

Financial Results for Second Quarter FY2015

October 30, 2015

I . 2Q FY2015 Financial Results

- **Summary of 2Q Financial Results** 3
- **2Q Financial Results by Segment** 4
- **Balance Sheets** 5
- **Main Financial Targets, Cash Flows** 6
- **Orders Received & Order Backlog** 7
- **Net Sales** 9
- **Operating Income** 11

II . Forecast for FY2015

- **Summary of Forecast for FY2015** 13
- **Forecast for FY2015 by Segment** 14

III . Supplementary Information

- **Supplementary Information** 15-21

I . 2Q FY2015 Financial Results

Summary of 2Q Financial Results

(In billion yen)

	FY2014-2Q	FY2015-2Q	Change	
Orders received	1,764.1	1,784.4	+20.2	+1.1%
Net sales	1,759.1	1,882.0	+122.9	+7.0%
Operating income	(6.7%) 118.2	(6.2%) 115.9	- 2.2	- 1.9%
Ordinary income	(7.3%) 127.9	(5.9%) 111.8	- 16.0	- 12.6%
Extraordinary gain/loss	- 39.8	-32.8	+7.0	-
Net income (*)	(2.2%) 38.0	(2.3%) 43.3	+5.3	+14.0%
EBITDA	(11.3%) 199.5	(10.5%) 197.1	- 2.4	- 1.2%

Breakdown of FY2015-2Q Extraordinary gain/loss (-32.8 billion yen)

<Extraordinary gain>

-Gain on sales of fixed assets 4.2

<Extraordinary loss>

-Loss on passenger vessel construction business -30.9

-Business structure improvement expenses -3.3

-Loss on sales of investment securities -2.7

(*) FY2015-2Q profit attributable to owners of parent

2Q Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2014 -2Q	FY2015 -2Q	Change	FY2014 -2Q	FY2015 -2Q	Change	FY2014 -2Q	FY2015 -2Q	Change
Energy & Environment	650.7	611.9	- 38.8	683.1	681.1	- 1.9	61.8	37.7	- 24.1
Commercial Aviation & Transportation Systems	379.3	292.3	- 87.0	242.5	280.0	+37.5	5.4	33.0	+27.5
Integrated Defense & Space Systems	65.6	143.8	+78.2	174.6	205.0	+30.3	8.1	11.4	+3.2
Machinery, Equipment & Infrastructure	637.4	716.3	+78.9	633.7	689.8	+56.0	42.3	32.2	- 10.1
Others	95.5	92.2	- 3.2	70.8	90.5	+19.6	4.6	8.2	+3.6
Eliminations or Corporate	- 64.6	- 72.4	- 7.8	- 45.8	- 64.6	- 18.7	- 4.2	- 6.6	- 2.4
Total	1,764.1	1,784.4	+20.2	1,759.1	1,882.0	+122.9	118.2	115.9	- 2.2

	As of March 31, 2015	As of September 30, 2015	Change	(In billion yen)
Trade receivables	1,291.2	1,123.7	-167.5	
Inventories	1,324.8	1,444.4	+119.6	
Other current assets	935.8	935.8	-0.0	
Total fixed assets	1,196.3	1,177.2	-19.0	
Investments and advances	772.0	782.5	+10.5	
Total assets	5,520.3	5,463.8	-56.4	
Trade payables	869.2	777.8	-91.3	
Advance payments received on contracts	663.1	634.4	-28.7	
Other current liabilities	892.3	862.6	-29.6	
Interest-bearing debt	975.5	1,084.1	+108.5	
Net Assets	2,120.0	2,104.7	-15.2	
Net worth (owners equity)	1,780.7	1,762.2	-18.5	
Total liabilities and net assets	5,520.3	5,463.8	-56.4	

Main Financial Targets

	FY2014	FY2015-2Q	Change
Equity ratio	32.3%	32.3%	0.0pt
Interest-bearing debt (In billion yen)	975.5	1,084.1	+108.5
D/E ratio	46%	52%	+6pt

Cash Flows

(In billion yen)

	FY2014-2Q	FY2015-2Q	Change
Operating activities Cash Flow	5.9	-27.1	-33.0
Investing activities Cash Flow	-100.4	-86.9	+13.5
Free Cash Flow	-94.5	-114.0	-19.5

