

**Fiscal 2015 (Year Ending March 31, 2016)**

**Consolidated First Half Financial Results  
Presentation Materials**

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**Fiscal 2015 Financial Results**

**■ Overview of  
FY2015 First Half (Apr. to Sept.)  
Consolidated Financial Results**

**■ Forecast of FY2015  
Consolidated Financial Results**

# Overview

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Operating income was up, reflecting an increased net sales and an improved gross profit margin.  
(Both net sales and operating income turned up in the second quarter.)

(Billions of yen)

	FY 2014 1H (Apr. to Sept.) Results	FY 2015 1H (Apr. to Sept.) Results	Change	FY2015 1H (Apr. to Sept.) Initial forecast	Change from initial forecast
Net sales	152.4	163.0	107%	157.0	104%
Gross profit (margin)	33.8 (22.2%)	37.1 (22.8%)	+3.3 (+0.6%)	35.3 (22.5%)	+1.8 (+0.3%)
SG&A expenses	29.4	32.4	+3.0	30.8	+1.6
Operating income (margin)	4.4 (2.9%)	4.7 (2.9%)	+0.3 (±0.0%)	4.5 (2.9%)	+0.2 (±0.0%)
Ordinary income	4.5	4.6	+0.1	4.6	±0
Net income attributable to owners of parent	2.6	2.7	+0.1	2.7	±0

# Sales by Business Category

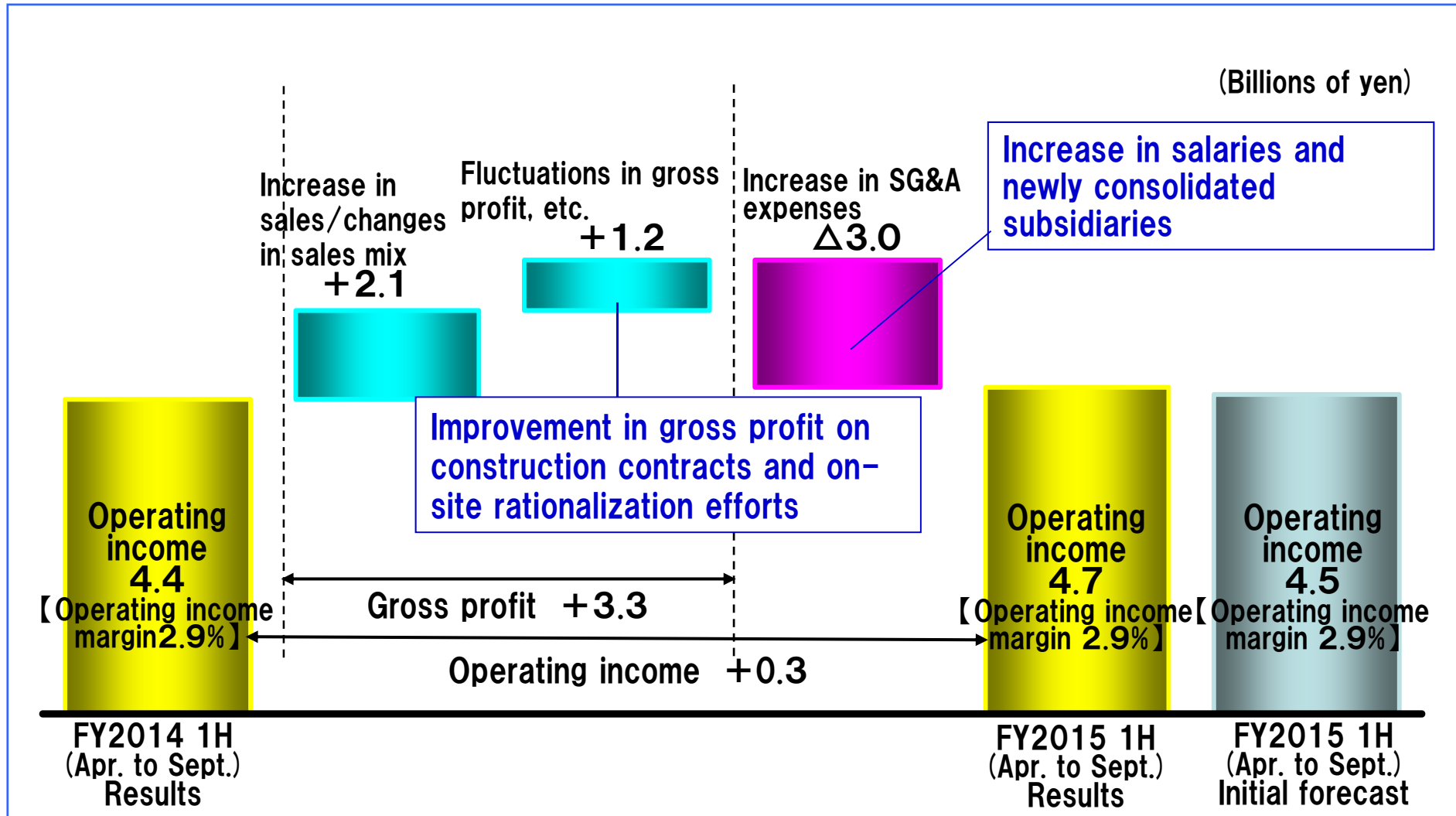
Sales were up in all four business categories (Custom-Built Housing, Urban Development, Residential Stock and Overseas.)

(Billions of yen)

	FY2014 1H (Apr. to Sept.) Results	FY2015 1H (Apr. to Sept.) Results	Change	FY2015 1H (Apr. to Sept.) Initial forecast	Change from initial forecast
Custom-built detached housing	58.9	63.4	108%	60.7	104%
Apartments	24.1	26.0	107%	24.3	107%
Housing materials	8.9	7.5	85%	8.8	85%
<b>Custom-Built Housing</b>	<b>91.9</b>	<b>96.9</b>	<b>105%</b>	<b>93.8</b>	<b>103%</b>
Property development	20.6	22.5	109%	20.5	110%
Condominium development	4.2	3.0	72%	1.2	250%
<b>Urban Development</b>	<b>24.8</b>	<b>25.5</b>	<b>103%</b>	<b>21.7</b>	<b>118%</b>
Home remodeling	20.7	22.6	109%	22.5	100%
Property management services	13.7	15.7	115%	14.7	107%
<b>Residential Stock</b>	<b>34.4</b>	<b>38.3</b>	<b>111%</b>	<b>37.2</b>	<b>103%</b>
(Domestic total)	(151.1)	(160.7)	(106%)	(152.7)	(105%)
<b>Overseas</b>	<b>1.3</b>	<b>2.3</b>	<b>181%</b>	<b>4.3</b>	<b>54%</b>
(Total)	(152.4)	(163.0)	(107%)	(157.0)	(104%)

# Factors Behind Changes in Operating Income

Operating income rose, as SG&A expenses were offset by a higher sales and an improvement in gross profit



# Orders and Backlog of orders by Business Category

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Brisk orders for apartments and condominiums supported a 9% increase in backlog of orders.

