

Value Creation Model

Our Technologies, Your Tomorrow



Inspired by the strong passion of our CI statement, we have taken up the challenge of establishing a corporation with a truly global presence.

To achieve this aim, we seek to provide further value by improving the technologies we have fostered and using new ideas and concepts to integrate our diverse technologies. From a global perspective, we work to solve the problems facing humankind and to realize everyone's dreams.

Creed

- 1 We strongly believe that the customer comes first and that we are obligated to be an innovative partner to society
- 2 We base our activities on honesty, harmony, and a clear distinction between corporate and personal life
- 3 We shall strive for innovative management and technological development from an international perspective

Reason for Instituting the Creed

In Japan there are many enterprises with their own "creeds" which simply represent their management concept. Mitsubishi Heavy Industries, Ltd. has a creed of this type, also. This creed was instituted in 1970 on the basis of the policy advocated by Koyata Iwasaki, president of Mitsubishi Goshi Kaisha in the 1920s, to indicate the essential attitude of the

Company, the mental attitude of the employees, and the future directions of the Company. The reason for instituting the present creed is so that all of us can call to mind our 100 years of tradition, and strive for further development in the future.

MHI Group CSR Action Guidelines

In order to ensure a secure future for the Earth,
we will establish and maintain:

Close ties with the Earth

Safeguard an abundantly green Earth through environmental technologies and environmental awareness;

Close ties with Society

Build a relationship of trust with society through proactive participation in society and trustworthy actions;

A bridge to the next Generation

Contribute to the cultivation of human resources who can shoulder responsibility in the next generation through technologies that can realize dreams.

Based on its creed and CI statement, "Our Technologies, Your Tomorrow," the MHI Group has formulated CSR Action Guidelines to serve as collective standards for all Group employees when conducting business activities centered on the principles of CSR.

Key Capital

Building Our Technological Base over 130 Years

1884

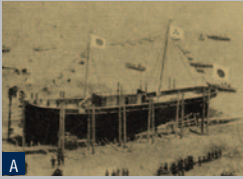
1910

1940

1970

2000

2014



A



B



C



D



F



E



G

A : Launched Japan's first steel steamship, the "Yugao Maru" (1887) B : Built passenger car, "Mitsubishi Automobile Model A" (1918)
 C : Produced the Zero Carrier Fighter (1939) D : Delivered the world's largest combined cycle power plant (Tohoku Electric Power, Higashi Niigata No. 3, unit 2; 545,000kW) (1985)
 E : Successfully launched the first H-I Launch Vehicle (1986) F : Delivered a CO₂ recovery plant to Malaysia (1999)
 G : A "J-Series" gas turbine, with the world's highest efficiency, achieved the world's highest turbine inlet temperature of 1,600 degrees Celsius (°C) during the verification test. (2011)

1880 – 1945

Building a Transportation Infrastructure from Roots in Shipbuilding

MHI's *monozukuri* began with the lease of Nagasaki Shipyard & Machinery Works from the Ministry of Industry. Even as the Company built Japan's first steel steamship and battleships, it applied the technologies and knowledge cultivated in those endeavors to begin production of automobiles and aircraft, expanding its range of business as a comprehensive manufacturer of transport equipment. As global tensions rose, the Company entered into an age where its technologies—more advanced than in most countries at that time—would be diverted to military use.

1946 – 1963

Supporting Post-War Recovery with Consumer Products

After the war, in accordance with national policy, MHI shifted its emphasis from military hardware to the development and manufacture of scooters, air conditioners, and many other types of consumer products. In 1950, in line with the GHQ's policy of dissolving large industrial groups (*zaibatsu*), MHI was divided into three independent companies. As a result, the scale of products grew more diverse, and the three companies fell into competition. However, this technology race would provide the foundation for the leading company in heavy industry.

