

Financial Results for FY2012

April 26, 2013

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I. Financial Results for FY2012

Summary of Financial Results for FY2012

(In billion yen)

	FY2011	FY2012	Change
Orders received	3,188.8	3,032.2	- 156.5
Net sales	2,820.9	2,817.8	- 3.0
Operating income	111.9	163.5	+51.5
Ordinary income	86.1	149.0	+62.8
Extraordinary income	-16.3	6.4	+22.7
Income before taxes and minority interests	69.8	155.4	+85.6
Net income	24.5	97.3	+72.7

ROE	1.9%	7.4%	+5.5pt
ROIC	1.5%	4.4%	+2.9pt
D/E ratio	0.89	0.72	- 0.17
Interest-bearing debt (In billion yen)	1,157.1	1,031.2	- 125.9
Net income per share	7.3 yen	29.0 yen	+21.7 yen
Cash dividends per share	6.0 yen	8.0 yen	+2.0 yen

Financial Results for FY2012 by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2011	FY2012	Change	FY2011	FY2012	Change	FY2011	FY2012	Change
Shipbuilding & Ocean Development	262.0	255.4	- 6.5	311.6	225.8	- 85.8	- 3.8	11.5	+15.4
Power Systems	1,235.2	895.3	- 339.8	955.3	988.7	+33.4	92.3	88.9	- 3.4
Machinery & Steel Infrastructure Systems	508.2	471.9	- 36.2	428.8	482.5	+53.7	25.3	26.4	+1.1
Aerospace Systems	547.8	803.3	+255.5	495.9	485.8	- 10.1	- 5.3	29.1	+34.4
General Machinery & Special Vehicles	386.0	385.1	- 0.9	381.7	389.1	+7.3	5.1	12.7	+7.6
Air-Conditioning & Refrigeration Systems	160.5	144.1	- 16.3	159.9	148.7	- 11.2	1.4	0.3	- 1.1
Machine Tool	53.8	44.2	- 9.5	51.1	52.2	+1.1	4.0	2.5	- 1.5
Others	79.5	148.1	+68.5	83.3	144.7	+61.3	10.6	10.1	- 0.4
Others	293.9	336.6	+42.6	294.4	345.7	+51.3	16.1	12.9	- 3.1
Eliminations or Corporate	- 44.5	- 115.5	- 71.0	- 47.1	- 99.9	- 52.8	- 17.8	- 18.3	- 0.5
Total	3,188.8	3,032.2	- 156.5	2,820.9	2,817.8	- 3.0	111.9	163.5	+51.5

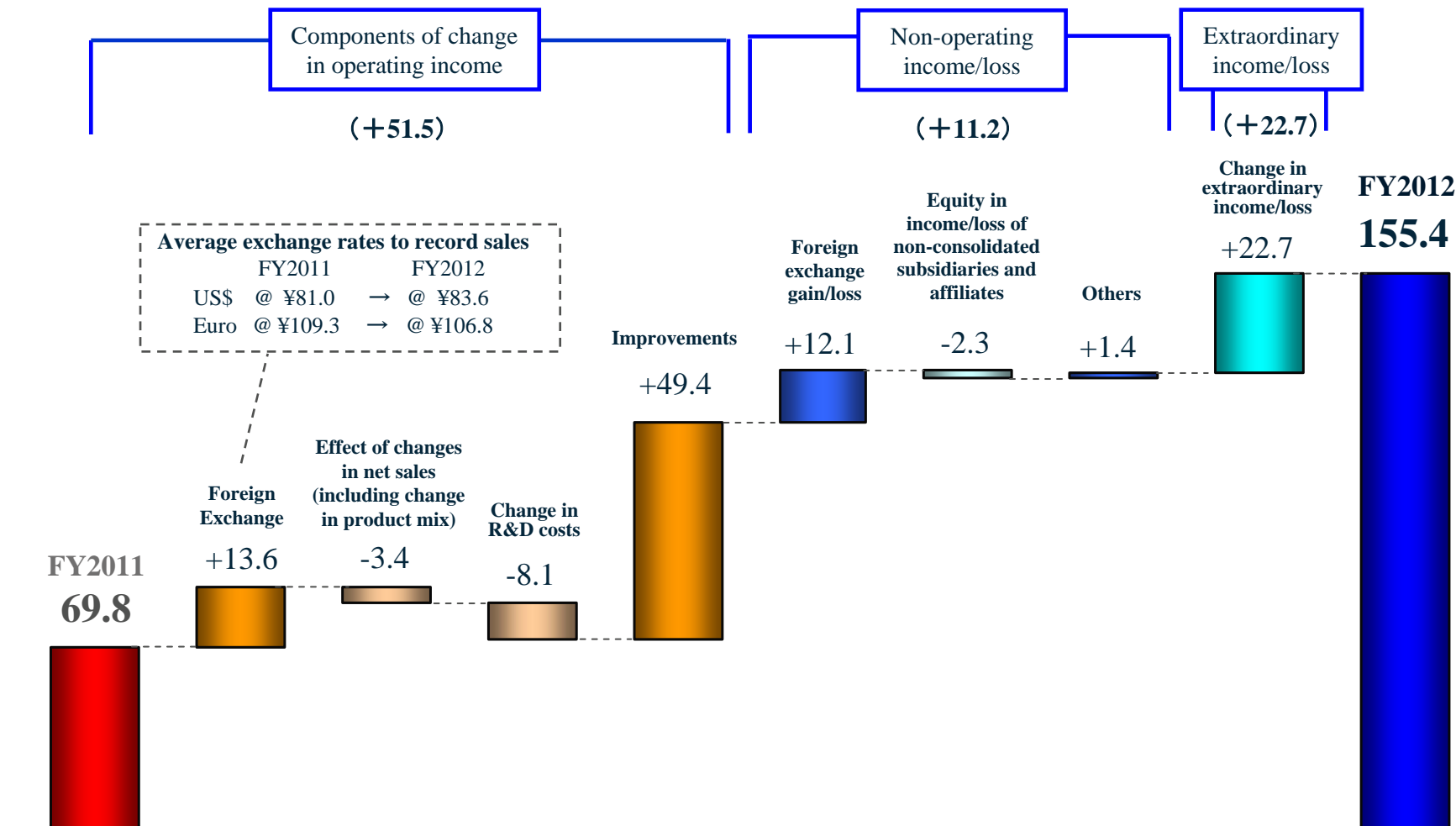
(Change in method for calculating operating income or loss)

