

FY2020 Financial Results and 2021 Medium-Term Business Plan Progress

May 10, 2021

I. FY2020 Financial Results

- Financial Results Overview
- Financial Position Overview
- Cash Flows
- Results by Segment
 - Order Intake & Backlog
 - Revenue
 - Profit from Business Activities
- Profit Bridge
- COVID-19 Impact
- Summary

II. FY2021 Forecast

- Targets and Main Actions
- Forecast Overview
- Forecast by Segment

III. 2021 MTBP Progress

- Energy Transition
- New Mobility & Logistics
- Strengthen Profitability
- Social Responsibility and Community Engagement

IV. Summary

V. Appendix A

FY2020 Financial Results

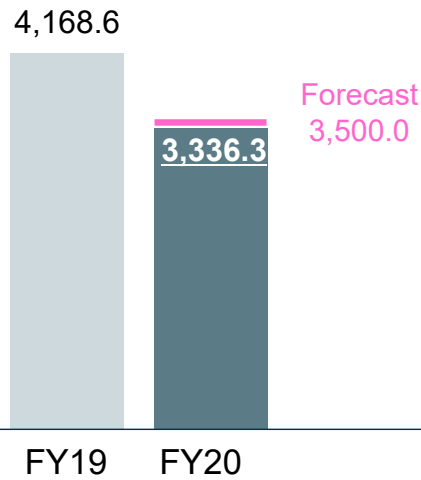
VI. Appendix B

2021 MTBP Progress

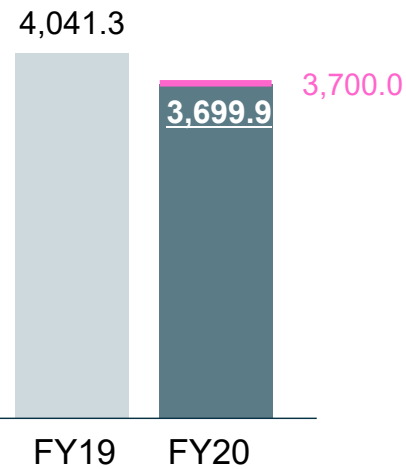
I. FY2020 Financial Results

Financial Results Overview

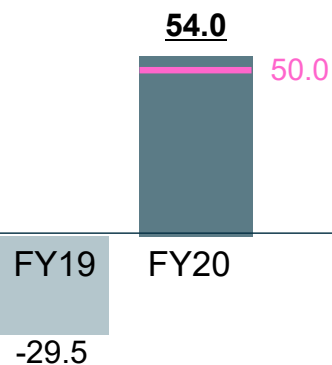
Order intake



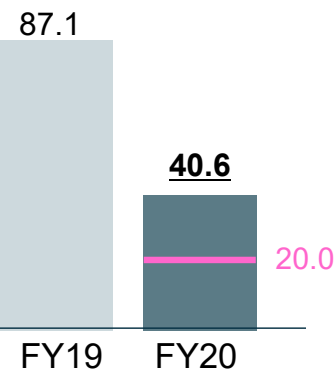
Revenue



Profit from business activities



Profit attributable to owners of parent



Order intake and revenue

Order intake and revenue were both generally according to plan

- Nuclear Power and Defense & Space showed strong performance
- Logistics, Thermal & Drive Systems exceeded the forecast due to steady market recovery
- Energy Systems and Plants & Infrastructure Systems saw some push-outs to FY21 caused by COVID-19

Profit

Both profit from business activities and profit attributable to owners of parent finished strong exceeding the forecast

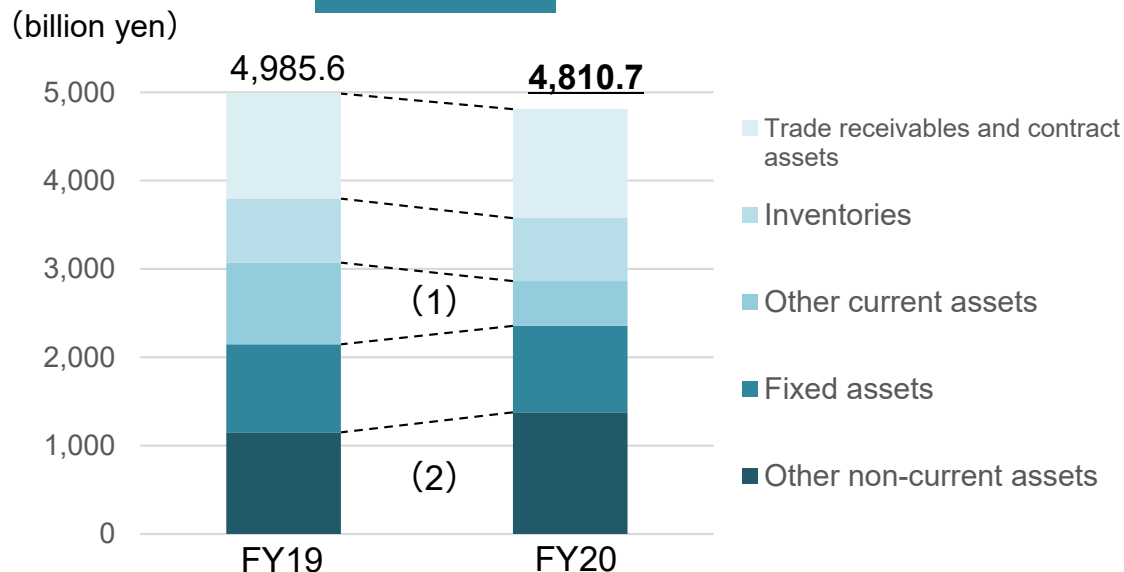
Financial Results Overview

(billion yen)

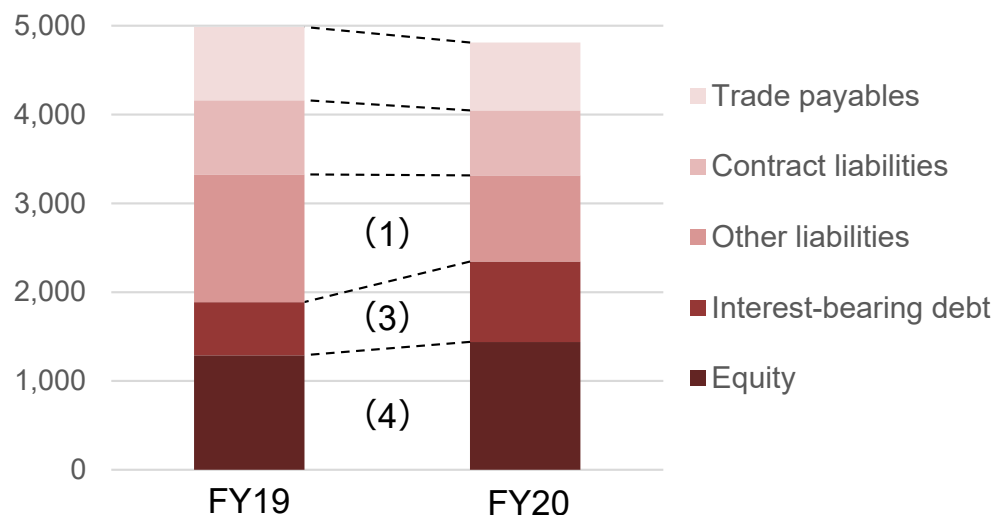
	(1)		YoY		(2)	(1) - (2)
	FY2019 (Profit margin)		FY2020 (Profit margin)		SpaceJet	Businesses excl. SpaceJet (Profit margin)
Order intake	4,168.6	3,336.3	-832.3	(-20.0%)	-	3,336.3
Revenue	4,041.3	3,699.9	-341.4	(-8.4%)	-	3,699.9
Profit from business activities	(-0.7%) -29.5	(1.5%) 54.0	+83.5	-	-116.2	(4.6%) 170.3
Profit attributable to owners of parent	(2.2%) 87.1	(1.1%) 40.6	-46.5	(-53.4%)	-83.2	(3.3%) 123.9
ROE	6.6%	3.1%	-3.5pt		-	-
EBITDA	(2.8%) 115.1	(5.2%) 193.3	+78.2	(+68.0%)	-115.9	(8.4%) 309.2
Free cash flow	212.9	-277.1	-490.0	-	-129.4	-147.7

Financial Position Overview

Assets



Liabilities & Equity



- Streamlined the balance sheet and improved financial health (total assets -¥174.9 bn)
- Executed business portfolio optimizations (incl. Vestas share acquisition and MHPS change to wholly owned subsidiary) and asset management initiatives
- Interest-bearing debt (¥905.6 bn) finished under forecast (¥950 bn)

Main causes of increases/decreases:

- Recovery of South Africa project indemnification assets (-¥407.8 bn)
- Vestas share transfer associated with Off-Shore Wind Systems business structure transformation (+¥114.7 bn)
- Increases in borrowings (+¥141.3 bn), corporate bonds (+¥55.0 bn), and commercial paper (+¥111.0 bn)
- Profit attributable to owners of parent (+¥40.6 bn), dividends (-¥25.1 bn), valuation differences etc. (+¥132.4 bn)

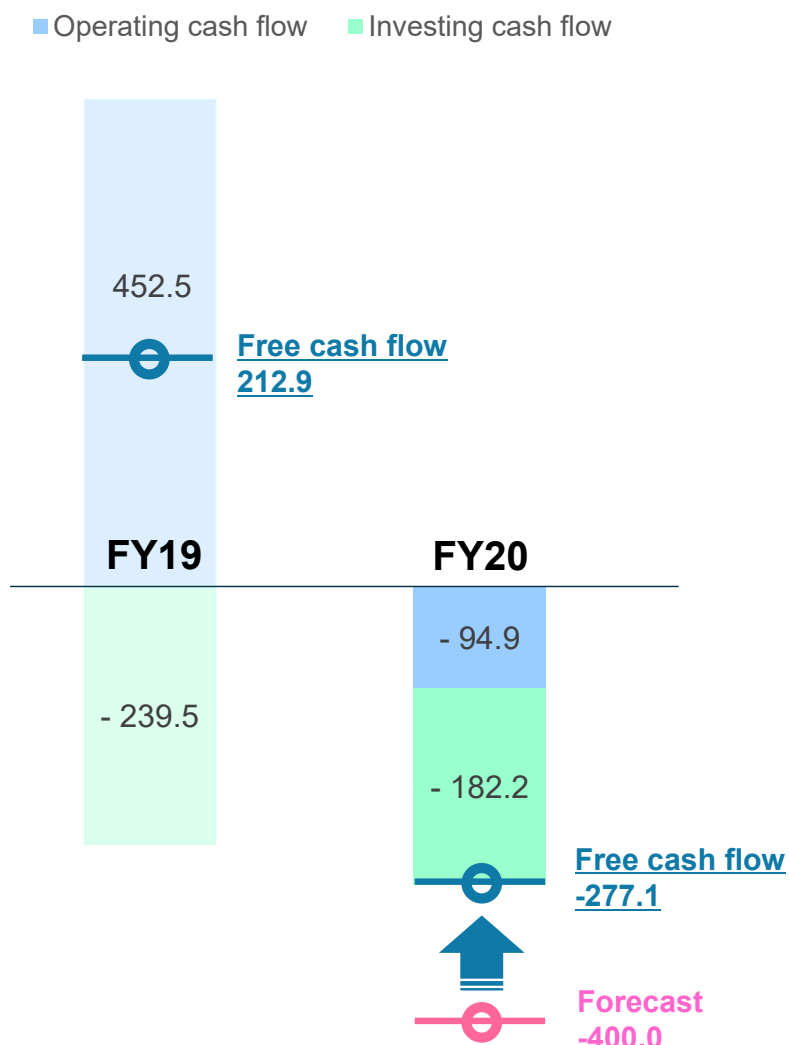
	FY19	FY20	YoY
Interest-bearing debt	598.2	905.6	+307.3
Equity ratio	24.4%	28.4%	+4.0pt
D/E ratio	0.46	0.63	+0.17

Financial Position Overview

(billion yen)

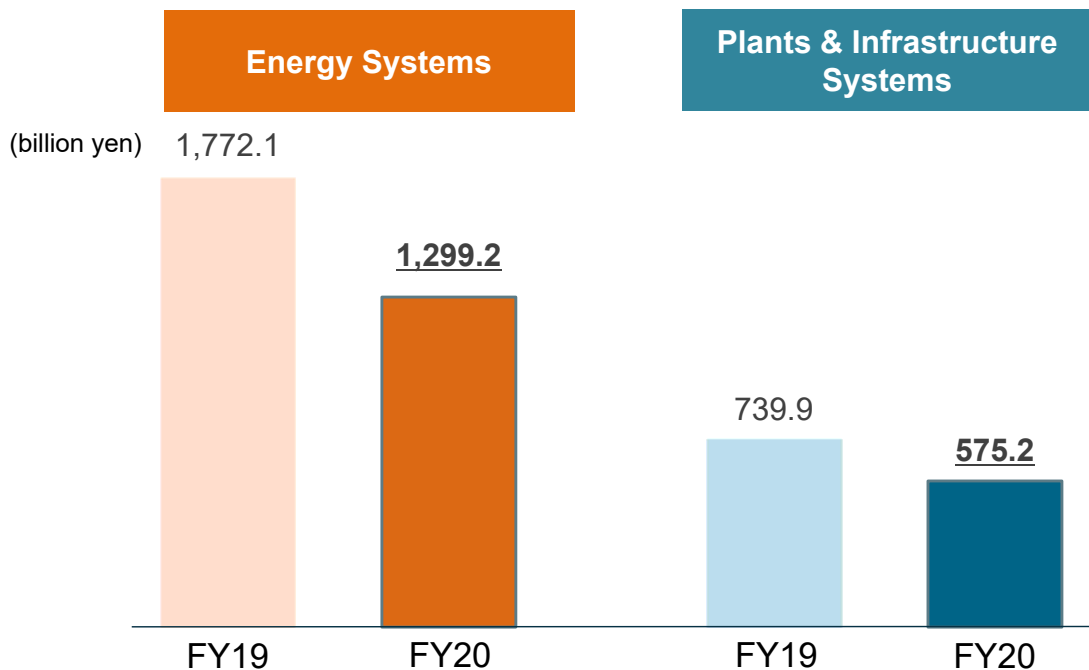
	FY19	FY20	YoY
Trade receivables and contract assets	1,188.0	1,234.1	+46.1
Inventories	726.2	713.4	-12.8
Other current assets	924.2	507.0	-417.2
(Cash and cash equivalents)	(281.6)	(245.4)	(-36.2)
Total fixed assets	996.3	978.9	-17.4
Other non-current assets	1,150.8	1,377.1	+226.3
Total assets	4,985.6	4,810.7	-174.9
Trade payables	824.0	763.7	-60.3
Contract liabilities	835.4	731.8	-103.6
Other liabilities	1,437.8	970.1	-467.7
Interest-bearing debt	598.2	905.6	+307.4
Equity	1,290.0	1,439.3	+149.3
(Equity attributable to owners of the parent)	(1,218.3)	(1,366.3)	(+148.0)
Total liabilities and equity	4,985.6	4,810.7	-174.9

(billion yen)

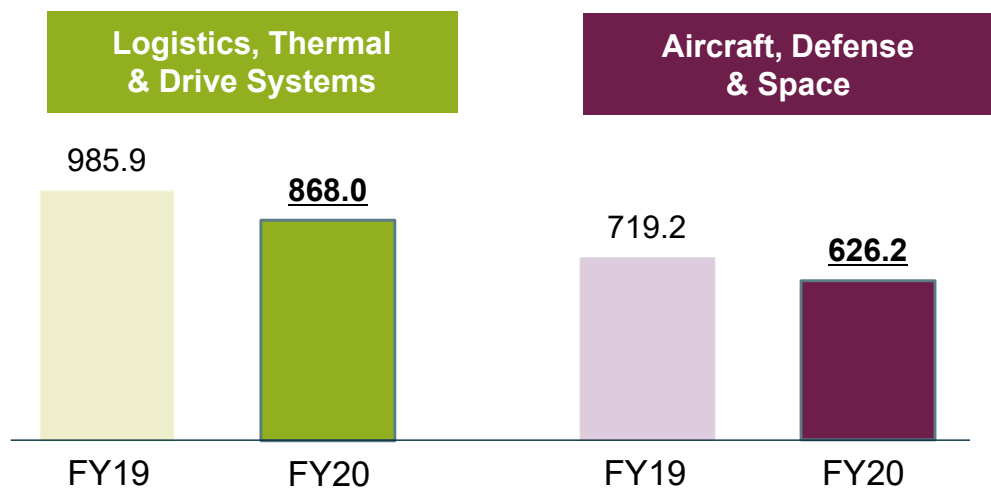
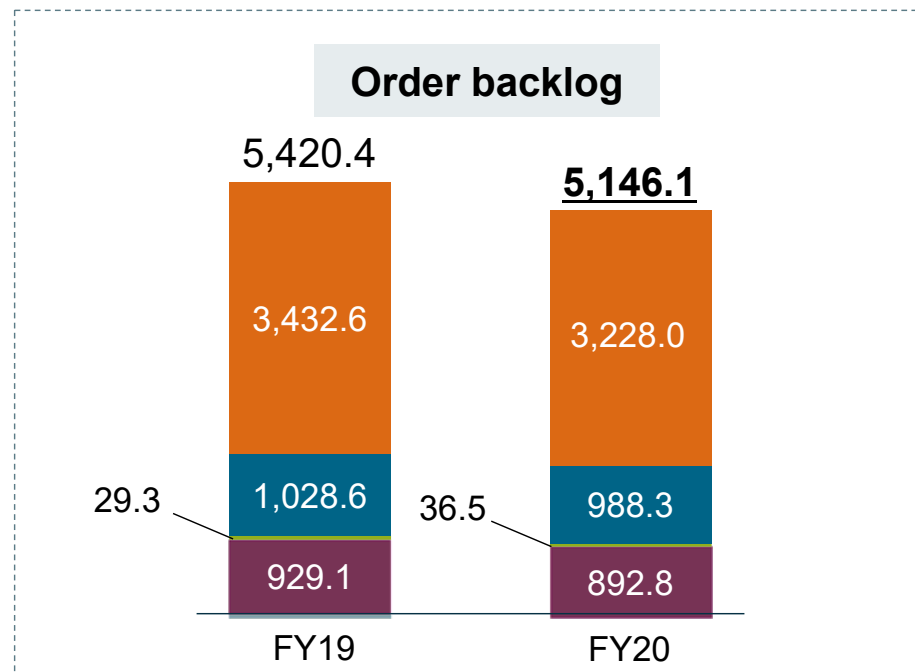


- Free cash flow
Improved ¥122.9 bn vs. the forecast (-¥400 bn)
 - Operating cash flow
Working capital initially increased* but improved vs. the forecast due to advances received
- *Causes of working capital increases:
- Decreased cash inflows in Commercial Aviation due to lower revenues caused by COVID-19
 - Increased cash outflows in Energy Systems and Plants & Infrastructure Systems from construction work progress in line with advances received in previous fiscal years
- Investing cash flow
Despite expenditures related to CRJ acquisition, the decrease in SpaceJet investment and cash flow produced by asset sales contributed to curbing total investment cash outflows

