

1H FY2022 Financial Results

November 1, 2022

Mitsubishi Heavy Industries, Ltd.

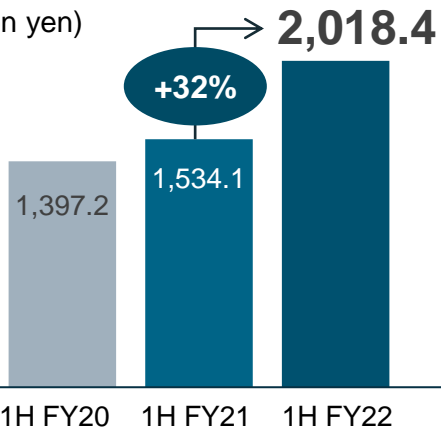
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I. Key Takeaways

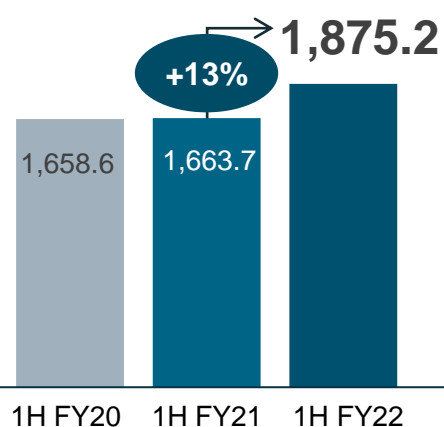
1H FY2022 Financial Results

Order Intake

(billion yen)



Revenue



EBITDA

122.2
billion yen
(+¥31.3 bn YoY)

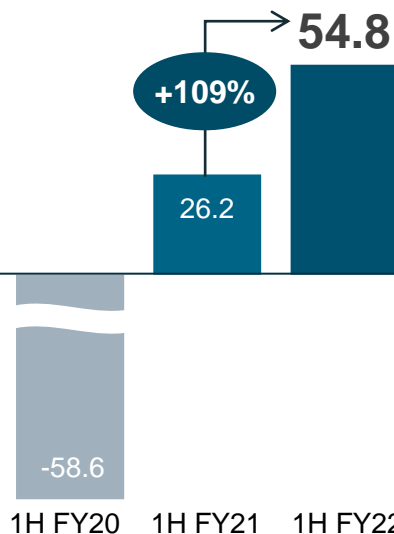
EBITDA Margin
6.5%
(+1.0% YoY)

Free Cash Flow

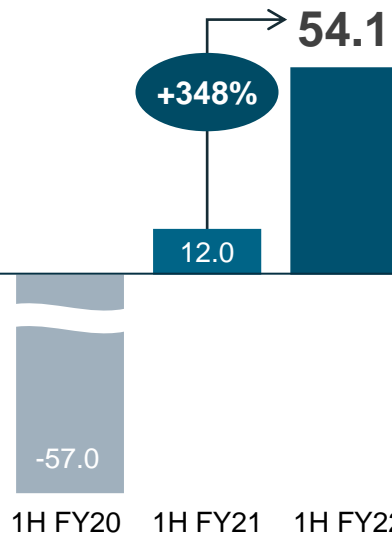
-101.3
billion yen
(+¥36.7 bn YoY)

Operating Cash Flow
-¥92.8 bn
(+¥39.6 bn YoY)

Profit from Business Activities



Profit Attributable to Owners of Parent



Interest-Bearing Debt

874.0
billion yen
(-¥197.2 bn YoY)

Net Interest-Bearing Debt
¥548.1 bn
(-¥263.5 bn YoY)

D/E Ratio

0.50
(-0.24 YoY)

Equity Ratio

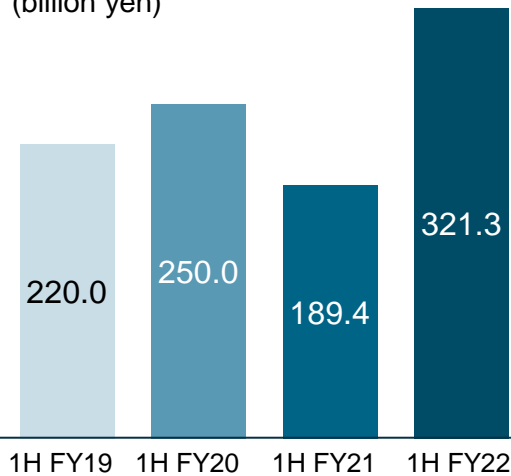
31.0%
(+2.7 pt YoY)

- **Order Intake: ¥2,018.4 bn (+¥484.2 bn YoY)**
Orders grew mainly in Gas Turbine Combined Cycle (GTCC), Aero Engines, Nuclear Power, Metals Machinery, Logistics Systems, and HVAC, with YoY increases seen in all segments. (See p.6 for additional information on GTCC, Metals Machinery, Logistics Systems, and HVAC)
- **Revenue: ¥1,875.2 bn (+¥211.5 bn YoY)**
Revenue grew mainly in GTCC, Aero Engines, Nuclear Power, Metals Machinery, Logistics Systems, and HVAC, with YoY increases seen in the three segments of Energy Systems, Logistics, Thermal & Drive Systems, and Aircraft, Defense & Space
- **Business Profit: ¥54.8 bn (+¥28.6 bn YoY)**
Business profit doubled from ¥26.2 bn in 1H FY2021 due to revenue increases, fixed cost reductions, and foreign exchange effects
- **Net Profit: ¥54.1 bn (+¥42.0 bn YoY)**
In addition to increases in business profit, foreign exchange gains from depreciation of the yen contributed to a 348% YoY increase in net profit from ¥12.0 bn in 1H FY2021 to ¥54.1 bn

