

Q1 FY2021 Financial Results

August 2, 2021

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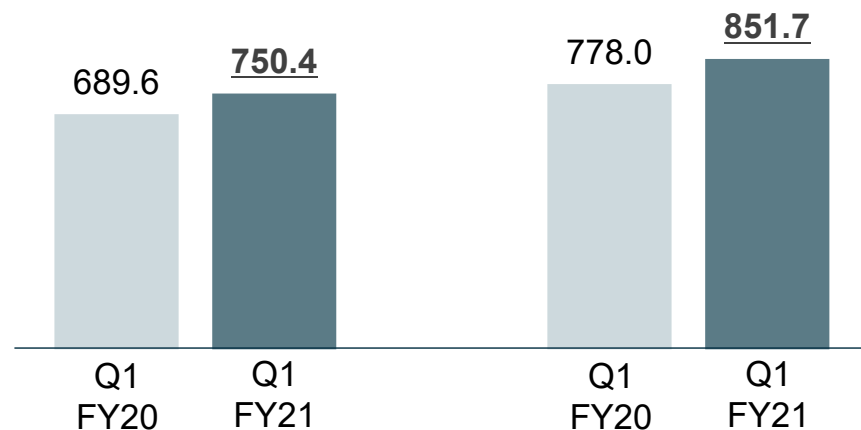
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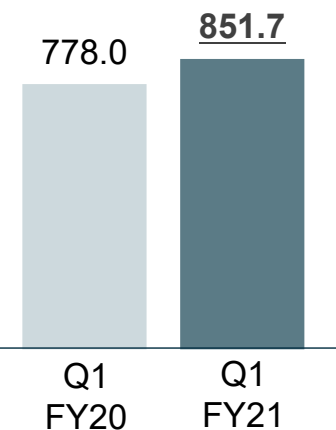
I. Q1 FY2021 Financial Results

Financial Results Overview

Order intake

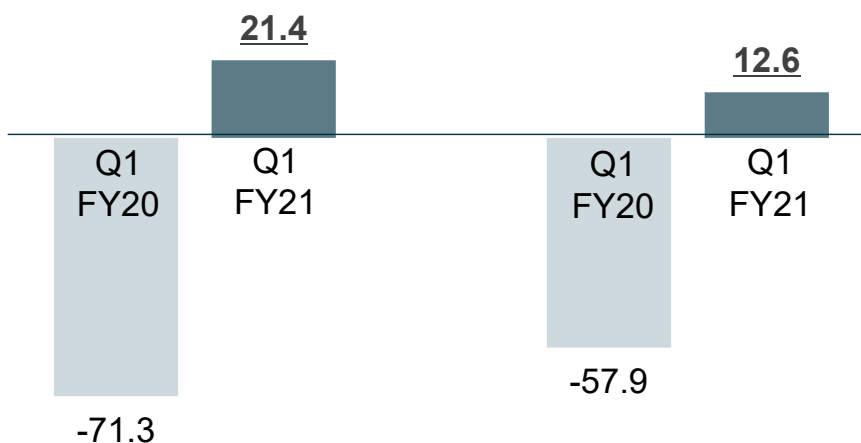


Revenue

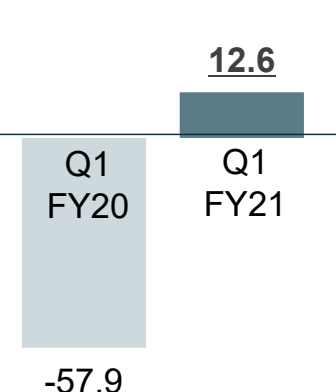


(billion yen)

Profit from business activities



Profit attributable to owners of parent



■ Order intake

Returned to pre-COVID (Q1 FY2019) levels (¥750.2 bn)

- Steady market recovery in Plants & Infrastructure Systems (Metals Machinery) and Logistics, Thermal & Drive Systems
- Rebound decrease in Energy Systems, Defense & Space due to the booking of several large orders in FY20

■ Revenue and profit

Recovering steadily with both revenue and profit up YoY.

- Revenue up due to progress in Energy Systems and Plants & Infrastructure Systems projects and market recovery in Logistics, Thermal & Drive Systems
- All four segments producing positive profit from business activities

Financial Results Overview

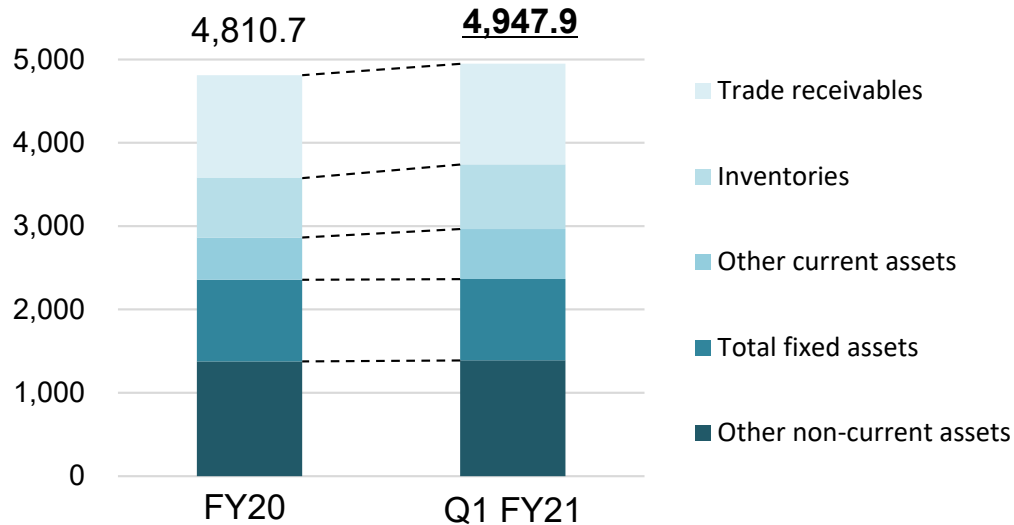
(billion yen)

	Q1 FY2020		Q1 FY2021		YoY	
	(Profit margin)		(Profit margin)			
Order intake		689.6		750.4	+60.7	(+8.8%)
Revenue		778.0		851.7	+73.7	(+9.5%)
Profit from business activities	(-9.2%)	-71.3	(2.5%)	21.4	+92.8	-
Profit attributable to owners of parent	(-7.4%)	-57.9	(1.5%)	12.6	+70.5	-
EBITDA	(-4.8%)	-37.1	(6.3%)	53.7	+90.9	-
Free cash flow		-339.5		-167.3	+172.2	-