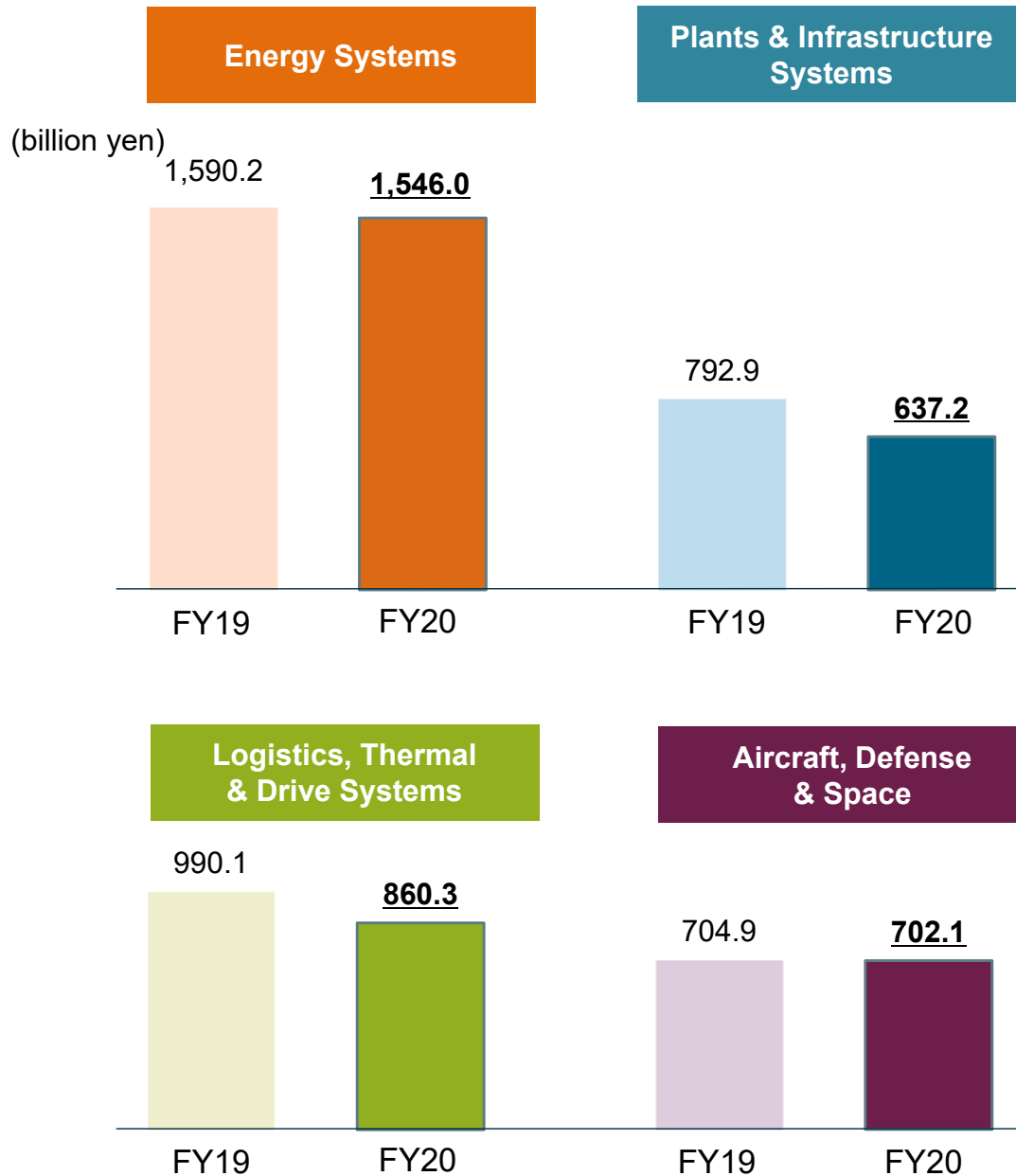
Order Intake & Order Backlog by Segment



- Energy Systems
 Decrease: Steam Power
- Plants & Infrastructure Systems
 Decrease: Commercial Ships, Engineering
- Logistics, Thermal & Drive Systems
 Decrease: Turbochargers, Material Handling Systems, Car Air-Conditioners
- Aircraft, Defense & Space
 Increase: Defense Aviation, Missile Systems
 Decrease: Commercial Aviation



Revenue by Segment



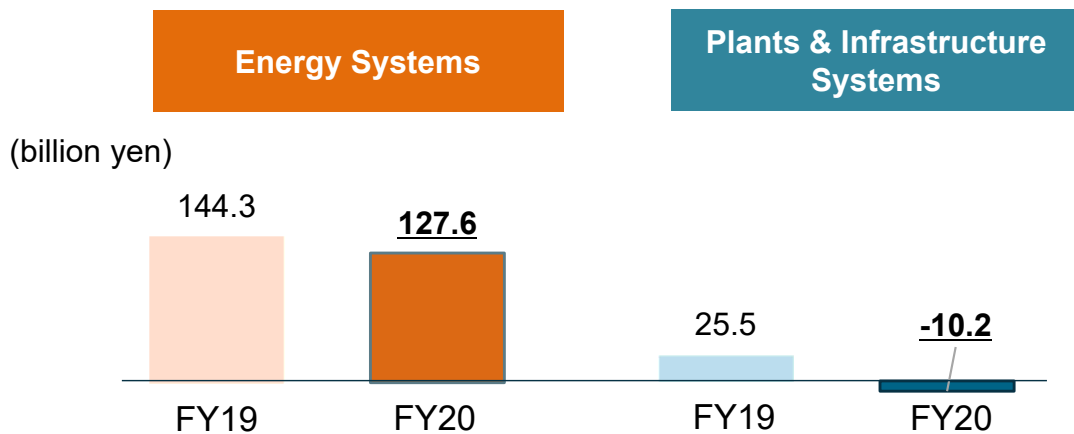
- Energy Systems
 Increase: GTCC, Nuclear Power
 Decrease: Steam Power, Aero Engines

- Plants & Infrastructure Systems
 Decrease: Metals Machinery, Engineering

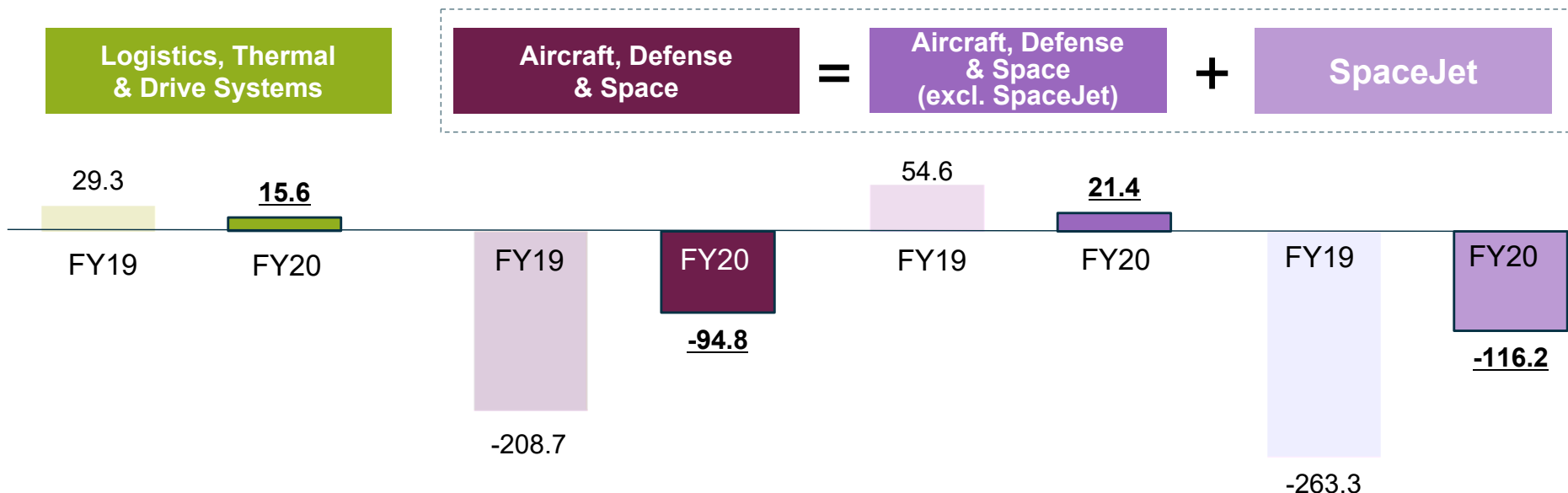
- Logistics, Thermal & Drive Systems
 Decrease: Turbochargers, Material Handling Systems, Car Air-Conditioners

- Aircraft, Defense & Space
 Increase: Defense Aviation, Missile Systems
 Decrease: Commercial Aviation

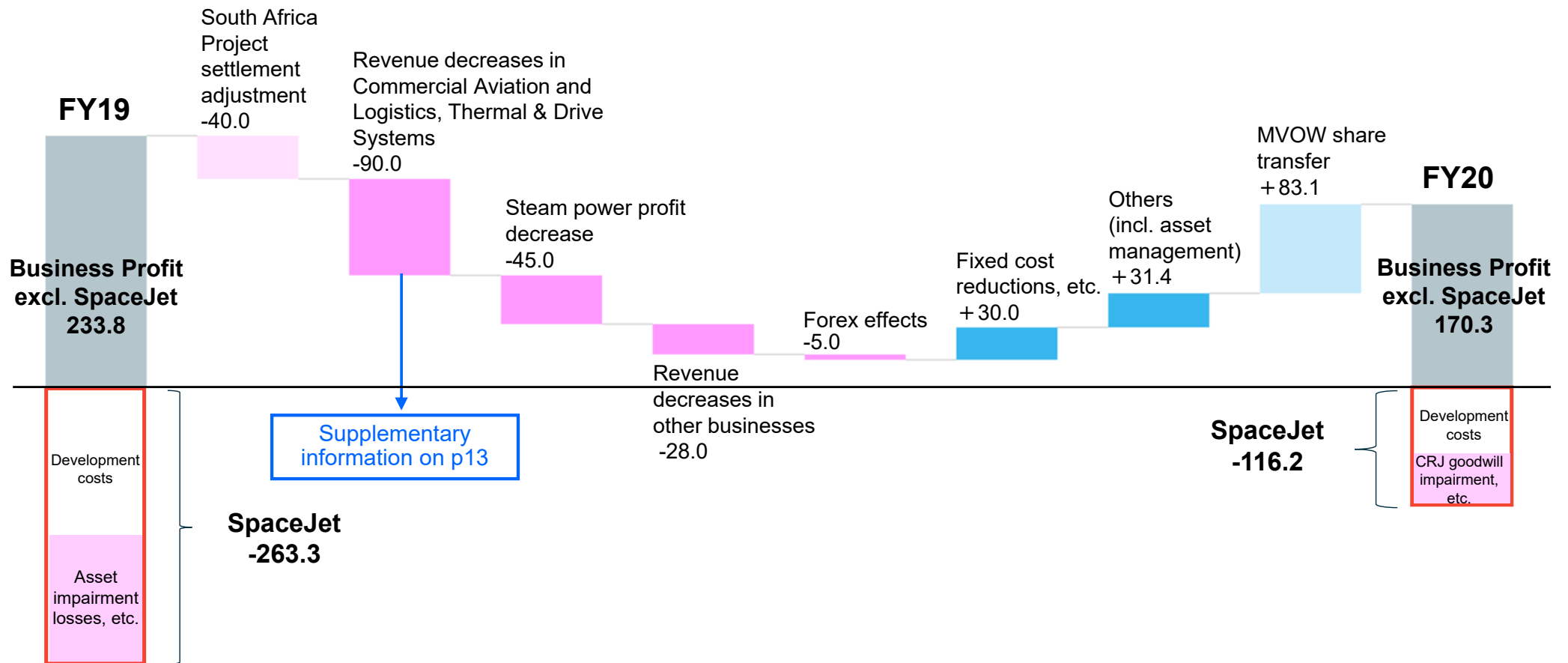
Profit from Business Activities by Segment



- Energy Systems
 Increase: GTCC, Nuclear Power (revenue increase),
 Off-Shore Wind Systems (MVOW share transfer)
 Decrease: Steam Power (revenue decrease,
 profitability decrease in construction work),
 Aero Engines (revenue decrease)
- Plants & Infrastructure Systems
 Decrease: Engineering (revenue decrease)
- Logistics, Thermal & Drive Systems
 Decrease: Turbochargers, Material Handling Systems,
 Car Air-Conditioners (revenue decrease)
- Aircraft, Defense & Space
 Increase: Defense Aviation, Missile Systems (revenue increase)
 Decrease: Commercial Aviation (revenue decrease)



- COVID-19 impact: Recovery seen in Logistics, Thermal & Drive Systems after bottoming out in Q1. Commercial Aviation recovery slowed due to market contraction after a resurgence of COVID-19 beginning in Q3.
- Combatting COVID-19 downturn: Improvements from fixed cost reductions and asset management exceeded the initial target of ¥45.0 bn
- SpaceJet: Losses (¥116.2 bn) finished slightly less than the forecast (¥120.0 bn)



COVID-19 Impact

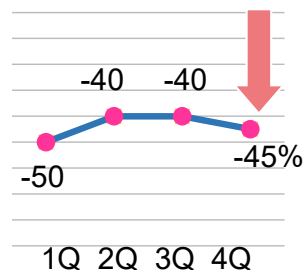
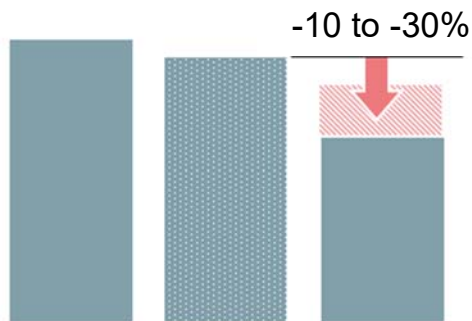
Business

FY20 Revenue Forecast

Revenue (vs. FY20 Plan)

Status as of FY20 Closing

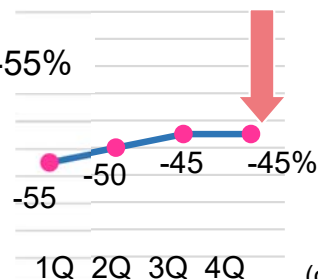
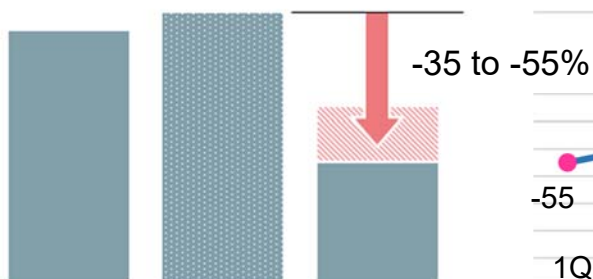
Commercial Aviation - Aero Structures (Tier 1)



(cumulative figures)

- Revenue recovery slowed due to market contraction after a resurgence of COVID-19 beginning in Q3 despite a slight upturn in Q2. Full year totals lower than initial forecast.

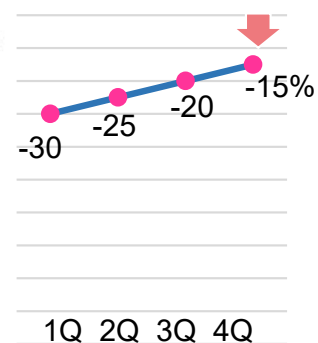
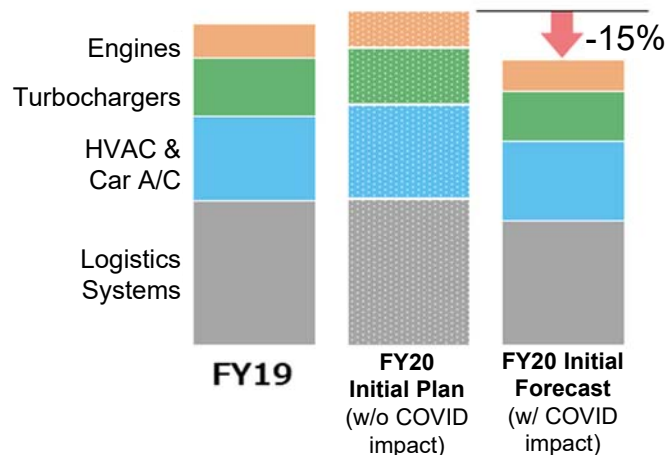
Commercial Aviation - Aero Engines



(cumulative figures)

- Due to a sluggish market caused by COVID-19, revenue remained flat in Q3-4 but finished within the range of the initial forecast

Logistics, Thermal & Drive Systems



(cumulative figures)

- Revenue recovered steadily in each quarter and finished generally in line with the initial forecast
- Profit significantly exceeded the initial forecast as a result of better than plan fixed cost reductions

- Achieved profit forecast
 - Profit from business activities and profit attributable to owners of parent both exceeded the forecast
 - Strong profits from GTCC, Nuclear Power, Logistics, Thermal & Drive Systems, and Defense & Space despite both positive and negative nonrecurring items

- Financial position
 - Streamlined the balance sheet and moved forward with asset optimization
 - Interest-bearing debt and D/E ratio improved vs. the forecast

- Business portfolio
 - Optimizing the business portfolio to focus on company strengths
(Optimization of Off-Shore Wind Systems, sale of Machine Tools business, acquisition of Naval and Governmental Ships business, and sale of Koyagi Shipyard)
 - Made mid- to long-term investments in the Energy Transition space, a strategic growth area for MHI Group. This included start-up investment and participation in international development projects.

II. FY2021 Forecast

Regarding forward-looking statements:

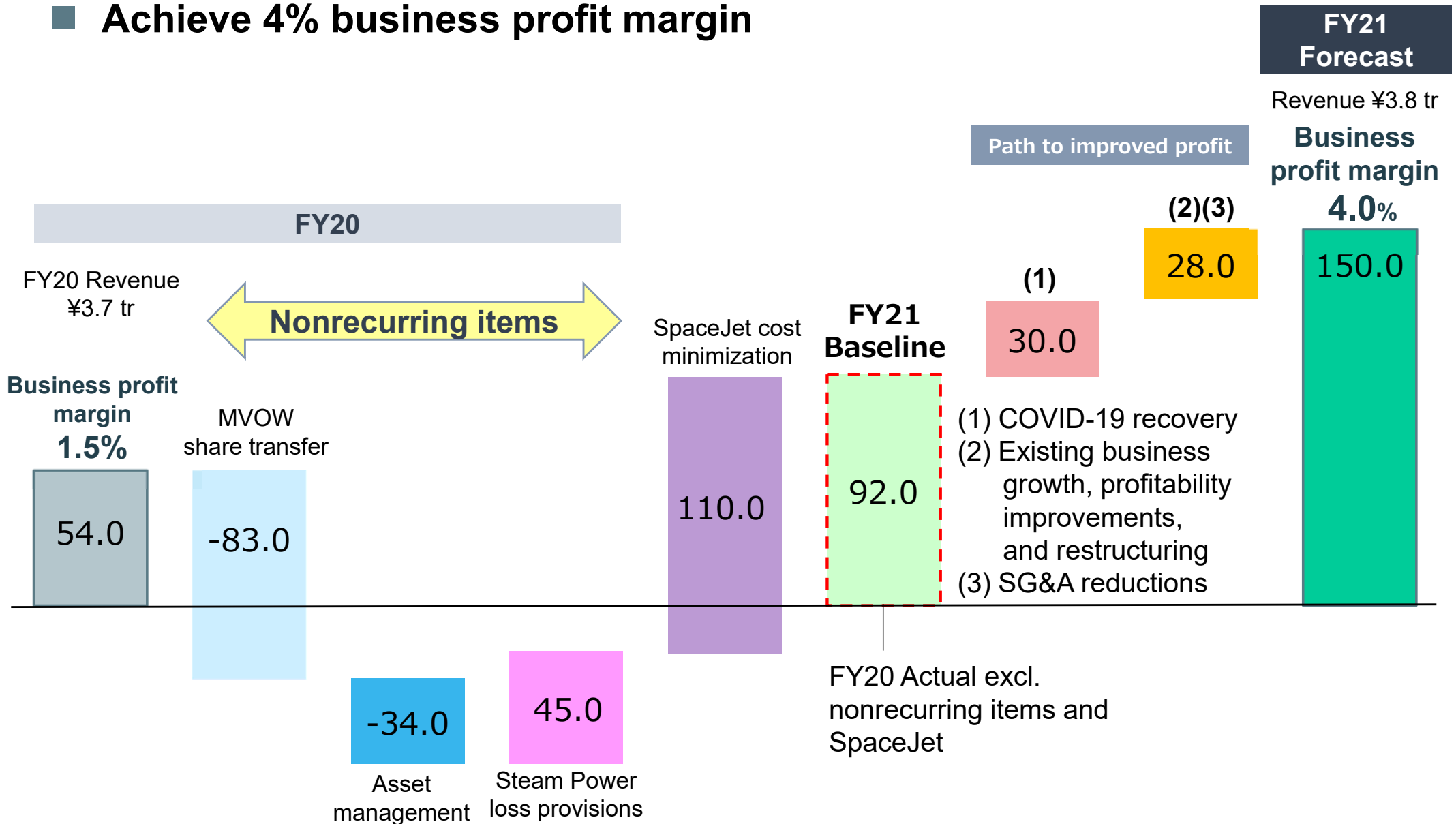
The forward-looking statements contained in these materials are based on judgments made in accordance with information available at the time of creation and include risks and uncertainties. As such, investors are recommended not to depend solely on these projections when making investment decisions. Actual results may vary significantly from these projections due to a number of factors, including but not limited to: economic trends affecting the Company's business environment, currency exchange rate fluctuations, and stock market trends in Japan. These financial projections should not be construed in any way as a guarantee by the Company.

