



# 1H FY2020 Financial Results

October 30, 2020

Mitsubishi Heavy Industries, Ltd.

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## I. 1H FY2020 Financial Results

## 1H FY2020 Results Overview



- While the impact of the COVID-19 pandemic has eased since the bottom in Q1, 1H results were soft compared with the same period last year.
- Our plant businesses such as Energy Systems and Plants & Infrastructure Systems suffered from the impact of COVID-19 more than we had expected at the beginning of the year. We will implement counter-measures in response to changes in the business environment.
- On the other hand, medium-lot products businesses (Logistics, Thermal & Drive Systems) returned to profitability thanks to a moderate recovery in the market and fixed cost reduction efforts, far exceeding our plan at the beginning of the year.
- Nuclear Power and Defense & Space Systems remain strong.
- The full-year forecast has been revised in light of the current business environment and the impact of the transfer of shares of an equity-method affiliate (See page 16-18).

[Presentation made by MHI Ltd. CFO, Mr. Hisato Kozawa]

I will now explain our 1H FY2020 financial results. Please refer to the numerical tables on pages 4 and 5.

Order intake, revenue, profits from business activities, and profit attributable to owners of parent are lower than those for the same period of the previous fiscal year. While performance, therefore, may appear weak, we believe that the 1H results are generally within our expectations, when compared with the full-year forecast announced on May 11 of this year, which incorporated the expected COVID-19 impact.

Regarding the impact of COVID-19, there are signs of recovery in Q2 compared to Q1. Supplemental information is provided in slide 14.

Looking at it by business segment, while we had not expected a major impact on plant businesses such as Energy Systems and Plants & Infrastructure Systems at the beginning of the fiscal year, we saw greater than anticipated slowdowns in order intake due to delays in contract negotiations and delays in construction works progress.

On the other hand, in the medium-lot products business, which had been prepared for a considerable deterioration, the market showed signs of recovery after bottoming out in Q1. In addition, a reduction in fixed costs resulted in better progress than expected at the beginning of the fiscal year.

Nuclear power and defense & space systems have performed well.

## Summary of 1H Financial Results



(In billion yen)

	1H FY2019 (Profit margin)		1H FY2020 (Profit margin)		Change	
Order Intake		1,698.2		1,397.2	-300.9	(-17.7%)
Revenue		1,877.6		1,658.6	-219.0	(-11.7%)
Profit from business activities	(4.0%)	74.3	(-3.5%)	-58.6	-133.0	(-178.9%)
Profit attributable to owners of parent	(1.6%)	29.2	(-3.4%)	-57.0	-86.3	(-295.2%)
EBITDA	(7.5%)	141.2	(0.6%)	10.4	-130.8	(-92.6%)
Free cash flow		-211.3		-497.1	-285.8	-

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Although we recorded losses of ¥71.3 billion and ¥57.9 billion in profit from business activities and profit attributable to owners of parent, respectively, in Q1, our cumulative results over 1H were losses of ¥58.6 billion and ¥57.0 billion in profit from business activities and profit attributable to owners of parent, respectively. In the 3 months of Q2 alone we returned to profitability.

## Summary of 1H Financial Results (Cont'd)



(In billion yen)

1H FY2020	Businesses excluding SpaceJet (Profit Margin)	SpaceJet	Total (Profit margin)
Order Intake	1,397.2	-	1,397.2
Revenue	1,658.6	-	1,658.6
Profit from business activities	(1.4%) 23.6	-82.2	(-3.5%) -58.6
Profit attributable to owners of parent	(0.7%) 12.0	-69.1	(-3.4%) -57.0
EBITDA	(5.6%) 92.4	-82.0	(0.6%) 10.4
Free cash flow	-416.1	-80.9	-497.1

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The Q1 results from page 5 (previous slide) are shown here, broken down into results related to SpaceJet and results excluding SpaceJet related amounts.

In Q1, we were unfortunately ¥2.4 billion in the red without SpaceJet, but in the first half of the fiscal year, our profit from business activities turned to a positive ¥23.6 billion.

To explain further about the SpaceJet business, we saw business losses of ¥82.2 billion, which includes impairment losses on the acquisition of the CRJ program of Bombardier, Canada, a transaction that was completed on June 1. The loss in Q1 was ¥68.8 billion, so the loss in Q2 alone is ¥13.4 billion.

## 1H Financial Results by Segment



(In billion yen)

	Order Intake			Revenue			Profit from business activities		
	FY2019 1H	FY2020 1H	Change	FY2019 1H	FY2020 1H	Change	FY2019 1H	FY2020 1H	Change
Energy Systems	665.4	552.3	- 113.0	707.9	662.5	- 45.3	37.2	-12.4	- 49.7
Plants & Infrastructure Systems	367.3	253.4	- 113.8	379.3	287.0	- 92.3	10.8	-6.7	- 17.5
Logistics, Thermal & Drive Systems	498.9	402.2	- 96.6	497.0	395.2	- 101.7	18.5	4.5	- 13.9
Aircraft, Defense & Space	192.3	205.6	+ 13.3	310.5	335.9	+ 25.3	12.6	-66.3	- 78.9
Others	-25.8	-16.4	+ 9.3	-17.1	-22.1	- 4.9	-4.9	22.2	+ 27.1
<b>Total</b>	<b>1,698.2</b>	<b>1,397.2</b>	<b>- 300.9</b>	<b>1,877.6</b>	<b>1,658.6</b>	<b>- 219.0</b>	<b>74.3</b>	<b>-58.6</b>	<b>- 133.0</b>

Classifications for reporting segments have been changed from this fiscal year.  
 "Energy Systems" corresponds to the former "Power Systems", and "Plants & Infrastructure Systems" and "Logistics, Thermal & Drive Systems" collectively correspond to the former "Industry & Infrastructure".

