

Q1 FY2025 Financial Results

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Hello, everyone. This is Hiroshi Nishio, CFO of MHI.
Today, I will speak about our Q1 FY2025 Financial Results and the FY2025 Earnings Forecast, followed by the US tariff situation.

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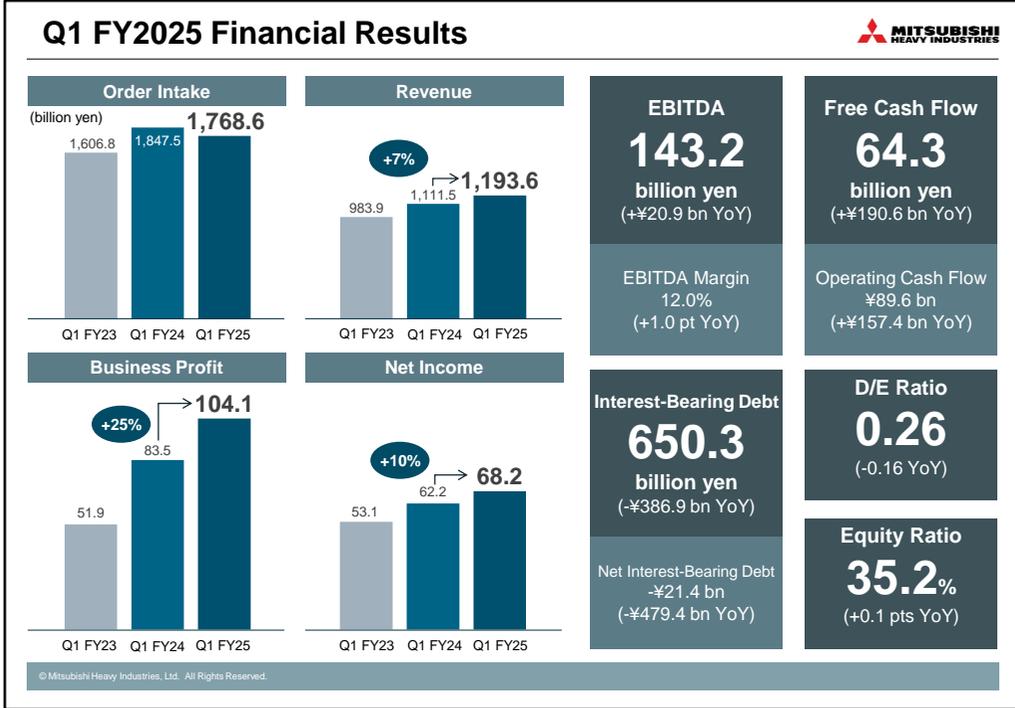


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1. Key Takeaways



First, I would like to provide an overview of our financial results. This page summarizes our financial results in terms of our main KPIs.

Order intake was ¥1,768.6 billion, with YoY increases in Energy Systems and Plants & Infrastructure Systems. Overall order volume decreased slightly due to a decline in Defense & Space – which booked several large orders in Q1 FY2024 – but orders were maintained at a high level.

Although not shown on this page, order backlog was ¥10,772.9, an increase of around ¥500 billion from the end of FY2024.

Revenue increased by 7% YoY to ¥1,193.6 billion. This was a record high for a first quarter.

Business profit reached the ¥100 billion mark. This was a 25% increase YoY and also a record high for a first quarter.

Net income increased by 10% YoY to ¥68.2 billion. This is small compared to the growth in business profit, because we recorded a large gain on foreign exchange in Q1 FY2024, when the yen depreciated significantly. Nevertheless, net income also reached a record high.

