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# **FY2016 Third Quarter Financial Results & Revision of FY2016 Financial Forecast**

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**Mitsubishi Motors Corporation**  
**January 31, 2017**

# FY2016 Third Quarter Financial Results



*Outlander PHEV*

# FY2016 3Q Results Summary (Apr. to Dec.) 【VS. FY2015 3Q】

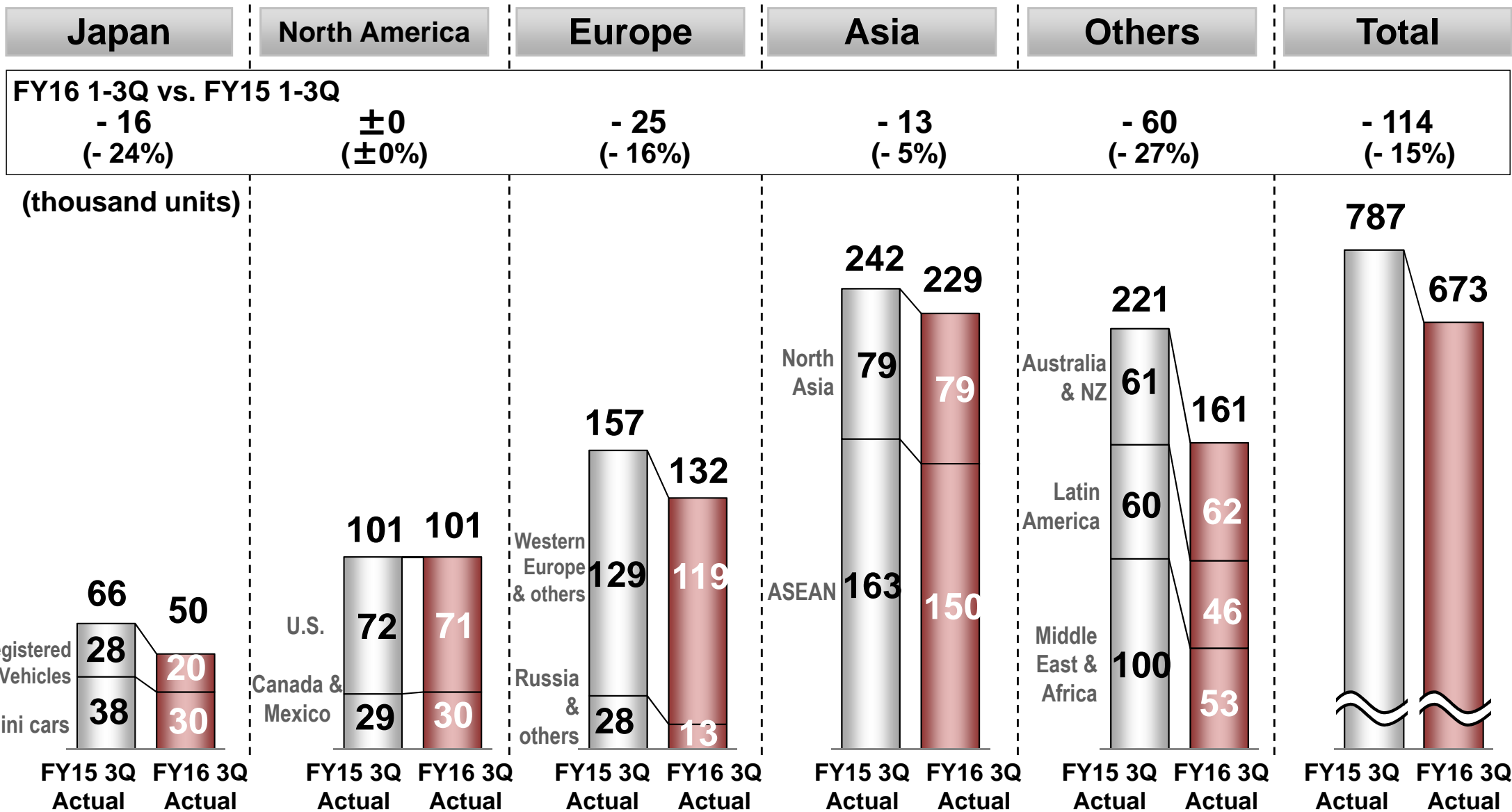


(billion yen, thousand units)

	FY15 1-3Q (Apr 2015- Dec 2015)	FY16 1-3Q (Apr 2016- Dec 2016)	Variance	FY15 3Q (Oct 2015- Dec 2015)	FY16 3Q (Oct 2016- Dec 2016)	Variance
<b>Net Sales</b>	<b>1,662.0</b>	<b>1,341.8</b>	<b>-320.2</b>	<b>592.2</b>	<b>476.9</b>	<b>-115.3</b>
<b>Operating Profit</b> (Margin)	<b>102.0</b> (6.1%)	<b>-23.2</b> (-1.7%)	<b>-125.2</b>	<b>43.6</b> (7.4%)	<b>8.4</b> (1.8%)	<b>-35.2</b>
<b>Ordinary Profit</b> (Margin)	<b>106.7</b> (6.4%)	<b>-22.2</b> (-1.7%)	<b>-128.9</b>	<b>48.2</b> (8.1%)	<b>6.0</b> (1.3%)	<b>-42.2</b>
<b>Net income*</b> (Margin)	<b>76.7</b> (4.6%)	<b>-213.3</b> (-15.9%)	<b>-290.0</b>	<b>24.6</b> (4.2%)	<b>6.3</b> (1.3%)	<b>-18.3</b>
<b>Sales Volume</b> (Retail)	<b>787</b>	<b>673</b>	<b>-114</b>	<b>266</b>	<b>237</b>	<b>-29</b>

\*Net income attributable to owners of the Parent

# FY2016 3Q Sales Volume by Region (Apr. to Dec.) [retail, vs FY2015 3Q]



Note: Sales volume of FY2016 1-3Q refers to preliminary results.

