



Financial Results for FY2015

May 9, 2016

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I . Financial Results for FY2015

(Finance, Segment Information)

Summary of Financial Results for FY2015

(In billion yen)

	FY2013	FY2014	FY2015	Change	
Orders received	3,420.0	4,699.1	4,485.5	-213.5	- 4.5%
Net sales	3,349.5	3,992.1	4,046.8	+54.6	+1.4%
Operating income	(6.2%) 206.1	(7.4%) 296.1	(7.6%) 309.5	+13.3	+4.5%
Ordinary income	(5.5%) 183.1	(6.9%) 274.7	(6.7%) 272.5	- 2.2	- 0.8%
Extraordinary gain/loss	31.2	-42.0	-139.8	-97.7	-
Net income attributable to owners of parent (*)	(4.8%) 160.4	(2.8%) 110.4	(1.6%) 63.8	-46.5	- 42.2%
ROE	11.0%	6.5%	3.7%	- 2.8pt	-
EBITDA	(10.4%) 346.8	(11.7%) 465.0	(11.9%) 479.6	+14.5	+3.1%

Breakdown of FY2015 Extraordinary gain/loss (-139.8)

<Extraordinary gain>

-Gain on sales of fixed assets 5.6 etc.

<Extraordinary loss>

-Loss on cruise ship construction business -103.9
-Business structure improvement expenses -47.2 etc.

(*) In FY2013, FY2014 : Net income

Financial Results for FY2015 by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2014	FY2015	Change	FY2014	FY2015	Change	FY2014	FY2015	Change
Energy & Environment	1,923.6	2,005.0	+81.4	1,599.5	1,542.7	- 56.7	162.6	154.6	- 8.0
Commercial Aviation & Transportation Systems	999.2	607.1	- 392.1	529.5	548.5	+18.9	23.4	54.5	+31.0
Integrated Defense & Space Systems	417.4	447.7	+30.3	483.9	485.0	+1.1	28.5	25.7	- 2.7
Machinery, Equipment & Infrastructure (*)	1,344.7	1,392.5	+47.7	1,347.4	1,432.3	+84.8	87.7	80.0	- 7.6
Others (*)	150.7	162.8	+12.1	154.9	177.3	+22.3	10.3	12.6	+2.2
Eliminations or Corporate	- 136.7	- 129.8	+6.8	- 123.3	- 139.2	- 15.8	- 16.6	- 18.1	- 1.5
Total	4,699.1	4,485.5	- 213.5	3,992.1	4,046.8	+54.6	296.1	309.5	+13.3

(*) Changes in business domains

- Due to business domain reorganization, certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others".
- Results for FY2014 are in accordance with the new business domain structure.

(In billion yen)

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	Changes
Trade receivables	1,188.9	1,291.2	1,205.6	-85.5
Inventories	1,150.9	1,324.8	1,332.3	+7.5
Other current assets	841.0	935.8	988.1	+52.2
Total fixed assets	1,101.5	1,196.3	1,265.9	+69.6
Investments and advances	603.5	772.0	699.6	-72.3
Total assets	4,886.0	5,520.3	5,491.7	-28.5
Trade payables	801.4	869.2	860.6	-8.5
Advance payments received on contracts	567.4	663.1	749.7	+86.5
Other current liabilities	785.4	892.3	831.1	-61.1
Interest-bearing debt	957.4	975.5	1,052.1	+76.5
Net Assets	1,774.2	2,120.0	1,998.0	-121.9
Net worth (owners equity)	1,543.3	1,780.7	1,679.7	-101.0
Total liabilities and net assets	4,886.0	5,520.3	5,491.7	-28.5

Accumulated other comprehensive income -126.1
(Foreign currency translation adjustments,
Net unrealized losses on investment securities,
etc.)

Main Financial Targets

	FY2013	FY2014	FY2015	Change
Equity ratio	31.6%	32.3%	30.6%	-1.7pt
Interest-bearing debt (In billion yen)	957.4	975.5	1,052.1	+76.5
D/E ratio	54%	46%	53%	+7pt

Cash Flows

(In billion yen)

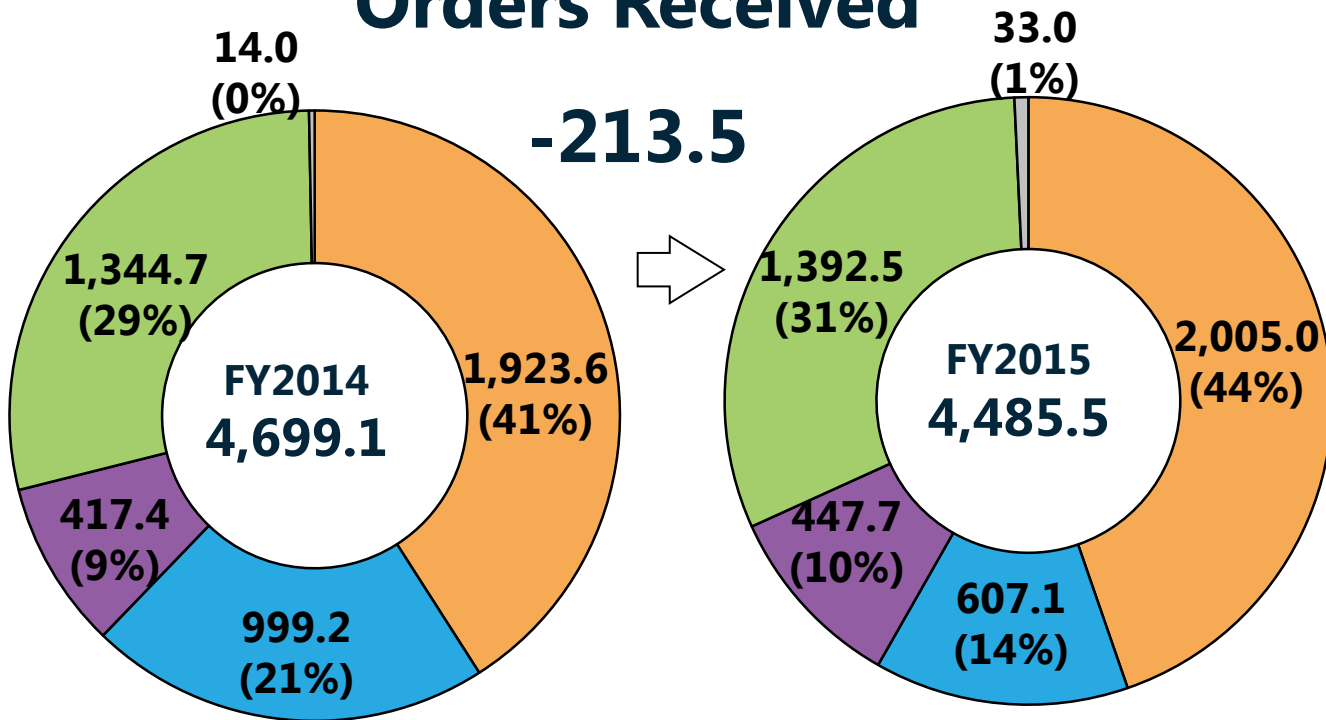
	FY2013	FY2014	FY2015
Operating activities Cash Flow	296.2	212.8	270.0
Investing activities Cash Flow	-151.5	-174.1	-262.4
Free Cash Flow	144.6	38.6	7.5

Orders Received & Order Backlog by Segment

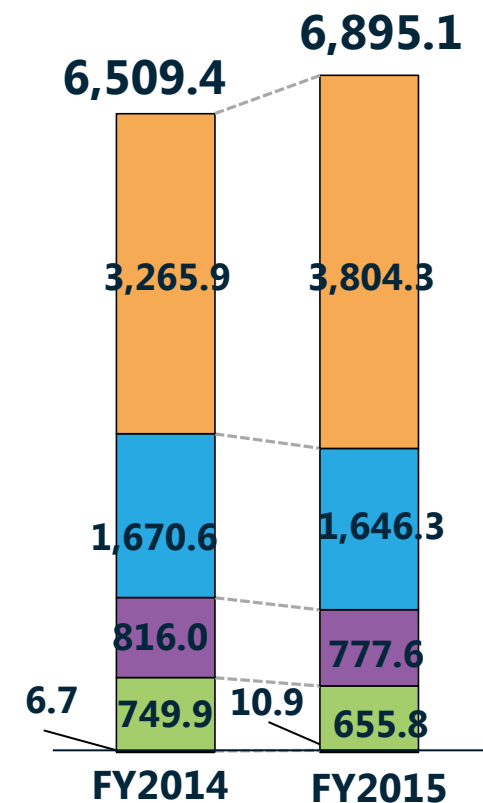
(In billion yen)

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

Orders Received



Order Backlog +385.7



(*) Does not include mass-manufactured products: turbochargers, air-conditioners, etc.

➤ Energy & Environment

- Increase in orders received for GTCC^(*), chemical plants, etc.

➤ Commercial Aviation & Transportation Systems

- Decreases in orders received for transportation systems and MRJ business, following large-scale orders received in FY2014.

➤ Integrated Defense & Space Systems

- Increased orders received in both defense and space systems.

