



**MITSUBISHI  
MOTORS**

**FY2020  
First-Quarter  
Financial Results**

July 27, 2020

# 1. FY2020 First-Quarter Financial Results

## 2. FY2020 Financial Forecast

## 3. FY2020-22 Mid-Term Business Plan “Small but Beautiful”

# 1Q/FY2020 Financial Results Summary (vs. 1Q/FY2019)



(billion yen, 000 units)	1Q/FY2019 (APR-JUN 2019)	1Q/FY2020 (APR-JUN 2020)	Variance	
			Amount	Ratio
<b>Net Sales</b>	536.2	<b>229.5</b>	-306.7	-57%
<b>Operating Profit</b> (OP Margin)	3.9 (0.7%)	<b>-53.3</b>	-57.2	-
<b>Ordinary Profit</b>	-1.4	<b>-58.7</b>	-57.3	-
<b>Net Income*</b>	9.3	<b>-176.2</b>	-185.5	-
<b>Sales Volume</b> (Retail)	298	<b>139</b>	-159	-53%

\* Net income attributable to owners of the parent

# 1Q/FY2020 Sales Volume Results (vs. 1Q/FY2019)

Retail sales  
(000 units)

**298**

75

22

23

42

42

58

36

**1Q/FY2019**  
(APR-JUN 2019)

**139**

24

13

11

25

17

30

19

**1Q/FY2020**  
(APR-JUN 2020)

**GLOBAL**

**-159**

**(-53%)**

ASEAN

-51

(-68%)

Australia/NZ

-9

(-41%)

Japan

-12

(-52%)

China, others

-17

(-40%)

North America

-25

(-60%)

Europe

-28

(-48%)

Latin America, Middle  
East/Africa, etc.

-17

(-47%)

Regarding retail sales in China, we changed the calculation method for retail sales volume from FY2019. As a result, retail sales recorded in FY2019 may include retail sales recorded in or before FY2018.

# 1Q/FY2020 Operating Profit Variance (vs. 1Q/FY2019)

(billion yen)

Japan	-6.0
ASEAN	-22.5
China, others	-2.7
North America	-8.3
Europe	-7.6
Australia/NZ	-3.8
Others	-2.6

	FX rate (Yen)		Effect (bill yen)
	1Q/FY19	1Q/FY20	
USD	111	108	-0.9
EUR	123	118	-0.7
THB	3.46	3.34	+1.2
AUD	78	69	-1.4
RUB	1.70	1.41	-0.5
Others	-	-	-0.5



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# FY2020 Financial and Dividend Forecast

