

# PRESS RELEASE

2020-05-11

## MHI Announces FY2019 Consolidated Financial Results

Tokyo, May 11, 2020 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2019 ended March 31, 2020.

(billions of yen)

	<b>FY2019</b>	FY2018	Changes (%)
Orders Received	<b>4,168.6</b>	3,853.4	8.2
Revenue	<b>4,041.3</b>	4,078.3	(0.9)
Profit (loss) from business activities	<b>(29.5)</b>	200.5	-
Profit (loss) Before Income Taxes	<b>(32.6)</b>	195.0	-
Profit Attributable to Owners of Parent	<b>87.1</b>	110.2	(21.0)
Operating Cash Flow	<b>452.5</b>	420.3	
Investment Cash Flow	<b>(239.5)</b>	(161.8)	
Financing Cash Flow	<b>(204.4)</b>	(271.0)	
Profit Attributable to Owners of Parent Per Share	<b>259.39 yen</b>	328.52 yen	(21.0)

Figures in parentheses are negative.

## Consolidated financial results (continued)

### Revenue by Operational Segment

(billions of yen)

	<b>FY2019</b>	FY2018
Power Systems	<b>1,590.2</b>	1,525.1
Industry & Infrastructure	<b>1,778.0</b>	1,907.8
Aircraft, Defense & Space	<b>704.9</b>	677.5
Others	<b>75.1</b>	71.6
Eliminations or Corporate	<b>(107.1)</b>	(103.8)
<b>TOTAL</b>	<b>4,041.3</b>	4,078.3

### Profit (Loss) From Business Activities by Operational Segment

(billions of yen)

	<b>FY2019</b>	FY2018
Power Systems	<b>144.3</b>	133.1
Industry & Infrastructure	<b>54.8</b>	70.7
Aircraft, Defense & Space	<b>(208.7)</b>	(28.2)
Others	<b>6.5</b>	39.1
Eliminations or Corporate	<b>(26.5)</b>	(14.3)
<b>TOTAL</b>	<b>29.5</b>	200.5

Figures in parentheses are negative.

## Estimate of Consolidated Financial Results for FY 2020

For the fiscal year 2020 ending March 31, 2021, MHI is expecting 3,800 billion yen in net sales, 0 yen in EBIT(Earnings Before Interest and Taxes), 0 yen in profit before income tax, and 0 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 = ¥120 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, 2019	As of Mar. 31, 2020
<b><u>Assets</u></b>		
Current assets		
Cash and cash equivalents	283,235	281,626
Trade and other receivables	717,414	611,976
Other financial assets	25,180	28,539
Contract assets	625,749	576,061
Inventories	739,820	726,228
Indemnification assets for South African projects	546,098	407,800
Other current assets	222,390	206,261
<b>Total current assets</b>	<b>3,159,890</b>	<b>2,838,493</b>
Non-current assets		
Property, plant and equipment	777,228	792,920
Goodwill	121,117	124,500
Intangible assets	113,131	78,908
Right-of-use assets	90,335	96,201
Investments accounted for using the equity method	209,929	177,569
Investments in securities and other financial assets	447,888	391,538
Deferred tax assets	133,511	382,729
Other non-current assets	187,320	102,827
<b>Total Non-current assets</b>	<b>2,080,463</b>	<b>2,147,196</b>
<b>Total assets</b>	<b>5,240,353</b>	<b>4,985,690</b>
<b><u>Liabilities and Equity</u></b>		
Current liabilities		
Bonds, borrowings and other financial liabilities	459,548	769,099
Trade and other payables	862,174	824,030
Income taxes payable	27,024	28,994
Contract liabilities	875,294	835,465
Provisions	215,475	199,496
Other current liabilities	157,273	151,657
<b>Total Current liabilities</b>	<b>2,596,790</b>	<b>2,808,742</b>
Non-current liabilities		
Bonds, borrowings and other financial liabilities	637,204	601,770
Deferred tax liabilities	4,012	7,318
Retirement benefit liability	154,105	145,890
Provisions	47,583	58,173
Other non-current liabilities	71,964	73,718
<b>Total non-current liabilities</b>	<b>914,870</b>	<b>886,871</b>
<b>Total liabilities</b>	<b>3,511,660</b>	<b>3,695,614</b>
<b><u>Equity</u></b>		
Share capital	265,608	265,608
Capital surplus	185,302	49,667
Treasury shares	(5,572)	(5,374)
Retained earnings	869,238	886,307
Other components of equity	96,987	22,133
Equity attributable to owners of parent	1,411,564	1,218,343
Non-controlling interests	317,128	71,732
<b>Total Equity</b>	<b>1,728,693</b>	<b>1,290,076</b>
<b>Total Liabilities and Equity</b>	<b>5,240,353</b>	<b>4,985,690</b>

