

Financial Review

Operating Results

Business overview

During the year ended March 31, 2019 (fiscal 2019), the global economy continued to perform steadily, supported mainly by spending in the U.S. and a favorable employment environment in Japan. On the other hand, the Chinese economy saw a slowdown in spending and investment. Furthermore, imports and exports from/to various countries saw signs of economic slowdown in the second half of the fiscal year.

Under such business conditions, Panasonic promoted its strategies for sustainable growth. In particular, for the automotive battery business, which involves key devices for the electrification of automobiles, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture, with the aim of achieving high-capacity and high-output automotive prismatic batteries that lead the industry in terms of both performance and cost.

In its annual business policy for fiscal 2017, Panasonic had set Company-wide targets of operating profit and net profit attributable to Panasonic Corporation stockholders for fiscal 2019. While the Company did not achieve this operating profit target due to deteriorated profitability, mainly in automotive-related businesses which were expected to drive growth, profit increased from the previous year

due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets. The fiscal 2019 target of net profit attributable to Panasonic Corporation stockholders was achieved due mainly to the reduction of income taxes.

Net sales

Sales for fiscal 2019 were 8,002.7 billion yen, the same as the previous year's level. Domestic sales were the same level as last year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd., despite a sales decrease for consumer products in Appliances. Overseas sales increased due mainly to continuing favorable sales of the automotive-related businesses including Energy and Automotive, as well as Commercial Refrigeration & Food Equipment in North America, and the electronic-component-mounting-equipment business of Process Automation.

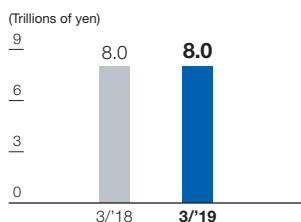
Financial Results

(Billions of yen)

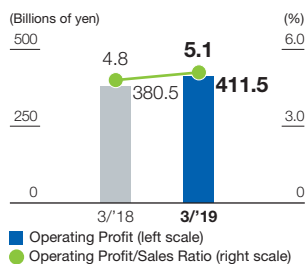
	3/2018	3/2019	vs. 3/2018 %/amount	
Net sales	7,982.2	8,002.7	100%	+20.5
Operating profit	380.5	411.5	108%	+31.0
Profit before income taxes	378.6	416.5	110%	+37.9
Net profit attributable to Panasonic Corporation stockholders	236.0	284.1	120%	+48.1
ROE	14.4%	15.7%	—	+1.3%

Exchange rates	1 USD	111 yen	111 yen
	1 EUR	130 yen	128 yen
	1 RMB	16.8 yen	16.5 yen

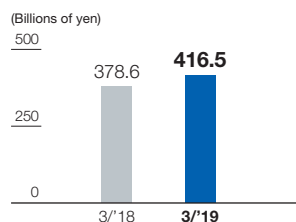
Sales (Years ended March 31)



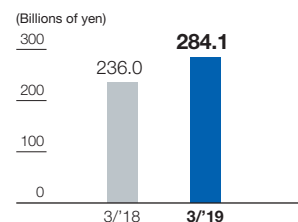
Operating Profit Operating Profit/Sales Ratio (Years ended March 31)



Profit before Income Taxes (Years ended March 31)



Net Profit Attributable to Panasonic Corporation Stockholders (Years ended March 31)



Overview by geographic region

By geographic region, overall sales in Japan were 3,716.6 billion yen, generally the same as the previous fiscal year's 3,724.1 billion yen. Sales overseas increased by 1% to 4,286.1 billion yen, from 4,258.1 billion yen a year ago. In real terms, excluding the impact of exchange rates, sales increased by 2% year on year. In North and South America, sales totaled 1,529.8 billion yen, a year-on-year increase of 12% in real terms. In Europe, sales in real terms remained generally the same as the previous fiscal year, at 807.3 billion yen. In Asia, sales were 1,015.0 billion yen, a 5% decrease in real terms, and China, sales were 934.0 billion yen, a 4% decrease in real terms.

