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Mitsubishi Electric Announces Consolidated Financial Results for the First 9 Months and Third Quarter of Fiscal 2018

TOKYO, February 2, 2018 – [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, 2017, of the current fiscal year ending March 31, 2018 (fiscal 2018).

1. Consolidated First 9 Months Results (April 1, 2017 – December 31, 2017)

Net sales:	3,115.0	billion yen	(6% increase from the same period last year)
Operating income:	232.4	billion yen	(32% increase from the same period last year)
Income before income taxes:	277.2	billion yen	(41% increase from the same period last year)
Net income attributable to Mitsubishi Electric Corp.:	193.1	billion yen	(43% increase from the same period last year)

In the first 9 months of fiscal 2018, from April through December 2017, the global economy saw a stable status in China, a buoyant expansion in the U.S. and gradual trends of recovery in Japan and Europe. In addition, the yen weakened against the U.S. dollar and the euro in and after May compared to the same period of the previous fiscal year, but became stronger against the U.S. dollar after the latter half of November.

Under these circumstances, consolidated net sales for the first 9 months of fiscal 2018 increased by 6% compared to the same period of the previous fiscal year to 3,115.0 billion yen due primarily to increased sales in the Energy and Electric Systems, Industrial Automation Systems, Electronic Devices and Home Appliances segments.

Consolidated operating income increased by 32% compared to the same period of the previous fiscal year to 232.4 billion yen, due to increased profits in the Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems and Electronic Devices segments.

Income before income taxes increased by 41% compared to the same period of the previous fiscal year to 277.2 billion yen, due primarily to an increased operating income, recording a gain from sales of investment securities in Renesas Electronics Corporation, and an improvement of exchange gains and losses.

Net income attributable to Mitsubishi Electric Corporation increased by 43% compared to the same period of the previous fiscal year to 193.1 billion yen.

Consolidated Financial Results by Business Segment (First 9 months, Fiscal 2018)

Energy and Electric Systems

Total sales:	805.3	billion yen	(3% increase from the same period last year)
Operating income:	26.6	billion yen	(12.8 billion yen increase from the same period last year)

The social infrastructure systems business saw a decrease in orders from the same period of the previous fiscal year due primarily to decreases in orders of the power systems business outside Japan as well as the transportation systems business in Japan, while sales remained substantially unchanged compared to the same period of the previous fiscal year.

The building systems business remained substantially unchanged in orders, while sales increased compared to the same period of the previous fiscal year due primarily to growth in the renewal business in Japan and the new installation of elevators and escalators outside Japan.

As a result, total sales for this segment increased by 3% from the same period of the previous fiscal year. Operating income increased by 12.8 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

Industrial Automation Systems

Total sales:	1,070.5	billion yen	(12% increase from the same period last year)
Operating income:	147.6	billion yen	(45.0 billion yen increase from the same period last year)

The factory automation systems business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to growth in capital expenditures in the fields of organic light emitting diodes (OLED) mainly in Korea, smartphones and electric cars in China as well as buoyancy in exports by machinery manufacturers 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 sales volume of Japanese car manufacturers in China, as well as the weaker yen, despite decreased car sales in North America.

As a result, total sales for this segment increased by 12% from the same period of the previous fiscal year. Operating income increased by 45.0 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

Information and Communication Systems

Total sales:	274.7	billion yen	(4% decrease from the same period last year)
Operating income:	6.2	billion yen	(1.7 billion yen increase from the same period last year)

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

The information systems and service business saw an increase in sales compared to the same period of the previous fiscal year, mainly owing to an increase in the system integrations business.

The electronic systems business saw an increase in orders compared to the same period of the previous fiscal year due to an increase in large-scale projects in the defense systems business, while sales experienced a decrease compared to the same period of the previous fiscal year due primarily to a shift in large-scale projects in the defense systems and the space systems business.

As a result, total sales for this segment decreased by 4% from the same period of the previous fiscal year. Operating income increased by 1.7 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

Electronic Devices

Total sales:	149.8	billion yen	(10% increase from the same period last year)
Operating income:	12.0	billion yen	(6.8 billion yen increase from the same period last year)

The electronic devices business saw an increase in orders from the same period of the previous fiscal year due to increases in demand for power modules used in consumer and industrial applications, and total sales increased by 10% compared to the same period of the previous fiscal year, despite a decrease in demand for optical communication devices.

Operating income increased by 6.8 billion yen compared to the same period of the previous fiscal year due primarily to an increase in sales.

