



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

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

*Net income attributable to owners of the Parent

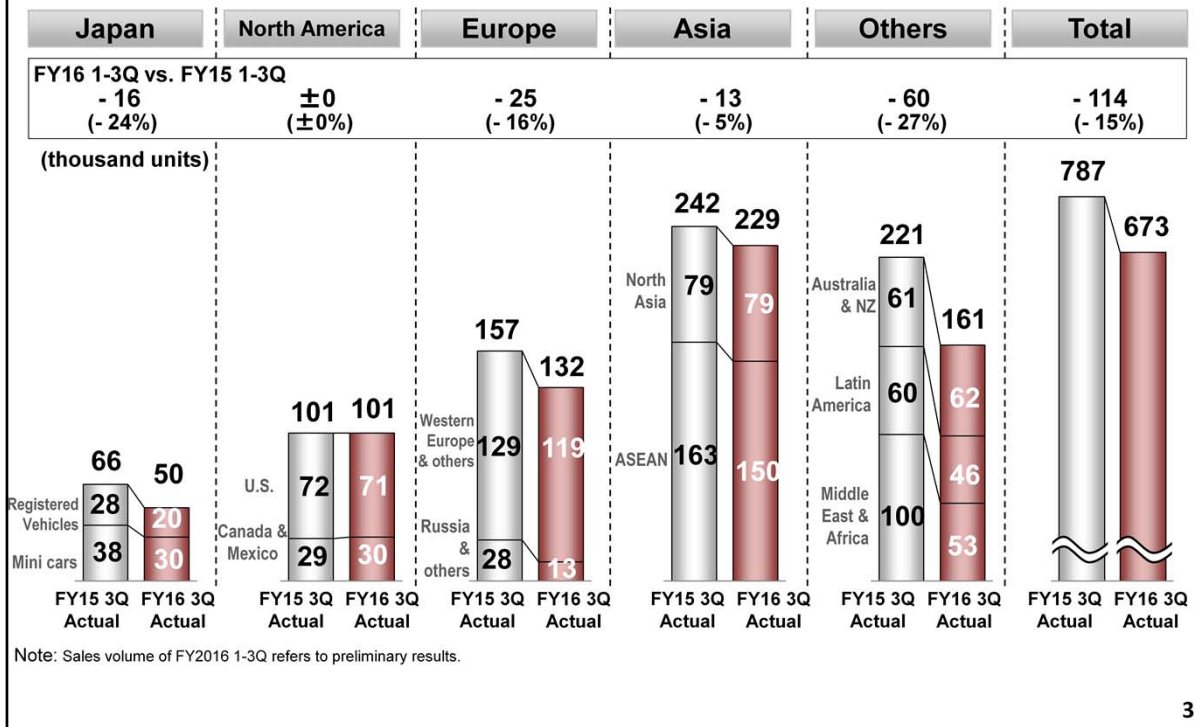
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Our 3rd quarter net sales were 1 trillion 341.8 billion yen, down 19% from the same period of the previous year.

The profit was largely affected by the loss in the 1st half of this fiscal year and the company reported an operating loss of 23.2 billion yen, an ordinary loss of 22.2 billion yen, and a quarterly net loss of 213.3 billion yen. However, if you look at the 3rd quarter results alone, all items resulted in a profit, as shown in the textbox in red.

Next, I will explain our retail sales volume.

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



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Our global sales volume was 673,000 units, down by 15% from the same period of the previous year.

In Japan, although we have not been able to recover the significant decrease caused by the fuel economy testing issue in the first half of the fiscal year, sales volume in the 3rd quarter alone showed slightly favorable results with an increase of 1,000 units on a year-on-year basis.

In North America, while the sales of the *Outlander* continued to be strong, the sales of the *Mirage* were sluggish. Regional sales volume therefore remained at the level of the same period of the previous year.

Regional sales volume in Europe was below the level of the same period of the previous year due to sluggish sales in Russia amid an economic slump and the substantially reduced sales volume of the *Outlander PHEV* in the Netherlands as a reaction to the strong demand driven by tax incentives up to the end of 2015.

In ASEAN, sales volume dropped due to the decrease in Thailand as a reaction to strong sales driven by the launch of the new "*Pajero Sport*" model, combined with the last-minute rise in demand for tax privilege purposes last year. In North Asia, the strong sales in China of the "*Outlander*" whose local production had begun contributed to the gradual recovery of the market.

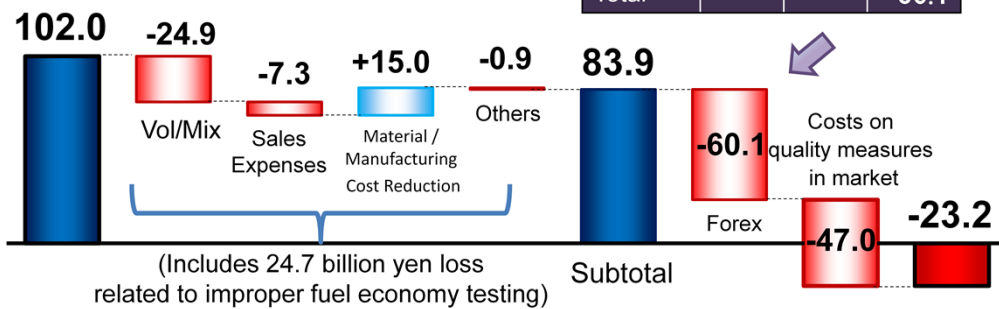
In the other regions, sales volume decreased in the Middle East and Latin America due to the continuing impact of low commodity prices.

