

**Fiscal 2016(Year Ending March 31, 2017)**

**Consolidated First Half Financial Results  
Presentation Materials**

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**Financial Results**

■ **Overview of FY2016 First Half  
(Apr. to Sept.)  
Consolidated Financial Result**

■ **Forecasts for FY2016  
Consolidated Financial Results**

**Net sales declined, a consequence of protracted business negotiations and the impact of unseasonable weather.  
Active investments were made to secure growth.**

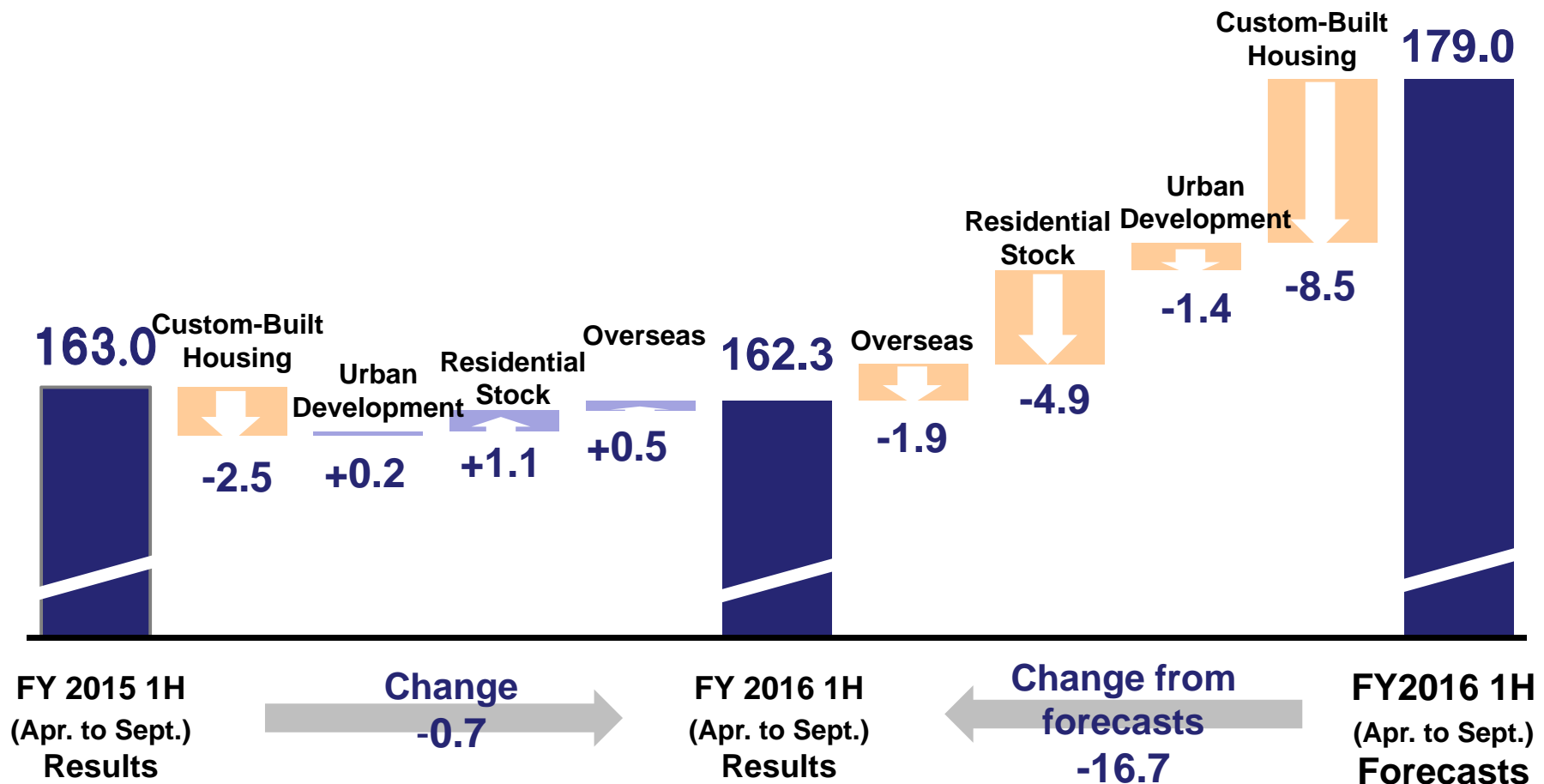
(Billions of yen)

	FY 2015 1H (Apr. to Sept.) Results	FY 2016 1H (Apr. to Sept.) Results	Change	FY2016 1H (Apr. to Sept.) Forecasts	Change from forecasts
Net sales	163.0	162.3	99.6%	179.0	91%
Gross profit (margin)	37.2 (22.8%)	36.6 (22.5%)	-0.6 (-0.3%)	41.3 (23.1%)	-4.7 (-0.6%)
SG&A expenses	32.4	34.9	+2.5	35.8	-0.9
Operating income (margin)	4.8 (2.9%)	1.7 (1.0%)	-3.1 (-1.9%)	5.5 (3.1%)	-3.8 (-2.1%)
Ordinary income	4.6	1.5	-3.1	5.4	-3.9
Net income attributable to owners of parent	2.7	0.9	-1.8	3.2	-2.3

# Factors Behind Changes in Net Sales

Sales were up in the urban development, residential stock and overseas categories and down in the custom-built housing category

(Billions of yen)



