

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

# **Consolidated Financial Results Presentation Material**

## **Financial Results**

- **Overview of FY2016  
Consolidated Financial Results**

- **Change in Scheme for  
Transforming PanaHome into a  
Wholly Owned Subsidiary**

# Overview of FY2016 Financial Results

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Net sales was less than forecasts, but remained level with FY2015.

Active investments aimed at securing growth continued.

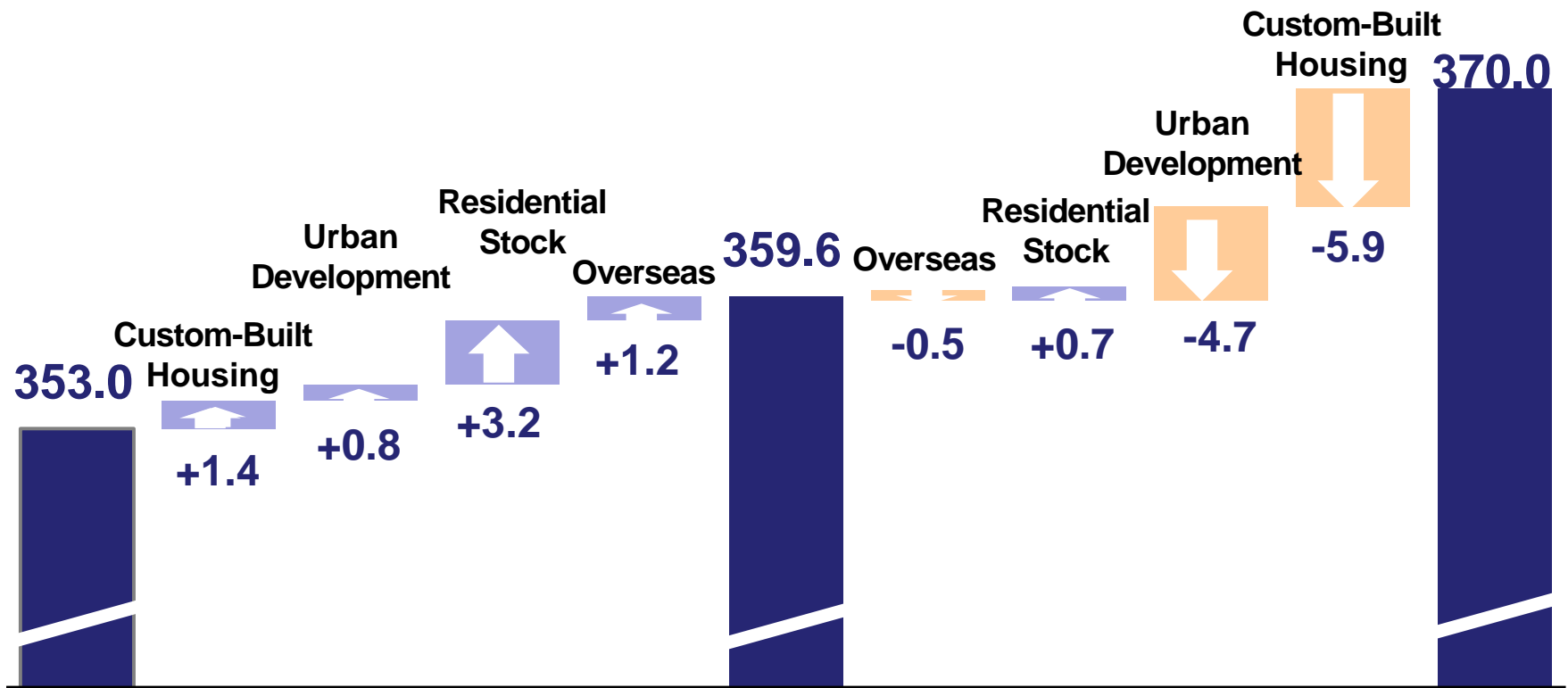
(Billions of yen)

	FY2015 Results	FY2016 Results	Change	FY2016 forecasts	Change from forecasts
Net Sales	353.0	359.6	102%	370.0	97%
Gross profit (margin)	81.5 (23.1%)	81.7 (22.7%)	+ 0.2 (-0.4%)	86.2 (23.3%)	- 4.6 (-0.6%)
SG&A expenses	65.6	69.8	+ 4.2	70.2	- 0.4
Operating income (margin)	15.8 (4.5%)	11.8 (3.3%)	- 4.0 (- 1.2%)	16.0 (4.3%)	- 4.2 (- 1.0%)
Ordinary income	15.8	11.6	- 4.2	15.9	- 4.3
Net income attributable to owners of parent	10.0	7.5	- 2.5	10.1	- 2.6

# Factors Behind Changes in Net Sales in FY2016 <sup>3</sup>

Compared with FY2015: Sales were up from in all business categories.  
 Compared with forecasts: Amid increasingly intense competition, sales in the custom-built housing and urban development categories fell short.