As you have seen, although our global sales volume was lower than the same period of the previous year, sales volume in all regions has remained at the planned level.

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



Vol/Mix by region		Others		Forex effect by main currency			
Japan	-15.3	R&D expenses	-4.7	(billion yen)			
North America	1.9	Indirect labor cost and others	3.8				
Europe	3.7	Total	-0.9	Forex rate(yen)	Effect (billion yen)		
Asia	-10.5			FY15 1-3Q	FY16 1-3Q		
Others (Mainly Middle East and Latin America)	-4.7			USD	122	107	-18.8
Total	-24.9			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
				Total	-	-	-60.1



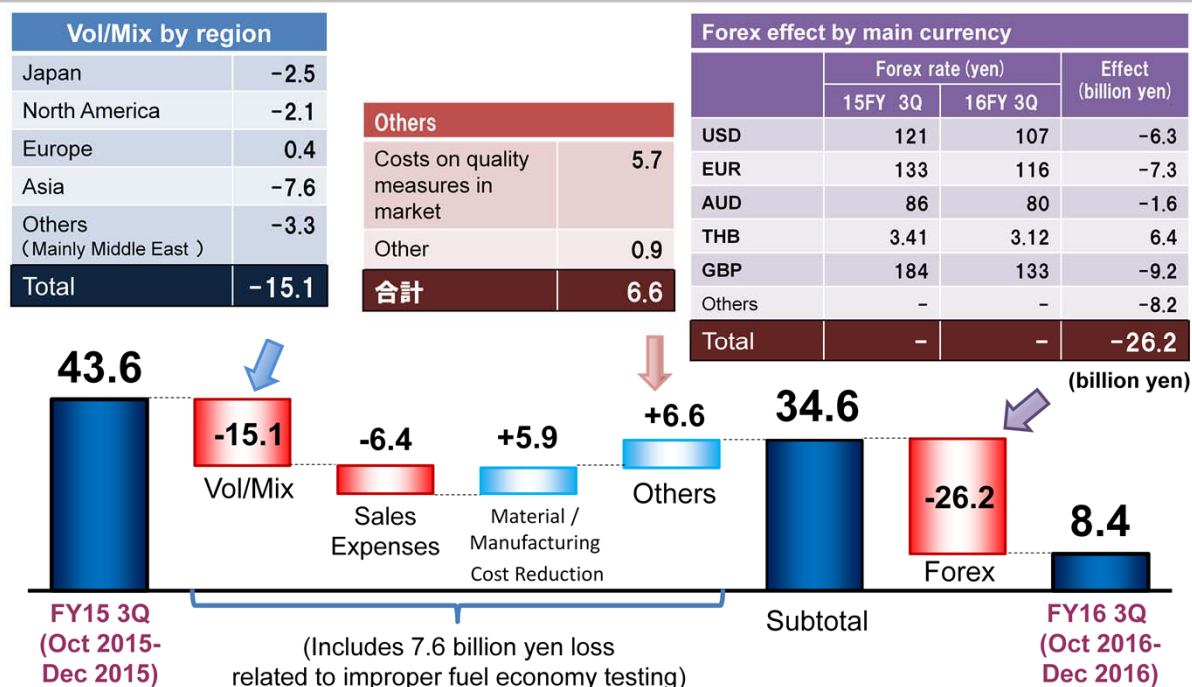
FY15 1-3Q
(Apr 2015-Dec 2015)

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

The largest factor affecting the 9-month year-to-date operating income is, as you can see here, the negative impact of a strong yen which amounted to 60.1 billion yen. The other factors generally tend to be the same as those up to the end of the 1st half of the fiscal year.

I am therefore going to focus on the factors affecting the changes in the 3rd quarter results alone.

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



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In the volume and model mix, operating income decreased by 15.1 billion yen. The regional breakdown is shown in the table at the upper-left of the slide. This decrease is largely impacted by a reaction to the rise in demand for the new “Pajero Sport” model in Thailand, as well as by the sales volume decline resulting from the sluggish demand in the Middles East and Latin America.

In relation to sales expenses, operating profit decreased by 6.4 billion yen due partly to the increased incentives in Japan.

Despite these decreases, the cost reduction efforts resulted in the recovery of 5.9 billion yen and, together with the recall cost lower than the same period of the previous fiscal year, we reported an operating income of 34.6 billion yen before foreign exchange adjustments.