With a change in the management system, part of Company-wide R&D expenses and expenses at the administration division of head office, which have conventionally been distributed to each segment, are not distributed to each segment but are included in "Eliminations or Corporate" from FY2012. The figures of above FY2011 already incorporate such modifications accordingly.

Components of Change in Income before Income Taxes

Up ¥85.6 billion YoY (¥69.8 bn → ¥155.4 bn)

(In billion yen)



▪ **Ordinary Income** (Up ¥62.8 billion YoY (¥86.1 bn → ¥149.0 bn))
(In billion yen)

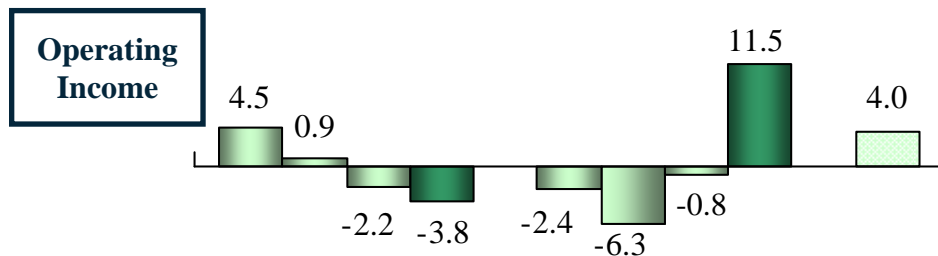
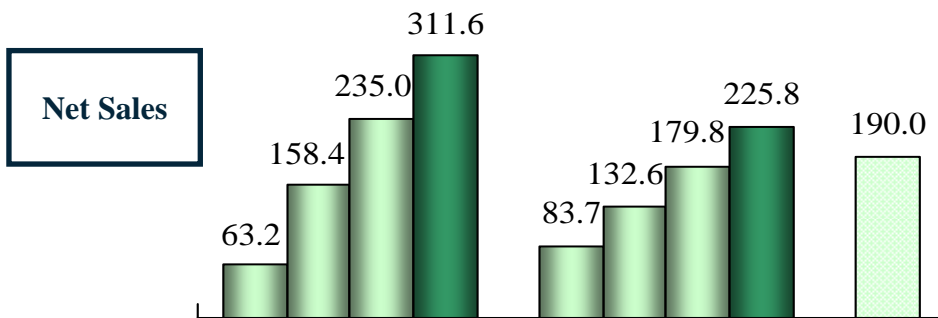
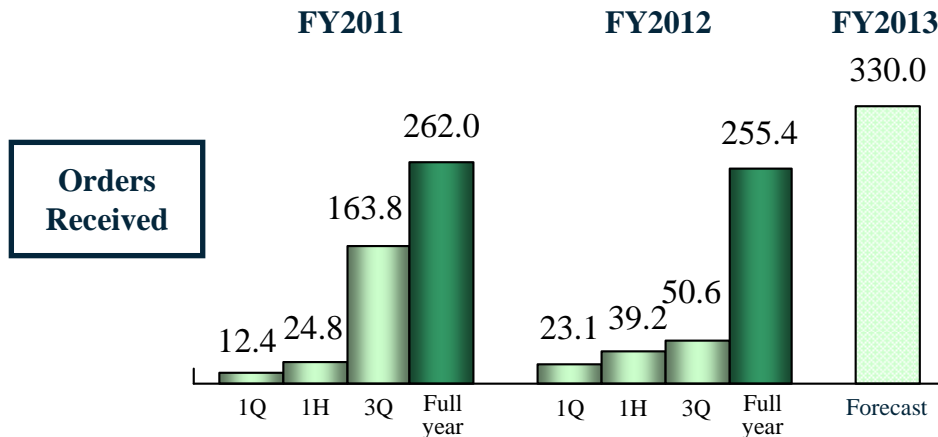
	FY2011	FY2012	Change
Operating income	111.9	163.5	+ 51.5
Foreign exchange gains	-5.0	7.0	+ 12.1
Net interest loss	-12.6	-10.6	+ 1.9
Equity in gain of non-consolidated subsidiaries and affiliates	4.9	2.6	- 2.3
Others	-13.0	-13.4	- 0.4
Non-operating income	-25.7	-14.4	+ 11.2
Ordinary income	86.1	149.0	+ 62.8

