

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

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Investor Relations Inquiries

Media Inquiries

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

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

Mitsubishi Electric Announces Consolidated Financial Results for the First Half and Second Quarter of Fiscal 2018

TOKYO, October 31, 2017 – [Mitsubishi Electric Corporation](http://www.MitsubishiElectric.com) (TOKYO: 6503) announced today its consolidated financial results for the first half and second quarter, ended September 30, 2017, of the current fiscal year ending March 31, 2018 (fiscal 2018).

1. Consolidated Half-year Results (April 1, 2017 – September 30, 2017)

Net sales:	2,076.3	billion yen	(5% increase from the same period last year)
Operating income:	149.2	billion yen	(23% increase from the same period last year)
Income before income taxes:	185.2	billion yen	(50% increase from the same period last year)
Net income attributable to Mitsubishi Electric Corp.:	131.1	billion yen	(48% increase from the same period last year)

The business environment in the first half of fiscal 2018, from April through September 2017, experienced a buoyant expansion in the U.S. and gradual trends of recovery in Japan and Europe, despite a modest slowdown in China. 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.

Under these circumstances, consolidated net sales in the first half of fiscal 2018 increased by 5% compared to the same period of the previous fiscal year to 2,076.3 billion yen due primarily to increased sales in the Industrial Automation Systems, Electronic Devices and Home Appliances segments. Consolidated operating income increased by 23% compared to the same period of the previous fiscal year to 149.2 billion yen, due to increased profits in the Energy and Electric Systems, Industrial Automation Systems and Electronic Devices segments. Income before income taxes increased by 50% compared to the same period of the previous fiscal year to 185.2 billion yen due primarily to recording a gain from sales of investment securities in Renesas Electronics Corporation as well as improvement of exchange gains and losses. Net income attributable to Mitsubishi Electric Corporation increased by 48% compared to the same period of the previous fiscal year to 131.1 billion yen.

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

Energy and Electric Systems

Total sales:	527.8	billion yen	(unchanged from the same period last year)
Operating income:	10.1	billion yen	(0.9 billion yen increase from the same period last year)

The social infrastructure systems business saw a decrease in both orders and sales from the same period of the previous fiscal year due primarily to decreases in orders of the transportation systems business in Japan as well as in sales of the power systems business in Japan, despite orders for large-scale projects in Japan in the power systems business.

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 remained substantially unchanged from the same period of the previous fiscal year. Operating income increased by 0.9 billion yen from the same period of the previous fiscal year due primarily to a shift in project portfolios.

Industrial Automation Systems

Total sales:	703.7	billion yen	(14% increase from the same period last year)
Operating income:	94.8	billion yen	(32.7 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 stability in the car sales markets in Europe as well as Japanese car manufacturers experiencing increases in sales volume in China, in addition to the weaker yen.

As a result, total sales for this segment increased by 14% from the same period of the previous fiscal year. Operating income increased by 32.7 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

Information and Communication Systems

Total sales:	185.0	billion yen	(7% decrease from the same period last year)
Operating income:	2.8	billion yen	(1.0 billion yen decrease 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 space 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 space systems business and the defense systems.

As a result, total sales for this segment decreased by 7% from the same period of the previous fiscal year. Operating income decreased by 1.0 billion yen from the same period of the previous fiscal year due primarily to a decrease in sales.

Electronic Devices

Total sales:	99.5	billion yen	(15% increase from the same period last year)
Operating income:	6.9	billion yen	(5.1 billion yen increase from the same period last year)

The electronic devices business saw a decrease in orders from the same period of the previous fiscal year due to a decrease in demand for optical communication devices, while sales increased by 15% compared to the same period of the previous fiscal year due to an increase in demand mainly for power modules used in industrial and consumer applications as well as the resolution of negative influences caused by the 2016 Kumamoto earthquakes in the previous fiscal year.

Operating income increased by 5.1 billion yen compared to the same period of the previous fiscal year due primarily to an increase in sales.

Home Appliances

Total sales:	539.2	billion yen	(4% increase from the same period last year)
Operating income:	38.4	billion yen	(10.2 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 Japan, in addition to the weaker yen.

