

Industrial Solutions Fiscal 2020 Second-half and Medium-term Initiatives

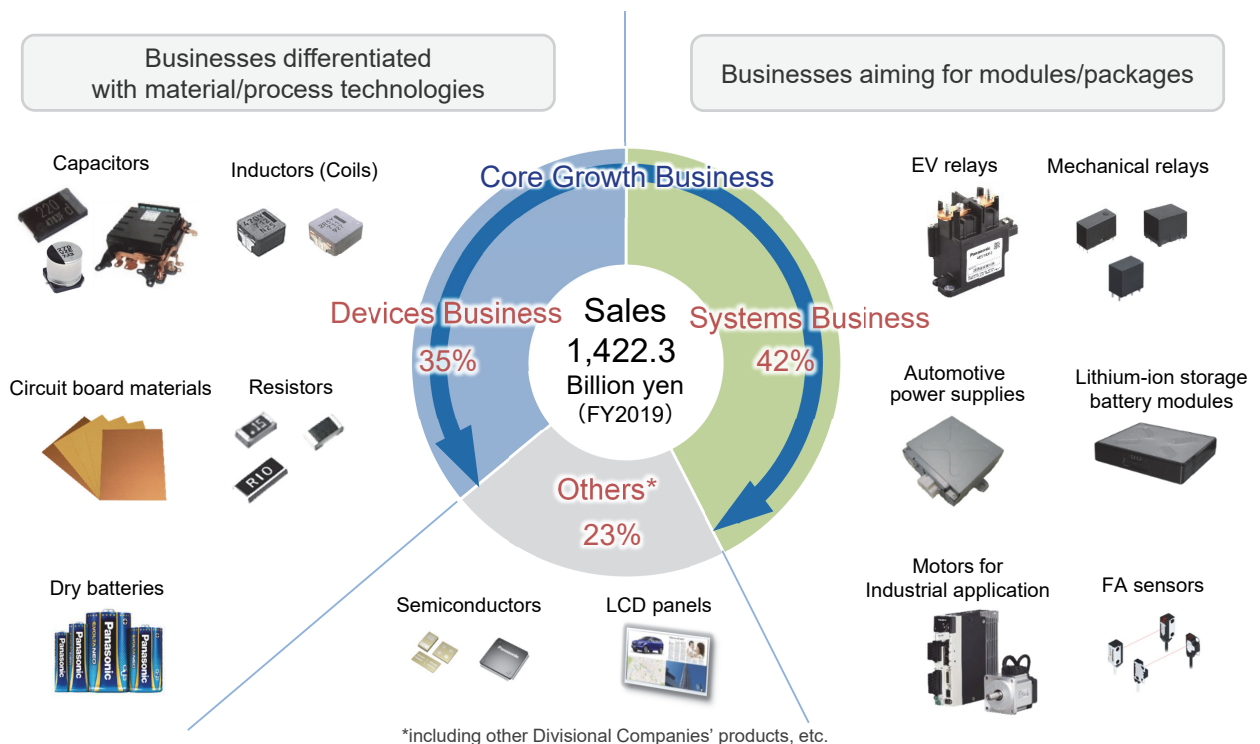
November 22, 2019
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Industrial Solutions Company
Panasonic Corporation



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.

