

Basic Approach to Mid-term Strategy and Progress with Ongoing Initiatives

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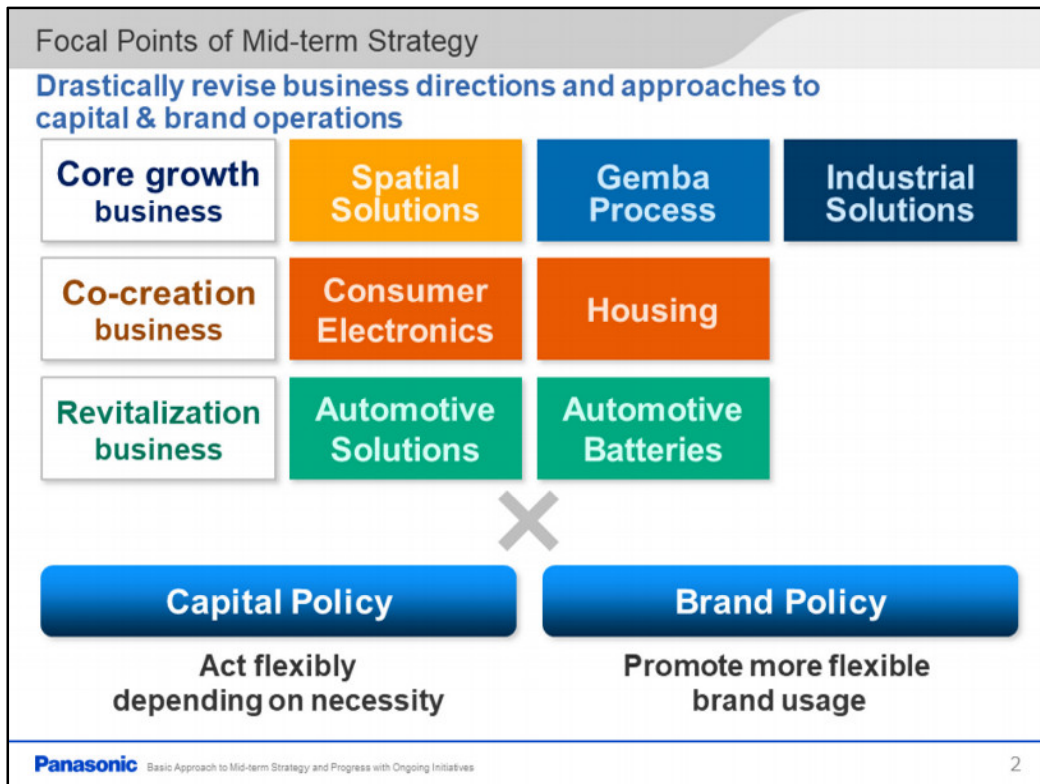
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Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2020" or "FY20" refers to the year ending March 31, 2020.

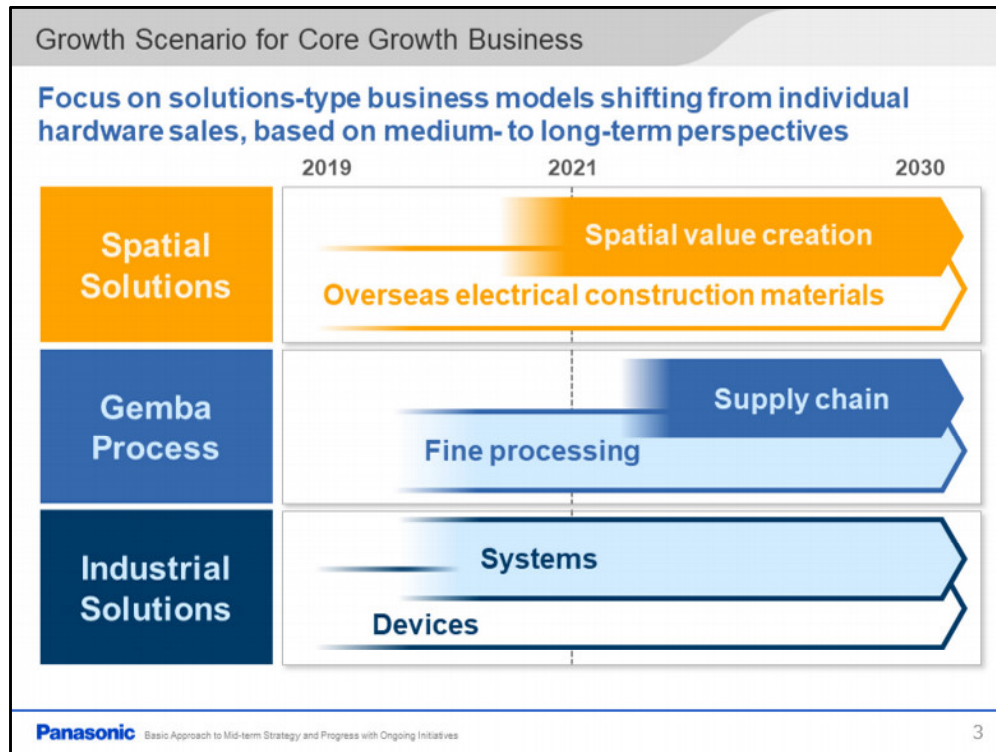
- This presentation gives the basic approach to and ongoing initiatives of the Mid-term Strategy announced on May 9, 2019.