▪ **Extraordinary Income** (Up ¥22.7 billion YoY (- ¥16.3 bn → ¥6.4 bn))
(In billion yen)

	FY2011	FY2012	Change
Gain on sales of fixed assets	28.3	4.1	- 24.1
Gain on sales of investment securities	-	8.6	+ 8.6
Extraordinary gain	28.3	12.8	- 15.5
Business structure improvement expenses	- 38.1	- 6.4	+ 31.7
Loss on revaluation of investment securities	- 2.4	-	+ 2.4
Expense for treatment of PCB waste	- 4.0	-	+ 4.0
Extraordinary loss	- 44.6	- 6.4	+ 38.2
Extraordinary income/loss	- 16.3	6.4	+ 22.7

< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)



Orders received : Down ¥6.5 billion YoY

-Orders were received for 29 vessels, including five LNG carriers and two seismic vessels, as a result of sales activities focused on high value-added vessels such as LNG carriers, for which shipbuilding demand has been increasing because of the increase in the use of natural gas.

[Number of ships orders received]

FY2011: 12 (1Q: 0, 2Q: 2, 3Q: 4, 4Q: 6)

FY2012: 29 (1Q: 1, 2Q: 2, 3Q: 2, 4Q: 24)

[Backlog of ship orders] 45

(10 LNG carriers, 8 patrol vessels, 8 ferries/passenger and cargo ships, 4 seismic vessels, 4 container ships, 3 roll-on/roll-off vessels, 2 cruise ships and others)

Net sales/Earnings : Increased earnings (+ ¥15.4 billion YoY) on decreased sales (- ¥85.8 billion YoY)

-We delivered a total of 24 vessels, including five ferries, four pure car carriers, three LPG carriers, two patrol vessels and two roll-on/roll-off vessels etc.

[Number of ships delivered]

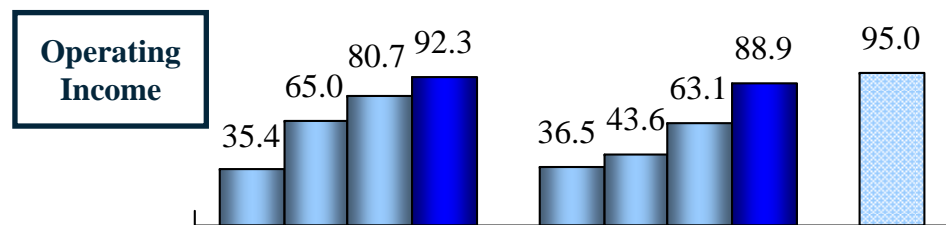
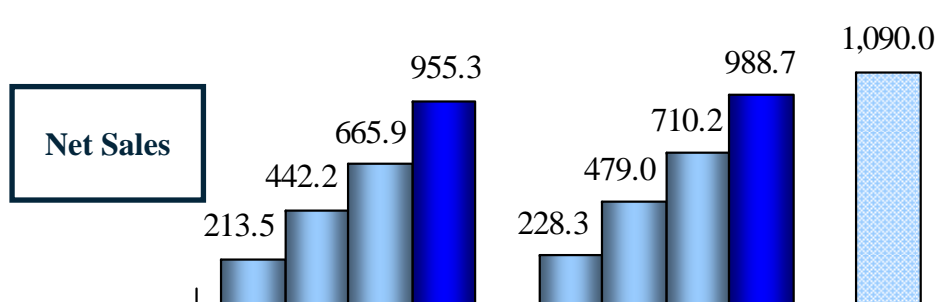
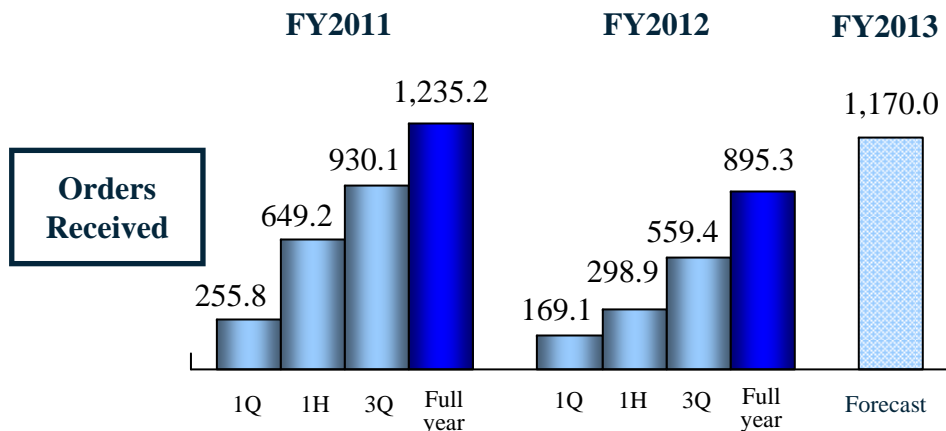
FY2011: 25 (1Q: 8, 2Q: 6, 3Q: 3, 4Q: 8)

