

Financial Results for First Quarter FY2013

July 31, 2013

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I. First Quarter FY2013 Financial Results

Summary of First Quarter Financial Results

(In billion yen)

	FY2012-1Q	FY2013-1Q	Change
Orders received	492.4	585.4	+93.0
Net sales	649.1	747.4	+98.3
Operating income	36.5	35.3	- 1.2
Ordinary income	25.3	28.0	+2.7
Extraordinary income/loss	3.9	-3.8	- 7.8
Income before income taxes	29.2	24.1	- 5.1
Net income	18.8	13.6	- 5.2

Orders received ⇒ Up ¥93.0 billion YoY (¥492.4 bn → ¥585.4 bn)

Net Sales ⇒ Up ¥98.3 billion YoY (¥649.1 bn → ¥747.4 bn)

-Both orders and sales exceeded the year-ago level due to progress in the depreciation of the yen, changes in the fiscal year-end of overseas group companies, and the effect of business integration.

Net Income ⇒ Down ¥5.2 billion YoY (¥18.8 bn → ¥13.6 bn)

-Net income declined from a year ago attributable mainly to a fall in gains on sales of investment securities and the posting of business structure improvement expenses, despite an increase in ordinary income year on year due to improvement in foreign exchange gains and losses.

First Quarter Financial Results by Segment



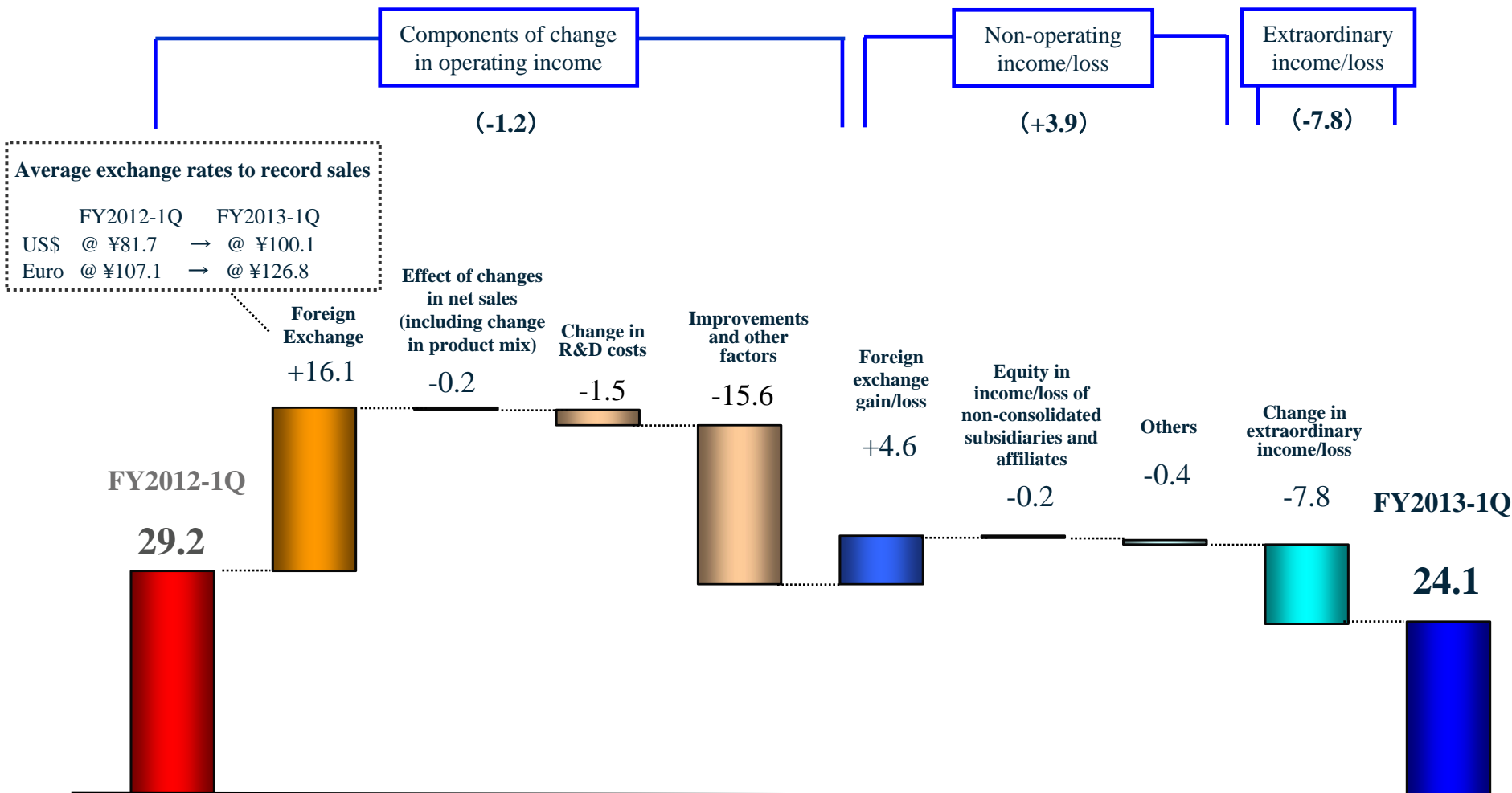
(In billion yen)

