

Q1-3 FY2024 Financial Results

February 4, 2025

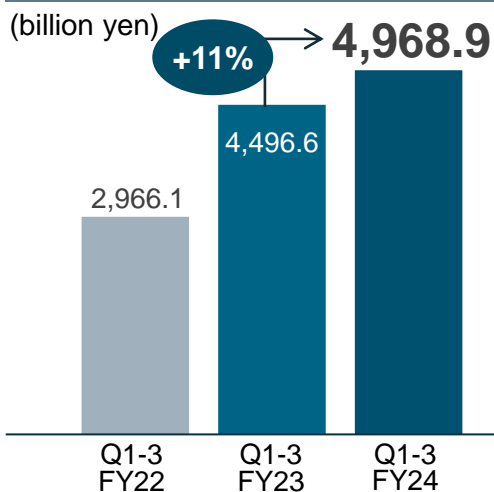
Mitsubishi Heavy Industries, Ltd.

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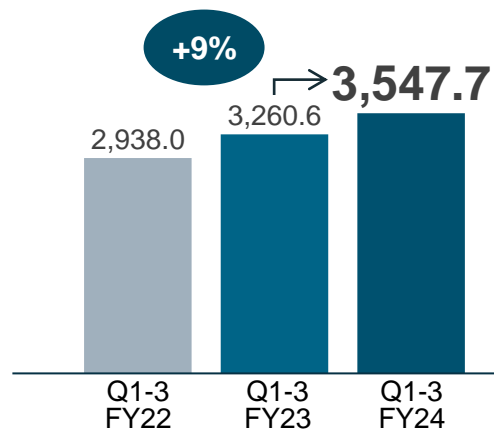
1. Key Takeaways

Q1-3 FY2024 Financial Results

Order Intake



Revenue



EBITDA

382.0
billion yen
(+¥85.6 bn YoY)

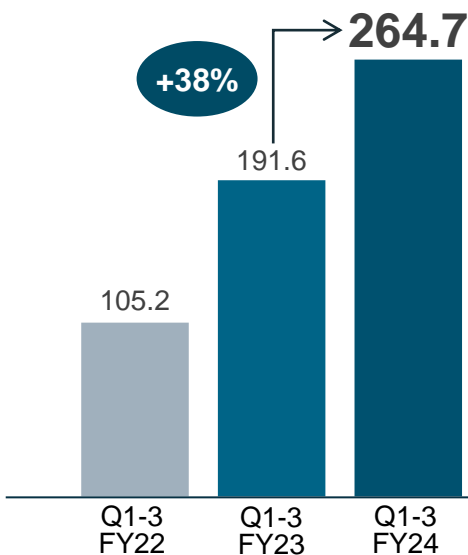
EBITDA Margin
10.8%
(+1.7 pts YoY)

Free Cash Flow

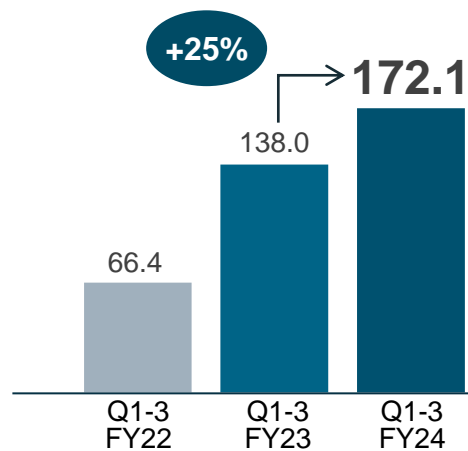
-143.7
billion yen
(+¥269.5 bn YoY)

Operating Cash Flow
-¥15.7 bn
(+¥286.3 bn YoY)

Business Profit



Net Income



Interest-Bearing Debt

1,002.3
billion yen
(-¥179.1 bn YoY)

Net Interest-Bearing Debt
¥460.3 bn
(-¥408.9 bn YoY)

D/E Ratio

0.41
(-0.17 YoY)

Equity Ratio

34.2%
(+2.3 pts YoY)

- **Order Intake: ¥4,968.9 bn** (+¥472.2 bn YoY)
Large YoY order intake growth achieved in Energy Systems and Plants & Infrastructure Systems.
Main contributions from Gas Turbine Combined Cycle (GTCC) and Aero Engines in Energy Systems and Metals Machinery in Plants & Infrastructure Systems.
- **Revenue: ¥3,547.7 bn** (+¥287.0 bn YoY)
Revenue increased YoY in all segments.
Revenue growth especially large in Defense & Space driven by Aircraft & Missile Systems.
- **Business Profit: ¥264.7 bn** (+¥73.1 bn YoY)
Business profit increased YoY in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space.
Revenue growth, margin improvements, positive impact of yen depreciation, and rebound from one-time expenses incurred during Q1-3 FY2023 served to increase business profit by 38% YoY to ¥264.7 bn.
- **Net Income: ¥172.1 bn** (+¥34.0 bn YoY)
Growth in business profit caused net income to rise by 25% YoY to ¥172.1 bn

