

Fiscal 2014 First Quarter Financial Results

July 31, 2013
Panasonic Corporation

*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2014" or "FY2014" refers to the year ending March 31, 2014.*

- This presentation contains consolidated financial results for the first quarter of the fiscal year 2014, ending March 31, 2014.

Contents

1. Fiscal 2014 first quarter financial results

2. Segment analysis

- First, the first quarter financial results for fiscal 2014.

Summary of FY14 1Q Results

- Sales in yen increased slightly but decreased on local currency basis
 - Sales decreased globally in real terms under continued severe competitive conditions
 - Operating profit increased through greater efficiency
 - Group-wide fixed cost reductions efforts and streamlining
 - Led by ES* (whose housing-related business is favorable) and AIS* (whose energy-related business is favorable due to yen depreciation)
- *ES: Eco Solutions, AIS: Automotive & Industrial Systems
- Significant improvements in pre-tax income and net income attributable to Panasonic Corporation
 - A one-off gain due to some changes in pension scheme

- This slide shows main points regarding the first quarter of fiscal 2014.
- Sales increased slightly from last year due to positive impact of yen depreciation. However, the business environment continues to be severe and sales in all regions, including Japan, on a local currency basis decreased.
- Under these severe business conditions, Panasonic continues to implement radical reform of its business structure in the midterm. In the first quarter, operating profit increased as a result of fixed cost reductions and streamlining business operations in order to enhance profitability.
- By segment, profitability in Eco Solutions (whose housing business such as solar panels and others is favorable) and Automotive & Industrial Systems (whose lithium-ion battery business is favorable due to yen depreciation) led to an overall operating profit increase.
- Pre-tax income and net income attributable to Panasonic Corporation recorded significant improvements due to an increase in operating profit and a one-off gain as a result of some changes in the pension scheme.

FY14 Progress on the Main Targets

- **Improvements in unprofitable businesses are going generally according to the Company plan**
The improved amount in the 1Q was approximately 7.0 billion yen against the annual target of 90.0 billion yen
- **Continuously implementing measures to change business structure**
Planned business restructuring expenses for FY14
: 120.0 billion yen
- **Steady improvement in financial structure**
Net cash at the end of 1Q improved by 65.5 billion yen compared with the end of FY13

- Progress on major management targets for fiscal 2014 in the first quarter results.
- Firstly, the improvement on unprofitable business was approximately 7.0 billion yen in the first quarter and it is going generally according to the Company's plan against the annual target of 90.0 billion yen.
- Secondly, with regard to business structure changes, Panasonic continues to implement restructuring. Although business restructuring expenses in the first quarter were only 4.3 billion yen, the planned 120.0 billion yen expenditure for fiscal 2014 has not been changed.
- Finally, net cash at the end of the first quarter improved by 65.5 billion yen from the end of fiscal 2013, showing steady improvement in its financial structure.

FY14 1Q Financial Results

(1Q = Apr. to Jun.)

(yen: billions)

	FY14 1Q	FY13 1Q	vs. FY13 1Q/ difference	
Domestic	864.9	922.1	-6%	
Overseas	959.6	892.4	+8%	(-12%)*
Sales	1,824.5	1,814.5	+1%	(-9%)* + 10.0
Operating profit	64.2 (3.5%)	38.6 (2.1%)	+66%	+ 25.6
Pre-tax income	122.6 (6.7%)	37.8 (2.1%)	+224%	+ 84.8
Net income**	107.8 (5.9%)	12.8 (0.7%)	+742%	+ 95.0

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

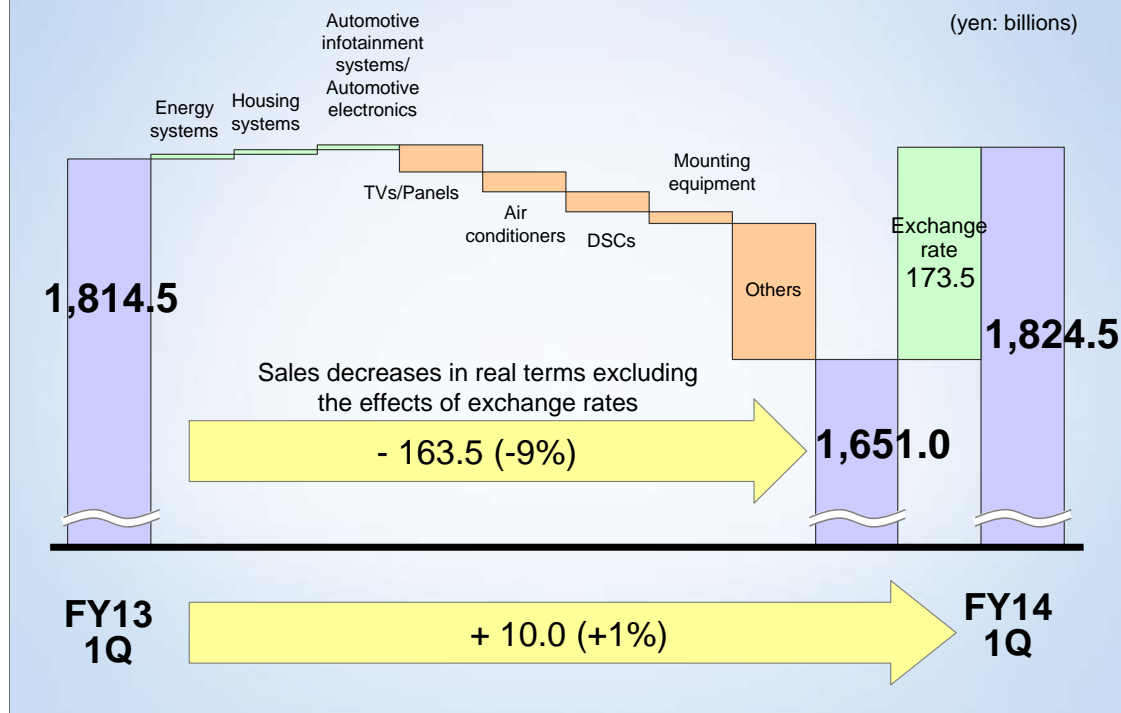
** Net income attributable to Panasonic Corporation

