

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019 [Japan GAAP]

Company name: **Mitsubishi Motors Corporation**  
 Listing: First Section, the Tokyo Stock Exchange  
 Stock code: 7211  
 URL: <http://www.mitsubishi-motors.co.jp/>  
 Representative: Osamu Masuko, Member of the Board, CEO  
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 TEL: +81-3-3456-1111 (from overseas)  
 Scheduled date to file quarterly Report: August 3, 2018  
 Scheduled date to deliver cash dividends: TBD  
 Quarterly earnings supplementary explanatory documents: Yes  
 Quarterly earnings presentation: Yes

### 1. Consolidated performance for the first quarter of fiscal year ending March 31, 2019 (April 1, 2018 to June 30, 2018)

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

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018 1 <sup>st</sup> quarter	560,045	27.0	28,107	36.3	33,369	15.0	28,186	22.7
FY2017 1 <sup>st</sup> quarter	440,902	2.8	20,619	346.4	29,015	563.8	22,969	—

Reference: Comprehensive income FY2018 1<sup>st</sup> quarter: ¥ 24,178 million FY2017 1<sup>st</sup> quarter: ¥ 24,853 million

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2018 1 <sup>st</sup> quarter	18.92	18.91
FY2017 1 <sup>st</sup> quarter	15.42	—

Note: Diluted net income per shares are not shown above because there are no diluted shares in the 1<sup>st</sup> quarter of FY2017.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2018	1,808,512	790,189	43.3
March 31, 2018	1,646,240	796,562	47.4

Reference: Shareholders' Equity As of June 30, 2018: ¥ 782,651 million As of March 31, 2018: ¥ 780,968 million

## 2. Cash dividends

	Cash dividend per share				
Record Date	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2017	–	7.00	–	10.00	17.00
FY2018	–				
FY2018 (Forecast)		10.00	–	10.00	20.00

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

## 3. Consolidated earnings forecasts for fiscal year 2018 (from April 1, 2018 to March 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	2,400,000	9.5	110,000	12.0	125,000	13.5	110,000	2.2	73.91

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

### Note

- (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 treatment for preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards: Yes
  - (ii) Changes in accounting policies due to other reasons: No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement: No
- (4) Number of shares issued and outstanding (common stocks)
  - (i) Total number of shares issued and outstanding at the end of the period (including treasury stock)
 

As of June 30, 2018:	1,490,282,496 shares
As of March 31, 2018:	1,490,282,496 shares
  - (ii) Number of shares of treasury stock at the end of the period
 

As of June 30, 2018:	1,969,401 shares
As of March 31, 2018:	222,186 shares
  - (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

As of June 30, 2018:	1,489,574,489 shares
As of June 30, 2017:	1,490,060,360 shares

\* Quarterly review procedures:

As of when this summary of quarterly financial results has 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 1Q/FY2018 increased 21% year-on-year to 292,000 units. ASEAN sales increased by 28% to 69,000 units, driven by orders for pick-up trucks in Thailand and the strong performance of the new XPANDER MPV launched in Indonesia last fall. In China, sales rose 50% year-on-year to 36,000 units due to strong demand for the localized Outlander. Sales in North America increased by 25% year-on-year to 45,000 units. The growth was driven by solid demand for the Outlander PHEV and Eclipse Cross, which were launched in the latter half of FY2017.

Consolidated net sales for the end of the first quarter of fiscal year 2018 was 560.0 billion yen (an increase of 119.1 billion yen year on year, or up 27% year on year). Consolidated operating profit was 28.1 billion yen (an increase of 7.5 billion yen year on year). Consolidated ordinary profit was 33.4 billion yen (an increase of 4.4 billion yen year on year). Net income attributable to the shareholders of the parent company was 28.2 billion yen (an increase of 5.2 billion yen year on year).

### **(2) Summary of financial position**

Total assets at the end of the first quarter of fiscal year 2018 amounted to 1,808.5 billion yen (an increase of 162.3 billion yen from the end of fiscal year 2017). Cash and cash deposits amounted to 444.3 billion yen (a decrease of 127.6 billion yen from the end of fiscal year 2017). Total liabilities amounted to 1,018.3 billion yen (an increase of 168.6 billion yen from the end of fiscal year 2017). Of total liabilities, the interest bearing debt balance was 219.1 billion yen (an increase of 192.5 billion yen from the end of fiscal year 2017). Net assets amounted to 790.2 billion yen (a decrease of 6.4 billion yen from the end of fiscal year 2017).

