Fiscal 2015 Second Quarter and Six Months Financial Results

October 31, 2014
Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, “fiscal 2015” or “FY2015” refers to the year ending March 31, 2015.
   In addition, “fiscal 2015 six months” or “FY15 6M” refer to the period from April to September 2014.

• This presentation contains consolidated financial results for the second quarter and the first six months ended September 30, 2014 of fiscal year 2015.
• This slide shows four points.

• Firstly, sales regarding the second quarter of fiscal 2015. Although sales increased in solar and automotive-related products, overall sales remained at the same level as last year as a result of sales decreases in challenging businesses including TVs as well as the negative impact of the consumption tax increase in Japan.

• Secondly, operating profit. Profitability in all segments (excluding ‘Other’) increased despite the negative impact of the termination of corporate-wide measures.

• Thirdly, net cash. Net cash returned to the black for the first time in five years since the end of September 2009 due to group-wide initiatives to generate cash.

• Lastly, full year forecasts. Forecast of profitability has been revised upward for full year fiscal 2015, reflecting the performance in the first half which exceeded the Company’s business plan targets. As a result, operating profit of 350.0 billion yen (the mid-term plan target) is expected to be achieved ahead of schedule.
This slide shows financial results for the second quarter (July to September) in fiscal 2015.

Although consolidated group sales were the same level as the previous year, operating profit increased. Both pre-tax income and net income attributable to Panasonic Corporation decreased from last year.

<table>
<thead>
<tr>
<th></th>
<th>FY15 2Q</th>
<th>FY14 2Q</th>
<th>vs. FY14 2Q/ difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(yen: billions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>892.5</td>
<td>922.4</td>
<td>-3%</td>
</tr>
<tr>
<td>Overseas</td>
<td>978.1</td>
<td>959.4</td>
<td>+2%</td>
</tr>
<tr>
<td>Sales</td>
<td>1,870.6</td>
<td>1,881.8</td>
<td>-1%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>94.7 (5.1%)</td>
<td>82.4 (4.4%)</td>
<td>+15%</td>
</tr>
<tr>
<td>Pre-tax income</td>
<td>66.8 (3.6%)</td>
<td>84.8 (4.5%)</td>
<td>-21%</td>
</tr>
<tr>
<td>Net income **</td>
<td>43.0 (2.3%)</td>
<td>61.5 (3.3%)</td>
<td>-30%</td>
</tr>
</tbody>
</table>

Exchange rates

- 1 US dollar: 104 yen, 99 yen
- 1 Euro: 138 yen, 131 yen
- 1 Renminbi: 16.85 yen, 16.17 yen

* Real terms excluding the effects of exchange rates (unreviewed)
** Net income attributable to Panasonic Corporation
• Next, financial results for the first six months in fiscal 2015.

• Consolidated sales and operating profit increased from last year. However, both pre-tax income and net income attributable to Panasonic Corporation decreased following the one-off gain in the first quarter last year from the transition to the defined contribution pension plan.
• First, this slide shows sales analysis by major product in the second quarter (July to September).

• Sales in TVs, optical devices and DSCs decreased due to the Company's reforms in order to cutback unprofitable products in challenging businesses. Furthermore, sales in housing systems and PanaHome decreased as a consequence of weak demand after the consumption tax increase in Japan. However, sales in energy systems, automotive infotainment and other products increased, resulting in overall sales being the same level as last year.
• Sales analysis by region is shown here. Although sales in Japan, the Americas and Europe were down, sales in strategic regions such as Asia and China increased from last year.

• In Japan, weaker sales mainly in home electronics and housing-related products were impacted by a decrease in demand after the consumption tax hike. In the Americas, although automotive-related sales increased, it could not offset sales decreases mainly in TVs which includes terminated PDPs. Sales in Europe were down due to weaker sales in TVs and DSCs as well as the impact of continuing political instability in the Ukraine.

• On the other hand, in Asia, sales in housing-related were favourable. Overall sales in China increased due to favourable sales in mounting equipment and a sales recovery in air-conditioners.
• Next, operating profit analysis compared with last year.

