

2015 Medium-Term Business Plan (FY2015-FY2017)

May 8, 2015

Mitsubishi Heavy Industries, Ltd.

Shunichi Miyanaga, President and CEO

Table of Contents

I.	Review of 2012 Medium-Term Business Plan	-	3
II.	2015 Medium-Term Business Plan	-	7
1.	Plan Configuration and Our Corporate Aspiration	-	8
2.	Key Initiatives	-	10
3.	Management Numerical Targets	-	11
4.	Approach to Management Numerical Targets	-	12
5.	Measures based on Key Initiatives	-	14
6.	Main Schedule 2015	-	29
7.	Overall Image of 2015 Medium-Term Business Plan and Subsequent Plan	-	30

Supplementary Materials

1.	Management Numerical Targets by Domain	-	32
2.	Resource Plans	-	33
3.	Business Restructuring and PMI Status	-	34
4.	Progress in Preparation of Global Platforms	-	35
5.	MHI's External Rankings	-	36

I. Review of 2012 Medium-Term Business Plan

Review of 2012 Medium-Term Business Plan (1)

Overall Level of Achievement

Numerical targets were nearly all achieved and reforms including cruise ship business revival were steadily carried out. As a result, preparations were completed to transition to a proactively aggressive phase for expanding on global scale.

FY2014 Numerical Targets		Level of Achievement	Contributing Factors
Business scale*	<p>3.85 trillion yen 4.35 trillion yen</p> <p>Target Actual</p>	113%	<ul style="list-style-type: none"> •Acceleration of global expansion through M&A's •Launch of business domain system (focus on companywide merits and growth areas) •Impact of yen depreciation
Operating income	<p>250.0 billion yen 296.1 billion yen</p> <p>Target Actual</p>	118%	<ul style="list-style-type: none"> •Introduction of SBUs and strategic business evaluation system •Cost reductions from corporate and business structure reforms •Impact of yen depreciation
Net income	<p>130.0 billion yen 110.4 billion yen</p> <p>Target Actual</p>	85%	<ul style="list-style-type: none"> •Implementation of measures to revive cruise ship business (profit/loss factoring completed in FY2014) •Further strengthening of risk response capability

*Orders received / Net sales averages

SBU: strategic business unit

Review of 2012 Medium-Term Business Plan (2)

Numerical Results by Fiscal Year

(in billion yen)

2012 Medium-Term Business Plan

		FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2014 Target
Expansion of business scale	Orders received (Overseas sales ratio)	3,032.2 (50%)	3,420.0 (51%)	4,699.1 (54%)	4,000.0 (64%)
	Net Sales	2,817.8	3,349.5	3,992.1	3,700.0
Strengthening of risk response capability	Operating Income (Ordinary income)	163.5 (149.0)	206.1 (183.1)	296.1 (274.7)	250.0 (210.0)
	Net income	97.3	160.4	110.4	130.0
	ROE	7.4%	11.0%	6.5%	8.9%
Improvement of financial soundness	FCF	211.6	144.6	38.6	200.0
	Debt/Equity ratio	0.72	0.54	0.46	0.7
	Equity ratio	35.0%	31.6%	32.3%	36.6%
	Interest-bearing debt	1,031.2	957.4	975.5	1,000.0
	Dividend per share	8 yen	8 yen	11 yen	10 yen
Foreign exchange rates		83.6 yen/\$ 106.8 yen/€	100.1 yen/\$ 132.6 yen/€	109.4 yen/\$ 138.0 yen/€	80 yen/\$ 110 yen/€

Review of 2012 Medium-Term Business Plan (3)

Strategy Implementation Results



Target 1

Expand Business Scale

Target 2

Improve Capital Efficiency and Net Income Level

Strategy 1

Consolidate and restructure (into four domains) to realize strengths and synergies

- Positive impact achieved from pooling/exchanging human resources and from consolidation, efficiency enhancement, etc. of shared business operations
- Currently pursuing further synergies, including inter domain operation

Strategy 2

Accelerate global expansion

- Promoted M&A's and alliances (MHPS, Primetals, Nichiyu, PWPS, etc.)
- Commenced global platform development

Strategy 5

Continue innovations in corporate governance and business execution

- Chief officers system was launched.
- Transition took place to new corporate governance system. (Number of directors was reduced, and ratio of external directors was increased to 25%.)

Strategy 3

Manage business portfolio based on strategic evaluations

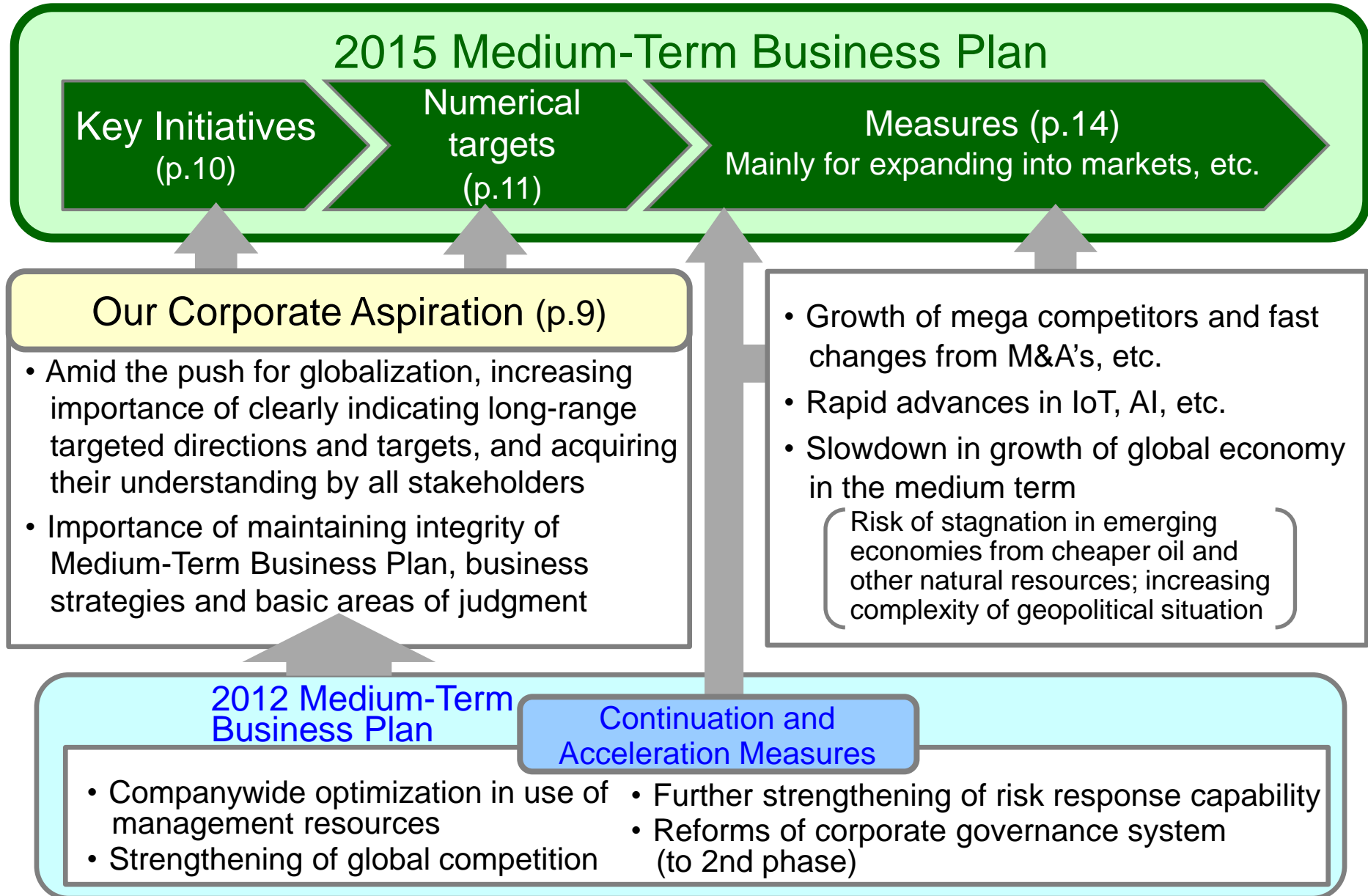
- Evaluation system is now operating steadily, enabling cashflow creation (approx. 400 billion yen).

Strategy 4

Institute corporate reforms and efficiency improvements (Optimize shared resources)

- Corporate functions were consolidated at the Head Office.
- Restructuring of Accounting Division and Finance Department was completed.
- Outsourcing was accelerated.