As for the exchange rates, although the current exchange rates have tended to favor a weaker yen than estimated in the October announcement, the trend was still a strong yen compared to the same period of the previous year. The resulting exchange rate impact was 26.2 billion yen in total, but we were able to report an operating income of 8.4 billion yen in the 3rd quarter alone. As I have presented, we were able to return to a profit on a quarterly basis and, in the 3rd quarter alone, exceeded the operating income of 4 billion yen as previously forecasted for the second half of the fiscal year.

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

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An overview of the balance sheet is as shown here.

With the issuance of new shares to Nissan Motor through a third-party allotment on October 20 our cash and deposits once increased by approximately 200 billion yen.

If the investments and other payments related to the fuel economy testing issue are made as planned, the amount of cash and deposits will result in around 500 billion yen as of the end of this fiscal year.

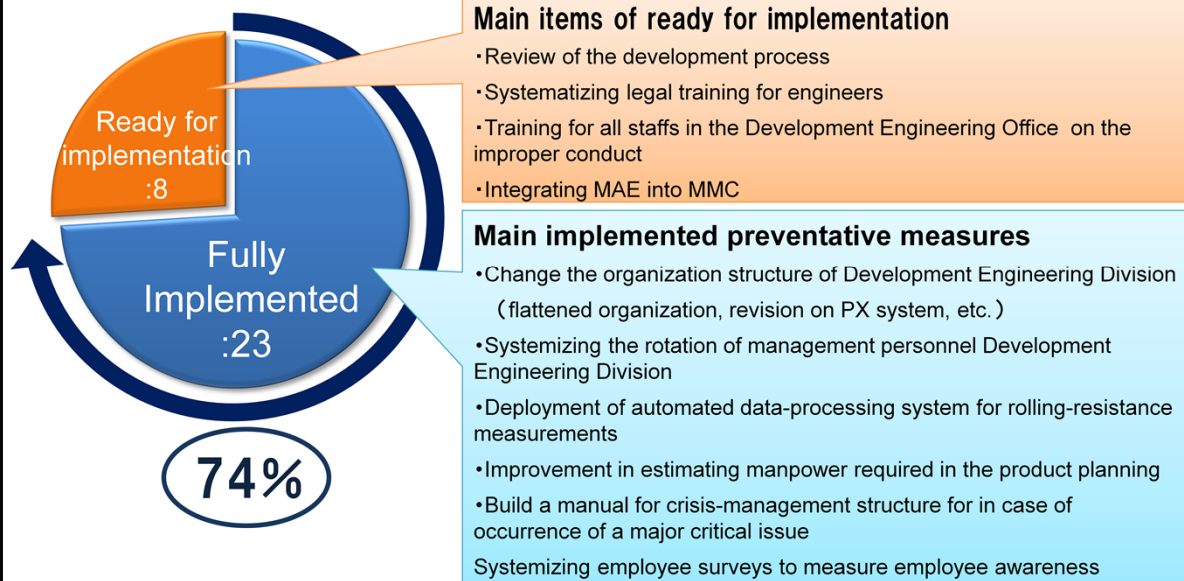
We will continue to make active use of cash on hand to effectively invest in growth areas while maintaining the sound financial position so as to increase our enterprise value.

We have been processing payments for compensating our customers and suppliers in relation to the fuel economy testing issue one by one.

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.

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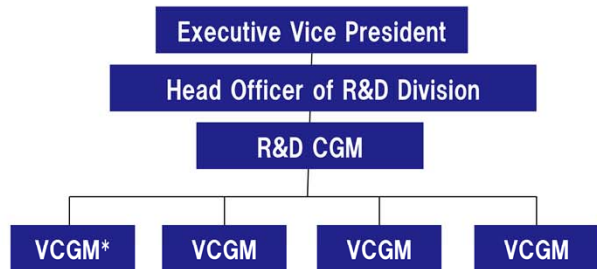
First, we'd like to once again express our deepest apologies to all of our customers and other people affected for the great inconvenience caused by the improper fuel economy testing issue since last year.

23, or 75%, of the 31 preventive measures in total have been implemented, as shown in the blue section of the slide. Preventive measures have also been developed for the remaining 8 measures shown in orange on the slide. We plan to complete all of the measures by April 2017.

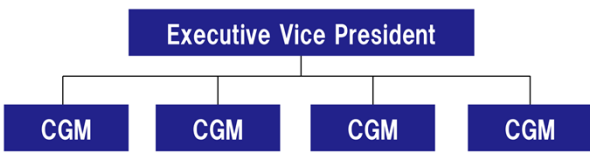
We will continue to report the status to the Ministry of Land, Infrastructure, Transport and Tourism on a quarterly basis.

Next, I am going to explain the "reorganization of the Development group" as one of the preventive measures implemented.

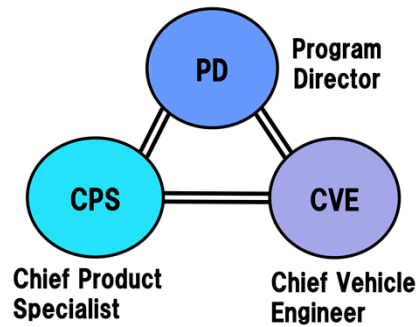
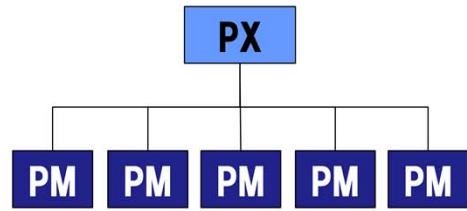
<Flattened organization>



*Vice Corporate General Manager



<Revision on PX system>



In order to facilitate communication within the Development organization, we reduced the management layers from 4 to 2 to have a flat structure in place.