Financial Position Overview

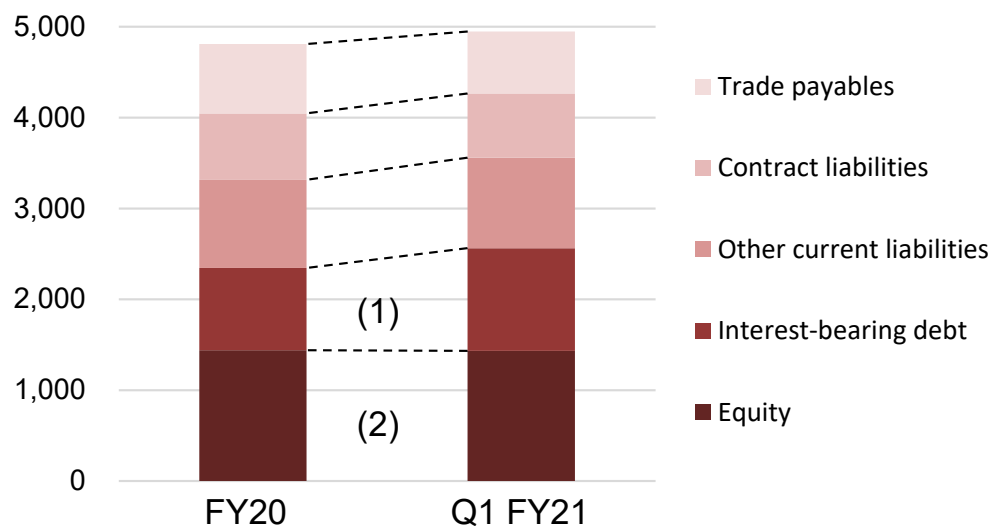
Assets

(billion yen)



- Total assets up YoY to ¥137.2 bn mainly due to increases in cash, cash equivalents, and working capital

Liabilities & Equity



	FY20	Q1 FY21	Variance
Interest-bearing debt	905.6	1,129.8	+224.2
Equity ratio	28.4%	27.4%	-1.0pt
D/E ratio	0.63	0.79	+0.16

Breakdown of main items:

(1) Commercial paper (+¥221.0 bn)

(2) Profit attributable to owners of parent (+¥12.6 bn), dividends (-¥25.2 bn)

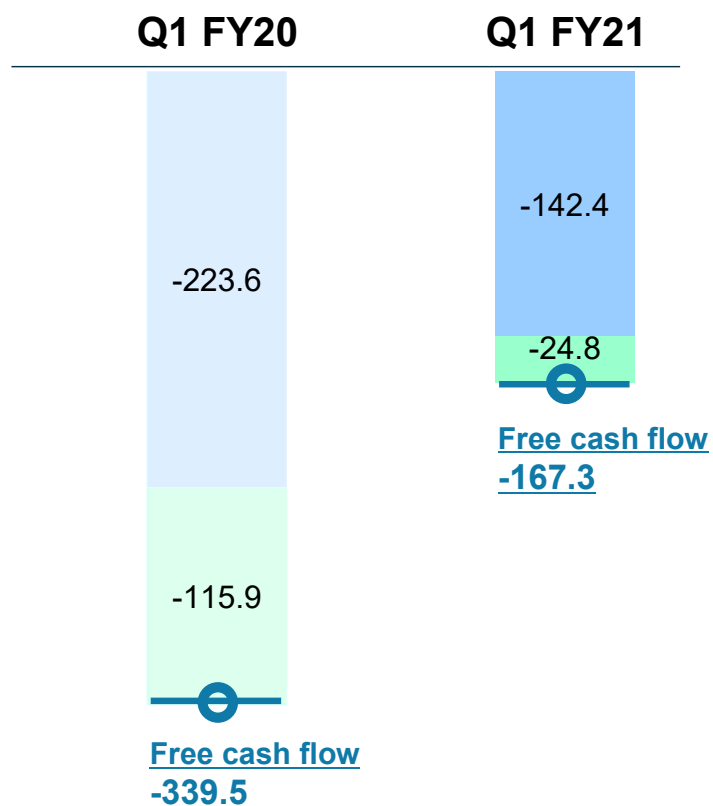
Financial Position Overview

(billion yen)

	FY20	Q1 FY21	YoY
Trade receivables and contract assets	1,234.1	1,207.7	-26.4
Inventories	713.4	774.6	+61.2
Other current assets	507.0	600.7	+93.7
(Cash and cash equivalents)	(245.4)	(273.3)	(+27.9)
Total fixed assets	978.9	975.2	-3.7
Other non-current assets	1,377.1	1,389.5	+12.4
Total assets	4,810.7	4,947.9	+137.2
Trade payables	763.7	681.6	-82.1
Contract liabilities	731.8	706.8	-25.0
Other liabilities	970.1	996.8	+26.7
Interest-bearing debt	905.6	1,129.8	+224.2
Equity	1,439.3	1,432.7	-6.6
(Equity attributable to owners of the parent)	(1,366.3)	(1,357.0)	(-9.3)
Total liabilities and equity	4,810.7	4,947.9	+137.2

(billion yen)

■ Operating cash flow ■ Investing cash flow



■ Free cash flow

Generally trending in line with plan and latest forecast (¥±0)

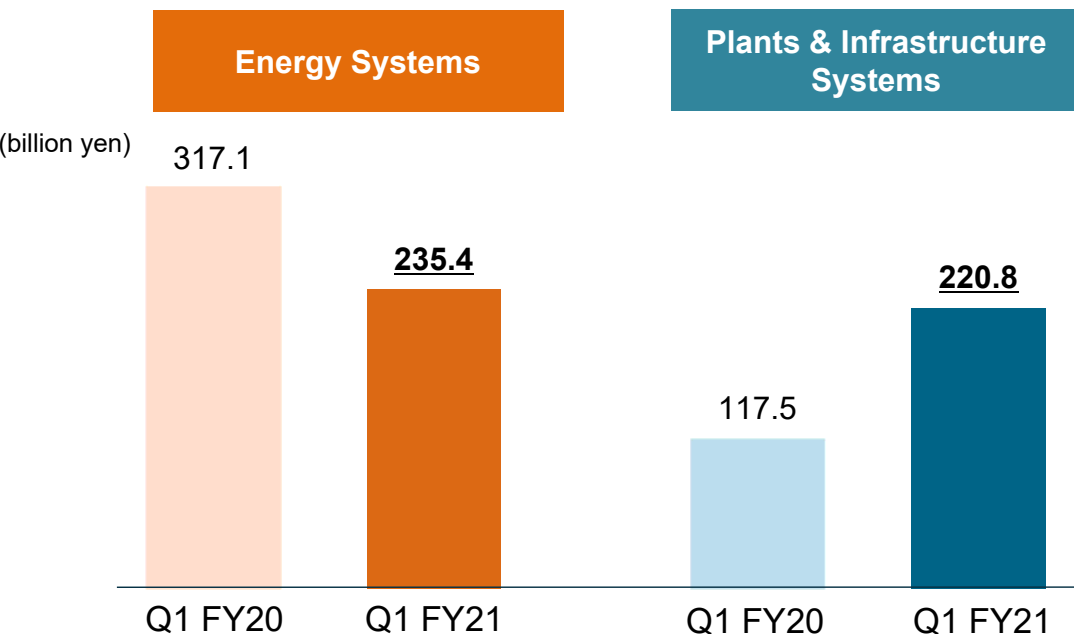
■ Operating cash flow

- Improved profitability in Plants & Infrastructure Systems
- Working capital down YoY due to stabilization of COVID-19 situation, which had inflated working capital in FY20

