

Corporate Strategy

Nov. 2018

MITSUBISHI ELECTRIC CORPORATION

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2. Management Policy
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4. Toward a Higher Level of Growth
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Note

FY2014 : April 1, 2014-March 31, 2015

FY2015 : April 1, 2015-March 31, 2016

FY2016 : April 1, 2016-March 31, 2017

FY2017 : April 1, 2017-March 31, 2018

FY2018 : April 1, 2018-March 31, 2019

FY2019 : April 1, 2019-March 31, 2020

FY2020 : April 1, 2020-March 31, 2021

1. Management Philosophy

Corporate Mission

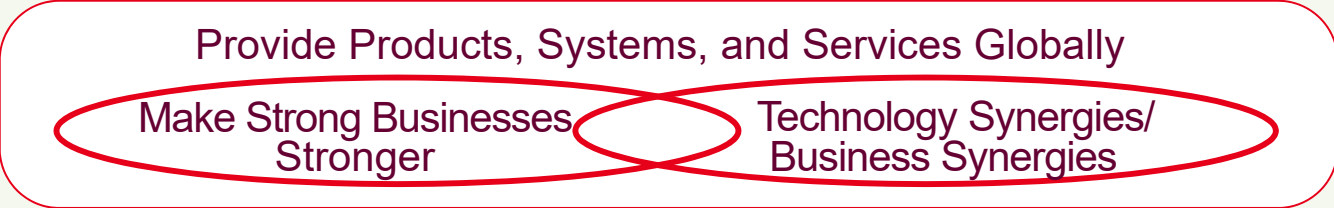
The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

Embodiment of the Corporate Mission

“Global, Leading Green Company”
Contribute to the realization of a prosperous society that simultaneously achieves "sustainability" and "safety, security and comfort"

Growth Targets to be Achieved by FY2020
Net Sales 5 trillion JPY or more
OPM 8% or more

Initiatives to Create Value



Contemporary Challenges in Society



1. Management Philosophy

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 challenges in society



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

1. Management philosophy

— Topics: Toward realizing a prosperous society —



WE SUPPORT Since 2018 **Mitsubishi Electric has been committed to the UN Global Compact** corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

E Selected as a top “A List” company by CDP^(*) for outstanding climate- and water-management practices in its supply chain programs. This is Mitsubishi Electric's second consecutive year to be named to these leaders' lists.



ESG Named as a constituent of the “FTSE4 Good Index Series” and “FTSE Blossom Japan Index” for the second consecutive year



FTSE4Good



FTSE Blossom Japan

E Achieved most of the groups’ environmental targets in areas such as reduction in CO₂ emissions and resource inputs for production (FY2017)^{(*)2}

Set a new target on the effective use of water in the “9th Environmental Plan” (FY2018~2020)



S Started “Mitsubishi Electric ‘Going Up’ campaign for school” on a full scale (2H 2018~)

Rolled out the “Nationwide caravan for Mitsubishi Electric ‘Going Up’ campaign” – a program that started from 2016 to enhance understanding and awareness for sports for the people with disabilities – to schools



E Expanded supply of equipment lineup for Electric Vehicles



New plant in Himeji works starts operation to increase production of components such as inverters for Electric Vehicles (May 2018)



Construction of a new laboratory at Himeji works to strengthen development and evaluation structure of motors / inverters for Electric Vehicles (Expected to start operation Aug.2019)

E Started demonstration experiments to utilize Electric Vehicles for demand-supply adjustment of electricity (Jun.2018)^{(*)3}

*1 : An international non-governmental organization that conducts surveys, discloses performance and evaluates the environmental activities of companies and cities (formerly the Carbon Disclosure Project). In addition to the supply-chain programs, Mitsubishi Electric had been named to the separate CDP Climate 2017 A List and CDP Water 2017 A List, both for the second consecutive year, in recognition of the company's outstanding efforts to mitigate climate change and protect water resources, respectively.

*2 : FY2017 was the last year for the “8th Environmental Plan” which stipulated Mitsubishi Electric Group's environmental activity targets for FY2015 to 2017.

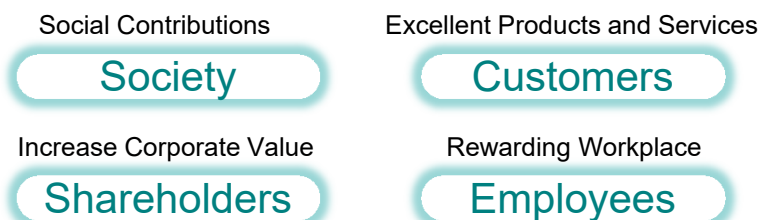
*3 : Jointly implemented by the following 5 organizations: Kyushu Electric Power Company, Central Research Institute of Electric Power Industry, Nissan Motors, Mitsubishi Motors, and Mitsubishi Electric

2. Management Policy

— Maintain Balanced Corporate Management for Sustainable Growth —



Pursue the Satisfaction of the Four Stakeholder Categories



Strive for Continuous Innovation

Always improving.
Always delivering new value.

Toward a Higher Level of Growth

Growth Targets to be Achieved by FY2020

- Net Sales** 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

3. Forecast for FY2018 (Consolidated performance)

| | FY2015 | FY2016 | FY2017 | FY2017 | | FY2018 | |
|-------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|
| | Actual | Actual | Actual | Actual | | Forecast (Oct.2018) | |
| | U.S.GAAP | | | IFRS | | | |
| (Billions of JPY) | 120JPY/USD 133JPY/EUR | 109JPY/USD 119JPY/EUR | 111JPY/USD 130JPY/EUR | 6-Month 111JPY/USD 128JPY/EUR | 111JPY/USD 130JPY/EUR | 6-Month 111JPY/USD 130JPY/EUR | 108JPY/USD 127JPY/EUR |
| Net Sales | 4,394.3 | 4,238.6 | 4,431.1 | 2,111.7 | 4,444.4 | 2,170.1 | 4,510.0 |
| Operating Income | 301.1 | 270.1 | 318.6 | 152.8 | 327.4 | 125.9 | 305.0 |
| (%) | 6.9% | 6.4% | 7.2% | 7.2% | 7.4% | 5.8% | 6.8% |
| Income before income taxes | 318.4 | 296.2 | 364.5 | 166.1 | 353.2 | 141.2 | 335.0 |
| Net Income | 228.4 | 210.4 | 271.8 | 120.9 | 255.7 | 102.3 | 240.0 |
| ROE (Return On Equity) | 12.4% | 10.9% | 12.6% | - | 11.7% | - | |
| Shareholders' Equity | 1,838.7 | 2,039.6 | 2,259.3 | 2,189.5 | 2,294.1 | 2,341.2 | |
| (%) | 45.3% | 48.9% | 53.0% | 52.1% | 53.3% | 54.9% | |
| Debt | 404.0 | 352.1 | 311.4 | 343.6 | 311.9 | 302.9 | |
| (%) | 10.0% | 8.4% | 7.3% | 8.2% | 7.2% | 7.1% | |
| FCF (Free Cash Flow) | 111.2 | 217.3 | 62.2 | 56.8 | 83.7 | 45.5 | |
| Dividend (JPY per share) | 27 | 27 | 40 | 14 | 40 | 14 | |
| Dividend ratio(%) | 25.4% | 27.5% | 31.6% | 24.8% | 33.6% | 29.4% | |

*Mitsubishi Electric adopts International Financial Reporting Standards (IFRS) from Q1 of FY 2018.

3. Forecast for FY2018 (Segment Forecast)

| | | FY2014 | FY2015 | FY2016 | FY2017 | FY2017 | FY2018 |
|-------------------------------------|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual | Actual | Actual | Actual | Actual | Forecast (Oct.2018) |
| | | U.S.GAAP | | | | IFRS | |
| (Billions of JPY) | | 111JPY/USD 138JPY/EUR | 120JPY/USD 133JPY/EUR | 109JPY/USD 119JPY/EUR | 111JPY/USD 130JPY/EUR | 111JPY/USD 130JPY/EUR | 108JPY/USD 127JPY/EUR |
| Energy & Electric Systems | Net Sales | 1,228.9 | 1,264.6 | 1,227.9 | 1,241.9 | 1,253.0 | 1,290.0 |
| | Operating Income/Loss | 72.4 | 50.3 | 44.3 | 51.7 | 65.4 | 70.0 |
| | (%) | 5.9% | 4.0% | 3.6% | 4.2% | 5.2% | 5.4% |
| Industrial Automation Systems | Net Sales | 1,282.7 | 1,321.9 | 1,310.1 | 1,444.9 | 1,444.9 | 1,460.0 |
| | Operating Income/Loss | 145.9 | 159.1 | 140.0 | 190.8 | 187.3 | 174.0 |
| | (%) | 11.4% | 12.0% | 10.7% | 13.2% | 13.0% | 11.9% |
| Information & Communication Systems | Net Sales | 559.5 | 561.1 | 447.7 | 436.0 | 438.1 | 430.0 |
| | Operating Income/Loss | 18.9 | 14.9 | 12.7 | 11.9 | 11.3 | 10.0 |
| | (%) | 3.4% | 2.7% | 2.8% | 2.7% | 2.6% | 2.3% |
| Electronic Devices | Net Sales | 238.4 | 211.5 | 186.5 | 202.2 | 202.2 | 210.0 |
| | Operating Income/Loss | 30.1 | 16.8 | 8.3 | 14.5 | 14.1 | 6.0 |
| | (%) | 12.7% | 8.0% | 4.5% | 7.2% | 7.0% | 2.9% |
| Home Appliances | Net Sales | 944.8 | 982.0 | 1,004.4 | 1,049.3 | 1,049.3 | 1,070.0 |
| | Operating Income/Loss | 54.2 | 63.8 | 69.6 | 56.0 | 55.4 | 52.0 |
| | (%) | 5.7% | 6.5% | 6.9% | 5.3% | 5.3% | 4.9% |
| Others | Net Sales | 740.5 | 707.7 | 713.6 | 764.3 | 659.0 | 670.0 |
| | Operating Income/Loss | 23.7 | 23.6 | 23.2 | 23.9 | 24.0 | 25.0 |
| | (%) | 3.2% | 3.3% | 3.3% | 3.1% | 3.6% | 3.7% |
| Total | Net Sales | 4,323.0 | 4,394.3 | 4,238.6 | 4,431.1 | 4,444.4 | 4,510.0 |
| | Operating Income/Loss | 317.6 | 301.1 | 270.1 | 318.6 | 327.4 | 305.0 |
| | (%) | 7.3% | 6.9% | 6.4% | 7.2% | 7.4% | 6.8% |

*Mitsubishi Electric adopts International Financial Reporting Standards (IFRS) from Q1 of FY 2018.

