

# PRESS RELEASE

May 12, 2022

Mitsubishi Heavy Industries, Ltd.

## Mitsubishi Heavy Industries Achieves Record-Breaking Cash Flow in FY2021 and Plans Increased Dividends

- Order intake, revenue, business profit, and free cash flow all exceeded FY2020 results and latest forecast issued in February
- Successful margin enhancement overcame downward pressure on profit from materials and logistics cost inflation as well as semiconductor shortages, achieving ¥106.1 bn YoY increase in profit from business activities. ROE increased to 7.7%.
- Record-breaking free cash flow of ¥301.8 bn achieved through increased profit from rising revenue and improved working capital management, combined with cash inflows from sale of strategic shareholdings and real estate
- Financial stability improved with net interest-bearing debt down to ¥420.6 bn
- Secured financial resources for growth investments in Carbon Neutrality
- Planning a ¥100 per share dividend, a YoY increase of ¥25 per share

**Tokyo** – Mitsubishi Heavy Industries (MHI, TSE Code: 7011) announced that order intake rose 21.9% year-over-year to ¥4,067.7 billion in the period ended March 31, 2022. Revenue rose 4.3% to ¥3,860.2 billion year-over-year, resulting in business profit<sup>1</sup> of ¥160.2 billion, a 196.3% increase from the previous fiscal year, which represents a profit margin of 4.2%. Net profit was ¥113.5 billion, an increase of 179.4% year-over-year, with a profit margin of 2.9%. ROE was 7.7%, an increase of 4.6 percentage points year-over-year. EBITDA was ¥292.4 billion, a 51.3% increase from FY2020, with an EBITDA margin of 7.6%, up 2.4 percentage points year-over-year. Free cash flow was ¥301.8 billion, a company record high and an increase of ¥579 billion year-over-year.

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<sup>1</sup> Profit before finance income, finance expenses, and income taxes.

(billion yen, except where otherwise stated)

	FY2020	FY2021	YoY	YoY%
Order Intake	3,336.3	4,067.7	+731.3	+21.9
Revenue	3,699.9	3,860.2	+160.3	+4.3
Profit from Business Activities	54.0	160.2	+106.1	+196.3
Profit Margin (%)	1.5	4.2	-	-
Profit Attributable to Owners of Parent	40.6	113.5	+72.9	+179.4
Profit Margin (%)	1.1	2.9	-	-
ROE (%)	3.1	7.7%	+4.6	-
EBITDA	193.3	292.4	+99.0	+51.3
EBITDA Margin (%)	5.2	7.6	-	-
FCF	-277.1	301.8	+579.0	-

Underpinning the FY2021 results was strong revenue in the Gas Turbine Combined Cycle (GTCC) business (Energy Systems), which increased 15% year-over-year, in part due to shipments of the latest, high-efficiency JAC model. Nuclear Power (Energy Systems) continues to show strong performance, with revenue growing steadily over the past five years. Another notable achievement was the recovery of revenue in the Logistics, Thermal & Drive Systems segment to pre-COVID (FY2019) levels. The large increase in orders booked year-over-year is attributed to pull-ins of some FY2022 projects (Defense & Space), booming demand for steelmaking machinery (Metals Machinery, a Plants & Infrastructure Systems segment business), and the securing of several Biomass Power projects (Energy Systems).

#### **FY2022 Guidance:**

MHI also announced its guidance for the period ending March 31, 2023. Revenue is projected to increase year-over-year driven by high revenue in Logistics, Thermal & Drive Systems. Recovery in Energy Systems is expected to lead to an increase in business profit. Another increase in dividends, this time to ¥120 per share, is also planned. Risks to profitability include materials and logistics cost inflation, semiconductor shortages, and geopolitical factors. However, the company is preparing aggressive countermeasures, including price negotiations and retooling supply chains, to mitigate these potential effects and achieve full-year targets. MHI will experience a year-over-year decrease in free cash flow as it continues to make necessary investments in Carbon Neutrality as a part of its [MISSION NET ZERO](#) initiative. However, this is

well within the range of normal business operations, and profitability remains strong, as evidenced by a projected double-digit increase in EBITDA year-over-year.

(billion yen, except where otherwise stated)

	FY2021	FY2022	YoY	YoY%
Order Intake	4,067.7	3,700.0	-367.7	-9.0
Revenue	3,860.2	3,900.0	+39.8	+1.0
Profit from Business Activities	160.2	200.0	+39.8	+24.8
Profit Margin (%)	4.2	5.1	-	-
Profit Attributable to Owners of Parent	113.5	120.0	+6.5	+5.7
Profit Margin (%)	2.9	3.1	-	-
ROE (%)	7.7	7.7	-	-
EBITDA	292.4	330.0	+37.6	+12.9
EBITDA Margin (%)	7.6	8.5	-	-
FCF	301.8	-100.0	-401.8	-
Dividends	100 yen	120 yen	-	-

### CFO Message:

“FY2021 was a remarkable year for MHI Group in many ways,” said Hisato Kozawa, Member of the Board, Executive Vice President, and Chief Financial Officer of MHI. “We made improvements in all major financial indicators while achieving record-breaking free cash flow and increasing shareholder returns. All of this in a period when difficult market conditions such as soaring materials and logistics costs as well as semiconductor shortages put pressure on our bottom line. I believe that our success is a testament to the resilience of our businesses and the health of MHI’s financial fundamentals, which will only improve in FY2022. The surety of our financials will enable us to make marked progress toward achievement of our 2021 Medium-Term Business Plan targets in FY2023.”

Attachment 1: FY2021 Financial Results

[https://www.mhi.com/finance/library/result/pdf/fy20214q/financial\\_results.pdf](https://www.mhi.com/finance/library/result/pdf/fy20214q/financial_results.pdf)

Attachment 2: Presentation Materials of FY2021 Financial Results

<https://www.mhi.com/finance/library/result/pdf/fy20214q/presentation.pdf>

Downloadable PDF of this press release

[https://www.mhi.com/news/pdf/fy20214q\\_press\\_release.pdf](https://www.mhi.com/news/pdf/fy20214q_press_release.pdf)

### **About MHI Group:**

Mitsubishi Heavy Industries (MHI) Group is one of the world's leading industrial groups, spanning energy, logistics & infrastructure, industrial machinery, aerospace and defense. MHI Group combines cutting-edge technology with deep experience to deliver innovative, integrated solutions that help to realize a carbon neutral world, improve the quality of life and ensure a safer world. For more information, please visit [www.mhi.com](http://www.mhi.com) or follow our insights and stories on [spectra.mhi.com](http://spectra.mhi.com)

### **Note regarding forward looking statements:**

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.