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Following a reorganization in business structure, we have changed some of our reporting segments from this fiscal year; specifically, the former "Industry & Infrastructure" segment has been divided into "Plants & Infrastructure Systems" and "Logistics, Thermal & Drive Systems". Figures for the same period from the previous fiscal year in the former reporting segments are adjusted to the new reporting segments to facilitate comparison.

Details of each reporting segment are covered starting on page 10.

## Financial Position Overview



(In billion yen)

	As of March 31, 2020	As of September 30, 2020	Change
Trade receivables and contract assets	1,188.0	1,237.1	+49.1
Inventories	726.2	815.7	+89.5
Other current assets	924.2	466.1	-458.0
(Cash and cash equivalents)	(281.6)	(218.2)	(-63.4)
Total fixed assets	996.3	995.5	-0.8
Other non-current assets	1,150.8	1,190.1	+39.2
<b>Total assets</b>	<b>4,985.6</b>	<b>4,704.7</b>	<b>-280.9</b>
Trade payables	824.0	697.7	-126.3
Contract liabilities	835.4	754.1	-81.3
Other liabilities	1,437.8	1,002.8	-434.9
Interest-bearing debt	598.2	1,037.5	<b>+439.2</b>
Equity	1,290.0	1,212.4	-77.6
(Equity attributable to owners of parent)	(1,218.3)	(1,143.6)	<b>(-74.6)</b>
<b>Total liabilities and equity</b>	<b>4,985.6</b>	<b>4,704.7</b>	<b>-280.9</b>

Borrowings, Corporate bonds -16.8

Commercial paper +456.0

Dividends -25.1

Profit attributable to owners of parent -57.0

Others +7.5

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Total assets decreased ¥280.9 billion to ¥4,704.7 billion from the last fiscal year end.

Although not shown in this presentation, total assets as of the end of 1H FY2019 were ¥5,187.4 billion, and since then approximately ¥480.0 billion in assets were reduced.

Although total assets usually tend to swell in the middle of the fiscal year, total assets decreased this fiscal year as a result of a ¥407.8 billion reduction in assets following the transfer of shares of Mitsubishi Hitachi Power Systems in September.

The breakdown of interest-bearing debt is shown in the red box on this page. Although the amount of interest-bearing debt increased due to negative FCF, we have been able to secure funds without any particular difficulty.



## Main Balance Sheet Metrics and Cash Flows



### Balance Sheet Metrics

	As of March 31, 2020	As of September 30, 2020	Change	FY2020 Forecast
Equity ratio	24.4%	24.3%	- 0.1pt	-
Interest-bearing debt (in billion yen)	598.2	1,037.5	+ 439.2	950.0
D/E ratio	0.46	0.86	+ 0.39	0.8

### Cash Flows

(In billion yen)

	1H FY2019	1H FY2020	Change	FY2020 Forecast
Operating cash flow	-91.1	-372.0	-280.9	-
Investment cash flow	-120.1	-125.0	-4.8	-
Free cash flow	-211.3	-497.1	-285.8	-400.0

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While all of the main balance sheet metrics appear to be on a deteriorating trend, these changes are within our initial forecast range for this fiscal year.

Operating cash flow deteriorated compared with the same period of the previous fiscal year due mainly to a decrease in profits and an increase in working capital.

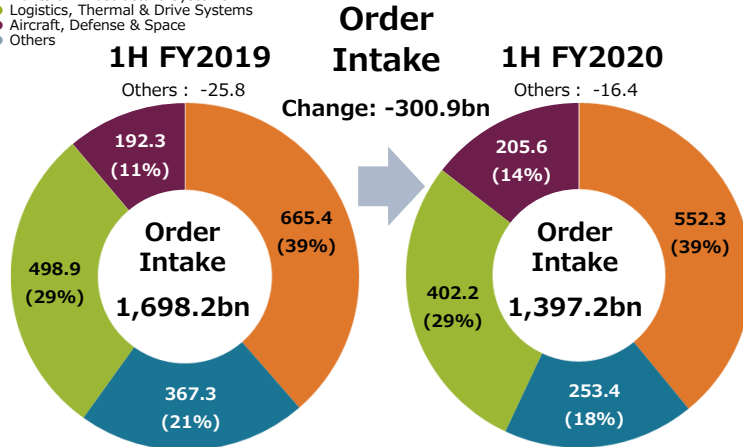
Investment cash flow was about the same level as the previous fiscal year, as a reduction in development costs for SpaceJet partly offset outflows associated with the acquisition of the CRJ business.

