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Mitsubishi Electric Announces Consolidated Financial Results for Fiscal 2019

TOKYO, April 26, 2019 – [Mitsubishi Electric Corporation](#) (TOKYO: 6503) announced today its consolidated financial results for fiscal 2019 (April 1, 2018- March 31, 2019).

Consolidated Financial Results

Revenue:	4,519.9	billion yen	(2% increase from the previous fiscal year)
Operating profit:	290.4	billion yen	(11% decrease from the previous fiscal year)
Profit before income taxes:	315.9	billion yen	(11% decrease from the previous fiscal year)
Net profit attributable to Mitsubishi Electric Corp. stockholders:	226.6	billion yen	(11% decrease from the previous fiscal year)

During the fiscal year ended March 31, 2019, the economy saw a buoyant expansion in the U.S. and a slight slowdown in the Chinese economy, while there were gradual trends of recovery in Japan and Europe despite a recent slowdown in some indicators such as export and production. In addition, the yen, compared to the previous fiscal year, was substantially unchanged against the U.S. dollar, and remained strong against the euro in and after August.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, the Mitsubishi Electric Group has recorded a revenue of 4,519.9 billion yen for fiscal 2019, an increase of 2% compared to the previous fiscal year, with increased revenue mainly in the Energy and Electric Systems, Industrial Automation Systems and Home Appliances segments.

Consolidated operating profit decreased by 11% compared to the previous fiscal year to 290.4 billion yen, due to decreased profits in the Industrial Automation Systems and Electronic Devices segments.

Profit before income taxes decreased by 11% compared to the previous fiscal year to 315.9 billion yen, and net profit attributable to Mitsubishi Electric Corporation stockholders decreased by 11% compared to the previous fiscal year to 226.6 billion yen.

Consolidated Financial Results by Business Segment

Energy and Electric Systems

Revenue:	1,296.7	billion yen	(3% increase from the previous fiscal year which recorded 1,253.0 billion yen)
Operating profit:	82.5	billion yen	(17.0 billion yen increase from the previous fiscal year which recorded 65.4 billion yen)

The social infrastructure systems business remained substantially unchanged in orders compared to the previous fiscal year, while revenue increased compared to the previous fiscal year due primarily to increases in the transportation systems business inside and outside Japan and the power systems business in Japan.

The building systems business remained substantially unchanged in both orders and revenue compared to the previous fiscal year, experiencing a decrease in the new installation of elevators and escalators in China and buoyant growth in the renewal business in Japan and other factors.

As a result, revenue for this segment increased by 3% from the previous fiscal year to 1,296.7 billion yen. Operating profit increased by 17.0 billion yen from the previous fiscal year to 82.5 billion yen due primarily to an increase in revenue.

Industrial Automation Systems

Revenue:	1,467.6	billion yen	(2% increase from the previous fiscal year which recorded 1,444.9 billion yen)
Operating profit:	142.5	billion yen	(44.7 billion yen decrease from the previous fiscal year which recorded 187.3 billion yen)

The factory automation systems business saw decreases in both orders and revenue from the previous fiscal year due primarily to a decrease in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, despite buoyant demand in Japan.

The automotive equipment business saw increases in both orders and revenue from the previous fiscal year due primarily to increases in Japan, Europe and other markets in Asia, as well as increased revenue in electric-vehicle related equipment in response to market growth worldwide.

As a result, revenue for this segment increased by 2% from the previous fiscal year to 1,467.6 billion yen. Operating profit decreased by 44.7 billion yen from the previous fiscal year to 142.5 billion yen due primarily to a shift in product mix, increases in material prices and upfront investment for growth drivers.

Information and Communication Systems

Revenue:	426.2	billion yen	(3% decrease from the previous fiscal year which recorded 438.1 billion yen)
Operating profit:	12.2	billion yen	(0.9 billion yen increase from the previous fiscal year which recorded 11.3 billion yen)

The telecommunications systems business saw decreases in both orders and revenue compared to the previous fiscal year due primarily to decreased demand in communications infrastructure equipment.

The information systems and service business remained substantially unchanged in orders, while revenue increased compared to the previous fiscal year owing to an increase in the system integrations business.

The electronic systems business saw a decrease in orders compared to the previous fiscal year mainly due to a decrease in the space systems business, while revenue experienced a decrease compared to the previous fiscal year due primarily to a decrease in the defense systems business.

As a result, revenue for this segment decreased by 3% from the previous fiscal year to 426.2 billion yen. Operating profit increased by 0.9 billion yen from the previous fiscal year to 12.2 billion yen due primarily to a shift in project portfolios.

Electronic Devices

Revenue:	199.9	billion yen	(1% decrease from the previous fiscal year which recorded 202.2 billion yen)
Operating profit:	1.4	billion yen	(12.7 billion yen decrease from the previous fiscal year which recorded 14.1 billion yen)

The electronic devices business saw a decrease in orders and revenue fell by 1% from the previous fiscal year to 199.9 billion yen mainly due to decreased demand for optical communication devices.

Operating profit decreased by 12.7 billion yen from the previous fiscal year to 1.4 billion yen due primarily to a decrease in revenue and a shift in product mix.

Home Appliances

Revenue:	1,074.0 billion yen	(2% increase from the previous fiscal year which recorded 1,049.3 billion yen)
Operating profit:	59.4 billion yen	(3.9 billion yen increase from the previous fiscal year which recorded 55.4 billion yen)

The home appliances business saw a 2% increase in revenue from the previous fiscal year to 1,074.0 billion yen due to increases in revenue of air conditioners for Japan, Europe and North America.

Operating profit increased by 3.9 billion yen compared to the previous fiscal year to 59.4 billion yen due primarily to an increase in revenue.

Others

Revenue:	676.7 billion yen	(3% increase from the previous fiscal year which recorded 659.0 billion yen)
Operating profit:	24.1 billion yen	(0.1 billion yen increase from the previous fiscal year which recorded 24.0 billion yen)

Revenue increased by 3% compared to the previous fiscal year to 676.7 billion yen mainly due to an increase in revenue at affiliated companies involved in logistics.

Operating profit increased by 0.1 billion yen from the previous fiscal year to 24.1 billion yen due primarily to an increase in revenue.

Fundamental Dividend Distribution Policy and FY2019 Dividend

Fundamental dividend distribution policy

Mitsubishi Electric's fundamental policy is to comprehensively promote improvement in shareholder profit from the viewpoints of appropriate profit distribution commensurate with earnings performance of the respective fiscal year, as well as strengthening our financial standing through the company's internal reserves, with the ultimate goal of enhancing corporate value.

FY 2019 dividend

Considering the company's business performance and financial conditions in fiscal 2019, the company has decided to pay a year-end retained earnings dividend of 26 yen per share for fiscal 2019. Adding the interim dividend of 14 yen per share, the total annual dividend will be 40 yen per share. Payment is planned to begin on June 4, 2019.

The retained earnings dividend for fiscal 2020 is still undecided.

cf. In fiscal 2018, interim dividend was 14 yen and year-end dividend was 26 yen per share. (Annual dividend of 40 yen per share)

Financial Standing

An analysis on the status of assets, liabilities and equity on a consolidated basis

Total assets as of the end of this fiscal year increased from the end of the previous fiscal year by 50.6 billion yen to 4,356.2 billion yen. The change in the balance of total assets was mainly due to increases in the balance of inventories by 82.8 billion yen and in trade receivables and contract assets by 42.3 billion yen, while cash and cash equivalents decreased by 84.9 billion yen.