FY2021 Targets

	FY2020	FY2021	2021 MTBP FY2023
Revenue	¥3.7 tr	¥3.8 tr	¥4.0 tr
Business profit margin	1.5%	4%	7%
ROE	3.1%	7%	12%
Total assets	¥4.8 tr	¥4.7 tr	¥4.5 tr
Interest-bearing debt	¥0.9 tr	¥0.9 tr	¥0.9 tr
Equity	¥1.4 tr	¥1.5 tr	¥1.5 tr
D/E Ratio	0.6	0.6	0.6
Shareholder equity ratio	28%	30%	33%
Dividend per share	¥75	¥90	¥160

FY2021 Targets and Main Actions

Achieve 4% business profit margin



SG&A: Selling, General and Administrative Expenses

FY2021 Forecast Overview

(billion yen)

	FY2020 Actual		FY2021 Forecast		YoY	
	(profit margin)		(profit margin)		(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	-
-----	--	--------	--	-----	--------	---

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 3.3 bn

EUR 0.5 bn

FY2021 Forecast by Segment

(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. 2021 MTBP Progress



Integrate cutting-edge technology into expertise built up over many years to provide solutions to the world's most pressing issues and provide better lives

2021 MTBP (FY21-23)

Develop growth areas

Strengthen profitability

Growth -New business revenue-
100 billion yen by FY23
1 trillion yen by FY30

Profitability
Business profit margin 7%
ROE 12%

Dividends
Record-high dividend per
share

Financial stability
Total assets turnover 0.9
Maintain current level of
interest-bearing debt

2021 MTBP (FY21-23)

Develop growth areas

Strengthen profitability

Growth -New business revenue-
100 billion yen by FY23
1 trillion yen by FY30

Energy Transition

Decarbonization is accelerating around the World

	2030 GHG Emissions	Carbon Neutrality Target
Japan	-46% (vs. 2013 levels)	2050
USA	-50-52% (vs. 2005 levels)	-
China	-65% (vs. 2005 levels per unit GDP)	2060
EU	-55% (vs. 1990 levels)	2050
UK	-78% (vs. 1990 levels by 2035)	2050

Combine MHI Group's wide-ranging technologies to overcome challenges and help achieve the world's ambitious decarbonization targets

GHG: Greenhouse Gases

Build an innovative solutions ecosystem to realize a carbon neutral future

Decarbonize existing
infrastructure



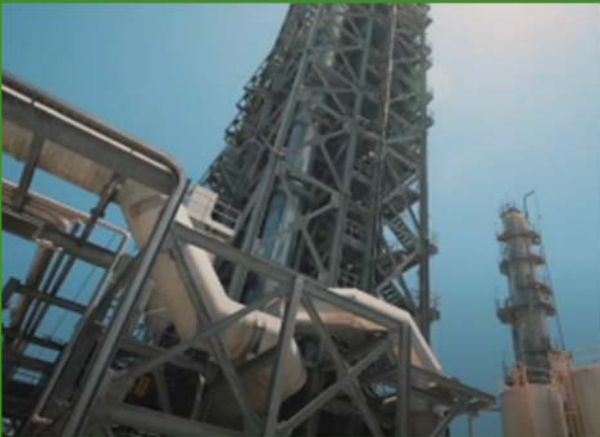
Build a hydrogen
solutions ecosystem



Build a CO₂
solutions ecosystem



Decarbonize existing infrastructure



Build a hydrogen solutions ecosystem



Build a CO₂ solutions ecosystem



Stabilize power supplies and minimize costs to the broader community by effectively utilizing existing infrastructure during the expansion of renewable energy

Renewable Energy

- ✓ Carbon-free energy
- ✓ Large fluctuations in power supply (short- and long-term)



Energy Storage

- ✓ Carbon-free energy
- ✓ Compensate for power supply fluctuations (short-term)

Nuclear Power

- ✓ Carbon-free energy
- ✓ Stable power supply

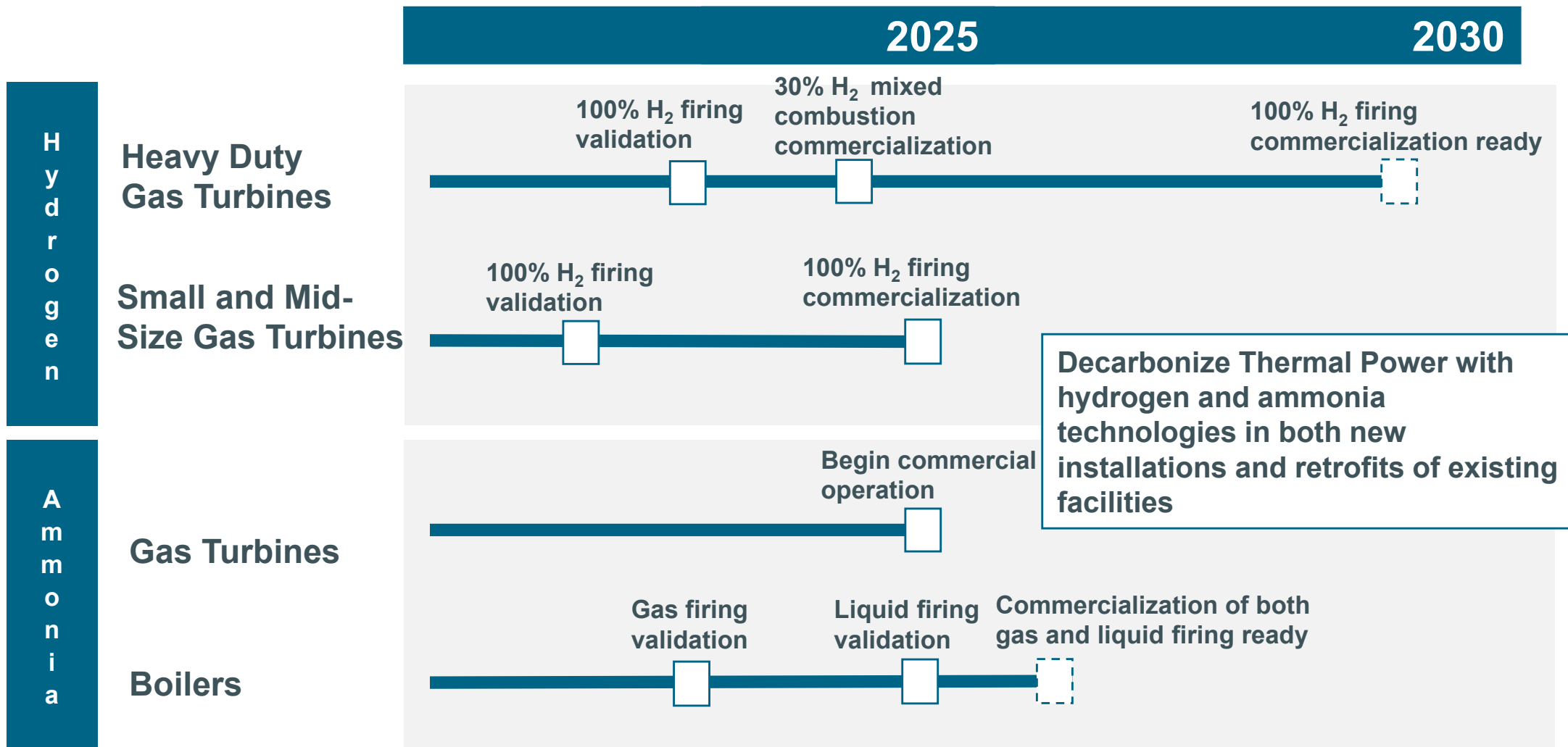


Thermal Power

- ✓ Decarbonization (hydrogen and CO₂ capture)
- ✓ Compensate for power supply fluctuations (long-term)

Decarbonizing Thermal Power

Validate and begin commercializing carbon-free power generation using hydrogen and ammonia by 2025



Decarbonizing Thermal Power

Completed integration of development processes from R&D to validation and testing on in-house equipment

Technical validation on in-house facilities

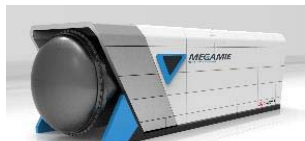
JAC-class (heavy duty GT) demonstration plant H-25 series (mid-size GT) validation testing facility



Hydrogen loader



Hydrogen production test equipment



*Photo of SOFC unit

Increase reliability through validation testing and apply to commercialization

Mitsubishi Power Takasago Works



Premix combustor (DLN)

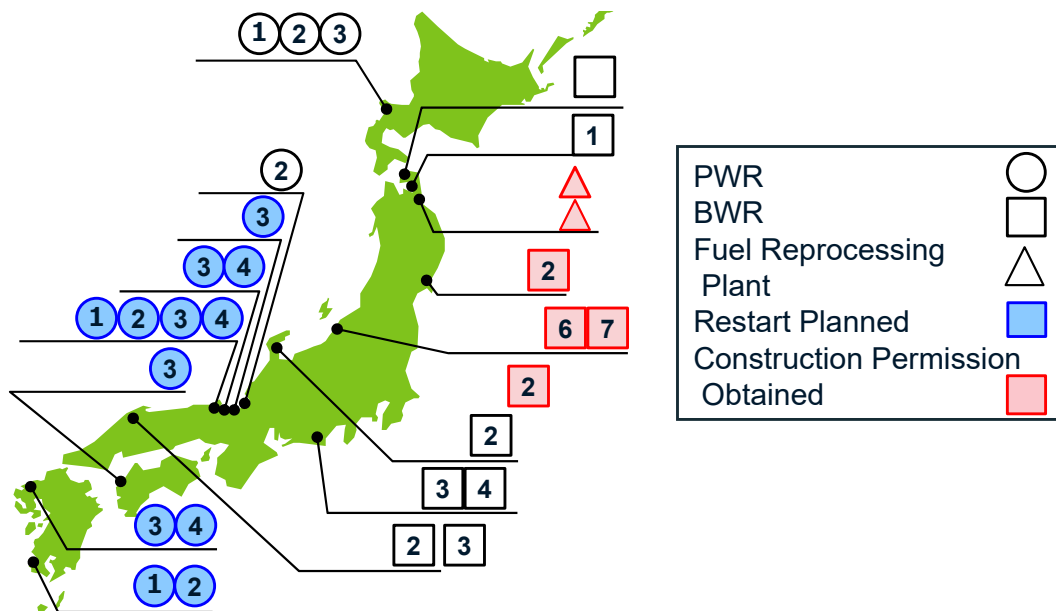


Multi-cluster combustor

Nuclear Power Contributions to Carbon Neutrality

- Supporting restart efforts for existing plants, building Specialized Security Facilities (SSF), and completing the nuclear fuel cycle
- Develop and commercialize a next-generation light water reactor with the world's highest level of safety

Status of Plant Restarts



- ✓ Supporting restart efforts for 12 PWRs and working to support restart of other plants including BWRs
- ✓ Working to complete construction of a nuclear fuel reprocessing and MOX processing plant as the lead company

MOX: A mixture of plutonium and uranium

New Light Water Reactor



- ✓ Reinforce safety measures and increase resilience to natural disasters
- ✓ Introduce new safety concepts leveraging cutting-edge technology

The world's safest nuclear reactor

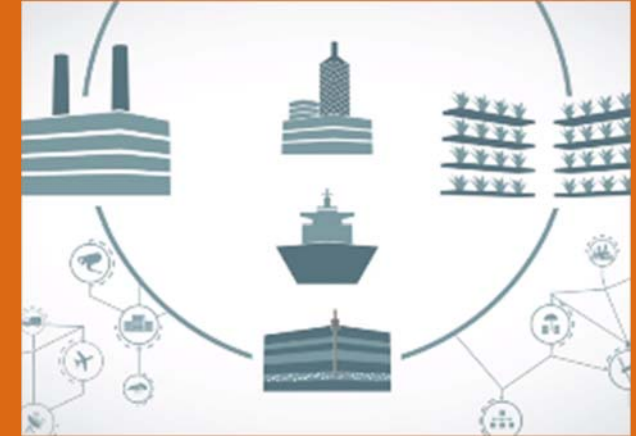
Decarbonize existing
infrastructure



Build a hydrogen
solutions ecosystem

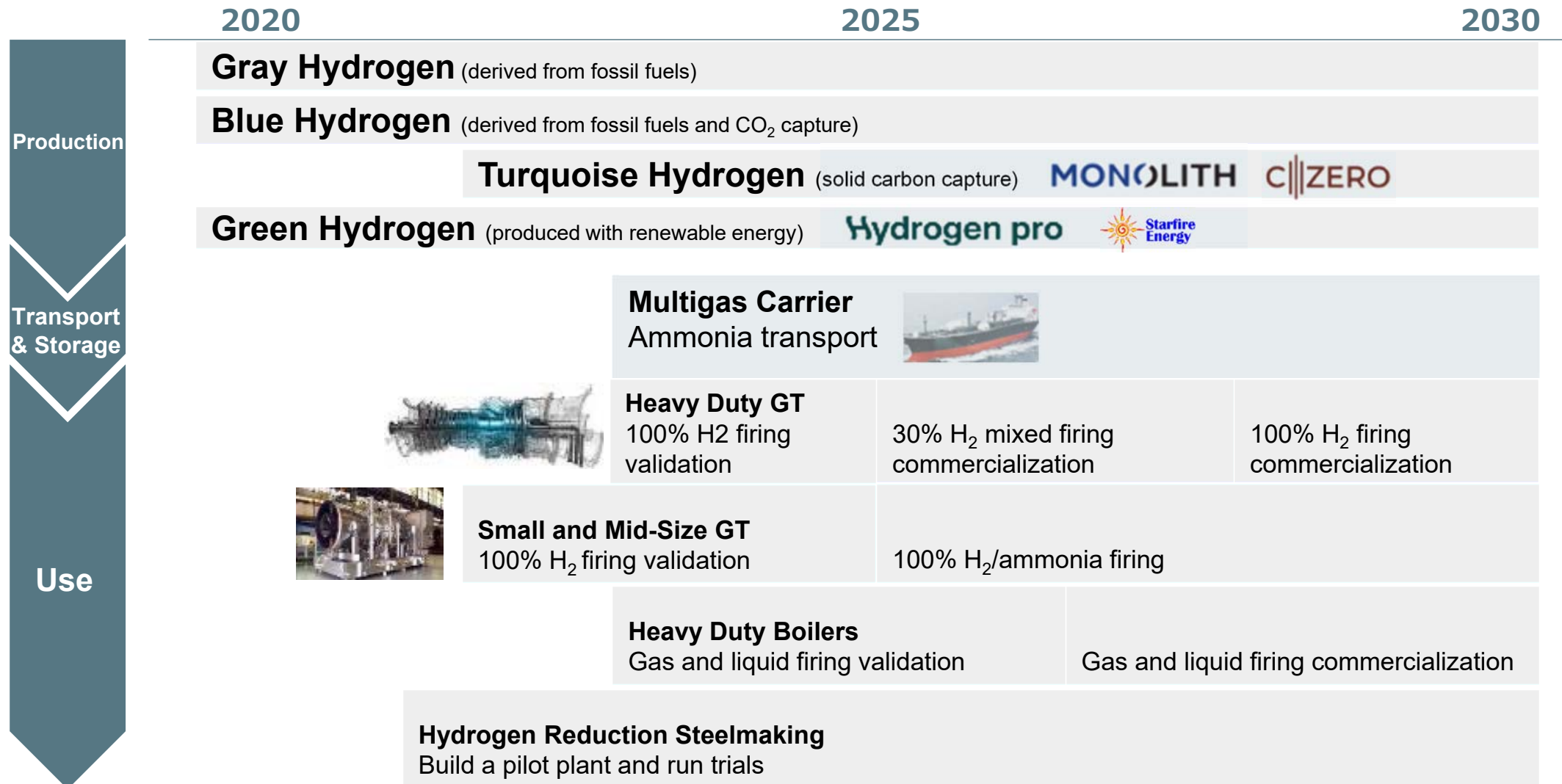


Build a CO_2
solutions ecosystem



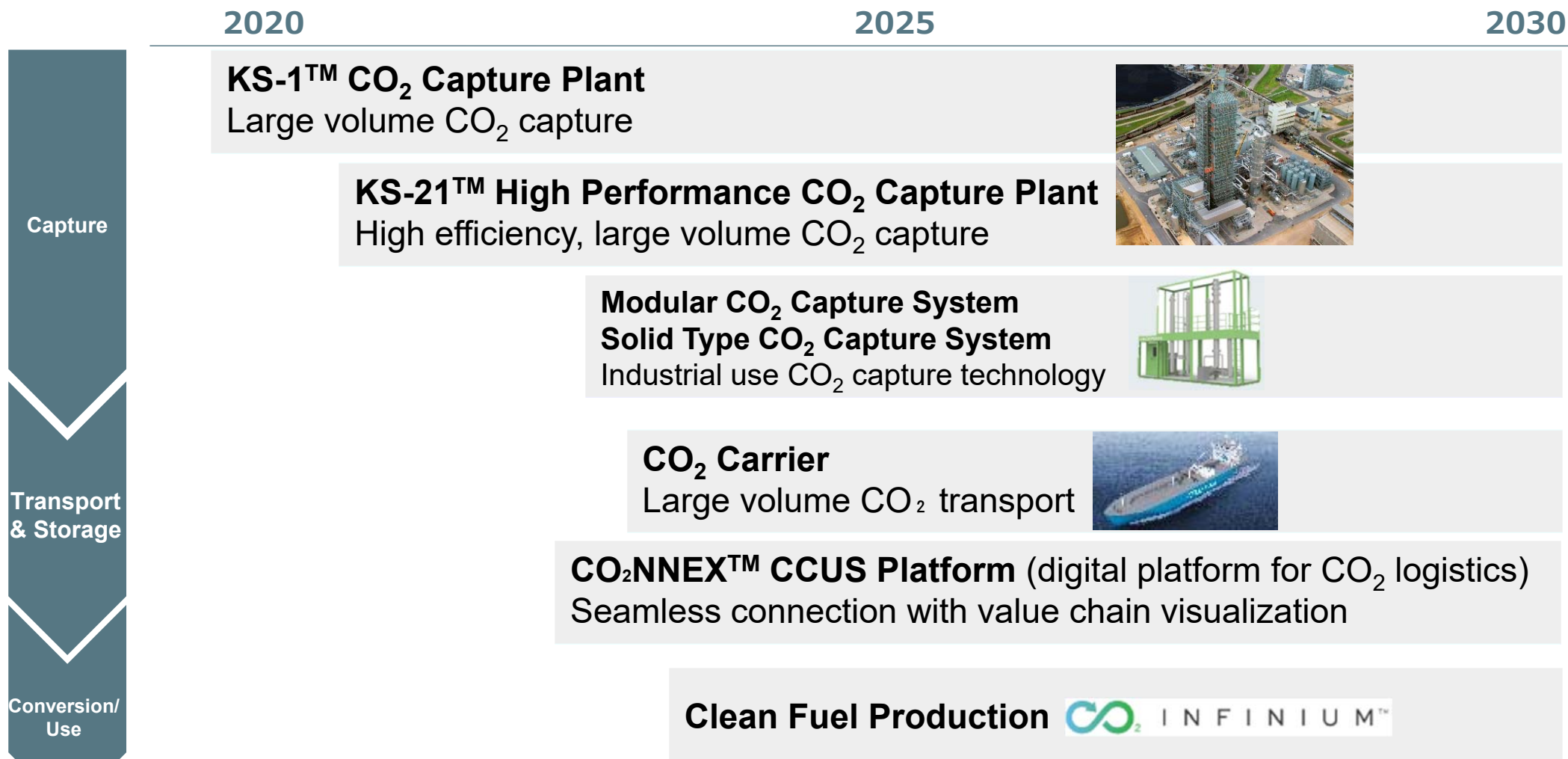
Build a Hydrogen Solutions Ecosystem

- Create a solutions ecosystem covering production, transport, storage, and use
- Develop key decarbonization technologies targeting 2025



