

FY2023 Financial Results

May 8, 2024

Mitsubishi Heavy Industries, Ltd.

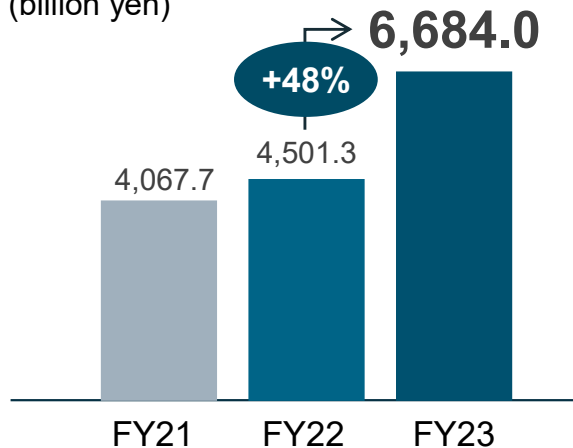
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1. Key Takeaways

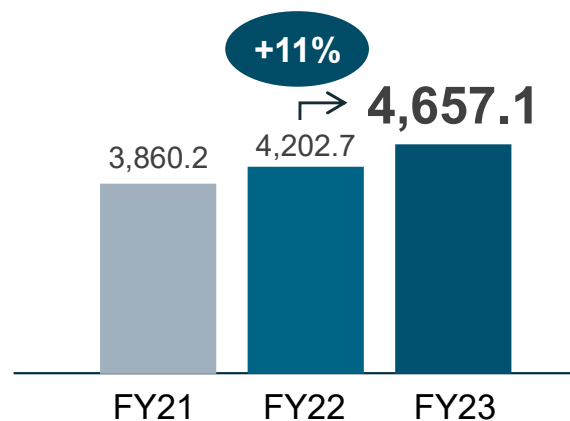
FY2023 Financial Results

Order Intake

(billion yen)



Revenue



EBITDA

432.6
billion yen
(+¥101.4 bn YoY)

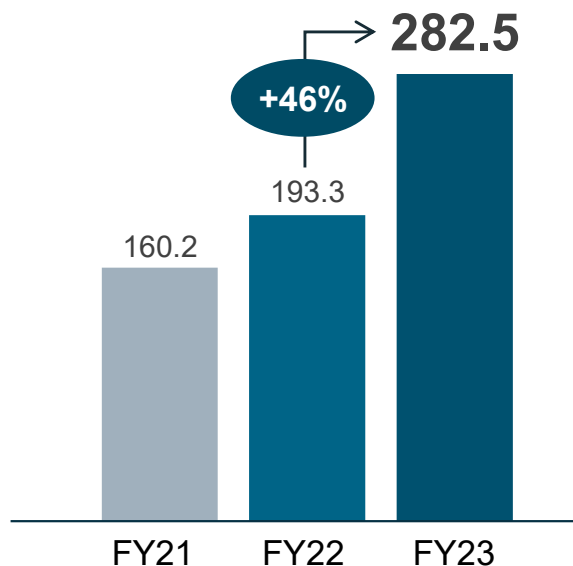
EBITDA margin
9.3%
(+1.4 pts YoY)

FCF

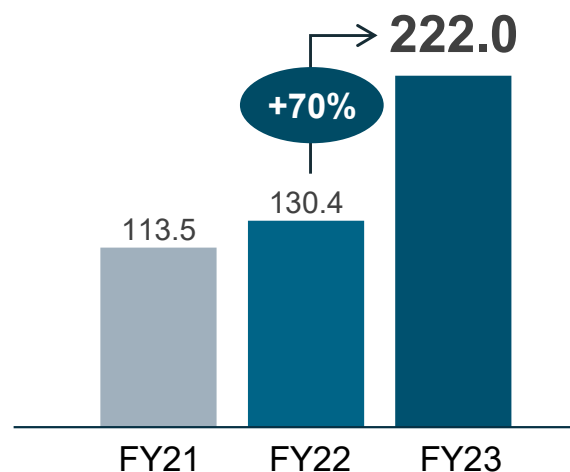
200.1
billion yen
(-¥164.8 bn YoY)

Operating Cash Flow
¥331.1 bn
(+¥250.2 bn YoY)

Business Profit



Net Income



Interest-Bearing Debt

728.9
billion yen
(-¥13.4 bn YoY)

Net Interest-Bearing Debt
¥297.6 bn
(-¥97.0 bn YoY)

ROE

11.1%
(+3.2 pts YoY)

Dividends

¥200/share
(+¥70/share YoY)

FY2023 Financial Results Highlights

- Achieved historical highs in order intake, revenue, and net income
- Free cash flow increased by ¥164.8 bn to ¥200.1 bn.
Operating cash flow was ¥331.1 bn, and investing cash flow was -131.0 bn.
- Order intake: ¥6,684.0 bn (+¥2,182.7 bn YoY)
Order intake increased YoY in all segments.
In terms of major businesses, orders significantly grew YoY in Gas Turbine Combined Cycle (GTCC), Nuclear Power, and Defense & Space.
- Revenue: ¥4,657.1 bn (+¥454.3 bn YoY)
Revenue increased YoY in all segments.
In terms of major businesses, Metals Machinery, Logistics Systems, and Defense & Space saw large YoY increases in revenue.
- Business Profit: ¥282.5 bn (+89.2 YoY)
Business profit increased YoY in all segments. Increased revenue, project margin improvements, services business expansion, price optimization, and the weak yen offset losses in some international projects, increasing business profit by 46% YoY to ¥282.5 bn.
- Net Income: ¥222.0 bn (+¥91.5 YoY)
Higher business profit results and the weak yen served to increase net income by 70.2% YoY to ¥222.0 bn.
- Planning to increase dividends by ¥40 per share over previous guidance of ¥160 per share to ¥200 per share, a YoY increase of ¥70 per share.

Financial Results Highlights: GTCC Order Intake and Revenue

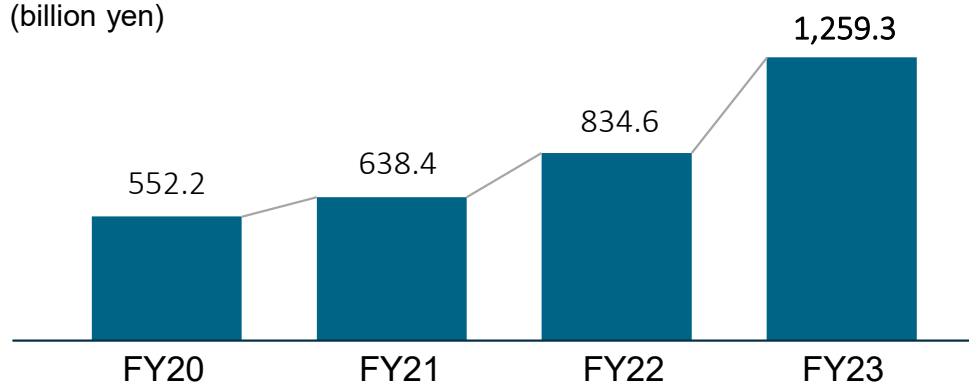
Order Intake

- Achieved historically high order intake
- Booked orders for 17 large frame gas turbine units
- New installations and services grew mainly in North America and Asia, including Japan
- Attained world's top market share two years in a row

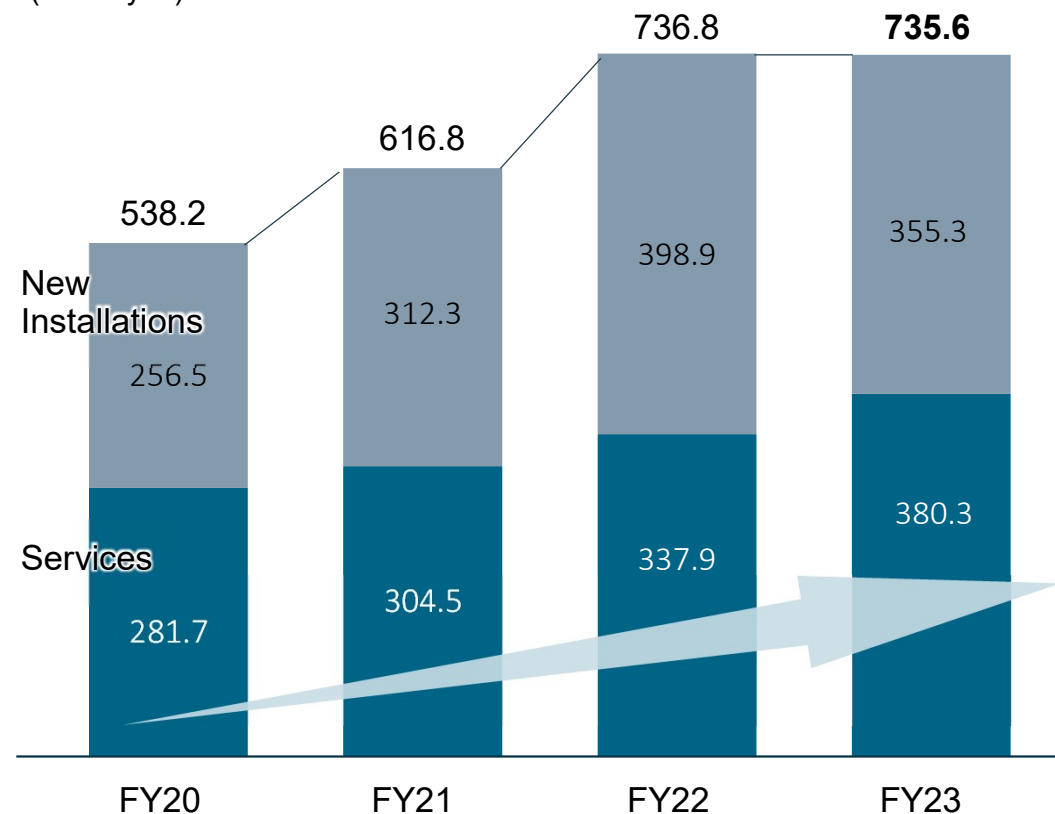
Revenue

- Revenue from new installations and services has increased steadily since FY2020
- High capacity utilization from continuous new installation orders and services business. Increasing personnel in line with higher production volume.

