

Corporate Strategy

May. 2018

MITSUBISHI ELECTRIC CORPORATION

Contents

As the New President and CEO

1. Management Philosophy
2. Management Policy
3. Forecast for FY2018
4. Toward a Higher Level of Growth
5. Make Strong Businesses Stronger
6. Technology Synergies and Business Synergies
7. For Sustainable Growth

Note

FY2014: April 1, 2014-March 31, 2015
FY2015: April 1, 2015-March 31, 2016
FY2016: April 1, 2016-March 31, 2017
FY2017: April 1, 2017-March 31, 2018
FY2018: April 1, 2018-March 31, 2019
FY2019: April 1, 2019-March 31, 2020
FY2020: April 1, 2020-March 31, 2021

As the New President and CEO

IoT, big data and AI are connecting everyone and everything, creating new value in society. Transition to a low carbon society is also taking place. Mitsubishi Electric will celebrate its 100th anniversary in FY2020 against the backdrop of these changes. To achieve our growth targets and to sustain growth beyond FY2020, I believe there are areas where we must continue and areas where we must transform.

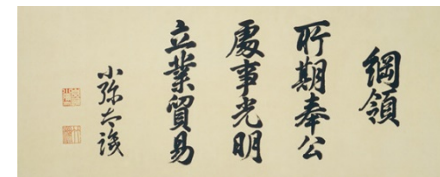
What we must to continue, is to practice the important philosophy of, what we call the Three Principles -the Mitsubishi DNA-, as well as to pursue Balanced Corporate Management from the standpoint of “growth”, “profitability/efficiency” and “soundness”.

On the other hand, there are two transformations which need to be made. First is Business Transformation. In accordance with societal and technological changes, our business model also needs to be constantly re-evaluated. While we strengthen our existing –including our strongest– businesses, we will leverage technological and business synergies, and accelerate our initiatives towards autonomous driving, net-Zero Energy Building (ZEB), and developing of smart factories. Furthermore, we will aim to establish new growth drivers by pursuing cross-organizational initiatives and collaborating with external partners.

Second is Operational Transformation. By furthering work-style reform, we will raise the quality of our work, and realize a corporate culture that values individuals more than ever, so that our employees can work with greater energy and vision while achieving greater personal growth.



T. Sugiyama
Takeshi Sugiyama
President & CEO



the Three Principles
(From the Mitsubishi Archives)

1. Management Philosophy

Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

Embodiment of the Corporate Mission

“Global, Leading Green Company”
Contribute to the realization of a prosperous society that simultaneously achieves "sustainability" and "safety, security and comfort"

Growth Targets to be Achieved by FY2020
Net Sales 5 trillion JPY or more
OPM 8% or more

Initiatives to Create Value

Provide Products, Systems, and Services Globally

Make Strong Businesses Stronger

Technology Synergies/
Business Synergies

Contemporary Challenges in Society

Environmental issues

Resource/ Energy issues

1. Management Philosophy

Mitsubishi Electric group will contribute to meeting the SDGs' globally shared 17 goals by continuing to pursue sustainable growth through all corporate activities, including value creation to solve challenges in society

SUSTAINABLE DEVELOPMENT GOALS

Contribute through value creation



Contribute through all corporate activities

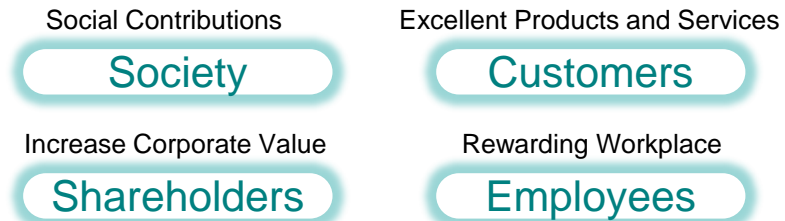


*SDGs: "Sustainable Development Goals" adopted by the United Nations as goals to achieve towards 2030

2. Management Policy

— Maintain Balanced Corporate Management for Sustainable Growth —

■ Pursue the Satisfaction of the Four Stakeholder Categories



■ Strive for Continuous Innovation

Always improving.
Always delivering new value.

■ Toward a Higher Level of Growth

Growth Targets to be Achieved by FY2020

- Net Sales 5 trillion JPY or more
- OPM 8% or more

Management Targets to be Continuously and Stably Achieved

- ROE 10% or more
- Debt Ratio 15% or less



3. Forecast for FY2018 (Consolidated performance)

	FY2014	FY2015	FY2016	FY2017	FY2018
	Actual	Actual	Actual	Actual	Forecast (Apr.2018) Forecast rate 100JPY/USD 125JPY/EUR
(Billions of JPY)	111JPY/USD 138JPY/EUR	120JPY/USD 133JPY/EUR	109JPY/USD 119JPY/EUR	111JPY/USD 130JPY/EUR	
Net Sales	4,323.0	4,394.3	4,238.6	4,431.1	4,500.0 (101)
Operating Income	317.6	301.1	270.1	318.6	315.0 (96)
(%)	7.3%	6.9%	6.4%	7.2%	7.0%
Income before income taxes	322.9	318.4	296.2	364.5	345.0 (98)
Net Income	234.6	228.4	210.4	271.8	245.0 (95)
ROE (Return On Equity)	13.9%	12.4%	10.9%	12.6%	
Shareholders' Equity	1,842.2	1,838.7	2,039.6	2,259.3	
(%)	45.4%	45.3%	48.9%	53.0%	
Debt	381.9	404.0	352.1	311.4	
(%)	9.4%	10.0%	8.4%	7.3%	
FCF (Free Cash Flow)	180.1	111.2	217.3	62.2	
Dividend (JPY per share)	27	27	27	40	
Dividend ratio(%)	24.7%	25.4%	27.5%	31.6%	

*Financial results up until FY 2017 are made in accordance with U.S.GAAP. As Mitsubishi Electric will voluntarily adopt International Financial Reporting Standards (IFRS) from Q1 of FY 2018, FY2018 is stated in accordance with IFRS. The figures in brackets for FY 2018 are year-on-year comparison(%) with IFRS-based FY 2017 figures (non-audited basis).

3. Forecast for FY2018 (Segment Forecast)

		FY2014	FY2015	FY2016	FY2017	FY2018
		Actual	Actual	Actual	Actual	Forecast (Apr.2018)
		111JPY/USD 138JPY/EUR	120JPY/USD 133JPY/EUR	109JPY/USD 119JPY/EUR	111JPY/USD 130JPY/EUR	Forecast rate 100JPY/USD 125JPY/EUR
(Billions of JPY)						
Energy & Electric Systems	Net Sales	1,228.9	1,264.6	1,227.9	1,241.9	1,290.0 (103)
	Operating Income/Loss	72.4	50.3	44.3	51.7	68.0 (104)
	(%)	5.9%	4.0%	3.6%	4.2%	5.3%
Industrial Automation Systems	Net Sales	1,282.7	1,321.9	1,310.1	1,444.9	1,450.0 (100)
	Operating Income/Loss	145.9	159.1	140.0	190.8	184.0 (98)
	(%)	11.4%	12.0%	10.7%	13.2%	12.7%
Information & Communication Systems	Net Sales	559.5	561.1	447.7	436.0	430.0 (98)
	Operating Income/Loss	18.9	14.9	12.7	11.9	10.0 (88)
	(%)	3.4%	2.7%	2.8%	2.7%	2.3%
Electronic Devices	Net Sales	238.4	211.5	186.5	202.2	220.0 (109)
	Operating Income/Loss	30.1	16.8	8.3	14.5	13.0 (92)
	(%)	12.7%	8.0%	4.5%	7.2%	5.9%
Home Appliances	Net Sales	944.8	982.0	1,004.4	1,049.3	1,060.0 (101)
	Operating Income/Loss	54.2	63.8	69.6	56.0	48.0 (86)
	(%)	5.7%	6.5%	6.9%	5.3%	4.5%
Others	Net Sales	740.5	707.7	713.6	764.3	670.0 (100)
	Operating Income/Loss	23.7	23.6	23.2	23.9	24.0 (100)
	(%)	3.2%	3.3%	3.3%	3.1%	3.6%
Total	Net Sales	4,323.0	4,394.3	4,238.6	4,431.1	4,500.0 (101)
	Operating Income/Loss	317.6	301.1	270.1	318.6	315.0 (96)
	(%)	7.3%	6.9%	6.4%	7.2%	7.0%

*Financial results up until FY 2017 are made in accordance with U.S.GAAP. As Mitsubishi Electric will voluntarily adopt International Financial Reporting Standards (IFRS) from Q1 of FY 2018, FY2018 is stated in accordance with IFRS. The figures in brackets for FY 2018 are year-on-year comparison(%) with IFRS-based FY 2017 figures (non-audited basis). Inter-segment sales are included in the above chart.

