Fiscal 2019 Financial Results
Fiscal 2020 Financial Forecast

May 9, 2019
Panasonic Corporation

Notes: 1. This is an English translation from the original presentation in Japanese.
   2. In this presentation, "Fiscal 2019" or "FY19" refers to the year ended March 31, 2019.
   In addition, "Fiscal 2020" or "FY20" refers to the year ending March 31, 2020.

- This presentation gives Panasonic’s consolidated financial results for fiscal 2019 (FY19) ended March 31, 2019, and its current financial forecast for fiscal 2020 (FY20) ending March 31, 2020.
First, the summary of the financial results for FY19.
This shows the consolidated financial results for FY19.

Overall sales were 8,002.7 billion yen, the same as previous year’s level.

Overall operating profit increased by 31.0 billion yen to 411.5 billion yen. This was due mainly to the partial revision of the pension scheme and temporary profit including disposal of assets, despite decreased profits in automotive, industrial, and consumer electronics businesses, along with recording restructuring expenses.

Net profit increased by 48.1 billion yen to 284.1 billion yen, with contributions by improvements in income taxes and others.

ROE improved by 1.3 points to 15.7% from the previous year.

Sales decreased by 97.3 billion yen, compared to the forecast announced on February 4, due mainly to revised presentation in certain transactions.
This slide shows details of profit and loss, from operating profit to net profit.

Income taxes improved due mainly to one-off effect resulting from the reorganization of subsidiaries.
Next, let’s look at the results by segment. Operating profit decreased in all business segments.

For Appliances, sales and profit decreased due to sluggish sales mainly in AVC, along with the weakening demand for devices in China.

For Eco Solutions, overall sales increased due mainly to steady sales in overseas wiring devices and the impact of new consolidation and growth of Panasonic Homes. Operating profit decreased overall, due to recording impairment loss of fixed assets in solar business, although profits generated from business increased due to increased sales.

For Connected Solutions, sales increased due mainly to favorable sales in Process Automation. Operating profit decreased due mainly to the impact of one-off gains recorded in the previous year.

For Automotive and Industrial Systems, overall sales increased due to Automotive and Energy, despite the impact of decreased sales in Industrial due to weakening market conditions in China. Operating profit decreased due mainly to an impairment loss of capitalized development expenses in Automotive and decreased sales in Industrial.
This slide shows an analysis of operating profit, which improved by 26.5 billion yen compared to the forecast announced in February.

Profit generated from business improved by 2.0 billion yen, with contributions by businesses such as Avionics, despite the impact of decreased sales in automotive cylindrical batteries and Industrial.

Other income/loss improved by 24.5 billion yen overall, due to acceleration of disposal of assets and others, while restructuring businesses with low profitability, such as solar business.
This slide shows FCF, net cash position, and dividends.

- FCF was 10.3 billion yen in FY19, an increase of 45.9 billion yen from FY18.
- Going forward, the Company will continue to control investments strictly, and improve FCF by thoroughly generating cash flows from operating activities such as reducing inventory.
- The annual dividend is 30 yen, the same as last year.
Now, I will explain the FY20 full-year forecast.
The Company will carry out reform of its business portfolio in FY20, the first year of the new Mid-term strategy.

Sales is expected to decrease, due mainly to sales decrease in Industrial Solutions. This reflects the uncertainty in the macro environment including the situation in China, along with the impact of portfolio reforms, such as the establishment of a joint venture related to the town development business, which was announced today.

Operating profit and net profit are expected to decrease, due mainly to restructuring expenses and factoring in various business risks.
This slide shows the full-year consolidated forecast for FY20.

- Sales will decrease by 102.7 billion yen to 7,900.0 billion yen.
- Operating profit will decrease by 111.5 billion yen to 300.0 billion yen.
- Net profit will decrease by 84.1 billion yen to 200.0 billion yen.
- ROE is expected to be 10.1%.

