Corporate Strategy

Nov. 2017
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Note
FY2013: April 1, 2013-March 31, 2014
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
## 1. Forecast for FY2017 (Consolidated performance)

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<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
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<tbody>
<tr>
<td>(Billions of yen)</td>
<td>100 JPY/USD</td>
<td>111 JPY/USD</td>
<td>120 JPY/USD</td>
<td>105 JPY/USD</td>
<td>111 JPY/USD</td>
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<td>Net Sales</td>
<td>4,054.3</td>
<td>4,323.0</td>
<td>4,394.3</td>
<td>1,972.3</td>
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<tr>
<td>Operating Income</td>
<td>235.1</td>
<td>317.6</td>
<td>301.1</td>
<td>121.7</td>
<td>270.1</td>
</tr>
<tr>
<td>(%)</td>
<td>5.8%</td>
<td>7.3%</td>
<td>6.9%</td>
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<td>6.4%</td>
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<tr>
<td>Income before income taxes</td>
<td>248.9</td>
<td>322.9</td>
<td>318.4</td>
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<td>Net Income</td>
<td>153.4</td>
<td>234.6</td>
<td>228.4</td>
<td>88.3</td>
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<tr>
<td>ROE (Return On Equity)</td>
<td>10.9%</td>
<td>13.9%</td>
<td>12.4%</td>
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<td>10.9%</td>
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<td>Shareholders’ Equity</td>
<td>1,524.3</td>
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<tr>
<td>(%)</td>
<td>42.2%</td>
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<td>Debt</td>
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<td>(%)</td>
<td>10.3%</td>
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<tr>
<td>FCF (Free Cash Flow)</td>
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<td>180.1</td>
<td>111.2</td>
<td>118.6</td>
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<tr>
<td>Dividend (yen per share)</td>
<td>17</td>
<td>27</td>
<td>27</td>
<td>9</td>
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<tr>
<td>Dividend ratio(%)</td>
<td>23.8%</td>
<td>24.7%</td>
<td>25.4%</td>
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<td>27.5%</td>
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Forecast for FY2017 (Consolidated performance)
### 1. Forecast for FY2017 (Segment Forecast)

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<tbody>
<tr>
<td><strong>Energy &amp; Electric Systems</strong></td>
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<tr>
<td>Net Sales</td>
<td>1,180.0</td>
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<td>Operating Income/Loss (%)</td>
<td>76.3</td>
<td>72.4</td>
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<td>44.3</td>
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<td></td>
<td>6.5%</td>
<td>5.9%</td>
<td>4.0%</td>
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<tr>
<td><strong>Industrial Automation Systems</strong></td>
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<td>Net Sales</td>
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<td>1,321.9</td>
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<td>Operating Income/Loss (%)</td>
<td>98.0</td>
<td>145.9</td>
<td>159.1</td>
<td>140.0</td>
<td>177.0</td>
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<tr>
<td></td>
<td>8.9%</td>
<td>11.4%</td>
<td>12.0%</td>
<td>10.7%</td>
<td>12.5%</td>
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<tr>
<td><strong>Information &amp; Communication Systems</strong></td>
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<tr>
<td>Net Sales</td>
<td>548.2</td>
<td>559.5</td>
<td>561.1</td>
<td>447.7</td>
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<td>Operating Income/Loss (%)</td>
<td>5.5</td>
<td>18.9</td>
<td>14.9</td>
<td>12.7</td>
<td>15.0</td>
</tr>
<tr>
<td></td>
<td>1.0%</td>
<td>3.4%</td>
<td>2.7%</td>
<td>2.8%</td>
<td>3.3%</td>
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<tr>
<td><strong>Electronic Devices</strong></td>
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<tr>
<td>Net Sales</td>
<td>194.6</td>
<td>238.4</td>
<td>211.5</td>
<td>186.5</td>
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<td>Operating Income/Loss (%)</td>
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<td>30.1</td>
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<td>8.3</td>
<td>13.0</td>
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<td></td>
<td>5.2%</td>
<td>12.7%</td>
<td>8.0%</td>
<td>4.5%</td>
<td>6.5%</td>
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<tr>
<td><strong>Home Appliances</strong></td>
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<tr>
<td>Net Sales</td>
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<td>Operating Income/Loss (%)</td>
<td>52.8</td>
<td>54.2</td>
<td>63.8</td>
<td>69.6</td>
<td>56.0</td>
</tr>
<tr>
<td></td>
<td>5.6%</td>
<td>5.7%</td>
<td>6.5%</td>
<td>6.9%</td>
<td>5.4%</td>
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<tr>
<td><strong>Others</strong></td>
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</tr>
<tr>
<td>Net Sales</td>
<td>676.0</td>
<td>740.5</td>
<td>707.7</td>
<td>713.6</td>
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<tr>
<td>Operating Income/Loss (%)</td>
<td>19.8</td>
<td>23.7</td>
<td>23.6</td>
<td>23.2</td>
<td>23.0</td>
</tr>
<tr>
<td></td>
<td>2.9%</td>
<td>3.2%</td>
<td>3.3%</td>
<td>3.3%</td>
<td>3.2%</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
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<td>4,054.3</td>
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<td>6.4%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

*Inter-segment sales are included in the above chart.*
2. Management Policy
Maintain Balanced Corporate Management for Sustainable Growth

Toward a Higher Level of Growth
Growth Targets to be Achieved by FY2020
- Net Sales: 5 trillion yen or more
- OPM: 8% or more

Management Targets to be Continuously and Stably Achieved
- ROE: 10% or more
- 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.