Industrial Solutions Company: Business Introduction

Offer single-item devices and module/package products based on the devices



Fiscal 2020 First-Half Progress and Second-Half Initiatives

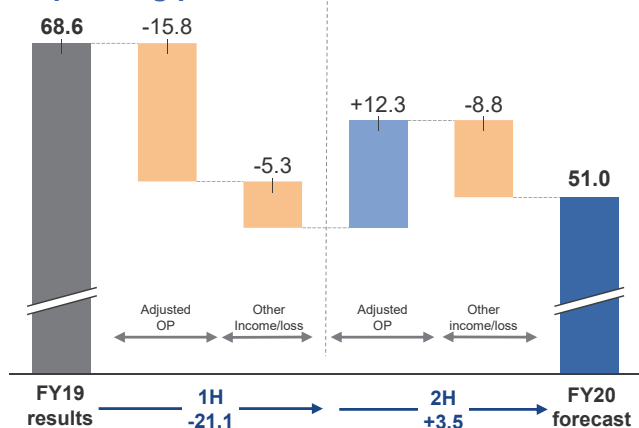
Panasonic

FY20 1H Results and 2H Forecast

[yen: billions]	1H results	vs. FY19/ Difference	2H forecast	vs. FY19/ Difference	Full-year forecast (as of Oct. 31)	vs. FY19/ Difference	vs. initial target
Sales	657.9	-73.9	672.1	-18.4	1,330.0	-92.3	-30.0
Adjusted OP (margin)	21.1 (3.2%)	-15.8	38.9 (5.8%)	+12.3	60.0 (4.5%)	-3.5	-19.0
Other income/loss	-4.7	-5.3	-4.3	-8.8	-9.0	-14.1	-
Operating profit (margin)	16.4 (2.5%)	-21.1	34.6 (5.1%)	+3.5	51.0 (3.8%)	-17.6	-19.0
Capital investment	23.9	-2.0	35.1	-2.4	59.0	-4.4	-13.0

Operating profit

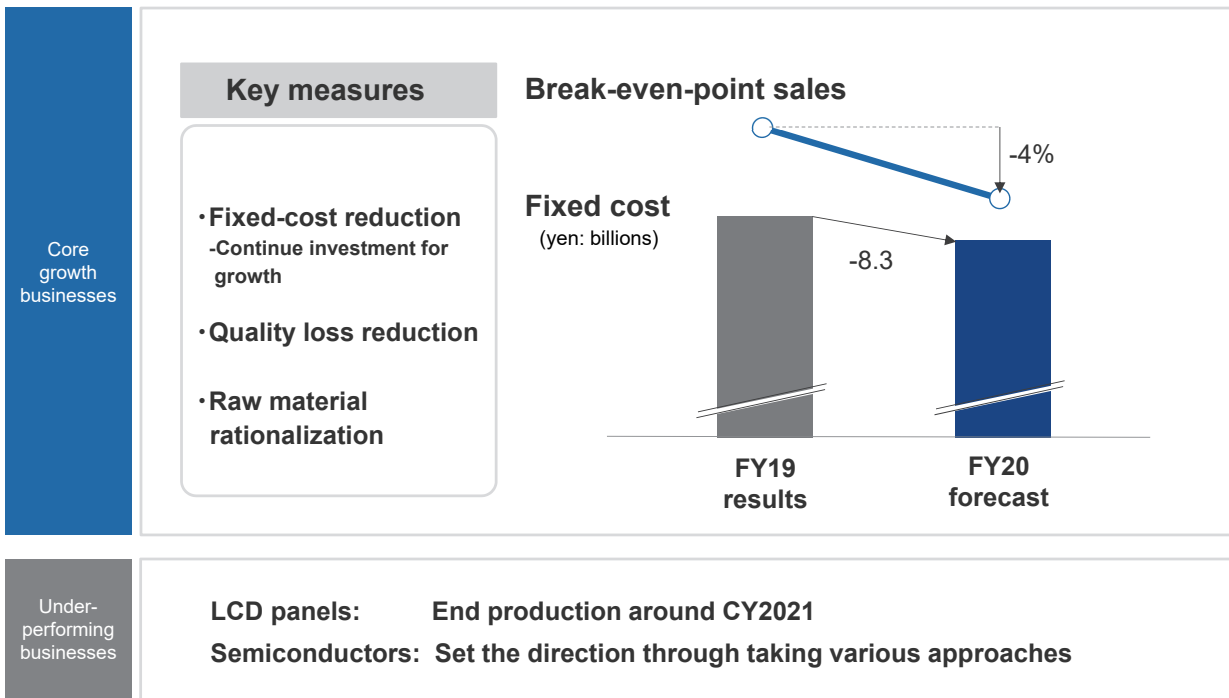
(yen: billions)



