

# Fiscal 2008 First Quarter Financial Results

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Makoto Uenoyama

Matsushita Electric Industrial Co., Ltd.

*Notes: 1. This is an English translation from the original presentation in Japanese.*

*2. In this presentation, "fiscal 2008" or "FY 2008" refers to the year ended March 31, 2008.*

- This presentation contains consolidated financial results for the first quarter of the fiscal year 2008, ending March 31, 2008.

# Summary

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1. Profit increase for the sixth consecutive year
2. The highest first quarter sales ever
3. Revision in both first-half and full-year forecast

- The three main points outlined in this presentation are as shown here.
- First, financial results for the first quarter of fiscal 2008. Matsushita recorded increases in both operating and net profit for the sixth and fourth consecutive years, respectively. The new mid-term management plan GP3 got off to a good start.
- Second, consolidated sales for the first quarter totaled 2,239.5 billion yen, hitting a record-high level for the first quarter. In addition to strong sales of digital AV products, favorable sales of white goods overseas contributed to the overall increase in sales.
- Third, revision in both first-half and full-year forecast related to JVC. Details will be explained later.

# Contents

## 1. Fiscal 2008 first quarter financial results

### 1) Summary of financial results

### 2) Sales and profit results by segment

### 3) Operating profit analysis

### 4) Pre-tax income analysis

## 2. Revision of fiscal 2008 first-half and full-year forecast

- The next section outlines the financial results for the first quarter of fiscal 2008.

## Fiscal 2008 First Quarter Results

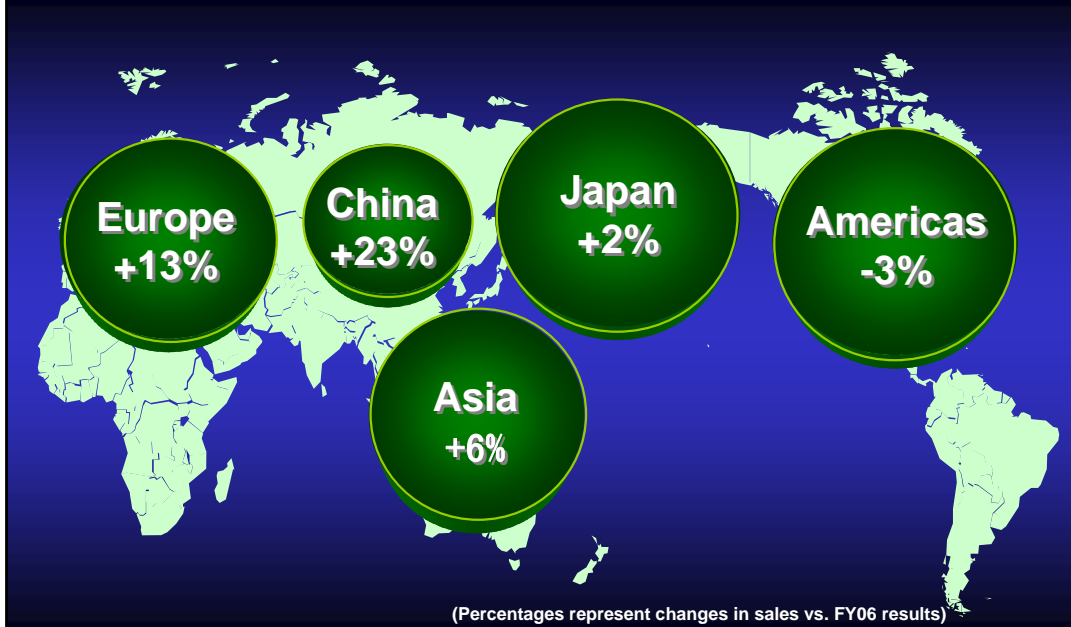
(yen: billions)

	FY08 First Quarter	FY07 First Quarter	vs. FY07
Sales	2,239.5	2,136.9	+5%
Domestic	1,078.0	1,061.9	+2%
Overseas	1,161.5	1,075.0	+8%
Operating profit	73.9	65.1	+13%
Pre-tax income	84.0	75.4	+11%
Net income	39.3	35.8	+10%

- Consolidated group sales for the first quarter totaled 2,239.5 billion yen, the record highest for the first quarter. This is 5% increase from the same period a year ago.
- Regarding earnings, operating profit for the first quarter was up 13% to 73.9 billion yen, an improvement of 8.8 billion yen from the same period a year ago.
- Both pre-tax income and net income showed double-digit growth with 84.0 billion yen and 39.3 billion yen, respectively. Net profit of 39.3 billion yen is the highest in 18 years.

## Overseas Sales (vs. FY2007 first quarter)

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- Sales by region were as shown here. Domestic sales grew by 2%, while overseas sales grew by 8%, compared with the same period last year.
- Sales in Americas decreased from the first quarter of fiscal 2007, due to ever-intensified global competition in digital AV products. However, digital AV products and white goods in Europe, and white goods, and components and devices in China, were particularly strong, thereby achieving double-digit sales growth in both regions.

