

Q1-3 FY2023 Financial Results

February 6, 2024

Mitsubishi Heavy Industries, Ltd.

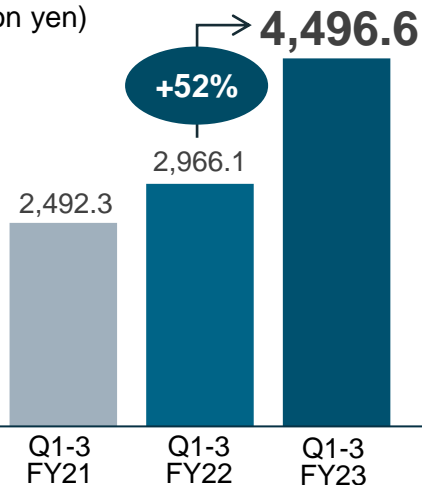
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1. Key Takeaways

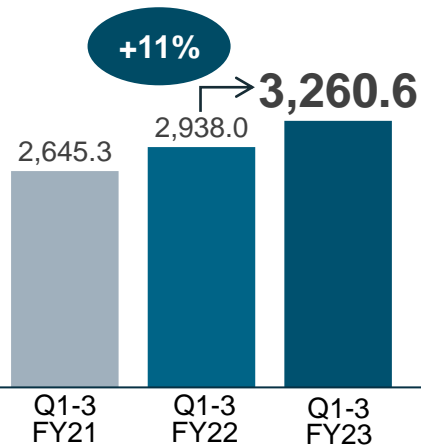
Q1-3 FY2023 Financial Results

Order Intake

(billion yen)



Revenue



EBITDA

296.4
billion yen
(+¥87.7 bn YoY)

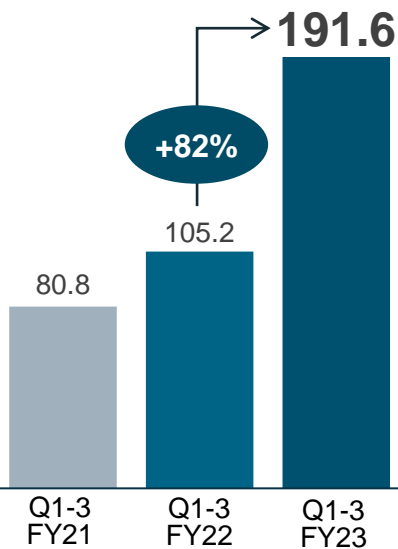
EBITDA Margin
9.1%
(+2.0 pts YoY)

Free Cash Flow

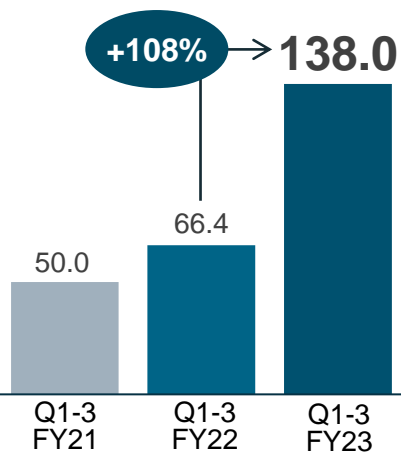
-413.3
billion yen
(-¥200.0 bn YoY)

Operating Cash Flow
-¥302.1 bn
(-¥84.3 bn YoY)

Business Profit



Net Income



Interest-Bearing Debt

1,181.4
billion yen
(+¥184.0 bn YoY)

Net Interest-Bearing Debt
¥869.2 bn
(+¥201.6 bn YoY)

D/E Ratio

0.58
(±0.00 YoY)

Equity Ratio

31.9%
(+2.0 pts YoY)

- Order Intake: ¥4,496.6 bn (+¥1,530.4 bn YoY)
Order intake increased YoY in Energy Systems, Logistics, Thermal & Drive Systems, and Aircraft, Defense & Space.
In terms of major businesses, Gas Turbine Combined Cycle (GTCC), Nuclear Power, and Defense & Space achieved large order intake growth.
- Revenue: ¥3,260.6 bn (+¥322.6 bn YoY)
Revenue increased YoY in all segments.
In terms of major businesses, Metals Machinery, Logistics Systems, and Defense & Space saw large increases in revenue.
- Business Profit: ¥191.6 bn (+¥86.3 bn YoY)
Business profit increased YoY in all segments.
Revenue growth, improved project margins, services business expansion, price optimization, and the weak yen served to increase business profit by 82% YoY to ¥191.6 bn.
- Net Income: ¥138.0 bn (+¥71.6 bn YoY)
Due to higher business profit performance, net income rose 108% YoY to ¥138.0 bn.