Total liabilities decreased from the end of the previous fiscal year by 63.3 billion yen to 1,845.0 billion yen. The outstanding balances of bonds and borrowings decreased by 13.5 billion yen from the end of the previous fiscal year to 298.4 billion yen, resulting in a decline in the ratio of bonds and borrowings to total assets to 6.9%, representing a 0.3 point decrease compared to the end of the previous fiscal year. Meanwhile, trade payables decreased by 19.9 billion yen, and other current liabilities decreased by 34.0 billion yen.

Mitsubishi Electric Corporation stockholders' equity increased by 105.7 billion yen compared to the end of the previous fiscal year to 2,399.9 billion yen. The stockholders' equity ratio was recorded at 55.1%, representing a 1.8 point increase compared to the end of the previous fiscal year. The changes referred to above primarily resulted from an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 226.6 billion yen, despite a decrease due to dividend payment of 85.8 billion yen and a decrease in other comprehensive income of 45.6 billion yen reflecting a fall in stock prices and the stronger yen.

An analysis on the status of cash flow on a consolidated basis

Cash flows from operating activities for this fiscal year decreased by 25.9 billion yen compared to the previous fiscal year to 239.8 billion yen (cash in) mainly due to a decrease in net profit. Cash flows from investing activities increased by 28.6 billion yen compared to the previous fiscal year to 210.6 billion yen (cash out), due primarily to a decrease in proceeds from sale of investment securities. As a result, free cash flow was 29.1 billion yen (cash in). Cash flows from financing activities were 112.0 billion yen (cash out) mainly due to dividend payments.

Current Forecast for Fiscal 2020

With uncertainty in the global economy due to factors such as U.S. trade policies and influences from Brexit, the global economy is expected to experience a slowdown in growth due to the U.S.-China trade friction making impact on exports and investments in various countries and regions, despite a gradual recovery trend in global business conditions.

Under these circumstances, the Mitsubishi Electric Group aims to achieve its management targets by uplifting its business performance and financial standings through initiatives such as promoting more strongly its global operations centered around its growth-driving businesses, continuously increasing and strengthening profitability in each business and continuously implementing various Group-wide business improvement measures.

The current financial performance forecast for fiscal 2020 follows below.

Current consolidated forecast for fiscal 2020

Revenue	4,630.0	billion yen	(2% increase from fiscal 2019)
Operating profit	295.0	billion yen	(2% increase from fiscal 2019)
Profit before income taxes	320.0	billion yen	(1% increase from fiscal 2019)
Net profit attributable to Mitsubishi Electric Corp. stockholders	240.0	billion yen	(6% increase from fiscal 2019)

Exchange rates for this forecast is 105 yen to the US dollar, 125 yen to the euro and 16.0 yen to the Chinese yuan.

Note: *The results forecast above is based on assumptions deemed reasonable by the company at the present time, and actual results may differ significantly from forecasts. Please refer to the cautionary statement at the end.*

Policy Regarding Financial Reporting Standards

Mitsubishi Electric has voluntarily adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements from the first quarter of the fiscal year ended March 31, 2019, in order to enhance international comparability of its financial information in the capital markets.

Consolidated Financial Results Summary

(In billions of yen except where noted)

	FY '18 (A) (Apr. 1, 2017 – Mar. 31, 2018)	FY '19 (B) (Apr. 1, 2018 – Mar. 31, 2019)		
			B – A	B/A (%)
Revenue	4,444.4	4,519.9	75.4	102
Operating profit	327.4	290.4	(36.9)	89
Profit before income taxes	353.2	315.9	(37.2)	89
Net profit attributable to Mitsubishi Electric Corp. stockholders	255.7	226.6	(29.1)	89
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	119. ¹⁹ yen	105. ⁶⁵ yen	(13. ⁵⁴ yen)	89
Dividend per share				
Annual dividend	40 yen	40 yen	—	100
Interim dividend	14 yen	14 yen	—	
Year-end dividend	26 yen	26 yen	—	

Notes:

- 1) Consolidated financial charts made in accordance with International Financial Reporting Standards (IFRS).
- 2) The company has 206 consolidated subsidiaries.

Consolidated Financial Statements

Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income (Fiscal 2019)

(Consolidated Statements of Profit or Loss)

(In millions of yen)

	FY '18 (Apr. 1, 2017 – Mar. 31, 2018)		FY '19 (Apr. 1, 2018 – Mar. 31, 2019)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Revenue	4,444,424	100.0	4,519,921	100.0	75,497	102
Cost of sales	3,090,449	69.5	3,186,869	70.5	96,420	103
Selling, general and administrative expenses	1,021,361	23.0	1,043,294	23.1	21,933	102
Other profit (loss)	(5,170)	(0.1)	719	0.0	5,889	–
Operating profit	327,444	7.4	290,477	6.4	(36,967)	89
Financial income	8,611	0.2	9,747	0.2	1,136	113
Financial expenses	6,796	0.2	4,382	0.1	(2,414)	64
Share of profit of investments accounted for using the equity method	23,947	0.5	20,116	0.5	(3,831)	84
Profit before income taxes	353,206	7.9	315,958	7.0	(37,248)	89
Income taxes	86,807	1.9	78,304	1.7	(8,503)	90
Net profit	266,399	6.0	237,654	5.3	(28,745)	89
Net profit attributable to:						
Mitsubishi Electric Corp. stockholders	255,755	5.8	226,648	5.0	(29,107)	89
Non-controlling interests	10,644	0.2	11,006	0.3	362	103

(Consolidated Statements of Comprehensive Income)

(In millions of yen)

	FY '18 (A) (Apr. 1, 2017 – Mar. 31, 2018)	FY '19 (B) (Apr. 1, 2018 – Mar. 31, 2019)	B – A
Net profit	266,399	237,654	(28,745)
(Other comprehensive income (loss), net of tax)			
Items that will not be reclassified to net profit			
Changes in fair value of financial assets measured at fair value through other comprehensive income	(52)	(39,284)	(39,232)
Remeasurements of defined benefit plans	21,323	12,234	(9,089)
Share of other comprehensive income of investments accounted for using the equity method	170	(995)	(1,165)
Subtotal	21,441	(28,045)	(49,486)
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations	16,992	(6,756)	(23,748)
Net changes in the fair value of cash flow hedges	(71)	(37)	34
Share of other comprehensive income of investments accounted for using the equity method	1,869	(2,645)	(4,514)
Subtotal	18,790	(9,438)	(28,228)
Total other comprehensive income (loss)	40,231	(37,483)	(77,714)
Comprehensive income	306,630	200,171	(106,459)
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	294,710	189,306	(105,404)
Non-controlling interests	11,920	10,865	(1,055)

Consolidated Statements of Financial Position

(In millions of yen)

