

Status of 2015 Medium-Term Business Plan

May 9, 2016

Mitsubishi Heavy Industries, Ltd.

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	• Total Asset Turnover Ratio, etc.	
	• Acceleration of Concentration into Core Competencies	
	• Major Medium to Long-term Business Developments, by Domain	

Overview of 1st Year of 2015 Business Plan (1) : Management Targets

- Business scale generally in line with the previous outlook.
(Orders received were partially delayed.)
- Earning capacity (operating income) strengthened close to target.
- Net income finished below the previous projection due to expansion in losses in the cruise ship business.

	FY2014 Actual	FY2015 Actual (in billion yen)			
		Target	Previous*	Actual	
Orders received	4,699.1	4,700.0	4,700.0	Generally on target Energy & Environment / Commercial Aviation & Transportation Systems : approx. 200.0 billion yen postponed to next FY onwards.	4,485.5
Net sales	3,992.1	4,200.0	4,100.0	Generally on target	4,046.8
Operating income (Margin)	296.1 (7.4%)	320.0 (7.6%)	300.0 (7.3%)	Upturn from previous projection due to energy-related efforts	309.5 (7.6%)
Net income	110.4	130.0	90.0	Net income (Changes since previous forecast) Despite upturn in operating income, result down from previous outlook due to expanded losses in cruise ship business, etc.	63.8
FCF	38.6	100.0	-50.0	[Extraordinary gain/loss] Loss from cruise ship business -50.0 Structural reforms, etc. -10.0 Total -60.0	7.5
ROE	6.5%	7.1%	5%	Upturn in operating income +10.0 Downturn in non-operating income - 7.0 Total + 3.0 Gap before income taxes -57.0	3.7%

* Upon release of FY2015 3Q results (February 2016)

FCF: Free cash flow ROE: Return on equity

Overview of 1st Year of 2015 Business Plan (2) : Net Sales and Operating Income by Business Domain

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* Upon release of FY2015 3Q results (February 2016)

(in billion yen)

	FY2014		FY2015						Changes since previous forecast
	Net sales	Operating income	Previous forecast* (A)		Actual (B)		B-A		
			Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	
Energy & Environment	1,599.5	162.6	1,600.0	140.0	1,542.7	154.6	-57.3	14.6	Net sales: Partially delayed booking Operating income: Improvement in energy-related profitability
Commercial Aviation & Transportation Systems	529.5	23.4	550.0	55.0	548.5	54.5	-1.5	-0.5	Generally in line with previous forecast
Integrated Defense & Space Systems	483.9	28.5	450.0	27.0	485.0	25.7	35.0	-1.3	Generally in line with previous forecast
Machinery, Equipment & Infrastructure	1,347.4	87.7	1,400.0	85.0	1,432.3	80.0	32.3	-5.0	Operating Income: Decreased due to post merger integration cost of Primetals, etc.
Others	154.9	10.3	200.0	15.0	177.3	12.6	-22.7	-2.4	
Eliminations or Corporate	-123.3	-16.6	-100.0	-22.0	-139.2	-18.1	-39.2	3.9	
Total	3,992.1	296.1	4,100.0	300.0	4,046.8	309.5	-53.2	9.5	

Review of FY2016 Targets

Orders received: Modest reduction due to global economic uncertainty, etc.; efforts to boost orders
 Net sales: Decrease expected under impact of FY2015 decline in orders and delays in booking
 Operating income: Decreased operating income from decreased sales already factored in; efforts to focus on improvements

(in billion yen)	FY2014 Actual	FY2015 Actual	FY2016		FY2017 targets
			Previous targets	Current targets	
Orders received (Overseas ratio)	4,699.1 (54%)	4,485.5 (52%)	5,100.0 (63%)	5,000.0 (63%)	5,500.0 (64%)
Net sales	3,992.1	4,046.8	4,600.0	4,400.0	5,000.0
Operating income (Ordinary income)	296.1 (274.7)	309.5 (272.5)	380.0 (360.0)	350.0 (330.0)	450.0 (430.0)
Net income	110.4	63.8	160.0	130.0	200.0
ROE	6.5%	3.7%	8%	7.5%	10.2%
FCF	38.6	7.5	100.0	130.0	200.0
Debt/Equity ratio	0.46	0.53	0.4	0.5	0.4
Equity ratio	32.3%	30.6%	34%	34%	35%
Interest-bearing debt	975.5	1,052.1	900.0	950.0	900.0
Dividend per share	11 yen	12 yen	Dividend payout ratio 30% ± 5%		

Foreign exchange rates 109.4 yen/\$ 119.7 yen/\$ 110 yen/\$ 110 yen/\$ 110 yen/\$
 138.0 yen/€ 132.6 yen/€ 130 yen/€ 125 yen/€ 130 yen/€

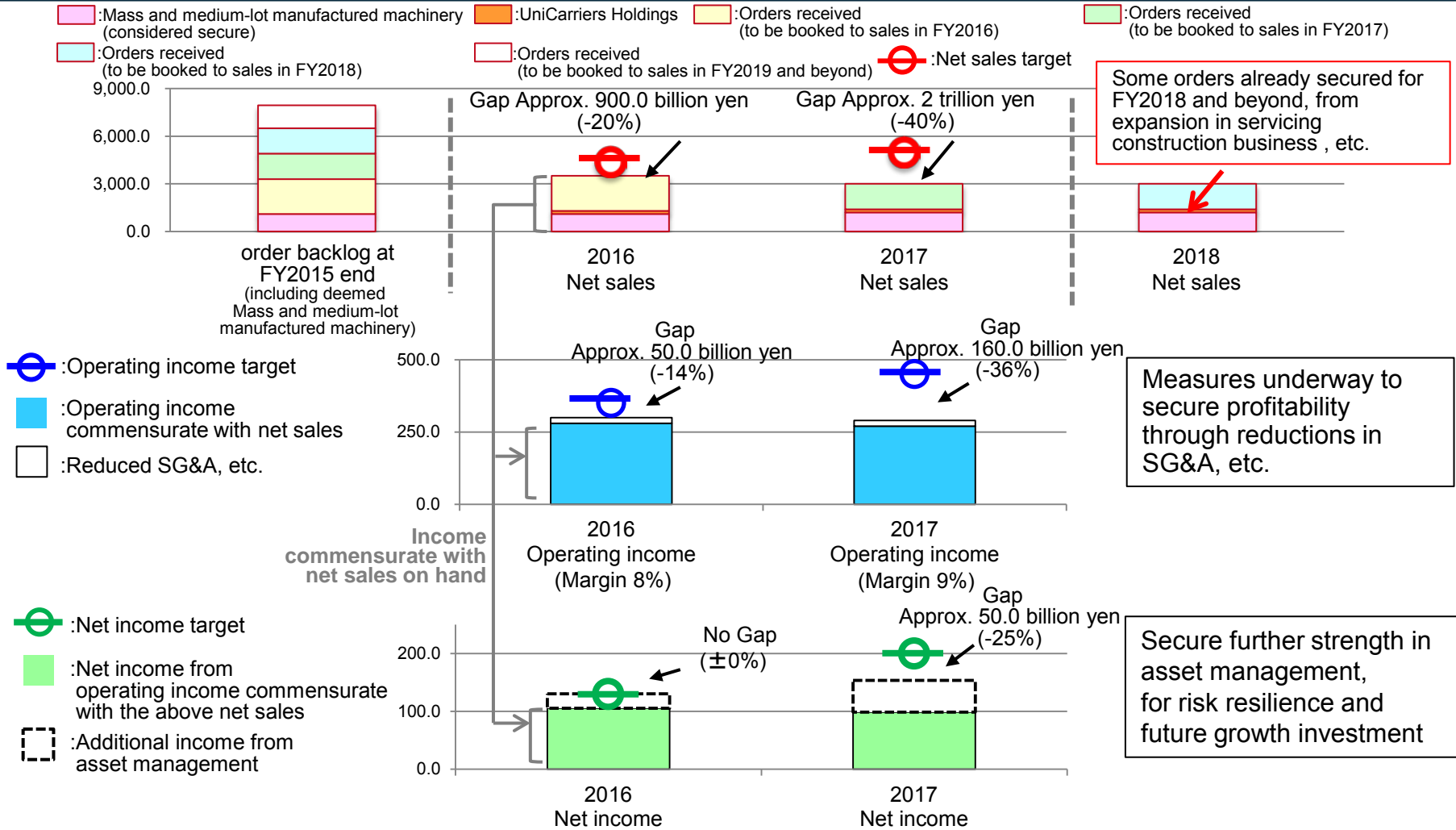
* Upon release of FY2015 3Q results (February 2016)

ROE: Return on equity

FCF: Free cash flow

2015 Business Plan Sales and Income Targets: Prospects and Measures

Achieving FY2016 net sales, operating income and net income targets all in sight, thanks to order backlog and new, upcoming orders
 Measures underway to increase income and lift prospects for hitting FY2017 net sales and income targets (see next page)



Progress of Original and Additional Measures

 :Original measures
 :Additional measures
 P :Profitability
 F Financial foundation
 R Risk resilience
 T Technology foundation

Promote domain-based targets with clear aims, and strategies for their achievement	P F	
Accelerate independent management and PMI	P F T	
Reduce operating capital	P F R	
Strategically reconfigure the product mix	P F	
Pursue optimum efficiency	P F	
Develop more advanced business processes and strengthen human resources	P F R	
Asset management	P F R	
Reform the corporate governance system	F R	
Radically reconsider risk management structure	P F R	
Strengthen relatively superior products and technologies	P F T	
Reform and create new businesses and business models for the next generation	P T	
Strengthen the technology foundation and innovate	P F T	
Establish shared technology framework	P R T	

[Topics relating to measures at left]

Status of measures for specific businesses	
• Cruise ships	... P. 9
• MRJ	... P.11
Status of individual measures (1)	
• Acceleration of PMI of major JV businesses	... P.15
• Improvement of cash conversion cycle (CCC)	... P.19
• Narrowing down of businesses receiving resources	... P.20
• Asset management	... P.21
Status of individual measures (2)	
• Reform of corporate governance system	... P.23
• Strengthening of risk management	... P.24
• Organizing and strengthening of shared foundation	... P.27
• Strengthened response to IoT and AI	... P.28
+	
New additional measure	
• Strengthen global marketing communications (brand story)	... P.33

Status of Measures for Specific Businesses

- Cruise ships:
Finally approaching a resolution
- MRJ:
Full-scale test flights; Preparing for mass production

Progress status

First ship

- Handover completed on March 14
- First cruise left Hamburg on April 30

Second ship

- Launched on March 20; rigging work in progress
- In discussions with customer concerning delivery schedule

First ship arrived in Hamburg



Second ship under construction



Costs and measures

- Additional extraordinary loss of approx. 50 billion yen booked against increased costs (response to fires, etc.) in final stages of construction of first ship and projected cost increase for second ship due to delayed delivery
- Improvement measures under way for second ship based on experience and knowhow with first ship (see right)

[Main improvement measures]

- Set critical path priorities
- Maximize work efficiency
 - Adopt moving-line cabin assembly
 - Introduce long-span elevators, etc.
- Strengthen fire prevention and safety management
 - Introduce IC tags, onboard cameras, etc.