2. Q1-3 FY2023 Financial Results

Financial Results Overview

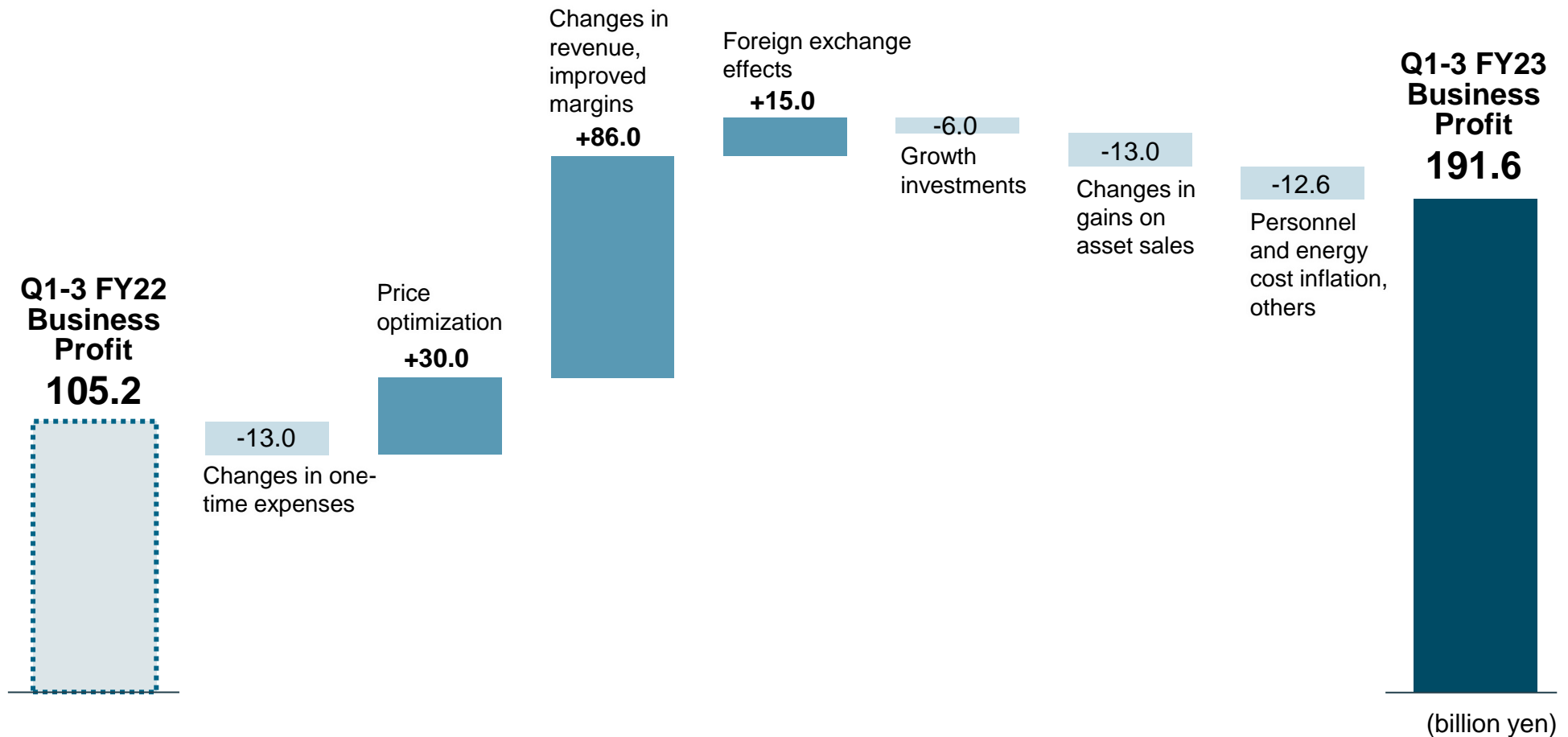
(billion yen)	Q1-3 FY2022 (Profit Margin)	Q1-3 FY2023 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	2,966.1	4,496.6	+1,530.4	(+51.6%)
Revenue	2,938.0	3,260.6	+322.6	(+11.0%)
Profit from Business Activities	105.2 (3.6%)	191.6 (5.9%)	+86.3 (+2.3 pts)	(+82.0%)
Profit Attributable to Owners of Parent	66.4 (2.3%)	138.0 (4.2%)	+71.6 (+1.9 pts)	(+107.8%)
EBITDA	208.6 (7.1%)	296.4 (9.1%)	+87.7 (+2.0 pts)	(+42.1%)
Free Cash Flow	-213.2	-413.3	-200.0	

