



FY2019 First-Quarter Financial Results

July 24, 2019

1. 1Q/FY2019 Financial Results

2. FY2019 Financial Forecast

3. Business Highlight

1Q/FY2019 Financial Results Summary (vs. 1Q/FY2018)



(billion yen, 000 units)	1Q/FY18 (Apr-Jun 2018)	1Q/FY19 (Apr-Jun 2019)	Variance	
			Amount	Ratio
Net Sales	560.0	536.2	-23.8	-4%
Operating Profit (OP Margin)	28.1 (5.0%)	3.9 (0.7%)	-24.2 (-4.3 P.P.)	-86%
Ordinary Profit	33.4	-1.4	-34.8	-
Net Income*	28.2	9.3	-18.9	-67%
Sales Volume (Retail)	292	298	+6	+2%

* Net income attributable to owners of the parent

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Net sales in the first quarter of fiscal 2019 decreased 4% year-on-year to ¥536.2 billion due to the restrained shipments to adjust distribution stock.

Operating profit fell significantly, to ¥3.9 billion, from ¥28.1 billion in the previous fiscal year, and OP margin was 0.7%, because, despite a review of investments and efforts to reduce expenses, some of the actions take more time for the effects to be realized..

We are reporting a negative ordinary profit of -¥1.4 billion, largely due to the impact of foreign exchange losses outside of our operating profit.

Net income amounted to ¥9.3 billion, mainly due to transient tax-related factors..

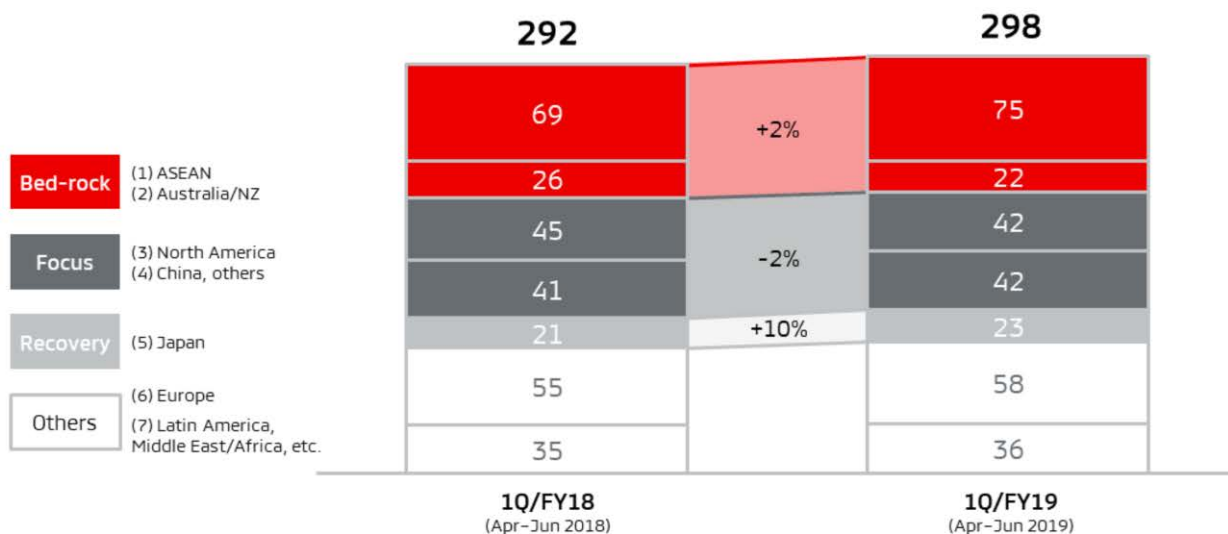
Our global unit sales increased 2% from the previous year to 298,000 units.

1Q/FY2019 Sales Volume Results (vs. 1Q/FY2018)



Sales Volume: 298K, +2%

Retail sales (000 units)



Regarding retail sales in China, we changed the calculation method for retail sales volume from FY2019. As a result, retail sales recorded in FY2019 may include retail sales recorded in or before FY2018.