Financial Results Highlights: Order Intake

GTCC

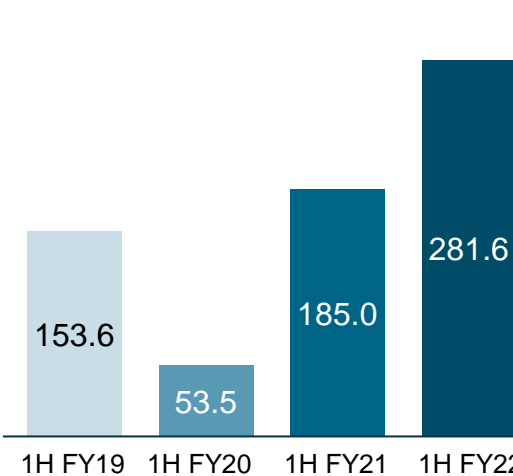
(billion yen)



Booked orders for new installations in Asia, Americas, and Middle East. Also booked long-term service contracts mainly in Americas.

New inquiries increased for projects with planned future fuel conversions to hydrogen

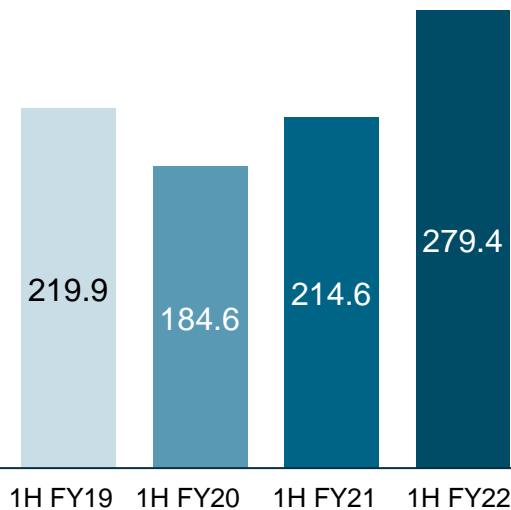
Metals Machinery



Orders increased in Asia incl. Japan, Americas, and Europe

Inquiries related to decarbonization of steelmaking increased. Booked order for next-generation electric arc furnace compatible with green steel process in Europe.

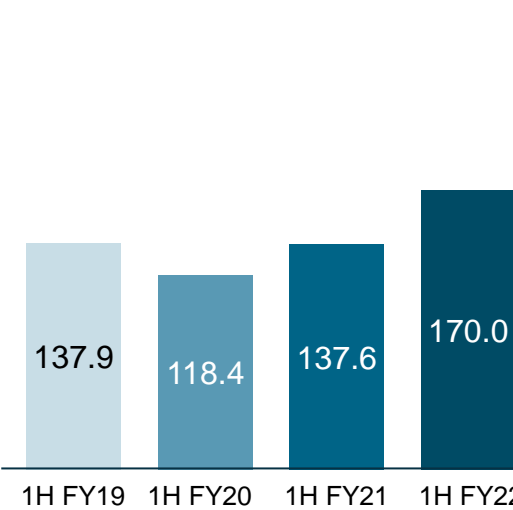
Logistics Systems



Units sold increased YoY, especially in U.S.

Rental and used equipment business showing good results in Americas. Effect of price optimizations gradually materializing.

HVAC



Orders booked grew in Asia incl. Japan, Europe, Oceania, and Middle East

Maintaining a top market share in Australia leveraging high brand recognition and superior product ratings