# Initiatives for Increasing Overseas Sales

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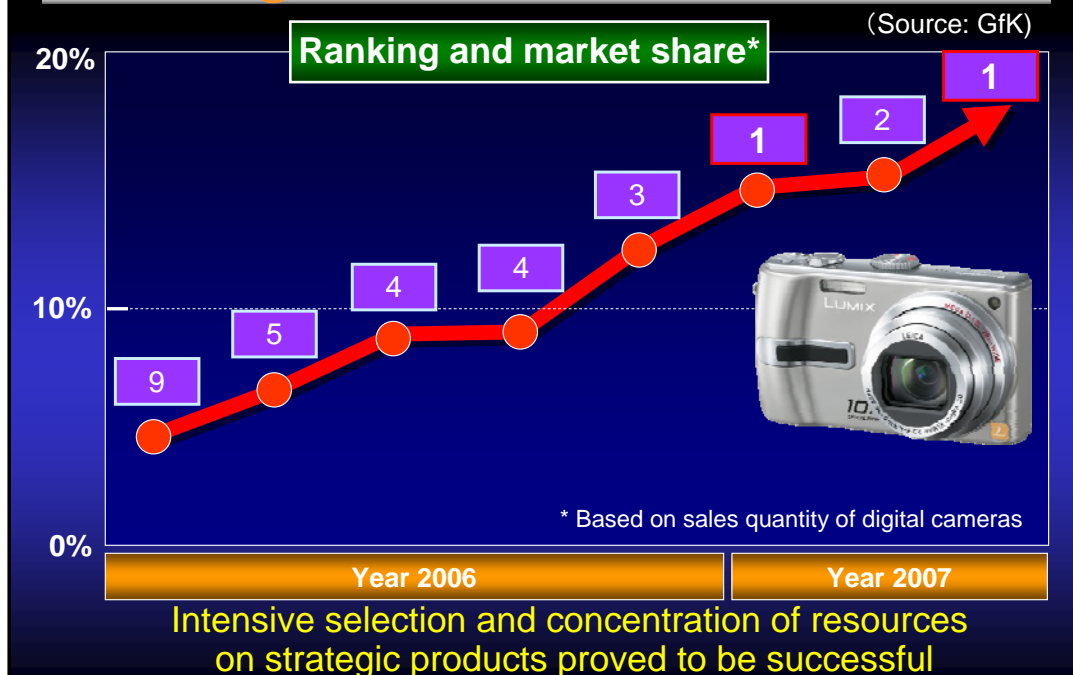
Strong appeal of product competitiveness  
in major cities in the world



- As one of the initiatives for increasing overseas sales, Matsushita implemented its Global Plasma Roadshow project in order to promote the Company's attractive products more comprehensively and to enhance Panasonic brand.
- This project aims to exhibit the Company's cutting-edge digital AV products at the places people frequently use, such as shopping-malls and stations in major cities, and to provide customers with opportunities to experience Panasonic products.
- This project is scheduled to visit over 80 cities (200 locations) in the world in fiscal 2008 with the aim of realizing a steady increase in overseas sales.

## Trend of Matsushita's Digital Camera in France

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- Next, a successful example in France of an initiative for increasing overseas sales.
- The Company has taken a strategic approach to sales in France since 2003 by focusing its management resources on digital cameras, while strengthening collaboration with mass retailers by utilizing automatic supply based on POS information and direct delivery of the products from manufacturing sites.
- As a result, the Company largely expanded its market share and established itself as the top camera manufacturer in the first quarter of fiscal 2008, as shown on this slide.

# Specify Strategies for Capturing Emerging Markets 8

## Promote marketing strategy focused on wealthier customers



- Aiming for capturing emerging markets, Matsushita will implement marketing initiatives focused on wealthier consumers.
- For example, the strategy for the Indian and Vietnamese markets is to classify wealthier customers into several groups according to their household income and residential area. The Company is implementing initiatives such as expanding brand shops and promoting development of products tailored to regional characteristics.
- For the future, Matsushita will continue to strengthen the above-mentioned initiatives across the company to achieve steady growth.



