

# Financial Results for FY2007



**Mitsubishi Motors Corporation**

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**April 25, 2008**

# Summary of FY2007 Results and FY2008 Forecast



## Shuichi Aoto

**Senior Executive Officer**

**In Charge of Corporate Planning,  
Controlling & Accounting Group Headquarters**

# FY2007 Full Year Results Summary

## Increased Sales and Profits

- Operating profit and ordinary profit at all-time high -

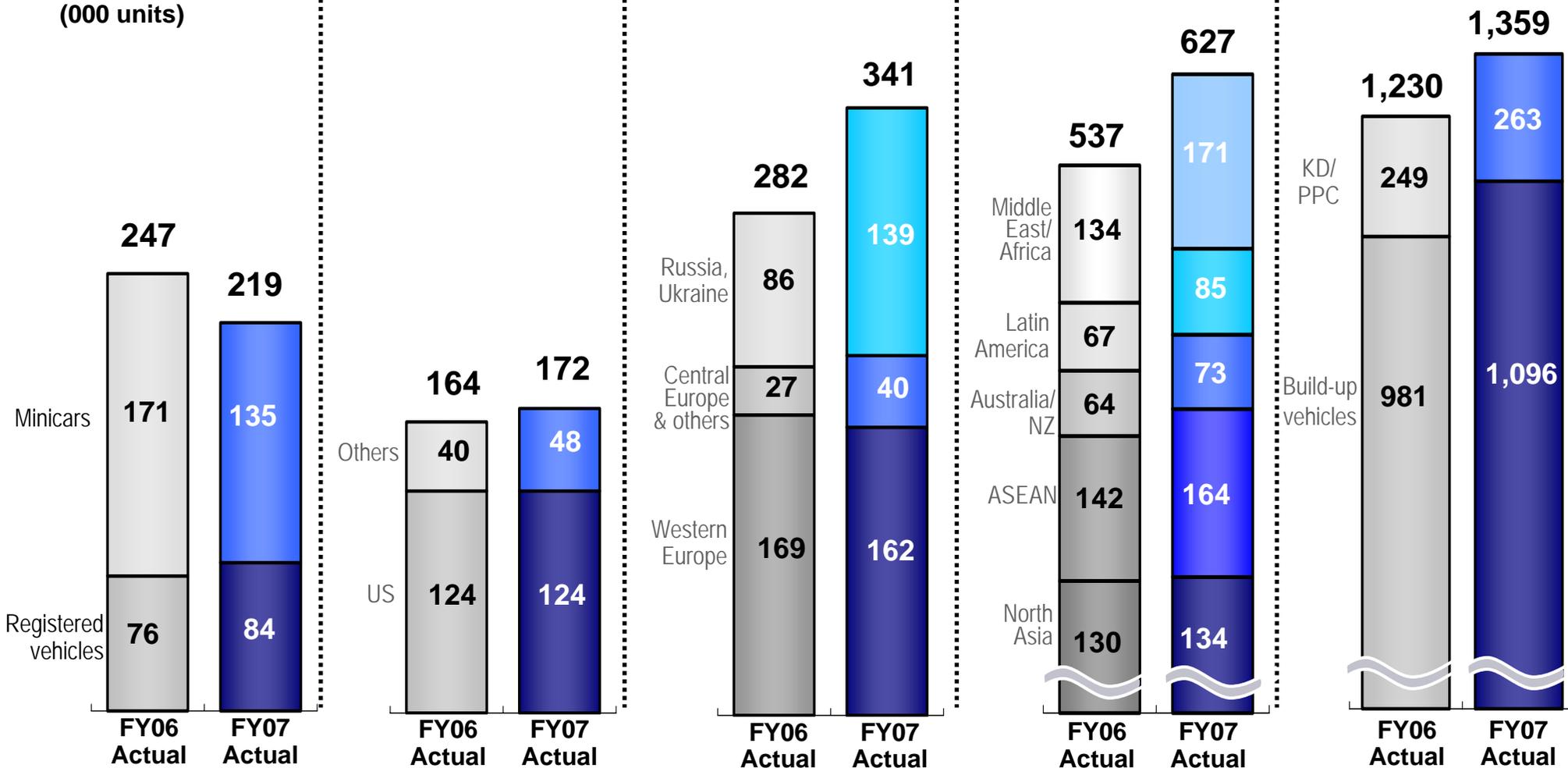
(100 million yen/000 units)

	<b>FY06 Actual</b>	<b>FY07 Actual</b>	<b>Change</b>	<b>Feb. 5,'08 FY07 Forecast</b>
<b>Revenue</b>	<b>22,029</b>	<b>26,821</b>	<b>+4,792</b>	<b>26,700</b>
<b>Operating Income</b>	<b>402</b>	<b>1,086</b>	<b>+684</b>	<b>800</b>
<b>Ordinary Income</b>	<b>185</b>	<b>857</b>	<b>+672</b>	<b>600</b>
<b>Net Income</b>	<b>87</b>	<b>347</b>	<b>+260</b>	<b>200</b>
<b>Unit Volume (retail)</b>	<b>1,230</b>	<b>1,359</b>	<b>+129</b>	<b>1,337</b>

# FY2007 Regional Unit Volume (vs. FY2006 Actual, Retail base)

Japan	North America	Europe	Asia & Others	Total
FY07 Actual vs. FY2006 Actual				(BU: +12%)
-11%	+5%	+21%	+17%	+10%

(000 units)

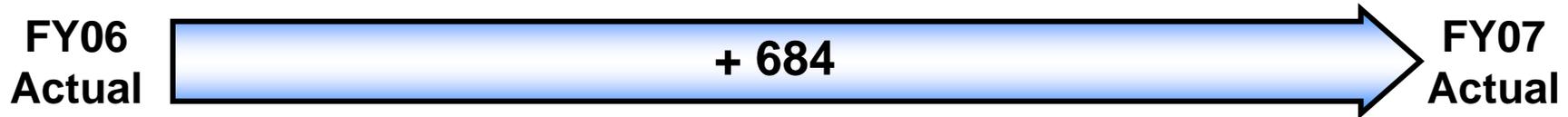


Notes: Unit volume figures exclude OEM volume. Unit volumes of FY07 refer to preliminary results.

