

FY2019 Financial Results & Emergency Measures, Strategy Update

May 11, 2020

Mitsubishi Heavy Industries, Ltd.

■ COVID-19 impact

MHI Group would like to offer our heartfelt condolences to all those suffering because of the COVID-19 crisis.

The COVID-19 pandemic presents an unprecedented challenge for society as a whole, and there are parts of MHI Group's business that are already facing significant impact especially in industries like commercial aviation and automotive.

■ MHI's contribution today

No one knows how long this situation will continue, but there are many people around the world working on the front lines to help keep us safe and secure. To them, we offer our deepest gratitude.

MHI Group has a crucial role to play in keeping our world moving and our lives safe, comfortable and secure, whether through energy supply, infrastructure, logistics or transportation.

■ MHI's role in the future

MHI Group is working on measures to help us overcome this crisis, and we believe our solutions in decarbonization, electrification and intelligent systems will reduce the burden on the environment while helping move the world forward once we emerge from this crisis.

Today we will outline some of the measures we are planning at this moment in time.

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I . FY2019 Financial Results

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.)

FY2019 Results Overview

P/L

- Order intake increased solidly, led by Power domain (¥4,168.6 billion, up ¥315.2 bn YoY)
- Revenue decreased slightly due to a slowdown in medium-lot products (¥4,041.3 bn, down ¥36.9 bn YoY)
- Profit from business activities declined significantly, resulting in a loss of ¥29.5 bn (down ¥216.2 bn YoY), mainly due to the loss in our SpaceJet business (including impairment on assets capitalized up to last fiscal year) (Power: up ¥11.4bn YoY; I&I: down ¥15.2bn YoY; Aircraft, Defense and Space: down ¥171.3bn YoY)
- Profit attributable to owners of parent decreased slightly to ¥87.1bn (down ¥14.2bn YoY), as the loss from business activities was offset by the booking of deferred tax assets on accumulated losses in previous years and losses for the current fiscal year for SpaceJet

B/S
C/F

- Balance sheet improved by reducing risk assets (collection of indemnification asset for South African Projects and impairment of SpaceJet related assets)
- FCF increased from the forecast announced in the third quarter financial closing (from ¥100bn to ¥212.9bn) as a result of reduction in working capital
- Interest-bearing debt is at its lowest level ever (¥ 598.2bn)

Space
Jet

- Recorded impairment losses of previously capitalized assets (¥122.4bn) and development costs incurred this fiscal year (¥140.9bn)



Overall

- [Results were generally in line with our forecast, announced in the third quarter financial closing, excluding the impact from COVID-19](#)
- [Financial position remained firm owing to operational excellence](#)
- Full-year dividend payout of ¥150 per share as planned at the beginning of the fiscal year

Summary of FY2019 Financial Results

(In billion yen)

	FY2018 (Profit margin)		FY2019 (Profit margin)		Change	
Order Intake		3,853.4		4,168.6	+315.2	(+8.2%)
Revenue		4,078.3		4,041.3	- 36.9	(- 0.9%)
Profit from business activities	(4.6%)	186.7	(-0.7%)	- 29.5	- 216.2	(- 115.8%)
Profit attributable to owners of parent	(2.5%)	101.3	(2.2%)	87.1	- 14.2	(- 14.0%)
ROE		7.2%		6.6%	- 0.6pt	
EBITDA	(7.6%)	311.6	(2.8%)	115.1	- 196.5	(- 63.1%)
Free cash flow		243.0		212.9	-30.0	-

Summary of FY2019 Financial Results (Cont'd)

(In billion yen)

FY2019	Businesses excluding SpaceJet		SpaceJet	Total	
	(Profit margin)			(Profit margin)	
Order Intake	4,168.6		-	4,168.6	
Revenue	4,041.3		-	4,041.3	
Profit from business activities	(5.8%)	233.8	-263.3	(-0.7%)	-29.5
Profit attributable to owners of parent	(3.3%)	134.9	-47.8	(2.2%)	87.1
EBITDA	(9.3%)	377.5	-262.4	(2.8%)	115.1
Free cash flow	353.8		-140.9	212.9	

FY2019 Financial Results by Segment

(In billion yen)

	Order Intake			Revenue			Profit from business activities		
	FY2018	FY2019	Change	FY2018	FY2019	Change	FY2018	FY2019	Change
Power Systems	1,426.5	1,772.1	+345.5	1,525.1	1,590.2	+65.1	132.8	144.3	+11.4
Industry & Infrastructure	1,852.0	1,723.7	- 128.2	1,907.8	1,778.0	- 129.7	70.1	54.8	- 15.2
Aircraft, Defense & Space	610.6	719.2	+108.5	677.5	704.9	+27.4	-37.4	- 208.7	- 171.3
Others	73.3	70.1	- 3.1	71.6	75.1	+3.5	35.9	6.5	- 29.4
Eliminations or Corporate Expenses	- 109.1	- 116.6	- 7.4	- 103.8	- 107.1	- 3.3	- 14.8	- 26.5	- 11.7
Total	3,853.4	4,168.6	+315.2	4,078.3	4,041.3	- 36.9	186.7	- 29.5	- 216.2

Financial Position Overview

	As of March 31, 2019	As of March 31, 2020	Change
Trade receivables	1,343.1	1,188.0	-155.1
Inventories	739.2	726.2	-13.0
Other current assets	1,076.9	924.2	-152.7
(Cash and cash equivalents)	(283.2)	(281.6)	(-1.6)
Total fixed assets	1,013.7	996.3	-17.4
Other non-current assets	969.6	1,150.8	+181.2
Total assets	5,142.7	4,985.6	-157.0
Trade payables	862.1	824.0	-38.1
Contract liabilities	875.2	835.4	-39.8
Other liabilities	991.3	1,437.8	+446.5
Interest-bearing debt	665.1	598.2	-66.8
Equity	1,748.8	1,290.0	-458.7
(Equity attributable to owners of the parent)	(1,430.8)	(1,218.3)	(-212.5)
Total liabilities and Equity	5,142.7	4,985.6	-157.0

(In billion yen)

Borrowings -86.8
Commercial paper +85.0
Corporate bonds -65.0

Dividends -47.0
Profit attributable to owners of parent +87.1
Others -252.6

(Assets and liabilities as of March 31, 2020 reflect the adoption of IFRS16 (+97.6 billion yen))

Main Financial Indicators and Cash Flows

Main Financial Indicators

	As of March 31, 2019	As of March 31, 2020	Change
Equity ratio	27.8%	24.4%	-3.4pt
Interest-bearing debt (in billion yen)	665.1	598.2	-66.8
D/E ratio	0.38	0.46	+0.08pt

Cash Flows

(In billion yen)

	FY2018	FY2019	Change
Operating cash flow	404.9	452.5	+47.6
Investment cash flow	-161.8	-239.5	-77.6
Free cash flow	243.0	212.9	-30.0

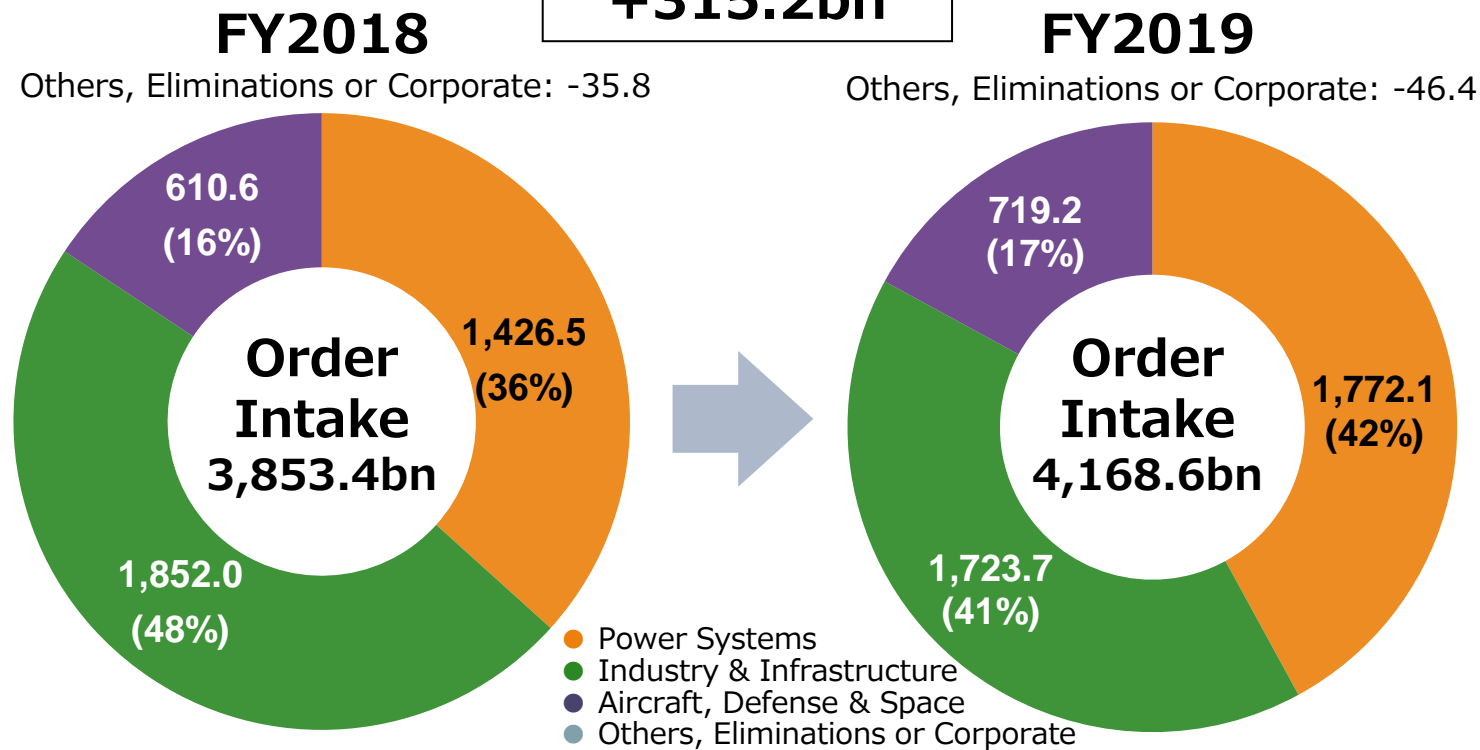
Order Intake & Order Backlog by Segment

(In billion yen)

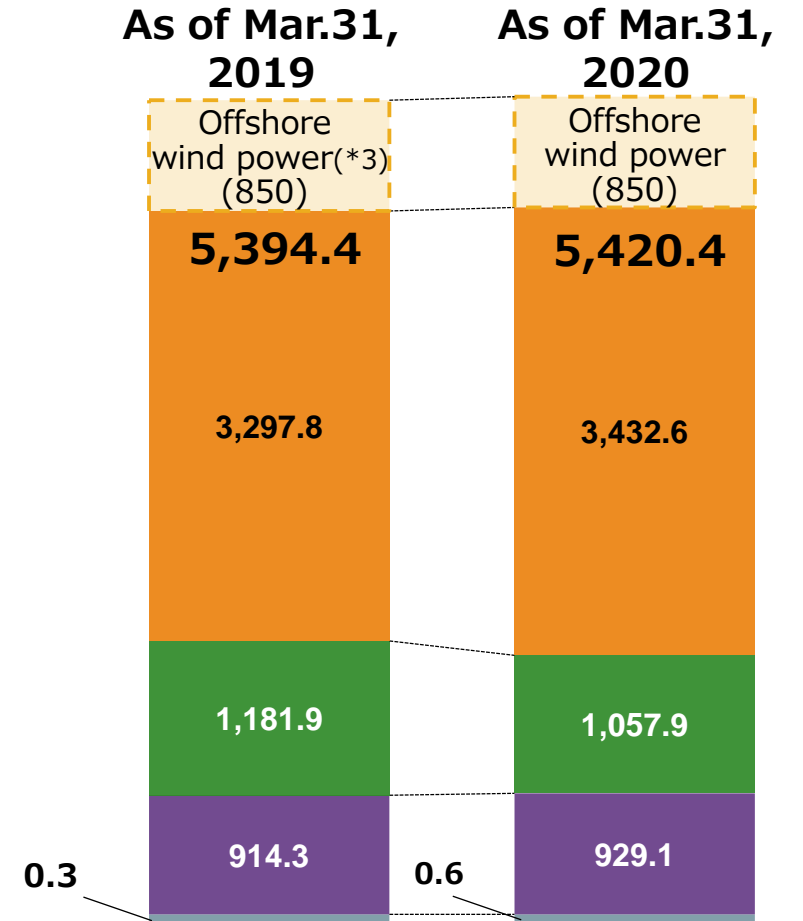
Change in Order Backlog^(*2)

Order Intake

+315.2bn



+26.0bn



- **Power Systems** Increased: GTCC^(*1), Nuclear power
- **Industry & Infrastructure** Decreased: Turbochargers, Machine tool
- **Aircraft, Defense & Space** Increased: Space systems, Defense aircraft/ Missile systems