(Billions of yen)



Change  
+ 6.6

Change from  
forecasts  
- 10.4

# Net Sales by Business Category

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(Billions of yen)

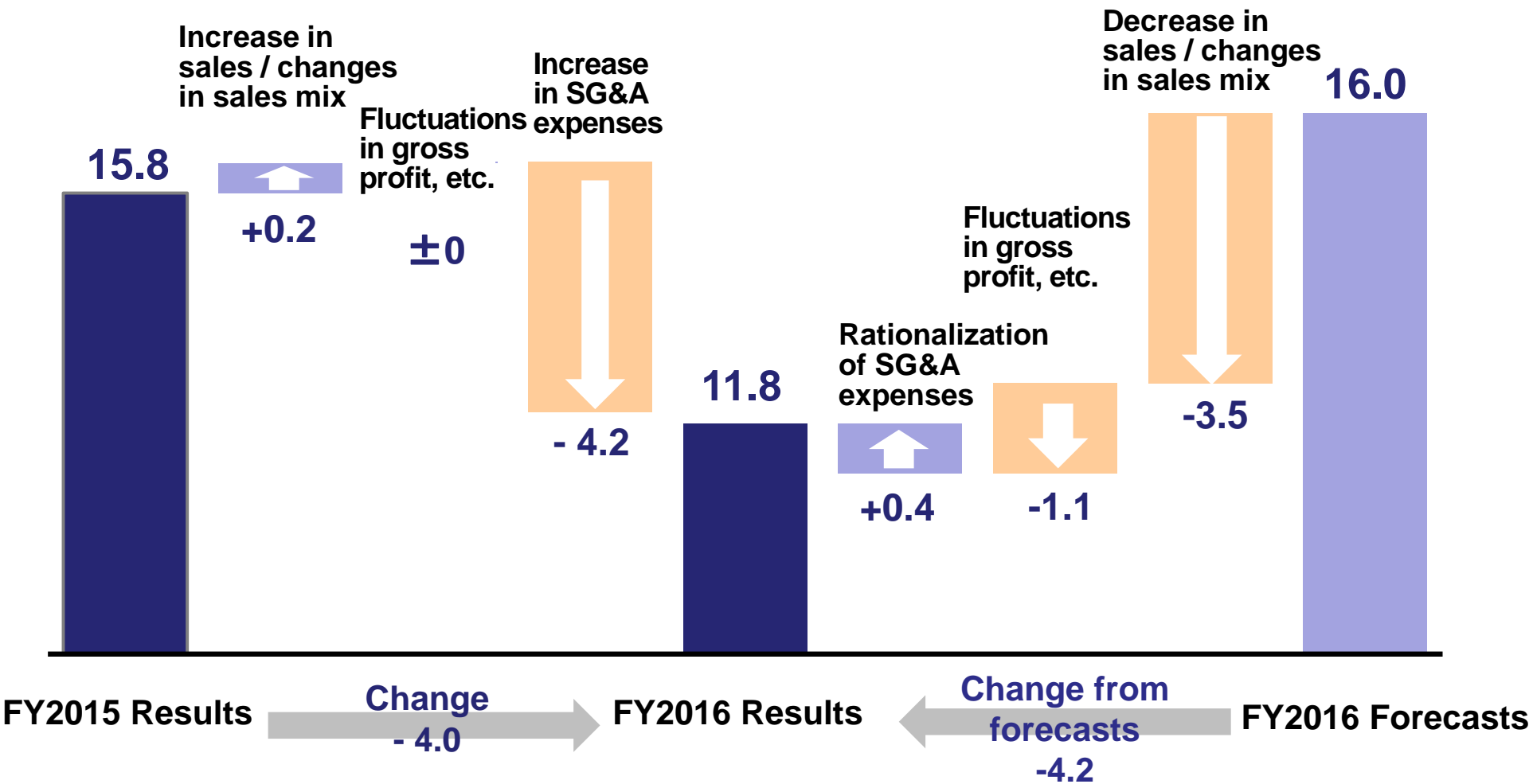
	FY2015 Results	FY2016 Results	Change	FY2016 forecasts	Change from forecasts
Custom-built detached housing	130.5	131.1	101%	134.9	97%
Apartments	63.5	66.1	104%	68.6	96%
Housing materials	13.9	12.1	86%	11.7	103%
<b>Custom-Built Housing</b>	207.9	209.3	101%	215.2	97%
Property development	47.4	47.7	101%	49.5	96%
Condominium development	12.0	12.5	104%	15.4	81%
<b>Urban Development</b>	59.4	60.2	101%	64.9	93%
Home remodeling	47.4	46.2	97%	46.2	100%
Property management services	32.9	37.3	114%	36.6	102%
<b>Residential Stock</b>	80.3	83.5	104%	82.8	101%
<b>(Domestic total)</b>	(347.6)	(353.0)	(102%)	(362.9)	(97%)
<b>Overseas</b>	5.4	6.6	123%	7.1	93%
<b>(Total)</b>	(353.0)	(359.6)	(102%)	(370.0)	(97%)

# Factors Behind Change in Operating Income

(Billions of yen)

Compared with FY2015: Operating income was insufficient to offset an increase in SG&A expenses from FY2016.

Compared with forecasts: The negative impact of lower sales was significant. Rationalization reduced SG&A expenses by ¥400 million.



