

Fiscal 2020 First Quarter Financial Results

July 31, 2019
Panasonic Corporation



Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "Fiscal 2020" or "FY20" refers to the year ending March 31, 2020.

FY20 1Q Financial Results

- Sales decreased due mainly to impact of lower sales in China
- Overall operating profit decreased due to lower sales in China mainly at Industrial Solutions, increased development expenses at Automotive Solutions, sluggish TV sales, in addition to impact of gains from sale of land in previous year, despite steady housing-related business in Japan

(yen: billions)

	FY20 1Q	FY19 1Q	vs. FY19 / Difference	
Sales	1,891.1	2,008.7	-6% (-5%)*	-117.6
Operating profit	56.4	100.0	-44%	-43.6
Other income/loss**	-6.0	18.4	-	-24.4
Non-operating income/loss	-0.2	2.2	-	-2.4
Profit before income taxes	56.2	102.2	-45%	-46.0
Net profit attributable to Panasonic Corporation stockholders	49.8	57.4	-13%	-7.6
Exchange rates				
1 US dollar	110 yen	109 yen		
1 Euro	123 yen	130 yen		
1 Renminbi	16.1 yen	17.1 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

Sales & Operating Profit Analysis

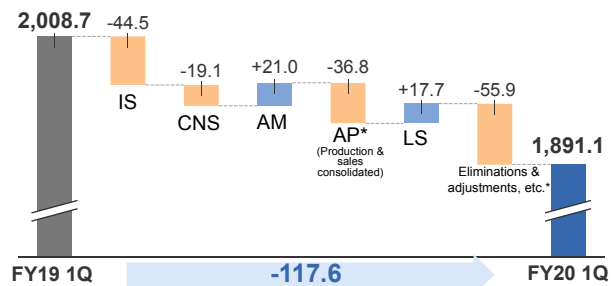
Major increase/decrease factors

- | | |
|-----------|---|
| IS
CNS | <ul style="list-style-type: none"> • Sales and profit decreased due to lower sales in China (weakening market conditions, etc.) |
| AM | <ul style="list-style-type: none"> • Sales increased due to growth in Automotive Batteries, but profit decreased due to increased development expenses, mainly for the existing issues with Automotive Solutions in Europe |
| AP | <ul style="list-style-type: none"> • Sales and profit decreased due to sluggish TV sales, mainly in Europe, despite steady air-conditioner sales, and consumer electronics sales in Japan |
| LS | <ul style="list-style-type: none"> • Sales and profit increased with steady housing-related business in Japan |

Note: Names of each Segment are as follows
 IS: Industrial Solutions, CNS: Connected Solutions
 AM: Automotive, AP: Appliances, LS: Life Solutions

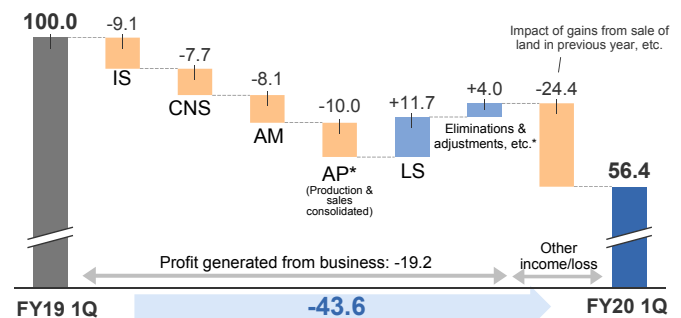
Sales

(yen: billions)



Operating profit

(yen: billions)



* Difference between "AP (Production & sales consolidated)" and "Segment information" is adjusted by "Eliminations & adjustments, etc."

