MITSUBISHI MOTORS

FY2020 Second-Quarter Financial Results

November 4, 2020

1. 1H/FY2020 Financial Results

2. FY2020 Financial Forecast

3. Sales by Region

4. Progress of Structural Reforms

1H/FY2020 Financial Results Summary (vs. 1H/FY2019)

(Billion yen, 000 units)	First-Half (APR-SEP)			Quarterly	
	FY2019	FY2020	Variance	1Q	2Q
Net Sales	1,128.0	574.9	-553.1	229.5	345.4
Operating Profit (OP Margin)	10.2 (0.9%)	-82.6	-92.8	-53.3	-29.3
Ordinary Profit	1.2	-87.0	-88.2	-58.7	-28.3
Net Income*	2.6	-209.9	-212.5	-176.2	-33.7
Sales Volume (Retail)	592	351	-241	139	212

* Net income attributable to owners of the parent

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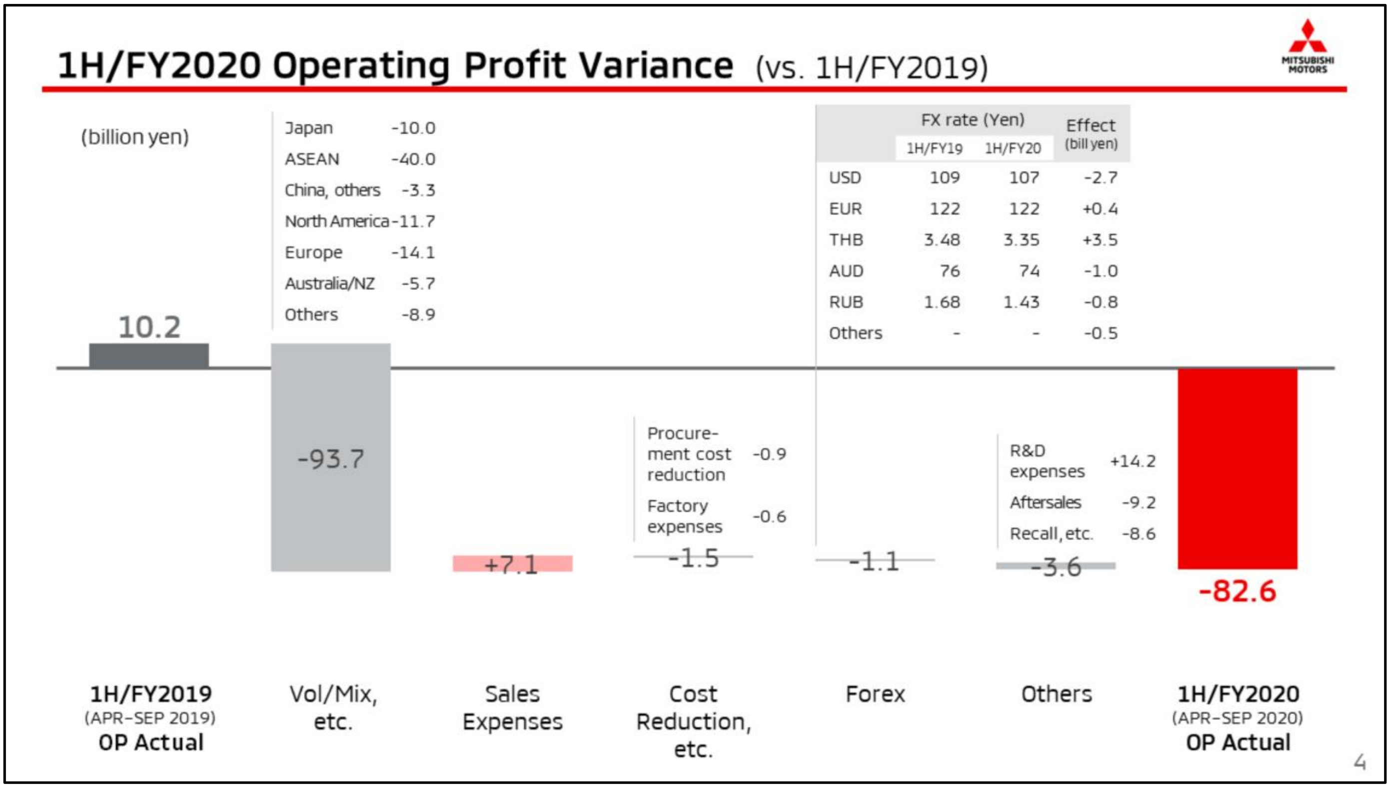
To summarize our 1H/2Q of FY2020, due to the impact of the spread of COVID-19, global demand for automobiles was sluggish, resulting in net sales of ¥574.9 billion and an operating loss of ¥82.6 billion.