Exchange rates	1 US dollar	99 yen	80 yen
	1 Euro	129 yen	103 yen
	1 Renminbi	16.05 yen	12.72 yen

- Consolidated group sales for the first quarter were up by 1% compared with the previous year. However, in real terms, excluding the effects of exchange rates, consolidated group sales decreased by 9%.
- On the other hand, operating profit totaled 64.2 billion yen, an improvement of 25.6 billion yen from last year. Both pre-tax income (122.6 billion yen) and net income attributable to Panasonic Corporation (107.8 billion yen) increased significantly from last year.

FY14 1Q Sales Analysis by Major Product (vs. FY13 1Q)

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- This slide shows sales analysis by major product in the first quarter.
- Sales, in real terms excluding the effects of exchange rates, increased in housing- and automotive-related products such as energy systems, housing systems and automotive infotainment systems. However, many products including TVs, household air conditioners and DSCs recorded weaker sales. As a result, overall sales declined by 163.5 billion yen from last year in real terms.

FY14 1Q Global Sales by Region (vs. FY13 1Q)

(1Q = Apr. to Jun.)

(yen: billions)

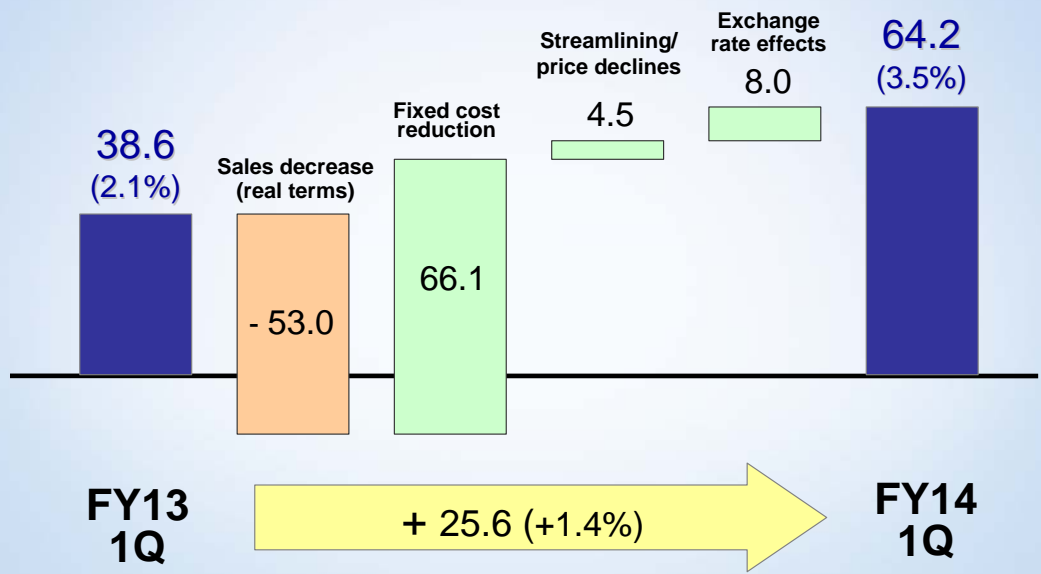
	Sales	vs. FY13 1Q		Sales proportion by region (vs. FY13 1Q)	
		Yen basis	Local currency basis		
Japan	864.9	-6%	-	47%	(-4%)
Americas	272.3	+12%	-8%	15%	53% (+4%)
Europe	177.2	+5%	-14%	10%	
Asia	257.9	+13%	-7%	14%	
China	252.2	±0%	-19%	14%	
Total	1,824.5	+1%	-9%	100%	

- This slide shows global sales by region.
- Sales on a local currency basis decreased in all regions. Severe business conditions are expected to continue globally.

