

MITSUBISHI MOTORS CORPORATION

Securities Code: 7211

Business Report

Report on the First Half of
FY2017, the Year Ending
March 31, 2018

(April 1, 2017 to September 30, 2017)

 **MITSUBISHI MOTORS**

CEO Message



**We will spare no effort to
build the foundations for sustained
and profitable growth.**

T. Masuko

Member of the Board,
Representative Director, CEO

We formulated “DRIVE FOR GROWTH,” our three-year strategic plan for FY2017 to FY2019.

The plan has the following three priorities and aims to build the foundations for sustained and profitable growth.

First, a swift restoration of trust, which was damaged by the improper fuel economy testing issue. We not only aim to recover results, but also to fundamentally reform and strengthen the internal control and governance structure. We will continue to expend every effort to restore customers’ and society’s faith in us.

The second priority is to keep Mitsubishi Motors on track for a V-shaped recovery. We are not aiming to recover results temporarily, but to create a foundation to continually raise results next year and the year after that through development and investment to build a business platform.

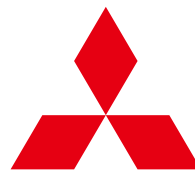
Third is the successful launch of new models. We will successfully establish new models such as the *XPANDER* and *Eclipse Cross*, which will enhance the brand and lead to growth.

The automobile industry is transforming in a way it has never done before. Mitsubishi Motors will adapt to these changes in the environment and continue to reform going forward to be the presence that society requires.

New Global Tagline—“Drive your Ambition”

At the 45th Tokyo Motor Show in October 2017, we unveiled our first new brand message in 10 years, “Drive your Ambition.” We also renewed our corporate mark and communication mark.

This is a new brand strategy under the new “Drive your Ambition” global tagline, a strategy that reflects an adventurous and progressive mindset for inspirational design and products.



**MITSUBISHI
MOTORS**

Drive your Ambition

New communication mark



MITSUBISHI e-EVOLUTION CONCEPT
unveiled at the 45th Tokyo Motor Show (2017)

The *MITSUBISHI e-EVOLUTION CONCEPT*, a concept car that we demonstrated at the Tokyo Motor Show, shows our new brand message.

We are hoping to further refine the strength of our SUV and electrification technologies and combine them with AI, connectivity and other technologies to add new value to vehicles.

Mid-Term Plan—“DRIVE FOR GROWTH”

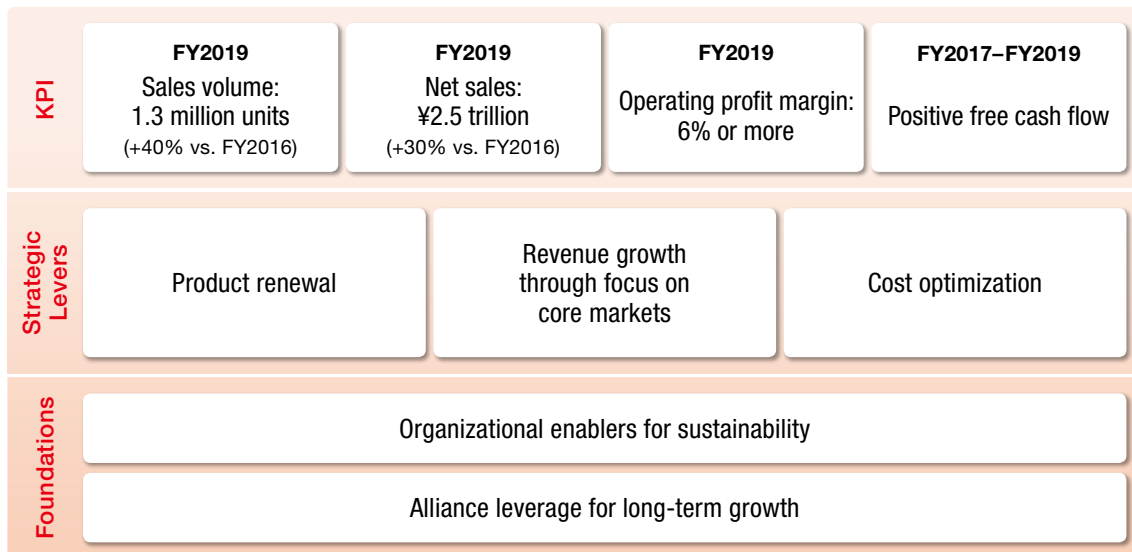
In October 2017, we announced “DRIVE FOR GROWTH,” a mid-term plan to solidify our foundations. Under this plan, we will build the foundations for sustainable growth, while also combining a product renewal program with targeted market expansion.