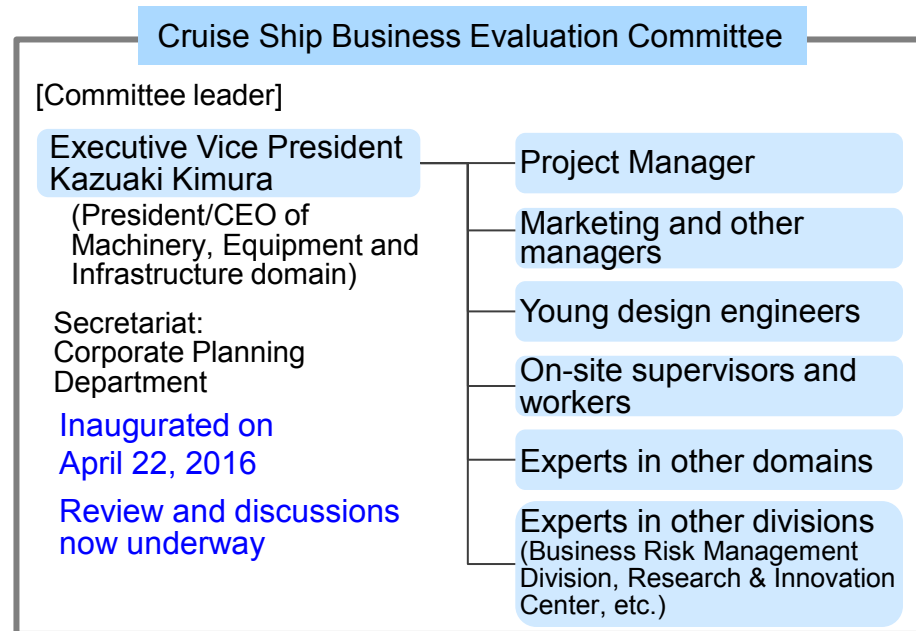
Cruise Ship Business Evaluation Committee

- Purpose: Evaluate cruise ship business issues from multiple perspectives, and utilize findings for future MHI Group management and individual businesses
 - In addition to issues already identified (management weakness, weakness of cruise ship business foundation, etc.), also leverage acquired knowhow and identify business opportunities for complex engineering, etc.
 - Determine areas needing improvement identified by young engineers and on-site workers to nurture human resources and improve production technology in the future



Making reference to these evaluation results and the status of current reforms:

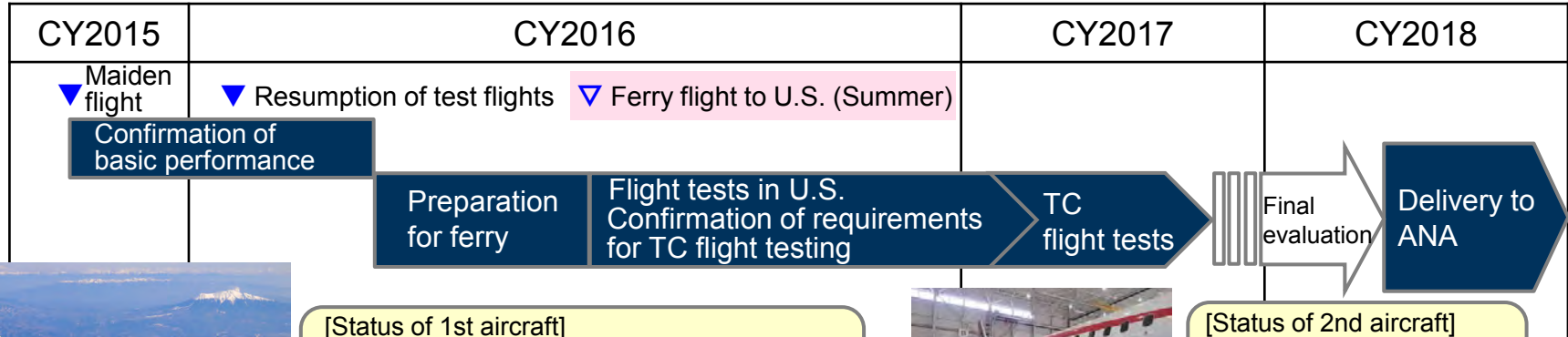
1. Decide on overall commercial ship business strategies, including continuation or withdrawal of cruise ship business
2. Implement more advanced risk management to optimize overall MHI Group management



Status of MRJ Business(1) Development Progress

Milestones

 : Most recent critical point



[Status of 1st aircraft]
22 test flights completed as of April 12
From April 13, airframe under modification toward next phase



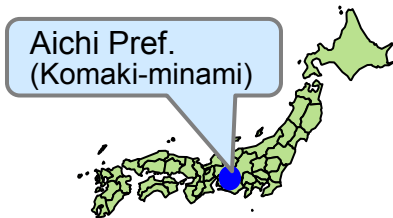
[Status of 2nd aircraft]
On ground testing (Maiden flights scheduled in May)

TC: Type certificate

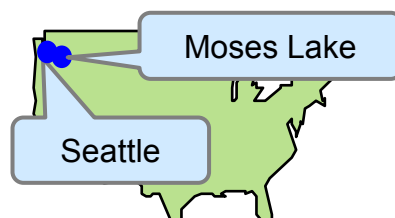
Strengthening of development structure

3-base/3-top structure (Japan/U.S.)

- Shorter flight test period
- Quickly integrate areas for improvement identified in flight testing into design and manufacturing



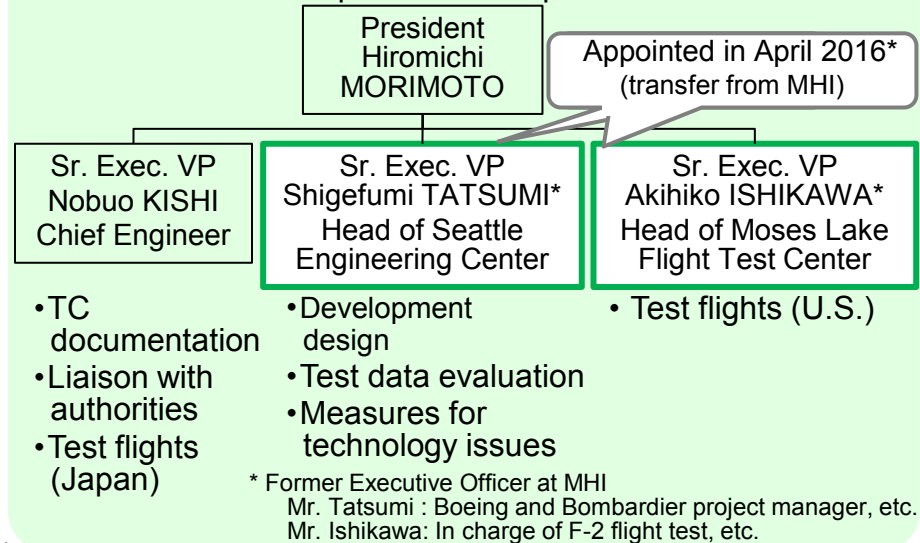
Japan



U.S.

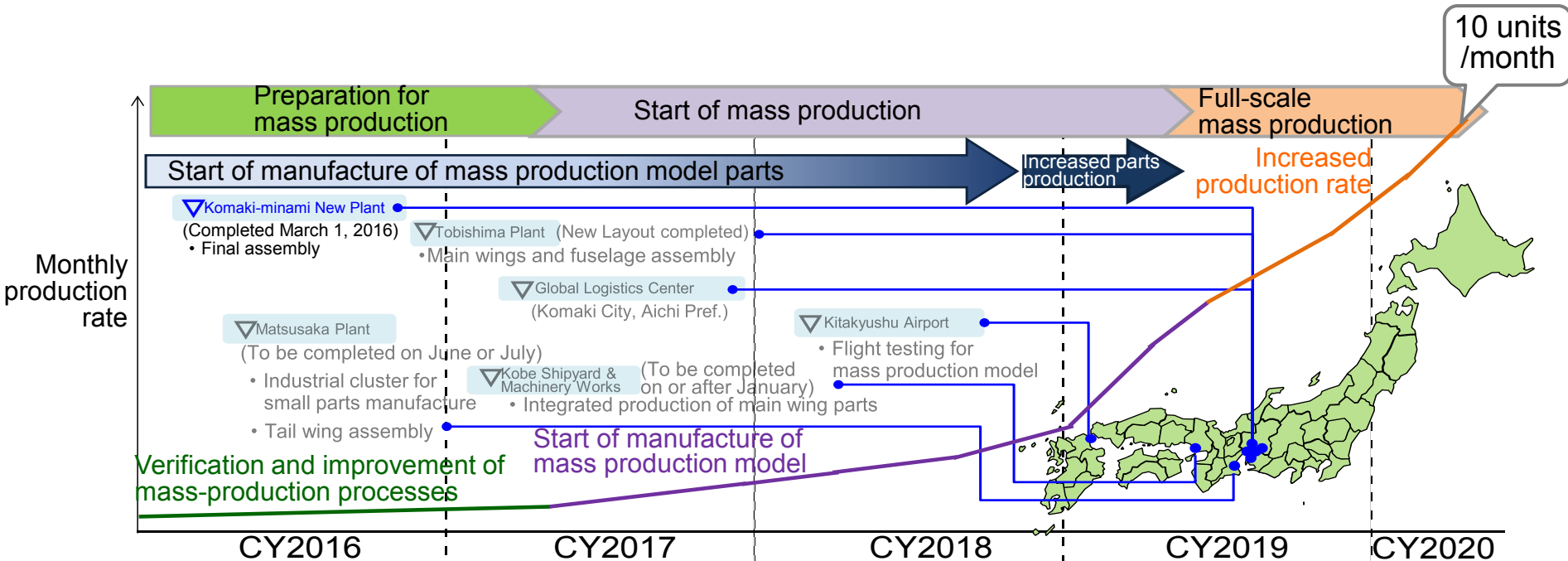
MRJ: Mitsubishi Regional Jet

Mitsubishi Aircraft Corp. MRJ development structure



Preparation of Mass-manufacturing Structure and Challenges

Preparation of mass-manufacturing structure → Making steady progress



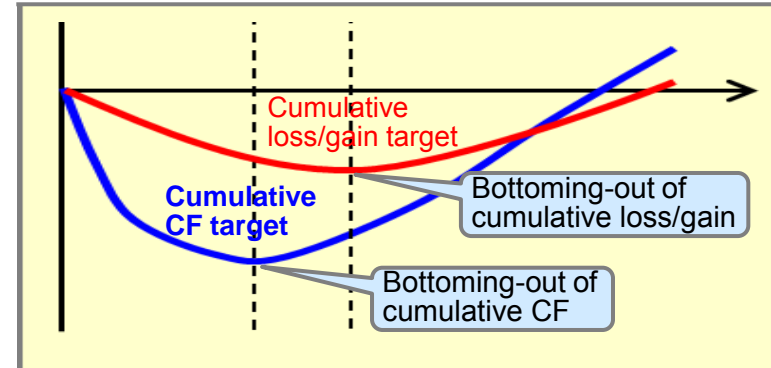
Customer support structure → Working toward early preparation

Full-scale cost reductions to secure business viability → Drive forward from now on

- Production technology innovation program, from start of mass production through production rate increases
- Promotion of fundamental SCM reforms (aircraft industry cluster, supplier negotiations, etc.)

Financial plan

- Cumulative cash flow assumed to bottom out in FY2018
- Cited expenditures to be appropriated from Groupwide FCF (now in progress, without relying on outside sources)



(No change from 3Q presentation in February)

[Reference] Long-term investment policy

- To sustain perpetual Group growth, appropriate near 20% of total investment capital into new businesses to grow over the long term (currently, more than 600 billion yen)
- Investment into the MRJ falls in line with the above policy, and future returns from this business will be appropriated for reinvestment into derivative aircraft, etc. or to strengthen equity capital.
- Already nearly 10 years since start of MRJ's development, and new businesses to follow the MRJ business will be considered in the next Medium-Term Business Plan.

FCF: Free cash flow

CF: Cash flow

Status of Specific Measures (1)

- Status of major measures having a large and direct impact on business scale and earnings
 - Generally progressing smoothly despite responses to changes in external environment

Progress Status of Specific Measures (1)

Acceleration of PMI at Major JV Businesses (1/3)

Mitsubishi Hitachi Power Systems

- Measures focused on PMI (1-5 below), targeting attainment of scale and earnings on par with overseas competitors, are being accelerated.
- Groupwide, we are developing large-scale projects, including composite cross-domain projects overseas.