4. Toward a Higher Level of Growth

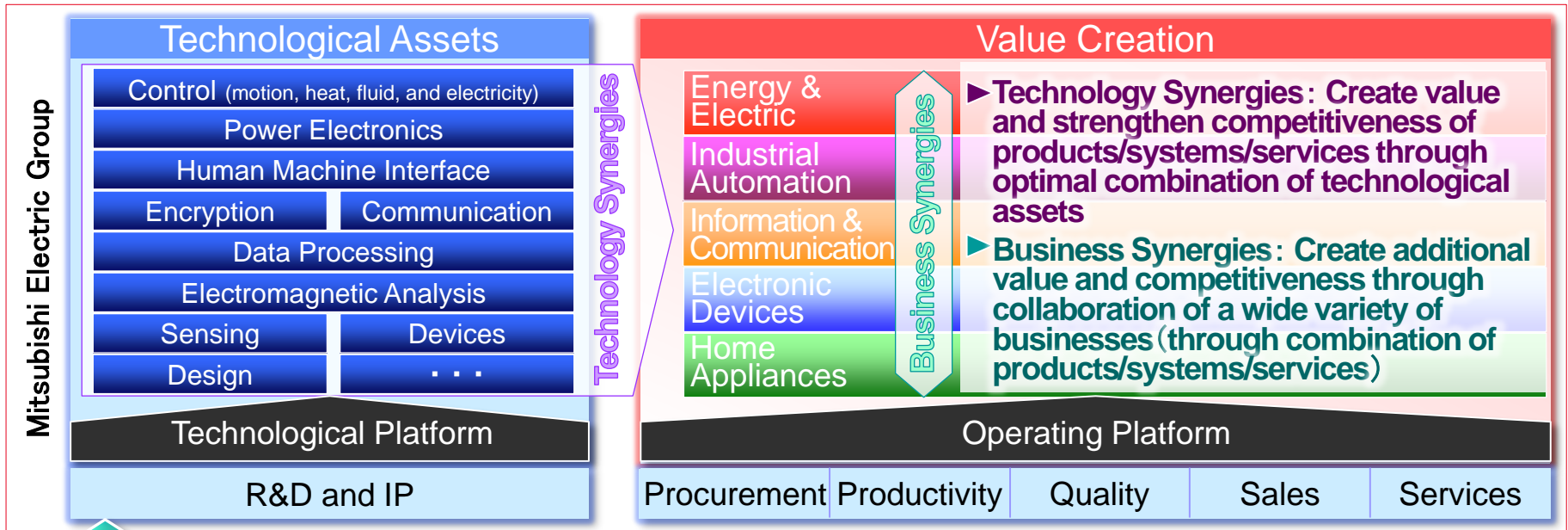
Growth Strategy (Initiatives for value creation)

Make Strong Businesses Stronger: Promote investments and improvements to further strengthen growth drivers

Technology Synergies and Business Synergies: Pursue value creation and competitiveness by leveraging our strengths

Strength of the Mitsubishi Electric Group

- A wide range of **technological assets** such as controls and power electronics
- **Activities in diverse businesses** with different business features
- “**Kaizen**” (improvement) culture taking root in every field, including production, quality management, sales, services, etc.



Open & Global Innovation Enhance technological development capabilities through joint R&D initiatives

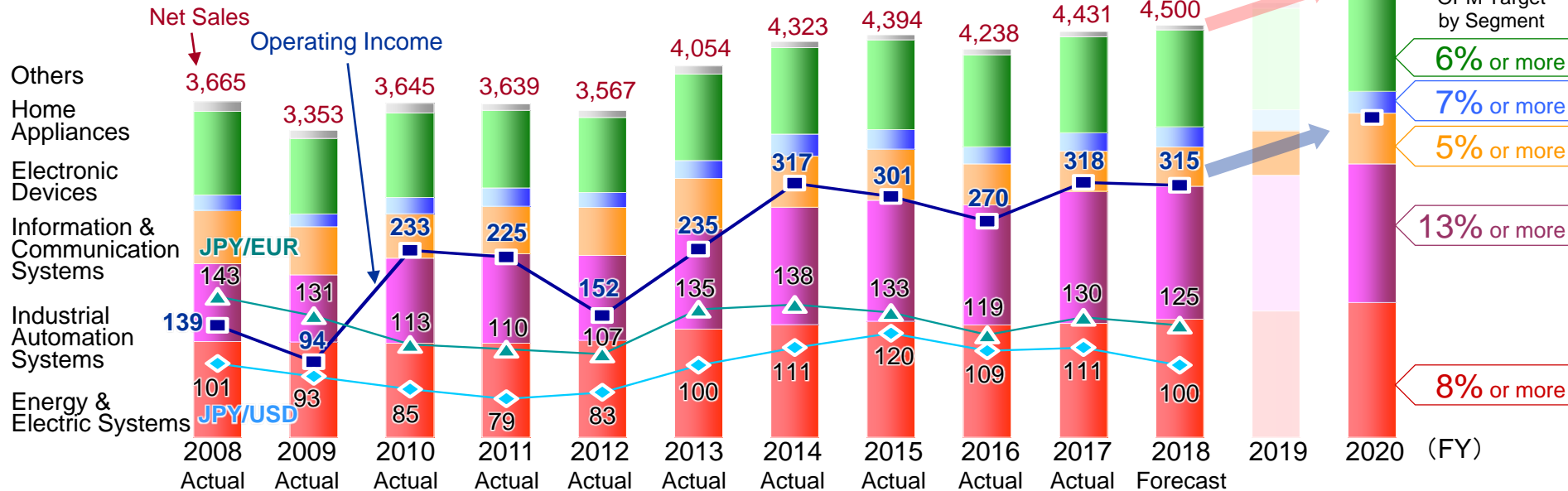


4. Toward a Higher Level of Growth

- Expand technology and business synergies
- Invest for sustainable growth beyond FY2020
- Maximize investment outcome
- Improve low profitability businesses

- Proactive investments mainly in growth drivers
- Strengthen business portfolios

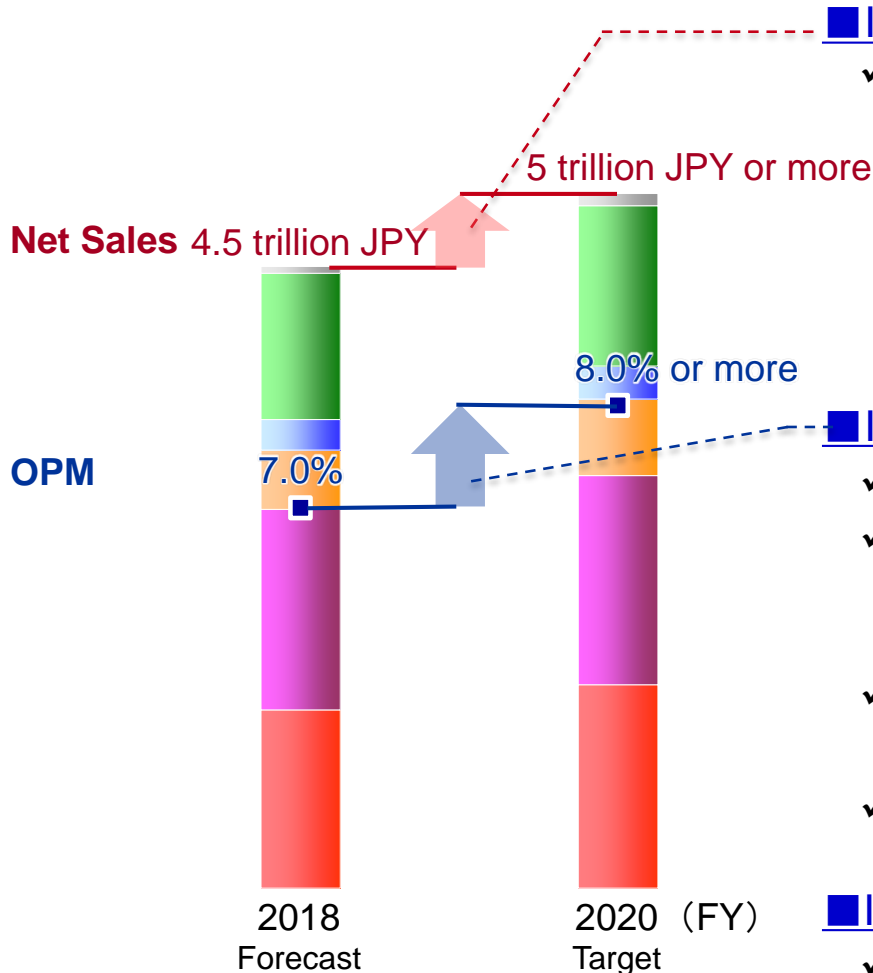
(Billions of JPY)