Positioning of the Mid-Term Plan

For the three years from FY2017 to FY2019, the aim is to build strong foundations allowing the Company to remain competitive amid significant changes in the business environment. To prepare for the next three years, during which the synergies of the Renault-Nissan-Mitsubishi Alliance will accelerate, we will spare no effort to realize four Key Performance Indicators (KPI).

Overall Framework

DRIVE FOR GROWTH FY2017–FY2019



Initiatives to Achieve Targets

Use the three strategic levers of product renewal, revenue growth through focus on core markets and cost optimization to realize the four KPIs.

Firstly, regarding product renewal initiatives, we plan to launch 11 new models, including the *XPANDER* and the *Eclipse Cross* launched in 2017. We will strive to increase sales in our strong areas of SUVs* and pickup trucks, raising the proportion of sales of the five main models to 70% by FY2019.

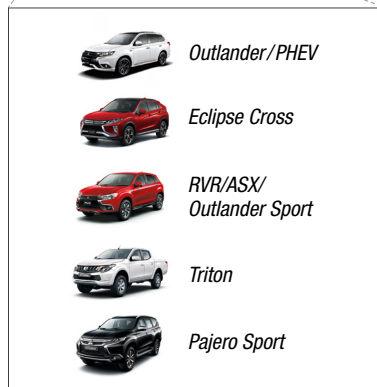
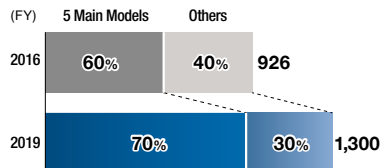
Then, in focusing on core markets, we will prioritize China and the United States as the world's No. 1 and No. 2 markets in terms of size, and the ASEAN and Oceania markets where we have a strong position and more room for growth is projected. We will promote steady growth in vehicle sales centered on these regions.

In addition to these efforts, we will also engage in cost optimization by leveraging alliances.

* Sport Utility Vehicles

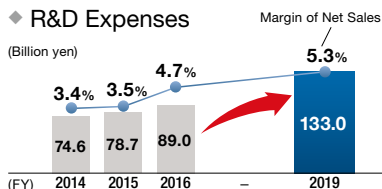
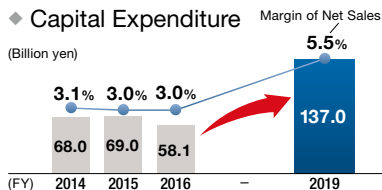
Enhance Sales Ratio of Global Models (5 Models)

Retail Sales (Thousand units)



Proactive Growth Investment

Accelerate proactive growth investment to build a foundation that supports future growth. "DRIVE FOR GROWTH" involves an increase in annual capital expenditure to ¥137 billion in FY2019, the final year of the plan, lifting spending as a margin of net sales to 5.5% a year and R&D expenses to ¥133 billion per year, or 5.3% of sales. With this proactive investment, capital expenditure and R&D expenses are expected to total more than ¥600 billion over the three-year period. This investment will put in place the development and production frameworks to support growth.



Financial Overview

Review of FY2017 first half

Net sales in the six months ended September 30, 2017 were ¥947.7 billion, a 10% year-on-year increase.

Operating profit was ¥44.2 billion, versus an operating loss of ¥31.6 billion in the same period of the previous fiscal year, while the operating profit margin was 4.7%. Net income attributable to owners of the parent was ¥48.4 billion, following a net loss of ¥219.6 billion in the same period of the previous fiscal year due to improper conduct in fuel economy testing.

In the six months ended September 30, 2017, global (retail) sales volume was 498,000 units, a 14% year-on-year increase.

