

Home Appliances Company Growth Strategy

September 29, 2010

**Home Appliances Company
Kazunori Takami**

I . Introduction

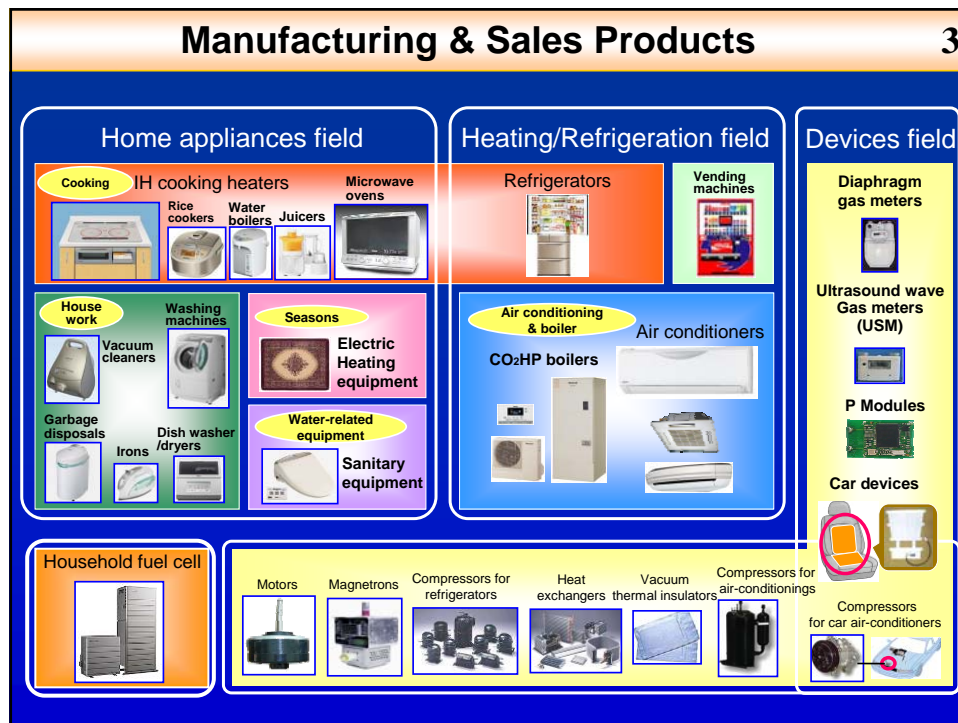
II . Vision for the Future

III . Main Initiatives in GT12

I . Introduction

II . Vision for the future

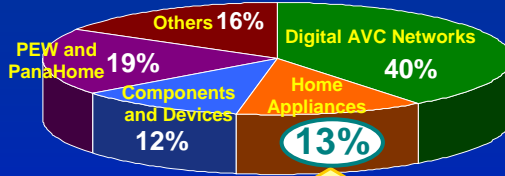
III . Main initiatives in GT12



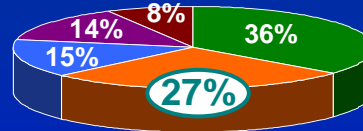
HA Company in Panasonic Group

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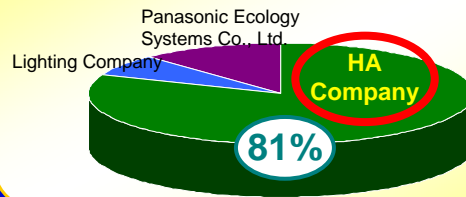
"Sales" by business segment (FY2010 results)



"Operating profit"



Sales in Home Appliances business segment

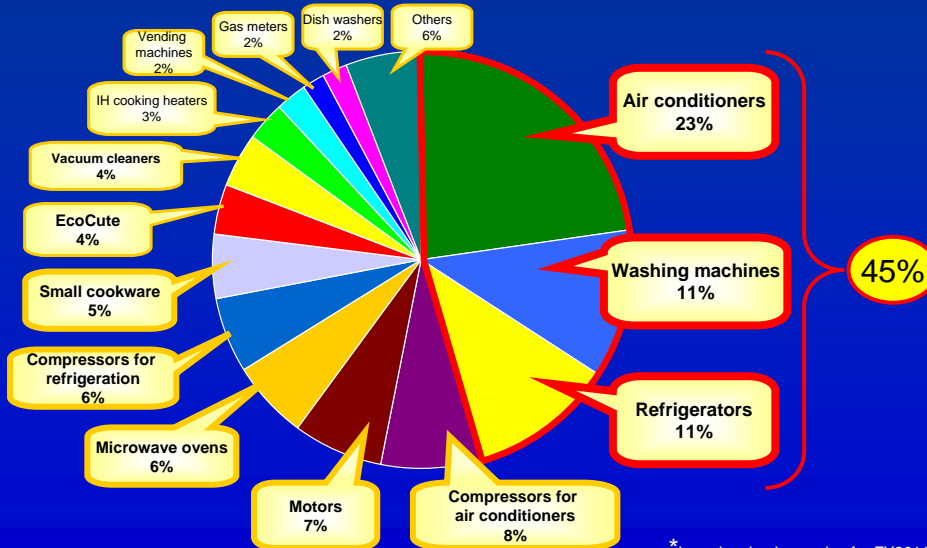


Source: Panasonic consolidated financial results

Sales Structure of HA Company

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■ 3 Major products (air conditioners, washing machines & refrigerators) account for 45%

