

February 1, 2019

Consolidated Financial Results for the Third 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, Chairman of the Board, Representative Director, CEO

Contact: Keiko Sasaki, General Manager of IR Office

TEL: +81-3-3456-1111 (from overseas)

Scheduled date to file quarterly Report: February 8, 2019

Scheduled date to deliver cash dividends: TBD

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes

1. Consolidated performance for the third quarter of fiscal year ending March 31, 2019 (April 1, 2018 to December 31, 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 3rd quarter	1,794,082	18.2	85,026	31.7	92,363	13.9	69,164	(1.3)
FY2017 3rd quarter	1,518,089	13.1	64,552	-	81,079	-	70,075	-

Reference: Comprehensive income FY2018 3rd quarter: ¥65,437 million ((21.1)%) FY2017 3rd quarter: ¥82,906 million

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2018 3rd quarter	46.46	46.42
FY2017 3rd quarter	47.03	47.01

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2018	1,878,099	816,182	43.0
March 31, 2018	1,646,240	796,562	47.4

Reference: Shareholders' Equity As of December 31, 2018: ¥ 807,317 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 December 31, 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 December 31, 2018:	1,969,600 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 3rd quarter:	1,488,730,302 shares
FY 2017 3rd quarter:	1,490,060,351 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 nine months ended December 31, 2018 increased 15% year-on-year to 894,000 units.

ASEAN sales increased 27% year-on-year to 235,000 units, primarily driven by the strong demand for the next-generation crossover MPV XPANDER.

Sales in Europe increased 29% year-on-year to 168,000 units, driven by the continued robust performance of the ECLIPSE CROSS and OUTLANDER PHEV in Western Europe and the locally produced OUTLANDER in Russia.

Sales volumes increased year-on-year in all regions, including our Bed-rock market Oceania and our Focus markets North America and China, others. We are thus progressing generally in line with our full-year forecasts announced at the start of this fiscal year.

Consolidated net sales for the end of the third quarter of fiscal year 2018 was 1,794.1 billion yen (an increase of 276.0 billion yen year on year, or up 18% year on year).

Consolidated operating profit was 85.0 billion yen (an increase of 20.4 billion yen year on year). Consolidated ordinary profit was 92.4 billion yen (an increase of 11.3 billion yen year on year). Net income attributable to the shareholders of the parent company was 69.2 billion yen (a decrease of 0.9 billion yen year on year).

(2) Summary of financial position

Total assets at the end of the third quarter of fiscal year 2018 amounted to 1,878.1 billion yen (an increase of 231.9 billion yen from the end of fiscal year 2017). Cash and cash deposits amounted to 417.4 billion yen (a decrease of 154.5 billion yen from the end of fiscal year 2017). Total liabilities amounted to 1,061.9 billion yen (an increase of 212.3 billion yen from the end of fiscal year 2017). Of total liabilities, the interest bearing debt balance was 213.1 billion yen (an increase of 186.5 billion yen from the end of fiscal year 2017). Net assets amounted to 816.2 billion yen (an increase 19.6 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 December 31, 2018
Assets		
Current assets		
Cash and deposits	571,911	417,424
Notes and accounts receivable - trade	176,020	103,885
Finance receivables	-	284,051
Merchandise and finished goods	143,332	225,104
Work in process	21,901	25,681
Raw materials and supplies	38,551	45,607
Other	96,348	140,075
Less: Allowance for doubtful accounts	(1,229)	(1,161)
Total current assets	1,046,837	1,240,669
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	89,314	100,140
Machinery, equipment and vehicles, net	113,266	125,528
Tools, furniture and fixtures, net	46,237	50,187
Land	94,565	114,326
Construction in progress	33,698	31,393
Total property, plant and equipment	377,082	421,575
Intangible assets	29,022	34,222
Investments and other assets		
Investment securities	97,699	90,364
Other	101,520	97,653
Less: Allowance for doubtful accounts	(5,921)	(6,385)
Total investments and other assets	193,298	181,632
Total non-current assets	599,402	637,430
Total assets	1,646,240	1,878,099

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	426,312	389,113
Electronically recorded obligations - operating	22,897	61,632
Short-term loans payable	10,589	26,488
Commercial papers	-	47,000
Current portion of long-term loans payable	15,893	53,945
Accounts payable - other and accrued expenses	165,963	151,366
Income taxes payable	11,272	10,819
Provision for product warranties	46,733	49,803
Provision for loss on fuel economy test	15,478	8,521
Other	30,400	73,943
Total current liabilities	745,541	872,634
Non-current liabilities		
Long-term loans payable	90	85,625
Net defined benefit liability	42,596	46,132
Other	61,449	57,524
Total non-current liabilities	104,135	189,282
Total liabilities	849,677	1,061,916
Net assets		
Shareholders' equity		
Capital stock	284,382	284,382
Capital surplus	203,938	200,072
Retained earnings	363,382	400,376
Treasury shares	(220)	(1,728)
Total shareholders' equity	851,482	883,102
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,158	5,355
Deferred gains or losses on hedges	526	667
Foreign currency translation adjustment	(59,966)	(63,905)
Remeasurements of defined benefit plans	(18,232)	(17,901)
Total accumulated other comprehensive income	(70,514)	(75,784)
Share acquisition rights	106	285
Non-controlling interests	15,487	8,580
Total net assets	796,562	816,182
Total liabilities and net assets	1,646,240	1,878,099

