

November 6, 2019

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**
 Listing: First Section, the Tokyo Stock Exchange
 Stock code: 7211
 URL: <http://www.mitsubishi-motors.co.jp/>
 Representative: Takao Kato, Representative Executive Officer, CEO
 Contact: Keiko Sasaki, General Manager of IR Office
 TEL: +81-3-3456-1111 (from overseas)
 Scheduled date to file quarterly Report: November 8, 2019
 Scheduled date to deliver cash dividends: December 3, 2019
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes

1. Consolidated performance for the second quarter of fiscal year ending March 31, 2020 (April 1, 2019 to September 30, 2019)

(Figures less than one million yen are rounded, unless otherwise noted)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019 2nd quarter	1,127,955	(3.5)	10,234	(82.0)	1,246	(98.2)	2,598	(95.0)
FY2018 2nd quarter	1,169,328	23.4	56,864	28.6	68,342	12.8	51,857	7.2

Reference: Comprehensive income FY2019 2nd quarter: ¥ (10,627) million (-%) FY2018 2nd quarter: ¥ 57,426 million (4.2 %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 2nd quarter	1.75	1.74
FY2018 2nd quarter	34.83	34.80

(2) Consolidated financial position

As of	Total assets	Total net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
September 30, 2019	1,927,816	855,304	43.9
March 31, 2019	2,010,309	881,203	43.4

Reference: Shareholders' Equity As of September 30, 2019: ¥ 845,976 million As of March 31, 2019: ¥ 871,785 million

2. Cash dividends

Record Date	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	-	10.00	-	10.00	20.00
FY2019	-	10.00			
FY2019 (Forecast)			-	10.00	20.00

Note: Revisions to the forecasts of cash dividends in the current quarter: Nil

3. Consolidated earnings forecasts for fiscal year 2019 (from April 1, 2019 to March 31, 2020)

(Percentages indicate changes over the same period in the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,450,000	(2.6)	30,000	(73.2)	20,000	(83.3)	5,000	(96.2)	3.36

Note: Modifications in the consolidated earnings forecasts from the latest announcement: Yes

Note

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Yes
Please refer to "1.Consolidated financial statements (4) Notes to consolidated financial statements -Adoption of specific accounting policies for quarterly consolidated financial statement" in page 7 for details.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards: Yes
 - (ii) Changes in accounting policies due to other reasons: No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No
Please refer to "1.Consolidated financial statements (4) Notes to consolidated financial statements - Changes in accounting policies" in page 7 for details.
- (4) Number of shares issued and outstanding (common stocks)
 - (i) Total number of shares issued and outstanding at the end of the period (including treasury stock)

As of September 30, 2019:	1,490,282,496 shares
As of March 31, 2019:	1,490,282,496 shares
 - (ii) Number of shares of treasury stock at the end of the period

As of September 30, 2019:	1,969,600 shares
As of March 31, 2019:	1,969,600 shares
 - (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY 2019 2nd quarter:	1,488,312,896 shares
FY 2018 2nd quarter:	1,488,940,346 shares

* Quarterly review procedures:

As of when this summary of quarterly financial results have been released as flash report, we have not completed the review for the quarterly financial reporting required in accordance with the Financial Instruments and Exchange Act.

* Proper use of earnings forecasts, and other special matters:

(Note for the description about financial forecast)

This material contains forward-looking statements, based on judgments and estimates that have been made on the basis of currently available information. By nature, such statements are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned statements due to changes in economic environments related to our business, market trends, fluctuations in interest rates and exchange rate, changes in laws, regulations and government policies, etc.

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

If you are interested in investing in Mitsubishi Motors, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mitsubishi Motors nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mitsubishi Motors based on the information shown in this material.

(How to obtain additional information materials / details of the earnings release conference)

Additional information materials are disclosed on the MMC web site on the same day as publication of the results. In addition, an audio recording of the earnings release conference held on the same day will, together with the material used for the conference, be posted on the MMC website promptly following conference.

1. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	500,924	409,458
Notes and accounts receivable - trade	126,398	154,996
Finance receivables	294,423	272,932
Merchandise and finished goods	175,052	166,180
Work in process	18,553	22,614
Raw materials and supplies	40,803	45,510
Other	126,091	115,180
Allowance for doubtful accounts	(1,790)	(1,371)
Total current assets	1,280,457	1,185,501
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,095	111,731
Machinery, equipment and vehicles, net	131,431	142,491
Tools, furniture and fixtures, net	61,482	60,261
Land	116,201	132,676
Construction in progress	37,306	36,124
Total property, plant and equipment	452,517	483,285
Intangible assets	39,786	41,875
Investments and other assets		
Investment securities	93,328	77,846
Other	150,645	145,642
Allowance for doubtful accounts	(6,426)	(6,335)
Total investments and other assets	237,548	217,153
Total non-current assets	729,852	742,314
Total assets	2,010,309	1,927,816