- What we must achieve in this Mid-term strategy is to overcome the current low-profit structure. Let me outline three basic policies.
- First, we aim to achieve profit growth in Core growth business. In this area, where we can leverage our competitive advantage, we will transform our business models looking to the future, and develop these businesses as solid profit drivers.
- Second, we will promote co-creation with external partners. We aim to enhance our competitiveness and thus increase profitability by pursuing new value, which cannot be generated by ourselves.
- Third, we must execute structural reform. Eliminating businesses with loss-making structures is the minimum requirement in this Mid-term.
- Based on these initiatives, we will strive to thoroughly improve our profit structure and, furthermore, to strengthen the competitiveness of each of our individual businesses.
- In addition, from a long-term perspective toward 2030, we aim to become a company that continues to create contributions focusing on people's lives, through our "Lifestyle Updates" initiatives.



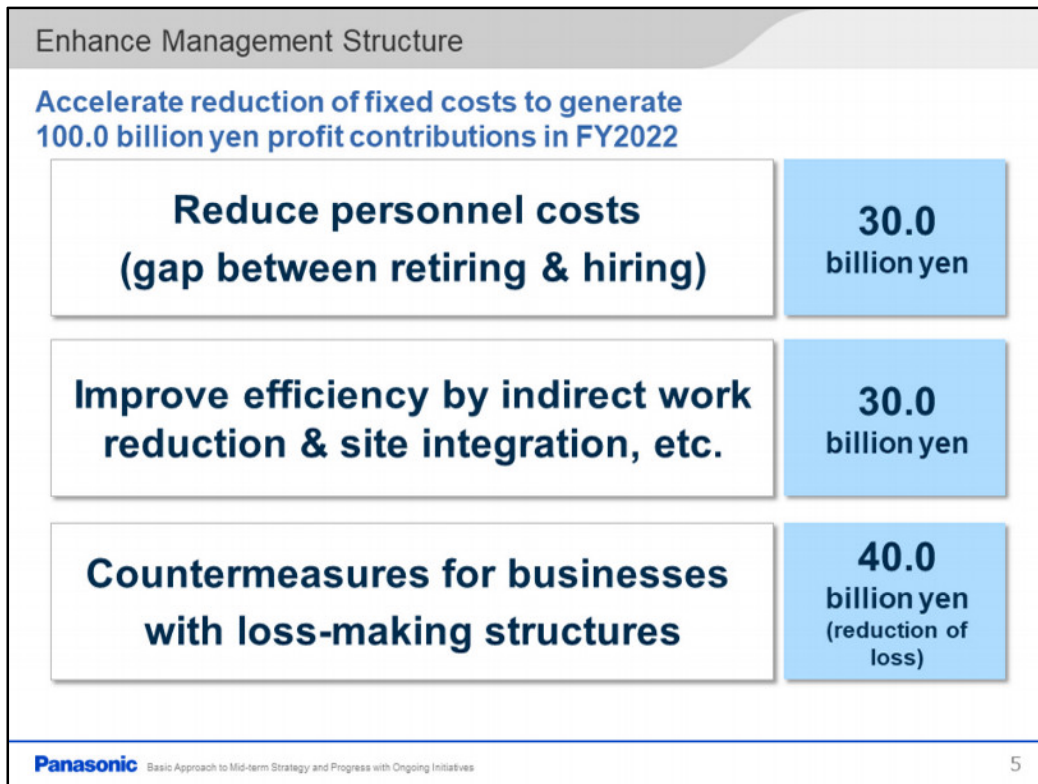
- In line with these policies, I announced in May the three portfolio classifications into which major businesses are sorted.
- In this Mid-term, we aim for raising corporate value by focusing our resources mainly on the Core growth business, shown at the top of the slide, to increase EBITDA.
- In the Consumer Electronics and Housing businesses, classified as Co-creation business, we will work to build up competitiveness through collaborations across regions and with other companies.
- Toward the steady execution of strategies, we will drastically re-examine our conventional approaches, and we will introduce flexible capital policies without limiting our options to utilizing internal resources, as well as more flexible brand policies.
- As for the Automotive Solutions and Automotive Batteries businesses, classified as Revitalization business, we will concentrate on areas where we can leverage our existing strengths, and thus thoroughly improve profitability.



