

# 1H FY2023 Financial Results

November 6, 2023

Mitsubishi Heavy Industries, Ltd.

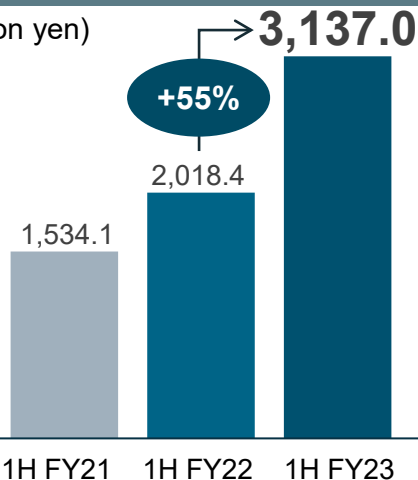
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# 1. Key Takeaways

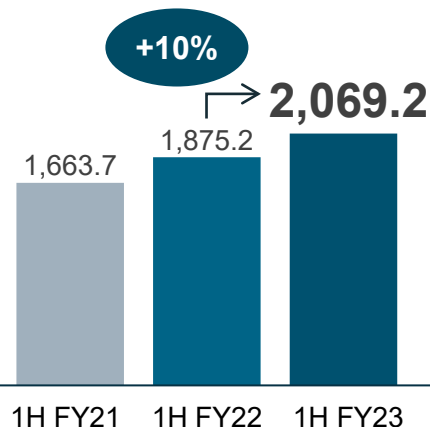
# 1H FY2023 Financial Results

## Order Intake

(billion yen)



## Revenue



## EBITDA

**168.9**  
billion yen  
(+¥46.6 bn YoY)

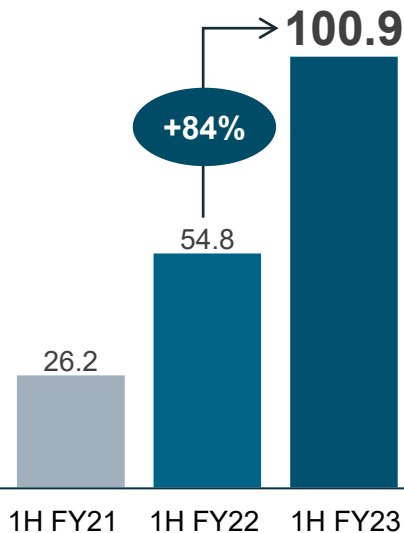
EBITDA Margin  
8.2%  
(+1.7 pts YoY)

## Free Cash Flow

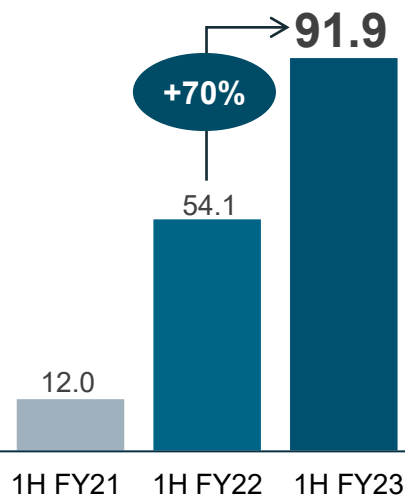
**-181.2**  
billion yen  
(-¥79.9 bn YoY)

Operating Cash Flow  
-¥181.2 bn  
(-¥88.4 bn YoY)

## Business Profit



## Net Income



## Interest-Bearing Debt

**900.2**  
billion yen  
(+¥26.2 bn YoY)

Net Interest-Bearing Debt  
¥600.6 bn  
(+¥52.4 bn YoY)

