

PRESS RELEASE

2021-05-10

MHI Announces FY2020 Consolidated Financial Results

Tokyo, May 10, 2021 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2020 ended March 31, 2021.

(billions of yen)

	FY2020	FY2019	Changes (%)
Orders Received	3,336.3	4,168.6	(20.0)
Revenue	3,699.9	4,041.3	(8.4)
Profit from business activities	54.0	(29.5)	-
Profit Before Income Taxes	49.3	(32.6)	-
Profit (loss) Attributable to Owners of Parent	40.6	87.1	(53.4)
Operating Cash Flow	(94.9)	452.5	
Investment Cash Flow	(182.2)	(239.5)	
Financing Cash Flow	221.7	(204.4)	
Profit (loss) Attributable to Owners of Parent Per Share	120.92 yen	259.39 yen	(53.4)

Figures in parentheses are negative.

Consolidated financial results (continued)

Revenue by Operational Segment

(billions of yen)

	FY2020	FY2019
Energy Systems	1,546.0	1,590.2
Plants & Infrastructure	637.2	792.9
Logistics, Thermal & Drive Systems	860.3	990.1
Aircraft, Defense & Space	702.1	704.9
Eliminations or Corporate	(45.7)	(36.9)
TOTAL	3,699.9	4,041.3

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2020	FY2019
Energy Systems	127.6	144.3
Plants & Infrastructure	(10.2)	25.5
Logistics, Thermal & Drive Systems	15.6	29.3
Aircraft, Defense & Space	(94.8)	(208.7)
Eliminations or Corporate	15.8	(20.0)
TOTAL	54.0	(29.5)

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, 2020	As of Mar. 31, 2021
<u>Assets</u>		
Current assets		
Cash and cash equivalents	281,626	245,421
Trade and other receivables	611,976	655,181
Other financial assets	28,539	30,677
Contract assets	576,061	578,936
Inventories	726,228	713,498
Indemnification assets for South African projects	407,800	0
Other current assets	206,261	230,955
Total current assets	2,838,493	2,454,670
Non-current assets		
Property, plant and equipment	792,920	779,696
Goodwill	124,500	124,500
Intangible assets	78,908	74,722
Right-of-use assets	96,201	93,321
Investments accounted for using the equity method	177,569	182,897
Investments in securities and other financial assets	391,538	560,213
Deferred tax assets	382,729	378,338
Other non-current assets	102,827	162,365
Total Non-current assets	2,147,196	2,356,056
Total assets	4,985,690	4,810,727
<u>Liabilities and Equity</u>		
Current liabilities		
Bonds, borrowings and other financial liabilities	769,099	445,147
Trade and other payables	824,030	763,731
Income taxes payable	28,994	12,237
Contract liabilities	835,465	731,814
Provisions	199,496	207,876
Other current liabilities	151,657	184,453
Total Current liabilities	2,808,742	2,345,260
Non-current liabilities		
Bonds, borrowings and other financial liabilities	601,770	790,862
Deferred tax liabilities	7,318	6,597
Retirement benefit liability	145,890	124,432
Provisions	58,173	50,485
Other non-current liabilities	73,718	53,699
Total non-current liabilities	886,871	1,026,076
Total liabilities	3,695,614	3,371,337
<u>Equity</u>		
Share capital	265,608	265,608
Capital surplus	49,667	47,265
Treasury shares	(5,374)	(4,452)
Retained earnings	886,307	952,528
Other components of equity	22,133	105,393
Equity attributable to owners of parent	1,218,343	1,366,342
Non-controlling interests	71,732	73,047
Total Equity	1,290,076	1,439,390
Total Liabilities and Equity	4,985,690	4,810,727

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

(Millions of Yen)

