

# 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.

- This presentation gives Panasonic's consolidated financial results for the first quarter of fiscal 2019 (FY19) ended June 30, 2018.

- 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

- This shows the summary of the financial results for the first quarter of FY19.
- Following the direction of last fiscal year, we saw increases in both sales and profits continuing into the first quarter of FY19.
- Overall sales significantly increased due to growth mainly from Automotive and Energy, offsetting sluggish sales in Air-Conditioner and AVC.
- Overall operating profit and net profit attributable to Panasonic Corporation stockholders increased due to stable growth in Process Automation and Industrial, as well as a one-off gain from the sale of land, despite the impact of ramp-up expenses for the automotive battery business and price hikes in raw materials.

## FY19 1Q Results

(yen: billions)

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

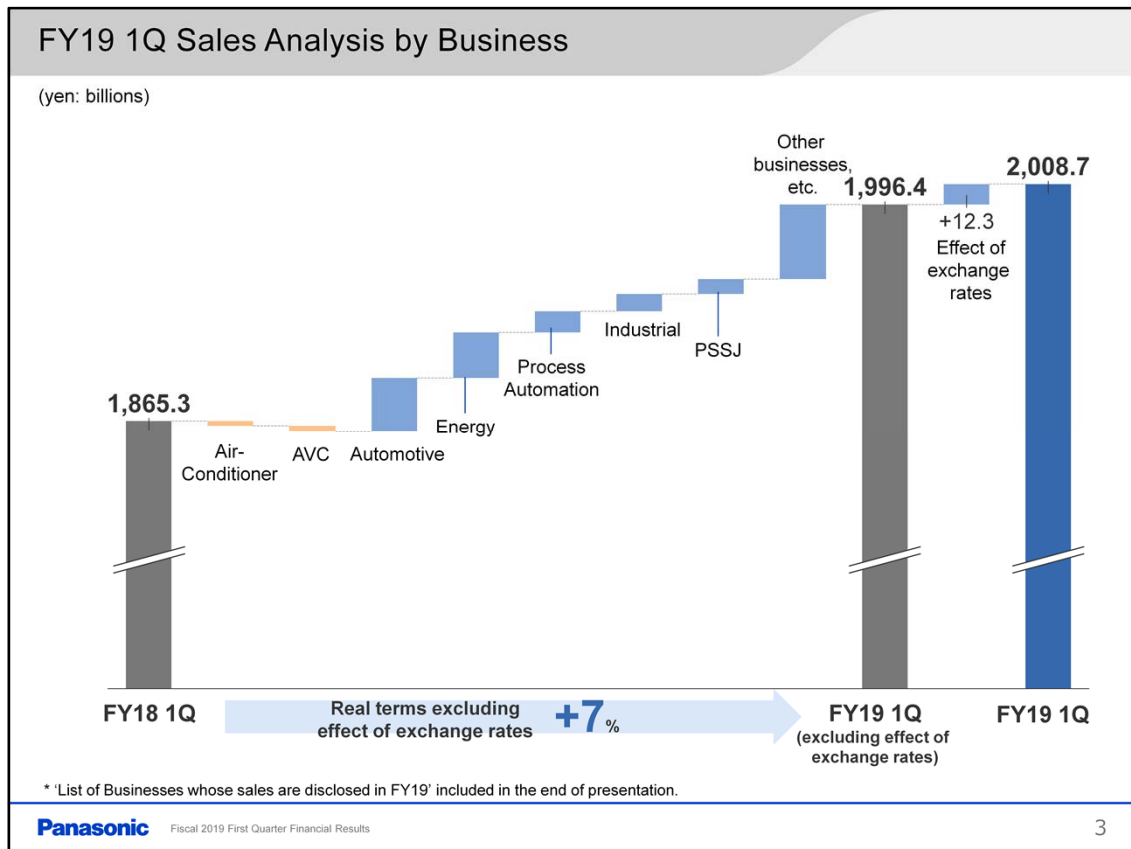
\* In real terms excluding the effect of exchange rates  
 \*\* Other income/loss = Other income (expenses) +  
 Share of profit investments accounted for using the equity method