Home Appliances

Total sales:	779.1	billion yen	(4% increase from the same period last year)
Operating income:	49.1	billion yen	(8.5 billion yen decrease from the same period last year)

The home appliances business saw an increase in sales of 4% from the same period of the previous fiscal year due to an increase in sales of air conditioners for Europe, China and the U.S., in addition to the weaker yen.

Operating income decreased by 8.5 billion yen compared to the same period of the previous fiscal year due primarily to increases in material prices and sales expenses.

Others

Total sales:	556.6	billion yen	(8% increase from the same period last year)
Operating income:	14.9	billion yen	(0.3 billion yen decrease from the same period last year)

Sales increased by 8% compared to the same period of the previous fiscal year due primarily to an increase in sales at affiliated companies involved in materials procurement.

Operating income decreased by 0.3 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

2. Consolidated Third-quarter Results (October 1, 2017 – December 31, 2017)

Net sales:	1,038.6	billion yen	(7% increase from the same period last year)
Operating income:	83.1	billion yen	(54% increase from the same period last year)
Income before income taxes:	91.9	billion yen	(27% increase from the same period last year)
Net income attributable to Mitsubishi Electric Corp.:	61.9	billion yen	(32% increase from the same period last year)

Consolidated net sales for this quarter, from October through December 2017, was 1,038.6 billion yen, a 7% increase from the same period of the previous fiscal year, due to increased sales in all segments.

Consolidated operating income was 83.1 billion yen, an increase of 54% from the same period of the previous fiscal year, with increased profits in the Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home appliances segments.

Income before income taxes increased by 27% compared to the same period of the previous fiscal year to 91.9 billion yen due primarily to an increased operating income despite a decrease of gain on foreign exchange in the same period of the previous fiscal year.

Net income attributable to Mitsubishi Electric Corporation increased by 32% compared to the same period of the previous fiscal year to 61.9 billion yen.

Consolidated Financial Results by Business Segment (Third Quarter, Fiscal 2018)

Energy and Electric Systems

Total sales:	277.4	billion yen	(7% increase from the same period last year)
Operating income:	16.5	billion yen	(11.9 billion yen increase from the same period last year)

The social infrastructure systems business remained substantially unchanged in orders, while sales increased compared to the same period of the previous fiscal year due primarily to growth in the power systems business, the public utility systems business, and the transportation systems in Japan.

The building systems business remained substantially unchanged in orders, while sales increased compared to the same period of the previous fiscal year due primarily to growth in the renewal business in Japan and the new installation of elevators and escalators outside Japan.

As a result, total sales for this segment increased by 7% from the same period of the previous fiscal year. Operating income increased by 11.9 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

Industrial Automation Systems

Total sales:	366.8	billion yen	(10% increase from the same period last year)
Operating income:	52.7	billion yen	(12.2 billion yen increase from the same period last year)

The factory automation systems business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to growth in capital expenditures in the fields of smartphones and electric cars in China, and buoyancy in exports by machinery manufacturers 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 sales volume of Japanese car manufacturers in China as well as the weaker yen, despite decreased car sales in North America.

As a result, total sales for this segment increased by 10% from the same period of the previous fiscal year. Operating income increased by 12.2 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

Information and Communication Systems

Total sales:	89.7	billion yen	(3% increase from the same period last year)
Operating income:	3.4	billion yen	(2.8 billion yen increase from the same period last year)

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

The information systems and service business saw an increase in sales compared to the same period of the previous fiscal year, mainly owing to an increase in the system integrations business.

The electronic systems business saw increases in both orders and sales from the same period of the previous fiscal year due primarily to increases in orders for large-scale projects in the defense systems business as well as increases in sales by progress in orders already received for projects in the space systems business.

As a result, total sales for this segment increased by 3% from the same period of the previous fiscal year. Operating income increased by 2.8 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

Electronic Devices

Total sales:	50.3	billion yen	(2% increase from the same period last year)
Operating income:	5.0	billion yen	(1.6 billion yen increase from the same period last year)

The electronic devices business saw an increase in orders from the same period of the previous fiscal year due to increases in demand for power modules used in industrial and automotive applications, and total sales increased by 2% compared to the same period of the previous fiscal year, despite a decrease in demand for optical communication devices.

Operating income increased by 1.6 billion yen compared to the same period of the previous fiscal year due primarily to an increase in sales.

Home Appliances

Total sales:	239.9	billion yen	(6% increase from the same period last year)
Operating income:	10.6	billion yen	(1.7 billion yen increase from the same period last year)

The home appliances business saw an increase in sales of 6% from the same period of the previous fiscal year due to an increase in sales of air conditioners for Europe, China and the U.S., in addition to the weaker yen.

