
Financial Results for FY2023 – 3rd Quarter

February 5th, 2024

Hitachi Zosen Corporation

- **Revised up the full-year forecast for ordinary income and profit attributable to shareholders of Hitachi Zosen**
- **Steady growth in net sales and operating income**

(Billions of JPY)

	FY2022		FY2023				
	1-3Q Results	Full Year Results	1-3Q		Full Year		Progress on full yr
			Results	YoY	Forecast	YoY	
Order Intake	533.0	737.5	540.3	7.3	620.0	-117.5	87.1%
Net Sales	331.4	492.6	372.3	40.9	540.0	47.4	68.9%
Operating Income	5.8	20.0	9.5	3.7	23.0	3.0	41.3%
% to net sales	1.8%	4.1%	2.6%		4.3%		
Ordinary Income	3.5	17.8	9.1	5.6	20.0	2.2	45.5%
Profit attributable to shareholders of Hitachi Zosen	2.5	15.5	5.9	3.4	15.0	-0.5	39.3%
ROE	11.5%		10.3%				

Revised FY2023 Full-year forecast as follows (Billions of JPY)

- Order Intake 530.0 → 620.0 (Revised in 1Q)
- Net Sales 520.0 → 540.0 (Revised in 2Q)
- Operating Income 22.0 → 23.0 (Revised in 2Q)
- Ordinary Income 18.0 → 19.0 → 20.0 (Revised in 3Q)
- Profit attributable to shareholders
of Hitachi Zosen 12.0 → 13.0 → 15.0 (Revised in 3Q)

FY2023 3Q Results - Order Intake, Net Sales, Operating Income

(Billions of JPY)

	FY2022		FY2023			
	1-3Q	Full Year	1-3Q		Full Year	
	Results	Results	Results	YoY	Forecast	Progress to full yr
Order Intake	533.0	737.5	540.3	7.3	620.0	87.1%
Environment	428.3	561.2	407.6	-20.7	460.0	88.6%
Machinery & Infrastructure	68.5	90.2	65.1	-3.4	83.0	78.4%
Carbon Neutral Solution	29.0	76.2	66.0	37.0	75.0	88.0%
Others	7.2	9.9	1.6	-5.6	2.0	80.0%
Net Sales	331.4	492.6	372.3	40.9	540.0	68.9%
Environment	231.9	348.1	269.3	37.4	396.0	68.0%
Machinery & Infrastructure	60.1	88.2	64.4	4.3	89.0	72.4%
Carbon Neutral Solution	32.4	46.6	37.0	4.6	53.0	69.8%
Others	7.0	9.7	1.6	-5.4	2.0	80.0%
Operating Income	5.8	20.0	9.5	3.7	23.0	41.3%
Environment	3.3	15.0	7.2	3.9	18.5	38.9%
Machinery & Infrastructure	1.3	3.4	1.9	0.6	2.3	82.6%
Carbon Neutral Solution	0.4	0.4	0.1	-0.3	1.9	5.3%
Others	0.8	1.2	0.3	-0.5	0.3	100%

(Billions of JPY)

	FY2023			
	Forecast			
	as of May a	as of Nov.	as of Feb. b	Difference b-a
Order Intake	530.0	620.0	620.0	90.0
Environment	391.0	470.0	460.0	69.0
Machinery & Infrastructure	86.0	86.0	83.0	-3.0
Carbon Neutral Solution	51.5	62.0	75.0	23.5
Other	1.5	2.0	2.0	0.5
Net Sales	520.0	540.0	540.0	20.0
Environment	376.5	396.5	396.0	19.5
Machinery & Infrastructure	85.0	89.0	89.0	4.0
Carbon Neutral Solution	57.0	53.0	53.0	-4.0
Other	1.5	1.5	2.0	0.5
Operating Income	22.0	23.0	23.0	1.0
Environment	18.0	19.0	18.5	0.5
Machinery & Infrastructure	2.6	2.6	2.3	-0.3
Carbon Neutral Solution	1.2	1.2	1.9	0.7
Other	0.2	0.2	0.3	0.1

(Billions of JPY)

