

MITSUBISHI ELECTRIC CORPORATION
PUBLIC RELATIONS DIVISION
7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-8310 Japan

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Investor Relations Inquiries

Media Inquiries

Investor Relations Group, Corporate Finance Division
Mitsubishi Electric Corporation
Cad.Irg@rk.MitsubishiElectric.co.jp

Public Relations Division
Mitsubishi Electric Corporation
prd.gnews@nk.MitsubishiElectric.co.jp
www.MitsubishiElectric.com/news/

Mitsubishi Electric Announces Consolidated Financial Results for the First 9 Months and Third Quarter of Fiscal 2019

TOKYO, February 4, 2019 – [Mitsubishi Electric Corporation](http://www.mitsubishielectric.com) (TOKYO: 6503) announced today its consolidated financial results for the first 9 months and third quarter, ended December 31, 2018, of the current fiscal year ending March 31, 2019 (fiscal 2019).

1. Consolidated First 9 Months Results (April 1, 2018 – December 31, 2018)

Net sales:	3,264.1	billion yen	(2% increase from the same period last year)
Operating income:	201.4	billion yen	(15% decrease from the same period last year)
Income before income taxes:	221.7	billion yen	(14% decrease from the same period last year)
Net income attributable to Mitsubishi Electric Corp. stockholders:	158.8	billion yen	(14% decrease from the same period last year)

In the first 9 months of fiscal 2019, from April through December 2018, the global economy saw a buoyant expansion in the U.S. and gradual trends of recovery in Japan and Europe, while the Chinese economy experienced a slight slowdown. In addition, compared to the same period of the previous fiscal year, the yen appreciated against the U.S. dollar, especially due to the currency fluctuation at the end of December, and remained strong against the euro in and after August.

Under these circumstances, consolidated net sales for the first 9 months of fiscal 2019 increased by 2% compared to the same period of the previous fiscal year to 3,264.1 billion yen due primarily to increased sales in the Energy and Electric Systems, Industrial Automation Systems and Home Appliances segments.

Consolidated operating income decreased by 15% compared to the same period of the previous fiscal year to 201.4 billion yen, due to decreased profits in the Industrial Automation Systems, Information and Communication Systems and Electronic Devices segments.

Income before income taxes decreased by 14% compared to the same period of the previous fiscal year to 221.7 billion yen.

Net income attributable to Mitsubishi Electric Corporation stockholders decreased by 14% compared to the same period of the previous fiscal year to 158.8 billion yen.

Consolidated Financial Results by Business Segment (First 9 months, Fiscal 2019)

Energy and Electric Systems

Total sales:	885.8 billion yen	(3% increase from the same period last year which recorded 859.6 billion yen)
Operating income:	39.2 billion yen	(11.1 billion yen increase from the same period last year which recorded 28.1 billion yen)

The social infrastructure systems business saw an increase in orders from the same period of the previous fiscal year due primarily to an increase in orders of the transportation systems business inside and outside Japan. Total sales for this business also increased from the same period of the previous fiscal year, due to increased sales in the power systems business in Japan and the transportation systems business worldwide.

The building systems business remained substantially unchanged in both orders and sales from the same period of the previous fiscal year, experiencing a decrease in the new installation of elevators and escalators in Japan and China and buoyant growth in the renewal business in Japan and other factors.

As a result, total sales for this segment increased by 3% from the same period of the previous fiscal year to 885.8 billion yen. Operating income increased by 11.1 billion yen from the same period of the previous fiscal year to 39.2 billion yen, due primarily to an increase in sales.

Industrial Automation Systems

Total sales:	1,094.2 billion yen	(2% increase from the same period last year which recorded 1,070.5 billion yen)
Operating income:	114.0 billion yen	(35.3 billion yen decrease from the same period last year which recorded 149.4 billion yen)

The factory automation systems business saw decreases in both orders and sales from the same period of the previous fiscal year due primarily to a decrease in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, despite buoyant demand in Japan.

The automotive equipment business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to increases in Japan, other markets in Asia and Europe, as well as increased sales in electric-vehicle related equipment in response to market growth worldwide.

As a result, total sales for this segment increased by 2% from the same period of the previous fiscal year to 1,094.2 billion yen. Operating income decreased by 35.3 billion yen from the same period of the previous fiscal year to 114.0 billion yen due primarily to a shift in product mix, increases in material prices and upfront investment for growth drivers.

Information and Communication Systems

Total sales:	287.5 billion yen	(2% decrease from the same period last year which recorded 292.2 billion yen)
Operating income:	6.6 billion yen	(0.2 billion yen decrease from the same period last year which recorded 6.9 billion yen)

The telecommunications systems business saw decreases in both orders and sales from the same period of the previous fiscal year due primarily to decreased demand in communications infrastructure equipment.

The information systems and service business saw a decrease in orders from the same period of the previous fiscal year and sales remained substantially unchanged, experiencing a shift in projects for the IT infrastructure services business, etc.

The electronic systems business saw a decrease in orders from the same period of the previous fiscal year and sales remained substantially unchanged, experiencing a shift in the portfolio of large-scale projects in the space systems business, etc.

As a result, total sales for this segment decreased by 2% from the same period of the previous fiscal year to 287.5 billion yen. Operating income decreased by 0.2 billion yen from the same period of the previous fiscal year to 6.6 billion yen due primarily to a decrease in sales.

Electronic Devices

Total sales:	148.5 billion yen	(1% decrease from the same period last year which recorded 149.8 billion yen)
Operating income:	0.7 billion yen	(11.2 billion yen decrease from the same period last year which recorded 12.0 billion yen)

The electronic devices business saw a decrease in orders and sales fell by 1% from the same period of the previous fiscal year to 148.5 billion yen mainly due to decreased demand for optical communication devices.

Operating income decreased by 11.2 billion yen from the same period of the previous fiscal year to 0.7 billion yen due primarily to a decrease in sales and a shift in product mix.

Home Appliances

Total sales:	806.0 billion yen	(3% increase from the same period last year which recorded 779.1 billion yen)
Operating income:	50.7 billion yen	(0.3 billion yen increase from the same period last year which recorded 50.3 billion yen)

The home appliances business saw an increase in sales of 3% from the same period of the previous fiscal year to 806.0 billion yen due to an increase in sales of air conditioners for Japan, Europe and North America.

Operating income increased by 0.3 billion yen from the same period of the previous fiscal year to 50.7 billion yen due primarily to an increase in sales, despite rises in material prices and sales expenses.

Others

Total sales:	500.2 billion yen	(5% increase from the same period last year which recorded 477.4 billion yen)
Operating income:	16.1 billion yen	(0.9 billion yen increase from the same period last year which recorded 15.2 billion yen)

Sales increased by 5% from the same period of the previous fiscal year to 500.2 billion yen mainly due to an increase in sales at affiliated companies involved in logistics.

Operating income increased by 0.9 billion yen from the same period of the previous fiscal year to 16.1 billion yen due primarily to an increase in sales.

2. Consolidated Third-quarter Results (October 1, 2018 – December 31, 2018)

Net sales:	1,094.0 billion yen	(2% increase from the same period last year)
Operating income:	75.5 billion yen	(11% decrease from the same period last year)
Income before income taxes:	80.4 billion yen	(13% decrease from the same period last year)
Net income attributable to Mitsubishi Electric Corp. stockholders:	56.4 billion yen	(10% decrease from the same period last year)

Consolidated net sales for this quarter, from October through December 2018, was 1,094.0 billion yen, a 2% increase from the same period of the previous fiscal year, due to increased sales in the Energy and Electric Systems and Home Appliances segments.

Consolidated operating income was 75.5 billion yen, an 11% decrease from the same period of the previous fiscal year, with decreased profits mainly in the Industrial Automation Systems and Electronic Devices segments.

Income before income taxes decreased by 13% compared to the same period of the previous fiscal year to 80.4 billion yen.

Net income attributable to Mitsubishi Electric Corporation stockholders decreased by 10% compared to the same period of the previous fiscal year to 56.4 billion yen.

Consolidated Financial Results by Business Segment (Third Quarter, Fiscal 2019)

Energy and Electric Systems

Total sales:	317.2 billion yen	(5% increase from the same period last year which recorded 302.4 billion yen)
Operating income:	23.6 billion yen	(6.1 billion yen increase from the same period last year which recorded 17.5 billion yen)

The social infrastructure systems business saw an increase in orders from the same period of the previous fiscal year due primarily to increases in the transportation systems business in Japan and the power systems business outside Japan. Total sales also increased from the same period of the previous fiscal year, due to increases in the power systems and transportation systems businesses in Japan.

Orders in the building systems business remained substantially unchanged, while sales for this business increased from the same period of the previous fiscal year due primarily to buoyant growth in the renewal business in Japan.

As a result, total sales for this segment increased by 5% from the same period of the previous fiscal year to 317.2 billion yen. Operating income increased by 6.1 billion yen from the same period of the previous fiscal year to 23.6 billion yen mainly due to an increase in sales.