II. 1H FY2022 Financial Results

Financial Results Overview

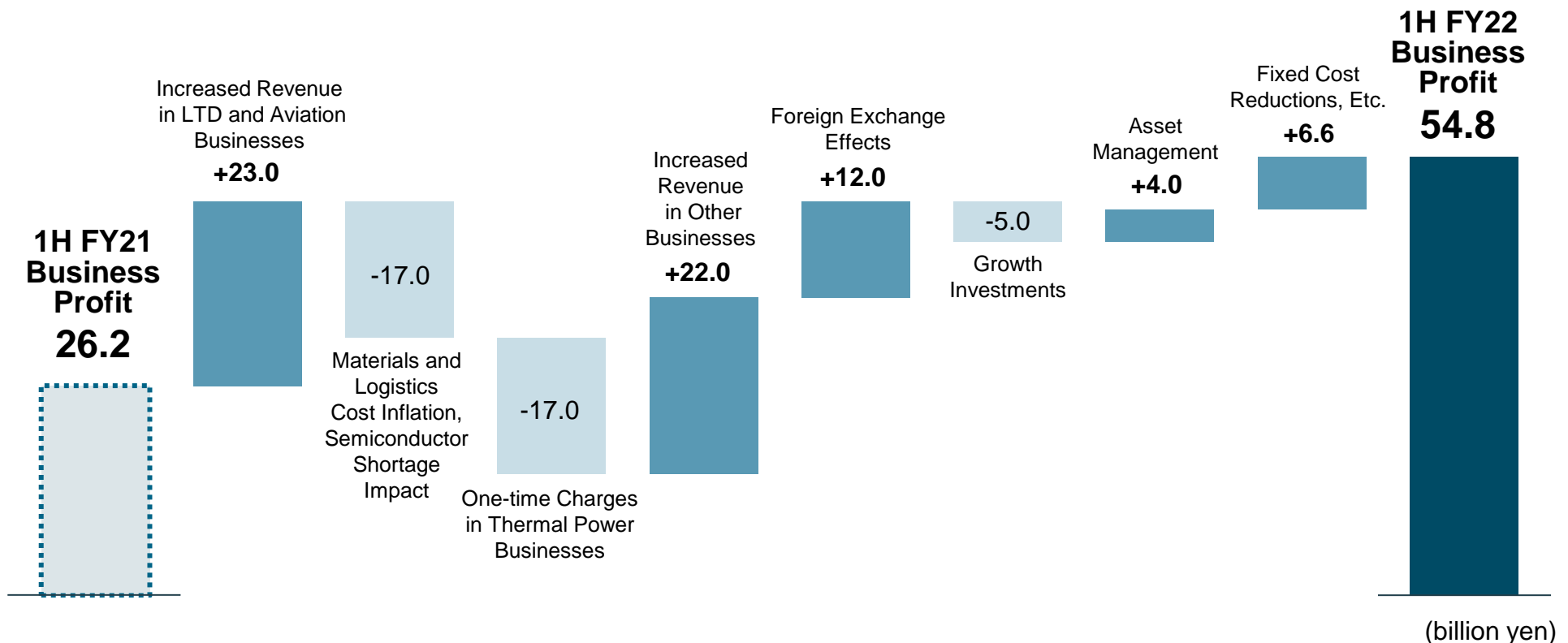
(billion yen)	1H FY2021 (Profit Margin)	1H FY2022 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	1,534.1	2,018.4	+484.2	(+31.6%)
Revenue	1,663.7	1,875.2	+211.5	(+12.7%)
Profit from Business Activities	26.2 (1.6%)	54.8 (2.9%)	+28.6 (+1.3%)	(+109.2%)
Profit Attributable to Owners of Parent	12.0 (0.7%)	54.1 (2.9%)	+42.0 (+2.2%)	(+348.1%)
EBITDA	90.9 (5.5%)	122.2 (6.5%)	+31.3 (+1.0%)	(+34.4%)
Free Cash Flow	-138.0	-101.3	+36.7	

Financial Position and Cash Flows

Financial Position	(billion yen)	FY21 End	1H FY22 End	YoY
Trade Receivables and Contract Assets		1,399.4	1,428.3	+28.8
Inventories		798.6	929.6	+131.0
Other Current Assets		605.0	629.1	+24.0
(Cash and Cash Equivalents)		(314.2)	(325.8)	(+11.6)
Fixed Assets		989.2	1,008.6	+19.3
Other Non-Current Assets		1,323.9	1,380.9	+57.0
Total Assets		5,116.3	5,376.7	+260.3
Trade Payables		863.2	780.8	-82.3
Contract Liabilities		886.5	967.2	+80.7
Other Current Liabilities		969.0	991.1	+22.1
Interest-Bearing Debt		734.9	874.0	+139.1
Equity		1,662.5	1,763.3	+100.7
(Equity Attributable to Owners of Parent)		(1,576.6)	(1,666.9)	(+90.3)
Total Liabilities and Equity		5,116.3	5,376.7	+260.3
Cash Flows	(billion yen)	1H FY21	1H FY22	YoY
Operating Cash Flow		-132.4	-92.8	+39.6
Investing Cash Flow		-5.5	-8.5	-2.9
Free Cash Flow		-138.0	-101.3	+36.7

Profit Bridge

- Downward pressure on profit from materials and logistics cost inflation. Projecting positive effect of price optimizations to be realized in second half of fiscal year.
- Business profit decreased YoY in thermal power businesses due to progress in high margin projects in 1H FY2021 which were absent in 1H FY2022. Additionally, one-time expenses from downsizing of European coal-fired thermal power operations were booked.
- Revenue increases, foreign exchange effects, gains on asset sales, and fixed cost reductions increased profit