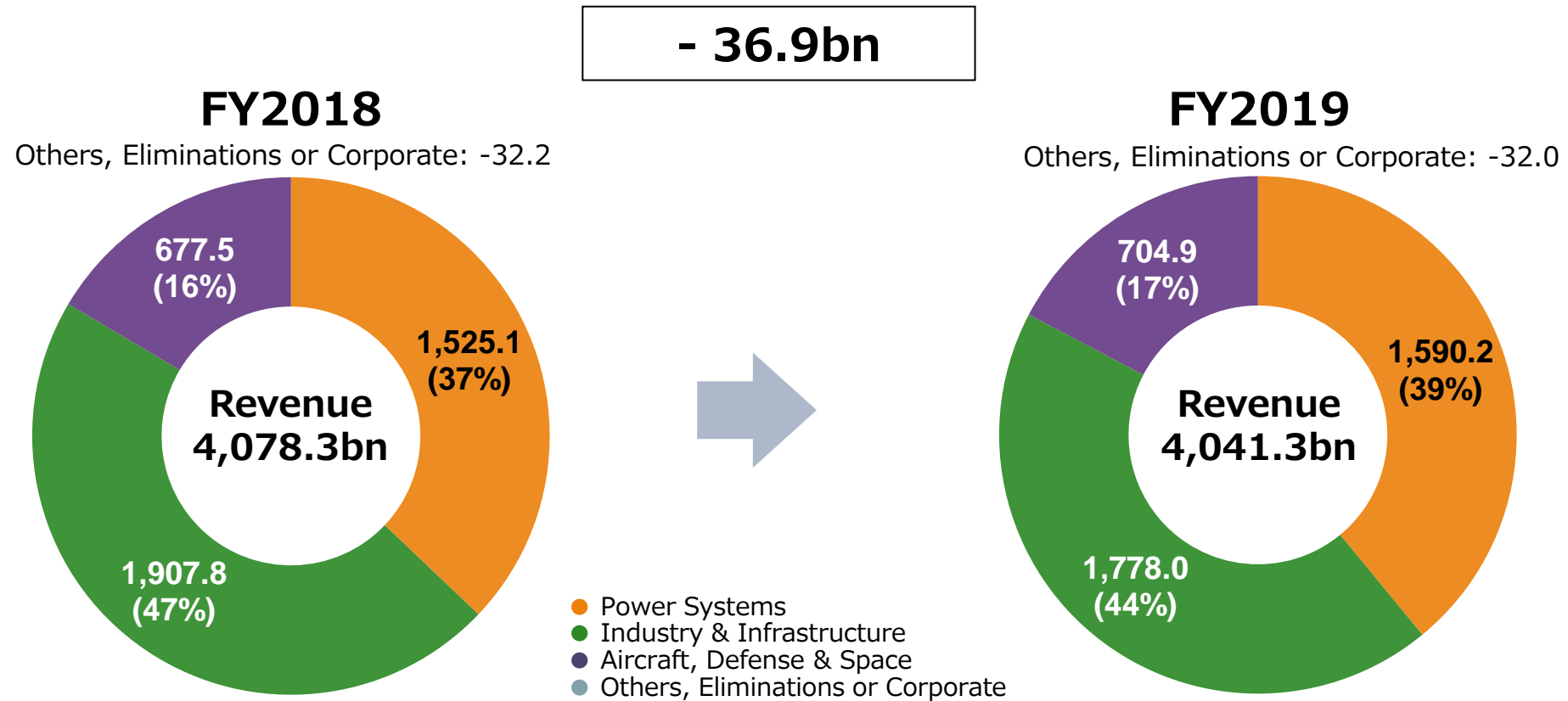
(*1) GTCC: Gas Turbine Combined Cycle

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

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

Revenue by Segment

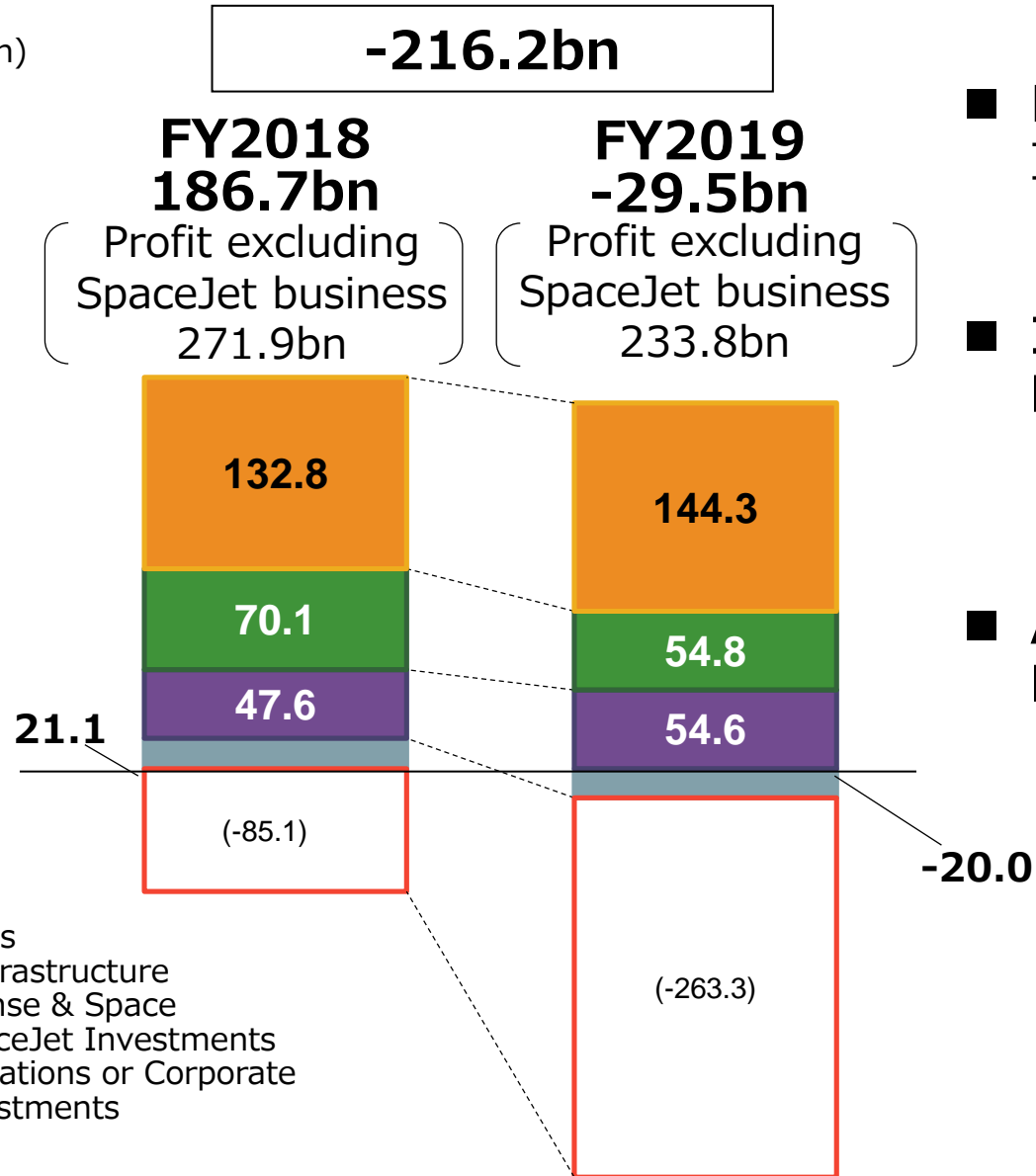
(In billion yen)



- **Power Systems** Increased: Nuclear power, Compressors, GTCC
- **Industry & Infrastructure** Decreased: Turbochargers, Engineering
- **Aircraft, Defense & Space** Increased: Defense aircraft / Missile systems

Profit from Business Activities by Segment

(In billion yen)



■ Power Systems

Increased

- Nuclear power: Increased revenue, etc.

■ Industry & Infrastructure

Decreased

- Turbochargers: Decreased revenue, etc.
- Engineering: Deterioration of profitability, etc.

■ Aircraft, Defense & Space

Decreased

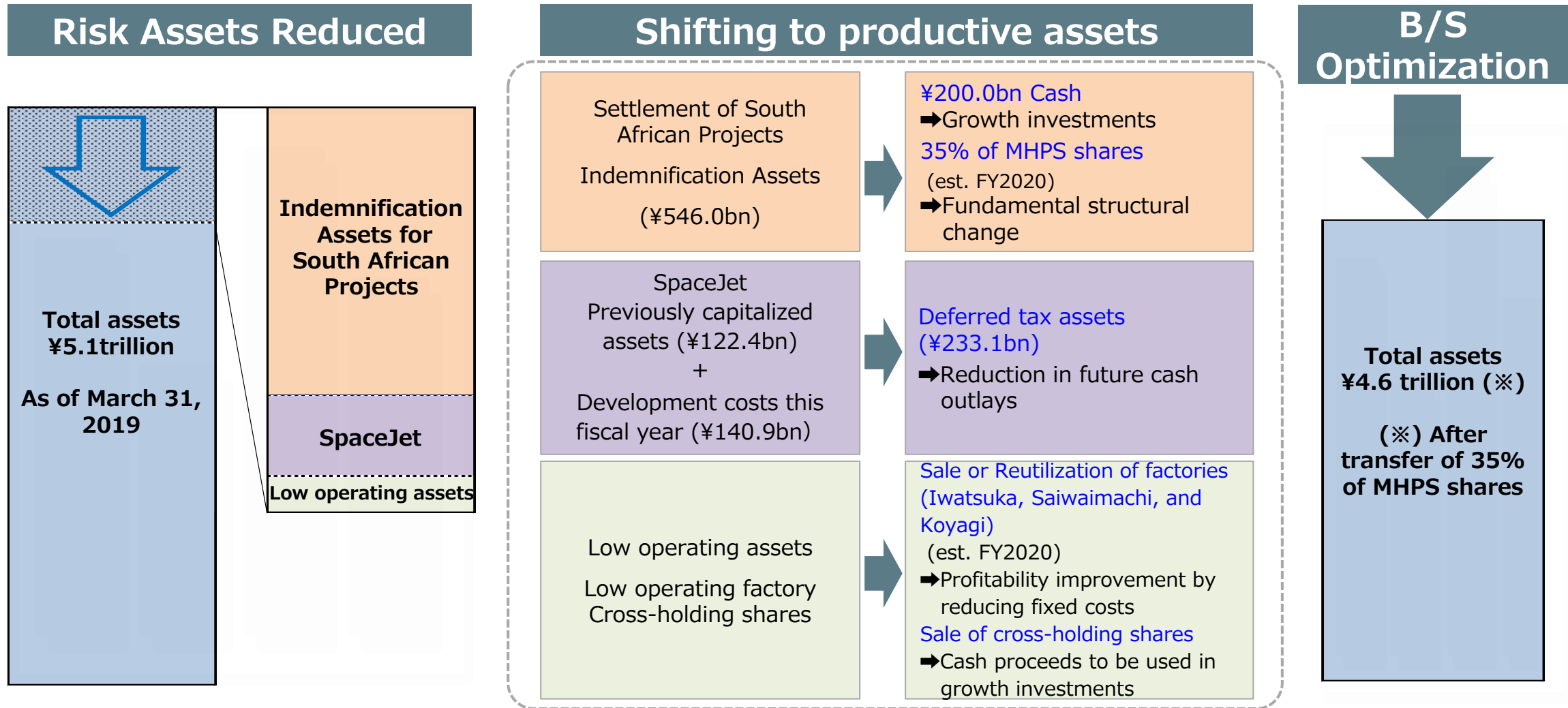
- SpaceJet: Impairment losses, etc.

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

Ⅱ . Analysis of Financial Position and Business Performance Based on FY2019 Results

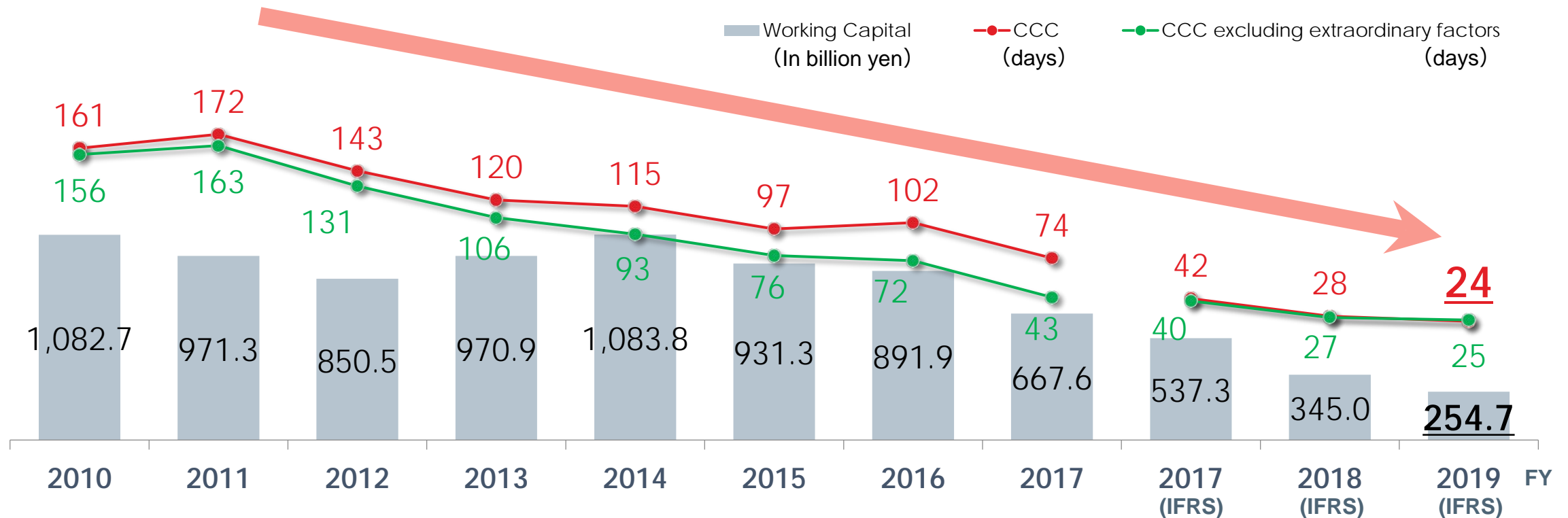
Balance-Sheet Optimization

- Negative legacy and risk assets were reduced and transformed into productive assets
- Total balance-sheet size was reduced and quality improved



