

Fiscal 2014 Third-Quarter Announcement Q&A Summary

- Date: February 3, 2015
- Mitsubishi Motors Executives in Attendance:
 - Managing Director Yutaka Tabata
 - Senior Executive Officer Hiroshi Noda
 - Senior Executive Officer Yoshihiro Kuroi

Q1. What is your view on the operating results in Russia?

A1. Wholesale sales volume in Russia & Others during the 3rd Quarter (Oct. to Dec.) was about 20,000 units, 4,000 units decrease year on year. We conservatively forecast the sales volume for Russia & Others for 4Q to number in the single thousands, taking into account a decrease from an expected rebound from the spike in demand at the end of the year.

Q2. Regarding the operating income for Russia & Others what is the actual result of the 3rd Quarter (Oct. to Dec.) and your forecast for 4Q?

A2. In terms of the operating income our business in Russia & Others for 3Q (Oct. to Dec.) showed a profit; but we forecast that that profit will turn to a loss in 4Q.

Q3. Calculating operating income for the Europe region in 4Q, we find a decrease of about 6 billion yen compared with the 3Q. Is this due to the impact of Russia?

A3. It is correct that the main cause of the decrease of 6 billion yen in the Europe region compared with the previous quarter is due to the impact of Russia.

Q4. At present Forex rate of Russian ruble is around 1.7 yen and severe market conditions are expected to continue in 2015. How will you cope with the risk involved in your Russian business?

A4. We have 2 lines of business in Russia: import of completed built-up vehicles (BU) and local knock-down kit (KD) assembly. For BU imports we will attempt increasing sales prices. For KD assembly, raising local procurement ratio. It has been a point for us to raise local procurement ratio quicker than we have done so far and we aim to achieve this earlier than planned. Because this is a dramatic change in operating environment, manage risk while taking into account the situations for plant assembly as well as dealers.

Q5. At the moment U.S. dollar and Thai baht have appreciated; the Russian ruble, Euro and Australian dollar have depreciated. What is your view on the impact of forex on your operating results for FY2015?

A5. We don't conduct business solely on forex. We are formulating measures to cope with forex fluctuations by analyzing the situation from various points of view. Forex will have an impact on various areas where sales prices based on local currency may decrease as the yen depreciates. We think that any possible impact on operating results cannot always be judged and analyzed solely on forex.

Q6. The Outlander PHEV seems to be doing weaker than plan. What is its expected global growth next fiscal year, including expansion in the United States?

A6. Although the Outlander PHEV is selling more or less according to plan, we have adjusted its forecasted volume slightly downward for this year. As it is still a model leading our profits, we work towards continuously increasing its volume next fiscal year and onward.

In Europe the Netherlands led the sales volume last fiscal year. This fiscal year, England led sales recording 18,000 units up to December. Government subsidies have not yet been established in Germany, but a new government subsidy is planned in Norway, where we will expand our sales.

The launch of the Outlander PHEV in the U.S. is planned toward at the end of next fiscal year.

We intend to expand Outlander PHEV sales volume to a target of 40,000 to 50,000 units per year - equal to the full yearly production capacity. We still have to work on making fully clear its appeal, though. MMC is offering a one night/two 2day rental campaign in Japan and is proactively working on plans to increase recognition of the model overseas, hoping to gradually increase its sales volume.

Q7. Please tell us the target volume of the new Triton; for Thailand and globally.

A7. We have been receiving positive reviews on the new Triton, and the number of customers visiting dealers has been more than expected. However, an unpredictable economy has made many of them hesitant to make purchases. The Thai economy is sluggish and total demand has decreased. The total demand is expected to be 820,000 units excluding mid-to-large trucks in fiscal year 2014. In fiscal 2015, the demand probably will be around 850,000 units. We think it will take some more time for demand to fully recover.

It is taking time to sell out the inventory of the previous Triton and it is difficult to forecast the volume of the new Triton at this time. Single Cab and Club Cab trim levels that are

less expensive than the Double Cab make up more segment volume and will be launched in February. While monitoring the situation of new version release, we will share the volume size for fiscal 2014 and the plan for 2015 once we see the whole picture.

Q8. Please tell us about your inventory, particularly in Thailand and Russia. Are there any other regions in concern?

A8. Inventory in Thailand (MMTh subsidiary) at the end of fiscal year 2013 was at 25,000 units. In fiscal 2014, the inventory is decreased and it was at 21,000 units at the end of September and 14,000 units at the end of December.

In Russia (MMC Rus exclusive distributor), the inventory at the end of fiscal 2013 was at 11,000 units. It increased by 10,000 units at the end of September. However, due to the spike in sales in December, the inventory went back to 11,000 units at the end of December.

There is no other country particularly of concern other than Thailand and Russia regarding inventory.

Q9. In the industry, there is an increasing trend to pass on some profit to suppliers and negotiate reductions in price of their parts. What is the view of the management regarding this trend?

A9. We had much support from our suppliers during this past ten years while we were in revitalization. Because of their support, we could finally finish the revitalization process. When we think about sustainable future growth, it is necessary to build a win-win relationship with our suppliers. In order for both of us to grow together, when a cost reduction is achieved, we intend to make changes so that suppliers reap some of our achievements. Currently our procurement section and suppliers are discussing how to pass on benefits individually. We are not considering a return of benefits to suppliers across the board; rather rewarding those suppliers that have achieved cost reductions.

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