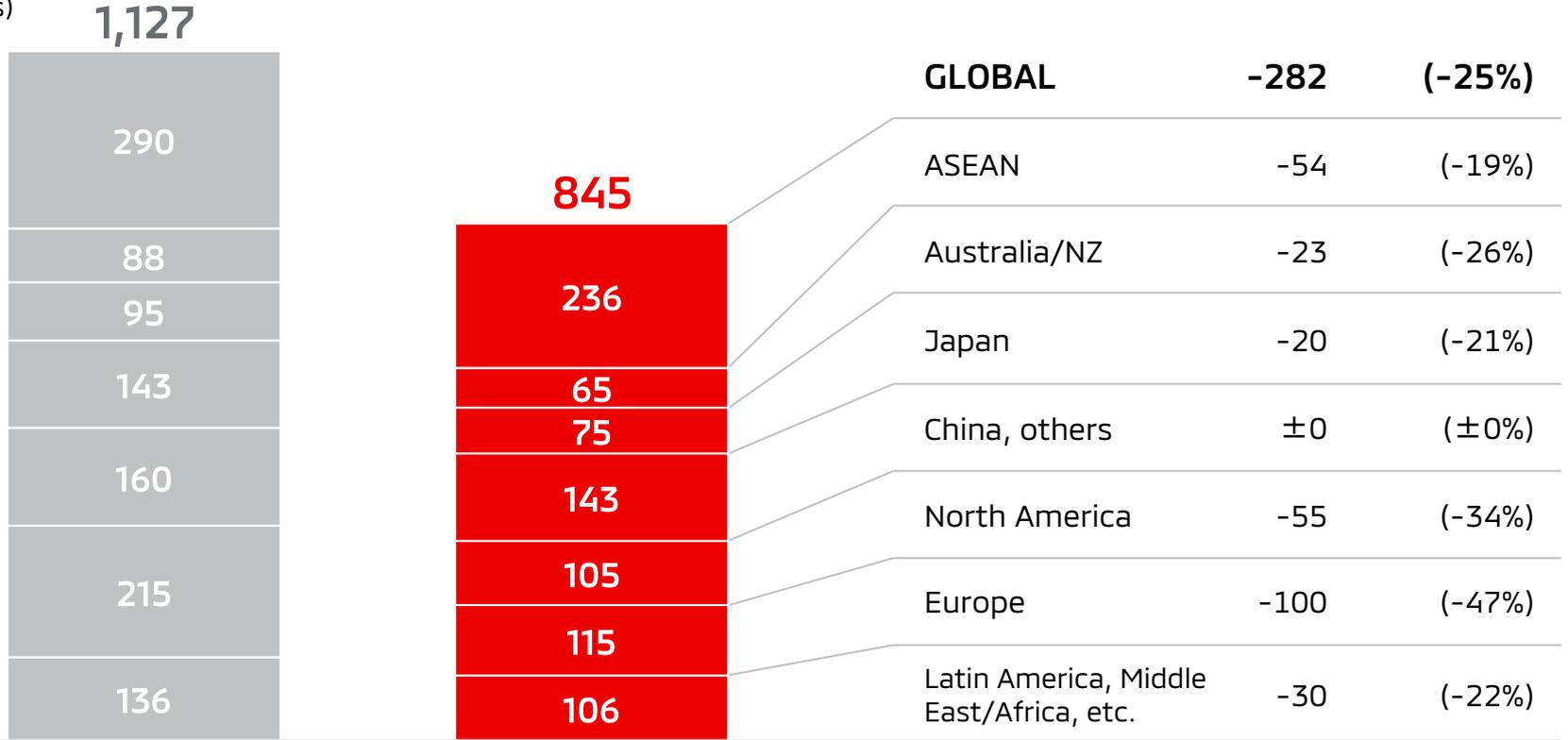


(Billion yen, 000 units)	FY2019 (APR 2019 - MAR 2020)	FY2020 (APR 2020 - MAR 2021)	Variance	
			Amount	Ratio
Net Sales	2,270.3	<b>1,480.0</b>	-790.3	-35%
Operating Profit (OP Margin)	12.8 (0.6%)	<b>-140.0</b>	-152.8	-
Ordinary Profit	-3.8	<b>-160.0</b>	-156.2	-
Net Income*	-25.8	<b>-360.0</b>	-334.2	-
Dividend per Share (¥)	¥10	<b>¥0</b>		
Sales Volume (Retail)	1,127	<b>845</b>	-282	-25%

\* Net income attributable to owners of the parent

# FY2020 Sales Volume Forecast (vs. FY2019)

Retail sales  
(000 units)



**FY2019**  
(APR 2019-MAR 2020)

**FY2020**  
(APR 2020-MAR 2021)

# FY2020 Operating Profit Variance Forecast (vs. FY2019)

(billion yen)



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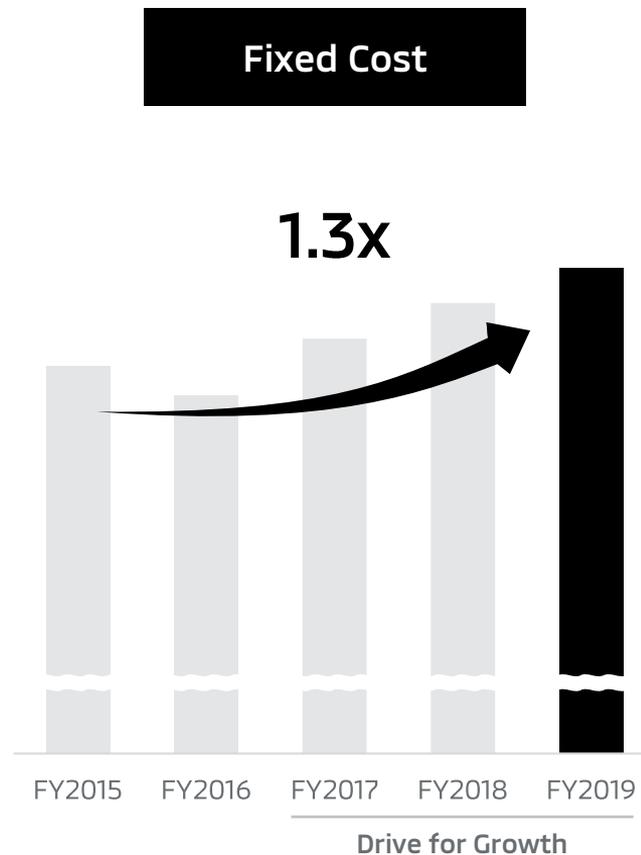
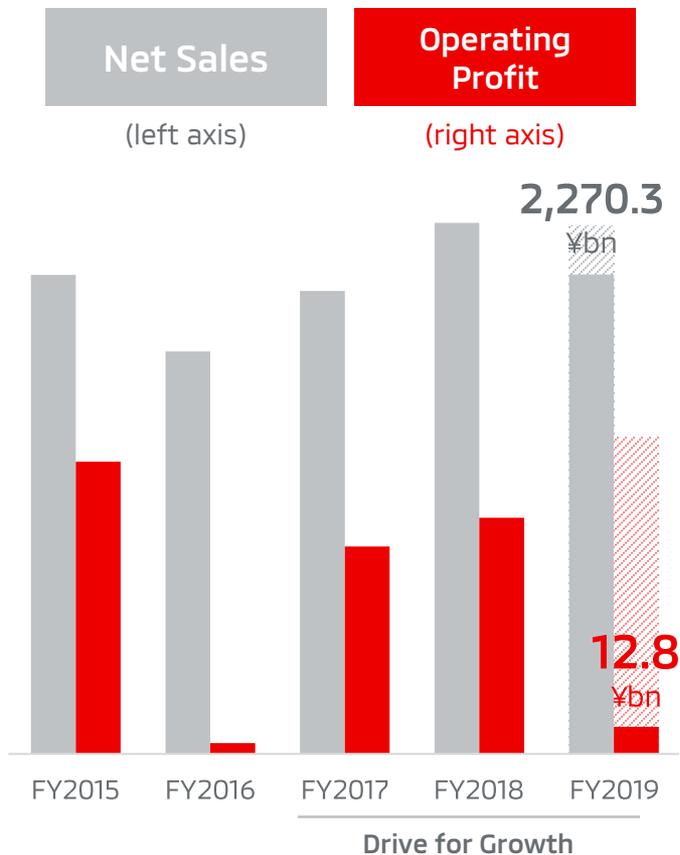
## To Secure Profit Through Contributing to Society