Environment Business (Consolidated)	FY2023				
	Forecast				Comment
	as of May (a)	as of Nov.	as of Feb. (b)	Difference (b)-(a)	
Order Intake	391.0	470.0	460.0	69.0	See next page
EPC	229.0	192.0	146.0	-83.0	
AOM	162.0	278.0	314.0	152.0	
Net Sales	376.5	396.5	396.0	19.5	
EPC	212.5	226.5	224.0	11.5	
AOM	164.0	170.0	172.0	8.0	
Operating Income	18.0	19.0	18.5	0.5	
EPC	4.85	5.0	2.5	-2.35	
AOM	13.15	14.0	16.0	2.85	

EPC : Engineering, procurement and construction

AOM : After-sales services, operation and maintenance

FY2023 Revision of Forecast - Environment Business (Breakdown)

(Billions of JPY)

Environment Business (excluding Inova)

	FY2023				
	Forecast				Comment
	as of May (a)	as of Nov.	as of Feb. (b)	Difference (b)-(a)	
Order Intake	199.0	199.0	211.0	12.0	
EPC	67.0	54.0	36.0	-31.0	Lost orders, review of budget projects, etc.
AOM	132.0	145.0	175.0	43.0	Increase in retrofit and long-term operations
Net Sales	208.5	209.5	209.5	1.0	
EPC	72.5	69.5	69.5	-3.0	Decrease in revenue due to delay of biomass power projects, etc.
AOM	136.0	140.0	140.0	4.0	Orders received for current year sales projects
Operating Income	8.8	7.8	8.0	-0.8	
EPC	-1.65	-4.00	-5.4	-3.75	Cost overruns in biomass power projects
AOM	10.45	11.80	13.4	2.95	Improvements in retrofit, long-term operations and power sales

Inova Group

Order Intake	192.0	271.0	249.0	57.0	
EPC	162.0	138.0	110.0	-52.0	Review and delay of some budget projects, etc.
AOM	30.0	133.0	139.0	109.0	Orders of long-term O&M for waste to energy plants in UK
Net Sales	168.0	187.0	186.5	18.5	
EPC	140.0	157.0	154.5	14.5	} Appreciation of Swiss Franc conversion rate(↑), } while delay of orders of budget projects (↓)
AOM	28.0	30.0	32.0	4.0	
Operating Income	9.2	11.2	10.5	1.3	
EPC	6.5	9.0	7.9	1.4	Appreciation of Swiss Franc conversion rate(↑)
AOM	2.7	2.2	2.6	-0.1	Decline in subsidiaries

The conversion rate for Swiss franc has been changed as follows: Initial plan: 1CHF=130JPY, After change:1CHF=155JPY

FY2023 Revision of Forecast - Machinery & Infrastructure Business

(Billions of JPY)

Machinery & Infrastructure Business

	FY2023				Comment
	Forecast				
	as of May (a)	as of Nov.	as of Feb. (b)	Difference (b)-(a)	
Order Intake	86.0	86.0	83.0	-3.0	
Press Machine	19.0	19.0	20.0	1.0	After-sales service is going well
Precision Machinery	32.0	30.0	26.0	-6.0	Slow recovery in semiconductor production equipment market
Other Machinery	9.0	9.0	9.0	0.0	
Infrastructure	26.0	28.0	28.0	2.0	Strong order intake
Net Sales	85.0	89.0	89.0	4.0	
Press Machine	18.0	19.0	19.0	1.0	Increased sales of after-sales services, etc.
Precision Machinery	30.0	31.0	31.0	1.0	Food and pharmaceutical equipment and filter presses performed well
Other Machinery	11.0	12.0	12.0	1.0	Increase in projects for this fiscal year's sales
Infrastructure	26.0	27.0	27.0	1.0	Constructions progress smoothly
Operating Income	2.6	2.6	2.3	-0.3	
Press Machine	0.35	0.35	0.6	0.25	Due to increased sales of after-sales service, etc.
Precision Machinery	1.2	1.2	0.8	-0.4	Slow recovery in semiconductor production equipment market
Other Machinery	0.6	0.6	0.45	-0.15	Review of plans and related costs for decision to liquidate a subsidiary
Infrastructure	0.45	0.45	0.45	0.0	

