This presentation gives Panasonic's consolidated financial results for the second quarter of fiscal 2019 (FY19) ended September 30, 2018.
• 2Q results
  - **Overall sales increased**, driven mainly by Energy and Automotive.
  - **Operating profit decreased**, impacted from one-off income recorded in previous year, along with ramp-up expenses at automotive battery factories in North America, weakening investment demand in China, and sluggish sales of consumer electronics.

• Full-year forecast
  - Segment forecasts have been revised, but:
    - **Company-wide sales, operating profit, and net profit** forecasts are unchanged.

* Net profit attributable to Panasonic Corporation stockholders

- This shows the summary of the financial results for the second quarter and the full-year forecast for FY19.
- Overall sales for the second quarter increased, driven mainly by Energy and Automotive.
- Operating profit decreased due to the impact of one-off patent income recorded in the previous year, ramp-up expenses at the automotive battery factories, a weakening demand for capital investment related to Industrial in China, as well as sluggish sales of consumer electronics.
- For the full-year forecast, segment forecasts have been revised; however, Company-wide sales, operating profit, and net profit forecasts are unchanged.
● First, I will give a summary of the financial results for the second quarter of FY19.
This table shows the consolidated financial results for the second quarter of FY19.

- Sales increased by 6.9 billion yen to 1,999.5 billion yen.
- Operating profit decreased by 17.5 billion yen to 95.2 billion yen, and net profit decreased by 13.9 billion yen to 56.2 billion yen.
This graph shows our analysis of sales by Businesses whose sales are disclosed.

In the second quarter, we can see the impact of patent income recorded in the previous year.

Energy and Automotive continued having significant increases in sales.

AVC decreased due to sluggish TV sales in Europe. Industrial decreased due to the impact from a slowdown in demand for capital investment in China.

Overall sales increased by 1% in real terms, excluding the effect of exchange rates.

Total sales of the four Divisional Companies, excluding factors such as one-off income in the previous year, increased by 4% and continued on a growth path.
Next, let’s look at year-on-year changes in operating profit.

Profit from sales expansion increased by 16.1 billion yen due to the increased sales by businesses, even when considering the impact from one-off patent income in the previous year.

Fixed costs increased by 19.3 billion yen, due mainly to increased development expenses and expansion of the automotive battery business.

Losses related to price hikes in materials and price decline pushed down profit by 26.1 billion yen.

Meanwhile, other income/loss improved by 13.2 billion yen due mainly to reduced business restructuring expenses.

Consequently, overall operating profit decreased by 17.5 billion yen to 95.2 billion yen.
This shows our analysis of year-on-year changes in operating profit by Businesses whose sales are disclosed.

- Process Automation and Commercial Refrigeration & Food Equipment increased due to stable sales.
- On the other hand, Energy decreased due to ramp-up expenses for the automotive battery factories; Automotive decreased due to increased development expenses; Industrial decreased due to decreased sales in Electromechanical Control.
Next, let’s look at the results by segment. I will explain the details from the next slide.
First, let me touch on the results for Appliances, based on consolidated production and sales.

Sales decreased by 1% in real terms, excluding the effect of exchange rates.

In Air-Conditioner and Small & Built-in Appliance, sales increased.

In Major Appliance, sales increased due to large sales expansion in washing machines, despite decreased sales of refrigerators.

In Commercial Refrigeration & Food Equipment, sales increased due to stable sales in North America.

On the other hand, in AVC, sales decreased due mainly to sluggish performance of TV in Europe and India.

Overall operating profit decreased. This is due to losses from the sales decline in refrigerators and the impact of hikes in material prices, such as resin, which could not be offset by sales increases from air conditioners, washing machines and Commercial Refrigeration & Food Equipment.
Next, let’s look at Eco Solutions.

- Sales increased by 6% from the previous year in real terms, excluding the effect of exchange rates.

- In Energy Systems, sales of overseas construction materials increased in key regions such as India.

- Sales in Panasonic Ecology Systems increased due to large-scale orders being received, and sales in Panasonic Homes increased due to stable results obtained in the ready-built housing business.

- As for operating profit, despite the sales decline in Housing Systems and price hikes in raw materials, overall profit increased due to increased sales mainly from overseas construction materials and Panasonic Homes, as well as a rebound from temporary expenses recorded in the previous year.
Next, let’s look at Connected Solutions.

Sales decreased by 2% from the previous year in real terms, excluding the effect of exchange rates.

In Process Automation, favorable sales continued in mounting machines and welding equipment for the automotive industry.

In Panasonic System Solutions Japan, sales increased due to sales growths for public services and local governments.

