MITSUBISHI MOTORS

FY2019 Financial Results

May 19, 2020

1. FY2019 Financial Results

2. Business Highlight

3. FY2020 Financial Forecast and Future Outlook

FY2019 Financial Results Summary (vs. FY2018)

MITSUBISHI MOTORS

(Billion yen, 000 units)	Full Year				4Q QTD (JAN - MAR)	
	FY2018	FY2019	Variance		FY2018	FY2019
			Amount	Ratio		
Net Sales	2,514.6	2,270.3	-244.3	-10%	720.5	603.4
Operating Profit (OP Margin)	111.8 (4.4%)	12.8 (0.6%)	-99.0 (-3.8 P.P.)	-89%	26.8 (3.7%)	9.2 (1.5%)
Ordinary Profit	119.9	-3.8	-123.7	-	27.5	-1.1
Net Income*	132.9	-25.8	-158.7	-	63.7	-14.0
Sales Volume (Retail)	1,244	1,127	-117	-9%	350	251

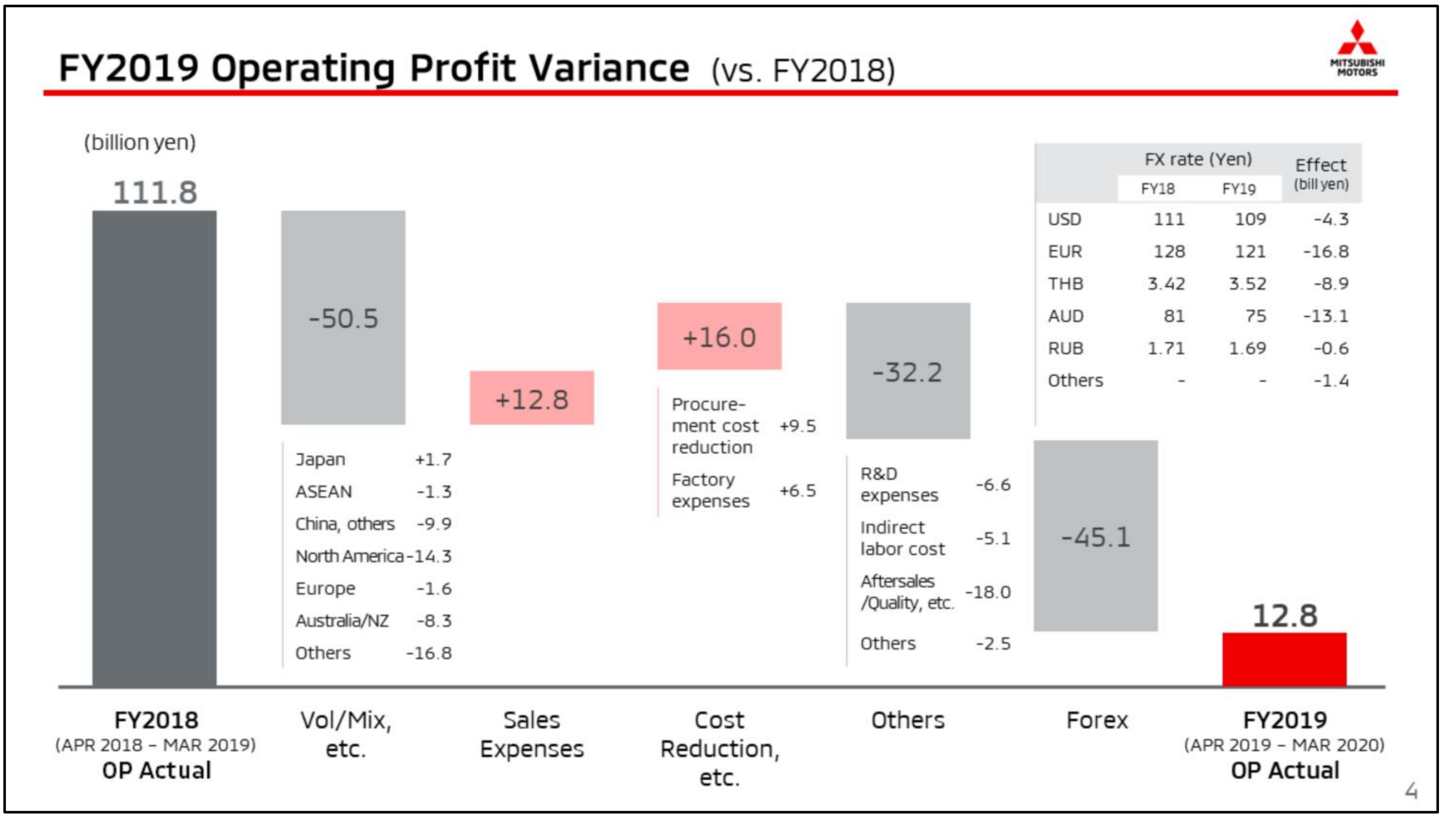
* Net income attributable to owners of the parent

3

In FY2019, in addition to sluggish demand for automobiles, sales dropped sharply toward the end of the fiscal year, due to the spread of COVID-19. As a result, net sales was ¥2,270.3 billion, operating profit was ¥12.8 billion, and the OP-margin was 0.6%.

