

# Q1 FY2024 Financial Results

August 6, 2024

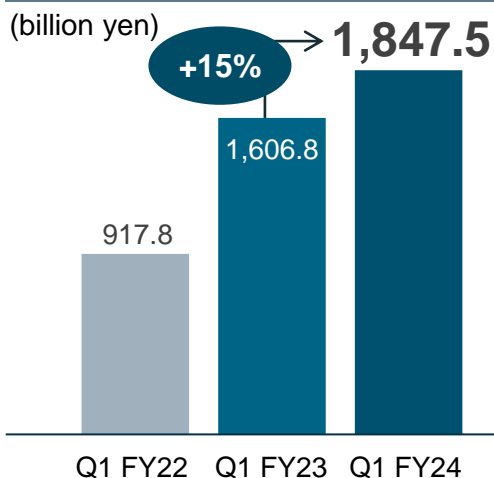
Mitsubishi Heavy Industries, Ltd.

|   |              |
|---|--------------|
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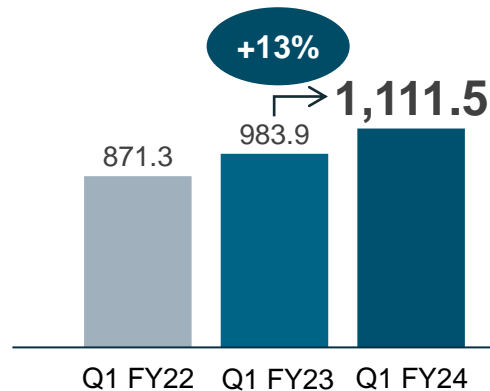
# 1. Key Takeaways

# Q1 FY2024 Financial Results

## Order Intake



## Revenue



## EBITDA

**122.3**  
billion yen  
(+¥37.1 bn YoY)

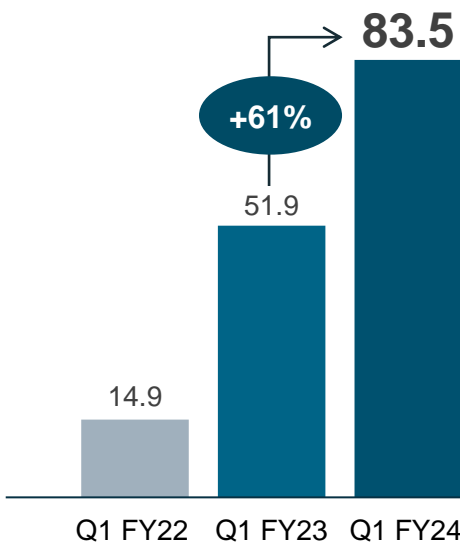
EBITDA Margin  
11.0%  
(+2.3 pts YoY)

## Free Cash Flow

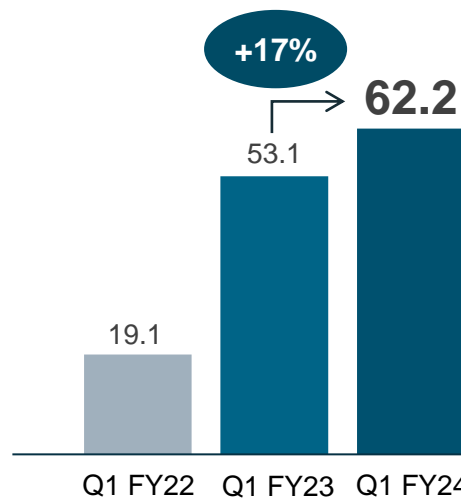
**-126.2**  
billion yen  
(+¥14.1 bn YoY)

Operating Cash Flow  
-¥67.8 bn  
(+¥92.3 bn YoY)

## Business Profit



## Net Income



## Interest-Bearing Debt

**1,037.3**  
billion yen  
(+¥146.5 bn YoY)

Net Interest-Bearing Debt  
¥457.9 bn  
(-¥121.3 bn YoY)

## D/E Ratio

**0.42**  
(-0.04 YoY)

## Equity Ratio

**35.1%**  
(+2.4 pts YoY)

- Order Intake: ¥1,847.5 bn (+¥240.6 bn YoY)  
Order intake increased YoY in Energy Systems, Plants & Infrastructure Systems, and Logistics, Thermal & Drive Systems.  
In terms of major businesses, Gas Turbine Combined Cycle (GTCC) achieved large order intake growth.
- Revenue: ¥1,111.5 bn (+¥127.5 bn YoY)  
Revenue increased YoY in all segments.  
In terms of major businesses, GTCC, Aero Engines, and Defense & Space saw large increases in revenue.
- Business Profit: ¥83.5 bn (+¥31.5 bn YoY)  
Business profit increased YoY in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space.  
Revenue growth, project margin improvements, and the impact of the weak yen served to increase business profit by 61% YoY to ¥83.5 bn.
- Net Income: ¥62.2 bn (+¥9.0 bn YoY)  
Due to higher business profit performance, net income rose 17% YoY to ¥62.2 bn