Operating income increased by 1.7 billion yen compared to the same period of the previous fiscal year due primarily to an increases in sales.

Others

Total sales:	194.2	billion yen	(9% increase from the same period last year)
Operating income:	5.1	billion yen	(0.7 billion yen decrease from the same period last year)

Sales increased by 9% compared to the same period of the previous fiscal year due primarily to an increase in sales at affiliated companies involved in materials procurement.

Operating income decreased by 0.7 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

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 increased from the end of the previous fiscal year by 11.7 billion yen to 4,184.0 billion yen. The change in the balance of total assets is mainly attributable to increases in the balance of inventories by 199.2 billion yen as a result of work-in-process as recorded in commensurate with progress in job orders under pertinent contracts, while trade receivables decreased by 135.8 billion yen primarily as a result of credit collection.

Total liabilities decreased from the end of the previous fiscal year by 208.4 billion yen to 1,823.1 billion yen. The outstanding balances of debts and corporate bonds decreased by 33.4 billion yen from the end of the previous fiscal year to 318.7 billion yen, resulting in a decline in the ratio of interest bearing debt to total assets to 7.6%, representing a 0.8 point decrease compared to the end of the previous fiscal year. The outstanding balance of trade payables decreased by 127.2 billion yen, and retirement and severance benefits decreased by 21.0 billion yen, mainly resulting from an increase in pension assets following a rise in stock prices.

Mitsubishi Electric Corporation shareholders' equity increased by 214.7 billion yen compared to the end of the previous fiscal year to 2,254.3 billion yen. The shareholders' equity ratio was recorded at 53.9%, representing a 5.0 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 of 193.1 billion yen and accumulated other comprehensive income by 90.9 billion yen caused by such factors as the weaker yen and rising stock prices, despite a dividend payment of 68.6 billion yen.

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

Cash flows from operating activities decreased by 59.9 billion yen compared to the same period of the previous fiscal year to 111.5 billion yen (cash in) due primarily to increases of inventories. Cash flows from investing activities increased by 29.6 billion yen compared to the same period of the previous fiscal year to 120.5 billion yen (cash out) due to increases in proceeds from the purchases of tangible fixed assets and other factors. As a result, free cash flow was 8.9 billion yen (cash out). Cash flows from financing activities were 116.3 billion yen (cash out) mainly due to dividend payment.

Forecast for Fiscal 2018 (year ending March 31, 2018)

As a result of the weaker yen as well as the growth expected in the Industrial Automation Systems segment in which it sees an increase in demand for capital expenditures mainly in Asia, the company's consolidated earnings forecast for fiscal 2018, ending March 31, 2018, has been revised from the announcement on October 31, 2017 as stated below.

Consolidated Earnings Forecast for Fiscal 2018

Consolidated	Previous forecast (announced Oct. 31)	Current forecast
Net sales:	4,390.0 billion yen	4,420.0 billion yen (4% increase from fiscal 2017)
Operating income:	315.0 billion yen	325.0 billion yen (20% increase from fiscal 2017)
Income before income taxes:	350.0 billion yen	370.0 billion yen (25% increase from fiscal 2017)
Net income attributable to Mitsubishi Electric Corp.:	250.0 billion yen	265.0 billion yen (26% increase from fiscal 2017)

The exchange rate in the fourth quarter of fiscal 2018 remains unchanged from the previous announcement at 105 yen to the U.S. dollar, while the exchange rate to the euro has been revised to 125 yen, five yen weaker than the previous rate.

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 '17 9 months (A) (Apr. 1, 2016 – Dec. 31, 2016)	FY '18 9 months (B) (Apr. 1, 2017 – Dec. 31, 2017)	B – A	
			B – A	B/A (%)
Net sales	2,947.1	3,115.0	167.8	106
Operating income	175.5	232.4	56.8	132
Income before income taxes	196.1	277.2	81.0	141
Net income attributable to Mitsubishi Electric Corp.	135.3	193.1	57.7	143
Basic net income per share attributable to Mitsubishi Electric Corp.	63. ⁰⁶ yen	90.⁰⁰ yen	26. ⁹⁴ yen	143

2. Consolidated Third-quarter Results

(In billions of yen except where noted)

	FY '17 Q3 (A) (Oct. 1, 2016 – Dec. 31, 2016)	FY '18 Q3 (B) (Oct. 1, 2017 – Dec. 31, 2017)	B – A	
			B – A	B/A (%)
Net sales	974.7	1,038.6	63.9	107
Operating income	53.8	83.1	29.2	154
Income before income taxes	72.4	91.9	19.5	127
Net income attributable to Mitsubishi Electric Corp.	46.9	61.9	14.9	132
Basic net income per share attributable to Mitsubishi Electric Corp.	21. ⁹⁰ yen	28.⁸⁹ yen	6. ⁹⁹ yen	132

Notes:

- 1) Consolidated financial charts made in accordance with U.S. GAAP.
- 2) The Company has 204 consolidated subsidiaries.

