MOVE THE WORLD FORWARD MITSUBISHI HEAVY INDUSTRIES GROUP

FASF MEMBERSHIP

Financial Results for FY2017

May 8, 2018

MITSUBISHI HEAVY INDUSTRIES, LTD.

MITSUBISHI HEAVY INDUSTRIES

This presentation is an overview of MHI's financial results for fiscal year 2017, covering the period from April 2017 through March 2018.

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I. Financial Results for FY2017

Summary of Financial Results for FY2017

MITSUBISHI HEAVY INDUSTRIES

(In billion yen)

	FY2015	FY2016	FY2017	Change
Orders received	4,485.5	4,275.6	3,875.7	- 399.9 (- 9.4%)
Net sales	4,046.8	3,914.0	4,110.8	+196.7 (+5.0%)
Operating income	(7.6%) 309.5	(3.8%) 150.5	(3.1%) 126.5	- 24.0 (- 16.0%)
Ordinary income	(6.7%) 272.5	(3.2%) 124.2	(2.8%) 114.4	- 9.8 (- 7.9%)
Extraordinary gain/loss	-139.8	45.4	13.5	- 31.8 -
Profit attributable to owners of parent	(1.6%) 63.8	(2.2%) 87.7	(1.7%) 70.4	- 17.2 (- 19.6%)
ROE	3.7%	5.1%	3.9%	-1.2pt
EBITDA	(11.9%) 479.6	(8.7%) 339.8	(7.8%) 319.1	- 20.7 (- 6.1%)

Breakdown of FY2017 Extraordinary gain/loss (13.5)

<Extraordinary gain>

- Gain on sales of investment securities etc. 31.3

<Extraordinary loss>

- Business structure improvement expenses -14.5 etc.

This table shows a summary of the year’s results.

Orders received totaled 3,875.7 billion yen, down 399.9 billion yen from the previous fiscal year. Orders decreased year-on-year in the Power Systems and Aircraft, Defense & Space segments. On announcing our interim results, we revised our full-year forecast downward to 4,000 billion yen, however the actual result undershot that projection by 124.3 billion yen.

Net sales finished at 4,110.8 billion yen, up 196.7 billion yen year-on-year. This exceeded our forecast, revised at mid-year, by 10.8 billion yen.

Operating income reached 126.5 billion yen, down 24 billion yen from the previous year. This result was 53.5 billion yen below our revised forecast. The reasons behind this shortfall will be explained on page 14.

Profit attributable to owners of parent ended the year at 70.4 billion yen, down by 17.2 billion yen. The final result was 9.6 billion yen below our revised forecast.

ROE finished at 3.9%, down 1.2 points year-on-year.

EBITDA reached 319.1 billion yen, off 20.7 billion yen from the previous year.

Financial Results for FY2017 by Segment(*)

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2016	FY2017	Change	FY2016	FY2017	Change	FY2016	FY2017	Change
Power Systems	1,726.3	1,437.5	- 288.8	1,448.4	1,493.9	+45.5	108.1	108.9	+0.8
Industry & Infrastructure	1,590.3	1,711.3	+120.9	1,747.0	1,898.9	+151.9	50.0	40.8	- 9.2
Aircraft, Defense & Space	955.0	721.5	- 233.5	703.4	722.9	+19.5	0.9	- 15.1	- 16.0
Others	160.4	113.5	- 46.9	175.9	120.8	- 55.1	10.7	5.0	- 5.6
Eliminations or Corporate	- 156.6	- 108.3	+48.3	- 160.7	- 125.9	+34.8	- 19.3	- 13.2	+6.0
Total	4,275.6	3,875.7	- 399.9	3,914.0	4,110.8	+196.7	150.5	126.5	- 24.0

(*) The reported segments have been changed in line with the reorganization and business reconfiguration initiatives carried out effective April 1, 2017.

Here we see a breakdown of the year’s results by segment.

Orders received decreased year-on-year in the Power Systems and Aircraft, Defense & Space segments. Orders in the Industry & Infrastructure segment, on the other hand, were robust, especially for mass-manufactured products.

Net sales increased in all three segments. In the Industry & Infrastructure segment in particular, net sales increased significantly in tandem with the strong orders received for mass-manufactured products.

Operating income in the Power Systems segment reached 108.9 billion yen, little changed from the previous year and 8.9 billion yen above our revised forecast. By contrast, operating income in the Industry & Infrastructure segment ended the year at 40.8 billion yen, down 9.2 billion yen from fiscal year 2016 and substantially below our revised forecast. I will explain why on page 14. In the Aircraft, Defense & Space segment, operating income ended 15.1 billion yen in the red, down 16 billion yen year-on-year. This was attributable largely to cost increases arising from accelerated development of the MRJ.

Balance Sheet Overview

MITSUBISHI HEAVY INDUSTRIES

(In billion yen)

	As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	Change
Trade receivables	1,200.8	1,180.1	1,232.7	+52.5
Inventories	1,335.9	1,325.5	1,212.8	-112.7
Other current assets	992.9	* 1,016.3	* 1,133.6	+117.2
Total fixed assets	1,270.9	1,184.5	1,080.6	-103.8
Investments and advances	699.9	775.3	827.7	+52.4
Total assets	5,500.7	5,481.9	5,487.6	+5.6
Trade payables	860.6	836.0	878.2	+42.2
Advance payments received on contracts	749.7	777.6	899.6	+121.9
Other current liabilities	838.4	838.5	732.0	-106.5
Interest-bearing debt	1,052.1	925.5	813.1	-112.3
Net assets	1,999.7	2,104.1	2,164.4	+60.3
Net worth (Owners equity)	1,679.7	1,779.5	1,824.7	+45.2
Total liabilities and net assets	5,500.7	5,481.9	5,487.6	+5.6

* Including indemnification asset for South African project
(Mar. 31, 2017: 294.9 billion yen
Mar. 31, 2018: 400.9 billion yen)

Borrowings -72.3
Bonds -40.0

Dividend -40.3
Profit attributable to owners of parent +70.4
Other comprehensive income +4.7 etc.
(Unrealized holding gain on investment securities, etc.)

(Note) Change in accounting policy (abolition of the exceptional method for interest rate swaps) has been factored into FY2016's year-end balance sheets.

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Next, I will give an overview of our balance sheets.

At MHI, we see building efficient balance sheets as essential to strengthening our financial position. Our total assets stand at 5,487.6 billion yen, virtually unchanged from fiscal 2016. When certain extraordinary factors are excluded—for example, our project in South Africa and the MRJ—we continue to make steady progress in streamlining our balance sheets. I will explain this in greater detail on page 18.

Within the breakdown of assets, inventories decreased by 112.7 billion yen. Total fixed assets finished down 103.8 billion yen, attributable largely to the sale of assets and depreciation. Meanwhile, other current assets increased by some 100 billion yen in indemnification asset for South African project.

Turning to liabilities, trade payables and advance payments received on contracts both increased year-on-year. With respect to advance payments received on contracts in particular, we see the increase as a solid result of our initiatives taken especially to improve business terms. In evaluating the robustness of our balance sheets, we focus on the balance between a) trade payables plus advance payments received on contracts, and b) inventories. As of the end of fiscal 2017, the sum of trade payables and advance payments received on contracts reached approximately 1,700 billion yen, significantly above the 1,212.8 billion yen recorded in inventories. This fact, coupled with the course registered until now, makes us believe that we are making gradual progress in squeezing our working capital. As a result, our cash flows, as I will explain on the following page, have improved significantly, with interest-bearing debt falling by 112.3 billion yen year-on-year, to 813.1 billion yen.

Our net assets increased from the previous year, largely on the back of increased net income.

