

1H FY2024 Financial Results

November 5, 2024

Mitsubishi Heavy Industries, Ltd.

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1. Key Takeaways

1H FY2024 Financial Results

Order Intake

(billion yen) → **3,383.5**

+8%

2,018.4

3,137.0

1H FY22 1H FY23 1H FY24

Revenue

+11%

1,875.2

2,069.2

→ **2,298.1**

1H FY22 1H FY23 1H FY24

EBITDA

266.2

billion yen

(+¥97.3 bn YoY)

EBITDA Margin

11.6%

(+3.4 pts YoY)

Free Cash Flow

-85.7

billion yen

(+¥95.5 bn YoY)

Operating Cash Flow

-¥8.8 bn

(+¥172.3 bn YoY)

Business Profit

+87%

54.8

100.9

→ **188.4**

1H FY22 1H FY23 1H FY24

Net Income

+17%

54.1

91.9

→ **107.1**

1H FY22 1H FY23 1H FY24

Interest-Bearing Debt

948.8

billion yen

(+¥48.5 bn YoY)

Net Interest-Bearing Debt

¥413.0 bn

(-¥187.6 bn YoY)

D/E Ratio

0.40

(-0.05 YoY)

Equity Ratio

34.9%

(+1.7 pts YoY)

- **Order Intake: ¥3,383.5 bn** (+¥246.4 bn YoY)
Order intake increased YoY in Energy Systems, Plants & Infrastructure Systems, and Logistics, Thermal & Drive Systems.
Although order intake decreased YoY in Defense & Space, which had booked several large projects in 1H FY2023, Gas Turbine Combined Cycle (GTCC) and Aero Engines in Energy Systems and Metals Machinery in Plants & Infrastructure Systems achieved order intake growth.
- **Revenue: ¥2,298.1 bn** (+¥228.8 bn YoY)
Revenue increased YoY in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space.
Defense & Space business, in particular Aircraft & Missile Systems, saw especially large revenue growth.
- **Business Profit: ¥188.4 bn** (+¥87.4 bn YoY)
Business profit increased YoY in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space.
Revenue growth, margin improvements, and impact of yen depreciation served to increase business profit by 87% YoY to ¥188.4 bn.
- **Net Income: ¥107.1 bn** (+¥15.1 bn YoY)
Despite recognizing loss on changes in foreign exchange rates due to yen appreciation at end of period, large growth in business profit caused net income to rise by 17% YoY to ¥107.1 bn

2. 1H FY2024 Financial Results

Financial Results Overview

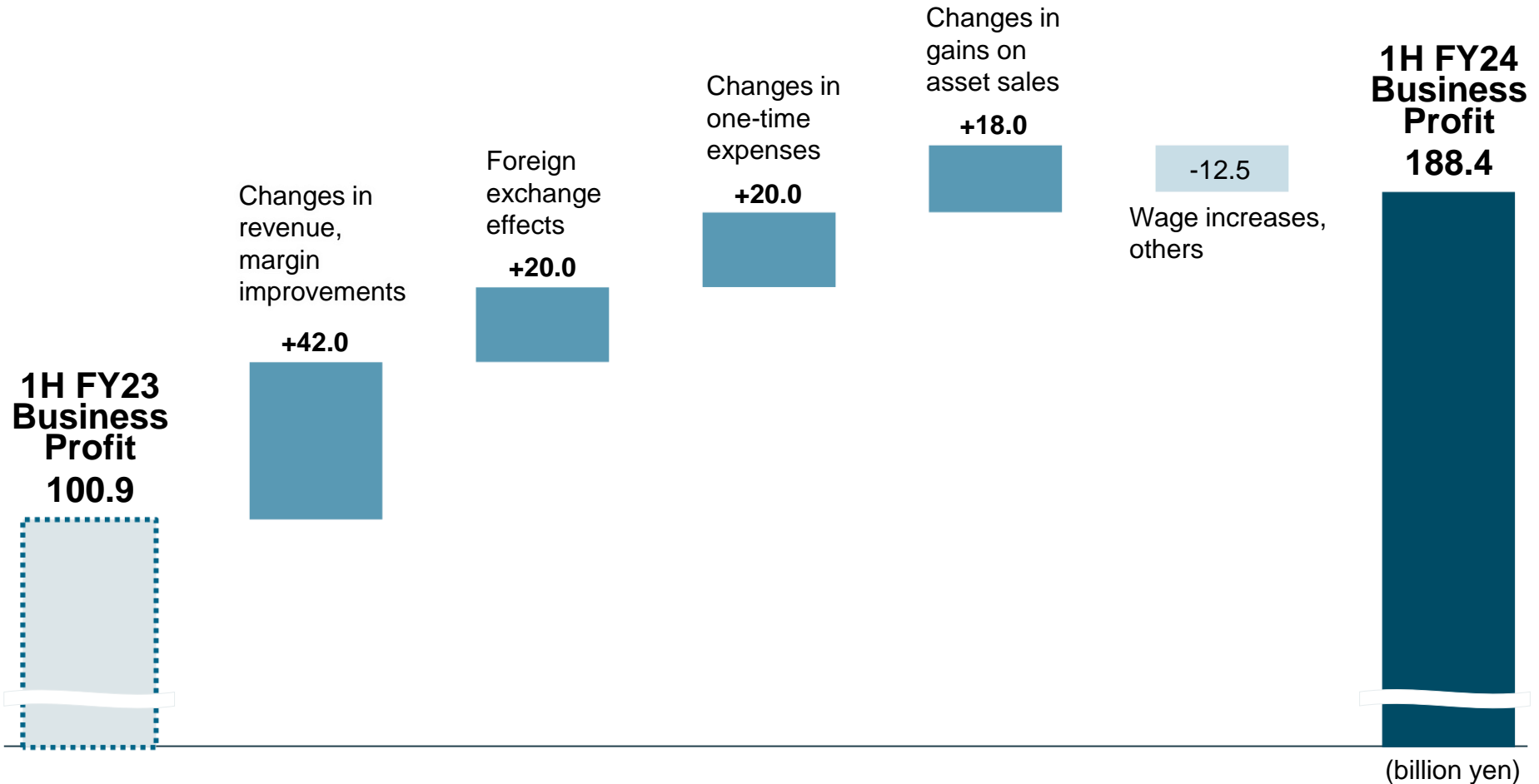
(billion yen)	1H FY2023 (Profit Margin)	1H FY2024 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	3,137.0	3,383.5	+246.4	(+7.9%)
Revenue	2,069.2	2,298.1	+228.8	(+11.1%)
Profit from Business Activities	100.9 (4.9%)	188.4 (8.2%)	+87.4 (+3.3 pts)	(+86.7%)
Profit Attributable to Owners of Parent	91.9 (4.4%)	107.1 (4.7%)	+15.1 (+0.3 pts)	(+16.5%)
EBITDA	168.9 (8.2%)	266.2 (11.6%)	+97.3 (+3.4 pts)	(+57.7%)
Free Cash Flow	-181.2	-85.7	+95.5	

