

Full-year Fiscal 2013 Announcement Q&A Summary

- Date: April 24, 2014
- Mitsubishi Motors Executives in Attendance:
 - President Osamu Masuko
 - Executive Vice President Hiizu Ichikawa
 - Managing Director Shuichi Aoto

Q1. Please tell us about the Outlander PHEV's sales results for fiscal 2013 and Mitsubishi Motors' sales volume forecasts for fiscal 2014. In addition, how many orders for the Outlander PHEV remain undelivered? Sales volume for the Outlander PHEV seem a bit low during January to March 2014. Please elaborate.

A1. Although production of the Outlander PHEV was limited to 30,000 units due to its battery production capacity in fiscal 2013, yearly battery production capacity can be increased; so we plan to produce 50,000 units in fiscal 2014. In regards to retail sales, we have shipped about 20,000 units in fiscal 2013. We are aiming for 48,000 units in fiscal 2014. From January to March 2014, we pressed on with sales activities for the Outlander PHEV in the Netherlands (currently the best-selling market) without being able to utilize advertising or other marketing measures. Moving on, we will fully utilize marketing measures in European countries outside of the Netherlands; with this we expect Outlander PHEV sales to rise.

Currently undelivered Outlander PHEVs stand at 6,500 units as of the end of March.

Q2. Regarding Europe, Mitsubishi Motors' sales volume stayed relatively stable during the third and fourth quarter of fiscal 2013. However Mitsubishi Motors' operating income in Europe during the same time dropped from 20.6 billion yen to 6.8 billion yen. Why?

A2. One reason is the increase of exports of the Outlander PHEV up to last December. Until December we had devoted maximum effort to increasing production of Outlander PHEVs for the Netherlands market. From January 2014, we moved production more towards regions other than European markets.

From April we plan to start full-scale Outlander PHEV sales across Europe.

Q3. Under the description for contributors towards operating income for fiscal 2013, please break down the "Others" listing of -15.2 billion yen. Considering forecast analysis for fiscal 2013 announced on February 5, it seems that the company expensed 15 billion yen for various items in 4th quarter only. Please break down these expenses.

A3. A big factor in "Others" is research and development expenses, about 8.0 billion yen. Other factors include capital investment and an increase compared to last fiscal year in depreciation costs. In addition, we believe that in the near future we will have to increase

developer personnel, the effect being an increase in indirect labor costs.

We have also implemented the Customer First Program in fiscal 2013.

Under this program we have implemented various measures in the fields of product quality, corporate culture and quality of work with a Reform Promotion Committee under direct control of the President.

With these measures under the Program, regarding product quality in particular we aim to become top-class in our industry, greatly reducing the number of defects found within three months after delivery of our vehicles through improved quality efforts during the development stage; in addition implement initiatives to reduce the amount of time from defect detection to determining defect remedy(ies).

On top of that, we have also thoroughly reassessed the appropriateness of past cases in which we decided that field measure was not required.

Please understand that these initiatives are above and beyond original plans.

In regards to quality, ways of thinking about product safety around the world have changed greatly. Therefore we have reframed our thinking as well. This means that even if we do not find any issues with our products from a technological perspective, if the customer feels uneasy or the least bit uncomfortable with our products, we will take swift action towards quality improvement focused on the customer.

Q4. Under the description for contributors towards operating income for fiscal 2014, please break down foreign exchange factors beyond the U.S. dollar, Euro, Australian dollar, and Thai baht.

A4. The British pound had a positive effect of 1.5 billion yen. Other negative foreign exchange effects included the Canadian dollar at -1.5 billion yen, a 7.0 – 8.0 billion yen loss from the Russian ruble.

Q5. It has been noticed that the operating environment has worsened in Thailand from January 2014. Please tell us about Mitsubishi Motors' latest sales volume in the Thai market as of March regarding retail sales and inventory.

A5. Our status is not as high as we expected it to be. Our sales were slightly over 6,000 units in March, but the highest-ever amount of exports from Thailand was recorded during fiscal 2013. We have maintained production efficiency by expanding export operations and controlling domestic-focused production.

At one time our outstanding inventory in Thailand was high; however this has greatly been reduced and we aim to normalize it to around two months' worth.

Q6. Even if sales volume in Thailand were to decrease somewhat, is it possible for Mitsubishi Motors to achieve its forecasts?

A6. Indeed we are heavily dependent on the Thai market so we have carefully formulated solid profit/loss forecasts for Thailand this fiscal year.

Looking at the ASEAN region as a whole during fiscal 2013, we have comparatively progressed as we achieved highest-ever sales in Indonesia, the Philippines, and Brunei. During fiscal 2014, we expect highest-ever sales to be achieved in Malaysia and Laos in addition to new records in the aforementioned countries.

We believe the ASEAN region overall will grow as higher sales in other ASEAN markets will be able to overcome any sales decrease in Thailand.

Q7. It was mentioned that there is an environment for sales volume and profit to increase in Europe. Please elaborate on other products beyond the Outlander PHEV or by European country.

A7. Our plans were made based on the premise that the Euro will stabilize.

Although the Russian market remains uncertain in wake of the Ukraine issue, overall demand in western Europe is recovering. Outside of the Outlander PHEV, sales of the Outlander and the ASX have been robust. The current model Triton has become a bit old; however a drop in sales has not occurred so much. Along with the recovery in demand across all of Europe, we should be able to increase profits with these vehicles.

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