(billion yen)

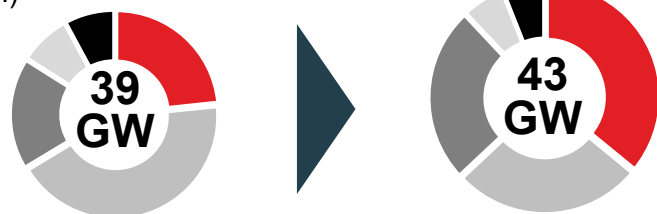


(billion yen)



MHI Global Gas Turbine Market Share

(■ MHI)



2020

2023

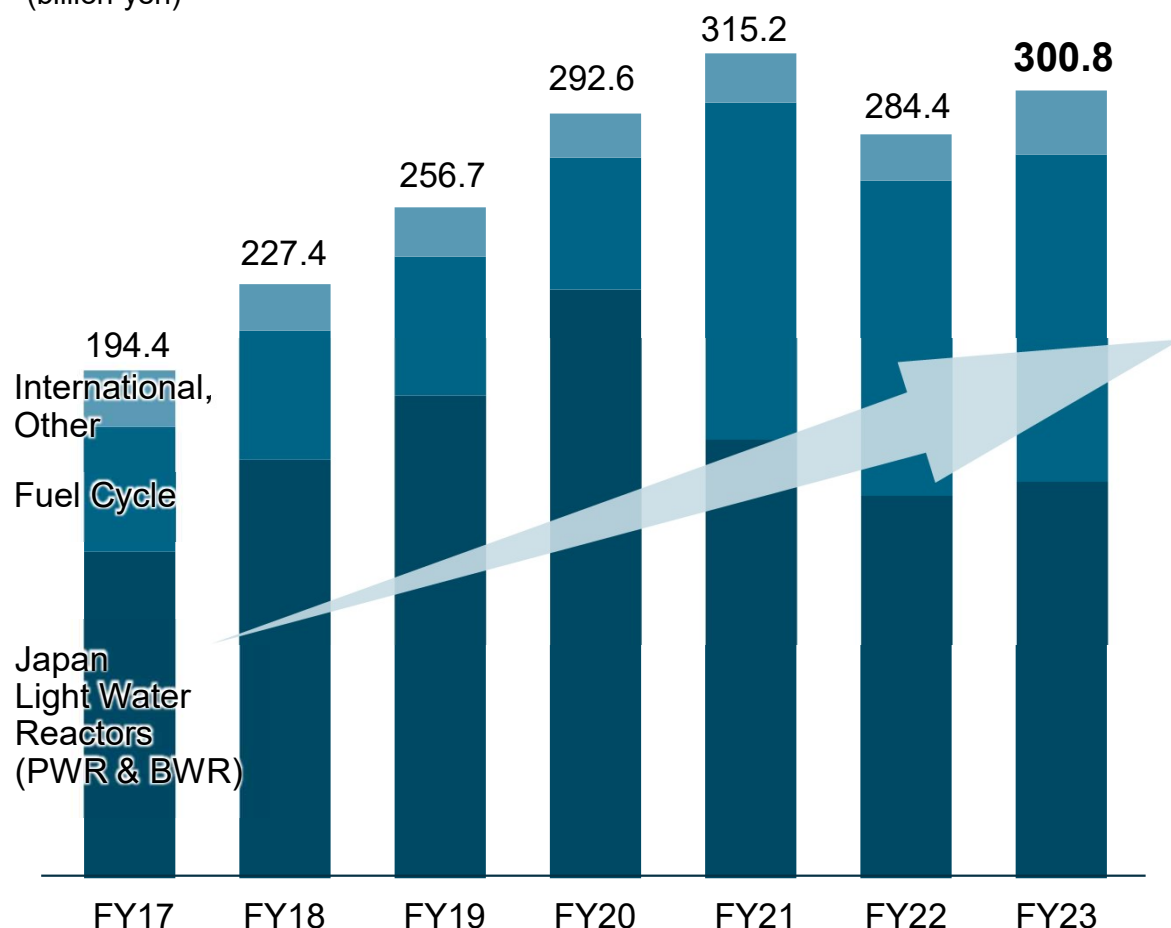
Courtesy of McCoy Power Reports (All output ranges, GT capacity only)

Financial Results Highlights: Nuclear Power Revenue

- Revenue increased driven by steady progress in Japan light water reactor restarts, Specialized Safety Facility¹ construction, and work on nuclear fuel cycle facilities

Revenue

(billion yen)



- PWR² plant restarts showed steady progress. Contributed to successful restart of Units 1 and 2 at Kansai Electric Power's Takahama Nuclear Power Plant in FY2023.
- Scope of work and revenue from BWR³ plant restarts and SSF construction increased
- Selected as lead company for development of fast reactor and high-temperature gas cooled reactor technologies. Forecasting increased revenue in the future as development and design work ramp up.

- Specialized Safety Facility (SSF): A facility completely independent from a nuclear reactor used to safely shut down the reactor during a security incident such as an airplane strike or terrorist attack
- PWR: Pressurized Water Reactor
- BWR: Boiling Water Reactor

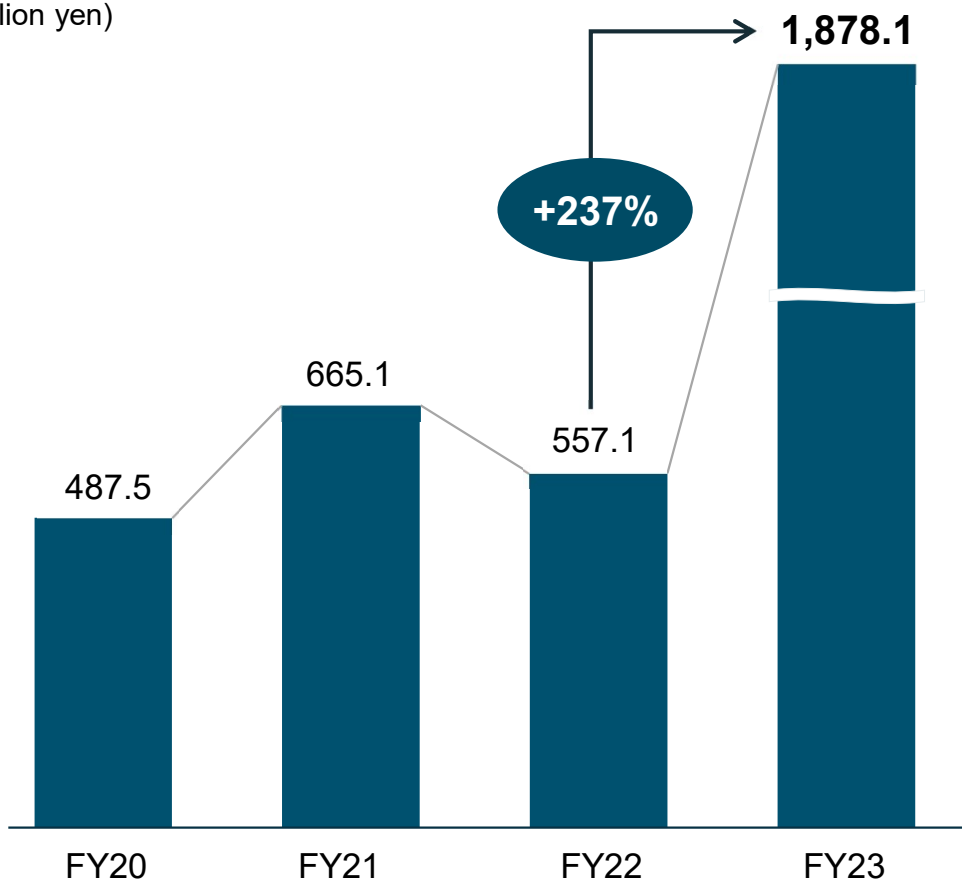
Order Intake

- In response to Japanese government's policy to significantly strengthen country's defense capabilities, received orders for several large projects including those related to stand-off defense capabilities in FY2023

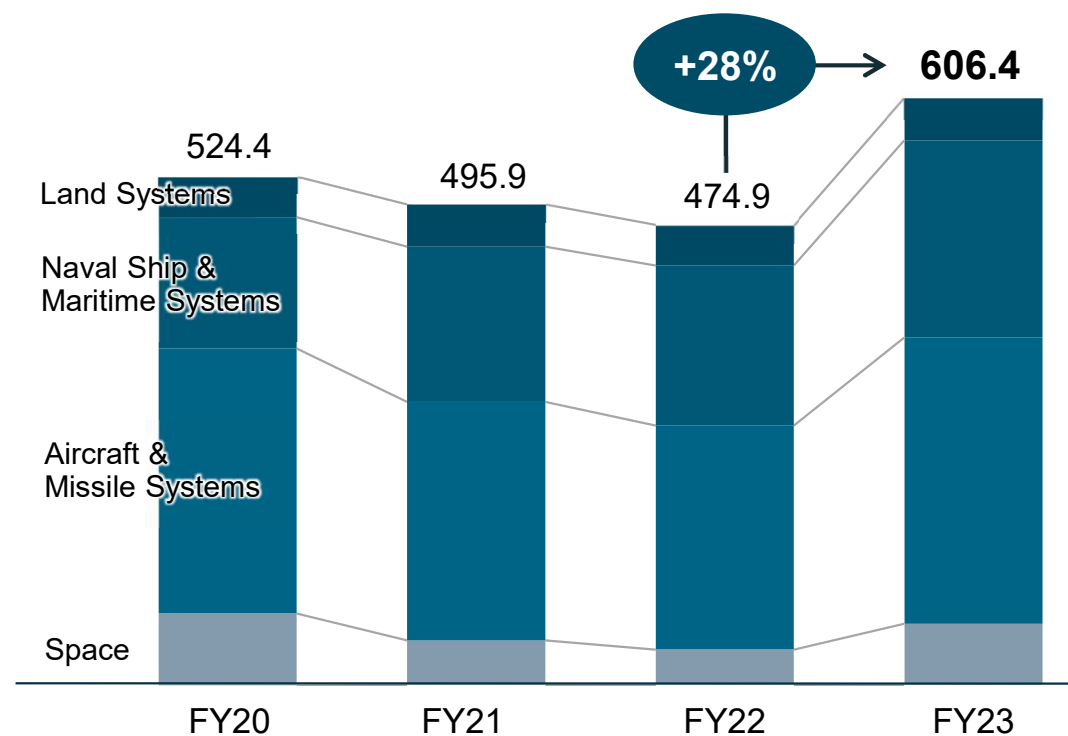
Revenue

- Increased by 28% YoY, mainly in Aircraft & Missile Systems and Naval Ship & Maritime Systems