	Orders received			Net sales			Operating income		
	FY2012-1Q	FY2013-1Q	Change	FY2012-1Q	FY2013-1Q	Change	FY2012-1Q	FY2013-1Q	Change
Shipbuilding & Ocean Development	23.1	13.3	- 9.7	83.7	60.6	- 23.0	- 2.4	0.4	+2.8
Power Systems	169.1	189.6	+20.4	228.3	265.8	+37.5	36.5	20.1	- 16.3
Machinery & Steel Infrastructure Systems	84.3	114.1	+29.8	93.6	107.7	+14.1	3.4	4.4	+0.9
Aerospace Systems	69.7	92.6	+22.8	94.2	132.7	+38.4	0.0	10.3	+10.4
General Machinery & Special Vehicles	85.4	114.7	+29.2	93.1	117.6	+24.5	1.3	3.6	+2.2
Air-Conditioning & Refrigeration Systems	36.1	38.7	+2.5	36.7	37.9	+1.2	0.1	0.1	- 0.0
Machine Tool	11.6	13.7	+2.1	12.0	12.8	+0.8	0.6	- 1.0	- 1.6
Others	43.4	36.4	- 6.9	38.3	33.2	- 5.1	1.4	1.8	+0.3
Others	91.2	88.9	- 2.2	87.0	83.9	- 3.0	2.2	0.9	- 1.3
Eliminations or Corporate	- 30.6	- 27.9	+2.6	- 30.9	- 21.1	+9.7	- 4.6	- 4.8	- 0.1
Total	492.4	585.4	+93.0	649.1	747.4	+98.3	36.5	35.3	- 1.2

Components of Change in Income before Income Taxes

Down ¥5.1 billion YoY (¥29.2 bn → ¥24.1 bn)

(In billion yen)



▪ **Ordinary Income** (Up ¥2.7 billion YoY (¥25.3 bn → ¥28.0 bn)) (In billion yen)

	FY2012-1Q	FY2013-1Q	Change
Operating income	36.5	35.3	- 1.2
Foreign exchange gains	-8.4	-3.8	+ 4.6
Net interest loss	-2.1	-1.9	+ 0.2
Equity in gain of non-consolidated subsidiaries and affiliates	-0.6	-0.9	- 0.2
Others	0.0	-0.6	- 0.6
Non-operating income/loss	-11.2	-7.3	+ 3.9
Ordinary income	25.3	28.0	+ 2.7

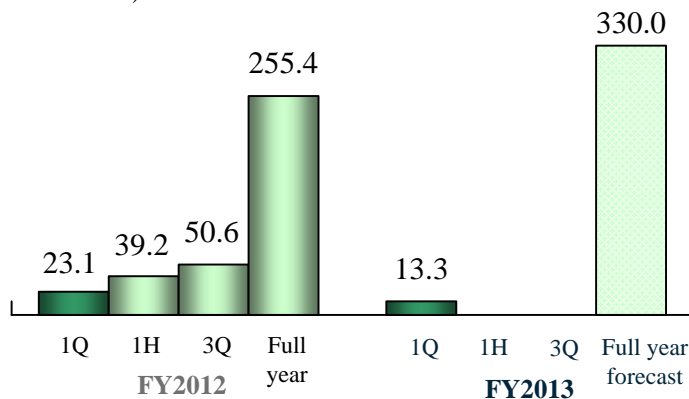
▪ **Extraordinary Income/Loss** (Down ¥7.8 billion YoY (¥3.9 bn → - ¥3.8 bn)) (In billion yen)