	FY '18 (A) (ended Mar. 31, 2018)	FY '19 (B) (ended Mar. 31, 2019)	B – A
(Assets)			
Current assets	2,582,735	2,624,293	41,558
Cash and cash equivalents	599,199	514,224	(84,975)
Trade receivables and contract assets	1,191,529	1,233,916	42,387
Inventories	646,262	729,098	82,836
Other current assets	145,745	147,055	1,310
Non-current assets	1,722,845	1,731,918	9,073
Investments accounted for using the equity method	194,308	197,959	3,651
Other financial assets	363,171	303,834	(59,337)
Property, plant and equipment	724,257	760,540	36,283
Other non-current assets	441,109	469,585	28,476
Total assets	4,305,580	4,356,211	50,631
(Liabilities)			
Current liabilities	1,488,249	1,416,335	(71,914)
Bonds and borrowings	122,895	104,969	(17,926)
Trade payables	579,566	559,641	(19,925)
Other current liabilities	785,788	751,725	(34,063)
Non-current liabilities	420,112	428,721	8,609
Bonds and borrowings	189,055	193,469	4,414
Retirement benefit liabilities	171,520	176,087	4,567
Other non-current liabilities	59,537	59,165	(372)
Total liabilities	1,908,361	1,845,056	(63,305)
(Equity)			
Mitsubishi Electric Corp. stockholders' equity	2,294,174	2,399,946	105,772
Common stock	175,820	175,820	—
Capital surplus	199,442	202,834	3,392
Retained earnings	1,811,348	1,960,466	149,118
Accumulated other comprehensive income (loss)	109,492	63,809	(45,683)
Treasury stock, at cost	(1,928)	(2,983)	(1,055)
Non-controlling interests	103,045	111,209	8,164
Total equity	2,397,219	2,511,155	113,936
Total liabilities and equity	4,305,580	4,356,211	50,631
Bonds and borrowings	311,950	298,438	(13,512)
Accumulated other comprehensive income (loss):			
Exchange differences on translating foreign operations	17,549	8,368	(9,181)
Financial assets measured at fair value through other comprehensive income	91,952	55,503	(36,449)
Net changes in the fair value of cash flow hedges	(9)	(62)	(53)

Consolidated Statements of Changes in Equity

FY '18 (Apr. 1, 2017 – Mar. 31, 2018)

(In millions of yen)

	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period	175,820	198,745	1,593,660	101,166	(1,228)	2,068,163	98,800	2,166,963
Comprehensive income								
Net profit			255,755			255,755	10,644	266,399
Other comprehensive income (loss), net of tax				38,955		38,955	1,276	40,231
Comprehensive income	—	—	255,755	38,955	—	294,710	11,920	306,630
Transfer to retained earnings			30,629	(30,629)		—		—
Dividends			(68,696)			(68,696)	(7,085)	(75,781)
Purchase of treasury stock					(700)	(700)		(700)
Disposal of treasury stock		0			0	0		0
Transactions with non-controlling interests and other		697				697	(590)	107
Balance at end of period	175,820	199,442	1,811,348	109,492	(1,928)	2,294,174	103,045	2,397,219

FY '19 (Apr. 1, 2018 – Mar. 31, 2019)

(In millions of yen)

	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period	175,820	199,442	1,811,348	109,492	(1,928)	2,294,174	103,045	2,397,219
Comprehensive income								
Net profit			226,648			226,648	11,006	237,654
Other comprehensive income (loss), net of tax				(37,342)		(37,342)	(141)	(37,483)
Comprehensive income	—	—	226,648	(37,342)	—	189,306	10,865	200,171
Transfer to retained earnings			8,341	(8,341)		—		—
Dividends			(85,871)			(85,871)	(5,872)	(91,743)
Purchase of treasury stock					(1,055)	(1,055)		(1,055)
Disposal of treasury stock		0			0	0		0
Transactions with non-controlling interests and other		3,392				3,392	3,171	6,563
Balance at end of period	175,820	202,834	1,960,466	63,809	(2,983)	2,399,946	111,209	2,511,155

Consolidated Statements of Cash Flows

(In millions of yen)

	FY '18 (Apr. 1, 2017 – Mar. 31, 2018) (A)	FY '19 (Apr. 1, 2018 – Mar. 31, 2019) (B)	B – A
I Cash flows from operating activities			
1 Net profit	266,399	237,654	(28,745)
2 Adjustments to cash flows from operating activities			
(1) Depreciation, amortization and other	181,474	178,892	(2,582)
(2) Decrease (increase) in trade receivables and contract assets	(32,348)	(40,780)	(8,432)
(3) Decrease (increase) in inventories	(82,975)	(82,718)	257
(4) Increase (decrease) in trade payables	(57,717)	(20,792)	36,925
(5) Other, net	(9,065)	(32,439)	(23,374)
Cash flows from operating activities	265,768	239,817	(25,951)
II Cash flows from investing activities			
1 Purchase of property, plant and equipment	(186,792)	(188,042)	(1,250)
2 Proceeds from sale of property, plant and equipment	3,005	4,170	1,165
3 Purchase of investment securities (net of cash acquired)	(8,518)	(13,304)	(4,786)
4 Proceeds from sale of investment securities (net of cash disposed)	35,194	11,824	(23,370)
5 Other, net	(24,904)	(25,316)	(412)
Cash flows from investing activities	(182,015)	(210,668)	(28,653)
I + II Free cash flow	83,753	29,149	(54,604)
III Cash flows from financing activities			
1 Proceeds and repayment of bonds and long-term borrowings	(44,006)	(22,892)	21,114
2 Increase (decrease) in short-term borrowings, net	(27,496)	(2,077)	25,419
3 Dividends paid	(68,696)	(85,871)	(17,175)
4 Purchase of treasury stock	(700)	(1,055)	(355)
5 Disposal of treasury stock	0	0	0
6 Other, net	(8,915)	(172)	8,743
Cash flows from financing activities	(149,813)	(112,067)	37,746
IV Effect of exchange rate changes on cash and cash equivalents	2,790	(2,057)	(4,847)
V Net increase (decrease) in cash and cash equivalents	(63,270)	(84,975)	(21,705)
VI Cash and cash equivalents at beginning of period	662,469	599,199	(63,270)
VII Cash and cash equivalents at end of period	599,199	514,224	(84,975)

Consolidated Segment Information (Fiscal 2019)

1. Revenue and Operating Profit by Business Segment

(In millions of yen)

Business Segment	FY '18 (Apr. 1, 2017 – Mar. 31, 2018)		FY '19 (Apr. 1, 2018 – Mar. 31, 2019)		C – A	D – B	C/A (%)
	Revenue (A)	Operating profit (B)	Revenue (C)	Operating profit (D)			
Energy and Electric Systems	1,253,062	65,457	1,296,745	82,501	43,683	17,044	103
Industrial Automation Systems	1,444,928	187,350	1,467,633	142,563	22,705	(44,787)	102
Information and Communication Systems	438,184	11,340	426,269	12,247	(11,915)	907	97
Electronic Devices	202,294	14,164	199,908	1,442	(2,386)	(12,722)	99
Home Appliances	1,049,369	55,496	1,074,044	59,451	24,675	3,955	102
Others	659,059	24,034	676,736	24,172	17,677	138	103
Subtotal	5,046,896	357,841	5,141,335	322,376	94,439	(35,465)	102
Eliminations and other	(602,472)	(30,397)	(621,414)	(31,899)	(18,942)	(1,502)	–
Consolidated Total	4,444,424	327,444	4,519,921	290,477	75,497	(36,967)	102

*Notes: Inter-segment revenue are included in the above chart.