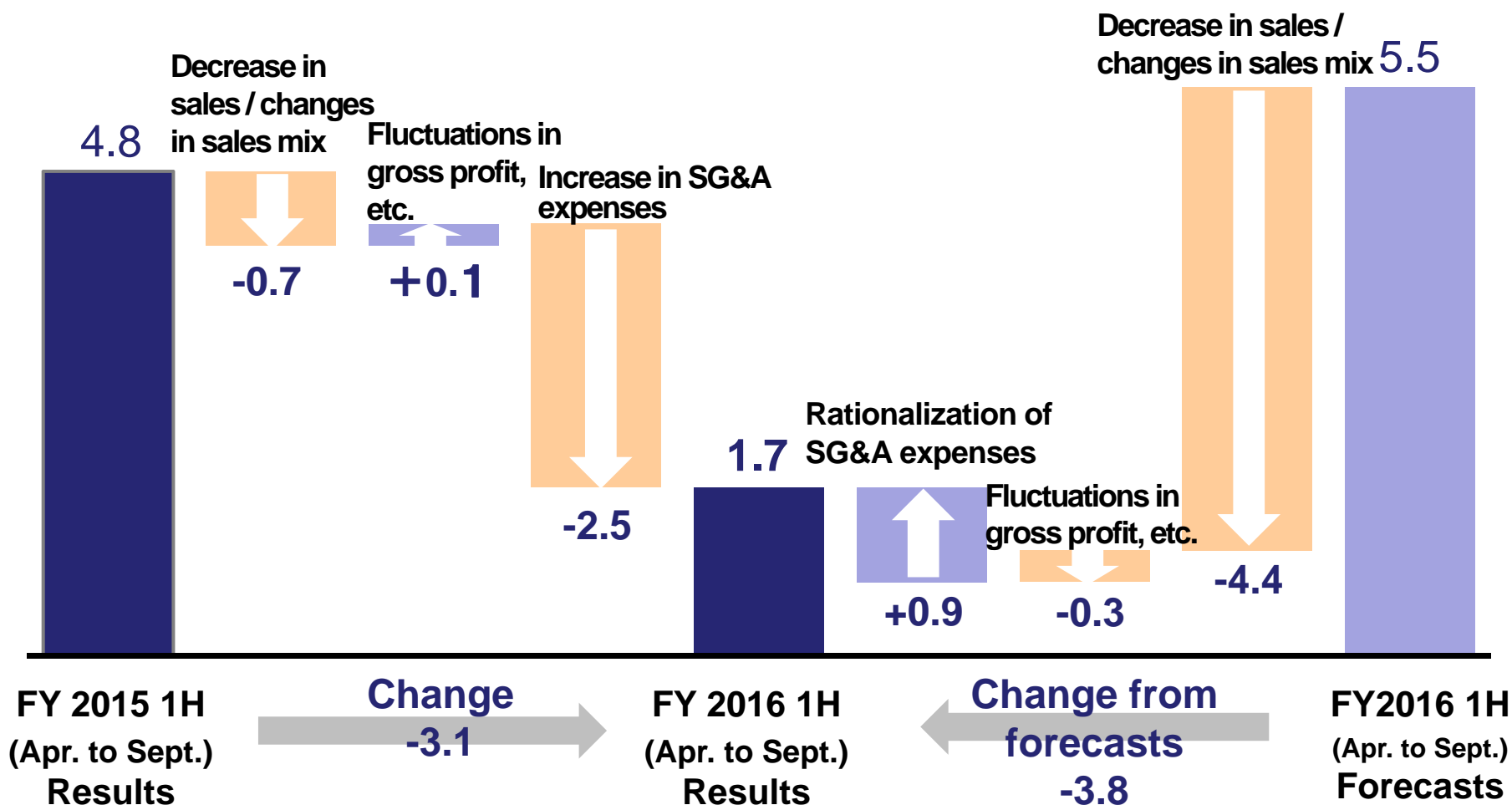
# Sales by Business Category

(Billions of yen)

	FY2015 1H (Apr. to Sept.) Results	FY2016 1H (Apr. to Sept.) Results	Change	FY2016 1H (Apr. to Sept.) Forecasts	Change from forecasts
Custom-built detached housing	63.4	63.3	99.9%	67.7	94%
Apartments	26.0	25.5	98%	29.6	86%
Housing materials	7.5	5.6	74%	5.6	100%
<b>Custom-Built Housing</b>	96.9	94.4	97%	102.9	92%
Property development	22.5	23.3	104%	25.0	93%
Condominium development	3.0	2.4	81%	2.1	114%
<b>Urban Development</b>	25.5	25.7	101%	27.1	95%
Home remodeling	22.6	21.2	94%	26.5	80%
Property management services	15.7	18.2	116%	17.8	102%
<b>Residential Stock</b>	38.3	39.4	103%	44.3	89%
<b>(Domestic total)</b>	(160.7)	(159.5)	(99%)	(174.3)	92%
<b>Overseas</b>	2.3	2.8	120%	4.7	60%
<b>(Total)</b>	(163.0)	(162.3)	(99.6%)	(179.0)	91%

# Factors Behind Changes in Operating Income

(Billions of yen)



# Orders and Backlog of Orders by Business Category

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**Firm orders for custom-built detached houses and apartments underpinned a 9% increase in backlog of orders in the custom-built housing category**

(Billions of yen)

	FY2016 1H (Apr. to Sept.) Orders	Change from previous year	Change from forecasts	September 30, 2016 Backlog of orders	Change from previous year
Custom-built detached housing	66.5	104%	97%	104.4	104%
Apartments	37.7	108%	99%	78.0	116%
Housing materials	6.5	87%	116%	8.9	118%
<b>Custom-Built Housing</b>	<b>110.7</b>	<b>104%</b>	<b>98%</b>	<b>191.3</b>	<b>109%</b>
Property development	22.3	89%	83%	8.9	87%
Condominium development	4.2	29%	59%	8.5	65%
<b>Urban Development</b>	<b>26.5</b>	<b>67%</b>	<b>78%</b>	<b>17.4</b>	<b>75%</b>
Home remodeling	23.2	101%	88%	7.3	121%
Property management services	18.2	116%	102%	–	–
<b>Residential Stock</b>	<b>41.4</b>	<b>107%</b>	<b>93%</b>	<b>7.3</b>	<b>121%</b>
<b>(Domestic total)</b>	<b>(178.6)</b>	<b>(97%)</b>	<b>(94%)</b>	<b>(216.0)</b>	<b>(106%)</b>
<b>Overseas</b>	<b>6.8</b>	<b>221%</b>	<b>–</b>	<b>13.3</b>	<b>239%</b>
<b>(Total)</b>	<b>(185.4)</b>	<b>(99%)</b>	<b>–</b>	<b>(229.3)</b>	<b>(109%)</b>

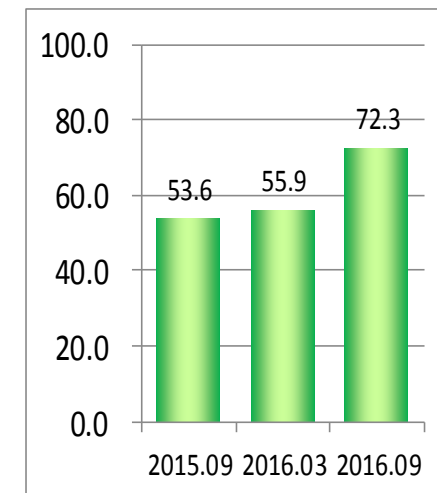
## Forward-looking investments were made in land for sale

(Billions of yen)

	FY2015 1H (Apr. to Sept.) Results	FY2016 1H (Apr. to Sept.) Results	Change
Cash flow from operating activities	+3.0	-15.6	-18.6
Cash flow from investing activities	-0.1	+7.6	+7.7
Free cash flow	+2.9	-8.0	-10.9
Cash flow from financing activities	-2.3	-0.2	+2.1
Capital expenditure	1.4	2.0	+0.6
Depreciation	2.2	2.3	+0.1

### 【Inventory of Land for Sale】

(Billions of yen)





■ Overview of FY2016 First Half  
(Apr. to Sept.)  
Consolidated Financial Result

■ **Forecasts for FY2016**  
**Consolidated Financial Results**

# Forecasts for FY2016 Consolidated Financial Results

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**Increases in net sales and operating income and efforts to rationalize costs are expected to offset higher fixed costs attributable to advance investments**

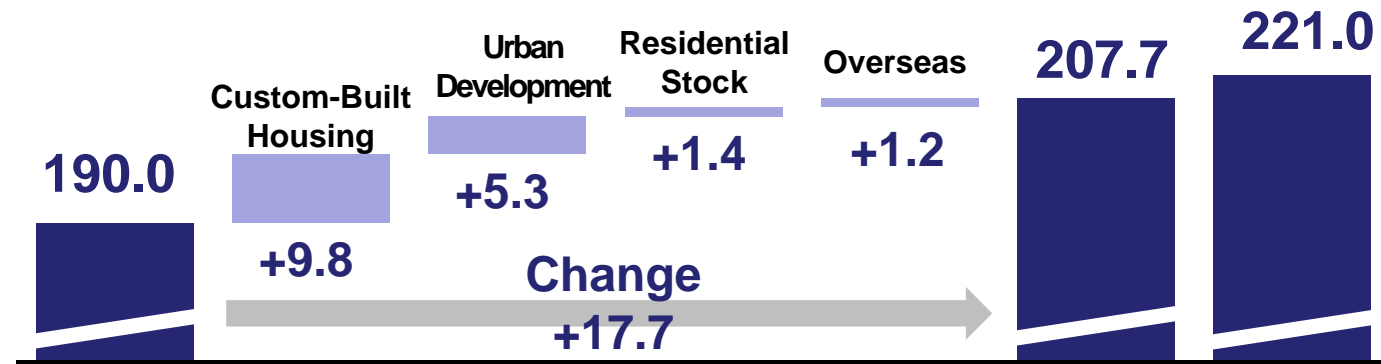
(Billions of yen)

