This presentation gives Panasonic's consolidated financial results for the third quarter of fiscal 2019 (FY19) ended December 31, 2018.
## Summary of FY19 3Q Financial Results

- **3Q results**
  - **Overall sales increased** through growing automotive battery business in Automotive & Industrial Systems, as well as steady housing business in Eco Solutions.
  - **Overall operating profit decreased** due mainly to decreased Avionics sales in Connected Solutions, along with sluggish sales of AVC and devices in Appliances.

- **Full-year forecast**
  - Based on current business conditions, **sales, operating profit** and **profit before income taxes** forecasts **have been revised downward**.
  - **Net profit** forecast **is unchanged**, anticipating improvements in income taxes and others.

*Net profit attributable to Panasonic Corporation stockholders*

- This shows the summary of the financial results for the third quarter and the full-year forecast for FY19.
- Overall sales for the third quarter increased through significant growth of automotive battery business in Automotive & Industrial Systems, as well as steady housing business in Eco Solutions.
- Overall operating profit decreased due mainly to decreased Avionics sales in Connected Solutions, along with sluggish sales of AVC and devices in Appliances.
- For the full-year forecast, sales, operating profit and profit before income taxes forecasts have been revised downward, based on current business conditions.
- Net profit forecast is unchanged, anticipating improvements in income taxes and others.
First, I will give a summary of the financial results for the third quarter of FY19.
This table shows the consolidated financial results for the third quarter of FY19.

Sales increased by 20.5 billion yen to 2,074.8 billion yen.

Operating profit decreased by 22.5 billion yen to 97.6 billion yen, and net profit decreased by 21.1 billion yen to 60.1 billion yen.
Next, let’s look at the results by segment.

For Appliances and Connected Solutions, sales and operating profit decreased.

For Eco Solutions, sales and operating profit increased.

For Automotive & Industrial Systems, sales increased. Operating profit also increased with improved other income/loss.

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% from the previous year in real terms, excluding the effect of exchange rates.

In Air-Conditioner, sales increased due to steady sales in Japan, in particular, large-sized air-conditioners.

In Commercial Refrigeration & Food Equipment, sales increased along with steady orders received in North America.

On the other hand, sales decreased in Small & Built-in Appliance and AVC such as TVs.

In addition, devices for air-conditioners were impacted by the weakening market conditions in China, leading to an overall sales decrease for the segment.

Overall operating profit decreased due to the impact of increased market-related costs for Major Appliance and AVC, in addition to decreased sales in Small & Built-in Appliance and Devices.
Next, let’s look at Eco Solutions.

Sales increased by 8% from the previous year in real terms, excluding the effect of exchange rates.

Sales by Panasonic Homes increased due to favorable orders in new construction and greatly expanded sales in the ready-built housing business.

The new consolidation also contributed to an overall sales increase in the segment.

Overall operating profit increased due to expanded sales, mainly at Panasonic Homes, and strengthened rationalization initiatives, which offset impacts such as declined prices in Lighting.
● Next, let’s look at Connected Solutions.

● Sales decreased by 4% from the previous year in real terms, excluding the effect of exchange rates.

● In Process Automation, sales increased due to the continuously favorable sales of mounting machines for automotive- and device-related industries, as well as welding equipment for the automotive industry.

● On the other hand, sales decreased in Avionics, in Media Entertainment, which was affected by decreased sales of production cameras, and in Mobile Solutions, with the impact of last year’s large-scale orders.

● Operating profit decreased due mainly to the impact of last year’s reversal of provisions, in addition to decreased sales in Avionics and Media Entertainment.
Finally, let’s look at Automotive & Industrial Systems.

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

Operating profit increased by 1.9 billion yen from the previous year.

As a result, both overall sales and profit increased for the segment.
In Automotive, sales increased in infotainment systems for Japanese and North American customers, as well as in cameras, sonars, and charging systems. However, operating profit decreased due mainly to impairment loss in capitalized development expenses for some of the European projects, despite the rebound from quality-related costs recorded in the previous year.

In Energy, sales significantly increased for automotive batteries, in particular, cylindrical types. Operating profit increased due mainly to initiatives to control fixed costs and improve operations, as well as revised provision for legal expenses, despite ramp-up expenses made for the automotive battery factory in North America.

