

Consolidated Financial Results

1. Fiscal 2020 1Q ended June 30, 2019

A. Operating Results

	Yen (billions)		
	Fiscal 2020 Three Months ended Jun. 30, 2019	Fiscal 2019 Three Months ended Jun. 30, 2018	Percentage 2020/2019
Net sales	1,891.1	2,008.7	94%
Operating profit	56.4	100.0	56%
Profit before income taxes	56.2	102.2	55%
Net profit attributable to Panasonic Corporation stockholders	49.8	57.4	87%

During the three months ended June 30, 2019 (fiscal 2020), the global economy saw signs of some slowdown particularly in exports from Japan and China, while the U.S. economy continued to perform favorably with stable personal spending and capital investments. Furthermore, in Japan, capital investments were spurred by employment conditions and demand for labor-saving measures. Regarding the outlook for the global economy, various risk factors can be seen, such as the politics and financial circumstances in each country, increasingly widespread protectionism, and downward economic swings in emerging countries.

Under such a management environment, in fiscal 2020, as the first year of the new Mid-term strategy, the Company will execute portfolio management reform and aim at both profit growth and profitability improvement.

During the three months ended June 30, 2019, the Company came to an agreement with Toyota Motor Corporation to establish a joint venture related to town development business. The integration of respective housing businesses is aimed to reinforce the foundation for such housing business in the face of severe market competition, and to grow business in the field of town development, which is expected to grow in the future. In photovoltaic business, the Company reached an agreement to collaborate with GS-Solar (China) Company Ltd. Through this collaboration, the Company will optimize the development and production capability.

For the three months ended June 30, 2019, both sales and profits decreased.

Consolidated group sales decreased by 6% to 1,891.1 billion yen. Domestic sales was the same level as the previous year. Overseas sales decreased due mainly to sales declines of electronic-component-mounting-equipment and motors, which were impacted

by deteriorating market conditions in China, and the effect of exchange rates despite sales growth in Automotive Batteries.

Operating profit decreased by 44% to 56.4 billion yen from a year ago. This is due mainly to lower sales in China, increased costs related to development expenses in Automotive Solutions and sluggish sales of TVs, in addition to impact of gains from the sale of land in the previous year despite favorable sales of domestic housing-related businesses. Profit before income taxes decreased by 45% to 56.2 billion yen, and net profit attributable to Panasonic Corporation stockholders decreased by 13% to 49.8 billion yen from a year ago.

B. Breakdown by Reportable Segment

Appliances

	Yen (billions)		
	Fiscal 2020 First quarter	Fiscal 2019 First quarter	Percentage 2020/2019
Sales	689.0	720.2	96%
Operating profit	30.0	39.1	77%

Sales decreased by 4% to 689.0 billion yen from a year ago. Despite increased sales of room air-conditioners and large-scale air-conditioners, overall sales decreased due to sluggish sales of TVs and digital cameras mainly in Europe. Operating profit decreased to 30.0 billion yen from a year ago due mainly to a sales decrease of TVs, particularly in Europe.

Life Solutions

	Yen (billions)		
	Fiscal 2020 First quarter	Fiscal 2019 First quarter	Percentage 2020/2019
Sales	462.1	444.4	104%
Operating profit	12.7	(0.1)	—

Sales increased by 4% to 462.1 billion yen from a year ago. This increase was driven by solid performance in home-use distribution panel boards and wiring devices at Energy Systems, growth of new products for water-related equipment and building materials at Housing Systems, and increased sales of new construction orders and remodeling business at Panasonic Homes Co., Ltd. Operating profit increased to 12.7 billion yen from a year ago due to sales increases and rationalization efforts.

Connected Solutions

Yen (billions)

	Fiscal 2020 First quarter	Fiscal 2019 First quarter	Percentage 2020/2019
Sales	255.2	274.3	93%
Operating profit	13.7	22.4	61%

Sales decreased by 7% to 255.2 billion yen from a year ago. This is due to sales declines at Process Automation which was impacted by postponed investments resulting from weak market conditions in China as well as sluggish sales at Avionics which was impacted by held back investments by certain airline companies. Operating profit decreased to 13.7 billion yen from a year ago. This is largely due to lower sales despite profit increases in PC business.

Automotive

Yen (billions)

	Fiscal 2020 First quarter	Fiscal 2019 First quarter	Percentage 2020/2019
Sales	377.4	356.4	106%
Operating profit	(10.0)	(1.5)	—

Sales increased by 6% to 377.4 billion yen from a year ago. Overall sales increased due to the effect of investments for capacity expansion in Automotive Batteries, while sales decreased slightly in Automotive Solutions due to impact of deteriorating market conditions in China. Operating profit turned to a loss of 10.0 billion yen from a year ago due mainly to an increase in costs related to development expenses despite profit increases in Automotive Batteries.

Industrial Solutions

Yen (billions)

	Fiscal 2020 First quarter	Fiscal 2019 First quarter	Percentage 2020/2019
Sales	327.1	371.6	88%
Operating profit	5.2	16.8	31%

Sales decreased by 12% to 327.1 billion yen from a year ago. This was due to sluggish sales in motors which was impacted by weakening demand for capital investments in China and sales declines mainly in capacitors, resistors and automotive-equipment; these components were impacted by deteriorating overseas market conditions. Operating profit decreased to 5.2 billion yen from a year ago, since fixed-cost reductions and materials rationalization were unable to offset impact of lower sales.

C. Consolidated Financial Condition

Net cash provided by operating activities for the first quarter ended June 30, 2019 amounted to 104.9 billion yen, compared with an inflow of 36.6 billion yen a year ago. This was due mainly to improved working capital and payment of one-off legal costs a year ago, in addition to impact of applying IFRS 16, "Leases" from April 1, 2019 (for further details, please refer to Note 1. of "Notes" section). Net cash used in investing activities amounted to 63.7 billion yen, compared with an outflow of 77.1 billion yen a year ago. This was due mainly to decreased payments of account payable-facilities in spite of proceeds from the sales of land a year ago. Accordingly, free cash flow (net cash provided by operating activities and investing activities) improved by 81.7 billion yen from a year ago to an inflow of 41.2 billion yen. Net cash used in financing activities amounted to 99.3 billion yen, compared with an outflow of 4.7 billion yen a year ago. This was due mainly to a decreased balance of short-term bonds, the repayment of long-term debt, and the impact of applying IFRS 16. Taking into consideration the exchange fluctuations, cash and cash equivalents totaled 690.4 billion yen as of June 30, 2019, decreased by 81.9 billion yen, compared with March 31, 2019.

The Company's consolidated total assets as of June 30, 2019 were 6,503.1 billion yen, an increase of 489.2 billion yen from March 31, 2019. The Company's consolidated liabilities were 4,506.9 billion yen, an increase of 577.6 billion yen from March 31, 2019. These were due mainly to an increase of right-of-use-assets, investment properties and lease liabilities, by applying IFRS 16. Panasonic Corporation stockholders' equity decreased by 80.1 billion yen to 1,833.4 billion yen, compared to March 31, 2019. This was due to deteriorated quarterly comprehensive income by the appreciation of the yen. With non-controlling interests added to Panasonic Corporation stockholders' equity, total equity was 1,996.2 billion yen.

2. Forecast for fiscal 2020

The consolidated financial forecast for fiscal 2020 remains unchanged from the previous forecast announced on May 9, 2019.

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