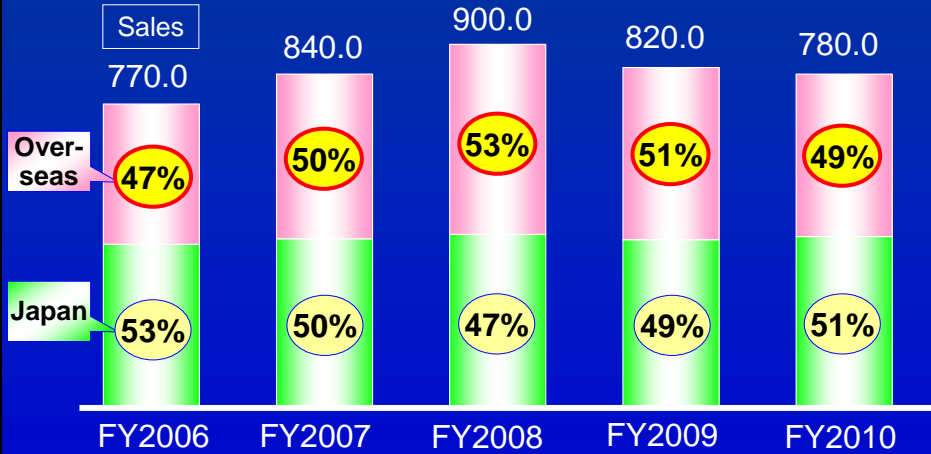


* based on business plan for FY2011

Sales & Overseas Sales Ratio of HA Company 6

Overseas sales* ratio is approximately 50%, affected by worldwide recession in FY2009

(billions yen)



*overseas sales = manufactured and sold in overseas markets (excluding motor business)

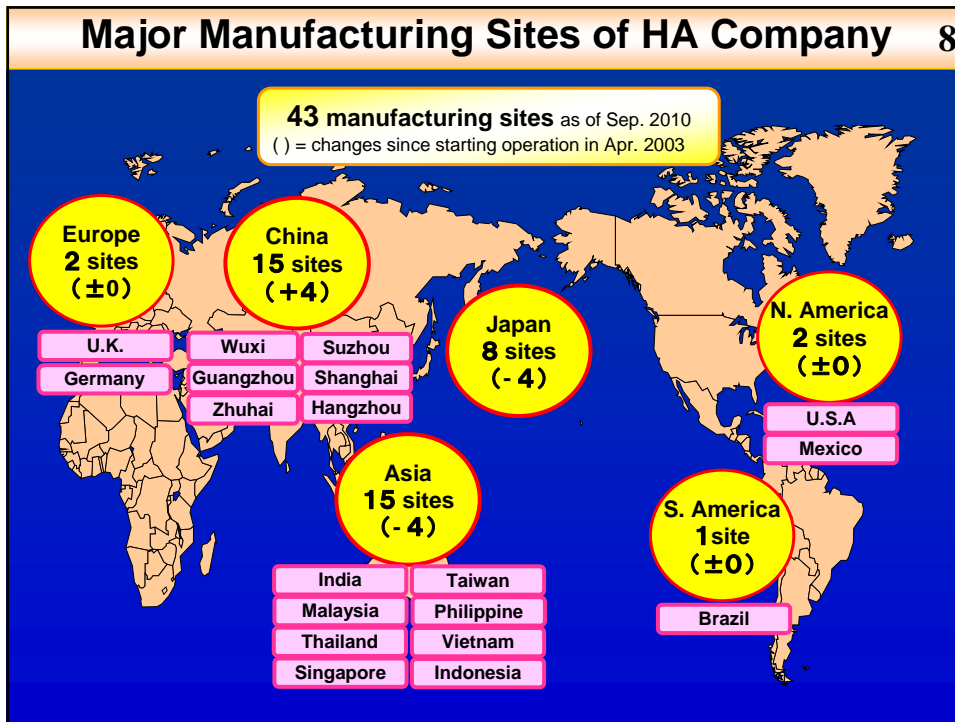
Major Products' Positioning (Market share in units) 7

Received strong acceptance by consumers in Japan and Asia

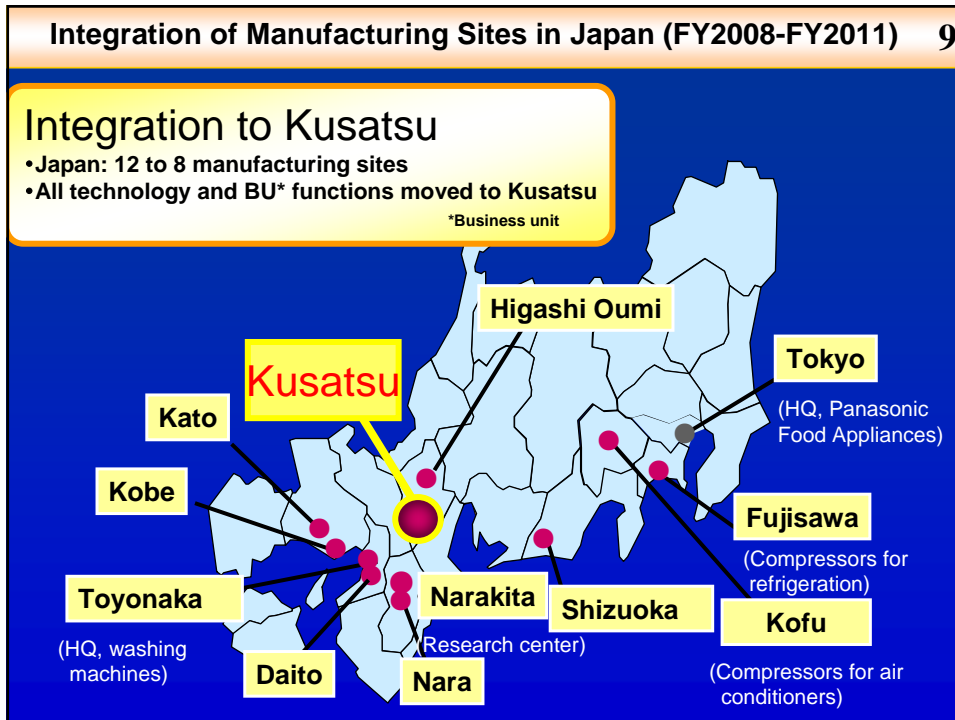
	Japan	China	Indonesia	Malaysia
Air conditioners	1	8	2	1
Refrigerators	1	8	5	1
Washing machines	3	3	5	1
Microwave ovens	2	3	2	1
Vacuum cleaners	1	5	5	1

