Fiscal 2018 Second Quarter and Six-Month Financial Results

October 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.
   In addition, “FY18 Six-Month” or “FY18 6M” refers to the period from April to September 2017.

- This presentation gives Panasonic’s consolidated financial results for the second quarter of fiscal 2018 (FY18) ended September 30, 2017.
This shows the summary of the financial results for the second quarter of FY18.

Panasonic positions FY18 as the time to make a shift toward achieving both sales and profit growth. Accordingly, the Company achieved increases in both sales and profit following the first quarter, due to the growth of the automotive-related and industrial devices businesses.

Overall sales increased due to significant growth in the automotive-related businesses such as the Automotive Business and the Energy Business including rechargeable batteries.

Overall operating profit increased due mainly to profitability improvement in the Industrial Business which is making a shift to automotive- and industrial-related areas.
● This table shows the consolidated financial results for the second quarter of FY18.

● Sales increased by 13% from the same period last year. Even in real terms, excluding the effect of exchange rates and new consolidations, sales increased for four quarters in a row and continued on a growth path.

● Operating profit increased by 6.4 billion yen to 112.7 billion yen. The year-on-year increase stayed at this level due to an impact from reversal of provision recorded as other income/loss in FY17. Excluding the year-on-year decrease of 29.3 billion yen of other income/loss, profit generated from business has increased by 35.7 billion yen. Our profitability has been making steady enhancements.

● Profit before income taxes increased by 6.3 billion yen to 112.8 billion yen.

● Net profit decreased by 34.2 billion yen to 70.1 billion yen. This is due to an impact from deferred tax assets recorded in FY17.

● Results for the six-month period are given from slide 18.
This graph shows our sales analysis by business, based on the businesses whose sales are disclosed.

Following the first quarter, sales in the second quarter significantly increased in the automotive-related business.

In particular, for Automotive, strong sales in the infotainment business and the new consolidation of Ficosa contributed to increased sales.

In addition, steady growth can be seen in Mobile Solutions, where PCs were favorable, in Process Automation, where sales of electronic component mounting equipment expanded, and in Industrial, with stable sales of devices for automotive and industrial use.
Next, let’s look at year-on-year changes in operating profit.

As shown here, operating profit increased by 39.0 billion yen, owing to steady sales growth.

Efforts to promote rationalization partially offset the impact from price hikes of raw materials such as copper.

Fixed costs increased due to investments in growth businesses such as the automotive-related business. However, part of the investment schedule has been shifted to later periods, which kept the increase to 5.1 billion yen.

Meanwhile, other income/loss decreased due to the impact of temporary profit, including reversal of provisions and gain from business transfer in the previous year.

Overall operating profit increased by 6.4 billion yen to 112.7 billion yen, with a significant contribution from increased sales.
This shows an analysis of year-on-year changes in operating profit for the Businesses whose sales are disclosed.

Industrial greatly contributed to increased profit due to the favorable performance of the electromechanical control business, which is positioned as a high-growth business, as well as progress made in improving the profitability of the liquid crystal display business and device solutions business.

Media Entertainment improved its model mix in line with sales growth in high-brightness projectors, and Mobile Solutions, with its favorable PC sales, contributed to increased profit.

The profit increase has been suppressed in Energy due to increased expenses for setting up new operating sites, despite increased sales in automotive batteries.

Regarding Automotive, sales increased but operating profit remained at the same level as the same period last year due to cost increases by the new product launches and delays in rationalization.

The Company projects profit in the automotive-related businesses to start making a full-scale contribution from the latter half of FY18 into FY19.
This slide shows details of profit and loss, from operating profit to net profit.

Income taxes has increased year-on-year due to deferred tax assets recorded as profit during FY17.
This chart shows results by segment.

Details will be explained in the next slide.
This slide shows year-on-year changes in sales and operating profit by segment.

On the left, you can see that sales have increased in all segments.

The right chart shows a breakdown of operating profit.

You can see that profit generated from business increased in all segments. Our profitability has been making steady enhancements.

Other income/loss decreased in Eco Solutions due to structural reform of the solar business and in Automotive and Industrial Systems due to the temporary profit recorded in the previous year.

The increase in “Other” is due mainly to improvements in Head Office revenues/expenses and to patent income.

Now, let me explain the details by segment.
Let’s start with the results of Appliances based on consolidated production and sales.

Sales increased by 3% from last year in real terms, excluding the effect of exchange rates.

Sales in Air-Conditioner increased with expanded sales in China and Europe, which offset the decrease in Asia caused by fluctuating weather conditions.

AVC improved because digital single-lens mirrorless cameras continued to perform strongly in Europe and North America, in addition to growing TV sales in Asia.

Overall operating profit increased through increased sales in white goods and digital single-lens mirrorless cameras and through a shift to high value-added products, despite the severe business environment continuing due to raw material and component cost hikes mainly impacting Air-Conditioner and TVs.
Next, let’s look at Eco Solutions.

Sales increased by 3% from last year in real terms, excluding the effect of exchange rates.

In Energy Systems, sales increased mainly in electrical construction materials in Japan and Asia, due to stable demands in overseas housing-related markets, and building and facilities in Japan.

