



Financial Results for First Quarter FY2019

August 5, 2019

MITSUBISHI HEAVY INDUSTRIES, LTD.

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MHI has adopted International Financial Reporting Standards (IFRS16) from FY2019. Some financial data for FY2018 described in this presentation material differs from that in Securities report filed to Financial Services Agency and Summary of financial results filed to Tokyo Stock Exchange because retroactive amendments were made in these documents in accordance with regulations.
(Financial data for FY2018 in this material remains unamended to facilitate the comparison with the past data.)

I. FY2019 1Q Financial Results

- Steady progress toward full-year forecast.
 - ➔ p.4(Summary of 1Q Financial Results), p.13 (Summary of Forecast for FY2019)
- Orders received, revenue and profit from business activities increased YoY.
 - ➔ p.4(Summary of 1Q Financial Results), p.6(1Q Financial Results by Segment)
- GTCC and commercial aircraft performed well, contributing to orders received and revenue. Improvements in Aircraft, Defense & Space segment including SpaceJet (MRJ) contributed to profit from business activities.
 - ➔ p.9-11(Segment Information)
- Full-year forecast for free cash flow unchanged despite 1Q results coming in below the same period a year earlier due to the decrease of trade payables and contract liabilities.
 - ➔ p.8(Main Financial Measures, Cash Flows)
- Interim dividend increased by ¥10 YoY, to ¥75.
Full-year payout to increase ¥20 YoY, to ¥150.
 - ➔ p.13(Summary of Forecast for FY2019)

Summary of 1Q Financial Results

(In billion yen)

	FY2018 1Q		FY2019 1Q		Change	
Orders received		707.1		750.2	+43.1	(+6.1%)
Revenue		906.1		919.3	+13.2	(+1.5%)
Profit from business activities	(3.5%)	31.4	(4.4%)	40.4	+8.9	(+28.6%)
Profit attributable to owners of parent	(1.7%)	15.0	(1.8%)	16.3	+1.2	(+8.7%)
EBITDA	(7.0%)	63.6	(7.7%)	71.2	+7.6	(+11.9%)
Free cash flow		-96.8		-169.4	-72.5	-

Summary of 1Q Financial Results

(In billion yen)

FY2019 1Q	Fundamental business		SpaceJet (MRJ)	Total	
Orders received	750.2		-	750.2	
Revenue	919.3		-	919.3	
Profit from business activities	(5.0%)	45.9	-5.4	(4.4%)	40.4
Profit attributable to owners of parent	(2.3%)	21.4	-5.0	(1.8%)	16.3
EBITDA	(8.3%)	76.5	-5.2	(7.7%)	71.2
Free cash flow	-136.3		-33.1	-169.4	

1Q Financial Results by Segment

(In billion yen)

	Orders received			Revenue			Profit from business activities		
	FY2018 1Q	FY2019 1Q	Change	FY2018 1Q	FY2019 1Q	Change	FY2018 1Q	FY2019 1Q	Change
Power Systems	194.4	231.5	+37.1	316.6	343.2	+26.5	25.1	19.2	- 5.9
Industry & Infrastructure	434.0	440.6	+6.5	445.2	430.1	- 15.0	14.8	14.4	- 0.4
Aircraft, Defense & Space	85.1	87.7	+2.6	150.6	152.1	+1.5	-12.1	9.4	+21.6
Others	18.6	17.5	- 1.0	17.8	15.7	- 2.1	2.7	6.2	+3.5
Eliminations or Corporate	- 25.1	- 27.3	- 2.2	- 24.3	- 21.9	+2.3	0.7	- 9.0	- 9.7
Total	707.1	750.2	+43.1	906.1	919.3	+13.2	31.4	40.4	+8.9

Financial Position Overview

(In billion yen)