**Panasonic**

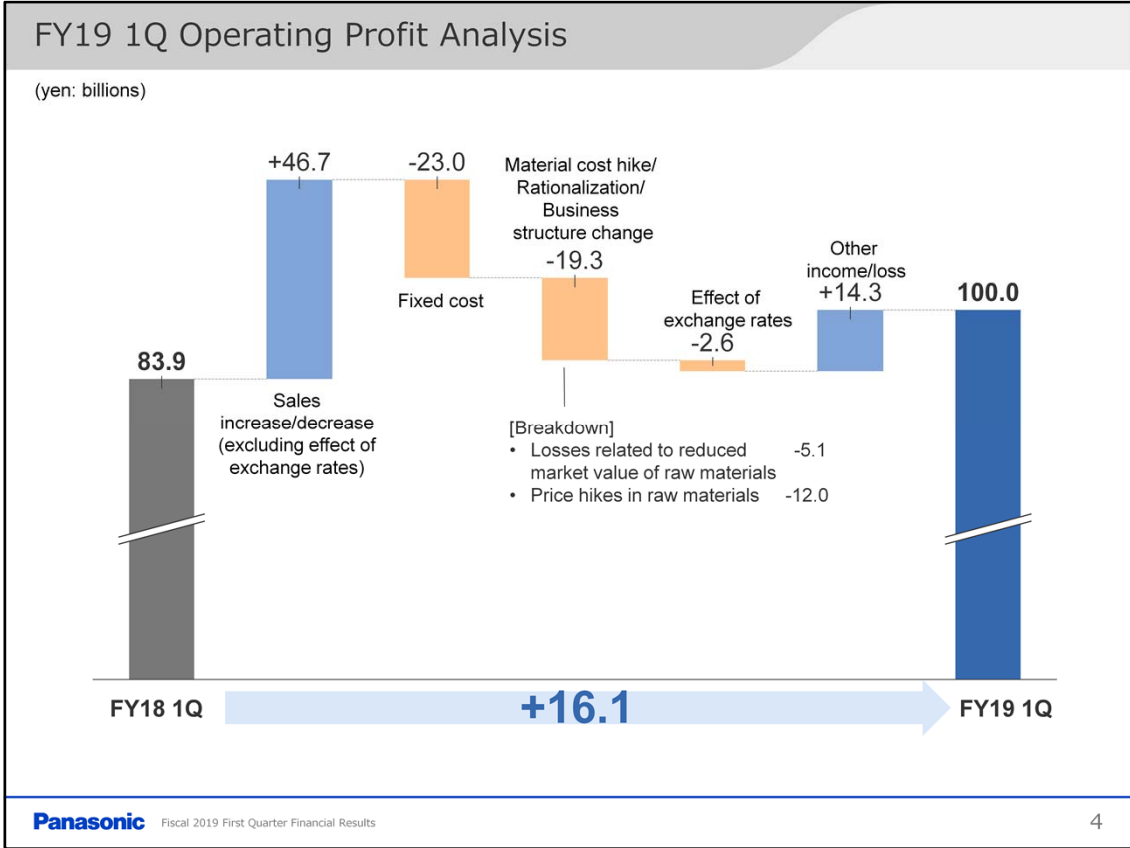
Fiscal 2019 First Quarter Financial Results

