

# Fiscal 2017 First Quarter Financial Results

July 29, 2016

Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, "fiscal 2017" or "FY17" refers to the year ending March 31, 2017.

## Summary

US GAAP

### Sales

- Turned around to an increase in real terms (excluding the effects of exchange rates) mainly due to the favorable performance of home appliances and new consolidation of Hussmann.

### Operating profit

- Decreased due to an increase in fixed cost for future growth
- The impact of rapid yen's appreciation was mostly offset by efforts including streamlining.

## FY17 1Q Financial Results

(yen: billions)

	US GAAP			<Reference> IFRS (unreviewed)		
	FY17 1Q	FY16 1Q	vs. FY16 1Q	FY17 1Q	FY16 1Q	vs. FY16 1Q
Sales	1,748.5	1,857.8	-6% (+1%)	1,774.8	1,885.6	-6% (+1%)
Adjusted operating profit **	-	-	-	76.8	81.7	-6%
Other income/loss	-	-	-	-5.0	-4.3	-
Operating profit	66.9	76.6	-13%	71.8	77.4	-7%
Non-operating income/loss	-8.1	-3.9	-	2.8	3.0	-7%
Pre-tax income	58.8	72.7	-19%	74.6	80.4	-7%
Net income ***	21.7	59.5	-63%	29.2	63.0	-54%

FCF	-166.1	13.9
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Exchange rates	1 US dollar	108 yen	121 yen
	1 Euro	122 yen	134 yen
	1 Renminbi	16.5 yen	19.6 yen

\* Real terms excluding the effects of exchange rates (unreviewed)

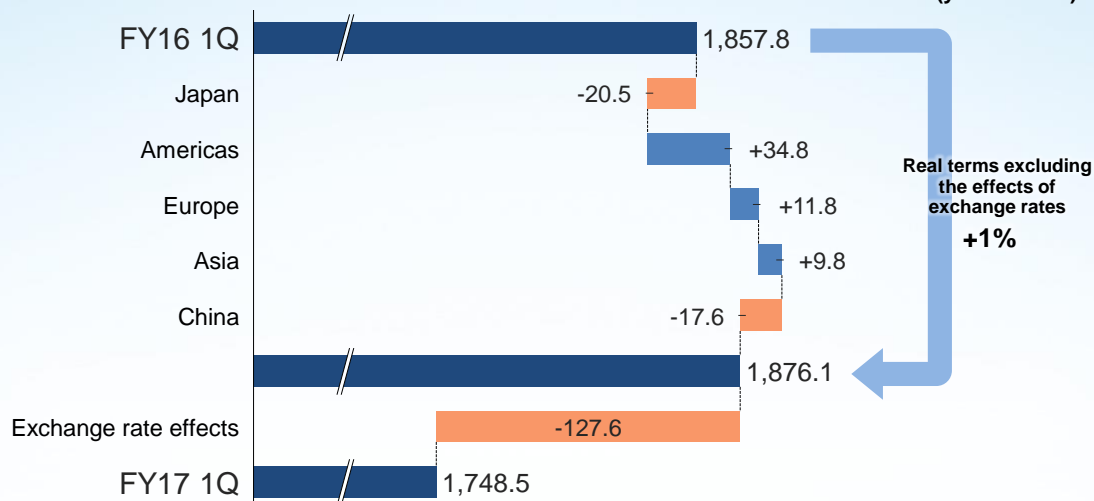
\*\* IFRS: Adjusted operating profit = sales-cost of sales-SG&A

\*\*\* Net income attributable to Panasonic Corporation (US GAAP)/  
Net income attributable to the owners of the parent (IFRS)