PMI: Post merger integration

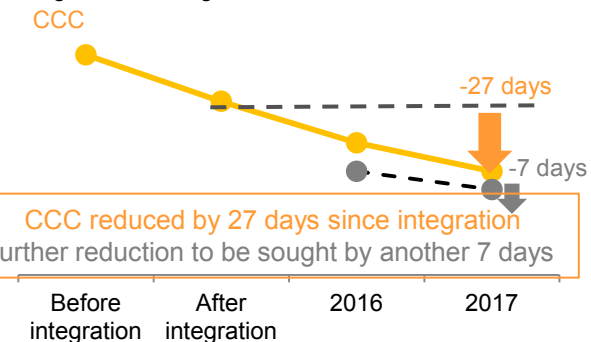
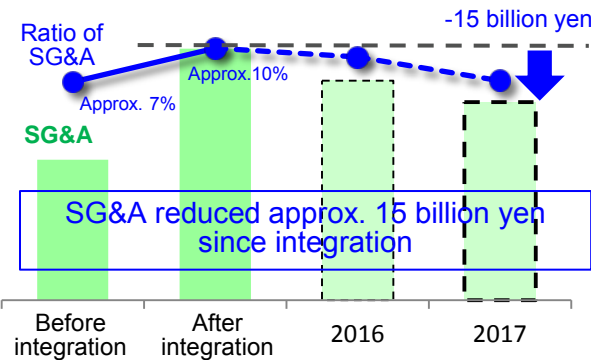
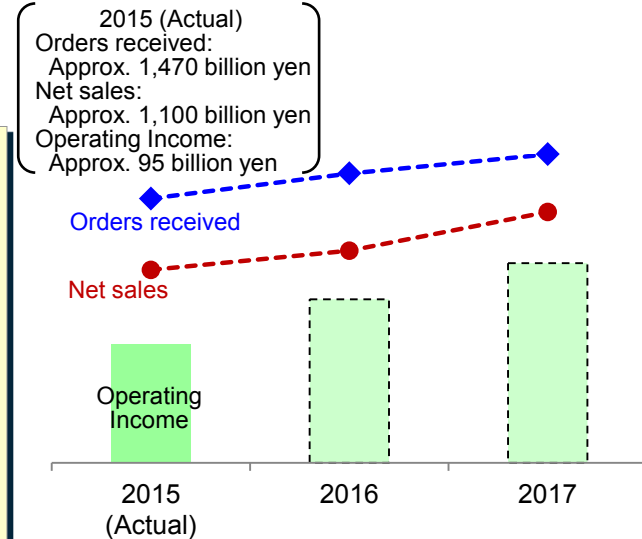
(1) Accelerate reorganization of business structures and bases, including Group companies

Approx. 23,000 employees (at time of integration) → Approx. 20,000 employees (outlook)

(2) Strengthen technology and new product development capabilities through integration synergies

(3) Reform overall value chain through use of IoT/AI
 (4) Shift human resources to servicing and other high added value businesses

(5) Pursue all-out improvement in CCC through supply chain reform, enhancement of factory operating ratios, reduction of inventory assets, etc.



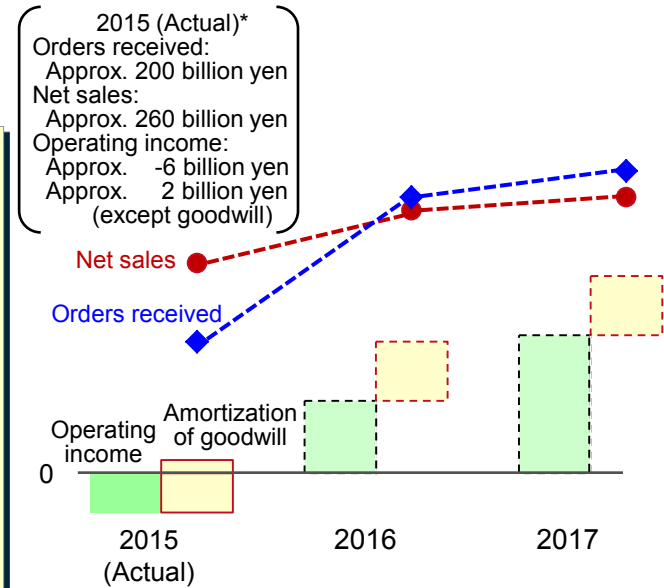
Progress Status of Specific Measures (1)

Acceleration of PMI at Major JV Businesses (2/3)

Primetals Technologies (Metals Machinery SBU)

- Currently responding to rapid drop in facilities demand owing to global steel supply-and-demand gap
 - To secure earnings, now expanding servicing business, reducing costs and accelerating PMI (see 1-3 below)
 - Pursuing survivor benefits after demand recovery (sowing seeds of next growth markets and reforming business model)

SBU: Strategic business unit PMI: Post merger integration



(1) Reducing staff and costs through integration of redundant segments, etc.

Approx. 8,000 employees (at time of integration) → Approx. 7,000 employees (outlook)

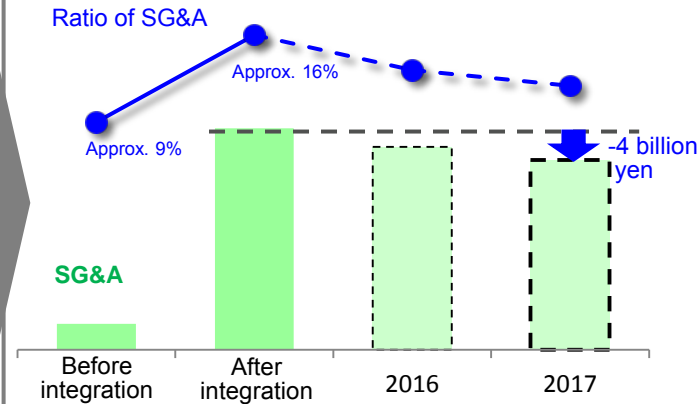
(2) Quick decision-making through organizational simplification

Business segments: 10 → 7

Functional organizations: 26 → 9

(3) Strengthening sales and project management

Integration of Japanese and European knowhow (accelerating pursuit of mutually complementary and synergy merits)



SG&A reduced approx. 4 billion yen since integration

*FY2015 results and graphs: For Metals Machinery SBU

SG&A: Selling, general & administrative expenses

Progress Status of Specific Measures (1)

Acceleration of PMI at Major JV Businesses (3/3)

Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.

- Pursuing forklift truck PMI and management merits from integrating 3 mass and medium-lot manufactured machinery businesses

Forklift trucks

- Market share expansion (currently 10%, ranked No.3)
 - Sales expansion through abundant lineup
 - Enhanced global service network

Promotion of PMI

Complete elimination of redundant functions
Improved efficiency of sales and production bases

Turbochargers

- Market share expansion (currently 22% for passenger vehicles, ranked No.3)
 - Secure 11-million-unit production system
- Formation of global supply chain
- Further improvement in profitability
 - Streamlining of production equipment and bases

Achievement of stable earnings foundation

Engines

- Pursuit of growth model in global markets
 - Expand business in growing market of distributed power generation systems
 - Total solution business model including communication and control technology

Pursuit of management merits from integration of 3 businesses

Organizational synergy
(sharing of bases and functions, marketing activities, etc.)

Technological synergy
(combination of technologies, etc.)

Development of new businesses

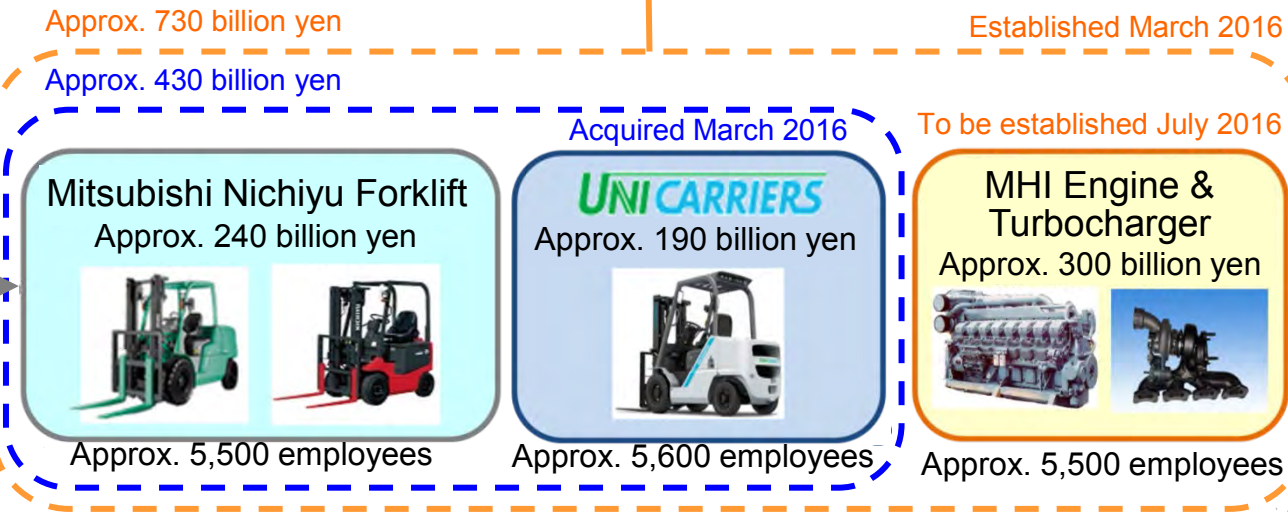
Pursuit of growth model
(making use of IoT/AI, etc.)

Reference: Profile of Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.

Forklift trucks
No.3 global share
– and aiming higher

Rank	Company	Country	Sales	Market share
1	Toyota Industries Corp	Japan	924.9	22.1%
2	KION	Germany	631.5	15.7%
3	Mitsubishi Nichiyu & UniCarriers	Japan	430.0	10.6%
4	Jungheinrich	Germany	337.2	8.4%
5	Hyster-Yale	USA	281.2	7.0%
6	Crown	USA	254.1	6.3%
7	Mitsubishi Nichiyu	Japan	226.6	6.2%
8	Cargotec	Finland	200.7	5.0%
9	UniCarriers	Japan	186.1	4.4%
10	Manitou	France	140.3	3.5%
11	Anhui Heli	China	109.6	2.7%
12	Hangcha Group	China	99.2	2.5%
13	Komatsu	Japan	84.7	2.0%
14	Clark	Korea	72.0	1.8%
15	Doosan Corp.	Korea	57.6	1.4%
16	Hyundai	Korea	45.9	1.1%
17	Merlo	Italy	38.7	1.0%

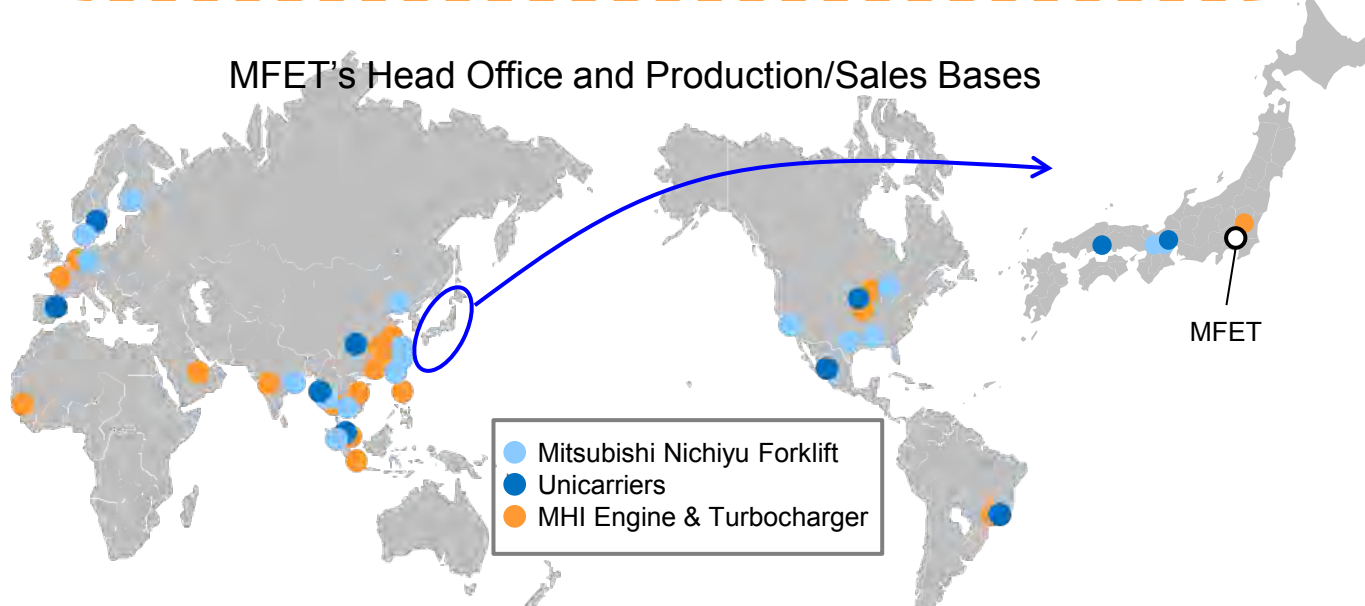
Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.