## 2. Q1 FY2024 Financial Results

# Financial Results Overview

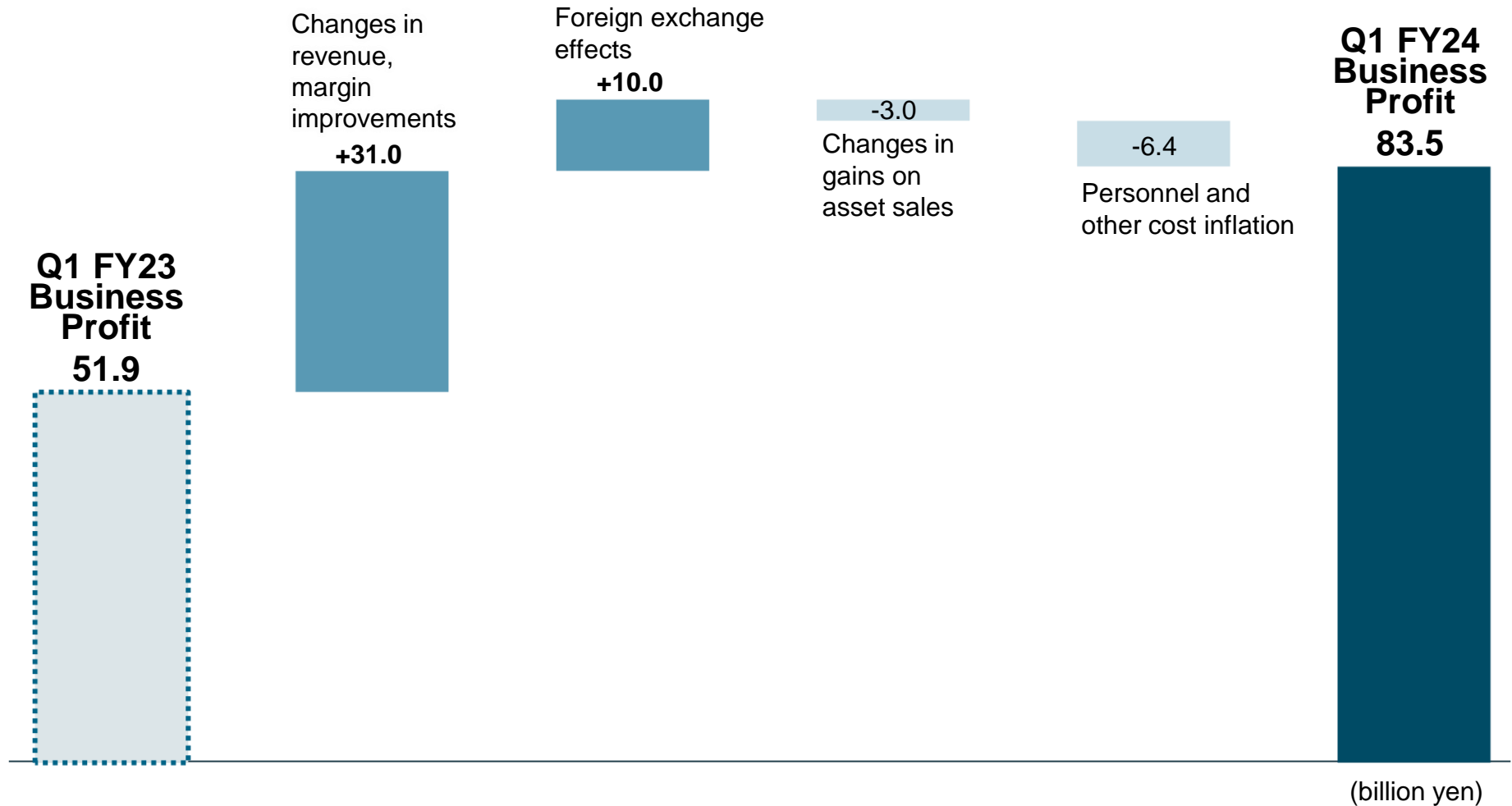
| (billion yen)                                  | <b>Q1 FY2023</b><br>(Profit Margin) | <b>Q1 FY2024</b><br>(Profit Margin) | <b>YoY</b><br>(Profit Margin) | (YoY%)   |
|--|-------------------------------------|-------------------------------------|-------------------------------|----------|
| <b>Order Intake</b>                            | 1,606.8                             | 1,847.5                             | +240.6                        | (+15.0%) |
| <b>Revenue</b>                                 | 983.9                               | 1,111.5                             | +127.5                        | (+13.0%) |
| <b>Profit from Business Activities</b>         | 51.9<br>(5.3%)                      | 83.5<br>(7.5%)                      | +31.5<br>(+2.2 pts)           | (+60.7%) |
| <b>Profit Attributable to Owners of Parent</b> | 53.1<br>(5.4%)                      | 62.2<br>(5.6%)                      | +9.0<br>(+0.2 pts)            | (+17.1%) |
| <b>EBITDA</b>                                  | 85.1<br>(8.7%)                      | 122.3<br>(11.0%)                    | +37.1<br>(+2.3 pts)           | (+43.7%) |
| <b>Free Cash Flow</b>                          | -140.3                              | -126.2                              | +14.1                         |          |