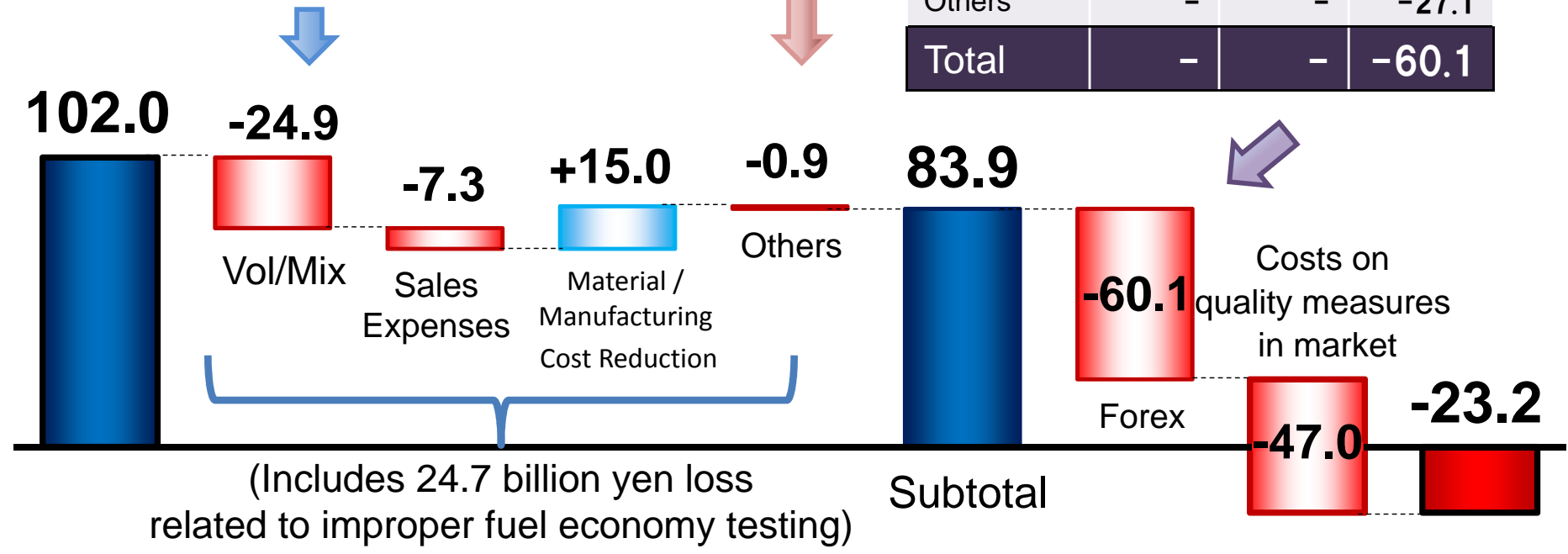
# Analysis of Movements in 3Q(Apr-Dec) Operating Profit (vs. FY2015 3Q)



Vol/Mix by region	
Japan	-15.3
North America	1.9
Europe	3.7
Asia	-10.5
Others (Mainly Middle East and Latin America)	-4.7
<b>Total</b>	<b>-24.9</b>

Others	
R&D expenses	-4.7
Indirect labor cost and others	3.8
<b>Total</b>	<b>-0.9</b>

Forex effect by main currency (billion yen)			
	Forex rate(yen)		Effect (billion yen)
	FY15 1-3Q	FY16 1-3Q	
USD	122	107	-18.8
EUR	134	118	-19.7
AUD	90	80	-12.7
THB	3.52	3.06	33.2
GBP	187	139	-15.0
Others	-	-	-27.1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-60.1</b>



FY15 1-3Q  
(Apr 2015-Dec 2015)

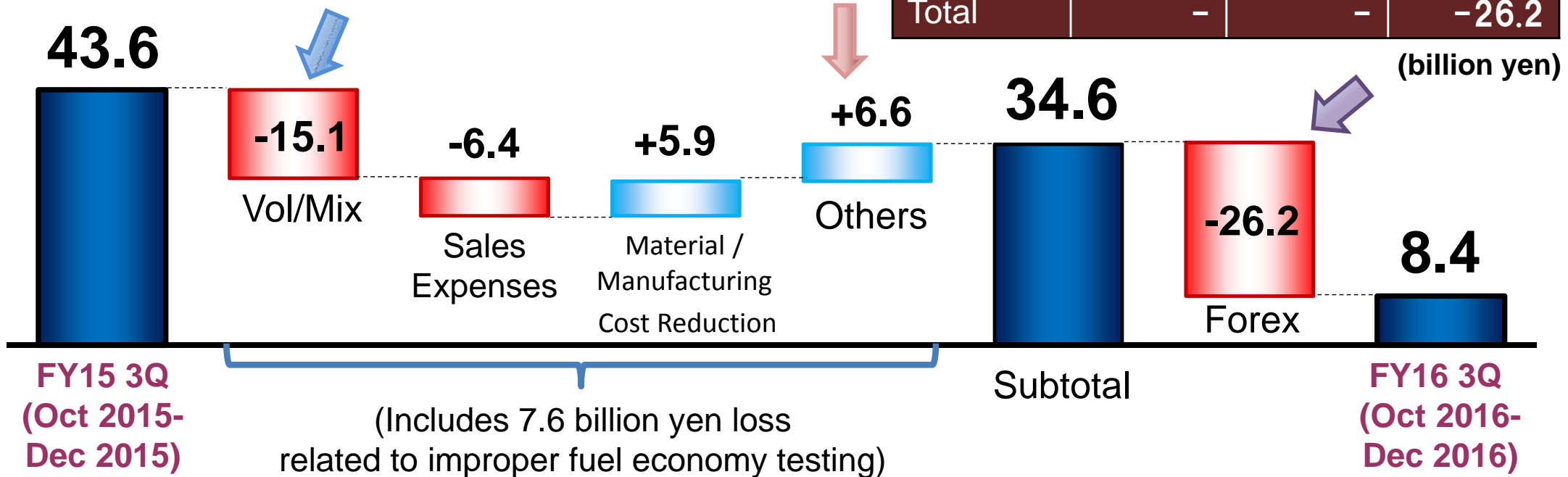
FY16 1-3Q  
(Apr 2016-Dec 2016) 4

# Analysis of Movements in 3Q(Oct-Dec) Operating Profit (vs. FY2015 3Q)

Vol/Mix by region	
Japan	-2.5
North America	-2.1
Europe	0.4
Asia	-7.6
Others (Mainly Middle East )	-3.3
<b>Total</b>	<b>-15.1</b>

Others	
Costs on quality measures in market	5.7
Other	0.9
<b>合計</b>	<b>6.6</b>

Forex effect by main currency			
	Forex rate (yen)		Effect (billion yen)
	15FY 3Q	16FY 3Q	
USD	121	107	-6.3
EUR	133	116	-7.3
AUD	86	80	-1.6
THB	3.41	3.12	6.4
GBP	184	133	-9.2
Others	-	-	-8.2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-26.2</b>