	As of March 31, 2019	As of June 30, 2019	Change
Trade receivables	1,343.1	1,241.5	-101.5
Inventories	739.2	783.9	+44.6
Other current assets	* 1,076.9	* 1,104.6	+27.6
Total fixed assets	1,013.7	1,031.7	+17.9
Other non-current assets	969.6	1,054.2	+84.6
Total assets	5,142.7	5,216.1	+73.3
Trade payables	862.1	776.9	-85.2
Contract liabilities	875.2	811.2	-63.9
Other current liabilities	991.3	1,073.9	+82.6
Interest-bearing debt	665.1	855.6	+190.5
Equity	1,748.8	1,698.3	-50.5
Equity attributable to owners of the parent	1,430.8	1,383.2	-47.6
Total liabilities and Equity	5,142.7	5,216.1	+73.3

* Including indemnification asset for South African project
 (Mar. 31, 2019: 546.0 billion yen)
 (Jun. 30, 2019: 546.6 billion yen)

Borrowings -5.5
 Commercial papers +196.0

Dividend -21.8
 Profit attributable to owners of parent +16.3
 Other comprehensive income -42.1 etc.
 (Unrealized holding gain on investment securities, etc.)

(Assets and liabilities as of June 30, 2019 reflect the adoption of IFRS16 (+96.8 billion yen)).

Main Financial Measures, Cash Flows

Main Financial Measures

	As of Mar.31, 2019	As of Jun.30, 2019	Change	FY2019 Forecast
Equity ratio	27.8%	26.5%	-1.3pt	-
Interest-bearing debt (In billion yen)	665.1	855.6	+190.5	600.0
D/E ratio	38%	50%	+12pt	30.0%

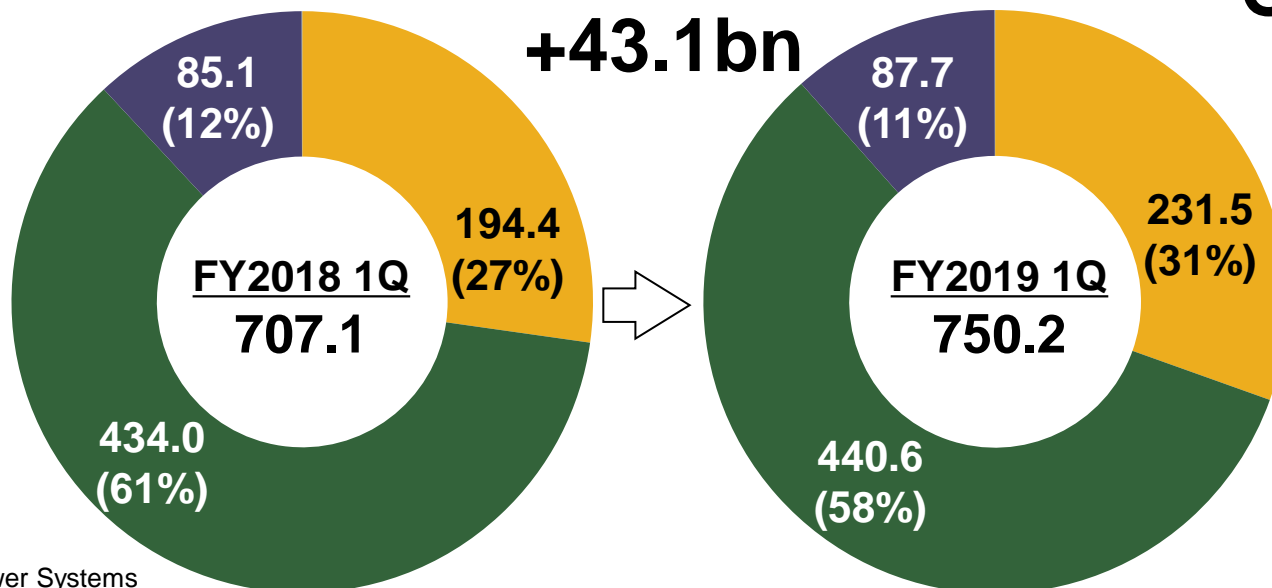
Cash Flows

(In billion yen)