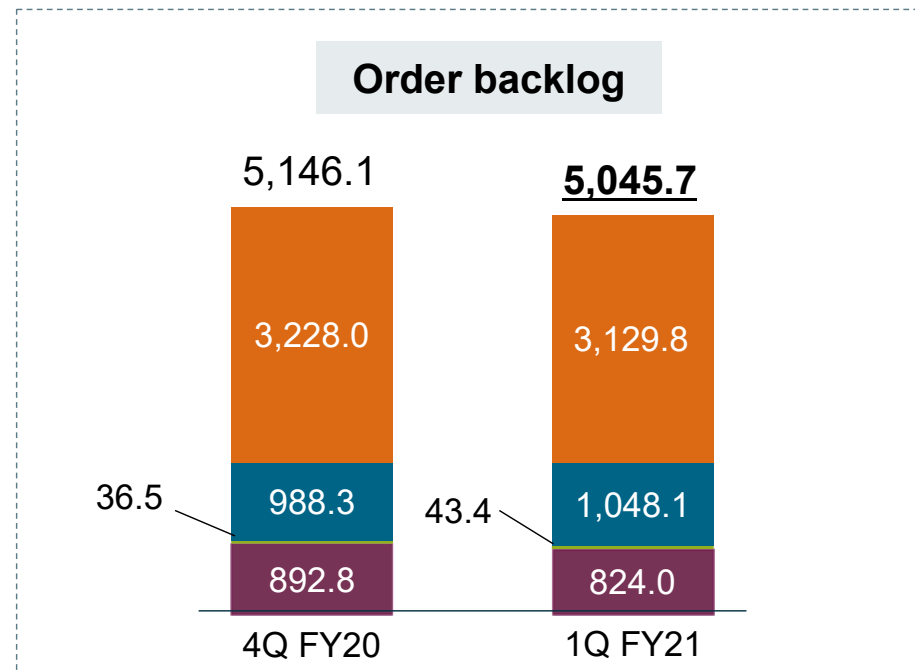
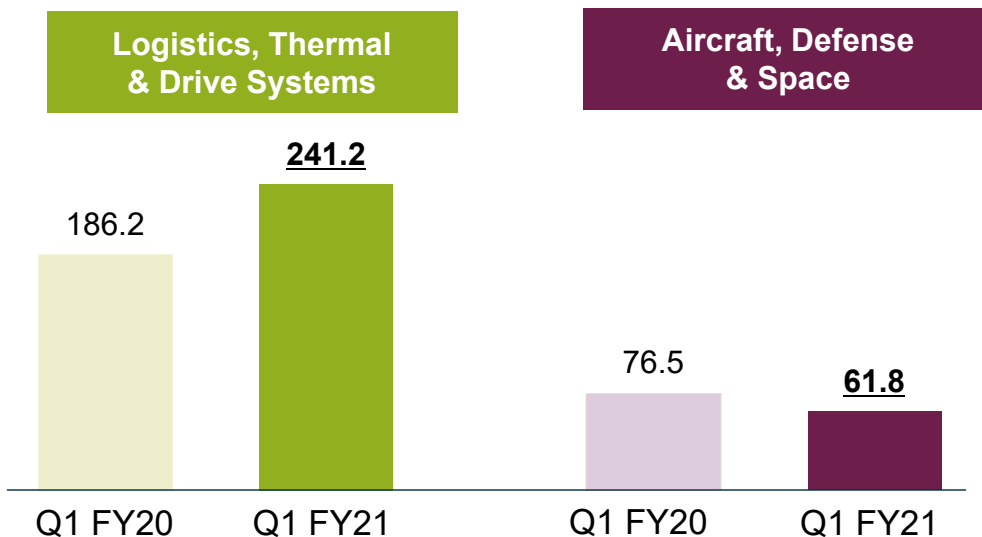
■ Investing cash flow

Cash outflows down YoY due to expenditures related to CRJ acquisition in FY20 and minimization of SpaceJet investment in FY21

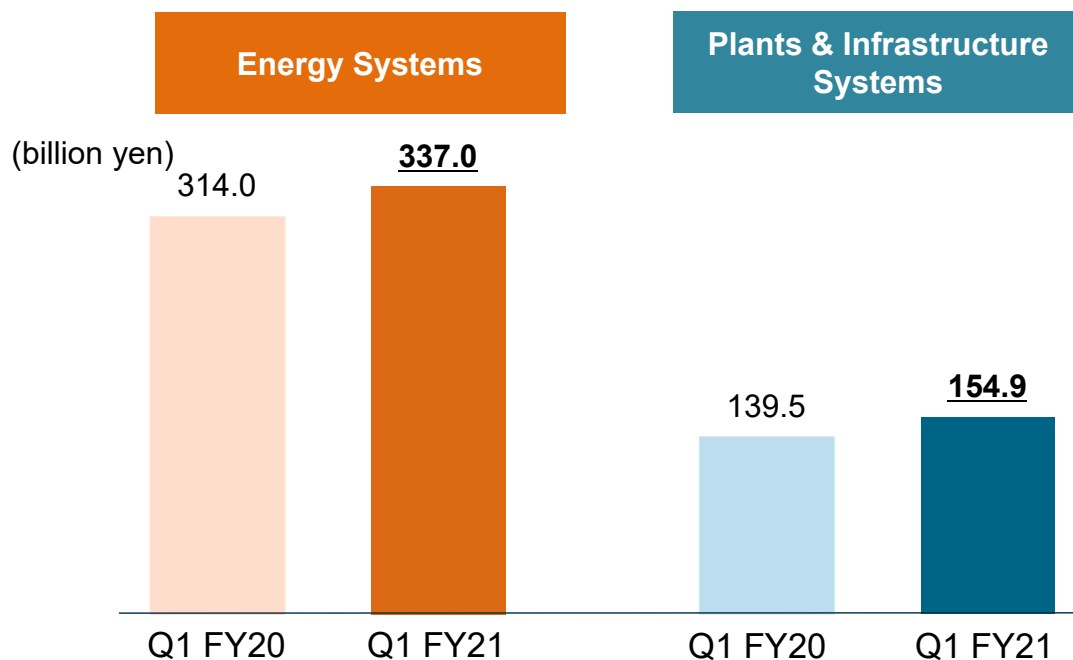
Order Intake & Order Backlog by Segment



- Energy Systems
 Decrease: GTCC (Gas Turbine Combined Cycle)
- Plants & Infrastructure Systems
 Increase: Metals Machinery, Machinery Systems
- Logistics, Thermal & Drive Systems
 Increase: Material Handling Systems, Turbochargers, HVAC
- Aircraft, Defense & Space
 Decrease: Defense Aviation, Missile Systems