In Industrial, both sales and operating profit in Electromechanical Control significantly decreased due mainly to decreased sales of motors, impacted by weaker capital investment demand in China resulting from trade friction between U.S. and China.
Now, I will explain the FY19 full-year forecast.
Based on current business conditions, the following revisions from the previous full-year forecast announced on October 31, 2018, have been made.

- Sales: revised downward by 200.0 billion yen.
- Overall operating profit: revised downward by 40.0 billion yen reflecting profit generated from business, despite improvement in other income/loss by 45.0 billion yen.
- Profit before income taxes: revised downward by 35.0 billion yen.
- However, net profit forecast is unchanged, anticipating improvements in income taxes and others.
This table shows the details of revised figures in each segment.

I will explain the details from the next slide.
Firstly, Appliances.

Both sales and operating profit forecasts are revised downward.

Our forecast reflects further market-related costs needed to address the struggles faced by Refrigerator and TV sales due to aggressive pricing by competitors.

Decreased sales of consumer electronics and devices for China, on the back of an economic slowdown, are also reflected in the forecast.

Going forward, we will take the following countermeasures:

for Air-Conditioner, we will enrich the lineup of high-value-added products;

for white goods, which includes Refrigerator, we will control inventory at optimum levels, in addition to enhancing product competitiveness and cost reduction;

for TV, we will accelerate the shift to high-value-added models, aiming for improved profitability.
Next, let me talk about Automotive & Industrial Systems.

For all Businesses whose sales are disclosed, both sales and operating profit forecasts are revised downward.
This slide shows revisions for Automotive.

Sales forecast is revised downward, due to the slowdown in China’s auto sales.

Operating profit forecast is significantly revised downward. We have factored-in impacts such as those from impairment loss in capitalized development expenses for some of the projects in Europe and from temporary expenses for quality-related issues regarding a customer in North America.

We will continue to strengthen our global development management system. In particular, for our business in Europe, which is now facing challenges, we aim to improve profitability by promoting initiatives such as a review of our project management system.

### Segment Forecast Revision

#### Automotive Business

<table>
<thead>
<tr>
<th></th>
<th>FY19 (e)</th>
<th>Sales vs. FY18</th>
<th>Operating Profit vs. FY18</th>
<th>Other income/loss vs. FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>972.7</td>
<td>+43.9</td>
<td>-8.0</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

* Revision from October 31, 2018

#### Operating profit revision analysis

- Impairment loss in capitalized development expenses for business in Europe, etc.
- Temporary expenses for quality-related issues regarding a customer in North America.
- Slowdown in auto sales due to weakening Chinese economy, impacted by U.S.-China trade friction.

#### Challenges

- Project management in Europe, control of development expenses.

#### Countermeasures looking at next fiscal year onward

- Strengthen and restructure global development management system, in particular, continue to review development system in Europe and enhance project management from Japan to achieve stabilization.
Next, let’s look at Energy.

The following conditions are factored into the revised sales forecast:
- For cylindrical, production at the automotive battery factory is pushed back;
- For prismatic, there is weakening demand for eco-cars.

Adding other factors such as difference in presentation due to lease accounting, overall sales forecast is revised downward.

Operating profit is revised downward due to decreased profit in line with revision of sales forecast, more-than-expected delay in improving operational losses at the factory in North America, and other factors.

For cylindrical batteries, we aim to reach stable utilization at our factory in North America by enhancing operational capabilities.

For prismatic batteries, we aim to strengthen our business structure in order to supply competitive batteries to a wide range of car manufacturers, as we have recently announced.
Lastly, Industrial.

Both sales and operating profit forecasts are revised downward, due to a rapid slowdown of capital investment demand on the back of weakening market conditions in China, as well as larger losses from decreased sales, particularly motors.

For motor business, we will prepare for a further deterioration of the China market by lowering dependency on smartphone applications and on China, as well as taking initiatives to enhance profitability.
This concludes my explanation of the results for the third quarter and full-year forecast for FY19.

Based on current business conditions, Company-wide forecasts have been revised.

To address the remaining issues of low-profitable businesses, we will continue to thoroughly implement initiatives toward improving profitability.

And we will strengthen our business portfolio management to enhance profitability at a Company-wide level.