Ordinary profit was negative ¥87 billion, and net income was negative ¥209.9 billion, mainly due to impairment losses recorded in the first quarter.

Sales volume was 351,000 units globally, down 41% from the previous year.

In Q2 (July-September), net sales were ¥345.4 billion, operating loss was ¥29.3 billion, ordinary loss was ¥28.3 billion, net income was negative ¥33.7 billion, and unit sales volume was 212,000 units. Although we confirmed a recovery trend in earnings from the first quarter to the second quarter, the situation remains challenging.



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

In terms of Vol/Mix, as I mentioned earlier, the impact of stagnant global economic activity led to a decline in all regions, with the impact amounting to a negative ¥93.7 billion.

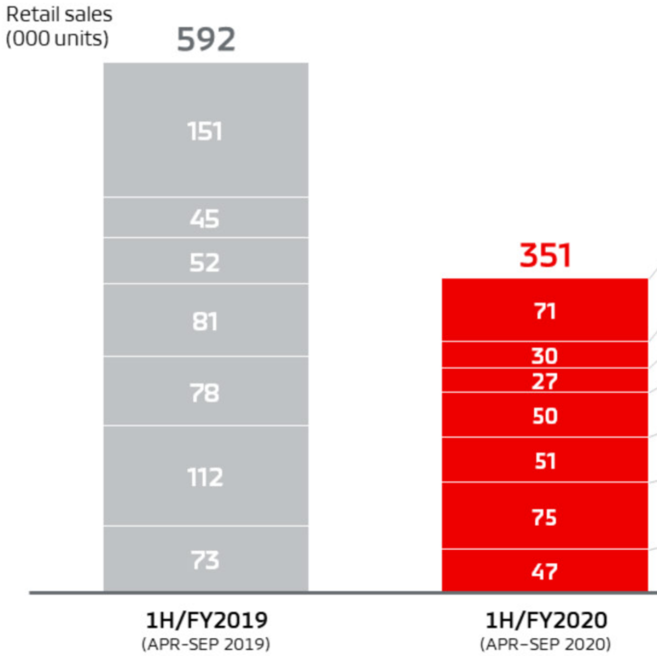
Sales expenses improved by +7.1 billion yen due to a reduction of sales expenses associated with a decrease in unit sales.

Cost reductions, etc., were affected by planned production adjustments at domestic and overseas plants, and cost reductions did not make progress.

FX deteriorated by ¥1.1 billion year on year as a result of the overall trend of yen appreciation, despite an upturn in the Thai baht, which is the cost currency.

R&D expenses improved by ¥14.2 billion YoY as a result of efforts to reduce them. However, overall other expenses deteriorated by ¥3.6 billion due to a deterioration in after-sales business of ¥9.2 billion in line with a decline in the number of units sold.

1H/FY2020 Sales Volume Results (vs. 1H/FY2019)



GLOBAL	**-241**	**(-41%)**
ASEAN	-80	(-53%)
Australia/NZ	-15	(-33%)
Japan	-25	(-48%)
China, others	-31	(-38%)
North America	-27	(-35%)
Europe	-37	(-33%)
Latin America, Middle East/Africa, etc.	-26	(-36%)

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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Although global demand for automobiles in some developed countries is beginning to show signs of recovery, our sales volume in 1H declined 41% YoY to 351,000 units, mainly due to delayed demand recovery in ASEAN.

In the ASEAN region which is our core market, the situation varies from country to country. Vietnam and Thailand are showing signs of recovery, but in Indonesia and the Philippines, restrictions on activities continue. However, overall conditions are severe, and as a result, sales in the ASEAN region fell 53% year on year to 71,000 units.

In Australia and NZ, the lockdown was released in stages, but the recovery in total automobile demand was moderate, and our sales also fell 33% to 30,000 units.

