

FY2022 Financial Results

May 10, 2023

Mitsubishi Heavy Industries, Ltd.

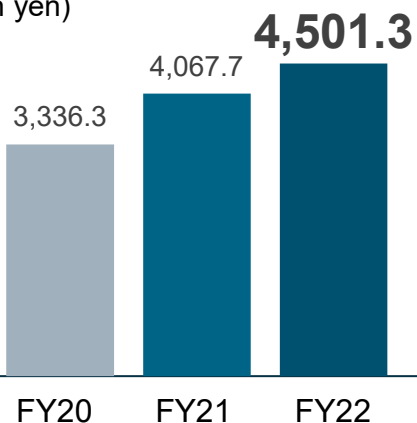
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1. Key Takeaways

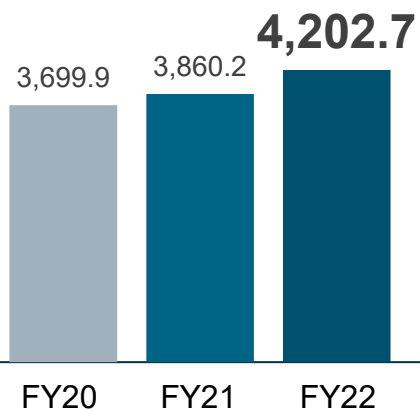
FY2022 Financial Results

Order Intake

(billion yen)



Revenue



EBITDA

331.1
billion yen
(+¥38.7 bn YoY)

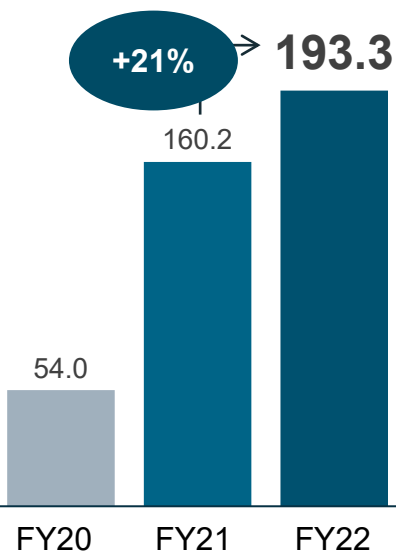
EBITDA margin
7.9%
(+0.3% YoY)

FCF

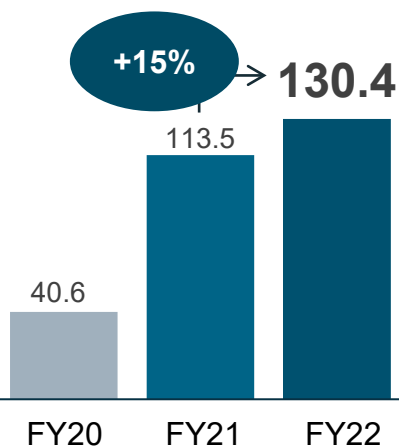
35.3
billion yen
(-¥266.5 bn YoY)

Operating Cash Flow
¥80.8 bn
(-¥204.6 bn YoY)

Business Profit



Net Income



Interest-Bearing Debt

742.4
billion yen
(+¥7.4 bn YoY)

Net Interest-Bearing Debt
¥394.7 bn
(-¥25.9 bn YoY)

ROE

7.9%
(+0.2% YoY)

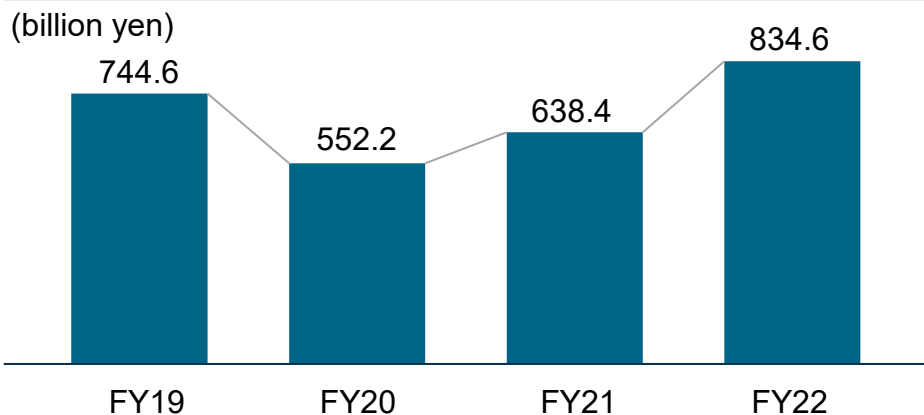
Dividends

¥130/share
(+¥30/share YoY)

- Order intake, revenue, business profit, and net income all exceeded FY2021 levels.
- Order intake: ¥4,501.3 bn (+¥433.5 bn YoY)
Orders increased YoY in Energy Systems and Logistics, Thermal & Drive Systems.
In terms of major businesses, orders grew YoY in Gas Turbine Combined Cycle (GTCC), Aero Engines, Logistics Systems, and HVAC.
- Revenue: ¥4,202.7 bn (+¥342.5 bn YoY)
Revenue exceeded FY2021 levels in all segments and hit an all-time high.
In terms of major businesses, both new installations and services grew in GTCC.
Aero Engines turnover expanded due to the recovery in demand.
Revenue increased in Logistics Systems due to higher deliveries in the second half and service businesses expansion.
- Business Profit: ¥193.3 bn (+¥33.0 YoY)
Despite downward pressure from materials and logistics cost inflation as well as one-time expenses associated with certain Japanese domestic and international projects, business profit increased by 21% YoY to ¥193.3 bn due to revenue increases, stronger services business, price optimization, and sales of fixed assets.
- Net Income: ¥130.4 bn (+¥16.9 YoY)
Net income increased by 15% YoY to ¥130.4 bn corresponding with higher business profit results.
- Planning to increase dividends by ¥10 per share over previous guidance (¥120 per share) to ¥130, a YoY increase of ¥30 per share.

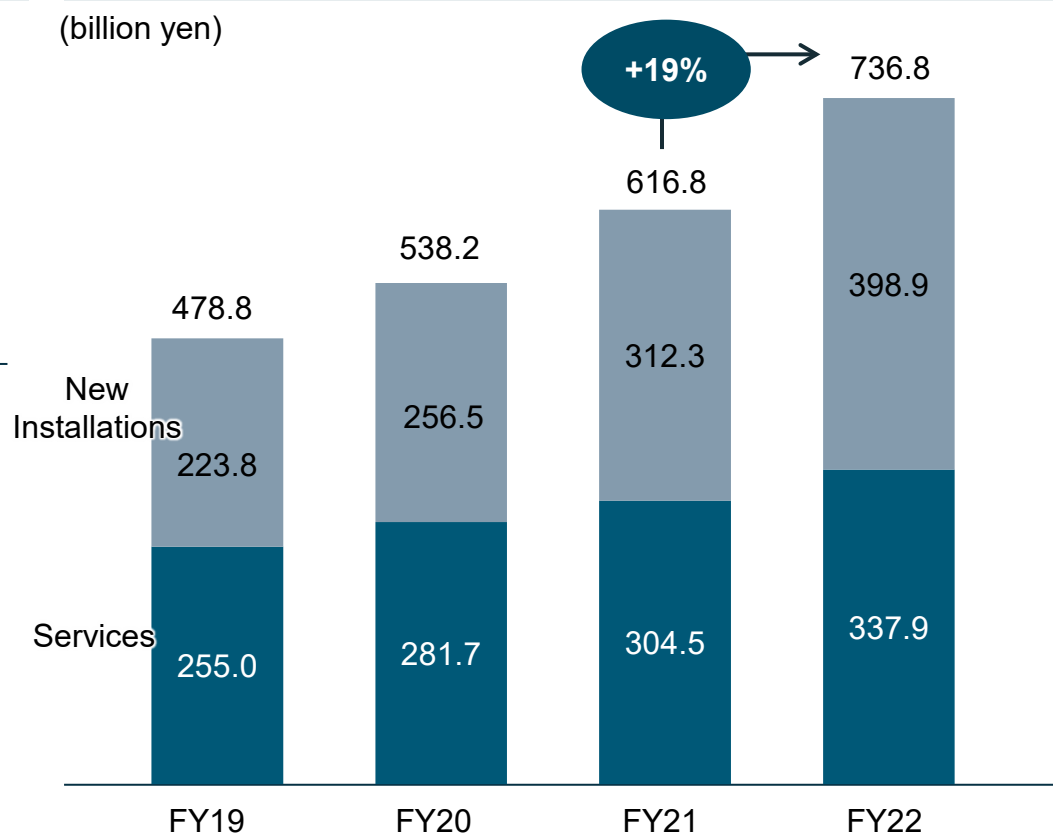
Order Intake

- Booked orders for 16 new large frame gas turbine installations. Services orders increased in the Americas and Asia including Japan.
- Demand for high-efficiency gas turbines grew in China.



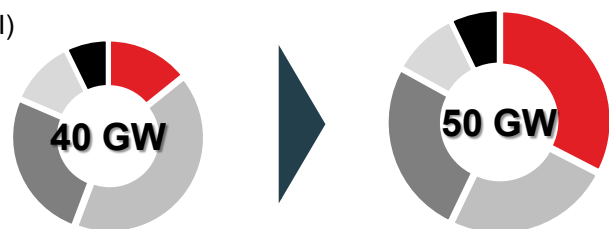
Revenue

- Expanded turnover in both new installations and services.
- +19% YoY growth rate from FY2021 to FY2022.



