



Financial Results for FY2019 1H

October 31, 2019

MITSUBISHI HEAVY INDUSTRIES, LTD.

I. FY2019 1H Financial Results

- 1H Results Highlights	3
- Summary of 1H Financial Results	4
- 1H Financial Results by Segment	6
- Financial Position Overview	7
- Main Financial Measures, Cash Flows	8

Segment Information

- Orders Received & Order Backlog	9
- Revenue	10
- Profit from Business Activities	11

II. Forecast for FY2019

- Summary of Forecast for FY2019	13
- Forecast for FY2019 by Segment	15

III. Supplementary Information

- Supplementary Information	16-20
-----------------------------	-------

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.)

I. FY2019 1H Financial Results

- Need to pay close attention to downside risk due to factors like the slowdown of the Chinese economy due to the U.S.-China trade war and Brexit. These have had limited impact on this fiscal year's results but we need to watch market and financial conditions carefully going forward.
- Orders received, revenue and profit from business activities generally in line with full-year forecast.
➡ p.4(Summary of 1H Financial Results), p.6(1H Financial Results by Segment)
- Substantial increase in orders received in power domain (thermal power).
- 1H profits from power segment came in below the same period a year earlier despite steady demand in thermal power due to revenue from nuclear power being concentrated in the latter half of the fiscal year. There is no change to full-year forecast.
➡ p.9-11(Segment Information)
- Full-year forecast for free cash flow unchanged despite 1H results coming in below the same period a year earlier due to increase in investments and decrease of trade payables and contract liabilities.
➡ p.8(Main Financial Measures, Cash Flows)
- Interim dividend increased by ¥10 YoY, to ¥75.
Full-year payout to increase ¥20 YoY, to ¥150.
➡ p.13(Summary of Forecast for FY2019)

Summary of 1H Financial Results

(In billion yen)

	FY2018 1H		FY2019 1H		Change	
	(Profit margin)		(Profit margin)			
Orders received		1,561.8		1,698.2	+136.3	(+8.7%)
Revenue		1,872.0		1,877.6	+5.5	(+0.3%)
Profit from business activities	(3.0%)	56.7	(4.0%)	74.3	+17.5	(+31.0%)
Profit attributable to owners of parent	(1.4%)	25.4	(1.6%)	29.2	+3.7	(+14.7%)
EBITDA	(6.4%)	120.1	(7.5%)	141.2	+21.1	(+17.6%)
Free cash flow		-75.0		-211.3	-136.2	-

Summary of 1H Financial Results

(In billion yen)

FY2019 1H	Fundamental business		SpaceJet (MRJ)	Total	
	(Profit margin)			(Profit margin)	
Orders received	1,698.2		-	1,698.2	
Revenue	1,877.6		-	1,877.6	
Profit from business activities	(4.7%)	88.2	-13.8	(4.0%)	74.3
Profit attributable to owners of parent	(2.3%)	42.8	-13.5	(1.6%)	29.2
EBITDA	(8.2%)	154.6	-13.4	(7.5%)	141.2
Free cash flow	-149.8		-61.4	-211.3	

1H Financial Results by Segment

(In billion yen)

	Orders received			Revenue			Profit from business activities		
	FY2018 1H	FY2019 1H	Change	FY2018 1H	FY2019 1H	Change	FY2018 1H	FY2019 1H	Change
Power Systems	425.5	665.4	+239.8	680.8	707.9	+27.0	47.3	37.2	- 10.0
Industry & Infrastructure	925.8	865.1	- 60.7	898.2	874.6	- 23.5	30.3	29.3	- 0.9
Aircraft, Defense & Space	225.5	192.3	- 33.2	307.4	310.5	+3.0	-22.1	12.6	+34.7
Others	35.6	34.1	- 1.5	34.3	33.6	- 0.6	2.9	7.8	+4.8
Eliminations or Corporate	- 50.8	- 58.8	- 8.0	- 48.8	- 49.1	- 0.3	- 1.8	- 12.7	- 10.9
Total	1,561.8	1,698.2	+136.3	1,872.0	1,877.6	+5.5	56.7	74.3	+17.5