Housing Systems showed increased sales driven by water-related products including mid-to-high end modular kitchen and bath systems, in the backdrop of stable demand for remodeling in the domestic market.

Operating profit decreased, influenced by business restructuring expenses for the solar business. However, profit generated from business has increased, offsetting price declines and material cost hikes with sales expansion and strengthened rationalization efforts.
● Next, let’s look at Connected Solutions.

● Sales increased by 9% from last year in real terms, excluding the effects of exchange rates.

● Process Automation continued to show favorable sales of electronic component mounting equipment following the first quarter, mainly for the smartphone industry.

● Media Entertainment showed increased sales due to expansion of high-brightness projector sales, mainly for the rental market in China.

● In Mobile Solutions, sales increased due to the new consolidation of Zetes, in addition to favorable sales of notebook PCs and payment terminals in Japan.

● Operating profit increased with an improved model mix in Media Entertainment in addition to the contribution from expanded sales in Mobile Solutions, Process Automation and other businesses.
Finally, let’s look at Automotive & Industrial Systems.

The automobile market for the second quarter saw weaker demand in the U.S. and U.K. However, other major markets, including China, continued to be strong, improving from last year. In the industrial area, demand expanded in industries such as semiconductor manufacturing equipment and machine tools.

In this environment, sales increased by 9% from last year in real terms, excluding the effect of exchange rates.

In Automotive, the new consolidation of Ficosa and the growth of infotainment systems greatly contributed to increased sales.

In Energy, both cylindrical and prismatic automotive batteries showed growth.

Industrial showed increased sales due to growth in automotive and industrial devices.

Operating profit decreased due to reversal of provision and gains from business transfer recorded last year. However, profit from businesses has improved due mainly to increased sales in automotive batteries and devices business including the electromechanical control business, in addition to improved profit in the LCD panel business.
● This slide shows the results of TV and six large-scale Business Divisions.

● Rechargeable Battery showed a decrease in operating profit due to the impact of temporary profit last year; however, profit generated from business has improved by 2.4 billion yen.
Taking the current conditions into consideration, the Company will revise its annual forecasts for some Business Divisions.

- Air-Conditioner will be revised due to a decline in sales and raw material price hikes.
- PanaHome will be revised due to a decrease in the number of orders received for new construction of detached houses.
- TV sales will be revised upward due to the growth in sales, but operating profit will be revised downward due to fallen unit prices and higher component costs.
- Automotive Infotainment Systems will be revised upward based on favorable sales in the first half and expected large-scale orders in the second half. On the other hand, the forecast for operating profit will not be changed due to increased cost in the first half for new product launches and delayed rationalization. During the second half, we expect to see sales from large-scale projects and one-off issues to improve. Therefore, year-on-year profit growth is expected to be achieved for the full year.
- Since the effects from the revision will be offset within each segment, there will be no changes to the Company-wide or segment forecasts.
• Finally, the full-year consolidated forecast will not be changed from that announced on May 11.

• For sales during the second half, the effect of exchange rates from FY17 will be reduced; however, we expect to see continued growth following the first half.

• Operating profit is expected to increase following the first half, with the contribution of profits generated from sales expansion in business, despite being affected by investment for future growth and by hikes in raw material prices.
During the first half, all four Divisional Companies achieved increases in both sales and profit, in terms of profit generated from business.

During the remaining five months, achieving the announced forecasts as minimum targets, Panasonic will continue its comprehensive Company-wide efforts toward further sustainable growth.

Thank you for your continuous support and understanding.
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## FY18 Six-Month (Apr.-Sep.) Results

