

Consolidated Financial Results

1. Six months ended September 30, 2018

A. Operating Results

	Yen (billions)		
	Fiscal 2019 Six Months ended Sep. 30, 2018	Fiscal 2018 Six Months ended Sep. 30, 2017	Percentage 2019/2018
Net sales	4,008.2	3,857.9	104%
Operating profit	195.2	196.6	99%
Profit before income taxes	197.3	194.8	101%
Net profit attributable to Panasonic Corporation stockholders	113.6	118.9	96%

During the six months ended September 30, 2018 (fiscal 2019) under review, the global economy continued to moderately recover as the U.S. economy performed favorably, with stable personal spending and capital expenditures. The Chinese economy saw a stable trend despite slowdowns such as in investment. The Japanese economy showed a recovery mainly in exports and capital expenditures. Regarding the outlook for the global economy, risk factors such as the politics and financial situation of various countries, the spread of protectionism, and downward economic swings in emerging countries can be seen.

Under such business conditions, Panasonic is promoting its strategies for sustainable growth, identifying the areas where the Company will concentrate its management resources.

For the rechargeable battery business, which shows rapid expansion mainly spurred by automotive lithium-ion batteries, the Company reorganized the business based on customers and industries on April 1, 2018. This new structure allows the efficient use of development resources and the Company is accelerating its growth strategy. In July, in Indonesia, Panasonic came to an agreement with Honda Motor Co., Ltd., to jointly conduct a research experiment on battery sharing using detachable mobile batteries and electric motorcycles. Panasonic is striving to create new demand

for batteries.

In India, one of the Company's strategic markets for its home appliances business along with China and Southeast Asia, Panasonic started to release made-in-India refrigerators in April. Panasonic continues to expand its home appliances business in this fast-growing market.

In June, the Company came to an agreement with Nitto Kogyo Corporation to study comprehensive collaboration on businesses such as distribution boards. Looking to the domestic and overseas markets, both companies will cooperate in the areas of production, development, and technology, aiming to offer solutions that bring yet higher customer satisfaction.

Furthermore, in September, the Company agreed to collaborate with two Chinese companies in the solutions businesses for the building industry. In China, where the construction market is rapidly expanding, the Company strives to accelerate the solutions businesses to offer comfortable and high-quality spaces at construction site, such as improving the workers' living environment.

For the six months ended September 30, 2018, the Company's consolidated group sales increased by 4% to 4,008.2 billion yen from fiscal 2018 (a year ago), continuing an year-on-year sales increase following the previous year. Domestic sales increased year on year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd., despite a sales decline for consumer products in Appliances. Overseas sales increased due mainly to favorable sales of the automotive-related business including Energy and Automotive, electrical construction materials business of Energy Systems, and the electronic component mounting equipment business of Process Automation.

Operating profit slightly decreased by 1% to 195.2 billion yen from a year ago. Sales increase and improved other income (expenses) such as recording a gain on the sale of land were unable to offset fixed-costs increase and raw material cost hikes. Profit before income taxes increased by 1% to 197.3 billion yen, and net profit attributable to Panasonic Corporation stockholders decreased by 4% to 113.6 billion yen from a year ago.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2019 Six months ended Sep. 30, 2018	Fiscal 2018 Six months ended Sep. 30, 2017	Percentage 2019/2018
Sales	1,408.8	1,414.4	100%
Operating profit	61.7	74.4	83%

Sales were 1,408.8 billion yen, almost in line with a year ago. While sales through e-commerce in China and Commercial Refrigeration & Food Equipment in North America were favorable, sales mainly in air-conditioners and AVC products were weak. Operating profit decreased to 61.7 billion yen from a year ago due mainly to the negative effects of exchange rate fluctuations and raw material cost hikes.