Main Financial Measures, Cash Flows

MITSUBISHI HEAVY INDUSTRIES

Main Financial Measures

	As of Mar.31, 2016	As of Mar.31, 2017	As of Mar.31, 2018	Change
Equity ratio	30.5%	32.5%	33.3%	+0.8pt
Interest-bearing debt (In billion yen)	1,052.1	925.5	813.1	-112.3
D/E ratio	53%	44%	38%	-6pt

Cash Flows

(In billion yen)

	FY2015	FY2016	FY2017	Change
Operating activities Cash Flow	270.0	95.9	345.1	+249.1
Investing activities Cash Flow	-262.4	8.7	-137.1	-145.8
Free Cash Flow	7.5	104.6	207.9	+103.3

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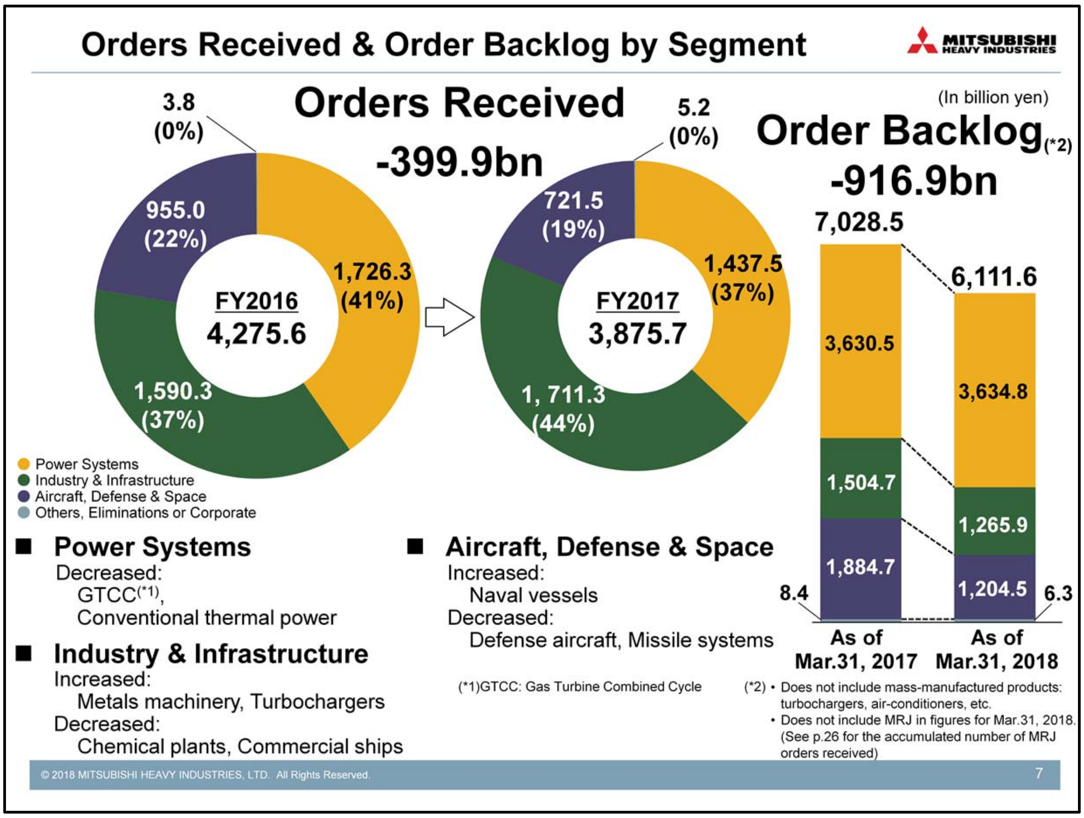
Next, I will explain the state of our main financial measures and cash flows.

As a result of streamlining our balance sheets and improving our cash flows, year-on-year improvements were recorded in each of the main financial measures. Our equity ratio improved to 33.3%, interest-bearing debt ended at 813.1 billion yen, and our D/E ratio finished at 38%.

Among cash flows, our operating activities cash flow improved significantly, finishing at 345.1 billion yen, largely from streamlining our balance sheets.



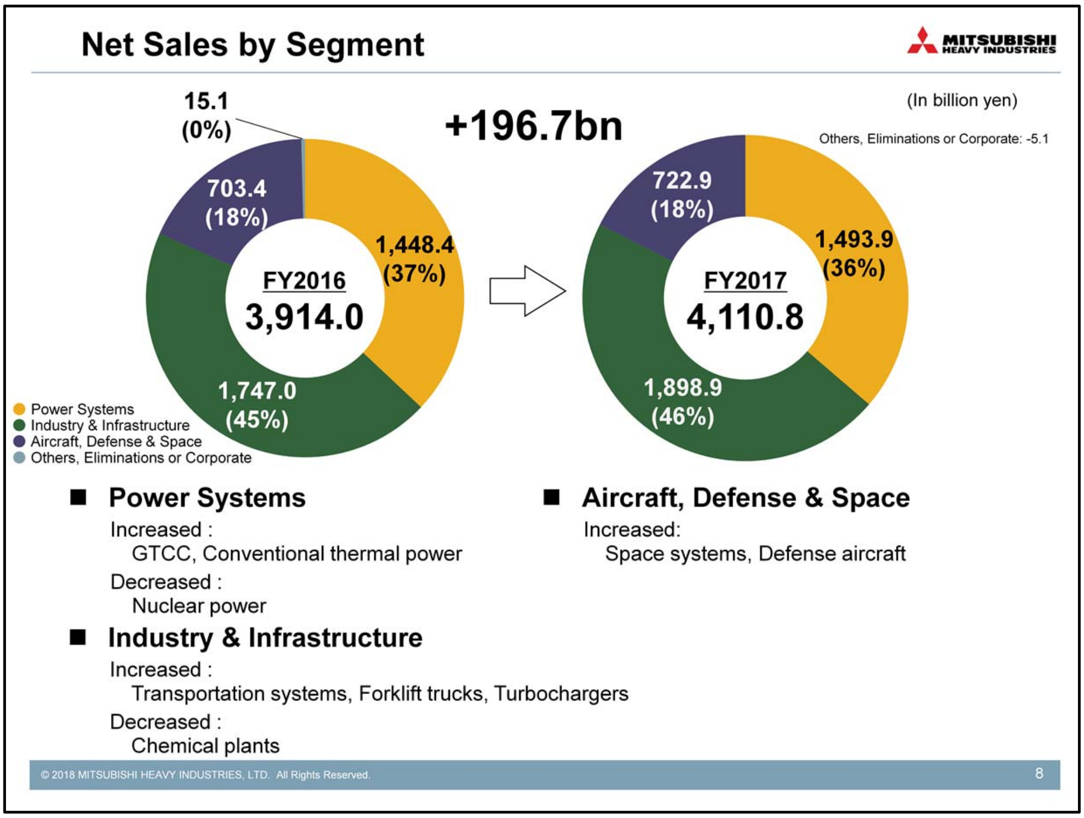
Next, I will explain our orders received, order backlog, net sales, and operating income results by segment.

In the Power Systems segment, shown here in orange, orders were sluggish for GTCC and conventional thermal power systems.

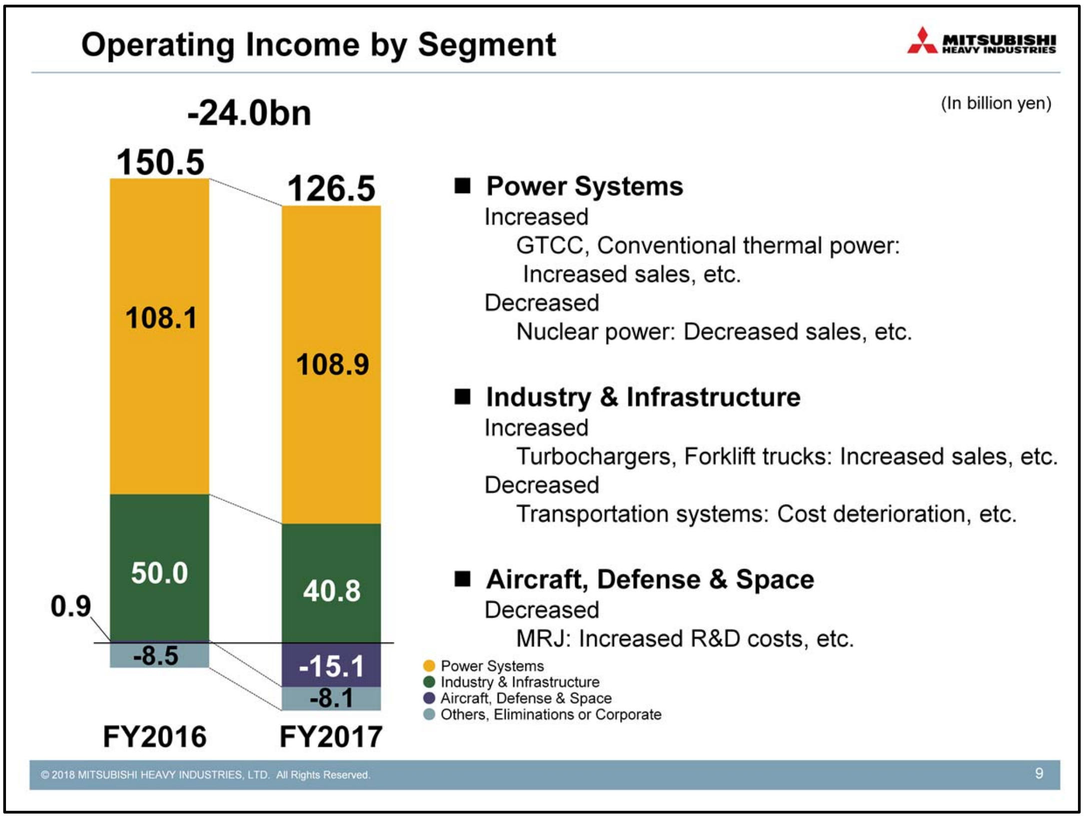
In the Industry & Infrastructure segment, shown in green, orders increased year-on-year on the back of recovery in metals machinery and solid orders for turbochargers and other mass-manufactured products.

