
FY2017 First Quarter
Financial Results
Mitsubishi Motors Corporation
July 25, 2017
DELICA D:5 'ACTIVE GEAR'

1. FY2017 1Q Results

2. FY2017 1Q Results by Region

3. FY2017 Forecast

4. Initiatives for the Future

FY2017 1Q Results Summary (vs. FY2016 1Q)

MITSUBISHI MOTORS

(billion yen, thousand units)

	FY16 (Apr-Jun 2016) Actual	FY17 (Apr-Jun 2017) Actual	Variance	
			Amount	Ratio
Net sales	428.7	**440.9**	+12.2	+3%
Operating profit (Margin)	4.6 (1.1%)	**20.6** **(4.7%)**	+16.0	4.5 times
Net income*	-129.7	**23.0**	+152.7	-
Net Cash	377.1	**489.3**	+112.2	+30%
Sales Volume (Retail)	221	**241**	+20	+9%

*Net income attributable to owners of the parent

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Regarding the FY2017 Q1 business summary, we are reporting a continuation of our V-shaped recovery following the significant setbacks in business in the last fiscal year due to the issue of improper conduct in fuel economy testing.

For the three month period to June 30th, net sales were 440.9 billion yen. Operating profit totaled 20.6 billion yen, which equates to 4.5 times the operating profit in the last fiscal year. Net income was 23.0 billion yen.

Sales volumes recovered to 241,000 units, due primarily to sales growth in China, where we had strong sales of the locally produced “Outlander”, as well as solid sales of SUVs, pick-up trucks and Kei-cars.

We ended the period with a net cash position of 489.3 billion yen.

FY2017 1Q Analysis of Increase/Decrease of Operating Profit (vs. FY2016 1Q)

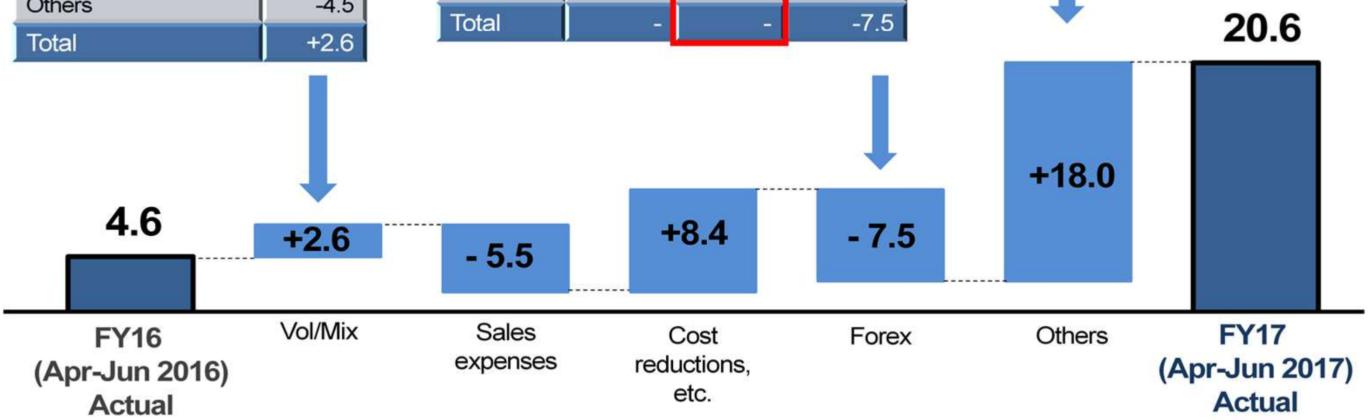
MITSUBISHI MOTORS

(billion yen)

Vol/Mix by region	
Japan	+3.0
ASEAN	+5.3
North Asia	+4.0
North America	-1.2
Europe	-4.0
Others	-4.5
Total	+2.6

Forex effect by main currency	Forex rate(yen)		Effect (billion yen)
	FY16 1Q	FY17 1Q	
USD	111	111	0
EUR	125	122	-1.0
THB	3.09	3.27	-4.1
Others	-	-	-2.4
Total	-	-	-7.5

Others	
Cost on quality measures in market	+ 20.8
R&D and others	-2.8
Total	+18.0



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As you can see, this page provides a detailed analysis of operating profit increases or decreases over the same period last year.

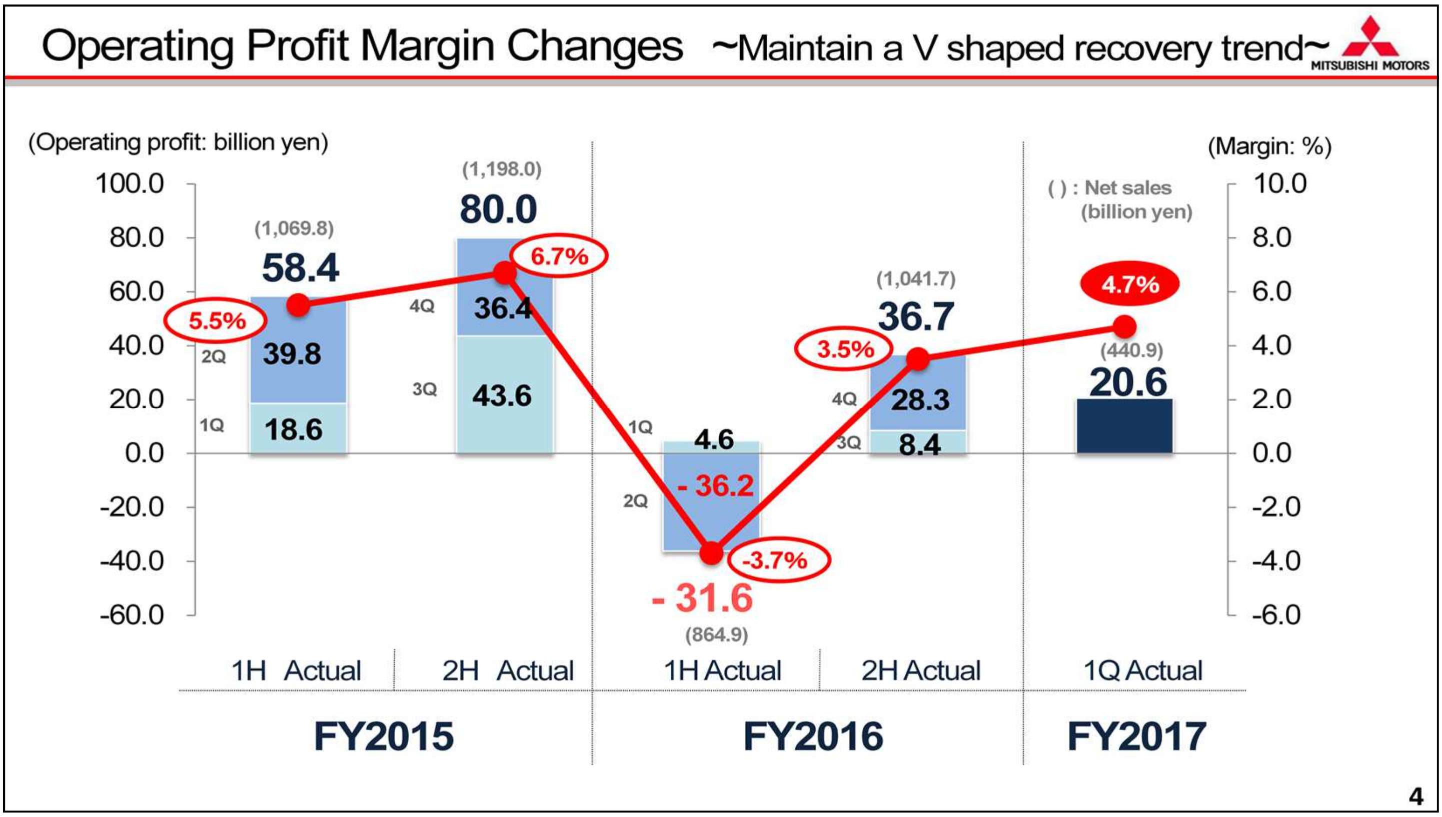
Volume and model mix had a negative impact due to the decrease in wholesale volume resulting from the inventory adjustment in Europe and Middle East/Africa. These negative factors were offset by the recovery in Japan, in addition to the solid sales growth in ASEAN and North Asia. As a result, volume and model mix produced a positive impact of 2.6 billion yen.

Selling expenses had a negative impact of 5.5 billion yen due to the increased incentives particularly in the U.S.

Cost reductions including synergies with Nissan produced a positive impact of 8.4 billion yen.

The synergy effect in the first quarter was 3.5 billion yen.

In FX, the adverse exchange rate movements in Thai Baht had a negative impact of 7.5 billion yen. Recall costs had a positive impact of 20.8 billion yen, reflecting the large amount of Takata airbag-related costs recorded last fiscal year.