2

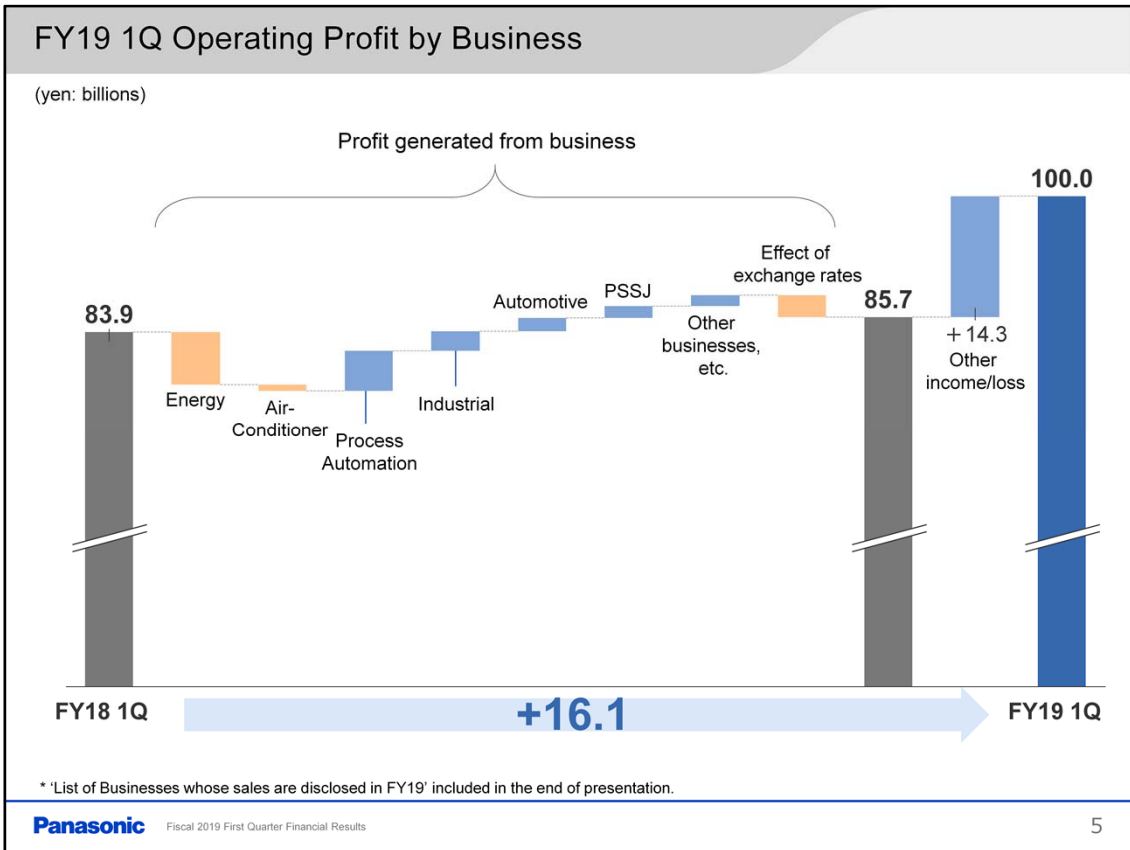
- This table shows the consolidated financial results for the first quarter of FY19.
- Sales increased by 8% to 2,008.7 billion yen from the same period last year.
- Operating profit increased by 16.1 billion yen to 100.0 billion yen, and net profit increased by 8.6 billion yen to 57.4 billion yen.



- This graph gives our sales analysis by Businesses whose sales are disclosed.
- Sales in Air-Conditioner were down in regions such as Asia, and sales in AVC also decreased.
- On the other hand, in Automotive, Automotive Infotainment Systems business continued to grow favorably in step with the global increases in vehicle sales.
- In Energy, sales in automotive batteries significantly increased.
- In addition, sales in Process Automation increased along with robust demand for mounting machines and welding equipment.
- In Industrial, sales increased with growing sales in automotive- and industrial-use products.



- Next, let's look at year-on-year changes in operating profit.
- Profit generated by sales expansion was 46.7 billion yen.
- Fixed costs increased by 23.0 billion yen due mainly to expansion of our automotive battery business.
- Also, due to losses related to reduced market value and price hikes for raw materials, profit decreased by 19.3 billion yen.
- The effect of exchanges rates resulted in a decrease of 2.6 billion yen.
- Meanwhile, other income/loss improved by 14.3 billion yen due mainly to gains from the sale of land.
- Overall operating profit increased by 16.1 billion yen to 100.0 billion yen.



5

- This shows our analysis of year-on-year changes in operating profit by the Businesses whose sales are disclosed.
- In Energy, profit decreased due to ramp-up expenses for the automotive battery factory.
- In Air-Conditioner, profit decreased due mainly to loss resulting from decreased sales.
- On the other hand, profits increased from businesses such as Process Automation and Industrial, whose sales continued to be favorable.

