

For Reference Only

SANYO Electric Co., Ltd.

SANYO Reports its FY 2008 Financial Results

SANYO Electric Co., Ltd. Consolidated Financial Results for Fiscal Year 2008

Tokyo, May 14, 2009 – SANYO Electric Co., Ltd. (SANYO) announces its consolidated results for the Fiscal Year (FY) ended March 31, 2009.

The consolidated net sales total was 1,770.7 billion yen, a decrease of 12.2% or 247.2 billion yen compared to the previous year. For the Japanese market, while sales of washing machines, including the highly popular “AQUA” washer-dryer unit, and commercial kitchen equipment were favorable, air conditioners and components such as semiconductors and electronic components were bearish, leading to an overall decrease of 71.8 billion yen or 9.7% compared to the previous year, resulting in a total of 670.8 billion yen. As for overseas markets, although there were favorable sales of commercial-use showcases in China and photovoltaic systems in Europe, due to the severe market situation for almost all categories caused by the downturn in the global economy, total sales ended at 1099.9 billion yen, decreasing 13.8% or the equivalent of 175.4 billion yen compared to the previous year.

As for operating profit, the FY 2008 results showed lower revenue, ending the fiscal year with a total of 8.3 billion yen, a decrease of 89.1% or 67.9 billion yen compared to the previous year. Despite concentrated cost reduction efforts, due to the sharp yen appreciation, escalation of costs for raw materials in the first half and adding the overall decrease in sales from the stagnant economy, the results ended much lower than the previous year.

Profit before tax for continuing operations decreased 171.0 billion yen from the previous year and ended with a deficit of 113.7 billion yen, primarily from posting restructuring costs of total approximately 85.0 billion yen for items such as impairment losses on fixed assets for the semiconductor business. The result was a net loss for the continuing operations of 122.2 billion yen. The net loss for FY 2008 ended at 93.2 billion yen, decreasing 121.9 billion yen compared to the previous year total which included profit from the sale of operations such as the mobile phone business.

Seiichiro Sano, Executive Director & President of SANYO, commented, “SANYO’s business really felt the effects of the global economic downturn, especially in the 2nd half of FY 2008, causing the results for this year to be severe.” He added, “While we expect the business operating environment to continue to be severe, we will continue to focus on our strengths such as the rechargeable and solar battery businesses with further concentrated investments despite the current economic situation, as well as enhancing management practices to be able to weather the storm.”

The forecast for the 1st half and full year of FY 2009 ending March 2010 has been determined as outlined below:

(Unit: Millions of Yen)

	1 st half of FY 2009 ended Sep. 30, 2009 (Consolidated)	Change from the previous year (%)	FY 2009 ended Mar. 31, 2010 (Consolidated)	Change from previous year (%)
Net sales	760,000	-24.5	1,660,000	-6.2
Operating income	(20,000)	-	25,000	202.1
Net income before income taxes	(43,000)	-	7,000	-
Net income attributable to SANYO stockholders	(44,000)	-	0	-

*"Net income attributable to SANYO stockholders" indicates conventional "Net income".

Notice Related to Future Outlook

All statements in this report, other than past factual matters, are future results projected in accordance with SANYO's present plans, outlooks and strategies, based on management judgments in light of information currently available. Therefore, SANYO cannot guarantee the accuracy and reliability of this information, and requests that you should not rely on this information alone.

There are various factors influencing business forecasts such as business risks and uncertainties. The principal factors that may cause changes in the forecasts includes: 1) large changes in economic conditions and capital markets, as well as consumption changes in businesses SANYO engages in, 2) the effects on SANYO's international business activities of fluctuation in exchange rates between the yen and the U.S dollar, as well as the yen and other currencies, 3) various trade restrictions in the markets of individual countries, and 4) SANYO's ability to provide new technologies, new products and new services amid rapid technological innovation, market competition and price competition. However, it should be noted that factors affecting SANYO's performance are not limited to those mentioned above; there are other factors that pose latent risks and uncertainties.

