Fiscal 2014 Third Quarter and Nine-month Financial Results

February 4, 2014
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.
   In addition, “fiscal 2014 nine-month” or “FY14 9M” refer to the period from April to December 2013.

• This presentation contains consolidated financial results for the third quarter and the nine-month ended December 31, 2013, of the current fiscal year ending March 31, 2014.
• First, third quarter financial results. This presentation is mainly based on the three months’ results.
• This slide shows two main points regarding the third quarter of fiscal 2014.

• Firstly, operating profit increased significantly from last year due mainly to steady improvements of unprofitable businesses, which is a target of the Midterm Management Plan.

In particular, profit improvements in TV/Panel and Portable Rechargeable Battery businesses contributed considerably to overall profit increase. The Company also has been steadily implementing radical restructuring, such as contraction of printed circuit board business and re-organization of semiconductor business in the third quarter. In addition, undertaking company-wide fixed-cost reductions and streamlining initiatives support profit increase.

• Secondly, the transformation of corporate business structure has been steadily progressing.

Sales have been increasing steadily with profitability in prioritized areas: housing- (in Japan) and automotive-related businesses (in both Japan and overseas). On the other hand, sales in unprofitable digital consumer-related business have been decreasing in particular overseas, as the Company focuses more on profitability than sales increase.
This slide shows financial results for the third quarter (October to December 2013).

Consolidated group sales were up by 10% compared with the previous year. However, in real terms, excluding the effects of exchange rates, consolidated group sales decreased by 1%.

Operating profit totaled 116.6 billion yen, recording a significant improvement of 82.0 billion yen from last year.

Both pre-tax income and net income attributable to Panasonic Corporation increased from last year.

<table>
<thead>
<tr>
<th></th>
<th>FY14 3Q</th>
<th>FY13 3Q</th>
<th>vs. FY13 3Q/ difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>970.3</td>
<td>917.2</td>
<td>+6%</td>
</tr>
<tr>
<td>Overseas</td>
<td>1,003.2</td>
<td>884.3</td>
<td>+13% (-7%) *</td>
</tr>
<tr>
<td>Sales</td>
<td>1,973.5</td>
<td>1,801.5</td>
<td>+10% (-1%) *</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+172.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>116.6 (5.9%)</td>
<td>34.6 (1.9%)</td>
<td>+237% +82.0</td>
</tr>
<tr>
<td>Pre-tax income</td>
<td>99.6 (5.0%)</td>
<td>9.3 (0.5%)</td>
<td>+974% +90.3</td>
</tr>
<tr>
<td>Net income **</td>
<td>73.7 (3.7%)</td>
<td>61.4 (3.4%)</td>
<td>+20% +12.3</td>
</tr>
</tbody>
</table>

* Real terms excluding the effects of exchange rates (unreviewed)
** Net income attributable to Panasonic Corporation

Exchange rates:
- 1 US dollar = 100 yen (81 yen), 1 Euro = 137 yen (105 yen), 1 Renminbi = 16.52 yen (13.02 yen)
Next, financial results for the nine months (April to December 2013).

Consolidated sales and profits showed similar trends to the three months results.

Pre-tax income improved significantly as the large-scale business restructuring expenses were recorded in the second quarter of last year. Net income attributable to Panasonic Corporation also showed a considerable improvement as a consequence of the aforementioned reason as well as an increase in valuation allowances to deferred tax assets in the second quarter last year.
• This chart shows the operating profit analysis compared with the previous year.

• Although profitability declined by 3.0 billion yen due to sales decrease in real terms, fixed-cost reductions improved profitability by 50.0 billion yen.

• Of the fixed cost reductions, approximately 7.0 billion yen was a benefit from last fiscal year’s restructuring.

• Other positive impacts, 30.0 billion yen was from streamlining of material costs which exceeded price declines, and 5.0 billion yen was from yen depreciation. As a result, operating profit increased by 82.0 billion yen in total.
• Next, operating profit analysis by segment.

• Operating profit increased in all segments. In particular, profitability extensively improved in AVC Networks (which returned into the black due mainly to business restructuring) and in Automotive & Industrial Systems (due to strong automotive-related business).