In the Aircraft, Defense & Space segment, seen in purple, in fiscal 2016 orders had topped 900 billion yen on the strength of some large new orders. This year, orders returned to their average level.

Turning to the order backlog, as I have explained, we believe that the actual situation becomes clearer when orders for aircraft and other ultra-long-term products are excluded. Therefore, the figure shown here does not include previous orders received for the MRJ. But even excluding this factor, net sales are increasing vis-à-vis orders received, so the order backlog is decreasing somewhat.

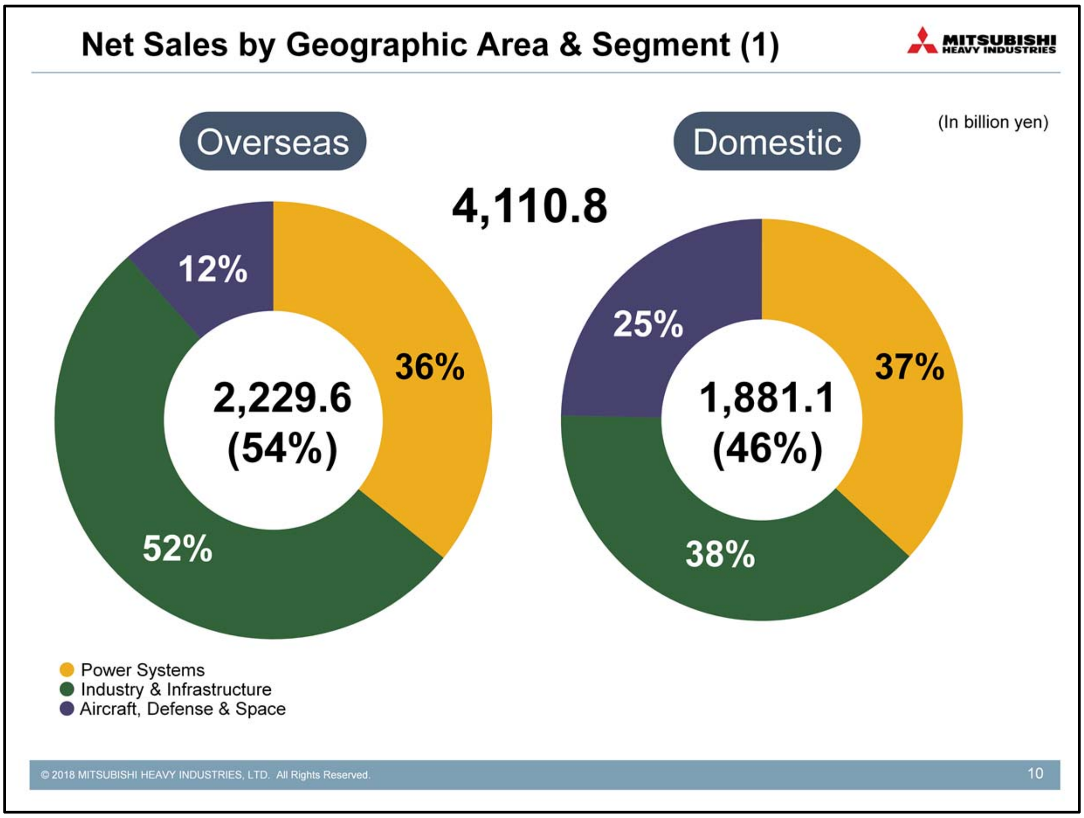


Here we see our net sales performance by segment. The greatest change from fiscal 2016 is an increase recorded in the Industry & Infrastructure segment, attributable to robust sales of mass-manufactured products.

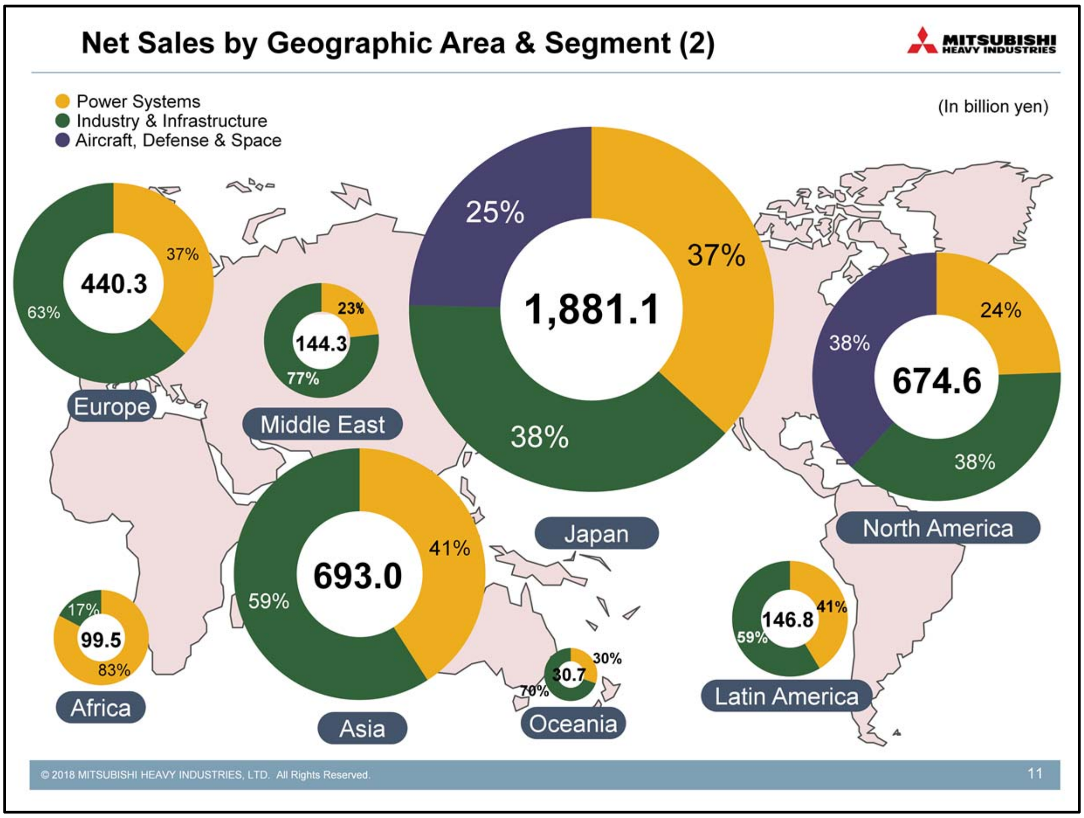


Turning to operating income, the Power Systems segment ended close to the level of the previous year, while income decreased in the Industry & Infrastructure segment. This owed to booking of a provision against future risk. I will explain this point further on page 14.

The decrease recorded in the Aircraft, Defense & Space segment owes to increased MRJ development costs as development hits its peak.



Here we see a breakdown of our net sales by geographic area.