# Longer life, energy-efficient fluorescent lamps

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eco ideas



Pa-look Ball Premier series

## Effects

### CO<sub>2</sub> emission

Approx. 80%  
reduced

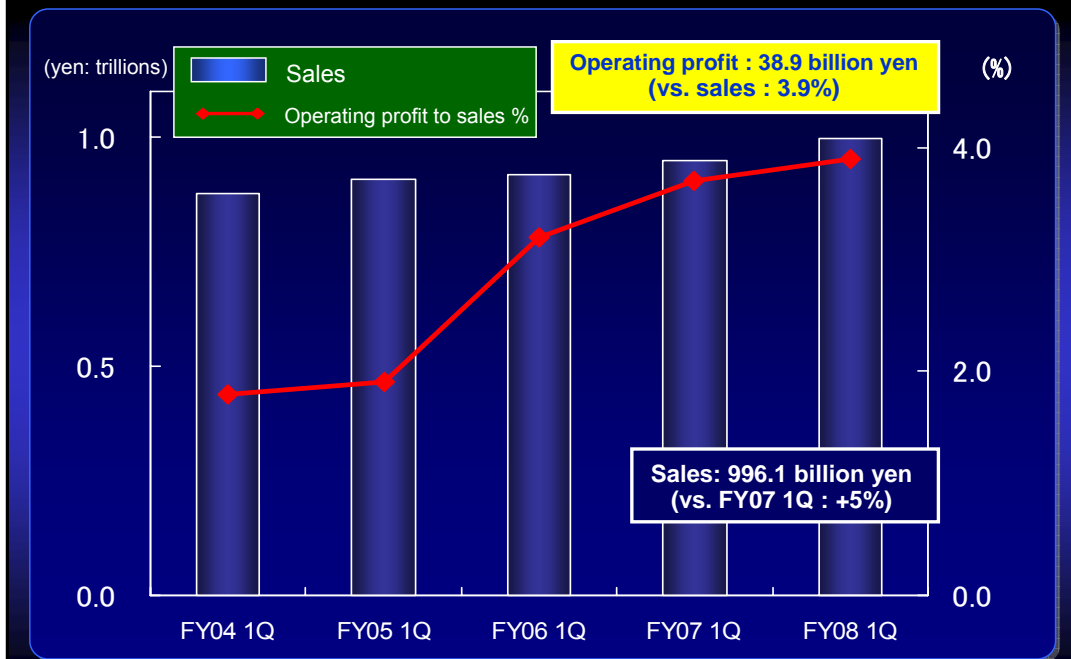
### Annual electricity expense

Approx. 2,100 yen  
saved

\* Comparison of Pa-look Ball Premier D15 E26 socket-model and Matsushita Silica 60 light bulb (54W) \*Comparison with Matsushita Silica 60 light bulb(54W)

- For example, by replacing the conventional lamps with Pa-look Ball Premier, CO<sub>2</sub> emission can be reduced by approximately 80% and electricity cost of 2,100 yen can be saved annually.
- Also, in the products for Panasonic brand, Matsushita is proactively focusing on the products such as lead-free plasma TVs.
- In the future, the Company will expand the application of this symbol into the products overseas, and aim for coexistence with the global environment.

# AVC Networks



- By segment, in addition to strong sales of flat-panel TVs, favorable sales of car electronics and digital cameras contributed to overall sales gains in AVC Networks, up 5% from the last year's first quarter results.
- Operating profit totaled 38.9 billion yen with the operating profit to sales ratio of 3.9%, up 0.2% from the last year's first quarter.

# Results of Major Domain Companies

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(yen: billions)	PAVC		PCC		PMC	
	FY08 1Q	vs. FY07 1Q	FY08 1Q	vs. FY07 1Q	FY08 1Q	vs. FY07 1Q
Sales	460.1	+7%	129.2	+11%	108.4	+3%
Operating profit	14.3	+15%	2.0	-59%	-1.6	-
Operating profit/sales	3.1%	+0.2%	1.6%	-2.6%	-1.5%	-2.5%
Capital investment	25.7	+14.0	2.0	-0.7	0.5	-0.5

- Results of the major domain companies within AVC Networks are as shown here.
- For PAVC, sales were favorable in Japan and overseas, up 7% from the same period a year ago, while operating profit increased 15% from the last fiscal year, recording an operating profit to sales ratio of 3.1%, up 0.2% from the same period a year ago.
- PCC recorded an operating profit of 1.6%, due mainly to price declines in optical disc drives and weak sales of codeless phones in the North American market.
- With regard to PMC, although terminal business showed steady improvement, lower profitability in base station business had a negative impact on profitability.

# Global Sales of flat-panel TVs



- Next, sales trend of flat-panel TVs, including plasma and LCD TVs.
- Global sales of flat-panel TVs were quite favorable on a unit basis, while sales amount was up 2% from a year ago due mainly to continuous price declines.
- Matsushita launched full HD model of plasma TVs overseas by the end of June 2007. The Company continues to strive for expansion of flat-panel TV business.

## Full HD World Expanded by VIERA

3.1ch & W sub-woofer rack theater

ビエラ リンク!

