

PRESS RELEASE

2019-05-09

MHI Announces FY2018 Consolidated Financial Results

Tokyo, May 9, 2019 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2018 ended March 31, 2019.

(billions of yen)

	FY2018	FY2017	Changes (%)
Orders Received	3,853.4	3,868.7	(0.4)
Net Sales	4,078.3	4,085.6	(0.2)
Profit from business activities	186.7	58.1	221.0
Profit Before Income Taxes	182.6	39.2	365.5
Profit (loss) Attributable to Owners of Parent	101.3	(7.3)	-
Operating Cash Flow	404.9	405.7	
Investment Cash Flow	(161.8)	(238.1)	
Financing Cash Flow	(255.5)	(112.3)	
Profit (loss) Attributable to Owners of Parent Per Share	301.95 yen	(21.79) yen	-

Figures in parentheses are negative.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2018	FY2017
Power Systems	1,525.1	1,482.4
Industry & Infrastructure	1,907.8	1,890.0
Aircraft, Defense & Space	677.5	718.3
Others	71.6	120.7
Eliminations or Corporate	(103.8)	(125.9)
TOTAL	4,078.3	4,085.6

Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	FY2018	FY2017
Power Systems	132.8	87.6
Industry & Infrastructure	70.1	41.0
Aircraft, Defense & Space	(37.4)	(63.5)
Others	35.9	4.4
Eliminations or Corporate	(14.8)	(11.4)
TOTAL	186.7	58.1

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2019

For the fiscal year 2019 ending March 31, 2020, MHI is expecting 4,300 billion yen in revenue, 220 billion yen in Profit from business activities, 210 billion yen in profit before income tax, and 110 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 = ¥125 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.

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(1) Consolidated Statement of Financial Position [IFRS]

(Millions of Yen)

	Date of transition to IFRS As of Apr. 1, 2017	As of Mar. 31, 2018	As of Mar. 31, 2019
<u>Assets</u>			
Current assets			
Cash and cash equivalents	242,404	299,237	283,235
Trade and other receivables	717,483	759,902	717,414
Other financial assets	38,953	27,591	25,180
Contract assets	743,118	744,707	625,749
Inventories	833,606	748,574	739,252
Indemnification assets for South African projects	409,521	445,920	546,098
Other current assets	271,137	214,992	222,420
Total current assets	3,256,226	3,240,925	3,159,352
Non-current assets			
Property, plant and equipment	791,265	773,186	784,849
Goodwill	120,552	121,563	121,117
Intangible assets	124,954	103,023	107,799
Investments accounted for using the equity method	145,754	205,198	209,929
Investments in securities and other financial assets	523,130	485,047	447,888
Deferred tax assets	102,442	121,138	124,464
Other non-current assets	182,675	198,673	187,320
Total Non-current assets	1,990,774	2,007,831	1,983,371
Total assets	5,247,000	5,248,756	5,142,723

(Millions of Yen)

	Date of transition to IFRS As of Apr. 1, 2017	As of Mar. 31, 2018	As of Mar. 31, 2019
<u>Liabilities and Equity</u>			
Current liabilities			
Bonds, borrowings and other financial liabilities	552,209	517,537	444,116
Trade and other payables	750,867	801,154	862,174
Income taxes payable	31,233	27,251	27,024
Contract liabilities	831,707	914,697	875,294
Provisions	257,679	202,797	216,531
Other current liabilities	221,057	188,121	161,717
Total Current liabilities	2,644,754	2,651,558	2,586,859
Non-current liabilities			
Bonds, borrowings and other financial liabilities	693,335	656,129	532,961
Deferred tax liabilities	6,976	6,738	4,012
Retirement benefit liability	127,730	142,242	154,105
Provisions	10,611	18,747	43,859
Other non-current liabilities	82,158	79,474	72,103
Total non-current liabilities	920,811	903,332	807,042
Total liabilities	3,565,566	3,554,891	3,393,901
<u>Equity</u>			
Share capital	265,608	265,608	265,608
Capital surplus	187,433	185,937	185,302
Treasury shares	(4,609)	(4,081)	(5,572)
Retained earnings	844,450	830,057	888,541
Other components of equity	111,321	118,015	96,998
Equity attributable to owners of parent	1,404,205	1,395,537	1,430,878
Non-controlling interests	277,228	298,327	317,943
Total Equity	1,681,434	1,693,865	1,748,821
Total Liabilities and Equity	5,247,000	5,248,756	5,142,723

