Corporate Strategy

May. 2019
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4. Toward a Higher Level of Growth
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6. Technology Synergies and Business Synergies
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Note
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
Introduction

With the start of the Japanese era “Reiwa” after “Heisei”, a new chapter in history begins.

The environment surrounding us has accelerated its speed of change, and the social challenges which accompany them have also become more diverse. To enhance the quality of life in our society, as stated in our corporate mission, it is necessary to solve these challenges one by one.

In order to satisfy all of our stakeholders, which include society, customers, shareholders and our employees, and to simultaneously achieve high-quality growth, we will further promote initiatives for value creation in the following four fields with many social challenges:

"Life" focusing on the daily lives of people, "Industry" enabling creation of things necessary for life, "Infrastructure" providing the foundation for society, and "Mobility" connecting all of the fields above-mentioned. In addition to enhancing our business foundation, we will transform our business models and take measures to provide integrated solutions uniting all the capabilities inside and outside of our Group.

We will also prepare to establish a new organization that can create and incubate new businesses which are difficult to handle under the current framework.

The market environment continues to be difficult, but we will steadily execute Business Transformation and Operational Transformation and fully commit to achieving sustainable growth.
1. Strategy

《Strategy》
Mitsubishi Electric will provide integrated solutions to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside of the Group. For this purpose, we will enhance our business foundation fostered over the past 100 years and further transform business models.

*Business foundation fostered over the past 100 years: connection with customers, technologies, personnel, products, corporate culture.

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.

Provide integrated solutions uniting all the capabilities inside and outside of the Group

Transforming business models
Enhance the 100-year business foundation × Strengthen all forms of collaboration = Evolution of Technology Synergies and Business Synergies
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 social challenges.

1. Strategy

Contribute through all corporate activities

Contribute through value creation

Further promote initiatives to create value, such as simultaneous achievement of “sustainability”, and “safety, security, and comfort”

*SDGs: “Sustainable Development Goals” adopted by the United Nations as goals to achieve towards 2030
Received the highest rating from CDP\(^{(1)}\). 
- "A List" company for “Climate Change” and “Water Security” for three consecutive years (Jan.2019) 
- “Supplier Engagement Leader” (Feb.2019)

Increase mass production of motor and inverter systems for EV by the new plant in the Czech Republic (Operation to start Apr.2020)

Continue our Commitment to the UN Global Compact 
Continue CSR activities in accordance with UN Global Compact principles in the areas of Human Rights, Labour, the Environment and Anti-Corruption

Won awards for the Kids Design Awards\(^{(2)}\) for 10 consecutive years (Sep.2018)

MITSUBISHI microwave grill oven “ZITANG RG-HS1” 
- received “The Minister of State for Gender Equality Award”

“Study on safe and secure lighting” 
- received “The Kids Design Association Chairman’s Award”

*1 : An international NPO working to enhance environmental disclosures.  
*2 : The Kids Design Awards is a program held by the Kids Design Association, and recognizes outstanding works that realize and disseminate the philosophies of designs for children (“kids”). They would be designs which contribute to the safety and security of children, develop the creativity and shape the future of children, and allow people/society to comfortably raise children.

*ESG: Environmental, Social, Governance, EV: Electric Motor Vehicle
2. Management Policy
— Maintain and evolve Balanced Corporate Management —

■ Pursue the Satisfaction of the Four Stakeholder Categories

- Social Contributions
- Excellent Products and Services
- Society
- Customers
- Increase Corporate Value
- Rewarding Workplace
- Shareholders
- Employees

■ Strive for Continuous Innovation
Always improving.
Always delivering new value.

■ Toward a Higher Level of Growth

Growth Targets for FY2020
- Revenue: 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

*Debt Ratio represents ratio of Bonds and borrowings to total assets
### 3. Forecast for FY2019 (Consolidated performance)