# Order Intake & Order Backlog by Segment



(In billion yen)

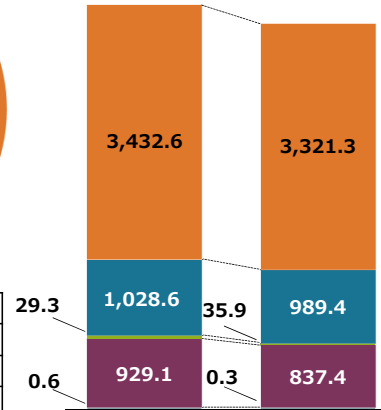
- Energy Systems
- Plants & Infrastructure Systems
- Logistics, Thermal & Drive Systems
- Aircraft, Defense & Space
- Others



## Order Backlog (\*2)

Change: -235.8bn

As of Mar.31, 2020: 5,420.4  
As of Sep.30, 2020: 5,184.6



■ Energy Systems	Increase	GTCC(*1), Nuclear power
	Decrease	Steam power
■ Plants & Infrastructure Systems	Decrease	Metals machinery
■ Logistics, Thermal & Drive Systems	Decrease	Turbochargers, Logistics systems
■ Aircraft, Defense & Space	Increase	Defense aircraft / Missile systems
	Decrease	Commercial aircraft

(\*1) GTCC: Gas Turbine Combined Cycle  
(\*2) Does not include mass-manufactured products: turbochargers, logistics systems, etc.

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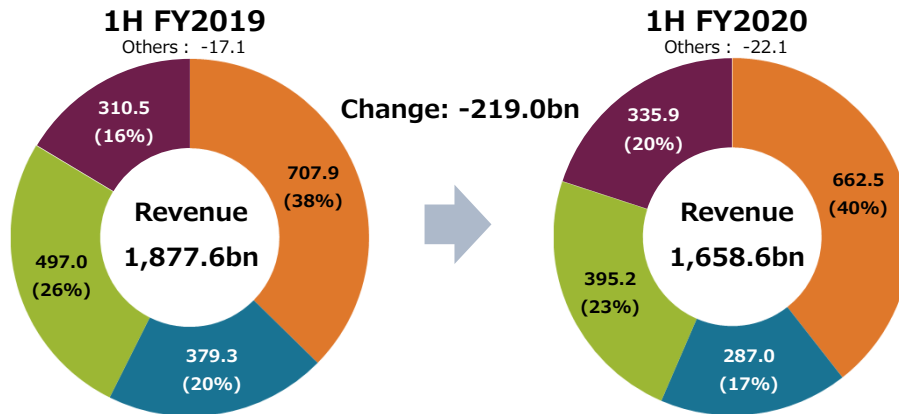
Order intake from Aircraft, Defense and Space segments increased slightly, while those in the other segments declined year-on-year due mainly to the impact of COVID-19. By product, order intake for GTCC, nuclear power and defense aircraft increased. Order backlog decreased from the end of FY2019 due to higher revenue than order intake in 1H FY2020.

# Revenue by Segment



- Energy Systems
- Plants & Infrastructure Systems
- Logistics, Thermal & Drive Systems
- Aircraft, Defense & Space

(In billion yen)



■ Energy Systems	Increase	Nuclear power
	Decrease	Steam power, Aero engines
■ Plants & Infrastructure Systems	Decrease	Metals machinery, Engineering
■ Logistics, Thermal & Drive Systems	Decrease	Turbochargers, Logistics systems, Car air-conditioners
■ Aircraft, Defense & Space	Increase	Defense aircraft / Missile systems
	Decrease	Commercial aircraft

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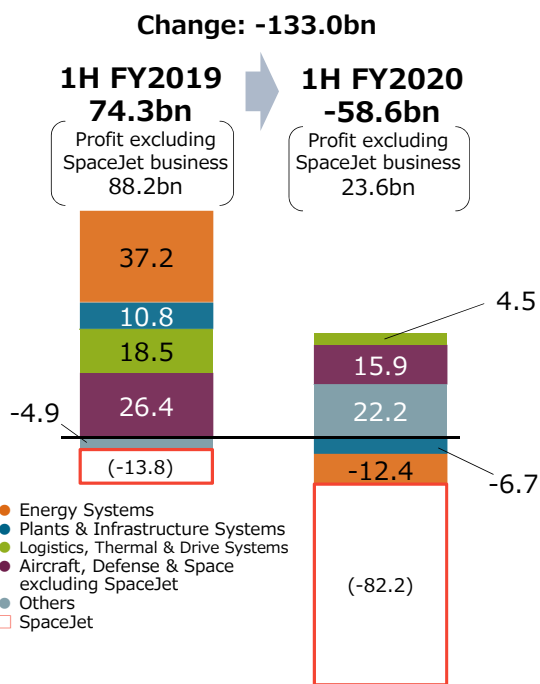
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Businesses that have been significantly affected by changes in the economic environment due to the spread of COVID-19, particularly aircraft-related, automobile-related, and other medium-lot products, experienced a decline in revenue.