And ordinary profit was a loss of ¥3.8 billion mainly due to the deterioration of equity in earnings of affiliates. Net income was a loss of ¥25.8 billion mainly due to the reversal of deferred tax assets.

Our global sales volume was 1,127,000 units, down 9% from the previous fiscal year.



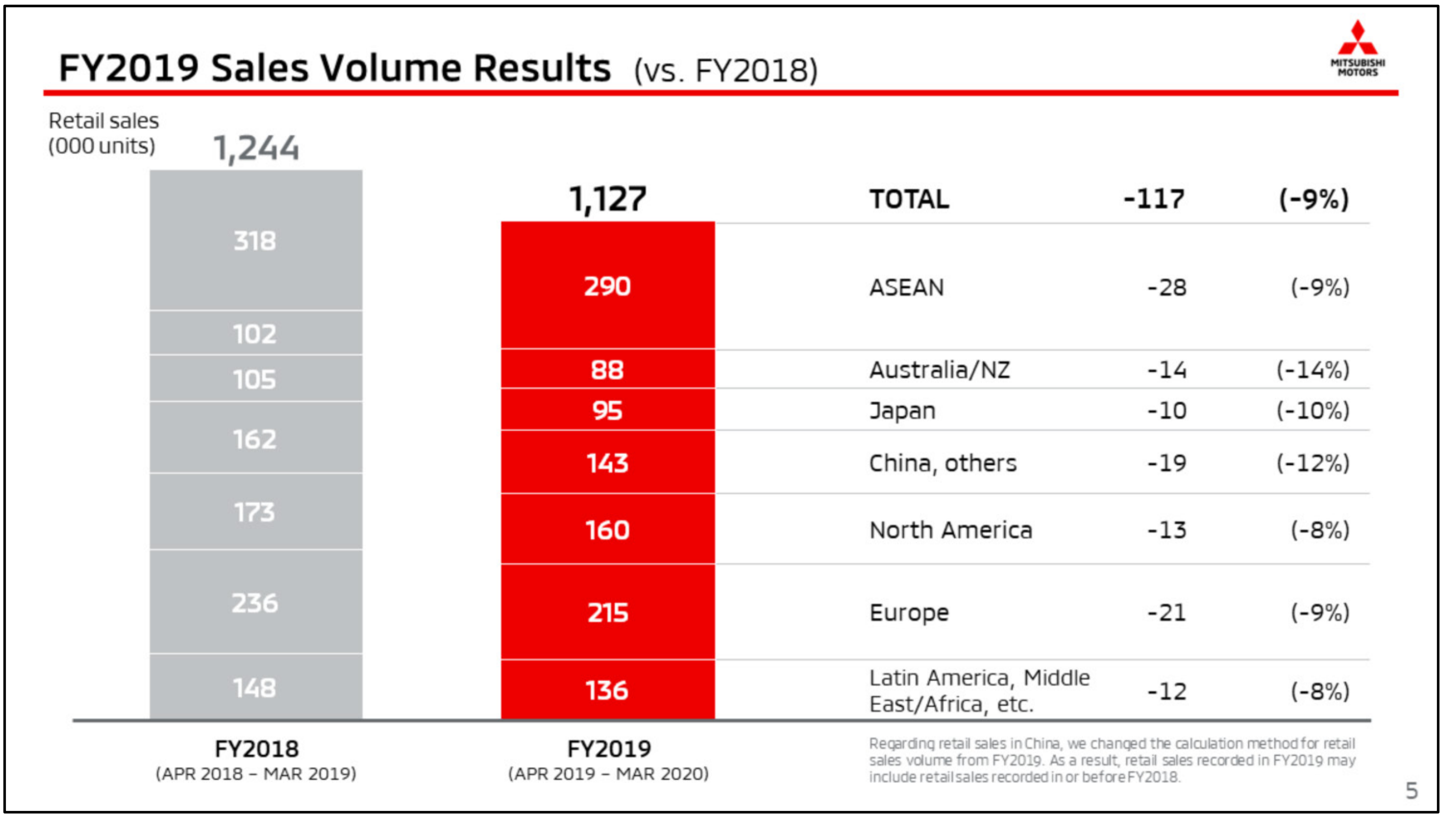
The factors behind the YoY changes in Operating Profit are as follows:

In terms of Vol/Mix, In addition to a decline in automobile demand due to heightened concerns about an economic slowdown on a global basis, economic activity became paralyzed due to the outbreak of COVID-19 in late-January of 2020. This made it impossible to expand sales as usual at the end of the fiscal year, and sales fell sharply in all regions. As a result, operating profit declined sharply by ¥50.5 billion from the previous fiscal year. We recognize that more than 30% of this came from the impact of the spread of COVID-19.