# FY2016 3rd Quarter Balance Sheet

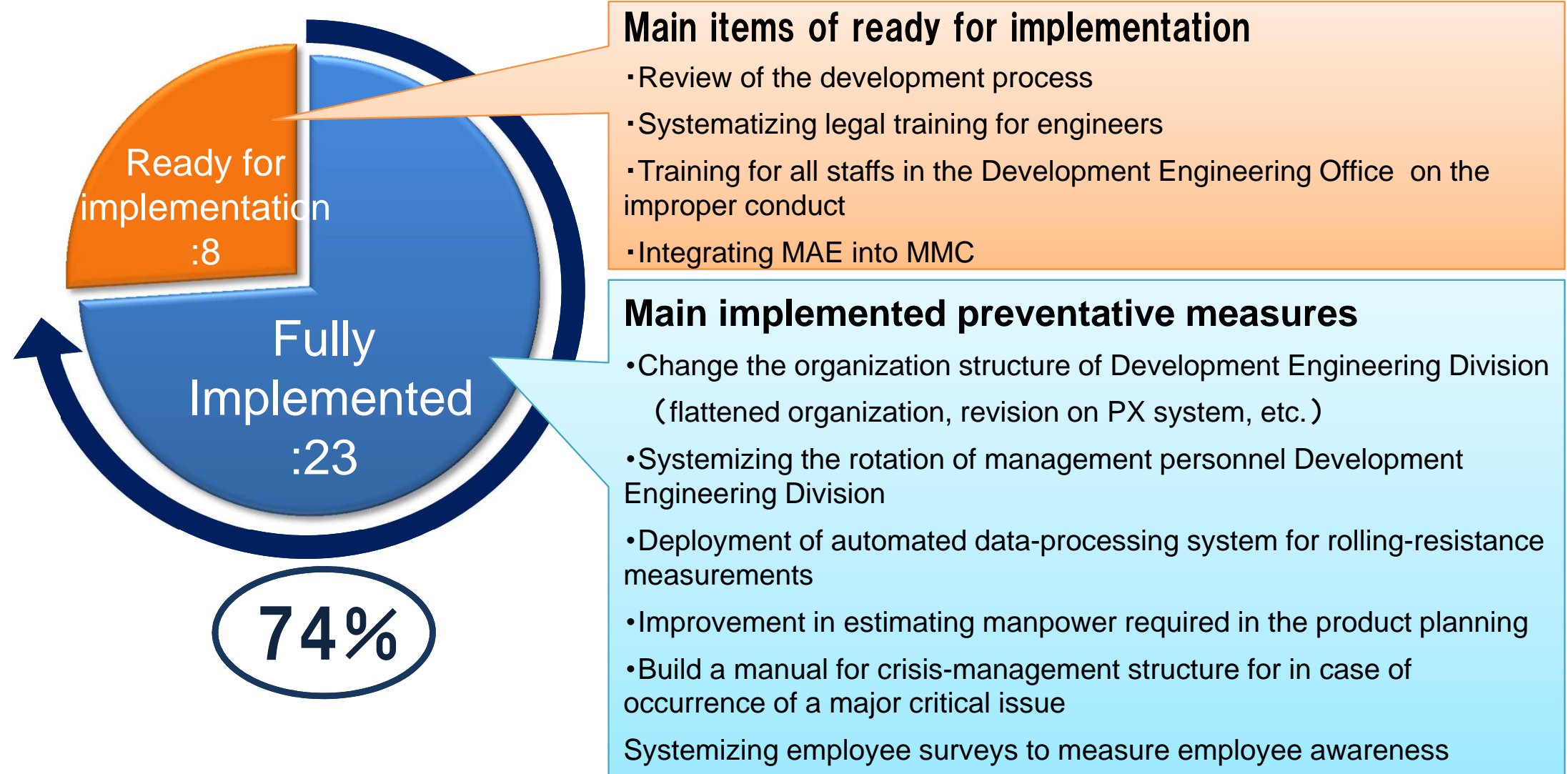
(billion yen)

	FY15 4Q (end of Mar. 2016) Actual	FY16 3Q (end of Dec. 2016) Actual	Increase/ Decrease
Total assets	1,433.7	1,556.2	+122.5
Cash and deposits	453.4	649.1	+195.7
Total liabilities	748.3	866.8	+118.5
Interest-bearing debt	27.1	108.3	+81.2
Total net assets	685.4	689.4	+4.0
Shareholders' Equity (Equity ratio)	671.2 (46.8%)	676.6 (43.5%)	+5.4
Net Cash	426.3	540.8	+114.5

# Progress in Preventative Measures for the Improper Conduct in Fuel Consumption Testing Issue



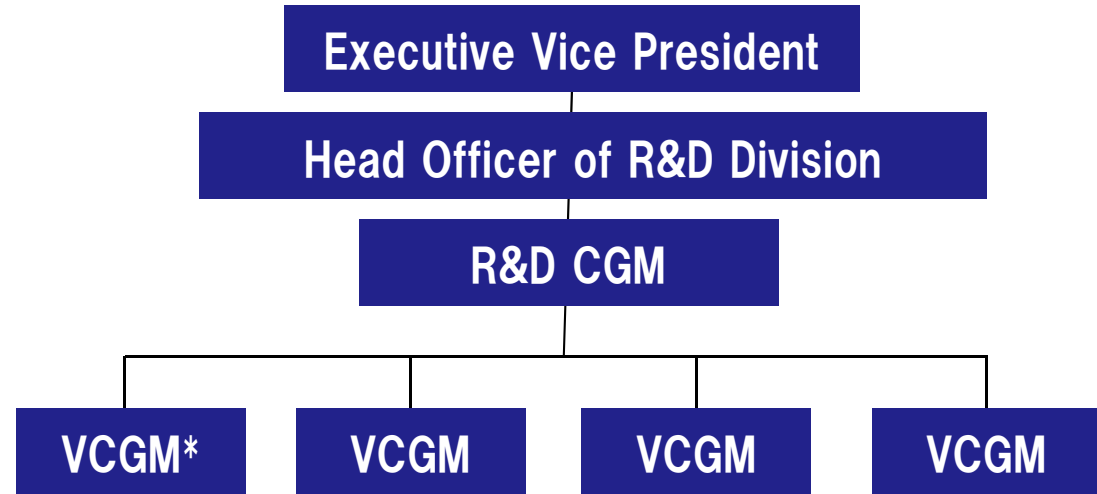
## ● Progress of all 31 measures (as of Dec. 22, 2016)



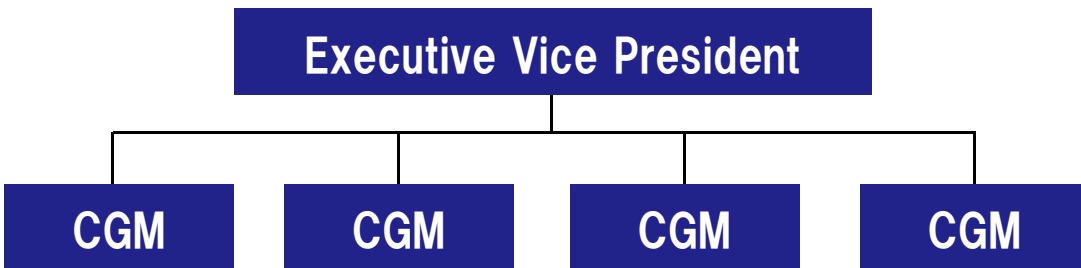
*We continue making reports on the preventative measures to Ministry of Land, Infrastructure, Transport and Tourism every quarter.*



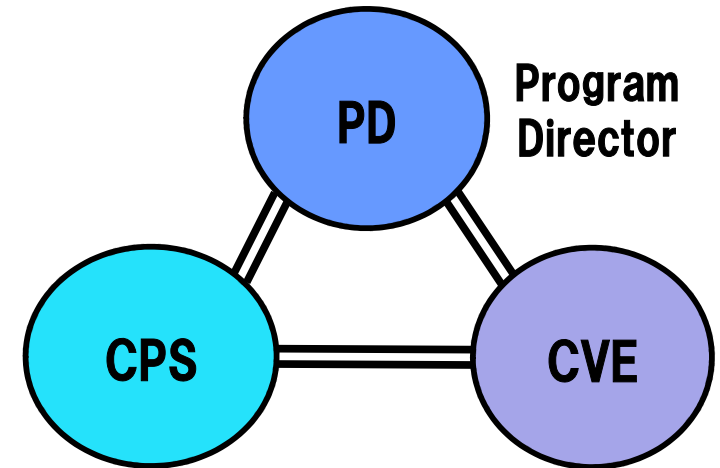
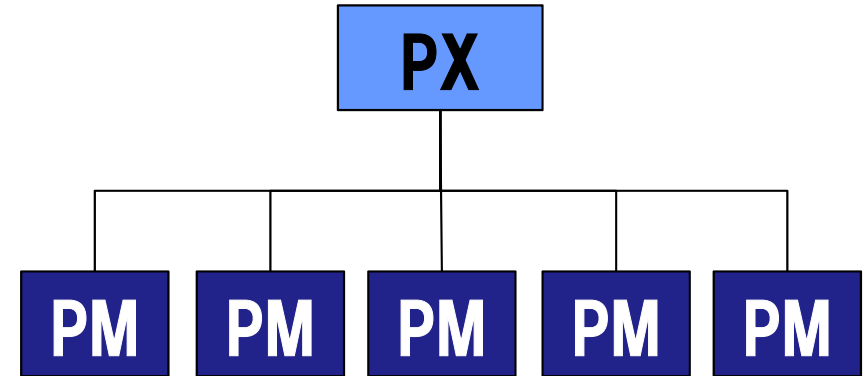
## <Flattened organization>



