



MITSUBISHI MOTORS

FY2016 First Quarter Financial Results

Mitsubishi Motors Corporation

July 27, 2016

We again express our deep apologies to all of our customers and all involved for the trouble caused by the improper conduct in fuel economy testing of vehicles manufactured by MMC. MMC also expresses its sincere apologies that this issue has damaged public's trust in the government's certification process for automobiles.

- 1. Announcement on the investigation report by the Special Investigation Committee scheduled for August 2**
- 2. Establishment of the Structural Reform Office to promote prevention of recurrence (as of July 1)**
- 3. Based on the investigation results by the Special Investigation Committee, MMC will put all of its effort to build a corporate culture where all management and employees come together to never again to cause misconduct, through reforming the mindset of each and every one of us.**

Compensation for Minicar Customers

- ✓ Customer compensation determined June 17
- ✓ Opened a customer service hotline designated for customer compensation (70 staff) July 12
- ✓ Sent out Direct Mail on payment details July 12
- ✓ Start accepting applications via post mail Early Aug
- ✓ Start accepting applications via special website End Aug
- ✓ Start of payment End Aug

- ✓ **On July 1, Chairman and President Masuko held a briefing in Okayama with suppliers.**
- ✓ **Basic concepts for supplier compensation**
 1. **Loss from long-term inventory costs of parts and materials**
 2. **Labor expenses and downtime during long-term production halt**
 3. **Other losses incurred in individual circumstances**
 - ❖ **MMC has been in contact with suppliers regarding their particular situations and requests and MMC will handle each one earnestly and sincerely**
- ✓ **Placed 14 MMC manager-level employees responsible for procurement as contact personnel for suppliers**

Status at Dealers

- July 5: Resumption of sales (deliveries)
- Sales volume as of July 25:
 - eK Wagon: 743 units (84% year-on-year)
 - eK Space: 341 units (56% year-on-year)



Mizushima Plant

- **July 4: Start of trial production**
- **July 14: Full-scale production**
- **July 22: Start of shipments**
- **Cumulative production volume as of July 26: 3,900 units**
- **Production Schedule**
 - July: Approx. 5,000 units**
 - Aug: Approx. 5,000 units**
 - Sep: Approx. 10,000 units**



Capital Alliance with Nissan Motor

○ Preparation for capital and business alliance with Nissan progressing as planned

<Upcoming schedule (as announced on May 25, 2016)>

- 1) By August: Due diligence
- 2) Around October: Payment through third party allotment

○ Following synergies are under discussion:

- 1) Engine, transmission, platform, and EV R&D
- 2) Joint development of vehicles and parts
- 3) Joint purchasing
- 4) Effective utilization of production capacities
- 5) Sales financing or after services

NISSAN MOTOR CORPORATION



No Change from Previous Forecasts (Announced on June 22)

(billion yen, thousand units)

	FY2015 1Q (Apr 2015- Jun 2015) Actual	FY2016 1Q (Apr 2016- Jun 2016) Actual	Increase/ Decrease		FY2016 (Apr 2016- Mar 2017) Forecasts
			Amount	%	
Net Sales	500.5	428.7	- 71.8	- 14%	1,910.0
Operating Income (Margin)	18.6 (3.7%)	4.6 (1.1%)	- 14.0	- 75%	25.0 (1.3%)
Ordinary Income (Margin)	24.1 (4.8%)	4.4 (1.0%)	- 19.7	- 82%	32.0 (1.7%)
Net income attributable to owners of the Parent (Margin)	24.0 (4.8%)	-129.7 (- 30.3%)	-153.7	-	-145.0 (- 7.6%)
Sales Volume (Retail)	262	221	- 41	-16%	962