On the other hand, sales decreased in Avionics, and also in Media Entertainment whose business was affected by natural disasters.

Operating profit increased due to increased sales mainly in Process Automation and improved product mix in Media Entertainment, in addition to a rebound from temporary expenses in the previous year in Avionics.
Finally, let’s look at Automotive & Industrial Systems.

Sales increased by 7% from the previous year in real terms, excluding the effect of exchange rates.

Although sales in Industrial decreased, sales in Automotive and Energy were favorable and overall sales increased.

Operating profit decreased due mainly to increased automotive-related expenses and the impact of the sales decline in Electromechanical Control.
- This slide shows results by Businesses whose sales are disclosed.

- In Automotive, favorable performance continued with infotainment systems for Japanese and North American car manufacturers, in addition to ADAS- and electrification-related equipment. However, operating profit decreased, due mainly to increased costs such as development expenses.

- In Energy, sales increased due to significant growth in automotive batteries, mainly cylindrical types, along with stable performance in storage battery systems. Operating profit decreased, due mainly to ramp-up expenses for the automotive battery factories.

- In Industrial, sales decreased due to the significant decrease in Electromechanical Control resulting from a slowdown in demand for capital investment in China. An increase in operating profit was secured due to increased sales of passive components such as capacitors in Device Solutions and improvement from other income/loss, despite sales decrease in Electromechanical Control.
Now, I will explain the FY19 full-year forecast.
Forecasts for Company-wide sales, operating profit, and net profit are unchanged from the initial forecast. However, other income/loss, used in the breakdown of operating profit, as well as forecasts by segment have been revised.
This table shows the details of revised figures in each segment.

Both sales and operating profit are revised downward in Appliances and Eco Solutions, which were expecting sales and profit increases in the initial forecast.

In Automotive & Industrial Systems, sales are revised upward and profit is revised downward. However, these three Divisional Companies are expected to secure sales and profit increases from the previous year.

On the other hand, in Connected Solutions, which made a forecast of a decrease in sales and profit at the beginning of the fiscal year, both sales and profit are revised upward.

In addition, for eliminations and adjustments, factors such as the impact of gains from the sale of land, income from intellectual property, and partial revision of pension schemes have been taken into account.

Forecasts by segment have been revised, however, Company-wide forecasts are unchanged from the initial forecast.

Next, I will explain the details for the three Divisional Companies, which revised their operating profit downward.
Firstly, Appliances.

Both sales and operating profit are revised downward.

Our forecast reflects such factors as the struggles faced by air-conditioners in Asia, refrigerators in Japan, and the overall AVC Business, mainly TVs, in addition to the negative impact of exchange rates in emerging countries and costs of materials such as resin remaining high.

Going forward, we will take the following countermeasures: for Air-Conditioner, we will enhance our competitiveness by strengthening our sales structure to specialize in air-conditioners; for refrigerators, we will launch new large-capacity models, which are less affected by our competitors’ price-driven approach; and for TV, we will accelerate our shift to premium products.

Moreover, we expect to secure a full-year operating profit at the same level as the previous year with thorough fixed-cost reduction and rationalization, particularly during the second half.
Next, let me talk about Eco Solutions.

We expect sales and profit growth from last year.

However, sales are revised downward from the initial forecast due to weak performance in both Housing Systems in Japan and new construction orders for Panasonic Homes.

Operating profit is also revised downward. Efforts to improve fixed costs were unable to offset impacts including sales decline and a weakened product mix.

Toward improving marginal profit, which is one of our challenges, we will make the following efforts: for Housing Systems, we will expand sales of new products in the mid- to high-end segment and revise the prices of building materials; for Panasonic Homes, we will seek increased orders for new construction.
Finally, let’s look at Automotive & Industrial Systems.

This segment is expected to achieve overall sales and profit growth from last year. Taking the current market environment and business conditions into consideration, the sales forecast is revised upward while the operating profit forecast is revised downward.

For Automotive and Energy, sales are revised upward and operating profit is revised downward.

For Industrial, both sales and operating profit are revised downward, in line with business conditions in China, where the sentiment for capital investment is weakening.
This slide shows the revised forecast for Automotive.

Automotive Infotainment Systems is performing favorably in Japan and the U.S., but it is sluggish in Europe and China. In addition, development expenses and fixed costs are increasing. Other factors, such as U.S. tariff risks, are also considered in the revised forecast of operating profit.

A challenge for Automotive Infotainment Systems is to manage development processes, in particular, the ability to control development expenses in the Europe region.

The countermeasure to this challenge is to strengthen our initiatives to improve profitability by optimizing our global development management structure and accelerating the common use of platforms.