Q1 FY2025 Financial Results Highlights



- **Order Intake: ¥1,768.6 bn** (-¥78.8 bn [-4%] YoY)
Order intake grew in Energy Systems and Plants & Infrastructure Systems.
Order intake declined in Defense & Space compared to Q1 FY2024 – during which several large projects were booked – but a generally high level was achieved.
Order backlog increased by ¥536.6 billion to ¥10,772.9 billion from end FY2024.
- **Revenue: ¥1,193.6 bn** (+¥82.0 bn [+7%] YoY)
Revenue increased YoY in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space.
Revenue growth especially large in Gas Turbine Combined Cycle (GTCC), Nuclear Power, Metals Machinery, and Defense & Space.
- **Business Profit: ¥104.1 bn** (+¥20.6 bn [+25%] YoY)
Business profit increased YoY in Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space driven by revenue growth and improved margins
- **Net Income: ¥68.2 bn** (+¥5.9 bn [+10%] YoY)
Booked gain on foreign exchange in Q1 FY2024. Despite negative impact from stronger yen, higher business profit served to raise net income YoY in Q1 FY2025.

2. Q1 FY2025 Financial Results

The next few pages provide a little more detail about our financial results.

Financial Results Overview



(billion yen)	Q1 FY2024 (Profit Margin)	Q1 FY2025 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	1,847.5	1,768.6	-78.8	(-4.3%)
Revenue	1,111.5	1,193.6	+82.0	(+7.4%)
Profit from Business Activities	83.5 (7.5%)	104.1 (8.7%)	+20.6 (+1.2 pts)	(+24.7%)
Profit Attributable to Owners of Parent	62.2 (5.6%)	68.2 (5.7%)	+5.9 (+0.1 pts)	(+9.5%)
EBITDA	122.3 (11.0%)	143.2 (12.0%)	+20.9 (+1.0 pt)	(+17.1%)
Free Cash Flow	-126.2	64.3	+190.6	
Operating Cash Flow	-67.8	89.6	+157.4	
Investing Cash Flow	-58.4	-25.3	+33.1	

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This page shows our cash flows.

Free cash flow was ¥64.3 billion, of which operating cash flow was positive ¥89.6 billion. This operating cash flow was mainly from an increase in advances received on the back of strong order intake, particularly in Gas Turbine Combined Cycle (GTCC).

Financial Position



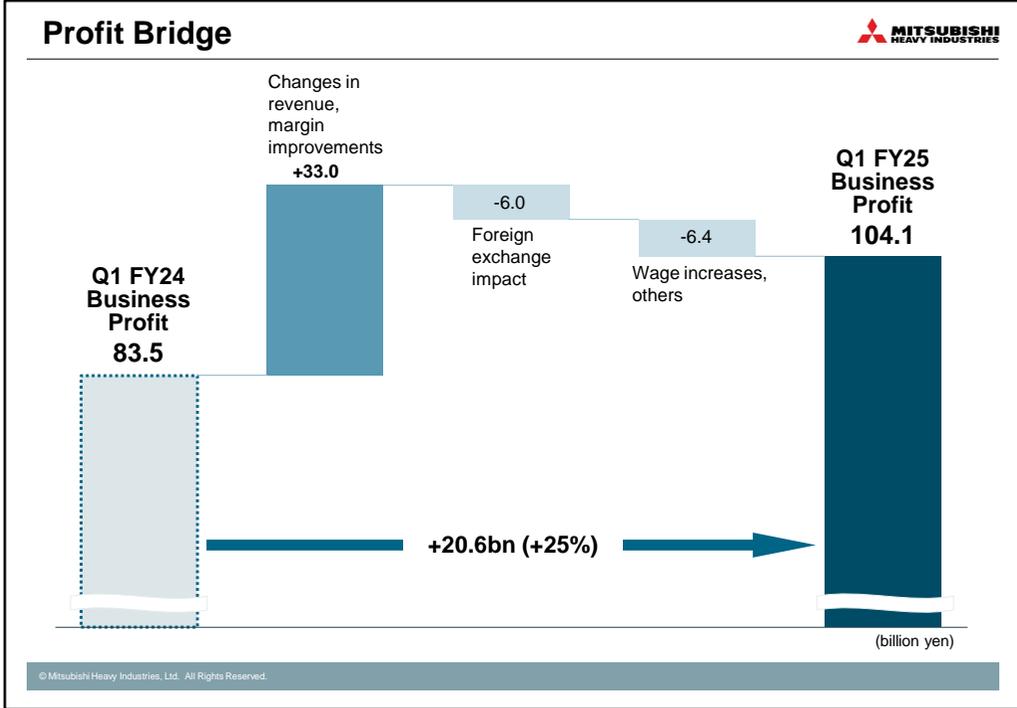
(billion yen)	FY24 End	Q1 FY25 End	Variance
Trade Receivables and Contract Assets	1,776.5	1,697.7	-78.8
Inventories	1,062.5	1,128.2	+65.7
Other Current Assets	1,072.5	1,181.2	+108.6
(Cash and Cash Equivalents)	(657.8)	(671.8)	(+14.0)
Fixed Assets	1,195.3	1,183.0	-12.2
Other Non-Current Assets	1,551.9	1,561.7	+9.7
Total Assets	6,658.9	6,752.0	+93.1
Trade Payables	930.2	848.0	-82.2
Contract Liabilities	1,443.9	1,572.9	+128.9
Other Liabilities	1,163.4	1,182.5	+19.0
Interest-Bearing Debt	651.3	650.3	-0.9
Equity	2,469.8	2,498.1	+28.3
(Equity Attributable to Owners of Parent)	(2,346.7)	(2,376.0)	(+29.3)
Total Liabilities and Equity	6,658.9	6,752.0	+93.1

