

Consolidated Financial Results

1. Fiscal 2018 1Q ended June 30, 2017

A. Operating Results

	Yen (billions)		
	Fiscal 2018 Three Months ended Jun. 30, 2017	Fiscal 2017 Three Months ended Jun. 30, 2016	Percentage 2018/2017
Net sales	1,865.3	1,774.8	105%
Operating profit	83.9	71.8	117%
Profit before income taxes	82.0	74.6	110%
Net profit attributable to Panasonic Corporation stockholders	48.8	29.2	167%

During the three months ended June 30, 2017 (fiscal 2018) under review, the global economy continued to moderately recover; as the U.S. economy continued to expand on the back of its steady personal spending and the Chinese economy remained stable. Also, Japanese exports have been recovering and supported the economy. While global economic recovery is expected to continue, risk factors such as changes in politics, monetary conditions and economic downward swing in emerging countries still remain.

Under such business circumstances, in fiscal 2018, Panasonic is promoting its growth strategies aiming at sustainable sales and profit increase, identifying the growth areas where the Company will concentrate its management resources.

As one of the initiatives during the three months ended June 30, 2017, the Company implemented organizational restructuring under the former AVC Networks Company and established a new internal company, named as Connected Solutions Company on April 1, 2017. The aim was to develop a customer-oriented structure for the business that will play a central role in a growth of group-wide B2B business. For automotive business, in April, Panasonic opened a new factory for lithium-ion batteries in Dalian, China. This is Panasonic's first automotive battery cell production site in China. Panasonic will further strengthen its competitiveness in the automotive

battery industry by the establishment of production sites in China, in addition to Japan and the U.S. For housing-related business, Panasonic acquired common stock of PanaHome Corporation, a subsidiary of Panasonic, through a tender offer completed in June, scheduled to make it a wholly-owned subsidiary this fall onward. The Company will promote its business strategies by making the maximum use of management resources in both Panasonic and PanaHome.

For the three months ended June 30, 2017, the Company achieved increases in both sales and operating profit mainly due to the growth of automotive-related business. Consolidated group sales increased by 5% to 1,865.3 billion yen from fiscal 2017 (a year ago). Domestic sales increased year on year due mainly to favorable sales of consumer products in Appliances. Despite sales decline in Avionics, overseas sales significantly increased due mainly to the large growth in automotive business including rechargeable batteries, in addition to the effects of new consolidation of Ficosa and Zetes, and foreign exchange rates.

Operating profit increased by 17% to 83.9 billion yen from a year ago. Despite the negative impact from fixed-cost increase due to upfront investments and material cost hike, Industrial Business where the shift to automotive and industrial use is accelerating brought a positive impact to sales increase, in addition to improved Other income (expenses).

Profit before income taxes increased by 10% to 82.0 billion yen and net profit attributable to Panasonic Corporation stockholders increased by 67% to 48.8 billion yen from a year ago.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2018 First quarter	Fiscal 2017 First quarter	Percentage 2018/2017
Sales	683.3	667.1	102%
Operating profit	45.0	43.3	104%

Sales increased by 2% to 683.3 billion yen from a year ago due mainly to steady air-conditioner business in Japan and China, favorable refrigerator business

in Japan and Asia, in addition to sales increase in AV consumer electronics including TVs. Operating profit increased to 45.0 billion yen from a year ago due mainly to sales increase and rationalization in spite of the negative effect of raw material cost hikes.

Eco Solutions

	Yen (billions)		
	Fiscal 2018 First quarter	Fiscal 2017 First quarter	Percentage 2018/2017
Sales	361.2	349.2	103%
Operating profit	5.4	5.3	102%

Sales increased by 3% to 361.2 billion yen from a year ago. Despite sales decrease in solar photovoltaic systems, Housing Systems business in which its sales strategy introduced in the previous year was successful and electrical construction materials business turning to sales increase in Asia, contributed to sales increase. Operating profit increased to 5.4 billion yen from a year ago due to sales increase.

Connected Solutions

	Yen (billions)		
	Fiscal 2018 First quarter	Fiscal 2017 First quarter	Percentage 2018/2017
Sales	248.8	249.9	100%
Operating profit	16.1	17.4	93%

Sales remained at the same level at 248.8 billion yen from a year ago. Sales increased at Process Automation Business with electronic component mounting equipment for smartphone industry showing strong results, in addition to favorable Mobile Solutions business due to the new consolidation of Zetes. However, Avionics Business showed a large decline due to weakening demand for aircrafts. Operating profit decreased to 16.1 billion yen due to the impact of sales decline in Avionics, despite the growth in profit through expanded sales in Process Automation and other businesses.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2018 First quarter	Fiscal 2017 First quarter	Percentage 2018/2017
Sales	656.4	582.3	113%
Operating profit	17.7	14.5	122%

Sales increased by 13% to 656.4 billion yen from a year ago. All three Businesses expanded in sales; Automotive Business with its growth of existing products in addition to new consolidation of Ficosa, Energy Business which showed a large growth with its automotive batteries, and Industrial Business with its expansion in automotive and industrial devices. Operating profit increased to 17.7 billion yen from a year ago with sales expansion offsetting fixed cost increase such as upfront investments.

Other

	Yen (billions)		
	Fiscal 2018 First quarter	Fiscal 2017 First quarter	Percentage 2018/2017
Sales	127.4	125.3	102%
Operating profit (loss)	(1.4)	(3.5)	--

Sales increased by 2% to 127.4 billion yen from a year ago. Operating loss amount decreased, improving to 1.4 billion yen due to intellectual-property-related revenue.

C. Consolidated Financial Condition

Net cash provided by operating activities for the first quarter ended June 30, 2017 amounted to 78.5 billion yen, compared with an inflow of 26.1 billion yen a year ago. This was due mainly to an improvement in net profit. Net cash used in investing activities amounted to 125.2 billion yen, compared with an outflow of 200.5 billion yen. This was due mainly to a decrease in spending for acquiring subsidiaries, despite increase in capital investments. Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 127.7 billion yen from a year ago to an outflow of 46.7 billion yen. Net cash used in financing activities amounted to 131.7 billion yen, compared with an outflow of 74.0

billion yen a year ago. This was due mainly to acquisition of additional PanaHome shares. Taking exchange rate movement into consideration, cash and cash equivalents totaled 1,095.7 billion yen as of June 30, 2017, decreased by 175.1 billion yen compared with the end of fiscal 2017.

The Company's consolidated total assets as of June 30, 2017 increased by 173.5 billion yen to 6,156.5 billion yen from March 31, 2017. This was due mainly to a seasonal increase in its inventory and increase in assets including recording goodwill by acquisition of subsidiaries, despite a decrease in cash and cash equivalents. The Company's consolidated total liabilities as of June 30, 2017 increased by 134.7 billion yen, compared with March 31, 2017, to 4,357.8 billion yen. Panasonic Corporation stockholders' equity increased by 55.6 billion yen, compared with March 31, 2017, to 1,627.5 billion yen due mainly to recording of Net profit attributable to Panasonic Corporation stockholders. Adding Non-controlling interests to Panasonic Corporation stockholders' equity, total equity was 1,798.7 billion yen.

2. Forecast for fiscal 2018

The consolidated financial forecast for fiscal 2018 remains unchanged from the previous forecast announced on May 11, 2017.