

Fiscal 2015 (Year ended March 31, 2016)

Consolidated Financial Results Presentation Materials

Fiscal 2015 Financial Results

■ **Overview of FY2015
Consolidated Financial Results**

■ **Forecasts for FY 2016
Consolidated Financial Results**

Overview

Operating income was up, reflecting an increased net sales and an improved gross profit margin. Net sales and operating income were up in each of the last three quarters

(Billions of yen)

	FY2014 Results	FY2015 Results	Change	FY2015 forecasts	Change from forecasts
Net sales	325.6	353.0	108%	345.0	102%
Gross profit (margin)	72.7 (22.3%)	81.5 (23.1%)	+8.8 (+0.8%)	81.6 (23.6%)	-0.1 (-0.5%)
SG&A expenses	59.9	65.6	+5.7	64.5	+1.1
Operating income (margin)	12.8 (3.9%)	15.9 (4.5%)	+3.1 (+0.6%)	17.1 (5.0%)	-1.2 (-0.5%)
Ordinary income	13.0	15.9	+2.9	17.2	-1.3
Net income attributable to owners of parent	8.0	10.1	+2.1	10.3	-0.2

Sales by Business Category

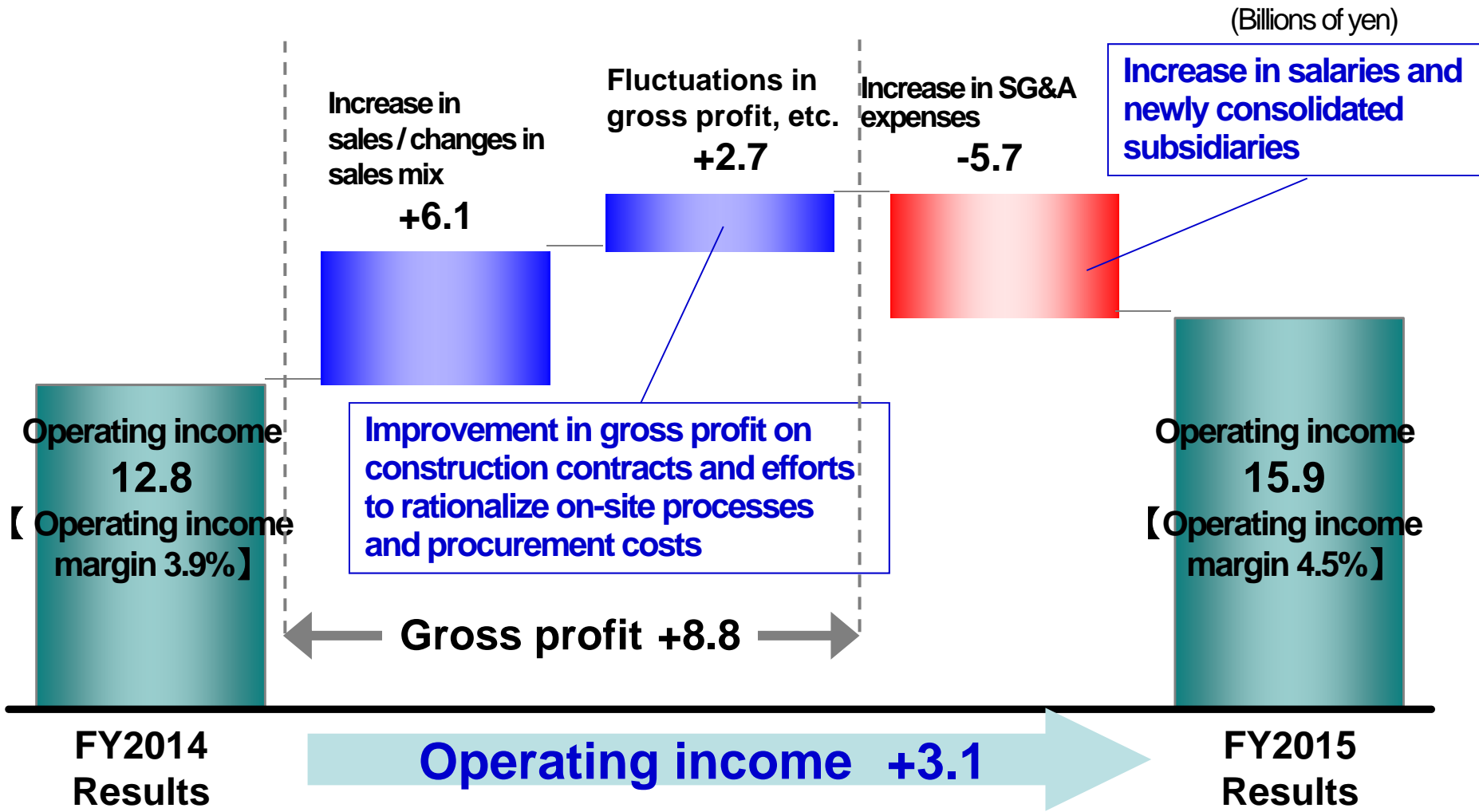
Sales were up in all four business categories

(Billions of yen)

	FY2014 Results	FY2015 Results	Change	FY2015 forecasts	Change from forecasts
Custom-built detached housing	119.3	130.5	109%	126.8	103%
Apartments	55.9	63.5	113%	58.7	108%
Housing materials	19.4	13.9	72%	16.0	87%
Custom-Built Housing	194.6	207.9	107%	201.5	103%
Property development	44.7	47.4	106%	48.5	98%
Condominium development	13.4	12.0	89%	9.4	128%
Urban Development	58.1	59.4	102%	57.9	103%
Home remodeling	41.3	47.4	115%	48.1	99%
Property management services	28.0	32.9	117%	30.5	108%
Residential Stock	69.3	80.3	116%	78.6	102%
(Domestic total)	(322.0)	(347.6)	(108%)	(338.0)	(103%)
Overseas	3.6	5.4	150%	7.0	77%
(Total)	(325.6)	(353.0)	(108%)	(345.0)	(102%)

Factors Behind Changes in Operating Income (FY2014 vs FY2015)

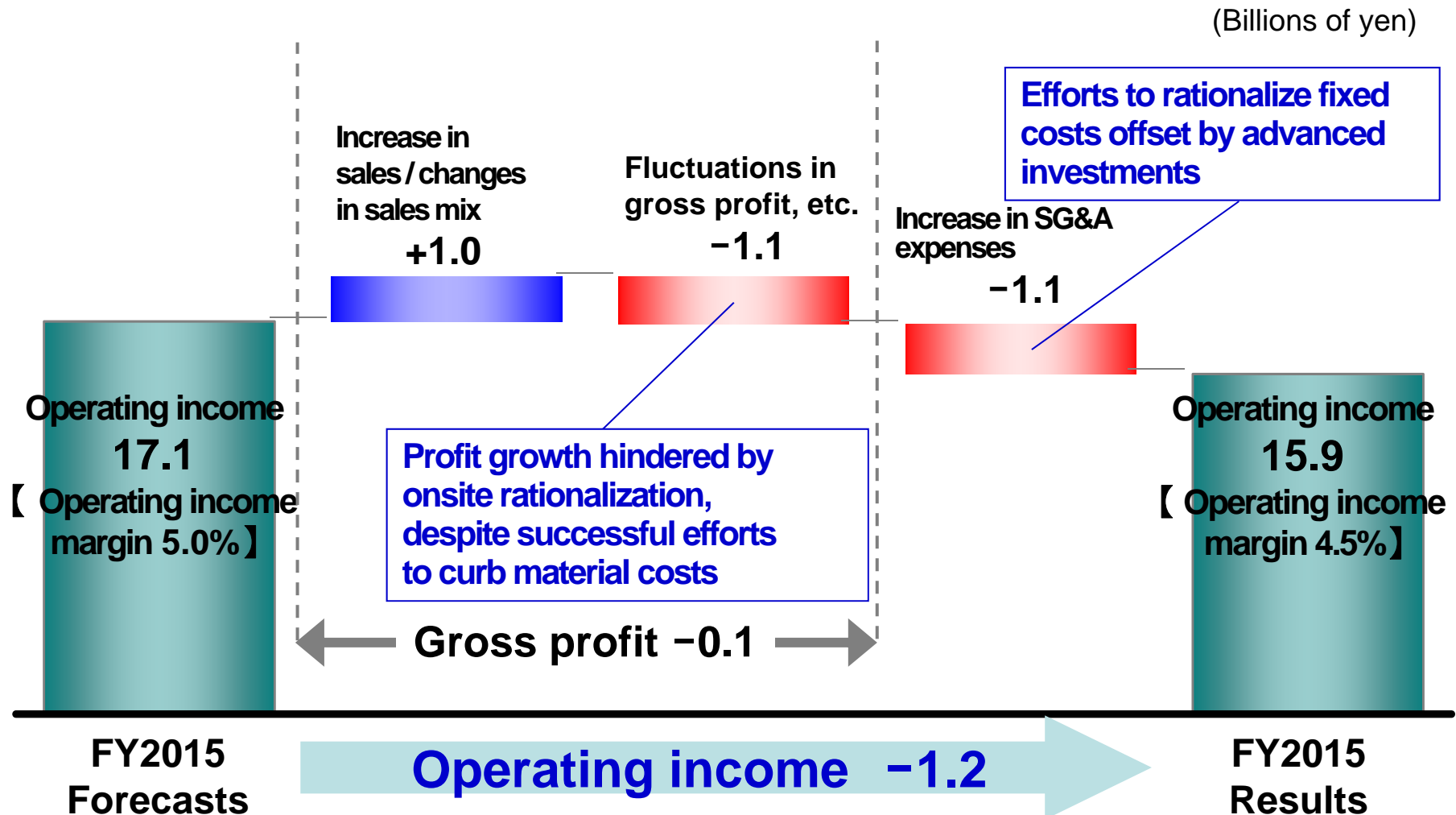
Despite higher SG&A expenses, operating income advanced on the strength of higher sales and an improvement in gross profit