# Analysis of Operating Income (vs. FY2006 Actual)

Increased Profit by Improving Volume/Mix  
and Restructuring Operations

(100 million yen)



By region

Japan:	+45
North America:	-120
Europe:	+422
Others:	+196

**+543**

Vol/Mix

**-64**

Sales expenses

**+146**

Forex

**-95**

Financial service operations

**+154**

Cost Reduction & Others

**1,086**

Forex booking rate, in yen

	FY06	FY07
USD	117	115
EUR	152	162
AUD	90	100

- Domestic sales company restructuring +50
- Improved fixed costs at domestic plants +78
- Cost reduction, etc. +26

# FY2007 Non-operating and Extraordinary Income

(100 million yen)

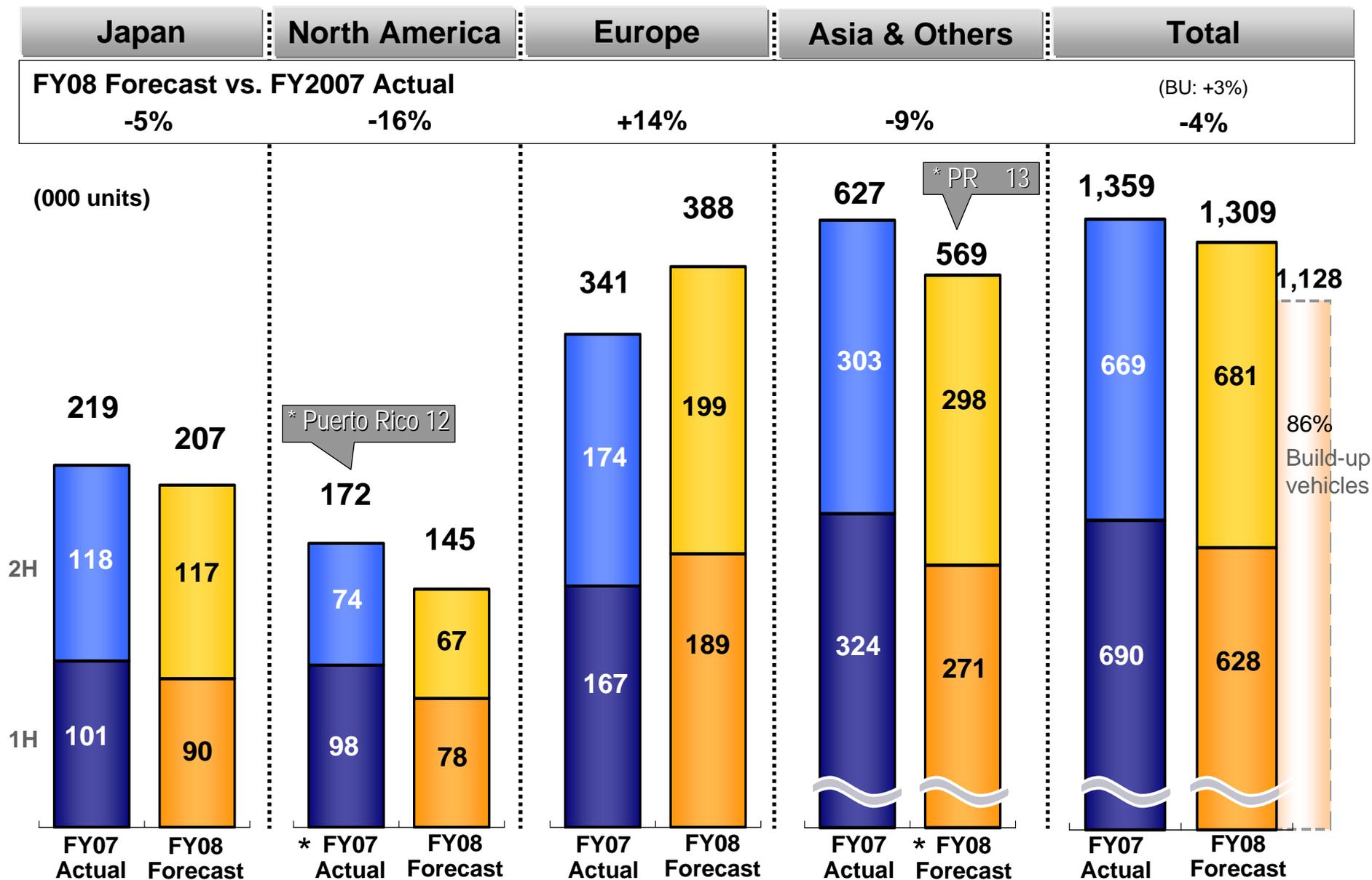
	FY06 Actual	FY07 Actual	Change	
<b>Operating Income</b>	<b>402</b>	<b>1,086</b>	<b>+684</b>	<u>Main Items</u> • Interest exp. -119 • Forex -99
<b>Non-operating Income</b>	<b>-217</b>	<b>-229</b>	<b>-12</b>	
<b>Ordinary Income</b>	<b>185</b>	<b>857</b>	<b>+672</b>	
<b>Extraordinary Income &amp; Tax</b>	<b>-98</b>	<b>-510</b>	<b>-412</b>	• Extraordinary gain/loss -375 <u>Main Items</u> - Australian plant closure expenses -146 - Impairment loss (United States) -152 - Others -77 • Corporate tax, etc. -135
<b>Net Income</b>	<b>87</b>	<b>347</b>	<b>+260</b>	

# Balance Sheet

(100 million yen)

	<u>Mar. 2007</u>	<u>Mar. 2008</u>	<u>Change</u>
<b>Total Assets</b>	<b>17,787</b>	<b>16,094</b>	<b>-1,693</b>
Cash and cash deposits	3,581	3,559	-22
Inventories	3,520	2,996	-524
Tangible Fixed Assets	5,175	4,535	-640
<b>Total Liabilities</b>	<b>14,704</b>	<b>12,813</b>	<b>-1,891</b>
Interest-bearing Debt	5,038	3,539	-1,499
<b>Net Assets</b>	<b>3,083</b>	<b>3,281</b>	<b>+198</b>

# FY2008 Regional Unit Volume Forecast (vs. FY2007 Actual, Retail base)



Notes: Unit volume figures exclude OEM volume. Unit volumes of FY07 refer to preliminary results.

\*Unit volumes of Puerto Rico include in FY07 North America and in Asia & others after FY08

