PRESS RELEASE

November 1, 2022

Mitsubishi Heavy Industries Sees YoY Increases in Order Intake, Revenue, and Net Profit in Stable First Half and Revises Full-Year Forecast

Order intake, revenue, business profit, and net profit all increased YoY. Orders growth driven by seven large-frame Gas Turbine Combined Cycle units in Energy Systems and continued strong demand for Metals Machinery including electric arc furnaces.

Downward pressure on business profit from escalating cost inflation, supply chain disruptions, and one-time charges offset by increased topline, foreign exchange effects, gains on asset sales, and fixed cost reductions.

Revised full-year forecast, increasing order intake and revenue while maintaining previous profit guidance to reflect businesses’ latest results and foreign exchange conditions.

Tokyo – Mitsubishi Heavy Industries (MHI, TSE Code: 7011) announced that order intake rose 31.6% year-over-year to ¥2,018.4 billion in the half ended September 30, 2022. Revenue rose 12.7% to ¥1,875.2 billion year-over-year, resulting in business profit\(^1\) of ¥54.8 billion, a 109.2% increase from the previous fiscal year, which represents a profit margin of 2.9%. Net profit was ¥54.1 billion, an increase of 348.1% year-over-year, with a profit margin of 2.9%. EBITDA was ¥122.2 billion, a 34.4% increase from FY2021, with a profit margin of 6.5%, up 1.0 percentage point year-over-year. (See table on next page.)

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\(^1\) Profit before finance income, finance expenses, and income taxes
Other highlights included a YoY increase in Logistics Systems order intake and revenue mainly in the United States. In the HVAC business, growing customer need for efficient heating and cooling equipment led to an increase in orders in Asia, Europe, Oceania, and the Middle East.

**FY2022 Guidance:**

MHI revised its guidance for the period ending March 31, 2023, increasing order intake by ¥300 billion to ¥4,000 billion and revenue by ¥200 billion to ¥4,100 billion to reflect the businesses’ latest results as well as foreign exchange conditions.
CEO Message:

“MHI showed solid results year-on-year in order intake, revenue, and net profit during the first half of this fiscal year,” Seiji Izumisawa, President and CEO of MHI commented. “We saw an increase in orders in many of our major businesses, specifically GTCC, Metals Machinery, Logistics Systems, and HVAC.”

Izumisawa continued, “Due to the latest progress in each business and the recent rapid depreciation of the yen, we have updated our full-year earnings forecast. This will increase orders and sales while maintaining our initial profit forecast. In line with the assumptions of our initial earnings forecasts, prices are still rising globally and geopolitical tensions continue. In addition, the business environment surrounding the company is becoming increasingly uncertain in the short term, with some regions believed to have already entered a recession and others expected to do so in the near future. We will continue responding appropriately and in a timely manner to issues as they arise and the changing situation in each country and region.

“While uncertainty in the business environment recently appears to be increasing, we are very proud of some important achievements in the Energy Transition – one of the main focuses of MHI’s growth strategy – in the first half of this fiscal year. Customers in carbon-intensive industries, such as power generation and steelmaking, are more eager than ever to decarbonize their businesses. This is evidenced by increasing orders and inquiries for hydrogen-ready gas turbines and electric arc furnaces. Going forward, we will continue to expand our growth areas while optimizing operations as we work to achieve the targets of our 2021 Medium-Term Business Plan.”

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