Industrial Automation Systems

Total sales:	363.9 billion yen	(1% decrease from the same period last year which recorded 366.8 billion yen)
Operating income:	36.1 billion yen	(17.0 billion yen decrease from the same period last year which recorded 53.1 billion yen)

The factory automation systems business saw decreases in both orders and sales from the same period of the previous fiscal year due primarily to a decrease in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, despite buoyant demand in Japan.

The automotive equipment business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to an increase in the Japanese market, as well as increased sales in electric-vehicle related equipment in response to market growth worldwide.

As a result, total sales for this segment decreased by 1% from the same period of the previous fiscal year to 363.9 billion yen. Operating income decreased by 17.0 billion yen from the same period of the previous fiscal year to 36.1 billion yen due primarily to a decrease in sales, a shift in product mix and upfront investment for growth drivers.

Information and Communication Systems

Total sales:	100.7 billion yen	(Substantially unchanged from the same period last year which recorded 101.0 billion yen)
Operating income:	4.1 billion yen	(0.4 billion yen increase from the same period last year which recorded 3.6 billion yen)

The telecommunications systems business saw an increase in orders from the same period of the previous fiscal year, while sales decreased from the same period of the previous fiscal year mainly due to a decrease in sales of communications infrastructure equipment.

The information systems and service business saw increases in both orders and sales from the same period of the previous fiscal year, mainly due to an increase in the system integrations business.

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

As a result, total sales for this segment remained substantially unchanged from the same period of the previous fiscal year to 100.7 billion yen. Operating income increased by 0.4 billion yen from the same period of the previous fiscal year to 4.1 billion yen due primarily to a shift in project portfolios.

Electronic Devices

Total sales:	46.6 billion yen	(7% decrease from the same period last year which recorded 50.3 billion yen)
Operating income (loss):	(0.5 billion yen)	(5.3 billion yen decline from the same period last year which recorded 4.7 billion yen)

The electronic devices business saw a decrease in orders and sales fell by 7% from the same period of the previous fiscal year to 46.6 billion yen mainly due to decreased demand for optical communication devices and power modules used in industrial applications.

Operating income declined by 5.3 billion yen from the same period of the previous fiscal year to a loss of 0.5 billion yen due primarily to a decrease in sales and a shift in product mix.

Home Appliances

Total sales:	248.9 billion yen	(4% increase from the same period last year which recorded 239.9 billion yen)
Operating income:	17.0 billion yen	(6.1 billion yen increase from the same period last year which recorded 10.9 billion yen)

The home appliances business saw an increase in sales of 4% from the same period of the previous fiscal year to 248.9 billion yen due to an increase in sales of air conditioners for Japan, North America and Europe.

Operating income increased by 6.1 billion yen from the same period of the previous fiscal year to 17.0 billion yen due primarily to an increase in sales.

Others

Total sales:	172.4 billion yen	(3% increase from the same period last year which recorded 166.6 billion yen)
Operating income:	5.8 billion yen	(0.2 billion yen increase from the same period last year which recorded 5.5 billion yen)

Sales increased by 3% from the same period of the previous fiscal year to 172.4 billion yen mainly due to an increase in sales at affiliated companies involved in logistics.

Operating income increased by 0.2 billion yen from the same period of the previous fiscal year to 5.8 billion yen due primarily to an increase in sales.

Financial Standing

An analysis on the status of assets, liabilities and equity on a consolidated basis

Total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 162.5 billion yen to 4,143.0 billion yen. The change in balance of total assets is mainly attributable to increases in inventories by 129.2 billion yen, while cash and cash equivalents decreased by 155.7 billion yen, and trade receivables and contract assets decreased by 108.7 billion yen.

Total liabilities decreased from the end of the previous fiscal year by 184.5 billion yen to 1,723.8 billion yen. The outstanding balances of debt decreased by 19.2 billion yen from the end of the previous fiscal year to 292.6 billion yen, resulting in a decline in the ratio of interest bearing debt to total assets to 7.1%, representing a 0.1 point decrease compared to the end of the previous fiscal year. Meanwhile, trade payables decreased by 56.3 billion yen, and other current liabilities decreased by 112.3 billion yen.

Mitsubishi Electric Corporation stockholders' equity increased by 16.3 billion yen compared to the end of the previous fiscal year to 2,310.5 billion yen. The stockholders' equity ratio was recorded at 55.8%, representing a 2.5 point increase compared to the end of the previous fiscal year. These changes referred to above primarily result from recording a net income attributable to Mitsubishi Electric Corporation stockholders of 158.8 billion yen, despite a decrease due to dividend payment of 85.8 billion yen and a decrease in other comprehensive income of 55.8 billion yen reflecting a fall in stock prices and the stronger yen.

An analysis on the status of cash flow on a consolidated basis

Cash flows from operating activities decreased by 24.2 billion yen compared to the same period of the previous fiscal year to 110.1 billion yen (cash in), mainly due to an increase in inventories. Cash flows from investing activities increased by 29.5 billion yen compared to the same period of the previous fiscal year to 151.5 billion yen (cash out), due primarily to a decrease in proceeds from sale of short-term investments and investment securities. As a result, free cash flow was 41.3 billion yen (cash out). Cash flows from financing activities were 111.8 billion yen (cash out) mainly due to dividend payments.

Forecast for Fiscal 2019 (year ending March 31, 2019)

Considering the financial results for the third quarter of fiscal 2019, lower demand in the Industrial Automation Systems and Electronic Devices segments in the Chinese market and other factors, Mitsubishi Electric's business performance for fiscal 2019 is expected to fall below the company's previous forecast. As a result, the company's consolidated earnings forecast for fiscal 2019, ending March 31, 2019, has been revised from the announcement on October 29, 2018 as stated below.

Consolidated Earnings Forecast for Fiscal 2019

Consolidated	Previous forecast (announced Oct. 29)	Current forecast
Net sales:	4,510.0 billion yen	4,500.0 billion yen (1% increase from fiscal 2018)
Operating income:	305.0 billion yen	285.0 billion yen (13% decrease from fiscal 2018)
Income before income taxes:	335.0 billion yen	310.0 billion yen (12% decrease from fiscal 2018)
Net income attributable to Mitsubishi Electric Corp. stockholders:	240.0 billion yen	225.0 billion yen (12% decrease from fiscal 2018)

Exchange rates in the fourth quarter of fiscal 2019 is unchanged from the previous announcement, which are 105 yen to the U.S. dollar, 125 yen to the euro and 16.0 yen to the Chinese yuan.

Note: *The results forecast above is based on assumptions deemed reasonable by the company at the present time, and actual results may differ significantly from forecasts. Please refer to the cautionary statement at the end.*

Consolidated Financial Results Summary

1. Consolidated First 9 Months Results

(In billions of yen except where noted)

	FY '18 9 months (A) (Apr. 1, 2017 – Dec. 31, 2017)	FY '19 9 months (B) (Apr. 1, 2018 – Dec. 31, 2018)		
			B – A	B/A (%)
Net sales	3,186.7	3,264.1	77.3	102
Operating income	237.9	201.4	(36.5)	85
Income before income taxes	259.1	221.7	(37.4)	86
Net income attributable to Mitsubishi Electric Corp. stockholders	184.0	158.8	(25.2)	86
Basic net income per share attributable to Mitsubishi Electric Corp. stockholders	85. ⁷⁸ yen	74.⁰³ yen	(11. ⁷⁵ yen)	86

2. Consolidated Third-quarter Results

(In billions of yen except where noted)

	FY '18 Q3 (A) (Oct. 1, 2017 – Dec. 31, 2017)	FY '19 Q3 (B) (Oct. 1, 2018 – Dec. 31, 2018)		
			B – A	B/A (%)
Net sales	1,074.9	1,094.0	19.0	102
Operating income	85.1	75.5	(9.6)	89
Income before income taxes	93.0	80.4	(12.5)	87
Net income attributable to Mitsubishi Electric Corp. stockholders	63.0	56.4	(6.6)	90
Basic net income per share attributable to Mitsubishi Electric Corp. stockholders	29. ⁴¹ yen	26.³⁴ yen	(3. ⁰⁷ yen)	90

Notes:

- 1) Consolidated financial statements are made in accordance with International Financial Reporting Standards (IFRS).
- 2) The company has 207 consolidated subsidiaries.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income (First 9 Months, Fiscal 2019)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

	FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		FY '19 9 months (Apr. 1, 2018 – Dec. 31, 2018)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	3,186,755	100.0	3,264,125	100.0	77,370	102
Cost of sales	2,207,353	69.3	2,300,249	70.5	92,896	104
Selling, general and administrative expenses	742,195	23.2	763,053	23.3	20,858	103
Other profit (loss)	739	0.0	617	0.0	(122)	83
Operating income	237,946	7.5	201,440	6.2	(36,506)	85
Financial income	7,546	0.2	8,460	0.2	914	112
Financial expenses	2,044	0.1	3,347	0.1	1,303	164
Share of profit of investments accounted for using the equity method	15,726	0.5	15,193	0.5	(533)	97
Income before income taxes	259,174	8.1	221,746	6.8	(37,428)	86
Income tax expenses	66,565	2.1	54,354	1.7	(12,211)	82
Net income	192,609	6.0	167,392	5.1	(25,217)	87
Net income attributable to:						
Mitsubishi Electric Corp. stockholders	184,070	5.8	158,819	4.9	(25,251)	86
Non-controlling interests	8,539	0.2	8,573	0.2	34	100

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(In millions of yen)

	FY '18 9 months (A) (Apr. 1, 2017 – Dec. 31, 2017)	FY '19 9 months (B) (Apr. 1, 2018 – Dec. 31, 2018)	B – A
Net income	192,609	167,392	(25,217)
(Other comprehensive income (loss), net of tax)			
Items that will not be reclassified to net income			
Financial assets measured at fair value through other comprehensive income	23,345	(44,418)	(67,763)
Share of other comprehensive income of investments accounted for using the equity method	829	(464)	(1,293)
Subtotal	24,174	(44,882)	(69,056)
Items that may be reclassified to net income			
Exchange differences on translating foreign operations	45,981	(13,215)	(59,196)
Net changes in the fair value of cash flow hedges	3	(36)	(39)
Share of other comprehensive income of investments accounted for using the equity method	1,080	(1,651)	(2,731)
Subtotal	47,064	(14,902)	(61,966)
Total other comprehensive income (loss)	71,238	(59,784)	(131,022)
Comprehensive income	263,847	107,608	(156,239)
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	251,574	100,261	(151,313)
Non-controlling interests	12,273	7,347	(4,926)

Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income (Third Quarter, Fiscal 2019)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

	FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		FY '19 Q3 (Oct. 1, 2018 – Dec. 31, 2018)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	1,074,988	100.0	1,094,019	100.0	19,031	102
Cost of sales	744,794	69.3	770,080	70.4	25,286	103
Selling, general and administrative expenses	246,182	22.8	248,688	22.7	2,506	101
Other profit (loss)	1,109	0.0	249	0.0	(860)	22
Operating income	85,121	7.9	75,500	6.9	(9,621)	89
Financial income	2,747	0.3	2,778	0.3	31	101
Financial expenses	605	0.1	3,009	0.3	2,404	497
Share of profit of investments accounted for using the equity method	5,739	0.6	5,186	0.5	(553)	90
Income before income taxes	93,002	8.7	80,455	7.4	(12,547)	87
Income tax expenses	27,179	2.6	21,095	2.0	(6,084)	78
Net income	65,823	6.1	59,360	5.4	(6,463)	90
Net income attributable to:						
Mitsubishi Electric Corp. stockholders	63,098	5.9	56,491	5.2	(6,607)	90
Non-controlling interests	2,725	0.2	2,869	0.2	144	105

(Condensed Quarterly Consolidated Statements of Comprehensive Income)

(In millions of yen)

	FY '18 Q3 (A) (Oct. 1, 2017 – Dec. 31, 2017)	FY '19 Q3 (B) (Oct. 1, 2018 – Dec. 31, 2018)	B – A
Net income	65,823	59,360	(6,463)
(Other comprehensive income (loss), net of tax)			
Items that will not be reclassified to net income			
Financial assets measured at fair value through other comprehensive income	13,624	(35,989)	(49,613)
Share of other comprehensive income of investments accounted for using the equity method	232	(702)	(934)
Subtotal	13,856	(36,691)	(50,547)
Items that may be reclassified to net income			
Exchange differences on translating foreign operations	14,422	(22,601)	(37,023)
Net changes in the fair value of cash flow hedges	(2)	(128)	(126)
Share of other comprehensive income of investments accounted for using the equity method	1,265	112	(1,153)
Subtotal	15,685	(22,617)	(38,302)
Total other comprehensive income (loss)	29,541	(59,308)	(88,849)
Comprehensive income	95,364	52	(95,312)
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders	90,879	(673)	(91,552)
Non-controlling interests	4,485	725	(3,760)

Condensed Quarterly Consolidated Statements of Financial Position

(In millions of yen)

	FY '18 (A) (ended Mar. 31, 2018)	FY '19 9 months (B) (ended Dec. 31, 2018)	B – A
(Assets)			
Current assets	2,582,735	2,455,870	(126,865)
Cash and cash equivalents	599,199	443,485	(155,714)
Trade receivables and Contract Assets	1,191,529	1,082,734	(108,795)
Inventories	646,262	775,475	129,213
Other current assets	145,745	154,176	8,431
Non-current assets	1,722,845	1,687,175	(35,670)
Investments accounted for using the equity method	194,308	194,199	(109)
Other financial assets	363,171	301,608	(61,563)
Net property, plant and equipment	724,257	747,654	23,397
Other non-current assets	441,109	443,714	2,605
Total assets	4,305,580	4,143,045	(162,535)
(Liabilities)			
Current liabilities	1,488,249	1,340,965	(147,284)
Bonds and borrowings	122,895	144,338	21,443
Trade payables	579,566	523,228	(56,338)
Other current liabilities	785,788	673,399	(112,389)
Non-current liabilities	420,112	382,863	(37,249)
Bonds and borrowings	189,055	148,342	(40,713)
Net defined benefit liabilities	171,520	178,020	6,500
Other non-current liabilities	59,537	56,501	(3,036)
Total liabilities	1,908,361	1,723,828	(184,533)
(Equity)			
Mitsubishi Electric Corp. stockholders' equity	2,294,174	2,310,562	16,388
Common stock	175,820	175,820	—
Capital surplus	199,442	202,494	3,052
Retained earnings	1,811,348	1,881,564	70,216
Accumulated other comprehensive income (loss)	109,492	53,666	(55,826)
Treasury stock at cost	(1,928)	(2,982)	(1,054)
Non-controlling interests	103,045	108,655	5,610
Total equity	2,397,219	2,419,217	21,998
Total liabilities and equity	4,305,580	4,143,045	(162,535)
Balance of Debt	311,950	292,680	(19,270)
Accumulated other comprehensive income (loss):			
Exchange differences on translating foreign operations	17,549	3,915	(13,634)
Remeasurements of defined benefit pension plans	—	—	—
Financial assets measured at fair value through other comprehensive income	91,952	49,811	(42,141)
Net changes in the fair value of cash flow hedges	(9)	(60)	(51)

Condensed Quarterly Consolidated Statements of Changes in Equity

(In millions of yen)

	Mitsubishi Electric Corp. stockholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock at cost	Total		
Balance at April 1, 2017	175,820	198,745	1,593,660	101,166	(1,228)	2,068,163	98,800	2,166,963
Comprehensive income								
Net income			184,070			184,070	8,539	192,609
Other comprehensive income (loss)				67,504		67,504	3,734	71,238
Comprehensive income	—	—	184,070	67,504	—	251,574	12,273	263,847
Transfer to retained earnings			7,941	(7,941)		—		—
Dividends paid			(68,696)			(68,696)	(5,791)	(74,487)
Purchase of treasury stock					(699)	(699)		(699)
Reissuance of treasury stock		0			0	0		0
Transactions with non-controlling interests, etc.		13				13	(311)	(298)
Balance at Dec. 31, 2017	175,820	198,758	1,716,975	160,729	(1,927)	2,250,355	104,971	2,355,326

	Mitsubishi Electric Corp. stockholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock at cost	Total		
Balance at April 1, 2018	175,820	199,442	1,811,348	109,492	(1,928)	2,294,174	103,045	2,397,219
Comprehensive income								
Net income			158,819			158,819	8,573	167,392
Other comprehensive income (loss)				(58,558)		(58,558)	(1,226)	(59,784)
Comprehensive income	—	—	158,819	(58,558)	—	100,261	7,347	107,608
Transfer to retained earnings			(2,732)	2,732		—		—
Dividends paid			(85,871)			(85,871)	(5,443)	(91,314)
Purchase of treasury stock					(1,054)	(1,054)		(1,054)
Reissuance of treasury stock		0			0	0		0
Transactions with non-controlling interests, etc.		3,052				3,052	3,706	6,758
Balance at Dec. 31, 2018	175,820	202,494	1,881,564	53,666	(2,982)	2,310,562	108,655	2,419,217

Condensed Quarterly Consolidated Statements of Cash Flows

(In millions of yen)

	FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017) (A)	FY '19 9 months (Apr. 1, 2018 – Dec. 31, 2018) (B)	B – A
I Cash flows from operating activities			
1 Net income	192,609	167,392	(25,217)
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation, amortization and other	127,685	126,739	(946)
(2) Decrease in trade receivables and contract assets	111,009	111,438	429
(3) Decrease (increase) in inventories	(114,945)	(128,291)	(13,346)
(4) Increase (decrease) in trade payables	(100,923)	(57,421)	43,502
(5) Other, net	(80,986)	(109,690)	(28,704)
Cash flows from operating activities	134,449	110,167	(24,282)
II Cash flows from investing activities			
1 Purchase of property, plant and equipment	(135,221)	(138,513)	(3,292)
2 Proceeds from sale of property, plant and equipment	2,204	3,689	1,485
3 Purchase of short-term investments and investment securities (net of cash acquired)	(6,701)	(10,315)	(3,614)
4 Proceeds from sale of short-term investments and investment securities (net of cash disposed)	29,729	4,747	(24,982)
5 Other, net	(11,956)	(11,139)	817
Cash flows from investing activities	(121,945)	(151,531)	(29,586)
I + II Free cash flow	12,504	(41,364)	(53,868)
III Cash flows from financing activities			
1 Proceeds from long-term debt and repayment of long-term debt	(36,530)	(25,401)	11,129
2 Increase (decrease) in bank loans, net	(24,471)	(950)	23,521
3 Dividends paid	(68,696)	(85,871)	(17,175)
4 Purchase of treasury stock	(699)	(1,054)	(355)
5 Reissuance of treasury stock	0	0	0
6 Other, net	(7,419)	1,412	8,831
Cash flows from financing activities	(137,815)	(111,864)	25,951
IV Effect of exchange rate changes on cash and cash equivalents	14,512	(2,486)	(16,998)
V Net increase (decrease) in cash and cash equivalents	(110,799)	(155,714)	(44,915)
VI Cash and cash equivalents at beginning of period	662,469	599,199	(63,270)
VII Cash and cash equivalents at end of period	551,670	443,485	(108,185)

Consolidated Segment Information (First 9 Months, Fiscal 2019)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		FY '19 9 months (Apr. 1, 2018 – Dec. 31, 2018)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	859,605	28,162	885,852	39,262	26,247	11,100	103
Industrial Automation Systems	1,070,518	149,474	1,094,255	114,096	23,737	(35,378)	102
Information and Communication Systems	292,274	6,902	287,598	6,623	(4,676)	(279)	98
Electronic Devices	149,860	12,012	148,526	729	(1,334)	(11,283)	99
Home Appliances	779,163	50,370	806,071	50,711	26,908	341	103
Others	477,464	15,228	500,239	16,198	22,775	970	105
Subtotal	3,628,884	262,148	3,722,541	227,619	93,657	(34,529)	103
Eliminations and other	(442,129)	(24,202)	(458,416)	(26,179)	(16,287)	(1,977)	–
Consolidated Total	3,186,755	237,946	3,264,125	201,440	77,370	(36,506)	102

*Notes: Inter-segment sales are included in the above chart.

2. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		FY '19 9 months (Apr. 1, 2018 – Dec. 31, 2018)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	1,694,423	53.2	1,802,248	55.2	107,825	106
North America	308,438	9.7	313,960	9.6	5,522	102
Asia (excluding Japan)	816,232	25.6	761,257	23.3	(54,975)	93
China	412,889	13.0	373,921	11.5	(38,968)	91
Europe	319,113	10.0	339,744	10.4	20,631	106
Others	48,549	1.5	46,916	1.5	(1,633)	97
Total overseas sales	1,492,332	46.8	1,461,877	44.8	(30,455)	98
Consolidated total	3,186,755	100.0	3,264,125	100.0	77,370	102

Consolidated Segment Information (Third Quarter, Fiscal 2019)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		FY '19 Q3 (Oct. 1, 2018 – Dec. 31, 2018)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (loss) (D)			
Energy and Electric Systems	302,471	17,502	317,210	23,698	14,739	6,196	105
Industrial Automation Systems	366,802	53,159	363,905	36,117	(2,897)	(17,042)	99
Information and Communication Systems	101,058	3,652	100,731	4,121	(327)	469	100
Electronic Devices	50,328	4,778	46,630	(540)	(3,698)	(5,318)	93
Home Appliances	239,913	10,924	248,951	17,046	9,038	6,122	104
Others	166,683	5,568	172,408	5,855	5,725	287	103
Subtotal	1,227,255	95,583	1,249,835	86,297	22,580	(9,286)	102
Eliminations and other	(152,267)	(10,462)	(155,816)	(10,797)	(3,549)	(335)	–
Consolidated Total	1,074,988	85,121	1,094,019	75,500	19,031	(9,621)	102

*Notes: Inter-segment sales are included in the above chart.

2. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		FY '19 Q3 (Oct. 1, 2018 – Dec. 31, 2018)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	583,919	54.3	633,446	57.9	49,527	108
North America	98,627	9.2	104,106	9.5	5,479	106
Asia (excluding Japan)	268,192	25.0	232,936	21.3	(35,256)	87
China	139,054	12.9	108,634	9.9	(30,420)	78
Europe	104,790	9.7	106,619	9.7	1,829	102
Others	19,460	1.8	16,912	1.6	(2,548)	87
Total overseas sales	491,069	45.7	460,573	42.1	(30,496)	94
Consolidated total	1,074,988	100.0	1,094,019	100.0	19,031	102

Notes to the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable

(Notes if there is any significant change in Mitsubishi Electric Corp. stockholders' equity)

Not applicable

Disclosures of Transition to IFRS

The Mitsubishi Electric Group has applied IFRS beginning with the consolidated financial statements for the first quarter of the current fiscal year. The most recent consolidated financial statements prepared in accordance with US GAAP are for the one-year period ended on March 31, 2018. The date of transition to IFRS was April 1, 2017.

(1) Exemptions and exceptions in IFRS 1

IFRS 1 requires entities adopting IFRS for the first time to retrospectively apply IFRS in principle; however, with regard to certain items, it allows exemption from, or prohibits, retrospective application of IFRS.

The Company and its consolidated subsidiaries use the following exemptions on retrospective application permitted by IFRS 1:

- Business combinations

The Company and its consolidated subsidiaries elected not to apply IFRS 3 Business Combinations retrospectively to past business combinations that occurred on or before December 22, 2015. Consequently, the amount of goodwill that arose from business combinations occurred on or before December 22, 2015 is recorded at the carrying value in accordance with US GAAP. This goodwill was tested for impairment at the transition date irrespective of whether there was any indication of impairment.

- Exchange differences on translating foreign operations

The Company and its consolidated subsidiaries elected to deem the cumulative translation differences for foreign operations at the transition date to be zero. Consequently, the cumulative translation differences for foreign operations at the transition date were transferred from accumulated other comprehensive income (loss) to retained earnings.

- Designation of financial instruments recognized before the date of transition to IFRS

The Company and its consolidated subsidiaries elected to determine the classification of financial instruments on the basis of the facts and circumstances that exist at the date of transition to IFRS.

(2) Reconciliations

Reconciliations for which disclosures are required on first time adoption of IFRS are as follows:

Items that do not affect retained earnings and comprehensive income are presented in "Reclassification," and items that affect retained earnings and comprehensive income are presented in "Recognition and measurement differences."

Reconciliation of Equity as at the Date of Transition to IFRS (April 1, 2017)
(Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,500,685	3,062	4,810	2,508,557	Current assets
Cash and cash equivalents	662,469	—	—	662,469	Cash and cash equivalents
Trade receivables	1,037,201	15,261	103,004	1,155,466	Trade receivables and contract assets
Inventories	643,040	—	(83,138)	559,902	Inventories
Prepaid expenses and other current assets	157,975	(12,199)	(15,056)	130,720	Other current assets
	—	(3,062)	60,950	1,729,473	Non-current assets
Long-term trade receivables	2,815	(2,815)	—	—	
Investments	618,935	(618,935)	—	—	
	—	181,724	5,634	187,358	Investments accounted for using the equity method
	—	362,869	27,710	390,579	Other financial assets
Net property, plant and equipment	732,611	—	(33,133)	699,478	Net property, plant and equipment
Other assets	317,224	74,095	60,739	452,058	Other non-current assets
Total assets	4,172,270	—	65,760	4,238,030	Total assets

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,525,761	7,456	33,082	1,566,299	Current liabilities
Bank loans and current portion of long-term debt	124,368	—	21,987	146,355	Bonds and borrowings
Trade payables	780,202	(145,119)	—	635,083	Trade payables
Other current liabilities	621,191	152,575	11,095	784,861	Other current liabilities
	—	(7,456)	6,423	504,768	Non-current liabilities
Long-term debt	227,756	—	—	227,756	Bonds and borrowings
Retirement and severance benefits	194,990	—	8,044	203,034	Net defined benefit liabilities
Other fixed liabilities	83,055	(7,456)	(1,621)	73,978	Other non-current liabilities
Total liabilities	2,031,562	—	39,505	2,071,067	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,039,627	—	28,536	2,068,163	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	212,530	—	(13,785)	198,745	Capital surplus
Retained earnings	1,654,557	—	(60,897)	1,593,660	Retained earnings
Accumulated other comprehensive income (loss)	(2,052)	—	103,218	101,166	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,228)	—	—	(1,228)	Treasury stock at cost
Noncontrolling interests	101,081	—	(2,281)	98,800	Noncontrolling interests
Total equity	2,140,708	—	26,255	2,166,963	Total equity
Total liabilities and equity	4,172,270	—	65,760	4,238,030	Total liabilities and equity