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

(Millions of Yen)

	FY2018 (From Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (From Apr. 1, 2019 to Mar. 31, 2020)
Revenue	4,078,344	4,041,376
Cost of sales	3,309,351	3,331,339
<b>Gross Profit</b>	<b>768,992</b>	<b>710,036</b>
Selling, general and administrative expenses	538,210	583,874
Share of profit of investments accounted for using the equity method	10,937	12,898
Other income *	64,472	67,751
Other expenses	105,621	236,350
<b>Profit from business activities</b>	<b>200,570</b>	<b>(29,538)</b>
Finance income	7,650	11,616
Finance expenses	13,161	14,738
<b>Profit before income taxes</b>	<b>195,059</b>	<b>(32,660)</b>
Income taxes	57,671	(139,945)
<b>Profit</b>	<b>137,388</b>	<b>107,284</b>
Profit attributable to:		
<b>Owners of parent</b>	<b>110,271</b>	<b>87,123</b>
Non-controlling interests	27,117	20,161

(Yen)

Earnings per share attributable to owners of parent		
Basic earnings per share	328.52	259.39
Diluted earnings per share	327.97	259.06

\*Other income includes dividend income. The amount of dividends of FY 2018 is 11,647 Million Yen, and the amount of FY2019 is 12,096 Million Yen.

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

(Millions of Yen)

	FY2018 (From Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (From Apr. 1, 2019 to Mar. 31, 2020)
<b>Profit</b>	<b>137,388</b>	<b>107,284</b>
<b>Other comprehensive income (loss)</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Net gains and losses from financial assets measured at FVTOCI	(12,753)	(50,873)
Remeasurement of defined benefit plans	(6,996)	(23,201)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(178)	(24)
<b>Total</b>	<b>(19,928)</b>	<b>(74,098)</b>
<b>Items that may be reclassified to profit or loss</b>		
Cash flow hedges	(893)	(1,713)
Hedging cost	(242)	(639)
Exchange differences on translating foreign operations	4,724	(25,106)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(8,828)	941
<b>Total</b>	<b>(5,239)</b>	<b>(26,517)</b>
<b>Total other comprehensive income (loss)</b>	<b>(25,167)</b>	<b>(100,616)</b>
<b>Comprehensive income (loss)</b>	<b>112,220</b>	<b>6,668</b>
<b>Comprehensive income (loss) attributable to</b>		
Owners of parent	85,577	(8,201)
Non-controlling interests	26,642	14,869

\*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			
<b>Balance as of Apr. 1 ,2018</b>	<b>265,608</b>	<b>185,937</b>	<b>(4,081)</b>	<b>830,057</b>	<b>118,015</b>	<b>1,395,537</b>	<b>298,327</b>	<b>1,693,865</b>
Cumulative effects of changes in accounting policies				(28,219)	(47)	(28,266)	(865)	(29,131)
<b>Restated balance</b>	<b>265,608</b>	<b>185,937</b>	<b>(4,081)</b>	<b>801,838</b>	<b>117,968</b>	<b>1,367,271</b>	<b>297,462</b>	<b>1,664,733</b>
Profit				110,271		110,271	27,117	137,388
Other comprehensive income					(24,693)	(24,693)	(474)	(25,167)
<b>Comprehensive income</b>				<b>110,271</b>	<b>(24,693)</b>	<b>85,577</b>	<b>26,642</b>	<b>112,220</b>
<b>Transfer to retained earnings</b>				<b>(3,712)</b>	<b>3,712</b>	-		-
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)
Put options held by non-controlling shareholders		689				689	548	1,238
Transactions with non-controlling interests		33				33	(60)	(27)
Other		(1,381)	623	2,816		2,059	(1,115)	943
<b>Total transactions with owners</b>	<b>-</b>	<b>(635)</b>	<b>(1,491)</b>	<b>(39,157)</b>	<b>-</b>	<b>(41,284)</b>	<b>(6,976)</b>	<b>(48,261)</b>
<b>Balance as of Mar. 31 ,2019</b>	<b>265,608</b>	<b>185,302</b>	<b>(5,572)</b>	<b>869,238</b>	<b>96,987</b>	<b>1,411,564</b>	<b>317,128</b>	<b>1,728,693</b>
Profit				87,123		87,123	20,161	107,284
Other comprehensive income (loss)					(95,324)	(95,324)	(5,291)	(100,616)
<b>Comprehensive income (loss)</b>				<b>87,123</b>	<b>(95,324)</b>	<b>(8,201)</b>	<b>14,869</b>	<b>6,668</b>
<b>Transfer to retained earnings</b>				<b>(22,287)</b>	<b>22,287</b>	-		-
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)
<b>Total transactions with owners</b>	<b>-</b>	<b>(135,634)</b>	<b>198</b>	<b>(47,766)</b>	<b>(1,816)</b>	<b>(185,019)</b>	<b>(260,265)</b>	<b>(445,285)</b>
<b>Balance as of Mar. 31 ,2020</b>	<b>265,608</b>	<b>49,667</b>	<b>(5,374)</b>	<b>886,307</b>	<b>22,133</b>	<b>1,218,343</b>	<b>71,732</b>	<b>1,290,076</b>