Financial Position and Cash Flows

Financial Position	(billion yen)	FY23 End	1H FY24 End	Variance
Trade Receivables and Contract Assets		1,692.4	1,691.9	-0.4
Inventories		974.5	1,101.4	+126.8
Other Current Assets		752.9	908.0	+155.1
(Cash and Cash Equivalents)		(431.2)	(535.8)	(+104.5)
Fixed Assets		1,174.7	1,166.2	-8.4
Other Non-Current Assets		1,661.5	1,609.3	-52.2
Total Assets		6,256.2	6,477.0	+220.8
Trade Payables		958.8	808.7	-150.1
Contract Liabilities		1,095.1	1,256.7	+161.6
Other Liabilities		1,112.5	1,085.5	-27.0
Interest-Bearing Debt		728.9	948.8	+219.8
Equity		2,360.6	2,377.0	+16.4
(Equity Attributable to Owners of Parent)		(2,244.6)	(2,258.8)	(+14.2)
Total Liabilities and Equity		6,256.2	6,477.0	+220.8
Cash Flows	(billion yen)	1H FY23	1H FY24	YoY
Operating Cash Flow		-181.2	-8.8	+172.3
Investing Cash Flow		0	-76.8	-76.8
Free Cash Flow		-181.2	-85.7	+95.5

Profit Bridge

- Business profit increased YoY due to revenue and margin improvements mainly in Energy Systems segment and Defense & Space business
- Rebound from one-time expenses incurred in Aero Engines during 1H FY2023, combined with partial sale of land at Yokohama Dockyard & Machinery Works also contributed to business profit growth

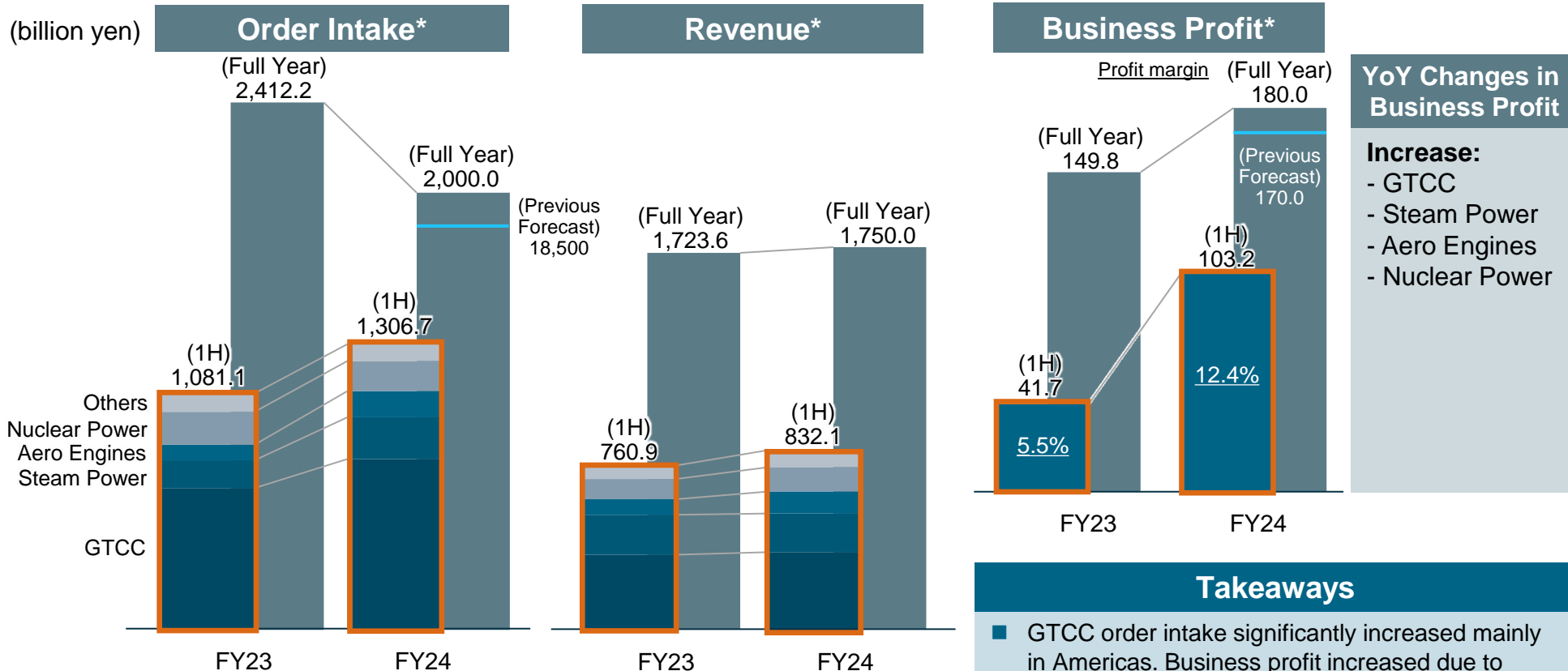


Financial Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	1H FY23*	1H FY24	YoY	1H FY23*	1H FY24	YoY	1H FY23*	1H FY24	YoY
(billion yen)									
Energy Systems	1,081.1	1,306.7	+225.6	760.9	832.1	+71.2	41.7	103.2	+61.5
Plants & Infrastructure Systems	422.7	599.4	+176.6	367.0	379.1	+12.1	16.0	28.1	+12.0
Logistics, Thermal & Drive Systems	650.0	657.6	+7.6	633.3	632.8	-0.5	36.7	26.9	-9.7
Aircraft, Defense & Space	999.4	802.1	-197.2	318.9	431.7	+112.7	27.4	44.0	+16.5
Others, Corporate & Eliminations	-16.2	17.5	+33.8	-10.9	22.2	+33.2	-21.0	-13.8	+7.1
Total	3,137.0	3,383.5	+246.4	2,069.2	2,298.1	+228.8	100.9	188.4	+87.4