Operating income decreased by 10.2 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:	362.3	billion yen	(8% increase from the same period last year)
Operating income:	9.8	billion yen	(0.4 billion yen increase 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 increased by 0.4 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

2. Consolidated Second-quarter Results (July 1, 2017 – September 30, 2017)

Net sales:	1,070.7	billion yen	(2% increase from the same period last year)
Operating income:	75.0	billion yen	(21% increase from the same period last year)
Income before income taxes:	85.9	billion yen	(37% increase from the same period last year)
Net income attributable to Mitsubishi Electric Corp.:	63.3	billion yen	(40% increase from the same period last year)

Consolidated net sales for this quarter, from July through September 2017, was 1,070.7 billion yen, a 2% increase from the same period of the previous fiscal year, due primarily to increased sales in the Industrial Automation Systems, Electronic Devices and Home Appliances segments.

Consolidated operating income was 75.0 billion yen, an increase of 21% from the same period of the previous fiscal year, with increased profits in the Industrial Automation Systems and Electronic Devices segments.

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

Energy and Electric Systems

Total sales:	277.8	billion yen	(3% decrease from the same period last year)
Operating income:	3.3	billion yen	(1.9 billion yen decrease from the same period last year)

The social infrastructure systems business saw a decrease in both orders and sales from the same period of the previous fiscal year due primarily to decreases in orders of the transportation systems business inside and outside Japan as well as in sales of the power systems business in Japan, despite orders for large-scale projects in Japan in the power systems business.

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 decreased by 3% from the same period of the previous fiscal year. Operating income decreased by 1.9 billion yen from the same period of the previous fiscal year due primarily to a decrease in sales.

Industrial Automation Systems

Total sales:	352.8	billion yen	(12% increase from the same period last year)
Operating income:	45.0	billion yen	(15.3 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, organic light emitting diodes (OLED) mainly in Korea, 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 stability in the car sales markets in Europe as well as Japanese car manufacturers experiencing increases in sales volume in China, in addition to the weaker yen.

As a result, total sales for this segment increased by 12% from the same period of the previous fiscal year. Operating income increased by 15.3 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

Information and Communication Systems

Total sales:	104.8 billion yen	(16% decrease from the same period last year)
Operating income:	5.0 billion yen	(2.0 billion yen decrease 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 IT infrastructure service 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 space 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 project portfolios in the defense systems business.

As a result, total sales for this segment decreased by 16% from the same period of the previous fiscal year. Operating income decreased by 2.0 billion yen from the same period of the previous fiscal year due primarily to a decrease in sales.

Electronic Devices

Total sales:	51.4 billion yen	(8% increase from the same period last year)
Operating income:	3.9 billion yen	(3.1 billion yen increase from the same period last year)

The electronic devices business saw a decrease in orders from the same period of the previous fiscal year due to a decrease in demand for optical communication devices, while sales increased by 8% compared to the same period of the previous fiscal year due to an increase in demand mainly for power modules used in consumer applications.

Operating income increased by 3.1 billion yen compared to the same period of the previous fiscal year due primarily to an increase in sales.

Home Appliances

Total sales:	269.3 billion yen	(5% increase from the same period last year)
Operating income:	14.3 billion yen	(2.5 billion yen decrease from the same period last year)

The home appliances business saw an increase in sales of 5% from the same period of the previous fiscal year due to an increase in sales of air conditioners for Europe, China and Japan, in addition to the weaker yen.

Operating income decreased by 2.5 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:	191.7 billion yen	(6% increase from the same period last year)
Operating income:	7.7 billion yen	(0.9 billion yen increase from the same period last year)

Sales increased by 6% 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 increased by 0.9 billion yen from the same period of the previous fiscal year due primarily to an increase in sales.

Financial Standing

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

Total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 17.7 billion yen to 4,154.5 billion yen. The change in the balance of total assets is mainly attributable to increases in the balances of inventories by 99.0 billion yen as a result of work-in-process as recorded in commensurate with progress in job orders under pertinent contracts, while cash and cash equivalents decreased by 15.6 billion yen, and trade receivables decreased by 121.5 billion yen primarily as a result of credit collection.

Total liabilities decreased from the end of the previous fiscal year by 150.4 billion yen to 1,881.1 billion yen. The outstanding balances of debts and corporate bonds decreased by 13.5 billion yen from the end of the previous fiscal year to 338.5 billion yen, resulting in a decline in the ratio of interest bearing debt to total assets to 8.1%, representing a 0.3 point decrease compared to the end of the previous fiscal year. The outstanding balance of trade payables decreased by 118.4 billion yen, and retirement and severance benefits decreased by 12.5 billion yen, mainly resulting from an increase in pension assets following a rise in stock prices.