This fiscal year, we expect to deliver a rapid turnaround from the previous fiscal year, in which our operating profit was adversely impacted by the issue of improper conduct in fuel economy testing.

In FY2015, the large yen depreciation helped us report a record operating profit margin exceeding 6% on a full year basis.

In FY2016, the operating margin plunged substantially in the first half due to the issue of improper conduct in fuel economy testing and the appreciation of yen, but we recovered to 3.5% in the second half as a result of renewing the business administration methodology and introducing benchmarking.

In the first quarter of FY2017, we maintained this momentum to reach an operating margin of 4.7%. This represents a further improvement on the OP margin achieved in the second half of the previous fiscal year.

FY2017 1Q Balance Sheet Summary

MITSUBISHI MOTORS

(billion yen)

	FY16 (end of Mar. 2017) Actual	FY17 1Q (end of Jun. 2017) Actual	Variance
Total assets	1,484.4	**1,444.1**	**-40.3**
Cash and deposits	**556.8**	**519.2**	-37.6
Total liabilities	780.9	**721.5**	**-59.4**
Interest-bearing debt	15.6	**29.9**	**+14.3**
Total net assets	703.5	**722.6**	**+19.1**
Shareholders' Equity (Equity ratio)	690.5 (46.5%)	**704.1** (48.8%)	**+13.6**
Net Cash	541.2	**489.3**	**-51.9**

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This page gives a summary of our balance sheet.

Cash and deposits decreased by 37.6 billion yen from the end of the previous fiscal year due to tax payments, bonuses and other seasonal factors which are unique to the first quarter, but we still maintain 519.2 billion yen.

The equity ratio was 48.8%, which indicates our sound financial condition.

We will continue to actively invest cash on hand in effective growth strategies so as to enhance the company's value.

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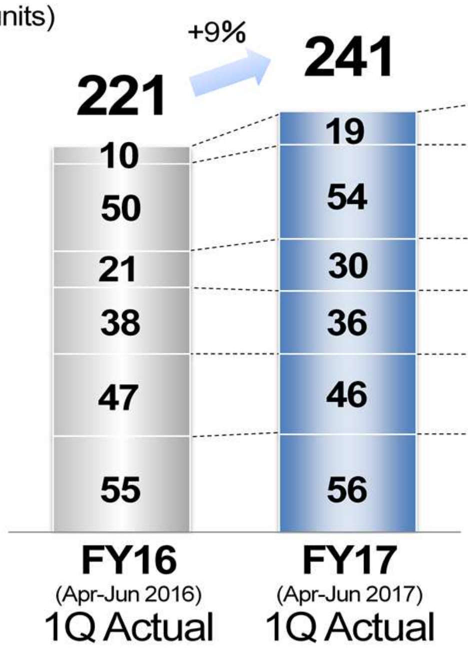
FY2017 1Q Retail Sales Volume 【vs. FY2016 1Q】



Region	vs. FY16 1Q
Japan	＋90%
ASEAN	＋8%
North Asia	＋43%
North America	－5%
Europe (incl. Russia)	－2%
Others	＋2%

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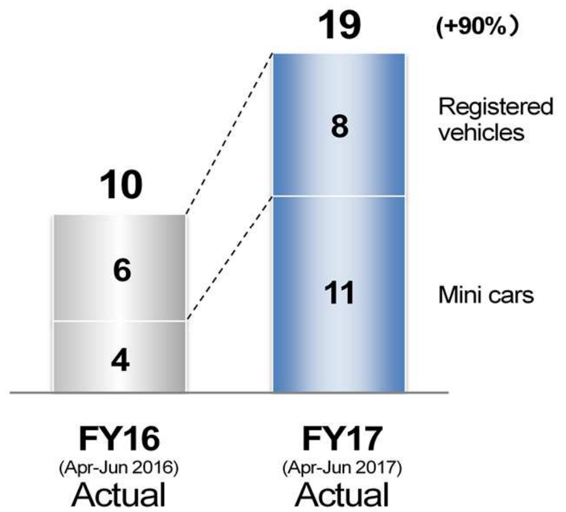
Global sales volumes rose 9% year-on-year to 241,000 units, due to the recovery in Japan, where sales plunged last fiscal year due to the issue of improper conduct in fuel economy testing, as well as the growth driven by the strong sales of local produced models, particularly in North Asia.

I would like to explain sales volume in detail by region.

FY2017 1Q Results by Region: Japan

Retail sales volume(thousand units)



TIV:	1,077	1,204	(+12%)

TIV : According to our research.

Outlander 'ACTIVE GEAR' (Launched in July)

- Retail sales volume: 19,000 units

- Volume substantially dropped due to improper fuel economy testing
- Both registered vehicles and mini cars recovered to the FY2015 level
- Accelerated brand rebuilding

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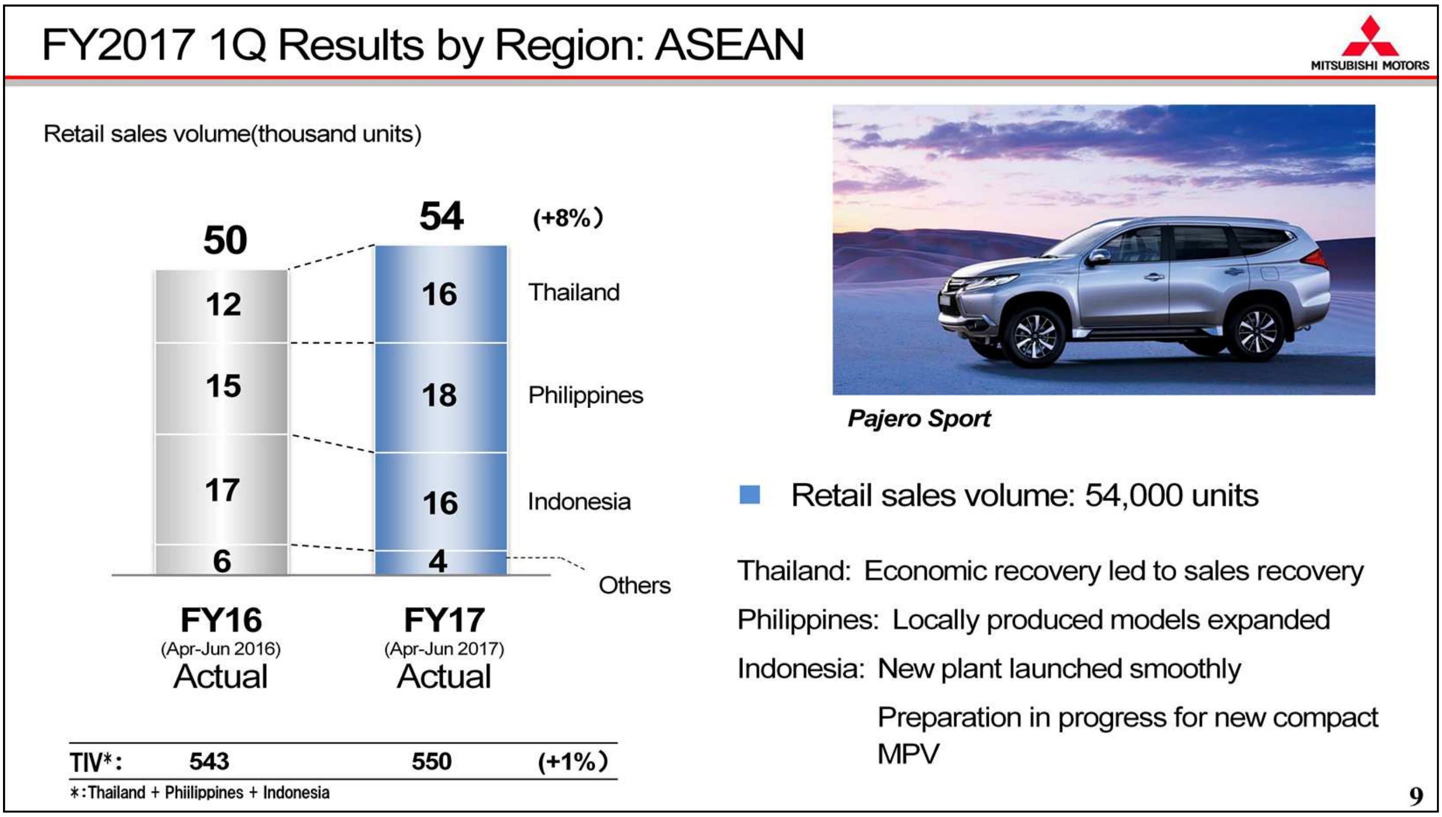
In Japan, sales volume rose 9,000 units over the same period last year.