(FY2010 Panasonic's estimation)

Major Manufacturing Sites of HA Company 8



Integration of Manufacturing Sites in Japan (FY2008-FY2011) 9



I . Introduction

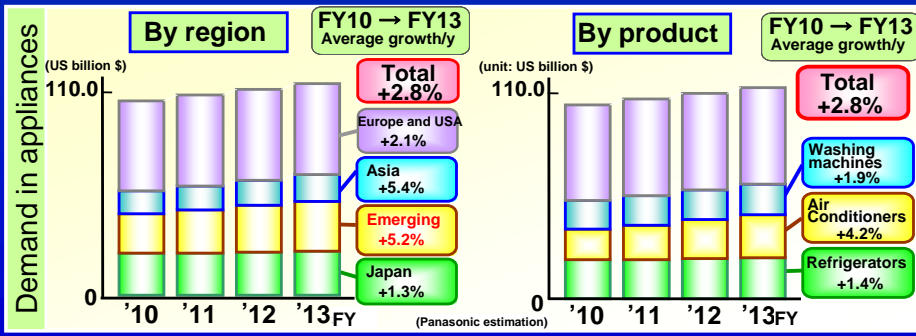
II . Vision for the future

III . Main initiatives in GT12

Environment of Home Appliance Business 11

- Stable growth in appliance demand is expected (CAGR+2.8%)
 - CAGR+5.2% in emerging countries while demand in Japan slows down to +1.3%
 - Downward trend in prices continues globally (major finished products: 3-6% down/year)
 - Accelerating environmental and resources issues (prevention of global warming, demand for recycling resources)

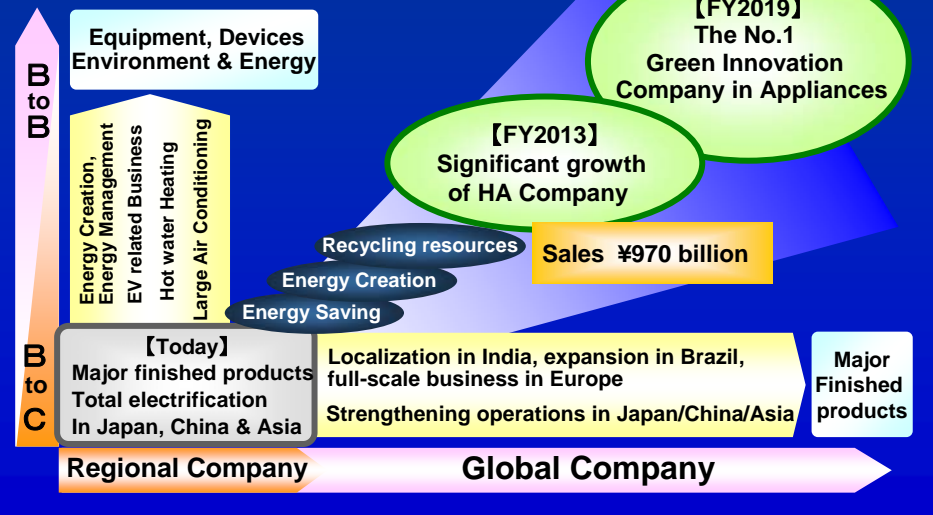
- Roles of HA Company
 - Capture growth in emerging markets
 - Secure stable profitability
 - Increase contribution to saving and creating energy



HA Company Vision for the Future 12

Aim to be “the No.1 Green Innovation Company in Appliances” in 2018
 – achieving “significant growth of HA Company” in FY2013–

FY2011-2013 Establish foundations to be the Global No.1



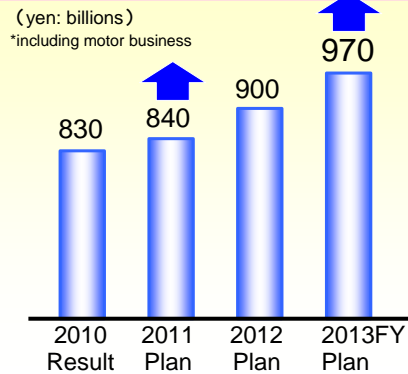
Midterm Management Plan 13

- Management target in FY2013
Sales: 970 billion yen (CAGR 5.3%)
- Capturing growth in the emerging markets, at the same time shifting business structure to BtoB & environment/energy fields

Major initiatives

1. Capturing high-volume segment and evolution of global business
2. Expansion of BtoB business (equipment/devices)
3. Business creation in environment and energy fields
4. Strengthening manufacturing ability
5. Acceleration of environmental management

