

PRESS RELEASE

2021-08-02

MHI Announces Outline of FY2021 First 3 Months Financial Results Ended June 30, 2021 (Consolidated)

Tokyo, August 2, 2021 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first three months of fiscal year (FY) 2021 ended June 30, 2021.

(billions of yen)

	FY2021 First 3 Months (From April 1 to June 30, 2021)	FY2020 First 3 Months (From April 1 to June 30, 2020)	Changes (%)
Orders Received	750.4	689.6	8.8
Revenue	851.7	778.0	9.5
Profit from business activities	21.4	(71.3)	-
Profit Before Income Taxes	21.0	(76.8)	-
Profit (loss) Attributable to Owners of Parent	12.6	(57.9)	-
Operating Cash Flow	(142.4)	(223.6)	
Investment Cash Flow	(24.8)	(115.9)	
Financing Cash Flow	194.1	277.3	
Profit (loss) Attributable to Owners of Parent Per Share	37.68 yen	(172.34) yen	-

Figures in parentheses are negative.

Consolidated financial results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2021 First 3 Months (From April 1 to June 30, 2021)	FY2020 First 3 Months (From April 1 to June 30, 2020)
Energy Systems	337.0	314.0
Plants & Infrastructure	154.9	139.5
Logistics, Thermal & Drive Systems	235.0	182.9
Aircraft, Defense & Space	130.8	155.1
Eliminations or Corporate	(6.1)	(13.7)
TOTAL	851.7	778.0

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2021 First 3 Months (From April 1 to June 30, 2021)	FY2020 First 3 Months (From April 1 to June 30, 2020)
Energy Systems	8.7	0.3
Plants & Infrastructure	7.2	(4.0)
Logistics, Thermal & Drive Systems	10.1	(2.6)
Aircraft, Defense & Space	3.5	(62.0)
Eliminations or Corporate	(8.2)	(2.9)
TOTAL	21.4	(71.3)

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2021

For the fiscal year 2021 ending March 31, 2022, MHI is expecting 3,750 billion yen in revenue, 150 billion yen in Profit from business activities, 130 billion yen in profit before income tax, and 90 billion yen in profit attributable to owners of parent. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥110 and €1.00 = ¥130 for the portion yet to be fixed.

We have decided to voluntarily adopt IFRS from beginning with the first quarter ending June 30, 2018 onward, so estimate of consolidated financial results have been made based on IFRS.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen 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.

(1) Condensed Consolidated Statement of Financial Position [IFRS]

(Millions of Yen)

	As of Mar. 31, 2021	As of Jun. 30, 2021
<u>Assets</u>		
Current assets		
Cash and cash equivalents	245,421	273,381
Trade and other receivables	655,181	589,864
Other financial assets	30,677	31,633
Contract assets	578,936	617,909
Inventories	713,498	774,655
Other current assets	230,955	295,779
Total current assets	2,454,670	2,583,223
Non-current assets		
Property, plant and equipment	779,696	777,417
Goodwill	124,500	124,640
Intangible assets	74,722	73,209
Right-of-use assets	93,321	93,172
Investments accounted for using the equity method	182,897	192,910
Investments in securities and other financial assets	560,213	557,146
Deferred tax assets	378,338	388,294
Other non-current assets	162,365	157,978
Total Non-current assets	2,356,056	2,364,770
Total assets	4,810,727	4,947,993
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	445,147	708,297
Trade and other payables	763,731	681,613
Income taxes payable	12,237	11,579
Contract liabilities	731,814	706,856
Provisions	207,876	193,511
Other current liabilities	184,453	190,910
Total Current liabilities	2,345,260	2,492,769
Non-current liabilities		
Bonds, borrowings and other financial liabilities	790,862	772,379
Deferred tax liabilities	6,597	7,367
Retirement benefit liability	124,432	131,560
Provisions	50,485	57,130
Other non-current liabilities	53,699	54,019
Total non-current liabilities	1,026,076	1,022,457
Total liabilities	3,371,337	3,515,227
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	47,265	46,826
Treasury shares	(4,452)	(6,439)
Retained earnings	952,528	946,614
Other components of equity	105,393	104,407
Equity attributable to owners of parent	1,366,342	1,357,017
Non-controlling interests	73,047	75,748
Total Equity	1,439,390	1,432,766
Total Liabilities and Equity	4,810,727	4,947,993

(2) Condensed Consolidated Statement of Profit or Loss [IFRS]

(Millions of Yen)

	FY2020 First 3 Months (From Apr. 1 to Jun. 30, 2020)	FY2021 First 3 Months (From Apr. 1 to Jun. 30, 2021)
Revenue	778,009	851,715
Cost of sales	656,260	705,472
Gross Profit	121,748	146,242
Selling, general and administrative expenses	130,427	136,558
Share of profit of investments accounted for using the equity method	629	4,061
Other income *	8,044	11,365
Other expenses	71,383	3,642
Profit from business activities	(71,388)	21,467
Finance income	1,945	3,496
Finance cost	7,417	3,880
Profit before income taxes	(76,860)	21,084
Income taxes	(17,752)	3,708
Profit	(59,108)	17,376
Profit attributable to:		
Owners of parent	(57,902)	12,651
Non-controlling interests	(1,205)	4,724

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	(172.34)	37.68
Diluted earnings per share	(172.34)	37.66

*Other income includes dividend income. The amount of dividends of FY 2020 first 3 Month is 4,337 Million Yen, and the amount of FY2021 First 3 Months is 5,338 Million Yen.

