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**FOR IMMEDIATE RELEASE**

**No. 3040**

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## **Mitsubishi Electric Announces Consolidated Financial Results for the First Quarter of Fiscal 2017**

**TOKYO, July 28, 2016** – [Mitsubishi Electric Corporation](http://www.MitsubishiElectric.com) (TOKYO: 6503) announced today its consolidated financial results for the first quarter ended June 30, 2016, of the current fiscal year ending March 31, 2017 (fiscal 2017).

### **Consolidated Financial Results**

Net sales:	927.0	billion yen	(6% decrease from the same quarter last year)
Operating income:	59.7	billion yen	(9% increase from the same quarter last year)
Income before income taxes:	61.0	billion yen	(9% decrease from the same quarter last year)
Net income attributable to Mitsubishi Electric Corp.:	42.9	billion yen	(7% decrease from the same quarter last year)

The business environment in the first quarter (from April through June 2016) of the fiscal year 2017 experienced a gradual slowdown continuing in China and other East Asian markets and weakness in personal consumption in Japan, while the economy showed strong signs of expansion in the U.S., and a gradual trend of economic recovery continued in Europe. In addition, the yen became stronger against foreign currencies compared to the same period of the previous year, becoming radically stronger with the impact of the U.K.'s withdrawal from the European Union at the end of June.

Under these circumstances, consolidated net sales in the first quarter decreased by 6% compared to the same period of the previous fiscal year to 927.0 billion yen, owing to such factors as decreased sales in the Industrial Automation Systems, Information and Communication Systems and Electronic Devices. Consolidated operating income increased by 9% compared to the same period of the previous fiscal year to 59.7 billion yen, due to increased profits in the Energy and Electric Systems and Home Appliances segments.

### **Consolidated Financial Results by Business Segment**

#### ***Energy and Electric Systems***

Total sales:	238.0	billion yen	(1% increase from the same quarter last year)
Operating income :	3.9	billion yen	(10.5 billion yen increase from the same quarter last year)

The social infrastructure systems business saw a decrease in orders compared to the same period of the previous fiscal year due primarily to a decrease in the transportation systems business inside and outside Japan. Sales, meanwhile, increased compared to the same period of the previous fiscal year due mainly to an increase in the power systems business in Japan and in the transportation systems business outside Japan.

The building systems business remained substantially unchanged in orders, while sales decreased compared to the same period of the previous fiscal year due primarily to negative influences caused by the stronger yen.

As a result, total sales for this segment increased by 1% from the same period of the previous fiscal year. Operating income increased by 10.5 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

#### ***Industrial Automation Systems***

Total sales:	302.2 billion yen	(8% decrease from the same quarter last year)
Operating income:	32.4 billion yen	(10.4 billion yen decrease from the same quarter last year)

The factory automation systems business saw decreases in both orders and sales from the same period of the previous fiscal year due mainly to a slowdown in capital expenditures outside Japan as well as low capital expenditures in Japan in the manufacturing industry, along with negative influences caused by the 2016 Kumamoto earthquakes and the stronger yen.

The automotive equipment business saw decreases in both orders and sales from the same period of the previous fiscal year due primarily to negative influences caused by the stronger yen, despite growth in the car sales markets in Europe and other regions.

As a result, total sales for this segment decreased by 8% from the same period of the previous fiscal year. Operating income decreased by 10.4 billion yen from the same period of the previous fiscal year due primarily to a decrease in sales.

#### ***Information and Communication Systems***

Total sales:	73.5 billion yen	(23% decrease from the same quarter last year)
Operating income (loss):	(3.1 billion yen)	(1.4 billion yen decline from the same quarter last year)

The telecommunications systems business saw decreases in both orders and sales compared to the same period of the previous fiscal year due primarily to the sellout of an affiliated company in the beginning of this fiscal year and a decrease in communications infrastructure equipment.

The information systems and service business saw a decrease in sales compared to the same period of the previous fiscal year, owing to a decrease in the IT infrastructure service business.

The electronic systems business saw decreases in both orders and sales compared to the same period of the previous fiscal year mainly due to a decrease in the defense systems business.

As a result, total sales for this segment decreased by 23% compared to the same period of the previous fiscal year. Operating income declined by 1.4 billion yen compared to the same period of the previous fiscal year due primarily to a decrease in sales.

#### ***Electronic Devices***

Total sales:	39.0 billion yen	(41% decrease from the same quarter last year)
Operating income:	0.9 billion yen	(11.3 billion yen decrease from the same quarter last year)

The electronic devices business saw an increase in orders from the same period of the previous fiscal year due to an increase in optical communication devices, while sales decreased compared to the same period of the previous fiscal year due to a decrease in demand for power modules, along with negative influences caused by the 2016 Kumamoto earthquakes and the stronger yen.

As a result, total sales for this segment decreased by 41% compared to the same period of the previous fiscal year. Operating income decreased by 11.3 billion yen compared to the same period of the previous fiscal year due primarily to a decrease in sales.