(%)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth Target
OPM	3.8	2.8	6.4	6.2	4.3	5.8	7.3	6.9	6.4	7.2	7.0	8% or more
ROE	1.3	3.1	12.4	10.3	5.7	10.9	13.9	12.4	10.9	12.6	10% or more	To Be Continuously and Stably Achieved
Debt ratio	20.3	16.7	14.5	16.0	15.9	10.3	9.4	10.0	8.4	7.3	15% or less	

*FY2008~2017: U.S.GAAP, FY2018~: IFRS

4. Toward a Higher Level of Growth — To realize FY2020 growth targets —



■ Initiatives to realize Sales of 5 trillion JPY or more

- ✓ Maximize investment outcome
 - Expand businesses in North America, Europe, China and emerging countries including India, ASEAN, etc.
 - Strengthen aftermarket service business (Power Systems, Transportation Systems, Building Systems)
 - Expand equipment for electric vehicles (Automotive Equipment, Power Devices)

■ Initiatives to realize OPM of 8% or more

- ✓ Maximize investment outcome
- ✓ Improve low profitability businesses
 - Continuous strengthening of project management
 - Shift resources to growth businesses/ areas
- ✓ Reduce manufacturing cost by utilizing IoT (e-F@ctory)
- ✓ Enhance operating efficiency

■ Initiatives to realize sustainable growth beyond FY2020

- ✓ Expand technology and business synergies
- ✓ Investments for future sustainable growth

4. Toward a Higher Level of Growth

- Since FY2014, have been actively investing mainly in growth drivers, strengthening the business portfolio
 - Maximize investment outcome to realize growth targets for FY2020 and sustain further growth beyond FY2020
- Up to FY2020: Expand businesses in Japan, North America, Europe and China •FY2020 and beyond: shift gear to expand sales in emerging countries

Japan

Achieve stable growth and greater profitability as a core operating region to drive business expansion

【Major initiatives since FY2014】*

- [P] • The demonstration facility for MVDC distribution at the Power Distribution Systems Center (Jul.2016)
- HVDC verification facility at Transmission and Distribution Systems Center (1st half of FY2018)
- Transfer particle therapy system business(Jun.2018)
- [T] • New plant in Itami Works (Apr.2015)
- New plant for control panels in Kobe area (Jun.2016)
- [B] • New facility for Inazawa Works(Jun.2016, Dec.2018)
- [AR] • Engineering facility for Air-Conditioning & Refrigeration Systems Works (Mar.2016)
- Development engineering/ testing facility at Shizuoka Works (Jun.2019)
- [FA] • New aftermarket service support facility at Nagoya Works (Oct.2016), The 2nd FA development center (Jul.2017)
- [AE] • Developed next-generation driving-assistance technology concept car “EMIRAI4” (Oct.2017)
- Himeji Works’ new plant (May 2018)
- [S] • Established Dynamic Map Planning Co., Ltd. (Jun.2016), Increased capital investment (Jun.2017)
- Kamakura Works’ new plant (Oct.2017, Oct.2019)
- [Others] • Sold a mobile phone distribution company (Apr.2016)

North America/ Europe/ China

Achieve greater competitiveness in current markets while increasing the scale of operations

【Major initiatives since FY2014】*

North America

- [T] • Strengthened MEPPi maintenance system (May 2014)
- [AE] • Strengthened MEAA production system (Oct.2014, Jan.2016)
- [AR] • Established a distribution J/V with Ingersoll Rand(US) (May 2018)

Europe

- [T] • MEKT (Italy) (Apr.2014)
- Invested (capital participation) MEDCOM (Poland) (Oct.2015)
- [S] • Established Sapcorda Services, a high precision GNSS positioning services company (Aug.2017)
- [AR] • Wholly acquired DeLclima (Italy) (Feb.2016), and consolidated and reorganized their subsidiaries (Jan.2017)
- [AL] • MER (Russia) (Nov.2014)
- Established MEU Norway branch (Oct.2015)

China

- [B] • MESE’s new plant (Nov.2015)
- [FA] • MEAMC’s the 2nd plant (Apr.2017), Expansion of the 2nd plant (Oct.2018)

[P] Power Systems

[T] Transportation Systems

[B] Building Systems

[AR] Air-Conditioning & Refrigeration Systems

[FA] FA Systems

[AE] Automotive Equipment

[S] Space Systems

[AL] ALL

*The month/ year in brackets note when the facilities started/ will start operation

Asia (excl. China)/ Others

Cultivate new markets by developing local business networks

【Major initiatives since FY2014】*

Thailand

- [P] • ME-TH as a sales company (Aug.2015)
- [B] • AMEC’s new plant (May 2016), new elevator test tower (Jun.2017)
- [AR] • MCP’s new building (Jul.2015)
- Established MKY training center (Aug.2015)

Myanmar

- [AL] • Established MEAP Yangon branch (Apr.2014)

Korea

- [B] • KMEC’s new plant (Mar.2018)

India

- [T] • MEI’s new plant (Nov.2015)
- [B] • IMEC’s new plant (Sep.2016)

Turkey

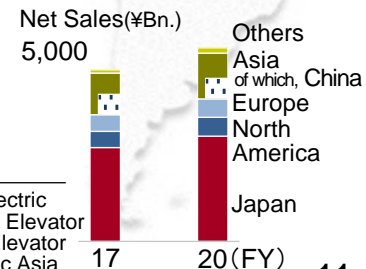
- [AR] • MACT’s new plant(Dec.2017)

Mexico

- [AE] • MEAX (Oct.2014)

South Africa

- [AL] • Established MEU South Africa branch (Jun.2015)



5. Make Strong Businesses Stronger — Growth Drivers —

Energy & Electric Systems

- **Power Systems**
Power generation systems,
Transmission & distribution systems,
Power distribution systems, etc.
- **Transportation Systems**
Inverters, main motors and
air conditioning systems for railcars,
Train Vision, Train control and
management systems,
Railcar operation management systems,
Signaling systems, etc.
- **Building Systems**
Elevators, Escalators,
Building management systems, etc.
- **Public Systems**
Water treatment systems,
Disaster prevention systems, etc.



Industrial Automation Systems

- **Factory Automation (FA) Systems**
PLCs, AC servomotors,
CNCs, Industrial robots,
Laser processing machines, etc.
- **Automotive Equipment**
Starters, Alternators,
EPS system products,
Car multimedia,
Electric powertrain system,
ADAS products, etc.

Information & Communication Systems

- **Space Systems**
Satellites, Ground systems for
satellite control, etc.
- **Defense Systems**
Radar equipment, Antennas, etc.
- **Communication Systems**
Optical, wireless and satellite
communications systems, etc.
- **Video Monitoring Systems**
Network camera systems
- **IT Solution**

Electronic Devices

- **Power Devices**
SiC modules, IGBT modules, etc.
- **High Frequency and Optical Devices**
High frequency devices (GaN and
GaAs), Optical devices, etc.
- **TFT LCD Modules**

Home Appliances

- **Air-Conditioning & Refrigeration Systems**
Room and package air conditioners,
Multiple AC units for buildings, Lossnay
ventilation systems, Chillers, etc.
- **Housing Equipment**
Smart appliances, Lighting, HEMS, etc.
- **Kitchen and Other Household Appliances**

*EPS: Electric Power Steering, ADAS: Advanced Driving Assistant System, SiC: Silicon Carbide, IGBT: Insulated Gate Bipolar Transistor, GaN: Gallium Nitride, GaAs: Gallium Arsenide, HEMS: Home Energy Management System

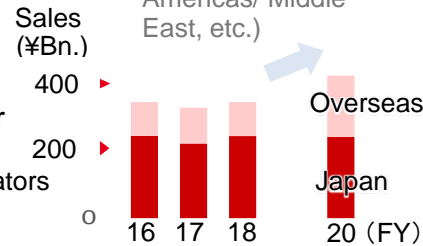
5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Power Systems Business

Provide a highly efficient, environment friendly products and systems from power generation to transmission and distribution which contribute to the stable supply of electricity

- Respond to needs to use energy effectively and stabilize power systems, which have increased with the expansion of renewable energy and distributed energy resources
- Provide power electronics systems, high capacity energy storage systems, integrally management solution of distributed energy resources(VPP solution)
- Contribute to building the infrastructure which underpins the electricity system reforms
- The Company's share in smart meter (communication system): 5 out of 10 Japanese electric power companies
- Maintain aging products, and respond to needs for replacement into high efficiency products with a shorter construction period
- Respond to advancing needs, such as inspection of turbine generators by ultra-thin robots (Total number of turbine generators delivered: c. 2,100 units, of which aged equipment: c. 1,000 units)

- Expand introducing new products and systems (Maximize investment outcome)
- Strengthen aftermarket service business (Japan/ Americas/ Middle East, etc.)



