We are striving to reinforce governance and build a highly transparent and sound management foundation.

At the Ordinary General Meeting of Shareholders in June 2019, Mitsubishi Motors Corporation ("MMC") transitioned to a "company with three committees." This structure clearly defines the separation of the supervision and business execution functions and enables members of the Board to focus on supervising business execution. This move accelerates our initiatives to reinforce governance, which is the cornerstone of trust in management.

Specifically, three committees with strong authority have been established under the Board of Directors: the Nomination, Compensation and Auditor committees. The Board of Directors will liaise with these three committees, reinforcing its supervisory function over the execution of business by the executive officers. Furthermore, the majority of members of the

O. Masuko

Osamu Masuko
Chairman of the Board
Representative Executive Officer

Nomination Committee (which appoints candidates for members of the Board) and the Compensation Committee (which determines the compensation of directors and executive officers) are outside directors. This arrangement ensures the decision-making process is transparent and objective.

At the same time, our operating environment is changing rapidly. We must respond with swift business execution. As a company with three committees, a great deal of authority has been vested in the executive officers, who now handle matters that were previously decided by the Board of Directors—the exception being decisions on matters such as major management policy.

In this way, we have created a highly transparent governance foundation that reinforces the supervisory function and ensures management flexibility. With this system in place and under the structure headed by newly appointed CEO Takao Kato, we will follow a sound growth trajectory, not seeking to expand our scale too quickly but striking a balance between growth and investment.

Message from the CEO

We aim to ensure that MMC is “Small but Beautiful.”

On Taking up Office as CEO

I admit to feeling a little tense at taking up the management baton as CEO at a time when the automotive industry is in the throes of revolution said to occur only once every 100 years. I am committed to focusing all my energy on formulating and executing the next mid-term business plan, which commences in 2020 and targets increased profitability and sustainable growth.

MMC’s Current Status

In addition to global political and economic uncertainties, we are being called upon to respond to strict environmental regulations and technological innovation known as CASE (connected, autonomous, shared/services and electric). In Japan, where the population is aging, expectations toward preventative safety technology are mounting. In this increasingly severe market environment, we need to clearly identify MMC’s path to survival going forward.

Small but Beautiful

Focus on Regions of Strength	Introduce Products that Showcase Our Strengths	Build the Foundations for Sustainable Growth Suited to Our Size

With the world's automakers taking up challenges involving next-generation technologies and new business models, it is unrealistic to think they can resolve the issues they face all on their own. Instead, they plan to overcome these hurdles by partnering with other companies, including those in other industries. As with the Renault–Nissan–MMC alliance, the effective utilization of alliances will be important for MMC. While respecting each other and maintaining a win-win spirit, we will hone MMC's own technologies and strengths as we strive to contribute to the alliance.

Becoming a Trusted Company

Although not a large company, MMC moves quickly for its size. By focusing our limited resources on our regions of strength and concentrating on a competitive product lineup, we aim to put our management focus on profitability.

We have defined our corporate ideal as "Small but Beautiful," and our next mid-term business plan will put this concept into practice. In pursuit of characteristics unique to MMC, we will hone our competitiveness by leveraging the alliance and applying a strategy of concentration. While aiming for steady growth as a "Small but Beautiful" company, I see it as my overriding mission to enhance MMC's robustness.

Takao Kato
Member of the Board
Representative Executive Officer, CEO

We aim for profit-oriented, sustainable growth.

Ashwani Gupta
Representative Executive Officer, COO

On My Appointment as COO

Although MMC is relatively small compared to its competitors, we have unique strengths that play a major role on the technology and product fronts in our core markets. For example, the *Outlander PHEV* is the world's biggest-selling plug-in hybrid, and our four-wheel control technology provides unique value.

Looking beyond the technology and product fronts, MMC also has solid traditions and a rich corporate culture. We are proud to be a member of the Mitsubishi Group—one of Japan's strongest corporate groups—and we play a major role as a member of a robust automaker alliance.

I am extremely pleased to have been appointed COO of such a company, and I aim to make MMC an even more appealing company.

Fiscal Year Ending March 31, 2020: The Run-up Period to a New Mid-Term Business Plan

In the year ended March 31, 2019, our operating performance was robust, but certain issues have begun to surface regarding our growth trajectory to date, highlighted by the increasing number of difficulties in our operating environment. For this reason, we are revising our management direction and adopting a focus on sustainable profitability. We will follow the "selection and concentration" approach to prioritize profitability over scale even if the trajectory of our V-shaped recovery flattens.

Fiscal 2019 will be extremely important, as it marks the final year of our current mid-term business plan, as well as being the run-up period to our next mid-term business plan. Under our new CEO, Takao Kato, we will make every effort to ensure that MMC is "small but beautiful."

Regional Strategies

First, even more than in the past we will invest resources in the ASEAN region—an area of strength for MMC—reinforcing sales in terms of both quality

XPANDER

Triton

and quantity. We aim to expand the market with the *XPANDER*, which is popular not just in Indonesia but also in the Philippines, Thailand and surrounding countries; the new *Triton*, which we launched in Thailand in 2018; and the new *Pajero Sport*, which we launched in Thailand in July 2019.

In addition to the new *eK Wagon* and the *eK X*, in our home market of Japan, we will launch a new model that we expect to serve as an engine of growth. We will also renew existing vehicle models, such as the *RVR*. By enhancing our sales network, after-sales service and sales financing, and providing customers with services throughout the value chain, we aim to maintain a firmly profitable structure.