Working Capital Reduction

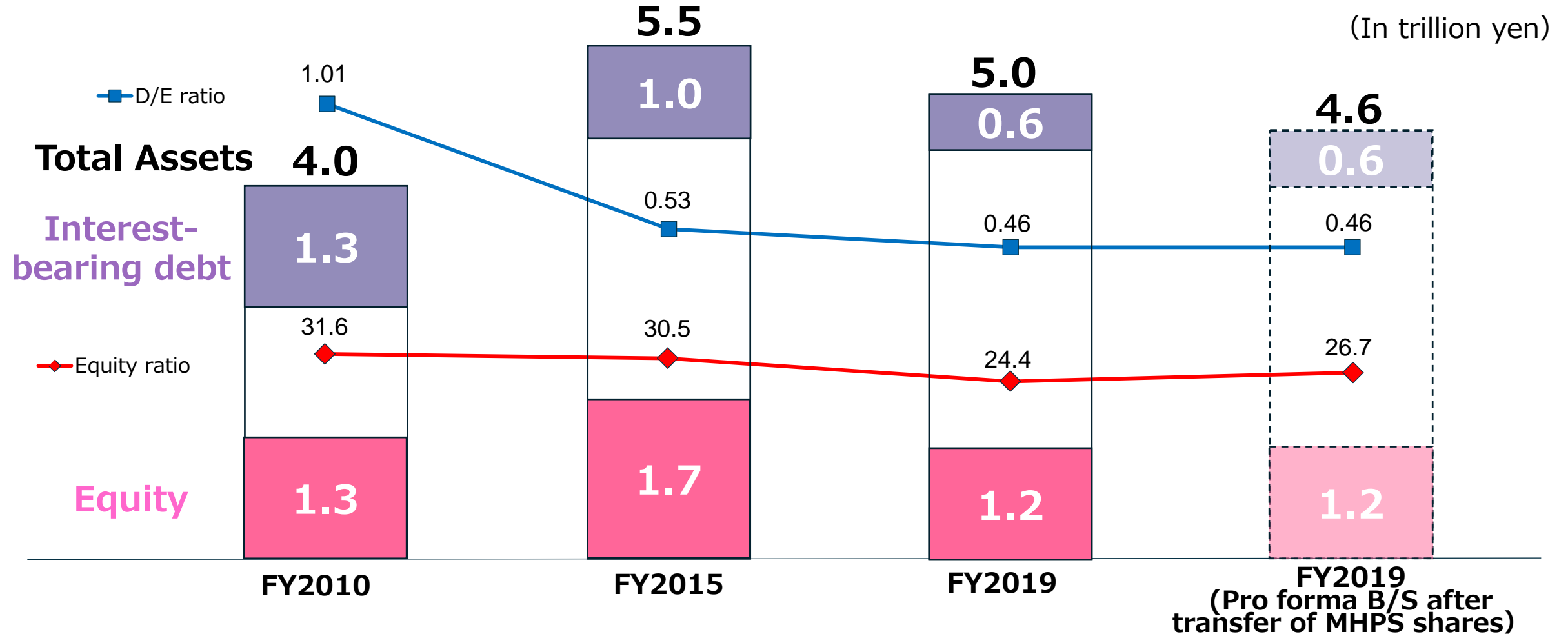
Working capital and cash conversion cycle (CCC) have reached record low levels through operational excellence, including successful efforts to reduce current assets (inventories and trade receivables)



- Working capital = Trade receivables (including contract assets) + Inventories – Trade payables – Advanced payment received on contracts (on a company-wide basis)
- CCC figures are based on 3 business domains' operating capital including advanced payment received and net sales.
- Extraordinary factors: Cruise ships, SpaceJet and South African Projects

Maintaining Financial Stability

Reduced interest-bearing debt and maintained a stable equity ratio, while covering large outlays such as development costs for SpaceJet and losses from the cruise ship business



- **Secured order intake exceeding ¥4 trillion**
 - Strength in Power domain business led by solid GTCC orders, including first order won for hydrogen turbine
- **Optimizing balance sheet through operational excellence**
 - Reduced working capital and shortened CCC by collection of trade receivables and productivity improvements mainly in the Power segment
 - Reduced risk assets and low operating assets
 - Moved forward with fundamental structural change through 100% consolidation of MHPS following the South African Projects settlement
- **Maintaining Financial Stability**
 - Further reduced interest-bearing debt, while keeping a steady equity ratio
 - Enough liquidity in hand, and secured additional funding to buffer for risks such as COVID-19
- **Declining profitability impacted by dramatic changes in the business environment**
[Lower profit margin: FY2018 6.7%* ⇒ FY2019 5.8%*] * profit margin excl. SpaceJet
 - ➔ **Drastic changes in market environment for medium-lot products and aircraft-related businesses**
 - Sharp decline in production in response to market contraction caused by U.S.-China trade war and COVID-19
 - ➔ **Declining profitability in thermal power business**
 - Factory utilization rate in the steam power business declined due to a decrease in large-scale projects
 - ➔ **Loss making in some projects of Plants & Infrastructure Systems**
 - Certain overseas engineering projects incurred losses due to insufficient management capabilities
 - ➔ **Increased corporate management and administration costs (SG&A)**
 - SG&A remained high despite revenue coming in lower than the original forecast set at the beginning of the fiscal year

Ⅲ. FY2020 Strategic Measures

At Time of 2018 MTBP Launch (March, 2018)

Tier1 Aviation Growth
(fuselages, engines)

Medium-Lot Product Growth
(logistics, thermal, turbochargers)

First SpaceJet Delivery Mid-2020

Climate Change Risk = Carbon Abatement

MHPS Thermal Power JV (2014.2~)
SA Projects Arbitration (2017.7~)
High Capacity Operation of Steam Power while making business structure transition

Domestic Business Remains Healthy

3 Domains
Launch of MHI FUTURE STREAM



Today (May, 2020)

Boeing Cuts Production



US China Trade War



Delayed until
FY2021 or later



**Huge Impact
of COVID-19**

Rapid Growth of Zero-Emission Technologies and Energy Transition

MHPS 100% capitalization, SA Projects Settlement ✓
Organization to promote Next Gen. Solution ✓
Business structure transition through Group synergies ✓

Meets Expectations + Increased Flexibility through Segment Business

Adapt into 3 Domains, 4 Segments ✓
Launch of Growth Strategy Office ✓

COVID-19 Impact

- Determine impact, implement emergency measures for Tier 1 aviation, medium-lot products (Countermeasure ① P.22~23)

Earning Capacity

- Nurture Group synergy of new MHPS and increase profitability of thermal power (Countermeasure ② P.24~25)
- Answering needs of the new generation, expand service business (Countermeasure ③ P.26)
- Double down on risk management, eliminate losses in engineering projects
- Decrease corporate expenses, increase efficiency (Countermeasure ④ P.27)

SpaceJet

- Examining development schedule and budget to reflect impact of COVID-19 (Countermeasure ⑤ P.28)

Strong & Growth Areas

- Maintain strength of domestic businesses (nuclear power, defense, space etc.), invest resources in promising areas
- Expand offshore wind business in Japan and Asia (Countermeasure ⑥ P.29)

Countermeasure ① Evaluating the impact of COVID-19

- Significant near-term impact on commercial aircraft and medium-lot products businesses, taking immediate emergency measures
- Concern with some delays in project orders and execution, working to minimize impact

Commercial Aircraft

Aero Structures Tier1, Aero Engines

- FY20 passenger demand forecasts showing 50% decline from FY19 → Reduced airline investment
- Lower production rates forecast after OEM restarts

Medium-Lot Products (Auto)

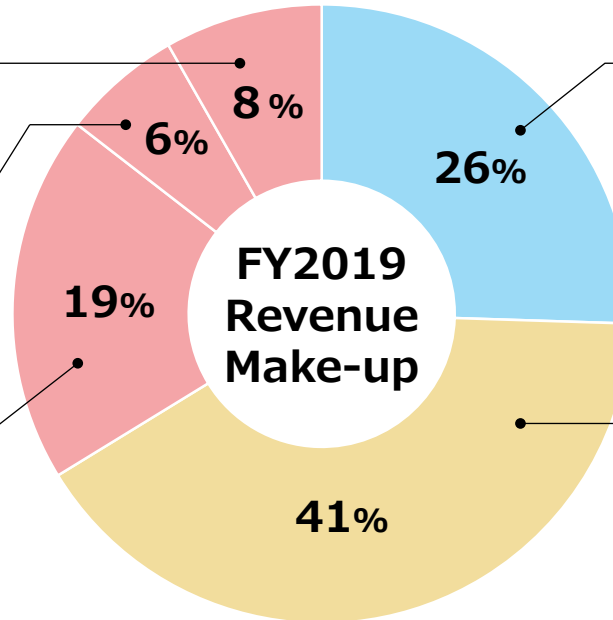
Turbochargers, Car Air-conditioners, Machine Tools

- While Chinese customers may resume operations, continued suspensions expected in Japan, EU and US
- Temporary production outages and rate adjustment seen broadly in the market

Medium-Lot Products (Other)

Logistics Systems, Air-conditioning, Engines

- Chinese operations trending toward recovery
- Low operational rates are expected for ex-China business, including supply chains



Plants & Projects (Domestic)

Nuclear Power, Defense, Space, Ships, Environmental Plants, Engineered Systems

- Limited impact in domestic operations
- Thorough measures in place to prevent infection at project sites

Plants & Projects (Global)

Thermal Power, Compressors, Chemical Plants, Transportation Systems, Metals Machinery

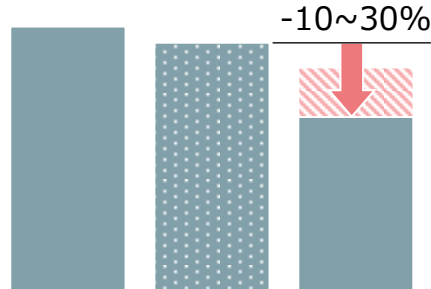
- Impacted by flight restrictions and supply chain disruption
- Delays seen in contract negotiations and order placement process
- Capex plans under review in certain segments, such as Oil & Gas

Business

FY20 Revenue Forecast

Emergency Measures

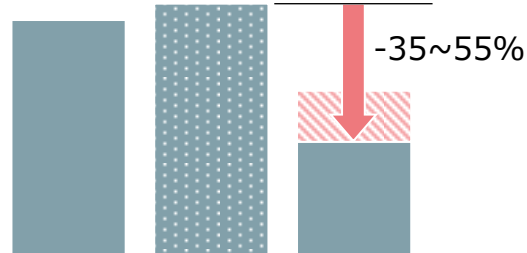
Commercial Aircraft – Aero Structures (Tier1)



- While Boeing has resumed production, uncertainty surrounds production rates
- As wide-body aircraft make up much of portfolio, expect protracted downturn

- Review production plan
- Bold fixed cost reduction
- Reduce or postpone outflows
- Nagoya Oye and other factories have temporarily suspended or reduced operations

Commercial Aircraft - Aero Engines

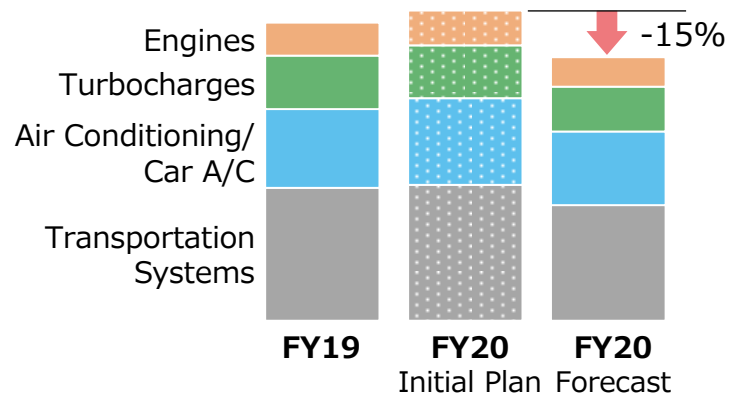


- Reduced flight levels have impacted service business, a key profit stream

- Reduce or postpone outflows
- Optimize build/buy balance
- Utilize resources in MRO business expansion

MRO: Maintenance, Repair & Overhaul

Medium-Lot Products



- Products are significantly affected by business climate
 - End of the crisis remains difficult to forecast
- (assume market recovery within 2020)

- Reduce or postpone outflows
- Fixed cost reduction, production adjustments
- Utilization of business and employee support schemes
- Consolidation of some production from Japan and Europe to Thailand (turbochargers)

- Help achieve a stable and low-carbon energy supply through world-leading technologies

From a Thermal Power Equipment OEM JV



- Top market share in Advanced Class Gas Turbines and Air Quality Control Systems
- High workload in steam power
- Began efforts in low and zero carbon technologies
- Maintained stable profit and cash in severe market and competitive conditions, profitability is issue

100%
Capital-
ization

To an Energy Solution Company

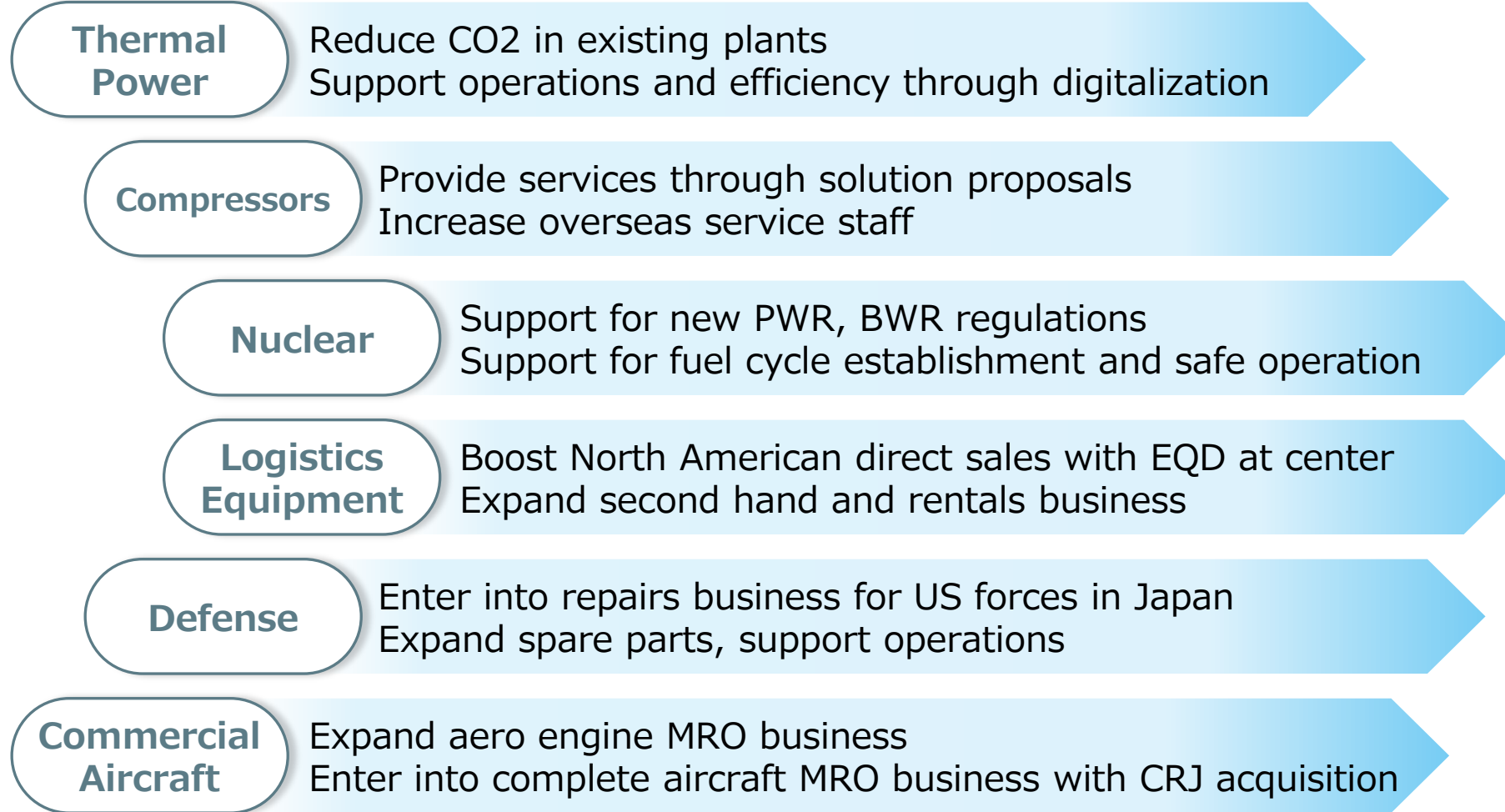


- **Maintain top global market share of Gas Turbines and Air Quality Control Systems**
- **Reduce CO2 in steam power, expand services business**
- **Collaborate with renewable energies**
- **Help enable a hydrogen society**
(World leader in hydrogen-fired gas turbines and fuel cells)
- **Ongoing investment in low and zero carbon technologies**
(ammonia, CCUS, biomass, next gen technologies)
- **Organizational transformation using Group-wide synergies**
(optimize fixed costs, integrate functions, increase product lineup)