Sales by Region

	3/2018	3/2019	(Billions of yen) Local currency basis vs. 3/2018
Japan	3,724.1	3,716.6	100%
Americas	1,368.3	1,529.8	112%
Europe	821.0	807.3	100%
Asia	1,087.1	1,015.0	95%
China	981.7	934.0	96%
Total	7,982.2	8,002.7	101%

Operating profit

Cost of sales increased from 5,643.0 billion yen a year ago to 5,736.2 billion yen. Selling, general and administrative expenses totaled 1,939.5 billion yen, an increase from 1,938.0 billion yen a year ago. Share of profit of investments accounted for using the equity

method increased from 10.1 billion yen a year ago to 10.9 billion yen. Other income (expenses), net, amounted to a gain of 73.6 billion yen, compared to a loss of 30.7 billion yen the previous fiscal year, due mainly to one-time gains including the partial revision of the pension scheme and disposal of assets.

As a result, operating profit totaled 411.5 billion yen, an increase from 380.5 billion yen the previous fiscal year. Sales increases in businesses including Automotive and Energy, and the one-time gains mentioned above offset the negative impacts from raw material cost hikes, increased fixed costs due to upfront investments and recording the restructuring charges. The operating profit ratio also improved to 5.1%, from 4.8% a year ago.

Profit before income taxes

Finance income increased from 22.8 billion yen the previous fiscal year to 25.6 billion yen. Finance expenses decreased from 24.7 billion yen to 20.6 billion yen.

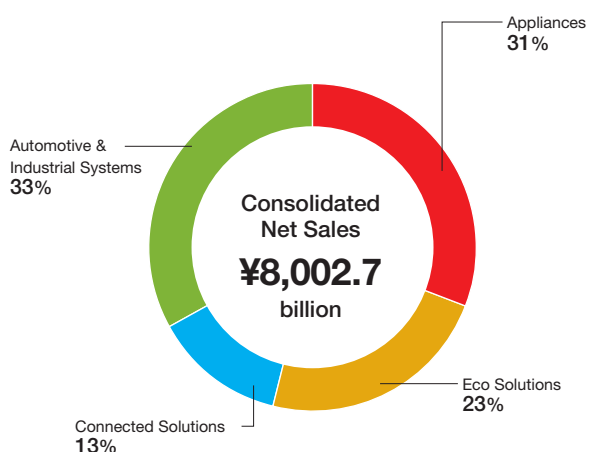
As a result, profit before income taxes was 416.5 billion yen, compared to 378.6 billion yen the previous fiscal year.

Net profit attributable to Panasonic Corporation stockholders

Income taxes were 113.7 billion yen, compared to 126.6 billion yen a year ago. As a result, net profit attributable to Panasonic Corporation stockholders totaled 284.1 billion yen, compared to 236.0 billion yen a year ago. Also, net profit attributable to Panasonic Corporation stockholders per share was 121.83 yen, against 101.20 yen the previous fiscal year.

Segment Information

Fiscal 2019 Net Sales Composition Ratio



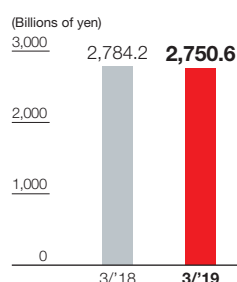
Breakdown by Segment

	(Billions of yen)	
	Net Sales	Operating Profit
Appliances	2,750.6	85.9
Eco Solutions	2,036.1	64.6
Connected Solutions	1,127.7	94.4
Automotive & Industrial Systems	2,983.1	56.4
Reportable segments total	8,897.5	301.3
Other	309.5	1.4
Eliminations and adjustments	(1,204.3)	108.8
Consolidated total	8,002.7	411.5

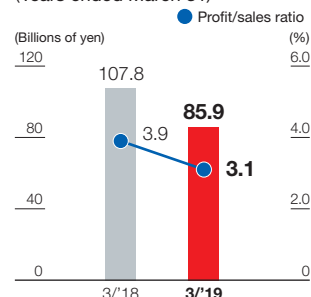
Note: Net sales composition ratio is calculated by dividing the sales of each reportable segment by the total of reportable segment sales (sales in the "Reportable segments total" column).

Appliances (AP)

Sales (Years ended March 31)



Operating Profit (Years ended March 31)



Sales decreased overall by 1% to 2,750.6 billion yen from a year ago, due mainly to lower sales amid downturns in the TV business and the Imaging Network Business resulting from price competition.