SD3

VIERA Link

AVCHD

フルハイビジョン テレビ

DIGA Blue-ray  
BD compatible

LUMIX

DIGA

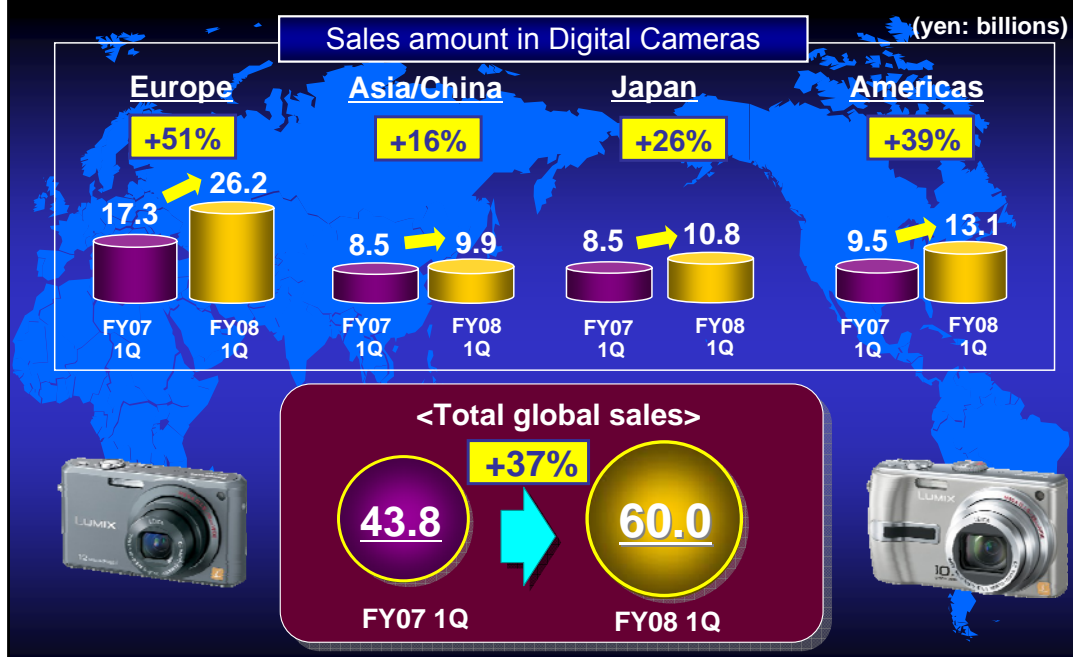
PG2

Further evolution with full HD picture quality

- Matsushita, as a comprehensive manufacturer of AV products, has experienced favorable sales of the products related to VIERA Link\* in Japan.
- In addition to DIGA and LUMIX, the Company introduced rack theaters and high definition SD card camcorders that are connectable with flat-panel VIERA TVs, realizing much easier control of several AV products.
- The Company strives to enhance this VIERA Link overseas, and further expand synergy effects of VIERA TVs and other digital AV products.

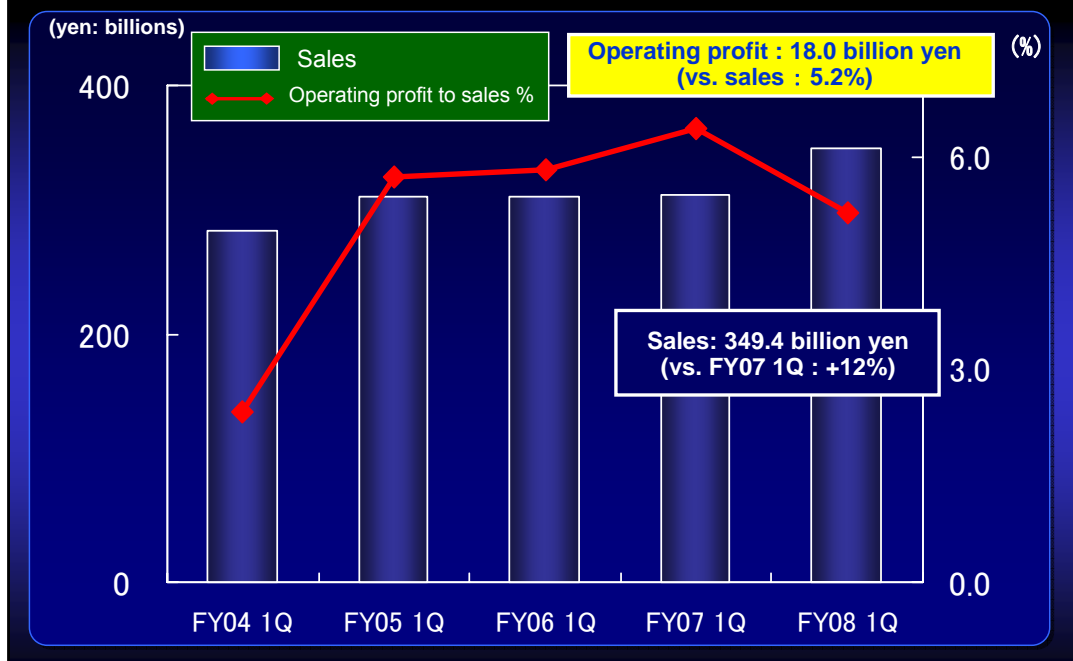
\*In the U.S., Canada and some other regions, this function is sometimes called EZ-Sync.

# Sales Trend of Digital Cameras



- Next, sales trend of digital cameras.
- Sales of digital cameras showed double-digit increase from the same period a year ago in every region, due mainly to favorable sales of 10X optical zoom camera TZ3 or 12.2 million pixel camera FX100. Total global sales were up 37% from the same period a year ago.
- The Company strives to further expand its business by taking advantage of the vertical integration realized by in-house manufacturing of key components.