Established April 2013
Mitsubishi Nichiyu Forklift
 Approx. 230 billion yen

- Achievement of full lineup
- Worldwide market coverage

MFET's Head Office and Production/Sales Bases

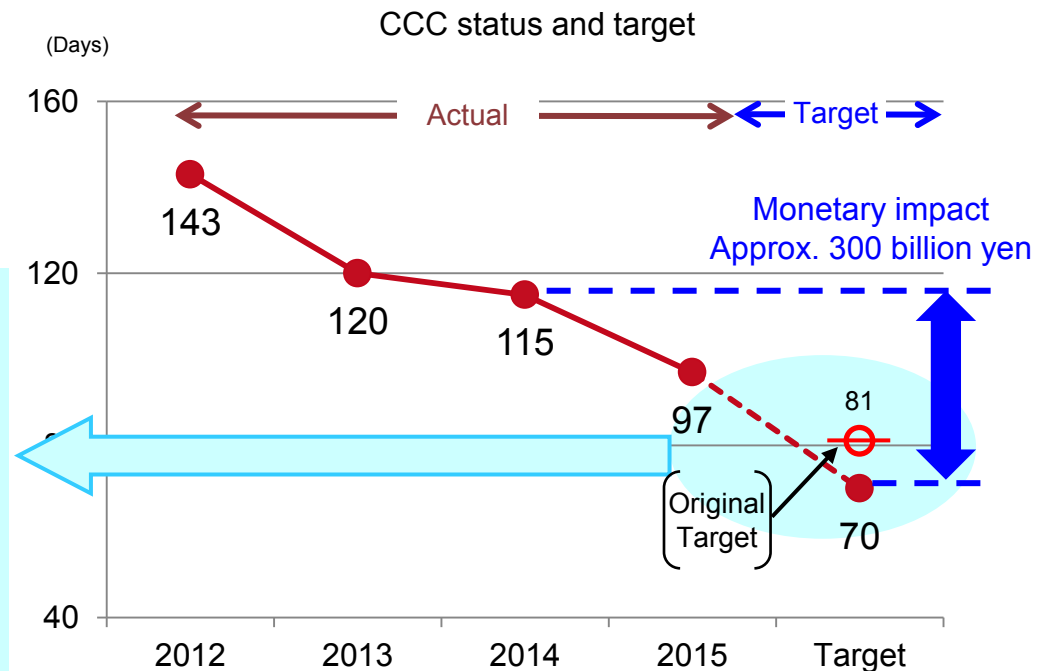


Improving cash conversion cycle (CCC)

Radical measures are underway to achieve the new target of 70 days,* up from the original target of 81 days

* Set using competitors' CCC data as benchmark

- CCC targets set for each SBU; periodic follow-up underway
- Review of supply chain, business processes and plant management underway; measures being strengthened in restructuring of bases, plants, etc.



SBU: Strategic business unit

CCC: Cash conversion cycle

Paring down of businesses receiving resources

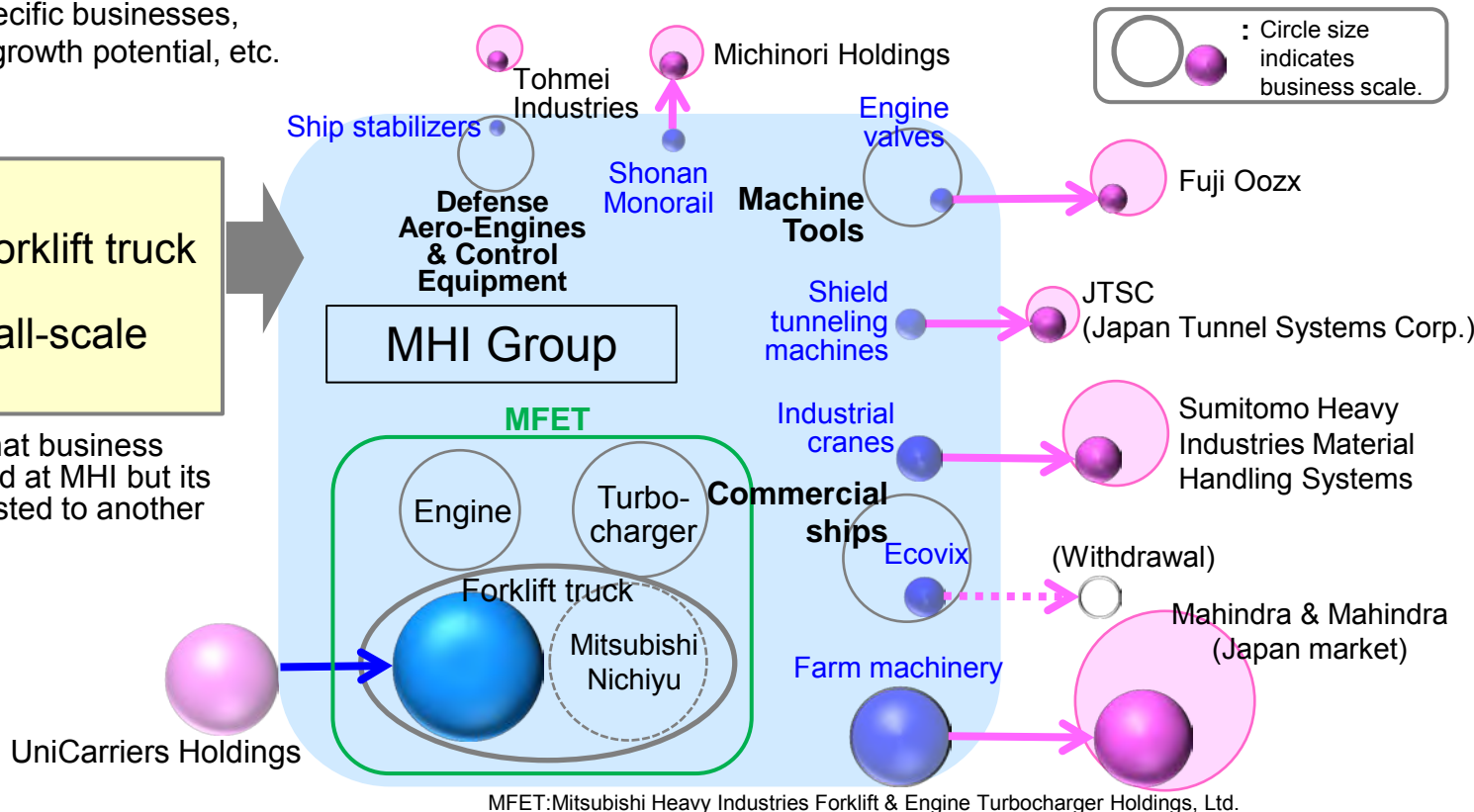
Giving top priority to total optimization (especially span of management and resource allocation) of the MHI Group amid globalization, other factors* are being evaluated, and concentration into core competencies is moving forward.

* Evaluating scale of specific businesses, profitability, long-term growth potential, etc.

[FY2015]

- **Incorporation** of forklift truck business
- **Divestment** of small-scale businesses, etc.**

**Based on the judgment that business growth cannot be expected at MHI but its growth is possible if entrusted to another company



MFET: Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.

Progress Status in Asset Management

Targeting generation of approx. 200 billion yen in cash flow within the 3 years of the 2015 Business Plan, planned utilization of land properties and securities is underway.

Land

Generally proceeding according to plan (partially ahead of schedule)

(in billion yen)

FY2015	CF	P/L
Target	Approx. 9.0	Approx. 4.0
Actual	Approx. 11.0	Approx. 6.0

Securities

Securities being extracted and dealt with for maximum effect

(in billion yen)

FY2015	CF	P/L
Actual	Approx. 5.0	Approx. 3.0

CF: Cash flow P/L: Profit and loss

Aiming to strengthen the financial foundation, cash flow is being properly generated within the time frame of the 2015 Business Plan in order to maintain flexibility to meet conceivable future capital requirements.

Status of Specific Measures (2)

- Status of noteworthy measures relating to governance, risk management, and preparation of a shared foundation
 - Bold reforms are underway in order to adapt to dramatic changes in the global environment, fully prepared for trials and errors along the way

Reform of the composition of the Board of Directors

- Raise the proportion of outside directors
- Enhance and strengthen supervisory functions
 - Undertaking various attempts to activate discussions between supervisory and executive directors



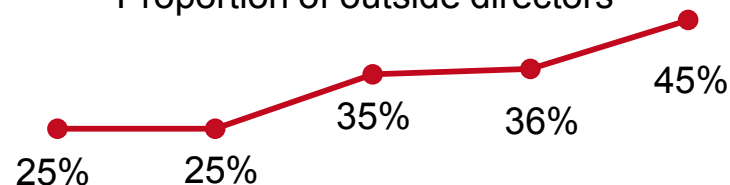
- Promote separation of supervisory and executive functions (clarification of responsibilities and greater effectiveness)



Internal directors will be limited to the Chairman, two members of the Audit and Supervisory Committee and, on the executive side, the CEO, CFO and CTO.

(The domain CEOs will be relieved of the duties as Directors and assigned exclusively to executive business management and oversight, etc.)

Proportion of outside directors



2012 2013 2014 2015 2016*
*Numbers projected after General Meeting of Shareholders

		Auditors					Audit and Supervisory Committee Members				
		2012	2013	2014	2015	2016*	2012	2013	2014	2015	2016*
Outside	Auditors	3	3	3	3	3	3	3	3	3	3
	Others	3	3	3	2	2					
	Subtotal	6	6	6	5	5	(25%)	(25%)	(35%)	(36%)	(45%)
Internal	Auditors	2	2	2	2	2	2	2	2	2	
	Others	16	16	9	7	4					
	Subtotal	18	18	11	9	6	(75%)	(75%)	(65%)	(64%)	(55%)
Total		24	24	17	14	11					

CEO: Chief executive officer

CFO: Chief financial officer

CTO: Chief technology officer

Risk management policies of 2015 Business Plan

- Devote complete efforts to resolving immediate serious risks: SONGS, etc.
- Expeditiously strengthen risk resilience
 - ➔ Through improvement of earning capacity, etc., secure adequate financial provisions at any time to be able to meet emergency situations



- Advance risk management systemization, consolidation of work processes, etc.; integrate studies of overseas competitors, etc.; and fully prepare a risk management structure before the next Business Plan
 - ➔ Preparing a Risk Management Dept., Corporate Planning Dept., etc.
(schedule described on page 26)

SONGS: San Onofre Nuclear Generating Station

Create new structure under direct CEO management (completed April 2016)

(1) Risk Management Dept.

