

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018 [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**
 Listing: First Section, the Tokyo Stock Exchange
 Stock code: 7211
 URL: <http://www.mitsubishi-motors.co.jp/>
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 Scheduled date to file quarterly report: February 9, 2018
 Scheduled date to deliver cash dividends: TBD
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes

(Figures less than one million yen are rounded, unless otherwise noted)

1. Consolidated performance for the third quarter of fiscal year 2017 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017 3 rd quarter	1,518,089	13.1	64,552	–	81,079	–	70,075	–
FY2016 3 rd quarter	1,341,771	(19.3)	(23,236)	–	(22,196)	–	(213,307)	–

Note: Comprehensive income FY2017 3rd quarter: ¥ 82,906 million –% FY2016 3rd quarter: ¥ (218,886) million –%

	Net income per share	Diluted net income per share
	Yen	Yen
FY2017 3 rd quarter	47.03	47.01
FY2016 3 rd quarter	(190.81)	–

Note : Diluted net income per shares are not shown above because there are no diluted shares on FY2016 3rd quarter.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2017	1,562,354	769,043	48.1
March 31, 2017	1,484,413	703,463	46.5

Reference: Equity As of December 31, 2017: ¥ 751,831 million As of March 31, 2017: ¥ 690,455 million

2. Cash dividends

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	–	5.00	–	5.00	10.00
FY2017	–	7.00	–		
FY2017 (Forecast)				10.00	17.00

Note: Revisions to the forecasts of cash dividends in the current quarter: Yes

3. Consolidated earnings forecasts for fiscal year 2017 (from April 1, 2017 to March 31, 2018)

(Percentages indicate changes over the same period in the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,100,000	10.1	95,000	1,756.1	110,000	1,129.8	100,000	–	67.11

Note: Modifications in the consolidated earnings forecasts from the latest announcement: Yes

* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of specific accounting treatments for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - 1) Changes in accounting policies due to revisions to accounting standards: No
 - 2) Changes in accounting policies due to other reasons: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Number of issued shares (common stock)
 - 1) Total number of issued shares and outstanding at the end of the period (including treasury stock)

As of December 31, 2017:	1,490,282,496 shares
As of March 31, 2017:	1,490,282,496 shares
 - 2) Number of shares of treasury stock at the end of the period

As of December 31, 2017:	222,186 shares
As of March 31, 2017:	222,136 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY2017 3 rd quarter:	1,490,060,351 shares
FY2016 3 rd quarter:	1,117,924,589 shares

* Quarterly review procedures:

As of when this summary of quarterly financial results have been released as flash report, we have not completed the review for the quarterly financial reporting required in accordance with the Financial Instruments and Exchange Act.

* Proper use of earnings forecasts, and other special matters:

Figures for financial forecasts are based on judgments and estimates that have been made on the basis of currently available information, and are subject to a number of risks, uncertainties and assumptions. Changes in the MMC group's business environment, market trends or exchange rates may cause actual results to differ materially from these forecasts.

(How to obtain additional information materials / details of the earnings release conference)

Additional information materials are disclosed on the MMC web site on the same day as publication of the results. In addition, an audio recording of the earnings release conference held on the same day will, together with the material used for the conference, be posted on the MMC website promptly following conference.

1. Qualitative Information and Financial Statements

(1) Summary of financial results

Global sales volume for the nine months ended December 31, 2017 increased 15% year-on-year to 777,000 units, reflecting strong demand in Japan, China and the ASEAN region.

Sales in Japan increased 24% year-on-year to 62,000 units. The growth was driven by the resumption of Kei-cars sales, with encouraging demand for models including the “eK Wagon” and “eK Space”, as well as for the *Delica D:5 and other “Active Gear” series*.

In China, sales rose 63% year-on-year to 103,000 units due to demand for the localized *Outlander*.

ASEAN sales increased by 25% to 187,000 units due to the strong performance of the new *XPANDER* MPV, which was launched in October in Indonesia.

Sales of the new *Eclipse Cross* compact SUV have begun smoothly in Europe, which will be followed by other important markets including Oceania, North America and Japan. Demand for the *Eclipse Cross* is expected to contribute to future sales growth in the full-year and in fiscal 2018.

Consolidated net sales for the end of the third quarter of fiscal year 2017 was 1,518.1 billion yen (an increase of 176.3 billion yen year on year, or up 13% year on year).

Consolidated operating profit was 64.6 billion yen (an increase of 87.8 billion yen year on year). Consolidated ordinary profit was 81.1 billion yen (an increase of 103.3 billion yen year on year). Net income attributable to the shareholders of the parent company was 70.1 billion yen (an increase of 283.4 billion yen year on year).