Strive for Continuous Innovation
Through continuous innovation, we develop new frontiers.

Pursue the Satisfaction of the Four Stakeholder Categories
<table>
<thead>
<tr>
<th>Social Contributions</th>
<th>Excellent Products and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Corporate Value</td>
<td>Rewarding Workplace</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Employees</td>
</tr>
</tbody>
</table>

Accelerate growth of strong businesses
Further global expansion
Create new strong businesses
Reinforce the solutions business

Constantly review and refresh business portfolio
Maintain sound financial standing
Promote thorough Ethics and Compliance and CSR initiatives

Profitability Efficiency
- Enhance capital efficiency
- Create a stronger business foundation

Greater Corporate Value
- Accelerate growth of strong businesses
- Further global expansion
- Create new strong businesses
- Reinforce the solutions business

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

Growth
- 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.

Through continuous innovation, we develop new frontiers.

Pursue the Satisfaction of the Four Stakeholder Categories

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Growth
2. Management Policy
Maintain Balanced Corporate Management for Sustainable Growth

Through continuous innovation, we develop new frontiers.

Pursue the Satisfaction of the Four Stakeholder Categories
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</table>
3. Embodiment of the Corporate Mission

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.

【Contemporary Social Issues】
- Environmental issues
- Resource/Energy issues

【Initiatives of Mitsubishi Electric Group】
- Global Development of Products, Systems, and Services
- Make Strong Businesses Stronger
- Technology Synergies/Business Synergies
- Realize a Sustainable Society
- Provide Safety, Security, and Comfort

【Embodiment of the Corporate Mission in the Context of the Current Environment】
- Growth Targets to be Achieved by FY2020
  Net Sales 5 trillion yen or more
  OPM 8% or more
- “Global, Leading Green Company”
  Contribute to the realization of a prosperous society
4. Simultaneously Achieve a “Sustainable Society” and “Safety/ Security/ Comfort”

Realize a sustainable society

Low-carbon society

SiC power module mounted products
- Achieved significant miniaturization and 40% increased energy-savings compared to before

High efficiency packaged air-conditioner for shops/ offices
- Realize high levels of energy-savings (APF 5.5) by all-SiC DIPIPM and high efficiency compressors
- Reduce environmental impact by adopting low global warming potential refrigerant R32

Hybrid battery energy storage system

Contribute to expanding the introduction of renewable energies by a coordinated control of storage batteries with different features (e.g. Amount of renewable energy which can be introduced in Oki islands increased from c. 3,000kW → c. 11,000kW)

Resource conservation/ Recycling

Aftermarket service
- Renewal of elevators (minimum refurbishing), etc.

Recycling (home appliances)
- Use technology to sort main plastics (PP/ PS/ ABS) from mixed plastics of home appliances and reuse them in the Company’s products (Closed recycling)

Reduce environmental burden

Provide safety, security, and comfort

Security
- Provide security systems for buildings and factories according to their varying security levels

Safe driving assistance
- Realize a safe and comfortable motorized society through advances in driving-assistance technology which combine automobile control/ HMI/ communication/ sensors technologies

Artificial satellite
- Contribute to monitoring weather phenomenon, global environment, understanding disaster situations, and surveillance of marine and forest environments
- Improve safety precision of automated driving systems and realize appropriate maintenance of social infrastructure by utilizing high-accuracy positioning information (Utilizing of quasi-zenith satellites)
- Contribute to the development of communication and broadcast infrastructure in each area through developing communication satellites

Safety standard (FA equipment)
- Provide safety and security to production sites around the world through the wide range of product lineup, which are certified by international safety standards, assisting a sustainable increase in productivity

Room air conditioner
- Improve comfort by advanced sensing technology and prediction prefetching driving of “Move Eye mirA.I.”

Respect human rights and promote the active participation of diverse human resources
- Promote diversity (hire and utilize diverse talents), etc.

Strengthen corporate governance and compliance on a continuous basis
- Promote CSR procurement (such as environment, quality, human rights, compliance), etc.

Mitsubishi Electric Group will contribute to SDGs by further pursuing sustainable growth

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

Selected as the CDP A list company (the top award) for “Climate” and “Water” for 2 years in a row

Selected as a stock name included in the FTSE4 Good Index Series, an index for SRI

Chosen as a stock name for all of the 3 ESG indexes which GPIF adopts
- FTSE Blossom Japan index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
5. Pursue Sustainable Growth
(1) Ensure “High-Quality” Growth

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<td>OPM</td>
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<td>5.7</td>
<td>10.9</td>
<td>13.9</td>
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<td>10.9</td>
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<tr>
<td>Debt ratio</td>
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<td>14.5</td>
<td>16.0</td>
<td>15.9</td>
<td>10.3</td>
<td>9.4</td>
<td>10.0</td>
<td>8.4</td>
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</table>

*Growth Target
-  OPM: 8% or more
-  ROE: 10% or more
-  Debt ratio: 15% or less

*CAGR: Compound Average Growth Rate
5. Pursue Sustainable Growth
(2) Initiatives in FY2016 (Overview)

Strengthen development and production systems to enhance global expansion (Capital investments)

- Established a new company to develop/produce room air-conditioners (MACT in Turkey: Registration Apr. 2016, Production start planned for Jan. 2018)
- Commenced construction of new automotive equipment plant (Himeji Works: Production start planned for May 2018)
- Commenced construction of new plant for satellite equipment (Kamakura Works: Production started Oct. 2017) etc.