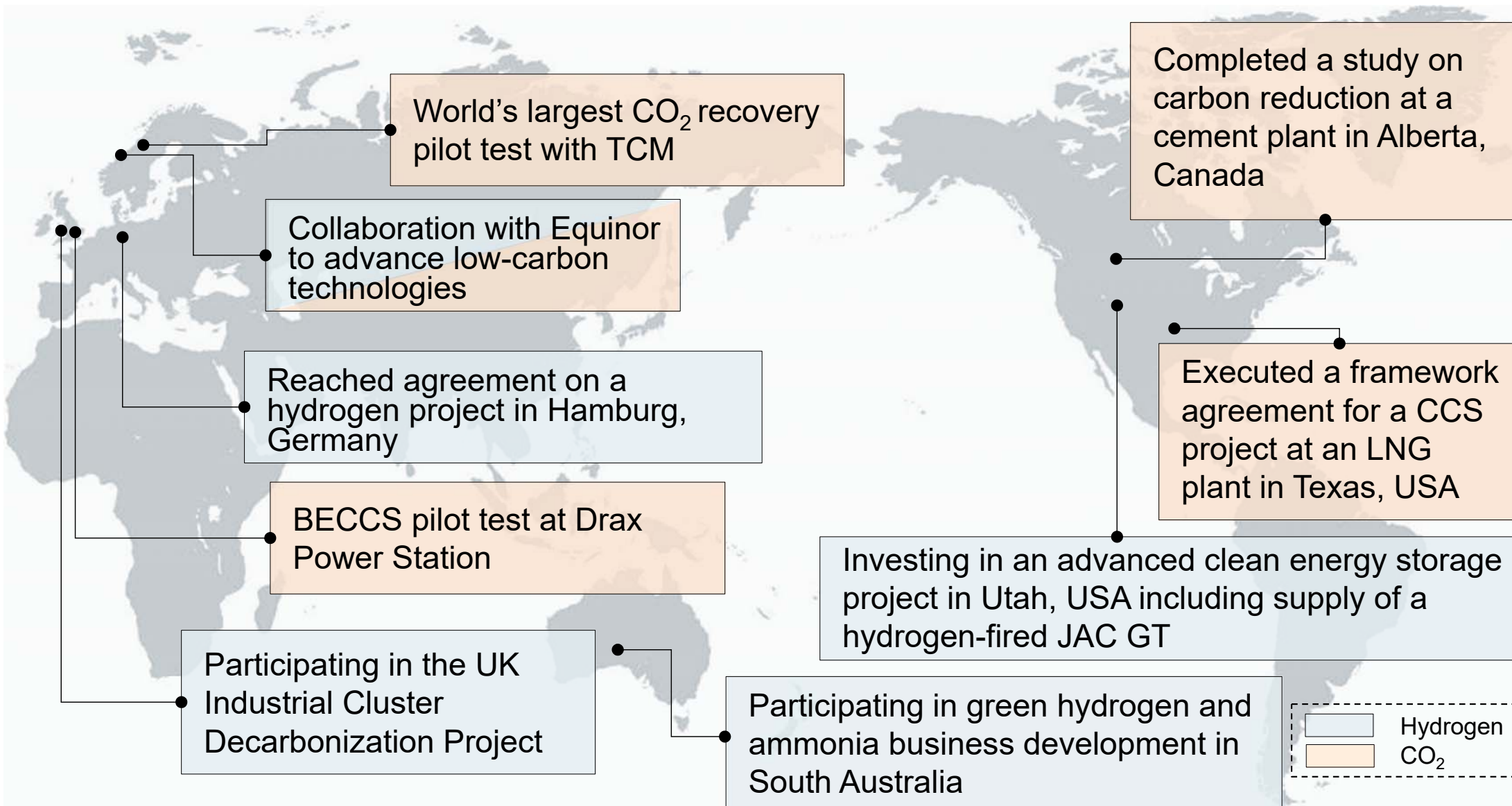
Build a CO₂ Solutions Ecosystem

- Create a solutions ecosystem covering carbon capture, transport, storage, and conversion/use
- Expand carbon capture product lineup by 2023



KS-1, KS-21: A proprietary amine absorbent jointly developed with Kansai Electric Power CO₂NNEX™: A digital platform for visualizing CO₂ logistics to be jointly developed with IBM Japan

Engaging in projects in leading regions, advancing commercialization efforts



Participating in advanced projects in North America

Build a hydrogen solutions ecosystem by connecting hydrogen users with production, storage, and transport

Invest in technology development and form strategic partnerships



Production



Storage



Transport



Off-takers



Power Generation



Transportation



Industry

Production

Storage & Transport

Use

Active projects

Advanced Clean Energy Storage:
Developing a 1,000 MW energy storage facility

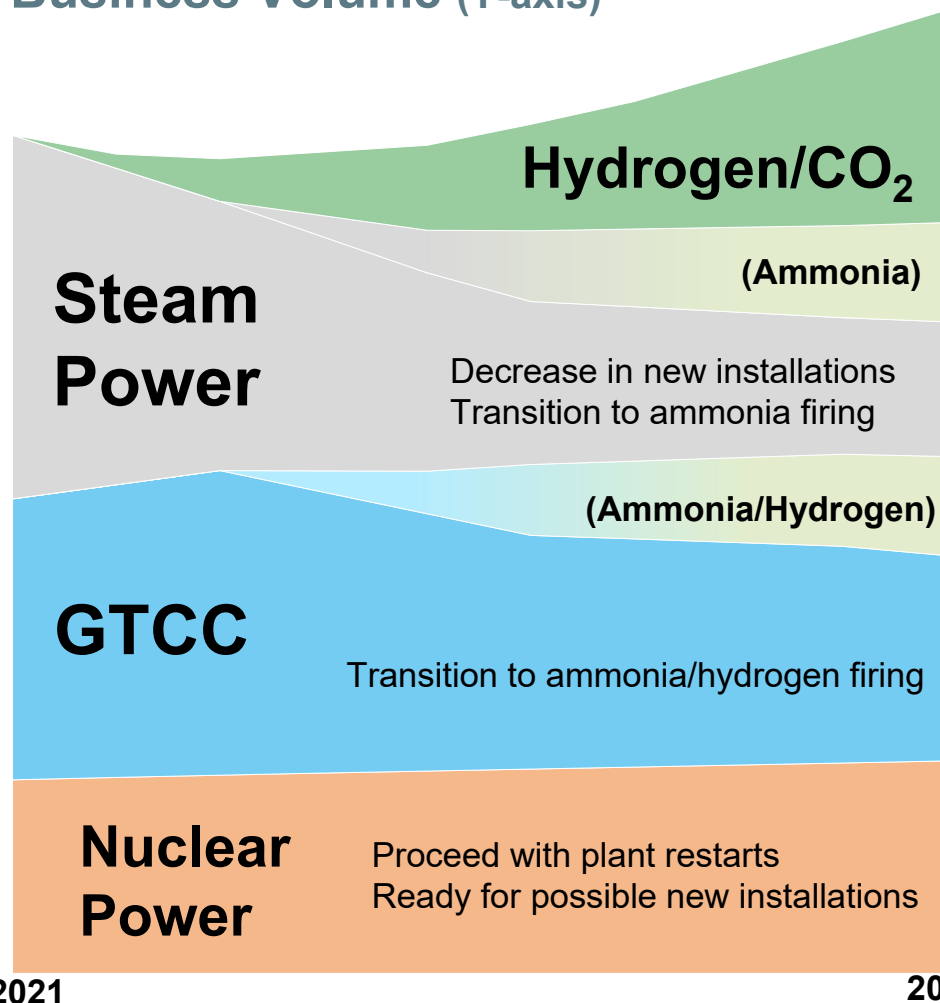
Intermountain Power Agency: Won order for
840 MW hydrogen-fired JAC-class GT

Entergy: Executed a Joint Development Agreement for hydrogen production, storage, and use

Grow Businesses through the Energy Transition

Build hydrogen and CO₂ solutions business scale in addition to decarbonizing existing infrastructure

Business Volume (Y-axis)



Social Impact

Strategy

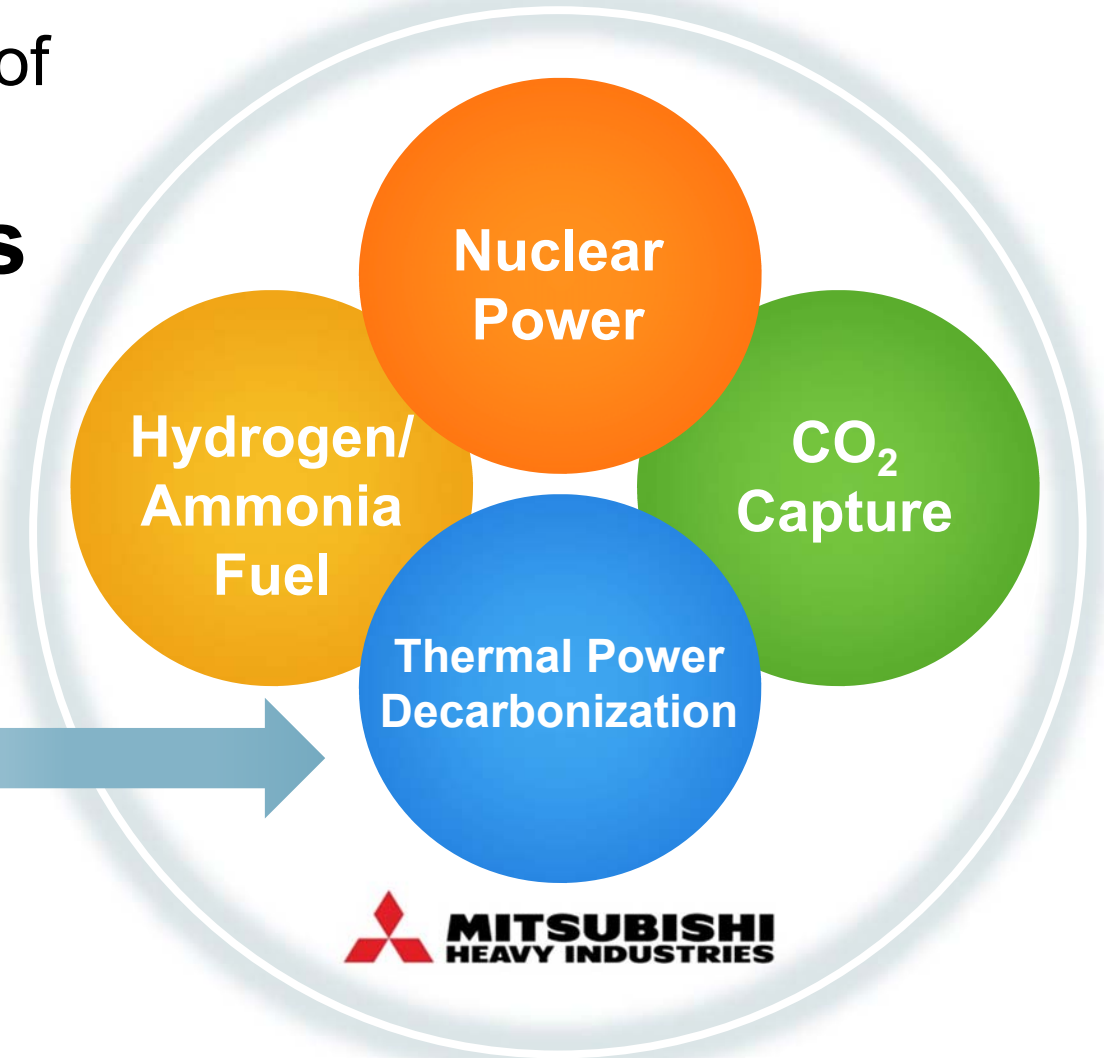
Carbon-free fuels Capture and use remaining CO ₂ emissions	Leverage MHI strengths Form strategic partnerships Technical validation to commercialization
Decrease social burden by utilizing existing assets	Develop ammonia-fired boilers Innovate in maintenance
Stable peaking power source	Develop and validate hydrogen- and ammonia-fired gas turbines
Carbon-free base load power source	Restart existing plants and construct SSFs Develop a next-generation light water reactor

2021

2030

Mitsubishi Power to be integrated into MHI (Oct 2021)

Contribute to the achievement of
Carbon Neutrality as a
**total energy solutions
company**



Strengthen MHI Group to build hydrogen and CO₂ solutions ecosystems

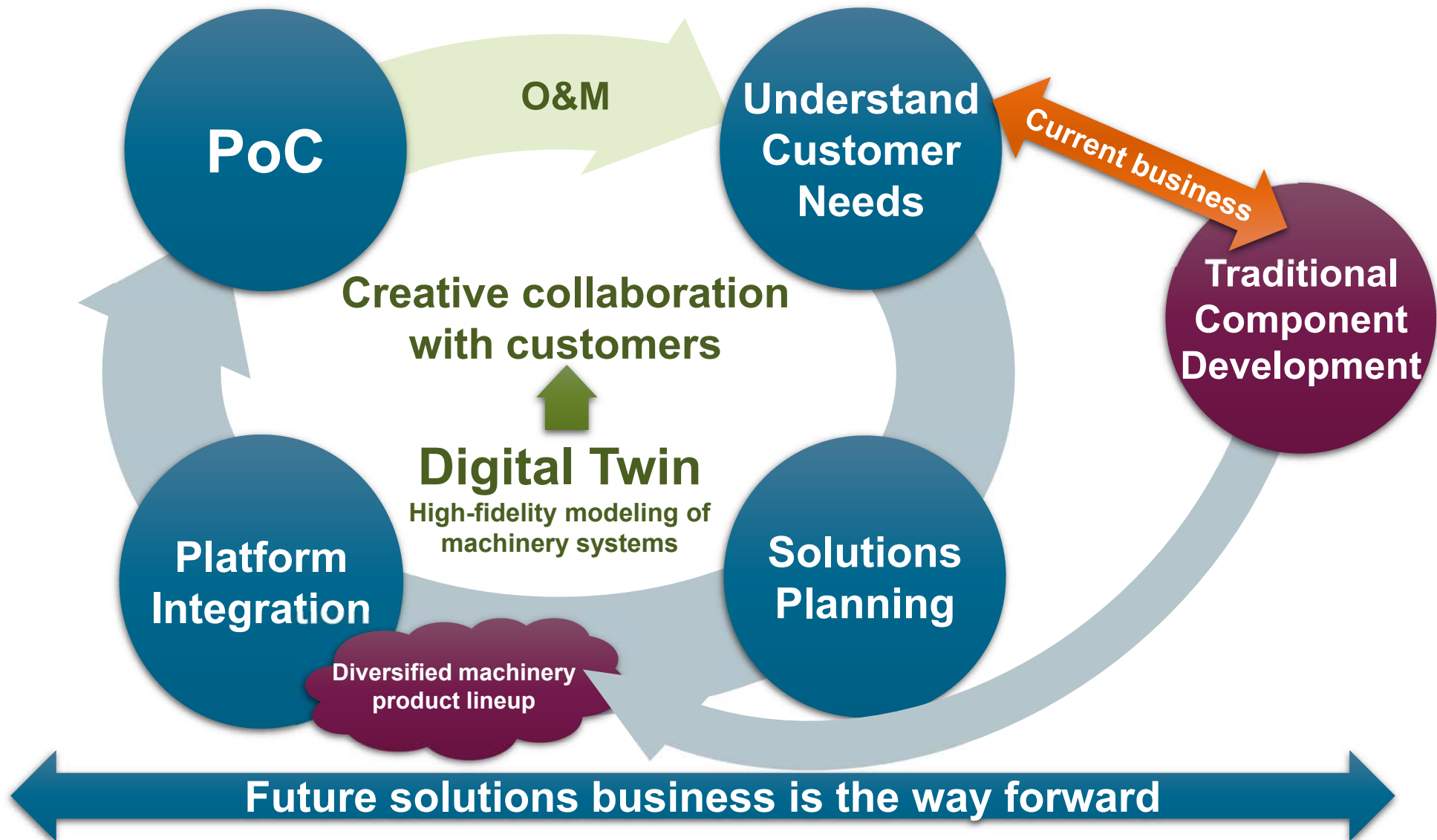
- Dynamically integrate MHI and Mitsubishi Power resources
- Rapidly advance decarbonization of the existing Thermal Power business in parallel with hydrogen and CO₂ solutions ecosystems efforts

Transform the Thermal Power business structure to focus on decarbonization

- Steam Power will take the following actions in the transition to decarbonization
 - ✓ Transform into an advanced maintenance and service business
 - ✓ Optimize production and increase competitiveness of steam turbines
- Consolidate functions from planning to execution in each business line, allowing streamlined organizations to improve operational flexibility

New Mobility & Logistics

Provide integrated, autonomous, intelligent machinery systems while shifting from component sales business