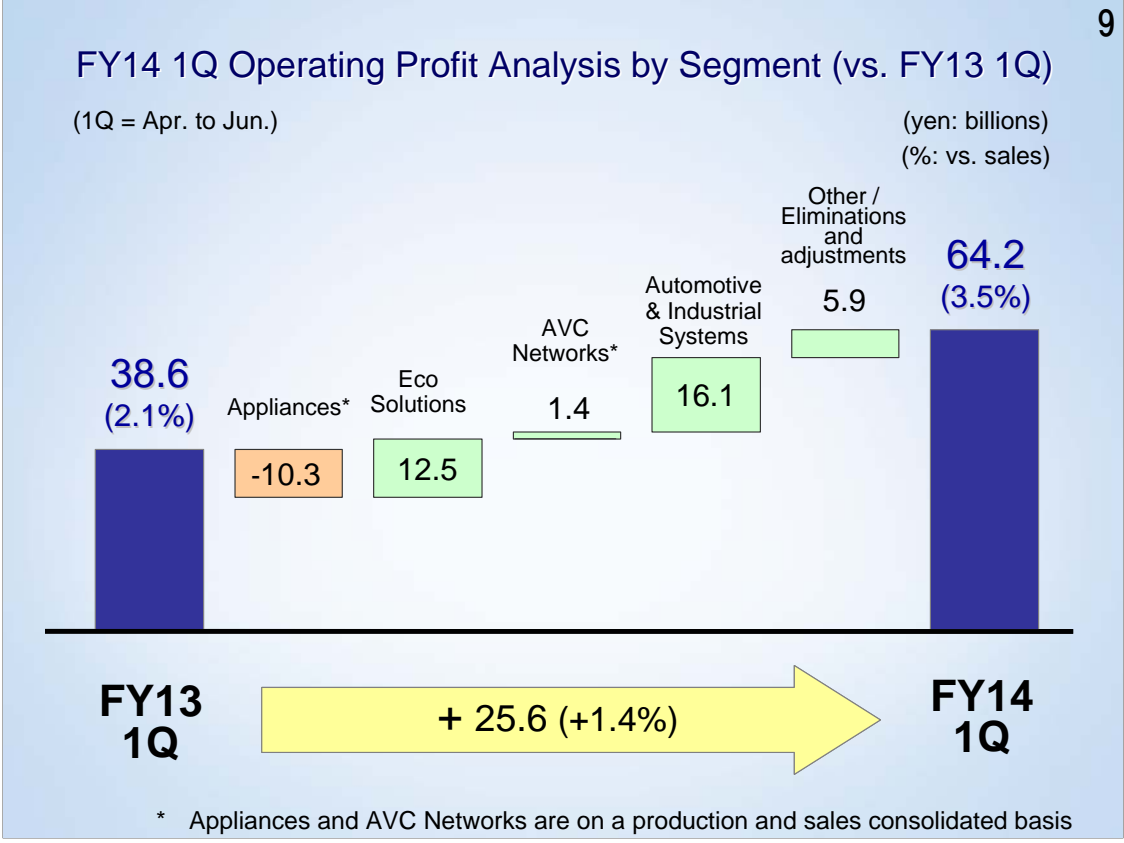
FY14 1Q Operating Profit Analysis (vs. FY13 1Q)

(1Q = Apr. to Jun.)

(yen: billions)
(%: vs. sales)



- This chart shows the operating profit analysis compared with the previous year.
- Operating profit worsened by 53.0 billion yen as a result of sales decrease in real terms. However, fixed cost reductions improved operating profit by 66.1 billion yen.
- Fixed cost reduction includes benefit from corporate-wide measures and benefit from restructuring carried out in fiscal 2013.
- A 4.5 billion yen improvement from streamlining on materials which exceeded price decline and a 8.0 billion yen benefit from yen depreciation also contributed to the overall improved operating profit of 25.6 billion yen.



- Next, operating profit analysis by segment.
- Although operating profit in Appliances decreased, operating profit was extensively increased in Eco Solutions due to favorable housing-related business and in Automotive & Industrial Systems which benefitted from yen depreciation.
- Results by segment follow later.

FY14 1Q Pre-tax and Net Income Analysis

(1Q = Apr. to Jun.)