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	391,785	359,520
Electronically recorded obligations - operating	50,311	70,350
Short-term borrowings	44,419	38,373
Commercial papers	50,800	56,200
Current portion of long-term borrowings	50,377	52,621
Accounts payable - other, and accrued expenses	196,695	141,278
Income taxes payable	11,352	5,829
Provision for product warranties	48,915	49,884
Provision for loss on fuel economy test	3,758	2,879
Other	74,850	75,625
Total current liabilities	923,267	852,563
Non-current liabilities		
Long-term borrowings	83,122	102,730
Retirement benefit liability	51,615	33,832
Other	71,100	83,385
Total non-current liabilities	205,838	219,948
Total liabilities	1,129,105	1,072,512
Net assets		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus	200,072	200,072
Retained earnings	463,092	450,726
Treasury shares	(1,728)	(1,728)
Total shareholders' equity	945,818	933,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,353	(175)
Deferred gains or losses on hedges	652	514
Foreign currency translation adjustment	(61,281)	(67,405)
Remeasurements of defined benefit plans	(20,758)	(20,409)
Total accumulated other comprehensive income	(74,033)	(87,475)
Share acquisition rights	356	248
Non-controlling interests	9,062	9,079
Total net assets	881,203	855,304
Total liabilities and net assets	2,010,309	1,927,816

(2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income		(Millions of yen)	
	FY2018 2nd quarter (from April 1, 2018 to September 30, 2018)	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)	
Net sales	1,169,328	1,127,955	
Cost of sales	949,732	957,216	
Gross profit	219,595	170,738	
Selling, general and administrative expenses			
Advertising and promotion expenses	35,251	24,755	
Freight costs	24,673	23,748	
Provision of allowance for doubtful accounts	246	(165)	
Remuneration, salaries and allowances for directors (and other officers)	37,431	38,869	
Retirement benefit expenses	1,939	1,837	
Depreciation	6,546	8,597	
Research and development expenses	28,940	36,547	
Other	27,700	26,314	
Total selling, general and administrative expenses	162,731	160,504	
Operating profit (loss)	56,864	10,234	
Non-operating income			
Interest income	2,199	2,979	
Dividend income	1,589	543	
Share of profit of entities accounted for using equity method	10,893	3,321	
Foreign exchange gains	1,673	—	
Other	949	625	
Total non-operating income	17,305	7,469	
Non-operating expenses			
Interest expenses	1,910	1,939	
Foreign exchange losses	—	12,084	
Other	3,916	2,433	
Total non-operating expenses	5,827	16,458	
Ordinary profit (loss)	68,342	1,246	
Extraordinary income			
Gain on sales of non-current assets	597	353	
Gain on contribution of securities to retirement benefit trust	—	9,376	
Gain on step acquisitions	1,081	—	
Other	191	302	
Total extraordinary income	1,871	10,033	

(Millions of yen)

	FY2018 2nd quarter (from April 1, 2018 to September 30, 2018)	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)
Extraordinary losses		
Loss on retirement of non-current assets	870	1,789
Impairment loss	348	367
Subsidiary transfer cost	—	912
Loss on disaster	1,678	—
Other	262	112
Total extraordinary losses	3,159	3,181
Profit (loss) before income taxes	67,054	8,097
Income taxes	14,622	4,840
Income taxes for prior periods	(764)	—
Profit (loss)	53,195	3,257
Profit (loss) attributable to non-controlling interests	1,337	658
Profit (loss) attributable to owners of parent	51,857	2,598

Consolidated statements of comprehensive income

(Millions of yen)

	FY2018 2nd quarter (from April 1, 2018 to September 30, 2018)	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)
Profit (loss)	53,195	3,257
Other comprehensive income		
Valuation difference on available-for-sale securities	(645)	(7,528)
Deferred gains or losses on hedges	37	(56)
Foreign currency translation adjustment	7,345	(5,015)
Remeasurements of defined benefit plans, net of tax	2	174
Share of other comprehensive income of entities accounted for using equity method	(2,510)	(1,459)
Total other comprehensive income	4,230	(13,885)
Comprehensive income	57,426	(10,627)
(Details)		
Comprehensive income attributable to owners of parent	56,149	(10,843)
Comprehensive income attributable to non-controlling interests	1,276	215

(3) Consolidated statements of cash flows

(Millions of yen)

