

PRESS RELEASE

August 4, 2023

Mitsubishi Heavy Industries Achieves Significant YoY Increases in Order Intake and Profit in Strong First Quarter

- Order intake up YoY in Energy Systems, Logistics, Thermal & Drive Systems, and Aircraft, Defense & Space segments, with significant gains in GTCC and Defense & Space businesses.
- Revenue, business profit, and net income exceeded 1Q FY2022 levels in all reporting segments.
- Profitability improvements resulted from organic topline growth, services business expansion, successful cost passthroughs, a YoY reduction in one-time items, as well as foreign exchange effects.
- Full-year guidance for FY2023 unchanged from previous announcement.

Tokyo – Mitsubishi Heavy Industries (MHI, TSE Code: 7011) announced that order intake rose 75.1% year-over-year to ¥1,606.8 billion in the quarter ended June 30, 2023. Revenue rose 12.9% to ¥983.9 billion year-over-year, resulting in profit from business activities (business profit) of ¥51.9 billion, a 248.1% increase from the previous fiscal year, which represents a profit margin of 5.3%. Profit attributable to owners of parent (net income) was ¥53.1 billion, an increase of 177.1% year-over-year, with a profit margin of 5.4%. EBITDA was ¥85.1 billion, an 80.3% increase from Q1 FY2022, with an EBITDA margin of 8.7%, up 3.3 percentage points year-over-year.

(billion yen, except where otherwise stated)

Q1 FY2023 Actual	Q1 FY2022	Q1 FY2023	YoY	YoY%
Order Intake	917.8	1,606.8	+689.0	+75.1
Revenue	871.3	983.9	+112.6	+12.9
Profit from Business Activities	14.9	51.9	+37.0	+248.1
Profit Margin (%)	1.7	5.3	+3.6 pts	-
Profit Attributable to Owners of Parent	19.1	53.1	+33.9	+177.1
Profit Margin (%)	2.2	5.4	+3.2 pts	-
EBITDA	47.2	85.1	+37.9	+80.3
EBITDA Margin (%)	5.4	8.7	+3.3 pts	-
FCF	-159.7	-140.3	+19.4	-

Large orders growth in Energy Systems was driven by Gas Turbine Combined Cycle (GTCC), which continues to see strong demand for both new builds and after-sales services. Business profit in the segment increased by ¥27.0 billion YoY due to a reduction in one-time charges in the Thermal Power businesses as well as revenue growth and improved project margins in GTCC.

In Plants & Infrastructure Systems, revenue increased by ¥33.8 billion YoY due to contributions from Metals Machinery and Engineering, while business profit improved by ¥5.0 billion resulting from increased revenue in Metals Machinery as well as positive developments in Engineering and Machinery Systems' project mix.

In Logistics, Thermal & Drive Systems, successful passthrough of cost inflation to sales prices mainly in Logistics Systems and Heating, Ventilation & Air Conditioning (HVAC) led to 14.3% and 16.6% YoY increases in order intake and revenue, respectively. Cost passthroughs in these businesses also helped to raise the segment's business profit by ¥15.3 billion YoY.

Most notable this quarter is the striking growth in Aircraft, Defense & Space order intake, specifically in Defense & Space, which saw orders rise by ¥584.1 billion YoY. This is due to large orders for missile defense systems from Japan's Ministry of Defense as the country seeks to improve its capabilities in this area.

(billion yen, except where otherwise stated)

Q1 FY2023 Actual by Segment	Order Intake		Revenue		Business Profit	
	Q1 FY23	YoY	Q1 FY23	YoY	Q1 FY23	YoY
Energy Systems	387.2	+80.6	366.1	+16.6	24.5	+27.0
Plants & Infrastructure Systems	216.4	-25.9	165.7	+33.8	5.9	+5.0
Logistics, Thermal & Drive Systems	321.1	+40.2	310.1	+44.1	17.4	+15.3
Aircraft, Defense & Space	687.1	+590.0	145.5	+16.5	9.2	+1.6
Corporate & Eliminations	-5.1	+3.9	-3.6	+1.4	-5.2	-12.1
Total	1,606.8	+689.0	983.9	+112.6	51.9	+37.0

FY2023 Guidance:

MHI upheld its guidance for the period ending March 31, 2024, unchanged from the original announcement made May 10, 2023.

(billion yen, except where otherwise stated)

FY2023 Forecast	FY2022 Actual	FY2023 Forecast	YoY	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	300.0	+106.6	+55.2
Profit Margin (%)	4.6	7.0	+2.4 pts	-
Profit Attributable to Owners of Parent	130.4	190.0	+59.5	+45.6
Profit Margin (%)	3.1	4.4	+1.3 pts	-
ROE (%)	7.9	11	+3 pts	-
EBITDA	331.1	440.0	+108.8	+32.9
EBITDA Margin (%)	7.9	10.2	+2.3 pts	-
FCF	35.3	-100.0	-135.3	-
Dividends	130 yen	160 yen	-	-

(billion yen, except where otherwise stated)

FY2023 Forecast by Segment	Order Intake	Revenue	Business Profit
Energy Systems	1,700.0	1,700.0	150.0
Plants & Infrastructure Systems	700.0	700.0	40.0
Logistics, Thermal & Drive Systems	1,250.0	1,250.0	70.0
Aircraft, Defense & Space	1,000.0	700.0	40.0
Corporate & Eliminations	-50.0	-50.0	0.0
Total	4,600.0	4,300.0	300.0

CFO Message:

"MHI had a strong first quarter this fiscal year, achieving large year-over-year increases especially in order intake and profit," Hisato Kozawa, MHI Chief Financial Officer commented.

Kozawa continued, "We are leveraging key market positions and robust capabilities in many important product areas to grow our order book, and we are particularly pleased with our gains in GTCC and Defense & Space. In parallel, we are improving revenue mix and executing on cost passthroughs among

other profitability improvement initiatives. During the first quarter, the yen traded more weakly against foreign currencies than initially forecast, which in some cases gave a boost to our earnings. However, depreciation of the yen has proved to be a double-edged sword, leading to increased energy and other costs within Japan. As such, we will continue to monitor global market conditions closely. Finally, we have maintained our initial guidance for the full fiscal year, and we are confident in our ability to deliver on these commitments over the coming quarters.”

Attachment 1: Q1 FY2023 Financial Results

- [Financial Results](#)

Attachment 2: Presentation Materials of Financial Results

- [Presentation Materials](#)

Downloadable PDF of this press release

- [Press Release](#)

Note regarding forward looking statements:

Forecasts regarding future performance as outlined in these materials are based on judgments made in accordance with information available at the time they were 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 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 yen to the U.S. dollar and other foreign currencies, and Japanese stock market trends. The results projected here should not be construed in any way as a guarantee by the Company.