Net Sales by Geographic Area & Segment (2)
MITSUBISHI HEAVY INDUSTRIES
Power Systems
Industry & Infrastructure
Aircraft, Defense & Space
(In billion yen)
440.3
37%
63%
Europe
144.3
23%
77%
Middle East
1,881.1
25%
37%
38%
Japan
674.6
24%
38%
38%
North America
693.0
41%
59%
Asia
99.5
17%
83%
Africa
30.7
30%
70%
Oceania
146.8
41%
59%
Latin America
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II. Analysis of FY2017 Results

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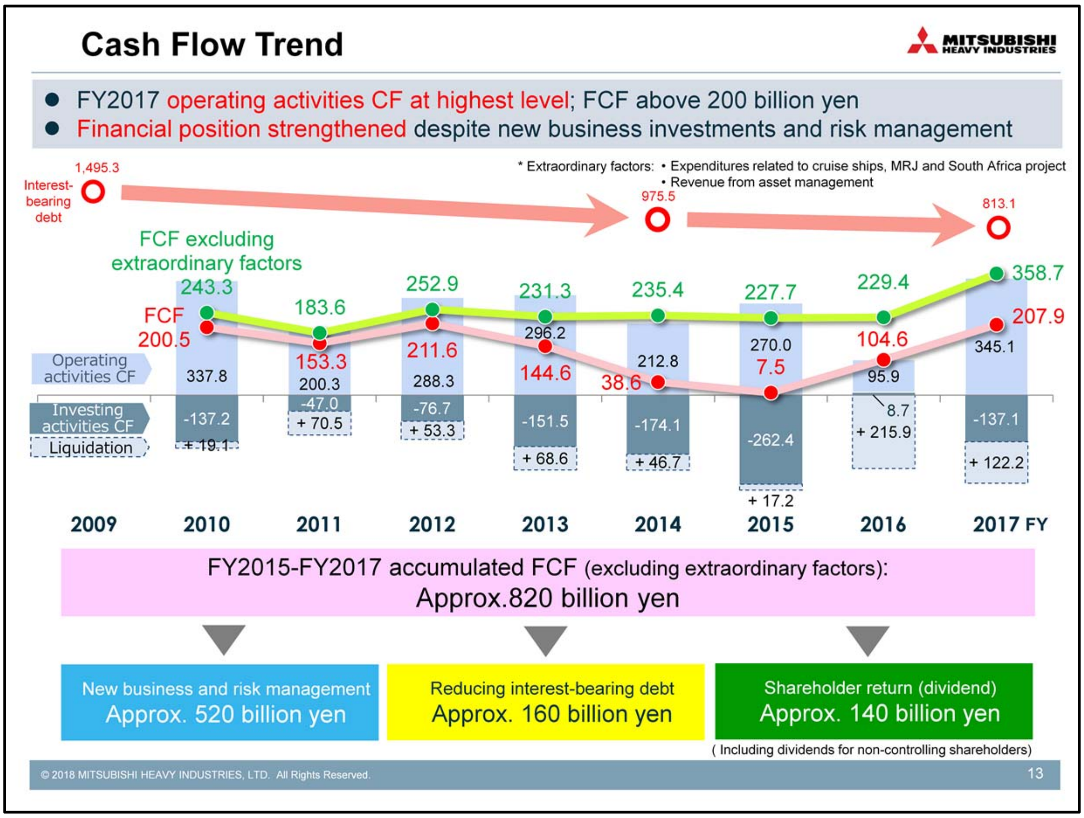
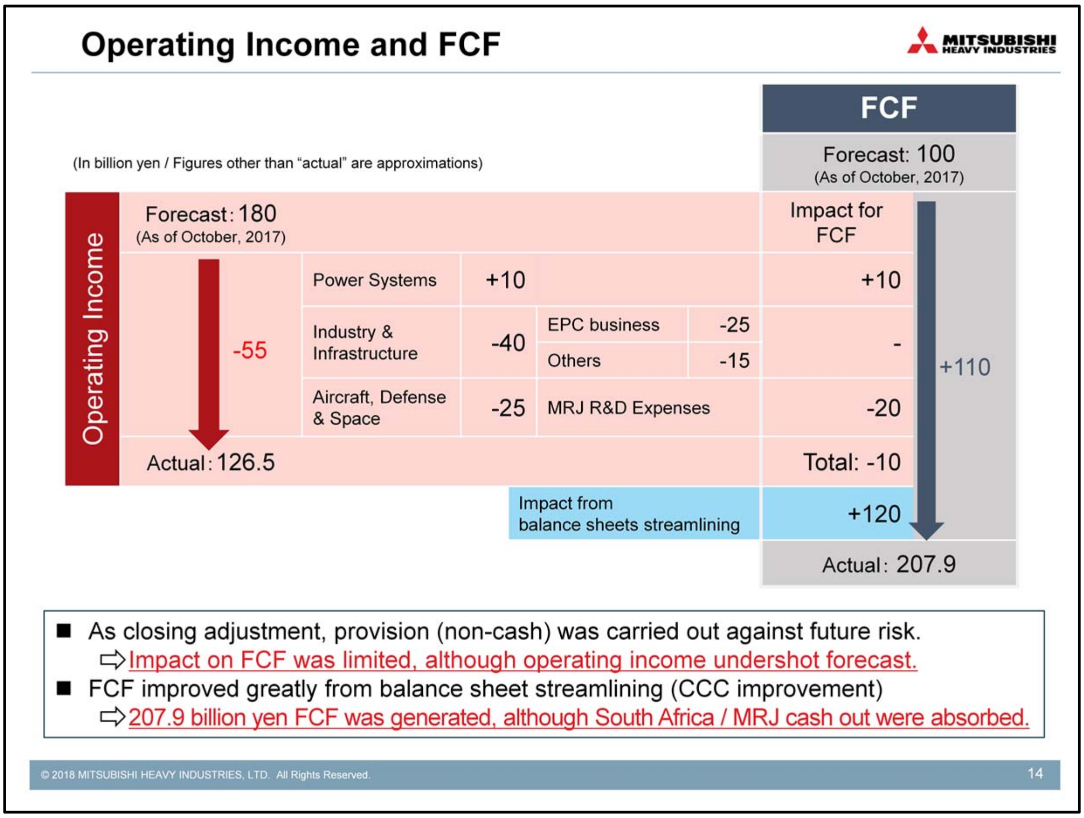
Now, I would like to turn to an analysis of our fiscal 2017 business results.



At MHI, as a prerequisite to ensure our future business growth, we are taking steps to strengthen our financial foundation. Free cash flow, excluding extraordinary factors—expenditures related to the cruise ship business, the MRJ, and the project in South Africa, etc.—had for several years been fluctuating within a range between 200 and 250 billion yen; but in fiscal 2017 free cash flow improved substantially as a result of ongoing improvement of our balance sheets. Today, the extraordinary factors themselves are in a decreasing trend: cruise ship deliveries have been completed, and work related to the South African project is nearing completion. So free cash flow including these factors has now reached 207.9 billion yen. In addition, although we are making steady progress in asset management, investment cash flow excluding this factor is maintaining a certain level.

In the lower part of this page we see how the approximately 820 billion yen in free cash flow, excluding extraordinary factors, accumulated during the period of the 2015 Business Plan—the three years from fiscal 2015 through fiscal 2017—has been used. 520 billion yen has been invested into new businesses, including the MRJ, and risk management. Approximately 160 billion yen has been used to reduce interest-bearing debt, in order to improve our financial position. And roughly 140 billion yen has been allocated as shareholder returns.



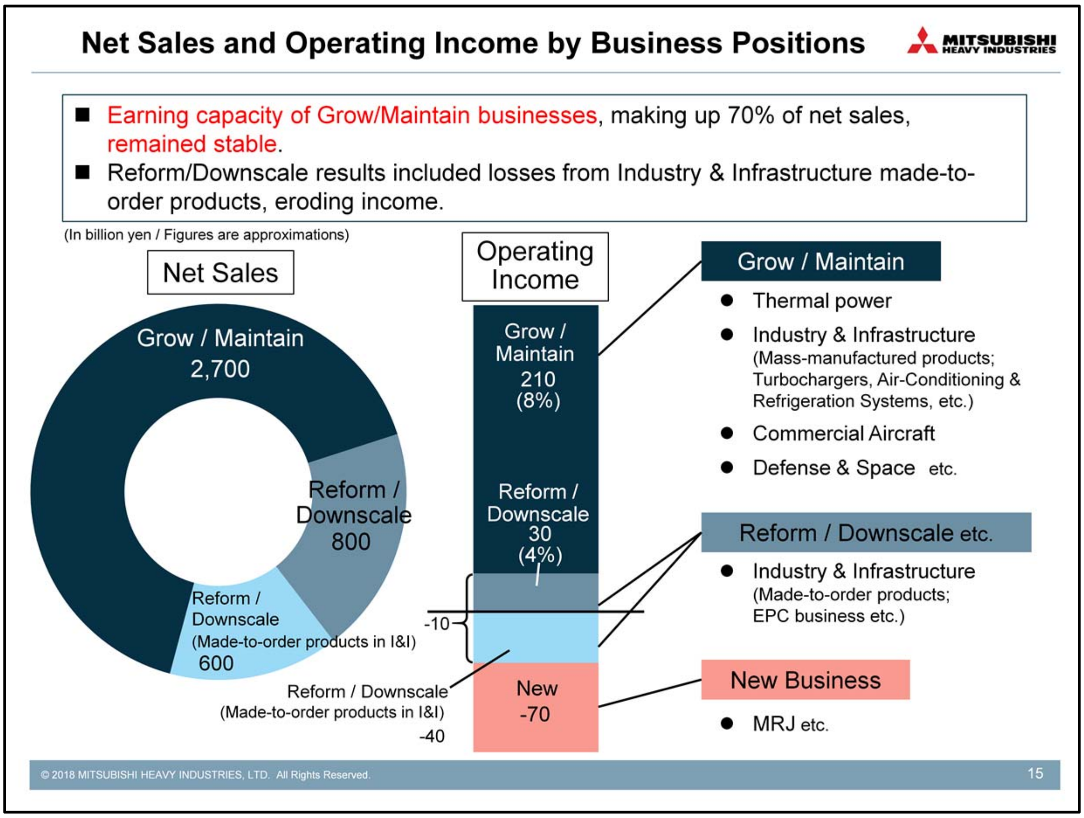
Now, I will discuss the gaps between our previously announced forecasts and our actual results, from the perspectives of operating income and free cash flow.