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

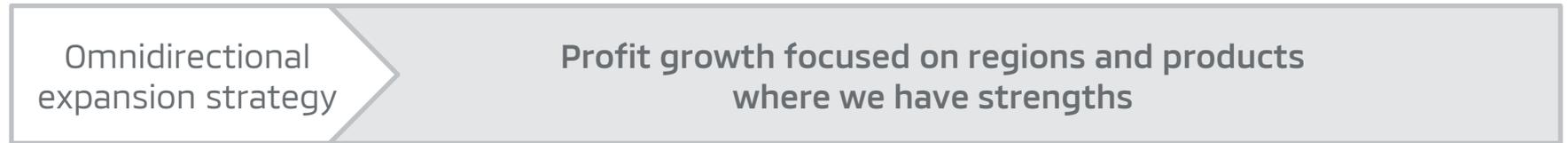
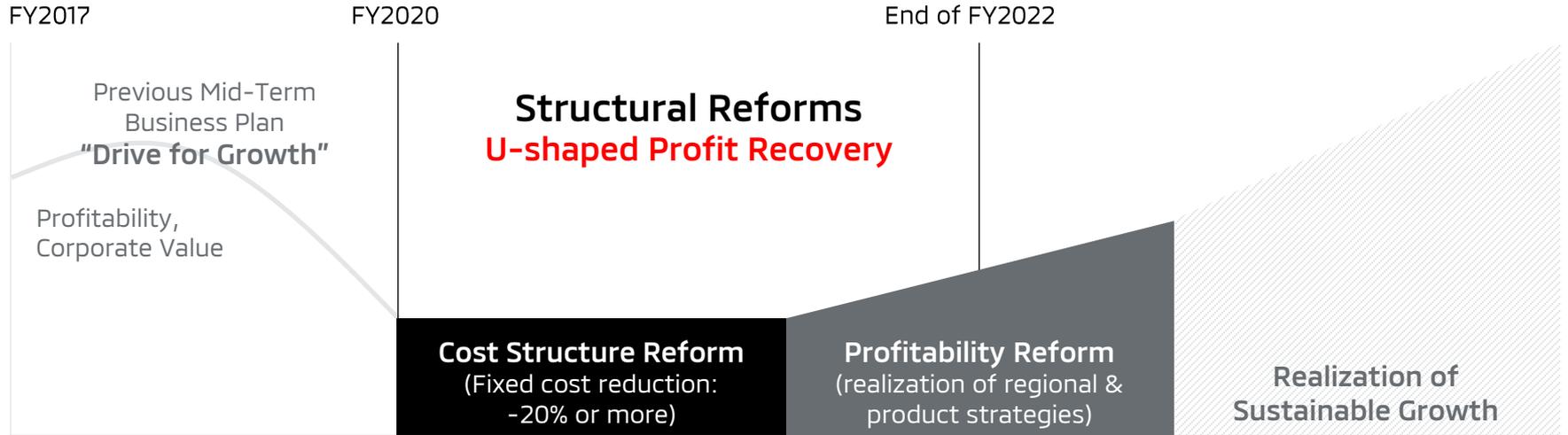
## Focusing Points of Mid-Term Business Plan