Sales plans*

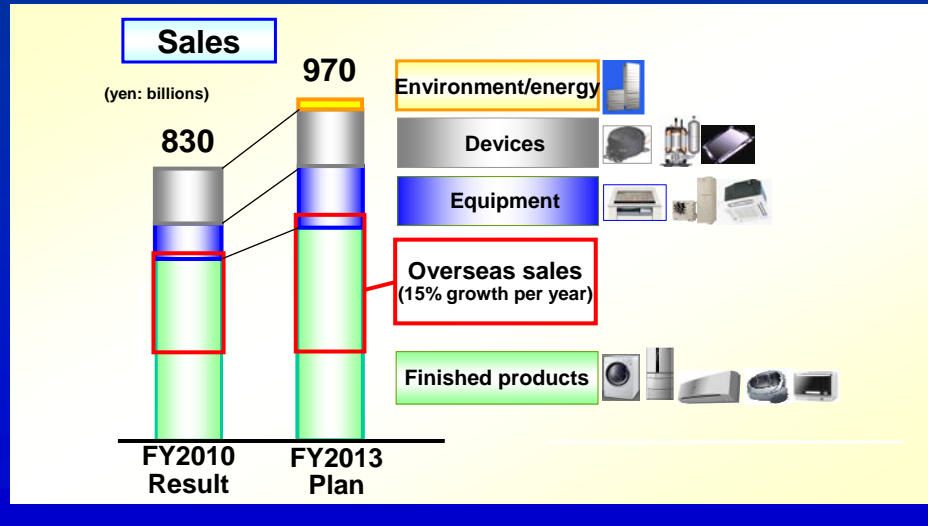


Business Structure Changes

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Direction
of
change

1. Growth in overseas sales (15% per year)
2. Expansion of BtoB business (equipment/devices)
3. Business creation in environment and energy fields



I . Introductions

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1. Growth Strategy

(1) Capture Emerging Markets high-volume segments

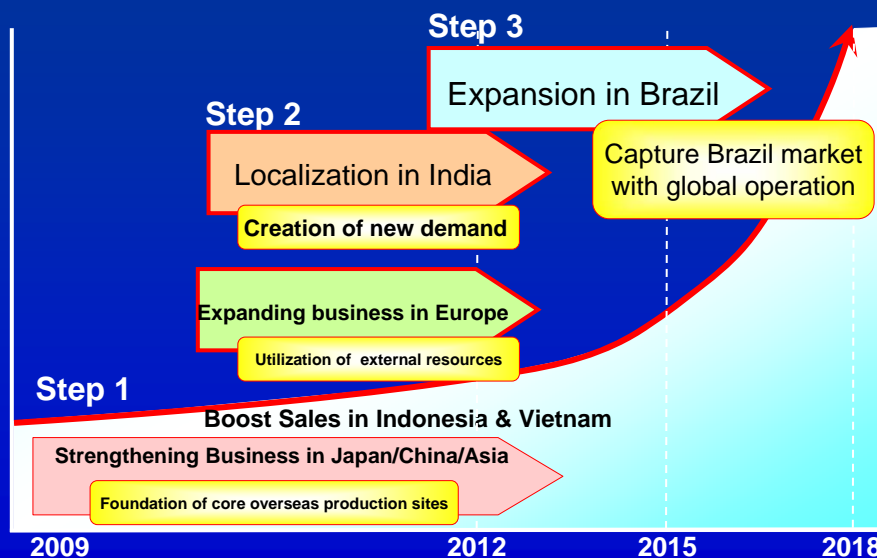
(2) Expansion of BtoB Business

(3) Business Creation of Environment & Energy

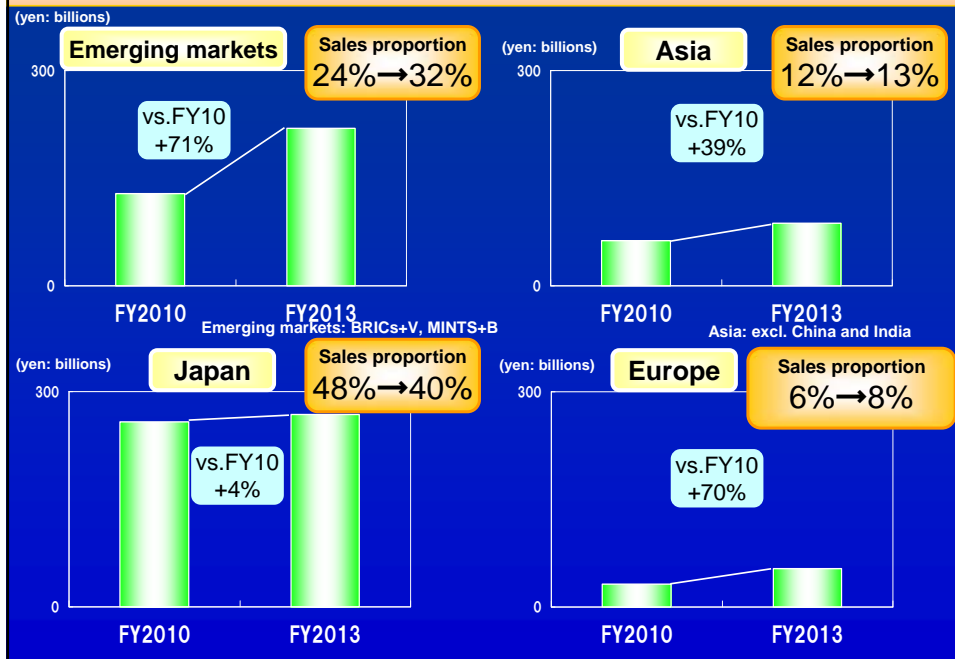
Steps to Address Emerging Markets

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■ In addition to Europe, overseas business expands to India & Brazil



