

**Panasonic**

# Progress of Overseas Electrical Construction Material Business

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Electric Works Company

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Notes: 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, "Fiscal 2024" or "FY3/24" refers to the year ending March 31, 2024.

# Agenda

1. Outline of Overseas Electrical Construction Material Business
2. Medium-term KGI
3. Awareness of the Business Environment
  - Macro Environment
  - Industry Characteristics
4. Medium- to Long-term Strategy
  - 4-1. Business Model for Our Strengths
  - 4-2. Toward Further Growth
5. Medium- to Long-term Objectives

# 1. Outline of Overseas Electrical Construction Material Business

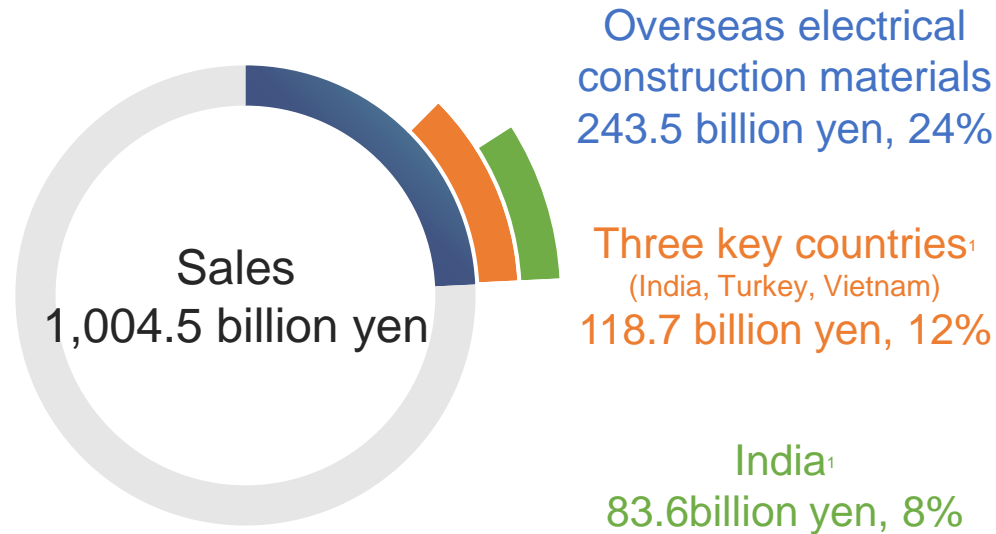
Target vision	<b>Contribute to sustainable, safe, secure lifestyles by promoting electrification worldwide</b>
Number of sites/employees	16 affiliated companies overseas, sales in 109 countries and regions / Approx. 11,000 people (overseas/ consolidated-basis)
Business history	<p>1987 Established electrical construction material factories in Taiwan and Thailand, started (licensed) production of fluorescent lights in Indonesia</p> <p>2007 Acquired Anchor Electricals of India to accommodate the rapid expansion of the Indian market</p> <p>2014 Acquired VIKO Elektrik of Turkey to expand the electrical construction material business in Turkey and to the CIS, Europe, and Africa</p> <p>Established a factory for electrical construction materials in Vietnam</p>
Strategy	<ul style="list-style-type: none"> <li>Expanding wiring device sales in the trade sales channel, enlarge the peripheral products rollout region</li> <li>Particularly focusing on <b>India, Turkey, and Vietnam as key countries</b> with high market growth</li> </ul>
Market shares <sup>1</sup> (Wiring devices)	<p>For each country <b>No.1</b></p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p>Panasonic Approx. 40%</p> <p>India</p> <p>Havells    Legrand</p> </div> <div style="text-align: center;"> <p>Panasonic Approx. 60%</p> <p>Turkey</p> <p>Makel    Schneider</p> </div> <div style="text-align: center;"> <p>Panasonic Approx. 50%</p> <p>Vietnam</p> <p>Schneider    Xalotho</p> </div> <div style="text-align: center;"> <p>Panasonic Approx. 80%</p> <p>Japan</p> <p>Toshiba    JIMBO</p> </div> </div>
Main products	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <p>Wiring devices</p> </div> <div style="text-align: center;"> <p>Switchgear</p> </div> <div style="text-align: center;"> <p>Cable ducts</p> </div> <div style="text-align: center;"> <p>Lighting fixtures</p> </div> </div>