In Japan, although the impact of the spread of COVID-19 on the economy is subdued, demand in our mainstay segment did not recover in the 1H and our sales fell 48% to 27,000 units.

The situation of sales in other regions was also severe, and the year-on-year decline was more than 30%.

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	1,480.0	-790.3	-35%
Operating Profit (OP Margin)	12.8 (0.6%)	-140.0	-152.8	-
Ordinary Profit	-3.8	-160.0	-156.2	-
Net Income*	-25.8	-360.0	-334.2	-
Dividend per Share (¥)	¥10	¥0		
Sales Volume (Retail)	1,127	824	-303	-27%

* Net income attributable to owners of the parent

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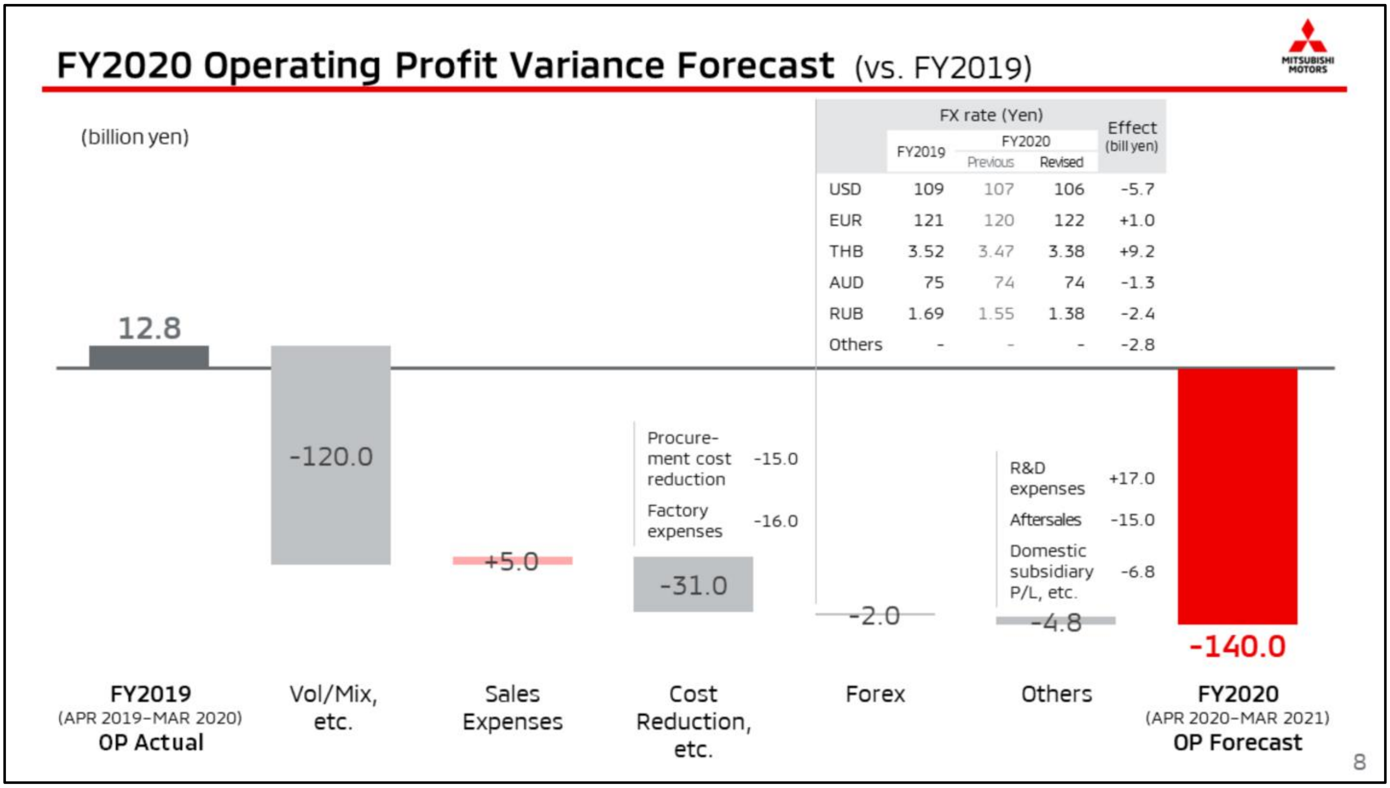
As I mentioned earlier, economic activity in each country has been resumed one after another. However, with the end of infections not being anticipated, all of these activities have only been resumed in stages, and the path toward normalization is uncertain. In such an environment, as we announced at the 1Q result meeting, we have formulated our business outlook for FY2020 based on the assumption that automobile demand will gradually recover toward the second half of the fiscal year after bottoming out in the first quarter and, by the end of fiscal 2020, will return to the level at the end of fiscal 2019.