- Aiming to achieve management level and efficiency similar to global competitors, promote systemization of entire risk management and concentration of related business processes
- Promoting possible risk prevention activities with 3 groups (right)

(2) Risk Solutions Dept.

Currently working to resolve the following serious existing risk-related issues:

- **SONGS arbitration**
: The department manager is liaising directly with legal department, nuclear energy department, American law offices, etc. and directing overall arbitration procedures.
The CEO is informed of all main points and issuing instructions.

- Supporting additional negotiations with the cruise ship customer, etc. The CFO is directly managing overall construction costs of the 2nd ship.
- Supporting price and contract negotiations for the MRJ's major components purchased overseas (engines, etc.)

CEO: Chief executive officer
CFO: Chief financial officer

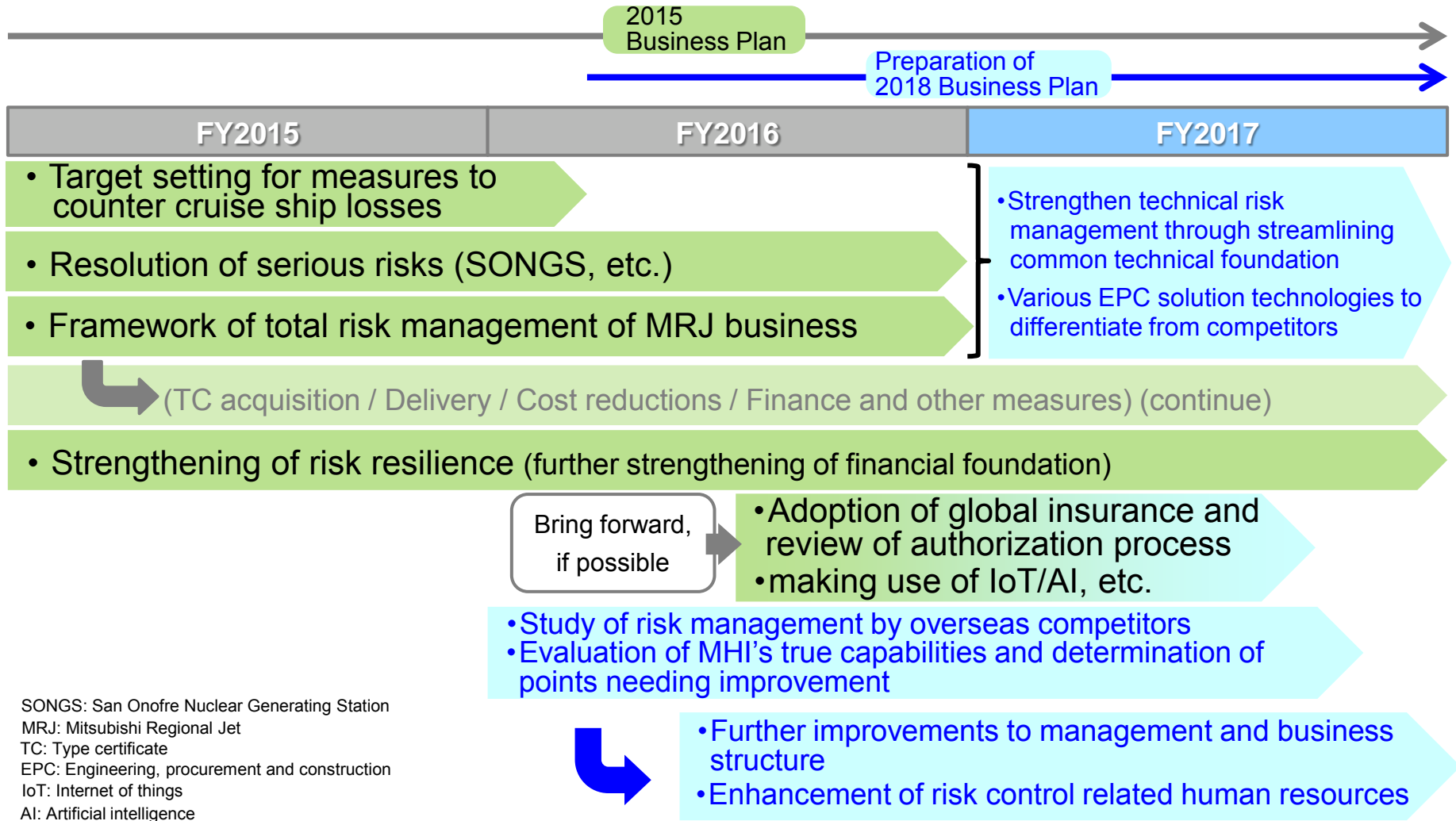
SONGS: San Onofre Nuclear Generating Station
MRJ: Mitsubishi Regional Jet



Progress Status of Specific Measures (6)

Strengthen Risk Management (3/3)

Main schedule for strengthening risk management



SONGS: San Onofre Nuclear Generating Station
 MRJ: Mitsubishi Regional Jet
 TC: Type certificate
 EPC: Engineering, procurement and construction
 IoT: Internet of things
 AI: Artificial intelligence

Preparation and Strengthening of Shared Foundation

Preparation and strengthening of a shared foundation as a global corporation

- Policies for establishing a shared technology framework, building global platforms, etc. are advancing steadily (as explained on February 4).

- As additional reinforcement measures, the following are underway:

(1) Strengthen response to IoT/AI (pages 28-31)

- Strengthen collaboration with leading domestic and overseas companies and COEs, mainly on ICT Solution Headquarters and Research & Innovation Center

(2) Promote active use of experts (a company will be established in July 2016)

- Pool Companywide experts, mostly employees with long experience, to work on actual various projects and nurture next-generation experts.
- Starting from EPC experts, an organization will be built making use of a wide variety of experts, in tandem with needs and efficacy.

Background

- IoT and AI technologies have advanced more quickly than when the 2015 Business Plan was formulated, increasing the need for a swift, more concentrated response.

IoT: Internet of things

AI: Artificial intelligence

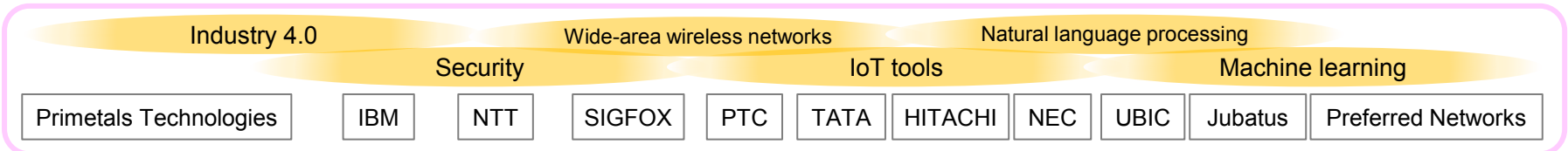
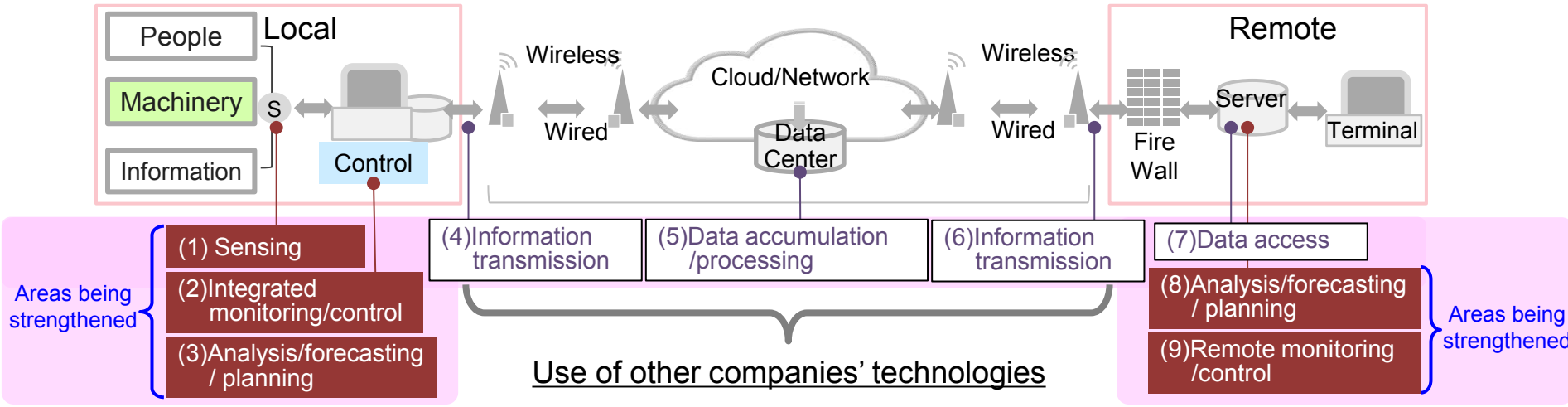
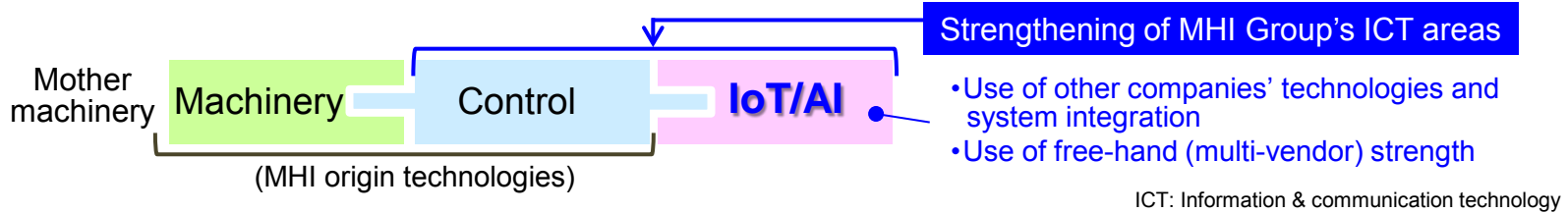
Major aims

- Higher added value of products, technologies and services
 - Expansion of business fields
(peripheral areas and new businesses)
 - Application to risk management (P.31)
 - Reform of business model
 - Necessary for large-scale businesses developing global operations
 - Leverage for strengthening niche businesses qualitatively
- (P. 29-30)
- (to be urgently considered going forward)

Example 1: Added value improvement model

• Connecting MHI's machinery and information/communication technologies, centering on its strength in mother machine control technologies*, MHI is enhancing the added value of its products and technologies and expanding its business areas.