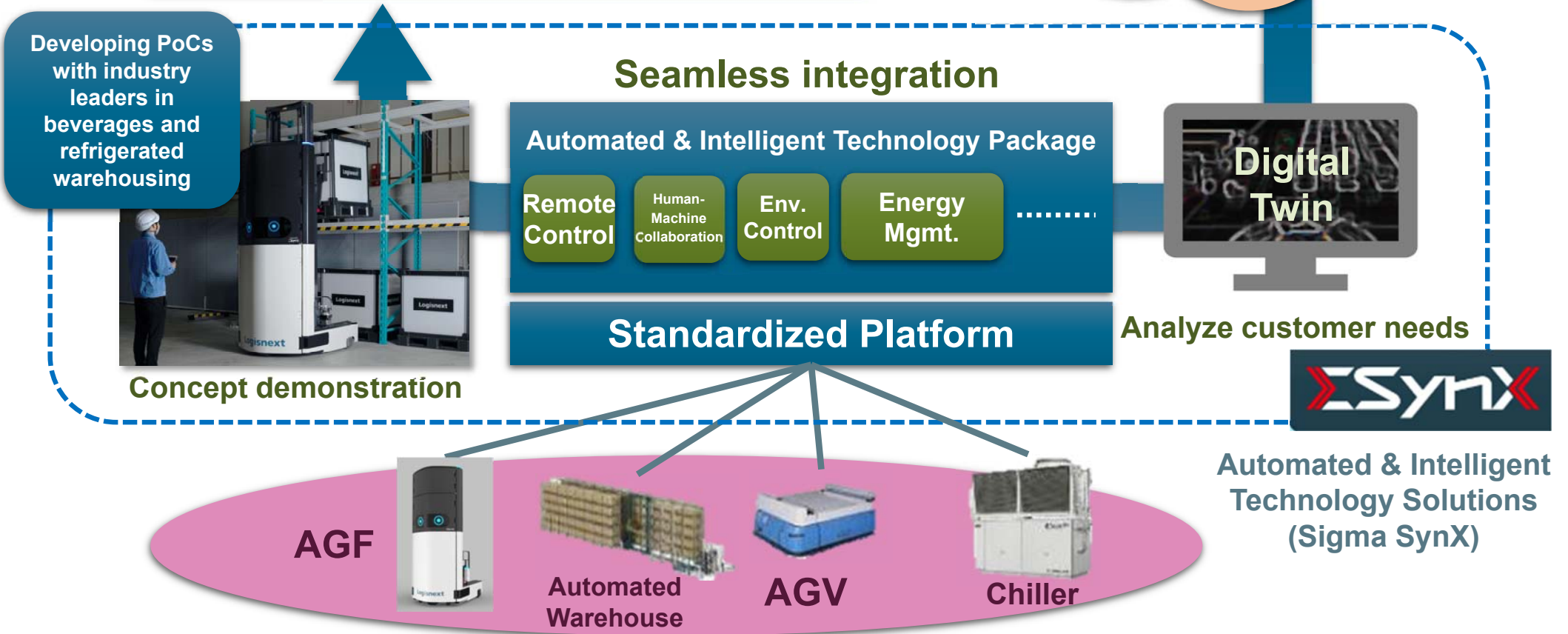


PoC: Proof of Concept

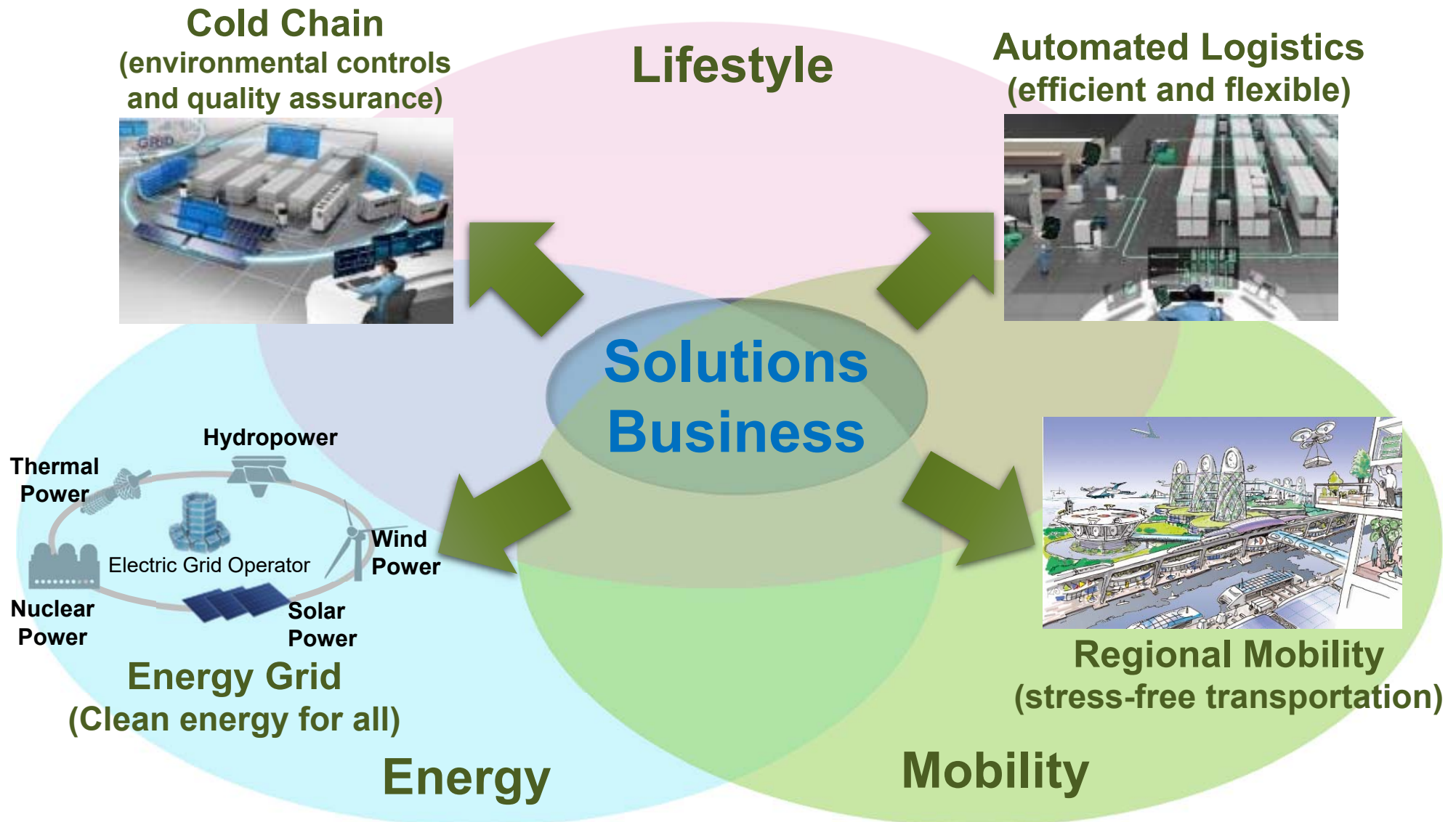
Developing comprehensive logistics solutions

- ✓ Automated logistics solutions
(Business volume: ¥50 bn by FY26)
- ✓ Cold Chain solutions
(Business volume: ¥100 bn by FY26)

- Known customer pain points
- ✓ Volatility
 - ✓ Harsh working environments
 - ✓ Safety/quality assurance



Expand the solutions business to cover all product areas



2021 MTBP (FY21-23)

Develop growth areas

Strengthen profitability

Profitability

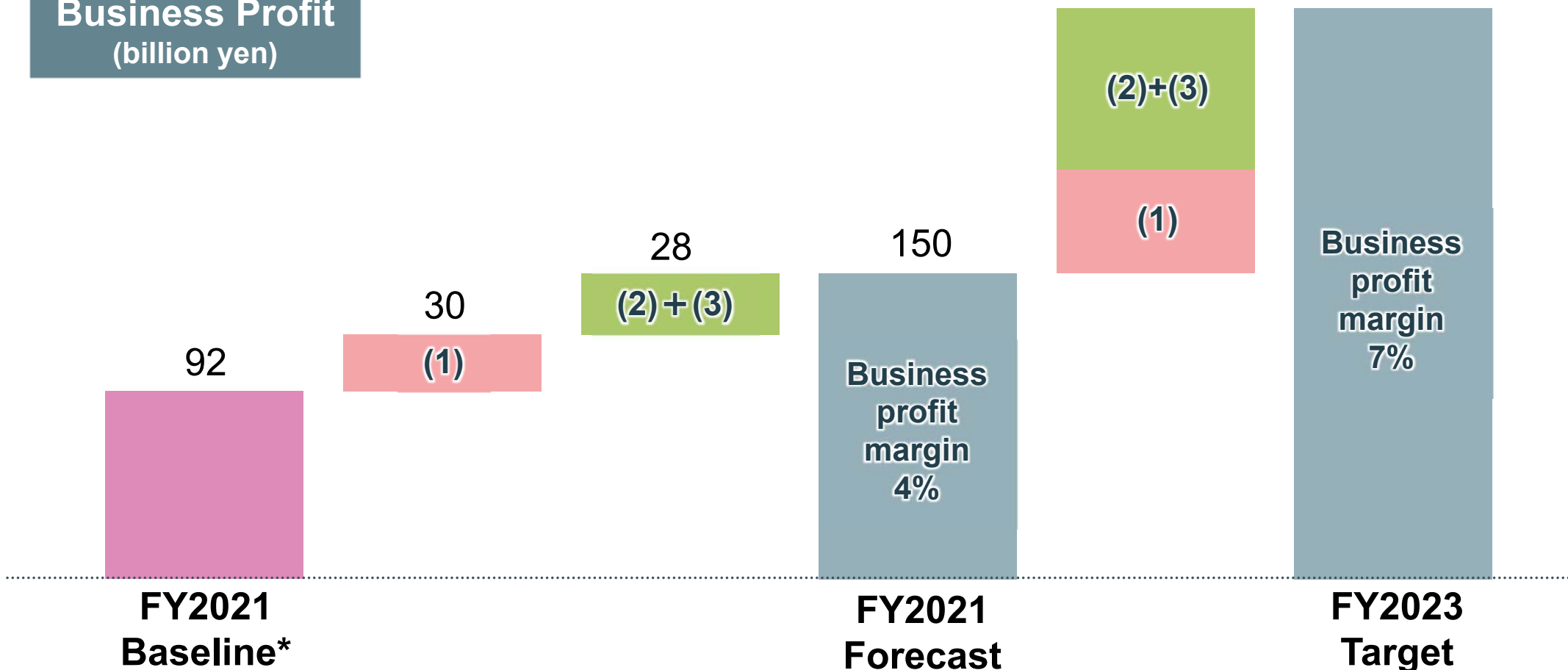
Business profit margin 7%

ROE 12%

Strengthen Profitability

Strengthen profitability to achieve FY2023 targets

Business Profit
(billion yen)

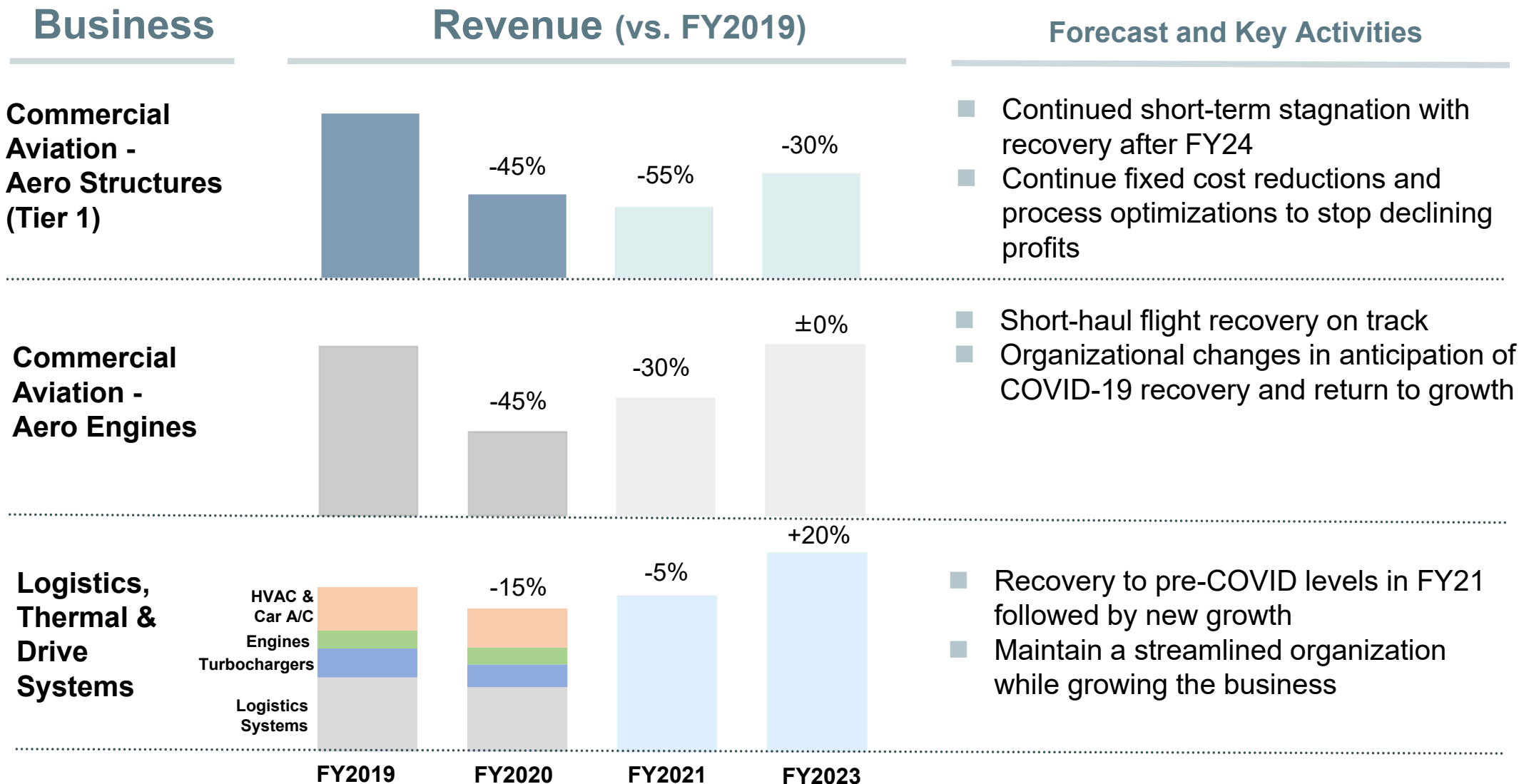


- (1) COVID-19 recovery
- (2) Existing business growth, profitability improvements, and restructuring
- (3) SG&A reductions

*As defined on page 17

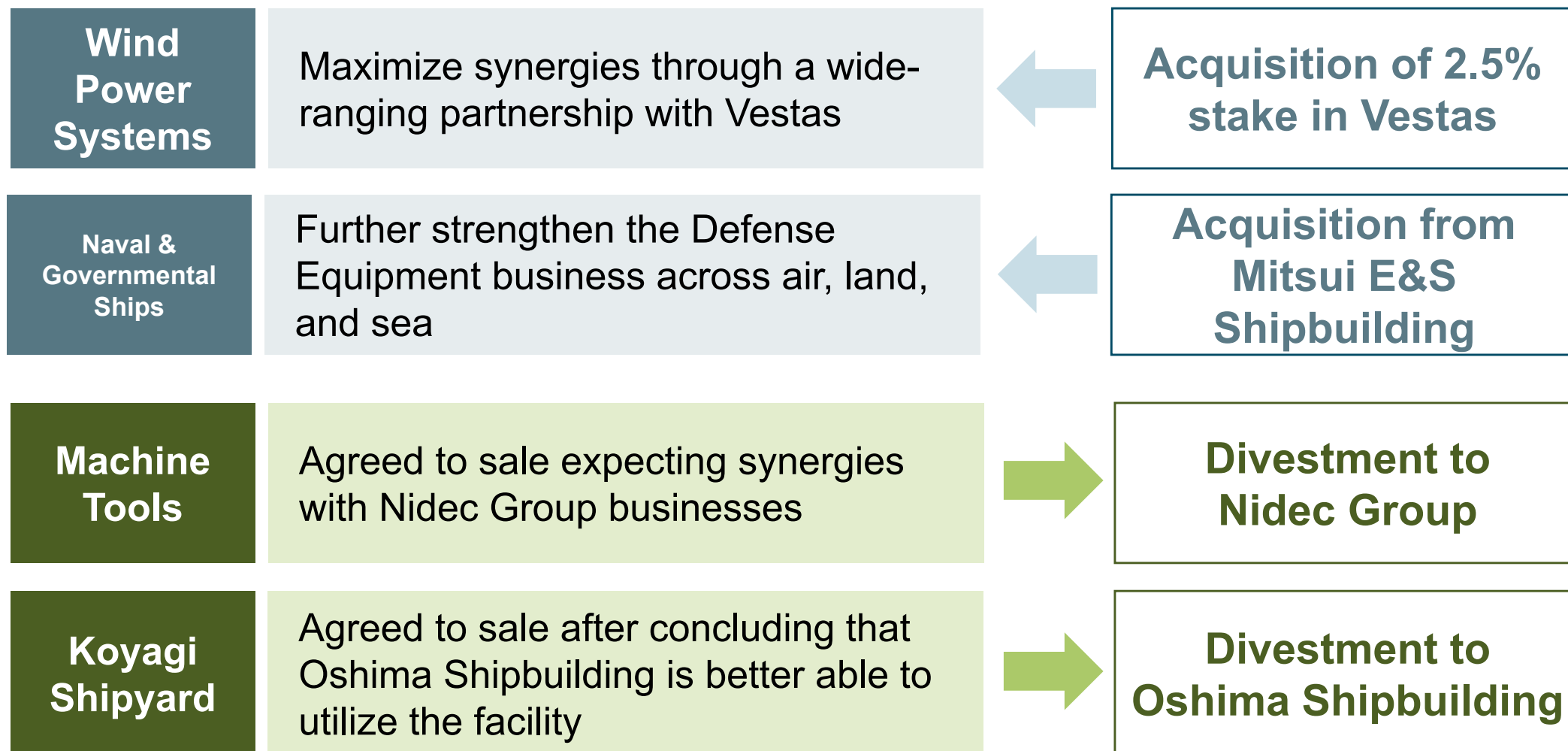
(1) COVID-19 Recovery

- Aero Engines and Logistics, Thermal & Drive Systems are recovering steadily and expected to return to pre-COVID levels by 2023
- Aero Structures business will take time to recover; manufacturing process optimizations to continue



(2) Existing Business Growth, Profitability Improvements, and Restructuring: Portfolio Optimization

- Executed the following transactions to optimize the business portfolio in FY2020
- Portfolio optimization to continue in FY2021 and beyond to strengthen profitability



Implementing headcount adjustments in response to rapid market contraction

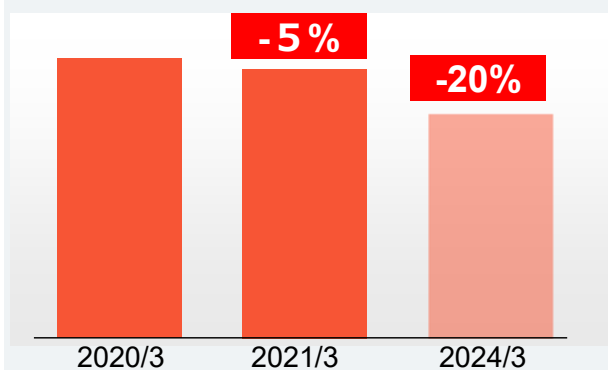
Inter-
national

- **Reduced headcount by approx. 3,000** (Sep 2019 – Mar 2021)

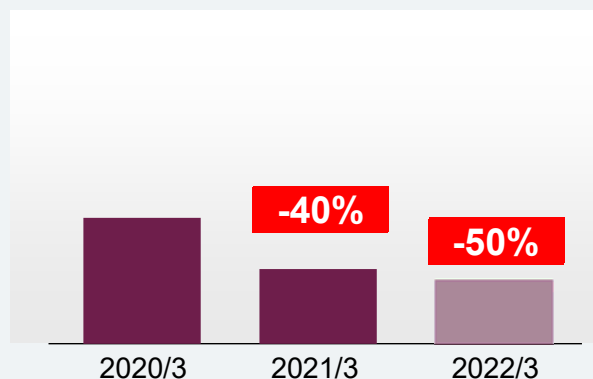
Japan

- **1,500+ headcount adjustment** achieved as of March 2021
- Planning to **reallocate a further 1,500 personnel**, mainly in Thermal Power, shifting resources to growth areas