In the first half, particularly in the ASEAN region, which is our core market, the recovery was relatively slow, and sales and associated profit were weak due to the impact of these factors. However, we were able to proceed almost as planned with the cost structure reforms and inventory reductions that were planned at the beginning of the fiscal year.

Although the outlook is uncertain due to factors such as the Second or Third Wave of CDVID-19, we have made steady progress in reforming our cost structure, so we maintain our full year forecast at this time.



Although we do not change our operating profit forecast for FY2020, we have revised some of the variance factors.

In terms of Vol/Mix, we anticipate a prolonged sluggish economy caused by COVID-19 as we see a decline in total demand in ASEAN countries. On the other hand, the recovery in developed countries in Europe and North America is progressing faster than anticipated. We gave careful thought to these changing circumstances and concluded that these should not have a serious impact on the operating profit variance factors.

In terms of foreign exchange, we have updated currency exchange rates, as shown in this slide, to reflect the current market level. As a result, we now expect foreign exchange to have a negative ¥2 billion effect year-on-year on operating profit.

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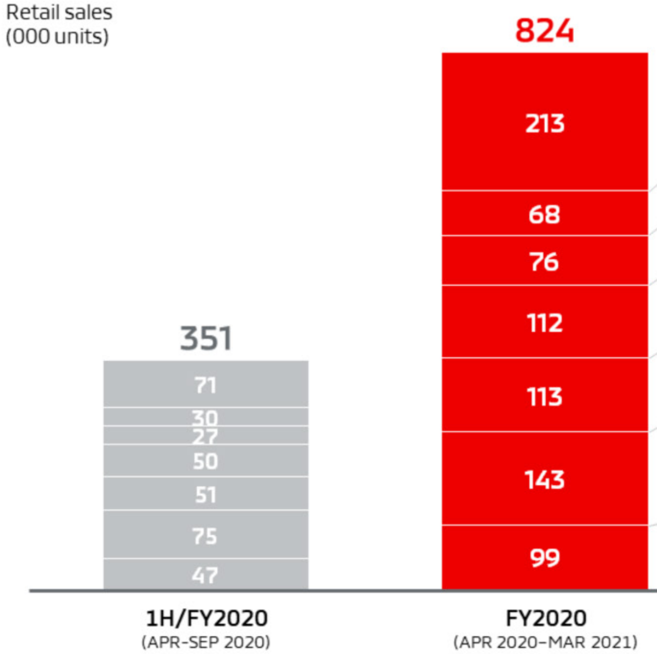
Sales by Region



ASEAN	Boost market share by strengthening digital marketing, in addition to dealer network
Australia/NZ	Promote efficient marketing measures
Japan	Introduce "Ultra My Car Plan*" Expand sales of the new *ECLIPSE CROSS*
China, others	Recovering sales while maintaining a balance between price and unit sales
North America	Improve sales efficiency by improving online sales and strengthening digital marketing
Europe	Western Europe: Maintain PHEV sales while factoring in lower volume due to the freezing of new model launches Russia, etc. : Strengthen product appeal to boost sales
Latin America, Middle East /Africa, etc.	Steadily capture fleet demand, such as mining and large-scale events Expand *XPANDER* sales countries

*Fixed-amount services including automatic automobile insurance ancillary, statutory safety inspections, maintenance, and various taxes

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In the first quarter, global automobile sales declined sharply due to the impact of stagnant economic activity caused by the spread of COVID-19. Subsequently, in the second quarter, the lockdowns in each country were gradually relaxed, and a recovery in demand emerged, mainly in developed countries and some emerging countries. On the other hand, the second wave is ramping up, particularly in Europe, and uncertainty over the future is again becoming stronger.

Despite such a challenging environment, we have prioritized measures to steadily expand sales in the future, such as improving quality of sales by strengthening our dealer network as well as enhancing digital marketing, and reducing inventories. These measures have progressed almost as planned.