We also have revised the conventional system under which all of the responsibilities and powers had been centralized under a single person called Product Executive, or PX, who is responsible for promoting a project, and split his responsibilities and powers to three persons called Program Director or PD, Chief Vehicle Engineer or CVE and Chief Product Specialist or CPS. The purpose of this change is to ensure that a sound check-and-balance mechanism works among these people in the form of a “division of powers” and to reduce the burden on the project promoter.

Full-year Forecast



MITSUBISHI GT-PHEV Concept

I have so far explained the 3rd quarter results. Next, I am going to explain the business forecast for the full fiscal year.

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			
Net Sales	1,840.0	975.1	1,890.0	1,025.1	+50.0	2,267.8	-377.8
Operating Profit (Margin)	-27.6 (- 1.5%)	4.0 (0.4%)	1.0 (0.1%)	32.6 (3.2%)	+28.6	138.4 (6.1%)	-137.4
Ordinary Profit (Margin)	-28.2 (- 1.5%)	0.0 (0.0%)	1.5 (0.1%)	29.7 (2.9%)	+29.7	141.0 (6.2%)	-139.5
Net Income* (Margin)	-239.6 (- 13.0%)	-20.0 (- 2.1%)	-202.0 (-10.7%)	17.6 (1.7%)	+37.6	72.6 (3.2%)	-274.6
Sales Volume (Retail)	933	497	921	485	- 12	1,048	-127

*Net income attributable to owners of the Parent

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Today, we have released an upward revision to the forecast for the full fiscal year 2016, as you can see here.

We expect net sales to increase 50 billion yen from the previous announcement to 1 trillion and 890 billion yen. We also expect operating profit to improve 28.6 billion yen and turn into a profit of 1 billion yen. With these improvements, we will be able to report an operating profit for the full fiscal year for 11 consecutive years from the start of the Revitalization Plan in 2004.

Ordinary profit improved by 29.7 billion yen to report a profit of 1.5 billion yen. Together with the partial adjustment to the fuel economy-related loss reserves, the amount of loss is expected to be reduced by 37.6 billion yen to report a net loss of 202.0 billion yen in this quarter.

At the last financial results presentation, we said we will make every effort to report an operating profit of 4 billion yen in the 2nd half of the fiscal year. We have subsequently made additional efforts to improve profitability and, now expect the profit to increase up to 32.6 billion yen.

Let me explain the factors causing this revision.

Analysis of Movements in 2nd Half Operating Profit [vs forecast Oct 28]

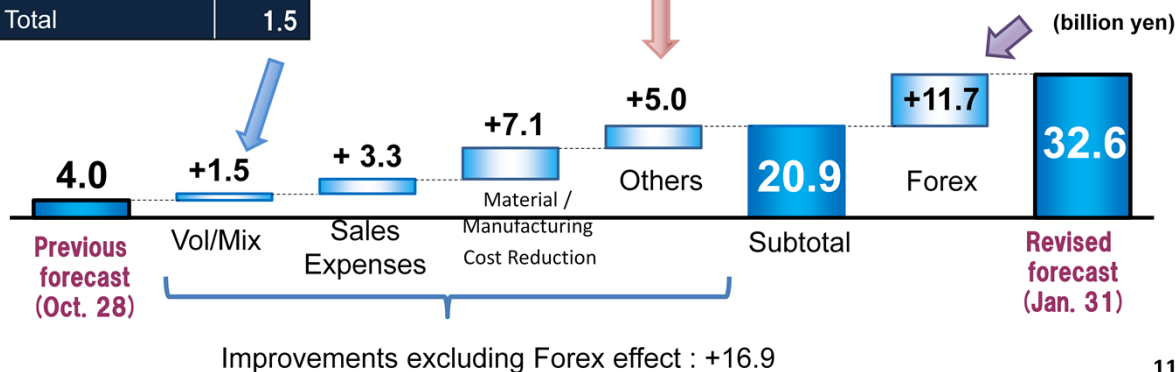


On track towards solid recovery for full-year profitability

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

Others	
R&D expenses	1.9
General expenses and others	3.1
Total	5.0

	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
Total	-	-	11.7



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This slide explains the factors causing changes in the operating profit forecast for the 2nd half of the fiscal year in the October announcement.

One of the factors causing the 28.6 billion yen increase in operating profit is the increased income of 11.7 billion yen due to the weaker yen than expected.

However, the profit improvement resulting from other “company efforts” was 16.9 billion yen, which accounts for 60% of the increase.

On the next page, I am going to explain a little bit about the non-foreign exchange factors contributing to profit improvements.

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.