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This page shows the balance sheet.

Total assets were ¥6,752.0 billion, an increase of ¥93.1 billion from the end of FY2024. Inventories and other current assets (including advances paid) increased due to GTCC, Defense, and other businesses' being in an expansion phase. Conversely, on the liability side, we booked many advances received and recognized contract liabilities, which caused working capital to decrease slightly in Q1.

As a result, the balance of interest-bearing debt was ¥650.3 billion, the same level as at the end of FY2024. Net interest-bearing debt – which excludes cash and cash equivalents on the asset side – decreased to negative ¥21.4 billion.



This page shows a waterfall chart outlining YoY changes in business profit.

Business profit improved by ¥33.0 billion due to changes in revenue and improved margins. Breaking this down, Energy Systems, Plants & Infrastructure Systems, and Aircraft, Defense & Space each improved by approximately ¥10 billion YoY.

Foreign exchange impact was negative ¥6.0 billion. This is due to the fact that the average exchange rate for revenue recognition was ¥153/\$ in Q1 FY2024 versus ¥146/\$ in Q1 FY2025. Moreover, since no one-time expenses were booked in Q1 FY2024 or Q1 FY2025, they do not appear in this chart.

I will detail the developments in each segment over the next few pages.

Financial Results by Segment



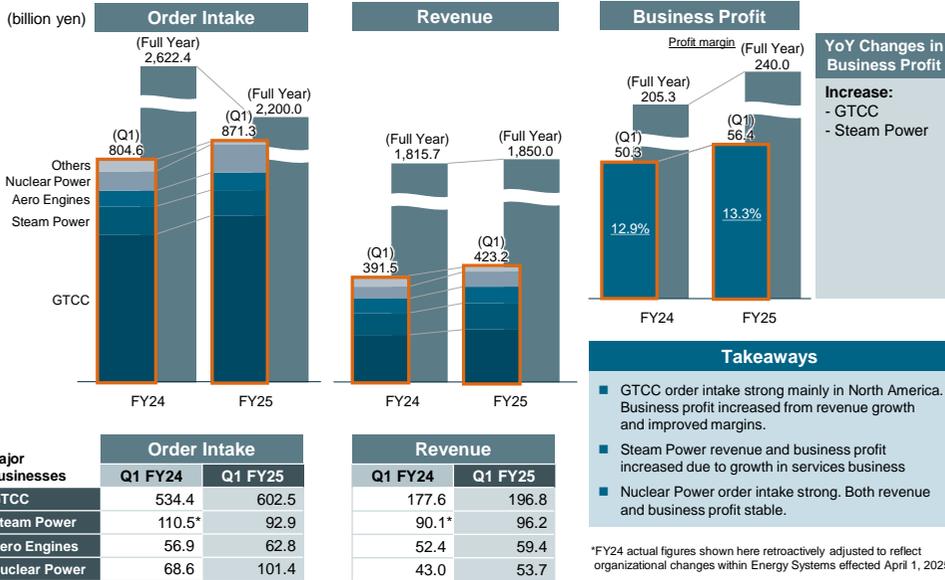
	Order Intake			Revenue			Profit from Business Activities		
	Q1 FY24	Q1 FY25	YoY	Q1 FY24	Q1 FY25	YoY	Q1 FY24	Q1 FY25	YoY
(billion yen)									
Energy Systems	804.6	871.3	+66.7	391.5	423.2	+31.7	50.3	56.4	+6.0
Plants & Infrastructure Systems	228.4	239.5	+11.1	175.1	207.9	+32.8	7.6	18.5	+10.9
Logistics, Thermal & Drive Systems	329.6	304.1	-25.4	320.9	299.2	-21.6	14.6	10.9	-3.7
Aircraft, Defense & Space	476.0	350.8	-125.2	211.7	260.5	+48.8	23.6	28.8	+5.1
Others, Corporate & Eliminations	8.7	2.7	-6.0	12.2	2.6	-9.5	-12.8	-10.5	+2.2
Total	1,847.5	1,768.6	-78.8	1,111.5	1,193.6	+82.0	83.5	104.1	+20.6