Factors Behind Changes in Operating Income

FY2015 Forecasts vs FY2015 Results **5**

A shortfall in gross profit was offset by higher sales, while advance investments in growth pushed up SG&A expenses



Orders and Backlog of orders by Business Category

Orders for apartments were brisk, while custom-built detached housing showed signs of rallying in the second half

(Billions of yen)

	FY2015 Orders	Change from previous year	Change from forecasts	March 31, 2016 Backlog of orders	Change from previous year
Custom-built detached housing	132.3	111%	103%	101.3	109%
Apartments	70.9	135%	111%	65.7	124%
Housing materials	14.3	74%	89%	8.0	75%
Custom-Built Housing	217.5	114%	104%	175.0	112%
Property development	49.4	123%	102%	9.9	134%
Condominium development	17.3	176%	89%	6.7	500%
Urban Development	66.7	134%	98%	16.6	190%
Home remodeling	47.2	117%	98%	5.3	105%
Property management services	32.9	117%	103%	–	–
Residential Stock	80.1	117%	100%	5.3	105%
(Domestic total)	(364.3)	(118%)	(102%)	(196.9)	(115%)
Overseas	9.9	216%	43%	9.3	193%
(Total)	(374.2)	(119%)	(98%)	(206.2)	(117%)

Cash Flows and Net Cash

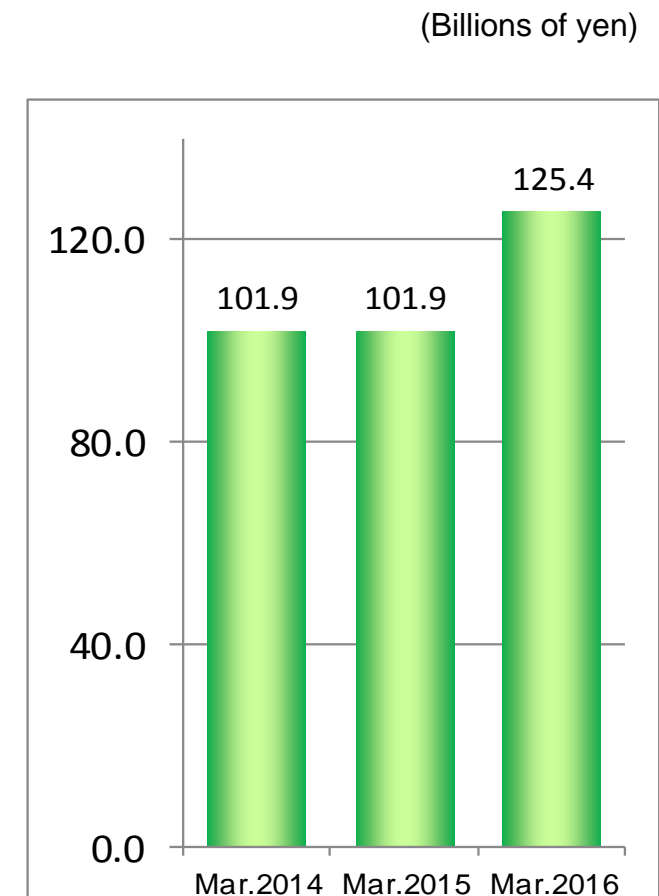
Net cash increased ¥23.5 billion, to ¥125.4 billion; plans are to apply cash to capital investments aimed at achieving growth

【Cash flows】

(Billions of yen)

	FY2014 Results	FY2015 Results	Change
Cash flow from operating activities	+6.6	+8.5	+1.9
Cash flow from investing activities	-2.9	-21.9	-19.0
Free cash flow	+3.7	-13.4	-17.1
Cash flow from financing activities	-3.8	+15.1	+18.9
Capital expenditure	4.2	4.0	-0.2
Depreciation	4.0	4.5	+0.5

【Net cash】



- Overview of FY2015
Consolidated Financial Results
- **Forecasts for FY 2016**
Consolidated Financial Results

Forecasts for FY 2016 Consolidated Financial Results

9

We will work to expand our businesses and secure profitability while promoting advance investments

(Billions of yen)

	FY2015 Results	FY2016 Forecasts	Change
Net Sales	353.0	400.0	113%
Gross profit (margin)	81.5 (23.1%)	93.3 (23.3%)	+11.8 (+0.2%)
SG&A expenses	65.6	71.8	+6.2
Operating income (margin)	15.9 (4.5%)	21.5 (5.4%)	+5.6 (+0.9%)
Ordinary income	15.9	21.5	+5.6
Net income attributable to owners of parent	10.1	13.3	+3.2

Fiscal 2015 (Year ended March 31, 2016)

Consolidated Financial Results Presentation Materials

Business Policies for Fiscal 2016

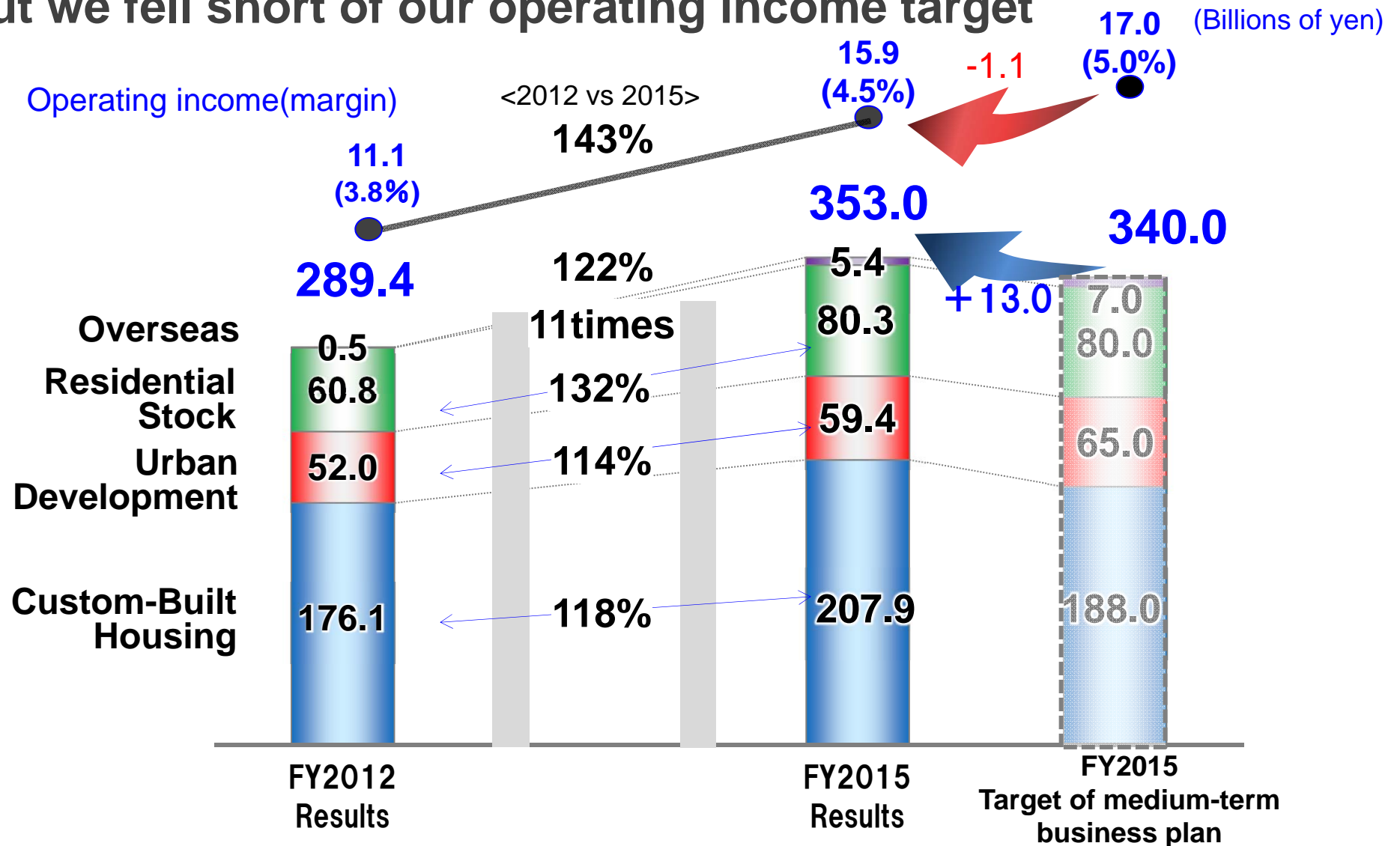
- **Summary of Previous Business Plan
(FY2013 – 2015)**
- **Initiatives in FY2016**