<table>
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<td></td>
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<td>U.S.GAAP</td>
<td>IFRS</td>
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<td>(Billions of JPY)</td>
<td>4,394.3</td>
<td>4,238.6</td>
<td>4,431.1</td>
<td>4,444.4</td>
<td>4,519.9</td>
<td>4,630.0</td>
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<tr>
<td>Revenue</td>
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<tr>
<td>Operating Profit</td>
<td>301.1</td>
<td>270.1</td>
<td>318.6</td>
<td>327.4</td>
<td>290.4</td>
<td>295.0</td>
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<tr>
<td>(%)</td>
<td>6.9%</td>
<td>6.4%</td>
<td>7.2%</td>
<td>7.4%</td>
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<td>Profit before income</td>
<td>318.4</td>
<td>296.2</td>
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<td>taxes</td>
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<td>Net Profit</td>
<td>228.4</td>
<td>210.4</td>
<td>271.8</td>
<td>255.7</td>
<td>226.6</td>
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<td>ROE (Return On Equity)</td>
<td>12.4%</td>
<td>10.9%</td>
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<td>11.7%</td>
<td>9.7%</td>
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<td>Stockholders' Equity</td>
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<td>(%)</td>
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<td>48.9%</td>
<td>53.0%</td>
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<td>55.1%</td>
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<td>Debt</td>
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<td>(%)</td>
<td>10.0%</td>
<td>8.4%</td>
<td>7.3%</td>
<td>7.2%</td>
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<td>62.2</td>
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<td>Dividend (JPY per share)</td>
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<td>40</td>
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<td>Dividend ratio(%)</td>
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<td>27.5%</td>
<td>31.6%</td>
<td>33.6%</td>
<td>37.9%</td>
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*Net Profit represents Net profit attributable to Mitsubishi Electric Corp. stockholders.*

*Debt represents Bonds and borrowings.*
### 3. Forecast for FY2019 (Segment Forecast)

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<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
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<tr>
<td></td>
<td>120JPY/USD</td>
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<td>111JPY/USD</td>
<td>111JPY/USD</td>
<td>111JPY/USD</td>
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<tr>
<td></td>
<td>133JPY/EUR</td>
<td>119JPY/EUR</td>
<td>130JPY/EUR</td>
<td>128JPY/EUR</td>
<td>125JPY/EUR</td>
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<td>Energy &amp; Electric Systems</td>
<td>Revenue</td>
<td>1,264.6</td>
<td>1,227.9</td>
<td>1,241.9</td>
<td>1,253.0</td>
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<tr>
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<td>Operating Profit (%)</td>
<td>50.3</td>
<td>44.3</td>
<td>51.7</td>
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<tr>
<td></td>
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<td>4.0%</td>
<td>3.6%</td>
<td>4.2%</td>
<td>5.2%</td>
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<tr>
<td>Industrial Automation Systems</td>
<td>Revenue</td>
<td>1,321.9</td>
<td>1,310.1</td>
<td>1,444.9</td>
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<td>Operating Profit (%)</td>
<td>159.1</td>
<td>140.0</td>
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<td>12.0%</td>
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<td>Information &amp; Communication Systems</td>
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<td>12.7</td>
<td>11.9</td>
<td>11.3</td>
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<tr>
<td></td>
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<td>2.7%</td>
<td>2.8%</td>
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<td>Electronic Devices</td>
<td>Revenue</td>
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<td>Operating Profit (%)</td>
<td>16.8</td>
<td>8.3</td>
<td>14.5</td>
<td>14.1</td>
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<td>8.0%</td>
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<td>Home Appliances</td>
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<td>Operating Profit (%)</td>
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<td>Others</td>
<td>Revenue</td>
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<td>Operating Profit (%)</td>
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<td>23.2</td>
<td>23.9</td>
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<td></td>
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<td>3.3%</td>
<td>3.3%</td>
<td>3.1%</td>
<td>3.6%</td>
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<tr>
<td>Total</td>
<td>Revenue</td>
<td>4,394.3</td>
<td>4,238.6</td>
<td>4,431.1</td>
<td>4,444.4</td>
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<tr>
<td></td>
<td>Operating Profit (%)</td>
<td>301.1</td>
<td>270.1</td>
<td>318.6</td>
<td>327.4</td>
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<tr>
<td></td>
<td></td>
<td>6.9%</td>
<td>6.4%</td>
<td>7.2%</td>
<td>7.4%</td>
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</table>

