As the growth measures undertaken to date bear fruit, we are becoming increasingly confident in our ability to secure both sales and profit growth.

Financial Results and Future Strategies

Sales Growth in Real Terms Excluding the Effects of Exchange Rates

Despite steps to sell and downsize certain businesses up to fiscal 2016, ended March 31, 2016, Panasonic was able to secure profit growth on the back of various streamlining, fixed cost reduction, and other measures. In conjunction with these measures aimed at improving profit, the Company worked steadily to push forward initiatives aimed at future growth. This included business transformation*1 and shifting resources to growth businesses.

Adjusted operating profit*2 also declined in fiscal 2017. This was mainly due to proactive investments in high growth businesses. In contrast, Panasonic reported a positive turnaround in net sales in real terms excluding the effects of foreign currency exchange rates. Looking ahead, we are growing increasingly confident in our ability to secure and maintain both sales and profit growth from fiscal 2018.

*1 Measures aimed at changing the nature of business activities including the shift to new markets.

*2 Profit generated from business activities. Calculated by deducting cost of sales as well as selling, general and administrative expenses from net sales. A concept similar to operating profit in U.S. GAAP.

Net Sales and Operating Profit Trends
Fiscal 2017 Financial Results
Consolidated net sales in fiscal 2017 decreased by 4% year on year, to 7,343.7 billion yen. This was largely due to the substantial impact of the strong yen. In real terms, however, consolidated net sales grew by 2% year on year after excluding the effects of foreign currency exchange rates, largely on the back of growth in the Automotive, Consumer Electronics, and other businesses.

Adjusted operating profit came to 343.6 billion yen, a year-on-year decrease of 17%. This was mainly due to the impact of upfront investments aimed at future growth. Operating profit came in at 276.8 billion yen, up 20% year on year. This largely reflected the substantial improvement in Other income (expenses), net as a result of such factors as the absence of litigation-related expenses incurred in fiscal 2016. Net profit attributable to Panasonic Corporation stockholders decreased by 10% year on year, to 149.4 billion yen, and ROE came in at 9.9%, down 1.2 percentage points. Moving forward, we will target an ROE of 10% or higher.

Future Strategies
Implement Growth Strategies in Three Categories to Ensure Sales and Profit Growth
Panasonic will continue to implement growth strategies according to each of the three high-growth, stable-growth, and low-profitable business categories in fiscal 2018 to ensure that it achieves sales and profit growth.

The Company will concentrate management resources in the high-growth business categories such as automotive-related businesses, where markets are expanding substantially. These businesses have been positioned as drivers of sales and profit growth. In stable-growth businesses represented by white goods, every effort will be made to steadily generate profit and to stabilize management. Businesses in the stable-growth category are expected to play an important role in generating the necessary funds to invest in high-growth businesses. Recognizing that the market nature of in-flight entertainment systems, which is a major component of the aviation-related business, has matured, Panasonic has reclassified this aspect of its operations as a stable-growth business from fiscal 2018. Turning to the low-profitable business category, the Company is making steady progress in improving profitability by undertaking business transformation and implementing various measures including reductions in fixed costs. Despite these endeavors, conditions remain difficult. In areas such as the semiconductor business, where business conditions are still severe, Panasonic will continue tightening the reins and undertaking thoroughgoing improvement measures in a bid to improve earnings.

Led by the Automotive Business as a Growth Driver, Continue to Undertake Strategic Investments in the High-Growth Business Category
Recognizing some 10 years in advance the important role that electrification and computerization would have in driving developments in the automotive industry forward, Panasonic took steps to shift resources from digital consumer technologies such as TVs to automotive-related areas. In addition, the Company integrated the battery technologies gained through the acquisition of SANYO Electric Co., Ltd. with the device technologies of Panasonic Electric Works Co., Ltd. and went on to promote a growth strategy in the Automotive business with the support of the Group as a whole. With these initiatives bearing fruit, the Company will commence the delivery of