Financial Position Overview

(In billion yen)

	As of March 31, 2019	As of September 30, 2019	Change
Trade receivables	1,343.1	1,226.9	-116.1
Inventories	739.2	804.5	+65.2
Other current assets	* 1,076.9	* 1,037.4	-39.4
Total fixed assets	1,013.7	1,075.9	+62.1
Other non-current assets	969.6	1,042.5	+72.8
Total assets	5,142.7	5,187.4	+44.6
Trade payables	862.1	764.5	-97.5
Contract liabilities	875.2	831.5	-43.7
Other liabilities	991.3	992.2	+0.8
Interest-bearing debt	665.1	882.4	+217.3
Equity	1,748.8	1,716.6	-32.1
Equity attributable to owners of the parent	1,430.8	1,397.1	-33.7
Total liabilities and Equity	5,142.7	5,187.4	+44.6

* Including indemnification asset for South African project
 (Mar. 31, 2019: 546.0 billion yen)
 (Sep. 30, 2019: 547.3 billion yen)

Borrowings -12.7
 Commercial papers +245.0
 Corporate Bonds -15.0

(Assets and liabilities as of September 30, 2019 reflect the adoption of IFRS16 (+97.6 billion yen)).

Dividend -21.8
 Profit attributable to owners of parent +29.2
 Other comprehensive income -26.3 etc.
 (Unrealized holding gain on investment securities, etc.)

Main Financial Measures

	As of Mar.31, 2019	As of Sep.30, 2019	Change	FY2019 Forecast
Equity ratio	27.8%	26.9%	-0.9pt	-
Interest-bearing debt (In billion yen)	665.1	882.4	+217.3	600.0
D/E ratio	38%	51%	+13pt	30.0%

Cash Flows

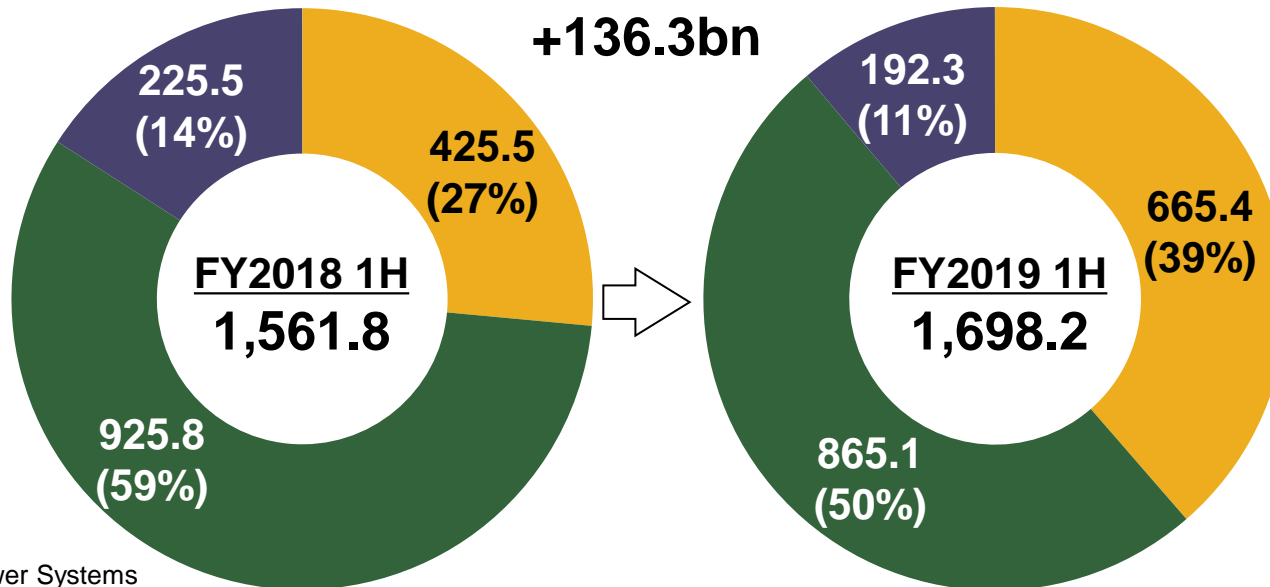
	FY2018 1H	FY2019 1H	Change	FY2019 Forecast
Operating cash flow	-4.2	-91.1	-86.8	-
Investment cash flow	-70.7	-120.1	-49.4	-
Free cash flow	-75.0	-211.3	-136.2	50.0