Financial Position and Cash Flows

Financial Position	(billion yen)	FY22 End	Q3 FY23 End	YoY
Trade Receivables and Contract Assets		1,536.4	1,738.2	+201.8
Inventories		876.8	1,041.9	+165.0
Other Current Assets		628.9	664.9	+35.9
(Cash and Cash Equivalents)		(347.6)	(312.1)	(-35.5)
Fixed Assets		1,041.1	1,099.7	+58.6
Other Non-Current Assets		1,391.3	1,473.3	+81.9
Total Assets		5,474.8	6,018.1	+543.3
Trade Payables		895.2	842.1	-53.1
Contract Liabilities		936.7	883.9	-52.7
Other Liabilities		1,066.3	1,082.2	+15.9
Interest-Bearing Debt		742.4	1,181.4	+439.0
Equity		1,833.9	2,028.3	+194.3
(Equity Attributable to Owners of Parent)		(1,740.9)	(1,918.0)	(+177.0)
Total Liabilities and Equity		5,474.8	6,018.1	+543.3
Cash Flows	(billion yen)	Q1-3 FY22	Q1-3 FY23	YoY
Operating Cash Flow		-217.7	-302.1	-84.3
Investing Cash Flow		4.5	-111.1	-115.6
Free Cash Flow		-213.2	-413.3	-200.0

Profit Bridge

- One-time expenses including those related to the PW1100G-JM Engine Program in Aero Engines were a negative factor for business profit.
- Price optimization, revenue growth, improved project margins, services business expansion, and the weak yen were positive factors.

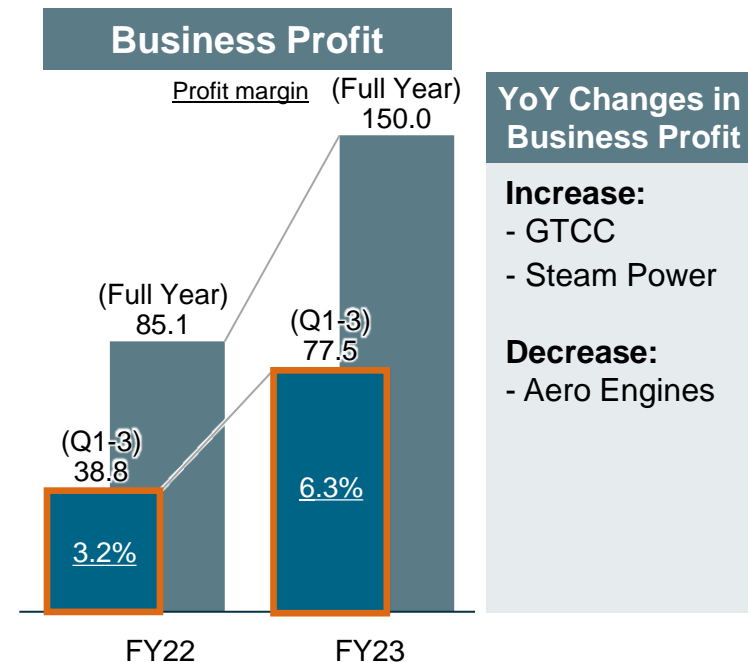
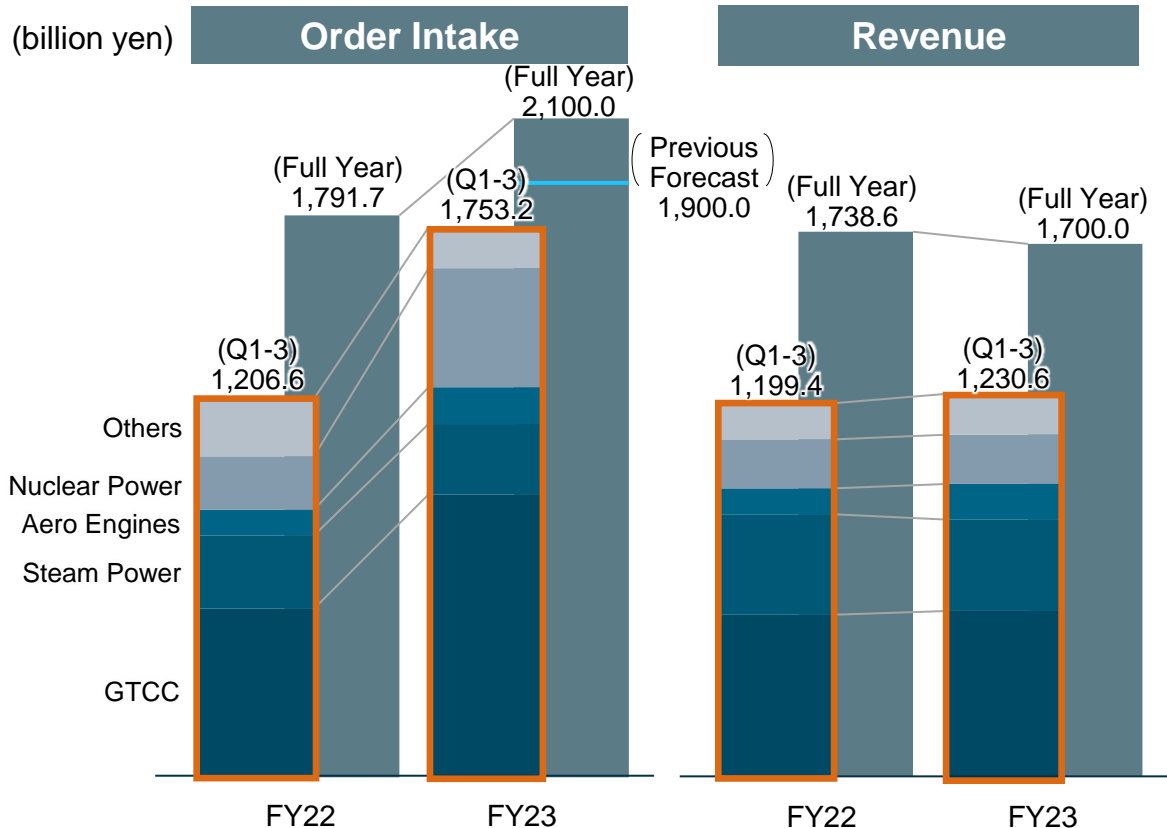