	FY2012-1Q	FY2013-1Q	Change
Gain on sales of investment securities	6.8	-	- 6.8
Gain on bargain purchase	-	3.2	+ 3.2
Extraordinary income	6.8	3.2	- 3.5
Business structure improvement expenses	-	- 2.4	- 2.4
Loss on revaluation of investment securities	- 2.9	-	+ 2.9
Impairment losses	-	- 4.6	- 4.6
Extraordinary loss	- 2.9	- 7.1	- 4.2
Extraordinary income/loss	3.9	- 3.8	- 7.8

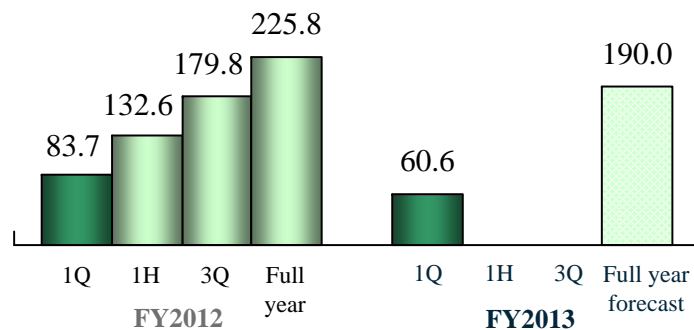
< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

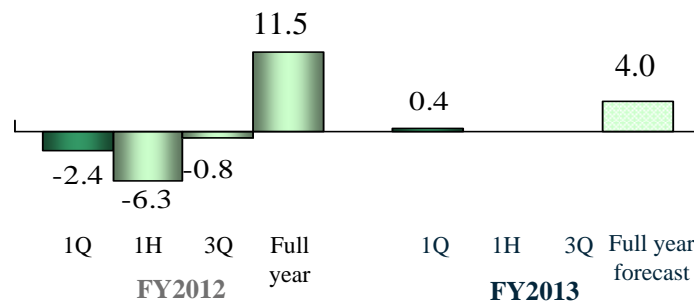
Orders Received



Net Sales



Operating Income



Orders received : Down ¥9.7 billion YoY

-Orders amounted to ¥13.3 billion mainly reflecting orders for repair works.

We will focus on activities to receive orders for the engineering business and value-added vessels such as LNG carriers for which shipbuilding demand is rising by increasing use of natural gases.

[Number of ships orders received]

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

FY2013-1Q: 1 (1Q: 1)

[Backlog of ship orders] 44

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

Net sales/Earnings : Increased earnings (+ ¥2.8 billion YoY) on decreased sales (-¥23.0 billion YoY)

-We delivered a total of 2 vessels, including 1 seismic vessel, 1 container ship)

[Number of ships delivered]

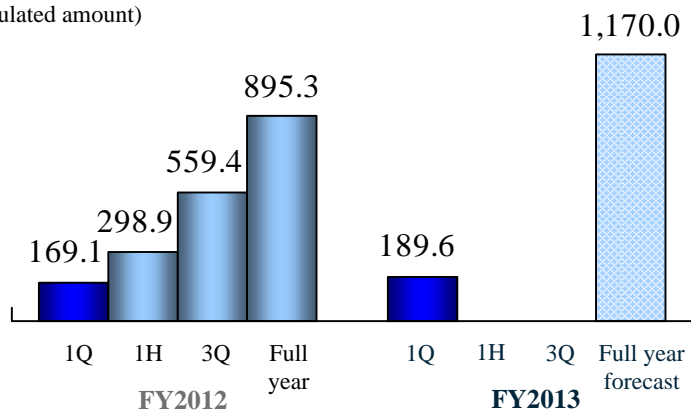
FY2012-1Q: 9 (1Q: 9, 2Q: 5, 3Q: 0, 4Q: 10)

FY2013-1Q: 2 (1Q: 2)