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

(Millions of Yen)

	FY2017 (From Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (From Apr. 1, 2018 to Mar. 31, 2019)
Revenue	4,085,679	4,078,344
Cost of sales	3,367,065	3,310,210
Gross Profit	718,613	768,133
Other comprehensive income	545,068	541,714
Share of profit of investments accounted for using the equity method	2,670	10,937
Other income *	24,744	64,503
Other expenses	142,782	115,135
Profit from business activities	58,176	186,724
Finance income	5,884	7,650
Finance expenses	24,828	11,749
Profit before income taxes	39,232	182,624
Income taxes	22,644	54,153
Profit	16,588	128,471
Profit (loss) attributable to:		
Owners of parent	(7,320)	101,354
Non-controlling interests	23,909	27,116

(Yen)

Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share	(21.79)	301.95
Diluted earnings (loss) per share	(21.80)	301.44

*Other income includes dividend income. The amount of dividends of FY 2017 is 12,211 Million Yen, and the amount of FY2018 is 11,647 Million Yen.

*As of October 1, 2017, the Company consolidated the shares at the rate of one share per 10 shares of common stock. Assuming that the consolidation was carried out at the beginning of the 2017 consolidated fiscal year, basic earnings per share and diluted earnings per share are calculated.

(3) Consolidated Statement of Comprehensive Income [IFRS]

(Millions of Yen)

	FY2017 (From Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (From Apr. 1, 2018 to Mar. 31, 2019)
Profit	16,588	128,471
Other comprehensive income (loss)		
Other comprehensive income		
Net gain (loss) from financial assets measured at FVTOCI	27,984	(12,753)
Remeasurement of defined benefit plans	12,739	(6,996)
Share of other comprehensive income (loss) of entities accounted for using the equity method	1,476	(178)
Total	42,201	(19,928)
Items that may be reclassified to profit (loss)		
Cash flow hedges	2,488	(893)
Hedge cost	-	(242)
Exchange differences on translating foreign operations	(697)	4,637
Share of other comprehensive income (loss) of entities accounted for by the equity method	(973)	(8,828)
Total	817	(5,326)
Total other comprehensive income (loss)	43,018	(25,254)
Comprehensive income	59,607	103,216
Comprehensive income attributable to		
Owners of parent	33,006	76,624
Non-controlling interests	26,601	26,592

*FVTOCI means "Fair Value Through Other Comprehensive Income".

(4) 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 ,2017	265,608	187,433	(4,609)	844,450	111,321	1,404,205	277,228	1,681,434
Profit (loss)				(7,320)		(7,320)	23,909	16,588
Other comprehensive income					40,326	40,326	2,692	43,018
Comprehensive income (loss)				(7,320)	40,326	33,006	26,601	59,607
Transfer to retained earnings				33,633	(33,633)	-		-
Purchase of treasury shares			(21)			(21)		(21)
Disposal of treasury shares		64	360			425		425
Dividends				(40,305)		(40,305)	(6,128)	(46,434)
Other		(1,560)	189	(400)		(1,772)	626	(1,145)
Total transactions with owners	-	(1,496)	528	(40,706)	-	(41,673)	(5,502)	(47,176)
Balance as of Mar. 31 ,2018	265,608	185,937	(4,081)	830,057	118,015	1,395,537	298,327	1,693,865
Profit				101,354		101,354	27,116	128,471
Other comprehensive income (loss)					(24,729)	(24,729)	(524)	(25,254)
Comprehensive income (loss)				101,354	(24,729)	76,624	26,592	103,216
Transfer to retained earnings				(3,712)	3,712	-		-
Purchase of treasury shares			(2,116)			(2,116)		(2,116)
Disposal of treasury shares		22	1			24		24
Dividends				(41,974)		(41,974)	(6,348)	(48,323)
Other		(657)	623	2,816		2,782	(628)	2,154
Total transactions with owners	-	(635)	(1,491)	(39,157)	-	(41,284)	(6,976)	(48,261)
Balance as of Mar. 31 ,2019	265,608	185,302	(5,572)	888,541	96,998	1,430,878	317,943	1,748,821

