



Q1-3 FY2020 Financial Results

February 4, 2021

Mitsubishi Heavy Industries, Ltd.

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I. Q1-3 FY2020 Financial Results

Q1-3 FY2020 Results Overview



■ Order intake / Revenue

- Medium-lot products businesses (Logistics, Thermal & Drive Systems) and aero engine business have recovered steadily after bottoming out in Q1.
- Tier 1 aero structures business was on track to recovery after bottoming out in Q1, but was sluggish in Q3 due to weak market conditions caused by a resurgence in COVID-19.
- Delays in construction progress on projects and postponement of some after-sales service work continue to affect our plant businesses such as Energy Systems and Plants & Infrastructure Systems.

■ Profit

- Profit from business activities increased ¥10.9 bn year-on-year as a result of a gain on the share transfer of MVOW, an offshore wind power JV with Vestas, and smaller losses in the SpaceJet business, despite pressure on profit including the impact of COVID-19 and loss provisions in steam power business.
- Profit attributable to owners of parent returned to profitability of ¥3.3 bn, though a significant decrease from the same period last year when deferred tax assets on losses in previous years were recorded.

[Presentation made by Mitsubishi Heavy Industries, Ltd. CFO, Mr. Hisato Kozawa]

I will now explain our Q1-3 FY2020 financial results.

Please refer to the numerical tables on pages 4 and 5.

Order intake and revenue are lower than those for the same period of the previous fiscal year. While performance may appear weak, we believe that the Q1-3 results are generally within our expectations, when compared with the full-year forecast announced on May 11 of last year, which incorporated the expected COVID-19 impact.

Regarding the impact of COVID-19, medium-lot products business continued its recovery trend of Q2, with some businesses rebounding back to year-ago levels. Meanwhile, COVID-19 impact still remains in some of our plant businesses and the commercial aircraft business. Details will be given in page 14.

Profit from business activities grew YoY due to the contraction of SpaceJet-related development costs and gain on the share transfer of MVOW despite some negative impacts of COVID-19. Profit attributable to owners of parent decreased due to the absence of deferred tax assets on losses in our SpaceJet business in the previous years, which was recorded last year.

Summary of Q1-3 Financial Results



(In billion yen)

	Q1-3 FY2019 (Profit margin)		Q1-3 FY2020 (Profit margin)		Change	
Order Intake		2,653.4		2,235.9	- 417.5	(-15.7%)
Revenue		2,856.5		2,603.3	- 253.1	(-8.9%)
Profit from business activities	(0.4%)	12.7	(0.9%)	23.7	+ 10.9	(+85.7%)
Profit attributable to owners of parent	(3.6%)	101.4	(0.1%)	3.3	- 98.1	(-96.7%)
EBITDA	(4.0%)	115.6	(5.0%)	129.2	+ 13.5	(+11.8%)
Free cash flow		-323.1		-639.0	- 315.8	-

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The figures for Q1 and Q2, as well as individual Q3, are not indicated here, but if we were to compare figures for the past three quarters, order intake was ¥689.6 billion, ¥707.6 billion and ¥838.7 billion, respectively. Revenue was ¥778.0 billion, ¥880.6 billion, and ¥944.7 billion, respectively. Notably, the results are improving sequentially.

Likewise, profit from business activities trended favorably, being ¥71.3 billion loss, ¥12.7 billion profit, and ¥82.3 billion profit, respectively. Since one-time losses or profits are included in each quarter, apple-to-apple comparison is difficult to make. However, even excluding those factors, we are seeing improvement.

Summary of Q1-3 Financial Results (Cont'd)



(In billion yen)

Q1-3 FY2020	Businesses excluding SpaceJet (Profit margin)	SpaceJet	Total (Profit margin)
Order Intake	2,235.9	-	2,235.9
Revenue	2,603.3	-	2,603.3
Profit from business activities	(4.9%) 126.9	-103.1	(0.9%) 23.7
Profit attributable to owners of parent	(3.2%) 84.3	-81.0	(0.1%) 3.3
EBITDA	(8.9%) 232.1	-102.9	(5.0%) 129.2
Free cash flow	-550.5	-88.4	-639.0

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The Q1-3 results from page 5 (previous slide) are shown here, broken down into results related to SpaceJet and results excluding SpaceJet related amounts.

To explain further about the SpaceJet business, we saw losses from business activities related to the program of ¥103.1 billion, which includes impairment losses on the acquisition of the CRJ program of Bombardier, Canada, a transaction that was completed on June 1 last year. We believe we are trending within the full-year forecast of ¥120.0 billion losses in the SpaceJet business.

Q1-3 Financial Results by Segment



(In billion yen)

	Order Intake			Revenue			Profit from business activities		
	Q1-3 FY2019	Q1-3 FY2020	Change	Q1-3 FY2019	Q1-3 FY2020	Change	Q1-3 FY2019	Q1-3 FY2020	Change
Energy Systems	1,104.1	899.9	- 204.2	1,075.3	1,041.4	- 33.9	105.6	78.4	- 27.1
Plants & Infrastructure Systems	516.5	395.7	- 120.8	575.4	447.8	- 127.5	14.0	-9.0	- 23.1
Logistics, Thermal & Drive Systems	744.4	623.7	- 120.6	740.2	614.5	- 125.7	25.6	9.5	- 16.1
Aircraft, Defense & Space	322.6	341.7	+ 19.0	493.1	532.0	+ 38.9	-130.2	-77.1	+ 53.0
Others	-34.3	-25.1	+ 9.1	-27.6	-32.5	- 4.8	-2.2	22.0	+ 24.2
Total	2,653.4	2,235.9	- 417.5	2,856.5	2,603.3	- 253.1	12.7	23.7	+ 10.9

Classifications for reporting segments have been changed from this fiscal year.
 "Energy Systems" corresponds to the former "Power Systems", and "Plants & Infrastructure Systems" and "Logistics, Thermal & Drive Systems" collectively correspond to the former "Industry & Infrastructure".

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Following a reorganization in business structure, we have changed some of our reporting segments from this fiscal year; specifically, the former "Industry & Infrastructure" segment has been divided into "Plants & Infrastructure Systems" and "Logistics, Thermal & Drive Systems". Figures for the same period from the previous fiscal year in the former reporting segments are adjusted to the new reporting segments to facilitate comparison.