## 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
<b>Total</b>	<b>2,008.7</b>	<b>+8%</b>	<b>+7%</b>	<b>100.0</b>	<b>+16.1</b>	<b>18.4</b>	<b>+14.3</b>
Appliances (production and sales consolidated)	745.4	±0%	-1%	37.7	-4.8	-0.8	-1.2

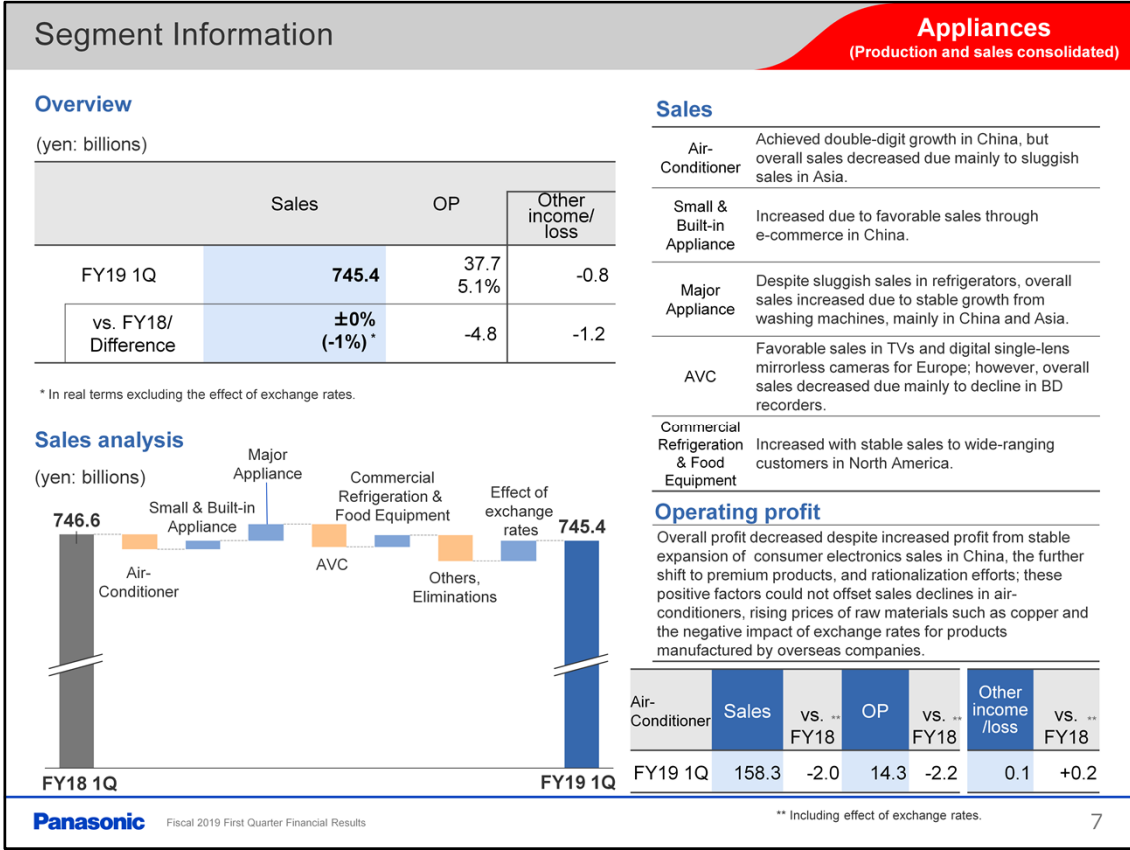
\* PanaHome became a fully-owned subsidiary in FY18 and was renamed Panasonic Homes in April 2018. In FY19, it was transferred from Other to Eco Solutions.