• Results by segment follow later.
• This slide shows sales analysis by major product in the third quarter.

• Sales in real terms (excluding the effects of exchange rates) increased steadily in housing- and automotive-related products such as in housing, automotive infotainment and energy systems. However, weaker sales in digital consumer-related products such as TVs, and a business transfer negatively impacted overall sales, slightly declining in real terms by 10.0 billion yen from last year.
• Next, pre-tax and net income analysis.

• Business restructuring expenses were 38.1 billion yen. Impairment loss of fixed assets was incurred, relating to printed circuit board business.

As a result, pre-tax income was 99.6 billion yen and net income attributable to Panasonic Corporation was 73.7 billion yen.

• Furthermore, provision for income taxes increased as a result of re-recording deferred tax assets in the same period last year, following business consolidation in the subsidiaries in Japan.
• Next, free cash flow and net cash.

• Free cash flow on the left hand side of the slide was 278.2 billion yen in the nine months, exceeding the Company’s full year target of 200.0 billion yen. Free cash flow by segment is also shown on the slide.

• Net cash on the right hand side of the slide was minus 346.6 billion yen at the end of the third quarter, an improvement of 296.7 billion yen from the end of FY2013. The Company’s financial structure has been improving steadily.
**FY14 3Q & 9M Results by Segment**

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY14 3Q (Oct. to Dec.)</th>
<th>FY14 9M (Apr. to Dec.)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Sales vs. FY13 OP vs.</td>
<td>Sales vs. FY13 OP vs.</td>
</tr>
<tr>
<td>Appliances</td>
<td>FY13</td>
<td>FY13</td>
</tr>
<tr>
<td></td>
<td>292.8 +15% 9.8 +3.6</td>
<td>903.2 +8% 27.0 -7.9</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>475.6 +10% 32.1 +7.8</td>
<td>1,331.3 +8% 73.5 +29.5</td>
</tr>
<tr>
<td>AVC Networks</td>
<td>413.7 +7% 10.1 +21.0</td>
<td>1,169.1 -4% -6.4 +17.7</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems</td>
<td>694.9 +14% 28.2 +29.0</td>
<td>2,050.8 +9% 86.4 +59.2</td>
</tr>
<tr>
<td>Other</td>
<td>201.4 -3% 3.7 +7.2</td>
<td>594.8 -8% 9.1 +19.0</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,078.4 +10% 83.9 +68.6</td>
<td>6,049.2 +4% 189.6 +117.5</td>
</tr>
<tr>
<td>Eliminations and adjustments</td>
<td>-104.9</td>
<td>-369.4 -</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>1,973.5 +10% 116.6 +82.0</td>
<td>5,679.8 +4% 263.2 +141.2</td>
</tr>
<tr>
<td>Appliances (production and sales consolidated)</td>
<td>396.4 +15% 15.4 +0.8</td>
<td>1,222.5 +9% 44.5 -10.4</td>
</tr>
<tr>
<td>AVC Networks (production and sales consolidated)</td>
<td>496.7 +6% 11.7 +30.5</td>
<td>1,341.0 ±0% -10.1 +32.0</td>
</tr>
</tbody>
</table>

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

- Next, results by segment.
- Operating profit increased in all segments on a three-month basis.
• First, Appliances based on a production and sales consolidated.

• Sales in BtoC business, such as household air-conditioners and refrigerators were favorable due mainly to a demand surge prior to the consumption tax increase in Japan. The positive impact of yen depreciation also helped the overall sales increase of 15% from last year.

• Operating profit totaled 15.4 billion yen, up by 0.8 billion yen from last year. Profitability improvement on the back of sales increases and cost reductions offset the negative impact of yen depreciation on products manufactured in overseas factories for the Japanese market.
• Next, Eco Solutions.

• Sales increased by 10% from last year. Sales increased in all Business Divisions (BDs) thanks mainly to a demand surge prior to the consumption tax increase in Japan.

• Negative impact of yen depreciation was offset mainly by sales increases and cost reduction initiatives. As a result, operating profit totaled 32.1 billion yen, up by 7.8 billion yen from last year.
• Next, AVC Networks based on a production and sales consolidated.

