

# **Fiscal 2018 First Quarter Financial Results**

**July 31, 2017**

**Panasonic Corporation**

*Notes: 1. This is an English translation from the original presentation in Japanese.  
2. In this presentation, "fiscal 2018" or "FY18" refers to the year ending March 31, 2018.*

## **Summary of FY18 1Q Financial Results**

- Increase in both sales and profit was achieved due to the growth of automotive-related business.
- Overall sales increased due to significant growth in the automotive-related business including rechargeable batteries despite sales decrease in Avionics Business.
- Overall operating profit increased due mainly to profitability improvement in the Industrial Business despite the impact of decline from lower sales in Avionics Business and material cost hikes.
- Net profit\* increased by 19.6 billion yen from the previous year.

\* Net profit attributable to Panasonic Corporation stockholders

## FY18 1Q Financial Results

(yen: billions)

	FY18 1Q	FY17 1Q	vs. FY17 1Q	
Sales	1,865.3	1,774.8	+5% (+4%)*	+90.5
Operating profit	83.9	71.8	+17%	+12.1
Other income/loss **	4.1	-5.0	-	+9.1
Non-operating income/loss	-1.9	2.8	-	-4.7
Profit before income taxes	82.0	74.6	+10%	+7.4
Net profit ***	48.8	29.2	+67%	+19.6

Exchange rates		FY18 1Q	FY17 1Q
1 US dollar		111 yen	108 yen
1 Euro		122 yen	122 yen
1 Renminbi		16.2 yen	16.5 yen

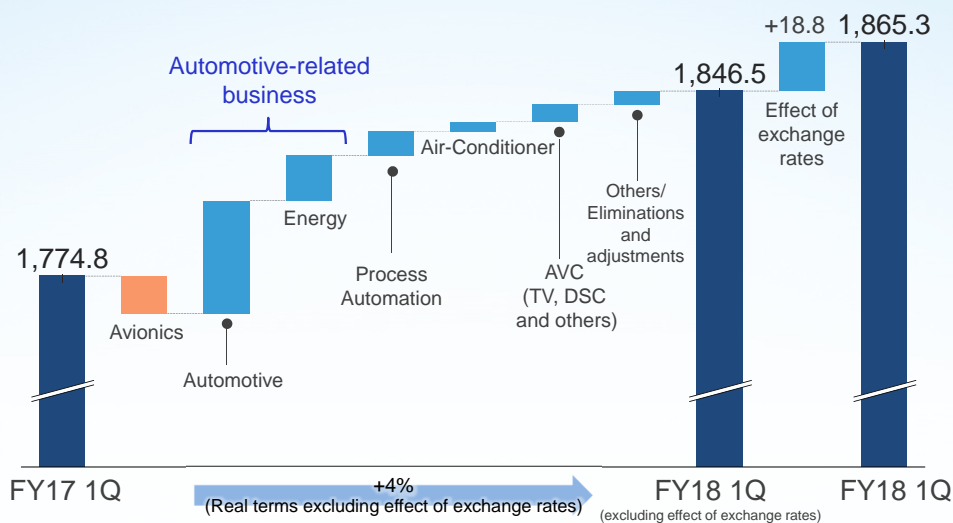
\* Real terms excluding the effect of exchange rates (unreviewed)

\*\* Other income/loss = Other income (expenses) + Share of profit of investments accounted for using the equity method

\*\*\* Net profit attributable to Panasonic Corporation stockholders

## FY18 1Q Sales Analysis by Business

(yen: billions)

