

Fiscal 2019 First Quarter Financial Results

July 31, 2018

Panasonic Corporation



Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2019" or "FY19" refers to the year ending March 31, 2019.

Summary of FY19 1Q Financial Results

- Following last fiscal year, growth trends continued in both sales and profit.
 - Sales:
Growths in Automotive and Energy contributed to increased overall sales, offsetting sluggish sales in Air-Conditioner and AVC.
 - Operating profit and net profit*:
Profit increased due to stable growth in **Process Automation** and **Industrial** as well as gains from the sale of land, despite the impact of ramp-up expenses for automotive battery business and price hikes in raw materials.

* Net profit attributable to Panasonic Corporation stockholders



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FY19 1Q Results

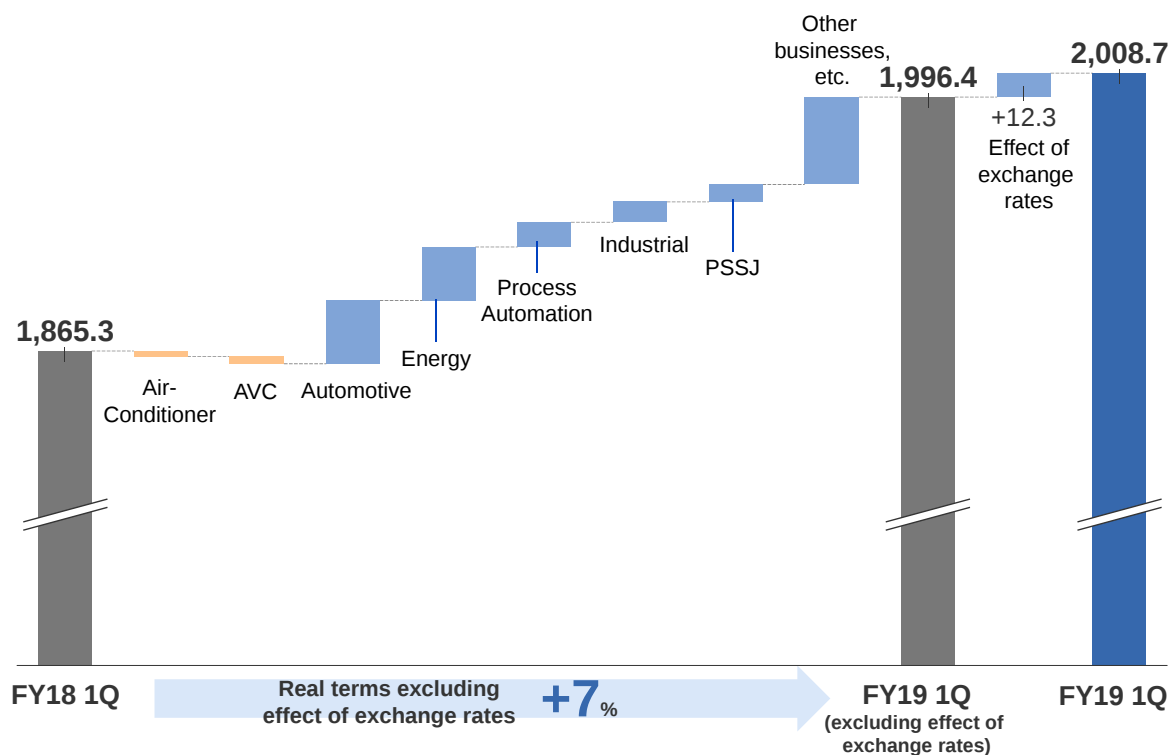
(yen: billions)

	FY19 1Q	FY18 1Q	vs. FY18 / Difference	
Sales	2,008.7	1,865.3	+8% (+7%)*	+143.4
Operating profit	100.0	83.9	+19%	+16.1
Other income/loss **	18.4	4.1	—	+14.3
Non-operating income/loss	2.2	-1.9	—	+4.1
Profit before income taxes	102.2	82.0	+25%	+20.2
Net profit attributable to Panasonic Corporation stockholders	57.4	48.8	+18%	+8.6
Exchange rates				
1 US dollar	109 yen	111 yen		
1 Euro	130 yen	122 yen		
1 Renminbi	17.1 yen	16.2 yen		