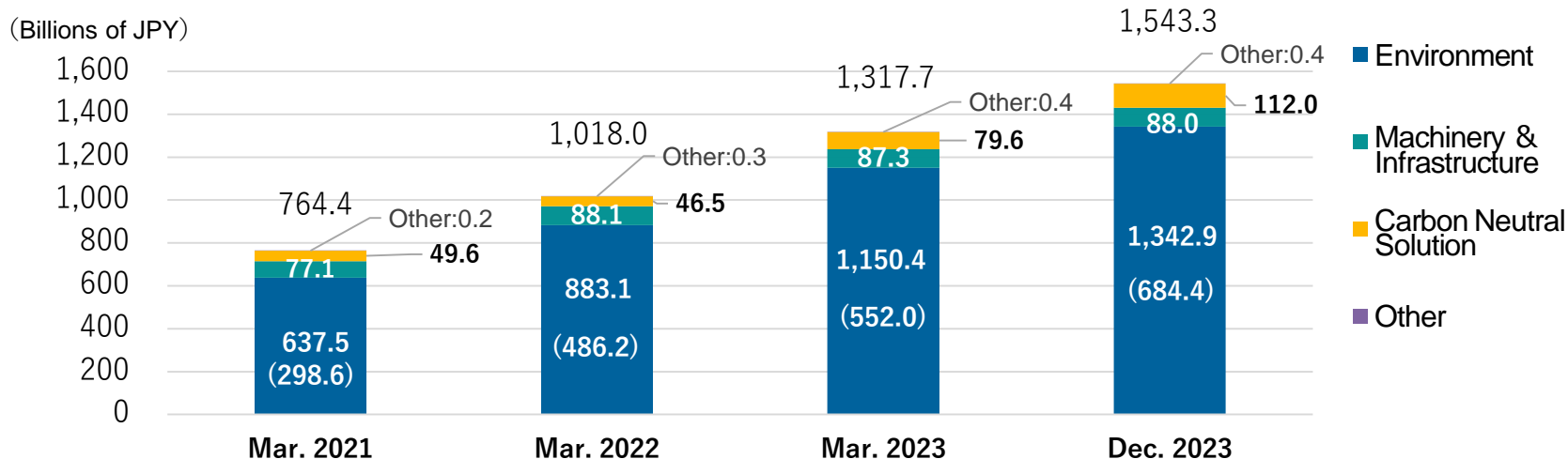
FY2023 Revision of Forecast - Carbon Neutral Solution Business

(Billions of JPY)

Carbon Neutral Solution Business

	FY2023				
	Forecast				Comment
	as of May (a)	as of Nov.	as of Feb. (b)	Difference (b)-(a)	
Order Intake	51.5	62.0	75.0	23.5	
Engine	22.0	22.0	35.0	13.0	Increase in the number of orders received (mainly long lead times)
Process Equipment	24.0	24.0	24.0	0.0	
Decarbonization Systems	5.0	5.0	5.0	0.0	
Wind Power	0.5	11.0	11.0	10.5	Orders of long-term O&M for onshore wind power project in Aomori, Japan
Net Sales	57.0	53.0	53.0	-4.0	
Engine	23.5	22.0	22.0	-1.5	Capacity utilisation declined this year.
Process Equipment	21.0	22.0	22.0	1.0	Project for new factory of Tousou Mirai Manufacturing Co.
Decarbonization Systems	4.5	5.0	5.0	0.5	Increased sales of seawater electrolyzer
Wind Power	8.0	4.0	4.0	-4.0	Reviewed EPC construction schedule in Aomori, Japan
Operating Income	1.2	1.2	1.9	0.7	
Engine	0.2	0.0	-0.2	-0.4	Increase in overseas procurement costs due to the weak yen
Process Equipment	0.7	0.9	1.5	0.8	Steady progress on projects, cost reductions
Decarbonization Systems	0.3	0.3	0.5	0.2	Reviewed profit plan
Wind Power	0.0	0.0	0.1	0.1	