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

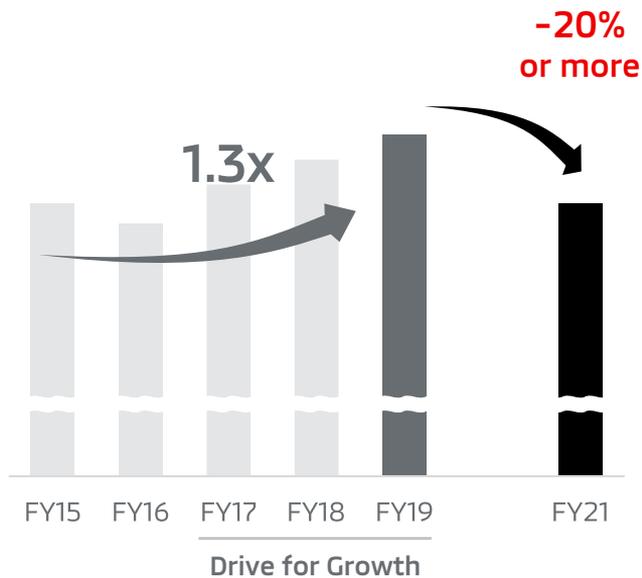
# Review of Previous Mid-Term Business Plan "Drive for Growth"