FY20 1Q Results by Segment

(yen: billions)

	Sales	vs. FY19	In real terms excl. effect of exchange rates	Operating profit	vs. FY19	Other income/loss	vs. FY19
Appliances	689.0	-4%	-3%	30.0	-9.1	-0.5	+0.3
Life Solutions	462.1	+4%	+5%	12.7	+12.8	0.3	+1.1
Connected Solutions	255.2	-7%	-6%	13.7	-8.7	-0.5	-1.0
Automotive	377.4	+6%	+7%	-10.0	-8.5	-0.2	-0.4
Industrial Solutions	327.1	-12%	-10%	5.2	-11.6	-1.6	-2.5
Other	58.5	-18%	—	1.5	+1.4	0.4	+0.8
Eliminations and adjustments	-278.2	—	—	3.3	-19.9	-3.9	-22.7
Total	1,891.1	-6%	-5%	56.4	-43.6	-6.0	-24.4
Appliances (production and sales consolidated)	704.6	-5%	-4%	28.0	-9.8	-0.6	+0.2

Segment Information

Overview

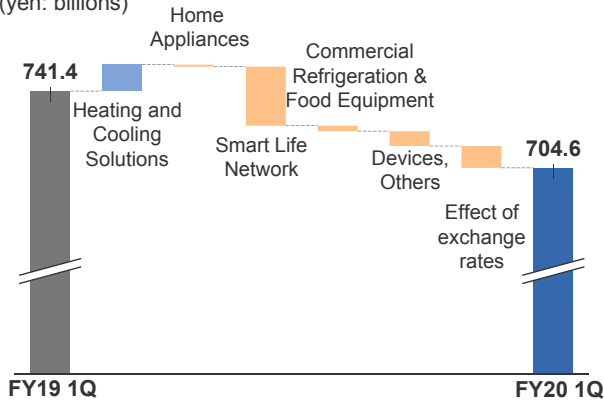
(yen: billions)

	FY20 1Q	vs. FY19/ Difference
Sales	704.6	-5% (-4%)*
OP	28.0 (4.0%)	-9.8
Other income/loss	-0.6	+0.2

* In real terms excluding the effect of exchange rates

Sales analysis

(yen: billions)



Sales

Heating and Cooling Solutions

- Sales of room air-conditioners increased taking opportunity of higher demand by good weather in Asia where we have been strengthening the business, and stable sales in Japan and Europe
- Sales of large-scale air-conditioners increased mainly in Japan, China and Europe

Home Appliances

- Same level as previous year due to sluggish sales in China with weak market conditions and in Asia, despite higher Japanese sales (e.g. washing machines)

Smart Life Network

- Decreased due to sluggish TV sales: OLEDs in Europe, where we are shifting to high value-added products, and entry models in Asia, where we were unable to cope with price declines. Digital cameras were also sluggish mainly in Europe

Commercial Refrigeration & Food Equipment

- Decreased overall due to sluggish sales for large-scale stores and display showcases in Japan, despite stable sales continuing in North America

Operating profit

- Achieved profit increase in Japan consumer electronics by increased air-conditioner and washing machine sales, and recovering profitability of refrigerators
- Decreased overseas due to lower TV sales mainly in Europe, and deteriorating profitability by price declines, despite expanded air-conditioner sales in Asia

Segment Information

Overview

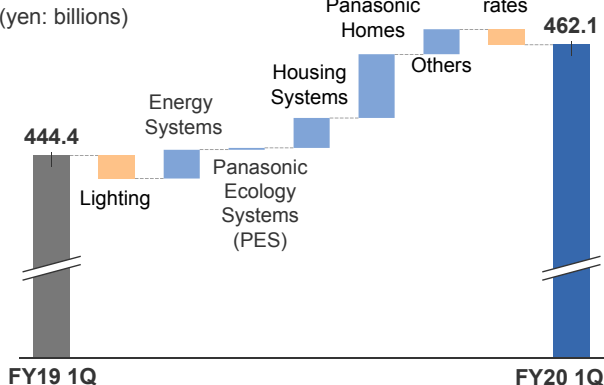
(yen: billions)

	FY20 1Q	vs. FY19/ Difference
Sales	462.1	+4% (+5%)*
OP	12.7 (2.7%)	+12.8
Other income/loss	0.3	+1.1

* In real terms excluding the effect of exchange rates

Sales analysis

(yen: billions)



Sales

Lighting

Decreased due to impact of lower sales in Japan, China, Europe, and U.S., despite stable sales for Indonesia

Energy Systems

Increased driven by stable sales of high-performance home-use distribution panel boards and wiring devices in Japan, and growing overseas sales mainly in India