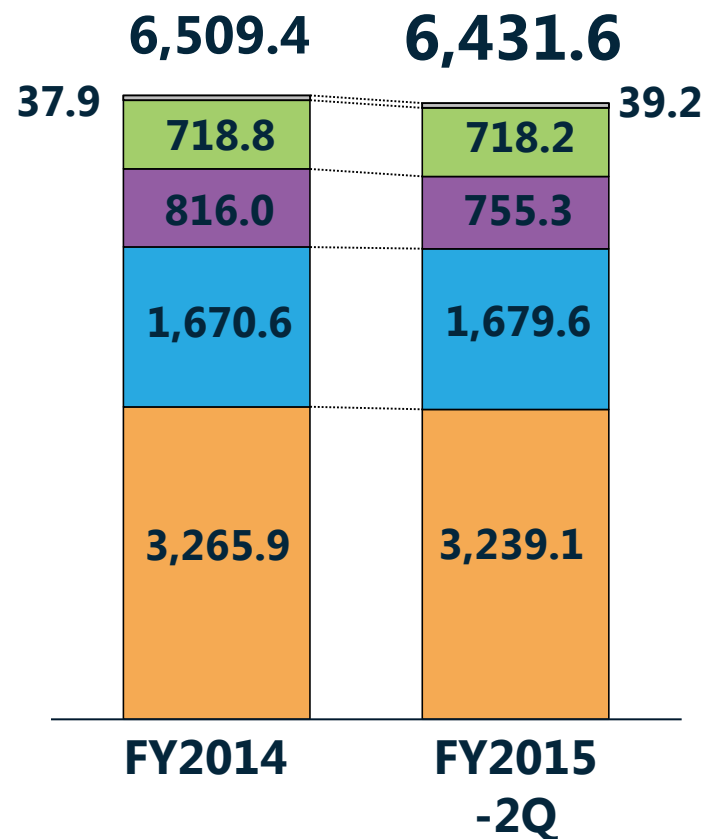
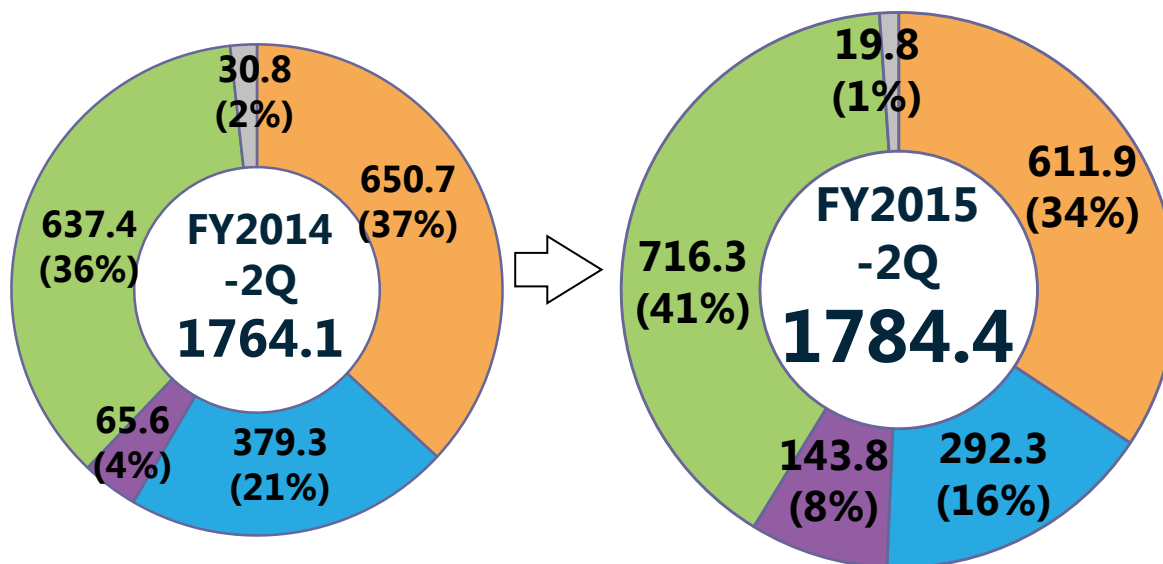
Orders Received & Order Backlog by Segment

(In billion yen)

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

Order Backlog^(*) -77.7

Orders Received +20.2



(*) Contain none of mass-produced product turbocharger, air conditioners, etc.