	FY2015 Results	FY2016 Revised forecasts	Change	FY2016 Initial forecasts	Change form initial forecasts
Net Sales	353.0	370.0	105%	400.0	93%
Gross profit (margin)	81.5 (23.1%)	86.2 (23.3%)	+4.7 (+0.2%)	93.3 (23.3%)	-7.1 (±0%)
SG&A expenses	65.6	70.2	+4.6	71.8	-1.6
Operating income (margin)	15.9 (4.5%)	16.0 (4.3%)	+0.1 (-0.2%)	21.5 (5.4%)	-5.5 (-1.1%)
Ordinary income	15.9	15.9	+0	21.5	-5.6
Net income attributable to owners of parent	10.1	10.1	+0	13.3	-3.2

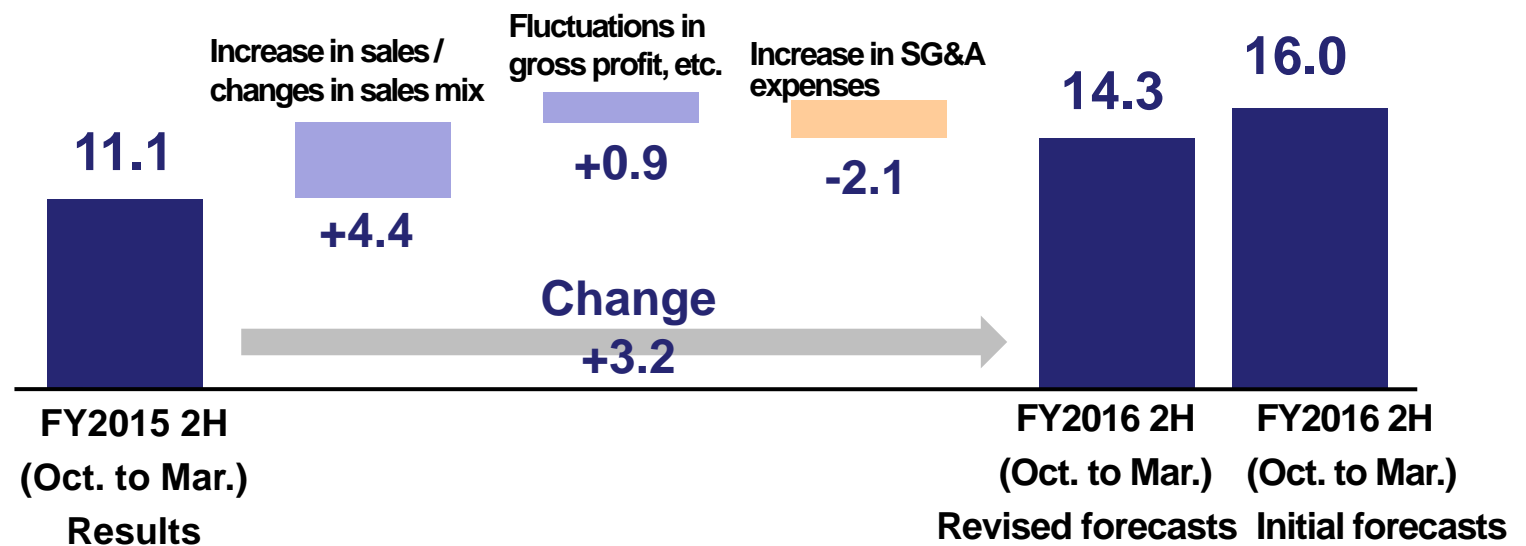
# Factors Behind Forecasts of Second Half Net Sales and Operating Income 10

(Billions of yen)

Net sales



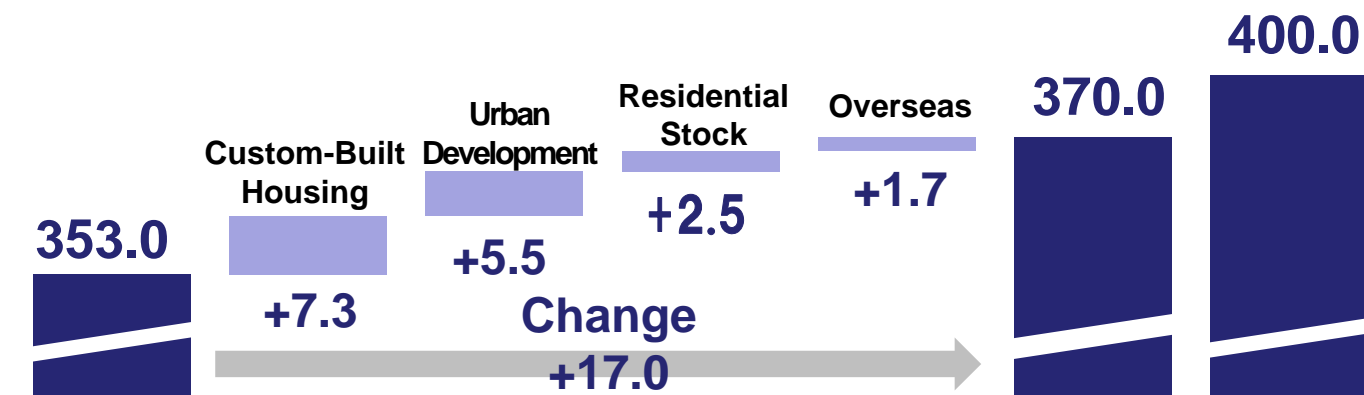
Operating income



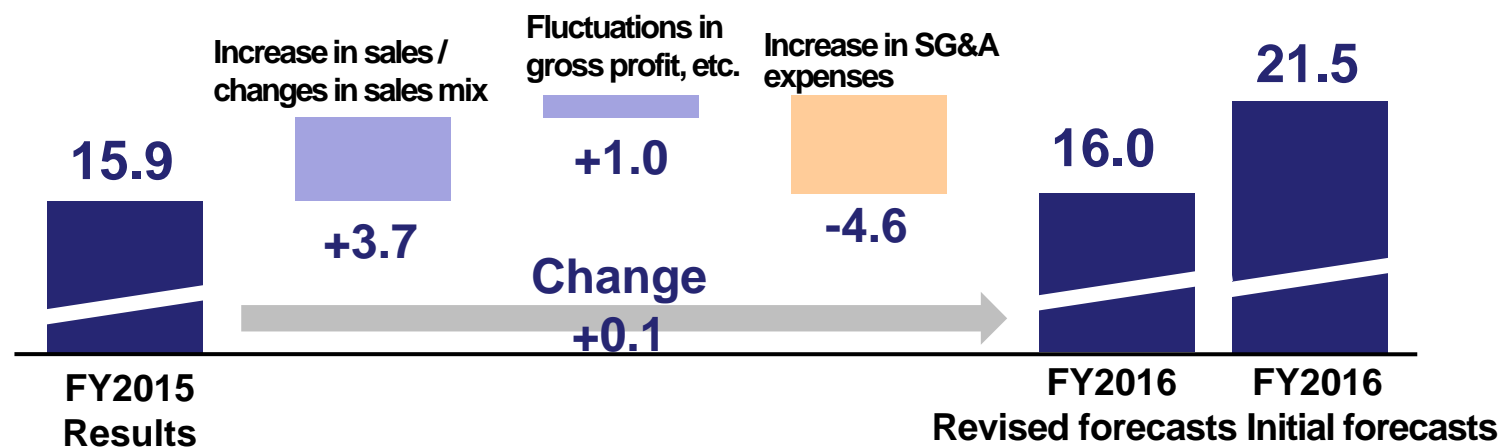
# Factors Behind Forecasts of Full-Term Net Sales and Operating Income