	FY2018 1Q	FY2019 1Q	Change	FY2019 Forecast
Operating cash flow	-55.5	-119.9	-64.3	-
Investment cash flow	-41.2	-49.4	-8.2	-
Free cash flow	-96.8	-169.4	-72.5	50.0

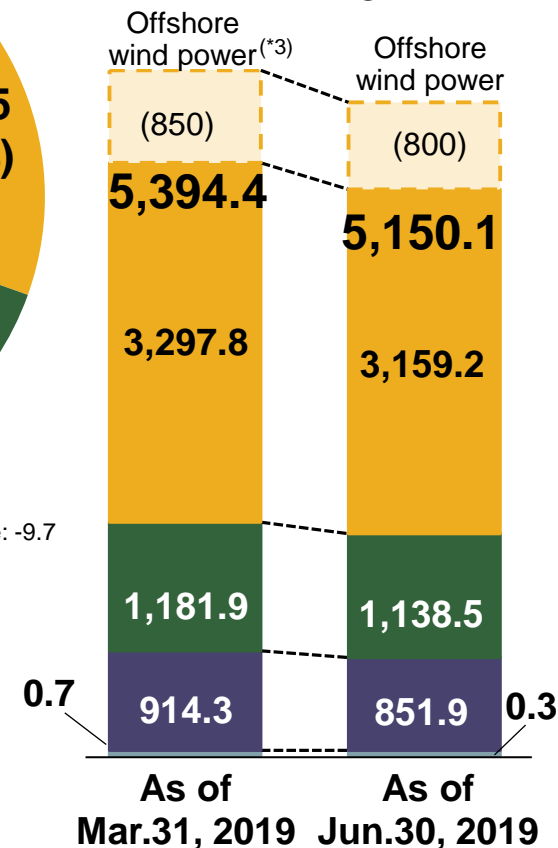
Orders Received

(In billion yen)



Order Backlog^(*2)

-244.2bn



+43.1bn

- Power Systems
- Industry & Infrastructure
- Aircraft, Defense & Space
- Others, Eliminations or Corporate

■ Power Systems

Increased:
GTCC^(*1)
Decreased:
Steam power

■ Aircraft, Defense & Space

Increased:
Commercial aircraft

■ Industry & Infrastructure

Increased:
Metals machinery
Decreased:
Machine tool

(*1) GTCC: Gas Turbine Combined Cycle

(*2) Does not include mass-manufactured products: turbochargers, air-conditioners, etc. and commercial aircraft Tier1 business.

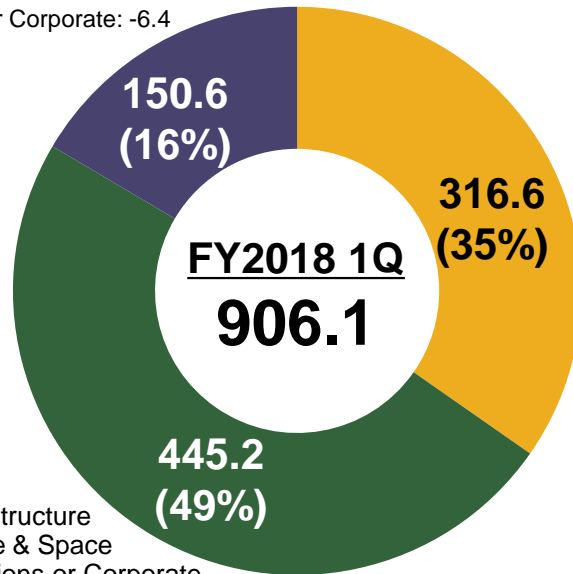
(*3) Because this business is performed by an equity-method company (MHI Vestas Offshore Wind A/S), its backlog (rounded off) is indicated separate from the backlog total.

