

# Fiscal 2009 First Quarter Financial Results

July 29, 2008

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 2009" or "FY 2009" refers to the year ending March 31, 2009.*

- This presentation contains consolidated financial results for the first quarter of the fiscal year 2009, ending March 31, 2009.

## Summary

1. Profit increase for the seventh consecutive year
2. Double-digit sales growth overseas in real terms
3. Profit increase in all segments

- The three main points outlined in this presentation are as shown here.
- First, in fiscal 2009 first quarter, despite severe business conditions, Matsushita recorded increased operating profit for the seventh consecutive year. Thus, the Company made a good start for the second year of the mid-term management plan GP3.
- Second, overseas sales achieved double-digit growth. In addition to strong sales in BRICs and Vietnam, robust sales in Europe and the U.S. contributed to the overall increase in sales.
- Third, Matsushita achieved increases in operating profits in all segments.

# Contents

- 1. Fiscal 2009 first quarter financial results**
- 2. Trends over the last 3 years**
- 3. Segment analysis**
- 4. Business fields of the Group**

- The next section outlines the financial results for the first quarter of fiscal 2009.

# Fiscal 2009 First Quarter Results

(yen: billions)

&lt;reference&gt;

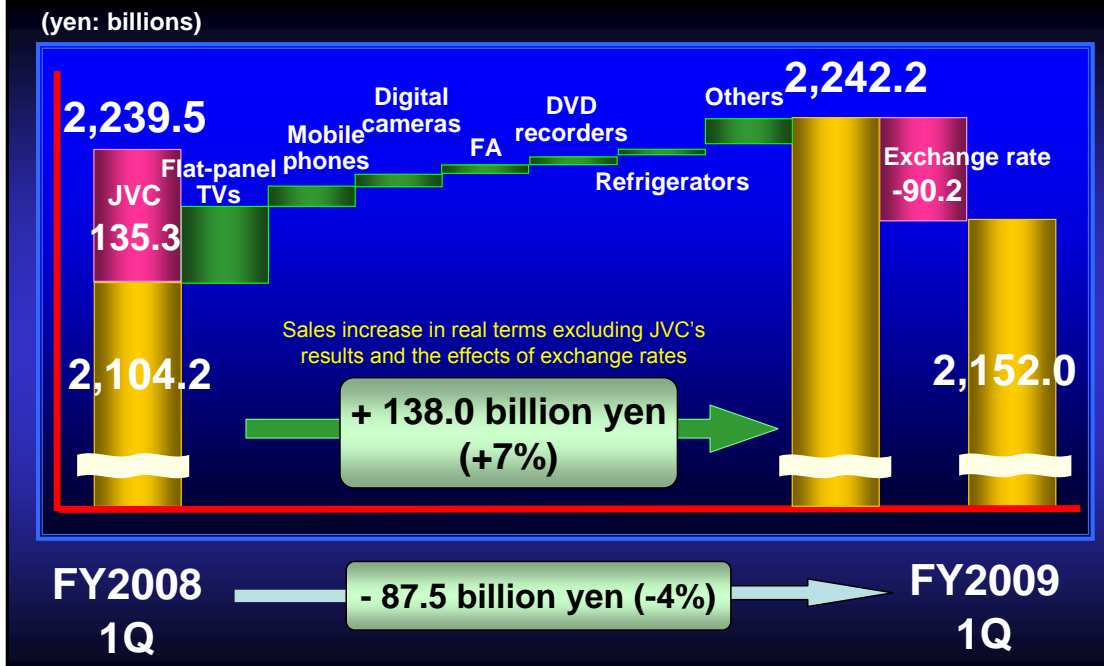
	FY09 1Q	FY08 1Q	vs. FY08	Real* vs. FY08
<b>Sales</b>	<b>2,152.0</b>	<b>2,239.5</b>	<b>-4%</b>	<b>+7%</b>
<b>Domestic</b>	<b>1,045.2</b>	<b>1,078.0</b>	<b>-3%</b>	<b>±0%</b>
<b>Overseas</b>	<b>1,106.8</b>	<b>1,161.5</b>	<b>-5%</b>	<b>+13%</b>
<b>Operating profit (%)</b>	<b>109.6 (5.1%)</b>	<b>73.9 (3.3%)</b>	<b>+48%</b>	
<b>Pre-tax income (%)</b>	<b>119.3 (5.5%)</b>	<b>84.0 (3.7%)</b>	<b>+42%</b>	
<b>Net income (%)</b>	<b>73.0 (3.4%)</b>	<b>39.3 (1.8%)</b>	<b>+86%</b>	

\* Real terms: excluding JVC's results for Apr. to Jun. 2007 and the effects of exchange rates. (unaudited)

- Consolidated group sales for the first quarter totaled 2,152.0 billion yen, down 4% compared with the previous year. In real terms excluding the results of JVC and exchange rate effects, consolidated group sales increased 7%.
- Regarding earnings, operating profit for the first quarter amounted to 109.6 billion yen. Operating profit to sales ratio increased to 5.1%, up 1.8% from the previous year.
- Both pre-tax income and net income significantly increased, as shown on this slide. In particular, net income amounted to approximately 1.9 times as much as the previous year's result.