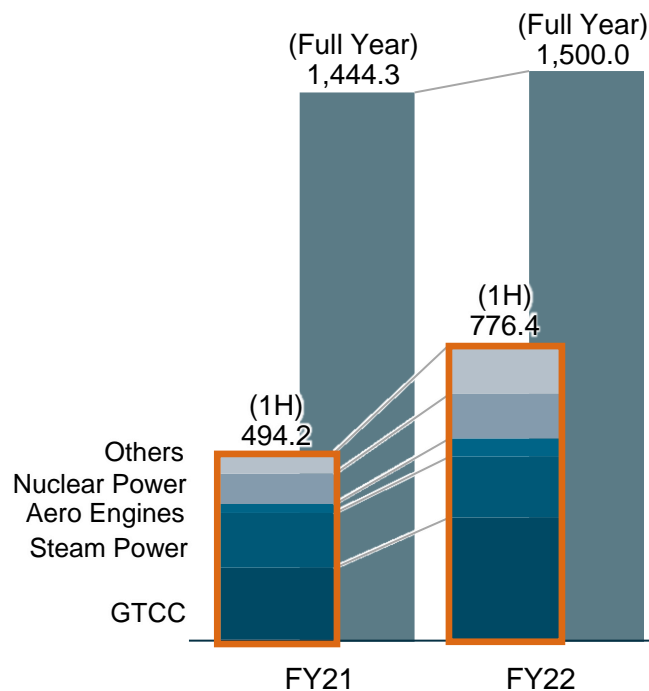
1H FY2022 Financial Results by Segment

	Order Intake			Revenue			Profit from Business Activities		
	1H FY21	1H FY22	YoY	1H FY21	1H FY22	YoY	1H FY21	1H FY22	YoY
(billion yen)									
Energy Systems	494.2	776.4	+282.2	673.8	769.0	+95.2	0.1	19.6	+19.4
Plants & Infrastructure Systems	411.3	474.6	+63.2	301.7	292.1	-9.5	7.0	10.6	+3.6
Logistics, Thermal & Drive Systems	466.1	578.1	+111.9	454.4	563.4	+108.9	14.6	8.4	-6.2
Aircraft, Defense & Space	178.1	207.7	+29.6	247.3	262.3	+14.9	7.6	17.6	+9.9
Corporate and Eliminations	-15.7	-18.5	-2.8	-13.6	-11.7	+1.9	-3.3	-1.5	+1.8
Total	1,534.1	2,018.4	+484.2	1,663.7	1,875.2	+211.5	26.2	54.8	+28.6

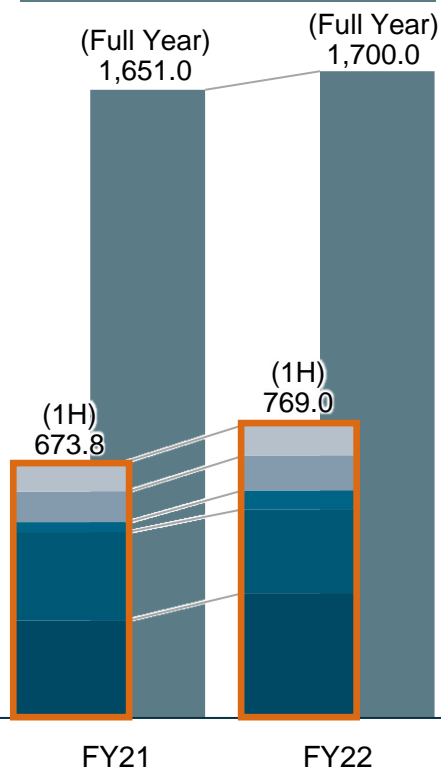
Financial Results: Energy Systems

(billion yen)

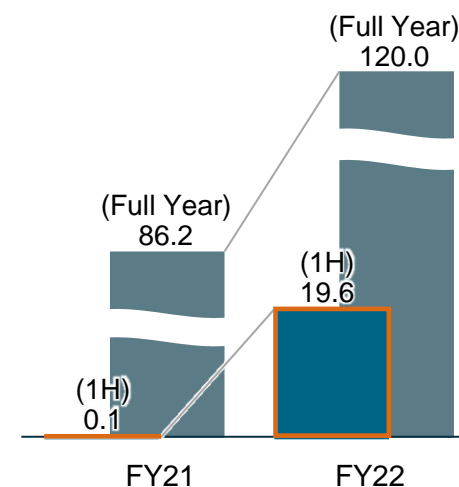
Order Intake



Revenue



Business Profit



1H Actual YoY Variance

- Increase:**
- Aero Engines
 - Nuclear Power
- Decrease:**
- Steam Power

Major Businesses	Order Intake	
	1H FY21	1H FY22
GTCC	189.4	321.3
Steam Power	143.7	159.8
Aero Engines	23.6	48.4
Nuclear Power	80.4	116.9

	Revenue	
	1H FY21	1H FY22
GTCC	254.5	327.4
Steam Power	232.8	219.8
Aero Engines	26.2	49.4
Nuclear Power	80.2	90.9

1H Results Takeaways

- GTCC orders and revenue strong
- Booked one-time expenses from downsizing of European coal-fired thermal power operations
- Aero Engines spare parts and MRO businesses strong on back of market recovery
- Nuclear Power continues to perform strongly

Financial Results: Plants & Infrastructure Systems

(billion yen)