Mitsubishi Electric Corporation shareholders' equity increased by 130.9 billion yen compared to the end of the previous fiscal year to 2,170.5 billion yen. The shareholders' equity ratio was recorded at 52.2%, representing a 3.3 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 131.1 billion yen and accumulated other comprehensive income by 39.1 billion yen caused by such factors as the weaker yen and rising stock prices, despite a dividend payment of 38.6 billion yen.

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

Cash flows from operating activities decreased by 68.9 billion yen compared to the same period of the previous fiscal year to 108.6 billion yen (cash in) due primarily to increases of payment for accounts payables. Cash flows from investing activities increased by 9.8 billion yen compared to the same period of the previous fiscal year to 68.7 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 39.8 billion yen (cash in). Cash flows from financing activities were 64.0 billion yen (cash out) mainly due to dividend payment.

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

As a result of 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, have been revised from the announcement on July 31, 2017 as stated below.

Consolidated Earnings Forecast for Fiscal 2018

Consolidated	Previous forecast (announced July 31)	Current forecast
Net sales:	4,370.0 billion yen	4,390.0 billion yen (4% increase from fiscal 2017)
Operating income:	300.0 billion yen	315.0 billion yen (17% increase from fiscal 2017)
Income before income taxes:	330.0 billion yen	350.0 billion yen (18% increase from fiscal 2017)
Net income attributable to Mitsubishi Electric Corp.:	235.0 billion yen	250.0 billion yen (19% increase from fiscal 2017)

Exchange rates in and after the third quarter of fiscal 2018 is unchanged from the previous announcement at 105 yen to the U.S. dollar and 120 yen to the euro.

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 Half-year Results

(In billions of yen except where noted)

	FY '17 1 st half (A) (Apr. 1, 2016 – Sept. 30, 2016)	FY '18 1 st half (B) (Apr. 1, 2017 – Sept. 30, 2017)	B – A	
			B – A	B/A (%)
Net sales	1,972.3	2,076.3	103.9	105
Operating income	121.7	149.2	27.5	123
Income before income taxes	123.7	185.2	61.5	150
Net income attributable to Mitsubishi Electric Corp.	88.3	131.1	42.7	148
Basic net income per share attributable to Mitsubishi Electric Corp.	41. ¹⁶ yen	61.¹⁰ yen	19. ⁹⁴ yen	148

2. Consolidated Second-quarter Results

(In billions of yen except where noted)

	FY '17 Q2 (A) (Jul. 1, 2016 – Sept. 30, 2016)	FY '18 Q2 (B) (Jul. 1, 2017 – Sept. 30, 2017)	B – A	
			B – A	B/A (%)
Net sales	1,045.2	1,070.7	25.4	102
Operating income	62.0	75.0	13.0	121
Income before income taxes	62.7	85.9	23.2	137
Net income attributable to Mitsubishi Electric Corp.	45.4	63.3	17.9	140
Basic net income per share attributable to Mitsubishi Electric Corp.	21. ¹⁷ yen	29.⁵⁴ yen	8. ³⁷ yen	140

Notes:

- 1) Consolidated financial charts made in accordance with U.S. GAAP.
- 2) The Company has 212 consolidated subsidiaries.

Consolidated Profit and Loss Statement (First Half, Fiscal 2018)

(In millions of yen)

	FY '17 1 st half (Apr. 1, 2016 – Sept. 30, 2016)		FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	1,972,354	100.0	2,076,342	100.0	103,988	105
Cost of sales	1,358,355	68.9	1,412,241	68.0	53,886	104
Selling, general and administrative expenses	490,308	24.8	513,273	24.7	22,965	105
Loss on impairment of long-lived assets	1,944	0.1	1,532	0.1	(412)	79
Operating income	121,747	6.2	149,296	7.2	27,549	123
Other income	35,843	1.8	41,701	2.0	5,858	116
Interest and dividends	4,262	0.2	4,885	0.2	623	115
Equity in earnings of affiliated companies	9,523	0.5	9,967	0.5	444	105
Other	22,058	1.1	26,849	1.3	4,791	122
Other expenses	33,864	1.7	5,754	0.3	(28,110)	17
Interest	1,562	0.1	1,439	0.1	(123)	92
Other	32,302	1.6	4,315	0.2	(27,987)	13
Income before income taxes	123,726	6.3	185,243	8.9	61,517	150
Income taxes	29,158	1.5	48,529	2.3	19,371	166
Net income	94,568	4.8	136,714	6.6	42,146	145
Net income attributable to the noncontrolling interests	6,226	0.3	5,590	0.3	(636)	90
Net income attributable to Mitsubishi Electric Corp.	88,342	4.5	131,124	6.3	42,782	148