Global Gas Turbine Market Share

(■ MHI)



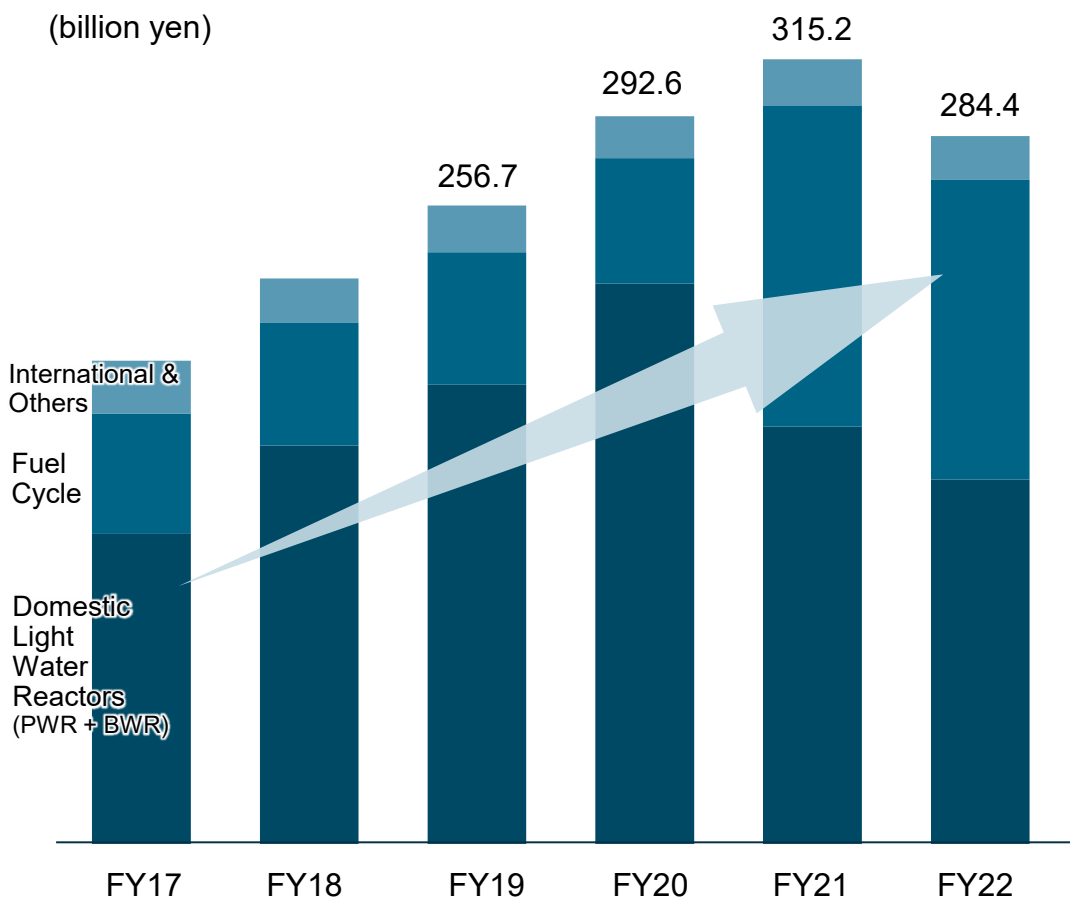
2019

2022

Courtesy of McCoy Power Reports (All output ranges, GT capacity only)

Financial Results Highlights: Nuclear Power Revenue

- Maintaining and expanding revenue as steady progress made on domestic light water reactor restarts, Specialized Security Facility¹ construction, and work on nuclear fuel cycle facilities.



- PWR² plant restarts are progressing steadily. The installation of five Specialized Security Facilities (SSFs) was completed, including for Unit 3 at Kansai Electric Power's Mihama Nuclear Power Plant.
- BWR³ plant restarts and SSF construction work are progressing leveraging know-how gained from experience with PWR plants. The scope of BWR-related work is expanding, and revenue is expected to further increase in FY2023 and beyond.
- As in FY2021, approval support and construction work on nuclear fuel-related facilities continues to progress with the aim of early completion of the Rokkasho Nuclear Fuel Reprocessing Plant and the MOX Fuel Fabrication Facility.

1 Specialized Security Facilities (SSF): Isolated facilities used to safely shut down a reactor during a security incident such as an airplane strike or terrorist attack

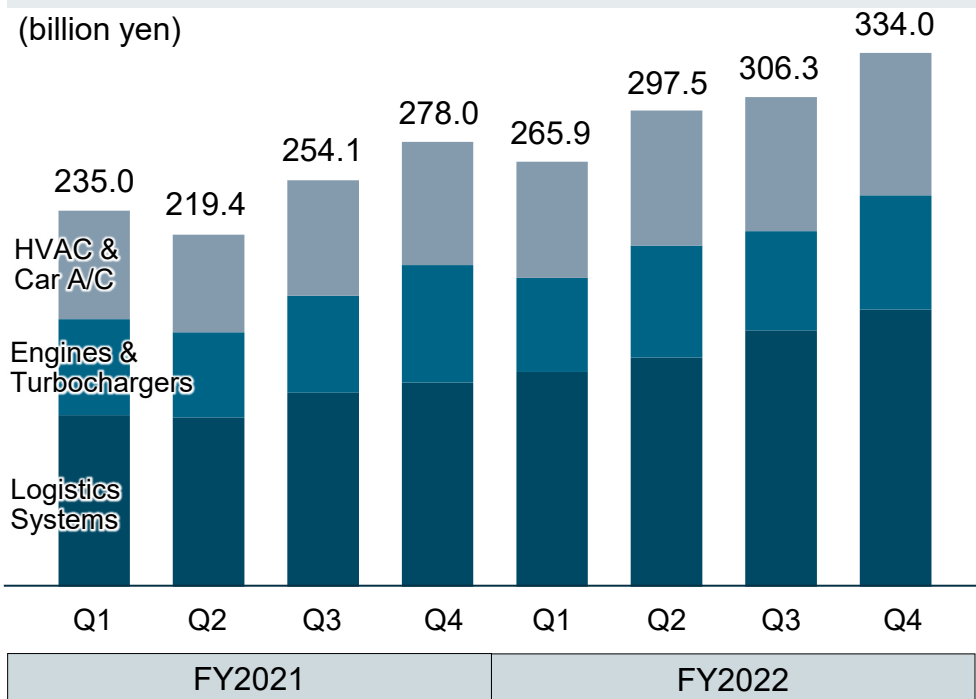
2 PWR: Pressurized Water Reactor

3 BWR: Boiling Water Reactor

Revenue

- Logistics Systems saw strong sales in North America, Europe, and APAC and expanded lease and rental businesses in North America.
- Engines captured demand across industries and regions, including data centers, agricultural machinery in India, and marine engines in Southeast Asia.
- HVAC saw signs of relief in parts shortages, and deliveries increased in Asia Pacific and Europe.

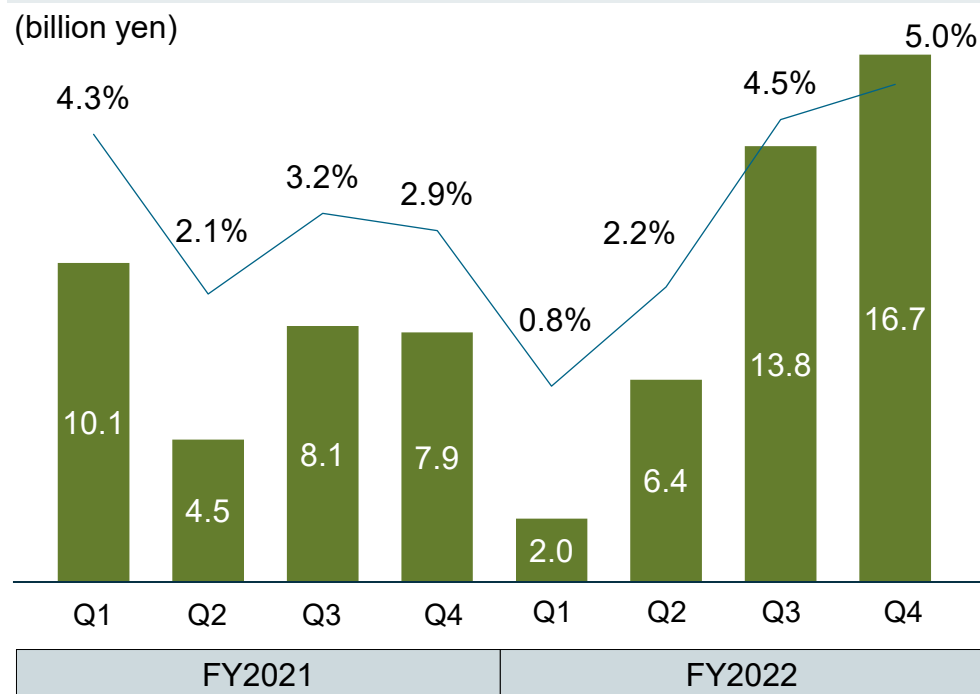
(billion yen)



Business Profit

- In the first half of FY2022, profit margins decreased due to the impact of materials and logistics cost inflation.
- In the second half of FY2022, procurement of previously scarce semiconductors improved, and deliveries increased. Profits and margins improved due in part to the effects of price optimizations.

(billion yen)



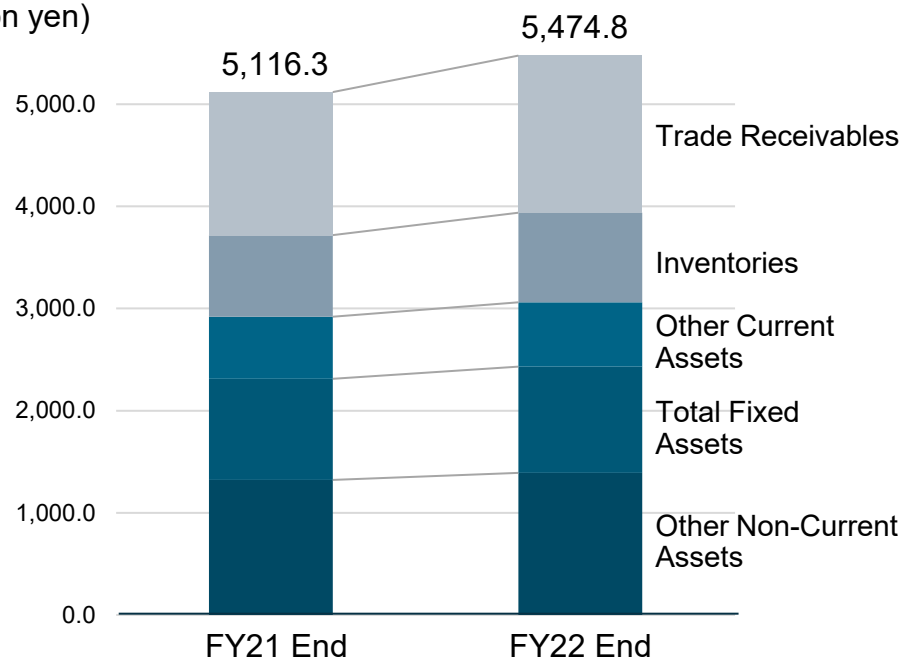
2. FY2022 Financial Results

Financial Results Overview

(billion yen)	FY2021 (Profit Margin)	FY2022 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	4,067.7	4,501.3	+433.5	(+10.7%)
Revenue	3,860.2	4,202.7	+342.5	(+8.9%)
Profit from Business Activities	160.2 (4.2%)	193.3 (4.6%)	+33.0 (+0.4%)	(+20.6%)
Profit Attributable to Owners of Parent	113.5 (2.9%)	130.4 (3.1%)	+16.9 (+0.2%)	(+14.9%)
ROE	7.7%	7.9%	+0.2%	
EBITDA	292.4 (7.6%)	331.1 (7.9%)	+38.7 (+0.3%)	(+13.3%)
FCF	301.8	35.3	-266.5	

