PRESS RELEASE
August 5, 2022

Mitsubishi Heavy Industries Achieves 22% YoY Increase in Order Intake and 52% YoY Increase in Net Profit in a Challenging First Quarter

- Order intake, revenue, and net profit all exceeded Q1 FY2021 results, continuing upward trend from FY2020.
- Contracts executed for five large frame Gas Turbine Combined Cycle (GTCC) units in Americas, EMEA, and Asia. Strong order growth in Metals Machinery as capital expenditures by steelmakers in Asia and Americas increased.
- Materials cost inflation and supply chain disruptions continued, particularly affecting Logistics, Thermal & Drive Systems segment. Price optimizations underway to mitigate these effects in second half FY2022.
- Charges booked in Energy Systems, including downsizing of European coal-fired thermal power business as capacity adjusted to match long-term objectives in region.
- Fixed cost reductions and strategic asset sales progressing in accordance with 2021 Medium-Term Business Plan.

Tokyo – Mitsubishi Heavy Industries (MHI, TSE Code: 7011) announced that order intake rose 22.3% year-over-year to ¥917.8 billion in the quarter ended June 30, 2022. Revenue rose 2.3% to ¥871.3 billion year-over-year, resulting in business profit\(^1\) of ¥14.9 billion, a 30.4% decrease from the previous fiscal year, which represents a profit margin of 1.7%. Net profit was ¥19.1 billion, an increase of 51.7% year-over-year, with a profit margin of 2.2%. EBITDA was ¥47.2 billion, a 12.2% decrease from FY2021, with a profit margin of 5.4%, down 0.9 percentage points year-over-year. (See table on next page.)

\(^1\) Profit before finance income, finance expenses, and income taxes
Other highlights include a YoY increase in Logistics Systems order bookings due to favorable market conditions in logistics and warehousing in North America and Europe. Defense project orders also increased YoY. Revenue growth was healthy in GTCC, Aero Engines, Logistics Systems, and HVAC.

**FY2022 Guidance:**
MHI reiterated its guidance for the period ending March 31, 2023, unchanged from the original announcement made on May 12, 2022.

(billion yen, except where otherwise stated)
CFO Message:
“MHI is proud to have achieved strong orders in all segments in the first quarter of this fiscal year,” Hisato Kozawa, Member of the Board, Executive Vice President, and Chief Financial Officer of MHI commented. “Considering the mid- to long-term market outlook in the EMEA region, we began reducing the scale of operations in our European coal-fired thermal power business and booked some charges associated with these actions. In parallel, MHI is looking to increase our presence in EMEA through the Energy Transition by offering decarbonization solutions as well as core technologies including hydrogen utilization and CO₂ Capture, Utilization, and Storage (CCUS).”

Mr. Kozawa continued, “Despite securing ¥19.1 billion in net profit, the business environment remains challenging. In the first quarter, materials and logistics cost inflation and supply chain disruptions, including the lockdowns in China, continued to impact our businesses for longer than initially projected. As concerns of recession in North America and Europe mount, we will strive to improve profitability through various measures such as price optimization and further fixed cost reductions in the second half of the fiscal year.”

Attachment 1: Q1 FY2022 Financial Results
- Financial Results
Attachment 2: Presentation Materials of Q1 FY2022 Financial Results
- Presentation Materials
Downloadable PDF of this press release
- Press Release
Note regarding forward looking statements:
Forecastss 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.