1. Our estimates (2022)

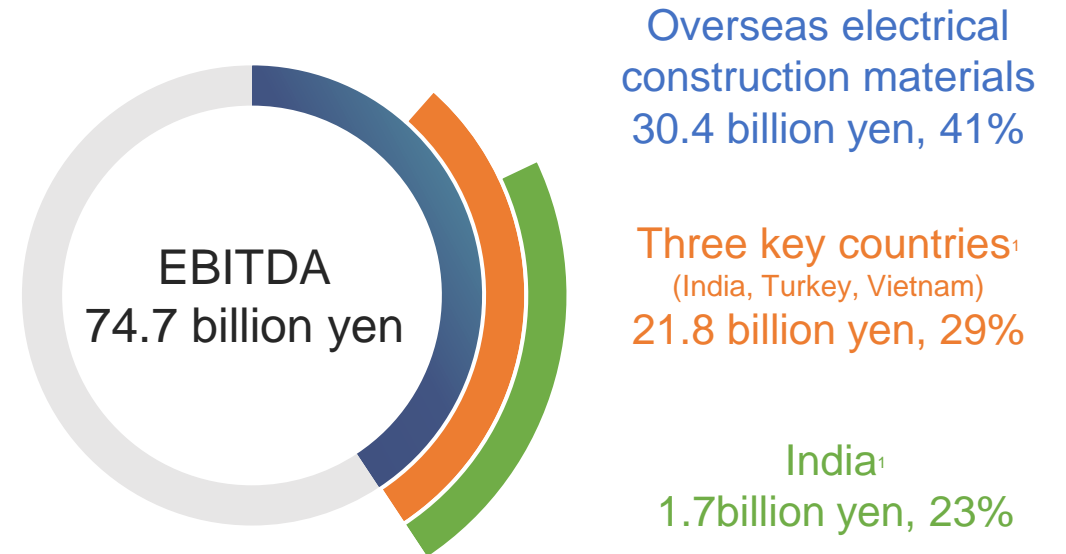
# 1. Outline of Overseas Electrical Construction Material Business

- Overseas electrical construction materials account for 40% of EW's EBITDA
- Three key countries account for 30% of the total, while India accounts for 20% of the total

## FY3/23 EW Company sales



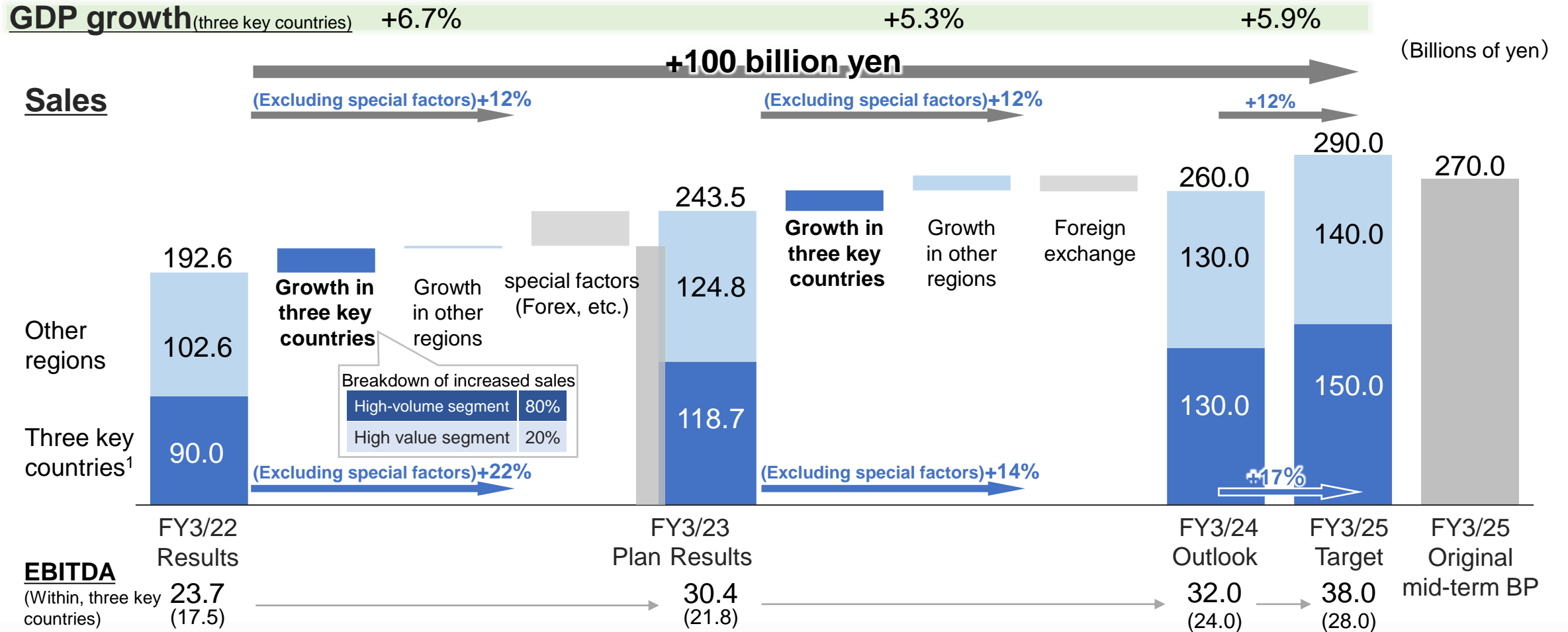
## FY3/23 EW Company EBITDA



1. Figures by location

## 2. Medium-term KGI

Expecting 100 billion yen growth (3-year total), which exceeds original mid-term business plan.