Details of each reporting segment are covered starting on page 10.

Financial Position Overview



(In billion yen)

	As of March 31, 2020	As of December 31, 2020	Change
Trade receivables and contract assets	1,188.0	1,327.6	+139.6
Inventories	726.2	815.6	+89.4
Other current assets	924.2	566.7	-357.4
(Cash and cash equivalents)	(281.6)	(257.2)	(-24.3)
Total fixed assets	996.3	982.7	-13.5
Other non-current assets	1,150.8	1,276.6	+125.8
Total assets	4,985.6	4,969.5	-16.1
Trade payables	824.0	704.9	-119.0
Contract liabilities	835.4	714.0	-121.3
Other liabilities	1,437.8	1,038.0	-399.7
Interest-bearing debt	598.2	1,221.8	+623.5
Equity	1,290.0	1,290.5	+0.4
(Equity attributable to owners of parent)	(1,218.3)	(1,220.7)	(+2.3)
Total liabilities and equity	4,985.6	4,969.5	-16.1

Borrowings	-20.5
Corporate bonds	+55.0
Commercial paper	+589.0
Dividends	-25.1
Profit attributable to owners of parent	+3.3
Others	+24.1

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Total assets decreased ¥16.1 billion to ¥4,969.5 billion from the last fiscal year end.

Although not shown in this presentation, total assets as of the end of Q3 FY2019 were ¥5,547.1 billion, which means approximately ¥600.0 billion in assets were reduced since then.

The breakdown of interest-bearing debt is shown in the red box on this page. Although the amount of interest-bearing debt increased due to negative FCF, we have been able to secure funds without any particular difficulty. The amount of corporate bonds increased as we issued new bonds totaling ¥65.0 billion including a green bond last November.

Main Balance Sheet Metrics and Cash Flows



Main Balance Sheet Metrics

	As of March 31, 2020	As of December 31, 2020	Change	FY2020 Forecast
Equity ratio	24.4%	24.6%	+0.2pt	-
Interest-bearing debt (in billion yen)	598.2	1,221.8	+623.5	950.0
D/E ratio	0.46	0.95	+0.49	0.8

Cash Flows

(In billion yen)

	Q1-3 FY2019	Q1-3 FY2020	Change	FY2020 Forecast
Operating cash flow	-137.1	-479.5	-342.3	-
Investment cash flow	-186.0	-159.5	+26.4	-
Free cash flow	-323.1	-639.0	-315.8	-400.0

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While interest-bearing debt and D/E ratio appear to be on a deteriorating trend, these changes are within our initial forecast range for this fiscal year.

Operating cash flow deteriorated compared with the same period of the previous fiscal year due mainly to a decrease in profits and an increase in working capital.

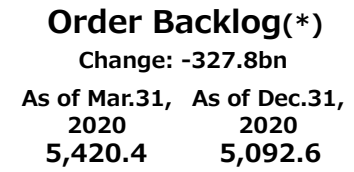
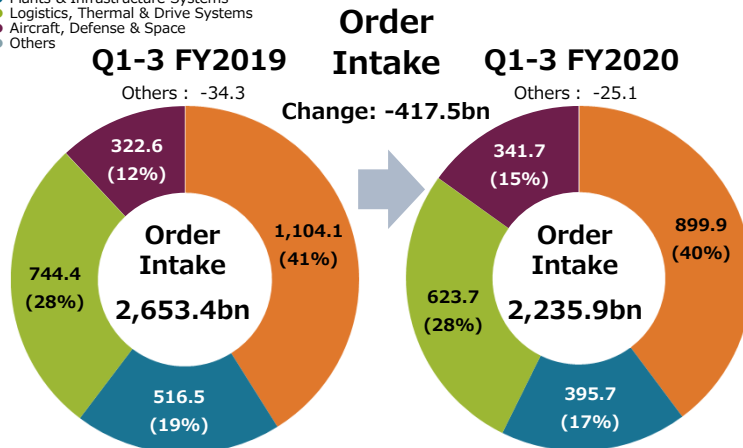
Investment cash flow decreased due to restraining investment in SpaceJet development despite the acquisition of the CRJ business.

Order Intake & Order Backlog by Segment

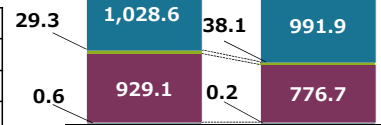


- Energy Systems
- Plants & Infrastructure Systems
- Logistics, Thermal & Drive Systems
- Aircraft, Defense & Space
- Others

(In billion yen)



■ Energy Systems	Increase	Nuclear power
	Decrease	Steam power
■ Plants & Infrastructure Systems	Decrease	Metals machinery
■ Logistics, Thermal & Drive Systems	Decrease	Turbochargers, Logistics systems
■ Aircraft, Defense & Space	Increase	Defense aircraft / Missile systems
	Decrease	Commercial aircraft



(*) Does not include mass-manufactured products: turbochargers, logistics systems, etc.

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Order intake from Aircraft, Defense and Space segments increased slightly, while those in the other segments declined year-on-year due mainly to the impact of COVID-19.

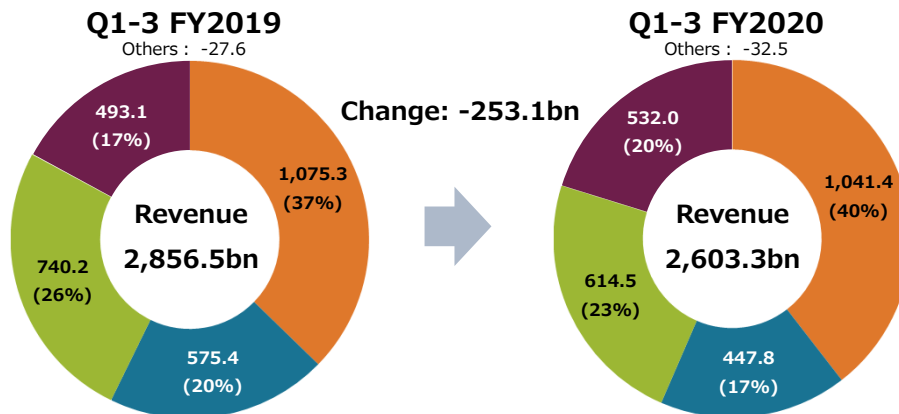
By product, order intake for nuclear power and defense aircraft increased.