- Now, I will outline our basic approaches to the Core growth business.
- These businesses are highly profitable today, by exerting our strengths such as the technological and manufacturing capabilities developed so far.
- In addition, these businesses are promising from the perspectives of market growth and business model transformation. They are also considered to become indispensable as infrastructure for the lifestyle areas toward creating “Lifestyle Updates” in the future.
- In each of these businesses, the basic approach is to focus on solutions-types business models, shifting away from individual hardware sales.
- In this Mid-term, we will work to raise profitability by:
 - (1) steadily earning profits with businesses such as “Overseas electrical construction materials” and “Devices” where we can expect to achieve organic growth and where we have advantages
 - (2) pursuing expansion in the areas such as “Fine processing,” where we add software and data analysis to our customers’ existing manufacturing equipment, as well as “Systems,” where we offer solutions as a module or package by combining our existing devices.
- On top of this, we will make investments in new areas such as “Spatial value creation” and process innovation in “Supply chain,” where more complicated solutions will be required and where we can expect great transformation to take place in the medium- to long-term.



- This is an outline of “Spatial Solutions,” which we consider as the business area closest to the “Lifestyle Updates” we aim to offer. (Details of other Core growth business’ strategies are explained in presentations by each Segment.)
- We have been offering values that arouse “emotions” related to “health” and “comfort” through businesses such as consumer electronics and electrical construction materials, in which we have always stayed close to people’s lives. Going forward, we will expand these values to non-residential spaces including offices and commercial facilities.
- Rather than simply combing our own existing products, the approach is to link various technologies and products transcending the boundaries of the Company and organizations; for instance, Life Solutions’ electrical construction materials, as well as Appliances’ and Connected Solutions’ air-conditioning, indoor-air-quality, and audiovisual equipment being connected. Furthermore, we aim to optimize spaces using data analysis based on AI, IoT and sensing. In this way, we aim to generate optimal spatial value that responds to the actual needs of the people in the offices or commercial facilities, etc.
- In addition, we will take up the challenge to offer solutions for all sorts of space accommodating people, including residential space, by linking our “HomeX” systems.