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While global automobile demand declined, our sales volume in 1Q/FY19 was 298,000 units, up 2% year-on-year as you can see.

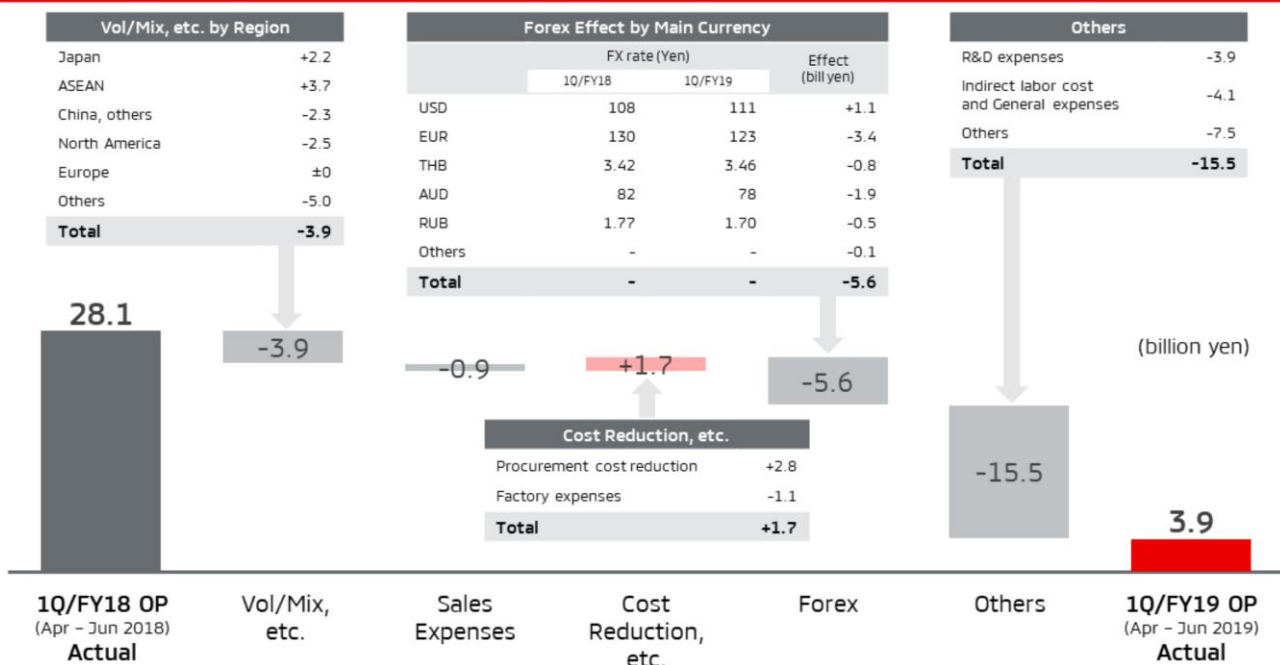
In ASEAN region, the progress was largely in line with our plan, although the situation differs depending on each country.

In Australia and New Zealand region, demand for SUVs, light commercial vehicles and passenger cars was weak due to the economic slowdown in Australia in particular, and our sales were also affected by slowing demand.

In Japan, where we are aiming for significant growth this fiscal year, our sales volume increased on a year-on-year basis, thanks to the impact of new models, such as *Delica D:5*, *eK X/Wagon*, which began sales in early 2019.

In other regions, although overall demand was sluggish and competition has intensified, progress remained almost unchanged from the previous year.

1Q/FY2019 Operating Profit Variance (vs. 1Q/FY2018)



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In terms of Volume and Mix, despite the effects of new vehicles in Japan and the effects of product renewals in the mainstay ASEAN region, sales in other regions deteriorated, resulting in a decline of ¥3.9 billion.

