

7. For Sustainable Growth — Research and Development —

SUSTAINABLE DEVELOPMENT GOALS 2040
2018 2020 2030 2040
Super Smart Society Society 5.0

Social issues

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

Keywords for solving issues and creating value

- Smart manufacturing
- Smart mobility
- Comfortable space
- Infrastructure for safety, security and relief

Smart manufacturing

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



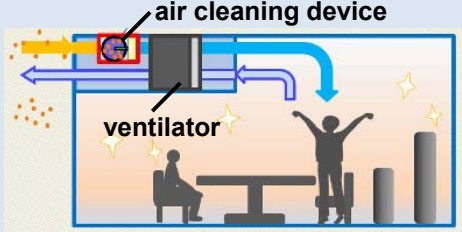

Smart mobility

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



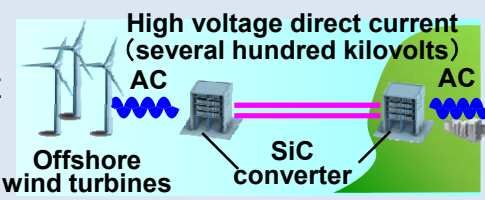
Comfortable space

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




Infrastructure for safety, security and relief

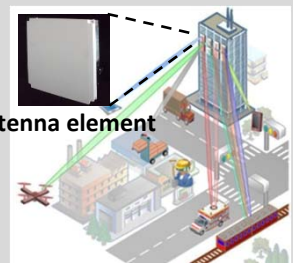
High voltage direct current transmission technology*1
Contribute to efficient transmission of massively deployed renewable energy



Common Technologies



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



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

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

7. For Sustainable Growth — Intellectual Property Activities —

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

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

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

*PCT: Patent Cooperation Treaty

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

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

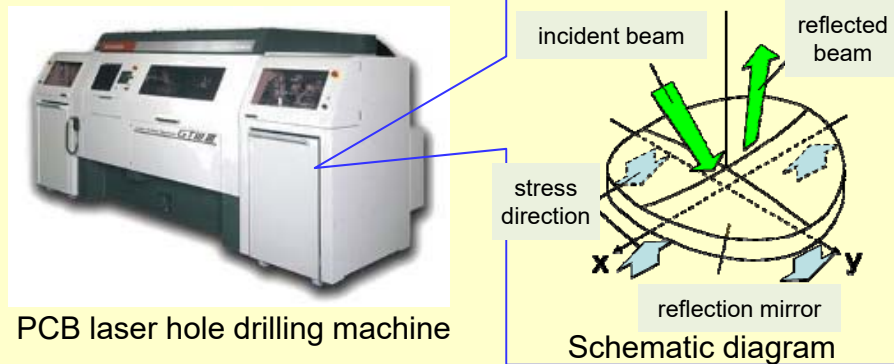
*Statistics of WIPO/ JPO: Jan. 1- Dec. 31, 2017,

*Statistics of Patent Result: Apr. 1, 2016- Mar. 31, 2017

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

【 The Prize of Commissioner of Japan Patent Office 】

“Invention of variable-shape mirror for improving laser via drilling accuracy”



PCB laser hole drilling machine

Schematic diagram

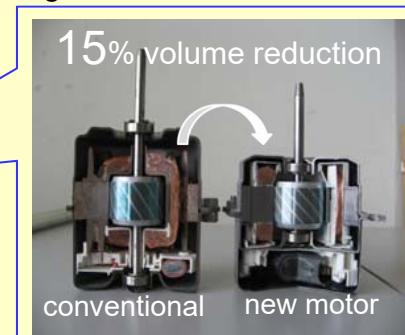
Changed the shape of the mirror surface which reflects the laser beam correcting the distortion of the laser beam. This enabled manufacturing of reduced-size and high-density hole drilling.

【 The Asahi Shimbun Prize 】

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



ventilator



Motor for ventilator

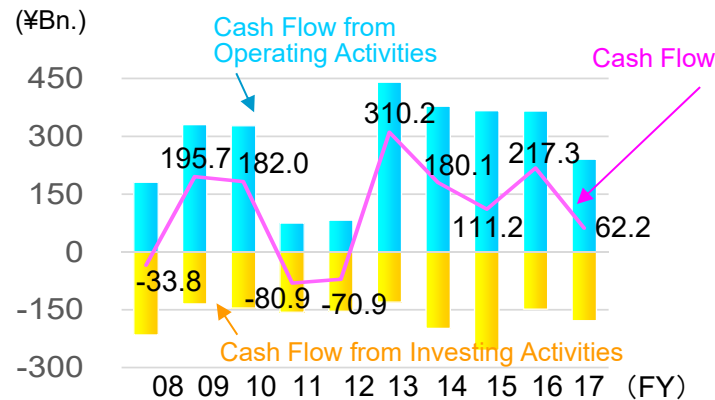
Established a highly accurate assembly method for the rotor of the motor (rotating electrical machines), thereby realizing energy-saving, down-sizing, and low vibration/low noise.

