



MITSUBISHI MOTORS CORPORATION

Securities Code: 7211

Business Report

Report on the Year Ended
March 31, 2017

(April 1, 2016 to March 31, 2017)

 **MITSUBISHI MOTORS**

CEO Message



We are working to regain the trust of all of our stakeholders through a fundamental reexamination of the way we make cars.

T. Masuko

Representative Director
CEO

Thanks mostly to improved operating efficiencies, Mitsubishi Motors saw a full-year operating profit in the fiscal year ended March 31, 2017. Following the strategic investment by Nissan last fall, we are now seeing the initial benefits of our partnership and the first synergies from our membership of the wider Renault-Nissan Alliance.

We will never lessen our efforts to promote reforms, but will further accelerate investment in growth. After all these efforts are made, we will leverage the alliance with Nissan to achieve the growth of the scale and a V-shaped recovery in earnings. More specifically, we will target to reach 1.25 million units in sales volume and will return to the range of 6% of operating profit margin during the next mid-term business plan period to the fiscal year ending March 31, 2020. We will also work to secure sound free cash flow while offering reliable returns to shareholders. We will use all our endeavors to deliver sustainable growth of our corporate value by implementing disciplined management practices going forward.

The Path to a Full-Scale Internal Structure Change

Organization Reform Aimed at Solidifying a Foundation for Sustainable Growth

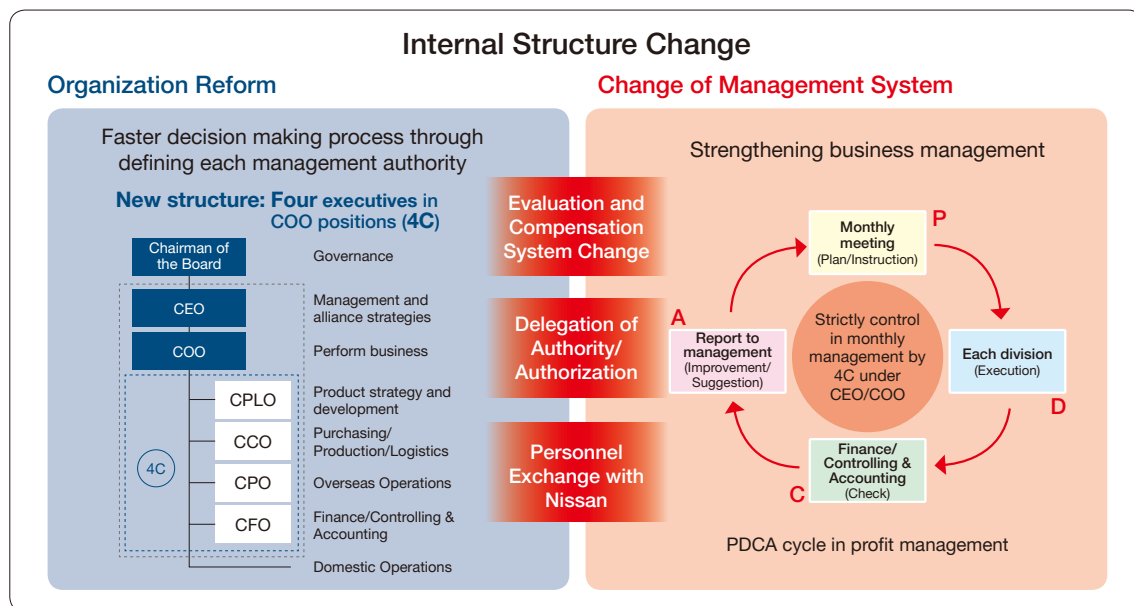
In the fiscal year ended March 31, 2017, Mitsubishi Motors pushed ahead with organization reform and changes to the management structure.

Specifically, we implemented an executive management structure which enables us to accelerate decision-making by clearly defining the authority of each senior management member and, accordingly, reorganized the company structure in line with it. We have also changed the management mechanism by running the PDCA cycle to ensure monthly P&L management. In addition to it, we

have revised the performance appraisal and compensation system, exchanged personnel with Nissan, and implemented a wide-reaching system for delegation of authority.