(yen: billions)

	FY14 1Q	vs. FY13 1Q
Operating profit	64.2	+ 25.6
Non-operating income / loss *	58.4	+ 59.2
Pre-tax income	122.6	+ 84.8
Provision for income taxes	14.1	- 13.3
Equity in earnings of associated companies	1.3	+ 0.6
Net income	109.8	+ 98.7
Less net income attributable to noncontrolling interests	2.0	+ 3.7
Net income attributable to Panasonic Corporation	107.8	+ 95.0

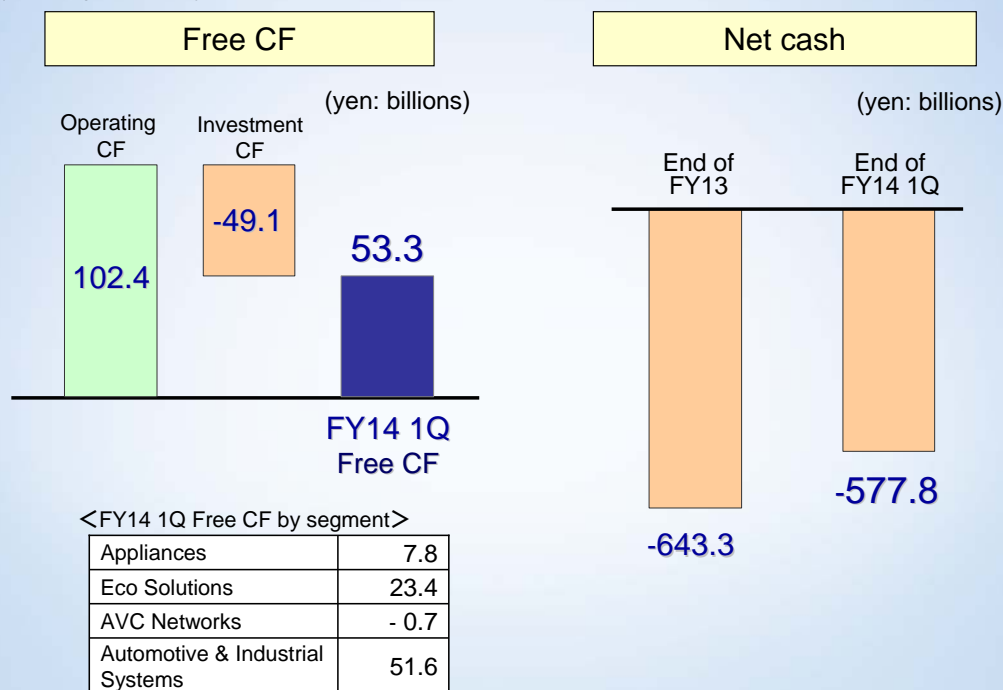
* Details of non-operating income / loss

Business restructuring expenses	- 4.3	- 1.5
Early retirement charges	- 0.2	+ 0.2

- Next, pre-tax and net income analysis.
- With regard to companies which are members of Panasonic Corporate Pension Fund, a one-off gain of 79.8 billion yen was recorded in the first quarter following the Company's decision of the transition to the defined contribution pension plan in some of their pension schemes.
- As a result, pre-tax income was 122.6 billion yen and net income attributable to Panasonic Corporation was 107.8 billion yen, showing significant increases from last year.
- Business restructuring expenses were 4.3 billion yen. As announced in May, 120.0 billion yen is planned for fiscal 2014.

FY14 1Q Free CF and Net Cash

(1Q = Apr. to Jun.)



- Next, free cash flow and net cash.
- Free cash flow on the left hand side of the graph was 53.3 billion yen in the first quarter and it is going as planned against the target of 200.0 billion yen for fiscal 2014.
- Net cash on the right hand side of the graph was minus 577.8 billion yen at the end of the first quarter, an improvement of 65.5 billion yen from the end of fiscal 2013, showing steady improvement of the financial structure.

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financial results

2. Segment analysis

- Next, by segment.

FY14 1Q Segment

(1Q = Apr. to Jun.)

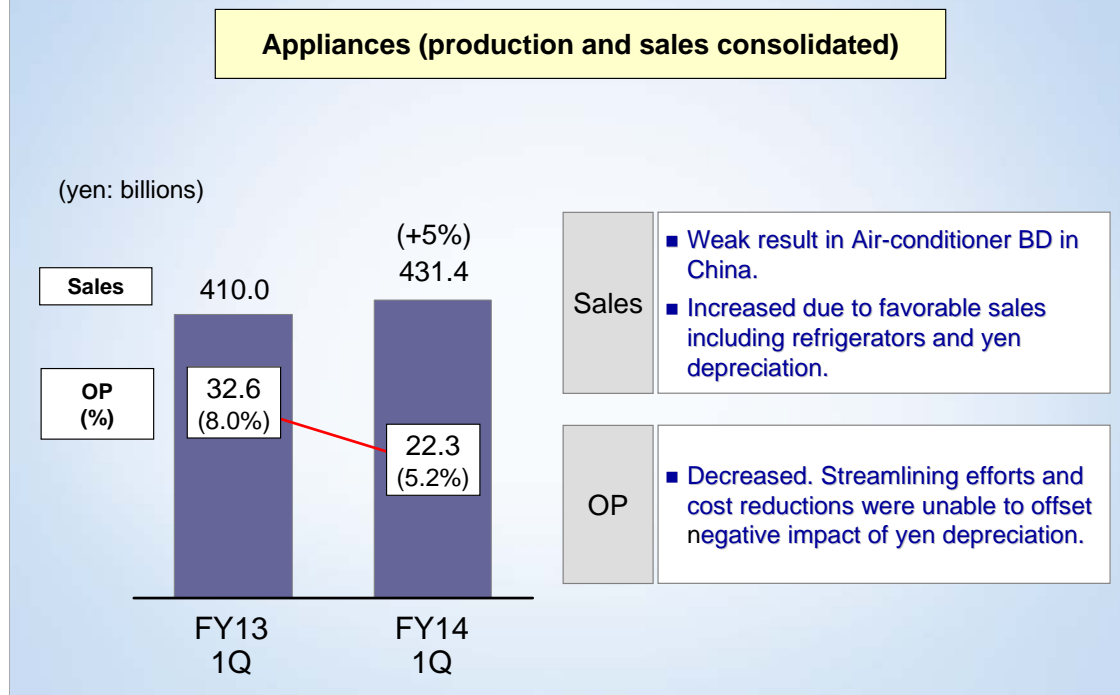
(yen: billions)

