

# Eco Solutions Company Business Policy

May 30, 2018  
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Panasonic Corporation  
Eco Solutions Company

**Panasonic**

## **FY2018 Results**

The Company Vision and Business Strategies  
FY2019 Business Policy

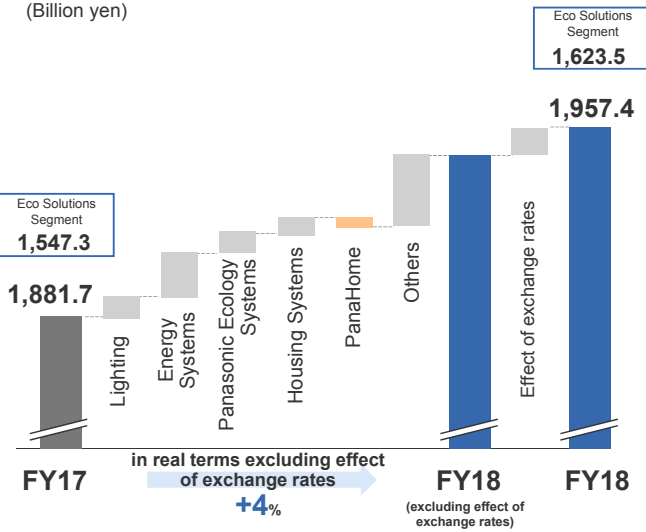
**Panasonic**

# FY2018 Results

## Increased sales and OP, reversing 2-year consecutive decrease Achievement of published forecast of ES Segment (OP)

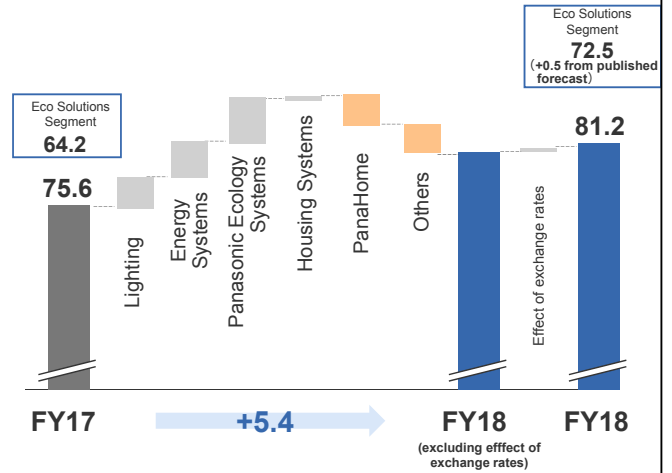
### Sales

(Billion yen)



### Operating profit

(Billion yen)



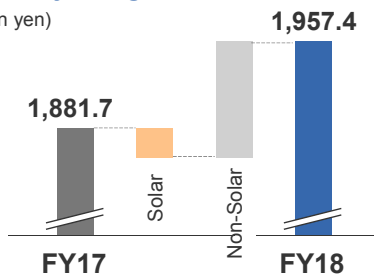
# FY2018 Achievements and issues

## Achievements

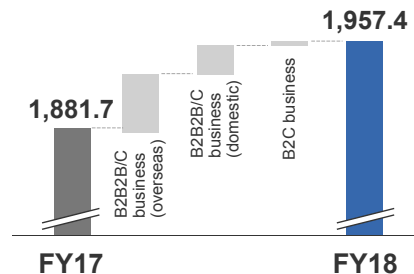
- Achieved sales increase by off-setting sales decrease with sales expansion from other businesses.

### Sales (by categories)

(Billion yen)



- Great extension of overseas businesses (+22% from the previous year) (China, India, etc.)



