PRESS RELEASE

May 8, 2024

Mitsubishi Heavy Industries Increases Dividends on Back of Historically High FY2023 Results, Releases FY2024 Guidance

- Order intake grew YoY in all segments driven by successes in GTCC, Nuclear Power, and Defense & Space businesses.
- Revenue was up YoY in all segments with largest contributions from Metals Machinery, Logistics Systems, and Defense & Space.
- Business profit increased in all segments as factors including higher revenue, cost passthroughs, and the weak yen offset one-time charges, investments, and cost inflation.
- Free cash flow significantly increased YoY from higher profits, which compensated for outflows from growth investments.
- Announced ¥70/share YoY increase in dividends to ¥200/share enabled by higher net income.
- Released FY2024 guidance aiming for ¥4.9 trillion in revenue and 7% business profit margin.

Tokyo – Mitsubishi Heavy Industries, Ltd. (MHI, TSE Code: 7011) announced that order intake rose 48.5% year-over-year to ¥6,684.0 billion in the fiscal year ended March 31, 2024. Revenue rose 10.8% to ¥4,657.1 billion year-over-year, resulting in profit from business activities (business profit) of ¥282.5 billion, a 46.1% increase over the previous fiscal year, which represented a profit margin of 6.1%. Profit attributable to owners of parent (net income) was ¥222.0 billion, an increase of 70.2% year-over-year, with a profit margin of 4.8%. EBITDA was ¥432.6 billion, a 30.6% increase over FY2022, with an EBITDA margin of 9.3%, up 1.4 percentage points year-over-year.

(billion yen, except where otherwise stated)

FY2023 Financial Results	FY2022	FY2023	YoY	YoY%
Order Intake	4,501.3	6,684.0	+2,182.7	+48.5%
Revenue	4,202.7	4,657.1	+454.3	+10.8%
Profit from Business Activities	193.3	282.5	+89.2	+46.1%
Profit Margin	4.6%	6.1%	+1.5 pts	-
Profit Attributable to Owners of Parent	130.4	222.0	+91.5	+70.2%
Profit Margin	3.1%	4.8%	+1.7 pts	-
EBITDA	331.1	432.6	+101.4	+30.6%
EBITDA Margin	7.9%	9.3%	+1.4 pts	-
FCF	35.3	200.1	+164.8	-

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FY2023 Financial Results by Segment	Order Intake		Revenue		Business Profit	
	FY2023	YoY	FY2023	YoY	FY2023	YoY
Energy Systems (Energy)	2,428.0	+636.2	1,761.5	+22.8	141.5	+56.4
Plants & Infrastructure Systems (P&I)	867.3	+21.9	795.2	+119.6	54.8	+22.0
Logistics, Thermal & Drive Systems (LT&D)	1,318.6	+103.6	1,314.5	+110.8	72.8	+33.8
Aircraft, Defense & Space (ADS)	2,068.7	+1,365.0	791.5	+172.1	72.6	+32.7
Corporate & Eliminations (C&E)	1.2	+55.8	-5.8	+28.9	-59.3	-55.8
Total	6,684.0	+2,182.7	4,657.1	+454.3	282.5	+89.2

In Energy, the booking of large Gas Turbine Combined Cycle (GTCC) projects in Asia and the U.S., as well as a combination of Nuclear Power projects served to increase order intake by ¥636.2 billion YoY. GTCC executed contracts for 17 large frame gas turbine units during FY2023, a YoY increase of 1 unit. Services expansion in GTCC combined with a change in product mix and the dropout of one-time charges in Steam Power offset one-time expenses, resulting in a ¥56.4 billion YoY increase in segment business profit.

In P&I, revenue was up by ¥119.6 billion YoY driven by Metals Machinery, which continued to work through its large backlog. Revenue increases and foreign exchange effects in Metals Machinery combined with improved project margins in Engineering led to a ¥22.0 billion YoY increase in segment business profit.

In LT&D, cost passthroughs and foreign exchange effects in Logistics Systems were the main factors behind a ¥110.8 billion YoY increase in segment revenue. Benefits from price optimization and the weak yen in Logistics Systems, HVAC, and Engines contributed to a ¥33.8 billion YoY rise in segment business profit.