*1H 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	
	1H FY23	1H FY24
GTCC	648.9	781.3
Steam Power	126.4	191.1
Aero Engines	71.5	119.2
Nuclear Power	150.1	138.5

	Revenue	
	1H FY23	1H FY24
GTCC	352.1	364.8
Steam Power	183.6	176.5
Aero Engines	70.7	100.8
Nuclear Power	92.9	110.9

- ### Takeaways
- GTCC order intake significantly increased mainly in Americas. Business profit increased due to margin improvements.
 - Steam Power business profit increased due to margin improvements
 - Aero Engines business profit increased from combination of revenue growth and rebound from one-time expenses recognized in 1H FY2023
 - Nuclear Power continued steady performance
 - Increased full-year segment order intake and business profit guidance based on YTD progress

Financial Results: Plants & Infrastructure Systems

(billion yen)

Order Intake*

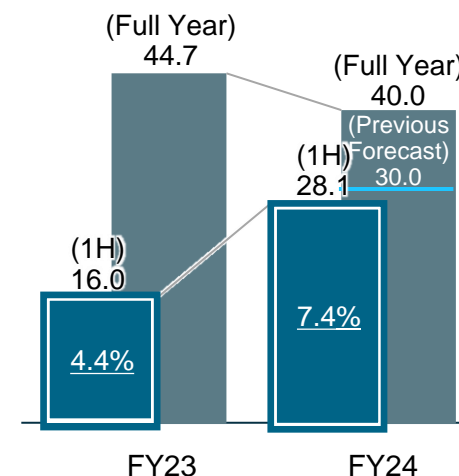
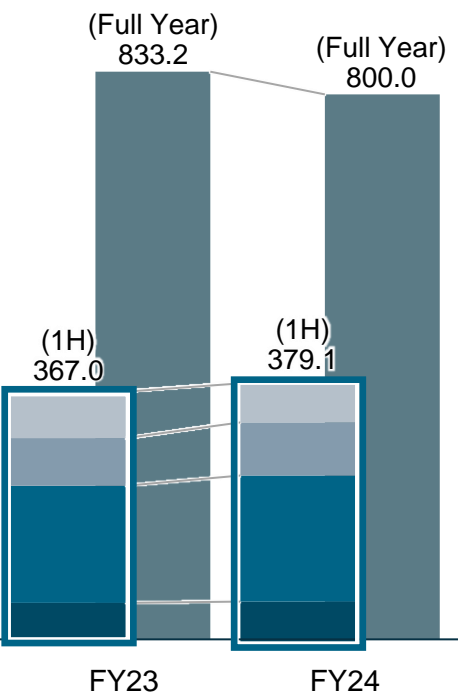
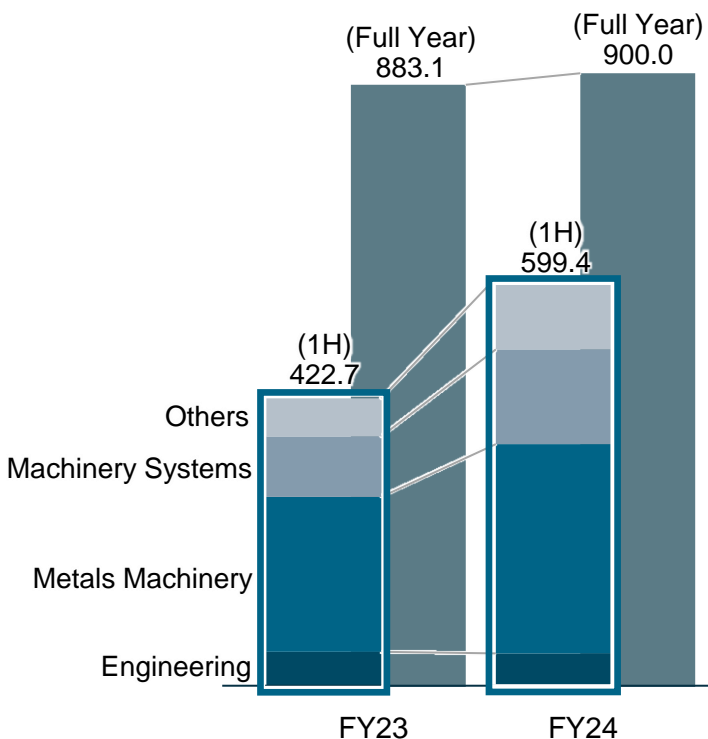
Revenue*