(Billions of yen)

Net sales



Operating income



# Forecasts for Sales in FY2016 by Business Category

12

(Billions of yen)

	FY2015 Results	FY2016 Revised forecasts	Change	FY2016 Initial forecasts	Change form initial forecasts
Custom-built detached housing	130.5	134.9	103%	137.1	98%
Apartments	63.5	68.6	108%	72.0	95%
Housing materials	13.9	11.7	84%	11.1	105%
<b>Custom-Built Housing</b>	207.9	215.2	103%	220.2	98%
Property development	47.4	49.5	104%	57.6	86%
Condominium development	12.0	15.4	129%	15.2	101%
<b>Urban Development</b>	59.4	64.9	109%	72.8	89%
Home remodeling	47.4	46.2	97%	57.2	81%
Property management services	32.9	36.6	111%	36.1	101%
<b>Residential Stock</b>	80.3	82.8	103%	93.3	89%
<b>(Domestic total)</b>	(347.6)	(362.9)	(104%)	(386.3)	(94%)
<b>Overseas</b>	5.4	7.1	132%	13.7	52%
<b>(Total)</b>	(353.0)	(370.0)	(105%)	(400.0)	(93%)

# Forecasts for Orders in FY2016 by Business Category

13

Firm growth in orders is expected in custom-built detached housing and apartments business categories, supporting a 3% increase in total orders in the domestic market

(Billions of yen)

	FY2015 Results	FY2016 Revised forecasts	Change	FY2016 Initial forecasts	Change form initial forecasts
Custom-built detached housing	132.3	138.3	105%	140.8	98%
Apartments	70.9	75.7	107%	79.1	96%
Housing materials	14.3	12.6	88%	11.1	114%
<b>Custom-Built Housing</b>	<b>217.5</b>	<b>226.6</b>	<b>104%</b>	<b>231.0</b>	<b>98%</b>
Property development	49.4	49.9	101%	57.4	87%
Condominium development	17.3	14.4	83%	17.3	83%
<b>Urban Development</b>	<b>66.7</b>	<b>64.3</b>	<b>96%</b>	<b>74.7</b>	<b>86%</b>
Home remodeling	47.2	48.2	102%	56.2	86%
Property management services	32.9	36.6	111%	36.1	101%
<b>Residential Stock</b>	<b>80.1</b>	<b>84.8</b>	<b>106%</b>	<b>92.3</b>	<b>92%</b>
<b>(Domestic total)</b>	<b>(364.3)</b>	<b>(375.7)</b>	<b>(103%)</b>	<b>(398.0)</b>	<b>(94%)</b>
<b>Overseas</b>	<b>9.9</b>	<b>15.0</b>	<b>152%</b>	<b>27.0</b>	<b>56%</b>
<b>(Total)</b>	<b>(374.2)</b>	<b>(390.7)</b>	<b>(104%)</b>	<b>(425.0)</b>	<b>(92%)</b>

Fiscal 2016 (Year Ending March 31, 2017)

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

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## **Looking Ahead**

- 1. Summary of Results for the First Half and Initiatives in the Second Half of FY2016**
2. New Medium-Term Business Plan



# Summary of the First Half of FY2016: Factors Behind Downward Revision of Full-Term Forecasts

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<b>Custom-Built Housing</b> (- ¥8.5 billion)	<ul style="list-style-type: none"><li>✓ <b>Shortfall in sales from early-term order backlog</b><ul style="list-style-type: none"><li>• Delay in delivery of large projects such as multistory detached houses due to unseasonable weather and other factors (Tendency toward concentration of orders at term-end)</li></ul></li><li>✓ <b>Shortfall in sales from new orders</b><ul style="list-style-type: none"><li>• Protraction of business negotiations due to delay in implementation of consumption tax hike and persistently low interest rates</li></ul></li></ul>
<b>Home remodeling</b> (- ¥5.3 billion)	<ul style="list-style-type: none"><li>✓ <b>Decline in overall comprehensive home remodeling orders</b><ul style="list-style-type: none"><li>• Delays in increasing personnel numbers and training of salespeople</li><li>• Unseasonable weather and prolonged interval between business negotiations and completion of work</li></ul></li></ul>
<b>Overseas</b> (- ¥1.9 billion)	<ul style="list-style-type: none"><li>✓ <b>Construction delays and the postponement of contract negotiations</b></li><li>✓ <b>Flagging market conditions in Taiwan</b></li></ul>

Note: Figures in parentheses represent the difference between results and initial forecasts

Review of  
the first half

Profitability deteriorated as a delay in discerning issues affecting sales prevented steps to curb advance investments

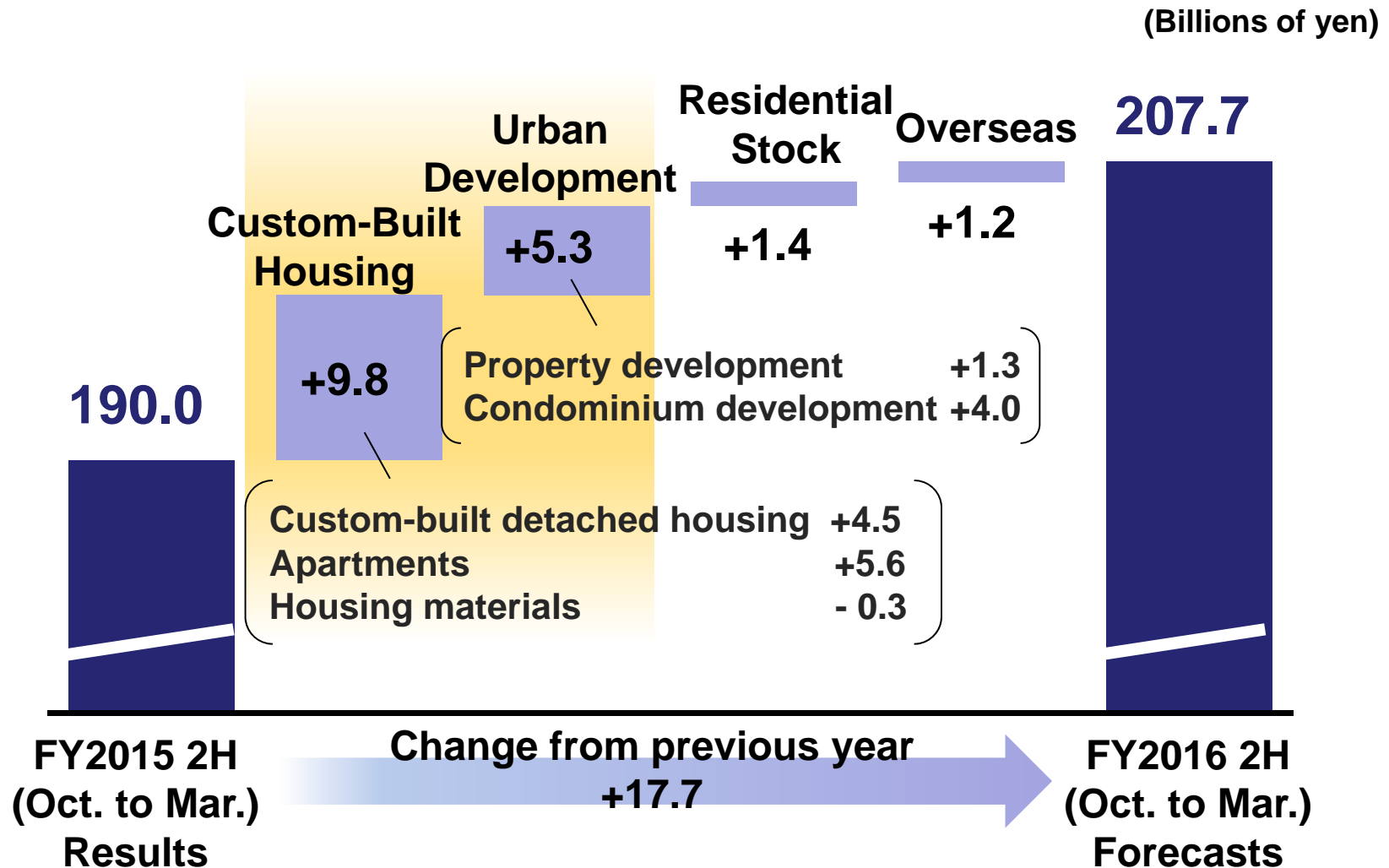
## Central Policies in the Second Half of FY2016