Looking at the main Business Divisions (BDs) of this segment, the Air-Conditioner Company saw sales remain at the same level as a year ago, with brisk sales of both room air-conditioners and large air-conditioners in Japan, despite sluggish sales of room air-conditioners in Asia and the Middle East.

In the Laundry Systems and Vacuum Cleaner BD, sales increased due to brisk sales of washing machines in Japan and China, and also due to steady sales in China of warm-water bidet toilet seats.

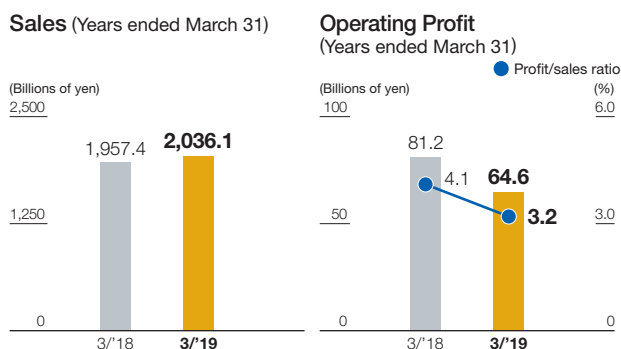
In the TV BD, sales decreased due to price competition, particularly in Asia and India.

In the Beauty and Living BD, sales remained at the same level as a year ago due to brisk sales of beauty appliances, particularly in China, despite a downturn in inbound tourism demand in Japan.

In the Imaging Network BD, sales decreased due to price competition, particularly in Europe.

Operating profit decreased by 21.9 billion yen to 85.9 billion yen from a year ago, as rationalization initiatives did not make up for the decline in profitability due to price competition among home appliances such as refrigerators, and losses on lower TV sales.

Eco Solutions (ES)



Sales increased overall by 4% to 2,036.1 billion yen from a year ago, due mainly to developments in Japan that include growth of the new construction orders business along with an upturn in orders and sales of large projects in the environmental engineering business, in addition to developments overseas that include brisk sales in the electrical construction materials business, particularly in India and China.

Looking at the main BDs of this segment, Panasonic Homes Co., Ltd. saw an increase in sales due mainly to the favorable new construction orders business and strong sales in the ready-built housing business.

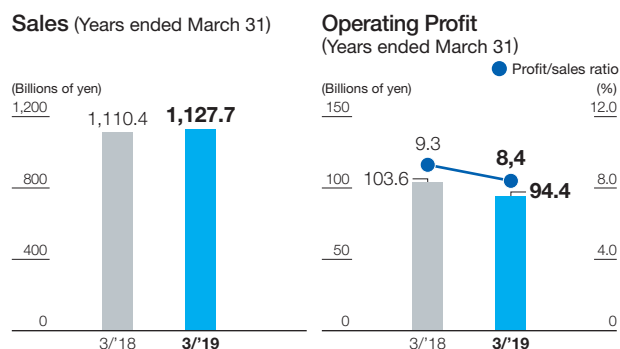
At Panasonic Ecology Systems Co., Ltd., sales rose due mainly to orders and sales of large projects in the environmental engineering business.

In the Energy Systems BD, sales increased due to brisk sales overseas mainly in the electrical construction materials business, along with strong sales in Japan.

In the Housing Systems BD, sales increased due to brisk sales of new products for water-related equipment and building materials, along with higher sales of roofing materials and rain gutters associated with reconstruction demand following natural disasters.

Operating profit decreased by 16.6 billion yen to 64.6 billion yen from a year ago. Increased sales mainly in the electrical construction materials business and engineering business, along with rationalization efforts such as cost improvements, absorbed the negative effects of a downturn in sales prices and raw material cost hikes. However, the impact of impairment loss on fixed assets significantly reduced operating profit.

Connected Solutions (CNS)



Sales increased overall by 2% to 1,127.7 billion yen from a year ago, due mainly to brisk sales in the Process Automation Business and the Mobile Solutions Business, despite sluggish sales in the Avionics Business and the Media Entertainment Business.

Looking at the main BDs of this segment, at Panasonic Avionics Corporation, sales decreased overall due to a downturn in aircraft in-flight entertainment and communications systems amid diminished demand for large aircraft, despite solid performance from communications and maintenance services.