II. 2015 Medium-Term Business Plan



A global group with the vision to mold an innovative and agile organization that leverages our dedication to technological advancement and engineering excellence in order to deliver solid growth amid constant changes and make a lasting difference in the communities we serve

Concrete objectives

(1) Greater market share: World-class level of customer satisfaction coming from synergies with third-party expertise on top of ours and a focus in segments* where we are able to enjoy competitive advantage**

* Machinery/equipment, plants, transportation/transport systems

** Price competitiveness, innovative and reliable technologies, and quality lifecycle services

(2) Enhanced global reputation: Higher rating and increased brand value*

* Business scale, value creation, financial strength, corporate governance, and code of conduct

1 Expand business scale: Enhance global competitiveness through accelerated expansion to achieve scale exceeding 5 trillion yen ASAP

2 Strengthen finances and profitability: Further bolster financial strength and pursue high profitability; increase both owners' equity and ROE

Financial strength targets

- Equity buffer greater than 250 billion yen
- Borrowing capacity above 600 billion yen
- Earning S&P "A" rating

Profitability targets

- ROE above 10%
- EBITDA margin above 12%

3 Evolve global group structure: Promote global-standard corporate governance and management processes

Enhanced transparency and focus on both global-standard management and Japanese organizational harmony

- Capital policy clarification
- Transition to a committee-based governance structure

ROE: return on equity

EBITDA: earnings before interest, taxes, depreciation and amortization

Management Numerical Targets

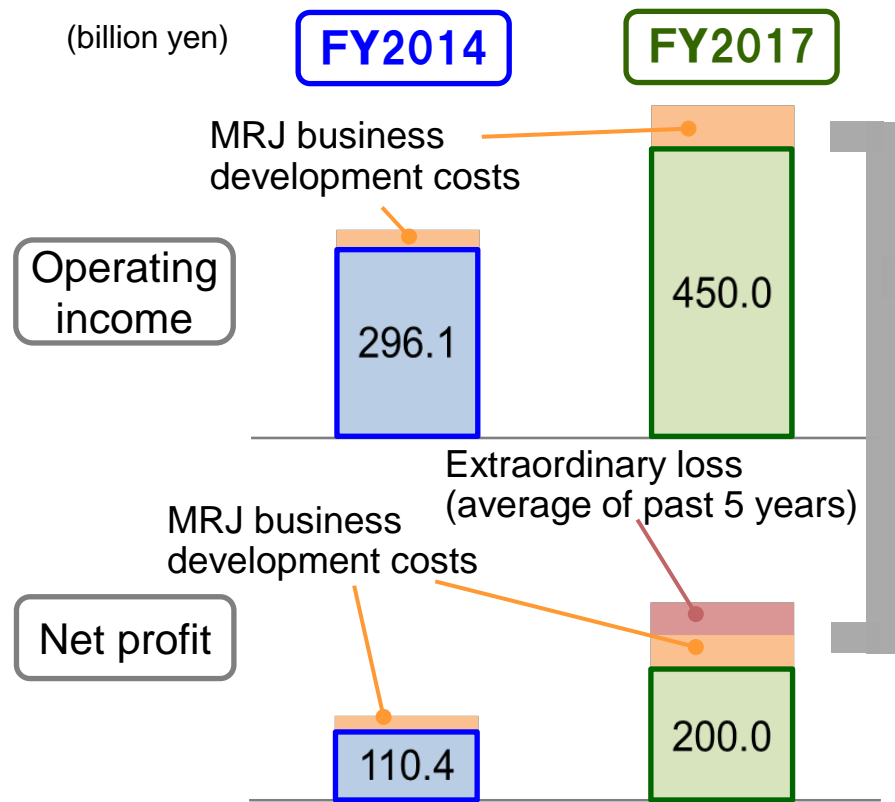
2012 Business plan 2015 Medium-Term Business Plan

(in billion yen)

	FY2014 Actual (A)	FY2015 Forecast	FY2016 Target	FY2017 Target (B)	Change (B-A)	
						%
Orders received (overseas sales ratio)	4,699.1 (54%)	4,700.0 (62%)	5,100.0 (63%)	5,500.0 (64%)	800.9	117%
Net sales	3,992.1	4,200.0	4,600.0	5,000.0	1,007.9	125%
Operating income (Ordinary income)	296.1 (274.7)	320.0 (300.0)	380.0 (360.0)	450.0 (430.0)	153.9	152%
Net income	110.4	130.0	160.0	200.0	89.6	181%
ROE	6.5%	7.1%	8%	10.2%	-	-
FCF	38.6	100.0	100.0	200.0		
Debt/equity ratio	0.46	0.4	0.4	0.4		
Equity ratio	32.3%	33%	34%	35%		
Interest-bearing debt	975.5	900.0	900.0	900.0		
Dividend per share	11 yen	12 yen	dividend payout ratio 30% ± 5%			
Foreign exchange rates	109.4 yen/\$ 138.0 yen/€	115 yen/\$ 130 yen/€	110 yen/\$ 130 yen/€	110 yen/\$ 130 yen/€		

M&A/PMI	Orders	Sales
•MHPS	+280.0	+340.0
•Primetals	+250.0	+200.0
•Others	+120.0	+ 80.0
Organic Growth		
•Commercial Aviation & Transportation Systems	-100.0	+170.0
•Machinery, Equipment & Infrastructure	+230.0	+250.0

Approach to Management Numerical Targets (2): Further Improvement Measures

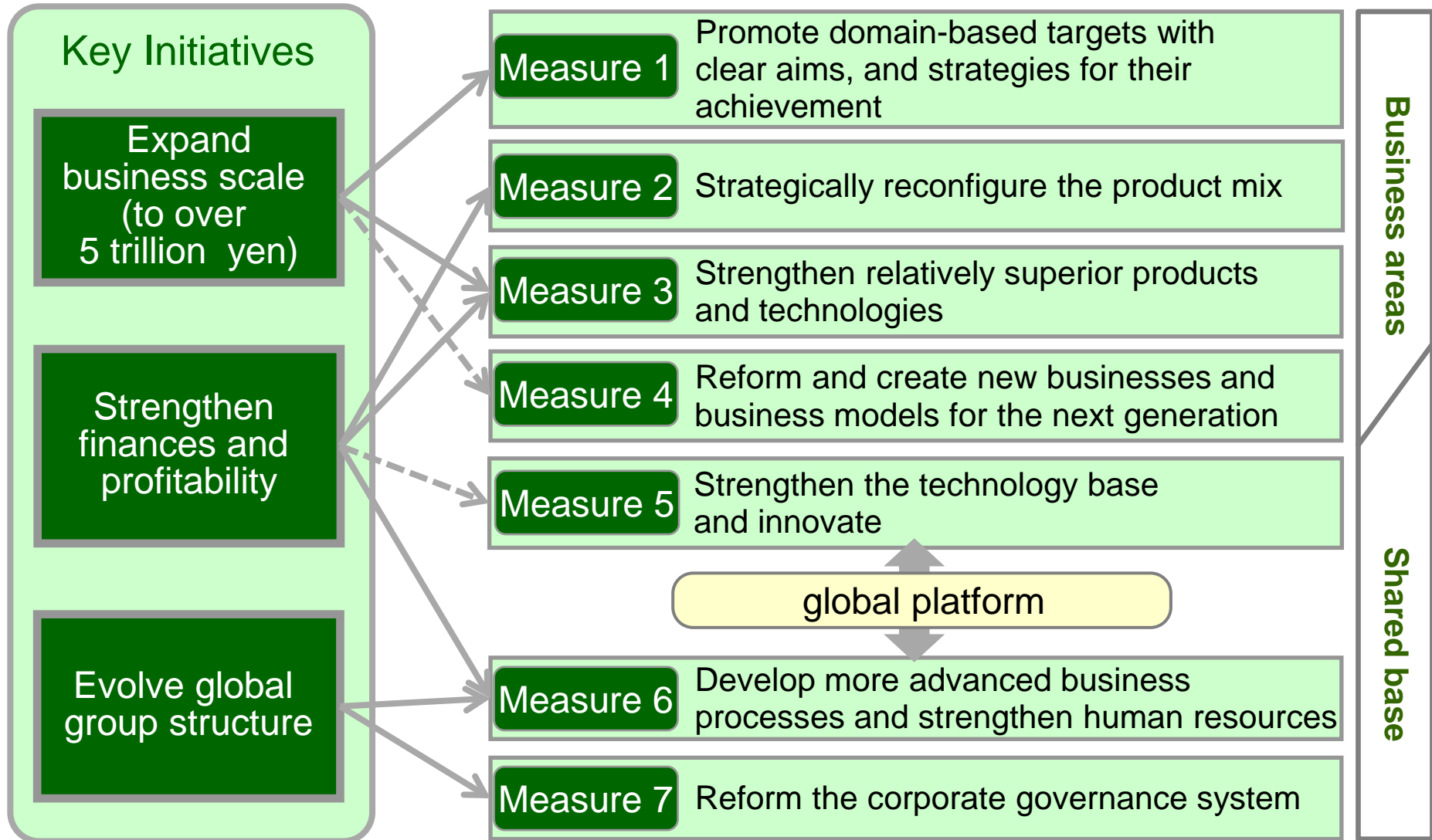


- ### Improvement measures
- Cost improvements by MRJ division (P.22-23)
 - Expanded synergies from large-scale JVs
 - Optimize shared costs
 - Achieve global platform efficiency
 - Pursue cross-domain synergies
 - Minimize risk via Risk Solution Department
- MRJ: Mitsubishi Regional Jet