In the Logistics, Thermal and Drive Systems segment, Q2 revenue may appear to be recovering given that Q1 revenue was ¥182.9 billion. However, revenue in metals machinery and engineering businesses decreased due to the impact of construction progress delays.

Amid these challenges, revenue of nuclear power and defense-related businesses, which closely relate to the national security and infrastructure, have been strong.

# Profit from Business Activities by Segment



## Energy Systems

(In billion yen)

	Business	Factors
Increase	Nuclear power	Increased revenue, etc.
Decrease	Steam power	Decreased revenue, Deterioration in profitability in some projects, etc.
	Aero engines	Decreased revenue, etc.

## Plants & Infrastructure Systems

Decrease	Engineering	Decreased revenue, etc.
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## Logistics, Thermal & Drive Systems

Decrease	Turbochargers	Decreased revenue, etc.
	Logistics systems	
	Car air-conditioners	

## Aircraft, Defense & Space

Increase	Defense and space	Increased revenue, etc.
Decrease	Commercial aircraft	Decreased revenue, etc.
	SpaceJet	Impairment of goodwill from CRJ acquisition, etc.

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Regrettably, business profit declined in all segments except the common segment which we classify as “Others”.

In particular, business profit in the Energy Segment declined significantly. This was mainly due to the sharp decline in sales in the aero engine business, as you know, as well as the negative impact of COVID-19 on Mitsubishi Power which saw falling service revenue as work slipped from the first half of the fiscal year to the second half and stagnant construction progress, as well as the deterioration in profitability of some projects.

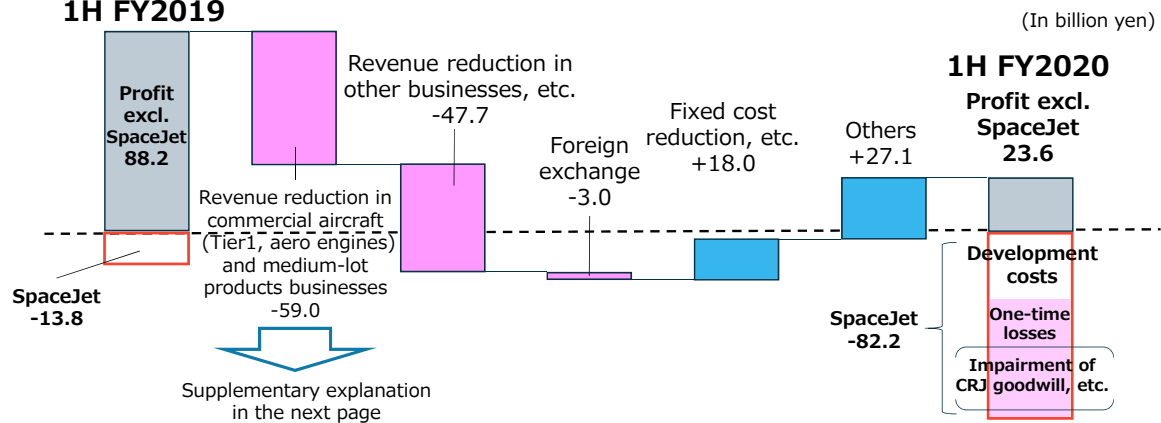
As I mentioned in the summary above, the medium-lot products business showed a strong recovery trend. The Logistics, Refrigeration, and Drive Systems Segment recorded a loss of ¥2.6 billion in the 1st Quarter and turned to a profit of ¥4.5 billion in 1H.

Please note that the Appendix, slides 19 onwards, describes the current overview of each segment and full-year forecast, which is reflected in the overall annual outlook,, so please check these slides for further details.

## Profit Bridge

- The impact of COVID-19 in the commercial aircraft business (Tier 1 aero structures, aero engines) and the medium-lot products business has eased since the bottom in Q1. The medium-lot products businesses turned to profitability in Q2 thanks to emergency measures such as fixed cost reductions.
- Profit from business activities in plant businesses in Energy Systems and Plants & Infrastructure Systems decreased due to greater impacts from COVID-19 than anticipated at the beginning of the year and provision for losses on some projects.
- Progress in initiatives such as fixed costs reduction and asset management was well ahead of plan.
- 1H SpaceJet development costs were ¥30.0bn (Full-year forecast: ¥60.0bn), and one-time charges such as goodwill impairment from the CRJ acquisition were ¥50.0bn (Full-year forecast: ¥60.0bn).

### 1H FY2019



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This slide explains the factors behind year-on-year changes in profit from business activities (excluding SpaceJet).

Here we show a breakdown of factors that contributed to the difference between Q1 FY2019 profit of ¥88.2 billion and the ¥23.6 billion in the same period of the current fiscal year.

The first pink bar on the left, negative ¥59.0 billion, represents a decrease in profit from business activities due to a decline in revenue mainly because of the COVID-19 impact in the commercial aircraft and medium-lot products businesses.

This is largely in line with the estimated ¥140.0 billion decrease in profits attributable to by COVID-19, as shown in the full-year forecast.