(Billions of yen)

	FY2015 1H (Apr. to Sept.) Orders	Change from previous year	Change from initial forecast	September 30, 2015 Backlog of orders	Change from previous year
Custom-built detached housing	64.1	102%	103%	100.0	104%
Apartments	34.9	132%	125%	67.4	115%
Housing materials	7.5	80%	85%	7.6	67%
<b>Custom-Built Housing</b>	<b>106.5</b>	<b>108%</b>	<b>108%</b>	<b>175.0</b>	<b>105%</b>
Property development	25.0	132%	122%	10.3	100%
Condominium development	14.6	244%	174%	12.9	194%
<b>Urban Development</b>	<b>39.6</b>	<b>159%</b>	<b>137%</b>	<b>23.2</b>	<b>137%</b>
Home remodeling	22.9	112%	102%	6.0	107%
Property management services	15.7	115%	107%	—	—
<b>Residential Stock</b>	<b>38.6</b>	<b>113%</b>	<b>104%</b>	<b>6.0</b>	<b>107%</b>
<b>(Domestic total)</b>	<b>(184.7)</b>	<b>(117%)</b>	<b>(112%)</b>	<b>(204.2)</b>	<b>(108%)</b>
<b>Overseas</b>	<b>3.1</b>	<b>333%</b>	<b>—</b>	<b>5.6</b>	<b>160%</b>
<b>(Total)</b>	<b>(187.8)</b>	<b>(118%)</b>	<b>—</b>	<b>(209.8)</b>	<b>(109%)</b>

# Cash Flows and Net Cash

Free cash flow rose by ¥5.8 billion.

Cash will be used to fund investments aimed achieving significant growth by fiscal 2018.

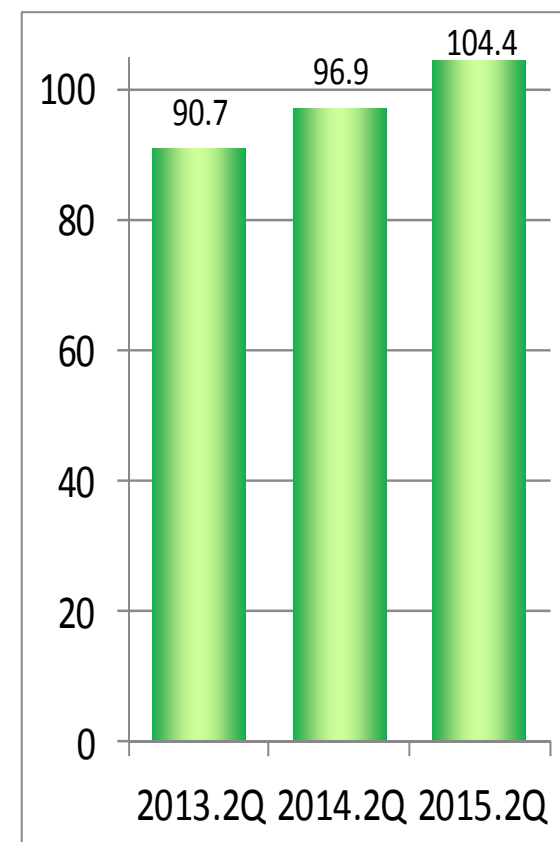
## 【Cash flows】

(Billions of yen)

	FY2014 1H (Apr. to Sept.) Results	FY2015 1H (Apr. to Sept.) Results	Change
Cash flow from operating activities	Δ1.3	+3.0	+4.3
Cash flow from investing activities	Δ1.6	Δ0.1	+1.5
Free cash flow	Δ2.9	+2.9	+5.8
Cash flow from financing activities	Δ2.0	Δ2.3	Δ0.3
Capital expenditure	1.6	1.4	Δ0.2
Depreciation	1.9	2.2	+0.3

## 【Net cash】

(Billions of yen)



■ Overview of  
FY2015 First Half (Apr. to Sept.)  
Consolidated Financial Results

■ Forecast of FY2015  
Consolidated Financial Results



# Forecast of Consolidated Financial Results

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Despite higher SG&A expenses, operating income is expected to remain level, owing to an increase in gross profit. (Target for gross profit margin: 5%)

	FY2014 Results	FY2015 Revised forecast	Change	FY2015 Initial Forecast	Change from initial forecast
					(Billions of yen)
Net sales	325.6	345.0	106%	345.0	100%
Gross profit (margin)	72.7 (22.3%)	81.6 (23.6%)	+8.9 (+1.3%)	79.8 (23.1%)	+1.8 (+0.5%)
SG&A expenses	59.9	64.5	+4.6	62.7	+1.8
Operating income (margin)	12.8 (3.9%)	17.1 (5.0%)	+4.3 (+1.1%)	17.1 (5.0%)	±0 (±0.0%)
Ordinary income	13.0	17.2	+4.2	17.2	±0
Net income attributable to owners of parent	8.0	10.3	+2.3	10.3	±0

# Forecast of Sales by Business Category

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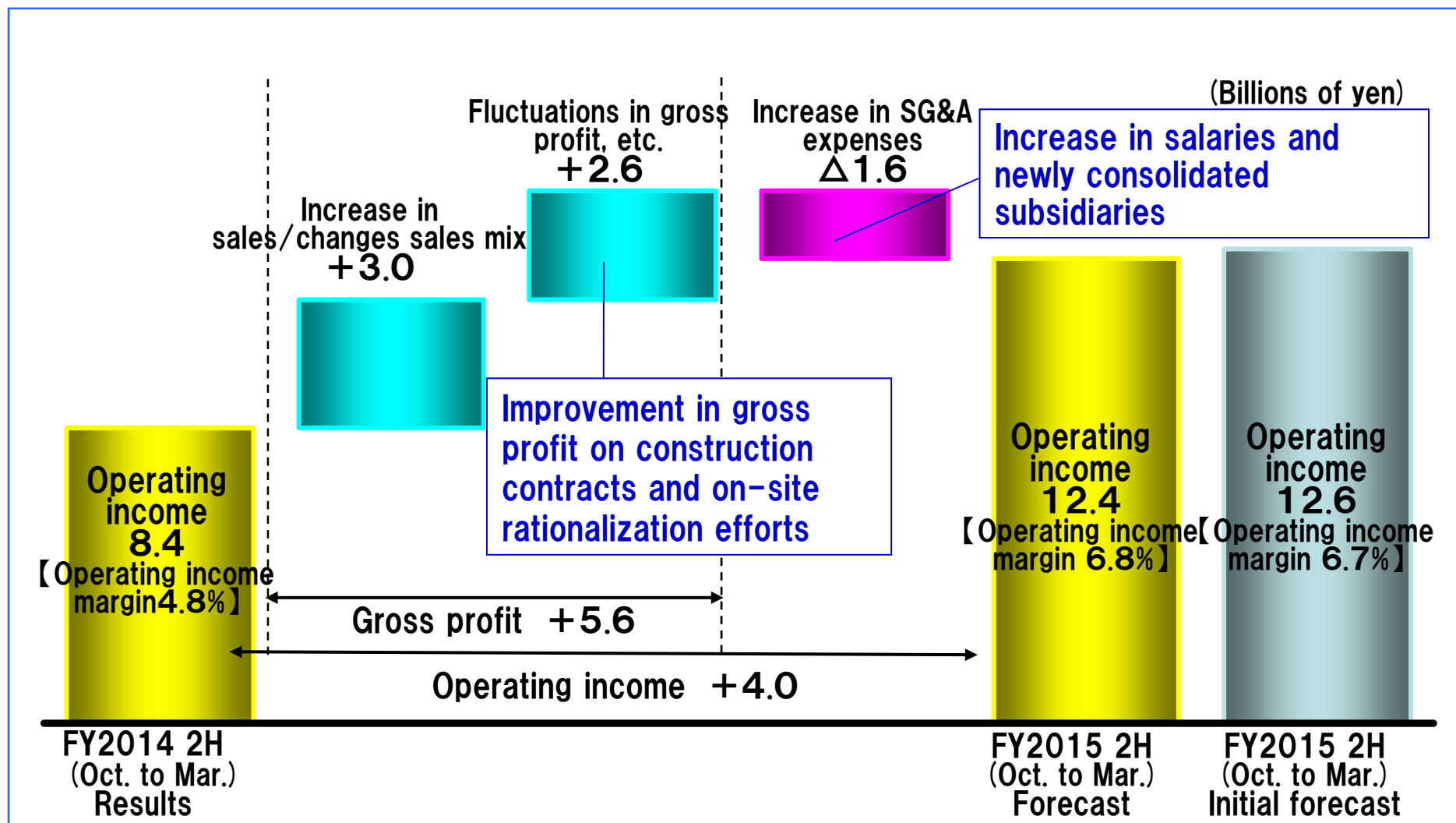
Although sales of condominiums are down, owing to falling unit sales, consolidated net sales forecast to rise 6%.

