

# PRESS RELEASE

May 10, 2023

## Mitsubishi Heavy Industries Achieves Large YoY Orders and Profit Increases and Plans Higher Year-End Dividend Payout in FY2022, Pursues 7% Business Profit Margin in FY2023

- Order intake, revenue, business profit, and net income all up YoY in FY2022
- Revenue increases, services business expansion, cost passthroughs, and asset sales offset negative margin impact from continuing global inflation and cost issues in certain projects, winning 21% YoY gain in business profit and ROE of 7.9%
- Planned increase in full-year FY2022 dividends by ¥10/share beyond previous ¥120/share guidance to ¥130/share due to improved net income
- FY2023 guidance includes continued topline expansion to ¥4.3 trillion, achievement of medium-term business profit margin target of 7%, and ¥30/share YoY dividend increase

**Tokyo** – Mitsubishi Heavy Industries (MHI, TSE Code: 7011) announced that order intake rose 10.7% year-over-year to ¥4,501.3 billion in the fiscal year ended March 31, 2023. Revenue rose 8.9% to ¥4,202.7 billion year-over-year, resulting in profit from business activities (business profit) of ¥193.3 billion, a 20.6% increase from the previous fiscal year, which represents a profit margin of 4.6%. Profit attributable to owners of parent (net income) was ¥130.4 billion, an increase of 14.9% year-over-year, with a profit margin of 3.1%. EBITDA was ¥331.1 billion, a 13.3% increase from FY2021, with a profit margin of 7.9%, up 0.3 percentage points year-over-year.

(billion yen, except where otherwise stated)

FY2022 Actual	FY2021	FY2022	YoY	YoY%
Order Intake	4,067.7	4,501.3	+433.5	+10.7
Revenue	3,860.2	4,202.7	+342.5	+8.9
Profit from Business Activities	160.2	193.3	+33.0	+20.6
Profit Margin (%)	4.2	4.6	+0.4 pts	-
Profit Attributable to Owners of Parent	113.5	130.4	+16.9	+14.9
Profit Margin (%)	2.9	3.1	+0.2 pts	-
EBITDA	292.4	331.1	+38.7	+13.3
EBITDA Margin (%)	7.6	7.9	+0.3 pts	-
FCF	301.8	35.3	-266.5	-

Other highlights from FY2022 include order intake and revenue growth in Energy Systems driven by expansion in Gas Turbine Combined Cycle (GTCC) services. Aero Engines order intake and revenue grew 73% and 77% YoY, respectively, bolstered by recovering global air travel. Logistics, Thermal & Drive Systems order intake and revenue saw large, 22% YoY gains arising from high demand for forklifts in North America, Europe, and Asia Pacific, supported in part by expansion of lease and rental businesses in North America and the growing need for highly efficient, low-carbon-footprint HVAC equipment. Profitability was up 66% YoY in Aircraft, Defense & Space thanks in part to diligent cost-cutting efforts and foreign exchange benefits in Aero Structures.

(billion yen, except where otherwise stated)

FY2022 Actual by Segment	Order Intake		Revenue		Business Profit	
	FY22	YoY	FY22	YoY	FY22	YoY
Energy Systems	1,791.7	+347.4	1,738.6	+87.5	85.1	-1.1
Plants & Infrastructure Systems	845.4	-45.5	675.6	+23.7	32.7	+9.1
Logistics, Thermal & Drive Systems	1,215.0	+222.7	1,203.7	+217.2	38.9	+8.2
Aircraft, Defense & Space	703.6	-70.5	619.4	+14.1	39.9	+15.9
Corporate & Eliminations	-54.5	-20.4	-34.7	-0.2	-3.5	+0.8
Total	4,501.3	+433.5	4,202.7	+342.5	193.3	+33.0

### FY2023 Guidance:

MHI issued guidance for the period ending March 31, 2024, the final year in the 2021 Medium-Term Business Plan (MTBP). This forecast includes modest gains in order intake and revenue, with large improvements in profitability culminating in achievement of the MTBP business profit margin target of 7%. Drivers of these improved margins are expected to include: higher profitability in Energy Systems projects; increasing benefits from cost passthroughs in Logistics, Thermal & Drive Systems; and higher margins in parallel with revenue growth in Metals Machinery. Cash flow is expected to take a brief turn into negative territory due to accelerating investments in the main growth areas of the Energy Transition and Smart Infrastructure. Dividends are planned to increase by ¥30/share YoY to ¥160/share.

(billion yen, except where otherwise stated)

FY2023 Forecast	FY2022 Actual	FY2023 Forecast	YoY	YoY%
Order Intake	4,501.3	4,600.0	+98.6	+2.2
Revenue	4,202.7	4,300.0	+97.2	+2.3
Profit from Business Activities	193.3	300.0	+106.6	+55.2
Profit Margin (%)	4.6	7.0	+2.4 pts	-
Profit Attributable to Owners of Parent	130.4	190.0	+59.5	+45.6
Profit Margin (%)	3.1	4.4	+1.3 pts	-
ROE (%)	7.9	11	+3 pts	-
EBITDA	331.1	440.0	+108.8	+32.9
EBITDA Margin (%)	7.9	10.2	+2.3 pts	-
FCF	35.3	-100.0	-135.3	-
Dividends	130 yen	160 yen	-	-

(billion yen, except where otherwise stated)

FY2023 Forecast by Segment	Order Intake	Revenue	Business Profit
Energy Systems	1,700.0	1,700.0	150.0
Plants & Infrastructure Systems	700.0	700.0	40.0
Logistics, Thermal & Drive Systems	1,250.0	1,250.0	70.0
Aircraft, Defense & Space	1,000.0	700.0	40.0
Corporate & Eliminations	-50.0	-50.0	0.0
Total	4,600.0	4,300.0	300.0

### CFO Message:

“FY2022 was a relatively strong year for MHI, and I am proud of the hard work each of our businesses put in during this period to outperform most metrics, both year-over-year and also versus guidance,” Hisato Kozawa, CFO of MHI commented.

“In FY2023,” Kozawa continued, “we aim to overcome forecasted headwinds from a slightly stronger yen and increased labor and energy costs with appropriate cost passthroughs, strong services business expansion, and improved execution in Thermal Power. This will propel us toward our 2021 Medium-Term Business Plan targets, one focus of which is a business profit margin of 7%. We feel that achieving this profitability benchmark is important to show our stakeholders just how far we have come in improving

returns during these three years. We also plan to increase dividends and make growth investments, which will help prepare us for continued success in the next MTBP period.”

Attachment 1: FY2022 Financial Results

- [Financial Results](#)

Attachment 2: Presentation Materials of 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.