Order Backlog



In parentheses indicate long-term operations included in the Environment

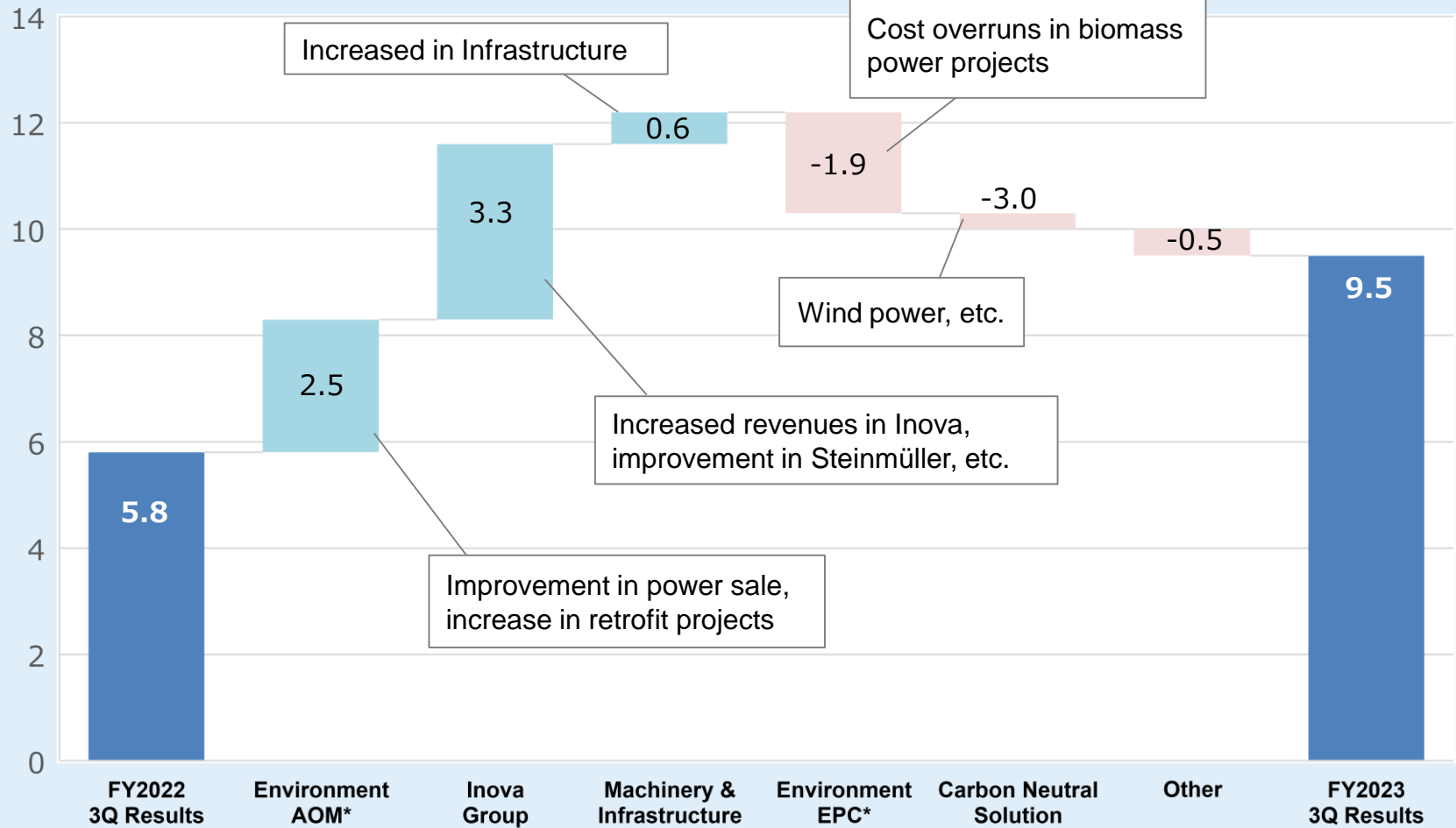
Breakdown of Order Backlog by Sales Recognition Year

(Billions of JPY)

