Fiscal 2016 Third Quarter and Nine Month Financial Results

February 3, 2016
Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, “fiscal 2016” or “FY2016” refers to the year ending March 31, 2016.
   In addition, “fiscal 2016 nine months” or “FY16 9M” refer to the period from April to December 2015.

- This presentation contains consolidated financial results for the third quarter and the nine months ended December 31, 2016 of fiscal 2016.
3Q (Oct.-Dec.) Consolidated Financial Results and Full-year Forecasts

➢ **3Q results: Decreased in sales and increased in OP**

Sales: Decreased due to struggling solar panel business in Japan and ICT related business, although appliances and B2B solution businesses were in steady growth.

OP: Improved due to strong profit structure and sales expansion in growing businesses.

➢ **Full-year forecasts: Revised down in sales and OP**

- 3Q results: sales decreased and OP increased. Sales decreased due to struggling solar panel business in Japan and ICT related business including rechargeable batteries, while appliance business in Japan and Asia and B2B solution business were in steady growth.

- OP improved due to strong profit structure, streamlining and sales expansion in growing businesses.

- Full-year forecast is revised down in sales and OP due to sluggish demand and negative effect from emerging countries’ currency depreciation.
In FY16 3Q (Oct.-Dec.), both consolidated group sales and consolidated group sales in real terms decreased by 4% y-y.

OP increased by 6% y-y, pre-tax income increased, and net income attributable to Panasonic Corporation decreased y-y.
In FY16 nine month (Apr.-Dec.) period, consolidated group sales decreased by 1% and consolidated group sales in real terms decreased by 4% y-y.

OP, pre-tax income and net income attributable to Panasonic Corporation increased y-y respectively.
• FY16 3Q sales analysis by region.

• Japan: sales decreased due to weak solar panel and housing system businesses, while appliance and auto related businesses grew.

• Americas: sales decreased due to scale-down TV business and lagging note PC business.

• Europe: sales increased due to stable residential air-conditioner business, offsetting declining flat-panel TV business.

• Asia: sales increased due to expanding appliance and flat-panel TV businesses, offsetting weak device business.

• China: sales decreased due to sluggish device business.
FY16 3Q OP analysis.

Having negative effect from exchange rate movement and sales decrease, business withdrawal/scale-down improved profitability as planned. Streamlining and business structure change contributed to profit increase, offsetting impact from price decline.

In addition, fixed cost was reduced including restructuring benefit. As a whole, OP increased by 6.5 billion yen y-y.
● FY16 3Q sales and OP analysis.

● Business withdrawal/scale-down improved OP and slimmed down sales as planned.

● TV business: while sales decreased from downsizing marketing activities, OP significantly increased due to improved product mix to shift focus to high value-added products and considerable rationalization benefit.

● 6 BDs: sales decreased due to Rechargeable Battery and Housing Systems, and OP decreased due to sales decrease in these two BDs and R&D cost increase in Automotive Infotainment Systems.

● Other businesses: while sales decreased due to solar panels, refrigeration/air-conditioning devices and note PCs, OP increased due to appliance with improved product mix and B2B solution businesses with steady profit improvement, offsetting profit decline from sales decreases.

● Exchange rate has negatively affected on both sales and OP due to emerging countries’ currency depreciation starting in FY16 3Q.
FY16 3Q Pre-Tax and Net Income Analysis

<table>
<thead>
<tr>
<th>(yen: billions)</th>
<th>FY16 3Q</th>
<th>vs. FY15 3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>119.8</td>
<td>+6.5</td>
</tr>
<tr>
<td>Non-operating income/loss*</td>
<td>-29.4</td>
<td>-2.3</td>
</tr>
<tr>
<td>Pre-tax income</td>
<td>90.4</td>
<td>+4.2</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>39.3</td>
<td>+15.8</td>
</tr>
<tr>
<td>Equity in earnings of associated companies</td>
<td>3.3</td>
<td>+0.4</td>
</tr>
<tr>
<td>Net income</td>
<td>54.4</td>
<td>-11.2</td>
</tr>
<tr>
<td>Less net income attributable to noncontrolling interests</td>
<td>5.5</td>
<td>-0.6</td>
</tr>
<tr>
<td>Net income attributable to Panasonic Corp.</td>
<td>48.9</td>
<td>-10.6</td>
</tr>
</tbody>
</table>

*Detail of non-operating income/loss

- Business restructuring expenses: -3.3 (+7.2)

- FY16 3Q pre-tax and net income analysis.

