

Consolidated Financial Results**1. Fiscal 2017 ended March 31, 2017****A. Operating Results**

	Yen (billions)		
	Fiscal 2017	Fiscal 2016	Percentage 2017/2016
Net sales	7,343.7	7,626.3	96%
Operating profit	276.8	230.3	120%
Profit before income taxes	275.1	227.5	121%
Net profit attributable to Panasonic Corporation stockholders	149.4	165.2	90%

During the year ended March 31, 2017 (fiscal 2017) under review, the global economy continued to moderately recover; as the economy in the U.S. started to recover on the back of its steady personal spending and the improvement in capital investments, and the excessive concern for the slowdown of Chinese economy decreased. In Japan, signs of recovery in its exports and capital investments were seen on the back of improving overseas economy, although its personal spending remained at a standstill. While the economic environment significantly changed in terms of politics, monetary policies, foreign exchange rate trends and so forth, the overall economy has mildly recovered.

Under this economic environment, the Panasonic set fiscal 2017 as a “year to lay a solid foundation for growth” towards its vision for fiscal 2019 and beyond, and made investments in its growth businesses. As one of the initiatives during fiscal 2017, for housing business, the Company unified the brands of reform business of Panasonic and PanaHome Corporation (PanaHome) into “Panasonic Reform” in April 2016. The Company announced that Panasonic would acquire PanaHome as a wholly-owned subsidiary through a tender offer and subsequent related procedures for common stock of PanaHome. The Company will promote its business strategies by making the maximum use of management resources in both Panasonic and PanaHome. In December 2016, Panasonic also announced that the Company

reached the agreement with Tesla, Inc. to collaborate in manufacturing solar cells and modules in the U.S. For automobile business, Panasonic announced that it would consolidate Ficosa, a Spanish automotive component manufacturer in March 2017. Panasonic and Ficosa will accelerate commercialization of jointly developed products such as electric mirrors. For B2B business, in the Commercial Refrigeration & Food Equipment business, which is one of the core businesses of Panasonic, the Company acquired Hussmann Corporation (Hussmann) in the U.S. to have Hussmann and its subsidiaries as subsidiaries of Panasonic in April 2016. In December 2016, Panasonic announced to acquire Zetes in Belgian as a subsidiary to expand its overseas mobility solution business. In March 2017, the Company acquired SUNX as a wholly-owned subsidiary to further enhance its factory automation equipment business.

Consolidated group sales for fiscal 2017 decreased by 4% to 7,343.7 billion yen from fiscal 2016 (a year ago) due to a significant effect from yen appreciation. However, overall sales in real terms excluding the effect of exchange rates increased. In terms of domestic market, sales slightly decreased year on year due mainly to sluggish sales of solar photovoltaic systems for household-use, while sales in home appliances and automotive-related business were solid. In terms of overseas business, sales also decreased year on year due mainly to an impact from exchange rates, even though the sales of newly-consolidated Hussmann contributed and sales of rechargeable batteries and electromechanical control devices were favorable.

Operating profit increased by 20% to 276.8 billion yen from a year ago. Despite the increase of fixed-cost as an upfront investment toward future growth and a negative effect of exchange rates, the Company achieved the operating profit increase, due mainly to rationalization activities and the decreases of legal cost and business restructuring expense.

Profit before income taxes increased by 21% to 275.1 billion yen and net profit attributable to Panasonic Corporation stockholders decreased by 10% to 149.4 billion yen, comparing with last year respectively.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2017	Fiscal 2016	Percentage 2017/2016
Sales	2,324.5	2,278.8	102%
Operating profit	104.3	59.6	175%

Sales increased by 2% to 2,324.5 billion yen from a year ago due mainly to newly-consolidated Hussmann and ongoing favorable home appliance business in Japan, in spite of the negative effect of exchange rates. Operating profit increased to 104.3 billion yen from a year ago due mainly to Hussmann acquisition and profit improvement by shifting to high value-added products such as white goods in Japan and 4K TVs.

Eco Solutions

	Yen (billions)		
	Fiscal 2017	Fiscal 2016	Percentage 2017/2016
Sales	1,545.7	1,592.7	97%
Operating profit	62.5	76.3	82%

Sales decreased by 3% to 1,545.7 billion yen from a year ago due mainly to sales decrease in solar photovoltaic systems for house-use suffered from weak demand in Japan and the negative effect of exchange rates. Operating profit decreased to 62.5 billion yen from a year ago due to sales decrease in solar photovoltaic systems for house-use in Japan, while operating profits in both housing systems and lighting businesses increased.

