

PRESS RELEASE

February 6, 2024

Mitsubishi Heavy Industries Achieves Large YoY Growth in Order Intake, Revenue, and Profit in Strong Third Quarter, Raises FY2023 Order Intake and Revenue Guidance

- Large YoY order intake growth in Energy Systems, Logistics, Thermal & Drive Systems, and Aircraft, Defense & Space segments driven by excellence in GTCC, Nuclear Power, and Defense & Space businesses.
- Revenue increased YoY in all segments due to contributions from Metals Machinery, Logistics Systems, and Defense & Space.
- Business profit up in all segments as benefits from increased sales volume, upside in project margins, services business expansion, price optimization, and the weak yen offset one-time charges in Aero Engines.
- Increased FY2023 order intake and revenue guidance in response to continued strength in all segments.

Tokyo – Mitsubishi Heavy Industries, Ltd. (MHI, TSE Code: 7011) announced that order intake rose 51.6% year-over-year to ¥4,496.6 billion in the three quarters ended December 31, 2023. Revenue rose 11.0% to ¥3,260.6 billion year-over-year, resulting in profit from business activities (business profit) of ¥191.6 billion, an 82.0% increase over the previous fiscal year, which represents a profit margin of 5.9%. Profit attributable to owners of parent (net income) was ¥138.0 billion, an increase of 107.8% year-over-year, with a profit margin of 4.2%. EBITDA was ¥296.4 billion, a 42.1% increase over Q1-3 FY2022, with an EBITDA margin of 9.1%, up 2.0 percentage points year-over-year.

(billion yen, except where otherwise stated)

Q1-3 FY2023 Financial Results	Q1-3 FY2022	Q1-3 FY2023	YoY	YoY%
Order Intake	2,966.1	4,496.6	+1,530.4	+51.6%
Revenue	2,938.0	3,260.6	+322.6	+11.0%
Profit from Business Activities	105.2	191.6	+86.3	+82.0%
Profit Margin	3.6%	5.9%	+2.3 pts	-
Profit Attributable to Owners of Parent	66.4	138.0	+71.6	+107.8%
Profit Margin	2.3%	4.2%	+1.9 pts	-
EBITDA	208.6	296.4	+87.7	+42.1%
EBITDA Margin	7.1%	9.1%	+2.0 pts	-
FCF	-213.2	-413.3	-200.0	-

1 / 5

(billion yen, except where otherwise stated)

Q1-3 FY2023 Financial Results by Segment	Order Intake		Revenue		Business Profit	
	Q1-3 FY2023	YoY	Q1-3 FY2023	YoY	Q1-3 FY2023	YoY
Energy Systems (Energy)	1,753.2	+546.5	1,230.6	+31.2	77.5	+38.7
Plants & Infrastructure Systems (P&I)	578.8	-6.8	552.5	+95.2	34.5	+20.1
Logistics, Thermal & Drive Systems (LT&D)	968.6	+84.1	956.2	+86.4	58.8	+36.6
Aircraft, Defense & Space (ADS)	1,204.1	+889.5	526.9	+94.9	53.6	+18.0
Corporate & Eliminations (C&E)	-8.1	+17.0	-5.6	+14.8	-33.0	-27.2
Total	4,496.6	+1,530.4	3,260.6	+322.6	191.6	+86.3

In Energy Systems, strong demand in Gas Turbine Combined Cycle (GTCC) as well as Nuclear Power served to increase order intake. GTCC booked ten large frame gas turbine units in Q1-3. Margin improvements in GTCC and Steam Power together with a YoY reduction in one-time items offset expenses in Aero Engines related to the PW1100G-JM Engine Program. All of these factors helped to boost segment business profit by ¥38.7 billion YoY.

P&I saw revenue grow by ¥95.2 billion YoY as Metals Machinery continued to work through its extensive backlog. This topline growth combined with enhanced profitability in Engineering and Machinery Systems led to a ¥20.1 billion YoY increase in segment business profit.

In LT&D, strong trends in Logistics Systems, Heating, Ventilation & Air Conditioning (HVAC), and Engines continued, resulting in an ¥86.4 billion increase in revenue. Higher units sold, successful price optimization, and the weak yen caused segment business profit to rise by ¥36.6 billion YoY.