## D/E Ratio

**0.45**  
(-0.05 YoY)

## Equity Ratio

**33.2%**  
(+2.2 pts YoY)

- Order Intake: ¥3,137.0 bn (+¥1,118.6 bn YoY)  
Order intake increased YoY in Energy Systems, Logistics, Thermal & Drive Systems, and Aircraft, Defense & Space.  
In terms of major businesses, large orders growth was seen in Gas Turbine Combined Cycle (GTCC) and Defense & Space.
- Revenue: ¥2,069.2 bn (+¥194.0 bn YoY)  
Revenue increased YoY in all segments.  
In terms of major businesses, GTCC, Aero Engines, Metals Machinery, Logistics Systems, and Defense & Space achieved large increases in revenue.
- Business Profit: ¥100.9 bn (+¥46.1 bn YoY)  
Business profit increased YoY in all segments.  
Despite booking one-time expenses in Aero Engines, revenue growth, project profitability improvements, services business expansion, price optimization, and foreign exchange effects served to increase business profit by 84% YoY to ¥100.9 bn.
- Net Income: ¥91.9 bn (+¥37.8 bn YoY)  
Bolstered by higher business profit results, net income rose 70% YoY to ¥91.9 bn.  
Based on 1H results and in accordance with initial plan, will execute interim dividend payment of ¥80 per share, ¥20 per share above the FY2022 interim dividend, and ¥10 per share greater than the FY2022 year-end dividend.

## 2. 1H FY2023 Financial Results

# Financial Results Overview

(billion yen)	<b>1H FY2022</b> (Profit Margin)	<b>1H FY2023</b> (Profit Margin)	<b>YoY</b> (Profit Margin)	(YoY%)
<b>Order Intake</b>	2,018.4	3,137.0	+1,118.6	(+55.4%)
<b>Revenue</b>	1,875.2	2,069.2	+194.0	(+10.3%)
<b>Profit from Business Activities</b>	54.8 (2.9%)	100.9 (4.9%)	+46.1 (+2.0 pts)	(+84.1%)
<b>Profit Attributable to Owners of Parent</b>	54.1 (2.9%)	91.9 (4.4%)	+37.8 (+1.5 pts)	(+69.8%)
<b>EBITDA</b>	122.2 (6.5%)	168.9 (8.2%)	+46.6 (+1.7 pts)	(+38.2%)
<b>Free Cash Flow</b>	-101.3	-181.2	-79.9	