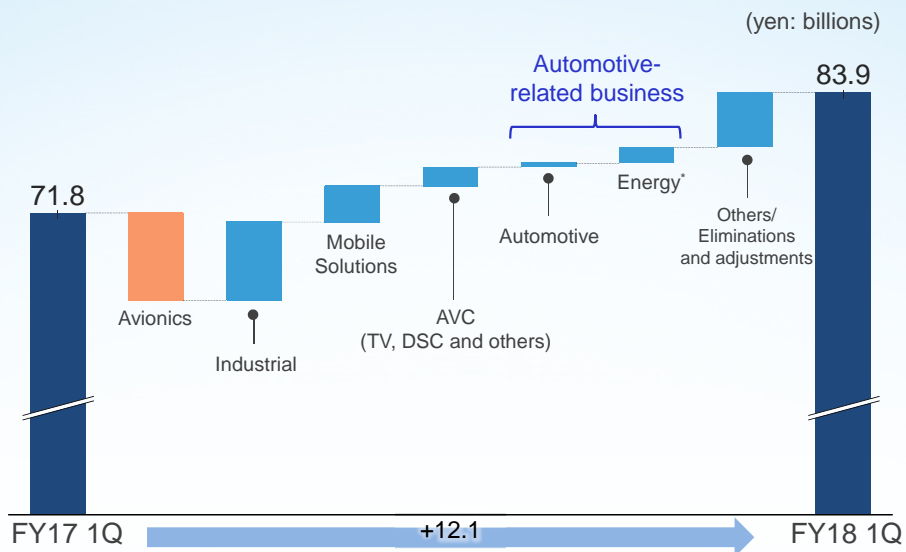


Reference: 'List of Businesses whose sales are disclosed in FY18' on the last page.

# FY18 1Q Operating Profit Analysis



# FY18 1Q Operating Profit Analysis by Business



\* Profit generated from business excluding other income/loss. Reference: 'List of Businesses whose sales are disclosed in FY18' on the last page.

# FY18 1Q Results by Segment

(yen: billions)

	FY18 1Q				Reference: Included in Operating profit	
	Sales	vs. FY17 1Q	Operating profit	vs. FY17 1Q	Other income/loss	vs. FY17 1Q
Appliances	683.3	+16.2	45.0	+1.7	0.4	+1.8
Eco Solutions	361.2	+12.0	5.4	+0.1	-0.2	-2.6
Connected Solutions	248.8	-1.1	16.1	-1.3	1.3	+0.2
Automotive & Industrial Systems	656.4	+74.1	17.7	+3.2	0.2	-6.0
Other*	127.4	+2.1	-1.4	+2.1	4.1	+4.7
Subtotal	2,077.1	+103.3	82.8	+5.8	5.8	-1.9
Eliminations and adjustments	-211.8	-12.8	1.1	+6.3	-1.7	+11.0
Total	1,865.3	+90.5	83.9	+12.1	4.1	+9.1
Appliances (production and sales consolidated)	728.5	+12.7	42.6	+1.4	0.4	+1.8

\* PanaHome is included in Other segment.

## Segment Information

# Appliances (production & sales consolidated)

### <Overview>

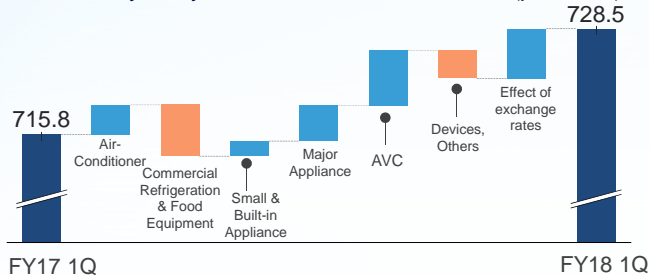
(yen: billions)

	Sales	Operating profit	Other income/loss
FY18 1Q	728.5	42.6 5.9%	0.4
vs. FY17 1Q	+2% * (+1%)	+1.4	+1.8

\* Real terms excluding the effect of exchange rates

### <Sales analysis by business>

(yen: billions)



### <Sales>

\* Real terms excluding the effect of exchange rates

Air-Conditioner	• Increased due to sales expansion in Japan and China, which offset the slump in demand in Asia caused by fluctuating weather conditions.
Commercial Refrigeration & Food Equipment	• Decreased due to sluggish demand for showcases caused by slowdown of new store openings by customers in North America.
Small & Built-in Appliance	• Achieved favorable sales of beauty care appliances in Japan, Europe, and China. • Recorded strong sales for microwave ovens in Japan and Asia.
Major Appliance	• Achieved favorable sales of refrigerators and washing machines mainly in Japan and Asia.
AVC	• Increased in AV consumer electronics such as TVs and digital cameras.

### <Operating profit>

Overall operating profit increased mainly by outperforming the industry average growth in the consumer electronics business in Japan and the shift to high value-added products, despite the significant impact of rising prices of raw materials and major components.