As for cost reductions, we were able to reduce procurement costs and factory-related expenses more than planned, resulting in a total reduction of ¥16 billion. We also succeeded in reducing sales expenses by more than planned, bringing the total savings to ¥12.8 billion.

In addition, while labor costs and R&D expenses were reviewed, which resulted in a certain restraint effect, earnings were squeezed by ¥32.3 billion due to the deterioration of after-sales etc.

Foreign exchange rates remained more stable than the rates revised during the fiscal year, but resulted in a deterioration of ¥45.1 billion from the previous fiscal year due to the impact of the euro, the Australian dollar, and the Thai baht.



Our sales volume decreased by 9% YoY to 1,127,000 units.

In the ASEAN region, the entire market has shrunk from the second half of fiscal 2019 due to the impact of economic slowdown in China. In addition, toward the end of the fiscal year, the large negative impact of the spread of COVID-19 resulted in a 9% decline from the previous fiscal year.

Similarly, in Australia and New Zealand, automobile demand declined sharply due to the impact of the economic slowdown in China, the largest trading partner. Furthermore, our sales were affected by the shutdown of dealer operations resulting from the state of emergency toward the end of the fiscal year, and declined by 14% from the previous fiscal year.

In Japan, the home market, we finally introduced new models, such as a full model change of the *eK* Series. However, due to a reactionary decline following the consumption tax hike and the impact of the spread of COVID-19, sales fell 10% year on year.

Demand in other regions, including China, dropped sharply due to sluggish overall demand and economic activities disrupted by the spread of COVID-19. Demand in North America was relatively firm, but competition intensified in our sales segment, resulting in negative growth compared with the previous fiscal year. In Europe, the strategic sales expansion of the *"OUTLANDER PHEV"* to comply with tighter regulations progressed in line with the plan. However, weak overall demand affected our overall sales.

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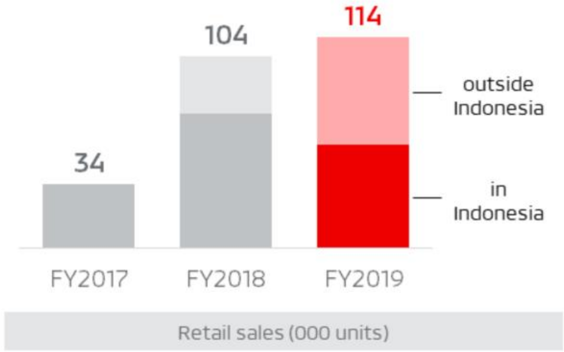
XPANDER : Growth To MMC's Major Model