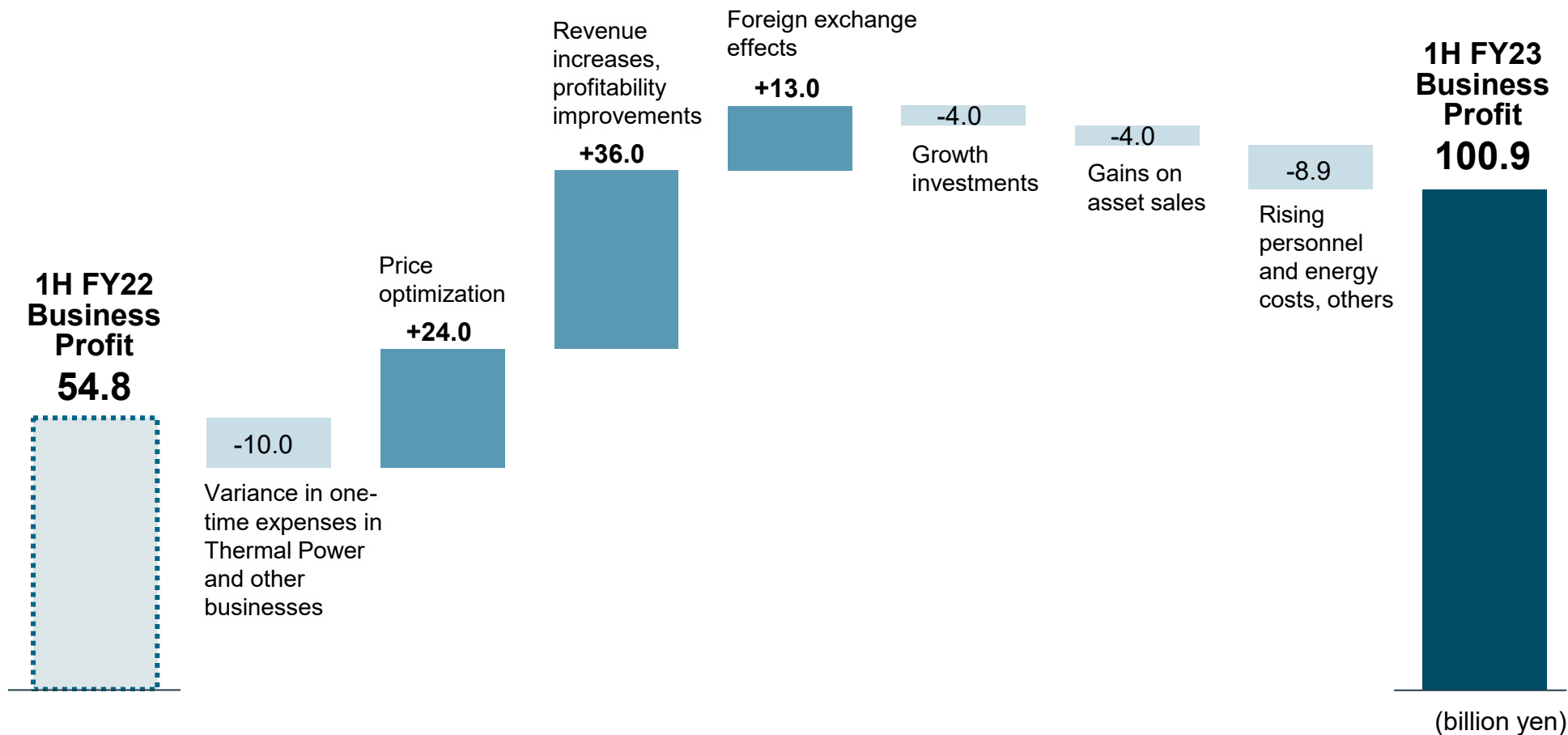
# Financial Position and Cash Flows

<b>Financial Position</b>	(billion yen)	<b>FY22 End</b>	<b>1H FY23 End</b>	<b>YoY</b>
<b>Trade Receivables and Contract Assets</b>		1,536.4	1,594.6	+58.1
<b>Inventories</b>		876.8	1,006.0	+129.1
<b>Other Current Assets</b>		628.9	635.7	+6.7
<b>(Cash and Cash Equivalents)</b>		(347.6)	(299.6)	(-48.0)
<b>Fixed Assets</b>		1,041.1	1,051.2	+10.1
<b>Other Non-Current Assets</b>		1,391.3	1,473.5	+82.1
<b>Total Assets</b>		5,474.8	5,761.1	+286.3
<b>Trade Payables</b>		895.2	843.1	-52.0
<b>Contract Liabilities</b>		936.7	919.8	-16.8
<b>Other Liabilities</b>		1,066.3	1,075.3	+8.9
<b>Interest-Bearing Debt</b>		742.4	900.2	+157.8
<b>Equity</b>		1,833.9	2,022.4	+188.4
<b>(Equity Attributable to Owners of Parent)</b>		(1,740.9)	(1,914.6)	(+173.6)
<b>Total Liabilities and Equity</b>		5,474.8	5,761.1	+286.3
<b>Cash Flows</b>	(billion yen)	<b>1H FY22</b>	<b>1H FY23</b>	<b>YoY</b>
<b>Operating Cash Flow</b>		-92.8	-181.2	-88.4
<b>Investing Cash Flow</b>		-8.5	0.0	+8.4
<b>Free Cash Flow</b>		-101.3	-181.2	-79.9



# Profit Bridge

- YoY decrease of one-time expenses in Thermal Power businesses offset by lump-sum booking of future PW1100G-JM Engine Program expenses anticipated in Aero Engines.
- Business profit increased due to margin improvements from price optimization, topline growth, and services business expansion, as well as from the depreciation of the yen.