In ADS, Defense & Space booked multiple large projects including those related to stand-off defense capabilities, which was the main contributor to a ¥1,365.0 billion YoY increase in order intake. Higher revenue in both Defense & Space and Commercial Aviation as well as foreign exchange effects in Commercial Aviation resulted in a ¥32.7 billion YoY increase in segment business profit.

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FY2024 Earnings Forecast:

MHI issued guidance for the period ending March 31, 2025, the first year of the new 2024 Medium-Term Business Plan. This forecast targets further increases in revenue and business profit above FY2023 levels. The main driver of revenue growth is expected to be Defense & Space in ADS, which will begin to work through the large order backlog accumulated during FY2023. A reduction in one-time charges together with higher revenue and improved project margins will contribute to an increase in business profit. A full-year dividend of ¥22/share is planned following the 10-for-1 stock split that came into effect on April 1, 2024.

(billion yen, except where otherwise stated)

FY2024 Earnings Forecast	FY2023 Actual	FY2024 Forecast	YoY	YoY%
Order Intake	6,684.0	5,800.0	-884.0	-13.2%
Revenue	4,657.1	4,900.0	+242.8	+5.2%
Profit from Business Activities	282.5	350.0	+67.4	+23.9%
Profit Margin	6.1%	7.1%	+1.0 pt	-
Profit Attributable to Owners of Parent	222.0	230.0	+8.0	+3.6%
Profit Margin	4.8%	4.7%	-0.1 pts	-
ROE	11.1%	10.0%	-1.1 pts	-
EBITDA	432.6	500.0	+67.3	+15.6%
EBITDA Margin	9.3%	10.2%	+0.9 pts	-
FCF	200.1	-100.0	-300.1	-
Dividends	20 yen*	22 yen	-	-

*FY2023 Actual dividends (¥200/share) shown here adjusted retroactively to 1/10 of original value to reflect the 10-for-1 stock split effective April 1, 2024.

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FY2024 Earnings Forecast by Segment	Order Intake	Revenue	Business Profit
Energy	1,850.0	1,750.0	170.0
P&I	900.0	800.0	30.0
LT&D	1,350.0	1,350.0	80.0
ADS	1,700.0	950.0	80.0
C&E	0.0	50.0	-10.0
Total	5,800.0	4,900.0	350.0

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CFO Message:

"MHI achieved historical highs in order intake, revenue, and net income in FY2023," Hisato Kozawa, MHI Chief Financial Officer commented. Kozawa continued, "This was driven by excellence across the organization, with particularly strong performance seen in GTCC, Nuclear Power, and Defense & Space. The booking of large projects in these businesses led to a large year-over-year increase in order intake. Business profit also significantly increased year-over-year due to revenue growth, improved project margins, and the benefits of the weak yen, among other factors. Higher than expected net income will allow us to raise our full-year dividend to ¥200/share, a ¥40 increase over the previous guidance. Comparing these results to our 2021 Medium-Term Business Plan goals, we have nearly achieved our targets for business profit and ROE, with revenue, D/E ratio, interest-bearing debt, and dividends surpassing our initial forecasts.

"Today, we have also announced our earnings forecast for FY2024, which is the first year of our new 2024 Medium-Term Business Plan. Strong order backlog accumulated over the past few fiscal years will drive further revenue growth. Decreased one-time charges, continued improvements in project margins, services growth, and cost passthroughs will enable us to increase profitability and achieve a 7% business profit margin. In closing, allow me to mention that our President and CEO, Izumisawa, will present our new medium-term business plan at a briefing scheduled for Tuesday, May 28, Japan Standard Time. We look forward to sharing our updated strategy and targets with you then."

Attachment 1: FY2023 Financial Results

- Financial Results

Attachment 2: Presentation Materials of Financial Results

- Presentation Materials

Downloadable PDF of this press release

- Press Release

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Note regarding forward looking statements:

Forecasts regarding future performance 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 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.

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