Panasonic Ecology Systems

Increased with steady orders and sales of large-scale projects in engineering businesses, despite sluggish sales in China

Housing Systems

Increased driven by favorable sales of new models for water-related products and building materials, as well as drainpipes and roofing materials

Panasonic Homes

Increased mainly by new construction orders and increased sales in remodeling businesses

Others

Increased favorably with prime contractor business for home building

Operating profit

Increased due to sales increase in Energy Systems, Housing Systems, and Panasonic Homes as well as streamlining initiatives

Segment Information

Connected Solutions

Overview

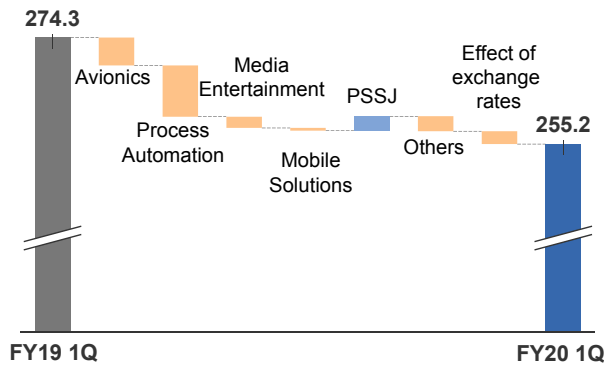
(yen: billions)

	FY20 1Q	vs. FY19/ Difference
Sales	255.2	-7% (-6%)*
OP	13.7 (5.4%)	-8.7
Other income/loss	-0.5	-1.0

* In real terms excluding the effect of exchange rates

Sales analysis

(yen: billions)



** IFEC (Inflight entertainment + connectivity)
*** Panasonic System Solutions Japan Co., Ltd.

Sales

Avionics	Decreased by lower sales of IFEC** hardware mainly from reduced investment by certain airline companies
Process Automation	Decreased significantly with postponed investment associated with weak Chinese market conditions and reduced investment by automotive component manufacturers following decreased new car sales in China and Europe, etc.
Media Entertainment	Decreased due to lower sales of projectors in Europe and impact of previous year's large-scale orders for entertainment park project in North America
Mobile Solutions	Maintained same level as previous year due to stable PC sales for Japanese and North American markets
PSSJ***	Increased due mainly to replacement demand with end of Windows 7 support, and Olympic-related project orders

Operating profit

Decreased due to significant impact of lower sales in Process Automation and Avionics, despite increased profit in PC business

Segment Information

Automotive

Overview

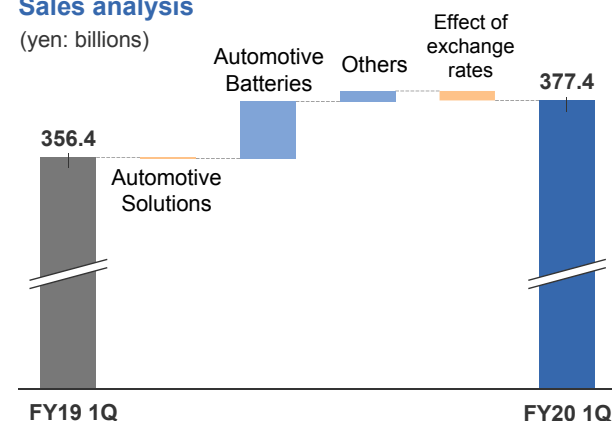
(yen: billions)

	FY20 1Q	vs. FY19/ Difference
Sales	377.4	+6% (+7%)*
OP	-10.0 (-2.7%)	-8.5
Other income/loss	-0.2	-0.4

* In real terms excluding the effect of exchange rates

Sales analysis

(yen: billions)



Sales

Automotive Solutions	Decreased overall; expansion of growth-expected products (e.g. IVI**) could not offset the impact of lower sales from deteriorating Chinese market situation and product cycle trend
Automotive Batteries	[Prismatic] Increased with investment effect for production expansion at Dalian factory [Cylindrical] Significantly increased with investment effect for production expansion at North America factory