2. Q1-3 FY2024 Financial Results

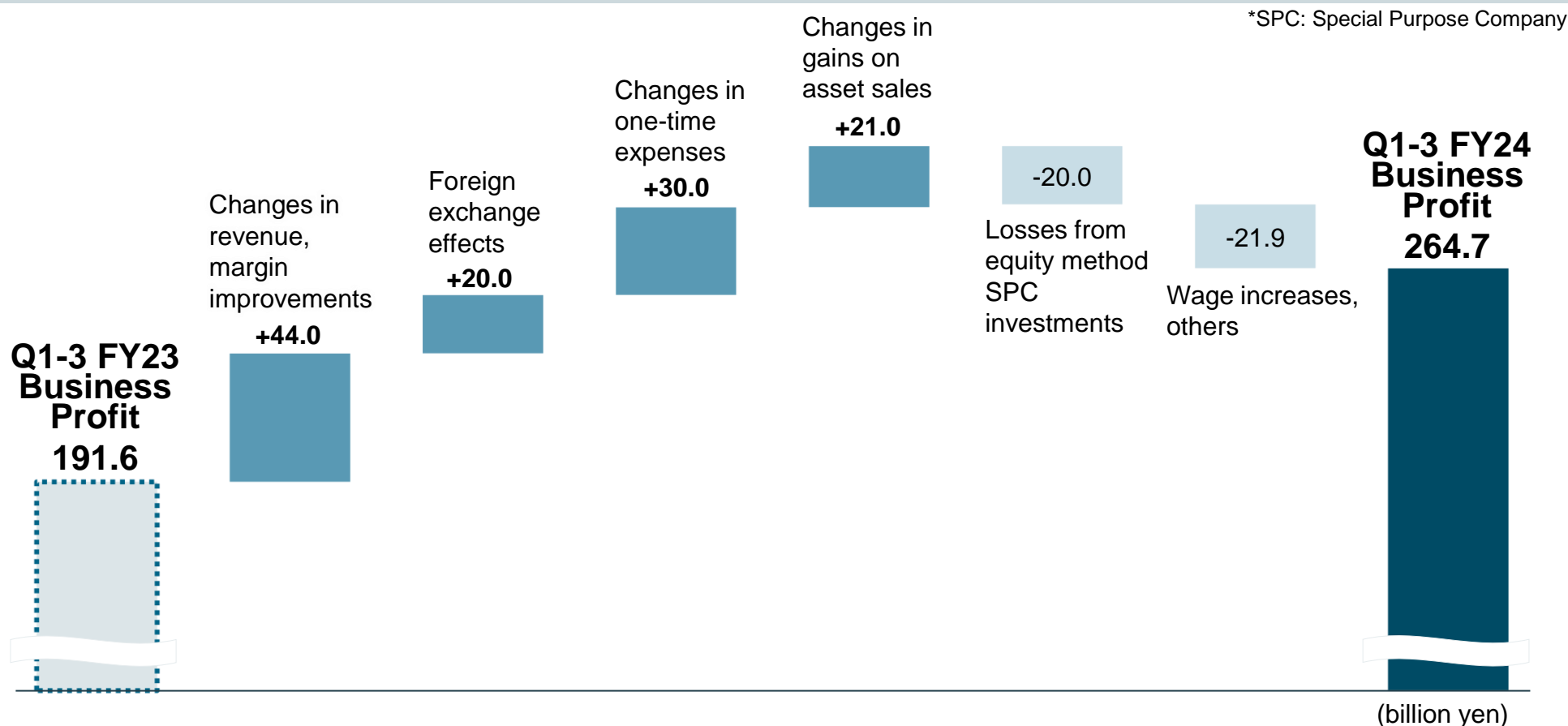
Financial Results Overview

(billion yen)	Q1-3 FY2023 (Profit Margin)	Q1-3 FY2024 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	4,496.6	4,968.9	+472.2	(+10.5%)
Revenue	3,260.6	3,547.7	+287.0	(+8.8%)
Profit from Business Activities	191.6 (5.9%)	264.7 (7.5%)	+73.1 (+1.6 pts)	(+38.2%)
Profit Attributable to Owners of Parent	138.0 (4.2%)	172.1 (4.9%)	+34.0 (+0.7 pts)	(+24.7%)
EBITDA	296.4 (9.1%)	382.0 (10.8%)	+85.6 (+1.7 pts)	(+28.9%)
Free Cash Flow	-413.3	-143.7	+269.5	

Financial Position and Cash Flows

Financial Position	(billion yen)	FY23 End	Q1-3 FY24 End	Variance
Trade Receivables and Contract Assets		1,692.4	1,864.6	+172.2
Inventories		974.5	1,176.2	+201.6
Other Current Assets		752.9	971.2	+218.3
(Cash and Cash Equivalents)		(431.2)	(542.0)	(+110.7)
Fixed Assets		1,174.7	1,204.0	+29.3
Other Non-Current Assets		1,661.5	1,608.9	-52.6
Total Assets		6,256.2	6,825.2	+568.9
Trade Payables		958.8	847.2	-111.6
Contract Liabilities		1,095.1	1,310.1	+214.9
Other Liabilities		1,112.5	1,198.3	+85.7
Interest-Bearing Debt		728.9	1,002.3	+273.3
Equity		2,360.6	2,467.1	+106.5
(Equity Attributable to Owners of Parent)		(2,244.6)	(2,336.5)	(+91.9)
Total Liabilities and Equity		6,256.2	6,825.2	+568.9
Cash Flows	(billion yen)	Q1-3 FY23	Q1-3 FY24	YoY
Operating Cash Flow		-302.1	-15.7	+286.3
Investing Cash Flow		-111.1	-128.0	-16.8
Free Cash Flow		-413.3	-143.7	+269.5

- Business profit increased YoY due to margin improvements, as well as revenue growth mainly in Energy Systems segment and Defense & Space business
- Rebound from one-time expenses incurred in thermal power businesses related to some international projects as well as Aero Engines during Q1-3 FY2023, combined with gain on sale of land at Yokohama Dockyard & Machinery Works also served to increase business profit
- Nakoso and Hirono Power Plant operating companies (SPCs*) booked losses related to past decreases in plant output