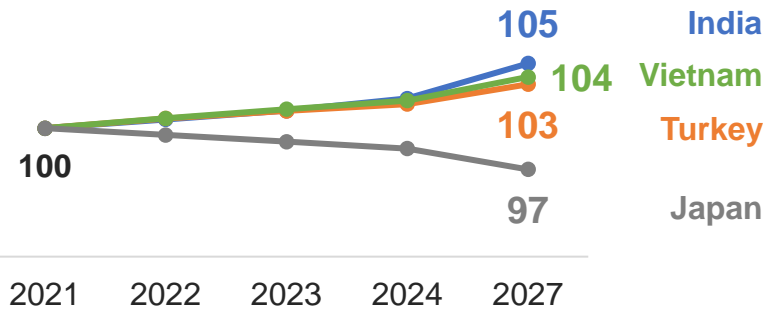


1. Figures by location

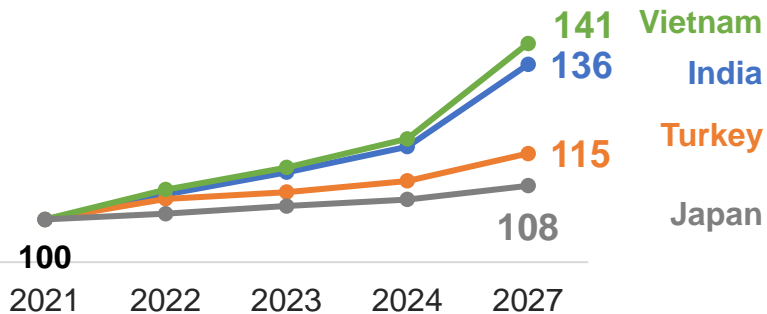
### 3. Awareness of the Business Environment: Macro Environment

Expecting demand to continue to expand in line with population increase and GDP growth, centering on the three key countries.

#### Population trends (assuming 2021 = 100)<sup>1</sup>



#### Real GDP per capita (assuming 2021 = 100)<sup>2</sup>



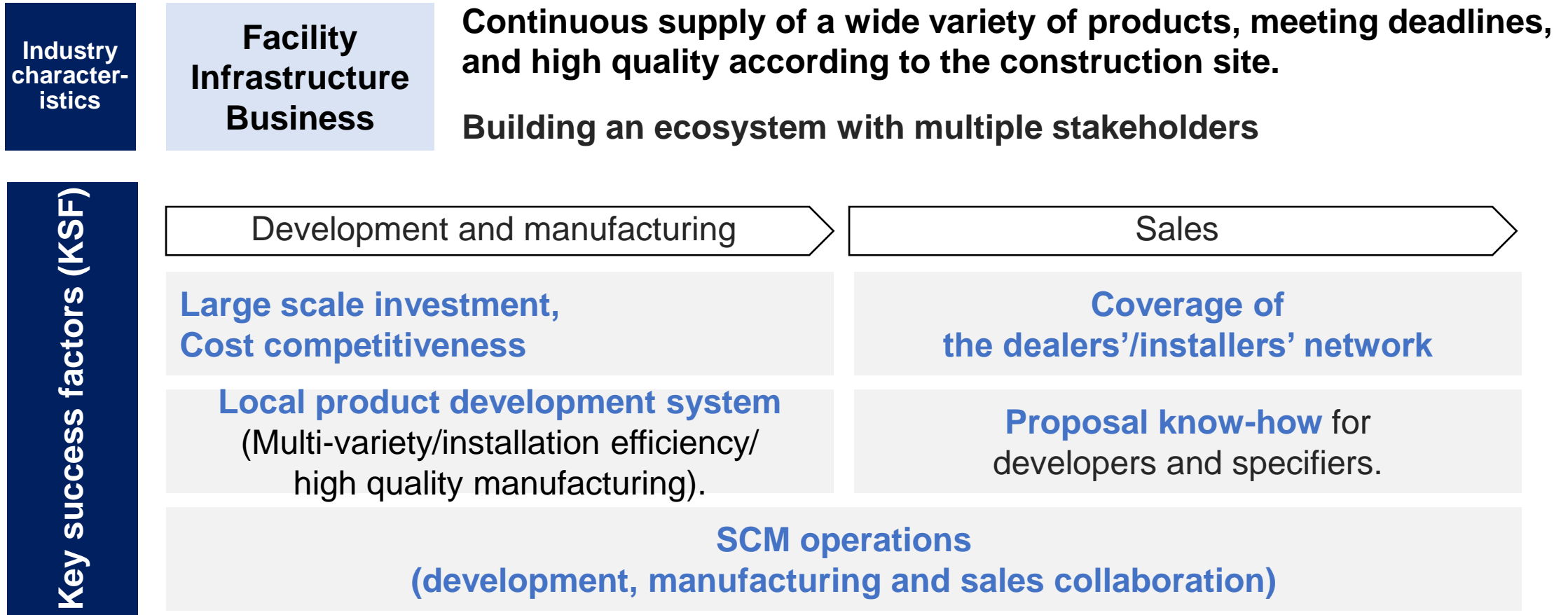
	External environment	Competitors	Demand of wiring device <sup>3</sup> (2021⇒2024)
India	<ul style="list-style-type: none"> <li>Global top population (expected to continue to grow)</li> <li>Promote govt. policies for housing supply</li> </ul>	<ul style="list-style-type: none"> <li>Increasing presence of local competitors (Havells, etc.)</li> </ul>	70 billion yen ⇒100 billion yen
Vietnam	<ul style="list-style-type: none"> <li>One of the Highest-growing market in Asia centering on manufacturing and service industries</li> </ul>	<ul style="list-style-type: none"> <li>Rise of local companies (Xalotho, etc.)</li> </ul>	9 billion yen ⇒15 billion yen
Turkey	<ul style="list-style-type: none"> <li>Weak currency, high inflation</li> <li>The interface between Europe and Asia</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of global companies</li> <li>Our company exports to Europe, where global companies dominate</li> </ul>	9 billion yen ⇒11 billion yen
Japan	<ul style="list-style-type: none"> <li>Declining in new construction starts</li> <li>Complicating customer requests</li> </ul>	<ul style="list-style-type: none"> <li>Our company is the top manufacturer</li> <li>solution shift at each company</li> </ul>	62 billion yen ⇒67 billion yen