2. Revenue by Location of Customers

(In millions of yen)

Location of Customers	FY '18 (Apr. 1, 2017 – Mar. 31, 2018)		FY '19 (Apr. 1, 2018 – Mar. 31, 2019)		B – A	B/A (%)
	Revenue (A)	% of total revenue	Revenue (B)	% of total revenue		
Japan	2,438,942	54.9	2,556,644	56.6	117,702	105
North America	419,121	9.4	429,451	9.5	10,330	102
Asia (excluding Japan)	1,089,176	24.5	1,013,883	22.4	(75,293)	93
China	545,072	12.3	486,405	10.8	(58,667)	89
Europe	431,316	9.7	453,748	10.0	22,432	105
Others	65,869	1.5	66,195	1.5	326	100
Total overseas revenue	2,005,482	45.1	1,963,277	43.4	(42,205)	98
Consolidated total	4,444,424	100.0	4,519,921	100.0	75,497	102

Notes to the Consolidated Financial Statements

(Matters regarding the scope of consolidation and application of the equity method: changes against the previous fiscal year end)

Number of subsidiaries: 206 (Added: 5; Excluded: 4)

Number of equity method associates: 37 (Added: 1; Excluded: 0)

(Per share information)

	FY '18 (Apr. 1, 2017 – Mar. 31, 2018)	FY '19 (Apr. 1, 2018 – Mar. 31, 2019)
Net profit attributable to Mitsubishi Electric Corp. stockholders	255,755 million yen	226,648 million yen
Effect of potential ordinary shares	–	–
Diluted Net profit attributable to Mitsubishi Electric Corp. stockholders	255,755 million yen	226,648 million yen
Average ordinary shares outstanding	2,145,808,679 shares	2,145,198,524 shares
Cause of dilution		
Stock options	–	–
Adjusted ordinary shares outstanding	2,145,808,679 shares	2,145,198,524 shares
Mitsubishi Electric Corp. stockholders' equity per share	1,069. ¹⁹ yen	1,118. ⁸³ yen
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	119. ¹⁹ yen	105. ⁶⁵ yen
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders	119. ¹⁹ yen	105. ⁶⁵ yen

(Notes regarding the going concern assumption)

Not applicable

(Significant subsequent events)

Not applicable

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income (Fourth Quarter, Fiscal 2019)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

	FY '18 (Jan. 1, 2018 – Mar. 31, 2018)		FY '19 (Jan. 1, 2019 – Mar. 31, 2019)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Revenue	1,257,669	100.0	1,255,796	100.0	(1,873)	100
Cost of sales	883,096	70.2	886,620	70.6	3,524	100
Selling, general and administrative expenses	279,166	22.2	280,241	22.3	1,075	100
Other profit (loss)	(5,909)	(0.5)	102	0.0	6,011	-
Operating profit	89,498	7.1	89,037	7.1	(461)	99
Financial income	1,364	0.1	1,287	0.1	(77)	94
Financial expenses	5,051	0.4	1,035	0.1	(4,016)	20
Share of profit of investments accounted for using the equity method	8,221	0.7	4,923	0.4	(3,298)	60
Profit before income taxes	94,032	7.5	94,212	7.5	180	100
Income taxes	20,242	1.6	23,950	1.9	3,708	118
Net profit	73,790	5.9	70,262	5.6	(3,528)	95
Net profit attributable to:						
Mitsubishi Electric Corp. stockholders	71,685	5.7	67,829	5.4	(3,856)	95
Non-controlling interests	2,105	0.2	2,433	0.2	328	116

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(In millions of yen)

	FY '18 (A) (Jan. 1, 2018 – Mar. 31, 2018)	FY '19 (B) (Jan. 1, 2019 – Mar. 31, 2019)	B – A
Net profit	73,790	70,262	(3,528)
(Other comprehensive income (loss), net of tax)			
Items that will not be reclassified to net profit			
Changes in fair value of financial assets measured at fair value through other comprehensive income	(23,397)	5,134	28,531
Remeasurements of defined benefit plans	21,323	12,234	(9,089)
Share of other comprehensive income of investments accounted for using the equity method	(659)	(531)	128
Subtotal	(2,733)	16,837	19,570
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations	(28,989)	6,459	35,448
Net changes in the fair value of cash flow hedges	(74)	(1)	73
Share of other comprehensive income of investments accounted for using the equity method	789	(994)	(1,783)
Subtotal	(28,274)	5,464	33,738
Total other comprehensive income (loss)	(31,007)	22,301	53,308
Comprehensive income	42,783	92,563	49,780
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	43,136	89,045	45,909
Non-controlling interests	(353)	3,518	3,871

Disclosures of Transition to IFRS

The Mitsubishi Electric Group has applied IFRS beginning with the consolidated financial statements for the first quarter of the current fiscal year. The most recent consolidated financial statements prepared in accordance with U.S. GAAP are for the year ended March 31, 2018. The date of transition to IFRS was April 1, 2017.

(1) Exemptions and exceptions in IFRS 1

IFRS 1 requires entities adopting IFRS for the first time to retrospectively apply IFRS in principle; however, with regard to certain items, it allows exemption from, or prohibits, retrospective application of IFRS.

The company and its consolidated subsidiaries use the following exemptions on retrospective application permitted by IFRS 1:

- Business combinations

The company and its consolidated subsidiaries elected not to apply IFRS 3 Business Combinations retrospectively to past business combinations that occurred on or before December 22, 2015. Consequently, the amount of goodwill that arose from business combinations that occurred on or before December 22, 2015 is recorded at the carrying amount in accordance with U.S. GAAP. Goodwill was tested for impairment at the transition date irrespective of whether there was any indication of impairment.

- Exchange differences on translating foreign operations

The company and its consolidated subsidiaries elected to deem the cumulative translation differences for foreign operations at the transition date to be zero. Consequently, the cumulative translation differences for foreign operations at the transition date were reclassified from accumulated other comprehensive income (loss) to retained earnings.

- Designation of financial instruments recognized before the date of transition to IFRS

The company and its consolidated subsidiaries elected to designate the classification of financial instruments on the basis of the facts and circumstances that existed at the date of transition to IFRS.

(2) Reconciliations

Reconciliations for which disclosures are required on first time adoption of IFRS are as follows:

Items that do not affect retained earnings and comprehensive income are presented in "Reclassification," and items that affect retained earnings and comprehensive income are presented in "Recognition and measurement differences."

Reconciliation of Equity as at the Date of Transition to IFRS (April 1, 2017)
(Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,500,685	3,062	4,810	2,508,557	Current assets
Cash and cash equivalents	662,469	—	—	662,469	Cash and cash equivalents
Trade receivables	1,037,201	15,261	103,004	1,155,466	Trade receivables and contract assets
Inventories	643,040	—	(83,138)	559,902	Inventories
Prepaid expenses and other current assets	157,975	(12,199)	(15,056)	130,720	Other current assets
	—	(3,062)	60,950	1,729,473	Non-current assets
Long-term trade receivables	2,815	(2,815)	—	—	
Investments	618,935	(618,935)	—	—	
	—	181,724	5,634	187,358	Investments accounted for using the equity method
	—	362,869	27,710	390,579	Other financial assets
Net property, plant and equipment	732,611	—	(33,133)	699,478	Property, plant and equipment
Other assets	317,224	74,095	60,739	452,058	Other non-current assets
Total assets	4,172,270	—	65,760	4,238,030	Total assets