In Japan, there was a steady recovery in sales to 43,000 units, a 48% year-on-year increase. This was

attributable to the recovery in sales of minicars *eK Wagon* and *eK Space*, as well as strong sales of the ACTIVE GEAR series, centered on the *Delica D:5*.

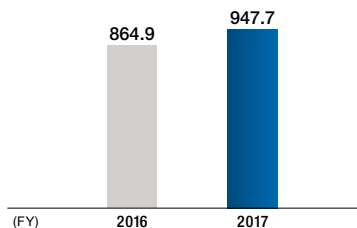
In China, sales remained strong for the *Outlander*, which began local production in 2016, with an 87% year-on-year increase in sales to 58,000 units, driving growth in the Chinese market.

In ASEAN, sales volume increased 15% year on year to 113,000 units, attributable to solid growth in sales of the *Triton* and *Pajero Sport*, centered on Thailand.

Elsewhere, sales increased solidly in Australia and New Zealand, which combined form another one of our core markets, as well as in Russia, where demand has been recovering.

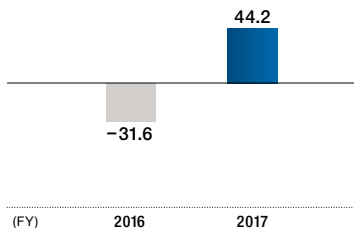
◆ Net Sales (First Half)

(Billion yen)



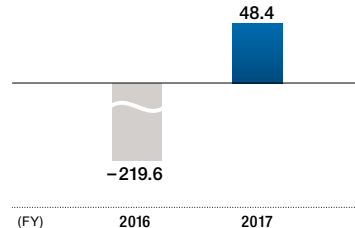
◆ Operating Profit (First Half)

(Billion yen)



◆ Net Income Attributable to Owners of the Parent (First Half)

(Billion yen)



Note: Information included in these materials is based on a variety of assumptions, and offers no promise or warranty of the achievability of future planned figures or measures included herein.

Outlook for FY2017 (Ending March 31, 2018)

With respect to the full-year financial forecast for FY2017 and based on a solid performance in the first half, no changes have been made to the figures announced at the beginning of the fiscal year.

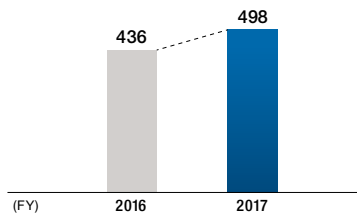
Going forward, we will continue to quickly recognize and appropriately respond to changes in the market as we work to achieve our full-year targets.

	Full Year (April to March)	
	FY2016	FY2017
(Billion yen)	Actual	Forecast
Net Sales	1,906.6	2,000.0
Operating Profit	5.1	70.0
(Operating Profit Margin)	(0.3%)	(3.5%)
Ordinary Profit	8.9	79.0
Net Income Attributable to Owners of the Parent	-198.5	68.0
Sales Volume (Thousand units)	926	1,029

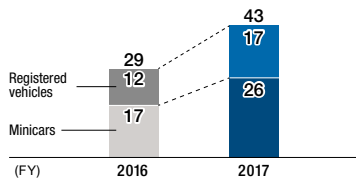
Sales Volume (First Half)

(Thousand units)

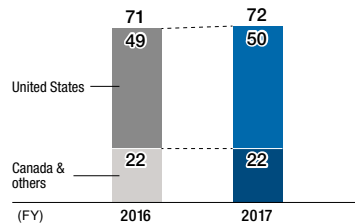
◆ Total



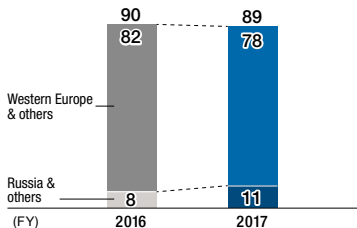
◆ Japan



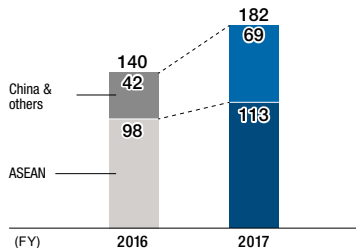
◆ North America



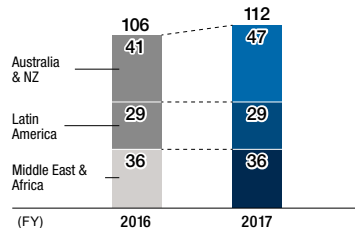
◆ Europe



◆ Asia



◆ Other Regions



Note: In FY2017, the regional classification of Puerto Rico was changed from "Other" to "North America." The graphs above reflect this change for FY2016.