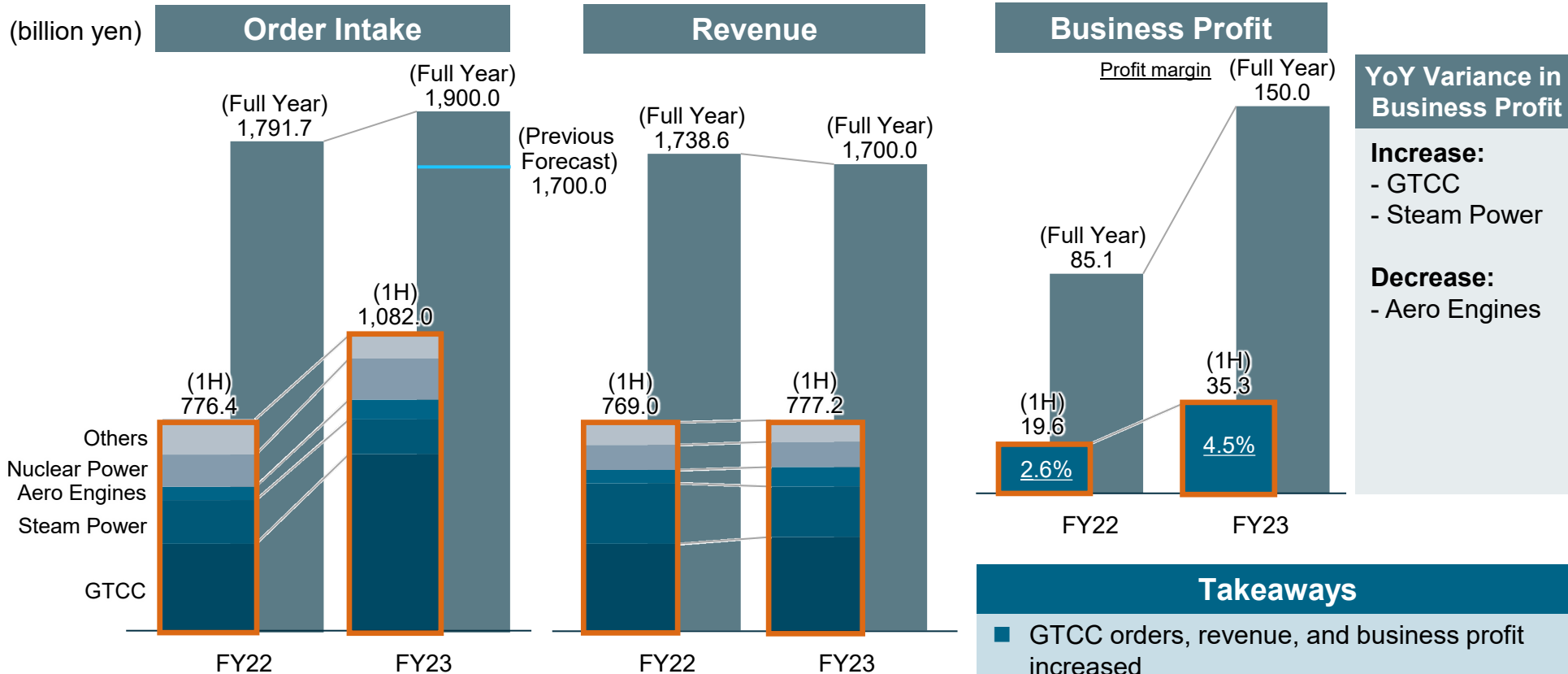


# Financial Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	1H FY22	1H FY23	YoY	1H FY22	1H FY23	YoY	1H FY22	1H FY23	YoY
(billion yen)									
<b>Energy Systems</b>	776.4	1,082.0	+305.5	769.0	777.2	+8.1	19.6	35.3	+15.7
<b>Plants &amp; Infrastructure Systems</b>	474.6	421.8	-52.7	292.1	350.7	+58.5	10.6	20.3	+9.6
<b>Logistics, Thermal &amp; Drive Systems</b>	578.1	650.0	+71.9	563.4	633.3	+69.9	8.4	36.7	+28.2
<b>Aircraft, Defense &amp; Space</b>	207.7	999.4	+791.6	262.3	318.9	+56.6	19.7	27.4	+7.6
<b>Corporate &amp; Eliminations</b>	-18.5	-16.2	+2.3	-11.7	-10.9	+0.7	-3.6	-18.9	-15.2
<b>Total</b>	2,018.4	3,137.0	+1,118.6	1,875.2	2,069.2	+194.0	54.8	100.9	+46.1

Profits and losses related to SpaceJet are included in Corporate & Eliminations.

# Financial Results: Energy Systems



Major Businesses	Order Intake	
	1H FY22	1H FY23
GTCC	321.3	648.9
Steam Power	159.8	126.4
Aero Engines	48.4	71.5
Nuclear Power	116.9	150.1

	Revenue	
	1H FY22	1H FY23
GTCC	327.4	352.1
Steam Power	219.8	183.6
Aero Engines	49.4	70.7
Nuclear Power	90.9	92.9

- ### Takeaways
- GTCC orders, revenue, and business profit increased
  - Steam Power business profit increased due to decrease in one-time expenses
  - Aero Engines revenue increased due to demand recovery. Business profit down from booking of one-time expenses related to PW1100G-JM Engine Program.
  - Nuclear Power continued to perform strongly
  - Increased order intake forecast based on good progress in GTCC