Implement growth strategies in four business categories

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

Sales and Operating Income

Net sales and operating income rose substantially, but we fell short of our operating income target



1. Custom-Built Housing Business

(Low-Rise and Multistory Detached Houses)

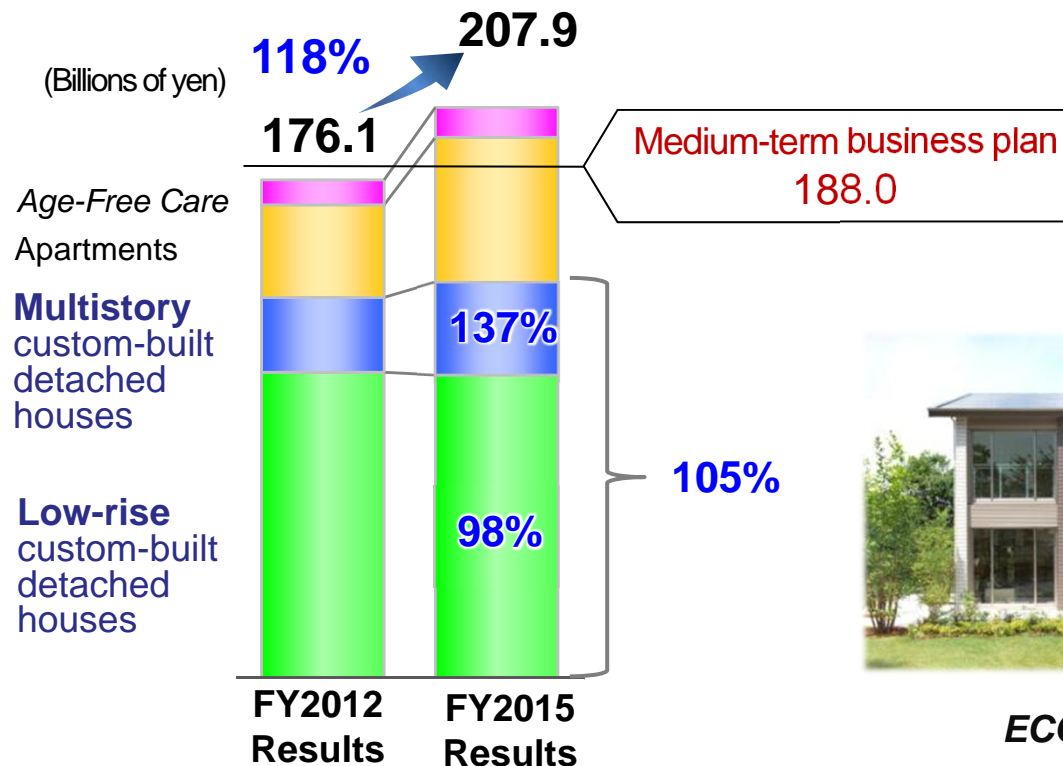
Low-rise custom-built detached houses

ECO CORDIS series: Achieves excellence in terms of both environmental performance and design (Launched in April 2013)

Cumulative orders
2,463 units

Multistory custom-built detached houses

Viuno series: Orders were up for *Viuno* houses, which enjoy a competitive edge thanks to the use of technologies suited to small urban spaces



ECO CORDIS



Viuno PRO

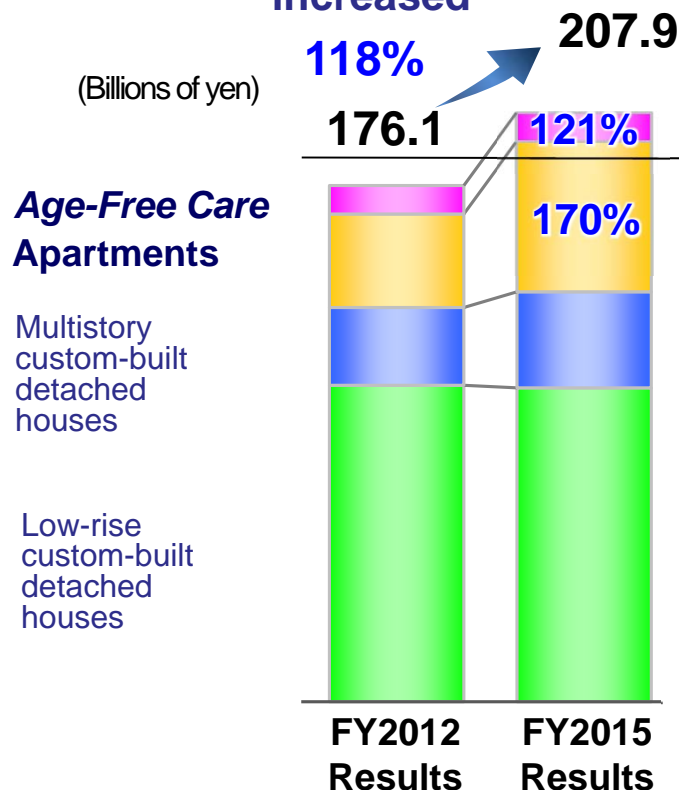
1. Custom-Built Housing Business

Apartments

- Sales of custom-built housing were bolstered by efforts to promote apartments based on the *Lacine* concept, which emphasizes the preferences of women

Age-Free Care

- Orders rose thanks to collaboration with pertinent Panasonic Group businesses and reinforcing sales capabilities
- Recognition of the *Age-Free Care* integrated Panasonic Group brand increased

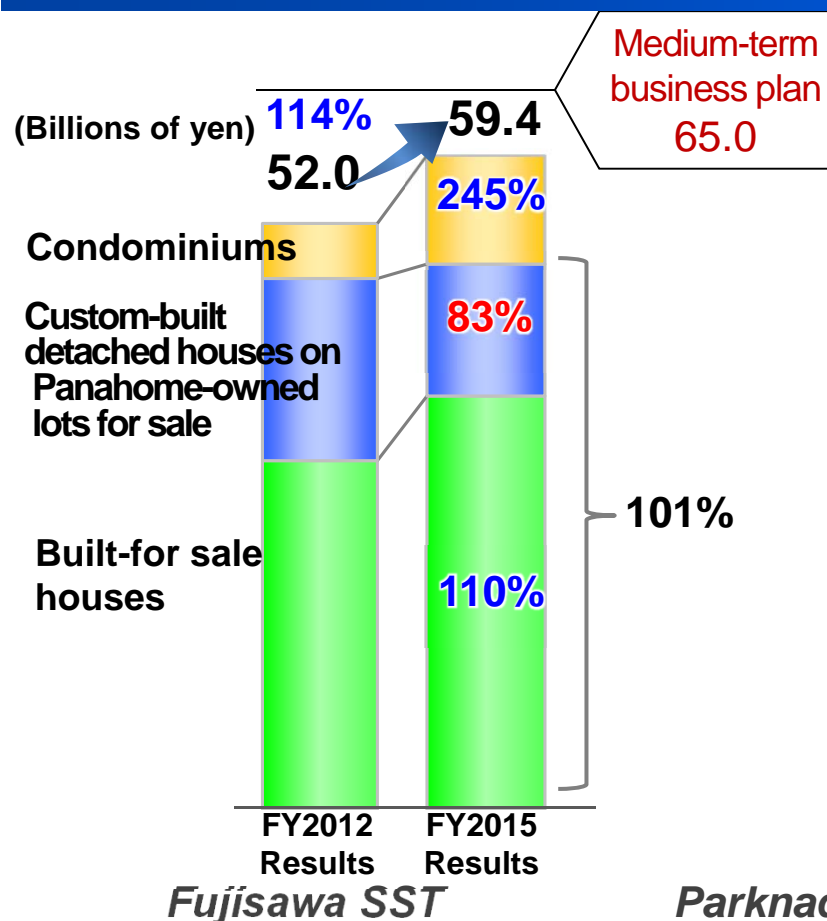


Lacine apartments
(Saitama City)