# Sales Analysis by Product (vs. FY2008 1Q)

5

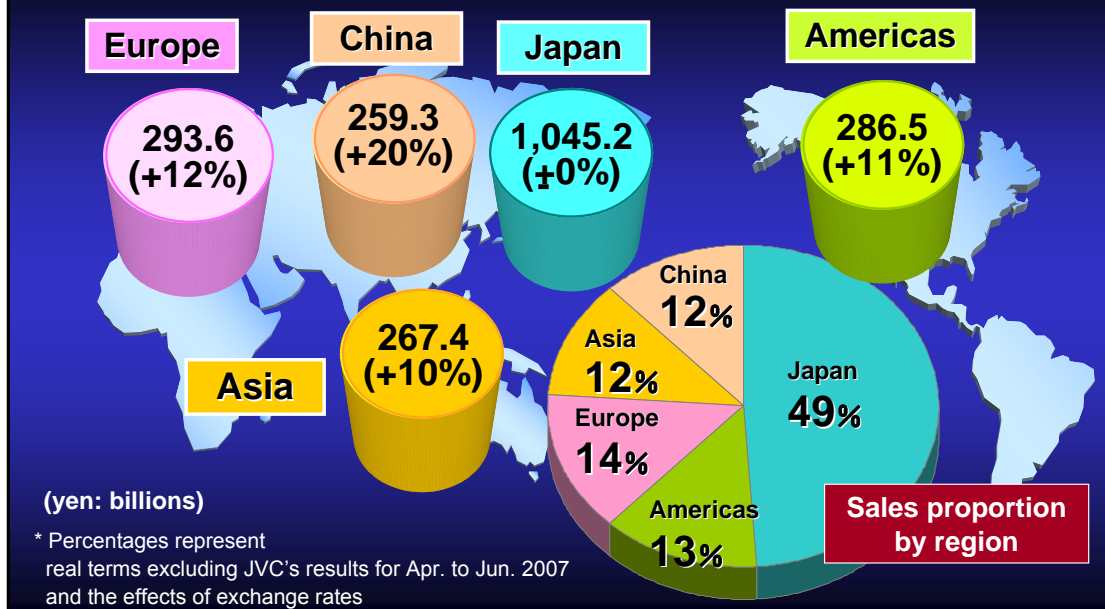


- This slide shows sales trends by major product category.
- The sales amount for the first quarter of fiscal 2008 was 2,104.2 billion yen excluding the sales of JVC.
- Based on this figure, sales for the first quarter of fiscal 2009 increased 7% in real terms to 2,242.2 billion yen, compared with the previous year.
- Consolidated sales for the first quarter of fiscal 2009, excluding the effects of exchange rates (90.2 billion yen), totaled 2,152.0 billion yen, down 4% compared with the previous year.
- The Company expanded sales mainly in flat-panel TVs, mobile phones, digital cameras, FA equipment and DVD recorders.

# Sales by Region (vs. FY2008 1Q)

6

Double-digit sales growth in all overseas regions



- Sales by region are as shown here. Matsushita achieved double-digit sales growth in all overseas regions.
- In China, sales in digital AV products such as flat-panel TVs were favorable, and sales in white goods were also steady.
- In Europe and the Americas, favorable sales of flat-panel TVs and digital cameras contributed to the region's growth.

# Strengthening North American Consumer Business 7

## Evolving into Sales and Manufacturing Organization

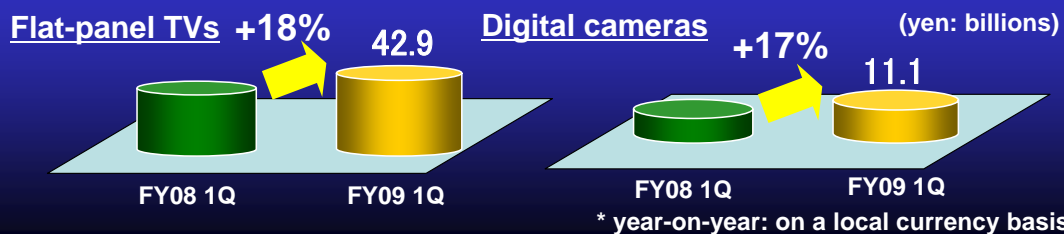


### Product Strategy

- VIERA Link products promotion
- Product planning tailored to local market
- Coordinated and timely response to market

### Channel Strategy

- Balanced national & regional accounts
- Proactive marketing with retailers



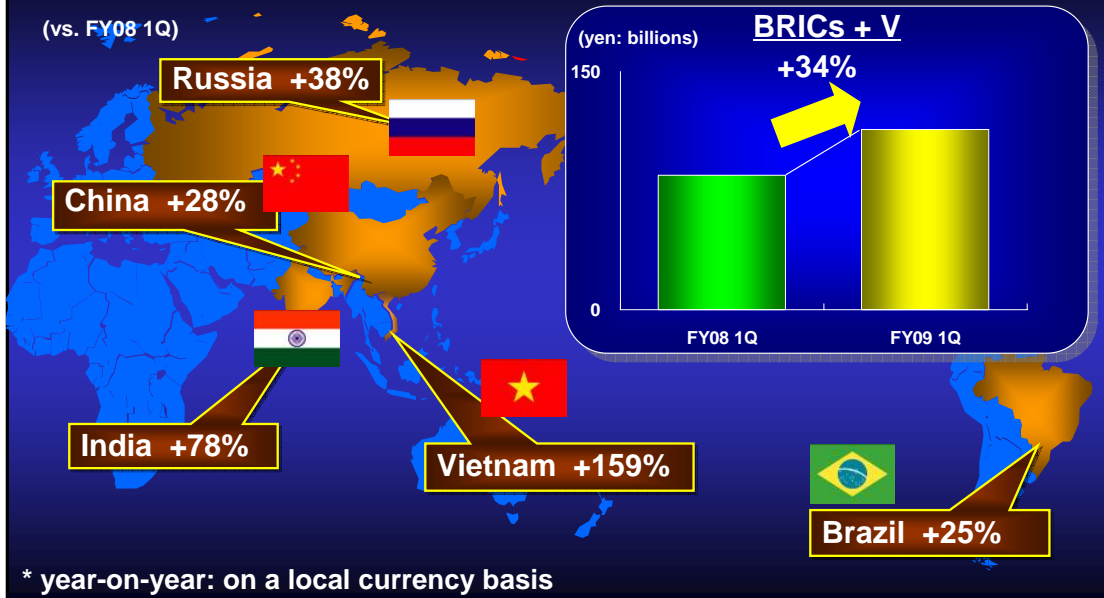
- In April 2008, the Company changed retailing structure to unify sales division of North America and business domain company in Japan, thereby improving to be more agile marketing.
- In addition, from fiscal 2008 second half, the Company expanded its sales channels mainly to local mass retailers and implemented marketing activities with strong ties with retailers, such as working on truck roadshow. Through these activities, the Company promoted its added value of VIERA Link products, such as flat-panel TVs, digital cameras and Blu-ray DVD recorders. As a result, sales in North America has shown a steady recovery.

