

MITSUBISHI MOTORS JOINS RENAULT-NISSAN ALLIANCE

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Mitsubishi Motors Corporation (MMC) announces that Nissan Motor Co., Ltd. (Nissan) has become its largest shareholder after completing the purchase of 34% of MMC-issued stock for 237 billion JPY.

As part of Nissan's strategic investment, MMC will become a full member of the 17-year strong global alliance between Nissan and Renault – paving the way for synergies to enhance profit margins and earnings per share.

Nissan Chairman and Chief Executive Officer Carlos Ghosn has been nominated to become chairman of the Board. Ghosn will be joined by three other Nissan nominated directors, including Mitsuhiro Yamashita, Nissan's former executive vice president of research and development, who joined MMC earlier this year as head of development. The other nominees are Hitoshi Kawaguchi, Nissan chief sustainability officer and head of global external affairs, and Hiroshi Karube, Nissan global controller and global asset manager.

MMC President and Chief Executive Officer Osamu Masuko requested that Nissan also provide a senior executive to join the company's executive committee to bolster MMC's management. Trevor Mann, currently Chief Performance Officer of Nissan, will become Chief Operating Officer of MMC.

"I welcome Nissan's willingness to provide strategic, operational and management support as our new lead shareholder," said Masuko. "As part of our Board and management team, Nissan will help us to rebuild customer trust in our company and maximise potential future synergies through our deeper alliance."

MMC will appoint a new role of director for global risk control to report directly to the chief executive officer, who will oversee compliance and risk control. This director will regularly report to the board on moves to enhance governance at MMC.

The three largest institutional shareholders in MMC – Mitsubishi Heavy Industries, Mitsubishi Corporation and The Bank of Tokyo-Mitsubishi UFJ – have welcomed Nissan's investment and pledged their support for its board nominees. Moving forward, these three Mitsubishi institutional shareholders together with Nissan will maintain a more than 51 percent of the share capital.

Nissan and MMC will begin cooperating on a wide-ranging synergy program, building on a five-year alliance in minicars between the two companies.

The two companies have identified a number of valuable synergies in areas including:

- Joint purchasing cost-reduction
- Deeper localisation in operations around the world
- Joint plant utilisation
- Common vehicle platforms
- Technology sharing
- Cooperation in emerging and developed markets; and
- The use of the Nissan Sales Finance Company to serve MMC customers in any market where mutually beneficial.

The partnership is expected to generate significant recurring synergies for MMC, equivalent to a 1 percentage point increase in operating profit margin in fiscal year 2017, 2 percentage points in fiscal year 2018, and more than 2 percentage points in fiscal year 2019. The projected synergies are also forecasted to enhance MMC earnings per share in fiscal year 2017 by 12 yen per share, and by 20 yen per share in fiscal year 2018.

Ghosn said: "The expanded Alliance will be one of the largest automotive groups in the world, with annual sales of 10 million units in fiscal year 2016. The addition of Mitsubishi Motors will build on the entrepreneurial spirit and management cooperation that has characterised our alliance with Renault for 17 years. I am confident this will benefit all stakeholders."

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