* In real terms excluding the effect of exchange rates
 ** Other income/loss = Other income (expenses) +
 Share of profit investments accounted for using the
 equity method

FY19 1Q Sales Analysis by Business

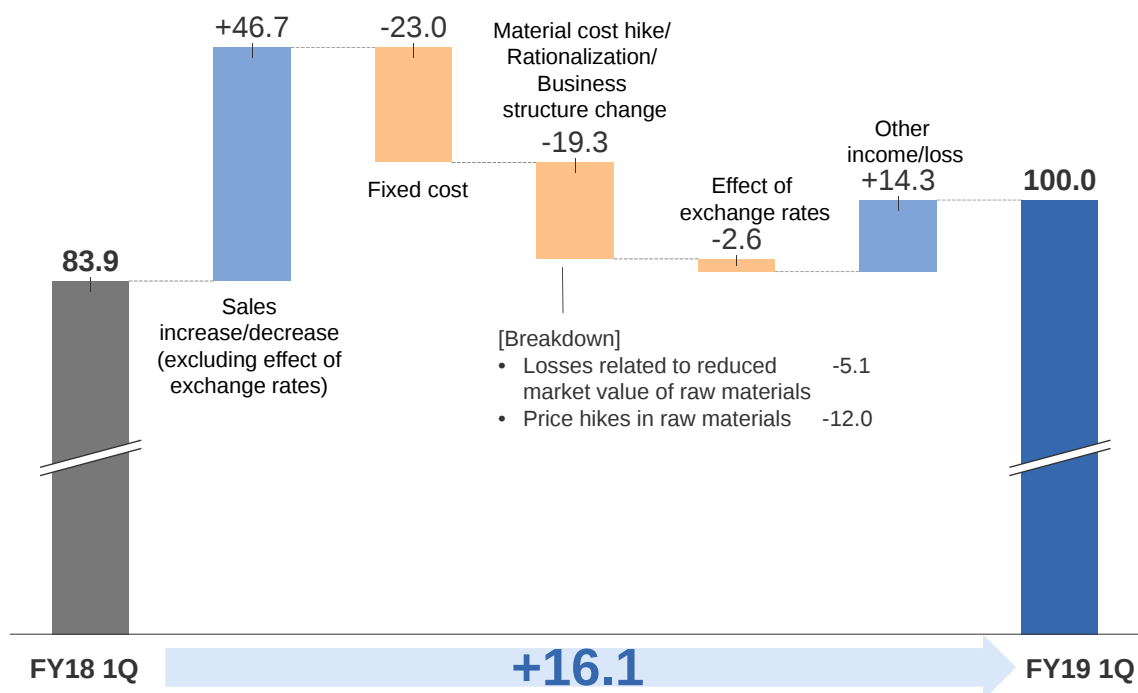
(yen: billions)



* 'List of Businesses whose sales are disclosed in FY19' included in the end of presentation.