# Positioning Structural Reforms



# 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

## Initiative items

Regional Strategy

Product & Technological Strategy

Production

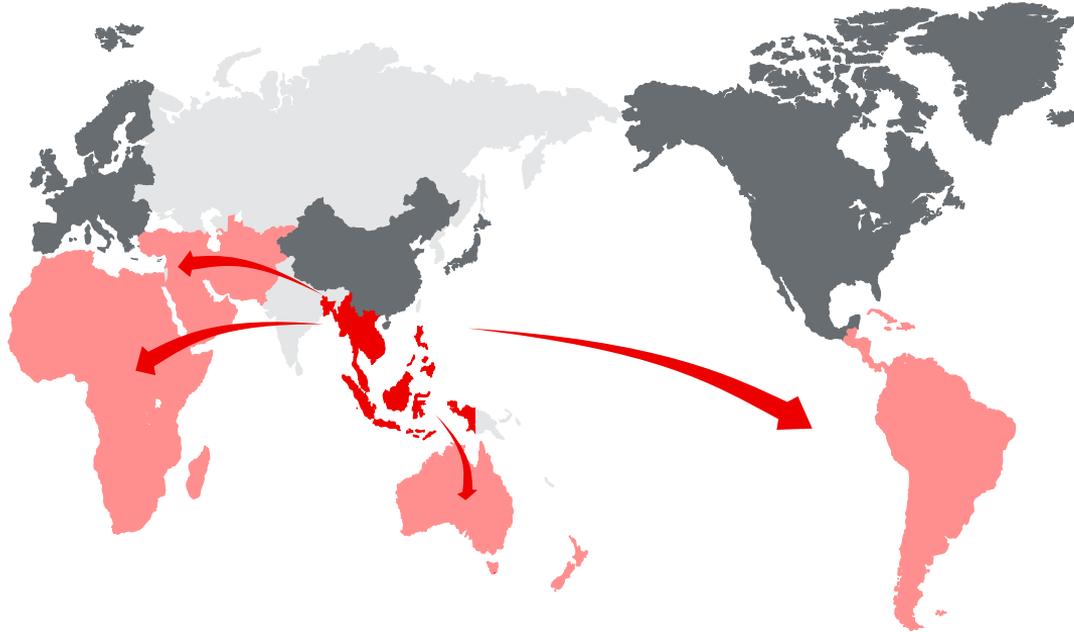
Stronger Partnerships

**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

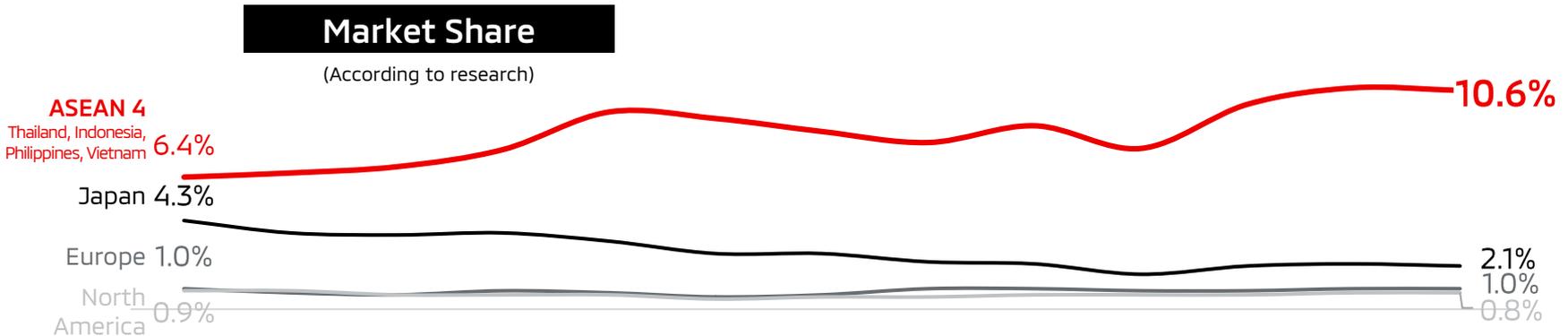
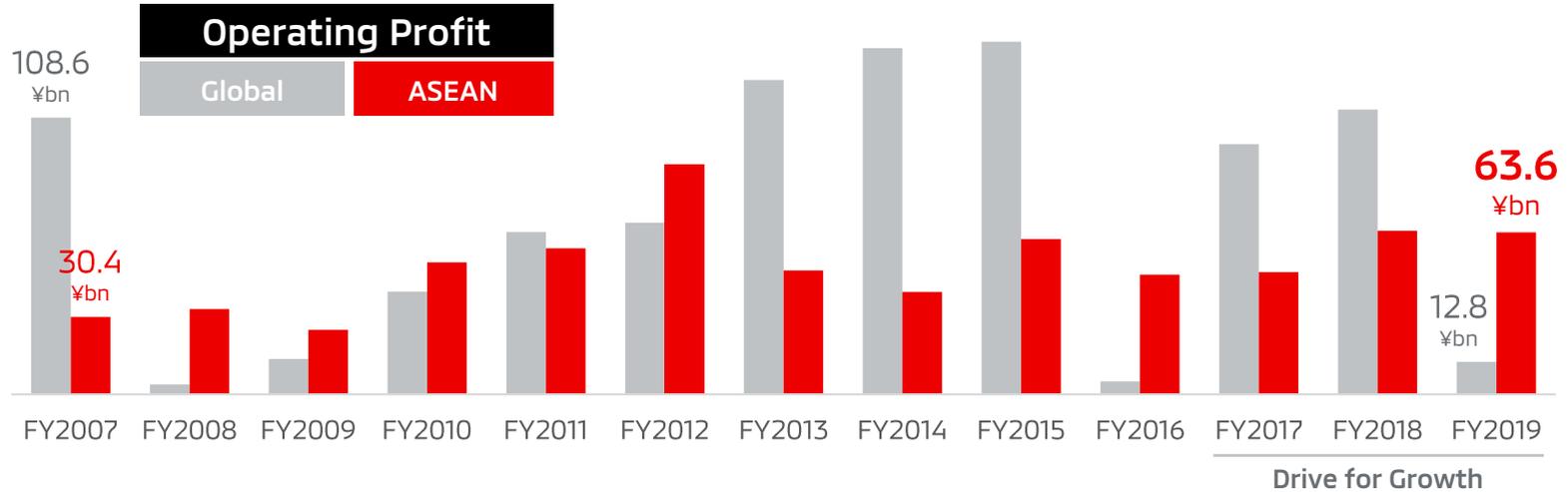
### ■ Oceania, South Asia, South America, Middle East/Africa:

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



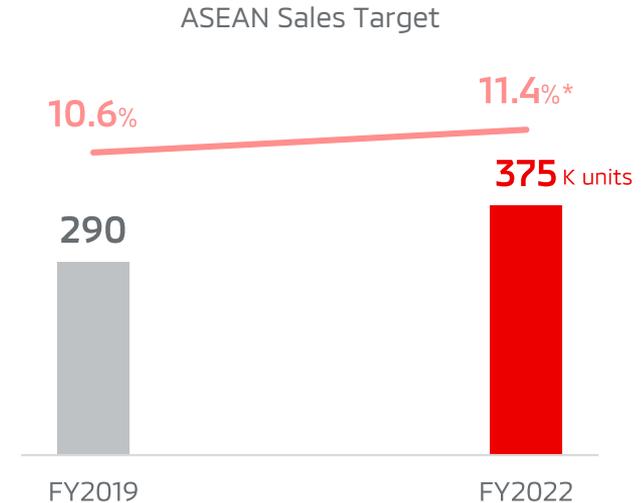
## Production

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

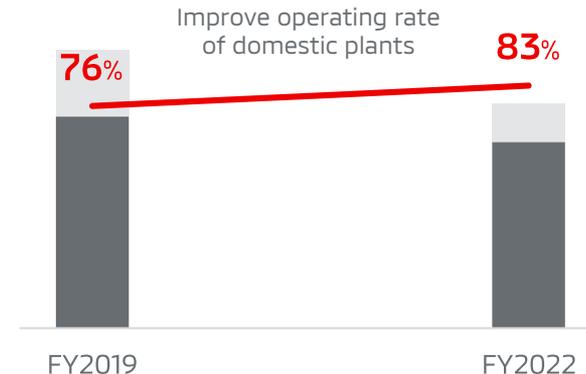
Achieve stable profitability by thoroughly reducing fixed costs and improving profitability