1. Calculated from medium projections of World Population Prospects 2022 (Population Division, United Nations Department of Economic and Social Affairs)

2. IMF (published in April 2023) 3. Our company estimate (2022)

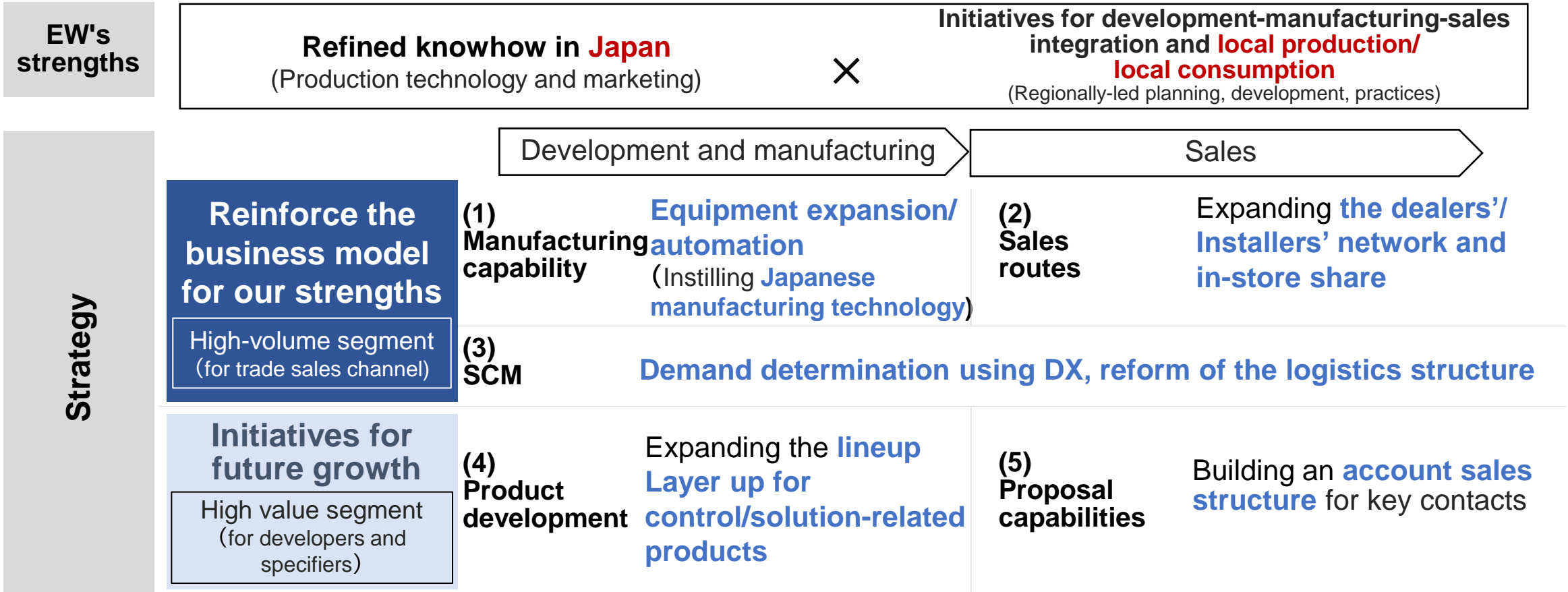
### 3. Awareness of the Business Environment: Industry Characteristics

**To contribute to social responsibility as a facility infrastructure business, the success factors are advanced development, sales and supply capabilities.**



## 4. Medium- to Long-term Strategy

**Combining refined knowhow in Japan with strengths in local production/ local consumption to solidify the position in high-volume segment and creating a market in the high value segment.**