Segment Information

# Eco Solutions

<Overview>

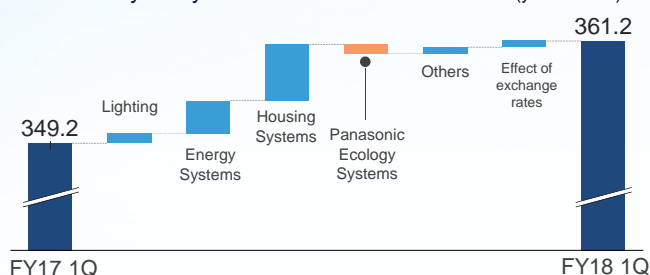
(yen: billions)

	Sales	Operating profit	Other income/loss
FY18 1Q	361.2	5.4 1.5%	-0.2
vs. FY17 1Q	+3% * (+3%)	+0.1	-2.6

\* Real terms excluding the effect of exchange rates

<Sales analysis by business>

(yen: billions)



<Sales>

\* Real terms excluding the effect of exchange rates

Lighting	• Achieved favorable sales of lighting for buildings and disaster-prevention usage in Japan.
Energy Systems	• Increased overall due to sales increase mainly in wiring devices in the electrical construction materials in domestic and overseas markets, offsetting sales decline in the solar business.
Housing Systems	• Increased sales of water-related products, including modular kitchen systems and associated products, thanks to the previous year's introduction of a new channel strategy addressing home builders.
Panasonic Ecology Systems	• Affected by the rebound impact from orders received in large-scale engineering business projects last year, despite sales increase in ventilation systems for Japan and heat exchangers for China.

<Operating profit>

Profit generated from business improved mainly due to the sales expansion in Housing Systems. However, overall operating profit remained at the same level as last year which included the gain from land sale.

Segment Information

# Connected Solutions

<Overview>

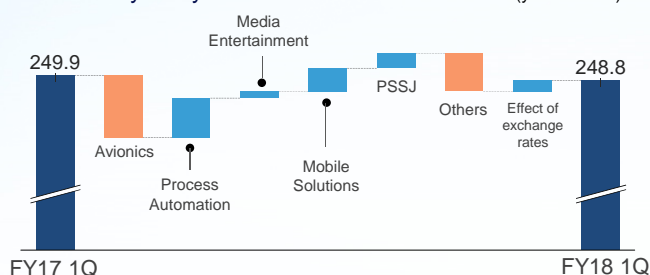
(yen: billions)

	Sales	Operating profit	Other income/loss
FY18 1Q	248.8	16.1 6.5%	1.3
vs. FY17 1Q	+/-0% * (-2%)	-1.3	+0.2

\* Real terms excluding the effect of exchange rates

<Sales analysis by business>

(yen: billions)



<Sales>

\* Real terms excluding the effect of exchange rates

Avionics	• Sales of inflight entertainment business declined largely due to a weakening demand for aircrafts.
Process Automation	• Increased due to the favorable sales of electronic component mounting equipment for the smartphone industry.
Media Entertainment	• Increased due to favorable projector sales in China.
Mobile Solutions	• Increased due to favorable sales in notebook PCs and payment terminals for Japan and new consolidation of Zetes.
PSSJ **	• Increased driven by system products for retail and logistics industries in addition to social infrastructure businesses.

\*\* PSSJ: Panasonic System Solutions Japan Co., Ltd.

<Operating profit>

Decreased due to the impact of sales decline in Avionics, despite sales expansion in Process Automation, Mobile Solutions and other businesses.

Segment Information

# Automotive & Industrial Systems

<Overview>

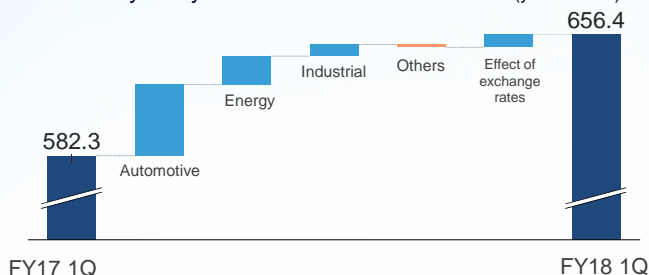
(yen: billions)

	Sales	Operating profit	Other income/loss
FY18 1Q	656.4	17.7 2.7%	0.2
vs. FY17 1Q	+13% * (+11%)	+3.2	-6.0

\* Real terms excluding the effect of exchange rates

<Sales analysis by business>

(yen: billions)



<Sales>

\* Real terms excluding the effect of exchange rates

Automotive	<ul style="list-style-type: none"> <li>The new consolidation of Ficosa largely contributed to sales.</li> <li>Achieved favorable sales of display audio, cameras, sonars and others.</li> </ul>
Energy	<ul style="list-style-type: none"> <li>Steady increase in sales of automotive batteries including both cylindrical and prismatic types.</li> </ul>
Industrial	<ul style="list-style-type: none"> <li>Automotive-use devices: Favorable results mainly in capacitors for HEV.</li> <li>Industrial-use devices: Favorable results mainly in motors and FA sensors.</li> </ul>

<Operating profit>

Increased mainly due to the profitability improvement in the Industrial Business despite a decline in other income/loss affected by one-off gains recognized in the previous year.