Revenue by Segment

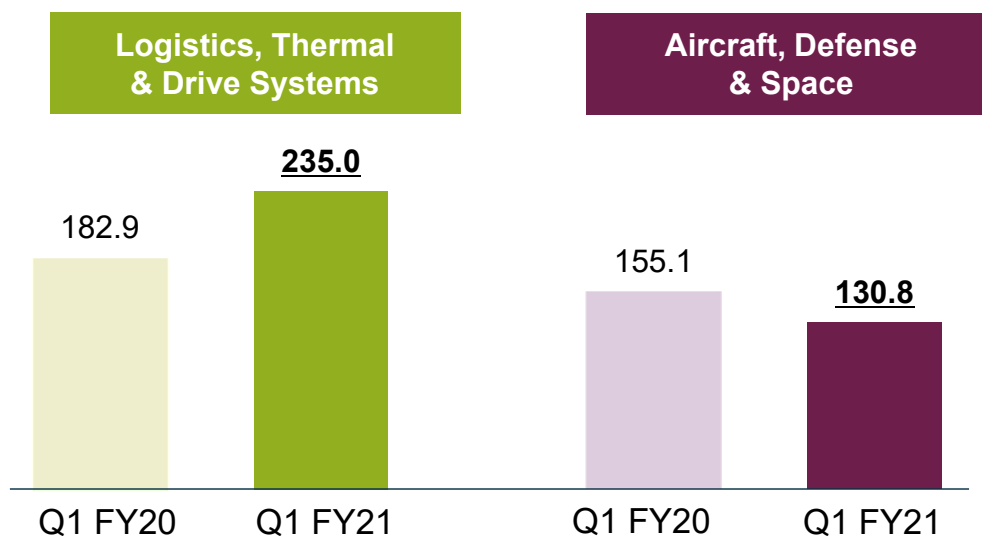


- Energy Systems
 Increase: GTCC, Steam Power

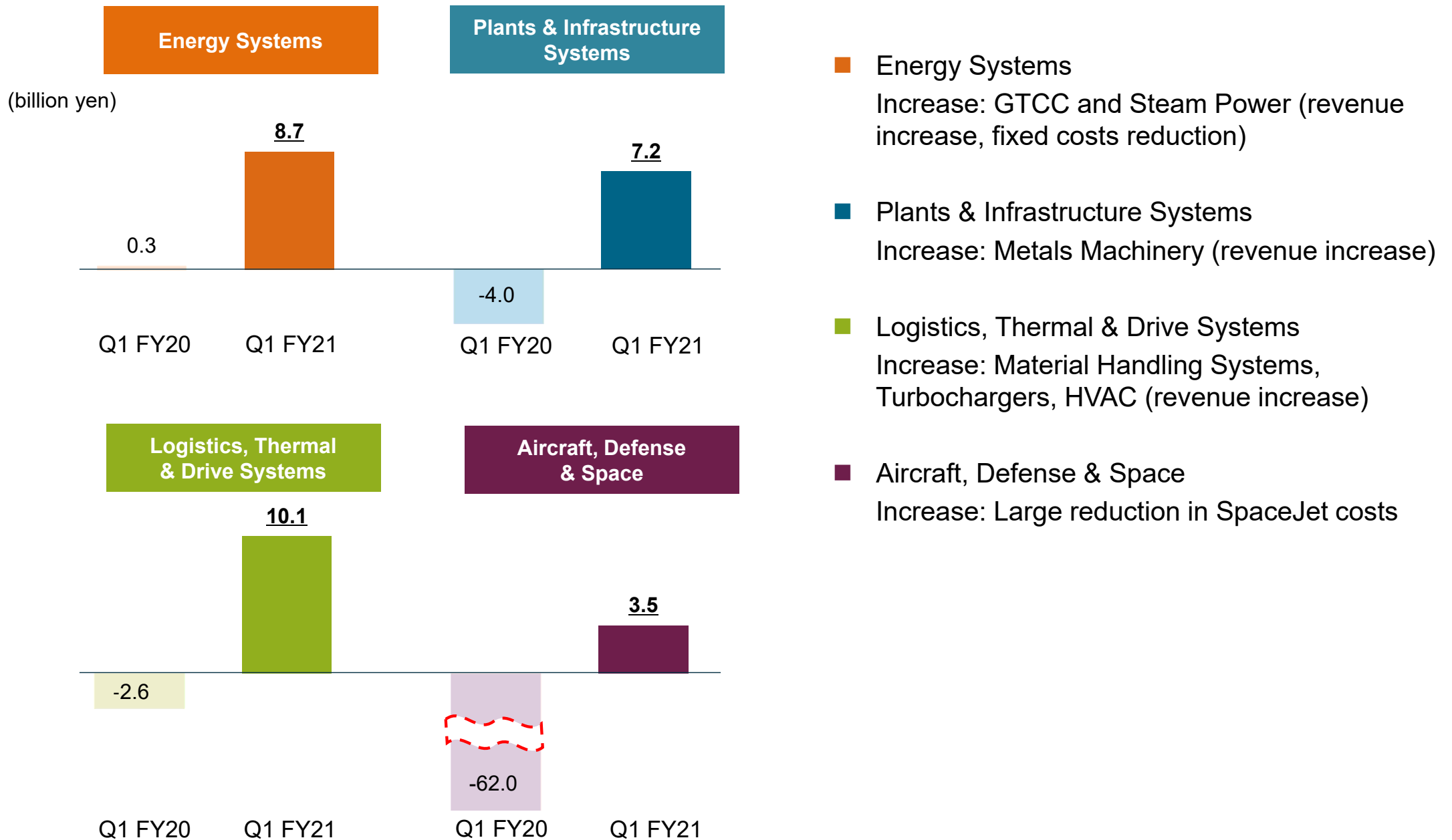
- Plants & Infrastructure Systems
 Increase: Metals Machinery
 Decrease: Engineering, Commercial Ships

- Logistics, Thermal & Drive Systems
 Increase: Material Handling Systems, Turbochargers, HVAC