(In billion yen)

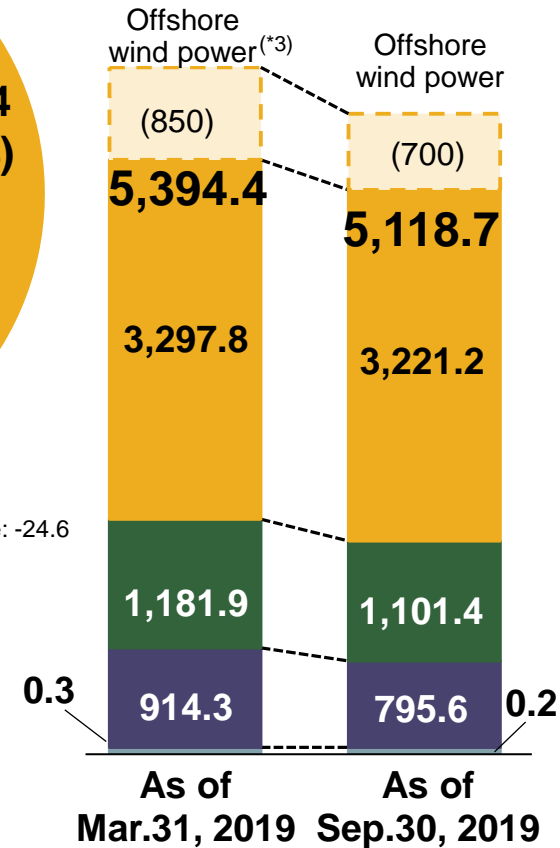
Orders Received & Order Backlog by Segment

(In billion yen)

Orders Received



Change in Order Backlog^(*2)



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

■ Power Systems

Increased:
GTCC^(*1), Steam power
Decreased:
Nuclear power

■ Industry & Infrastructure

Decreased:
Engineering, Turbochargers,
Machine tool

■ Aircraft, Defense & Space

Decreased:
Defense aircraft, Missile systems
Special vehicles (tanks)

(*1) GTCC: Gas Turbine Combined Cycle

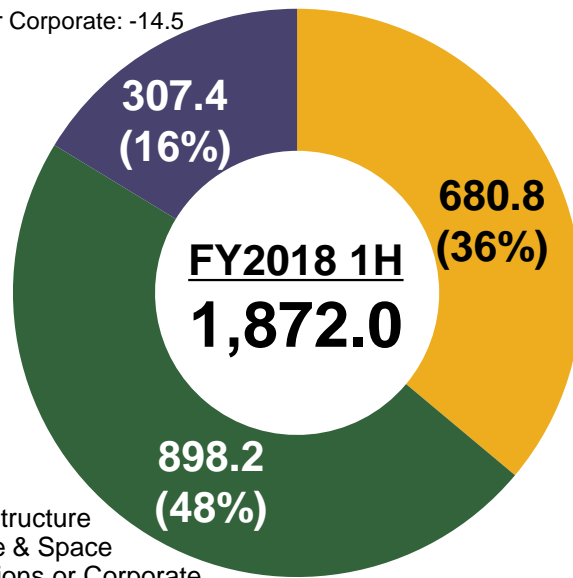
(*2) Does not include mass-manufactured products: turbochargers, air-conditioners, etc. and commercial aircraft Tier1 business.