Operating income finished at 126.5 billion yen, approximately 55 billion yen below our forecast of 180 billion yen. While on the one hand operating income generated by the Power Systems segment ended roughly 10 billion yen above our projection, the Industry & Infrastructure segment undershot our forecast by 40 billion yen and the Aircraft, Defense & Space segment finished 25 billion yen below our projection.

In the Industry & Infrastructure segment, provision of approximately 25 billion yen was carried out against future risk pertaining to EPC operations. Similarly, deterioration by roughly 15 billion yen resulted from setting aside provisions against other future risks: mass-manufactured products, for example. Due to the fact that both of these cases were adjustments against future or past losses, they will have no impact on cash flow in fiscal 2017.

Regarding the Aircraft, Defense & Space segment, expenses related to the development of the MRJ increased by some 20 billion yen, now at a peak level. The remaining shortfall of 5 billion yen derived from revaluation of inventories.

Despite this aggregate shortfall of some 55 billion yen below our operating income forecast, negative impact on free cash flow was extremely limited: only about 10 billion yen. Meanwhile, as we achieved progress in streamlining our balance sheets, free cash flow improved significantly, finishing well above our projection.

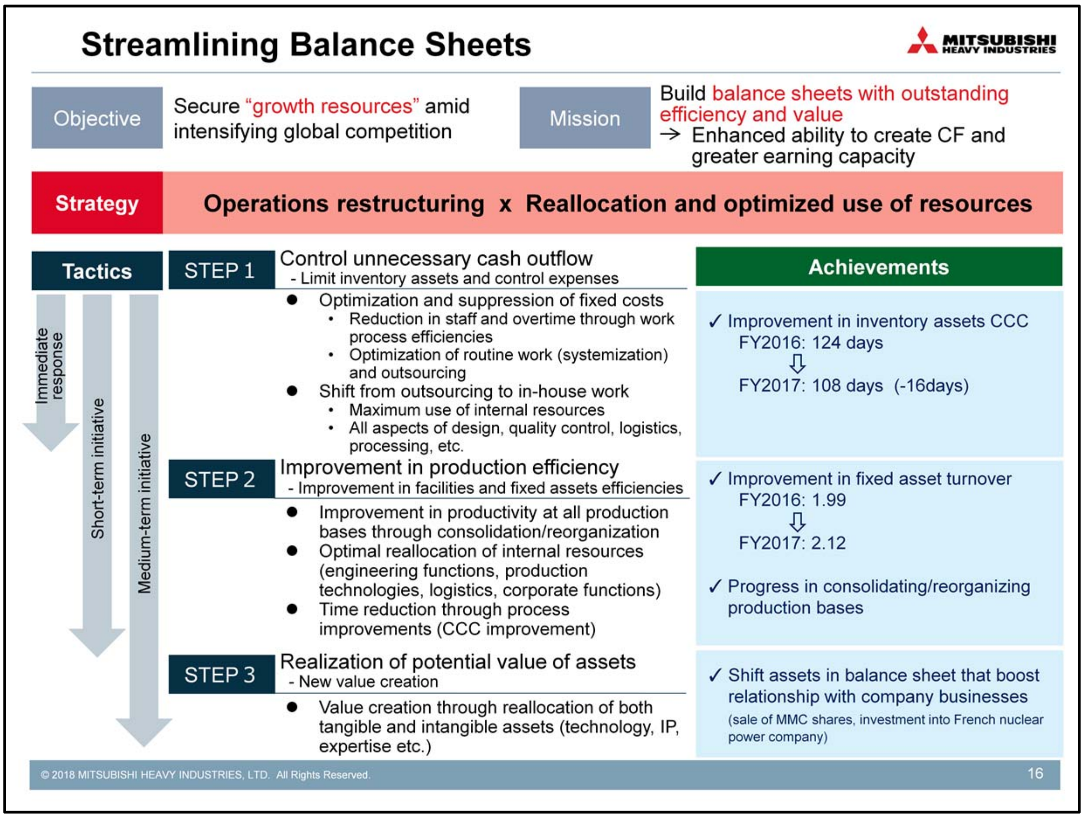


Next, I would like to explain our business profit and loss structure.

At MHI, in line with our strategic business evaluation system, we undertake positioning of our strategic business units. Among them, net sales of SBUs of the highest ranking—our Grow/Maintain businesses—generated near 2,700 billion yen in net sales, 210 billion yen in operating income, and an operating margin of roughly 8%. Even our lower-ranking SBUs—in the Reform and Downscale/Withdraw positions—generated approximately 800 billion yen in net sales and some 30 billion yen in operating income. Taken together, against roughly 3,500 billion yen in net sales, we recorded roughly 240 billion yen in operating income and an operating margin near 7%.

Among Reform and Downscale/Withdraw businesses, however, made-to-order products in the Industry & Infrastructure segment—EPC and the like—posted a loss of some 40 billion yen against net sales near 600 billion yen, due to the provisions set aside as described on page 14. In addition, investments in New Businesses—the MRJ, for example—resulted in an operating loss of approximately 70 billion yen.

As these results indicate, profitability has maintained a certain level within our main businesses; however income is being eroded mostly by made-to-order products in the Industry & Infrastructure segment. The factors behind this erosion are expected to be resolved starting in fiscal 2018.



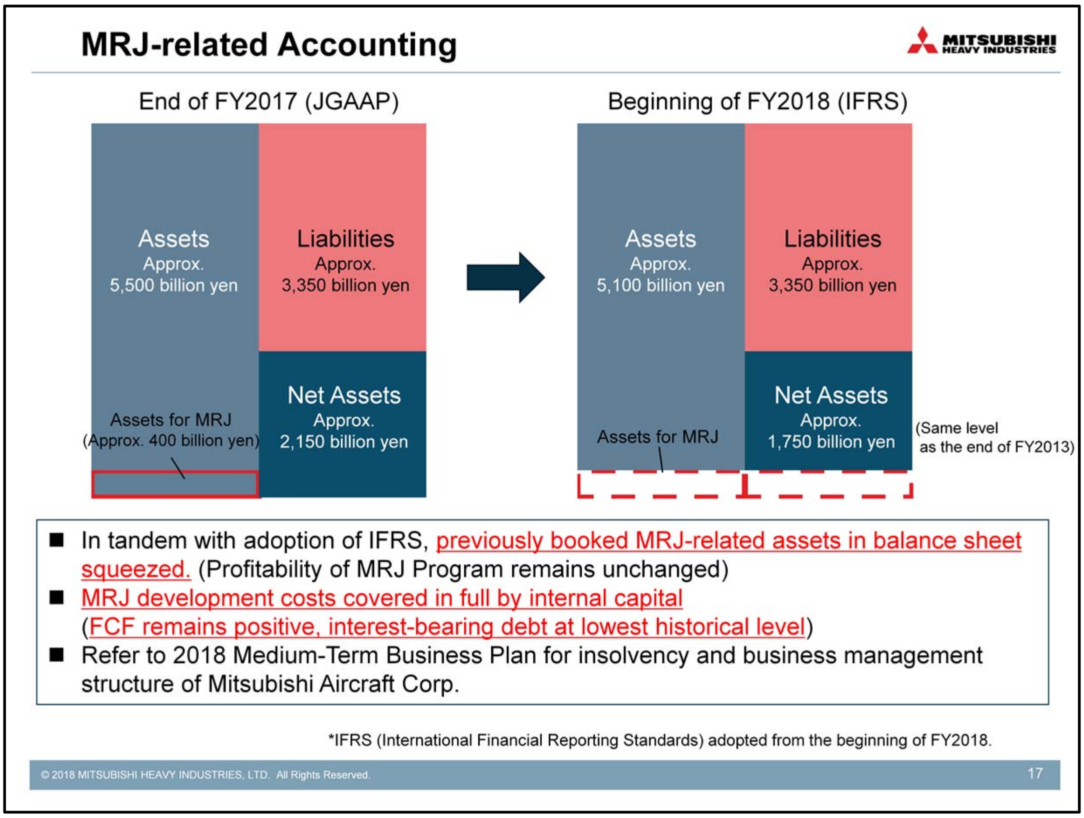
Last year, when announcing the results for fiscal 2016, I stated that we would be taking the steps shown here to strengthen our financial position by streamlining our balance sheets. Now I would like to explain what achievements have been made in these various respects.