\*Vice Corporate General Manager



## <Revision on PX system>



Chief Product Specialist

Chief Vehicle Engineer

# Full-year Forecast



*MITSUBISHI GT-PHEV Concept*

# FY2016 Forecast Summary 【vs previous forecast/vs FY15 Actual】



On track towards solid recovery for full-year profitability

(billion yen, thousand units)

	Previous forecast (Oct. 28)		Revised forecast (Jan. 31)		Increase /Decrease	FY15 Actual	Increase /Decrease
	Full-year	2H	Full-year	2H			
<b>Net Sales</b>	<b>1,840.0</b>	<b>975.1</b>	<b>1,890.0</b>	<b>1,025.1</b>	+50.0	<b>2,267.8</b>	-377.8
<b>Operating Profit (Margin)</b>	<b>-27.6</b> (- 1.5%)	<b>4.0</b> (0.4%)	<b>1.0</b> (0.1%)	<b>32.6</b> (3.2%)	+28.6	<b>138.4</b> (6.1%)	-137.4
<b>Ordinary Profit (Margin)</b>	<b>-28.2</b> (- 1.5%)	<b>0.0</b> (0.0%)	<b>1.5</b> (0.1%)	<b>29.7</b> (2.9%)	+29.7	<b>141.0</b> (6.2%)	-139.5
<b>Net Income* (Margin)</b>	<b>-239.6</b> (- 13.0%)	<b>-20.0</b> (- 2.1%)	<b>-202.0</b> (-10.7%)	<b>17.6</b> (1.7%)	+37.6	<b>72.6</b> (3.2%)	-274.6
<b>Sales Volume (Retail)</b>	<b>933</b>	<b>497</b>	<b>921</b>	<b>485</b>	- 12	<b>1,048</b>	-127

\*Net income attributable to owners of the Parent

# Analysis of Movements in 2<sup>nd</sup> Half Operating Profit [vs forecast Oct 28]

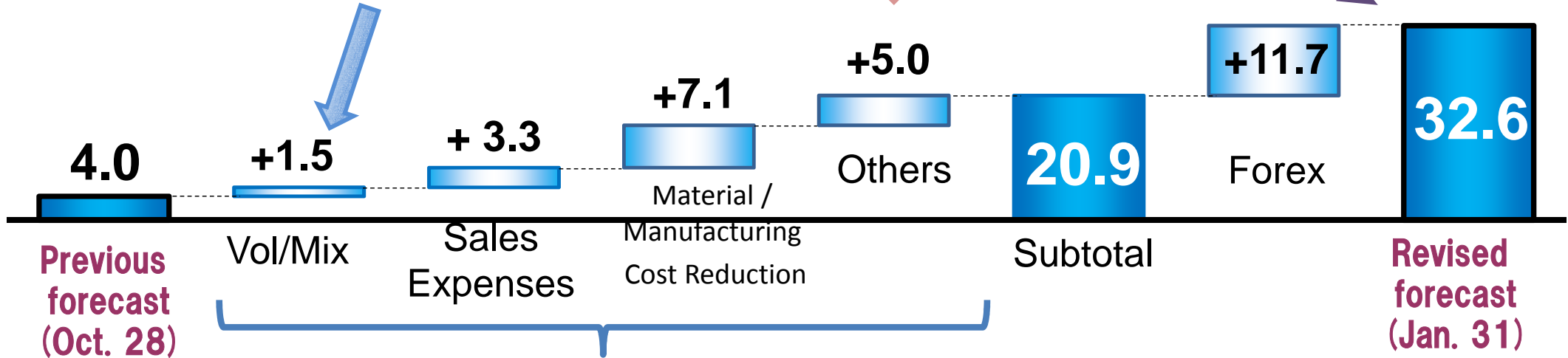


On track towards solid recovery for full-year profitability

Vol/Mix by region	
Japan	3.1
North America	-0.6
Europe	1.0
Asia	-1.1
Others (Mainly Middle East)	-0.9
<b>Total</b>	<b>1.5</b>

Others	
R&D expenses	1.9
General expenses and others	3.1
<b>Total</b>	<b>5.0</b>

Forex effect by main currency			
	Forex rate(yen)		Effect (billion yen)
	Previous	Revised	
USD	100	109	8.4
EUR	111	117	4.0
AUD	77	81	2.9
THB	2.90	3.15	-12.9
GBP	125	134	2.4
Others	-	-	6.9
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11.7</b>



Improvements excluding Forex effect : +16.9

On track towards solid recovery for full-year profitability

Improvements excluding Forex impact : 16.9 billion yen

⇒ Based on operational efficiency improvements

(Strengthening in management putting profitability as the priority)