Order backlog decreased from the end of FY2019 due to higher revenue than order intake in Q1-3 FY2020.

Revenue by Segment

- Energy Systems
- Plants & Infrastructure Systems
- Logistics, Thermal & Drive Systems
- Aircraft, Defense & Space

(In billion yen)

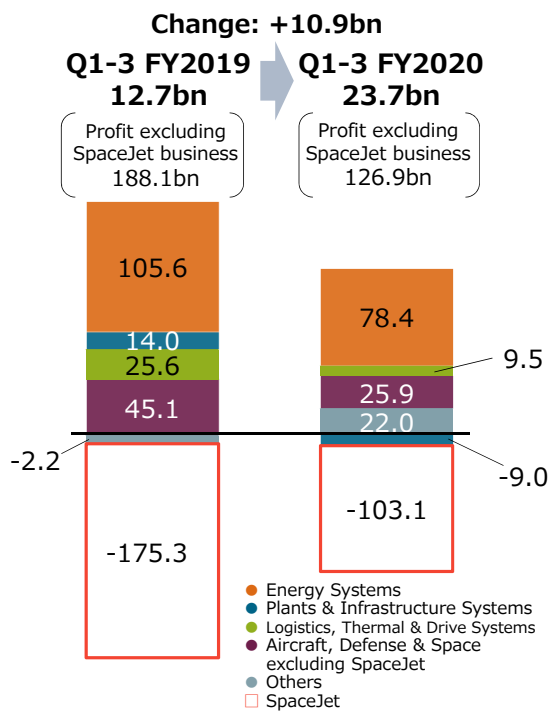


■ Energy Systems	Increase	Nuclear power
	Decrease	Steam power, Aero engines
■ Plants & Infrastructure Systems	Decrease	Metals machinery, Engineering
■ Logistics, Thermal & Drive Systems	Decrease	Turbochargers, Logistics systems, Car air-conditioners
■ Aircraft, Defense & Space	Increase	Defense aircraft / Missile systems
	Decrease	Commercial aircraft

Businesses that have been significantly affected by changes in the economic environment due to the spread of COVID-19, particularly aircraft-related, automobile-related, and other medium-lot products, experienced a decline in revenue.

However, on a three-month basis, the YoY revenue gap in Logistics, Thermal & Drive Systems has been improving. Revenue in metals machinery and engineering product businesses declined due mainly to construction work that has been put on hold. Revenue fell in steam power due to the postponement of domestic after-service work. Amid these challenges, revenue of nuclear power and defense-related businesses, which closely relate to national security and domestic infrastructure, have been strong.

Profit from Business Activities by Segment



Energy Systems

	Business	Factors
Increase	Nuclear power	Increased revenue, etc.
	Offshore wind power	Share transfer of MVOW
Decrease	Steam power	Decreased revenue, Deterioration in profitability in some projects, etc.
	Aero engines	Decreased revenue, etc.

Plants & Infrastructure Systems

Decrease	Engineering	Decreased revenue, etc.
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Logistics, Thermal & Drive Systems

Decrease	Turbochargers	Decreased revenue, etc.
	Logistics systems	
	Car air-conditioners	

Aircraft, Defense & Space

Increase	Defense and space	Increased revenue, etc.
Decrease	Commercial aircraft	Decreased revenue, etc.

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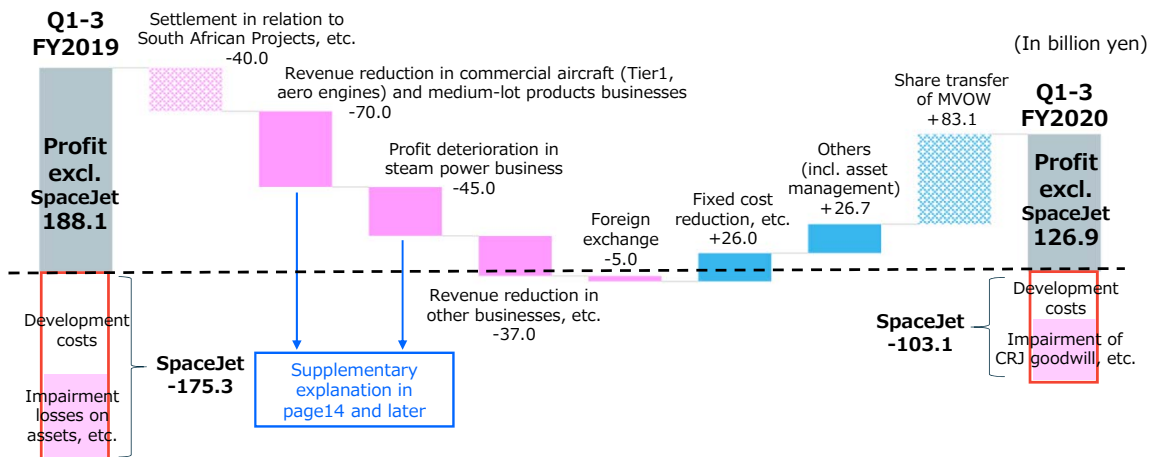
Increased revenue for nuclear power and gains of ¥83.1 billion from the share transfer of MVOW in the Energy Systems Segment pushed up profit, while there were negative factors such as the absence of one-time gains from the South African arbitration settlement, which was recorded in FY2019, COVID-19-related impacts including plummeting revenues in the aero engine business, delays and postponement of after-service work in thermal power businesses, and the provision for losses on certain construction projects where profits have deteriorated.

Medium-lot products bottomed in Q1, and we are seeing a trajectory toward recovery. Logistics, Thermal & Drive Systems Segment profit declined YoY, but following Q2, we maintained profit in Q3.

Please note that the Appendix, slides 23 onwards, describes the current overview of each segment.