Drive technological development for further value creation (R&D)

- Started operation of demonstration facility for middle-voltage direct current distribution (Power Distribution Systems Center: Jul. 2016)
- Development of automated design deep-learning algorithm (the world first*1) and high-speed training algorithm for deep-learning (Announced Oct. 2016)
- Development of DC circuit breaker technology (the world’s fastest*2) for railway power-supply system (Announced Jan. 2017)
- Development of the world’s smallest*3 SiC inverter for HEV (Announced Mar. 2017)
- Development of automated mapping technology and extraction of transitions technology for high precision 3D maps (Announced Mar. 2017) etc.

*1 As of Oct. 7, 2016 (Own company research) *2 As of Jan. 30, 2017 (Own company research) *3 As of Mar. 9, 2017 (Own company research)

Reallocate management resources to growth businesses (Strengthen the business portfolio)

- Consolidated and reorganized the subsidiaries under Italy’s commercial air-conditioning business (Formerly DeLclima) (Jan. 2017)
- Transferred the mobile phone sales company (Apr. 2016)

Others

- Established Dynamic Map Planning Co., Ltd. (Jun. 2016)
- Named as one of CDP “A list” companies (in 3 areas): Climate change, Water, Supplier (climate change/water)
- “Director General Prize of Agency of Natural Resources and Energy” at the New Energy awards for FY2016: Station energy saving inverter (S-EIV®)
- “Director General Prize of Agency of Natural Resources and Energy” at the Energy Conservation Grand Prize awards for FY2016: Realize an energy-saving factory using IoT technology (Nagoya Works)
- “Nikkei Industrial Daily prize” for the 35th Nikkei Superior Products/services Award for FY2016: Ultra high speed elevator etc.
5. Pursue Sustainable Growth (3) Global Expansion

<table>
<thead>
<tr>
<th>View on strengthening business competitiveness and realizing results</th>
<th>Up to FY2020, expand business mainly in Japan, North America, Europe and China</th>
<th>Growth in revenue as a result of investment into emerging markets will come to fruition after FY2020</th>
</tr>
</thead>
</table>

**Japan**

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

- [P] The demonstration facility for MVDC distribution at the Power Distribution Systems Center (Jul. 2016)
- [T] HVDC verification facility at Transmission and Distribution Systems Center (1st half of FY2018)
- [T] New plant in Itami Works (Apr. 2015)
- [B] New plant for control panels in Kobe area (Jun. 2016)
- [B] Opened new training center for Inazawa Works (Jun. 2016)
- [AE] Development engineering/ testing facility at Shiizuoka Works (Jun. 2019)
- [AE] Developed next-generation driving-assistance technology concept car “EMIRA4” (Oct. 2017)

**North America/ Europe/ China**

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

- [P] Power Systems
- [T] Transportation Systems
- [B] Building Systems
- [AR] Air-Conditioning & Refrigeration Systems
- [FA] Systems
- [AE] Automotive
- [S] Space Systems
- [AL] ALL

- [T] Strengthened MEPPS maintenance system (May 2014)
- [T] MEKT (Italy) (Apr. 2014)
- [AR] Wholly acquired DeLclima (Italy) (Feb. 2016), and consolidated and reorganized their subsidiaries (Jan. 2017)
- [AL] MER (Russia) (Nov. 2014)
- [B] MESE’s new plant (Nov. 2015)

**Asia (excl. China)/ Others**

Cultivate new markets by developing local business networks

- [P] ME-TH as a sales company (Aug. 2015)
- [AR] MCP’s new building (Jul. 2015)
- [AL] Established MKY training center (Aug. 2015)
- [T] MEI’s new plant (Nov. 2015)
- [B] KMEC’s new plant (Feb. 2018)
- [T] MEI’s new plant (Nov. 2015)
- [B] IMEC’s new plant (Sep. 2016)
- [AE] MEAX (Oct. 2014)

- [AL] Established MEU Norway branch (Oct. 2015)
- [AL] Established MEAP Yangon branch (Jun. 2015)
- [AL] Established MEU South Africa branch (Jun. 2015)

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

6. Growth through Value Creation
(1) Overview

Mitsubishi Electric Group

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

Value Creation
- Energy & Electric
- Industrial Automation
- Information & Communication
- Electronic Devices
- Home Appliances

Business Synergies
- Provide value which meet market needs
- Create additional value through technology synergies and business synergies
  - Make Strong Businesses Stronger
  - Continuous Creation of New Strong Businesses
  - Reinforce the Solutions Business Centered on Strong Businesses

Operating Platform
- Procurement
- Productivity
- Quality
- Sales
- Services

Technological Platform
- R&D and IP

Technology Synergies

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

Universities
Corporations
Research and Development Agency
Government
Standardization Organizations
6. Growth through Value Creation
(2) Expansion of Products/ Systems/ Services and the Way to Create Value

Value Increase

- Create New Value through Business Developments utilizing IoT
  - Advancement of product/system controls (Utilizing artificial intelligence (AI))
  - Expansion of services based on the extensive line of products and systems

Expansion of Synergies

- Additional Value Creation through Business Developments brought about by Combinations and Collaborations
  - Optimal combination of products/systems/services

Business Synergies
Collaboration of a wide variety of businesses

- Value Creation through Individual Business Developments
  - Products/Systems
  - Services (Maintenance, etc.)