# 4. Medium- to Long-term Strategy

1. Figures and extension rates are based on wiring devices if not indicated.  
 2. Turkey/Vietnam figures for FY 3/24

## Investing in solidifying our strong position in business and for further growth.

Major initiatives	What we've done	What we're going to do	KPI	FY3/23	FY3/25	FY3/31
<div style="writing-mode: vertical-rl; transform: rotate(180deg);">                     Strong points in business model                      Investment                      Further growth                 </div>	<b>(1) Manufacturing capability</b> <b>Investment in line with market growth</b> <ul style="list-style-type: none"> <li>Established India, Sri city factory ('22) Production capital investment</li> </ul>	<b>Continued investment, smart factory</b> <ul style="list-style-type: none"> <li>Increasing factory floors(Vietnam, Turkey)</li> <li>Introduction of automatic machines</li> </ul>	<b>Quantity of production</b> (million/year) <b>Equipment utilization rate</b>	(India) <b>500</b> (Turkey Vietnam) 120 80	2 <b>600</b> 130 90 80% <b>90%</b> 80% 85%	Doubling
	<b>(2) Sales routes</b> <b>Expansion of trade sales channel</b> <ul style="list-style-type: none"> <li>Expanding channel handling our products</li> <li>Strengthening CRM to establish sales base</li> </ul>	<b>Regional expansion from key countries</b> <ul style="list-style-type: none"> <li>India - Africa Regional Development</li> <li>Turkey - Europe expansion</li> </ul>	<b>Number of retailers</b> (Thousand stores) <b>Export ratio</b> (Turkey)	<b>95</b> <b>35%</b>	<b>110</b> <b>40%</b>	
	<b>(3) SCM</b> <b>Digitization/ logistics improvement</b> <ul style="list-style-type: none"> <li>Dealer portal</li> <li>Site aggregation</li> <li>Automation/Capacity improvement</li> </ul>	<b>Manpower saving and accuracy Improvement by DX</b> <ul style="list-style-type: none"> <li>SCM Planning using AI</li> <li>Construction management app</li> </ul>	<b>Stock days</b> (Days) <b>out of stock ratio</b>	<b>46</b> <b>7%</b>	<b>38</b> <b>6%</b>	
	<b>(4) Product Development</b> <b>Expanding lineup</b> Electric materials ● Wiring devices ● Switchgear System/Energy ● Lump/lighting fixture ● Effective lighting ● Solar ● EV charger ● Home IoT	<b>Lineup ~ developing solutions</b>	<b>Sales ratio of system products</b> (India)	<b>20%</b>	<b>40%</b>	
	<b>(5) Proposal capability</b> <b>Strengthening project development sales</b> <b>Strengthening proposal making System introduction</b> 		<b>Development personnel</b> (Persons)	<b>200</b>	<b>300</b>	

## 4-1. Reinforce Business Model for Our Strengths: (1) Manufacturing Capability

# Instilling Japanese manufacturing technology and achieving high quality and high productivity in manufacturing line.

### Example (India)

Transition of manufacturing improvement

Acquisition(2007)

**First generation**  
Recruitment and human resource development

At the time of acquisition

Unregulated manufacturing



Not worker-friendly  
(dark and no worktables)