**Panasonic**

Fiscal 2019 First Quarter Financial Results

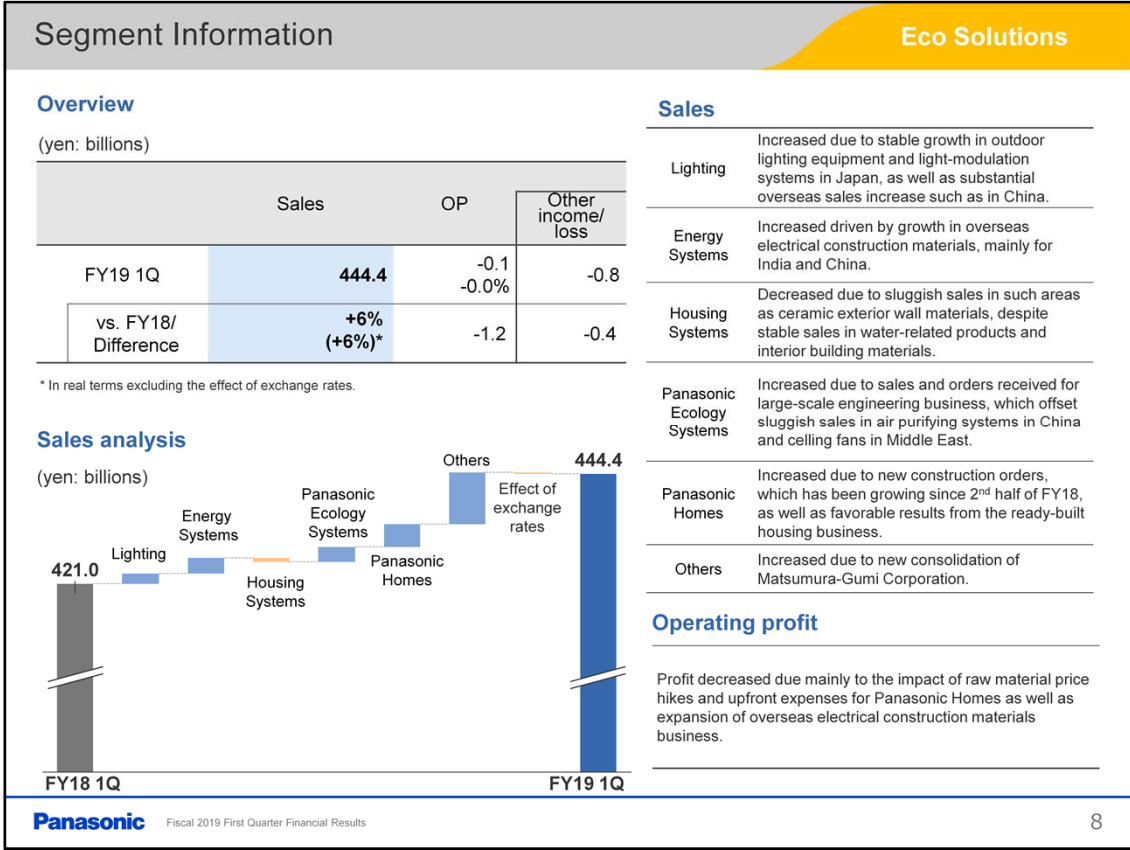
6

- Next, let's look at the results by segment.  
I will explain the details from the next slide.



- First, the results for Appliances, based on consolidated production and sales.
- Sales decreased by 1% from last year in real terms, excluding the effect of exchange rates.
- In China, sales increased due to favorable sales growth through e-commerce; however, sales in Air-Conditioner were sluggish mainly in Asia. AVC also saw a sales decrease, and overall sales remained at the same level as last year.
- Overall operating profit decreased, since even increased profits from sales expansion in China, the further shift to premium products for consumer electronics, and rationalization efforts could not offset decreased sales in air-conditioners, raw material price hikes, and the negative impact of exchange rates.
- With regard to raw materials, since prices are becoming stable, the impact of price hikes is expected to shrink from the second quarter onward.
- Despite the current severe circumstances, we will continue to make efforts to increase profits from the second quarter onward through further sales expansion mainly in China, where businesses continue to grow favorably, as well as through enhancing rationalization and fixed-cost management.





- Next, let's look at Eco Solutions.
- Sales increased by 6% from last year in real terms, excluding the effect of exchange rates.
- In addition to the effect of the new consolidation of Matsumura-Gumi Corporation, overall sales increased thanks to sales expansion for overseas electrical construction materials business in key markets such as India and China, as well as stable results for the ready-built housing business of Panasonic Homes.
- Operating profit decreased due to upfront expenses for Panasonic Homes as well as for expansion of the overseas electrical construction materials business.

