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Mitsubishi Electric Announces Consolidated Financial Results for the First Quarter of Fiscal 2020

TOKYO, July 30, 2019 – [Mitsubishi Electric Corporation](http://www.MitsubishiElectric.com) (TOKYO: 6503) announced today its consolidated financial results for the first quarter, ended June 30, 2019, of the current fiscal year ending March 31, 2020 (fiscal 2020).

Consolidated Financial Results

Revenue:	1,050.7	billion yen	(Substantially unchanged from the same period last year)
Operating profit:	54.9	billion yen	(11% decrease from the same period last year)
Profit before income taxes:	59.7	billion yen	(13% decrease from the same period last year)
Net profit attributable to Mitsubishi Electric Corp. stockholders:	42.7	billion yen	(10% decrease from the same period last year)

The economy in the first quarter, from April through June 2019, of fiscal 2020 saw an expansion in the U.S. mainly owing to buoyant consumer consumption, while China experienced a slowdown in economic growth. In addition, Japan saw decreases in export and production, and Europe also experienced a decrease in production, making the economic recovery trend in both markets more moderate.

Under these circumstances, revenue in the first quarter remained substantially unchanged compared to the same period of the previous fiscal year to 1,050.7 billion yen with increased revenue in the Energy and Electric Systems, Information and Communication Systems and Home Appliances segments, as well as decreased revenue in the Industrial Automation Systems and Electronic Devices segments.

Operating profit decreased by 11% compared to the same period of the previous fiscal year to 54.9 billion yen, due to decreased profits in the Industrial Automation Systems and Electronic Devices segments.

Profit before income taxes decreased by 13% compared to the same period of the previous fiscal year to 59.7 billion yen.

Net profit attributable to Mitsubishi Electric Corporation stockholders decreased by 10% compared to the same period of the previous fiscal year to 42.7 billion yen.

Consolidated Financial Results by Business Segment

Energy and Electric Systems

Revenue:	275.8 billion yen	(3% increase from the same period last year which recorded 267.3 billion yen)
Operating profit:	9.1 billion yen	(3.2 billion yen increase from the same period last year which recorded 5.9 billion yen)

The social infrastructure systems business saw increases in both orders and revenue from the same period of the previous fiscal year due primarily to increases in the transportation systems business in Japan and the power systems business outside Japan.

The building systems business saw a decrease in orders compared to the same period of the previous fiscal year due to a stagnation in China and the Middle East, while revenue in this business experienced an increase compared to the same period of the previous fiscal year due to an increase in new installations of elevators and escalators in Japan, mainly in the Tokyo metropolitan area.

As a result, revenue for this segment increased by 3% from the same period of the previous fiscal year to 275.8 billion yen. Operating profit increased by 3.2 billion yen from the same period of the previous fiscal year to 9.1 billion yen mainly due to an increase in revenue.

Industrial Automation Systems

Revenue:	332.3 billion yen	(8% decrease from the same period last year which recorded 360.9 billion yen)
Operating profit:	21.1 billion yen	(23.6 billion yen decrease from the same period last year which recorded 44.8 billion yen)

The factory automation systems business saw decreases in both orders and revenue from the same period of the previous fiscal year due primarily to a slowdown in capital expenditures in semiconductors, machinery and automotive-related equipment in Japan, and also to stagnation in the fields of organic light emitting diodes (OLED) and smartphones outside Japan.

The automotive equipment business saw decreases in both orders and revenue from the same period of the previous fiscal year due primarily to decreases in Japan and other markets in Asia, despite increased sales in electric-vehicle related equipment in response to market growth worldwide.

As a result, revenue for this segment decreased by 8% from the same period of the previous fiscal year to 332.3 billion yen. Operating profit decreased by 23.6 billion yen from the same period of the previous fiscal year to 21.1 billion yen mainly due to a decrease in revenue, a shift in product mix and upfront investment for growth drivers.