Sales expenses reduced profits by ¥0.9 billion year-on-year. This was mainly due to an increase in selling expenses to expand unit sales.

In terms of cost reductions, despite the progress made in reducing procurement costs through joint purchasing with the Alliance, the increase in costs to improve our product lineup was a significant factor, resulting in only a ¥1.7 billion contribution to profits.

Changes in exchange rates reduced profits by ¥5.6 billion due to fluctuations in major currencies, such as the Thai Baht's appreciation, the euro depreciation, and the Australian dollar depreciation.

Other, R&D expenses and labor costs etc. increased significantly year on year. As a result, operating profit for the first quarter of fiscal 2019 was ¥3.9 billion, a significant year-on-year decrease.

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FY2019 Full-Year Forecast (vs. FY2018)



(billion yen, 000 units)	FY18 Actual (Apr 2018 - Mar 2019)	FY19 Forecast (Apr 2019 - Mar 2020)	Variance	
			Amount	Ratio
Net Sales	2,514.6	2,580.0	+65.4	+3%
Operating Profit (OP Margin)	111.8 (4.4%)	90.0 (3.5%)	-21.8 (-0.9 P.P.)	-19%
Ordinary Profit	119.9	100.0	-19.9	-17%
Net Income*	132.9	65.0	-67.9	-51%
Sales Volume (Retail)	1,244	1,305	+61	+5%

* Net income attributable to owners of the parent

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We announced our full-year earnings forecast for fiscal 2019 in May, but this forecast remains unchanged.

Although the uncertainty remains in the global economy and there are no grounds for optimism, we aim to achieve a recovery in sales in line with our plan toward the second half of the year with ASEAN, where demand is growing steadily.

In addition, we will make every effort to achieve our full-year forecast by further optimizing costs and maintaining a balance between revenues and expenditures.

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New Models



ECLIPSE CROSS
(Clean diesel model)



ASX(2020 year model)



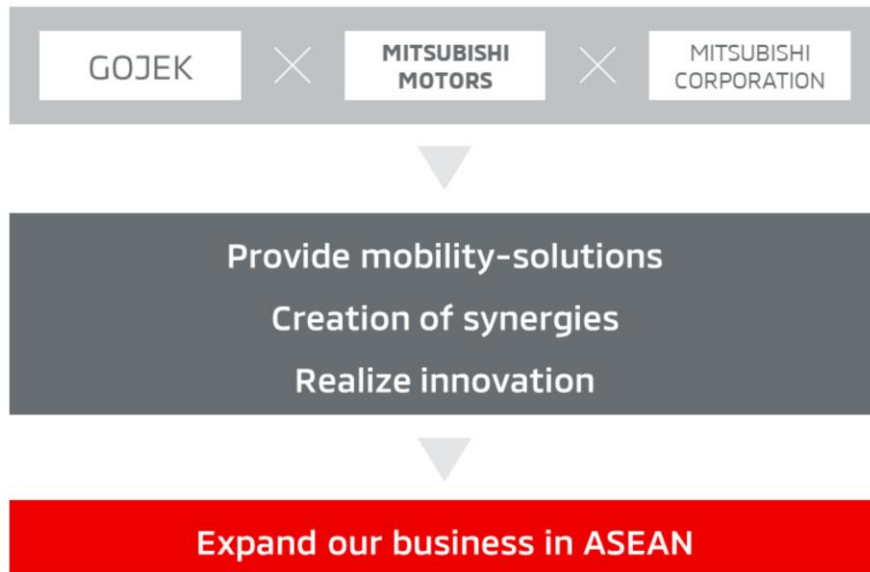
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We are also focusing on strengthening and upgrading our core products, and on June 13 we launched a new *Eclipse Cross* which is equipped with a clean diesel engine as planned.

On July 25, we will begin sales of the new *Pajero Sport* in Thailand.

In addition, we will introduce a new type of super-height wagon, which will succeed *eK Space*, to the domestic Japanese market by the end of this fiscal year.