➤ Machinery, Equipment & Infrastructure

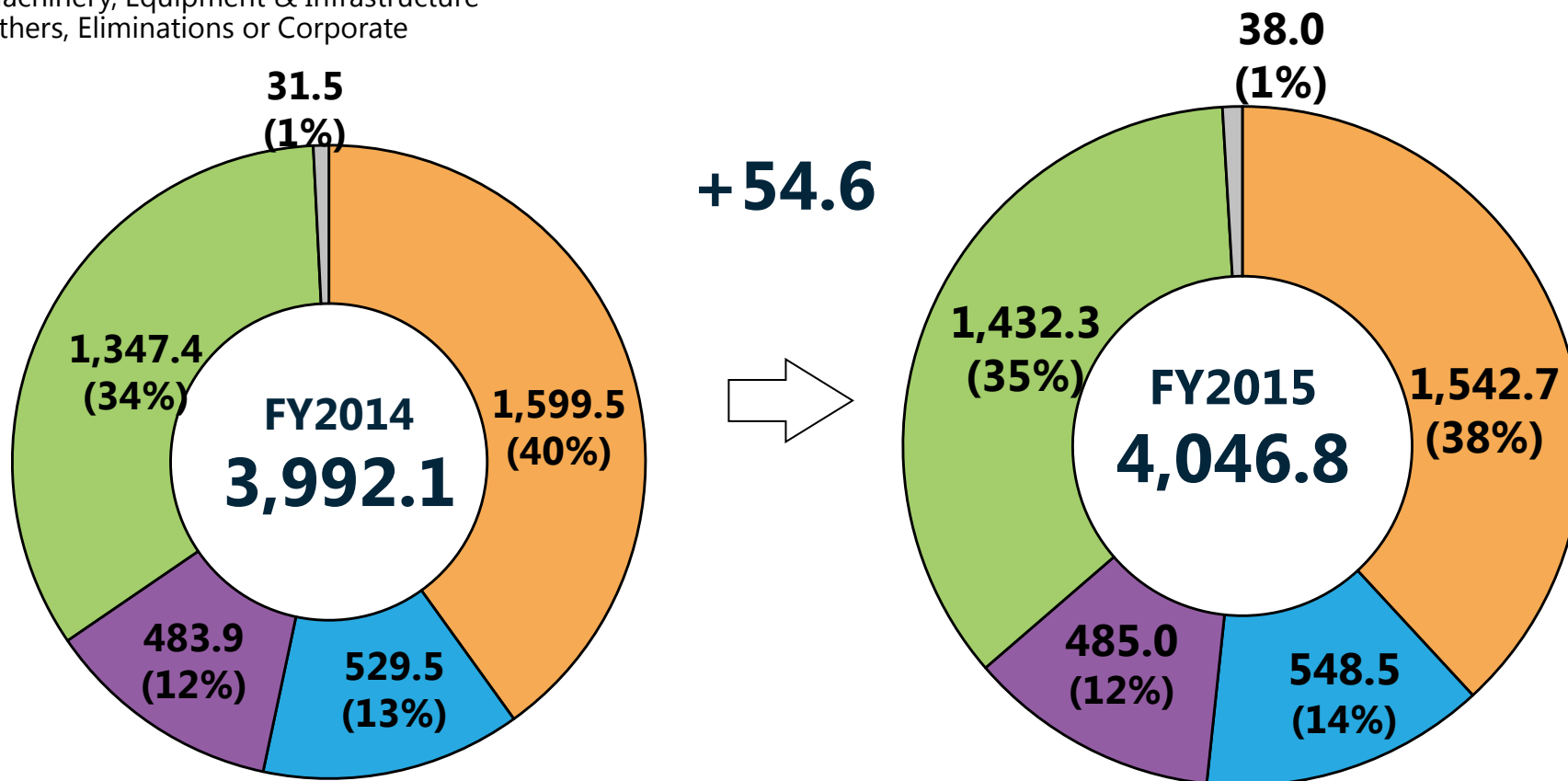
- Increased orders received due to merits from metals machinery business merger and scale expansion in turbochargers, air-conditioning & refrigeration, and forklift trucks.

(*) GTCC:
Gas Turbine Combined Cycle

Net Sales by Segment

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

(In billion yen)



➤ **Energy & Environment**

- Net sales down in thermal power plants, etc.

➤ **Integrated Defense & Space Systems**

- Net sales on par with previous year.

➤ **Commercial Aviation & Transportation Systems**

- Net sales up primarily in commercial aircraft.

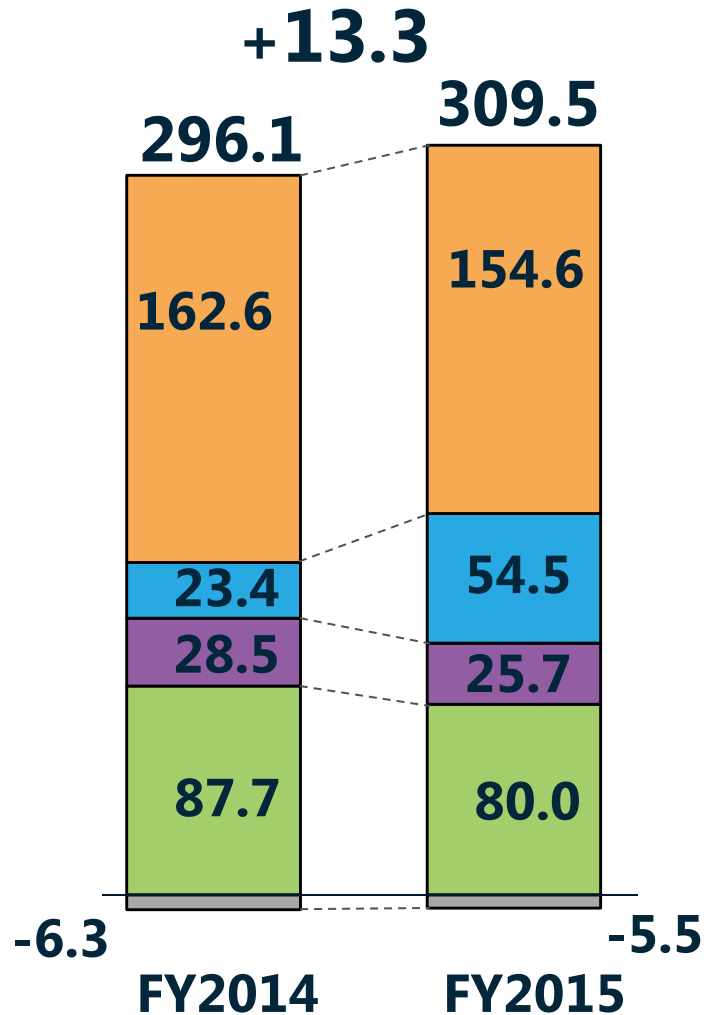
➤ **Machinery, Equipment & Infrastructure**

- Increased net sales due to merits from metals machinery business merger and scale expansion in turbochargers, air-conditioning & refrigeration, and forklift trucks.

Operating Income by Segment

(In billion yen)

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



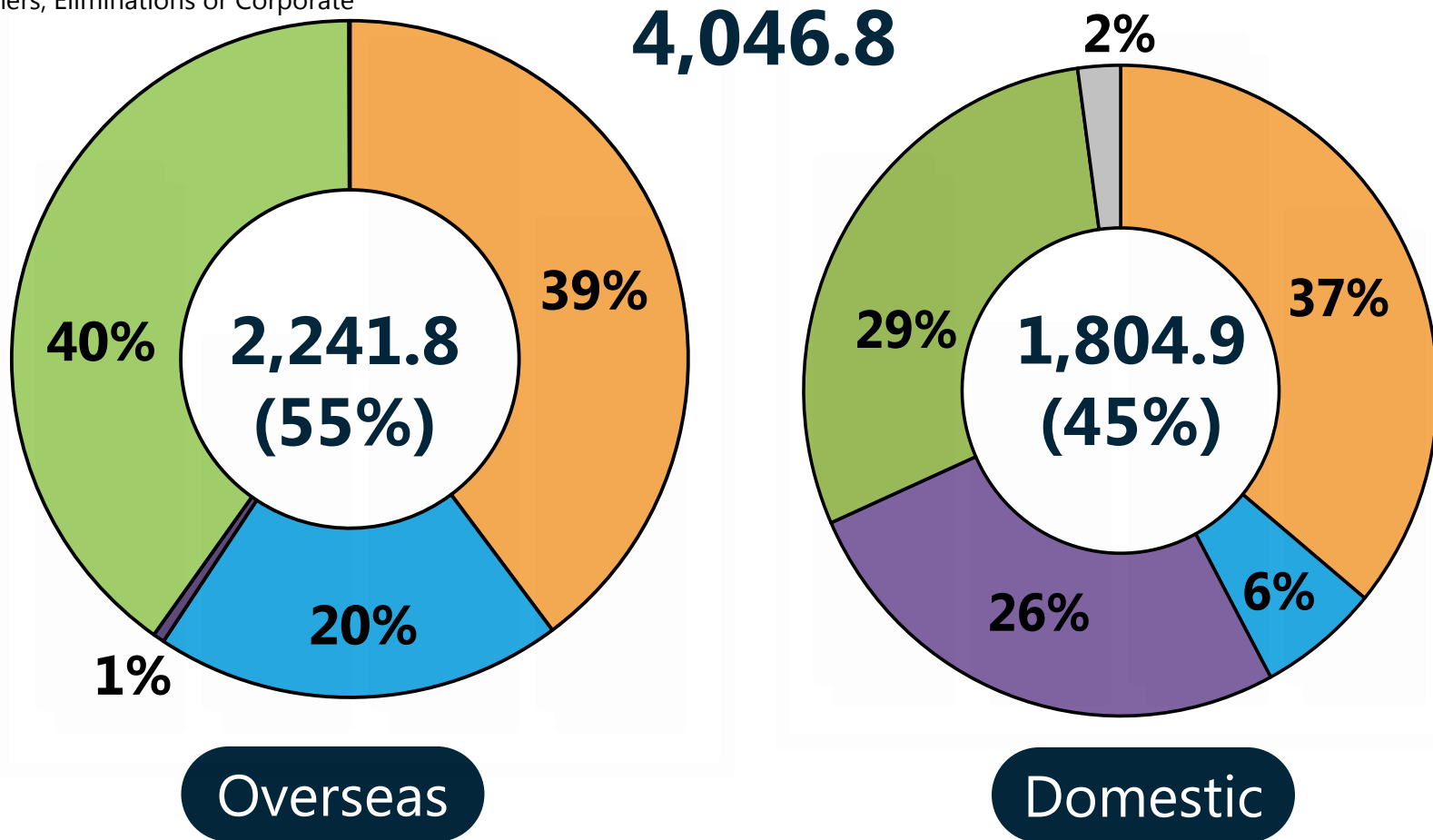
- **Energy & Environment**
 - Operating income down largely due to expenses relating to Himeji No.2 Power Station.
- **Commercial Aviation & Transportation Systems**
 - Operating income up primarily on impact of weak yen and increased sales of commercial aircraft.
- **Integrated Defense & Space Systems**
 - Operating income down owing mostly to decreased sales in space systems.
- **Machinery, Equipment & Infrastructure**
 - Operating income down largely as a result of decreased compressor sales, which were highly profitable in FY2014, and lower profitability from metals machinery, currently in process of PMI(*).