## FY17 1Q Sales Analysis by Region

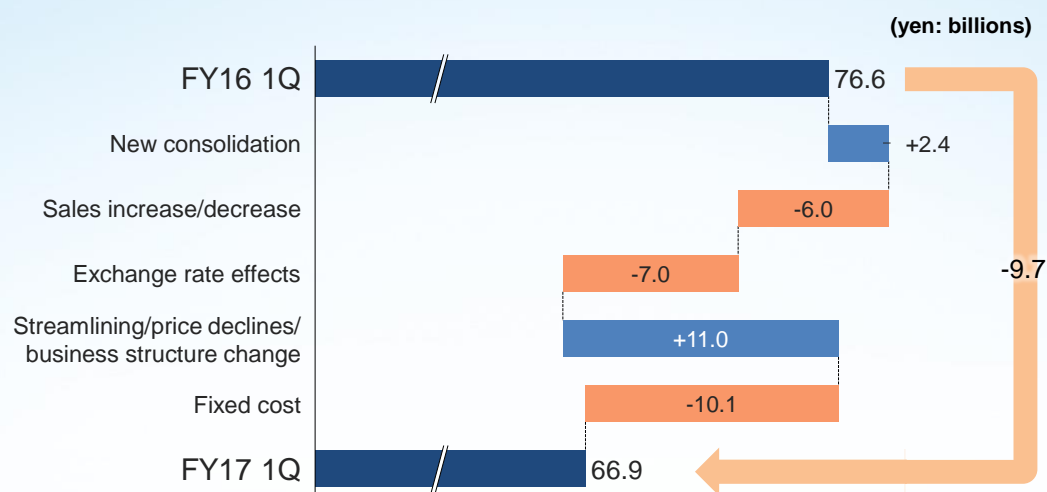
US GAAP

(yen: billions)



## FY17 1Q Operating Profit Analysis

US GAAP



## FY17 1Q Pre-tax and Net Income Analysis

US GAAP

(yen: billions)

	FY17 1Q	vs. FY16 1Q
Operating profit	66.9	-9.7
Non-operating income / loss*	-8.1	-4.2
Pre-tax income	58.8	-13.9
Provision for income taxes	36.8	+25.5
Equity in earnings of associated companies	3.1	-1.2
Net income	25.1	-40.6
Less net income attributable to noncontrolling interests	3.4	-2.8
Net income attributable to Panasonic Corporation	21.7	-37.8

\*Detail of non-operating income / loss

Business restructuring expenses	-1.0	+3.8
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## FY17 1Q Results by Segment

(yen: billions)

	FY17 1Q							
	Sales	vs. FY16 1Q	Adjusted operating profit	vs. FY16 1Q	Other income / loss	vs. FY16 1Q	Segment profit	vs. FY16 1Q
Appliances	616.3	+9.8	45.5	+19.2	-1.1	-0.6	44.4	+18.6
Eco Solutions	350.2	-15.8	2.5	-9.6	2.5	+4.9	5.0	-4.7
AVC Networks	249.9	-25.7	11.9	+2.5	1.0	+4.5	12.9	+7.0
Automotive & Industrial Systems	617.4	-79.2	11.9	-24.0	6.3	+8.0	18.2	-16.0
Other	117.0	-2.5	-2.9	+2.3	-0.6	-4.5	-3.5	-2.2
Subtotal	1,950.8	-113.4	68.9	-9.6	8.1	+12.3	77.0	+2.7
Eliminations and adjustments	-202.3	+4.1	-	-	-	-	-10.1	-12.4
Consolidated total (US GAAP)	1,748.5	-109.3	-	-	-	-	66.9	-9.7
Appliances (production and sales consolidated)	672.0	+11.4	43.5	+19.6	-1.2	-0.7	42.3	+18.9
Reference: Consolidated total (IFRS)	1,774.8	-110.8	76.8	-4.9	-5.0	-0.7	71.8	-5.6