Profit Bridge

- The impact of COVID-19 in the commercial aircraft business (Aero engines) and the medium-lot products business has eased since the bottom in Q1.
- Progress in initiatives such as fixed costs reduction and asset management was well ahead of plan.
- The impact of COVID-19 was greater than anticipated at the beginning of the year in plant businesses such as Energy Systems and Plants & Infrastructure Systems. In addition, we incurred restructuring costs in certain businesses.
- In the steam power business, profit deteriorated due to loss provisions, etc.
- SpaceJet-related losses were ¥103.1 bn against the full-year forecast of -¥120.0 bn



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This slide explains the factors behind year-on-year changes in profit from business activities. In the chart at the far left, profit from business activities for Q1-3 FY2019 was a loss of ¥175.3 billion related to SpaceJet and a profit of ¥188.1 billion excluding SpaceJet. The bar graph on the far right shows Q1-3 FY2020 results, a loss of ¥103.1 billion related to SpaceJet and a profit of ¥126.9 billion excluding SpaceJet. In the SpaceJet-related business, the previous fiscal year included ¥77.8 billion in impairment losses on assets recorded in the previous years, and this fiscal year included approximately ¥60 billion in one-time expenses such as impairment losses on goodwill associated with the acquisition of the CRJ business.

Variable elements in profit excluding SpaceJet that describe the change YoY are as follows. The figure in light pink, the 2nd bar from the left, represents the one-time gain of ¥40 billion from South Africa-related arbitration settlement agreement reached with Hitachi in Q3 of the previous fiscal year. Although the contents are completely different, the one-off for this fiscal year is the gain of ¥83.1 billion on the share transfer of MVOW, shown in light blue in the 2nd from the right.

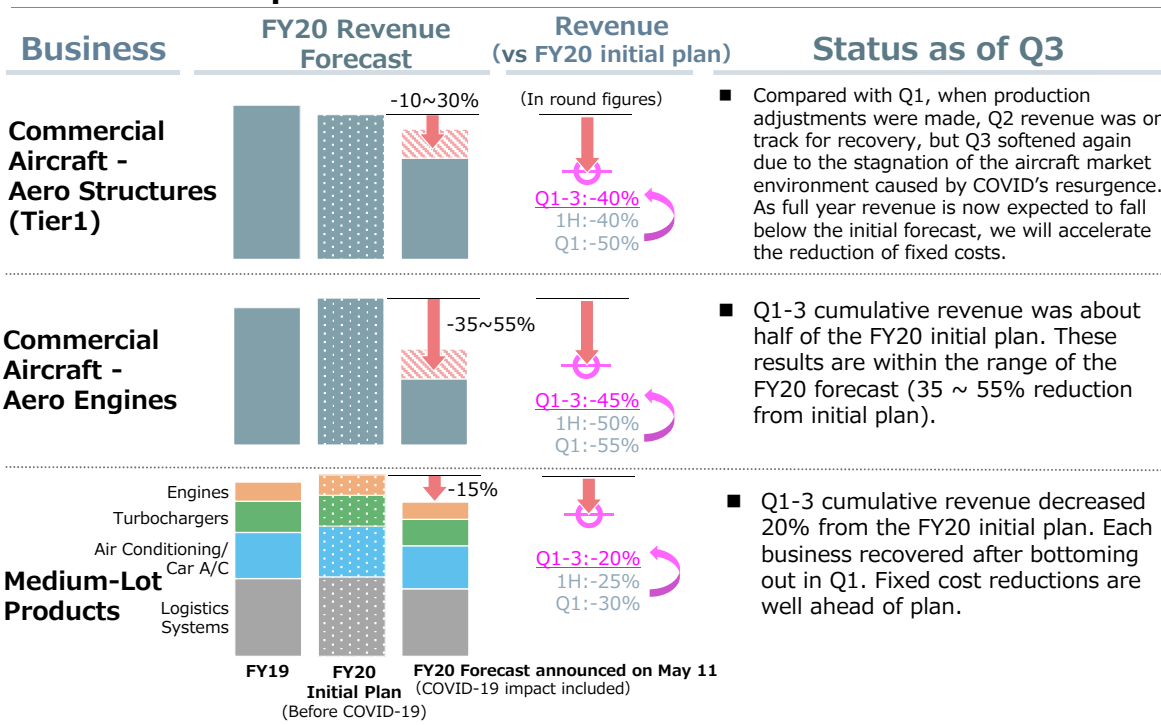
The 3rd bar from the left, in pink, shows a decrease of ¥70 billion due to a decline in revenue mainly due to the impact of COVID-19 in the commercial aircraft and medium-lot products business. This is largely in line with the projected ¥140 billion of decreased profits caused by COVID-19 shown in the full-year forecast. The impact of COVID-19 on a quarterly basis is expected to be greatest in Q1 of the current fiscal year, and Q1-3 results are within the expected range in comparison with the full-year forecast. To be more precise, the impact on revenue is almost as expected, and the impact on profit and loss is on an improving trend compared with our full year forecast. The impact of COVID-19 on each product business is described on page 14.

The decrease of ¥45 billion in profit of the steam power business will be explained on pages 16-18.

Next, the decrease of ¥37 billion is due to changes in revenue in businesses other than the aforementioned businesses. This includes delays caused by the suspension of overseas plant construction due to the impact of COVID-19, as well as deterioration in profitability of some construction projects.

Foreign exchange effects resulted in a decrease in profit mainly due to the yen's appreciation against the U.S. dollar by more than ¥2 (¥109.1 to ¥106.6) compared to the same period of the previous fiscal year. In addition, cost improvements such as fixed costs reduction amounted to ¥26 billion and others including asset management totaled ¥26.7 billion. At the beginning of the fiscal year, these two items were expected to result in an improvement of ¥45 billion, so we view this as being achieved.

COVID-19 Impact



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This slide illustrates revenue development as of Q3, in comparison with our assumptions of the effects of COVID-19, which we presented in our outlook for the current fiscal year on May 11 last year.

Q1-3 revenues from commercial aircraft Tier 1 business (aircraft structures and components business largely with Boeing) decreased by approximately 40% compared with the initial plan (prior to taking COVID-19 impact into account).