Our sales conditions in the first half of the fiscal year were harsh in some regions, but sales in some regions exceeded expectations. As a result, overall sales were generally in line with the plan.

Regarding full-year sales, we lowered our forecast for unit sales to 824,000 units from the initial forecast of 845,000 units at the beginning of the fiscal year, in line with the total demand forecast, in ASEAN and other regions where the market is slow to recover.

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Progress of Structural Reforms

Initiative items	Implementation status	Evaluation
Indirect labor cost - Headcount rationalization (reallocation, restraint on new hiring and voluntary retirement plan) Compensation system review: -15% reduction	■ Headcount rationalization (reallocation, restraint on new hiring and voluntary retirement plan) Compensation system revision	On track
Marketing expenses - Strategic review - Cost effectiveness improvement	■ Restraining non-core regions in line with "selection and concentration" ■ Allocation in line with core regions and sales expansion schedules	On track
Depreciation - Investment optimization - Impairment loss recognition based on the future plan	■ Impairment of fixed assets	On track
R&D cost - Total cost reduction through selection and concentration - Freezing of the introduction of new products in Europe	■ Reductions associated with product and regional strategies ■ Freezing of the development of new products in Europe	On track
Restructuring of production bases - Integration of production lines: Pajero Mfg. ceasing	■ Suspension of production of Pajero Mfg. ■ Consolidation and closure of production lines	On track
General and administrative expenses - Restraining costs according to the state of business restructuring - Reducing office space through work style reforms	■ Reduction of expenses, such as travel expenses and outsourcing expenses ■ Consolidation of subsidiary and other offices into head office building	Over achievement

Progress ahead of initial plan

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As indicated, all structural reforms have progressed faster than planned or as planned. We also expect most of reform costs to be recognized during the current fiscal year. Regarding the reduction of fixed costs, the new mid-term plan "Small but Beautiful" set a target of a 20% reduction by the end of FY21 compared to fiscal 19. Despite the extraordinary factor caused by the COVID-19, we achieved a 20% reduction in the first-half compared to the previous fiscal year due to the acceleration of various measures.

In terms of specific implementation status, we are making progress on schedule with respect to indirect labor costs, including headcount rationalization (reallocation, restraint on new hiring, and voluntary retirement plan), as well as the revision of the compensation system, and we expect to achieve the plan.

With regard to marketing costs, in line with the basic concept of "selection and concentration," we controlled costs in non-core regions and concentrated a portion of them in core regions, thereby improving cost-effectiveness and at the same time reducing the overall budget.

As announced in the first quarter, depreciation is expected to be reduced by 12% compared to the previous fiscal year through impairment losses on fixed assets.

Similarly, we reduced development costs for non-core regions and concentrated a portion of these spending on core regions, thereby establishing a system that enables us to develop products in line with our strategy. As a result, we expect a 13% reduction compared to the previous fiscal year.

Progress of Structural Reforms

MITSUBISHI MOTORS

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Marketing expenses - Strategic review - Cost effectiveness improvement	■ Restraining non-core regions in line with "selection and concentration" ■ Allocation in line with core regions and sales expansion schedules	On track
Depreciation - Investment optimization - Impairment loss recognition based on the future plan	■ Impairment of fixed assets	On track
R&D cost - Total cost reduction through selection and concentration - Freezing of the introduction of new products in Europe	■ Reductions associated with product and regional strategies ■ Freezing of the development of new products in Europe	On track
Restructuring of production bases - Integration of production lines: Pajero Mfg. ceasing	■ Suspension of production of Pajero Mfg. ■ Consolidation and closure of production lines	On track
General and administrative expenses - Restraining costs according to the state of business restructuring - Reducing office space through work style reforms	■ Reduction of expenses, such as travel expenses and outsourcing expenses ■ Consolidation of subsidiary and other offices into head office building	Over achievement
Progress ahead of initial plan		

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Regarding the restructuring of the production system, as announced in July, we are generally on track as we have suspended production at PMC, and we expect to increase the overall utilization rate and reduce depreciation costs.

As for general and administrative expenses, reductions progressed more than we anticipated in all items, including reductions in expenses, mainly travel expenses and outsourcing expenses, and consolidation of subsidiaries and other facilities into the head office building.