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

4. Toward a Higher Level of Growth

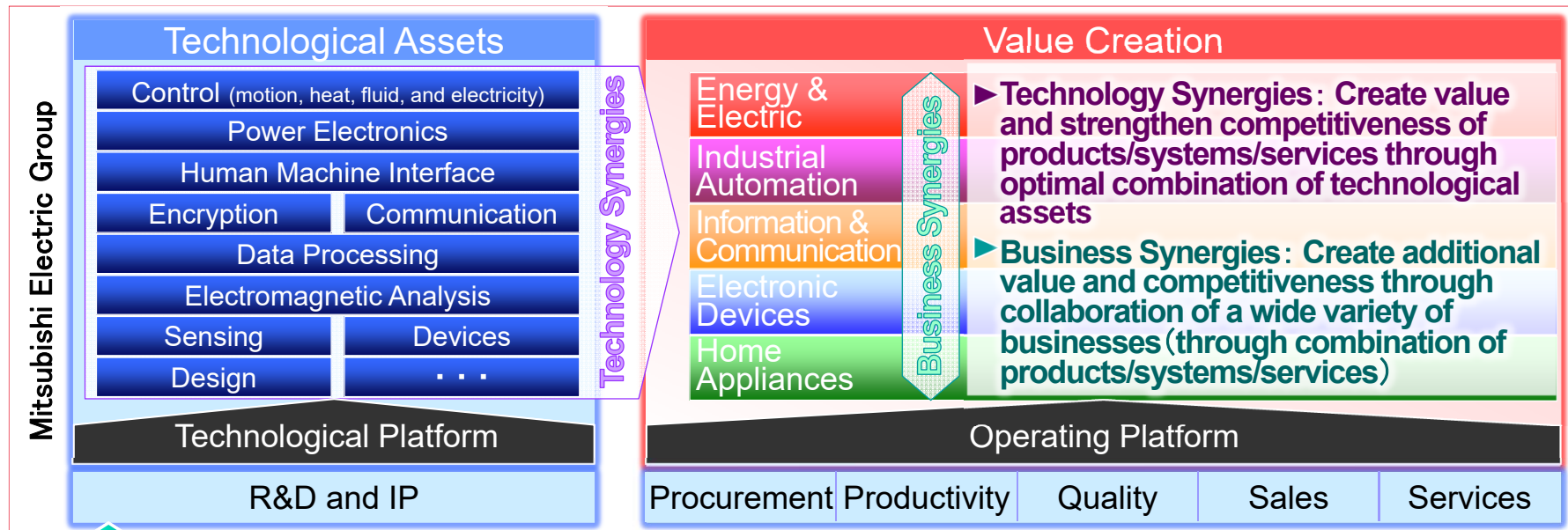
Growth Strategy (Initiatives for value creation)

Make Strong Businesses Stronger: Promote investments and improvements to further strengthen growth drivers

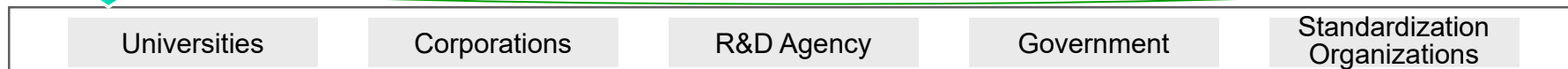
Technology Synergies and Business Synergies: Pursue value creation and competitiveness by leveraging our strengths

Strength of the Mitsubishi Electric Group

- A wide range of technological assets such as controls and power electronics
- Activities in diverse businesses with different business features
- “Kaizen” (improvement) culture taking root in every field, including production, quality management, sales, services, etc.

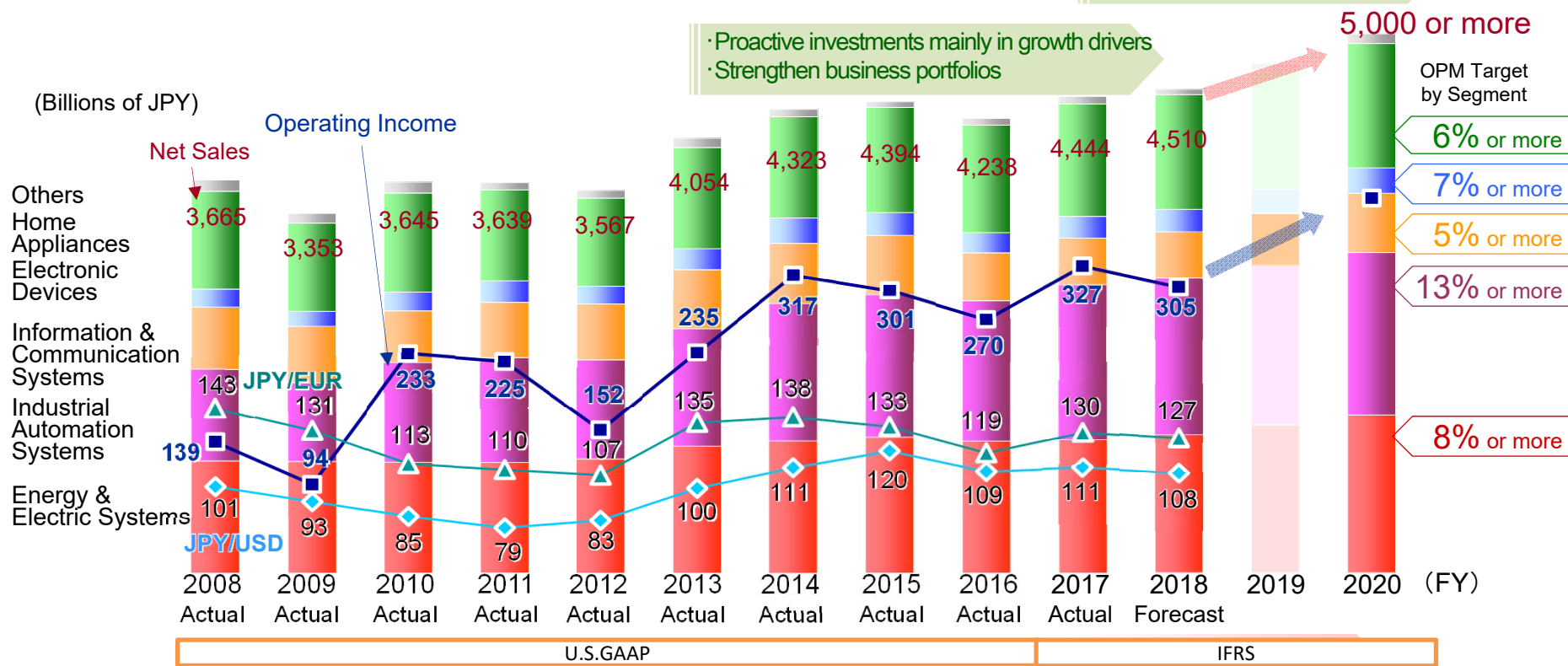


Open & Global Innovation Enhance technological development capabilities through joint R&D initiatives



4. Toward a Higher Level of Growth

- Expand technology and business synergies
- Invest for sustainable growth beyond FY2020
- Maximize investment outcome
- Improve low profitability businesses