Sales Plan by Region (Finished Goods) 18



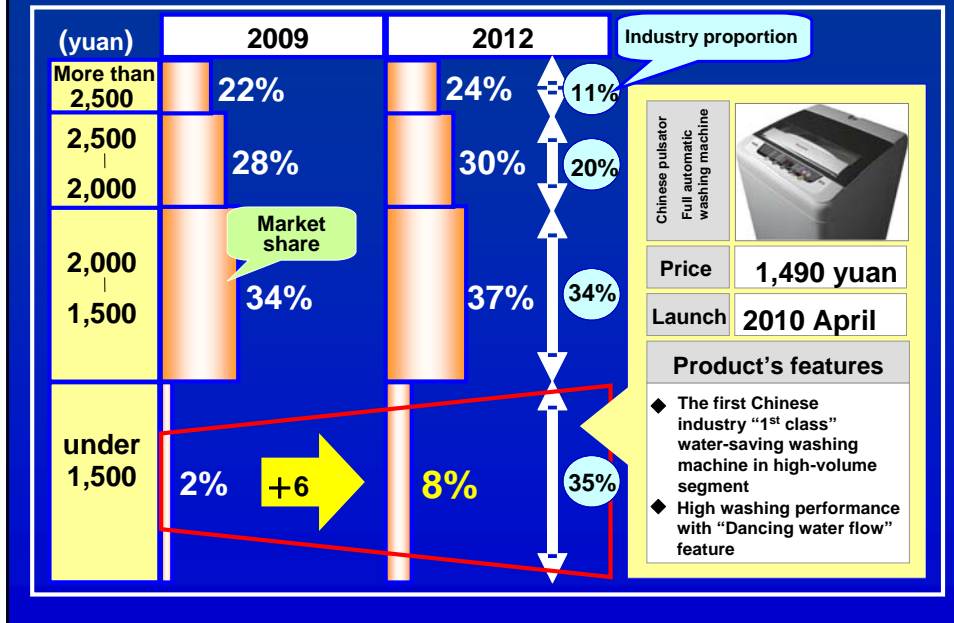
Increase Market Share with High-Volume Segment Products 19

■ Increase market shares in emerging markets by launching high-volume segment & creating new markets

Market share in 2012 (vs. 2009)	China		Asia		Europe	India	Latin America
	:increase market share by more than 5%		:increase market share by more than 3%				
Air-conditioners		2010 Dec. Refrigerators					Air conditioners Capturing high-volume segment products
Refrigerators		2-door direct cooling			Expanding product line-up		
Washing machines		2010 Apr. Full automatic Chinese "1st class" water-saving					
Microwave ovens		2010 Oct. Microwave ovens Inverter model				2010 Sep. Vacuum cleaners in variety colors	
Vacuum cleaners							
Volume-zone segments proportion in 2012	33%		50%		19%	41%	45%

Capture High-Volume Segments (Pulsator Washing Machine in China)

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Establish Production Sites (1): India

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Expand Indian market, collaborating with Panasonic Groups



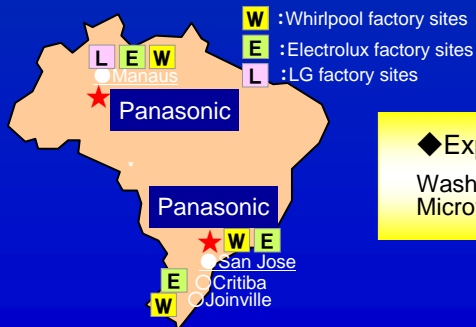
◆ Strengthen lifestyle research
Research center for marketing in high-volume segment

◆ Expand market with fully lineup products
Air conditioners, Refrigerators, Rice cookers, Washing machines, Microwave ovens, Cooking appliances

Establish Production Sites (2): Brazil 22

Expand Brazilian market, utilizing overseas' sites

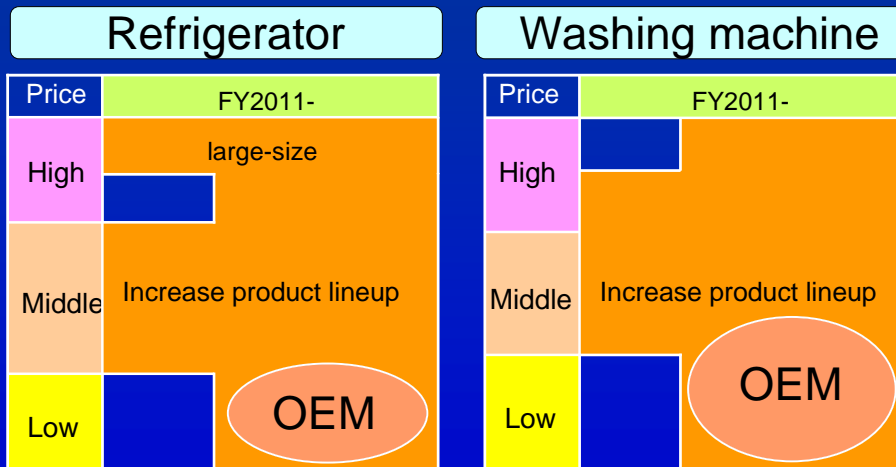
Cooperating	HA (Business unit)	R&D for base model products development
	PTW (Subsidiary in Taiwan)	R&D and assist production for local products
	PANABRAS (Subsidiary in Brazil)	R&D and production for local products



Expand market with new products
 Washing machines, Refrigerators,
 Microwave ovens

Establish Market in Europe 23

Strengthen European market by establishing 'eco' technology, utilizing local OEM products



Expand Cooking Appliance Market

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■ Expand overseas market for rice cookers and cooking appliances (+15% per year)

Rice cooker

+20% per year

- ◆ Launch 2 affordable-priced models with microcomputer technology
- ◆ Start to manufacture in India, sell and export Indian products



Cooking appliance

+12% per year -launch 2 new series-

- ◆ **'Premier series'** for Middle East and Russia

Blenders, juicers, bread makers, coffee machines, meat grinders

- ◆ **'Mass-market' series** for China, Asia, Middle East and Russia

Handy blenders, toaster ovens, coffee machines, sandwich makers, kettles, pop-up toasters