Thank you for your kind attention.
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(Reference) FY19 3Q Sales Analysis by Business

(yen: billions)

FY18 3Q: 2,054.3

FY19 3Q (excluding effect of exchange rates): 2,102.7

FY19 3Q: 2,074.8

Effect of exchange rates: -27.9

* List of Businesses whose sales are disclosed in FY19 included in the end of presentation.
(Reference) FY19 3Q Operating Profit Analysis by Business

(yen: billions)

Profit generated from business

- Air-Conditioner
- Energy
- Automotive
- Industrial
- Avionics
- Other businesses, etc.
- AVC

Other income/loss

Effect of exchange rates

FY18 3Q: 120.1
FY19 3Q: 97.6

* List of Businesses whose sales are disclosed in FY19 included in the end of presentation.
(Reference) FY19 3Q Operating Profit Analysis

(yen: billions)

- Sales increase/decrease (excluding effect of exchange rates) 120.1
- Fixed cost -31.6
- Material cost hike/Price decline/Rationalization -16.0
- Effect of exchange rates -1.9
- Other income/loss +5.5

FY18 3Q

FY19 3Q 97.6

[Breakdown]:
Price hikes in raw materials -10.5
<table>
<thead>
<tr>
<th></th>
<th>FY19 3Q</th>
<th>FY18 3Q</th>
<th>vs. FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>97.6</td>
<td>120.1</td>
<td>-22.5</td>
</tr>
<tr>
<td>Non-operating income/loss</td>
<td>-0.6</td>
<td>-1.4</td>
<td>+0.8</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>97.0</td>
<td>118.7</td>
<td>-21.7</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-31.3</td>
<td>-32.8</td>
<td>+1.5</td>
</tr>
<tr>
<td>Net profit</td>
<td>65.7</td>
<td>85.9</td>
<td>-20.2</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>60.1</td>
<td>81.2</td>
<td>-21.1</td>
</tr>
<tr>
<td>Net profit attributable to non-controlling interests</td>
<td>5.6</td>
<td>4.7</td>
<td>+0.9</td>
</tr>
</tbody>
</table>
## FY19 Nine-Month (Apr. - Dec.) Results

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY19 9M</th>
<th>FY18 9M</th>
<th>vs. FY18 / Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,083.0</td>
<td>5,912.2</td>
<td>+3% (+3%)**</td>
</tr>
<tr>
<td>Operating profit</td>
<td>292.8</td>
<td>316.7</td>
<td>-8% -23.9</td>
</tr>
<tr>
<td>Other income/loss**</td>
<td>22.3</td>
<td>-10.7</td>
<td>+33.0</td>
</tr>
<tr>
<td>Non-operating income/loss</td>
<td>1.5</td>
<td>-3.2</td>
<td>+4.7</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>294.3</td>
<td>313.5</td>
<td>-6% -19.2</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>173.7</td>
<td>200.1</td>
<td>-13% -26.4</td>
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</tbody>
</table>

### Exchange rates

<table>
<thead>
<tr>
<th></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>129 yen</td>
<td>16.6 yen</td>
</tr>
<tr>
<td>1 US dollar</td>
<td>112 yen</td>
<td>129 yen</td>
<td>16.6 yen</td>
</tr>
</tbody>
</table>

* In real terms excluding the effect of exchange rates
** Other income/loss = Other income (loss) + Share of profit investments accounted for using the equity method
<table>
<thead>
<tr>
<th>(Reference) Segments and Business Divisions (as of February 4, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appliances (AP)</strong></td>
</tr>
<tr>
<td>- Air-Conditioner Company</td>
</tr>
<tr>
<td>- TV BD</td>
</tr>
<tr>
<td>- Imaging Network BD</td>
</tr>
<tr>
<td>- Home Entertainment BD</td>
</tr>
<tr>
<td>- Communication Products BD</td>
</tr>
<tr>
<td>- Refrigerator BD</td>
</tr>
<tr>
<td><strong>Automotive &amp; Industrial Systems (AIS)</strong></td>
</tr>
<tr>
<td>- Automotive Infotainment Systems BD</td>
</tr>
<tr>
<td>- Automotive Electronics Systems BD</td>
</tr>
<tr>
<td>- Ficosa International, S.A.</td>
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<tr>
<td>- Energy Device BD</td>
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</tbody>
</table>
## (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

### 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

### Automotive & Industrial Systems (AIS)
- Automotive Business
- Energy Business
- Industrial Business

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*Panasonic*  
Fiscal 2019 Third Quarter Financial Results

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