# Orders and Backlog of orders by Business Category 6

Compared with FY2015: With the process of shifting focus to value sales\* partially complete, orders for custom-built housing were down 5.0%.

\* Absolute focus on securing gross profit on construction contracts

(Billions of yen)

	FY2016 Orders	Change from previous year	Change from forecasts	March 31, 2017 Backlog of orders	Change from previous year
Custom-built detached housing	125.6	95%	91%	95.7	95%
Apartments	68.3	96%	90%	68.0	103%
Housing materials	12.7	89%	101%	8.6	108%
<b>Custom-Built Housing</b>	206.6	95%	91%	172.3	98%
Property development	45.1	91%	90%	7.3	74%
Condominium development	13.3	77%	92%	7.5	112%
<b>Urban Development</b>	58.4	88%	91%	14.8	90%
Home remodeling	47.3	100%	98%	6.4	120%
Property management services	37.3	114%	102%	–	–
<b>Residential Stock</b>	84.6	106%	100%	6.4	120%
<b>(Domestic total)</b>	(349.6)	(96%)	(93%)	(193.5)	(98%)
<b>Overseas</b>	11.2	114%	75%	13.9	150%
<b>(Total)</b>	(360.8)	(96%)	(92%)	(207.4)	(101%)

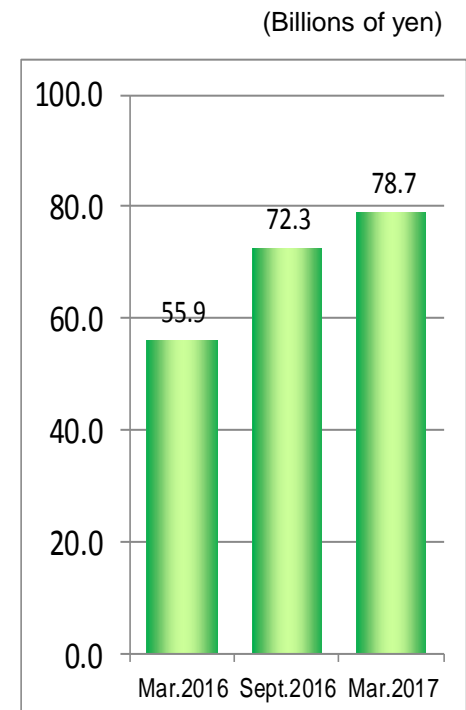
# Cash Flows

Forward-looking investments in land for sale continued.

(Billions of yen)

	FY2015 Results	FY2016 Results	Change
Cash flow from operating activities	+ 8.5	- 16.6	-25.1
Cash flow from investing activities	- 21.9	+ 15.6	+ 37.5
Free cash flow	- 13.4	- 1.0	+ 12.4
Cash flow from financing activities	+ 15.1	- 1.3	- 16.4
Capital expenditure	4.0	4.6	+ 0.6
Depreciation	4.5	4.7	+ 0.2

**【Inventory of Land for Sale】**





# Forecasts for FY2017 Financial Results

We will continue with efforts to revamp business model while at the same time seeking to secure profitable growth.

(Billions of yen)

	FY2016 Results	FY2017 Forecasts	Change
Net Sales	359.6	370.0	103%
Operating income	11.8	13.0	+ 1.2
Ordinary income	11.6	13.0	+ 1.4
Net income attributable to owners of parent	7.5	8.2	+ 0.7

Note: These results forecasts assume conditions prior to our transformation into a wholly owned subsidiary.

- Overview of FY2016  
Consolidated Financial Results
- **Change in Scheme for  
Transforming PanaHome into a  
Wholly Owned Subsidiary**

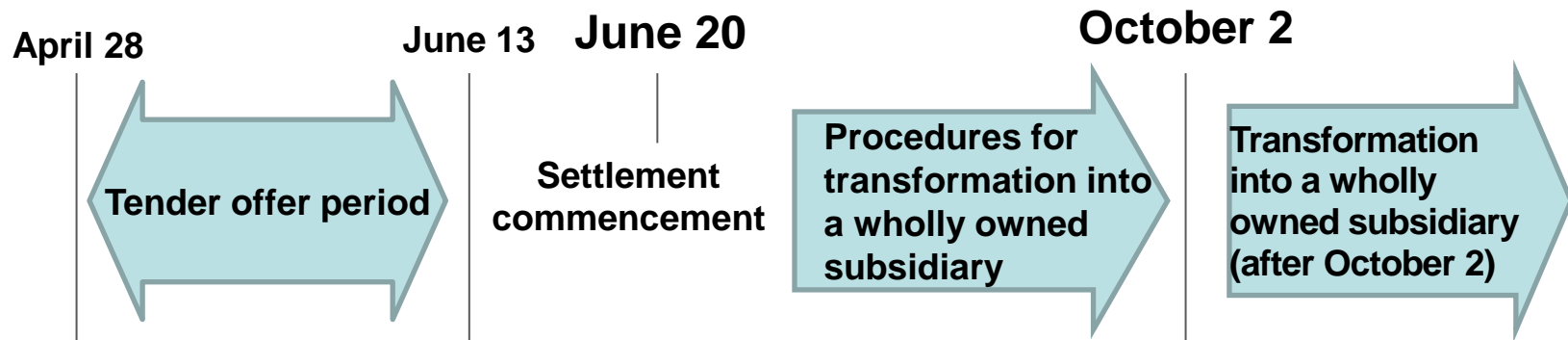
# Change in Scheme for Transforming PanaHome into a Wholly Owned Subsidiary

The scheme that Panasonic will use to transform PanaHome into a wholly owned subsidiary was changed from share exchange to a tender offer.