(In millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,525,761	7,456	33,082	1,566,299	Current liabilities
Bank loans and current portion of long-term debt	124,368	—	21,987	146,355	Bonds and borrowings
Trade payables	780,202	(145,119)	—	635,083	Trade payables
Other current liabilities	621,191	152,575	11,095	784,861	Other current liabilities
	—	(7,456)	6,423	504,768	Non-current liabilities
Long-term debt	227,756	—	—	227,756	Bonds and borrowings
Retirement and severance benefits	194,990	—	8,044	203,034	Retirement benefit liabilities
Other fixed liabilities	83,055	(7,456)	(1,621)	73,978	Other non-current liabilities
Total liabilities	2,031,562	—	39,505	2,071,067	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,039,627	—	28,536	2,068,163	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	212,530	—	(13,785)	198,745	Capital surplus
Retained earnings	1,654,557	—	(60,897)	1,593,660	Retained earnings
Accumulated other comprehensive income (loss)	(2,052)	—	103,218	101,166	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,228)	—	—	(1,228)	Treasury stock, at cost
Noncontrolling interests	101,081	—	(2,281)	98,800	Noncontrolling interests
Total equity	2,140,708	—	26,255	2,166,963	Total equity
Total liabilities and equity	4,172,270	—	65,760	4,238,030	Total liabilities and equity

Balance of Debt	352,124	—	21,987	374,111	Bonds and borrowings
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	18,535	—	(18,535)	—	Exchange differences on translating foreign operations
Pension liability adjustments	(156,993)	—	156,993	—	Remeasurements of defined benefit plans
Unrealized gains on securities	136,352	—	(35,223)	101,129	Financial assets measured at fair value through other comprehensive income
Unrealized gains on derivative instruments	54	—	(17)	37	Net changes in the fair value of cash flow hedges

Reconciliation of Equity as at the End of the Previous Fiscal Year (March 31, 2018)
(Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,606,493	(1,434)	(22,324)	2,582,735	Current assets
Cash and cash equivalents	599,199	—	—	599,199	Cash and cash equivalents
Trade receivables	1,087,593	14,225	89,711	1,191,529	Trade receivables and contract assets
Inventories	741,782	—	(95,520)	646,262	Inventories
Prepaid expenses and other current assets	177,919	(15,659)	(16,515)	145,745	Other current assets
Long-term trade receivables	—	1,434	63,345	1,722,845	Non-current assets
Investments	1,965	(1,965)	—	—	
	614,295	(614,295)	—	—	
	—	187,828	6,480	194,308	Investments accounted for using the equity method
	—	335,474	27,697	363,171	Other financial assets
Net property, plant and equipment	740,448	—	(16,191)	724,257	Property, plant and equipment
Other assets	301,358	94,392	45,359	441,109	Other non-current assets
Total assets	4,264,559	—	41,021	4,305,580	Total assets

(In millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,471,367	8,586	8,296	1,488,249	Current liabilities
Bank loans and current portion of long-term debt	122,430	—	465	122,895	Bonds and borrowings
Trade payables	719,404	(139,838)	—	579,566	Trade payables
Other current liabilities	629,533	148,424	7,831	785,788	Other current liabilities
Long-term debt	—	(8,586)	(349)	420,112	Non-current liabilities
Retirement and severance benefits	189,055	—	—	189,055	Bonds and borrowings
Other fixed liabilities	171,017	—	503	171,520	Retirement benefit liabilities
	68,975	(8,586)	(852)	59,537	Other non-current liabilities
Total liabilities	1,900,414	—	7,947	1,908,361	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,259,355	—	34,819	2,294,174	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	213,250	—	(13,808)	199,442	Capital surplus
Retained earnings	1,857,741	—	(46,393)	1,811,348	Retained earnings
Accumulated other comprehensive income (loss)	14,472	—	95,020	109,492	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,928)	—	—	(1,928)	Treasury stock, at cost
Noncontrolling interests	104,790	—	(1,745)	103,045	Non-controlling interests
Total equity	2,364,145	—	33,074	2,397,219	Total equity
Total liabilities and equity	4,264,559	—	41,021	4,305,580	Total liabilities and equity

Balance of Debt	311,485	—	465	311,950	Bonds and borrowings
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	34,149	—	(16,600)	17,549	Exchange differences on translating foreign operations
Pension liability adjustments	(141,075)	—	141,075	—	Remeasurements of defined benefit plans
Unrealized gains on securities	121,413	—	(29,461)	91,952	Financial assets measured at fair value through other comprehensive income
Unrealized gains (losses) on derivative instruments	(15)	—	6	(9)	Net changes in the fair value of cash flow hedges

Notes to reconciliation of equity

The principal effects of transition to IFRS in the reconciliation of equity above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

- (a) In accordance with the presentation provisions under IFRS, other financial assets are presented separately.
- (b) Part of trade receivables, prepaid expenses and other current assets and other assets are reclassified based on the definition and recognition criteria of IFRS.
- (c) Part of trade payables, other current liabilities and other fixed liabilities are reclassified based on the definition and recognition criteria of IFRS.

(2) Recognition and measurement differences

The main elements of recognition and measurement differences are as follows:

(a) Employee benefits

Under U.S. GAAP, actuarial gains and losses and past service costs are deferred in accumulated other comprehensive income (loss), subsequently amortized for a specified future period and recognized in profit or loss. Current service costs, interest costs and expected return on plan assets are recognized in profit or loss for the consolidated fiscal year.

Under IFRS, defined benefit obligations and plan assets relating to defined benefit corporate pension plans and lump-sum payment plans are remeasured in accordance with IFRS requirements. Changes resulting from remeasurement are recognized in accumulated other comprehensive income (loss), and reclassified directly from accumulated other comprehensive income (loss) to retained earnings, not through profit or loss. Past service costs arising from plan amendments are fully recognized immediately in profit or loss. Current service costs are recognized in profit or loss. Interest costs are recognized in profit or loss at the amount determined by multiplying the net amount of the defined benefit obligation and plan assets by the discount rate used to determine the present value of the obligation.

(b) Equity instruments

Under U.S. GAAP, non-marketable equity instruments are recognized at their cost. If fair value of financial assets has decreased and the decrease is considered not to be temporary, impairment loss is recognized for the amount of the cost of the financial assets in excess of fair value. Gains or losses on the sale of these financial assets are recognized in profit or loss.

Under IFRS, all equity instruments are recognized at fair value irrespective of whether there is an active market. Since it is permitted to recognize changes in fair value in other comprehensive income (loss), the company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income (loss). Accordingly, impairment losses and gains or losses on the sale of equity instruments recognized in profit or loss under U.S. GAAP are recognized in other comprehensive income as well.

(c) Income taxes

Under U.S. GAAP, tax expenses incurred by sellers are deferred using the deferred method for differences arising from unrealized profits and losses from intercompany transactions.

Under IFRS, a difference between the carrying amount and the sale price of an asset sold is recognized as a future deductible temporary difference based on the asset and liability method. A deferred tax asset is recognized for the future deductible temporary difference using purchaser's effective tax rate while taking its recoverability into consideration.

Under U.S. GAAP, deferred tax liabilities for temporary differences associated with investments in equity method investees are recognized using tax rates applicable on the premise that the temporary difference will be reversed at the time of sale of the equity method investees even if a company intends to continue to hold the investments. In principle, deferred tax liabilities are recognized for the undistributed earnings of subsidiaries.

Under IFRS, deferred tax liabilities are in principle recognized for all the taxable temporary differences using tax rates applied when the taxable temporary differences reverse, such as when receiving dividends or selling the investments. Deferred tax liabilities are recognized for the taxable temporary differences associated with investments in subsidiaries etc. which are probable to reverse in the foreseeable future.