# Financial Results: Plants & Infrastructure Systems

(billion yen)

## Order Intake

(Full Year)  
845.4

(Full Year)  
700.0

(1H)  
474.6

(1H)  
421.8

Others

Machinery Systems

Metals Machinery

Engineering

FY22

FY23

## Revenue

(Full Year)  
675.6

(Full Year)  
700.0

(1H)  
292.1

(1H)  
350.7

FY22

FY23

## Business Profit

Profit margin

(Full Year)  
32.7

(Full Year)  
40.0

(1H)  
10.6

(1H)  
20.3

3.7%

5.8%

FY22

FY23

## YoY Variance in Business Profit

- Increase:**
- Engineering
  - Metals Machinery
  - Machinery Systems

## Takeaways

- Business profit up in Metals Machinery due to revenue growth and depreciation of the yen
- Engineering and Machinery Systems performed strongly

### Major Businesses

## Order Intake

1H FY22

1H FY23

Engineering

40.3

51.1

Metals Machinery

281.6

226.9

Machinery Systems

85.8

89.0

## Revenue

1H FY22

1H FY23

46.6

57.2

129.2

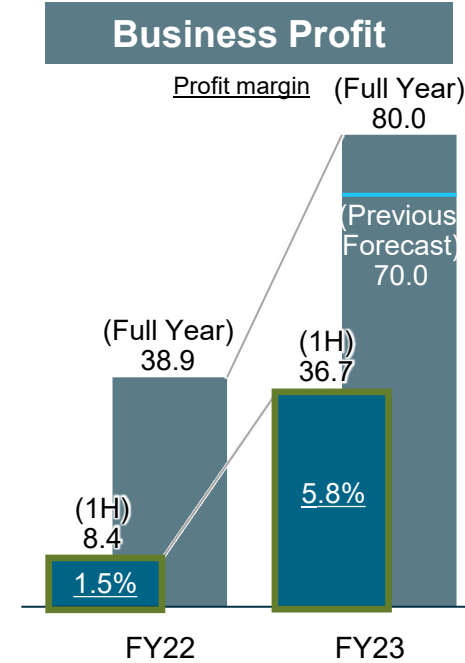
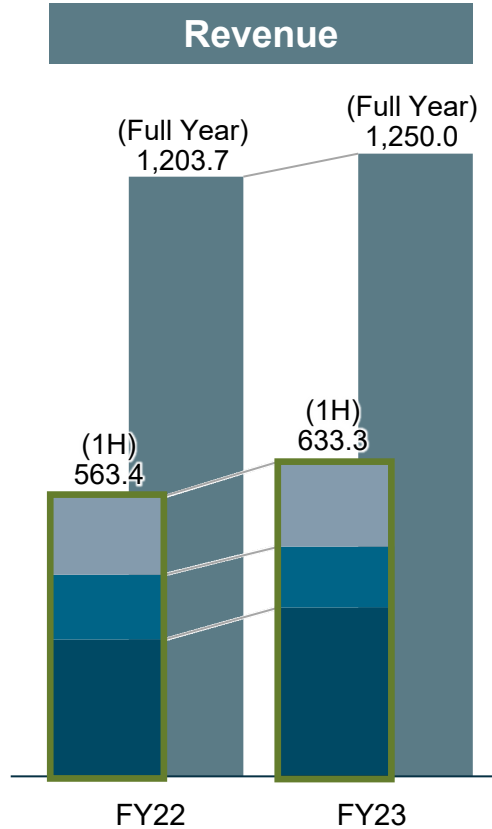
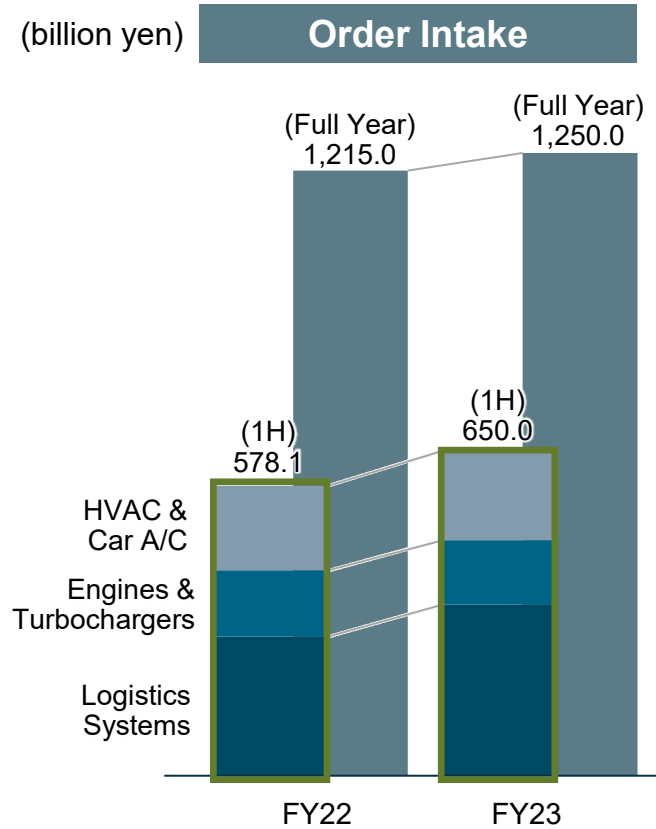
171.9