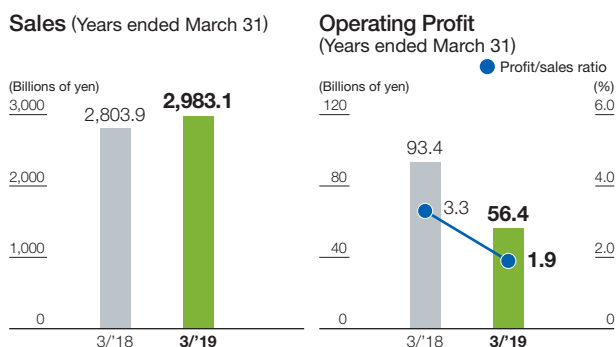
In the Mobile Solutions BD, sales increased mainly due to growth in sales of notebook PCs and rugged mobile terminals, despite a downturn in sales of payment terminals as a consequence of brisk sales in the previous fiscal year.

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

In the Media Entertainment BD, sales decreased due to a downturn in sales of production cameras, despite solid performance from high-brightness projectors.

Operating profit decreased by 9.2 billion yen to 94.4 billion yen from a year ago, due mainly to losses on lower sales in the Avionics Business and the Media Entertainment Business, and also due to having recorded a gain on reversal of the reserve for legal costs in the previous fiscal year.

Automotive & Industrial Systems (AIS)



Sales increased overall by 6% to 2,983.1 billion yen from a year ago, due mainly to brisk sales related to electrification and automation in the automotive field involving lithium-ion batteries for eco-cars, automotive infotainment systems, advanced driver assistance systems (ADAS), and on-board charging systems, despite a downturn in sales of motors and other devices due to deteriorating market conditions in China.

Looking at the main businesses of this segment, the Automotive Business saw sales increase due to brisk sales of infotainment systems in Japan and the U.S., as well as strong sales of cameras, sonars and other ADAS products, and automation-related products such as on-board charging systems.

In the Energy Business, sales increased as a result of escalating demand for eco-cars spurring substantial growth of automotive cylindrical lithium-ion batteries amid increasing production of new-model cars by an electric vehicle manufacturer in the U.S., with prismatic batteries for Japanese automakers also achieving growth.

In the Industrial Business, sales decreased due to a downturn in the sales of motors and other products amid slowing capital investment in China, despite growth achieved particularly in capacitors for data centers and base stations, and automotive coils.

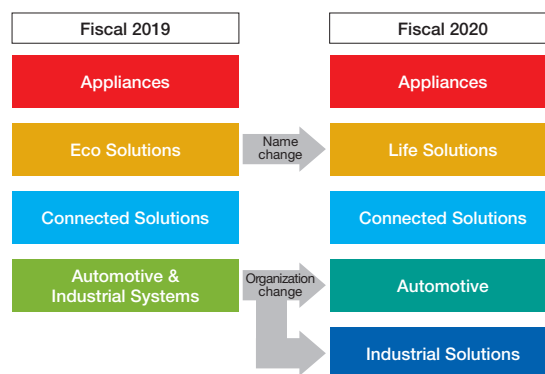
Operating profit declined by 37.0 billion yen to 56.4 billion yen from a year ago, due mainly to loss on lower sales of motors and other products, as well as impairment loss recognized on capitalized

development expenses for the automotive-related business in Europe, despite an increase in sales centered on the automotive-related business, such as infotainment systems, ADAS and automotive lithium-ion batteries.

Reportable Segment Changes

In fiscal 2020, the reportable segments have been changed as follows:

- (1) Eco Solutions has been renamed Life Solutions.
- (2) Automotive & Industrial Systems has been reorganized into two segments: Automotive, catering to vehicle manufacturers, and Industrial Solutions, centered on competitive devices.