** IVI (In-Vehicle Infotainment)

Operating profit

- ◇ Automotive Solutions
Decreased due to overall development expenses peaking in FY20, along with increased development expenses related to issues in Europe, although in line with forecast as of the beginning of FY20
- ◇ Automotive Batteries
Same as last year's level overall due to decreased sales of cylindrical types from Japan factory, despite increased sales of prismatic types, and cylindrical types from North America factory

Grouping of Businesses whose sales are disclosed
[Automotive Solutions] Automotive Infotainment Systems, HMI Systems, Automotive Systems, Ficosa
[Automotive Batteries] Automotive Energy, Tesla Energy

Overview

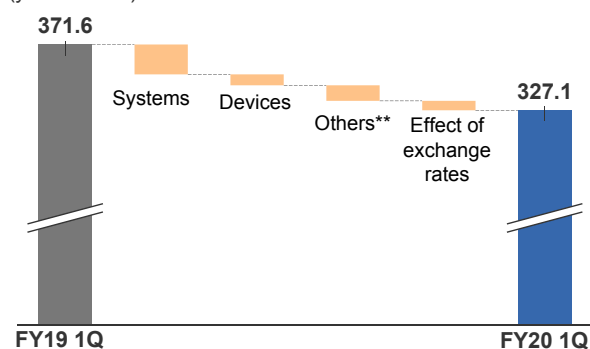
(yen: billions)

	FY20 1Q	vs. FY19/ Difference
Sales	327.1	-12% (-10%)*
OP	5.2 (1.6%)	-11.6
Other income/loss	-1.6	-2.5

* In real terms excluding the effect of exchange rates

Sales analysis

(yen: billions)



** Includes sales of semiconductor, LCD, other Divisional Company products, eliminations and others

Sales

IS	Decreased overall by significant impact of deteriorated Chinese market conditions such as trade friction between U.S. and China
Systems	Decreased due to decreased sales of portable rechargeable batteries by strategically shifting our applications to industrial-related areas, leading to reduced ICT-usage sales. Sales of motors and sensors were also sluggish due to weak capital investment demand in line with deteriorated Chinese market conditions
Devices	Decreased due to reduced production of data servers in Chinese and Taiwanese markets and reduced sales of automotive components (e.g. capacitors and resistors) due to deteriorated overseas automobile market, despite steady sales of multi-layer printed circuit board materials for 5G infrastructure

Operating profit

Decreased due to lower sales of motors, sensors, capacitors, etc., despite efforts in fixed-cost reduction and raw material rationalization

Grouping of businesses whose sales are disclosed

[Systems] Electromechanical Control, Industrial Device, Energy Solutions
[Devices] Device Solutions, Energy Device, Electronic Materials

Business Portfolio Reform Progress (2019)

Improve competitiveness through Co-creation

Agreement with Toyota Motor Corporation to establish a joint venture related to automotive prismatic battery business (Announced on January 22)

- Investment to increase production toward future business expansion conducted as planned (JV scheduled to be established by end of 2020)

Agreement with Toyota Motor Corporation to establish a joint venture related to town development (Announced on May 9)

- JV scheduled to be established in January 2020

Improve profitability

Transfer part of discrete semiconductor business (Announced on April 23)

- Completion scheduled for December 2019

Optimize development & production capability of solar business (Announced on May 9)

- Reorganization scheduled for November 2019

Radical measures for low-profitable and unprofitable businesses

- Narrowing down region and businesses for consumer electronics (e.g. initiation of structural reform of TV)
- Strengthening profit structure for semiconductor (e.g. contract renewal)