Consolidated Comprehensive Income Statement (First Half, Fiscal 2018)

(In millions of yen)

	FY '17 1 st half (A) (Apr. 1, 2016 – Sept. 30, 2016)	FY '18 1 st half (B) (Apr. 1, 2017 – Sept. 30, 2017)	B – A
Net income	94,568	136,714	42,146
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(93,760)	26,665	120,425
Pension liability adjustments	(4,776)	17,869	22,645
Unrealized gains (losses) on securities	(20,191)	(3,296)	16,895
Unrealized gains (losses) on derivative instruments	(42)	(82)	(40)
Total	(118,769)	41,156	159,925
Comprehensive income (loss)	(24,201)	177,870	202,071
Comprehensive income (loss) attributable to the noncontrolling interests	(2,596)	7,625	10,221
Comprehensive income (loss) attributable to Mitsubishi Electric Corp.	(21,605)	170,245	191,850

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

(In millions of yen)

	FY '17 Q2 (Jul. 1, 2016 – Sept. 30, 2016)		FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		B – A	B/A (%)
	(A)	% of total	(B)	% of total		
Net sales	1,045,277	100.0	1,070,743	100.0	25,466	102
Cost of sales	730,852	69.9	731,009	68.3	157	100
Selling, general and administrative expenses	250,438	24.0	263,152	24.6	12,714	105
Loss on impairment of long-lived assets	1,944	0.2	1,532	0.1	(412)	79
Operating income	62,043	5.9	75,050	7.0	13,007	121
Other income	9,303	0.9	13,387	1.2	4,084	144
Interest and dividends	1,401	0.1	1,298	0.1	(103)	93
Equity in earnings of affiliated companies	5,936	0.6	7,562	0.7	1,626	127
Other	1,966	0.2	4,527	0.4	2,561	230
Other expenses	8,629	0.8	2,442	0.2	(6,187)	28
Interest	803	0.1	762	0.1	(41)	95
Other	7,826	0.7	1,680	0.1	(6,146)	21
Income before income taxes	62,717	6.0	85,995	8.0	23,278	137
Income taxes	14,398	1.4	19,288	1.8	4,890	134
Net income	48,319	4.6	66,707	6.2	18,388	138
Net income attributable to the noncontrolling interests	2,891	0.3	3,327	0.3	436	115
Net income attributable to Mitsubishi Electric Corp.	45,428	4.3	63,380	5.9	17,952	140

Consolidated Comprehensive Income Statement (Second Quarter, Fiscal 2018)

(In millions of yen)

	FY '17 Q2 (A) (Jul. 1, 2016 – Sept. 30, 2016)	FY '18 Q2 (B) (Jul. 1, 2017 – Sept. 30, 2017)	B – A
Net income	48,319	66,707	18,388
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(26,216)	21,945	48,161
Pension liability adjustments	10,064	5,392	(4,672)
Unrealized gains on securities	7,776	18,342	10,566
Unrealized gains (losses) on derivative instruments	(8)	(19)	(11)
Total	(8,384)	45,660	54,044
Comprehensive income	39,935	112,367	72,432
Comprehensive income attributable to the noncontrolling interests	865	5,113	4,248
Comprehensive income attributable to Mitsubishi Electric Corp.	39,070	107,254	68,184

Consolidated Balance Sheet

(In millions of yen)