Balance of Debt	352,124	—	21,987	374,111	Balance of Debt
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	18,535	—	(18,535)	—	Exchange differences on translating foreign operations
Pension liability adjustments	(156,993)	—	156,993	—	Remeasurements of defined benefit pension plans
Unrealized gains on securities	136,352	—	(35,223)	101,129	Financial assets measured at fair value through other comprehensive income
Unrealized gains on derivative instruments	54	—	(17)	37	Net changes in the fair value of cash flow hedges

**Reconciliation of Equity as at the End of the Third Quarter of the Previous Fiscal Year
(December 31, 2017)**

(Condensed Quarterly Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,490,034	1,017	(22,019)	2,469,032	Current assets
Cash and cash equivalents	551,670	—	—	551,670	Cash and cash equivalents
Trade receivables	902,389	16,168	142,456	1,061,013	Trade receivables and contract assets
Inventories	842,281	—	(149,865)	692,416	Inventories
Prepaid expenses and other current assets	193,694	(15,151)	(14,610)	163,933	Other current assets
	—	(1,017)	45,536	1,738,485	Non-current assets
Long-term trade receivables	1,798	(1,798)	—	—	
Investments	671,641	(671,641)	—	—	
	—	182,265	5,192	187,457	Investments accounted for using the equity method
	—	372,218	27,666	399,884	Other financial assets
Net property, plant and equipment	757,869	—	(32,062)	725,807	Net property, plant and equipment
Other assets	262,658	117,939	44,740	425,337	Other non-current assets
Total assets	4,184,000	—	23,517	4,207,517	Total assets

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,368,433	8,293	(1,075)	1,375,651	Current liabilities
Bank loans and current portion of long-term debt	110,782	—	514	111,296	Bonds and borrowings
Trade payables	652,998	(113,978)	—	539,020	Trade payables
Other current liabilities	604,653	122,271	(1,589)	725,335	Other current liabilities
Long-term debt	—	(8,293)	30,163	476,540	Non-current liabilities
Retirement and severance benefits	207,935	—	—	207,935	Bonds and borrowings
Other fixed liabilities	173,911	—	32,422	206,333	Net defined benefit liabilities
	72,824	(8,293)	(2,259)	62,272	Other non-current liabilities
Total liabilities	1,823,103	—	29,088	1,852,191	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,254,351	—	(3,996)	2,250,355	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	212,543	—	(13,785)	198,758	Capital surplus
Retained earnings	1,778,978	—	(62,003)	1,716,975	Retained earnings
Accumulated other comprehensive income (loss)	88,937	—	71,792	160,729	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,927)	—	—	(1,927)	Treasury stock at cost
Noncontrolling interests	106,546	—	(1,575)	104,971	Noncontrolling interests
Total equity	2,360,897	—	(5,571)	2,355,326	Total equity
Total liabilities and equity	4,184,000	—	23,517	4,207,517	Total liabilities and equity

Balance of Debt	318,717	—	514	319,231	Balance of Debt
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Accumulated other comprehensive income (loss):

Foreign currency translation adjustments

58,591

(15,153)

43,438

Pension liability adjustments

(116,271)

116,271

—

Unrealized gains on securities

146,615

(29,374)

117,241

Unrealized gains on derivative instruments

2

48

50

Accumulated other comprehensive income (loss):

Exchange differences on translating foreign operations

Remeasurements of defined benefit pension plans

Financial assets measured at fair value through other comprehensive income

Net changes in the fair value of cash flow hedges

Reconciliation of Equity as at the End of the Previous Fiscal Year (March 31, 2018)
(Consolidated Statements of Financial Position)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Assets)					(Assets)
Current assets	2,606,493	(1,434)	(22,324)	2,582,735	Current assets
Cash and cash equivalents	599,199	—	—	599,199	Cash and cash equivalents
Trade receivables	1,087,593	14,225	89,711	1,191,529	Trade receivables and contract assets
Inventories	741,782	—	(95,520)	646,262	Inventories
Prepaid expenses and other current assets	177,919	(15,659)	(16,515)	145,745	Other current assets
Long-term trade receivables	—	1,434	63,345	1,722,845	Non-current assets
Investments	1,965	(1,965)	—	—	
	614,295	(614,295)	—	—	
	—	187,828	6,480	194,308	Investments accounted for using the equity method
	—	335,474	27,697	363,171	Other financial assets
Net property, plant and equipment	740,448	—	(16,191)	724,257	Net property, plant and equipment
Other assets	301,358	94,392	45,359	441,109	Other non-current assets
Total assets	4,264,559	—	41,021	4,305,580	Total assets

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
(Liabilities)					(Liabilities)
Current liabilities	1,471,367	8,586	8,296	1,488,249	Current liabilities
Bank loans and current portion of long-term debt	122,430	—	465	122,895	Bonds and borrowings
Trade payables	719,404	(139,838)	—	579,566	Trade payables
Other current liabilities	629,533	148,424	7,831	785,788	Other current liabilities
Long-term debt	—	(8,586)	(349)	420,112	Non-current liabilities
Retirement and severance benefits	189,055	—	—	189,055	Bonds and borrowings
Other fixed liabilities	171,017	—	503	171,520	Net defined benefit liabilities
	68,975	(8,586)	(852)	59,537	Other non-current liabilities
Total liabilities	1,900,414	—	7,947	1,908,361	Total liabilities
(Equity)					(Equity)
Mitsubishi Electric Corp. shareholders' equity	2,259,355	—	34,819	2,294,174	Mitsubishi Electric Corp. stockholders' equity
Common stock	175,820	—	—	175,820	Common stock
Capital surplus	213,250	—	(13,808)	199,442	Capital surplus
Retained earnings	1,857,741	—	(46,393)	1,811,348	Retained earnings
Accumulated other comprehensive income (loss)	14,472	—	95,020	109,492	Accumulated other comprehensive income (loss)
Treasury stock at cost	(1,928)	—	—	(1,928)	Treasury stock at cost
Noncontrolling interests	104,790	—	(1,745)	103,045	Noncontrolling interests
Total equity	2,364,145	—	33,074	2,397,219	Total equity
Total liabilities and equity	4,264,559	—	41,021	4,305,580	Total liabilities and equity

Balance of Debt	311,485	—	465	311,950	Balance of Debt
Accumulated other comprehensive income (loss):					Accumulated other comprehensive income (loss):
Foreign currency translation adjustments	34,149	—	(16,600)	17,549	Exchange differences on translating foreign operations
Pension liability adjustments	(141,075)	—	141,075	—	Remeasurements of defined benefit pension plans
Unrealized gains on securities	121,413	—	(29,461)	91,952	Financial assets measured at fair value through other comprehensive income
Unrealized gains (losses) on derivative instruments	(15)	—	6	(9)	Net changes in the fair value of cash flow hedges

Notes to reconciliation of equity

The principal effects of transition to IFRS in the reconciliation of equity above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

- (a) In accordance with the presentation provisions under IFRS, other financial assets are presented separately.
- (b) Part of trade receivables, prepaid expenses and other current assets and other assets, etc. are reclassified based on the definition and recognition criteria of IFRS.
- (c) Part of trade payables, other current liabilities and other fixed liabilities are reclassified based on the definition and recognition criteria of IFRS.

(2) Recognition and measurement differences

The main elements of recognition and measurement differences are as follows:

(a) Employee benefits

Under US GAAP, actuarial gains and losses and past service costs are deferred in accumulated other comprehensive income, subsequently amortized for a specified future period and recognized in profit or loss. Current service costs, interest costs and expected return on plan assets are recognized in profit or loss for the fiscal year.

Under IFRS, on the other hand, changes resulting from remeasurement of defined benefit obligation and plan assets relating to defined-benefit corporate pension plans and lump-sum payment plans required by IFRS are recognized in other comprehensive income, and reclassified from accumulated other comprehensive income directly to retained earnings, not through profit or loss. Past service costs arising from plan amendments are fully recognized immediately in profit or loss. Current service costs are recognized in profit or loss. Interest costs are recognized in profit or loss at the amount determined by multiplying the net amount of the defined benefit obligation and plan assets by the discount rate used to determine the present value of the obligation.

(b) Equity instruments

Under US GAAP, non-marketable equity instruments are recognized at their cost. If fair value of equity instruments has decreased and the decrease is considered not to be temporary, impairment loss is recognized for the amount of the cost of the equity instruments in excess of fair value. Gains or losses on the sale of these equity instruments are recognized in profit or loss.

