

Panasonic first-half profit sags on higher costs

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Panasonic has tied up with Tesla and local car makers as it looks to expand business beyond its electronics operations

Japanese electronics giant Panasonic said Wednesday first-half net profit slipped on higher costs linked to a factory it runs with US electric carmaker Tesla, though sales rose thanks to growth in automotive products and industrial systems.

Net profit fell 4.5 percent on-year to 113.6 billion yen (\$1 billion) in the six months to September at the Osaka-based company, which supplies battery cells to Tesla.

Panasonic has partnered with the US innovator as well as local car makers as it explores ways to expand beyond its mainstay electronics operations.

The Japanese firm jointly produces lithium-ion batteries with Tesla at a "gigafactory" in the United States.

Car battery sales grew strongly but ramp-up expenses for the automotive [battery](#) plant increased, it said.

Operating [profit](#) edged down 0.7 percent to 195.2 billion yen while sales increased 3.9 percent to four trillion yen.

Fixed expenses increased and raw materials costs rose sharply, eating into profits, the company said.

Panasonic left unchanged its full-year forecast, which sees [net profit](#) climbing 5.9 percent to 250 billion yen with sales rising 4.0 percent to 8.3 trillion yen.

A week ago, Tesla reported a "historic" profitable quarter driven by demand for its Model 3 aimed at the mass market.

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