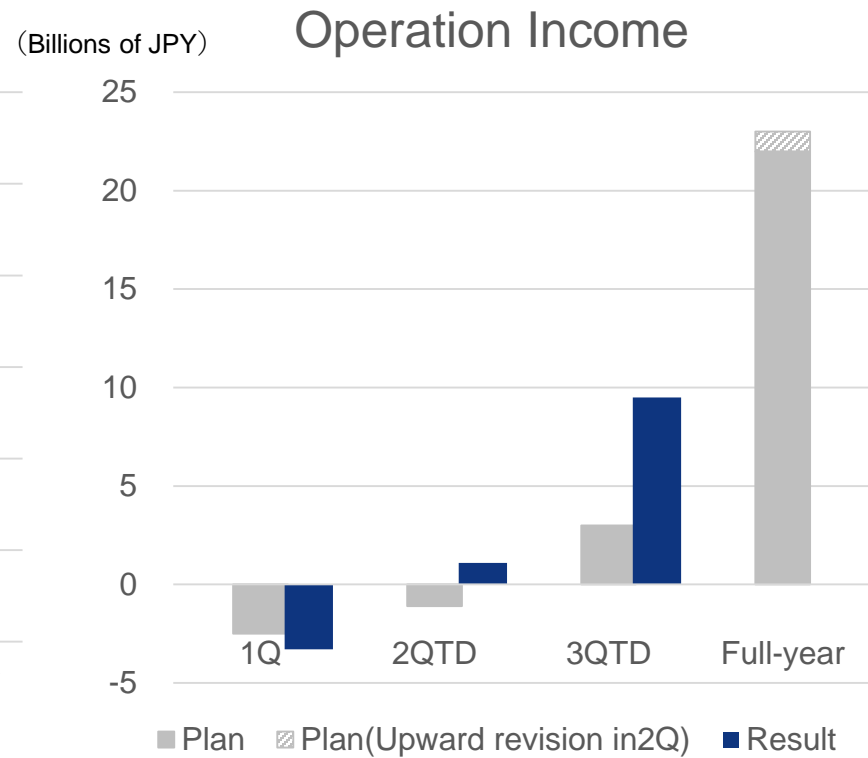
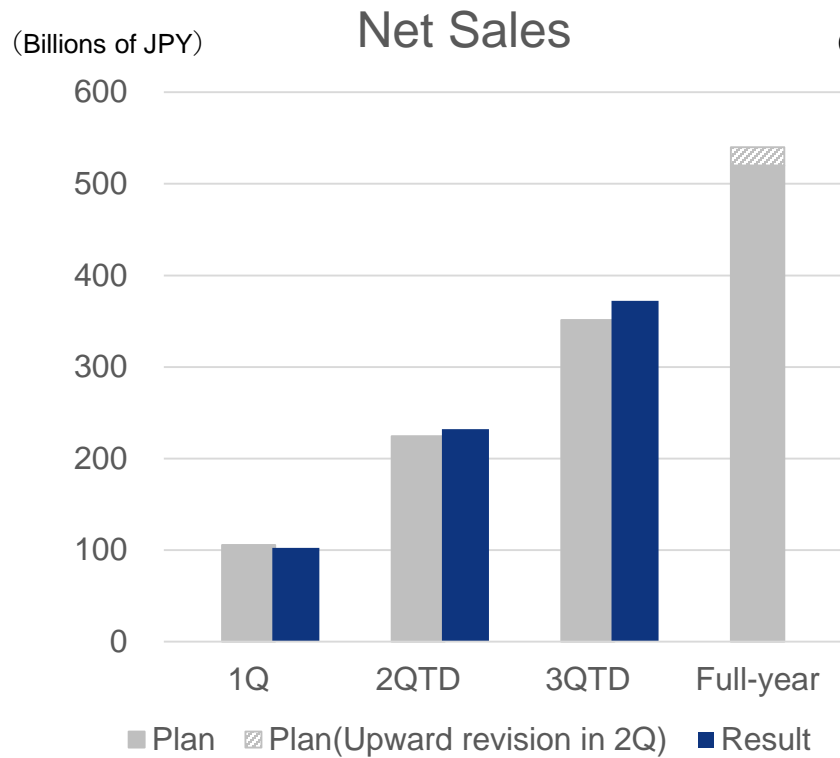
	Order backlog	FY2023 (FY2022)	FY2024 (FY2023)	FY2025 (FY2024)	FY2026- (FY2025-)
End of Dec. 2023	1,543.3	160.9	357.2	240.5	784.7
End of Dec. 2022	1,275.0	148.5	329.5	211.2	585.8
Amount of increase	268.3	12.4	27.7	29.3	198.9