Let me add that last year's manufacturing operations-related issues in Automotive Infotainment Systems have been settled.
In Energy, both sales and operating profit are expected to exceed last year’s figures; however, the operating profit forecast for the full year is revised downward.

This is due to additional expenses in line with the rapid ramp-up at the automotive battery factory in North America, as well as operational loss due to temporary inefficiencies resulting from rapid expansion of production.

Taking these issues into consideration, we will promptly take action to maintain stable production operations at the battery factory in North America.

By the end of the current fiscal year, we will reach production capacity equivalent to 35 GWh at the North America factory. From the second half onward, we will aim to steadily reap the benefits of sales expansion.

In addition, we will further promote material rationalization and fixed-cost reduction to achieve growth with profitability.
This is the explanation of the results for the second quarter and full-year forecast for FY19.

Environmental changes from the beginning of this term and the business outlook have been reflected in each segment’s forecast.

To achieve these revised forecasts, we will take the following initiatives during the second half:
for the consumer electronics and housing businesses, fixed-cost reduction and rationalization will be promoted;
for Automotive Infotainment Systems, the management structure for development will be strengthened;
for automotive batteries, initiatives toward stabilizing operations will be enhanced.

In addition, aiming for sustainable growth, we will enhance and maintain our competitiveness, as well as adjust to changes in the business environment. We will also continue to execute business strategies based on a mid- to long-term perspective.

Thank you very much for your continuous support and understanding.
Disclaimer Regarding Forward-Looking Statements

This presentation includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. Furthermore, figures in the presentation, at the time of the disclosure, are under the review procedure based on Financial Instruments and Exchange Act. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic’s products and services; and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers’ or confidential information from Panasonic Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic’s securities reports under the FIEA and any other documents which are disclosed on its website.
## (Reference) FY19 2Q Operating Profit & Net Profit

<table>
<thead>
<tr>
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<th>FY19 2Q</th>
<th>FY18 2Q</th>
<th>vs. FY18</th>
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<tbody>
<tr>
<td>Operating profit</td>
<td>95.2</td>
<td>112.7</td>
<td>-17.5</td>
</tr>
<tr>
<td>Non-operating income/loss</td>
<td>-0.1</td>
<td>0.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>95.1</td>
<td>112.8</td>
<td>-17.7</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-34.9</td>
<td>-39.0</td>
<td>-4.1</td>
</tr>
<tr>
<td>Net profit</td>
<td>60.2</td>
<td>73.8</td>
<td>-13.6</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>56.2</td>
<td>70.1</td>
<td>-13.9</td>
</tr>
<tr>
<td>Net profit attributable to non-controlling interests</td>
<td>4.0</td>
<td>3.7</td>
<td>+0.3</td>
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</table>
### (Reference) Segments and Business Divisions (as of October 31, 2018)

#### Appliances (AP)
- 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

#### Eco Solutions (ES)
- Lighting BD
- Energy Systems BD
- Housing Systems BD
- Panasonic Ecology Systems Co., Ltd.
- Panasonic Homes Co., Ltd.
- Panasonic Cycle Technology Co., Ltd.

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

#### Automotive & Industrial Systems (AIS)
- Automotive Infotainment Systems BD
- Automotive Electronics Systems BD
- Ficosa International, S.A.
- Energy Device BD
- Energy Solutions BD
- Tesla Energy BD
- Automotive Energy BD
- Electromechanical Control BD
- Panasonic Semiconductor Solutions Co., Ltd.
- Device Solutions BD
- Electronic Materials BD
- Panasonic Liquid Crystal Display Co., Ltd.
(Reference) List of Businesses whose sales are disclosed in FY19

### Appliances (AP)
- Air-Conditioner Business
- Small & Built-in Appliance Business
- Major Appliance Business
- AVC Business
- Commercial Refrigeration & Food Equipment Business
  - Air-Conditioner Company
  - 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
  - Cold Chain BD, Hussmann Corporation

### Eco Solutions (ES)
- Lighting BD
- Energy Systems BD
- Housing Systems BD
- Panasonic Ecology Systems Co., Ltd.
- Panasonic Homes Co., Ltd.

### Connected Solutions (CNS)
- Avionics Business
- Process Automation BD
- Media Entertainment BD
- Mobile Solutions BD
- PSSJ
  - Panasonic Avionics Corporation, Avionics BU
  - Panasonic System Solutions Japan Co., Ltd.

### Automotive & Industrial Systems (AIS)
- Automotive Business
- Energy Business
- Industrial Business
  - Energy Device BD, Energy Solutions BD, Tesla Energy BD, Automotive Energy BD