

PRESS RELEASE

2022-02-07

MHI Announces Outline of FY2021 First 9 Months Financial Results Ended December 31, 2021 (Consolidated)

Tokyo, February 7, 2022 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first nine months of fiscal year (FY) 2021 ended December 31, 2021.

(billions of yen)

	FY2021 First 9 Months (From April 1 to December 31, 2021)	FY2020 First 9 Months (From April 1 to December 31, 2020)	Changes (%)
Orders Received	2,492.3	2,235.9	11.5
Revenue	2,645.3	2,603.3	1.6
Profit from business activities	80.8	23.7	240.7
Profit Before Income Taxes	87.5	(1.2)	-
Profit (loss) Attributable to Owners of Parent	50.0	3.3	-
Operating Cash Flow	(191.8)	(479.5)	
Investment Cash Flow	43.6	(159.5)	
Financing Cash Flow	251.9	613.9	
Profit (loss) Attributable to Owners of Parent Per Share	149.01 yen	9.83 yen	-

Figures in parentheses are negative.

Consolidated financial results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2021 First 9 Months (From April 1 to December 31, 2021)	FY2020 First 9 Months (From April 1 to December 31, 2020)
Energy Systems	1,073.7	1,041.4
Plants & Infrastructure	461.2	447.8
Logistics, Thermal & Drive Systems	708.5	614.5
Aircraft, Defense & Space	423.9	532.0
Eliminations or Corporate	(22.0)	(32.5)
TOTAL	2,645.3	2,603.3

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2021 First 9 Months (From April 1 to December 31, 2021)	FY2020 First 9 Months (From April 1 to December 31, 2020)
Energy Systems	13.8	78.4
Plants & Infrastructure	12.7	(9.0)
Logistics, Thermal & Drive Systems	22.7	9.5
Aircraft, Defense & Space	20.4	(77.1)
Eliminations or Corporate	11.0	22.0
TOTAL	80.8	23.7

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, 160 billion yen in Profit from business activities, 140 billion yen in profit before income tax, and 100 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 Dec. 31, 2021
<u>Assets</u>		
Current assets		
Cash and cash equivalents	245,421	358,238
Trade and other receivables	655,181	652,762
Other financial assets	30,677	34,199
Contract assets	578,936	732,133
Inventories	713,498	844,547
Other current assets	230,955	220,526
Total current assets	2,454,670	2,842,409
Non-current assets		
Property, plant and equipment	779,696	779,074
Goodwill	124,500	126,918
Intangible assets	74,722	71,736
Right-of-use assets	93,321	96,374
Investments accounted for using the equity method	182,897	204,899
Investments in securities and other financial assets	560,213	470,153
Deferred tax assets	378,338	388,135
Other non-current assets	162,365	136,241
Total Non-current assets	2,356,056	2,273,533
Total assets	4,810,727	5,115,942
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	445,147	727,887
Trade and other payables	763,731	721,105
Income taxes payable	12,237	19,007
Contract liabilities	731,814	727,107
Provisions	207,876	173,409
Other current liabilities	184,453	180,859
Total Current liabilities	2,345,260	2,549,377
Non-current liabilities		
Bonds, borrowings and other financial liabilities	790,862	830,437
Deferred tax liabilities	6,597	6,700
Retirement benefit liability	124,432	133,936
Provisions	50,485	62,774
Other non-current liabilities	53,699	54,848
Total non-current liabilities	1,026,076	1,088,696
Total liabilities	3,371,337	3,638,074
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	47,265	46,955
Treasury shares	(4,452)	(5,993)
Retained earnings	952,528	985,543
Other components of equity	105,393	103,872
Equity attributable to owners of parent	1,366,342	1,395,987
Non-controlling interests	73,047	81,880
Total Equity	1,439,390	1,477,867
Total Liabilities and Equity	4,810,727	5,115,942

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

i) First nine months FY2020 and FY2021

(Millions of Yen)