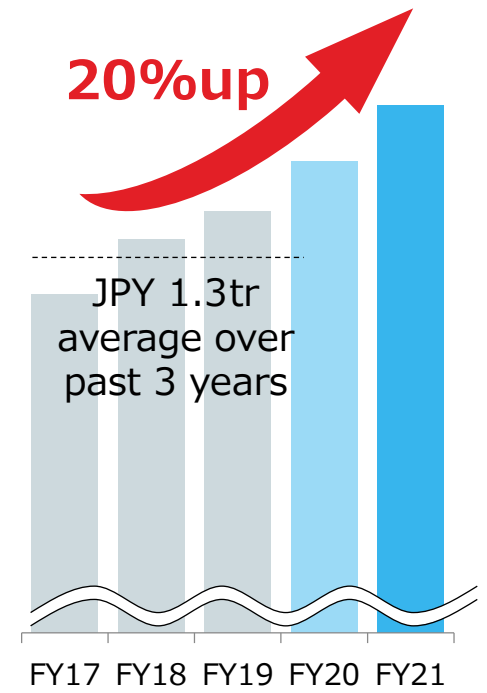
- Integrate products and technologies to deliver solutions for the energy transition era



■ Increase profitability and stability by expanding services businesses and answering the needs of a new generation

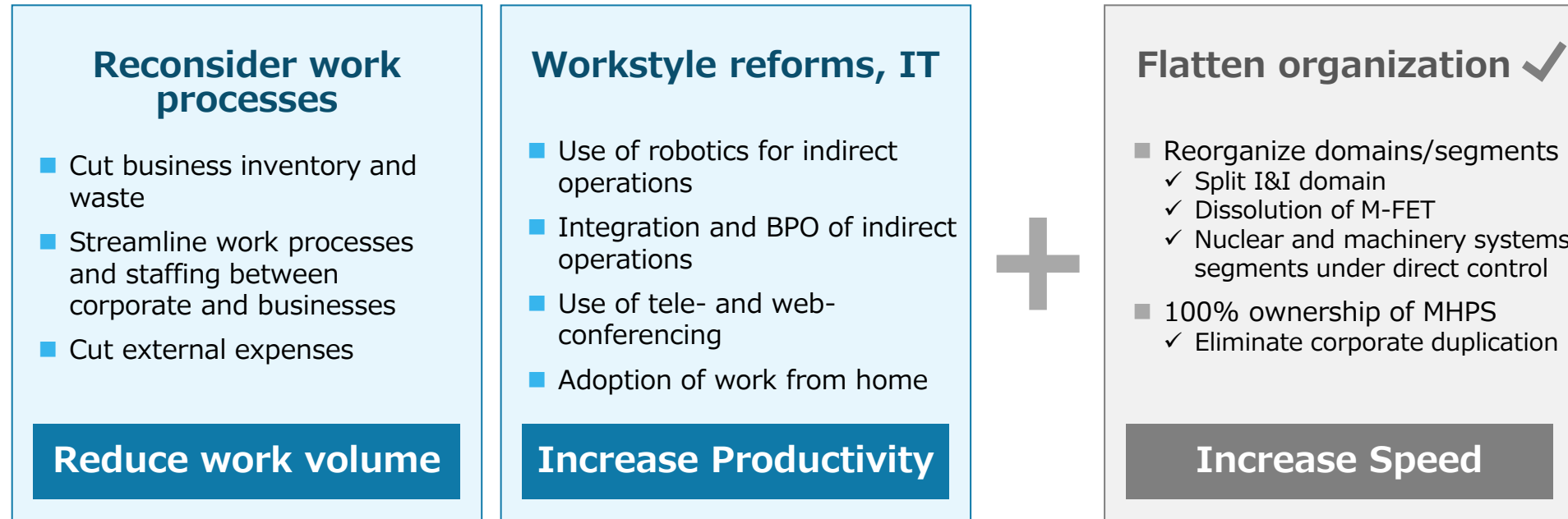


Increased Revenue from Services Business



EQD: Equipment Depot MRO: Maintenance, Repair and Overhaul CRJ: Canadair Regional Jet

- Increase in working from home due to COVID-19 is opportunity to consider what is “essential work”
- Reduce corporate expenses through cutting out waste and workstyle reform
- Executive remuneration reduction (Effective as of May 2020)



20% reduction in FY2020-2021

BPO: Business Process Outsourcing

SpaceJet Family (June, 2019)

- Changed name from MRJ to Mitsubishi SpaceJet
- In addition to M90 (under flight testing), kicked off conceptual study for M100 (optimized model for North American market)

Change in First Delivery (February, 2020)

- First delivery of M90 delayed until FY2021 or later
- New development schedule to be assessed after FTV10*ferry flight

* The first Flight Test Vehicle eligible for Type Certificate

COVID-19 Impact (March, 2020~)

- Suspended TC flight test in Moses Lake US
 - Delayed the ferry flight of FTV10 to US
 - Impacted supply chain
- +
- Severe impact on the entire airline industry

TC: Type Certificate

- Continuing detailed review of the SpaceJet schedule in view of the severe market conditions facing commercial aviation and test flight-related setbacks
- Setting an appropriate budget considering challenging financial headwinds for MHI Group

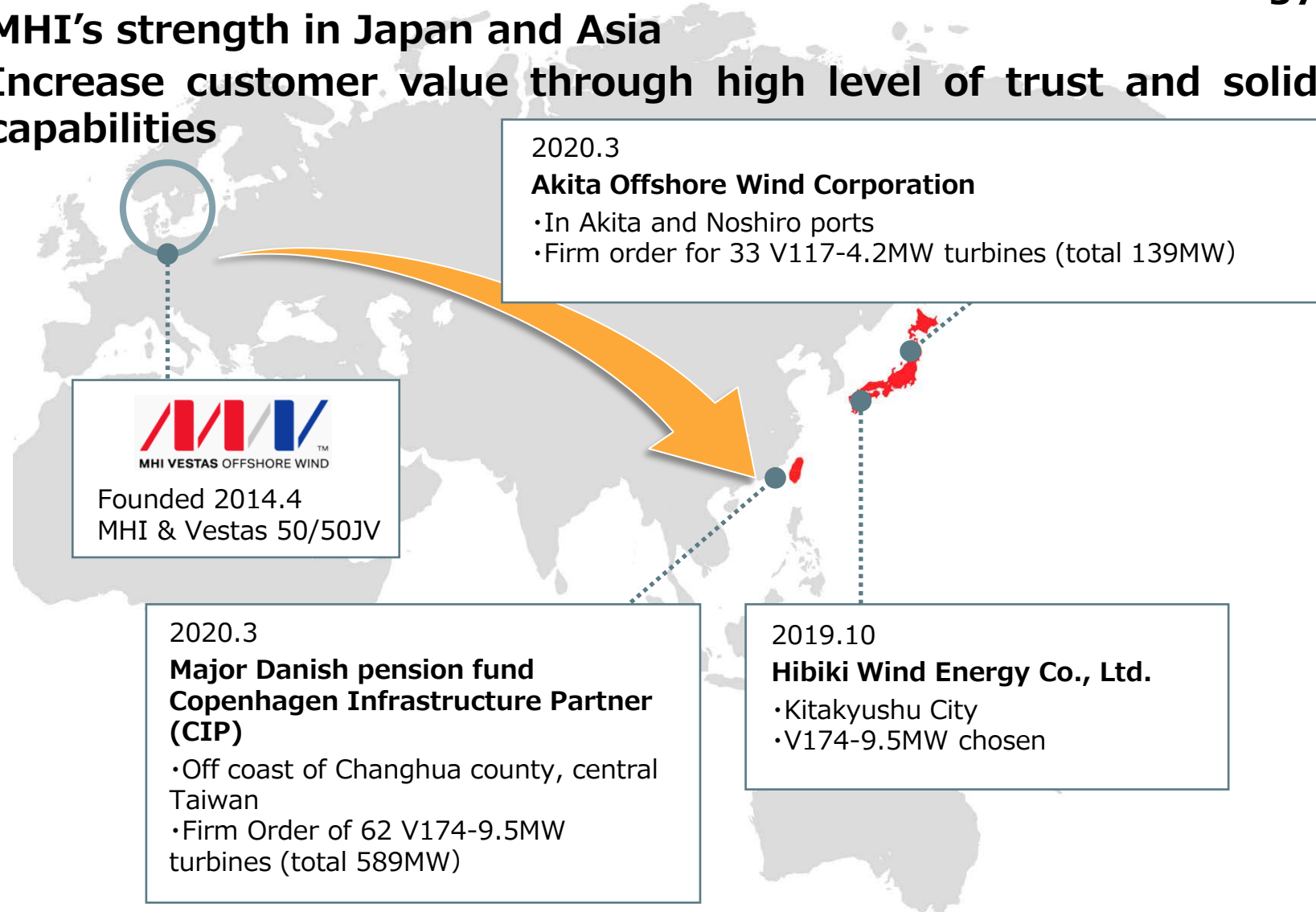


Singapore Airshow Exhibit Booth
(February 11 to 15)

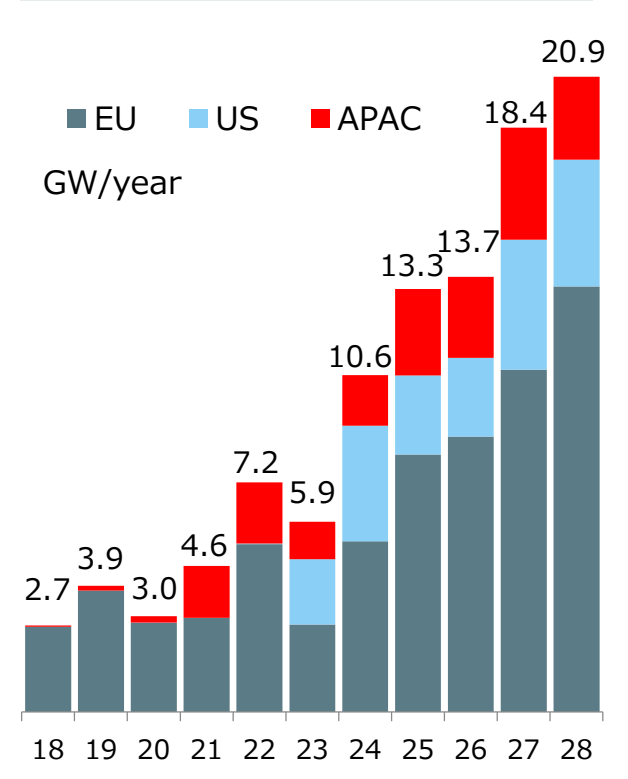


Maiden Flight FTV10
(March 18 – Prefectural Nagoya Airport)

- Combine MHI Vestas Offshore Wind's knowhow and technology developed in Europe with MHI's strength in Japan and Asia
- Increase customer value through high level of trust and solid service and maintenance capabilities



Offshore wind capacity (excluding China)



Source: Wood Mackenzie (installed base/year)

IV. Forecast for FY2020

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.

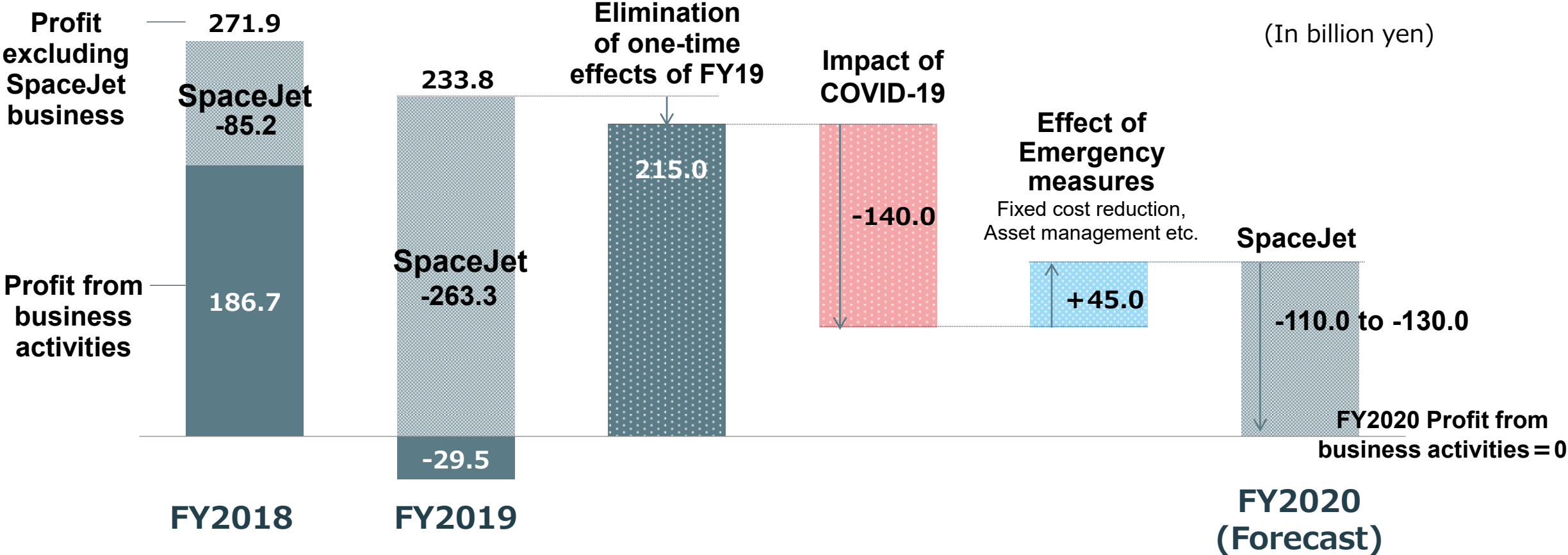
It is possible that actual results may vary significantly from these projections due to a number of factors.