Policy on Return of Improved Profits

Improvement	MRJ	Additional Cost Improvements	Risk measures
Target of returns			
Distribution of dividends, etc.	-	◎	◎
Investment into future businesses	○	◎	○
Strengthening of owners' equity	◎	○	-

ROE	6.5%	above 10%
Dividends	11 yen	dividend payout ratio 30% ± 5%

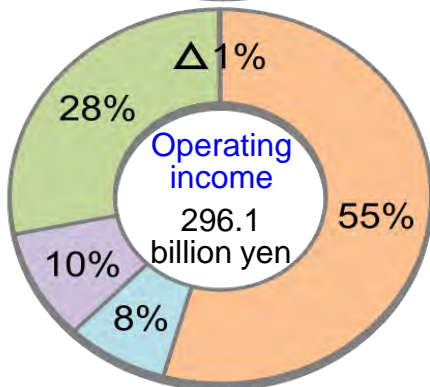
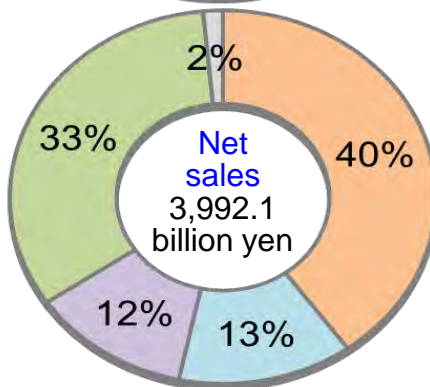
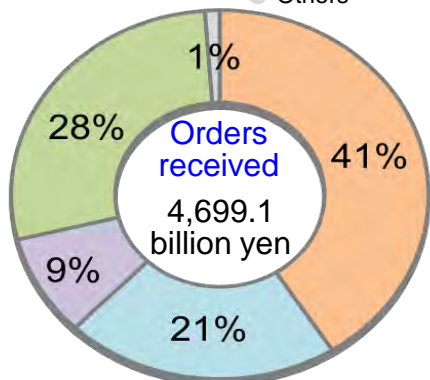


....> : Medium-Term Business Plan measures anticipating subsequent Business Plan

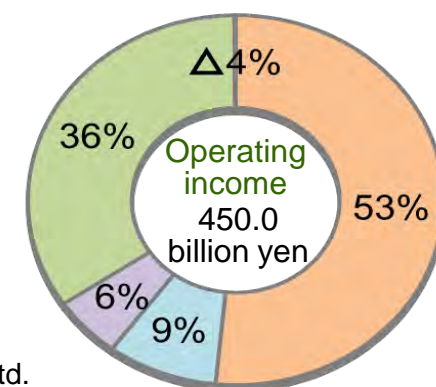
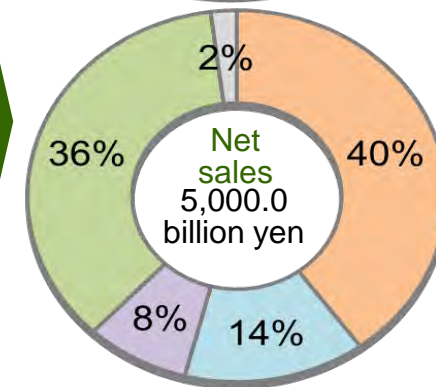
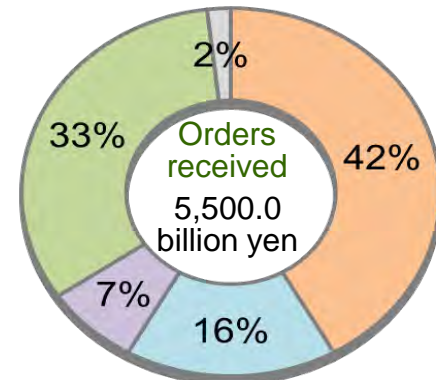
FY2014

FY2017

- Energy & Environment
- Commercial Aviation & Transportation Systems
- Integrated Defense & Space Systems
- Machinery, Equipment & Infrastructure
- Others







Domain	Main measures and fluctuating factors	Orders/ Net sales	Operating income
Energy & Environment	• Expanded synergies at MHPS	○	○
	• Overall expansion of servicing business	○	○
	• Distributed power sources, oil & gas, etc.	○	-
Commercial Aviation & Transportation Systems	• Expansion of Boeing-related business	○	○
	• MRJ (contribution to net sales starting FY2017)	○	△
	• Strengthening of land transportation systems	-	○
Integrated Defense & Space Systems	• Reform of commercial ship business	-	○
	• Demand to hold steady through FY2017; preparations for expansion of business in equipment, etc.	-	-
Machinery, Equipment & Infrastructure	• Synergies at Primetals (steelmaking business)	○	○
	• Strengthening of compressors, turbochargers, etc.	○	○
	• Accelerated business restructuring (including M&A's)	○	○



MHPS: Mitsubishi Hitachi Power Systems, Ltd.

MRJ: Mitsubishi Regional Jet

Primetals: Primetals Technologies, Ltd.

Business Domain	Strategies	Main Measures
 <p>Energy & Environment</p>	<ul style="list-style-type: none"> • Simultaneously pursue short-term earnings and mid/long-term growth, with business expansion and profitability at the core (swift response to moves made by mega competitors) • Promote long-term continuation policy for nuclear power business 	<ul style="list-style-type: none"> • Enter markets for high-performance models (large-scale GT); enhance lineups • Strengthen servicing business (employ ICT and big data; invest human resources) • Expand networks of domestic and overseas manufacturing bases • Expand business in distributed power generation systems (joint development with Machinery, Equipment & Infrastructure domain) • Full-scale entry in oil & gas upstream business (keeping collaborations and M&A's in view)
 <p>Commercial Aviation & Transportation Systems</p>	<ul style="list-style-type: none"> • Improve profitability of commercial airplane products • Advance MRJ development and improve airframe value • Undertake bold conversions in commercial and cruise ship businesses • Expand business in land transportation systems 	<ul style="list-style-type: none"> • Promote increased production in businesses for Boeing and develop next-generation production processes • Steadily carry forward the MRJ's development and develop a high-volume manufacturing base • Develop a new infrastructure export model based on domain synergies • Develop new business model for cruise ship business • Strengthen ability to promote business in large-scale overseas projects (Doha, etc.)
 <p>Integrated Defense & Space Systems</p>	<ul style="list-style-type: none"> • Undertake sustained strengthening of existing businesses and prepare for next expansion step (initiatives to promote overseas business and conversion to commercial market needs) 	<ul style="list-style-type: none"> • Undertake concentrated strengthening of integrated defense systems (land, sea, air) • Newly launch a state-of-the-art technology business department and promote the following: <ul style="list-style-type: none"> - Development of new overseas businesses through tieups with overseas partners - Development consumer demand-based businesses applying dual-use technologies
 <p>Machinery, Equipment & Infrastructure</p>	<ul style="list-style-type: none"> • Along with the Energy & Environment domain, pursue achievable and immediately effective measures from the perspective of supporting the MHI Group's scale and earnings 	<ul style="list-style-type: none"> • Promote and accelerate PMI in metals machinery and forklift trucks • Expand oil & gas business involving compressors • Establish a global business structure for turbochargers • Further accelerate business restructuring (including M&A's)

1. Objective

To create a product mix that will ensure sustained growth based simultaneously on business scale and profitability

3. Transition of SBUs by position

2. Near-term initiatives

(during 2015 Medium-Term Business Plan)

- Enlargement of SBU scale (scale merits, global growth)
- Broad changes in positioning via financial / business evaluations
- Swift carve-out of Downscale/Withdraw SBUs

Established SBUs; launched operation of strategic business evaluation system

Upper row : number of SBUs
Lower row () : average net sales by SBU (billion yen)

Position	FY2011	Diagnosis period		FY2015	Future directions	Future
Grow/ Maintain	36 (approx.50.0)	33 (approx.60.0)	25 (approx.50.0)	20 (approx.140.0)	<ul style="list-style-type: none"> • Further scale expansion of individual SBUs via M&A's and accelerated PMI • Progress from Reforms 	20-25 (approx. 180.0)
Reform	18 (approx.50.0)	14 (approx.55.0)	12 (approx.50.0)	15 (approx.85.0)	<ul style="list-style-type: none"> • Accelerated review of SBU positions • Reform of commercial ship business 	5-10 (approx. 100.0)
Downscale /Withdraw	5 (approx.10.0)	6 (approx.20.0)	7 (approx.50.0)	7 (approx.35.0)	<ul style="list-style-type: none"> • Swift carve-out (strengthened methods, increased capital investment) 	5 (approx. 50.0)
New	5 (approx.15.0)	5 (approx.15.0)	7 (approx.50.0)	6 (approx.3.0)	<ul style="list-style-type: none"> • Profitability enhancement through scrutiny of contents and use of external strengths (risk reduction) 	5 (-)
Total	64 (approx.45.0)	58 (approx.50.0)	51 (approx.50.0)	48 (approx.90.0)	-	35-40 (approx. 140.0)