In ADS, the booking of stand-off defense and other large projects from the Japan Ministry of Defense drove order intake to an all-time high of ¥1,204.1 billion. Segment revenue and business profit increased ¥94.9 billion and ¥18.0 billion YoY, respectively, due to increased business in both Defense & Space and Commercial Aviation, as well as foreign exchange effects.

FY2023 Earnings Forecast:

MHI revised its guidance for the period ending March 31, 2024, increasing targets for order intake by ¥400 billion and revenue by ¥100 billion over the previous announcement made November 6, 2023. This was in response to strength in all segments. Totals for all other financial indicators remained unchanged, while individual business profit targets for ADS and C&E were updated.

(billion yen, except where otherwise stated)

FY2023 Earnings Forecast	FY2022 Actual	FY2023 Forecast (Previous)	FY2023 Forecast (Revised)	Revised vs. Previous
Order Intake	4,501.3	5,600.0	6,000.0	+400.0
Revenue	4,202.7	4,300.0	4,400.0	+100.0
Profit from Business Activities	193.3	300.0	300.0	-
Profit Margin	4.6%	7.0%	6.8%	-0.2 pts
Profit Attributable to Owners of Parent	130.4	190.0	190.0	-
Profit Margin	3.1%	4.4%	4.3%	-0.1 pts
ROE	7.9%	11%	11%	-
EBITDA	331.1	440.0	440.0	-
EBITDA Margin	7.9%	10.2%	10.0%	-0.2 pts
FCF	35.3	-100.0	-100.0	-
Dividends	130 yen	160 yen	160 yen	-

(billion yen, except where otherwise stated)

FY2023 Earnings Forecast by Segment	Order Intake		Revenue		Business Profit	
	Previous	Revised	Previous	Revised	Previous	Revised
Energy	1,900.0	2,100.0	1,700.0	1,700.0	150.0	150.0
P&I	700.0	750.0	700.0	750.0	40.0	40.0
LT&D	1,250.0	1,300.0	1,250.0	1,300.0	80.0	80.0
ADS	1,800.0	1,900.0	700.0	700.0	50.0	60.0
C&E	-50.0	-50.0	-50.0	-50.0	-20.0	-30.0
Total	5,600.0	6,000.0	4,300.0	4,400.0	300.0	300.0

Stock Split:

MHI announced a 10-for-1 stock split effective April 1, 2024. This action aims to lower the bar for investors to purchase the company's shares and thereby to expand the company's shareholder base.

CFO Message:

"Performance during the first three quarters of FY2023 was strong, with large year-over-year growth in order intake, revenue, and profit," Hisato Kozawa, MHI Chief Financial Officer commented. Kozawa continued, "Our top achievers during this period were GTCC, Logistics Systems, and Defense & Space."

Despite downward pressure on profitability from one-time charges associated with the PW1100G-JM Engine Program combined with labor and energy cost inflation in Japan, revenue expansion, price optimization, favorable project margins, and the weak yen served to increase business profit by a remarkable 82% year-over-year. Regarding our operating environment, economic activity has been better than previous forecasts in North America, and there are signs that the excessive inflation seen in the U.S. and Europe is beginning to subside.

“Based on our high level of performance through December 2023, we have increased our full-year guidance for order intake and revenue,” Kozawa went on. “We have left unchanged our targets for profit-related indicators, which underlines our commitment to achieve 300 billion yen in business profit and 440 billion yen in EBITDA.

“In closing, allow me to mention our upcoming 10-for-1 stock split planned for April 1 of this year. This action is informed by the recent increase in our stock price, which as of today is trending around 10,000 yen per share. As one unit of 100 shares currently trades for around 1 million yen, it can be difficult for some individual investors to acquire our stock. We hope that bringing the price of one unit down to around 100,000 yen will encourage individual investors to include MHI in their portfolios.”

Attachment 1: Q1-3 FY2023 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 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 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 U.S. dollar and other foreign currencies, and trends in Japan's stock markets. The results projected here should not be construed in any way as a guarantee by the Company.