

Consolidated Financial Results

1. Fiscal 2017 first quarter (from April 1, 2016 to June 30, 2016)

A. Operating Results

	Yen (billions)		
	Fiscal 2017 First quarter	Fiscal 2016 First quarter	Percentage 2017/2016
Net sales	1,748.5	1,857.8	94%
Operating profit ¹	66.9	76.6	87%
Income before income taxes	58.8	72.7	81%
Net income attributable to Panasonic Corporation	21.7	59.5	37%

During the fiscal 2017 first quarter under review, the Chinese economy continued to slow down, while the U.S. consumption was steady. A consumption recovery in Japan remained weak, and the European economy showed a mild recovery. Since U.K. voted to leave European Union in its referendum in June 2016, the outlook for the global economy has increasingly become uncertain.

Under such business circumstances, Panasonic positions its fiscal 2017 as a “year to lay a solid foundation for growth” toward its management targets in fiscal 2019 and focuses on its growth business. The Company has been executing various initiatives.

Taking initiatives in the fiscal 2017 first quarter for commercial refrigeration & food equipment business as one of the business pillars in its B2B business, the Company acquired all the shares of Hussmann Parent Inc. as of April 1, 2016 to consolidate Hussmann Corporation (Hussmann), a U.S.-based industrial refrigerated and freezer display case manufacturer, after receiving all the approval from relevant authorities to meet all conditions.

¹ For information about operating profit, see Note 1 of the Notes to consolidated financial statements on page 8.

For housing business, in order to expand the remodeling business, Panasonic and PanaHome Corporation unified their brands into Panasonic Reform as of April 1, 2016 to integrate sales promotion strategy and have the corporate-wide advantage. For elderly-care related businesses, the Company established Panasonic AGE-FREE Co., Ltd. as of April 1, 2016 by unifying its four related subsidiaries, to strengthen business management with integrated resources.

Consolidated group sales for the fiscal 2017 first quarter decreased by 6% to 1,748.5 billion yen from the same period of fiscal 2016 (a year ago). Domestic sales decreased year on year due mainly to sales decrease of solar photovoltaic systems for house-use, while sales in home appliances were stable. Overseas sales also decreased year on year due mainly to a considerable impact from yen appreciation, although the sales of Hussmann were added and home appliance sales were stable in Asia.

Operating profit decreased by 13% to 66.9 billion yen from a year ago. This was due mainly to a fixed-cost increase such as an upfront investment toward future growth, although a negative impact of exchange rate movements and other factors were offset by an effect of rationalization.

Income before income taxes decreased by 19% to 58.8 billion yen comparing with the same period of last year.

Net income attributable to Panasonic Corporation decreased by 63% to 21.7 billion yen from a year ago. In addition to the effect for Income before income taxes mentioned above, this was due mainly to a decrease in provision for income taxes, the benefit from the revaluation of deferred tax assets as a result of the board resolution to introduce the consolidated tax system in fiscal 2016.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2017 First quarter	Fiscal 2016 First quarter	Percentage 2017/2016
Sales	616.3	606.5	102%
Segment profit *	44.4	25.8	172%

Sales increased by 2% to 616.3 billion yen from a year ago. This was due mainly to newly-consolidated Hussmann as well as favorable sales continued in Japan and Asia. Segment profit significantly increased to 44.4 billion yen from a year ago due mainly to Hussmann, sales increase in value-added products and profit improvement in TV business.

Eco Solutions

	Yen (billions)		
	Fiscal 2017 First quarter	Fiscal 2016 First quarter	Percentage 2017/2016
Sales	350.2	366.0	96%
Segment profit *	5.0	9.7	51%

Sales decreased by 4% to 350.2 billion yen from a year ago. This was due mainly to significant sales decrease in solar photovoltaic systems for house-use due to market shrinkage, while sales in Panasonic Ecology Systems Co., Ltd. increased from a year ago due to favorable sales in air purifiers in China and pump business in Asia. Segment profit decreased to 5.0 billion yen from a year ago due to sales decrease mainly in solar photovoltaic systems for house-use and a fixed-cost increase for the upfront investment.