(*): PMI: Post Merger Integration

Net Sales by Geographic Area & Segment (1)

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

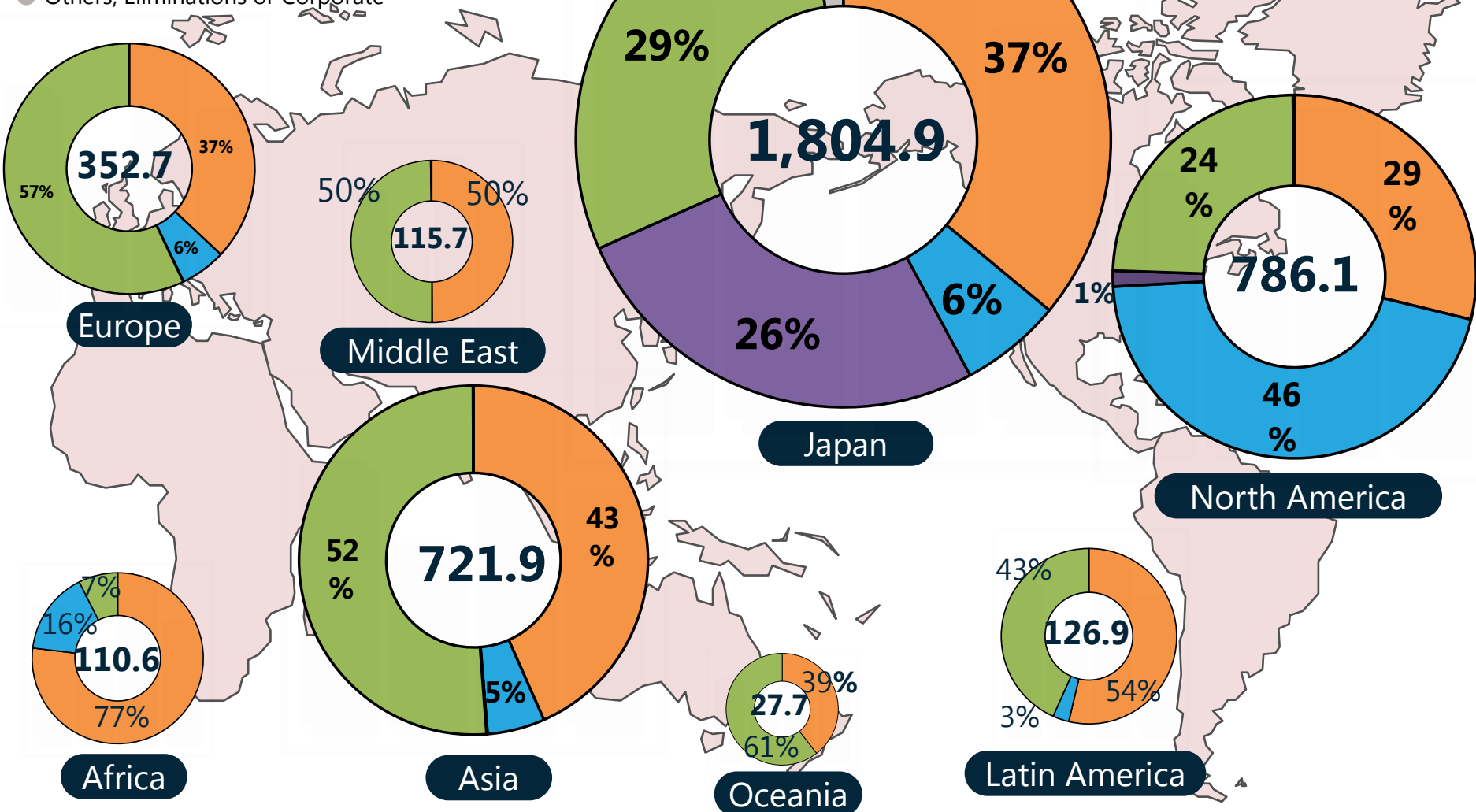
(In billion yen)



Net Sales by Geographic Area & Segment (2)

(In billion yen)

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



I . FY2015 Financial Results

(Business Analysis)

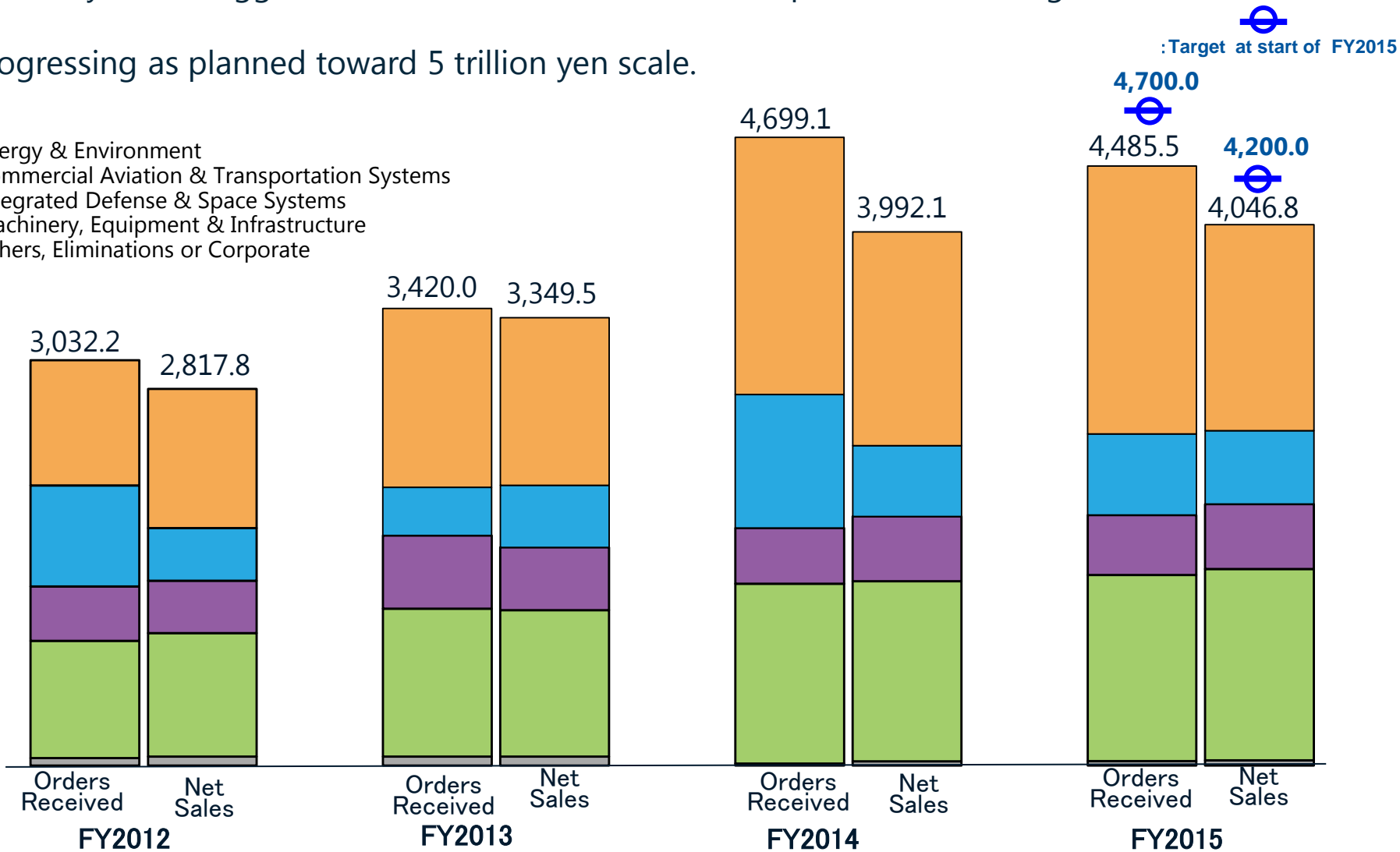
Business Scale Trend

(In billion yen)