### Keys to achieving revised operating results forecasts

- **Examine SG&A expenses and promote carefully selected advance investments**
- **Take decisive steps to clear backlog of orders**
- **Embark on process of rebuilding business foundation**

# Forecasts for Net Sales in the Second Half of FY2016

Custom-built housing and urban development are expected to drive an increase in net sales

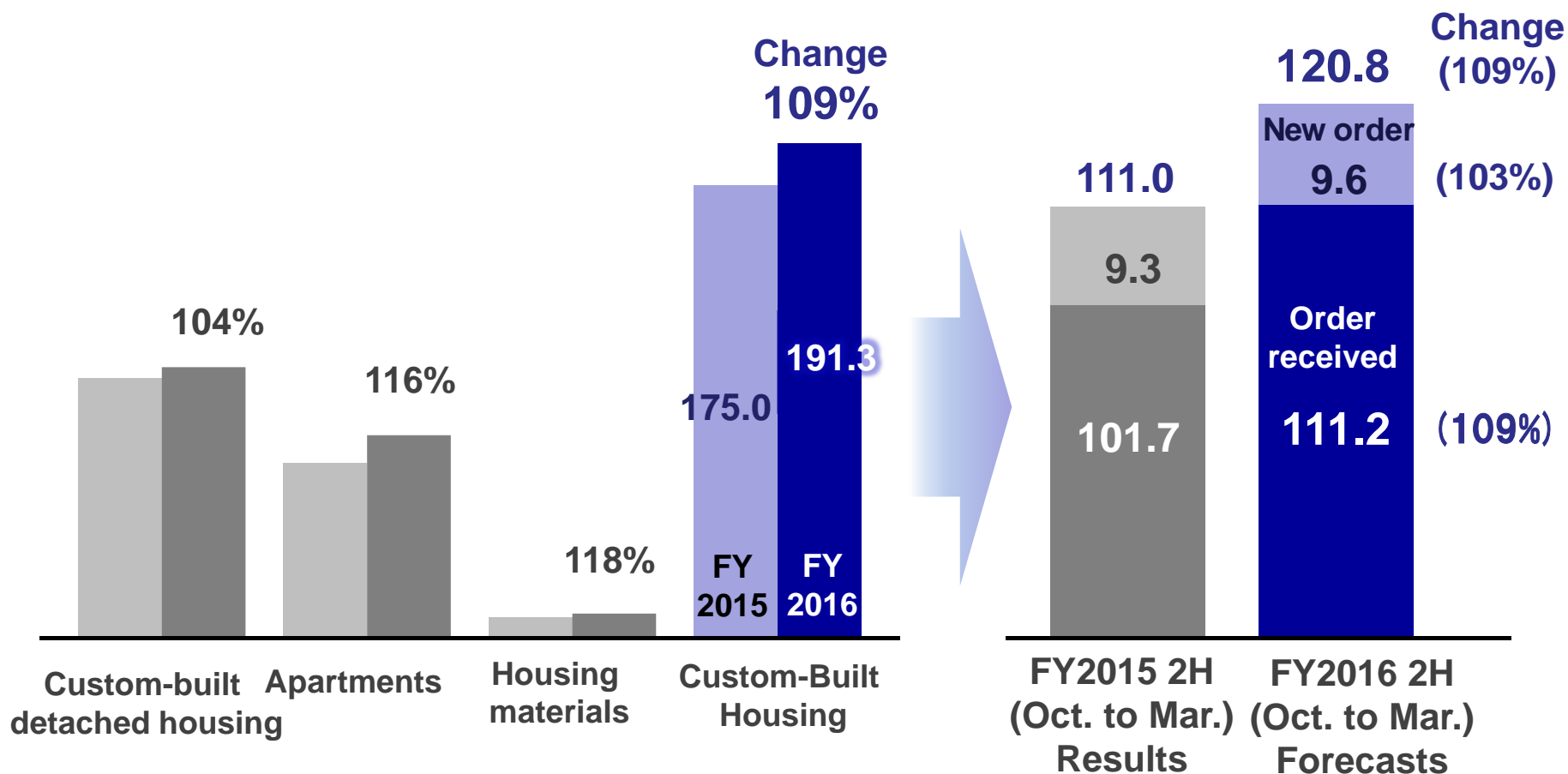


# Custom-Built Housing

**Backlog of orders as of the end of September 2016 are sufficient to generate 92% of forecast net sales**

(Billions of yen)

<Backlog of orders as of September 30, 2016>    <Backlog of orders as a percentage of net sales in the second half of FY2016>



# Forecasts for Net Sales in the Second Half of FY2016

## Urban Development

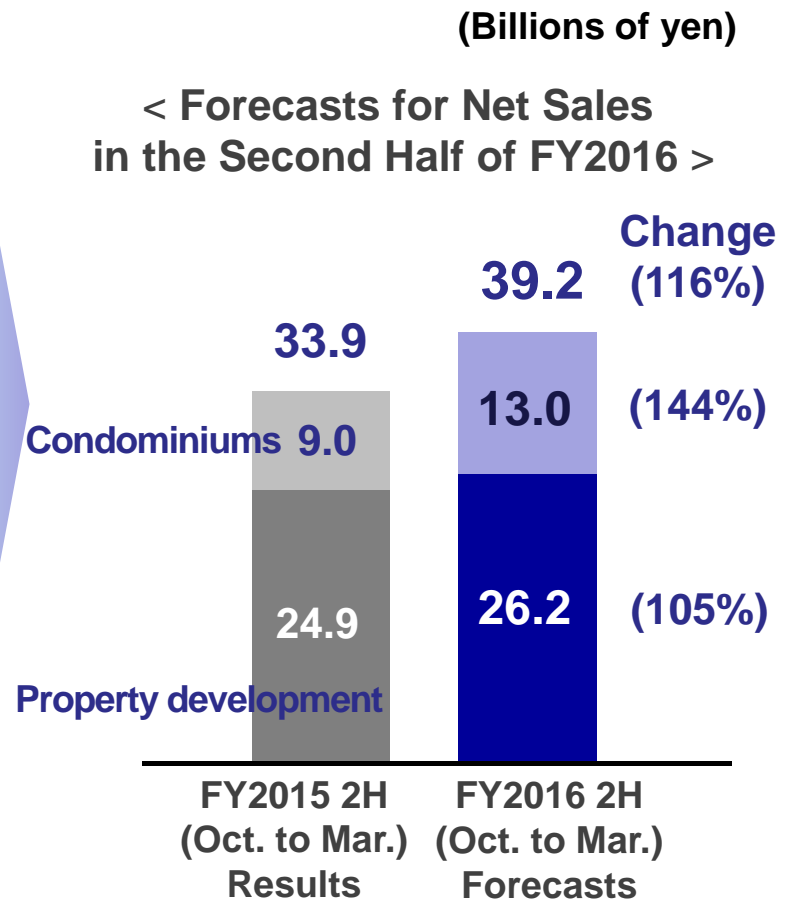
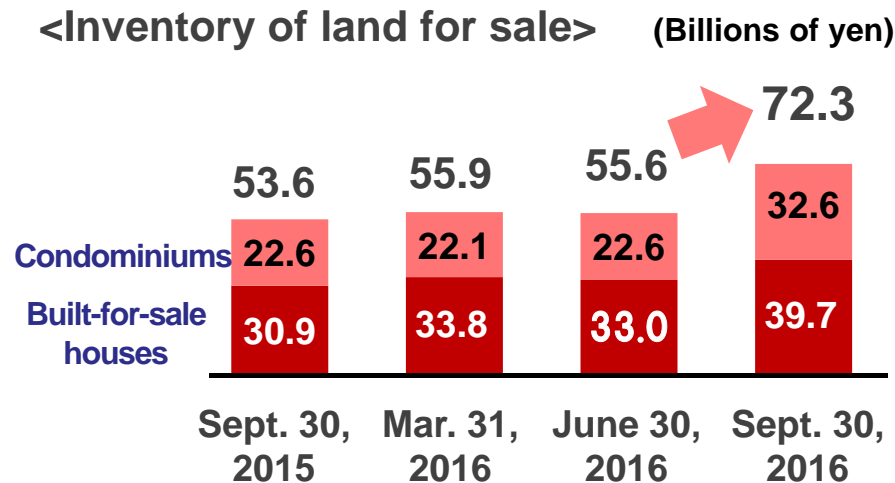
### Step up sales of properties to boost net sales