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

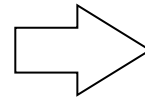
Revenue by Segment

(In billion yen)

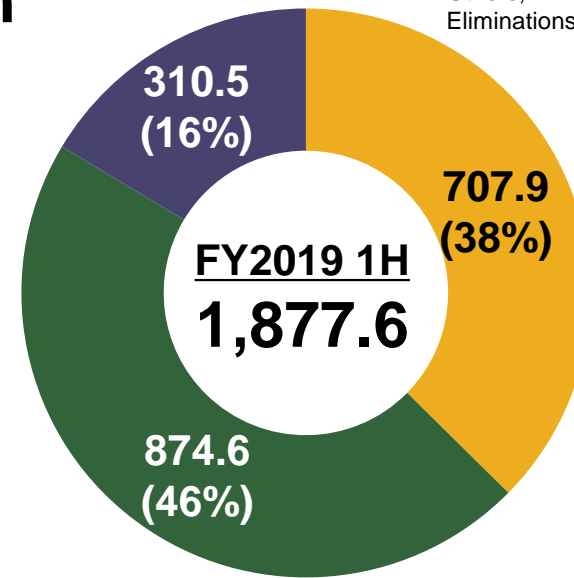
Others,
Eliminations or Corporate: -14.5



+5.5bn



Others,
Eliminations or Corporate: -15.5



■ Power Systems

Increased :

GTCC, Steam power

Decreased :

Nuclear power

■ Industry & Infrastructure

Decreased :