	2H forecast
Sales	■ Although equipment market has signs of bottoming out, there is no recovery forecasted. Sales will continue to decrease y/y.
Adjusted OP	■ Effect of decreased sales will be offset by fixed-cost reduction and contract alteration effect in the semiconductor business. Profit will increase y/y.
Other income/loss	■ Reaction to return the provisions for quality lawsuit in the previous year. (in rechargeable battery business)

Recognition of challenges:
Shift to the structure resistant to market changes

Promote enhancing management structure and directing underperforming businesses

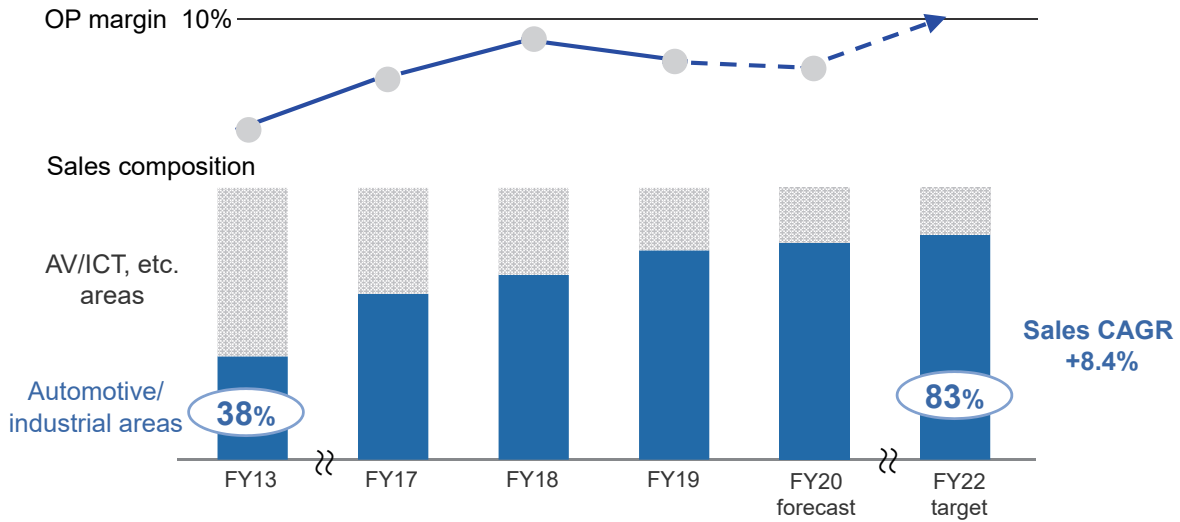


Long-term Vision of Core Growth Business

Complete shift to automotive/industrial areas, taking advantage of our high-reliability products

Competitiveness of products Continue to strengthen material/process technologies and lead in high reliability and performance

Strategic phases Shift to automotive/industrial areas Selection and concentration → Further growth in new areas



Support the solution of social issues by focusing on continuously evolving areas

■ Areas to be faced (Focused areas)



