

November 6, 2018

Consolidated Financial Results for the Second 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
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 Scheduled date to file quarterly Report: November 9, 2018
 Scheduled date to deliver cash dividends: December 4, 2018
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings presentation: Yes

1. Consolidated performance for the second quarter of fiscal year ending March 31, 2019 (April 1, 2018 to September 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 2 nd quarter	1,169,328	23.4	56,864	28.6	68,342	12.8	51,857	7.2
FY2017 2 nd quarter	947,678	9.6	44,215	-	60,561	-	48,386	-

Reference: Comprehensive income FY2018 2nd quarter: ¥57,426 million (4.2%) FY2017 2nd quarter: ¥55,130 million

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2018 2 nd quarter	34.83	34.80
FY2017 2 nd quarter	32.47	32.47

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2018	1,842,324	822,811	44.2
March 31, 2018	1,646,240	796,562	47.4

Reference: Shareholders' Equity As of September 30, 2018: ¥ 814,456 million As of March 31, 2018: ¥ 780,968 million

2. Cash dividends

Record Date	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2017	-	7.00	-	10.00	17.00
FY2018	-	10.00			
FY2018 (Forecast)			-	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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	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 September 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 September 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)

FY 2018 2 nd quarter:	1,488,940,346 shares
FY 2017 2 nd quarter:	1,490,060,360 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:

This material contains forward-looking statements, based on judgments and estimates that have been made on the basis of currently available information. By nature, such statements are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned statements due to changes in economic environments related to our business, market trends, fluctuations in interest rates and exchange rate, changes in laws, regulations and government policies, etc.

Potential risks and uncertainties are not limited to the above and Mitsubishi Motors is not under any obligation to update the information in this material to reflect any developments or events in the future.

If you are interested in investing in Mitsubishi Motors, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mitsubishi Motors nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mitsubishi Motors based on the information shown in this material.

(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 first-half of FY2018 increased 19% year-on-year to 594,000 units. Volume in the ASEAN region increased 36% year-on-year to 152,000 units due to strong sales of the XPANDER, a next-generation crossover MPV, in Indonesia and the Triton pick-up truck, predominantly in Thailand. We have also increased exports of the XPANDER after expanding production capacity in Indonesia.

In the region of China and others, sales increased 19% year-on-year to 82,000 units, driven by strong performance of the locally produced Outlander. We also plan to launch the local production and distribution of the Eclipse Cross in China.

In Europe, sales rose 29% year-on-year to 112,000 units, reflecting strong demand for the Eclipse Cross in Western Europe, as well as for the locally-produced Outlander in the region of Russia and others.

Consolidated net sales for the end of the first-half of fiscal year 2018 was 1,169.3 billion yen (an increase of 221.6 billion yen year on year, or up 23% year on year).

Consolidated operating profit was 56.9 billion yen (an increase of 12.7 billion yen year on year). Consolidated ordinary profit was 68.3 billion yen (an increase of 7.7 billion yen year on year). Net income attributable to the shareholders of the parent company was 51.9 billion yen (an increase of 3.5 billion yen year on year).

(2) Summary of financial position

Total assets at the end of the first-half of fiscal year 2018 amounted to 1,842.3 billion yen (an increase of 196.1 billion yen from the end of fiscal year 2017). Cash and cash deposits amounted to 458.6 billion yen (a decrease of 113.3 billion yen from the end of fiscal year 2017). Total liabilities amounted to 1,019.5 billion yen (an increase of 169.9 billion yen from the end of fiscal year 2017). Of total liabilities, the interest bearing debt balance was 212.8 billion yen (an increase of 186.2 billion yen from the end of fiscal year 2017). Net assets amounted to 822.8 billion yen (an increase of 26.2 billion yen from the end of fiscal year 2017).

(3) Summary of earnings forecasts

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 September 30, 2018
Assets		
Current assets		
Cash and deposits	571,911	458,556
Notes and accounts receivable - trade	176,020	133,327
Finance receivables	-	266,395
Merchandise and finished goods	143,332	176,338
Work in process	21,901	24,554
Raw materials and supplies	38,551	41,431
Other	96,348	116,014
Less: Allowance for doubtful accounts	(1,229)	(1,263)
Total current assets	1,046,837	1,215,355
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	89,314	89,884
Machinery, equipment and vehicles, net	113,266	123,472
Tools, furniture and fixtures, net	46,237	49,205
Land	94,565	114,361
Construction in progress	33,698	35,084
Total property, plant and equipment	377,082	412,008
Intangible assets	29,022	33,605
Investments and other assets		
Investment securities	97,699	89,276
Other	101,520	98,515
Less: Allowance for doubtful accounts	(5,921)	(6,437)
Total investments and other assets	193,298	181,355
Total non-current assets	599,402	626,968
Total assets	1,646,240	1,842,324