#### ■ Condominiums

- Unit sales in the second half: 5 (= ¥16 billion)  
Orders equivalent to approximate 60% of forecast net sales for the second half have been received

#### ■ Built-for-sale houses

- Inventory of land for sale has been secured



# Central Initiatives in the Second Half of FY2016

## Reinforce Management Framework

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### Reorganize housing display centers

- Secure profitability by delivering consistently high value and shift personnel to high-priority markets (Tokyo, Nagoya and Osaka areas)
- Verify the market potential of all 223 housing display centers across the country and promote integration

### Reassess SG&A expenses

- Eliminate waste of every kind, which does not contribute to customer satisfaction
- Reconsider all SG&A expense items

### Standardize procedures for completing construction

- Lay the groundwork for the revision of order acceptance practices to resolve the over-concentration of construction completions at term-end

# Central Initiatives in the Second Half of FY2016

## Custom-Built Housing

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### Low-rise custom-built detached houses

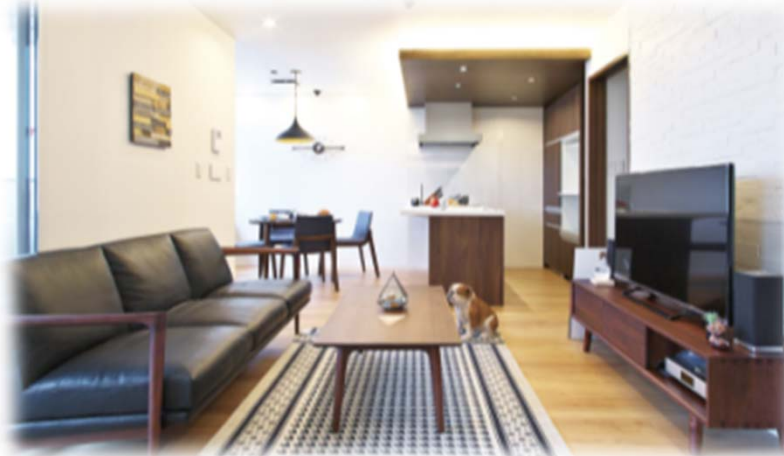
- Propose zero-energy house (ZEH) designation for all houses and expand orders for new products tailored to clearly targeted customer groups (e.g., *Casart Share Days*, aimed at families with children, and *artim*, a high-end wooden house)

### Apartments

- Provide distinctive products, focusing on the *Lacine* concept, which emphasizes the preferences of women
- Conquer market for three-story rental apartment complexes with lineup centered on *Ficasa 3*

### Multistory custom-built detached houses

- Enhance appeal and actively expand sales of multistory detached houses by expanding deployment and reinforcing sales configuration for *Vieuno 9*



Apartments: High-grade interior finishes that reflect a feminine perspective



*Vieuno 9*, a new nine-story custom-built detached house

# Central Initiatives in the Second Half of FY2016

## Urban Development

### <Principal properties for sale in the second half of FY2016>

#### Accelerate sales

- Strengthen efforts to make proposals and attract customers through *Bunjo Tomonokai*, a property development and condominium information service, with approximately 9,000 members
- Reinforce online advertising

Condominiums  
 Built-for-sale houses  
 Built-for-sale wooden houses

Alpha Parknade  
 Takamatsu Tower  
 (joint venture; stake:42%)  
 Parknade Heiwa Odori

Parknade  
 Rycom City



#### Fortify efforts to purchase land

- Expand mid-career hires as a way to position talented professionals in key markets with the aim of expanding purchasing routes and enhancing skill levels
- Promote purchases that contribute to the expansion of business domains and expansion into new geographic areas



# Central Initiatives in the Second Half of FY2016

## Residential Stock

10

### Existing home remodeling business

- Increase staff and fortify sales capabilities through training
- Expand product lineups and promote efforts to propose ideas in key areas such as kitchen remodeling and painting
- Strengthen collaboration with housing display centers and Panasonic showrooms
- Enhance services for PanaHome homeowners

### New growth opportunities

- Reinforce configuration for promoting services through alliances and acquisitions



Panasonic Reform Shop directly managed sales offices numbered 50 as of September 30, 2016



Six new openings are scheduled to open in the second half of FY2016, primarily in the Tokyo metropolitan area

# Central Initiatives in the Second Half of FY2016

## Overseas

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<b>TAIWAN</b>	<ul style="list-style-type: none"><li>• Proceed with construction of custom-built housing, including condominiums (13 complexes in total)</li><li>• Capitalize on showroom to secure orders for interior design services</li></ul>
<b>ASEAN</b>	<ul style="list-style-type: none"><li>• Wall-type precast concrete (W-PC) construction: Promote use of this method to ensure Japan-level quality</li><li>• Indonesia: Advance efforts to obtain orders in collaboration with local joint venture</li></ul>
<b>Enhance configuration</b>	<ul style="list-style-type: none"><li>• Expand number of local employees to expedite decision making</li><li>• Promote collaboration with Panasonic bases in Asia to cultivate promising opportunities</li></ul>



Artist's conception of the exterior of a house in Tropicana Aman, a town under development in Malaysia

© PanaHome Corporation



Artist's conception of Malaysia's Maple @ Hillpark Shah Alam North smart town development