* Control: including sensor technologies, monitoring/control, analysis/forecasting (diagnosis)/planning



Progress Status of Specific Measures (8)

Strengthen Response to IoT/AI (3/4)

Example 2: Strengthening of product lineup

- Actively apply IoT/AI technologies to information transmission and analysis for design, procurement, production, etc.
 - By multi-dimensional coupling of internal processes, promote process sharing and overall optimization

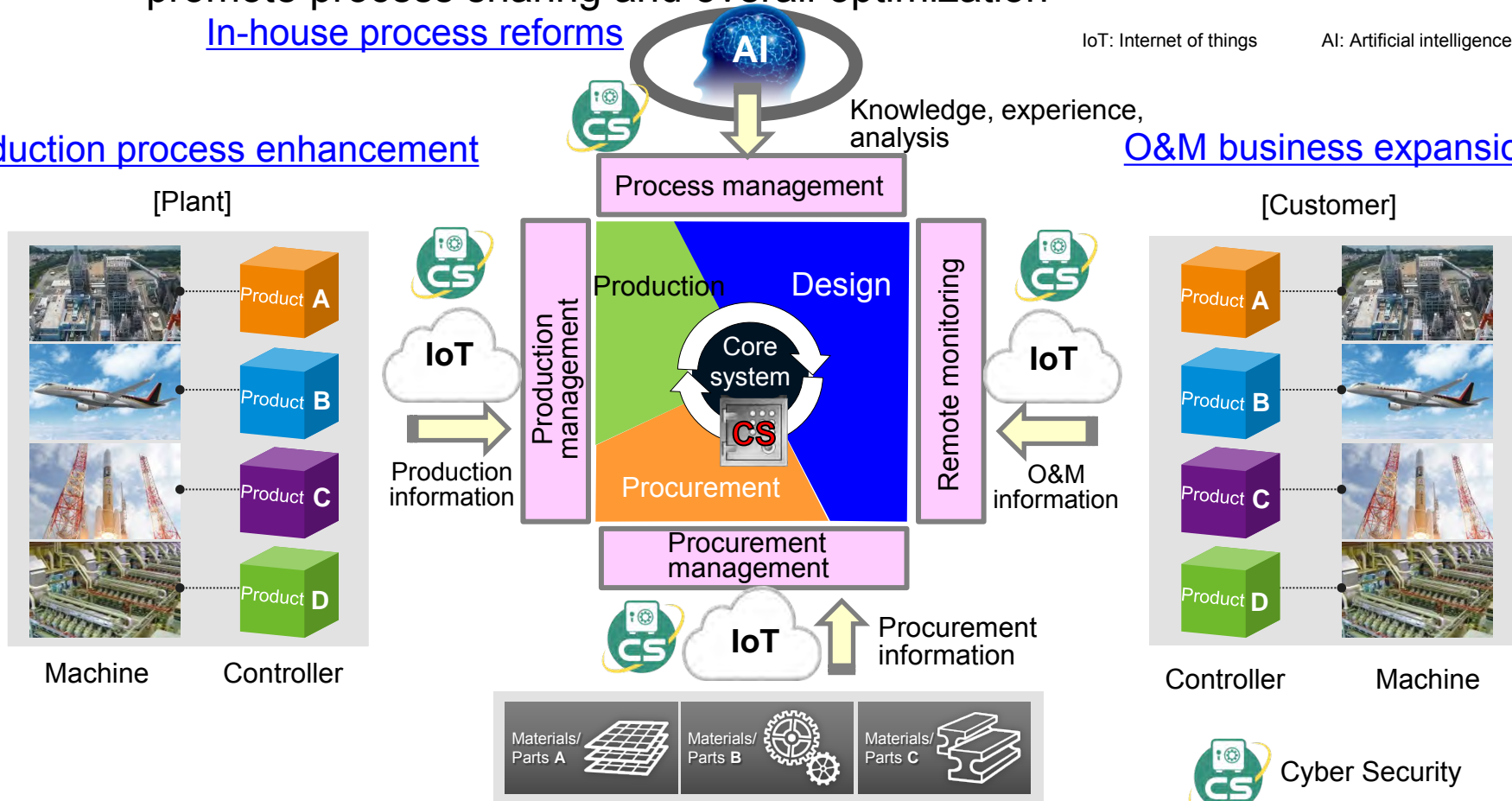
In-house process reforms

IoT: Internet of things

AI: Artificial intelligence

Production process enhancement

O&M business expansion



[Plant]

[Customer]

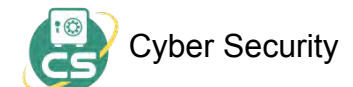
Machine

Controller

Controller

Machine

Suppliers



O & M: Operation and maintenance

Strengthening of supply chain management

Example 3: Active use of external knowledge and stronger collaboration

Cyber security

- Integration of safe, high-reliability control technologies cultivated in the Integrated Defense & Space Systems area with the cutting-edge security technologies of NTT

➔ Jointly with NTT, research has been launched into cyber security technologies for critical infrastructure control systems, etc.

(A “Cyber Lab” has been newly established, and verification and development are now under way.)



Risk management

- Consider using IBM Watson for automatic comprehensive risk identification in contract documents, etc., using precedents as reference

➔ Targets set on efficiency and standardization in business processes, and more advanced risk management



New Additional Measure

- Strengthen global marketing communications
 - Create New Brand Story to help explain MHI's global value proposition to a wide range of stakeholders including substantial / potential customers, the public sector, etc.

Global rollout of MHI Group Brand Story

- Urgent need to increase recognition and understanding of MHI Group in global markets to levels enjoyed by global competitors
 - Mitsubishi is well-known, but Mitsubishi Heavy Industries is not
- Leverage PR and branding specialists to review PR strategies, create MHI Group brand story*, and increase awareness and understanding of MHI's business and management, communicating to broader range of customers in the global market
 - PR activities will be launched in all overseas regions starting with North America in May

* Main Points of Brand Story

- Commitment to customers, society and regions (the role of MHI)
- MHI Group strengths (and the value we deliver)
- Proactive contribution for global growth
- Clarify competitive advantage and differentiation

[Key concept]

“和(WA)” HARMONY

[Group Statement]

(next page)

[Tagline]

MOVE THE WORLD FORWARD

Reference: Group Statement

At Mitsubishi Heavy Industries Group,
we channel big thinking into solutions that move the world forward
– advancing the lives of everyone who shares our planet.

By bringing people and ideas together as one,
we continue to pave the way to a future of shared success.

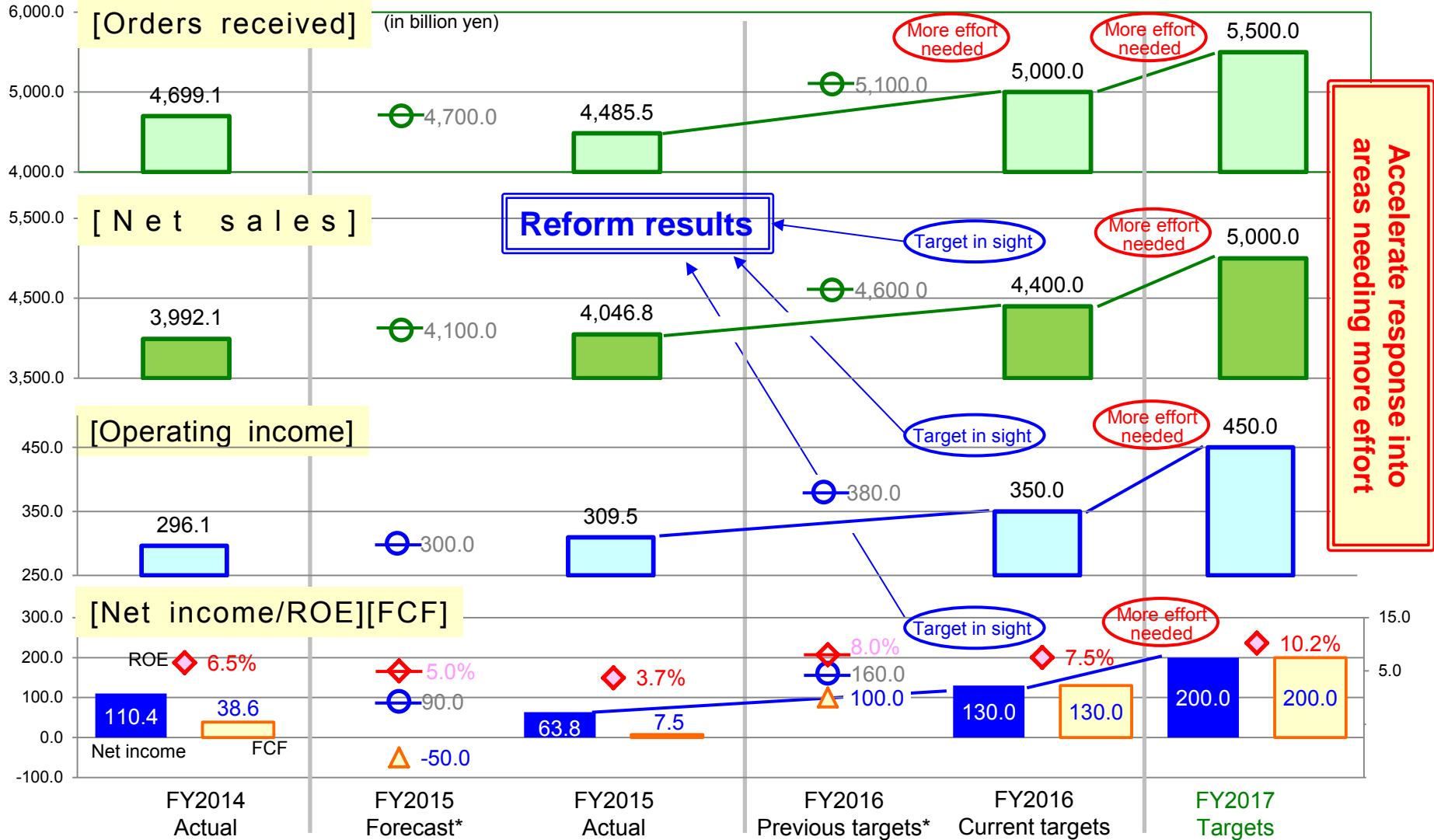
Passionately finding new, simpler and sustainable ways to
power our cities, improve infrastructure, innovate manufacturing
and connect people and businesses around the globe
with ever-increasing speed and efficiency.

This is the power of true harmony.
This is what moving the world forward is all about.
This is today's Mitsubishi Heavy Industries Group.

Summary

- (1) Management Numerical Results and Targets ...P.36
- (2) Upward Trend in Earning Capability ...P.37
- (3) Measures against Gap between
Business Scale and Earnings ...P.38
- (4) From Reform Phase to Take Off Phase ...P.39

Summary (1) Management Numerical Results and Targets



Accelerate response into areas needing more effort

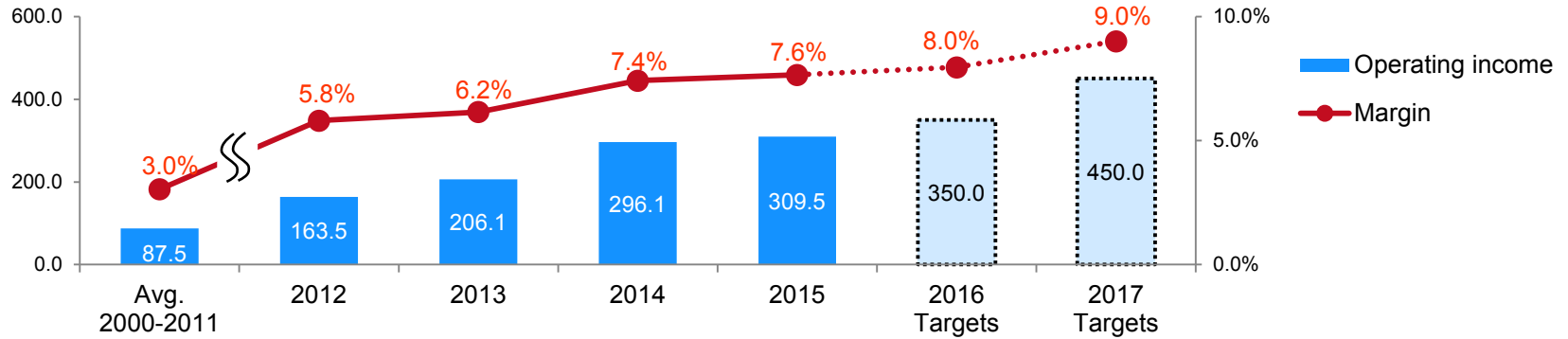
2012 Business Plan | 2015 Medium-Term Business Plan