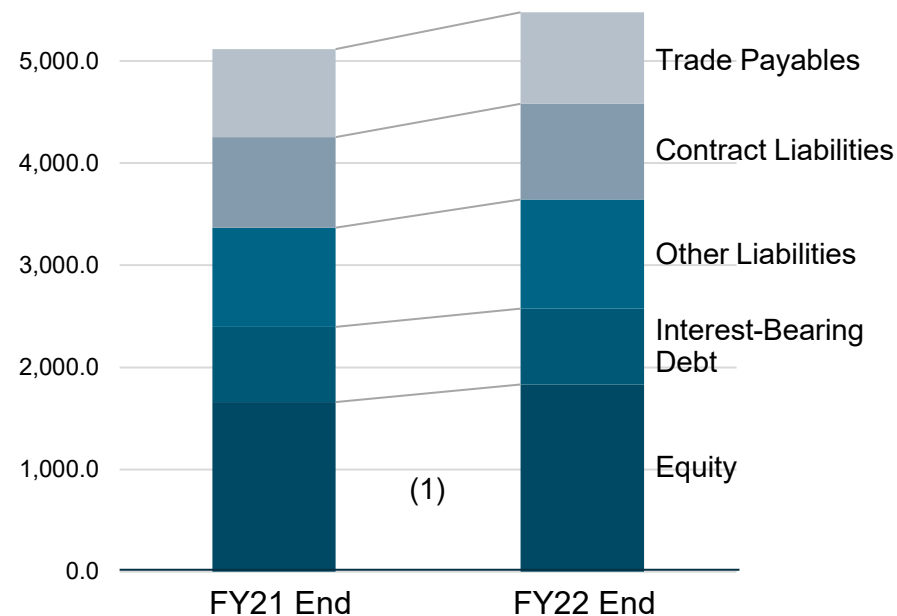
Assets

(billion yen)



Liabilities & Equity

(billion yen)



Breakdown of main items (billion yen):

(1) Profit Attributable to Owners of Parent +130.4, Dividends -38.6, Valuation Differences +49.5

- Total assets increased from the end of FY2021 due to an increase in trade receivables and inventories accompanying revenue expansion, in addition to the impact of foreign exchange rates.
- Interest-bearing debt remained at the same level as the end of FY2021, with the equity ratio increasing by 1.0 point, and the D/E ratio finishing at 0.40.

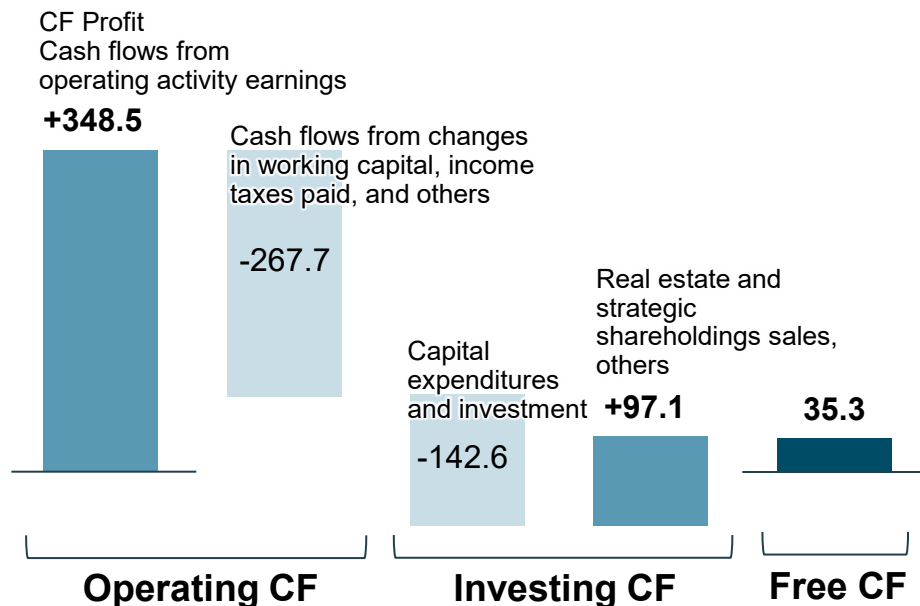
	FY21 End	FY22 End	YoY
Interest-Bearing Debt (billion yen)	734.9	742.4	+7.4
Equity Ratio	30.8%	31.8%	+1.0 pt
D/E Ratio	0.44	0.40	-0.04

Financial Position

(billion yen)	FY21 End	FY22 End	YoY
Trade Receivables and Contract Assets	1,399.4	1,536.4	+136.9
Inventories	798.6	876.8	+78.2
Other Current Assets	605.0	628.9	+23.9
(Cash and Cash Equivalents)	(314.2)	(347.6)	(+33.4)
Total Fixed Assets	989.2	1,041.1	+51.8
Other Non-Current Assets	1,323.9	1,391.3	+67.4
Total Assets	5,116.3	5,474.8	+358.4
Trade Payables	863.2	895.2	+32.0
Contract Liabilities	886.5	936.7	+50.2
Other Liabilities	969.0	1,066.3	+97.3
Interest-Bearing Debt	734.9	742.4	+7.4
Equity	1,662.5	1,833.9	+171.4
(Equity Attributable to Owners of Parent)	(1,576.6)	(1,740.9)	(+164.3)
Total Liabilities and Equity	5,116.3	5,474.8	+358.4

(billion yen)

Free Cash Flow



(billion yen)

	FY21	FY22	YoY
Operating Cash Flow	285.5	80.8	-204.6
Investing Cash Flow	16.3	-45.5	-61.8
Free Cash Flow	301.8	35.3	-266.5
Financing Cash Flow	-255.7	-18.9	236.8
Depreciation & Amortization	132.1	137.8	+5.6
EBITDA	292.4	331.1	+38.7
EBITDA (%)	7.6%	7.9%	+0.3%

Operating Cash Flow

- CF profit increased YoY due to recovery in profitability.
- Operating CF decreased YoY due to increases in trade receivables and inventories, large advances received at the end of FY2021, and income taxes paid in FY2022.

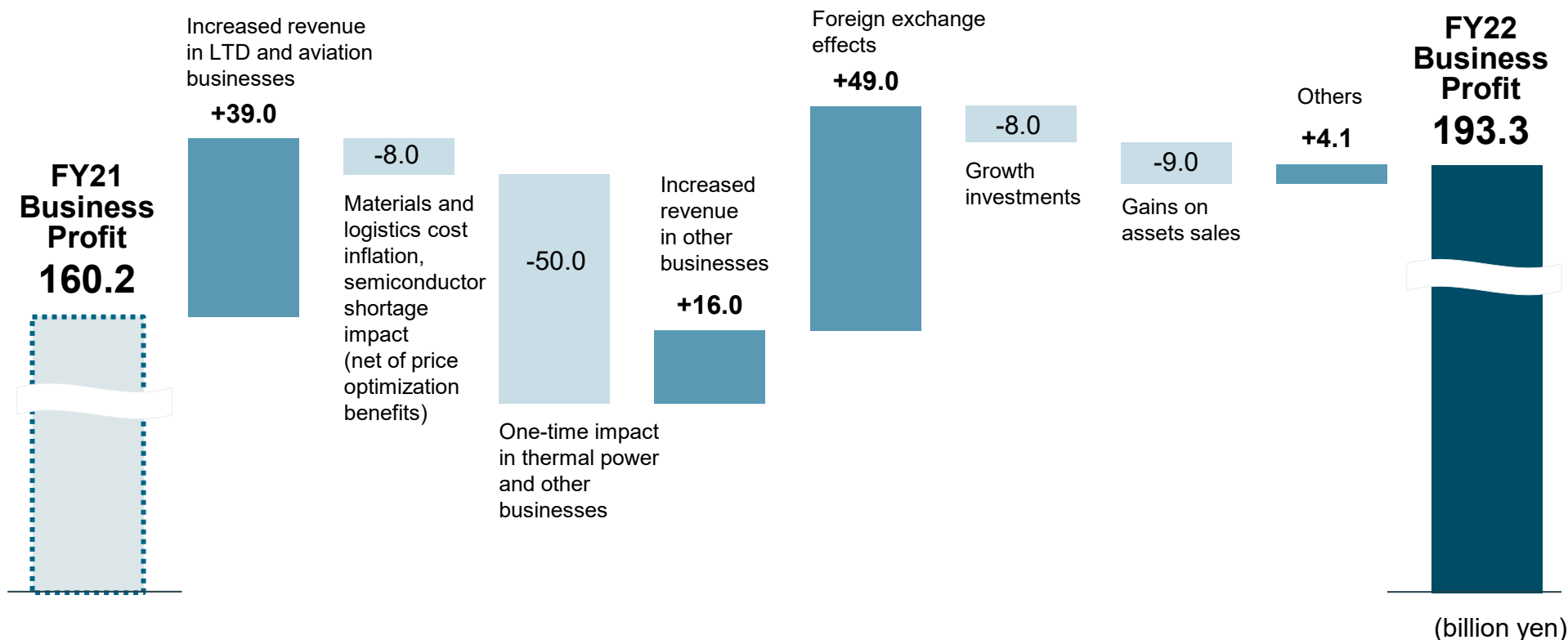
Investing Cash Flow

- Sales of assets including strategic shareholdings and real estate executed as planned.

Breakdown of Investing Cash Flow (billion yen)

Capital Expenditures & Investment	-135.7	-142.6	-6.9
Sale of Real Estate	+51.7	+38.0	-13.7
Sale of Strategic Shareholdings	+97.8	+58.1	-39.7
Others	+2.5	+1.0	-1.5
Total	+16.3	-45.5	-61.8

- Revenue growth and benefits from depreciation of the yen served to increase profit.
- Price optimization efforts helped mitigate impact of materials and logistics cost inflation.
- Business profit decreased YoY in thermal power businesses due to progress in high margin projects in FY2021, which were absent in FY2022. Additionally, booked provisions for one-time expenses associated with international projects and organizational transformation of European operations.
- Offset fixed cost increases caused by rising energy prices with business process improvements.



Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	FY21	FY22	YoY	FY21	FY22	YoY	FY21	FY22	YoY
(billion yen)									
Energy Systems	1,444.3	1,791.7	+347.4	1,651.0	1,738.6	+87.5	86.2	85.1	-1.1
Plants & Infrastructure Systems	890.9	845.4	-45.5	651.8	675.6	+23.7	23.6	32.7	+9.1
Logistics, Thermal & Drive Systems	992.3	1,215.0	+222.7	986.5	1,203.7	+217.2	30.6	38.9	+8.2
Aircraft, Defense & Space	774.2	703.6	-70.5	605.2	619.4	+14.1	24.0	39.9	+15.9
Corporate & Eliminations	-34.1	-54.5	-20.4	-34.5	-34.7	-0.2	-4.3	-3.5	+0.8
Total	4,067.7	4,501.3	+433.5	3,860.2	4,202.7	+342.5	160.2	193.3	+33.0

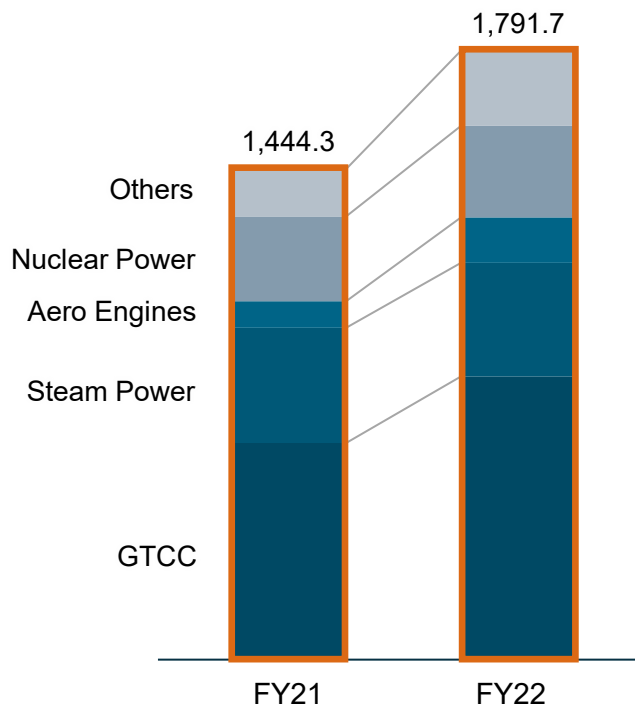
Profits and losses related to SpaceJet are included in Corporate & Eliminations in both FY2021 and FY2022 on this slide. SpaceJet had previously been included in the Aircraft, Defense & Space segment.

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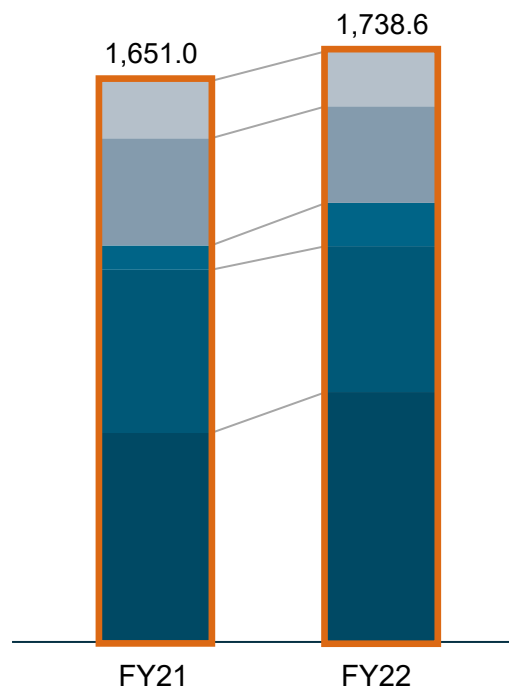
FY2022 Results: Energy Systems

(billion yen)

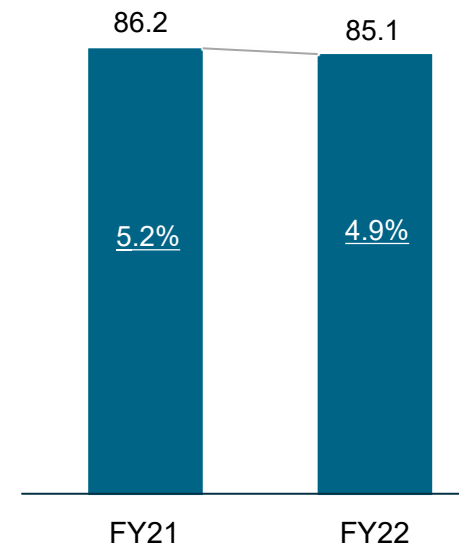
Order Intake



Revenue



Business Profit



YoY variance in business profit

- Increase:**
- Aero Engines
 - Compressor
- Decrease:**
- Steam Power

Major Businesses

Order Intake

	FY2021	FY2022
GTCC	638.4	834.6
Steam Power	339.3	333.5
Aero Engines	77.6	134.2
Nuclear Power	249.2	268.7

Revenue

	FY2021	FY2022
GTCC	616.8	736.8
Steam Power	479.8	429.3
Aero Engines	71.6	126.5
Nuclear Power	315.2	284.4

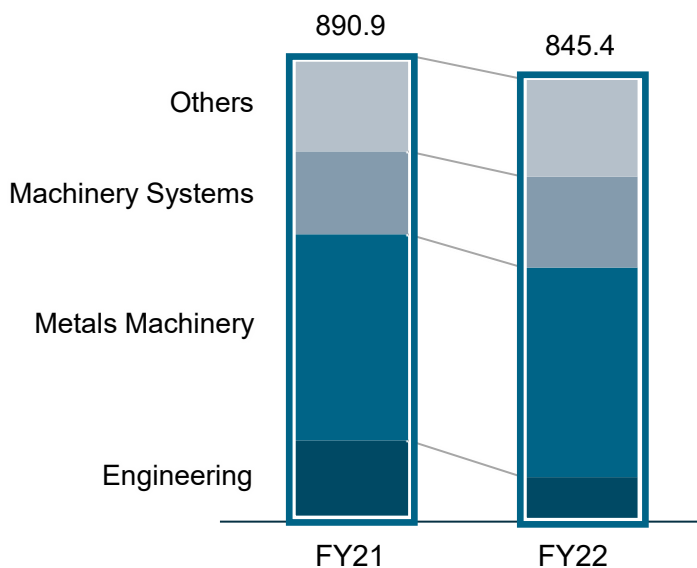
Takeaways

- GTCC order intake and revenue strong. Both new installations and long-term service agreements growing.
- Steam Power revenue decreased due to the decline in new installations.
- Aero Engines spare parts sales and Maintenance, Repair, and Overhaul (MRO) business strong on back of air traffic recovery.
- Nuclear Power continued to perform strongly.

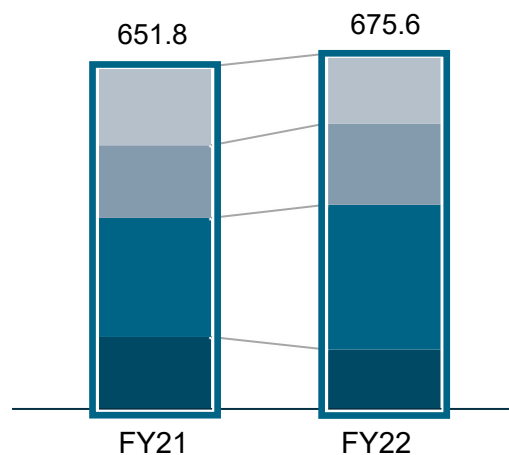
FY2022 Results: Plants & Infrastructure Systems

(billion yen)

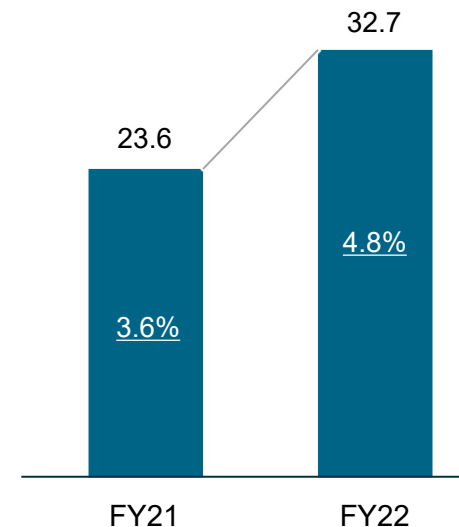
Order Intake



Revenue



Business Profit



YoY variance in business profit

Increase:
 - Engineering
 - Metals Machinery

Major Businesses	Order Intake	
	FY2021	FY2022
Engineering	157.5	87.6
Metals Machinery	392.4	398.8
Machinery Systems	157.8	173.1

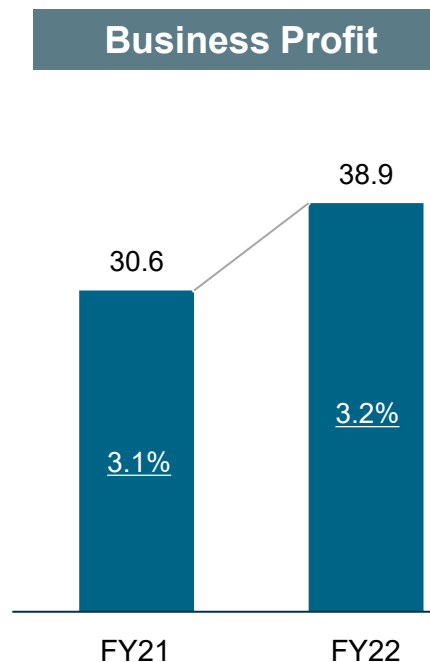
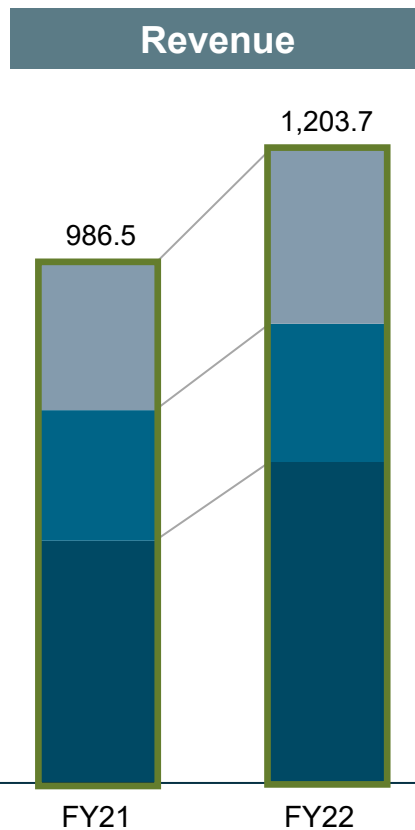
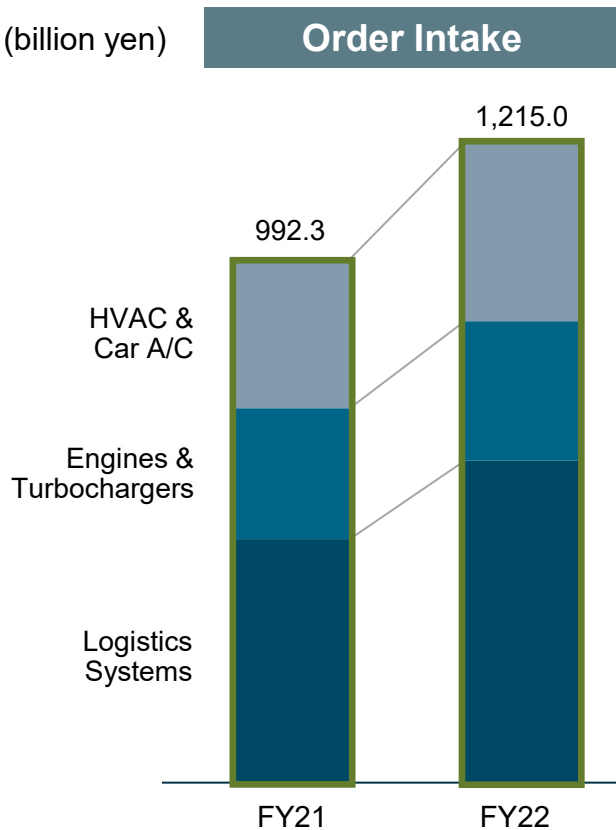
Major Businesses	Revenue	
	FY2021	FY2022
Engineering	136.6	112.7
Metals Machinery	226.6	275.5
Machinery Systems	138.1	154.5