## <Outline of Tender Offer>

- Offer price                      ¥1,200 per share
- Offer period                    April 28–June 13, 2017
- Number of shares to be purchased  
   Minimum or maximum number not set
- Settlement commencement date  
   June 20, 2017 (Tuesday)

## <Schedule for transformation into a wholly owned subsidiary of Panasonic>



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

# **Consolidated Financial Results Presentation Materials**

## **Changes to the Company and Future Directions**

- **Historic Milestones**

- Review of FY2016

- Integrating the Management of  
PanaHome and Panasonic

- PanaHome's Goal




Founder Konosuke Matsushita

- 1959 Matsushita Electric Works Co., Ltd., orders the development of prefabricated housing units ➤
- 1962 Matsushita president Konosuke Matshushita is appointed the first chairman of the Japan Prefabricated Construction Suppliers and Manufacturers Association.
- 1963 **The National House Industrial Co., Ltd. (today's PanaHome Corporation) is established.**
- 1977 The Company adopts “PanaHome” as its brand name.

➤ Directions given by Konosuke Matsushita

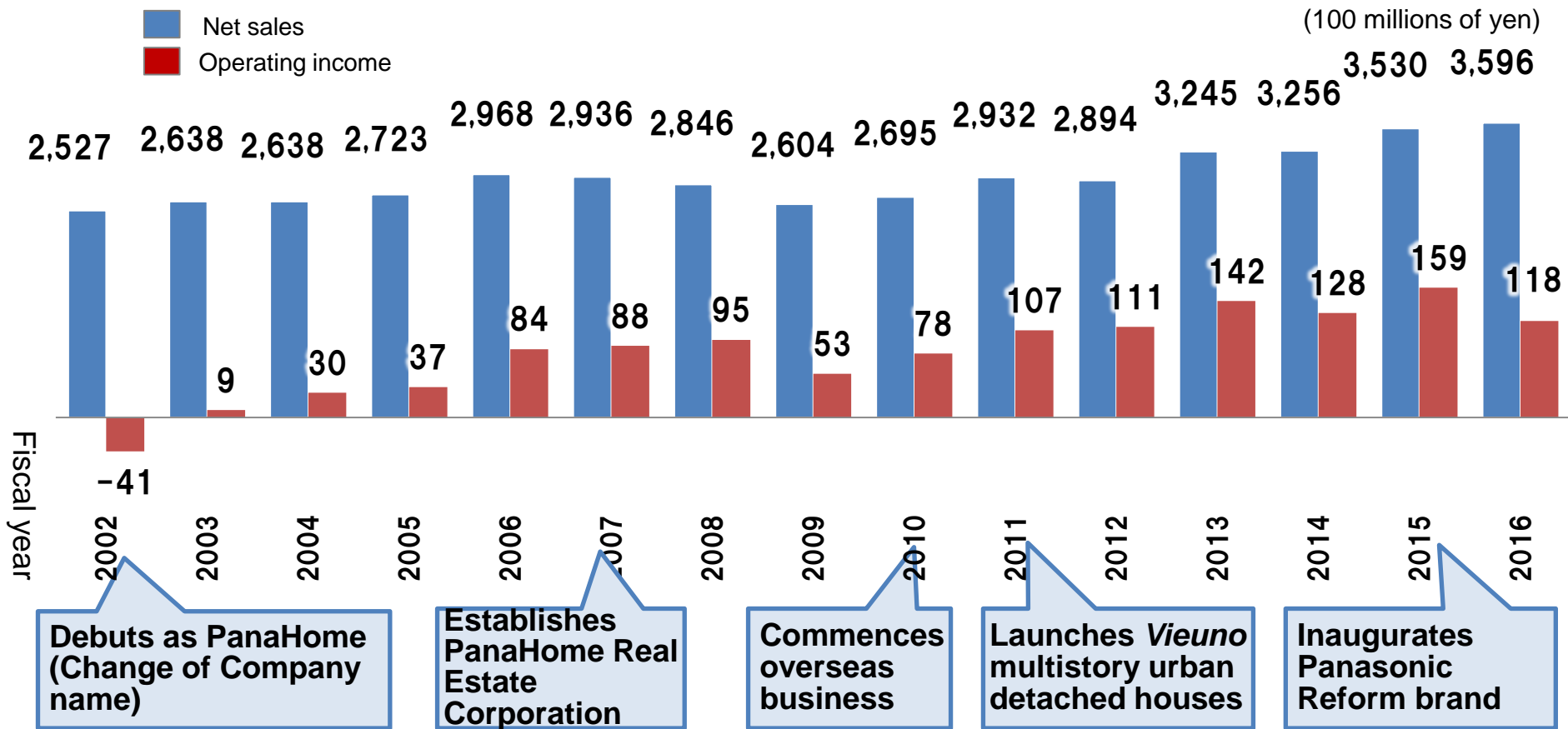
*From a national perspective, the construction of a large volume of quality houses is an urgent challenge. Building houses with Matsushita Electric Works products and completing them with Matsushita Electric Industrial home appliances is an ideal solution.*