*Forecast for FY2019 (Segment Forecast)*


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

U.S.GAAP

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
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<td>Actual</td>
<td>Actual</td>
<td>Forecast(Apr.2019)</td>
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<td>111JPY/USD</td>
<td>105JPY/USD</td>
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<tr>
<td></td>
<td>130JPY/EUR</td>
<td>128JPY/EUR</td>
<td>125JPY/EUR</td>
</tr>
<tr>
<td>Energy &amp; Electric Systems</td>
<td>Revenue</td>
<td>1,253.0</td>
<td>1,296.7</td>
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<tr>
<td></td>
<td>Operating Profit (%)</td>
<td>65.4</td>
<td>82.5</td>
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<td>5.2%</td>
<td>6.4%</td>
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<tr>
<td>Industrial Automation Systems</td>
<td>Revenue</td>
<td>1,444.9</td>
<td>1,467.6</td>
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<tr>
<td></td>
<td>Operating Profit (%)</td>
<td>187.3</td>
<td>142.5</td>
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<td></td>
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<td>13.0%</td>
<td>9.7%</td>
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<tr>
<td>Information &amp; Communication Systems</td>
<td>Revenue</td>
<td>438.1</td>
<td>426.2</td>
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<td></td>
<td>Operating Profit (%)</td>
<td>11.3</td>
<td>12.2</td>
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<tr>
<td></td>
<td></td>
<td>2.6%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>Revenue</td>
<td>202.2</td>
<td>199.9</td>
</tr>
<tr>
<td></td>
<td>Operating Profit (%)</td>
<td>14.1</td>
<td>1.4</td>
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<tr>
<td></td>
<td></td>
<td>7.0%</td>
<td>0.7%</td>
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<tr>
<td>Home Appliances</td>
<td>Revenue</td>
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<td>59.4</td>
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<td></td>
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<td>5.3%</td>
<td>5.5%</td>
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<tr>
<td>Others</td>
<td>Revenue</td>
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<td>676.7</td>
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<td>3.6%</td>
<td>3.6%</td>
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<tr>
<td>Total</td>
<td>Revenue</td>
<td>4,444.4</td>
<td>4,519.9</td>
</tr>
<tr>
<td></td>
<td>Operating Profit (%)</td>
<td>327.4</td>
<td>290.4</td>
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<tr>
<td></td>
<td></td>
<td>7.4%</td>
<td>6.4%</td>
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</table>
4. Toward a Higher Level of Growth

As slowdown in economic growth makes the business environment ever more harsh, in FY2019, we will keep an eye on outcomes of past investments as well as on the progress of profitability improvements, and continue with initiatives to achieve Growth Targets for FY2020 and sustain growth into the future.

- Proactive investments mainly in growth drivers
- Strengthen business portfolios
- Maximize investment outcome
- Improve low profitability businesses
- Expand Technology Synergies and Business Synergies
- Invest for sustainable growth beyond FY2020

(Billions of JPY)

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<tbody>
<tr>
<td>Revenue</td>
<td>3,639</td>
<td>3,567</td>
<td>4,054</td>
<td>4,328</td>
<td>4,394</td>
<td>4,238</td>
<td>4,444</td>
<td>4,519</td>
<td>4,630</td>
<td>5,000 or more</td>
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<td>Operating profit</td>
<td>225</td>
<td>152</td>
<td>135</td>
<td>138</td>
<td>119</td>
<td>138</td>
<td>130</td>
<td>128</td>
<td>125</td>
<td>13% or more</td>
</tr>
<tr>
<td>JPY/EUR</td>
<td>79</td>
<td>83</td>
<td>100</td>
<td>111</td>
<td>109</td>
<td>111</td>
<td>111</td>
<td>111</td>
<td>105</td>
<td>8% or more</td>
</tr>
<tr>
<td>JPY/USD</td>
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<td>107</td>
<td>103</td>
<td>111</td>
<td>109</td>
<td>111</td>
<td>111</td>
<td>111</td>
<td>105</td>
<td>13% or more</td>
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<tr>
<td>OPM (%)</td>
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<td>4.3</td>
<td>5.8</td>
<td>7.3</td>
<td>6.9</td>
<td>6.4</td>
<td>7.4</td>
<td>6.4</td>
<td>8% or more</td>
<td>To Be Continuously and Stably Achieved</td>
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<td>ROE (%)</td>
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<td>5.7</td>
<td>10.9</td>
<td>13.9</td>
<td>12.4</td>
<td>10.9</td>
<td>11.7</td>
<td>9.7</td>
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<td>Debt Ratio (%)</td>
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<td>8.4</td>
<td>7.2</td>
<td>6.9</td>
<td>15% or less</td>
<td></td>
</tr>
</tbody>
</table>