- Aircraft, Defense & Space
 Decrease: Space



Profit from Business Activities by Segment



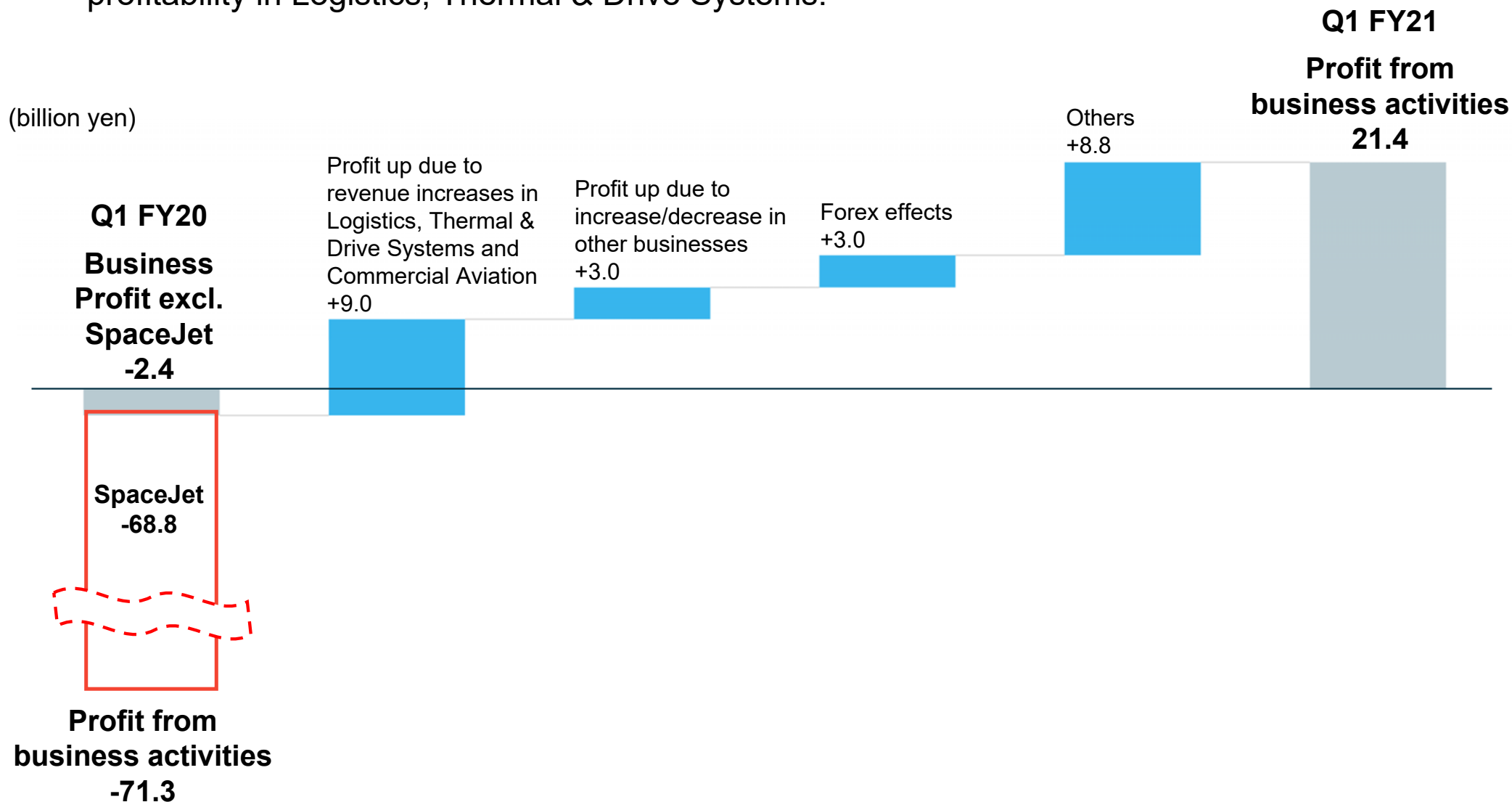
Financial Results by Segment

(billion yen)

	Order intake			Revenue			Profit from business activities		
	Q1 FY20	Q1 FY21	YoY	Q1 FY20	Q1 FY21	YoY	Q1 FY20	Q1 FY21	YoY
Energy Systems	317.1	235.4	-81.7	314.0	337.0	+23.0	0.3	8.7	+8.4
Plants & Infrastructure Systems	117.5	220.8	+103.3	139.5	154.9	+15.4	-4.0	7.2	+11.2
Logistics, Thermal & Drive Systems	186.2	241.2	+55.0	182.9	235.0	+52.1	-2.6	10.1	+12.7
Aircraft, Defense & Space	76.5	61.8	-14.7	155.1	130.8	-24.3	-62.0	3.5	+65.5
Others	-7.8	-8.9	-1.1	-13.7	-6.1	+7.6	-2.9	-8.2	-5.3
Total	689.6	750.4	+60.8	778.0	851.7	+73.7	-71.3	21.4	+92.7

Profit Bridge

- Profit increased in Logistics, Thermal & Drive Systems and Commercial Aviation businesses, which were hard hit by COVID-19 in FY20. In particular, market recovery drove improved profitability in Logistics, Thermal & Drive Systems.

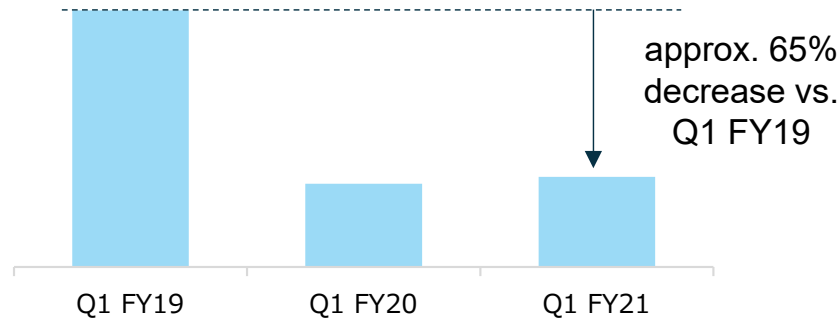


Business

Revenue

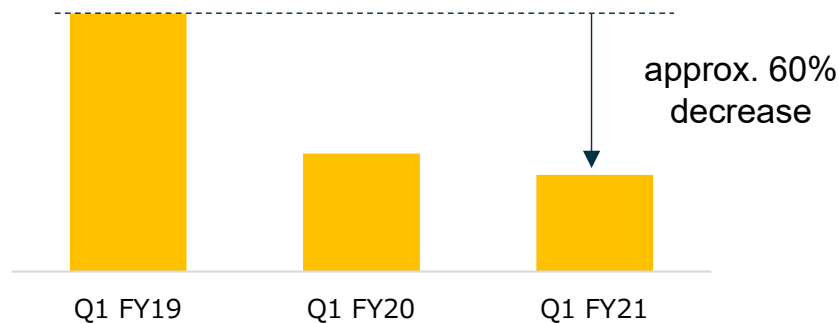
Status as of Q1 FY21 Closing

Commercial Aviation - Aero Structures (Tier 1)



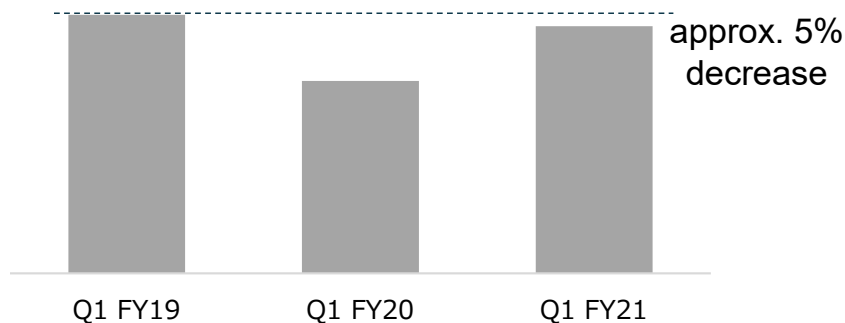
- Domestic air travel demand recovering esp. in the U.S. and China. However, international air travel remains stagnant.

Commercial Aviation - Aero Engines



- Market steadily recovering, mainly in the U.S., where vaccination rates are generally high. However, Q1 FY21 revenue has been affected by a resurgence in COVID-19 infections and some project push-outs.

Logistics, Thermal & Drive Systems



- Revenue recovered to near pre-COVID (FY19) levels
- Business in revenue expansion phase. Minimization of fixed cost increases also contributed to increased profit.