Revenue by Segment

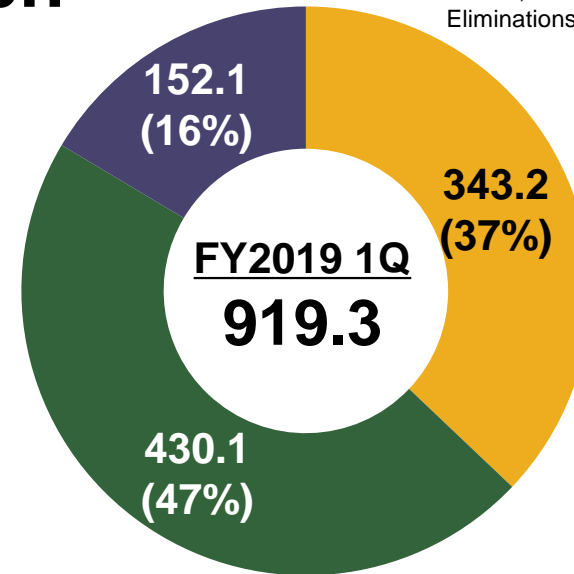
(In billion yen)

+13.2bn

Others,
Eliminations or Corporate: -6.4



Others,
Eliminations or Corporate: -6.1



- Power Systems
- Industry & Infrastructure
- Aircraft, Defense & Space
- Others, Eliminations or Corporate

■ Power Systems

Increased :

Steam power, GTCC

Decreased :

Nuclear power

■ Industry & Infrastructure

Decreased :

Transportation systems, Commercial ships

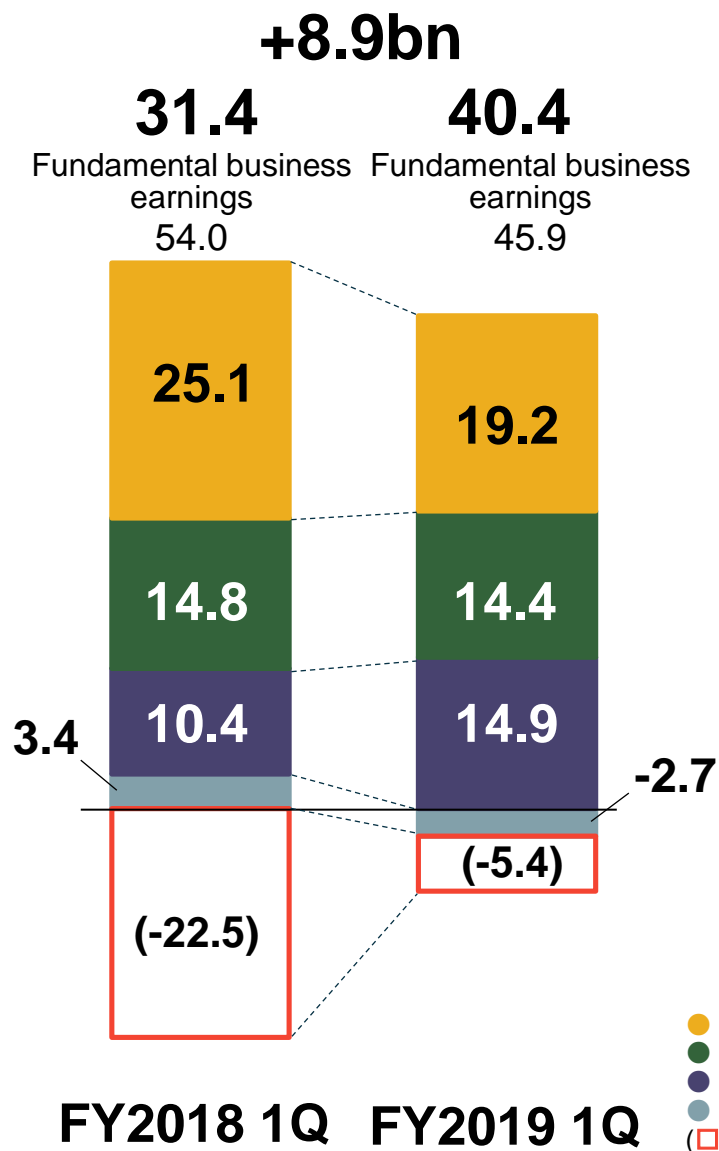
■ Aircraft, Defense & Space

Increased:

Commercial aircraft

Profit from Business Activities by Segment

(In billion yen)



■ Power Systems

Increased

GTCC: Increased revenue, etc.