*Debt Ratio represents ratio of Bonds and borrowings to total assets

Growth Target for FY2020: 8% or more

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4. Toward a Higher Level of Growth

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 business in emerging countries

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

Power
• HVDC(*1) verification facility (Amagasaki, Nov.2018)
• Transfer particle therapy system business(Jun.2018)
• Installation training center for elevator(Inazawa, Apr.2019)
• ZEB(*2) test facility (Kamakura, Jun.2020)

Building
• Development engineering/testing facility(Shizuoka, Jun.2019)
• The 2nd FA development center (Nagoya, Jul.2017)

Air-Conditioning & Refrigeration
• Developed next-generation driving-assistance technology concept car “EMIRAI4” (Oct.2017)
• New plant and new laboratory for electric powertrain system (Himeji, May 2018, Aug.2019)
• New plant for satellite (Kamakura, Oct. 2017, Apr. 2020)
• New plant for communication system and network camera system (Koriyama, Oct.2018)

Automotive

Space

Others

North America/ Europe/ China
Achieve greater competitiveness in current markets while increasing the scale of operations

Major initiatives since FY2017

North America
• Established a distribution J/V with Ingersoll Rand(US, May 2018)
• Invested in Realtime Robotics, Inc.(*4)(US, May 2019)
• Agreed to acquire ICONICS, Inc.(*5)(US, May 2019)

Europe
• New plant for electric powertrain system(Czech, Apr.2020)
• Established Sapcorda Services(*6)(Germany, Aug.2017)
• Acquired ASTES4 SA(*7)(Switzerland, Aug.2018)

China
• New plant(Apr.2017) and expansion(Dec.2018)

Asia (excl. China)/ Others
Cultivate new markets by developing local business networks

Thailand
• New elevator test tower(Jun.2017)

Korea
• New plant for elevator(Mar.2018)

Turkey
• New plant for RAC(Dec.2017)


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

Revenue (¥Bn.)

5,000 or more

Others

Asia of which, China

Europe

North America

Japan

Target

18

20 (FY)

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4. Toward a Higher Level of Growth

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.

Fully leverage our strength through all forms of collaboration inside and outside of the Group.

Technological Assets

- Control (motion, heat, fluid, and electricity)
- Power Electronics
- Human Machine Interface
- Encryption
- Communication
- Data Processing
- Electromagnetic Analysis
- Sensing
- Devices
- Design

Technological Platform

- R&D and IP

Value Creation

- Technology Synergies: Create value and strengthen competitiveness of products/systems/services through optimal combination of technological assets
- Business Synergies: Create additional value and competitiveness through collaboration of a wide variety of businesses (through combination of products/systems/services)

Collaboration

- Corporations
- Universities
- Government
- R&D Agency
- Standardization Organizations
...
4. Toward a Higher Level of Growth
— Sustain growth into the future —

Provide integrated solutions unifying all the capabilities inside and outside of the Group

- Home Appliances
  - Air conditioning & Refrigeration Systems Business: Renewal and maintenance business
- Energy & Electric Systems
  - Building Systems Business: Global models for elevators
  - Transport Systems Business: Safety and efficiency
  - Power Systems Business: Electricity system reforms and stable supply needs (Inverter for railcars made with SiC, etc.)
- Electronic Devices
  - Power Device business: High-performance / Low power loss Si/SiC-mounted devices
  - Electric powertrain systems for Electric Vehicles (Next generation Si/SiC)
- Industrial Automation Systems
  - Automotive Equipment Business: High efficiency equipment lineup
  - Factory Automation Systems Business: e-F@ctory
  - Autonomous driving related systems
- Information & Communication Systems
  - Space Systems Business: Contribution for global social infrastructure

*ZEH: net Zero Energy House, VPP: Virtual Power Plant, Si: Silicon, SiC: Silicon Carbide
### 5. 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**
  - Alternators, Starters, EPS system products, Car multimedia, Electric powertrain systems, Preventive safety / Autonomous driving related 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**

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*EPS: Electric Power Steering, IGBT: Insulated Gate Bipolar Transistor, GaN: Gallium Nitride, GaAs: Gallium Arsenide, TFT: Thin Film Transistor, HEMS: Home Energy Management System*
5. Growth Drivers

Power Systems Business
Provide products, systems and services which contribute to stable utilization of electricity and efficient business management for clients

- 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)