## <Detail of improvements>

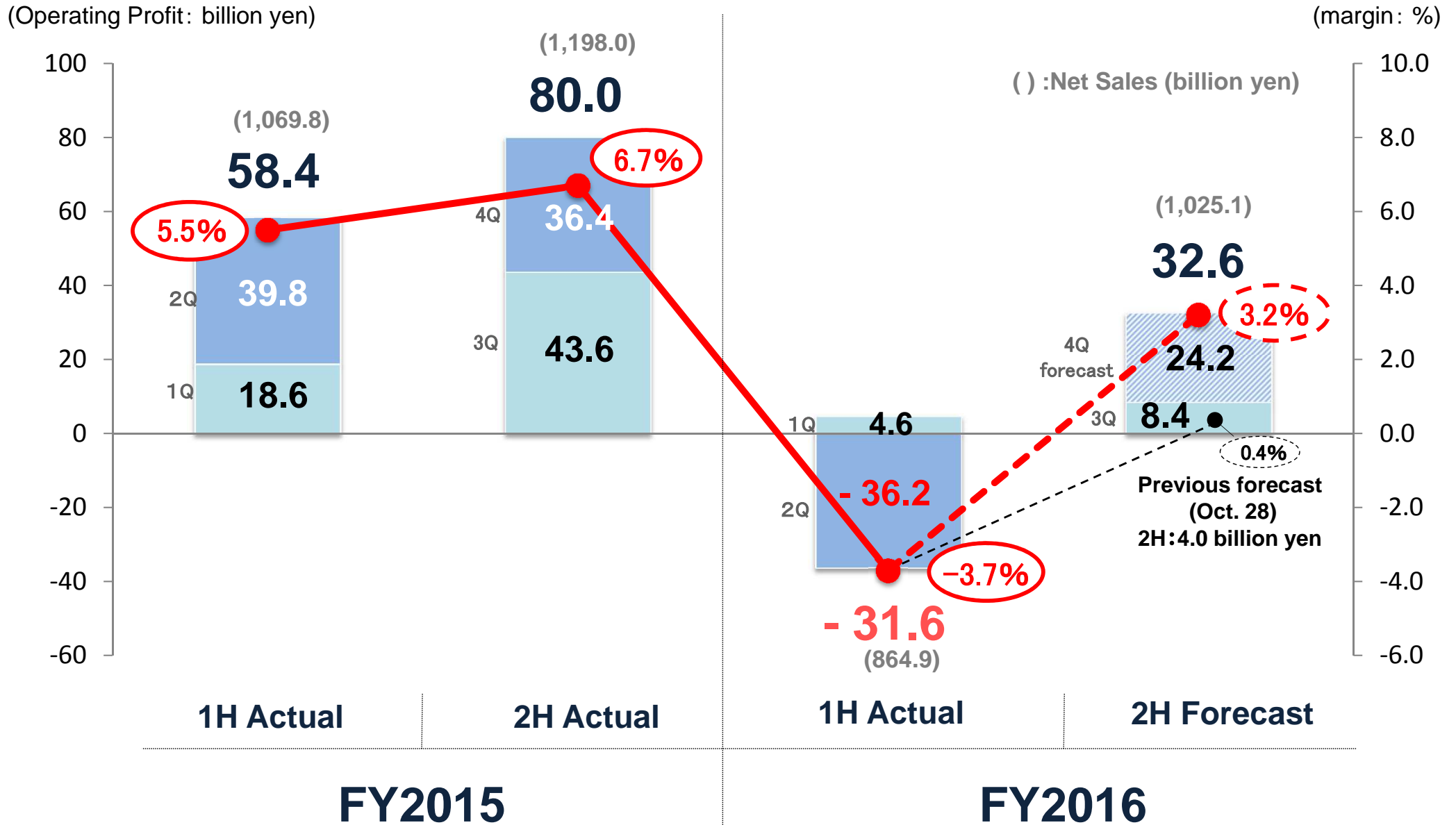
### ■ Internal Resources Utilization

- ✓ Investments: Sustainable investment based on well-cost balance
- ✓ Sales: Implementation of measures to cope with external environment and competition

Carrying out agile monthly business management as the priority from a global point of view.

# Evolution of Operating Profit / OP Margin

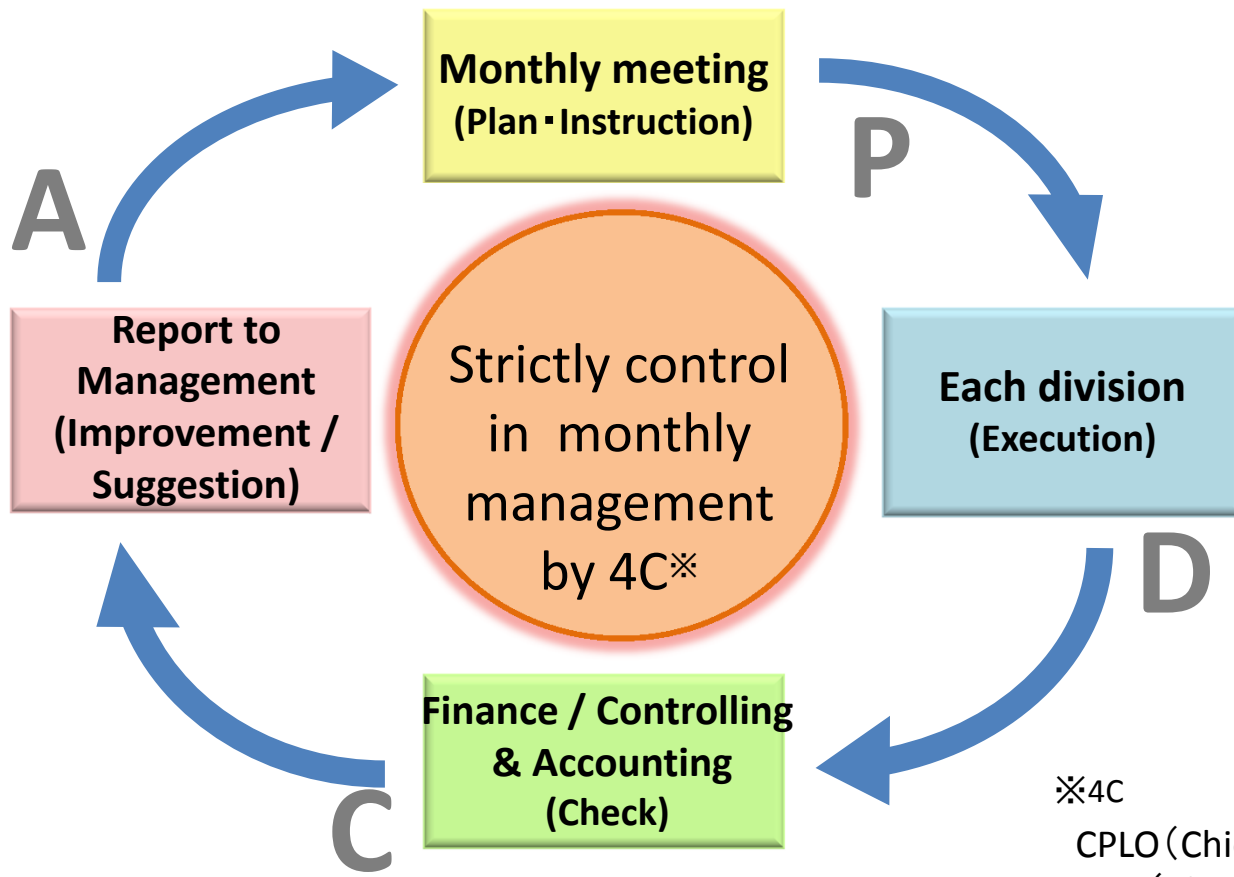
On track towards solid recovery for full-year profitability



## ○ Strict Control on PDCA Cycle in Profit Management

Follow up “Three management points”

Make a structure **to achieve initial plan**



PDCA Cycle in Profit Management

### Three management points

(Strengthening management through figures)

- ① Verify performances /  
(Analyze factor for differences / share understanding of problems)
- ② Planning and discussing countermeasures to meet the objective
- ③ Understanding future opportunities and risks

※4C

CPLO (Chief Planning Officer)	Product strategy and development
CCO (Chief Competitive Officer)	Purchase /Production/ Logistics
CPO (Chief Performance Officer)	Overseas Operations
CFO (Chief Financial Officer)	Finance / Controlling & Accounting

## ○ Active internal communication through Town Hall Meetings



Town Hall Meeting to explain the new MMC organization started from Jan 1<sup>st</sup>, 2017



## Activities led by Yamashita CPLO for solving issues

From July 2016:

Product, Development and Quality divisions

Team of senior managements to identify issues and discuss for solutions

Team of younger and mid-career employees to join activities

From January 2017  
(All divisions)

Improvement activities at company level



## ○ Efforts to reduce total working time

- “No overtime day (one day a week)”  
“Premium Friday”\*

<b>Start</b>	February 24, 2017 (Last Friday of every month)
<b>Detail</b>	Recommended to leave the office by 3pm using flex time system