- Developed a ultra-thin inspection robot for power generators (Jan.2017)
- Started to provide the solutions that utilize IoT Platform "INFOPRISM" for Social Infrastructure & Energy Systems (Nov.2017)
- Reached agreement with Hitachi on integrating the particle therapy system business (Dec.2017)
- Developed power transaction bidding system assistance technology (Jan.2018)
- Completed construction of "vacuum interrupters and circuit breakers production factory" at the Power Distribution Systems Center (Feb.2018)



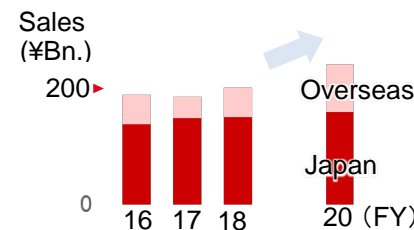
*VPP: Virtual Power Plant

Transportation Systems Business

Optimize the total energy of railway transport by leveraging the strength of products and systems which can realize "driving" "braking" and "controlling" in a single company

- Improve energy efficiency of railcars and regenerative power during braking
- Launched compact and lighter high efficiency models (railcar traction inverter and APS with all-SiC power modules, and air-conditioning equipment for railcars)
- Energy conservation of the station building as a whole
- Launched Station Energy Saving Inverter (S-EIV[®]) which supply excess regenerative power to the station's power facilities
- Safe and efficient train operation using train control which applies wireless technology (CBTC)
- Energy-savings by replacing railcar electrical products to high-efficiency models
- Expand renewal/ maintenance/ aftermarket service utilizing the local sales bases

- Capture demand in Japan/ Europe/ India, etc. (Maximize investment outcome)
- Strengthen aftermarket service business (Europe/ Americas, etc.)



- Started commercial operation of the mass production E235 railcar installed with all-SiC inverter, for East Japan Railway Company (May 2017)
- Started measurement/ analysis service for "Mitsubishi Infrastructure Monitoring System II" (Nov.2017)
- Expanded lineup of integrated 400V AC-output S-EIV[®] (Nov.2017)
- Received orders for railcar electric equipment (traction transformers for rail cars) from French National Railways for the first time (Dec.2017)
- Delivered radio equipment for CBTC system to Tokyo Metro (Feb.2018)

*APS: Auxiliary Power Supply, CBTC: Communication Based Train Control

5. Make Strong Businesses Stronger

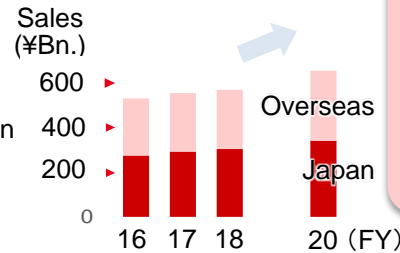
— Value Creation in Growth Drivers —

Building Systems Business

Provide total support from new installation to maintenance, and renewal, through highly safe and reliable products as well as high field engineering capabilities

- Provide safety and reliability based on a rich track record, and achieve energy-savings by reducing size and weight of product lineup
- Reduce operation cost and energy consumption of the total building
 - Monitor and control building facilities such as air conditioning, lighting and enter/ exit situation with a building management system
- Minimize the downtime of elevators during renewal periods
 - Started to provide new renewal products which realize “0 days” (less than 24 hours) of continuous downtime for elevators during Construction (Number of units up for renewal by FY2020: c. 90,000 units)
- Provide premium maintenance services
 - Strengthen maintenance system and expand services

- Capture demand in China/ India/ ASEAN, etc. (Maximize investment outcome)
- Strengthen aftermarket service business (Japan/China, etc.)



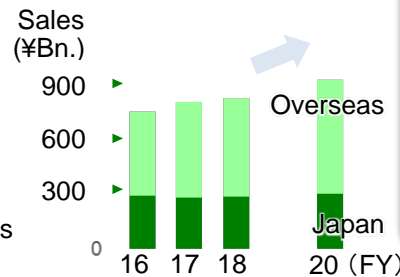
- Expanded the elevator types which are subject to Elemention+[ZERO] (approx. 50% of elevators manufactured by the Company which will be up for renewals in FY2020) (Oct.2017)
- Start construction of Elevator Training Center at Inazawa Works (Nov.2017)
- Launched the building maintenance system “BuilUnity” (Nov.2017)
- Delivered ZEB-contributing equipment to Shirasagi Denki Kogyo’s new head office building (Feb.2018)
- Started operation of KMEC new plant in South Korea (Mar.2018)

Air-Conditioning & Refrigeration Systems Business

Respond to energy-saving needs unique to the region through high functionality/ high efficiency devices and advanced control technologies

- Respond to environmental and energy-saving regulations, and lower environmental burden
 - Adopt technologies such as all-SiC DIPIPM mounting, aluminum flat tube heat exchanger, and high efficiency compressors
 - Adopt refrigerant R32
 - Adopt our original Flash Injection Circuit (to achieve both high heating capability and high energy efficiency under cold external temperatures)
- Respond closely to the needs of different regions
 - Respond to the broad range of needs from room air-conditioning to large size air-conditioning and refrigeration systems including chillers mainly in Europe, through the acquisition and consolidation of DeLclima (currently: MEHITS)
 - Launch heating and hot-water supply system meeting European needs
- Develop renewal and maintenance business
 - Renew into new-refrigerant air conditioner in a shorter construction period using existing piping (replace models)
 - Accelerate receiving orders for maintenance services through collaboration with building systems business (Japan)
 - Strengthen facility operating systems and remote management services (overseas) (Italy: RMI)

- Capture demand in North America/ Europe/ China, etc. (Maximize investment outcome)
- Maximize synergies with MEHITS



- Consolidated and reorganized subsidiaries under formerly DeLclima (Jan.2017)
- Launched a room air-conditioner with “Move Eye mirA.I.”, the world’s first* AI application which predicts the sensible temperature (Nov.2017) *as of Nov. 2017, own research
- Started operation of MACT new plant in Turkey (Dec.2017)
- Received FY2017 Energy Conservation Grand Prize Award for “Kirigamine FZ series” (Jan.2018)
- Established a joint venture company with Ingersoll Rand (US) to distribute ductless air conditioning systems (Jan.2018)

*DIPIPM: Dual Inline Package Intelligent Power Module, MEHITS: Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., RMI: Remote Monitoring Interface

5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Factory Automation (FA) Systems Business

Propose an optimal “manufacturing method” made possible by the evolution of “e-F@ctory”, the FA-IT integrated solution

【e-F@ctory】 Propose solution which reduces total cost across the phases of development/ production/ and maintenance, utilizing FA technology and IT

■ TCO reduction through “e-F@ctory”

- Strengthen products in the edge computing domain which is the linchpin of IoT utilization at the manufacturing site (Industrial PC, application software)
- Utilize our AI technology “Maisart” and knowledge of production scenes to analyze equipment utilization and accident prevention / predictive maintenance



AC Servos

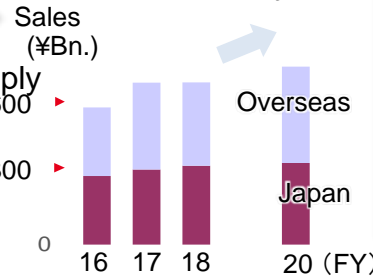
■ Establish systems to strengthen production and stabilize supply

- Strengthen production capacity (servo, PLC, Robot)
 - Consider expansion of production bases (Japan/China/India)
- #### ■ Strengthen support systems
- Provide support for IoT utilizing production and maintenance services 『iQ Care Remote 4U』(electrical discharge/laser processing machines)
 - Continue to strengthen service bases such as Global FA Centers (50 locations in 30 countries)



PLC

- Capture demand in China/ India/ ASEAN, etc. (Maximize investment outcome)
- Promote e-F@ctory



- Supported the establishment of Changshu Innovation Center for Green & Intelligent Manufacturing (Jul.2017)
- Completed the 2nd FA development center in Nagoya Works (Jul.2017)
- Announced plan to start of Robot production in China in Jun. 2018 (Nov.2017)
- Established production capacity of 480k units per month for AC servomotors (Mar.2018)
- Started South Korea/ Taiwan e-F@ctory Alliance (Mar.2018)
- Launched new edge computing products (May 2018)

*TCO: Total Cost of Ownership, PLC: Programmable Logic Controllers

Automotive Equipment Business

Realize environment-friendliness, safety and security, and comfort by coordinating and integrating a wide range of high efficiency equipment, including electric power train systems, and advanced control technology

■ Reduce environmental burden and Improve fuel mileage

- Contribute to further improvement in fuel mileage and reducing environmental burden by globally supplying a wide variety of high efficiency equipment which meet market needs, and offering electric powertrain systems