Financial Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	Q1-3 FY22	Q1-3 FY23	YoY	Q1-3 FY22	Q1-3 FY23	YoY	Q1-3 FY22	Q1-3 FY23	YoY
(billion yen)									
Energy Systems	1,206.6	1,753.2	+546.5	1,199.4	1,230.6	+31.2	38.8	77.5	+38.7
Plants & Infrastructure Systems	585.6	578.8	-6.8	457.2	552.5	+95.2	14.4	34.5	+20.1
Logistics, Thermal & Drive Systems	884.5	968.6	+84.1	869.7	956.2	+86.4	22.2	58.8	+36.6
Aircraft, Defense & Space	314.5	1,204.1	+889.5	432.0	526.9	+94.9	35.6	53.6	+18.0
Corporate & Eliminations	-25.2	-8.1	+17.0	-20.4	-5.6	+14.8	-5.7	-33.0	-27.2
Total	2,966.1	4,496.6	+1,530.4	2,938.0	3,260.6	+322.6	105.2	191.6	+86.3

Profits and losses related to SpaceJet are included in Corporate & Eliminations.

Financial Results: Energy Systems



YoY Changes in Business Profit

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

Major Businesses	Order Intake	
	Q1-3 FY22	Q1-3 FY23
GTCC	536.8	901.2
Steam Power	234.2	224.1
Aero Engines	81.7	117.5
Nuclear Power	169.8	380.1

	Revenue	
	Q1-3 FY22	Q1-3 FY23
	525.4	537.3
	320.2	290.9
	82.8	114.8
	156.4	156.4

- ## Takeaways
- GTCC orders, revenue, and business profit increased
 - Steam Power business profit increased due to lower one-time expenses
 - Aero Engines revenue increased due to recovery in demand. Business profit down from booking of one-time expenses related to PW1100G-JM Engine Program.
 - Increased full-year order intake forecast based on steady progress in Nuclear Power during Q1-3

Financial Results: Plants & Infrastructure Systems

(billion yen)