# Sales in Emerging Markets

Expanding targets and strengthening product competitiveness

Sales of consumer electronics and system products

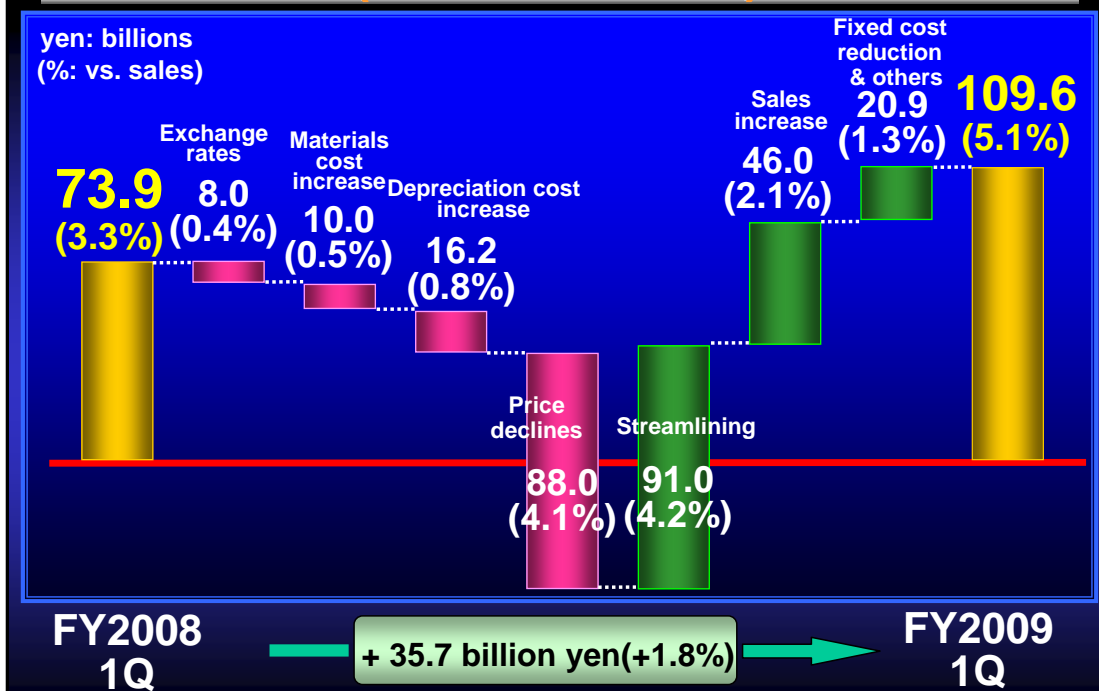
(vs. FY08 1Q)



- In the BRICs and Vietnamese markets which are driving its overseas sales growth, Matsushita implemented marketing activities, expanding from the wealthy market only to include the middle class.
- Despite the changes in the business environment such as growing inflation concerns, the Company achieved high growth in each region as a result of these initiatives, thereby achieving more than 30% increase in overall sales.

# Operating Profit Analysis (vs. FY2008 1Q)

9



- This slide shows operating profit analysis.
- During the first quarter, despite the negative effects of price declines, rising prices for raw materials and stronger yen against the U.S. dollar, operating profit increased by 35.7 billion yen. This result was due mainly to streamlining effect exceeding price declines, sales increase and fixed cost reduction.

# Pre-tax and Net Income Analysis

10

(yen: billions)

	FY09	vs FY08
Operating profit	109.6	+35.7
Non-operating income/loss	9.7	-0.4
Financial income	6.8	-1.5
Early retirement charges	-0.2	+0.8
Other	3.1	+0.3
Pre-tax income	119.3	+35.3
Provision for income taxes	-42.4	-0.4
Minority interests	-4.2	-6.0
Equity in earnings of associated companies	0.3	+4.8
Net income	73.0	+33.7

- Non-operating income/loss in the first quarter of fiscal 2009 amounted to 9.7 billion yen, mostly unchanged from the previous year, despite a slight decrease in financial income.
- A change in minority interests was due mainly to the deconsolidation of JVC. An increase in equity in earnings of associated companies is due mainly to the consolidation of IPS Alpha.
- Net income totaled 73.0 billion yen, an improvement of 33.7 billion yen.

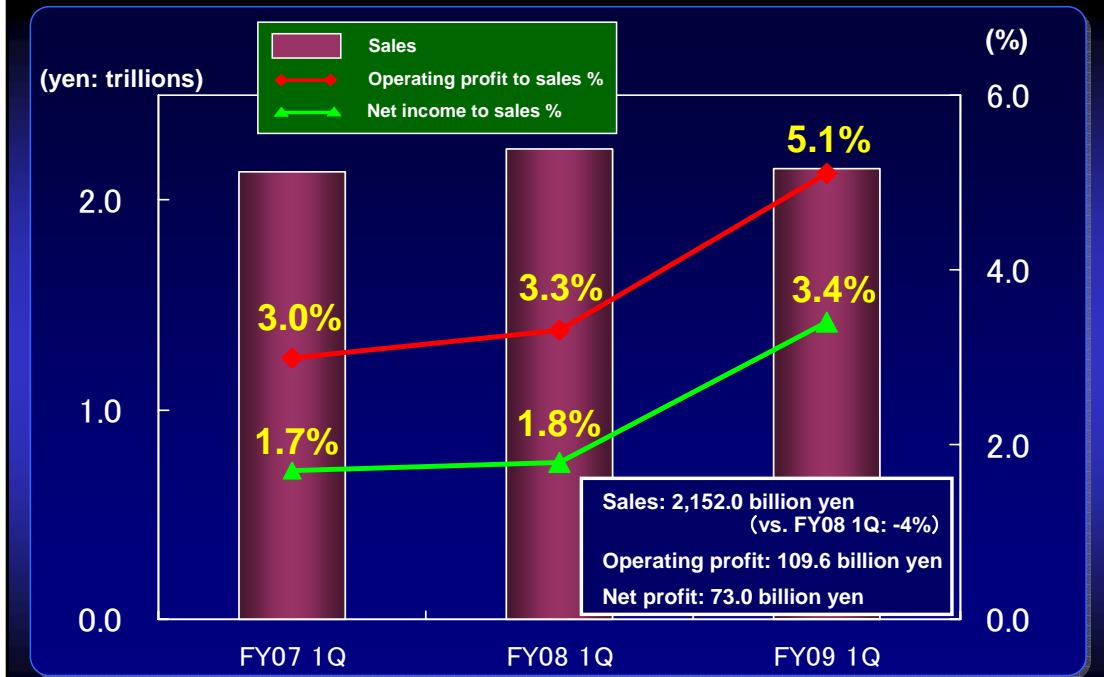
# Contents

11

- 1. Fiscal 2009 first quarter financial results**
- 2. Trend over the last 3 years**
- 3. Segment analysis**
- 4. Business fields of the Group**