Technology Synergies
- Strengthen competitiveness through optimal combination of technological assets
  - Control, Power Electronics, Communication, IT, Electromagnetic Analysis, Device, etc.

Connect and control
xEMS, e-F@ctory, ZEB/ ZEH, Automated driving, etc.

Sustainable growth with growth drivers

Create New Businesses

Create New Synergies

Enhance earning power by technology & business synergies

Collaboration with Partners

Additional Value Creation through Business Developments brought about by Combinations and Collaborations

- Optimal combination of products/systems/services

Create New Business

Create New Synergies

Make Strong Businesses Stronger

Strengthen technological assets

7. Make Strong Businesses Stronger
(1) Growth Drivers

**Energy & Electric Systems**
- **Power Systems**
  - Power generation systems,
  - Transmission & distribution systems,
  - Power distribution systems,
  - Particle therapy 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, IGBT: Insulated Gate Bipolar Transistor,
GaN: Gallium Nitride, GaAs: Gallium Arsenide, HEMS: Home Energy Management System*
7. Make Strong Businesses Stronger
(2) Value Creation in Growth Drivers

**Power Systems Business**

- Stabilize the power system when renewable energy use expands
  - Provide power electronics systems (such as HVDC systems) and high-capacity energy storage systems, etc.
- 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)

**Transportation Systems Business**

- 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

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

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Sales (Billions of Yen)

<table>
<thead>
<tr>
<th>Sales</th>
<th>Overseas</th>
<th>Japan</th>
<th>20 (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>16</td>
<td>17</td>
<td>20</td>
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</tbody>
</table>

**Expanded introducing new products and systems (HVDC systems, etc.)**

**Strengthen aftermarket service business (Japan/ Americas/ Middle East, etc.)**

- • Launched D-SMiree system for MV/ LV DC Distribution (Jul. 2016)
- • Started to build HVDC verification facility at Transmission and Distribution Systems Center (Oct. 2016)
- • Established companies which will construct and operate the world’s state-of-the-art coal-fired power plant (in relation to Fukushima’s reconstruction) (Oct. 2016)
- • 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)

- • Was awarded a contract for the verification and testing of CBTC system by MTA New York City Transit (Jan. 2016)
- • Was awarded a contract for railcar air conditioning system for Rhine-Ruhr express train network (Mar. 2016)
- • Received orders from the Transport for New South Wales for railcar electric equipment (Sep. 2016)
- • Productized storage battery-type auxiliary power device for small-scale train stations (S-EIV®) (Sep. 2016)
- • Started commercial operation of the mass production E235 railcar installed with all-SiC inverter, for East Japan Railway Company (May 2017)
7. Make Strong Businesses Stronger
(2) 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
  - Started operation of IMEC (Sep. 2016)
  - Launched “Elemotion+[ZERO]” for elevator renewals (Dec. 2016)
  - Registered as a ZEB Planner (May 2017)
  - Expanded the specification for the standard-type elevator “AXIEZ” (Jun. 2017)
  - Expanded the elevator types which are subject to Elemotion+[ZERO] (approx. 50% of elevators manufactured by the Company which will be up for renewals in FY2020) (Oct. 2017)

- 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

Air-Conditioning & Refrigeration Systems Business
- Respond to energy-saving needs unique to the region through high functionality/high efficiency devices and advanced control technologies
  - Capture demand in North America/ Europe/ China, etc. (Reap the results of investment)
  - Maximize synergies with MEHITS
  - Achieved 100% ownership of Italy’s commercial HVAC company DeLclima (Feb. 2016)
  - Started operation of the new engineering facility at the Air-Conditioning & Refrigeration Systems Works (Mar. 2016)
  - Established MACT (Apr. 2016)
  - Started operation of Iwade logistics center at the Air-Conditioning & Refrigeration Systems Works (Jun. 2016)
  - 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)

- Respond to environmental and energy-saving regulations, and lower environmental burden
  - Adopt technologies such as all-SiC DIP/PM 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)

* as of Nov. 2017, own research
* RMI: Remote Monitoring Interface
7. Make Strong Businesses Stronger
(2) Value Creation in Growth Drivers

Factory Automation (FA) Systems Business

- **TCO reduction through “e-F@ctory”, the FA-IT integrated solution**
  - Improve real-time information gathering capabilities through rich FA product lines and network formations, and support multi-cycle, flexible production system with different models and quantity
  - Improve factory utilization, delivery timing and quality by proposing automation using robots

- **Develop products meeting the global needs**
  Elevate response capabilities to meet local needs and various international standards, through expansion of overseas development centers (in Europe/ China/ India)