## Issues

- Growth of PanaHome (currently renamed as Panasonic Homes)
- Dealing with shrinking domestic construction market in and after 2022

# FY2018 Results

## The Company Vision and Business Strategies

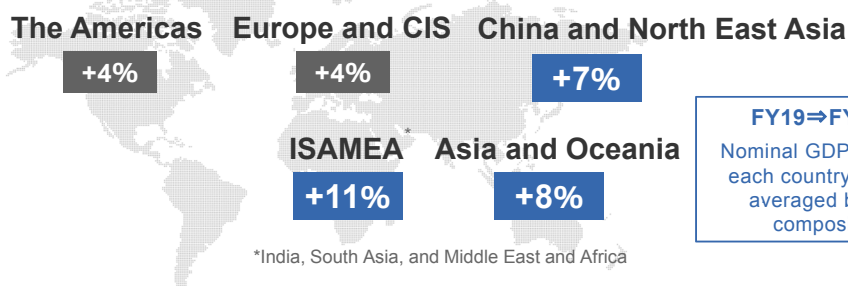
### FY2019 Business Policy



#### Market environment

Overseas

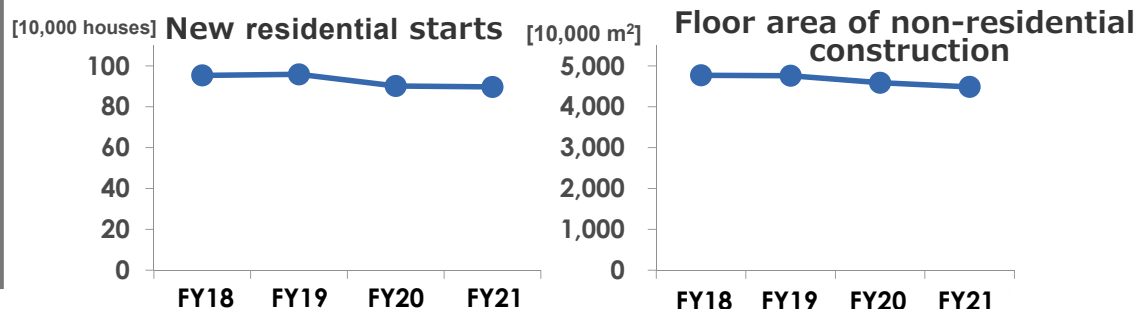
- Predict market expansion by sustained GDP growth in main regions
- Three priority regions of Eco Solutions Company maintain high growth.



**FY19⇒FY21 CAGR**  
Nominal GDP growth rate of each country is weightedly averaged by our sales composition ratio

Domestic

- Both new residential starts and new non-residential starts will remain slightly decreased until 2021.
- In and after 2022, market shrinkage is forecasted.



