

New Mid-term Strategy

May 9, 2019
Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2020" or "FY20" refers to the year ending March 31, 2020.

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Review of Previous 3-year Period New Mid-term Strategy

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Review of Previous 3-year Period

Aimed at sustainable growth by focusing on automotive-related business, however profit stagnated

High-growth

Profitability deteriorated in automotive-related businesses, which were expected to serve as growth drivers

Automotive
Despite sales expansion, R&D expenses significantly increased

Automotive cylindrical batteries
Lacked ability to address risks associated with rapid growth scenario

Stable-growth

Profitability declined in businesses which were expected to support stable profits

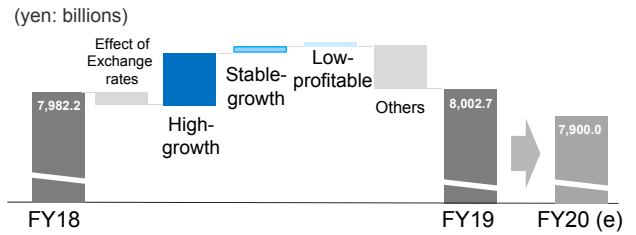
Consumer Electronics
Sluggish profitability except in Japan and China

Housing
Profit struggled to grow due to weakened sales mix

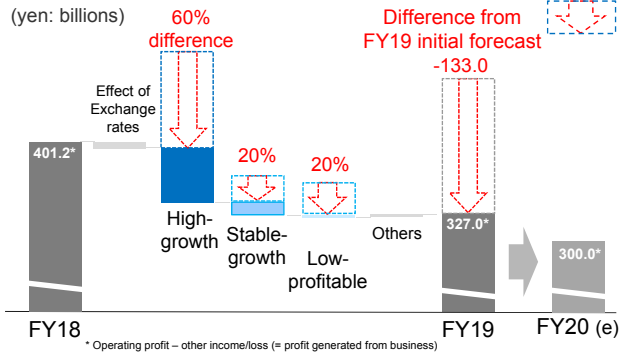
Low-profitable

Lacked sense of speed in structural reforms

Sales



Operating Profit*



Review of Previous 3-year Period

New Mid-term Strategy

Outline of New Mid-term Strategy

Executing portfolio management

Achieve both profit growth and improved profitability by transcending the boundaries of the Company and organizations with new business classifications

Thoroughly strengthening management structure

Reduce fixed costs toward 100.0 billion yen profit contribution; Carry out selection and concentration of businesses

Aiming toward “Lifestyle Updates”

Become a Company that achieves “Lifestyle Updates” reflecting ongoing social transformation

New Mid-term Portfolio Business Classification

Drastically revise business directions and policies for resource investment

Previous

High-growth business

Stable-growth business

Low-profitable business

- For High-growth business, sales expanded but profit did not increase as expected
- For Stable-growth business, could not allocate enough resources, hurting competitiveness. Consequently, it became difficult to generate stable profits