	FY2020 First 9 Months (From Apr. 1 to Dec. 31, 2020)	FY2021 First 9 Months (From Apr. 1 to Dec. 31, 2021)
Revenue	2,603,377	2,645,375
Cost of sales	2,212,907	2,209,718
Gross Profit	390,470	435,657
Selling, general and administrative expenses	395,621	404,836
Share of profit of investments accounted for using the equity method	9,568	12,043
Other income *	135,890	55,002
Other expenses	116,586	17,041
Profit from business activities	23,721	80,825
Finance income	5,557	18,566
Finance cost	30,541	11,824
Profit before income taxes	(1,262)	87,568
Income taxes	(5,442)	28,282
Profit	4,180	59,285
Profit attributable to:		
Owners of parent	3,302	50,019
Non-controlling interests	877	9,266

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	9.83	149.01
Diluted earnings per share	9.82	148.92

*Other income includes dividend income. The amount of dividends of FY 2020 first 9 Month is 9,581 Million Yen, and the amount of FY2021 First 9 Months is 14,736 Million Yen.

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

ii) For three months ended Dec.31, 2020 and 2021 (FY2020Q3 & FY2021Q3)

(Millions of Yen)

	FY2020 Q3 (From Oct. 1 to Dec. 31, 2020)	FY2021 Q3 (From Oct. 1 to Dec. 31, 2021)
Revenue	944,751	981,628
Cost of sales	796,776	813,749
Gross Profit	147,975	167,878
Selling, general and administrative expenses	138,032	138,006
Share of profit of investments accounted for using the equity method	4,365	3,415
Other income *	90,156	28,353
Other expenses	22,103	7,027
Profit from business activities	82,361	54,613
Finance income	1,961	9,966
Finance expenses	12,735	3,546
Profit before income taxes	71,587	61,034
Income taxes	10,582	20,219
Profit	61,004	40,814
Profit attributable to:		
Owners of parent	60,384	37,938
Non-controlling interests	620	2,876

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	179.66	113.02
Diluted earnings per share	179.53	112.95

*Other income includes dividend income. The amount of dividends of FY2020Q3 is 4,886 Million Yen, and the amount of FY2021Q3 is 6,097 Million Yen.

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

i) First nine months FY2020 and FY2021

	(Millions of Yen)	
	FY2020 First 9 Months (From Apr. 1 to Dec. 31, 2020)	FY2021 First 9 Months (From Apr. 1 to Dec. 31, 2021)
Profit	4,180	59,285
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	11,273	(3,243)
Remeasurement of defined benefit plans	161	294
Share of other comprehensive income (loss) of entities accounted for by the equity method	(165)	244
Total	11,269	(2,704)
Items that may be reclassified to profit or loss		
Cash flow hedges	2,460	904
Hedging cost	795	84
Exchange differences on translating foreign operations	7,168	18,182
Share of other comprehensive income (loss) of entities accounted for by the equity method	2,462	2,564
Total	12,885	21,736
Total other comprehensive income (loss)	24,155	19,031
Comprehensive income	28,335	78,317
Comprehensive income (loss) attributable to		
Owners of parent	26,060	66,165
Non-controlling interests	2,275	12,151

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

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

ii) For three months ended Dec.31, 2020 and 2021 (FY2020Q3 & FY2021Q3)

	(Millions of Yen)	
	FY2020 Q3 (From Oct. 1 to Dec. 31, 2020)	FY2021 Q3 (From Oct. 1 to Dec. 31, 2021)
Profit	61,004	40,814
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	9,765	(23,200)
Remeasurement of defined benefit plans	22	264
Share of other comprehensive income (loss) of entities accounted for by the equity method	55	(355)
Total	9,843	(23,291)
Items that may be reclassified to profit or loss		
Cash flow hedges	1,364	1,144
Hedging cost	133	75
Exchange differences on translating foreign operations	4,791	18,310
Share of other comprehensive income (loss) of entities accounted for by the equity method	1,341	1,976
Total	7,630	21,507
Total other comprehensive income (loss)	17,473	(1,783)
Comprehensive income (loss)	78,478	39,030
Comprehensive income (loss) attributable to		
Owners of parent	77,034	33,753
Non-controlling interests	1,443	5,277