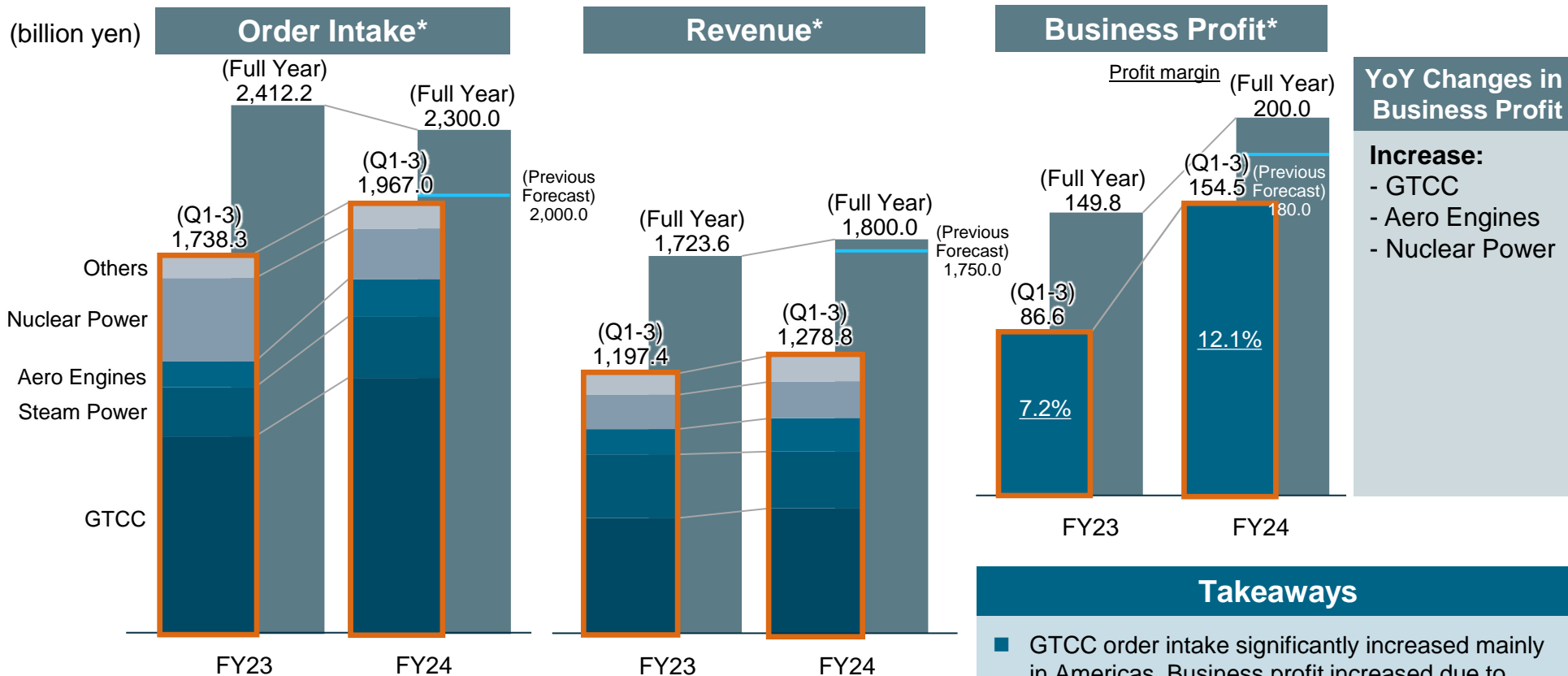


Financial Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	Q1-3 FY23*	Q1-3 FY24	YoY	Q1-3 FY23*	Q1-3 FY24	YoY	Q1-3 FY23*	Q1-3 FY24	YoY
(billion yen)									
Energy Systems	1,738.3	1,967.0	+228.7	1,197.4	1,278.8	+81.4	86.6	154.5	+67.9
Plants & Infrastructure Systems	593.7	813.5	+219.8	585.7	586.4	+0.6	27.0	39.7	+12.6
Logistics, Thermal & Drive Systems	968.6	991.7	+23.1	956.2	965.4	+9.2	58.8	42.3	-16.5
Aircraft, Defense & Space	1,204.1	1,182.0	-22.0	526.9	689.6	+162.7	53.6	69.7	+16.1
Others, Corporate & Eliminations	-8.1	14.4	+22.6	-5.6	27.4	+33.0	-34.5	-41.5	-7.0
Total	4,496.6	4,968.9	+472.2	3,260.6	3,547.7	+287.0	191.6	264.7	+73.1

*Q1-3 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	
	Q1-3 FY23	Q1-3 FY24
GTCC	901.2	1,167.4
Steam Power	224.1	279.0
Aero Engines	117.5	170.9
Nuclear Power	380.1	231.8

	Revenue	
	Q1-3 FY23	Q1-3 FY24
	537.3	582.9
	290.9	258.7
	114.8	150.8
	156.4	167.3

- ### Takeaways
- GTCC order intake significantly increased mainly in Americas. Business profit increased due to revenue growth and margin improvements.
 - Aero Engines business profit increased from combination of revenue growth and rebound from one-time expenses recognized in Q1-3 FY2023
 - Nuclear Power continued steady performance
 - Increased full-year segment order intake, revenue, and business profit guidance based on YTD performance

Financial Results: Plants & Infrastructure Systems

(billion yen)