Sound sales promotion activities since last year helped the latest volume recover to the level of FY2015 Q1 before the issue of improper conduct in fuel economy testing.

"DELICA D:5 *ACTIVE GEAR*" which we introduced to increase the marketability of existing models has been well received. Following this, we launched the "Outlander *ACTIVE GEAR*" on July 20 to further reinforce product marketability.

We will continue to appeal to consumers about the added value of "Outlander PHEV" using the EV Drive Station and we will continue to rebuild our brand appeal through the launch of our long-waited new concept SUV "Eclipse Cross" during this fiscal year. These initiatives form part of our strategy to rebuild our domestic sales.



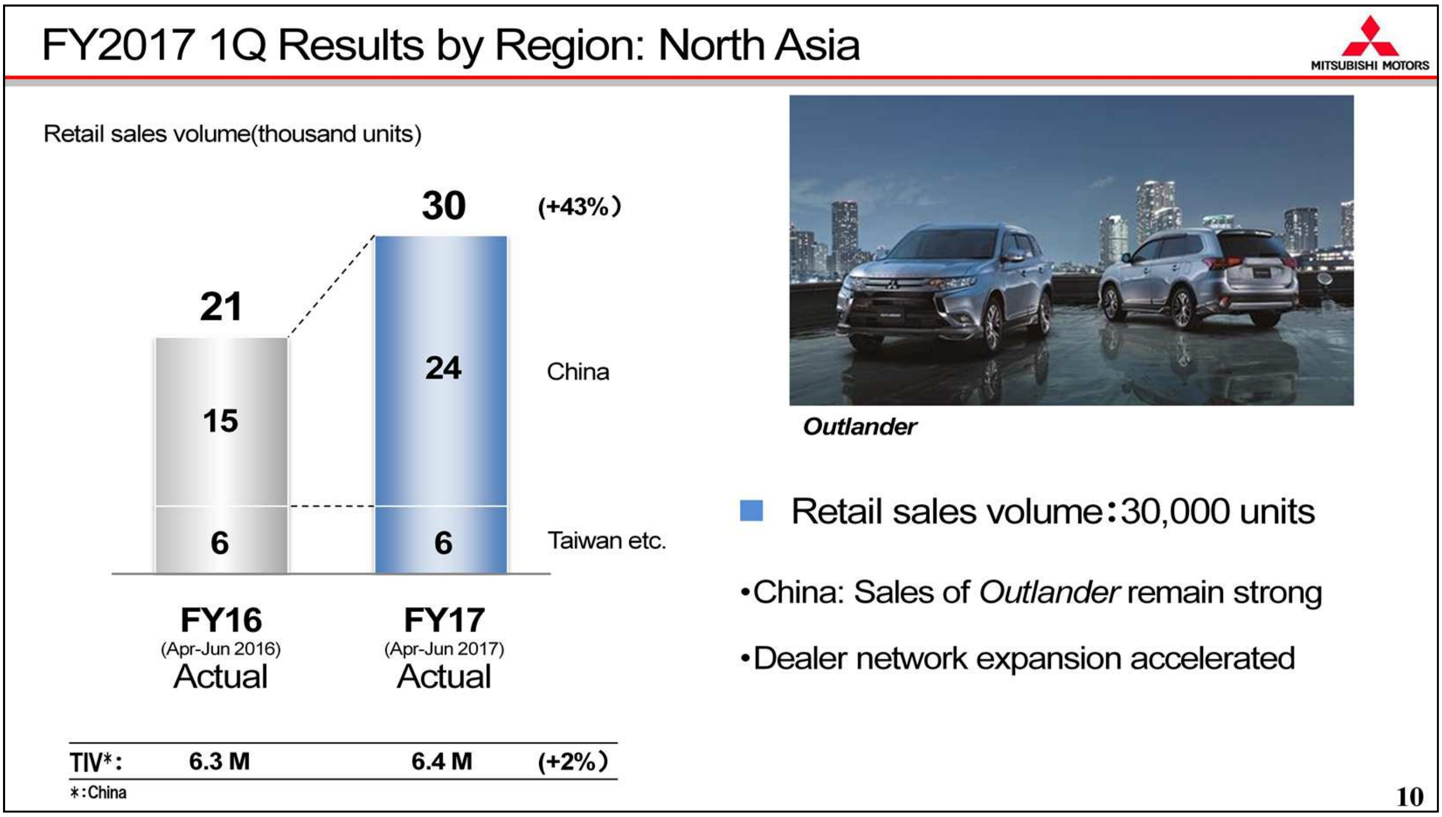
Sales in ASEAN continued to be strong and increased 8% over the same period last year, which was above the market growth.

In Thailand, a recovery in demand, combined with the service campaign aimed at enhancing trust in our company, helped lift sales of pick-up trucks in particular. We will also work to improve the dealer network to boost sales.

In the Philippines in which we have a high market share, the volume of the “Pajero Sport” grew significantly on a year-on-year basis.

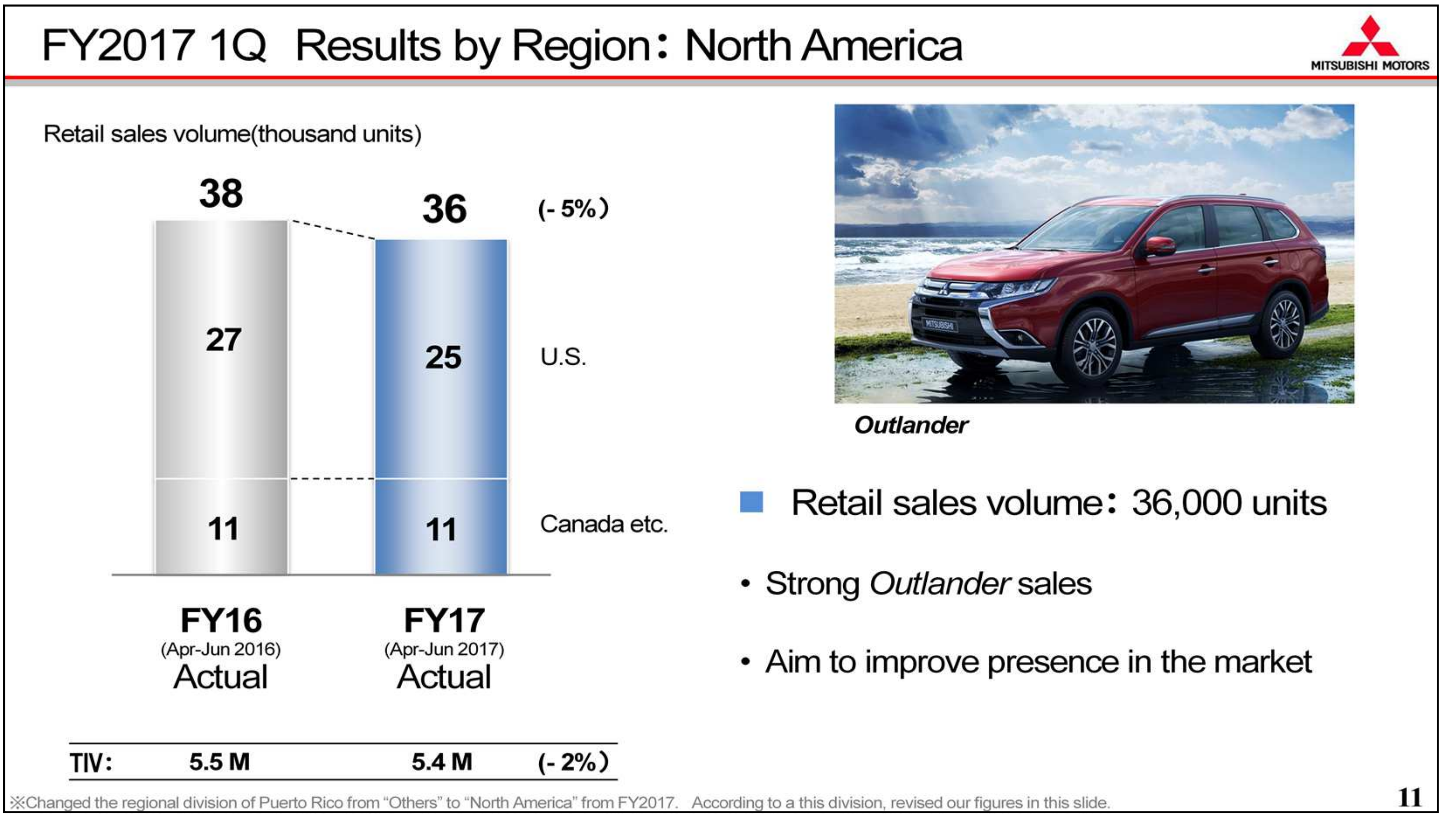
We began local production of the “Mirage G4” in February and the “Mirage” in June. We are now working to expand sales in the passenger car market, where demand is improving, while maintaining the high presence in the market.