# Historic Milestones

- 
- 1961 *Matsushita Type-One Housing Units* introduced
  - 1963 Company is established as National House Industrial Co., Ltd.
  - 1969 Opens Koto Plant
  - 1972 Opens Tsukuba Plant
  - 1977 Adopts “PanaHome” as brand name
  - 1977 Opens *Hirakata PanaTown*
  - 1978 Introduces cooperative company system
  - 1978 Launches *Solana*, a high-end house
  - 1982 Launches *House 55*
  - 1982 Changes Company name to National House Industrial Co., Ltd .
  - 1985 Monthly sales of *SunFelica* houses reach 500 units
  - 1986 Adopts new corporate slogan “*Shin Kurashibunka no souzo*” (“Creating New Ways of Living”) and initiates corporate identity program
  - 2000 Commences home remodeling business
  - 2002 Changes Company name to PanaHome Corporation
  - 2002 Commences Medical and nursing care facilities
  - 2007 Establishes PanaHome Real Estate Corporation
  - 2010 Commences overseas business
  - 2011 Participates in the *Fujisawa Sustainable Smart Town (Fujisawa SST)* project
  - 2013 Celebrates 50th anniversary
  - 2016 The Panasonic Group’s remodeling-related businesses unify under the Panasonic Reform brand

# Operating Results Since FY2002

- 1963–2002: Operations centered on the manufacture of housing materials
- In 2002, PanaHome integrated 28 cooperative companies and transformed itself into a comprehensive housing company. Today, the Company comprises 30 branches, 9 consolidated subsidiaries, 11 Equity-method affiliates and 9 agents





- Historic Milestones
- **Review of FY2016**
- Integrating the Management of PanaHome and Panasonic
- PanaHome's Goal

**Forecasts were revised twice as flagging orders and delays in the start of construction hindered results in the custom-built housing category.**

## **Urgent Issues**

**Increase productivity  
on the sales side.**

**Break free of tendency  
to low gross profit.**

# Three Projects Under the Supervision of the President

Take steady, sure steps to achieve the transformation of PanaHome

**Project 1 Reinforce management framework**

**Project 2 Accelerate commercialization**

**Project 3 Implement corporate reforms**

July 2016

October

April 2017



## Realign housing display centers

- Focus allocation of resources in the Tokyo metropolitan area, which has a significant market
- Realign and refresh housing display centers

Number of housing display centers:  
224 (FY2016 end) ⇒ 216 (FY2017 end)  
New: 7; Rebuilt (age:10 years +): 14;  
Integrated: 15



## Harmonize completion

- Commence initiatives in the Tokyo area in October

## Pricing

- Reinforce awareness of the need to secure gross profit; commence introduction in November, beginning in Tokyo area