Under IFRS, on the other hand, all equity instruments are recognized at fair value irrespective of whether there is an active market. Since it is permitted to recognize changes in fair value in other comprehensive income, the Company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income. Accordingly, loss on impairment and gains or losses on the sale of equity instruments recognized in profit or loss under US GAAP are recognized in other comprehensive income as well.

(c) Income taxes

Under US GAAP, tax expenses incurred by sellers are deferred using the deferral method for differences arising from unrealized profits and losses from intercompany transactions.

Under IFRS, on the other hand, a difference between the carrying amount and the sale price of an asset sold is recognized as a future deductible temporary difference based on the asset-and-liability approach. A deferred tax asset is recognized for the future deductible temporary difference using purchaser's effective tax rate while taking its recoverability into consideration.

Under US GAAP, deferred tax liabilities for temporary differences associated with investments in equity investees are recognized using tax rates applicable on the premise that the temporary difference will be reversed at the time of sale of the equity investees even if a company intends to continue to hold the investments. In principle, deferred tax liabilities are recognized for the undistributed earnings of subsidiaries, etc.

Under IFRS, deferred tax liabilities are in principle recognized for all the taxable temporary differences using tax rates applied when the taxable temporary differences reverse, such as when receiving dividends or selling the investments. Deferred tax liabilities are recognized for the taxable temporary differences associated with investments in subsidiaries etc. which are probable to reverse in the foreseeable future.

- (d) Exchange differences on translating foreign operations
Cumulative exchange differences on translating foreign operations are all deemed to be zero at the date of transition to IFRS. Consequently, exchange differences on translating foreign operations included in accumulated other comprehensive income as at the transition date were fully reclassified to retained earnings.
- (e) Exclusion of equity investees
Under US GAAP, when an investee no longer qualifies as an equity investee, the difference between the sale price and the carrying amount of the interest sold is recognized in profit or loss. If an investor retains a residual interest, gains or losses recognized in prior periods remain included in the carrying amount of the residual interest.
Under IFRS, on the other hand, when an investee no longer qualifies as an equity investee, the residual interest is measured at fair value if an investor retains a residual interest. The sale price and the difference between the fair value and the carrying amount of the residual interest at the point when an investee no longer qualifies as an equity investee is recognized in profit or loss.
- (f) Government grants
Under US GAAP, government grants related to acquisition of assets are not reflected in the carrying amounts of assets because there are no accounting standards for such government grants.
Under IFRS, on the other hand, government grants related to assets are recognized as reducing the carrying amount of the asset by the government grants received.
- (g) Impairment of non-financial assets
Under US GAAP, if there is an indication that a fixed asset may be impaired, the carrying amount and the undiscounted estimated future cash flows of the asset is compared. If the carrying amount exceeds the estimated future cash flows, any excess of the carrying amount over the fair value is recognized as an impairment loss.
Under IFRS, on the other hand, if there is an indication that a fixed asset may be impaired, any excess of the carrying amount over the recoverable amount of the fixed asset (the higher of value in use or fair value less costs of disposal) is recognized as an impairment loss of the fixed asset.
- (h) Business combinations
Under US GAAP, in business combinations, the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests.
Under IFRS, on the other hand, in business combinations it is permitted to elect to apply either method: the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests; or non-controlling interest is measured as a proportional interest in the fair value of the acquiree's net identifiable assets and goodwill is recognized only for the acquirer's share. The Company elected the method of measuring non-controlling interest as a proportional interest in the fair value of the acquiree's net identifiable assets and recognizing goodwill only for the acquirer's share. Capital surplus is recognized when non-controlling interests are additionally acquired after the date when control was obtained.

Reconciliation of Profit or Loss and Comprehensive Income for the First 9 Months of the Previous Fiscal Year (from April 1, 2017 to December 31, 2017)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	3,115,012	—	71,743	3,186,755	Net sales
Cost of sales	2,112,607	(4)	94,750	2,207,353	Cost of sales
Selling, general and administrative expenses	768,464	723	(26,992)	742,195	Selling, general and administrative expenses
Loss on impairment of long-lived assets	1,532	(1,532)	—	—	
	—	290	449	739	Other profit
Operating income	232,409	1,103	4,434	237,946	Operating income
Other income	51,587	—	—	—	
Interest and Dividends	7,247	22,124	(21,825)	7,546	Financial income
Equity in earnings of affiliated companies	15,696	(15,696)	—	—	
Other	28,644	(28,644)	—	—	
Other expenses	6,769	—	—	—	
Interest	2,044	6	(6)	2,044	Financial expenses
Other	4,725	(4,725)	—	—	
	—	15,696	30	15,726	Share of profit of investments accounted for using the equity method
Income before income taxes	277,227	(698)	(17,355)	259,174	Income before income taxes
Income taxes	75,883	(698)	(8,620)	66,565	Income tax expenses
Net income	201,344	—	(8,735)	192,609	Net income
Net income attributable to the noncontrolling interests	8,226	—	313	8,539	Net income attributable to:
Net income attributable to Mitsubishi Electric Corp.	193,118	—	(9,048)	184,070	Non-controlling interests Mitsubishi Electric Corp. stockholders

(Condensed Quarterly Consolidated Statements of Comprehensive Income) (In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	201,344	—	(8,735)	192,609	Net income
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax)
Unrealized gains on securities	10,379	(829)	13,795	23,345	Items that will not be reclassified to net income
Pension liability adjustments	40,693	(352)	(40,341)	—	Financial assets measured at fair value through other comprehensive income
	—	1,181	(352)	829	Remeasurements of defined benefit pension plans
	—	—	(26,898)	24,174	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Foreign currency translation adjustments	43,830	(1,127)	3,278	45,981	Items that may be reclassified to net income
Unrealized gains (losses) on derivative instruments	(65)	3	65	3	Exchange differences on translating foreign operations
	—	1,124	(44)	1,080	Net changes in the fair value of cash flow hedges
	—	—	3,299	47,064	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Total	94,837	—	(23,599)	71,238	Total other comprehensive income
Comprehensive income	296,181	—	(32,334)	263,847	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	12,074	—	199	12,273	Comprehensive income attributable to:
Comprehensive income attributable to Mitsubishi Electric Corp.	284,107	—	(32,533)	251,574	Non-controlling interests
					Mitsubishi Electric Corp. stockholders

Reconciliation of Profit or Loss and Comprehensive Income for the Third Quarter of the Previous Fiscal Year (from October 1, 2017 to December 31, 2017)

(Condensed Quarterly Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	1,038,670	—	36,318	1,074,988	Net sales
Cost of sales	700,366	120	44,308	744,794	Cost of sales
Selling, general and administrative expenses	255,191	241	(9,250)	246,182	Selling, general and administrative expenses
	—	677	432	1,109	Other profit (loss)
Operating income	83,113	316	1,692	85,121	Operating income
Other income	9,899	—	—	—	
Interest and Dividends	2,362	921	(536)	2,747	Financial income
Equity in earnings of affiliated companies	5,729	(5,729)	—	—	
Other	1,808	(1,808)	—	—	
Other expenses	1,028	—	—	—	
Interest	605	73	(73)	605	Financial expenses
Other	423	(423)	—	—	
	—	5,729	10	5,739	Share of profit of investments accounted for using the equity method
Income before income taxes	91,984	(221)	1,239	93,002	Income before income taxes
Income taxes	27,354	(221)	46	27,179	Income tax expenses
Net income	64,630	—	1,193	65,823	Net income
Net income attributable to the noncontrolling interests	2,636	—	89	2,725	Net income attributable to: Non-controlling interests
Net income attributable to Mitsubishi Electric Corp.	61,994	—	1,104	63,098	Mitsubishi Electric Corp. stockholders

(Condensed Quarterly Consolidated Statements of Comprehensive Income) (In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	64,630	—	1,193	65,823	Net income
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax)
Unrealized gains on securities	13,675	(232)	181	13,624	Items that will not be reclassified to net income
Pension liability adjustments	22,824	(10)	(22,814)	—	Financial assets measured at fair value through other comprehensive income
	—	242	(10)	232	Remeasurements of defined benefit pension plans
	—	—	(22,643)	13,856	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Foreign currency translation adjustments	17,165	(1,255)	(1,488)	14,422	Items that may be reclassified to net income
Unrealized gains on derivative instruments	17	(11)	(8)	(2)	Exchange differences on translating foreign operations
	—	1,266	(1)	1,265	Net changes in the fair value of cash flow hedges
	—	—	(1,497)	15,685	Share of other comprehensive income of investments accounted for using the equity method
					Subtotal
Total	53,681	—	(24,140)	29,541	Total other comprehensive income
Comprehensive income	118,311	—	(22,947)	95,364	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	4,449	—	36	4,485	Comprehensive income attributable to:
Comprehensive income attributable to Mitsubishi Electric Corp.	113,862	—	(22,983)	90,879	Non-controlling interests
					Mitsubishi Electric Corp. stockholders