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

Major Businesses

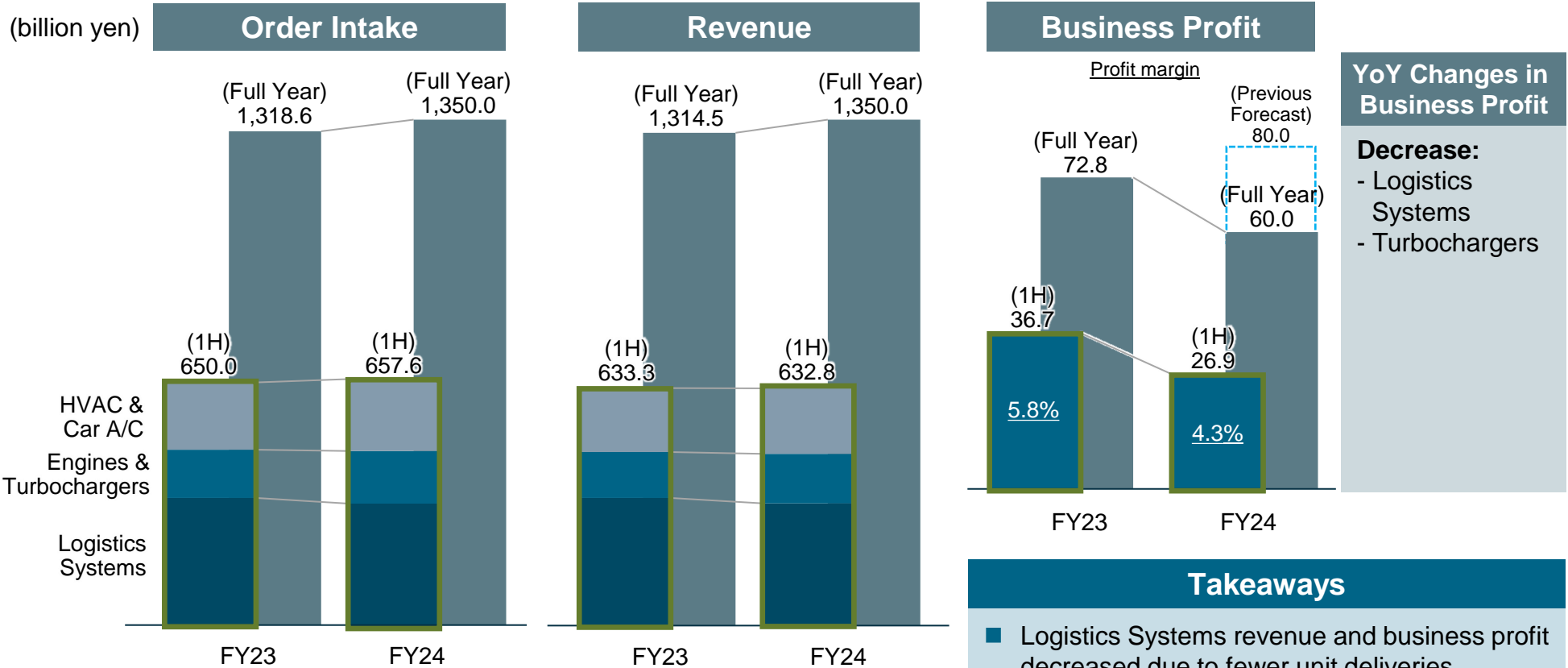
Major Businesses	Order Intake	
	1H FY23	1H FY24
Engineering	51.1	48.7
Metals Machinery	226.9	307.0
Machinery Systems	89.0	138.6

Major Businesses	Revenue	
	1H FY23	1H FY24
Engineering	57.2	58.9
Metals Machinery	171.9	184.9
Machinery Systems	69.5	77.8

Takeaways

- Engineering business profit increased due to margin improvements
- Metals Machinery order intake was strong. Revenue and business profit increased due to yen depreciation and other factors.
- Machinery Systems order intake, revenue, and profit increased
- Within Others category, order intake increased in Waste-to-Energy Systems
- Increased full-year segment business profit guidance based on YTD progress

Financial Results: Logistics, Thermal & Drive Systems



Major Businesses	Order Intake	
	1H FY23	1H FY24
Logistics Systems	343.7	328.8
Engines & Turbochargers	129.0	140.4
HVAC & Car A/C	179.8	192.4

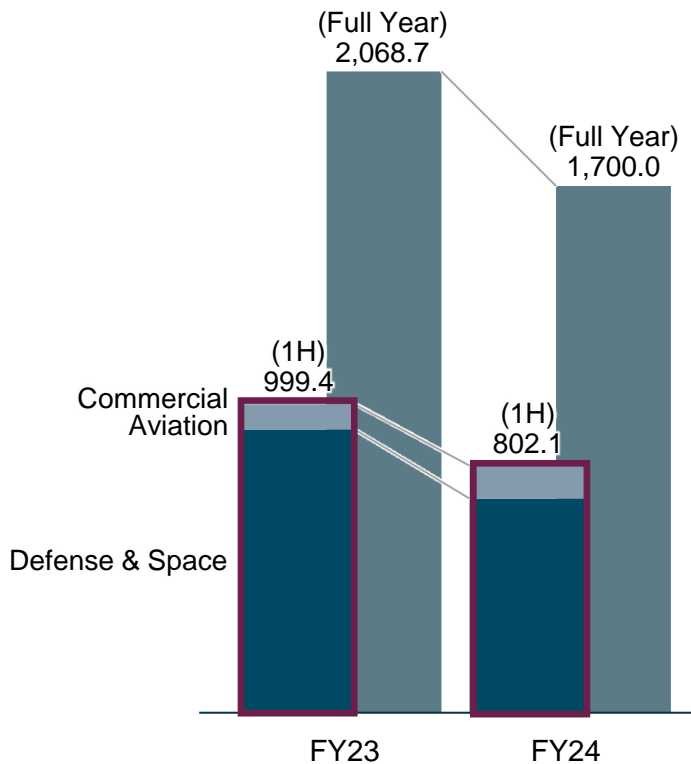
	Revenue	
	1H FY23	1H FY24
Logistics Systems	343.7	328.8
Engines & Turbochargers	122.3	132.8
HVAC & Car A/C	170.9	175.0

- ### Takeaways
- Logistics Systems revenue and business profit decreased due to fewer unit deliveries
 - Turbochargers business profit decreased due to increased expenses caused by supply chain disruption
 - Decreased full-year segment business profit guidance based on YTD progress

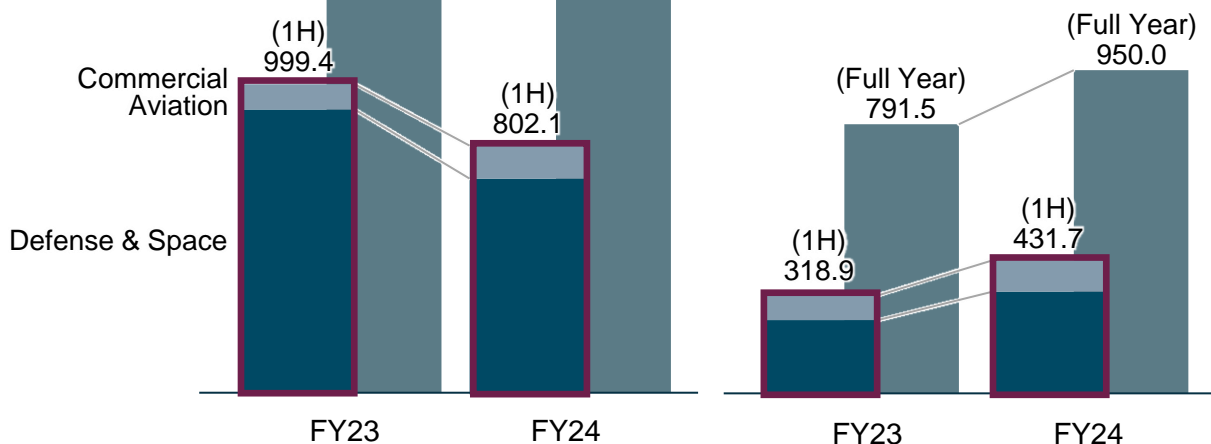
Financial Results: Aircraft, Defense & Space