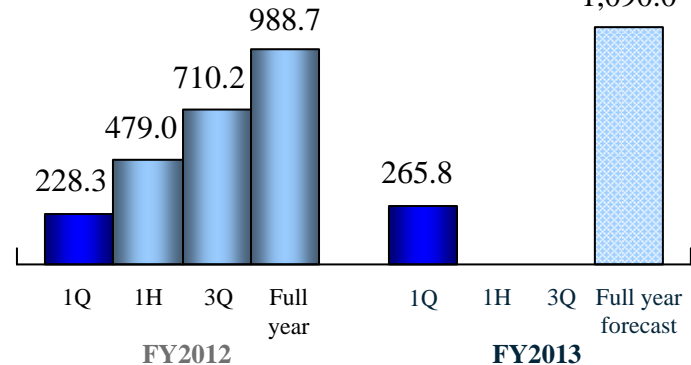
-Earnings increased from a year ago, due mainly to the effects of the depreciation of the yen.

(In billion yen, accumulated amount)

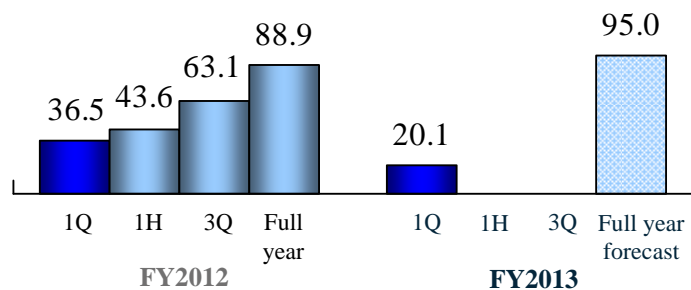
Orders Received



Net Sales



Operating Income



Orders received : Up ¥20.4 billion YoY

-Orders increased from a year ago mainly due to orders for gas turbines in Japan and North America.

[Gas turbine orders]

FY2012-1Q : 2 units (Geographic distribution : Asia 2)

FY2013-1Q : 3 units (Geographic distribution : North America 1, Japan 2)

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

FY2012-1Q: 54

FY2012 : 45

FY2013-1Q: 46

Net sales/Earnings : Decreased earnings (- ¥16.3 billion YoY) on increased sales (+ ¥37.5 billion YoY)

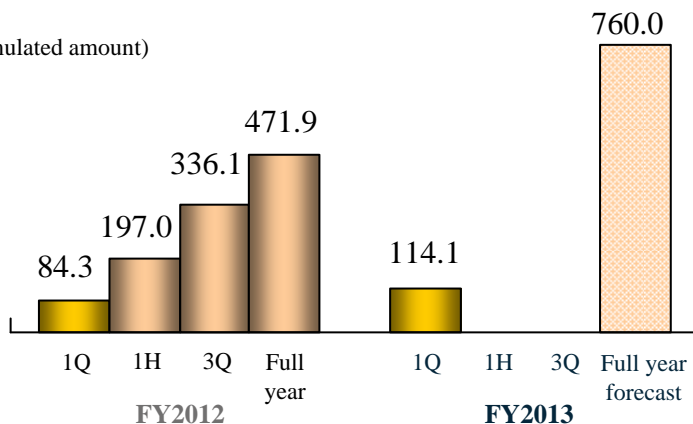
-Sales rose from a year ago due to increases in thermal power plants, such as gas turbines and conventional plants.

-Earnings declined from a year ago, primarily reflecting the concentration of profitable projects for gas turbines and conventional plants in the first quarter of the previous fiscal year and various prior investments to strengthen overseas bases.

< Machinery & Steel Infrastructure Systems >

(In billion yen, accumulated amount)

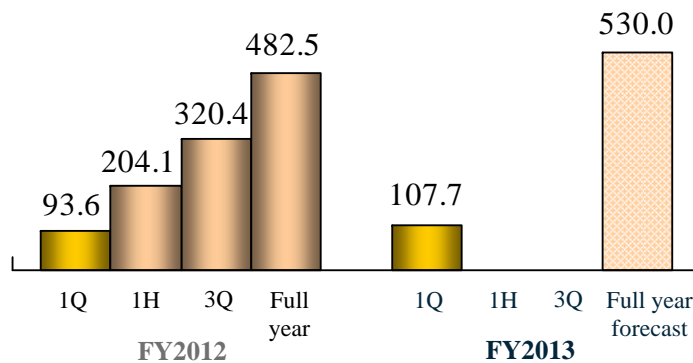
Orders Received



Orders received : Up ¥29.8 billion YoY

-Orders increased from a year ago, mainly due to orders received for transportation systems in Singapore and higher orders for chemical plants and compressors.