Engineering, Turbochargers

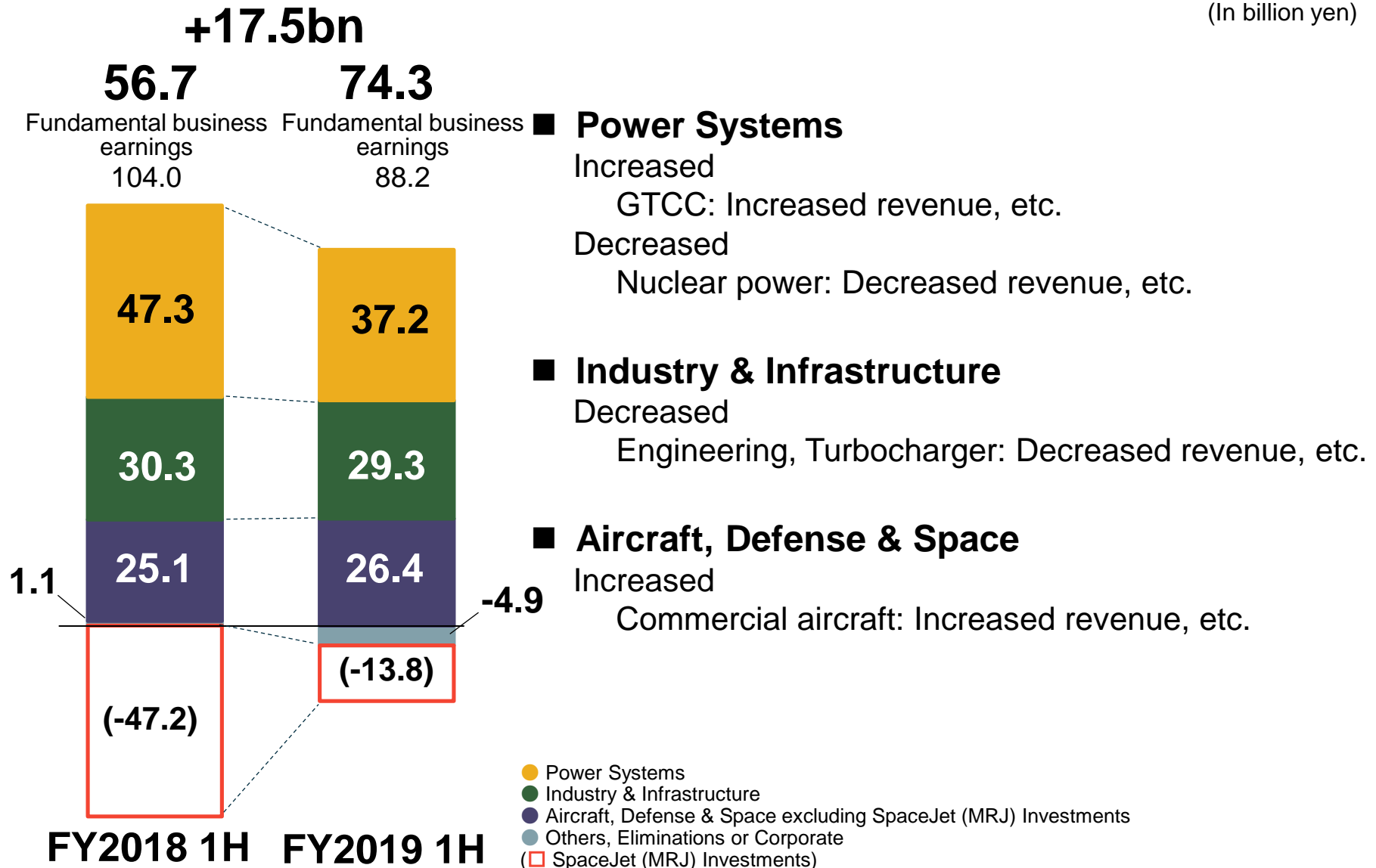
■ Aircraft, Defense & Space

Increased:

Commercial aircraft

Profit from Business Activities by Segment

(In billion yen)



II. Forecast for FY2019

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.

Summary of Forecast for FY2019

(In billion yen)

	FY2018 (Actual) (Profit margin)		FY2019 (Forecast) (Profit margin)		Change	
Orders received	3,853.4		4,300.0		+446.5	(+11.6%)
Revenue	4,078.3		4,300.0		+221.6	(+5.4%)
Profit from business activities	(4.6%)	186.7	(5.1%)	220.0	+33.2	(+17.8%)
Profit attributable to owners of parent	(2.5%)	101.3	(2.6%)	110.0	+8.6	(+8.5%)
ROE	7.2%		8%		—	
EBITDA	(7.6%)	311.6	(8.1%)	350.0	+38.3	(+12.3%)
Free cash flow	243.0		50.0		-193.0	—
Dividend per share	130.0yen Interim: 65.0yen year-end: 65.0yen		150.0yen Interim: 75.0yen year-end: 75.0yen		Undetermined foreign currency amount USD: 1.5 billion Euro: 0.4 billion	

Assumed exchange rate

USD 1.00 = ¥110

Euro 1.00 = ¥120^(*)

There is no change in the forecast announced on May 9, 2019.

(*) Euro 1.00 = ¥125 as of June 30, 2019

Summary of Forecast for FY2019

(In billion yen)

FY2019 (Forecast)	Fundamental business (Profit margin)	SpaceJet (MRJ)	Total (Profit margin)
Orders received	4,300.0	–	4300.0
Revenue	4,300.0	–	4300.0
Profit from business activities	(7.0%) 300.0	–80.0	(5.1%) 220.0
Profit attributable to owners of parent	(4.4%) 190.0	–80.0	(2.6%) 110.0
ROE	8%	–	8%
EBITDA	(10.0%) 430.0	–80.0	(8.1%) 350.0
Free cash flow	150.0	–100.0	50.0

- TOP^(*) for fundamental business 0.8 : 1 : 0.6
(Revenue ¥4.3 trillion / Total assets ¥5.2 trillion / Market value ¥3.2 trillion^(*))

(*) TOP (Triple One Proportion) is a concept under which the managerial goal (proportion) is: Revenue : Total assets : Market value = 1 : 1 : 1.

(*) Market value is assumed as 16.7 times profit attributable to owners of parent, i.e. cost of capital as 6%.