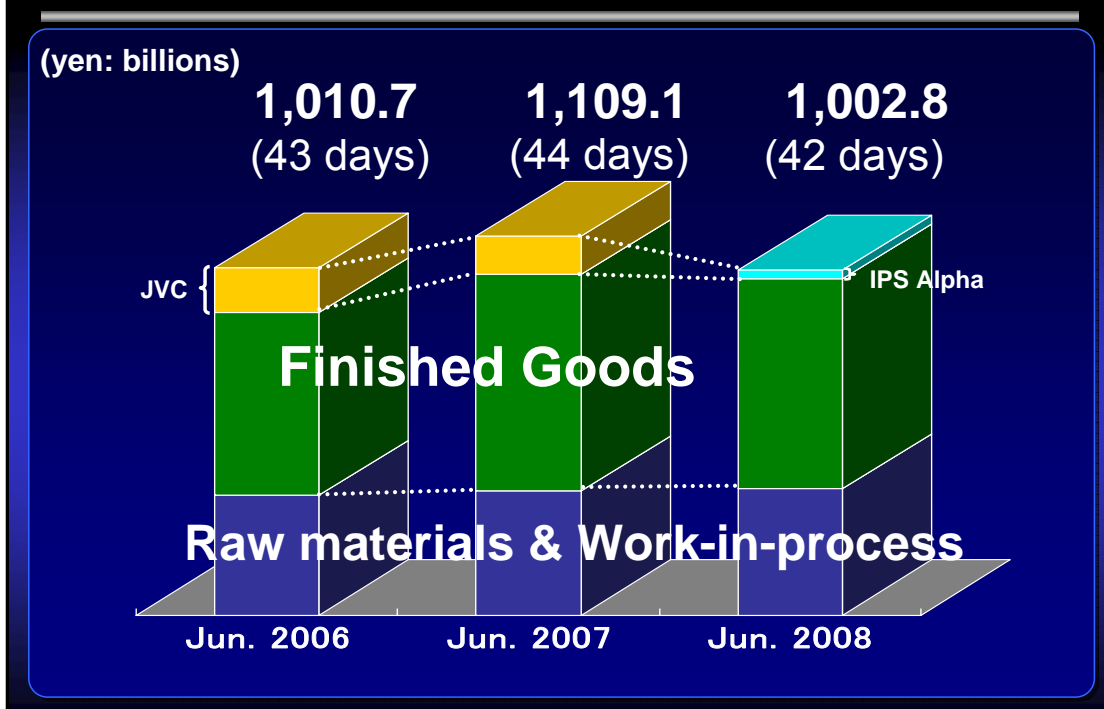
- Next, the trend in the first quarters in the last three years.

## Trend of First Quarter Results



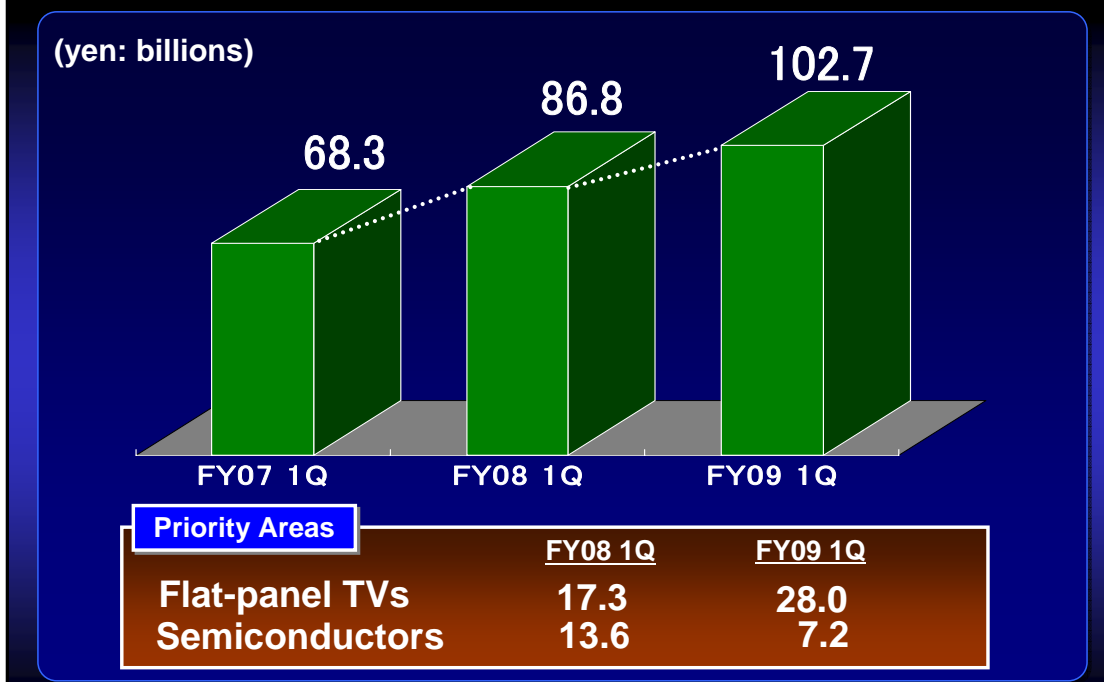
- The sales trend in the first quarters over the last three years is as shown here.
- Sales for the first quarter of fiscal 2009 were down from the same period in the previous year, due mainly to the effect of JVC. However, both operating and net profit achieved steady growth, substantially exceeding the same period in the previous year in both amount and ratio.
- Matsushita will continue to strive for steady growth with profitability.

## Inventories



- Next, balance sheet items.
- At the end of June 2008, inventories totaled 1,002.8 billion yen, or 42 inventory turnover days, a decrease of 2 days from June 2007.
- Excluding the effects of JVC and IPS Alpha, inventories were up from two years ago due partly to the exchange rate effects. However it was down from the previous year.

# Capital Investment



- Trend in capital investment for the first quarter over the last three fiscal years is as shown here.
- For the phase change to the Company's growth, Matsushita believes this is the right time to make investment to expand its business.
- Priority areas of capital investment are manufacturing facilities of flat-panel TVs and semiconductors, and are in line with the plan.