(3) Condensed Consolidated Statement of Comprehensive Income [IFRS]

(Millions of Yen)

	FY2020 First 3 Months (From Apr. 1 to Jun. 30, 2020)	FY2021 First 3 Months (From Apr. 1 to Jun. 30, 2021)
Profit	(59,108)	17,376
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	725	(2,407)
Remeasurement of defined benefit plans	156	(37)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(229)	544
Total	653	(1,900)
Items that may be reclassified to profit or loss		
Cash flow hedges	884	170
Hedging cost	764	129
Exchange differences on translating foreign operations	2,047	866
Share of other comprehensive income (loss) of entities accounted for by the equity method	799	860
Total	4,495	2,026
Total other comprehensive income (loss)	5,149	125
Comprehensive income	(53,959)	17,502
Comprehensive income (loss) attributable to		
Owners of parent	(53,247)	12,568
Non-controlling interests	(712)	4,934

*FVTOCI means "Fair Value Through Other Comprehensive Income".

(4) Condensed Consolidated Statement of changes in equity [IFRS]

(Millions of Yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total Equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance as of Apr. 1 ,2020	265,608	49,667	(5,374)	886,307	22,133	1,218,343	71,732	1,290,076
Profit				(57,902)		(57,902)	(1,205)	(59,108)
Other comprehensive income (loss)					4,655	4,655	493	5,149
Comprehensive income (loss)				(57,902)	4,655	(53,247)	(712)	(53,959)
Transfer to retained earnings				(127)	127			
Purchase of treasury shares			(1)			(1)		(1)
Disposal of treasury shares		36	182			219		219
Dividends				(25,188)		(25,188)	(2,401)	(27,590)
Other		(988)	824	(55)		(219)	(179)	(399)
Total transactions with owners		(952)	1,005	(25,244)		(25,190)	(2,581)	(27,772)
Balance as of Jun. 30 ,2020	265,608	48,715	(4,368)	803,033	26,916	1,139,906	68,438	1,208,344
Balance as of Apr. 1 ,2021	265,608	47,265	(4,452)	952,528	105,393	1,366,342	73,047	1,439,390
Profit				12,651		12,651	4,724	17,376
Other comprehensive income (loss)					(83)	(83)	209	125
Comprehensive income (loss)				12,651	(83)	12,568	4,934	17,502
Transfer to retained earnings				918	(918)			
Purchase of treasury shares			(2,544)			(2,544)		(2,544)
Disposal of treasury shares		4	21			25		25
Dividends				(25,211)		(25,211)	(2,916)	(28,127)
Other		(442)	535	5,726	16	5,835	683	6,519
Total transactions with owners		(438)	(1,986)	(19,484)	16	(21,893)	(2,232)	(24,126)
Balance as of Jun. 30 ,2021	265,608	46,826	(6,439)	946,614	104,407	1,357,017	75,748	1,432,766

(5) Condensed Consolidated Statement of Cash Flows [IFRS]

(Millions of Yen)

	FY2020 First 3 Months (From Apr. 1 to Jun. 30, 2020)	FY2021 First 3 Months (From Apr. 1 to Jun. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	(76,860)	21,084
Depreciation, amortization and impairment loss	90,532	32,004
Finance income and costs	1,468	(885)
Share of profit of investments accounted for using the equity method	(629)	(4,061)
Loss (gain) on sale of property, plant and equipment, and intangible assets	(1,124)	(65)
Loss on disposal of property, plant and equipment, and intangible assets	922	859
Decrease (increase) in trade receivables	111,694	66,948
Decrease (increase) in contract assets	(51,512)	(38,141)
Decrease (increase) in inventories and advanced payments	(70,064)	(65,438)
Increase (decrease) in trade payables	(111,656)	(79,358)
Increase (decrease) in contract liabilities	(30,695)	(26,457)
Increase (decrease) in provisions	(689)	(10,123)
Increase (decrease) in retirement benefit liabilities	(3,429)	6,630
Others	(43,055)	(32,277)
Subtotal	(185,100)	(129,279)
Interest received	766	596
Dividends received	5,373	6,333
Interest paid	(1,849)	(2,162)
Income taxes paid	(42,837)	(17,981)
Net cash provided by operating activities	(223,646)	(142,493)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(43,455)	(25,849)
Proceeds from sales of property, plant and equipment and intangible assets	2,060	404
Purchases of investments (including investments accounted for using equity method)	(3,877)	(1,938)
Proceeds from sales and redemption of investments (including investments accounted for using equity method)	687	1,595
Payments for acquisition of businesses	(68,709)	-
Net decrease (increase) in short-term loans	(1,464)	(460)
Disbursement of long-term loans	(317)	(68)
Collection of loans	36	30
Others	(876)	1,442
Net cash provided by (used in) investing activities	(115,916)	(24,845)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	282,528	223,128
Proceeds from long-term borrowings	10,000	121
Repayment of long-term borrowings	(1,526)	(1,472)
Dividends paid to owners of the parent	(23,892)	(23,887)
Dividends paid to non-controlling interests	(754)	(2,815)
Proceeds from factoring agreements	38,293	24,499
Repayment of liabilities under factoring agreements	(22,680)	(16,554)
Repayment of lease liabilities	(5,548)	(6,113)
Others	902	(2,724)
Net cash provided by (used in) financing activities	277,322	194,181
Effect of exchange rate changes on cash and cash equivalents	194	1,117
Net increase (decrease) in cash and cash equivalents	(62,045)	27,959
Cash and cash equivalents at the beginning of the year	281,626	245,421
Cash and cash equivalents at the end of period	219,580	273,381