

MOVE THE WORLD FORWARD

MITSUBISHI
HEAVY
INDUSTRIES
GROUP

Advancing the MRJ project



2017.1.23



- ❖ The Mitsubishi Regional Jet (MRJ) delivery date is adjusted from mid-2018 to mid-2020 due to revisions of certain systems and electrical configurations on the aircraft to meet the latest requirements for certification.
- ❖ These design changes will not affect aircraft performance, fuel consumption, or functionality of systems. We will continue with ongoing flight test program with current test aircraft configuration and obtain certification flight test data of performance, flight characteristics for type certificate. The design change will not affect aircraft structure and we have already completed static structure test with ultimate load(150% load) successfully.
- ❖ MHI is focused on supplying a comfortable, reliable, high-performance passenger aircraft with the world-class safety and operational support services.
- ❖ MHI recently established the MRJ Business Promotion Committee chaired by the MHI President & CEO to oversee the continued development and long-term business performance of the MRJ, effective on Nov. 28, 2016.
- ❖ Although the payback period will be prolonged, the impact on profit for each fiscal year will be minimal, and there is virtually no impact on the management of the entire MHI Group.
- ❖ MHI is committed to the development and delivery of the MRJ with world-class performance and compatibility with the latest industry certifications.

1. Challenges and Countermeasures in Progress

Slides 4 - 7

(1) Outline

(2) Securing Long-Term Business Sustainability

2. Towards the Future of the MRJ Project

Slides 8 - 10

(1) Long-term Business Vision

1. Challenges and Countermeasures in Progress

(1) Outline

Challenges

- Delay in market introduction

- Increase in development costs

Measures in Progress

- Strengthening Relations
Customers, Partners, Authorities

- Securing Long-term
Business Sustainability
[See next slide]

- Strengthening the
Financial Base

1. Challenges and Countermeasures in Progress

(2) Securing Long-Term Business Sustainability (1/3)

① Strengthening of Development Activities by Two Dedicated Teams

MRJ Development Team

- Development of regional jet with world-class performance
- Compliance with the latest aviation safety regulations (= TC acquisition)

Future Advanced Technology Development Team

- Development of further advanced technology
- Technical strategy planning and development of next-generation aircraft concepts

② Strengthening of Marketing Strategy in MHI Group

- Strengthening product development strategy and sales promotion, tailored to regional markets from a medium- to long-term perspective
→ Particularly around the US market / scope clause
- Steady development of advanced technology and timely market introduction
- Strengthening life cycle services

1. Challenges and Countermeasures in Progress

(2) Securing Long-Term Business Sustainability (2/3)

③ Enhanced business structure (Structure under direct oversight of MHI CEO and strengthening 3 development base structures)



MRJ Business Promotion Committee
(Chairperson: Miyanaga CEO)

- Rapid decision-making and execution
- ✓ Decision to transition to the dedicated team structure below
- ✓ Immediately started review of technical specifications and schedule for TC acquisition

MRJ Development Team
(Komaki / Aichi)

Future Advanced Technology
Development Team
(Oye / Aichi)



Seamless
information
exchange

Moses Lake
Flight Test Center, USA

Seattle Engineering
Center, USA



1. Challenges and Countermeasures in Progress

(2) Securing Long-Term Business Sustainability (3/3)

④ Key Goals of new MRJ Development Organization

◆ Raise the quality and timeliness of decision making

- Leadership and delegation of authority

◆ Maximize cooperation and team work

- Sharing information / knowledge
- Improve communications flow

◆ Maximize workplace efficiency

- Maintain state-of-the-art IT environment
- Sustainable improvement of business processes



**World-class commercial
aircraft development
through integrated
work between global
and Japanese experts**

2. Towards the Future of the MRJ Project (1) Long-Term Business Vision (1/2)

Attractiveness of the Commercial Aircraft Business

➤ Long Term Market Expansion Trend

Next 20 years: nearly double the number of aircraft, growing at an annual rate of 4%

➤ Long-Term development business model

➤ High entry barriers → Technology, investment, payback period

➤ Great opportunity for technology evolution

➤ High value-added value chain

High value-added value chain from product supply to various services
Characteristics of each different regions

A business domain well-suited to the MHI Group



Synergy among technologies of Tier 1 business and defense projects

2. Towards the Future of the MRJ Project (1) Long-Term Business Vision (2/2)

Future MRJ Vision

- ◆ To provide regional passenger aircraft and customer support with best-in-class reliability, efficiency, safety, comfort and high-performance
- ◆ Make maximum use of the technological capabilities and business capabilities that the MHI Group as a whole has cultivated and create new value in the commercial aircraft industry
- ◆ Contribute to technological progress in safety and the environment on a global scale



MHI Tobishima Plant



Moses Lake Flight Test Center, U.S.A.



Moving Forward as One to Realize our Dream

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