	FY14 1Q			
	Sales	vs. FY13 1Q	Operating profit	vs. FY13 1Q
Appliances	313.3	+3%	12.7	- 8.0
Eco Solutions	411.6	+6%	16.1	+ 12.5
AVC Networks	360.5	-10%	- 16.7	- 0.3
Automotive & Industrial Systems	664.3	+5%	28.7	+ 16.1
Other	185.3	-12%	- 2.8	+ 2.7
Subtotal	1,935.0	±0%	38.0	+ 23.0
Eliminations and adjustments	- 110.5	-	26.2	+ 2.6
Consolidated total	1,824.5	+1%	64.2	+ 25.6
Appliances (production and sales consolidated)*	431.4	+5%	22.3	- 10.3
AVC Networks (production and sales consolidated)*	405.3	-7%	- 17.6	+1.4

* The figures in "Appliances (production and sales consolidated)" and "AVC Networks (production and sales consolidated)" include the sales and profits of sales division for consumer products, which are included in "Eliminations and adjustments."

- First quarter results by segment are shown here.
- In the annual segment forecast announced in May, the benefits from corporate-wide fixed-cost reductions were included under "Eliminations and adjustments." However, the benefits are allocated to each segment in the first quarter result.
- Next, segment analysis.

FY14 1Q Results by Segment

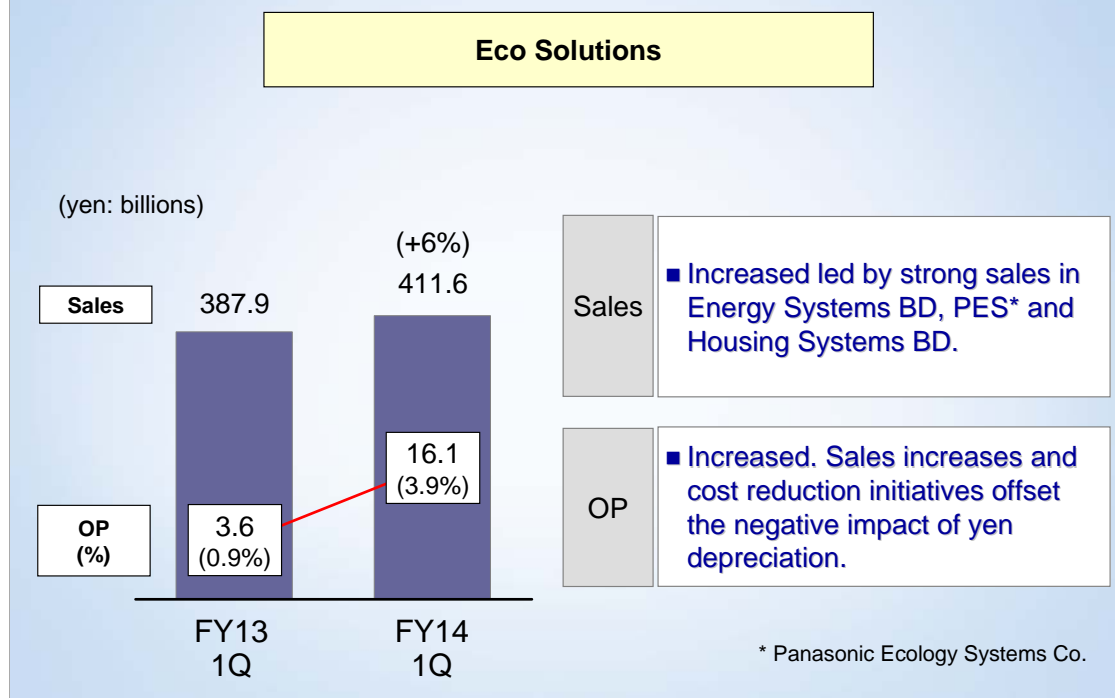


- First, Appliances based on a production and sales consolidated.
- Sales in Air-conditioner Business Division (BD) were lower due to weak sales in household air conditioners and compressors in China. However, favorable sales mainly in Refrigerator and Kitchen Appliances BDs, as well as yen depreciation, contributed to an overall sales increase of 5% from last year.
- Operating profit totaled 22.3 billion yen, down by 10.3 billion yen from last year. Streamlining efforts and cost reductions were unable to offset business deterioration in the Air-conditioner BD and the negative impact of yen depreciation.
- In the midterm, the Appliances Company will strengthen profitability in the BtoC business. In addition, it will implement business reform in order for the BtoB business to be a new pillar of profitability. But first, it will strive to achieve its targets for this fiscal year.