Decreased

Nuclear power: Decreased revenue, etc.

■ Industry & Infrastructure

Increased

Commercial ships: Profit/loss recovery, etc.

Decreased

Turbocharger: Decreased revenue, etc.

■ Aircraft, Defense & Space

Increased

Commercial aircraft: Increased revenue, etc.

- Power Systems
- Industry & Infrastructure
- Aircraft, Defense & Space excluding SpaceJet (MRJ) Investments
- Others, Eliminations or Corporate
- SpaceJet (MRJ) Investments

II. Forecast for FY2019

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 insecurity. 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 Forecast for FY2019

(In billion yen)

	FY2018 (Actual)		FY2019 (Forecast)		Change	
Orders received	3,853.4		4,300.0		+446.5	(+11.6%)
Revenue	4,078.3		4,300.0		+221.6	(+5.4%)
Profit from business activities	(4.6%)	186.7	(5.1%)	220.0	+33.2	(+17.8%)
Profit attributable to owners of parent	(2.5%)	101.3	(2.6%)	110.0	+8.6	(+8.5%)
ROE	7.2%		8%		—	
EBITDA	(7.6%)	311.6	(8.1%)	350.0	+38.3	(+12.3%)
Free cash flow	243.0		50.0		-193.0	—
Dividend	130.0yen Interim: 65.0yen year-end: 65.0yen		150.0yen Interim: 75.0yen year-end: 75.0yen		Undetermined foreign currency amount US\$: 1.8 billion Euro: 0.5 billion	

Assumed exchange rate

US\$ 1.00 = ¥110

Euro 1.00 = ¥125

There is no change in the forecast announced on May 9, 2019.

Summary of Forecast for FY2019

(In billion yen)

FY2019 (Forecast)	Fundamental business		SpaceJet (MRJ)	Total	
Orders received	4,300.0		–	4300.0	
Revenue	4,300.0		–	4300.0	
Profit from business activities	(7.0%)	300.0	–80.0	(5.1%)	220.0
Profit attributable to owners of parent	(4.4%)	190.0	–80.0	(2.6%)	110.0
ROE	8%		–	8%	
EBITDA	(10.0%)	430.0	–80.0	(8.1%)	350.0
Free cash flow	150.0		–100.0	50.0	

- TOP^(*) for fundamental business 0.8 : 1 : 0.6
(Revenue ¥4.3 trillion / Total assets ¥5.2 trillion / Market value ¥3.2 trillion^(*))

(*) TOP (Triple One Proportion) is a concept under which the managerial goal (proportion) is: Revenue : Total assets : Market value = 1 : 1 : 1.

(*) Market value is assumed as 16.7 times profit attributable to owners of parent, i.e. capital cost as 6%.

Forecast for FY2019 by Segment

(In billion yen)

	Orders received			Revenue			Profit from business activities		
	FY2018 (Actual)	FY2019 (Forecast)	Change	FY2018 (Actual)	FY2019 (Forecast)	Change	FY2018 (Actual)	FY2019 (Forecast)	Change
Power Systems	1,426.5	1,600.0	+173.4	1,525.1	1,650.0	+124.8	132.8	140.0	+7.1
Industry & Infrastructure	1,852.0	2,000.0	+147.9	1,907.8	1,950.0	+42.1	70.1	110.0	+39.8
Aircraft, Defense & Space	610.6	700.0	+89.3	677.5	700.0	+22.4	- 37.4	- 20.0	+17.4
Others	73.3	100.0	+26.6	71.6	70.0	- 1.6	35.9	5.0	- 30.9
Eliminations or Corporate	- 109.1	- 100.0	+9.1	- 103.8	- 70.0	+33.8	- 14.8	- 15.0	- 0.1
Total	3,853.4	4,300.0	+446.5	4,078.3	4,300.0	+221.6	186.7	220.0	+33.2