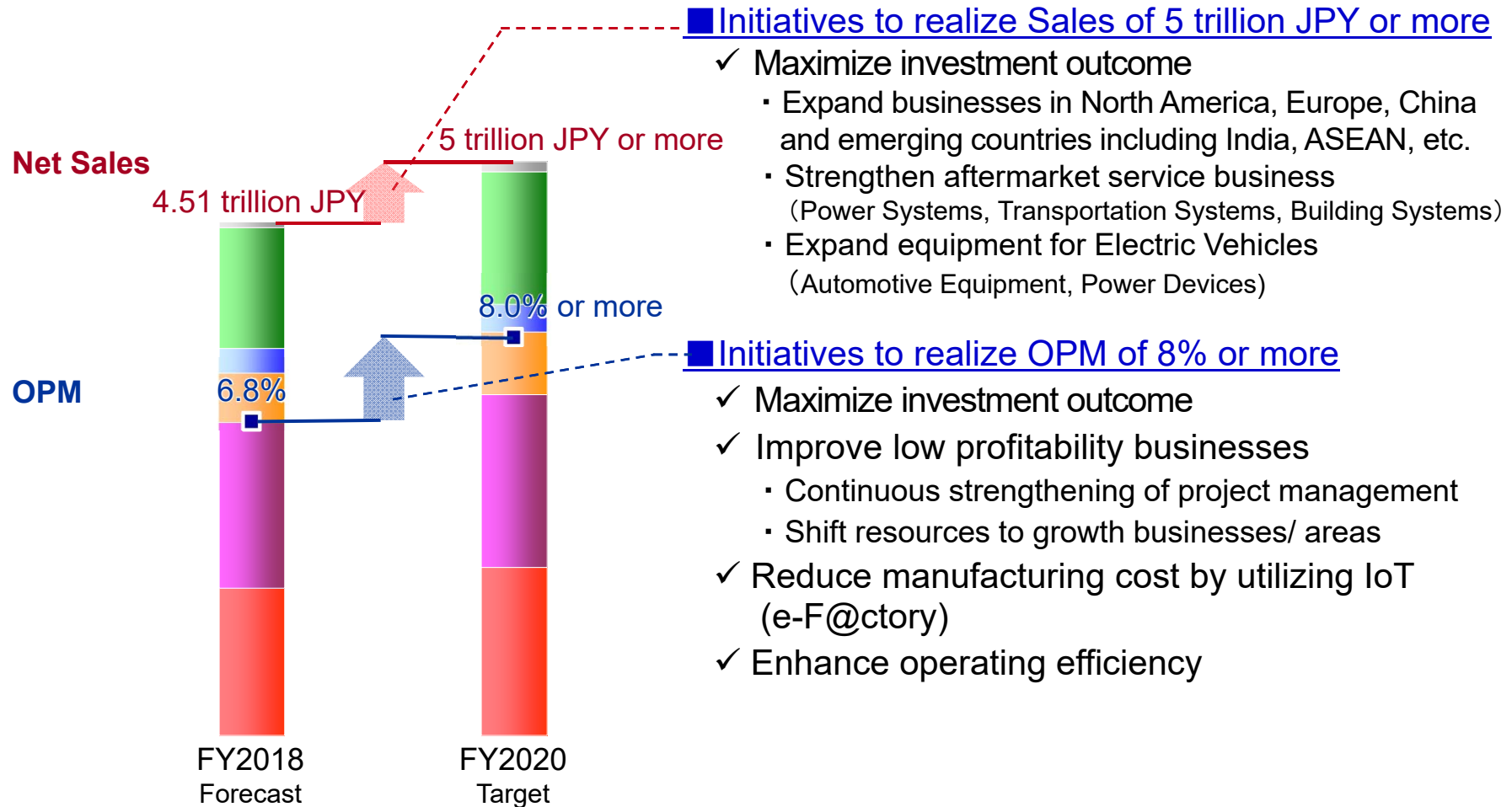


| (%) | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Growth Target |
|------------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------------------|
| OPM | 3.8 | 2.8 | 6.4 | 6.2 | 4.3 | 5.8 | 7.3 | 6.9 | 6.4 | 7.4 | 6.8 | | | 8% or more |
| ROE | 1.3 | 3.1 | 12.4 | 10.3 | 5.7 | 10.9 | 13.9 | 12.4 | 10.9 | 11.7 | | | | 10% or more |
| Debt ratio | 20.3 | 16.7 | 14.5 | 16.0 | 15.9 | 10.3 | 9.4 | 10.0 | 8.4 | 7.2 | | | | 15% or less |

To Be Continuously and Stably Achieved

4. Toward a Higher Level of Growth

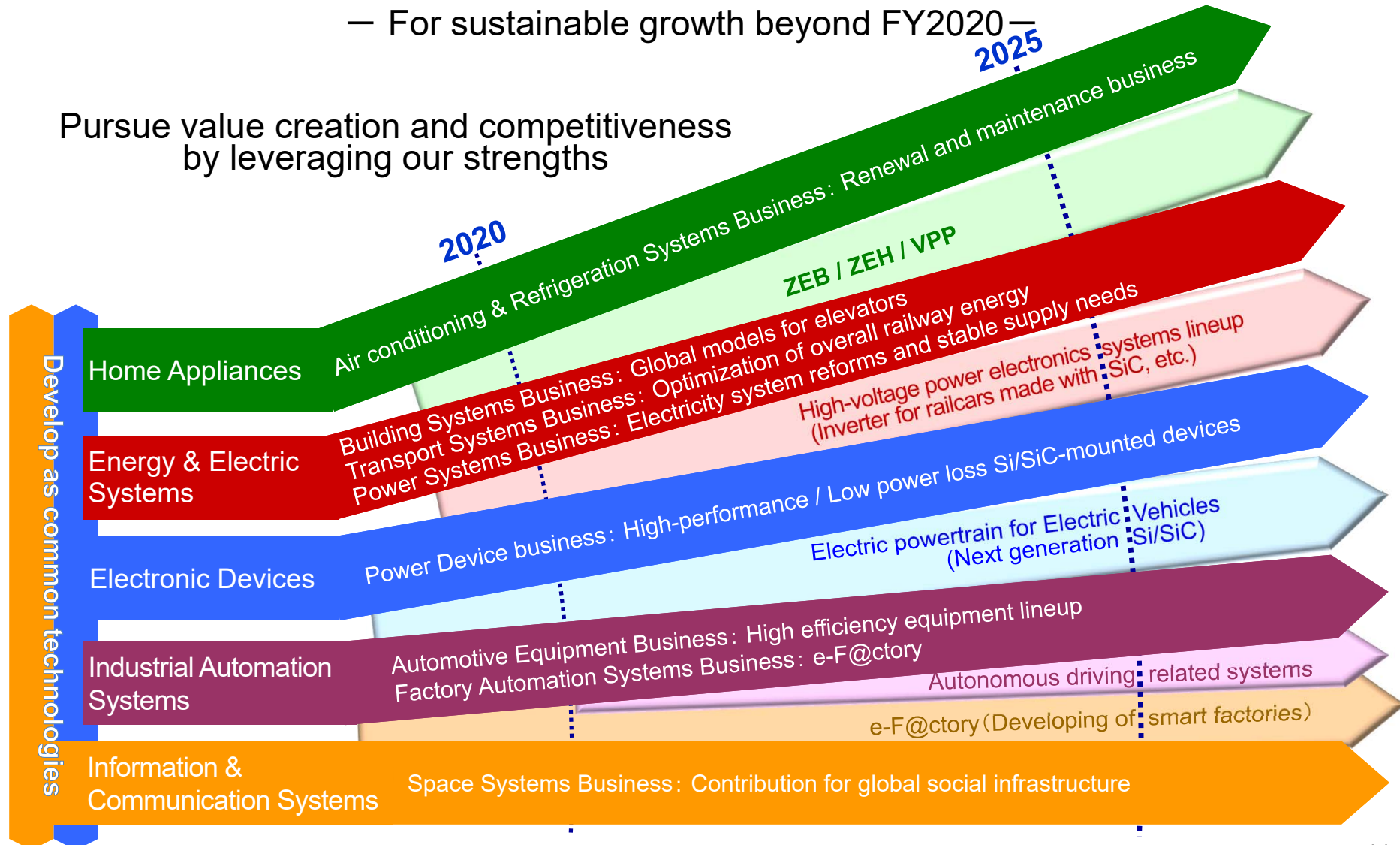
— To realize FY2020 growth targets —



4. Toward a higher level of growth

— For sustainable growth beyond FY2020 —

Pursue value creation and competitiveness by leveraging our strengths



4. Toward a Higher Level of Growth

- Since FY2014, have been actively investing mainly in growth drivers, strengthening the business portfolio
- Maximize investment outcome to realize growth targets for FY2020 and sustain further growth beyond FY2020

· Up to FY2020: Expand businesses in Japan, North America, Europe and China · FY2020 and beyond: shift gear to expand sales in emerging countries

Japan

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

【Major initiatives since FY2014】*

- [P] • The demonstration facility for MVDC distribution at the Power Distribution Systems Center (Jul.2016)
- HVDC verification facility at Transmission and Distribution Systems Center (Nov.2018)
- Transfer particle therapy system business (Jun.2018)
- [T] • New plant in Itami Works (Apr.2015)
- New plant for control panels in Kobe area (Jun.2016)
- [B] • New facility for Inazawa Works (Jun.2016, Dec.2018)
- [AR] • Engineering facility for Air-Conditioning & Refrigeration Systems Works (Mar.2016)
- Development engineering/ testing facility at Shizuoka Works (Jun.2019)
- [FA] • New aftermarket service support facility at Nagoya Works (Oct.2016), The 2nd FA development center (Jul.2017)
- [AE] • Developed next-generation driving-assistance technology concept car “EMIRAI4” (Oct.2017)
- Himeji Works’ new plant (May 2018), **new laboratory (Aug.2019)**
- [S] • Established Dynamic Map Planning Co., Ltd. (Jun.2016), Increased capital investment (Jun.2017)
- Kamakura Works’ new plant (Oct.2017, Oct.2019)
- [Others] • **New plant for Communication Network Works (Oct.2018)**

North America/ Europe/ China

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

【Major initiatives since FY2014】*

North America

- [T] • Strengthened MEPPi maintenance system (May 2014)
- [AE] • Strengthened MEAA production system (Oct.2014, Jan.2016)
- [AR] • Established a distribution J/V with Ingersoll Rand(US) (May 2018)

