Feature 1: Drive for Growth (Mid-Term Plan)

We will renew our product lineup, grow in core markets, optimize costs and invest aggressively to solidify our foundation for sustainable growth.

Based on "Drive for Growth," Mitsubishi Motors' three-year mid-term plan that concludes in fiscal 2019, the Company will build a foundation for profitable and sustainable growth by moving forward with efficiency improvements, renewing product lineups and achieving growth in core markets.

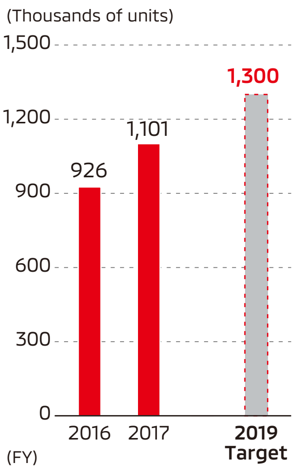
"Drive for Growth" sets four key performance indicators (KPIs) to be achieved by fiscal 2019: sales volume (retail) of 1.3 million units, amounting to a 40% increase from fiscal 2016; net sales of ¥2.5 trillion, up 30% from fiscal 2016; an operating profit margin of 6% or more; and positive free cash flow during all three years of the plan.

Our strategic actions for achieving these aims are product renewal, a focus on core markets and cost optimization. Using these strategic actions, we will further strengthen our lineups in SUVs, four-wheel-drive vehicles and pickup trucks, and introduce 11 models, including the new *XPANDER* and the new *Eclipse Cross*. By renewing the product lineup in this way, we aim to simultaneously increase sales in the ASEAN region, Oceania, the United States, China and Japan. At the same time, we will continue to enact thorough cost management and build an efficient and disciplined operating structure.

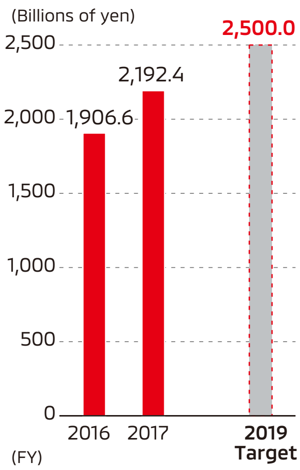
Furthermore, we will solidify our foundation for sustainable growth through capital investment and aggressive investment in new-vehicle development. In fiscal 2019, the final year of Drive for Growth, we anticipate capital investment of ¥137.0 billion, amounting to 5.5% of net sales. We also anticipate R&D expenditure for the year of ¥133.0 billion.

Four Key Performance Indicators (KPIs)

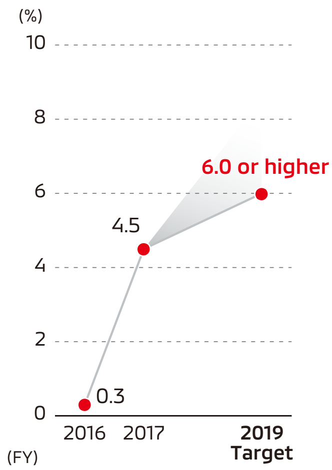
Sales volume (retail)



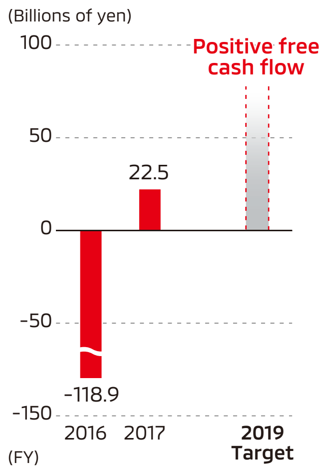
Net sales



Operating profit



Free cash flow



Eclipse Cross

XPANDER

Strategic Actions

Product Renewal	Revenue Growth through Focus on Core Markets	Cost Optimization
During the period of the Drive for Growth plan, Mitsubishi Motors will introduce 11 models. Of these, six will be new models or full model changes of existing models. We will introduce these models at a rate of two per year. We expect our five main models of SUVs, four-wheel-drive vehicles and plug-in hybrid vehicles—Mitsubishi Motors' strengths—to account for 70% of our global sales volume. Furthermore, amid the shift to low-emission gas vehicles, from 2020 we plan to offer electric power-trains for core models, including minicar EVs.	The ASEAN region is the largest and highly profitable market for Mitsubishi Motors. One key factor is growth in sales of the new *XPANDER*, which is being manufactured at a new plant in Indonesia that commenced operations in 2017. We aim to increase sales volume in the ASEAN region from 206,000 units to 310,000 units by fiscal 2019. In Japan, we will introduce a new minicar. In the United States, we will step up sales activities in the aim of boosting annual sales volume by 30%, to 130,000 units, by fiscal 2019. In China, we will double our dealer network in the aim of more than doubling sales volume, to 220,000 units by fiscal 2019.	In addition to thoroughly managing costs, Mitsubishi Motors will substantially increase R&D expenditure. That being said, we intend to reduce total manufacturing costs—including development, manufacturing and logistics expenditures—by 1.3% per year. While managing these costs, as an alliance member Mitsubishi Motors will benefit from more than ¥100.0 billion in synergies during the period of the plan, including synergies arising from joint purchasing and R&D cost avoidance.

Infrastructure Development

Substantial Increases in Capital Investment and R&D Expenditure

We will accelerate our aggressive investment in growth, building a foundation to support future expansion. Specifically, by the final year of the plan (fiscal 2019), we will increase capital investment to ¥137.0 billion (5.5% of new sales) and R&D expenditure to ¥133.0 billion (5.3% of net sales). As a result of this aggressive investment, we expect to spend more than ¥600.0 billion on capital and R&D investments over the three-year period. As a result, we will put in place the development and production structures to support growth in scale.