(billion yen)



(billion yen)



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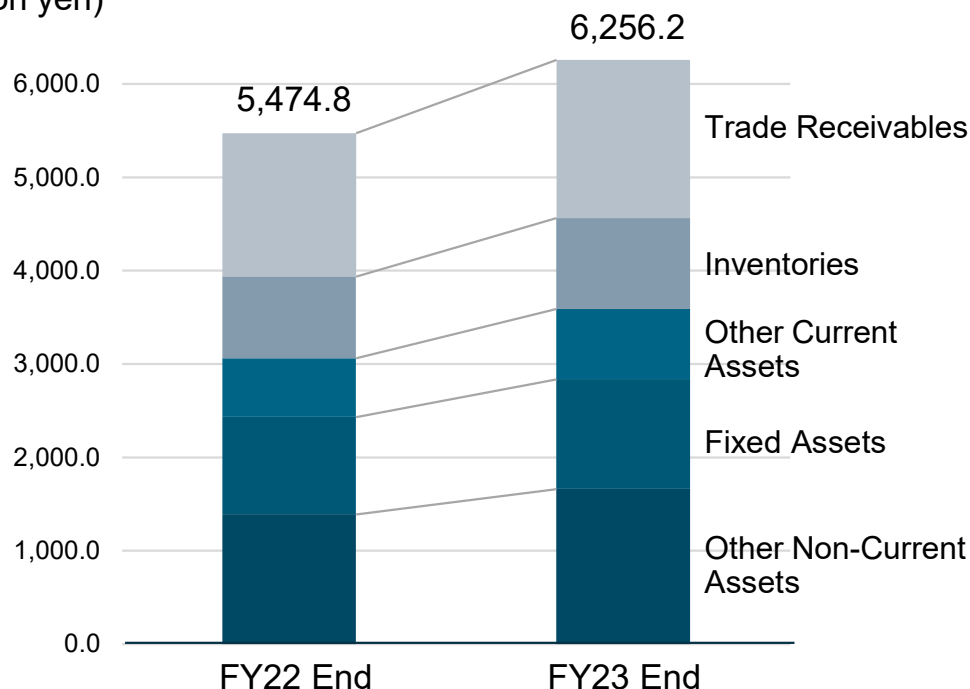
2. FY2023 Financial Results

Financial Results Overview

(billion yen)	FY2022 (Profit Margin)	FY2023 (Profit Margin)	YoY (Profit Margin)	(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 (4.6%)	282.5 (6.1%)	+89.2 (+1.5 pts)	(+46.1%)
Profit Attributable to Owners of Parent	130.4 (3.1%)	222.0 (4.8%)	+91.5 (+1.7 pts)	(+70.2%)
ROE	7.9%	11.1%	+3.2 pts	
EBITDA	331.1 (7.9%)	432.6 (9.3%)	+101.4 (+1.4 pts)	(+30.6%)
FCF	35.3	200.1	164.8	

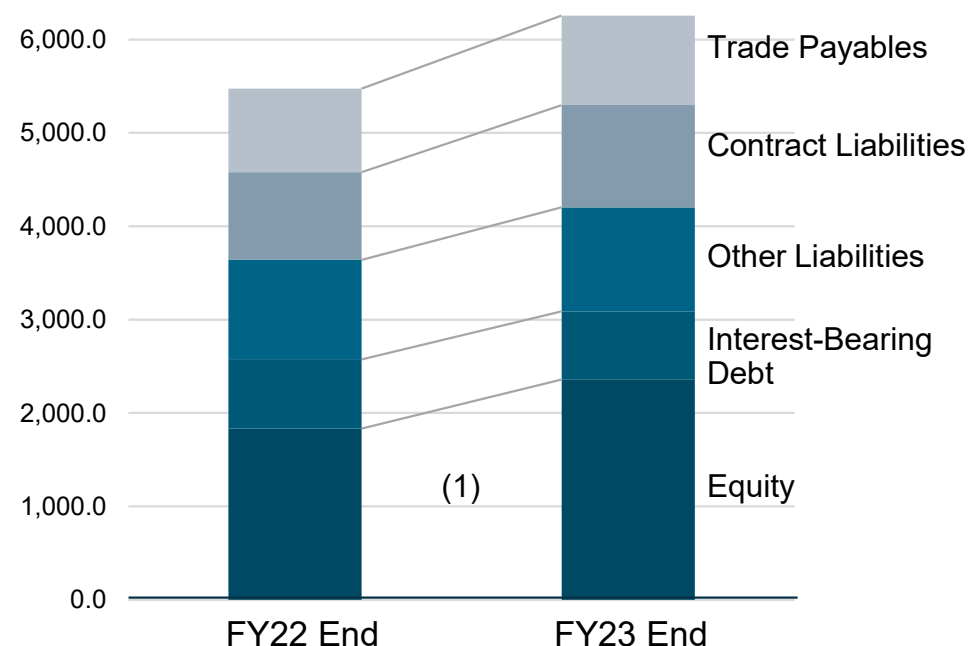
Assets

(billion yen)



Liabilities & Equity

(billion yen)



Breakdown of main items (billion yen):

(1) Profit Attributable to Owners of Parent +222.0, dividends -50.3, retirement benefit remeasurement +172.3, foreign currency translation adjustment +103.2

- Total assets exceeded FY2022 end levels from an increase in trade receivables and other non-current assets due to revenue growth and impact of changes in foreign currency-denominated assets' market valuation
- Interest-bearing debt remained at same level as FY2022 end. Equity ratio increased by 4.1 pts, and D/E ratio was 0.31.

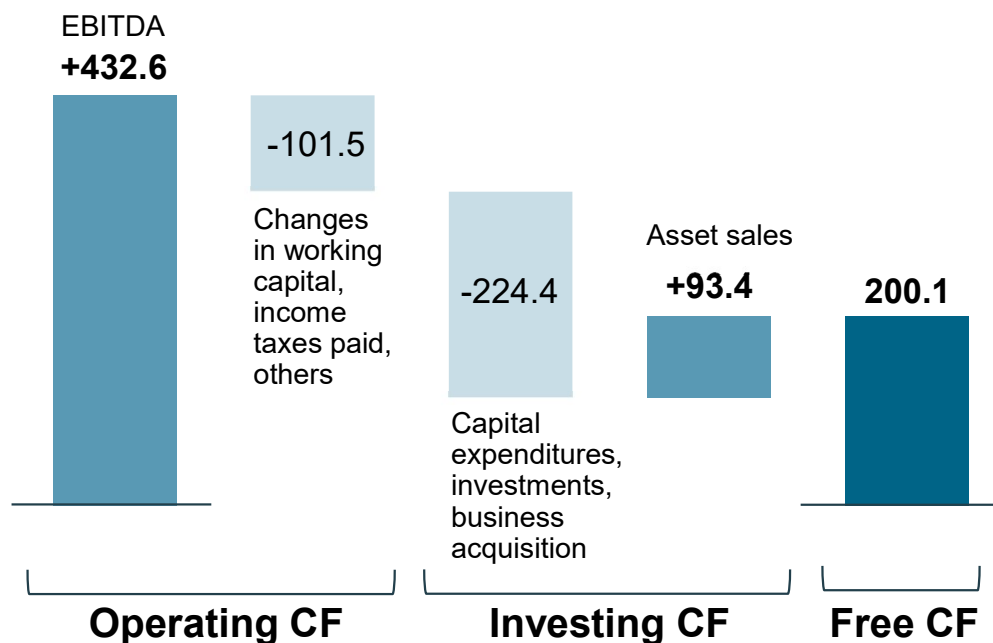
	FY22 End	FY23 End	YoY
Interest-Bearing Debt (billion yen)	742.4	728.9	-13.4
Equity Ratio	31.8%	35.9%	+4.1 pts
D/E Ratio	0.40	0.31	-0.09

Financial Position

(billion yen)	FY22 End	FY23 End	YoY
Trade Receivables and Contract Assets	1,536.4	1,692.4	+155.9
Inventories	876.8	974.5	+97.6
Other Current Assets	628.9	752.9	+123.9
(Cash and Cash Equivalents)	(347.6)	(431.2)	(+83.6)
Fixed Assets	1,041.1	1,174.7	+133.5
Other Non-Current Assets	1,391.3	1,661.5	+270.2
Total Assets	5,474.8	6,256.2	+781.4
Trade Payables	895.2	958.8	+63.6
Contract Liabilities	936.7	1,095.1	+158.3
Other Liabilities	1,066.3	1,112.5	+46.2
Interest-Bearing Debt	742.4	728.9	-13.4
Equity	1,833.9	2,360.6	+526.6
(Equity Attributable to Owners of Parent)	(1,740.9)	(2,244.6)	(+503.6)
Total Liabilities and Equity	5,474.8	6,256.2	+781.4

Free Cash Flow

(billion yen)



Operating Cash Flow

- EBITDA increased by ¥101.4 bn YoY, resulting in ¥331.1 in operating cash flow

Investing Cash Flow

- Capital expenditures and investments were at same levels as FY2022
- Acquired Concentric, LLC in US to strengthen growth area initiatives