Europe

- [T] • MEKT (Italy) (Apr.2014)
- Invested (capital participation) MEDCOM (Poland) (Oct.2015)
- [S] • Established Sapcorda Services, a high precision GNSS positioning services company (Aug.2017)
- [AR] • Wholly acquired DeLclima (Italy) (Feb.2016), and consolidated and reorganized their subsidiaries (Jan.2017)
- [FA] • **Acquired ASTES4 (Swiss) (Aug.2018)**
- [AL] • MER (Russia) (Nov.2014)
- Established MEU Norway branch (Oct.2015)

China

- [B] • MESE’s new plant (Nov.2015)
- [FA] • MEAMC’s the 2nd plant (Apr.2017), Expansion (Dec.2018)

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

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

Asia (excl. China)/ Others

Cultivate new markets by developing local business networks

【Major initiatives since FY2014】*

Thailand

- [P] • ME-TH as a sales company (Aug.2015)
- [B] • AMEC’s new plant (May 2016), new elevator test tower (Jun.2017)
- [AR] • MCP’s new building (Jul.2015)
- Established MKY training center (Aug.2015)

Myanmar

- [AL] • Established MEAP Yangon branch (Apr.2014)

Korea

- [B] • KMEC’s new plant (Mar.2018)

India

- [T] • MEI’s new plant (Nov.2015)
- [B] • IMEC’s new plant (Sep.2016)

Turkey

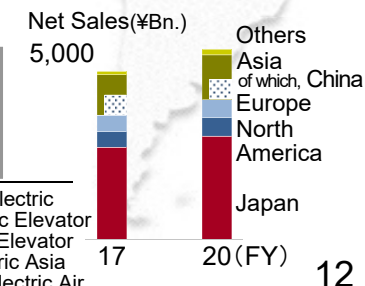
- [AR] • MACT’s new plant (Dec.2017)

Mexico

- [AE] • MEAX (Oct.2014)

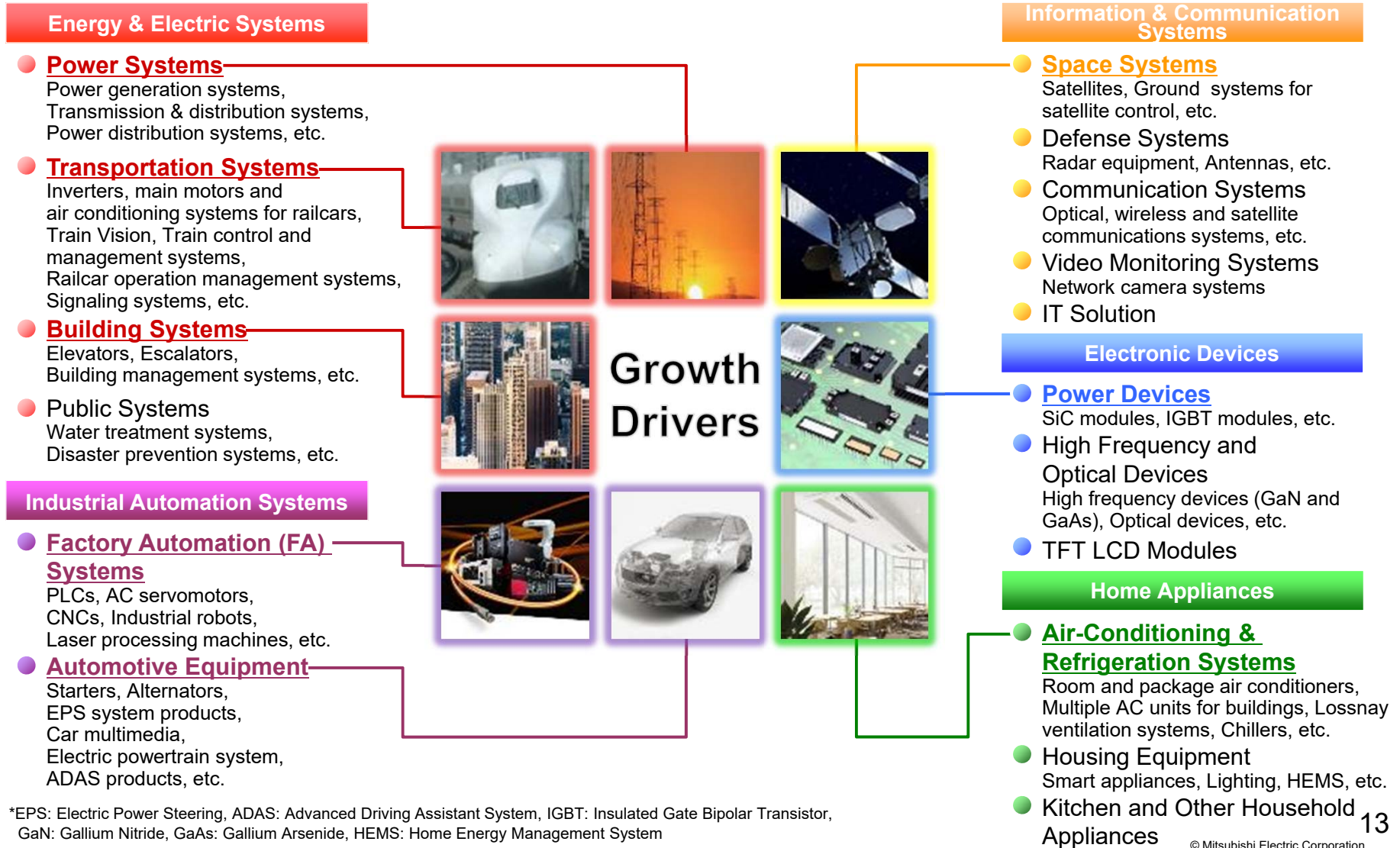
South Africa

- [AL] • Established MEU South Africa branch (Jun.2015)



*HVDC: High Voltage Direct Current, MEPPi: Mitsubishi Electric Power Products, Inc., MEAA: Mitsubishi Electric Automotive America, Inc., MEKT: Mitsubishi Electric Klimat Transportation Systems S.p.A., MER: Mitsubishi Electric (Russia) LLC, MEU: Mitsubishi Electric Europe B.V., MESE: Mitsubishi Electric Shanghai Electric Elevator Co., Ltd., MEAMC: Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd., ME-TH: Mitsubishi Electric Asia (Thailand) Co., Ltd., AMEC: Mitsubishi Elevator Asia Co., Ltd., MCP: Mitsubishi Electric Consumer Products (Thailand) Co., Ltd., MKY: Mitsubishi Electric Kang Yong Watana Co., Ltd., MEAP: Mitsubishi Electric Asia Pte Ltd, KMEC: Mitsubishi Elevator Korea Co., Ltd., MEI: Mitsubishi Electric India Pvt.Ltd., IMEC: Mitsubishi Elevator India Private Limited, MACT: Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company, MEAX: Mitsubishi Electric Automotive de Mexico, S.A. de C.V.

5. Make Strong Businesses Stronger — Growth Drivers —

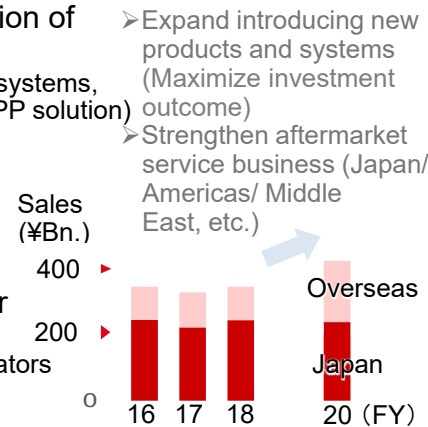


5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Power Systems Business

Provide a highly efficient, environment friendly products and systems from power generation to transmission and distribution which contribute to the stable supply of electricity

- 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)
- Contribute to building the infrastructure which underpins the electricity system reforms
 - The Company's share in smart meter (communication system): 5 out of 10 Japanese electric power companies
- Maintain aging products, and respond to needs for replacement into high efficiency products with a shorter construction period
 - Respond to advancing needs, such as inspection of turbine generators by ultra-thin robots (Total number of turbine generators delivered: c. 2,100 units, of which aged equipment: c. 1,000 units)



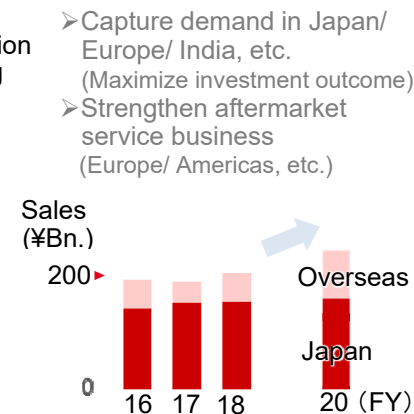
- Started to provide the solutions that utilize IoT Platform "INFOPRISM" for Social Infrastructure & Energy Systems (Nov.2017) 
- Reached agreement with Hitachi on integrating the particle therapy system business (Dec.2017)
- Developed power transaction bidding system assistance technology (Jan.2018)
- Started demonstration experiments to utilize Electric Vehicles for demand-supply adjustment of electricity (Jun.2018)
- Started full-scale production of vacuum interrupters and circuit breakers in the factory at the Power Distributions Systems Center (Aug.2018)