FY2012: 24 (1Q: 9, 2Q: 5, 3Q: 0, 4Q: 10)

-Earnings moved into the black, an improvement from the previous fiscal year, due in part to the depreciation of the yen.

< Power Systems >

(In billion yen, accumulated amount)



Orders received : Down ¥339.8 billion YoY

-Orders decreased from the previous fiscal year when large orders were received in Taiwan, South Korea, etc., despite orders for the GTCC in Thailand and coal-fired power plants in Vietnam and Japan. The slowdown reflects increasingly severe competition, mainly in Asia, which is a result of a slowdown in markets in Europe and the United States.

[Gas turbine orders]

FY2011 : 23units (Geographic distribution : Asia 17, Domestic 6, North America 3, Europe -3)

FY2012 : 8units (Geographic distribution : Asia 5, North America 3)

[Backlog of Gas turbine orders (Non-consolidated)]

FY2011: 62

FY2012: 45

Net sales/Earnings : Decreased earnings (- ¥3.4 billion YoY) on increased sales (+ ¥33.4 billion YoY)

-Sales exceeded the previous fiscal year's level, with increases in thermal power plants, etc.

-Earnings decreased from the previous fiscal year, influenced mainly by a delay in the restart of existing nuclear power plants in Japan.

< Machinery & Steel Infrastructure Systems >

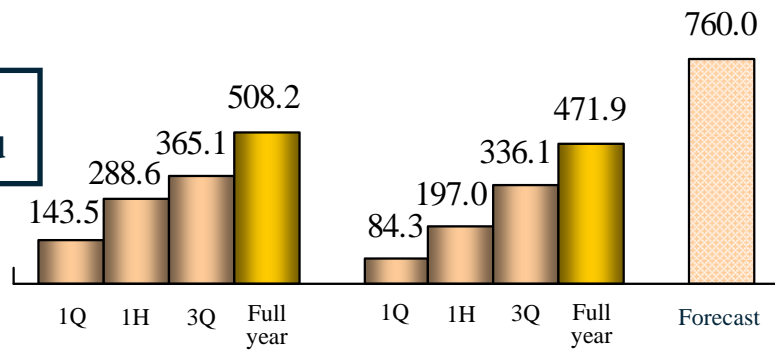
(In billion yen, accumulated amount)

FY2011

FY2012

FY2013

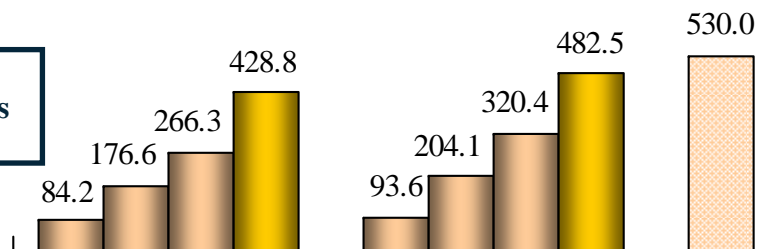
Orders Received



Orders received : Down ¥36.2 billion YoY

-Orders declined from the previous fiscal year with a decrease in orders for steel manufacturing machinery and chemical plants, for which there were large orders in the previous fiscal year, despite orders received for transportation systems in Malaysia, Indonesia, and Taiwan, and for compressors mainly in the United States.

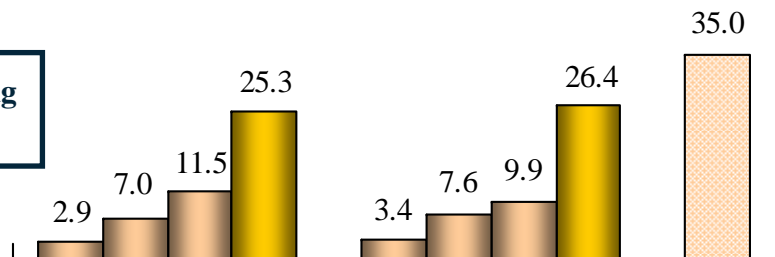
Net Sales



Net sales/Earnings : Increased earnings (+ ¥1.1 billion YoY) on increased sales (+ ¥53.7 billion YoY)

-Sales exceeded the previous fiscal year's level, primarily on increases in sales of steel manufacturing machinery, compressors, chemical plants, and other products.

