



**MITSUBISHI  
MOTORS**

**FY2020-2022  
Mid-Term Business Plan  
"Small but Beautiful"**

July 27, 2020

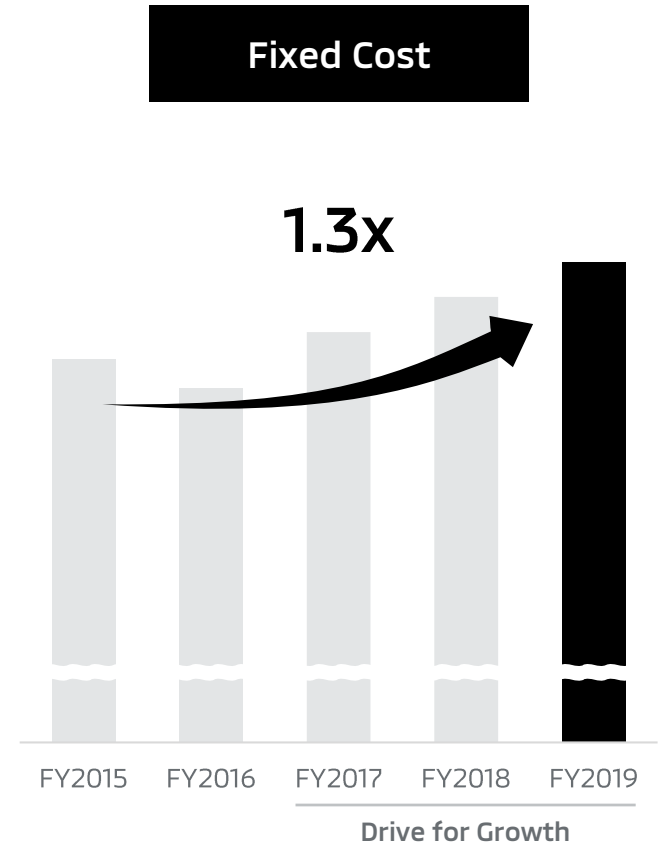
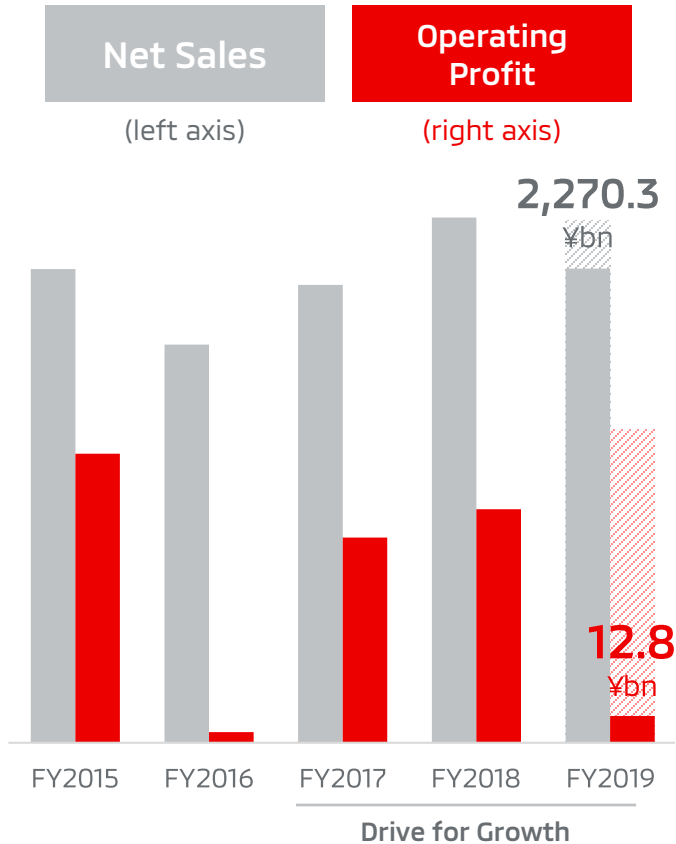
## To Secure Profit Through Contributing to Society

- Conducting business with an emphasis on contributing to all stakeholders and society
- Selection and concentration in line with our strengths and earnings area