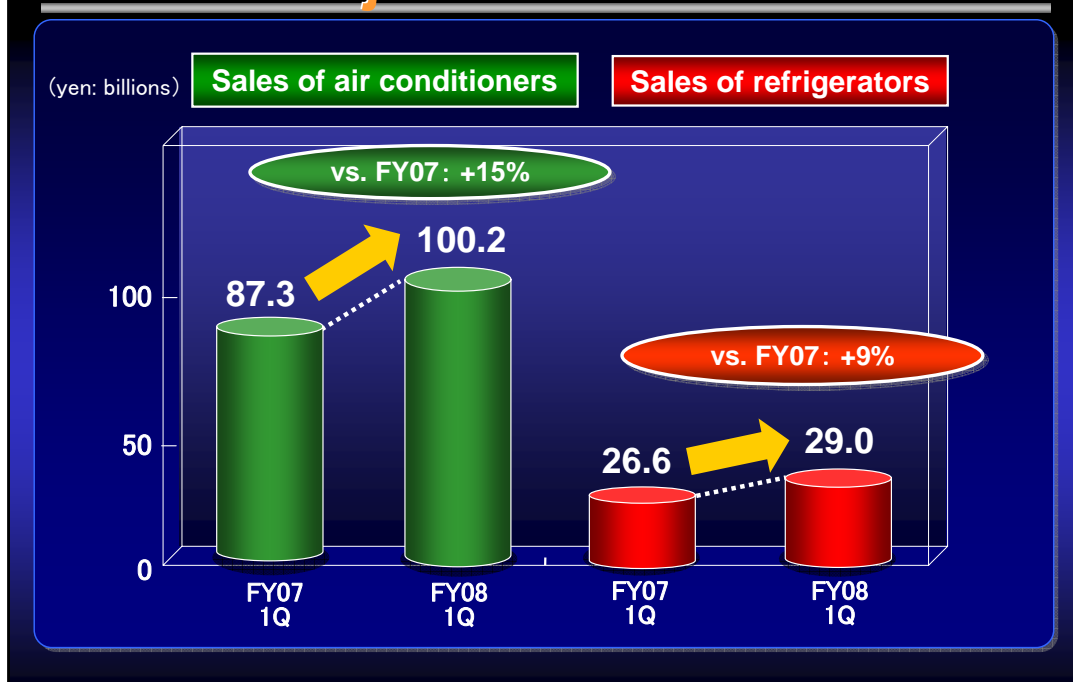
# Home Appliances



- Sales in Home Appliances segment increased by 12%, compared with the last year's first quarter, benefiting from strong overseas sales in white goods such as air-conditioners.
- However, operating profit was down, totaling 18 billion yen, or 5.2% of sales, due to price hikes in raw materials such as copper.

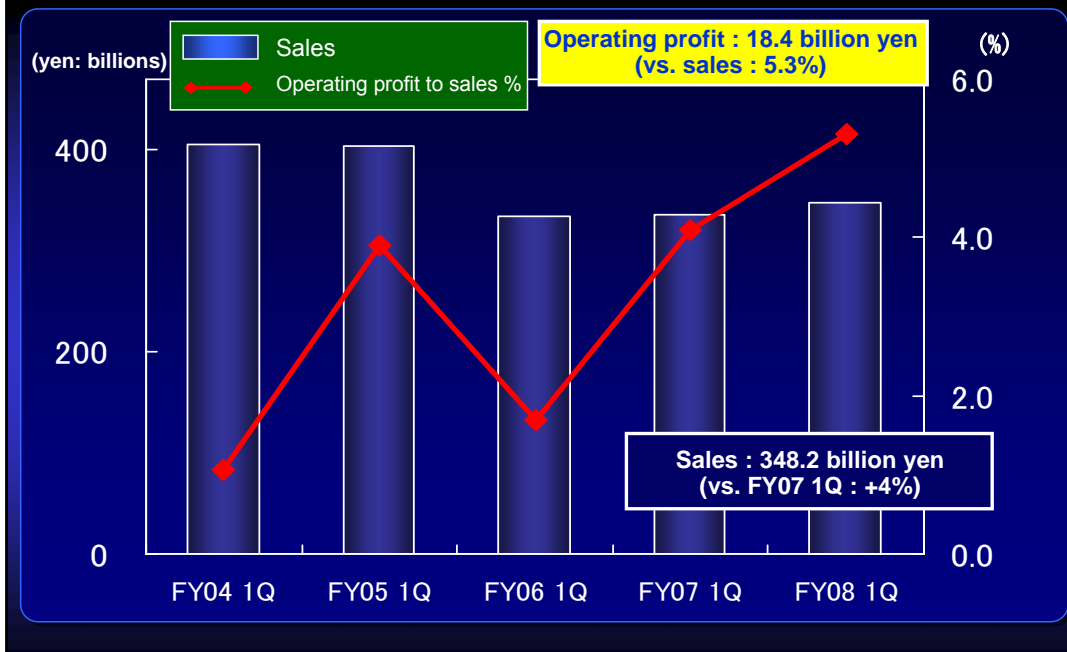
# Global Sales Trend in Major White Goods

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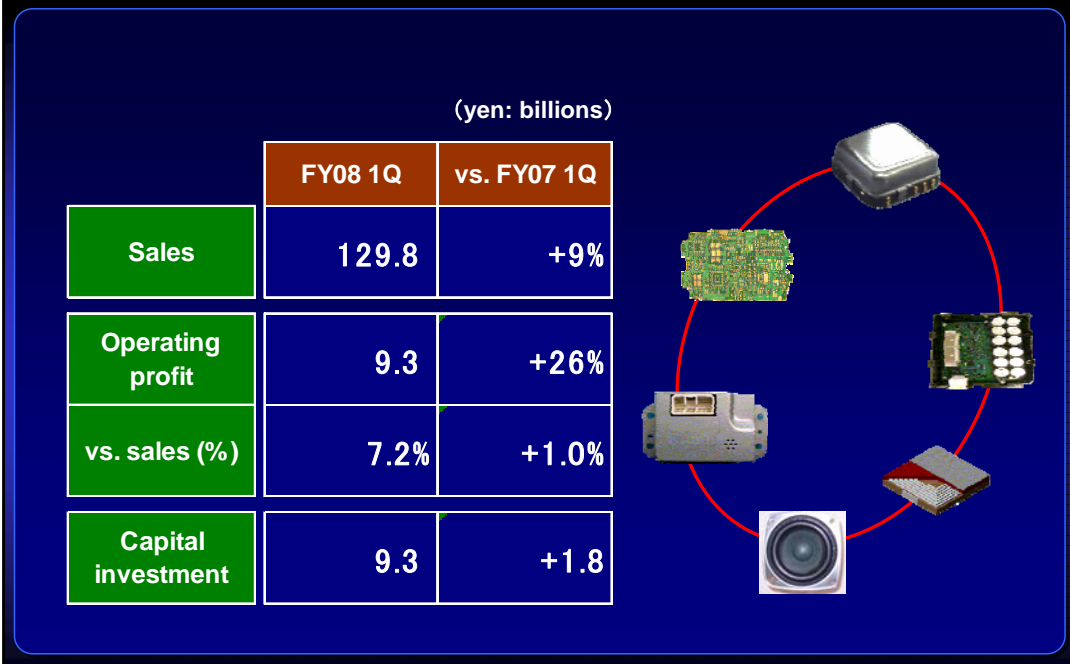