(Billions of yen)

	FY2014 Results	FY2015 Revised forecast	Change	FY2015 Initial forecast	Change from initial forecast
Custom-built detached housing	119.3	126.8	106%	125.2	101%
Apartments	55.9	58.7	105%	59.1	99%
Housing materials	19.4	16.0	83%	19.4	82%
<b>Custom-Built Housing</b>	<b>194.6</b>	<b>201.5</b>	<b>104%</b>	<b>203.7</b>	<b>99%</b>
Property development	44.7	48.5	109%	45.1	108%
Condominium development	13.4	9.4	70%	8.4	112%
<b>Urban Development</b>	<b>58.1</b>	<b>57.9</b>	<b>100%</b>	<b>53.5</b>	<b>108%</b>
Home remodeling	41.3	48.1	117%	48.5	99%
Property management services	28.0	30.5	109%	30.0	102%
<b>Residential Stock</b>	<b>69.3</b>	<b>78.6</b>	<b>113%</b>	<b>78.5</b>	<b>100%</b>
(Domestic total)	(322.0)	(338.0)	(105%)	(335.7)	(101%)
<b>Overseas</b>	<b>3.6</b>	<b>7.0</b>	<b>195%</b>	<b>9.3</b>	<b>75%</b>
<b>(Total)</b>	<b>(325.6)</b>	<b>(345.0)</b>	<b>(106%)</b>	<b>(345.0)</b>	<b>(100%)</b>

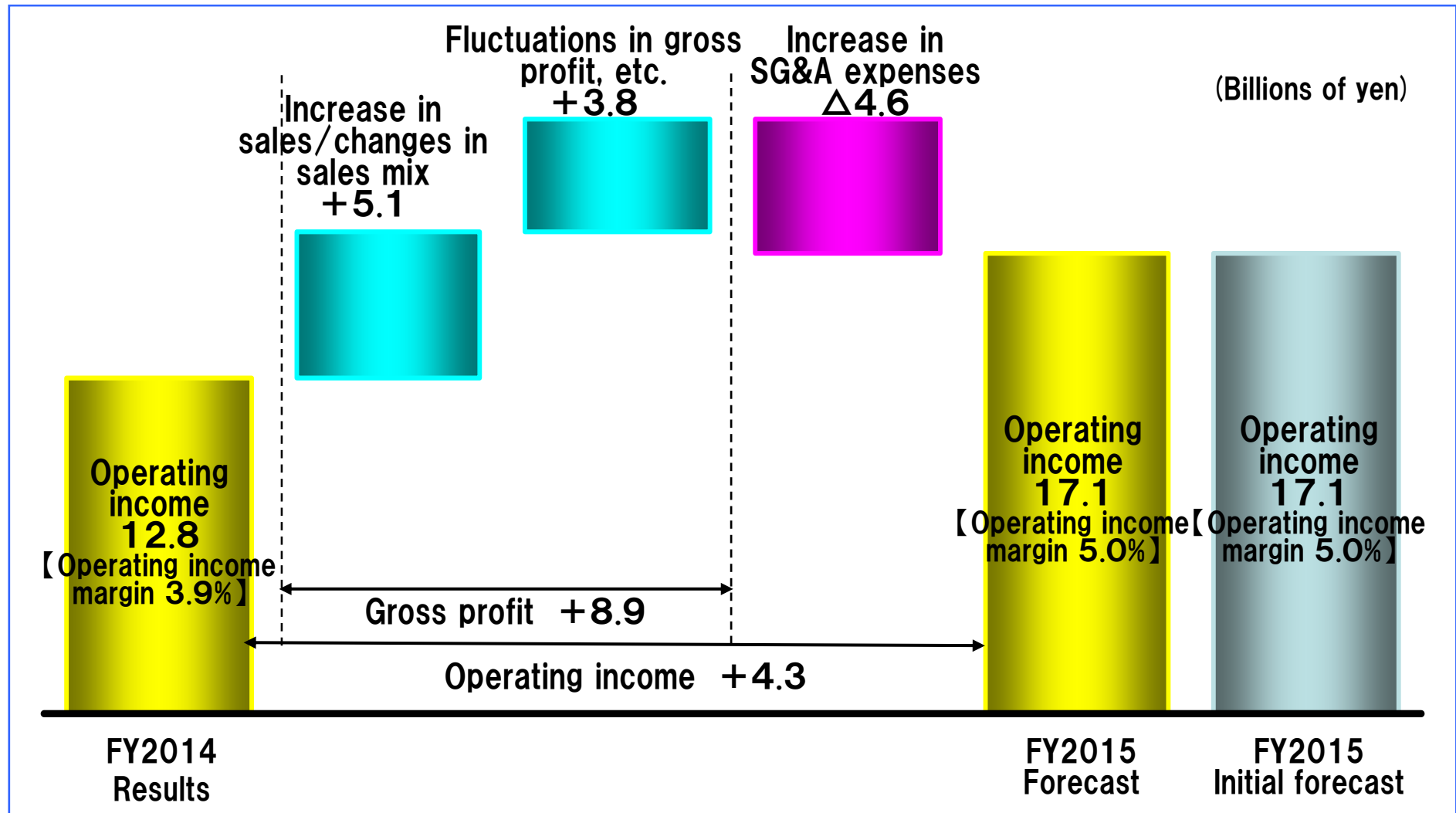
# Factors Behind Forecast of Second Half Operating Income

An increase in net sales and further rationalization efforts are expected to support a significant increase in second half operating income



# Factors Behind Forecast of Full-Term Operating Income

Fiscal 2015 operating income is forecast to reach ¥17.1 billion, up ¥4.3 billion from fiscal 2014.