Despite significant improvements from Q1 to Q2, revenues have been sluggish since then and a recovery cannot be expected in Q4. As a result, we expect the full-year revenue to be slightly lower than the range expected at the beginning of the fiscal year.

Q1 revenue in aircraft engines progressed at the lower end of the originally forecast deterioration, but it appears to be picking up slightly from Q2 to Q3. We expect that the full-year results will be within our initial expectations.

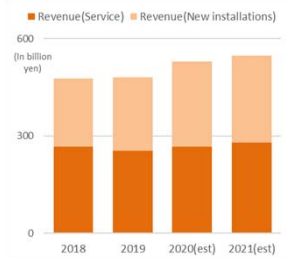
For medium-lot products businesses, the recovery from Q1 to Q2 and Q3 was as expected or slightly better. Although the final result depends on the situation with the spread of COVID-19, we expect that it will be better than the initial forecast for the full year.

Ⅱ. Status of Thermal Power Business and Restructuring

Status of Thermal Power Business

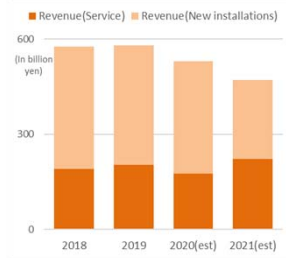
- GTCC business remains strong mainly due to stable service revenue despite fierce competition for new installations.
- In steam power, profitability deteriorated in some new installation projects. Service has been solid although we are seeing temporary impacts from COVID-19.

GTCC revenue



- Fierce competition continues
- High market share in new equipment orders
- Large backlog supporting stable revenue growth during 2021 Medium-Term Business Plan (MTBP)
- Steady increase in service along with an increase in installment base

Steam Power revenue



- Sharp decrease in new installations
- Service decrease in FY2020 due to the impact of COVID-19. Expected to recover in FY2021
- Increase service ratio during 21MTBP by shifting business focus to service

Our challenges in steam power business

- **Steep rise in construction costs for domestic projects**
- **First commercial IGCC units impacted with initial nonconformance and schedule delay**
- **Projected service opportunities shifted due to impact of COVID-19**

〔 1H: Scheduled outage postponed or canceled resulting in revenue/profit decrease. 〕
 〔 2H: Improvements expected with the recovery of service outage schedules. 〕

This page provides a brief overview of our thermal power business. There are two graphs. The left graph shows revenues of GTCC, and the right graph shows revenues of steam power, mainly for coal-fired power plants, further broken down by new installations and after-sales service. You can see that revenues of GTCC for both new installations and service are growing year by year. On the other hand, regarding steam power, although service has maintained a certain level with slight fluctuations, the volume of new installations started to decrease around FY2020, and based on the current order situation it is expected to decrease even further in and after FY2021. Therefore, we will accelerate the shift of resources to the service business.

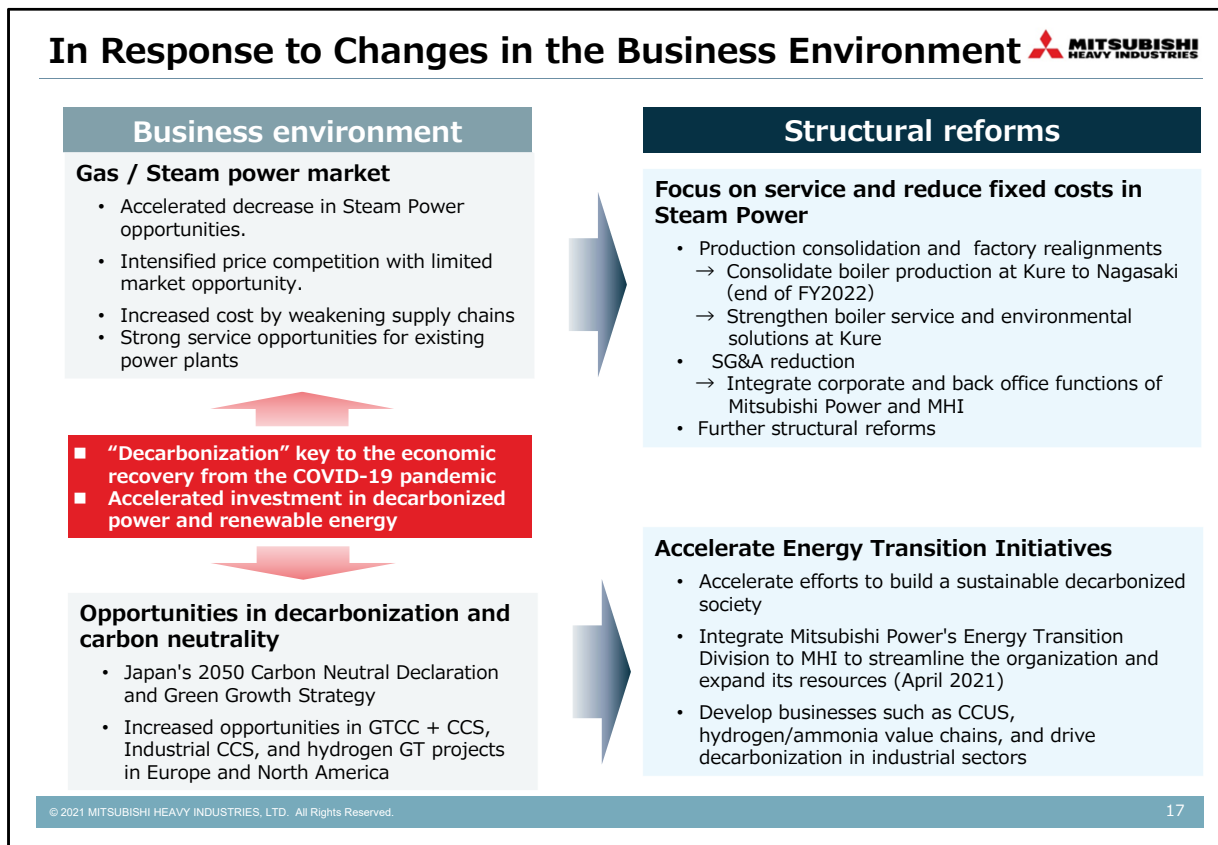
On the other hand, the profit deterioration in steam power compared to the same period last year, which was shown on page 13, can be largely explained by the following three factors.