With regard to Air-conditioner BD whose profitability has fallen recently, measures for additional streamlining, building up sales and fixed cost reductions will be implemented.

Furthermore, the Appliances Company will accelerate the launch dates for new products.

FY14 1Q Results by Segment

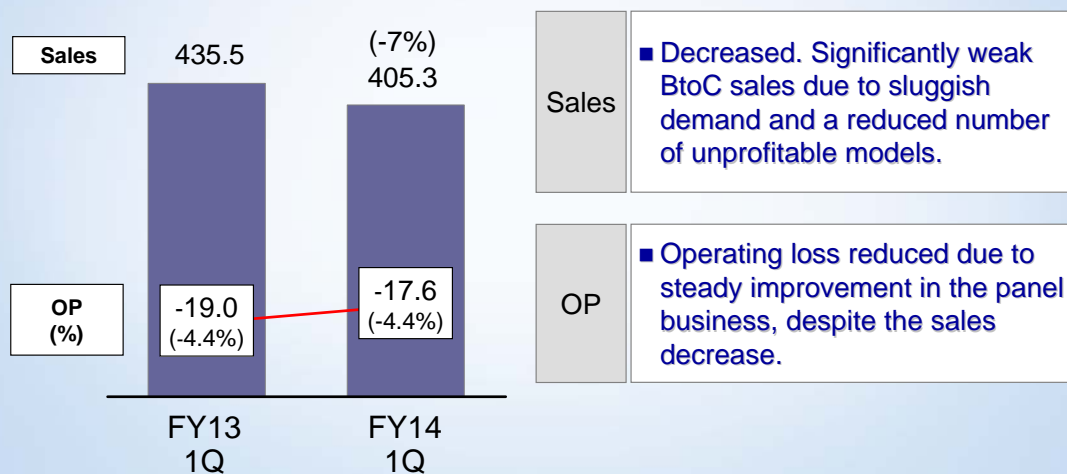


- Next, Eco Solutions.
- Overall sales increased by 6% from last year due to strong sales in solar business in the Energy Systems BD thanks to a demand surge prior to the purchasing price revision of feed-in tariff for renewable energy by Japanese government. Favorable sales in Panasonic Ecology Systems Co., Ltd. and Housing Systems BD also contributed to the overall sales increase.
- Operating profit totaled 16.1 billion yen, up 12.5 billion yen from last year. Negative impact of yen depreciation was offset mainly by sales increases and cost reduction initiatives.
- In the midterm, Eco Solutions Company will maximize profitability in its main market, Japan. In addition, it will expand its business in the growing markets and regions as well as expand the value chain in the engineering and service businesses.
In order to secure resources for the future, the Eco Solutions Company aims to achieve its annual targets for fiscal 2014 by capturing demand steadily before the consumption tax increase in Japan.

FY14 1Q Results by Segment

AVC Networks (production and sales consolidated)

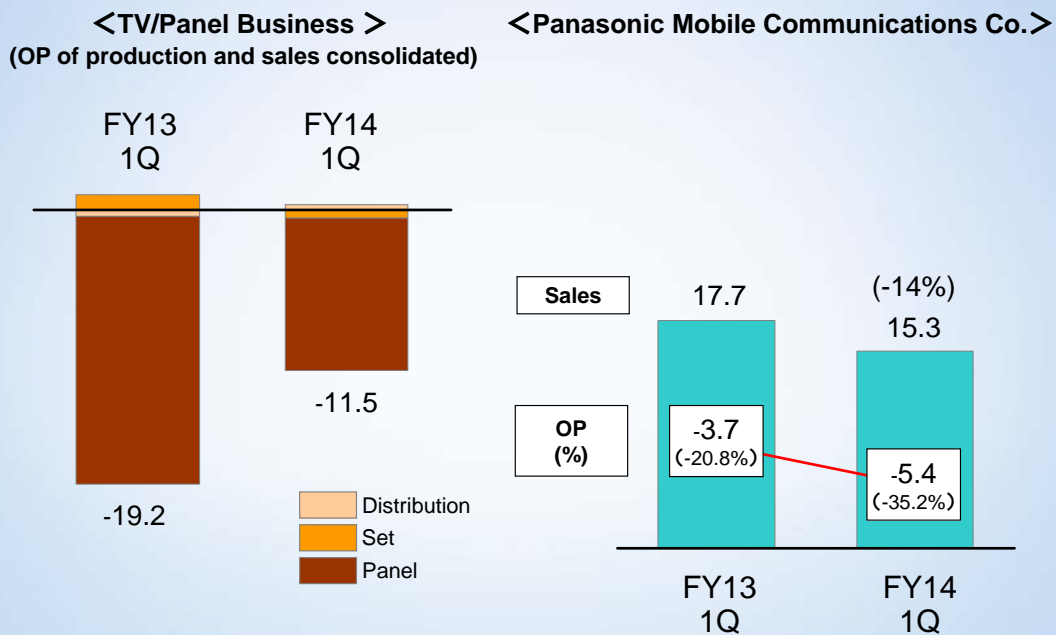
(yen: billions)