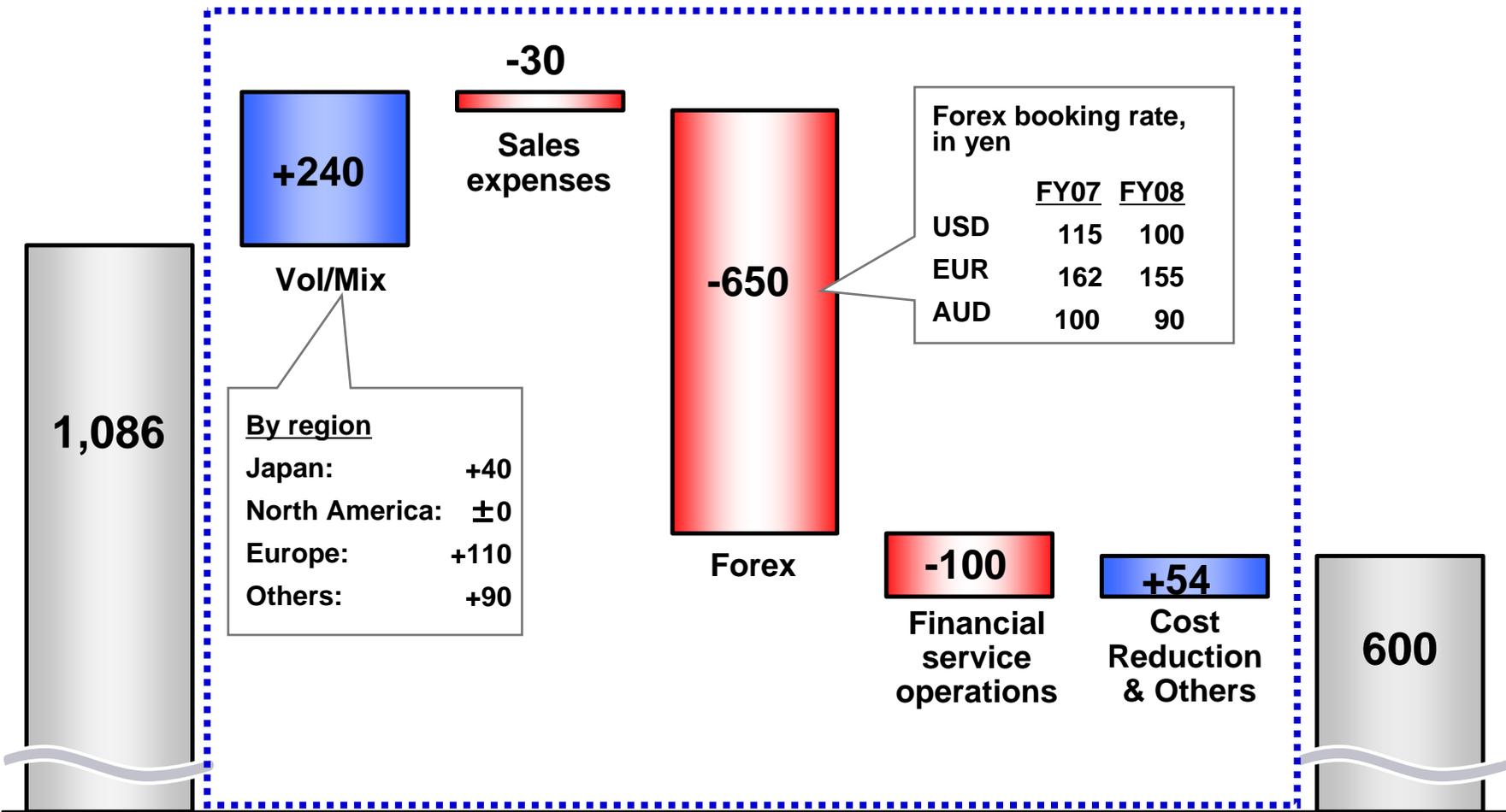
# FY2008 Results Forecast (vs. FY2007 Actual)

(100 million yen/ 000 units)

	FY07 Actual	FY08 Forecast	Change
<b>Revenue</b>	<b>26,821</b>	<b>26,500</b>	<b>-321</b>
<b>Operating Income</b>	<b>1,086</b>	<b>600</b>	<b>-486</b>
<b>Ordinary Income</b>	<b>857</b>	<b>480</b>	<b>-377</b>
<b>Net Income</b>	<b>347</b>	<b>200</b>	<b>-147</b>
<b>Unit Volume</b> (retail)	<b>1,359</b>	<b>1,309</b>	<b>-50</b>
<b>Assumed Forex Rate</b>	¥115/US\$ ¥162/EUR	¥100/US\$ ¥155/EUR	

# Analysis of Operating Income (FY2008 Forecast vs. FY2007 Actual)

(100 million yen)



# FY2008 Business Plan



**Osamu Masuko**

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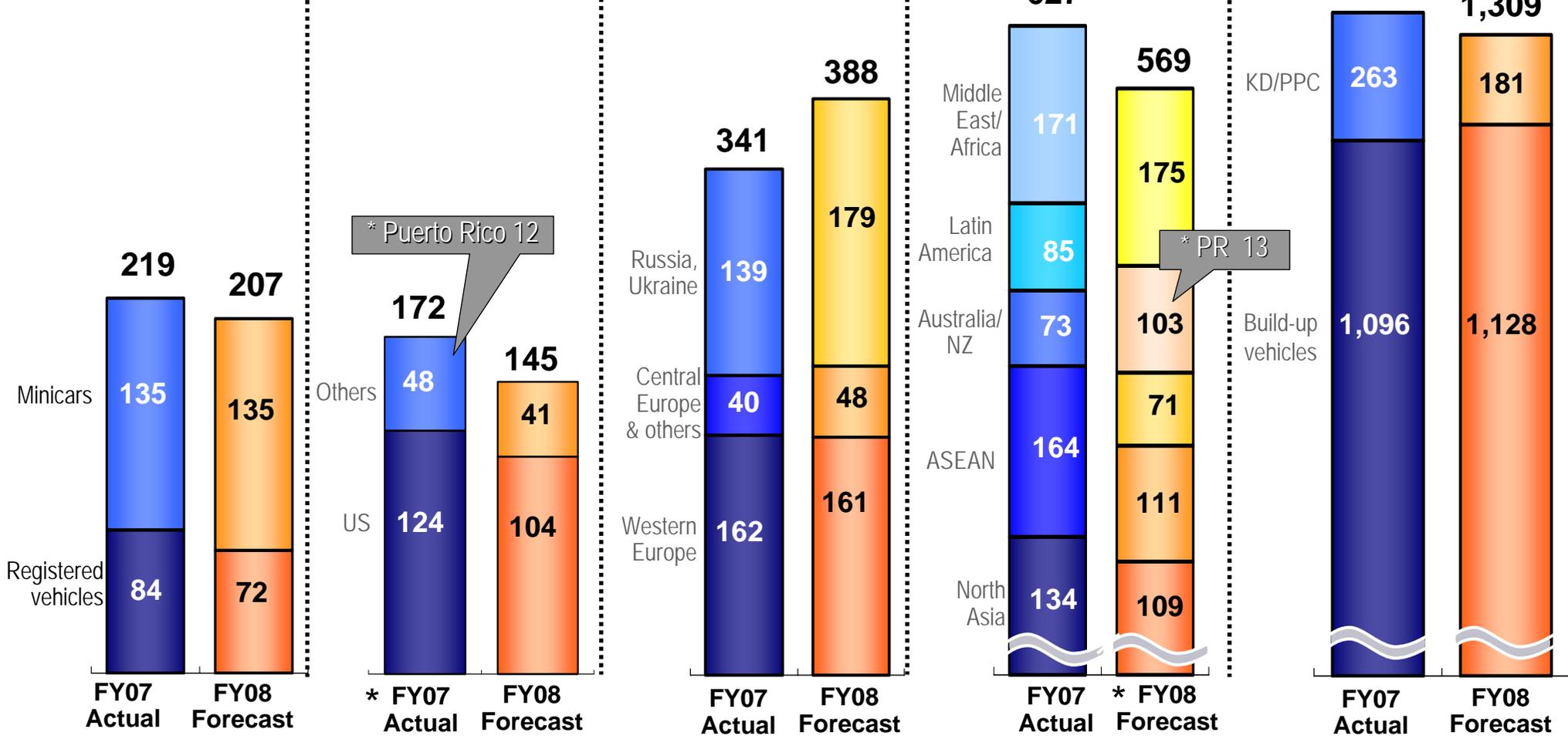
**President**