Forecast for FY2019 by Segment

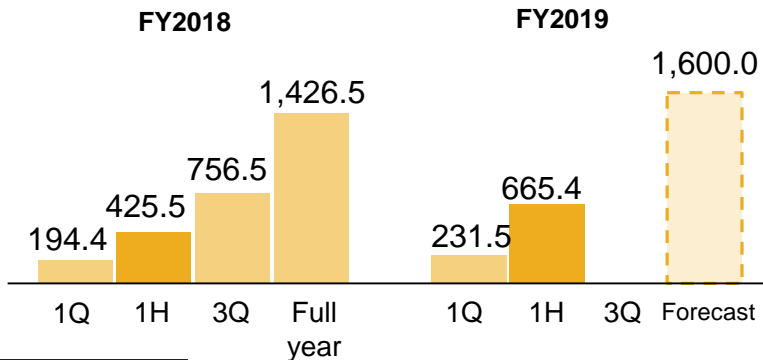
(In billion yen)

	Orders received			Revenue			Profit from business activities		
	FY2018 (Actual)	FY2019 (Forecast)	Change	FY2018 (Actual)	FY2019 (Forecast)	Change	FY2018 (Actual)	FY2019 (Forecast)	Change
Power Systems	1,426.5	1,600.0	+173.4	1,525.1	1,650.0	+124.8	132.8	140.0	+7.1
Industry & Infrastructure	1,852.0	2,000.0	+147.9	1,907.8	1,950.0	+42.1	70.1	110.0	+39.8
Aircraft, Defense & Space	610.6	700.0	+89.3	677.5	700.0	+22.4	- 37.4	- 20.0	+17.4
Others	73.3	100.0	+26.6	71.6	70.0	- 1.6	35.9	5.0	- 30.9
Eliminations or Corporate	- 109.1	- 100.0	+9.1	- 103.8	- 70.0	+33.8	- 14.8	- 15.0	- 0.1
Total	3,853.4	4,300.0	+446.5	4,078.3	4,300.0	+221.6	186.7	220.0	+33.2

III. Supplementary Information

(In billion yen, accumulated amount)

Orders Received



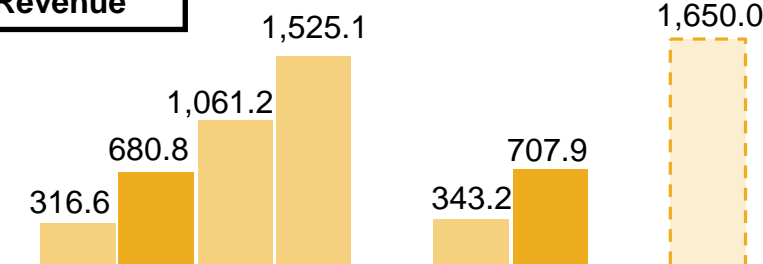
Orders received : Up ¥239.8 billion YoY

- Increased : GTCC, Steam power
- Decreased : Nuclear power

Gas turbine orders received

		Americas	Asia	EMEA(*1)	Others	Total
FY2018-1H	Large size	-	-	-	-	0
	Small to medium size	2	2	-	-	4
	Total	2	2	0	0	4
FY2019-1H	Large size	3	1	2(*2)	-	6
	Small to medium size	3	-	-	-	3
	Total	6	1	2	0	9

Revenue



Backlog of Gas turbine orders received

	Large size	Small to medium size	Total
As of Sep. 30, 2018	35	6	41
As of Mar. 31, 2019	44	15	59
As of Sep. 30, 2019	37	11	48

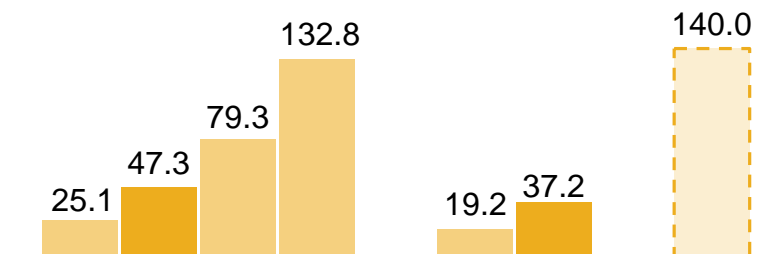
(*1) Europe, Middle East, Africa

(*2)H100 turbine is categorized into "Large size" from "Small to medium size" from FY2019 1H