• The termination of corporate-wide measures and business transfers such as healthcare, as well as sales decrease due to reforms in challenging businesses, negatively impacted profitability. However, operating profit increased due to streamlining and reductions in fixed-costs. Benefits from business restructuring also contributed to the increase in profitability.
Next, pre-tax and net income analysis.

Non-operating loss was 27.9 billion yen of which 5.5 billion yen was business restructuring expenses.

Pre-tax income was 66.8 billion yen and net income attributable to Panasonic Corporation was 43.0 billion yen. Decreases in both profit figures were due mainly to capital gains which were recorded in the same period last year.
• Next, free cash flow and net cash.

• Although the second quarter is a demand season for funding, six month accumulated free cash flow on the left hand side of the slide was 87.3 billion yen. This was due mainly to efforts to generate cash and a business transfer of SAW (surface acoustic wave) filter. Net cash on the right hand side of the slide was 35.3 billion yen at the end of September 2014 as a result of increased free cash flow and the impact of the yen depreciation. Net cash returned to the black for the first time in five years since the end of September 2009.
### FY15 2Q & 6M Results by Segment

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY15 2Q (July to Sept.)</th>
<th>FY15 6M (Apr. to Sept.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>vs. FY14 2Q</td>
</tr>
<tr>
<td>Appliances</td>
<td>444.7</td>
<td>+1%</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>406.0</td>
<td>+1%</td>
</tr>
<tr>
<td>AVC Networks</td>
<td>273.9</td>
<td>-6%</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems (AIS)</td>
<td>700.0</td>
<td>+2%</td>
</tr>
<tr>
<td>Other</td>
<td>154.7</td>
<td>-19%</td>
</tr>
<tr>
<td>Eliminations and adjustments</td>
<td>-108.7</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>1,870.6</td>
<td>-1%</td>
</tr>
<tr>
<td>Appliances (production and sales consolidated) *</td>
<td>560.0</td>
<td>±0%</td>
</tr>
</tbody>
</table>

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

- Next, results by segment.

- On July 1, 2014, some businesses were transferred to other segments among the Appliances, AVC Networks and AIS. As a result, six month accumulated and fiscal 2014 results have been reclassified based on the new business structure.
• Next, operating profit analysis by segment.

• Although profitability in ‘Other’ declined due to transfer of Healthcare business, profitability in all the other four segments increased. In particular, profitability in Appliances and AIS led the overall operating profit increase.

• Results by segment follow later.
• First, Appliances based on production and sales consolidated.

• Overall sales were the same level as last year. Sales in TVs decreased due mainly to the impact of termination of PDP business. However, sales in white goods, cold-chains, devices and other businesses were favourable.

• Operating profit increased. Profitability in air-conditioners and TVs continued to improve in the second quarter following the recovery in the first quarter. The device businesses, such as motors which are shifting to higher margin products range, also led to the overall profit increase.
Next, results in air-conditioner and TV businesses.

Sales in air-conditioner business on the left hand side of the slide increased. This was because a sales increase in China offset the negative impact of weather instability in Japan and Europe. Operating profit also improved due mainly to the impact of sales increase and streamlining efforts.

Results in the TV business are shown on the right hand side of the slide. Although sales decreased due to the termination of PDP business and intensified price pressure from competitors centered in Europe, operating profit steadily improved. This was due to sales increase in the value-added products such as 4Ks, the impact of distribution reform with direct factory-to-store shipments in the Americas and rationalization initiatives, including panel procurement.
• Next, Eco Solutions.

• Overall sales increased. In Japan, sales in the housing system decreased due to weak demand in the housing market after the consumption tax rate hike. Nonetheless, sales in solar business for housing and LED lighting increased. Overseas sales increased due to newly-consolidated VIKO, a Turkish company as well as sales increases in strategic regions such as India.

• Operating profit increased due mainly to sales increases including in the solar business, and rationalization initiatives.
• Next, AVC Networks.

• Although sales increased in BtoB businesses such as ruggedized PCs/tablets and projectors, overall sales decreased due mainly to exit from unprofitable businesses including plasma panels as well as narrowing down business areas including smartphones and DSCs.

• Operating profit increased thanks to profit increase in BtoB businesses and benefits from restructuring which were carried out last fiscal year.
• Lastly, results of AIS.