Takeaways

- Metals Machinery and Machinery Systems orders intake and revenues strong.

FY2022 Results: Logistics, Thermal & Drive Systems

(billion yen)



YoY variance in business profit

Increase:

- Logistics Systems
- Engines
- HVAC

Decrease:

- Turbochargers

Major Businesses

	Order Intake	
	FY2021	FY2022
Logistics Systems	465.1	615.2
Engines & Turbochargers	250.2	266.7
HVAC & Car A/C	285.3	342.0

	Revenue	
	FY2021	FY2022
Logistics Systems	465.1	615.2
Engines & Turbochargers	249.2	264.3
HVAC & Car A/C	280.3	332.3

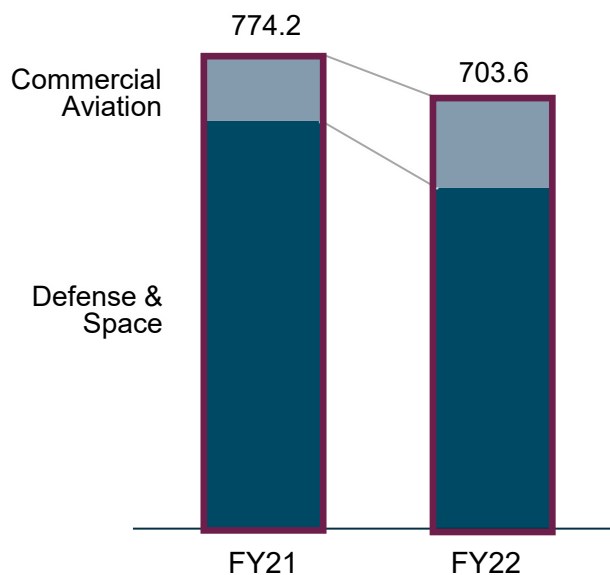
Takeaways

- Profitability improved due to benefits of price optimization in the second half.
- Logistics Systems, HVAC, and Engines saw increased revenue and profit due to increased units delivered and foreign exchange effects.
- Turbocharger unit deliveries sluggish from effects of automotive OEM production cuts.

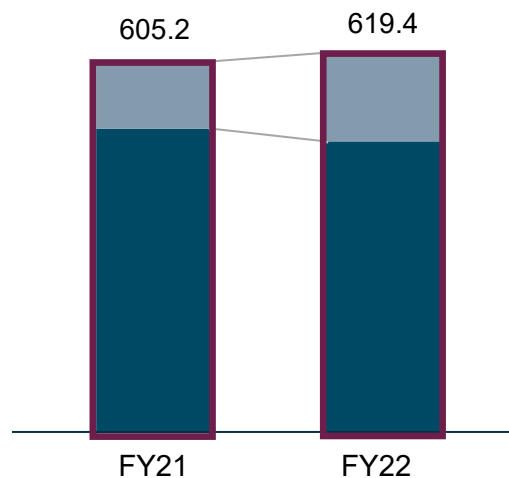
FY2022 Results: Aircraft, Defense & Space

(billion yen)

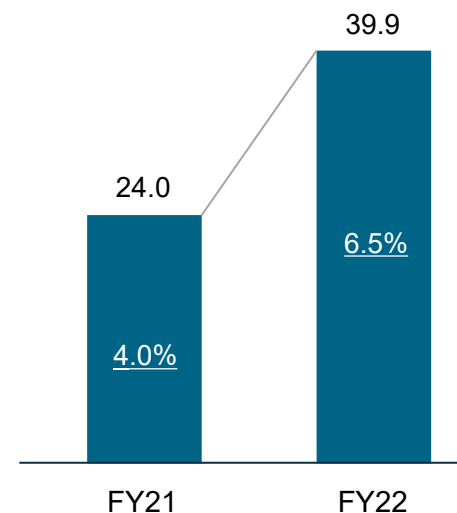
Order Intake



Revenue



Business Profit



YoY variance in business profit

Increase:
- Commercial Aviation

Major Businesses

Order Intake

	FY2021	FY2022
Defense & Space	665.1	557.1
Commercial Aviation	109.0	146.5

Revenue

	FY2021	FY2022
Defense & Space	495.9	474.9
Commercial Aviation	109.3	144.5

Takeaways

- Defense continued to perform strongly.
- Commercial Aviation revenue and profit up due to foreign exchange effects as well as fixed cost reductions in Aero Structures.

3. FY2023 Earnings 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, these projections involve risks and uncertainties. Investors are recommended not to depend solely on these projections when making investment decisions. Actual results may vary significantly from these projections due to a number of factors, including, but not limited to, economic trends affecting the Company's operating environment, fluctuations in the value of the Japanese yen to the U.S. dollar and other foreign currencies, and trends in Japan's stock markets. The results projected here should not be construed in any way as a guarantee by the Company.

Earnings Forecast Overview

(billion yen)	FY2022 (Profit Margin)	FY2023 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	4,501.3	4,600.0	+98.6	(+2.2%)
Revenue	4,202.7	4,300.0	+97.2	(+2.3%)
Profit from Business Activities	193.3 (4.6%)	300.0 (7.0%)	+106.6 (+2.4%)	(+55.2%)
Profit Attributable to Owners of Parent	130.4 (3.1%)	190.0 (4.4%)	+59.5 (+1.3%)	(+45.6%)
ROE	7.9%	11%	+3%	
EBITDA	331.1 (7.9%)	440.0 (10.2%)	+108.8 (+2.3%)	(+32.9%)
FCF	35.3	-100.0	-135.3	
Dividends	130 yen Interim: 60 yen Year-End: 70 yen	160 yen Interim: 80 yen Year-End: 80 yen	Exchange rate assumptions: USD 1.00 = ¥130 , EUR 1.00 = ¥140 Undetermined foreign currency amounts: USD 3.5 bn, EUR 0.5 bn	

Trends in Financial Indicators

	FY2020	FY2021	FY2022	FY2023
Revenue	¥3.7 tr	¥3.9 tr	¥4.2 tr	¥4.3 tr
Business Profit Margin	1.5%	4.2%	4.6%	7%
ROE	3.1%	7.7%	7.9%	11%
Total Assets	¥4.8 tr	¥5.1 tr	¥5.5 tr	¥5.5 tr
Interest-Bearing Debt	¥0.9 tr	¥0.7 tr	¥0.7 tr	¥0.8 tr
Equity	¥1.4 tr	¥1.7 tr	¥1.8 tr	¥1.9 tr
D/E Ratio	0.6	0.4	0.4	0.4
Equity Ratio	28%	31%	32%	34%
Dividend per Share	¥75	¥100	¥130	¥160

