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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
1. 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, etc.

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.

Initiatives to Create Value

- **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

**Social Challenges**

- **Infrastructure**
  - Zero traffic accidents
  - Comfortable transport
  - Eliminate traffic congestion
  - Reduce air pollution
  - Measures for deteriorating infrastructure
  - Prepare for natural disasters
  - Eliminate poverty/inequalities
  - Prepare for man-made threats

- **Mobility**
  - Eliminate regional disparities
  - Improve QOL of mobility impaired people
  - Build communities
  - Prevent global warming
  - Clean water
  - Industry and technological innovation
  - Response to uneven distribution and depletion of resources

- **Life**
  - Health
  - Equal opportunity for education and training
  - Preserve the ecosystem
  - Avoid water shortage/food shortage
  - Address labor shortage

- **Industry**
  - Comfortable life
1. Strategy

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.

*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)

Formulated the “Environmental Sustainability Vision 2050” which stipulates the Group’s long-term initiatives on environmental issues toward 2050 (Jun.2019)

Awarded "Gold," the highest rating, in the evaluation of companies’ CSR performance conducted by EcoVadis (*2), a global rating agency specializing in CSR evaluation (Oct. 2019)

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

ESG: Environmental, Social, Governance

*1 CDP: An international NPO working to enhance environmental disclosures.

*2 EcoVadis: A rating agency that covers over 55,000 companies in 155 countries. Every year, EcoVadis comprehensively evaluates companies’ CSR initiatives, and those that rank in the top 5% of the surveyed companies are awarded the “Gold” rating.
2. Management Policy
— Maintain and evolve Balanced Corporate Management —

### Growth
- Sustainable growth through providing solutions to social challenges
- Technology Synergies/Business Synergies
- Agile response to changes in business environment

### Greater Corporate Value
- Constantly review and refresh business portfolio
- Maintain sound financial standing
- Strengthen corporate governance and compliance on a continuous basis

### Soundness
- Enhance capital efficiency
- Increase utilization efficiency of natural resources and energy
- Create a stronger business foundation

### Profitability Efficiency
- Increase utilization efficiency of natural resources and energy

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#### 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>Society</td>
<td>Customers</td>
</tr>
<tr>
<td>Increase Corporate Value</td>
<td>Rewarding Workplace</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Employees</td>
</tr>
</tbody>
</table>

#### 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>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue (Billions of JPY)</strong></td>
<td>4,238.6</td>
<td>4,431.1</td>
<td>4,444.4</td>
<td>2,170.1</td>
<td>2,182.5</td>
<td>4,500.0</td>
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</tr>
<tr>
<td><strong>Operating Profit (Billions of JPY)</strong></td>
<td>270.1</td>
<td>318.6</td>
<td>327.4</td>
<td>125.9</td>
<td>114.2</td>
<td>260.0</td>
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</tr>
<tr>
<td><strong>Profit before income taxes (Billions of JPY)</strong></td>
<td>296.2</td>
<td>364.5</td>
<td>353.2</td>
<td>141.2</td>
<td>124.0</td>
<td>275.0</td>
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</tr>
<tr>
<td><strong>Net Profit (Billions of JPY)</strong></td>
<td>210.4</td>
<td>271.8</td>
<td>255.7</td>
<td>102.3</td>
<td>91.2</td>
<td>210.0</td>
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<tr>
<td><strong>ROE (Return On Equity)</strong></td>
<td>10.9%</td>
<td>12.6%</td>
<td>11.7%</td>
<td>-</td>
<td>9.7%</td>
<td>-</td>
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</tr>
<tr>
<td><strong>Stockholders’ Equity (Billions of JPY)</strong></td>
<td>2,039.6</td>
<td>2,259.3</td>
<td>2,294.1</td>
<td>2,341.2</td>
<td>2,399.9</td>
<td>2,407.9</td>
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<tr>
<td><strong>Debt (%)</strong></td>
<td>48.9%</td>
<td>53.0%</td>
<td>53.3%</td>
<td>54.9%</td>
<td>55.1%</td>
<td>55.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Debt excluding lease liabilities (%)</strong></td>
<td>5.2%</td>
<td>5.8%</td>
<td>6.4%</td>
<td>5.8%</td>
<td>6.4%</td>
<td>118JPY/EUR</td>
<td></td>
</tr>
<tr>
<td><strong>Debt excluding lease liabilities (%)</strong></td>
<td>8.4%</td>
<td>7.3%</td>
<td>7.2%</td>
<td>7.1%</td>
<td>6.9%</td>
<td>118JPY/EUR</td>
<td></td>
</tr>
<tr>
<td><strong>Debt excluding lease liabilities (%)</strong></td>
<td>275.9</td>
<td>275.2</td>
<td>275.9</td>
<td>275.2</td>
<td>98.7</td>
<td>98.7</td>
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<tr>
<td><strong>FCF (Free Cash Flow)</strong></td>
<td>217.3</td>
<td>62.2</td>
<td>83.7</td>
<td>45.5</td>
<td>29.1</td>
<td>98.7</td>
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</tr>
<tr>
<td><strong>Dividend (JPY per share)</strong></td>
<td>27</td>
<td>40</td>
<td>40</td>
<td>14</td>
<td>14</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td><strong>Dividend ratio (%)</strong></td>
<td>27.5%</td>
<td>31.6%</td>
<td>33.6%</td>
<td>29.4%</td>
<td>37.9%</td>
<td>32.9%</td>
<td></td>
</tr>
</tbody>
</table>