Information and Communication Systems

Revenue:	86.4 billion yen	(8% increase from the same period last year which recorded 79.7 billion yen)
Operating profit:	1.3 billion yen	(3.2 billion yen improvement from the same period last year which recorded a loss of 1.8 billion yen)

The telecommunications systems business saw increases in both orders and revenue compared to the same period of the previous fiscal year due primarily to increased demand in communications infrastructure equipment.

The information systems and service business saw increases in both orders and revenue compared to the same period of the previous fiscal year mainly due to an increase in the system integrations business.

The electronic systems business saw an increase in orders compared to the same period of the previous fiscal year due to increased orders for large projects in the space systems business, while revenue experienced an increase compared to the same period of the previous fiscal year due to an increase in the defense systems business.

As a result, revenue for this segment increased by 8% compared to the same period of the previous fiscal year to 86.4 billion yen. Operating profit improved by 3.2 billion yen from the same period of the previous fiscal year to 1.3 billion yen due primarily to an increase in revenue and a shift in project portfolios.

Electronic Devices

Revenue:	50.9 billion yen	(1% decrease from the same period last year which recorded 51.4 billion yen)
Operating profit:	0.5 billion yen	(0.8 billion yen decrease from the same period last year which recorded 1.4 billion yen)

The electronic devices business saw an increase in orders from the same period of the previous fiscal year due primarily to increased demand for power modules used in automotive and railcar applications, while revenue decreased by 1% from the same period of the previous fiscal year to 50.9 billion yen mainly due to decreased demand for optical communication devices.

Operating profit decreased by 0.8 billion yen compared to the same period of the previous fiscal year to 0.5 billion yen due primarily to a decrease in revenue.

Home Appliances

Revenue:	296.0 billion yen	(6% increase from the same period last year which recorded 280.3 billion yen)
Operating profit:	31.1 billion yen	(11.1 billion yen increase from the same period last year which recorded 20.0 billion yen)

The home appliances business saw an increase in revenue by 6% from the same period of the previous fiscal year to 296.0 billion yen mainly due to an increase in air conditioners for Japan, North America and Europe.

Operating profit increased by 11.1 billion yen compared to the same period of the previous fiscal year due primarily to an increase in revenue.

Others

Revenue:	149.5 billion yen	(4% decrease from the same period last year which recorded 155.6 billion yen)
Operating profit:	2.1 billion yen	(0.9 billion yen increase from the same period last year which recorded 1.1 billion yen)

Revenue decreased by 4% compared to the same period of the previous fiscal year to 149.5 billion yen due primarily to a decrease in procurements for the Mitsubishi Electric Group at affiliated companies involved in materials procurement.

Operating profit increased by 0.9 billion yen compared to the same period of the previous fiscal year to 2.1 billion yen due primarily to cost improvements.

Financial Standing

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

The Mitsubishi Electric Group has applied IFRS 16 Lease from the first quarter of the current fiscal year, thereby, as of the date of the initial application, it has added lease assets of 93.0 billion yen mainly as property, plant and equipment, and liabilities of 95.1 billion yen as bonds, borrowings and lease liabilities. (For details, refer to the 'Changes in Accounting Policies' in 'Notes to the Condensed Consolidated Financial Statements.')

Total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 61.3 billion yen to 4,294.9 billion yen. The change in balance of total assets was mainly attributable to increases in property, plant and equipment by 81.2 billion yen, while trade receivables and contract assets decreased by 184.0 billion yen primarily as a result of credit collection.

Total liabilities decreased from the end of the previous fiscal year by 24.9 billion yen to 1,820.1 billion yen. The outstanding balances of bonds, borrowings and lease liabilities increased by 83.4 billion yen, while trade payables decreased by 56.2 billion yen, and other current liabilities also decreased by 49.7 billion yen. Meanwhile, bonds and borrowings decreased by 12.3 billion yen from the end of the previous fiscal year to 263.6 billion yen, with the ratio of bonds and borrowings to total assets recording 6.1%.