Automotive CASE
CAGR +8.7%^{*1}



Information/communication infrastructure
CAGR +5.9%^{*2}



Factory labor-saving
CAGR +6.5%^{*3}

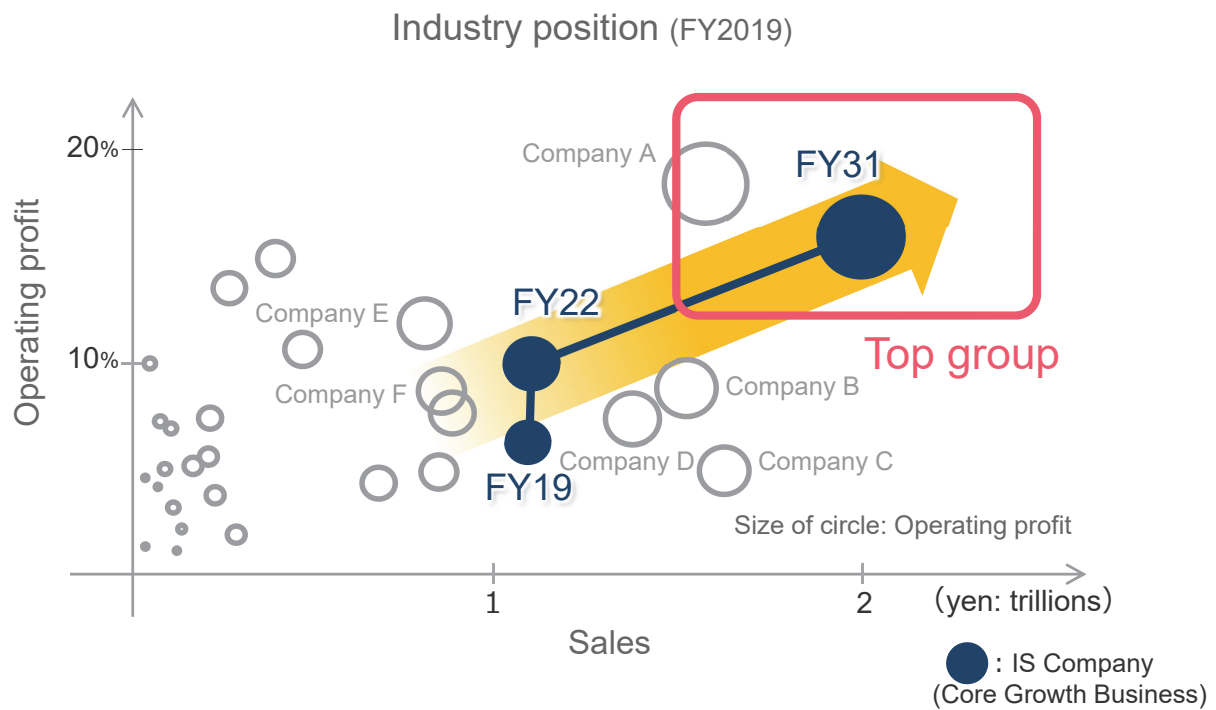
■ Value to offer

Devices Business
Competitive devices
(High-reliability/performance)

Systems Business
Modules/packages based on competitive devices
(Unique solutions)

^{*1}: Our estimate based on research materials such as device markets for automotive CASE (2019-2030 CAGR)
^{*2}: Our estimate based on research materials such as device markets for 5G base station and server markets (2019-2030 CAGR)
^{*3}: Our estimate based on research materials such as device markets for labor-saving factories (2019-2030 CAGR)

Aim to become a leading device company in industry



Medium-term Initiatives of Core Growth Business

Realize profitable growth by making even more competitive products

■ Basic strategy

Increase top-share-product ratio in industry (Specialize in market share No.1 and No.2 products)

