

While continuing to work to rebuild trust, we will press ahead with establishing a foundation for sustainable growth.

In fiscal 2017, the first year of the Drive for Growth mid-term plan, we were able to make a good start, achieving targets that were even revised upward during the fiscal year. I also find it very encouraging that our new products, the *XPANDER* and *Eclipse Cross*, have been launched successfully.

At the same time, the world situation is changing substantially on a daily basis, engendering various risks. More than ever before, companies are compelled to pay attention to these risks and are being called on to respond flexibly. We are doing our best to do so, while steadily achieving a recovery in our operating performance, undertaking reforms to rebuild trust and establishing the foundation for profitable and sustainable growth.



Osamu Masuko

Osamu Masuko
Member of the Board
Representative Director
CEO



In October 2017, we formulated Drive for Growth, our three-year mid-term plan through fiscal 2019. (Please see pages 8–9 for details.)

This mid-term plan sets three key priorities to address as we work to establish the foundation for profitable and sustainable growth.

Our first priority is rebuilding trust that was tarnished following the incident of fuel economy misrepresentation. We recognize that it will take time to restore the trust of customers and society at large, but we are making compliance our top priority and leveraging IT in our unremitting efforts to dramatically reform and enhance our internal control and governance structures.

Our second priority is putting the Company's performance on track to a V-shaped recovery. To date, our sales volume has been around 1 million vehicles. We aim to increase this level to 1.3 million vehicles by fiscal 2019. We are targeting sales of ¥2.5 trillion by that date, representing a 30% increase from fiscal 2016. At the same time, we will manage costs thoroughly to boost the operating margin to 6% or more, in line with our historic peak. To simultaneously raise volume and enhance profitability, over the plan's three-year period we will invest more than ¥600 billion in development and facilities to introduce new models and set business

foundations in place. Despite this aggressive investment, we will work to ensure positive free cash flow each year and maintain a sound financial structure.

Our third priority is successful new model launches. Centering on the SUV segment, which we expect to continue growing, we will leverage our strength in 4WD vehicles and pickup trucks to further enhance our product lineup. During the period of the mid-term plan, we plan to introduce 11 new models. These include the *XPANDER* and the *Eclipse Cross*, for which we began production and sales in fiscal 2017. In addition to the ASEAN region, which is an area of strength, we will focus on sales in other main markets, including Japan, Oceania, the United States and China. By succeeding in these new model launches, we aim to enhance our brand and achieve growth in scale.

Automobiles and the business climate of the industry are undergoing significant transformations. More stringent environmental regulations imposed by each country cannot be met by simply increasing IC engine efficiency or reducing vehicle weight. Carmakers around the world are thus investing resources in electrified vehicles one after another, resulting in full-scale competition. In addition, markets are expecting autonomous driving technologies and sophisticated safety features such as emergency brakes as standard equipment. Along with increasing connectivity, development of vehicle intelligence is gaining momentum.

With the management environment changing at unimaginable speed, Mitsubishi Motors recognizes that in order to continue existing and growing, the Company must respond to these changes and take the initiative in transforming itself. To this end, we aim to take full advantage of the Alliance's strengths. At the same time, we will further hone our own SUV and electrification technologies and contribute toward the Alliance. In addition, through the concentrated investment of management resources in regions and technologies in which we excel, we aim to build a foundation that will enable us to remain competitive amid the major changes in the operating environment that are underway.

Mitsubishi Motors will continue working to transform itself in order to deliver new value and remain a company that society truly needs.

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