1964 – 1990

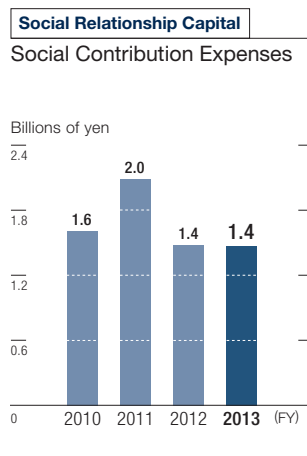
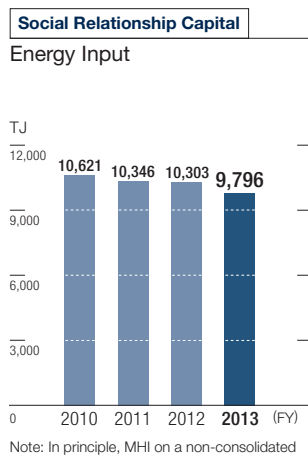
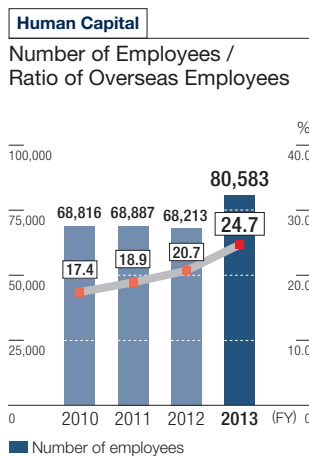
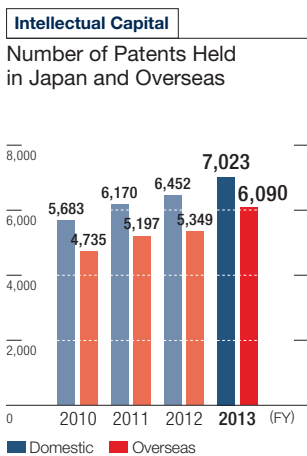
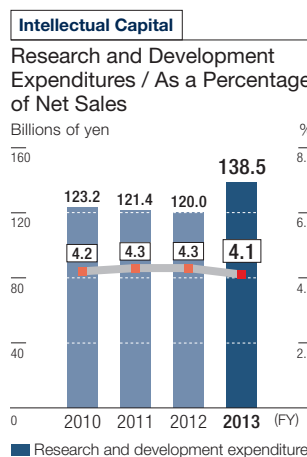
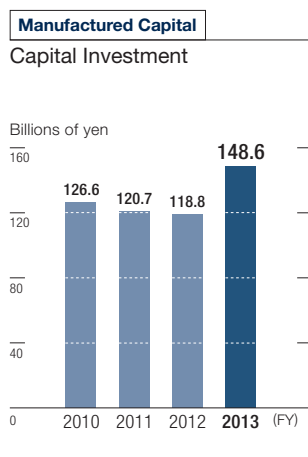
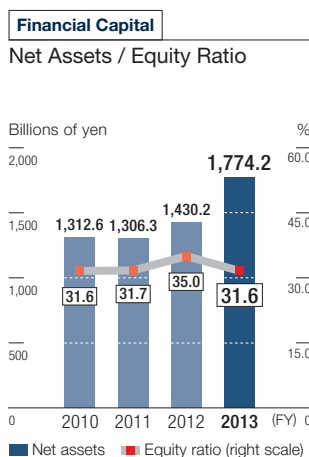
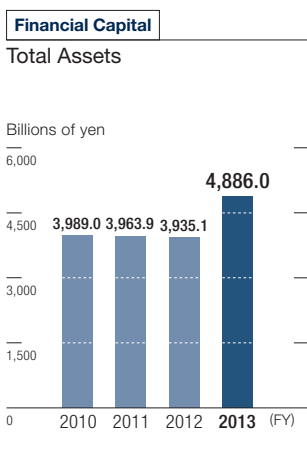
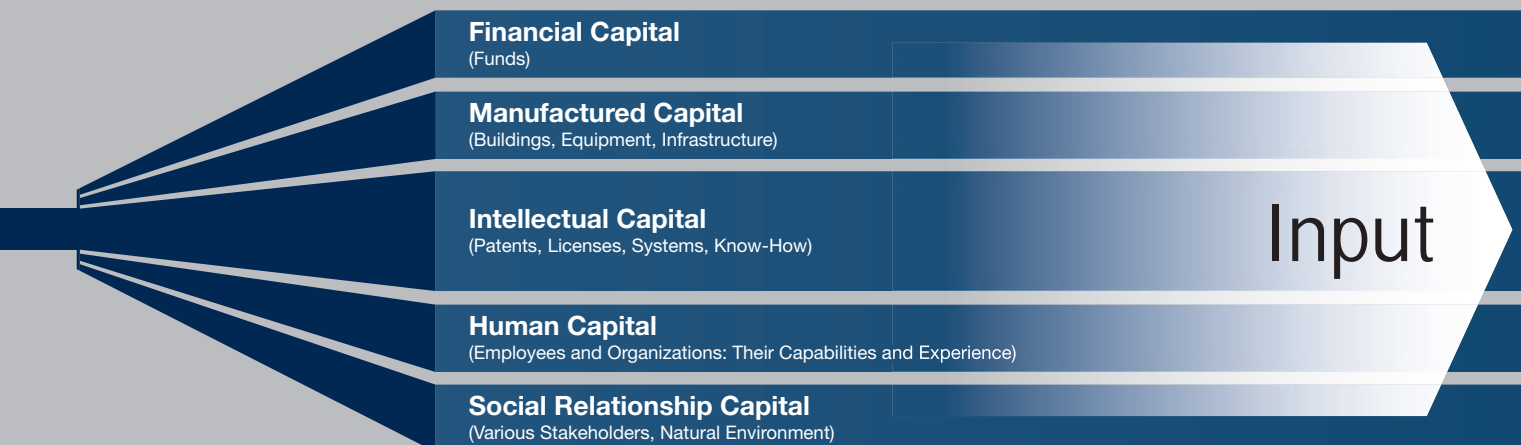
Merging of Three Heavy Industry Companies Leads to Large-Scale Development