### **(3) Financial Forecast**

Mitsubishi Motors Corporation has decided to leave its consolidated forecasts announced on May 9, 2018 unchanged for the full-year of fiscal year 2018 (April 1, 2018 through March 31, 2019).

## 2. Consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	571,911	444,337
Notes and accounts receivable-trade	176,020	125,217
Finance receivables	—	264,662
Merchandise and finished goods	143,332	167,911
Work in process	21,901	20,116
Raw materials and supplies	38,551	44,115
Other	96,348	116,119
Less: Allowance for doubtful accounts	(1,229)	(1,058)
Total current assets	1,046,837	1,181,420
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	89,314	88,020
Machinery, equipment and vehicles, net	113,266	119,434
Tools, furniture and fixtures, net	46,237	50,840
Land	94,565	114,987
Construction in progress	33,698	30,628
Total property, plant and equipment	377,082	403,911
Intangible assets	29,022	32,435
Investments and other assets		
Investment securities	97,699	88,223
Other	101,520	109,024
Less: Allowance for doubtful accounts	(5,921)	(6,502)
Total investments and other assets	193,298	190,745
Total noncurrent assets	599,402	627,092
Total assets	1,646,240	1,808,512

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	426,312	382,712
Electronically recorded obligations - operating	22,897	27,168
Short-term loans payable	10,589	22,820
Commercial papers	—	50,000
Current portion of long-term loans payable	15,893	67,612
Accounts payable - other and accrued expenses	165,963	148,013
Income taxes payable	11,272	3,388
Provision for product warranties	46,733	47,322
Provision for loss on fuel economy test	15,478	13,383
Other	30,400	73,560
Total current liabilities	745,541	835,982
Non-current liabilities		
Long-term loans payable	90	78,691
Net defined benefit liability	42,596	43,923
Other	61,449	59,725
Total non-current liabilities	113,177	182,341
Total liabilities	849,677	1,018,323
<b>Net assets</b>		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	203,938	200,106
Retained earnings	363,382	374,281
Treasury shares	(220)	(1,728)
Total shareholders' equity	851,482	857,041
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,158	7,405
Deferred gains or losses on hedges	526	515
Foreign currency translation adjustment	(59,966)	(64,230)
Remeasurements of defined benefit plans	(18,232)	(18,079)
Total accumulated other comprehensive income	(70,514)	(74,389)
Share acquisition rights	106	142
Non-controlling interests	15,487	7,394
Total net assets	796,562	790,189
Total liabilities and net assets	1,646,240	1,808,512

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

### Consolidated statements of income

(Millions of yen)

	FY2017 1 <sup>st</sup> quarter (from April 1, 2017 to June 30, 2017)	FY2018 1 <sup>st</sup> quarter (from April 1, 2018 to June 30, 2018)
Net sales	440,902	560,045
Cost of sales	343,079	454,469
Gross profit	97,822	105,576
Selling, general and administrative expenses		
Advertising and promotion expenses	23,052	16,963
Freightage expenses	6,549	11,458
Provision of allowance for doubtful accounts	(199)	12
Directors' compensations, salaries and allowances	16,330	18,193
Retirement benefit expenses	826	931
Depreciation	2,888	3,222
Research and development expenses	11,979	13,997
Other	15,773	12,688
Total selling, general and administrative expenses	77,202	77,468
Operating profit (loss)	20,619	28,107
Non-operating income		
Interest income	783	1,070
Dividend income	2,715	1,031
Share of profit of entities accounted for using equity method	5,633	6,403
Other	729	299
Total non-operating income	9,861	8,804
Non-operating expenses		
Interest expenses	852	957
Litigation expenses	282	276
Foreign corporation tax and others	—	789
Other	329	1,519
Total non-operating expenses	1,465	3,542
Ordinary profit (loss)	29,015	33,369
Extraordinary income		
Gain on sales of non-current assets	62	115
Gain on sales of investment securities	342	—
Gain on step acquisitions	—	1,081
Other	6	190
Total extraordinary income	411	1,386

(Millions of yen)

	FY2017 1 <sup>st</sup> quarter (from April 1, 2017 to June 30, 2017)	FY2018 1 <sup>st</sup> quarter (from April 1, 2018 to June 30, 2018)
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	371	306
Loss on sales of non-current assets	9	20
Impairment loss	345	348
Other	41	32
Total extraordinary losses	768	706
Profit (loss) before income taxes	28,659	34,049
Total income taxes	6,068	6,666
Income taxes for prior period	—	(761)
Profit (loss)	22,590	28,144
Profit (loss) attributable to non-controlling interests	(378)	(41)
Profit (loss) attributable to owners of parent	22,969	28,186