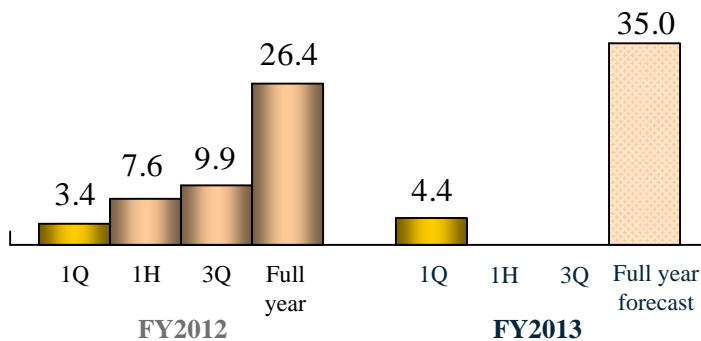
Net Sales



Net sales/Earnings : Increased earnings (+ ¥0.9 billion YoY) on increased sales (+ ¥14.1 billion YoY)

-Sales increased from a year ago, primarily reflecting increases in chemical plants, compressor and steel manufacturing machinery.

Operating Income

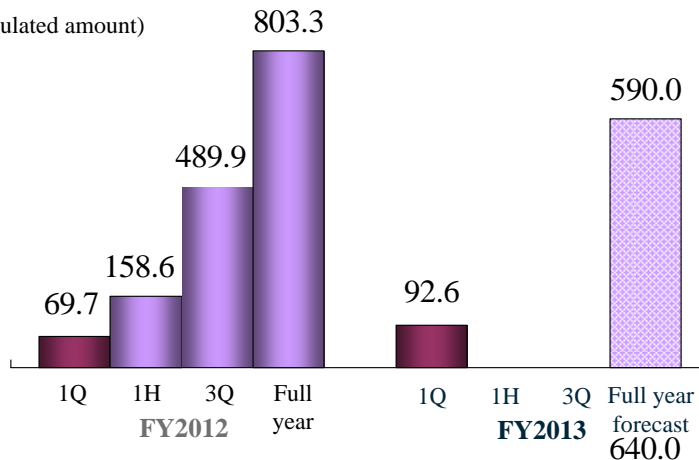


-Earnings increased from a year ago mainly due to the strong performance of compressors and steel manufacturing machinery.

< Aerospace Systems >

(In billion yen, accumulated amount)

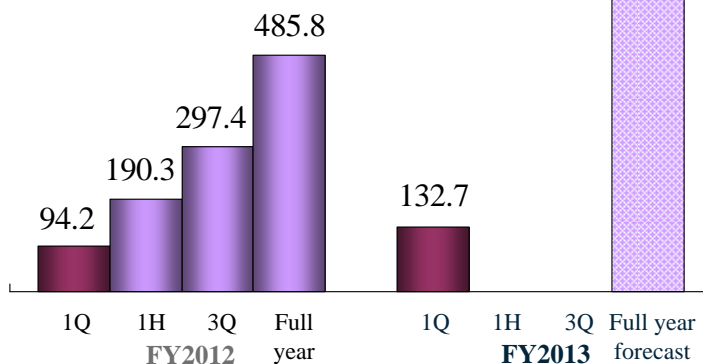
Orders Received



Orders received : Up ¥22.8 billion YoY

-Orders increased from a year ago due to rises in orders related to commercial aircraft and space despite decline of defense.

Net Sales



Net sales/Earnings : Increased earnings (+ ¥10.4 billion YoY) on increased sales (+ ¥38.4 billion YoY)

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

[Number of B777s delivered]

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

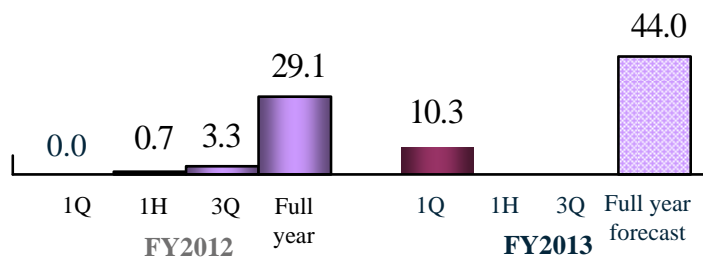
FY2013-1Q: 25 (1Q: 25)

