

January 31, 2020

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 [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: Takao Kato, Representative Executive Officer, CEO
 Contact: Keiko Sasaki, General Manager of IR Office
 TEL: +81-3-3456-1111 (from overseas)
 Scheduled date to file quarterly Report: February 7, 2020
 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, 2020 (April 1, 2019 to December 31, 2019)

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

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019 3rd quarter	1,666,914	(7.1)	3,634	(95.7)	(2,674)	-	(11,760)	-
FY2018 3rd quarter	1,794,082	18.2	85,026	31.7	92,363	13.9	69,164	(1.3)

Reference: Comprehensive income FY2019 3rd quarter: ¥ (13,343) million (-%) FY2018 3rd quarter: ¥ 65,437 million ((21.1) %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 3rd quarter	(7.90)	-
FY2018 3rd quarter	46.46	46.42

(2) Consolidated financial position

As of	Total assets	Total net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
December 31, 2019	1,927,649	842,615	42.9
March 31, 2019	2,010,309	881,203	43.4

Reference: Shareholders' Equity As of December 31, 2019: ¥ 826,862 million As of March 31, 2019: ¥ 871,785 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
FY2018	-	10.00	-	10.00	20.00
FY2019	-	10.00	-		
FY2019 (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 2019 (from April 1, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	2,450,000	(2.6)	30,000	(73.2)	20,000	(83.3)	5,000	(96.2)	3.36

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
Please refer to "1.Consolidated financial statements (3) Notes to consolidated financial statements -Adoption of specific accounting policies for quarterly consolidated financial statement" in page 5 for details.
- (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
Please refer to "1.Consolidated financial statements (3) Notes to consolidated financial statements - Changes in accounting policies" in page 5 for details.
- (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, 2019:	1,490,282,496 shares
As of March 31, 2019:	1,490,282,496 shares
 - (ii) Number of shares of treasury stock at the end of the period

As of December 31, 2019:	1,969,600 shares
As of March 31, 2019:	1,969,600 shares
 - (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

FY 2019 3rd quarter:	1,488,312,896 shares
FY 2018 3rd quarter:	1,488,730,302 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:

(Note for the description about financial forecast)

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. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	500,924	370,054
Notes and accounts receivable - trade	126,398	114,085
Finance receivables	294,423	263,442
Merchandise and finished goods	175,052	221,372
Work in process	18,553	25,609
Raw materials and supplies	40,803	47,383
Other	126,091	134,760
Allowance for doubtful accounts	(1,790)	(1,264)
Total current assets	1,280,457	1,175,444
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,095	112,484
Machinery, equipment and vehicles, net	131,431	144,992
Tools, furniture and fixtures, net	61,482	58,549
Land	116,201	132,936
Construction in progress	37,306	44,234
Total property, plant and equipment	452,517	493,196
Intangible assets	39,786	44,473
Investments and other assets		
Investment securities	93,328	79,490
Other	150,645	140,627
Allowance for doubtful accounts	(6,426)	(5,582)
Total investments and other assets	237,548	214,534
Total non-current assets	729,852	752,204
Total assets	2,010,309	1,927,649

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	391,785	339,382
Electronically recorded obligations - operating	50,311	72,316
Short-term borrowings	44,419	43,344
Commercial papers	50,800	56,900
Current portion of long-term borrowings	50,377	53,083
Accounts payable - other, and accrued expenses	196,695	150,093
Income taxes payable	11,352	8,702
Provision for product warranties	48,915	52,970
Provision for loss on fuel economy test	3,758	2,507
Other	74,850	90,135
Total current liabilities	923,267	869,436
Non-current liabilities		
Long-term borrowings	83,122	95,018
Retirement benefit liability	51,615	35,456
Other	71,100	85,123
Total non-current liabilities	205,838	215,597
Total liabilities	1,129,105	1,085,034
Net assets		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus	200,072	200,072
Retained earnings	463,092	421,566
Treasury shares	(1,728)	(1,728)
Total shareholders' equity	945,818	904,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,353	(57)
Deferred gains or losses on hedges	652	471
Foreign currency translation adjustment	(61,281)	(57,139)
Remeasurements of defined benefit plans	(20,758)	(20,704)
Total accumulated other comprehensive income	(74,033)	(77,429)
Share acquisition rights	356	296
Non-controlling interests	9,062	15,455
Total net assets	881,203	842,615
Total liabilities and net assets	2,010,309	1,927,649