Consolidated Profit and Loss Statement (First 9 Months, Fiscal 2018)

(In millions of yen)

	FY '17 9 months (Apr. 1, 2016 – Dec. 31, 2016)		FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	2,947,113	100.0	3,115,012	100.0	167,899	106
Cost of sales	2,042,322	69.3	2,112,607	67.8	70,285	103
Selling, general and administrative expenses	727,270	24.6	768,464	24.7	41,194	106
Loss on impairment of long-lived assets	1,944	0.1	1,532	0.0	(412)	79
Operating income	175,577	6.0	232,409	7.5	56,832	132
Other income	46,646	1.6	51,587	1.6	4,941	111
Interest and dividends	6,330	0.2	7,247	0.2	917	114
Equity in earnings of affiliated companies	14,351	0.5	15,696	0.5	1,345	109
Other	25,965	0.9	28,644	0.9	2,679	110
Other expenses	26,028	0.9	6,769	0.2	(19,259)	26
Interest	2,154	0.1	2,044	0.1	(110)	95
Other	23,874	0.8	4,725	0.1	(19,149)	20
Income before income taxes	196,195	6.7	277,227	8.9	81,032	141
Income taxes	51,695	1.8	75,883	2.4	24,188	147
Net income	144,500	4.9	201,344	6.5	56,844	139
Net income attributable to the noncontrolling interests	9,161	0.3	8,226	0.3	(935)	90
Net income attributable to Mitsubishi Electric Corp.	135,339	4.6	193,118	6.2	57,779	143

Consolidated Comprehensive Income Statement (First 9 Months, Fiscal 2018)

(In millions of yen)

	FY '17 9 months (A) (Apr. 1, 2016 – Dec. 31, 2016)	FY '18 9 months (B) (Apr. 1, 2017 – Dec. 31, 2017)	B – A
Net income	144,500	201,344	56,844
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(26,781)	43,830	70,611
Pension liability adjustments	23,386	40,693	17,307
Unrealized gains on securities	26,519	10,379	(16,140)
Unrealized gains (losses) on derivative instruments	182	(65)	(247)
Total	23,306	94,837	71,531
Comprehensive income	167,806	296,181	128,375
Comprehensive income attributable to the noncontrolling interests	7,248	12,074	4,826
Comprehensive income attributable to Mitsubishi Electric Corp.	160,558	284,107	123,549

Consolidated Profit and Loss Statement (Third Quarter, Fiscal 2018)

(In millions of yen)

	FY '17 Q3 (Oct. 1, 2016 – Dec. 31, 2016)		FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	974,759	100.0	1,038,670	100.0	63,911	107
Cost of sales	683,967	70.2	700,366	67.4	16,399	102
Selling, general and administrative expenses	236,962	24.3	255,191	24.6	18,229	108
Operating income	53,830	5.5	83,113	8.0	29,283	154
Other income	19,498	2.0	9,899	1.0	(9,599)	51
Interest and dividends	2,068	0.2	2,362	0.2	294	114
Equity in earnings of affiliated companies	4,828	0.5	5,729	0.6	901	119
Other	12,602	1.3	1,808	0.2	(10,794)	14
Other expenses	859	0.1	1,028	0.1	169	120
Interest	592	0.1	605	0.1	13	102
Other	267	0.0	423	0.0	156	158
Income before income taxes	72,469	7.4	91,984	8.9	19,515	127
Income taxes	22,537	2.3	27,354	2.7	4,817	121
Net income	49,932	5.1	64,630	6.2	14,698	129
Net income attributable to the noncontrolling interests	2,935	0.3	2,636	0.2	(299)	90
Net income attributable to Mitsubishi Electric Corp.	46,997	4.8	61,994	6.0	14,997	132

Consolidated Comprehensive Income Statement (Third Quarter, Fiscal 2018)

(In millions of yen)