Regarding other existing models, we will gradually introduce innovative refreshed versions of several models and strengthen our model lifecycle management. For instance, we will launch the XPANDER SUV by the end of the year as a derivative model. Also, regarding XPANDER, we will expand exports, and will expand export destinations from the current 12 countries to add another 10 countries, including markets in Asia, Africa, and the Middle East.



As we have announced on July 8, that we are investing in GOJEK, a leading on-demand multi-service platform in Southeast Asia, together with Mitsubishi Corporation. The three parties have signed a memorandum of understanding to discuss joint projects.

GOJEK, based in Indonesia provides an app which fulfills people's daily needs such as transportation, food delivery and e-payment by utilizing their on-demand mobile platform, and is rapidly expanding not only in Indonesia but also other Southeast Asian countries. We will be able to leverage the GOJEK platform and study possibilities for various new mobility services.



APPENDIX

1Q/FY2019 Balance Sheet (vs. FY2018)



(billion yen)	FY18 (As end of Mar 2019)	1Q/FY19 (As end of Jun 2019)	Variance
Total Asset	2,010.3	1,909.6	-100.7
Cash & Deposits	500.9	404.4	-96.5
Total Liabilities	1,129.1	1,044.6	-84.5
Interest-bearing Debt*	231.0	261.3	+30.3
Total Net Assets	881.2	865.0	-16.2
Shareholders Equity (Equity Ratio)	871.8 (43.4%)	856.2 (44.8%)	-15.6
Net Cash 【Automobiles & Eliminations】	543.9	429.1	-114.8

*Include Lease Obligations

1Q/FY2019 Regional Performance (vs. 1Q/FY2018)



(billion yen)	Net Sales			Operating Profit		
	1Q/FY18 (Apr-Jun 2018)	1Q/FY19 (Apr-Jun 2019)	Variance	1Q/FY18 (Apr-Jun 2018)	1Q/FY19 (Apr-Jun 2019)	Variance
Total	560.0	536.2	-23.8	28.1	3.9	-24.2
- Japan	90.2	112.0	+21.8	-0.1	-3.4	-3.3
- ASEAN	125.7	139.8	+14.1	14.3	11.5	-2.8
- China, others	27.6	14.7	-12.9	4.8	-0.3	-5.1
- North America	94.3	73.4	-20.9	-2.7	-5.1	-2.4
- Europe	104.7	108.9	+4.2	2.5	-2.4	-4.9
- Others	117.5	87.4	-30.1	9.3	3.6	-5.7

1Q/FY2019 Capital Expenditure, Depreciation and R&D Expense



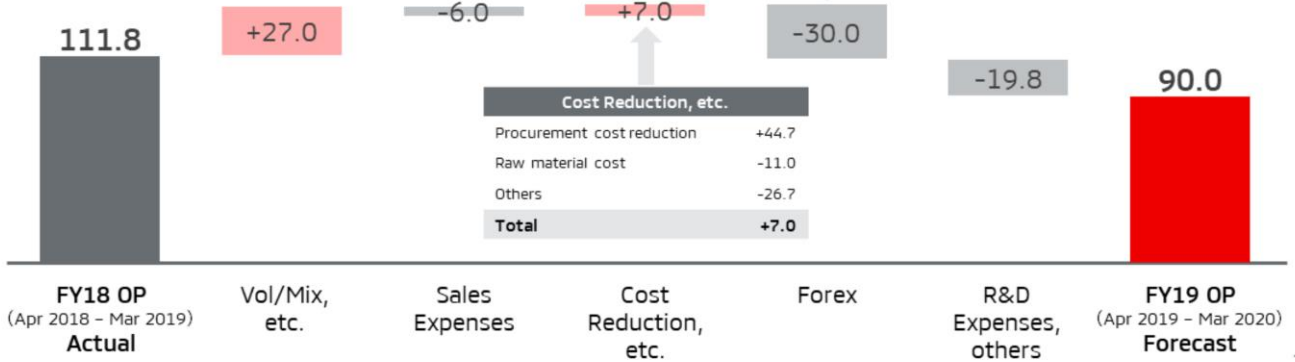
(billion yen)	1Q/FY18 (Apr-Jun 2018)	1Q/FY19 (Apr-Jun 2019)	FY19 Forecast (Apr 2019 - Mar 2020)
CAPEX (variance YoY)	34.2*	19.5 (-43%)	142.5 (+3%)
Depreciation (variance YoY)	13.0	16.9 (+30%)	75.0 (+22%)
R&D Expense (variance YoY)	26.6	30.5 (+15%)	141.0 (+13%)