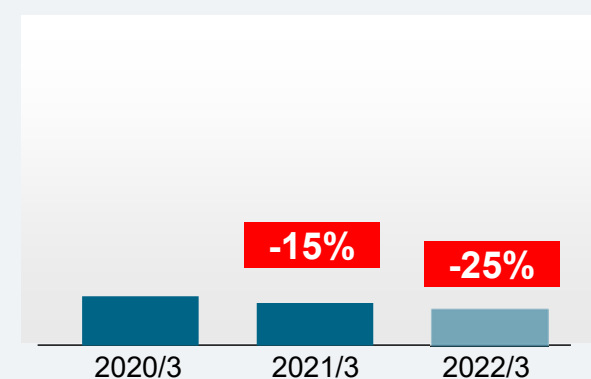
Thermal Power



Commercial Aviation



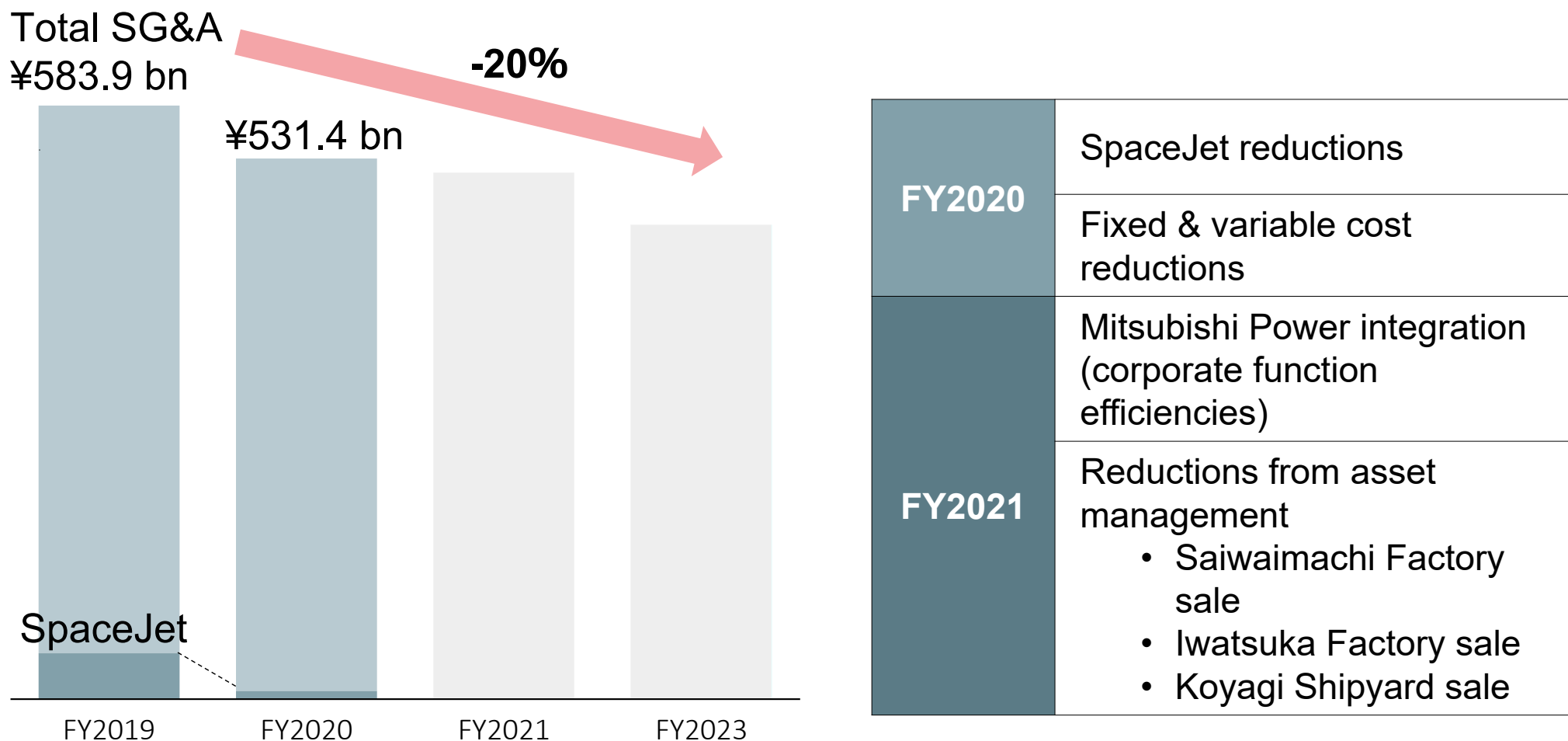
Commercial Ships



(3) SG&A Reductions

FY2020: **Reduced SG&A by 52.1 billion yen (9%)** vs. FY2019 levels

FY2021: Further reductions planned through integration of Mitsubishi Power and asset management



Social Responsibility and Community Engagement SDGs Initiatives

Addressing humanity's problems through business



Fostering innovation through creative collaboration

Opened Yokohama Hardtech Hub to support startups



MHI Sports Challenge

Contributing to society with company-led sports activities while promoting the MHI Group brand



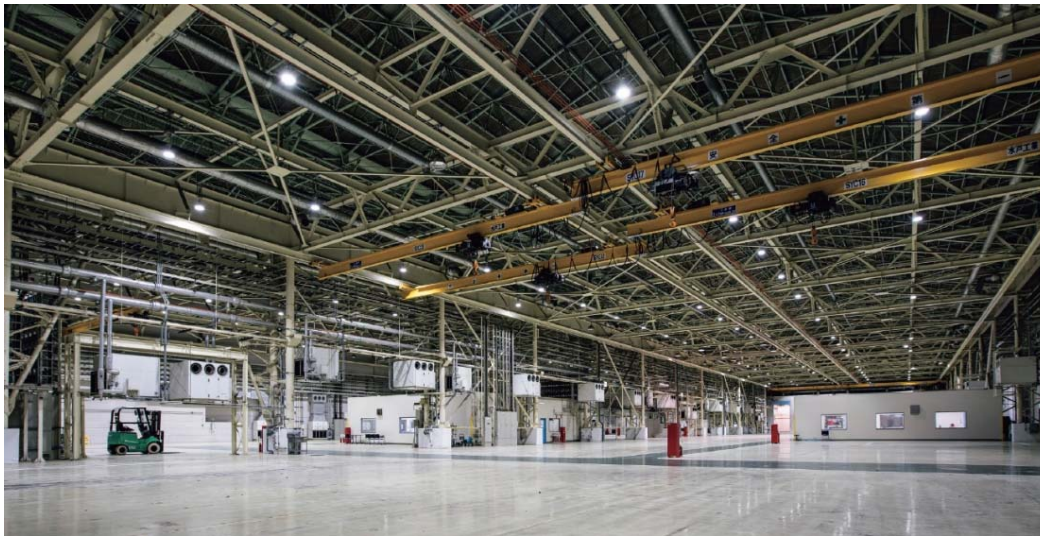
Yokohama Hardtech Hub (YHH)



- Incubating hardtech startups and facilitating efforts to innovate
- Opened in Oct 2020 at Honmoku Plant. 7 startups are active in the space.
(Now accepting applications)

Large, open space for prototyping and testing

- Total floor space: **20,000 m²**
- Fully equipped with power supply, compressed air, cranes, A/C, and WiFi



7 Tenant Startups (as of April 2021)



Digitally integrated construction of wooden structures



Design, testing, & manufacture of equipment for use in space

NICHIETSU

Development of automated injection mold exchange



Vibration test services

mi-b

Materials development using computational science and machine learning

NExT-e Solutions

Development and implementation of battery control systems

Tsubasa Science

Development of coating materials for semiconductor manufacturing equipment parts

YHH Creative Collaboration Events

Raising creative collaboration awareness

- First YHH Creative Collaboration Event
“The Reality of Manufacturing in the Space Sector and the Value of Creative Collaboration”
- Planning the next event

MHI promotes giving back to society, social responsibility, employee engagement, and brand recognition through our corporate sports activities



Kids Soccer



MHI Marathon Team



Urawa Red Diamonds Ladies (soccer)



Mitsubishi Dynaboars (rugby)

IV. Summary

- **Surpassed profit forecasts in FY2020**
- **Accelerating Energy Transition initiatives as decarbonization efforts take off around the globe**
- **Integrate Mitsubishi Power into MHI and drive forward as a total energy solutions company**
- **Expand into new areas while shifting from component sales to solutions in the New Mobility & Logistics space**
- **Further increase profitability in FY2021, and gain a foothold for achieving FY2023 targets**

V. Appendix A

FY2020 Financial Results

1. FY2020 Financial Results by Segment

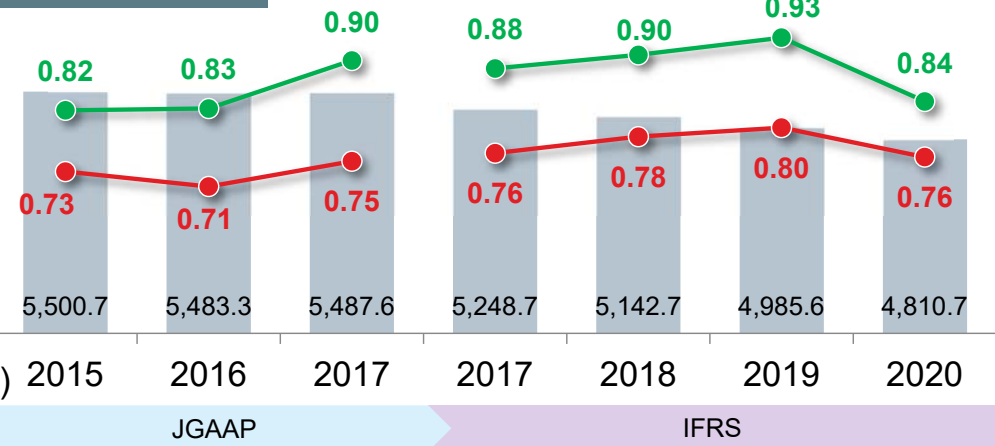
(billion yen)

	Order intake			Revenue			Profit from business activities		
	FY19	FY20	YoY	FY19	FY20	YoY	FY19	FY20	YoY
Energy Systems	1,772.1	1,299.2	-472.9	1,590.2	1,546.0	-44.2	144.3	127.6	-16.7
Plants & Infrastructure Systems	739.9	575.2	-164.7	792.9	637.2	-155.7	25.5	-10.2	-35.7
Logistics, Thermal & Drive Systems	985.9	868.0	-117.9	990.1	860.3	-129.8	29.3	15.6	-13.7
Aircraft, Defense & Space	719.2	626.2	-93.0	704.9	702.1	-2.8	-208.7	-94.8	+113.9
Others	-48.5	-32.4	+16.1	-36.9	-45.7	-8.8	-20.0	15.8	+35.8
Total	4,168.6	3,336.3	-832.3	4,041.3	3,699.9	-341.4	-29.5	54.0	+83.5

2. Financial Position

Total assets (billion yen)

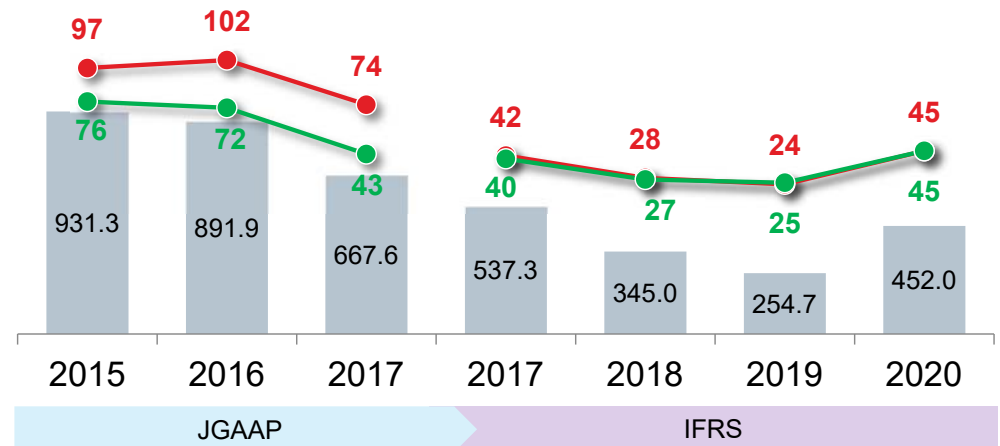
■ Total assets
● Total assets turnover ratio
● Total assets turnover ratio excluding nonrecurring items



Total asset turnover ratio = Revenue / Total assets (average of beginning and end of period)

Working capital (billion yen)

■ Working capital
● CCC
● CCC excluding nonrecurring items

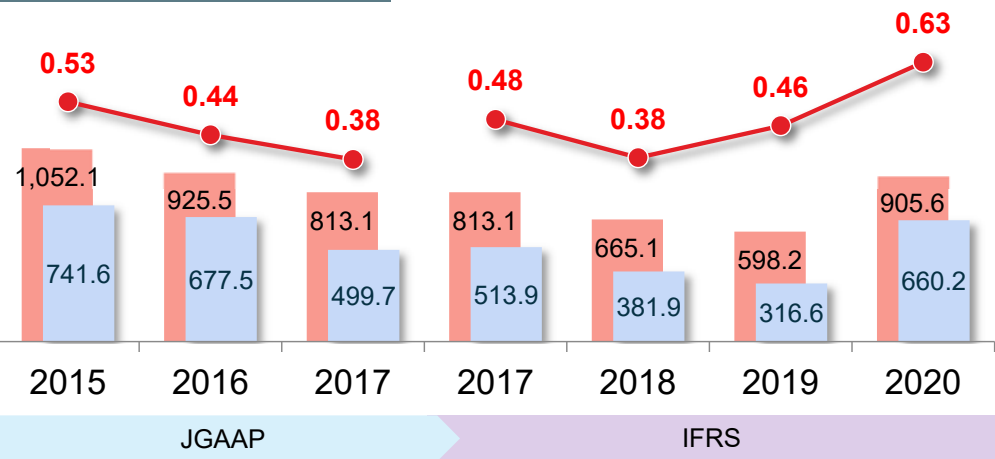


Working capital = Trade receivables (incl. Contract assets) + Inventories – Trade payables – Contract liabilities (Advance received)

CCC calculated based on segment working capital (including Advance received) and Revenue

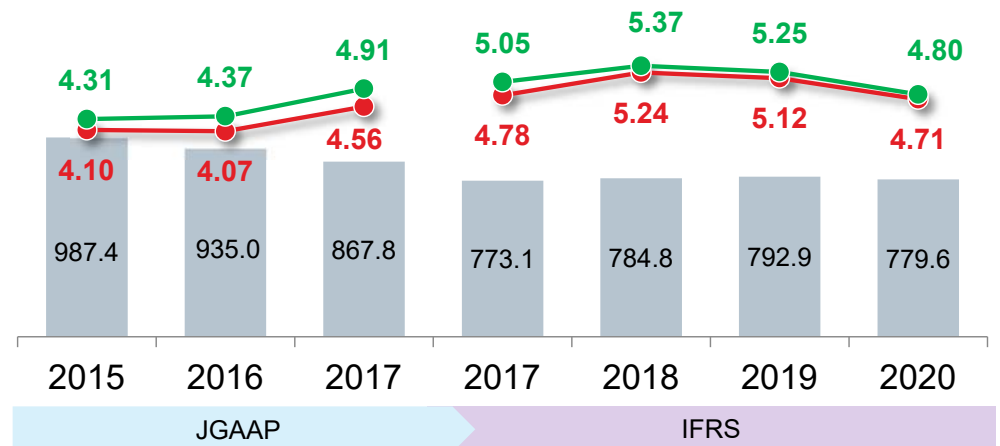
Interest-bearing debt (billion yen)

■ Interest-bearing debt
■ Net debt
● D/E ratio



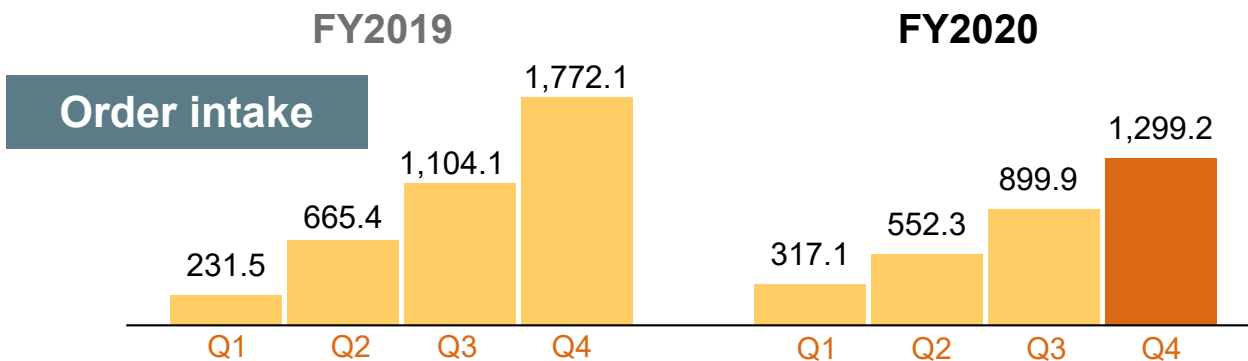
Property, plant & equipment (billion yen)

■ PPE
● PPE turnover ratio
● PPE turnover ratio excluding nonrecurring items



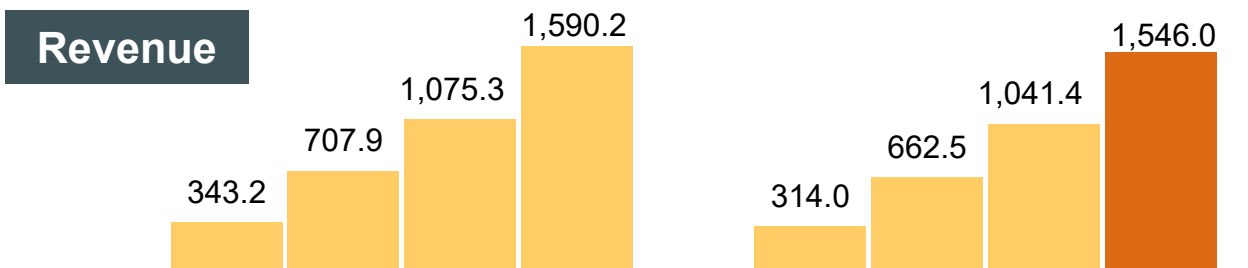
3. FY2020 Financial Results by Segment Energy Systems

(billion yen; all figures cumulative totals)



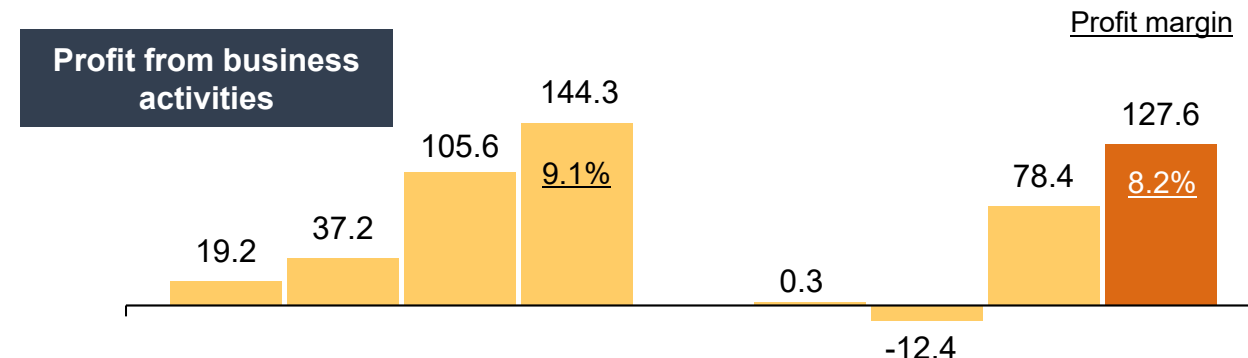
(Order intake for major businesses)

	FY2019	FY2020
GTCC	744.6	552.2
Steam Power	446.4	246.2
Nuclear Power	308.0	236.0



(Revenue for major businesses)

	FY2019	FY2020
GTCC	478.8	538.2
Steam Power	579.1	502.5
Nuclear Power	256.7	292.6



- Items with significant P/L impact:
 - Gain on MVOW share transfer (+¥83.1 bn)
 - Push-out of Thermal Power after-sales service work due to COVID-19 and Steam Power loss provisions (total -¥45.0 bn)
- Strong performance by GTCC and Nuclear Power contributed to revenue and profit generally in line with the forecast