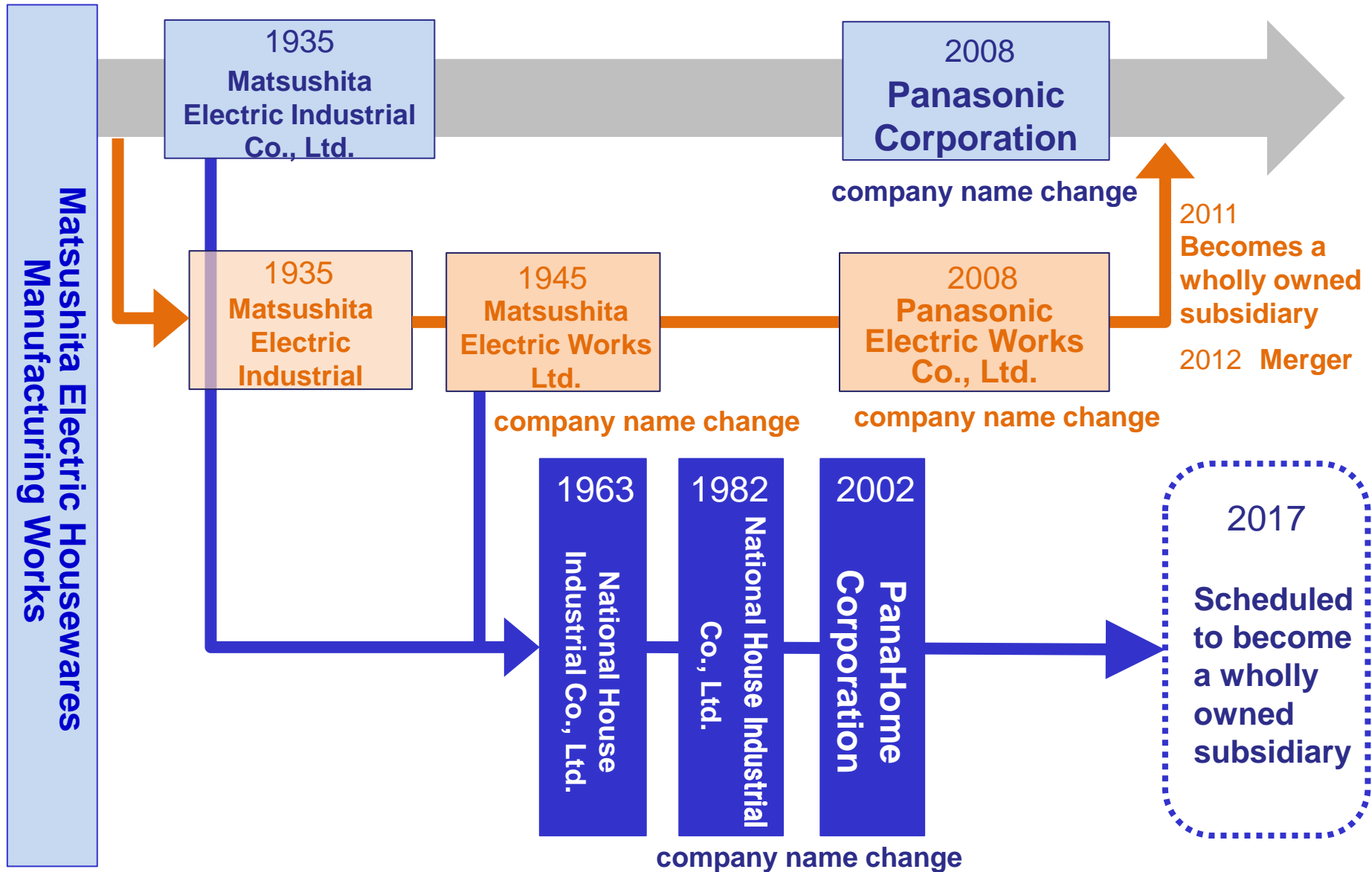
## Sales standards

- Commence practical implementation in October
- Make use of the Company book and the Technology book

**Achieve 0.9 percentage point year-on-year improvement in gross profit margin in the second half**

- Historic Milestones
- Review of FY2016
- **Integrating the Management of PanaHome and Panasonic**
- PanaHome's Goal

# PanaHome's Changing Relationship with the Panasonic Group



## Reinforcing Panasonic's housing business

### Step up deployment of Panasonic's management resources

- ① **Capitalize on brand** ⇒ Increase customer recognition
- ② **Capitalize on reputation for reliability** ⇒ Promote efforts to secure major orders
- ③ **Remove barriers to the allocation of resources** ⇒ Strengthen focus on growth businesses

**January–March 2017**

Debate themes that will be key following PanaHome's transformation into a wholly owned subsidiary in the Growth Strategy Committee established with Panasonic's Eco Solutions Company

**Strengthen  
Remodeling businesses**

**Actively expand  
operations in  
category other  
than custom-built  
detached housing**

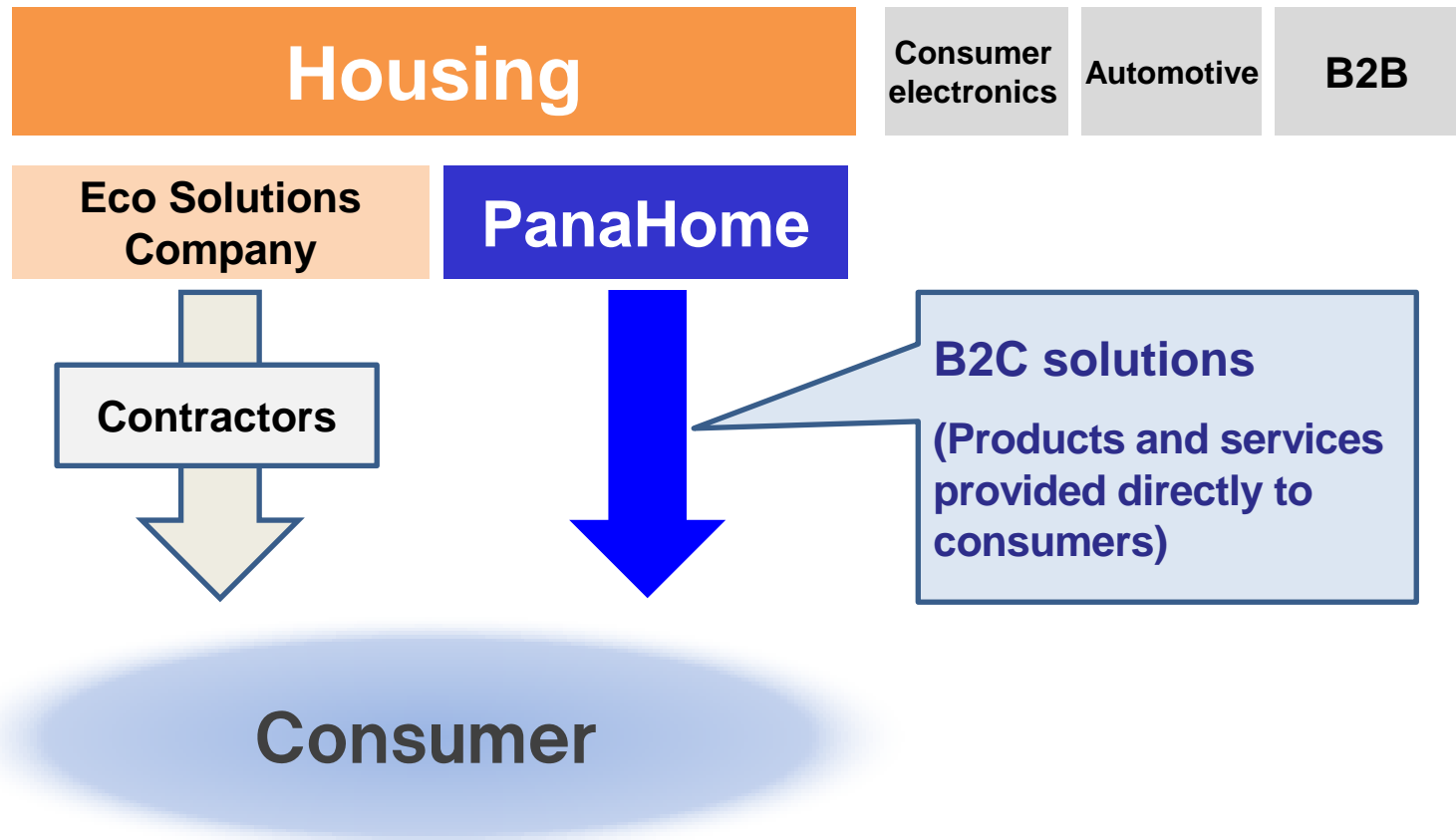
**Reinforce points  
of contact with  
customers**