- Provide systems which support the electricity system reforms

- Maintain aging products, and respond to needs for replacement into high efficiency products with a shorter construction period

Transportation Systems Business
Improve efficiency and safety 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

- Safe and efficient train operation using train control which applies wireless technology (CBTC)

- Contribute to improving the utilization of various equipment through managing the product lifecycle of rail car electrical products
  - Launch a system which realizes faster accident responses enabled by visualizing information such as in-service car status and equipment conditions between the train operator and control center.
  - Expand renewal/ maintenance/ aftermarket service utilizing the local bases

*CBTC: Communication Based Train Control
5. Growth Drivers

**Building Systems Business**

- **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**
  - Provide a one-stop solution from assisting the ZEB design through to energy saving after operation, and support increasing the value-added of the building
- **Minimize the downtime of elevators during renewal periods**
  - 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**

**Air-Conditioning & Refrigeration Systems Business**

- **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, through MEHITS (formerly: DeLclima)
  - Promote local production for local consumption through strengthening the global production system
- **Develop renewal and maintenance business**
  - Accelerate solution service proposals by collaborating with the Building Systems Business
  - Strengthen the system to make proposals for equipment operation systems and remote management services
- **Respond to environmental and energy-saving regulations, and lower environmental burden**
  - Renew into new refrigerant air conditioners in short construction periods by utilizing the existing piping (Replacement models)
  - Adopt technologies such as all-SiC DIPIPM mounting, aluminum flat tube heat exchanger, and high efficiency compressors

---

*MEHITS: Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., DIPIPM: Dual Inline Package Intelligent Power Module*
5. Growth Drivers

Factory Automation (FA) Systems Business
Contribute to the smartification of factories by further evolving the 『e-F@ctory』

- **Strengthen 『e-F@ctory』 supporting products / solutions**
  - Launch FA products compatible with "CC-Link IE TSN" that enable integration of Information communications and machine control on one network.
  - Launch “MELSERVO-J5”, the new general purpose AC servo system which contributes to increased productivity by one of industry’s highest performance and cutting edge predictive maintenance.

- **Establish systems to strengthen production and stabilize supply**
  - Strengthen production capacity (servo, inverter)
  - Expansion of production bases (Japan/China/India)

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

- **Reduce environmental burden and Improve fuel mileage**
  - Contribute to lowering environmental burden and improving fuel efficiency by globally supplying diverse high efficiency equipment groups and providing electric powertrain systems.

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

- **Realize a safe and comfortable autonomous driving**
  - Contribute to realizing an autonomous driving society by connecting and integrating existing products and system control technology, and by strengthening collaboration with communication technology/ infrastructure businesses with the view of advanced driving support.
5. 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** (observational satellites)
  - Development of "ibuki-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 (positioning satellites)**
  - Start of service by quasi-zenith satellite system "Michibiki"

- **Advance communications/ broadcasting infrastructure in various regions** (communication satellites)
  - Development of “TURKSAT-4A/ 4B” for TURKSAT (Turkey) and “Es’hail 2” for Es’hailSAT (Qatar)

**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

  - **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

**Revenue(¥Bn.)**

<table>
<thead>
<tr>
<th></th>
<th>17</th>
<th>18</th>
<th>19</th>
<th>20 (FY)</th>
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<tbody>
<tr>
<td><strong>Overseas</strong></td>
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<td></td>
<td></td>
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<tr>
<td><strong>Japan</strong></td>
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</tbody>
</table>

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Provide a one-stop solution: from the consulting for ZEB facilities to providing the actual products, systems and services for air-conditioning, ventilation, lighting, elevators, water heaters, power distribution, solar power, security, BEMS, and O&M, etc.

**ZEB ONE-STOP SOLUTION**

- Set an optimal goal and execution plan
- Support business management
- Health check of building
- Watch over buildings and people

- ZEB design assistance
- Energy saving, energy creation, energy storage and security
  - Introduce high efficiency equipment
  - Sensing and equipment collaboration control
- Leasing service, etc.
- Support the whole building with a one-stop maintenance and service
- Continuous surveillance of building, analysis of equipment utilization

**One of the top ZEB Planners to have cases receiving FY2018 subsidies**

Number of cases receiving subsidies (METI and MoE) : 6 out of 37 cases

**Drive technological development via “ZEB+® (Zeb Plus)” concept that contributes to more convenient office environments**

