

# Q1 FY2024 Financial Results

August 6, 2024

Mitsubishi Heavy Industries, Ltd.

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Hello, everyone. This is Hisato Kozawa, the CFO of MHI.

Allow me to summarize our Q1 FY2024 financial results.

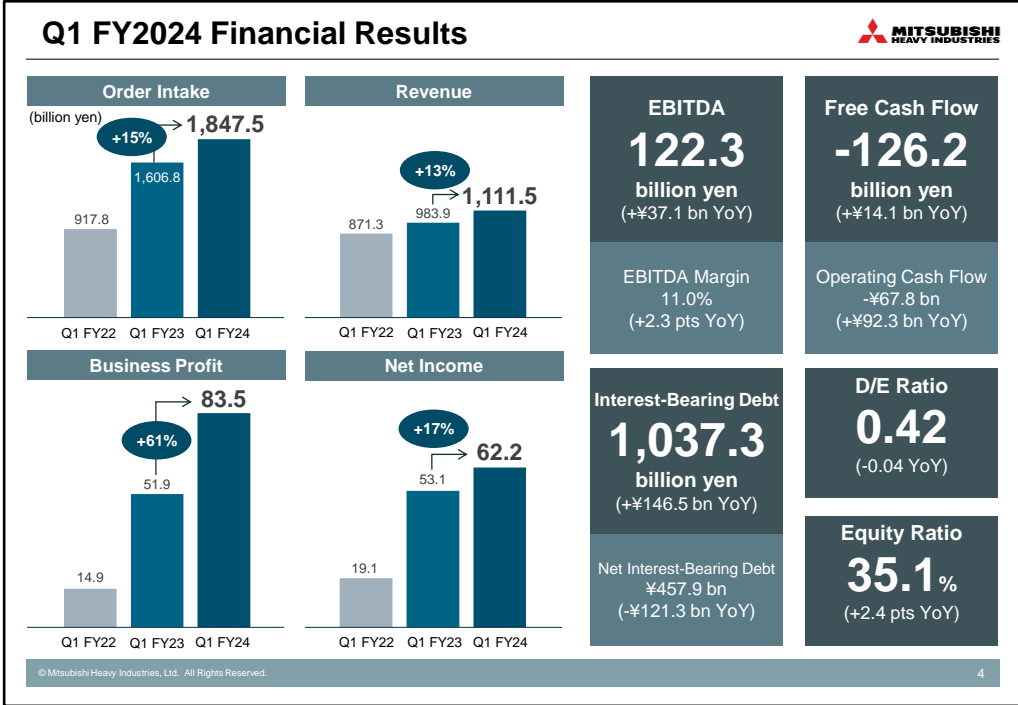
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# 1. Key Takeaways



First, I will provide an overview of our financial results.

This page shows the results in several key financial indicators.

## Q1 FY2024 Financial Results Highlights



- **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

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This page shows the highlights for several key financial indicators.

Q1 FY2024 was generally in line with our plan.

Order intake, revenue, and business profit all increased YoY. Order intake had increased significantly from Q1 FY2022 to Q1 FY2023, but order intake in Q1 FY2024 exceeded even Q1 FY2023 levels.

Although Defense order intake – which was the main driver of increased orders in Q1 FY2023 – declined YoY, order intake in Energy Systems led by Gas Turbine Combined Cycle (GTCC) grew significantly. Progress versus the full-year forecast was around 32%, which marked a relatively strong start.

Both business profit and net income increased YoY. Notably, business profit increased by 61%, as I will explain later on page nine.

Order intake, revenue, and all profit items achieved record highs for a first quarter.

## 2. Q1 FY2024 Financial Results

The next few pages provide a little more detail on our financial results.

## Financial Results Overview



(billion yen)	Q1 FY2023 (Profit Margin)	Q1 FY2024 (Profit Margin)	YoY (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 (5.3%)	83.5 (7.5%)	+31.5 (+2.2 pts)	(+60.7%)
<b>Profit Attributable to Owners of Parent</b>	53.1 (5.4%)	62.2 (5.6%)	+9.0 (+0.2 pts)	(+17.1%)
<b>EBITDA</b>	85.1 (8.7%)	122.3 (11.0%)	+37.1 (+2.3 pts)	(+43.7%)
<b>Free Cash Flow</b>	-140.3	-126.2	+14.1	

This page includes information already provided, so I will forego an explanation.