Mitsubishi Electric Corporation stockholders' equity decreased by 35.9 billion yen compared to the end of the previous fiscal year to 2,364.0 billion yen. The stockholders' equity ratio was recorded at 55.0%, representing a 0.1 point decrease compared to the end of the previous fiscal year. These changes referred to above primarily result from a decrease in dividend payment of 55.8 billion yen and a decrease in accumulated other comprehensive income by 20.5 billion yen mainly reflecting the yen's appreciation against foreign currencies, despite an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 42.7 billion yen.

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

Cash flows from operating activities for this quarter increased by 29.2 billion yen compared to the same period of the previous fiscal year to 126.4 billion yen (cash in). Cash flows from investing activities increased by 12.2 billion yen compared to the same period of the previous fiscal year to 51.0 billion yen (cash out), due primarily to an increase in purchase of property, plant and equipment. As a result, free cash flow was 75.4 billion yen (cash in). Cash flows from financing activities were 82.0 billion yen (cash out) mainly due to dividend payments.

Forecast for Fiscal 2020

The current consolidated earnings forecast for fiscal 2020, ending March 31, 2020, is unchanged from the announcement on April 26, 2019 as stated 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)

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.*

Consolidated Financial Results Summary

(In billions of yen except where noted)

	FY '19 Q1 (A) (Apr. 1, 2018 – Jun. 30, 2018)	FY '20 Q1 (B) (Apr. 1, 2019 – Jun. 30, 2019)		
			B – A	B/A (%)
Revenue	1,050.9	1,050.7	(0.2)	100
Operating profit	61.5	54.9	(6.6)	89
Profit before income taxes	68.7	59.7	(8.9)	87
Net profit attributable to Mitsubishi Electric Corp. stockholders	47.5	42.7	(4.8)	90
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	22. ¹⁸ yen	19.⁹⁴ yen	(2. ²⁴ yen)	90

Notes:

- 1) Consolidated financial charts made in accordance with International Financial Reporting Standards (IFRS).
- 2) The company has 204 consolidated subsidiaries.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statement of Profit or Loss and
Condensed Quarterly Consolidated Statement of Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(In millions of yen)

	FY '19 Q1 (Apr. 1, 2018 – Jun. 30, 2018)		FY '20 Q1 (Apr. 1, 2019 – Jun. 30, 2019)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Revenue	1,050,982	100.0	1,050,764	100.0	(218)	100
Cost of sales	741,047	70.5	749,869	71.4	8,822	101
Selling, general and administrative expenses	250,206	23.8	246,896	23.5	(3,310)	99
Other profit (loss)	1,860	0.2	912	0.1	(948)	49
Operating profit	61,589	5.9	54,911	5.2	(6,678)	89
Financial income	4,758	0.4	4,299	0.4	(459)	90
Financial expenses	610	0.1	2,760	0.2	2,150	452
Share of profit of investments accounted for using the equity method	2,993	0.3	3,295	0.3	302	110
Profit before income taxes	68,730	6.5	59,745	5.7	(8,985)	87
Income taxes	18,723	1.7	12,935	1.2	(5,788)	69
Net profit	50,007	4.8	46,810	4.5	(3,197)	94
Net profit attributable to:						
Mitsubishi Electric Corp. stockholders	47,578	4.5	42,777	4.1	(4,801)	90
Non-controlling interests	2,429	0.3	4,033	0.4	1,604	166

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(In millions of yen)

	FY '19 Q1 (A) (Apr. 1, 2018 – Jun. 30, 2018)	FY '20 Q1 (B) (Apr. 1, 2019 – Jun. 30, 2019)	B – A
Net profit	50,007	46,810	(3,197)
(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	7,388	(3,973)	(11,361)
Share of other comprehensive income of investments accounted for using the equity method	131	(65)	(196)
Subtotal	7,519	(4,038)	(11,557)
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations	(9,152)	(18,979)	(9,827)
Net changes in the fair value of cash flow hedges	(18)	(39)	(21)
Share of other comprehensive income of investments accounted for using the equity method	(1,844)	434	2,278
Subtotal	(11,014)	(18,584)	(7,570)
Total other comprehensive income (loss)	(3,495)	(22,622)	(19,127)
Comprehensive income	46,512	24,188	(22,324)
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	44,730	22,219	(22,511)
Non-controlling interests	1,782	1,969	187