BSG

■ Improve comfort during driving

- Contribute to further improving comfort through next-generation information equipment which integrates entertainment/ navigation/ connectivity/ driver assistance functions



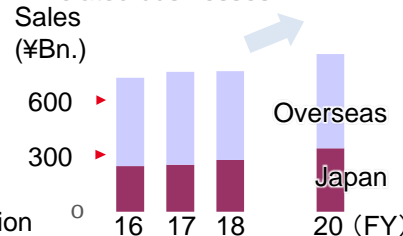
EPS system products

Inverter

■ Realize a safe and comfortable autonomous driving

- Contribute to realizing an autonomous driving society by connecting and integrating existing products and system control technology to expand preventive safety businesses, and by strengthening collaboration with communication technology/ infrastructure businesses with the view of advanced driving support

- Expand global supply of high efficiency equipment (Maximize investment outcome)
- Expand equipment for electric vehicles
- Expand preventive safety (Autonomous driving) related businesses



- Started field test for autonomous driving using CLAS signals with “xAUTO”, the autonomous driving test vehicle (Sep.2017)
- Developed the concept car “EMIRAI4” (Oct.2017)
- Reached agreement with HERE Technologies (Netherlands) on collaboration to expand use of advanced location services (Oct.2017)
- Started mass production of crankshaft ISG system for 48V hybrid vehicles (for Daimler AG) (Oct.2017)



*CLAS: Centimeter-Level Augmentation Service, BSG: Belt-driven Starter-Generator, ISG: Integrated Starter-Generator

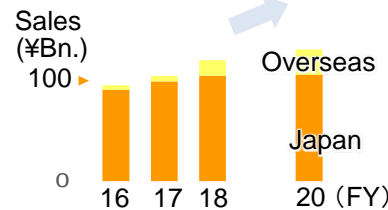
5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Space Systems Business

Contribute to building a global social infrastructure through satellite systems products across various areas

- Contribute to the prevention of global warming, enhanced monitoring of climatic phenomena and global environment, and understanding of disaster situations (develop observational satellites)
- Development of “GOSAT-2” to improve the measurement accuracy of green house gas concentration distribution, “Himawari-8,9” to improve resolution and drastically reduce imaging time, and “Daichi-2” to improve resolution and wider observation of land
- Offer high-precision positioning Information (develop positioning satellites)
 - Development of the 2nd-4th quasi-zenith satellites (completed launch during FY2017)
- Advance communications/ broadcasting infrastructure in various regions (develop communication satellites)
 - Development of “TURKSAT-4A/ 4B” for TURKSAT (Turkey) and “Es’hail 2” for Es’hailSAT (Qatar)

- Capture satellite systems demand in Japan and overseas (Maximize investment outcome)
- Expand high precision positioning related businesses (autonomous driving, etc.)



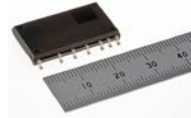
- Started construction of new Satellite Component Production Facility in Kamakura Works (Apr.2017)
- Increased capital investment in DMP (DMP has shifted from a planning company to an operating company) (Jun.2017)
- Established Sapcorda Services, which provides high-precision GNSS positioning service (Aug.2017)
- Started operation of new Satellite Component Production Facility in Kamakura Works (Oct.2017)

*GOSAT: Greenhouse gases Observing SATellite, GNSS: Global Navigation Satellite System

Power Devices Business

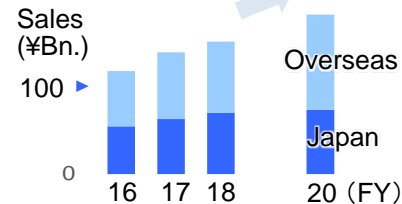
Provide key devices for energy-savings based on the most advanced power semiconductor technology by anticipating the needs of customers

- Increase the value and competitiveness of customer's products
 - Supply low power loss 7th generation IGBT devices which enable energy-savings and improve product performance
- Realize low electricity consumption
 - Develop and supply low power loss SiC mounted devices



MISOP Surface-mount Package IPM

- Expand launching 7th generation IGBT modules and SiC modules



- Railcars** Make the inverter for railcars compact and lighter, ensure lower losses and high reliability
- Automobiles** Make inverters compact, expand interior spaces, improve fuel mileage
- Home Appliances** Further energy-savings, compact refrigerating systems, flattening and miniaturizing devices
- Industrial** Improve productivity of machine tools by enabling high-torque, high speed, high function



for Home Appliances



for Industrial



for Automobiles

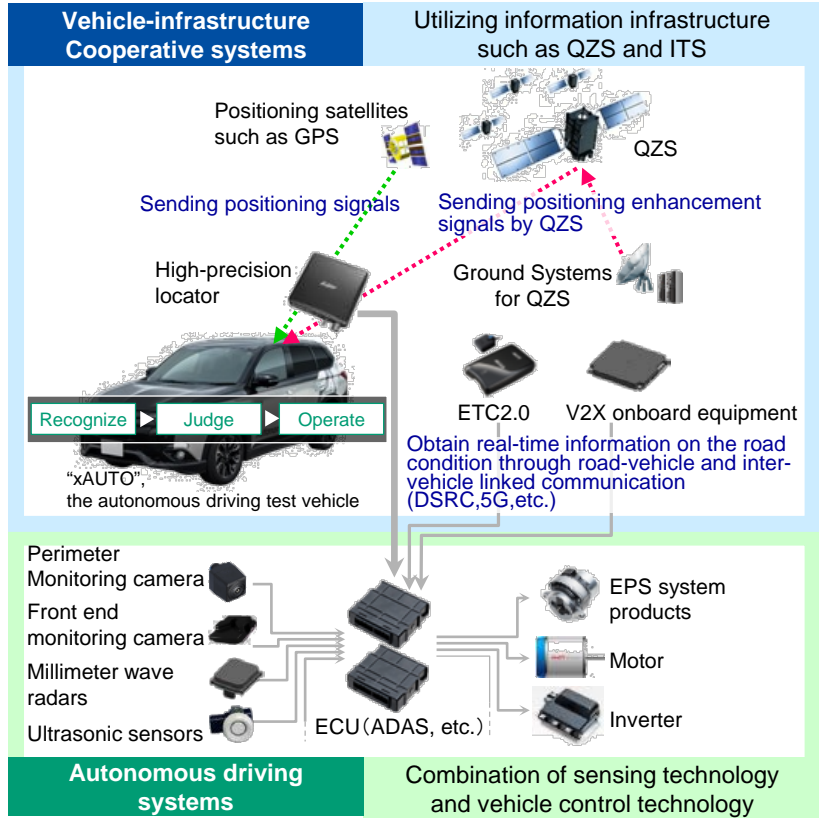
- Expanded lineup of 1200V Large DIIPM Ver.6 (Aug.2017)
- Expanded lineup of HVIGBT Module X series (Sep.2017)
- Launched LV100-type HVIGBT Module X series (Sep.2017)
- Acquired power device sales business from Powerex (US) (Nov.2017)
- Developed 6.5kV Full-SiC Power Semiconductor Module (Jan.2018)
- Launched MISOP Surface-mount Package IPM (Apr.2018)

*HVIGBT: High Voltage IGBT, IPM: Intelligent Power Module

6. Technology Synergies and Business Synergies

— Safe, Secure and Comfortable Autonomous driving Society —

Contribute to realizing a safe and comfortable autonomous driving society from both “autonomous driving systems” and “vehicle-infrastructure cooperative systems”



Progress (Examples)

Implementing various road tests in Japan and overseas to establish safe autonomous driving technology



Road test on the metropolitan highway (“Shutoko”) (2H 2017-)



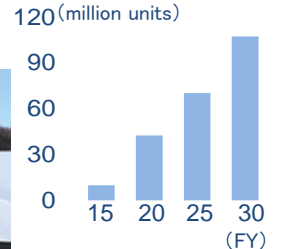
Test drive in cold climates (Jan.2018~)



Road test in Detroit, US (2H 2017-)



Outlook on market size for autonomous driving systems

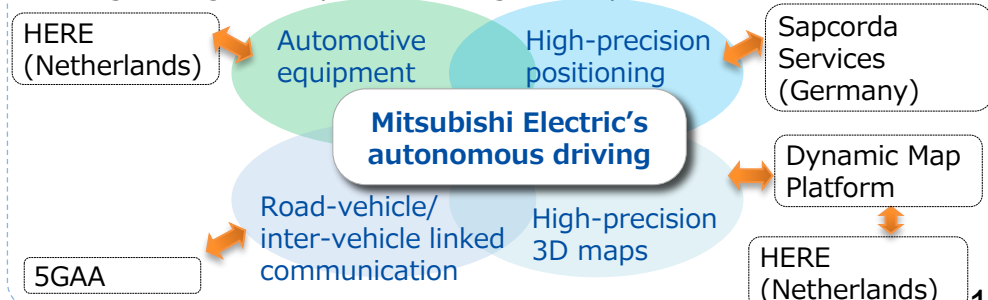


Source: Strategy Analysis Nov.2017

*Includes autonomous driving levels of 1 to 5 (From driving assistance to fully autonomous driving)