*Net Profit represents Net profit attributable to Mitsubishi Electric Corp. stockholders.*

*Debt ratio is calculated based on "Debt excluding lease liabilities" that represents bonds and borrowings from FY2019 because IFRS 16 Lease has been applied.*
## 3. Forecast for FY2019 (Segment Forecast)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2016 (Billions of JPY)</th>
<th>FY2017 (Billions of JPY)</th>
<th>FY2018 (Billions of JPY)</th>
<th>FY2019 (Forecast (Oct. 2019)) (Billions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S.GAAP</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>109JPY/USD</td>
<td>1,227.9</td>
<td>1,241.9</td>
<td>1,296.7</td>
<td>1,310.0</td>
</tr>
<tr>
<td>119JPY/USD</td>
<td>1,253.0</td>
<td>1,296.7</td>
<td>82.5</td>
<td>85.0</td>
</tr>
<tr>
<td><strong>Operating Profit (%)</strong></td>
<td>44.3</td>
<td>51.7</td>
<td>13.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>111JPY/USD</td>
<td>1,444.9</td>
<td>1,467.6</td>
<td>187.3</td>
<td>87.0</td>
</tr>
<tr>
<td>128JPY/EUR</td>
<td>1,380.0</td>
<td>187.3</td>
<td>9.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td><strong>Operating Profit (%)</strong></td>
<td>140.0</td>
<td>190.8</td>
<td>13.2%</td>
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</tr>
<tr>
<td><strong>U.S.GAAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>130JPY/USD</td>
<td>447.7</td>
<td>436.0</td>
<td>11.3</td>
<td>19.0</td>
</tr>
<tr>
<td><strong>Operating Profit (%)</strong></td>
<td>8.3</td>
<td>14.5</td>
<td>7.0%</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>111JPY/USD</td>
<td>186.5</td>
<td>202.2</td>
<td>14.1</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Operating Profit (%)</strong></td>
<td>4.5%</td>
<td>7.2%</td>
<td>7.0%</td>
<td></td>
</tr>
<tr>
<td><strong>U.S.GAAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>107JPY/USD</td>
<td>1,004.4</td>
<td>1,049.3</td>
<td>55.4</td>
<td>73.0</td>
</tr>
<tr>
<td><strong>Operating Profit (%)</strong></td>
<td>69.6</td>
<td>56.0</td>
<td>5.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td><strong>Actual</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>118JPY/USD</td>
<td>713.6</td>
<td>764.3</td>
<td>24.0</td>
<td>24.0</td>
</tr>
<tr>
<td><strong>Operating Profit (%)</strong></td>
<td>23.2</td>
<td>23.9</td>
<td>3.6%</td>
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<td>5.8%</td>
</tr>
</tbody>
</table>


*Inter-segment sales are included in the above chart.*
In FY2019, the effect of investment in Home Appliances has been produced in Europe, the US and other regions and the profitability in Energy & Electric Systems has been improved by, for example, strengthening project management, whereas both revenue and profit in Industrial Automation Systems are falling short of initial expectations due mainly to a delay in demand recovery. We continue with initiatives to sustain growth and strengthen profitability beyond FY2020.
4. Toward a Higher Level of Growth