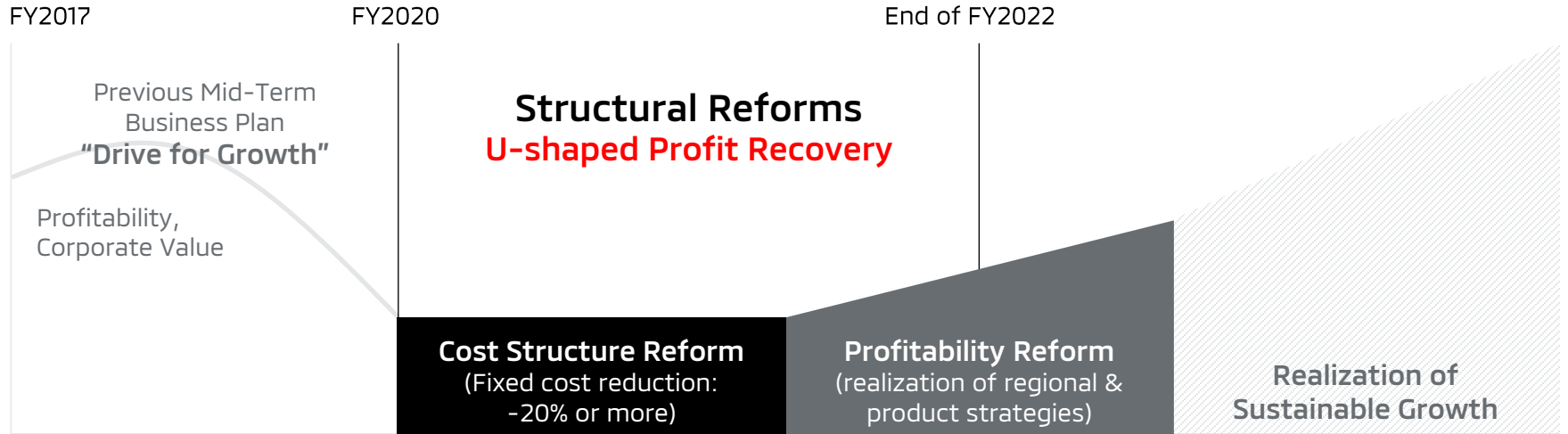
## Focusing Points of Mid-Term Business Plan

- Carrying out structural reforms
- Growth based on ASEAN
- Strengthening environmental technologies
- Providing our reliability through 4WD and off-road performance

# Review of Previous Mid-Term Business Plan "Drive for Growth"



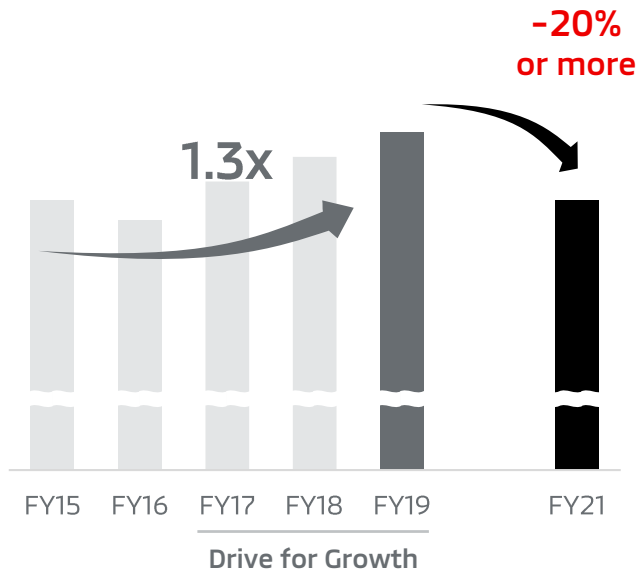
# Positioning Structural Reforms



Omnidirectional  
expansion strategy

Profit growth focused on regions and products  
where we have strengths

# Fixed Cost Reduction



## Indirect labor cost

- Headcount rationalization (reallocation, restraint on new hiring and voluntary retirement plan, etc.)
- Compensation system review: -15% reduction

## Marketing expenses

- Strategic review
- Cost effectiveness improvement

## Depreciation

- Investment Optimization
- Impairment loss accounting based on the future plan

## R&D cost

- Total cost reduction through selection and concentration
- Freezing of the introduction of new products in Europe

## Restructuring of production bases

- Integration of production lines: Pajero Mfg. cease

## General and administrative expenses

- Restraining costs according to the state of business restructuring
- Reducing office space through work style reforms