# FY2008 Regional Unit Volume Forecast (vs. FY2007 Actual, Retail base)

Japan	North America	Europe	Asia & Others	Total
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FY08 Forecast vs. FY2007 Actual				(BU: +3%)
-5%	-16%	+14%	-9%	-4%

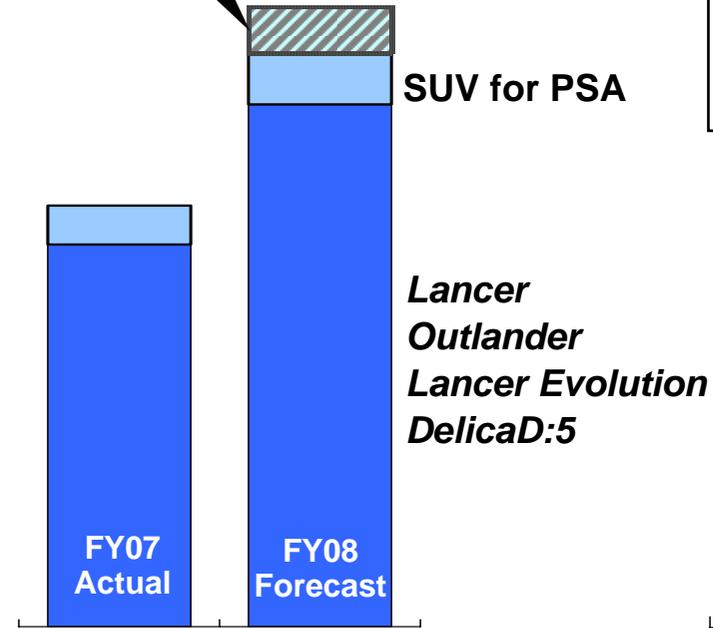
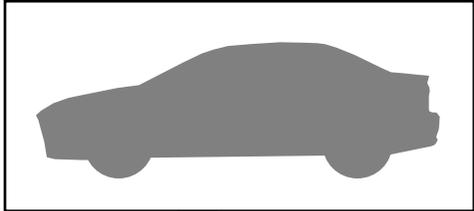
(000 units)



Notes: Unit volume figures exclude OEM volume. Unit volumes of FY07 refer to preliminary results. \* Unit volumes of Puerto Rico include in FY07 North America and in Asia & others after FY08.

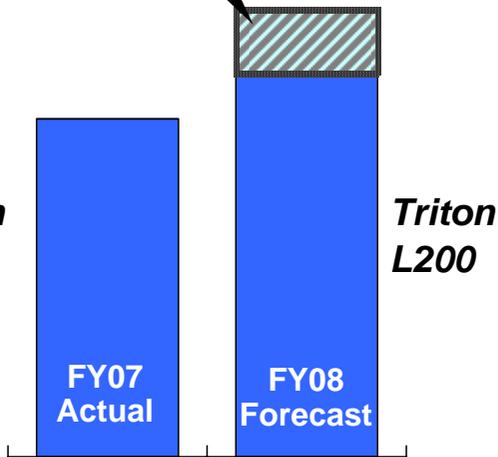
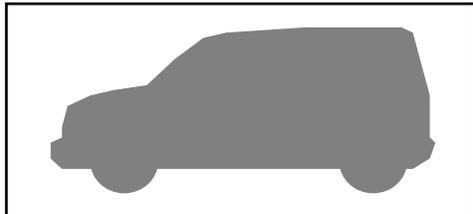
## Further Global Model Expansion

### Lancer Sport hatchback



Mid-size Platform Vehicles

### Pickup-based New SUV



Pickup Platform Vehicles

## System Changes to Support Expansion

- Transfer production of global models for Europe to European production hub (Netherlands)
  - *Outlander* (transfer from Okazaki Plant)
  - SUV for PSA Peugeot-Citroen (transfer from Mizushima Plant)
- Increase production capacity \* in 3 domestic plants (840K units in FY07=>905K units in FY08)
- Increase powertrain supply capacity

\* Standard capacity

Increased sales of built-up vehicles and profits

## Business Plan: Building the Foundations of Growth

### Production

- Okazaki Plant: Begin construction of new paint facility
- Mizushima Plant: Decision made to construct minicar weld assembly factory on premises (scheduled for completion in 2010)
- Powertrain Plant: Increase production capacity of engines for global models
- Powertrain Plant: Begin clean diesel production (early 2009)
- Thailand: Establish new engine factory at the site adjacent to MMTh<sup>\*</sup> Laem Chabang Plant (operation to begin in April 2008)

### Sales

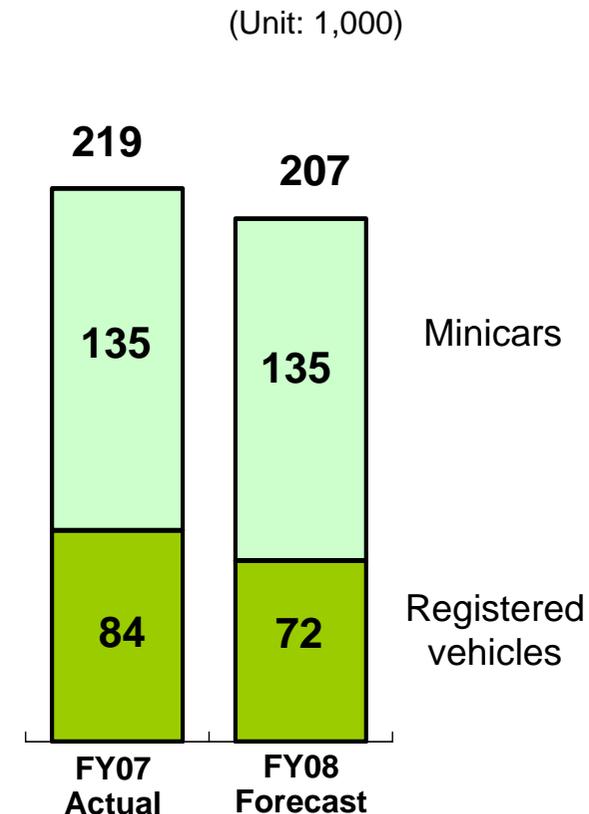
- United States: Begin export of *Eclipse* manufactured at MMNA<sup>\*</sup> to the Middle East and China
- Canada: Begin construction of parts warehouse, expand sales network
- Russia, Ukraine: Expand sales network
- China: Promote maintenance of Mitsubishi-brand vehicle sales network
- Korea: Study new entry into the market

\* Mitsubishi Motors (Thailand) Co, Ltd.