Operating Income



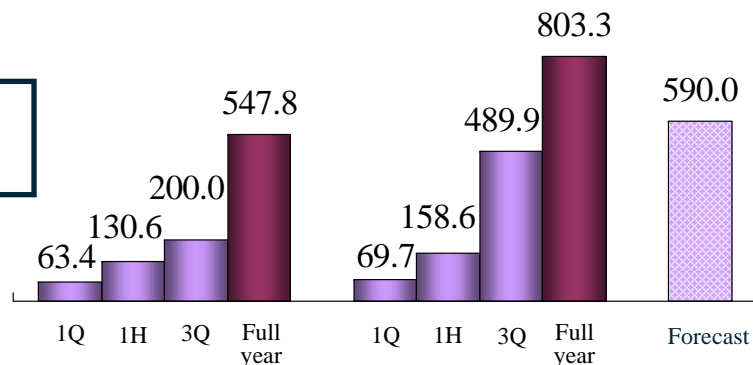
-Earnings increased slightly from the previous fiscal year, affected by the fierce competitive business environment, despite higher sales.

< Aerospace Systems >

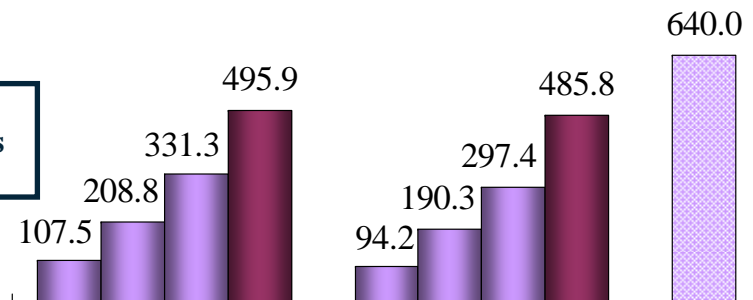
(In billion yen, accumulated amount)

FY2011 FY2012 FY2013

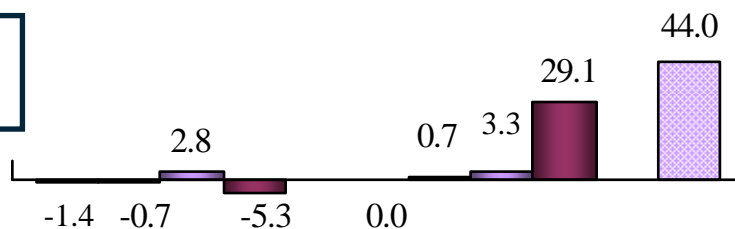
Orders Received



Net Sales



Operating Income



Orders received : Up ¥255.5 billion YoY

-Orders rose from a year ago, reflecting increases in orders related to commercial aircraft and defense.

Net sales/Earnings : Increased earnings (+ ¥34.4 billion YoY) on decreased sales (- ¥10.1 billion YoY)

-Sales decreased from a year ago due to a decline in defense despite rises in sales related to commercial aircraft and space.

[Number of B777s delivered]

FY2011: 83 (1Q: 22, 2Q: 19, 3Q: 23, 4Q: 19)

FY2012: 90 (1Q: 21, 2Q: 21, 3Q: 24, 4Q: 24)

[Number of B787s delivered]

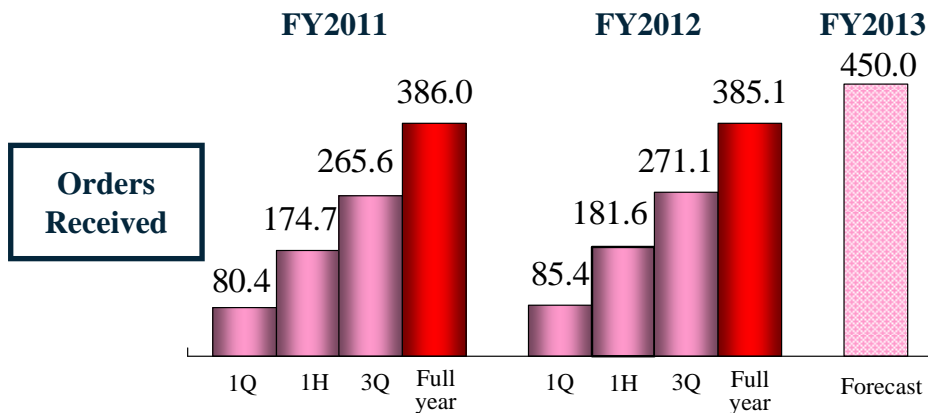
FY2011: 27 (1Q: 7, 2Q: 4, 3Q: 7, 4Q: 9)

FY2012: 52 (1Q: 11, 2Q: 11, 3Q: 14, 4Q: 16)

-Earnings rose significantly from the previous fiscal year's level and moved into the black, thanks to progress in the improvement of profitability, primarily in commercial aircraft.