## Financial Position and Cash Flows



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

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This page shows the balance sheet and cash flows.

Total assets increased from the end of FY2023 by ¥401.7 billion to ¥6,658 billion.

Approximately ¥140 billion of this increase was due to currency translation effects related to foreign currency-denominated assets arising from the depreciation of the yen. Excluding foreign exchange effects, cash and cash equivalents increased by slightly less than ¥140 billion YoY, and inventories rose by approximately ¥100 billion YoY. It is normal for inventories to increase in Q1, and we assess this to be within the range of normal fluctuations, taking into account that we are in a revenue growth phase.

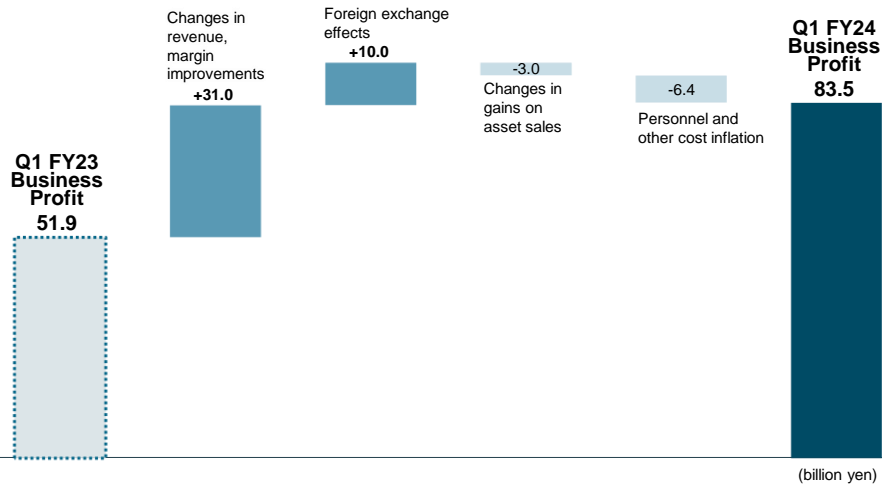
Regarding cash flows, although investing cash outflows increased significantly due to expenditures related to the acquisition of an office building in Tokyo, free cash flow improved by ¥14.1 billion YoY, due in part to an improvement in operating cash flow arising from higher profit results.



## Profit Bridge



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



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This page shows factors which caused YoY changes in business profit.

The leftmost bar shows Q1 FY2023 business profit, which was ¥51.9 billion.

Although there were negative factors in Q1 FY2024, such as a decline in gains on asset sales and the impact of wage increases, these were mostly offset by the benefit of the weak yen. Increased revenue in the businesses, in addition to improvements to product mix and profitability served to increase profit to ¥83.5 billion in Q1 FY2024.

## 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)									
Energy Systems	387.0	804.6	+417.6	359.1	391.5	+32.3	26.8	50.3	+23.5
Plants & Infrastructure Systems	216.7	228.4	+11.6	172.7	175.1	+2.3	3.9	7.6	+3.6
Logistics, Thermal & Drive Systems	321.1	329.6	+8.5	310.1	320.9	+10.8	17.4	14.6	-2.7
Aircraft, Defense & Space	687.1	476.0	-211.1	145.5	211.7	+66.2	9.2	23.6	+14.3
Others, Corporate & Eliminations	-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