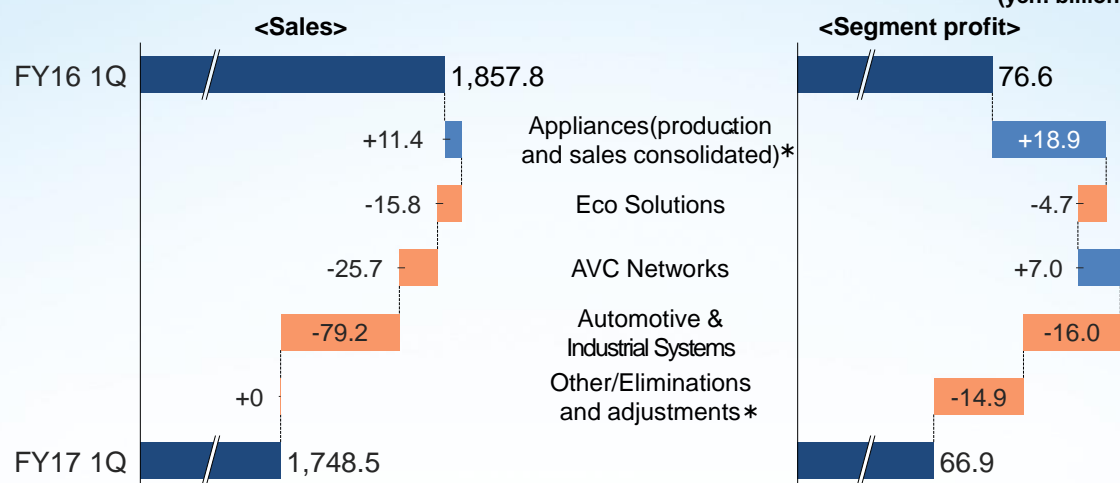
\* Business segment results are indicated on an IFRS basis. "Segment profit" refers to IFRS operating profit.

\* Total of "Segment profit (loss)" corresponds to operating profit (US GAAP) of consolidated financial statements. Differences are adjusted in the "Eliminations and adjustments" field.

\* The figures in "Eliminations and adjustments of Segment profit (loss)" include earnings and expenses which are not attributable to any reportable segments, for the purpose of evaluating operating results of each segment, and consolidation adjustments (including a part of amortization of intangible assets and differences of accounting principles)

## FY17 1Q Results by Segment

(yen: billions)



\* The difference between "Appliances (production and sales consolidated)" and segment information is adjusted in the "Other / Eliminations and adjustments" field.

## Appliances (production and sales consolidated)

IFRS

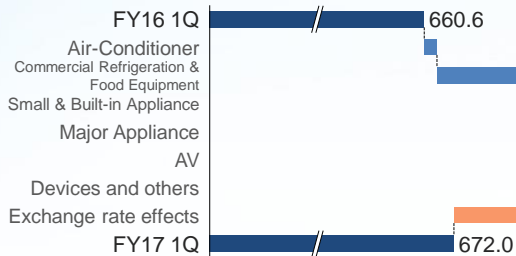
## &lt;Overview&gt;

(yen: billions)

	Sales	Adjusted operating profit	Segment profit
FY17 1Q	672.0	43.5 6.5%	42.3 6.3%
vs. FY16 1Q	+2% (+7%)	+19.6 +2.9%	+18.9 +2.8.%

\* Real terms excluding the effects of exchange rates

## &lt;Changes in sales by business&gt;



## &lt;Sales&gt;

\* Real terms excluding the effects of exchange rates

Air-Conditioner	• Sales expansion in Japan and Asia offset the impact of sluggish market demand in China.
Commercial Refrigeration & Food Equipment	• Consolidated Hussmann as a subsidiary.
Small & Built-in Appliance	• Contribution from sales expansion in Japan and overseas mainly in beauty products.
Major Appliance	• Led by strong sales in washing machines in Japan. Sales also expanded in Asia against the backdrop of favorable market conditions.
AV	• Increased mainly due to favorable performance of 4K TVs in Japan.

## &lt;Segment profit&gt;

Increased due to sales increases in Japan and Asia, strengthening of premium consumer products such as home appliances and TVs, as well as consolidation of Hussmann.