1. Growth Strategy

(1) Capture Emerging Markets & high-volume segments

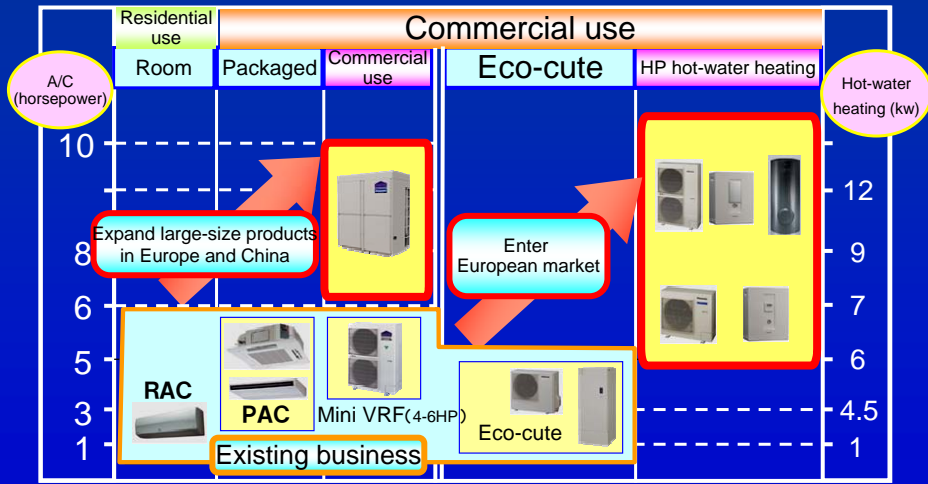
(2) Expansion of B to B Business

(3) Business Creation of Environment & Energy

Expand Air Conditioning Business

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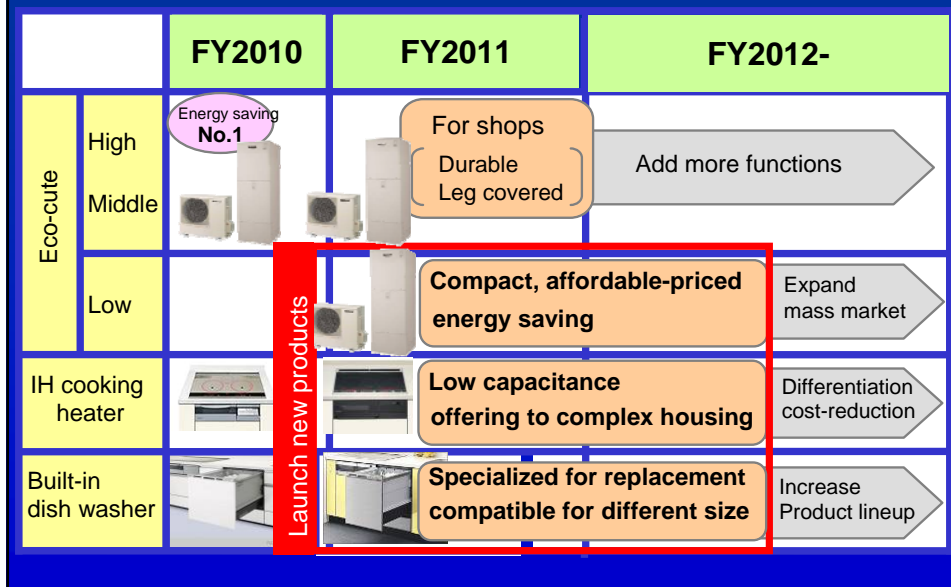
- Expand air conditioning business, launching large-size air conditioners, heat pump hot-water heatings



Strengthen Products in Japan

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- Expand Japanese market, creating demand and strengthening our marketing



1. Growth Strategy

(1) Capture Emerging Markets high-volume segments

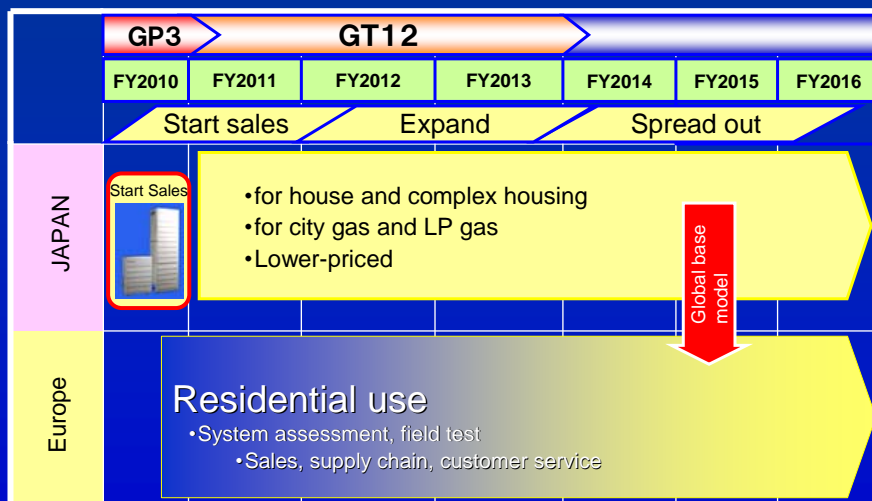
(2) Expansion of B to B Business

(3) Business Creation of Environment & Energy

Fuel Cell: Energy Creation

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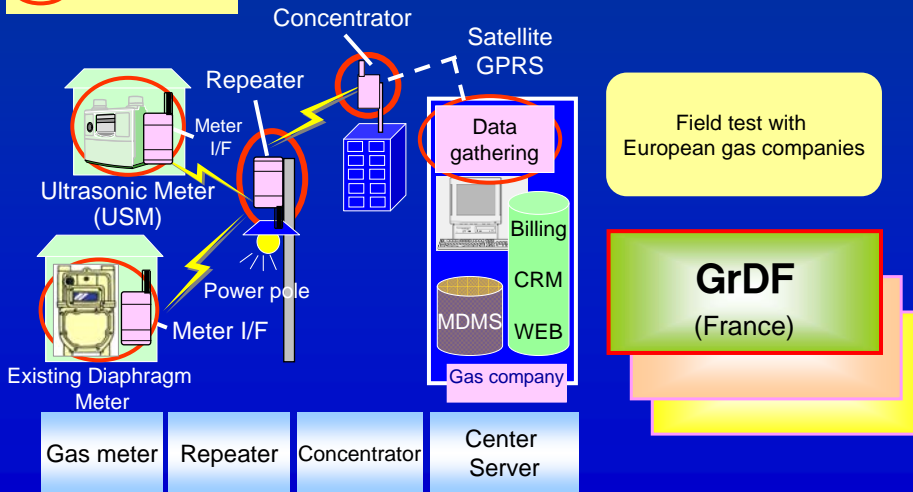
Expand Japanese market and enter European market