< General Machinery & Special Vehicles >

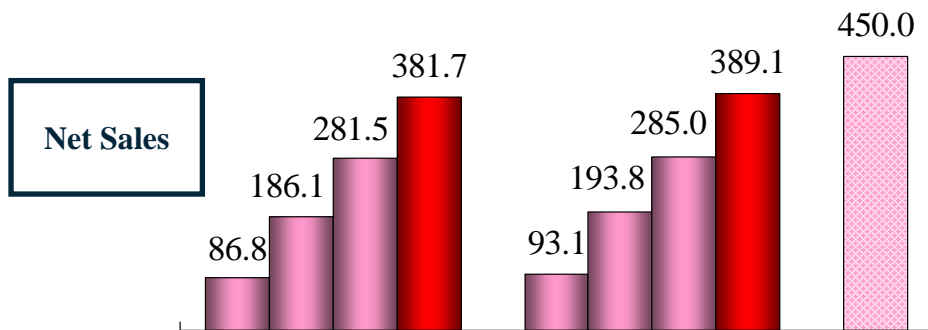
(In billion yen, accumulated amount)



Orders received: Down ¥ 0.9 billion YoY

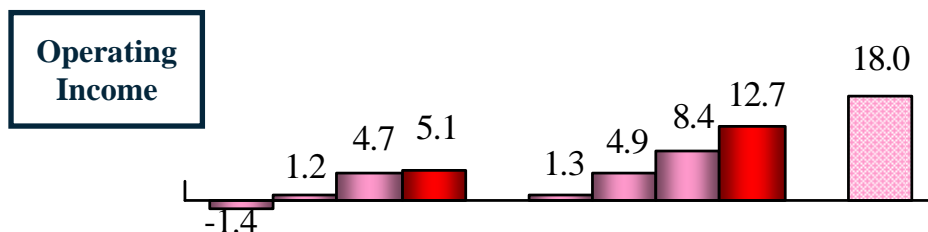
Net sales : Up ¥7.3 billion YoY

- Orders remained almost unchanged from the previous fiscal year's level, mainly reflecting a decline in engines in Europe, despite a rise in turbochargers for China and North America.
- Sales increased from the previous fiscal year, due in part to a rise in turbochargers.



Earnings : Up ¥7.6 billion YoY

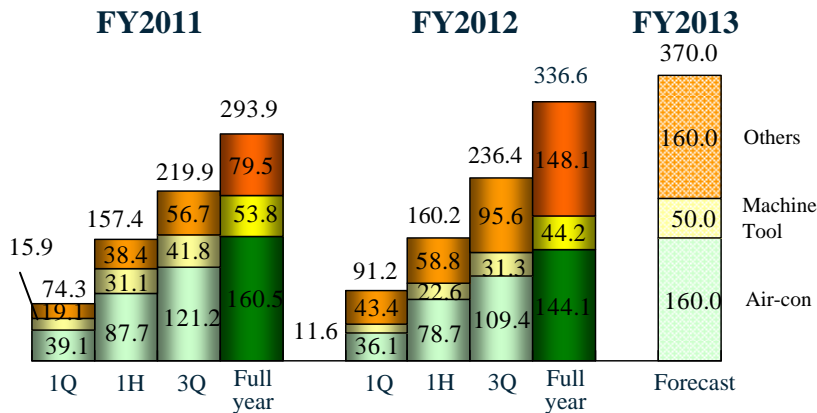
- Earnings rose from the previous fiscal year, mainly attributable to the leveraging effect of higher sales and activities to reduce cost.



< Others >

(In billion yen, accumulated amount)

Orders Received



Air-Conditioning & Refrigeration Systems

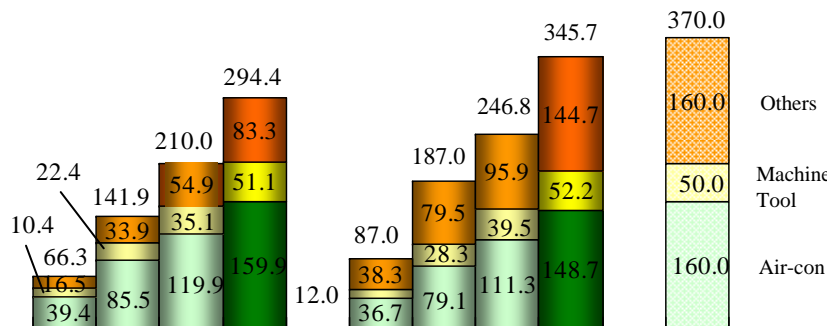
Orders received : Down ¥16.3 billion YoY

Net sales : Down ¥11.2 billion YoY

–Orders and sales fell from a year ago with decreases in commercial air-conditioners, residential air-conditioners and automotive thermal systems.

