

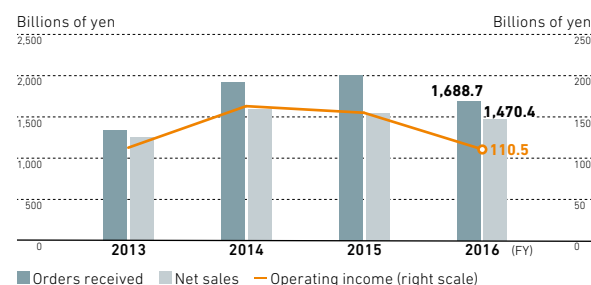
BUSINESS SEGMENT HIGHLIGHTS

Overview of Fiscal 2016

Energy & Environment

In overseas markets, MHI Group received orders in the United States and Mexico for "J-series gas turbines," which achieve the world's highest level of thermal efficiency. In Indonesia, we also received an order for facilities for use in ultra-supercritical-pressure thermal power plants. We won orders in Japan for the world's most advanced integrated coal gasification combined-cycle power plants in Iwaki and Futaba in Fukushima Prefecture. However, consolidated orders received came to ¥1,688.7 billion, lower than in the previous fiscal year because of a decrease in orders for gas turbine combined-cycle (GTCC) and chemical plants for large-scale overseas projects, and other factors. Consolidated net sales were ¥1,470.4 billion, down year on year due to such factors as a drop in sales of thermal power generation systems. Operating income fell to ¥110.5 billion, partially attributable to the impact of yen appreciation.

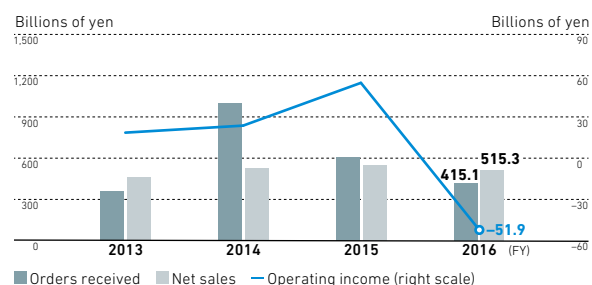
Orders Received / Net Sales / Operating Income



Commercial Aviation & Transportation Systems

In transportation systems, MHI received an order for fully automated, driverless cars for New Transit Yurikamome and signed a new contract to provide 20 Mitsubishi Regional Jets (MRJs), which are currently under development. This order brought the total number of MRJs on order to 427. However, consolidated orders received dropped year on year, to ¥415.1 billion, stemming from fewer orders in the commercial ship and land transportation systems businesses. In the first category, orders of LNG and LPG vessels were down, associated with the shale gas revolution in the United States. In the second category, the decrease reflected comparison with numerous orders received for large-scale products in the previous year. Consolidated net sales came to ¥515.3 billion, down year on year in part because of lower sales of commercial airplanes, despite higher transportation system orders. The segment reported an operating loss of ¥51.9 billion due to such factors as a drop in sales of commercial airplanes, increased MRJ development expenses, and the effect of yen appreciation.

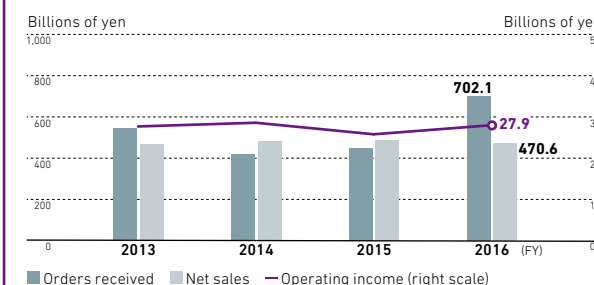
Orders Received / Net Sales / Operating Income



Integrated Defense & Space Systems

In the space-related business, MHI Group received an order to provide service to launch the successor to the Michibiki, the first quasi-zenith satellite, via an H-IIA launch vehicle. The Group also received an order to provide H-IIB launch services for an H-II Transfer Vehicle. These orders, plus an order for Patriot advanced-capability surface-to-air missiles (PAC-3MSEs) in the defense-related business, pushed up consolidated orders received in Integrated Defense & Space Systems to ¥702.1 billion. Consolidated net sales were down year on year, to ¥470.6 billion, due mainly to decreased sales of missile systems, despite an uptick in the space-related business owing to an increase of the number of H-IIA/B launches, from three in the previous fiscal year to four in the year under review. Operating income rose to ¥27.9 billion owing to streamlining of operations.