# Financial Position and Cash Flows

| <b>Financial Position</b>                        | (billion yen) | <b>FY23 End</b> | <b>Q1 FY24 End</b> | <b>Variance</b> |
|--|---------------|-----------------|--------------------|-----------------|
| <b>Trade Receivables and Contract Assets</b>     |               | 1,692.4         | 1,656.5            | -35.8           |
| <b>Inventories</b>                               |               | 974.5           | 1,104.1            | +129.5          |
| <b>Other Current Assets</b>                      |               | 752.9           | 1,014.2            | +261.3          |
| <b>(Cash and Cash Equivalents)</b>               |               | (431.2)         | (579.3)            | (+148.0)        |
| <b>Fixed Assets</b>                              |               | 1,174.7         | 1,207.4            | +32.7           |
| <b>Other Non-Current Assets</b>                  |               | 1,661.5         | 1,675.5            | +13.9           |
| <b>Total Assets</b>                              |               | 6,256.2         | 6,658.0            | +401.7          |
| <b>Trade Payables</b>                            |               | 958.8           | 806.3              | -152.5          |
| <b>Contract Liabilities</b>                      |               | 1,095.1         | 1,231.7            | +136.6          |
| <b>Other Liabilities</b>                         |               | 1,112.5         | 1,123.6            | +11.0           |
| <b>Interest-Bearing Debt</b>                     |               | 728.9           | 1,037.3            | +308.3          |
| <b>Equity</b>                                    |               | 2,360.6         | 2,458.9            | +98.2           |
| <b>(Equity Attributable to Owners of Parent)</b> |               | (2,244.6)       | (2,334.2)          | (+89.6)         |
| <b>Total Liabilities and Equity</b>              |               | 6,256.2         | 6,658.0            | +401.7          |
| <b>Cash Flows</b>                                | (billion yen) | <b>Q1 FY23</b>  | <b>Q1 FY24</b>     | <b>YoY</b>      |
| <b>Operating Cash Flow</b>                       |               | -160.1          | -67.8              | +92.3           |
| <b>Investing Cash Flow</b>                       |               | 19.8            | -58.4              | -78.2           |
| <b>Free Cash Flow</b>                            |               | -140.3          | -126.2             | +14.1           |



- Business profit increased YoY due to revenue growth mainly in Energy Systems and Defense & Space, as well as margin improvements