## FY18 Forecast by Segment

(Announced on May 11, 2017)

(yen: billions)

	FY18				Additional Information	
	Sales	vs. FY17	Operating profit	vs. FY17	Other income/loss	vs. FY17
Appliances	2,550.0	+46.6	111.0	+12.1	-4.0	+3.9
Eco Solutions	1,626.0	+78.7	72.0	+7.8	-12.0	-0.3
Connected Solutions	1,103.0	+51.8	69.0	+18.6	-8.0	+26.4
Automotive & Industrial Systems	2,660.0	+243.4	93.0	+0.0	-12.0	-36.1
Other*	680.0	+5.6	7.0	-1.0	-4.0	+1.0
Subtotal	8,619.0	+426.1	352.0	+37.5	-40.0	-5.1
Eliminations and adjustments	-819.0	+30.2	-17.0	+20.7	-10.0	+21.9
Total	7,800.0	+456.3	335.0	+58.2	-50.0	+16.8
Appliances (production and sales consolidated)	2,750.0	+52.8	112.0	+12.3	-4.0	+4.4

\* PanaHome is included in Other segment.

# Panasonic

## A Better Life, A Better World

### **Disclaimer Regarding Forward-Looking Statements**

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(Reference)

## FY2018 1Q Operating Profit and Net Profit

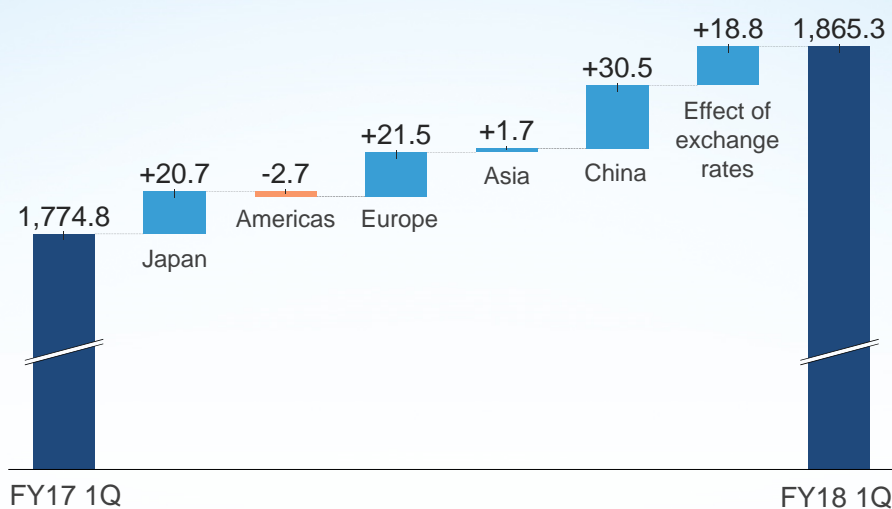
(yen: billions)

	FY18 1Q	FY17 1Q	vs. FY17 1Q
Operating profit	83.9	71.8	+12.1
Non-operating income/loss	-1.9	2.8	-4.7
Profit before income taxes	82.0	74.6	+7.4
Income taxes	-29.8	-40.4	+10.6
Net profit	52.2	34.2	+18.0
Net profit attributable to Panasonic Corporation stockholders	48.8	29.2	+19.6
Net profit attributable to non-controlling interests	3.4	5.0	-1.6

(Reference)

## FY18 1Q Sales Analysis by Region

(yen: billions)





(Reference)

## FY18 1Q TV and Six Large-Scale BDs

(yen: billions)

	FY18 1Q				Reference: Included in Operating profit	
	Sales	vs. FY17 1Q	Operating profit	vs. FY17 1Q	Other income/loss	vs. FY17 1Q
Air-Conditioner *	160.3	+5.2	16.5	-1.1	-0.1	+0.3
Lighting	68.2	+1.2	2.2	-0.2	0.1	-1.8
Housing Systems	88.9	+6.5	2.1	+0.6	-0.2	-0.5
Automotive Infotainment Systems	128.6	+4.2	3.8	-2.2	0.1	+0.1
Rechargeable Battery **	94.5	+17.7	-4.9	-5.7	-0.8	-6.5
PanaHome	64.8	-4.5	-4.3	-1.6	-0.2	+0.0
TV *	78.3	+1.7	1.5	-1.5	0.8	+1.1