Order Intake

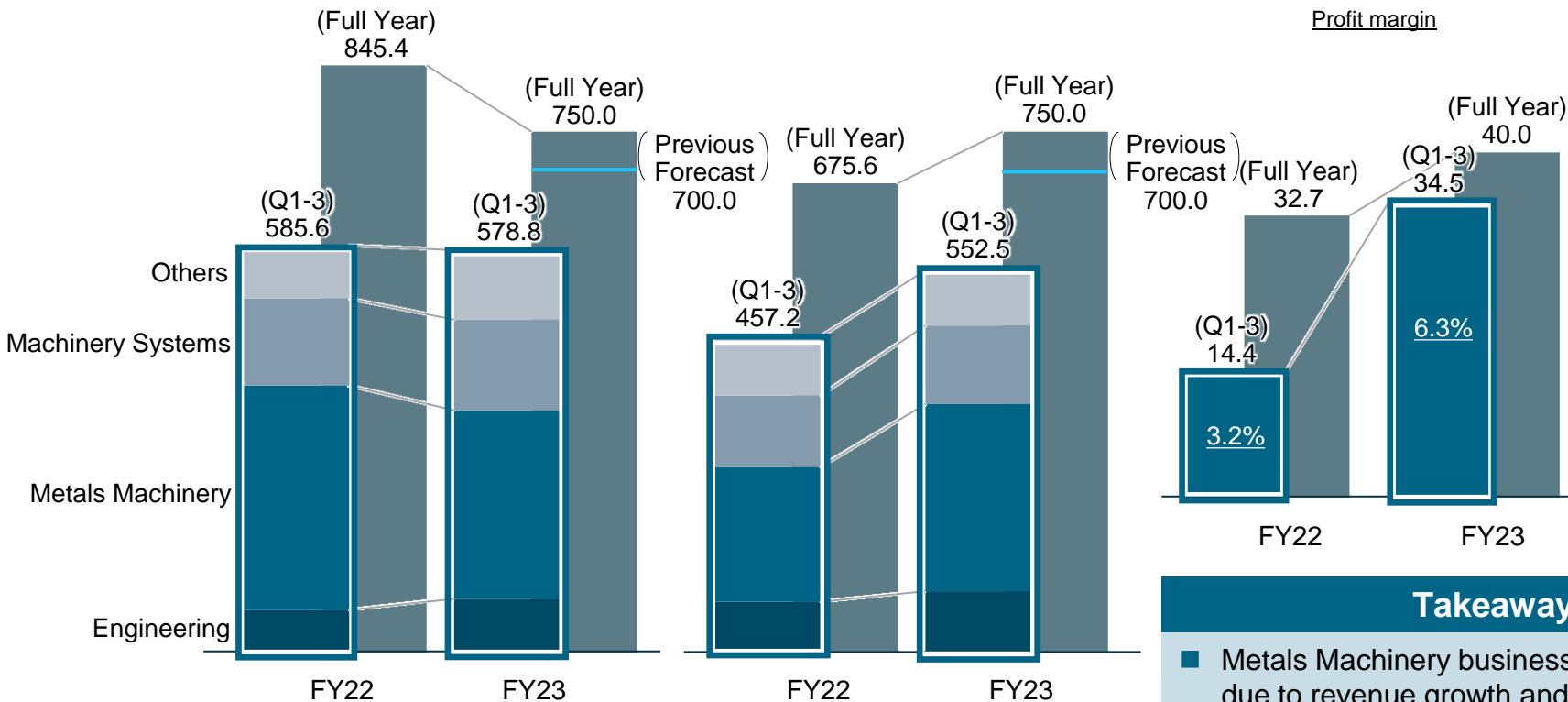
Revenue

Business Profit

Profit margin

YoY Changes in Business Profit

- Increase:**
- Engineering
 - Metals Machinery
 - Machinery Systems



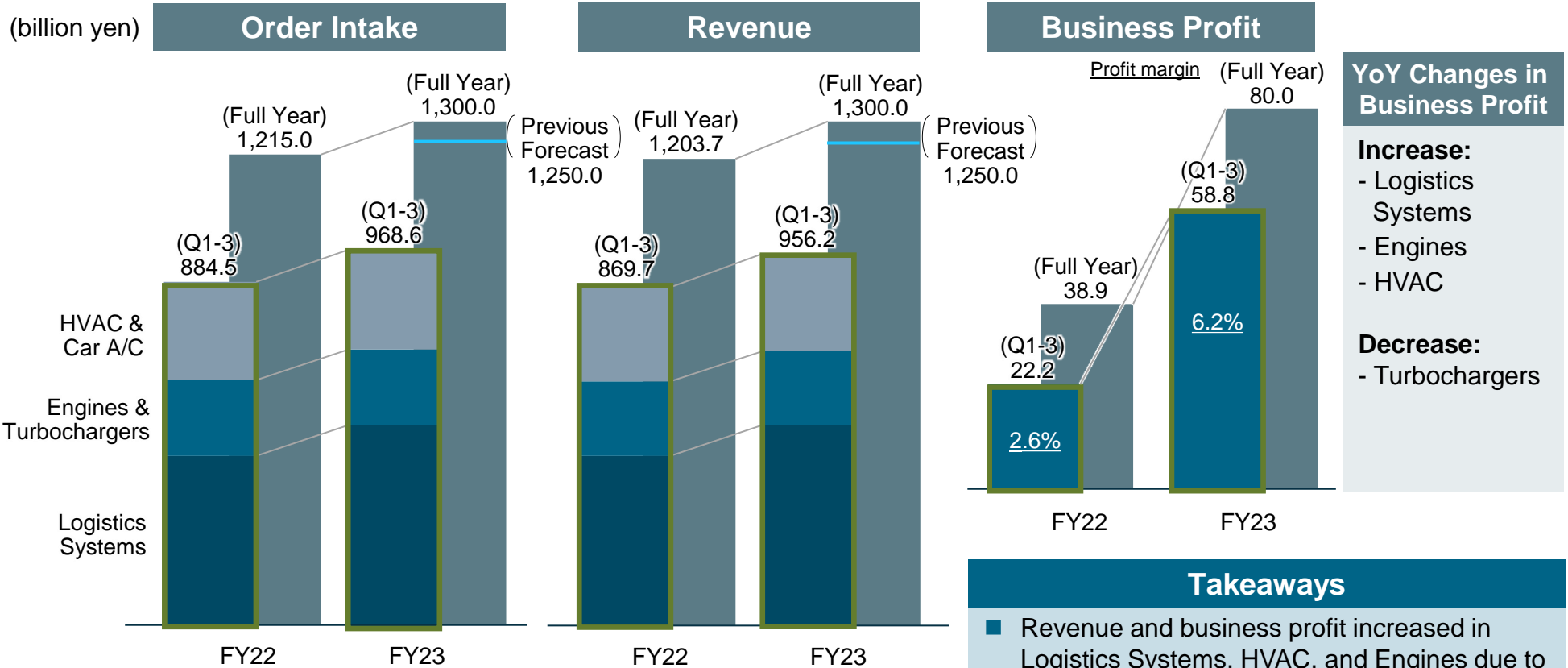
Major Businesses	Order Intake	
	Q1-3 FY22	Q1-3 FY23
Engineering	60.7	76.7
Metals Machinery	323.0	271.7
Machinery Systems	125.6	130.5