Order Intake

Revenue

Business Profit

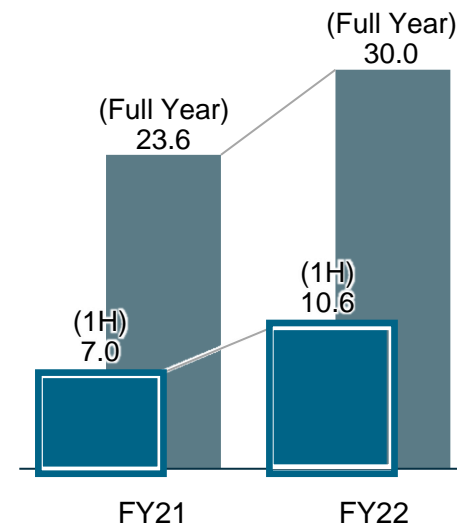
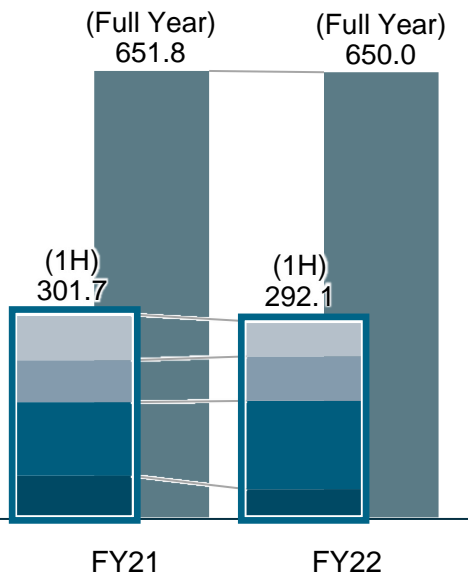
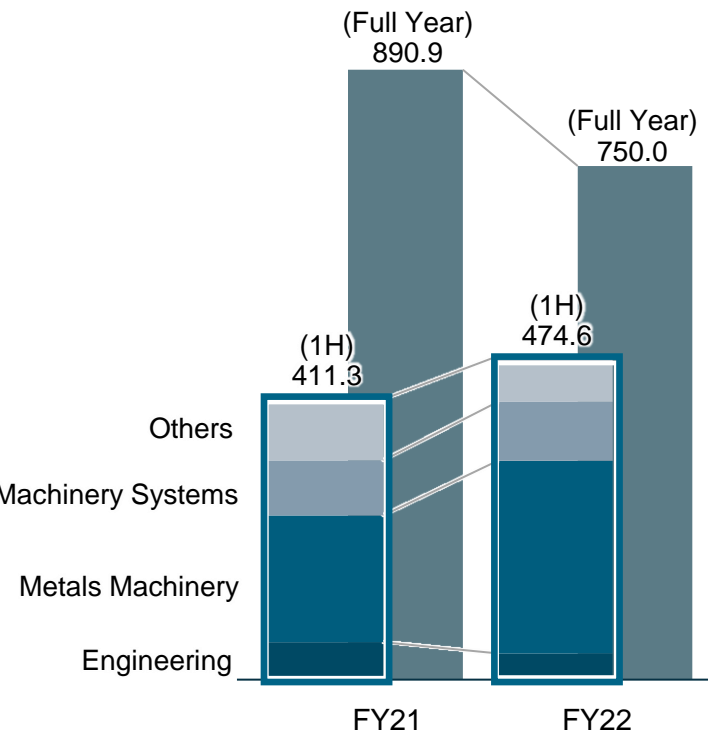
1H Actual YoY Variance

Increase:

- Metals Machinery Systems

Decrease:

- Engineering



Major Businesses	Order Intake	
	1H FY21	1H FY22
Engineering	56.8	40.3
Metals Machinery	185.0	281.6
Machinery Systems	80.4	85.8

Major Businesses	Revenue	
	1H FY21	1H FY22
Engineering	66.2	46.6
Metals Machinery	107.7	129.2
Machinery Systems	60.9	64.7

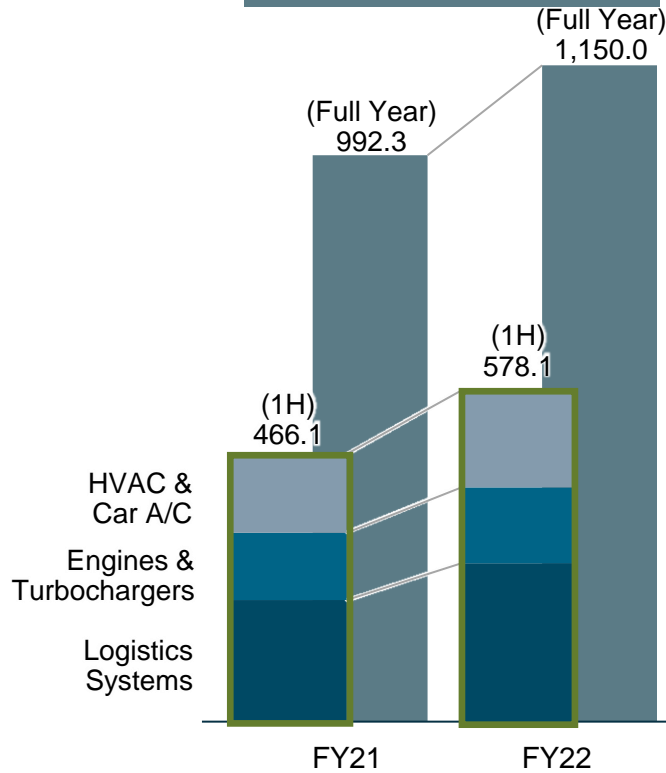
1H Results Takeaways

- Metals Machinery booked orders for new installations in Asia incl. Japan, Americas, and Europe, surpassing high levels attained in 1H FY21
- Profit decreased in Engineering due to increase in cost estimates in some projects caused by depreciation of yen