In Indonesia, our sales volume decreased in line with the decrease in total demand, but remained at the planned level. At the new plant launched in April, the local production of the “Pajero Sport” is progressing steadily. We are also making arrangements for production and distribution for launching a new MPV model in October.



In North Asia, sales remained strong in China driven primarily by the "Outlander" whose local production started in August last year and resulted in a substantial increase of 43% over the same period last year.

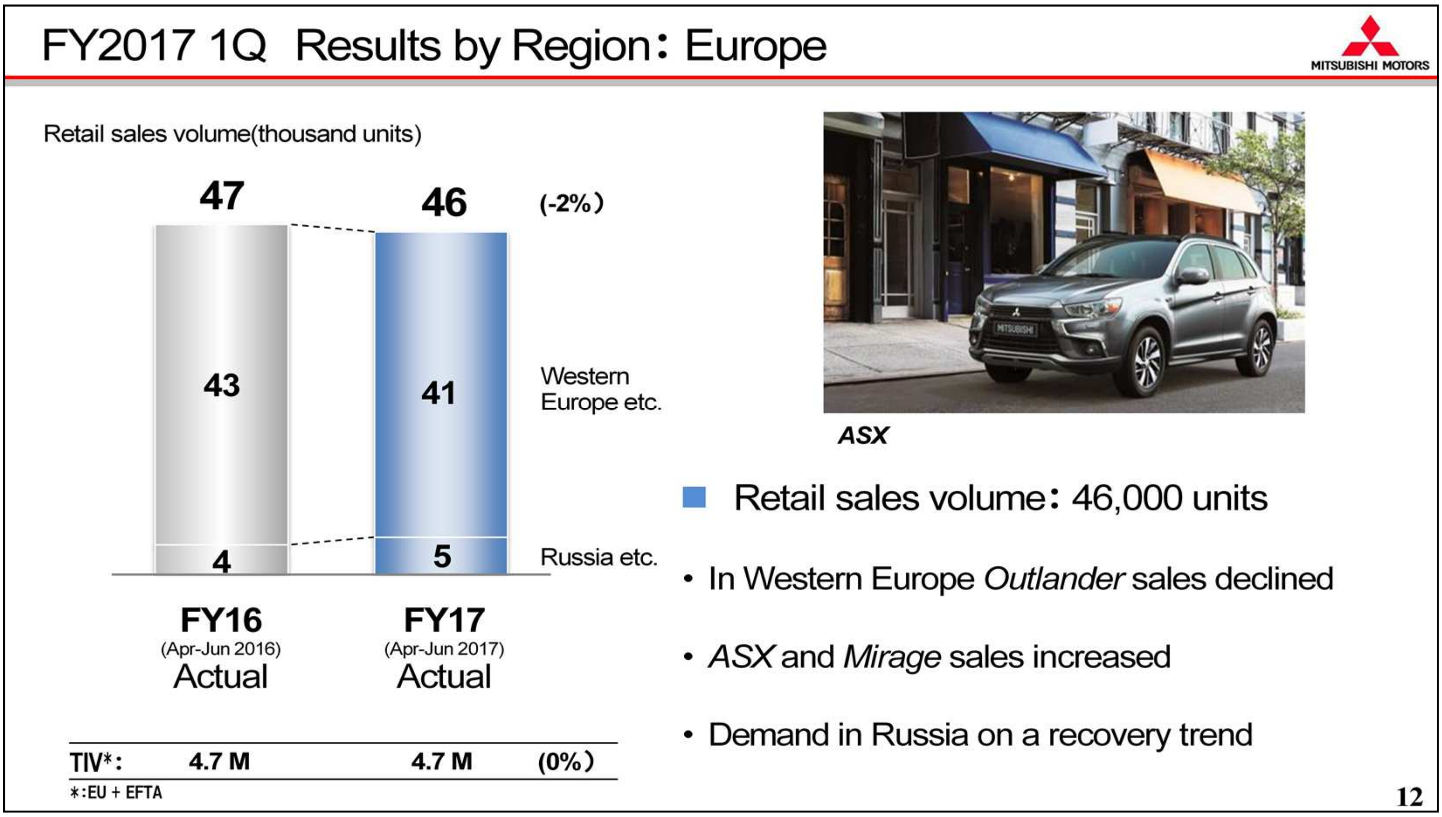
In the future, we will work to further expand sales by reinforcing advertisements, accelerate the start up of new dealers, and increase sales volume by outlet so as to increase our market share.



In North America, sales of our key "Outlander" model continued to grow. In other models, when the sales environment remained difficult because of the rise in incentives and other factors, we implemented sales initiatives focusing on profitability and reported sales slightly behind the figure in the same period last year.

We will continue efficient sales initiatives to increase the motivation of dealers and improve our presence in the market.

We plan to launch the "Outlander PHEV" during this fiscal year to build the brand as a leading company of PHEV.

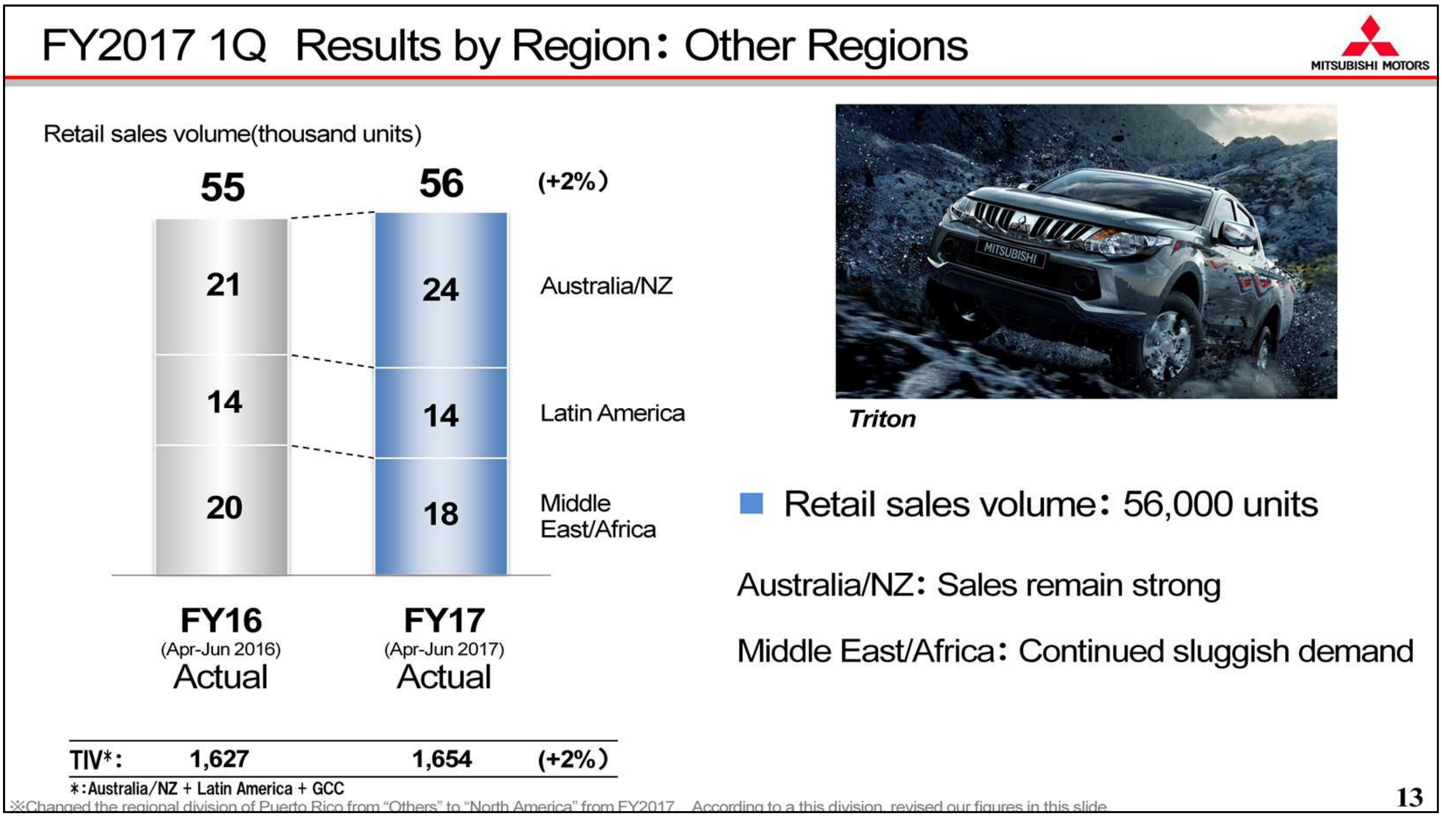


In Western Europe, we significantly increased volume in Germany, in which we are relatively strong. Similarly, solid sales growth continued in the U.K.