<Relationship of Mitsubishi Electric’s autonomous driving related technologies and major business development partners>

• Through cooperation with partners in and outside Japan, promote strengthening of competitiveness, global expansion, and standardization



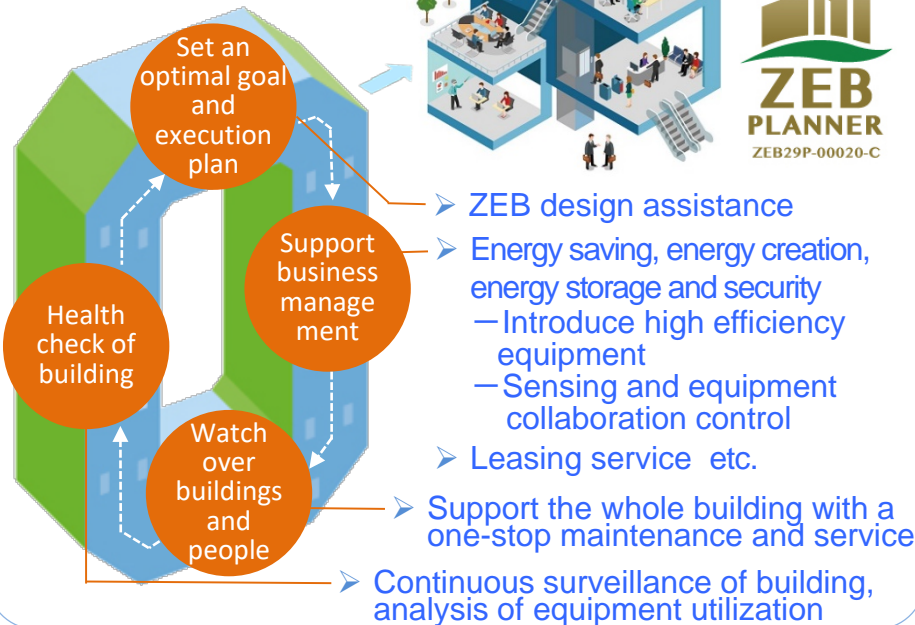
*ITS: Intelligent Transport Systems, QZS: Quasi-Zenith Satellites, ECU: Electric Control Unit, ADAS: Advanced Driving Assistant System, DSRC: Dedicated Short Range Communication, V2X: Vehicle to X, 5GAA: 5G Automotive Association, Sapcorda Services: joint venture established with Bosch, Geo++, and u-blox (Aug.2017)

6. Technology Synergies and Business Synergies

— Energy-saving, Safety, Security and comfort for Buildings —

Deliver products/ systems/ services across various business domains, and contribute to energy-saving, safety security and comfort, intellectual productivity and raising of asset value of the building

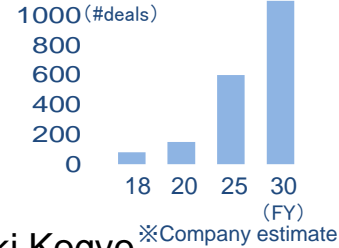
ZEB ONE-STOP SOLUTION



Progress (Examples)

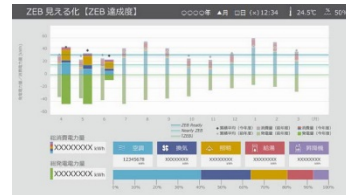
- Delivered a facility/system to contribute to ZEB as the first ZEB planner as an electronics manufacturer

ZEB deals
Market size projection (Japan)



Shirasagi Denki Kogyo Head Office Building
(Completed Jan.2018)

Achieved **74%** reduction against the standard primary energy consumption amount



BEMS Screen (Image)

<Facility and services delivered>
ZEB facility consulting, air conditioning, ventilation, lighting, elevators, solar power generation, power conditioner for EV, image monitoring, access control/management, substations (AC/DC), BEMS, operation and maintenance services

- Promote technological development which contributes to improving comfort of living environments

(e.g.) **Automatic morning preparation**



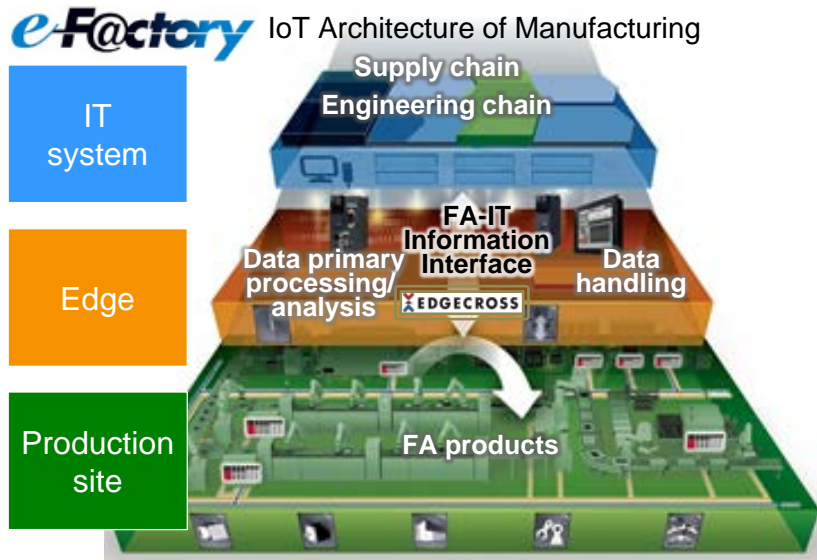
Device-linking technology for smart Appliances

- Enable coordination between devices through IoT technology (without having to go through the cloud)
- Possible to equip home appliances in a compact manner. Deliver new value through linking of devices

*Standard Primary Energy Consumption Amount: The total converted calorific value of the energy consumed by facilities and equipment such as air conditioners, whose consumption amount is determined by the 2016 Energy Saving Standard per region, use of building, and use of room. For the Shirasagi Denki Kogyo Head Office Building, while the initial reduction was expected at around 70.1%, as a result of re-evaluation before the final specification confirmation, further reduction was achieved. BEMS: Building Energy Management System

6. Technology Synergies and Business Synergies — Strengthening Competitiveness of Manufacturing through IoT —

Reducing total cost of development, production and maintenance through the utilization of FA and IT technologies



<Partner companies> * Mar.2018



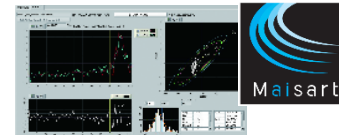
- e-F@ctory: Approx. **610** participating companies
- Software Partners (approx. **150**)
 - SI partners (approx. **310**)
 - Equipment partners (approx. **150**)



CC-Link : Approx. **3,300** participating companies
Approx. **1,800** connectable products

Progress (Examples)

- Joined Edgexross consortium(Nov.2017)
- Launched Edgexross-compatible edge computing products(May.2018)



■ Strengthened global expansion of e-F@ctory Japan

- East Japan FA Solution Center to be opened(Jul.2018)
- Completed construction of an e-F@ctory concept integrated-automation factory (Power Distribution Systems Center, VI and VCB factory, Feb.2018)



China

- Built ITEI Intelligent Manufacturing model line(Nov.2017)
- Strengthened local organization

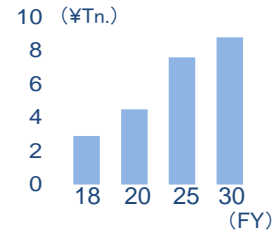


South Korea/ Taiwan

- Started South Korea/ Taiwan e-F@ctory Alliance formed(Mar.2018)



Market expectation of Intelligent Production



*Edgexross: An open software platform in edge computing which realize FA and IT harmonization., SCADA: Supervisory Control And Data Acquisition, VI: Vacuum Interrupters, VCB: Vacuum Circuit Breakers, ITEI: Instrumentation Technology and Economy Institute. Research organization directly under the Chinese government which promotes Intelligent Manufacturing.