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

(Millions of Yen)

	FY2018 (From Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (From Apr. 1, 2019 to Mar. 31, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	195,060	(32,660)
Depreciation, amortization and impairment loss	202,789	323,967
Finance income and costs	7,234	2,324
Share of profit of investments accounted for using the equity method	(10,937)	(12,898)
Loss (gain) on sale of property, plant and equipment, and intangible assets	(41,218)	(978)
Loss on disposal of property, plant and equipment, and intangible assets	6,519	7,842
Decrease (increase) in trade receivables	34,863	65,082
Decrease (increase) in contract assets	115,185	46,447
Decrease (increase) in inventories and advanced payments	17,229	39,162
Increase (decrease) in trade payables	51,014	(27,859)
Increase (decrease) in contract liabilities	(33,589)	(34,185)
Increase (decrease) in provisions	45,522	(12,559)
Increase (decrease) in retirement benefit liabilities	2,162	(126)
Decrease (increase) in indemnification asset for South African projects	(110,615)	131,777
Others	(15,464)	8,715
Subtotal	465,759	504,051
Interest received	5,149	7,218
Dividends received	15,232	14,903
Interest paid	(8,074)	(10,444)
Income taxes paid	(57,718)	(63,164)
<b>Net cash provided by operating activities</b>	<b>420,349</b>	<b>452,564</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment and intangible assets	(224,263)	(246,291)
Proceeds from sales of property, plant and equipment and intangible assets	43,509	31,133
Purchases of investments (including investments accounted for using the equity method)	(8,547)	(13,924)
Proceeds from sales and redemption of investments (including investments accounted for using the equity method)	26,975	23,981
Payments for acquisition of subsidiaries	-	(28,733)
Proceeds from sale of subsidiaries	-	1,652
Net decrease (increase) in short-term loans	(417)	201
Disbursement of long-term loans	(2,669)	(807)
Collection of long-term loans	1,165	237
Others	2,377	(7,015)
<b>Net cash used in investing activities</b>	<b>(161,869)</b>	<b>(239,566)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(60,613)	(19,800)
Proceeds from long-term borrowings	7,039	65,341
Repayment of long-term borrowings	(68,439)	(45,506)
Payment for redemption of bonds	(30,000)	(65,000)
Proceeds from issuance of stock to non-controlling interests	1,749	19
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(13,908)
Dividends paid to owners of the parent	(41,888)	(46,933)
Dividends paid to non-controlling interests	(7,781)	(5,837)
Proceeds from factoring agreements	169,271	145,264
Repayment of liabilities under factoring agreements	(218,519)	(192,502)
Repayment of lease liabilities	(17,135)	(23,256)
Others	(4,684)	(2,332)
<b>Net cash provided by (used in) financing activities</b>	<b>(271,002)</b>	<b>(204,452)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3,478)</b>	<b>(10,153)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(16,001)</b>	<b>(1,608)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>299,237</b>	<b>283,235</b>
<b>Cash and cash equivalents at the end of period</b>	<b>283,235</b>	<b>281,626</b>



# PRESS RELEASE

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## MHI Announces FY2019 Non-Consolidated Financial Results

Tokyo, May 11, 2020 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2019 ended March 31, 2020.

(billions of yen)

	<b>FY2019</b>	<b>FY2018</b>	Changes (%)
Orders Received	<b>1,006.9</b>	857.8	17.4
Net Sales	<b>959.2</b>	886.4	8.2
Operating Income	<b>53.2</b>	49.0	8.6
Ordinary Income	<b>122.0</b>	54.5	123.5
Income Before Income Taxes	<b>(486.2)</b>	104.1	—
Net Income	<b>(312.1)</b>	96.0	—
Net Income Per Share	<b>(929.27) yen</b>	286.18 yen	—
Dividend Per Share	<b>150.00 yen</b>	130.00 yen	

Figures in parentheses are negative.