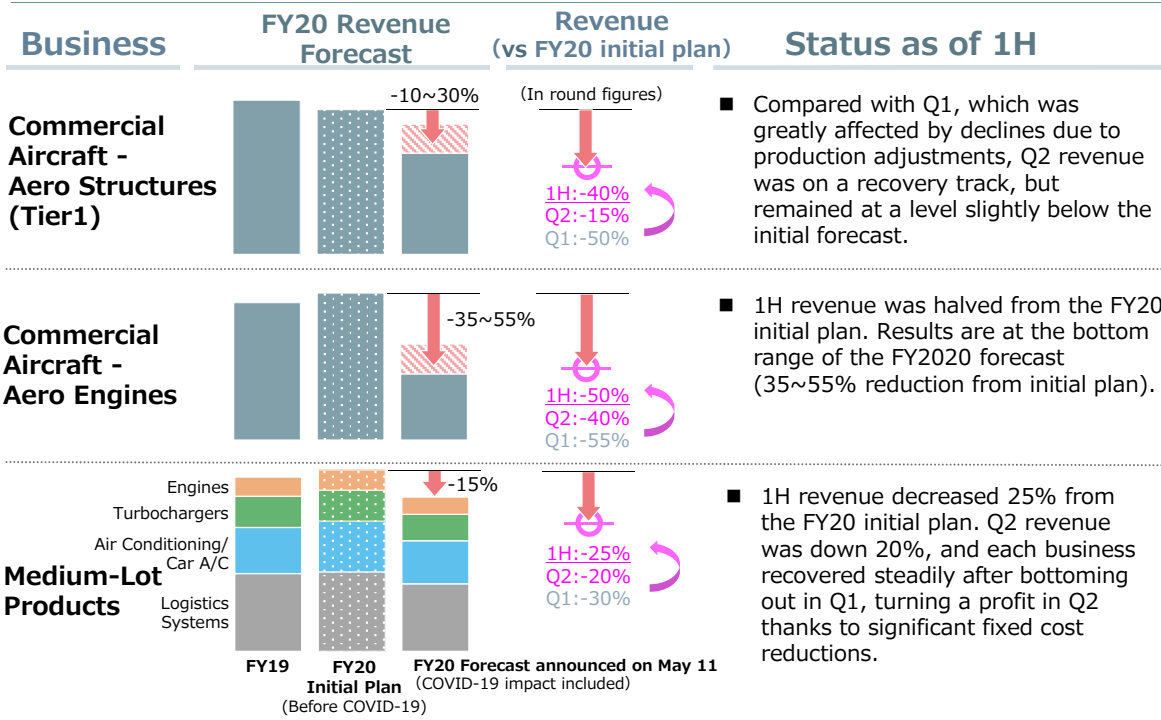
On a quarterly basis, the impact of COVID-19 was expected to be greatest in Q1 of this fiscal year, and performance has recovered steadily in Q2 and remained within the expected range compared to the full year forecast. More details regarding the effects of COVID-19 are on the next page.

The next bar to the right, negative ¥47.7 billion, shows a profit decline due to changes in revenue in businesses other than the aforementioned, etc. This includes impacts from delays caused by the suspension of overseas plant construction because of COVID-19, as well as deterioration in profitability at some construction works.

Foreign exchange effects resulted in a decrease in profit mainly due to the yen's appreciation against the U.S. dollar by more than ¥2 (¥109.3 to ¥107.1) compared to the same period of the previous fiscal year.

Cost reductions, including fixed costs reduction, amounted to + ¥18.0 billion, and others including gains from asset management was +¥27.1 billion. At the beginning of the fiscal year, these two items were forecast to result in an improvement of ¥45.0 billion, so we can see that most of these improvements have already been realized.

# COVID-19 Impact



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This slide illustrates revenue development as of Q2, in comparison with our assumptions of the effects of COVID-19, which we presented in our outlook for the current fiscal year on May 11.

1H revenues from commercial aircraft Tier 1 business (aircraft structures and components business largely with Boeing) decreased by approximately 40% compared with the initial plan (prior to taking COVID-19 impact into account).

In Q1, revenue was about half of the initial plan, but in the Q2 alone it recovered to a level of 15% below plan. For the full year, we expect it to be at the bottom of the range projected before we considered the impact of COVID-19, or just slightly below that.

Q1 revenue in aircraft engines progressed at the lower end of the originally forecast deterioration, but it appears to be picking up slightly in Q2. We expect that the full-year results will be within our initial expectations, though close to the bottom.

Revenues in medium-lot products businesses recovered from Q1 to Q2 as expected. Although the final result depends on the situation with the spread of COVID-19, we expect that it will be better than the initial forecast for the full year.

To summarize our 1H results, revenue and profit from business activities decreased significantly from the same period of the previous fiscal year due to the recording of impairment losses associated with the acquisition of CRJ, as well as the impact of COVID-19. However, we have been able to control the extent of the losses within the range of the full-year forecast, and we believe that overall results are moving in line with our plan.

## II. FY2020 Forecast

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this presentation was prepared.

As such, those projections involve risks and uncertainties.

For this reason, investors are recommended not to depend solely on these projections for making investment decisions.