Earnings : Down ¥1.1 billion YoY

Net Sales



Machine Tool

Orders received : Down ¥9.5 billion YoY

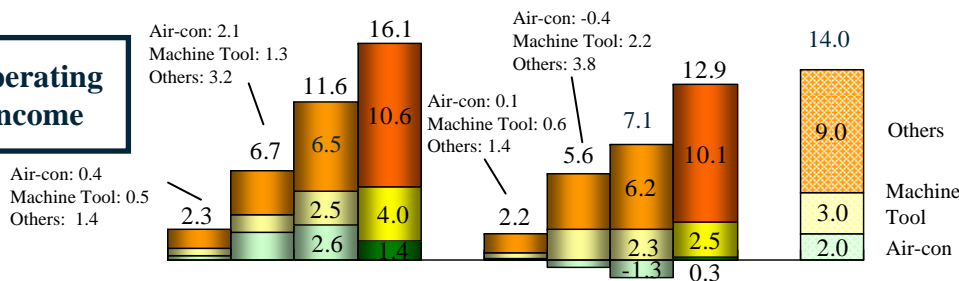
Net sales : Up ¥1.1 billion YoY

–Orders fell from the previous fiscal year due to a decline in capital investment in Japan, in addition to the fierce competition in the Asian market, including China.

–Sales, especially of gear cutting machines, rose from the previous fiscal year.

Earnings : Down ¥1.5 billion YoY

Operating Income



Others

- Real estate and construction

- Information and communication systems

(In billion yen)

	As of March 31, 2012	As of March 31, 2013	Changes
Assets			
Trade receivables	968.0	931.4	-36.5
Inventories	1,053.4	1,009.8	-43.6
Other current assets	617.4	683.5	+66.0
Total current assets	2,639.0	2,624.8	-14.1
Total fixed assets	1,324.9	1,310.2	-14.6
Total assets	3,963.9	3,935.1	-28.8
Liabilities			
Trade payables	651.1	663.4	+12.3
Advance payments received on contracts	399.2	427.3	+28.1
Other current liabilities	664.3	602.9	-61.3
Total current liabilities	1,714.6	1,693.8	-20.8
Total long-term liabilities	942.9	811.0	-131.8
Total liabilities	2,657.6	2,504.8	-152.7
Net assets			
Stockholders' equity	1,286.6	1,365.5	+78.9
Valuation, translation adjustments and others	-31.5	13.0	+44.5
Others (Minority interests, etc.)	51.2	51.5	+0.2
Total net assets	1,306.3	1,430.2	+123.8
Total liabilities and net assets	3,963.9	3,935.1	-28.8
Interest-bearing debt outstanding	1,157.1	1,031.2	-125.9
Equity Ratio	31.7%	35.0%	+ 3.3pt

Cash Flows

(In billion yen)

	FY2011	FY2012	Change
Cash flows from operating activities	200.3	288.3	+88.0
Cash flows from investing activities	-47.0	-76.7	- 29.6
Free cash flows	153.3	211.6	+58.3
Cash flows from financing activities	-183.6	-154.2	+29.3

Interest-Bearing Debt

(In billion yen)

	As of March 31, 2012	As of March 31, 2013	Change
Interest-bearing debt	1,157.1	1,031.2	-125.9

D/E ratio

	FY2011	FY2012	Change
D/E ratio *	0.89	0.72	-0.17

$$* \text{ D/E ratio} = \frac{\text{Interest-Bearing Debt}}{\text{Net Assets}}$$

II. Forecast for FY2013

Forecasts regarding future performance in these materials are based on judgment 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 decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement 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 FY2013

(In billion yen)

	FY2012 (Actual)	FY2013 (Forecast)	Change
Orders received	3,032.2	3,550.0	+517.8
Net sales	2,817.8	3,150.0	+332.2
Operating income	163.5	190.0	+26.5
Ordinary income	149.0	160.0	+11.0
Net income	97.3	100.0	+2.7

The business forecast above does not reflect the impact of the integration of the thermal power generation systems with Hitachi, Ltd.

◇Assumption of currency exchange rate for the portion yet to be fixed

<undetermined amount> US\$: 2.5 billion , Euro: 0.5 billion

<exchange rate> US\$ 1.00 = ¥95 , Euro 1.00 = ¥120

Forecast for FY2013 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2012 (Actual)	FY2013 (forecast)	Change	FY2012 (Actual)	FY2013 (forecast)	Change	FY2012 (Actual)	FY2013 (forecast)	Change
Shipbuilding & Ocean Development	255.4	330.0	+74.6	225.8	190.0	- 35.8	11.5	4.0	- 7.5
Power Systems	895.3	1,170.0	+274.7	988.7	1,090.0	+101.3	88.9	95.0	+6.1
Machinery & Steel Infrastructure Systems	471.9	760.0	+288.1	482.5	530.0	+47.5	26.4	35.0	+8.6
Aerospace Systems	803.3	590.0	- 213.3	485.8	640.0	+154.2	29.1	44.0	+14.9
General Machinery & Special Vehicles	385.1	450.0	+64.9	389.1	450.0	+60.9	12.7	18.0	+5.3
Air-Conditioning & Refrigeration Systems	144.1	160.0	+15.9	148.7	160.0	+11.3	0.3	2.0	+1.7
Machine Tool	44.2	50.0	+5.8	52.2	50.0	- 2.2	2.5	3.0	+0.5
Others	148.1	160.0	+11.9	144.7	160.0	+15.3	10.1	9.0	- 1.1
Others	336.6	370.0	+33.4	345.7	370.0	+24.3	12.9	14.0	+1.1
Eliminations or Corporate	- 115.5	- 120.0	- 4.5	- 99.9	- 120.0	- 20.1	- 18.3	- 20.0	- 1.7
Total	3,032.2	3,550.0	+517.8	2,817.8	3,150.0	+332.2	163.5	190.0	+26.5