FY2023 3Q Results - Breakdown of Changes in Operating income

(Billions of JPY)



* Excluding Inova Group



FY2023 3Q Results - Non-Operating Income and Loss Extraordinary Profit and Loss

(Billions of JPY)

		FY2022 3Q	FY2023 3Q	Difference
Non-operating profit and loss	Net interest expense	-0.3	0.1	0.4
	Gain and loss on investment by equity method	0.2	1.3	1.1
	Foreign exchange gain and loss	-0.6	-0.4	0.2
	Others	-1.6	-1.4	0.2
	Total	-2.3	-0.4	1.9

(Billions of JPY)

		FY2022 3Q	FY2023 3Q	Difference
Extraordinary profit and loss	Extraordinary profit	2.8	-	-2.8
	Extraordinary loss	-1.8	-0.3	1.5
	Total	1.0	-0.3	-1.3

FY2023 3Q Results - Consolidated Balance Sheet

(Billions of JPY)

	End of Mar. 2023	End of Dec. 2023	Difference
Cash and deposits (a)	86.4	59.9	- 26.5
Operating assets	215.5	214.6	- 0.9
Trade notes and accounts receivable	198.3	184.9	- 13.4
Inventories	17.2	29.7	12.5
Tangible & intangible fixed assets	109.4	116.5	7.1
Others	68.3	78.3	10.0
Total Assets	479.6	469.3	- 10.3
Operating liabilities	114.6	99.0	- 15.6
Notes and accounts payable, Electronically recorded obligations - operating	73.2	49.9	- 23.3
Advances received/ Contract assets	41.4	49.1	7.7
Interest bearing debt (b)	86.5	87.3	0.8
Bank borrowings (incl. lease obligations)	56.5	57.3	0.8
Bonds payable	30.0	30.0	0.0
Others	137.2	134.6	- 2.6
Total Liabilities	338.3	320.9	- 17.4
Shareholders' equity	139.6	142.8	3.2
Non-controlling interests	1.7	5.6	3.9
Total Net Assets	141.3	148.4	7.1
Total Liabilities and Net Assets	479.6	469.3	- 10.3
Shareholders' equity ratio	29.1%	30.4%	
Net interest bearing debt (b)-(a)	0.1	27.4	27.3

(Billions of JPY)

	FY2022 3Q	FY2023 3Q	Difference
Cash flows from operating activities	25.6	- 13.0	- 38.6
Cash flows from investing activities	- 6.4	- 15.6	- 9.2
Cash flows from financing activities	- 3.7	- 4.1	- 0.4
Foreign exchange translation	1.2	2.5	1.3
Increase/ decrease in cash & cash equivalents	16.7	- 30.2	- 46.9
Cash & cash equivalents at beginning of period	65.9	84.8	18.9
Other increase/decrease*	-	3.5	3.5
Cash & cash equivalents at end of period	82.6	58.1	- 24.5

*Increase in cash & cash equivalents resulting from inclusion of subsidiaries in consolidation.

(Billions of JPY)

	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Forecast
Total assets	429.3	461.1	479.6	500.0
Cash & deposits	47.3	67.2	86.4	62.0
Equity	126.4	131.3	139.6	151.6
Equity ratio	29.4%	28.5%	29.1%	30.3%
ROE	3.5%	6.1%	11.5%	10.3%
Interest-bearing debt	98.1	91.9	86.5	90.0
R&D expenses	6.6	6.1	8.6	10.0
Capital investment	10.8	8.0	7.9	10.0
Depreciation	10.2	10.7	10.5	10.0

Balance sheet items are as of the end of each year



Technology for People, the Earth, and the Future

Hitachi Zosen creates links between mother nature and our future

Cautionary Statement

Forward-looking statements are based on information currently available to Hitachi Zosen Corporation. Therefore those forward-looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited to, the economic conditions surrounding Hitachi Zosen Corporation and/or exchange rate fluctuation.



Hitachi Zosen Corporation

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