Order Intake*

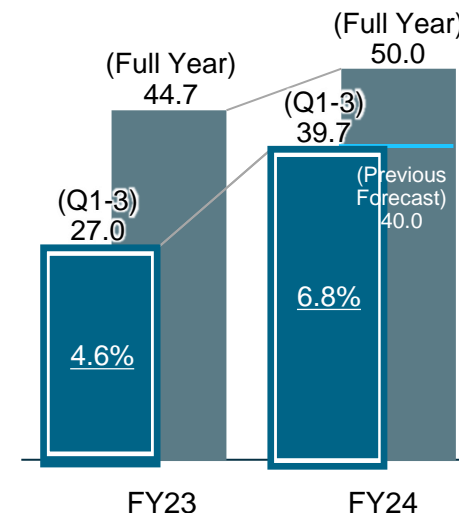
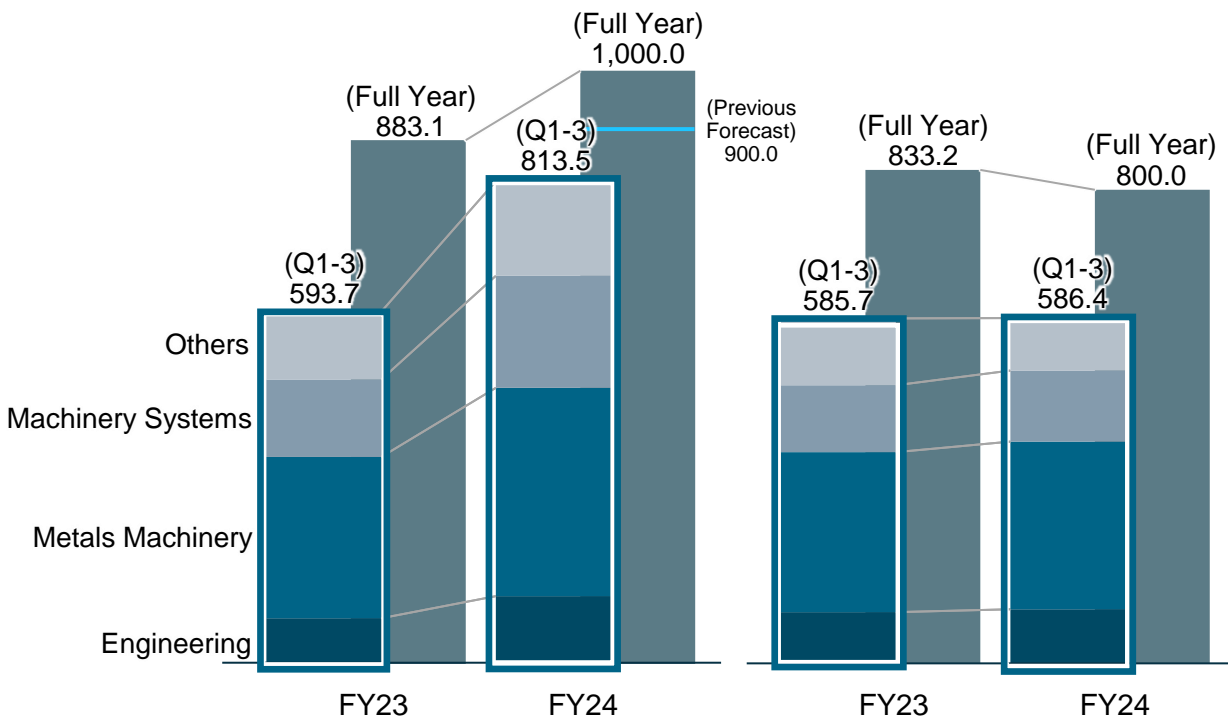
Revenue*

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

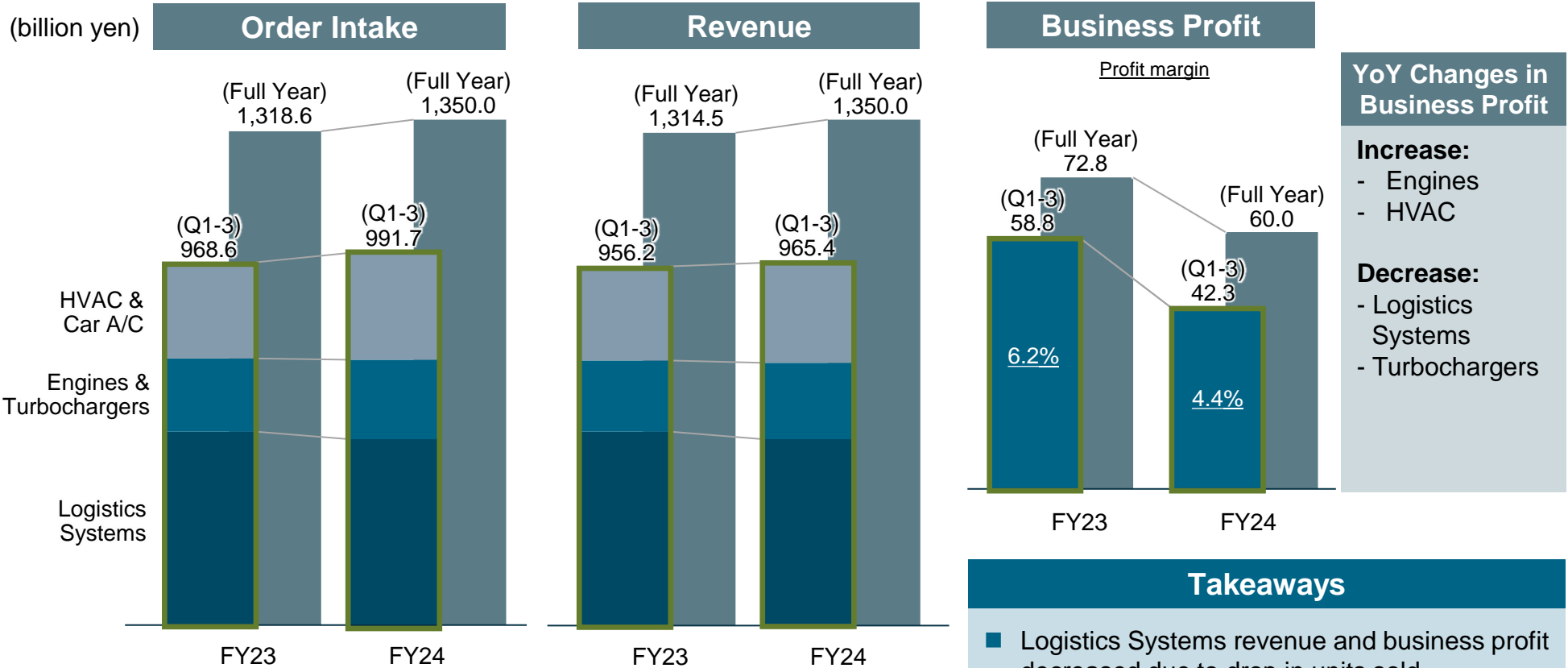
Major Businesses	Order Intake	
	Q1-3 FY23	Q1-3 FY24
Engineering	76.7	113.8
Metals Machinery	271.7	351.3
Machinery Systems	130.5	188.8