Eco Solutions

	Yen (billions)		
	Fiscal 2019 Six months ended Sep. 30, 2018	Fiscal 2018 Six months ended Sep. 30, 2017	Percentage 2019/2018
Sales	951.1	901.4	106%
Operating profit	22.8	20.5	111%

Sales increased by 6% to 951.1 billion yen from a year ago. This increase was driven by the favorable results from the ready-built housing business of Panasonic Homes Co., Ltd., growth in the electrical construction materials business mainly for India and Southeast Asia, and the new consolidation of Matsumura-Gumi Corporation. Operating profit increased to 22.8 billion yen from a year ago due to sales increase and reversal of one-shot expenses in the previous year, despite the negative effects of raw material cost hikes and upfront expenses to expand overseas electrical construction materials business.

Connected Solutions

	Yen (billions)		
	Fiscal 2019 Six months ended Sep. 30, 2018	Fiscal 2018 Six months ended Sep. 30, 2017	Percentage 2019/2018
Sales	549.1	527.4	104%
Operating profit	51.8	39.5	131%

Sales increased by 4% to 549.1 billion yen from a year ago. Sales increased at the Process Automation Business with mounting equipment and welding equipment for automotive industries showing strong results. Panasonic System Solutions Japan Co., Ltd. also achieved sales growth for retail and logistics industries as well as public services and local governments. Operating profit increased to 51.8 billion yen due mainly to the impact of sales increase in Process Automation Business and the improved product mix of Media Entertainment.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2019 Six months ended Sep. 30, 2018	Fiscal 2018 Six months ended Sep. 30, 2017	Percentage 2019/2018
Sales	1,469.6	1,343.1	109%
Operating profit	29.0	39.4	74%

Sales increased by 9% to 1,469.6 billion yen from a year ago. This increase was driven by Automotive Business, with sales increase of infotainment systems in Japan, Europe, and the U.S., and Energy Business with significant sales growth in automotive batteries. Despite profit increase by sales expansion, operating profit decreased to 29.0 billion yen from a year ago due mainly to increased ramp-up expenses for the automotive battery factory in North America and sales decrease of Electromechanical Control.

C. Consolidated Financial Condition

Net cash provided by operating activities for the six months ended September 30, 2018, amounted to 31.4 billion yen, compared with an inflow of 142.0 billion yen a year ago. This was due mainly to the payment of one-shot legal costs in this year, in

spite of an improvement of increase (decrease) in inventories. Net cash used in investing activities amounted to 115.1 billion yen, compared with an outflow of 251.1 billion yen a year ago. This was due mainly to a decrease in capital expenditures, an increase in proceeds from the sale of land, and collection of lease receivables. Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 25.4 billion yen from a year ago to an outflow of 83.7 billion yen. Net cash provided by financing activities amounted to 34.4 billion yen, compared with an outflow of 143.9 billion yen a year ago. This was due mainly to an issuance of short-term bonds of 90.0 billion yen this year, and acquisition of additional equity interest in PanaHome Corporation in the same period of last year. Taking exchange rate movement into consideration, cash and cash equivalents totaled 1,071.6 billion yen as of September 30, 2018, decreased by 18.0 billion yen compared with March 31, 2018.

The Company's consolidated total assets as of September 30, 2018 increased by 171.4 billion yen to 6,462.6 billion yen from March 31, 2018. This was due mainly to increases in trade receivables and inventory due to B2B business expansion. The Company's consolidated total liabilities as of September 30, 2018 increased by 58.6 billion yen, compared with March 31, 2018, to 4,467.5 billion yen. Panasonic Corporation stockholders' equity increased by 119.6 billion yen, compared with March 31, 2018, to 1,827.1 billion yen. This was due mainly to recording of net profit attributable to Panasonic Corporation stockholders. Adding non-controlling interests to Panasonic Corporation stockholders' equity, total equity was 1,995.1 billion yen.

2. Interim and Year-end Dividends

In line with the dividends forecasts announced on August 31, 2018, the Board of Directors of the Company resolved today to distribute an interim cash dividend of 15 yen per share to shareholders of record as of September 30, 2018, payable November 30, 2018. The year-end dividend has not yet been decided.

3. Forecast for fiscal 2019

The consolidated financial forecast for fiscal 2019 remains unchanged from the previous forecast announced on May 10, 2018.

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). 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 financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; 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 Group 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.