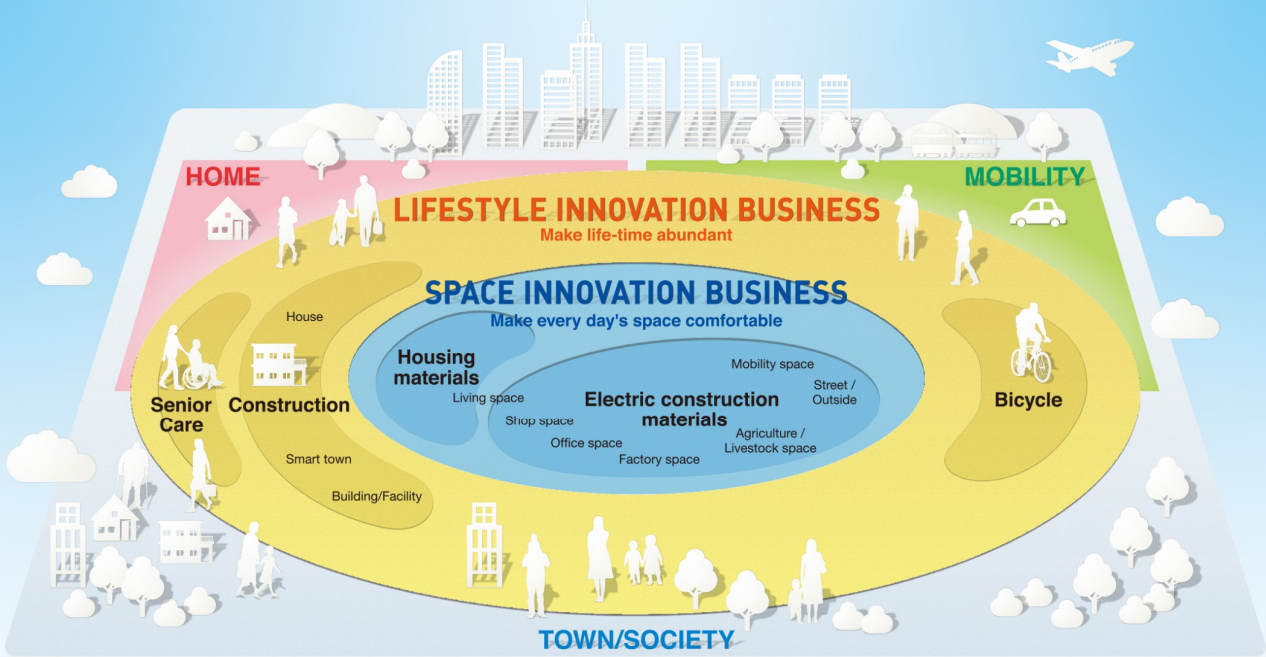
\*Source: Estimated by ES

# Eco Solutions Company Vision

Evolution of category;  
 B2B2B/C = "Space Innovation Business" to create comfortable space  
 B2C = "Lifestyle Innovation Business" to create abundant time

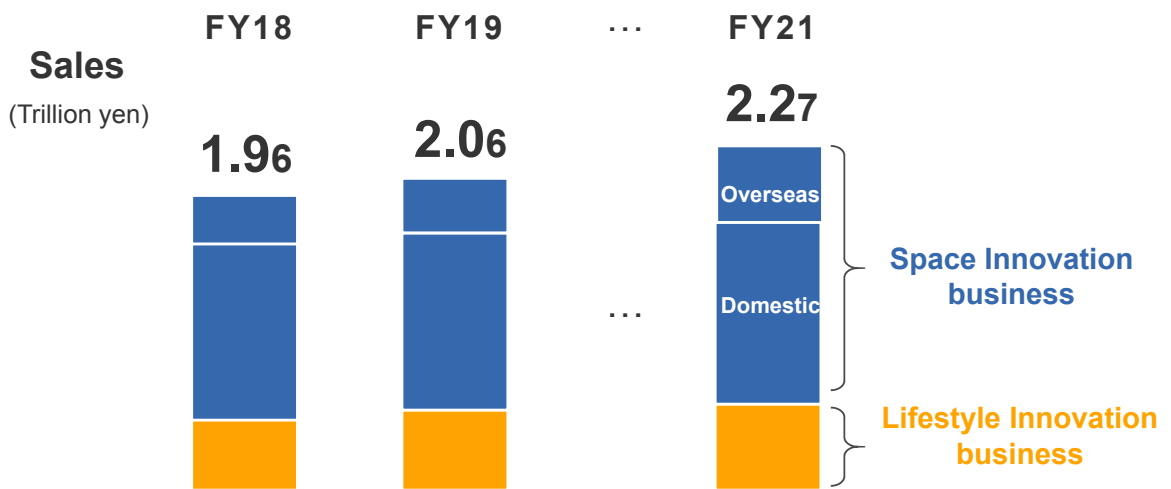
**Company Mission** Expand "A Better Life" to home, town and society

**Company Vision** Make a better, comfortable "life" with human-oriented solution



## Numerical goal

Following FY18, continue to increase sales and OP.  
 Growth is driven by overseas.