	FY2018 2nd quarter (from April 1, 2018 to September 30, 2018)	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Profit (loss) before income taxes	67,054	8,097
Depreciation	28,904	35,835
Impairment loss	348	367
Gain on contribution of securities to retirement benefit trust	—	(9,376)
Increase (decrease) in allowance for doubtful accounts	(121)	(707)
Increase (decrease) in retirement benefit liability	2,196	743
Interest and dividend income	(3,788)	(3,523)
Interest expenses	1,910	1,939
Foreign exchange losses (gains)	(1,915)	1,877
Share of loss (profit) of entities accounted for using equity method	(10,893)	(3,321)
Loss (gain) on sales and retirement of non-current assets	300	1,468
Decrease (increase) in trade receivables	45,217	(31,088)
Decrease(increase) in financial receivables	(1,299)	21,670
Decrease (increase) in inventories	(32,448)	(2,912)
Increase (decrease) in trade payables	(26,877)	(7,154)
Other, net	(21,412)	(33,070)
Subtotal	47,175	(19,155)
Interest and dividends received	7,679	7,161
Interest paid	(1,910)	(2,023)
Payments related to fuel economy test	(657)	(879)
Income taxes paid	(23,076)	(10,918)
Net cash provided by (used in) operating activities	29,209	(25,815)
Cash flows from investing activities		
Decrease (increase) in time deposits	12,015	10,854
Purchase of property, plant and equipment	(64,718)	(56,998)
Proceeds from sales of property, plant and equipment	2,585	1,100
Long-term loan advances	(293)	(1,144)
Collection of long-term loans receivable	438	415
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,668)	—
Other, net	(7,018)	(9,556)
Net cash provided by (used in) investing activities	(63,659)	(55,330)

(Millions of yen)

	FY2018 2nd quarter (from April 1, 2018 to September 30, 2018)	FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(40,115)	(6,092)
Increase (decrease) in commercial papers	15,000	5,400
Proceeds from long-term borrowings	22,500	51,200
Repayments of long-term borrowings	(35,732)	(29,167)
Dividends paid	(14,879)	(14,869)
Dividends paid to non-controlling interests	(14,190)	(212)
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	(7,197)	—
Other, net	(1,814)	(1,507)
Net cash provided by (used in) financing activities	(76,430)	4,751
Effect of exchange rate change on cash and cash equivalents	9,381	(4,163)
Net increase (decrease) in cash and cash equivalents	(101,497)	(80,558)
Cash and cash equivalents at beginning of period	559,036	489,456
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	111	—
Cash and cash equivalents at end of period	457,650	408,897

(4) Notes to consolidated financial statements

Notes on premise of going concern

There is no item to be reported.

Notes on significant changes in the amount of shareholders' equity

There is no item to be reported.

Adoption of specific accounting policies for quarterly consolidated financial statement

Application of specific accounting treatment for preparing the quarterly consolidated financial statements:

Income tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to a projected annual income before income taxes. In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

Changes in accounting policies

Overseas consolidated subsidiaries:

IFRS 16 and ASC 842 "Leases"

IFRS 16 and ASC 842 "Leases" have been applied from the beginning of the first quarter ended June 30, 2019.

In line with this adoption, lessees generally recognize all leases as assets or liabilities on the consolidated balance sheet. For its choice on what method to use for the transition approach in the application of these standards, the MMC Group chose to recognize the amount of the cumulative effect arising from the application of these standards on the date of initial application of these standards.

With the application of these standards, as of the second quarter ended September 30, 2019, property, plant and equipment increased by 22,604 million yen, other in current liabilities by 1,960 million yen, and other in non-current liabilities by 20,672 million yen. The effect of this change in accounting policy on consolidated profit and loss in the six months ended September 30, 2019 is immaterial.

Segment information

FY2018 2nd quarter (from April 1, 2018 to September 30, 2018)

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	1,157,903	11,424	1,169,328	-	1,169,328
(2) Intersegment sales & transfers	1,760	200	1,960	(1,960)	-
Total	1,159,663	11,625	1,171,288	(1,960)	1,169,328
Segment income (loss)	55,603	1,758	57,361	(496)	56,864

Notes: 1. Adjustment represents the elimination of intersegment transactions.

2. Segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated statement of income.

(Supplementary information about geographic information)

1) Net sales to the external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	193,242	186,184	234,792	306,582	113,944	134,582	1,169,328

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Puerto Rico
- (2) Europe..... Germany, U.K, Italy, Russia
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania..... Australia, New Zealand
- (5) Other.....Brazil, U.A.E.

FY2019 2nd quarter (from April 1, 2019 to September 30, 2019)

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	1,113,424	14,531	1,127,955	-	1,127,955
(2) Intersegment sales & transfers	6,627	1,330	7,958	(7,958)	-
Total	1,120,051	15,862	1,135,913	(7,958)	1,127,955
Segment income (loss)	7,834	2,527	10,361	(127)	10,234

Notes: 1. Adjustment represents the elimination of intersegment transactions.

2. Segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated statement of income.

(Supplementary information about geographic information)

1) Net sales to the external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	234,121	143,384	233,651	322,944	90,725	103,127	1,127,955

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Mexico, Puerto Rico
- (2) Europe..... Russia, Germany, U.K, Spain, France
- (3) Asia.....Thailand, Indonesia, the Philippines, China
- (4) Oceania..... Australia, New Zealand
- (5) Other.....U.A.E., Brazil