(billion yen)

Order Intake

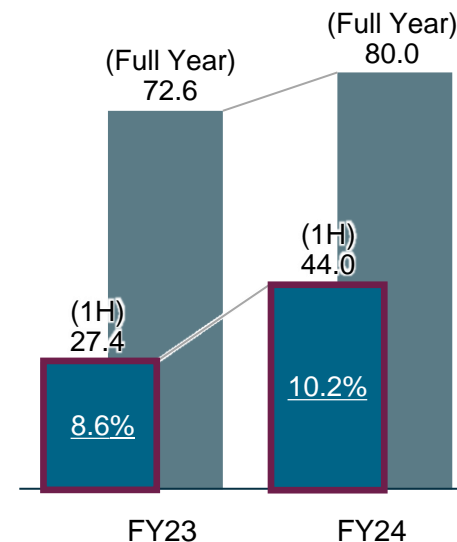


Revenue



Business Profit

Profit margin



YoY Changes in Business Profit

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

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 higher unit deliveries and positive impact of yen depreciation in Aero Structures

Major Businesses

Order Intake

	1H FY23	1H FY24
Defense & Space	918.4	694.9
Commercial Aviation	81.0	107.1

Revenue

	1H FY23	1H FY24
Defense & Space	238.5	330.7
Commercial Aviation	80.3	100.9

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.

- **Order Intake: ¥6,000.0 bn** (vs. previous: +¥200.0 bn)

	Previous	Revised	Revised vs. Previous
Energy Systems	¥1,850.0 bn	¥2,000.0 bn	+¥150.0 bn
Others, Corporate & Eliminations	¥0 bn	¥50.0 bn	+¥50.0 bn

- **Business Profit: ¥350.0 bn** (vs. previous: ±¥0 bn)

	Previous	Revised	Revised vs. Previous
Energy Systems	¥170.0 bn	¥180.0 bn	+¥10.0 bn
Plants & Infrastructure Systems	¥30.0 bn	¥40.0 bn	+¥10.0 bn
Logistics, Thermal & Drive Systems	¥80.0 bn	¥60.0 bn	-¥20.0 bn

- No change to guidance for revenue, net income, free cash flow, or dividends since previous announcement

Earnings Forecast Overview

Revised from forecast announced August 6, 2024.

	FY2023 (Profit Margin)	FY2024 Forecast (Profit Margin)		YoY (Profit Margin)	(YoY%)
		Previous	Revised		
(billion yen)					
Order Intake	6,684.0	5,800.0	<u>6,000.0</u>	-684.0	(-10.2%)
Revenue	4,657.1	4,900.0	4,900.0	+242.8	(+5.2%)
Profit from Business Activities	282.5 (6.1%)	350.0 (7.1%)	350.0 (7.1%)	+67.4 (+1.0 pt)	(+23.9%)
Profit Attributable to Owners of Parent	222.0 (4.8%)	230.0 (4.7%)	230.0 (4.7%)	+8.0 (-0.1 pts)	(+3.6%)
ROE	11.1%	10%	10%	-1.1 pts	
EBITDA	432.6 (9.3%)	500.0 (10.2%)	500.0 (10.2%)	+67.3 (+0.9 pts)	(+15.6%)
Free Cash Flow	200.1	-100.0	-100.0	-300.1	
Dividends	20 yen* Interim: 8 yen Year-End: 12 yen	22 yen Interim: 11 yen Year-End: 11 yen	22 yen Interim: 11 yen Year-End: 11 yen	Exchange rate assumptions: USD 1.00 = ¥145 EUR 1.00 = ¥155	

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

Earnings Forecast by Segment

Revised from forecast announced August 6, 2024.

(billion yen)	Order Intake				Revenue			Profit from Business Activities			
	FY23*	FY24 Forecast		YoY	FY23*	FY24 Forecast	YoY	FY23*	FY24 Forecast		YoY
		Previous	Revised						Previous	Revised	
Energy Systems	2,412.2	1,850.0	2,000.0	-412.2	1,723.6	1,750.0	+26.3	149.8	170.0	180.0	+30.1
Plants & Infrastructure Systems	883.1	900.0	900.0	+16.8	833.2	800.0	-33.2	44.7	30.0	40.0	-4.7
Logistics, Thermal & Drive Systems	1,318.6	1,350.0	1,350.0	+31.3	1,314.5	1,350.0	+35.4	72.8	80.0	60.0	-12.8
Aircraft, Defense & Space	2,068.7	1,700.0	1,700.0	-368.7	791.5	950.0	+158.4	72.6	80.0	80.0	+7.3
Others, Corporate & Eliminations	1.2	0	50.0	+48.7	-5.8	50.0	+55.8	-57.5	-10.0	-10.0	+47.5
Total	6,684.0	5,800.0	6,000.0	-684.0	4,657.1	4,900.0	+242.8	282.5	350.0	350.0	+67.4

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

4. Appendix

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

	1H FY23	FY23	1H FY24
Americas	1	7	5
Asia	6	9	3
EMEA	-	-	1
Other Regions	-	1	-
Order Intake Total	7	17	9
Contract Backlog	39	36	36

(Reference) Order Intake of China Licensee

	1H FY23	FY23	1H FY24
Order Intake	9	21	5

Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
FY23	7	11	7	5	30
FY24	6	6	/	/	12

777X	Q1	Q2	Q3	Q4	Total
FY23	0	1	3	2	6
FY24	3	3	/	/	6

787	Q1	Q2	Q3	Q4	Total
FY23	9	7	13	14	43
FY24	9	12	/	/	21

Appendix: Reference Data

Order Backlog

(billion yen)	FY23 End*	1H FY24
Energy Systems	4,231.1	4,567.2
Plants & Infrastructure Systems	1,622.4	1,757.7
Logistics, Thermal & Drive Systems	58.3	83.2
Aircraft, Defense & Space	2,474.2	2,814.4
Others, Corporate & Eliminations	14.4	16.3
Total	8,400.5	9,239.0