The first is the soaring construction costs for domestic projects. In the past, there was discussion about rises in the unit price for construction work due to the special demand for the Olympics. While demand for the Olympics has already subsided, there has also been a marked decline in the number of construction workers, particularly skilled technicians, resulting in higher costs and lower efficiencies. There have been several cases in which the construction costs are not in line with our expected budget, and we have made provisions for these cases this fiscal year.

The second problem occurred during the commissioning of the first commercial IGCC (Integrated coal Gasification Combined Cycle) unit under construction. We are working diligently to improve and rehabilitate the system, but we expect to incur large additional costs for repairs and penalty caused by delays in delivery.

The third point is the influence of COVID-19. As we explained at the 1H financial results announcement, service work such as inspection and modification projects has seen delays. In the 3 months of Q3, results have generally returned to the same level as in the same period of the previous fiscal year, and the extent of deterioration due to this factor is therefore expected to decrease for the full fiscal year.

In Response to Changes in the Business Environment



This page explains the ongoing review of our business structure in light of the current status of the thermal power business.

The red colored areas on the left side of the slide show trends, which I understand are already widely understood.

The impact of these changes on our company's thermal power business is shown separately for existing thermal power plants (upper section) and new initiatives in decarbonization and carbon neutrality (lower section). First, regarding the impact on the existing thermal power business, as I mentioned earlier, we believe that the reduction of new steam power plants will proceed at a faster pace than previously expected, and we need to focus on the service business. Accordingly, we will implement the measures described in this section.

The first is to accelerate the consolidation of production and the reorganization of factory functions. The Kure factory of Mitsubishi Power is currently in charge of engineering and manufacturing of new installations and service for boilers, and environmental plant engineering. In addition to consolidating boiler manufacturing at Nagasaki of Mitsubishi Power, Kure will strengthen boiler services and environmental plant engineering functions.

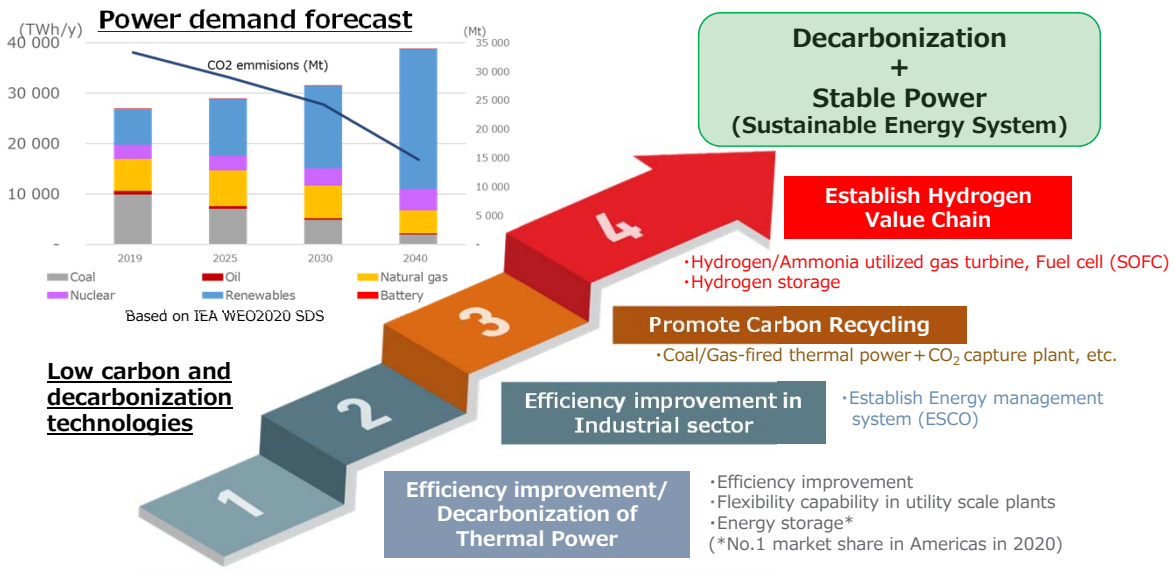
Secondly, we will integrate the corporate functions of Mitsubishi Power, which has become a 100% subsidiary, with those of the parent company, Mitsubishi Heavy Industries. This has been implemented in part as shared services, but we will accelerate the expansion of the scope of shared services. We expect to further reduce fixed costs through these measures.

Our efforts to expand our business as the world moves toward carbon neutrality are shown below. As mentioned in the medium-term business plan announced in October last year and the Energy Transition presentation held last November, we are committed to focusing our efforts on Energy Transition. As the first step in shifting resources, the Energy Transition Division of Mitsubishi Power will be integrated into MHI in April this year. As a result, MHI Group will coordinate and advance its Energy Transition initiatives.

All of the measures mentioned above have been under consideration for some time, but we have decided to implement them ahead of the initial schedule in light of the rapid changes in the business environment. We believe that further resource shifts are necessary to promote Energy Transition, and we intend to put this plan into practice sequentially.

New Evolution of Mitsubishi Power

- Expedite transformation to a Sustainable Energy Solutions Company.
- Shift to new markets by reallocating resources and technologies into “Decarbonization of thermal power generation”, “Building a hydrogen/ammonia society” and “Energy storage”.
- Drive energy transition to establish sustainable energy system aiming for carbon neutrality by 2050.



Please note that page 18 is an overview of our company's Energy Transition solution and was presented at the Energy Transition Strategy presentation held last November, so we will not explain it this time.

Ⅲ. FY2020 Forecast

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 uncertainties.
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.

Pages 19 to 22 provide guidance for the current fiscal year. Since there has been no change to the figures in the announcement of 1H financial results in October last year, I will not go into the explanation.

This concludes my review of our Q1-3 FY2020 financial results.