• Sales increased by 6% from last year. Sales decreases in BtoC business associated with restructuring and weak demand were offset by steady sales increases in BtoB business and the positive impact of yen depreciation.

• Operating profit improved significantly from last year to 11.7 billion yen, returning into the black due to sales increases in BtoB business. Restructuring benefit from TV/Panel and mobile phones businesses, and fixed-cost reductions through distribution reform also contributed to the profit increase.
• This slide shows results of major challenging businesses.

• Operating loss in TV/Panel business was 8.1 billion yen. This was an improvement of 17.4 billion yen from last year due to business expansion for non-TV applications and fixed cost reductions in the panel business. Cut backs in unprofitable models and streamlining initiatives in the set business as well as fixed-cost reductions and other measures through reform in the distribution business also contributed to the profit increase.

• Sales in Panasonic Mobile Communications Co., Ltd. decreased significantly by 40% from last year due to the suspension of the development of new products in the BtoC smartphones. On the other hand, operating profit returned into the black, improving by 5.2 billion yen to 1.1 billion yen due to fixed-cost reductions.
• Finally, Automotive & Industrial Systems.

• Sales increased by 14% from last year due to sales growth in automotive-related business including Automotive Infotainment Systems BD in line with car makers’ increased production in Japan and overseas, and the positive impact of yen depreciation.

• Operating profit improved considerably to 28.2 billion yen due mainly to sales increases in automotive-related business and the positive impact of yen depreciation.
• This slide shows results of major challenging businesses.

• Sales in Semiconductor BD increased by 9% from last year due mainly to sales increases in automotive-related businesses and the positive impact from yen depreciation. Operating loss improved from last year due mainly to fix-cost reductions. However, it remains to be in the red, recording a loss of 5.4 billion yen in the third quarter.

• Sales in Portable Rechargeable Battery BD increased by 18% from last year. Although sales were weaker in lithium-ion batteries for note PCs, sales increases in lithium-ion batteries for automotive- and industrial-use contributed to the overall sales growth.

Operating profit returned to the black to 1.9 billion yen with an improvement of 4.5 billion yen. This was due to improvement in marginal profit and the positive impact of yen depreciation.
Lastly, revision of full year forecasts for fiscal 2014.

Revision of full year segment forecasts for fiscal 2014 are shown here, followed by full year forecasts which were revised in October 2013.
• Operating profit in Eco Solutions is expected to exceed last July’s forecast due to sales increases associated with a demand surge prior to the consumption tax increase in Japan. However, operating profits in Appliances, AVC Networks and Automotive & Industrial Systems are anticipated to be lower than the previous forecasts.

• Main reasons for lower profit forecast in Appliances are negative impact of yen depreciation and weaker performance in Air-conditioner BD.

• In AVC Networks, although BtoB business is stable, the downward revision is due to termination of the plasma display panel business and weaker sales in DSCs because market conditions are worse than expected.

• In Automotive & Industrial Systems, although automotive-related business continues to be favourable, the downward revision is due to significant deterioration in Semiconductor and Printed Circuit Board BDs.
• This slide shows forecasts for major challenging businesses.

• Compared with last May’s forecasts, operating profit in TV BD is expected to be lower by 4.7 billion yen due mainly to the negative impact of yen depreciation. However, operating profit, excluding the effects of exchange rates, is anticipated to show a steady improvement.

• The downward revision in Panasonic Mobile Communications Co., Ltd. is caused by weak domestic smartphone business. However, the development of new products in the BtoC smartphone market has already been suspended and a return to profit is predicted in the second half of fiscal 2014.

• A large operating loss of 27.8 billion yen in Semiconductor BD is forecast associated with business restructuring such as devaluation of inventory.

• Operating profit in Portable Rechargeable Battery BD is predicted to improve due mainly to favourable sales for automotive-use.

• Restructuring of each business has been progressing steadily by carrying out the appropriate responses to each business environment. The Company continues to strive for radical reform in order to eliminate unprofitable businesses.
• Thank you for your continued support.
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