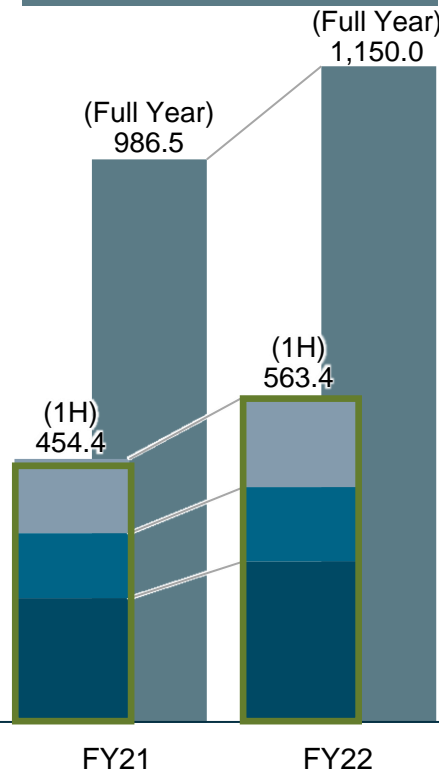
Financial Results: Logistics, Thermal & Drive Systems

(billion yen)

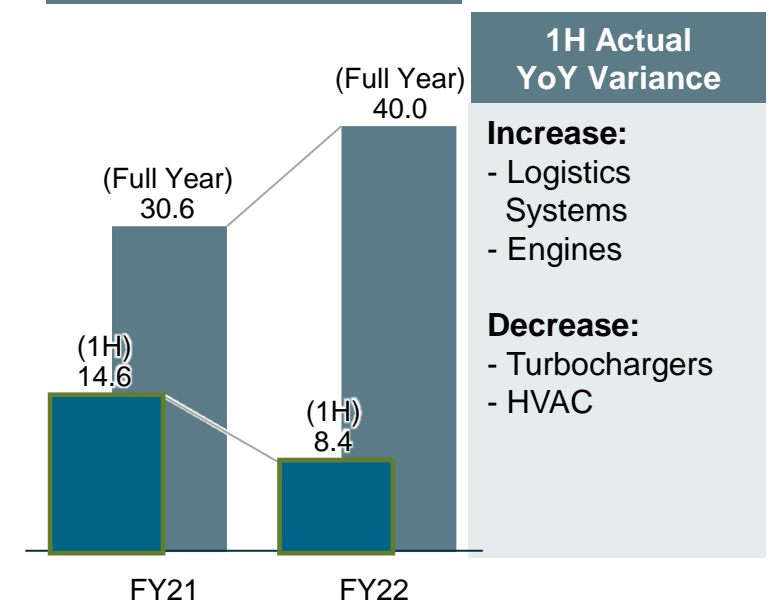
Order Intake



Revenue



Business Profit



Major Businesses

Major Businesses	Order Intake	
	1H FY21	1H FY22
Logistics Systems	214.6	279.4
Engines & Turbochargers	118.0	132.7
HVAC & Car A/C	137.6	170.0

Revenue

	Revenue	
	1H FY21	1H FY22
Logistics Systems	214.6	279.4
Engines & Turbochargers	114.0	129.8
HVAC & Car A/C	129.9	158.3

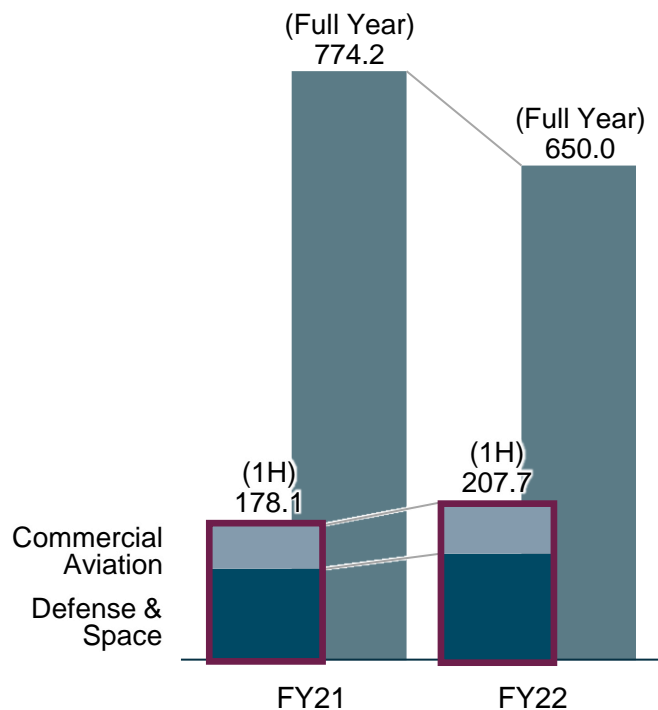
1H Results Takeaways

- Orders and revenue up YoY in all businesses. Orders and revenue increased especially in North America in Logistics Systems and in Asia incl. Japan in HVAC.
- Profit decreased due to impact of materials and logistics cost inflation. Projecting improved profitability over full fiscal year from effect of price optimizations.