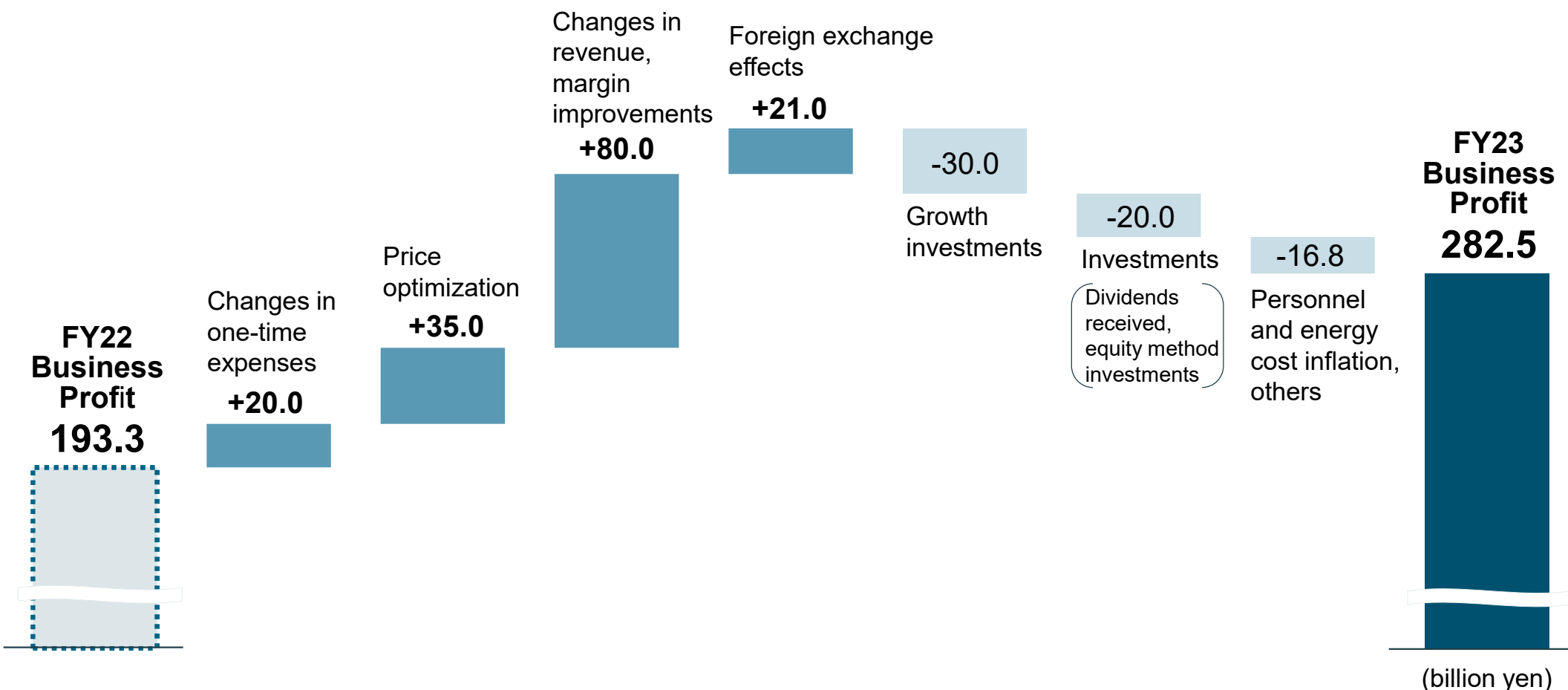
(billion yen)

	FY22	FY23	YoY
Operating Cash Flow	80.8	331.1	+250.2
Investing Cash Flow	-45.5	-131.0	-85.4
Free Cash Flow	35.3	200.1	+164.8
Depreciation & Amortization	137.8	150.1	+12.2
EBITDA	331.1	432.6	+101.4
EBITDA (%)	7.9%	9.3%	+1.4 pts

Breakdown of Investing Cash Flow (billion yen)

Capital Expenditures & Investments	-139.6	-172.3	-32.7
Business Acquisition	-4.4	-73.5	-69.1
Sale of Real Estate	+38.0	+37.2	-0.8
Sale of Strategic Shareholdings	+58.1	+56.2	-1.9
Others	+2.4	+21.4	+19.0
Total	-45.5	-131.0	-85.5

- One-time expenses decreased YoY and were thus a positive factor, despite the booking of expenses related to the PW1100G-JM Engine Program in Aero Engines and losses from international Thermal Power projects
- Price optimization, revenue growth, project margin improvements, services business expansion, and the weak yen were also positive factors.



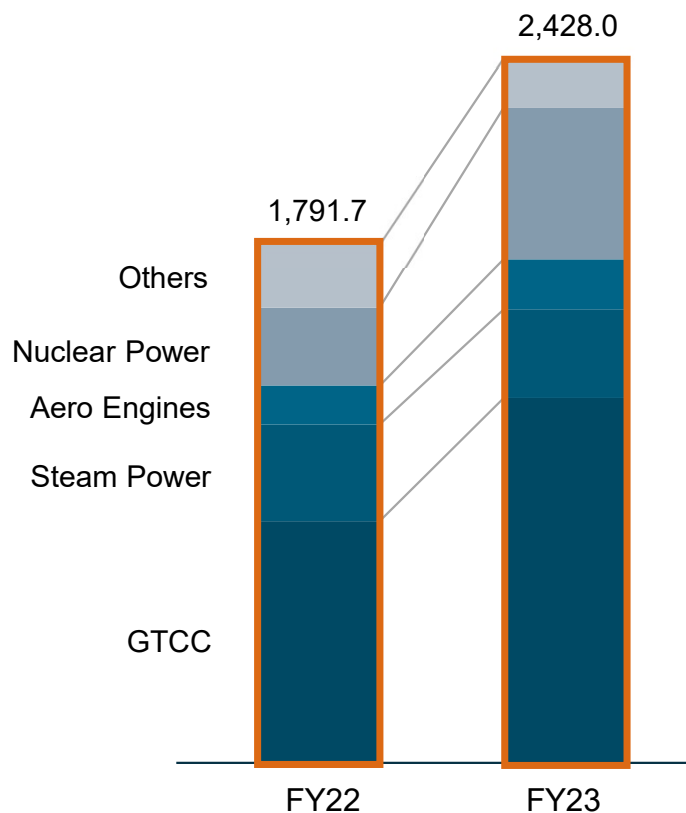
Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	FY22	FY23	YoY	FY22	FY23	YoY	FY22	FY23	YoY
(billion yen)									
Energy Systems	1,791.7	2,428.0	+636.2	1,738.6	1,761.5	+22.8	85.1	141.5	+56.4
Plants & Infrastructure Systems	845.4	867.3	+21.9	675.6	795.2	+119.6	32.7	54.8	+22.0
Logistics, Thermal & Drive Systems	1,215.0	1,318.6	+103.6	1,203.7	1,314.5	+110.8	38.9	72.8	+33.8
Aircraft, Defense & Space	703.6	2,068.7	+1,365.0	619.4	791.5	+172.1	39.9	72.6	+32.7
Corporate & Eliminations	-54.5	1.2	+55.8	-34.7	-5.8	+28.9	-3.5	-59.3	-55.8
Total	4,501.3	6,684.0	+2,182.7	4,202.7	4,657.1	+454.3	193.3	282.5	+89.2

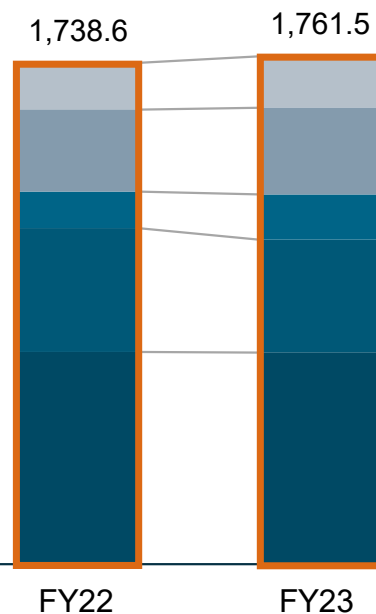
FY2023 Results: Energy Systems

(billion yen)

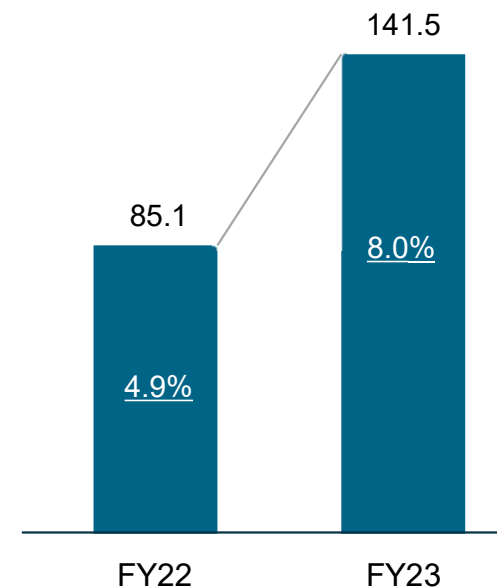
Order Intake



Revenue



Business Profit



YoY variance in business profit

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

Major Businesses	Order Intake	
	FY2022	FY2023
GTCC	834.6	1,259.3
Steam Power	333.5	305.4
Aero Engines	134.2	172.7
Nuclear Power	268.7	522.2

Major Businesses	Revenue	
	FY2022	FY2023
GTCC	736.8	735.6
Steam Power	429.3	389.8
Aero Engines	126.5	157.4
Nuclear Power	284.4	300.8

Takeaways

- GTCC order intake significantly increased mainly in US and Asia, including Japan. Business profit increased from services business expansion.
- Aero Engines revenue increased from market demand recovery. Business profit decreased due to one-time expenses related to PW1100G-JM Engine Program.
- Nuclear Power order intake showed large increase. Strong revenue and business profit performance continued.