Category	FY18	FY19	FY21
OP	4.1%	4.9%	5.5%
Overseas ratio	16.6%	17.5%	22%

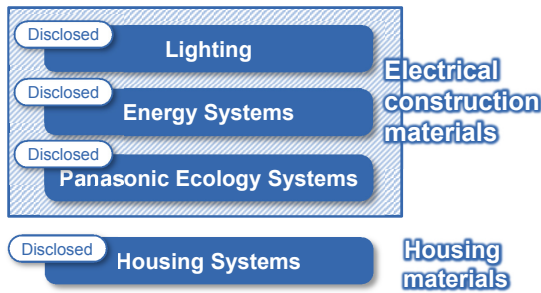
Overseas sales  
**500 billion yen**  
 (CAGR\* 115%)

\*FY18→FY21

(Exchange rate) US\$1.00 = 111 yen      105 yen      105 yen

# Business strategy outline

## Space Innovation business



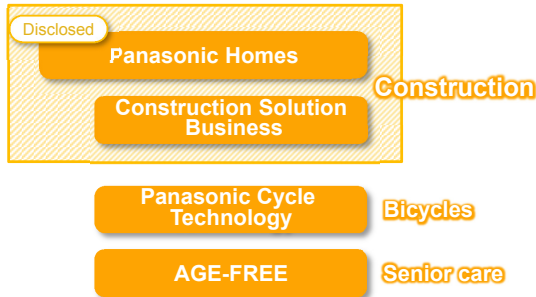
### Overseas electrical construction materials

- ▶ Concentrate resources to 3 focus businesses by 3 focus regions.
- ▶ Roll out solution businesses in collaboration with leading partners.

### Domestic electrical construction materials

- ▶ Further reinforcement of market dominance of electronic material product, which forms the foundation of space innovation.
- ▶ Expand value chains by reinforcing engineering business.
- ▶ Accelerate preparation for space innovation considering FY2022 and after.