	Revenue	
	Q1-3 FY23	Q1-3 FY24
Engineering	90.8	95.5
Metals Machinery	269.4	282.8
Machinery Systems	112.9	119.4

Takeaways

- Order intake increased in all major businesses led by Metals Machinery
- Engineering business profit increased due to revenue growth and margin improvements
- Metals Machinery revenue and business profit increased due to yen depreciation and margin improvements
- Machinery Systems business profit increased due to revenue growth
- Increased full-year segment order intake and business profit guidance based on YTD performance

Financial Results: Logistics, Thermal & Drive Systems



Major Businesses	Order Intake	
	Q1-3 FY23	Q1-3 FY24
Logistics Systems	521.0	500.7
Engines & Turbochargers	195.1	212.6
HVAC & Car A/C	257.0	284.7

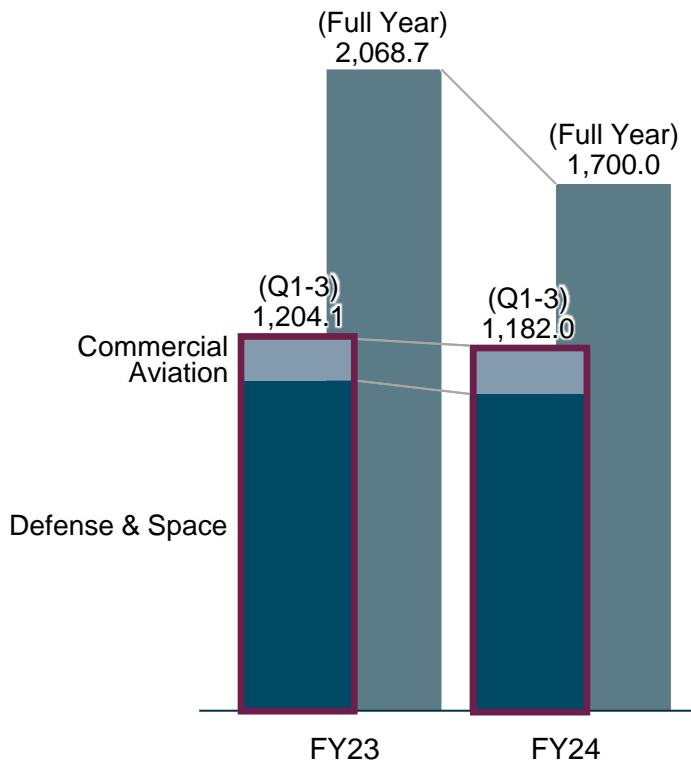
	Revenue	
	Q1-3 FY23	Q1-3 FY24
Logistics Systems	520.6	500.7
Engines & Turbochargers	190.1	203.4
HVAC & Car A/C	251.3	267.4

- ### Takeaways
- Logistics Systems revenue and business profit decreased due to drop in units sold
 - Engines order intake and revenue increased mainly in Asia
 - Turbochargers business profit decreased due to increased expenses caused by supply chain disruption
 - HVAC revenue and business profit increased due to yen depreciation and rise in units sold

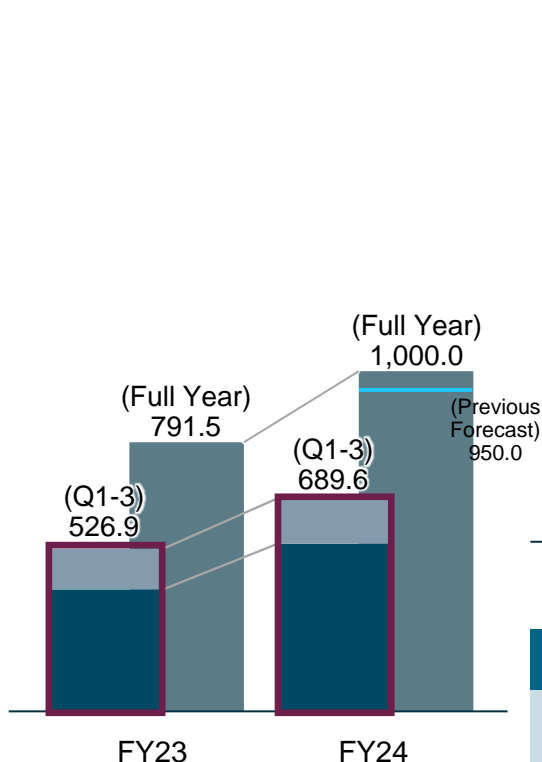
Financial Results: Aircraft, Defense & Space