\* Mitsubishi Motors North America, Inc.

## Profit-oriented Sales and Maximized Business Efficiency

- ➔ Introduce New Models to Strengthen Lineup
  - New minicar wagon (Fall 2008)
  - *Galant Fortis sport hatchback* (Winter 2008)
  - Compact commercial vehicle (Fall 2008)
- ➔ Improve Profit Margin of New Vehicle Sales
  - Increase proportion of dealership sales
- ➔ Attract Customers and Retain Customer Loyalty
  - Improve after sales services
  - Increase customer satisfaction through better care and 'people skills'
- ➔ Promote Highly Efficient Sales Structure
  - Create sales network with high operational efficiency
  - Open regional stores to attract customers



## Promotion of Activities to Strengthen Mid- to Long-term Branding

### ➤ Strengthen Lineup with New *Lancer* Series Models

- *Lancer Evolution SST*<sup>\*</sup> model (June 2008)
- *Lancer Ralliart* (Fall 2008), *Lancer sport hatchback* (early 2009)

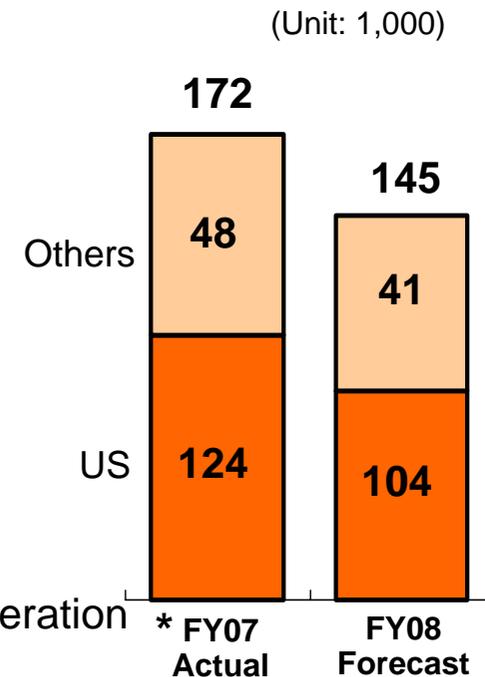
\* Sport Shift Transmission

### ➤ United States

- Continue energizing of dealer network
- Continue streamlining and cost reduction measures at the Illinois Plant
- Begin export of *Eclipse*, manufactured at the Illinois Plant  
(to the Middle East, China)

### ➤ Canada

- Expand sales network  
68 outlets (end FY07) => 85 outlets (end FY08)
- Construct new parts warehouse (Toronto) to strengthen the after sales operation



\* Sales figure for 2007 includes 12,000 units sold in Puerto Rico. From 2008, Puerto Rico sales will be included in Asia/Others.

Notes: Unit volumes of FY2007 refer to preliminary results

## Expand Sales and Promote Compliance with Environmental Regulations through the Introduction of New Models

### ➤ Strengthen Lineup with New *Lancer* Series Models

- New *Lancer Evolution* (September 2008)
- *Lancer sport hatchback* (September 2008)

### ➤ Western Europe

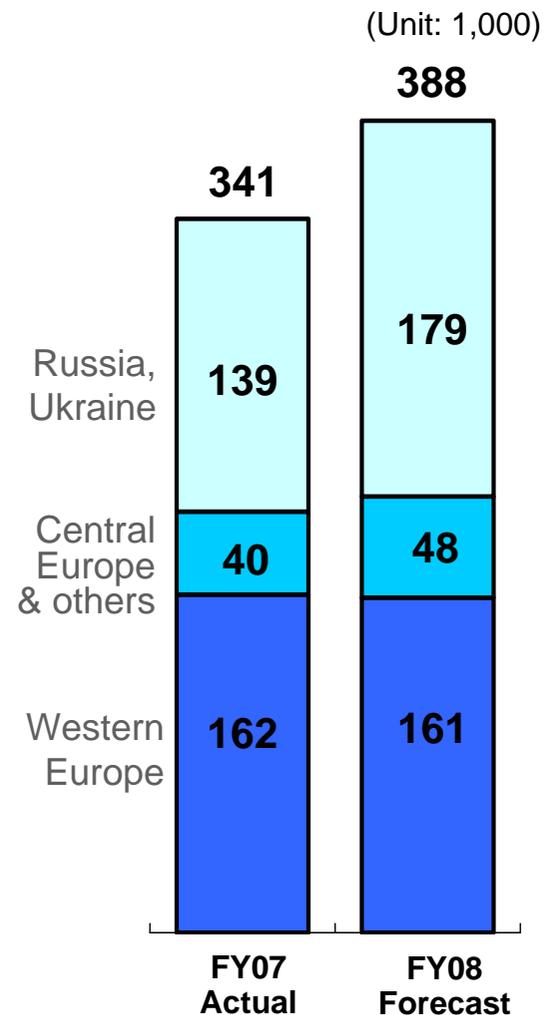
- Introduce low CO<sub>2</sub> emission (Idling stop) model *Colt*

### ➤ Central Europe

- Expand sales of SUVs

### ➤ Transfer Production to European Hub (Netherlands) and Improve Production Ratio

- *Outlander* for Europe (from Okazaki plant)
- SUV for PSA Peugeot Citroen (from Mizushima plant)



## Strengthen Foundation through New Vehicle Introduction and Sales Network Expansion

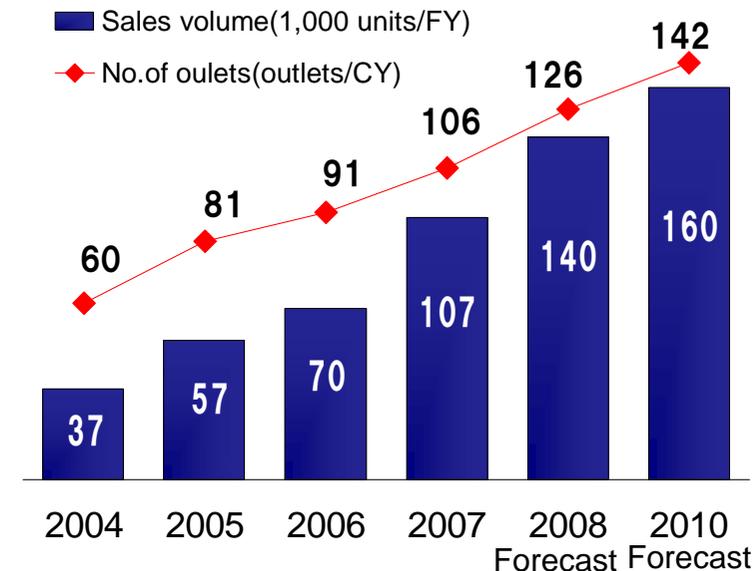
### ➔ Introduce New Models to Strengthen Lineup