Foreign Currency Amounts Expected to Affect P/L

(billion, except where otherwise stated)	USD	EUR
Amounts to Affect Business P/L	1.5	0.3
Amounts to Affect Finance Income/ Costs	0.7	0.2
Exchange Rate Assumptions	¥145.0	¥155.0

R&D Expenses, Depreciation and Amortization, and Capital Expenditures

(billion yen)	1H FY23	1H FY24	FY24 Forecast
R&D Expenses	67.7	93.0	220.0
Depreciation and Amortization	67.9	77.8	150.0
Capital Expenditures	101.3	86.8	180.0

Selling, General, and Administrative Expenses

(billion yen)	1H FY23	1H FY24
SG&A	311.8	347.2

Foreign Exchange Rates (Average Rates Used for Revenue Recognition)

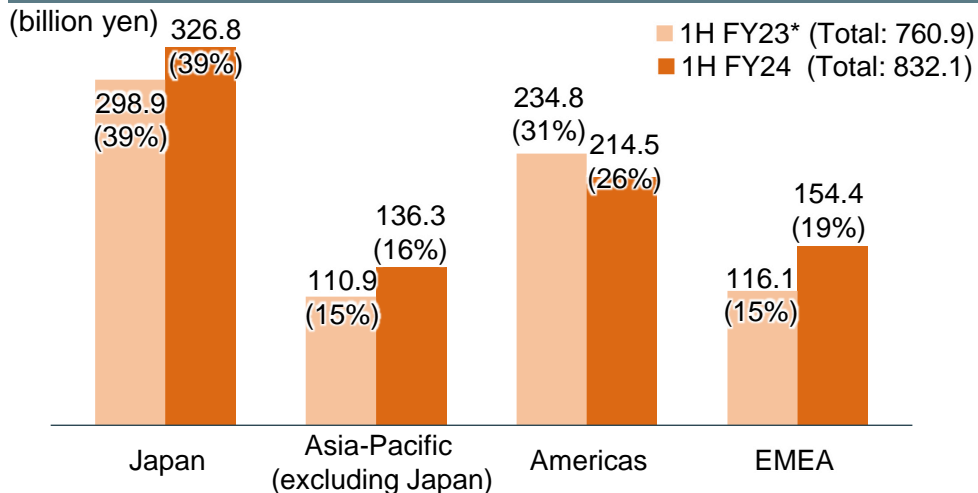
	1H FY23	1H FY24
U.S. Dollar (JPY/USD)	139.6	153.2
Euro (JPY/EUR)	150.8	164.5