## Eco Solutions

IFRS

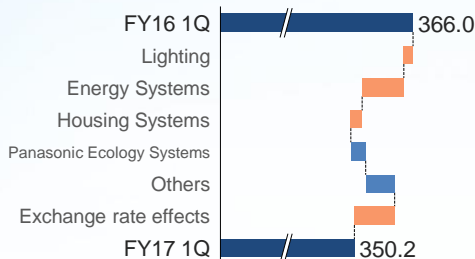
## &lt;Overview&gt;

(yen: billions)

	Sales	Adjusted operating profit	Segment profit
FY17 1Q	350.2	2.5 0.7%	5.0 1.4%
vs. FY16 1Q	-4% (-1%)	-9.6 -2.6%	-4.7 -1.3%

\* Real terms excluding the effects of exchange rates

## &lt;Changes in sales by business&gt;



## &lt;Sales&gt;

\* Real terms excluding the effects of exchange rates

Lighting	• Impacted by sales decreases in the lighting source business, and the devices business in Europe.
Energy Systems	• Significantly impacted by sales decreases due to the shrinking solar market. • Businesses other than the solar business such as wiring devices performed at the same level as last year.
Housing Systems	• Impacted by sales decreases owing to the supply problems of building materials supplier.
Panasonic Ecology Systems	• Led by sales increases in air purifiers and heat exchange units in China and dehumidifiers and pumps in Asia.
Others	• Led by the Age Free (elderly care) and overseas engineering businesses

## &lt;Segment profit&gt;

Down due to sales decreases mainly in the solar business and an increase in fixed cost resulting from upfront investment for growing business.

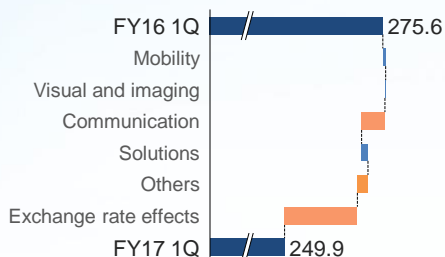
## &lt;Overview&gt;

(yen: billions)

	Sales	Adjusted operating profit	Segment profit
FY17 1Q	249.9	11.9 4.8%	12.9 5.1%
vs. FY16 1Q	-9% (-3%)	+2.5 +1.4%	+7.0 +3.0%

\* Real terms excluding the effects of exchange rates

## &lt;Changes in sales by business&gt;



## &lt;Sales&gt;

\* Real terms excluding the effects of exchange rates

Mobility	<ul style="list-style-type: none"> <li>Increased as a result of expanding efforts to win projects and accelerating harvesting efforts via the reestablishment of sales force in the U.S.</li> </ul>
Visual and Imaging	<ul style="list-style-type: none"> <li>Sales in high brightness projectors and 4K camera products were robust despite the negative impact of the Kumamoto Earthquake on some products.</li> </ul>
Communication	<ul style="list-style-type: none"> <li>The fixed-line phone and conventional analog PBX markets continued to shrink, leading to a significant decline in overseas sales.</li> </ul>
Solutions	<ul style="list-style-type: none"> <li>Favorable performance in the Avionics and overseas solutions businesses.</li> </ul>

## &lt;Segment profit&gt;

Increased as the improvement of product mix including a shift to high value-added products and the reduction of fixed cost, offset the negative impact of the Kumamoto Earthquake and sales decreases in the Communication business.

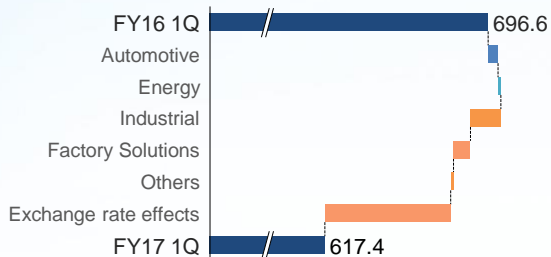
## &lt;Overview&gt;

(yen: billions)

	Sales	Adjusted operating profit	Segment profit
FY17 1Q	617.4	11.9 1.9%	18.2 3.0%
vs. FY16 1Q	-11% (-3%)	-24.0 -3.3%	-16.0 -1.9%