Business Division Information for Fiscal 2019 (Sales)

(Billions of yen)

		1st quarter (Apr.–June)	2nd quarter (July–Sep.)	3rd quarter (Oct.–Dec.)	4th quarter (Jan.–Mar.)	Full year (Apr.–Mar.)	
							Percentage 2019/2018
AP*1	Air-Conditioner Business	158.3	117.3	102.5	116.9	495.0	101%
	Small & Built-in Appliance Business	102.9	98.4	113.8	89.5	404.6	99%
	Major Appliance Business	127.9	138.7	132.6	116.3	515.5	101%
	AVC Business	167.1	154.1	202.4	130.0	653.6	94%
	Commercial Refrigeration & Food Equipment Business	71.2	70.8	78.3	72.5	292.8	106%
ES	Lighting BD	70.8	76.0	88.1	78.7	313.6	99%
	Energy Systems BD	81.6	88.1	92.4	93.9	356.0	102%
	Housing Systems BD	82.6	85.8	96.8	89.0	354.2	102%
	Panasonic Ecology Systems Co., Ltd.	41.7	42.6	45.2	48.3	177.9	107%
	Panasonic Homes Co., Ltd.	69.6	101.0	81.9	122.5	375.0	105%
CNS*2	Avionics Business	63.2	66.2	63.0	68.5	260.9	96%
	Process Automation BD	58.8	53.8	47.7	44.0	204.3	111%
	Media Entertainment BD	30.5	32.8	30.2	30.6	124.2	93%
	Mobile Solutions BD	62.3	54.5	55.3	68.8	240.9	104%
	PSSJ	64.4	67.5	70.5	119.1	321.5	106%
AIS*3	Automotive Business	243.3	236.6	247.1	262.5	989.5	107%
	Energy Business	154.5	177.7	190.1	174.3	696.5	124%
	Industrial Business	240.2	230.6	231.4	213.6	915.8	97%

*1 Each business in Appliances consists of the following BDs. The figures of BDs are production and sales consolidated basis.

- Air-Conditioner Business: Air-Conditioner Company
- Small & Built-in Appliance Business: Kitchen Appliances BD, Beauty and Living BD
- Major Appliance Business: Refrigerator BD, Laundry Systems and Vacuum Cleaner BD
- AVC Business: TV BD, Imaging Network BD, Home Entertainment BD, Communication Products BD
- Commercial Refrigeration & Food Equipment Business: Cold Chain BD, Hussmann Corporation

*2 Each business in Connected Solutions consists of the following BDs.

- Avionics Business: Panasonic Avionics Corporation, Avionics BU
- Process Automation BD
- Media Entertainment BD
- Mobile Solutions BD
- PSSJ: Panasonic System Solutions Japan Co., Ltd.

*3 Each business in Automotive & Industrial Systems consists of the following BDs.

- Automotive Business: Automotive Infotainment Systems BD, Automotive Electronics Systems BD, Ficoso International, S.A.
- Energy Business: Energy Device BD, Energy Solutions BD, Tesla Energy BD, Automotive Energy BD
- Industrial Business: Electromechanical Control BD, Panasonic Semiconductor Solutions Co., Ltd., Device Solutions BD, Electronic Materials BD, Panasonic Liquid Crystal Display Co., Ltd.

Financial Conditions and Liquidity

Liquidity and capital resources

The Panasonic Group has a basic policy of generating funds needed for business activities from internal sources. Funds generated are efficiently utilized through intra-Group financing. Based on this, when funds are needed for working capital or business investment, external financing is obtained through appropriate means based on financial strength and financial market conditions.

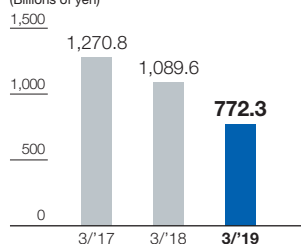
Cash and cash equivalents as of March 31, 2019 were 772.3 billion yen, decreased from 1,089.6 billion yen at the end of the previous fiscal year.

Interest-bearing debt decreased to 998.7 billion yen as of March 31, 2019 from 1,239.4 billion yen at the end of the previous fiscal year due to repayments of straight bonds and other factors. Panasonic entered into three-year commitment line agreements* with several banks in June 2018, in order to prepare for contingencies such as potential deterioration of the financial and economic environment. The upper limit for unsecured borrowing based on the agreements is a total of 700.0 billion yen, but there is no borrowing under these agreements.

* Commitment line agreements: Contracts made with financial institutions to secure financing subject to pre-agreed limits on the time period and commitment line.