	FY '17 (A) (ended Mar. 31, 2017)	FY '18 1 st half (B) (ended Sept. 30, 2017)	B – A
(Assets)			
Current assets	2,500,685	2,486,482	(14,203)
Cash and cash equivalents	662,469	646,812	(15,657)
Trade receivables	1,037,201	915,510	(121,691)
Inventories	643,040	742,105	99,065
Prepaid expenses and other current assets	157,975	182,055	24,080
Long-term trade receivables	2,815	2,920	105
Investments	618,935	614,786	(4,149)
Net property, plant and equipment	732,611	755,261	22,650
Other assets	317,224	295,060	(22,164)
Total assets	4,172,270	4,154,509	(17,761)
(Liabilities)			
Current liabilities	1,525,761	1,405,615	(120,146)
Bank loans and current portion of long-term debt	124,368	121,647	(2,721)
Trade payables	780,202	661,741	(118,461)
Other current liabilities	621,191	622,227	1,036
Long-term debt	227,756	216,945	(10,811)
Retirement and severance benefits	194,990	182,432	(12,558)
Other fixed liabilities	83,055	76,165	(6,890)
Total liabilities	2,031,562	1,881,157	(150,405)
(Equity)			
Mitsubishi Electric Corp. shareholders' equity	2,039,627	2,170,547	130,920
Common stock	175,820	175,820	—
Capital surplus	212,530	212,534	4
Retained earnings	1,654,557	1,747,050	92,493
Accumulated other comprehensive income (loss)	(2,052)	37,069	39,121
Treasury stock at cost	(1,228)	(1,926)	(698)
Noncontrolling interests	101,081	102,805	1,724
Total equity	2,140,708	2,273,352	132,644
Total liabilities and equity	4,172,270	4,154,509	(17,761)
Balance of Debt	352,124	338,592	(13,532)
Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	18,535	43,223	24,688
Pension liability adjustments	(156,993)	(139,120)	17,873
Unrealized gains on securities	136,352	132,981	(3,371)
Unrealized gains (losses) on derivative instruments	54	(15)	(69)

Consolidated Cash Flow Statement

(In millions of yen)

	FY '17 1 st half (Apr. 1, 2016 – Sept. 30, 2016) (A)	FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017) (B)	B – A
I Cash flows from operating activities			
1 Net income	94,568	136,714	42,146
2 Adjustments to reconcile net income to net cash provided by operating activities			
(1) Depreciation of tangible fixed assets and other	64,755	70,737	5,982
(2) Decrease in trade receivables	143,347	134,381	(8,966)
(3) Decrease (increase) in inventories	(45,816)	(86,017)	(40,201)
(4) Increase (decrease) in trade payables	(78,220)	(114,192)	(35,972)
(5) Other, net	(1,045)	(33,014)	(31,969)
Net cash provided by operating activities	177,589	108,609	(68,980)
II Cash flows from investing activities			
1 Capital expenditure	(82,648)	(88,562)	(5,914)
2 Proceeds from sale of property, plant and equipment	4,413	1,351	(3,062)
3 Purchase of short-term investments and investment securities (net of cash acquired)	(2,385)	(3,915)	(1,530)
4 Proceeds from sale of short-term investments and investment securities (net of cash disposed)	17,033	28,302	11,269
5 Other, net	4,630	(5,949)	(10,579)
Net cash used in investing activities	(58,957)	(68,773)	(9,816)
I+II Free cash flow	118,632	39,836	(78,796)
III Cash flows from financing activities			
1 Proceeds from long-term debt	47	81	34
2 Repayment of long-term debt	(30,939)	(14,455)	16,484
3 Increase (decrease) in bank loans, net	(2,830)	(3,568)	(738)
4 Dividends paid	(38,642)	(38,642)	0
5 Purchase of treasury stock	(1,095)	(698)	397
6 Reissuance of treasury stock	0	0	(0)
7 Other, net	(4,307)	(6,733)	(2,426)
Net cash provided by (used in) financing activities	(77,766)	(64,015)	13,751
IV Effect of exchange rate changes on cash and cash equivalents	(29,876)	8,522	38,398
V Net increase (decrease) in cash and cash equivalents	10,990	(15,657)	(26,647)
VI Cash and cash equivalents at beginning of period	574,170	662,469	88,299
VII Cash and cash equivalents at end of period	585,160	646,812	61,652

Consolidated Segment Information (First Half, Fiscal 2018)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '17 1 st half (Apr. 1, 2016 – Sept. 30, 2016)		FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	525,471	9,182	527,886	10,109	2,415	927	100
Industrial Automation Systems	617,620	62,111	703,716	94,879	86,096	32,768	114
Information and Communication Systems	198,266	3,868	185,039	2,802	(13,227)	(1,066)	93
Electronic Devices	86,537	1,774	99,532	6,970	12,995	5,196	115
Home Appliances	519,397	48,668	539,250	38,460	19,853	(10,208)	104
Others	336,771	9,395	362,393	9,816	25,622	421	108
Subtotal	2,284,062	134,998	2,417,816	163,036	133,754	28,038	106
Eliminations and other	(311,708)	(13,251)	(341,474)	(13,740)	(29,766)	(489)	-
Total	1,972,354	121,747	2,076,342	149,296	103,988	27,549	105

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

2. Sales and Operating Income by Location

(In millions of yen)