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

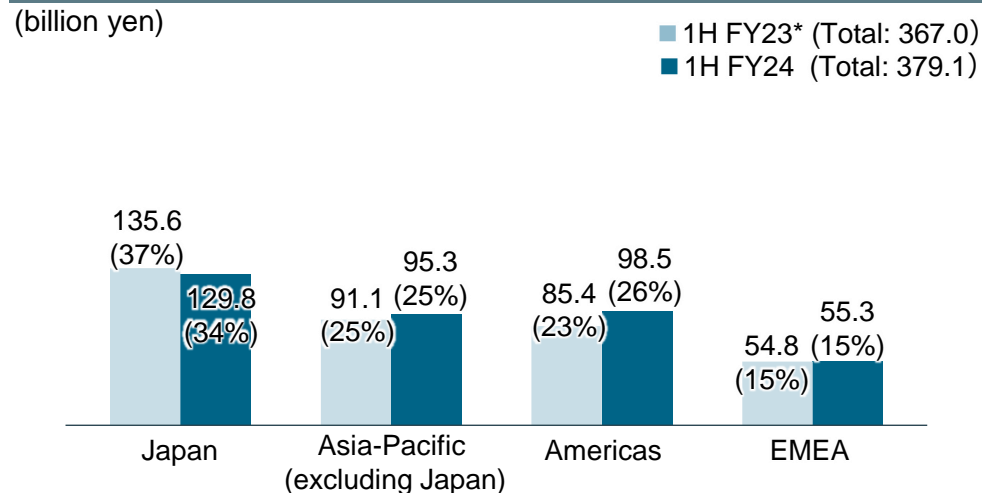
Appendix: Reference Data

Revenue by Region

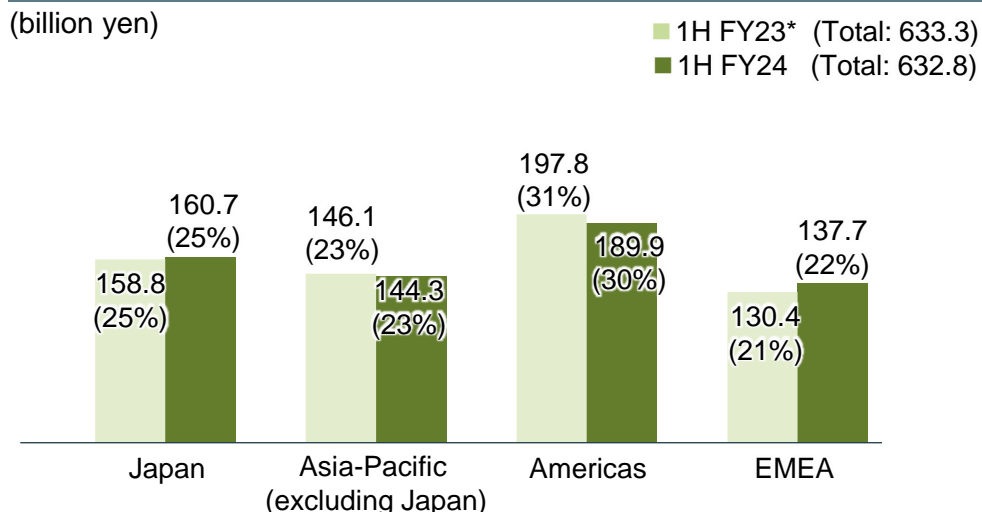
Energy Systems



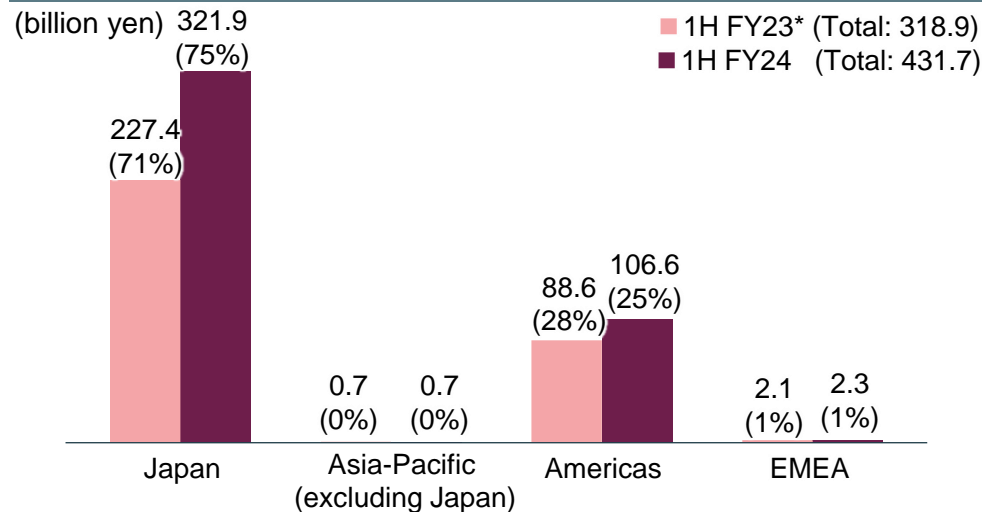
Plants & Infrastructure Systems



Logistics, Thermal & Drive Systems



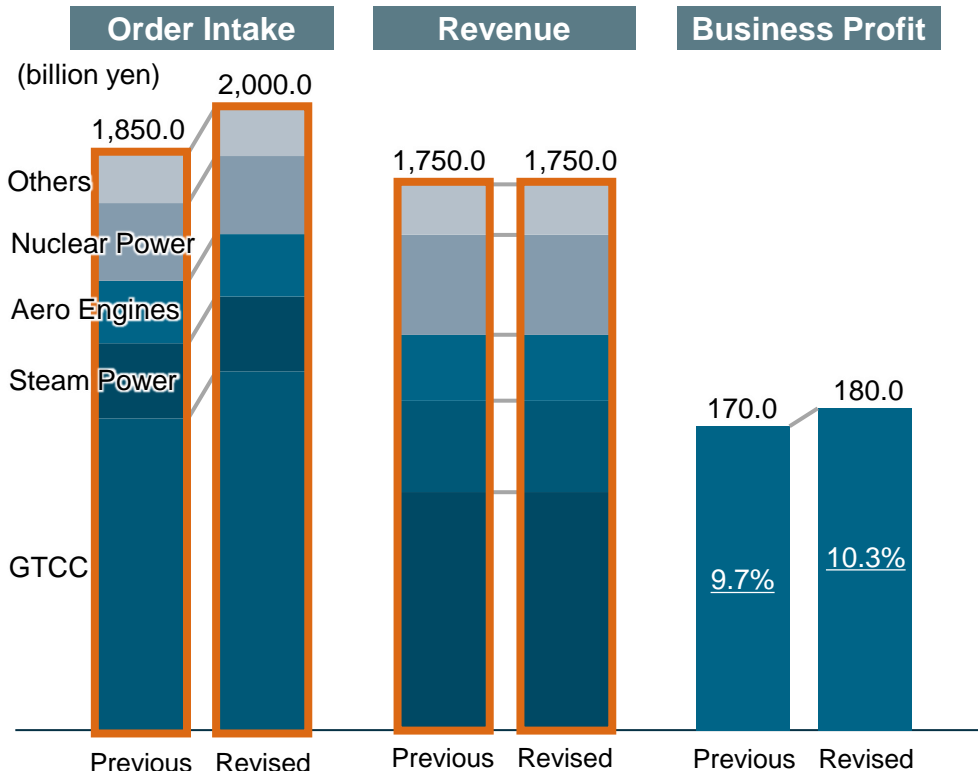
Aircraft, Defense & Space



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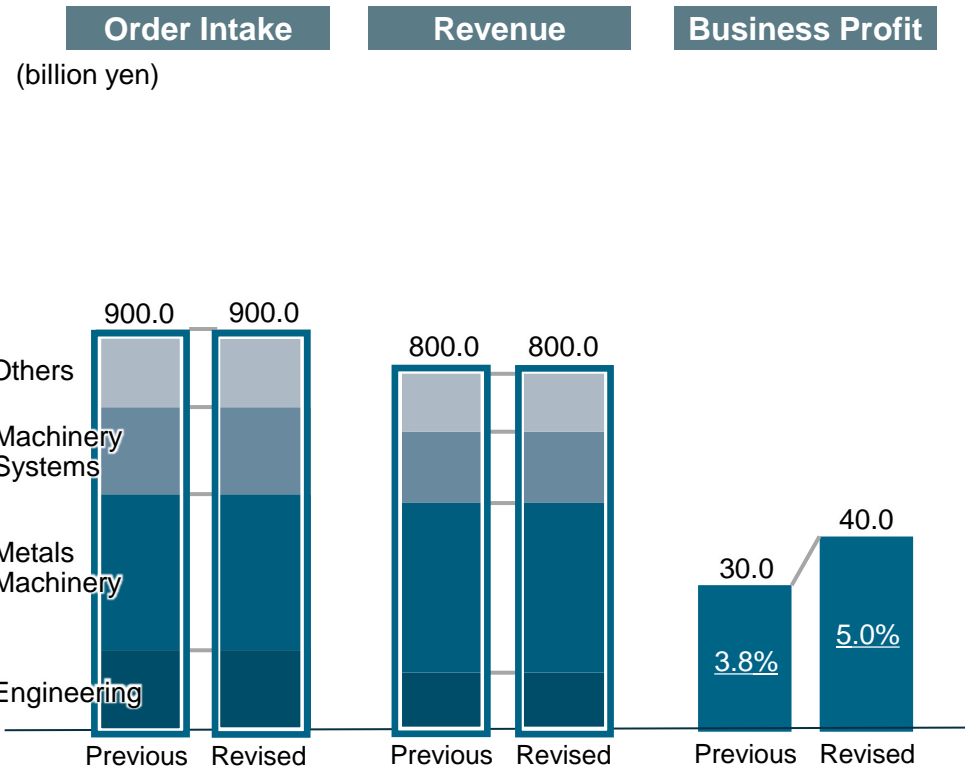
Energy Systems