64.7

69.5

# Financial Results: Logistics, Thermal & Drive Systems

(billion yen)



#### YoY Variance in Business Profit

- Increase:**
- Logistics Systems
  - Engines
  - HVAC
- Decrease:**
- Turbochargers

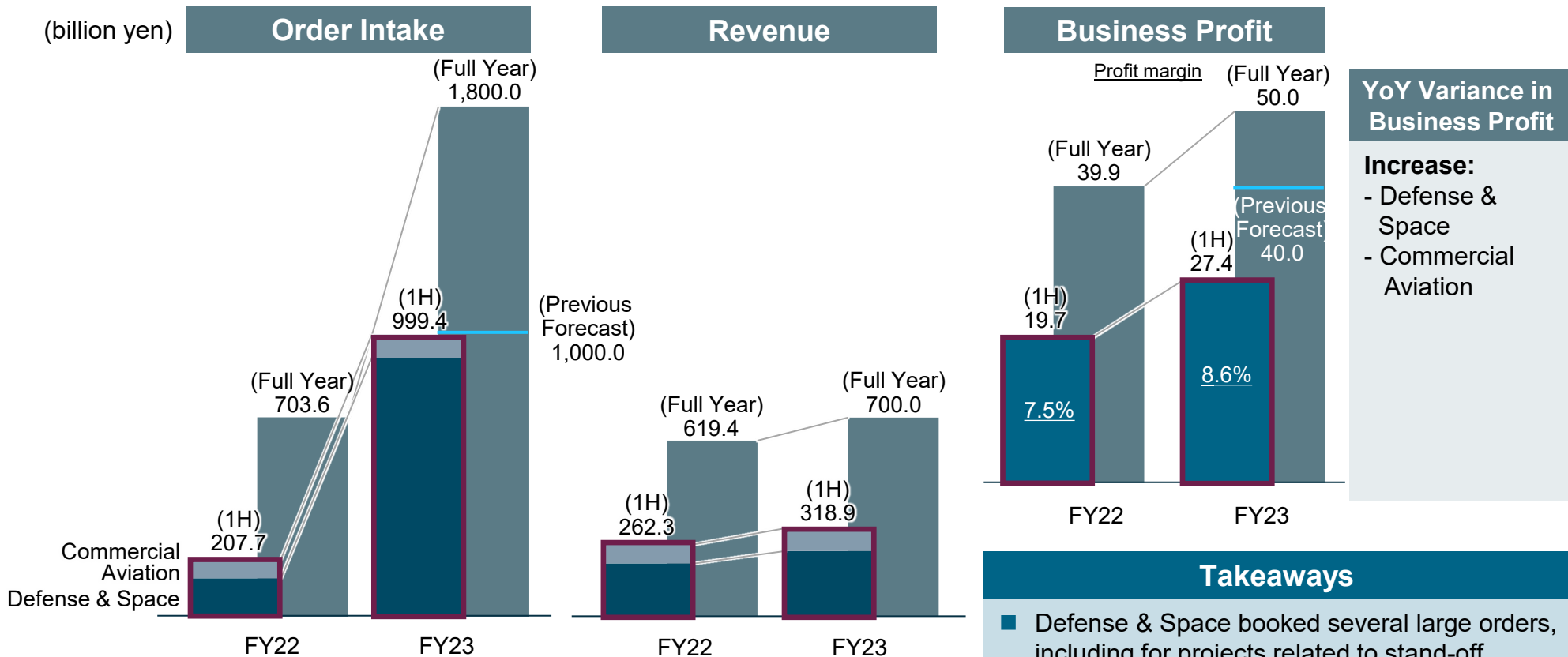
Major Businesses	Order Intake	
	1H FY22	1H FY23
Logistics Systems	279.4	343.7
Engines & Turbochargers	132.7	129.0
HVAC & Car A/C	170.0	179.8