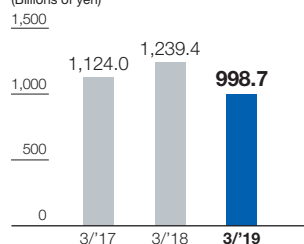
Cash and Cash Equivalents (Years ended March 31)

(Billions of yen)



Interest-Bearing Debt (Years ended March 31)

(Billions of yen)



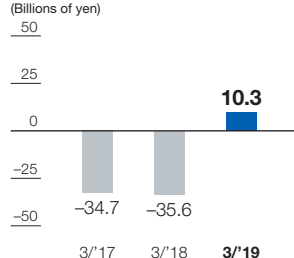
Cash flows

The Company recognizes the importance of increasing free cash flow by strengthening business profitability and developing businesses over the medium to long term. The Company also works simultaneously to create cash flows through continuous reductions of working capital, revisions of asset holdings and other measures.

Net cash provided by operating activities for fiscal 2019 was 203.7 billion yen and net cash used in investing activities was 193.4 billion yen. Free cash flow, the total of the two, was an inflow of 10.3 billion yen. The free cash flow for fiscal 2019 improved by 45.9 billion yen from the previous year. This was due mainly to improved working capital, decreased capital expenditures, and proceeds from the sale of land, in spite of the payment of one-off legal costs.

Free Cash Flows (Years ended March 31)

(Billions of yen)



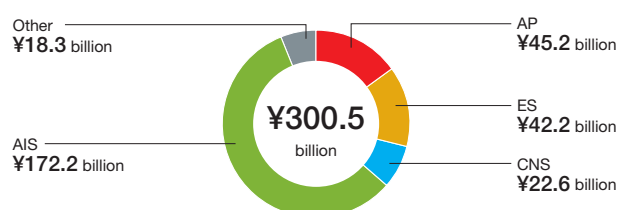
Capital investment and depreciation

The Panasonic Group makes capital investment based on a policy of steady investments primarily in key businesses for future growth.

Capital investment in fiscal 2019 (tangible assets only) decreased to 300.5 billion yen from 392.2 billion yen a year ago. Major capital investments were made at production facilities (U.S. and China) for automotive lithium-ion batteries.

Depreciation (tangible assets only) was 226.8 billion yen, the same level as the previous year.

Fiscal 2019 Capital Investment by Segment (Tangible Assets Only)



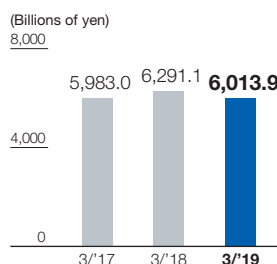
Assets, liabilities and equity

The Company's consolidated total assets as of March 31, 2019 were 6,013.9 billion yen, a decrease of 277.2 billion yen from March 31, 2018. This was due mainly to a decrease in cash and cash equivalents, in spite of increases in trade receivables in line with B2B business expansion.

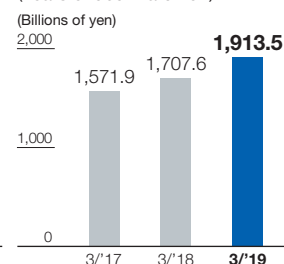
The Company's consolidated total liabilities were 3,929.3 billion yen, a decrease of 479.5 billion yen from March 31, 2018. This decrease was due mainly to the repayments of straight bonds.

Panasonic Corporation stockholders' equity increased by 206.0 billion yen compared to March 31, 2018 to 1,913.5 billion yen due to recording of net profit and other factors. As a result, the ratio of Panasonic Corporation stockholders' equity was 31.8%, increasing from 27.1% on March 31, 2018. With noncontrolling interests added to Panasonic Corporation stockholders' equity, total equity was 2,084.6 billion yen.

Total Assets (Years ended March 31)



Panasonic Corporation Stockholders' Equity (Years ended March 31)



For details regarding consolidated financial statements, please refer to the Company's [Annual Securities Report \(Yukashoken Hokokusho\)](#)

- [Consolidated Statements of Financial Position](#)
- [Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income](#)
- [Consolidated Statement of Changes in Equity](#)
- [Consolidated Statements of Cash Flows](#)