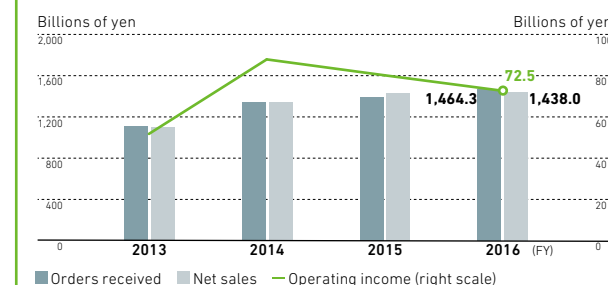
Orders Received / Net Sales / Operating Income



Machinery, Equipment & Infrastructure

Consolidated orders received rose year on year, to ¥1,464.3 billion. Contributing factors included increased business in material handling equipment due to the effect of the merger of UniCarriers Holdings Corporation, which joined MHI Group at the end of the previous fiscal year. Also, sales of turbochargers increased, amid the reinforcement of environmental and fuel performance regulations for automobiles. Consolidated net sales remained flat, at ¥1,438.0 billion; while sales of material handling equipment and turbochargers increased, sales of metals machinery and compressors were lower, affected by a downturn in business investment. Operating income was down year on year, to ¥72.5 billion, due to decreased compressor sales and other factors.

Orders Received / Net Sales / Operating Income



Objectives of the Domain Restructuring:

Harnessing Group Synergies and Promoting Reforms in the Commercial Aircraft and Commercial Ships Businesses

In April 2017, MHI Group restructured its business domains into three. From 2013 to 2014, we consolidated and reconfigured our nine business headquarters based on customer and market characteristics into four business domains, minimizing our conventional top-down business management and seeking to harness Group synergies. While maintaining the objectives of our previous reconfiguration, the new restructuring seeks to clarify roles and management concepts to achieve Group growth in individual domains. We aim to promote dramatic reforms in the commercial aircraft and commercial ships businesses.

Through stable growth in the Power Systems and Industry & Infrastructure domains, we aim to ensure their ongoing contribution to earnings and will promote autonomous management in line with domain characteristics. Rather than assigning a domain head, the Aircraft, Defense & Space Domain will operate under the CEO's direct oversight, pursuing the prompt formation of a strong development foundation and a rapid shift to stable earnings.

Power Systems Domain

- Thermal power (Mitsubishi Hitachi Power Systems)
- Turbomachinery other than Mitsubishi Hitachi Power Systems
Aero engines ②, compressors ⑤
- Nuclear power, renewable energy

Aim for a business model that can stand up to GE and Siemens, pursuing greater synergies in the turbomachinery business as a whole and reinforcing our service business.

Industry & Infrastructure Domain

- Core machinery business companies
Forklifts/Engines/Turbochargers (Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings), Metals Machinery (Primetals Technologies), Air Conditioning and Refrigeration, Machinery and Equipment
 - Engineering + related machinery businesses
Ship engineering, Commercial ships ③, Transportation and urban systems ③, Chemical plants ①, Environmental systems
- * Transferred Engineering Headquarters from the shared technology framework into the I&I domain

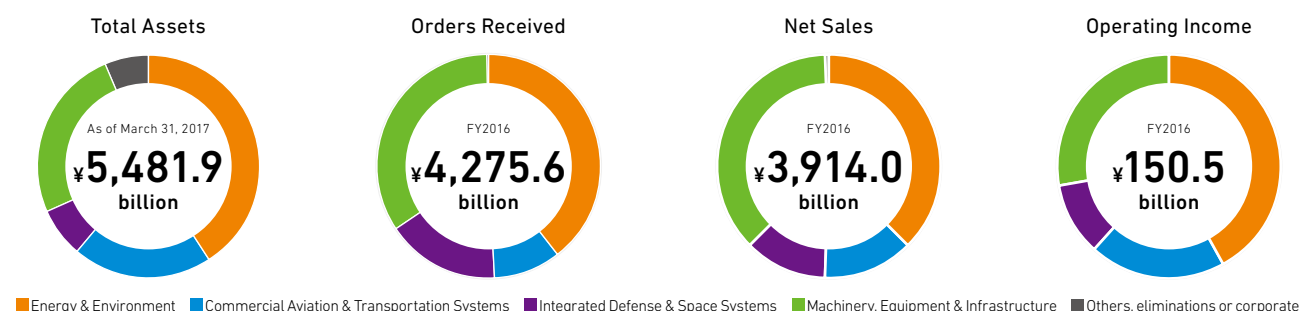
Pursue earnings expansion and creation of global niche products through portfolio management in various machinery businesses, and the integration and strengthening of engineering businesses.

Aircraft, Defense & Space Domain

- Integrated Defense & Space Systems Segment
Integrated Defense & Space Systems
- Commercial Aviation Systems Segment ④
Tier1
- MRJ Business (Reporting directly to the CEO) ④

As long-term growth businesses, cultivate synergies with Integrated Defense & Space Systems and pursue growth. At the same time, concentrate on rebuilding Tier1 and the MRJ businesses.

Composition of the Four-Domain Structure



Composition of the Three-Domain Structure