7. For Sustainable Growth

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

Stable Generation of Cash Flow

■ Cash Flow



Strategic Investments for "Growth"

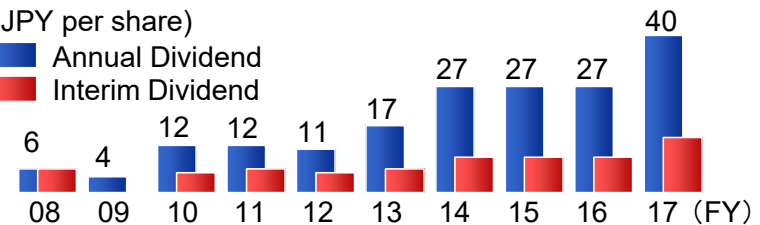
※Refer to the following page for details .

Shareholder Returns according to Increase in Earnings

■ Dividend

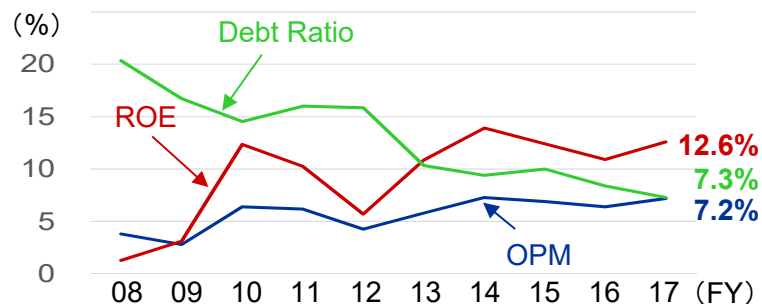
(JPY per share)

■ Annual Dividend
■ Interim Dividend



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

■ OPM/ ROE/ Debt Ratio



【Growth Targets to be Achieved by 2020】

OPM 8% or more

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

【Management Targets to be Continuously and Stably Achieved】

ROE 10% or more

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

Debt Ratio 15% or less

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

7. For Sustainable Growth

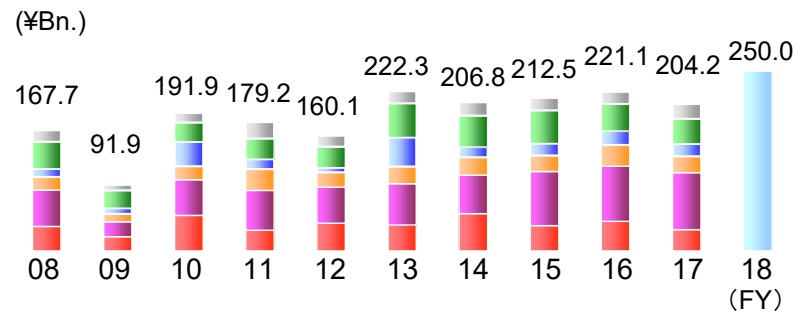
— Balance “Growth”, “Profitability/Efficiency”, and “Soundness” —

Strategic Investments for "Growth"