Segment Information				Connected Solutions
<b>Overview</b>				<b>Sales</b>
(yen: billions)				
	Sales	OP	Other income/loss	
FY19 1Q	274.3	22.4 8.2%	0.5	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.
vs. FY18/ Difference	+11% (+11%)*	+6.6	-0.8	Process Automation Significantly increased due to continuous strong demand for mounting machines and welding equipment for automotive industry.
* In real terms excluding the effect of exchange rates.				Media Entertainment Slightly decreased due to procurement delay caused by suppliers, but favorable sales for projectors continued.
<b>Sales analysis</b>				Mobile Solutions Increased due to continuous stable growth in ruggedized PCs for North America and Europe as well as PCs for domestic market.
(yen: billions)				PSSJ ** Increased with sales growth in PCs as well as sales expansion for retail and logistics industries.
				** Panasonic Systems Solutions Japan Co., Ltd.
				<b>Operating profit</b>
				Increased due to sales growth mainly in Process Automation, Mobile Solutions, and PSSJ, as well as the improved product mix in Media Entertainment.
Panasonic Fiscal 2019 First Quarter Financial Results				9

- Next, let's look at Connected Solutions.
- Sales increased by 11% from last year in real terms, excluding the effect of exchange rates.
- In Process Automation, sales increased significantly due to favorable sales in mounting machines and welding equipment for the automotive industry.
- In Mobile Solutions, sales increased due to continuous stable growth in PCs for North America, Europe, and domestic markets.
- Furthermore, sales in PSSJ increased with sales growth from PCs and sales expansion for retail and logistics industries.
- Overall operating profit increased due to sales growth in Process Automation, Mobile Solutions, and PSSJ, as well as the improved product mix in Media Entertainment.

## Summary

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

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.	

(yen: billions)

Category	Value (Billion Yen)
FY18 1Q	656.5
Automotive	100.0
Energy	50.0
Industrial	20.0
Others	10.0
Effect of exchange rates	170.0
FY19 1Q	1,000.0

(yen: billions)

Category	Change (Billion Yen)
FY18 1Q	18.1
Automotive	0.5
Energy	-2.5
Industrial	-1.5
Others	0.5
Effect of exchange rates	-1.6
FY19 1Q	15.4

- Copyright (C) 2018 Panasonic Corporation All Rights Reserved.

# 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.

Panasonic

Fiscal 2019 First Quarter Financial Results

11

- In Automotive, overall sales increased due to growth mainly from infotainment systems whose sales continue to grow for Japanese, U.S, and European car manufacturers, ADAS-related products and electrification-related equipment such as charging systems. Overall operating profit was increased by sales expansion, despite increased fixed costs such as those in R&D.
- In Energy, overall sales increased with significant growth in automotive batteries, for both cylindrical and prismatic types, as well as expanded sales of power storage systems. However, operating profit decreased due to factors such as the increase in ramp-up expenses.
- Sales in Industrial increased due to stable growth in automotive- and industrial-use devices. Operating profit also increased due to the positive impact of sales expansion, improved profitability, and one-off profits.



- This is the explanation of the results for the first quarter of fiscal 2019.
- In the first quarter, consumer electronics sales faced a severe situation, in addition to increased upfront expenses for the automotive batteries.
- From the second quarter onward, sales in the automotive battery business will continue to grow and are expected to contribute to increased profit in the second half of this fiscal year. Meanwhile, we will further enhance our rationalization efforts and fixed-cost management.
- Panasonic will continue to strive toward achieving its FY19 financial forecast through comprehensive Company-wide efforts.
- Thank you very much for your continuous support and understanding.

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

*This presentation includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. Furthermore, figures in the presentation, at the time of the disclosure, are under the review procedure based on Financial Instruments and Exchange Act. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.*

*The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.*

# (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

**Panasonic**

Fiscal 2019 First Quarter Financial Results

14



## (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
- Hüssmann 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.