- Global sales of air conditioners and refrigerators have been expanding.
- In particular, favorable sales were recorded in air-conditioners in Europe and refrigerators in China and other Asian countries. As a result, overseas sales of these categories increased by approximately 20% and 40%, respectively, compared with the same period a year ago.

## Components and Devices



- In Components and Devices, favorable results were shown, mainly in general electronic components. Overall sales increased 4% from the same period a year ago, while operating profit to sales ratio was up 1.2%, to 5.3%, both showing steady growth.

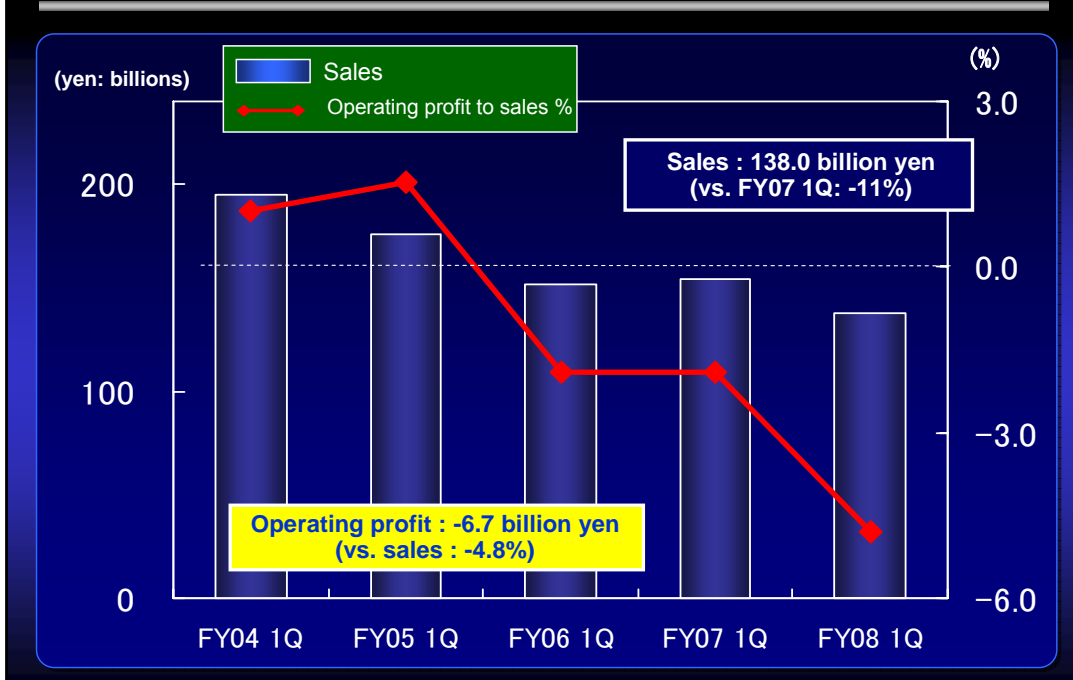


- Results for PED, responsible for general electronic components in the Components and Devices segment, are shown above.
- Overall sales at PED were favorable, due mainly to strong sales of capacitors and switches for mobile phones, notebook PCs and game consoles.
- Both sales and profit increased from the previous year. Sales were up 9% with operating profit to sales ratio of 7.2%, an improvement of 1%.