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SANYO Electric FY 2008 Financial Results

1. Consolidated Financial Results (Unaudited)

(Unit: Millions of Yen)

	Fiscal Year 2008 ended Mar. 31, 2009	Fiscal Year 2007 ended Mar. 31, 2008	% of change
Net sales	1,770,656	2,017,824	-12.2%
Operating income	8,276 (0.5%)	76,141 (3.8%)	-89.1%
Income (loss) before income taxes from continuing operations	(113,748) (-6.4%)	57,228 (2.8%)	-
Net income (loss)	(93,226) (-5.3%)	28,700 (1.4%)	-
Net income (loss) per share	(15.18) yen	4.67 yen	/

1. SANYO's consolidated financial statements are prepared in accordance with U.S GAAP.
2. Operating income and segment information are presented in accordance with Japanese GAAP.
3. Number of consolidated companies: 176. Equity method affiliates: 54.
4. (%) ratio indicates the percentage of the net sales.

2. Non-Consolidated Financial Results (Unaudited)

(Unit: Millions of Yen)

	Fiscal Year 2008 ended Mar. 31, 2009	Fiscal Year 2007 ended Mar. 31, 2008	Change
Net sales	1,001,783	1,417,946	-29.3%
Operating income (loss)	(3,857) (-0.4%)	15,892 (1.1%)	-
Ordinary income (loss)	(24,407) (-2.4%)	2,934 (0.2%)	-
Net income (loss)	(100,536) (-10.0%)	18,905 (1.3%)	-
Net income (loss) per share	(16.37) yen	3.08 yen	/

1. (%) ratio indicates the percentage of the net sales.

3. Comparative Consolidated Balance Sheets (Unaudited)

(Unit: Millions of Yen)

Item	As of Mar. 31, 2009	As of Mar. 31, 2008	Change
(Assets)			
Current assets			
Cash	155,205	204,237	(49,032)
Time deposits	64,188	76,469	(12,281)
Securities	9	2,188	(2,179)
Notes and accounts receivables -Trade	284,806	374,576	(89,770)
Notes/accounts receivables -Affiliates	25,247	33,756	(8,509)
Allowance for doubtful accounts	(7,508)	(7,954)	446
Inventories	254,474	286,165	(31,691)
Deferred income taxes	6,220	6,687	(467)
Assets held for sale	-	56,908	(56,908)
Others	47,104	60,887	(13,783)
Total current assets	829,745	1,093,919	(264,174)
Investment and advances			
Associated companies	40,180	46,877	(6,697)
Securities and other investments	25,339	30,736	(5,397)
Total investment and advances	65,519	77,613	(12,094)
Property, plant & equipment			
Buildings	364,816	382,416	(17,600)
Machinery and equipment	729,161	778,019	(48,858)
Accumulated depreciation	(814,344)	(819,036)	4,692
Land	87,277	90,663	(3,386)
Construction in progress	26,703	11,554	15,149
Total property, plant and equipment	393,613	443,616	(50,003)
Deferred income taxes	11,032	10,686	346
Other assets	45,494	58,003	(12,509)
Total assets	1,345,403	1,683,837	(338,434)
(Liabilities)			
Current liabilities			
Short-term borrowings	57,195	166,570	(109,375)
Current portion of long-term debt	101,924	68,647	33,277
Notes and accounts payable -Trade	243,761	359,008	(115,247)
Notes/accounts payable -Affiliates	5,058	4,896	162
Notes/accounts payable -Construction	48,288	24,694	23,594
Accrued income taxes	5,723	7,016	(1,293)
Deposits received from employees	10,543	11,221	(678)
Liabilities held for sale	-	40,449	(40,449)
Others	159,488	180,828	(21,340)
Total current liabilities	631,980	863,329	(213,349)
Long-term debt	305,272	271,120	34,152
Accrued pension and severance costs	222,305	199,597	22,708
Deferred income taxes	6,824	8,961	(2,137)
Others	7,418	6,393	1,025
Total liabilities	1,173,799	1,349,400	(175,601)
Minority interests in subsidiaries	25,150	26,394	(1,244)
(Stockholders' equity)			
Capital	322,242	322,242	-
Additional paid-in capital	781,951	781,951	-
Accumulated deficit	(702,409)	(604,626)	(97,783)
Accumulated other comprehensive loss	(248,811)	(183,828)	(64,983)
Subtotal	152,973	315,739	(162,766)
Treasury stock	(6,519)	(7,696)	1,177
Total stockholders' equity	146,454	308,043	(161,589)
Total liabilities, and stockholders' equity	1,345,403	1,683,837	(338,434)

4. Comparative Consolidated Statements of Operations (Unaudited)

(Unit: Millions of Yen)