- **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**



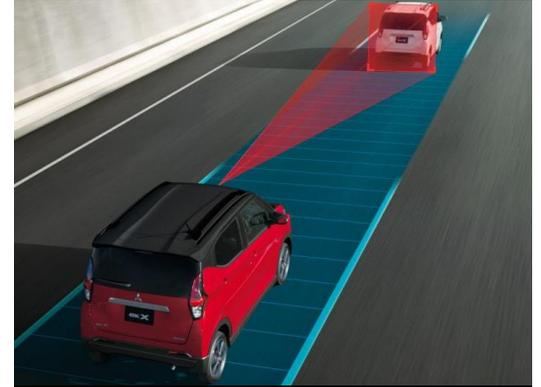
# Technologic Strategy: Realization of Increasing Profitability



**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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Drive your Ambition

# APPENDIX

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# 1Q/FY2020 Balance Sheet (vs. FY2019)



(billion yen)	FY2019 (As end of MAR 2020)	1Q/FY2020 (As end of JUN 2020)	Variance
Total Asset	1,938.1	1,724.1	-214.0
Cash & Deposits	399.6	432.3	+32.7
Total Liabilities	1,149.7	1,105.2	-44.5
Interest-bearing Debt*	299.4	538.1	-238.7
Total Net Assets	788.4	618.9	-169.5
Shareholders Equity (Equity Ratio)	772.7 (39.9%)	604.1 (35.0%)	-168.6
Net Cash 【Automobiles & Eliminations】	378.4	165.3	-213.1

\*Include Lease Obligations

# 1Q/FY2020 Capital Expenditure, R&D Expense and Depreciation



## CAPEX

¥10.1 bn

-48% (YoY)