Proactive investments mainly in growth drivers

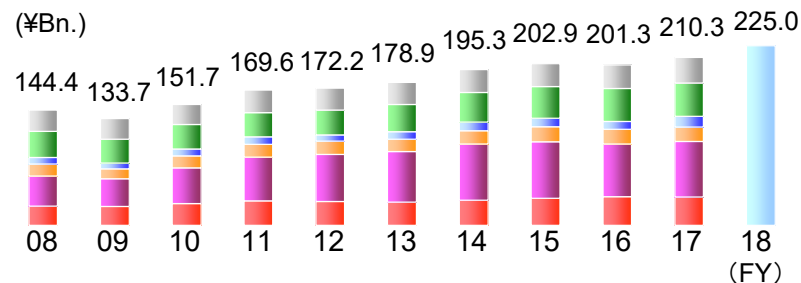
■ Capital Investment

Continue with a high level of capital investment



■ R&D

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



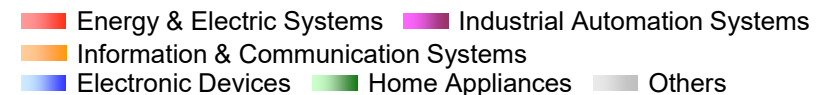
Strengthen Business Portfolios

■ Constantly review and refresh business portfolio

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

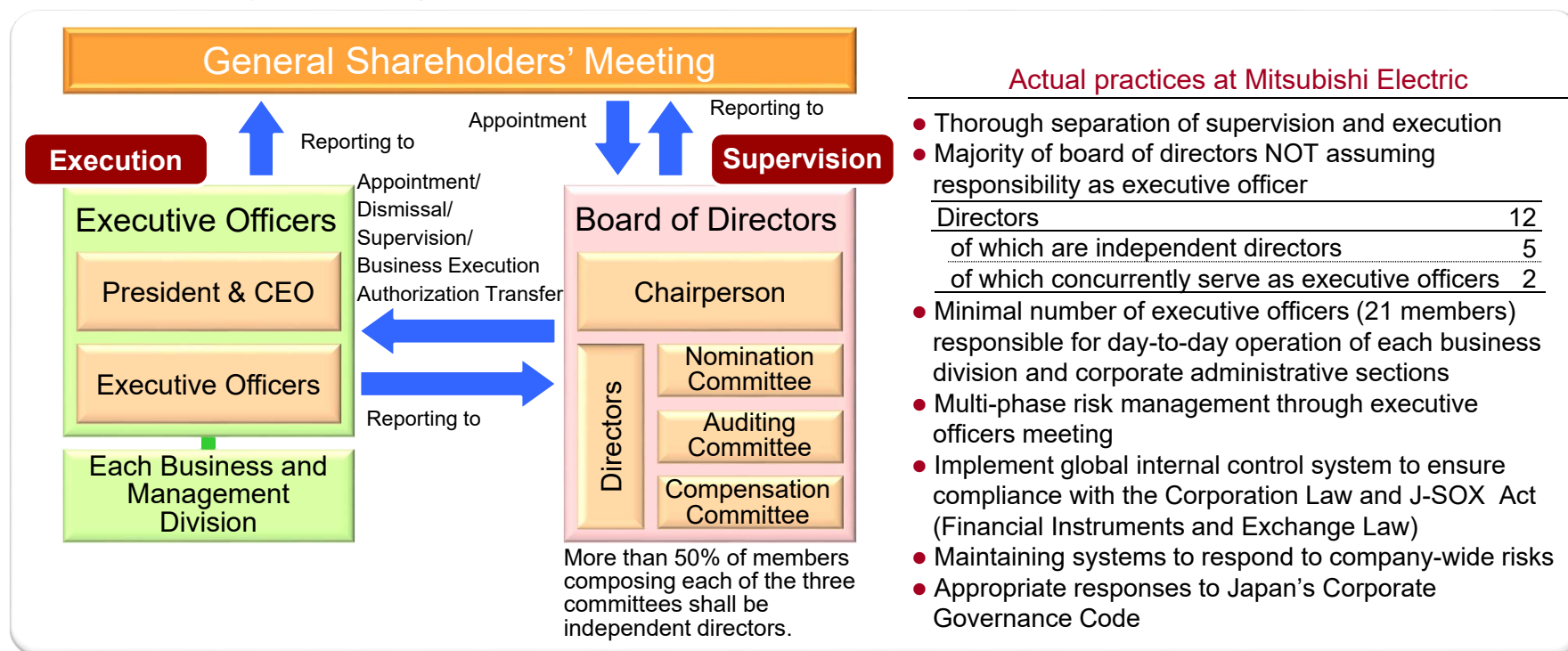
■ Growth contributing collaboration and M&A

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



7. For Sustainable Growth — Corporate Governance —

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



Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to shareholders and other stakeholders

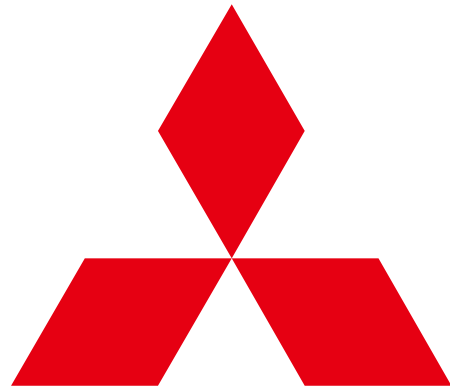
Changes for the Better

Cautionary Statements

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

Such factors materially affecting the expectations expressed herein shall include but are not limited to the following. As such, additional factors may arise at any given time.

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



**MITSUBISHI
ELECTRIC**

Changes for the Better