*Include one-time factors such as repurchase of SLB assets

FY2019 Full-Year Forecast: OP Variance (vs. FY2018)

(billion yen)

Forex Effect by Main Currency			
	FX rate (Yen)		Effect (bill yen)
	FY18	FY19	
USD	111	109	-4.2
EUR	128	123	-11.6
THB	3.42	3.46	-3.5
AUD	81	77	-9.7
RUB	1.71	1.69	-0.5
Others	-	-	-0.5
Total	-	-	-30.0



Cost Reduction, etc.	
Procurement cost reduction	+44.7
Raw material cost	-11.0
Others	-26.7
Total	+7.0

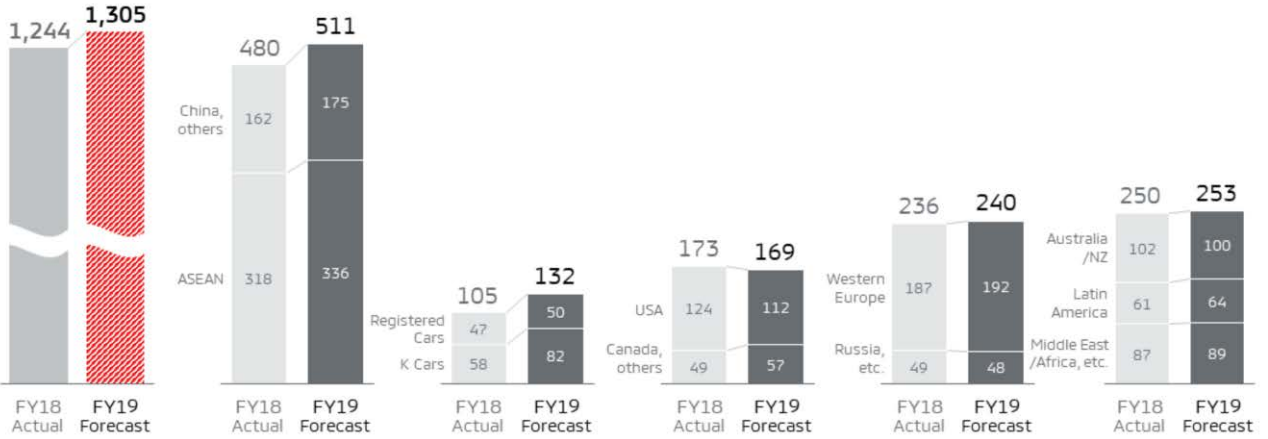
FY2019 Regional Sales Forecast (vs. FY2018)



(billion yen)	FY18 Actual (Apr 2018 - Mar 2019)	FY19 Forecast (Apr 2019 - Mar 2020)	Variance
Total	2,514.6	2,580.0	+65.4
- Japan	428.7	550.0	+121.3
- North America	387.8	370.0	-17.8
- Europe	514.1	485.0	-29.1
- Asia	663.9	680.0	+16.1
- Others	520.1	495.0	-25.1

FY2019 Retail Sales Forecast (vs. FY2018)

(000 units)