➤ Energy & Environment

- Orders for chemical plants increased while orders for conventional power plants largely decreased.

➤ Commercial Aviation & Transportation Systems

- Orders for the MRJ and transportation systems decreased from their year-ago levels, when large-scale orders were received.

➤ Integrated Defense & Space Systems

- Orders for defense systems expanded.

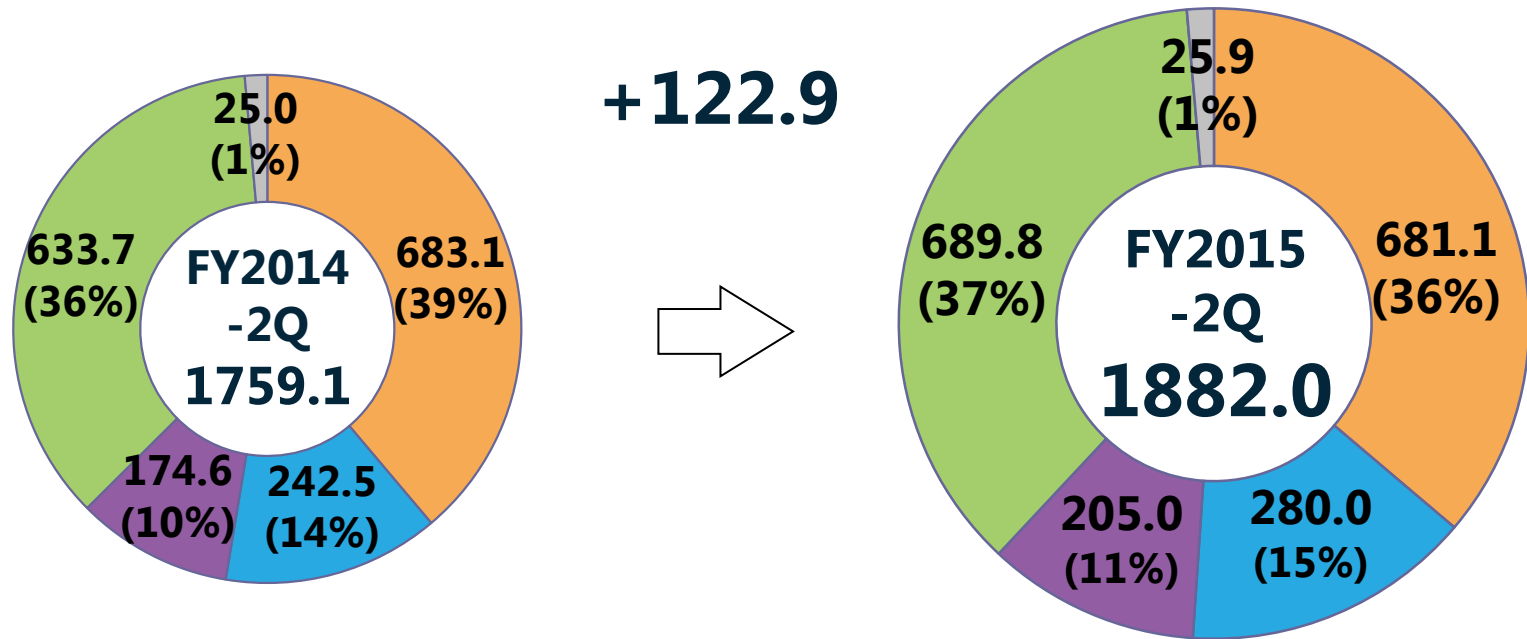
➤ Machinery, Equipment & Infrastructure

- Orders were up overall owing to merits from business integration in metals machinery and forklift trucks coupled with scale expansion in conventional businesses (turbochargers, air-conditioning & refrigeration systems, etc.).

Net Sales by Segment

(In billion yen)

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



➤ **Energy & Environment**

- Sales were largely unchanged from the year-ago level, with a decrease in sales of thermal power plants offset by increased sales of chemical plants, etc.

➤ **Commercial Aviation & Transportation Systems**

- Sales of commercial aircraft increased on merits from the weaker yen.

➤ **Integrated Defense & Space Systems**

- Sales increased, primarily defense systems.