# Forecast of Orders by Business Category

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Higher orders are forecast in all four business categories (Custom-Built Housing, Urban Development, Residential Stock and Overseas), supporting an overall increase of 21%. (Billions of yen)

	FY2014 Results	FY2015 Revised forecast	Change	FY2015 Initial forecast	Change from initial forecast
Custom-built detached housing	119.6	128.8	108%	126.8	102%
Apartments	52.5	63.8	122%	56.8	112%
Housing materials	19.3	16.0	83%	19.4	82%
<b>Custom-Built Housing</b>	<b>191.4</b>	<b>208.6</b>	<b>109%</b>	<b>203.0</b>	<b>103%</b>
Property development	40.1	48.6	121%	45.1	108%
Condominium development	9.9	19.5	198%	16.3	120%
<b>Urban Development</b>	<b>50.0</b>	<b>68.1</b>	<b>136%</b>	<b>61.4</b>	<b>111%</b>
Home remodeling	40.5	48.3	119%	48.6	99%
Property management services	28.0	32.0	114%	30.0	107%
<b>Residential Stock</b>	<b>68.5</b>	<b>80.3</b>	<b>117%</b>	<b>78.6</b>	<b>102%</b>
(Domestic total)	(309.9)	(357.0)	(115%)	(343.0)	(104%)
<b>Overseas</b>	<b>4.5</b>	<b>23.0</b>	<b>505%</b>	<b>23.0</b>	<b>100%</b>
<b>(Total)</b>	<b>(314.4)</b>	<b>(380.0)</b>	<b>(121%)</b>	<b>(366.0)</b>	<b>(104%)</b>

Fiscal 2015 (Year ending March 31, 2016)

# **Consolidated First-Half Financial Results Presentation Materials**

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## **Business Policies for the Second Half of Fiscal 2015**

■ **Summary of Current Medium-Term Business Plan  
(Fiscal 2013 - 2015)**

■ Outlook for New Medium-Term Business Plan

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**Chart growth by viewing changes in the operating environment as business opportunities and offering distinctive products and services.**

- Declining birth rate/graying of society
- Glut of houses on the market
- Increased taxes (consumption, inheritance)
- Electricity supply concerns
- Enhanced remodeling and distribution of existing houses
- Others



Ultimate goal

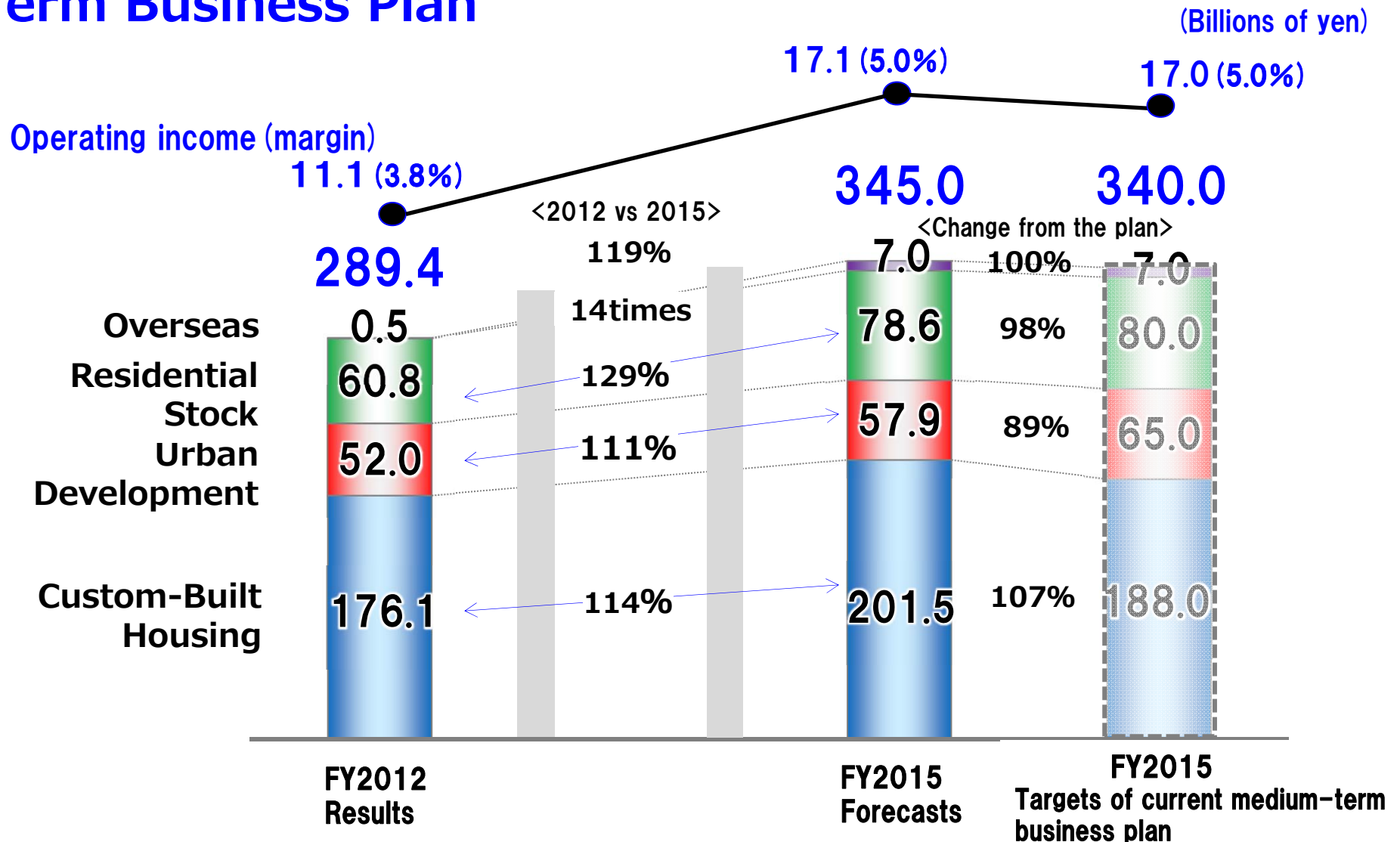
**Secure an unparalleled position as an innovative provider of distinctive smart living environments that redefines the concept of lifestyle value.**