FY2024 Forecast



Plants & Infrastructure Systems

FY2024 Forecast



Latest Developments

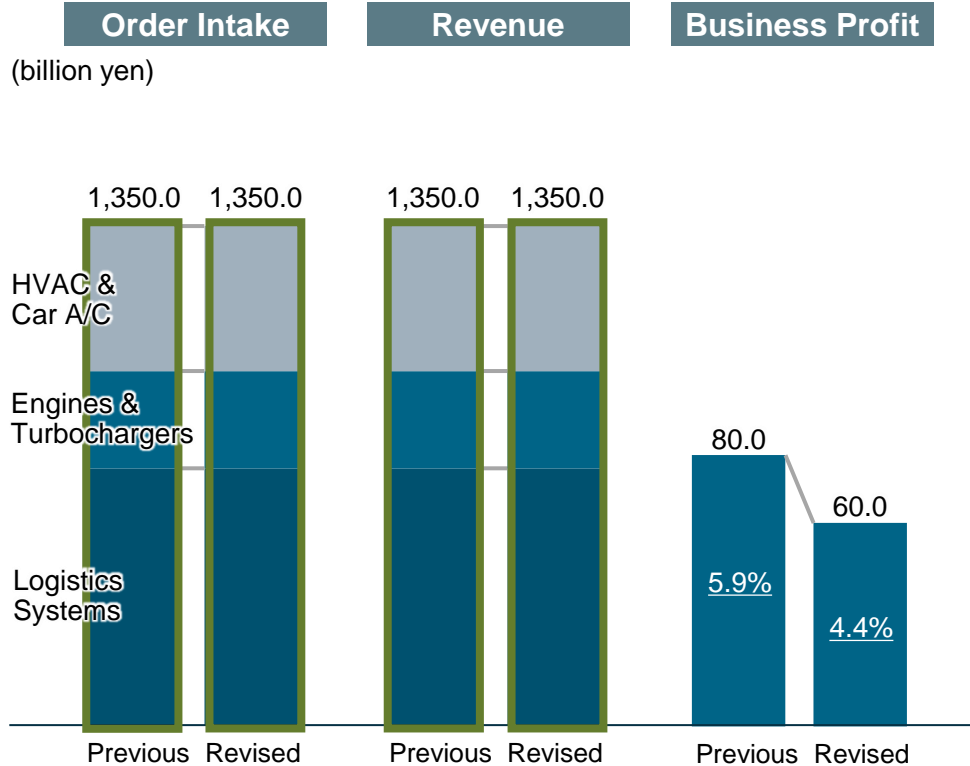
- GTCC: Forecasting market growth to 50-60 GW/year within next few years
- Aero Engines: Forecasting full-year Revenue Passenger Kilometers (RPK) to increase >10% YoY
- Nuclear Power: In addition to Pressurized Water Reactor (PWR) maintenance work, also supporting Boiling Water Reactor (BWR) restarts

Latest Developments

- Metals Machinery: Forecasting market expansion as investment in green steel accelerates

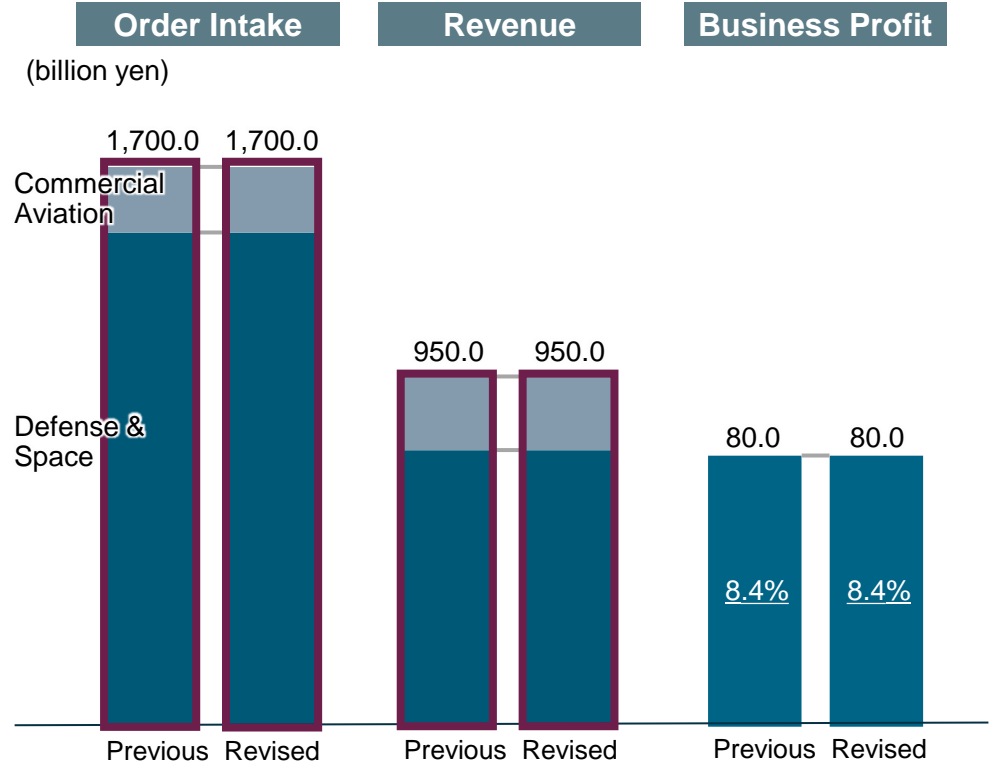
Logistics, Thermal & Drive Systems

FY2024 Forecast



Aircraft, Defense & Space

FY2024 Forecast



Latest Developments

- Logistics Systems: Despite strength in Japan, international unit deliveries down due in part to engine approval issue in North America
- Engines: Demand growing mainly for data center applications

Latest Developments

- Defense & Space: Order intake strong in response to Japan national defense initiatives
- Commercial Aviation: 787 production rate recovering. Monitoring impact of Boeing strike