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Since the start of the alliance with Nissan Motor, we have taken further steps to implement business management initiatives with focus on profitability and worked to increase profitability through enhanced operating efficiency.

Specifically, we:

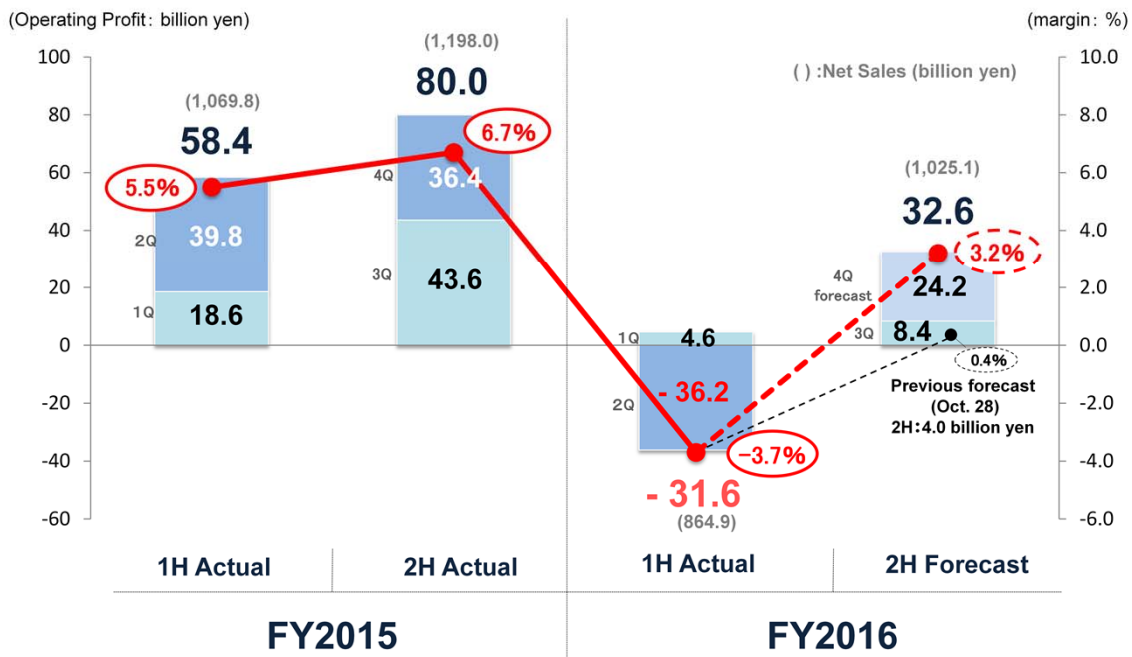
- [1] Changed the markets based on exchange rate movements by giving priority to profitability;
- [2] Implemented strict control of advertisements, and incentives and other sales measures; and
- [3] Implemented purchasing measures benchmarking Nissan

By taking these profitability-based initiatives, the improvements in earnings have begun to materialize.

Evolution of Operating Profit / OP Margin



On track towards solid recovery for full-year profitability



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As you can see, the operating margin has been on the recovery trend.

The operating margin, which was around 6% in the last fiscal year, fell to as low as negative 3.7%, as affected by the suspension of production and sales due to the improper fuel economy testing issue and the increased recall cost in the first half of this fiscal year.

Since the beginning of the second half of the fiscal year, we have worked to improve the operating efficiency, as I have just explained, and now expect the operating margin to recover from the previously forecasted 0.4% to 3.2%. We are determined to use our best efforts to make sure that this business recovery trend continues to the next fiscal year to realize the v-shaped recovery scenario.

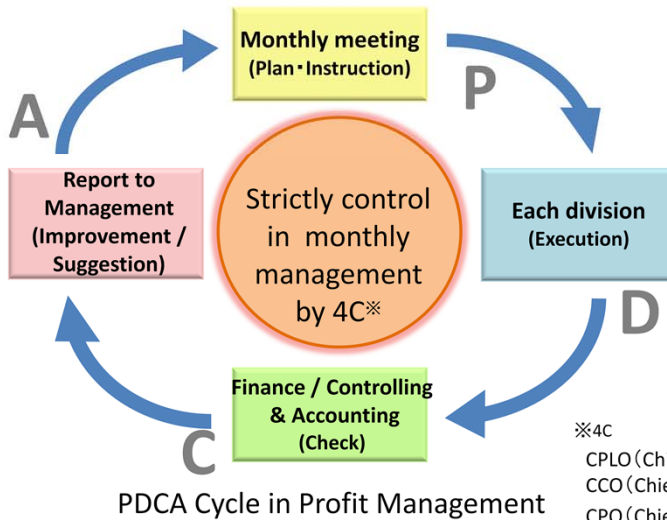
Now, I am going to show you some specific measures and cases we have been working on since the start of the second half of the fiscal year.

Strengthening Business Management



○ Strict Control on PDCA Cycle in Profit Management

Follow up “Three management points”
 Make a structure **to achieve initial plan**



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

Following the move to the new management structure, we have strengthened our business management.