Location	FY '17 1 st half (Apr. 1, 2016 – Sept. 30, 2016)		FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Japan	1,540,435	48,362	1,601,928	80,068	61,493	31,706	104
North America	203,856	4,120	209,347	7,812	5,491	3,692	103
Asia (excluding Japan)	506,153	49,270	590,978	50,139	84,825	869	117
Europe	213,063	8,643	237,193	8,934	24,130	291	111
Others	22,019	877	22,852	911	833	34	104
Subtotal	2,485,526	111,272	2,662,298	147,864	176,772	36,592	107
Eliminations	(513,172)	10,475	(585,956)	1,432	(72,784)	(9,043)	-
Total	1,972,354	121,747	2,076,342	149,296	103,988	27,549	105

*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 1 st half (Apr. 1, 2016 – Sept. 30, 2016)		FY '18 1 st half (Apr. 1, 2017 – Sept. 30, 2017)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	1,081,895	54.9	1,076,438	51.8	(5,457)	99
North America	202,738	10.3	208,752	10.1	6,014	103
Asia (excluding Japan)	450,994	22.9	540,188	26.0	89,194	120
Europe	196,446	9.9	214,323	10.3	17,877	109
Others	40,281	2.0	36,641	1.8	(3,640)	91
Total overseas sales	890,459	45.1	999,904	48.2	109,445	112
Consolidated total	1,972,354	100.0	2,076,342	100.0	103,988	105

Consolidated Segment Information (Second Quarter, Fiscal 2018)

1. Sales and Operating Income by Business Segment

(In millions of yen)

Business Segment	FY '17 Q2 (Jul. 1, 2016 – Sept. 30, 2016)		FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Energy and Electric Systems	287,420	5,256	277,800	3,311	(9,620)	(1,945)	97
Industrial Automation Systems	315,393	29,690	352,899	45,047	37,506	15,357	112
Information and Communication Systems	124,741	7,047	104,872	5,029	(19,869)	(2,018)	84
Electronic Devices	47,457	815	51,410	3,926	3,953	3,111	108
Home Appliances	257,472	16,882	269,358	14,334	11,886	(2,548)	105
Others	180,381	6,752	191,767	7,704	11,386	952	106
Subtotal	1,212,864	66,442	1,248,106	79,351	35,242	12,909	103
Eliminations and other	(167,587)	(4,399)	(177,363)	(4,301)	(9,776)	98	-
Total	1,045,277	62,043	1,070,743	75,050	25,466	13,007	102

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

2. Sales and Operating Income by Location

(In millions of yen)

Location	FY '17 Q2 (Jul. 1, 2016 – Sept. 30, 2016)		FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		C – A	D – B	C/A (%)
	Sales (A)	Operating income (B)	Sales (C)	Operating income (D)			
Japan	845,720	30,416	845,328	43,118	(392)	12,702	100
North America	101,731	507	103,272	3,539	1,541	3,032	102
Asia (excluding Japan)	244,377	19,876	292,310	22,804	47,933	2,928	120
Europe	102,370	4,492	112,797	3,698	10,427	(794)	110
Others	11,012	434	12,691	501	1,679	67	115
Subtotal	1,305,210	55,725	1,366,398	73,660	61,188	17,935	105
Eliminations	(259,933)	6,318	(295,655)	1,390	(35,722)	(4,928)	-
Total	1,045,277	62,043	1,070,743	75,050	25,466	13,007	102

*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 Q2 (Jul. 1, 2016 – Sept. 30, 2016)		FY '18 Q2 (Jul. 1, 2017 – Sept. 30, 2017)		B – A	B/A (%)
	Sales (A)	% of total net sales	Sales (B)	% of total net sales		
Japan	610,307	58.4	576,721	53.9	(33,586)	94
North America	101,209	9.7	103,210	9.6	2,001	102
Asia (excluding Japan)	220,776	21.1	269,451	25.2	48,675	122
Europe	92,950	8.9	102,259	9.5	9,309	110
Others	20,035	1.9	19,102	1.8	(933)	95
Total overseas sales	434,970	41.6	494,022	46.1	59,052	114
Consolidated total	1,045,277	100.0	1,070,743	100.0	25,466	102

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 First-half 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
5. Capital Expenditures
6. Depreciation of Tangible Fixed Assets and Other
7. Research and Development Expenditures

< Reference >

1. Quarterly Financial Results for Fiscal 2018
2. Quarterly Net Sales and Operating Income by Segment for Fiscal 2018

1. Financial Results

(Consolidated)