In 1964, the same year Tokyo hosted the Summer Olympics, the three principal heavy industry companies reunited, creating the current form of Mitsubishi Heavy Industries. Its products expanded to encompass the fields of land, sea, and air, and included oil-drilling rigs, power plants, tankers, and bridges. In addition, the successful lift-off of the H-I launch vehicle occurred around this time, and the Company's participation in full-fledged space development began.

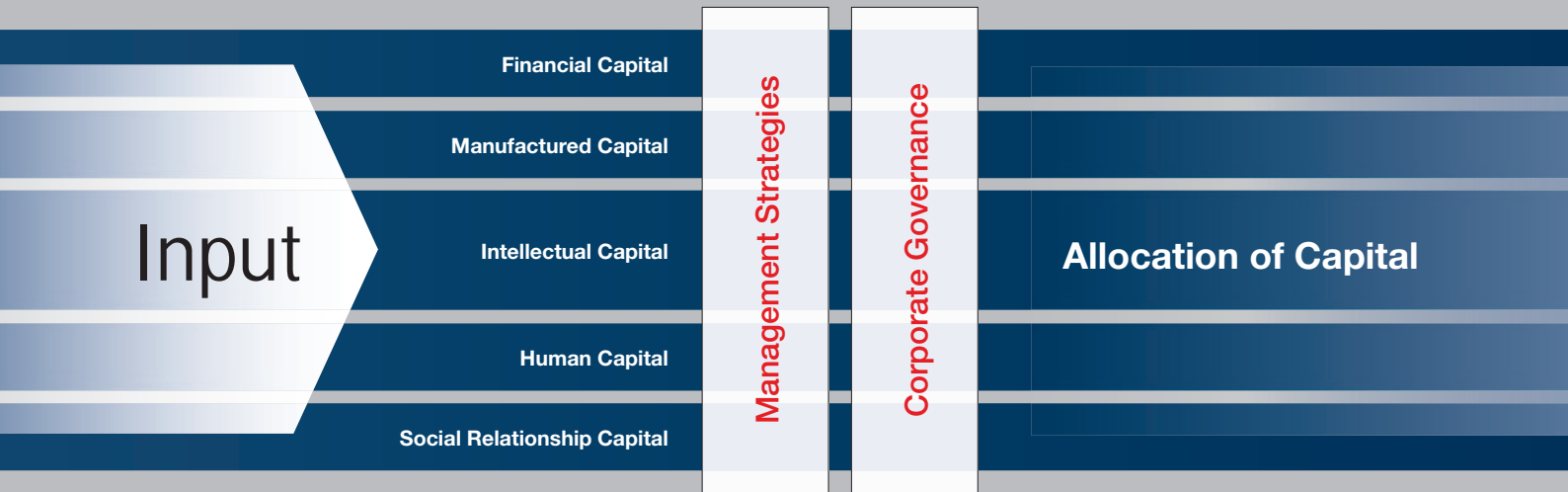
1991 – Present

Supporting a Sustainable Society as a Comprehensive Infrastructure Company

MHI has always sought high efficiency, and as the trend toward global environmental conservation gains momentum and the concept of ecology becomes commonplace, the Company's gas turbine, eco-ship, and other technologies and product fields are expanding on a global scale. As a comprehensive infrastructure company, MHI works to develop the technologies and products that will support a sustainable society.