New Model

New *ECLIPSE CROSS*

Adding PHEV model: twin-motor 4WD system allowing for the quick, silent, yet powerful acceleration unique to electric vehicles

OUTLANDER PHEV

Starting production in Thailand: this December
Expanding deployment in ASEAN region

Promote electrification centered on PHEV based on “Environmental Targets 2030”

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As I mentioned in July, during the current mid-term plan, we are committed to providing customers with reliable and attractive products through the promotion of environmental technologies in which we excel and the evolution of our genetic 4WD technologies and off-road performance. In addition, in the "New Environmental Package" announced recently, the promotion of electrification focused on PHEV is stated.

In line with these plans, we plan to launch our new *ECLIPSE CROSS*, including a PHEV model, in the second half in the global market.

In addition, in order to prepare for increasingly stricter environmental regulations in ASEAN, we will gradually expand sales of *OUTLANDER PHEV* in ASEAN countries. In addition, we will begin producing *OUTLANDER PHEV* in Thailand in December.

We continue to develop technologies and expand our lineup of environmentally friendly models in accordance with our plan.

Global automobile demand has been gradually recovering, particularly in developed countries, and it looks like the global market has taken a step toward normalization. However, in recent days, the second or third wave of COVID-19 is spreading mainly in Europe, and in some countries, restrictions on activities have resumed. In addition, it is still difficult to say that the uncertainties of the future, such as the such as the impact of U.S. presidential election results., have been dispelled. In addition, the pace of recovery in ASEAN, which is of paramount importance to us, is relatively slow, and I think you are very worried about it.

However, In order to manage this uncertain situation, we believe that our highest priority is to steadily implement structural reforms based on "selection and concentration" and to firmly establish a foundation for a recovery in business performance. Based on this recognition, we focused on implementing measures in the first half of the current fiscal year.

As a result, reforms have progressed more than originally planned, and we are now seeing a path toward improved profitability. First, we will work together to ensure that the plan for the current fiscal year is achieved.

Needless to say, while taking into account the uncertainty about the future and the financial stability that forms the foundation of our business, we intend to weather this difficult situation and meet the expectations of all our stakeholders.

I would like to ask all of our stakeholders for their continued support.

APPENDIX

1H/FY2020 Balance Sheet and Free Cash Flow (vs. FY2019, 1H/FY2019)

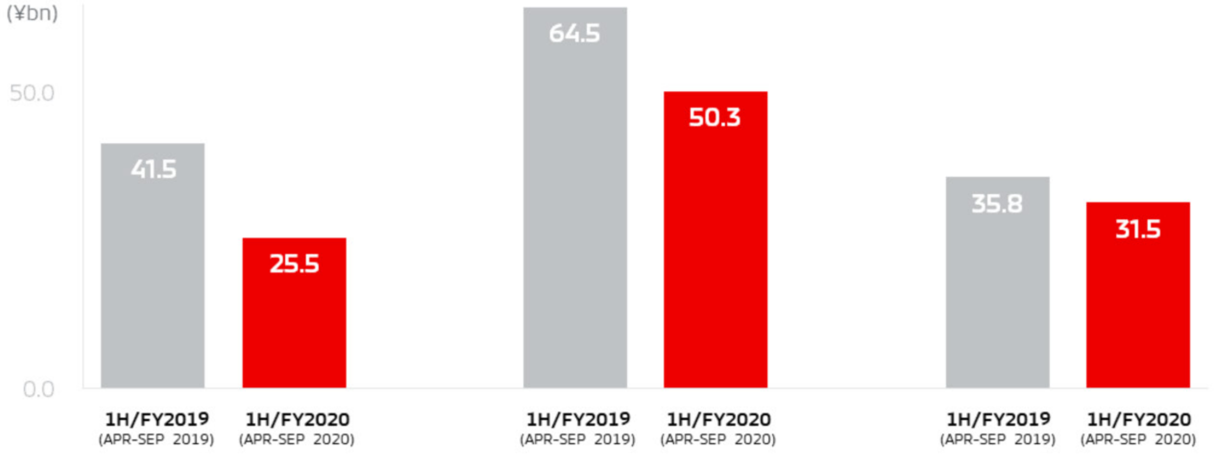
(billion yen)	FY2019 (As end of MAR 2020)	FY2020 1H (As end of SEP 2020)	Variance
Total Assets	1,938.1	1,732.3	-205.8
Cash & Deposits	399.6	487.7	+88.1
Total Liabilities	1,149.7	1,153.3	+3.6
Interest Bearing Debt*	299.4	562.7	+263.3
Total Net Assets	788.4	579.0	-209.4
Shareholders' Equity (Equity Ratio)	772.7 (39.9%)	564.5 (32.6%)	-208.2
Net Cash 【Automobiles & Eliminations】	378.4	192.3	-186.1