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.

Forecast of FY2020 profit from business activities

- The impact of COVID-19 is calculated based on the assumptions and forecasts available today and is subject to change
- Forecasting FY2020 profit from business activities of ±0 after implementation of emergency measures and setting an appropriate level of budget for SpaceJet



Summary of Forecast for FY2020

(In billion yen)

	FY2019 (Actual) (Profit margin)		FY2020(Forecast) (Profit margin)		Change	
Order Intake	4,168.6		3,500.0		- 668.6	(- 16.0%)
Revenue	4,041.3		3,800.0		- 241.3	(- 6.0%)
Profit from business activities	(-0.7%)	- 29.5	0.0		+29.5	
Profit attributable to owners of parent	(2.2%)	87.1	0.0		- 87.1	
ROE	6.6%		-		-	
EBITDA	(2.8%)	115.1	140.0		+24.9	(+21.6%)
Free cash flow	212.9		-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		Undetermined foreign currency amount Assumed exchange rate USD 1.00 = ¥110 USD: 2.4 billion Euro 1.00 = ¥120 Euro: 0.5 billion	

Summary of Forecast for FY2020 (Cont'd)

(In billion yen)

FY2020 (Forecast)	Businesses excluding SpaceJet (Profit margin)	SpaceJet	Total (Profit margin)
Order Intake	3,500.0	-	3,500.0
Revenue	3,800.0	-	3,800.0
Profit from business activities	(3.2%) 120.0	-120.0	0.0
Profit attributable to owners of parent	(2.4%) 90.0	-90.0	0.0
ROE	-	-	-
EBITDA	(6.8%) 260.0	-120.0	(3.7%) 140.0
Free cash flow	- 280.0	-120.0	-400.0

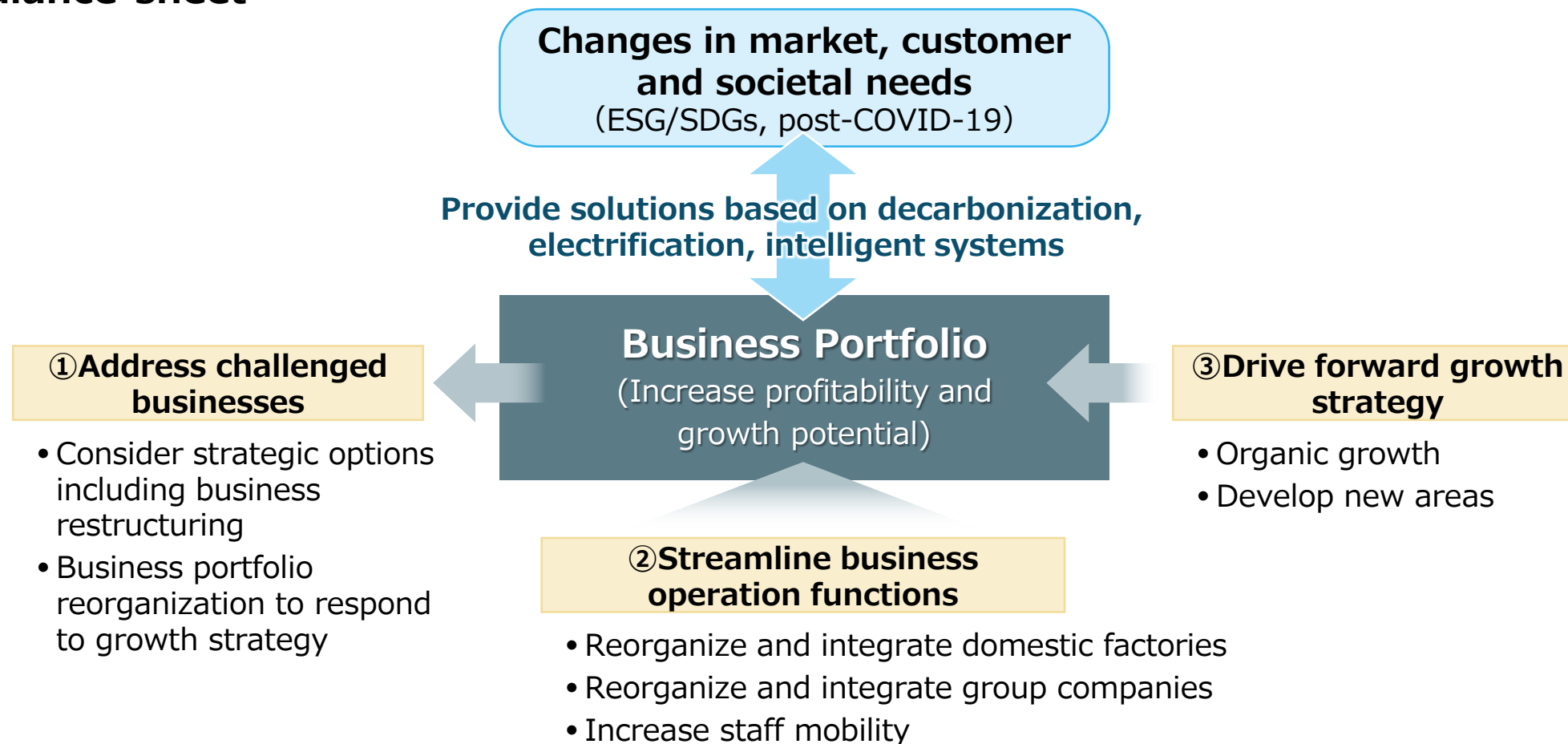
Forecast for FY2020 by Segment

(In billion yen)

	Order Intake			Revenue			Profit from business activities		
	FY2019	FY2020	Change	FY2019	FY2020	Change	FY2019	FY2020	Change
Energy Systems	1,773.6	1,450.0	- 323.6	1,600.7	1,550.0	- 50.7	144.3	100.0	- 44.3
Plants & Infrastructure Systems	743.3	650.0	- 93.3	796.9	750.0	- 46.9	25.5	30.0	+4.5
Logistics, Thermal & Drive Systems	985.9	850.0	- 135.9	990.1	850.0	- 140.1	29.4	- 30.0	- 59.4
Aircraft, Defense & Space	719.2	600.0	- 119.2	704.9	700.0	- 4.9	- 208.7	- 90.0	+118.7
Others	- 53.6	- 50.0	+3.6	- 51.3	- 50.0	+1.3	- 20.1	- 10.0	+10.1
Total	4,168.6	3,500.0	- 668.6	4,041.3	3,800.0	- 241.3	- 29.5	0.0	+29.5

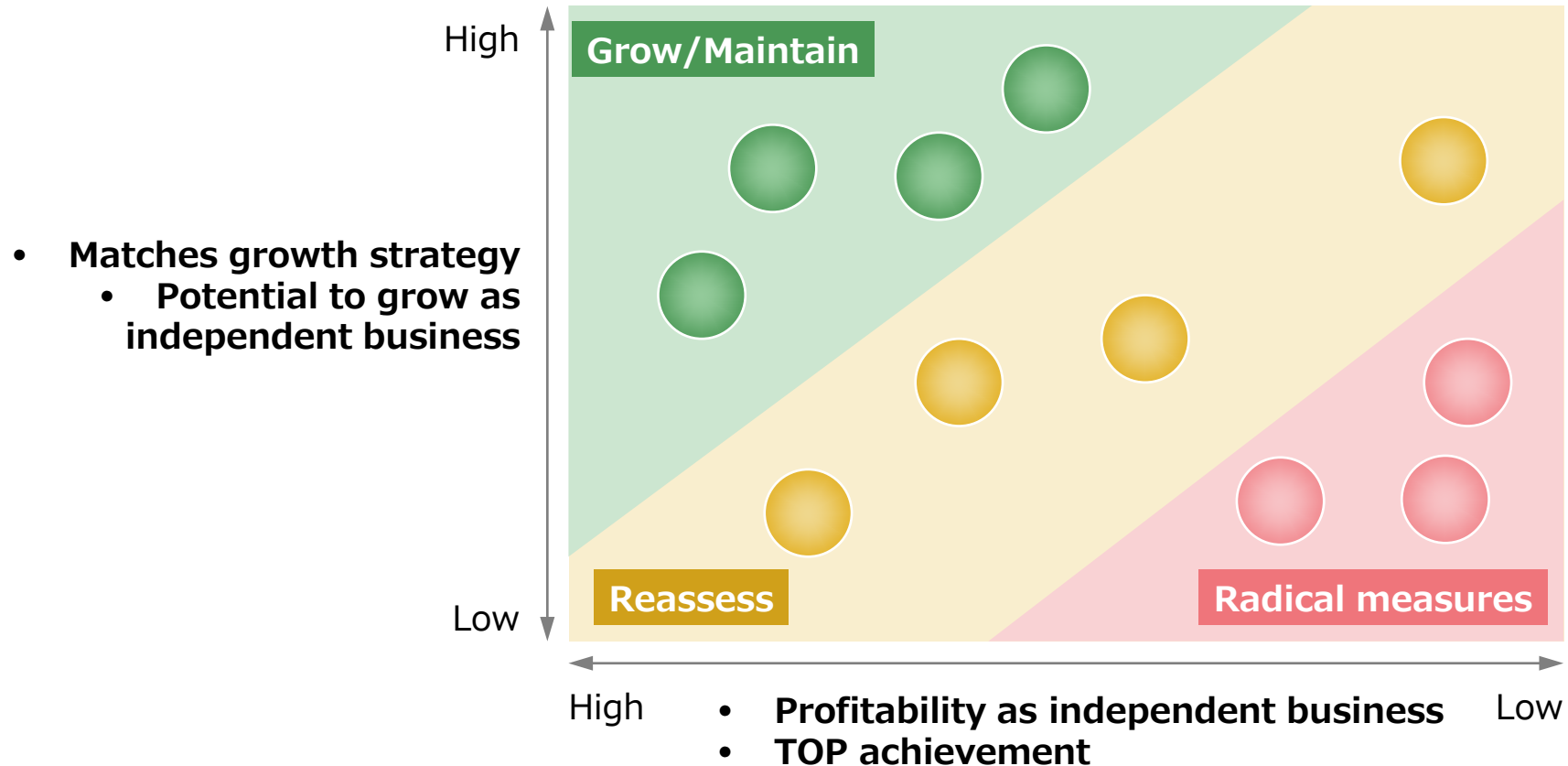
V. Strategic Direction

- Continue to be a crucial company for society even after the end of the COVID-19 crisis
- To achieve this, we will bring forward our next midterm business plan by 6 months (launch planned Fall 2020) with a focus on extensive management of business portfolio and balance-sheet



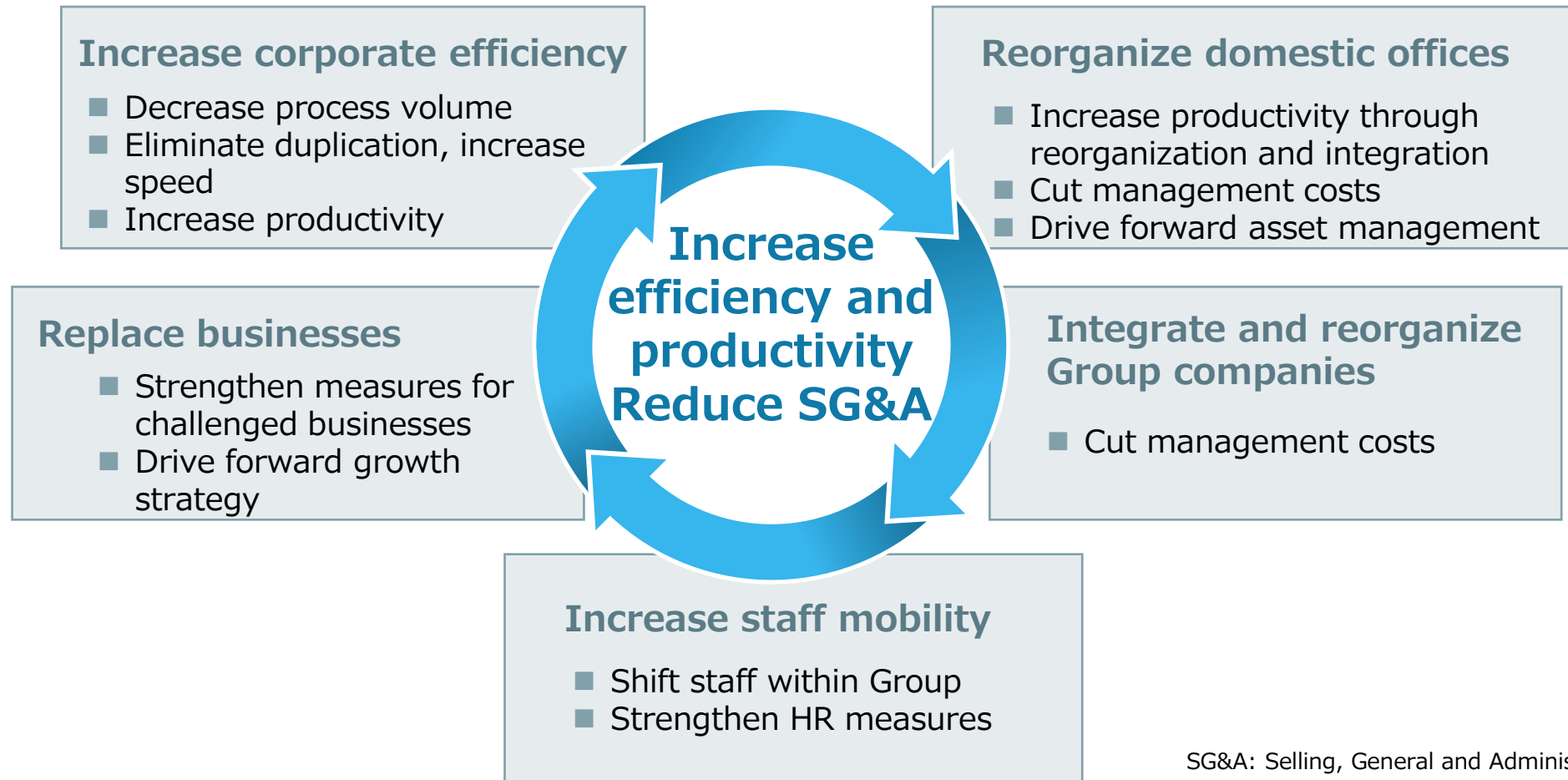
① Addressing challenged businesses

- Speed up business portfolio management considering financial evaluation and match with growth areas of decarbonization, electrification and intelligent systems
- Consider radical measures including strategic options such as business reorganization for challenged businesses