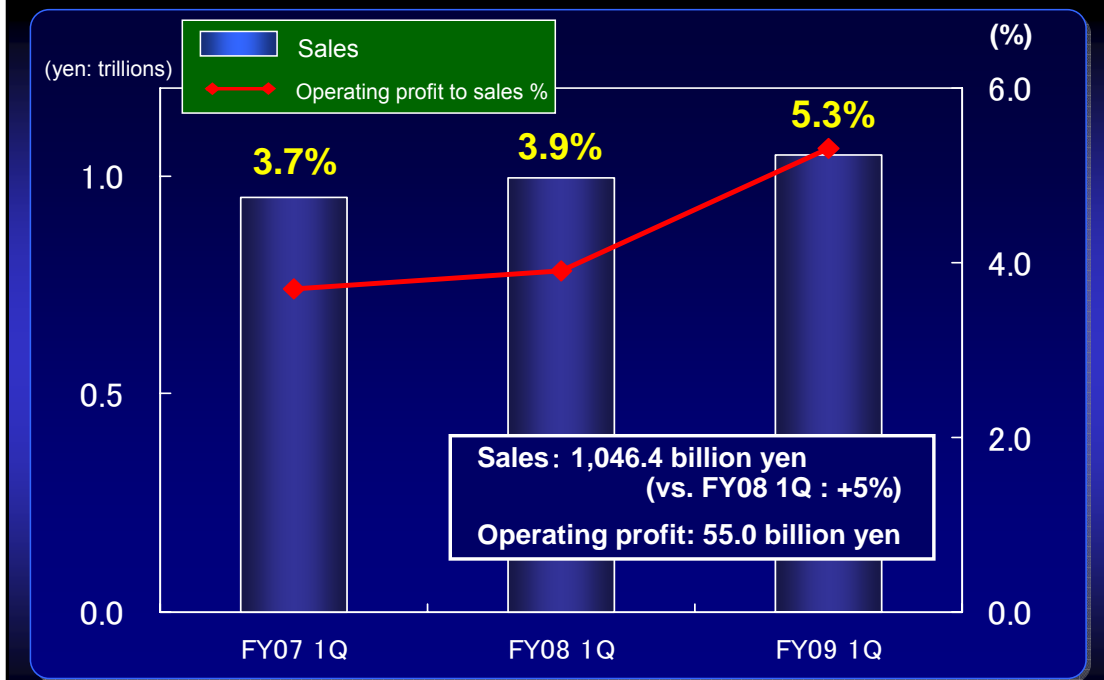
# Contents

15

1. Fiscal 2009 first quarter financial results
2. Trends over the last 3 years
3. Segment analysis
4. Business fields of the Group

- Next, segment analysis.

## Digital AVC Networks



- In Digital AVC Networks, favorable sales of flat-panel TVs, digital cameras and mobile phones contributed to overall sales gains, up 5% from a year ago.
- Operating profit totaled 55.0 billion yen, up 16.1 billion yen, with the operating profit to sales ratio of 5.3%, up 1.4%, compared with the last year's first quarter.

# PAVC and PMC

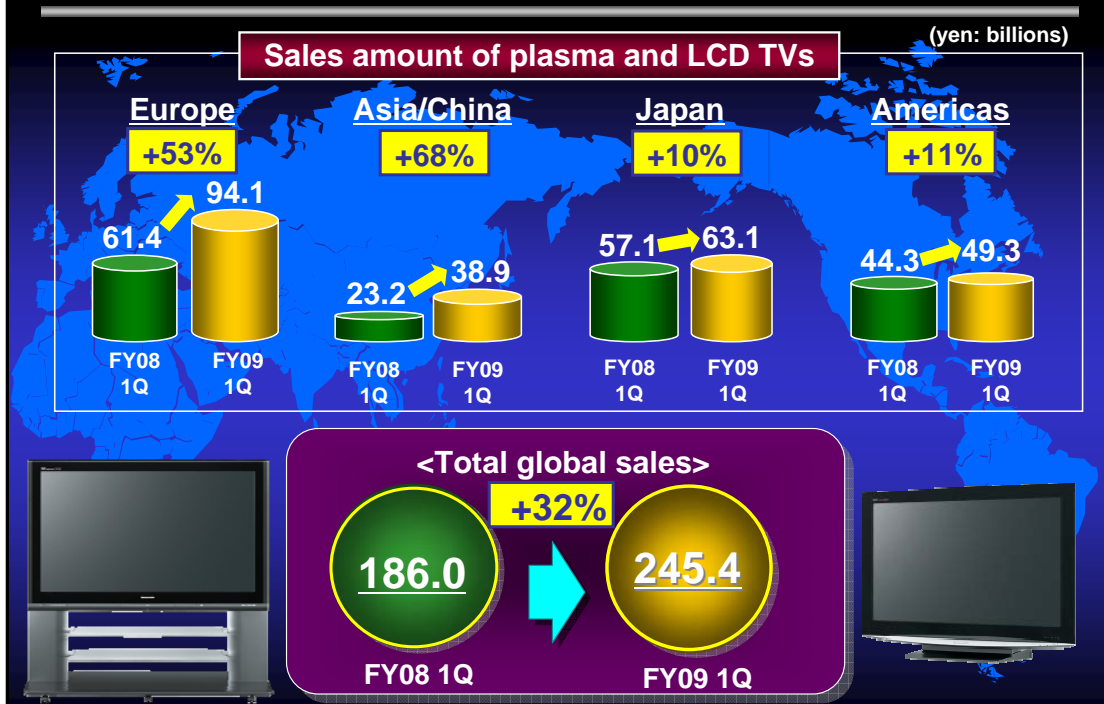
17

(yen: billions)

	PAVC		PMC	
	FY09 1Q	vs. FY08 1Q	FY09 1Q	vs. FY08 1Q
<b>Sales</b>	<b>529.9</b>	<b>+15%</b>	<b>118.8</b>	<b>+10%</b>
<b>Operating profit</b>	<b>14.4</b>	<b>+1%</b>	<b>14.9</b>	<b>—</b>
<b>vs. sales (%)</b>	<b>2.7%</b>	<b>-0.4%</b>	<b>12.5%</b>	<b>+14.0%</b>
<b>Capital investment</b>	<b>37.4</b>	<b>+11.7</b>	<b>0.5</b>	<b>±0</b>