Summary of FY2020 Forecast



The latest forecast announced on October 30, 2020 is maintained

(In billion yen)

	FY2019 (Actual)		FY2020(Forecast)		Change	
	(Profit margin)		(Profit margin)			
Order Intake		4,168.6		3,500.0	- 668.6	(- 16.0%)
Revenue		4,041.3		3,700.0	- 341.3	(- 8.4%)
Profit from business activities	(- 0.7%)	- 29.5	(1.4%)	50.0	+79.5	-
Profit attributable to owners of parent	(2.2%)	87.1	(0.5%)	20.0	- 67.1	(- 77.0%)
ROE		6.6%		2%		-
EBITDA	(2.8%)	115.1	(5.1%)	190.0	+74.9	(+65.1%)
Free cash flow		212.9		-400.0	-612.9	-
Dividend per share		150.0yen Interim: 75.0yen year-end: 75.0yen		75.0yen Interim: 0.0yen year-end: 75.0yen		Undetermined foreign currency amount USD: 1.3 billion Euro: 0.2 billion Assumed exchange rate USD 1.00 = ¥110 Euro 1.00 = ¥120

Summary of FY2020 Forecast (Cont'd)



The latest forecast announced on October 30, 2020 is maintained

(In billion yen)

FY2020 (Forecast)	Businesses excluding SpaceJet <small>(Profit margin)</small>	SpaceJet	Total <small>(Profit margin)</small>
Order Intake	3,500.0	-	3,500.0
Revenue	3,700.0	-	3,700.0
Profit from business activities	(4.6%) 170.0	-120.0	(1.3%) 50.0
Profit attributable to owners of parent	(3.0%) 110.0	-90.0	(0.5%) 20.0
ROE	10%	-	2%
EBITDA	(8.4%) 310.0	-120.0	(5.1%) 190.0
Free cash flow	- 280.0	-120.0	-400.0

FY2020 Forecast by Segment



The latest forecast announced on October 30, 2020 is maintained

(In billion yen)

	Order Intake			Revenue			Profit from business activities		
	FY2019	FY2020	Change	FY2019	FY2020	Change	FY2019	FY2020	Change
Energy Systems	1,772.1	1,450.0	- 322.1	1,590.2	1,550.0	- 40.2	144.3	130.0	- 14.3
Plants & Infrastructure Systems	739.9	650.0	- 89.9	792.9	650.0	- 142.9	25.5	5.0	- 20.5
Logistics, Thermal & Drive Systems	985.9	850.0	- 135.9	990.1	850.0	- 140.1	29.3	10.0	- 19.3
Aircraft, Defense & Space	719.2	600.0	- 119.2	704.9	700.0	- 4.9	- 208.7	- 95.0	+113.7
Others	- 48.5	- 50.0	- 1.4	- 36.9	- 50.0	- 13.0	- 20.0	0.0	+20.0
Total	4,168.6	3,500.0	- 668.6	4,041.3	3,700.0	- 341.3	- 29.5	50.0	+79.5

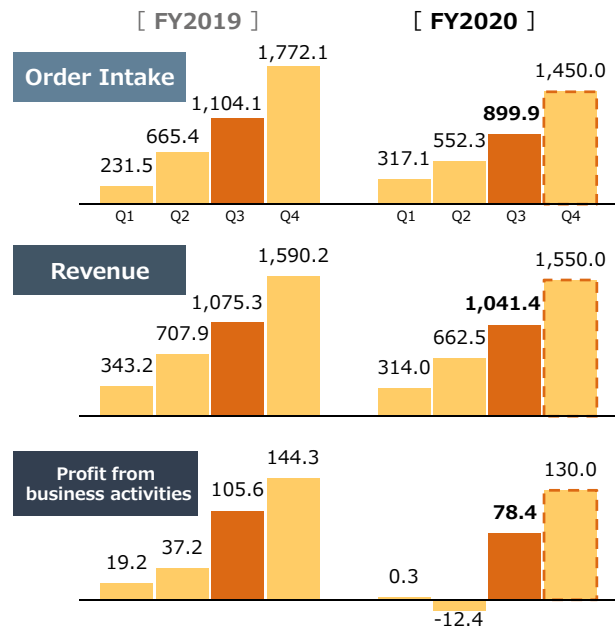
Classifications for reporting segments have been changed from this fiscal year.
 "Energy Systems" corresponds to the former "Power Systems", and "Plants & Infrastructure Systems" and "Logistics, Thermal & Drive Systems" collectively correspond to the former "Industry & Infrastructure".

IV. Appendix

Appendix: Financial Results by Business Segment (Energy Systems)



(In billion yen, accumulated amount)



- Despite the gain from the share transfer of MVOW, revenue and profit declined YoY due to the rescheduling of some after-sales service work in thermal power business and the loss provision for steam power new installation projects.
- Revenue in aero engines generally remained within the range of our FY20 forecast.
- Nuclear power remains strong.

Gas turbine order intake & order backlog

Q1-3 FY2020 : 9 units

	Americas	Asia	EMEA	Others	Total	Backlog
Large size	4	2	3	-	9	48
Small to medium size	-	-	-	-	0	10
Total	4	2	3	0	9	58

FY2019 : 32 units

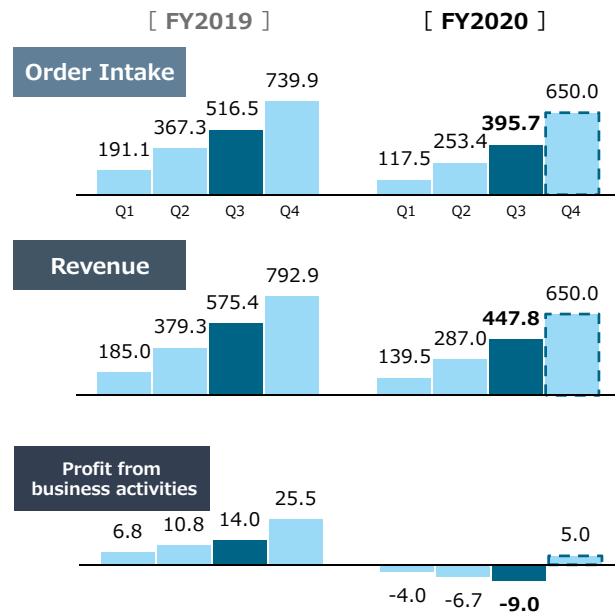
	Americas	Asia	EMEA	Others	Total	Backlog
Large size	7	10	2	2	21	49
Small to medium size	3	2	6	-	11	15
Total	10	12	8	2	32	64