- Strengthen and expand sales of leading *Lancer* series
  - *Lancer Evolution* (August 2008~)
  - *Lancer sport hatchback* (September 2008)
- Introduce new pickup-based SUV (October 2008)

### ➔ Expand Sales Network

- Russia: 106 outlets (FY07) => 126 outlets (FY08)
- Ukraine: 50 outlets (FY07) => 65 outlets (FY08)

### Sales Volume in Russia and Change in Number of Outlets



Note: The sales volume results for 2007 are preliminary figures.

## Expand Presence to Improve Penetration of Mitsubishi Brand

### ➔ China

- Expand built-up import vehicle business  
 additional launch of 3 models: *Lancer Evolution*, *Lancer* and *Eclipse*
- Maintenance of Mitsubishi-brand sales network

### ➔ Korea

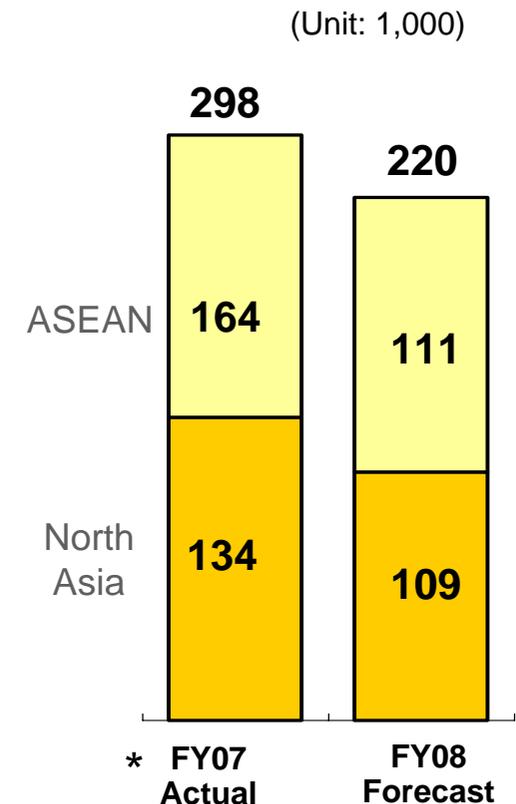
- Study new entry into the market

### ➔ Thailand

- Strengthen global production base, including construction of new engine plant
- Start production and export of pickup-based new SUV

### ➔ India

Strengthen SUV segment through introduction of *Outlander*



\* Shipment to Proton completed as of 2007 (634,000 units in FY07 to 0 vehicles in FY08).

Notes: Unit volume figures exclude OEM volume. Unit volumes of FY2007 refer to preliminary results.

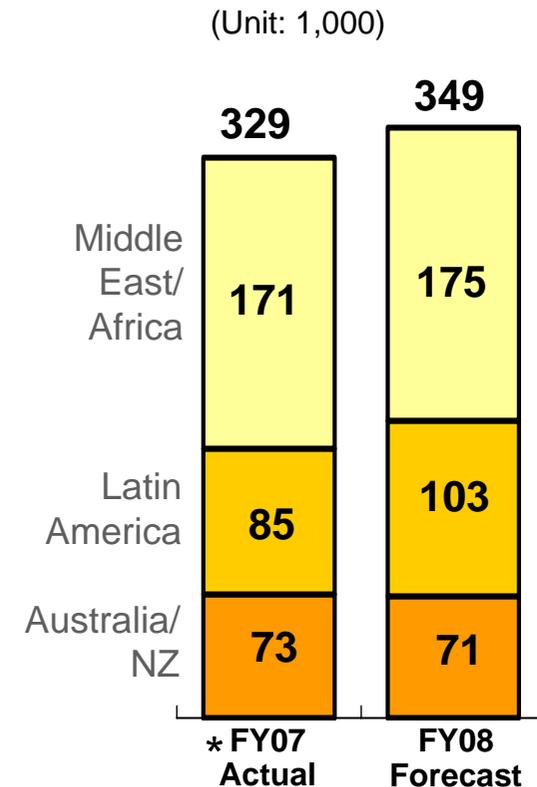
## Increasing Model Introductions in Growth Markets

### ➤ Australia

- Expand lineup of promising import vehicles
  - New *Lancer Evolution* (July 2008)
  - *Lancer sport hatchback* (November 2008)
- Focus resources on sales of built-up import vehicles

### ➤ Latin America, the Middle East, Africa

- Expand sales by introducing new models in economically favorable markets
  - Introduce pickup-based new SUV (September 2008)
  - Introduce *Lancer Evolution* to the Middle East (October 2008)
- Establish controlling company in the Middle East (second half of FY08)
  - Create a foundation for growth by adding operations such as sales, marketing, components, services, etc.



## ■ FY2007 Results

### Increased Sales and Profits

- Operating profit and ordinary profit at all-time highs -

- 10% increase in sales volume. Sales decreased in Japan, but were offset by increases in Europe, Asia and other regions
- Sales and profit increased; operating profit and ordinary profit have reached record highs.  
Net profit was maintained even after taking Australian plant closure expenses and U.S. asset impairment charges into consideration.

## ■ Vision for FY2008

### Steady Pursuit of

“Building a Foundation for Growth”

- A reduction in sales is anticipated for Japan and North America, while increases in sales are being targeted for the major markets of Russia, Ukraine, Central and South America and the Middle East.
- Declines in sales and profits are anticipated in view of the foreign exchange rate conditions, but various measures to pursue “Building a foundations for growth have been introduced in the Step Up 2010 mid-term business plan, and these will be steadily implemented.
  - Maintain a production system capable of facilitating the expansion of global models
  - Expand presence in Asia/ASEAN markets  
(construction of a new engine factory in Thailand; study of new market entry into Korea)

# Additional Information

# FY2007 Results Summary (by quarter)

(100 million yen/000 units)