(billion yen)

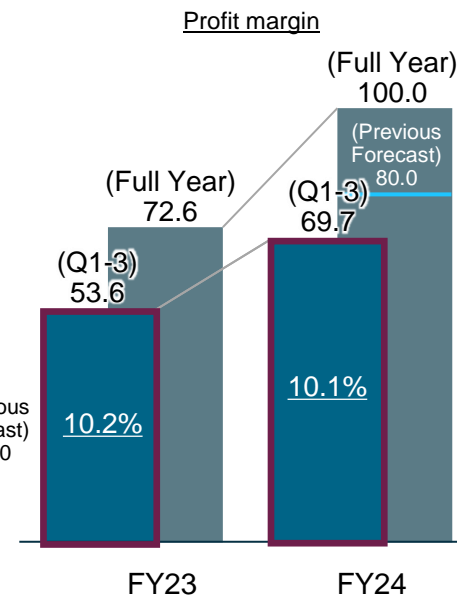
Order Intake



Revenue



Business Profit



YoY Changes in Business Profit

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

Major Businesses

	Order Intake	
	Q1-3 FY23	Q1-3 FY24
Defense & Space	1,070.1	1,026.4
Commercial Aviation	134.1	155.5

	Revenue	
	Q1-3 FY23	Q1-3 FY24
Defense & Space	396.0	543.5
Commercial Aviation	130.8	146.1

Takeaways

- Defense & Space revenue and business profit increased due to steady progress in project execution and margin improvements
- Commercial Aviation business profit decreased due to lower 777 unit deliveries, despite increased revenue from yen depreciation
- Increased full-year segment revenue and business profit guidance based on YTD performance

Nakoso and Hirono Power Plant Operating Companies

- MHI increased investment in Nakoso and Hirono Power Plant operating companies (SPCs)¹ in December 2024 by acquiring two other parties' stakes

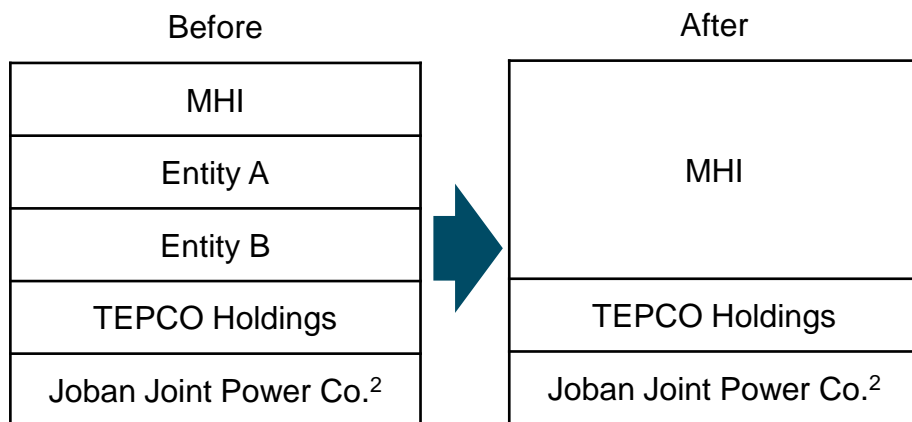
Goal

- ✓ Accelerate management decisions and improve SPC operational flexibility
- ✓ As plant OEM and operator, contribute to both stability of Eastern Japan's electricity supply and revitalization of Fukushima region

Financial Impact

- ✓ In Q3 FY2024, booked losses (-¥20 billion) from equity method SPC investments related to past decreases in plant output
- ✓ Under new structure, aim to stabilize operation by increasing efforts to improve plant reliability

SPC Equity Structure



Nakoso Power Plant

Hirono Power Plant

- 1 Nakoso and Hirono Power Plant projects were planned as part of Fukushima revitalization effort and began operation in FY2021. In addition to constructing the plants, MHI provided a 40% equity investment in SPCs and participated in project as plant operator.
- 2 Invested in Nakoso Power Plant SPC only

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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.

FY2024 Earnings Forecast Highlights

■ Order Intake: ¥6,400.0 bn (vs. previous: +¥400.0 bn)

	Previous	Revised	Revised vs. Previous	Major Businesses
Energy Systems	¥2,000.0 bn	¥2,300.0 bn	+¥300.0 bn	• GTCC
Plants & Infrastructure Systems	¥900.0 bn	¥1,000.0 bn	+¥100.0 bn	• Metals Machinery

■ Revenue: ¥5,000.0 bn (vs. previous: +100.0 bn)

	Previous	Revised	Revised vs. Previous	Major Businesses
Energy Systems	¥1,750.0 bn	¥1,800.0 bn	+¥50.0 bn	• GTCC
Aircraft, Defense & Space	¥950.0 bn	¥1,000.0 bn	+¥50.0 bn	• Defense & Space

■ Business Profit: ¥380.0 bn (vs. previous: +¥30.0 bn)

	Previous	Revised	Revised vs. Previous	Major Businesses
Energy Systems	¥180.0 bn	¥200.0 bn	+¥20.0 bn	• GTCC
Plants & Infrastructure Systems	¥40.0 bn	¥50.0 bn	+¥10.0 bn	• All major businesses
Aircraft, Defense & Space	¥80.0 bn	¥100.0 bn	+¥20.0 bn	• Defense & Space
Others, Corporate & Eliminations	-¥10.0 bn	-¥30.0 bn	-¥20.0 bn	

■ Net Income: ¥240.0 bn (vs. previous: +¥10.0 bn)

■ Free Cash Flow: ¥0 bn (vs. previous: +¥100.0 bn)

■ Dividends: No change from previous guidance (¥22 yen/share)

Earnings Forecast Overview

Revised from forecast announced November 5, 2024.