Further promotion of business portfolio reform



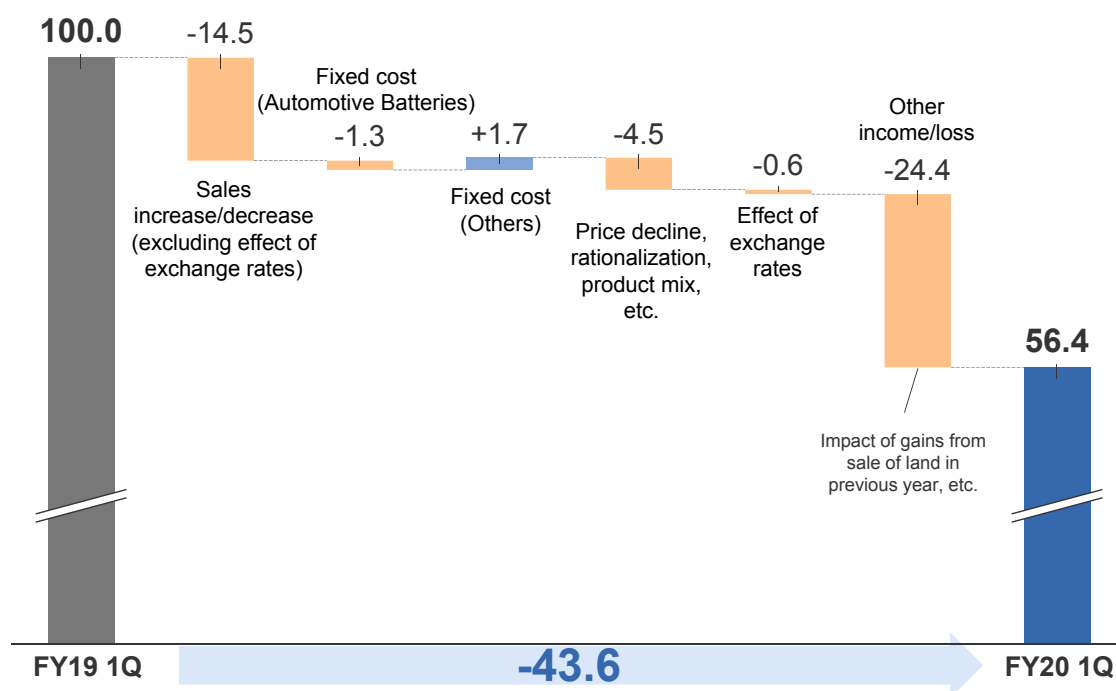
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(Reference) Operating Profit Analysis

(yen: billions)



(Reference) FY20 1Q Operating Profit & Net Profit

(yen: billions)

	FY20 1Q	FY19 1Q	vs FY19 1Q
Operating profit	56.4	100.0	-43.6
Non-operating income/loss	-0.2	2.2	-2.4
Profit before income taxes	56.2	102.2	-46.0
Income taxes	-2.4	-40.7	+38.3
Net profit	53.8	61.5	-7.7
Net profit attributable to Panasonic Corporation stockholders	49.8	57.4	-7.6
Net profit attributable to non-controlling interests	4.0	4.1	-0.1

(Reference) List of Businesses whose sales are disclosed in FY20

	<u>Businesses</u>	<u>Major Business Divisions</u>
Appliances (AP)	• Heating and Cooling Solutions	: Heating and Cooling Solutions BD
	• Home Appliances	: Kitchen Appliances BD, Laundry Systems and Vacuum Cleaner BD, Beauty and Personal Care BD
	• Smart Life Network	: Smart Life Network BD
	• Commercial Refrigeration & Food Equipment	: Cold Chain BD, Hussmann Corporation
Life Solutions (LS)	• Lighting	: Lighting BD
	• Energy Systems	: Energy Systems BD
	• Panasonic Ecology Systems	: Panasonic Ecology Systems Co., Ltd.
	• Housing Systems	: Housing Systems BD
	• Panasonic Homes	: Panasonic Homes Co., Ltd.
Connected Solutions (CNS)	• Avionics	: Panasonic Avionics Corporation, Avionics BU
	• Process Automation	: Process Automation BD
	• Media Entertainment	: Media Entertainment BD
	• Mobile Solutions	: Mobile Solutions BD
	• PSSJ	: Panasonic System Solutions Japan Co., Ltd.
Automotive (AM)	• Automotive Solutions	: Automotive Infotainment Systems BD, HMI Systems BD, Automotive Systems BD, Ficosa International, S.A.
	• Automotive Batteries	: Automotive Energy BD, Tesla Energy BD
Industrial Solutions (IS)	• Systems	: Electromechanical Control BD, Industrial Device BD, Energy Solutions BD
	• Devices	: Device Solutions BD, Energy Device BD, Electronic Materials BD

Note: Sales and profit of China & Northeast Asia Company are mainly included in AP and LS segments. Sales and profit of US Company are mainly included in AP and AM segments.