Growth Strategy and Major Business by Business Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Strategy Overview</th>
<th>Major Business (FY2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-growth businesses</td>
<td>Positioning high-growth businesses as drivers of sales and profit growth and concentrating management resources including large-scale investments in this category</td>
<td>Automotive batteries, next-generation cockpit systems, ADAS, air-conditioners, mechatronics</td>
</tr>
<tr>
<td>Stable-growth businesses</td>
<td>Generating steady profit by leveraging the Group’s competitive advantage and creating the necessary funds for investment in high-growth businesses</td>
<td>White goods, small consumer electronics, food distribution, wiring devices, lighting fixtures, home remodeling, age-free (elderly-care), avionics, process automation, security cameras, electronic materials, dry batteries, etc.</td>
</tr>
<tr>
<td>Low-profitable businesses</td>
<td>Improving profitability by implementing thoroughgoing initiatives including business transformation, fixed cost reduction, and rationalization</td>
<td>TVs, fixed-phones and faxes, housing construction materials, solar panels, ruggedized PCs, semiconductors, LCD panels, etc.</td>
</tr>
</tbody>
</table>
Financial Results and Future Strategies

several large-scale project orders in fiscal 2018.

Taking the aforementioned into consideration, Panasonic is in sight of its fiscal 2019, 2 trillion yen sales target in the Automotive business. As society focuses increasingly on electrification and computerization, developments in eco-cars including electric vehicles (EVs) as well as Advanced Driver Assistance System (ADAS) technologies are progressing at a rapid pace. Against this backdrop, Panasonic will place considerable emphasis on fields in which it can fully leverage its strengths and work diligently to secure growth.

The Company will continue to undertake strategic investments in high-growth businesses. Each decision to investment will be made after clarifying the positioning of each investment project within the growth strategies, and carefully identifying such key parameters as return of investment and anticipated risk. Regarding the progress of 1 trillion yen in strategic investments, Panasonic had undertaken investments of approximately 400 billion yen up to the end of fiscal 2017. This included capital investments in the automotive battery field and M&As with Hussmann Corporation and Ficosa International, S.A. (Ficosa). Together with the opportunities currently under consideration, total investments would exceed 1 trillion yen. The Company will prioritize where to concentrate its investments. In the future, capital investments in automotive battery plants will form the focus of the Company’s investment activities. Turning to returns of investments in automotive battery-related fields in North America and China, Panasonic will endeavor to accelerate its return of investment from the generally accepted depreciation period of seven to 10 years. (Please refer to pages 25–26 for details.)

Building an Autonomous Management System Overseas for White Goods in the Stable-Growth Business Category

Panasonic has worked diligently to enhance its management structure while adopting a selection and concentration approach in its Consumer Electronics business activities, which represent a stable-growth business. As a result, the Company has established the direction of its activities in this business led by white goods. In specific terms, the Company has shifted its management resources from such AV-related fields as TVs and audio equipment to white goods. Moreover, the Company has pushed forward a strategy to expand activities in the premium zone and made steady progress in increasing profit. At the same time, every effort has been made to integrate the development, manufacturing, and sales functions and to delegate significant authority to local management with a view to establishing a global management structure that is capable of taking swift action. As a result, the Company reported substantial sales growth in fiscal 2017 in China and other parts of Asia.

In order to build on these achievements, Panasonic established Panasonic India Appliances Company in April 2017. Looking ahead, every effort will be made to localize operations and to secure growth in major regions that are exhibiting strong signs of expansion.

Improving Semiconductor as well as LCD Panel and Solar Profitability in the Low-Profitable Business Category

Panasonic is witnessing steady improvements across the low-profitable business category as a whole. However, conditions remain difficult in each of the Company’s semiconductor, LCD panel, and solar activities.

In the semiconductor business, Panasonic is continuously transitioning to automotive and industrial application fields while at the same time reducing fixed costs and thoroughly rationalizing operations. On this basis, the Company expects to return to profitability in fiscal 2020. Turning to LCD panels, Panasonic will also concentrate on automotive and industrial applications, where it can make the most of its inherent strengths. Once again, a return to profitability in LCD panels is expected in fiscal 2020. Business conditions for solar in Japan remain severe. The Company therefore plans to expand overseas operations by leveraging the sales channels of subsidiaries including Anchor Electricals Pvt. Ltd. Panasonic will also strengthen initiatives including its collaboration with Tesla Inc. in the U.S. as announced in December 2016.

Realizing Sales and Profit Growth in Fiscal 2018

Panasonic is working to increase sales and profit in high-growth businesses while improving profitability in stable-growth and low-profitable businesses as the means to realize sales and profit growth in fiscal 2018.