- (d) Exchange differences on translating foreign operations
Cumulative exchange differences on translating foreign operations are all deemed to be zero at the date of transition to IFRS. Consequently, exchange differences on translating foreign operations included in accumulated other comprehensive income as at the transition date were fully reclassified to retained earnings.
- (e) Exclusion of equity method investees
Under U.S. GAAP, when an investee no longer qualifies as an equity method investee, the difference between the sale price and the carrying amount of the interest sold is recognized in profit or loss. If an investor retains a residual interest, gains or losses recognized in prior periods remain included in the carrying amount of the residual interest.
Under IFRS, when an investee no longer qualifies as an equity method investee, any residual interest is measured at fair value. The difference between the sum of the sales price and the fair value of the residual interest and the carrying amount of the interest at the point when an investee no longer qualifies as an equity method investee is recognized in profit or loss.
- (f) Government grants
Under U.S. GAAP, government grants related to acquisition of assets are not reflected in the carrying amounts of assets because there are no accounting standards for such government grants.
Under IFRS, government grants related to assets are recognized as deducting the carrying amount of the asset by the government grants received.
- (g) Impairment of non-financial assets
Under U.S. GAAP, if there is an indication that a non-current asset may be impaired, the carrying amount and the undiscounted estimated future cash flows of the asset is compared. If the carrying amount exceeds the estimated future cash flows, any excess of the carrying amount over the fair value is recognized as an impairment loss.
Under IFRS, if there is an indication that a non-current asset may be impaired, any excess of the carrying amount over the recoverable amount of the non-current asset (the higher of value in use or fair value less costs of disposal) is recognized as an impairment loss of the non-current asset.
- (h) Business combinations
Under U.S. GAAP, in business combinations, the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests.
Under IFRS, in business combinations, it is permitted to elect to apply either of two methods: the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests; or non-controlling interests are measured as a proportional interest in the fair value of the acquiree's net identifiable assets and goodwill is recognized only for the acquirer's share. The company elected the method of measuring non-controlling interest as a proportional interest in the fair value of the acquiree's net identifiable assets and recognizing goodwill only for the acquirer's share. Capital surplus is recognized when non-controlling interests are additionally acquired after the date when control was obtained.

**Reconciliation of Profit or Loss and Comprehensive Income for the Previous Fiscal Year
(from April 1, 2017 to March 31, 2018)**

(Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	4,431,198	—	13,226	4,444,424	Revenue
Cost of sales	3,030,902	—	59,547	3,090,449	Cost of sales
Selling, general and administrative expenses	1,061,778	729	(41,146)	1,021,361	Selling, general and administrative expenses
Loss on impairment of long-lived assets	19,881	(19,881)	—	—	
	—	(20,990)	15,820	(5,170)	Other profit (loss)
Operating income	318,637	(1,838)	10,645	327,444	Operating profit
Other income	60,414	—	—	—	
Interest and Dividends	8,611	23,637	(23,637)	8,611	Financial income
Equity in earnings of affiliated companies	22,261	(22,261)	—	—	
Other	29,542	(29,542)	—	—	
Other expenses	14,473	—	—	—	
Interest	2,727	4,726	(657)	6,796	Financial expenses
Other	11,746	(11,746)	—	—	
	—	22,261	1,686	23,947	Share of profit of investments accounted for using the equity method
Income before income taxes	364,578	(723)	(10,649)	353,206	Profit before income taxes
Income taxes	82,239	(723)	5,291	86,807	Income taxes
Net income	282,339	—	(15,940)	266,399	Net profit
Net income attributable to the noncontrolling interests	10,459	—	185	10,644	Net profit attributable to: Non-controlling interests
Net income attributable to Mitsubishi Electric Corp.	271,880	—	(16,125)	255,755	Mitsubishi Electric Corp. stockholders

(Consolidated Statements of Comprehensive Income)

(In millions of yen)

Presentation under U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	282,339	—	(15,940)	266,399	Net profit
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax) Items that will not be reclassified to net profit
Unrealized gains (losses) on securities	(14,875)	392	14,431	(52)	Changes in fair value of financial assets measured at fair value through other comprehensive income
Pension liability adjustments	15,857	(596)	6,062	21,323	Remeasurements of defined benefit plans
	—	204	(34)	170	Share of other comprehensive income of investments accounted for using the equity method
	—	—	20,459	21,441	Subtotal
Foreign currency translation adjustments	17,023	(1,908)	1,877	16,992	Items that may be reclassified to net profit
Unrealized gains (losses) on derivative instruments	(88)	(6)	23	(71)	Exchange differences on translating foreign operations
	—	1,914	(45)	1,869	Net changes in the fair value of cash flow hedges
	—	—	1,855	18,790	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Total	17,917	—	22,314	40,231	Total other comprehensive income
Comprehensive income	300,256	—	6,374	306,630	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	11,852	—	68	11,920	Comprehensive income attributable to:
Comprehensive income attributable to Mitsubishi Electric Corp.	288,404	—	6,306	294,710	Non-controlling interests
					Mitsubishi Electric Corp. stockholders

Notes to Reconciliation of Profit or Loss and Comprehensive Income

The principal effects of transition to IFRS in the reconciliation of profit or loss and comprehensive income above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

- (a) In accordance with the presentation provisions under IFRS, financial income and financial expenses are presented separately.
- (b) In accordance with the presentation provisions under IFRS, part of other income and other expenses, etc. is included and presented in operating profit.
- (c) Unrealized gains (losses) on securities, pension liability adjustments, foreign currency translation adjustments and unrealized gains (losses) on derivative instruments in other comprehensive income that are attributable to equity investees are reclassified in accordance with the presentation provisions under IFRS.

(2) Recognition and measurement differences

The main elements of recognition and measurement differences are as follows:

(a) Reconciliation of revenue and cost of sales

Under U.S. GAAP, if progress of construction contracts cannot be reliably estimated, all construction costs and construction revenue are recognized when the construction is complete.

Under IFRS, revenue from a performance obligation satisfied over time is only recognized for costs incurred to the extent that it is probable that the cost will be recovered and costs are recognized as expenses in the period in which they are incurred if the progress cannot be reliably estimated.

(b) Equity instruments

Non-marketable equity instruments are recognized at their cost under U.S. GAAP. If fair value of financial assets has decreased and the decrease is considered not to be temporary, impairment loss is recognized for the amount of the cost of the financial assets in excess of fair value. Gains or losses on the sale of these financial assets are recognized in profit or loss.

Under IFRS, on the other hand, equity instruments are recognized at fair value irrespective of whether there is an active market. Because it is permitted to recognize changes in fair value in other comprehensive income, the company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income. Accordingly, impairment losses and gains or losses on the sale of equity instruments recognized in profit or loss under U.S. GAAP are recognized in other comprehensive income as well.

Notes to Reconciliation of Cash Flows

There are no significant differences in the statement of cash flows resulting from transition from U.S. GAAP to IFRS.