TOTAL:

>20% or more

# Framework of Mid-Term Business Plan

## Initiative items

Regional Strategy

Product & Technological Strategy

Production

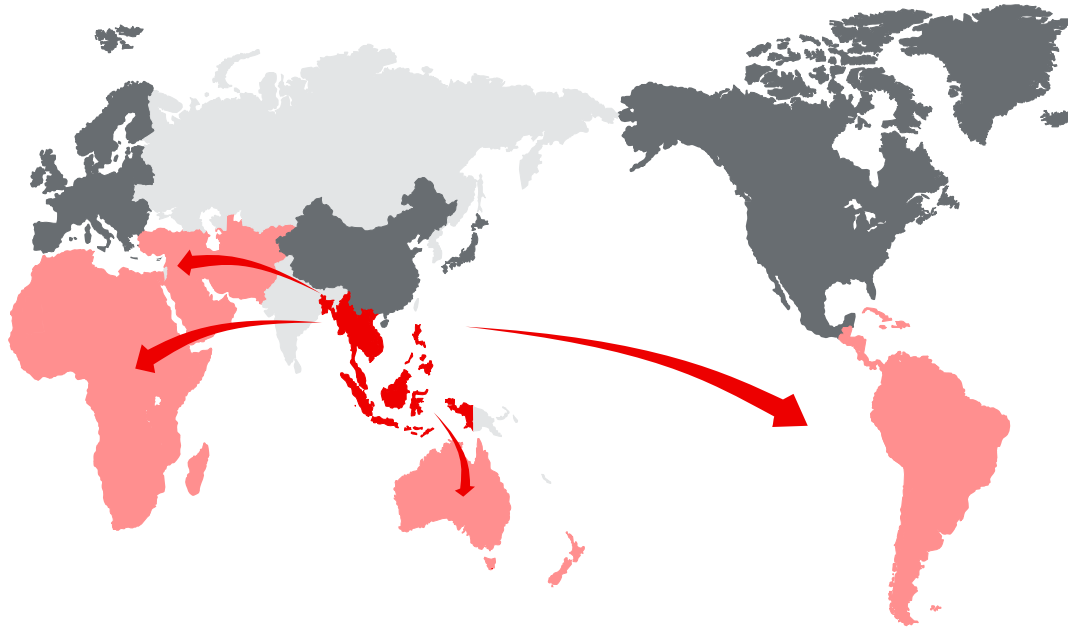
Stronger Partnerships

**Fixed Cost Reduction**

## Policy

- ➔ Shift to a business structure centered on ASEAN and improve Operating Profit by downsizing low-profit businesses
- ➔ Strengthen environmental technologies centered on PHEV and utilize advanced technologies from the Alliance

**Reduce fixed cost by -20% or more over the 2 years by consolidating investments into core regions and products**



## Growth Driver

### ■ ASEAN:

Concentrate resources to core business area

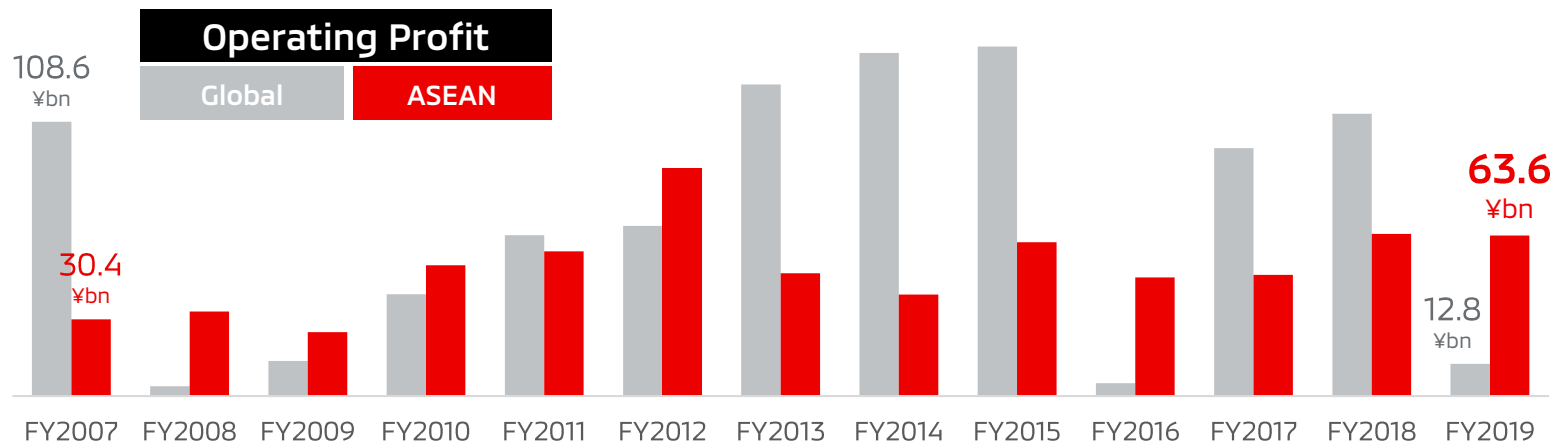
### ■ Oceania, South Asia, South America, Middle East/Africa:

Second pillar of business development by maximizing the use of products for ASEAN

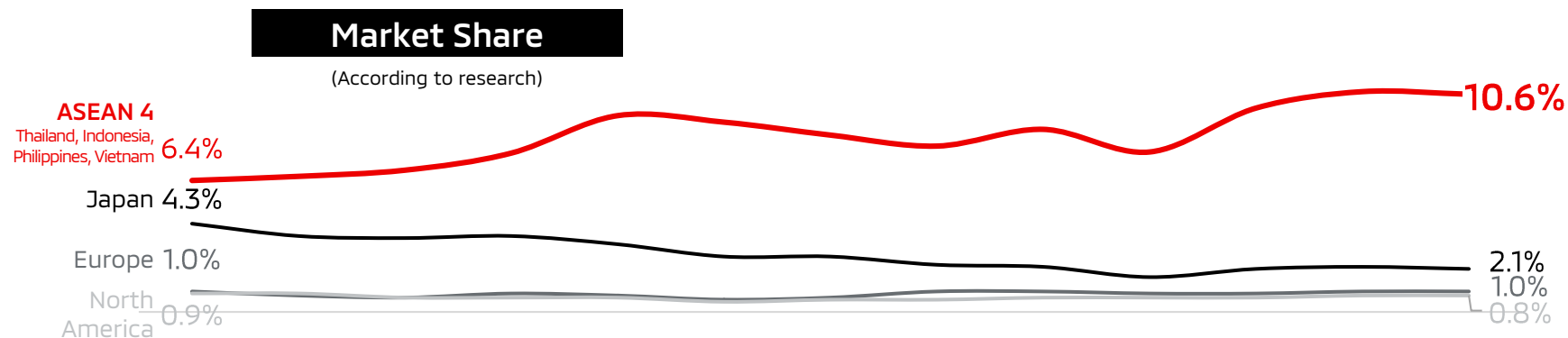
## Profitability Improvement

- **China:** Becoming a Growth Driver through collaboration with partners
- **Japan:** Restructuring production and sales network
- **North America:** Reducing fixed costs
- **Europe:** Freezing the introduction of new products

# Regional Strategy: From Global To Regions Centered on ASEAN



Drive for Growth





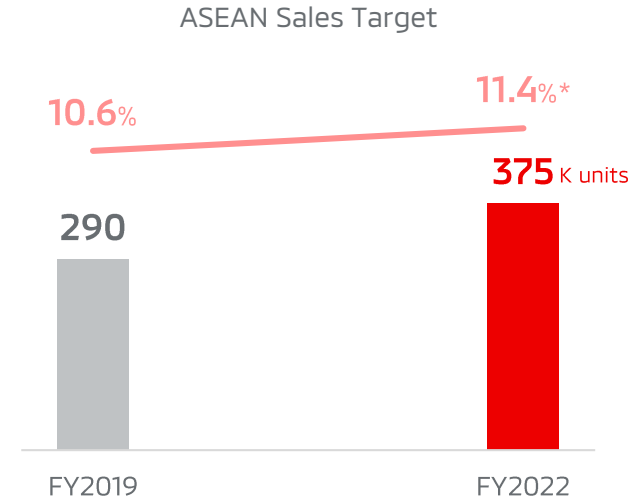
## Production

Establish a mutually complementary structure by strengthening production operations



## Sales

Aim to expand quality-based sales



\*According to research. Market share: ASEAN 4 (Thailand, Indonesia, Philippines and Vietnam)