(5) Consolidated Statement of Cash Flows [IFRS]

(Millions of Yen)

	FY2017 (From Apr. 1, 2017 to Mar. 31, 2018)	FY2018 (From Apr. 1, 2018 to Mar. 31, 2019)
Cash flows from operating activities		
Profit before income tax	39,232	182,624
Depreciation, amortization and impairment loss	279,151	198,761
Finance income and costs	7,286	5,824
Other comprehensive income	(2,670)	(10,937)
Loss (gain) on sale of property, plant and equipment, and intangible assets	(1,693)	(41,218)
Loss on retirement of property, plant and equipment, and intangible assets	7,022	6,519
Decrease (increase) in trade receivables	(9,135)	34,863
Decrease (increase) in contract assets	4,066	115,185
Decrease (increase) in inventories	99,260	17,229
Increase (decrease) in trade payables	64,385	51,014
Increase (decrease) in contract liabilities	79,649	(33,589)
Increase (decrease) in provisions	(48,302)	46,578
Increase (decrease) in liability for retirement benefits	11,033	2,162
Decrease (increase) in indemnification assets of South African projects	(40,410)	(110,615)
Others	(57,778)	(15,480)
Subtotal	431,098	448,924
Interest received	4,032	5,149
Dividends received	17,438	15,232
Interest paid	(8,456)	(6,664)
Income taxes paid	(38,360)	(57,718)
Net cash provided by (used in) operating activities	405,752	404,924
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(267,103)	(224,263)
Proceeds from sales of property, plant and equipment and intangible assets	8,231	43,509
Purchases of investments (including investments accounted for using equity method)	(105,442)	(8,547)
Proceeds from sales and redemption of investments (including investments accounted for using equity method)	114,089	26,975
Disbursement of loans	(1,993)	(5,088)
Collection of loans	15,898	3,167
Others	(1,872)	2,377
Net cash provided by (used in) investing activities	(238,193)	(161,869)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	25,446	(60,613)
Proceeds from non-current borrowings	3,859	7,039
Repayment of non-current borrowings	(96,841)	(68,439)
Proceeds from issuance of bonds	20,000	-
Payment for redemption of bonds	(60,000)	(30,000)
Proceeds from issuance of stock to non-controlling shareholders	519	1,749
Dividends paid to equity holders of parent	(40,206)	(41,888)
Dividends paid to non-controlling interests	(6,128)	(7,781)
Proceeds from fluidity of lease receivables	209,031	169,271
Repayment of payables under fluidity lease receivables	(166,146)	(218,519)
Others	(1,868)	(6,394)
Net cash provided by (used in) financing activities	(112,334)	(255,577)
Effect of exchange rate changes on cash and cash equivalents	1,607	(3,478)
Net increase (decrease) in cash and cash equivalents	56,832	(16,001)
Cash and cash equivalents at the beginning of the year	242,404	299,237
Cash and cash equivalents at the end of period	299,237	283,235

PRESS RELEASE

2019-05-09

MHI Announces FY2018 Non-Consolidated Financial Results

Tokyo, May 9, 2019 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2018 ended March 31, 2019.

(billions of yen)

	FY2018	FY2017	Changes (%)
Orders Received	857.8	1,068.5	(19.7)
Net Sales	886.4	1,103.9	(19.7)
Operating Income	49.0	29.5	65.9
Ordinary Income	54.5	64.3	(15.2)
Income Before Income Taxes	104.1	25.1	313.8
Net Income	96.0	29.3	227.0
Net Income Per Share	286.18 yen	87.46 yen	227.2
Dividend Per Share	130.00 yen	120.00 yen	

Figures in parentheses are negative.

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