FY2023 Results: Plants & Infrastructure Systems

(billion yen)

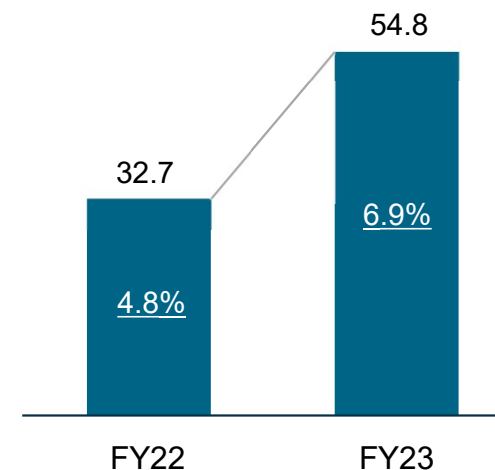
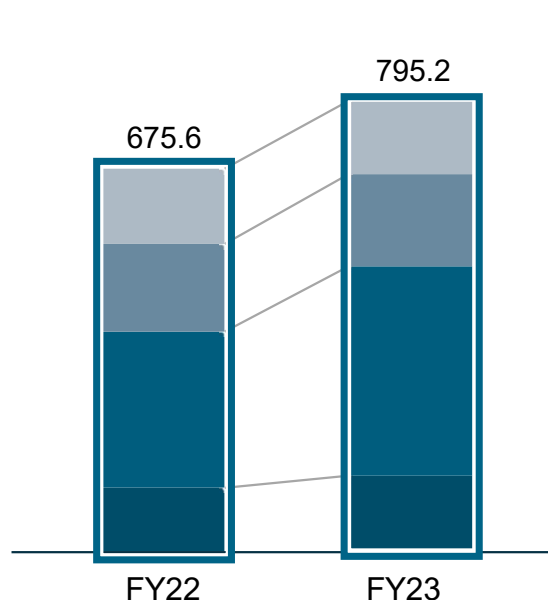
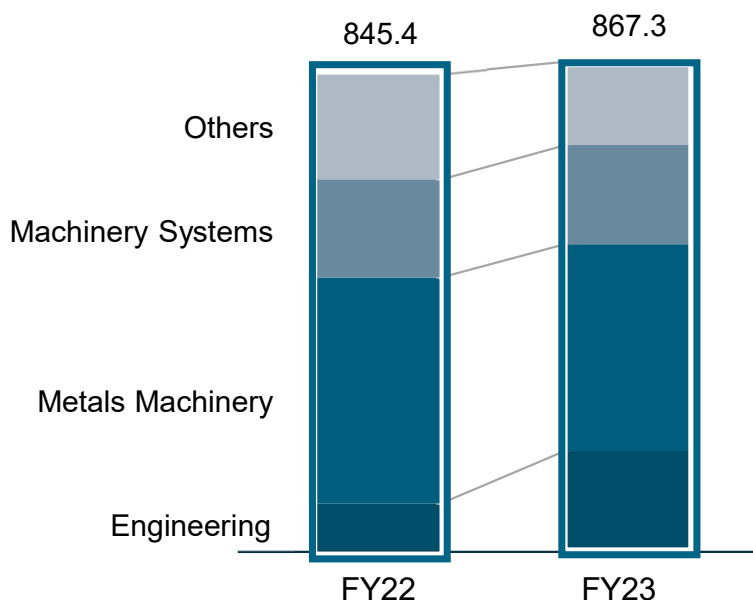
Order Intake

Revenue

Business Profit

YoY variance in business profit

Increase:
- Engineering
- Metals Machinery



Major Businesses	Order Intake	
	FY2022	FY2023
Engineering	87.6	180.2
Metals Machinery	398.8	365.0
Machinery Systems	173.1	174.7

	Revenue	
	FY2022	FY2023
Engineering	112.7	134.0
Metals Machinery	275.5	369.4
Machinery Systems	154.5	162.4

Takeaways

- Metals Machinery business profit increased due to revenue growth and the weak yen
- Engineering revenue and business profit increased from steady progress in projects and project margin improvements
- Strong performance continued in Machinery Systems

FY2023 Results: Logistics, Thermal & Drive Systems

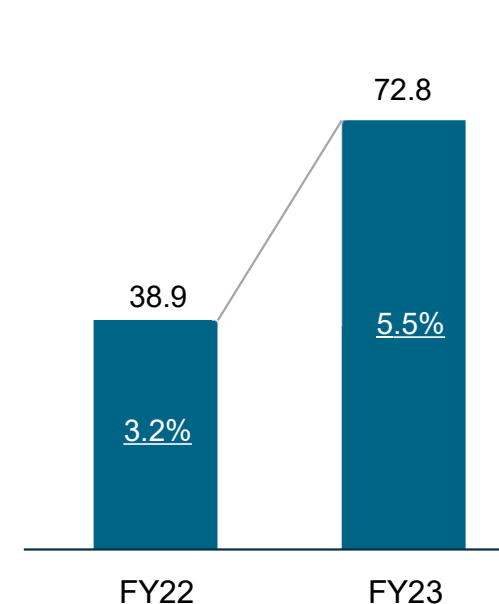
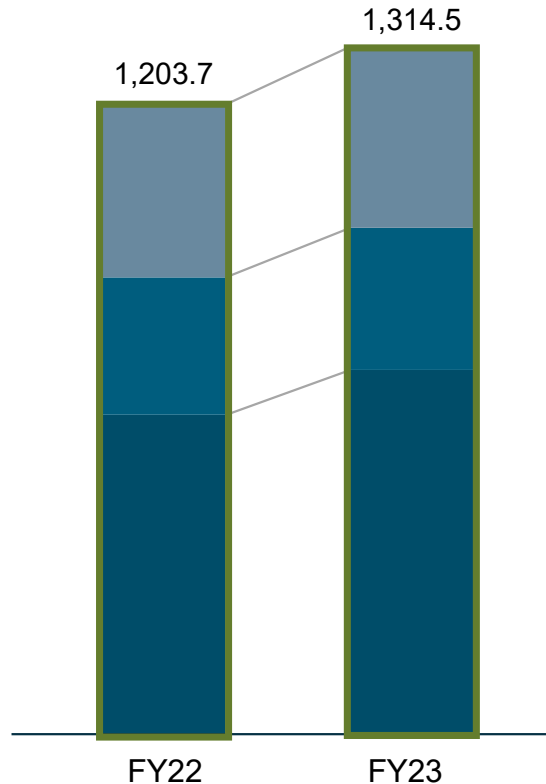
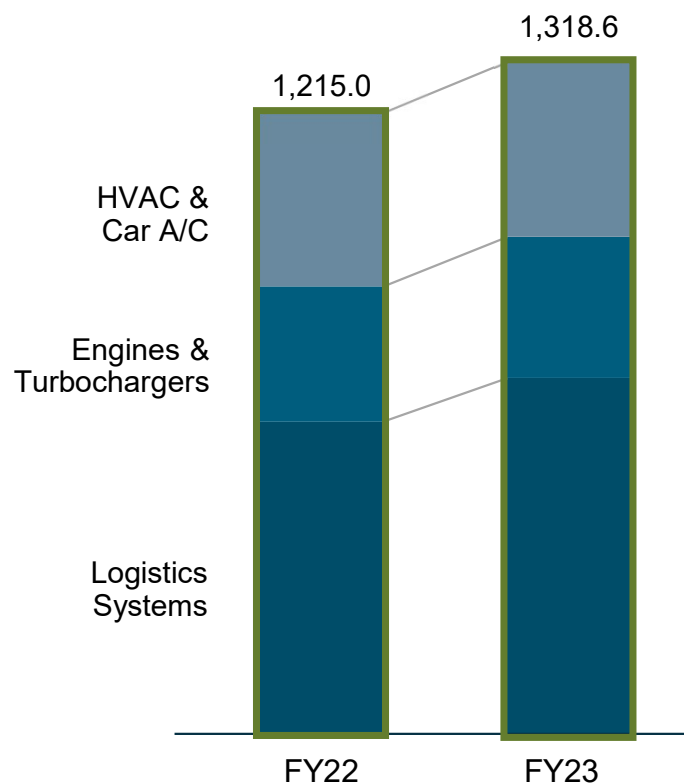


(billion yen)

Order Intake

Revenue

Business Profit



YoY variance in business profit

Increase:

- Logistics Systems
- Engines
- HVAC

Decrease:

- Turbochargers

Takeaways

- Revenue and business profit increased in Logistics Systems, HVAC, and Engines from price optimization and the weak yen.

Major Businesses

Order Intake

	FY2021	FY2022
Logistics Systems	615.2	701.3
Engines & Turbochargers	266.7	278.6
HVAC & Car A/C	342.0	345.3

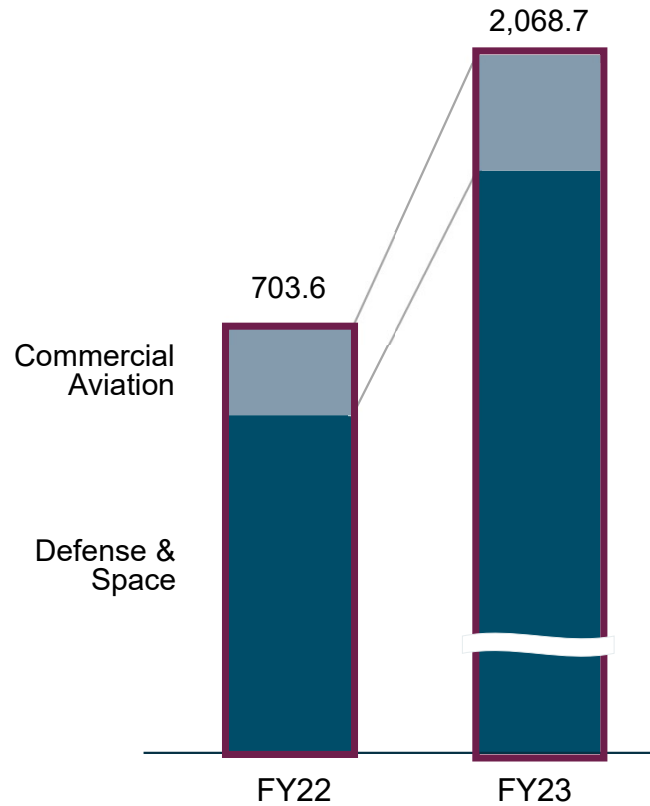
Revenue

	FY2021	FY2022
Logistics Systems	615.2	701.3
Engines & Turbochargers	264.3	273.1
HVAC & Car A/C	332.3	348.1

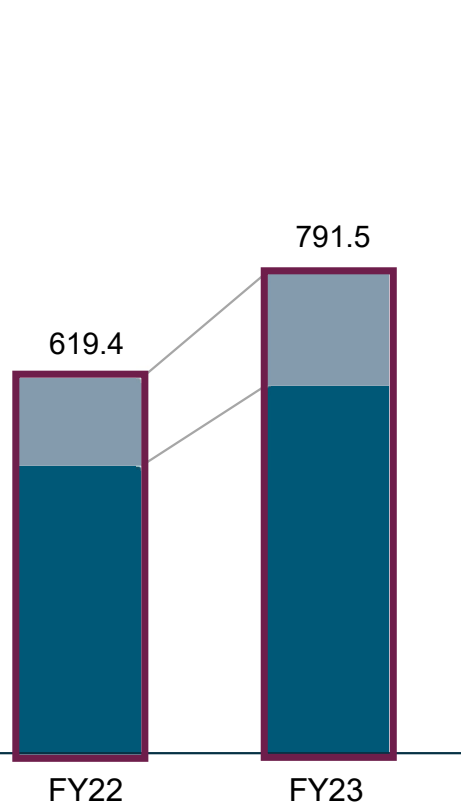
FY2023 Results: Aircraft, Defense & Space