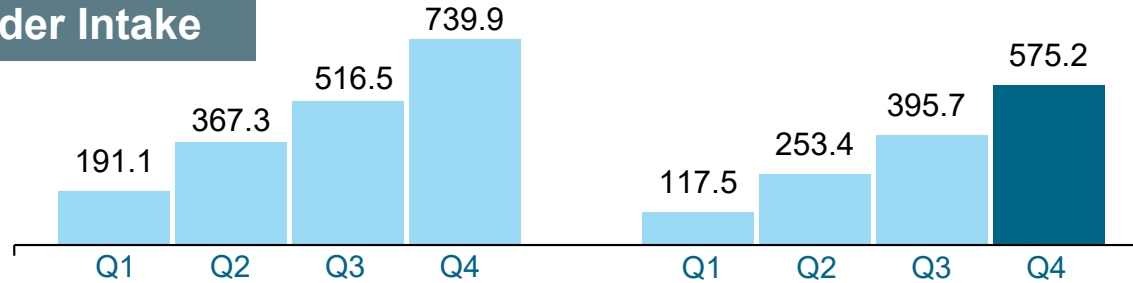
3. FY2020 Financial Results by Segment Plants & Infrastructure Systems

(billion yen; all figures cumulative totals)

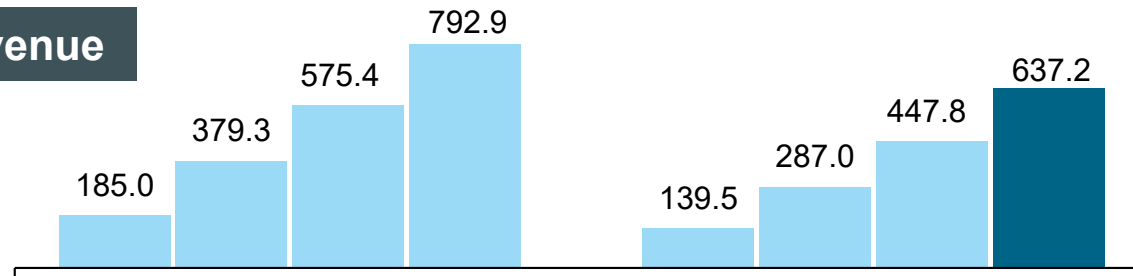
FY2019

FY2020

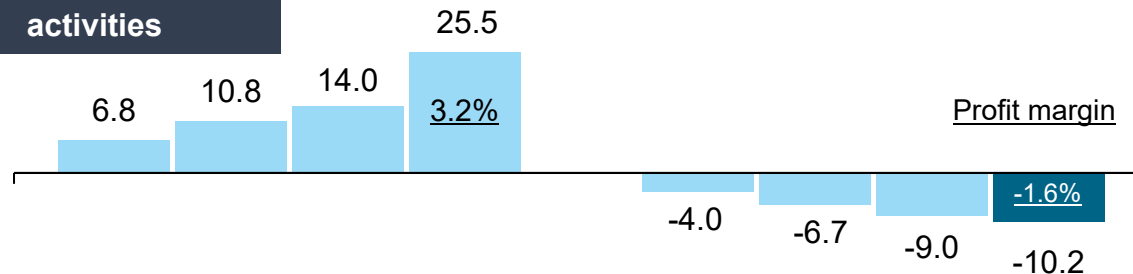
Order Intake



Revenue



Profit from business activities



(Order intake for major businesses)

	FY2019	FY2020
Engineering	174.6	119.2
Metals Machinery	245.5	207.7
Machinery Systems	147.9	132.1

(Revenue for major businesses)

	FY2019	FY2020
Engineering	202.6	152.1
Metals Machinery	245.5	196.7
Machinery Systems	166.9	142.1

- Initial projections showed only minimal COVID-19 impact, however order intake decreased YoY due to slow contract negotiation progress
- Revenue decreased YoY due to construction delays in Engineering and Metals Machinery
- Finished at a loss due to the settlement of expenses for a completed international project and nonrecurring expenses such as restructuring costs

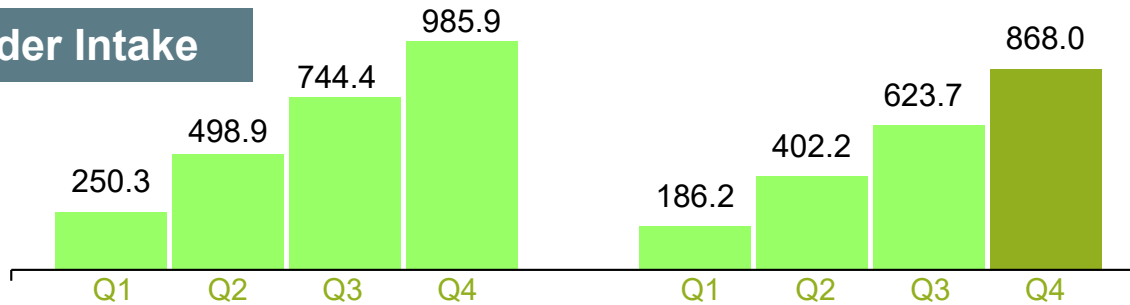
3. FY2020 Financial Results by Segment Logistics, Thermal & Drive Systems

(billion yen; all figures cumulative totals)

FY2019

FY2020

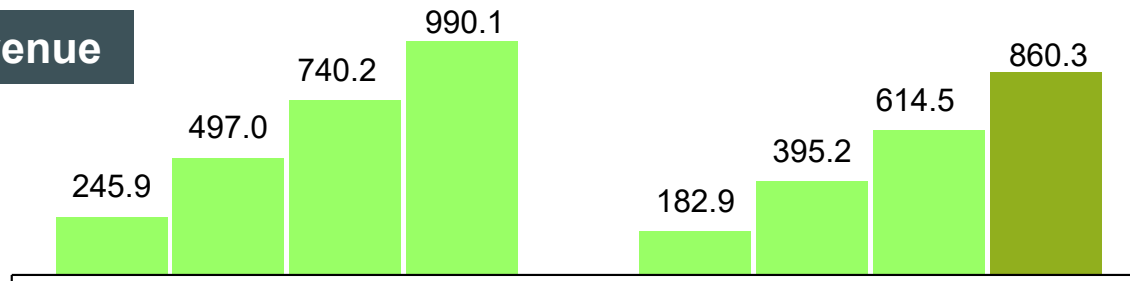
Order Intake



(Order intake for major businesses)

	FY2019	FY2020
Material Handling Systems	449.3	390.7
Engines & Turbochargers	286.2	243.3
HVAC & Car A/C	255.8	239.8

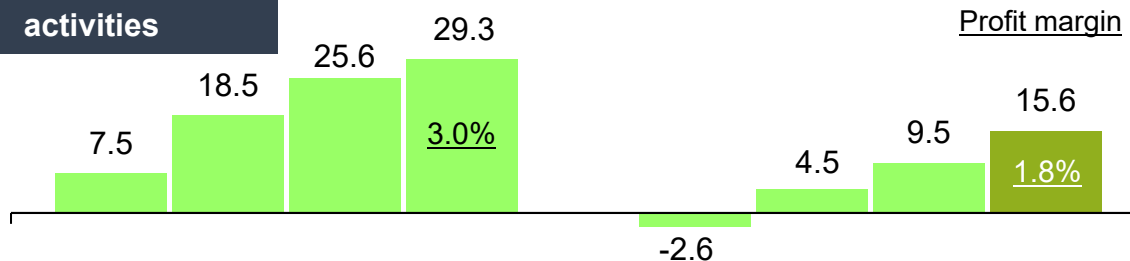
Revenue



(Revenue for major businesses)

	FY2019	FY2020
Material Handling Systems	449.3	390.7
Engines & Turbochargers	283.4	239.9
HVAC & Car A/C	263.0	235.7

Profit from business activities



- Revenue recovered steadily in each quarter after 25% YoY downturn in Q1 due to COVID-19 impact
- After bottoming out in Q1, profit finished above forecast as a result of better than planned fixed cost reductions

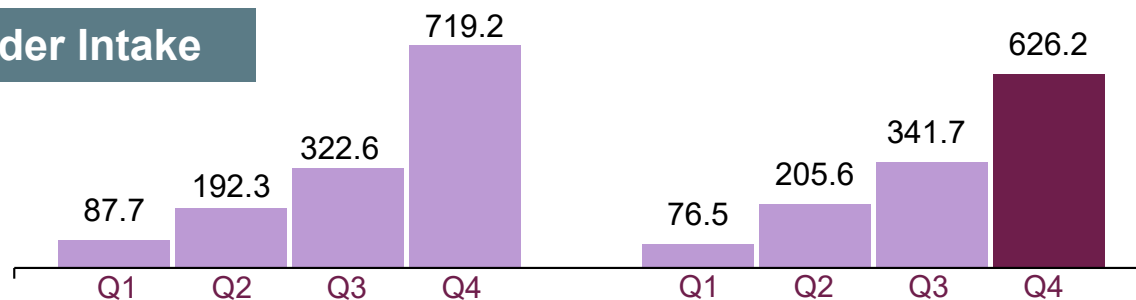
3. FY2020 Financial Results by Segment Aircraft, Defense & Space

(billion yen; all figures cumulative totals)

FY2019

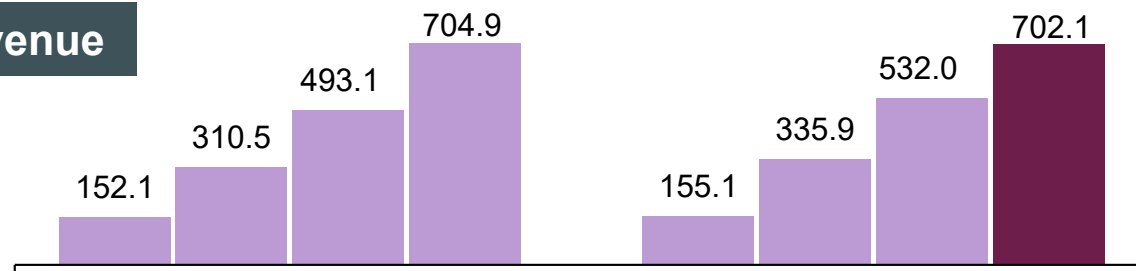
FY2020

Order Intake



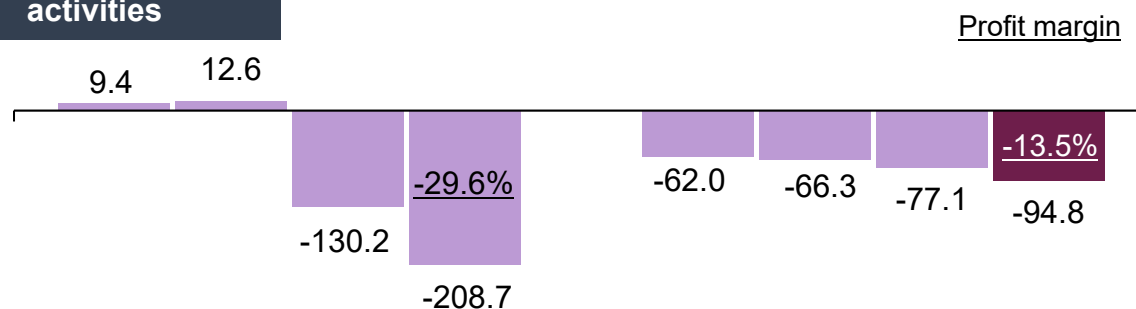
	FY2019	FY2020
Defense & Space	493.8	487.5
Commercial aviation	225.3	138.7

Revenue



	FY2019	FY2020
Defense & Space	474.2	524.4
Commercial aviation	230.6	177.6

Profit from business activities



- Aero Structures (Tier 1) revenue finished below the initial forecast after revenue recovery slowed due to market contraction after a resurgence of COVID-19 beginning in Q3
- Overall revenues from Aircraft, Defense & Space remained at FY19 levels due to strong Defense & Space sales and contribution from CRJ, the acquisition of which was completed in Q1
- SpaceJet losses (including impairment of goodwill from CRJ acquisition) were ¥116.2 bn, within the range of the initial forecast

4. FY2020 Financial Results

Other data

Gas turbine orders booked and contract backlog (units)

Heavy Duty	FY2019	FY2020	
		Year	Q4
North America	7	4	-
Asia	10	4	2
EMEA	2	3	-
Other regions	2	2	2
Total	21	13	4
Contract backlog	47	48	

Small & Mid-Size	FY2019	FY2020	
		Year	Q4
North America	3	6	6
Asia	2	-	-
EMEA	6	-	-
Other regions	-	-	-
Total	11	6	6
Contract backlog	13	5	

Commercial Aviation deliveries (units)

777	Q1	Q2	Q3	Q4	Tot.
FY2019	12	13	10	9	44
FY2020	3	10	7	4	24

777X	Q1	Q2	Q3	Q4	Tot.
FY2019	4	1	3	2	10
FY2020	3	3	0	1	7

787	Q1	Q2	Q3	Q4	Tot.
FY2019	43	42	38	43	166
FY2020	18	32	20	14	84

5. Reference Data

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

(billion yen)

	FY2018	FY2019	FY2020	FY2021 Forecast
R&D expenses	152.1	146.8	125.7	130.0
Depreciation & amortization	124.9	144.6	139.2	130.0
Capital expenditures	147.3	161.5	125.5	120.0

Cash flows

(billion yen)

	FY2018	FY2019	FY2020	FY2021 Forecast
Operating cash flow	404.9	452.5	-94.9	-
Investing cash flow	-161.8	-239.5	-182.2	-
Free cash flow	243.0	212.9	-277.1	0
Financing cash flow	-255.5	-204.4	-221.7	-

Interest-bearing debt, D/E ratio

	FY2018	FY2019	FY2020	FY2021 Forecast
Interest debt balance (billion yen)	665.1	598.2	905.6	900.0
D/E ratio	0.38	0.46	0.63	0.6

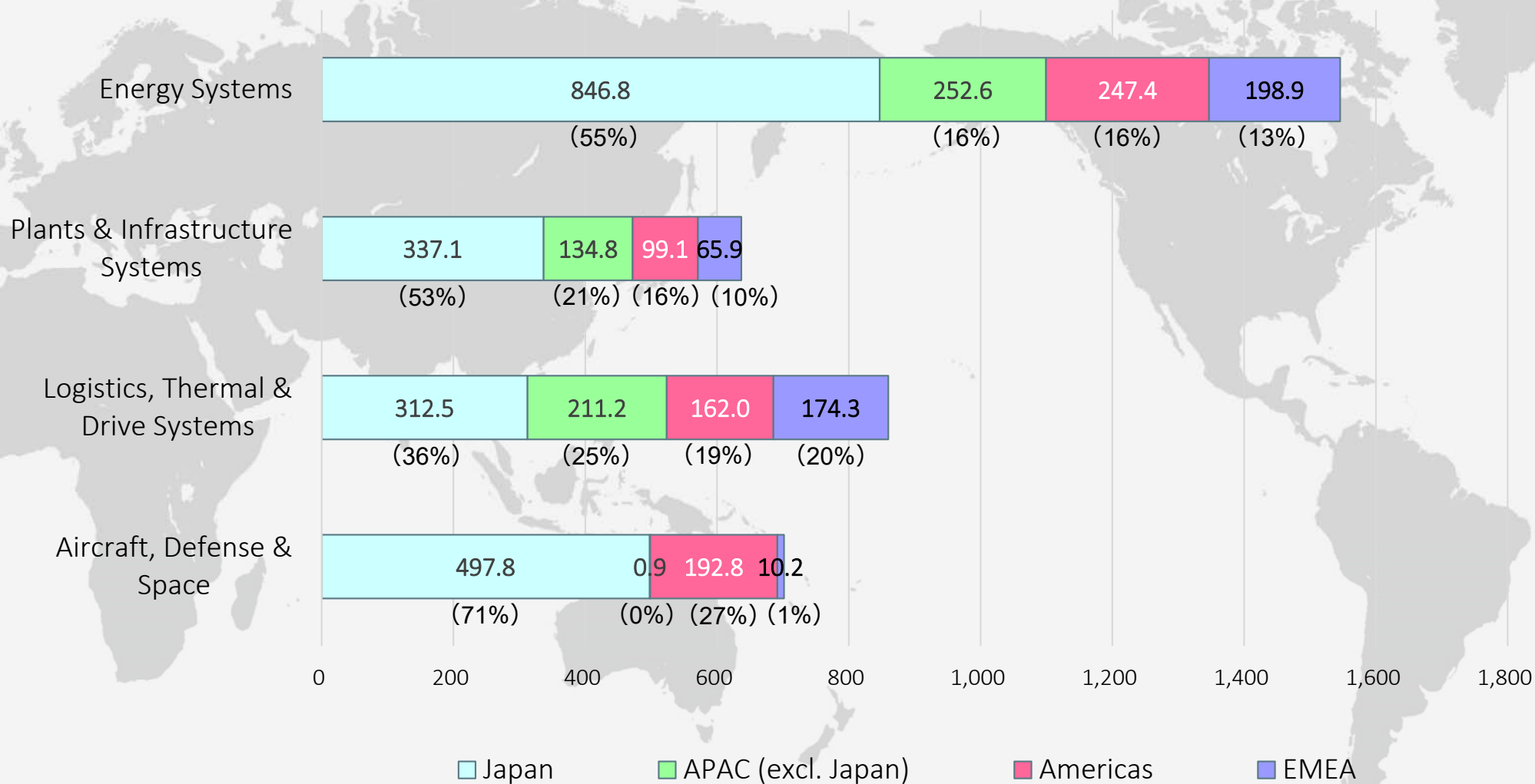
JPY/USD exchange rates

(JPY/USD)

	FY2018	FY2019	FY2020	FY2021 Forecast
Revenue recognition rate average	110.7	108.7	106.3	110
(Reference) Fiscal year end rate	111.0	108.8	110.7	-

5. Reference Data

Revenue by Segment and Region (billion yen)



VI. Appendix B

2021 MTBP Progress

Energy Systems

	FY2020 Achievements	Key Activities in FY2021
GTCC	New GTCC demonstration power plant completed at Takasago Works (T-Point 2)	Take back No. 1 GT market share and reduce costs Improve profitability
Steam Power	Profits decreased due to domestic project cost increases Established taskforce for decarbonization proposals	Accelerate transformation into an after-sales service-focused organization Grow industrial business with energy solutions
Nuclear Power	Progress on restart efforts for light water reactors and construction of Specialized Security Facilities and nuclear fuel reprocessing plant	Continue reactor restarts and construction of Specialized Security Facilities and the nuclear fuel reprocessing plant Expand development of next-generation reactors
Off-Shore Wind Power	Strengthened partnership with Vestas Launched MHI Vestas Japan	Begin marketing and business development of on- and offshore wind power within Japan
Aero Engines	Completed new Nagasaki Plant for combustor manufacturing	Strengthen in-house production capabilities and cost competitiveness with the new state-of-the-art plant
Compressors	Worked to grow after-sales services to stabilize and increase profits	Develop and grow global after-sales services operations



T-Point 2 Demonstration Plant Begins Operation

Facility for long-term validation of next-generation high-efficiency JAC* class GTs, which were the first in the world to achieve inlet temperatures of 1,650°C

*JAC: J-series Air-Cooled



Completed Specialized Security Facility (Nuclear Power)

(reference image)

Completed major equipment installation at Japan's first Specialized Security Facility for a nuclear power plant



New Aero Engines Factory Begins Operation

MHIAEL's new Nagasaki Plant completed at Nagasaki Shipyard & Machinery Works

Plants & Infrastructure Systems

	FY2020 Achievements	Key Activities in FY2021
Commercial Ships	Marine SOx Scrubber Systems installed on 26 vessels	Strengthen maritime transport decarbonization and automation/electrification initiatives
Engineering	Received orders for carbon capture systems for a variety of CO ₂ sources from customers in the U.S., Canada, and the U.K. (Basic design, pilot testing, etc.)	Strengthen carbon capture business and develop the decarbonization market
Metals Machinery	Grew sales for Endless Strip Production (ESP) equipment	Differentiate products through technological innovation with a focus on macro trends
Environmental Plants	Increased orders for life extension work on existing facilities	Increase orders for domestic projects
Machinery Systems	The first new models of box making and antiseptic filling machines entered service	Grow sales of new models and develop New Mobility businesses

DIA-SOx® Series



Completed installation of Marine SOx Scrubber Systems on 26 vessels of 3 classes

CO₂ Capture Test Equipment



Pilot testing of CO₂ capture equipment started at Drax Power Plant (U.K.)