*VPP: Virtual Power Plant

Transportation Systems Business

Optimize the total energy of railway transport 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
 - Launched compact and lighter high efficiency models (railcar traction inverter and APS with all-SiC power modules, and air-conditioning equipment for railcars)
- Energy conservation of the station building as a whole
 - Launched Station Energy Saving Inverter (S-EIV[®]) which supply excess regenerative power to the station's power facilities
- Safe and efficient train operation using train control which applies wireless technology (CBTC)
- Energy-savings by replacing railcar electrical products to high-efficiency models
 - Expand renewal/ maintenance/ aftermarket service utilizing the local sales bases



- Started commercial operation of the mass production E235 railcar installed with all-SiC inverter, for East Japan Railway Company (May 2017)
- Started measurement/ analysis service for "Mitsubishi Infrastructure Monitoring System II" (Nov.2017)
- Expanded lineup of integrated 400V AC-output S-EIV[®] (Nov.2017)
- Received orders for railcar electric equipment (traction transformers for rail cars) from French National Railways for the first time (Dec.2017)
- Delivered radio equipment for CBTC system to Tokyo Metro (Feb.2018)

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

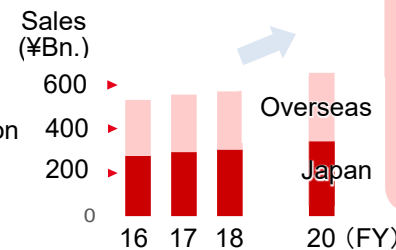
5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Building Systems Business

Provide total support from new installation to maintenance, and renewal, through highly safe and reliable products as well as high field engineering capabilities

- Provide safety and reliability based on a rich track record, and achieve energy-savings by reducing size and weight of product lineup
- Reduce operation cost and energy consumption of the total building
 - Monitor and control building facilities such as air conditioning, lighting and enter/ exit situation with a building management system
- Minimize the downtime of elevators during renewal periods
 - Started to provide new renewal products which realize “0 days” (less than 24 hours) of continuous downtime for elevators during Construction (Number of units up for renewal by FY2020: c. 90,000 units)
- Provide premium maintenance services
 - Strengthen maintenance system and expand services

- Capture demand in China/ India/ ASEAN, etc. (Maximize investment outcome)
- Strengthen aftermarket service business (Japan/China, etc.)



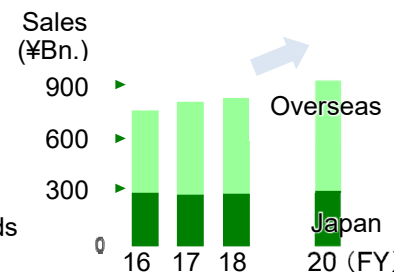
- Expanded the elevator types which are subject to Elemotion+[ZERO] (approx. 50% of elevators manufactured by the company which will be up for renewals in FY2020) (Oct.2017)
- Start construction of Elevator Training Center at Inazawa Works (Nov.2017)
- Launched the building maintenance system “BuilUnity” (Nov.2017)
- Delivered ZEB-contributing equipment to Shirasagi Denki Kogyo’s new head office building (Feb.2018)
- Started operation of KMEC new plant in South Korea (Mar.2018)

Air-Conditioning & Refrigeration Systems Business

Respond to energy-saving needs unique to the region through high functionality/high efficiency devices and advanced control technologies

- Respond to environmental and energy-saving regulations, and lower environmental burden
 - Adopt technologies such as all-SiC DIIPM mounting, aluminum flat tube heat exchanger, and high efficiency compressors
 - Adopt refrigerant R32
 - Adopt our original Flash Injection Circuit (to achieve both high heating capability and high energy efficiency under cold external temperatures)
- Respond closely to the needs of different regions
 - Respond to the broad range of needs from room air-conditioning to large size air-conditioning and refrigeration systems including chillers mainly in Europe, through the acquisition and consolidation of DeLclima (currently: MEHITS)
 - Launch heating and hot-water supply system meeting European needs
- Develop renewal and maintenance business
 - Renew into new-refrigerant air conditioner in a shorter construction period using existing piping (replace models)
 - Accelerate receiving orders for maintenance services through collaboration with building systems business (Japan)
 - Strengthen facility operating systems and remote management services (overseas) (Italy: RMI)

- Capture demand in North America/ Europe/ China, etc. (Maximize investment outcome)
- Maximize synergies with MEHITS



- Consolidated and reorganized subsidiaries under formerly DeLclima (Jan.2017)
- Launched a room air-conditioner with “Move Eye mirA.I.”, the world’s first* AI application which predicts the sensible temperature (Nov.2017) *as of Nov.2017, own research
- Started operation of MACT new plant in Turkey (Dec.2017)
- Received FY2017 Energy Conservation Grand Prize Award for “Kirigamine FZ series” (Jan.2018)
- Established a joint venture company with Ingersoll Rand (US) to distribute ductless air conditioning systems (Jan.2018)

*DIIPM: Dual Inline Package Intelligent Power Module, MEHITS: Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., RMI: Remote Monitoring Interface

5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Factory Automation (FA) Systems Business

Propose an optimal “manufacturing method” made possible by the evolution of “e-F@ctory”, the FA-IT integrated solution

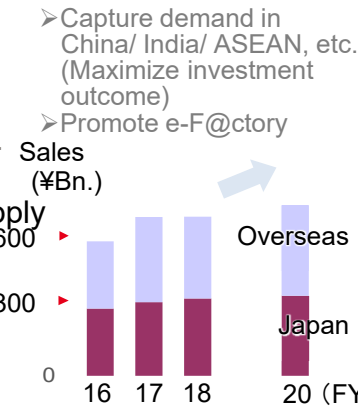
- TCO reduction through “e-F@ctory”
 - Strengthen products in the edge computing domain which is the linchpin of IoT utilization at the manufacturing site (Industrial PC, application software)
 - Utilize our AI technology “Maisart” and knowledge of production scenes to analyze equipment utilization and accident prevention / predictive maintenance
- Establish systems to strengthen production and stabilize supply
 - Strengthen production capacity (servo, PLC, Robot)
 - Consider expansion of production bases (Japan/China/India)
- Strengthen support systems
 - Provide support for IoT utilizing production and maintenance services 『iQ Care Remote 4U』(electrical discharge/laser processing machines)
 - Continue to strengthen service bases such as Global FA Centers (50 locations in 30 countries)



AC Servos



PLC



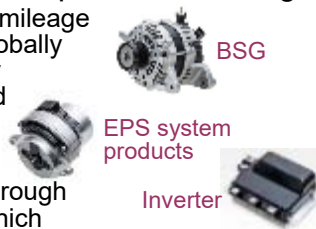
- Started South Korea/ Taiwan e-F@ctory Alliance (Mar.2018)
- Launched “MELIPC series” PC for industrial use (May 2018)
- Launched “iQ Edgecross”, an Edgecross compatible software (May 2018)
- Launched “GTF4 series”, a laser processing machine for substrate hole drilling (May 2018)
- Launched “SV-P series” for die-sinking electrical discharge machines (Jun.2018)
- Established “East Japan FA solutions center” (Jul.2018)
- Acquired “ASTES4 SA”, a Swiss company (Aug.2018)

*TCO: Total Cost of Ownership, PLC: Programmable Logic Controllers

Automotive Equipment Business

Realize environment-friendliness, safety and security, and comfort by coordinating and integrating a wide range of high efficiency equipment, systems, and advanced control technology

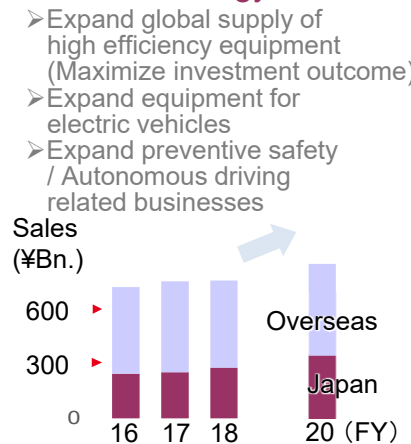
- Reduce environmental burden and Improve fuel mileage
 - Contribute to further improvement in fuel mileage and reducing environmental burden by globally supplying a wide variety of high efficiency equipment which meet market needs, and offering electric powertrain systems
- Improve comfort during driving
 - Contribute to further improving comfort through next-generation information equipment which integrates 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



BSG

EPS system products

Inverter



- Developed the concept car “EMIRAI4” (Oct.2017)
- Reached agreement with HERE Technologies (Netherlands) on collaboration to expand use of advanced location services (Oct.2017)
- Started mass production of crankshaft ISG system for 48V hybrid vehicles (for Daimler AG) (Oct.2017)
- Started operation of the new plant at Himeji Works (May 2018)
- Started construction of the new laboratory building at Himeji Works (Aug.2018)



*BSG: Belt-driven Starter-Generator, ISG: Integrated Starter-Generator

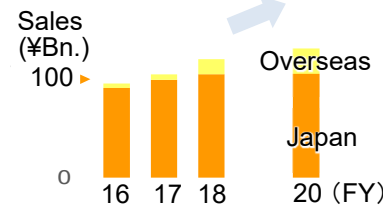
5. Make Strong Businesses Stronger — Value Creation in Growth Drivers —

Space Systems Business

Contribute to building a global social infrastructure through satellite systems products across various areas

- Contribute to the prevention of global warming, enhanced monitoring of climatic phenomena and global environment, and understanding of disaster situations (develop observational satellites)
 - Development of "Ibuki-2" to improve the measurement accuracy of green house gas concentration distribution, "Himawari-8,9" to improve resolution and drastically reduce imaging time, and "Daichi-2" to improve resolution and wider observation of land
- Offer high-precision positioning Information (develop positioning satellites)
 - Development of the 2nd-4th quasi-zenith satellites (completed launch during FY2017)
- Advance communications/ broadcasting infrastructure in various regions (develop communication satellites)
 - Development of "TURKSAT-4A/ 4B" for TURKSAT (Turkey) and "Es'hail 2" for Es'hailSAT (Qatar)

- Capture satellite systems demand in Japan and overseas (Maximize investment outcome)
- Expand high precision positioning related businesses (autonomous driving, etc.)