SBU: strategic business unit

PMI: post merger integration

1. Focus management resources into globally competitive products

- Further strengthen gas turbine business (page 19)
- Strengthen global niche products (page 21)

2. Differentiate engineering strength and expand its fields of application




Differentiation

- Strengthen quality and volume of EPC response capability
 - Accelerate measures to strengthen human resources, including external strengths
 - Strengthen risk response capability

Expansion of fields of application

- Expand applications in cruise ship and transportation systems businesses
- Consider companywide horizontally based organization (Engineering Headquarter)

EPC: Engineering, Procurement and Construction

-  : Energy & Environment
-  : Commercial Aviation & Transportation Systems
-  : Machinery, Equipment & Infrastructure



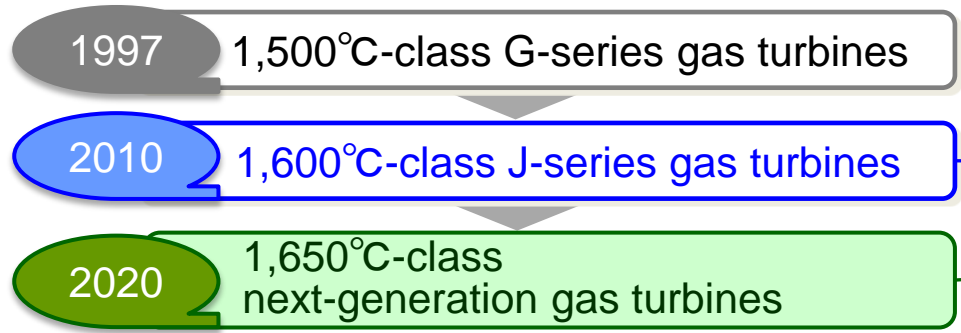
- Consolidate engineering functions
- Consolidate shared areas



Further strengthening of gas turbine business

1. Development of world's most efficient gas turbines

- Demonstration facility of world-class size
 - Constructed targeting continuous verification of next-generation gas turbine technologies and reliability enhancement
- History of development at Demonstration facility



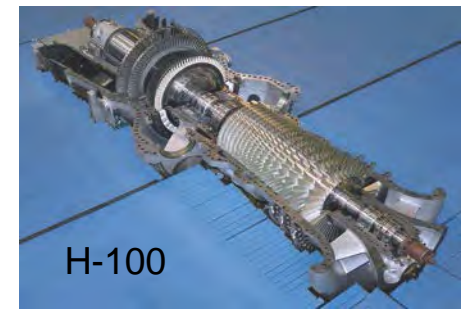
Demonstration facility (Takasago Machinery Works)





2. Strengthening of small/medium gas turbine business

- Improve performance of small/medium GTs by flow-down of large-scale GT technologies
- Expansion of production lines (to 3, from current 2)
 - Response to market expansion in emerging economies, etc.
 - Expand sales of H-100 to applications in LNG market

GT: gas turbine LNG: liquefied natural gas



Promote PMI of large-scale joint-venture businesses

	Machinery, Equipment & Infrastructure	Energy & Environment	Machinery, Equipment & Infrastructure
	Mitsubishi Nichiyu Forklift Co. Forklift trucks JV	 MHPS Thermal power systems JV	 Primetals Metals machinery JV
Sales scale	Approx. 250 billion yen	Approx. 1.2 trillion yen	Approx. 300 billion yen
Personnel	Approx. 6,000	Approx. 21,000	Approx. 8,000
Achieved synergies	<ul style="list-style-type: none"> • Configuration of merged product lineup (engine-powered and electric models) • Optimization of production / procurements systems 	<ul style="list-style-type: none"> • Strengthened boiler business with incorporation of Babcock-Hitachi (Oct. 2014) • Completed a full lineup of gas turbines (small to large-scale) • Received an order to design the world's most advanced IGCC system (Fukushima recovery) 	<ul style="list-style-type: none"> • Developed worldwide business network through integration of respectively strong geographic regions
Future synergies	<ul style="list-style-type: none"> • Exchange of human resources, optimization of bases • Development of locally focused products • Distribution solutions business 	<ul style="list-style-type: none"> • Improvement of small/medium-scale gas turbine performance by applying large-scale model technologies • Establishment of domestic and overseas manufacturing bases • Expanded coverage of servicing markets 	<ul style="list-style-type: none"> • Re-organization of domestic and overseas manufacturing bases • Reduction of procurement and development costs • Increase in EPC work

The above three joint ventures plus PWPS (USA) boosted consolidated net sales by 700 billion yen (see p.34).

Strengthen global niche products

Compressors

- Expand oil & gas business through enhancement of product lineup
- Expand overseas after-sale servicing business through tieups, etc.

Turbochargers

- Acquire top market share in turbochargers for passenger cars (develop business in growing markets such as China and the U.S.)
- Enter the medium/large-scale commercial vehicles market through development of new products

Commercial airplane products

- Improve efficiency through production innovations
 - Introduce and strengthen automated facilities for Boeing 787 composite lamination equipment, etc.
 - Promote automated assembly of Boeing 777X parts by robot

Transportation system products (AGT railway cars, brakes)

- Launch market in new transportation systems simultaneously achieving high-speed performance and reduced lifecycle costs
- Expand parts business through global expansion in rolling stock brakes

AGT: automated guideway transit



Carry forward the MRJ project (1)

1. Overview of current status

- The development period has been longer than assumed, but a clear schedule has now been set for the first flight through the first delivery.
- Establishment of MRJ Division (April 2015)
 - Volume production system and cost reductions from stronger SCM
 - Increased value of services through customer support, etc.

MRJ: Mitsubishi Regional Jet
SCM: supply chain management

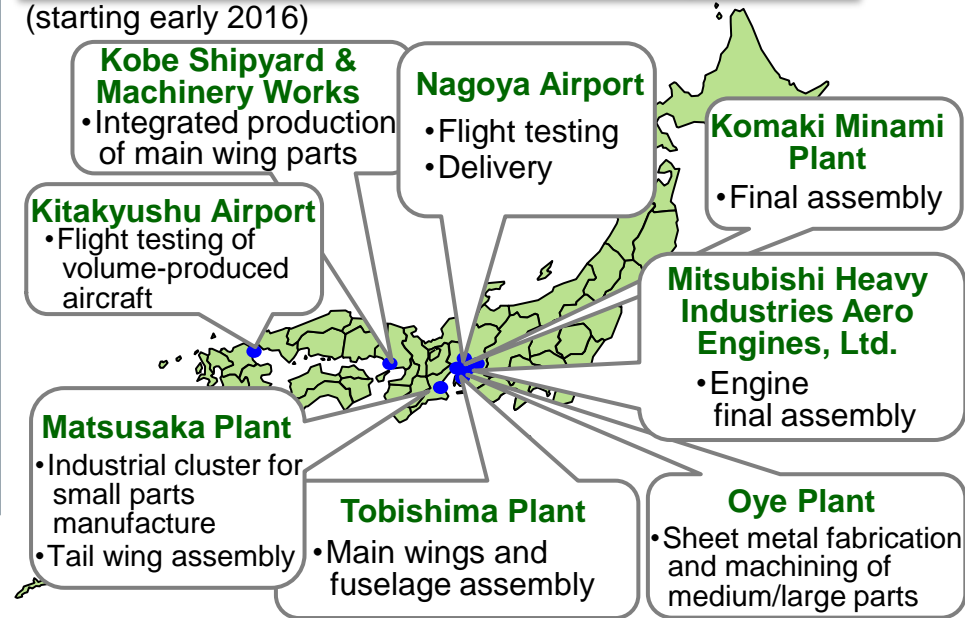
2. Development schedule

- Sep-Oct 2015
 - Maiden flight (to be followed by flight testing in Japan and the US)
- Apr-Jun 2017
 - First delivery