First, concerning control of unnecessary cash outflow, we shortened our inventory assets cash conversion cycle from 124 days to 108 days.

Second, regarding improvement in production efficiency, our fixed asset turnover improved from 1.99 to 2.12. We also made steady progress in consolidating and reorganizing our production bases.

Third, with respect to asset management focused on clarifying the potential value of our assets, we are steadily proceeding to shift assets in our balance sheets that are closely related to our businesses; for example, while on one hand we have sold off shares in Mitsubishi Motors Corporation, on the other hand we undertook investment into France's AREVA Group.

We believe these activities have led to improvement in our cash flows.



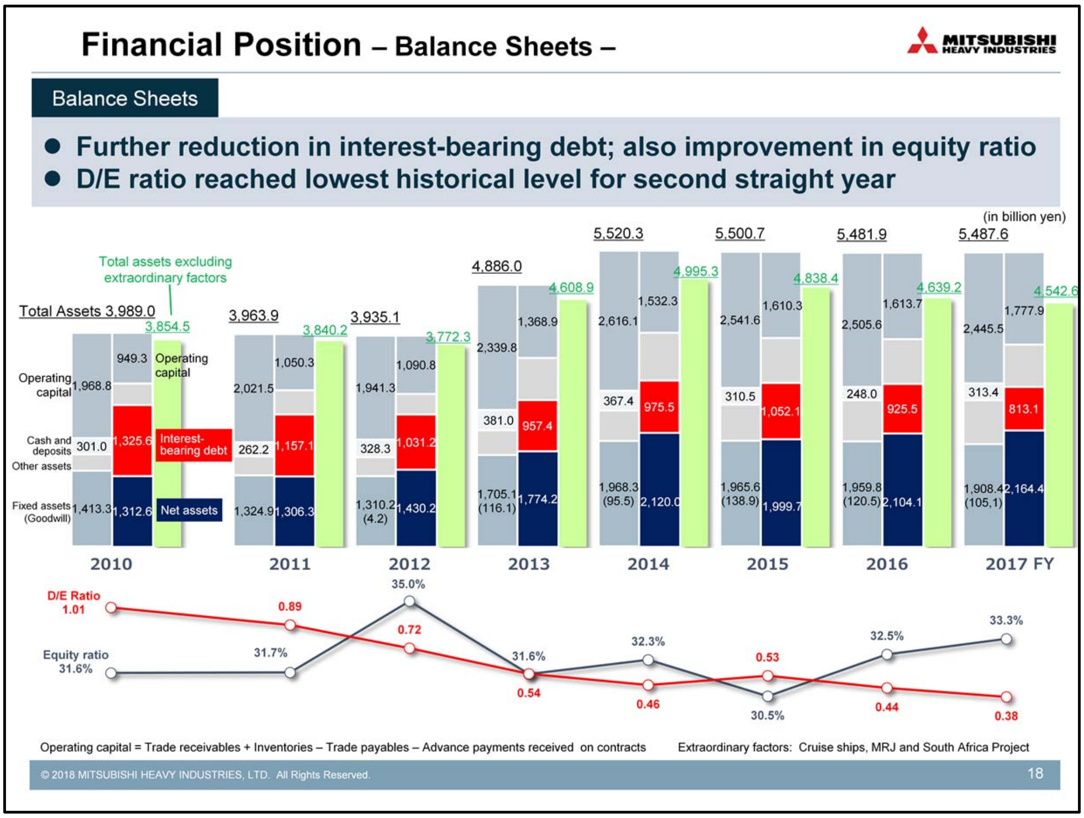
Next, I would like to discuss MRJ-related accounting.

Starting in fiscal 2018, we are adopting International Financial Reporting Standards (IFRS), in place of Japanese accounting standards (JGAAP). In line with this transition, we have changed how we treat MRJ-related assets booked to our balance sheets.

We regularly assess the profitability of our investments into developing the MRJ, and our assessment of the MRJ Program today remains unchanged. With the aircraft business in general, however, we assume return on our investment over the long term. Under IFRS, related risk is conservatively assessed, and for that reason we have squeezed the near 400 billion yen in MRJ-related assets previously booked in our balance sheets.

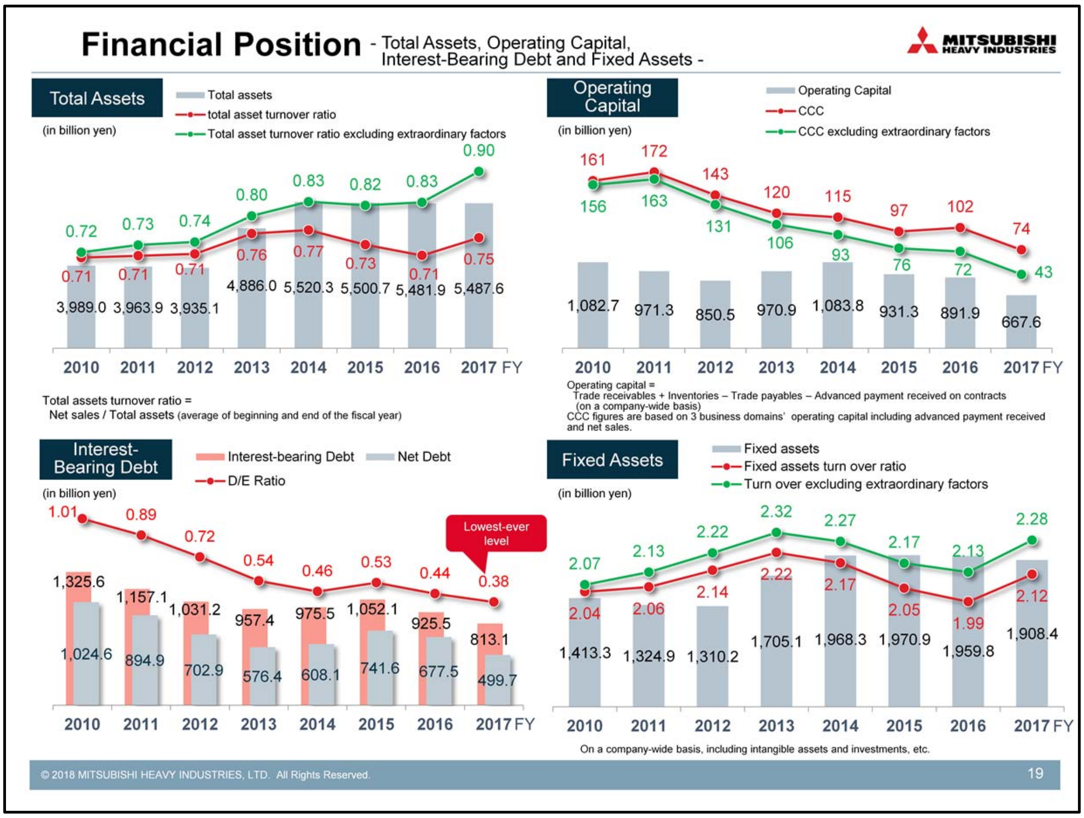
As a result of this move, MRJ-related assets on our balance sheets temporarily fall to near zero, our total assets decrease from approximately 5,500 billion yen to roughly 5,000 billion yen, and net assets contract from near 2,150 billion yen to about 1,750 billion yen. After the latter decrease, our net assets come to the same level as in fiscal 2013.