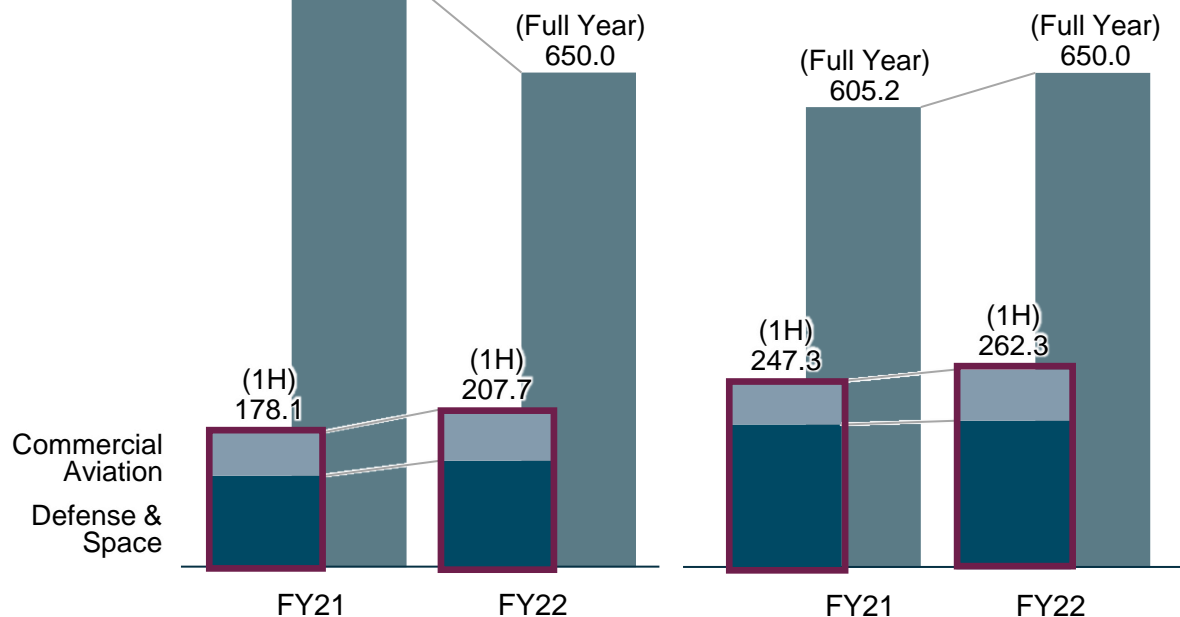
Financial Results: Aircraft, Defense & Space

(billion yen)

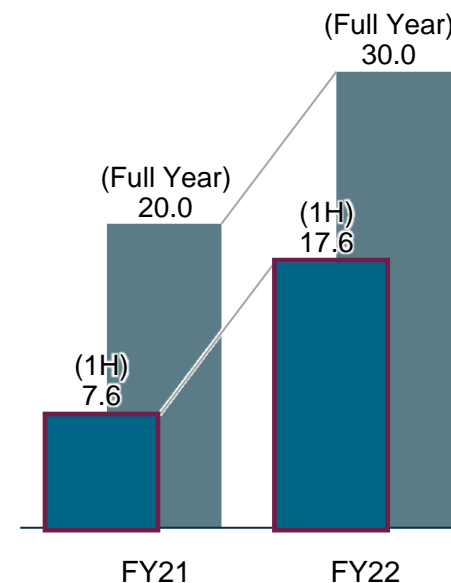
Order Intake



Revenue



Business Profit



1H Actual YoY Variance

- Increase:**
- Naval Ship & Marine Systems
 - Commercial Aviation
- Decrease:**
- Defense Aviation & Missile Systems

Major Businesses

Order Intake

	1H FY21	1H FY22
Defense & Space	120.7	140.2
Commercial Aviation	57.4	67.6

Revenue

	1H FY21	1H FY22
Defense & Space	190.0	195.2
Commercial Aviation	57.3	67.1

1H Results Takeaways

- Defense & Space orders increased YoY. Revenue and profit strong as well.
- In Commercial Aviation Aero Structures, orders increased for freighters and business jets. Profit increased YoY due to topline increases as well as fixed cost reductions and foreign exchange effects.

III. FY2022 Forecast

Forecasts regarding future performance as 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 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 yen to the U.S. dollar and other foreign currencies, and Japanese stock market trends. The results projected here should not be construed in any way as a guarantee by the Company.

