PRESS RELEASE

February 4, 2025

Mitsubishi Heavy Industries Achieves Double-Digit Order Intake and Profit Growth in First Three Quarters, Raises Full-Year Guidance

- Order intake increased YoY in Energy Systems and Plants & Infrastructure Systems, with largest contributions from GTCC and Aero Engines in Energy Systems and Metals Machinery in Plants & Infrastructure Systems.
- Revenue grew YoY in all segments, with largest gains in Aircraft & Missile Systems within Defense & Space.
- Business profit achieved strong YoY growth in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space segments due to increased revenue, improved margins, positive impact from yen depreciation, as well as rebound from one-time charges incurred in previous fiscal year.
- Increased full-year guidance for order intake, revenue, business profit, net income, EBITDA, and free cash flow to reflect stronger-than-expected performance in first three quarters.

Tokyo – Mitsubishi Heavy Industries, Ltd. (MHI, TSE Code: 7011) announced that order intake increased 10.5% year-on-year to ¥4,968.9 billion in the three quarters ended December 31, 2024. Revenue rose 8.8% to ¥3,547.7 billion year-on-year, resulting in profit from business activities (business profit) of ¥264.7 billion, a 38.2% increase over the previous fiscal year, which represents a profit margin of 7.5%. Profit attributable to owners of parent (net income) was ¥172.1 billion, an increase of 24.7% year-on-year, with a profit margin of 4.9%. EBITDA was ¥382.0 billion, a 28.9% increase over Q1-3 FY2023, with an EBITDA margin of 10.8%, up 1.7 percentage points year-on-year.

(billion yen, except where otherwise stated)

Q1-3 FY2024 Financial Results	Q1-3 FY2023	Q1-3 FY2024	YoY	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	264.7	+73.1	+38.2%
Profit Margin	5.9%	7.5%	+1.6 pts	-
Profit Attributable to Owners of Parent	138.0	172.1	+34.0	+24.7%
Profit Margin	4.2%	4.9%	+0.7 pts	-
EBITDA	296.4	382.0	+85.6	+28.9%
EBITDA Margin	9.1%	10.8%	+1.7 pts	-
FCF	-413.3	-143.7	+269.5	-

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Q1-3 FY2024 Financial Results by Segment	Order Intake		Revenue		Business Profit	
	Q1-3 FY2024	YoY	Q1-3 FY2024	YoY	Q1-3 FY2024	YoY
Energy Systems (Energy)	1,967.0	+228.7	1,278.8	+81.4	154.5	+67.9
Plants & Infrastructure Systems (P&I)	813.5	+219.8	586.4	+0.6	39.7	+12.6
Logistics, Thermal & Drive Systems (LT&D)	991.7	+23.1	965.4	+9.2	42.3	-16.5
Aircraft, Defense & Space (ADS)	1,182.0	-22.0	689.6	+162.7	69.7	+16.1
Others, Corporate & Eliminations (OC&E)	14.4	+22.6	27.4	+33.0	-41.5	-7.0
Total	4,968.9	+472.2	3,547.7	+287.0	264.7	+73.1

In Energy, order intake increased by ¥228.7 billion YoY, which reflected continued strong demand in Gas Turbine Combined Cycle (GTCC) and Aero Engines. Contracts for 16 large frame gas turbine units were concluded during Q1-3, the majority of which were from customers in the Americas. Revenue increased by ¥81.4 billion YoY; the largest gains were seen in GTCC, which worked to execute its sizeable backlog, and Aero Engines. Segment business profit increased by ¥67.9 billion YoY due to higher margins in GTCC, increased revenue and the rebound from one-time expenses in Aero Engines incurred in Q1-3 FY2023, together with stable performance in Nuclear Power.

In P&I, order intake increased by ¥219.8 billion YoY due to favorable performance in Engineering, Metals Machinery, Machinery Systems, and Waste-to-Energy Systems. Revenue was mostly in line with Q1-3 FY2023 levels. Improved margins in Engineering and Metals Machinery, combined with increased revenue in Engineering and Machinery Systems helped to raise segment business profit by ¥12.6 billion YoY.