We have thus been making steady progress in building internal management foundations for future growth.

In addition to the above, the reformation of thinking way is likewise in progress to prevent a recurrence of misconduct by creating a global risk control unit and enhancing the internal training system.



Initiatives for Reforming Corporate Culture

We put into place new conduct regulations, the MMC WAY, to realize sustainable growth into the future. Under the regulations, we should have the same awareness and act accordingly in aiming to reach our goals. This formed the basis for reviewing the personnel evaluation system, enhancing the human resources development program and strengthening talent management. We are also improving internal communications, such as by holding town hall meetings for employees, where management-level members directly explain information related to demand for Mitsubishi Motors. Since February 2017, we have also implemented the Premium Friday concept, and in April, we opened a childcare center for employees near the Okazaki Plant and otherwise strived to create an atmosphere that's easy to work in.

PRev (Performance Revolution) Activities Where Employees Improve Internal Issues by Themselves

Since July 2016, employees from the product, development, design and quality divisions have formed cross-divisional teams (37 teams); selected themes on organizations, systems, culture and technology; and implemented specific measures to improve workplace environments, including revising organizations and strengthening goal management.

Starting in January 2017, department-level PRev activities have started with department managers taking the lead and all employees taking part in activities such as formulating a VISION for each department.



Employees considering measures for improvements

Progress with the Renault-Nissan Alliance

For us as a member of the Renault-Nissan Alliance, the fiscal year ending March 31, 2018 will be a year to take a new step forward.

In fact, we set up 32 cross-company teams to evaluate synergies in each area. As a result, we have begun to see specific synergy effects primarily in joint purchasing, logistics and sales finance areas.

For example, we started joint transportation of vehicles in Thailand and are now conducting an assessment of deploying the shared logistics to Indonesia and the Philippines. Also, in procurement, we achieved cost reductions last year utilizing the benchmark data. Joint purchasing will start in this

fiscal year and the purchasing initiatives will be implemented extensively.

With regard to products and technologies, Nissan is considering taking OEM supply of MPV* from us in Indonesia. In new technology fields, we have in mind a plan for our plug-in hybrid vehicle (PHEV) technologies to be adopted by Nissan's vehicles.

We will continue to consider proactively and extensively how we can create synergies taking advantage of our strengths in ASEAN and Nissan's strengths in the U.S. and China.

* MPV: Multi Purpose Vehicle

■ Alliance Progress (joint purchasing, logistics, sales finance)

Joint purchasing activity

- 1 Joint transportation in Thailand
- 2 Cost reduction from benchmark data



Technology sharing

- 3 MPV OEM in Indonesia, PHEV technology sharing



Financial Overview

Review of FY2016 (Ended March 31, 2017)

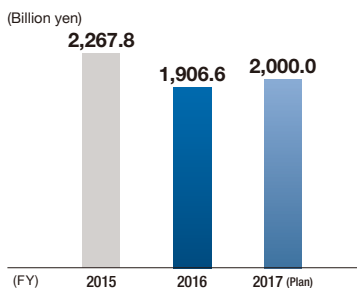
Net sales in the year ended March 31, 2017 was ¥1,906.6 billion. Operating profit was ¥5.1 billion, ordinary profit was ¥8.9 billion, and net income attributable to owners of the parent was a loss of ¥198.5 billion, due to the recording of an extraordinary loss resulting from the issue of improper conduct in fuel economy testing.

In operating profit, the MMC Group secured a full-year operating profit for the 12th year since 2004. Despite the issue of improper conduct in fuel economy testing, worsening foreign exchange rates, and an increase in costs on quality measures in market in the previous fiscal year, results for the full year improved from November with progress in management reforms modeled after Nissan methods.