- Non-operating loss worsened by 2.3 billion yen y-y to 29.4 billion yen, since gain on sales of businesses was recorded last year, while restructuring expenses decreased.

- Pre-tax income was 90.4 billion yen and net income attributable to Panasonic Corporation was 48.9 billion yen.
**FY16 3Q Results by Segment**

<table>
<thead>
<tr>
<th></th>
<th>FY16 3Q Sales</th>
<th>vs. FY15 3Q</th>
<th>OP</th>
<th>vs. FY15 3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliances</td>
<td>605.3</td>
<td>-5%</td>
<td>26.8</td>
<td>+8.4</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>409.9</td>
<td>-6%</td>
<td>25.2</td>
<td>-8.7</td>
</tr>
<tr>
<td>AVC Networks</td>
<td>283.3</td>
<td>-4%</td>
<td>18.7</td>
<td>+1.0</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems</td>
<td>676.6</td>
<td>-4%</td>
<td>23.4</td>
<td>-7.5</td>
</tr>
<tr>
<td>Other</td>
<td>134.9</td>
<td>-10%</td>
<td>3.1</td>
<td>+3.5</td>
</tr>
<tr>
<td>Eliminations and adjustments</td>
<td>-199.1</td>
<td>-</td>
<td>22.6</td>
<td>+9.8</td>
</tr>
<tr>
<td>Consolidated total</td>
<td>1,910.9</td>
<td>-4%</td>
<td>119.8</td>
<td>+6.5</td>
</tr>
<tr>
<td>Appliances (production and sales consolidated)*</td>
<td>690.2</td>
<td>-3%</td>
<td>26.8</td>
<td>+8.2</td>
</tr>
</tbody>
</table>

* Appliances (production and sales consolidated) includes sales and profits of sales division for consumer products, which are included in ‘Eliminations and adjustments.’

- **FY16 3Q results by segment.**
- **Appliances and AVC Networks:** sales decreased and OP increased.
- **Eco Solutions and Automotive & Industrial Systems:** both sales and OP decreased.
<table>
<thead>
<tr>
<th></th>
<th>FY16 3Q</th>
<th>vs. FY15 3Q</th>
<th>OP</th>
<th>OPM</th>
<th>vs. FY15 3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air-conditioner*1</td>
<td>94.6</td>
<td>+4%</td>
<td>1.4</td>
<td>1.5%</td>
<td>+0.9</td>
</tr>
<tr>
<td>Lighting</td>
<td>89.4</td>
<td>+1%</td>
<td>8.1</td>
<td>9.1%</td>
<td>+0.8</td>
</tr>
<tr>
<td>Housing Systems</td>
<td>94.0</td>
<td>-4%</td>
<td>4.7</td>
<td>5.0%</td>
<td>-0.4</td>
</tr>
<tr>
<td>Automotive Infotainment Systems</td>
<td>136.5</td>
<td>+1%</td>
<td>2.2</td>
<td>1.6%</td>
<td>-1.9</td>
</tr>
<tr>
<td>Rechargeable Battery*2</td>
<td>87.2</td>
<td>-8%</td>
<td>-1.5</td>
<td>-1.8%</td>
<td>-4.0</td>
</tr>
<tr>
<td>PanaHome</td>
<td>80.2</td>
<td>+7%</td>
<td>2.5</td>
<td>3.2%</td>
<td>+1.1</td>
</tr>
<tr>
<td>Total</td>
<td>581.9</td>
<td>+/-0</td>
<td>17.4</td>
<td>3.0%</td>
<td>-3.5</td>
</tr>
</tbody>
</table>

*1 Air-Conditioner Company + its sales division (production & sales consolidated)
*2 Rechargeable Battery BD + Tesla BU

- Sales & OP in six large scale BDs.
• Appliances (production and sales consolidated).

• Sales decreased by 3% y-y.

• Appliance business in Japan and Asia was stable, particularly large size refrigerators and new drum washing machines were favorably received in the Japanese market.

• Showcase business was steady, while cold chain business declined due to slow demand in vending machines.

• However, sales overall decreased due to scale-down TV business.

• OP significantly increased due to sales expansion in whole appliance business focusing high-end products and improved profitability in TV business, offsetting negative effect from exchange rate movement.
• Appliances: individual businesses.

• Air-conditioner business: sales increased by 4% y-y due to growing room air-conditioner and large air-conditioner businesses in Asia, offsetting sluggish demand in China.