Revenue: Up ¥27.0 billion YoY

- Increased : GTCC, Steam power
- Decreased : Nuclear power

Profit from business activities



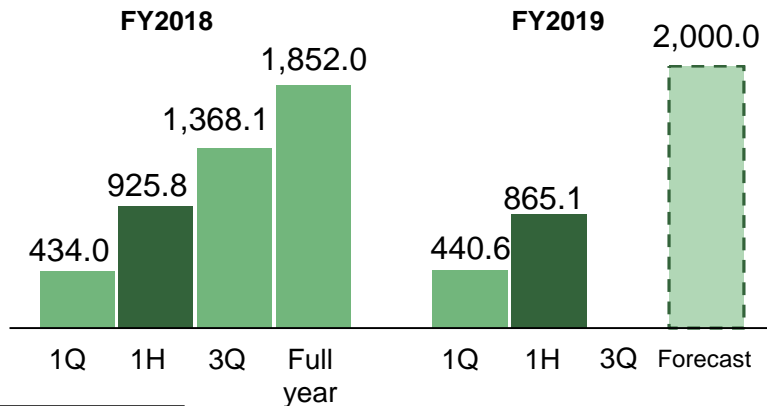
Profit from business activities : Down ¥10.0 billion YoY

- Increased
 - GTCC: Increased revenue, etc.
- Decreased
 - Nuclear power: Decreased revenue, etc.

Supplementary Information (1) Financial Results by Business Segment < Industry & Infrastructure >

(In billion yen, accumulated amount)

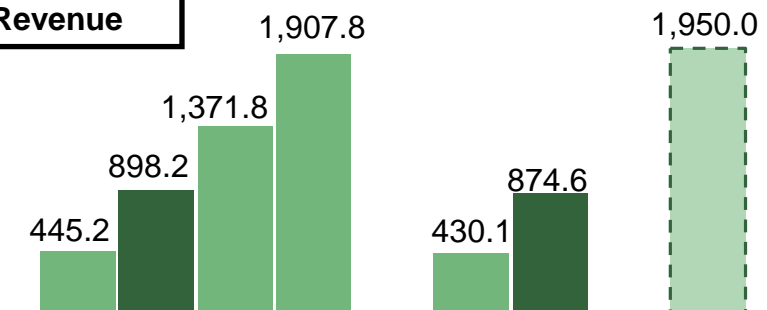
Orders Received



Orders received : Down ¥60.7 billion YoY

- Decreased : Engineering, Turbochargers, Machine tool

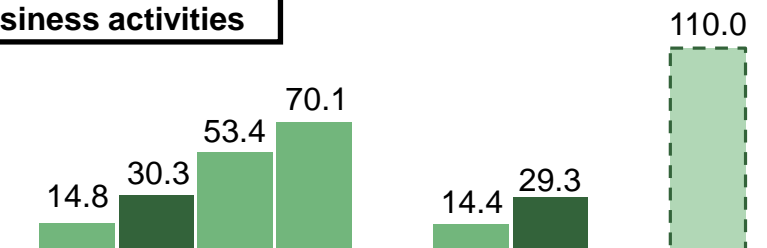
Revenue



Revenue : Down ¥23.5 billion YoY

- Decreased : Engineering, Turbochargers

Profit from business activities



Profit from business activities :

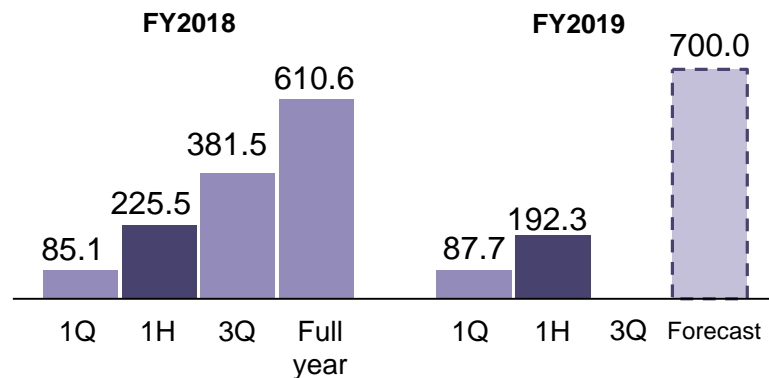
Down ¥0.9 billion YoY

- Decreased
Engineering, Turbocharger: Decreased revenue, etc.