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY18 6M</th>
<th>FY17 6M</th>
<th>vs. FY17 6M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,857.9</td>
<td>3,539.8</td>
<td>+9% (+6%)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>196.6</td>
<td>178.1</td>
<td>+10%</td>
</tr>
<tr>
<td>Other income/loss**</td>
<td>-6.1</td>
<td>14.1</td>
<td>-20.2</td>
</tr>
<tr>
<td>Non-operating income/loss</td>
<td>-1.8</td>
<td>3.0</td>
<td>-4.8</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>194.8</td>
<td>181.1</td>
<td>+8%</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>118.9</td>
<td>133.5</td>
<td>-11%</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>Exchange rates</th>
<th>1 US dollar</th>
<th>1 Euro</th>
<th>1 Renminbi</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>111 yen</td>
<td>126 yen</td>
<td>16.4 yen</td>
</tr>
<tr>
<td></td>
<td>105 yen</td>
<td>118 yen</td>
<td>16.0 yen</td>
</tr>
<tr>
<td></td>
<td>FY18 6M</td>
<td>FY17 6M</td>
<td>vs. FY17 6M</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------------</td>
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<td>196.6</td>
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<td>+18.5</td>
</tr>
<tr>
<td>Non-operating income/loss</td>
<td>-1.8</td>
<td>3.0</td>
<td>-4.8</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>194.8</td>
<td>181.1</td>
<td>+13.7</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-68.8</td>
<td>-36.2</td>
<td>-32.6</td>
</tr>
<tr>
<td>Net profit</td>
<td>126.0</td>
<td>144.9</td>
<td>-18.9</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>118.9</td>
<td>133.5</td>
<td>-14.6</td>
</tr>
<tr>
<td>Net profit attributable to non-controlling interests</td>
<td>7.1</td>
<td>11.4</td>
<td>-4.3</td>
</tr>
</tbody>
</table>
## FY18 Six-Month (Apr.-Sep.) Results by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18 6M Sales vs. FY17 6M</th>
<th>Operating Profit vs. FY17 6M</th>
<th>Other income/loss vs. FY17 6M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliances</td>
<td>1,327.4</td>
<td>72.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Eco Solutions</td>
<td>757.3</td>
<td>21.3</td>
<td>-5.8</td>
</tr>
<tr>
<td>Connected Solutions</td>
<td>531.3</td>
<td>40.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Automotive &amp; Industrial Systems</td>
<td>1,343.0</td>
<td>38.5</td>
<td>-4.8</td>
</tr>
<tr>
<td>Other</td>
<td>287.5</td>
<td>2.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Subtotal</td>
<td>4,246.5</td>
<td>175.1</td>
<td>-3.8</td>
</tr>
<tr>
<td>Eliminations and adjustments</td>
<td>-388.6</td>
<td>21.5</td>
<td>-2.3</td>
</tr>
<tr>
<td>Total</td>
<td>3,857.9</td>
<td>196.6</td>
<td>-6.1</td>
</tr>
<tr>
<td>Appliances (production and sales consolidated)</td>
<td>1,419.8</td>
<td>69.9</td>
<td>1.1</td>
</tr>
</tbody>
</table>

*Panahome is included in Other segment.*
## FY18 Six-Month (Apr.-Sep.) TV and Six Large-Scale BDs

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY18 6M</th>
<th>Other income/loss</th>
<th>Reference: Included in Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales</td>
<td>Operating profit</td>
<td>vs. FY17 6M</td>
</tr>
<tr>
<td>Air-Conditioner</td>
<td>276.1</td>
<td>+12.0</td>
<td>21.3</td>
</tr>
<tr>
<td>Lightning</td>
<td>145.1</td>
<td>+3.7</td>
<td>8.0</td>
</tr>
<tr>
<td>Housing Systems</td>
<td>181.7</td>
<td>+8.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Automotive Infotainment Systems</td>
<td>270.2</td>
<td>+26.6</td>
<td>9.0</td>
</tr>
<tr>
<td>Rechargeable Battery **</td>
<td>194.1</td>
<td>+29.6</td>
<td>-8.4</td>
</tr>
<tr>
<td>PanaHome</td>
<td>155.0</td>
<td>-7.3</td>
<td>-0.8</td>
</tr>
<tr>
<td>TV</td>
<td>163.2</td>
<td>+15.6</td>
<td>0.7</td>
</tr>
</tbody>
</table>

* Including sales division (production & sales consolidated)
** Rechargeable Battery BD = Tesla BU
## Segments and Business Divisions

### Appliances
- 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

### Connected Solutions
- Panasonic Avionics Corporation
- Process Automation BD
- Media Entertainment BD
- Mobile Solutions BD
- Security Systems BD
- Panasonic System Solutions Japan Co., Ltd.

### Automotive & Industrial Systems
- 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
- Lighting BD
- Energy Systems BD
- Housing Systems BD
- Panasonic Ecology Systems Co., Ltd.
- Panasonic Cycle Technology Co., Ltd.

### Other
- PanaHome Corporation

As of October 31, 2017

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Panasonic
### List of Businesses whose sales are disclosed in FY18

<table>
<thead>
<tr>
<th><strong>Appliances</strong></th>
<th><strong>Eco Solutions</strong></th>
<th><strong>Connected Solutions</strong></th>
<th><strong>Automotive &amp; Industrial Systems</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Air-Conditioner Business</td>
<td>• Lighting BD</td>
<td>• Avionics Business</td>
<td>• Automotive Business</td>
</tr>
<tr>
<td>• Commercial Refrigeration &amp; Food Equipment Business</td>
<td>• Energy Systems BD</td>
<td>• Process Automation BD</td>
<td>• Energy Business</td>
</tr>
<tr>
<td>• Small &amp; Built-in Appliance Business</td>
<td>• Housing Systems BD</td>
<td>• Media Entertainment BD</td>
<td>• Industrial Business</td>
</tr>
<tr>
<td>• Major Appliance Business</td>
<td>• Panasonic Ecology Systems Co., Ltd</td>
<td>• Mobile Solutions BD</td>
<td></td>
</tr>
<tr>
<td>• AVC Business</td>
<td></td>
<td>• PSSJ</td>
<td></td>
</tr>
</tbody>
</table>

- Cold Chain BD, Hussmann Corporation
- Kitchen Appliances BD, Beauty and Living BD
- Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
- TV BD, Imaging Network BD, Home Entertainment BD, Communication Products BD
- Panasonic Avionics Corporation, Avionics BU
- Panasonic System Solutions Japan Co., Ltd.
- 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.

As of October 31, 2017