AVC Networks

	Yen (billions)		
	Fiscal 2017 First quarter	Fiscal 2016 First quarter	Percentage 2017/2016
Sales	249.9	275.6	91%
Segment profit *	12.9	5.9	220%

Sales decreased by 9% to 249.9 billion yen from a year ago. This was due mainly to overseas sales decrease in communication business such as fixed-line

phones and a negative impact from exchange rate fluctuation. In addition, the Kumamoto Earthquake in April 2016 in Japan affected on some device procurement. Segment profit increased to 12.9 billion yen from a year ago due to improvement in product line-up such as a shift to high value-added products, and fixed-cost reductions.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2017 First quarter	Fiscal 2016 First quarter	Percentage 2017/2016
Sales	617.4	696.6	89%
Segment profit *	18.2	34.2	53%

Sales decreased by 11% to 617.4 billion yen from a year ago. This was due to significant sales decrease in the Industrial Business due to stagnant demand in ICT business and downsizing LCD panel business, and negative impact from exchange rate fluctuation. Segment profit decreased to 18.2 billion yen from a year ago. Streamlining of material-related process could not offset the impact from sales decrease, price decline in LCD panels and an increase in the upfront investment for automotive business such as rechargeable batteries.

Other

	Yen (billions)		
	Fiscal 2017 First quarter	Fiscal 2016 First quarter	Percentage 2017/2016
Sales	117.0	119.5	98%
Segment profit (loss) *	(3.5)	(1.3)	-

Sales decreased by 2% to 117.0 billion yen from a year ago. Segment loss increased to 3.5 billion yen due mainly to a negative impact from fixed-cost increase in PanaHome Corporation.

*Segment profit (loss) consists of, instead of the ordinary Operating Profit, Operating Profit plus other income (deductions) excluding financial income (loss) and exchange gains (losses) from fiscal 2017. The segment profit figures in fiscal 2016 also have been calculated in the same manner as those for fiscal 2017.

C. Consolidated Financial Condition

Net cash provided by operating activities for the first quarter ended June 30, 2016 amounted to 26.2 billion yen, compared with an inflow of 86.7 billion yen a year ago. This was due mainly to an increase in trade receivables. Net cash used in investing activities amounted to 192.3 billion yen, compared with an outflow of 72.8 billion yen a year ago. This was due mainly to acquisition of Hussmann. Accordingly, free cash flow (net cash provided by operating activities plus net cash provided by investing activities) decreased by 180.0 billion yen from a year ago to an outflow of 166.1 billion yen. Net cash used in financing activities amounted to 80.8 billion yen, compared with an outflow of 69.1 billion yen a year ago. This was due mainly to an increase in dividend payments. Taking exchange rate movement into consideration, cash and cash equivalents totaled 688.0 billion yen as of June 30, 2016, decreased by 326.2 billion yen compared with the end of the fiscal 2016.

The Company's consolidated total assets as of June 30, 2016 decreased by 197.1 billion yen to 5,399.9 billion yen from March 31, 2016. This was due mainly to impact of yen appreciation and a decrease in cash and cash equivalents, despite an increase in other assets including recording goodwill by acquisition of Hussmann and a seasonal increase in its inventory. The Company's consolidated total liabilities as of June 30, 2016 decreased by 6.1 billion yen to 3,736.5 billion yen from March 31, 2016. Panasonic Corporation shareholders' equity decreased by 177.0 billion yen, compared with March 31, 2016, to 1,528.0 billion yen due mainly to worsening accumulated other comprehensive income (loss) resulted mainly by yen appreciation, despite recording net income attributable to Panasonic Corporation. Adding noncontrolling interests to Panasonic Corporation shareholders' equity, total equity was 1,663.4 billion yen.

2. Forecast for Fiscal 2017

The consolidated financial forecasts for fiscal 2017 remains unchanged from the previous forecast announced on April 28, 2016.

Disclaimer Regarding Forward-Looking Statements

This press release 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). Panasonic discloses its consolidated financial forecasts for fiscal 2017 based on International Financial Reporting Standards (IFRS). To the extent that statements in this press release 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 press release. Investors are advised to consult any further disclosures 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 product and geographical markets; the possibility that excessive currency rate 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 of 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 decrease in demand for products from business partners which Panasonic highly depends on in BtoB 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 assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic's 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 all-inclusive and further 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.