\* Including sales division (production &amp; sales consolidated)

\*\* Rechargeable Battery BD + Tesla BU

(Reference)

## FY18 Forecast for TV and Six Large-Scale BDs

(Announced on May 11, 2017)

(yen: billions)

Additional information

	FY18				Reference: Included in Operating profit	
	Sales	vs. FY17	Operating profit	vs. FY17	Other income/loss	vs. FY17
Air-Conditioner *	514.5	+52.2	30.7	+2.1	-0.5	-0.6
Lighting	325.0	+17.1	24.3	+2.4	-1.0	-1.4
Housing Systems	372.0	+4.9	16.9	+1.3	-0.1	+0.4
Automotive Infotainment Systems	515.5	+9.2	27.0	+2.4	0.0	-0.0
Rechargeable Battery **	471.5	+108.9	6.6	+1.9	0.8	-16.7
PanaHome	370.0	+10.4	12.7	+1.3	-0.3	+0.1
TV *	304.9	-2.2	3.2	-1.4	-1.1	-0.1

\* Including sales division (production &amp; sales consolidated)

\*\* Rechargeable Battery BD + Tesla BU

(Reference)

## Segments and Business Divisions

Appliances	Connected Solutions	Automotive & Industrial Systems
Air-Conditioner Company TV BD Imaging Network BD Home Entertainment BD Communication Products BD Refrigerator BD Laundry Systems and Vacuum Cleaner BD Kitchen Appliances BD Beauty and Living BD Refrigeration and Air-Conditioning Devices BD Smart Energy System BD Cold Chain BD Hussmann Corporation	Panasonic Avionics Corporation Process Automation BD Media Entertainment BD Mobile Solutions BD Security Systems BD Panasonic System Solutions Japan Co., Ltd.	Automotive Infotainment Systems BD Automotive Electronics Systems BD Ficosa International, S.A. Rechargeable Battery BD Energy Device BD Electromechanical Control BD Panasonic Semiconductor Solutions Co., Ltd. Device Solutions BD Electronic Materials BD Panasonic Liquid Crystal Display Co., Ltd.
Eco Solutions	Other	
Lighting BD Energy Systems BD Housing Systems BD Panasonic Ecology Systems Co., Ltd. Panasonic Cycle Technology Co., Ltd.	PanaHome Corporation	

As of July 31, 2017

(Reference)

## List of Businesses whose sales are disclosed in FY18

<b>Appliances</b>	<ul style="list-style-type: none"> <li>•Air-Conditioner Business : Air-Conditioner Company</li> <li>•Commercial Refrigeration &amp; Food Equipment Business : Cold Chain BD, Hussmann Corporation</li> <li>•Small &amp; Built-in Appliance Business : Kitchen Appliances BD, Beauty and Living BD</li> <li>•Major Appliance Business : Refrigerator BD, Laundry Systems and Vacuum Cleaner BD</li> <li>•AVC Business : TV BD, Imaging Network BD, Home Entertainment BD, Communication Products BD</li> </ul>
<b>Eco Solutions</b>	<ul style="list-style-type: none"> <li>•Lighting BD</li> <li>•Energy Systems BD</li> <li>•Housing Systems BD</li> <li>•Panasonic Ecology Systems Co., Ltd</li> </ul>
<b>Connected Solutions</b>	<ul style="list-style-type: none"> <li>•Avionics Business : Panasonic Avionics Corporation, Avionics BU</li> <li>•Process Automation BD</li> <li>•Media Entertainment BD</li> <li>•Mobile Solutions BD</li> <li>•PSSJ : Panasonic System Solutions Japan Co., Ltd.</li> </ul>
<b>Automotive &amp; Industrial Systems</b>	<ul style="list-style-type: none"> <li>•Automotive Business : Automotive Infotainment Systems BD, Automotive Electronics Systems BD, Ficosa International, S.A.</li> <li>•Energy Business : Rechargeable Battery BD, Energy Device BD</li> <li>•Industrial Business : Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.</li> </ul>

As of July 31, 2017