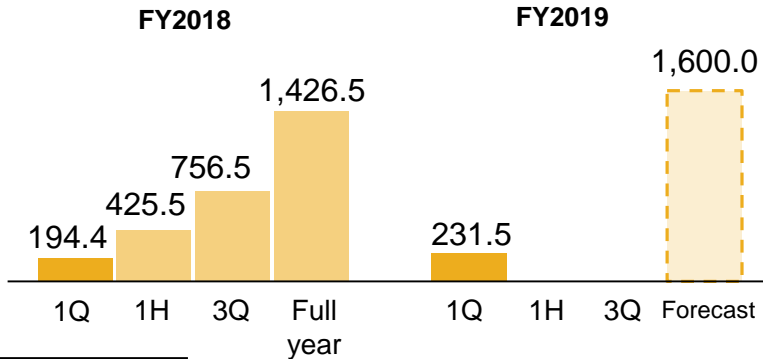
III. Supplementary Information

Supplementary Information (1) Financial Results by Business Segment

< Power Systems >

(In billion yen, accumulated amount)

Orders Received



Orders received : Up ¥37.1 billion YoY

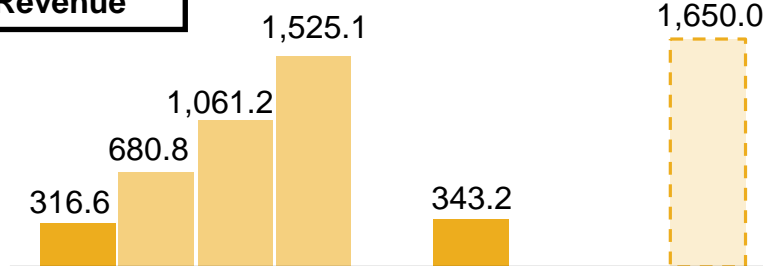
- Increased : GTCC
- Decreased : Steam power

Gas turbine orders received

(*) EMEA: Europe, Middle East, Africa

		Americas	Asia	EMEA(*)	Others	Total
FY2018-1Q	Large size	-	-	-	-	0
	Small to medium size	-	2	-	-	2
	Total	0	2	0	0	2
FY2019-1Q	Large size	-	1	-	-	1
	Small to medium size	3	-	2	-	5
	Total	3	1	2	0	6

Revenue



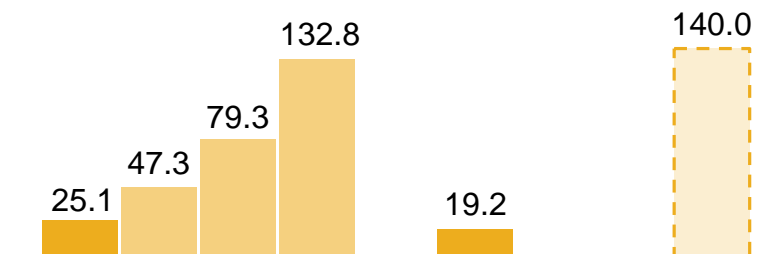
Backlog of Gas turbine orders received

	Large size	Small to medium size	Total
As of Jun. 30, 2018	38	8	46
As of Mar. 31, 2019	43	16	59
As of Jun. 30, 2019	41	14	55