As far as sales are concerned, the Company expects to achieve growth across all business categories in real terms after excluding the effects of foreign currency exchange rates. High-growth business sales are projected to increase substantially. This is largely attributable to sales growth in the automotive batteries business, contributions from Ficosa following its inclusion in the Company’s scope of consolidation, and an upswing in sales of devices in the automotive and industrial fields and air-conditioners. Stable-growth business trends are forecast to be firm, especially for white goods. As far as low-profitable business results are concerned, Panasonic is projecting an increase in mobile solutions sales. This is mainly due to the new consolidation of Zetes Industries, S. A., a Belgian logistics solutions company. Led by the Automotive business,
high-growth businesses are anticipated to drive overall sales. In specific terms, Panasonic is forecasting net sales of 7,800 billion yen in fiscal 2018, an increase of 6% compared with the fiscal year under review.

From a profit perspective, high-growth businesses are expected to significantly boost operating profit. This largely reflects the forecast increase in automotive battery as well as infotainment business sales and contributions led by automotive-related businesses including the new contribution of Ficosa. Stable-growth businesses are also projected to underpin operating profit growth, mainly on the back of further improvements in profitability in such businesses as white goods and wiring devices. As a part of its low-profitable business activities, Panasonic plans to expand profit by strengthening its management structure in TV and AV-related businesses. Accounting for each of aforementioned factors, overall operating profit is forecast to climb 21% compared with the fiscal year under review, to 335 billion yen in fiscal 2018.

**Taking Steps to Firmly Entrench Sales and Profit Growth Trends in Fiscal 2019**

Working toward fiscal 2019, Panasonic’s outlook is to further boost high-growth business profit focusing mainly on the Automotive business. At the same time, the Company will look to generate profit in stable-growth businesses while improving profitability in low-profitable businesses.

Panasonic will maintain its existing fiscal 2019 operating profit and net profit attributable to Panasonic Corporation stockholders financial targets of 450 billion yen, and 250 billion yen or more, respectively. Working in unison, every member of the Group will endeavor to achieve these financial targets and firmly entrench a sales and profit growth trend.

**Environment, Social, and Governance (ESG) Policy**

**Strengthen the Corporate Governance Structure and Systems**

Adhering to a management philosophy that the Company has held since its foundation, Panasonic has continued to contribute to the further progress of society through its business activities. Grounded in the basic premise that a company is a public entity of society, every effort has been made to fulfill the Company’s reporting responsibilities through dialogue with its various stakeholders including shareholders and customers. At the same time, Panasonic places considerable importance on enhancing corporate value by engaging in highly transparent business activities while acting in a fair, honest, and timely manner. In this regard, Panasonic has positioned corporate governance as a critical platform.

In fiscal 2017, Panasonic undertook a variety of measures aimed at strengthening governance functions. This included the changes in the composition of the Board. Looking ahead, every effort will be made to utilize various mechanisms to monitor the effectiveness of the Board of Directors. Panasonic will improve the agility, transparency, and objectivity of its management going forward. (Please refer to page 63 for details.)

**Putting in Place Long-Term Environmental Management Goals**

Panasonic’s management philosophy also underpins the Company’s efforts to fulfill its corporate social responsibility (CSR). The Company has also formulated the Panasonic Code of Conduct as a guide to putting its management philosophy into practice. Moreover, the Company has put forward a sustainability policy that documents its responsibilities as well as specific contributions to society based on its management philosophy.

In addition to these policies and guidelines, Panasonic actively engages in measures that encompass a wide range of areas. Taking into consideration various global standards including sustainable development goals (SDGs), the Company work diligently to address a host of environmental, human rights and labor, safety and health, ethical, supply chain, and other issues.

In June 2017, Panasonic formulated the Panasonic Environment Vision 2050, which guides Panasonic in the practice of environmentally sustainable management. In addition to reducing energy consumption from both business activity and product perspectives, the Company will endeavor to minimize its environmental impact by expanding its energy creation and storage businesses while increasing opportunities for utilizing clean energy. (Please see page 80.)

**Maintaining Global Human Resources to Support Our Management Strategies**

Panasonic is working to create new businesses that are closer to its customers and markets that are expected to exhibit further growth. In order to expand, the Company is rearranging its business portfolio, undertaking strategic investments including M&A, and constructing autonomous management systems and structures overseas. Panasonic is promoting global human resource initiatives in support of its management strategies. In order to secure sustainable growth, every effort is being made to create a workplace environment in which employees can excel irrespective of nationality and years of service. Accordingly, the Company is focusing on developing and allocating the right people to the right jobs. (Please refer to page 75 for details.)