## Implement growth strategies in four business categories.

<b>1</b>	<b>Custom-Built Housing</b>	<b>Smart houses</b>	<b>Reinforce the competitiveness of core business</b>
		<b>Multistory houses</b>	
		<b>Apartments</b>	
		<b>Housing for seniors/medical and nursing care facilities</b> <i>"Age-Free Care"</i>	
<b>2</b>	<b>Urban Development</b>	<b>Smart cities/condominiums</b>	<b>Expand the scale of new businesses</b>
<b>3</b>	<b>Residential Stock</b>	<b>Comprehensive home remodeling</b> <b>Purchase of properties for renovation and resale</b>	
<b>4</b>	<b>Overseas</b>	<b>Economic growth-fueled demand in the ASEAN region</b>	

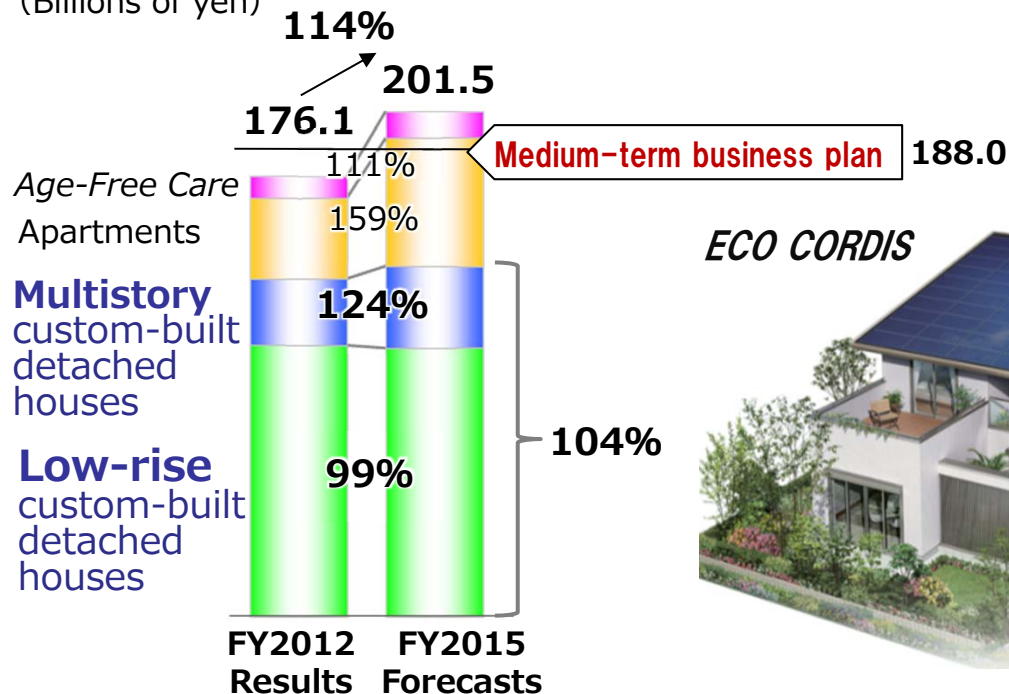
## Outlook for Achievement of Target of Current Medium-Term Business Plan



# 1. Custom-Built Housing Business (Low-Rise and Multistory Detached Houses) 5

- Low-rise custom-built detached houses**  
*ECO CORDIS* series: Achieves excellence in terms of both environmental performance and design  
 Launched in 2013 (Combined orders in 2013 and 2014: 2,200 units)
- Multistory custom-built detached houses**  
*Vieuno* series: Enjoys competitive edge, thanks to the use of technologies suited to small urban spaces (Orders in 2014: 442 units, up 44% from 2012)

(Billions of yen)



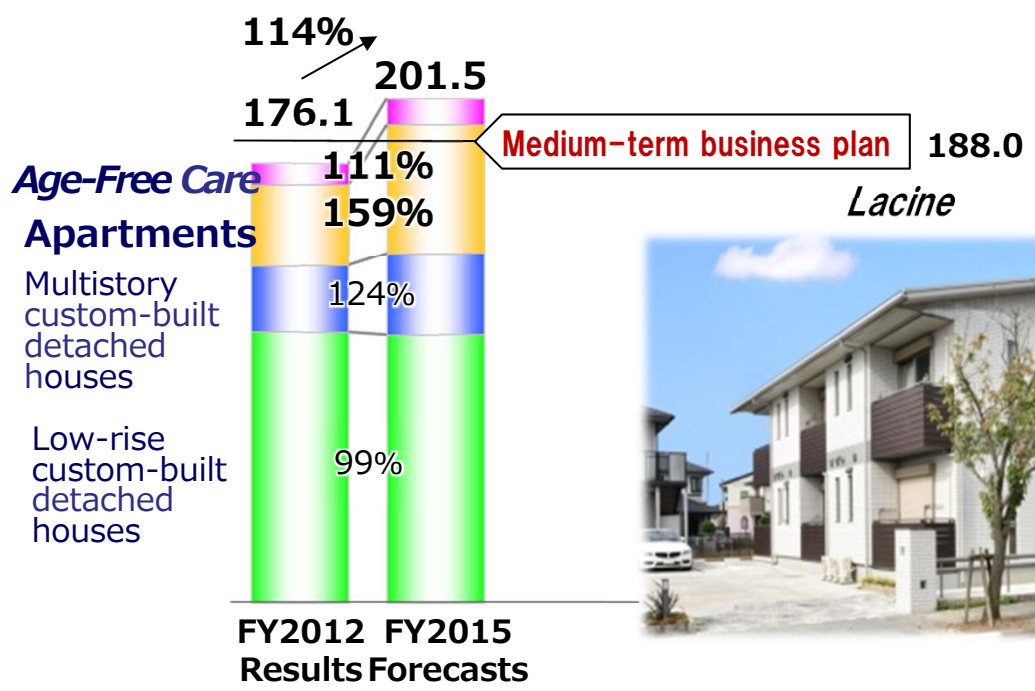
*Vieuno PRO*



# 2. Custom-Built Housing Business (Apartments/Housing for Seniors and Medical and Nursing Care Facilities)

- Apartments**
  - Capitalize on rising demand for rental apartments, attributable to an increase in Japan's inheritance tax, among others, which continues to drive growth in custom-built housing business.
  - Promote the *Lacine* of apartments, which are tailored to the lifestyles of women.
- Housing for seniors/medical and nursing care facilities (*Age-Free Care*)**
  - Expand orders by collaborating with pertinent Panasonic Group businesses to reinforce sales capabilities.
  - Bolster recognition of the *Age-Free Care* integrated Panasonic Group brand.