### FY20 Full-Year Forecast

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY20 (a)</th>
<th>FY19</th>
<th>vs. FY19 / Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>7,900.0</td>
<td>8,002.7</td>
<td>-1% (-1%)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>300.0</td>
<td>411.5</td>
<td>-27%</td>
</tr>
<tr>
<td>Other income/loss</td>
<td>0.0</td>
<td>84.5</td>
<td>-</td>
</tr>
<tr>
<td>Non-operating income/loss</td>
<td>-10.0</td>
<td>5.0</td>
<td>-15.0</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>290.0</td>
<td>416.5</td>
<td>-30%</td>
</tr>
<tr>
<td>Net profit attributable to Panasonic Corporation stockholders</td>
<td>200.0</td>
<td>204.1</td>
<td>-30%</td>
</tr>
<tr>
<td>ROE</td>
<td>10.1%</td>
<td>15.7%</td>
<td>-5.6%</td>
</tr>
</tbody>
</table>

### Exchange Rates

- 1 US dollar = 110 yen
- 1 Euro = 125 yen
- 1 Renminbi = 16.5 yen

*In real terms excluding the effect of exchange rates.*
This slide shows our operating profit analysis.

Profit decrease by sales decrease is expected to be 24.0 billion yen. This is due mainly to business portfolio reform.

We expect a decrease of 10.0 billion yen from the effect of exchange rates.

Regarding fixed cost, investment in Automotive Batteries will increase. However, business replacement and other reduction efforts will offset the increase to remain at the same level.

To offset impacts such as price declines, additional rationalization efforts will be made. However the improved amount will remain at 7.0 billion yen.

As a result, profit generated from business is expected to decrease by 27.0 billion yen overall.

Other income/loss is expected to decrease by 84.5 billion yen. The business transfer in FY20 will offset the impact from one-off income/loss in the previous year. However, we expect to incur business restructuring expenses for profitability improvement.

Overall operating profit is expected to decrease by 111.5 billion yen.
This slide shows the FY20 financial forecasts by segment.

Starting in FY20, the Company will report based on the five business segments shown here.

For the businesses included in each segment, please refer to the end of this presentation.
First, let’s look at Appliances based on consolidated production and sales.

In FY20, we will strengthen our businesses in China and Asia mainly through air-conditioners and white goods.

Overall sales are expected to maintain the same level as the previous year. Sales are expected to increase in air-conditioners and white goods in China, and air-conditioners in Asia. On the other hand, sales will decrease in such product categories as TVs, where we will accelerate our shift to high-end products.

Operating profit is expected to decrease, mainly impacted by factored-in market risks and business restructuring expenses, while we expect increased profit by expanding sales of air-conditioners and white goods.
Next, let’s look at Life Solutions.

In FY20, we are aiming to strengthen overseas businesses in China, India and other markets, where we expect market growth in electrical construction materials, such as wiring devices and lighting equipment. In addition, we will strengthen our solutions business in Japan for the non-housing market.

Sales are expected to increase in Lighting and Energy Systems, which are playing key roles for the electrical construction materials business, as well as in Panasonic Ecology Systems. However, overall sales are expected to decrease due to the impact of Panasonic Homes scheduled to become unconsolidated in this fiscal year.

Operating profit is expected to increase, due mainly to gains from the business transfer related to the establishment of the joint venture.
Next, let’s look at Connected Solutions.

In FY20, we will lay the foundation for solution service businesses pursuing higher profitability, as well as strengthening the profitability of existing businesses.

Sales are expected to increase, driven mainly by PSSJ, which aims to pursue the opportunities provided by Olympics-related demands and to expand businesses that provide solutions to social issues, as well as by stable performance of Process Automation.

Operating profit is expected to decrease overall, due to increasing investments for efforts to strengthen solution service businesses, while PSSJ sales are expected to increase.
Next, let’s look at the situation for Automotive.

In FY20, Automotive Solutions will execute management reform that prioritizes profit growth. In particular, we will focus on projects in areas where we have competitive advantage.

For Automotive Batteries, we will make investments in expanding production of prismatic batteries at our Himeji and Dalian factories. For cylindrical batteries, we aim to increase profitability by improving productivity and utilization at our North America factory.

Regarding sales, we expect an overall increase. While Automotive Solutions is expecting decreased sales impacted by the product cycle trend, we expect significantly increased sales from the positive effect of increased production of both prismatic and cylindrical types.

As for operating profit, we forecast a loss of 15.0 billion yen. While we can expect profit from increased sales of Automotive Batteries and rationalization efforts, we forecast an increase in fixed costs in line with the ramp-up of production at the Dalian and Himeji factories.
Finally, let’s look at Industrial Solutions.

For FY20, we will focus investments on growth areas in the automotive- and industrial-use businesses as well as accelerate our initiatives to change the business structure and pursue higher operational efficiency.

For Systems, we will strengthen our sales and development structures as well as expand our product lineup to provide optimum solutions that meet customer needs.