In other countries in the region, because of the volume decline mainly in the "Outlander" due to the intensified competition, the volume of the region as a whole dropped 2% over the same period last year.

If we look at the volume model by model, the sales of the "ASX" and "Mirage" grew steadily. The sales of the "Outlander PHEV" were in line with the sales in last year.

In Russia, where demand has been on a recovery trend, we have expanded local production to boost sales volume.



In Australia and NZ sales have stabilized. In this quarter, we increased sales of SUVs and pick-up trucks in which we have a competitive advantage.

The promotions and advertisements launched in May resulted in a record sales volume in June on a single month basis.

We will continue to focus on the sales of SUV/LCV models which are our strengths and on the growing trend in the Australian/NZ market.

In Latin America and Middle East and Africa, while we still face the difficult sales environment, our sales are finally bottoming out.

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FY2017 Full-Year Forecast 【vs. FY2016 Actual】

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- No change from the previous announcement (May 9) -

(billion yen, thousand units)

	FY16 (Apr 2016-Mar 2017) Actual	FY17 (Apr 2017-Mar 2018) Forecast	Variance	
			Amount	Ratio
Net sales	1,906.6	**2,000.0**	+93.4	+5%
Operating Profit (Margin)	5.1 (0.3%)	**70.0 (3.5%)**	+64.9	Approx. 14 times
Ordinary Profit	8.9	**79.0**	+70.1	Approx. 9 times
Net income*	-198.5	**68.0**	+266.5	-
Sales Volume (Retail)	926	**1,029**	+103	+11%

*Net income attributable to owners of the Parent

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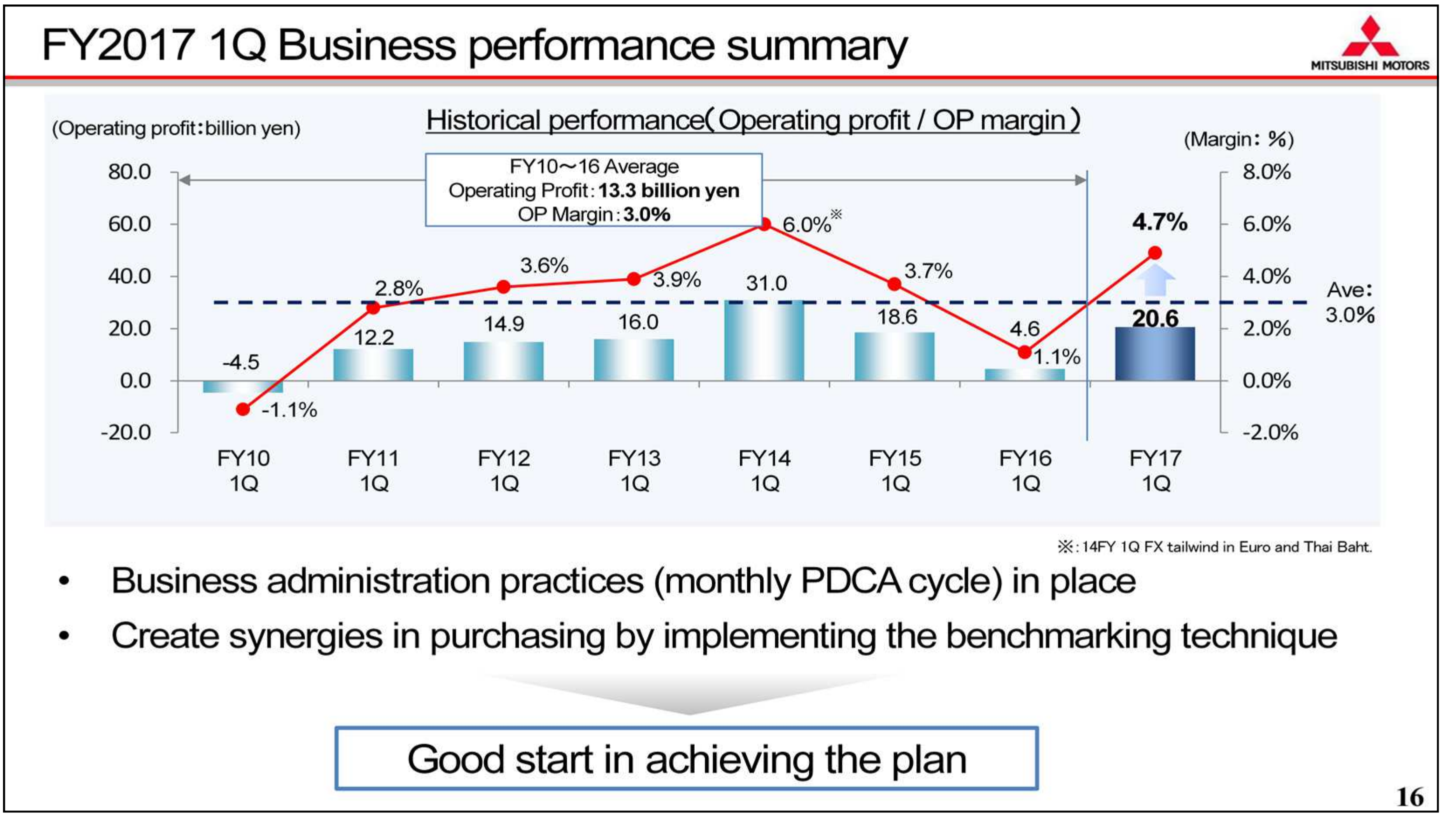
Relative to our financial forecast for the full fiscal year 2017, we are maintaining our full-year guidance announced at the time of the FY2016 full year financial results announcement.

We are forecasting a 5% increase in net sales to 2 trillion yen. Operating profit is projected to reach 70 billion yen, representing an operating margin of 3.5%. Net income is forecast to be 68 billion yen. Sales volume is expected to rise 11% year on year to 1.03 million units.



This graph shows operating profit and operating profit margin changes in the first quarter.

The average operating profit and operating profit margin between 2010 and 2016 was 13.3 billion yen and 3.0%, respectively. The first quarter results exceeded this level.

Just for your information, FY2014 was a year in which we benefited from FX tailwinds.

The reason why we were able to make a good start in the first quarter is that we have accelerated synergies, primarily in purchasing, by drastically revising our business administration practices, fully implementing monthly profit and loss control from the start of this fiscal year, and benchmarking Nissan after Nissan’s capital investment in MMC.

We will continue to devote all our efforts to ensure that we achieve the full-year forecast.

That concludes my operational presentation on our Q1 FY2017 performance.

Next, I would like to explain the initiatives we are taking for the future.