Revenue: Up ¥26.5 billion YoY

- Increased : Steam power, GTCC
- Decreased : Nuclear power

Profit from business activities



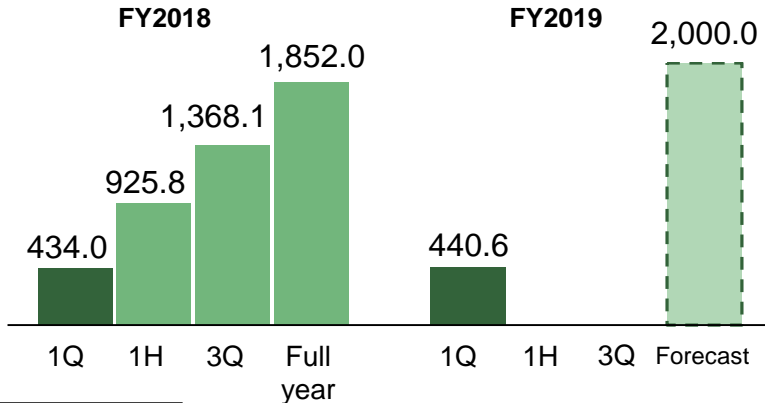
Profit from business activities : Down ¥5.9 billion YoY

- Increased
GTCC: Increased revenue, etc.
- Decreased
Nuclear power: Decreased revenue, etc.

Supplementary Information (1) Financial Results by Business Segment < Industry & Infrastructure >

(In billion yen, accumulated amount)

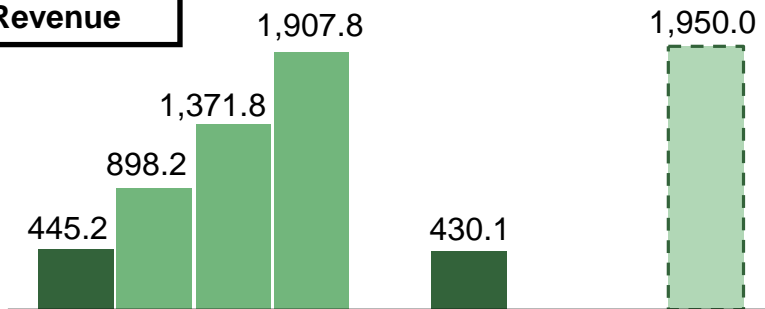
Orders Received



Orders received : Up ¥6.5 billion YoY

- Increased : Metals machinery
- Decreased : Machine tool

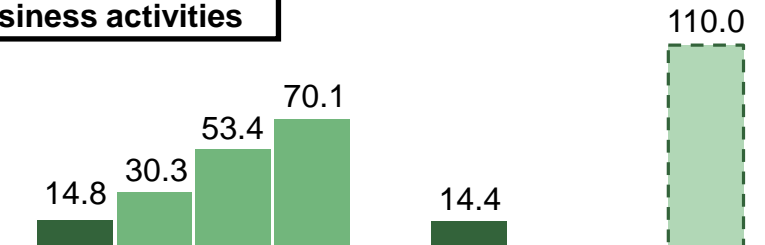
Revenue



Revenue : Down ¥15.0 billion YoY

- Decreased : Transportation systems, Commercial ship

Profit from business activities



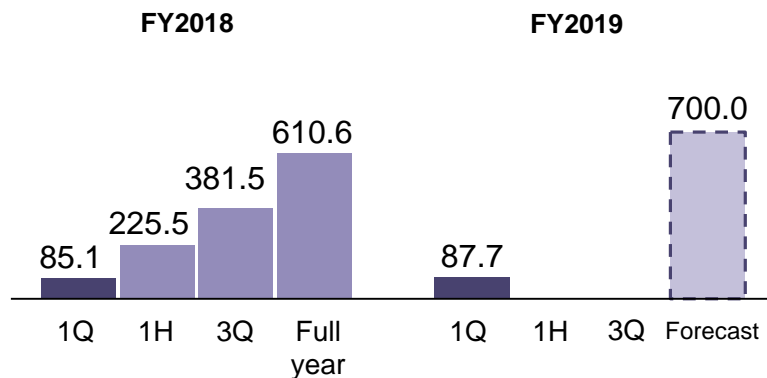
Profit from business activities : Down ¥0.4 billion YoY

- Increased
Commercial ships: Profit/loss recovery, etc.
- Decreased
Turbocharger: Decreased revenue, etc.