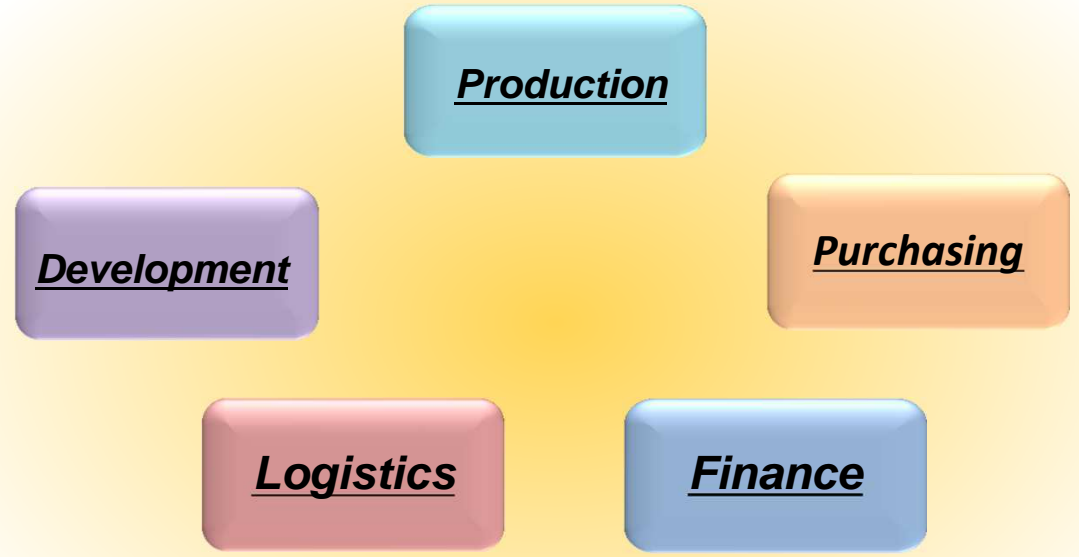
- Take paid vacations (17 days per year)

\*Advocated by Ministry of Economy, Trade and Industry



○Wider and deeper study of synergy benefits

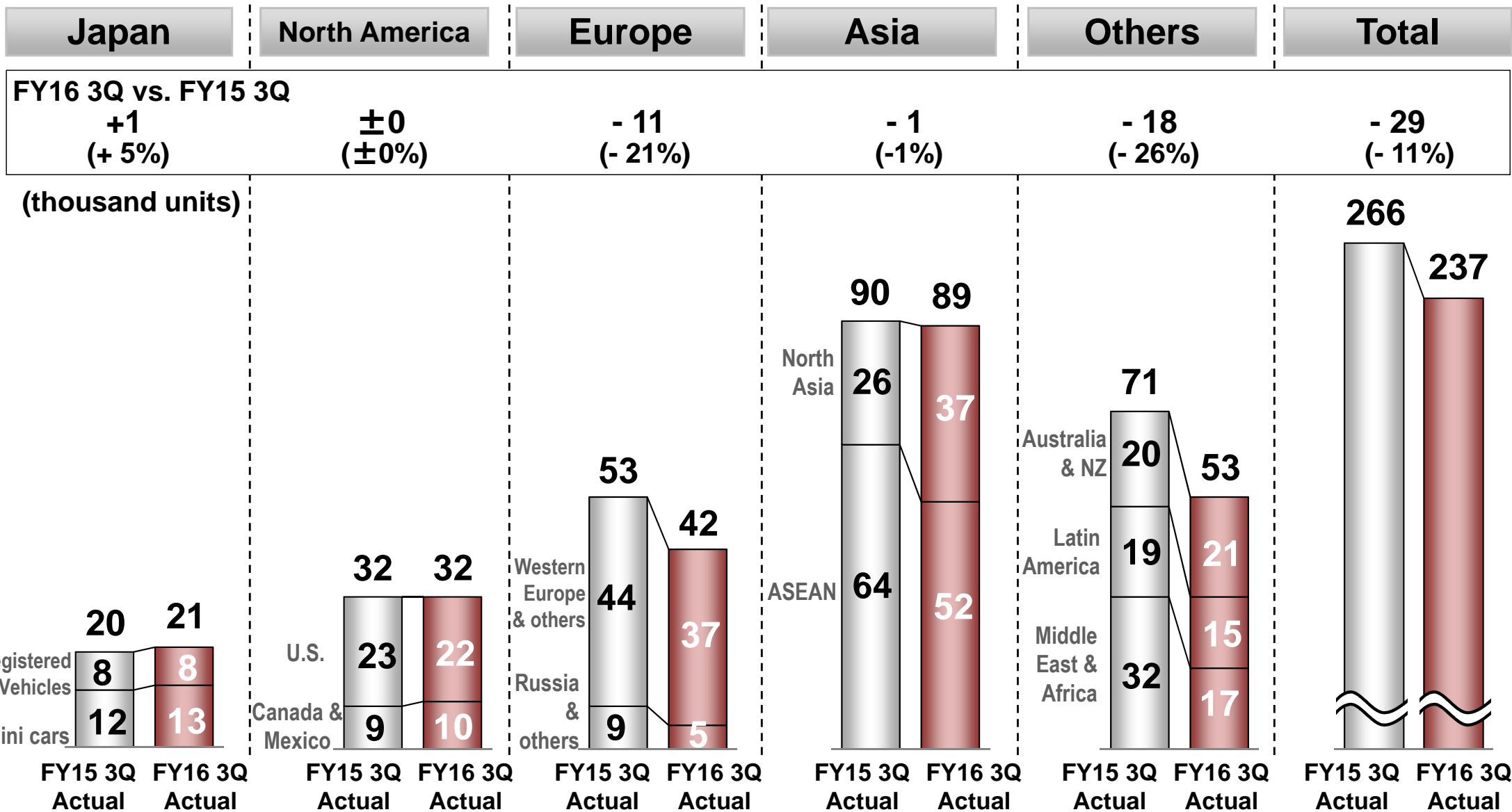
Studies made in various areas of operation



# Appendix

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# FY2016 3Q (Oct.-Dec.) Sales Volume by Region (retail, vs FY2015 3Q)



Note: Sales volume of FY2016 3Q refers to preliminary results.