**Reconciliation of Profit or Loss and Comprehensive Income for the Previous Fiscal Year
(from April 1, 2017 to March 31, 2018)**

(Consolidated Statements of Profit or Loss)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re- classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net sales	4,431,198	—	13,226	4,444,424	Net sales
Cost of sales	3,030,902	—	53,024	3,083,926	Cost of sales
Selling, general and administrative expenses	1,061,778	729	(34,623)	1,027,884	Selling, general and administrative expenses
Loss on impairment of long-lived assets	19,881	(19,881)	—	—	
	—	(20,990)	15,820	(5,170)	Other profit (loss)
Operating income	318,637	(1,838)	10,645	327,444	Operating income
Other income	60,414	—	—	—	
Interest and Dividends	8,611	23,637	(23,637)	8,611	Financial income
Equity in earnings of affiliated companies	22,261	(22,261)	—	—	
Other	29,542	(29,542)	—	—	
Other expenses	14,473	—	—	—	
Interest	2,727	4,726	(657)	6,796	Financial expenses
Other	11,746	(11,746)	—	—	
	—	22,261	1,686	23,947	Share of profit of investments accounted for using the equity method
Income before income taxes	364,578	(723)	(10,649)	353,206	Income before income taxes
Income taxes	82,239	(723)	5,291	86,807	Income tax expenses
Net income	282,339	—	(15,940)	266,399	Net income
Net income attributable to the noncontrolling interests	10,459	—	185	10,644	Net income attributable to:
Net income attributable to Mitsubishi Electric Corp.	271,880	—	(16,125)	255,755	Non-controlling interests Mitsubishi Electric Corp. stockholders

(Consolidated Statements of Comprehensive Income)

(In millions of yen)

Presentation under US GAAP	US GAAP	Re-classification	Recognition and measurement differences	IFRS	Presentation under IFRS
Net income	282,339	—	(15,940)	266,399	Net income
Other comprehensive income (loss), net of tax					(Other comprehensive income (loss), net of tax) Items that will not be reclassified to net income
Unrealized gains (losses) on securities	(14,875)	392	14,431	(52)	Financial assets measured at fair value through other comprehensive income
Pension liability adjustments	15,857	(596)	6,062	21,323	Remeasurements of defined benefit pension plans
	—	204	(34)	170	Share of other comprehensive income of investments accounted for using the equity method
	—	—	20,459	21,441	Subtotal
Foreign currency translation adjustments	17,023	(1,908)	1,877	16,992	Items that may be reclassified to net income Exchange differences on translating foreign operations
Unrealized gains (losses) on derivative instruments	(88)	(6)	23	(71)	Net changes in the fair value of cash flow hedges
	—	1,914	(45)	1,869	Share of other comprehensive income of investments accounted for using the equity method
	—	—	1,855	18,790	Subtotal
Total	17,917	—	22,314	40,231	Total Other comprehensive income
Comprehensive income	300,256	—	6,374	306,630	Comprehensive income
Comprehensive income attributable to the noncontrolling interests	11,852	—	68	11,920	Comprehensive income attributable to: Non-controlling interests
Comprehensive income attributable to Mitsubishi Electric Corp.	288,404	—	6,306	294,710	Mitsubishi Electric Corp. stockholders

Notes to Reconciliation of Profit or Loss and Comprehensive Income

The principal effects of transition to IFRS in the reconciliation of profit or loss and comprehensive income above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

- (a) In accordance with the presentation provisions under IFRS, financial income and financial expenses are presented separately.
- (b) In accordance with the presentation provisions under IFRS, part of other income and other expenses, etc. is included and presented in operating profit.
- (c) Unrealized gains (losses) on securities, pension liability adjustments, foreign currency translation adjustments and unrealized gains (losses) on derivative instruments in other comprehensive income that are attributable to equity investees are reclassified in accordance with the presentation provisions under IFRS.

(2) Recognition and measurement differences

The main elements of recognition and measurement differences are as follows:

(a) Reconciliation of sales and cost of sales

Under US GAAP, if amounts of construction contracts cannot be reliably estimated, all construction costs and construction revenue are recognized when the construction is complete.

Under IFRS, on the other hand, revenue from a performance obligation satisfied over time is recognized using the cost recovery method if the outcome cannot be reliably estimated. Revenues using the cost recovery method are only recognized for costs incurred to the extent that it is probable that the cost will be recovered and costs are recognized as expenses in the period in which they are incurred.

(b) Equity instruments

Non-marketable equity instruments are recognized at their cost under US GAAP. If fair value of equity instruments has decreased and the decrease is considered not to be temporary, impairment loss is recognized for the amount of the cost of the equity instruments in excess of fair value. Gains or losses on the sale of these equity instruments are recognized in profit or loss.

Under IFRS, on the other hand, equity instruments are recognized at fair value irrespective of whether there is an active market. Because it is permitted to recognize changes in fair value in other comprehensive income, the Company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income. Accordingly, loss on impairment and gains or losses on the sale of equity instruments recognized in profit or loss under US GAAP are recognized in other comprehensive income as well.

Notes to Reconciliation of Cash Flows

There are no significant differences in the statement of cash flows resulting from transition from US GAAP to IFRS.

Cautionary Statement

The Mitsubishi Electric Group (hereafter “the Group”) is involved in development, manufacture and sales in a wide range of fields including Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances, and these operations extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. While the statements herein are based on certain assumptions and premises that the Group trusts and considers to be reasonable under the circumstances on the date of announcement, actual financial standings and 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:

(1) Important trends

The Group’s operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.

(2) Foreign currency exchange rates

Fluctuations in foreign currency markets may affect the Group’s sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases’ sales of exported products and purchases of imported materials that are denominated in foreign currencies.

- (3) Stock markets
A fall in stock market prices may cause a decline in value of the Group's marketable securities and pension assets.
- (4) Supply/demand balance for products and procurement conditions for materials and components
A decline in prices and shipments due to changes in the supply/demand balance, as well as an increase in material prices due to a worsening of material and component procurement conditions, may adversely affect the Group's performance.
- (5) Fund raising
An increase in interest rates, the yen interest rate in particular, would increase the Group's interest expenses.
- (6) Significant patent matters
Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.
- (7) Environmental legislation or relevant issues
The Group may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also impact manufacturing and all corporate activities of the Group.
- (8) Flaws or defects in products or services
The Group may incur losses or expenses resulting out of flaws or defects in products or services, and the lowered reputation of the quality of all its products and services may affect the entire Group.
- (9) Litigation and other legal proceedings
The Group's operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity-method affiliated companies.
- (10) Disruptive changes
Disruptive changes in technology, development of products using new technology, timing of production and market introduction may adversely affect the Group's performance.
- (11) Business restructuring
The Group may record losses due to restructuring measures.
- (12) Information security
The performance of the Group may be affected by computer virus infections, unauthorized access and other unpredictable incidents that lead to the loss or leakage of personal information held by the Group or confidential information regarding the Group's business such as its technology, sales and other operations.
- (13) Natural disasters
The Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunamis, fires and other large-scale disasters.
- (14) Other significant factors
The Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

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About Mitsubishi Electric Corporation

With nearly 100 years of experience in providing reliable, high-quality products, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. Embracing the spirit of its corporate statement, Changes for the Better, and its environmental statement, Eco Changes, Mitsubishi Electric endeavors to be a global, leading green company, enriching society with technology. The company recorded consolidated group sales of 4,444.4 billion yen (in accordance with IFRS; US\$ 41.9 billion*) in the fiscal year ended March 31, 2018. For more information visit:

www.MitsubishiElectric.com

*At an exchange rate of 106 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2018

Fiscal 2019 Third-quarter Consolidated Results

1. Financial Results
2. Net Sales and Operating Income by Segment
3. Overseas Net Sales by Segment
4. Orders by Segment
5. Foreign Exchange Rates for Recording Net Sales and
Impact of Exchange Rate Fluctuations on Net Sales

<Reference>

Difference between US GAAP and IFRS

FY '18: Apr. 1, 2017 – Mar. 31, 2018

FY '19: Apr. 1, 2018 – Mar. 31, 2019

1. Financial Results

(Consolidated)

(Billions of yen, year-on-year % change)

	FY '18				FY '19			
	1st Half	Q3	9 months	Full Year	1st Half	Q3	9 months	Full Year
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Forecast)
Net sales	2,111.7	1,074.9	3,186.7	4,444.4	2,170.1 (+3)	1,094.0 (+2)	3,264.1 (+2)	4,500.0 (+1)
Operating income	152.8	85.1	237.9	327.4	125.9 (-18)	75.5 (-11)	201.4 (-15)	285.0 (-13)
Income before income taxes	166.1	93.0	259.1	353.2	141.2 (-15)	80.4 (-13)	221.7 (-14)	310.0 (-12)
Net income attributable to Mitsubishi Electric Corp. stockholders	120.9	63.0	184.0	255.7	102.3 (-15)	56.4 (-10)	158.8 (-14)	225.0 (-12)

*Figures in parentheses in the right column indicate change from the previous corresponding period.