Build a solid foundation for sales and profit

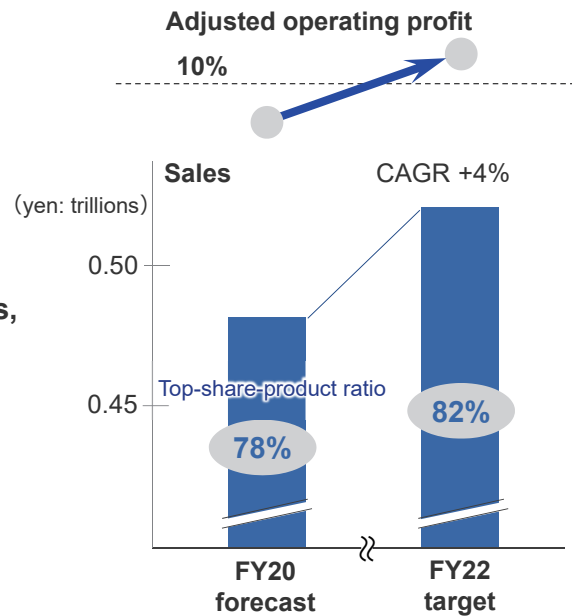
■ Approach

Strengthen material/process technologies, sources of differentiation

- Continuous investment from a long-term perspective
- Innovation of development approaches (Materials informatics, AI)

Lead the industry with high reliability as our strength

■ Sales/profit targets



Lead growth by top-share products based on high reliability

Business opportunity	Major products / value to offer	Growth ratio (FY20→FY22)
<p>Automotive CASE Growing demand for compactness and high reliability</p> <ul style="list-style-type: none"> - Increasing mounted ECUs* - Operation under severe environment of use <p>*Electronic Control Units</p>	<p>Automotive inductor Market share No.1</p> <p>High heat resistance/vibration durability</p>	CAGR 30%
<p>Information/communication infrastructure Growing demand for high-speed/high-reliability devices</p> <ul style="list-style-type: none"> - High-speed network - Stable performance 	<p>Film capacitor (for xEV) Market share No.1</p> <p>Compact/high-reliability</p>	CAGR 31%
	<p>Circuit board materials Market share No.1</p> <p>High-capacity/high-speed transmission</p> <p>MEGTRON</p>	CAGR 22%

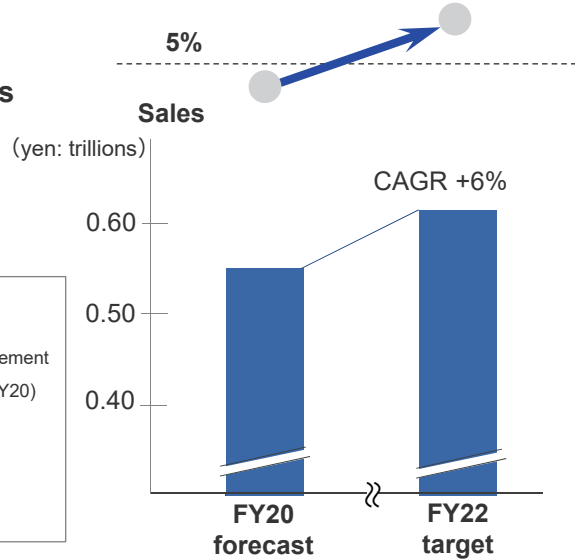
Boost profit by module/package products based on competitive devices

■ Basic strategy

- Maximize value to offer by being close to customers (Provide unique solutions)
- Focus on modules/packages based on competitive devices