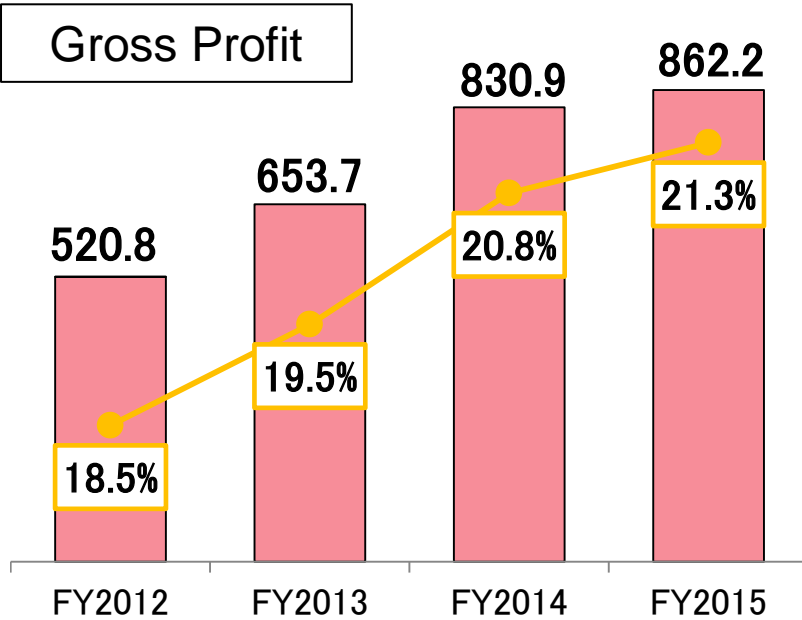
➤ Compared to FY2012, orders received up 48% and net sales up 44%, primarily due to aggressive M&A initiatives and scale expansion of existing businesses.

➤ Progressing as planned toward 5 trillion yen scale.

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



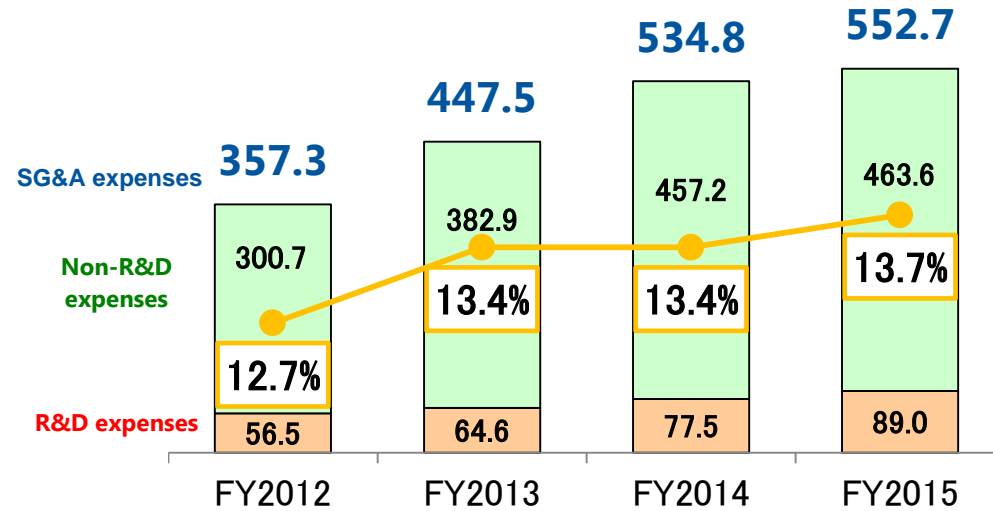
Gross Profit



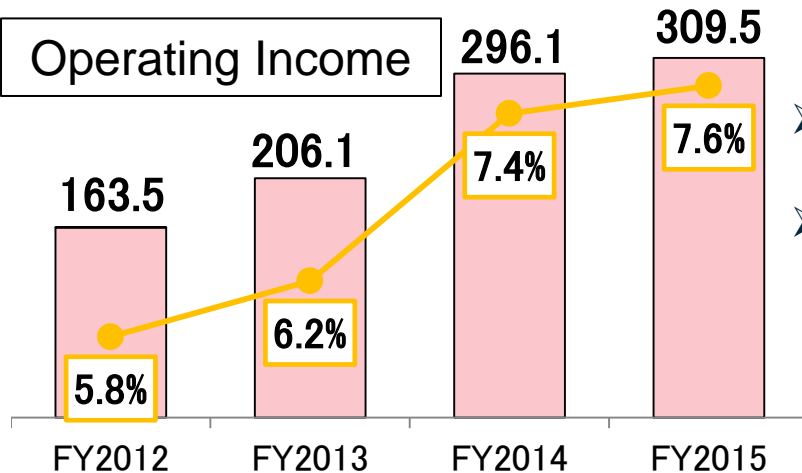
SG&A

(in billion yen)

* The line charts show data as a ratio to net sales.

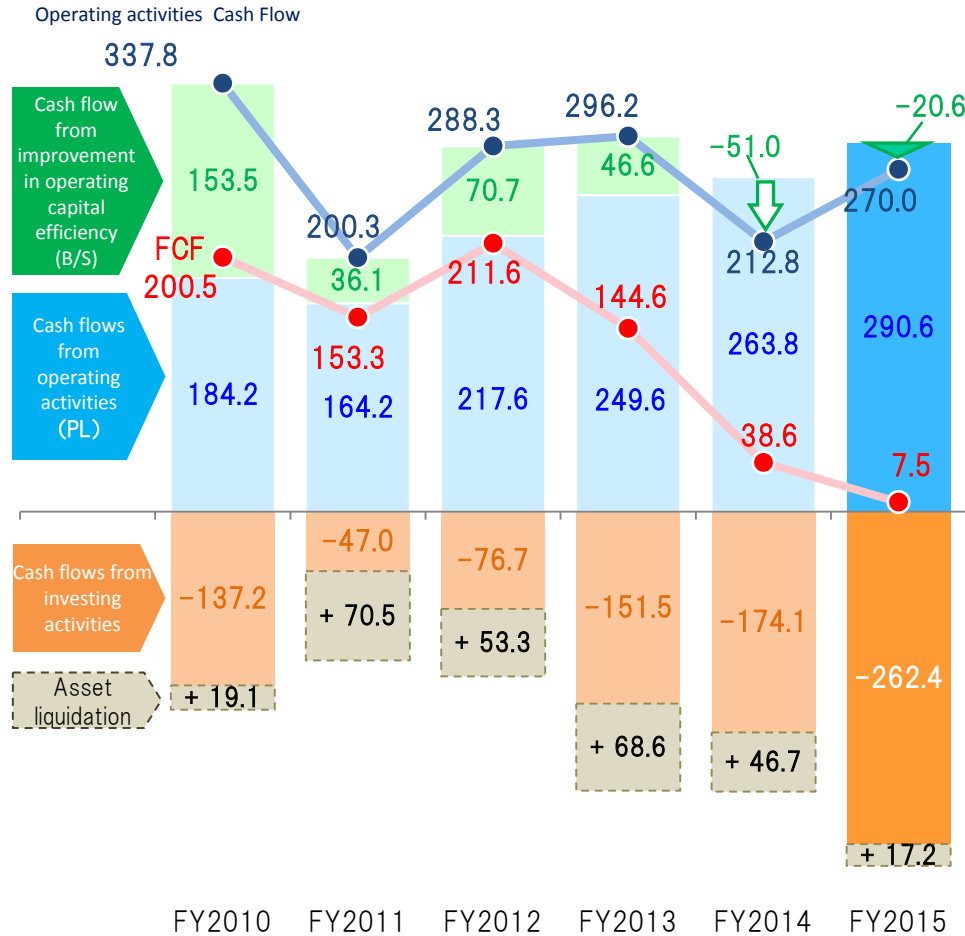


Operating Income



- Steady improvement in fundamental earning capability.
- Decrease SG&A ratio from large M&A by accelerating PMI.