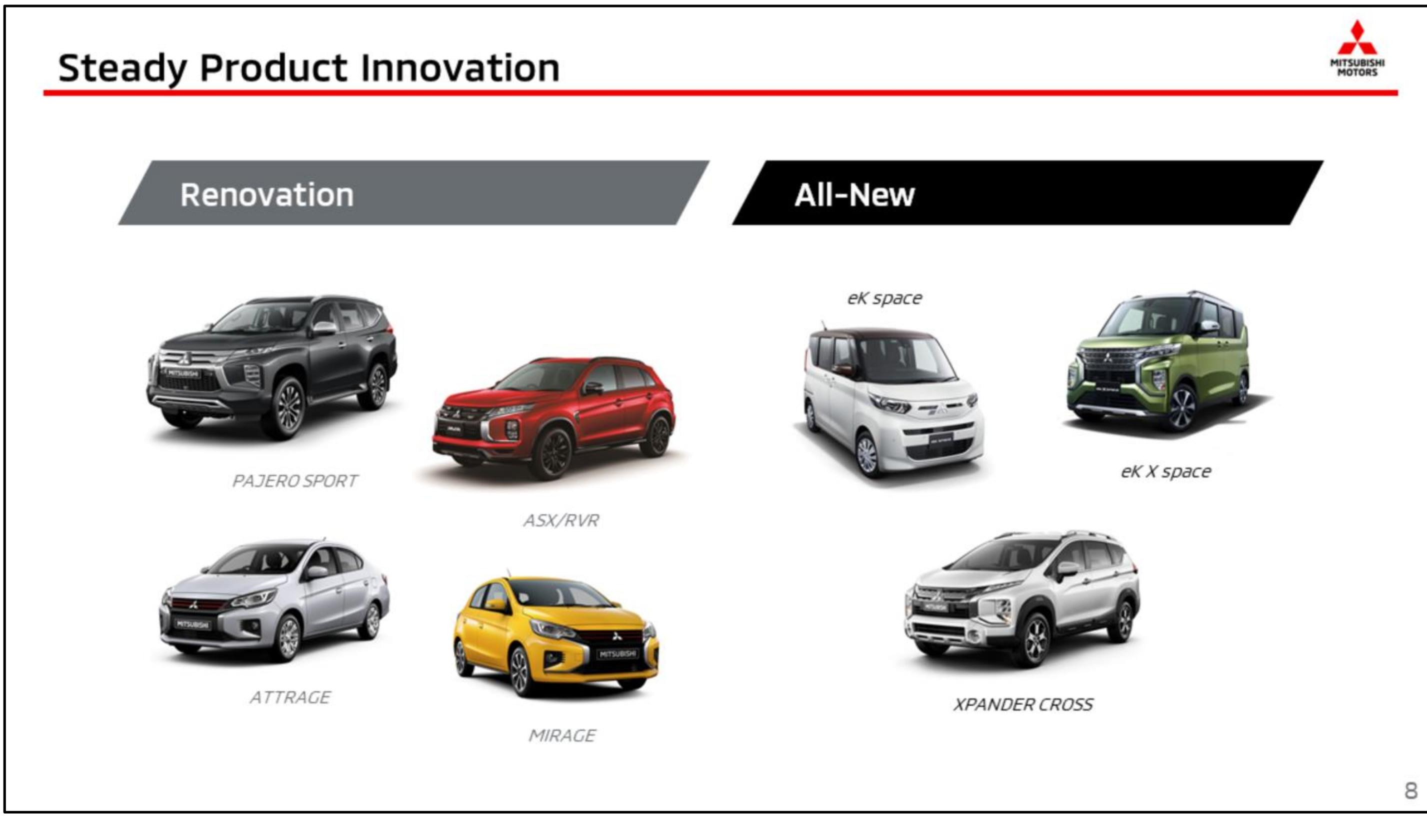
FY2019
Sales Segment* in
Thailand, Philippines and Vietnam
No.1



7

Despite the challenging global sales climate in FY2019, the *"XPANDER"*, one of our main models, captured the top share of the sales segment in fiscal 2019 in Thailand, the Philippines and Vietnam.

The *"XPANDER"*, which began production and sales in Indonesia in September 2017, has become the best practice in our regional and product strategies. Going forward, we will further strengthen our ASEAN business through the accumulation of similar cases.



One of the goals of our "Drive for Growth" Mid-Term Plan is "product renewal," and we have been actively expanding our product lineup and strengthening life cycle management. In FY2019, despite the harsh global sales environment, we launched a full model change of the *eK* Series in Japan and renewed existing models as planned.

Going forward, we will work to enhance our brand and increase unit sales by continuously introducing attractive products that meet customer needs.

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FY2020 Financial and Dividend Forecast