■ Sales/profit targets

Adjusted operating profit



Boost profit by creating new businesses

■ Approach

Strengthen/improve customer contacts and proposal capabilities

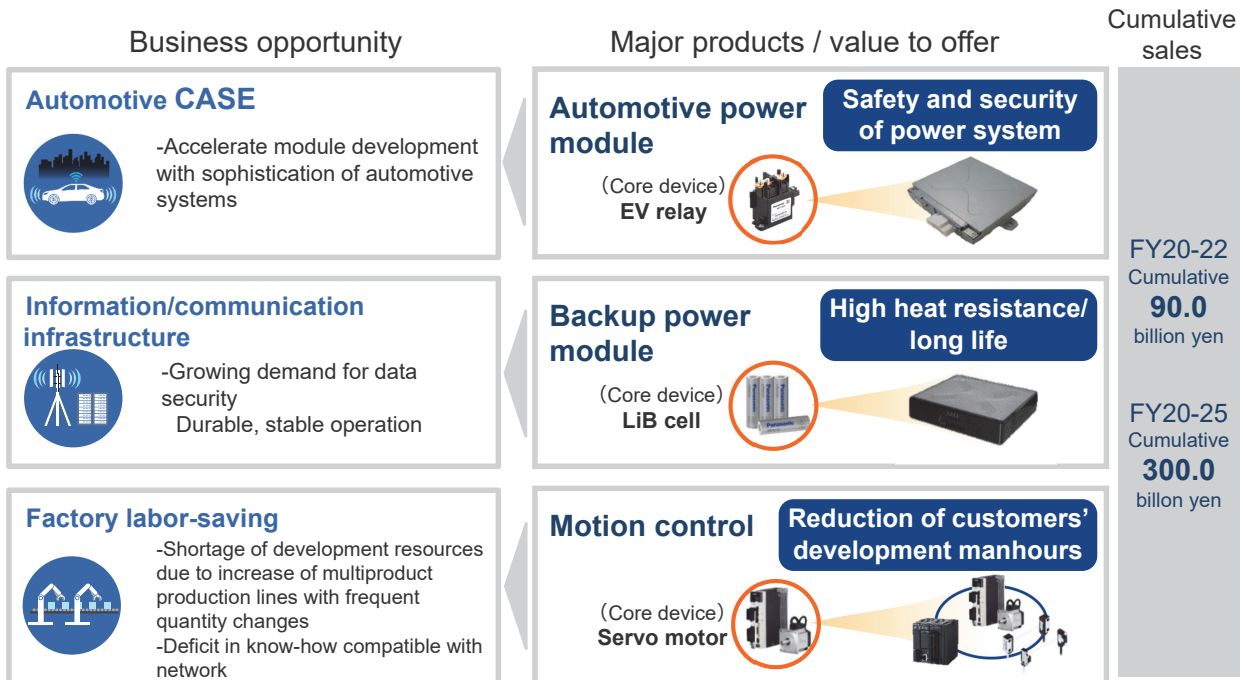
-Localize management in the strategic regions

- Europe: Strengthen a collaboration with OEMs utilizing local management
- China: Built a new business operational organization for FA area (FY20)

-Obtain technologies/know-hows

- Aggressively promote business collaboration inside and outside the company

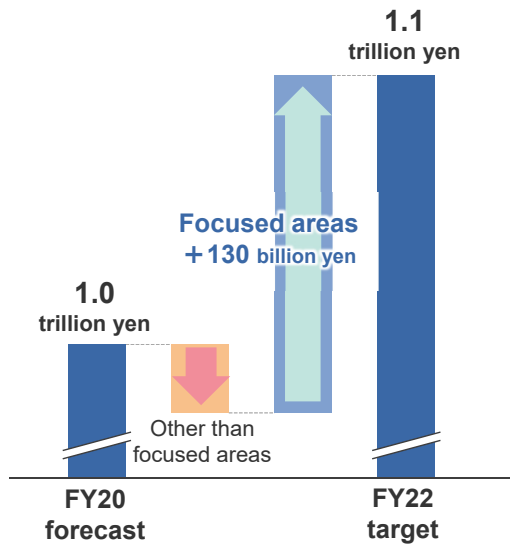
Create new businesses by maximizing value to offer



Realize sales growth in evolving focused areas, and aim for double-digit profit margin in FY22 as a transit point.

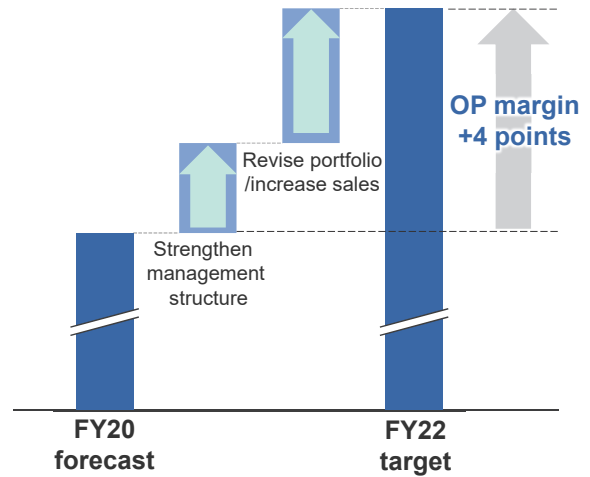
■ **Sales**

-Grow in the focused areas



■ **Adjusted operating profit**

-Boost profit by enhancing management structure and increasing sales of competitive products