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This page shows the breakdown of order intake, revenue, and business profit by segment.

I will go into the details of each segment on the next few pages.

Financial Results: Energy Systems

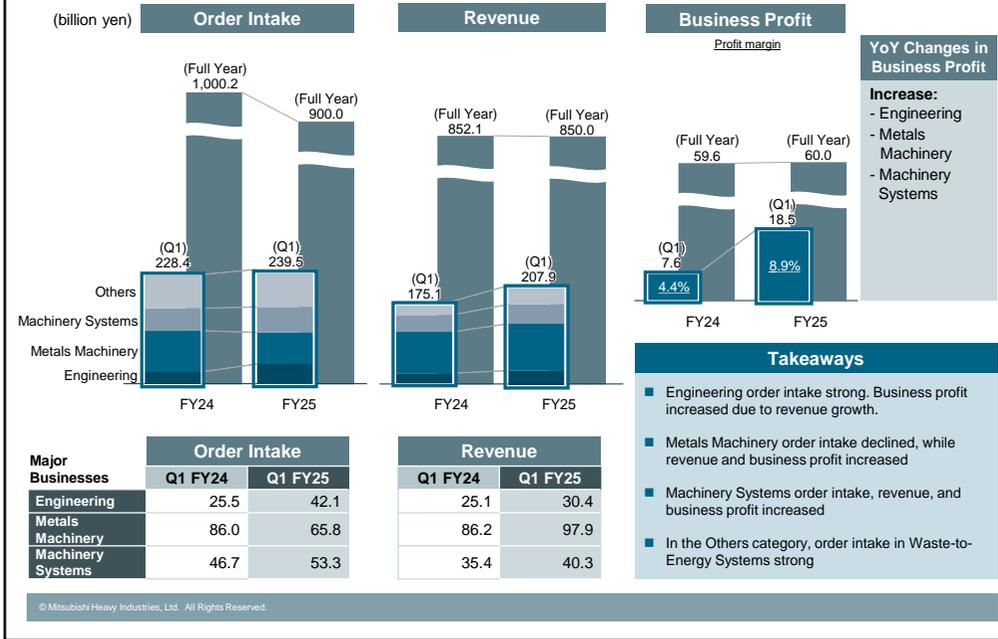


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In Energy Systems, order intake, revenue, and business profit increased YoY. Progress versus the full-year forecast was also steady.

Order intake in GTCC was strong in North America. Revenue and business profit also increased in Steam Power. In Nuclear Power, orders were strong, and both revenue and business profit were stable.