6. Technology Synergies and Business Synergies

— Further expanding Mitsubishi Electric AI technology “Maisart” —

Compact AI which is our original technology promote the wider applicability of AI in diverse business

Mitsubishi Electric
AI technology
“Maisart”



Deep Learning

Compact algorithm
Implement high level AI for all equipment

Reinforcement Learning

Implement our AI in a short period of time
by speedy learning

Big data analysis

Efficiently analyze large volumes of data with
limited amount of computation

Maisart: Mitsubishi Electric's AI creates
the State-of-the-ART in technology

Object-recognition camera technology for electronic mirrors

Recognize objects which are about 100m away from rear side of car through real-time processing



Truck
Passenger Car

<Application fields/Use>

- Electronic mirrors, Autonomous driving
- Monitoring, Crime prevention

Intelligent wireless system utilizing AI

Improve a amplifier gain and movement efficiency by optimal tuning and reduce power consumption of communication equipment

<Application fields/Use>

- 5G mobile base stations, terminal unit
- IoT-related equipment in homes, factories, etc.



Compact hardware AI

Realize implementation of AI into small FPGA. Expand applicable areas for AI by reducing computational time and lowering cost

<Application fields/Use>

- Home appliances, Elevators, High precision maps, etc.



7. For Sustainable Growth — Research and Development —



Social issues

- Aging population in advanced countries
- Traffic jam in cities
- Global warming
- Energy/water shortage
- Natural disasters
- Aging infrastructure
- Man-made threats



Keywords for solving issues and creating value

Smart manufacturing

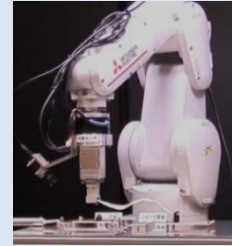
Smart mobility

Comfortable space

Infrastructure for safety, security and relief

Smart manufacturing

Smart robots adapting flexibly to condition changes
Real-time and high precision control by AI of the target object's position and angle deviation



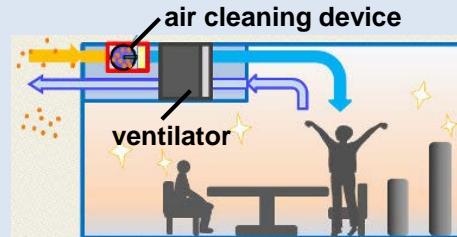
Smart mobility

Concept of a future station
Enable easy passage for passengers by having a ticket gate without physical barriers



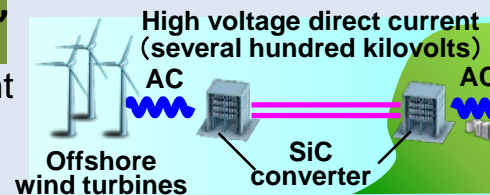
Comfortable space

Frictionally charged air cleaning device
Catch PM 2.5 and pollen with less maintenance



Infrastructure for safety, security and relief

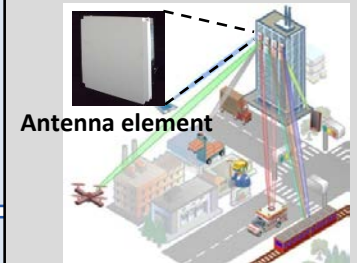
High voltage direct current transmission technology*1
Contribute to efficient transmission of massively deployed renewable energy



Common Technologies



Full-SiC power semiconductor module*2
Contribute to miniaturization and energy-saving of electronic devices by significantly lowering power



Fifth generation(5G) Mobile communication system technology*3
contribute to ubiquitous connection of devices via broadband transmission

*1 A part of this research was implemented by the "Next Generation Power Electronics" project (a cross-ministerial strategic innovation promotion (SIP) program) by the council for science, technology and innovation. The project was administrated by the New Energy and Industrial Technology Development Organization (NEDO). *2 A part of this research is based on results obtained from a project subsidized by (NEDO). *3 The above includes a part of the results of "The research and development project for realization of the fifth-generation mobile communications system" commissioned by Japan's Ministry of Internal Affairs and Communications.

7. For Sustainable Growth — Intellectual Property Activities —

Protect technology based business advantages through patents over the medium and long term, and actively pursue intellectual property activities worldwide

Patent PCT application ranking **#4** globally
World Intellectual Property Organization (WIPO) Top among Japanese companies

Design registration numbers ranking **#1** in Japan
Japan Patent Office (JPO)

Patent registration numbers ranking **#1** in Japan
Japan Patent Office (JPO)

Patent asset size ranking (all industries) **#1** in Japan
Patent Result Co., Ltd.

*PCT: Patent Cooperation Treaty

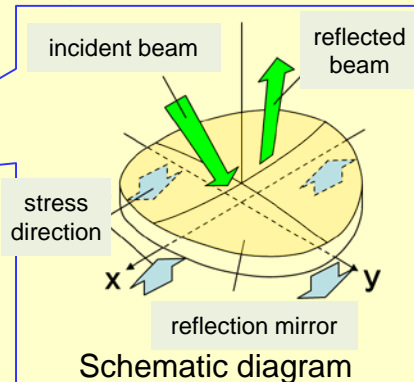
*Statistics of WIPO/ JPO: Jan. 1- Dec. 31, 2017,
*Statistics of Patent Result: Apr. 1, 2016- Mar. 31, 2017

Mitsubishi Electric's inventions received double awards for 『 FY2017 National Commendation for Invention 』

【 The Prize of Commissioner of Japan Patent Office 】
“Invention of variable-shape mirror for improving laser via drilling accuracy”



PCB laser hole drilling machine



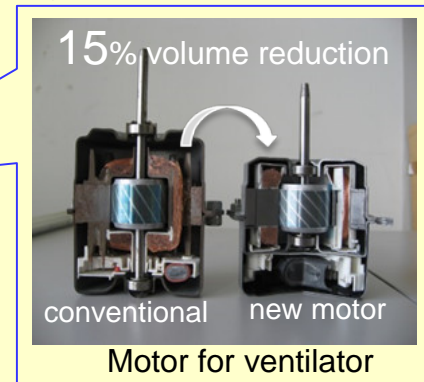
Changed the shape of the mirror surface which reflects the laser beam correcting the distortion of the laser beam. This enabled manufacturing of reduced- size and high-density hole drilling.

【 The Asahi Shimbun Prize 】

“Rotor eccentricity estimation method and rotor eccentricity presumption system for rotating electrical machine”



ventilator



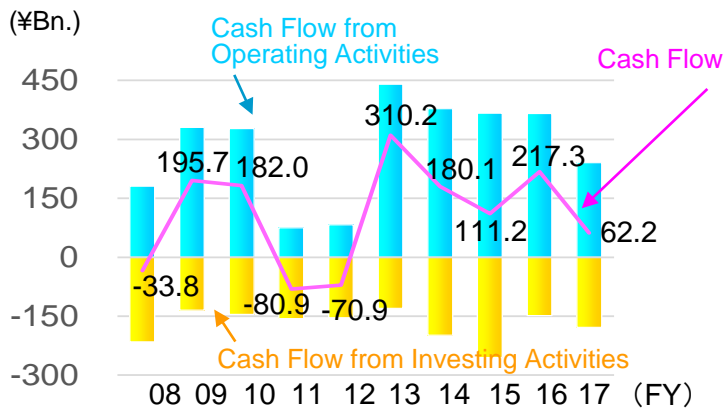
Established a highly accurate assembly method for the rotor of the motor (rotating electrical machines), thereby realizing energy-saving, down-sizing, and low vibration/low noise.

7. For Sustainable Growth

— Balance “Growth”, “ Profitability/Efficiency”, and “ Soundness” —

Stable Generation of Cash Flow

■ Cash Flow



Strategic Investments for "Growth"

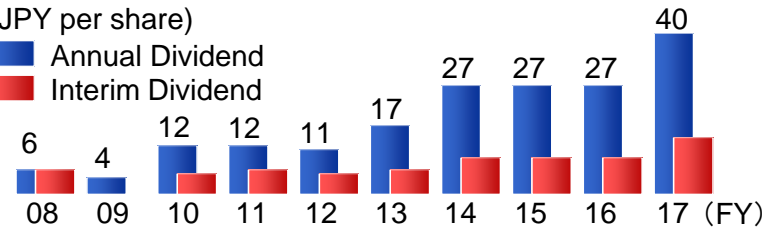
※Refer to the following page for details .

Shareholder Returns according to Increase in Earnings

■ Dividend

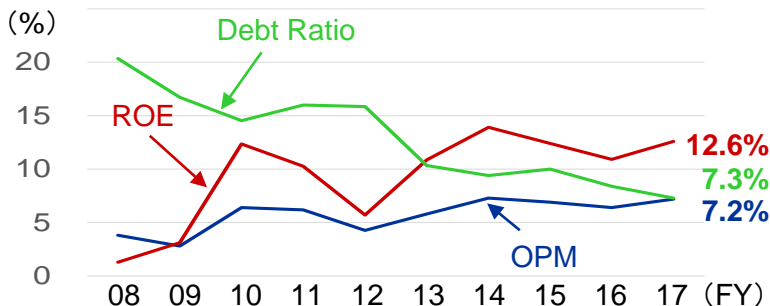
(JPY per share)

■ Annual Dividend
■ Interim Dividend



Continuous improvements of "Profitability/Efficiency" and "Soundness"

■ OPM/ ROE/ Debt Ratio



【Growth Targets to be Achieved by 2020】

OPM 8% or more

Enhance earning power by maximizing investment outcome, and creating additional value through technology synergies and business synergies

【Management Targets to be Continuously and Stably Achieved】

ROE 10% or more

Continuous improvement of ROE through improvement of ROIC (Mitsubishi Electric version) of each business units

Debt Ratio 15% or less

The debt ratio target, “15% or less,” represents the Company’s financial discipline, which will allow the Company to secure the financing capability to raise necessary funds for further, greater investment.