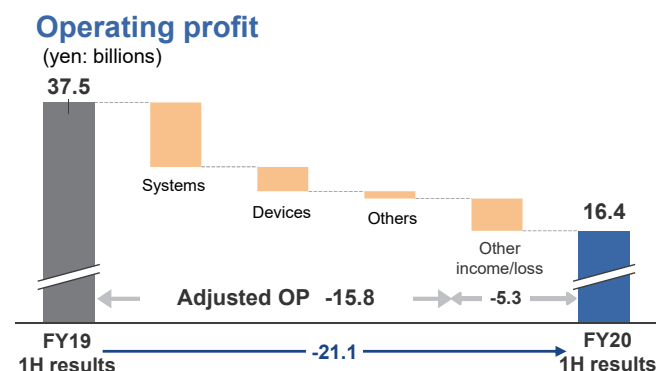
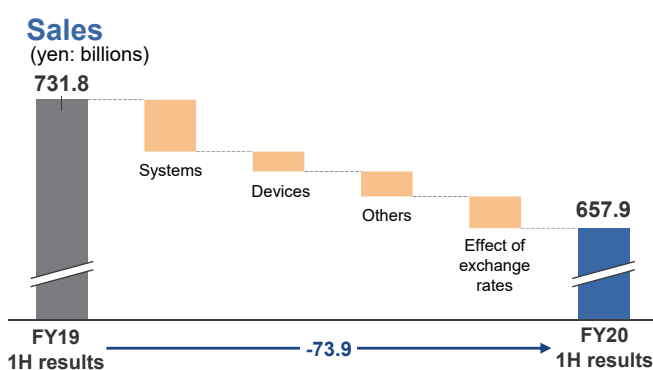


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(Reference) FY20 1H Results



	1H results / initiatives
Industrial Solutions Company	<ul style="list-style-type: none"> Sales and profit decreased by significant impact of deteriorated Chinese market conditions such as trade friction between U.S. and China
Systems	<ul style="list-style-type: none"> Sales of devices for equipment such as motors and FA sensors were sluggish due to weak capital investment demand in China
Devices	<ul style="list-style-type: none"> Sales and profit for passive components decreased due to weakening investment in server market and sluggish Chinese automobile market, etc. Sales of multi-layer circuit board materials for communication infrastructure was steady.
Others	<ul style="list-style-type: none"> Sales and profit decreased due to deteriorated market conditions in spite of profit improvement by contract alteration from Q2

(Reference) Details of Business Category

Businesses category

Systems



Major products and services

- Electromechanical Control Business Division
 - Relays, power supplies, switches, touch panels, connectors
- Industrial Devices Business Division
 - Motors, FA sensors, PLCs, laser markers
- Energy Solutions Business Division
 - Lithium-ion batteries, storage battery modules

Devices



- Device Solutions Business Division
 - Capacitors, inductors, resistors, thermal insulation sheets
- Electronic Materials Business Division
 - Multi-layer circuit board materials, encapsulation materials, advanced films
- Energy Device Business Division
 - Dry batteries, micro batteries, nickel-metal hydride batteries

Others



- Panasonic Semiconductor Solutions Co., Ltd.
 - ICs/LSIs, image sensors, compound semiconductors
- Panasonic Liquid Cristal Display Co., Ltd.
 - IPS liquid crystal display panels