3. Shift to volume production system

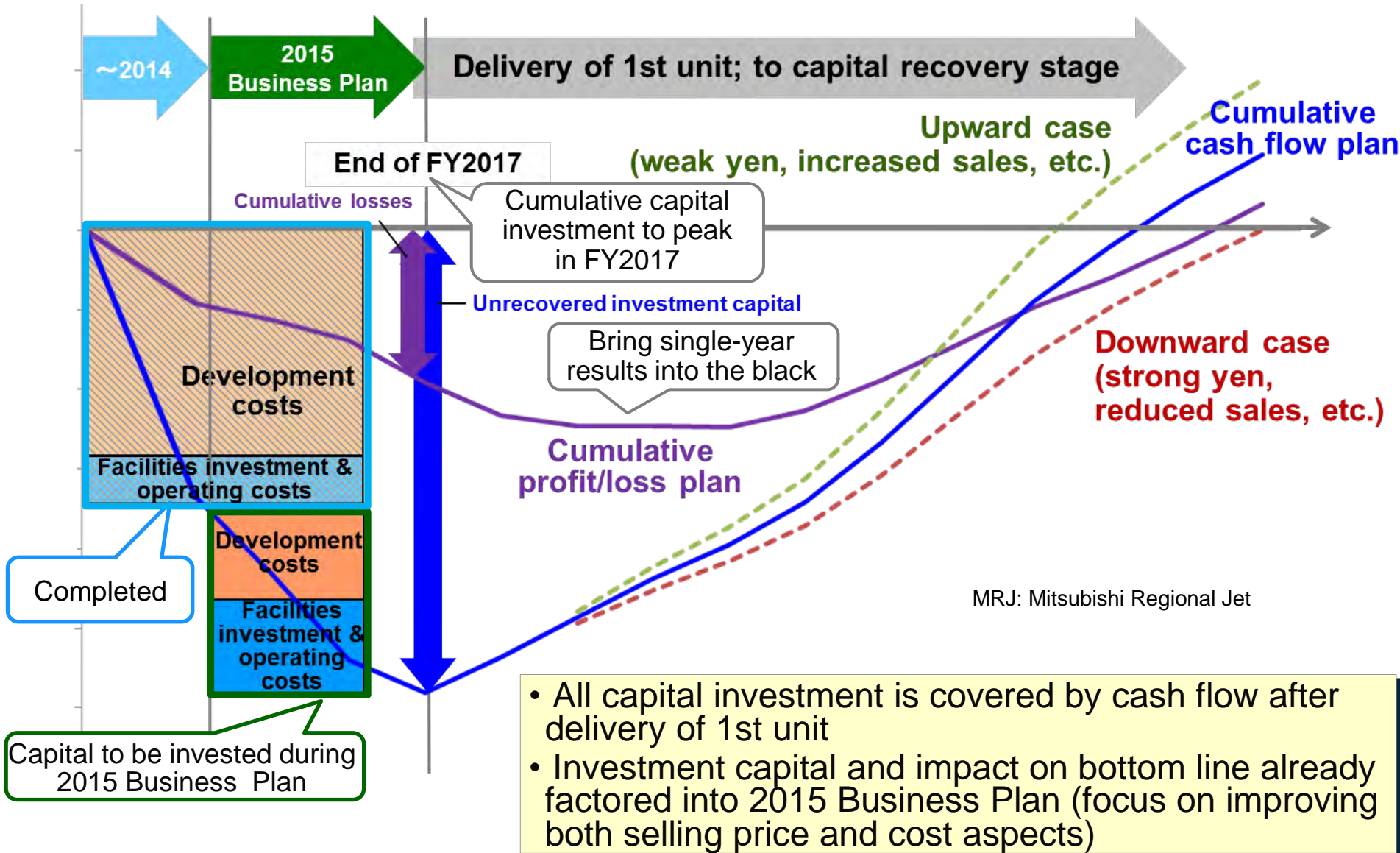
(starting early 2016)



4. Preparation of customer support system



Carry forward the MRJ project (2)



Promote oil & gas business

1. Reasons

- Demand will expand over the long term in tandem with global population increase and economic growth.
- Business is growable through cross-domain collaboration.
- Oil & gas is a field in which a business model can be created suited to MHI.



Gas turbine



CO2 recovery plant

Ultra-high-pressure
compressor


LNG carrier


3D sea bottom resource
exploration vesselCamera able to "see"
radiation

LNG: liquefied natural gas

 : Energy & Environment

 : Commercial Aviation &
Transportation Systems

 : Integrated Defense &
Space Systems

 : Machinery, Equipment &
Infrastructure

2. Near-term initiatives

- Promotion of cross-domain activities through establishment of Oil & Gas Business Development Department (April 2015)
 - One-stop service depot enabling swift response to diverse customer needs
 - Provision of integrated solutions, etc. fusing multiple product technologies
 - Development of new models for collaborating with other companies, and expansion of new business areas

Strengthen new businesses in Integrated Defense & Space Systems domain
- Break out of traditional framework and expand business scale -



SM-3
Joint Japan/USA development

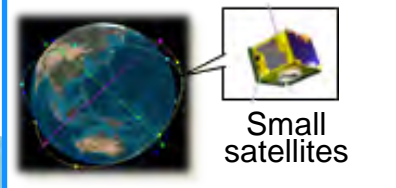
(from website of Technical Research & Development Institute, Ministry of Defense)

Growth strategy #1
Expand overseas operations leveraging "Three Principles on Transfer of Defense Equipment and Technology"

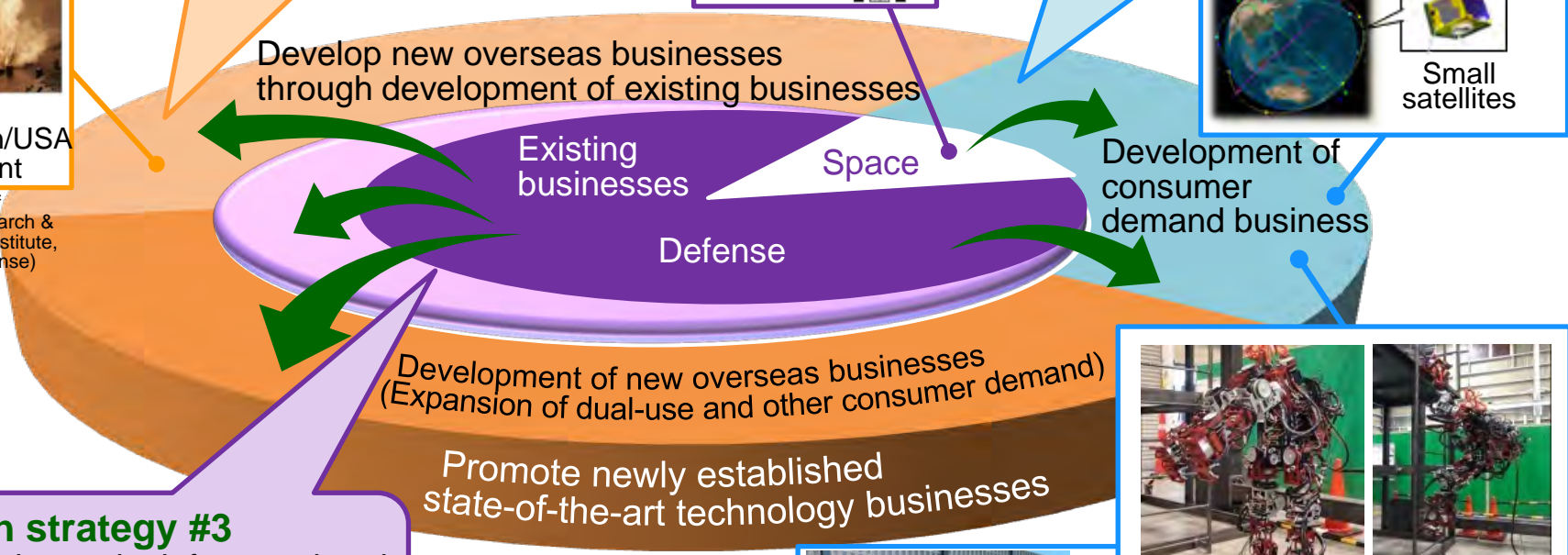


New mainstay launch vehicle
(from JAXA)

Growth strategy #2
Expand consumer demand leveraging state-of-the-art technologies cultivated in Integrated Defense & Space Systems business

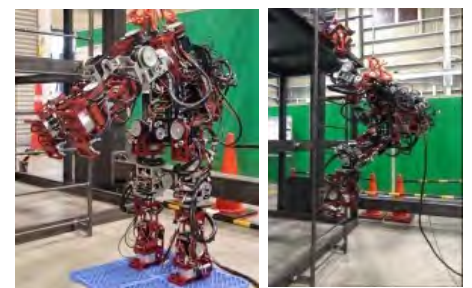


Small satellites



Growth strategy #3
Expand domestic defense-related orders through land/sea/air synergies