FY2022 Forecast Overview

Revised from forecast announced August 5, 2022.

	FY2021 (Profit Margin)	FY2022 (Profit Margin)		YoY (Profit Margin)	(YoY%)
		Revised Forecast	Previous Forecast		
(billion yen)					
Order Intake	4,067.7	4,000.0	3,700.0	-67.7	(-1.7%)
Revenue	3,860.2	4,100.0	3,900.0	+239.8	(+6.2%)
Profit from Business Activities	160.2 (4.2%)	200.0 (4.9%)	200.0 (5.1%)	+39.8 (+0.7%)	(+24.8%)
Profit Attributable to Owners of Parent	113.5 (2.9%)	120.0 (2.9%)	120.0 (3.1%)	+6.5 (+0.0%)	(+5.7%)
ROE	7.7%	7.7%	7.7%	-	
EBITDA	292.4 (7.6%)	330.0 (8.0%)	330.0 (8.5%)	+37.6 (+0.4%)	(+12.9%)
Free Cash Flow	301.8	-100.0	-100.0	-401.8	
Dividends	100 yen Interim: 45 yen Year-End: 55 yen	120 yen Interim: 60 yen Year-End: 60 yen	120 yen Interim: 60 yen Year-End: 60 yen	Exchange rate assumptions: USD 1.00 = ¥140 (prev. ¥120) EUR 1.00 = ¥140 (prev. ¥130) Undetermined foreign currency amounts: USD 1.6 bn, EUR 0.3 bn	

FY2022 Forecast by Segment

Revised from forecast announced August 5, 2022.

(billion yen)	Order Intake				Revenue				Profit from Business Activities			
	FY21	FY22 Forecast		YoY	FY21	FY22 Forecast		YoY	FY21	FY22 Forecast		YoY
		Revised	Previous			Revised	Previous			Revised	Previous	
Energy Systems	1,444.3	1,500.0	1,400.0	+55.7	1,651.0	1,700.0	1,650.0	+49.0	86.2	120.0	130.0	+33.8
Plants & Infrastructure Systems	890.9	750.0	650.0	-140.9	651.8	650.0	650.0	-1.8	23.6	30.0	30.0	+6.4
Logistics, Thermal & Drive Systems	992.3	1,150.0	1,050.0	+157.7	986.5	1,150.0	1,050.0	+163.5	30.6	40.0	40.0	+9.4
Aircraft, Defense & Space	774.2	650.0	650.0	-124.2	605.2	650.0	600.0	+44.8	20.0	30.0	20.0	+10.0
Corporate and Eliminations	-34.1	-50.0	-50.0	-15.9	-34.5	-50.0	-50.0	-15.4	-0.3	-20.0	-20.0	-19.8
Total	4,067.7	4,000.0	3,700.0	-67.7	3,860.2	4,100.0	3,900.0	+239.8	160.2	200.0	200.0	+39.8

IV. Appendix

Large-Frame Gas Turbine Order Intake/ Contract Backlog (units)

	1H FY21	FY21	1H FY22
Americas	-	5	2
Asia	2	5	4
EMEA	-	-	1
Other Regions	2	6	-
Total	4	16	7
Contract Backlog	46	46	42

(Reference) Order Intake through China Licensee

	1H FY21	FY21	1H FY22
Order Intake	4	7	19

Commercial Aviation Deliveries (units)

777	Q1	Q2	Q3	Q4	Total
FY21	5	4	6	5	20
FY22	6	7	/	/	13

777X	Q1	Q2	Q3	Q4	Total
FY21	2	1	1	0	4
FY22	1	0	/	/	1

787	Q1	Q2	Q3	Q4	Total
FY21	14	5	4	2	25
FY22	5	7	/	/	12

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

	1H FY21	1H FY22	FY22 Forecast
R&D Expenses	50.9	53.7	130.0
Depreciation and Amortization	64.7	67.4	130.0
Capital Expenditures	56.5	52.9	130.0

Selling, General, and Administrative Expenses (billion yen)

	1H FY21	1H FY22
SG&A	266.8	293.5

Foreign Exchange Rates (average rates used for revenue recognition)

	1H FY21	1H FY22
1 USD (JPY)	109.1	130.2
1 EUR (JPY)	130.0	136.9

Order Backlog

(billion yen)

	FY21 End	1H FY22 End
Energy Systems	3,114.4	3,333.3
Plants & Infrastructure Systems	1,243.4	1,596.2
Logistics, Thermal & Drive Systems	43.2	58.1
Aircraft, Defense & Space	1,087.1	1,033.2
Total	5,488.5	6,021.5

Revenue by Region

(billion yen)

	1H FY21		FY21 Full Year		1H FY22	
Japan	787.3	(47%)	1,887.7	(49%)	769.9	(41%)
Asia-Pacific (excluding Japan)	320.6	(19%)	711.6	(18%)	378.6	(20%)
Americas	313.4	(19%)	739.9	(19%)	466.9	(25%)
EMEA	242.3	(15%)	520.8	(14%)	259.7	(14%)
Total	1,663.7	(100%)	3,860.2	(100%)	1,875.2	(100%)