(2) Summary of financial position

Total assets at the end of the first half of fiscal year 2017 amounted to 1,562.3 billion yen (an increase of 77.9 billion yen from the end of fiscal year 2016). Cash and cash deposits amounted to 534.2 billion yen (a decrease of 22.6 billion yen from the end of fiscal year 2016). Total liabilities amounted to 793.3 billion yen (an increase of 12.4 billion yen from the end of fiscal year 2016). Of total liabilities, the interest bearing debt balance was 33.1 billion yen (an increase of 17.5 billion yen from the end of fiscal year 2016). Net assets amounted to 769.0 billion yen (an increase 65.5 billion yen from the end of fiscal year 2016).

(3) Summary of earnings forecasts

Mitsubishi Motors Corporation has announced to revise the full-year earnings forecasts of the fiscal year 2017 (April 1, 2017 through March 31, 2018). The revision is outlined below, MMC has revised it based on currency exchange rates of 110JPY/USD and 131JPY/EUR (108JPY/USD and 135JPY/EUR for the fourth quarter of the fiscal year.)

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of parent	Basic net income per share
Previously released forecast (A)	Millions of yen 2,000,000	Millions of yen 70,000	Millions of yen 79,000	Millions of yen 68,000	Yen 45.64
Revised forecast (B)	2,100,000	95,000	110,000	100,000	67.11
Variance (B –A)	100,000	25,000	31,000	32,000	
Variance (%)	5.0%	35.7%	39.2%	47.1%	
(Ref.) Previous Fiscal Year ended March 31,	1,906,632	5,118	8,944	-198,524	-164.11

Sales volume forecasts for the full-year are as follows:

Sales volume (retail): 1,090,000 units (61,000 units down from the previous forecast)

Sales volume (wholesale): 1,232,000 units (40,000 units up from the previous forecast)

2. Others

- (1) Application of specific accounting treatment for preparing the quarterly consolidated financial statements: Income tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to a projected annual income before income taxes. In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	556,836	534,207
Notes and accounts receivable-trade	164,761	130,781
Merchandise and finished goods	118,195	156,145
Work in process	19,695	24,797
Raw materials and supplies	26,139	45,098
Other	86,983	102,467
Allowance for doubtful accounts	(1,209)	(1,265)
Total current assets	971,401	992,233
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	77,002	88,733
Machinery, equipment and vehicles, net	100,516	110,366
Tools, furniture and fixtures, net	22,349	46,345
Land	89,925	95,685
Construction in progress	19,210	30,198
Total property, plant and equipment	309,004	371,329
Intangible assets	22,939	27,401
Investments and other assets		
Investment securities	94,959	95,199
Other	91,962	82,197
Allowance for doubtful accounts	(5,853)	(6,006)
Total investments and other assets	181,068	171,390
Total non-current assets	513,011	570,121
Total assets	1,484,413	1,562,354

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	378,561	383,596
Electronically recorded obligations	21,393	23,046
Short-term loans payable	15,069	17,602
Current portion of long-term loans payable	299	12,044
Accounts payable-other and accrued expenses	124,573	132,528
Income taxes payable	26,485	11,929
Provision for product warranties	45,512	46,492
Provision for loss on fuel economy test	28,136	14,403
Other	33,535	34,888
Total current liabilities	673,566	676,530
Noncurrent liabilities		
Long-term loans payable	240	3,480
Net defined benefit liability	41,593	44,145
Other	65,549	69,154
Total noncurrent liabilities	107,383	116,780
Total liabilities	780,949	793,311
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	203,938	203,938
Retained earnings	277,281	325,837
Treasury stock	(220)	(220)
Total shareholders' equity	765,381	813,938
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,480	7,062
Deferred gains or losses on hedges	627	278
Foreign currency translation adjustment	(62,739)	(49,660)
Remeasurements of defined benefit plans	(20,295)	(19,787)
Total accumulated other comprehensive income	(74,926)	(62,106)
Subscription rights to shares	—	71
Non-controlling interests	13,008	17,140
Total net assets	703,463	769,043
Total liabilities and net assets	1,484,413	1,562,354