1. FY2017 1Q Results

2. FY2017 1Q Results by Region

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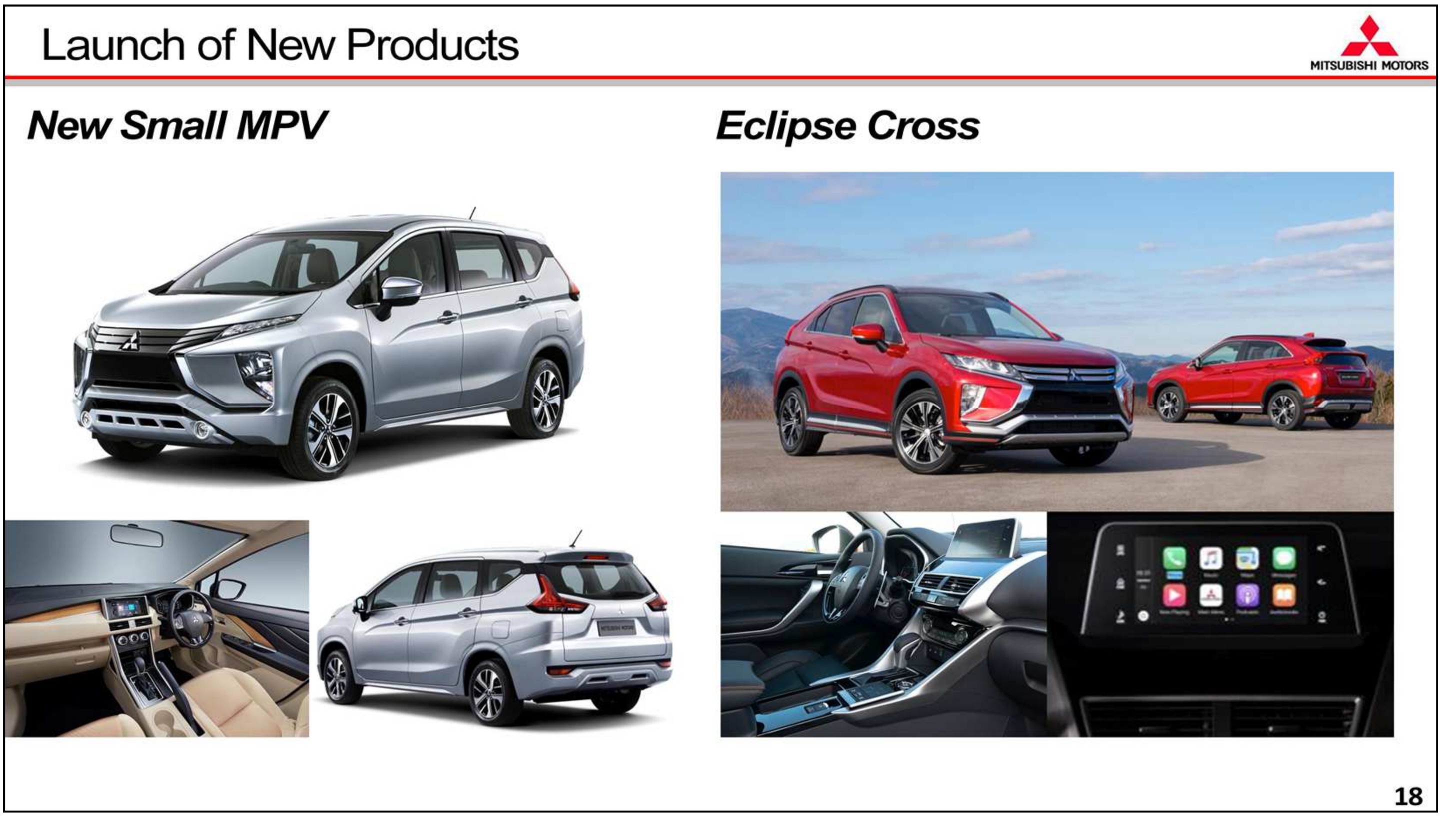


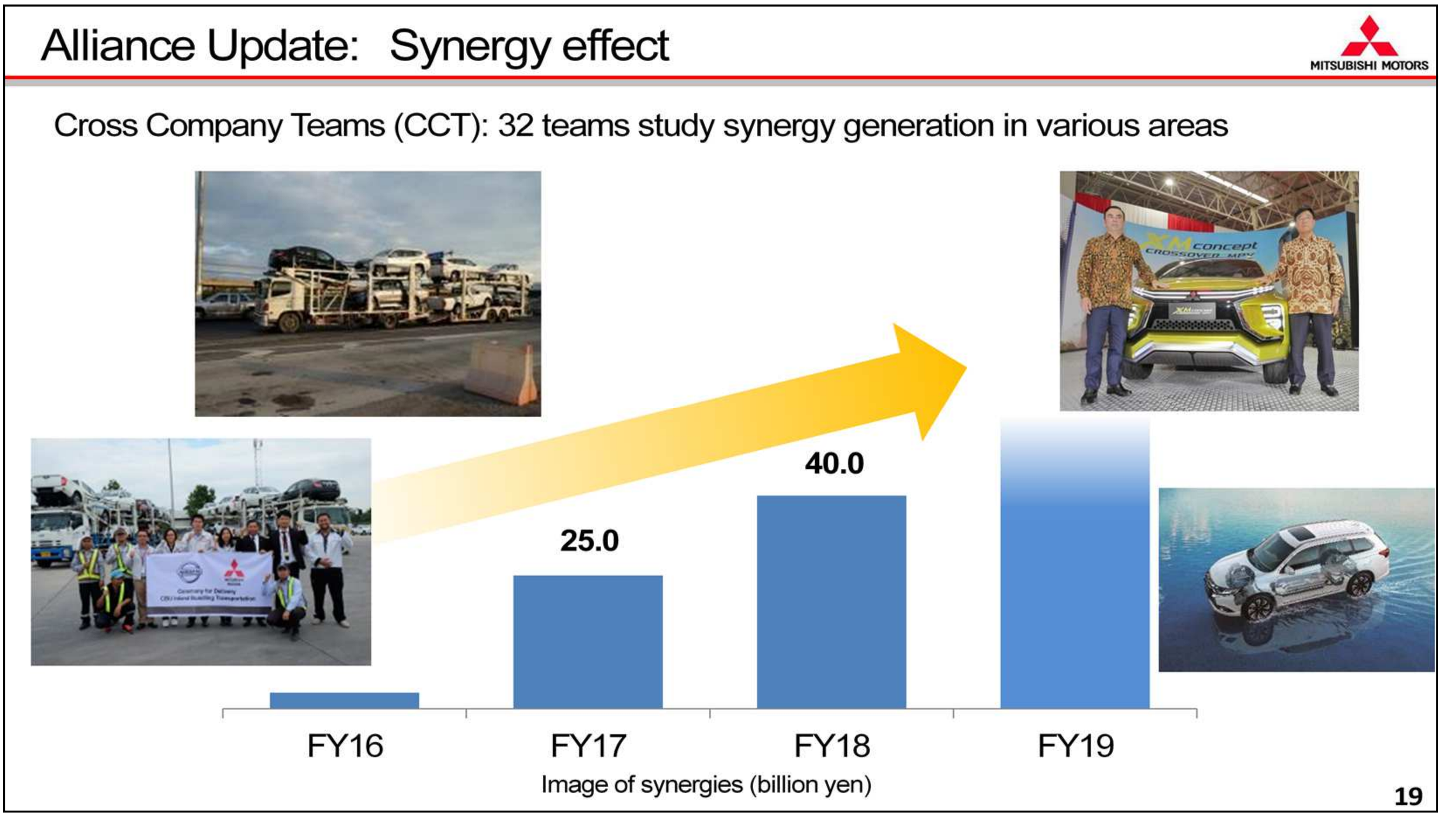
This fiscal year, we are planning to launch several new models.

The first new product to flow from this initiative will be a new small MPV to be launched this autumn, alongside the "Pajero Sport" launched in April, at our newly opened plant in Indonesia, which has a capacity of 160,000 units a year.

This is a vehicle based on a new concept which combines the best of both SUV and MPV worlds. It is built to delight Indonesia's small MPV owners by satisfying their various needs, such as "up to seven occupants will travel in comfort." It is in the spirit of Japanese *monozukuri* fine craftsmanship.

We will also produce the "Eclipse Cross", a new generation cross-over that will go on sale first in Europe by the end of this year and then in other markets around the world.

To pursue future growth opportunities, we will increase research and development spending and capital expenditure.