As I explain on page 13, investments into the MRJ are covered fully by internal capital: in other words, by free cash flow. With respect to both cash flow and the balance sheets, we recognize that concerns about the MRJ have been cleared for the time being.



As my explanations up to now make clear, our financial position is steadily improving. In particular, our total assets excluding extraordinary factors, shown here in green, have been reduced every year since peaking near 5,000 billion yen in fiscal 2014; as of the end of fiscal 2017, they now stand at 4,542.6 billion yen. According to the "Triple One Proportion*," a new comprehensive indicator introduced in our 2018 Business Plan, this figure equates to 1.1 times our net sales, which we see as substantial progress in streamlining our balance sheets. This has also led to improvements in financial measures such as our D/E ratio and equity ratio.

* Triple One Proportion, or TOP, is a concept under which the managerial goal (proportion) is: Net sales : Total assets : Market value = 1 : 1 : 1. Refer to page 12 of our 2018 Medium-Term Business Plan.



Here, we see the recent trends in total assets, working capital, interest-bearing debt, fixed assets, and related measures.

III. Forecast for FY2018

Forecasts regarding future performance in these materials are based on judgments 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 decisions. It is possible that actual results may vary significantly from these projections due to a number of factors. These include, but are not limited to, economic trends affecting the Company's operating environment, currency movements 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 FY2018

MITSUBISHI HEAVY INDUSTRIES

- IFRS (International Financial Reporting Standards) adopted from FY2018.

(In billion yen)

	FY2017 (Actual)	FY2018(Forecast) JGAAP (For reference)	FY2018(Forecast) IFRS	Change (JGAAP)
Orders received	3,875.7	4,100.0	4,100.0	+224.2 (+5.8%)
Net sales	4,110.8	4,200.0	4,200.0	+89.1 (+2.2%)
Operating income (JGAAP)	(3.1%) 126.5	(4.2%) 175.0	-	+48.4 (+38.3%)
EBIT (IFRS)(*1)	-	-	(3.8%) 160.0	-
Ordinary income (JGAAP)	(2.8%) 114.4	(4.0%) 170.0	-	+55.5 (+48.5%)
Profit attributable to owners of parent	(1.7%) 70.4	(1.9%) 80.0	(1.9%) 80.0	+9.5 (+13.5%)
ROE	3.9%	4%	6%	-
EBITDA	(7.8%) 319.1	(8.7%) 365.0	(7.6%) 320.0	+45.9 (+14.4%)
Free cash flow	207.9	50.0	50.0	- 157.9 -
Dividend (per share after the share consolidation)	(*2)120.0yen Interim: 60.0yen year-end: 60.0yen	130.0yen Interim: 65.0yen year-end: 65.0yen		

(*1) Operating income (JGAAP) + Non-operating gain/loss excluding financial account + Extraordinary gain/loss

(*2) MHI implemented a share consolidation (10 to 1) effective October 1, 2017.
Actual dividend for FY2017 interim was 6 yen; however, for the purpose of comparison, dividends are shown here at post-share consolidation levels.

Assumed exchange rate
US$ 1.00 = ¥110
Euro 1.00 = ¥130

Undetermined foreign currency amount
US$: 2.3 billion
Euro: 0.3 billion

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Finally, I would like to explain our results forecasts for fiscal 2018. Because starting in fiscal 2018 we adopt IFRS accounting standards, here we present forecasts under both JGAAP and IFRS parameters.

Under JGAAP standards, we are forecasting 4,100 billion yen in orders received, 4,200 billion yen in net sales, 175 billion yen in operating income, 170 billion yen in ordinary income, 80 billion yen in profit attributable to owners of parent, ROE of 4%, EBITDA of 365 billion yen, and a free cash flow of 50 billion yen.

Under IFRS standards, we are looking at EBIT of 160 billion yen and EBITDA of 320 billion yen. Profit attributable to owners of parent is unchanged from the JGAAP figure—80 billion yen—but our ROE forecast here is 6%, due to a reduction in net assets in line with the squeezing of MRJ-related assets. All other items are identical with the JGAAP figures.

As the foregoing figures indicate, overall we are anticipating increases in both sales and income. As for free cash flow, we have set our fiscal 2018 forecast relatively low in view of the progress, faster than we had assumed, achieved in streamlining our balance sheets in fiscal 2017. Nevertheless, in fiscal 2018 we will continue implementing measures to improve our balance sheets further.

Factoring in all of the above, in fiscal 2018 we hope to provide an annual dividend of 130 yen per share, 10 yen more than in fiscal 2017.

Our assumed exchange rates are shown at the bottom right of the page.

Forecast for FY2018 by Segment

(In billion yen)

	Orders received			Net sales			Operating income (JGAAP, For reference)			EBIT (IFRS)
	FY2017 (Actual)	FY2018 (Forecast)	Change	FY2017 (Actual)	FY2018 (Forecast)	Change	FY2017 (Actual)	FY2018 (Forecast)	Change	FY2018 (Forecast)
Power Systems	1,437.5	1,500.0	+62.4	1,493.9	1,600.0	+106.0	108.9	125.0	+16.0	135.0
Industry & Infrastructure	1,711.3	1,950.0	+238.6	1,898.9	1,900.0	+1.0	40.8	75.0	+34.1	80.0
Aircraft, Defense & Space	721.5	650.0	- 71.5	722.9	700.0	- 22.9	- 15.1	- 15.0	+0.1	- 45.0
Others	113.5	100.0	- 13.5	120.8	120.0	- 0.8	5.0	5.0	+0.0	5.0
Eliminations or Corporate	- 108.3	- 100.0	+8.3	- 125.9	- 120.0	+5.9	- 13.2	- 15.0	- 1.7	- 15.0
Total	3,875.7	4,100.0	+224.2	4,110.8	4,200.0	+89.1	126.5	175.0	+48.4	160.0

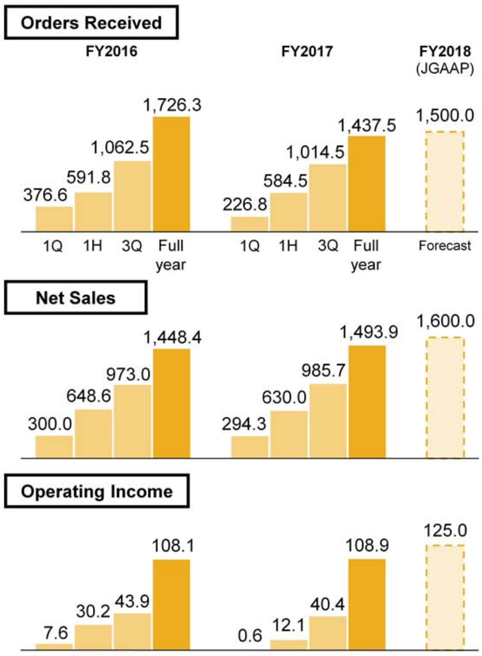
Here we see a breakdown of our fiscal 2018 forecasts by segment.

This completes my review of our financial results for fiscal 2017.

IV. Supplementary Information

Supplementary Information (1) Financial Results by Business Segment
< Power Systems >

(In billion yen, accumulated amount)



Orders received : Down ¥288.8 billion YoY

- Decreased : GTCC(*), Conventional thermal power

(*)GTCC: Gas Turbine Combined Cycle

Gas turbine orders received

		North America	Asia	Japan	Others	Total
FY2016	Large size	6	6	2	6	20
	Small to medium size	-	3	-	-	3
	Total	6	9	2	6	23
FY2017	Large size	2	2	-	2	6
	Small to medium size	-	-	1	1	2
	Total	2	2	1	3	8

Backlog of Gas turbine orders received

	Large size	Small to medium size	Total
As of Mar. 31, 2017	43	14	57
As of Mar. 31, 2018	38	6	44

Net sales : Up ¥45.5 billion YoY

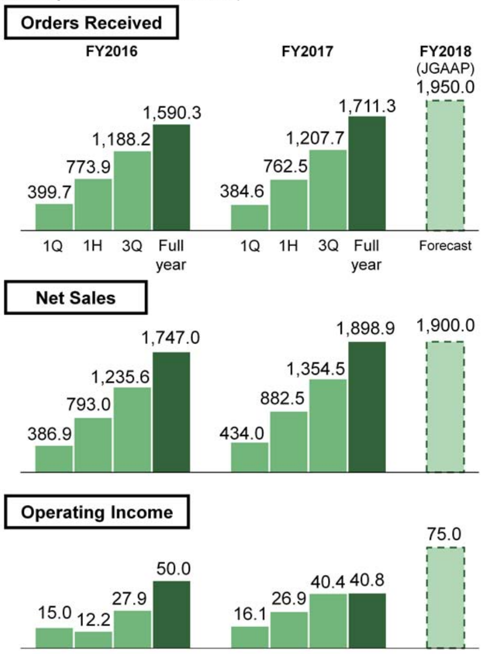
- Increased : GTCC, Conventional thermal power
- Decreased : Nuclear power

Earnings : Up ¥0.8 billion YoY

- Increased
  GTCC, Conventional thermal power: Increased sales, etc.
- Decreased
  Nuclear power: Decreased sales, etc.

