2021 Medium-Term Business Plan (MTBP) and Energy Transition

Hitoshi Kaguchi
Executive Vice President
Chief Strategy Officer
Head of Growth Strategy Office
MHI Group Mission and Key Focal Themes

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

Core strengths
- Infrastructure systems that support our modern lives
- Defense products that protect us on land, at sea and in the air
- Space and deep sea systems that open up unknown parts of our world and universe
- High performance, high reliability products
  - High temperature, high speed, high pressure
  - Complex and large-scale structures and systems
  - Optimized control of large-scale systems

Global Issues & Trends
- Climate Change
- Shrinking working population
- Higher volume and complexity in logistics
- New types of threats like cyber attacks
- Electrification, intelligence and digitalization
- Shift in value from ownership to usage

MHI Group’s Key Focal Themes
- Realize a carbon neutral world
  - Upgrading of current infrastructure
  - Decarbonization and diversification of fuels
  - CO₂ conversion and usage
  - Air conditioning and chilling with natural refrigerant
- Improve quality of life
  - Smart and networked machinery systems
  - Automation of logistics
  - Electrified and intelligent mobility and industry
- Build a safer world
  - Integrated defense
  - Cybersecurity

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Accumulate technologies, expertise and personnel cultivated across a broad range of businesses in shared foundation.

Businesses will leverage strengths of the shared foundation to drive growth based on their respective strategies.

**MHI Group Shared Foundation & Business Areas**

- **Energy & Environment**
  - Drive Energy Transition
  - Market transformation due to decarbonization
  - Explore and shift into new areas using combined strength of the Group

- **Infrastructure**
  - Improve quality of life
  - Dynamic and competitive market
  - Deliver fast corporate decision making

- **Aircraft, Defense & Space**
  - Build a safer world
  - Develop and deliver advanced technologies build on high trust, safety and quality
  - Steady, customer focused management

- **Strengthen shared foundation to support businesses**

**1. Group Management**
- Mission, vision, values
- Strengthen responsibility, authority and organization

**2. Technology**
- Centralize and develop technologies and knowhow
- Drive forward digitalization

**3. People**
- Increase diversity
- Increase mobility

**4. Financial Base**
- Acceleration of re-allocation of resource
- Improve and maintain financial soundness

**Corporate Culture**
MHI Group in 2030

Drastically increase our corporate value through the primary growth engines of Energy Transition and New Mobility & Logistics while managing our portfolio

**Business Areas & Scale**
*(in hundred million yen)*

**Energy & Environment**

- Work toward a carbon neutral 2050, by driving forward the energy transition through collaboration across internal disciplines, and externally

**Infrastructure**

- Combine strengths in existing businesses and intelligent systems to expand our business into high growth areas like mobility and logistics, e.g. CASE, cold chain and electric components

**Aircraft, Defense & Space**

- Aircraft and Space: Expand business areas
- Defense: Integrated defense systems across land, sea, air and space, unmanned and minimally manned technologies, and cybersecurity

**FY20** | **FY23** | **FY30**
---|---|---
**Energy & Environment** | **3,000** | **7,000**
**Hydrogen, CCUS etc.** | **New Areas** | **3,000**
**Infrastructure** | **7,000** | **New Areas**
**Aircraft, Defense & Space**

CCUS: Carbon dioxide Capture, Utilization and Storage
CASE: Connected, Autonomous, Shared and Electric
2021 MTBP Targets

**FY2023 Targets**

**Profitability**
- Business Profit Margin 7%
- ROE 12%

**Growth**
- Strengthen investment in growth areas from 80 billion yen (during 2018 MTBP) to 180 billion yen (during 2021 MTBP)
- Create new businesses generating 100 billion yen in revenue → Expand to 1 trillion yen in revenue in FY30

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<thead>
<tr>
<th></th>
<th>Energy Transition</th>
<th>New Mobility &amp; Logistics</th>
<th>Total</th>
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<tbody>
<tr>
<td>Investment</td>
<td>90</td>
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<tr>
<td>FY23 Revenue</td>
<td>50</td>
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<tr>
<td>FY30 Revenue</td>
<td>300</td>
<td>700</td>
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ROE: Return On Equity
Today’s Presentations

■ Energy Transition business strategy
  • Energy Transition  Kentaro Hosomi, President & CEO, Energy Systems
  • Nuclear Energy   Akihiko Kato, Head of Nuclear Energy Systems

■ Shared foundation to support business growth
  • Technology       Eisaku Ito, CTO
  • Finance          Hisato Kozawa, CFO
MOVE THE WORLD FORWARD