② Streamlining business operations functions

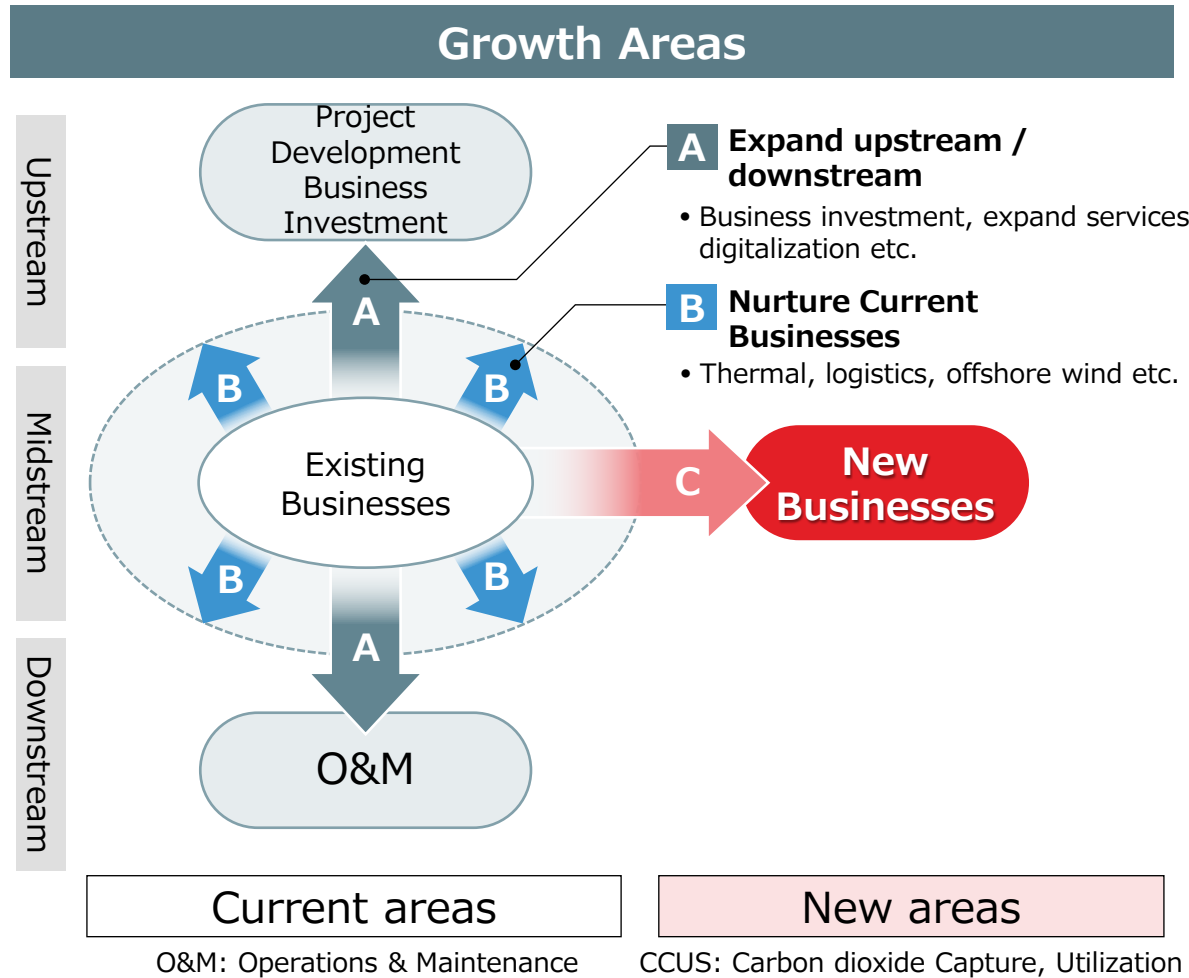
- Reorganize Group companies and domestic offices to drive forward efficiencies and slim down balance sheet
- Decrease SG&A ratio to 12% from its current 15% which has been inflated by M&As (increase of 3% profitability)



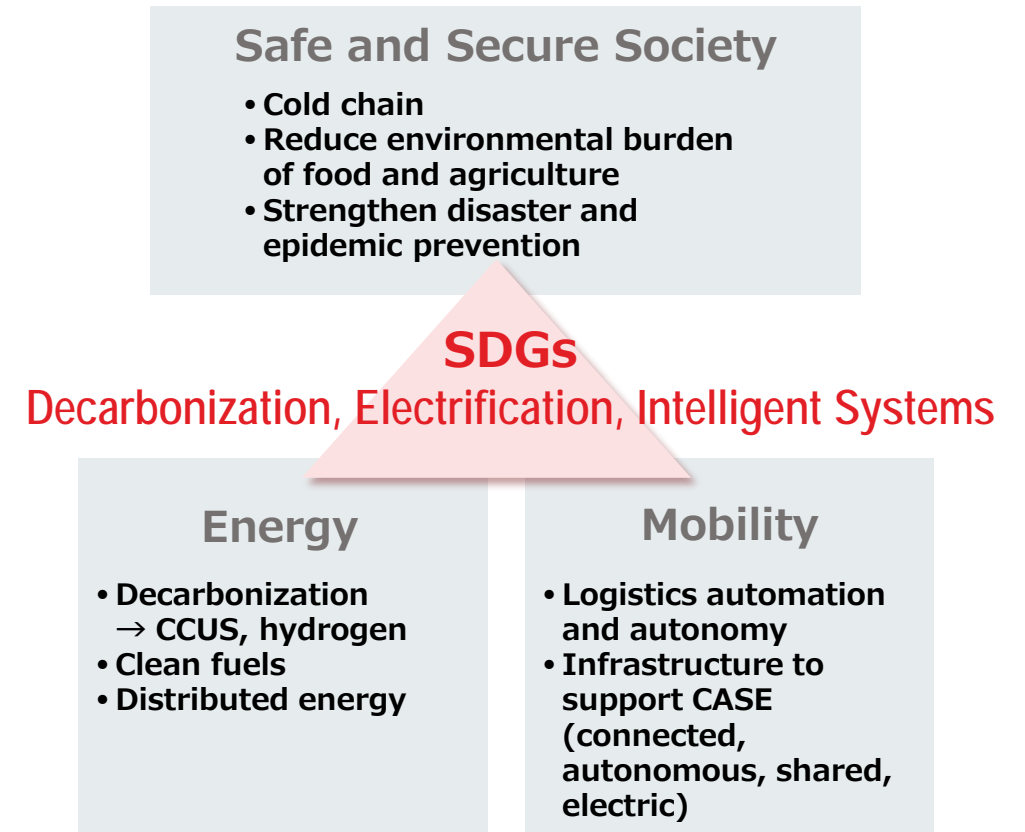
SG&A: Selling, General and Administrative Expenses

③ Accelerate growth strategy

- Balance deepening current businesses with exploration of new businesses that anticipate mid- to long-term trends
- Reassess allocation of investment funds, focus on promising areas



Develop New Businesses



VI. Appendix

Energy Systems

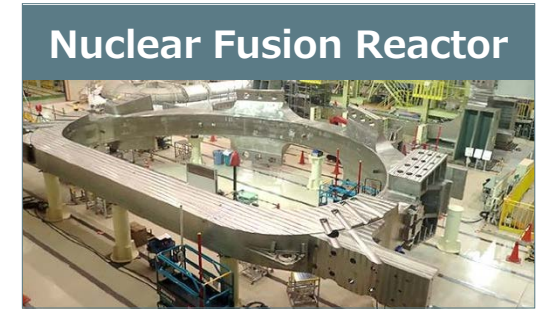
- GTCC: Solid accumulation of orders, increasing profitability is issue
- Steam Power: Rapid deterioration in new builds, shift to services essential
- Offshore wind: Asian market becoming firm, expanding orders
- Aero engines: Solid growth, but market will change significantly due to COVID-19
- Compressors: Expanding service business due to stable profitability
- Nuclear: Centered around PWR, also expanding BWR and fuel recycling

Plants & Infrastructure Systems

- Commercial Ships: Continuing with Koyagi measures, solid management around government ships and domestic ferries
- Engineering: Focusing on steps to improve profitability
- Steelmaking machinery: Return to profitability by improving projects management
- Machine tools: In addition to deteriorating market, COVID-19 expected to extend downturn
- Environmental equipment, machinery systems: Stable profitability mainly centered on domestic market



Long-term validation of 1650°C-class JAC



Completion of First Toroidal Field Coil for ITER



Completion of automated unmanned rail system

Logistics, Thermal & Drive Systems

- Logistics equipment: PMI continuing including integration of domestic sales companies, strengthening U.S. direct sales PMI: Post Merger Integration
 - Turbochargers: Due to change in market outlook, shift from growth to cutting fixed costs
 - Engines: Increasing profitability is issue, focus resources on medium to large energy generation
 - Thermal: Development of low environmental burden products, expanding product lineup
 - Car A/C: Growth from development of electric compressor for EVs
- Medium-lot products taking overall hit from COVID-19 crisis
-

Commercial Aviation, Defense & Space Systems

- Aero Structures (Tier1): Increased production efficiencies, but market will change significantly due to COVID-19 crisis
- SpaceJet: Urgency around addressing development delays and ballooning investment
- Defense: Developing MRO business expansion
- Space: Consecutive H2A launch successes, H3 development making progress

Forklift integrated model



Launched new battery forklift "ALESIS"

Air-cooled Heat Pump Chiller



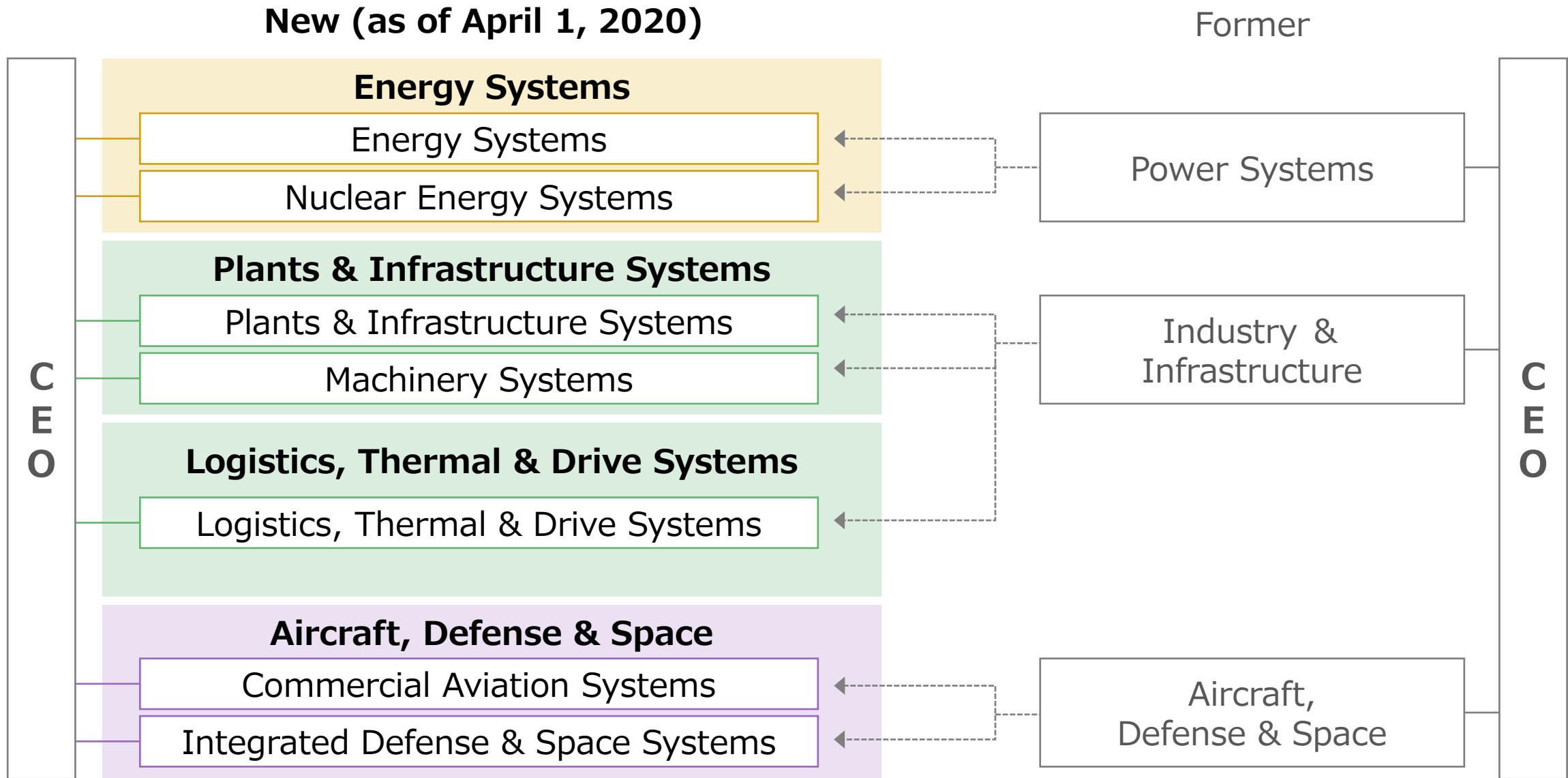
Air-cooled heat pump chiller using R32 refrigerant

Composite Main Wing for Boeing



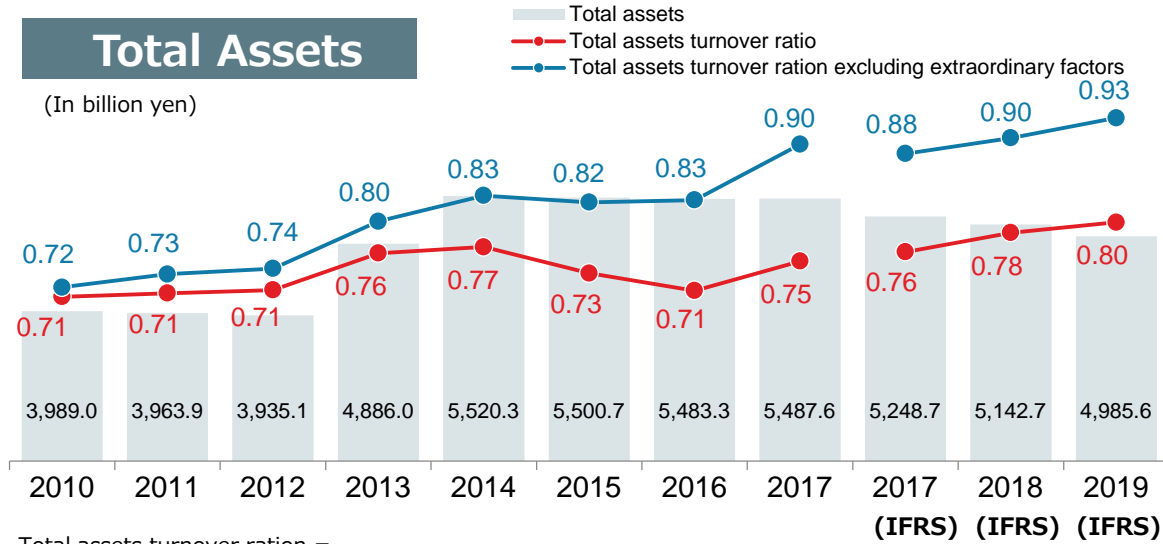
1,000th B787 composite main wing shipped