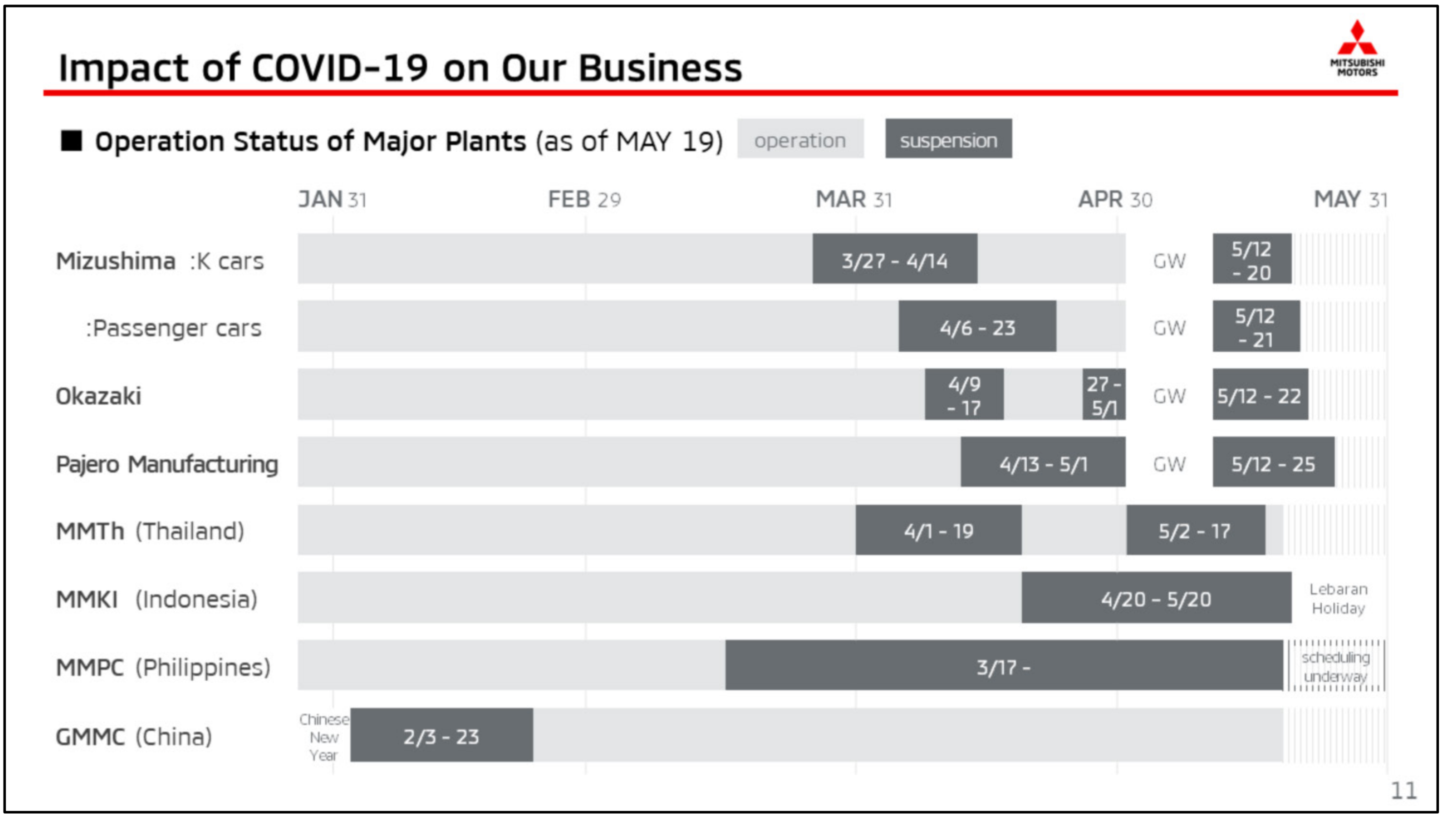
(Billion yen, 000 units)	FY2019 (APR 2019 - MAR 2020)	FY2020 (APR 2020 - MAR 2021)	Variance	
			Amount	Ratio
Net Sales	2,270.3	TBD		
Operating Profit (OP Margin)	12.8 (0.6%)			
Ordinary Profit	-3.8			
Net Income*	-25.8			
Dividend per Share (¥)	¥10			
Sales Volume (Retail)	1,127			

* Net income attributable to owners of the parent

10

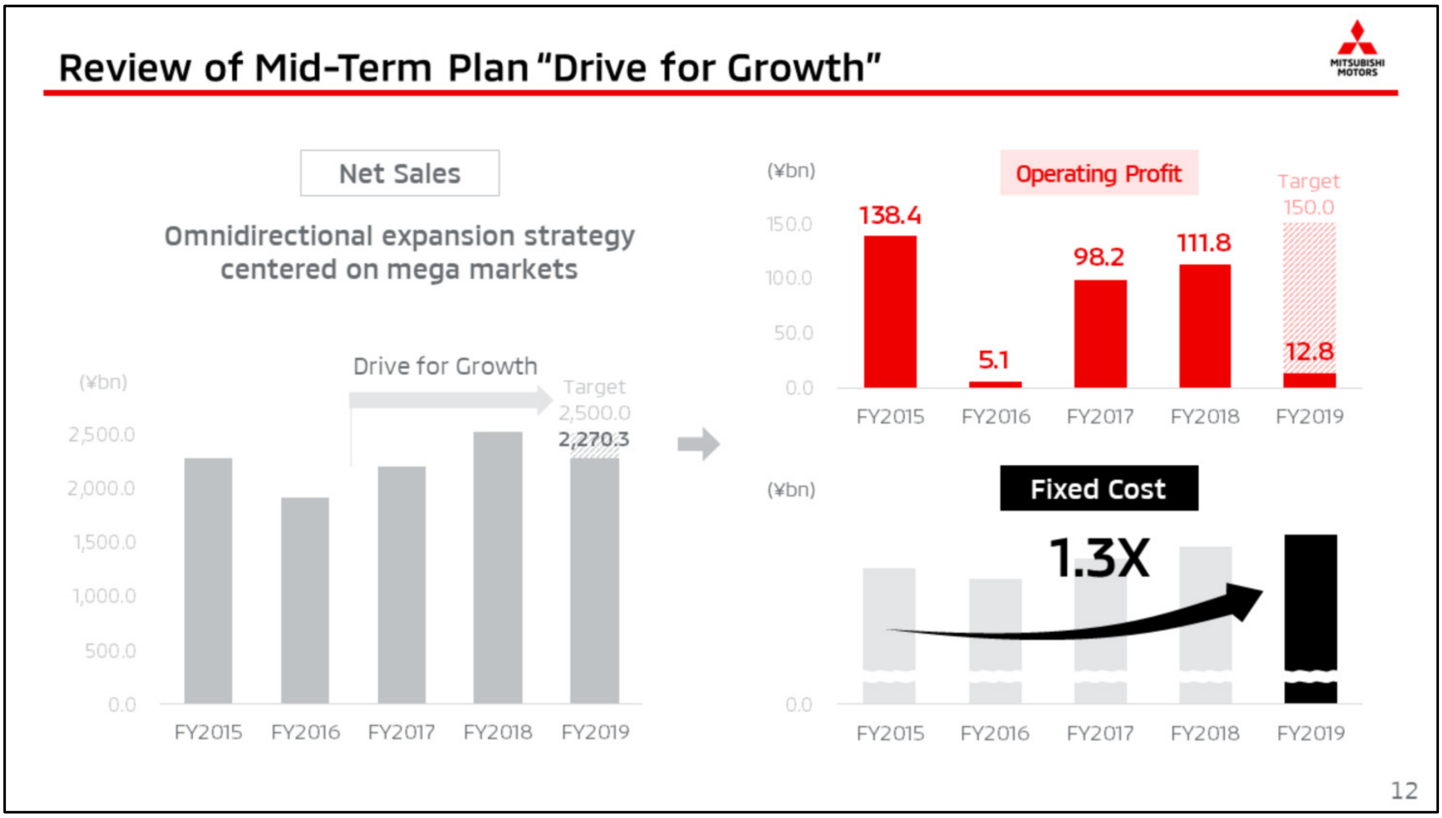
Some countries are beginning to resume economic activity in phases, but we cannot predict when we will overcome and exit the coronavirus crisis. It is extremely difficult to calculate a fair and reasonable forecast because it is impossible to judge the extent of the impact that a business environment with a remarkable uncertainty would have on our business performance. Therefore, we will announce our forecast for FY20 as soon as it becomes possible to disclose it.