# Regional Strategy: ASEAN Business



## Thailand

- **Dealer deployment:**  
Store replacement and new development in Bangkok and rural open area
- **Start production & sales of *OUTLANDER PHEV***

## Indonesia

- ***XPANDER*: Long selling**
- **Strengthen dealer network and sales quality**

## Philippines

- **Start producing and exporting light commercial vehicles to ASEAN**

## Vietnam

- ***XPANDER*: to maintain a high market share**
- **Add local production model (*XPANDER*) and start preparations for new plants**

# Regional Strategy: Reorganization of Japan Business

## Sales

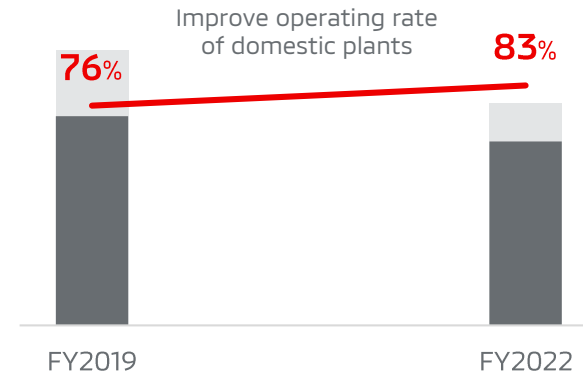
Achieve stable profitability by thoroughly reducing fixed costs and improving profitability

- **Captive dealers:**
  - close/consolidate unprofitable stores
- **Independent dealers:**
  - Strengthen partnerships with leading dealers
- **Improving profitability:**
  - Strengthen sales of eco-friendly vehicles and improved branding power centered on PHEV
  - Introduce a new sales incentive system incorporating the principle of competition and review margin scheme
  - Strengthen the sharing and subscription business

## Production

Integrate production lines based on regional strategies

- **Production cease of Pajero Manufacturing Co., Ltd.:**  
Transferring production to Okazaki Plant for improvement of operation rate and productivity



# Product Strategy: Phase I - Compliance with Environmental Regulations



FY2020 - 2022

Enhance lineup of environment-friendly vehicles (PHEV/EV models)  
by fusing proprietary technologies with alliance/partner technologies

FY2020

FY2021

FY2022

**SUV PHEV**  
*ECLIPSE CROSS*  
*PHEV*

**SUV**  
New *OUTLANDER*

**All-new EV**  
**for Chinese Market**

**SUV PHEV**  
New *OUTLANDER*  
*PHEV*

**Kei-car EV**



Current *ECLIPSE CROSS*



Joint development  
with GAC



Further refining our  
PHEV technologies



Joint study with  
Nissan

# Product Strategy: Phase II – Clarification of ASEAN Focus



After FY2022  
**Strengthen ASEAN lineup**

FY2022

**PICKUP TRUCK**  
New *TRITON*



FY2023-

**MPV HEV**  
*XPANDER HEV*



Current *XPANDER*

**MPV**  
New *XPANDER*



**PPV/SUV**  
New *PAJERO SPORT*



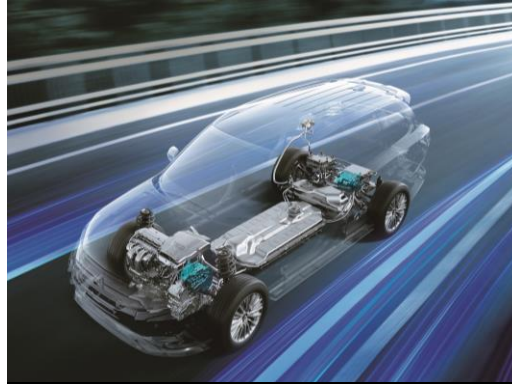
**All-new models**



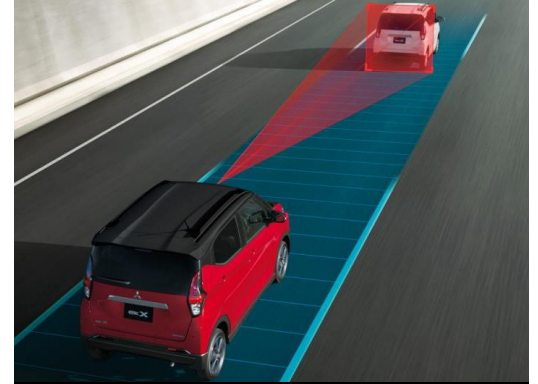
# Technologic Strategy: Realization of Increasing Profitability