- Order intake, revenue, and profit from business activities
 - Improvement in order intake, revenue, and profit from business activities corresponding to market recovery and the resumption and progress of contract negotiations and project construction
 - Solid increases in revenue and profit in Plants & Infrastructure Systems and Logistics, Thermal & Drive Systems
 - Fixed cost reductions to continue in expanding businesses as well

- Cash flows
 - Free cash flow returned to Q1 FY19 levels due to improved operating cash flow and limiting investing cash flow (Q1 FY19: -¥169.4 bn / Q1 FY21: -¥167.3 bn)
 - Generally trending in line with plan

- Balance sheet
 - Working capital up in Q1 representing a normal mid-FY fluctuation
 - Streamlining of total assets and optimization of asset portfolio to continue

II. FY2021 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, these 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.

FY2021 Forecast Overview

No change from latest forecast announced May 10, 2021

(billion yen)

	FY2020 Actual (profit margin)		FY2021 Forecast (profit margin)		YoY (profit margin)	
Order intake		3,336.3		3,600.0	+263.7	(+7.9%)
Revenue		3,699.9		3,750.0	+50.1	(+1.4%)
Profit from business activities	(1.5%)	54.0	(4.0%)	150.0	+96.0	(+177.4%)
Profit attributable to owners of parent	(1.1%)	40.6	(2.4%)	90.0	+49.4	(+121.5%)

ROE		3.1%		6.5%	+3.4pt	-
EBITDA	(5.2%)	193.3	(7.5%)	280.0	+86.7	(+44.8%)

FCF		-277.1		0.0	+277.1	-
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Dividends		75 yen		90 yen
		Interim: 0 yen Final: 75 yen		Interim: 45 yen Final: 45 yen

Exchange rate assumptions

USD 1.00 = ¥110

EUR 1.00 = ¥130

Undetermined foreign currency amounts

USD 3.0 bn

EUR 0.3 bn

FY2021 Forecast by Segment

No change from latest forecast announced May 10, 2021

(billion yen)

	Order intake			Revenue			Profit from business activities		
	FY20 Actual	FY21 Forecast	YoY	FY20 Actual	FY21 Forecast	YoY	FY20 Actual	FY21 Forecast	YoY
Energy Systems	1,299.2	1,400.0	+100.8	1,546.0	1,600.0	+54.0	127.6	100.0	-27.6
Plants & Infrastructure Systems	575.2	700.0	+124.8	637.2	650.0	+12.8	-10.2	20.0	+30.2
Logistics, Thermal & Drive Systems	868.0	950.0	+82.0	860.3	950.0	+89.7	15.6	30.0	+14.4
Aircraft, Defense & Space	626.2	600.0	-26.2	702.1	600.0	-102.1	-94.8	20.0	+114.8
Others	-32.4	-50.0	-17.6	-45.7	-50.0	-4.3	15.8	-20.0	-35.8
Total	3,336.3	3,600.0	+263.7	3,699.9	3,750.0	+50.1	54.0	150.0	+96.0

III. Appendix

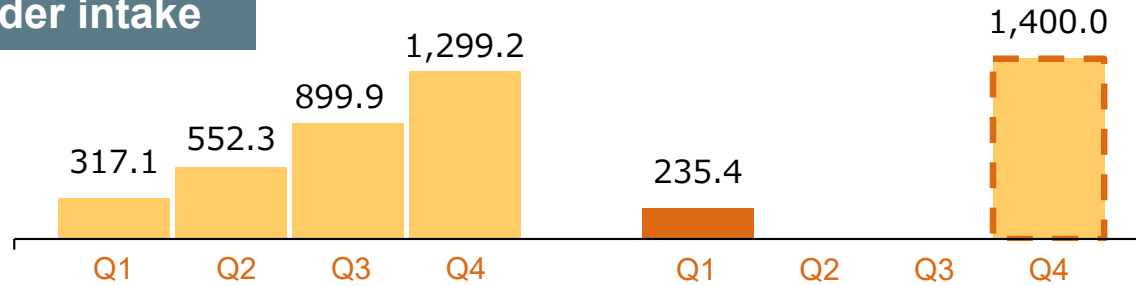
Q1 FY2021 Financial Results by Segment Energy Systems

(billion yen; all figures cumulative totals)

FY2020

FY2021

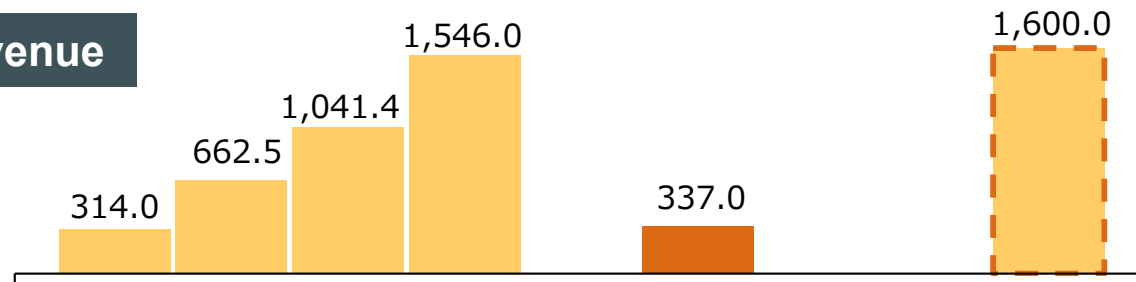
Order intake



(Order intake for major businesses)

	Q1 FY2020	Q1 FY2021
GTCC	171.5	89.7
Steam Power	40.8	76.0
Nuclear Power	38.1	32.6

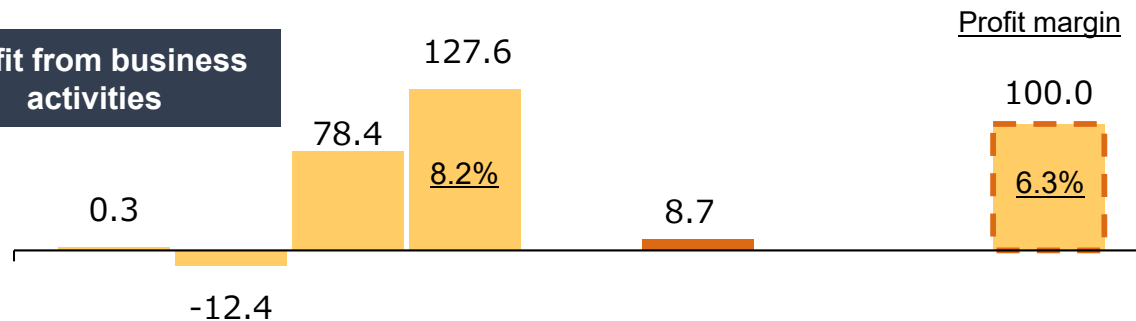
Revenue



(Revenue for major businesses)

	Q1 FY2020	Q1 FY2021
GTCC	98.6	121.6
Steam Power	124.0	132.0
Nuclear Power	40.8	36.9

Profit from business activities



- Revenue shortfall in Aero Engines (some revenue recognition delays despite a recovering market) and increased investment and other expenses in new businesses, offset by improved profitability in Thermal Power, resulting in an increase in revenue and profit in the segment overall.