As shown in the chart on the left side, we have established a PDCA cycle in which four functional chief officers, or 4Cs, act as core members to ensure monthly P/L control under the leadership of Trevor Mann, COO.

What we see as important in making the PDCA cycle work are the three points shown in the right table. These are: [1] verifying performances together with the analysis of differences and their causes; [2] planning countermeasures to meet the targets not achieved and [3] understanding future opportunities and risks. By following up these three points, we have been able to make the mechanism to enable us to “fully achieve the plan” function and shared by our people within the company.

We will continue to increase transparency of P/L figures, carry out strict controls, and increase awareness of people at the working level about the need for making and implementing feasible commitments in order to transform us into a profitable organization.

○ Active internal communication through Town Hall Meetings



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

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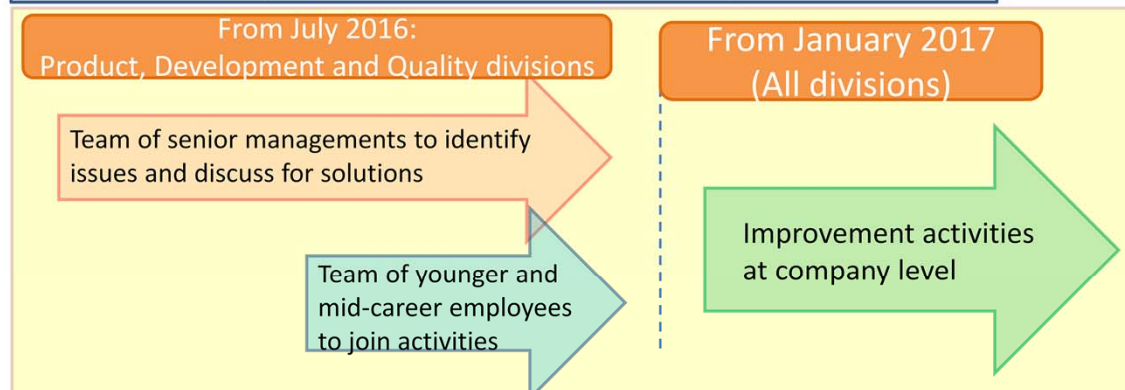
Since the move to the new management structure, we have had more opportunities for senior management to communicate their messages to employees directly. We have been holding a town hall meeting four times already since October and plan to brief them on today's financial results presentation.

As you can see from the picture on the slide, town hall meetings are attended by a number of employees. Many of those who attended these meetings say "I now understand what is going on within the company better than before." We will continue to implement this initiative.

Progress of Reform in Corporate Culture



Activities led by Yamashita CPLO for solving issues



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Let me explain the internal reform.

Under the leadership of Mr. Yamashita, EVP, the Product, Development and Quality Groups reporting to him have been conducting the activities to resolve issues since July last year.

We have formed 37 cross-functional task teams, each of which consists of ten or less members. These teams engage in the activities in which they identify issues on their own and propose and implement solutions. People holding department head or higher positions all participate in these activities and we will extend the membership to mid-level and junior staff members. We will also expand the activities to involve other departments and define these as broad, company-wide activities to resolve issues.

We will also work to increase employee awareness, which is essential for drastic structural reform, and build an open company environment in which each employee can comfortably work.

○ Efforts to reduce total working time

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

Start	February 24, 2017 (Last Friday of every month)
Detail	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



I am going to explain the Work Style Innovation.

To enable employees to achieve a better work-life balance, and to enable the company to shorten the total working hours, we will try to build a working environment in which employees can work comfortably.

To help each employee maximize their ability, we will take the initiatives shown here.

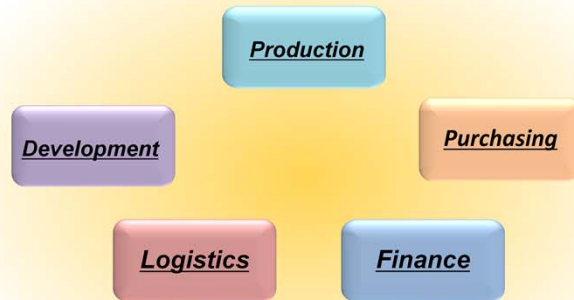
We have implemented the No Overtime Day initiative. We will revise the initiative to allow each department to flexibly set a specific day and call for reducing overtime work.

We also support the “Premium Friday” initiative of the Ministry of Economy, Trade and Industry, and will implement it going forward.

○Wider and deeper study of synergy benefits



Studies made in various areas of operation



I am going to explain the alliance with Nissan Motor.

As I have explained, we are considering ways to create broader and deeper synergy gains in such areas as development, production, procurement, logistics and finance and have been making steady progress.