- First, AVC Networks based on a production and sales consolidated.
- Overall sales decreased by 7% from last year due to significantly weak sales in BtoC products such as DSCs and TVs, and mobile phones as a result of sluggish demand and a reduced number of unprofitable models.
- Operating loss was 17.6 billion yen, improved by 1.4 billion yen from last year due to steady improvement in the panel business despite the sales decrease.

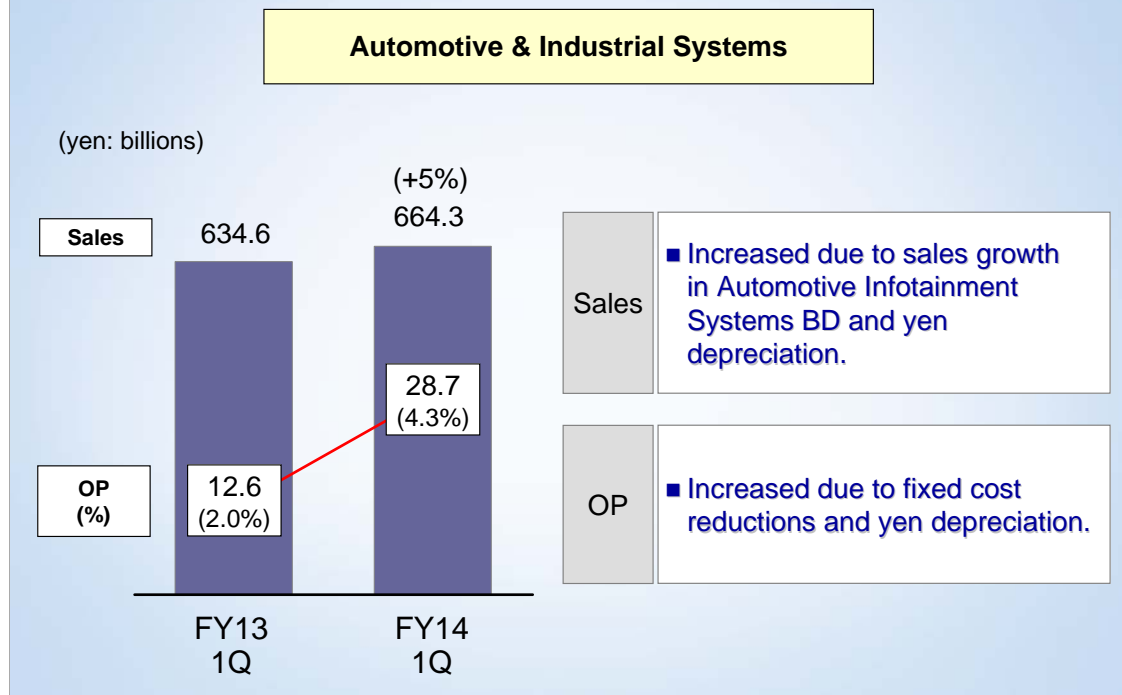
FY14 1Q Major Unprofitable Businesses

(yen: billions)



- This slide shows results of TV/Panel Business and Panasonic Mobile Communications Co., Ltd. (PMC)
- Although operating loss in TV/Panel business was 11.5 billion yen, the level of loss improved by 7.7 billion yen from last year as a consequence of panel business expansion for non-TV applications and fixed cost reductions.
- On the other hand, sales in PMC decreased by 14% from last year while operating loss was worsened by 1.7 billion yen to 5.4 billion yen. Bearing in mind that the severe situation is expected to continue, the Company is now revisiting its future policy.
- AVC Networks Company is determined to implement measures to eliminate losses of unprofitable businesses while aiming for profit growth through BtoB business expansion in the midterm.