(billion yen)

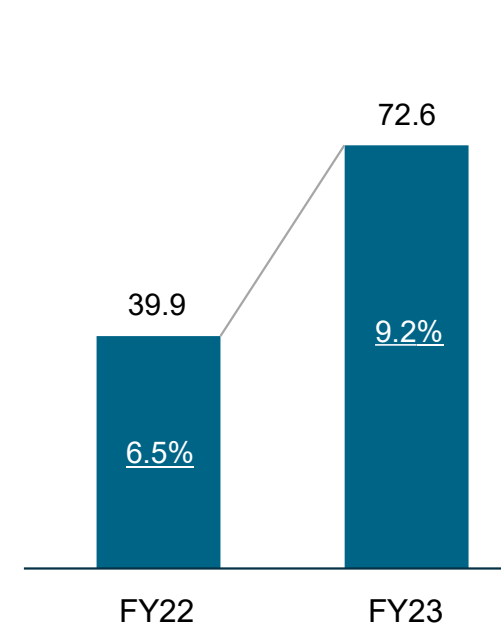
Order Intake



Revenue



Business Profit



YoY variance in business profit

Increase:
 - Defense & Space
 - Commercial Aviation

Major Businesses

Order Intake

	FY2022	FY2023
Defense & Space	557.1	1,878.1
Commercial Aviation	146.5	190.6

Revenue

	FY2022	FY2023
Defense & Space	474.9	606.4
Commercial Aviation	144.5	185.1

Takeaways

- Defense & Space order intake significantly increased due to booking of orders for several large projects, including those related to stand-off defense capabilities.
- Commercial Aviation revenue and business profit increased from higher Aero Structures unit deliveries and the weak yen

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

(billion yen)	FY2023 (Profit Margin)	FY2024 (Profit Margin)	YoY (Profit Margin)	(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 (6.1%)	350.0 (7.1%)	+67.4 (+1.0 pts)	(+23.9%)
Profit Attributable to Owners of Parent	222.0 (4.8%)	230.0 (4.7%)	+8.0 (-0.1 pts)	(+3.6%)
ROE	11.1%	10.0%	-1.1 pts	
EBITDA	432.6 (9.3%)	500.0 (10.2%)	+67.3 (+0.9 pts)	(+15.6%)
FCF	200.1	-100.0	-300.1	
Dividends (after stock split)	20 yen* Interim: 8 yen Year-End: 12 yen	22 yen Interim: 11 yen Year-End: 11 yen	Exchange rate assumptions: USD 1.00 = ¥145 , EUR 1.00 = ¥155 Undetermined foreign currency amounts: USD 3.8 bn, EUR 0.7 bn	

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

FY2024 Earnings Forecast Highlights

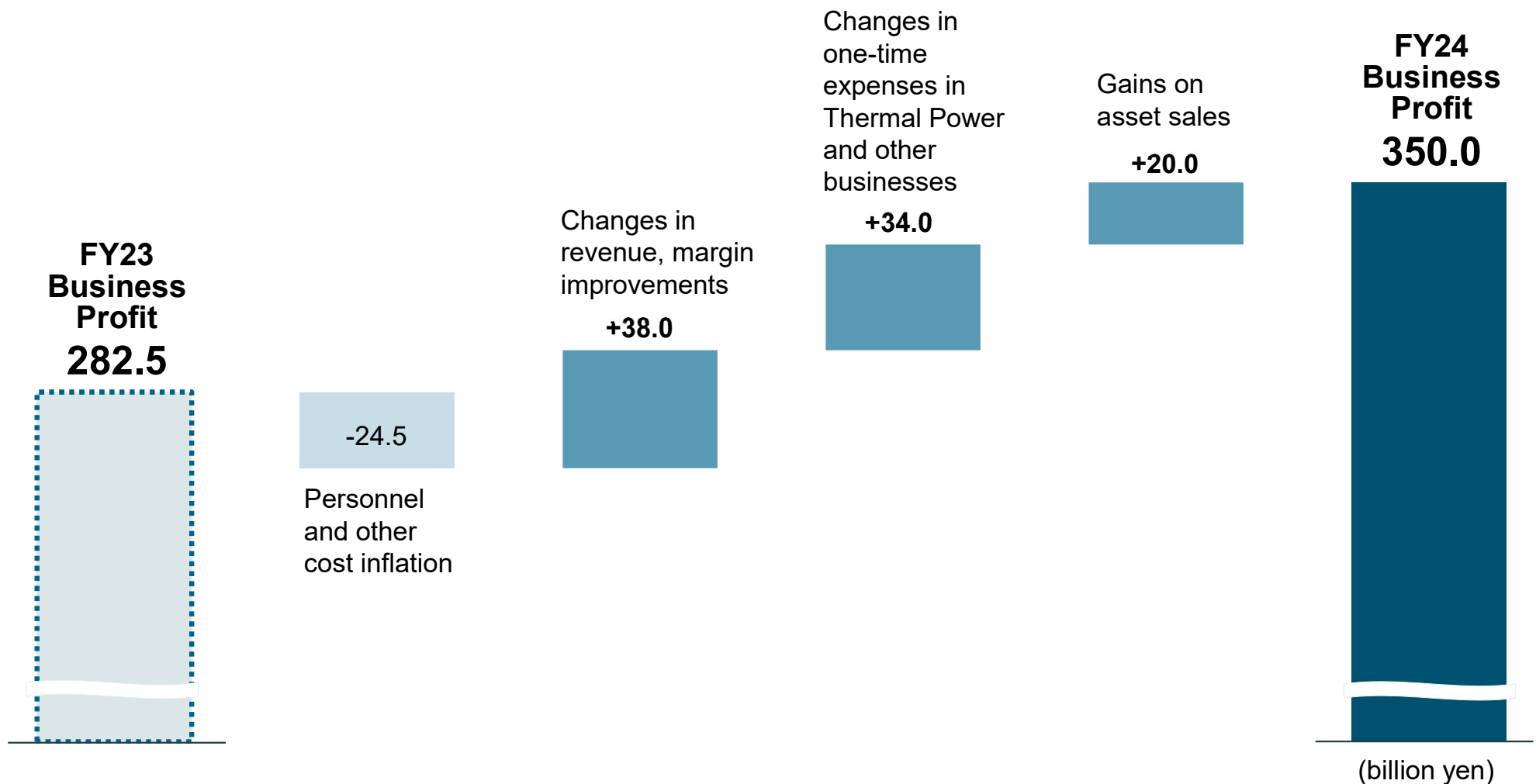
- Order intake: ¥5.8 tr, Revenue: ¥4.9 tr, Business profit margin: 7%, Business profit: ¥350 bn

	Order Intake	Revenue	Business Profit	Main Points
Energy Systems	¥1.85 tr	¥1.75 tr	¥170 bn	Strong order intake, revenue, and business profit performance forecasted
Plants & Infrastructure Systems	¥0.9 tr	¥0.8 tr	¥30 bn	Established GX Solutions. Up-front business development expenses to continue for time being.
Logistics, Thermal & Drive Systems	¥1.35 tr	¥1.35 tr	¥80 bn	Margin improvements to continue due to increased revenue from price optimization and other factors
Aircraft, Defense & Space	¥1.7 tr	¥0.9 tr	¥80 bn	High order intake levels to continue despite YoY decrease

- EBITDA to increase by ¥67.3 bn YoY to ¥500.0 bn from increased business profit
- Net income to surpass FY2023 levels, reaching ¥230.0 bn due to higher business profit
- Planning full-year dividend of ¥22 per share, a ¥2 increase over FY2023's ¥20.
These values reflect the 10-for-1 stock split effective April 1, 2024.

Profit Bridge

- Forecast includes negative impact from inflation in personnel and other costs
- One-time expenses in Thermal Power and Aero Engines to decrease YoY



Trends in Financial Indicators

	FY2021	FY2022	FY2023	FY2024
Revenue	¥3.9 tr	¥4.2 tr	¥4.6 tr	¥4.9 tr
Business Profit Margin	4.2%	4.6%	6.1%	7%
ROE	7.7%	7.9%	11.1%	10%
Total Assets	¥5.1 tr	¥5.5 tr	¥6.3 tr	¥6.5 tr
Interest-Bearing Debt	¥0.7 tr	¥0.7 tr	¥0.7 tr	¥0.9 tr
Equity	¥1.7 tr	¥1.8 tr	¥2.4 tr	¥2.5 tr
D/E Ratio	0.4	0.4	0.3	0.4
Equity Ratio	31%	32%	36%	38%
Dividends (after stock split)	¥10*	¥13*	¥20*	¥22