Condensed Quarterly Consolidated Statement of Financial Position

(In millions of yen)

	FY '19 (A) (ended Mar. 31, 2019)	FY '20 Q1 (B) (ended Jun. 30, 2019)	B – A
(Assets)			
Current assets	2,624,293	2,497,073	(127,220)
Cash and cash equivalents	514,224	500,644	(13,580)
Trade receivables and contract assets	1,233,916	1,049,818	(184,098)
Inventories	729,098	756,930	27,832
Other current assets	147,055	189,681	42,626
Non-current assets	1,731,918	1,797,838	65,920
Investments accounted for using the equity method	197,959	190,469	(7,490)
Other financial assets	303,834	304,500	666
Property, plant and equipment	760,540	841,764	81,224
Other non-current assets	469,585	461,105	(8,480)
Total assets	4,356,211	4,294,911	(61,300)
(Liabilities)			
Current liabilities	1,416,335	1,333,905	(82,430)
Bonds, borrowings and lease liabilities	104,969	128,544	23,575
Trade payables	559,641	503,375	(56,266)
Other current liabilities	751,725	701,986	(49,739)
Non-current liabilities	428,721	486,251	57,530
Bonds, borrowings and lease liabilities	193,469	253,356	59,887
Net defined benefit liabilities	176,087	176,240	153
Other non-current liabilities	59,165	56,655	(2,510)
Total liabilities	1,845,056	1,820,156	(24,900)
(Equity)			
Mitsubishi Electric Corp. stockholders' equity	2,399,946	2,364,044	(35,902)
Common stock	175,820	175,820	—
Capital surplus	202,834	201,990	(844)
Retained earnings	1,960,466	1,945,901	(14,565)
Accumulated other comprehensive income (loss)	63,809	43,256	(20,553)
Treasury stock, at cost	(2,983)	(2,923)	60
Non-controlling interests	111,209	110,711	(498)
Total equity	2,511,155	2,474,755	(36,400)
Total liabilities and equity	4,356,211	4,294,911	(61,300)
Bonds, borrowings and lease liabilities	298,438	381,900	83,462
Excluding lease liabilities	275,972	263,617	(12,355)
Accumulated other comprehensive income (loss):			
Exchange differences on translating foreign operations	8,368	(8,134)	(16,502)
Financial assets measured at fair value through other comprehensive income	55,503	51,473	(4,030)
Net changes in the fair value of cash flow hedges	(62)	(83)	(21)

Condensed Quarterly Consolidated Statement of Changes in Equity
FY '19 Q1 (Apr. 1, 2018 – Jun. 30, 2018)

(In millions of yen)

	Mitsubishi Electric Corp. stockholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total		
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			47,578			47,578	2,429	50,007
Other comprehensive income (loss), net of tax				(2,848)		(2,848)	(647)	(3,495)
Comprehensive income	—	—	47,578	(2,848)	—	44,730	1,782	46,512
Transfer to retained earnings			(203)	203		—		—
Dividends			(55,816)			(55,816)	(2,585)	(58,401)
Purchase of treasury stock					(1,054)	(1,054)		(1,054)
Transactions with non-controlling interests and others		3,197				3,197	4,596	7,793
Balance at end of period	175,820	202,639	1,802,907	106,847	(2,982)	2,285,231	106,838	2,392,069

FY '20 Q1 (Apr. 1, 2019 – Jun. 30, 2019)

(In millions of yen)