Age-Free Care Facility
(Takarazuka-Nakayama)

2. Urban Development Business



Smart city

We took 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*

Smart condominiums

We grew 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 Current*

Support for post-earthquake reconstruction

Temporary housing 1,362 units supplied

We contributed actively to reconstruction by building communities in areas affected by the Great East Japan Earthquake, including *Arai Minami*

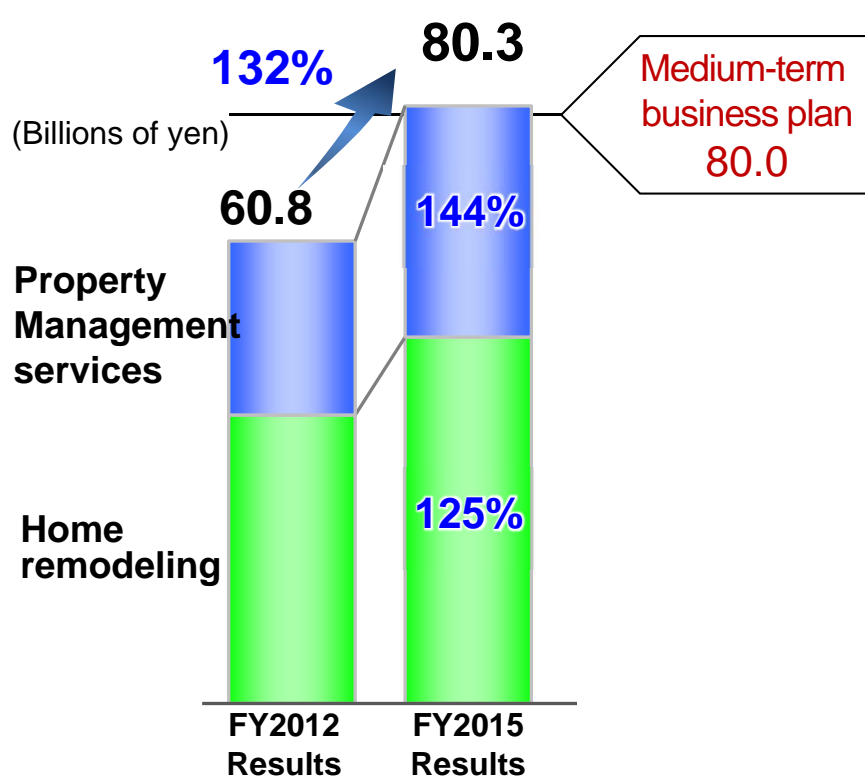
Parknade Meguro Current



Public housing for disaster-hit area (Ishinomaki city, Miyagi prefecture)



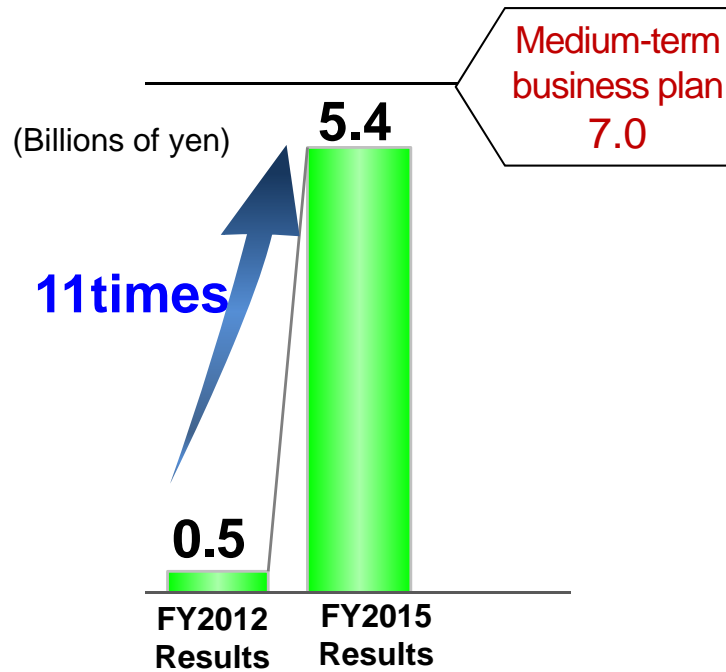
3. Residential Stock Business



- We bolstered sales by capitalizing on the establishment of PanaHome Reform Co., Ltd. (PHR) and its merger with Panasonic Home Engineering Co., Ltd. (HEG)
- Property management services increased, underpinned by the increase in the number of houses under management
- We promoted the purchase and resale of condominiums and began collaborating with Panasonic's *ReaRie* real estate information service



4. Overseas Business



Taiwan

We entered the markets for custom-built condominiums and interior design services

Malaysia

We developed wall-type precast concrete (W-PC) construction method for link houses, which appeal to middle-class consumers

ASEAN

We established PanaHome Asia-Pacific Pte. Ltd. to facilitate the construction of local smart city developments

Taiwan



Malaysia (Link house)



Indonesia (Development)



■ Summary of Previous Business Plan
(FY2013 – 2015)

■ **Initiatives in FY2016**

Forecasts for FY2016 Consolidated Financial Results

10

(Billions of yen)

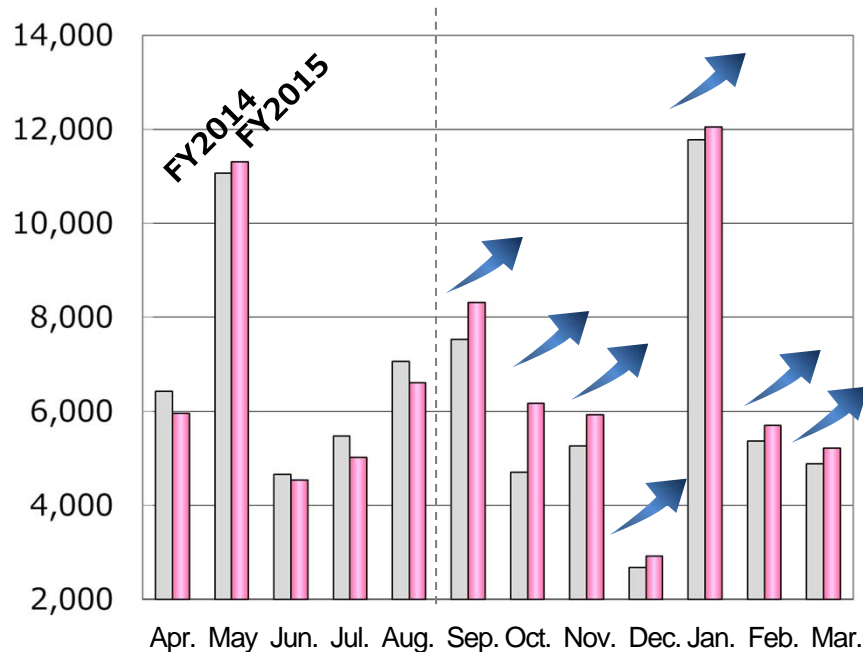
	FY2015 Results	FY2016 Forecasts	Change
Net sales	353.0	400.0	113%
Gross profit (margin)	15.9 (4.5%)	21.5 (5.4%)	+5.6