# MEW and PanaHome

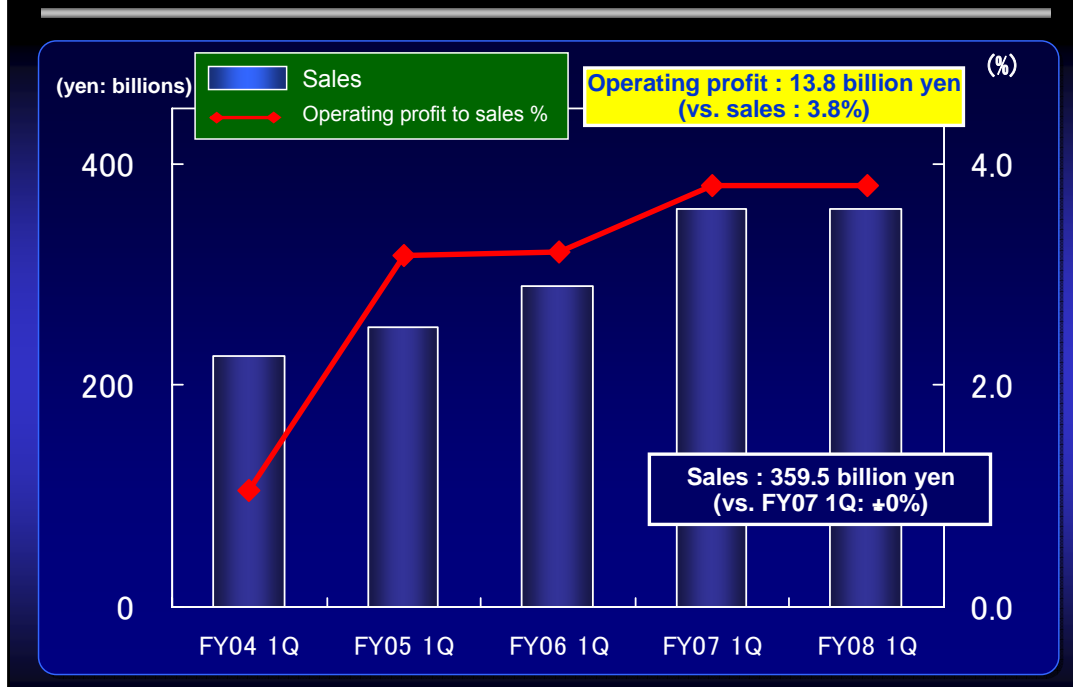


- MEW and PanaHome results were announced on July 24.
- Sales in this segment were up 6%, compared with a year ago, with operating profit to sales ratio of 2.3%.



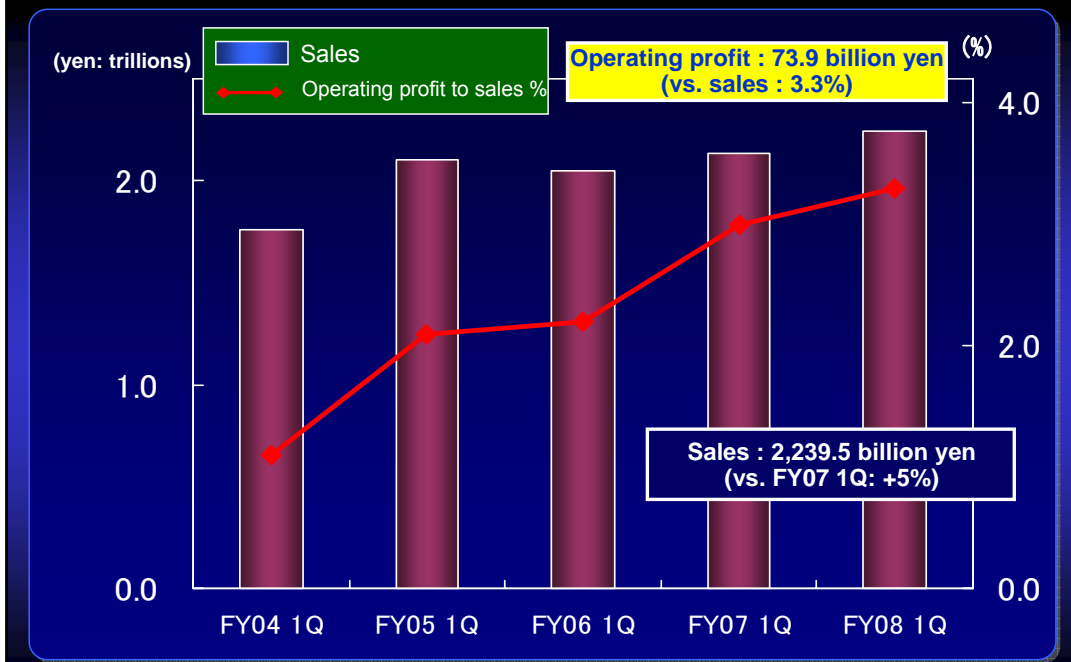
- JVC results were as announced on July 24.

# Other



- In the Other segment, sales and operating profit were steady overall.

## Trend of First Quarter results



- On a first quarter basis, operating profit continued to increase annually.
- Operating profit to sales ratio for fiscal 2008 first quarter recorded 3.3%, a constant improvement from 1.1% for the comparable period of fiscal 2004.
- Matsushita will continue to strive for steady growth with profitability.

# Operating Profit Trends

(vs. FY2007 1Q)

↗ increase ↘ decrease

<b>AVC Networks</b>	↗	Digital cameras, LCD TVs, notebook PCs
	↘	CRT TVs, mobile phones (base station)
<b>Home Appliances</b>	↗	Vacuum cleaners, microwave ovens
	↘	Compressors
<b>Components and Devices</b>	↗	General electronic components
	↘	—
<b>MEW and PanaHome</b>	↗	Elec. construction materials, elec. and plastic materials
	↘	Control equipment

- This slide shows operating profit trends by major product category.

# Operating Profit Analysis (vs. FY 2007 1Q)

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- This slide shows operating profit analysis.
- During the first quarter, despite the negative effects of price declines and rising raw materials prices, operating profit recorded a gain of 8.8 billion yen through streamlining, reductions in fixed costs and increased sales, as well as a weaker yen, as shown here.