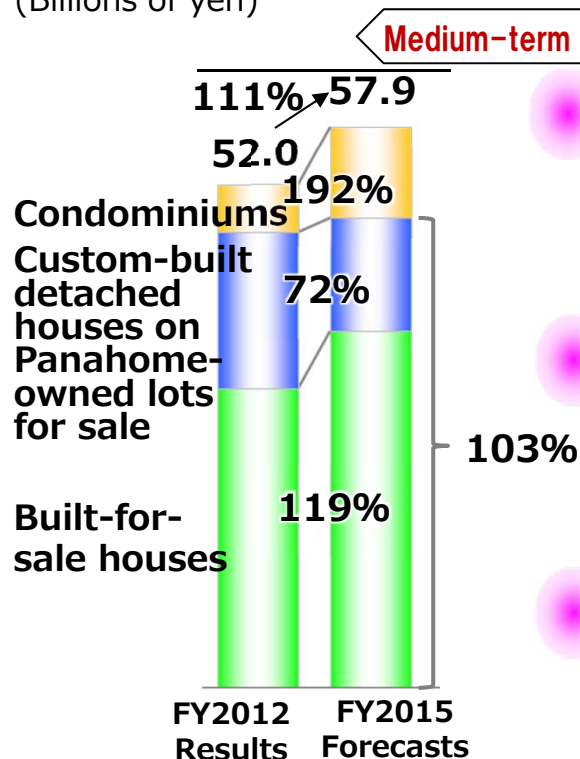
(Billions of yen)





## 2. Urban Development Business

(Billions of yen)



Medium-term business plan 65.0

- Take decisive steps to expand smart city development business, which currently encompasses 11 communities, including the flagship *Fujisawa SST*, as well as *PanaHome Smart City Shio-Ashiya* and *PanaHome Smart City Urayasu*.
- Grow the *Parknade* brand of condominiums, which are equipped with the advanced Mansion Energy Management System (MEMS) and disaster-mitigating features, and which includes *Parknade Meguro*.
- Contribute actively to reconstruction in areas affected by the Great East Japan Earthquake by building communities such as *Sakimachi Arai Minami Smart Town*.

Smart city



Condominiums



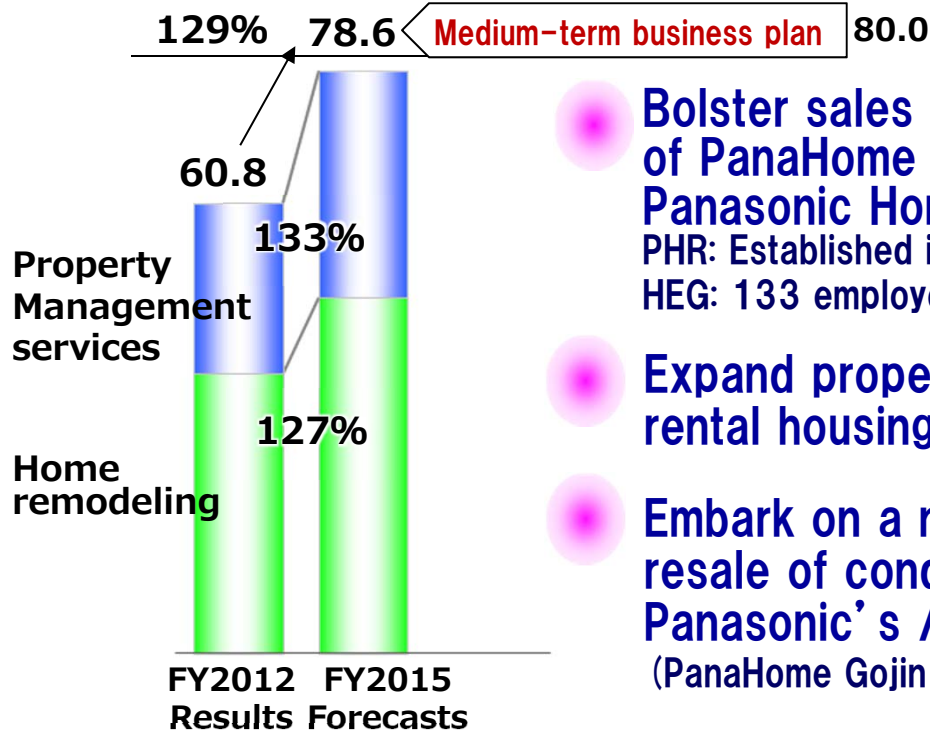
Public housing for disaster-hit area



# 3. Residential Stock Business



(Billions of yen)



- Bolster sales by capitalizing on the establishment of PanaHome Reform Co., Ltd. (PHR) and its merger with Panasonic Home Engineering Co., Ltd. (HEG).**  
 PHR: Established in April 2013  
 HEG: 133 employees and 10 bases as of April 2015.
- Expand property management services, focusing on rental housing management services.**
- Embark on a new business, namely, the purchase and resale of condominiums and begin collaborating with Panasonic's *ReaRie* real estate information service.**  
 (PanaHome Gojin Community Co., Ltd.: Established in November 2013)

Home remodeling for existing PanaHome houses



Renovation (condominiums)

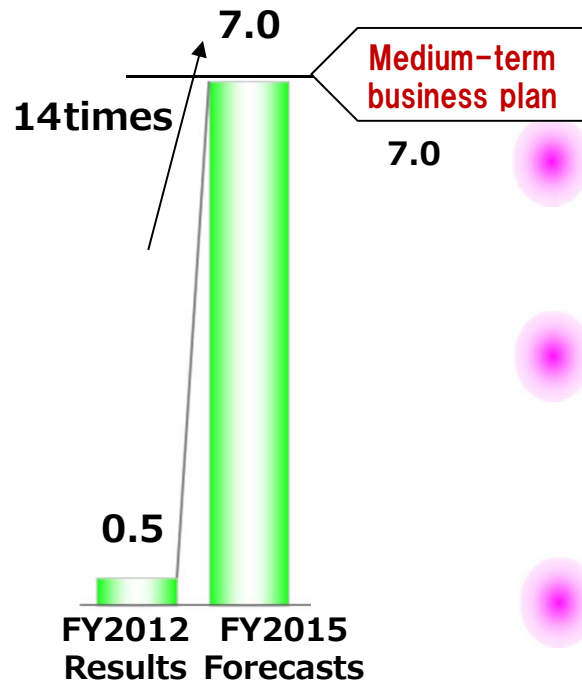


Renovation (wooden houses)



# 4. Overseas Business

(Billions of yen)



- Expand presence in Taiwanese market by gaining orders for the construction of custom-built condominium complexes and for interior design services. (Forecast for sales in Taiwan in fiscal 2015: ¥5.4 billion, 11 times the fiscal 2012 level)

- Develop wall-type precast concrete (W-PC) construction method for link houses, which appeal to middle-class consumers. (Prototype link house complex completed in Malaysia)

- Set up regional headquarters for the ASEAN region; establish configuration and operating foundation necessary to facilitate the construction of local smart city developments.

- Establish joint ventures in collaboration with leading local business partners and promote business negotiations.