ZEB test facility with the aim to combine superior energy saving and comfort (Kamakura, to open in Jun.2020)

*ZEB+ (ZEB Plus) : a concept proposed by Mitsubishi Electric
METI: Minister of Economy, Trade and Industry, MOE: Ministry of the Environment*
6. Technology Synergies and Business Synergies — Strengthening competitiveness of manufacturing through IoT —

Contribute to the acceleration of factory smartification by further evolution of e-F@ctory which incorporates TSN(*) technology

**e-F@ctory** IoT Architecture of Manufacturing

- IT system
- Edge
- Production site

*TSN: Time Sensitive Networking (next-generation technology for Ethernet).
CC-Link IE TSN enables integration of machine control and information communications through the time sharing method.

- **Launching CC-Link IE TSN compatible products**
  Sequencer, Servo, Robot, Indicator, Inverter, CNC etc. (May 2019~)

- **”Real-time Data Analyzer”- Data analysis/diagnosis software utilizing AI**
  Assist preventive maintenance/quality management in the manufacturing field.
  Rolling out “data analysis services”

- **Expanding e-F@ctory Alliance activities**
  Launched e-F@ctory Alliance group
  Thailand: Feb. 2019
  Singapore: Apr. 2019

**Market expectation of Intelligent Production**

- 6 (¥Tn.)
- 4
- 2
- 0

*Company estimate based on Fuji Keizai Co., Ltd data

**<Defining factory smartification>**

1. Flexible system architecture
2. High-speed, high-accuracy motion control communication
3. Easier engineering and maintenance

**<Partner Alliances>**


- No. of Participating companies: c.610 ➔ c.700
- No. of connected products: c.1,800 ➔ c.1,910
- No. of participating companies: c.3,300 ➔ c.3,620

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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”

**Demonstration experiment for autonomous driving**

- Demonstration experiment for high reliability/low latency cellular V2X system in anticipation of 5G communication technology (Apr.2019～)
- Public road test for autonomous driving vehicles utilizing high-precision positioning (Aug.2018～)

**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
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

- **Anomaly Detection System**
  Prevent facility anomalies and support continuous plant operations

  *Being evaluated for a domestic electric power company’s thermal power plants*

- **Water Level Measurement Imaging Device**
  "Field Edge®"
  Can stably measure water levels and provide information even during floods

  *Received the “2018 R&D100 Awards” (organized by US R&D Magazine)*

Results of water line detection
7. For Sustainable Growth — Research and Development —

**Life**

**Lighting technology simulating the blue sky**
Expresses blue sky and natural light creating sense of depth indoors

**Industry**

**Dot forming technology achieving high-precision 3D metal shaping**
Improve productivity in wide applications such as parts formation and overlay repair

**Infrastructure**

**Injection-molded-resin slotted waveguide array antenna**
Reduce weight and cost of high performance antennas

**Mobility**

**Power unit motors for hybrid vehicles**
Contribute to increased vehicle cabin space and fuel efficiency

---

**Common Technologies**

**Seamless speech recognition technology**
Simultaneously recognize which language and spoken content without preconfigured settings

**Ultra-Wideband Digitally Controlled GaN Amplifier**
Contribute to large-capacity communication and reduction of power consumption of mobile base stations

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*1 Part of the R&D was implemented with subsidies from Japan Science and Technology Agency’s Adaptable and Seamless Technology transfer Program (A-STEP)

*2 According to Company research
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**
World Intellectual Property Organization (WIPO) #2 globally

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

**Design registration numbers ranking**
Japan Patent Office (JPO) #2 in Japan

**Patent asset size ranking (all industries)**
Japan Patent Office (JPO) #2 in Japan

**Patent Result Co., Ltd.** #1 in Japan


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**"Awards for a good-standing company Utilizing the Intellectual Property Rights System"**

in the FY2019 Intellectual Property Achievement Award of the Japan Patent Office

(Award from the Minister of Economy, Trade and Industry)

- Acknowledges the company’s overall intellectual property rights activities which effectively utilizes the Design rights Protection system

**Examples**

User-friendly (including children) Open-side design hand dryer

Universal design elevator which provides a comfortable moving space

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**“FY2018 National Invention Award”**

[Invention Award]
**Interior design-oriented air conditioner design**

- No front-side vent – our original design
- Flat and square shaped – a completely new design for air conditioners
- World’s top-class energy efficiency and flatness of design