- **Strengthen support systems**
  - Implement initiatives towards remote services using IT (electrical discharge/ laser processing machine)
  - Continue to strengthen service bases such as Global FA Centers (including satellite bases) (50 locations in 30 countries)

Automotive Equipment Business

- **Improve fuel mileage and reduce environmental burden**
  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

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

- **Realize a safe and comfortable automated driving**
  Contribute to realizing an automated 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
7. Make Strong Businesses Stronger
(2) 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)

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
  
  - Started to provide samples of “IPM G1 series” with 7th generation IGBT (May. 2016)
  - Launched Super-mini Full SiC DIPIPM (Aug. 2016)
  - Expanded lineup of “IGBT module T Series” with 7th Generation IGBT (Sep. 2016)
  - Launched SiC-SBD (Mar. 2017)
  - Expanded lineup of 1200V Large DIPIPM Ver.6 (Aug. 2017)
  - Expanded lineup of HVIGBT Module X series (Sep. 2017)
  - Launched LV100-type HVIGBT Module X series (Sep. 2017)

- 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

*HVIGBT: High Voltage Insulated Gate Bipolar Transistor, IPM: Intelligent Power Module, SBD: Schottky Barrier Diode

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Sales (Billions of Yen)

<table>
<thead>
<tr>
<th></th>
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<tr>
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<td>17</td>
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<td>16</td>
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</table>

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

- Establish Dynamic Map Planning Co., Ltd. (DMP) (Jun. 2016)
  - Agreed on development cooperation with u-blox (Switzerland) on receiver chips for automobiles that respond to quasi-zenith satellites “Centimeter level positioning augmentation service” (Sep. 2016)
  - Selected for the prime contractor of the Engineering Test Satellite 9 (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)
8. Technology Synergies and Business Synergies

(1) Create New Value by Utilizing IoT

- Expand services utilizing IoT
  ⇒ Data analysis, remote monitoring/management, preventive maintenance, optimized driving, energy management, etc.
  ⇒ Utilize IT system in line with client needs

- Utilize IoT based on the rich line of products and systems across several business domains

- Primary processing of data at the edge layer
  ⇒ Real-time feedback of data to the equipment layer, as well as ensuring security
  ⇒ Seamless connection with the IT system layer

- Advance control in the edge layer to the equipment layer by utilizing artificial intelligence (AI)
8. Technology Synergies and Business Synergies (2) Initiatives for Utilizing Artificial Intelligence (AI)

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

- **Automated analysis of camera images**
  - **Image analyzing solution**
  - Analyze images from cameras, and detect specific people/objects/conditions in real-time
    - [Detecting targets (Examples)]
      - Detecting Human attributes
        - People pushing strollers, wheelchairs
      - Detecting misplaced items
        - Items left behind
    - Detecting wobbling movements
      - Walking unnaturally and unsteadily

- **Sound separation technology**
  - Separate multiple sound data by a clustering process using deep learning (deep clustering) and recover the original sound
  - Record several different words simultaneously with one microphone
  - Extract the different sounds and export them separately
  - [Potential applications] Automatic speech recognition systems in cars, homes, elevators, etc.

- **Automated mapping/extraction of transition for high-precision 3D maps** (in development)
  - Utilize the technology of AI and MMS automatically produce and renew high-precision 3D maps
    - 3D space positioning data by MMS
    - High-precision 3D map

Areas of Maisart application (Examples)

- Recognition/Identification
- Cause estimation
- Predictive detection
- Optimized control
- Automation

*MMS: Mobile Mapping System*
8. Technology Synergies and Business Synergies
(3) Value Creation through Utilizing IoT in Manufacturing

Partner companies (Sep. 2017): e-F@ctory 458, CC-Link 3,069

Examples using e-F@ctory

iQ Care Remote4U
Nagoya Works
PLCs production plant

Nagoya Works
Three-phase motor shaft processing line
15% improvement in the total machining cycle time for the shafts
By providing feedback on the machining outcome across different processes, automatically adjust the machining conditions

Nagoya Works
Three-phase motor shaft processing line

Remote service for electrical discharge/ laser processing machine
- Collect and accumulate information on machining and operation track record and electricity consumption of laser processing machine
- Contribute to the production process and reduction of running cost by analyzing the information collected

With edge computing at the core, increase productivity of the total factory by connecting the rich product line up which supports the production site with the IT system

Examples using e-F@ctory

iQ Care Remote4U
Nagoya Works
PLCs production plant

Nagoya Works
Three-phase motor shaft processing line

Remote service for electrical discharge/ laser processing machine
- Collect and accumulate information on machining and operation track record and electricity consumption of laser processing machine
- Contribute to the production process and reduction of running cost by analyzing the information collected

Nagoya Works
Three-phase motor shaft processing line

PLCs production plant
30% productivity improvement, 30% reduction in energy cost, 50% reduction in quality losses
Improvement in utilization rate by implementing production operation status management system/ assembly directing system

iQ Care Remote4U
Expand the aftermarket service business by utilizing IT system

- Collect and accumulate information on machining and operation track record and electricity consumption of laser processing machine
- Contribute to the production process and reduction of running cost by analyzing the information collected