2. Net Sales and Operating Income by Segment

(Billions of yen, year-on-year % change)

		FY '18				FY '19			
		1st Half	Q3	9 months	Full Year	1st Half	Q3	9 months	Full Year
		(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Forecast)
Energy and Electric Systems	Net sales	557.1	302.4	859.6	1,253.0	568.6 (+2)	317.2 (+5)	885.8 (+3)	1,290.0 (+3)
	Operating income	10.6	17.5	28.1	65.4	15.5 (+46)	23.6 (+35)	39.2 (+39)	75.0 (+15)
Industrial Automation Systems	Net sales	703.7	366.8	1,070.5	1,444.9	730.3 (+4)	363.9 (-1)	1,094.2 (+2)	1,440.0 (0)
	Operating income	96.3	53.1	149.4	187.3	77.9 (-19)	36.1 (-32)	114.0 (-24)	147.0 (-22)
Information and Communication Systems	Net sales	191.2	101.0	292.2	438.1	186.8 (-2)	100.7 (0)	287.5 (-2)	430.0 (-2)
	Operating income	3.2	3.6	6.9	11.3	2.5 (-23)	4.1 (+13)	6.6 (-4)	10.0 (-12)
Electronic Devices	Net sales	99.5	50.3	149.8	202.2	101.8 (+2)	46.6 (-7)	148.5 (-1)	200.0 (-1)
	Operating income (loss)	7.2	4.7	12.0	14.1	1.2 (-82)	-0.5 (-)	0.7 (-94)	1.0 (-93)
Home Appliances	Net sales	539.2	239.9	779.1	1,049.3	557.1 (+3)	248.9 (+4)	806.0 (+3)	1,080.0 (+3)
	Operating income	39.4	10.9	50.3	55.4	33.6 (-15)	17.0 (+56)	50.7 (+1)	59.0 (+6)
Others	Net sales	310.7	166.6	477.4	659.0	327.8 (+5)	172.4 (+3)	500.2 (+5)	680.0 (+3)
	Operating income	9.6	5.5	15.2	24.0	10.3 (+7)	5.8 (+5)	16.1 (+6)	25.0 (+4)
Subtotal	Net sales	2,401.6	1,227.2	3,628.8	5,046.8	2,472.7 (+3)	1,249.8 (+2)	3,722.5 (+3)	5,120.0 (+1)
	Operating income	166.5	95.5	262.1	357.8	141.3 (-15)	86.2 (-10)	227.6 (-13)	317.0 (-11)
Eliminations and other	Net sales	-289.8	-152.2	-442.1	-602.4	-302.6	-155.8	-458.4	-620.0
	Operating income	-13.7	-10.4	-24.2	-30.3	-15.3	-10.7	-26.1	-32.0
Consolidated total	Net sales	2,111.7	1,074.9	3,186.7	4,444.4	2,170.1 (+3)	1,094.0 (+2)	3,264.1 (+2)	4,500.0 (+1)
	Operating income	152.8	85.1	237.9	327.4	125.9 (-18)	75.5 (-11)	201.4 (-15)	285.0 (-13)

3. Overseas Net Sales by Segment

(Billions of yen, year-on-year % change)

	FY '18				FY '19			
	1st Half	Q3	9 months	Full Year	1st Half	Q3	9 months	Full Year
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Forecast)
Energy and Electric Systems	204.0	104.1	308.1	422.1	193.3 (-5)	100.8 (-3)	294.1 (-5)	
Industrial Automation Systems	430.8	217.4	648.3	865.8	431.8 (0)	199.5 (-8)	631.4 (-3)	
Information and Communication Systems	5.6	3.0	8.6	13.1	4.7 (-15)	3.6 (+20)	8.4 (-3)	
Electronic Devices	57.0	29.1	86.2	115.8	56.3 (-1)	24.2 (-17)	80.6 (-7)	
Home Appliances	294.3	132.2	426.5	568.7	306.1 (+4)	127.5 (-4)	433.7 (+2)	
Others	9.2	5.0	14.3	19.7	8.8 (-5)	4.7 (-7)	13.5 (-5)	
Consolidated total	1,001.2	491.0	1,492.3	2,005.4	1,001.3 (0)	460.5 (-6)	1,461.8 (-2)	
Ratio of overseas net sales to total sales	47.4%	45.7%	46.8%	45.1%	46.1%	42.1%	44.8%	

4. Orders by Segment

(Consolidated)

(Billions of yen, year-on-year % change)

	FY '19		
	1st Half (Actual)	Q3 (Actual)	9 months (Actual)
	Energy and Electric Systems	658.0 (+2)	298.2 (+4)
Industrial Automation Systems	718.5 (+3)	355.3 (+1)	1,073.9 (+2)
Information and Communication Systems	167.3 (+2)	107.6 (-18)	274.9 (-7)
Electronic Devices	100.4 (+3)	51.3 (-9)	151.8 (-2)

*Home Appliances and Others segments have few products made on order, thus not included in the chart above.

5. Foreign Exchange Rates for Recording Net Sales and Impact of Exchange Rate Fluctuations on Net Sales

		FY '18			FY '19		
		1st Half (Actual)	Q3 (Actual)	Full Year (Actual)	1st Half (Actual)	Q3 (Actual)	Q4 (Forecast)
Average exchange rate	US\$	¥111	¥113	¥111	¥111	¥113	¥105
	Euro	¥128	¥133	¥130	¥130	¥128	¥125
	CNY	¥16.5	¥17.1	¥16.8	¥16.6	¥16.3	¥16.0
Impact of exchange rate fluctuations on net sales	Consolidated total	About ¥47.0 billion increase	About ¥23.0 billion increase	About ¥75.0 billion increase	About ¥2.0 billion increase	About ¥13.0 billion decrease	
	US\$	About ¥10.0 billion increase	About ¥3.0 billion increase	About ¥9.0 billion increase	About ¥1.0 billion decrease	About ¥1.0 billion decrease	
	Euro	About ¥13.0 billion increase	About ¥8.0 billion increase	About ¥26.0 billion increase	About ¥3.0 billion increase	About ¥4.0 billion decrease	
	CNY	About ¥5.0 billion increase	About ¥3.0 billion increase	About ¥11.0 billion increase	About ¥2.0 billion increase	About ¥4.0 billion decrease	

< Reference >

Difference between US GAAP and IFRS

1) Financial Results

(Consolidated)

(Billions of yen)

	FY '18					
	9 months (Actual)			Full Year (Actual)		
	US GAAP	IFRS	Difference	US GAAP	IFRS	Difference
Net sales	3,115.0	3,186.7	71.7	4,431.1	4,444.4	13.2
Operating income	232.4	237.9	5.5	318.6	327.4	8.8
Income before income taxes	277.2	259.1	-18.0	364.5	353.2	-11.3
Net income attributable to Mitsubishi Electric Corp. stockholders	193.1	184.0	-9.0	271.8	255.7	-16.1

* "Net income attributable to Mitsubishi Electric Corp. stockholders" is described as "Net income attributable to Mitsubishi Electric Corp." under US GAAP.

2) Net Sales and Operating Income by Segment

(Billions of yen)

		FY '18					
		9 months (Actual)			Full Year (Actual)		
		US GAAP	IFRS	Difference	US GAAP	IFRS	Difference
Energy and Electric Systems	Net sales	805.3	859.6	54.2	1,241.9	1,253.0	11.1
	Operating income	26.6	28.1	1.5	51.7	65.4	13.7
Industrial Automation Systems	Net sales	1,070.5	1,070.5	—	1,444.9	1,444.9	—
	Operating income	147.6	149.4	1.8	190.8	187.3	-3.4
Information and Communication Systems	Net sales	274.7	292.2	17.4	436.0	438.1	2.1
	Operating income	6.2	6.9	0.6	11.9	11.3	-0.6
Electronic Devices	Net sales	149.8	149.8	—	202.2	202.2	—
	Operating income	12.0	12.0	0.0	14.5	14.1	-0.3
Home Appliances	Net sales	779.1	779.1	—	1,049.3	1,049.3	—
	Operating income	49.1	50.3	1.2	56.0	55.4	-0.5
Others	Net sales	556.6	477.4	-79.1	764.3	659.0	-105.2
	Operating income	14.9	15.2	0.2	23.9	24.0	0.1
Subtotal	Net sales	3,636.3	3,628.8	-7.4	5,138.9	5,046.8	-92.0
	Operating income	256.6	262.1	5.5	349.0	357.8	8.8
Eliminations and other	Net sales	-521.3	-442.1	79.1	-707.7	-602.4	105.2
	Operating income	-24.2	-24.2	—	-30.3	-30.3	—
Consolidated total	Net sales	3,115.0	3,186.7	71.7	4,431.1	4,444.4	13.2
	Operating income	232.4	237.9	5.5	318.6	327.4	8.8