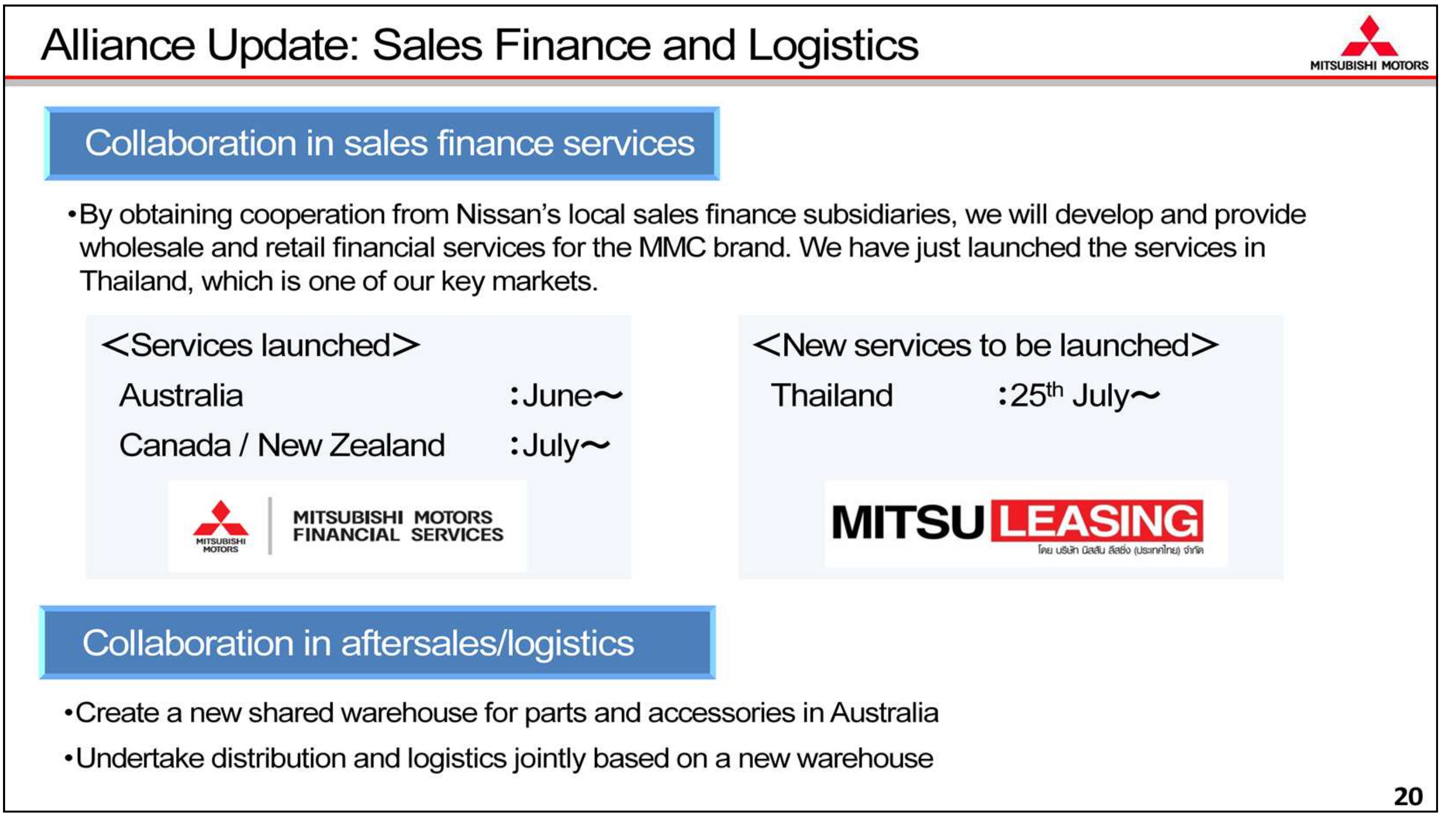


As a full member of the Renault-Nissan Alliance we are determined to contribute to the generation of synergies.

We are already collaborating closely with Nissan on joint purchasing, deeper localization, joint plant utilization, common vehicle platforms, technology-sharing and other areas.

We have launched 32 cross company teams to study synergy opportunities in various business areas. Already the results are encouraging, especially in the areas of joint purchasing, logistics and technology sharing.

We anticipated they will be worth 25.0 billion yen in the fiscal year 2017, which is equivalent to a 1 percentage point increase in operating profit. 90% of the 25.0 billion yen synergies will be generated from purchasing and began to materialize in the first quarter.



We have also made progress in sales finance and logistics, as you can see here.

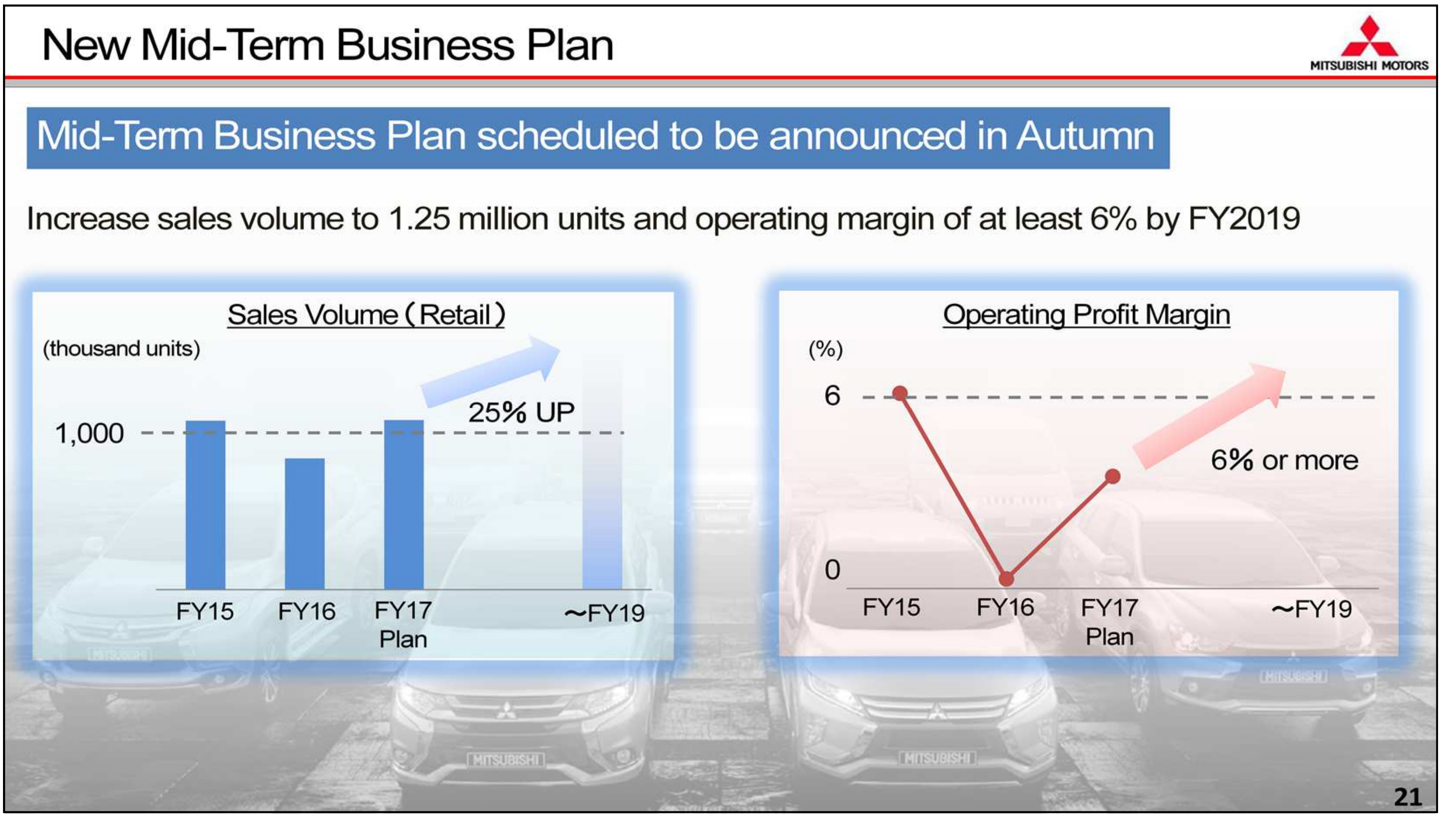
We believe that revenue could be enhanced by cooperating with Nissan to provide loan, lease, and auto insurance support services, as well as wholesale finance services to dealers, which had previously been unavailable globally.

We have already announced that we will launch services in three countries: Australia, New Zealand and Canada. And we launch these services in Thailand as well effective today.

By enhancing sales collaboration based on the alliance with Nissan in ASEAN, which is one of our most important markets and in which we have a competitive edge, we expect to boost sales.

We are considering using the Nissan Sales Finance Company in more than 10 countries.

In Australia, we will also build a shared warehouse to promote shared logistics.



We will provide further details of our Alliance progress when we announce our new three-year mid-term plan this autumn.

The new MTP will involve initiatives to lift sales volume to 1.25 million units and to achieve an operating profit margin of at least 6% by FY2019.

As part of our new mid-term plan, we will continue with efforts to promote reforms. We will extend our alliance with Nissan and use all our endeavors to expand our business and achieve a V-shaped recovery.

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Appendix

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FY2017 1Q Regional Forecast (vs. FY2016 1Q)

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(billion yen)