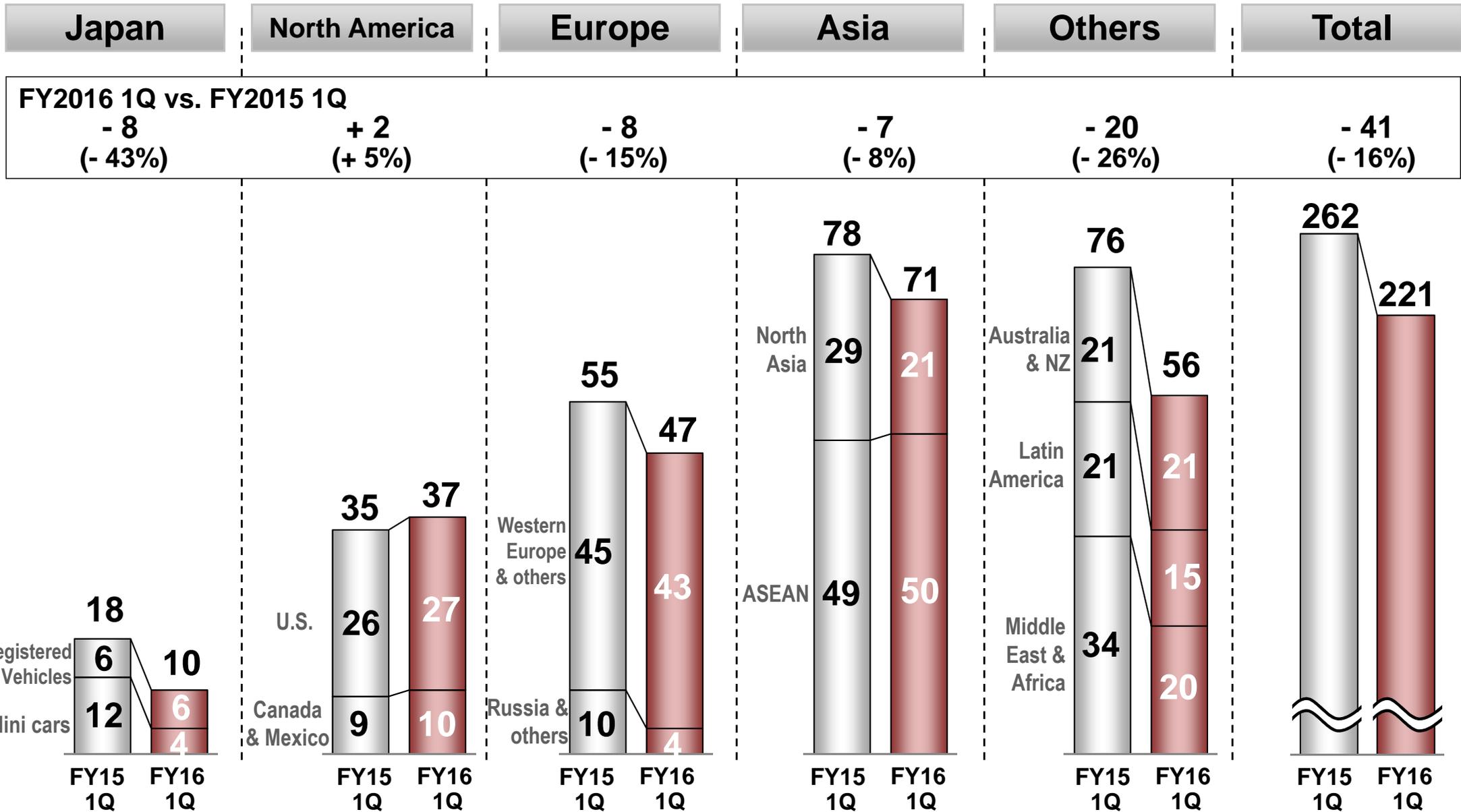
Impact from improper conduct in fuel economy testing

Loss from the improper conduct in fuel economy testing in FY2016

(billion yen)

Items	1Q Results	Full-year Forecasts	Remarks
Impact on Operating Income	- 6.4	- 55.0	Decrease in sales volume and sales of parts in Japan, free vehicle inspection, sales expenses in Japan, etc.
Extraordinary Loss	<u>- 125.9</u>	<u>- 150.0</u>	<u>Recorded 84% of the full-year forecast in 1Q</u>
Payments to Customers	(- 52.1)	(- 50.0)	
Customer service expenses other than those above	(- 12.7)	(- 15.0)	Customer service office establishment expenses , direct mail, and others
Sales-related expenses	(- 38.6)	(- 40.0)	Payments to Nissan and Nissan/MMC dealers, expenses for sales of inventories and others
Production and purchasing	(- 17.0)	(- 35.0)	Payments to suppliers, furlough expense and loss on fixed assets at the Mizushima Plant, and others
Other	(- 5.5)	(- 10.0)	Service campaigns and others
Total	- 132.3	- 205.0	

FY2016 1Q Sales Volume Results by Region (Retail, vs. FY2015 1Q)



Note: Sales volume of FY2016 1Q refers to preliminary results.

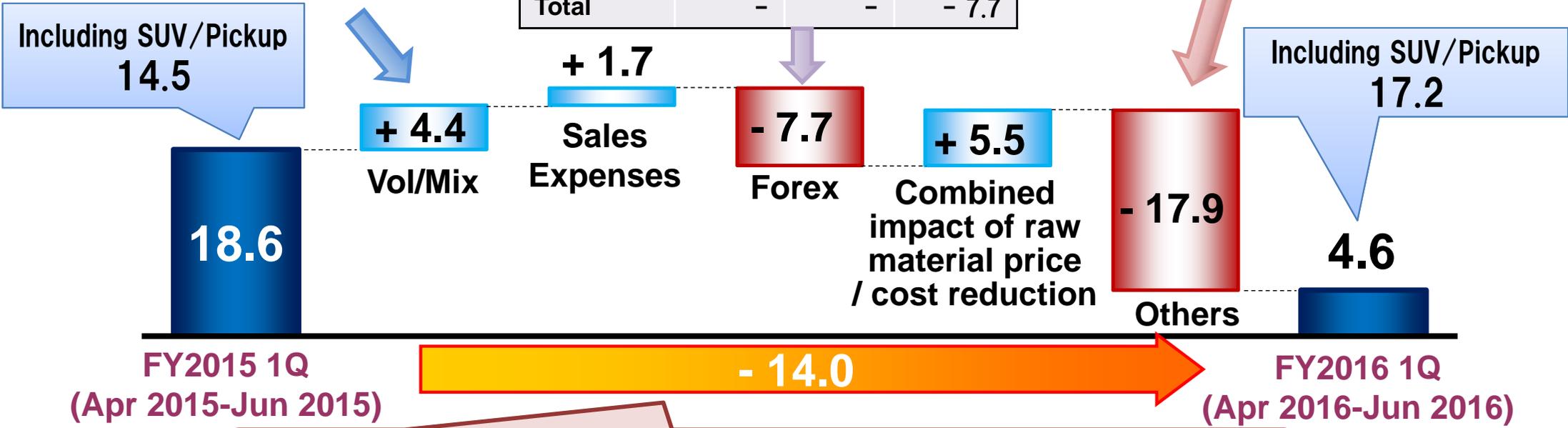
Analysis of Increase/Decrease of Operating Income (vs. FY2015 1Q)