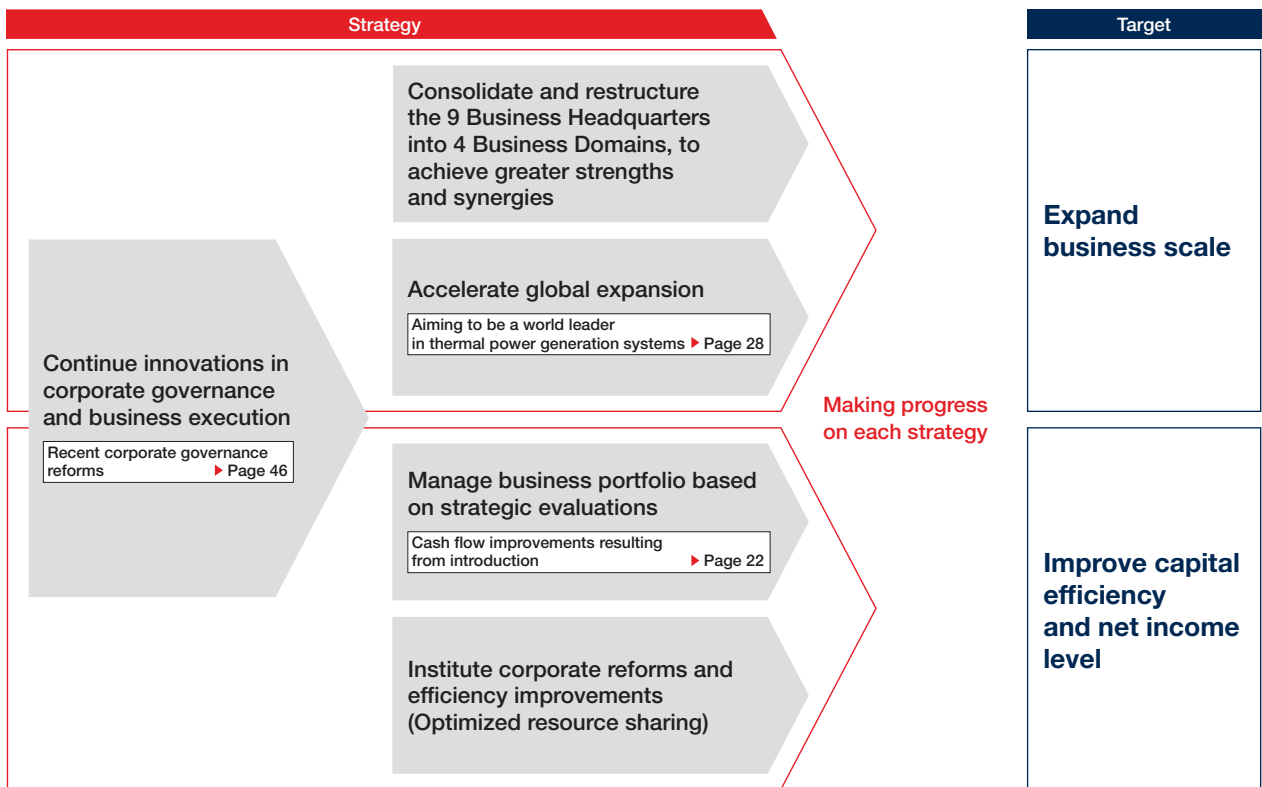
Business Activities



Pursuit of Business Plan

MHI is moving steadily ahead in line with the 2012 Medium-Term Business Plan and aiming for even further growth during the next business plan. [Interview with the President](#) ▶ [Page 16](#)