## R&D Expense

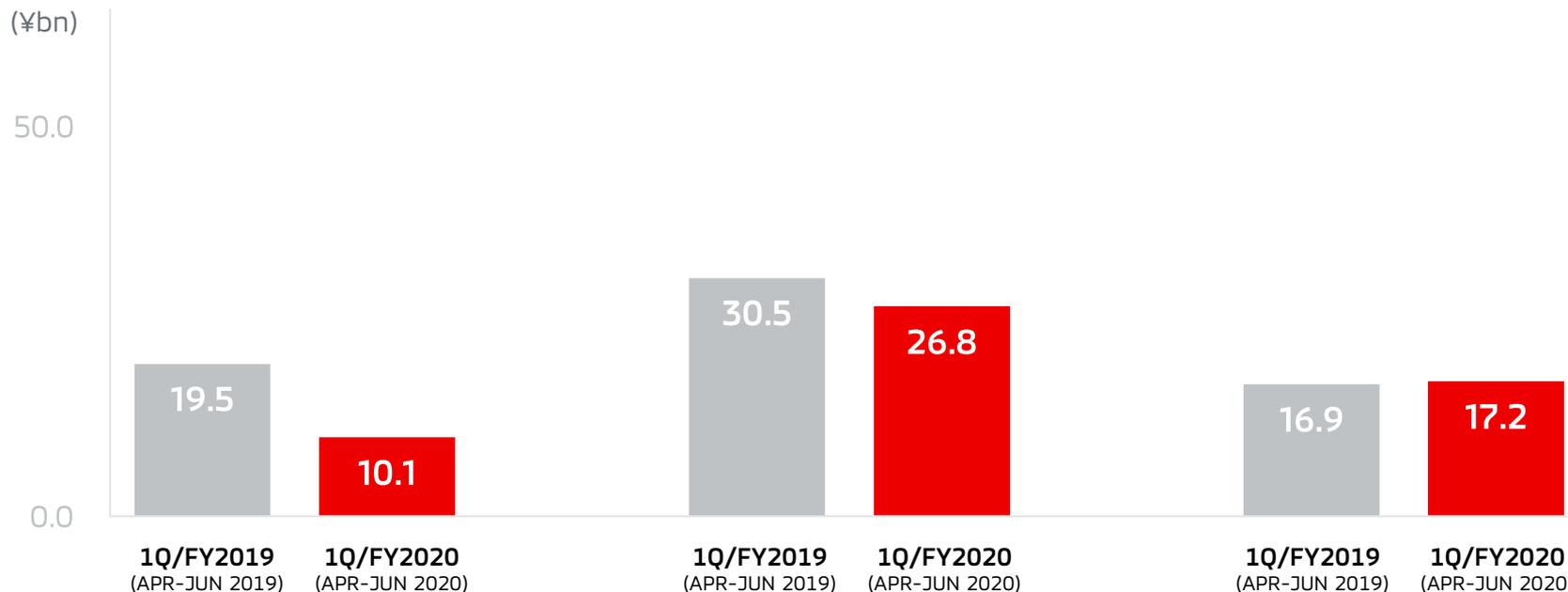
¥26.8 bn

-12% (YoY)

## Depreciation

¥17.2 bn

+2% (YoY)



# 1Q/FY2020 Regional Performance (vs. 1Q/FY2019)

(billion yen)	Net Sales			Operating Profit		
	1Q/FY2019 (APR - JUN 2019)	1Q/FY2020 (APR-JUN 2020)	Variance	1Q/FY2019 (APR-JUN 2019)	1Q/FY2020 (APR-JUN 2020)	Variance
<b>GLOBAL</b>	<b>536.2</b>	<b>229.5</b>	<b>-306.7</b>	<b>3.9</b>	<b>-53.3</b>	<b>-57.2</b>
- Japan	112.0	78.4	-33.6	-3.4	-10.5	-7.1
- ASEAN	139.8	35.2	-104.6	11.5	-7.0	-18.5
- China, others	14.7	3.4	-11.3	-0.3	-1.9	-1.6
- North America	73.4	19.5	-53.9	-5.1	-11.2	-6.1
- Europe	108.9	25.9	-83.0	-2.4	-9.3	-6.9
- Australia /NZ	45.9	31.2	-14.7	1.7	-4.9	-6.6
- Others	41.5	35.9	-5.6	1.9	-8.5	-10.4

# FY2020 Regional Sales Forecast (vs. FY2019)



(billion yen)	FY2019 (APR 2019 - MAR 2020)	FY2020 (APR 2020 - MAR 2021)	Variance
<b>GLOBAL</b>	<b>2,270.3</b>	<b>1,480.0</b>	<b>-790.3</b>
- Japan	460.5	387.0	-73.5
- ASEAN	551.9	411.0	-140.9
- China, others	41.7	21.0	-20.7
- North America	315.1	190.0	-125.1
- Europe	474.7	127.0	-347.7
- Australia/NZ	176.8	165.0	-11.8
- Others	249.6	179.0	-70.6

# FY2020 Capital Expenditure, R&D Expense and Depreciation Forecast



## CAPEX

¥100.0 bn

-4% (YoY)