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

	FY '17				FY '18	
	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)		
Net sales	1,972.3 (-4)	4,238.6 (-4)	2,076.3 (5)	4,390.0 (+4)		
Operating income	121.7 (-4)	270.1 (-10)	149.2 (23)	315.0 (+17)		
Income before income taxes	123.7 (-7)	296.2 (-7)	185.2 (50)	350.0 (+18)		
Net income attributable to Mitsubishi Electric Corp.	88.3 (-5)	210.4 (-8)	131.1 (48)	250.0 (+19)		

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 (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)		
Energy and Electric Systems	Net sales	525.4 (0)	1,227.9 (-3)	527.8 (0)	1,250.0 (+2)		
	Operating income	9.1 (+143)	44.3 (-12)	10.1 (+10)	61.0 (+38)		
Industrial Automation Systems	Net sales	617.6 (-7)	1,310.1 (-1)	703.7 (+14)	1,420.0 (+8)		
	Operating income	62.1 (-26)	140.0 (-12)	94.8 (+53)	177.0 (+26)		
Information and Communication Systems	Net sales	198.2 (-12)	447.7 (-20)	185.0 (-7)	450.0 (+1)		
	Operating income	3.8 (-)	12.7 (-15)	2.8 (-28)	15.0 (+18)		
Electronic Devices	Net sales	86.5 (-30)	186.5 (-12)	99.5 (+15)	200.0 (+7)		
	Operating income	1.7 (-89)	8.3 (-50)	6.9 (+293)	13.0 (+55)		
Home Appliances	Net sales	519.3 (+2)	1,004.4 (+2)	539.2 (+4)	1,030.0 (+3)		
	Operating income	48.6 (+47)	69.6 (+9)	38.4 (-21)	56.0 (-20)		
Others	Net sales	336.7 (-1)	713.6 (+1)	362.3 (+8)	730.0 (+2)		
	Operating income	9.3 (+28)	23.2 (-2)	9.8 (+4)	23.0 (-1)		
Subtotal	Net sales	2,284.0 (-4)	4,890.3 (-3)	2,417.8 (+6)	5,080.0 (+4)		
	Operating income	134.9 (-4)	298.3 (-9)	163.0 (+21)	345.0 (+16)		
Eliminations and other	Net sales	-311.7	-651.7	-341.4	-690.0		
	Operating income	-13.2	-28.2	-13.7	-30.0		
Consolidated total	Net sales	1,972.3 (-4)	4,238.6 (-4)	2,076.3 (+5)	4,390.0 (+4)		
	Operating income	121.7 (-4)	270.1 (-10)	149.2 (+23)	315.0 (+17)		

3. Overseas Net Sales by Segment

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

		FY '17		FY '18	
		1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)
Energy and Electric Systems		197.3 (-11)	419.6 (-9)	202.6 (+3)	
Industrial Automation Systems		357.4 (-9)	766.1 (+1)	430.8 (+21)	
Information and Communication Systems		5.4 (-56)	11.2 (-76)	5.6 (+3)	
Electronic Devices		46.9 (-10)	102.0 (+4)	57.0 (+22)	
Home Appliances		275.8 (+1)	518.2 (+4)	294.3 (+7)	
Others		7.4 (+2)	15.7 (+11)	9.2 (+24)	
Consolidated total		890.4 (-7)	1,833.1 (-2)	999.9 (+12)	
Ratio of overseas net sales to total sales		45.1%	43.2%	48.2%	

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

	FY '17			FY '18	
	US\$	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	2nd Half (Forecast)
Average exchange rate	US\$	¥105	¥109	¥111	¥105
	Euro	¥118	¥119	¥128	¥120
Impact of exchange rate fluctuations on net sales	Consolidated total	About ¥127.0 billion decrease	About ¥186.0 billion decrease	About ¥47.0 billion increase	
	US\$	About ¥31.0 billion decrease	About ¥44.0 billion decrease	About ¥10.0 billion increase	
	Euro	About ¥25.0 billion decrease	About ¥35.0 billion decrease	About ¥13.0 billion increase	

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

5. Capital Expenditures

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

	FY '17		FY '18	
	Full Year (Actual)		Full Year (Forecast)	
Energy and Electric Systems	41.0	(+16)	38.0	(-7)
Industrial Automation Systems	76.6	(+2)	88.0	(+15)
Information and Communication Systems	29.8	(+34)	21.0	(-30)
Electronic Devices	19.4	(+13)	16.0	(-18)
Home Appliances	37.5	(-18)	43.0	(+15)
Others	6.0	(-18)	10.0	(+67)
Common	10.8	(+11)	14.0	(+30)
Consolidated total	221.1	(+4)	230.0	(+4)