	FY2023 (Profit Margin)	FY2024 Forecast (Profit Margin)		YoY (Profit Margin)	(YoY%)
		Previous	Revised		
(billion yen)					
Order Intake	6,684.0	6,000.0	<u>6,400.0</u>	-284.0	(-4.2%)
Revenue	4,657.1	4,900.0	<u>5,000.0</u>	+342.8	(+7.4%)
Profit from Business Activities	282.5 (6.1%)	350.0 (7.1%)	<u>380.0</u> (7.6%)	+97.4 (+1.5 pts)	(+34.5%)
Profit Attributable to Owners of Parent	222.0 (4.8%)	230.0 (4.7%)	<u>240.0</u> (4.8%)	+17.9 (±0.0 pts)	(+8.1%)
ROE	11.1%	10%	10%	-1.1 pts	
EBITDA	432.6 (9.3%)	500.0 (10.2%)	<u>530.0</u> (10.6%)	+97.3 (+1.3 pts)	(+22.5%)
Free Cash Flow	200.1	-100.0	<u>0</u>	-200.1	
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 = ¥150 EUR 1.00 = ¥160	

*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 November 5, 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			Previous	Revised	
Energy Systems	2,412.2	2,000.0	<u>2,300.0</u>	-112.2	1,723.6	1,750.0	<u>1,800.0</u>	+76.3	149.8	180.0	<u>200.0</u>	+50.1
Plants & Infrastructure Systems	883.1	900.0	<u>1,000.0</u>	+116.8	833.2	800.0	800.0	-33.2	44.7	40.0	<u>50.0</u>	+5.3
Logistics, Thermal & Drive Systems	1,318.6	1,350.0	1,350.0	+31.3	1,314.5	1,350.0	1,350.0	+35.4	72.8	60.0	60.0	-12.8
Aircraft, Defense & Space	2,068.7	1,700.0	1,700.0	-368.7	791.5	950.0	<u>1,000.0</u>	+208.4	72.6	80.0	<u>100.0</u>	+27.3
Others, Corporate & Eliminations	1.2	50.0	50.0	+48.7	-5.8	50.0	50.0	+55.8	-57.5	-10.0	<u>-30.0</u>	+27.5
Total	6,684.0	6,000.0	<u>6,400.0</u>	-284.0	4,657.1	4,900.0	<u>5,000.0</u>	+342.8	282.5	350.0	<u>380.0</u>	+97.4

*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)

	Q1-3 FY23	FY23	Q1-3 FY24
Americas	1	7	11
Asia	8	9	4
EMEA	-	-	1
Other Regions	1	1	-
Order Intake Total	10	17	16
Contract Backlog	32	36	40

(Reference) China Licensee Order Intake

	Q1-3 FY23	FY23	Q1-3 FY24
Order Intake	16	21	7

Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
FY23	7	11	7	5	30
FY24	6	6	2		14

777X	Q1	Q2	Q3	Q4	Total
FY23	0	1	3	2	6
FY24	3	3	1		7

787	Q1	Q2	Q3	Q4	Total
FY23	9	7	13	14	43
FY24	9	12	12		33

Appendix: Reference Data

Order Backlog

(billion yen)	FY23 End*	Q1-3 FY24
Energy Systems	4,231.1	4,978.2
Plants & Infrastructure Systems	1,622.4	1,829.5
Logistics, Thermal & Drive Systems	58.3	83.7
Aircraft, Defense & Space	2,474.2	2,937.7
Others, Corporate & Eliminations	14.4	21.0
Total	8,400.5	9,850.2

Foreign Currency Amounts Expected to Affect P/L

(billion, except where otherwise stated)	USD	EUR
Amounts to Affect Business P/L	0.7	0.2
Amounts to Affect Finance Income/Costs	0.8	0.2
Exchange Rate Assumptions	¥150.0	¥160.0

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

(billion yen)	Q1-3 FY23	Q1-3 FY24	FY24 Forecast
R&D Expenses	101.9	140.8	220.0
Depreciation and Amortization	104.7	117.2	150.0
Capital Expenditures	144.3	128.3	180.0

Selling, General, and Administrative Expenses

(billion yen)	Q1-3 FY23	Q1-3 FY24
SG&A	477.9	520.1

Foreign Exchange Rates (Average Rates Used for Revenue Recognition)

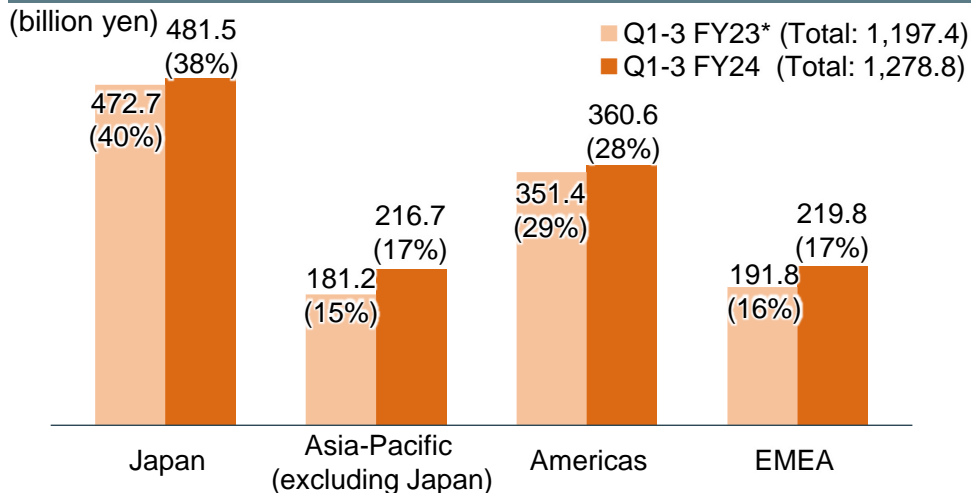
	Q1-3 FY23	Q1-3 FY24
U.S. Dollar (JPY/USD)	142.4	151.9
Euro (JPY/EUR)	152.9	163.8