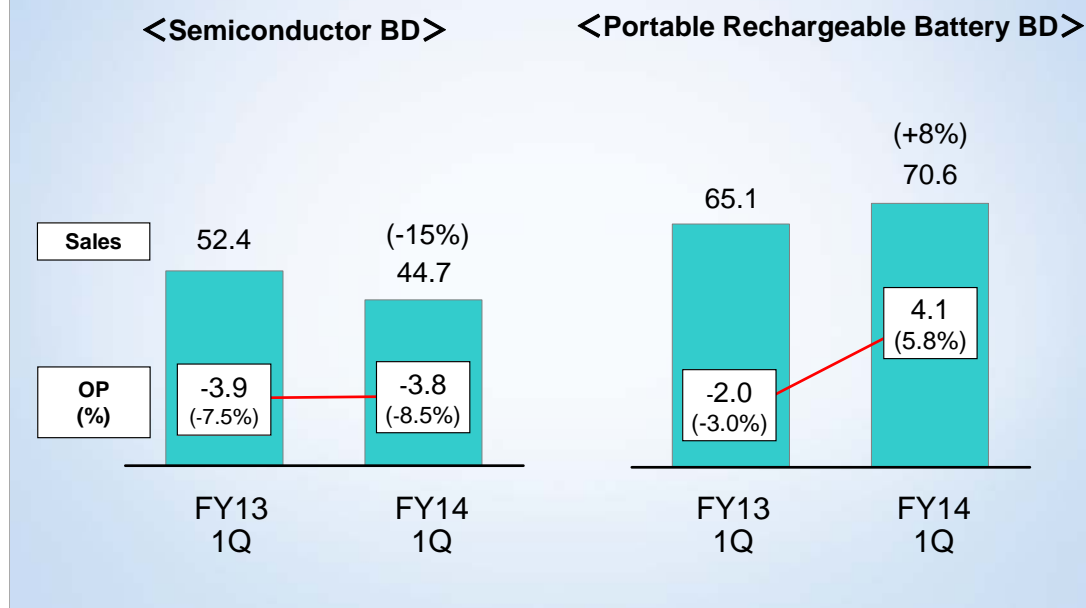
FY14 1Q Results by Segment



- Finally, Automotive & Industrial Systems.
- Sales increased by 5% from last year due to sales growth in Automotive Infotainment Systems BD with car makers' stable production overseas, and the positive impact of yen depreciation.
- Operating profit totaled 28.7 billion yen, up 16.1 billion yen due mainly to fixed cost reductions and the positive impact of yen depreciation.

FY14 1Q Major Unprofitable Businesses

(yen: billions)



- This slide shows results of Semiconductor BD (excluding system LSI) and Portable Rechargeable Battery BD (including lithium-ion batteries for consumer-use and others).
- Sales in Semiconductor BD decreased by 15% from last year due mainly to the cut backs in unprofitable digital AV products. On the other hand, despite lower sales operating profit remained the same level as the previous year due to fixed cost reductions.
- Sales in Portable Rechargeable Battery BD increased by 8% from last year. Although sales were weaker in cylindrical cells of lithium-ion battery for note PCs, sales increases for power and industrial use, and yen depreciation contributed to overall sales growth. Operating profit was 4.1 billion yen with an improvement of 6.1 billion yen, returning to the black due to improvement in the marginal profit and the positive impact of yen depreciation. Operating profit to sales ratio exceeded 5%, showing a significant improvement.
- Automotive & Industrial Systems Company will accelerate eliminating losses of unprofitable businesses and implement business structure changes in order to establish a foundation for mid to long term growth and profit with the automotive and industry as core businesses.

FY14 Full Year Segment Forecast Revision: Operating Profit

(yen: billions)

	FY14				Revised figures
	Sales	vs. FY13	Operating profit	vs. FY13	
Appliances	1,120.0	+3%	49.1	+ 12.7	+ 6.1
Eco Solutions	1,710.0	+2%	70.4	+ 7.6	+ 12.4
AVC Networks	1,690.0	+4%	43.0	+ 34.7	+13.0
Automotive & Industrial Systems	2,540.0	+1%	95.1	+65.6	+19.1
Other	900.0	-11%	17.6	+14.2	+ 9.6
Subtotal	7,960.0	+1%	275.2	+ 134.8	+ 60.2
Eliminations and adjustments	- 760.0	-	- 25.2	- 45.7	- 60.2
Consolidated total	7,200.0	-1%	250.0	+ 89.1	0.0
Appliances (production and sales consolidated) *	1,510.0	+3%	69.7	+ 11.2	+ 6.7
AVC Networks (production and sales consolidated) *	1,830.0	±0%	37.3	+ 68.9	+ 13.3

* The figures in "Appliances (production and sales consolidated)" and "AVC Networks (production and sales consolidated)" include the sales and profits of sales division for consumer products, which are included in "Eliminations and adjustments."

- This slide shows full year forecast revision by segment for fiscal 2014.
- The benefits from corporate-wide fixed-cost reductions were included under "Eliminations and adjustments" in the forecast which was announced in May. However, the benefit has now been allocated to each segment and the Company has revised each operating profit forecast in the first quarter.
- The revised figures are shown on the right hand side of the table.

Panasonic

- Thank you for your continued support.

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