Link house



Development



Condominiums

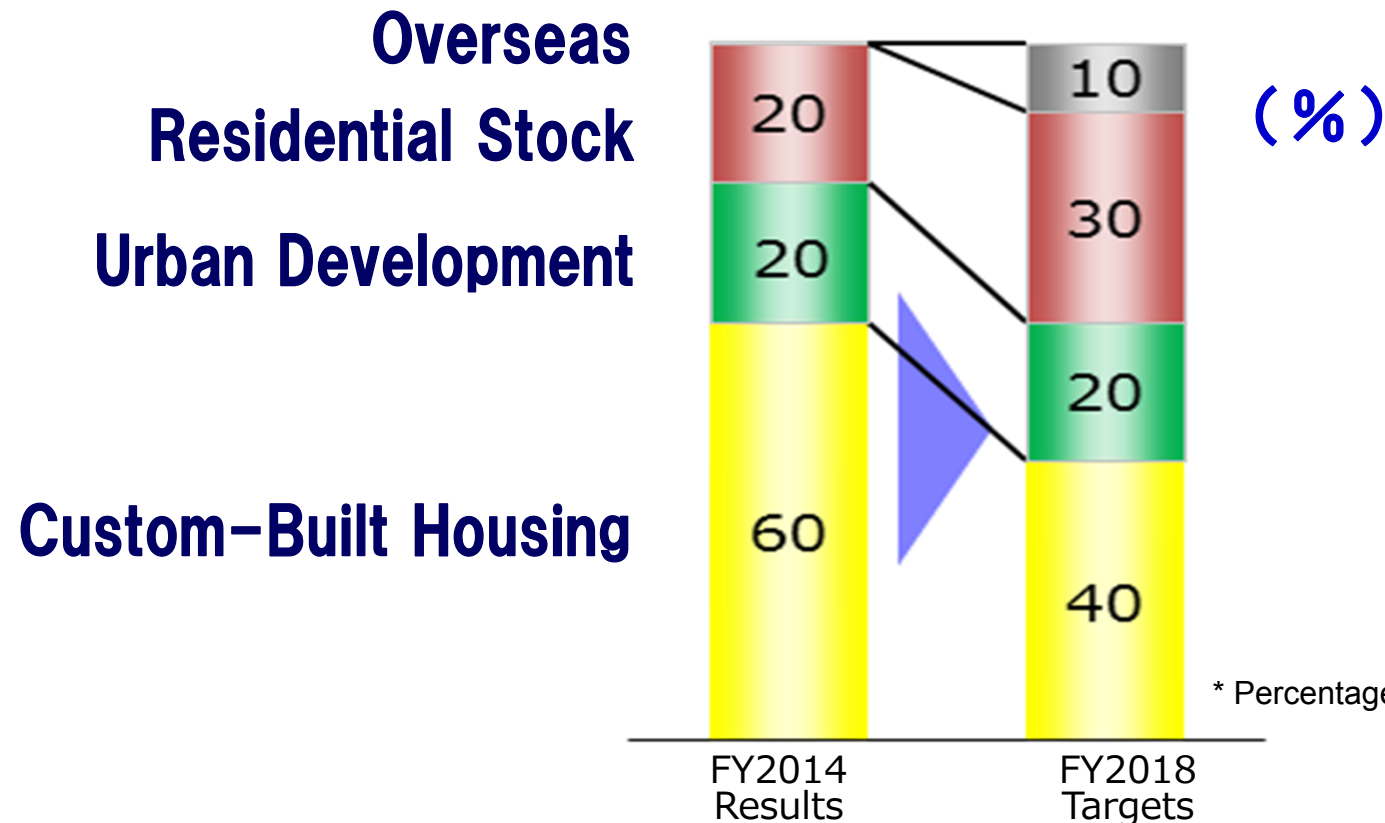


■ Summary of Current Medium-Term Business Plan  
(Fiscal 2013 — 2015)

■ Outlook for New Medium-Term Business Plan



**Revamp business configuration to reduce the excess weighting of custom-built housing to create a well-balanced portfolio comprising four businesses.**

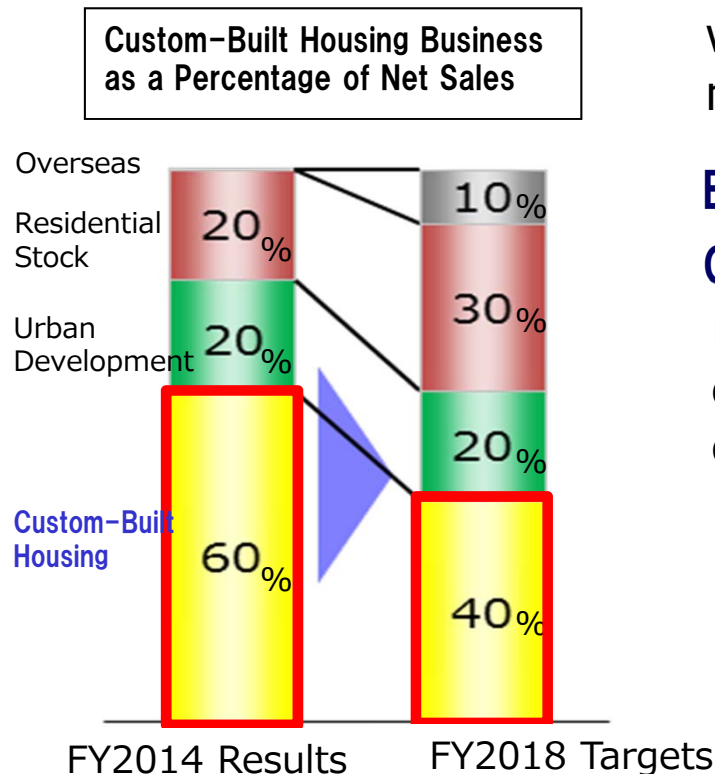


Expand business, which have traditionally focused on steel-reinforced forced construction, to include wooden homes.

As a first step, enter the market for high-end wooden houses and create a value-added new brand.

Build model house at the Komazawa Housing Gallery in Tokyo.

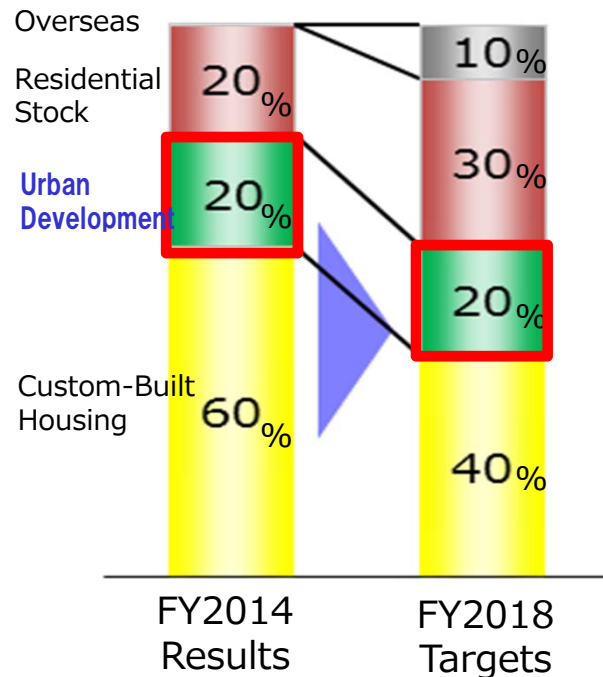
Propose new living environments that emphasize open-plan designs and genuine materials.



Architectural rendering of model house at Komazawa Housing Gallery (scheduled to open in April 2016)

● Broaden scope by advancing the growth of existing property development businesses and expanding into sales of wooden houses and real estate tenure.