### ***Home Appliances***

Total sales:	261.9 billion yen	(3% increase from the same quarter last year)
Operating income:	31.7 billion yen	(15.5 billion yen increase from the same quarter last year)

The home appliances business saw an increase in sales of 3% from the same period of the previous fiscal year due to an increase in sales of residential and industrial air conditioners in Japan as well as air conditioners in Europe, despite negative influences caused by the stronger yen.

Operating income increased by 15.5 billion yen compared to the same period of the previous fiscal year largely due to an increase in sales.

### ***Others***

Total sales:	156.3 billion yen	(4% decrease from the same quarter last year)
Operating income:	2.6 billion yen	(1.7 billion yen increase from the same quarter last year)

Sales decreased by 4% compared to the same period of the previous fiscal year mainly due to a decrease in sales at affiliated companies involved in materials procurement.

Operating income increased by 1.7 billion yen compared to the same period of the previous fiscal year due primarily to cost reductions.

### **Financial Standing**

#### ***An Analysis on the Status of Assets, Liabilities, Equity and Cash Flow on a Consolidated Basis***

The Company's total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 212.6 billion yen to 3,847.2 billion yen. The change in the balance of total assets is mainly attributable to increases in the balances of cash and cash equivalents by 20.9 billion yen, and of inventories by 35.4 billion yen as a result of work-in-process as recorded in commensurate with progress in job orders under pertinent contracts, while trade receivables decreased by 244.2 billion yen primarily as a result of credit collection.

Total liabilities decreased from the end of the previous fiscal year by 107.2 billion yen to 2,015.1 billion yen. The outstanding balances of debts and corporate bonds decreased by 0.5 billion yen from the end of the previous fiscal year to 403.4 billion yen, resulting in a rise in the ratio of interest bearing debt to total assets to 10.5%, representing a 0.5 point increase compared to the end of the previous fiscal year. Retirement and severance benefits increased by 21.9 billion yen, mainly resulting from a decrease in pension assets following a fall in stock prices, while the outstanding balance of trade payables decreased by 81.8 billion yen and other current liabilities decreased by 40.7 billion yen.

Mitsubishi Electric Corporation shareholders' equity decreased by 100.2 billion yen compared to the end of the previous fiscal year to 1,738.5 billion yen. Shareholders' equity ratio was recorded at 45.2%, representing a 0.1 point decrease compared to the end of the previous fiscal year. The changes referred to above primarily resulted from dividend payment of 38.6 billion yen along with a decrease in accumulated other comprehensive income by 103.5 billion yen caused by such factors as the stronger yen and falling stock prices, despite an increase from recording a net income attributable to Mitsubishi Electric Corporation of 42.9 billion yen.

Cash flows from operating activities for this quarter increased by 9.2 billion yen compared to the same period of the previous fiscal year to 109.2 billion yen (cash in). Cash flows from investing activities decreased by 17.2 billion yen compared to the same period of the previous fiscal year to 22.6 billion yen (cash out) due to increases in proceeds from sale of short-term investments and investment securities and other factors. As a result, free cash flow was 86.5 billion yen (cash in). Cash flows from financing activities were 41.1 billion yen (cash out) mainly due to dividend payment.

### **Forecast for Fiscal 2017**

With negative influences caused by the yen becoming stronger against currencies mainly in Europe and in Asia, Mitsubishi Electric's business performance for the current fiscal year is expected to fall below its previous forecast mainly in the Industrial Automation Systems and Energy and Electric Systems segments. Therefore, the consolidated earnings forecast for the first half of fiscal 2017, ending September 30, 2016, and for fiscal 2017, ending March 31, 2017, have been revised from the announcement on April 28, 2016 as stated below.

#### ***First Half of Fiscal 2017 Consolidated Earnings Forecast***

<b>Consolidated</b>	<b>Previous forecast (announced Apr. 28)</b>	<b>Current forecast</b>	
Net sales:	1,990.0 billion yen	1,960.0 billion yen	(5% decrease from the same period last year)
Operating income:	95.0 billion yen	90.0 billion yen	(29% decrease from the same period last year)
Income before income taxes:	115.0 billion yen	100.0 billion yen	(25% decrease from the same period last year)
Net income attributable to Mitsubishi Electric Corp.:	85.0 billion yen	70.0 billion yen	(25% decrease from the same period last year)

#### ***Fiscal 2017 Consolidated Earnings Forecast***

<b>Consolidated</b>	<b>Previous forecast (announced Apr. 28)</b>	<b>Current forecast</b>	
Net sales:	4,280.0 billion yen	4,180.0 billion yen	(5% decrease from the previous fiscal year)
Operating income:	260.0 billion yen	235.0 billion yen	(22% decrease from the previous fiscal year)
Income before income taxes:	280.0 billion yen	255.0 billion yen	(20% decrease from the previous fiscal year)
Net income attributable to Mitsubishi Electric Corp.:	200.0 billion yen	175.0 billion yen	(23% decrease from the previous fiscal year)

**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.*