	FY '17 Q3 (A) (Oct. 1, 2016 – Dec. 31, 2016)	FY '18 Q3 (B) (Oct. 1, 2017 – Dec. 31, 2017)	B – A
Net income	49,932	64,630	14,698
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	66,979	17,165	(49,814)
Pension liability adjustments	28,162	22,824	(5,338)
Unrealized gains on securities	46,710	13,675	(33,035)
Unrealized gains on derivative instruments	224	17	(207)
Total	142,075	53,681	(88,394)
Comprehensive income	192,007	118,311	(73,696)
Comprehensive income attributable to the noncontrolling interests	9,844	4,449	(5,395)
Comprehensive income attributable to Mitsubishi Electric Corp.	182,163	113,862	(68,301)

Consolidated Balance Sheet

(In millions of yen)

	FY '17 (A) (ended Mar. 31, 2017)	FY '18 9 months (B) (ended Dec. 31, 2017)	B – A
(Assets)			
Current assets	2,500,685	2,490,034	(10,651)
Cash and cash equivalents	662,469	551,670	(110,799)
Trade receivables	1,037,201	902,389	(134,812)
Inventories	643,040	842,281	199,241
Prepaid expenses and other current assets	157,975	193,694	35,719
Long-term trade receivables	2,815	1,798	(1,017)
Investments	618,935	671,641	52,706
Net property, plant and equipment	732,611	757,869	25,258
Other assets	317,224	262,658	(54,566)
Total assets	4,172,270	4,184,000	11,730
(Liabilities)			
Current liabilities	1,525,761	1,368,433	(157,328)
Bank loans and current portion of long-term debt	124,368	110,782	(13,586)
Trade payables	780,202	652,998	(127,204)
Other current liabilities	621,191	604,653	(16,538)
Long-term debt	227,756	207,935	(19,821)
Retirement and severance benefits	194,990	173,911	(21,079)
Other fixed liabilities	83,055	72,824	(10,231)
Total liabilities	2,031,562	1,823,103	(208,459)
(Equity)			
Mitsubishi Electric Corp. shareholders' equity	2,039,627	2,254,351	214,724
Common stock	175,820	175,820	-
Capital surplus	212,530	212,543	13
Retained earnings	1,654,557	1,778,978	124,421
Accumulated other comprehensive income (loss)	(2,052)	88,937	90,989
Treasury stock at cost	(1,228)	(1,927)	(699)
Noncontrolling interests	101,081	106,546	5,465
Total equity	2,140,708	2,360,897	220,189
Total liabilities and equity	4,172,270	4,184,000	11,730
Balance of Debt	352,124	318,717	(33,407)
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	18,535	58,591	40,056
Pension liability adjustments	(156,993)	(116,271)	40,722
Unrealized gains on securities	136,352	146,615	10,263
Unrealized gains on derivative instruments	54	2	(52)

Consolidated Cash Flow Statement

(In millions of yen)

	FY '17 9 months (Apr. 1, 2016 – Dec. 31, 2016) (A)	FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017) (B)	B – A
I Cash flows from operating activities			
1 Net income	144,500	201,344	56,844
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation of tangible fixed assets and other	101,452	111,271	9,819
(2) Decrease in trade receivables	149,645	152,385	2,740
(3) Decrease (increase) in inventories	(118,535)	(181,672)	(63,137)
(4) Increase (decrease) in trade payables	(60,735)	(117,293)	(56,558)
(5) Other, net	(44,790)	(54,491)	(9,701)
Net cash provided by operating activities	171,537	111,544	(59,993)
II Cash flows from investing activities			
1 Capital expenditure	(114,351)	(135,221)	(20,870)
2 Proceeds from sale of property, plant and equipment	6,194	2,204	(3,990)
3 Purchase of short-term investments and investment securities (net of cash acquired)	(3,906)	(6,701)	(2,795)
4 Proceeds from sale of short-term investments and investment securities (net of cash disposed)	19,181	29,729	10,548
5 Other, net	2,017	(10,524)	(12,541)
Net cash used in investing activities	(90,865)	(120,513)	(29,648)
I+II Free cash flow	80,672	(8,969)	(89,641)
III Cash flows from financing activities			
1 Proceeds from long-term debt	147	180	33
2 Repayment of long-term debt	(33,074)	(36,710)	(3,636)
3 Increase (decrease) in bank loans, net	(652)	(2,998)	(2,346)
4 Dividends paid	(57,963)	(68,696)	(10,733)
5 Purchase of treasury stock	(1,096)	(699)	397
6 Reissuance of treasury stock	0	0	(0)
7 Other, net	(5,154)	(7,419)	(2,265)
Net cash provided by (used in) financing activities	(97,792)	(116,342)	(18,550)
IV Effect of exchange rate changes on cash and cash equivalents	(2,598)	14,512	17,110
V Net increase (decrease) in cash and cash equivalents	(19,718)	(110,799)	(91,081)
VI Cash and cash equivalents at beginning of period	574,170	662,469	88,299
VII Cash and cash equivalents at end of period	554,452	551,670	(2,782)