Leading Performance Indicators for FY2016: Orders

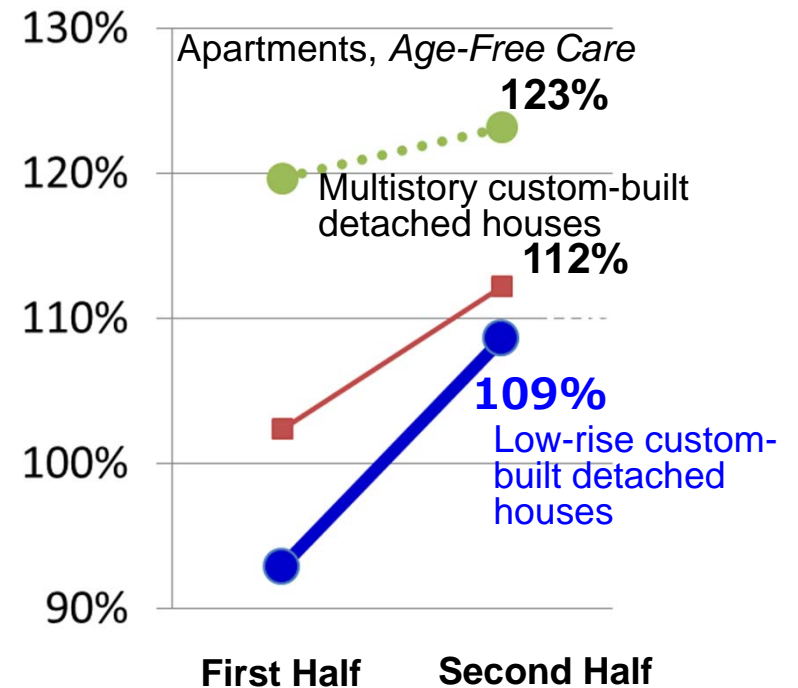
Housing display center visitors and orders for custom-built houses picked up in the second half

Number of Names in Housing Display Center Customer List in FY2015 (Compared with FY2014)

Year-on-year increase for seven consecutive months beginning in September 2015



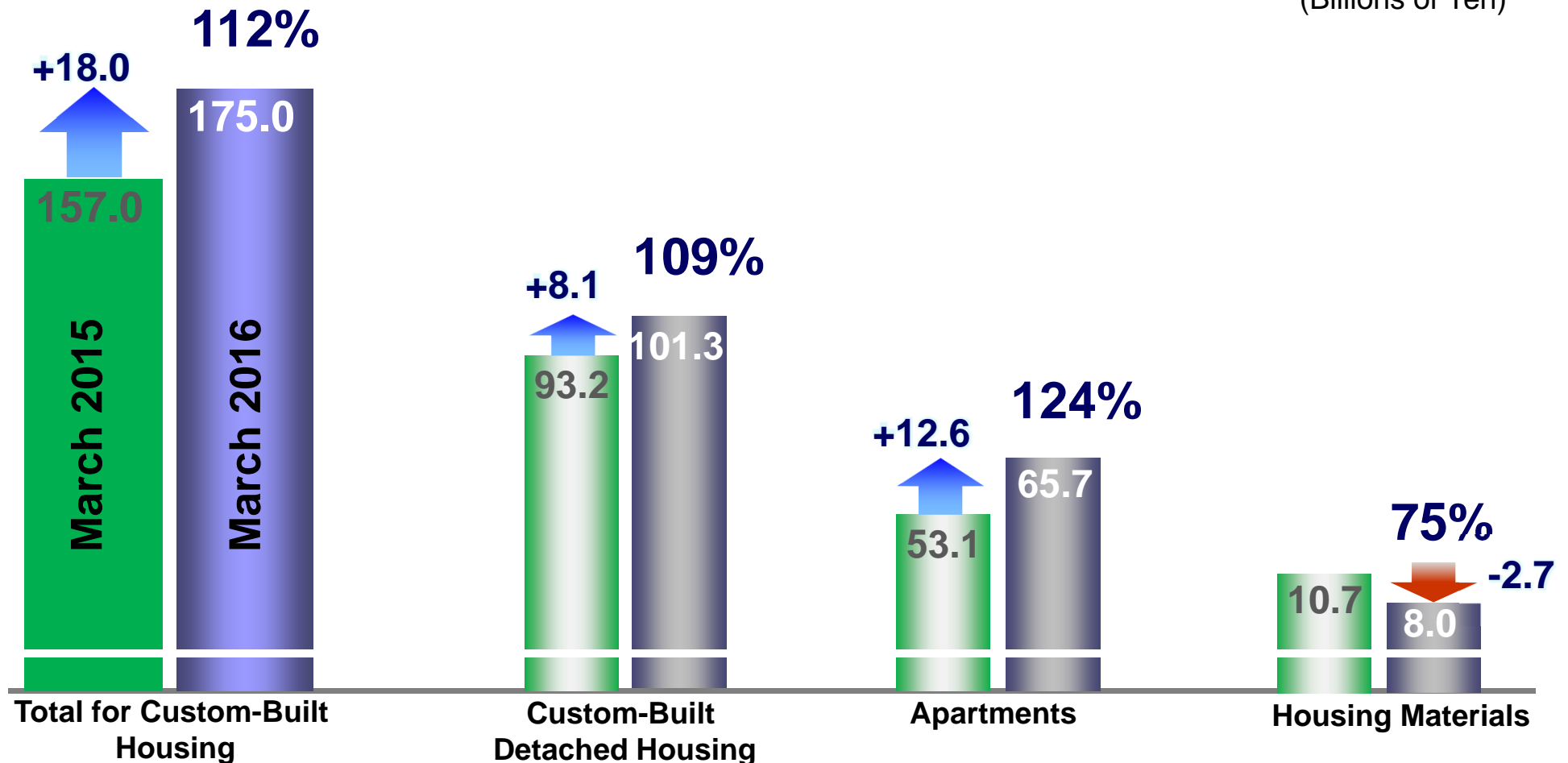
Orders in FY2015 (Change from FY2014)



Leading Performance Indicators for FY2016: Backlog of orders

In FY2015, a recovery in orders for low-rise custom-built detached housing and persistently robust orders for apartments and multistory custom-built detached housing supported an increase in our backlog of orders of 12%, or ¥18.0 billion

(Billions of Yen)



Forecasts for Orders in FY2016 by Business Category

We will work to boost orders in all business categories and currently forecast overall increases of 9% in the domestic market and 174% overseas

(Billions of yen)

	FY2015 Results	FY2016 Forecasts	Change
Custom-built detached housing	132.3	140.8	106%
Apartments	70.9	79.1	112%
Housing materials	14.3	11.1	78%
Custom-Built Housing	217.5	231.0	106%
Property development	49.4	57.4	116%
Condominium development	17.3	17.3	100%
Urban Development	66.7	74.7	112%
Home remodeling	47.2	56.2	119%
Property management services	32.9	36.1	110%
Residential Stock	80.1	92.3	115%
(Domestic total)	(364.3)	(398.0)	(109%)
Overseas	9.9	27.0	274%
(Total)	(374.2)	(425.0)	(114%)