The dividend forecast per share is also yet to be determined.



According to the policies of national and local governments around the world, we place top priority on safety and work to minimize the impact on our business in order to close the spread of COVID-19. However, production disrupted by difficulties in procuring parts from overseas and inventory adjustments due to decreased sales have already had a major impact.

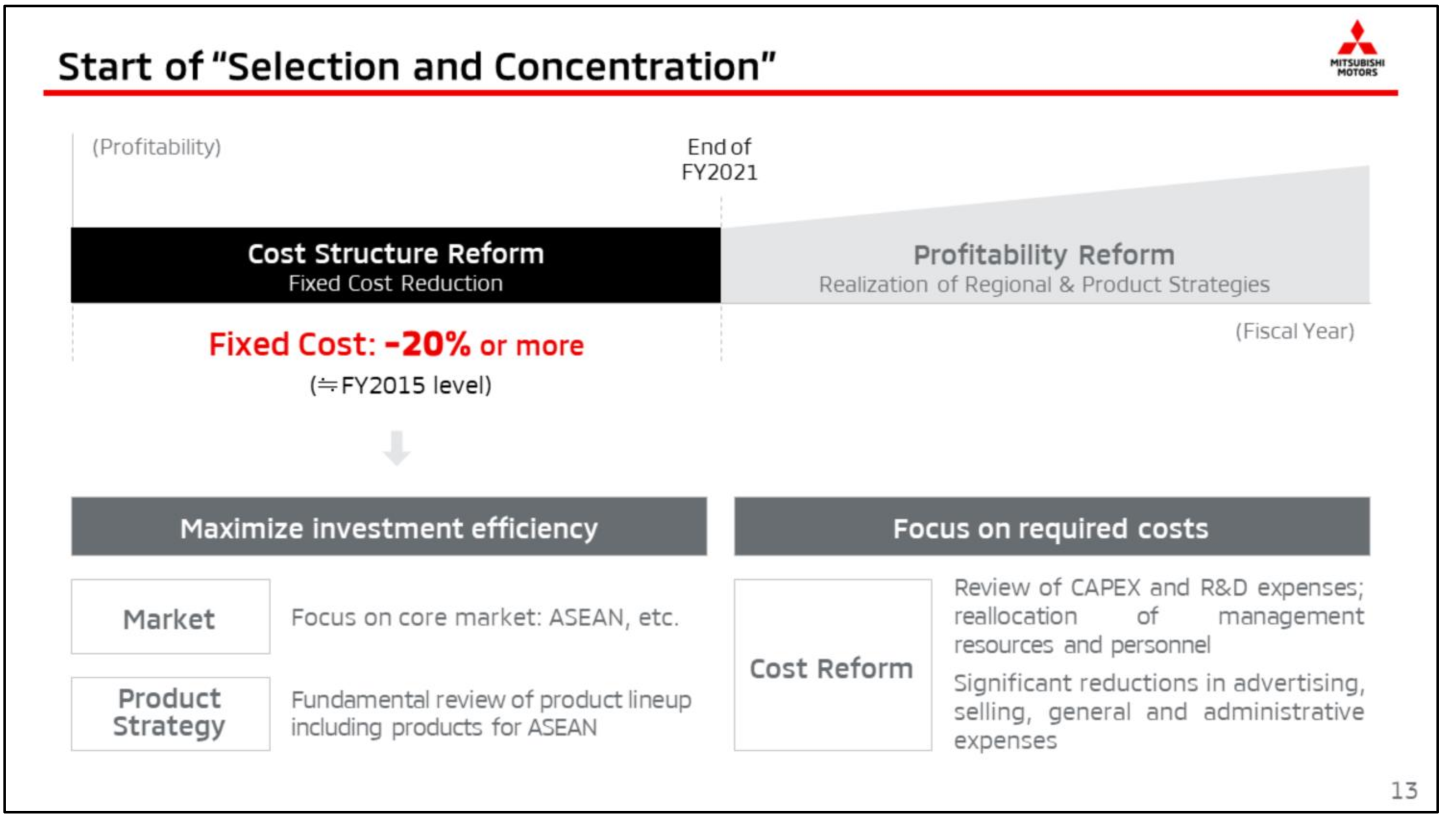
While we will pay close attention to the situation in each country, the current operational status of each production base is as shown on the slide. We will continue to constantly monitor the supply chain and sales momentum, and respond to it accordingly.