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	426,312	392,327
Electronically recorded obligations - operating	22,897	34,506
Short-term loans payable	10,589	16,607
Commercial papers	-	50,000
Current portion of long-term loans payable	15,893	65,244
Accounts payable - other and accrued expenses	165,963	141,626
Income taxes payable	11,272	4,288
Provision for product warranties	46,733	49,530
Provision for loss on fuel economy test	15,478	11,250
Other	30,400	73,426
Total current liabilities	745,541	838,808
Non-current liabilities		
Long-term loans payable	90	80,945
Net defined benefit liability	42,596	45,386
Other	61,449	54,372
Total non-current liabilities	104,135	180,704
Total liabilities	849,677	1,019,513
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	203,938	200,072
Retained earnings	363,382	397,953
Treasury shares	(220)	(1,728)
Total shareholders' equity	851,482	880,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,158	6,512
Deferred gains or losses on hedges	526	730
Foreign currency translation adjustment	(59,966)	(55,220)
Remeasurements of defined benefit plans	(18,232)	(18,246)
Total accumulated other comprehensive income	(70,514)	(66,222)
Share acquisition rights	106	213
Non-controlling interests	15,487	8,141
Total net assets	796,562	822,811
Total liabilities and net assets	1,646,240	1,842,324

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

Consolidated statements of income

(Millions of yen)

	FY2017 2 nd quarter (from April 1, 2017 to September 30, 2017)	FY2018 2 nd quarter (from April 1, 2018 to September 30, 2018)
Net sales	947,678	1,169,328
Cost of sales	742,029	949,732
Gross profit	205,648	219,595
Selling, general and administrative expenses		
Advertising and promotion expenses	47,086	35,251
Freightage expenses	16,111	24,673
Provision of allowance for doubtful accounts	2	246
Directors' compensations, salaries and allowances	35,492	37,431
Retirement benefit expenses	1,719	1,939
Depreciation	6,201	6,546
Research and development expenses	22,222	28,940
Other	32,597	27,700
Total selling, general and administrative expenses	161,432	162,731
Operating profit (loss)	44,215	56,864
Non-operating income		
Interest income	1,606	2,199
Dividend income	2,080	1,589
Share of profit of entities accounted for using equity method	9,759	10,893
Foreign exchange gains	5,576	1,673
Other	286	949
Total non-operating income	19,309	17,305
Non-operating expenses		
Interest expenses	1,685	1,910
Other	1,277	3,916
Total non-operating expenses	2,963	5,827
Ordinary profit (loss)	60,561	68,342
Extraordinary income		
Gain on sales of non-current assets	119	597
Gain on sales of investment securities	307	-
Gain on step acquisitions	-	1,081
Other	52	191
Total extraordinary income	479	1,871

(Millions of yen)

	FY2017 2 nd quarter (from April 1, 2017 to September 30, 2017)	FY2018 2 nd quarter (from April 1, 2018 to September 30, 2018)
Extraordinary losses		
Loss on retirement of non-current assets	896	870
Impairment loss	950	348
Disaster loss	-	1,678
Other	117	262
Total extraordinary losses	1,964	3,159
Profit (loss) before income taxes	59,075	67,054
Total income taxes	11,663	14,622
Income taxes for prior period	-	(764)
Profit (loss)	47,412	53,195
Profit (loss) attributable to non-controlling interests	(974)	1,337
Profit (loss) attributable to owners of parent	48,386	51,857

Consolidated statements of comprehensive income

(Millions of yen)

	FY2017 2 nd quarter (from April 1, 2017 to September 30, 2017)	FY2018 2 nd quarter (from April 1, 2018 to September 30, 2018)
Net income (loss)	47,412	53,195
Other comprehensive income		
Valuation difference on available-for-sale securities	(373)	(645)
Deferred gains or losses on hedges	(14)	37
Foreign currency translation adjustment	7,767	7,345
Remeasurements of defined benefit plans	647	2
Share of other comprehensive income of associates accounted for using equity method	(309)	(2,510)
Total other comprehensive income	7,717	4,230
Comprehensive income	55,130	57,426
Comprehensive income attributable to:		
Non-controlling interests	(1,171)	1,276

(3) Consolidated statements of cash flows

(Millions of yen)

	FY2017 2 nd quarter (from April 1, 2017 to September 30, 2017)	FY2018 2 nd quarter (from April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit (loss) before income taxes	59,075	67,054
Depreciation	23,581	28,904
Impairment loss	950	348
Increase (decrease) in allowance for doubtful accounts	(92)	(121)
Increase (decrease) in net defined benefit liability	1,990	2,196
Interest and dividend income	(3,686)	(3,788)
Interest expenses	1,685	1,910
Foreign exchange losses (gains)	(93)	(1,915)
Share of loss (profit) of entities accounted for using equity method	(9,759)	(10,893)
Loss (gain) on sales and retirement of non-current assets	842	300
Decrease (increase) in notes and accounts receivable - trade	21,142	45,217
Decrease (increase) in finance receivables - trade	-	(1,299)
Decrease (increase) in inventories	(41,887)	(32,448)
Increase (decrease) in notes and accounts payable - trade	(7,286)	(26,877)
Other, net	(16,543)	(21,412)
Subtotal	29,918	47,175
Interest and dividend income received	6,279	7,679
Interest expenses paid	(1,677)	(1,910)
Payments related to fuel economy test	(13,942)	(657)
Income taxes paid	(18,988)	(23,076)
Net cash provided by (used in) operating activities	1,589	29,209
Cash flows from investing activities		
Decrease (increase) in time deposits	(84)	12,015
Purchase of property, plant and equipment	(30,837)	(64,718)
Proceeds from sales of property, plant and equipment	1,286	2,585
Payments of long-term loans receivable	(1,129)	(293)
Collection of long-term loans receivable	345	438
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(6,668)
Other, net	(7,986)	(7,018)
Net cash provided by (used in) investing activities	(38,405)	(63,659)