Maximize investment outcome to sustain further growth beyond FY2020

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

- **Power**
  - HVDC(*1) verification facility (Amagasaki, Nov.2018)
  - Transferred particle therapy system business (Jun.2018)
  - Installation training center for elevator (Inazawa, Apr.2019)
- **Building**
  - ZEB(*2) test facility (Kamakura, Sep.2020)
  - Development engineering/testing facility (Shizuoka, Jun.2019)
- **Automotive**
  - New plant and new laboratory for electric powertrain system (Himeji, May 2018, Aug.2019)
  - Increased capital in DMP(*3) (Apr.2019)
  - New plant for satellite (Kamakura, Apr.2020)
- **Space**
  - New plant for communication system and network camera system (Koriyama, Oct.2018)
- **Others**
  - New plant (Oct.2021)
  - Invested in Akribis Systems Pte Ltd(*7) (May 2019)

**North America/ Europe/ China**
Achieve greater competitiveness in current markets while increasing the scale of operations Major initiatives since FY2018

- **North America**
  - Established a distribution J/V with Ingersoll Rand (US, May 2018)
  - Invested in Realtime Robotics, Inc. (*4) (US, May 2019)
  - Acquired ICONICS, Inc. (*5) (US, Aug.2019)
- **Europe**
  - New plant for electric powertrain system (Czech, Apr.2020)
  - Acquired ASTES4 SA (*6) (Switzerland, Aug.2018)
- **China**
  - Plant expansion (Dec.2018)

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

- **India**
  - New plant (Oct.2021)
- **Singapore**
  - Invested in Akribis Systems Pte Ltd(*7) (May 2019)
- **Philippines**
  - Established a sales company for FA products (Oct.2019)

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*1 HVDC: High Voltage Direct Current,  
*2 ZEB: net Zero Energy Building  
*3 DMP: Dynamic Map Platform Co., Ltd.  
*4 Realtime Robotics, Inc.: Technology startup that develops motion-planning technologies.  
*5 ICONICS, Inc.: Software company focused on SCADA (Supervisory Control and Data Acquisition, a software used together with programmable logic controllers or other automation products to monitor, or gather data from, productions sites.)  
*6 ASTES4 SA: Company engaged in automated sorting solutions for sheet metal laser processing machines.  
*7 Akribis Systems Pte Ltd: FA equipment manufacturer that manufactures linear stages and other products.
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
- AI
- Encryption
- Data Processing
- Electromagnetic Analysis
- Sensing
- Design
- HMI (*)

**Operating Platform**
- R&D and IP
- Procurement
- Productivity
- Quality
- Sales
- Services

**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)

**Mitsubishi Electric Group**
- Corporations
- Universities
- Government
- R&D Agency
- Standardization Organizations

*HMI: Human Machine Interface*
4. Toward a Higher Level of Growth — Sustain growth into the future —

Provide integrated solutions uniting 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
    - High-voltage power electronics systems lineup
      - (Inverter for railcars made with SiC, etc.)

- Electronic Devices
  - Power Device business: Low power loss Si/SiC-mounted devices
    - High-performance
    - 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
      - e-F@ctory (Factory smartification)

- 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**

*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

© Mitsubishi Electric Corporation
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, understanding of disaster situations, and the prevention of disasters (observational satellites)
  - Development of “Ibuki-2” to improve the measurement accuracy of greenhouse gas concentration distribution
  - Promote solution-based business utilizing observational satellite data

- 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>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>18</td>
<td>20 (FY)</td>
</tr>
<tr>
<td>2018</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>19</td>
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<tr>
<td>Target</td>
<td></td>
<td>20 (FY)</td>
</tr>
</tbody>
</table>

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

- MOE* subsidy adoption results as a ZEB planner in FY2019
  - 9 projects (100% adopted)
  - Supporting for multiple projects.

- Drive technological development via “ZEB+®” * concept that contributes to more convenient office environments

Construct Net Zero Energy Building Test Facility with the aim to combine superior energy saving and comfort. (Kamakura, start operation in Sep.2020)

Received “ZEB” certification, the highest ranking of BELS*

*MOE: Ministry of the Environment, *ZEB+® (ZEB Plus): a concept proposed by Mitsubishi Electric which is upgrading building over lifecycles for productivity, comfort, convenience and business continuity as well as ZEB *BELS: Building-Housing Energy-efficiency Labeling System
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

- **Flexible system architecture**
- **High-speed, high-accuracy motion control communication**
- **Easier engineering and maintenance**