Under the previous mid-term plan "Drive for Growth," we planned to actively invest in mega-markets, focusing on expanding our market share. Our basic policy was to grow on all fronts. However, during the plan period, competition intensified by the slowdown in the global economy, compliance with environmental regulations in the mega-markets, and more sophisticated services demanded by customers have increased the burden of investment in R&D.

Consequently, as shown in the slide, fixed costs as a whole rose 1.3 times from FY2015, and, under the "Small but Beautiful" concept from the latter half of fiscal 2018, we accelerated our efforts to revise the selection and concentration strategy. However, it was difficult to secure profitability in sales, particularly in the mega-markets.

In this challenging business environment, it is not realistic for a company of our scale to continue to pursue an all-round expansion strategy. We are aware that, in line with our policy of selection and concentration, the highest priority should be given to a stronger sense of crisis and concerted efforts to promptly reform our cost structure.



Therefore, we have positioned the period to the end of FY2021 as a period of structural reforms centered on fixed cost reductions.

First, we will concentrate our management resources in ASEAN and other regions where we have strengths, and work intensively on strengthening our sales network and production system in ASEAN.
We will drastically revise our product strategy based on the concept of concentrating on ASEAN and focus on our competitive product segments.

In line with this strategy, we will review all cost structures, including reductions in CAPEX and R&D expenses, reductions in indirect labor costs, including the reallocation of human resources, and reductions in selling, G&A expenses through a review of advertising expenses and the sales network.

Through these measures, fixed costs will be reduced by more than 20% over the next two years compared to FY2019, to the level of FY2015. We will swiftly embark on measures and make every effort to produce results as soon as possible.

Many reform plans have already been formulated and some have already been implemented. However, there are extremely large uncertainties in the short term, and we are currently examining the impact again.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APPENDIX

FY2019 Balance Sheet and Free Cash Flow (vs. FY2018)

(billion yen)	FY2018 (As end of MAR 2019)	FY2019 (As end of MAR 2020)	Variance
Total Assets	2,010.3	1,938.1	-72.2
Cash & Deposits	500.9	399.6	-101.3
Total Liabilities	1,129.1	1,149.7	+20.6
Interest Bearing Debt*	231.0	299.4	+68.4
Total Net Assets	881.2	788.4	-92.8
Shareholders'Equity (Equity Ratio)	871.8 (43.4%)	772.7 (39.9%)	-99.1
Net Cash 【Automobiles & Eliminations】	543.9	378.4	-165.5

(billion yen)	FY2018 (APR 2018 - MAR 2019)	FY2019 (APR 2019 - MAR 2020)	Variance
Free Cash Flow 【Automobiles & Eliminations】	34.0	-82.8	-116.8