Forecasts for Sales in FY2016 by Business Category

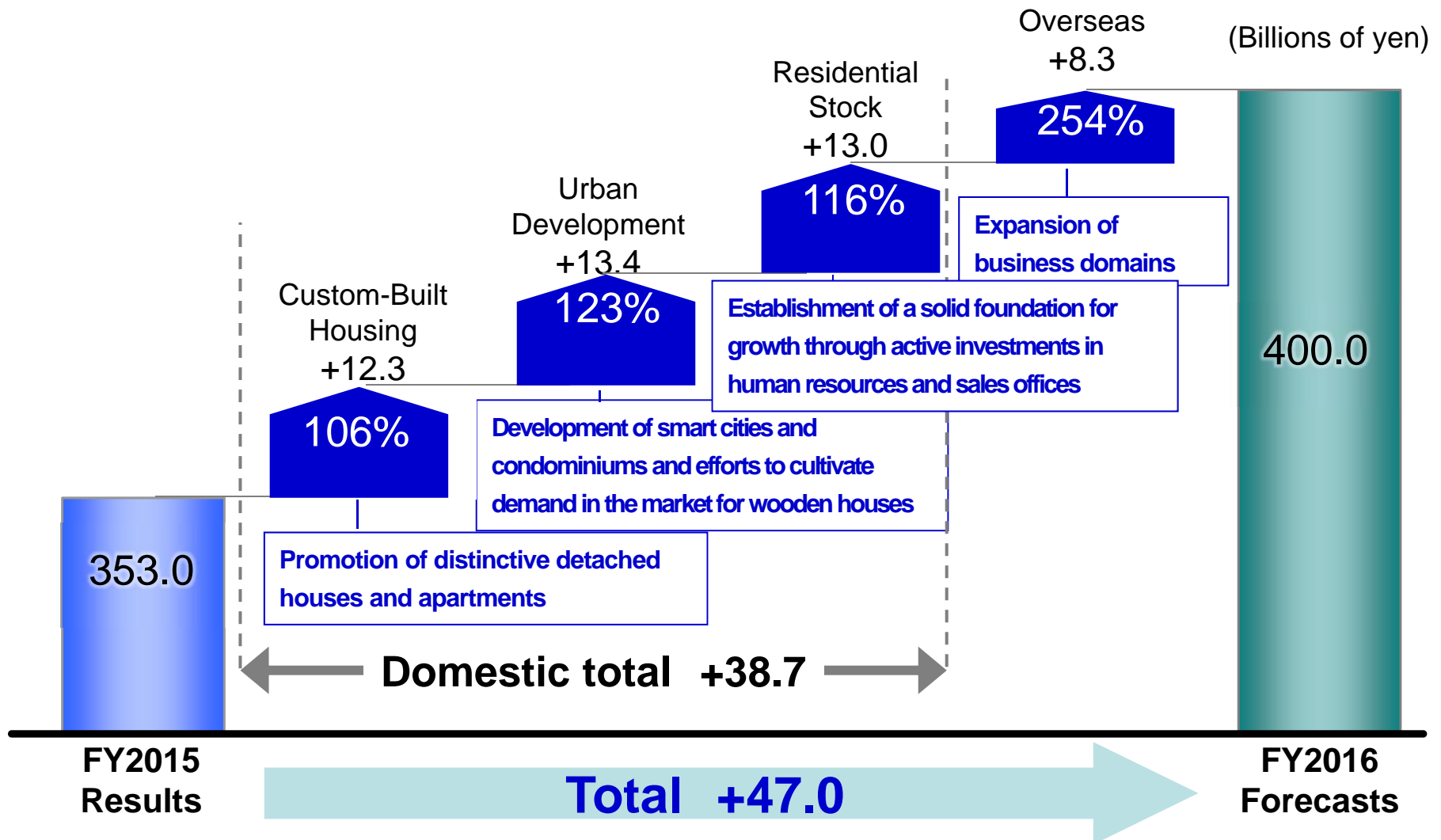
We will work to boost sales in all business categories and currently forecast overall increases of 11% in the domestic market and 154% overseas

(Billions of yen)

	FY2015 Results	FY2016 Forecasts	Change
Custom-built detached housing	130.5	137.1	105%
Apartments	63.5	72.0	113%
Housing materials	13.9	11.1	80%
Custom-Built Housing	207.9	220.2	106%
Property development	47.4	57.6	122%
Condominium development	12.0	15.2	127%
Urban Development	59.4	72.8	123%
Home remodeling	47.4	57.2	121%
Property management services	32.9	36.1	110%
Residential Stock	80.3	93.3	116%
(Domestic total)	(347.6)	(386.3)	(111%)
Overseas	5.4	13.7	254%
(Total)	(353.0)	(400.0)	(113%)

Forecasts for Increases in Business Category Sales

We forecast a ¥47.0 billion increase in consolidated net sales, to ¥400.0 billion



Promote smart houses by ensuring that all products qualify for the “zero-energy house (ZEH)” designation and by incorporating indoor air quality systems, a key competitive advantage

Enhance appeal of products to first-time home buyers and customers seeking to rebuild existing houses
(Make all products ZEHs)

Offer superior living environments suited to comfortable lifestyles
Propose innovative detached houses for the Japanese market

High-grade order-made offerings
Capitalize on synergies with steel-framed offerings to Reinforce our position in the market for high-end houses

NEW CASART (April 2016)



CASART Excellence (April 2016)



Komazawa Housing Display Center (Schedule to open in July 2016)



Advance wellness

- HEPA Plus HEPA filter-equipped ventilation system with ECO NAVI
- World’s first-ever GREENGUARD Certification for Homes

Advance peace of mind

- Industry-learning 60-year long term original warranty

Original warranty for core components		Long-term original warranty
Structure	Watertightness	
20 years	15 years	60 years

《Low-rise custom-built detached houses》

Sales

FY2015 Result

97.6

FY2016 Target

¥100.8 billion (Up 3% from FY2015)

Enter the market for three-story houses, the most popular type of multistory house and increase the *Vieuno* series' share of the market for houses with four or more stories

(1) Competitive edge derived from ability to accommodate diverse site sizes and shapes combined with earthquake-resistant construction

- Design reflects the concept of urban living from a female perspective
- Maximizes interior space
- Features that enhance exterior appearance



(2) Enhance appeal of *Vieuno* houses with four or more stories

- Improve the exterior attractiveness of *Vieuno Pro* (combines residence with commercial space)
- Upgrade the design of four-to seven story *Vieuno* houses (windows, other features)

(3) Reinforce sale capabilities

- Expand network of *Vieuno Plaza* sales office (Osaka, Urawa: April 2016, Komazawa: July 2016)
- Expand housing display centers (Kawaguchi, Niiza, Komazawa, Kinshicho, Hiranuma)
- Actively promote television advertising

《Multistory custom-built detached houses》

Sales

FY2015 Result

32.9

FY2016 Target

¥36.3 billion (Up 10% from FY2015)

Realize asset value or owners and lifestyle value for occupants

(1) Expand orders for three-story houses

Capitalize on the revision of building standards (relaxation of one-hour quasi-fireproof performance regulation)

- Make use of indoor shared hallways to enhance distinctiveness
- Improve noise absorption of floors

FICASA 3



Indoor shared hallways



Entrance



(2) Establish business model based on the *Lacine* concept

Build model rooms, focusing on Tokyo, Nagoya and Osaka

Goal for FY2016: Build 12 new buildings (total number at FY2015 year-end: 26)



(3) Collaborate on promotional efforts for Age-Free Care facilities

- Implement concentrated television advertising program (August 2016)
- Develop transportation advertisements (Rinkai Line, Yurikamome Line) (Tokyo area)
- Organize sales promotions at trade shows



International Home Care & Rehabilitation Exhibition (HRC)



《Apartments, Age-Free Care》

Sales	FY2015 Result	FY2016 Target
	63.5	¥72.0 billion (Up 13% from FY2015)

Bolster demand by promoting the construction of “Eco & Smart” communities and expanding the geographic reach of our sales of built-for-sale wooden houses



Built-for-sale wooden houses

Yurinoki Terrace (10)
Launch: April 2016

Minoo Hakushima (24)
Launch: April 2016

Shibahara (4)
Launch: April 2016

Kibougaoka (16)
Launch: April 2016



Built-for-sale wooden houses

Ainosato (18)
Launch: April 2016

Tomisawa Eki Nishi (47)
Launch: January 2016

Tamagawajousui(72)
Launch: January 2016

Nerimaku Tagara (13)
Launch: July 2016

Built-for-sale wooden houses

Shonan Kokusai Mura (39)
Launch: September 2016

Note: Figures in parentheses indicate the number of units

《Built for sale houses》

Sales

FY2015 Result

47.4

FY2016 Target

¥57.6 billion (Up 22% from FY2015)

Grow the *Parknade* brand of condominiums, which are equipped with the advanced Mansion Energy Management System (MEMS) and disaster-mitigating features