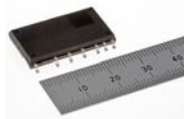
- Started construction of new Satellite Component Production Facility in Kamakura Works (Apr.2017)
- Increased capital investment in DMP (DMP has shifted from a planning company to an operating company) (Jun.2017)
- Established Sapcorda Services, which provides high-precision GNSS positioning service (Aug.2017)
- Started operation of new Satellite Component Production Facility in Kamakura Works (Oct.2017)

*GNSS: Global Navigation Satellite System

Power Devices Business

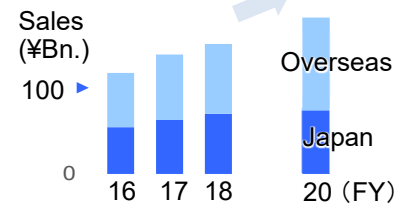
Provide key devices for energy-savings based on the most advanced power semiconductor technology by anticipating the needs of customers

- 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



MISOP Surface-mount Package IPM

- Expand launching 7th generation IGBT modules and SiC modules



- Expanded lineup of 1200V Large DIIPM Ver.6 (Aug.2017)
- Expanded lineup of HVIGBT Module X series (Sep.2017)
- Launched LV100-type HVIGBT Module X series (Sep.2017)
- Acquired power device sales business from Powerex (US) (Nov.2017)
- Developed 6.5kV Full-SiC Power Semiconductor Module (Jan.2018)
- Launched MISOP Surface-mount Package IPM (Apr.2018)

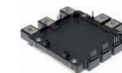
- Railcars** Make the inverter for railcars compact and lighter, ensure lower losses and high reliability
- Automobiles** Make inverters compact, expand interior spaces, improve fuel mileage
- Home Appliances** Further energy-savings, compact refrigerating systems, flattening and miniaturizing devices
- Industrial** Improve productivity of machine tools by enabling high-torque, high speed, high function



for Home Appliances



For Industrial



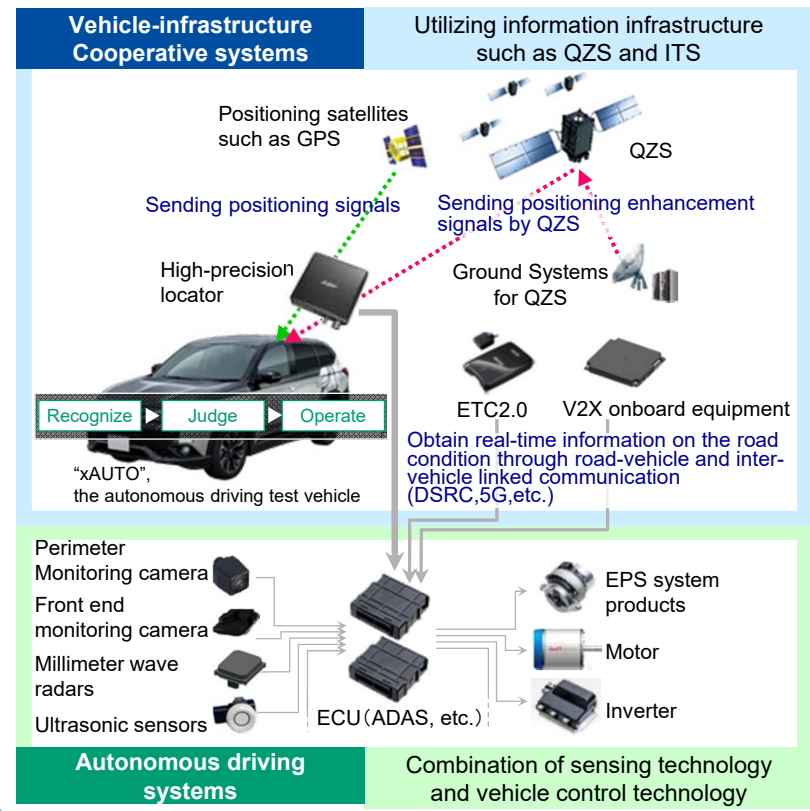
for Automobiles

*HVIGBT: High Voltage IGBT, IPM: Intelligent Power Module

6. Technology Synergies and Business Synergies

— Safe, Secure and Comfortable Autonomous driving Society —

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



*ITS: Intelligent Transport Systems, QZS: Quasi-Zenith Satellites, ECU: Electric Control Unit, ADAS: Advanced Driving Assistant System, DSRC: Dedicated Short Range Communication, V2X: Vehicle to X, 5GAA: 5G Automotive Association, Sapcorda Services: joint venture established with Bosch, Geo++, and u-blox (Aug.2017)

Progress (Examples)

Implementing various road tests in Japan and overseas to establish safe autonomous driving technology



Road test on the metropolitan highway (“Shutoko”) (2H 2017-)



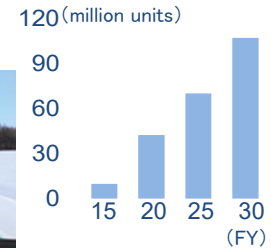
Test drive in cold climates (Jan.2018~)



Road test in Detroit, US (2H 2017-)



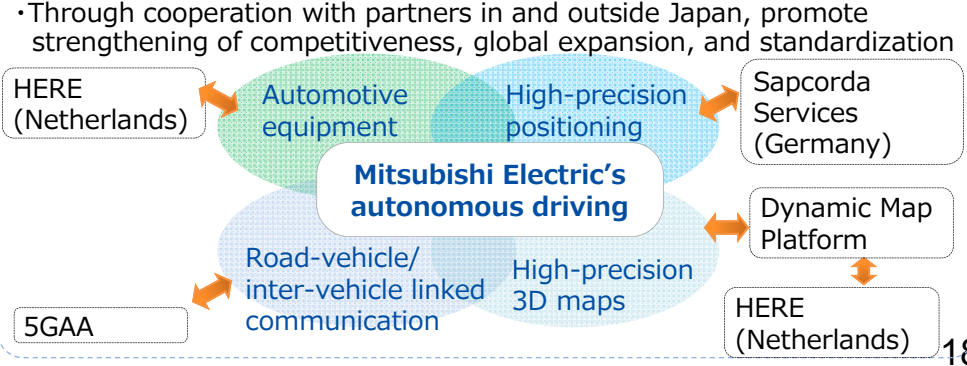
Outlook on market size for autonomous driving systems



Source: Strategy Analysis Nov.2017

*Includes autonomous driving levels of 1 to 5 (From driving assistance to fully autonomous driving)

<Relationship of Mitsubishi Electric’s autonomous driving related technologies and major business development partners>



6. Technology Synergies and Business Synergies

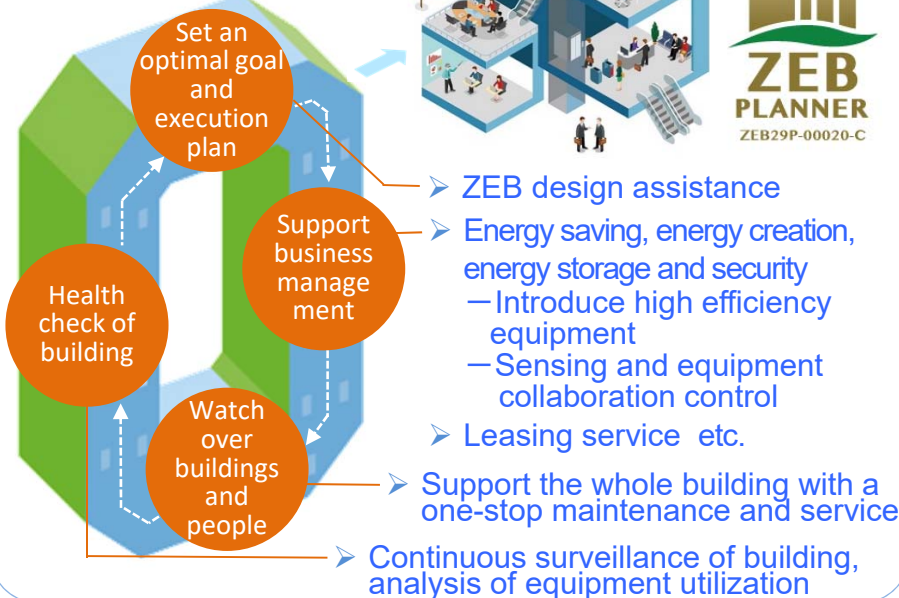
— Energy-saving ,Safety, Security and comfort for Buildings —

Deliver products/ systems/ services across various business domains, and contribute to energy-saving, safety security and comfort, intellectual productivity and raising of asset value of the building

ZEB ONE-STOP SOLUTION



ZEB PLANNER
ZEB29P-00020-C



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

Progress (Examples)

- Delivered a facility/system to contribute to ZEB as the first ZEB planner as an electronics manufacturer



Shirasagi Denki Kogyo Head Office Building (Completed Jan.2018)

Achieved “Nearly ZEB” by **75%** reduction against the standard primary energy consumption amount