Foreign exchange rates	109.4 yen/\$ 138.0 yen/€	120 yen/\$ 130 yen/€	119.7 yen/\$ 132.6 yen/€	110 yen/\$ 130 yen/€	110 yen/\$ 125 yen/€	110 yen/\$ 130 yen/€
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* Upon release of FY2015 3Q results (February 2016) ROE: Return on equity FCF: Free cash flow

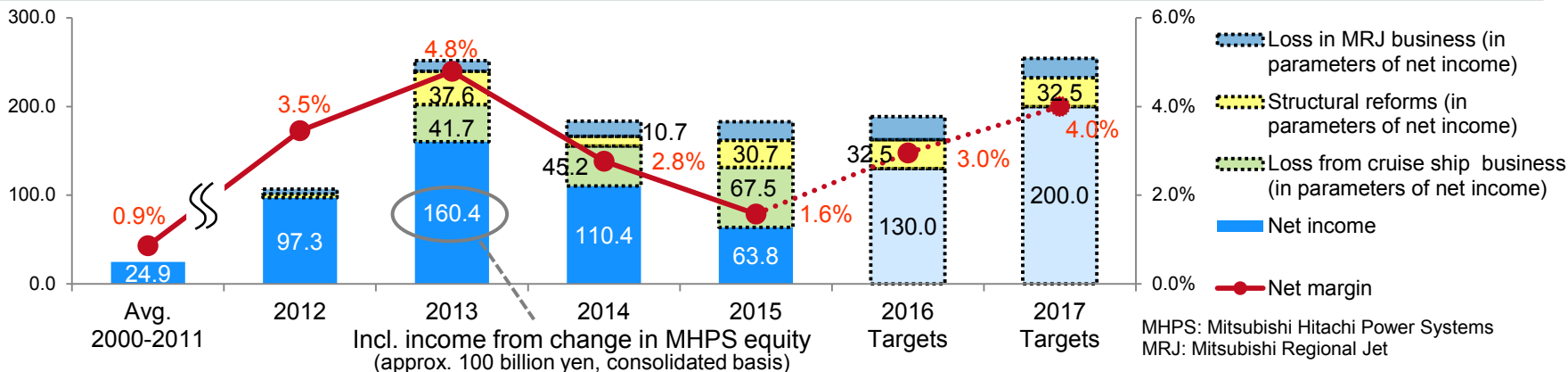
Summary (2) Upward Trend in Earning Capability

The measures taken to improve the earnings structure since the start of the 2012 Medium-Term Business Plan have **resulted in solid increases in operating income, and further improvements will be implemented.**



Together with resolving critical risks such as the cruise ship business issues, SONGS, etc., strengthen risk management and earning capability, **driving up net income.**

SONGS: San Onofre Nuclear Generating Station



Measures against Gap between Business Scale and Earnings

Accelerate response into areas needing more effort (P.36)

FY2016

FY2017

• Accelerate PMI of 3 independently managed JVs

(Orders received / Net sales +400-500 billion yen, Operating income +50-100 billion yen)

• Fully implement synergy merits of 3 independently managed JVs

• Swiftly win orders for delayed project

• Develop and Receive orders for large cross-domain projects

(Orders received +100-200 billion yen, Sales/Operating Income FY2018 or later)

• Complete improvement measures to build #2 cruise liner

(raising net income)

• Increase profitability in early stage, by expanding servicing business

(Operating income +X)

• Achieve further efficiency in indirect costs



• Promote BPO, IoT/AI substitutes

(Operating income +10-20 billion yen)

• Accelerate reforms of commercial ship business

• Radically strengthen the earning capacity of the Commercial Aviation & Transportation Systems

(Operating income +X)

• Maximize operation of shared technology division

(Net sales / Operating income +X)

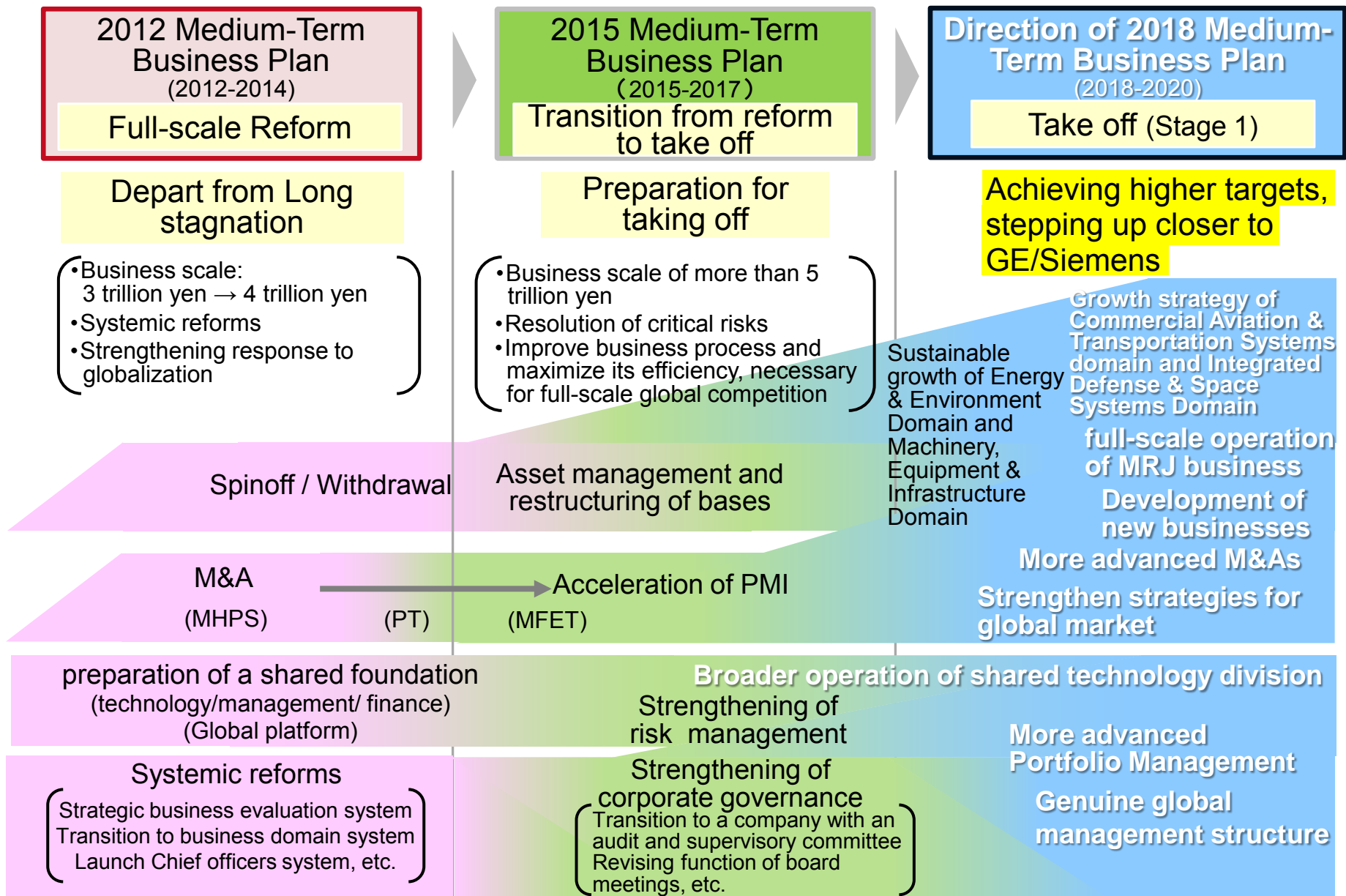
PMI: Post merger integration

BPO: Business process outsourcing

IoT: Internet of things

AI: Artificial intelligence

Summary (4) From reform phase to take off phase



M&A: Mergers & acquisitions
 MHPS: Mitsubishi Hitachi Power Systems

PT: Primetals Technologies

PMI: Post merger integration

MFET: Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.

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INDUSTRIES
GROUP**

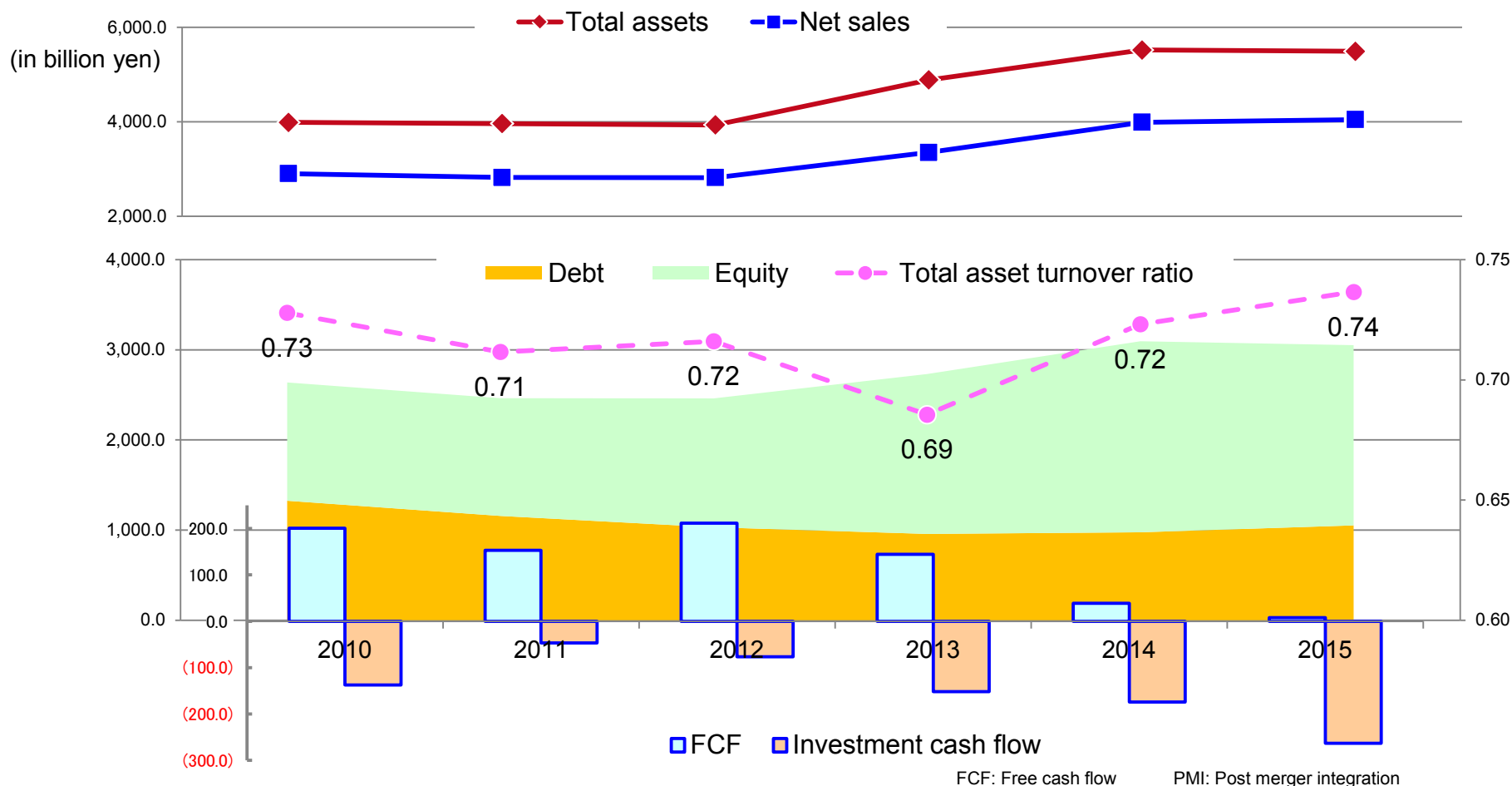
MOVE THE WORLD FORWARD

Reference

- Total Asset Turnover Ratio, etc. ...P.42
- Acceleration of Concentration into Core Competencies ...P.43
- Major Medium to Long-term Business Developments, by Domain ...P.44