(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				3,302		3,302	877	4,180
Other comprehensive income (loss)					22,757	22,757	1,397	24,155
Comprehensive income (loss)	-	-	-	3,302	22,757	26,060	2,275	28,335
Transfer to retained earnings				(13,849)	13,849	-		-
Purchase of treasury shares			(3)			(3)		(3)
Disposal of treasury shares		58	231			289		289
Dividends				(25,188)		(25,188)	(3,984)	(29,173)
Other		(430)	563	1,098		1,230	(190)	1,039
Total transactions with owners	-	(372)	791	(24,089)	-	(23,671)	(4,175)	(27,847)
Balance as of Dec. 31 ,2020	265,608	49,294	(4,582)	851,671	58,740	1,220,732	69,831	1,290,564
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				50,019		50,019	9,266	59,285
Other comprehensive income (loss)					16,146	16,146	2,884	19,031
Comprehensive income (loss)	-	-	-	50,019	16,146	66,165	12,151	78,317
Transfer to retained earnings				17,683	(17,683)	-		-
Purchase of treasury shares			(2,547)			(2,547)		(2,547)
Disposal of treasury shares		11	93			105		105
Dividends				(40,313)		(40,313)	(4,115)	(44,429)
Other		(321)	914	5,626	16	6,235	797	7,032
Total transactions with owners	-	(309)	(1,540)	(34,687)	16	(36,521)	(3,318)	(39,839)
Balance as of Dec. 31 ,2021	265,608	46,955	(5,993)	985,543	103,872	1,395,987	81,880	1,477,867

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

(Millions of Yen)

	FY2020 First 9 Months (From Apr. 1 to Dec. 31, 2020)	FY2021 First 9 Months (From Apr. 1 to Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	(1,262)	87,568
Depreciation, amortization and impairment loss	185,332	99,653
Finance income and costs (profit)	3,698	(343)
Share of loss (profit) of investments accounted for using equity method	(9,568)	(12,043)
Loss (gain) on sale of shares of subsidiaries and associates	(83,100)	-
Loss (gain) on sale of property, plant and equipment	(37,228)	(28,848)
Loss on disposal of property, plant and equipment, and intangible assets	3,651	4,367
Decrease (increase) in trade receivables	18,929	11,094
Decrease (increase) in contract assets	(154,506)	(146,493)
Decrease (increase) in inventories and advanced payments	(58,900)	(119,166)
Increase (decrease) in trade payables	(108,621)	(36,705)
Increase (decrease) in contract liabilities	(136,166)	(16,017)
Increase (decrease) in provisions	(17,564)	(25,351)
Increase (decrease) in retirement benefit liabilities	5,808	7,649
Others	(33,764)	(33,747)
Subtotal	(423,264)	(208,385)
Interest received	3,155	3,396
Dividends received	13,897	18,622
Interest paid	(5,843)	(7,320)
Income taxes refund (paid)	(67,456)	1,875
Net cash provided by operating activities	(479,511)	(191,811)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(117,153)	(96,470)
Proceeds from sales of property, plant and equipment and intangible assets	38,480	37,737
Purchases of investments		
(including investments accounted for using equity method)	(11,436)	(9,804)
Proceeds from sales and redemption of investments		
(including investments accounted for using equity method)	5,996	94,873
Payments for sale of subsidiaries (including subsidiaries)	(211)	(1,259)
Proceeds from sales of businesses (including subsidiaries)	987	11,662
Payments for acquisition of businesses (including subsidiaries)	(68,709)	-
Proceeds from acquisition of businesses (including subsidiaries)	-	4,799
Net decrease (increase) in short-term loans	200	1,091
Disbursement of long-term loans	(6,922)	(49)
Collection of loans	105	85
Others	(877)	1,020
Net cash used in investing activities	(159,540)	43,686
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	593,492	263,928
Proceeds from long-term borrowings	10,000	1,095
Repayment of long-term borrowings	(31,637)	(14,467)
Proceeds from issuance of bonds	65,000	55,000
Payment for redemption of bonds	(10,000)	(45,000)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(19,523)	-
Dividends paid to owners of the parent	(25,310)	(39,460)
Dividends paid to non-controlling interests	(3,997)	(5,431)
Proceeds from factoring agreements	106,313	98,607
Repayment of liabilities under factoring agreements	(53,222)	(39,115)
Repayment of lease liabilities	(16,016)	(18,645)
Others	(1,126)	(4,599)
Net cash provided by (used in) financing activities	613,972	251,912
Effect of exchange rate changes on cash and cash equivalents	707	9,029
Net increase (decrease) in cash and cash equivalents	(24,372)	112,817
Cash and cash equivalents at the beginning of the year	281,626	245,421
Cash and cash equivalents at the end of period	257,254	358,238