## R&D Expense

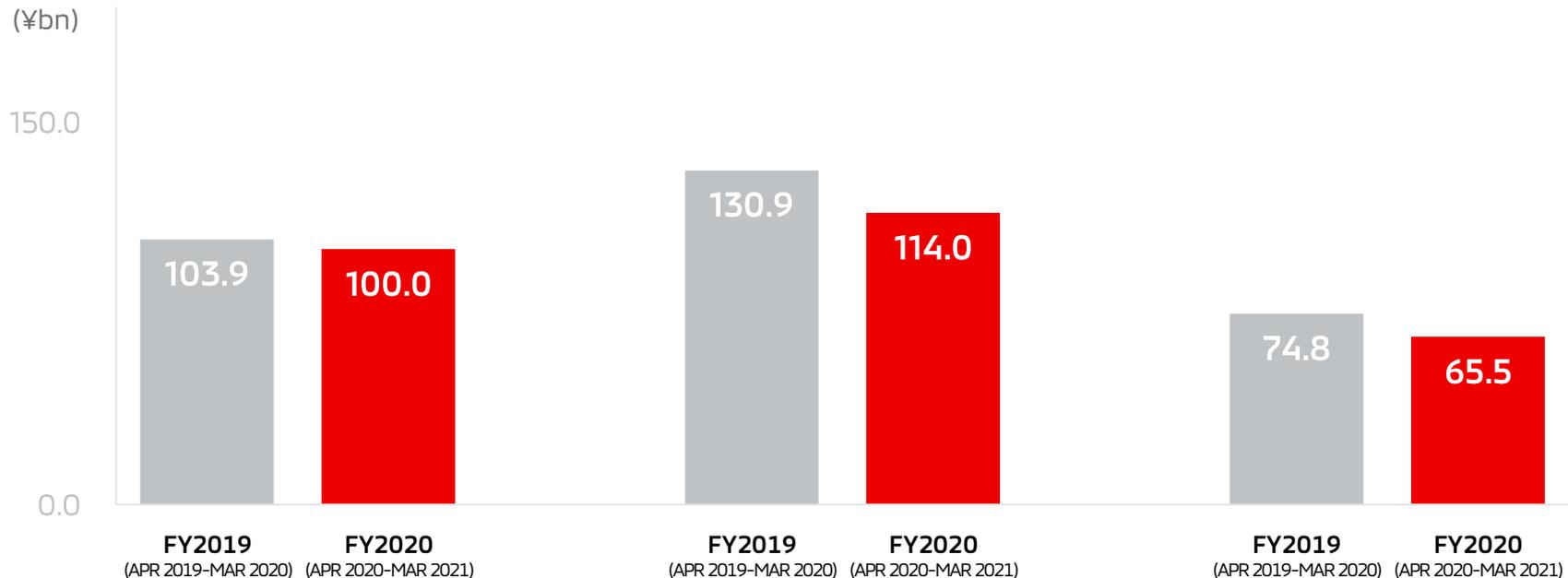
¥114.0 bn

-13% (YoY)

## Depreciation

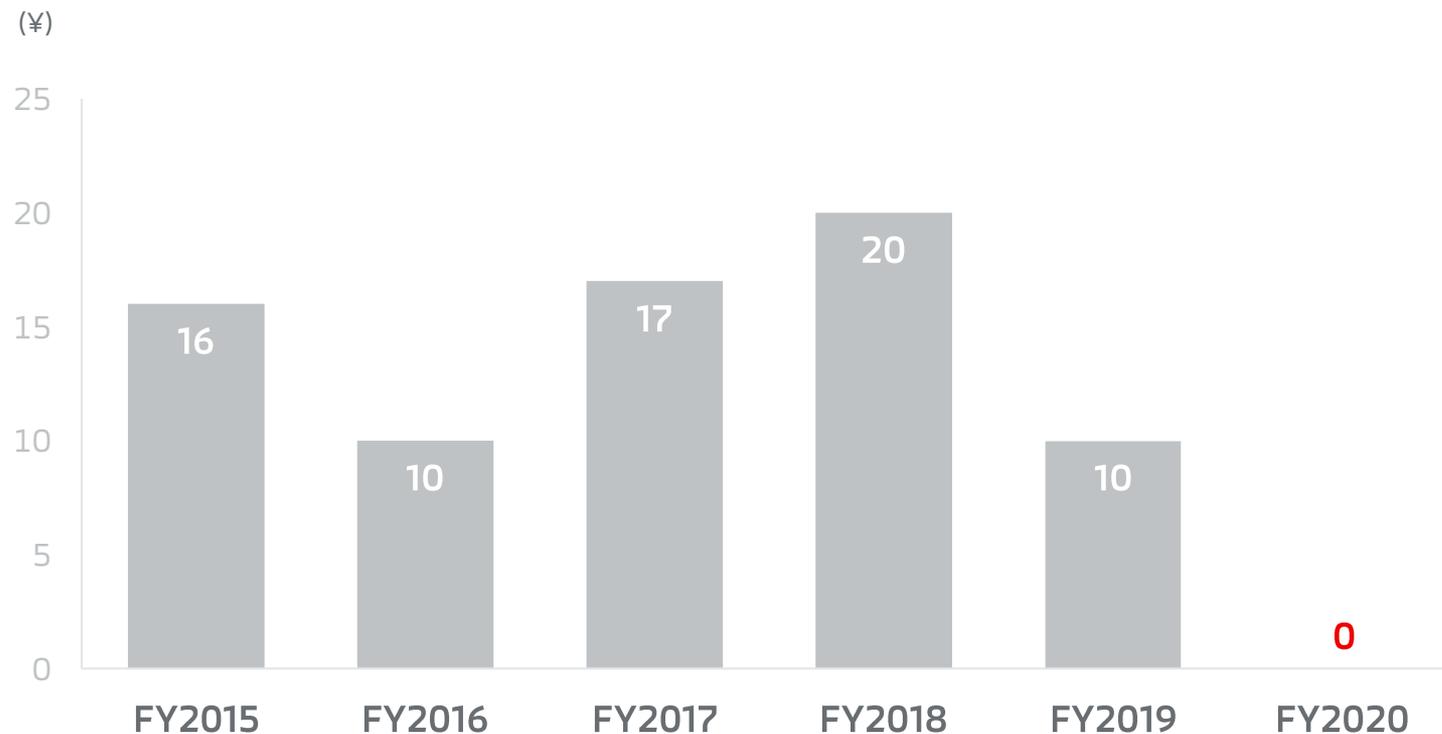
¥65.5 bn

-12% (YoY)



# FY2020 Shareholder Returns

Dividend per share: ¥0



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