

Consolidated Financial Results

1. Fiscal 2019 ended March 31, 2019

A. Operating Results

	Yen (billions)		
	Fiscal 2019	Fiscal 2018	Percentage 2019/2018
Net sales	8,002.7	7,982.2	100%
Operating profit	411.5	380.5	108%
Profit before income taxes	416.5	378.6	110%
Net profit attributable to Panasonic Corporation stockholders	284.1	236.0	120%

During the year ended March 31, 2019 (fiscal 2019) under review, the global economy continued to perform steadily, supported mainly by spending in the U.S. and a favorable employment environment in Japan. On the other hand, the Chinese economy saw a slowdown in spending and investment. Furthermore, imports and exports from/to various countries saw signs of economic slowdown in the second half of the fiscal year.

Under such business conditions, Panasonic promoted its strategies for sustainable growth. In particular, for automotive battery business, which involves key device for the electrification of automobiles, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture, with the aim of achieving high-capacity and high-output automotive prismatic batteries that lead the industry in terms of both performance and cost.

The Company's consolidated group sales for fiscal 2019 was 8,002.7 billion yen. Domestic sales was the same level as last year due mainly to favorable sales of automotive-related products and Panasonic Homes Co., Ltd. despite a sales decrease for consumer products in Appliances. Overseas sales increased due mainly to continuing favorable sales of the automotive-related business including Energy and Automotive, Commercial Refrigeration & Food Equipment in North America, and the electronic component mounting equipment business of Process Automation.

Operating profit increased by 8% to 411.5 billion yen from a year ago, due mainly to sales increases in businesses including Automotive and Energy, gains from disposal of assets and a one-off gain resulting from the revision in pension system, despite raw material cost hikes, increased fixed-costs resulting from upfront investments and recording of restructuring expenses. Profit before income taxes increased by 10% to 416.5 billion yen, and net profit attributable to Panasonic Corporation stockholders increased by 20% to 284.1 billion yen from a year ago.

B. Breakdown by Segment

Appliances

	Yen (billions)		
	Fiscal 2019	Fiscal 2018	Percentage 2019/2018
Sales	2,750.6	2,784.2	99%
Operating profit	85.9	107.8	80%

Sales decreased by 1% to 2,750.6 billion yen from a year ago. This decrease was due mainly to sluggish sales of devices for air-conditioner in China despite sales increases mainly in Commercial Refrigeration & Food Equipment in North America. Operating profit decreased to 85.9 billion yen from a year ago due mainly to the negative effects of sales decrease and raw material cost hikes.

Eco Solutions

	Yen (billions)		
	Fiscal 2019	Fiscal 2018	Percentage 2019/2018
Sales	2,036.1	1,957.4	104%
Operating profit	64.6	81.2	80%

Sales increased by 4% to 2,036.1 billion yen from a year ago. This increase was mainly driven by the favorable results from the ready-built housing business of Panasonic Homes Co., Ltd., electrical construction materials in Asia and the new consolidation of Matsumura-Gumi Corporation. Despite sales expansion, operating profit decreased to 64.6 billion yen from a year ago due mainly to an impairment loss of fixed assets in solar business.

Connected Solutions

	Yen (billions)		
	Fiscal 2019	Fiscal 2018	Percentage 2019/2018
Sales	1,127.7	1,110.4	102%
Operating profit	94.4	103.6	91%

Sales increased by 2% to 1,127.7 billion yen from a year ago. Sales increases mainly in Process Automation and Mobile Solutions offset sales decreases mainly in Avionics, contributing to an overall sales increase. Despite sales expansion, operating profit decreased to 94.4 billion yen from a year ago due mainly to increased fixed-costs and reversal of provision for legal-related expenses in the previous year.

Automotive & Industrial Systems

	Yen (billions)		
	Fiscal 2019	Fiscal 2018	Percentage 2019/2018
Sales	2,983.1	2,803.9	106%
Operating profit	56.4	93.4	60%

Sales increased by 6% to 2,983.1 billion yen from a year ago. Despite a sales decrease in Industrial Business due mainly to trade friction between U.S. and China, Energy Business with significant sales growth in automotive batteries and Automotive with an increased sales of automotive infotainment systems in Japan and North America, contributed to an overall sales increase. Operating profit decreased to 56.4 billion yen from a year ago due mainly to raw material cost hikes and sales decrease of Electromechanical Control as well as an impairment loss of development expenses in Automotive.

C. Consolidated Financial Condition

Net cash provided by operating activities for fiscal 2019 amounted to 203.7 billion yen, compared with an inflow of 423.2 billion yen a year ago. Net cash used in investing activities amounted to 193.4 billion yen, compared with an outflow of 458.8 billion yen a year ago. Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 45.9 billion yen from a year ago to an inflow of 10.3 billion yen. This was due mainly to improved working capital, decreased capital expenditures, and proceeds from the sale of land, in spite of the payment of one-off legal costs. Net cash used by financing activities amounted to 341.8 billion yen, compared with an outflow of 128.8 billion yen a year ago. This was due mainly to decreased balance of short-term straight bonds, despite acquisition of additional equity interest in PanaHome Corporation in the previous year. Taking exchange rate movement into consideration, cash and cash equivalents totaled 772.3 billion yen as of March 31, 2019, decreased by 317.3 billion yen compared with the end of fiscal 2018.

The Company's consolidated total assets as of March 31, 2019, decreased by 277.2 billion yen to 6,013.9 billion yen from March 31, 2018. This was due mainly to a decrease in cash and cash equivalents, in spite of increase in its trade receivables in line with B2B business expansion. The Company's consolidated total liabilities as of March 31, 2019, decreased by 479.5 billion yen, compared with March 31, 2018, to 3,929.3 billion yen. Panasonic Corporation stockholders' equity increased by 206.0 billion yen, compared with March 31, 2018, to 1,913.5 billion yen due mainly to the recording of net profit attributable to Panasonic Corporation stockholders. Adding non-controlling interests to Panasonic Corporation stockholders' equity, total equity was 2,084.6 billion yen.

2. Forecast for fiscal 2020

Consolidated financial forecasts for fiscal 2020 as of May 9, 2019:

Sales:	7,900.0 billion yen	(99% vs fiscal 2018)
Operating profit:	300.0 billion yen	(73% vs fiscal 2018)
Profit before income taxes:	290.0 billion yen	(70% vs fiscal 2018)
Net profit attributable to Panasonic Corporation stockholders:	200.0 billion yen	(70% vs fiscal 2018)

3. Basic Policy on Appropriation of Retained Earnings

Since its foundation, Panasonic has managed its business, 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 strives for stable and continuous dividend payments. We target a dividend payout ratio of approximately 30% 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, while comprehensively taking 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 30 yen per share for fiscal 2019, which includes the interim dividend of 15 yen per share paid on November 30, 2018 and a year-end dividend of 15 yen per share, payable June 7, 2019. In fiscal 2019, the Company did not repurchase its treasury stock except for acquiring shares of less than one trading unit and other minor transactions.

Basic Policy of Adopting of Financial Reporting Standards

Panasonic has voluntarily adopted International Financial Reporting Standards (IFRS) from its year-end financial results for fiscal 2017.

Panasonic is striving to increase its corporate value by adapting unified group accounting rules for improvement of management quality and enhancement of corporate governance.

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.