It is possible that actual results may vary significantly from these projections due to a number of factors.

These include, but are not limited to, economic trends affecting the Company's operating environment, currency movements of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan.

Also, the results projected here should not be construed in any way as being guaranteed by the company.

## Summary of FY2020 Forecast



Partially revised from the initial forecast announced on May 11, 2020.

(In billion yen)

	FY2019 (Actual)		FY2020(Forecast)		Change vs FY2019 (Actual)	
	(Profit margin)		(Profit margin) Revised forecast	As of May 11, 2020		
Order Intake	4,168.6		3,500.0	3,500.0	- 668.6	(- 16.0%)
Revenue	4,041.3		3,700.0	3,800.0	- 341.3	(- 8.4%)
Profit from business activities	(- 0.7%)	- 29.5	(1.4%) 50.0	0.0	+79.5	-
Profit attributable to owners of parent	(2.2%)	87.1	(0.5%) 20.0	0.0	- 67.1	(- 77.0%)
ROE	6.6%		2%	-	-	-
EBITDA	(2.8%)	115.1	(5.1%) 190.0	140.0	+74.9	(+65.1%)
Free cash flow	212.9		-400.0	-400.0	-612.9	-
Dividend per share	150.0yen Interim: 75.0yen year-end: 75.0yen		75.0yen Interim: 0.0yen year-end: 75.0yen	75.0yen Interim: 0.0yen year-end: 75.0yen	Undetermined foreign currency amount USD: 1.5 billion Euro: 0.2 billion	

Assumed exchange rate  
USD 1.00 = ¥110  
Euro 1.00 = ¥120

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This slide shows our outlook for this fiscal year.

The revised full-year forecast was announced yesterday (October 29), and the corresponding figures are shown here. As for profit from business activities, we revised upward the amount of gain (¥50.0 billion) on share transfer of MVOW (MHI Vestas Offshore Wind A/S), a joint venture with Vestas, which was announced at the same time yesterday, in connection with the strengthened partnership in the renewable energy field with Vestas. We have also revised the forecast to reflect the current progress in each segment.



## Summary of FY2020 Forecast (Cont'd)



Partially revised from the initial forecast announced on May 11, 2020.

(In billion yen)

FY2020 (Forecast)	Businesses excluding SpaceJet		SpaceJet	Total	
	(Profit margin)	Revised forecast		As of May 11	(Profit margin)
Order Intake		3,500.0	3,500.0	-	3,500.0
Revenue		3,700.0	3,800.0	-	3,700.0
Profit from business activities	(4.6%)	170.0	120.0	-120.0	(1.3%) 50.0
Profit attributable to owners of parent	(3.0%)	110.0	90.0	-90.0	(0.5%) 20.0
ROE		10%	-	-	2%
EBITDA	(8.4%)	310.0	260.0	-120.0	(5.1%) 190.0
Free cash flow		- 280.0	- 280.0	-120.0	-400.0

## FY2020 Forecast by Segment



Partially revised from the initial forecast announced on May 11, 2020.

(In billion yen)

	Order Intake				Revenue				Profit from business activities			
	FY2019	FY2020		Change vs FY2019	FY2019	FY2020		Change vs FY2019	FY2019	FY2020		Change vs FY2019
		Revised forecast	As of May 11			Revised forecast	As of May 11			Revised forecast	As of May 11	
Energy Systems	1,772.1	1,450.0	1,450.0	- 322.1	1,590.2	1,550.0	1,550.0	- 40.2	144.3	130.0	100.0	- 14.3
Plants & Infrastructure Systems	739.9	650.0	650.0	- 89.9	792.9	650.0	750.0	- 142.9	25.5	5.0	30.0	- 20.5
Logistics, Thermal & Drive Systems	985.9	850.0	850.0	- 135.9	990.1	850.0	850.0	- 140.1	29.3	10.0	- 30.0	- 19.3
Aircraft, Defense & Space	719.2	600.0	600.0	- 119.2	704.9	700.0	700.0	- 4.9	- 208.7	- 95.0	- 90.0	+113.7
Others	- 48.5	- 50.0	- 50.0	- 1.4	- 36.9	- 50.0	- 50.0	- 13.0	- 20.0	0.0	- 10.0	+20.0
Total	4,168.6	3,500.0	3,500.0	- 668.6	4,041.3	3,700.0	3,800.0	- 341.3	- 29.5	50.0	0.0	+79.5

Classifications for reporting segments have been changed from this fiscal year.  
 "Energy Systems" corresponds to the former "Power Systems", and "Plants & Infrastructure Systems" and "Logistics, Thermal & Drive Systems" collectively correspond to the former "Industry & Infrastructure".

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Here we show the forecast of order intake, revenue and profit from business activities by segment.

There are no changes in order intake and revenue for Energy Systems. While taking into account the gain on share transfer of MVOW, we revised our business profit forecast upward by ¥30.0 billion to ¥130.0 billion, incorporating the risk of deterioration in the profitability of thermal power plants, etc.

Due to delays in construction progress arising from the impact of COVID-19, revenue and profit from business activities for Plants & Infrastructure Systems were revised downward by ¥100.0 billion and ¥25.0 billion, respectively.