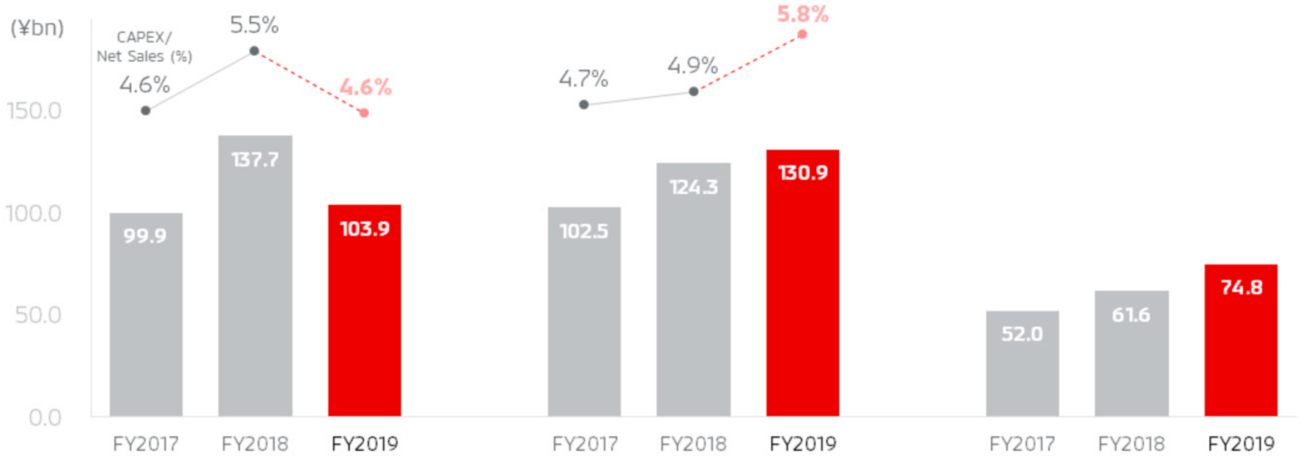
*Include Lease Obligations

FY2019 Regional Performance (vs. FY2018)

(billion yen)	Net Sales			Operating Profit		
	FY2018 (APR 2018 – MAR 2019)	FY2019 (APR 2019 – MAR 2020)	Variance	FY2018 (APR 2018 – MAR 2019)	FY2019 (APR 2019 – MAR 2020)	Variance
TOTAL	**2,514.6**	**2,270.3**	**-244.3**	**111.8**	**12.8**	**-99.0**
- Japan	428.7	460.5	+31.8	4.1	-12.6	-16.7
- ASEAN	562.5	551.9	-10.6	64.2	63.6	-0.6
- China, others	101.4	41.7	-59.7	13.1	-1.5	-14.6
- North America	387.8	315.1	-72.7	3.5	-18.2	-21.7
- Europe	514.1	474.7	-39.4	-4.3	-18.1	-13.8
- Australia /NZ	221.6	176.8	-44.8	13.3	-4.4	-17.7
- Others	298.5	249.6	-48.9	17.9	4.0	-13.9

FY2019 Capital Expenditure, Depreciation and R&D Expense

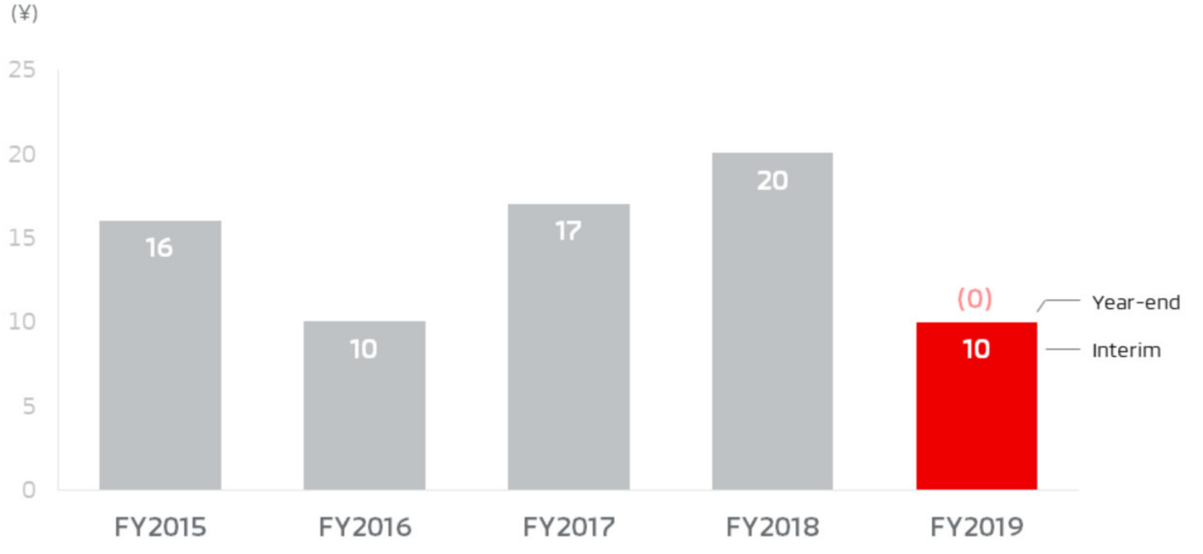
CAPEX*	R&D Expense	Depreciation
¥103.9 bn	¥130.9 bn	¥74.8 bn
-25% (YoY)	+5% (YoY)	+21% (YoY)



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

FY2019 Shareholder Returns

Dividend per share: ¥10



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