Supplementary Information (1) Financial Results by Business Segment < Aircraft, Defense & Space >

(In billion yen, accumulated amount)

Orders Received



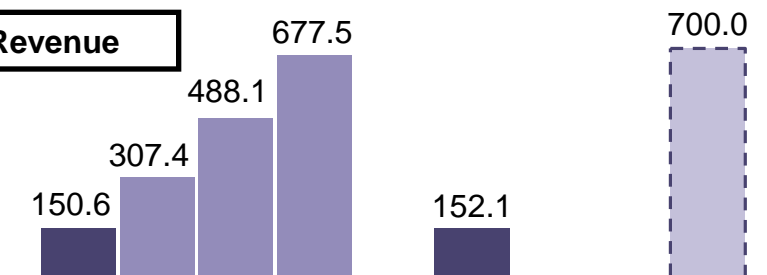
Orders received : Up ¥2.6 billion YoY

- Increased : Commercial aircraft

Accumulated number of SpaceJet (MRJ) orders received: 387
(firm orders: 213 / options and purchase rights: 174)

[As of August 5, 2019]

Revenue



Revenue : Up ¥1.5 billion YoY

- Increased : Commercial aircraft

Number of B777s / B777Xs delivered

FY2018 (actual) : 48 (1Q: 11, 2Q: 11, 3Q: 11, 4Q: 15)

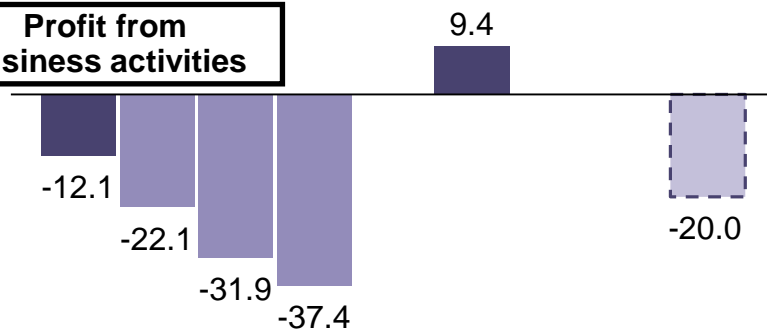
FY2019 (forecast) : 56 (1Q: 16, 2-4Q: 40[planned])

Number of B787s delivered

FY2018 (actual) : 148 (1Q: 37, 2Q: 36, 3Q: 33, 4Q: 42)

FY2019 (forecast) : 167 (1Q: 43, 2-4Q: 124[planned])

Profit from business activities



Profit from business activities :

Up ¥21.6 billion YoY

- Increased

Commercial aircraft: Increased revenue, etc.

Supplementary Information (2) Reference Data

1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	FY2018 1Q	FY2019 1Q	FY2019 (Forecast)
R&D Expenses	30.4	27.3	160.0
Depreciation	32.2	30.8	130.0
Capital Expenditure	27.4	31.6	170.0

2. Selling, General and Administrative Expenses

(In billion yen)

	FY2018 1Q	FY2019 1Q
SG&A	131.9	134.8

3. Foreign Exchange Rates (For sales)

(In yen)

	FY2018 1Q	FY2019 1Q
US\$	108.7	110.9
Euro	129.9	124.5

4. Overseas Revenue by Region

(In billion yen)

	FY2018 1Q	FY2019 1Q
Asia	163.4 (17%)	170.6 (19%)
North America	155.6 (17%)	177.7 (19%)
Europe	108.9 (12%)	87.3 (9%)
Central & South America	34.0 (4%)	34.1 (4%)
The Middle East	32.9 (4%)	24.0 (3%)
Oceania	5.7 (1%)	3.8 (0%)
Africa	5.0 (1%)	17.9 (2%)
Total	505.8 (56%)	515.8 (56%)

MOVE THE WORLD FORWARD

**MITSUBISHI
HEAVY
INDUSTRIES
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