Free Cash Flow Trend: FY2010-FY2015

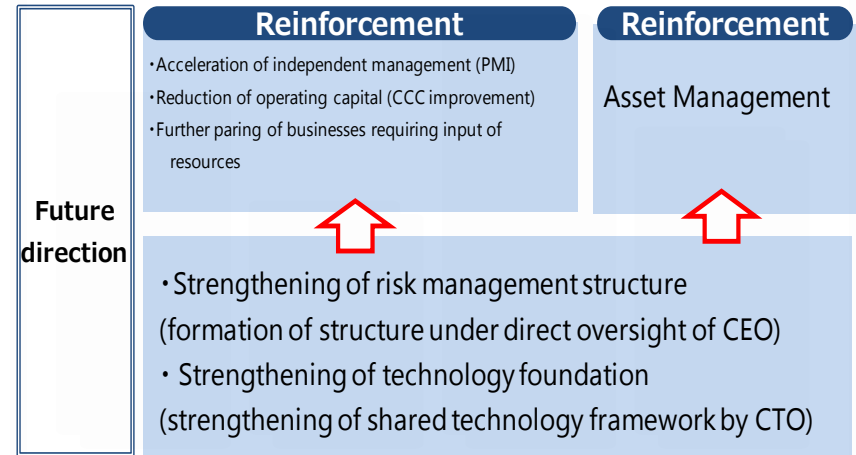


Cumulative free cash flow (FCF) for FY2010 to FY2015

Cumulative FCF excluding new businesses **1,197.6**

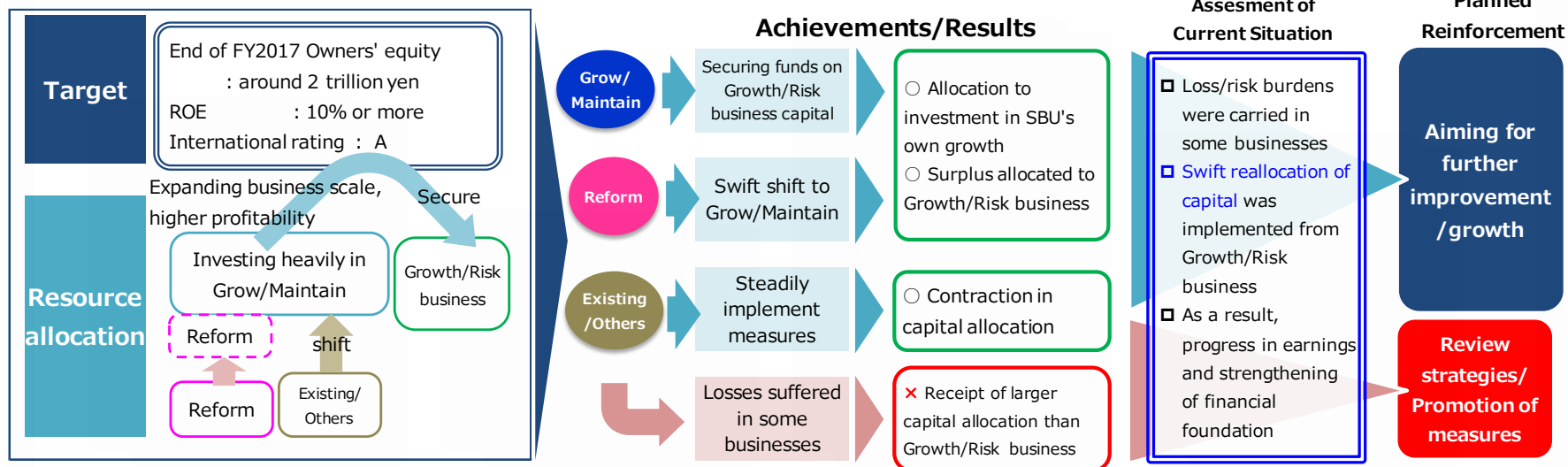
Cumulative investments in new businesses **-441.3**

Cumulative FCF 756.3



Portfolio Management Status

— Policy and Current Assessment for Each Business Position —



Notes:

Existing/Others: "Downscale/Withdraw" SBUs, corporate

Growth/Risk: existing "New" SBUs, seed money for future growth investments, buffer against sudden risk

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
EBITDA margin	8.1%	8.4%	10.0%	10.4%	11.7%	11.9%
Return on invested capital	1.06x	1.11x	1.14x	1.29x	1.37x	1.32x
Interest-bearing debt (D/E ratio)	1,325.6 (1.01)	1,157.1 (0.89)	1,031.2 (0.72)	957.4 (0.54)	975.5 (0.46)	1,052.1 (0.53)
Owners' equity [※] (Owner's equity ratio)	1,262.0 (31.6%)	1,255.0 (31.7%)	1,378.6 (35.0%)	1,543.3 (31.6%)	1,780.7 (32.3%)	1,679.7 (30.6%)
ROE	2.4%	1.9%	7.4%	11.0%	6.5%	3.7%
International rating(S&P)	BBB+ (Stable)			BBB+ (Positive)		A- (Stable)

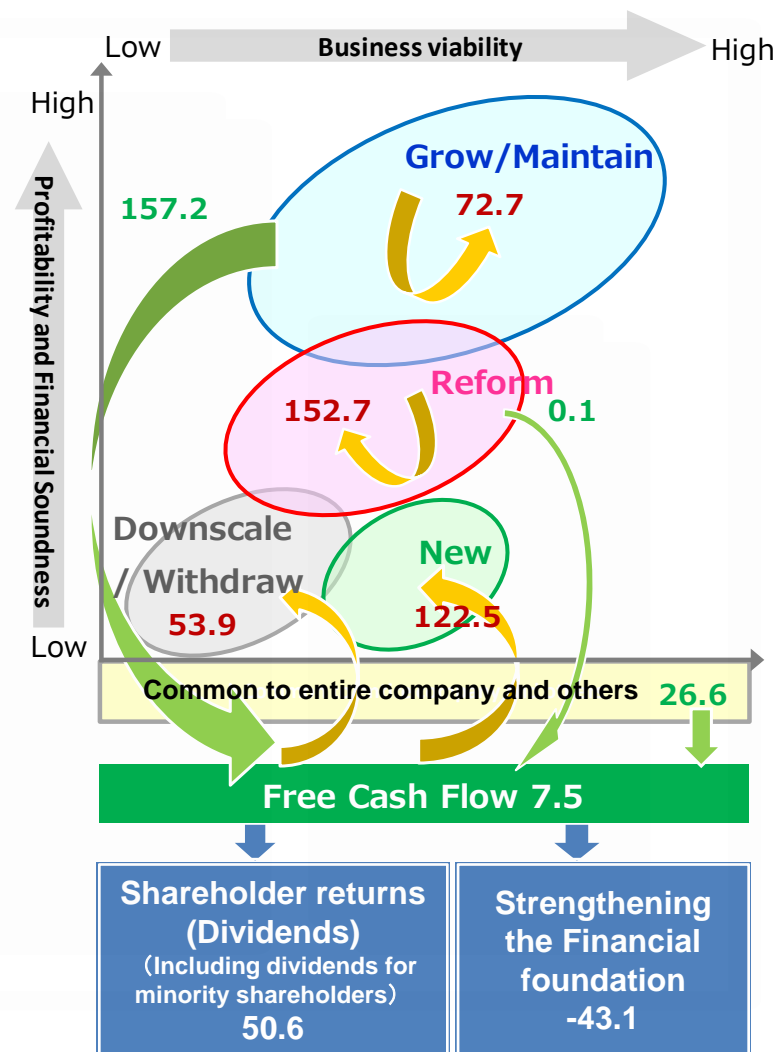
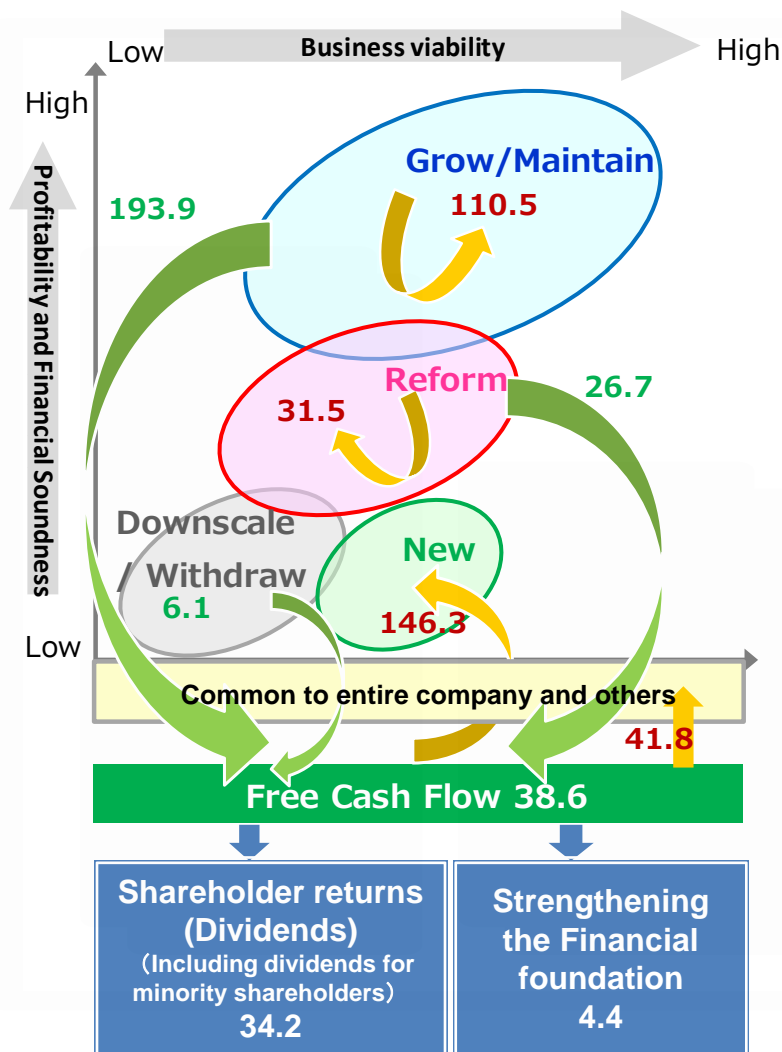
※ Owners' equity : Attributable to shareholders excluding minority stake