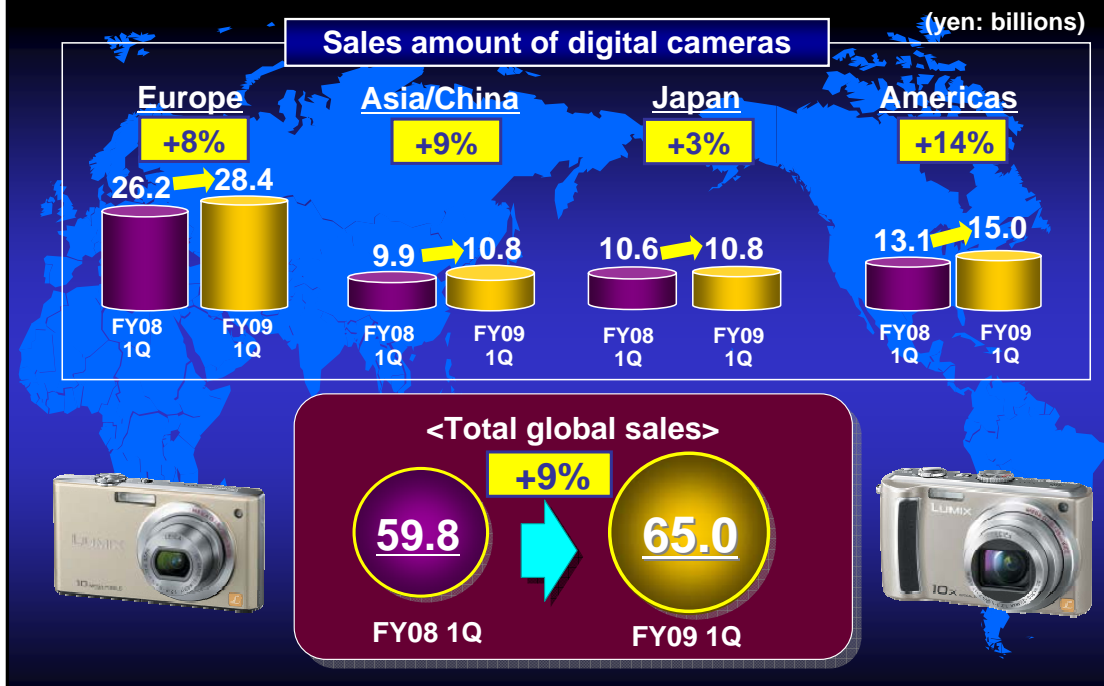
- Results of PAVC and PMC are as shown here.
- For PAVC, sales were favorable mainly in flat-panel TVs and digital cameras, contributing to increases in overall sales and operating profit, while the operating profit to sales ratio resulted in 2.7%, down 0.4% from the same period a year ago.
- For PMC, steady sales in VIERA Keitai contributed to overall sales, up 10% from the same period a year ago with operating profit of 16.5 billion yen and operating profit to sales ratio of 12.5%.

# Global Sales of Flat-panel TVs



- Next, sales trend of flat-panel TVs, including plasma and LCD TVs.
- As shown above, the Company achieved double-digit growth in all regions.
- In particular, sales in Europe, Asia and China increased significantly, contributing to overall sales of 245.4 billion yen, up 32% from the same period a year ago.

# Global Sales of Digital Cameras



- Next, sales trend of digital cameras.
- Sales of digital cameras increased in all regions, including double-digit growth in the U.S. from the same period a year ago, as a result of promoting marketing activities tailored to regional characteristics. Total global sales were 65.0 billion yen, up 9% from the same period a year ago.
- The Company strives to further expand the digital camera business.

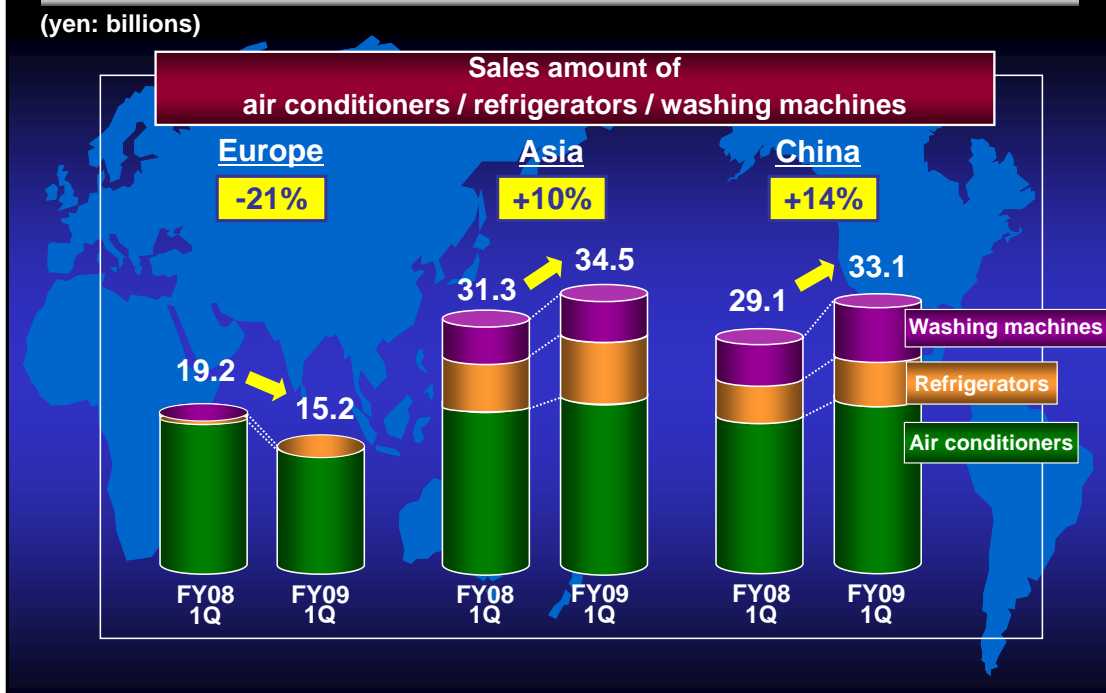
# Home Appliances



- Sales in Home Appliances segment increased by 1%, compared with the same period a year ago, benefiting from strong sales in air-conditioners, refrigerators and washing machines in Asia and China.
- Operating profit totaled 31.5 billion yen, up 13.5 billion yen from the same period a year ago, and operating profit to sales ratio was 8.9% substantially exceeding the same period in the previous year.