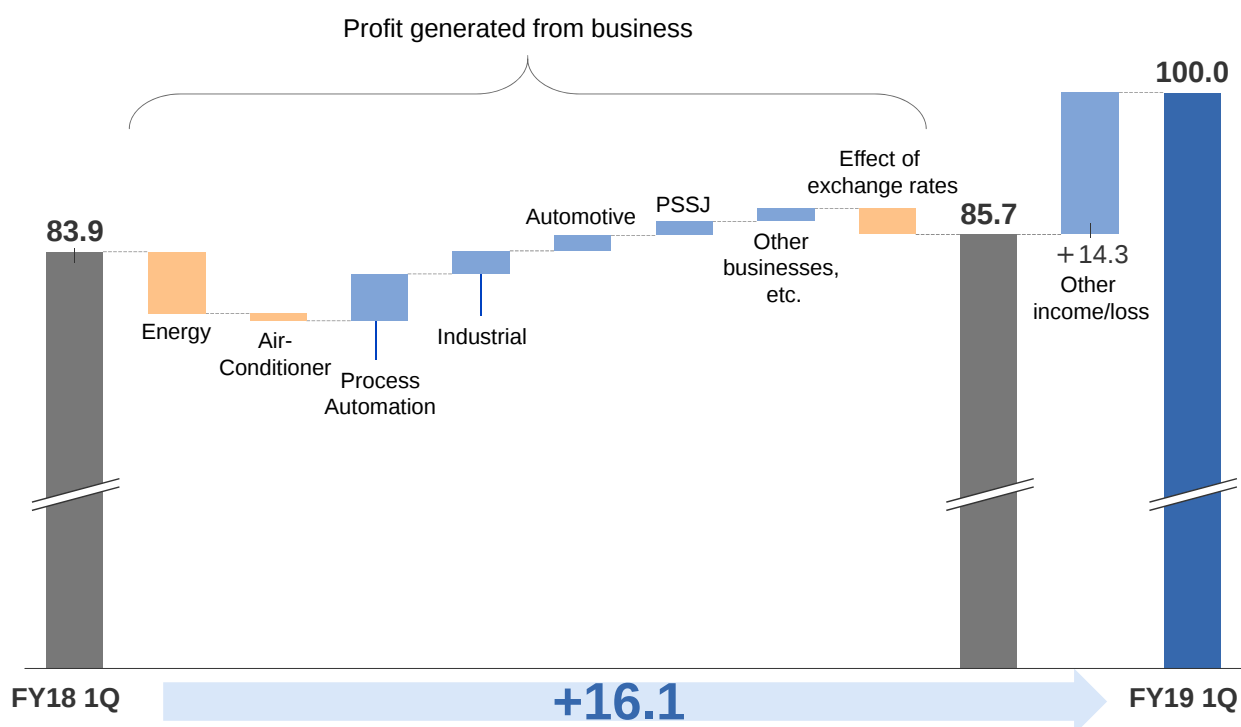
FY19 1Q Operating Profit Analysis

(yen: billions)



FY19 1Q Operating Profit by Business

(yen: billions)



* 'List of Businesses whose sales are disclosed in FY19' included in the end of presentation.

FY19 1Q Results by Segment

(yen: billions)

	Sales	vs. FY18	Excl. effect of exchange rates	Operating profit	vs. FY18	Other income/loss	vs. FY18
Appliances	720.2	-1%	-2%	39.1	-6.8	-0.8	-1.2
Eco Solutions *	444.4	+6%	+6%	-0.1	-1.2	-0.8	-0.4
Connected Solutions	274.3	+11%	+11%	22.4	+6.6	0.5	-0.8
Automotive & Industrial Systems	733.8	+12%	+11%	15.4	-2.7	1.2	+1.0
Other *	71.4	+14%	—	0.1	-2.8	-0.4	-4.7
Eliminations and adjustments	-235.4	—	—	23.1	+23.0	18.7	+20.4
Total	2,008.7	+8%	+7%	100.0	+16.1	18.4	+14.3
Appliances (production and sales consolidated)	745.4	±0%	-1%	37.7	-4.8	-0.8	-1.2

* PanaHome became a fully-owned subsidiary in FY18 and was renamed Panasonic Homes in April 2018. In FY19, it was transferred from Other to Eco Solutions.

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Segment Information

Appliances (Production and sales consolidated)

Overview

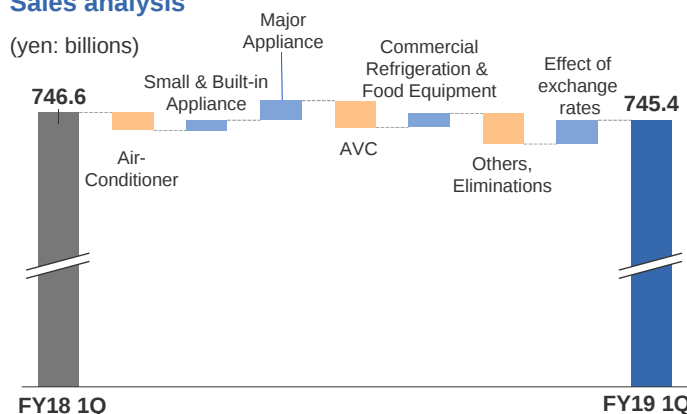
(yen: billions)

	Sales	OP	Other income/loss
FY19 1Q	745.4	37.7 5.1%	-0.8
vs. FY18/ Difference	±0% (-1%)*	-4.8	-1.2

* In real terms excluding the effect of exchange rates.