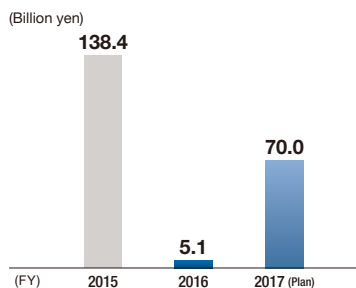
In the year ended March 31, 2017, global sales volume reached 926,000 units, a decrease of 12%

compared to the previous fiscal year. In Japan, although the sales volume was not large enough to make up for the decline in the first half caused by the issue of improper conduct in fuel economy testing, the latest sales figure showed steady growth and the actual sales volume reached 80,000 units. In North America, strong sales of the *Outlander* contributed to the sales volume being in excess of the prior year's level. In Europe, the sales volume was lower than that in the previous year because of the continuing decline in Russia, as well as the substantial fall in sales of the *Outlander PHEV*, which were impacted by the change in the tax incentives in the Netherlands and some other countries. In China, sales were strong in which local production of the *Outlander* began in August. In ASEAN, by contrast, the sales volume of the new *Pajero Sport* declined when its sales were strong last year, resulting in a year-on-year decrease in Asia as a whole.

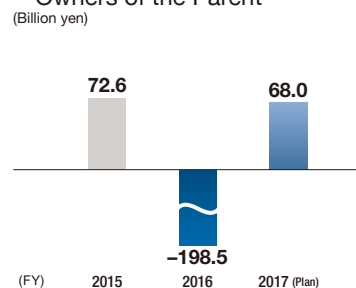
◆ Net Sales



◆ Operating Profit



◆ Net Income Attributable to Owners of the Parent



Outlook for FY2017 (Ending March 31, 2018)

For the year ending March 31, 2018, net sales are projected to be ¥2,000.0 billion, operating profit to be ¥70.0 billion, ordinary profit to be ¥79.0 billion, and net income attributable to owners of the parent to be ¥68.0 billion. Net income attributable to owners of the parent is expected to almost recover to the level of the fiscal year ended March 31, 2016 in one year.

In the year ending March 31, 2018, we will increase net sales and make investments more aggressively in future growth which we had lacked in the past. We have selected focused regions based on regional business plans and new product launch schedules and developed a plan to boost the sales volume in ASEAN, North Asia and Japan.

We anticipate this year's launch of the model we produce in the new plant in Indonesia and the strong sales of the *Outlander* in China will drive sales.

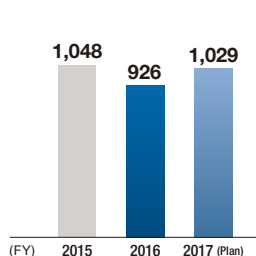
In Japan, although the MMC brand was damaged by the issue of improper conduct in fuel economy testing, we will restore customer trust and engage in honest and steady sales promotion activities. And, in addition to these efforts, we will launch a new product called the *Eclipse Cross* in the latter part of this fiscal year to increase sales.

Note: Information included in these materials is based on a variety of assumptions, and offers no promise or warranty of the achievability of future planned figures or measures included herein.

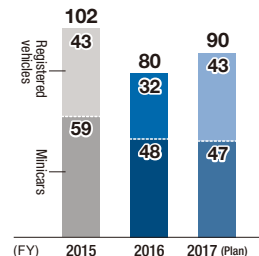
Sales Volume (Retail)

(Thousand units)

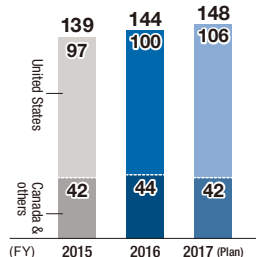
◆ Total



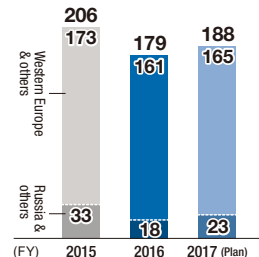
◆ Japan



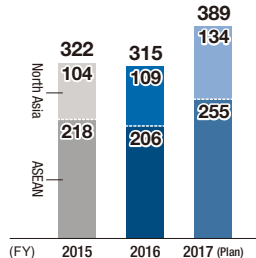
◆ North America*



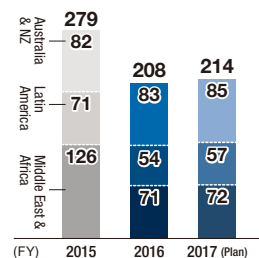
◆ Europe



◆ Asia



◆ Other Regions*



* In FY2017, the regional classification of Puerto Rico was changed from "Other" to "North America." The graphs above reflect this change for FY2015 and FY2016.