Nagoya Works
Three-phase motor shaft processing line

PLCs production plant
30% productivity improvement, 30% reduction in energy cost, 50% reduction in quality losses
Improvement in utilization rate by implementing production operation status management system/ assembly directing system

iQ Care Remote4U
Expand the aftermarket service business by utilizing IT system

- Collect and accumulate information on machining and operation track record and electricity consumption of laser processing machine
- Contribute to the production process and reduction of running cost by analyzing the information collected
8. Technology Synergies and Business Synergies (3) Value Creation through Utilizing IoT in Manufacturing

Utilize Edgecross in e-F@ctory, and promote proposals which enable further improvement at the production sites

- Develop edge computing products (Responding to Edgecross)
  - Realize a production site-centered edge computing which collects, analyzes, and diagnoses production site data
  - Use data to contribute to the improvement in the production sites such as preventive maintenance and quality improvement

H/W

MELIPC series
An industrial PC which collects various production site data on a real-time basis, provides feedback to production sites, and enables smooth linkage to IT systems in e-F@ctory (CC-Link IE built in)

S/W

Real-time data analyzer
A S/W which enables the off-line analysis/real-time diagnosis of various data by utilizing the analogous waveform recognition technology of the AI Maisart

MC Works64 edge computing edition
A S/W which can provide advanced visualizations such as 3D images and conduct remote supervision through web browsers and mobile equipment

Promote intelligent manufacturing for “Made in China 2025” through utilizing IoT in manufacturing by introducing e-F@ctory

- Support establishment of the Changshu Innovation Center for Green & Intelligent Manufacturing in the Changshu New & High-tech Industrial Development Zone
  - Concluded a strategic partnering agreement with Changshu city Jiangsu province in 2016
  - Supported setting up an e-F@ctory exhibition corner in the Changshu Innovation Center for Green & Innovation Manufacturing

Strengthen e-F@ctory through collaboration with partners and accelerate initiatives to improve productivity and quality utilizing IoT

- The 2nd FA development center in Nagoya Works (Completed construction Jul. 2017)
  - Set up a development/design environment to strengthen product capabilities of the FA equipment which are components of the e-F@ctory, and to strengthen collaboration in products including those of partners, in the e-F@ctory Alliance
  - Built a co-development room for FA equipment operation verification with partners
8. Technology Synergies and Business Synergies

(4) Value Creation through Realizing Energy-Savings in Building Facilities

Contribute to realizing ZEB (net Zero Energy Building) by providing products/ systems/ services across several business areas
A centralized response for increased efficiency in energy use is possible, including ensuring security and BCP measures

BAS: System control through connecting energy-saving equipment and various sensors

<table>
<thead>
<tr>
<th>Services</th>
<th>Energy management, Maintenance, Remote monitoring, Renewal, etc.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Energy recovery ventilation nits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conducting fan units</td>
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<tr>
<td>PV systems</td>
</tr>
<tr>
<td>DC power distribution systems</td>
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<tr>
<td>Substation equipment</td>
</tr>
<tr>
<td>UPS</td>
</tr>
<tr>
<td>In-house power generators</td>
</tr>
<tr>
<td>Access control systems</td>
</tr>
<tr>
<td>Network camera systems</td>
</tr>
<tr>
<td>(Video monitoring systems)</td>
</tr>
</tbody>
</table>

**Hot-water supply equipment**

**Reduction (50% over)**

Comparison base

Our products

A preliminary calculation of energy consumption in the case of “Reinforced Concrete 3-storied building, total floor space 1,706㎡ in Tokyo”

**Air-conditioning system**

Example of installing in Passive Houses
Contribute to energy-savings by adopting VRF to the world’s tallest Passive House (New York, Cornell University) (plan for completion 2nd half of FY2017)

To improve energy-saving performance, demonstration experiments are taking place in the Air-Conditioning and Refrigeration Works engineering building (completed Mar. 2016)

- Increase efficiency and control energy-savings of multi-air-conditioning systems/ chillers, etc. for buildings
- Efficient operating control of compressor by shifting the evaporating temperature of refrigerant during cooling times

**ZEB energy-saving calculation (in Japan)**

Calculated for: Air-conditioners, Ventilators, Lighting equipment, Hot-water supply equipment, Elevators

**Comparison base**

Energy consumption in the case of “Reinforced Concrete 3-storied building, total floor space 1,706㎡ in Tokyo”

**Our products**

A preliminary calculation of energy consumption of our products based on the “Web program” (an evaluation tool for energy-saving performance which is provided by a national research institute under the Ministry of Land, Infrastructure and Transport)