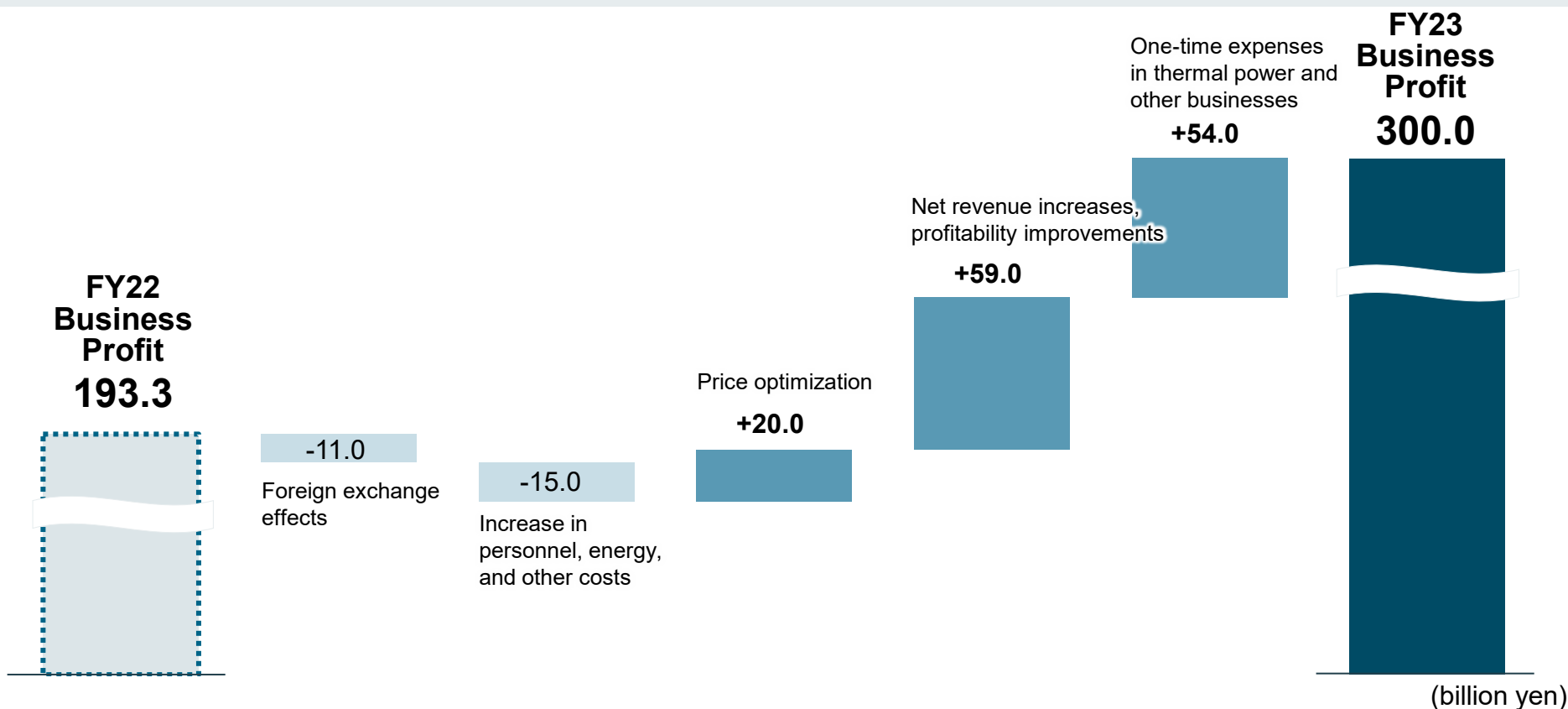
FY2023 Earnings Forecast Highlights

- The main targets in FY2023 – the final year of 2021 Medium-Term Business Plan (MTBP) – are: Order Intake ¥4.6 tr, Revenue ¥4.3 tr, Business Profit ¥300 bn, and Business Profit Margin 7%, one of the key indicators for the 2021 MTBP initiative Strengthen Profitability.

	Order Intake	Revenue	Business Profit	Main Points
Energy Systems	¥1.7 tr	¥1.7 tr	¥150 bn	- Improve profitability of projects in Japan and around the world.
Plants & Infrastructure Systems	¥0.7 tr	¥0.7 tr	¥40 bn	- Secure stable profit mainly in Metals Machinery.
Logistics, Thermal & Drive Systems	¥1.25 tr	¥1.25 tr	¥70 bn	- Improve profitability through price optimization.
Aircraft, Defense & Space	¥1.0 tr	¥0.7 tr	¥40 bn	- Increase Defense business revenue by approximately 15% YoY.

- EBITDA to increase by ¥108.8 bn YoY to ¥440.0 bn corresponding with increase in business profit. Free cash flow to decrease to -¥100.0 bn reflecting growth investments.
- Net income to increase by ¥59.5 bn YoY to ¥190.0 bn corresponding with higher business profit.
- Planning annual dividend of ¥160 per share, maintaining 2021 MTBP shareholder return target

- Forecast includes the impact of a slightly stronger yen and increasing personnel and energy costs in FY2023.
- Enjoy benefits from price optimization in response to material costs inflation throughout the entire fiscal year.
- Increase profits through revenue increases, services expansion, and profit margin improvements from cost reductions and other measures.
- One-time expenses incurred in thermal power and other businesses over past years to decrease.



Forecast by Segment

(billion yen)	Order Intake			Revenue			Profit from Business Activities		
	FY22	FY23 Forecast	YoY	FY22	FY23 Forecast	YoY	FY22	FY23 Forecast	YoY
Energy Systems	1,791.7	1,700.0	-91.7	1,738.6	1,700.0	-38.6	85.1	150.0	+64.8
Plants & Infrastructure Systems	845.4	700.0	-145.4	675.6	700.0	+24.3	32.7	40.0	+7.2
Logistics, Thermal & Drive Systems	1,215.0	1,250.0	+34.9	1,203.7	1,250.0	+46.2	38.9	70.0	+31.0
Aircraft, Defense & Space	703.6	1,000.0	+296.3	619.4	700.0	+80.5	39.9	40.0	+0.0
Corporate & Eliminations	-54.5	-50.0	+4.5	-34.7	-50.0	-15.2	-3.5	0.0	+3.5
Total	4,501.3	4,600.0	+98.6	4,202.7	4,300.0	+97.2	193.3	300.0	+106.6

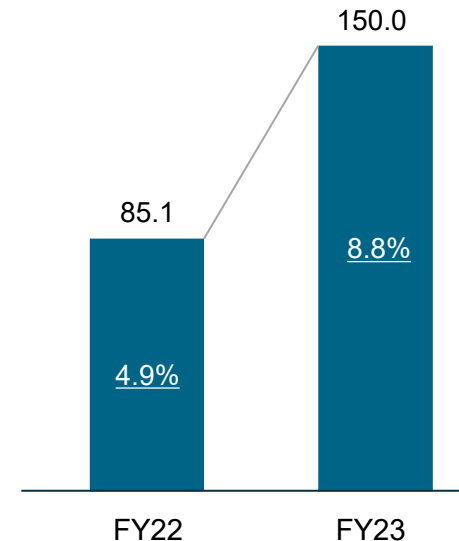
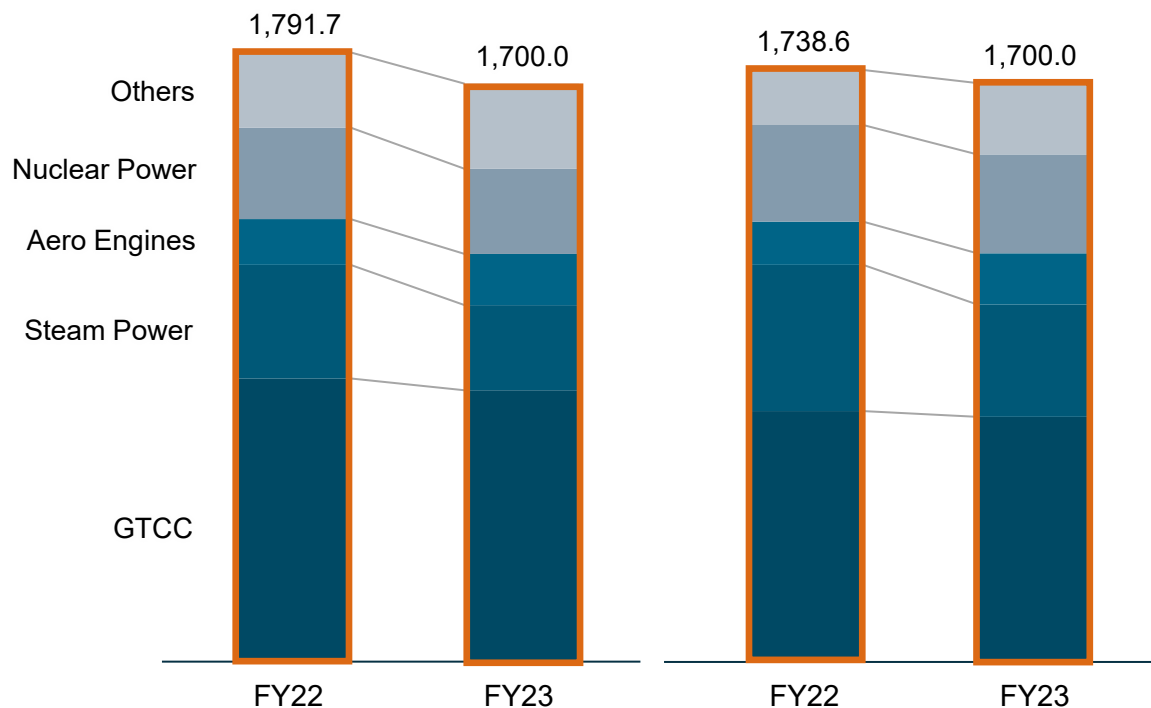
FY2023 Forecast: Energy Systems

(billion yen)

Order Intake

Revenue

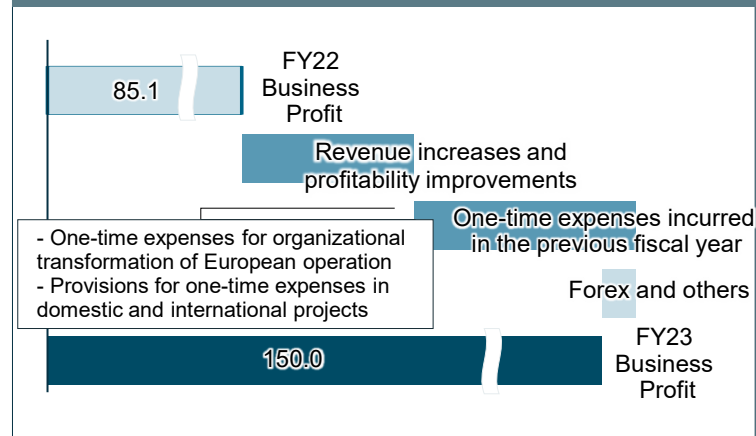
Business Profit



Takeaways

- Thermal power business profit to increase due to the decrease in one-time expenses incurred in the previous fiscal years.
- Aero Engines revenue and profit to increase from recovery in demand.
- Nuclear Power order intake and revenue to continue to perform strongly.