**“Kirigamine FL series”** - air conditioner providing stylish design and comfortable space

*PCT: Patent Cooperation Treaty*
7. For Sustainable Growth
— Balance “Growth”, “Profitability/ Efficiency”, and “Soundness” —

**Stable Generation of Cash Flow**

- Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow from Operating Activities</th>
<th>Free Cash Flow</th>
<th>Cash Flow from Investing Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-80.9 Bn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>-70.9 Bn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>111.2 Bn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>217.3 Bn.</td>
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<td></td>
</tr>
<tr>
<td>2016</td>
<td>83.7 Bn.</td>
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<td></td>
</tr>
<tr>
<td>2017</td>
<td>29.1 Bn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
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</tbody>
</table>

**Strategic Investments for "Growth"**
Refer to the following page for details.

**Shareholder Returns according to Increase in Earnings**

- Dividend

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Dividend (JPY per share)</th>
<th>Interim Dividend (JPY per share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>12 Bn.</td>
<td>11 Bn.</td>
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<tr>
<td>2012</td>
<td>17 Bn.</td>
<td>27 Bn.</td>
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<tr>
<td>2013</td>
<td>27 Bn.</td>
<td>27 Bn.</td>
</tr>
<tr>
<td>2014</td>
<td>40 Bn.</td>
<td>40 Bn.</td>
</tr>
</tbody>
</table>

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

- OPM/ ROE/ Debt Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>OPM</th>
<th>ROE</th>
<th>Debt Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6.4%</td>
<td>9.7%</td>
<td>15%</td>
</tr>
<tr>
<td>2012</td>
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<tr>
<td>2013</td>
<td>6.4%</td>
<td>6.9%</td>
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<td>2017</td>
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<tr>
<td>2018</td>
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</tbody>
</table>

Data up to FY16 are presented in accordance with U.S.GAAP. FY17, FY18 in accordance with IFRS

*Debt Ratio represents ratio of Bonds and borrowings to total assets

**Growth Target for FY2020**

- **OPM** 8% or more
- **ROE** 10% 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 target, “15% or less,” represents the Company’s financial discipline, which will allow the Company to secure the financing capability to raise necessary funds to invest for further growth.
7. For Sustainable Growth
— Balance “Growth”, “Profitability/ Efficiency”, and “Soundness” —

### Strategic Investments for "Growth"

#### Proactive investments mainly in growth drivers

**Capital Investment**

Capital investment for sustainable growth

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<tbody>
<tr>
<td>¥Bn.</td>
<td>179.2</td>
<td>160.1</td>
<td>222.3</td>
<td>206.8</td>
<td>212.5</td>
<td>221.1</td>
<td>204.2</td>
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<td>270.0</td>
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**R&D**

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

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<td>¥Bn.</td>
<td>169.6</td>
<td>172.2</td>
<td>178.9</td>
<td>195.3</td>
<td>202.9</td>
<td>201.3</td>
<td>210.3</td>
<td>212.7</td>
<td>218.0</td>
</tr>
</tbody>
</table>

#### 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/services/technology) essential to strengthen the business**

- **Secure distribution-service network (supply chain) in entering new regions/markets**

- **Acquire talent in order to strengthen business execution capabilities**

**Business Portfolios**

- **Electronic Devices**
- **Energy & Electric Systems**
- **Industrial Automation Systems**
- **Information & Communication Systems**
- **Electronic Devices**
- **Home Appliances**
- **Others**
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.

Actual practices at Mitsubishi Electric:
- Thorough separation of supervision and execution
- Majority of board of directors NOT assuming responsibility as executive officer

More than 50% of members composing each of the three committees shall be independent directors.

- Minimal number of executive officers (21 members) responsible for day-to-day operation of each business division and corporate administrative sections
- Multi-phase risk management through executive officers meeting
- Implement global internal control system to ensure compliance with the Corporation Law and J-SOX Act (Financial Instruments and Exchange Law)
- Maintaining systems to respond to company-wide risks
- Appropriate responses to Japan’s Corporate Governance Code

Appropriate response to revisions of legislation and other external factors
Appropriate disclosure to shareholders and other stakeholders
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, tsunami, fires and others
14. Social or political upheaval caused by terrorism, war, pandemic by new strains of influenza and other diseases, or other factors