**MJ/m² yr**

- 1,600
- 1,400
- 1,200
- 1,000
- 800
- 600
- 400
- 200
- 0

**Reduction (50% over)**

- Elevators
- Lighting equipment
- Ventilators
- Air-conditioners

8. Technology Synergies and Business Synergies

(4) Value Creation through Realizing Energy-Savings in Building Facilities

<table>
<thead>
<tr>
<th>Examples of orders received</th>
<th>A</th>
<th>B</th>
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<tbody>
<tr>
<td><strong>Consulting</strong></td>
<td></td>
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<tr>
<td>ZEB facilities consulting</td>
<td>O</td>
<td>O</td>
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<tr>
<td><strong>Products/ Systems</strong></td>
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<tr>
<td>■ Energy-saving</td>
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<tr>
<td>Air-Conditioning</td>
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<tr>
<td>Ventilation</td>
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<td>Lighting</td>
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<td>O</td>
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<td>Elevators</td>
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<td>O</td>
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<td>■ Energy-creation/ Energy-storage</td>
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<td>Solar power generation</td>
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<td>O</td>
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<tr>
<td>Power conditioner for EV</td>
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<tr>
<td>■ Substations (AC/ DC)</td>
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<td>Substations</td>
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<td>DC distribution</td>
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<td>■ Security</td>
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<td><strong>Services</strong></td>
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<tr>
<td>Maintenance/ Renewals</td>
<td>O</td>
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</tr>
</tbody>
</table>

ZEB facility/ system/ service for Shirasagi Denki Kogyo

- Reduce 70.1% against the standard primary energy consumption amount through product lines with high energy-saving functions

Standard Primary Energy Consumption amount

The total converted calorific value of the energy consumed by facilities and equipment whose amount is determined by METI in accordance with the buildings' structures, etc.

Comparison: Standard primary energy consumption

- ▲ 51%
- ▲ 19%

Combination of our air-conditioning, ventilation, lighting, elevators, and other companies' ventilation system utilizing geothermal energy

Using solar power generation

- ▲ 70%

Apply low-medium voltage DC distribution network system (D-SMiree®)

- Realize an effective way to utilize renewable energy by connecting solar power generated electricity and storage batteries which are DC power sources as DC, and by combining that with charge/discharge control of storage batteries

Also support security and BCP measures (solar power generation/ EV collaboration)

- Introduce a power conditioner for EV (SMART V2H), where combination of electricity from solar power generation system, EV, and the grid, can be used

Support energy management of the building after completion in one-stop

- Visualization of energy-saving and creation through the introduction of a BAS
- Provide support from the optimization of coordination control of each facility to daily operations, through maintenance services

A. Fuji Kosan building: 4-storied building, Total floor area 2,197㎡

B. Shirasagi Denki Kogyo New head office building: 3-storied building, Total floor area 1,290㎡

*EV: Electric Vehicle, METI: Ministry of Economy, Trade and Industry
8. Technology Synergies and Business Synergies
(5) Value Creation through Initiatives for Automated Driving

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

**Autonomous driving systems**
Combination of sensing technology and vehicle control technology

A system which enables autonomous automated driving by combining automobile mounting devices such as those for control, perimeter surveillance, and out-of-vehicle information utilization

- Recognize and judge the surrounding environment of the automobile and anticipating movements through high-quality surveillance sensors and sensor fusions
- Through high-precision vehicle movement control technology, realize safe and comfortable automated driving

**Vehicle-infrastructure cooperative systems**
Utilizing information infrastructure such as quasi-zenith satellites and ITS

A system which utilizes information from outside the vehicle, such as satellites, through out-of-vehicle information utilization devices

- Locate vehicle’s position with centimeter-level precision, utilizing high-precision positioning and map creation technology
- Obtain real-time information on the road condition through road-vehicle and inter-vehicle linked communication


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**Diagram:**
- Quasi-zenith satellites
- Ground systems for quasi-zenith satellites
- ECU (ADAS, etc.)
- Motor
- Inverter
- EPS system products
- Recognize, Judge, Operate
- “xAUTO”, the autonomous driving test vehicle
- V2X onboard equipment
- ETC2.0 (DSRC)
- Sending positioning signals
- Sending positioning enhancement signals by quasi-zenith satellites
- Receive centimeter-level positioning information and locate one’s position in a couple dozen seconds
- Automated driving through high-precision position locating technology
- Positioning satellites such as GPS
8. Technology Synergies and Business Synergies
(5) Value Creation through Initiatives for Automated Driving

**Autonomous driving systems**

- Combination of autonomous driving systems and vehicle-infrastructure cooperative systems
  - Experimental driving of “xAUTO”, the autonomous driving test vehicle
    - Conducted driving experiment on highways (since May 2016)
    - Started driving experiment using the CLAS (centimeter-level augmentation service) signals from a quasi-zenith satellite (since Sep. 2017)

- Developed the concept car “EMIRAI4” which consolidates the developments in the three areas of autonomous driving/electrification/connectivity

- **Initiatives for next-generation driving-assistance to realize an autonomous driving society**
  - Install the most recent HMI technology in the cockpit
    - Support safe, secure and comfortable driving by combining the high-precision locator and the AR corresponding head-up display
  - Develop wide-angle camera-type driver monitoring system
    - Assist safe driving by simultaneously recognizing persons in the drivers’ and the front seats and sensing their conditions
  - Utilize safe and secure lighting
    - Illuminate the movement of the car, such as opening and shutting the door, on the road
    - Show the movement of the autonomous driving car by the body lighting

**Vehicle-infrastructure cooperative systems**

- Initiatives for global application of high-precision positioning and high-precision maps

  **High-precision positioning**
  - Developing automobile receiver chip responding to CLAS through development collaboration with u-blox (Switzerland) to expand utilization of quasi-zenith satellite system
  - Launched Sapcorda Services which delivers highly accurate GNSS position augmentation services with Bosch/Geo++/u-blox (Aug. 2017)
  - Formed alliance with HERE (Netherland) towards mutually utilizing the high-precision positioning technology (Oct. 2017)