Major Businesses	Revenue	
	Q1-3 FY22	Q1-3 FY23
Engineering	75.4	90.8
Metals Machinery	193.9	269.4
Machinery Systems	103.0	112.9

Takeaways

- Metals Machinery business profit increased due to revenue growth and the weak yen
- Engineering and Machinery Systems showed steady performance
- Increased full-year order intake and revenue forecasts based on progress in segment during Q1-3

Financial Results: Logistics, Thermal & Drive Systems



Major Businesses	Order Intake	
	Q1-3 FY22	Q1-3 FY23
Logistics Systems	440.7	521.0
Engines & Turbochargers	195.7	195.1
HVAC & Car A/C	254.1	257.0

Major Businesses	Revenue	
	Q1-3 FY22	Q1-3 FY23
Logistics Systems	440.7	520.6
Engines & Turbochargers	192.4	190.1
HVAC & Car A/C	242.6	251.3

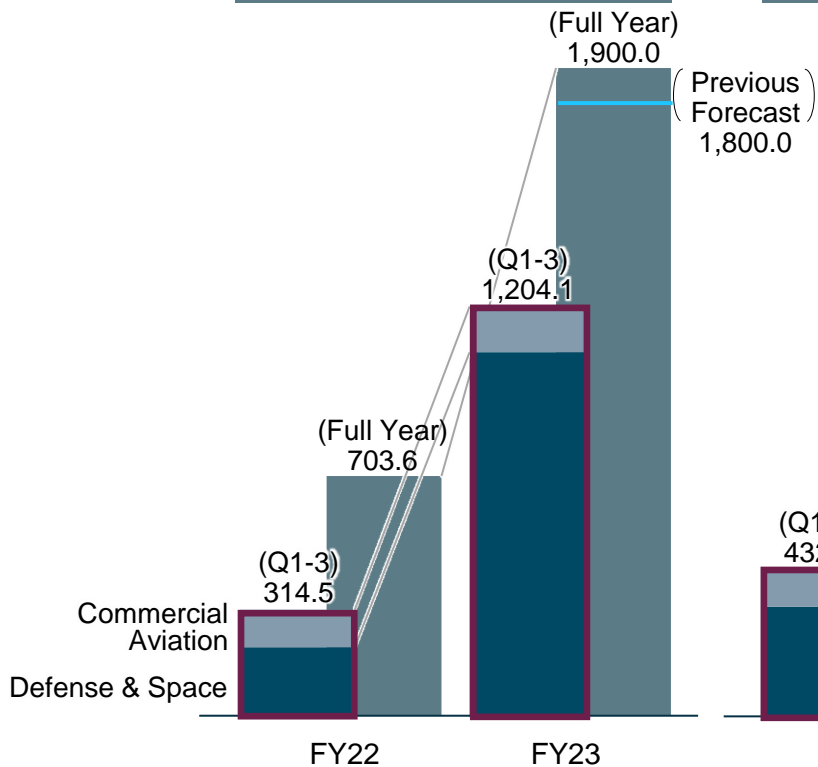
Takeaways

- Revenue and business profit increased in Logistics Systems, HVAC, and Engines due to price optimization, higher unit deliveries, and the weak yen
- Increased full-year order intake and revenue forecasts based on progress in Logistics Systems and the weak yen

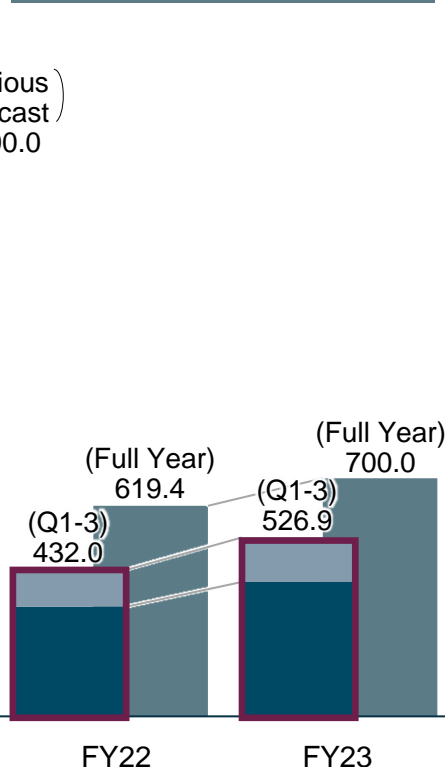
Financial Results: Aircraft, Defense & Space