	Revenue	
	1H FY22	1H FY23
Logistics Systems	279.4	343.7
Engines & Turbochargers	129.8	122.3
HVAC & Car A/C	158.3	170.9

### Takeaways

- Revenue and profit increased in Logistics Systems, HVAC, and Engines due to price optimization, higher unit deliveries, and depreciation of the yen
- Raised business profit forecast mainly due to steady progress in Logistics Systems

# Financial Results: Aircraft, Defense & Space



Major Businesses	Order Intake	
	1H FY22	1H FY23
Defense & Space	140.2	918.4
Commercial Aviation	67.6	81.0

Major Businesses	Revenue	
	1H FY22	1H FY23
Defense & Space	195.2	238.5
Commercial Aviation	67.1	80.3

### Takeaways

- Defense & Space booked several large orders, including for projects related to stand-off defense capabilities
- Commercial Aviation revenue and business profit up due to increase in Aero Structures deliveries and depreciation of the yen
- Increased Defense & Space order intake forecast. Also raised segment business profit forecast due to revision of foreign exchange rate assumptions and other factors.

## 3. FY2023 Earnings Forecast

Forecasts regarding future performance outlined in these materials are based on judgments made in accordance with information available at the time this presentation was 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.

# FY2023 Earnings Forecast Highlights

- Order Intake: ¥5,600.0 bn (vs. previous: +¥1,000.0 bn)

Increased forecast for Energy Systems and Aircraft, Defense & Space

	Previous	Revised	Revised vs. Previous
<b>Energy Systems</b>	¥1,700.0 bn	¥1,900.0 bn	+¥200.0 bn
<b>Aircraft, Defense &amp; Space</b>	¥1,000.0 bn	¥1,800.0 bn	+¥800.0 bn

- Business Profit: ¥300.0 bn (vs. previous: ±¥0.0 bn)

After accounting for one-time expenses in Aero Engines, assessed progress in each business, then made adjustments to reflect impact of revision to second half foreign exchange rate assumptions and updated full-year forecasts in each segment

	Previous	Revised	Revised vs. Previous
<b>Logistics, Thermal &amp; Drive Systems</b>	¥70.0 bn	¥80.0 bn	+¥10.0 bn
<b>Aircraft, Defense &amp; Space</b>	¥40.0 bn	¥50.0 bn	+¥10.0 bn
<b>Corporate &amp; Eliminations</b>	¥0.0 bn	-¥20.0 bn	-¥20.0 bn

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



# Earnings Forecast Overview

Revised from forecast announced August 4, 2023.

	FY2022 (Profit Margin)	FY2023 Forecast (Profit Margin)		YoY (Profit Margin)	(YoY%)
		Previous	Revised		
(billion yen)					
<b>Order Intake</b>	4,501.3	4,600.0	5,600.0	+1,098.6	(+24.4%)
<b>Revenue</b>	4,202.7	4,300.0	4,300.0	+97.2	(+2.3%)
<b>Profit from Business Activities</b>	193.3 (4.6%)	300.0 (7.0%)	300.0 (7.0%)	+106.6 (+2.4 pts)	(+55.2%)
<b>Profit Attributable to Owners of Parent</b>	130.4 (3.1%)	190.0 (4.4%)	190.0 (4.4%)	+59.5 (+1.3 pts)	(+45.6%)
<b>ROE</b>	7.9%	11%	11%	+3 pts	
<b>EBITDA</b>	331.1 (7.9%)	440.0 (10.2%)	440.0 (10.2%)	+108.8 (+2.3 pts)	(+32.9%)
<b>Free Cash Flow</b>	35.3	-100.0	-100.0	-135.3	
<b>Dividends</b>	130 yen Interim: 60 yen Year-End: 70 yen	160 yen Interim: 80 yen Year-End: 80 yen	160 yen Interim: 80 yen Year-End: 80 yen	Exchange rate assumptions: USD 1.00 = ¥140 (prev. ¥130) EUR 1.00 = ¥150 (prev. ¥140) Undetermined foreign currency amounts: USD 2.2 bn, EUR 0.4 bn	

# Earnings Forecast by Segment

Revised from forecast announced August 4, 2023.