	Mitsubishi Electric Corp. stockholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total		
Balance at beginning of period	175,820	202,834	1,960,466	63,809	(2,983)	2,399,946	111,209	2,511,155
Cumulative effects of changes in accounting policies			(1,521)			(1,521)	(7)	(1,528)
Restated balance at beginning of period	175,820	202,834	1,958,945	63,809	(2,983)	2,398,425	111,202	2,509,627
Comprehensive income								
Net profit			42,777			42,777	4,033	46,810
Other comprehensive income (loss), net of tax				(20,558)		(20,558)	(2,064)	(22,622)
Comprehensive income	—	—	42,777	(20,558)	—	22,219	1,969	24,188
Transfer to retained earnings			(5)	5		—		—
Dividends			(55,816)			(55,816)	(1,642)	(57,458)
Purchase of treasury stock					(784)	(784)		(784)
Disposal of treasury stock		(844)			844	0		0
Transactions with non-controlling interests and others						—	(818)	(818)
Balance at end of period	175,820	201,990	1,945,901	43,256	(2,923)	2,364,044	110,711	2,474,755

Condensed Quarterly Consolidated Statement of Cash Flows

(In millions of yen)

	FY '19 Q1 (Apr. 1, 2018 – Jun. 30, 2018) (A)	FY '20 Q1 (Apr. 1, 2019 – Jun. 30, 2019) (B)	B – A
I Cash flows from operating activities			
1 Net profit	50,007	46,810	(3,197)
2 Adjustments to cash flows from operating activities			
(1) Depreciation, amortization and other	38,093	46,780	8,687
(2) Decrease in trade receivables and contract assets	164,962	176,039	11,077
(3) Decrease (increase) in inventories	(62,155)	(36,211)	25,944
(4) Increase (decrease) in trade payables	(39,220)	(54,838)	(15,618)
(5) Others, net	(54,451)	(52,131)	2,320
Cash flows from operating activities	97,236	126,449	29,213
II Cash flows from investing activities			
1 Purchase of property, plant and equipment	(36,350)	(43,096)	(6,746)
2 Proceeds from sale of property, plant and equipment	1,102	714	(388)
3 Purchase of investment securities	(4,129)	(6,401)	(2,272)
4 Proceeds from sale of investment securities (net of cash disposed)	1,944	3,646	1,702
5 Others, net	(1,288)	(5,864)	(4,576)
Cash flows from investing activities	(38,721)	(51,001)	(12,280)
I + II Free cash flow	58,515	75,448	16,933
III Cash flows from financing activities			
1 Proceeds and repayment of bonds and long-term borrowings	(10,011)	(30,495)	(20,484)
2 Increase (decrease) in short-term borrowings, net	(1,814)	18,798	20,612
3 Repayments of lease liabilities	(2,325)	(12,753)	(10,428)
4 Dividends paid	(55,816)	(55,816)	(0)
5 Purchase of treasury stock	(1,054)	(784)	270
6 Disposal of treasury stock	–	0	0
7 Others, net	7,001	(982)	(7,983)
Cash flows from financing activities	(64,019)	(82,032)	(18,013)
IV Effect of exchange rate changes on cash and cash equivalents	(1,207)	(6,996)	(5,789)
V Net increase (decrease) in cash and cash equivalents	(6,711)	(13,580)	(6,869)
VI Cash and cash equivalents at beginning of period	599,199	514,224	(84,975)
VII Cash and cash equivalents at end of period	592,488	500,644	(91,844)

Consolidated Segment Information

1. Revenue and Operating Profit by Business Segment

(In millions of yen)

Business Segment	FY '19 Q1 (Apr. 1, 2018 – Jun. 30, 2018)		FY '20 Q1 (Apr. 1, 2019 – Jun. 30, 2019)		C – A	D – B	C/A (%)
	Revenue (A)	Operating profit (loss) (B)	Revenue (C)	Operating profit (D)			
Energy and Electric Systems	267,397	5,978	275,833	9,196	8,436	3,218	103
Industrial Automation Systems	360,999	44,873	332,314	21,182	(28,685)	(23,691)	92
Information and Communication Systems	79,782	(1,840)	86,409	1,366	6,627	3,206	108
Electronic Devices	51,462	1,486	50,954	597	(508)	(889)	99
Home Appliances	280,334	20,056	296,004	31,188	15,670	11,132	106
Others	155,657	1,160	149,523	2,151	(6,134)	991	96
Subtotal	1,195,631	71,713	1,191,037	65,680	(4,594)	(6,033)	100
Eliminations and corporate	(144,649)	(10,124)	(140,273)	(10,769)	4,376	(645)	–
Consolidated total	1,050,982	61,589	1,050,764	54,911	(218)	(6,678)	100