(billion yen)

Order Intake

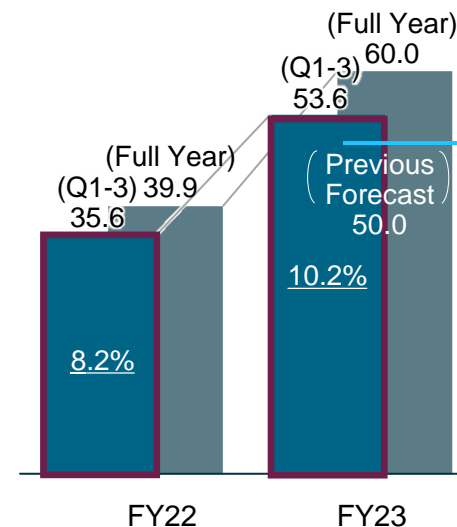


Revenue



Business Profit

Profit margin



YoY Changes in Business Profit

- Increase:**
- Defense & Space
 - Commercial Aviation

Major Businesses	Order Intake	
	Q1-3 FY22	Q1-3 FY23
Defense & Space	204.9	1,070.1
Commercial Aviation	109.7	134.1

Major Businesses	Revenue	
	Q1-3 FY22	Q1-3 FY23
Defense & Space	324.3	396.0
Commercial Aviation	107.6	130.8

Takeaways

- Defense & Space booked orders for several large projects, including those related to stand-off defense capabilities
- Commercial Aviation revenue and business profit increased due to higher Aero Structures deliveries and the weak yen
- Increased order intake and business profit forecasts based on progress in the segment during Q1-3

3. FY2023 Earnings Forecast

Forecasts regarding future performance outlined in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. As such, these projections include risk and uncertainty. 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.

FY2023 Earnings Forecast Highlights

■ Order Intake: ¥6,000.0 bn (vs. previous: +¥400.0 bn)

	Previous	Revised	Revised vs. Previous	Major Businesses Increased
Energy Systems	¥1,900.0 bn	¥2,100.0 bn	+¥200.0 bn	• Nuclear Power
Plants & Infrastructure Systems	¥700.0 bn	¥750.0 bn	+¥50.0 bn	• Metals Machinery
Logistics, Thermal & Drive Systems	¥1,250.0 bn	¥1,300.0 bn	+¥50.0 bn	• Logistics Systems
Aircraft, Defense & Space	¥1,800.0 bn	¥1,900.0 bn	+¥100.0 bn	• Defense & Space

■ Revenue: ¥4,400.0 bn (vs. previous: +¥100.0 bn)

	Previous	Revised	Revised vs. Previous	Major Businesses Increased
Plants & Infrastructure Systems	¥700.0 bn	¥750.0 bn	+¥50.0 bn	• Metals Machinery
Logistics, Thermal & Drive Systems	¥1,250.0 bn	¥1,300.0 bn	+¥50.0 bn	• Logistics Systems

■ Business Profit: ¥300.0 bn (vs. previous: ±¥0.0 bn)

	Previous	Revised	Revised vs. Previous	Major Businesses Increased
Aircraft, Defense & Space	¥50.0 bn	¥60.0 bn	+¥10.0 bn	• Defense & Space, Commercial Aviation
Corporate & Eliminations	-¥20.0 bn	-¥30.0 bn	-¥10.0 bn	

■ No change to net income, free cash flow, or dividend guidance

Earnings Forecast Overview

Revised from forecast announced November 6, 2023.

	FY2022 (Profit Margin)	FY2023 Forecast (Profit Margin)		YoY (Profit Margin)	(YoY%)
		Previous	Revised		
(billion yen)					
Order Intake	4,501.3	5,600.0	6,000.0	+1,498.6	(+33.3%)
Revenue	4,202.7	4,300.0	4,400.0	+197.2	(+4.7%)
Profit from Business Activities	193.3 (4.6%)	300.0 (7.0%)	300.0 (6.8%)	+106.6 (+2.2 pts)	(+55.2%)
Profit Attributable to Owners of Parent	130.4 (3.1%)	190.0 (4.4%)	190.0 (4.3%)	+59.5 (+1.2 pts)	(+45.6%)
ROE	7.9%	11%	11%	+3 pts	
EBITDA	331.1 (7.9%)	440.0 (10.2%)	440.0 (10.0%)	+108.8 (+2.1 pts)	(+32.9%)
Free Cash Flow	35.3	-100.0	-100.0	-135.3	
Dividends	130 yen Interim: 60 yen Year-End: 70 yen	160 yen Interim: 80 yen Year-End: 80 yen	160 yen Interim: 80 yen Year-End: 80 yen	Exchange rate assumptions: USD 1.00 = ¥140 EUR 1.00 = ¥150 Undetermined foreign currency amounts: USD 1.8 bn, EUR 0.3 bn	

Earnings Forecast by Segment

Revised from forecast announced November 6, 2023.