Item	Fiscal Year 2008 ended Mar. 31, 2009		Fiscal Year 2007 ended Mar. 31, 2008		Change	
	Amount	%	Amount	%	Amount	%
Net sales	1,770,656	100.0	2,017,824	100.0	(247,168)	-12.2
Other operating revenue	70,511	4.0	65,561	3.2	4,950	7.6
Net sales and total operating revenue	1,841,167	104.0	2,083,385	103.2	(242,218)	-11.6
Cost of sales	1,520,583	85.9	1,698,572	84.2	(177,989)	-10.5
Selling, general and administrative expenses	312,308	17.6	308,672	15.2	3,636	1.2
Operating income	8,276	0.5	76,141	3.8	(67,865)	-89.1
Other income:	22,734	1.3	46,253	2.3	(23,519)	-50.8
Interest and dividends income	[4,343]		[8,718]		[-4,375]	
Other income	[18,391]		[37,535]		[-19,144]	
Other expense:	144,758	8.2	65,166	3.3	79,592	122.1
Interest expense	[12,107]		[16,383]		[-4,276]	
Other expenses	[132,651]		[48,783]		[83,868]	
Income (loss) before income taxes and minority interests from continuing operations	(113,748)	-6.4	57,228	2.8	(170,976)	-
Provision for income taxes	5,418	0.3	15,458	0.7	(10,040)	-65.0
Income (Loss) before minority interests for continuing operations	(119,166)	-6.7	41,770	2.1	(160,936)	-
Minority interests	2,992	0.2	2,622	0.2	370	14.1
Income (loss) from continuing operations	(122,158)	-6.9	39,148	1.9	(161,306)	-
Discontinued operations						
Income (loss) before income taxes from discontinued operations	32,535	1.8	(9,919)	-0.5	42,454	-
Provision for income taxes	3,603	0.2	529	0.0	3,074	581.1
Net income (loss) from discontinued operations	28,932	1.6	(10,448)	-0.5	39,380	-
Net income (loss)	(93,226)	-5.3	28,700	1.4	(121,926)	-

5. Comparative Consolidated Statements of Cash Flows (Unaudited)

(Unit: Millions of Yen)

Item	Fiscal Year 2008 From April 1, 2008 To March 31, 2009	Fiscal Year 2007 From April 1, 2007 To March 31, 2008
1. Cash flows from operating activities		
Net income (loss)	(93,226)	28,700
Depreciation and amortization	77,333	90,808
Impairment loss on fixed assets	57,775	8,171
Decrease in notes and accounts receivable	78,413	34,634
Decrease in inventories	16,396	15,988
Decrease in notes and accounts payable	(100,546)	(8,640)
Other, net	(25,912)	(62,826)
Net cash provided by operating activities	10,233	106,835
2. Cash flows from investing activities		
Proceeds from sale of marketable securities and investment securities, net of payments for purchase	3,529	37,950
Payments for purchase of property, plant and equipment, net of proceeds from sale	(80,689)	(79,259)
Sellout of Property, plant and equipment	8,057	9,071
Other, net	46,533	(4,027)
Net cash used in investing activities	(22,570)	(36,265)
3. Cash flows from financing activities		
Decrease in short-term borrowings	(100,087)	(44,250)
Decrease in long-term debt	62,125	(146,549)
Withdrawal from restricted cash	-	88,000
Dividends paid	(1,213)	(749)
Other, net	1,057	1,242
Net cash used in financing activities	(38,118)	(102,306)
4. Effect of exchange rate changes on cash and cash equivalents	(10,858)	(11,739)
5. Cash and cash equivalents included in the assets held for sale	-	(10,505)
6. Net increase (decrease) in cash and cash equivalents	(61,313)	(53,980)
7. Cash & cash equivalents at beginning	280,706	334,686
8. Cash & cash equivalents at end	219,393	280,706

6. Segment Information (Unaudited)

1) By Business Segment

(Unit: Millions of Yen)

Item		Fiscal Year 2008 ended Mar. 31, 2009		Fiscal Year 2007 ended Mar. 31, 2008		Change	
		Amount	%	Amount	%	Amount	%
Net sales & operating revenue	Consumer	684,911	36.9	761,176	36.2	(76,265)	-10.0
	Commercial	255,558	13.7	264,141	12.5	(8,583)	-3.2
	Component	814,740	43.8	967,337	45.9	(152,597)	-15.8
	Others	103,842	5.6	113,221	5.4	(9,379)	-8.3
	Total	1,859,051	100.0	2,105,875	100.0	(246,824)	-11.7
	Corporate expenses and eliminations	(17,884)	-	(22,490)	-	4,606	-
Consolidated		1,841,167	-	2,083,385	-	(242,218)	-11.6