(billion yen)	FY2019 1H (APR-SEP 2019)	FY2020 1H (APR-SEP 2020)	Variance
Free Cash Flow 【Automobiles & Eliminations】	-67.7	-203.0	-135.3

*Include Lease Obligations

1H/FY2020 Capital Expenditure, R&D Expense and Depreciation

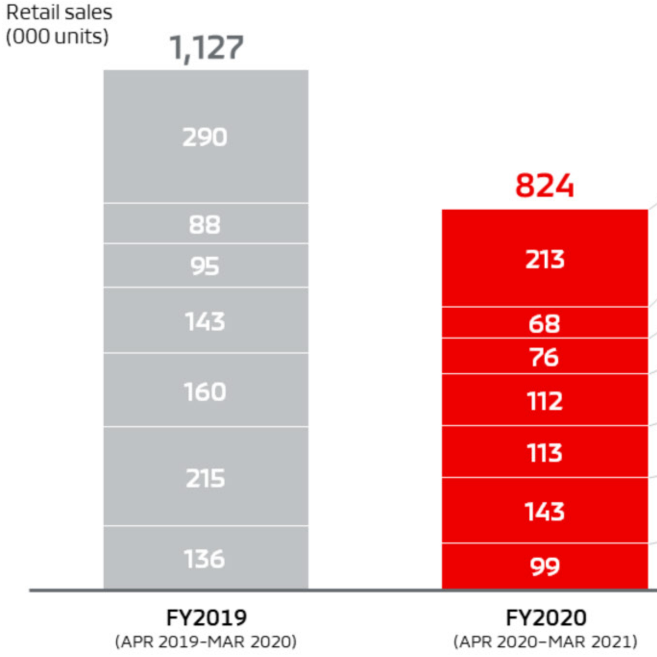
CAPEX	R&D Expense	Depreciation
¥25.5 bn	¥50.3 bn	¥31.5 bn
-39% (YoY)	-22% (YoY)	-12% (YoY)



1H/FY2020 Regional Performance (vs. 1H/FY2019)

(billion yen)	Net Sales			Operating Profit		
	1H/FY2019 (APR-SEP 2019)	1H/FY2020 (APR-SEP 2020)	Variance	1H/FY2019 (APR-SEP 2019)	1H/FY2020 (APR-SEP 2020)	Variance
GLOBAL	**1,128.0**	**574.9**	**-553.1**	**10.2**	**-82.6**	**-92.8**
- Japan	234.1	179.8	-54.3	-3.7	-22.8	-19.1
- ASEAN	295.6	111.3	-184.3	27.5	-2.9	-30.4
- China, others	27.4	9.8	-17.6	-0.6	-3.3	-2.7
- North America	143.4	65.7	-77.7	-9.3	-15.0	-5.7
- Europe	233.7	80.5	-153.2	-7.9	-15.5	-7.6
- Australia /NZ	90.7	68.4	-22.3	2.3	-11.5	-13.8
- Others	103.1	59.4	-43.7	1.9	-11.6	-13.5

FY2020 Sales Volume Forecast (vs. FY2019)