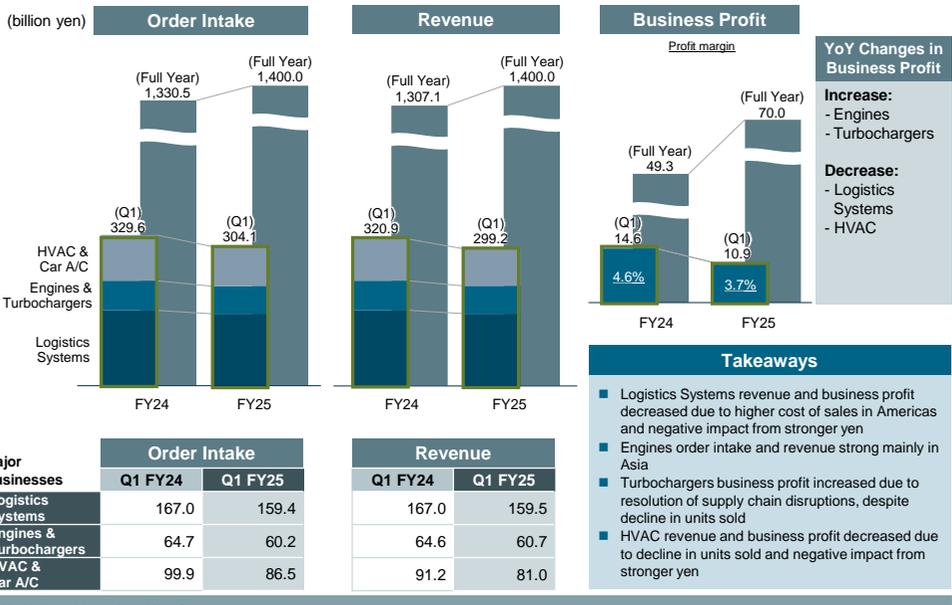
Financial Results: Plants & Infrastructure Systems



Order intake, revenue, and business profit all increased YoY in Plants & Infrastructure as well, and progress versus the full-year forecast was steady.

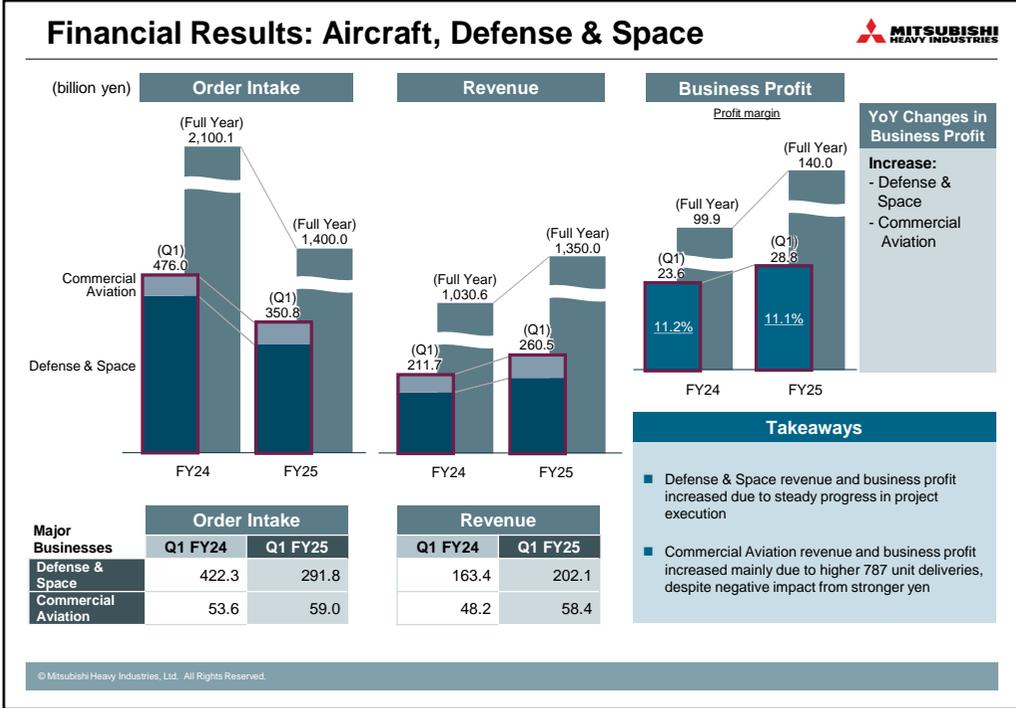
In Engineering, orders were strong, mainly for the replacement of aging transportation systems. In Metals Machinery, revenue and business profit both increased despite a decrease in orders. In Machinery Systems, order intake, revenue, and business profit all increased.