(2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	FY2016 3 rd quarter (from April 1, 2016 to December 31, 2016)	FY2017 3 rd quarter (from April 1, 2017 to December 31, 2017)
Net sales	1,341,771	1,518,089
Cost of sales	1,135,461	1,197,821
Gross profit	206,309	320,268
Selling, general and administrative expenses		
Advertising and promotion expenses	57,760	76,375
Freightage expenses	33,642	28,611
Provision of allowance for doubtful accounts	(244)	51
Directors' compensations, salaries and allowances	48,823	53,572
Retirement benefit expenses	2,963	2,781
Depreciation	7,507	9,492
Research and development expenses	39,231	33,635
Other	39,862	51,196
Total selling, general and administrative expenses	229,546	255,716
Operating income (loss)	(23,236)	64,552
Non-operating income		
Interest income	2,685	2,453
Equity in earnings of affiliates	7,220	12,070
Foreign exchange gains	—	4,404
Other	1,981	2,566
Total non-operating income	11,887	21,495
Non-operating expenses		
Interest expenses	795	2,620
Foreign exchange losses	6,917	—
Other	3,134	2,346
Total non-operating expenses	10,846	4,967
Ordinary income (loss)	(22,196)	81,079
Extraordinary income		
Gain on sales of non-current assets	905	186
Gain on sales of investment securities	314	307
Compensation income for expropriation	1,481	—
Gain on sales of investment in capital of subsidiaries and affiliates	810	—
Other	407	271
Total extraordinary income	3,918	766
Extraordinary losses		
Loss on retirement of non-current assets	1,531	1,584
Impairment loss	532	1,333
Loss on fuel economy test	159,737	—
Loss on closing of plants	630	—
Other	3,448	721
Total extraordinary losses	165,880	3,639
Income (loss) before income taxes	(184,157)	78,206
Income taxes	15,973	17,552
Income taxes for prior periods	12,019	(8,404)
Net income (loss)	(212,150)	69,058
Net income (loss) attributable to non-controlling interests	1,157	(1,016)
Net income (loss) attributable to owners of parent	(213,307)	70,075

Consolidated statements of comprehensive income

(Millions of yen)

	FY2016 3 rd quarter (from April 1, 2016 to December 31, 2016)	FY2017 3 rd quarter (from April 1, 2017 to December 31, 2017)
Profit (loss)	(212,150)	69,058
Other comprehensive income		
Valuation difference on available-for-sale securities	1,901	(410)
Deferred gains or losses on hedges	(218)	(101)
Foreign currency translation adjustment	859	12,774
Remeasurements of defined benefit plans, net of tax	887	545
Share of other comprehensive income of entities accounted for using equity method	(10,167)	1,040
Total other comprehensive income	(6,736)	13,847
Comprehensive income	(218,886)	82,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(219,120)	83,885
Comprehensive income attributable to non-controlling interests	233	(978)

(3) Notes to consolidated financial statements

Notes on premise of going concern

N/A

Notes on significant changes in the amount of shareholders' equity

N/A

Adoption of specific accounting policies for quarterly consolidated financial statements

Application of specific accounting treatment for preparing the quarterly consolidated financial statements:

Income tax expenses were calculated by multiplying income before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to a projected annual income before income taxes.

In case where the estimated effective tax rate is unavailable, statutory effective tax rate is used.

Segment information

FY2016 3rd quarter (from April 1, 2016 to December 31, 2016)

Information on reportable segment is omitted as the MMC group (the “Group”) has a single reportable segment which is “automobile business”.

(Supplementary information about geographic information)

1) For information on geographic information, please refer to “Change in geographic information” in FY2017 3rd quarter.

2) Net sales to the external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	188,449	214,998	328,564	305,315	147,622	156,821	1,341,771

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Puerto Rico
- (2) Europe.....Russia, England, Germany, France, the Netherlands
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania.....Australia, New Zealand
- (5) Other.....Brazil, U.A.E.

FY2017 3rd quarter (from April 1, 2017 to December 31, 2017)

Information on reportable segment is omitted as the MMC group (the “Group”) has a single reportable segment which is “automobile business”.

(Supplementary information about geographic information)

1) Change in geographic information

National and regional groupings have been classified by “geographical proximity and mutual relevance of business activities”. However, for the consistency with in-house management, Puerto Rico, which had been included in “Other” until the previous fiscal year, is reclassified in “North America” from the beginning of the previous fiscal year.

2) Net sales to the external customers, classified by the geographic location of the external customers

(Millions of yen)

	Japan	North America	Europe	Asia	Oceania	Other	Total
Net sales							
Net sales to external customers	239,086	238,031	303,456	425,133	177,201	135,180	1,518,089

Note: Main countries and regions outside Japan are grouped as follows:

- (1) North America.....The United States, Puerto Rico
- (2) Europe.....Germany, England, France, Italy, Russia,
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania.....Australia, New Zealand
- (5) Other.....Brazil, U.A.E.