(billion yen)	Order Intake				Revenue			Profit from Business Activities			
	FY22	FY23 Forecast		YoY	FY22	FY23 Forecast	YoY	FY22	FY23 Forecast		YoY
		Previous	Revised						Previous	Revised	
<b>Energy Systems</b>	1,791.7	1,700.0	1,900.0	+108.2	1,738.6	1,700.0	-38.6	85.1	150.0	150.0	+64.8
<b>Plants &amp; Infrastructure Systems</b>	845.4	700.0	700.0	-145.4	675.6	700.0	+24.3	32.7	40.0	40.0	+7.2
<b>Logistics, Thermal &amp; Drive Systems</b>	1,215.0	1,250.0	1,250.0	+34.9	1,203.7	1,250.0	+46.2	38.9	70.0	80.0	+41.0
<b>Aircraft, Defense &amp; Space</b>	703.6	1,000.0	1,800.0	+1,096.3	619.4	700.0	+80.5	39.9	40.0	50.0	+10.0
<b>Corporate &amp; Eliminations</b>	-54.5	-50.0	-50.0	+4.5	-34.7	-50.0	-15.2	-3.5	0.0	-20.0	-16.4
<b>Total</b>	4,501.3	4,600.0	5,600.0	+1,098.6	4,202.7	4,300.0	+97.2	193.3	300.0	300.0	+106.6

# 4. Appendix

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

	1H FY22	FY22	1H FY23
<b>Americas</b>	2	4	1
<b>Asia</b>	4	7	6
<b>EMEA</b>	1	1	-
<b>Other Regions</b>	-	4	-
<b>Order Intake Total</b>	7	16	7
<b>Contract Backlog</b>	42	43	39

## (Reference) Order Intake of China Licensee

	1H FY22	FY22	1H FY23
<b>Order Intake</b>	19	27	9

## Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
<b>FY22</b>	6	7	7	10	30
<b>FY23</b>	7	11	/	/	18

777X	Q1	Q2	Q3	Q4	Total
<b>FY22</b>	1	0	0	0	1
<b>FY23</b>	0	1	/	/	1

787	Q1	Q2	Q3	Q4	Total
<b>FY22</b>	5	7	8	5	25
<b>FY23</b>	9	7	/	/	16

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

	1H FY22	1H FY23	FY23 Forecast
<b>R&amp;D Expenses</b>	53.7	67.7	150.0
<b>Depreciation and Amortization</b>	67.4	67.9	140.0
<b>Capital Expenditures</b>	52.9	101.3	180.0

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

	1H FY22	1H FY23
<b>SG&amp;A</b>	293.5	311.8

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

	1H FY22	1H FY23
<b>U.S. Dollar (JPY/USD)</b>	130.2	139.6
<b>Euro (JPY/EUR)</b>	136.9	150.8

# Appendix: Reference Data

(billion yen)

Order Backlog	FY22 End	1H FY23 End
Energy Systems	3,325.6	3,788.3
Plants & Infrastructure Systems	1,509.2	1,608.0
Logistics, Thermal & Drive Systems	54.8	70.4
Aircraft, Defense & Space	1,171.8	1,853.2
<b>Total</b>	<b>6,061.8</b>	<b>7,320.2</b>

(billion yen)

Revenue by Region	1H FY22		FY22 Full Year		1H FY23	
Japan	769.9	(41%)	1,808.3	(43%)	809.7	(39%)
Asia-Pacific (excluding Japan)	378.6	(20%)	765.8	(18%)	349.2	(17%)
Americas	466.9	(25%)	1,068.4	(26%)	606.8	(29%)
EMEA	259.7	(14%)	560.2	(13%)	303.4	(15%)
<b>Total</b>	<b>1,875.2</b>	<b>(100%)</b>	<b>4,202.7</b>	<b>(100%)</b>	<b>2,069.2</b>	<b>(100%)</b>