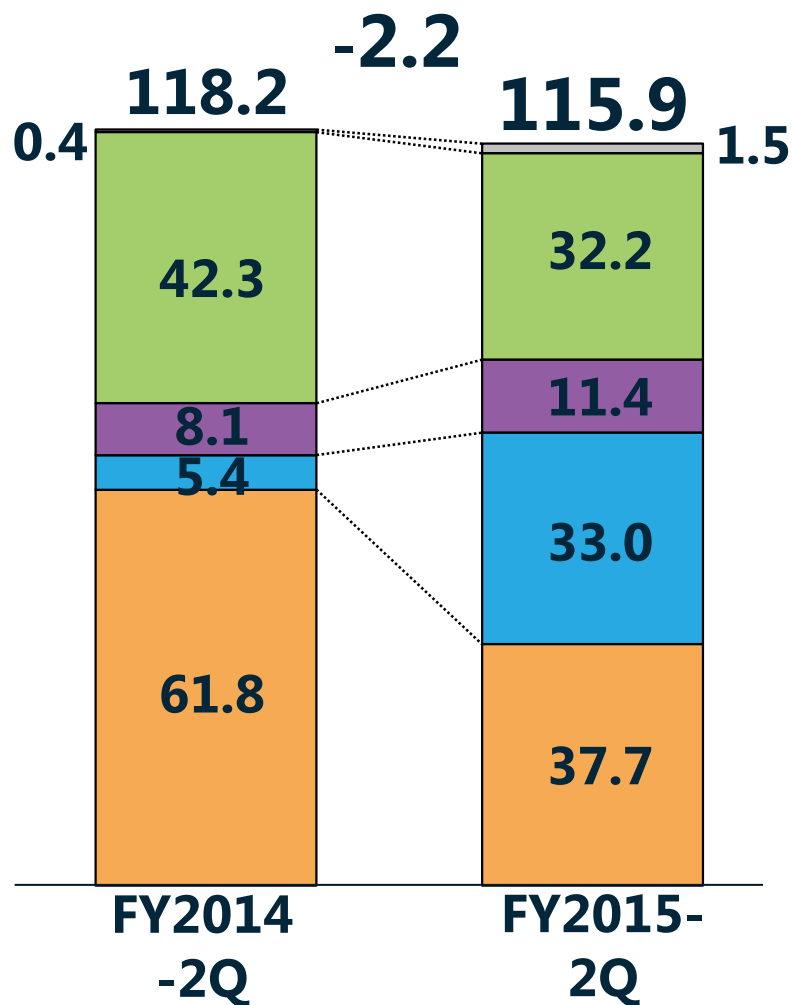
➤ **Machinery, Equipment & Infrastructure**

- Sales increased on the merits from business integration in metals machinery and forklift trucks coupled with scale expansion in conventional businesses (turbochargers, air-conditioning & refrigeration systems, etc.).

Operating Income by Segment

(In billion yen)

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



➤ Energy & Environment

- Operating income decreased largely due to the booking of expenses to cover glitches found in some steam turbines used in gas turbine combined cycle (GTCC) plants and costs booked to promote post-merger integration in the thermal power plant business.

➤ Commercial Aviation & Transportation Systems

- Operating income increased primarily on the back of cost improvements relating to commercial aircraft, improvement in the product mix of commercial ships, and positive impact from the weaker yen.

➤ Integrated Defense & Space Systems

- Operating income increased as a result of expanded sales of defense systems, etc.

➤ Machinery, Equipment & Infrastructure

- Operating income fell year-on-year owing largely to impact from changes in the fiscal year period of overseas group companies a year ago.

II . Forecast for FY2015

Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. As such, those projections involve risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan. Also, the results projected here should not be construed in any way as being guaranteed by the company.