2012 Medium-Term Business Plan





MHI's Value Creation

Strategies for Augmenting Corporate Value

Initiatives to Enhance Corporate Value

Four Domains Business Segment Overview ▶ Page 26

<p>Machinery, Equipment & Infrastructure</p> <p>Machinery, Equipment & Infrastructure provides a wide range of products that form the foundation of industrial development, such as machine tools, material handling, construction machinery, and air-conditioning and refrigeration systems. MHI applies its vast business endeavors and high reliability as a corporation that supports social and industrial infrastructure to connect people to people, businesses to businesses, and the present to the future.</p>	<p>Energy & Environment</p> <p>Energy & Environment offers optimal solutions in the energy-related fields of thermal power, nuclear power, and renewable energy, in such environmental areas as water and flue gas treatment, and for chemical plants and other industrial infrastructure elements. By integrating large-scale infrastructure projects that support society, MHI generates new power for the future.</p>
<p>Integrated Defense & Space Systems</p> <p>Integrated Defense & Space Systems provides integrated land, sea, air, and space defense systems, including naval ships, defense aircraft, launch vehicles, and special vehicles as well as space-related services. MHI uses the technology and expertise cultivated in its defense and space business to provide security on the planet.</p>	<p>Commercial Aviation & Transportation Systems</p> <p>Commercial Aviation & Transportation Systems delivers advanced land, sea, and air transportation systems, including civilian aircraft, commercial ships, and transit networks. MHI moves society, supporting its transportation and logistics infrastructures with superior safety, guaranteed quality, and reliability backed by technology.</p>

Value Creation

Output

Energy & Environment

Commercial Aviation & Transportation Systems

Integrated Defense & Space Systems

Machinery, Equipment & Infrastructure

Customers

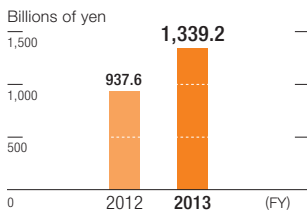
MHI supplies products and services to a wide range of customers. Throughout our activities, we maintain priority on safety and quality.

Product Use

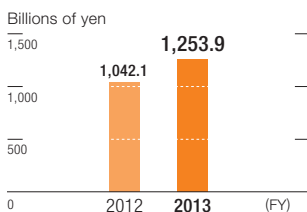
MHI products, which deliver high levels of efficiency and environmental performance, enable customers to reduce costs and curtail their environmental impact as they support the social and industrial infrastructure.

Energy & Environment

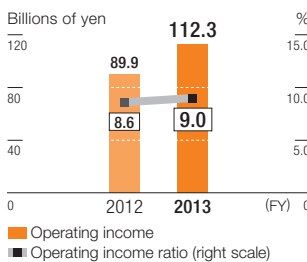
Orders Received



Net Sales

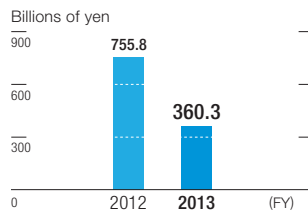


Operating Income / Operating Income Ratio

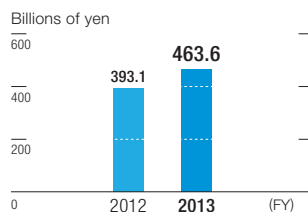


Commercial Aviation & Transportation Systems

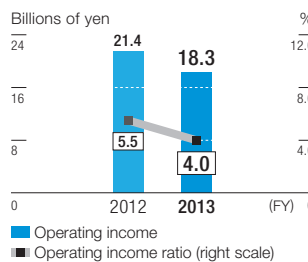
Orders Received



Net Sales

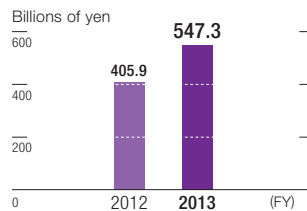


Operating Income / Operating Income Ratio

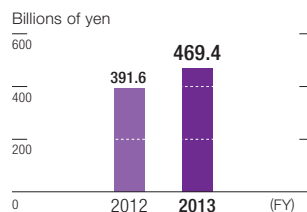


Integrated Defense & Space Systems

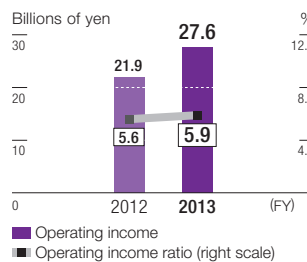
Orders Received



Net Sales

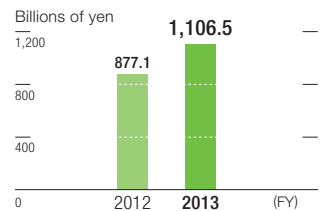


Operating Income / Operating Income Ratio

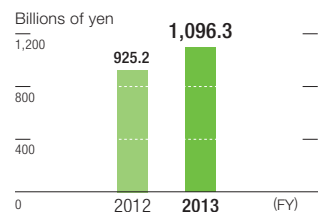


Machinery, Equipment & Infrastructure

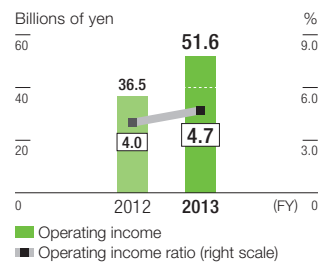
Orders Received



Net Sales



Operating Income / Operating Income Ratio



2020

Outcome

(FY2013)