For Devices, we will further enhance the competitiveness of our products, with the aim of expanding market share in the medium- to long-term perspective.

However, we forecast decreased sales, factoring in the impact of the severe macro environment, such as that in the China markets.

On the other hand, operating profit is expected to increase overall due to efforts to strengthen our management structure, such as reducing inventory and quality-related losses, in addition to improved profit in semiconductors and LCD, despite decreased sales in Systems along with impact of temporary gains in the previous year.
In FY20, the first year of the new Mid-term strategy, we will carry out business portfolio reform.

We aim to improve the competitiveness of our businesses through “Co-creation” with our partners, such as we are doing in the automotive prismatic battery business, announced in January, and the town development business, which was announced today.

In addition, we will improve profitability by implementing radical measures for low-profitable and unprofitable businesses, such as our consumer electronics and semiconductor businesses. An example is the restructuring of our solar business.

During the three-year period of our new strategy, we will further promote and accelerate these portfolio management initiatives, to overcome low profitability and return to a growth track.
Thank you for your kind attention.
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 disclosure 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 products and geographical areas, the possibility that excessive currency rates 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 that 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 discussion in demand for products from business partners which Panasonic highly depends on in B2B 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’ 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 exhaustive and other 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 Operating Profit Analysis

(yen: billions)

380.5

+97.2

-56.0

Fixed cost

-108.5

Material cost hike/
Price decline/
Rationalization, etc.

-6.9

Effect of
exchange rates

+105.2

Other
income/loss

411.5

Sales increase/decrease
(excluding effect of
exchange rates)

[Breakdown]
Price hikes in raw materials: +5.5

FY10

+31.0

FY19
## Businesses whose sales and OP are disclosed in FY19

(yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating profit</th>
<th>Other income/loss</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>vs. FY18</td>
<td>vs. forecast*</td>
<td>vs. FY18</td>
</tr>
<tr>
<td>Air-Conditioner</td>
<td>495.0</td>
<td>+1%</td>
<td>-2%</td>
</tr>
<tr>
<td>(Production and sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consolidated)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>989.5</td>
<td>+4%</td>
<td>+18.8</td>
</tr>
<tr>
<td>Energy</td>
<td>696.5</td>
<td>+24%</td>
<td>+24%</td>
</tr>
<tr>
<td>Industrial</td>
<td>915.8</td>
<td>-3%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

* In real terms excluding the effect of exchange rates
** Difference from forecast as of February 4, 2019
## (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 BU
- 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

Air-Conditioner Company
Kitchen Appliances BU, Beauty and Living BU
Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
TV BD, Imaging Network BD, Home Entertainment BD, Communication Products BD
Cold Chain BD, Hussmann Corporation
Panasonic Avionics Corporation, Avionics BU
Panasonic System Solutions Japan Co., Ltd.
Energy Device BD, Energy Solutions BD, Tesla Energy BD, Automotive Energy BD
## List of Businesses whose sales are disclosed in FY20

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Major Business Divisions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appliances (AP)</strong></td>
<td>Heating and Cooling Solutions BD &lt;br&gt; Smart Life Network BU &lt;br&gt; Home Appliances &lt;br&gt; Commercial Refrigeration &amp; Food Equipment</td>
</tr>
<tr>
<td><strong>Life Solutions (LS)</strong></td>
<td>Heating and Cooling Solutions BU &lt;br&gt; Smart Life Network BU &lt;br&gt; Kitchen Appliances BD, Laundry Systems and Vacuum Cleaner BD, Beauty and Personal Care BD &lt;br&gt; Cold Chain BD, Hussmann Corporation</td>
</tr>
<tr>
<td><strong>Connected Solutions (CNS)</strong></td>
<td>Lighting BD &lt;br&gt; Energy Systems BD &lt;br&gt; Housing Systems BD &lt;br&gt; Panasonic Ecology Systems Co., Ltd. &lt;br&gt; Panasonic Homes Co., Ltd.</td>
</tr>
<tr>
<td><strong>Industrial Solutions (IS)</strong></td>
<td>Automotive Solutions BD, Industrial Devices BD, Energy Solutions RD &lt;br&gt; Electronic Devices BD, Energy Devices BD, Electronics Materials BD</td>
</tr>
</tbody>
</table>

*Note: Sales and profit of Oceania & Northeast Asia Company are mainly included in AP and LS segments. Sales and profit of LCD Company are mainly included in AP and AM segments.*