Information

45th Tokyo Motor
Show (2017)

World Debut of the *MITSUBISHI e-EVOLUTION CONCEPT*

At the 45th Tokyo Motor Show held from October 25 to November 5, 2017, we celebrated the world debut of the *MITSUBISHI e-EVOLUTION CONCEPT*, a concept car embodying the direction of our future product development.



MITSUBISHI e-EVOLUTION CONCEPT



The *MITSUBISHI e-EVOLUTION CONCEPT* is a crossover SUV-type, high-performance EV where a triple motor 4WD system employs a single motor to drive the front wheels, complemented by a new Dual Motor Active Yaw Control (AYC)* system that couples two rear motors. The car integrates and evolves our strengths in SUV expertise and EV technology. The *MITSUBISHI e-EVOLUTION CONCEPT* is equipped with an AI system that augments the driver's capabilities. In addition to the first showing in Japan of the new *Eclipse Cross* compact SUV model (Japan specs) due for launch in Japan in spring 2018, we exhibited a total of 12 vehicles at the Tokyo Motor Show, including the *Outlander PHEV*, which attracted the attention of visitors, and the main domestic models on public days.

* Active Yaw Control (AYC) is a left/right drive force distribution control system

A look back at the 45th Tokyo Motor Show through photos



High-profile *Eclipse Cross* (Japan specs)



Demo car with onboard AI



A press conference with CPLD Yamashita standing on the platform

Indonesia International Auto Show

Sales of the *XPANDER* Crossover MPV Launched in Indonesia

We conducted a global unveiling of the *XPANDER* crossover MPV*¹ at the Indonesia International Auto Show in August 2017*² and launched sales two months later. The *XPANDER* fuses our strengths of the stylishness and road performance of an SUV and the comfort and utilitarianism of an MPV. Local customers highly rated the vehicle and within two months of its first unveiling, brisk orders exceeding plans have been received.

The Indonesian factory has implemented a second shift production system in advance to shorten delivery times. Plans to sell the *XPANDER* to neighboring ASEAN countries are being made in the wake of its brisk sales and exports are scheduled to begin in 2018.

*1 Multi-Purpose Vehicle (MPV)

*2 The 25th GAIKINDO Indonesia International Auto Show

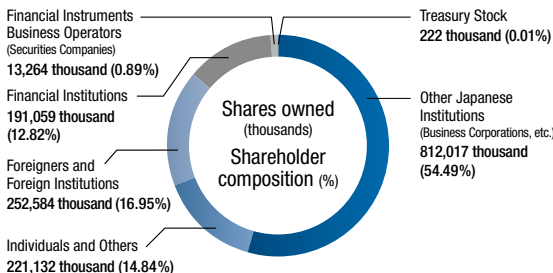


Investor Information (as of September 30, 2017)

Total Number of Issuable Shares	1,575,000,000 shares
Total Number of Issued Shares	1,490,282,496 shares
Number of Shareholders	269,908

Distribution of Shares by Shareholder

(as of September 30, 2017)



Stock Procedure Information

Fiscal Year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June of each year
Record Date Determining Voting Rights at Ordinary General Meeting of Shareholders	March 31
Record Date Determining Shareholders to Receive Year-End Dividend	March 31
Record Date Determining Shareholders to Receive Interim Dividend	September 30
Other Record Date	If other record date is required to be set, it will be decided by resolution of the Board of Directors and informed in advance through a public notice.