\* Real terms excluding the effects of exchange rates

## &lt;Changes in sales by business&gt;



## &lt;Sales&gt;

\* Real terms excluding the effects of exchange rates

Automotive	<ul style="list-style-type: none"> <li>Increased due to the strong performance of overseas vehicle sales despite the negative impact of the Kumamoto Earthquake on vehicle production in Japan.</li> </ul>
Energy	<ul style="list-style-type: none"> <li>Increased as the demand for lithium-ion batteries slumped for ICT application but grew for automotive use, and the demand for dry batteries also expanded.</li> </ul>
Industrial	<ul style="list-style-type: none"> <li>Favorable performance by automotive and industrial devices.</li> <li>Decreased due to the sluggish ICT market and impact of business withdrawal as well as the downsizing of the LCD panel business.</li> </ul>
Factory Solutions	<ul style="list-style-type: none"> <li>Decreased due to the backlash of special demand for smartphones in China during the same period last year and sluggish sales in PC-related products.</li> </ul>

## &lt;Segment profit&gt;

Decreased as efforts including the streamlining of material-related processes could not offset the impact of sales decreases in the Industrial and Factory Solutions businesses.

## TV and Six Large-Scale BDs

IFRS

(yen: billions)

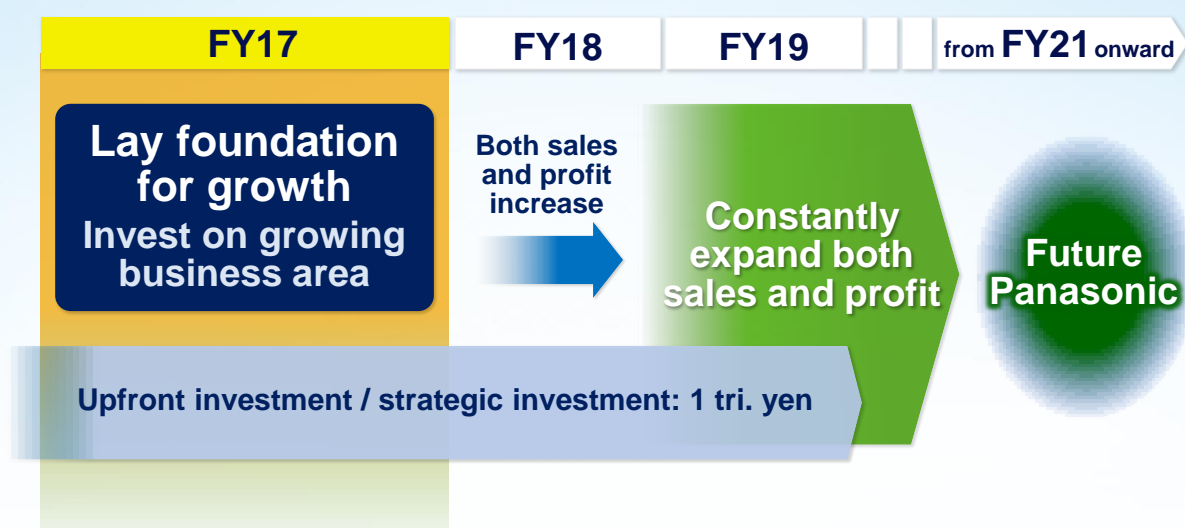
	FY17 1Q							
	Sales	Adjusted *** operating profit		Other *** income / loss		BD profit ***		
		vs. FY16 1Q	vs. FY16 1Q	vs. FY16 1Q	vs. FY16 1Q	vs. FY16 1Q		
TV *	76.6	-5.1	3.4	+6.2	-0.4	-0.5	3.0	+5.7
Air-Conditioner *	155.1	-6.7	18.0	+2.2	-0.4	+0.2	17.6	+2.3
Lighting	67.0	-4.5	0.5	-0.7	1.9	+4.5	2.4	+3.8
Housing Systems	82.4	-3.2	1.2	-0.4	0.3	+0.0	1.5	-0.3
Automotive Infotainment Systems	124.4	-6.5	6.0	-0.7	0.0	-0.3	6.0	-1.1
Rechargeable Battery **	76.8	-5.6	-5.0	-6.5	5.8	+10.7	0.7	+4.2
PanaHome	69.3	+4.9	-2.5	-0.8	-0.3	-0.1	-2.7	-0.9

\* : Including sales division (production & sales consolidated)

\*\* : Rechargeable Battery + Tesla BU

\*\*\* : BD results are indicated on an IFRS basis. "BD profit" refers to IFRS operating profit.