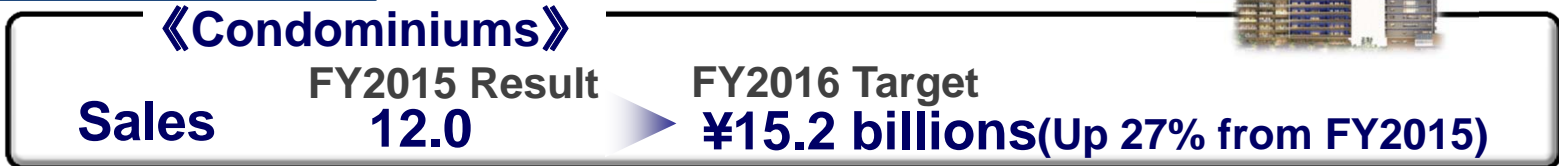
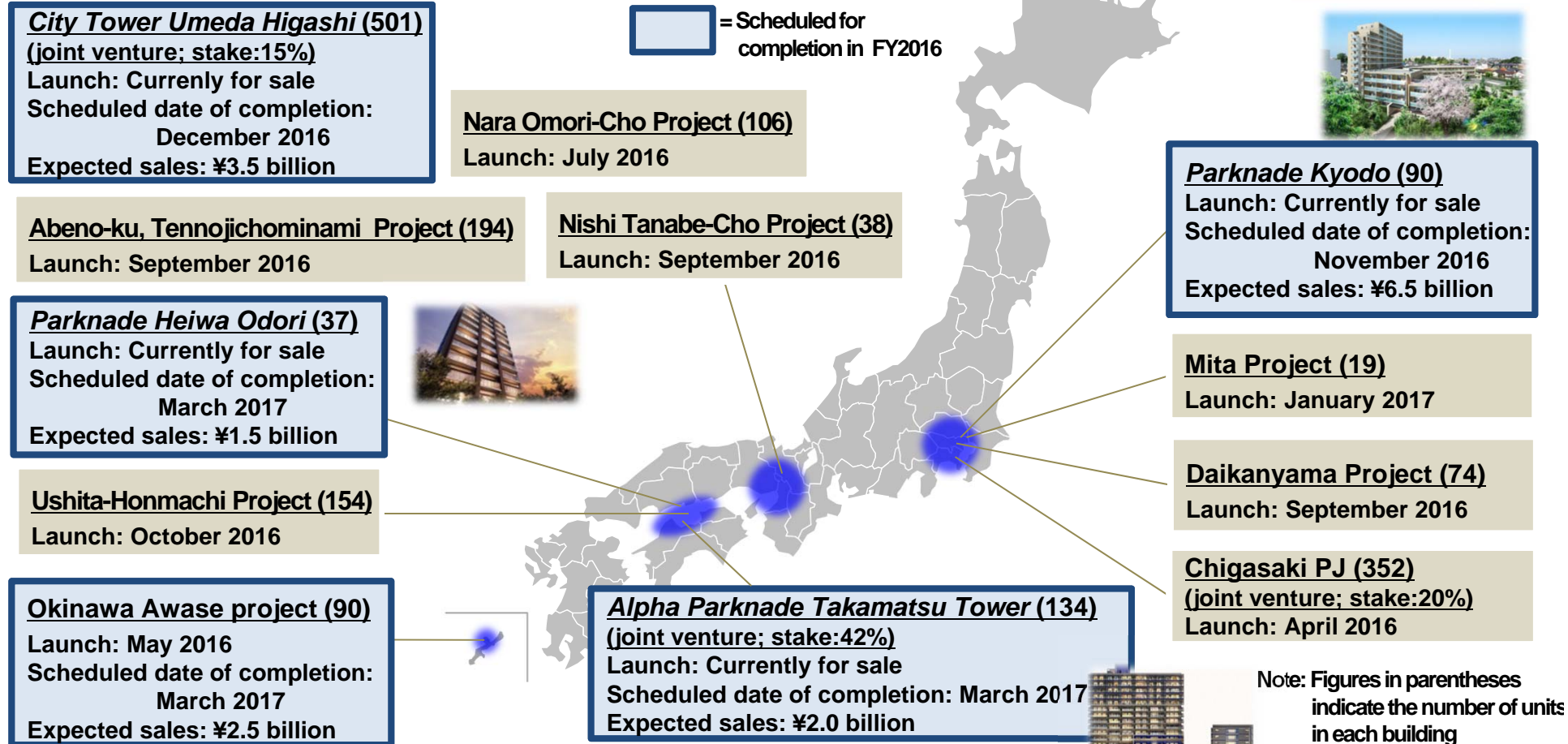


Chart further growth primarily by capitalizing on the establishment of Panasonic Reform Co., Ltd. to maximize value for customers

(1) Further cultivate demand in new geographic areas by establishing new sales offices

- Expand network of directly managed sales offices to 70 (50-plus in 2016)
- Establish appealing remodeling services corners next to new housing display centers



(2) Promote the creation of lifestyle value by reinforcing design and proposal development capabilities

- Train 50 new graduates and 100 mid-career hires to reinforce strategic capabilities
- Shift design personnel from the custom-built housing business and work with outside designers
- Deploy improved proposal tools, including 360-degree panoramic views



(3) Expand the renovations services business' customer list through advertising and related events

- Work with Panasonic to strengthen advertising for the new *Panasonic Reform* brand
- Organize campaigns and events to add names to the business' customer list (target: 25% increase from FY2015)



《Home remodeling》

[Sales]

FY2015 Result

47.4

FY2016 Target

¥57.2 billion (Up 21% from FY2015)

Steadily expand number of houses under management and fortify real estate agency services configuration

(1) Expand number of houses under management

Target for FY2016 year-end 45,000 units
(increase of 4,600 units from FY2015)

- Reinforce dedicated services configuration for the Tokyo metropolitan area
- Lock in demand for management services for non-PanaHome houses

(2) Take decisive steps to broaden real estate agency services business

a. Accelerate sales of SumStock* through the Provision of Quality Housing Stock Association

- Strengthen personnel configuration in the Tokyo, Nagoya and Osaka areas
- Promote greater collaboration among the custom-built housing, home remodeling services and customer service departments



b. Purchase income-producing condominiums (i.e., which are being rented out and are currently occupied) and transfer them to the real estate tenure business

- Expand channels for obtaining information about properties in the Tokyo metropolitan and Osaka and Kobe area

* Term coined by the Provision of Quality Housing Stock Association—of which PanaHome is a member—to designate quality housing stock that satisfies established standards

《Property Management Service》

	FY2015 Result	FY2016 Target
Sales	32.9	¥36.1 billion (Up 10% from FY2015)

Expand business through the integrated provision of skeleton-infill housing

Taiwan ¥9.9 billion (Up 135% from FY2015)

- Promote the provision of skeleton and infill for condominiums that are under construction or have been completed

Roosevelt Road
condominium complex
(exterior)



Roosevelt Road
condominium complex
(interior)



Malaysia ¥3.5 billion (Up 176% from FY2015)

- Collaborate with MHK Berhad to promote full-scale entry into the urban development market
Wall-type precast concrete (W-PC) houses: 500 units
Condominiums: 300 units



「Maple @ Hillpark Shah Alam North」



Indonesia ¥0.3 billion

- Advance the creation of a flagship urban development
- Capitalize on comprehensive strength of the Panasonic Group to build model houses