INFORMATION

Eclipse Cross

The world gets its first look at this new compact SUV

Mitsubishi Motors gave the world its first look at a new compact SUV*, the *Eclipse Cross*, at the 2017 Geneva International Motor Show. The stylish coupe form combines with the dynamic mobility of an SUV for a look that is distinctly Mitsubishi Motors. The unique exterior has the trim muscularity of an athlete, while the interior is clean and refined, with a futuristic cockpit. The *Eclipse Cross* features connectivity that inspires new, fun adventures, with all-wheel control technology that delivers a stable, enjoyable driving feel. Scheduled for delivery to Europe this fall, our strategy also calls for global roll out to Japan, North America, Australia and other regions.

* SUV: Sport Utility Vehicle



The *Eclipse Cross* exhibited at the 2017 Geneva International Motor Show (overseas specifications)

Debuts in Japan at the Motor Sport Japan 2017 Festival in Odaiba

In Japan, the *Eclipse Cross* debuted at the Motor Sport Japan 2017 Festival in Odaiba. Many visitors made their way to the venue specifically to see the *Eclipse Cross*, and the vehicle received numerous compliments for offering a sharp, advanced new form for an SUV, and for its unique, saturated red color.



Indonesia Business

(Establishment of a new plant)

Strengthening Production Capability in a Growth Market

With the world's fourth-largest population, the Indonesian market is seeing increased demand for passenger vehicles, primarily small MPVs, accompanying economic growth. To fully capture demand and to expand the Indonesian business, Mitsubishi Motors has built a new full-scale plant that began operations in April this year with an annual production capacity of 160,000 vehicles. Production has already begun on the *Pajero Sport* SUV and plans are to start production on a small MPV within the year with expectations of continued demand.



Philippine Business

(Progress under the CARS Program)

Production of the *Mirage* Began in May 2017 with Support from the Philippine Government

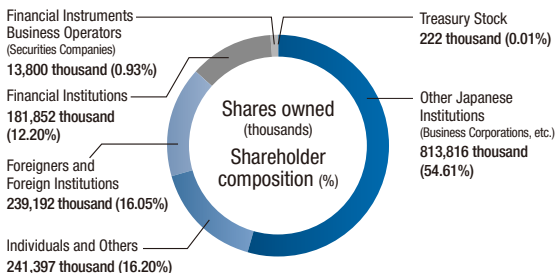
Mitsubishi Motors is aggressively expanding its business in the Philippines, where the economy is strong. In May 2015, the Philippines government announced its Comprehensive Automotive Resurgence Strategy (CARS) Program, intended to strengthen the international competitiveness of the country's automobile industry. In February 2017, Mitsubishi Motors began local production of the *Mirage G4*, one of the models receiving support under the CARS Program. In May 2017, we also began production of the *Mirage*, and will be working to expand sales in the Philippines.



Investor Information (as of March 31, 2017)

Total Number of Issuable Shares	1,575,000,000 shares
Total Number of Issued Shares	1,490,282,496 shares
Number of Shareholders	285,658

Distribution of Shares by Shareholder (as of March 31, 2017)



Stock Procedure Information

Fiscal Year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June of each year
The record date for determining the voting rights at the Ordinary General Meeting of Shareholders of the Company	March 31
Record date determining shareholders to receive year-end dividend	March 31
Record date determining shareholders to receive interim dividend	September 30
Other Record Date	If other record date is required to be set, it will be decided by resolution of the Board of Directors and informed in advance through a public notice.

