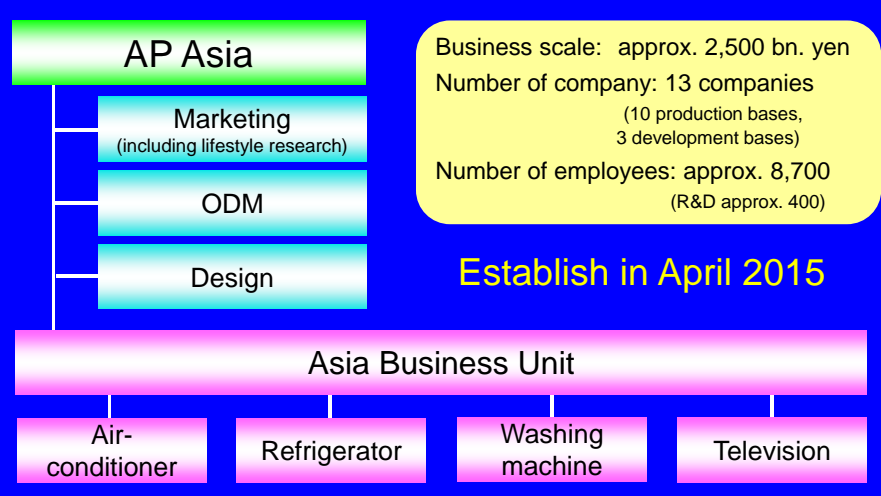
- Utilize ODM and shift own development resource to middle/high-end zone
- Launch premium products made in Japan and expand lineup



Increase composition of middle/high-end zone and improve profitability by increasing average price

Establish AP Asia and shift to locally self-sustainable structure

- As "The second AP HQ", move to the frontline of Asia region
- From product planning/development to marketing, speed up operation



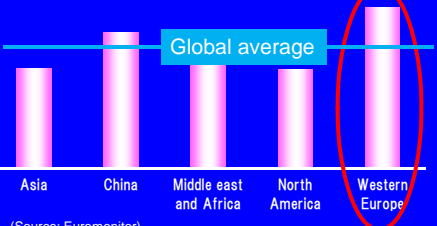


# Europe

## Expand premium appliances in Europe

Strengthen business in Europe where premium products receive market acceptance

【Average price of white goods by regions】



(Source: Euromonitor)

Accelerate white goods business expansion based on foundation of AV business

Early expansion of product lineup and channel by strengthening collaboration with local company

【Demand composition of Built-in】



Europe accounts approx. 40% of global demand

(Source: Euromonitor)

Full-scale entry to built-in market (utilize OEM)

## Promotion in Europe (IFA 2014 presentation)

- Send new value through newest products and services
- Aim to establish position as a premium brand

### Washing machine Premium design



### Kitchen Strengthen built-in kitchen



### Refrigerator Expand lineup by collaboration



### Beauty Promote new category



### Television AV 4K World



### Audio Revival of Technics



## Strengthen profitability and growth of white goods business

- Expand business by strengthening collaboration and full-scale entry to built-in kitchen

### Improve profitability by collaboration with Gorenje

- Expand products lineup by co-developing products which fit to lifestyle in Europe
- Decrease fixed cost by gaining production platform in eastern Europe
- Improve profitability by reducing transportation cost by local production



### Built-in kitchen business development

- Enter to built-in kitchen business and aim to expand further profitable business



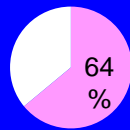
- Increase sales of value-added products by expanding lineup of kitchen appliances



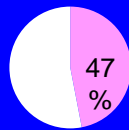
## Establish premium brand with Technics

- Technics brand to lead brand value improvement in Europe
- Aspire for ripple effect in BtoB business such as automotive and home and living environment

[Awareness of Technics brand]  
(Company research as of November 2013)



[UK]



[Germany]



Maintained high awareness after discontinuation in 2010

Start market introduction from December

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## Strengthen BtoB solution business structure

- Accelerate global expansion by integrated operation of manufacturing and sales



## Large-scale air-conditioners

- Have distinctive strengths in wide range of products lineup of absorption chiller, GHP etc.
- Strengthen sales/service structure for acceleration of global expansion

### Installed in various facilities

Absorption Chiller (Natural Chiller)

Osaka Station City

Educational facilities (Schools etc.)

GHP (Gas Heat-pump air-conditioner)

### Accelerate global expansion

- Strengthen sales/service structure specialized in air-conditioning business, mainly in China/Asia
- Introduce industry top-class efficient VRF, highly-functional controller etc.

VRF=Variable Refrigerant Flow

## Cold Chains

- Expand global business with our advanced CO2 refrigerant system, remote surveillance system etc.

### Wide range of products



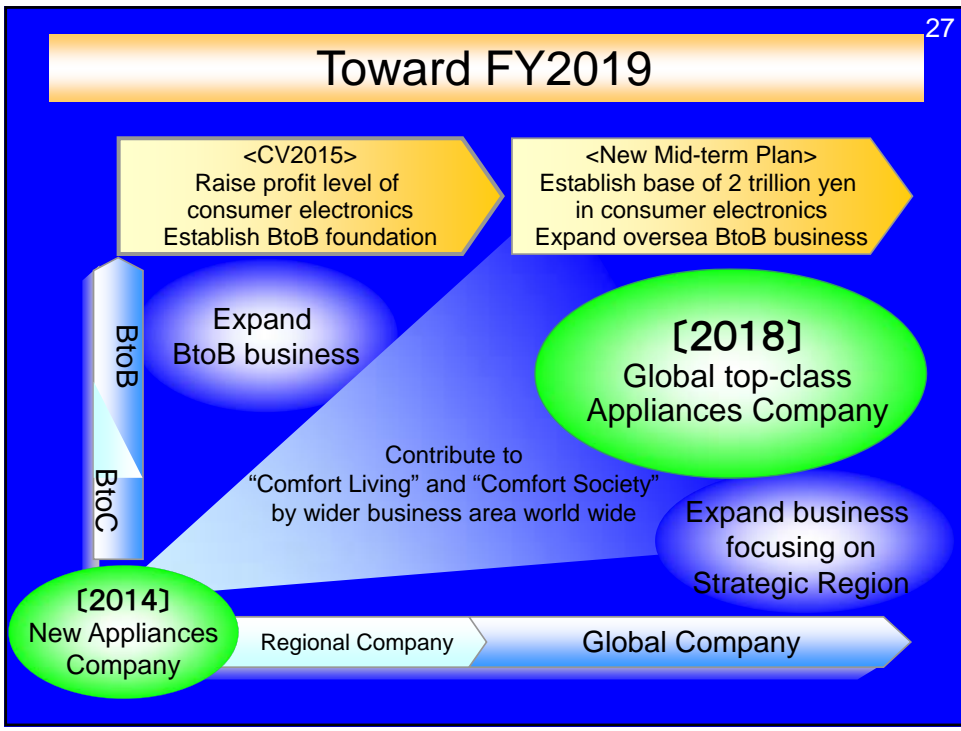
### Expand global business

- Expand CO2 refrigerant system installation at once
- Globally expand remote surveillance system utilizing cloud
- Propose contribution to convenience stores and supermarkets with all Panasonic



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