Financial Results: Logistics, Thermal & Drive Systems



In Logistics, Thermal & Drive Systems, order intake, revenue, and business profit all decreased YoY.

In the Engines business within this segment, both orders and revenue were strong, mainly in Asia.



In Aircraft, Defense & Space, as I mentioned at the beginning of today’s briefing, order intake in Defense decreased due to several large projects booked in Q1 FY2024, but a high level was maintained exceeding revenue. Moreover, both revenue and business profit increased due to steady progress in project execution.

In Commercial Aviation, revenue and business profit increased due to an increase in the number of Boeing 787 unit deliveries, despite the impact of the stronger yen.

Our results in the first quarter overall marked a strong start toward our FY2025 guidance, and I believe that we are generally on-track to achieve our 2024 Medium-Term Business Plan targets. Order intake in particular was stronger than expected.

On the topic of US tariffs – which I will explain later in my presentation – direct impact on our Q1 P&L was negligible, on the order of several hundred million yen overall.

3. FY2025 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 US dollar and other foreign currencies, and trends in Japan's stock markets. The earnings projected here should not be construed in any way as a guarantee by the Company.

In response to US tariff policy, the Company is pursuing mitigation strategies focused on cost passthroughs. As of the date of this release, the Company expects any impact on performance to be limited in nature.

Next, I will speak about our FY2025 Earnings Forecast.

Earnings Forecast Overview



Unchanged from forecast announced May 9, 2025.

(billion yen)	FY2024 (Profit Margin)	FY2025 (Profit Margin)	YoY (Profit Margin)	(YoY%)
Order Intake	7,071.2	5,900.0	-1,171.2	(-16.6%)
Revenue	5,027.1	5,400.0	+372.8	(+7.4%)
Profit from Business Activities	383.1 (7.6%)	420.0 (7.8%)	+36.8 (+0.2 pts)	(+9.6%)
Profit Attributable to Owners of Parent	245.4 (4.9%)	260.0 (4.8%)	+14.5 (-0.1 pts)	(+5.9%)
ROE	10.7%	11%	+0.3 pts	
EBITDA	541.3 (10.8%)	580.0 (10.7%)	+38.6 (-0.1 pts)	(+7.1%)
Free Cash Flow	342.7	-200.0	-542.7	
Dividends	23 yen Interim: 11 yen Year-End: 12 yen	24 yen Interim: 12 yen Year-End: 12 yen	Exchange rate assumptions: USD 1.00 = ¥145 EUR 1.00 = ¥155	

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The figures shown here are unchanged from our announcement in May. The exchange rate assumption remains at ¥145/\$. Moreover, exposure to foreign exchange rates on a business profit basis is \$2.3 billion.

Earnings Forecast by Segment



Unchanged from forecast announced May 9, 2025.

(billion yen)	Order Intake			Revenue			Profit from Business Activities		
	FY24	FY25 Forecast	YoY	FY24	FY25 Forecast	YoY	FY24	FY25 Forecast	YoY
Energy Systems	2,622.4	2,200.0	-422.4	1,815.7	1,850.0	+34.2	205.3	240.0	+34.6
Plants & Infrastructure Systems	1,000.2	900.0	-100.2	852.1	850.0	-2.1	59.6	60.0	+0.3
Logistics, Thermal & Drive Systems	1,330.5	1,400.0	+69.4	1,307.1	1,400.0	+92.8	49.3	70.0	+20.6
Aircraft, Defense & Space	2,100.1	1,400.0	-700.1	1,030.6	1,350.0	+319.3	99.9	140.0	+40.0
Others, Corporate & Eliminations	17.9	0	-17.9	21.5	-50.0	-71.5	-31.0	-90.0	-58.9
Total	7,071.2	5,900.0	-1,171.2	5,027.1	5,400.0	+372.8	383.1	420.0	+36.8

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The breakdown by segment is also unchanged from the announcement in May. The ¥240 billion business profit target in Energy Systems includes a ¥20 billion risk buffer for one-time expenses.