Portfolio Management Status –Cash Flows–

(In billion yen)

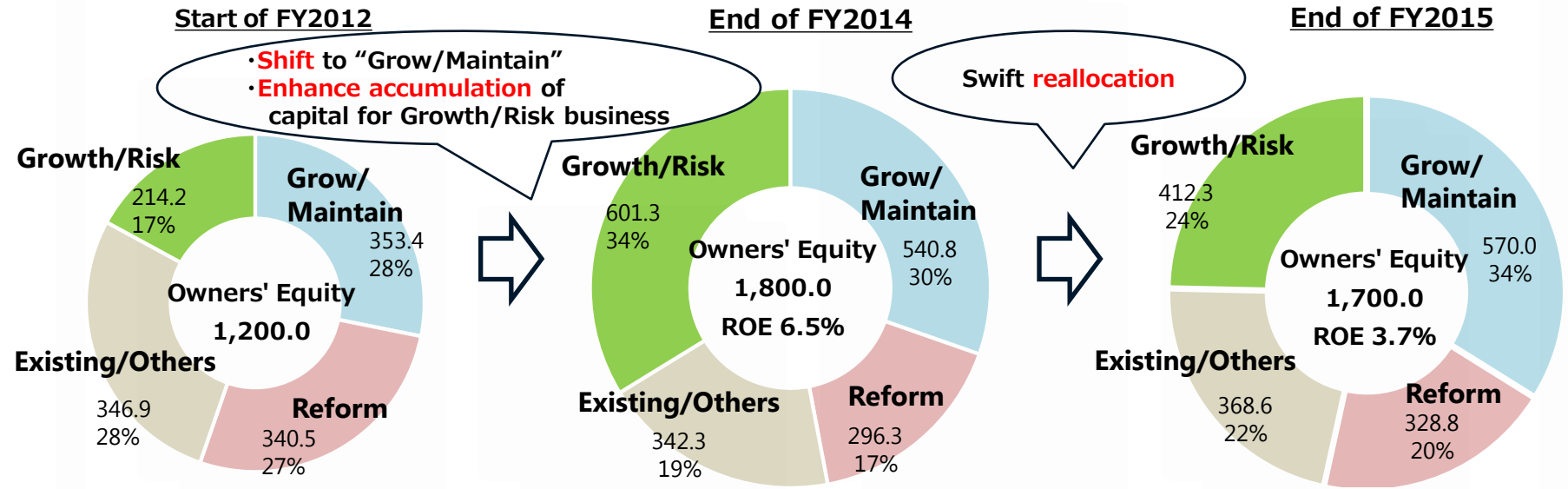
FY2014

FY2015

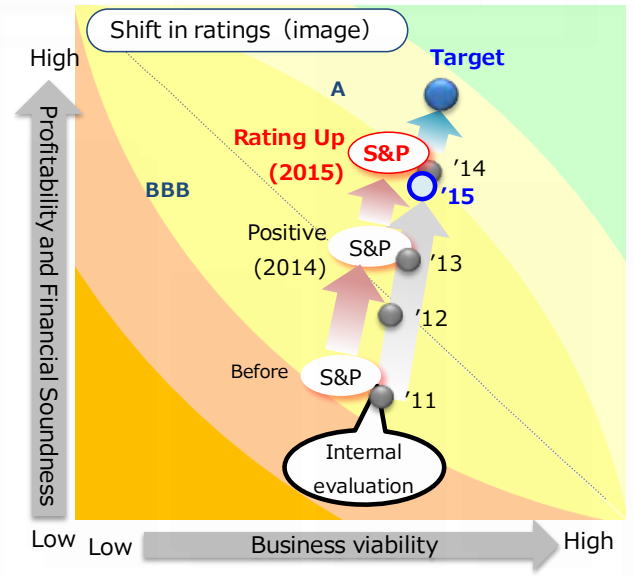
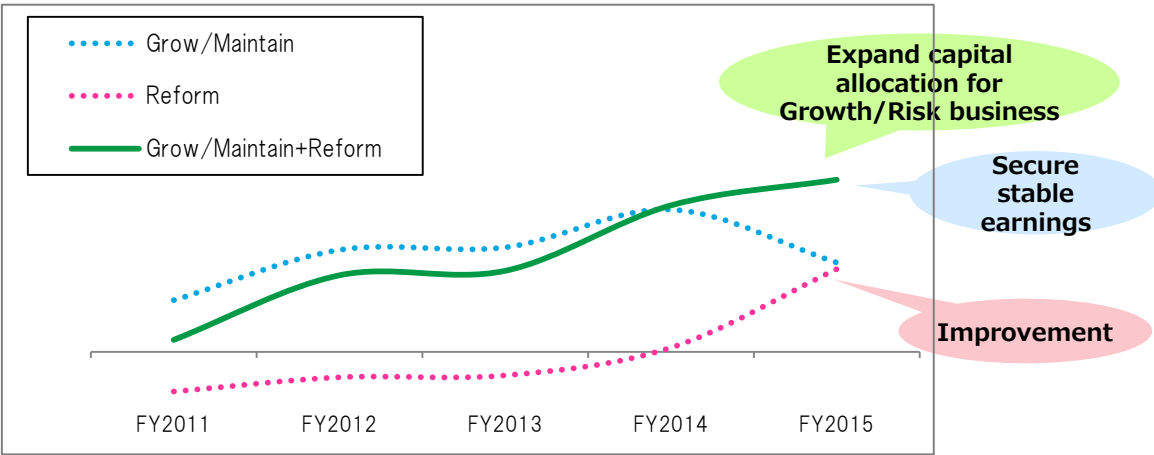


Portfolio Management Status – Capital Allocation by Business Position –

(In billion yen)



SAV* Trend



* SAV: strategic added value: income after interest payment adjustments, minus cost of capital

Basic policy

Provide shareholder returns, initially targeting a consolidated-based dividend payout ratio of around 30%, while maintaining a healthy balance of investment in future businesses and strengthening of net worth.

In the 2015 Medium-Term Business Plan, MHI is targeting 2 trillion yen in net worth to respond to future business opportunities and risks in global markets.

→ The Company will build a strong financial foundation by building up net worth to 2 trillion yen while achieving ROE of above 10%.

Accordingly, during the 2015 Business Plan the Company will decide dividend levels while keeping a close watch on the following 3 points:

- Progress in building net worth up to 2 trillion yen
- Volume of future business opportunities and risk
- Progress in improving ROE

Dividend (for the last three years)

	Dividends per Share		Net Income (In billion yen)	Consolidated dividend payout ratio
FY2013	8.0 yen	(Interim: 4yen/year-end: 4yen)	160.4	16.7%
FY2014	11.0 yen	(Interim: 5yen/year-end: 6yen)	110.4	33.4%
FY2015	12.0 yen	(Interim: 6yen/year-end: 6yen)	63.8	63.1%

II . Forecast for FY2016

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 FY2016

(In billion yen)

	FY2015 (Actual)		FY2016 (Forecast)		Change	
Orders received	4,485.5		5,000.0		+514.4	+11.5%
Net sales	4,046.8		4,400.0		+353.1	+8.7%
Operating income	(7.6%)	309.5	(8.0%)	350.0	+40.4	+13.1%
Ordinary income	(6.7%)	272.5	(7.5%)	330.0	+57.4	+21.1%
Net income attributable to owners of parent	(1.6%)	63.8	(3.0%)	130.0	+66.1	+103.7%
ROE	3.7%		7.5%		+3.8pt	-
EBITDA	(11.9%)	479.6	(12.3%)	540.0	+60.3	+12.6%
Free cash flow	7.5		130.0		+122.4	-
Dividend (per share)	12.0yen Interim: 6.0yen year-end: 6.0yen		12.0yen Interim: 6.0yen year-end: 6.0yen			

<exchange rate>
 US\$ 1.00 = ¥110
 Euro 1.00 = ¥125
 <undetermined amount>
 US\$: 2.7 billion
 Euro: 0.4 billion

Forecast for FY2016 by Segment

(In billion yen)