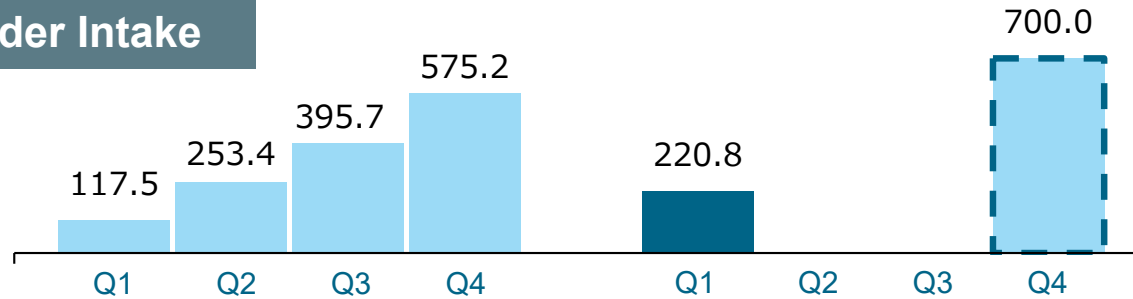
Q1 FY2021 Financial Results by Segment Plants & Infrastructure Systems

(billion yen; all figures cumulative totals)

FY2020

FY2021

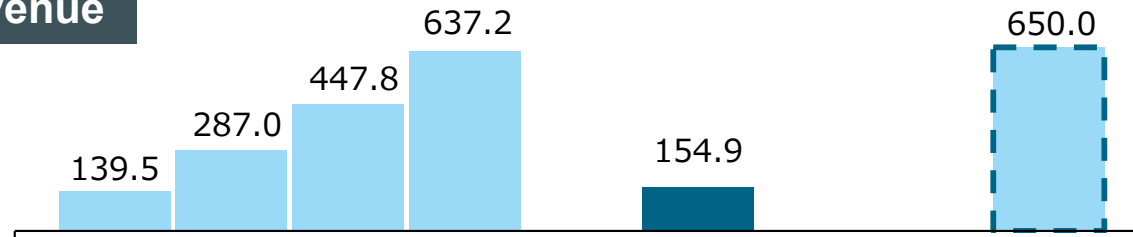
Order Intake



(Order intake for major businesses)

	Q1 FY2020	Q1 FY2021
Engineering	29.3	18.1
Metals Machinery	22.3	103.2
Machinery Systems	25.1	36.6

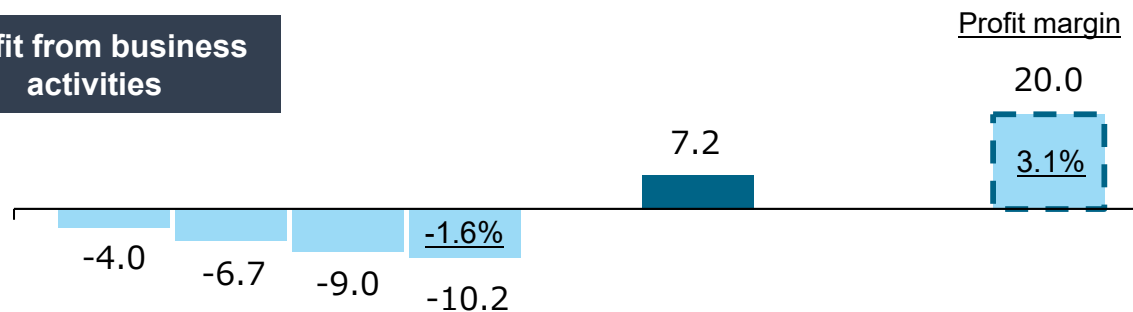
Revenue



(Revenue for major businesses)

	Q1 FY2020	Q1 FY2021
Engineering	37.7	30.3
Metals Machinery	41.6	60.4
Machinery Systems	27.8	28.4

Profit from business activities



- Marked growth in Metals Machinery order intake and revenue as contract negotiations and project construction stalled by COVID-19 resumed
- Revenue and profit up YoY in segment overall due to progress in Engineering and Machinery Systems project construction

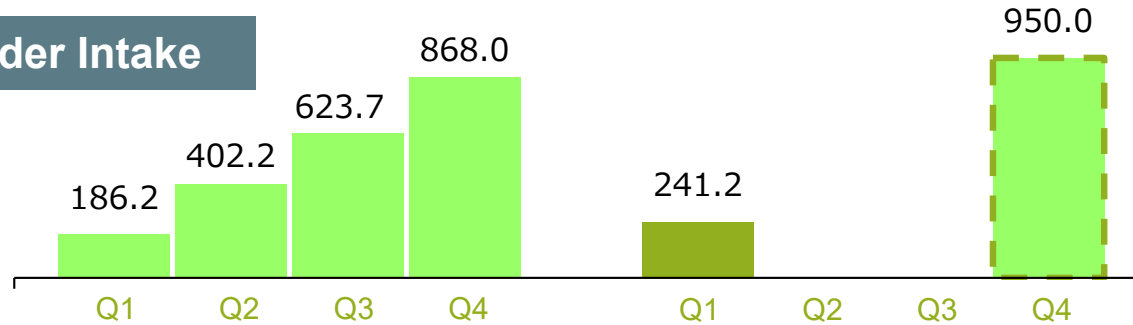
Q1 FY2021 Financial Results by Segment Logistics, Thermal & Drive Systems

(billion yen; all figures cumulative totals)

FY2020

FY2021

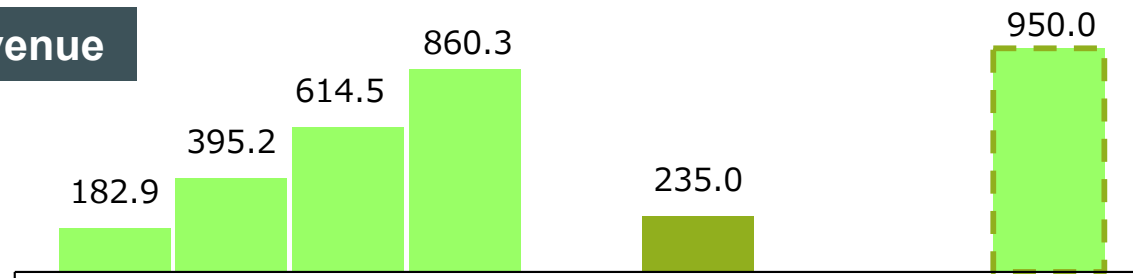
Order Intake



(Order intake for major businesses)

	Q1 FY2020	Q1 FY2021
Material Handling Systems	90.2	108.0
Engines & Turbochargers	42.7	62.9
HVAC & Car A/C	54.6	72.1