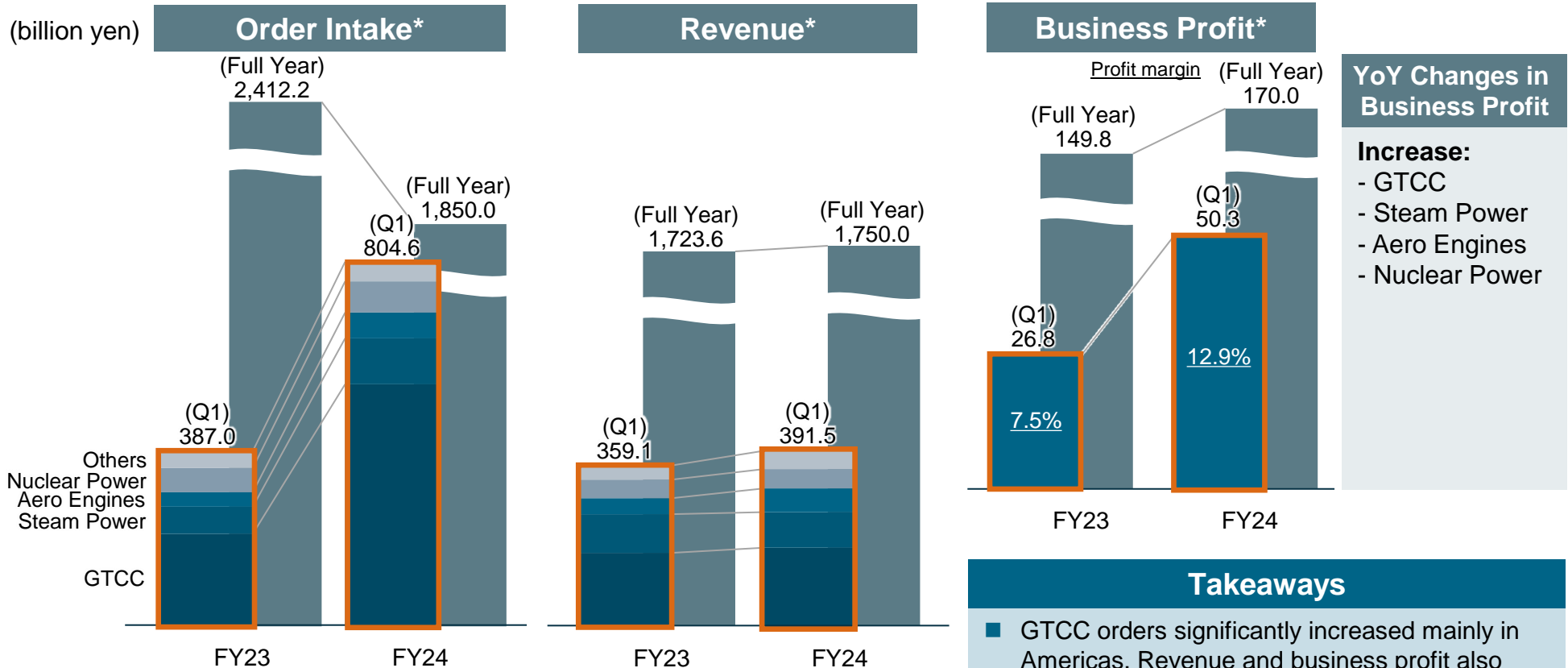


# Financial Results by Segment

|   | Order Intake   |                |               | Revenue      |                |               | Profit from Business Activities |             |              |
|---|----------------|----------------|---------------|--------------|----------------|---------------|---------------------------------|-------------|--------------|
|   | Q1 FY23*       | Q1 FY24        | YoY           | Q1 FY23*     | Q1 FY24        | YoY           | Q1 FY23*                        | Q1 FY24     | YoY          |
| (billion yen)                                 |                |                |               |              |                |               |                                 |             |              |
| <b>Energy Systems</b>                         | 387.0          | 804.6          | +417.6        | 359.1        | 391.5          | +32.3         | 26.8                            | 50.3        | +23.5        |
| <b>Plants &amp; Infrastructure Systems</b>    | 216.7          | 228.4          | +11.6         | 172.7        | 175.1          | +2.3          | 3.9                             | 7.6         | +3.6         |
| <b>Logistics, Thermal &amp; Drive Systems</b> | 321.1          | 329.6          | +8.5          | 310.1        | 320.9          | +10.8         | 17.4                            | 14.6        | -2.7         |
| <b>Aircraft, Defense &amp; Space</b>          | 687.1          | 476.0          | -211.1        | 145.5        | 211.7          | +66.2         | 9.2                             | 23.6        | +14.3        |
| <b>Others, Corporate &amp; Eliminations</b>   | -5.1           | 8.7            | +13.9         | -3.6         | 12.2           | +15.8         | -5.5                            | -12.8       | -7.3         |
| <b>Total</b>                                  | <b>1,606.8</b> | <b>1,847.5</b> | <b>+240.6</b> | <b>983.9</b> | <b>1,111.5</b> | <b>+127.5</b> | <b>51.9</b>                     | <b>83.5</b> | <b>+31.5</b> |

\*FY2023 results adjusted retroactively to reflect establishment of GX Solutions effective April 1, 2024

# Financial Results: Energy Systems



\*FY2023 results adjusted retroactively to reflect establishment of GX Solutions effective April 1, 2024

| Major Businesses | Order Intake |         |
|------------------|--------------|---------|
|                  | Q1 FY23      | Q1 FY24 |
| GTCC             | 204.2        | 534.4   |
| Steam Power      | 59.8         | 101.4   |
| Aero Engines     | 31.8         | 56.9    |
| Nuclear Power    | 53.7         | 68.6    |

|  | Revenue |         |
|--|---------|---------|
|  | Q1 FY23 | Q1 FY24 |
|  | 166.3   | 177.6   |
|  | 85.5    | 78.6    |
|  | 35.2    | 52.4    |
|  | 40.8    | 43.0    |

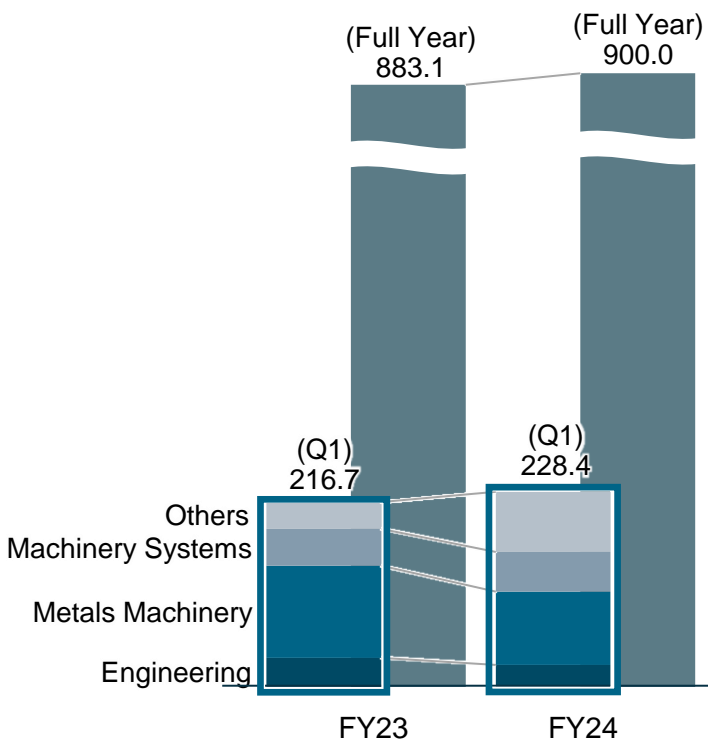
### Takeaways

- GTCC orders significantly increased mainly in Americas. Revenue and business profit also strong.
- Steam Power services orders increased. Business profit increased due to margin improvements despite YoY revenue contraction.
- Aero Engines spare parts and Maintenance, Repair & Overhaul (MRO) revenue and business profit increased
- Nuclear Power showed steady performance