Urban Development Business as a Percentage of Net Sales



## Sales of wooden houses

Expand market by promoting built-for-sale houses.

### Built-for-sale wooden houses

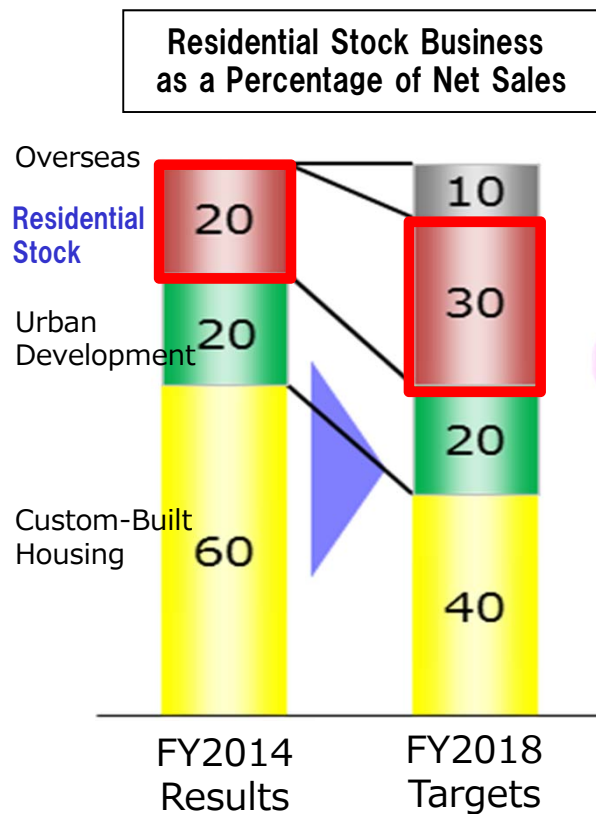
**Model house, Ainosato (Sapporo)**  
(Completed in September 2015)

Component pieces: 18  
Sales price: Approx. ¥29 million



## Real estate tenure business

Develop profitable business model (manage as rental property → sell)



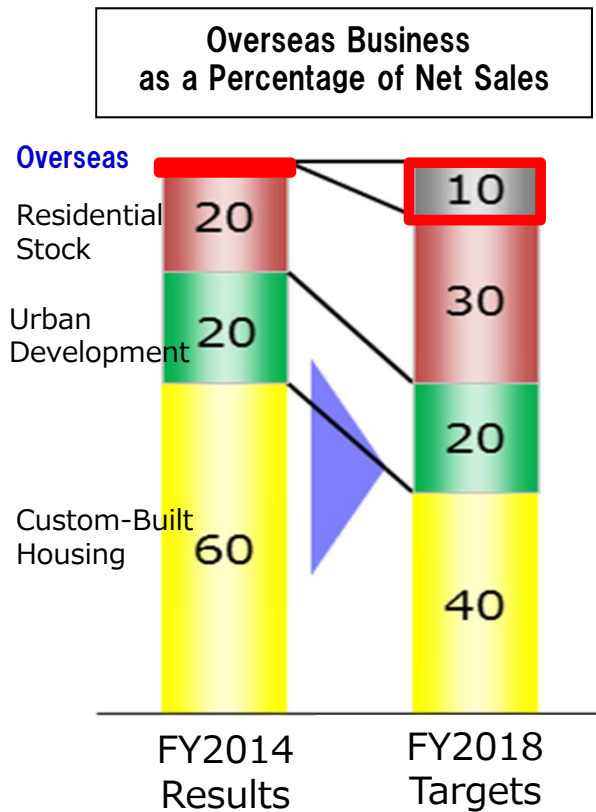
## Reinforce collaboration across the remodeling-related businesses of the Panasonic Group.

Enhance ability to propose attractive living spaces that leverage expertise in electronics equipment, electrical appliances and housing.

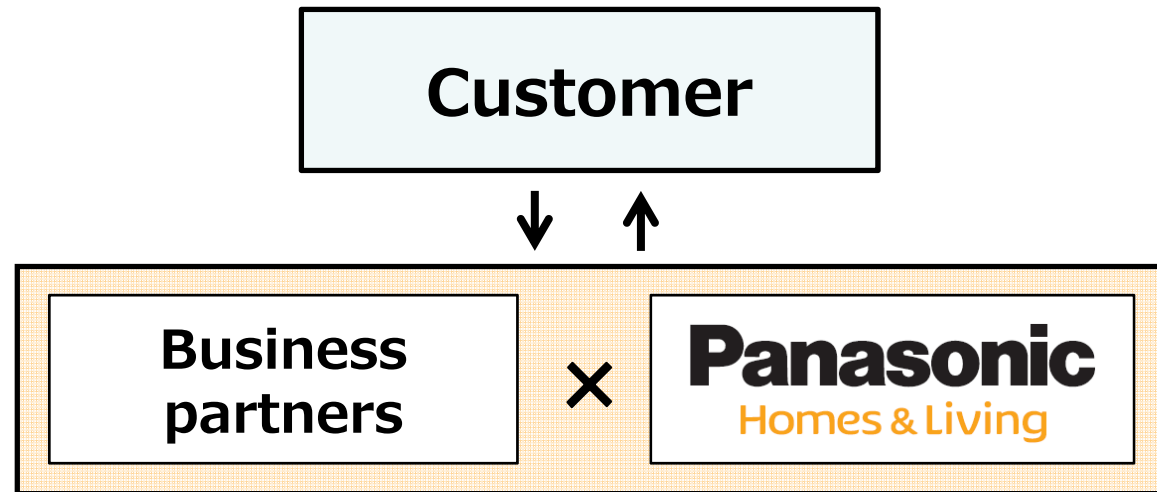
## Home and lifestyle concierge services

Integrate remodeling, real estate brokerage and other services into packages that benefit customers and promote the establishment of new businesses.

**Expanded real estate development business in overseas markets.**



- Create living spaces that leverage the comprehensive capabilities of the Panasonic Group.
- Form alliances with leading local business partners.
- Promote new businesses, including serviced apartments.



## Forecast for regular annual dividend for fiscal 2015: ¥20.00 per share

	FY2012 Results	FY2013 Results	FY2014 Results	Fiscal 2015 Forecast
Cash dividends	¥15.00	¥20.00 (Includes a commemorative dividend of ¥5.00)	¥20.00	¥20.00

\*An interim dividend of ¥10.00 per share has been approved and will be paid on November 27, 2015.

Dividend payout ratio	34.4%	37.6%	42.0%	32.6%
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### Policy regarding the payment of dividends

PanaHome's basic policy is to maintain consistent, stable dividends. Under its next medium-term business plan, the Company will consider promoting the efficient allocation of investments to promising businesses with the aim of enhancing earnings per share and increasing dividends paid to shareholders.

**Note:** Forward-looking statements contained in these materials, including plans and financial results forecasts, are based on assumptions currently deemed reasonable by the Company. Actual results may differ materially from forecasts as a consequence of various factors, including, but not limited to, changes in economic conditions and demand trends, changes in financial conditions and major fluctuations in land prices.