Major Shareholders (as of March 31, 2017)

Name of shareholder	Number of shares held (Thousands of shares)	Ratio of shareholding (%)
NISSAN MOTOR CO., LTD.	506,620	33.99
Mitsubishi Corporation	137,682	9.24
Mitsubishi Heavy Industries, Ltd.	124,293	8.34
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	48,717	3.27
Japan Trustee Services Bank, Ltd. (Trust account)	26,466	1.78
The Master Trust Bank of Japan, Ltd. (Trust account)	24,103	1.62
MHI Automotive Capital, LLC 2	23,768	1.59
CREDIT SUISSE SECURITIES (USA) LLC SPCL. FOR EXCL. BEN	17,951	1.20
Japan Trustee Services Bank, Ltd. (Trust account 9)	14,023	0.94
JP MORGAN CHASE BANK 385632	13,911	0.93

Method of Public Notice	Public notices are published electronically. In case the method of electronic public notice is not available due to any troubles or unavoidable circumstances, such a notice will be given by Nihon Keizai Shimbun published in Tokyo. [MMC's Website Address for Public Notices] (Japanese only) http://www.mitsubishi-motors.com/jp/investors/stockinfo/koukoku.html
Number of Shares per Unit	100 shares
Securities Code	7211
Administrator of Shareholder Registry Managing Agency for Special Accounts	Mitsubishi UFJ Trust and Banking Corporation
Handling Office	Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division 1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division 7-10-11, Higashisuna, Koto-ku, Tokyo, Japan Phone: 0120-232-711 (toll-free in Japan)
Postal Address	
Telephone Contact	

Direct Dividend Payment System

Completing procedures to deposit dividends into a savings account at a financial institution, such as a bank, will enable safe and assured receipt of dividends deposited in an account designated by the shareholder on the day that dividend payments commence. Shareholders receiving their dividends through a dividend voucher should consider this opportunity.

Shares and the Social Security and Tax Number System

The social security and tax number assigned by the Japanese government is required in stock procedures for tax-related purposes. Please inform your brokerage of your number as soon as possible.

For inquiries about the above procedures or other stock-related procedures

- If you have an account in a securities company or other institution:
Please contact that securities company or institution you deal with.
- If your shares are registered in "special accounts":
Please contact Mitsubishi UFJ Trust and Banking Corporation (Phone: 0120-232-711 (toll-free in Japan)).

Corporate Profile (as of March 31, 2017)

Company Name	MITSUBISHI MOTORS CORPORATION
Head Office	5-33-8, Shiba, Minato-ku, Tokyo 108-8410, Japan Phone: +81-3-3456-1111
Established	April 22, 1970
Number of Employees	Consolidated: 29,604 Non-consolidated: 13,222
Capital	¥284,382 million

Members of the Board (as of June 23, 2017)

Directors

Chairman of the Board Representative Director	Carlos Ghosn
Member of the Board Representative Director CEO	Osamu Masuko
Member of the Board Executive Vice President (Development, Quality) CPLD	Mitsuhiro Yamashita
Member of the Board Executive Vice President (Overseas Operations, Global After Sales) CPO	Kozo Shiraji
Member of the Board Executive Vice President (Finance, Controlling & Accounting) CFO	Koji Ikeya
Member of the Board [Outside Director]	Harumi Sakamoto
Member of the Board [Outside Director]	Shunichi Miyanaga
Member of the Board [Outside Director]	Ken Kobayashi
Member of the Board [Outside Director]	Takeshi Isayama
Member of the Board [Outside Director]	Hitoshi Kawaguchi
Member of the Board [Outside Director]	Hiroshi Karube

Audit & Supervisory Board Members

Audit & Supervisory Board Member [Full-Time]	Yoshikazu Nakamura
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Katsunori Nagayasu
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Toshimitsu Iwanami
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Yaeko Takeoka
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Yoshitsugu Oba

Notes: 1 Ms. Harumi Sakamoto, Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Takeshi Isayama, Mr. Hitoshi Kawaguchi and Mr. Hiroshi Karube are outside directors as stipulated in Item 15 of Article 2 of the Companies Act of Japan.

2 Mr. Katsunori Nagayasu, Mr. Toshimitsu Iwanami, Ms. Yaeko Takeoka and Mr. Yoshitsugu Oba are outside Audit & Supervisory Board Members as stipulated in Item 16 of Article 2 of the Companies Act of Japan.

Drive@earth



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