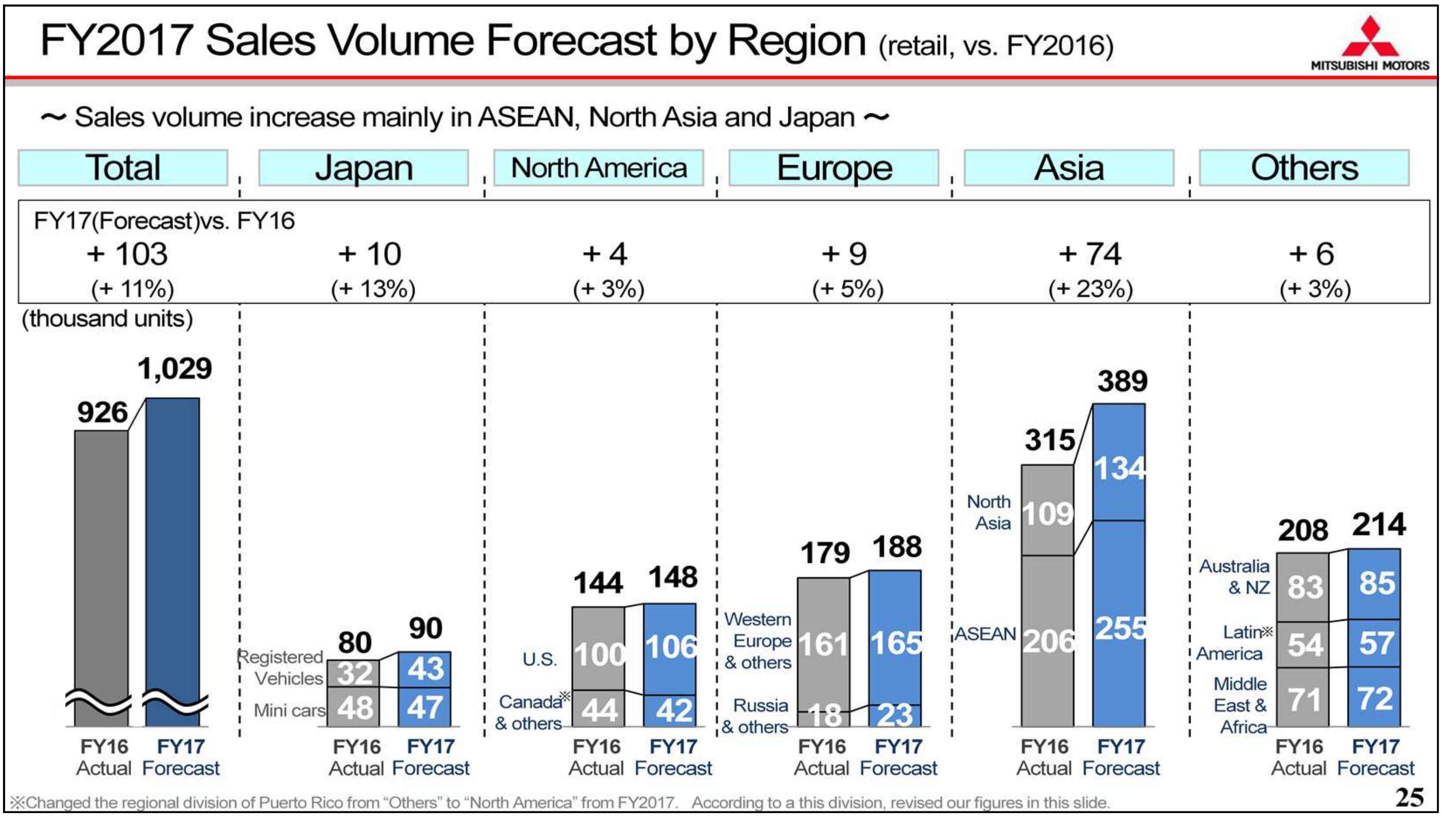
	Net Sales			Operating Profit		
	FY16 1Q Actual ('16/4-'16/6)	FY17 1Q Actual ('17/4-'17/6)	Variance	FY16 1Q Actual ('16/4-'16/6)	FY17 1Q Actual ('17/4-'17/6)	Variance
Total	**428.7**	**440.9**	**+12.2**	**4.6**	**20.6**	**+16.0**
- Japan	45.7	75.4	+29.7	-13.1	-7.5	+5.6
- ASEAN	78.7	106.6	+27.9	11.8	10.7	-1.1
- North Asia	15.2	27.4	+12.2	0.4	4.6	+4.2
- North America	77.4	69.8	-7.6	3.9	3.3	-0.6
- Europe	106.7	74.7	-32.0	-4.7	0.2	+4.9
- Others	105.0	87.0	-18.0	6.3	9.3	+3.0

※Changed the regional division of Puerto Rico from “Others” to “North America” from FY2017. According to a this division, revised our figures in this slide.

Capital expenditure / Depreciation / R&D expense

(billion yen)

	FY16 1Q (Apr-Jun 2016) Actual	FY17 1Q (Apr-Jun 2017) Actual	FY17 (Apr 2017-Mar 2018) Forecasts
Capital expenditure (YoY)	8.8 (-11%)	12.9 (+47%)	100.0 (+72%)
Depreciation (YoY)	11.8 (-9%)	11.1 (-6%)	53.0 (+15%)
R&D expense (YoY)	20.0 (+10%)	20.7 (+4%)	107.0 (+20%)


FY2017 Sales Volume Forecast by Region (retail, vs. FY2016)
MITSUBISHI MOTORS
～ Sales volume increase mainly in ASEAN, North Asia and Japan ～
Total
Japan
North America
Europe
Asia
Others
FY17(Forecast)vs. FY16
+ 103
(+ 11%)
+ 10
(+ 13%)
+ 4
(+ 3%)
+ 9
(+ 5%)
+ 74
(+ 23%)
+ 6
(+ 3%)
(thousand units)
926
1,029
80
90
Registered Vehicles
32
43
Mini cars
48
47
144
148
U.S.
100
106
Canada※ & others
44
42
179
188
Western Europe & others
161
165
Russia & others
18
23
315
389
North Asia
109
134
ASEAN
206
255
208
214
Australia & NZ
83
85
Latin※ America
54
57
Middle East & Africa
71
72
FY16 Actual
FY17 Forecast
※Changed the regional division of Puerto Rico from "Others" to "North America" from FY2017. According to a this division, revised our figures in this slide.
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Analysis of Increase/Decrease of Operating Profit Forecast (vs. FY2016)

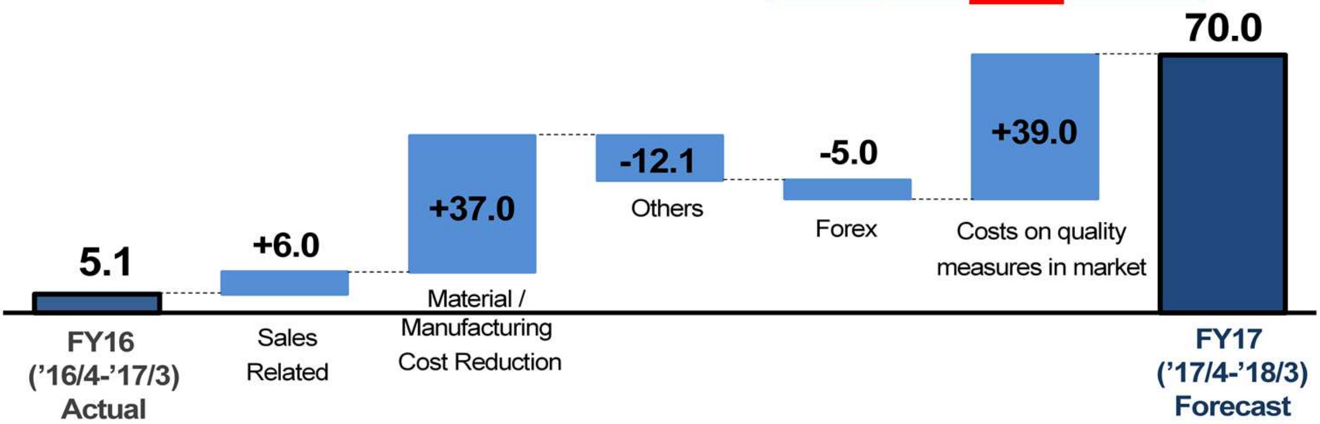
MITSUBISHI MOTORS

(billion yen)

Sales Related	
Vol/Mix	+21.0
Sales Expenses	-15.0
Total	+6.0

Others	
Increase of R&D Expenses	-18.0
Others	+5.9
Total	-12.1

Forex effect by main currency	Forex rate(yen)		Effect (billion yen)
	FY16	FY17	
USD	109	105	-8.0
EUR	119	115	-6.0
THB	3.12	3.05	+7.0
Others			+2.0
Total	-	-	-5.0



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FY2017 Regional Forecast (vs. FY2016)

MITSUBISHI MOTORS

(billion yen)

	FY16 Actual	FY17 Forecast	Variance
Net Sales	**1,906.6**	**2,000.0**	**+93.4**
- Japan	297.3	350.0	+52.7
- North America	297.1	320.0	+22.9
- Europe	433.5	440.0	+6.5
- Asia	433.5	520.0	+86.5
- Others	445.2	370.0	-75.2

Preventive Measures to Address Improper Conduct in Fuel Economy Testing Issue: All Measures Completed

MITSUBISHI MOTORS

• Progress of all 31 measures

(as of Dec.22, 2016)

Fully implemented by April 1, 2017

(Progress report submitted to MLIT on July 3)

• Verify the effect of the measures

Categorize the measures into the following 4 groups for ongoing follow-up

I. We can expect to see the effect at the time the measure is implemented
II. We verify the effect continuously over the next 1 year
III. We verify the effect after 3-year ongoing monitoring
IV. We verify the effect through employee awareness surveys

We will verify the effect continuously and make improvements, as needed, to increase effectiveness of the measures.

• The remaining portion of tax breaks for eco-friendly vehicles had been returned in full by July 25.

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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.

Potential risks and uncertainties are not limited to the above and MMC is not under any obligation to update the information in this presentation to reflect any developments or events in the future.

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