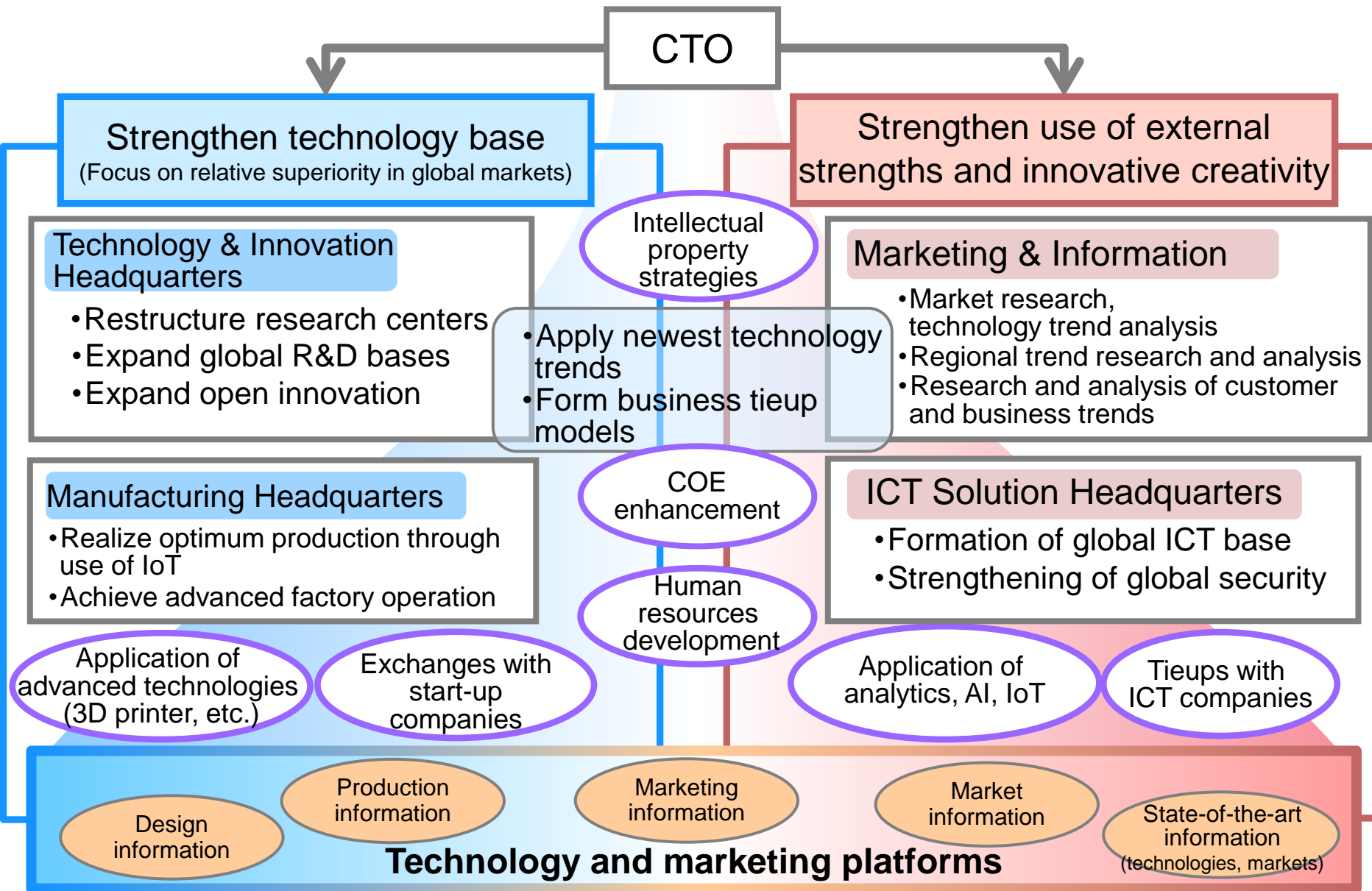
SM-3: Standard Missile-3



Disaster response robot



Radiation shielded forklift truck



CTO: Chief Technology Officer

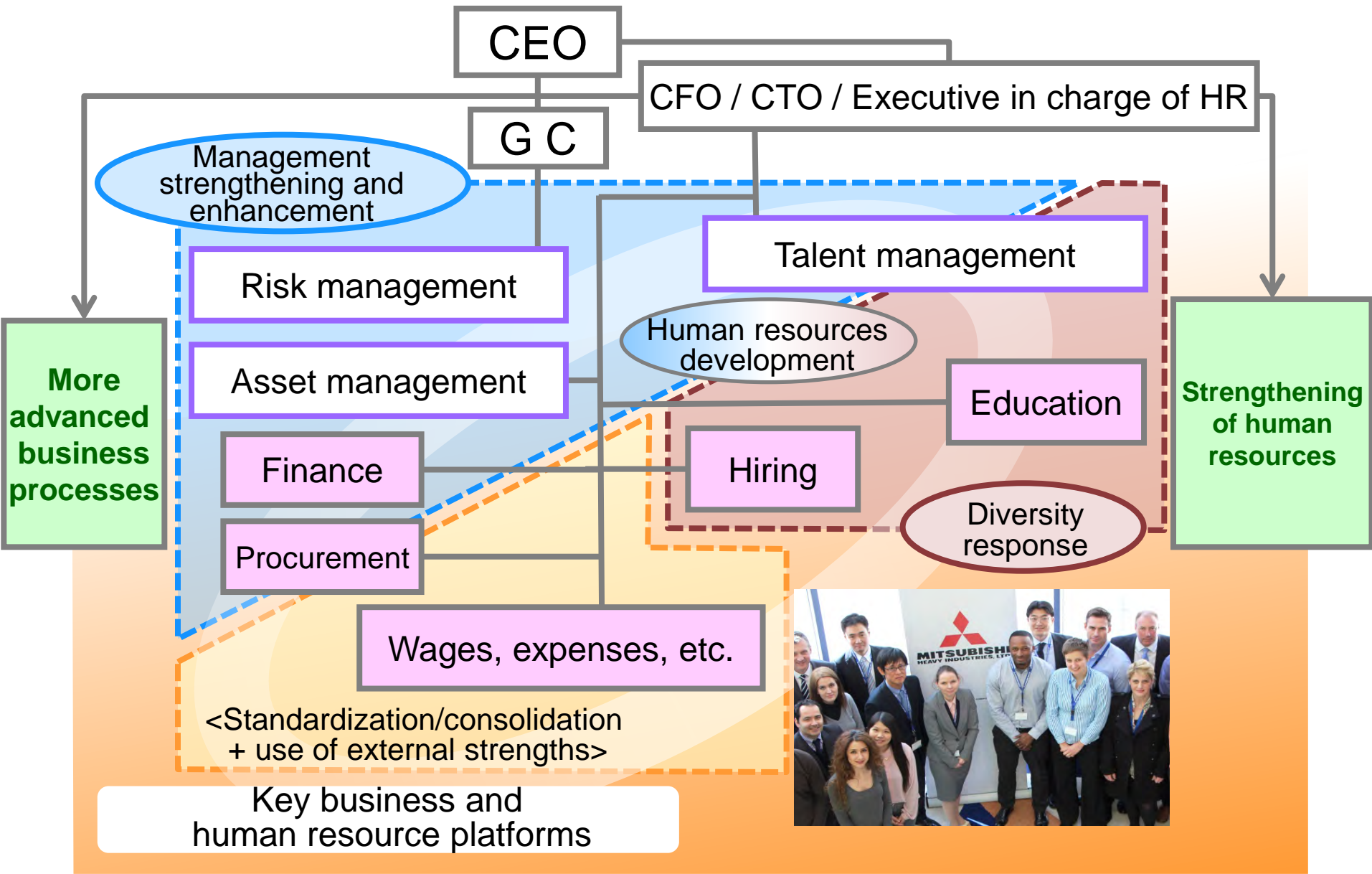
R&D: Research and development

IoT: Internet of Things

COE: Center Of Excellence

ICT: Information and Communication Technology

AI: Artificial Intelligence



CEO: Chief Executive Officer

CFO: Chief Financial Officer

CTO: Chief Technology Officer

HR: human resource

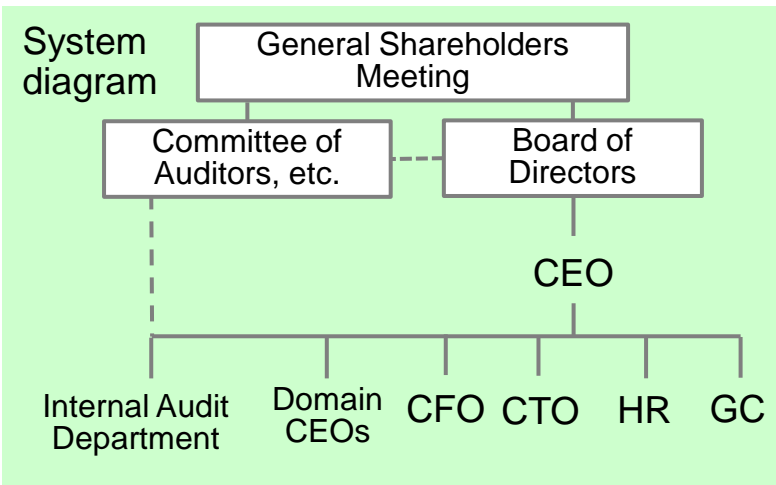
GC: General Counsel

Establish corporate governance appropriate to a global enterprise

1. Transition to a company with a committee of auditors, etc.

Main purposes and reasons

- Response to shareholders' (investors') need for an easy-to-understand corporate governance system
- Enhancement and strengthening of audit functions of Board of Directors, primarily through external directors
- Increased speed in decision-making and execution by entrusting these duties from the Board of Directors to Business Execution Directors