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

Consolidated statements of income

(Millions of yen)

	FY2017 3rd quarter (from April 1, 2017 to December 31, 2017)	FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)
Net sales	1,518,089	1,794,082
Cost of sales	1,197,821	1,454,400
Gross profit	320,268	339,681
Selling, general and administrative expenses		
Advertising and promotion expenses	76,375	52,442
Freightage expenses	28,611	39,483
Provision of allowance for doubtful accounts	51	259
Directors' compensations, salaries and allowances	53,572	55,848
Retirement benefit expenses	2,781	3,096
Depreciation	9,492	10,011
Research and development expenses	33,635	50,067
Other	51,196	43,446
Total selling, general and administrative expenses	255,716	254,655
Operating profit (loss)	64,552	85,026
Non-operating income		
Interest income	2,453	3,641
Share of profit of entities accounted for using equity method	12,070	13,605
Foreign exchange gains	4,404	-
Other	2,566	3,107
Total non-operating income	21,495	20,354
Non-operating expenses		
Interest expenses	2,620	2,800
Foreign exchange losses	-	4,840
Other	2,346	5,377
Total non-operating expenses	4,967	13,017
Ordinary profit (loss)	81,079	92,363
Extraordinary income		
Gain on sales of non-current assets	186	617
Gain on sales of investment securities	307	-
Gain on step acquisitions	-	1,081
Other	271	195
Total extraordinary income	766	1,894

(Millions of yen)

	FY2017 3rd quarter (from April 1, 2017 to December 31, 2017)	FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)
Extraordinary losses		
Loss on retirement of non-current assets	1,584	1,187
Impairment loss	1,333	348
Loss on disaster	-	2,012
Other	721	379
Total extraordinary losses	3,639	3,926
Profit (loss) before income taxes	78,206	90,331
Income taxes	17,552	20,181
Income taxes for prior periods	(8,404)	(766)
Profit (loss)	69,058	70,915
Profit (loss) attributable to non-controlling interests	(1,016)	1,751
Profit (loss) attributable to owners of parent	70,075	69,164

Consolidated statements of comprehensive income

(Millions of yen)

	FY2017 3rd quarter (from April 1, 2017 to December 31, 2017)	FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)
Profit (loss)	69,058	70,915
Other comprehensive income		
Valuation difference on available-for-sale securities	(410)	(1,802)
Deferred gains or losses on hedges	(101)	(84)
Foreign currency translation adjustment	12,774	(1,229)
Remeasurements of defined benefit plans, net of tax	545	181
Share of other comprehensive income of entities accounted for using equity method	1,040	(2,542)
Total other comprehensive income	13,847	(5,478)
Comprehensive income	82,906	65,437
Comprehensive income attributable to owners of parent	83,885	63,728
Comprehensive income attributable to non-controlling interests	(978)	1,709

(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 nine months ended December 31, 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 third quarter decreased by ¥2,386 million, and the effect of this change in accounting policy on consolidated profit and loss in the nine months ended December 31, 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 third quarter, decreased by ¥35,187 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 3rd quarter (from April 1, 2017 to December 31, 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	1,518,089	-	1,518,089	-	1,518,089
(2) Intersegment sales & transfers	-	-	-	-	-
Total	1,518,089	-	1,518,089	-	1,518,089
Segment income (loss)	64,552	-	64,552	-	64,552

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 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	239,086	238,031	295,486	421,315	177,201	146,967	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, U.K, France, Italy, Russia
- (3) Asia.....Thailand, the Philippines, China, Indonesia
- (4) Oceania..... Australia, New Zealand
- (5) Other.....Brazil, U.A.E.

FY2018 3rd quarter (from April 1, 2018 to December 31, 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	1,776,978	17,103	1,794,082	-	1,794,082
(2) Intersegment sales & transfers	2,197	431	2,628	(2,628)	-
Total	1,779,176	17,534	1,796,710	(2,628)	1,794,082
Segment income (loss)	82,832	2,854	85,687	(660)	85,026

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	299,541	264,072	368,355	479,987	166,543	215,583	1,794,082

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.