• OP increased due to sales expansion, streamlining and fixed cost reduction.

• TV business: sales decreased due to scale-down in the U.S. and China, while sales expanded in Japan and Asia.

• Domestic business strategy has been smoothly shifted focus to high-end products and gained the top market share in 4K TVs with more than 30% in 3Q (Oct.-Dec).

• OP turned to black due to streamlining and sales increase focusing high-end products such as 4K TVs, offsetting negative effect from exchange rate movement.

• Making profit in 3Q when the market is in the highest degree of demand and fierce competition, we believe TV business has been steadily strengthened in its profit structure.
- Eco Solutions.

- Sales decreased by 6% y-y.

- Energy Systems BD: sales decreased since domestic demand in solar panels has not recovered yet, while overseas wiring device and breaker businesses particularly in Asia were stable.

- Panasonic Ecology Systems Co., Ltd.: sales decreased due to sluggish air-purifier business in Japan and China, while ventilation system business in North America was favorable.

- OP decreased mainly due to lagging sales in solar panels. However, positive profitability in solar panels was secured even with the profit decline.
Eco Solutions: individual businesses.

- Lighting BD: sales increased due to favorable non-housing related LED business for facilities and outdoors, offsetting sales decrease in conventional lighting with its demand shrinkage.

- OP increased due to sales expansion and streamlining, offsetting impact from price decline and negative effect from exchange rate movement.

- Housing Systems BD: sales decreased due to struggling commoditized product business as a result of business strategy shifting focus to high-end products, while the domestic housing market has started to moderately recovered.

- OP decreased due to material cost hike from exchange rate movement wiping out streamlining benefit.
- AVC Networks.
- Sales decreased by 4% y-y.
- Mobility Business: sales decreased due to sluggish Toughbook (durable PC) business in North America.
- Visual and Imaging Business: sales increased due to stable security system business in Japan.
- Communication Business: sales decreased due to weak sales in landline telephones in the U.S. and China.
- Vertical Solution Business: sales continuously increased from 2Q.
- OP increased due to sales expansion in Vertical Solution Business and restructuring benefit from previous years.
• Automotive & Industrial Systems.

• Sales decreased by 4% y-y.

• Automotive Business: sales increased due to favorable sales in automotive electronics such as auto cameras and switches, and infotainment business in North America.

• Energy Business: sales significantly decreased in ICT related rechargeable batteries such as for note PCs.

• Industrial Business: sales decreased due to business withdrawal/scale-down and weak ICT related demand.

• Factory Solutions Business: sales increased due to favorable auto mounting machine business, offsetting declining sales in industrial motor business.

• OP decreased due to R&D cost increase in growing business and sales decline in Energy and Industrial businesses. We will further continue to strive for material rationalization and fixed cost reduction.
- AIS: individual businesses.
- Automotive Infotainment System BD: sales increased by 1% y-y.
- Domestic business was steady on the back of increasing auto exports to the U.S. and Europe, and overseas business was also favorable especially in North America, leading overall sales expansion.
- OP decreased due to aggressive R&D investment for future growth. We will strive for R&D cost reduction utilizing offshore R&D.
- Rechargeable Battery BD: sales decreased by 8% y-y.
- ICT-related business including for note PCs drastically declined, while industrial related business including storage batteries steadily expanded. Meantime, the number of clients and models has stably increased in both auto and storage batteries.
- OP decreased due to price decline and lagging sales in ICT-related business.
FY16 full-year forecast revision.

Business environment has worsened due to economic slowdown in China and some emerging countries.

Sales in air-conditioners and devices in China and ICT related rechargeable batteries which started to decline in the beginning of this fiscal year, have further worsened in the second half of the year. In addition, solar panel business in Japan has been more struggling than expected along with weak housing market which has not fully recovered yet.

For these reasons, sales forecast is revised down by 450 billion yen from the original one to 7.55 trillion yen.

OP and pre-tax forecasts are also revised down by 20 billion yen respectively from the original ones.

The forecasts are revised mainly due to significant sales decline and negative effect from emerging countries’ currency depreciation, while we believe we have been striving for rationalization and steadily improving management structure.

Net income attributable to Panasonic Corporation forecast is left unchanged, expecting improvement in provision for income taxes.