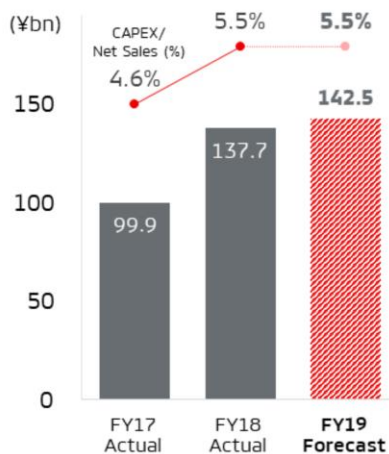
Total	Asia	Japan	North America	Europe	Others
+61 (+5%)	+31 (+6%)	+27 (+26%)	-4 (-2%)	+4 (+2%)	+3 (+1%)

FY2019 Capital Expenditure, Depreciation and R&D Expense Forecasts



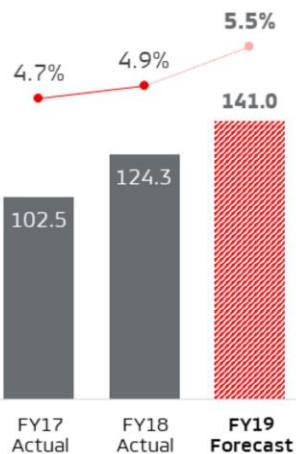
Capital Expenditure*

¥142.5 bn
+3% (YoY)



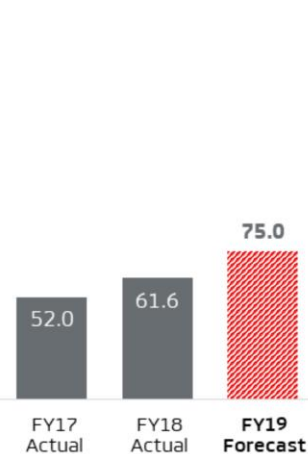
R&D Expense

¥141.0 bn
+13% (YoY)



Depreciation

¥75.0 bn
+22% (YoY)

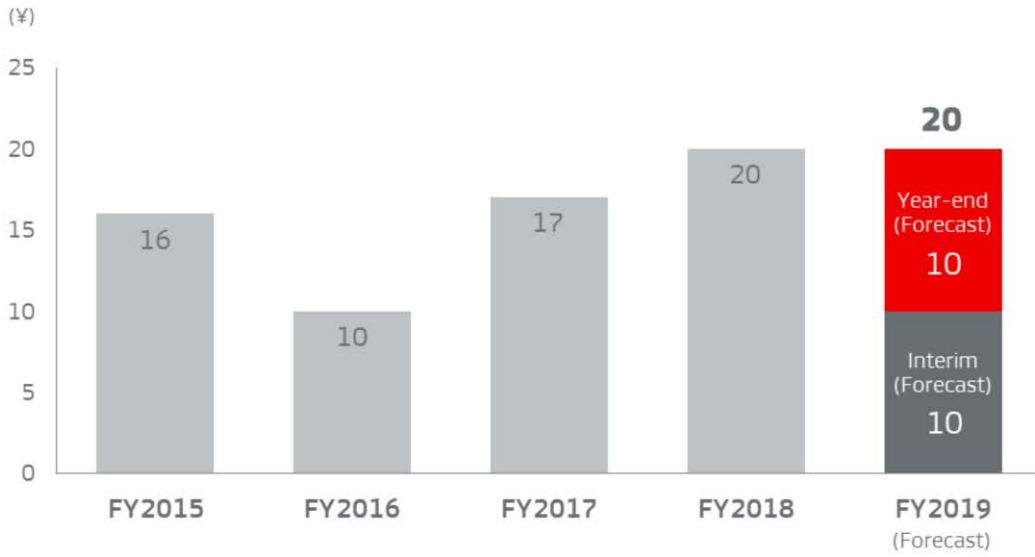


*Include one-time factors such as repurchase of SLB assets

Shareholder Returns Forecast



Dividend per share: ¥20 (Forecast)



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