**Next Generation Diesel/  
Improvement of frame  
model performance**



**Promotion of  
electrification focusing on  
next-generation PHEV/HEV**



**Adoption of new alliance  
technologies**  
(autonomous driving and EV, etc.)

- ➔ Further refine our technological strengths by selecting and focusing on development fields centered on ASEAN
- ➔ Provide vehicles equipped with the world's most advanced technology through the utilization of the alliance

# Utilization of the Alliance: Nissan and Renault



**Further  
Expansion Of  
OEM business**



**More  
collaboration  
in manufacturing**



**Kei-car business:  
Joint development  
/production, EV tech**



**Commercial  
Vehicle OEM from  
Renault (July 2020 - )**

ASEAN

Japan

Australia

**NISSAN**

**RENAULT**

Deepening collaboration in autonomous driving, connected and EV  
Studying mutually complemented production of powertrains and  
platforms

# Strengthen Collaboration with Mitsubishi Corp. and GAC Group



## ASEAN

Mitsubishi Corp.

- Enhance profitability in existing countries by strengthening collaboration of production and sales
- Strengthen production operations in Vietnam, Malaysia and Myanmar

## China

GAC/Mitsubishi Corp.

- Compliance with environmental regulations in collaboration with GAC
- Promote joint development, starting with the introduction of new EVs
- Strengthen local development by establishing new R&D centers, etc.



## Emerging Regions (Africa, South Asia, others)

Mitsubishi Corp.

- Further strengthen collaboration

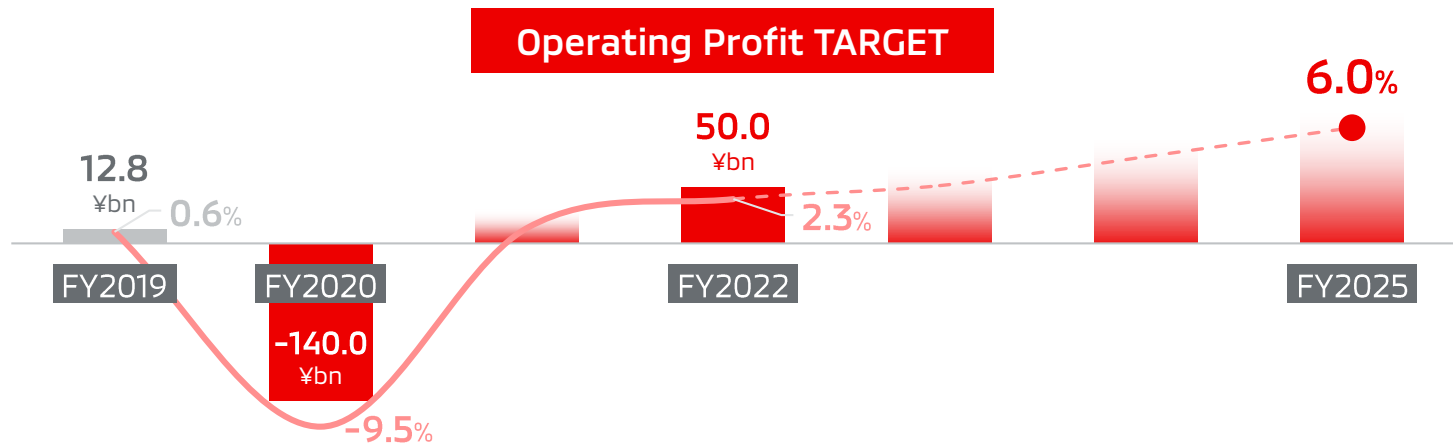
## South America

Mitsubishi Corp.

- Expand sales of core-models (ASEAN products) in Peru/Chile
- Strengthen pickup truck fleet for mining businesses



# Management KPI



112.7	845	1,054 K units	Sales Volume (Retail)
-82.8	-249.0	31.0 Billion yen	Free Cash Flow*1
130.9	114.0	99.0 Billion yen	R&D Expense*2
103.9	100.0	100.0 Billion yen	CAPEX
74.8	65.5	80.0 Billion yen	Depreciation

\*1: Automobiles & Eliminations \*2: include Depreciation



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