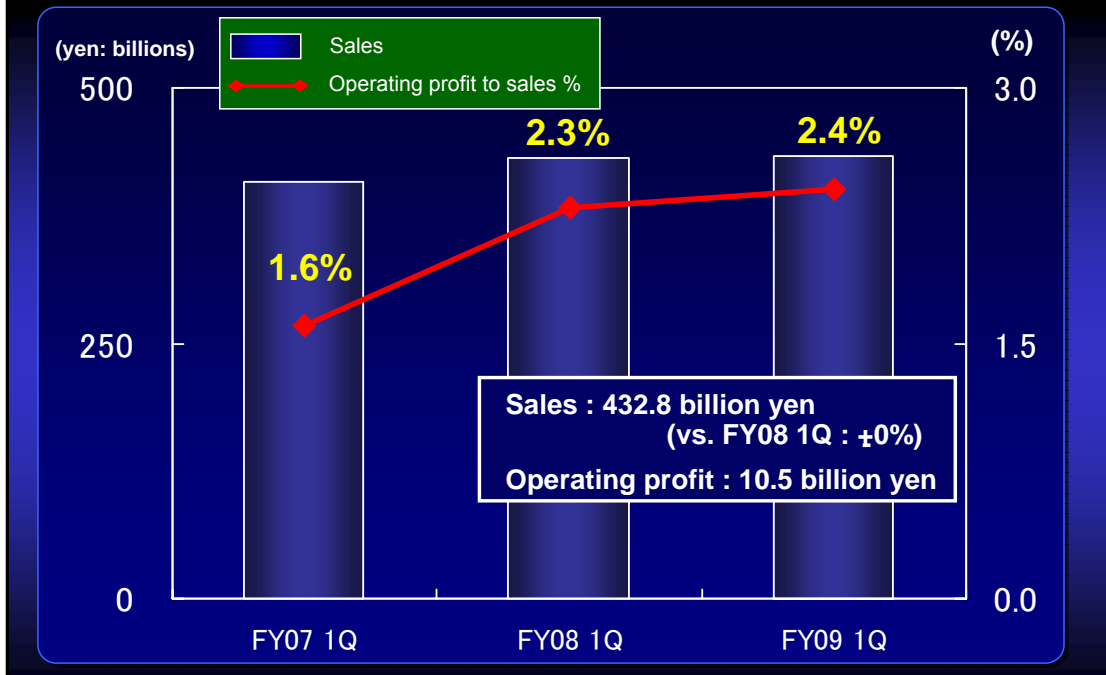
# Overseas Sales of Three Major White Goods

21



- This slide shows the sales of the three major white goods: air conditioners, refrigerators and washing machines.
- Matsushita achieved double-digit sales growth in Asia and China in these three major white goods.
- However, sales in Europe was substantially down from a year ago, as sales in air conditioners were sluggish in Spain and Italy, due mainly to unseasonable weather conditions.

## MEW and PanaHome



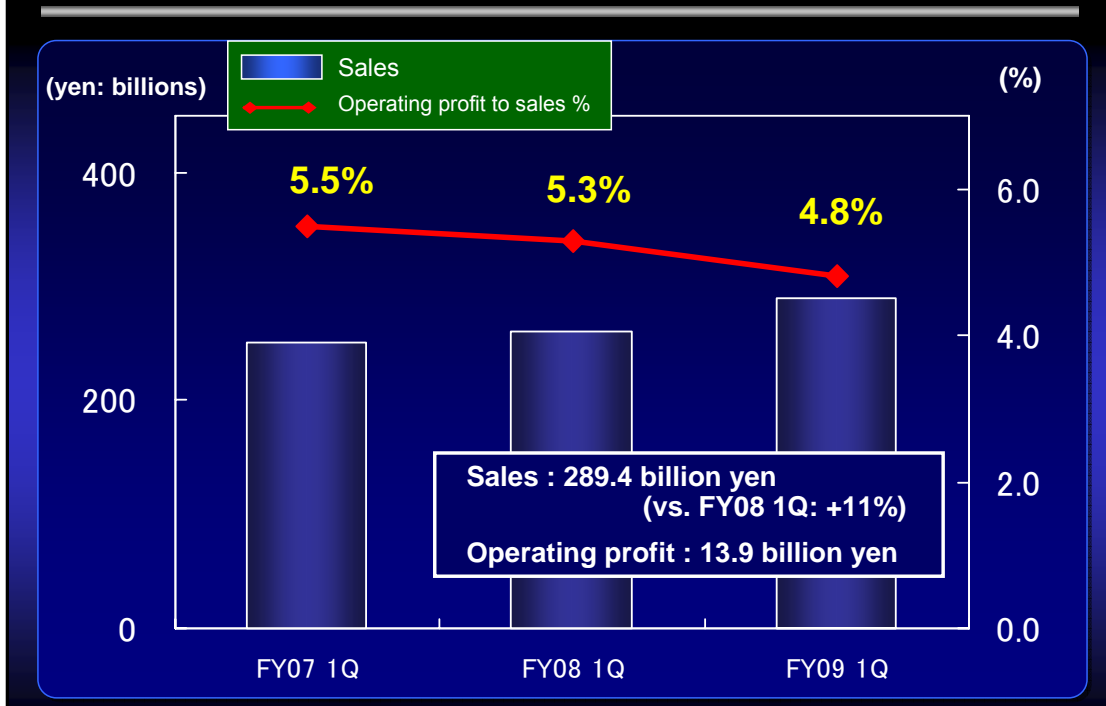
- MEW results were announced on July 25 and PanaHome on July 24.
- Sales in this segment were unchanged compared with a year ago, with operating profit to sales ratio of 2.4%.

## Components and Devices



- In Components and Devices, although sales in semiconductors were up, sales of general electronic components and batteries were down. This resulted in an overall sales decrease of 4% from the same period a year ago.
- Operating profit in both amount and ratio increased steadily. Operating profit totaled 19.5 billion yen and operating profit to sales ratio was 5.8%, up 0.5% from a year ago.

## Other



- In Other segment, operating profit to sales ratio was down from the same period a year ago, but the amount of operating profit has increased year by year.