New classifications

Core growth business

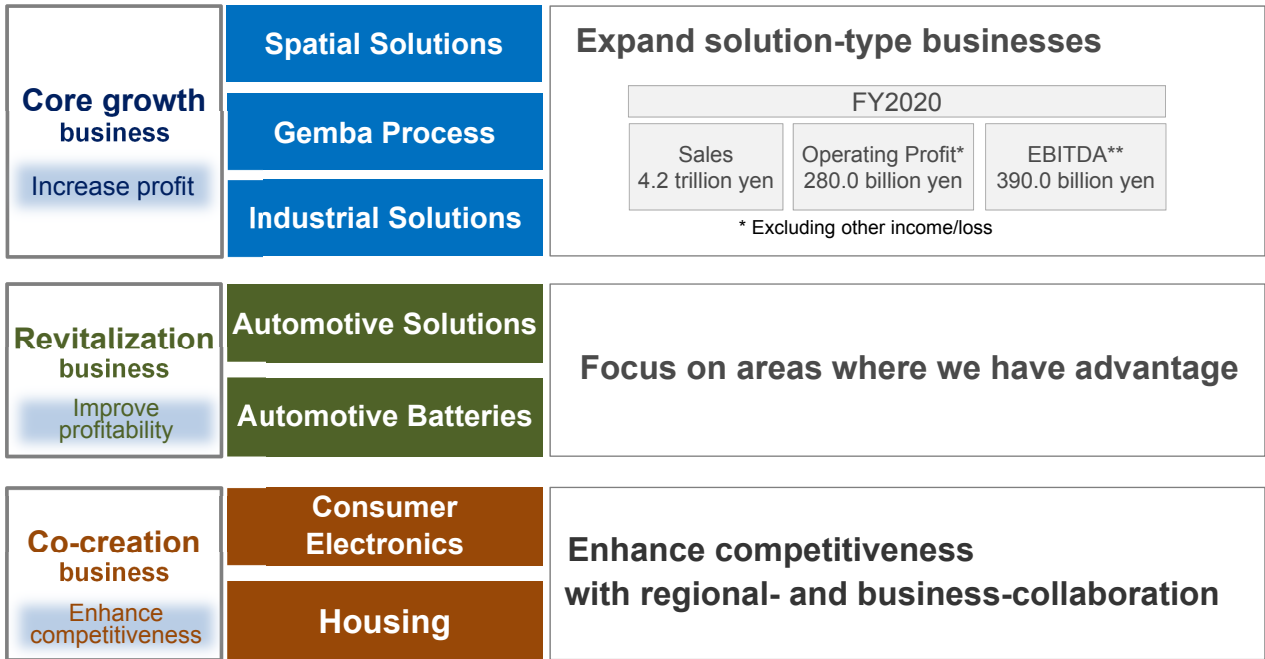
Revitalization business

Co-creation business

- **Drastically revise business direction**
- **Toward business development, consider ways of using resources beyond the Company’s own resources**

New Mid-term Portfolio Business Classification

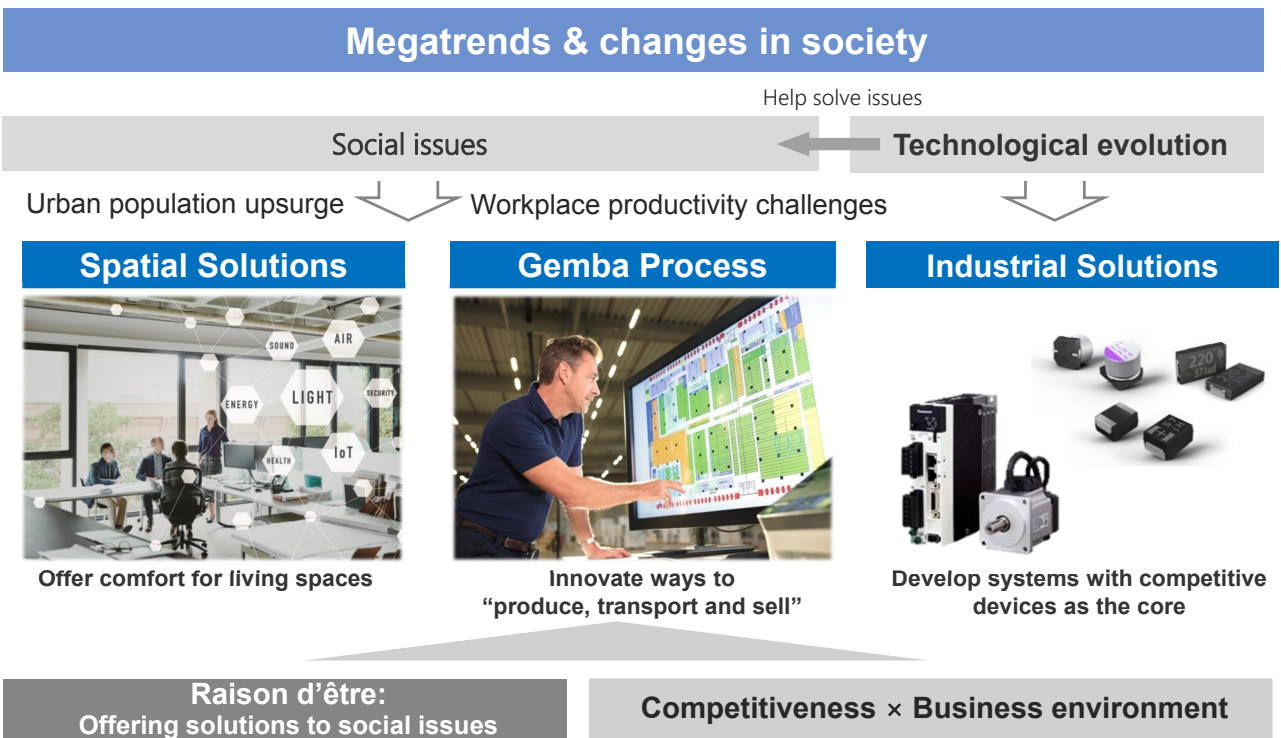
Achieve both profit growth and improved profitability by transcending the boundaries of the Company and organizations with new business classifications



** EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

Core Growth Business for New Mid-term

Decision-making criteria: Raison d'être, competitiveness and business environment



Core Growth Business for New Mid-term

Achieve growth with strong business foundation and evolution of business model

Spatial Solutions



- Expand customized solutions business with original BIM* + key products
- Strengthen foundation by expanding overseas sales

* BIM or Building Information Modeling is a system for utilizing database for a building across every process including design, construction, and maintenance.

Gemba Process



- Provide consulting and solution services for issues at the Gemba
- Strengthen recurring business by setting role models of solutions business to apply horizontally

Industrial Solutions



- Increase top-market-share products in the industry through further enhancement of product competitiveness
- Expand systems/module products and provide suitable solutions meeting customer needs

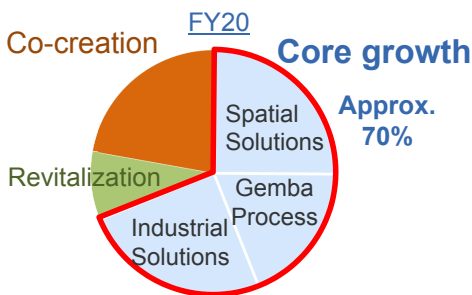
Also consider inorganic investment to strengthen organizational capabilities in areas such as software

Core Growth Business for New Mid-term

Proactively shift resources and drive Company-wide profit growth

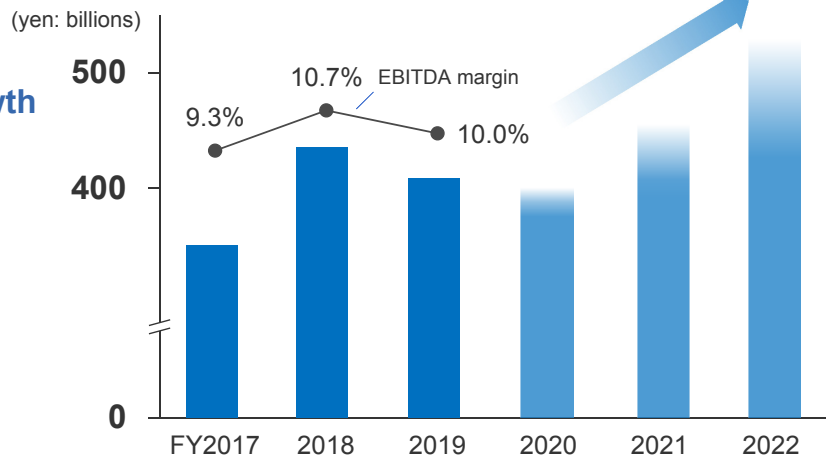
EBITDA structure*

Transition in EBITDA* (Core growth business total)



Ratio is proportion of all 3 business classifications.