	<b>FY07 1Q</b> (Apr-Jun 07)	<b>FY07 2Q</b> (Jul-Sep)	<b>FY07 3Q</b> (Oct-Dec)	<b>FY07 4Q</b> (Jan-Mar 08)	<b>FY07</b> (Apr 07-Mar 08) Full Year
<b>Revenue</b>	<b>6,308</b>	<b>6,826</b>	<b>6,339</b>	<b>7,348</b>	<b>26,821</b>
<b>Operating Income</b>	<b>60</b>	<b>128</b>	<b>332</b>	<b>566</b>	<b>1,086</b>
<b>Ordinary Income</b>	<b>26</b>	<b>40</b>	<b>327</b>	<b>464</b>	<b>857</b>
<b>Net Income</b>	<b>-82</b>	<b>26</b>	<b>273</b>	<b>130</b>	<b>347</b>
<b>Unit Volume (retail)</b>	<b>338</b>	<b>352</b>	<b>326</b>	<b>343</b>	<b>1,359</b>

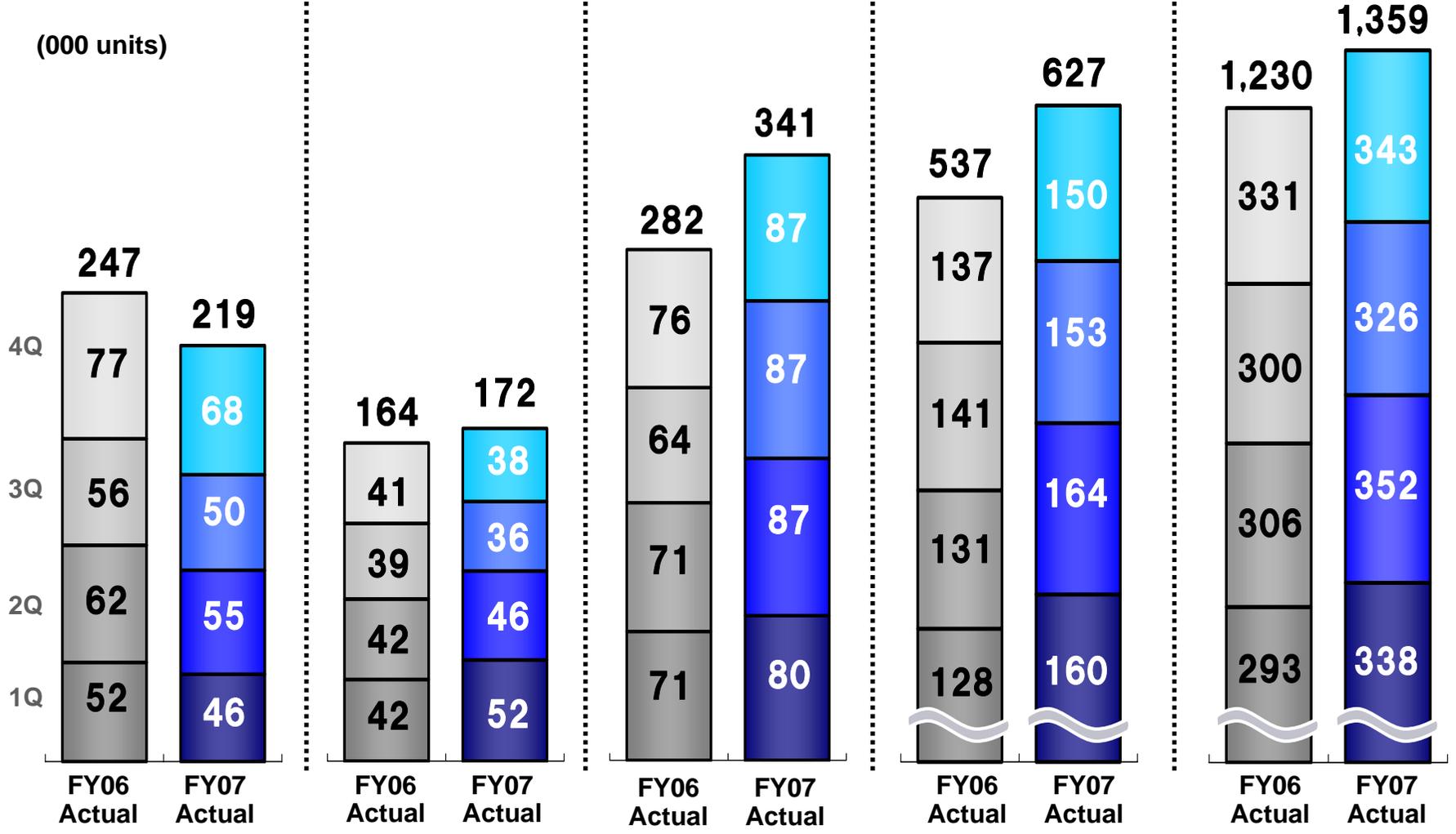
# FY2007 Regional Results (vs. FY2006 Actual)

(100 million yen)

	FY06 Actual	FY07 Actual	Change	Feb. 5, '08 FY07 Forecast
<b>Revenue</b>	<b>22,029</b>	<b>26,821</b>	<b>+4,792</b>	<b>26,700</b>
- Japan	5,060	4,885	-175	5,100
- North America	4,236	4,027	-209	4,000
- Europe	6,628	9,316	+2,688	9,200
- Asia and Others	6,105	8,593	+2,488	8,400
<b>Operating Income</b>	<b>402</b>	<b>1,086</b>	<b>+684</b>	<b>800</b>
- Japan	-438	-189	+249	-200
- North America	6	-178	-184	-200
- Europe	426	797	+371	620
- Asia and Others	408	656	+248	580

# FY2007 Regional Unit Volume (vs. FY2006 Actual, Retail base)

Japan	North America	Europe	Asia & Others	Total
FY07 Actual vs. FY2006 Actual				
-11%	+5%	+21%	+17%	+10%



Notes: Unit volume figures exclude OEM volume. Unit volumes of FY2007 refer to preliminary results.

# FY2008 Regional Results Forecast (vs. FY2007 Actual)

(100 million yen)

	FY07 Actual	FY08 Forecast	Change
<b>Revenue</b>	<b>26,821</b>	<b>26,500</b>	<b>-321</b>
- Japan	4,885	5,200	+315
- North America	4,027	3,000	-1,027
- Europe	9,316	9,400	+84
- Asia and Others	8,593	8,900	+307
<b>Operating Income</b>	<b>1,086</b>	<b>600</b>	<b>-486</b>
- Japan	-189	-120	+69
- North America	-178	-270	-92
- Europe	797	270	-527
- Asia and Others	656	720	+64