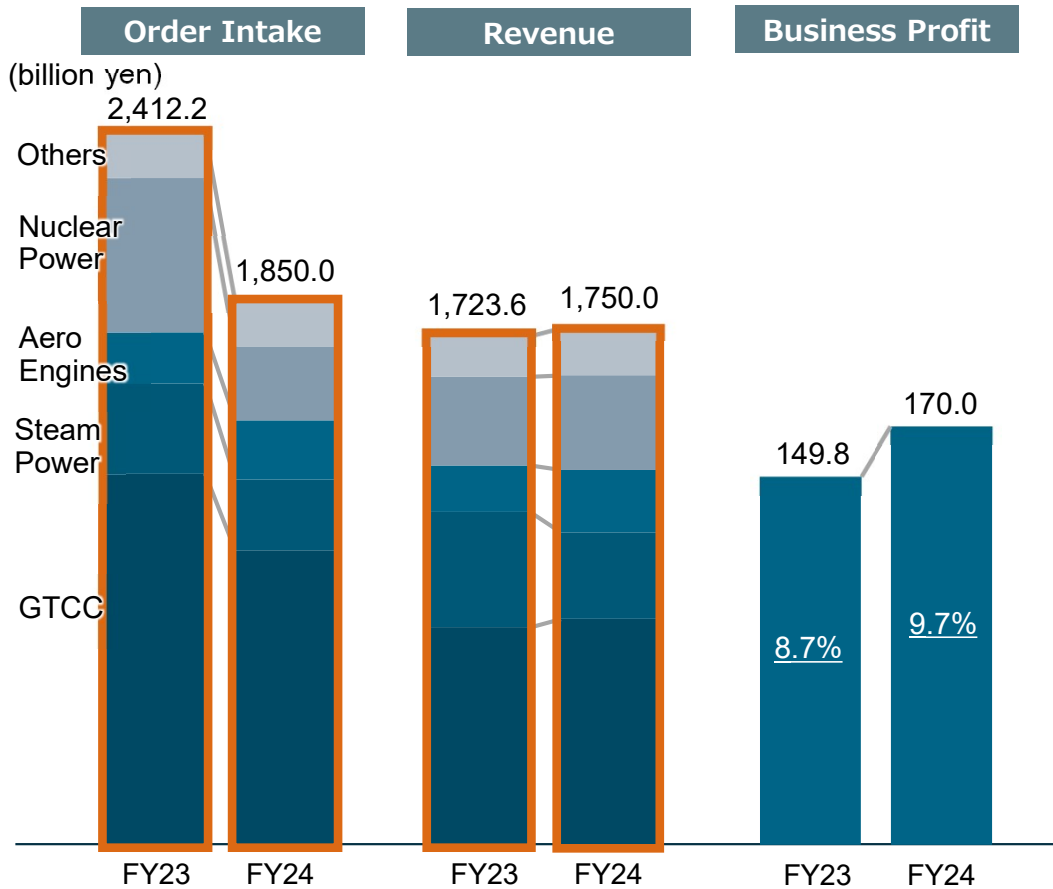
*FY2021-23 dividends (¥100/share, ¥130/share, and ¥200/share, respectively) shown here adjusted retroactively to 1/10 of actual value to reflect 10-for-1 stock split effective April 1, 2024

Forecast by Segment

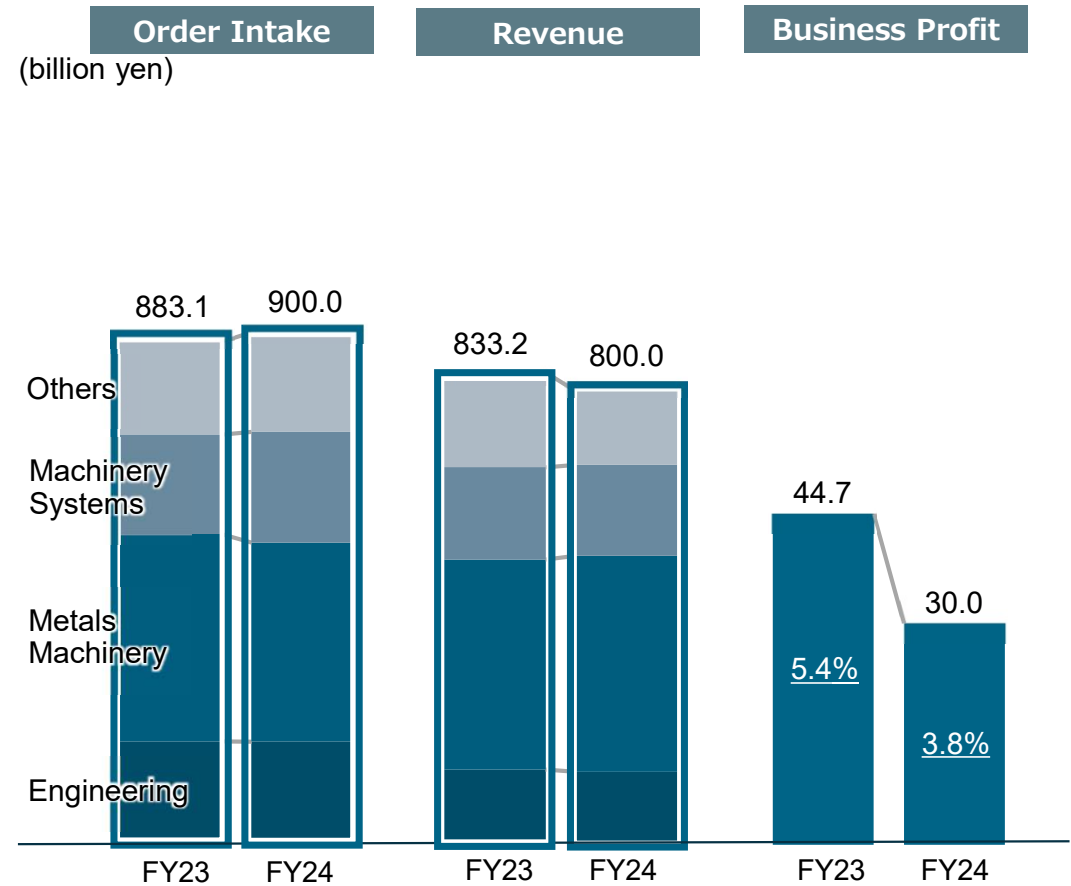
	Order Intake			Revenue			Profit from Business Activities		
	FY23*	FY24 Forecast	YoY	FY23*	FY24 Forecast	YoY	FY23*	FY24 Forecast	YoY
(billion yen)									
Energy Systems	2,412.2	1,850.0	-562.2	1,723.6	1,750.0	+26.3	149.8	170.0	+20.1
Plants & Infrastructure Systems	883.1	900.0	+16.8	833.2	800.0	-33.2	44.7	30.0	-14.7
Logistics, Thermal & Drive Systems	1,318.6	1,350.0	+31.3	1,314.5	1,350.0	+35.4	72.8	80.0	+7.1
Aircraft, Defense & Space	2,068.7	1,700.0	-368.7	791.5	950.0	+158.4	72.6	80.0	+7.3
Corporate & Eliminations	1.2	0	-1.2	-5.8	50.0	+55.8	-57.5	-10.0	+47.5
Total	6,684.0	5,800.0	-884.0	4,657.1	4,900.0	+242.8	282.5	350.0	+67.4

*FY23 results adjusted retroactively to reflect organizational changes effective April 1, 2024, including establishment of GX Solutions. Please refer to p.34 for details.

Energy Systems



Plants & Infrastructure Systems



Takeaways

- Strong order intake to continue despite YoY decrease
- GTCC, Aero Engines, and Nuclear Power revenue and business profit to increase
- Steam Power revenue and business profit to decrease due to decline in new installations

Takeaways

- Segment to steadily execute on backlog, which has increased over last three years, mainly in Metals Machinery
- Established GX Solutions, integrating Energy Transition-related teams in a single organization. Up-front business development expenses to lower business profit.

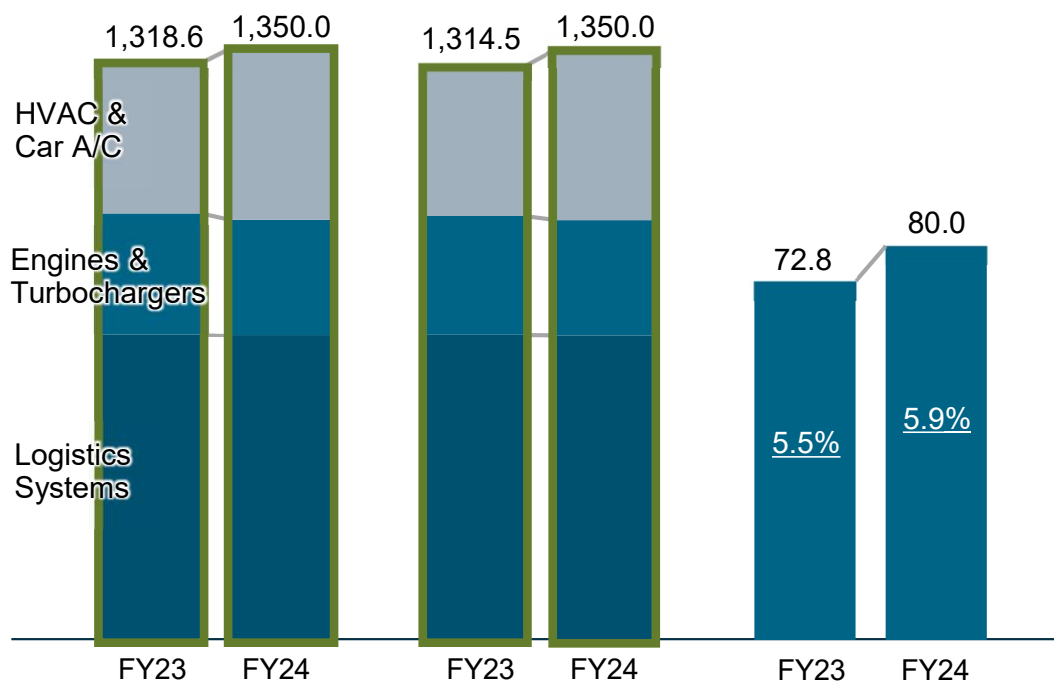
Logistics, Thermal & Drive Systems

Order Intake

Revenue

Business Profit

(billion yen)