**In all housing-related business  
Continue to consider synergies**



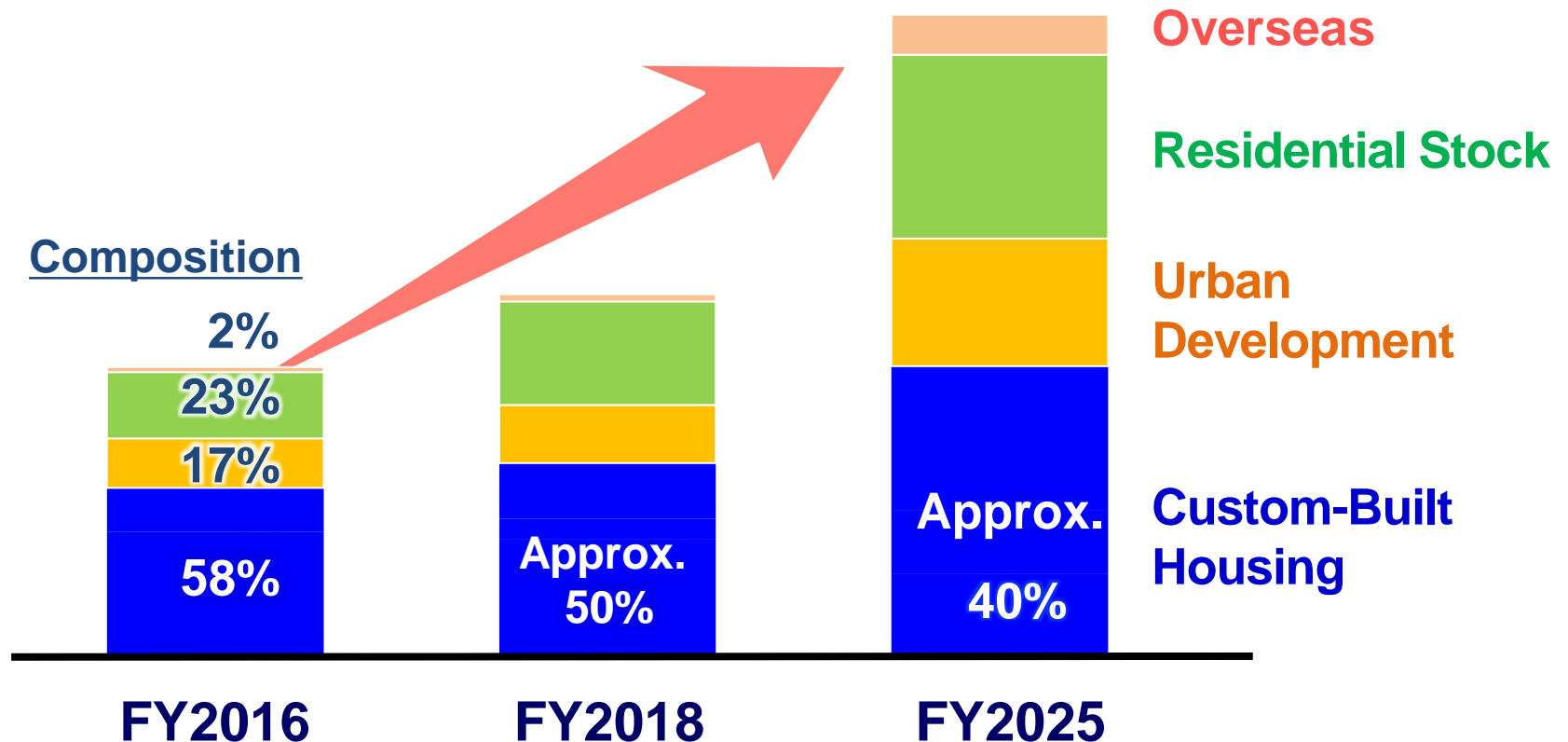
- Historic Milestones
- Review of FY2016
- Integrating the Management of PanaHome and Panasonic
- **PanaHome's Goal**



