

July 24, 2019

## Consolidated Financial Results for the First 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/>

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Scheduled date to file quarterly Report: August 2, 2019

Scheduled date to deliver cash dividends: TBD

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes

### 1. Consolidated performance for the first quarter of fiscal year ending March 31, 2020 (April 1, 2019 to June 30, 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 income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019 1st quarter	536,164	(4.3)	3,857	(86.3)	(1,397)	-	9,312	(67.0)
FY2018 1st quarter	560,045	27.0	28,107	36.3	33,369	15.0	28,186	22.7

Reference: Comprehensive income FY2019 1<sup>st</sup> quarter: ¥(1,133) million (-%) FY2018 1<sup>st</sup> quarter: ¥24,178 million ((2.7) %)

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
FY2019 1st quarter	6.26	6.25
FY2018 1st quarter	18.92	18.91

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2019	1,909,601	864,978	44.8
March 31, 2019	2,010,309	881,203	43.4

Reference: Shareholders' Equity As of June 30, 2019: ¥856,183 million As of March 31, 2019: ¥871,785 million

## 2. Cash dividends

	Cash dividend per share				
Record Date	First quarter	Second quarter	Third quarter	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	-	10.00	-	10.00	20.00
FY2019	-				
FY2019 (Forecast)		10.00	-	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 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	2,580,000	2.6	90,000	(19.5)	100,000	(16.6)	65,000	(51.1)	43.67

Note: Modifications in the consolidated earnings forecasts from the latest announcement: Nil

Please refer to "1. Qualitative Information and Financial Statements (3) Summary of earnings forecasts" in page 1 for details.

### 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 "2. Consolidated financial statements (3) Notes to consolidated financial statements - Adoption of specific accounting policies for quarterly consolidated financial statement" in page 6 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 "2. Consolidated financial statements (3) Notes to consolidated financial statements - Changes in accounting policies" in page 6 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 June 30, 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 June 30, 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 1st quarter:	1,488,312,896 shares
FY 2018 1st quarter:	1,489,574,489 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) Overview of Financial Results**

With growing uncertainties over the global economy since the end of last year driven mainly by the US-China trade issue, the global automotive market is also slowing.

Amid this situation, our global sales volume (retail) for the three months ended June 30, 2019 increased to 298,000 units (an increase of 6,000 units year on year, or up 2% year on year), driven by XPANDER which remained in strong demand in ASEAN, as well as by the new Kei eK Wagon and eK X models and the new Delica D:5 in Japan. By contrast, demand has been sluggish in major markets such as North America, China, Europe and some other regions since late last year and revenue decreased as a result of giving priority to adjusting the stock in these regions.

To address the weak demand, we implemented cost reduction actions by reexamining costs while investing for future growth. However, headwinds arising from weak euro and Australian dollar and other adverse forex movements pushed down profits.

As a result, consolidated net sales for the first quarter of fiscal year 2019 was 536.2 billion yen (a decrease of 23.8 billion yen year on year, or down 4% year on year). Consolidated operating profit was 3.9 billion yen (a decrease of 24.2 billion yen year on year). Consolidated ordinary profit was -1.4 billion yen (a decrease of 34.8 billion yen year on year). Net income attributable to the shareholders of the parent company was 9.3 billion yen (a decrease of 18.9 billion yen year on year).

Regarding the retail sales volume in China market, we changed the retail counting method in April 2019. With this change, a part of retail units that were recognized before FY18 might be counted again in FY19.

### **(2) Overview of Financial Position**

Total assets at the end of the first quarter of fiscal year 2019 amounted to 1,909.6 billion yen (a decrease of 100.7 billion yen from the end of fiscal year 2018). Cash and deposits amounted to 404.4 billion yen (a decrease of 96.5 billion yen from the end of fiscal year 2018). Total liabilities amounted to 1,044.6 billion yen (a decrease of 84.5 billion yen from the end of fiscal year 2018). Of total liabilities, the interest bearing debt balance (including lease obligations) was 261.3 billion yen (an increase of 30.3 billion yen from the end of fiscal year 2018). Net assets amounted to 865.0 billion yen (a decrease of 16.2 billion yen from the end of fiscal year 2018).

### **(3) Summary of earnings forecasts**

Mitsubishi Motors Corporation has decided to leave unchanged its consolidated forecasts announced on May 9, 2019 for the full-year of fiscal year 2019 (April 1, 2019 through March 31, 2020).

## 2. Consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	500,924	404,435
Notes and accounts receivable - trade	126,398	113,303
Finance receivables	294,423	314,784
Merchandise and finished goods	175,052	159,047
Work in process	18,553	20,761
Raw materials and supplies	40,803	46,543
Other	126,091	118,164
Allowance for doubtful accounts	(1,790)	(1,399)
Total current assets	1,280,457	1,175,640
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,095	111,669
Machinery, equipment and vehicles, net	131,431	136,090
Tools, furniture and fixtures, net	61,482	62,319
Land	116,201	133,037
Construction in progress	37,306	35,832
Total property, plant and equipment	452,517	478,949
Intangible assets	39,786	40,004
Investments and other assets		
Investment securities	93,328	74,635
Other	150,645	146,709
Allowance for doubtful accounts	(6,426)	(6,336)
Total investments and other assets	237,548	215,007
Total non-current assets	729,852	733,960
Total assets	2,010,309	1,909,601