3. FY2025 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 US dollar and other foreign currencies, and trends in Japan's stock markets. The earnings projected here should not be construed in any way as a guarantee by the Company.

In response to US tariff policy, the Company is pursuing mitigation strategies focused on cost passthroughs.
As of the date of this release, the Company expects any impact on performance to be limited in nature.

Finally, allow me to speak about US tariffs.

As indicated in the underlined text at the bottom of this page, we are working on cost passthroughs, and the volume of transactions subject to tariffs is not large to begin with. Therefore, we believe at this point that any impact on performance will be limited in nature. In this context, I would like to briefly introduce MHI Group's businesses in the US. Please refer to page 22 at the end of these presentation materials.

(Summary continues on page 22.)

4. Appendix

Appendix: Reference Data



Large Frame Gas Turbine Order Intake and Contract Backlog (units)				Commercial Aviation Deliveries (units)						
	Q1 FY24	FY24	Q1 FY25	777	Q1	Q2	Q3	Q4	Total	
Americas	4	11	6	FY24	6	6	2	5	19	
Asia	2	5	2	FY25	6	/	/	/	6	
EMEA	-	9	-							
Other Regions	-	-	-	777X	Q1	Q2	Q3	Q4	Total	
Order Intake Total	6	25	8	FY24	3	3	1	0	7	
				FY25	0	/	/	/	0	
Contract Backlog	38	48	53							
				(Reference) China Licensee Order Intake	787	Q1	Q2	Q3	Q4	Total
	Q1 FY24	FY24	Q1 FY25	FY24	9	12	12	12	45	
Order Intake	-	7	3	FY25	18	/	/	/	18	

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Appendix: Reference Data



Order Backlog

(billion yen)	FY24 End	Q1 FY25
Energy Systems	4,918.4	5,301.3
Plants & Infrastructure Systems	1,705.3	1,764.1
Logistics, Thermal & Drive Systems	79.3	66.0
Aircraft, Defense & Space	3,514.5	3,620.5
Others, Corporate & Eliminations	18.5	20.7
Total	10,236.2	10,772.9

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

(billion yen)	Q1 FY24	Q1 FY25	FY25 Forecast
R&D Expenses	41.4	47.6	330.0
Depreciation and Amortization	38.8	39.0	160.0
Capital Expenditures	45.0	36.1	200.0

Selling, General, and Administrative Expenses

(billion yen)	Q1 FY24	Q1 FY25
SG&A	175.0	176.2

Foreign Currency Amounts Expected to Affect P/L

(billion, except where otherwise stated)	USD	EUR
Amounts to Affect Business P/L	2.3	0.3
Amounts to Affect Finance Income/Costs	1.3	0.0
Exchange Rate Assumptions	¥145.0	¥155.0

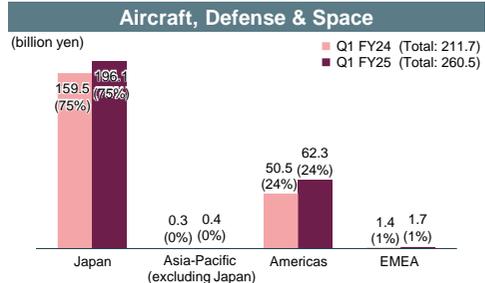
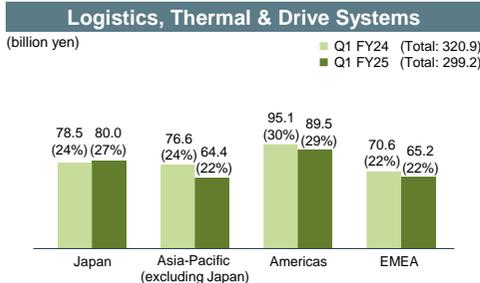
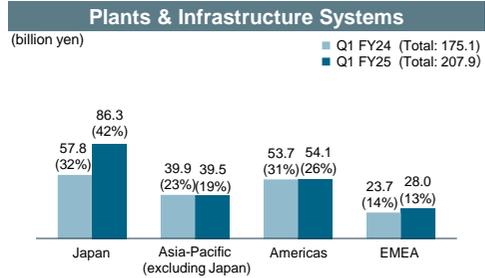
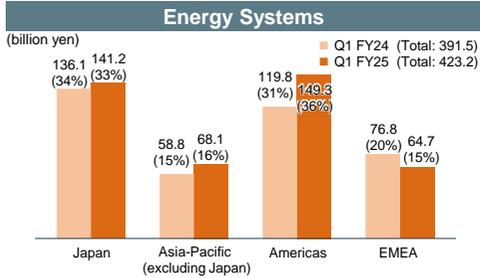
Foreign Exchange Rates (Average Rates Used for Revenue Recognition)