Supplementary Information (1) Financial Results by Business Segment < Aircraft, Defense & Space >

(In billion yen, accumulated amount)

Orders Received



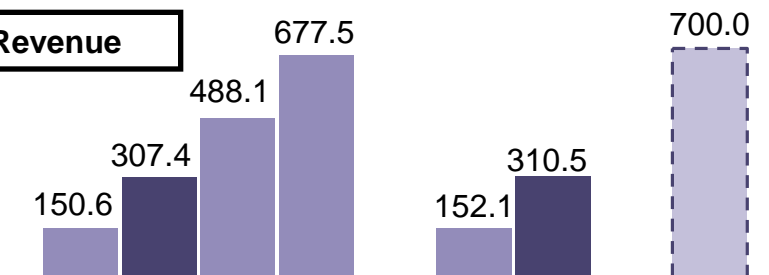
Orders received : Down ¥33.2 billion YoY

- Decreased : Defense aircraft, Missile systems, Special vehicles (tanks)

Accumulated number of SpaceJet (MRJ) orders received: 287
(firm orders: 163 / options and purchase rights: 124)

[As of October 31, 2019]

Revenue



Revenue : Up ¥3.0 billion YoY

- Increased : Commercial aircraft

Number of B777s / B777Xs delivered

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

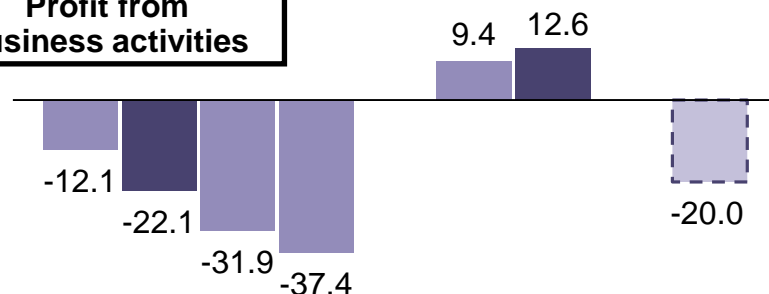
FY2019 (forecast) : 55 (1Q: 16, 2Q: 14, 3Q-4Q: 25[planned])

Number of B787s delivered

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

FY2019 (forecast) : 167 (1Q: 43, 2Q: 42, 3Q-4Q: 82[planned])

Profit from business activities



Profit from business activities :

Up ¥34.7 billion YoY

- Increased
Commercial aircraft: Increased revenue, etc.

Supplementary Information (2) Reference Data

1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	FY2018 1H	FY2019 1H	FY2019 (Forecast)
R&D Expenses	62.7	55.5	160.0
Depreciation	63.3	66.8	130.0
Capital Expenditure	53.9	69.7	170.0

2. Selling, General and Administrative Expenses

(In billion yen)

	FY2018 1H	FY2019 1H
SG&A	261.4	271.1

3. Foreign Exchange Rates (Average rate used for sales)

(In yen)

	FY2018 1H	FY2019 1H
USD	109.6	109.3
Euro	129.3	122.1

4. Overseas Revenue by Region (In billion yen)

	FY2018 1H	FY2019 1H
Asia	346.1 (19%)	345.3 (19%)
North America	308.5 (16%)	353.7 (19%)
Europe	204.6 (11%)	175.0 (9%)
Central & South America	67.6 (4%)	68.5 (4%)
The Middle East	61.6 (3%)	45.7 (2%)
Oceania	11.3 (1%)	9.0 (0%)
Africa	40.6 (2%)	34.3 (2%)
Total	1,040.6 (56%)	1,031.8 (55%)

MOVE THE WORLD FORWARD

**MITSUBISHI
HEAVY
INDUSTRIES
GROUP**