## Lifestyle Innovation business

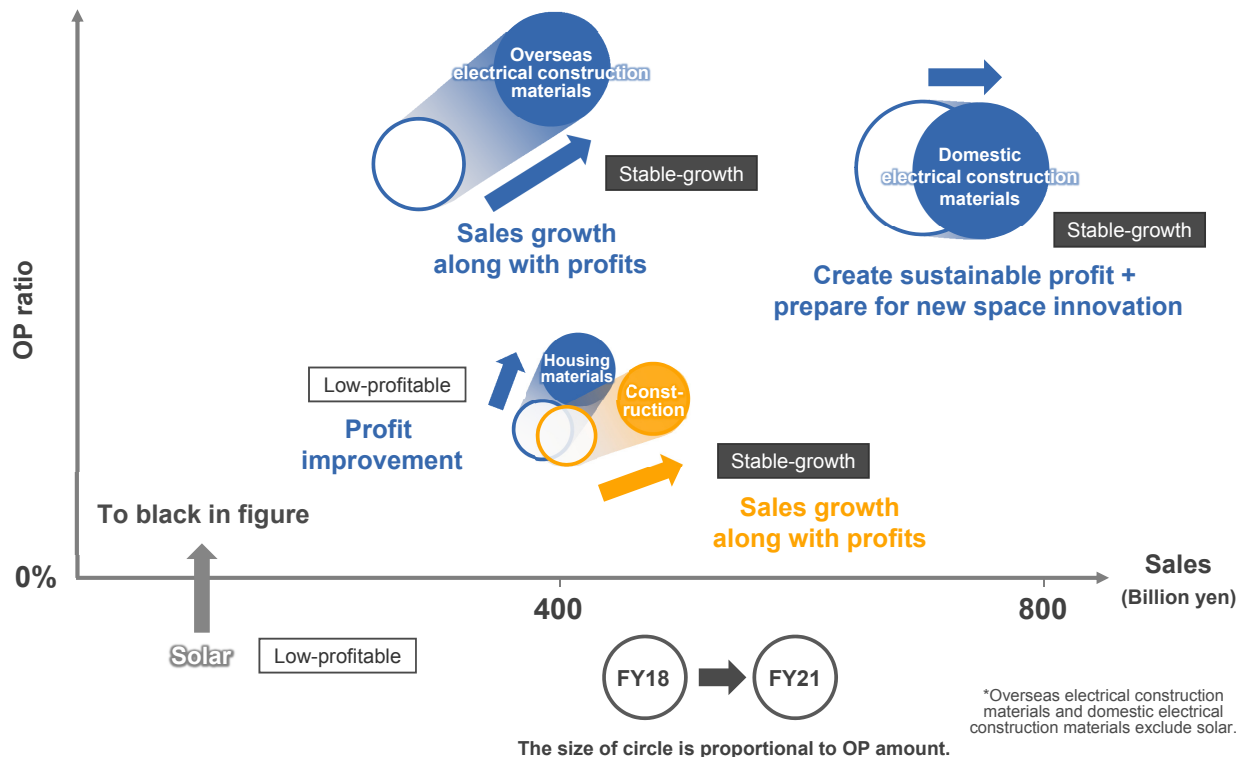


### Construction

- ▶ Sales growth by creating synergy in the Group.
- ▶ Expand business fields to non-residential and urban development businesses.
- ▶ Reinforce wooden housing business.

Disclosed Business whose sales are disclosed

# Business Portfolio



\*Overseas electrical construction materials and domestic electrical construction materials exclude solar.





# Space Innovation Business

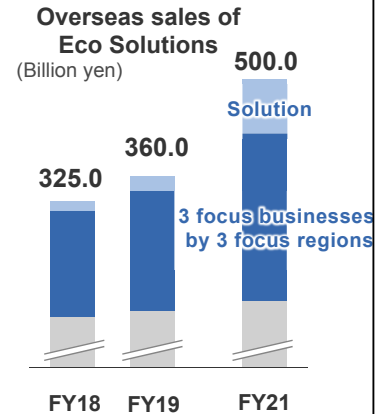
(Overseas electrical construction materials)

**Positive offensive towards overseas sales of 500 billion yen in FY2021.**

Build a system for growth from April 2018.  
(Business divisions system through development, manufacture, and sales integration under the regional initiative)

**Concentrate resources to 3 focus businesses by 3 focus regions.**

China	Asia	ISAMEA*
<b>Lighting</b>		
<ul style="list-style-type: none"> <li>Increase sales by electronic commerce.</li> <li>Increase sales of high-functional products by OtoO*.</li> </ul> <p>*Online to Offline</p> 	<ul style="list-style-type: none"> <li>Increase sales by introducing apparatus to electrical construction material and lamp channel.</li> <li>Promote transactions of specific areas. (Commercial facilities and offices)</li> </ul> 	<ul style="list-style-type: none"> <li>Expand sales channels in Indian market.</li> <li>Reinforce sales in expanding plant and office areas.</li> </ul>
<b>Ecology Systems</b>		
<ul style="list-style-type: none"> <li>Capture new markets and new sales channels. (Regional cities and non-residential, etc.)</li> </ul> 	<b>Energy Systems</b>	
	<ul style="list-style-type: none"> <li>Expand variety of wiring devices.</li> <li>Reinforce breaker business for rolling out comprehensive electrical construction material business.</li> </ul> 	<ul style="list-style-type: none"> <li>Launch strategic products for wiring devices in India. (High functional wiring products, etc.)</li> <li>Roll out home distribution board solutions.</li> </ul>



\* India, South Asia, and Middle East and Africa

## Roll out solution businesses in collaboration with leading partners.

- Develop cooperating partners in each country who can amalgamate our products and business with local needs. Developers, etc. (i.e. China, India, Taiwan etc.)

# Space Innovation Business

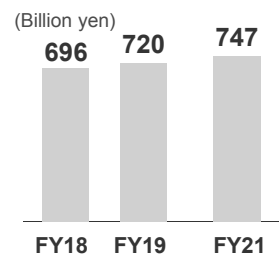
(Domestic electrical construction materials)

**Further enhancement of market advantage in electronic material product, which forms the foundation of space innovation.**

Lighting (LED lighting fixtures)			Energy Systems			Ecology Systems
For Residential	For Facilities	For Stores	Wiring devices	Home Distribution panels	Condominium HA	Ventilators
1st place	1st place	1st place	1st place	1st place	2nd place	2nd place

\*Quantity share (our estimate)

Sales of domestic electrical construction material



- Continue to launch high-value-added products and promote sales approaches adjusted to characteristics of markets and areas.
- Capture demand for non-residential construction materials centering on the Tokyo metropolitan area including Tokyo Olympics related demand



**Expand value chains by reinforcing engineering business.**

FY21:123 billion yen (FY18 →FY21 CAGR +11%)

- Reinforce system integration functions by starting up a new system and make quick action for the demand for stock of non-residential.