Summary of Forecast for FY2015

(In billion yen)

	FY2014 (Actual)		FY2015 (Forecast)		Change	
Orders received	4,699.1		4,700.0		+0.8	+0.0%
Net sales	3,992.1		4,200.0		+207.8	+5.2%
Operating income	(7.4%)	296.1	(7.6%)	320.0	+23.8	+8.1%
Ordinary income	(6.9%)	274.7	(7.1%)	300.0	+25.2	+9.2%
Extraordinary gain/loss	- 42.0		-50.0		-7.9	-
Net income (*)	(2.8%)	110.4	(3.1%)	130.0	+19.5	+17.7%
ROE	6.5%		7.1%		+0.6pt	-
EBITDA	(11.7%)	465.0	(12.0%)	502.0	+36.9	+7.9%
Free cash flow	38.6		0.0		-38.6	-
Dividend (per share)	11.0yen Interim: 5.0yen year-end: 6.0yen		12.0yen Interim: 6.0yen year-end: 6.0yen		<Undetermined foreign currency amounts> US\$: 1.5 billion (3.0 billion*) Euro: 0.3 billion (0.4 billion*)	

(*) The FY2015 forecast refers to profit attributable to owners of parent.

(*) forecast at the beginning of the fiscal year

<Assumed exchange rates>
US\$ 1.00 = ¥115
Euro 1.00 = ¥130

Forecast for FY2015 by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2014 (Actual)	FY2015 (Forecast)	Change	FY2014 (Actual)	FY2015 (Forecast)	Change	FY2014 (Actual)	FY2015 (Forecast)	Change
Energy & Environment	1,923.6	2,000.0	+76.3	1,599.5	1,600.0	+0.4	162.6	170.0	+7.3
Commercial Aviation & Transportation Systems	999.2	700.0	- 299.2	529.5	650.0	+120.4	23.4	45.0	+21.5
Integrated Defense & Space Systems	417.4	400.0	- 17.4	483.9	450.0	- 33.9	28.5	27.0	- 1.5
Machinery, Equipment & Infrastructure	1,304.6	1,500.0	+195.3	1,319.5	1,400.0	+80.4	84.1	85.0	+0.8
Others	190.8	200.0	+9.1	182.8	200.0	+17.1	13.8	15.0	+1.1
Eliminations or Corporate	- 136.7	- 100.0	+36.7	- 123.3	- 100.0	+23.3	- 16.6	- 22.0	- 5.3
Total	4,699.1	4,700.0	+0.8	3,992.1	4,200.0	+207.8	296.1	320.0	+23.8

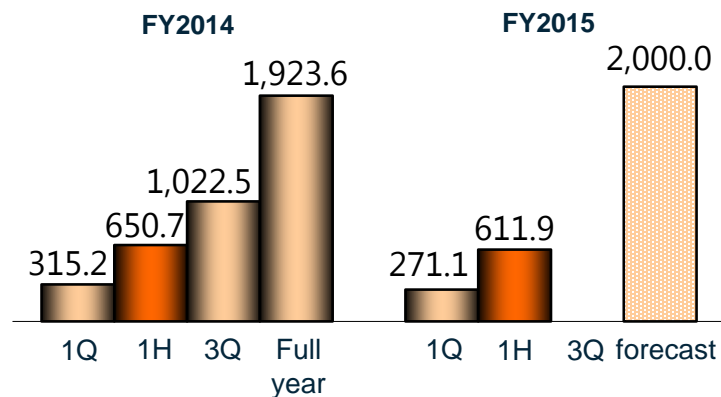
➤ **There is no change in the forecast announced on July 31, 2015.**

III. Supplementary Information

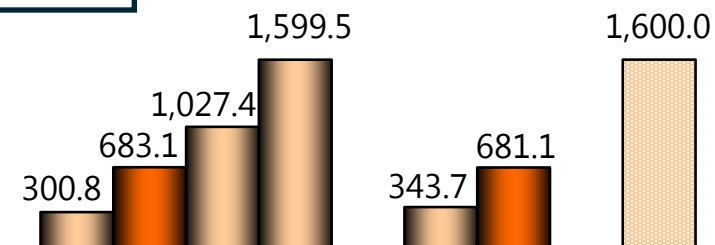
< Energy & Environment >

(In billion yen, accumulated amount)

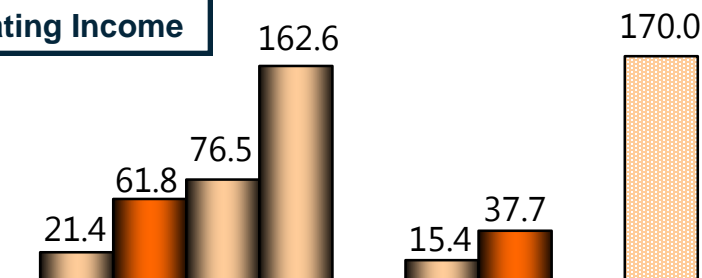
Orders Received



Net Sales



Operating Income



Orders received : Down ¥38.8 billion YoY

- Large-scale orders for chemical plants increased, but overall orders finished down from the year-earlier level primarily because of a reduction in orders for conventional plants compared to a year ago, when multiple orders for such plants had been received.