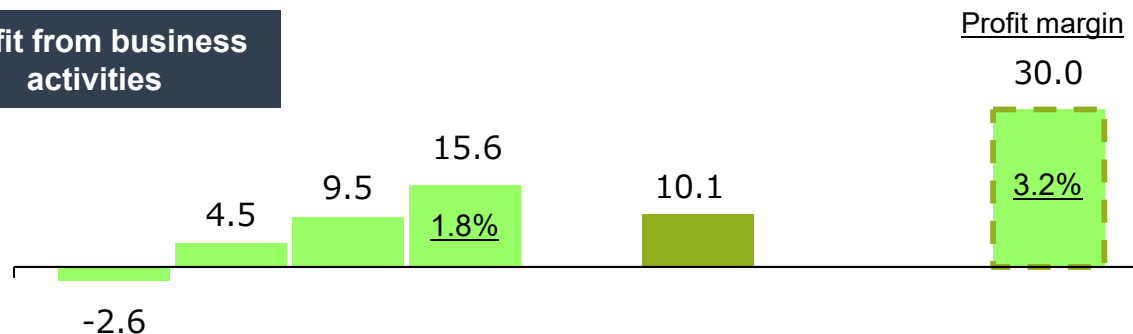
Revenue



(Revenue for major businesses)

	Q1 FY2020	Q1 FY2021
Material Handling Systems	90.2	108.0
Engines & Turbochargers	43.0	60.4
HVAC & Car A/C	50.8	68.3

Profit from business activities



- Solid recovery from COVID-19 impact. Business in revenue expansion phase. Limiting fixed cost increases also contributed to YoY increase in revenue and profit (improved SG&A to revenue ratio).

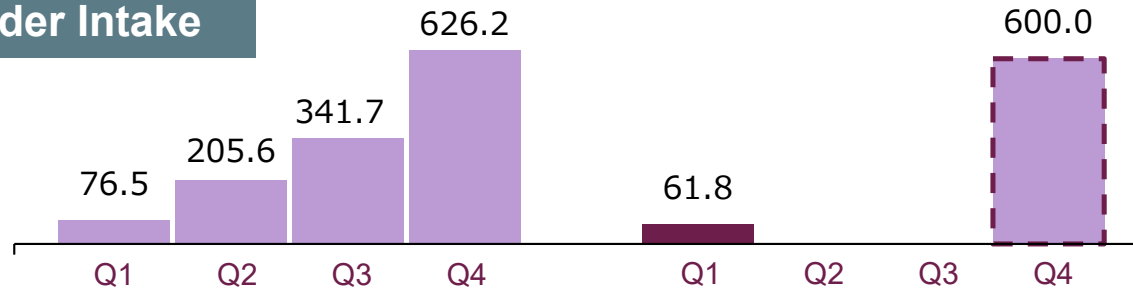
Q1 FY2021 Financial Results by Segment Aircraft, Defense & Space

(billion yen; all figures cumulative totals)

FY2020

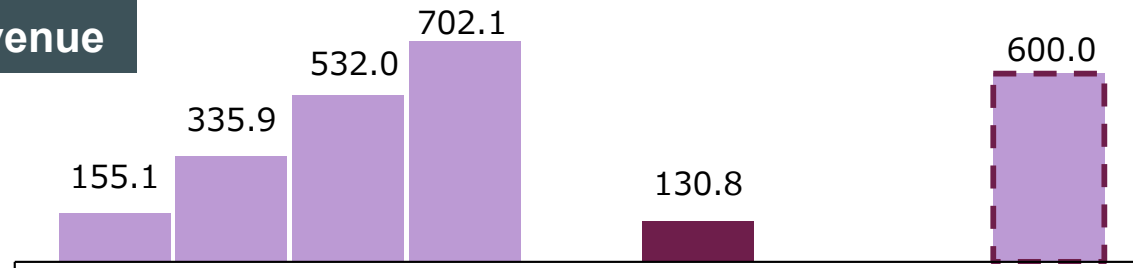
FY2021

Order Intake



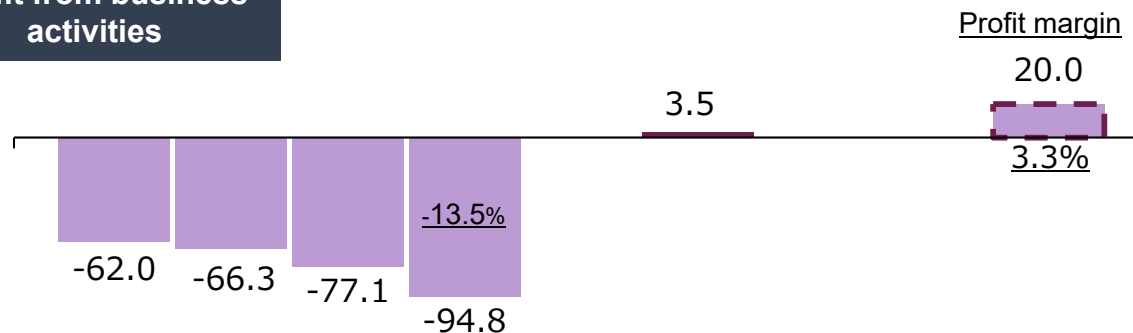
	Q1 FY2020	Q1 FY2021
Defense & Space	52.5	29.9
Commercial Aviation	23.9	31.9

Revenue



	Q1 FY2020	Q1 FY2021
Defense & Space	124.7	99.2
Commercial Aviation	30.3	31.5

Profit from business activities



- Defense & Space revenue down YoY in rebound from high sales in Q1 FY20 (incl. launch of H-IIB Launch Vehicle)
- Aero Structures (Tier 1) continues to experience negative impact from COVID-19 including decreased deliveries of major models to Boeing
- Profit up YoY in segment overall due to large reduction in SpaceJet costs and recovery of CRJ aviation maintenance business corresponding to U.S. domestic air travel recovery

Gas turbine orders booked and contract backlog (units)

Heavy Duty	FY20 Q1	FY20 Total	FY21 Q1
North America	-	4	-
Asia	2	4	1
EMEA	-	3	-
Other regions	-	2	-
Total	2	13	1
Contract backlog	45	48	46

Small & Mid-Size	FY20 Q1	FY20 Total	FY21 Q1
North America	-	6	-
Asia	-	-	-
EMEA	-	-	-
Other regions	-	-	-
Total	0	6	0
Contract backlog	15	5	5

Commercial Aviation deliveries (units)

777	Q1	Q2	Q3	Q4	Tot.
FY2020	3	10	7	4	24
FY2021	5	/	/	/	/

777X	Q1	Q2	Q3	Q4	Tot.
FY2020	3	3	0	1	7
FY2021	2	/	/	/	/

787	Q1	Q2	Q3	Q4	Tot.
FY2020	18	32	20	14	84
FY2021	14	/	/	/	/

R&D Expenses, depreciation & amortization, and capital expenditures

	Q1 FY20	Q1 FY21	(billion yen) FY21 Forecast
R&D expenses	28.3	22.7	130.0
Depreciation & amortization	34.2	32.3	130.0
Capital expenditures	28.4	20.8	120.0

Selling, General and Administrative Expenses

	Q1 FY20	Q1 FY21	(billion yen)
SG&A	130.4	136.5	

Foreign Exchange Rates (Average rate used for revenue)

	Q1 FY20	Q1 FY21
USD	107.4	108.7
Euro	117.5	132.1

MOVE THE WORLD FORWARD

mitsubishi
HEAVY
INDUSTRIES
GROUP