Appendix 2. Reorganization – Flattening of Corporate Structures



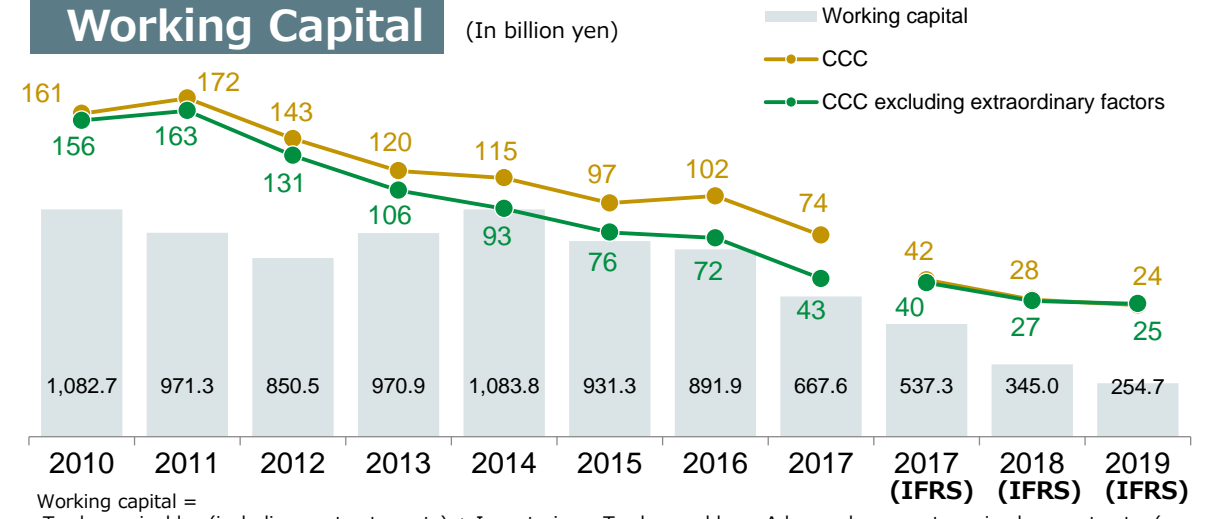
Appendix 3. Financial Position

Total Assets



Total assets turnover ratio =
 Revenue / Total assets (average of beginning and end of the fiscal year)

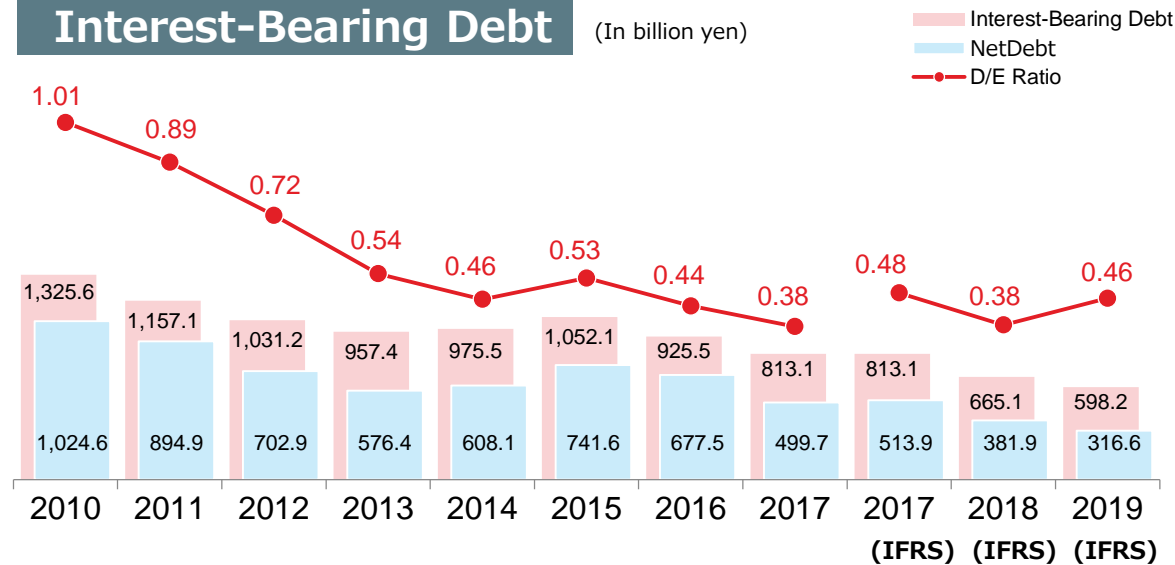
Working Capital



Working capital =
 Trade receivables (including contract assets) + Inventories - Trade payables - Advanced payment received on contracts (on a company-wide basis)
 CCC figures are based on 3 business domains' working capital including advanced payment received and revenue.

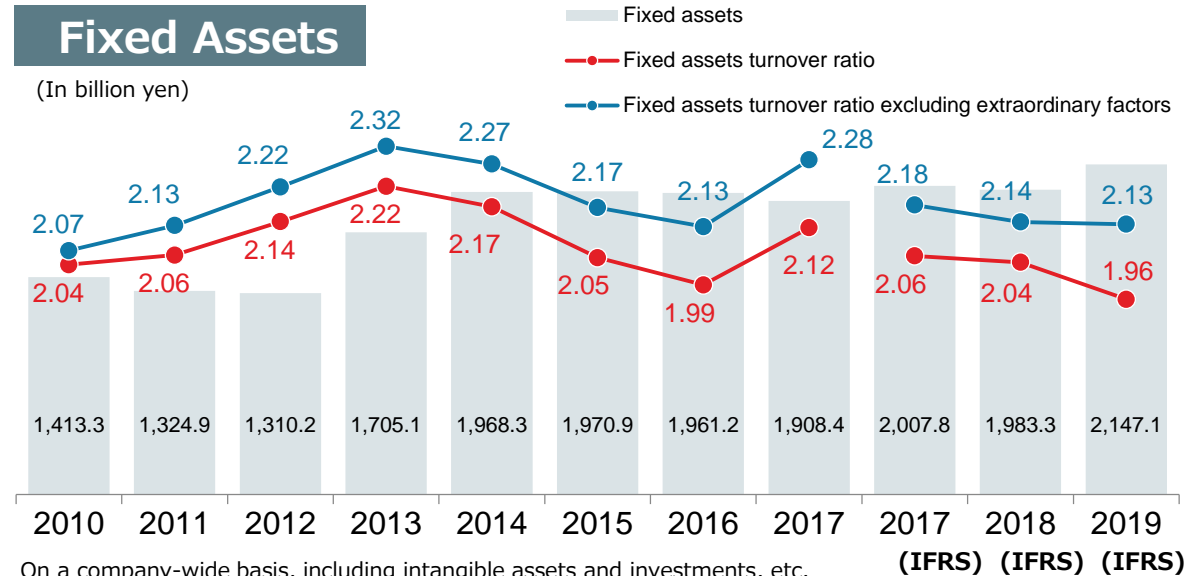
Interest-Bearing Debt

(In billion yen)



Fixed Assets

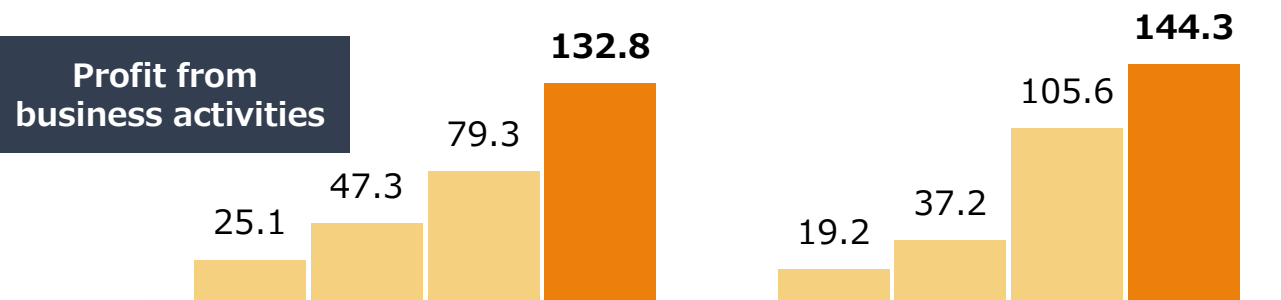
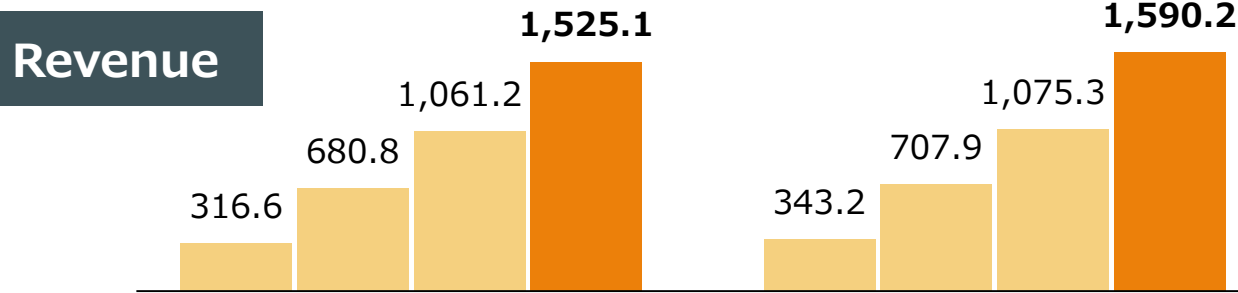
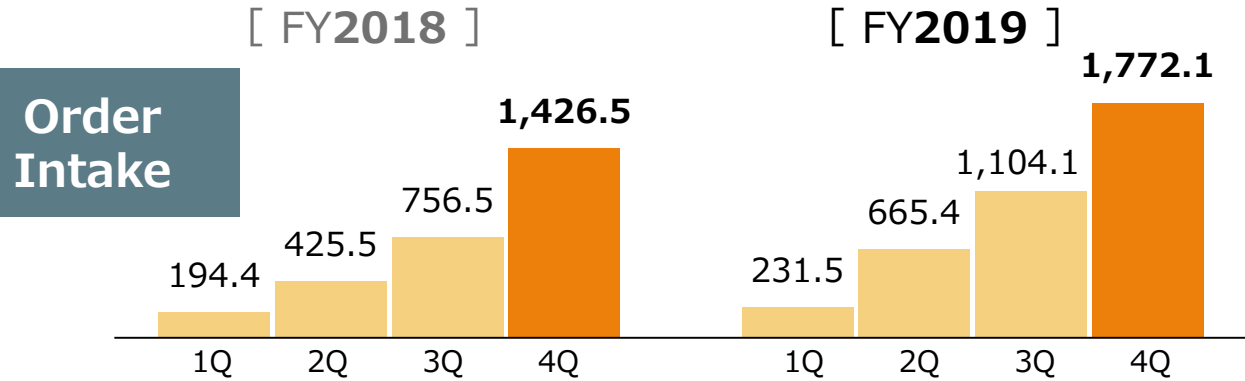
(In billion yen)



On a company-wide basis, including intangible assets and investments, etc.

Appendix 4. Financial Results by Business Segment (Power Systems)

(In billion yen, accumulated amount)



Order Intake: Up ¥345.5bn YoY

Increased...GTCC, Nuclear power

Gas turbine order intake

FY2018	Americas	Asia	EMEA	Others	Total
Large size	5	6	2	-	13
Small to medium size	7	11	-	-	18
Total	12	17	2	0	31

FY2019	Americas	Asia	EMEA	Others	Total
Large size	7	10	2	2	21
Small to medium size	3	2	6	-	11
Total	10	12	8	2	32

Backlog of gas turbine order intake

	Large size	Small to medium size	Total
As of Mar.31, 2019	44	15	59
As of Mar.31, 2020	49	15	64

Revenue: Up ¥65.1bn YoY

Increased...Nuclear power, Compressors, GTCC

Profit: Up ¥11.4bn YoY

Increased...Nuclear power: Increased revenue, etc.