Major Shareholders (as of September 30, 2017)

Name of shareholder	Number of shares held (Thousands of shares)	Ratio of shareholding (%)
NISSAN MOTOR CO., LTD.	506,620	33.99
Mitsubishi Corporation	137,682	9.23
Mitsubishi Heavy Industries, Ltd.	124,293	8.34
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Trust account)	48,717	3.26
Japan Trustee Services Bank, Ltd. (Trust account)	32,085	2.15
The Master Trust Bank of Japan, Ltd. (Trust account)	27,463	1.84
MHI Automotive Capital, LLC 2	23,768	1.59
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	19,205	1.28
Japan Trustee Services Bank, Ltd. (Trust account 9)	14,732	0.98
Japan Trustee Services Bank, Ltd. (Trust account 5)	13,977	0.93

Method of Public Notice	Public notices are published electronically. In case the method of electronic public notice is not available due to any troubles or unavoidable circumstances, such a notice will be given by Nihon Keizai Shimbun published in Tokyo. [MMC's Website Address for Public Notices] (Japanese only) http://www.mitsubishi-motors.com/jp/investors/stockinfo/koukoku.html
Number of Shares per Unit	100 shares
Securities Code	7211
Administrator of Shareholder Registry Managing Agency for Special Accounts	Mitsubishi UFJ Trust and Banking Corporation
Handling Office	Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division 1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division
Postal Address	Shin-TOKYO Post Office post office box No.29
Telephone Contact	Phone: 0120-232-711 (toll-free in Japan)

Direct Dividend Payment System

Completing procedures to deposit dividends into a savings account at a financial institution, such as a bank, will enable safe and assured receipt of dividends deposited in an account designated by the shareholder on the day that dividend payments commence. Shareholders receiving their dividends through a dividend voucher should consider this opportunity.

Shares and the Social Security and Tax Number System

The social security and tax number assigned by the Japanese government is required in stock procedures for tax-related purposes. Please inform your brokerage of your number as soon as possible.

For inquiries about the above procedures or other stock-related procedures

- If you have an account in a securities company or other institution:
Please contact that securities company or institution you deal with.
- If your shares are registered in "special accounts":
Please contact Mitsubishi UFJ Trust and Banking Corporation (Phone: 0120-232-711 (toll-free in Japan)).

Corporate Profile (as of September 30, 2017)

Company Name	MITSUBISHI MOTORS CORPORATION
Head Office	5-33-8, Shiba, Minato-ku, Tokyo 108-8410, Japan Phone: +81-3-3456-1111
Established	April 22, 1970
Number of Employees	Consolidated: 30,984 Non-consolidated: 13,617
Capital	¥284,382 million

Members of the Board (as of September 30, 2017)

Directors

Chairman of the Board Representative Director	Carlos Ghosn
Member of the Board Representative Director CEO	Osamu Masuko
Member of the Board Executive Vice President (Development, Quality) CPLD	Mitsuhiro Yamashita
Member of the Board Executive Vice President (Overseas Operations, Global After Sales) CPO	Kozo Shiraji
Member of the Board Executive Vice President (Finance, Controlling & Accounting) CFO	Koji Ikeya
Member of the Board [Outside Director]	Harumi Sakamoto
Member of the Board [Outside Director]	Shunichi Miyanaga
Member of the Board [Outside Director]	Ken Kobayashi
Member of the Board [Outside Director]	Takeshi Isayama
Member of the Board [Outside Director]	Hitoshi Kawaguchi
Member of the Board [Outside Director]	Hiroshi Karube

Audit & Supervisory Board Members

Audit & Supervisory Board Member [Full-Time]	Yoshikazu Nakamura
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Katsunori Nagayasu
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Toshimitsu Iwanami
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Yaeko Takeoka
Audit & Supervisory Board Member [Outside Audit & Supervisory Board Member]	Yoshitsugu Oba

Notes: 1 Ms. Harumi Sakamoto, Mr. Shunichi Miyanaga, Mr. Ken Kobayashi, Mr. Takeshi Isayama, Mr. Hitoshi Kawaguchi and Mr. Hiroshi Karube are outside directors as stipulated in Item 15 of Article 2 of the Companies Act of Japan.

2 Mr. Katsunori Nagayasu, Mr. Toshimitsu Iwanami, Ms. Yaeko Takeoka and Mr. Yoshitsugu Oba are outside Audit & Supervisory Board Members as stipulated in Item 16 of Article 2 of the Companies Act of Japan.



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MOTORS**

Drive your Ambition

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