2013

**Second generation**  
Localization and transfer of authority

Current

Cell production



Latest mold manufacturing



2016

**Third generation**  
Increasing productivity with automation

Automation by local initiative



**Fourth generation**  
Becoming smart factories

From now on

Centralized operation with IoT connectivity



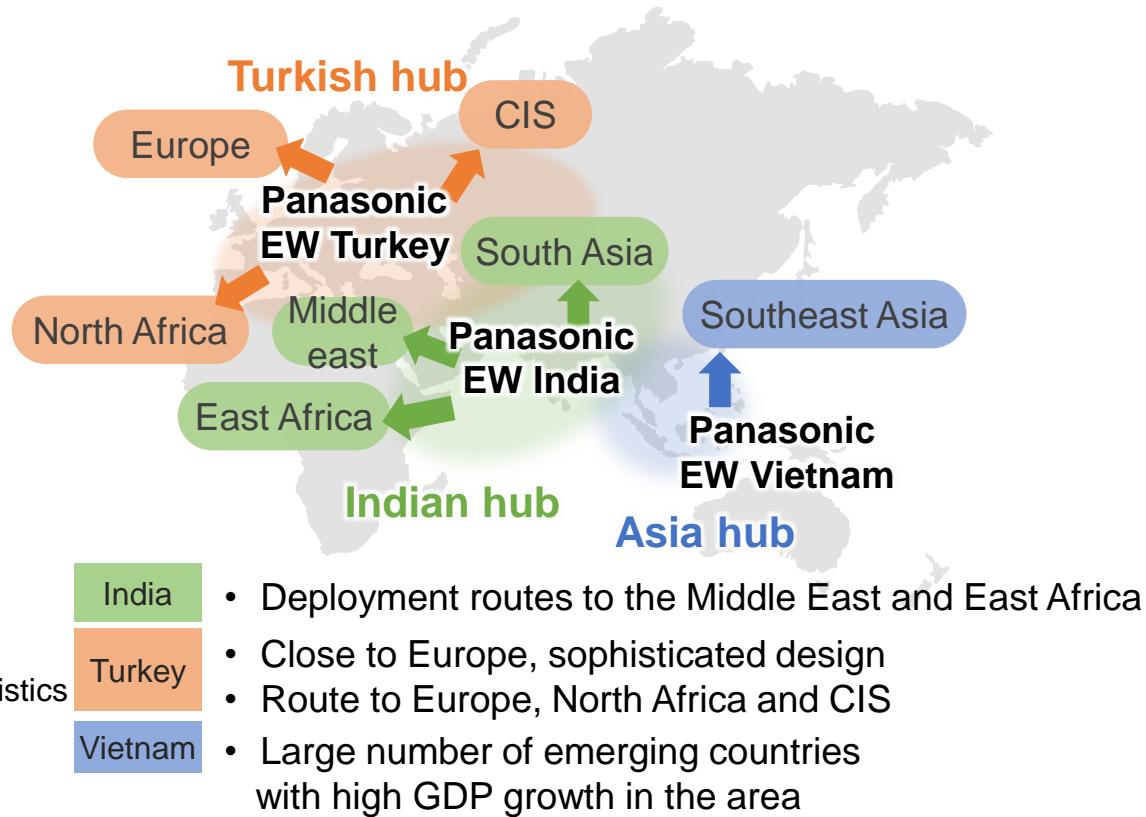
Automatic warehouse




## 4-1. Reinforce Business Model for Our Strengths: (2) Sales Routes

# Increasing sales by expanding sales regions and sales channels in each country

### Regional expansion strategy from three key countries

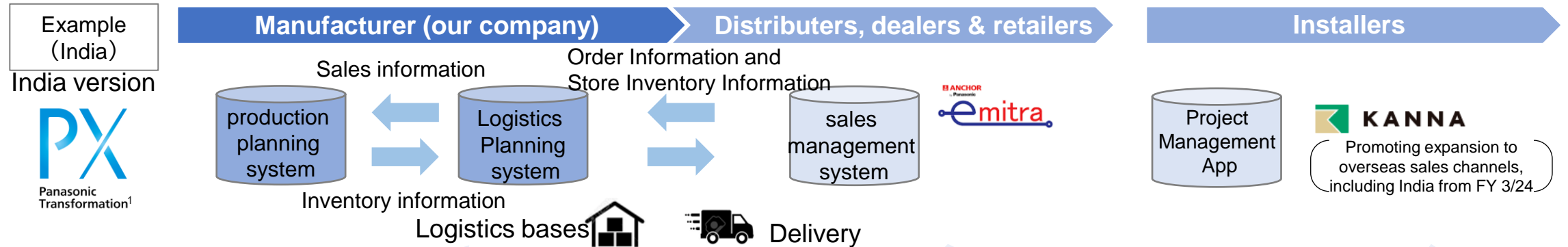


### Efforts to expand sales channels in each country

Country	Efforts to expand sales channels	(Number of retailers of wiring devices)
India	<ul style="list-style-type: none"> <li>Expanding retailers</li> <li>- Support for sales expansion measures</li> <li>- Supporting local exhibitions</li> <li>- Strengthening collaboration through DX</li> </ul> 	<p>95,000 (FY3/22 Actual) → 110,000 (FY3/25 Plan)</p>
Turkey	<ul style="list-style-type: none"> <li>Establishing a solid sales base</li> <li>- CRM enhancements</li> <li>Expansion of sales channels in Europe</li> <li>- Utilization of strategic products of wiring devices</li> </ul>	
Vietnam	<ul style="list-style-type: none"> <li>Increase adoption rate by improving delivery times</li> <li>- Further enhance SCM over the competition</li> </ul>	

## 4-1. Reinforce Business Model for Our Strengths: (3) SCM

# Strengthening SCM through modernization and DX utilization



### Consolidation of sites and improvement of warehouse operations



Approximately **30%** reduction in both logistics costs and inventory days (compared to 2018)

### Digitization of distributors', dealers' and retailers' operations

- Distributors  
dealers  
retailers
- Efficient order and delivery management
  - Reducing the risk of stock shortages
- Accurate sales and inventory information**
- Our company
- PSI Accuracy Improvement



Improve operational efficiency and reduce lost opportunities

### Digitization of construction management

Improvement of construction quality and efficiency



Grasping projects and B2B sales information

1. PX: A key strategy, promoting at Panasonic, for strengthening the management base beyond the IT system transformation.