CEO: Chief Executive Officer CFO: Chief Financial Officer
 CTO: Chief Technology Officer HR: Executive in charge of human resources
 GC: General Counsel

2. Strengthening of execution aspects

Enhancement of chief officer system

- Clarification of functions of CFO, CTO, etc.
- Study of officer education programs; early implementation

Establishment of management advisory committee

- Advice for continuing management innovations
- Discussion of fields most in need of external knowledge

Advancement of globalization

- Transition to regional base conference venues, by domain, in various countries (FY2014 China; FY2015 Singapore)
- Transition to business management officers from multiple nations (promotion of exchanges)

Number of Directors after June 2015
 General Shareholders Meeting (tentative)

Directors	Number		
	External	Internal	Total
Committee of Auditors, etc.	3 (3)	2 (2)	5 (5)
Other	2 (3)	7 (9)	9 (11)
Total	5 (6) 36%(35%)	9 (11) 64%(65%)	14 (17) 100%

() : number of auditors and directors in FY2014

Main Schedule

	FY2015				FY2016				FY2017				Beyond
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	-
Business Plan	▼ Explanation of 2015 Business Plan								Evaluation of 2015 Business Plan and formulation of subsequent Business Plan				
			Follow-thru	Report			Follow-thru	Report	----->				
	(★: Quarterly results announcement)												
	★	★	★	★	★	★	★	★	★	★	★	★	
Products and business areas	MRJ		Maiden flight		Flight testing					▼ Delivery of 1st unit: Apl.-Jun.			
		Preparation of volume production system & customer service system							From development stage to business stage				
	Commercial ship reforms		Company startup		Preparation of new business model								
	Cruise ships		▼ Delivery of 1st ship: September										
		Establishment of Engineering Headquarters			Differentiation of engineering strength and expansion of application areas								
	GT development										To be completed in FY2020		
	MHPS	Pursuit of synergies											
	Primetals	Optimization of sales & servicing structures, production/SCM structures											
		Restructuring of Machinery, Equipment & Infrastructure domain Including M&A's					(Further M&A's and metabolism)						
	Corporate governance / Administration	Transition to Committee of Auditors, etc.											
		Management Advisory Committee			Enhanced corporate governance				(Evaluation)				
Promotion of globally optimized financial / accounting system								Preparations complete				Operation startup	
Effective assets utilization Including asset management, restructuring of domestic/overseas bases							(Study of effectiveness and further strengthening measures, etc.)						
Note: For global platform, refer to page 35.													

2015 Medium-Term Business Plan

Expand business scale
(to over 5 trillion yen)

Strengthen finances and profitability

Evolve global group structure

Subsequent Business Plan

Leap to targeted corporate image
(even higher numerical targets)

- 1) Business expansion in Commercial Aviation & Transportation Systems and Integrated Defense & Space Systems domains
- 2) Increased earnings in Energy & Environment and Machinery, Equipment & Infrastructure domains
- 3) Promotion of optimal asset management
- 4) Continuing business innovations and strengthening of risk response capability

FY2017 Targets + External Rating

Business scale* 5.25 trillion yen

Operating income 450 billion yen

Net income 200 billion yen

ROE above 10%


Dividend payout ratio 30% ± 5%

International rating A (S&P)

*: Average of orders received and net sales

ROE: return on equity

Promotion of domain-based growth strategies

- 1) Energy & Environment 
 - Base network building, strengthening of service network, increased earning power from enhanced product lineup
- 2) Commercial Aviation & Transportation Systems 
 - MRJ development, near completion of commercial ship reforms, earning power base building
- 3) Integrated Defense & Space Systems 
 - Preparations to develop new markets
- 4) Machinery, Equipment & Infrastructure 
 - Metabolism of growth-oriented businesses (niche products, M&A's, etc.)

Ascertainment of future growth potential

Preparation of shared platforms (higher efficiency and greater sophistication)

More advanced business processes

Asset management (system preparation)

Strengthening of human resources

Global platform

Enhanced corporate governance and stronger risk response capability

Supplementary Materials

Management Numerical Targets by Domain

(in billion yen)

Domain	Orders Received				Net Sales				Operating Income			
	FY2014	FY2015	FY2016	FY2017	FY2014	FY2015	FY2016	FY2017	FY2014	FY2015	FY2016	FY2017
	Actual	Forecast	Target	Target	Actual	Forecast	Target	Target	Actual	Forecast	Target	Target
Energy & Environment	1,923.6	2,000.0	2,200.0	2,300.0	1,599.5	1,600.0	1,900.0	2,000.0	162.6	185.0	210.0	240.0
Commercial Aviation & Transportation Systems	999.2	700.0	750.0	900.0	529.5	650.0	600.0	700.0	23.4	30.0	40.0	40.0
Integrated Defense & Space Systems	417.4	400.0	400.0	400.0	483.9	450.0	400.0	400.0	28.5	27.0	24.0	25.0
Machinery, Equipment & Infrastructure	1,304.6	1,500.0	1,650.0	1,800.0	1,319.5	1,400.0	1,600.0	1,800.0	84.1	85.0	115.0	160.0
Others	190.8	200.0	200.0	200.0	182.8	200.0	200.0	200.0	13.8	15.0	15.0	15.0
Eliminations or Corporate	△ 136.7	△ 100.0	△ 100.0	△ 100.0	△ 123.3	△ 100.0	△ 100.0	△ 100.0	△ 16.6	△ 22.0	△ 24.0	△ 30.0
Total	4,699.1	4,700.0	5,100.0	5,500.0	3,992.1	4,200.0	4,600.0	5,000.0	296.1	320.0	380.0	450.0

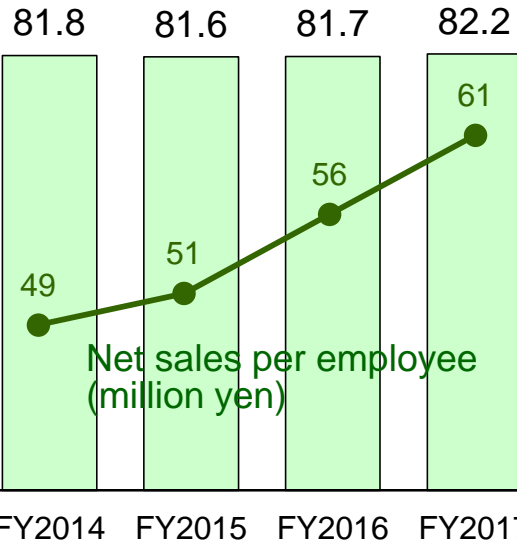
Employees

- Maintain current scale

Ratio of overseas employees (%)

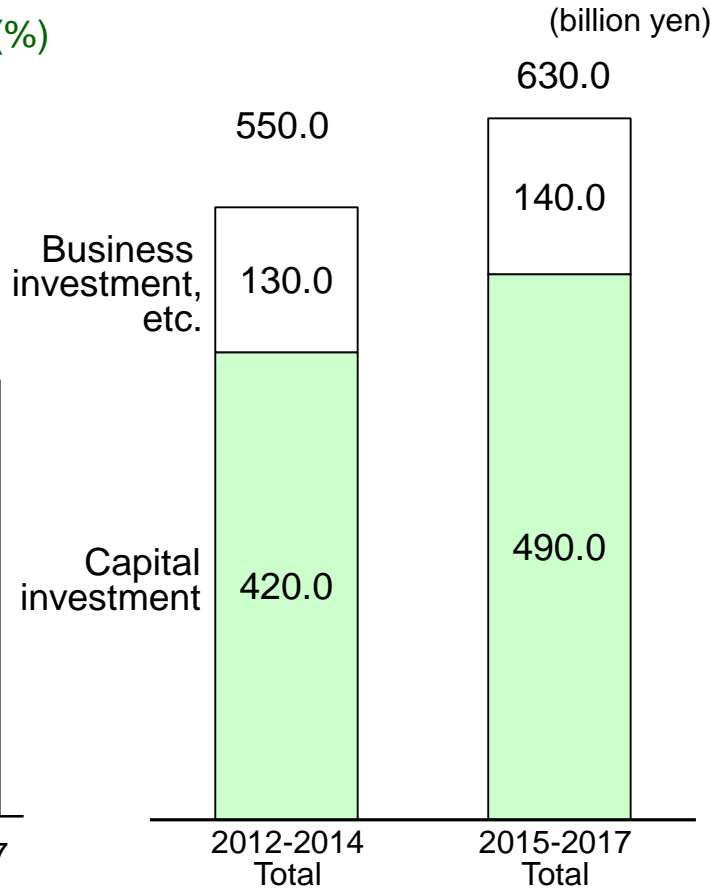


Total employees (consolidated: 1,000)