Cautionary Statement

The Mitsubishi Electric Group (hereafter “the Group”) is involved in development, manufacture and sales in a wide range of fields including Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances, and these operations extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. While the statements herein are based on certain assumptions and premises that the Group trusts and considers to be reasonable under the circumstances on the date of announcement, actual financial standings and operating results are subject to change due to any of the factors as contemplated hereunder and/or any additional factor unforeseeable as of the date of this announcement. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

- (1) Important trends
The Group’s operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.
- (2) Foreign currency exchange rates
Fluctuations in foreign currency markets may affect the Group’s sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases’ sales of exported products and purchases of imported materials that are denominated in foreign currencies.
- (3) Stock markets
A fall in stock market prices may cause a decline in value of the Group’s marketable securities and pension assets.
- (4) Supply/demand balance for products and procurement conditions for materials and components
A decline in prices and shipments due to changes in the supply/demand balance, as well as an increase in material prices due to a worsening of material and component procurement conditions, may adversely affect the Group’s performance.
- (5) Fund raising
An increase in interest rates, the yen interest rate in particular, would increase the Group’s interest expenses.
- (6) Significant patent matters
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.
- (7) Environmental legislation or relevant issues
The Group may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also impact manufacturing and all corporate activities of the Group.
- (8) Flaws or defects in products or services
The Group may incur losses or expenses resulting out of flaws or defects in products or services, and the lowered reputation of the quality of all its products and services may affect the entire Group.
- (9) Litigation and other legal proceedings
The Group’s operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity method associates.
- (10) Disruptive changes
Disruptive changes in technology, development of products using new technology, timing of production and market introduction may adversely affect the Group’s performance.
- (11) Business restructuring
The Group may record losses due to restructuring measures.
- (12) Information security
The performance of the Group may be affected by computer virus infections, unauthorized access and other unpredictable incidents that lead to the loss or leakage of personal information held by the Group or confidential information regarding the Group’s business such as its technology, sales and other operations.
- (13) Natural disasters
The Group’s operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunamis, fires and other large-scale disasters.
- (14) Other significant factors
The Group’s operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

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About Mitsubishi Electric Corporation

With nearly 100 years of experience in providing reliable, high-quality products, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. Embracing the spirit of its corporate statement, Changes for the Better, and its environmental statement, Eco Changes, Mitsubishi Electric endeavors to be a global, leading green company, enriching society with technology. The company recorded a revenue of 4,519.9 billion yen (US\$ 40.7 billion*) in the fiscal year ended March 31, 2019. For more information visit:

www.MitsubishiElectric.com

*At an exchange rate of 111 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2019

Fiscal 2019 Consolidated Results

1. Financial Results
2. Revenue and Operating Profit by Segment
3. Overseas Revenue by Segment
4. Overseas Revenue by Region
5. Overseas Production Volume
6. Orders by Segment
7. Foreign Exchange Rates for Recording Revenue and
Impact of Exchange Rate Fluctuations on Revenue
8. Capital Expenditures
9. Depreciation of Tangible Fixed Assets and Other
10. Research and Development Expenditures
11. Bonds and Borrowings (Interest-Bearing Debt)
12. Number of Employees

<Reference>

1. Quarterly Financial Results for Fiscal 2019
2. Quarterly Revenue and Operating Profit by Segment for Fiscal 2019
3. Difference between US GAAP and IFRS for Fiscal 2018

FY '18: Apr. 1, 2017 – Mar. 31, 2018
 FY '19: Apr. 1, 2018 – Mar. 31, 2019
 FY '20: Apr. 1, 2019 – Mar. 31, 2020

1. Financial Results

(Consolidated)		(Billions of yen, year-on-year % change)		
	FY '18 Full Year (Actual)	FY '19 Full Year (Actual)		FY '20 Full Year (Forecast)
Revenue	4,444.4	4,519.9	(+2)	4,630.0 (+2)
Consolidated to non-consolidated ratio	1.66	1.66		
Operating profit	327.4	290.4	(-11)	295.0 (+2)
Profit before income taxes	353.2	315.9	(-11)	320.0 (+1)
Net profit attributable to Mitsubishi Electric Corp. stockholders	255.7	226.6	(-11)	240.0 (+6)
Consolidated to non-consolidated ratio	1.26	1.38		

2. Revenue and Operating Profit by Segment

		(Billions of yen, year-on-year % change)			
		FY '18 (Actual)	FY '19 (Actual)		FY '20 (Forecast)
Energy and Electric Systems	Revenue	1,253.0	1,296.7	(+3)	1,330.0 (+3)
	Operating profit	65.4	82.5	(+26)	83.0 (+1)
Industrial Automation Systems	Revenue	1,444.9	1,467.6	(+2)	1,480.0 (+1)
	Operating profit	187.3	142.5	(-24)	133.0 (-7)
Information and Communication Systems	Revenue	438.1	426.2	(-3)	440.0 (+3)
	Operating profit	11.3	12.2	(+8)	17.0 (+39)
Electronic Devices	Revenue	202.2	199.9	(-1)	220.0 (+10)
	Operating profit	14.1	1.4	(-90)	7.0 (+385)
Home Appliances	Revenue	1,049.3	1,074.0	(+2)	1,110.0 (+3)
	Operating profit	55.4	59.4	(+7)	64.0 (+8)
Others	Revenue	659.0	676.7	(+3)	680.0 (0)
	Operating profit	24.0	24.1	(+1)	23.0 (-5)
Subtotal	Revenue	5,046.8	5,141.3	(+2)	5,260.0 (+2)
	Operating profit	357.8	322.3	(-10)	327.0 (+1)
Eliminations and other	Revenue	-602.4	-621.4		-630.0
	Operating profit	-30.3	-31.8		-32.0
Consolidated total	Revenue	4,444.4	4,519.9	(+2)	4,630.0 (+2)
	Operating profit	327.4	290.4	(-11)	295.0 (+2)

3. Overseas Revenue by Segment

		(Billions of yen, year-on-year % change)	
		FY '18 (Actual)	FY '19 (Actual)
Energy and Electric Systems		422.1	411.3 (-3)
Industrial Automation Systems		865.8	842.5 (-3)
Information and Communication Systems		13.1	14.1 (+8)
Electronic Devices		115.8	107.9 (-7)
Home Appliances		568.7	570.7 (0)
Others		19.7	16.5 (-16)
Consolidated total		2,005.4	1,963.2 (-2)
Ratio of overseas revenue to total revenue		45.1%	43.4%

4. Overseas Revenue by Region

(Billions of yen, year-on-year % change)

	FY '18 (Actual)	FY '19 (Actual)	
North America	419.1	429.4	(+2)
Asia	1,089.1	1,013.8	(-7)
Europe	431.3	453.7	(+5)
Others	65.8	66.1	(0)
Consolidated total	2,005.4	1,963.2	(-2)

5. Overseas Production Volume

(%)

	FY '18 (Actual)	FY '19 (Actual)
Ratio of consolidated revenue	29.7	29.4
Ratio of overseas revenue	54.8	55.4

6. Orders by Segment

(Consolidated) (Billions of yen, year-on-year % change)

	FY '19 (Actual)	
Energy and Electric Systems	1,299.6	(0)
Industrial Automation Systems	1,432.3	(+1)
Information and Communication Systems	418.4	(-12)
Electronic Devices	199.2	(-4)

*Home Appliances and Others segments have few products made on order, thus not included in the chart above.