# FY2016 Sales Volume Forecasts by Region (Retail, vs. FY2015)

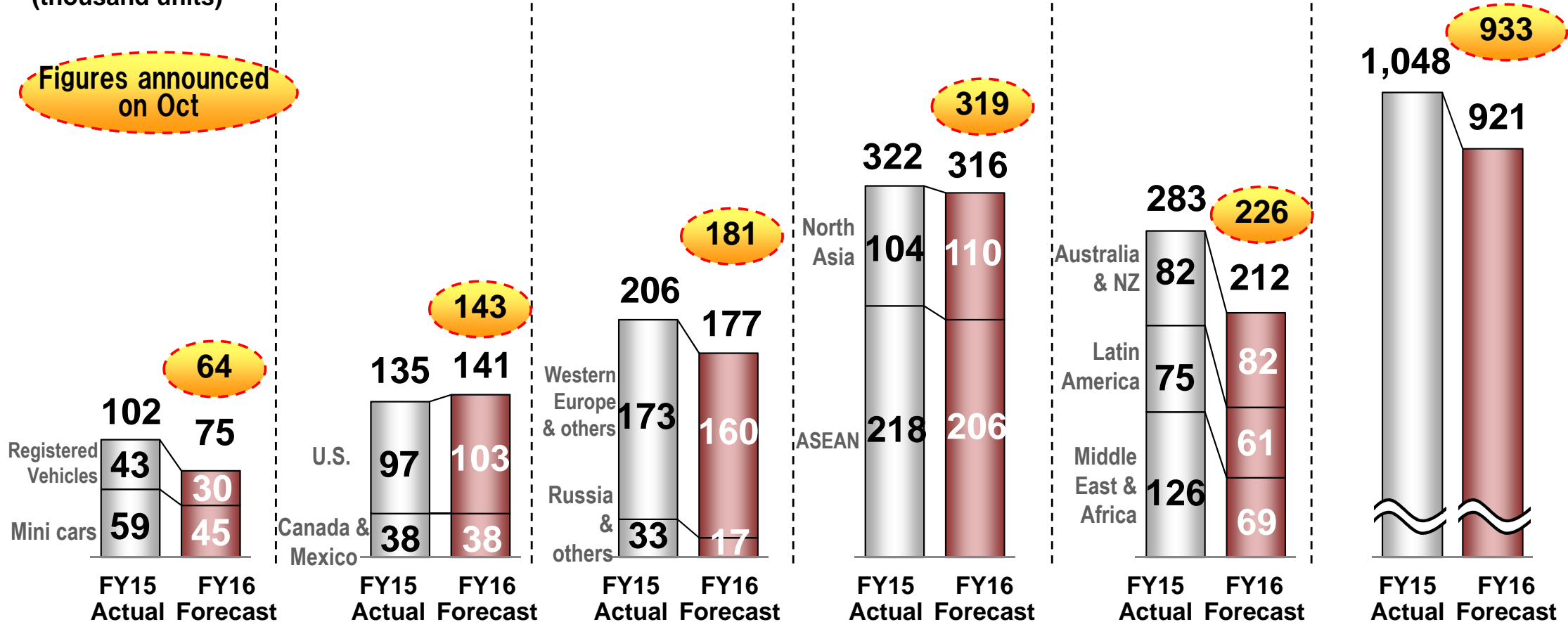


Japan	North America	Europe	Asia	Others	Total
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FY16 (Forecasts) vs. FY15					
- 27	+ 6	- 29	- 6	- 71	- 127
(- 26%)	(+ 4%)	(- 14%)	(- 2%)	(- 25%)	(- 12%)

(thousand units)

Figures announced on Oct



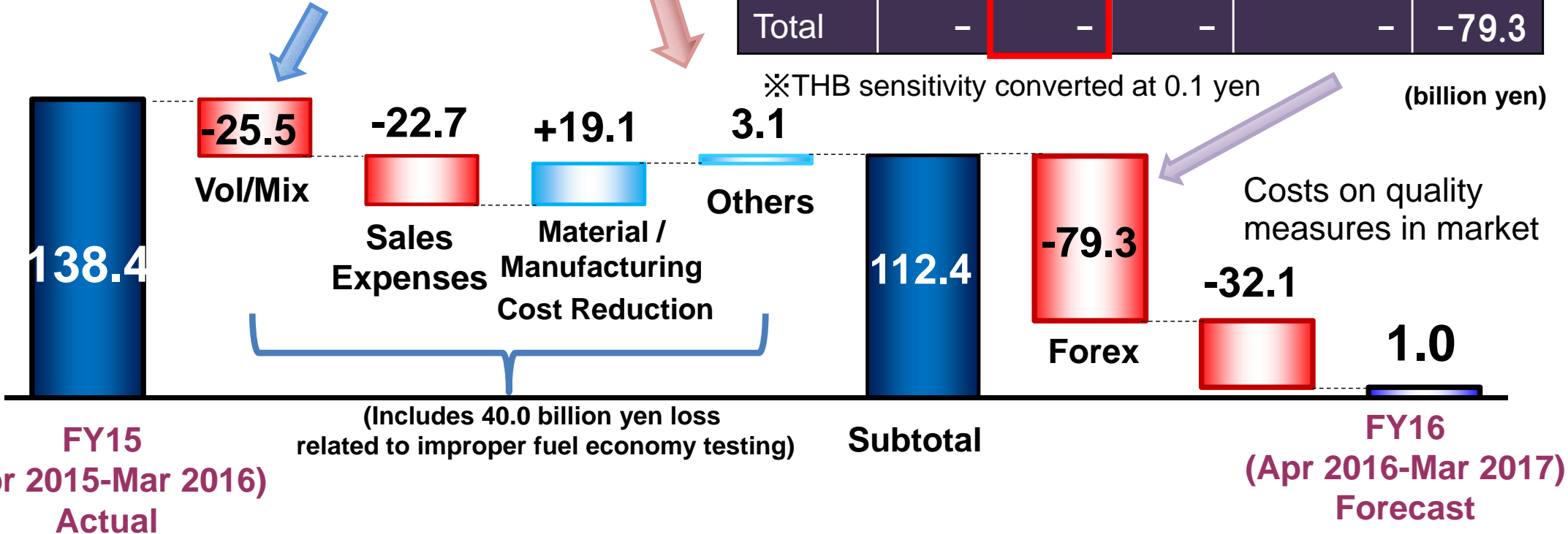
# Analysis of Movements in Full-year Operating Profit (vs. FY2015)



Vol/Mix by region	
Japan	-17.0
North America	7.7
Europe	4.9
Asia	-10.3
Others (Mainly Middle East and Latin America)	-10.8
<b>Total</b>	<b>-25.5</b>

Others	
Indirect labor cost	3.3
others	-0.2
<b>Total</b>	<b>3.1</b>

Forex effect by main currency					
	Forex rate(yen)			Annual sensitivity (billion yen)	Effect (billion yen)
	FY15	FY16	FY16 4Q		
USD	121	109	110	2.5	-30.2
EUR	133	118	117	1.5	-23.1
AUD	88	81	81	1.8	-12.4
THB	3.44	3.09	3.16	10.3	35.9
GBP	182	139	135	0.5	-19.6
Others	-	-	-	-	-29.9
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-79.3</b>



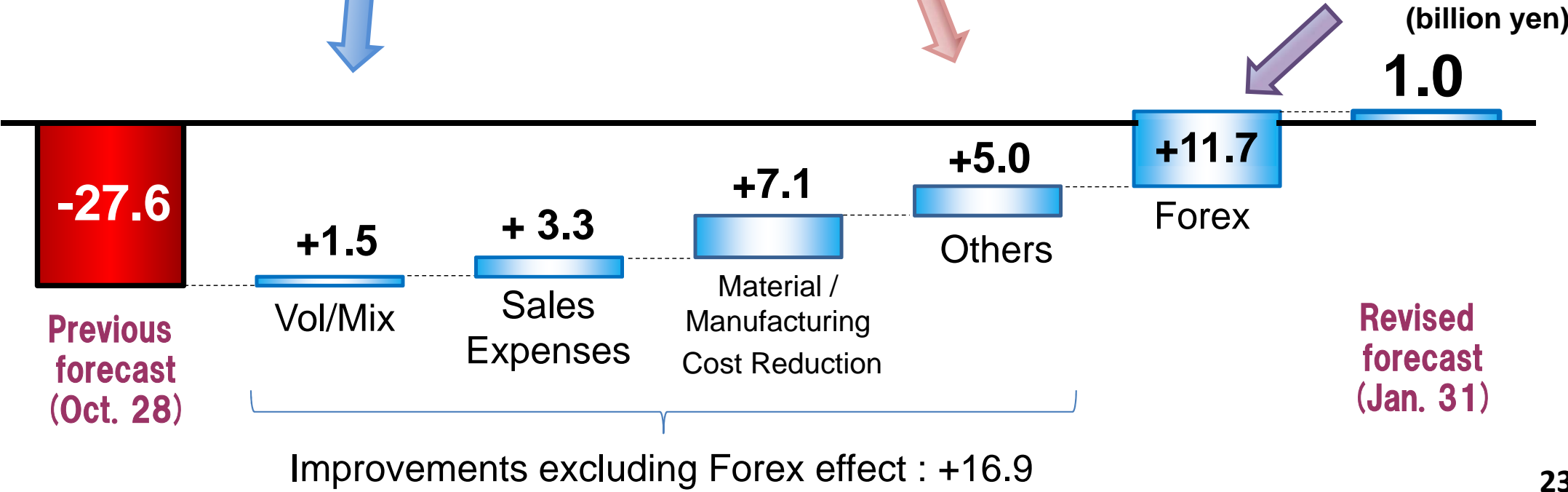
# Analysis of Movements in Full-year Operating Profit [vs forecast Oct 28]