1. R&D Expenses, Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 Forecast
R&D Expenses	101.3	129.2	123.2	121.4	120.0	140.0
Depreciation	153.8	140.4	134.4	126.2	119.4	120.0
Capital Expenditure	196.6	177.1	126.6	120.7	118.8	130.0

2. Cash Flows

(In billion yen)

	FY2008	FY2009	FY2010	FY2011	FY2012
Cash flows from operating activities	79.5	117.9	337.8	200.3	288.3
Cash flows from investing activities	-156.5	-180.7	-137.2	-47.0	-76.7
Free cash flows	-77.0	-62.7	200.5	153.3	211.6
Cash flows from financing activities	262.0	-105.2	-169.7	-183.6	-154.2

3. Interest-Bearing Debt, D/E ratio

(In billion yen)

	FY2008	FY2009	FY2010	FY2011	FY2012
Interest-bearing debt	1,612.8	1,495.3	1,325.6	1,157.1	1,031.2
D/E ratio	1.26	1.13	1.01	0.89	0.72

4. Foreign Exchange Rates

(¥/US\$)

	FY2008		FY2009		FY2010		FY2011		FY2012	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Average rates for recording sales	107.9	103.2	97.6	95.0	91.9	88.5	81.9	81.0	80.4	83.6
(Reference) Rates at end of period	103.6	98.2	90.2	93.0	83.8	83.2	76.7	82.2	77.6	94.1

5. Employees

(Number of employees)

	FY2008	FY2009	FY2010	FY2011	FY2012
(Consolidated)					
Shipbuilding & Ocean Development	5,035	4,969	4,767	3,966	3,708
Power Systems	17,296	18,633	19,412	18,754	18,966
Machinery & Steel Infrastructure Systems	11,177	10,855	10,324	8,914	8,814
Aerospace Systems	9,231	9,679	9,942	9,364	9,513
General Machinery & Special Vehicles	8,519	7,780	9,000	8,709	8,630
Others	16,158	15,753	15,371	18,914	18,582
Total	67,416	67,669	68,816	68,621	68,213
(Non-consolidated) Total	33,614	34,139	33,031	32,494	31,111

6. Overseas Sales by Region

(In billion yen)

	FY2008	FY2009	FY2010	FY2011	FY2012
(Consolidated)					
North America	414.0 (12.3%)	360.1 (12.2%)	347.4 (12.0%)	296.0 (10.5%)	379.0 (13.5%)
Central & South America	226.1 (6.7%)	184.7 (6.3%)	200.8 (6.9%)	142.1 (5.0%)	105.1 (3.7%)
Asia	439.1 (13.0%)	390.7 (13.3%)	373.7 (12.9%)	381.8 (13.5%)	457.6 (16.2%)
The Middle East	230.0 (6.8%)	170.7 (5.8%)	102.6 (3.5%)	68.7 (2.4%)	47.5 (1.7%)
Europe	296.2 (8.8%)	223.3 (7.6%)	217.0 (7.5%)	225.7 (8.0%)	217.5 (7.7%)
Africa	21.5 (0.6%)	138.7 (4.7%)	169.2 (5.8%)	51.6 (1.8%)	23.4 (0.8%)
Oceania	25.0 (0.7%)	10.1 (0.4%)	12.1 (0.4%)	14.8 (0.5%)	31.5 (1.1%)
Total	1,652.2 (48.9%)	1,478.6 (50.3%)	1,423.1 (49.0%)	1,181.0 (41.9%)	1,261.9 (44.8%)

7. Segment Information by Geographic Distribution


(In billion yen)

		FY2008	FY2009	FY2010	FY2011	FY2012
Japan	Net sales	3,120.6	2,766.5	2,652.1	2,621.7	2,565.6
	Operating income	91.2	68.8	96.5	105.2	136.7
North America	Net sales	297.3	225.4	226.9	168.6	205.7
	Operating income	6.6	-3.1	1.1	0.7	13.2
Asia	Net sales	120.3	93.6	123.2	148.4	149.6
	Operating income	2.4	0.9	1.8	5.6	8.9
Europe	Net sales	166.9	108.4	115.8	130.9	128.5
	Operating income	2.8	-5.3	-1.4	-1.5	4.7
Others	Net sales	39.1	28.8	27.6	20.0	17.1
	Operating income	2.7	4.2	3.1	1.8	-0.1
Eliminations or Corporate	Net sales	-368.7	-282.0	-242.1	-268.8	-248.8
	Operating income	-	-	-	-	-
Total	Net sales	3,375.6	2,940.8	2,903.7	2,820.9	2,817.8
	Operating income	105.8	65.6	101.2	111.9	163.5



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A red swoosh underline that starts under the word 'Technologies' and extends to the right, ending in a pointed arrowhead.