Our market share in Oceania is similar to that in the ASEAN region. Oceania, and particularly resource-producing Australia, has been hit hard by China's economic deceleration. We will focus on selling SUVs and light commercial vehicles—categories slated for further market growth—to further increase our market share.

In China, we will reinforce our sales network, enhance our service level and make more effective use of online advertising to fortify our sales structure both qualitatively and quantitatively. To underpin our growth in this market, we have begun manufacturing engines locally. Moving toward 2020, we plan to expand our R&D facilities there. With fuel efficiency requirements growing more stringent in China, we will need to adopt electric vehicle initiatives. We will strengthen our partnership with Guangzhou Automobile Group and work to enhance our foundations and expand our business there in a bid for sustainable growth.

In North America, demand is shifting rapidly from sedans to SUVs, and competition in this segment is heating up. We will address this situation by further augmenting our selling capabilities, continuing to enhance our brand image and level of awareness, thoroughly controlling costs and managing the business with a keen eye to profits.

Pajero Sport

eK X

We will ensure stable profitability by selecting investments carefully and managing costs thoroughly.

Koji Ikeya
Representative Executive Officer,
Executive Vice President
CFO

Fiscal 2018 in Review

Sales volume (retail) was up year on year across all regions, rising 143,000 units (13%) to 1,244,000 units. In the ASEAN region, sales volume increased 17% to 318,000 units as we launched the *XPANDER* in the Philippines, Thailand and Vietnam, as well as Indonesia. In Japan, sales of the *Eclipse Cross*, the *Outlander PHEV* and the new-model *Delica D:5* increased, boosting sales volume 7% to 105,000 vehicles as recovery continued. We also launched new-model keicars, the *eK Wagon* and the *eK X*, at the end of the year ended March 31, 2019. In addition, sales volume exceeded our initial forecasts in all regions, including mainstay Oceania and focus regions such as North America, China, and other areas.

Net sales rose ¥322.2 billion (15%) year on year to ¥2,514.6 billion; operating profit expanded ¥13.6 billion (14%) to ¥111.8 billion; and profit attributable to owners of the parent grew ¥25.3 billion (24%) to ¥132.9 billion.

Outlook for the Year Ending March 31, 2020

In the upcoming fiscal year, we expect sales volume (retail) and net sales to outpace levels for the year ended March 31, 2019, reaching 1,305,000 vehicles and

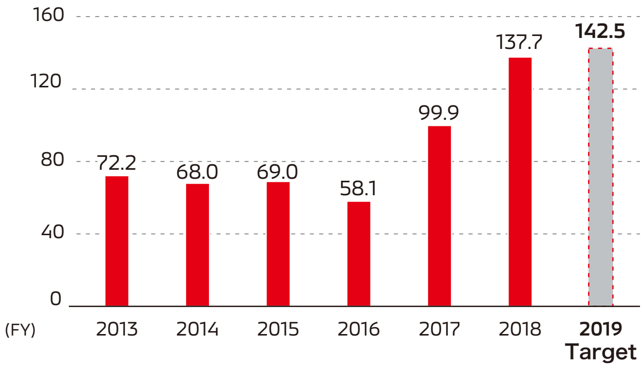
Operating Performance and Forecast

(Billions of yen, thousands of units)

	FY2018 (Actual)	FY2019 (Forecast)
Sales volume (retail)	1,244	1,305
Net sales	2,514.6	2,580.0
Operating profit	111.8	90.0
Profit attributable to owners of the parent	132.9	65.0

Capital Expenditures

(Billions of yen)



¥2,580.0 billion, respectively. We expect profit to decrease, however, and are targeting operating profit of ¥90.0 billion and profit attributable to owners of the parent of ¥65.0 billion.

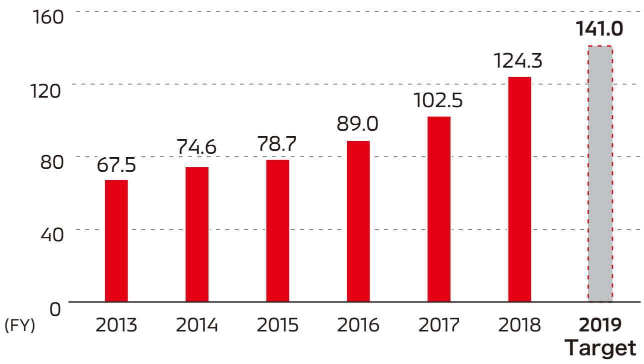
In addition to global fluctuations in demand, we are considering exchange rate fluctuations and other external environmental factors as thoroughly as possible, against an international backdrop characterized by mounting uncertainty due to trade friction.

We are also being affected significantly by ballooning R&D investment into next-generation vehicles that will respond to demands for stringent environmental regulations and technological innovation. If the higher fixed costs stemming from aggressive investment can be covered through higher sales, it will be possible to achieve a balanced level of growth. In reality, however, we face growing concerns about a global economic slowdown and the difficulties of boosting sales to match our anticipatory investment.

We have adjusted our management direction from the previous focus on rapid growth to being "Small but Beautiful." In line with this strategy, we will vet investments carefully and strive to curtail major rises in fixed costs.

R&D Expenses

(Billions of yen)



Cash and Deposits/Interest-Bearing Debt

(Billions of yen)