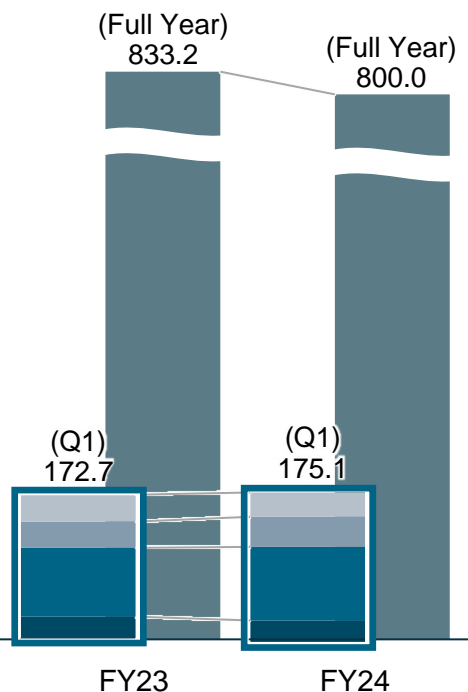
# Financial Results: Plants & Infrastructure Systems

(billion yen)

## Order Intake\*

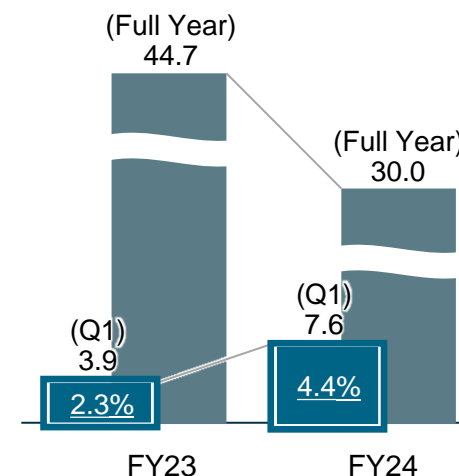


## Revenue\*



## Business Profit\*

Profit margin



## YoY Changes in Business Profit

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

\*FY2023 results adjusted retroactively to reflect establishment of GX Solutions effective April 1, 2024

## Order Intake

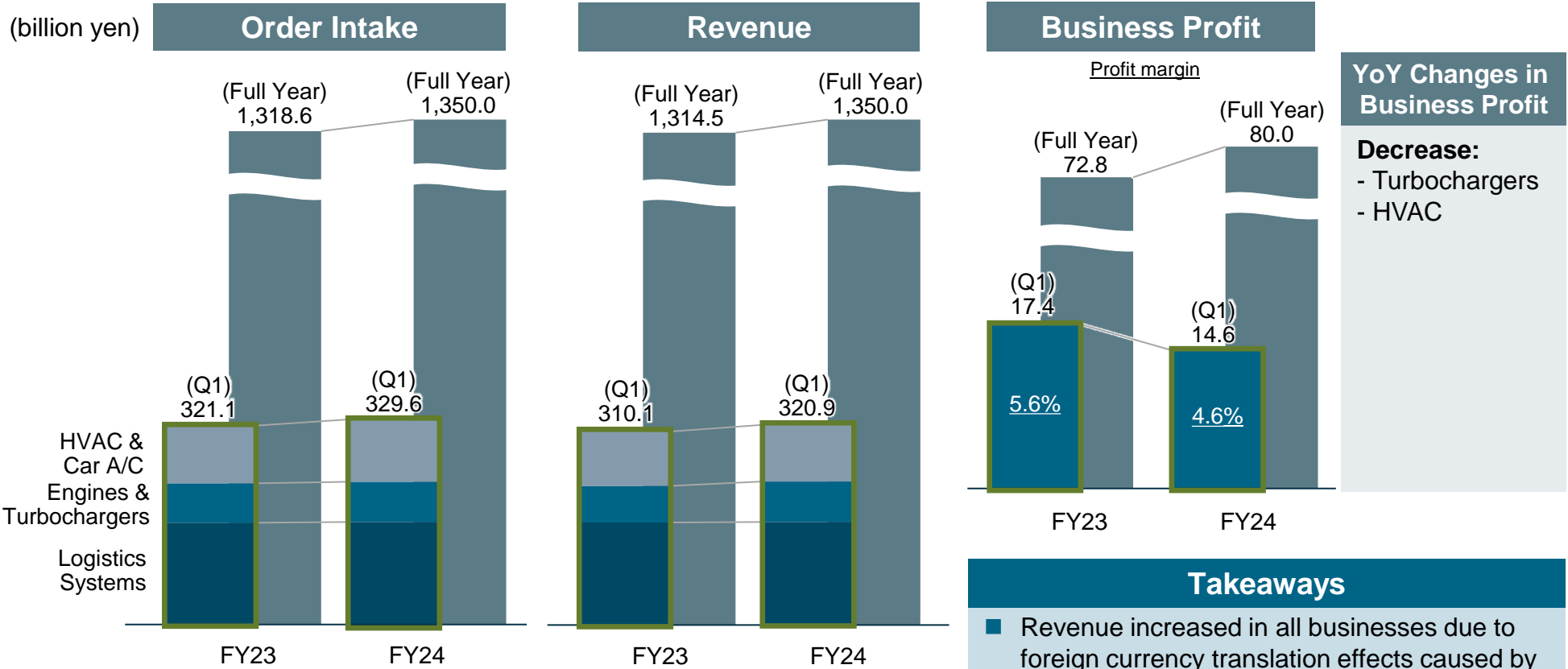
| Major Businesses  | Order Intake |         |
|-------------------|--------------|---------|
|                   | Q1 FY23      | Q1 FY24 |
| Engineering       | 33.8         | 25.5    |
| Metals Machinery  | 108.2        | 86.0    |
| Machinery Systems | 43.1         | 46.7    |