**Driving the expansion of Panasonic's consumer-focused housing business**

## Optimize business structure in light of declining housing starts

- Escape overreliance on custom-built housing (low-rise)
- Capitalize on management integration to drive growth



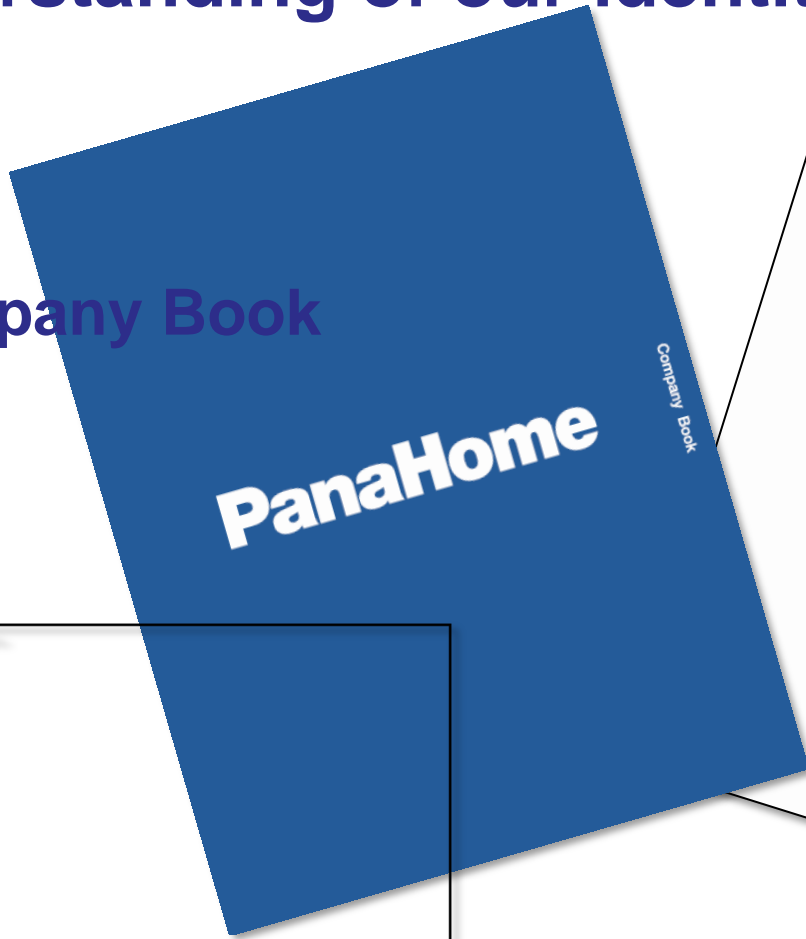
## Guiding principles of the new PanaHome: **Mission, Vision, Values**

<p><b>M</b> (Mission)</p>	<p>We will respond to the expectations of customers by leveraging our expertise in “<i>shin kurashibunka no souzo</i>” (“creating new ways of living”), to borrow the phrasing of our corporate slogan, as well as our advanced technologies, to provide houses that inspire affection and contentment for generations.</p>
<p><b>V</b> (Vision)</p>	<p>Japan’s leading creator of exciting living environments</p>
<p><b>V</b> (Values)</p>	<p>To all of our customers, we pledge: Act with integrity and build trust Value teamwork in business execution Work always to address challenges and provide new value Show initiative and be accountable Polish and enhance professional skills</p>

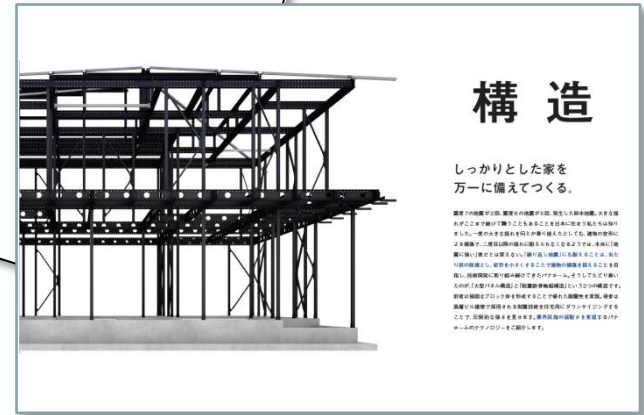
**Through the practical implementation of our Mission, Vision, Values guiding principles, we are committed to ensuring PanaHome’s future as a distinctive and trustworthy company that inspires pride in its employees**

Communicate with customers to encourage understanding of our identity and our technologies

Company Book



Technology Book





良家  
松下電器



**We will continue to create quality that  
deliver lasting value**

**PanaHome**

**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.**