

Fiscal 2014 First-Half Announcement Q&A Summary

- Date: October 29, 2014
- Mitsubishi Motors Executives in Attendance:
Chairman and CEO Mr. Osamu Masuko
President and COO Mr. Tetsuro Aikawa
Managing Director Mr. Shuichi Aoto
Managing Director Mr. Yutaka Tabata

Q1. What about the plan for Outlander PHEV retail sales volume of in 2nd half of FY2014? Do you think you will be able to maintain sales momentum from the increased sales in the U.K. and Japan from September?

A1. The global sales target for Outlander PHEV in this fiscal year is about 40,000 units.

The sales target for Japan is 8,600 units which we revised downward and that for Europe is 30,000 units.

We launched the model in the U.K. in September and the upward trend of sales in the U.K. is expected to continue from now on.

Last year the sales in the Netherlands powered the overall sales increase of the model, but we expect that the U.K. overtake the Netherlands and rank #1 in terms of the model's sales volume by country.

Q2. Could you brief us on how the new Triton will be refined, how confident you are about its sales performance? Also please tell us about sales launch timing for other countries after Thailand.

A2. We will hold the world premiere launch event for the new Triton in Bangkok on November 18. The current model was launched nine years and half ago in August 2005. During our revitalization period the model has sold well and has contributed to our overall profit. Out of our lineup, the Triton has contributed the most to our in achieving our revitalization. That is why we think it is important to launch the new Triton. The current model has been highly acclaimed, so we have been a bit nervous about the all-new version and we have high expectations. We will hold back on commenting on the details of its specifications until the announcement on November 18.

We will launch the model in other ASEAN countries a few months after its launch in Thailand, which is earlier than we do for other models.

Q3. Your overall sales volume plan has been revised downward substantially. What about your forecast for total demand in Russia, Thailand and ASEAN?

A3. The problem in Russia has become evident due to the Ukraine issue. Recovery of economic conditions will take time due to deep depreciation of the ruble and stagnant crude oil prices.

We should have been more careful in our forecast for the market situation in Thailand, which we expected to recover quickly. Total demand for the 1st half of FY2014 was 400,000 units compared with our forecast of 500,000 units. Now we expect total demand to reach 800,000 units this year, so we revised downward our sale forecast by 30,000 units.

Economic conditions have not been good in Indonesia before the Presidential election. Now that new government has been set up, we expect economic conditions there to recover soon.

However, we are worried that overall economic conditions in other emerging markets may show signs of decline.

The total demand and sales in the Philippines are strong. Preparation is going smoothly for setup of a new plant in January.

Q4. In the current business plan, an average annual capital expenditure of 100 billion yen is planned. , Will you impose curbs on it from FY2015? Please let us know your thoughts regarding future capital expenditure plans.

A4. We will continue plans for a capital expenditure ¥100 billion, taking into account future investment.

Q5. In Europe, volume/model mix showed a year-on-year increase of 4.4 billion yen for the first half of FY2014. The full-year forecast is a decrease of 1.5 billion yen year-on-year, and a 6.0 billion decrease forecasted for the second half of this year. Despite the increasing sales of the Outlander PHEV, what are the factors for this forecasted decrease in profit?

A5. There are two factors:

As dealers in Russia have many cars in inventory, we expect the sales volume there will decrease compared to the same period last year.

Although sales of the Outlander PHEV are going well in western Europe, government subsidies will be decreased compared to the same period last year; so we estimated the price adjustment after the subsidy decreases based on this change .

Q6. The macroeconomic environment including the rough situation in emerging countries, and the weakening of the yen has greatly changed since the release of your mid-term business plan. How do you foresee profit growth scenarios from this quarter-on? You do not need to be specific, just a hint please.

A6. We think current and future economic conditions will be rough. This thinking was formulated while making our plan for the second half of FY2014.

Just thinking a little bit about the socioeconomic situation, we find that there are many issues. In particular:

- the direction the quantitative easing takes in the United States
- deceleration of the Chinese economy
- fears of a recession in western Europe
- sluggish economic recovery in Japan
- expansion of the Ebola virus
- the ISIS issue
- disputes between Russia and the Ukraine
- signs of recession in emerging economies.

Considering this situation we must tread carefully in the second half

This fiscal year we will not rush too fast for growth because this fiscal year is the first year we move into a “new stage” after achieving revitalization.

If we rush our future will be strained.

To avoid that scenario, it will take time and effort. We just need to avoid a situation where a damper is put on our sustainable growth.

Therefore, we will clarify all risk factors including currently anticipated issues and take appropriate action heading into the future.

I want to increase our ability to adapt to external changes.

Our efforts on revising our business plan continue, and we will move forward with these revisions a high level of preciseness, taking into account global issues and risks and while keeping in view new projects and any possible new cooperative alliances.

I thought about announcing any revisions to our business plan in the first fiscal year of the plan (FY2014), but the external environment changed greatly; so we are considering announcing plans for FY2016 the same time we will announce the FY2015 plan.

Q7. I understand the current situation in Thailand is difficult. What is the scenario you have for the next fiscal year? I have heard that there will be some change in taxation on CO2 emission level in the country from January 2016. Do you expect last-minute demand increases prior to the tax increase for pickups? Please tell me about your forecast for

the overall market demand and sales for next year.

A7. The current situation in Thailand is harsher than what we expected and we think recovery will take longer. We are currently still studying the future situation in Thailand during the next fiscal year. We will plan out next fiscal year's schedule while re-examining the mid-term business plan. At this moment, there is no specific idea on the overall market demand in Thailand nor MMC's sales volume for next fiscal year.

The new Triton will be launched next month, and the new Pajero Sport is scheduled for release around the middle of next fiscal year. Our sales are not necessarily affected only by the overall market demand in the country. There will be positive effects from launching new models. These are models which we will introduce in the market with confidence, so we believe our sales volume increase ratio will exceed that of overall market demand.

Q8. Regarding the minicar business: You had a downward revision to the sales volume in Japan and overall sales are expected to shrink in the next period again due to the rebound from the last-minute jump in sales demand prior to Japan's consumption tax increase. What shall we expect to see this period and the period after?

A8. It is important for us to determine whether there will be another last-minute run on minicar sales prior to the change in taxation on minicars starting from next April and expected increase in consumption tax next October. Our footing in Japan is expected to further worsen by the increase in minicar tax increase and consumption tax increase in addition to the current harsh economic situation.

Q9. Equity in earnings of affiliates increased in the first half of FY2014. What is the forecast for the second half?

A9. Equity in earnings of affiliates was 6.8 billion yen in the first half. It is expected to be around 12.0 billion yen for the full year; of which about 2/3 comes from affiliates in China.

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