Q1-3 FY2019 : 15 units

	Americas	Asia	EMEA	Others	Total	Backlog
Large size	4	4	2	-	10	40
Small to medium size	3	2	-	-	5	12
Total	7	6	2	0	15	52

Appendix: Financial Results by Business Segment (Plants & Infrastructure Systems)

(In billion yen, accumulated amount)

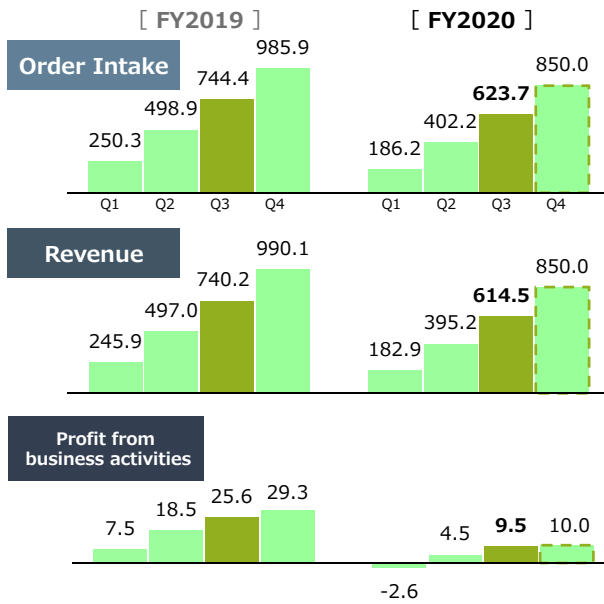


- At the beginning of the fiscal year, the impact in this business from COVID-19 was assumed to be immaterial; however, as of Q3 order intake decreased YoY due to slowdowns in contract negotiations. Additionally, revenue declined YoY due to delays in progress of construction works in the engineering and metals machinery businesses.
- In addition, due to one-time expenses such as cost settlement for an overseas engineering project that has already been delivered and restructuring costs for certain businesses, we recorded a loss in the cumulative third quarter.

Appendix: Financial Results by Business Segment (Logistics, Thermal & Drive Systems)



(In billion yen, accumulated amount)

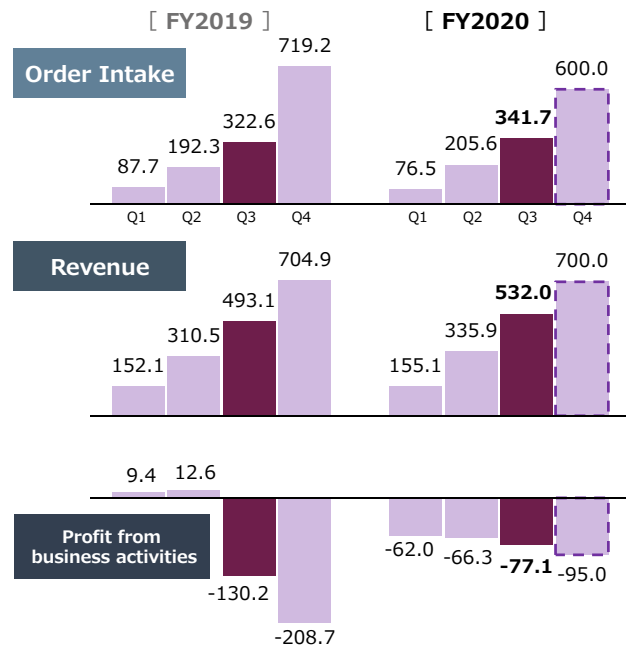


- While Q1 revenue decreased 25% from the previous year due to the impact of COVID-19, Q2 revenues improved to -15% YoY and Q3 to -10% YoY, trending towards recovery.
- Q3 posted a profit following Q2 owing to fixed costs reductions despite the restructuring costs incurred.

Appendix: Financial Results by Business Segment 〈Aircraft, Defense & Space〉



(In billion yen, accumulated amount)



• Revenue from commercial aircraft (Tier 1) was on track to recovery after bottoming out in Q1, but was sluggish in Q3 due to weak market conditions caused by a resurgence in COVID-19. As the full year performance is expected to fall below the initial forecast, we will accelerate fixed cost reductions.

• On the other hand, overall Aircraft, Defense & Space Systems revenue increased YoY, due to the strong performance of Defense and Space and the acquisition of CRJ business in Q1.

• SpaceJet related losses including impairment of goodwill arising from the acquisition of the CRJ business was ¥103.1bn, as expected at the beginning of the year.

Deliveries for B777s/B777Xs

	Q1	Q2	Q3	Q4	Total
FY2019	16	14	13	11	54
FY2020	6	13	7	-	-

Deliveries for B787s

	Q1	Q2	Q3	Q4	Total
FY2019	43	42	38	43	166
FY2020	18	32	20	-	-

1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	Q1-3 FY2019	Q1-3 FY2020	FY2020 Forecast
R&D Expenses	95.3	84.6	140.0
Depreciation	102.9	105.5	140.0
Capital Expenditure	115.1	86.1	150.0

2. Selling, General and Administrative Expenses

(In billion yen)

	Q1-3 FY2019	Q1-3 FY2020
SG&A	427.3	395.6

**3. Foreign Exchange Rates
(Average rate used for revenue)**

	Q1-3 FY2019	Q1-3 FY2020
USD	109.1	106.6
Euro	121.4	121.8

4. Overseas Revenue by Region

(In billion yen)

	Q1-3 FY2019	Q1-3 FY2020
Asia	525.5 (19%)	416.6 (16%)
North America	523.3 (18%)	441.7 (17%)
Europe	264.4 (9%)	222.6 (9%)
Central & South America	95.4 (3%)	53.9 (2%)
The Middle East	65.4 (2%)	55.0 (2%)
Oceania	17.0 (1%)	18.4 (1%)
Africa	42.0 (2%)	35.4 (1%)
Total	1,533.4 (54%)	1,243.9 (48%)

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