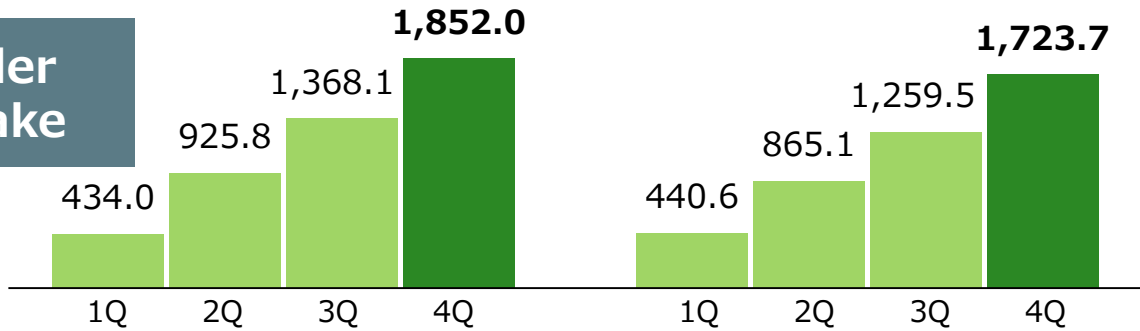
Appendix 4. Financial Results by Business Segment (Industry & Infrastructure)

(In billion yen, accumulated amount)

[FY2018]

[FY2019]

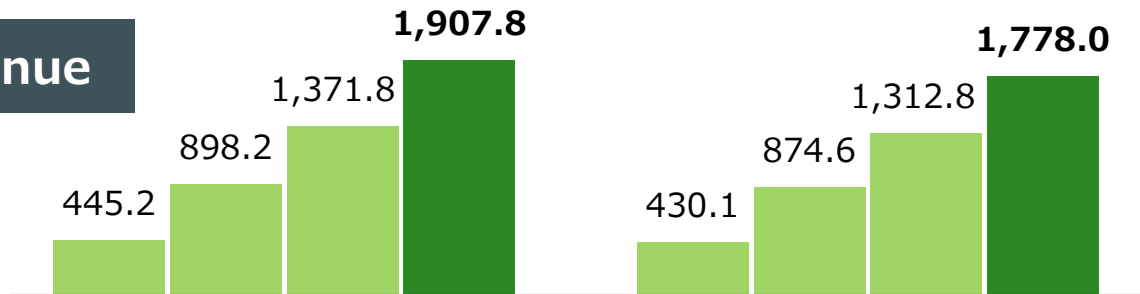
Order Intake



Order Intake: Down ¥128.2bn YoY

Decreased...Turbochargers, Machine tool

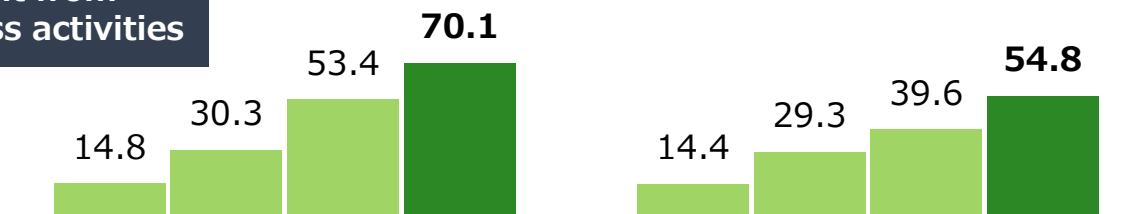
Revenue



Revenue: Down ¥129.7bn YoY

Decreased...Turbochargers, Engineering

Profit from business activities



Profit: Down ¥15.2bn YoY

Decreased...Turbochargers: Decreased revenue, etc.
Engineering: Deterioration of profitability, etc.

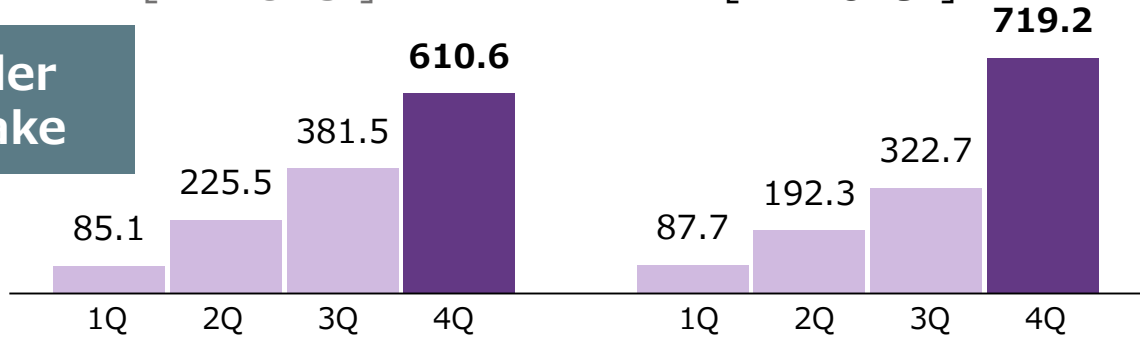
Appendix 4. Financial Results by Business Segment (Aircraft, Defense & Space)

(In billion yen, accumulated amount)

[FY2018]

[FY2019]

Order Intake

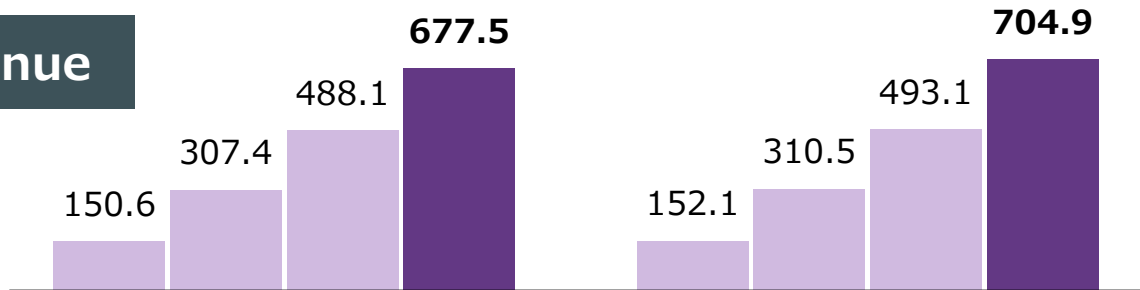


Order Intake: Up ¥108.5bn YoY

Increased...Space systems, Defense aircraft / Missile systems

Accumulated number of SpaceJet order intake: 287 as of Mar. 31, 2020
(firm orders: 163 / options and purchase rights: 124)

Revenue



Revenue: Up ¥27.4bn YoY

Increased...Defense aircraft / Missile systems

Number of B777s / B777Xs delivered

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

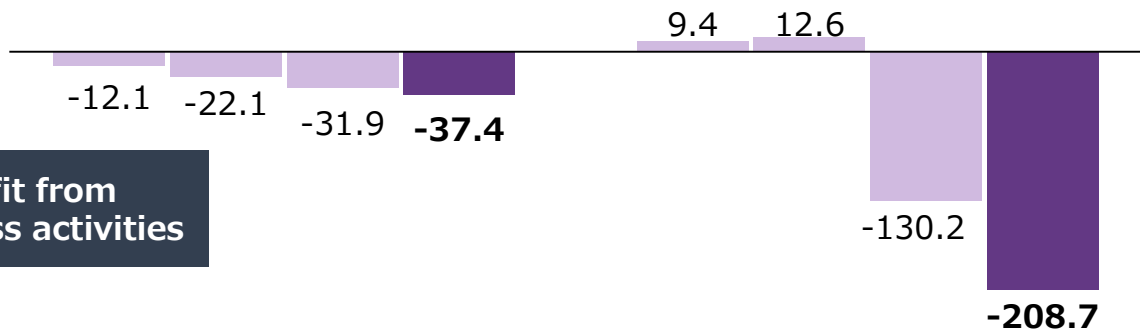
FY2019 (actual): 54 (1Q:16, 2Q:14, 3Q:13, 4Q:11)

Number of B787s delivered

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

FY2019 (actual): 166 (1Q:43, 2Q:42, 3Q:38, 4Q:43)

Profit from business activities



Profit: Down ¥171.3bn YoY

Decreased...SpaceJet: Impairment losses, etc.

Appendix 5. Reference Data

1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	FY2016	FY2017	FY2017 (IFRS)	FY2018 (IFRS)	FY2019 (IFRS)	FY2020 (Forecast, IFRS)
R&D Expenses	160.7	176.8	176.8	152.1	146.8	140.0
Depreciation	172.7	176.1	176.1	124.9	144.6	140.0
Capital Expenditure	204.4	158.4	158.4	147.3	161.5	150.0

2. Cash Flows

(In billion yen)

	FY2016	FY2017	FY2017 (IFRS)	FY2018 (IFRS)	FY2019 (IFRS)	FY2020 (Forecast, IFRS)
Cash flows from operating activities	95.9	345.1	405.7	404.9	452.5	-
Cash flows from investing activities	8.7	-137.1	-238.1	-161.8	-239.5	-
Free cash flows	104.6	207.9	167.5	243.0	212.9	-400.0
Cash flows from financing activities	-162.0	-152.1	-112.3	-255.5	-204.4	-

3. Interest-Bearing Debt, D/E ratio

	FY2016	FY2017	FY2017 (IFRS)	FY2018 (IFRS)	FY2019 (IFRS)	FY2020 (Forecast, IFRS)
Interest-bearing debt (In billion yen)	925.5	813.1	813.1	665.1	598.2	950.0
D/E ratio	0.44	0.38	0.48	0.38	0.46	0.8

4. Yen to Dollar Exchange Rates

(¥/US\$)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 (Assumed)
Average rates for recording sales	119.7	108.2	111.1	110.7	108.7	110
(Reference)Rates at end of period	112.7	112.2	106.2	111.0	108.8	-

5. Employees

(Number of employees)

		FY2017	FY2018	FY2019
(Consolidated)	Power Systems	24,922	24,576	24,444
	Industry & Infrastructure	38,886	39,692	40,786
	Aircraft, Defense & Space	10,762	10,795	10,734
	Others	6,082	5,681	5,667
	Total	80,652	80,744	81,631
(Non-Consolidated)		(14,717)	(14,534)	(14,501)

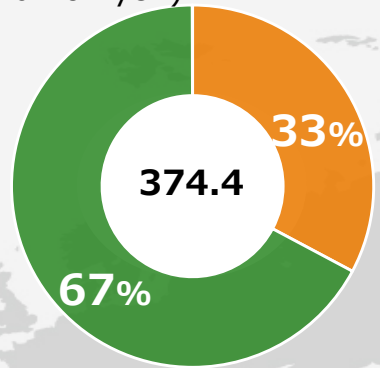
6. Overseas Revenue by Region

(In billion yen)

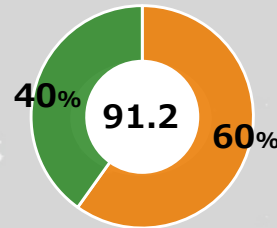
	FY2016	FY2017	FY2017 (IFRS)	FY2018 (IFRS)	FY2019 (IFRS)
North America	684.5 (17.5%)	674.6 (16.4%)	663.2 (16.2%)	671.0 (16.5%)	714.7 (18.0%)
Asia	618.0 (15.8%)	693.0 (16.9%)	687.3 (16.8%)	737.6 (18.1%)	700.3 (17.0%)
Europe	395.6 (10.1%)	440.3 (10.7%)	432.2 (10.6%)	418.5 (10.3%)	374.4 (9.0%)
Central & South America	110.1 (2.8%)	146.8 (3.6%)	184.5 (4.5%)	132.0 (3.2%)	131.7 (3.0%)
The Middle East	117.2 (3.0%)	144.3 (3.5%)	149.1 (3.7%)	123.7 (3.0%)	91.2 (2.0%)
Africa	135.6 (3.5%)	99.5 (2.4%)	104.7 (2.6%)	91.3 (2.2%)	60.3 (2.0%)
Oceania	31.6 (0.8%)	30.7 (0.7%)	31.3 (0.8%)	26.5 (0.7%)	23.7 (1.0%)
Total	2,092.9 (53.5%)	2,229.6 (54.2%)	2,252.7 (55.1%)	2,200.8 (54.0%)	2,096.6 (52.0%)

Appendix 5. Reference Data Revenue by Geographic Area & Segment

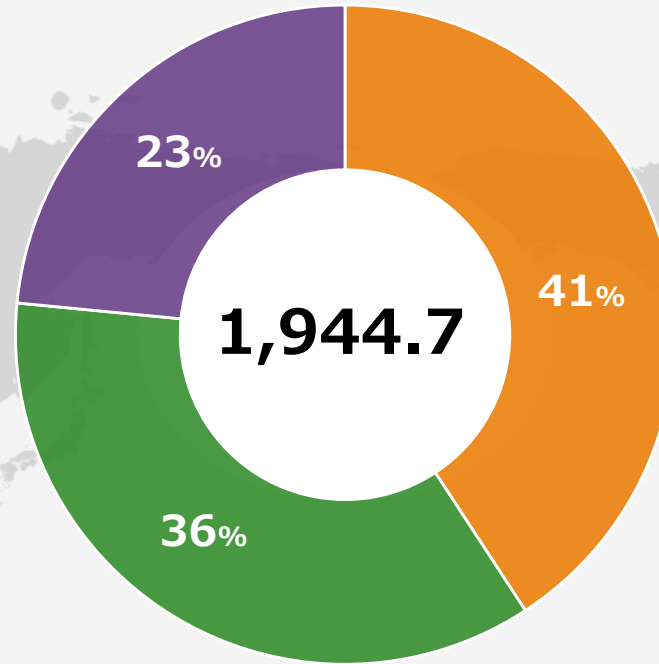
(In billion yen)



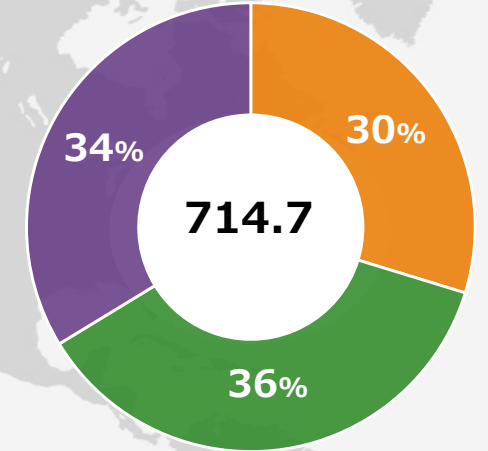
Europe



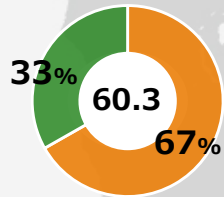
Middle East



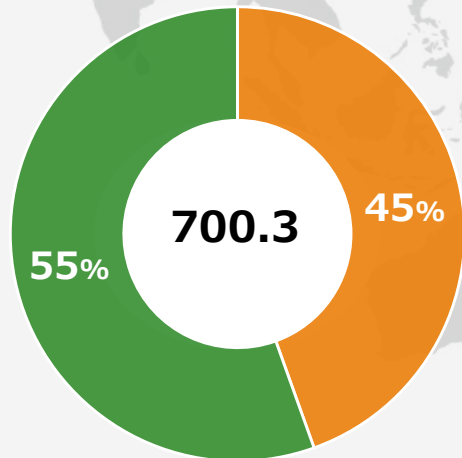
Japan



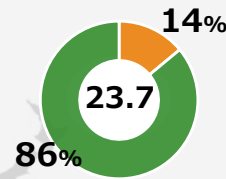
North America



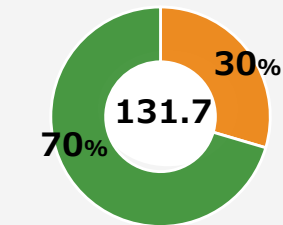
Africa



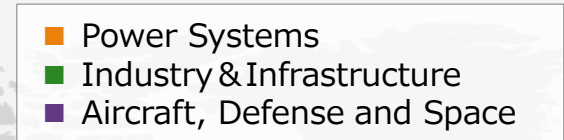
Asia



Oceania



Latin America



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