[Gas turbine orders]

		North America	Asia	Japan	Others	Total
FY2014 -2Q	Large size	-	1	1	-	2
	Small to medium size	-	1	7	7	15
	Total	0	2	8	7	17
FY2015 -2Q	Large size	1	5	1	-	7
	Small to medium size	-	-	-	1	1
	Total	1	5	1	1	8

[Backlog of Gas turbine orders]

	Large size	Small to medium size	Total
FY2014-2Q	37	39	76
FY2014-4Q	34	33	67
FY2015-2Q	37	30	67

Net sales : Down ¥1.9 billion YoY

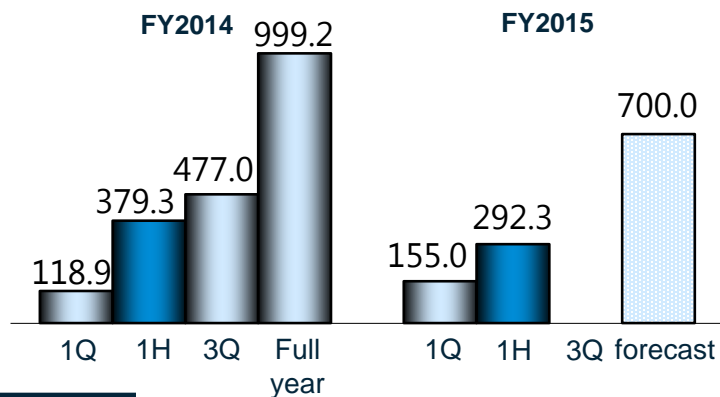
- Net sales declined from the year-ago level, with increased sales of chemical plants, etc. outweighed by decreased sales of thermal power plants, etc.

Earnings : Down ¥24.1 billion YoY

- Earnings finished down year-on-year as a result largely of the booking of expenses to cover glitches found in some steam turbines used in gas turbine combined cycle (GTCC) plants and costs booked to promote post-merger integration in the thermal power plant business.

< Commercial Aviation & Transportation Systems >

(In billion yen, accumulated amount)

Orders Received**Orders received : Down ¥87.0 billion YoY**

- Orders finished down from the year-earlier level largely owing to decreased orders for the MRJ and transportation systems — products that had attracted large-scale orders a year ago.

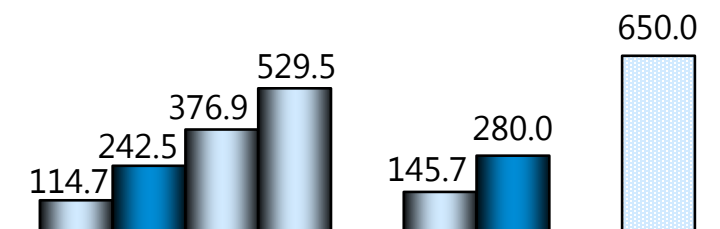
[Number of ships orders received]

FY2014-2Q: 6 (1Q: 3, 2Q: 3, 3Q: 1, 4Q: 4)

FY2015-2Q: 6 (1Q: 4, 2Q: 2)

[Backlog of ship orders] 37

(12 LNG carriers, 7 LPG carriers, 2 ferries/passenger and cargo ships, 6 patrol vessels and others)

Net Sales**Net sales : Up ¥37.5 billion YoY**

- Net sales expanded year-on-year on the back of increased sales of commercial aircraft, which were driven by the weaker yen.