In LT&D, revenue increased by ¥9.2 billion YoY as increased sales in Engines and Heating, Ventilation & Air Conditioning (HVAC) offset a decline in units sold in Logistics Systems. The decrease in units sold in Logistics System and additional costs from a supply chain disruption in Turbochargers resulted in a ¥16.5 billion YoY decrease in segment business profit.

In ADS, order intake decreased by ¥22.0 billion YoY due to large order volume booked in Q1-3 FY2023 in Defense & Space. Revenue increased by ¥162.7 billion YoY, mainly in Defense & Space. Increased revenue and higher margins in Defense & Space outpaced the negative impact from a drop in 777 unit deliveries in Commercial Aviation, and segment business profit increased by ¥16.1 billion YoY.

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FY2024 Earnings Forecast

MHI revised its guidance for the period ending March 31, 2025, increasing the forecasts for order intake, revenue, business profit, net income, EBITDA, and free cash flow over the previous announcement made November 5, 2024, to reflect stronger-than-anticipated performance during Q1-3. The full-year dividend target remains unchanged.

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FY2024 Earnings Forecast	FY2023 Actual	FY2024 Forecast (Previous)	FY2024 Forecast (Revised)	Revised vs. Previous
Order Intake	6,684.0	6,000.0	**6,400.0**	+400.0
Revenue	4,657.1	4,900.0	**5,000.0**	+100.0
Profit from Business Activities	282.5	350.0	**380.0**	+30.0
Profit Margin	6.1%	7.1%	**7.6%**	+0.5 pts
Profit Attributable to Owners of Parent	222.0	230.0	**240.0**	+10.0
Profit Margin	4.8%	4.7%	**4.8%**	+0.1 pts
ROE	11.1%	10%	10%	-
EBITDA	432.6	500.0	**530.0**	+30.0
EBITDA Margin	9.3%	10.2%	**10.6%**	+0.4 pts
FCF	200.1	-100.0	**0.0**	+100.0
Dividends	20 yen*	22 yen	22 yen	-

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

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FY2024 Earnings Forecast by Segment	Order Intake		Revenue		Business Profit	
	Previous	Revised	Previous	Revised	Previous	Revised
Energy	2,000.0	**2,300.0**	1,750.0	**1,800.0**	180.0	**200.0**
P&I	900.0	**1,000.0**	800.0	800.0	40.0	**50.0**
LT&D	1,350.0	1,350.0	1,350.0	1,350.0	60.0	60.0
ADS	1,700.0	1,700.0	950.0	**1,000.0**	80.0	**100.0**
OC&E	50.0	50.0	50.0	50.0	-10.0	**-30.0**
Total	6,000.0	**6,400.0**	4,900.0	**5,000.0**	350.0	**380.0**

CFO Message

"In the first three quarters of this fiscal year, many of our businesses continued the strong performance I shared with you during our last release, with all major financial indicators up year-on-year, especially business profit and net income," said Hisato Kozawa, MHI's Chief Financial Officer. He continued:

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“Regarding order intake, GTCC and Aero Engines in Energy, and Metals Machinery in P&I were star performers, with total orders exceeding the high bar set during the same period in FY2023. Revenue increased in Energy and ADS, which were executing on substantial order backlogs. Increased revenue, improved margins, the positive impact from yen depreciation, as well as a rebound from one-time charges incurred in the previous year drove the large profit growth seen during this period.

“We have increased our full-year guidance for most major indicators based on our strong performance during the first three quarters. Notably, we have updated our order intake target from ¥6 trillion to ¥6.4 trillion and business profit from ¥350 billion to ¥380 billion,” Kozawa went on. “In the fourth quarter, we aim to outperform this updated guidance by actively mitigating risks while building on the successes of the first three quarters.”

Attachment 1: Q1-3 FY2024 Financial Results
- Financial Results

Attachment 2: Presentation Materials of Financial Results
- Presentation Materials

Downloadable PDF of this press release
- Press Release

Note regarding forward looking statements:
Forecasts regarding future performance outlined in these materials are based on judgments made in accordance with information available at the time they were prepared. As such, these projections include risk and uncertainty. 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.

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