Evaluated by BELS (Jun.2018)



BEMS Screen (Image)

<Facility and services delivered>

ZEB facility consulting, air conditioning, ventilation, lighting, elevators, solar power generation, power conditioner for EV, image monitoring, access control/management, substations (AC/DC), BEMS, operation and maintenance services

- Promote technological development which contributes to improving comfort of living environments

(e.g.) **Automatic morning preparation**



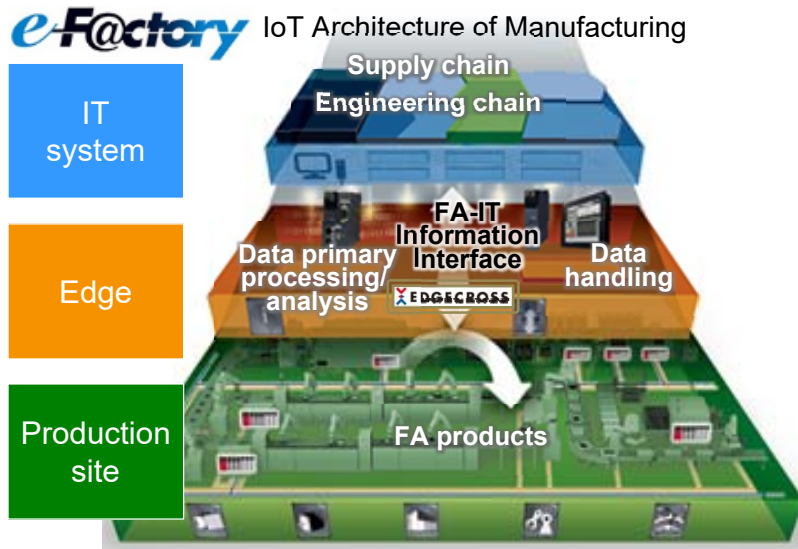
Device-linking technology for smart Appliances

- Enable coordination between devices through IoT technology (without having to go through the cloud)
- Possible to equip home appliances in a compact manner. Deliver new value through linking of devices

*Standard Primary Energy Consumption Amount: The total converted calorific value of the energy consumed by facilities and equipment such as air conditioners, whose consumption amount is determined by the 2016 Energy Saving Standard per region, use of building, and use of room. For the Shirasagi Denki Kogyo Head Office Building, while the initial reduction was expected at around 70.1%, further reduction was achieved. BELS: Building-Housing Energy-efficiency Labeling System, BEMS: Building Energy Management System

6. Technology Synergies and Business Synergies — Strengthening Competitiveness of Manufacturing through IoT —

Reducing total cost of development, production and maintenance through the utilization of FA and IT technologies



<Partner companies> * Oct.2018



e-F@ctory: Approx. **640** participating companies
 • Software Partners (approx. **170**)
 • SI partners (approx. **320**)
 • Equipment partners (approx. **150**)



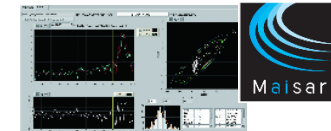
CC-Link : Approx. **3,410** participating companies
 Approx. **1,850** connectable products

Progress (Examples)

- Joined Edgecross consortium (Nov.2017)
- Launched Edgecross-compatible edge computing products (May 2018)



MELIPC



Real-time data analyzer



SCADA (MCWorks64)

- Strengthened global expansion of e-F@ctory Japan

- Opened East Japan FA Solution Center (Jul.2018)
- Completed construction of an e-F@ctory concept integrated-automation factory (Power Distribution Systems Center, VI and VCB factory, Feb.2018)



VI and VCB factory



ITEI model line

China

- Built ITEI Intelligent Manufacturing model line (Nov.2017)
- Strengthened local organization

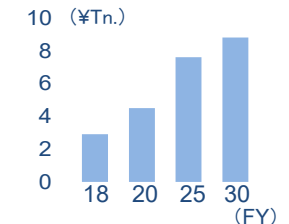
South Korea/ Taiwan

- Started South Korea/ Taiwan e-F@ctory Alliance formed (Mar.2018)



e-F@ctory Alliance formed

Market expectation of Intelligent Production



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

* Edgecross: An open software platform in edge computing which realize FA and IT harmonization., SCADA: Supervisory Control And Data Acquisition, VI: Vacuum Interrupters, VCB: Vacuum Circuit Breakers, ITEI: Instrumentation Technology and Economy Institute. Research organization directly under the Chinese government which promotes Intelligent Manufacturing.

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

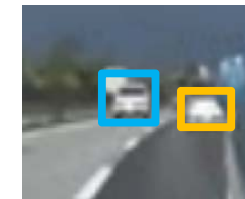
Big data analysis

Efficiently analyze large volumes of data with
limited amount of computation

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

Object-recognition camera technology for electronic mirrors

Recognize objects which are about 100m away from rear side of car through real-time processing



Truck
Passenger Car

<Application fields/Use>

- Electronic mirrors, Autonomous driving
- Monitoring, Crime prevention

Intelligent wireless system utilizing AI

Improve a amplifier gain and movement efficiency by optimal tuning and reduce power consumption of communication equipment

<Application fields/Use>

- 5G mobile base stations, terminal unit
- IoT-related equipment in homes, factories, etc.



Compact hardware AI

Realize implementation of AI into small FPGA.
Expand applicable areas for AI by reducing computational time and lowering cost

<Application fields/Use>

- Home appliances, Elevators, High precision maps, etc.



*FPGA: Field Programmable Gate Array

7. For Sustainable Growth — Research and Development —

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

Social issues

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

↓

Keywords for solving issues and creating value

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

Smart manufacturing

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



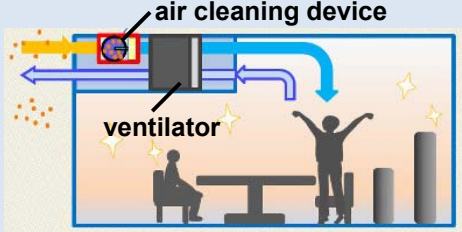

Smart mobility

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



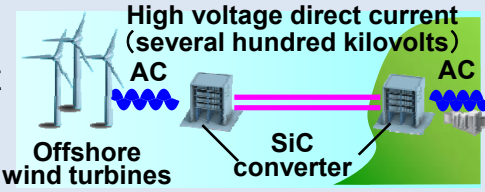
Comfortable space

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




Infrastructure for safety, security and relief

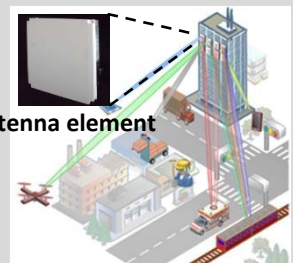
High voltage direct current transmission technology*1
Contribute to efficient transmission of massively deployed renewable energy



Common Technologies



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



Antenna element

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

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

7. For Sustainable Growth — Intellectual Property Activities —

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

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

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

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

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

*PCT: Patent Cooperation Treaty

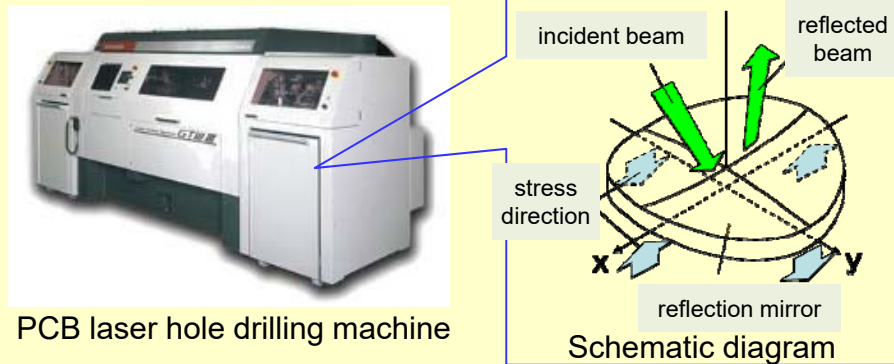
*Statistics of WIPO/ JPO: Jan.1- Dec.31, 2017,

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

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

【 The Prize of Commissioner of Japan Patent Office 】

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



PCB laser hole drilling machine

Schematic diagram

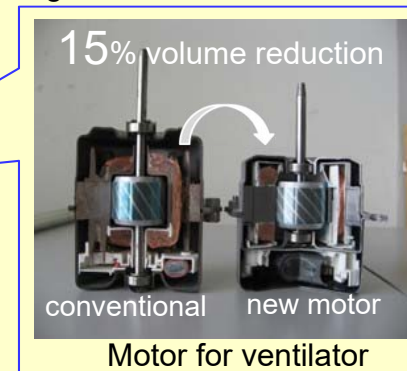
Changed the shape of the mirror surface which reflects the laser beam correcting the distortion of the laser beam. This enabled manufacturing of reduced- size and high-density hole drilling.

【 The Asahi Shimbun Prize 】

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



ventilator



Motor for ventilator

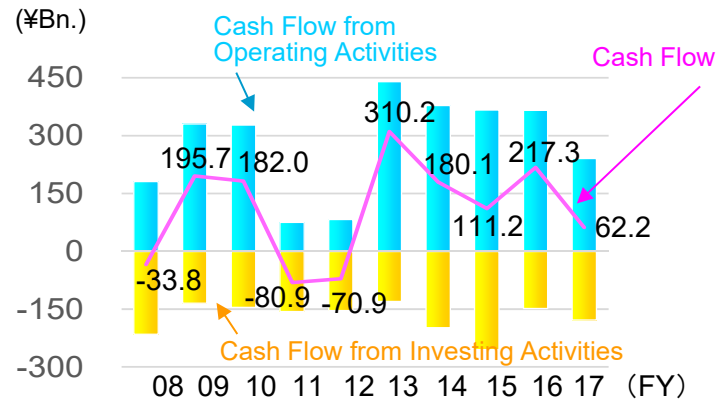
Established a highly accurate assembly method for the rotor of the motor (rotating electrical machines), thereby realizing energy-saving, down-sizing, and low vibration/low noise.