## Pre-tax and Net Income Analysis

(yen: billions)

	FY08 1Q	vs. FY07 1Q
Operating profit	73.9	+8.8
Non-operating income/loss	10.1	-0.2
Financial income	8.3	+5.0
Early retirement charges	-1.0	-0.5
Other	2.8	-4.7
Pre-tax income	84.0	+8.6
Provision for income taxes	-42.0	-4.2
Minority interests	1.7	+2.3
Equity in associated companies	-4.4	-3.2
Net income	39.3	+3.5

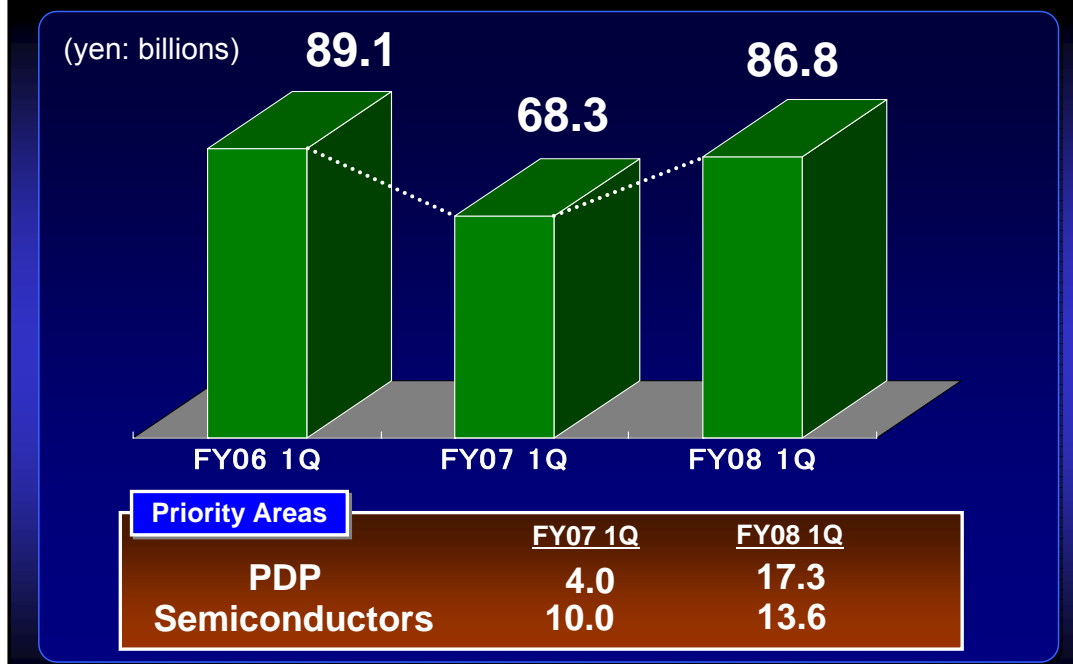
- Non-operating income/loss in the first quarter of fiscal 2008 amounted to 10.1 billion yen, mostly unchanged from the previous year.
- A change in minority interests was due mainly to the effects of JVC.
- Equity in losses of associated companies is due mainly to a decrease in profit at the joint venture company with Toshiba.
- Net income totaled 39.3 billion yen, an improvement of 3.5 billion yen.

# Inventories



- Next, balance sheet items.
- Inventories totaled 1,109.1 billion yen, or 44 inventory turnover days, an increase of 1 day from June 2006.
- Excluding the exchange rate effects, inventories were up by approximately 50.0 billion yen, due mainly to an increase in the inventories of flat-panel TVs associated with a launch of new models overseas.

# Capital Investment



- Capital investment for the first quarter was as shown here.
- The main areas of capital investment were manufacturing facilities of semiconductors and the fourth domestic PDP plant at Amagasaki.

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## 2. Revision of fiscal 2008 first-half and full-year forecast

- Next, the revision of fiscal 2008 first-half and full-year forecast.

# Revision of Fiscal 2008 First-half Forecast

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(billion yen)

	Original forecast		Revised forecast		
	(As of April 27)	vs. FY07	(As of July 24)	vs. FY07	vs. Original forecast
Sales	4,450	+1%	4,322	-2%	-128
Operating profit	190	-8%	181	-13%	-9
Pre-tax income	185	-20%	179	-23%	-6
Net income	90	-22%	82	-29%	-8

- JVC will become an associated company under the equity method from a consolidated subsidiary, as announced on July 24, 2007. With this transition and JVC's revision of financial forecast, Matsushita has revised its original forecast for first-half 2008, which was announced in April 2007.

# Revision of Fiscal 2008 Full-year Forecast

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(billion yen)

	Original forecast		Revised forecast		
	(As of April 27)	vs. FY07	(As of July 24)	vs. FY07	vs. Original forecast
Sales	9,250	+2%	8,780	-4%	-470
Operating profit	500	+9%	477	+4%	-23
Pre-tax income	460	+5%	452	+3%	-8
Net income	250	+15%	246	+13%	-4

- The full-year forecast for fiscal 2008 is shown above.
- The revised sales forecast is down 4% from last fiscal year. Excluding the sales of JVC from the last fiscal year's result, however, the sales forecast is up 2% from the last fiscal year.



- In the first quarter, the Company made a good start as the first year of the GP3 plan.
- Thank you for your continued support.

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