7. Foreign Exchange Rates for Recording Revenue and Impact of Exchange Rate Fluctuations on Revenue

		FY '18 (Actual)	FY '19 (Actual)	FY '20 (Forecast)
Average exchange rate	US\$	¥111	¥111	¥105
	Euro	¥130	¥128	¥125
	CNY	¥16.8	¥16.5	¥16.0
Impact of exchange rate fluctuations on revenue	Consolidated total	About ¥75.0 billion increase	About ¥18.0 billion decrease	
	US\$	About ¥9.0 billion increase	About ¥1.0 billion increase	
	Euro	About ¥26.0 billion increase	About ¥6.0 billion decrease	
	CNY	About ¥11.0 billion increase	About ¥6.0 billion decrease	

8. Capital Expenditures

(Billions of yen, year-on-year % change)

	FY '18 (Actual)	FY '19 (Actual)	FY '20 (Forecast)
Energy and Electric Systems	29.5	35.4 (+20)	
Industrial Automation Systems	79.2	98.6 (+24)	
Information and Communication Systems	22.7	24.8 (+9)	
Electronic Devices	17.7	55.2 (+212)	
Home Appliances	34.2	38.3 (+12)	
Others	8.9	6.3 (-29)	
Common	12.0	10.4 (-13)	
Consolidated total	204.2	269.0 (+32)	270.0 (0)

9. Depreciation of Tangible Fixed Assets and Other

(Billions of yen, year-on-year % change)

	FY '18 (Actual)	FY '19 (Actual)	FY '20 (Forecast)
Consolidated	156.9	154.8 (-1)	180.0 (+16)

10. Research and Development Expenditures

(Billions of yen, year-on-year % change)

	FY '18 (Actual)	FY '19 (Actual)	FY '20 (Forecast)
Consolidated	210.3	212.7 (+1)	218.0 (+2)
Ratio of revenue	4.7	4.7	4.7

* Research and development expenditures in the cost of production are also included.

11. Bonds and Borrowings (Interest-Bearing Debt)

(Billions of yen, %)

	FY '18 (Actual)	FY '19 (Actual)
Consolidated	311.9	298.4
Ratio of total assets	7.2	6.9

12. Number of Employees

(Persons)

	End of FY '18 (Actual)	End of FY '19 (Actual)	End of FY '20 (Forecast)
Consolidated	142,340	145,817	
Non-consolidated	34,561	35,203	36,293
Subsidiaries	205 companies 107,779	206 companies 110,614	
Domestic subsidiaries	94 companies 55,312	95 companies 56,837	
Overseas subsidiaries	111 companies 52,467	111 companies 53,777	

<Reference>

1. Quarterly Financial Results for Fiscal 2019

(Consolidated)

(Billions of yen, year-on-year % change)

	FY '18 (Actual)				FY '19 (Actual)			
	1st Half	Q3	Q4	Full year	1st Half	Q3	Q4	Full Year
Revenue	2,111.7	1,074.9	1,257.6	4,444.4	2,170.1 (+3)	1,094.0 (+2)	1,255.7 (0)	4,519.9 (+2)
Operating profit	152.8	85.1	89.4	327.4	125.9 (-18)	75.5 (-11)	89.0 (-1)	290.4 (-11)
Profit before income taxes	166.1	93.0	94.0	353.2	141.2 (-15)	80.4 (-13)	94.2 (0)	315.9 (-11)
Net profit attributable to Mitsubishi Electric Corp. stockholders	120.9	63.0	71.6	255.7	102.3 (-15)	56.4 (-10)	67.8 (-5)	226.6 (-11)

2. Quarterly Revenue and Operating Profit by Segment for Fiscal 2019

(Billions of yen, year-on-year % change)

		FY '18 (Actual)				FY '19 (Actual)			
		1st Half	Q3	Q4	Full year	1st Half	Q3	Q4	Full Year
Energy and Electric Systems	Revenue	557.1	302.4	393.4	1,253.0	568.6 (+2)	317.2 (+5)	410.8 (+4)	1,296.7 (+3)
	Operating profit	10.6	17.5	37.2	65.4	15.5 (+46)	23.6 (+35)	43.2 (+16)	82.5 (+26)
Industrial Automation Systems	Revenue	703.7	366.8	374.4	1,444.9	730.3 (+4)	363.9 (-1)	373.3 (0)	1,467.6 (+2)
	Operating profit	96.3	53.1	37.8	187.3	77.9 (-19)	36.1 (-32)	28.4 (-25)	142.5 (-24)
Information and Communication Systems	Revenue	191.2	101.0	145.9	438.1	186.8 (-2)	100.7 (0)	138.6 (-5)	426.2 (-3)
	Operating profit	3.2	3.6	4.4	11.3	2.5 (-23)	4.1 (+13)	5.6 (+27)	12.2 (+8)
Electronic Devices	Revenue	99.5	50.3	52.4	202.2	101.8 (+2)	46.6 (-7)	51.3 (-2)	199.9 (-1)
	Operating profit (loss)	7.2	4.7	2.1	14.1	1.2 (-82)	-0.5 (-)	0.7 (-67)	1.4 (-90)
Home Appliances	Revenue	539.2	239.9	270.2	1,049.3	557.1 (+3)	248.9 (+4)	267.9 (-1)	1,074.0 (+2)
	Operating profit	39.4	10.9	5.1	55.4	33.6 (-15)	17.0 (+56)	8.7 (+71)	59.4 (+7)
Others	Revenue	310.7	166.6	181.5	659.0	327.8 (+5)	172.4 (+3)	176.4 (-3)	676.7 (+3)
	Operating profit	9.6	5.5	8.8	24.0	10.3 (+7)	5.8 (+5)	7.9 (-9)	24.1 (+1)
Subtotal	Revenue	2,401.6	1,227.2	1,418.0	5,046.8	2,472.7 (+3)	1,249.8 (+2)	1,418.7 (0)	5,141.3 (+2)
	Operating profit	166.5	95.5	95.6	357.8	141.3 (-15)	86.2 (-10)	94.7 (-1)	322.3 (-10)
Eliminations and other	Revenue	-289.8	-152.2	-160.3	-602.4	-302.6	-155.8	-162.9	-621.4
	Operating profit	-13.7	-10.4	-6.1	-30.3	-15.3	-10.7	-5.7	-31.8
Consolidated total	Revenue	2,111.7	1,074.9	1,257.6	4,444.4	2,170.1 (+3)	1,094.0 (+2)	1,255.7 (0)	4,519.9 (+2)
	Operating profit	152.8	85.1	89.4	327.4	125.9 (-18)	75.5 (-11)	89.0 (-1)	290.4 (-11)

3. Difference between US GAAP and IFRS for Fiscal 2018

1) Financial Results

(Consolidated)

(Billions of yen)

	FY '18 (Actual)		
	US GAAP	IFRS	Difference
Revenue	4,431.1	4,444.4	13.2
Operating profit	318.6	327.4	8.8
Profit before income taxes	364.5	353.2	-11.3
Net profit attributable to Mitsubishi Electric Corp. stockholders	271.8	255.7	-16.1

2) Revenue and Operating Profit by Segment

(Billions of yen)

		FY '18 (Actual)		
		US GAAP	IFRS	Difference
Energy and Electric Systems	Revenue	1,241.9	1,253.0	11.1
	Operating profit	51.7	65.4	13.7
Industrial Automation Systems	Revenue	1,444.9	1,444.9	—
	Operating profit	190.8	187.3	-3.4
Information and Communication Systems	Revenue	436.0	438.1	2.1
	Operating profit	11.9	11.3	-0.6
Electronic Devices	Revenue	202.2	202.2	—
	Operating profit	14.5	14.1	-0.3
Home Appliances	Revenue	1,049.3	1,049.3	—
	Operating profit	56.0	55.4	-0.5
Others	Revenue	764.3	659.0	-105.2
	Operating profit	23.9	24.0	0.1
Subtotal	Revenue	5,138.9	5,046.8	-92.0
	Operating profit	349.0	357.8	8.8
Eliminations and other	Revenue	-707.7	-602.4	105.2
	Operating profit	-30.3	-30.3	—
Consolidated total	Revenue	4,431.1	4,444.4	13.2
	Operating profit	318.6	327.4	8.8