[Number of B777s delivered]

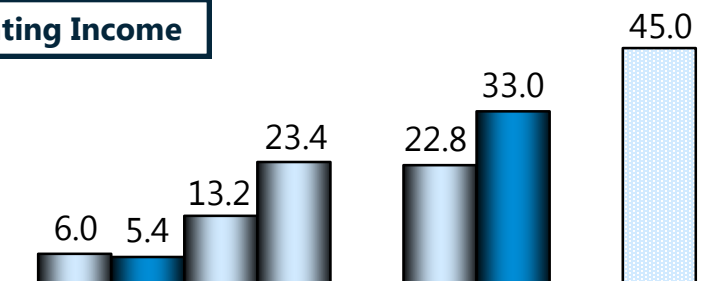
FY2014-2Q: 50 (1Q: 26, 2Q: 24, 3Q: 26, 4Q: 22)

FY2015-2Q: 55 (1Q: 28, 2Q: 27)

[Number of B787s delivered]

FY2014-2Q: 60 (1Q: 32, 2Q: 28, 3Q: 30, 4Q: 32)

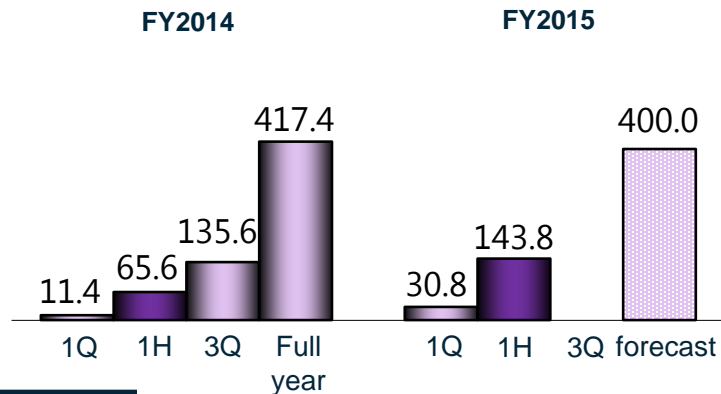
FY2015-2Q: 63 (1Q: 32, 2Q: 31)

Operating Income**Earnings : Up ¥27.5 billion YoY**

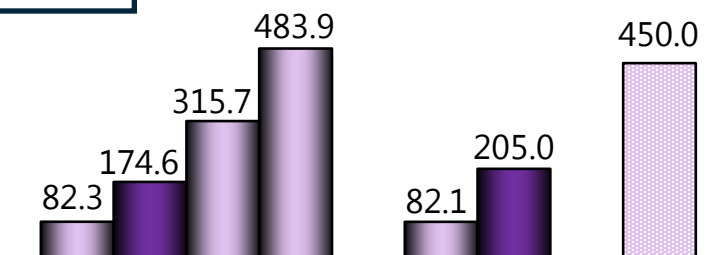
- Earnings surpassed the year-earlier level thanks to cost improvements relating to commercial aircraft, improvement in the product mix of commercial ships, and merits from yen depreciation.

< Integrated Defense & Space Systems >

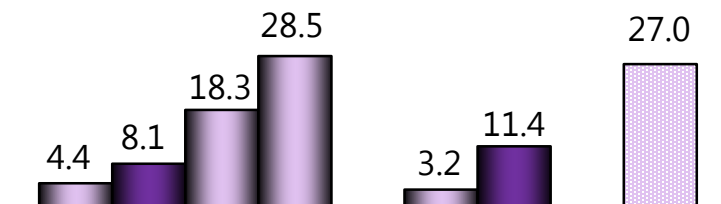
(In billion yen, accumulated amount)

Orders Received**Orders received : Up ¥78.2 billion YoY**

- Orders were up year-on-year, driven by increased demand for defense systems.

Net Sales**Net sales : Up ¥30.3 billion YoY**

- Net sales exceeded the year-ago level on increased sales especially of naval vessels and other defense-related products.

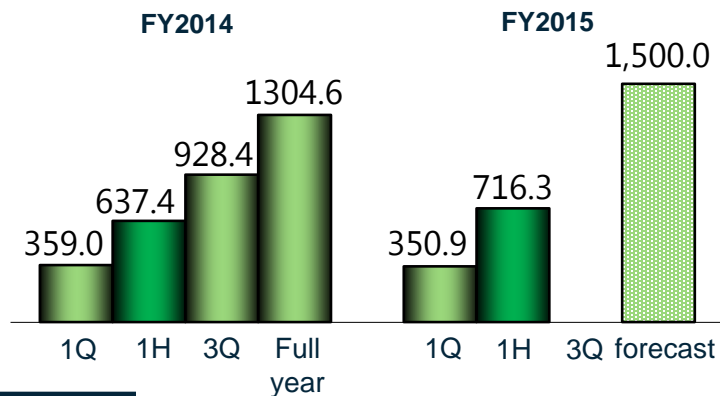
Operating Income**Earnings : Up ¥3.2 billion YoY**

- Earnings were up from the previous year's level thanks to increased sales of defense systems, etc.