7. For Sustainable Growth

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

Stable Generation of Cash Flow

■ Cash Flow



Strategic Investments for "Growth"

※Refer to the following page for details .

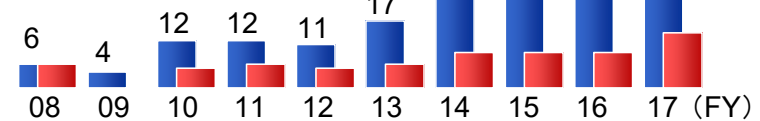
Shareholder Returns according to Increase in Earnings

■ Dividend

(JPY per share)

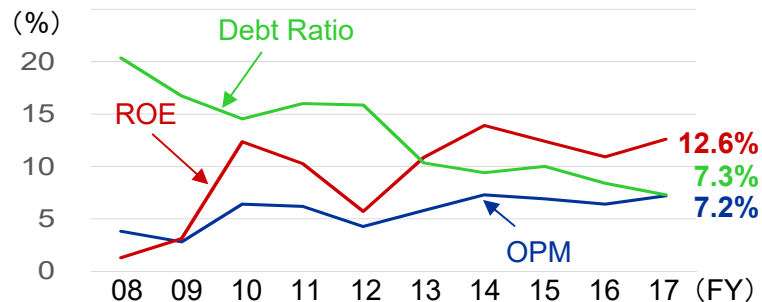
■ Annual Dividend

■ Interim Dividend



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

■ OPM/ ROE/ Debt Ratio



【Growth Targets to be Achieved by 2020】

OPM 8% or more

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

【Management Targets to be Continuously and Stably Achieved】

ROE 10% or more

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

Debt Ratio 15% or less

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

*Data of FY17 are presented in accordance with U.S.GAAP 24

7. For Sustainable Growth

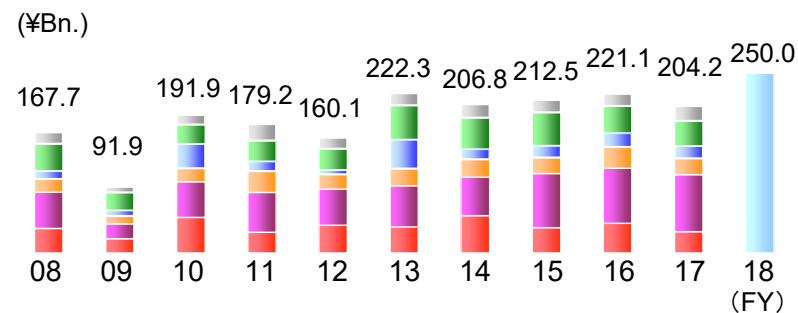
— Balance “Growth”, “Profitability/Efficiency”, and “Soundness” —

Strategic Investments for "Growth"

Proactive investments mainly in growth drivers

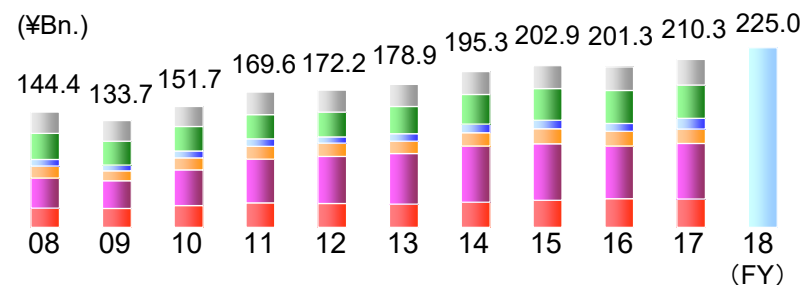
■ Capital Investment

Continue with a high level of capital investment



■ R&D

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



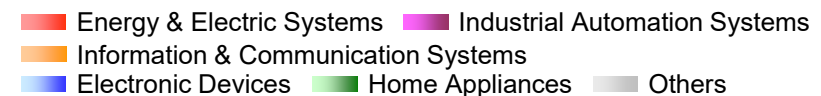
Strengthen Business Portfolios

■ Constantly review and refresh business portfolio

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

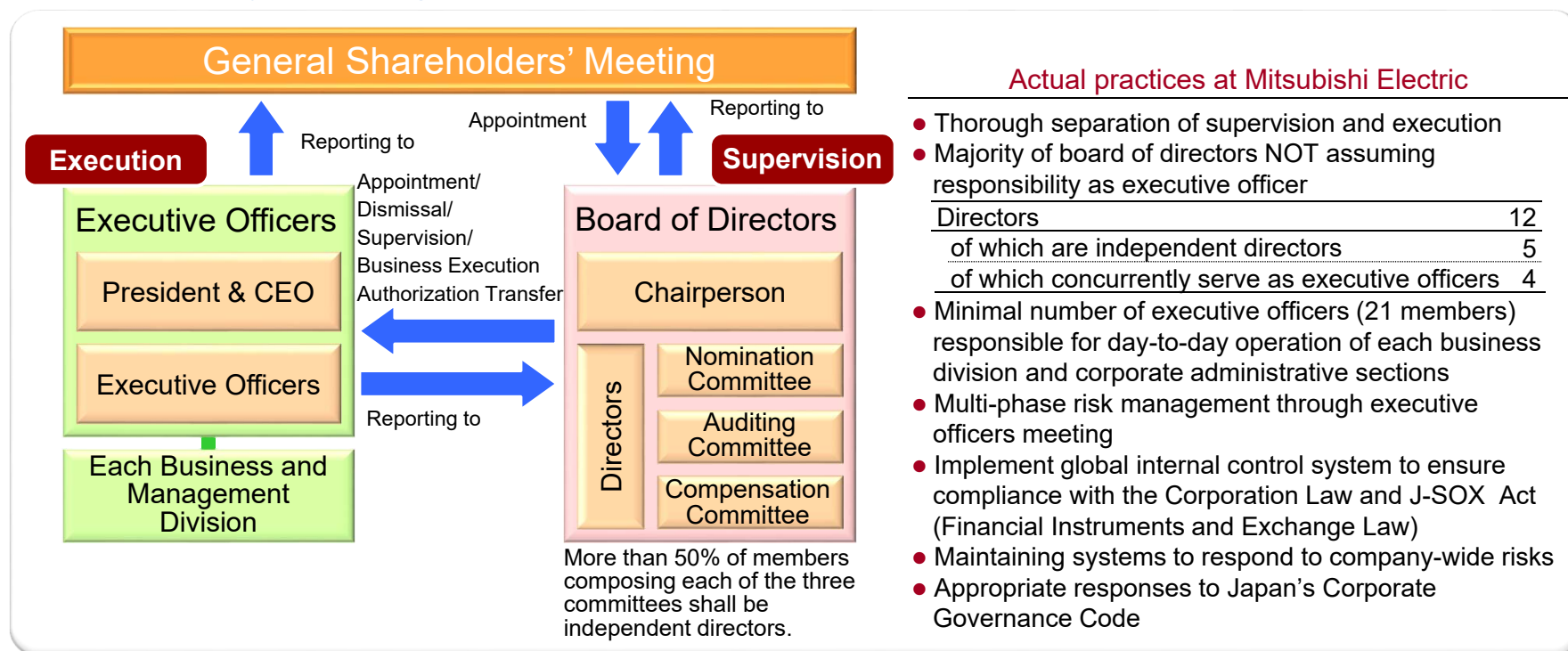
■ Growth contributing collaboration and M&A

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



7. For Sustainable Growth — Corporate Governance —

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



Actual practices at Mitsubishi Electric

- Thorough separation of supervision and execution
 - Majority of board of directors NOT assuming responsibility as executive officer
- | | |
|---------------------------------------------------|----|
| Directors | 12 |
| of which are independent directors | 5 |
| of which concurrently serve as executive officers | 4 |
- Minimal number of executive officers (21 members) responsible for day-to-day operation of each business division and corporate administrative sections
 - Multi-phase risk management through executive officers meeting
 - Implement global internal control system to ensure compliance with the Corporation Law and J-SOX Act (Financial Instruments and Exchange Law)
 - Maintaining systems to respond to company-wide risks
 - Appropriate responses to Japan's Corporate Governance Code

Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to shareholders and other stakeholders

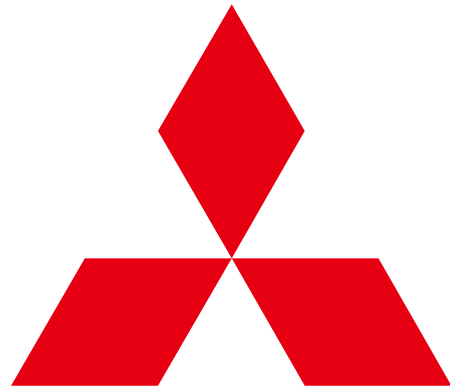
Changes for the Better

Cautionary Statements

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

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

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



**MITSUBISHI
ELECTRIC**

Changes for the Better