AVC Networks

	Yen (billions)		
	Fiscal 2017	Fiscal 2016	Percentage 2017/2016
Sales	1,040.7	1,172.7	89%
Operating profit	29.6	69.0	43%

Sales decreased by 11% to 1,040.7 billion yen from a year ago due mainly to the negative effect of exchange rates, a rebound from special demand in aircraft

in-flight entertainment systems business a year ago and shrinking market of fixed-line phones and conventional analogue private branch exchanges. Operating profit decreased to 29.6 billion yen from a year ago due mainly to the negative effect of exchange rates as well as a rebound from special demand in aircraft in-flight entertainment systems business a year ago, in spite of the effort shifting to high value-added products to improve profitability.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2017	Fiscal 2016	Percentage 2017/2016
Sales	2,561.2	2,707.3	95%
Operating profit	109.3	50.2	218%

Sales decreased by 5% to 2,561.2 billion yen from a year ago due mainly to negative effect of exchange rates, while shifting its focuses to automotive and industrial applications was steadily progressed. Operating profit increased to 109.3 billion yen from a year ago mainly as a result of sales growth in automotive and industrial applications.

Other

	Yen (billions)		
	Fiscal 2017	Fiscal 2016	Percentage 2017/2016
Sales	656.6	647.1	101%
Operating profit	8.0	14.1	57%

Sales increased by 1% to 656.6 billion yen from a year ago due mainly to steady sales increase in PanaHome. Operating profit decreased to 8.0 billion yen from a year ago as a result of fixed-cost increase in PanaHome and other factors.

C. Consolidated Financial Condition

Net cash provided by operating activities for fiscal 2017 amounted to 385.4 billion yen compared with an inflow of 419.4 billion yen a year ago due mainly to a significant decrease of working capital in the previous year. Net cash used in investing activities amounted to 420.1 billion yen compared with an outflow of 293.8 billion yen a year ago due mainly to the acquisition of Hussmann. Accordingly, free

cash flow (net cash provided by operating activities and investing activities) decreased by 160.3 billion yen from a year ago to an outflow of 34.7 billion yen. Net cash provided by financing activities amounted to 294.6 billion yen compared with an outflow of 309.6 billion yen a year ago due mainly to an issuance of unsecured straight bonds of totaling 400.0 billion yen in this fiscal year affected by repayment of unsecured straight bonds of totaling 240.0 billion yen in last fiscal year. Taking into consideration the effect of exchange rates, cash and cash equivalents totaled 1,270.8 billion yen as of March 31, 2017 increased by 258.1 billion yen compared with the end of fiscal 2016.

The Company's consolidated total assets as of March 31, 2017 increased by 494.9 billion yen to 5,983.0 billion yen from March 31, 2016 due mainly to an increase in Other non-current assets including goodwill by acquisition of Hussmann, and an increase in Cash and cash equivalents resulted by an issuance of bonds. The Company's consolidated total liabilities as of March 31, 2017 increased by 382.2 billion yen to 4,223.0 billion yen from March 31, 2016 due mainly to an issuance of unsecured straight bonds. Panasonic Corporation stockholders' equity increased by 127.4 billion yen, compared with March 31, 2016, to 1,571.9 billion yen due mainly to recording of Net profit. Adding Non-controlling interests to Panasonic Corporation stockholders' equity, total equity was 1,759.9 billion yen.

2. Forecast for Fiscal 2018

The consolidated financial forecasts for fiscal 2018 as of May 11, 2017 are:

Sales: 7,800.0 billion yen, increased by 6% from fiscal 2017

Operating profit: 335.0 billion yen, increased by 21% from fiscal 2017

Profit before income taxes: 325.0 billion yen, increased by 18% from fiscal 2017

Net profit attributable to Panasonic Corporation stockholders:

160.0 billion yen, increased by 7% from fiscal 2017

3. Basic Policy on Appropriation of Retained Earnings

Since its foundation, Panasonic has managed its businesses, recognizing that returning profits to shareholders is one of its most important policies. From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and aims stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net profit attributable to Panasonic Corporation stockholders. Regarding the repurchase of treasury stock, the Company fundamentally repurchases its own shares where appropriate, taking comprehensively into consideration strategic investments and its financial condition to increase shareholder value per share and return on capital.

In view of this basic policy as well as its current financial position, Panasonic expects to pay an annual dividend of 25 yen per share for fiscal 2017, which includes the interim dividend of 10 yen per share paid on November 30, 2016 and a year-end dividend of 15 yen per share. In fiscal 2017, the Company did not repurchase its treasury stock except for acquiring shares of less than one trading unit and other minor transactions.