## Revenue

| Major Businesses  | Revenue |         |
|-------------------|---------|---------|
|                   | Q1 FY23 | Q1 FY24 |
| Engineering       | 29.5    | 25.1    |
| Metals Machinery  | 81.0    | 86.2    |
| Machinery Systems | 30.7    | 35.4    |

## Takeaways

- Metals Machinery revenue and business profit increased despite YoY decrease in order intake
- Machinery Systems showed steady performance
- Within the Others category, order intake increased for waste-to-energy systems



## Major Businesses

|                         | Order Intake |         |
|-------------------------|--------------|---------|
|                         | Q1 FY23      | Q1 FY24 |
| Logistics Systems       | 165.9        | 167.0   |
| Engines & Turbochargers | 63.1         | 64.7    |
| HVAC & Car A/C          | 92.8         | 99.9    |

|                         | Revenue |         |
|-------------------------|---------|---------|
|                         | Q1 FY23 | Q1 FY24 |
| Logistics Systems       | 165.9   | 167.0   |
| Engines & Turbochargers | 58.8    | 64.6    |
| HVAC & Car A/C          | 87.1    | 91.2    |

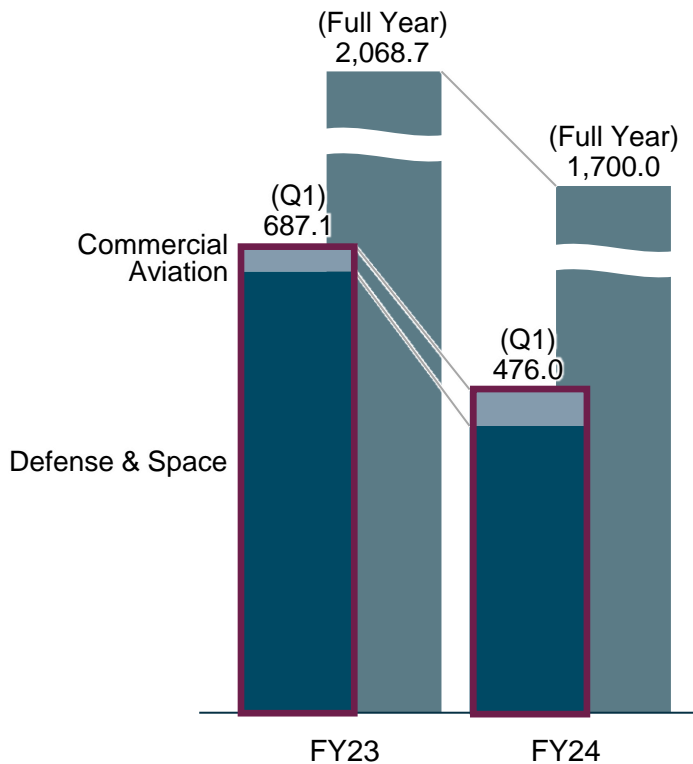
### Takeaways

- Revenue increased in all businesses due to foreign currency translation effects caused by the weak yen
- Fewer unit deliveries resulted in a decrease in business profit

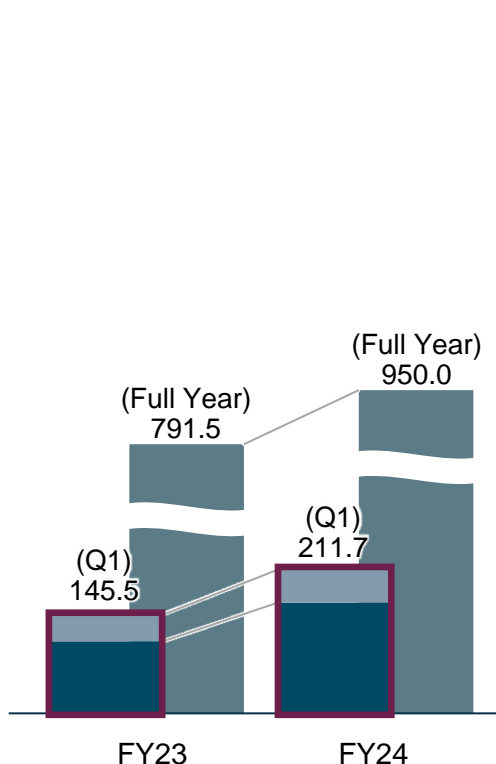
# Financial Results: Aircraft, Defense & Space