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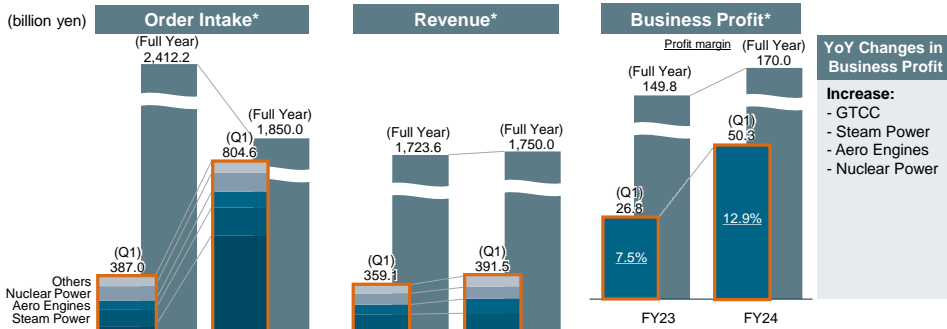
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This page shows a summary of order intake, revenue, and business profit by segment.

Over the next few pages, I will explain the situation in each segment.

Due to the establishment of Green Transformation (GX) Solutions in April of this year, we have made some adjustments to our reporting segments. Please note that the Q1 FY2023 figures shown here have been retroactively adjusted to reflect these changes.

# Financial Results: Energy Systems



**YoY Changes in Business Profit**  
**Increase:**  
 - GTCC  
 - Steam Power  
 - Aero Engines  
 - Nuclear Power

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

Major Businesses	Revenue	
	Q1 FY23	Q1 FY24
GTCC	166.3	177.6
Steam Power	85.5	78.6
Aero Engines	35.2	52.4
Nuclear Power	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

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

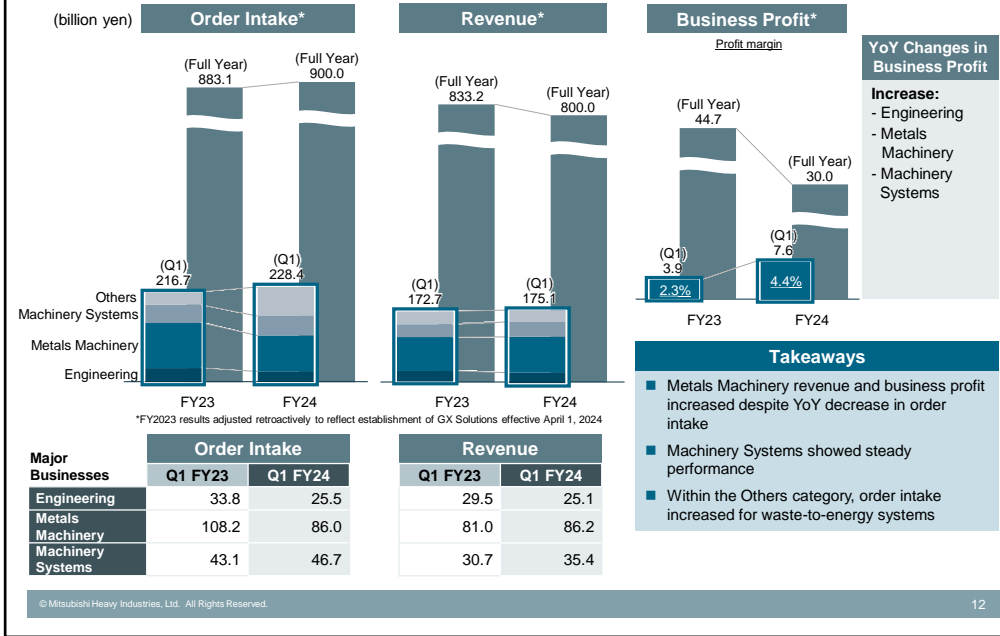
This page shows the situation in the Energy Systems segment.

Order intake, revenue, and business profit increased YoY, marking a good start in terms of progress versus the full-year forecast.

In particular, order intake in GTCC has been strong since last year.

In Steam Power, revenue decreased in-line with expectations due to the cessation of new installations in coal-fired thermal power, but business profit increased due to a steady pipeline of service work.