Gas Smart Meter in Europe: Energy Management 30

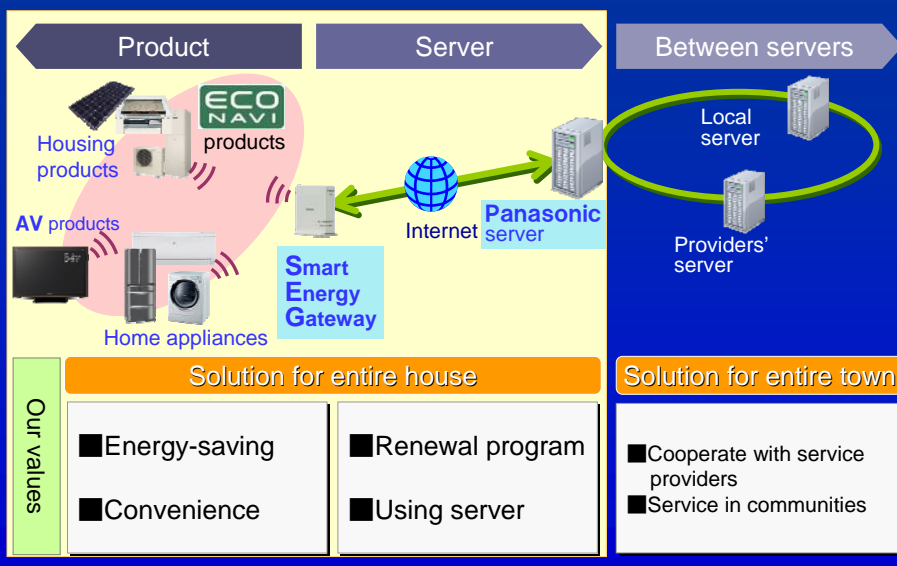
■ Start field test with European gas companies to enter European market

