Financial / ESG Highlights

Panasonic Corporation and Subsidiaries, Years ended March 31
Panasonic began applying International Financial Reporting Standards (IFRS) on a voluntary basis in the fiscal year ended March 2017. Financial figures for the fiscal year ended March 2016 are also presented in accordance with IFRS in addition to conventional U.S. GAAP standards. Please refer to notes of “10-Year Financial Summary” on pages 81 and 82.

Financial Highlights

Net Sales

Sales increased year-on-year due to steady sales in Japan and continued growth in the automotive-related business including the Automotive Business and the Energy Business.

Operating Profit and Ratio to Sales

Though impacted by sharp increases in raw material prices and higher fixed costs for future growth, profit increased due mainly to gains from increased sales in the Automotive Business and Industrial Business, and streamlining initiatives.

Capital Investment and Depreciation

Capital investment increased year-on-year due mainly to continued active investment in production facilities for automotive batteries, a growth field.

Free Cash Flows

Free cash flow was negative due to continued strategic investment in growth fields. Excluding strategic investment, cash flow was 132.7 billion yen, a decrease from the previous year. This was due mainly to an increase in working capital requirements in connection with higher sales.

ESG Highlights

Panasonic works to maximize contributions to CO2 emission reductions through improving the energy-saving performance of products and services. In fiscal 2018, contributions to CO2 reductions increased to 60.97 million tons due to increased sales of air-conditioners in China and other factors. Please refer to “CO2 Reduction” on page 77.
The composition of the Board of Directors was changed substantially in fiscal 2017 to further strengthen corporate governance. As of June 30, 2018, the number of directors sets at 12 and the outside director ratio at one-third. Promoting diversity is an important management initiative, and in Japan in particular, the hiring of more women to positions with decision-making authority is recognized as necessary. Panasonic continues every year to increase the number of women in managerial positions and percentage of women in positions of responsibility through the promotion of various initiatives.

Panasonic focused on development of new technologies and new products based on growth strategies for key areas. The Company also actively engaged in new business creation. R&D expenditures as a result were 448.9 billion yen.

Net profit attributable to Panasonic Corporation stockholders increased due to higher operating profit and improvement in the effective tax rate. As a result, ROE improved by 4.5 percentage points from the previous year, to 14.4%.

Panasonic worked to provide a stable, sustained dividend based on a target consolidated payout ratio of approximately 30%. In line with this policy, the Company paid an annual dividend per share in fiscal 2018 of 30 yen, an increase of 5 yen from the previous year.

Interest-bearing debt increased due to the issue of short-term corporate bonds and other factors. Cash and cash equivalents decreased from the previous year due mainly to strategic investment, an increase in working capital requirements in connection with higher sales.

Panasonic works to provide a stable, sustained dividend based on a target consolidated payout ratio of approximately 30%. In line with this policy, the Company paid an annual dividend per share in fiscal 2018 of 30 yen, an increase of 5 yen from the previous year.

Promoting diversity is an important management initiative, and in Japan in particular, the hiring of more women to positions with decision-making authority is recognized as necessary. Panasonic continues every year to increase the number of women in managerial positions and percentage of women in positions of responsibility through the promotion of various initiatives. Please refer to "Human Resources Development and Diversity" on page 71.