Investment capital and cash flow

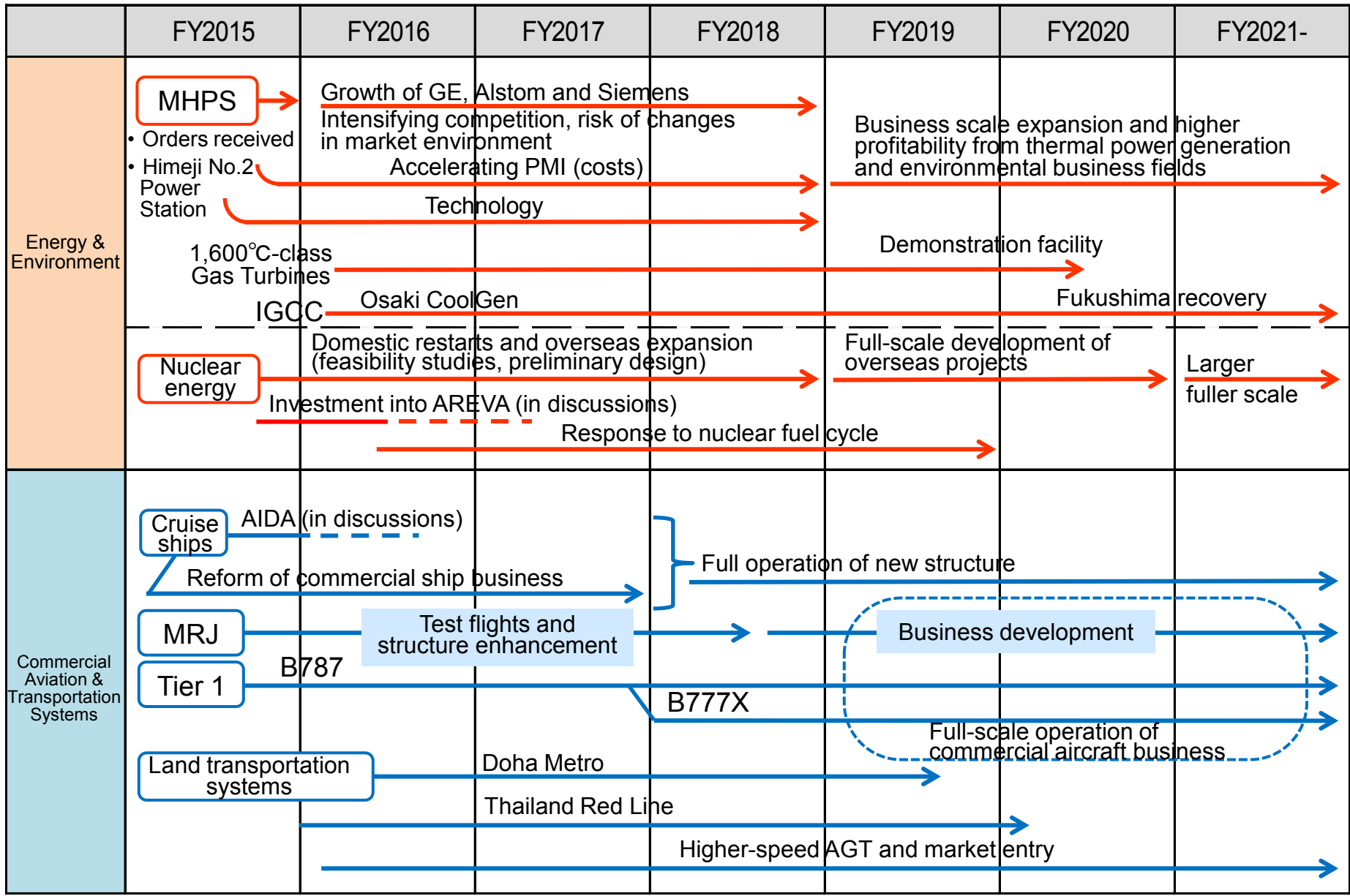
- Total asset turnover ratio is generally holding steady (and is expected to trend upward from PMI, etc. going forward)
- Together with maintaining a steady level of investment, equity will be built up



Reference: Acceleration of Concentration into Core Competencies

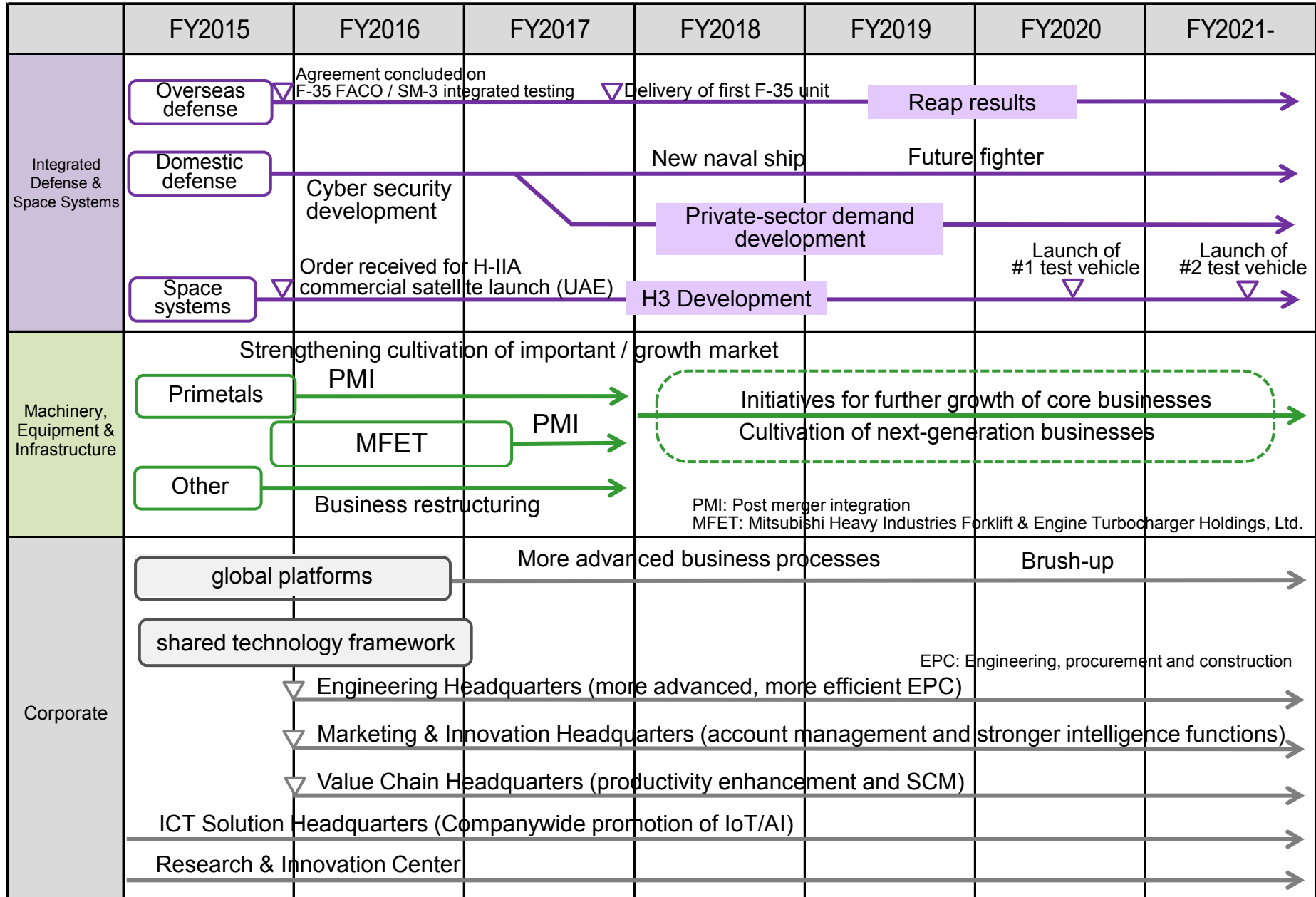
		Company	Product/Business	PMI Status and Results to Date		
 : Overseas : FY2015 initiatives				Agreement date	Net sales contribution (FY2014)	Other results, etc.
Acquisition		Federal Broach (USA)	Machine tools	Apr 2012	Approx. JPY 5.0bn	Business expansion and stabilization from lineup integration
		PWPS(USA) , Turboden(Italy)	Gas turbines	Dec 2012	Approx. JPY 80bn	Business expansion from added lineup in small/medium GT
		Daily Equipment (USA)	Forklift trucks	Jan 2012	Approx. JPY 1.5bn	Expansion of after-sale servicing business
		Concast (India)	Metals machinery	Jun 2012	Approx. JPY 2.5bn	Strengthening of upstream product lineup
		Toyo Engineering Works	Refrigeration systems	Jan 2014	Approx. JPY 16bn	Strengthening of engineering business
		UniCarriers Holdings	Forklift trucks	Jul 2015	Approx. JPY 185bn	Further business scale growth and expanded global market share
JV	MHI-led	Nippon Yusoki	Forklift trucks	Nov 2012	Approx. JPY 130bn	Business expansion from achievement of full lineup
		Hitachi	Thermal power generation systems	Nov 2012	Approx. JPY 300bn	Business expansion from full GT lineup (small to large), expansion of unique technologies (brown coal combustion, IGCC)
		Siemens (Germany)	Metals machinery	May 2014	Approx. JPY 50bn*	Business expansion from achievement of full lineup
		IHI Metaltech	Metals machinery	Jul 2013	Approx. JPY 10bn	Strengthened lineups of aluminum rolling mills, etc.
		Mahindra & Mahindra (India)	Agricultural machinery	May 2015	(equity-based)	Stronger competitiveness in domestic and global markets
	Equal	Vestas (Denmark)	Wind turbines	Sep 2013	(equity-based)	Early achievement of strategic model (8MW) development and order receipt targets
	Partner-led	Ryobi	Commercial printing machinery	Jun 2013	(equity-based)	Business strengthening from product lineup and production integration
		Fuji Xerox	Document-related	Oct 2013	-	Reductions in direct/indirect costs from standardization and effective document-related processes
		Miyaji Engineering	Bridges	Nov 2014	(equity-based)	Scale merits, Market share increase
		Japan Tunnel Systems	Tunneling shield machine	May 2015	(equity-based)	Assured capture of domestic demand and accelerate business expansion overseas
Fuji Oozx		Automobile engine valves	Jan 2016	(equity-based)	Market share expansion and enhanced market presence	
Transfer	HIDROMEK (Turkey)	Motor graders	Nov 2013	-	Promotion of business concentration into core competence	
	Delta Electronics (Taiwan)	Lithium rechargeable batteries	Apr 2014	-	Promotion of business concentration into core competence	
	Sumitomo Heavy Industries Material Handling Systems	Industrial cranes	May 2015	-	Promotion of business concentration into core competence	
	Michinori Holdings	Shonan Monorail	May 2015	-	Promotion of business concentration into core competence	
	Tohmei Industries	Ship stabilizers	Mar 2016	-	Promotion of business concentration into core competence	
Withdrawal	Ecovix (Brazil)	Shipbuilding	Jan 2016	(equity-based)	Promotion of business concentration into core competence	
Integration of Group Companies	Integration of 8 Group companies undertaking businesses relating to plant/facility management, construction and real estate		Oct 2015	-	Stronger business management through effective use of resources and sharing of management expertise, etc.	

Reference: Major Medium to Long-term Business Developments, by Domain (1)



MHPS: Mitsubishi Hitachi Power Systems PMI: Post merger integration IGCC: Integrated coal gasification combined cycle AGT: Automated guideway transit
 MRJ: Mitsubishi Regional Jet

Reference: Major Medium to Long-term Business Developments, by Domain (2)



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