ESP Equipment



Rizhao Steel (China) launches its fifth ESP plant with equipment supplied by Primetals

Logistics, Thermal & Drive Systems

	FY2020 Achievements	Key Activities in FY2021
Material Handling Systems	Strengthened organization by promoting PMI activities including restructuring and merger of distributors	Achieve growth in Engineering and Solutions businesses
Turbochargers	Responded quickly to rapid changes in demand in the consumer automotive market	Strengthen development of products for electric vehicles
Engines	Developed a 2 MW unit for data centers and other applications Began hydrogen engine development	Concentrate on core businesses Promote data center power source products for distributed generation in Southeast Asia
HVAC Systems	Improved development capabilities and received awards for the MSV2 series of high-efficiency, air-cooled heat pump chillers	Expand product lineup and sales network to meet local needs
Car Air Conditioners	Began cooperation with European turbocharger business Restructured manufacturing and supply organizations	Respond to customer needs by expanding product lineup

Q-ton Circulation



The MSV2 series high-efficiency, air-cooled heat pump chiller, which received the 2020 Agency for Natural Resources and Energy Commissioner's Award from the Energy Conservation Center, Japan

Hydrogen Engine



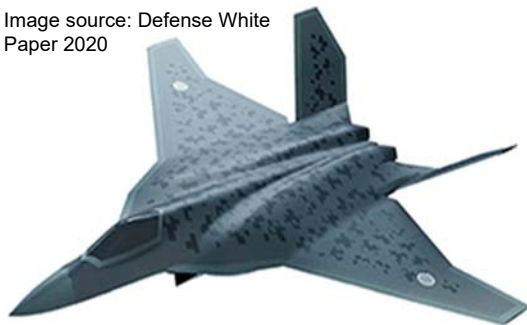
Joint research with the National Institute of Advanced Industrial Science and Technology achieved stable combustion with 100% hydrogen

Aircraft, Defense & Space

	FY2020 Achievements	Key Activities in FY2021
Aero Structures (Tier 1)	Took such actions as headcount reductions in reaction to a significant decrease in aviation demand Implemented emergency fixed cost reductions	Improve productivity and prepare for market recovery by promoting minimally-manned and automated technologies
SpaceJet	Paused SpaceJet development	Continue type certification documentation activities and assess possible program restart
Defense	Executed contract with the Japan Ministry of Defense to lead development of next-generation fighter jet Completed development of a new class of multimission frigate and launched the first two ships of this class, "Mogami" and "Kumano"	Strengthen organization for the development of the next-generation fighter jet Steady execution of continuous new class frigate construction Complete construction of "Mogami" and "Kumano" Launch third and fourth ships of this class
Space	Made progress in development of the H3 Launch Vehicle	Successfully launch the first H3 Launch Vehicle

Next-Generation Fighter Jet

Image source: Defense White Paper 2020



Executed contract with the Japan Ministry of Defense to lead development of next-generation fighter jet

New Class Frigate



Launch ceremony for the new frigate "Mogami"

H3 Launch Vehicle



©JAXA

Progress in development of the H3 Launch Vehicle

2. Nuclear Power Contributions to Carbon Neutrality

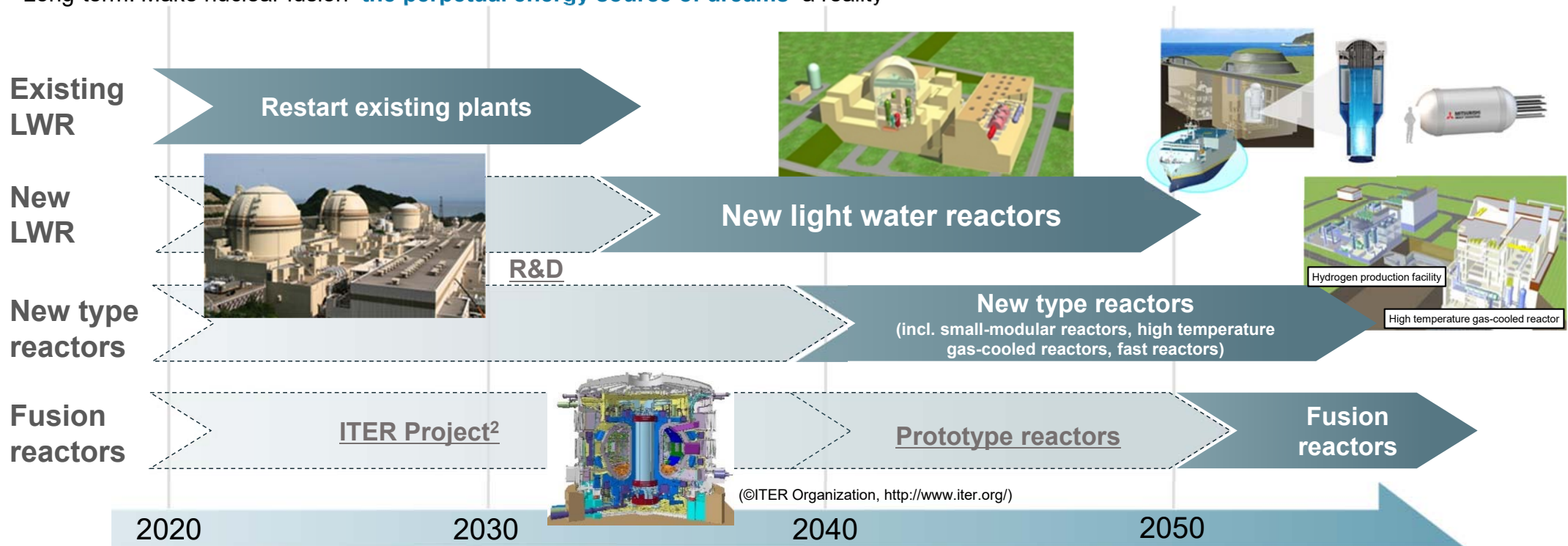
- Nuclear power is a **carbon-free, large-scale, stable power source** and is an **important source of base load power** including **from the viewpoint of energy security. Nuclear power will continue to be essential for the achievement of Carbon Neutrality by 2050.**
- **Short-term as well as medium- and long-term development plans** are under consideration for the continued use of nuclear power technology

Short-term: Restart existing plants (PWR, BWR). Build Specialized Security Facilities¹. Complete the nuclear fuel cycle.

Significantly reduce CO₂ emissions in the power sector with next-generation light water reactors.

Mid-term: Develop and commercialize small-modular reactors, high temperature gas-cooled reactors, and fast reactors to **satisfy diversifying market needs**

Long-term: Make nuclear fusion—**the perpetual energy source of dreams**—a reality



¹ Specialized Security Facilities: Isolated, large-scale facilities used to safely shut down a reactor in the event of such security incidents as airplane strikes or terrorist attacks
² ITER project: Large international project to realize experimental fusion reactor supported by governments (Japan, EU, US, Russia, China, Korea, India)

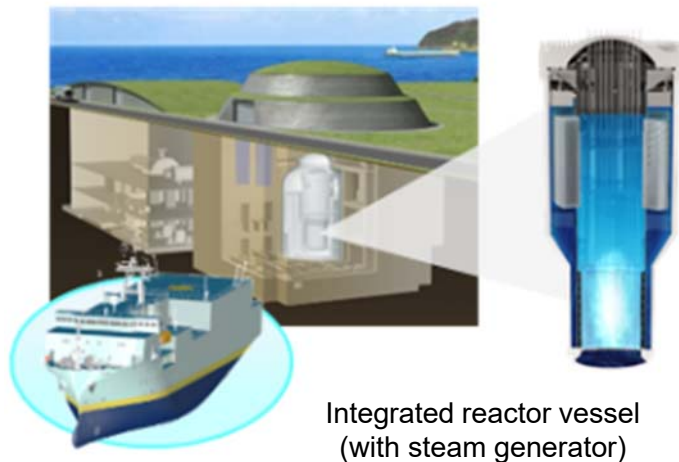
3. Future Nuclear Reactors: Meeting Society's Diversifying Needs

- Nuclear energy has **many potential uses** other than power generation, including heat utilization and energy sources for isolated areas including remote islands and space
- Pursuing development of new-type reactors to **satisfy diversifying market needs**

Small/Miniature Reactors (multi-purpose power source)

- Develop mobile reactors to supply power to isolated, remote areas, islands, and space

Small Light Water Reactors (for power generation or marine use)

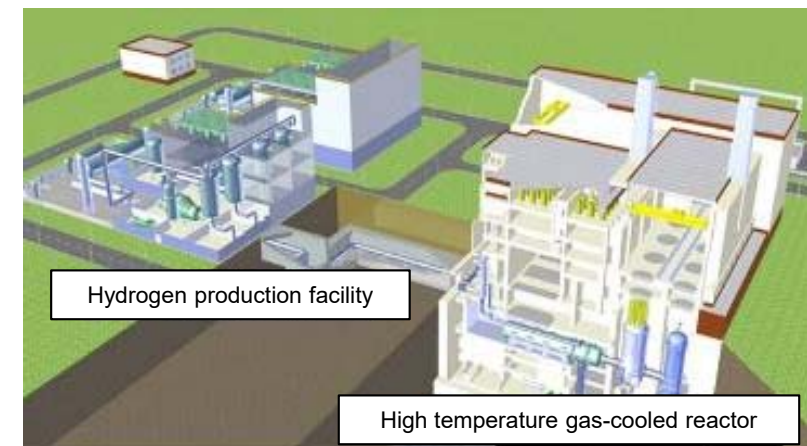


Miniature Reactors (container type)



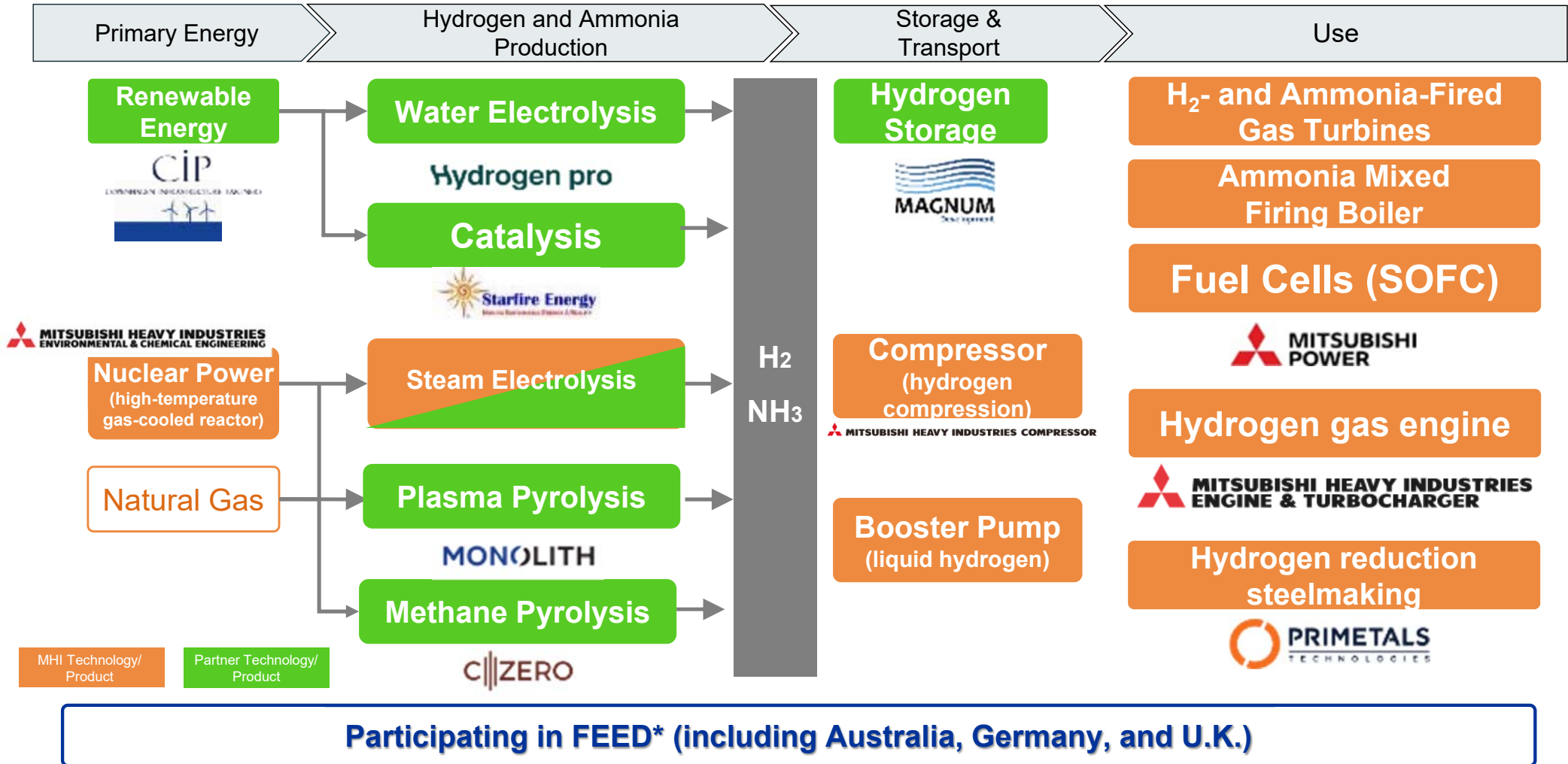
High Temperature Gas-Cooled Reactors (for hydrogen production)

- Stably produces high volumes of hydrogen at temperatures of 900°C and above
- Prevent CO₂ emissions in steelmaking through hydrogen reduction



4. Green Hydrogen and Ammonia: Value Chain Initiatives

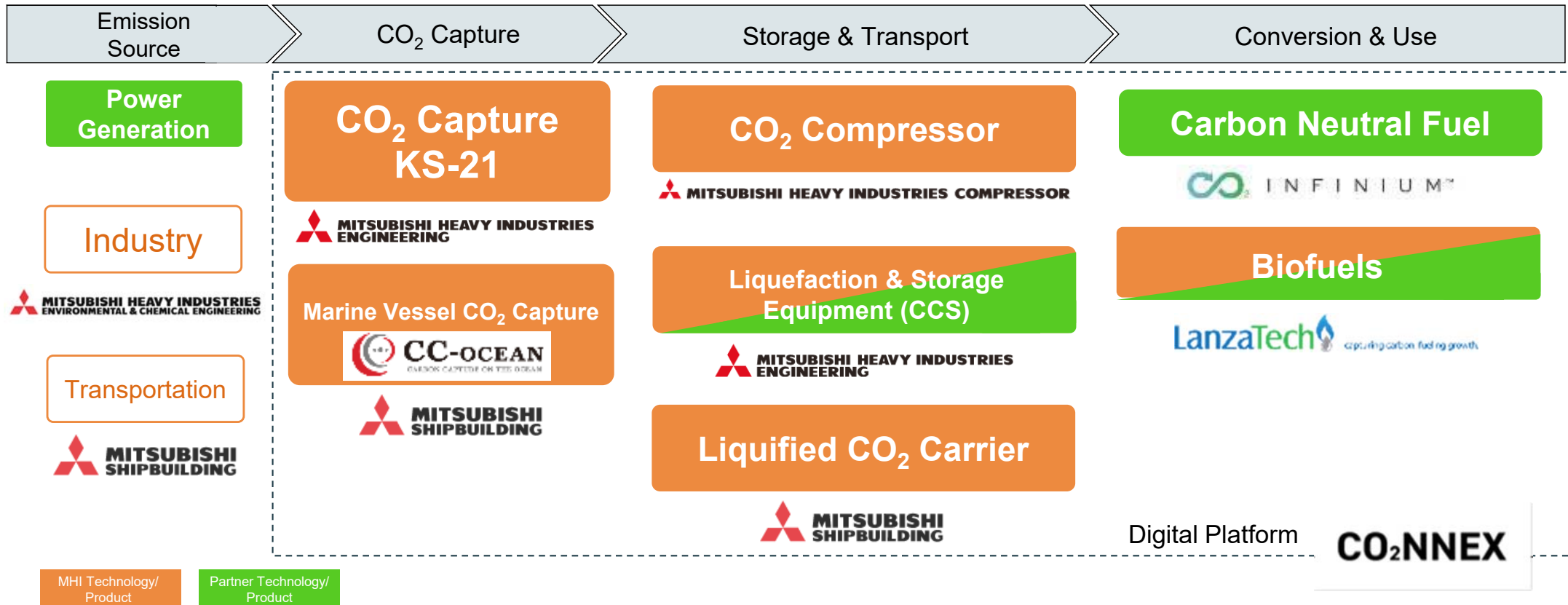
- Expanding the scope of activities including strategic partnerships in order to develop a market for green hydrogen and ammonia
- Participating in FEED activities and pursuing business feasibility studies in the lead up to commercialization using these technologies as a jumping off point



*FEED: Front End Engineering Design, a precursor to EPC during which technical issues and cost estimates are considered

5. CO₂ Capture and Use: Value Chain Initiatives

- MHI is growing the carbon value chain including carbon capture and storage with our proprietary technologies. We also boast the world's largest number of CO₂ capture installations.
- Interest from customers has taken off in recent years. Commercialization to follow successful validation in the field.



Participate in feasibility studies, Pre-FEED, and FEED

6. Technological Foundation to Support Growth Areas

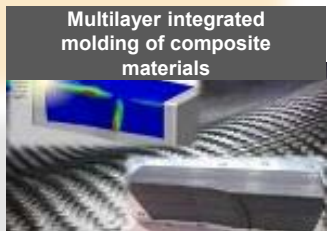
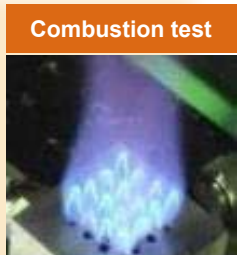
- Building a technological foundation to support growth areas and to promote innovation

<p>Energy Transition</p>	<p>Hydrogen & Ammonia Firing Tech</p>	<p>Next-Generation AGV/AGF</p>	<p>Automated & Smart Plants</p>	<p>Robots for Harsh Environments</p>
<p>Electrified & Intelligent Mobility</p>				
<p>Building a Safer World</p>				

AGV: Automated Guided Vehicle AGF: Automated Guided Forklift

Advancement of Basic Technologies & Creation of New Functions

- Hydrogen & ammonia combustion
- Thermal coating
- Testing of components and equipment
- Experimental measurement



- Autonomous action & swarm intelligence
- Automated machine health checks
- Human-robot collaboration
- Diagnostic imaging

Swarm intelligence with multiple unmanned machines



- Flexible molding of composite materials
- Innovative design & manufacturing (AM)
- Mechanical, electrical, thermal and chemical coupled analysis

- Encrypted controls
- Secure operation
- High-speed image processing

Initiatives Fostering Innovation

Innovation Laboratory

Develop cutting-edge, outside-the-box technologies
R&D of innovative technologies that have a major impact on people's lives

Yokohama Hardtech Hub (YHH)

Make a space for creative collaboration where startups can make their ideas reality

Introduce Pivot Development

Develop faster than startups
Explored over 500 research topics in FY2020

MOVE THE WORLD FORWARD

**MITSUBISHI
HEAVY
INDUSTRIES
GROUP**