Based on the progress made in 1H of the fiscal year, we have revised our forecast of profit from business activities upward by ¥40.0 billion to ¥10.0 billion for Logistics, Thermal & Drive Systems.

In the Aircraft, Defense, and Space segment, in view of the current state of – our aero structures (Tier1) business, we have revised our forecast for profit from business activities downward by ¥5.0 billion to a negative ¥95.0 billion. This includes SpaceJet-related losses; however, no change for full year forecast for SpaceJet related losses.

Although we have yet to see an end to the outbreak of COVID-19, we will continue our efforts to achieve the full year forecast.

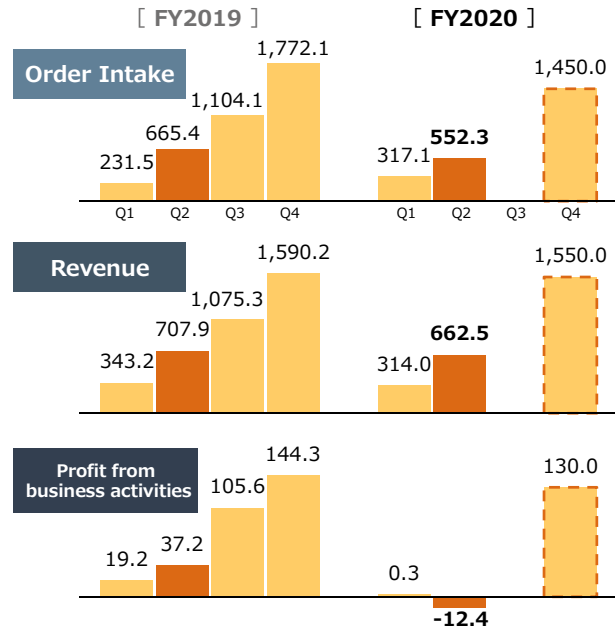
This concludes my review of our 1H FY2020 financial results.

## III. Appendix

## Appendix: Financial Results by Business Segment (Energy Systems)



(In billion yen, accumulated amount)



- 1H revenue in aero engines declined to about half YoY, but generally remained within the range of our FY20 forecast.
- Revenue and profit declined YoY due to the rescheduling of some after-sales service work in thermal power business to the latter half of the fiscal year and the deterioration in profitability in some projects.
- Full-year profit forecast was revised upward to ¥130.0bn (+¥30.0bn) due to the transfer of shares of the JV with Vestas.

### Gas turbine order intake & order backlog

#### 1H FY2020 : 5 units

	Americas	Asia	EMEA	Others	Total	Backlog
Large size	-	2	3	-	5	45
Small to medium size	-	-	-	-	0	13
Total	0	2	3	0	5	58

#### FY2019 : 32 units

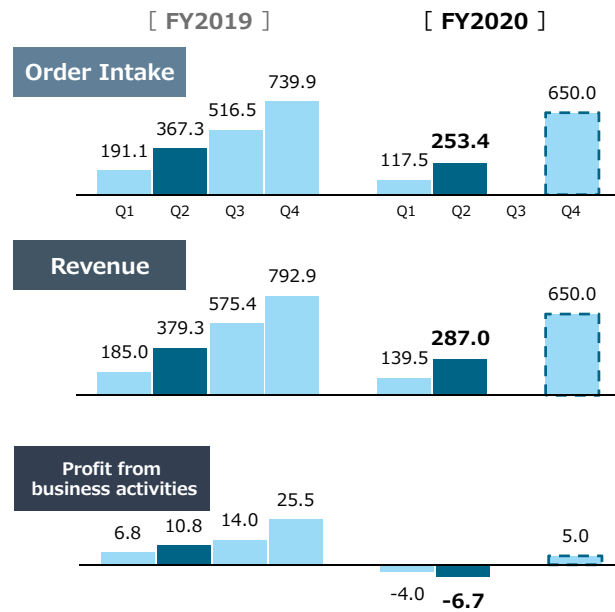
	Americas	Asia	EMEA	Others	Total	Backlog
Large size	7	10	2	2	21	49
Small to medium size	3	2	6	-	11	15
Total	10	12	8	2	32	64

#### 1H FY2019 : 9 units

	Americas	Asia	EMEA	Others	Total	Backlog
Large size	3	1	2	-	6	37
Small to medium size	3	-	-	-	3	11
Total	6	1	2	0	9	48

## Appendix: Financial Results by Business Segment (Plants & Infrastructure Systems)

(In billion yen, accumulated amount)