(Millions of yen)

	FY2017 2 nd quarter (from April 1, 2017 to September 30, 2017)	FY2018 2 nd quarter (from April 1, 2018 to September 30, 2018)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(787)	(40,115)
Increase (decrease) in commercial papers	-	15,000
Proceeds from long-term loans payable	1,259	22,500
Repayments of long-term loans payable	(176)	(35,732)
Cash dividends paid	(7,505)	(14,879)
Dividends paid to non-controlling interests	(1,833)	(14,190)
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-	(7,197)
Other, net	(360)	(1,814)
Net cash provided by (used in) financing activities	(9,402)	(76,430)
Effect of exchange rate change on cash and cash equivalents	5,408	9,381
Net increase (decrease) in cash and cash equivalents	(40,810)	(101,497)
Cash and cash equivalents at beginning of period	555,906	559,036
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	6,927	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	111
Cash and cash equivalents at end of period	522,022	457,650

(4) 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 policies

Overseas consolidated subsidiaries:

1) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" has been applied from the first quarter ended June 30, 2018, excluding subsidiaries in North America.

Due to this application, classifications and measurement methods for financial instruments have been revised and for financial assets, impairments have been recognized under the expected credit loss model. For its choice on what method to use for the transition approach in the application of these standards, the MMC Group chose to recognize the amount of the cumulative effect arising from the application of these standards on the starting date of the application of these standards, and the amount of the cumulative effect has been added or subtracted from the retained earnings at the beginning of the first three months of the fiscal year ending March 31, 2019.

The effect of this change in accounting policy on consolidated profit and loss in the six months ended September 30, 2018 is immaterial.

2) IFRS 15 and ASC Topic 606 "Revenue from Contracts with Customers":

IFRS 15 and ASC 606 "Revenue from Contracts with Customers" have been applied from the first quarter ended June 30, 2018.

In line with this adoption, revenue is recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which they expect to be entitled in exchange for those goods or services. For its choice on what method to use for the transition approach in the application of these standards, the MMC Group chose to recognize the amount of the cumulative effect arising from the application of these standards on the starting date of the application of these standards, and the amount of the cumulative effect has been added or subtracted from the retained earnings at the beginning of the current first quarter.

As a result, the balance of retained earnings at the beginning of the current second quarter decreased by ¥2,386 million, and the effect of this change in accounting policy on consolidated profit and loss in the six months ended September 30, 2018 is immaterial.

Previously, for a part of payments to customers, the respective amounts were recorded as selling, general and administrative expenses. However, from the first quarter ended June 30, 2018, these amounts are deducted from net sales.

As a result, on the consolidated statements of income, net sales and selling, general and administrative expenses for the current second quarter, decreased by ¥23,507 million, compared with the amounts of the consolidated statements of income which were calculated in line with application of prior accounting standards.

Additional information

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidance

"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 2nd quarter (from April 1, 2017 to September 30, 2017)

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

(Millions of yen)

	Automobiles	Financial services	Total	Adjustment	Grand total (Note)
Net sales					
(1) External customers	947,678	-	947,678	-	947,678
(2) Intersegment sales & transfers	-	-	-	-	-
Total	947,678	-	947,678	-	947,678
Segment income (loss)	44,215	-	44,215	-	44,215

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

(Supplementary information about geographic information)

1) Change in geographic information

For information on geographic information, please refer to "Change in geographic information" in FY2018 2nd 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	160,364	147,429	176,051	260,625	113,854	89,353	947,678

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 2nd quarter (from April 1, 2018 to September 30, 2018)

(Change in reportable segments)

The Group's reportable segments were previously classified as "automobile business". Effective FY2018 1st 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	1,157,903	11,424	1,169,328	-	1,169,328
(2) Intersegment sales & transfers	1,760	200	1,960	(1,960)	-
Total	1,159,663	11,625	1,171,288	(1,960)	1,169,328
Segment income (loss)	55,603	1,758	57,361	(496)	56,864

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.

(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, Turkey and other 2 countries, which had been included in "Europe" until the previous fiscal year, India and other 5 countries, which had been included in "Asia" until the previous fiscal year, are reclassified in "Other" 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	193,242	186,184	234,792	306,582	113,944	134,582	1,169,328

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.