• Sales lowered in cutback and withdrawal businesses, such as optical pick-ups and circuit boards. Sales were also affected by the business transfer of SAW (Surface Acoustic Wave) filter. However, overall sales increased thanks to favourable sales for automotive-related businesses such as infotainment systems and electronic component mounting equipment. Positive impact of exchange rates also contributed to increase in profitability.

• Operating profit increased thanks to the above-mentioned sales increase, restructuring centered on the challenging businesses and rationalization.
• Next, results of semiconductor and LCD panel businesses.

• Overall sales in semiconductor business on the left hand side of the slide decreased. This was owing to weak sales for AV and ICT use despite favourable sales for automotive and industrial use. Operating profit improved attributable to fixed-cost reduction initiatives and benefits from restructuring which offset sales decrease.

• Sales increased in LCD panel business on the right hand side of the slide as a result of significant sales growth in panels for industrial use. Robust sales in TV-use panels which showed strong demand from customers also contributed overall sales increase. Operating profit also improved because of cost downs in raw materials and fixed-cost reductions.
Next, revision of full year forecasts for fiscal 2015.

Forecast for sales remains unchanged. This is because the Company is taking a cautious view of challenging businesses such as TVs, although sales growth in automotive/housing-related businesses and the positive impact of the yen depreciation can be expected.

Operating profit is expected to increase by 40.0 billion yen to 350.0 billion yen thanks mainly to favourable sales in solar business in Eco Solutions. This will enable the Company to achieve the operating profit target of the mid-term plan one year ahead of schedule.

Pre-tax income is forecast to increase by 40.0 billion yen to 160.0 billion yen while net income attributable to Panasonic Corporation is forecast to increase by 35.0 billion yen to 175.0 billion yen.

The Company will strive to generate more than 200.0 billion yen of free cash flow through strengthening initiatives of cash generation.
### FY15 Revision of Full Year Forecasts by Segment

<table>
<thead>
<tr>
<th></th>
<th>FY15 revised full year forecasts</th>
<th>Revised figures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>vs. FY14</td>
</tr>
<tr>
<td>Appliances</td>
<td>1,779.0</td>
<td>±0%</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>1,637.0</td>
<td>-2%</td>
</tr>
<tr>
<td>AVC Networks</td>
<td>1,140.0</td>
<td>-1%</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems (AIS)</td>
<td>2,766.0</td>
<td>+2%</td>
</tr>
<tr>
<td>Other</td>
<td>700.0</td>
<td>-21%</td>
</tr>
<tr>
<td>Eliminations and adjustments</td>
<td>-272.0</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>7,750.0</td>
<td>±0%</td>
</tr>
</tbody>
</table>

- Lastly, revision of full year forecasts for fiscal 2015 by segment. As previously explained, some segments have been revised after each segment was carefully examined.
• Thank you for your continued support.
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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.
## Segments and Business Divisions

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

### Eco Solutions
- Lighting BD
- Energy Systems BD
- Housing Systems BD
- Panasonic Ecology Systems Co., Ltd.

### AVC Networks
- Imaging Network BD
- Storage BD
- Visual Systems BD
- Avionics BD
- IT Products BD
- Security Systems BD
- Communication Products BD
- Office Products BD
- Infrastructure Systems BD
- System Solutions Company (Japan)

### Other
- Panasonic Home Corporation
- System LSI BD

### Automotive & Industrial Systems
- Automotive Infotainment Systems BD
- Automotive Electronics BD
- Energy Device BD
- Panasonic Storage Battery Co., Ltd.
- Portable Rechargeable Battery BD
- Automotive Battery BD
- Capacitor BD
- Circuit Components BD
- Electromechanical Components BD
- Electronic Materials BD
- Automation Controls BD
- Panasonic Semiconductor Solutions Co., Ltd.
- Panasonic Precision Devices Co., Ltd.
- Panasonic Factory Solutions Co., Ltd.
- Panasonic Welding Systems Co., Ltd.
- Panasonic Liquid Crystal Display Co., Ltd.

**BD**: Business Division

*As of October 31, 2014*