(billion yen)

## Order Intake

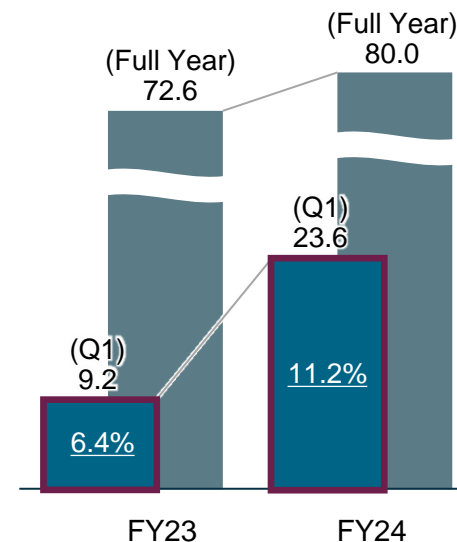


## Revenue



## Business Profit

Profit margin



### YoY Changes in Business Profit

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

### Major Businesses

#### Order Intake

|                     | Q1 FY23 | Q1 FY24 |
|---------------------|---------|---------|
| Defense & Space     | 649.1   | 422.3   |
| Commercial Aviation | 38.0    | 53.6    |

#### Revenue

|                     | Q1 FY23 | Q1 FY24 |
|---------------------|---------|---------|
| Defense & Space     | 106.7   | 163.4   |
| Commercial Aviation | 38.8    | 48.2    |

### Takeaways

- Defense & Space revenue and business profit increased due to steady progress in project execution and margin improvements
- Commercial Aviation revenue and business profit increased due to margin improvements and impact of the weak yen in Aero Structures

## 3. FY2024 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

Unchanged from forecast announced May 8, 2024.

| (billion yen)                                  | <b>FY2023</b><br>(Profit Margin)              | <b>FY2024</b><br>(Profit Margin)              | <b>YoY</b><br>(Profit Margin)   | (YoY%)   |
|--|---|---|---|----------|
| <b>Order Intake</b>                            | 6,684.0                                       | 5,800.0                                       | -884.0  | (-13.2%) |
| <b>Revenue</b>                                 | 4,657.1                                       | 4,900.0                                       | +242.8  | (+5.2%)  |
| <b>Profit from Business Activities</b>         | 282.5<br>(6.1%)                               | 350.0<br>(7.1%)                               | +67.4<br>(+1.0 pt)  | (+23.9%) |
| <b>Profit Attributable to Owners of Parent</b> | 222.0<br>(4.8%)                               | 230.0<br>(4.7%)                               | +8.0<br>(-0.1 pts)  | (+3.6%)  |
| <b>ROE</b>                                     | 11.1%   | 10.0%   | -1.1 pts  |          |
| <b>EBITDA</b>                                  | 432.6<br>(9.3%)                               | 500.0<br>(10.2%)                              | +67.3<br>(+0.9 pts)   | (+15.6%) |
| <b>FCF</b>                                     | 200.1   | -100.0  | -300.1  |          |
| <b>Dividends<br/>(after stock split)</b>       | 20 yen*<br>Interim: 8 yen<br>Year-End: 12 yen | 22 yen<br>Interim: 11 yen<br>Year-End: 11 yen | Exchange rate assumptions:<br>USD 1.00 = ¥145 , EUR 1.00 = ¥155<br>Undetermined foreign currency amounts:<br>USD 2.9 bn, EUR 0.6 bn |          |

\*FY2023 dividends shown here adjusted retroactively to 1/10 of actual value to reflect 10-for-1 stock split effective April 1, 2024



# Forecast by Segment

Unchanged from forecast announced May 8, 2024.

|   | Order Intake   |                |               | Revenue        |                |               | Profit from Business Activities |               |              |
|---|----------------|----------------|---------------|----------------|----------------|---------------|---------------------------------|---------------|--------------|
|   | FY23*          | FY24 Forecast  | YoY           | FY23*          | FY24 Forecast  | YoY           | FY23*                           | FY24 Forecast | YoY          |
| (billion yen)                                 |                |                |               |                |                |               |                                 |               |              |
| <b>Energy Systems</b>                         | 2,412.2        | 1,850.0        | -562.2        | 1,723.6        | 1,750.0        | +26.3         | 149.8                           | 170.0         | +20.1        |
| <b>Plants &amp; Infrastructure Systems</b>    | 883.1          | 900.0          | +16.8         | 833.2          | 800.0          | -33.2         | 44.7                            | 30.0          | -14.7        |
| <b>Logistics, Thermal &amp; Drive Systems</b> | 1,318.6        | 1,350.0        | +31.3         | 1,314.5        | 1,350.0        | +35.4         | 72.8                            | 80.0          | +7.1         |
| <b>Aircraft, Defense &amp; Space</b>          | 2,068.7        | 1,700.0        | -368.7        | 791.5          | 950.0          | +158.4        | 72.6                            | 80.0          | +7.3         |
| <b>Others, Corporate &amp; Eliminations</b>   | 1.2            | 0.0            | -1.2          | -5.8           | 50.0           | +55.8         | -57.5                           | -10.0         | +47.5        |
| <b>Total</b>                                  | <b>6,684.0</b> | <b>5,800.0</b> | <b>-884.0</b> | <b>4,657.1</b> | <b>4,900.0</b> | <b>+242.8</b> | <b>282.5</b>                    | <b>350.0</b>  | <b>+67.4</b> |