Consolidated Segment Information (First 9 Months, Fiscal 2018)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '17 9 months (Apr. 1, 2016 – Dec. 31, 2016)		FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	784,744	13,758	805,347	26,639	20,603	12,881	103
Industrial Automation Systems	951,988	102,569	1,070,518	147,608	118,530	45,039	112
Information and Communication Systems	285,462	4,451	274,789	6,249	(10,673)	1,798	96
Electronic Devices	135,850	5,116	149,860	12,000	14,010	6,884	110
Home Appliances	746,404	57,625	779,163	49,118	32,759	(8,507)	104
Others	514,571	15,297	556,657	14,997	42,086	(300)	108
Subtotal	3,419,019	198,816	3,636,334	256,611	217,315	57,795	106
Eliminations and other	(471,906)	(23,239)	(521,322)	(24,202)	(49,416)	(963)	-
Total	2,947,113	175,577	3,115,012	232,409	167,899	56,832	106

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

2. Sales and Operating Income by Location

(In millions of yen)

Location	FY '17 9 months (Apr. 1, 2016 – Dec. 31, 2016)		FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Japan	2,325,814	86,041	2,427,796	141,524	101,982	55,483	104
North America	302,591	4,809	306,163	8,543	3,572	3,734	101
Asia (excluding Japan)	756,770	69,912	880,208	71,866	123,438	1,954	116
Europe	313,419	11,023	352,851	11,426	39,432	403	113
Others	33,751	1,740	37,908	1,950	4,157	210	112
Subtotal	3,732,345	173,525	4,004,926	235,309	272,581	61,784	107
Eliminations	(785,232)	2,052	(889,914)	(2,900)	(104,682)	(4,952)	-
Total	2,947,113	175,577	3,115,012	232,409	167,899	56,832	106

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

3. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '17 9 months (Apr. 1, 2016 – Dec. 31, 2016)		FY '18 9 months (Apr. 1, 2017 – Dec. 31, 2017)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	1,616,573	54.9	1,625,632	52.2	9,059	101
North America	304,670	10.3	306,423	9.8	1,753	101
Asia (excluding Japan)	680,074	23.1	803,635	25.8	123,561	118
Europe	286,728	9.7	319,113	10.3	32,385	111
Others	59,068	2.0	60,209	1.9	1,141	102
Total overseas sales	1,330,540	45.1	1,489,380	47.8	158,840	112
Consolidated total	2,947,113	100.0	3,115,012	100.0	167,899	106

Consolidated Segment Information (Third Quarter, Fiscal 2018)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '17 Q3 (Oct. 1, 2016 – Dec. 31, 2016)		FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	259,273	4,576	277,461	16,530	18,188	11,954	107
Industrial Automation Systems	334,368	40,458	366,802	52,729	32,434	12,271	110
Information and Communication Systems	87,196	583	89,750	3,447	2,554	2,864	103
Electronic Devices	49,313	3,342	50,328	5,030	1,015	1,688	102
Home Appliances	227,007	8,957	239,913	10,658	12,906	1,701	106
Others	177,800	5,902	194,264	5,181	16,464	(721)	109
Subtotal	1,134,957	63,818	1,218,518	93,575	83,561	29,757	107
Eliminations and other	(160,198)	(9,988)	(179,848)	(10,462)	(19,650)	(474)	-
Total	974,759	53,830	1,038,670	83,113	63,911	29,283	107

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

2. Sales and Operating Income by Location

(In millions of yen)

Location	FY '17 Q3 (Oct. 1, 2016 – Dec. 31, 2016)		FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Japan	785,379	37,679	825,868	61,456	40,489	23,777	105
North America	98,735	689	96,816	731	(1,919)	42	98
Asia (excluding Japan)	250,617	20,642	289,230	21,727	38,613	1,085	115
Europe	100,356	2,380	115,658	2,492	15,302	112	115
Others	11,732	863	15,056	1,039	3,324	176	128
Subtotal	1,246,819	62,253	1,342,628	87,445	95,809	25,192	108
Eliminations	(272,060)	(8,423)	(303,958)	(4,332)	(31,898)	4,091	-
Total	974,759	53,830	1,038,670	83,113	63,911	29,283	107

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

3. Sales by Location of Customers

(In millions of yen)

Location of Customers	FY '17 Q3 (Oct. 1, 2016 – Dec. 31, 2016)		FY '18 Q3 (Oct. 1, 2017 – Dec. 31, 2017)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	534,678	54.9	549,194	52.9	14,516	103
North America	101,932	10.4	97,671	9.4	(4,261)	96
Asia (excluding Japan)	229,080	23.5	263,447	25.3	34,367	115
Europe	90,282	9.3	104,790	10.1	14,508	116
Others	18,787	1.9	23,568	2.3	4,781	125
Total overseas sales	440,081	45.1	489,476	47.1	49,395	111
Consolidated total	974,759	100.0	1,038,670	100.0	63,911	107

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 the Group to record devaluation losses on marketable securities, or cause an increase in retirement benefit obligations in accordance with a decline in the fair value of 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.