ROE

11.0%

Dividend Payments

¥30.1 billion

Reduction in CO₂ from Using MHI's Products
(Compared with fiscal 1990 levels)

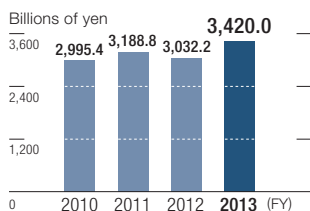
About 30 million tons

New Recruits and Post-Retirement Employees with Extended Employment Periods

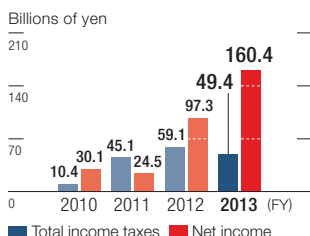
2,942 people

MHI and Its Subsidiaries

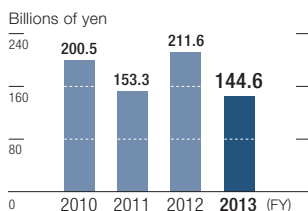
Orders Received



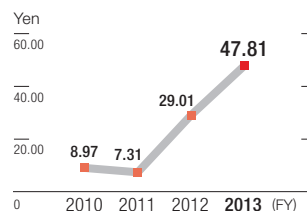
Total Income Taxes / Net Income



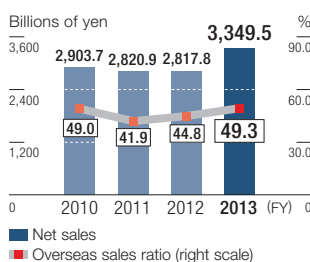
Free Cash Flows



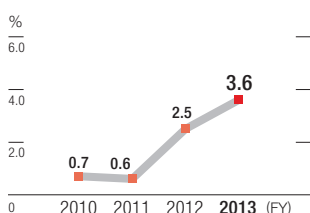
Net Income—Basic (EPS)



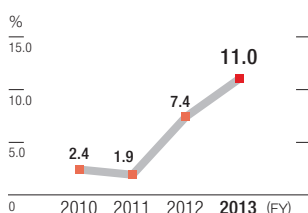
Net Sales / Overseas Sales Ratio



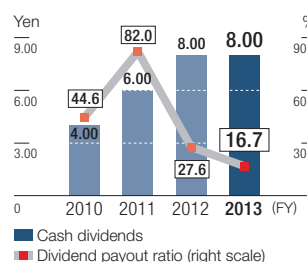
Return on Assets (ROA)



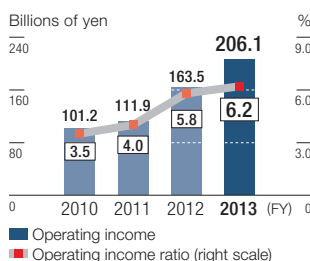
Return on Equity (ROE)



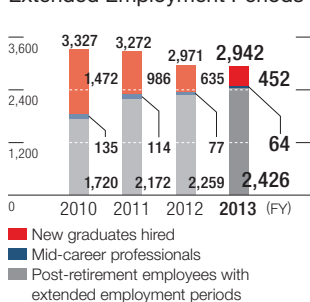
Cash Dividends / Dividend Payout Ratio



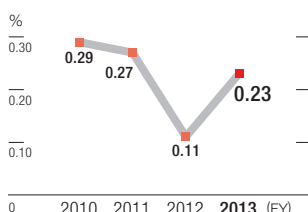
Operating Income / Operating Income Ratio



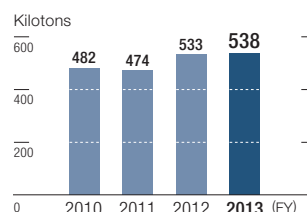
New Recruits and Post-Retirement Employees with Extended Employment Periods



Industrial Accident Frequency Rate



Greenhouse Gas (CO₂) Emissions



Note: MHI on a non-consolidated basis (accounts for approximately 50% of the scope of consolidation)

Note: In principle, production plants of MHI on a non-consolidated basis

Note: MHI on a non-consolidated basis

Outcome