**Consolidated statements of comprehensive income**

(Millions of yen)

	FY2017 1 <sup>st</sup> quarter (from April 1, 2017 to June 30, 2017)	FY2018 1 <sup>st</sup> quarter (from April 1, 2018 to June 30, 2018)
Net income (loss)	22,590	28,144
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	397	247
Deferred gains or losses on hedges	(728)	(265)
Foreign currency translation adjustment	2,642	(3,044)
Remeasurements of defined benefit plans	357	150
Share of other comprehensive income of associates accounted for using equity method	(406)	(1,054)
Total other comprehensive income	2,262	(3,966)
Comprehensive income	24,853	24,178
Comprehensive income attributable to:	25,743	24,311
Non-controlling interests	(889)	(132)



### **(3) Notes to consolidated financial statements**

#### **Notes on premise of going concern**

There is no item to be reported.

#### **Notes on significant changes in the amount of shareholders' equity**

There is no item to be reported.

#### **Adoption of specific accounting policies for quarterly consolidated financial statement**

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.

#### **Changes in accounting policy**

Overseas subsidiaries and associates:

##### **1) IFRS 9 "Financial instruments"**

IFRS 9 "Financial instruments" have been applied from the first three months of the fiscal year ending March 31, 2019. New standards are applied to classification and measurement, impairment of financial instruments, and hedge accounting. The effect of the change is immaterial. Regarding the application of IFRS 9, in the line with the treatments in progress of the IFRS 9, the amount of the cumulative effect is recognized at the beginning of the first three months of the fiscal year ending March 31, 2019.

##### **2) IFRS 15 and FASB Topic 606 "Revenue from Contracts with Customers":**

IFRS 15 and FASB Topic 606 "Revenue from Contracts with Customers" have been applied from the first three months of the fiscal year ending March 31, 2019. Previously, a part of payments to customers were recorded in the "Selling, general and administrative expenses". Effective FY2018 1<sup>st</sup> quarter, a part of payments to the customers are recorded in the "Net sales" subtraction. The effect of the change is immaterial. Regarding the application of IFRS 15 and FASB Topic 606, in the line with the treatments in progress of the IFRS 15 and FASB Topic 606, the amount of the cumulative effect is recognized at the beginning of the first three months of the fiscal year ending March 31, 2019.

#### **Additional information**

"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on February 16, 2018) has been applied from the first three months of the fiscal year ending March 31, 2019. Deferred tax assets are presented in the "Investment and other assets" of the balance sheet, and Deferred tax liabilities are presented in the "Non-current liabilities".

## Segment information

FY2017 1<sup>st</sup> quarter (from April 1, 2017 to June 30, 2017)

Information on FY 2017 1<sup>st</sup> quarter is omitted as the MMC group (the "Group") has a single reportable segment which is "automobile business".

(Supplementary information about geographic information)

1) 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	75,414	69,791	74,726	133,983	55,929	31,056	440,902

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

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

FY2018 1<sup>st</sup> quarter (from April 1, 2018 to June 30, 2018)

(Change in reportable segments)

The Group's reportable segments were previously classified as "automobile business". Effective FY2018 1<sup>st</sup> quarter, as a result of making MMC Diamond Finance Corporation, an equity-method associate, a subsidiary by purchasing additional shares, the Group changed its reportable segments to two reportable segments which are "automobile business" and "financial service business".

1. Net sales and income (loss) for each reportable segment

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment (Note 1)	Grand total (Note 2)
Net sales					
(1) External customers	554,534	5,511	560,045	—	560,045
(2) Intersegment sales & transfers	421	162	583	(583)	—
Total	554,955	5,674	560,629	(583)	560,045
Segment income (loss)	27,348	787	28,135	(27)	28,107

Notes: 1. Adjustment represents the elimination of intersegment transactions.

2. Segment income (loss) agrees to the amount of operating income (loss) presented in the consolidated statement of income.

2. Information on impairment loss on non-current assets by reportable segments

Impairment loss was recognized in automobile segment. Loss on impairment amounted to ¥348 million.

(Supplementary information about geographic information)

1) 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	90,229	94,339	104,694	153,261	59,596	57,925	560,045

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

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