Vol/Mix by region	
Japan	3.1
North America	-0.6
Europe	1.0
Asia	-1.1
Others (Mainly Middle East)	-0.9
<b>Total</b>	<b>1.5</b>

Others	
R&D expenses	1.9
General expenses and others	3.1
<b>Total</b>	<b>5.0</b>

Forex effect by main currency			
	Forex rate(yen)		Effect (billion yen)
	Previous	Revised	
USD	103	109	8.4
EUR	115	118	4.0
AUD	79	81	2.9
THB	2.99	3.09	-12.9
GBP	132	139	2.4
Others	-	-	6.9
<b>Total</b>	<b>-</b>	<b>-</b>	<b>11.7</b>





# Impact from improper conduct in fuel economy testing

(billion yen)

items			1-3Q	Forecasts	Forecasts	Increase /Decrease
	1H	3Q	Actual	(Jan. 31)		
Impact on Operating Profit	- 17.1	- 7.6	- 24.7	- 40.0	- 40.0	± 0.0
<b>Extraordinary Loss</b>	<b>- 166.2</b>	<b>+ 6.5</b>	<b>- 159.7</b>	<b>- 159.7</b>	<b>- 166.2</b>	<b>+ 6.5</b>
Payments to Customers	(- 56.7)	(- 1.5)	(- 58.2)	(- 58.2)	(- 56.7)	- 1.5
Customer service expenses other than those above	(- 16.4)	(- 0.4)	(- 16.8)	(- 16.8)	(- 16.4)	- 0.4
Sales-related expenses	(- 41.8)	(+ 1.0)	(- 40.8)	(- 40.8)	(- 41.8)	+ 1.0
Production and purchasing	(- 40.5)	(+ 7.1)	(- 33.4)	(- 33.4)	(- 40.5)	+ 7.1
Other	(- 10.8)	(+ 0.3)	(- 10.5)	(- 10.5)	(- 10.8)	+ 0.3
<b>Total</b>	<b>- 183.3</b>	<b>- 1.1</b>	<b>- 184.4</b>	<b>- 199.7</b>	<b>- 206.2</b>	<b>+ 6.5</b>

# FY2016 1-3Q Financial Results by Region (vs. FY2015 Actual)



(billion yen)

	FY15 1-3Q (Apr 2015-Dec 2015) Actual	FY16 1-3Q (Apr 2016-Dec 2016) Actual	Increase/ Decrease
<b>Net Sales</b>	<b>1,662.0</b>	<b>1,341.8</b>	<b>- 320.2</b>
- Japan	283.9	188.5	- 95.4
- North America	254.4	205.7	- 48.7
- Europe	378.9	328.5	- 50.4
- Asia	343.9	305.4	- 38.5
- Others	400.9	313.7	- 87.2
<b>Operating Profit</b>	<b>102.0</b>	<b>- 23.2</b>	<b>- 125.2</b>
- Japan	- 0.6	- 24.4	- 23.8
- North America	8.8	- 18.4	- 27.2
- Europe	16.6	- 27.3	- 43.9
- Asia	52.2	33.2	- 19.0
- Others	25.0	13.7	- 11.3

# FY2016 Financial Forecasts by Region (vs. FY2015 Actual)



(billion yen)

	FY2015 Actual	FY2016 Forecasts	Increase/Decrease
<b>Net Sales</b>	<b>2,267.8</b>	<b>1,890.0</b>	<b>- 377.8</b>
- Japan	412.9	310.0	- 102.9
- North America	324.8	290.0	- 34.8
- Europe	514.6	430.0	- 84.6
- Asia	482.6	420.0	- 62.6
- Others	532.9	440.0	- 92.9
<b>Operating Profit</b>	<b>138.4</b>	<b>1.0</b>	<b>- 137.4</b>
- Japan	-2.4	-33.0	- 30.6
- North America	6.2	-13.0	- 19.2
- Europe	22.1	-25.0	- 47.1
- Asia	74.9	46.0	- 28.9
- Others	37.6	26.0	- 11.6

# FY2016 Financial Forecasts by Region (vs. FY2016 Forecasts on Oct 28)



(billion yen)

	FY2016 Forecasts (Oct 28)	FY2016 Forecasts (Jan 31)	Increase/ Decrease
<b>Net Sales</b>	<b>1,840.0</b>	<b>1,890.0</b>	<b>+50.0</b>
- Japan	290.0	310.0	+20.0
- North America	280.0	290.0	+10.0
- Europe	410.0	430.0	+20.0
- Asia	420.0	420.0	±0.0
- Others	440.0	440.0	±0.0
<b>Operating Profit</b>	<b>- 27.6</b>	<b>1.0</b>	<b>+ 28.6</b>
- Japan	- 39.0	-33.0	+6.0
- North America	- 19.0	-13.0	+6.0
- Europe	- 38.0	-25.0	+13.0
- Asia	46.0	46.0	±0.0
- Others	22.4	26.0	+3.6

# Capital expenditure / Depreciation / R&D expense

(billion yen)

	FY2015 3Q (Apr 2015-Dec 2015) <b>Actual</b>	FY2016 3Q (Apr 2016- Dec 2016) <b>Actual</b>	FY2016 (Apr 2016-Mar 2017) <b>Forecasts</b>
<b>Capital expenditure (YoY)</b>	46.6 (+4%)	33.2 (-29%)	61.0 (-12%)
<b>Depreciation (YoY)</b>	39.9 (+3%)	34.7 (-13%)	49.0 (-9%)
<b>R&amp;D expense (YoY)</b>	57.5 (+6%)	62.2 (+8%)	91.1 (+16%)

	FY15(Actual)					FY16 (Forecast)					Variance				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q*	Total*	1Q	2Q	3Q	4Q	Total
<b>Capital expenditure (by quarter)</b>	9.9	25.5	11.2	22.4	69.0	8.8	12.7	11.7	27.8	61.0	-1.1	-12.8	+0.5	+5.4	-8.0

\* : FY16 4Q : Forecast

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- Fluctuations in interest rates, exchange rates and oil prices;**
- Changes in laws, regulations and government policies; and**
- Regional and/or global socioeconomic changes.**

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