

Growth in Sales and Profits in Fiscal 2019, Driven by High-Growth Businesses

Fiscal 2018 Results [For details, refer to page 83](#)

Sales and profit growth in real terms for first time in seven years

In fiscal 2018, sales increased by 9% year-on-year to 7,982.2 billion yen due mainly to significant growth in the automotive-related business. Contributions were made in particular by the Automotive Business, which includes automotive infotainment systems and car-related equipment, and the Energy Business, which includes rechargeable batteries. Newly consolidated Ficosa, a Spanish automotive parts and systems supplier, and Zetes, a Belgian logistics solutions company, along with favorable exchange rates, also contributed to the growth in sales.

Although fixed costs increased 62.2 billion yen compared with the previous fiscal year, profit increased on sales growth of 113.0 billion yen, while streamlining benefits and improvement in other income/loss also helped offset the higher costs. As a result, operating profit increased 103.7 billion yen to 380.5 billion yen,

and net profit attributable to Panasonic Corporation stockholders rose 86.6 billion yen to 236.0 billion yen compared with the previous fiscal year. For the first time in seven years (since fiscal 2011), both sales and profits increased in real terms excluding the effects of foreign currency exchange rates. ROE improved by 4.5 percentage points year-on-year to 14.4%. Panasonic will continue to target ROE of 10% or higher going forward.

Free cash flow was negative 35.6 billion yen. Excluding strategic investments, free cash flow would have been 132.7 billion yen, a decline of 57.6 billion yen from the previous fiscal year. Although net profit attributable to Panasonic Corporation stockholders expanded, inventories increased temporarily at the North American automotive battery business, and higher sales led to an increase in working capital requirements. Panasonic aims to improve free cash flow by recouping investments in strategic projects.

Fiscal 2019 Business Categories

High-growth businesses	Driving force for sales and profit growth. Concentrating management resources including large-scale investments. Automotive batteries, next-generation cockpit systems, ADAS, air-conditioners, electromechanical control devices, etc.
Stable-growth businesses	Steadily generating profit by taking advantage of our competitiveness and generate investment funds for high-growth businesses. White goods, commercial refrigeration & food equipment, wiring devices, lighting equipment, avionics, process automation, security cameras, electronic materials, dry batteries, etc.
Low-profitable businesses	Significantly improving profitability by business transformation, fixed cost reductions, and rationalization TVs, fixed-line phones/fax, building materials, solar systems, ruggedized PCs, semiconductors, LCD panels, etc.
Breakdown of business categories (FY2019 forecast)	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Sales 8.3 trillion yen</p> </div> <div style="text-align: center;"> <p>Operating Profit 425.0 billion yen</p> </div> </div>

Policy and Outlook for Fiscal 2019

Growth strategies in three business categories

In fiscal 2019, Panasonic will execute growth strategies in the three business categories comprising high-growth businesses, stable-growth businesses and low-profitable businesses.

In high-growth businesses, as a result of focused investments, both sales and profits are expected to grow significantly, mainly in the automotive battery business, in fiscal 2019. In stable-growth businesses, although overall sales and profit increases are expected, sales and profit in Avionics are expected to decrease due to weakening demand for large aircraft. Therefore, growth in this fiscal year is expected to slow down. In low-profitable businesses, the Company projects sharp improvement in profits, especially in semiconductors and LCD panels, as a result of ongoing initiatives for business transformation, cutting fixed costs and streamlining operations.

Forecasting continued growth in sales and profits

Panasonic forecasts growth in both sales and profits again in fiscal 2019, driven mainly by high-growth businesses.

The Company forecasts sales growth of 4% year-on-year to 8,300 billion yen. A major factor behind this growth is sharply higher sales of automotive batteries in real terms excluding the effects of foreign currency exchange rates. We also expect contributions to sales growth from the Industrial Business, Automotive Business, and Air-Conditioner Business.

Panasonic projects profit growth with an estimated 180 billion yen boost from higher sales, while ongoing efforts to strengthen management should help mitigate an increase in fixed costs from expenses related to sales growth and investments in growth areas.

High-Growth Businesses to Drive Growth in Fiscal 2019