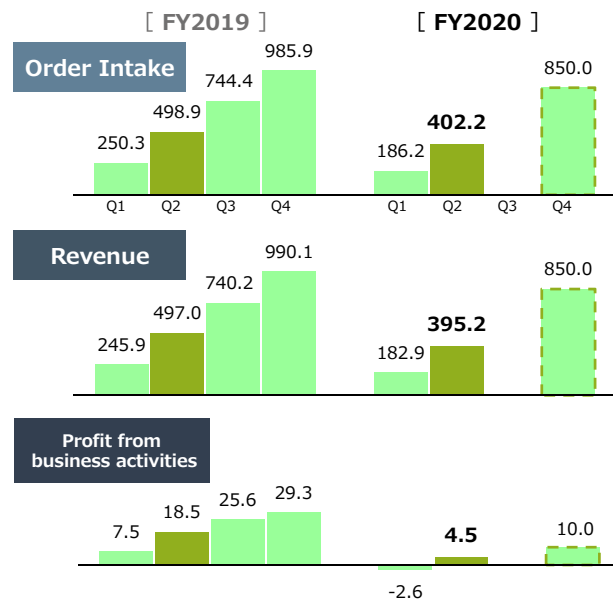


- At the beginning of the fiscal year, the impact in this business from COVID-19 was assumed to be immaterial; however, as of 1H order intake decreased YoY due to slowdowns in contract negotiations. Additionally, revenue declined YoY due to delays in progress of construction works in the engineering and metals machinery businesses.
- As a result, full-year profit forecast was lowered to ¥5.0bn (-¥25.0bn) due to one-time expenses such as cost settlement for an overseas engineering project that has already been delivered.

## Appendix: Financial Results by Business Segment (Logistics, Thermal & Drive Systems)



(In billion yen, accumulated amount)

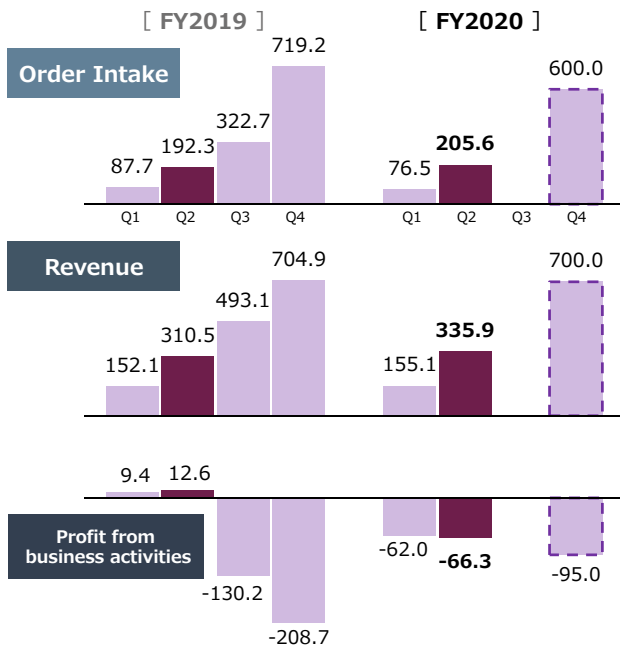


- While Q1 revenue decreased 25% from the previous year due to the impact of COVID-19, Q2 revenues improved to -15% YoY, showing a recovery trend.
- The segment turned to profitability in Q2 thanks to fixed costs reduction, etc. The full-year profit forecast was revised upward to ¥10.0bn (+¥40.0bn).

## Appendix: Financial Results by Business Segment 〈Aircraft, Defense & Space〉



(In billion yen, accumulated amount)



- 1H revenue from commercial aircraft (Tier 1) is on a recovery track after bottoming out in Q1, though it is slightly lower than projected at the beginning of the fiscal year. We continue to adjust production rates and reduce fixed costs.
- On the other hand, overall Aircraft, Defense & Space Systems revenue increased YoY, due to the strong performance of Defense and Space and the acquisition of CRJ business in Q1.
- SpaceJet related loss including impairment of goodwill arising from the acquisition of the CRJ business was ¥82.2bn, as expected at the beginning of the year.

### Deliveries for B777s/B777Xs

	Q1	Q2	Q3	Q4	Total
FY2019	16	14	13	11	54
FY2020	6	13	-	-	-

### Deliveries for B787s

	Q1	Q2	Q3	Q4	Total
FY2019	43	42	38	43	166
FY2020	18	32	-	-	-

**1. R&D Expenses, Depreciation and Capital Expenditure**

(In billion yen)

	1H FY2019	1H FY2020	FY2020 Forecast
R&D Expenses	55.5	59.5	140.0
Depreciation	66.8	69.0	140.0
Capital Expenditure	69.7	57.8	150.0

**2. Selling, General and Administrative Expenses**

(In billion yen)

	1H FY2019	1H FY2020
SG&A	271.1	257.5

**3. Foreign Exchange Rates  
(Average rate used for revenue)**

	1H FY2019	1H FY2020
USD	109.3	107.1
Euro	122.1	121.1

**4. Overseas Revenue by Region**

(In billion yen)

	1H FY2019	1H FY2020
Asia	345.3 (18%)	265.1 (16%)
North America	353.7 (19%)	283.6 (17%)
Europe	175.0 (9%)	142.1 (9%)
Central & South America	68.5 (4%)	30.9 (2%)
The Middle East	45.7 (2%)	18.6 (1%)
Oceania	9.0 (1%)	9.1 (1%)
Africa	34.3 (2%)	23.3 (1%)
Total	1,031.8 (55%)	773.0 (47%)



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