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

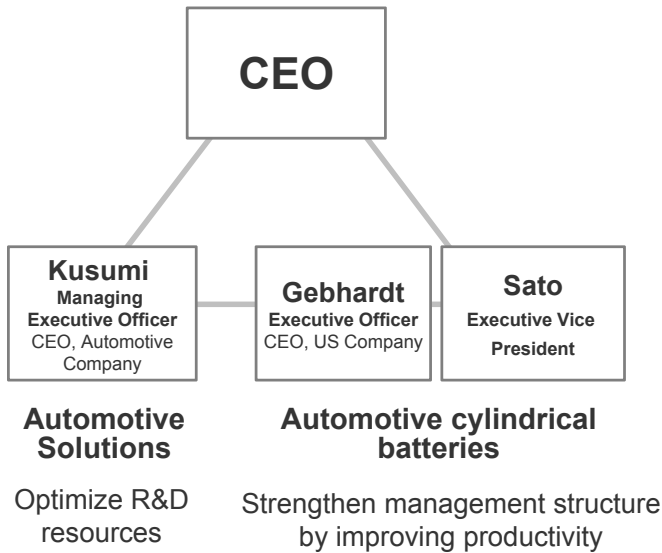


	Spatial Solutions	Gemba Process	Industrial Solutions
KPI	Ratio of B2B / Engineering business Ratio of overseas business in operating profit	Ratio of recurring business in sales	Ratio of top-market-share products Ratio of system products

Revitalization Business for New Mid-term

Automotive Solutions &
Automotive cylindrical batteries

Rebuild business and
prioritize profit improvement



Automotive prismatic batteries

Integrate both strengths by
establishing JV*

*Announced on January 22, 2019



No.1 technological
capability

No.1 manufacturing
capability

Accelerate R&D

Establish stable
supply structure

Co-creation Business for New Mid-term

Enhance competitiveness through co-creation in regions and partners

Consumer Electronics

Strengthen competitiveness through joint efforts
of Japan and China
Expand refined strengths to other Asian markets



Accelerate narrowing down of
regions and businesses

Housing

Establish a joint venture with
Toyota Motor Corporation
Create new value of living in an entire town

TOYOTA × Panasonic

Mission
New innovation by
“Housing x Construction x town development”

Vision
Better and more comfortable “living”
through home building and town development

Enhance Management Structure/Optimize Senior Management

Thoroughly strengthen management structure

- **Reduce fixed costs aiming at 100.0 billion yen of profit contribution**
 - Radical measures to loss-making businesses
 - Improve efficiency in indirect operations, etc.

- **Selection and concentration of businesses**

Optimize senior management

(October, 2019)

Clarify responsibilities for Company-wide management and move toward a flexible business-execution structure

Management KPIs

FY2022 onward		
Core growth business	EBITDA* growth rate	5 – 10%
	EBITDA* margin	10% or more
Company-wide	ROE	10% or more

*EBITDA : Earnings Before Interest, Taxes, Depreciation and Amortization

Capital allocation policy

Allocate capital for Mid-term strategy with cash flow generated from business (operating CF, divestiture)

Note: Respond flexibly when investment opportunities arise before sufficient cash flow is generated from business



Offer products & services
most suitable for each customer

Panasonic

Panasonic

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Reference: Relevance of Business classification and Divisional Companies

Classification	Business areas	Appliances	Life Solutions	Connected Solutions	Automotive	Industrial Solutions	China & Northeast Asia	US
Core growth business	Spatial Solutions	○	○	○			○	
	Gemba Process	○		○			○	○
	Industrial Solutions					○		
Revitalization business	Automotive Solutions				○			○
	Automotive Batteries				○			○
Co-creation business	Consumer Electronics	○	○				○	
	Housing		○				○	