# Financial Results: Plants & Infrastructure Systems

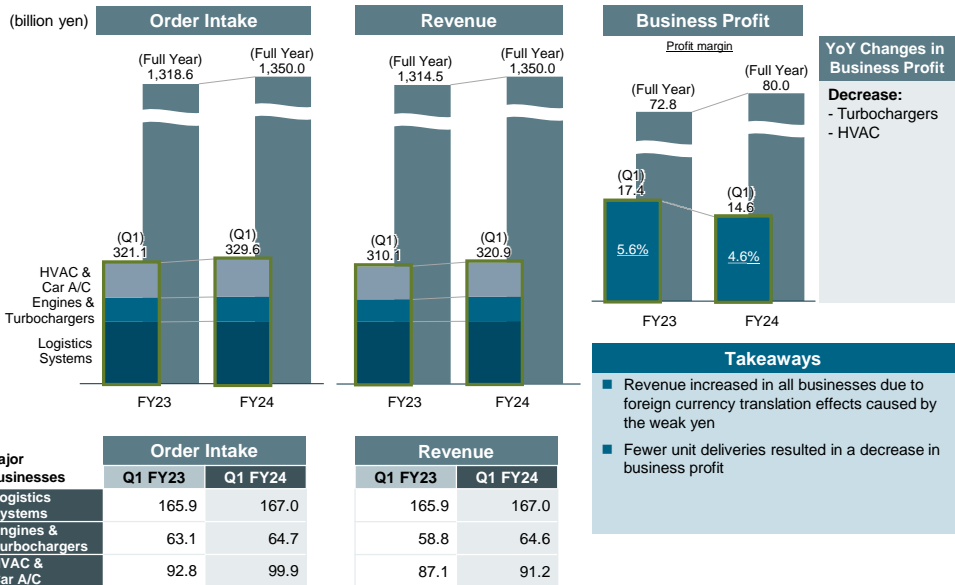


This page shows the situation in the Plants & Infrastructure Systems segment.

In this segment, order intake, revenue, and business profit all increased YoY, marking a good start in terms of progress versus the full-year forecast.

The signing of a contract for the upgrade of a waste-to-energy system in Yokohama contributed to orders in the Environmental Systems business, which is included in the Others category.

## Financial Results: Logistics, Thermal & Drive Systems



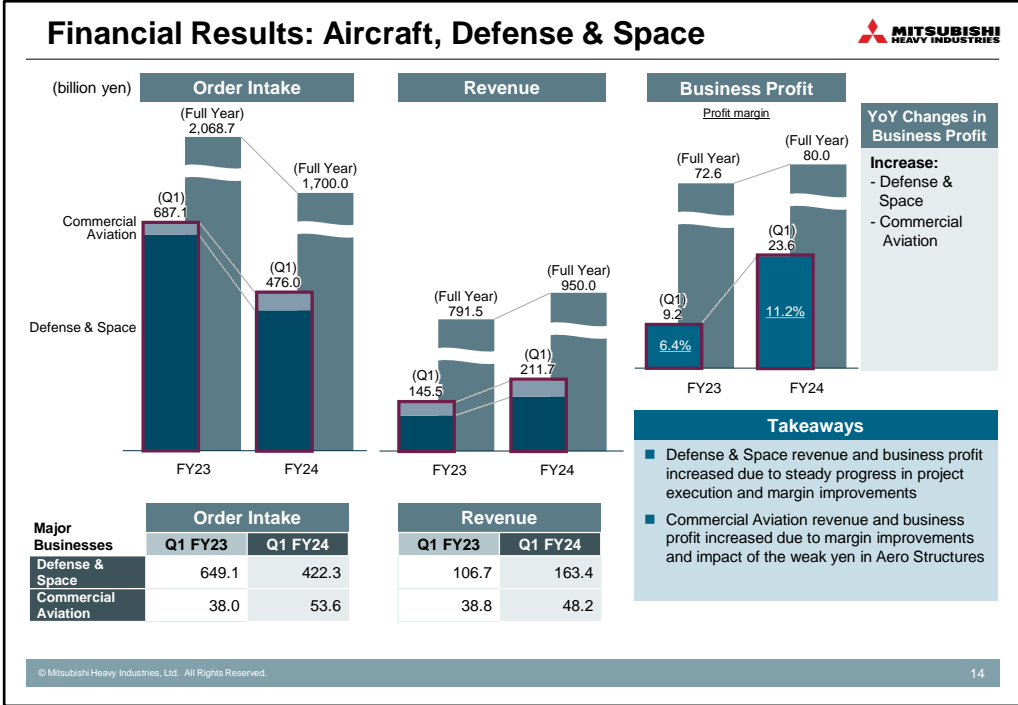
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This page shows the situation in the Logistics, Thermal & Drive Systems segment.