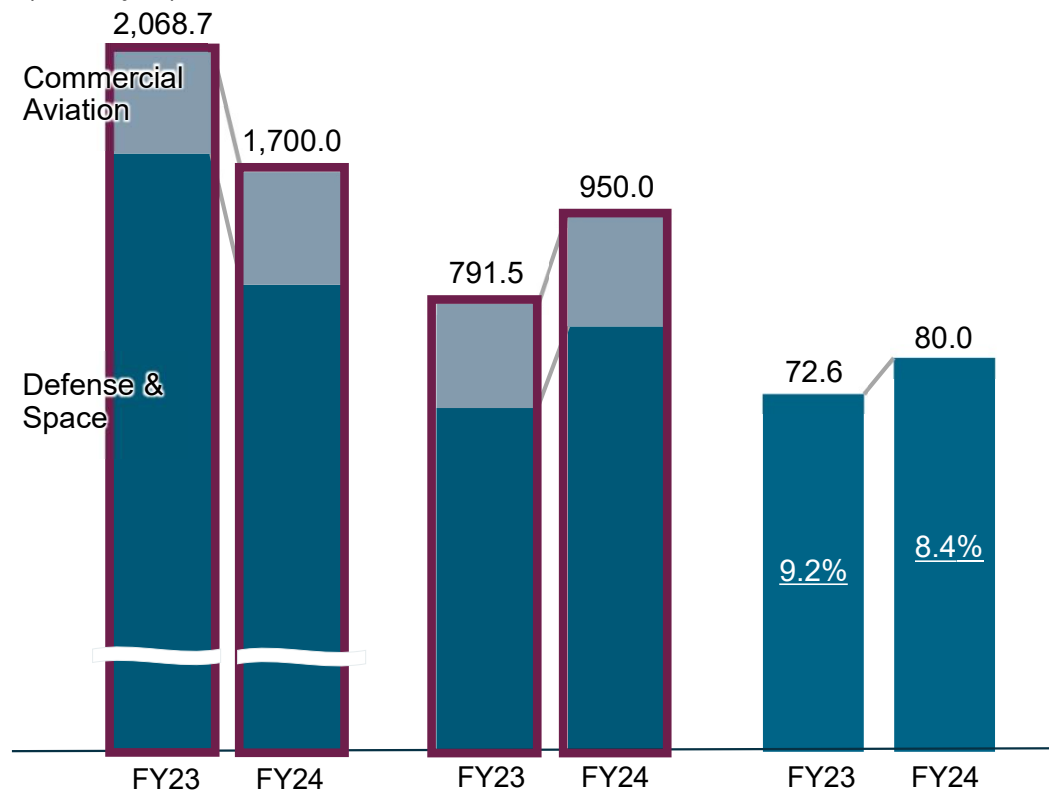
Aircraft, Defense & Space

Order Intake

Revenue

Business Profit

(billion yen)



Takeaways

- Business profit margin to improve due to increased revenue from price optimization and other factors

Takeaways

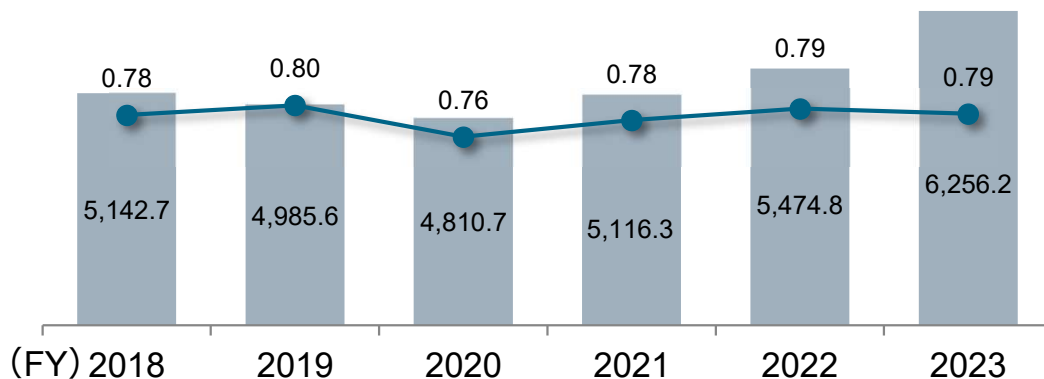
- High Defense & Space order intake levels to continue despite YoY decrease. Revenue to increase mainly in Aircraft & Missile Systems.
- Commercial Aviation order intake and revenue guidance in line with FY2023 levels

4. Appendix

Appendix: Financial Position

Total Assets (billion yen)

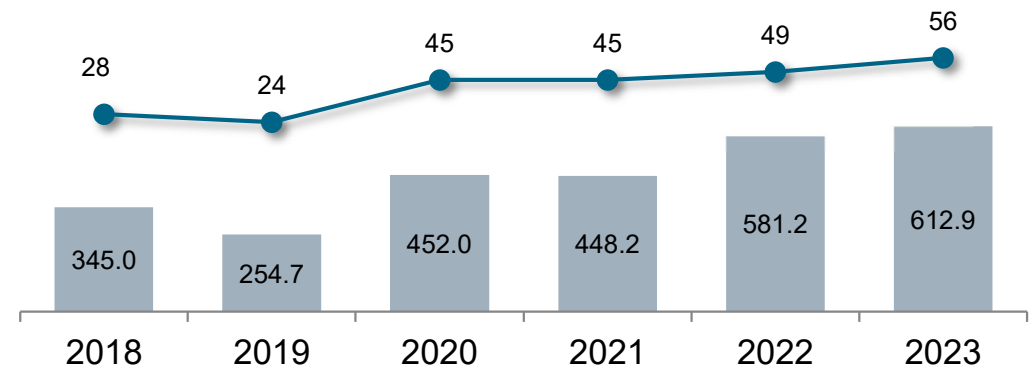
■ Total assets ● Total assets turnover ratio



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

Working Capital (billion yen)

■ Working capital ● CCC



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

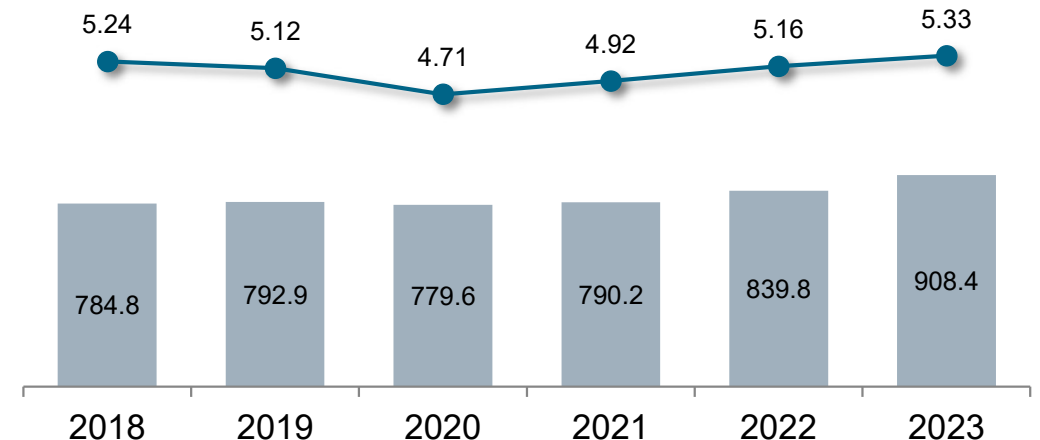
Interest-Bearing Debt (billion yen)

■ Interest-Bearing Debt ■ Net Debt ● D/E Ratio



Property, Plant & Equipment (billion yen)

■ PPE ● PPE turnover ratio



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

	FY2022	FY2023
Americas	4	4
Asia	7	9
EMEA	1	0
Other Regions	4	4
Order Intake Total	16	17
Contract Backlog	43	36

(Reference) Order Intake through China Licensee

	FY2022	FY2023
Order Intake	27	21

Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
FY2022	6	7	7	10	30
FY2023	7	11	7	5	30

777X	Q1	Q2	Q3	Q4	Total
FY2022	1	0	0	0	1
FY2023	0	1	3	2	6

787	Q1	Q2	Q3	Q4	Total
FY2022	5	7	8	5	25
FY2023	9	7	13	14	43

Appendix: Reference Data

(billion yen)

R&D Expenses, Depreciation & Amortization, and Capital Expenditures	FY2021	FY2022	FY2023	FY2024 Forecast
R&D Expenses	113.6	127.4	178.3	220.0
Depreciation & Amortization	132.1	137.8	150.1	150.0
Capital Expenditures	122.8	150.7	200.4	180.0

(billion yen)

Cash Flows	FY2021	FY2022	FY2023	FY2024 Forecast
Operating Cash Flow	285.5	80.8	331.1	-
Investing Cash Flow	16.3	-45.5	-131.0	-
Free Cash Flow	301.8	35.3	200.1	-100.0
Financing Cash Flow	-255.7	-18.9	-158.9	-

Interest-Bearing Debt and D/E Ratio	FY2021	FY2022	FY2023	FY2024 Forecast
Interest-Bearing Debt Balance (billion yen)	734.9	742.2	728.9	900.0
D/E Ratio	0.44	0.40	0.31	0.4

USD Exchange Rates	FY2021	FY2022	FY2023	FY2024 Forecast
Avg. Rate used for Revenue Recognition	111.6	134.9	143.2	145
(Reference) March 31 Rate	122.4	133.5	151.4	-

Appendix: Reference Data

Order Backlog	(billion yen)	FY21 End	FY22 End	FY23 End
Energy Systems		3,114.4	3,325.6	4,283.8
Plants & Infrastructure Systems		1,243.4	1,509.2	1,569.6
Logistics, Thermal & Drive Systems		43.2	54.8	58.3
Aircraft, Defense & Space		1,087.1	1,171.8	2,474.2
Corporate & Eliminations		0.3	0.2	14.4
Total		5,488.5	6,061.8	8,400.5

FY2023 Revenue by Segment and Region

(billion yen)	Japan		APAC (excl. Japan)		Americas	EMEA
Energy Systems	731.7 (42%)		246.9 (14%)		511.2 (29%)	271.5 (15%)
Plants & Infrastructure Systems	326.1 (41%)	203.6 (26%)	152.3 (19%)	113.2 (14%)		
Logistics, Thermal & Drive Systems	345.4 (26%)	293.4 (22%)	405.2 (31%)		270.3 (21%)	
Aircraft, Defense & Space	580.7 (73%)	1.3 (0%)	204.8 (26%)	4.5 (1%)		

Appendix: Intra-Segment Adjustments from Organizational Changes

FY2023 order intake, revenue, and business profit results when retroactively adjusted to reflect impact of organizational changes effective April 1, 2024, including the establishment of GX Solutions

	Order Intake			Revenue			Business Profit		
	FY23	Adjustments	Adj. FY23	FY23	Adjustments	Adj. FY23	FY23	Adjustments	Adj. FY23
(billion yen)									
Energy Systems	2,428.0	-15.8	2,412.2	1,761.5	-37.9	1,723.6	141.5	+8.2	149.8
Plants & Infrastructure Systems	867.3	+15.8	883.1	795.2	+37.9	833.2	54.8	-10.0	44.7
Logistics, Thermal & Drive Systems	1,318.6	-	1,318.6	1,314.5	-	1,314.5	72.8	-	72.8
Aircraft, Defense & Space	2,068.7	-	2,068.7	791.5	-	791.5	72.6	-	72.6
Corporate & Eliminations	1.2	-	1.2	-5.8	-	-5.8	-59.3	+1.7	-57.5
Total	6,684.0	-	6,684.0	4,657.1	-	4,657.1	282.5	-	282.5