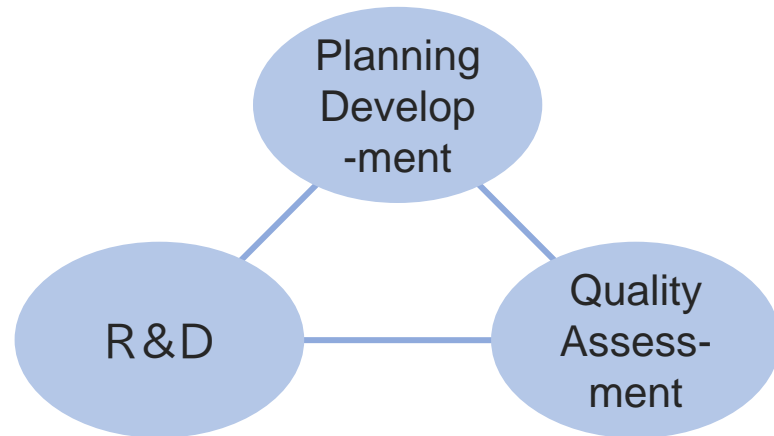


## 4-2. Toward Further Growth: (4) Product Development

# Continuing to expand product line-up and starting service business in the future

### Establishing a development system for new products

- Establishing a development system for local production for local consumption in three key countries.
- Meeting local regulation and quality

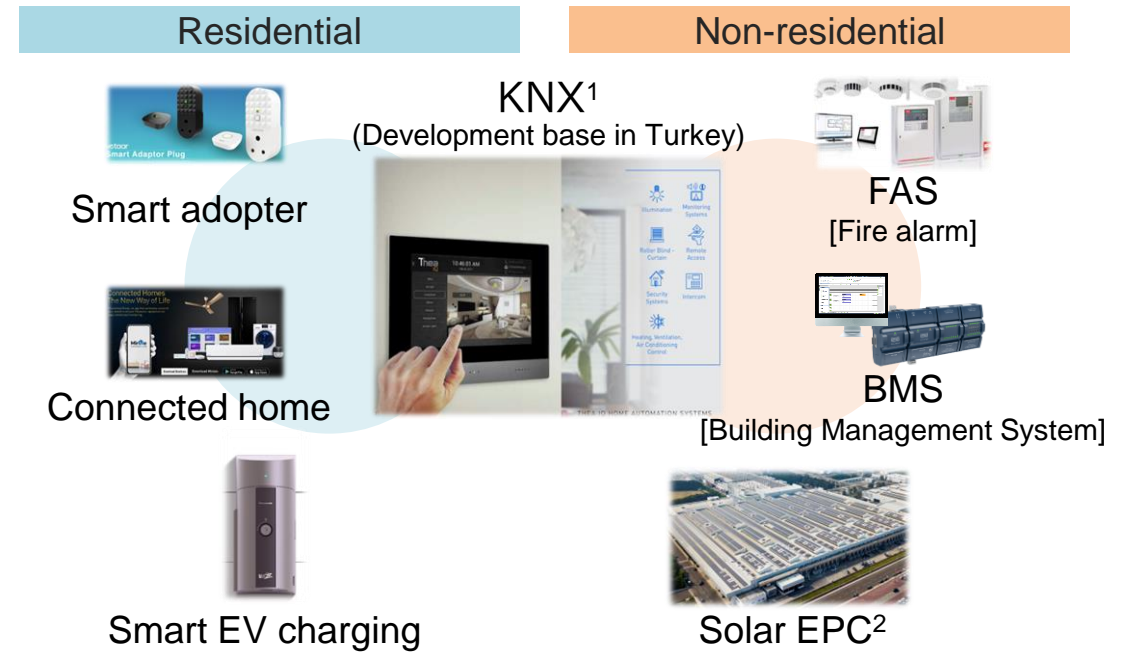


Further strengthening of the system and expanding beyond the three key countries

### Expanding system related products and launch service related business

Example(India)

- Expanding product line-up through KNX<sup>1</sup>
- Development and examination of service businesses



1. KNX: an international standard protocol for home building automation

2. EPC: Contract system to undertake facility construction work as an integrated project of design, procurement and construction

## 4-2. Toward Further Growth: (5) Proposal Capability

# Building account sales structure and promoting business development by projects

### Development of key account system

India

- Building an account sales structure for development
  - For developers, specifiers(architect office) and general contractors
  - Further increase from the current 200 member staff



- Implementation and operation of CRM for project management

Turkey

- Strengthening direct sales ability for key contacts
  - Government offices, hospitals and hotels etc.
- Developing market for KNX non-residential projects

Vietnam

- Winning to get projects by a spec-in activities for upstream layer
  - Developers, general constructors and subcontractors
- Expanding number of dealers for projects and B2B

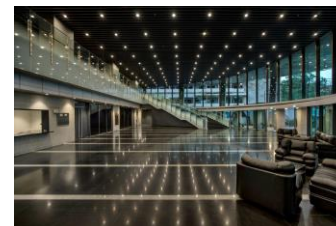
Example(India)