Notes

1. Change in the accounting policy

On April 1, 2017, the Company adopted Accounting Standards Update 2015-17 "Balance Sheet Classification of Deferred Taxes" issued by the Financial Accounting Standards Board. To reflect this adoption, all deferred tax assets and liabilities have been classified as noncurrent in the consolidated balance sheets and subsequently, deferred tax assets and liabilities in the same tax-paying component or tax jurisdiction were offset. The consolidated balance sheet as of March 31, 2017 has been reclassified to reflect this adoption and accordingly, deferred tax assets previously included in 'Prepaid expenses and other current assets' and deferred tax liabilities previously included in 'Other liabilities' have been reclassified as 'Other assets'.

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About Mitsubishi Electric Corporation

With over 90 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 4,238.6 billion yen (US\$ 37.8 billion*) in the fiscal year ended March 31, 2017. For more information visit:

<http://www.MitsubishiElectric.com>

*At an exchange rate of 112 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2017

Fiscal 2018 Third-quarter Consolidated Results

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

1. Financial Results

(Consolidated)

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

	FY '17								FY '18							
	1st Half		Q3		9 months		Full Year		1st Half		Q3		9 months		Full Year	
	(Actual)	(%)	(Actual)	(%)	(Actual)	(%)	(Actual)	(%)	(Actual)	(%)	(Actual)	(%)	(Actual)	(%)	(Forecast)	(%)
Net sales	1,972.3	(-4)	974.7	(-5)	2,947.1	(-5)	4,238.6	(-4)	2,076.3	(+5)	1,038.6	(+7)	3,115.0	(+6)	4,420.0	(+4)
Operating income	121.7	(-4)	53.8	(-33)	175.5	(-15)	270.1	(-10)	149.2	(+23)	83.1	(+54)	232.4	(+32)	325.0	(+20)
Income before income taxes	123.7	(-7)	72.4	(-15)	196.1	(-10)	296.2	(-7)	185.2	(+50)	91.9	(+27)	277.2	(+41)	370.0	(+25)
Net income attributable to Mitsubishi Electric Corp.	88.3	(-5)	46.9	(-22)	135.3	(-11)	210.4	(-8)	131.1	(+48)	61.9	(+32)	193.1	(+43)	265.0	(+26)