6. Depreciation of Tangible Fixed Assets and Other

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

	FY '17		FY '18	
	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)
Consolidated	64.7	(-7)	144.9	(-4)
			70.7	(+9)
			160.0	(+10)

7. Research and Development Expenditures

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

	FY '17		FY '18	
	Full Year (Actual)		Full Year (Forecast)	
Consolidated	201.3	(-1)	212.0	(+5)
Ratio to net sales		4.7%		4.8%

< Reference >

1. Quarterly Financial Results for Fiscal 2018

(Consolidated)

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

	FY '17			FY '18			
	Q1 (Actual)	Q2 (Actual)	1st Half (Actual)	Q1 (Actual)	Q2 (Actual)	1st Half (Actual)	
Net sales	927.0	(-6)	1,045.2	(-3)	1,972.3	(-4)	
				1,005.5	(+8)	1,070.7	(+2)
				2,076.3	(+5)		
Operating income	59.7	(+9)	62.0	(-14)	121.7	(-4)	
				74.2	(+24)	75.0	(+21)
				149.2	(+23)		
Income before income taxes	61.0	(-9)	62.7	(-5)	123.7	(-7)	
				99.2	(+63)	85.9	(+37)
				185.2	(+50)		
Net income attributable to Mitsubishi Electric Corp.	42.9	(-7)	45.4	(-3)	88.3	(-5)	
				67.7	(+58)	63.3	(+40)
				131.1	(+48)		

2. Quarterly Net Sales and Operating Income by Segment for Fiscal 2018

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

		FY '17			FY '18			
		Q1 (Actual)	Q2 (Actual)	1st Half (Actual)	Q1 (Actual)	Q2 (Actual)	1st Half (Actual)	
Energy and Electric Systems	Net sales	238.0	(+1)	287.4	(0)	525.4	(0)	
	Operating income	3.9	(-)	5.2	(-50)	9.1	(+143)	
					250.0	(+5)	277.8	(-3)
					527.8	(0)	10.1	(+10)
Industrial Automation Systems	Net sales	302.2	(-8)	315.3	(-5)	617.6	(-7)	
	Operating income	32.4	(-24)	29.6	(-28)	62.1	(-26)	
					350.8	(+16)	352.8	(+12)
					703.7	(+14)	94.8	(+53)
Information and Communication Systems	Net sales	73.5	(-23)	124.7	(-3)	198.2	(-12)	
	Operating income (loss)	-3.1	(-)	7.0	(-)	3.8	(-)	
					80.1	(+9)	104.8	(-16)
					185.0	(-7)	2.8	(-28)
Electronic Devices	Net sales	39.0	(-41)	47.4	(-17)	86.5	(-30)	
	Operating income	0.9	(-92)	0.8	(-80)	1.7	(-89)	
					48.1	(+23)	51.4	(+8)
					99.5	(+15)	6.9	(+293)
Home Appliances	Net sales	261.9	(+3)	257.4	(0)	519.3	(+2)	
	Operating income	31.7	(+96)	16.8	(0)	48.6	(+47)	
					269.8	(+3)	269.3	(+5)
					539.2	(+4)	38.4	(-21)
Others	Net sales	156.3	(-4)	180.3	(+3)	336.7	(-1)	
	Operating income	2.6	(+193)	6.7	(+4)	9.3	(+28)	
					170.6	(+9)	191.7	(+6)
					362.3	(+8)	9.8	(+4)
Subtotal	Net sales	1,071.1	(-6)	1,212.8	(-2)	2,284.0	(-4)	
	Operating income	68.5	(+7)	66.4	(-14)	134.9	(-4)	
					1,169.7	(+9)	1,248.1	(+3)
					2,417.8	(+6)	163.0	(+21)
Eliminations and other	Net sales	-144.1		-167.5		-311.7		
	Operating income	-8.8		-4.3		-13.2		
					-164.1		-177.3	
					-9.4		-4.3	
Consolidated total	Net sales	927.0	(-6)	1,045.2	(-3)	1,972.3	(-4)	
	Operating income	59.7	(+9)	62.0	(-14)	121.7	(-4)	
					1,005.5	(+8)	1,070.7	(+2)
					2,076.3	(+5)	149.2	(+23)