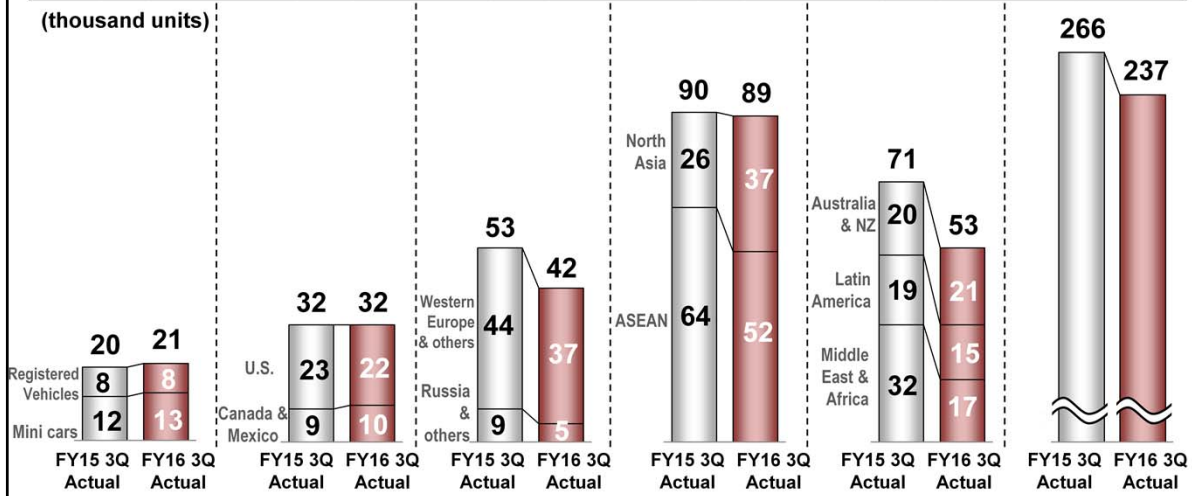
We are planning to hold a presentation meeting to give a complete picture of the alliance as soon as it is ready for publication.

Appendix

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

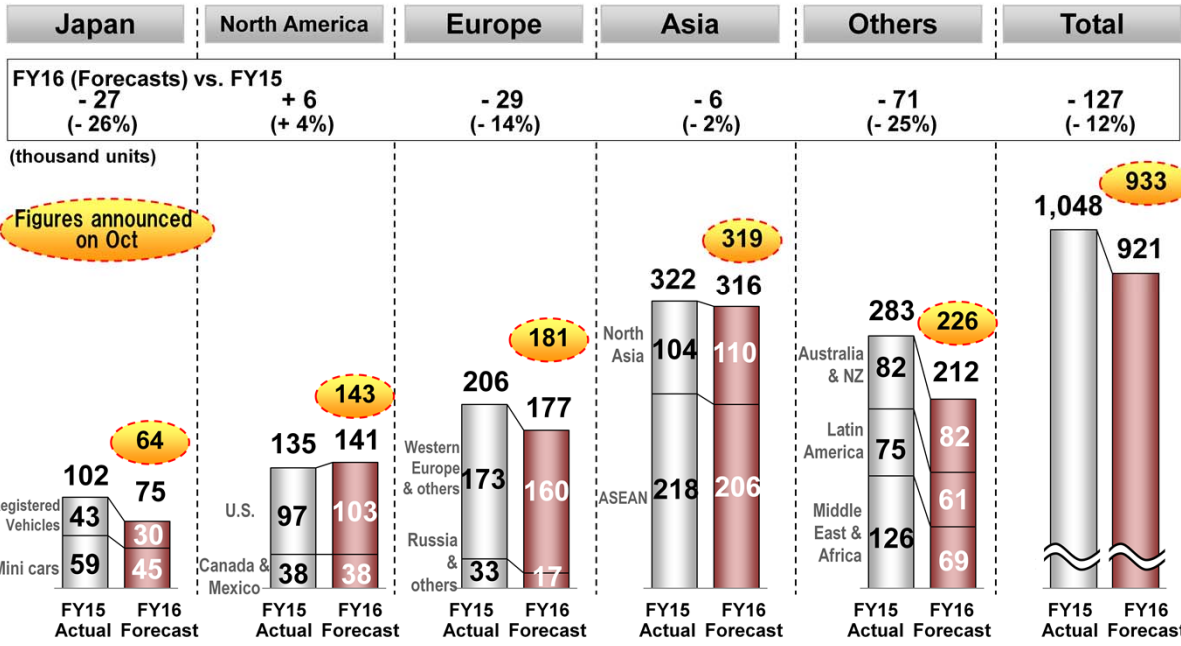


Japan	North America	Europe	Asia	Others	Total
FY16 3Q vs. FY15 3Q					
+1 (+ 5%)	±0 (±0%)	- 11 (- 21%)	- 1 (-1%)	- 18 (- 26%)	- 29 (- 11%)