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

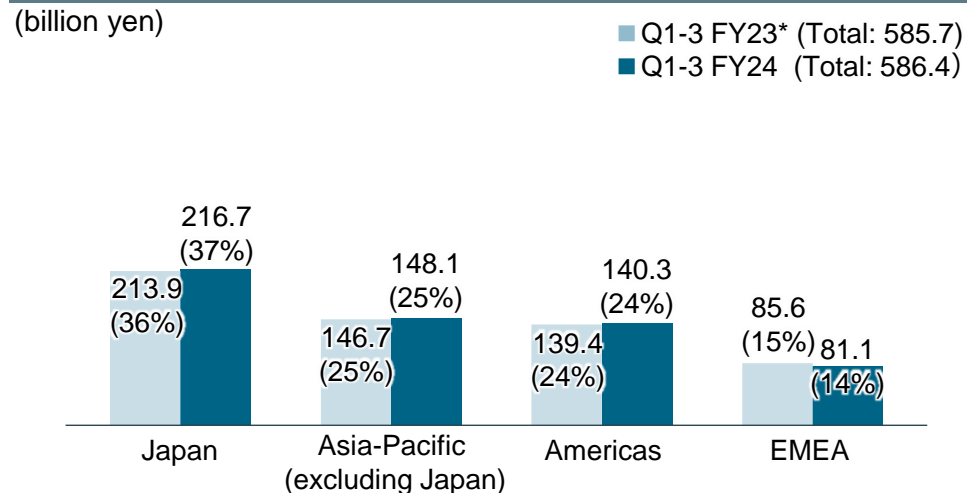
Appendix: Reference Data

Revenue by Region

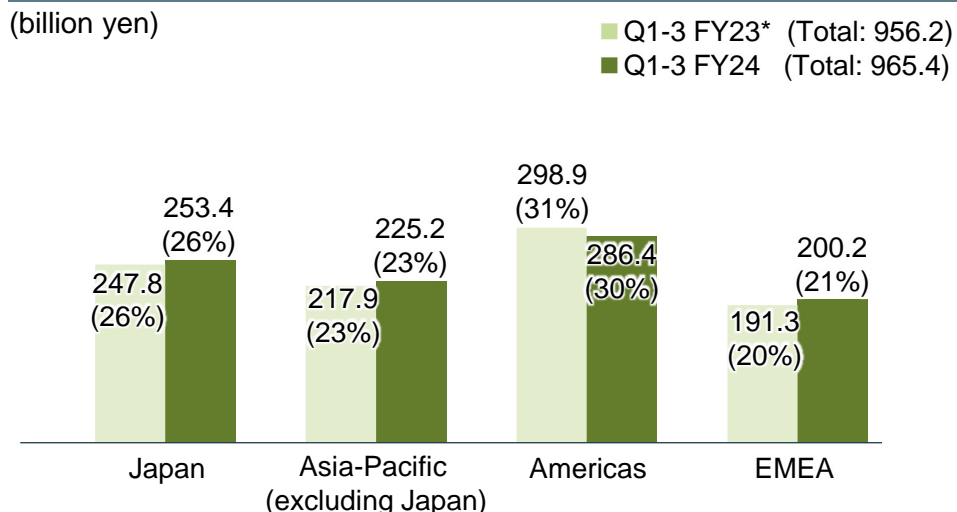
Energy Systems



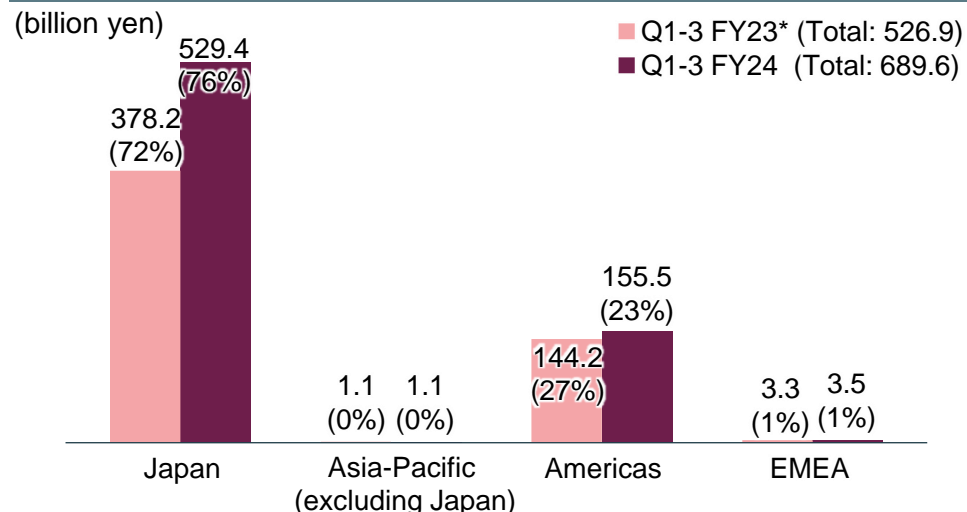
Plants & Infrastructure Systems



Logistics, Thermal & Drive Systems



Aircraft, Defense & Space



*Q1-3 FY2023 results adjusted retroactively to reflect establishment of GX Solutions effective April 1, 2024