○ : HA products

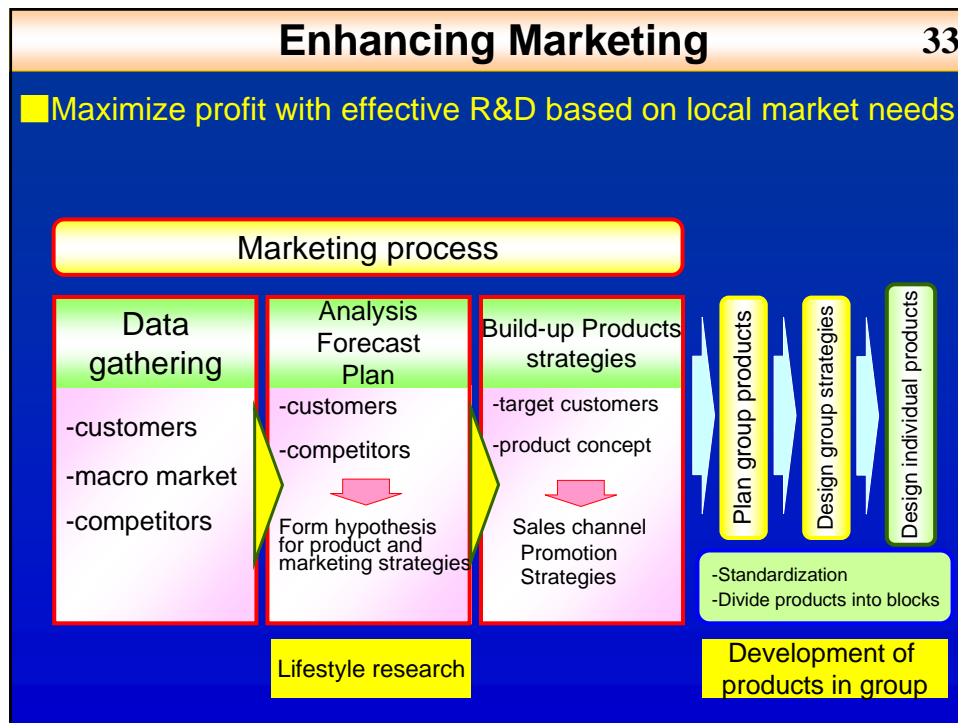


Network-Linked Products 31

■ Offer network-linked solution, connecting between products and servers

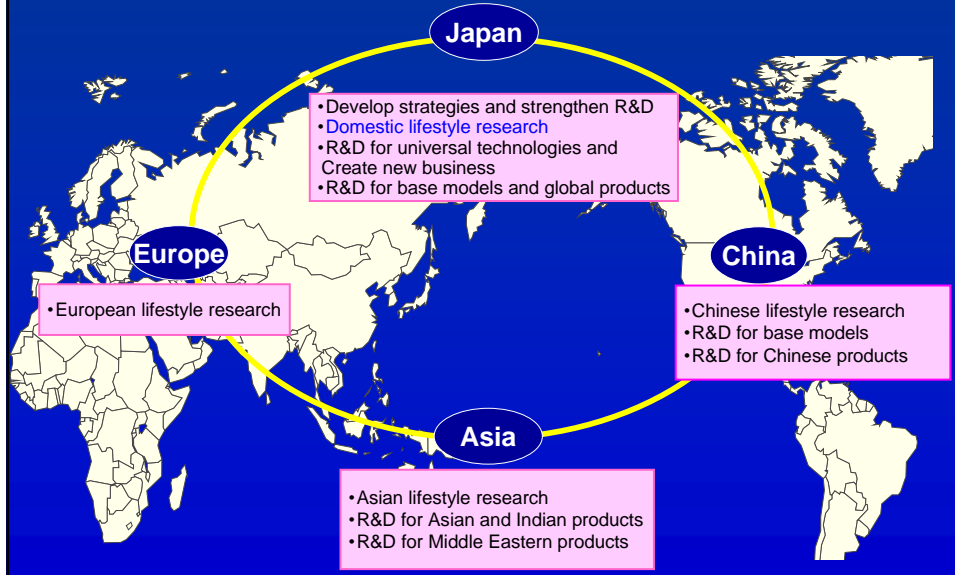


2. Strengthening Product Competitiveness



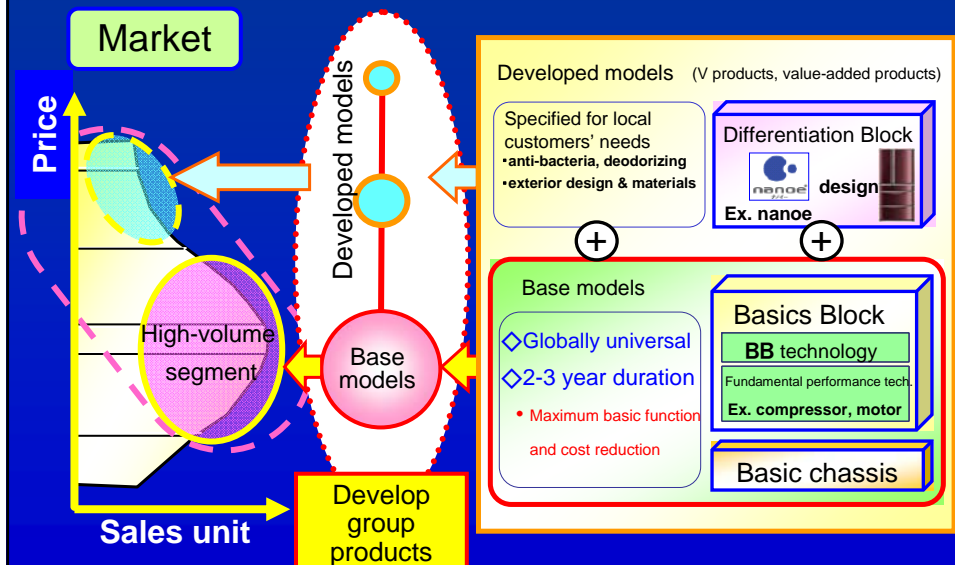
Find potential needs of High-Volume Segment 34

Strengthen lifestyle research overseas



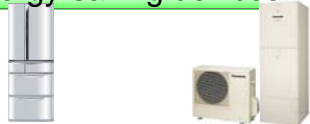


Develop Product with Base Models 35

'Base models + developed models' = effective R&D



Strengthening Environmental Conscious Technology 36

■ Create next-generation products, strengthening three 'environmental-conscious technologies'

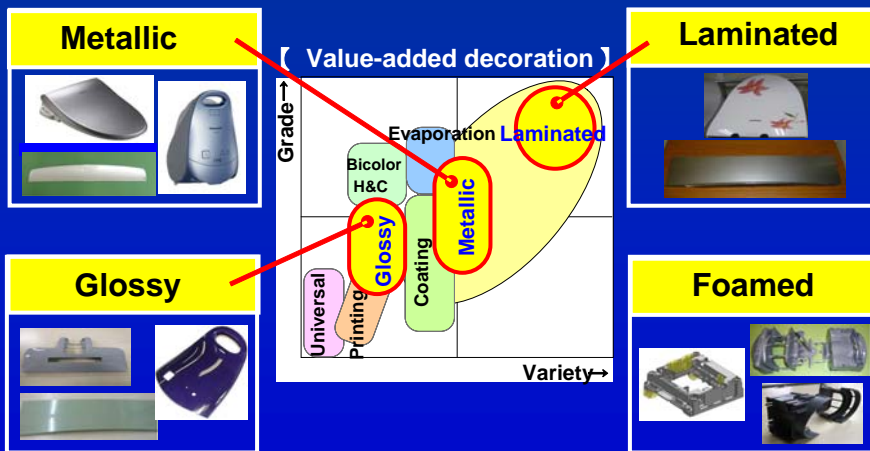
Heat pump	<p>Energy-saving devices</p> 
Inverter	<p>Whole inverter installed products</p> 
<p>Exterior BB Environmental conscious materials</p>	<p>Luxury exterior with reducing paint and recycled plastic</p> <p>Metallic & pearly form Laminated decoration</p> 

Grow with environmental-conscious products

Develop New Forming Method

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■ Develop new forming method, reducing paint and materials with highly graded exterior



FY2011 Business Plan and 1H Forecast 38

- Sales of FY2011 1H is expected to increase 12% from last year.
We will proceed GT12 achieving full-year plan.

(bil. yen)		FY2011(full-year)		FY2011(1H)	
		Business plan	vs. FY2010	vs. FY2010	
Sales	Japan	470	-3%	+10%	
	Overseas	510	+6%	+16%	
	(Local currencies)		+10%	+21%	
	Total	840	+1%	+12%	
	(Local currencies)		+2%	+14%	

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