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

2. Revenue by Location of Customers

(In millions of yen)

Location of Customers	FY '19 Q1 (Apr. 1, 2018 – Jun. 30, 2018)		FY '20 Q1 (Apr. 1, 2019 – Jun. 30, 2019)		B – A	B/A (%)
	Revenue (A)	% of total revenue	Revenue (B)	% of total revenue		
Japan	541,434	51.5	562,457	53.5	21,023	104
North America	103,098	9.8	118,000	11.2	14,902	114
Asia (excluding Japan)	270,275	25.7	230,812	22.0	(39,463)	85
China	140,183	13.3	108,958	10.4	(31,225)	78
Europe	121,637	11.6	125,266	11.9	3,629	103
Others	14,538	1.4	14,229	1.4	(309)	98
Total overseas revenue	509,548	48.5	488,307	46.5	(21,241)	96
Consolidated total	1,050,982	100.0	1,050,764	100.0	(218)	100

Notes to the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable

(Notes if there is any significant change in Mitsubishi Electric Corp. stockholders' equity)

Not applicable

(Changes in Accounting Policies)

The Mitsubishi Electric Group has applied IFRS 16 Lease (hereafter "IFRS16") from the first quarter of the current fiscal year.

The Mitsubishi Electric Group had previously not capitalized leases classified as operating lease under IAS 17, but, by applying IFRS 16, introduced the single accounting model to capitalize lessee's lease in principle. For all leases other than leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value, right-of-use assets that represent a right to use an underlying asset and lease liabilities that represent the obligation for lease payment were recognized as of the commencement date.

In the condensed quarterly consolidated statements of financial position, the Mitsubishi Electric Group has presented right-of-use assets as property, plant and equipment, and lease liabilities as bonds, borrowings and lease liabilities.

The Mitsubishi Electric Group has applied IFRS16 retroactively following transitional measures, and has recognized the cumulative effect as an adjustment to the beginning balance of retained earnings in the first quarter of the current fiscal year.

By applying IFRS 16, right-of-use assets and lease liabilities were newly increased by 93,066 million yen and 95,193 million yen respectively as of the date of the initial application (April 1, 2019). Accordingly, retained earnings were decreased by 1,521 million yen.

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 and joint ventures.
- (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

【Supplementary Materials】

July 30, 2019
Mitsubishi Electric Corporation

Fiscal 2020 First-quarter Consolidated Results

1. Financial Results
2. Revenue and Operating Profit by Segment
3. Overseas Revenue by Segment
4. Orders by Segment
5. Foreign Exchange Rates for Recording Revenue and
Impact of Exchange Rate Fluctuations on Revenue

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 '19		FY '20	
	Q1 (Actual)	Full Year (Actual)	Q1 (Actual)	Full Year (Forecast)
Revenue	1,050.9 (+2)	4,519.9 (+2)	1,050.7 (0)	4,630.0 (+2)
Operating profit	61.5 (-18)	290.4 (-11)	54.9 (-11)	295.0 (+2)
Profit before income taxes	68.7 (-15)	315.9 (-11)	59.7 (-13)	320.0 (+1)
Net profit attributable to Mitsubishi Electric Corp. stockholders	47.5 (-17)	226.6 (-11)	42.7 (-10)	240.0 (+6)