(billion yen)	Order Intake				Revenue				Profit from Business Activities			
	FY22	FY23 Forecast		YoY	FY22	FY23 Forecast		YoY	FY22	FY23 Forecast		YoY
		Previous	Revised			Previous	Revised			Previous	Revised	
Energy Systems	1,791.7	1,900.0	2,100.0	+308.2	1,738.6	1,700.0	1,700.0	-38.6	85.1	150.0	150.0	+64.8
Plants & Infrastructure Systems	845.4	700.0	750.0	-95.4	675.6	700.0	750.0	+74.3	32.7	40.0	40.0	+7.2
Logistics, Thermal & Drive Systems	1,215.0	1,250.0	1,300.0	+84.9	1,203.7	1,250.0	1,300.0	+96.2	38.9	80.0	80.0	+41.0
Aircraft, Defense & Space	703.6	1,800.0	1,900.0	+1,196.3	619.4	700.0	700.0	+80.5	39.9	50.0	60.0	+20.0
Corporate & Eliminations	-54.5	-50.0	-50.0	+4.5	-34.7	-50.0	-50.0	-15.2	-3.5	-20.0	-30.0	-26.4
Total	4,501.3	5,600.0	6,000.0	+1,498.6	4,202.7	4,300.0	4,400.0	+197.2	193.3	300.0	300.0	+106.6

4. Appendix

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

	Q1-3 FY22	FY22	Q1-3 FY23
Americas	4	4	1
Asia	4	7	8
EMEA	1	1	-
Other Regions	2	4	1
Order Intake Total	11	16	10
Contract Backlog	43	43	32

(Reference) Order Intake of China Licensee

	Q1-3 FY22	FY22	Q1-3 FY23
Order Intake	21	27	16

Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
FY22	6	7	7	10	30
FY23	7	11	7		25

777X	Q1	Q2	Q3	Q4	Total
FY22	1	0	0	0	1
FY23	0	1	3		4

787	Q1	Q2	Q3	Q4	Total
FY22	5	7	8	5	25
FY23	9	7	13		29

R&D Expenses, Depreciation and Amortization, and Capital Expenditures (billion yen)

	Q1-3 FY22	Q1-3 FY23	FY23 Forecast
R&D Expenses	82.9	101.9	150.0
Depreciation and Amortization	103.3	104.7	140.0
Capital Expenditures	93.3	144.3	180.0

Selling, General, and Administrative Expenses (billion yen)

	Q1-3 FY22	Q1-3 FY23
SG&A	448.5	477.9

Foreign Exchange Rates (Average Rates Used for Revenue Recognition)

	Q1-3 FY22	Q1-3 FY23
U.S. Dollar (JPY/USD)	135.3	142.4
Euro (JPY/EUR)	137.6	152.9

Appendix: Reference Data

(billion yen)

Order Backlog	FY22 End	Q3 FY23 End
Energy Systems	3,325.6	3,959.3
Plants & Infrastructure Systems	1,509.2	1,546.2
Logistics, Thermal & Drive Systems	54.8	65.6
Aircraft, Defense & Space	1,171.8	1,847.7
Total	6,061.8	7,431.7

(billion yen)

Revenue by Region	Q1-3 FY22		FY22 Full Year		Q1-3 FY23	
Japan	1,214.2	(41%)	1,808.3	(43%)	1,293.8	(40%)
Asia-Pacific (excluding Japan)	567.0	(19%)	765.8	(18%)	547.2	(17%)
Americas	753.2	(26%)	1,068.4	(26%)	947.5	(29%)
EMEA	403.4	(14%)	560.2	(13%)	472.0	(14%)
Total	2,938.0	(100%)	4,202.7	(100%)	3,260.6	(100%)

Stock Split

- **Aim**
Facilitate investment in MHI by decreasing share unit price, thereby expanding investor base

- **Details**

Split Ratio 10-for-1 common stock
Record Date March 31, 2024 (Sunday)
Effective Date April 1, 2024 (Monday)

- **Increase in Shares**

	Total Number of Shares Issued	Total Number of Authorized Shares
Before Split	337,364,781 shares	600,000,000 shares
After Split	3,373,647,810 shares	6,000,000,000 shares