1. Summary of Results for the First Half and Initiatives in the Second Half of FY2016

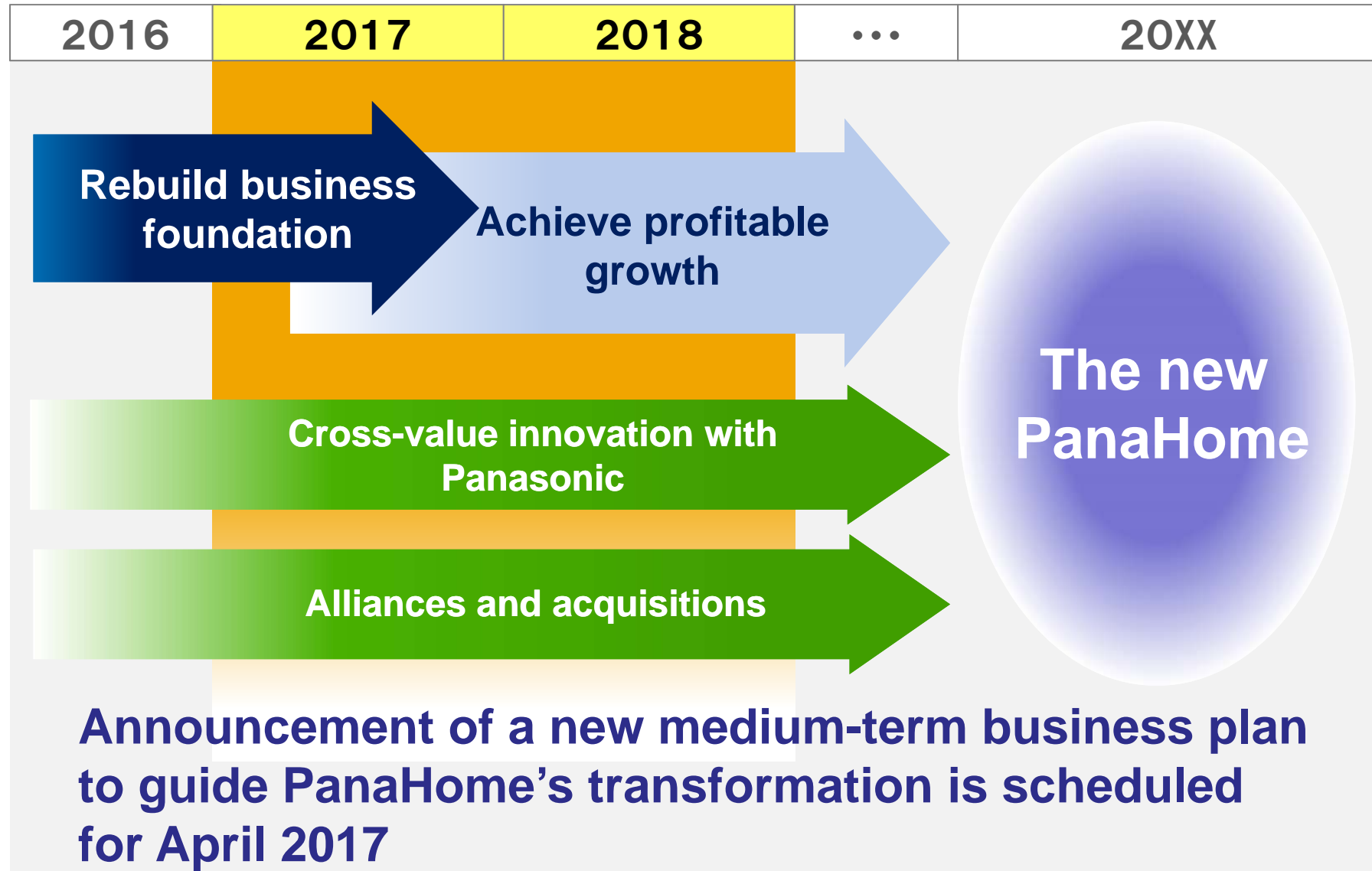
**2. New Medium-Term Business Plan**

**Respond swiftly to changes in the operating environment**

**Further reinforce  
management  
framework**

**Revamp business  
configuration  
(Reduce excess  
weighting of custom-  
built housing)**

**Ensure the appropriate allocation  
of resources  
(Personnel/Capital)**



## Three new projects to be implemented under the direct supervision of the president

### Reinforce management framework

- Overhaul work practices and systems (Standardize procedures for completing construction, increase the productivity of sales activities)
- Take decisive steps to reduce costs

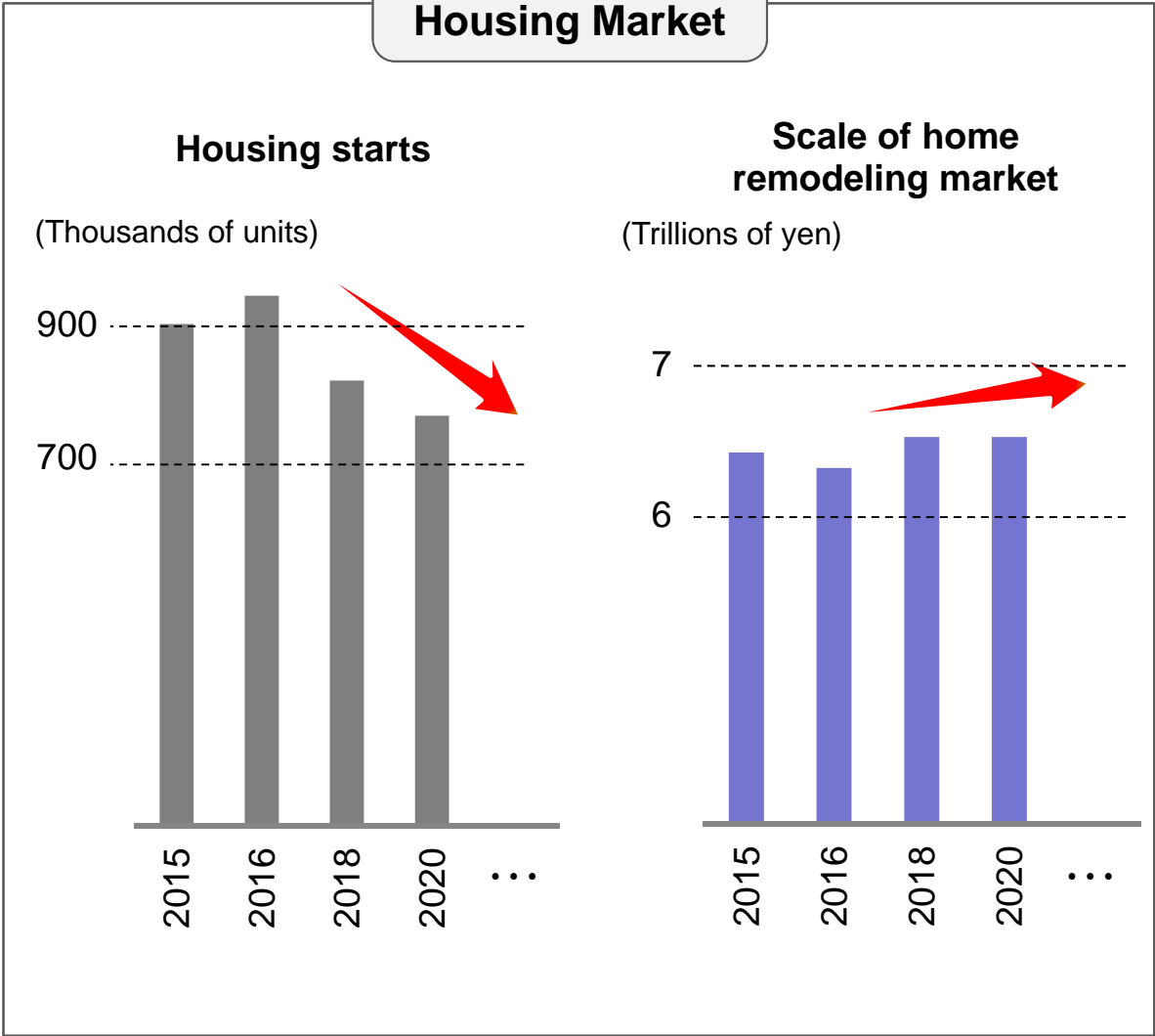
### Accelerate the expansion of businesses