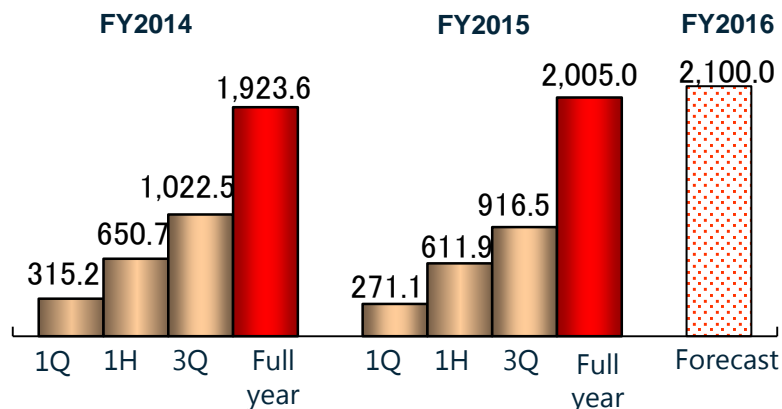
	Orders received			Net sales			Operating income		
	FY2015 (Actual)	FY2016 (Forecast)	Change	FY2015 (Actual)	FY2016 (Forecast)	Change	FY2015 (Actual)	FY2016 (Forecast)	Change
Energy & Environment	2,005.0	2,100.0	+94.9	1,542.7	1,700.0	+157.2	154.6	190.0	+35.3
Commercial Aviation & Transportation Systems	607.1	700.0	+92.8	548.5	550.0	+1.4	54.5	30.0	- 24.5
Integrated Defense & Space Systems	447.7	400.0	- 47.7	485.0	400.0	- 85.0	25.7	26.0	+0.2
Machinery, Equipment & Infrastructure	1,392.5	1,700.0	+307.4	1,432.3	1,700.0	+267.6	80.0	110.0	+29.9
Others	162.8	200.0	+37.1	177.3	160.0	- 17.3	12.6	14.0	+1.3
Eliminations or Corporate	- 129.8	- 100.0	+29.8	- 139.2	- 110.0	+29.2	- 18.1	- 20.0	- 1.8
Total	4,485.5	5,000.0	+514.4	4,046.8	4,400.0	+353.1	309.5	350.0	+40.4

III. Supplementary Information

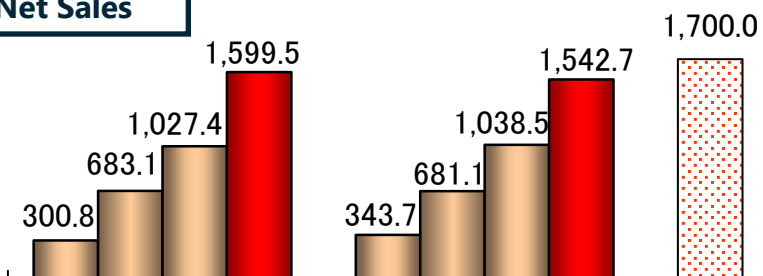
< Energy & Environment >

(In billion yen, accumulated amount)

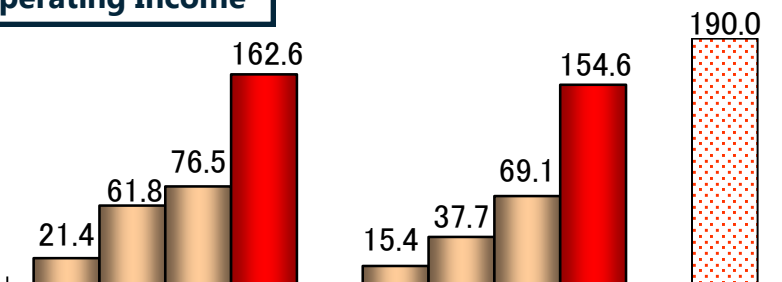
Orders Received



Net Sales



Operating Income



Orders received : Up ¥81.4 billion YoY

-Exceeded previous year's due to increases in GTCC, large-scale chemical plant orders, etc.

[Gas turbine orders received]

		North America	Asia	Japan	Others	Total
FY2014	Large size	7	4	2	-	13
	Small to medium size	-	5	7	20	32
	Total	7	9	9	20	45
FY2015	Large size	2	6	4	5	17
	Small to medium size	-	1	1	13	15
	Total	2	7	5	18	32

[Backlog of Gas turbine orders received]

	Large size	Small to medium size	Total
As of Mar 31 2015	34	33	67
As of Mar 31 2016	42	35	77

Net sales : Down ¥56.7 billion YoY

-Despite increased sales of chemical plants, etc., overall year-on-year decrease attributable to lower sales of thermal power plants, etc.

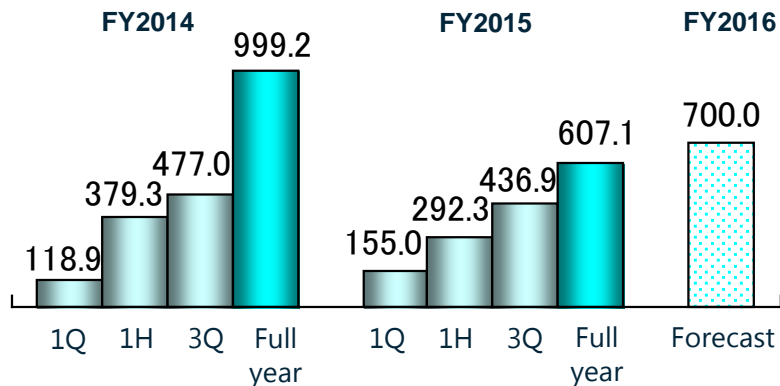
Earnings : Down ¥8.0 billion YoY

-Decreased from previous year primarily due to booking of costs related to Himeji No.2 Power Station.

< Commercial Aviation & Transportation Systems >

(In billion yen, accumulated amount)

Orders Received



Orders received : Down ¥392.1 billion YoY

-Decreased year-on-year owing to order decreases for transportation systems and MRJ, after large-scale orders received in FY2014.

[Number of ships orders received]

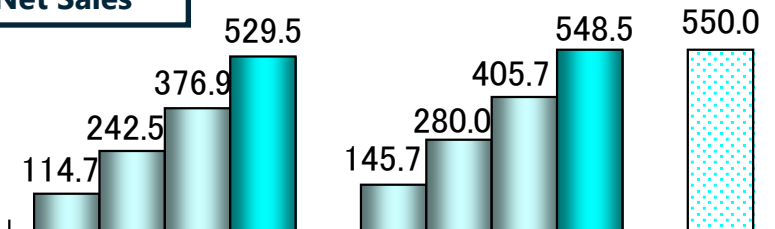
FY2014: 11 (1Q: 3, 2Q: 3, 3Q: 1, 4Q: 4)

FY2015: 16 (1Q: 4, 2Q: 2, 3Q: 5, 4Q: 5)

[Backlog of ship orders] 34

(11 LNG carriers, 9 LPG carriers, 5 patrol vessels and others)

Net Sales



Net sales : Up ¥18.9 billion YoY

-Increased from FY2014 thanks in particular to increase in commercial aircraft.

[Number of B777s delivered]

FY2014: 98 (1Q: 26, 2Q: 24, 3Q: 26, 4Q: 22)

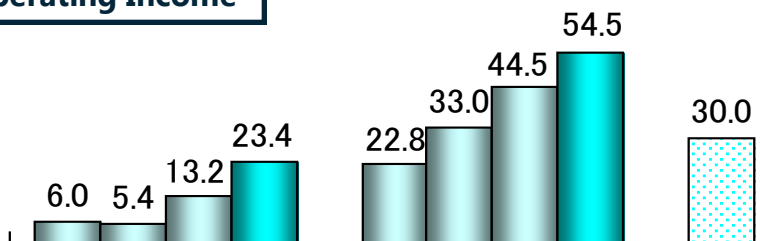
FY2015: 107 (1Q: 28, 2Q: 27, 3Q: 25, 4Q: 27)

[Number of B787s delivered]

FY2014: 122 (1Q: 32, 2Q: 28, 3Q: 30, 4Q: 32)

FY2015: 126 (1Q: 32, 2Q: 31, 3Q: 29, 4Q: 34)

Operating Income

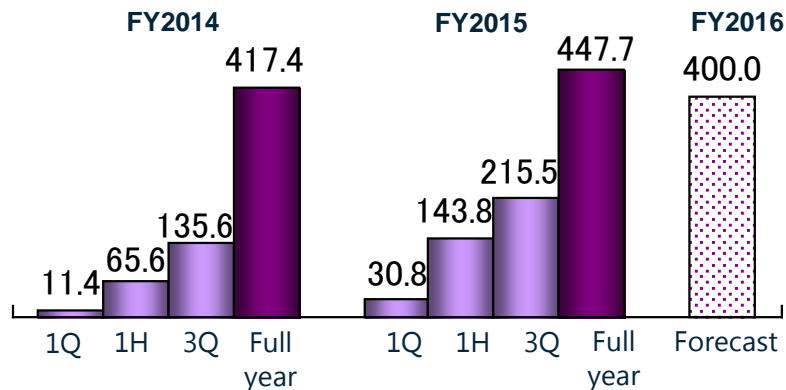


Earnings : Up ¥31.0 billion YoY

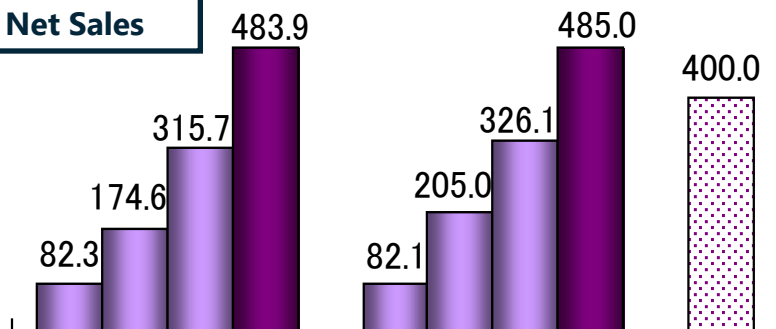
-Finished up year-on-year largely as a result of impact of weaker yen and increased sales of commercial aircraft.