The forecasts are below in sales and above in profits y-y.
FY16 Full-year Forecast Revision by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16 (as of Feb. 3, 2016)</th>
<th>vs Original forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales vs. FY15</td>
<td>OP vs. FY15</td>
</tr>
<tr>
<td>Appliances</td>
<td>2,260.0</td>
<td>-3%</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>1,610.0</td>
<td>-3%</td>
</tr>
<tr>
<td>AVC Networks</td>
<td>1,170.0</td>
<td>+1%</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems</td>
<td>2,730.0</td>
<td>-2%</td>
</tr>
<tr>
<td>Other</td>
<td>640.0</td>
<td>-16%</td>
</tr>
<tr>
<td>Eliminations and adjustments</td>
<td>-860.0</td>
<td>-</td>
</tr>
<tr>
<td>Consolidate total</td>
<td>7,550.0</td>
<td>-2%</td>
</tr>
<tr>
<td>Appliances (production and sales consolidated)*</td>
<td>2,520.0</td>
<td>-1%</td>
</tr>
</tbody>
</table>

*Appliances (production and sales consolidated) includes sales and profits of sales division for consumer products, which are included in “Eliminations and adjustments.”

- FY16 full-year forecast revision by segment.
- Sales forecast is revised down in all segments.
- OP forecast is revised down in ES and AIS.
- The revision in OP, 20 billion yen includes 10 billion yen from negative effect from exchange rate movements including emerging countries’ currency depreciation.
- Details including full-year forecast revision by segment, in addition to revision in six large scale BDs, are in the following pages.
- Appliances: sales forecast is revised down by 60 billion yen. Out of this revision, 40 billion yen comes from sales decrease in air-conditioners and TVs as shown in the following slide of “FY16 full-year forecast revision in six large scale BDs”, and the rest from lagging refrigeration/air-conditioning device sales due to weak air-conditioner demand in China.
- OP forecast is left unchanged due to steady appliance business in Japan and Asia.
- Eco Solutions: sales forecast is revised down mainly due to lagging domestic solar panel business. While we expected market recovery in the latter half of this fiscal year, consumers have held off throughout the year and the demand has not recovered yet. In addition, sales forecasts in Lighting BD and Housing Systems BD are also revised down.
- OP forecast is revised down mostly due to sales decrease in solar panels as well. OP forecast in Housing Systems BD is revised down, as well.
- AVC Networks: sales forecast is revised down due to struggled note PC business in North America and market shrinkage in land-line telephones and fax machines, while OP forecast is revised up due to expanding B2B solution business.
- Automotive & Industrial Systems: sales forecast is revised down due to sales decline in Rechargeable Battery BD as shown in the following slide of “FY16 full-year forecast revision in six large scale BDs”. In addition, lagging device business along with weak demand in China and struggling LCD panel business facing price decline also drag down the forecast.
- OP forecast is also revised down by 32.5 billion yen due to sales decline in Automotive Infotainment Systems BD and Rechargeable Battery BD.
- Eliminations and adjustments: OP forecast is revised up due to taking out foreseeable risk which originally made allowance for, and cost reduction in the head offices.
FY16 full-year forecast revision in six large scale BDs.

Air-Conditioner: sales forecast is revised down mostly due to sales decline in China, especially weak room air-conditioner demand and lagging commercial air-conditioner sales with a delay and a decrease of projects in its economic downturn. OP forecast is left unchanged due to steady sales in Japan and Asia and streamlining initiatives including material cost reduction.

Lighting: sales forecast is revised down due to accelerating conventional lighting market shrinkage in Japan and Europe. OP forecast is left unchanged due to high-profit LED lighting sales expansion.

Housing Systems: The business was mainly linked to domestic housing starts and affected by slower domestic market recovery than expected. In addition, sales in commoditized products decreased due to its fierce competition. As a results, sales and OP forecasts are revised down.

Automotive Infotainment Systems: sales forecast is left unchanged. OP forecast is revised down due to aggressive R&D investment for future sales growth.

Rechargeable Battery: sales forecast is revised down due to sales worse than expected facing weak global ICT-rated market including note PCs’. OP forecast is also revised down due to sales decline.

TV: sales forecast is revised down due to weak demand in Latin America. OP forecast is left unchanged due to rationalization and sales increase in high-end products.
We revised down full-year forecast, since we have been unable to adjust ourselves in rapid business environment change in the second half, while striving for profit improvement by sales expansion this fiscal year.

Meantime, we believe that our management structure and earning power have been strengthened.

We have received increasing orders in future business and are making aggressive investments for future business.

Considering this severe business environment, we will further take proactive measures and accelerate our initiatives for future growth,

Thank you for your continuous support and understanding.
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