	FY2019 (From Apr. 1, 2019 to Mar. 31, 2020)	FY2020 (From Apr. 1, 2020 to Mar. 31, 2021)
Revenue	4,041,376	3,699,946
Cost of sales	3,331,339	3,116,464
Gross Profit	710,036	583,482
Selling, general and administrative expenses	583,874	531,383
Share of profit of investments accounted for using the equity method	12,898	15,158
Other income *	67,751	167,698
Other expenses	236,350	180,873
Profit from business activities	(29,538)	54,081
Finance income	11,616	11,677
Finance expenses	14,738	16,404
Profit before income taxes	(32,660)	49,355
Income taxes	(139,945)	6,153
Profit	107,284	43,202
Profit attributable to:		
Owners of parent	87,123	40,639
Non-controlling interests	20,161	2,562

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	259.39	120.92
Diluted earnings per share	259.06	120.83

*Other income includes dividend income. The amount of dividends of FY 2019 is 12,096 Million Yen, and the amount of FY2020 is 10,664 Million Yen.

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

(Millions of Yen)

	FY2019 (From Apr. 1, 2019 to Mar. 31, 2020)	FY2020 (From Apr. 1, 2020 to Mar. 31, 2021)
Profit	107,284	43,202
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Net gains and losses from financial assets measured at FVTOCI	(50,873)	37,943
Remeasurement of defined benefit plans	(23,201)	56,097
Share of other comprehensive income (loss) of entities accounted for by the equity method	(24)	(163)
Total	(74,098)	93,878
Items that may be reclassified to profit or loss		
Cash flow hedges	(1,713)	(271)
Hedging cost	(639)	874
Exchange differences on translating foreign operations	(25,106)	37,962
Share of other comprehensive income (loss) of entities accounted for by the equity method	941	5,970
Total	(26,517)	44,535
Total other comprehensive income (loss)	(100,616)	138,413
Comprehensive income (loss)	6,668	181,616
Comprehensive income (loss) attributable to		
Owners of parent	(8,201)	173,635
Non-controlling interests	14,869	7,980

*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, 2019	265,608	185,302	(5,572)	869,238	96,987	1,411,564	317,128	1,728,693
Profit				87,123		87,123	20,161	107,284
Other comprehensive income (loss)					(95,324)	(95,324)	(5,291)	(100,616)
Comprehensive income (loss)				87,123	(95,324)	(8,201)	14,869	6,668
Transfer to retained earnings				(22,287)	22,287	-		-
Purchase of treasury shares			(14)			(14)		(14)
Disposal of treasury shares		57	467			524		524
Dividends				(47,016)		(47,016)	(5,866)	(52,883)
Put options held by non-controlling shareholders		11,214				11,214	8,912	20,127
Transactions with non-controlling interests		(146,568)			(1,816)	(148,385)	(259,449)	(407,835)
Other		(337)	(253)	(750)		(1,341)	(3,862)	(5,204)
Total transactions with owners	-	(135,634)	198	(47,766)	(1,816)	(185,019)	(260,265)	(445,285)
Balance as of Mar. 31, 2020	265,608	49,667	(5,374)	886,307	22,133	1,218,343	71,732	1,290,076
Profit				40,639		40,639	2,562	43,202
Other comprehensive income (loss)					132,995	132,995	5,418	138,413
Comprehensive income (loss)				40,639	132,995	173,635	7,980	181,616
Transfer to retained earnings				49,668	(49,668)	-		-
Purchase of treasury shares			(5)			(5)		(5)
Disposal of treasury shares		83	364			447		447
Dividends				(25,188)		(25,188)	(5,073)	(30,261)
Transactions with non-controlling interests		(1,611)			(67)	(1,678)	(1,380)	(3,058)
Other		(874)	563	1,100		789	(212)	576
Total transactions with owners	-	(2,402)	921	(24,087)	(67)	(25,636)	(6,665)	(32,302)
Balance as of Mar. 31, 2021	265,608	47,265	(4,452)	952,528	105,393	1,366,342	73,047	1,439,390

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

(Millions of Yen)