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 '17								FY '18							
		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	525.4	(0)	259.2	(-9)	784.7	(-3)	1,227.9	(-3)	527.8	(0)	277.4	(+7)	805.3	(+3)	1,240.0	(+1)
	Operating Income	9.1	(+143)	4.5	(-69)	13.7	(-25)	44.3	(-12)	10.1	(+10)	16.5	(+261)	26.6	(+94)	57.0	(+29)
Industrial Automation Systems	Net Sales	617.6	(-7)	334.3	(+2)	951.9	(-4)	1,310.1	(-1)	703.7	(+14)	366.8	(+10)	1,070.5	(+12)	1,440.0	(+10)
	Operating Income	62.1	(-26)	40.4	(-6)	102.5	(-19)	140.0	(-12)	94.8	(+53)	52.7	(+30)	147.6	(+44)	190.0	(+36)
Information and Communication Systems	Net Sales	198.2	(-12)	87.1	(-38)	285.4	(-22)	447.7	(-20)	185.0	(-7)	89.7	(+3)	274.7	(-4)	450.0	(+1)
	Operating Income	3.8	(-)	0.5	(-93)	4.4	(0)	12.7	(-15)	2.8	(-28)	3.4	(+491)	6.2	(+40)	15.0	(+18)
Electronic Devices	Net Sales	86.5	(-30)	49.3	(+15)	135.8	(-18)	186.5	(-12)	99.5	(+15)	50.3	(+2)	149.8	(-10)	200.0	(+7)
	Operating Income	1.7	(-89)	3.3	(+28)	5.1	(-73)	8.3	(-50)	6.9	(+293)	5.0	(+51)	12.0	(+135)	13.0	(+55)
Home Appliances	Net Sales	519.3	(+2)	227.0	(+3)	746.4	(+2)	1,004.4	(+2)	539.2	(+4)	239.9	(+6)	779.1	(+4)	1,040.0	(+4)
	Operating Income	48.6	(+47)	8.9	(-40)	57.6	(+20)	69.6	(+9)	38.4	(-21)	10.6	(+19)	49.1	(-15)	57.0	(-18)
Others	Net Sales	336.7	(-1)	177.8	(+4)	514.5	(+1)	713.6	(+1)	362.3	(+8)	194.2	(+9)	556.6	(+8)	750.0	(+5)
	Operating Income	9.3	(+28)	5.9	(-7)	15.2	(+12)	23.2	(-2)	9.8	(+4)	5.1	(-12)	14.9	(-2)	23.0	(-1)
Subtotal	Net Sales	2,284.0	(-4)	1,134.9	(-4)	3,419.0	(-4)	4,890.3	(-3)	2,417.8	(+6)	1,218.5	(+7)	3,636.3	(+6)	5,120.0	(+5)
	Operating Income	134.9	(-4)	63.8	(-29)	198.8	(-14)	298.3	(-9)	163.0	(+21)	93.5	(+47)	256.6	(+29)	355.0	(+19)
Eliminations and other	Net Sales	-311.7		-160.1		-471.9		-651.7		-341.4		-179.8		-521.3		-700.0	
	Operating Income	-13.2		-9.9		-23.2		-28.2		-13.7		-10.4		-24.2		-30.0	
Consolidated total	Net Sales	1,972.3	(-4)	974.7	(-5)	2,947.1	(-5)	4,238.6	(-4)	2,076.3	(+5)	1,038.6	(+7)	3,115.0	(+6)	4,420.0	(+4)
	Operating Income	121.7	(-4)	53.8	(-33)	175.5	(-15)	270.1	(-10)	149.2	(+23)	83.1	(+54)	232.4	(+32)	325.0	(+20)

3. Overseas Net Sales by Segment

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

		FY '17								FY '18							
		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		197.3	(-11)	97.3	(-14)	294.7	(-12)	419.6	(-9)	202.6	(+3)	102.5	(+5)	305.2	(+4)		
Industrial Automation Systems		357.4	(-9)	196.0	(+9)	553.4	(-3)	766.1	(+1)	430.8	(+21)	217.4	(+11)	648.3	(+17)		
Information and Communication Systems		5.4	(-56)	1.7	(-93)	7.1	(-81)	11.2	(-76)	5.6	(+3)	3.0	(+73)	8.6	(+20)		
Electronic Devices		46.9	(-10)	27.6	(+20)	74.5	(-1)	102.0	(+4)	57.0	(+22)	29.1	(+5)	86.2	(+16)		
Home Appliances		275.8	(+1)	112.4	(+6)	388.3	(+2)	518.2	(+4)	294.3	(+7)	132.2	(+18)	426.5	(+10)		
Others		7.4	(+2)	4.7	(+36)	12.2	(+13)	15.7	(+11)	9.2	(+24)	5.0	(+6)	14.3	(+17)		
Consolidated total		890.4	(-7)	440.0	(-3)	1,330.5	(-6)	1,833.1	(-2)	999.9	(+12)	489.4	(+11)	1,489.3	(+12)		
Ratio of overseas net sales to total sales		45.1%		45.1%		45.1%		43.2%		48.2%		47.1%		47.8%			

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

		FY '17			FY '18		
		1st Half (Actual)	Q3 (Actual)	Full Year (Actual)	1st Half (Actual)	Q3 (Actual)	Q4 (Forecast)
Average exchange rates	US\$	¥105	¥111	¥109	¥111	¥113	¥105
	Euro	¥118	¥119	¥119	¥128	¥133	¥125
Impact of exchange rate fluctuations on net sales	Consolidated total	About ¥127.0 billion decrease	About ¥41.0 billion decrease	About ¥186.0 billion decrease	About ¥47.0 billion increase	About ¥23.0 billion increase	
	US\$	About ¥31.0 billion decrease	About ¥9.0 billion decrease	About ¥44.0 billion decrease	About ¥10.0 billion increase	About ¥3.0 billion increase	
	Euro	About ¥25.0 billion decrease	About ¥6.0 billion decrease	About ¥35.0 billion decrease	About ¥13.0 billion increase	About ¥8.0 billion increase	

The average exchange rates represent the exchange rates applied for calculating profits and losses of foreign subsidiaries and affiliated companies in the consolidated statements.