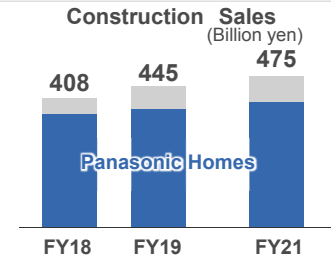
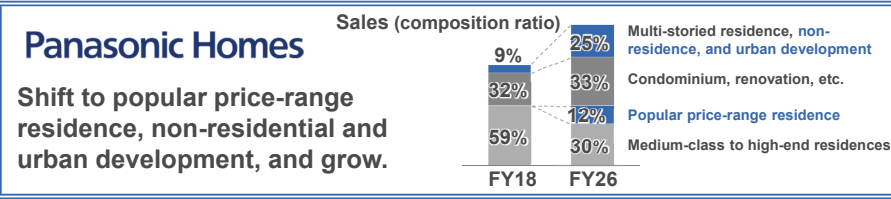


**Accelerate preparation for space innovation considering FY2022 and after.**

- New Space Innovation using linked light, sound, image and air

<b>Lighting</b>	Provide solutions by new lighting that merges sound, image, and information with lighting.
<b>Energy Systems</b>	Create new value of experience by expanding equipment that can be connected, speech-recognition, and IoT evolution (energy-saving + security, comfort, and convenience.)
<b>Ecology Systems</b>	Create new IAQ* value by controlling ventilation, humidity, and airstream. * Indoor Air Quality

Sales growth by creating synergy in the Group



Panasonic Homes × Construction Solution

Expand business fields to non-residence and urban development businesses.

Unify general contractor functions, share know-how, and reinforce construction capabilities.



Kento Senior Citizens Wellness Residence in Kishibe, Suita City | Tsunashima Sustainable Smart Town | Osaka University Global Village

Panasonic Homes × Housing Systems

Reinforce wooden residence business

Capture popular price-range in collaboration with building frame related material business (wooden PSJ construction method\*).



\*New construction method for wooden house industrialization

Large-size roof panels, wall panels, etc.

Panasonic Homes × Panasonic

Provide homes & town with new value created with the technology and resources of all **Panasonic**  
 → Increase presence of **Panasonic Homes**



Expand sales of **Panasonic** goods by appealing space value as showcase

FY2018 Results

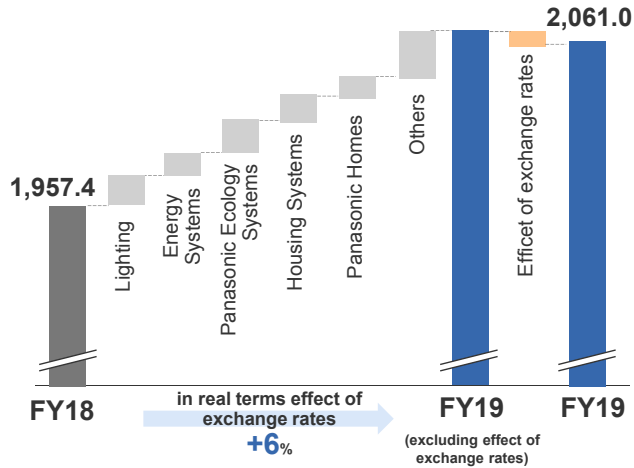
The Company Vision and Business Strategies