Vol/Mix by region	
Japan	- 6.0
North America	+ 3.7
Europe	+ 6.7
Asia (ASEAN)	- 0.1 (+1.1)
(North Asia)	(-1.2)
Others	+0.1
Total	+4.4

Forex effect by main currency			
	Forex rate(yen)		Effect (billion yen)
	FY15	FY16	
USD	121	111	- 4.7
EUR	133	125	- 2.7
AUD	94	83	- 5.5
THB	3.68	3.09	+ 15.6
GBP	185	162	- 1.5
RUB	2.25	1.67	- 1.4
Others	-	-	- 7.5
Total	-	-	- 7.7

Others	
Costs on quality measures in market	- 13.5
R&D expenses and others	- 4.4
Total	- 17.9



Operating Income is around the same level year-on-year when excluding costs on quality measures in market (-13.5 billion yen year-on-year) mainly regarding on Takata airbags.

FY2016 1Q Balance Sheet (vs. end of FY2015)

(billion yen)

	FY15 4Q (end of Mar. 2016) Actual	FY16 1Q (end of Jun. 2016) Actual	Increase/ Decrease
Total assets	1,433.7	1,285.3	-148.4
Cash and deposits	453.4	416.6	-36.8
Total liabilities	748.3	764.6	+16.3
Interest-bearing debt	27.1	39.5	+12.4
Total noncurrent assets	685.4	520.7	-164.7
Shareholders' Equity (Equity ratio)	671.1 (46.8%)	508.8 (39.6%)	-162.3 (-7.2%)
Net Cash	426.3	377.1	-49.2

Appendix

FY2016 1Q Financial Results by Region (vs. FY2015 1Q)



(billion yen)

	FY2015 1Q (Apr 2015- Jun 2015)	FY2016 1Q (Apr 2016- Jun 2016)	Increase/Decrease	
			Amount	%
Net Sales	500.5	428.7	- 71.8	-14%
- Japan	79.0	45.7	- 33.3	- 42%
- North America	83.1	74.4	- 8.7	- 10%
- Europe	107.0	106.7	- 0.3	- 0%
- Asia	98.1	93.9	- 4.2	- 4%
- Others	133.3	108.0	- 25.3	- 19%
Operating Income	18.6	4.6	- 14.0	-75%
- Japan	- 7.3	- 13.1	- 5.8	—
- North America	3.3	3.5	+ 0.2	+ 6%
- Europe	0.7	- 4.7	- 5.4	—
- Asia	14.1	12.2	- 1.9	- 13%
- Others	7.8	6.7	- 1.1	- 14%

FY2016 Financial Forecasts by Region (vs. FY2015 Actual)



No Change from Previous Forecasts (Announced on June 22) (billion yen)

	FY2015 Actual	FY2016 Forecasts	Increase/Decrease	
			Amount	%
Net Sales	2,267.8	1,910.0	- 357.8	- 16%
- Japan	412.9	250.0	- 162.9	- 39%
- North America	324.8	290.0	- 34.8	- 11%
- Europe	514.6	460.0	- 54.6	- 11%
- Asia	482.6	430.0	- 52.6	- 11%
- Others	532.9	480.0	- 52.9	- 10%
Operating Income	138.4	25.0	- 113.4	-82%
- Japan	-2.4	- 52.0	- 49.6	—
- North America	6.2	- 7.0	- 13.2	—
- Europe	22.1	3.0	- 19.1	- 86%
- Asia	74.9	48.0	- 26.9	- 36%
- Others	37.6	33.0	- 4.6	- 12%

Capital expenditure / Depreciation / R&D expense

(billion yen)

	FY2015 1Q (Apr 2015-Jun 2015) Actual	FY2016 1Q (Apr 2016- Jun 2016) Actual	FY2016 (Apr 2016-Mar 2017) Forecasts
Capital expenditure (YoY)	9.9 (+13%)	8.8 (-11%)	80.0 (+16%)
Depreciation (YoY)	12.9 (+4%)	11.8 (-9%)	55.0 (+3%)
R&D expense (YoY)	18.2 (+11%)	20.0 (+10%)	97.0 (+23%)

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- Changes in laws, regulations and government policies; and**
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