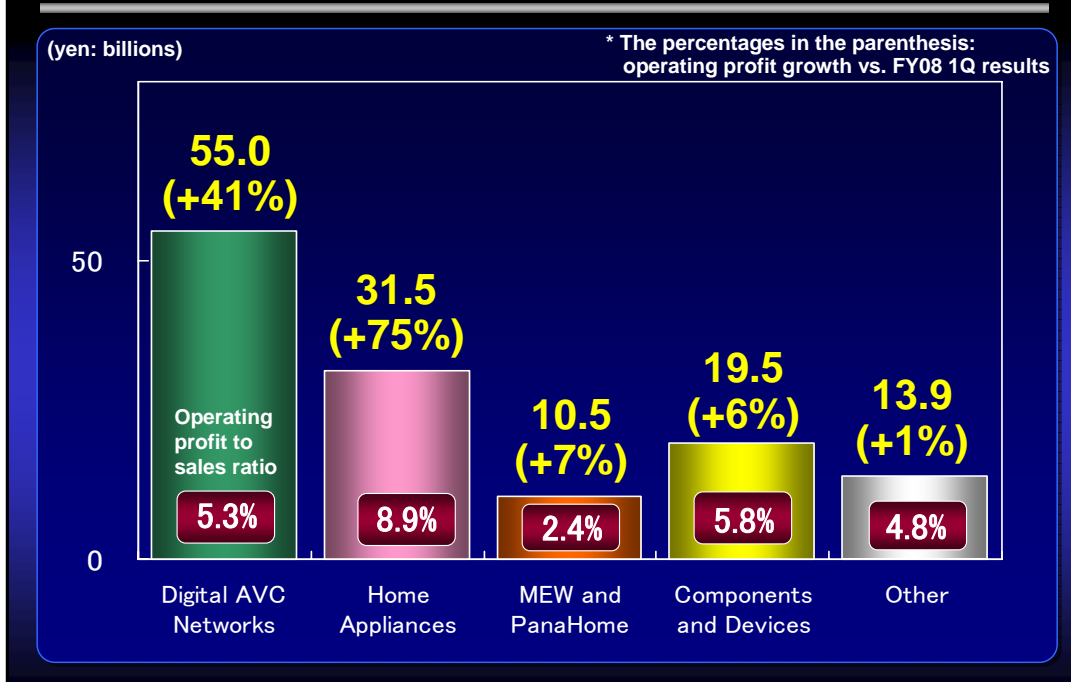
## PED and FA Business

(yen: billions)

	PED		FA business	
	FY09 1Q	vs. FY08 1Q	FY09 1Q	vs. FY08 1Q
<b>Sales</b>	124.9	-4%	60.8	+6%
<b>Operating profit</b>	9.0	-3%	9.4	-3%
<b>vs. sales (%)</b>	7.2%	+0.0%	15.5%	-1.3%
<b>Capital investment</b>	9.3	±0	0.4	-0.4

- In PED, in charge of general electronic components in Components and Devices, sales were down 4% from the same period a year ago, due mainly to sharp price declines and severe competition with Asian component manufacturers. Operating profit to sales ratio, however, was 7.2%, the same level from a year ago.
- While sales in the FA business were up, due primarily to favorable sales of mounting machines and robots, operating profit was down 3% from the same period a year ago. Operating profit to sales ratio maintained a high level, exceeding 15%.

# Operating Profit by Segment



- Operating profit increased compared with the same period a year ago in all segments, as shown here.

## Contents

1. Fiscal 2009 first quarter financial results
2. Trends over the last 3 years
3. Segment analysis
4. Business fields of the Group

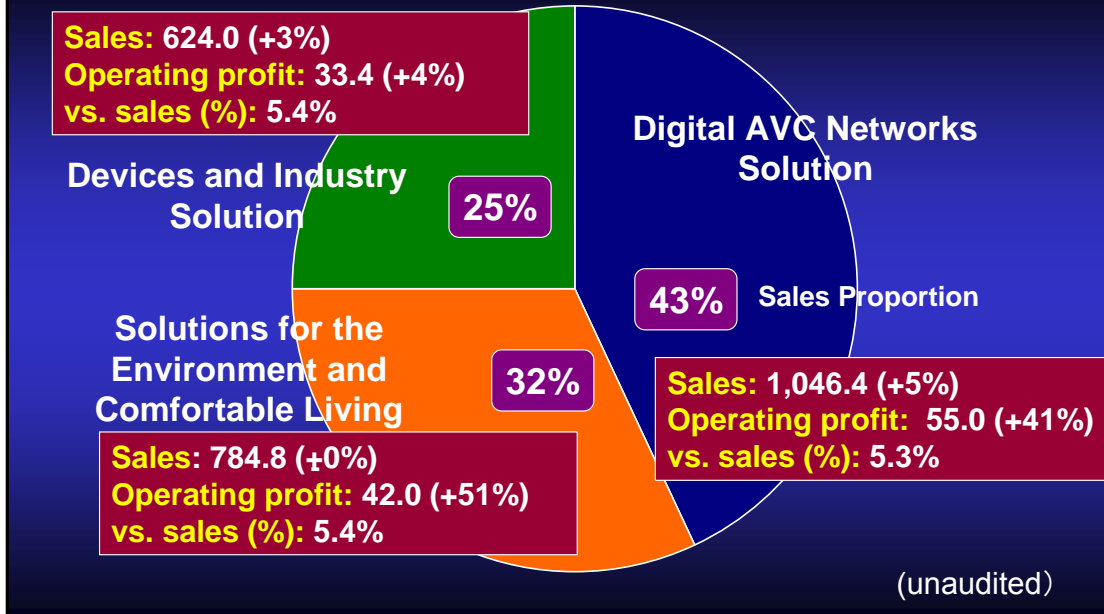
- Finally, the business fields of the Group.

# FY09 1Q Results by Business Field

28

(yen: billions)

\* The percentages in the parenthesis: growth vs. FY08 1Q results



- Sales and operating profit in the Company's business fields are as shown here.
- Each operating profit by business field was well-balanced, exceeding 5%.
  - Digital AVC Networks Solution 5.3%
  - Solutions for the Environment and Comfortable Living 5.4%
  - Devices and Industry Solution 5.4%
- The Company will continue to strengthen its well-balanced business portfolio with these three business fields as the strong pillars of management to achieve global excellence.



- Thank you for your continued support.

**Disclaimer Regarding Forward-Looking Statements**

*This presentation includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Matsushita and its Group companies (the Matsushita Group). To the extent that statements in this presentation 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 Matsushita 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 Matsushita 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. Matsushita undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. Investors are advised to consult any further disclosures by Matsushita in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.*

*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 United States, 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; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Matsushita Group operates businesses, or in which assets and liabilities of the Matsushita Group are denominated; the ability of the Matsushita Group 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 ability of the Matsushita Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Matsushita Group 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 Matsushita Group; the possibility that the Matsushita 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 assets in which the Matsushita Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes and other events that may negatively impact business activities of the Matsushita Group. The factors listed above are not all-inclusive and further information is contained in Matsushita's latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission.*

*In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented in accordance with generally accepted accounting principles in Japan. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Under United States generally accepted accounting principles, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies are usually included as part of operating profit (loss) in the statement of income.*