	Q1 FY24	Q1 FY25
US Dollar (JPY/USD)	152.5	145.8
Euro (JPY/EUR)	166.1	162.3

Appendix: Reference Data



Revenue by Region

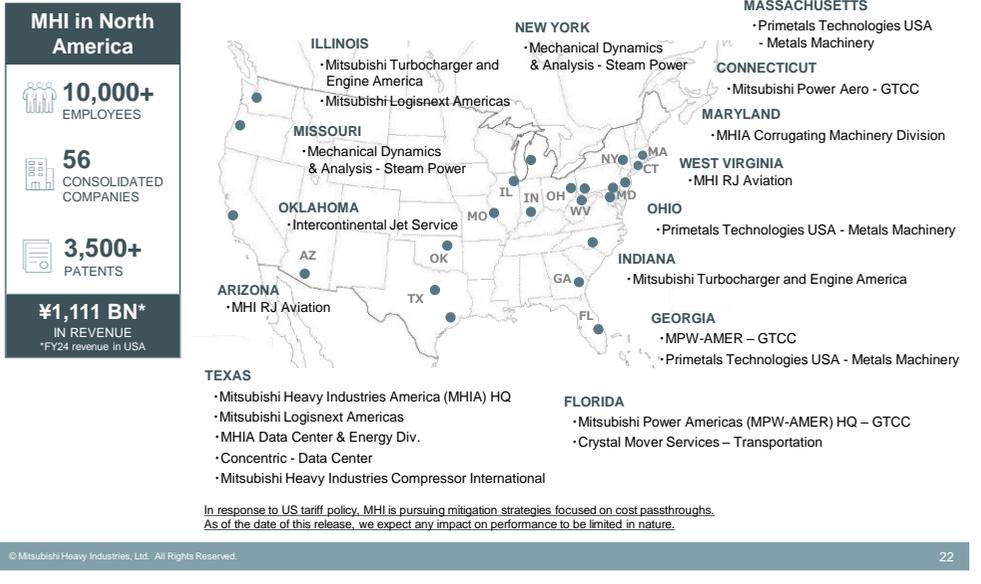


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Appendix: Reference Data



Main Locations in US as of April 2025



Regarding MHI Group’s businesses in the US, revenue volume was ¥1.1 trillion in FY2024. This includes direct export transactions from Japan to US customers as well as transactions within the US.

Major direct export transactions are in Commercial Aviation Aero Structures and Aero Engines, and our customers pay the tariffs in these businesses.

Other transactions are within the US. As shown on this map, MHI Group has local manufacturing and after-sales service bases for GTCC, Forklifts, Commercial Aviation, Compressors, Transportation Systems, Metals Machinery, Corrugating Machinery, and other products. The volume of transactions for which we are responsible for tariffs is not large.

That said, some components, such as those for use in GTCC and Forklifts, are imported from our Japanese bases by our US Group companies, and the tariffs for these products are borne temporarily by MHI Group. However, we believe that we will be able to reduce P&L impact to a considerable extent by passing on these costs to our customers by increasing pricing.

This concludes my presentation.

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