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

Consolidated statements of income	(Millions of yen)	
	FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)	FY2019 3rd quarter (from April 1, 2019 to December 31, 2019)
Net sales	1,794,082	1,666,914
Cost of sales	1,454,400	1,419,294
Gross profit	339,681	247,619
Selling, general and administrative expenses		
Advertising and promotion expenses	52,442	36,915
Freight costs	39,483	36,352
Provision of allowance for doubtful accounts	259	(361)
Remuneration, salaries and allowances for directors (and other officers)	55,848	57,821
Retirement benefit expenses	3,096	2,972
Depreciation	10,011	13,464
Research and development expenses	50,067	58,366
Other	43,446	38,454
Total selling, general and administrative expenses	254,655	243,984
Operating profit (loss)	85,026	3,634
Non-operating income		
Interest income	3,641	4,316
Share of profit of entities accounted for using equity method	13,605	3,625
Other	3,107	1,613
Total non-operating income	20,354	9,555
Non-operating expenses		
Interest expenses	2,800	2,886
Foreign exchange losses	4,840	9,425
Other	5,377	3,552
Total non-operating expenses	13,017	15,864
Ordinary profit (loss)	92,363	(2,674)
Extraordinary income		
Gain on sales of non-current assets	617	5,430
Gain on contribution of securities to retirement benefit trust	—	9,376
Gain on step acquisitions	1,081	—
Other	195	91
Total extraordinary income	1,894	14,899

(Millions of yen)

	FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)	FY2019 3rd quarter (from April 1, 2019 to December 31, 2019)
Extraordinary losses		
Loss on retirement of non-current assets	1,187	2,564
Impairment loss	348	901
Loss on sale of facilities	—	2,275
Subsidiary transfer cost	—	1,367
Loss on disaster	2,012	—
Other	379	191
Total extraordinary losses	3,926	7,300
Profit (loss) before income taxes	90,331	4,924
Income taxes	20,181	14,381
Income taxes for prior periods	(766)	—
Profit (loss)	70,915	(9,456)
Profit (loss) attributable to non-controlling interests	1,751	2,304
Profit (loss) attributable to owners of parent	69,164	(11,760)

Consolidated statements of comprehensive income

(Millions of yen)

	FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)	FY2019 3rd quarter (from April 1, 2019 to December 31, 2019)
Profit (loss)	70,915	(9,456)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,802)	(7,411)
Deferred gains or losses on hedges	(84)	(140)
Foreign currency translation adjustment	(1,229)	6,933
Remeasurements of defined benefit plans, net of tax	181	(123)
Share of other comprehensive income of entities accounted for using equity method	(2,542)	(3,144)
Total other comprehensive income	(5,478)	(3,886)
Comprehensive income	65,437	(13,343)
(Details)		
Comprehensive income attributable to owners of parent	63,728	(15,388)
Comprehensive income attributable to non-controlling interests	1,709	2,045

(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 policies

Overseas consolidated subsidiaries:

IFRS 16 and ASC 842 "Leases"

IFRS 16 and ASC 842 "Leases" have been applied from the beginning of the first quarter ended June 30, 2019.

In line with this adoption, lessees generally recognize all leases as assets or liabilities on the consolidated balance sheet. 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 date of initial application of these standards.

With the application of these standards, as of the third quarter ended December 31, 2019, property, plant and equipment increased by 23,403 million yen, other in current liabilities by 1,959 million yen, and other in non-current liabilities by 21,737 million yen.

The effect of this change in accounting policy on consolidated profit and loss in the nine months ended December 31, 2019 is immaterial.

Segment information

FY2018 3rd quarter (from April 1, 2018 to December 31, 2018)

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 region)

1) Net sales to 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.

FY2019 3rd quarter (from April 1, 2019 to December 31, 2019)

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	1,642,341	24,572	1,666,914	-	1,666,914
(2) Intersegment sales & transfers	12,730	3,242	15,972	(15,972)	-
Total	1,655,071	27,815	1,682,886	(15,972)	1,666,914
Segment income (loss)	(199)	4,267	4,067	(432)	3,634

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 region)

1) Net sales to 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	332,503	214,348	347,716	480,108	133,797	158,440	1,666,914

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

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