FY2019 Business Policy

Continuing to increase sales and OP

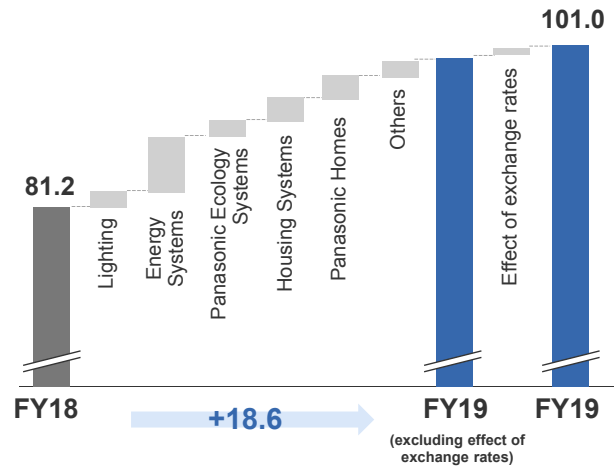
Sales

(Billion yen)



Operating profit

(Billion yen)



FY2019 Business Strategies

Space Innovation Business	Electrical construction materials	Lighting	<p><b>Overseas</b></p> <ul style="list-style-type: none"> <li>Increase sales by integrated structure of Manufacturing and Sales focused on China, India and Indonesia.</li> </ul> <p><b>Domestic</b></p> <ul style="list-style-type: none"> <li>Increase sales by rolling out high-value-added products for each target.</li> </ul>
		Energy Systems	<p><b>Overseas</b></p> <ul style="list-style-type: none"> <li>Reinforce resources and increase sales of wiring devices centering on India and Vietnam.</li> </ul> <p><b>Domestic</b></p> <ul style="list-style-type: none"> <li>Capture demand of renewal market centering on system equipment.</li> </ul>
		Panasonic Ecology Systems	<p><b>Overseas</b></p> <ul style="list-style-type: none"> <li>In China, capture electronic commerce market, and in North America, expand variety of residential products.</li> </ul> <p><b>Domestic</b></p> <ul style="list-style-type: none"> <li>Expand profits by shifting to high-value-added products such as heat exchange ventilation fan.</li> </ul>
	Housing materials	Housing Systems	<ul style="list-style-type: none"> <li>Increase sales of medium to high-end products in the remodeling market.</li> <li>Improve sales growth along with profit by strengthening customer contacts by salesperson</li> </ul>
Lifestyle Innovation Business	Construction	Panasonic Homes	<ul style="list-style-type: none"> <li>Increase revenue by reinforcing new construction contract and etc.</li> <li>- Enhance the sales of low-rise detached residence by utilizing the best of Panasonic brands.</li> <li>- Expand Multi-storied residence business mainly in the Tokyo metropolitan area.</li> </ul>












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(reference) Sales disclosed businesses

✓ Sales disclosed businesses		Main products/ service	
Space Innovation Business	Electrical construction materials	✓ Lighting	<ul style="list-style-type: none"> <li>Lighting equipment (for residential, facility, out door, store etc.), lighting device, lamp</li> </ul> 
		✓ Energy Systems	<ul style="list-style-type: none"> <li>Wiring device, home distribution board, electric tool, condominium HA, HEMS/BEMS, solar PV system</li> </ul> 
	Housing materials	✓ Panasonic Ecology Systems	<ul style="list-style-type: none"> <li>IAQ related equipment (ventilation system, ceiling fan, air purifier), Environmental Systems and Engineering (purifying system of water, air and soil)</li> </ul> 
		✓ Housing Systems	<ul style="list-style-type: none"> <li>System kitchen, system bathroom, tankless toilet, interior door, floor material, delivery box, drainpipe, roof material</li> </ul> 
Lifestyle Innovation Business	Construction	✓ Panasonic Homes	<ul style="list-style-type: none"> <li>Low-rise detached residence, multi-storied residence, renovation, urban development</li> </ul> 
		(Construction Solution)	<ul style="list-style-type: none"> <li>Construction, interior finish work</li> </ul> 
	Bicycle	(Panasonic Cycle Technology)	<ul style="list-style-type: none"> <li>Power-Assisted Bicycle, electric Motor Unit</li> </ul> 
	Senior care	(AGE-FREE)	<ul style="list-style-type: none"> <li>Elderly care service &amp; products, remodeling for elderly care</li> </ul> 