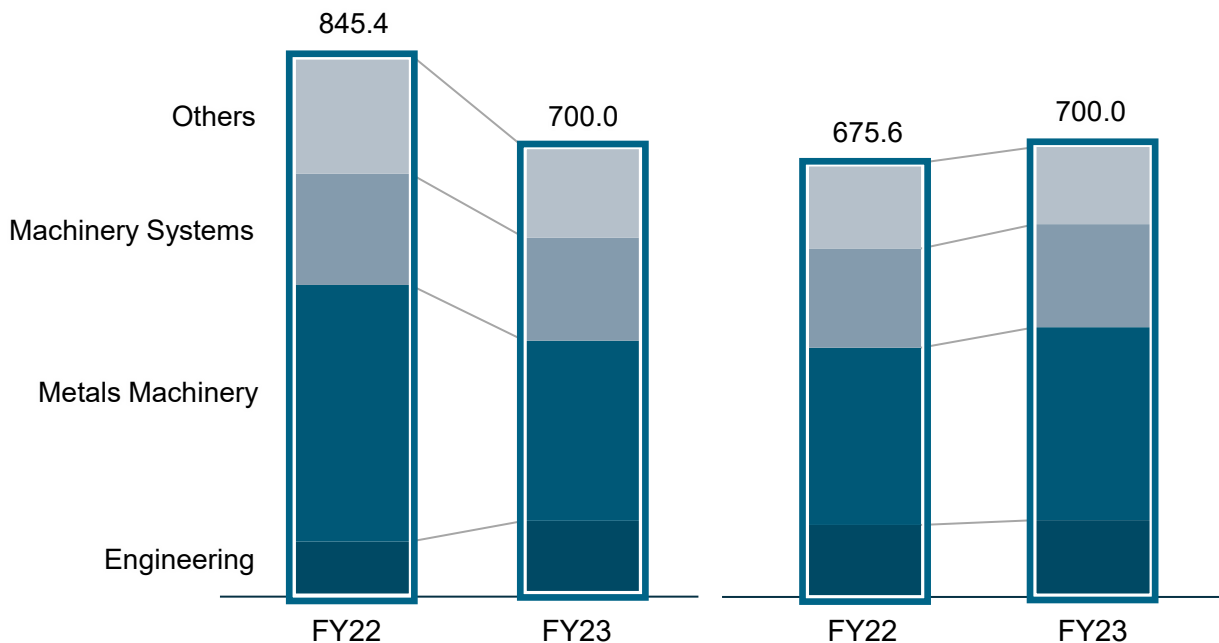
Major Factors Affecting Business Profit



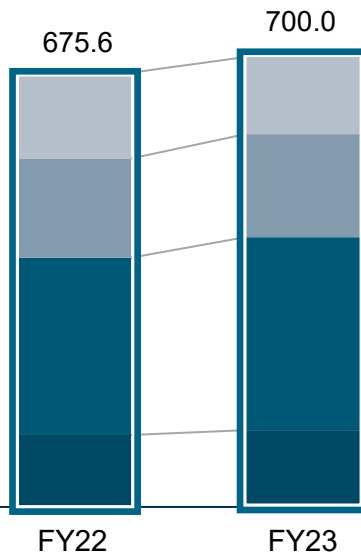
FY2023 Forecast: Plants & Infrastructure Systems

(billion yen)

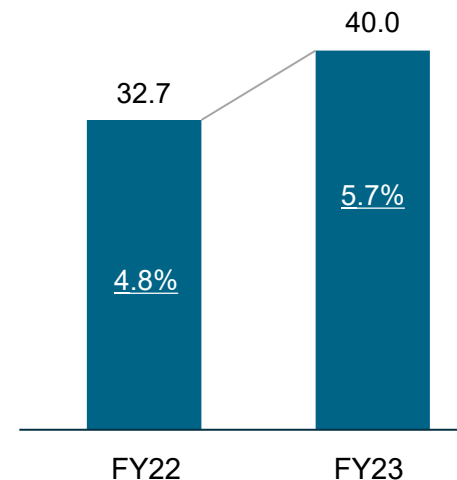
Order Intake



Revenue



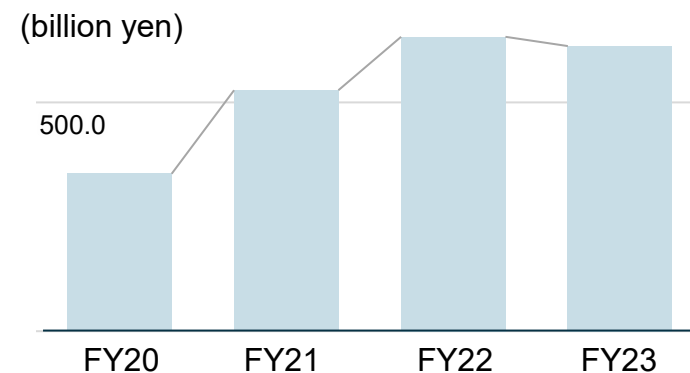
Business Profit



Takeaways

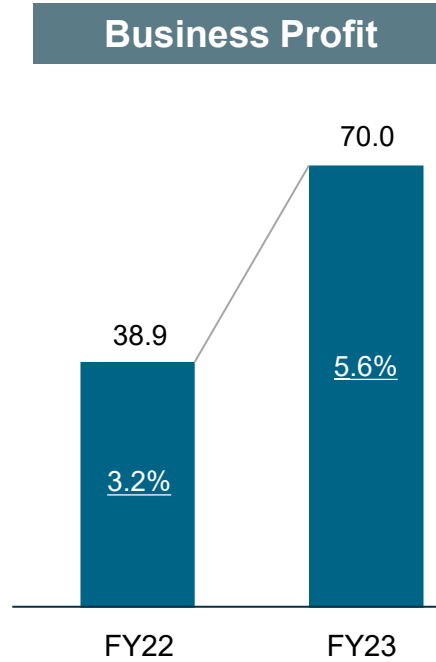
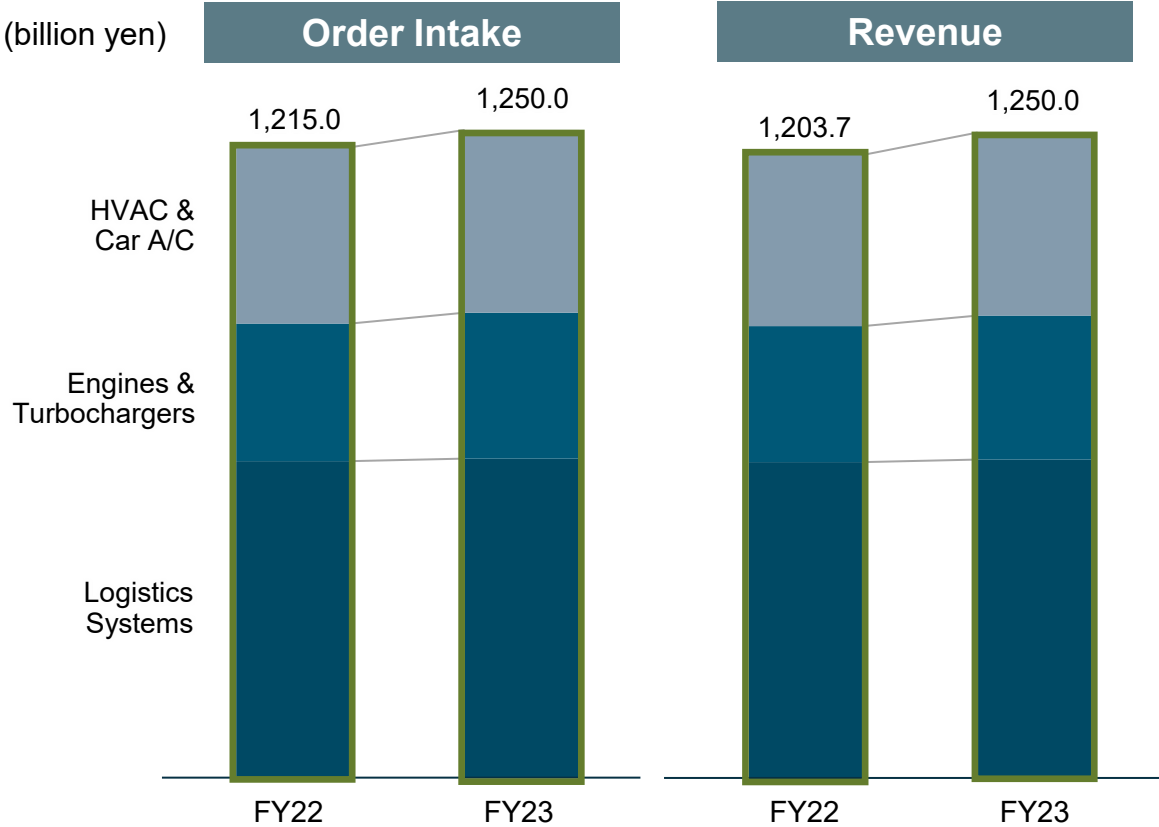
- Metals Machinery revenue and profit to increase through the steady execution of projects on hand. Order backlog has increased significantly over the past two years.

Metals Machinery Order Backlog



FY2023 Forecast: Logistics, Thermal & Drive Systems

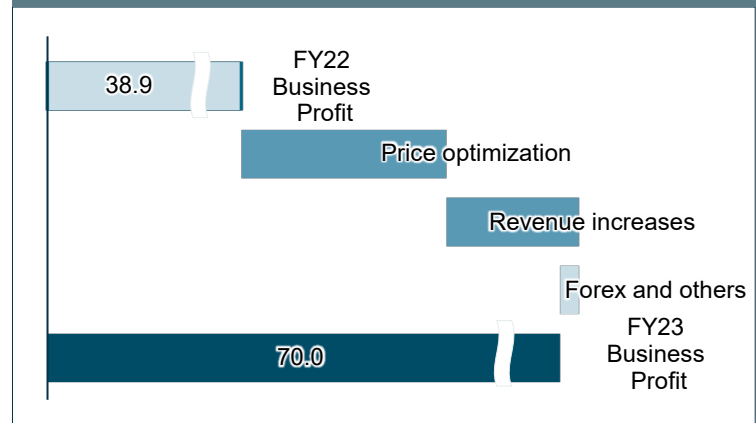
(billion yen)



Takeaways

- Logistics Systems, HVAC, and Engines revenues to continue strong performance seen in FY2022.
- Profitability to improve due to benefits of price optimization enjoyed throughout the fiscal year.

Major Factors Affecting Business Profit



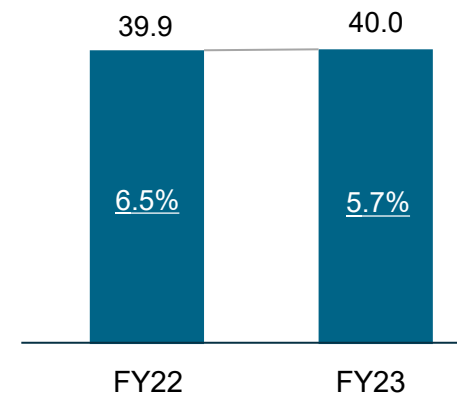
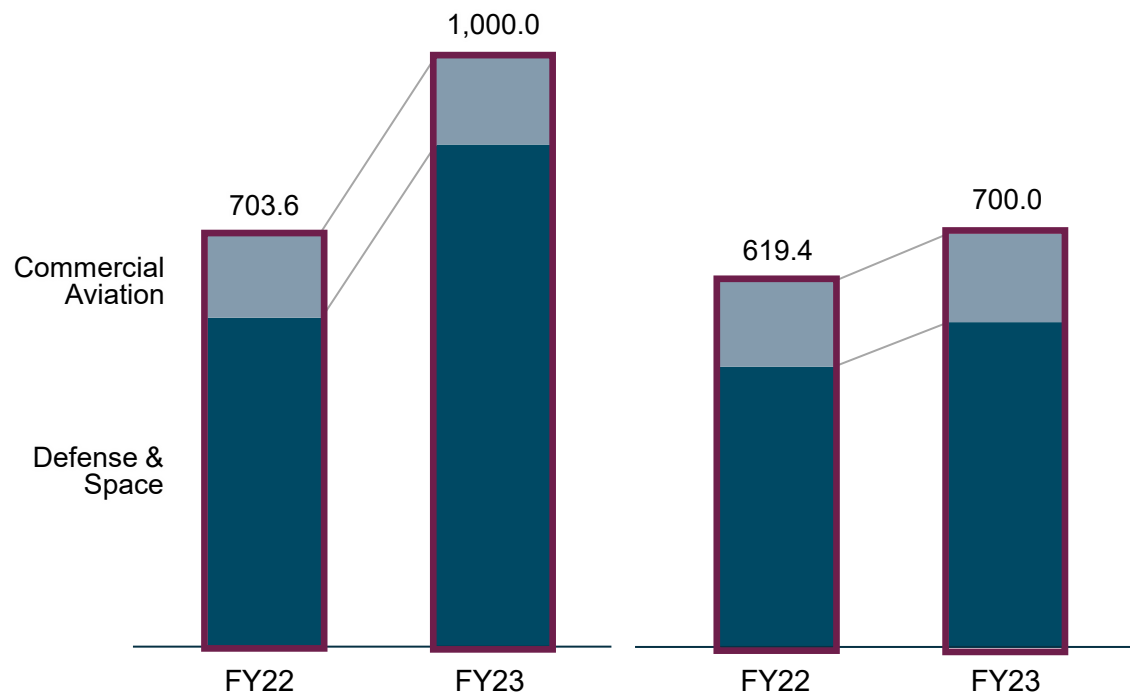
FY2023 Forecast: Aircraft, Defense & Space