Sales analysis

(yen: billions)



Sales

Air-Conditioner	Achieved double-digit growth in China, but overall sales decreased due mainly to sluggish sales in Asia.
Small & Built-in Appliance	Increased due to favorable sales through e-commerce in China.
Major Appliance	Despite sluggish sales in refrigerators, overall sales increased due to stable growth from washing machines, mainly in China and Asia.
AVC	Favorable sales in TVs and digital single-lens mirrorless cameras for Europe; however, overall sales decreased due mainly to decline in BD recorders.
Commercial Refrigeration & Food Equipment	Increased with stable sales to wide-ranging customers in North America.

Operating profit

Overall profit decreased despite increased profit from stable expansion of consumer electronics sales in China, the further shift to premium products, and rationalization efforts; these positive factors could not offset sales declines in air-conditioners, rising prices of raw materials such as copper and the negative impact of exchange rates for products manufactured by overseas companies.

	Sales	vs. ** FY18	OP	vs. ** FY18	Other income/loss	vs. ** FY18
FY19 1Q	158.3	-2.0	14.3	-2.2	0.1	+0.2

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** Including effect of exchange rates.

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Overview

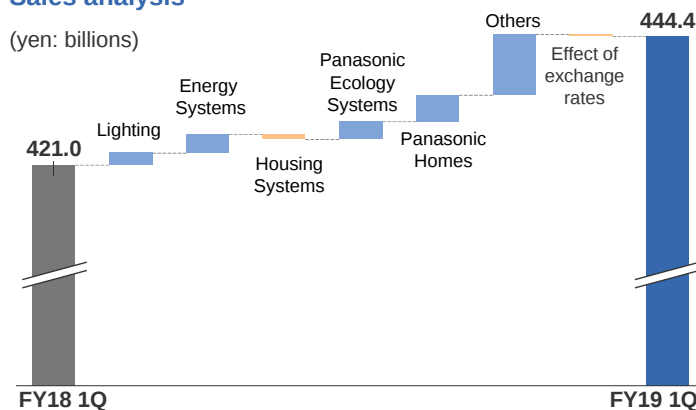
(yen: billions)

	Sales	OP	Other income/loss
FY19 1Q	444.4	-0.1 -0.0%	-0.8
vs. FY18/ Difference	+6% (+6%)*	-1.2	-0.4

* In real terms excluding the effect of exchange rates.

Sales analysis

(yen: billions)



Sales

Lighting	Increased due to stable growth in outdoor lighting equipment and light-modulation systems in Japan, as well as substantial overseas sales increase such as in China.
Energy Systems	Increased driven by growth in overseas electrical construction materials, mainly for India and China.
Housing Systems	Decreased due to sluggish sales in such areas as ceramic exterior wall materials, despite stable sales in water-related products and interior building materials.
Panasonic Ecology Systems	Increased due to sales and orders received for large-scale engineering business, which offset sluggish sales in air purifying systems in China and ceiling fans in Middle East.
Panasonic Homes	Increased due to new construction orders, which has been growing since 2 nd half of FY18, as well as favorable results from the ready-built housing business.
Others	Increased due to new consolidation of Matsumura-Gumi Corporation.

Operating profit

Profit decreased due mainly to the impact of raw material price hikes and upfront expenses for Panasonic Homes as well as expansion of overseas electrical construction materials business.