	FY2019 (From Apr. 1, 2019 to Mar. 31, 2020)	FY2020 (From Apr. 1, 2020 to Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	(32,660)	49,355
Depreciation, amortization and impairment loss	323,967	238,258
Finance income and costs	2,324	(5,369)
Share of profit of investments accounted for using the equity method	(12,898)	(15,158)
Loss (gain) on sale of shares of subsidiaries and associates	-	(83,041)
Loss (gain) on sale of property, plant and equipment, and intangible assets	(978)	(45,570)
Loss on disposal of property, plant and equipment, and intangible assets	7,842	6,912
Decrease (increase) in trade receivables	65,082	(27,739)
Decrease (increase) in contract assets	46,447	4,308
Decrease (increase) in inventories and advanced payments	39,162	57,222
Increase (decrease) in trade payables	(27,859)	(68,731)
Increase (decrease) in contract liabilities	(34,185)	(124,703)
Increase (decrease) in provisions	(12,559)	(11,011)
Increase (decrease) in retirement benefit liabilities	(126)	3,496
Decrease (increase) in indemnification asset for South African projects	131,777	-
Others	8,715	5,094
Subtotal	504,051	(16,677)
Interest received	7,218	5,407
Dividends received	14,903	14,968
Interest paid	(10,444)	(9,543)
Income taxes paid	(63,164)	(89,102)
Net cash provided by operating activities	452,564	(94,948)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(246,291)	(146,212)
Proceeds from sales of property, plant and equipment and intangible assets	31,133	43,956
Purchases of investments (including investments accounted for using the equity method)	(13,924)	(15,796)
Proceeds from sales and redemption of investments (including investments accounted for using the equity method)	23,981	12,521
Payments for acquisition of subsidiaries	(28,733)	-
Proceeds from sale of subsidiaries	1,652	775
Payments for acquisition of businesses	-	(71,082)
Net decrease (increase) in short-term loans	201	708
Disbursement of long-term loans	(807)	(8,482)
Collection of long-term loans	237	222
Others	(7,015)	1,138
Net cash used in investing activities	(239,566)	(182,249)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(19,800)	96,778
Proceeds from long-term borrowings	65,341	212,500
Repayment of long-term borrowings	(45,506)	(58,146)
Proceeds from issuance of bonds	-	65,000
Payment for redemption of bonds	(65,000)	(10,000)
Proceeds from issuance of stock to non-controlling interests	19	-
Payments for acquisition of interests in subsidiaries from non-controlling interests	(13,908)	(22,549)
Dividends paid to owners of the parent	(46,933)	(25,667)
Dividends paid to non-controlling interests	(5,837)	(5,144)
Proceeds from factoring agreements	145,264	139,315
Repayment of liabilities under factoring agreements	(192,502)	(145,045)
Repayment of lease liabilities	(23,256)	(22,667)
Others	(2,332)	(2,633)
Net cash provided by (used in) financing activities	(204,452)	221,737
Effect of exchange rate changes on cash and cash equivalents	(10,153)	19,255
Net increase (decrease) in cash and cash equivalents	(1,608)	(36,205)
Cash and cash equivalents at the beginning of the year	283,235	281,626
Cash and cash equivalents at the end of period	281,626	245,421

PRESS RELEASE

2021-05-10

MHI Announces FY2020 Non-Consolidated Financial Results

Tokyo, May 10, 2021 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2020 ended March 31, 2021.

(billions of yen)

	FY2020	FY2019	Changes (%)
Orders Received	849.4	1,006.9	(15.6)
Net Sales	916.7	959.2	(4.4)
Operating Income	24.5	53.2	(53.9)
Ordinary Income	144.3	122.0	18.3
Income Before Income Taxes	97.5	(486.2)	—
Net Income	104.9	(312.1)	—
Net Income Per Share	312.23 yen	(929.27) yen	—
Dividend Per Share	75.00 yen	150.00 yen	

Figures in parentheses are negative.