Operating income (loss)	Consumer	(1,521)	-4.2	17,741	16.5	(19,262)	-
	Commercial	5,365	14.7	10,442	9.7	(5,077)	-48.6
	Component	32,820	90.1	77,302	72.0	(44,482)	-57.5
	Others	(216)	-0.6	1,874	1.8	(2,090)	-
	Total	36,448	100.0	107,359	100.0	(70,911)	-66.1
	Corporate expenses and eliminations	(28,172)	-	(31,218)	-	3,046	-
Consolidated		8,276	-	76,141	-	(67,865)	-89.1

(Notes)

1. The major products and services of each operating segment are as follows:

Consumer: Video equipment such as TVs and projectors, audio equipment, information and communication equipment such as digital cameras, navigation systems, home appliances such as refrigerators, air conditioners and washing machines

Commercial: Commercial equipment such as refrigerated showcases and commercial air conditioners, and commercial kitchen equipment

Component: Semiconductors, electronic components, primary batteries, rechargeable batteries, PV systems, and other products

Others: Logistics business, maintenance service business, and others

2. Fundamental research and development expenses, and corporate expenses relating to administrative and management functions of SANYO head office are included in "Corporate expenses and eliminations."

3. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," operating results from discontinued operations are excluded from the above segment information.

2) By Area

(Unit: Millions of Yen)

Item		Fiscal Year 2008 ended Mar. 31, 2009		Fiscal Year 2007 ended Mar. 31, 2008		Change	
		Amount	%	Amount	%	Amount	%
Net sales & operating revenue	Japan	1,428,714	52.5	1,597,645	50.8	(168,931)	-10.6
	Asia	874,926	32.1	1,091,166	34.7	(216,240)	-19.8
	North America	222,406	8.2	248,903	7.9	(26,497)	-10.6
	Others	196,409	7.2	209,117	6.6	(12,708)	-6.1
	Total	2,722,455	100.0	3,146,831	100.0	(424,376)	-13.5
	Corporate expenses and eliminations	(881,288)	-	(1,063,446)	-	182,158	-
	Consolidated	1,841,167	-	2,083,385	-	(242,218)	-11.6
Operating income (loss)	Japan	4,815	15.3	77,940	70.6	(73,125)	-93.8
	Asia	20,831	66.5	27,842	25.2	(7,011)	-25.2
	North America	4,347	13.9	4,480	4.1	(133)	-3.0
	Others	1,340	4.3	73	0.1	1,267	-
	Total	31,333	100.0	110,335	100.0	(79,002)	-71.6
	Corporate expenses and eliminations	(23,057)	-	(34,194)	-	11,137	-
	Consolidated total	8,276	-	76,141	-	(67,865)	-89.1

3) By Overseas Net Sales

(Unit: Millions of Yen)

Item	Fiscal Year 2008 ended Mar. 31, 2009		Fiscal Year 2007 ended Mar. 31, 2008		Change	
	Amount	%	Amount	%	Amount	%
Asia	612,437	33.3	716,376	34.4	(103,939)	-14.5
North America	231,870	12.6	260,819	12.5	(28,949)	-11.1
Europe	192,473	10.4	239,156	11.5	(46,683)	-19.5
Others	69,165	3.8	63,955	3.1	5,210	8.1
Overseas net sales and operating revenue	1,105,945	60.1	1,280,306	61.5	(174,361)	-13.6
Consolidated net sales and operating revenue	1,841,167	100.0	2,083,385	100.0	(242,218)	-11.6

7. Comparative Net sales by Business Segment (Unaudited)

(Unit: Millions of Yen)

Item		Fiscal Year 2008 ended Mar. 31, 2009		Fiscal Year 2007 ended Mar. 31, 2008		Change	
		Amount	%	Amount	%	Amount	%
Consumer		678,708	38.3	756,690	37.5	(77,982)	-10.3
Commercial		253,432	14.3	262,507	13.0	(9,075)	-3.5
Component		804,930	45.5	953,290	47.2	(148,360)	-15.6
Others		33,586	1.9	45,337	2.3	(11,751)	-25.9
Total		1,770,656	100.0	2,017,824	100.0%	(247,168)	-12.2
Sales area	by Domestic sales	670,777	37.9	742,528	36.8	(71,751)	-9.7
	Overseas sales	1,099,879	62.1	1,275,296	63.2	(175,417)	-13.8

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