\*FY2023 results adjusted retroactively to reflect establishment of GX Solutions effective April 1, 2024

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# 4. Appendix

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

|                           | Q1 FY23 | FY23 | Q1 FY24 |
|---------------------------|---------|------|---------|
| <b>Americas</b>           | -       | 7    | 4       |
| <b>Asia</b>               | 3       | 9    | 2       |
| <b>EMEA</b>               | -       | -    | -       |
| <b>Other Regions</b>      | -       | 1    | -       |
| <b>Order Intake Total</b> | 3       | 17   | 6       |
| <b>Contract Backlog</b>   | 42      | 36   | 38      |

## (Reference) Order Intake of China Licensee

|                     | Q1 FY23 | FY23 | Q1 FY24 |
|---------------------|---------|------|---------|
| <b>Order Intake</b> | 7       | 21   | -       |

## Commercial Aviation Deliveries (units)

| 777         | Q1 | Q2 | Q3 | Q4 | Total |
|-------------|----|----|----|----|-------|
| <b>FY23</b> | 7  | 11 | 7  | 5  | 30    |
| <b>FY24</b> | 6  | /  | /  | /  | 6     |

| 777X        | Q1 | Q2 | Q3 | Q4 | Total |
|-------------|----|----|----|----|-------|
| <b>FY23</b> | 0  | 1  | 3  | 2  | 6     |
| <b>FY24</b> | 3  | /  | /  | /  | 3     |

| 787         | Q1 | Q2 | Q3 | Q4 | Total |
|-------------|----|----|----|----|-------|
| <b>FY23</b> | 9  | 7  | 13 | 14 | 43    |
| <b>FY24</b> | 9  | /  | /  | /  | 9     |

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

|                                      | Q1 FY23 | Q1 FY24 | FY24 Forecast |
|--------------------------------------|---------|---------|---------------|
| <b>R&amp;D Expenses</b>              | 29.9    | 41.4    | 220.0         |
| <b>Depreciation and Amortization</b> | 33.1    | 38.8    | 150.0         |
| <b>Capital Expenditures</b>          | 35.1    | 45.0    | 180.0         |

## Selling, General, and Administrative Expenses (billion yen)

|                 | Q1 FY23 | Q1 FY24 |
|-----------------|---------|---------|
| <b>SG&amp;A</b> | 156.3   | 175.0   |

## Foreign Exchange Rates (Average Rates Used for Revenue Recognition)

|                              | Q1 FY23 | Q1 FY24 |
|------------------------------|---------|---------|
| <b>U.S. Dollar (JPY/USD)</b> | 136.3   | 152.5   |
| <b>Euro (JPY/EUR)</b>        | 144.6   | 166.1   |

# Appendix: Reference Data

(billion yen)

| Order Backlog                      | FY23 End*      | Q1 FY24 End    |
|------------------------------------|----------------|----------------|
| Energy Systems                     | 4,231.1        | 4,754.3        |
| Plants & Infrastructure Systems    | 1,622.4        | 1,668.8        |
| Logistics, Thermal & Drive Systems | 58.3           | 67.4           |
| Aircraft, Defense & Space          | 2,474.2        | 2,713.5        |
| Others, Corporate & Eliminations   | 14.4           | 16.3           |
| <b>Total</b>                       | <b>8,400.5</b> | <b>9,220.6</b> |

\*FY2023 End results adjusted retroactively to reflect establishment of GX Solutions effective April 1, 2024

(billion yen)

| Revenue by Region              | Q1 FY23      |               | FY23 Full Year |               | Q1 FY24        |               |
|--------------------------------|--------------|---------------|----------------|---------------|----------------|---------------|
| Japan                          | 367.9        | (37%)         | 1,950.0        | (42%)         | 426.7          | (38%)         |
| Asia-Pacific (excluding Japan) | 168.3        | (17%)         | 745.7          | (16%)         | 175.6          | (16%)         |
| Americas                       | 299.3        | (31%)         | 1,301.5        | (28%)         | 336.5          | (30%)         |
| EMEA                           | 148.4        | (15%)         | 659.8          | (14%)         | 172.6          | (16%)         |
| <b>Total</b>                   | <b>983.9</b> | <b>(100%)</b> | <b>4,657.1</b> | <b>(100%)</b> | <b>1,111.5</b> | <b>(100%)</b> |