- Promote carefully selected advance investments with the aim of accelerating growth and building new business models
- Bolster name recognition by creating a strong PanaHome brand centered on the Company's *kurashibunka* ("ways of living") concept

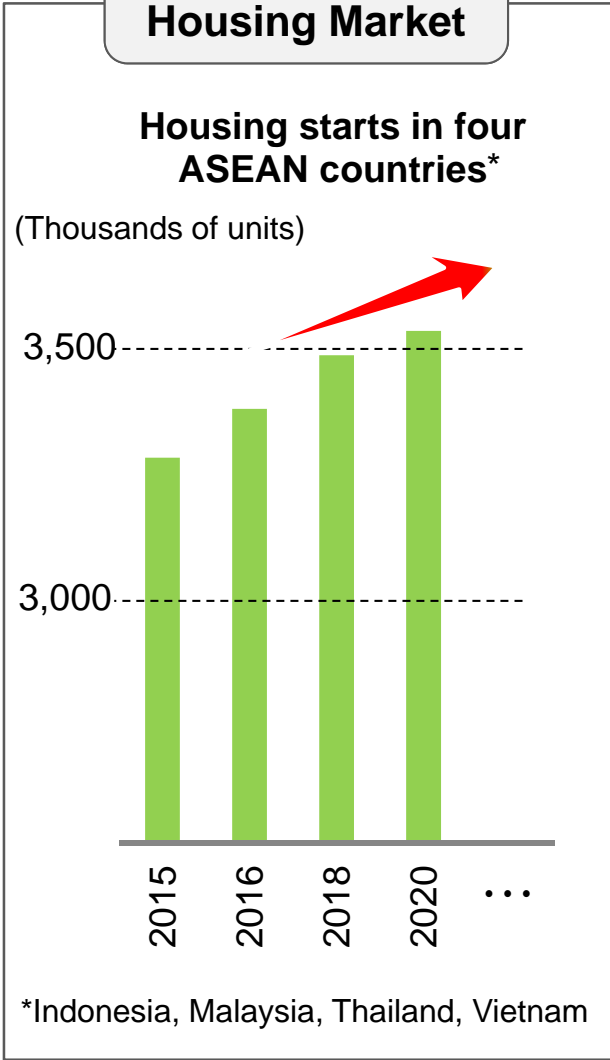
### Transform PanaHome

- Redefine responsibilities and authority to create a corporate culture that emphasizes resourcefulness
- Create a framework for fostering personal growth

## Domestic Housing Market

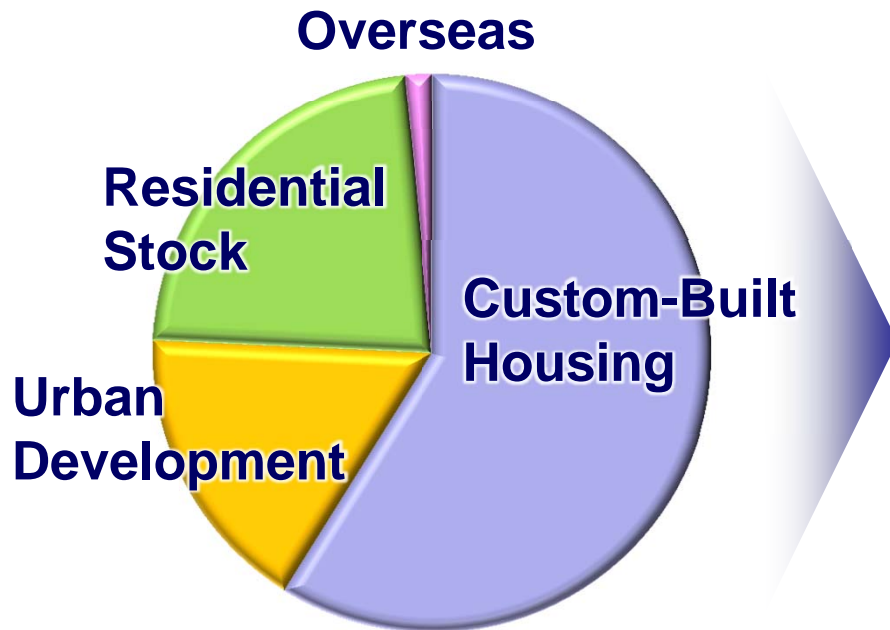


## Overseas Housing Market

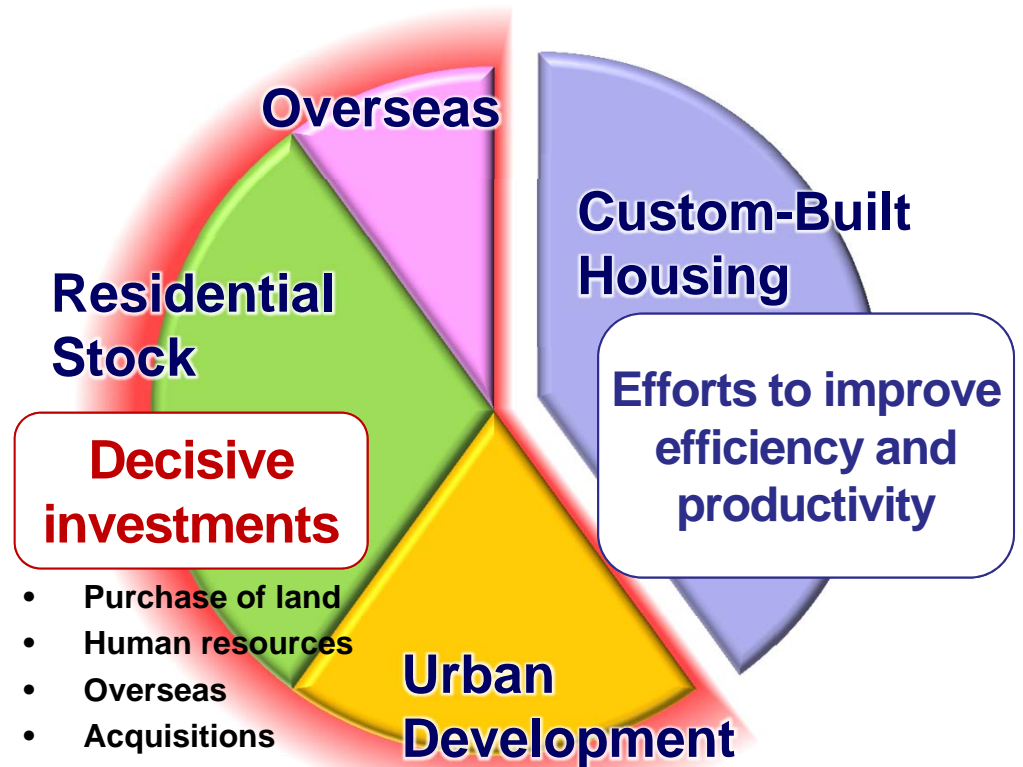


Growth strategy centered on four core businesses remains unchanged, but steps will be taken to create a well-balanced portfolio capable of supporting growth

Sales Breakdown by Business Category in FY2015



Vision for PanaHome





**A distinctive company**

**A company that is trusted**

**A company that employees are proud  
to work for**



## **PanaHome's beginning**

**PanaHome was born of the strong sense of mission of Konosuke Matsushita— founder of the company known today as Panasonic—who sought to build quality houses befitting the vital role they play in people's lives.**

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.