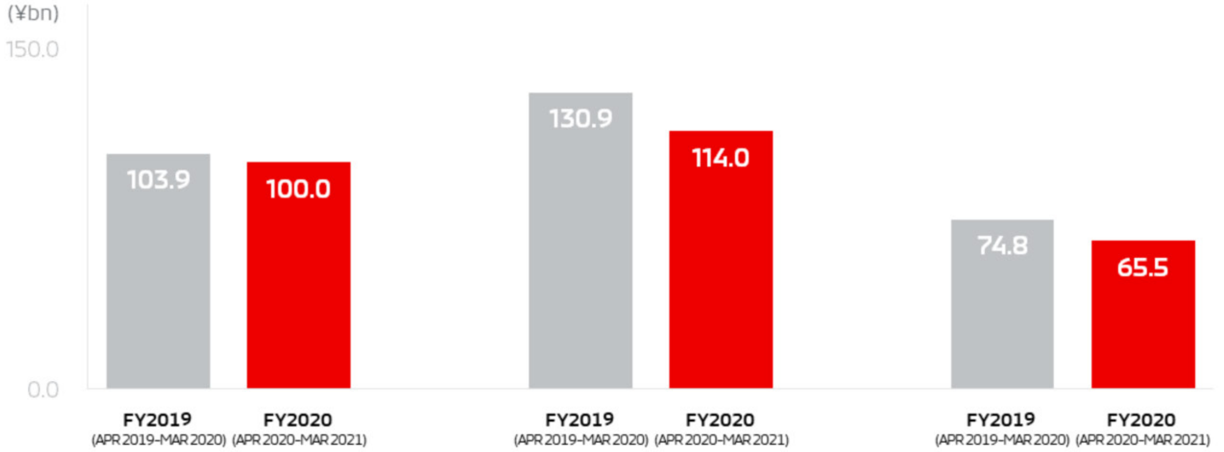
GLOBAL	**-303**	**(-27%)**
ASEAN	-77	(-27%)
Australia/NZ	-20	(-23%)
Japan	-19	(-20%)
China, others	-31	(-22%)
North America	-47	(-29%)
Europe	-72	(-33%)
Latin America, Middle East/Africa, etc.	-37	(-27%)

FY2020 Regional Sales Forecast (vs. FY2019)

(billion yen)	FY2019 (APR 2019 - MAR 2020)	FY2020 (APR 2020 - MAR 2021)	Variance
GLOBAL	**2,270.3**	**1,480.0**	**-790.3**
- Japan	460.5	416.0	-44.5
- ASEAN	551.9	370.0	-181.9
- China, others	41.7	17.0	-24.7
- North America	315.1	205.0	-110.1
- Europe	474.7	169.0	-305.7
- Australia/NZ	176.8	165.0	-11.8
- Others	249.6	138.0	-111.6

FY2020 Capital Expenditure, R&D Expense and Depreciation Forecast

CAPEX	R&D Expense	Depreciation
¥100.0 bn	¥114.0 bn	¥65.5 bn
-4% (YoY)	-13% (YoY)	-12% (YoY)



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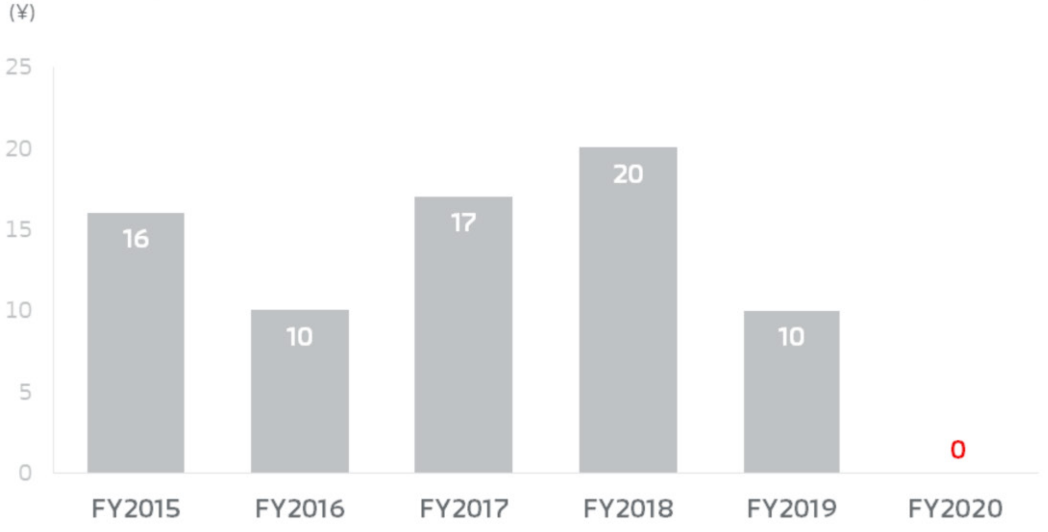
FY2020 Shareholder Returns

Dividend per share: ¥0



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