(billion yen)

Order Intake

Revenue

Business Profit



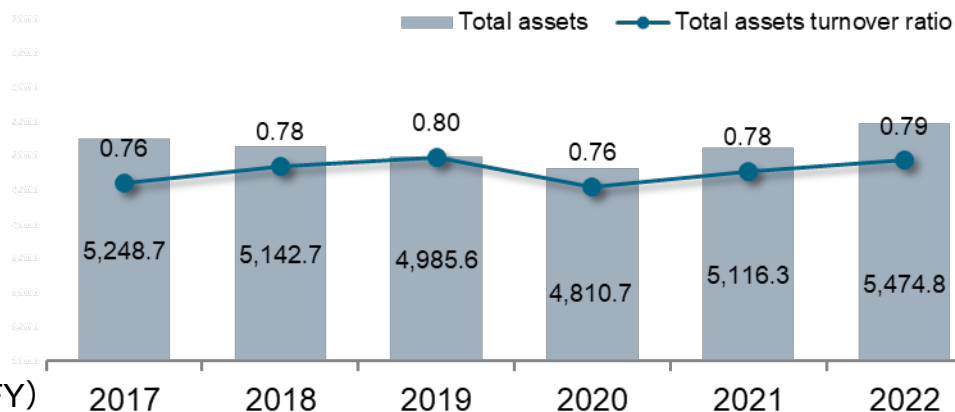
Takeaways

- In FY2023, Defense order intake is expected to increase mainly in missile systems corresponding to increases in the Japanese defense budget planned over the next five years in accordance with the Defense Buildup Program.
- Commercial Aviation to maintain order intake and revenue at the same level as FY2022.

4. Appendix

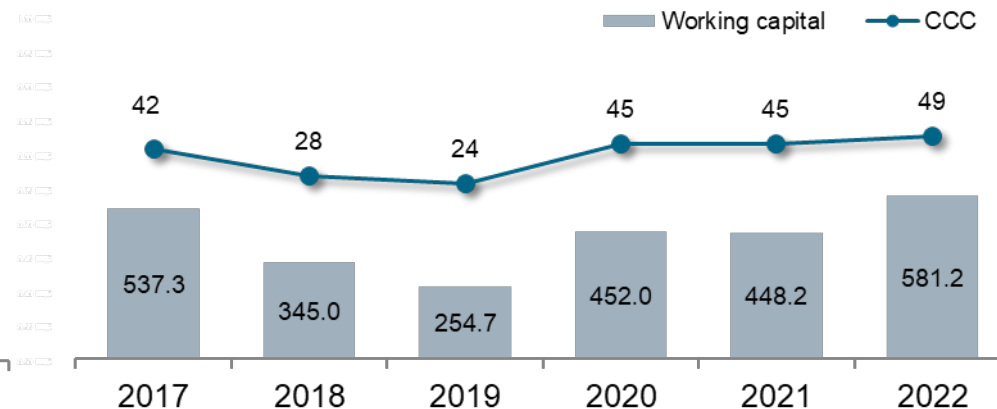
Appendix: Financial Position

Total Assets (billion yen)



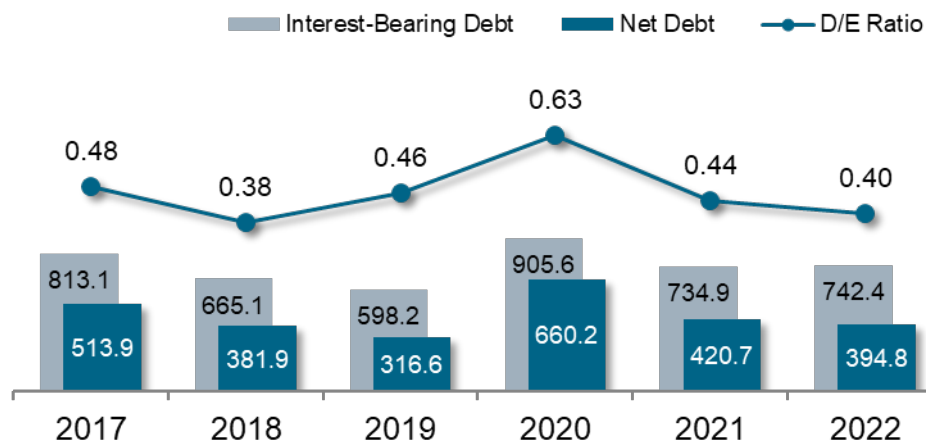
Total asset turnover ratio = Revenue / Total assets (average of beginning and end of period)

Working Capital (billion yen)

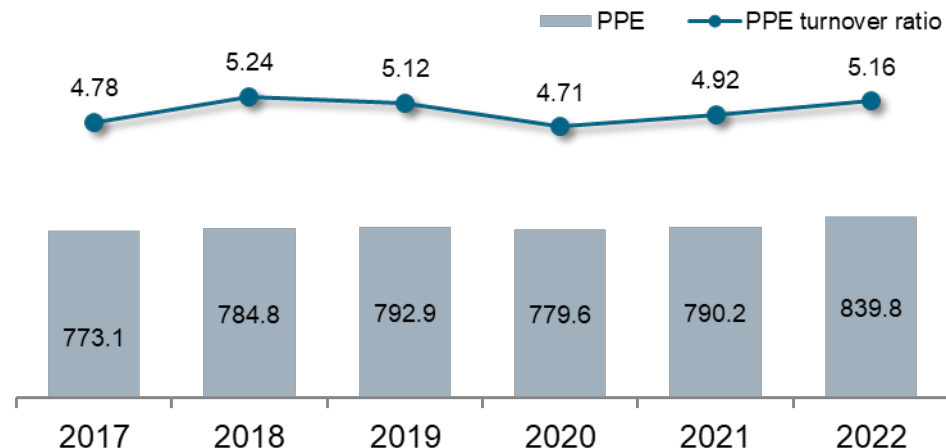


Working capital = Trade receivables (incl. Contract assets) + Inventories – Trade payables – Contract liabilities (Advance received)
 CCC calculated based on segments' working capital (including Advance payments) and Revenue

Interest-Bearing Debt (billion yen)



Property, Plant & Equipment (billion yen)



Large Frame Gas Turbine Order Intake/ Contract Backlog (units)

	FY2021	FY2022
Americas	5	4
Asia	5	7
EMEA	-	1
Other Regions	6	4
Order Intake Total	16	16
Contract Backlog	46	43

(Reference) Order Intake through China Licensee

	FY2021	FY2022
Order Intake	7	27

Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
FY2021	5	4	6	5	20
FY2022	6	7	7	10	30

777X	Q1	Q2	Q3	Q4	Total
FY2021	2	1	1	0	4
FY2022	1	0	0	0	1

787	Q1	Q2	Q3	Q4	Total
FY2021	14	5	4	2	25
FY2022	5	7	8	5	25

Appendix: Reference Data

(billion yen)

R&D Expenses, Depreciation & Amortization, and Capital Expenditures	FY2020	FY2021	FY2022	FY2023 Forecast
R&D Expenses	125.7	113.6	127.4	150.0
Depreciation & Amortization	139.2	132.1	137.8	140.0
Capital Expenditures	125.5	122.8	150.7	180.0

(billion yen)

Cash Flows	FY2020	FY2021	FY2022	FY2023 Forecast
Operating Cash Flow	-94.9	285.5	80.8	-
Investing Cash Flow	-182.2	16.3	-45.5	-
Free Cash Flow	-277.1	301.8	35.3	-100.0
Financing Cash Flow	221.7	-255.7	-18.9	-

Interest-Bearing Debt and D/E Ratio	FY2020	FY2021	FY2022	FY2023 Forecast
Interest-Bearing Debt Balance (billion yen)	905.6	734.9	742.4	850.0
D/E Ratio	0.63	0.44	0.40	0.4

USD Exchange Rates	FY2020	FY2021	FY2022	FY2023 Forecast
Avg. Rate used for Revenue Recognition	106.3	111.6	134.9	130
(Reference) March 31 Rate	110.7	122.4	133.5	-

Appendix: Reference Data

(billion yen)

Order Backlog	FY20 End	FY21 End	FY22 End
Energy Systems	3,228.0	3,114.4	3,325.6
Plants & Infrastructure Systems	988.3	1,243.4	1,509.2
Logistics, Thermal & Drive Systems	36.5	43.2	54.8
Aircraft, Defense & Space	892.8	1,087.1	1,171.8
Total	5,146.1	5,488.5	6,061.8

FY2022 Revenue by Segment and Region

	Japan		APAC (excl. Japan)		Americas	EMEA
Energy Systems	757.0 (44%)		301.1 (17%)		454.4 (26%)	226.1 (13%)
Plants & Infrastructure Systems	318.4 (47%)	164.1 (24%)	117.9 (18%)	75.1 (11%)		
Logistics, Thermal & Drive Systems	318.6 (26%)	299.1 (25%)	331.1 (28%)	254.8 (21%)		
Aircraft, Defense & Space	449.6 (73%)	1.0 (0%)	164.7 (26%)	3.9 (1%)		

(billion yen)