< Integrated Defense & Space Systems >

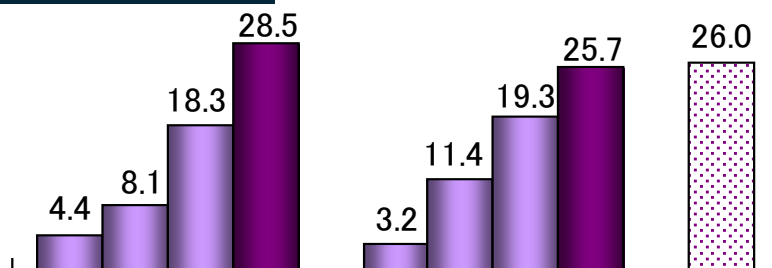
(In billion yen, accumulated amount)

Orders Received**Orders received : Up ¥30.3 billion YoY**

-Increased from the year earlier amid increases in both defense and space systems.

Net Sales**Net sales : Up ¥1.1 billion YoY**

-Finished on par with the year-ago level.

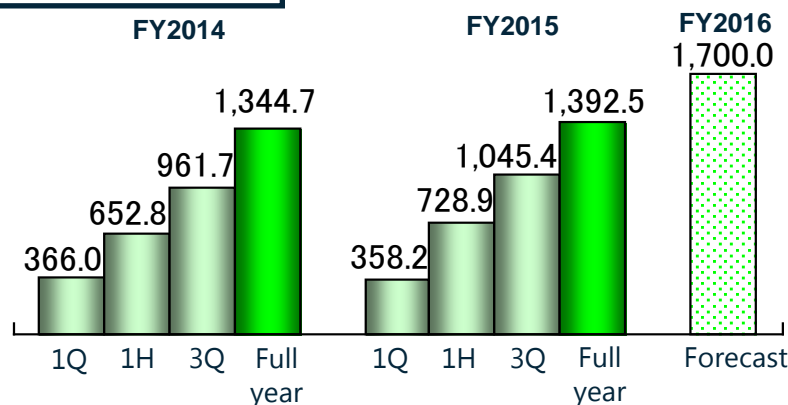
Operating Income**Earnings : Down ¥2.7 billion YoY**

-Decreased from FY2014 largely as a result of decreased space systems sales.

< Machinery, Equipment & Infrastructure >

(In billion yen, accumulated amount)

Orders Received

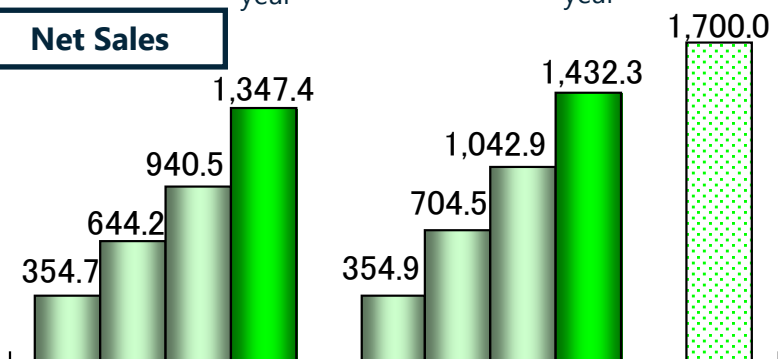


Orders received : Up ¥47.7 billion YoY

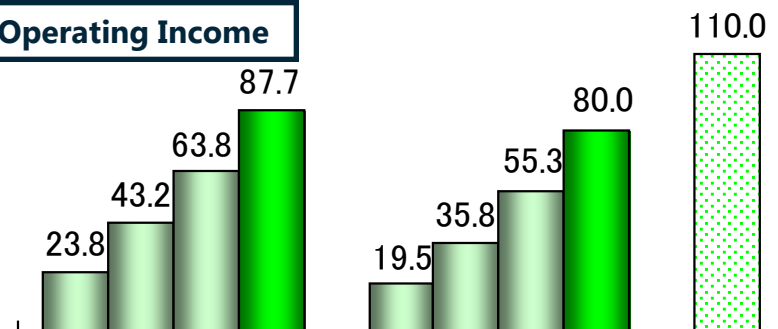
Net sales : Up ¥84.8 billion YoY

-Increased year-on-year from metals machinery post-merger integration merits and scale expansion in turbochargers, air-conditioners & refrigeration, and forklift trucks.

Net Sales



Operating Income



Earnings : Down ¥7.6 billion YoY

-Declined from previous year due to decreased sales of compressors, which had posted high profitability in FY2014, and reduced profitability in metals machinery, currently undergoing PMI.

(*) Changes in business domains

- Due to business domain reorganization, certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others".
- Results shown here are in accordance with the new business domain structure.

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

(In billion yen)

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 (Forecast)
R&D Expenses	121.4	120.0	138.5	145.5	150.6	150.0
Depreciation	126.2	119.4	134.9	157.0	158.7	170.0
Capital Expenditure	120.7	118.8	148.6	156.1	175.5	200.0

2. Cash Flows

(In billion yen)

	FY2011	FY2012	FY2013	FY2014	FY2015
Cash flows from operating activities	200.3	288.3	296.2	212.8	270.0
Cash flows from investing activities	-47.0	-76.7	-151.5	-174.1	-262.4
Free cash flows	153.3	211.6	144.6	38.6	7.5
Cash flows from financing activities	-183.6	-154.2	-136.6	-45.8	-23.1

3. Interest-Bearing Debt, D/E ratio

	FY2011	FY2012	FY2013	FY2014	FY2015
Interest-bearing debt (In billion yen)	1,157.1	1,031.2	957.4	975.5	1,052.1
D/E ratio	89%	72%	54%	46%	53%

4. Foreign Exchange Rates

(¥/US\$)

	FY2011	FY2012	FY2013	FY2014	FY2015
Average rates for recording sales	81.0	83.6	100.1	109.4	119.7
(Reference) Rates at end of period	82.2	94.1	102.9	120.2	112.7

5. Employees

(Number of employees)

(Consolidated)	FY2011	FY2012
Shipbuilding & Ocean Development	3,966	3,708
Power Systems	18,754	18,966
Machinery & Steel Infrastructure Systems	8,914	8,814
Aerospace Systems	9,364	9,513
General Machinery & Special Vehicles	8,709	8,630
Others	18,914	18,582
Total	68,621	68,213

(Non-Consolidated) (32,494) (31,111)

(Consolidated)	FY2013	FY2014	FY2015
Energy & Environment	28,393	26,855	25,887
Commercial Aviation & Transportation Systems	8,182	7,129	7,428
Integrated Defense & Space Systems	6,477	6,022	6,281
Machinery, Equipment & Infrastructure	26,769	33,277	36,244
Others	10,762	8,562	8,092
Total	80,583	81,845	83,932

(Non-Consolidated) (22,147) (21,117) (19,357)

6. Overseas Sales by Region

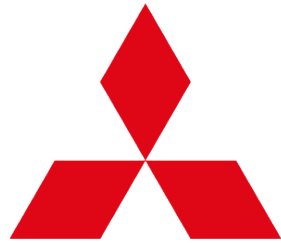
(In billion yen)

	FY2011	FY2012	FY2013	FY2014	FY2015
North America	296.0 (10.5%)	379.0 (13.5%)	522.8 (15.6%)	680.3 (17.0%)	786.1 (19.4%)
Central & South America	142.1 (5.0%)	105.1 (3.7%)	104.0 (3.1%)	119.0 (3.0%)	126.9 (3.1%)
Asia	381.8 (13.5%)	457.6 (16.2%)	592.9 (17.7%)	682.5 (17.1%)	721.9 (17.8%)
The Middle East	68.7 (2.4%)	47.5 (1.7%)	78.6 (2.4%)	127.1 (3.2%)	115.7 (2.9%)
Europe	225.7 (8.0%)	217.5 (7.7%)	263.8 (7.9%)	354.0 (8.9%)	352.7 (8.7%)
Africa	51.6 (1.8%)	23.4 (0.8%)	67.3 (2.0%)	129.8 (3.3%)	110.6 (2.7%)
Oceania	14.8 (0.5%)	31.5 (1.1%)	21.5 (0.6%)	37.0 (0.9%)	27.7 (0.7%)
Total	1,181.0 (41.9%)	1,261.9 (44.8%)	1,651.2 (49.3%)	2,129.9 (53.4%)	2,241.8 (55.4%)

7. Segment Information by Geographic Distribution

(In billion yen)

		FY2011	FY2012	FY2013	FY2014	FY2015
Japan	Net Sales	2,621.7	2,565.6	2,873.9	3,141.2	3,057.3
	Operating income	105.2	136.7	189.5	263.2	248.6
North America	Net Sales	168.6	205.7	352.3	456.4	529.1
	Operating income	0.7	13.2	1.9	4.2	21.9
Asia	Net Sales	148.4	149.6	244.4	374.1	383.0
	Operating income	5.6	8.9	14.8	26.7	32.7
Europe	Net Sales	130.9	128.5	162.1	327.5	364.5
	Operating income	-1.5	4.7	-0.7	1.3	3.6
Others	Net Sales	20.0	17.1	28.9	89.9	100.1
	Operating income	1.8	-0.1	0.4	0.5	2.4
Eliminations or Corporate	Net Sales	-268.8	-248.8	-312.2	-397.2	-387.3
	Operating income	-	-	-	-	-
Total	Net Sales	2,820.9	2,817.8	3,349.5	3,992.1	4,046.8
	Operating income	111.9	163.5	206.1	296.1	309.5



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