Supplementary Information (1) Financial Results by Business Segment
< Industry & Infrastructure >

(In billion yen, accumulated amount)



Orders received : Up ¥120.9 billion YoY

- Increased : Metals machinery, Turbochargers
- Decreased : Chemical plants, Commercial ships

Number of ships orders received
FY2016: 9 (1Q: 4, 2Q: 2, 3Q: 0, 4Q: 3)
FY2017: 6 (1Q: 1, 2Q: 1, 3Q: 2, 4Q: 2)

Backlog of ship orders: 25
(9 LNG carriers, 4 LPG carriers, 3 patrol ships and others)

Net sales : Up ¥151.9 billion YoY

- Increased : Transportation systems, Forklift trucks, Turbochargers
- Decreased : Chemical plants

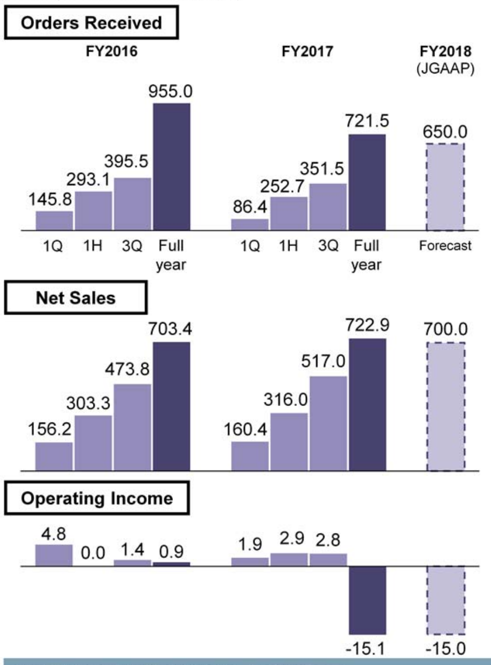
Earnings : Down ¥9.2 billion YoY

- Increased
  Turbochargers, Forklift trucks: Increased sales, etc.
- Decreased
  Transportation systems: Cost deterioration, etc.

Supplementary Information (1) Financial Results by Business Segment
< Aircraft, Defense & Space >

MITSUBISHI HEAVY INDUSTRIES

(In billion yen, accumulated amount)



Orders received : Down ¥233.5 billion YoY

- Increased : Naval vessels
- Decreased : Defense aircraft, Missile systems

Accumulated number of MRJ orders received: 387
(firm orders: 213 / options and purchase rights: 174)
[As of May 8, 2018]

Net sales : Up ¥19.5 billion YoY

- Increased : Space systems, Defense aircraft

Number of B777s delivered
FY2016 (actual) : 91 (1Q: 27, 2Q: 24, 3Q: 19, 4Q: 21)
FY2017 (actual) : 57 (1Q: 17, 2Q: 15, 3Q: 16, 4Q: 9)

Number of B787s delivered
FY2016 (actual) :125 (1Q: 36, 2Q: 31, 3Q: 25, 4Q: 33)
FY2017 (actual) :141 (1Q: 36, 2Q: 36, 3Q: 33, 4Q: 36)

Earnings : Down ¥16.0 billion YoY

- Decreased
  MRJ: Increased R&D costs, etc.

Supplementary Information (2) Reference Data

1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (Forecast, IFRS)
R&D Expenses	138.5	145.5	150.6	160.7	176.8	180.0
Depreciation	134.9	157.0	158.7	172.7	176.1	160.0
Capital Expenditure	148.6	156.1	175.5	204.4	158.4	160.0

2. Cash Flows

(In billion yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (Forecast, IFRS)
Cash flows from operating activities	296.2	212.8	270.0	95.9	345.1	-
Cash flows from investing activities	-151.5	-174.1	-262.4	8.7	-137.1	-
Free cash flows	144.6	38.6	7.5	104.6	207.9	50.0
Cash flows from financing activities	-136.6	-45.8	-23.1	-162.0	-152.1	-

3. Interest-Bearing Debt, D/E ratio

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (Forecast, IFRS)
Interest-bearing debt (In billion yen)	957.4	975.5	1,052.1	925.5	813.1	770.0
D/E ratio	54%	46%	53%	44%	38%	40%

4. Foreign Exchange Rates

(¥/US$)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (Assumed)
Average rates for recording sales	100.1	109.4	119.7	108.2	111.1	110.0
(Reference)Rates at end of period	102.9	120.2	112.7	112.2	106.2	-

Supplementary Information (2) Reference Data

5. Employees

(Number of employees)

(Consolidated)	FY2013	FY2014	FY2015	FY2016
Energy & Environment	28,393	26,855	25,887	25,326
Commercial Aviation & Transportation Systems	8,182	7,129	7,428	7,417
Integrated Defense & Space Systems	6,477	6,022	6,281	6,389
Machinery, Equipment & Infrastructure	26,769	33,277	36,244	36,383
Others	10,762	8,562	8,092	7,213
Total	80,583	81,845	83,932	82,728
(Non-Consolidated)	(22,147)	(21,117)	(19,357)	(16,824)

(Number of employees)

(Consolidated)	FY2017
Power Systems	24,922
Industry & Infrastructure	38,886
Aircraft, Defense & Space	10,762
Others	6,082
Total	80,652
(Non-Consolidated)	(14,717)

6. Overseas Sales by Region

(In billion yen)

	FY2013		FY2014		FY2015		FY2016		FY2017	
North America	522.8	(15.6%)	680.3	(17.0%)	786.1	(19.4%)	684.5	(17.5%)	674.6	(16.4%)
Asia	592.9	(17.7%)	682.5	(17.1%)	721.9	(17.8%)	618.0	(15.8%)	693.0	(16.9%)
Europe	263.8	(7.9%)	354.0	(8.9%)	352.7	(8.7%)	395.6	(10.1%)	440.3	(10.7%)
Central & South America	104.0	(3.1%)	119.0	(3.0%)	126.9	(3.1%)	110.1	(2.8%)	146.8	(3.6%)
The Middle East	78.6	(2.4%)	127.1	(3.2%)	115.7	(2.9%)	117.2	(3.0%)	144.3	(3.5%)
Africa	67.3	(2.0%)	129.8	(3.3%)	110.6	(2.7%)	135.6	(3.5%)	99.5	(2.4%)
Oceania	21.5	(0.6%)	37.0	(0.9%)	27.7	(0.7%)	31.6	(0.8%)	30.7	(0.7%)
Total	1,651.2	(49.3%)	2,129.9	(53.4%)	2,241.8	(55.4%)	2,092.9	(53.5%)	2,229.6	(54.2%)

Supplementary Information (2) Reference Data

7. Results by Geographic Region

(In billion yen)

		FY2013	FY2014	FY2015	FY2016	FY2017
Japan	Net Sales	2,873.9	3,141.2	3,057.3	2,984.2	3,102.3
	Operating income	189.5	263.2	248.6	108.4	74.6
North America	Net Sales	352.3	456.4	529.1	496.4	485.5
	Operating income	1.9	4.2	21.9	13.9	19.3
Asia	Net Sales	244.4	374.1	383.0	369.3	407.6
	Operating income	14.8	26.7	32.7	30.6	31.5
Europe	Net Sales	162.1	327.5	364.5	373.3	421.7
	Operating income	-0.7	1.3	3.6	-4.6	-0.4
Others	Net Sales	28.9	89.9	100.1	106.8	121.5
	Operating income	0.4	0.5	2.4	2.1	1.4
Eliminations or Corporate	Net Sales	-312.2	-397.2	-387.3	-416.2	-428.0
	Operating income	-	-	-	-	-
Total	Net Sales	3,349.5	3,992.1	4,046.8	3,914.0	4,110.8
	Operating income	206.1	296.1	309.5	150.5	126.5

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