Rudraksh International Convention Centre<sup>1</sup>



【Products】 Achieving contributions with one-stop proposals

Lighting



Equipment controls



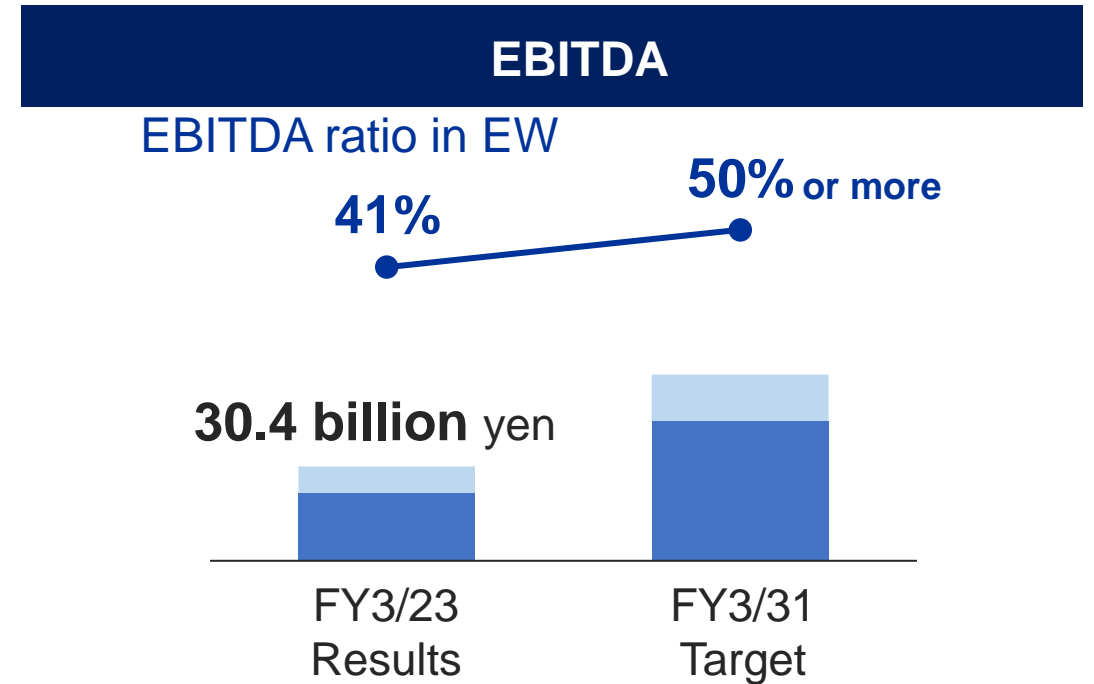
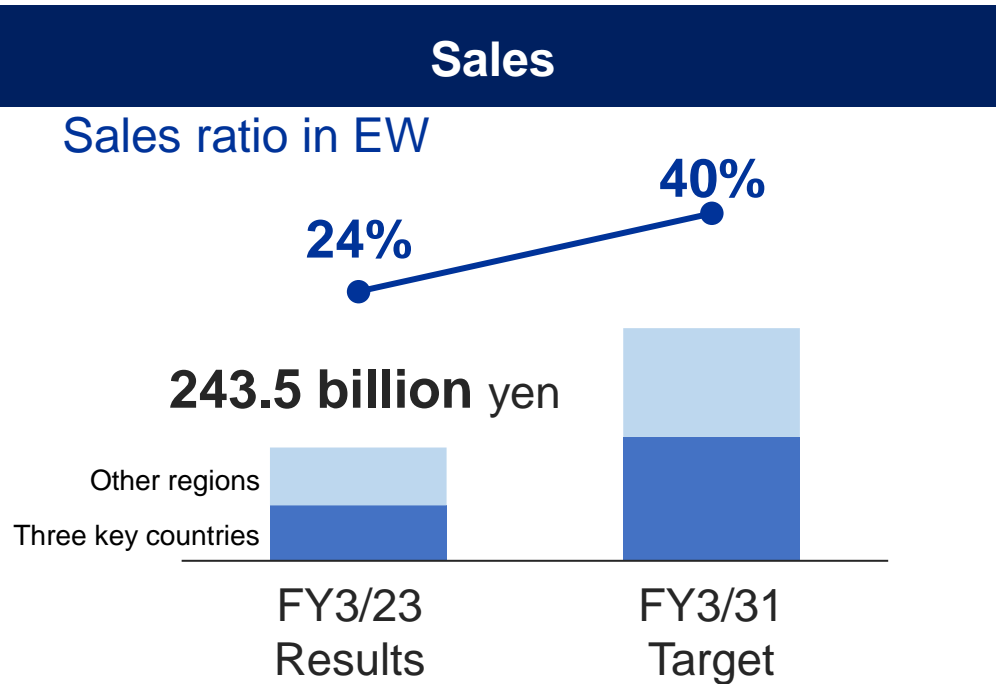
Solar



1. A complex with a 1,200 person main hall built in May 2021 in Varanasi, eastern India.

## 5. Medium- to Long-term Objectives

- Cumulative growth investment of 100 billion yen
- Aiming for 40% of overseas sales ratio and 50% or more of EBITDA composition ratio within EW



**Cumulative growth investments**  
(until 2030)

**100 billion yen** (including inorganic growth)  
(of which: 30 billion yen until 2024)

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