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	391,785	327,043
Electronically recorded obligations - operating	50,311	68,442
Short-term borrowings	44,419	57,601
Commercial papers	50,800	55,700
Current portion of long-term borrowings	50,377	47,439
Accounts payable - other, and accrued expenses	196,695	154,128
Income taxes payable	11,352	5,741
Provision for product warranties	48,915	49,806
Provision for loss on fuel economy test	3,758	3,289
Other	74,850	84,652
Total current liabilities	923,267	853,844
Non-current liabilities		
Long-term borrowings	83,122	75,479
Retirement benefit liability	51,615	33,372
Other	71,100	81,926
Total non-current liabilities	205,838	190,778
Total liabilities	1,129,105	1,044,622
<b>Net assets</b>		
Shareholders' equity		
Share capital	284,382	284,382
Capital surplus	200,072	200,072
Retained earnings	463,092	457,443
Treasury shares	(1,728)	(1,728)
Total shareholders' equity	945,818	940,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,353	(156)
Deferred gains or losses on hedges	652	546
Foreign currency translation adjustment	(61,281)	(63,623)
Remeasurements of defined benefit plans	(20,758)	(20,751)
Total accumulated other comprehensive income	(74,033)	(83,986)
Share acquisition rights	356	214
Non-controlling interests	9,062	8,580
Total net assets	881,203	864,978
Total liabilities and net assets	2,010,309	1,909,601

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

Consolidated statements of income	(Millions of yen)	
	FY2018 1st quarter (from April 1, 2018 to June 30, 2018)	FY2019 1st quarter (from April 1, 2019 to June 30, 2019)
Net sales	560,045	536,164
Cost of sales	454,469	455,904
Gross profit	105,576	80,259
Selling, general and administrative expenses		
Advertising and promotion expenses	16,963	11,947
Freight costs	11,458	10,976
Provision of allowance for doubtful accounts	12	(388)
Remuneration, salaries and allowances for directors (and other officers)	18,193	19,819
Retirement benefit expenses	931	929
Depreciation	3,222	4,211
Research and development expenses	13,997	16,009
Other	12,688	12,898
Total selling, general and administrative expenses	77,468	76,402
Operating profit (loss)	28,107	3,857
Non-operating income		
Interest income	1,070	1,595
Foreign exchange gains	1,031	-
Share of profit of entities accounted for using equity method	6,403	2,409
Other	299	237
Total non-operating income	8,804	4,243
Non-operating expenses		
Interest expenses	957	968
Foreign exchange losses	-	7,305
Litigation expenses	276	516
Foreign Corporation Tax and others	789	-
Other	1,519	706
Total non-operating expenses	3,542	9,497
Ordinary profit (loss)	33,369	(1,397)
Extraordinary income		
Gain on sales of non-current assets	115	108
Gain on contribution of securities to retirement benefit trust	-	9,376
Gain on step acquisitions	1,081	-
Other	190	76
Total extraordinary income	1,386	9,562

	(Millions of yen)	
	FY2018 1st quarter (from April 1, 2018 to June 30, 2018)	FY2019 1st quarter (from April 1, 2019 to June 30, 2019)
Extraordinary losses		
Loss on retirement of non-current assets	306	863
Loss on sales of non-current assets	20	33
Impairment loss	348	-
Other	32	6
Total extraordinary losses	706	903
Profit (loss) before income taxes	34,049	7,261
Income taxes	6,666	(1,815)
Income taxes for prior periods	(761)	-
Profit (loss)	28,144	9,077
Profit (loss) attributable to non-controlling interests	(41)	(235)
Profit (loss) attributable to owners of parent	28,186	9,312

Consolidated statements of comprehensive income

	(Millions of yen)	
	FY2018 1st quarter (from April 1, 2018 to June 30, 2018)	FY2019 1st quarter (from April 1, 2019 to June 30, 2019)
Profit (loss)	28,144	9,077
Other comprehensive income		
Valuation difference on available-for-sale securities	247	(7,510)
Deferred gains or losses on hedges	(265)	(100)
Foreign currency translation adjustment	(3,044)	(3,883)
Remeasurements of defined benefit plans, net of tax	150	(154)
Share of other comprehensive income of entities accounted for using equity method	(1,054)	1,438
Total other comprehensive income	(3,966)	(10,211)
Comprehensive income	24,178	(1,133)
Comprehensive income attributable to owners of parent	24,311	(639)
Comprehensive income attributable to non-controlling interests	(132)	(494)

### **(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.

Adopting this standard, the balance of Property, plant and equipment at the end of June 30, 2019 increased by 22,880 million yen, and other current liabilities increased by 1,728 million yen, and other non-current liabilities increased by 21,217 million yen.

The effect of this change in accounting policy on consolidated profit and loss in the three months ended June 30, 2019 is immaterial.

In accordance with the transition method of this standard, the MMC group recognized the cumulative effect of adopting this standard at the date of initial application.

## Segment information

FY2018 1st quarter (from April 1, 2018 to June 30, 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	554,534	5,511	560,045	-	560,045
(2) Intersegment sales & transfers	421	162	583	(583)	-
Total	554,955	5,674	560,629	(583)	560,045
Segment income (loss)	27,348	787	28,135	(27)	28,107

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.

### 2. Information on impairment loss on non-current assets by reportable segments

Impairment loss was recognized in automobile segment. Loss on impairment amounted to 348 million yen.

(Supplementary information about geographic information)

#### 1) 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	90,229	94,339	104,694	153,261	59,596	57,925	560,045

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 1st quarter (from April 1, 2019 to June 30, 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	530,106	6,058	536,164	-	536,164
(2) Intersegment sales & transfers	2,550	453	3,003	(3,003)	-
Total	532,656	6,511	539,167	(3,003)	536,164
Segment income (loss)	2,941	1,279	4,220	(363)	3,857

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) 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	111,970	73,412	108,947	154,456	45,888	41,490	536,164

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