7. For Sustainable Growth

— Balance “Growth”, “Profitability/Efficiency”, and “Soundness” —

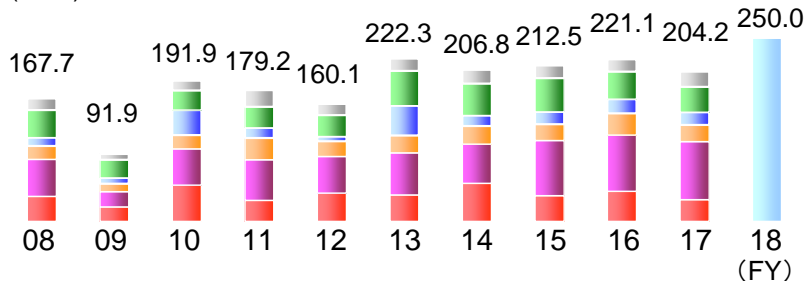
Strategic Investments for "Growth"

Proactive investments mainly in growth drivers

■ Capital Investment

Continue with a high level of capital investment

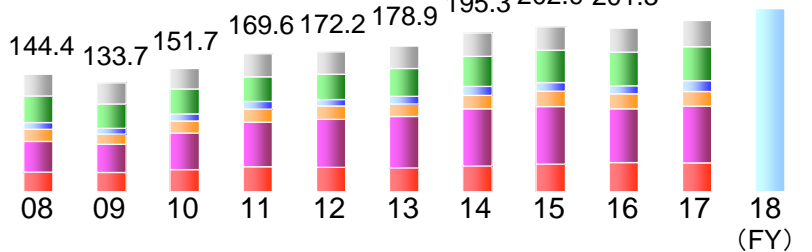
(¥Bn.)



■ R&D

Balance short-, medium-, and long term development investments

(¥Bn.)



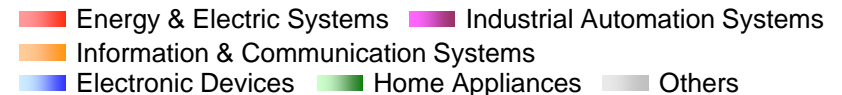
Strengthen Business Portfolios

■ Constantly review and refresh business portfolio

- Reallocation of business resources to promising areas through regeneration of businesses
- Continuous creation of new businesses which underpin future growth

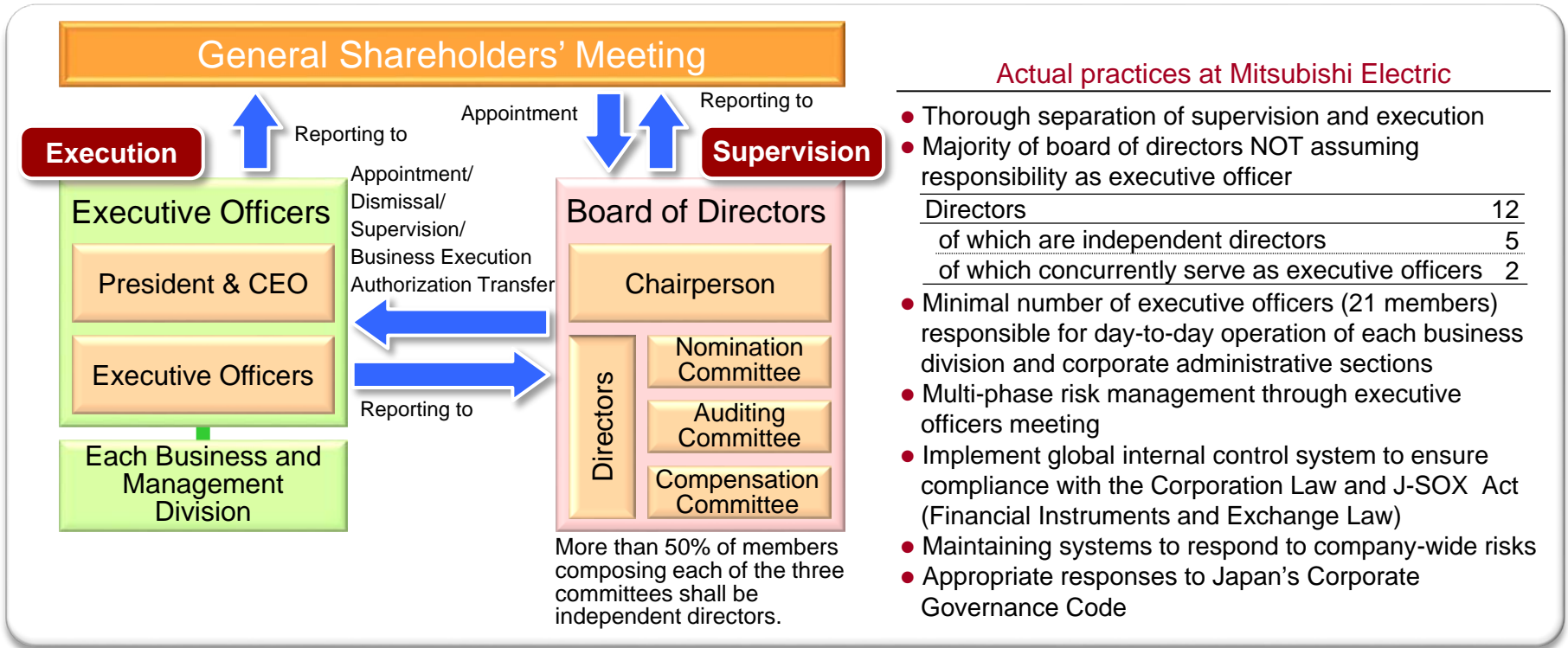
■ Growth contributing collaboration and M&A

- Supplement missing parts (products/technology) essential for business expansion
- Secure distribution-/ service-network (supply chain) in entering new regions/ markets
- Acquire talent in order to strengthen business execution capabilities



7. For Sustainable Growth — Corporate Governance —

In June 2003, Mitsubishi Electric became a company with a committee system (currently: nomination committee system company) and separated the supervisory and executive functions of management, to further continue with the promoting flexibility of operations and transparency of management



Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to shareholders and other stakeholders

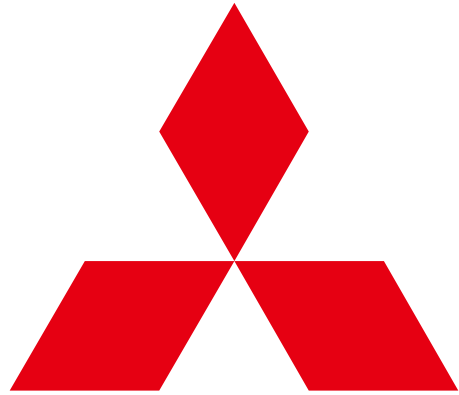
Changes for the Better

Cautionary Statements

The expectation of operating results herein and any associated statement to be made orally with respect to the Company's current plans, estimates, strategies and beliefs, and any other statements that are not historical facts are forward-looking statements. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimated," "targeted," along with any variations of these words and similar expressions are intended to identify forward-looking statements that include but are not limited to projections of revenues, earnings, performance and production. While the statements herein are based on certain assumptions and premises that the Company trusts and considers to be reasonable under the circumstances to the date of announcement, you are requested to kindly take note that actual 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. As such, additional factors may arise at any given time.

1. Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
2. Changes in foreign currency exchange rates, especially JPY/dollar rates
3. Changes in stock markets, especially in Japan
4. Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
5. Changes in the ability to fund raising, especially in Japan
6. Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
7. New environmental regulations or the arising of environmental issues
8. Defects in products or services
9. Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
10. Technological change, the development of products using new technology, manufacturing and time-to-market
11. Business restructuring
12. Incidents related to information security
13. Occurrence of large-scale disasters including earthquakes, typhoons, tsunamis, fires and others
14. Social or political upheaval caused by terrorism, war, pandemic by new strains of influenza and other diseases, or other factors



**MITSUBISHI
ELECTRIC**

Changes for the Better