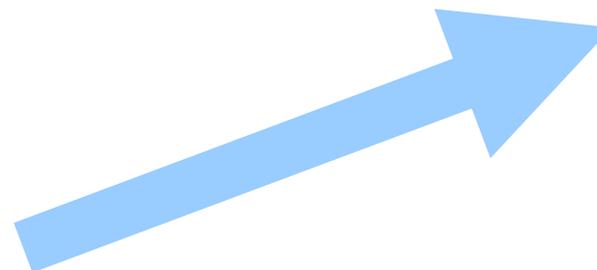
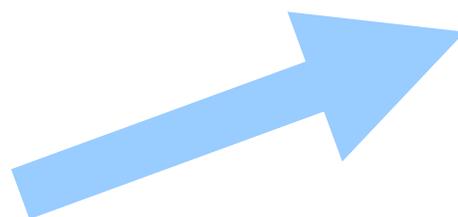
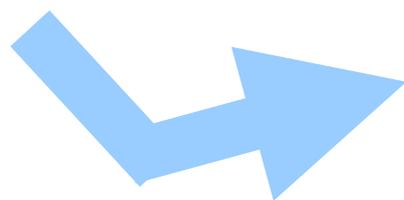
In FY2005, operating profit was achieved one year early  
 In FY2006, net profit was achieved  
 In FY2007, solid profitability will be achieved

FY2004  
 All areas of income  
 in the red

FY2005  
 Operating profit

FY2006  
 Net profit

FY2007  
 Solid profitability



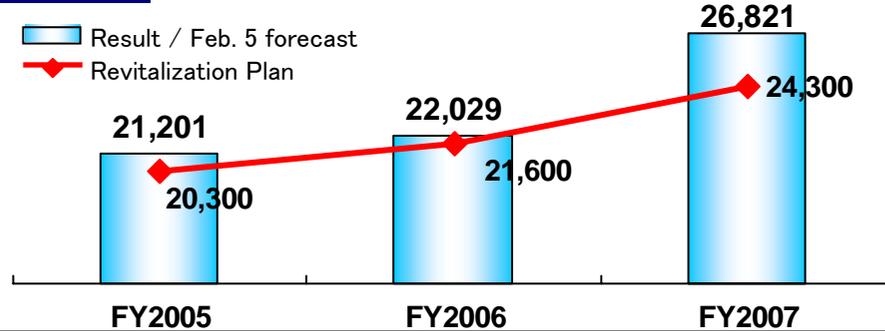
(100 million yen)

	FY05 Result	FY06 Result	FY07 Result
Operating income	<b>68</b> (Revitalization Plan:-140)	<b>402</b> (Revitalization Plan:430)	<b>1,086</b> (Revitalization Plan:740)
Ordinary income	<b>- 178</b> (Revitalization Plan:-400)	<b>185</b> (Revitalization Plan: 210)	<b>857</b> (Revitalization Plan:530)
Net income	<b>- 922</b> (Revitalization Plan:-640)	<b>87</b> (Revitalization Plan:80)	<b>347</b> (revitalization Plan:410)

## Growth in emerging markets, successful global vehicles fuel revitalization

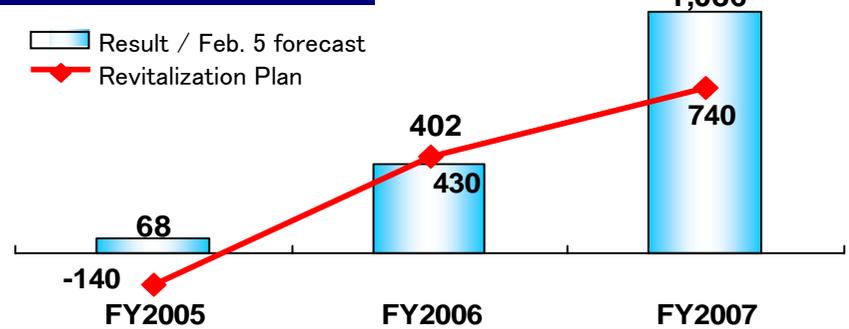
### Sales

(100 million yen)



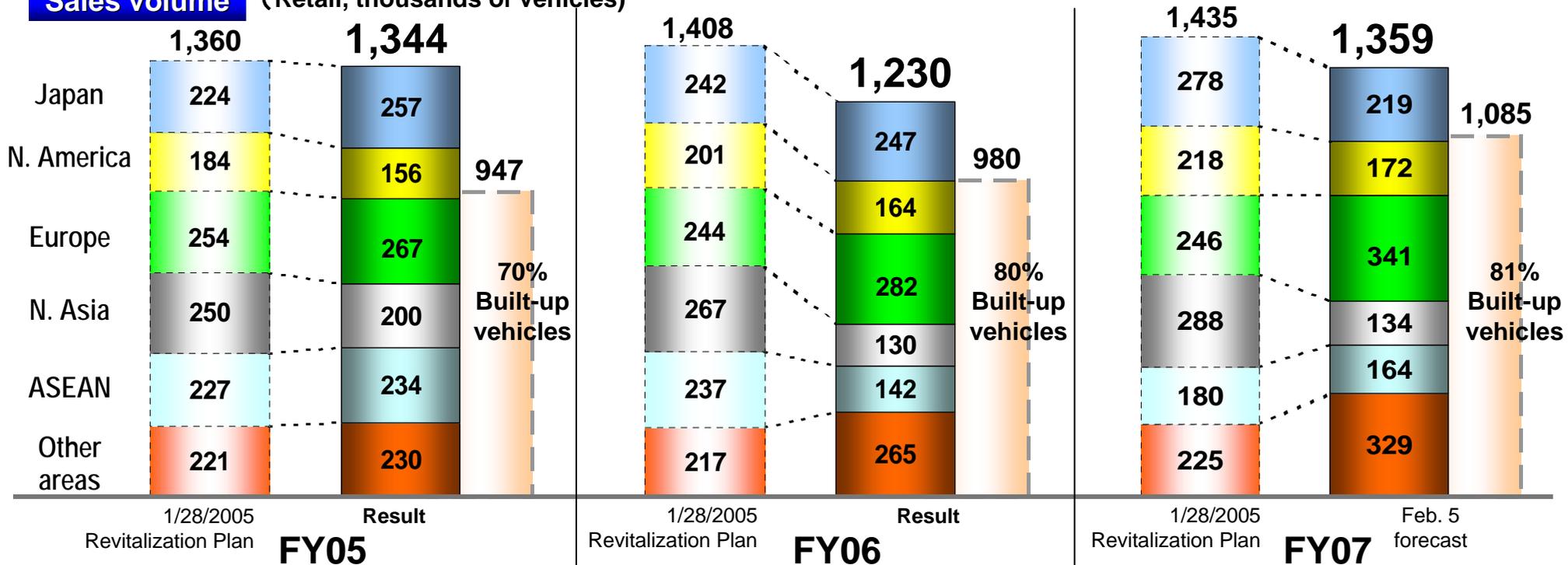
### Operating Income

(100 million yen)



### Sales volume

(Retail, thousands of vehicles)



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- **Feasibility of each target and initiative as laid out in this presentation;**
- **Fluctuations in interest rates, exchange rates and oil prices;**
- **Changes in laws, regulations and government policies; and**
- **Regional and/or global socioeconomic changes.**

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