Order intake and revenue increased slightly YoY, but revenue effectively decreased when excluding the impact of the weak yen.

Business profit decreased in Turbochargers due to production disruptions caused by issues at a supplier. Business profit in Heating, Ventilation & Air Conditioning (HVAC) also decreased due to a drop in sales in Europe.



This page shows the situation in the Aircraft, Defense & Space segment.

Order intake decreased YoY due to several large Defense orders booked in Q1 FY2023. However, order intake was still at a high level compared to previous years, and there has been steady progress versus the full-year forecast.

Regarding revenue, there was steady progress in execution of the large backlog. Business profit increased significantly partly due to the impact of the weak yen in addition to the effect of increased revenue.

### 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)	FY2023 (Profit Margin)	FY2024 (Profit Margin)	YoY (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 (6.1%)	350.0 (7.1%)	+67.4 (+1.0 pt)	(+23.9%)
<b>Profit Attributable to Owners of Parent</b>	222.0 (4.8%)	230.0 (4.7%)	+8.0 (-0.1 pts)	(+3.6%)
<b>ROE</b>	11.1%	10.0%	-1.1 pts	
<b>EBITDA</b>	432.6 (9.3%)	500.0 (10.2%)	+67.3 (+0.9 pts)	(+15.6%)
<b>FCF</b>	200.1	-100.0	-300.1	
<b>Dividends (after stock split)</b>	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 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

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This page shows the FY2024 earnings forecast, which is unchanged from the announcement made in May of this year.

Overall, there were no major surprises in the first quarter, and my assessment is that we had a steady, strong start in terms of progress versus the full-year plan.

Although the financial markets have been volatile over the last few days, aside from the turbulent nature of the fluctuations, the actual values are still within the range of projections made at the beginning of the fiscal year. We will therefore continue to steadily implement various initiative to achieve our full-year plan.

This concludes my presentation.  
Thank you for your attention.



## Forecast by Segment



Unchanged from forecast announced May 8, 2024.

(billion yen)	Order Intake			Revenue			Profit from Business Activities		
	FY23*	FY24 Forecast	YoY	FY23*	FY24 Forecast	YoY	FY23*	FY24 Forecast	YoY
<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

## Appendix: Reference Data



Large Frame Gas Turbine Order Intake and Contract Backlog (units)				Commercial Aviation Deliveries (units)						
	Q1 FY23	FY23	Q1 FY24	777	Q1	Q2	Q3	Q4	Total	
Americas	-	7	4	FY23	7	11	7	5	30	
Asia	3	9	2	FY24	6	/	/	/	6	
EMEA	-	-	-							
Other Regions	-	1	-	777X	Q1	Q2	Q3	Q4	Total	
Order Intake Total	3	17	6	FY23	0	1	3	2	6	
				FY24	3	/	/	/	3	
Contract Backlog	42	36	38							
				(Reference) Order Intake of China Licensee	787	Q1	Q2	Q3	Q4	Total
	Q1 FY23	FY23	Q1 FY24	FY23	9	7	13	14	43	
Order Intake	7	21	-	FY24	9	/	/	/	9	

## Appendix: Reference Data



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

	Q1 FY23	Q1 FY24	FY24 Forecast
R&D Expenses	29.9	41.4	220.0
Depreciation and Amortization	33.1	38.8	150.0
Capital Expenditures	35.1	45.0	180.0

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

	Q1 FY23	Q1 FY24
SG&A	156.3	175.0

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

	Q1 FY23	Q1 FY24
U.S. Dollar (JPY/USD)	136.3	152.5
Euro (JPY/EUR)	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>

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