《Overseas》

Sales

FY2015 Result

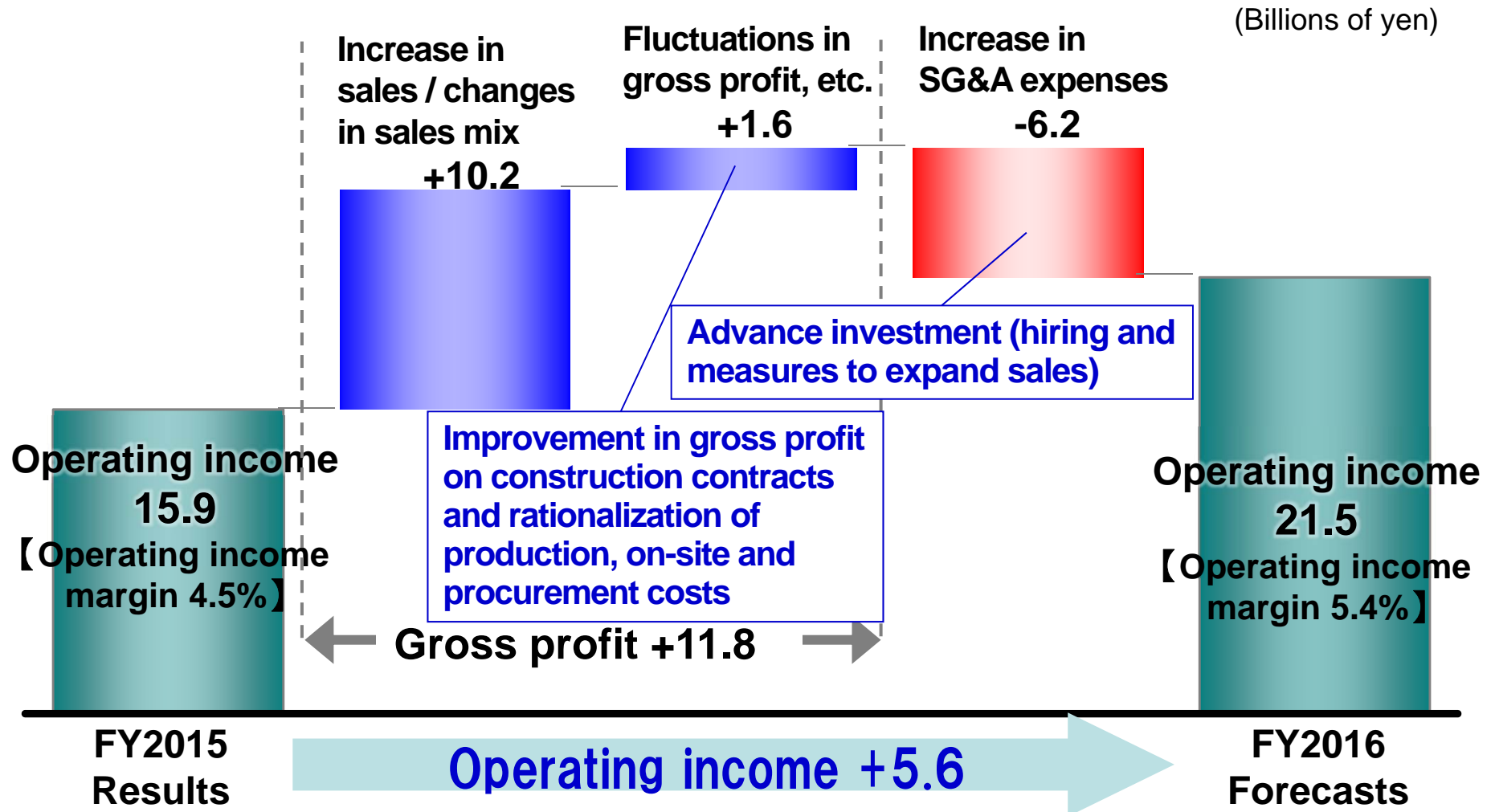
5.4

FY2016 Target

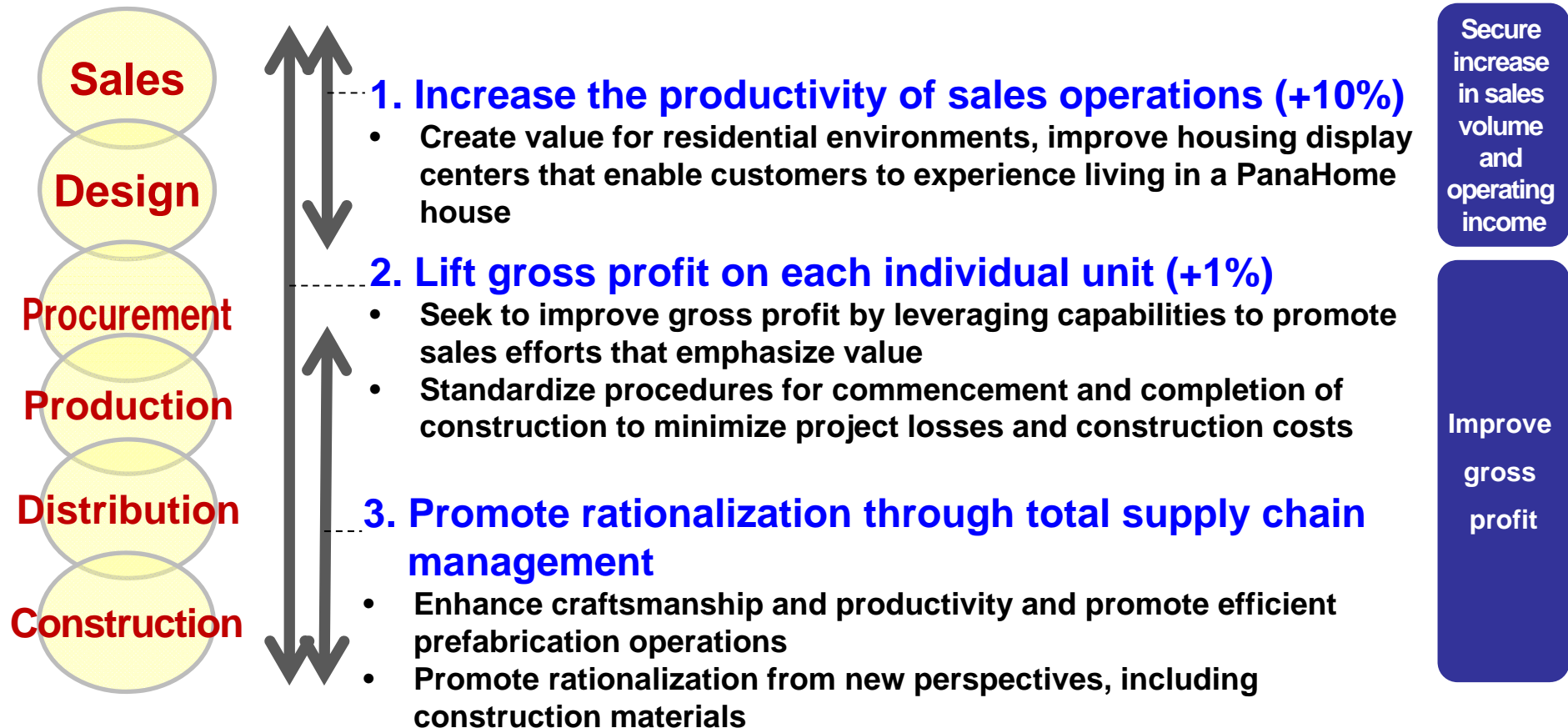
¥13.7 billion (Up 154% from FY2015)

Factors Behind Changes in Operating Income FY2015 Results vs FY2016 24 Forecasts

Build on profitable growth to boost operating income to ¥21.5 billion, an increase of ¥5.6 billion



To achieve profitable growth, we will work to strengthen our overall abilities to built homes



Shareholders Returns

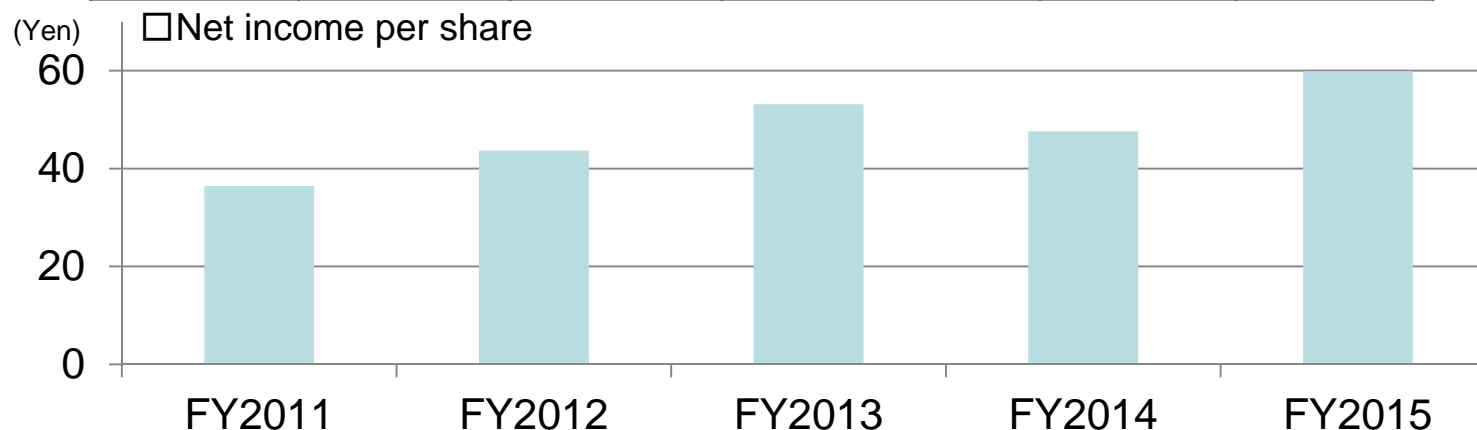
(Policy regarding the distribution of earnings)

■ Policy regarding the payment of dividends

We strive to maintain consistent and stable growth in dividends, aiming for a payout ratio of 30%–40%, in line with our basic goal of ensuring that dividends are commensurate with our consolidated operating results.

Reference: Regular annual dividends (FY2011 – FY2015)

	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Results	FY2015 Results
Cash dividends	¥15.00	¥15.00	¥20.00 (Include a commemorative dividend of ¥5.00)	¥20.00	¥20.00
Dividend payout ratio	41.2%	34.4%	37.6%	42.0%	33.4%



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.