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

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



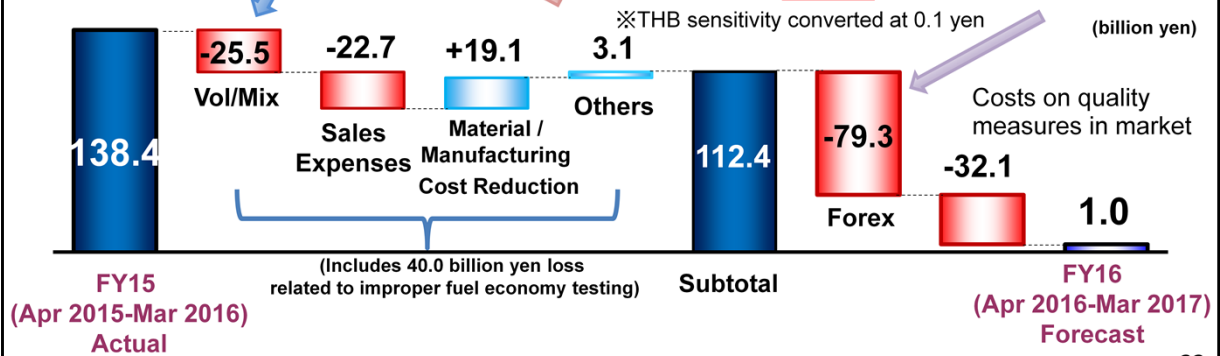
Analysis of Movements in Full-year Operating Profit (vs. FY2015)



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
Total	-25.5

Others	
Indirect labor cost	3.3
others	-0.2
Total	3.1

	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
Total	-	-	-	-	-79.3



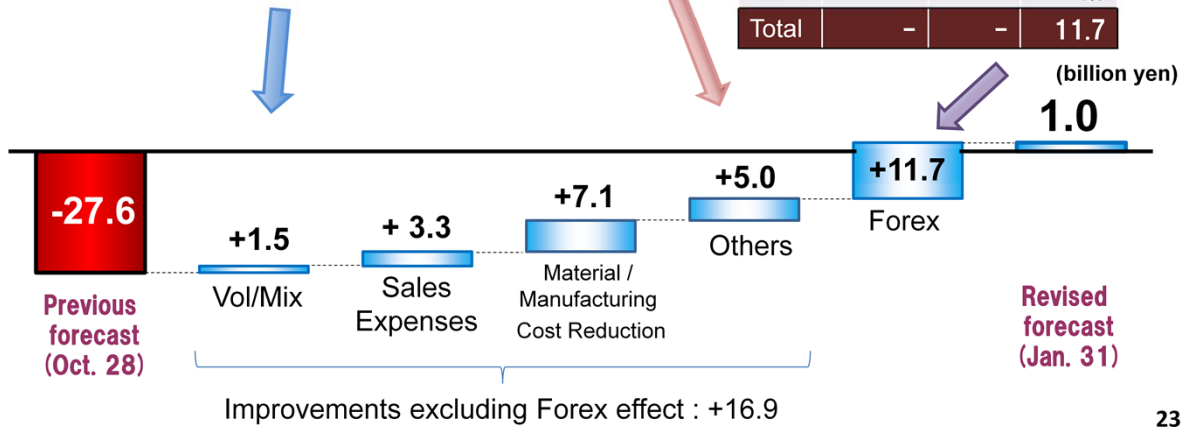
Analysis of Movements in Full-year Operating Profit [vs forecast Oct 28]



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

Others	
R&D expenses	1.9
General expenses and others	3.1
Total	5.0

	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
Total	-	-	11.7



Impact from improper conduct in fuel economy testing



(billion yen)

items			1-3Q	Forecasts	Forecasts (Oct. 28)	Increase /Decrease
	1H	3Q	Actual	(Jan. 31)		
Impact on Operating Profit	- 17.1	- 7.6	- 24.7	- 40.0	- 40.0	± 0.0
Extraordinary Loss	- 166.2	+ 6.5	- 159.7	- 159.7	- 166.2	+ 6.5
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
Total	- 183.3	- 1.1	- 184.4	- 199.7	- 206.2	+ 6.5

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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
Net Sales	1,662.0	1,341.8	- 320.2
- 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
Operating Profit	102.0	- 23.2	- 125.2
- 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
Net Sales	2,267.8	1,890.0	- 377.8
- 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
Operating Profit	138.4	1.0	- 137.4
- 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

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



(billion yen)

	FY2016 Forecasts (Oct 28)	FY2016 Forecasts (Jan 31)	Increase/ Decrease
Net Sales	1,840.0	1,890.0	+50.0
- 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
Operating Profit	- 27.6	1.0	+ 28.6
- 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

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Capital expenditure / Depreciation / R&D expense



(billion yen)

	FY2015 3Q (Apr 2015-Dec 2015) Actual	FY2016 3Q (Apr 2016- Dec 2016) Actual	FY2016 (Apr 2016-Mar 2017) Forecasts
Capital expenditure (YoY)	46.6 (+4%)	33.2 (-29%)	61.0 (-12%)
Depreciation (YoY)	39.9 (+3%)	34.7 (-13%)	49.0 (-9%)
R&D expense (YoY)	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
Capital expenditure (by quarter)	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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All statements herein, other than historical facts, contain forward-looking statements and are based on MMC's current forecasts, expectations, targets, plans, and evaluations. Any forecasted value is calculated or obtained based on certain assumptions. Forward-looking statements involve inherent risks and uncertainties.

A number of significant factors could therefore cause actual results to differ from those contained in any forward-looking statement. Significant risk factors include:

- Feasibility of each target and initiative as laid out in this presentation;**
- 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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