

## **Mitsubishi Electric Türkiye Continues Its Growth with an Integrated Business Model Focused on Technology and Sustainability**



Mitsubishi Electric Türkiye Vice President Kerem Ongan stated that the company aims to create long-term value for both industry and society through its holistic approach spanning production, exports, R&D, and digital and green transformation.

### **1) Could you briefly share your activities across the sectors in which Mitsubishi Electric operates in Türkiye, and provide information on your company's current employment, product groups and brands, as well as production capacity?**

As Mitsubishi Electric Türkiye, we operate across a wide range of sectors. These include energy systems, automation systems, air conditioning systems, and building systems, among many other business areas. With our technology- and sustainability-focused solutions, our company plays a significant role in both industry and commerce. We employ more than 200 people across our headquarters in Istanbul and our regional offices in Ankara, İzmir, and Adana. Through our main business units—air conditioning systems and factory automation systems—we deliver a broad portfolio of products and solutions to individual and commercial customers throughout Türkiye.

One of Mitsubishi Electric's group companies, Mitsubishi Electric Turkey Klima Sistemleri Üretim A.Ş., operating in Manisa, is also one of Europe's key production facilities for air-to-water heat pumps and air conditioners. Looking at Mitsubishi Electric's overall production capacity, it shows a steadily increasing annual trend and continues to expand to meet local market needs. From our headquarters in Türkiye, we serve both domestic and international markets.

### **2) Could you evaluate your company's 2023 performance with concrete data (including new investments and product development, production, sales, capacity growth, growth rate, and turnover)? Could you also share your targets for the first six months of 2024 and for year-end 2024?**

When evaluating Mitsubishi Electric's global performance in 2023, it is important to focus on several key points. In 2023, Mitsubishi Electric made significant investments, particularly in the fields of automation and energy management, and demonstrated strong financial performance in the first half of fiscal year 2024.

Our global revenue increased by 4% compared to the same period of the previous year, reaching approximately JPY 2.7 trillion. This growth indicates rising sales and continued expansion. Operating profit increased by 30% to JPY 176.6 billion, reflecting improvements in operational efficiency. The operating profit margin rose by 1.3 percentage points year-on-year to 6.7%. This shows that the

company is generating more profit relative to its revenues and managing costs more efficiently. Revenue expectations for the end of fiscal year 2024 are projected to be around JPY 5.4 trillion. Overall, Mitsubishi Electric has succeeded in strengthening operational efficiency while increasing revenues.

New product development processes also accelerated globally, with a particular focus on sustainable energy solutions. In addition to Japan, new factory investments were made in countries such as India. Furthermore, the company engaged in strategic acquisitions and partnerships with numerous technology-based startups.

In parallel with these developments at our global headquarters, we aim to enhance our competitiveness in the markets we serve and to offer sustainability-focused solutions.

**3) How much of Mitsubishi Electric Türkiye's production is allocated to the domestic market versus exports? To how many countries do you export from Türkiye? Which countries stand out in your exports, and do you have any target markets?**

While a significant portion of our products is supplied to the domestic market, we are also making strong advances in exports. Today, through our Mitsubishi Electric Türkiye Factory Automation Systems business unit, we export to 16 countries, including Kazakhstan, Azerbaijan, Uzbekistan, Lebanon, Bahrain, Kuwait, and Qatar. Through Mitsubishi Electric Türkiye Air Conditioning Systems, we export to six countries: Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tajikistan, and Georgia.

**4) Could you share information about your technology development activities and the projects that have emerged? What percentage of your average annual budget is allocated to R&D, and how much R&D spending do you plan for 2024?**

At Mitsubishi Electric, in line with our principle of “addressing societal challenges through our business,” we continue our R&D activities without interruption. While developing technologies in more than 120 countries worldwide, we also focus on creating and advancing new technologies that will shape our future growth.

One of the key milestones in Türkiye's development, the TÜRKSAT-4A/4B satellites, is a notable example demonstrating the success of our R&D activities. Through these and similar projects, our company continues to contribute to developments that play a critical role in Türkiye's progress. Across all our R&D activities, sustainability and societal benefit are core priorities, and we take steps aimed at protecting the future of our planet.

The air conditioning systems and factory automation solutions we offer to our customers also reflect this approach. Mitsubishi Electric Air Conditioning Systems utilize artificial intelligence to increase efficiency and improve control, helping consumers reduce energy consumption, lower energy bills, and contribute to carbon neutrality goals. Our AI-enabled air conditioning systems scan indoor spaces and direct conditioned air toward the most frequently used areas. As Mitsubishi Electric Air Conditioning Systems, we deliver comfort without compromising quality, supported by durable construction and long service life.

In factory automation systems, technologies such as MAISART (Mitsubishi Electric's AI creates the State-of-the-ART in technology) and our e-F@ctory digital factory concept enable us to provide digital transformation solutions that help businesses increase production capacity, support smart manufacturing, and maximize energy efficiency.

**5) Are there any specific markets you have been targeting recently?**

Globally, Mitsubishi Electric has recently identified target markets particularly in renewable energy, smart city technologies, and automation systems, where sustainability and efficiency are at the forefront. In parallel with global strategies, we are developing approaches aimed at international markets, especially in the areas of energy efficiency and digital transformation.

**6) Finally, could you share information about your activities related to green and digital transformation and sustainability?**

Mitsubishi Electric carries out a wide range of initiatives in the fields of green and digital transformation and sustainability. Our company develops solutions to enhance energy efficiency, such as smart energy management systems and integrated solutions with renewable energy sources.

We also accelerate digital transformation by using IoT (Internet of Things) technologies to optimize production processes. Through these efforts, we aim to reduce resource consumption and minimize environmental impact. Mitsubishi Electric seeks to comply with global standards in these areas and continuously improve its environmental performance. In this context, we develop R&D projects that promote recycling and the use of environmentally friendly materials.

In 2019, Mitsubishi Electric announced its “2050 Environmental Sustainability Vision,” which aims to minimize environmental challenges and build a sustainable future. This long-term strategy promotes energy-efficient products and services and positions the company as a leader in renewable energy. We are committed to contributing to the reduction of greenhouse gas emissions and to creating a more sustainable world across our global value chains. After achieving our recycling- and nature-oriented environmental targets in 2021, we are now moving decisively toward our goal of net-zero emissions across all value chains by 2050. Our aim is to build a more sustainable, low-carbon world. In this process, we have achieved significant recognition by being included in the CDP “A List” six times since 2016 for our efforts in climate change and water security.

Our sustainability efforts are also exemplified by the SUSTIE® zero-energy building at our headquarters in Japan, completed in 2020. Operating on a net-zero energy principle in an urban area, the building produced more energy than it consumed in its first year, reducing energy consumption below zero and serving as an important model for environmental sustainability.

In addition to environmental sustainability, we continue initiatives focused on social benefit. For example, in Japan, our MeAMOR® monitoring service helps elderly individuals living alone by enabling remote monitoring of appliance usage and indoor temperature. Managed via smartphones, this application allows users to control home comfort from anywhere.

Furthermore, in line with our sense of social responsibility, we work diligently to increase the number of female employees. We apply positive discrimination in recruitment processes to strengthen the presence of women engineers in the sector, resulting in an increase of over 19% in female employment over the past two years.

In addition, we place great importance on engaging with students who will shape their future careers through technology. We continue to share our industry knowledge and expertise with younger generations through our graduate programs and donations to universities. To contribute to the development of education in Türkiye and to train young engineers capable of using—or choosing in their future careers—Mitsubishi Electric factory automation products, we have donated equipment to factory automation laboratories at universities in many different cities across Türkiye.