2. Revenue and Operating Profit by Segment

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

		FY '19		FY '20	
		Q1 (Actual)	Full Year (Actual)	Q1 (Actual)	Full Year (Forecast)
Energy and Electric Systems	Revenue	267.3 (0)	1,296.7 (+3)	275.8 (+3)	1,330.0 (+3)
	Operating profit	5.9 (-11)	82.5 (+26)	9.1 (+54)	86.0 (+4)
Industrial Automation Systems	Revenue	360.9 (+3)	1,467.6 (+2)	332.3 (-8)	1,460.0 (-1)
	Operating profit	44.8 (-12)	142.5 (-24)	21.1 (-53)	125.0 (-12)
Information and Communication Systems	Revenue	79.7 (-11)	426.2 (-3)	86.4 (+8)	440.0 (+3)
	Operating profit (loss)	-1.8 (-)	12.2 (+8)	1.3 (-)	17.0 (+39)
Electronic Devices	Revenue	51.4 (+7)	199.9 (-1)	50.9 (-1)	220.0 (+10)
	Operating profit	1.4 (-51)	1.4 (-90)	0.5 (-60)	7.0 (+385)
Home Appliances	Revenue	280.3 (+4)	1,074.0 (+2)	296.0 (+6)	1,120.0 (+4)
	Operating profit	20.0 (-17)	59.4 (+7)	31.1 (+56)	68.0 (+14)
Others	Revenue	155.6 (+7)	676.7 (+3)	149.5 (-4)	680.0 (0)
	Operating profit	1.1 (-42)	24.1 (+1)	2.1 (+85)	24.0 (-1)
Subtotal	Revenue	1,195.6 (+2)	5,141.3 (+2)	1,191.0 (0)	5,250.0 (+2)
	Operating profit	71.7 (-16)	322.3 (-10)	65.6 (-8)	327.0 (+1)
Eliminations and corporate	Revenue	-144.6	-621.4	-140.2	-620.0
	Operating profit	-10.1	-31.8	-10.7	-32.0
Consolidated total	Revenue	1,050.9 (+2)	4,519.9 (+2)	1,050.7 (0)	4,630.0 (+2)
	Operating profit	61.5 (-18)	290.4 (-11)	54.9 (-11)	295.0 (+2)

3. Overseas Revenue by Segment

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

	FY '19		FY '20
	Q1 (Actual)	Full Year (Actual)	Q1 (Actual)
Energy and Electric Systems	95.7 (-1)	411.3 (-3)	96.6 (+1)
Industrial Automation Systems	216.9 (-2)	842.5 (-3)	194.2 (-10)
Information and Communication Systems	2.0 (+24)	14.1 (+8)	1.8 (-10)
Electronic Devices	28.8 (+4)	107.9 (-7)	26.0 (-10)
Home Appliances	161.4 (+4)	570.7 (0)	165.6 (+3)
Others	4.4 (+3)	16.5 (-16)	3.8 (-14)
Consolidated total	509.5 (+1)	1,963.2 (-2)	488.3 (-4)
Ratio of overseas revenue to total revenue	48.5%	43.4%	46.5%

4. Orders by Segment

(Consolidated)

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

	FY '19		FY '20
	Q1 (Actual)	Full Year (Actual)	Q1 (Actual)
Energy and Electric Systems	275.9 (-7)	1,299.6 (0)	291.8 (+6)
Industrial Automation Systems	356.6 (+1)	1,432.3 (+1)	338.1 (-5)
Information and Communication Systems	71.5 (-4)	418.4 (-12)	85.2 (+19)
Electronic Devices	50.1 (0)	199.2 (-4)	55.8 (+11)

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

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

		FY '19		FY '20	
		Q1 (Actual)	Full Year (Actual)	Q1 (Actual)	Full Year * (Forecast)
Average exchange rate	US\$	¥110	¥111	¥110	¥105
	Euro	¥129	¥128	¥123	¥125
	CNY	¥17.0	¥16.5	¥16.0	¥16.0
Impact of exchange rate fluctuations on revenue	Consolidated total	About ¥3.0 billion increase	About ¥18.0 billion decrease	About ¥11.0 billion decrease	
	US\$	About ¥2.0 billion decrease	About ¥1.0 billion increase	Little	
	Euro	About ¥4.0 billion increase	About ¥6.0 billion decrease	About ¥4.0 billion decrease	
	CNY	About ¥3.0 billion increase	About ¥6.0 billion decrease	About ¥5.0 billion decrease	

*The forecast for fiscal 2020 is unchanged from the announcement on April 26, 2019.