Overview

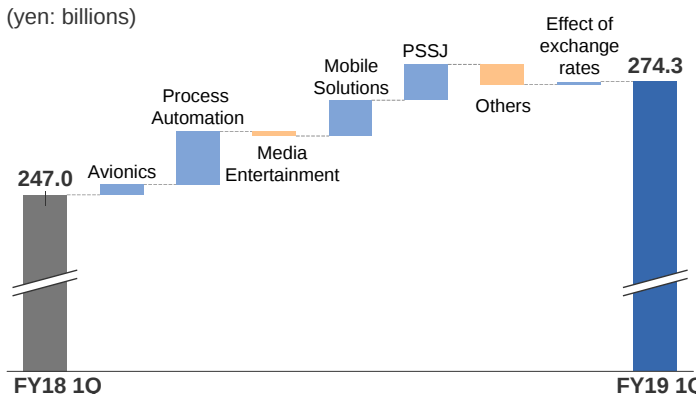
(yen: billions)

	Sales	OP	Other income/loss
FY19 1Q	274.3	22.4 8.2%	0.5
vs. FY18/ Difference	+11% (+11%)*	+6.6	-0.8

* In real terms excluding the effect of exchange rates.

Sales analysis

(yen: billions)



Sales

Avionics	Increased due to growths in communication services, digital solutions & services including contents, and repair & maintenance business, despite sales of in-flight entertainment systems affected by weakening demand for large aircraft.
Process Automation	Significantly increased due to continuous strong demand for mounting machines and welding equipment for automotive industry.
Media Entertainment	Slightly decreased due to procurement delay caused by suppliers, but favorable sales for projectors continued.
Mobile Solutions	Increased due to continuous stable growth in ruggedized PCs for North America and Europe as well as PCs for domestic market.
PSSJ **	Increased with sales growth in PCs as well as sales expansion for retail and logistics industries.

** Panasonic Systems Solutions Japan Co., Ltd.

Operating profit

Increased due to sales growth mainly in Process Automation, Mobile Solutions, and PSSJ, as well as the improved product mix in Media Entertainment.

Overview

(yen: billions)

	Sales	OP	Other income/loss
FY19 1Q	733.8	15.4 2.1%	1.2
vs. FY18/ Difference	+12% (+11%) *	-2.7	+1.0

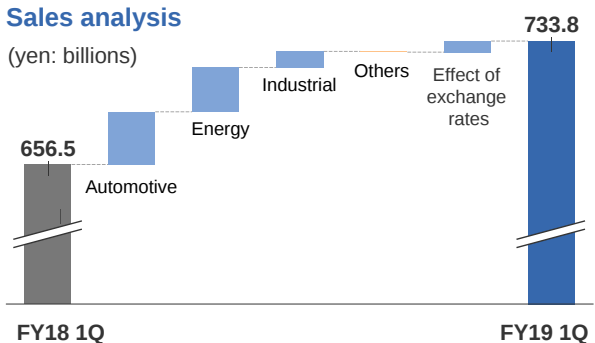
* In real terms excluding the effect of exchange rates.

Summary

Sales	Automotive:	Sales increased in infotainment systems, ADAS-related and charging systems, etc.
	Energy	: Significant sales increase driven by high growth in automotive batteries.
	Industrial	: Increased by expanded sales of automotive- and industry-use devices.
OP	Overall profit decreased due mainly to high ramp-up expenses for starting full-scale operation at the automotive battery factory in North America for Energy, but Automotive and Industrial saw profit increases.	

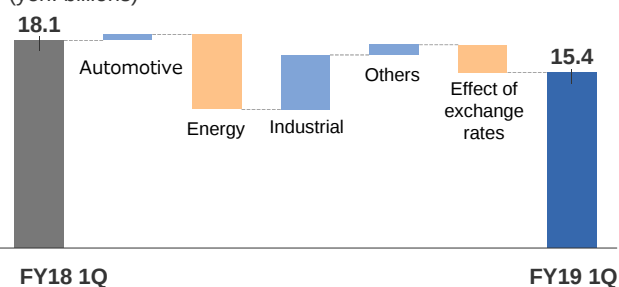
Sales analysis

(yen: billions)



Operating profit analysis

(yen: billions)



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Segment Information

Automotive & Industrial Systems

Results by business

(yen: billions)

FY19 1Q	Sales	vs. FY18	Excl. effect of exchange rates	Operating profit	vs. FY18 *	Other income/loss	vs. FY18 *
Automotive	243.3	+18%	+16%	7.6	+0.7	0.7	-1.1
Energy	154.5	+21%	+22%	-8.4	-6.7	-1.1	-0.2
Industrial	240.2	+5%	+4%	10.4	+2.2	1.5	+2.2

* Including effect of exchange rates.