![Diagram of e-F@ctory IoT Architecture](image)

**<Defining factory smartification>**

① Updating Production facilities
② Improvement of productivity and quality
③ Increased efficiency of equipment and facility operations

![Diagram of IT system, Edge, Production site](image)

**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
- India: Jun. 2019

![Image showing e-F@ctory Alliance group](image)

**<Partner Alliances>**
*Mar. 2018 ➔ Sep. 2019*

- No. of Participating companies: c.610 ➔ c.750
- No. of connected products: c.1,800 ➔ c.2,000

*Mar. 2018 ➔ Sep. 2019*

- No. of Participating companies: c.3,300 ➔ c.3,720
- No. of connected products: c.1,800 ➔ c.2,000

**Market expectation of Intelligent Production**

![Market expectation chart](image)

- 0 18 20 25 30 (FY)
- ※Company estimate based on Fuji Keizai Co., Ltd data

*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.*
6. Technology Synergies and Business Synergies

— Safe, secure and comfortable autonomous driving society —

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)
7. For Sustainable Growth
— Research and Development —
Create further value through Technology Synergies and Business Synergies, and develop future technologies in a well-balanced way from a short, medium, and long-term perspective, while working to thoroughly strengthen existing businesses and conducting development for innovation.

Life
Lighting technology simulating the blue sky
Provides enhanced comfort of houses and buildings

Industry
Dot forming technology for high-precision 3D metal shaping
Enables low-cost, mass-custom production for diverse needs

Infrastructure
Injection-molded-resin slotted waveguide array antenna (*1)
Realizes light weight and low-cost in anticipation of the large-volume, high-speed communication era

Mobility
Power unit motors for hybrid vehicles
Contributes to the environment (increased fuel efficiency) and comfort (expanded vehicle cabin space)

Common Technologies
Blue sky panel
Sample application

Seamless Speech Recognition Technology
Simultaneously recognize which language and spoken content without preconfigured settings

Metal corrosion sensor
"Metal Corrosion Sensor" Designed for Mounting on Printed Circuit Boards
Detects metal corrosion caused by exposure to the atmosphere

*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 #2 globally
World Intellectual Property Organization (WIPO)

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

Design registration numbers ranking #2 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, 2018,  

“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)

Examples

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

Universal design elevator which provides a comfortable moving space

“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
– Trends in capital allocation and future direction –

**R&D**

Well-balanced short, medium, and long-term R&D investment

- **EES**
  - 2015-19 R&D (¥Bn.): 178.6
- **IAS**
  - 2015-19 R&D (¥Bn.): 350.5
- **ICS**
  - 2015-19 R&D (¥Bn.): 85.0
- **ED**
  - 2015-19 R&D (¥Bn.): 61.3
- **HA**
  - 2015-19 R&D (¥Bn.): 211.3

**Capital investment**

Flexible capital investment mainly in growth drivers

- **EES**
  - 2015-19 Capital investment (¥Bn.): 172.1
- **IAS**
  - 2015-19 Capital investment (¥Bn.): 446.9
- **ICS**
  - 2015-19 Capital investment (¥Bn.): 121.6
- **ED**
  - 2015-19 Capital investment (¥Bn.): 138.2
- **HA**
  - 2015-19 Capital investment (¥Bn.): 196.9
- **Others**
  - 2015-19 Capital investment (¥Bn.): 101.1

**Collaboration and M&A**

- 2015: Took stake in MEDCOM Sp. Z.o.o. (EES)
- 2016: Acquired 100% stake in DeLclima S.p.A. (HA)
- 2017: Established Dynamic Map Platform Co., Ltd. (ICS)
- 2018: Established Sapcorda Services GmbH (ICS)
- 2019: Acquired ICONICS, Inc. (IAS) and others

Supplement missing parts essential to strengthen the business, secure distribution and service network in new markets, and acquire talent

**Future Direction**

- **Investments for growth**: Promote strategic investment contributing to strengthening the business foundation and all forms of collaboration inside and outside of the Group, while establishing a well-balanced business portfolio and enhancing investment efficiency to provide integrated solutions to address diversifying social challenges.

- **Shareholder returns**: Our basic policy is to stably pay dividends in line with earnings growth. Buyback is flexibly conducted as a measure to supplement dividend for further shareholder returns after considering financial discipline and the state of internal reserves for growth investment. We will work to comprehensively increase shareholder interest.

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
- 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

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