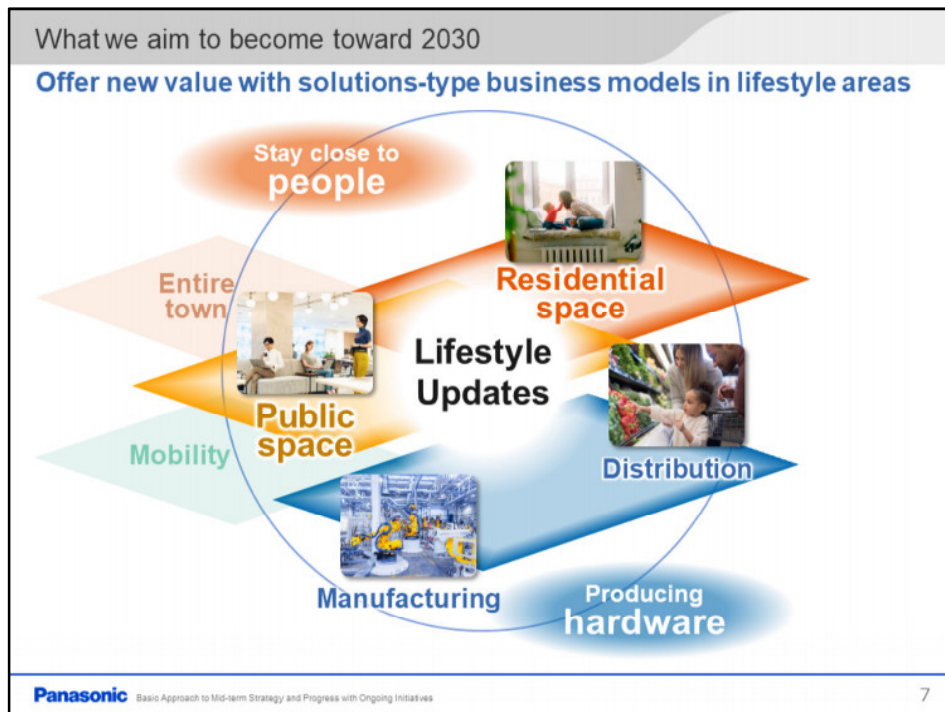


- Now, I will talk about our initiatives for enhancing management structure.
- As included in the presentation announced on May 9, 2019, we aim to reduce fixed costs to generate 100.0 billion yen of profit contributions in FY2022. This slide shows the breakdown.
- First, we plan to reduce personnel costs by 30.0 billion yen based on the anticipated gap between retiring and hiring. While we will retain a workforce necessary to maintain our competitiveness, the total number of employees is expected to decline toward FY2022 due to the number of retiring employees, including those at retirement age, to exceed that of planned hiring.
- Second, we aim to reduce fixed costs by 30.0 billion yen mainly through the reduction of indirect operations and integration of operating sites. In addition to making efforts to eliminate any inward-looking and duplicated operations, we will integrate operating sites to achieve a higher efficiency of indirect operations.
- Third, we will reduce the amount of loss by 40.0 billion yen through countermeasures taken for businesses with loss-making structures. Specific initiatives are being gradually undertaken, and we will steadily implement further measures moving forward.

Execute portfolio management in a top-down manner

- | **Eradicate businesses with loss-making structures by FY2022**
- | **Set new direction in low-profit businesses by FY2022**
- | **Find new directions in businesses that are no longer competitive, including drastic capital policies**

- In the past, each Segment was responsible for business portfolio management. However, we are now executing in a top-down manner.
- In this way, we will eradicate businesses with loss-making structures by FY2022, and also for the low-profitable businesses, we will make decisions for the direction to take by FY2022.
- With regard to businesses that face difficulty maintaining competitiveness, unless specific measures are found to regain competitiveness and profitability, we will consider adopting drastic capital policies, including forming alliances with external partners.



- Panasonic is a company that has made contributions to society by always staying close to “people” and “producing hardware,” mainly with our consumer electronics business. Our true value lies in how we can fine-tune these strengths to better respond to social changes, and thus further expand our contributions in lifestyle areas.
- From the perspective of “people,” we will continue to offer value and leverage our strengths accumulated through businesses for “residential space,” mainly consumer electronics, and expand these to “public space.” We aim toward providing updateable lifestyles not only in homes but also in entire towns.
- Also in “residential space,” where we have many advantages, individual customers’ needs are becoming diversified and complicated. To respond to the changes, we will transform our conventional consumer electronics business to create new contributions.
- Toward this aim, in October, we have brought aboard Ms. Yoky Matsuoka, who has world-leading technical expertise in AI and robotics. She will take a leading role in accelerating the creation of new value and business models for spaces where we stay close to people.
- From the perspective of “hardware,” customers’ personal preferences and consumption styles are becoming much more diversified today. Thus, the manufacturing industry, including the food and apparel industries, must drastically redefine their approaches to supporting such varied lifestyles.
- From this perspective, we will connect the manufacturing industry with individual consumers in an optimal way by helping industrial customers develop highly efficient flows of goods delivered from factories to individual consumers, as well as generating additional value such as safety and security. Through these efforts, we aim to make greater contributions toward helping people achieve better lives.
- Based on these two perspectives of “people” and “hardware,” we will always stay connected to individual customers and offer each of them the “most suitable” lifestyle solutions. By redefining ourselves in this way, we will continue to strive being a valuable company needed by society.

The Panasonic logo is centered within a large, empty rectangular frame. The logo itself consists of the word "Panasonic" in a bold, blue, sans-serif font.

- Thank you for your kind attention.

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