Automotive	Sales:	Increased in infotainment systems for Japanese, European, and U.S. car manufacturers. Favorable sales for ADAS-related products such as cameras and sonars, in addition to charging systems.
	OP:	Increased mainly by sales expansion that offset increased fixed costs in R&D.
Energy	Sales:	Increased with significant growth in automotive batteries (cylindrical and prismatic types) and sales expansion of power storage systems.
	OP:	Decreased due mainly to ramp-up expenses for the automotive battery factory in North America, despite efforts to expand automotive battery businesses and to implement rationalization.
Industrial	Sales:	Increases were driven by growth in industrial-use conductive capacitors, in addition to automotive-use passive components and EV relays.
	OP:	In addition to profit increase from sales expansion, efforts in rationalization and fixed cost reduction, as well as improvement of other income/loss (selling of patents, etc.) helped offset negative impact of exchange rates.

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(Reference) FY19 1Q Operating Profit & Net Profit

(yen: billions)

	FY19 1Q	FY18 1Q	vs. FY18
Operating profit	100.0	83.9	+16.1
Non-operating income/loss	2.2	-1.9	+4.1
Profit before income taxes	102.2	82.0	+20.2
Income taxes	-40.7	-29.8	-10.9
Net profit	61.5	52.2	+9.3
Net profit attributable to Panasonic Corporation stockholders	57.4	48.8	+8.6
Net profit attributable to non-controlling interests	4.1	3.4	+0.7

(Reference) Segments and Business Divisions (as of July 31, 2018)

Appliances (AP)

- Air-Conditioner Company
- TV BD
- Imaging Network BD
- Home Entertainment BD
- Communication Products BD
- Refrigerator BD
- Laundry Systems and Vacuum Cleaner BD
- Kitchen Appliances BD
- Beauty and Living BD
- Refrigeration and Air-Conditioning Devices BD
- Smart Energy System BD
- Cold Chain BD
- Hushmann Corporation

Eco Solutions (ES)

- Lighting BD
- Energy Systems BD
- Housing Systems BD
- Panasonic Ecology Systems Co., Ltd.
- Panasonic Homes Co., Ltd.
- Panasonic Cycle Technology Co., Ltd.

Connected Solutions (CNS)

- Panasonic Avionics Corporation
- Process Automation BD
- Media Entertainment BD
- Mobile Solutions BD
- Security Systems BD
- Panasonic System Solutions Japan Co., Ltd.

Automotive & Industrial Systems (AIS)

- Automotive Infotainment Systems BD
- Automotive Electronics Systems BD
- Ficosa International, S.A.
- Energy Device BD
- Energy Solutions BD
- Tesla Energy BD
- Automotive Energy BD
- Electromechanical Control BD
- Panasonic Semiconductor Solutions Co., Ltd.
- Device Solutions BD
- Electronic Materials BD
- Panasonic Liquid Crystal Display Co., Ltd.

(Reference) List of Businesses whose sales are disclosed in FY19

Appliances (AP)

- Air-Conditioner Business : Air-Conditioner Company
- Small & Built-in Appliance Business : Kitchen Appliances BD, Beauty and Living BD
- Major Appliance Business : Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
- AVC Business : TV BD, Imaging Network BD, Home Entertainment BD, Communication Products BD
- Commercial Refrigeration & Food Equipment Business : Cold Chain BD, Hussmann Corporation

Eco Solutions (ES)

- Lighting BD
- Energy Systems BD
- Housing Systems BD
- Panasonic Ecology Systems Co., Ltd.
- Panasonic Homes Co., Ltd.

Connected Solutions (CNS)

- Avionics Business : Panasonic Avionics Corporation, Avionics BU
- Process Automation BD
- Media Entertainment BD
- Mobile Solutions BD
- PSSJ : Panasonic System Solutions Japan Co., Ltd.

Automotive & Industrial Systems (AIS)

- Automotive Business : Automotive Infotainment Systems BD, Automotive Electronics Systems BD, Ficosa International, S.A.
- Energy Business : Energy Device BD, Energy Solutions BD, Tesla Energy BD, Automotive Energy BD
- Industrial Business : Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.