## FY2017 towards Future



# Panasonic

## **Disclaimer Regarding Forward-Looking Statements**

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*In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented in accordance with generally accepted accounting principles in Japan. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Under United States generally accepted accounting principles, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies, and impairment losses on long-lived assets are usually included as part of operating profit (loss) in the statement of income.*



## (Reference) Main Changes in Accounting Standards (P/L)

(yen: billions)

	FY17 1Q (IFRS)*		FY17 1Q (US GAAP)
Sales	1,774.8	← Difference of consolidation scope etc.	1,748.5
Adjusted operating profit	76.8	←	—
Other income/loss	-5.0	← Capitalization of R&D expenses etc.	—
Operating profit	71.8	←	66.9
Non-operating income/loss	2.8	← Non-operating income/loss excluding financial income/loss and exchange gains/losses	-8.1
Pre-tax income	74.6		58.8
Provision for income taxes	40.4		36.8
Equity in earnings of associated companies	—		3.1
Less net income attributable to noncontrolling interests	5.0		3.4
Net income attributable to owners of parent company	29.2		** 21.7

\* Unreviewed

\*\* Net income attributable to Panasonic Corporation

## (Reference) FY17 1Q Results by Segment

IFRS

(yen: billions)

	FY17 1Q							
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Other	117.0	-2.5	-2.9	+2.3	-0.6	-4.5	-3.5	-2.2
Subtotal	1,950.8	-113.4	68.9	-9.6	8.1	+12.3	77.0	+2.7
Eliminations and adjustments	-176.0	+2.6	7.9	+4.7	-13.1	-13.0	-5.2	-8.3
Consolidated total (IFRS)	1,774.8	-110.8	76.8	-4.9	-5.0	-0.7	71.8	-5.6
Appliances (production and sales consolidated)	672.0	+11.4	43.5	+19.6	-1.2	-0.7	42.3	+18.9

\* Unreviewed

(Reference)

## Segments and Business Divisions

### Appliances

Air-Conditioner Company  
TV BD  
Home Entertainment BD  
Refrigerator BD  
Laundry Systems and Vacuum Cleaner BD  
Kitchen Appliances BD  
Beauty and Living BD  
Panasonic Cycle Technology Co., Ltd.  
Refrigeration and Air-Conditioning Devices BD  
Smart Energy System BD  
Cold Chain BD  
Husmann Corporation

### AVC Networks

Imaging Network BD  
Storage BD  
Visual Systems BD  
Panasonic Avionics Corporation  
IT Products BD  
Security Systems BD  
Communication Products BD  
Office Products BD  
System Solutions Company (Japan)

### Automotive & Industrial Systems

Automotive Infotainment Systems BD  
Automotive Electronics Systems BD  
Rechargeable Battery BD  
Energy Device BD  
Panasonic Storage Battery Co., Ltd.  
Electromechanical Control BD  
Panasonic Semiconductor Solutions Co., Ltd.  
Device Solutions BD  
Electronic Materials BD  
Panasonic Liquid Crystal Display Co., Ltd.  
Smart Factory Solutions BD

### Eco Solutions

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

### Other

PanaHome Corporation

As of July 29, 2016

(Reference)

## Sales disclosure businesses in FY17

### Appliances

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

### AVC Networks

- Mobility Business : IT Products BD, Storage BD
- Visual and Imaging Business : Imaging Network BD, Visual Systems BD, Security Systems BD
- Communication Business : Communication Products BD, Office Products BD
- Solutions Business : Panasonic Avionics Corporation, Domestic/Overseas Solutions

### Automotive & Industrial Systems

- Automotive Business : Automotive Infotainment Systems BD, Automotive Electronics Systems BD
- Energy Business : Rechargeable Battery BD, Energy Device BD
- Industrial Business : Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.
- Factory Solutions Business : Smart Factory Solutions BD