< Machinery, Equipment & Infrastructure >

(In billion yen, accumulated amount)

Orders Received

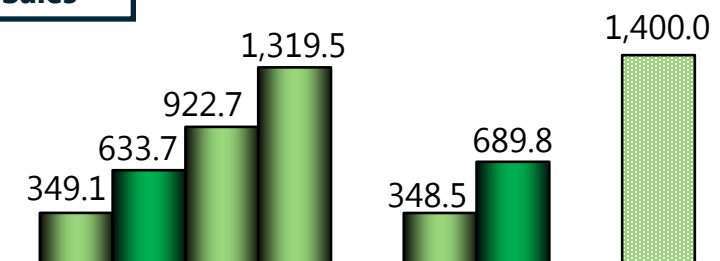


Orders received : Up ¥78.9 billion YoY

Net sales: Up ¥56.0 billion YoY

- Orders and net sales both surpassed their year-earlier levels as a result of merits from business integration in metals machinery and forklift trucks coupled with scale expansion in conventional businesses (turbochargers, air-conditioning & refrigeration systems, etc.).

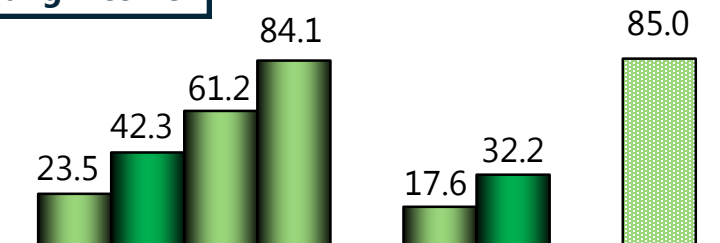
Net Sales



Earnings : Down ¥10.1 billion YoY

- Earnings finished down from the previous year's level due to the impact of changes to the fiscal year period adopted by overseas group companies a year ago.

Operating Income



(In billion yen)

1. R&D Expenses, Depreciation and Amortization-Capital Expenditure

	FY2014-2Q	FY2015-2Q	FY2015 (Forecast)
R&D Expenses	57.3	58.3	150.0
Depreciation	75.3	75.5	170.0
Capital Expenditure	75.4	75.8	180.0

2. Selling, General and Administrative expenses

	FY2014-2Q	FY2015-2Q
SG&A	253.3	270.8

3. Foreign Exchange Rates

(In yen)

	FY2014-2Q	FY2015-2Q
US\$	102.5	121.4
Euro	137.3	133.2

(In billion yen)

4. Overseas Sales by Region

	FY2014-2Q		FY2015-2Q	
Asia	339.4	(20%)	329.4	(18%)
North America	308.4	(18%)	381.0	(20%)
Europe	178.4	(10%)	186.2	(10%)
Central & South America	52.0	(3%)	72.1	(4%)
The Middle East	60.3	(3%)	45.4	(2%)
Africa	43.0	(2%)	46.6	(2%)
Oceania	20.7	(1%)	13.2	(1%)
Total	1,002.5	(57%)	1,074.3	(57%)

5. Segment Information by Geographic Distribution

		FY2014-2Q	FY2015-2Q
Japan	Net Sales	1,368.5	1,395.9
	Operating income	95.7	97.3
North America	Net Sales	201.5	253.7
	Operating income	1.2	3.0
Asia	Net Sales	207.7	191.3
	Operating income	16.9	15.1
Europe	Net Sales	164.3	184.6
	Operating income	3.7	-0.7
Others	Net Sales	21.3	50.4
	Operating income	0.6	1.2
Eliminations or Corporate	Net Sales	-204.5	-194.0
	Operating income	-	-
Total	Net Sales	1,759.1	1,882.0
	Operating income	118.2	115.9



MITSUBISHI
HEAVY INDUSTRIES, LTD.

Our Technologies, Your Tomorrow

A thick red horizontal line that starts under the text and tapers into a pointed arrow shape on the right side.