  **High-precision 3D mapping**
    - DMP shifted from a planning company to an operating company, Dynamic Map Platform Co., Ltd.
    - DMP agreed to start discussion on specification collaborating with HERE (Netherland)
  - Commissioned to conduct “Making and developing prototypes of dynamic maps, and establishing center functions and updating methods” and “Implementing and managing large-scale verification experiments” of SIP (Aug. 2017)
  - Developing automated mapping technology and extraction of transitions technology for efficient development and maintenance of mapping data

*AR: Augmented Reality, SIP: Strategic Innovation Promotion Program, GNSS: Global Navigation Satellite System*

The world’s fastest elevator
In addition to being the world’s fastest, realized further safety and the world’s top class riding comfort/ quietness/ energy-savings

Developed technology for a 1,230m/ min. (73.8km/ hr.) ultra high speed elevator
※As of Dec. 2016 (Own company research)

Group of intellectual property rights:
Technology to realize the world’s fastest speed/ riding comfort/ quietness

Overseas Patent Application (Mitsubishi Electric Group)
(Number of applications)

<table>
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<th>Europe</th>
<th>U.S.</th>
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VP-X series, high-efficiency turbine generator
Realize the world’s largest power generating capacity and size reduction by indirect hydrogen coolers

- Good Design Award 2014
- JEMA Platinum Award 2016 (65th) for Electric manufacturing achievement
- JIIC (Japan Institute of Invention and Innovation) Chairman Award 2016
- National Commendation for Inventions

Patent rights: Cooling technology enabling compactness
High efficiency fans, Flat cooler, Cooling structure, Insulating material

Design rights: A “reliable” design which suits high-efficiency power generators

- Multi-stage hydraulic telescopic buffer
- Duplex safety gears
- Direction changeable speed governor

*PCT: Patent Cooperation Treaty
*Statistics of WIPO/ JPO: Jan. 1- Dec. 31, 2016,
10. Strengthen Business Competitiveness

【Investment targets for business competitiveness】
- Businesses where fruits of investments can be realized in a short period of time, and where market growth can be captured
- Businesses where performance fluctuation is small and certainty for growth is high

**Focused Investment in Growing Businesses**

**Strengthen resource allocation to Growth Drivers**
- **Capital Investment**
  - Continue with a high level of capital investment

  (Billions of Yen)
  07 08 09 10 11 12 13 14 15 16 17
  168.7 167.7 91.9 191.9 179.2 160.1 222.3 206.8 212.5 221.1 230.0

- **R&D**
  - Balance short-, medium-, and long term development investments

  (Billions of Yen)
  07 08 09 10 11 12 13 14 15 16 17
  148.7 144.4 133.7 151.7 169.6 172.2 178.9 195.3 202.9 201.3 212.0

**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 new customer bases in order to strengthen business foundations**
11. Future-oriented R&D for Continuous and Stable Growth

Mega Trends

- Advancement of informatization
- Shift in population structure
- Rapid urbanization
- Delay in measures against climate change and energy conservation
- Changes in world affairs (Terrorism, Monopolization of energy)

Challenges

- Diversifying needs
- Aging advanced countries
- Traffic jams in cities
- Global warming/ PM2.5
- Energy shortage
- Natural disasters
- Man-made threats

IoT

People and environment friendly manufacturing

- by evolving sensing and AI, respond to diversifying user needs with minimal resource usage

Smart mobility

Automated driving system by inter-car cooperation

- share information through inter-car communication on obstacles at blind angles

Comfortable space

Reduce electricity cost while maintaining a comfortable space

- taking into account the EV operation plan, optimize electricity use by using EV as a storage battery

Safe and secure infrastructure

Detecting/ protecting from cyber attacks

- by reducing processing volume to 1/50 from conventional systems, detect attacks to critical infrastructure on a real-time basis

*EV: Electric Vehicle
12. Greater Corporate Value
Value Creation Based on a Sound Financial Position

**Cash Flow**

(Billions of yen)

- Cash Flow from Operating Activities
- Free Cash Flow
- Cash Flow from Investing Activities

**Dividend**

Shareholder Returns according to Increase in Earnings

(Yen per share)

- Annual Dividend
- Interim Dividend

**OPM/ ROE/ Debt Ratio**

(\%)

- Debt Ratio
- ROE
- OPM

**Growth Targets to be Achieved by 2020**

- **OPM** 8% or more
  Enhance earning power by realizing investment results, 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 unit
- **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.

【Growth Targets to be Achieved by 2020】

【Management Targets to be Continuously and Stably Achieved】
13. 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.

**Actual practices at Mitsubishi Electric**

- Thorough separation of supervision and execution
- Majority of board of directors NOT assuming responsibility as executive officer

<table>
<thead>
<tr>
<th>Directors</th>
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<tbody>
<tr>
<td>of which are independent directors</td>
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</tr>
<tr>
<td>of which concurrently serve as executive officers</td>
<td>4</td>
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- Minimal number of executive officers (22 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

**Greater Corporate Value**

- 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 yen/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