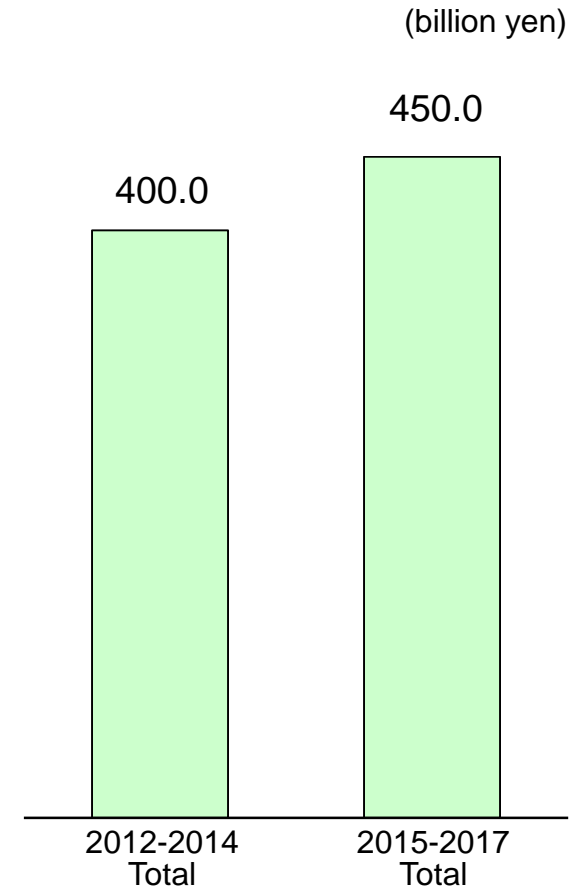
Investment/lending

- Focused investment into core businesses



R&D

- Focused investment into Grow/Maintain businesses



Business Restructuring and PMI Status

		Company (■ :Overseas)	Product/Business	PMI Status and Results to Date		
				Agreement date	Net sales contribution (FY2014)	Other results, etc.
Acquisition		Federal Broach (USA)	Machine tools	Apr 2012	Approx. JPY 6bn	Business expansion and stabilization from lineup integration
		PWPS(USA) , Turboden(Italy)	Gas turbines	Dec 2012	Approx. JPY 80bn	Business expansion from added lineup in small/medium GT
		Daily Equipment (USA)	Forklift trucks	Jan 2012	Approx. JPY 4bn	Expansion of after-sale servicing business
		Concast (India)	Metals machinery	Jun 2012	Approx. JPY 2bn	Strengthening of upstream product lineup
		Toyo Engineering Works	Refrigeration systems	Jan 2014	Approx. JPY 20bn	Strengthening of engineering business
JV	MHI-led	Nippon Yusoki	Forklift trucks	Nov 2012	Approx. JPY 80bn	Business expansion from achievement of full lineup
		Hitachi	Thermal power generation systems	Nov 2012	Approx. JPY 400bn	Business expansion from full GT lineup (small to large), expansion of unique technologies (brown coal combustion, IGCC)
		Siemens (Germany)	Metals machinery	May 2014	Approx. JPY 50bn	Business expansion from achievement of full lineup
		IHI Metaltech	Metals machinery	Jul 2013	Approx. JPY 7bn	Strengthened lineups of aluminum rolling mills, etc.
	Equal	Vestas (Denmark)	Wind turbines	Sep 2013	(equity-based)	Early achievement of strategic model (8MW) development and order receipt targets
	Partner-led	Ryobi	Commercial printing machinery	Jun 2013	(equity-based)	Business strengthening from product lineup and production integration
		Ecovix (Brazil)	Shipbuilding	Oct 2013	(equity-based)	Completion of Brazil's first FPSO, with MHI support
		Fuji Xerox	Document-related	Oct 2013	(equity-based)	Reductions in direct/indirect costs from standardization and effective document-related processes
		Miyaji Engineering	Bridges	Nov 2014	(equity-based)	Scale merits, Market share increase
Transfer	HIDROMEK (Turkey)	Motor graders	Nov 2013	-	Promotion of business concentration into core competence	
	Delta Electronics (Taiwan)	Lithium rechargeable batteries	Apr 2014	-	Promotion of business concentration into core competence	
			Increased sales (total)	Approx. JPY 650bn	* Sum booked to net sales for 3 months (approx.) after integration	

Progress in Preparation of Global Platforms



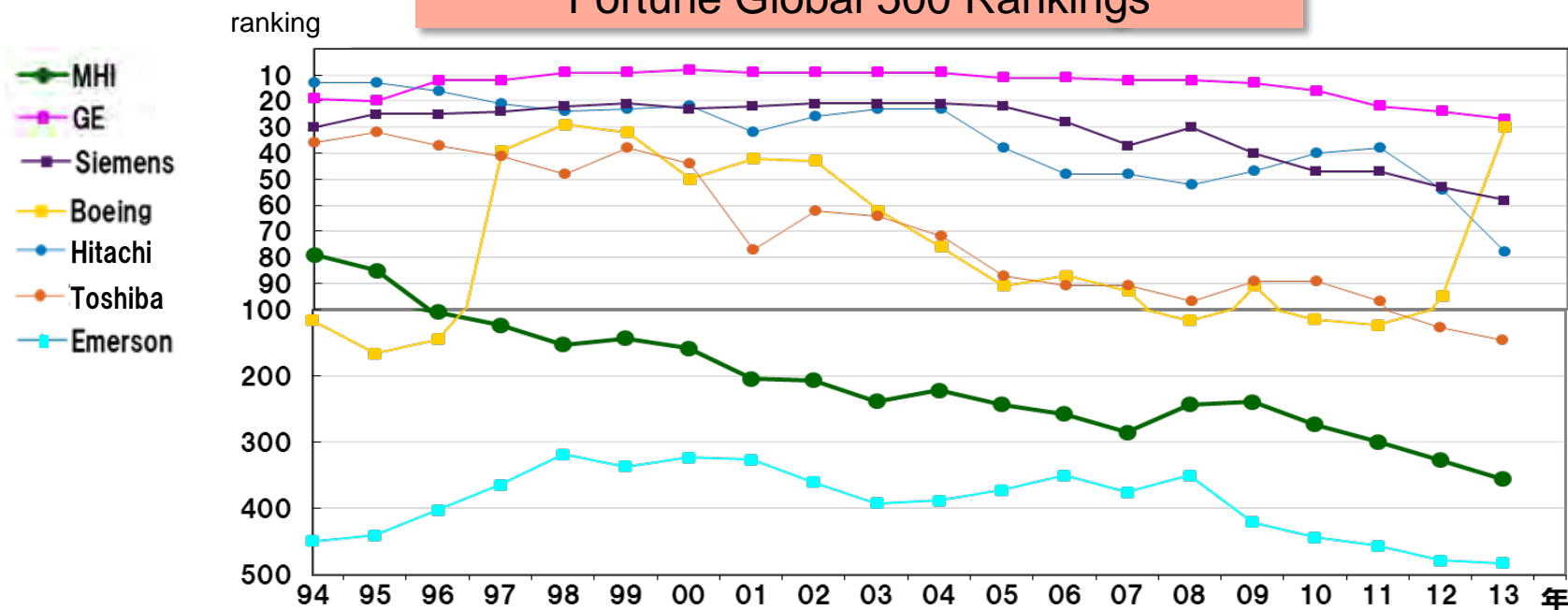
	FY2013	FY2014	FY2015	FY2016	FY2017~
Technology platform					
			Base preparation for global sharing and management of technology information (shared codes, security, etc.)		
				Operation & maintenance	
Business base platform					
Fit & Gap					
		System building/design		Operation & maintenance	
Financial/finance areas		Commencement of global cash management employing finance subsidiary	Compilation of integrated consolidated database (Operation to commence in FY2018) Preparation of shared global IT infrastructure		
Personnel areas		Talent management functions system configuration	System design and testing	Operation & maintenance (preparation and implementation of global personnel system)	
Procurement areas		Supplier management and expenditure analysis system configuration		Operation & maintenance (promotion of cost reductions, etc. through strategic procurement activities)	
BPO, etc.		Commencement of outsourcing and appropriate use of shared services (diligence/wage BPO, e-learning, sharing of accounting/finance and indirect materials, etc.)		Operation & maintenance, Area expansion	

BPO: business process outsourcing

Evaluation \ Period	1995	→	2004	→	2013	Evaluation basis
Fortune Global 500	85	ICT progress	221	Entry of Chinese companies into rankings	355	Net sales
Forbes Global 2000			474		337	Comprehensive evaluation of net sales, market capitalization, net income, net assets, etc.
Financial Times Global 500			493		Lower than 500*	Market capitalization

* Market capitalization of No.500: US\$22,022 million.
MHI capitalization: US\$19,569 million.

Fortune Global 500 Rankings





Our Technologies, Your Tomorrow

A red arrow graphic that starts as a thin line under the text and then curves upwards and to the right, ending in a pointed arrowhead.