[Number of B787s delivered]

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

FY2013-1Q: 16 (1Q: 16)

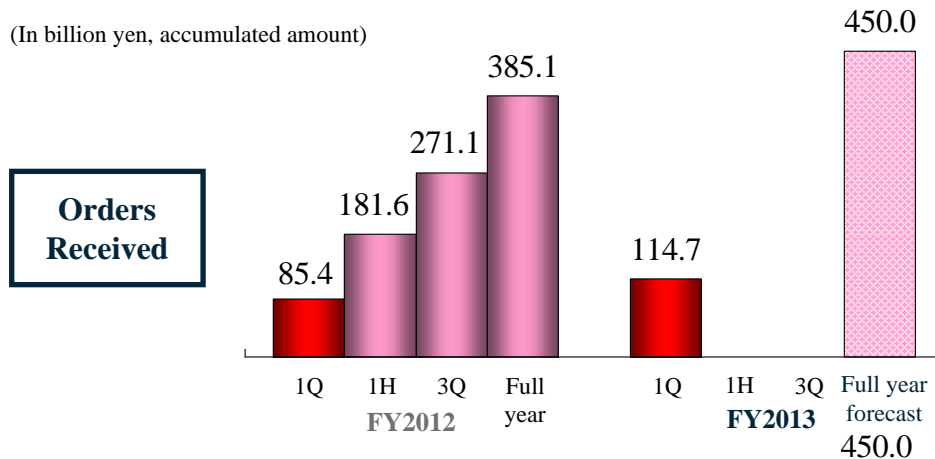
Operating Income



-Earnings rose significantly from a year ago, as profitability improved in commercial aircraft mainly due to progress in the depreciation of the yen.

< General Machinery & Special Vehicles >

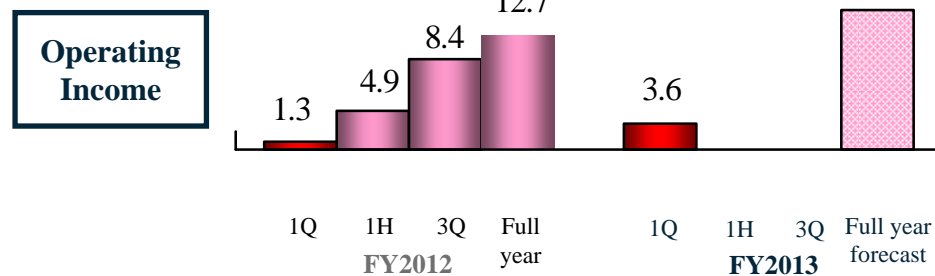
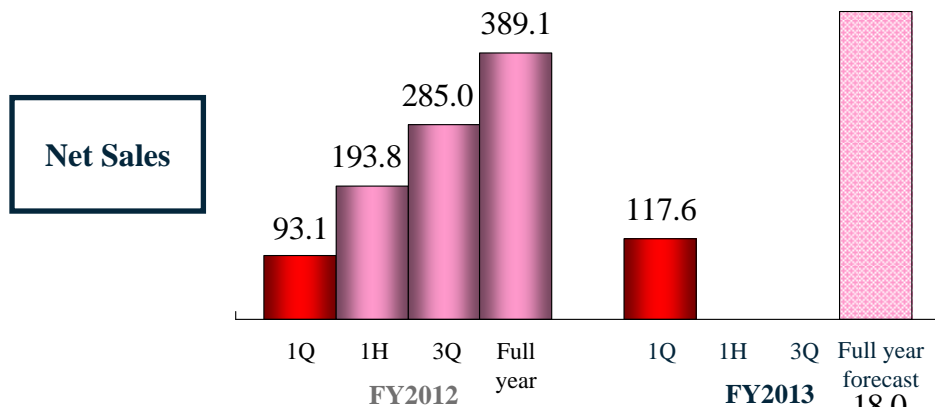
(In billion yen, accumulated amount)



Orders received : Up ¥29.2 billion YoY

Net sales : Up ¥24.5 billion YoY

-Orders and sales increased from a year ago due to an increase in forklift trucks for the business integration with Nippon Yusoki Co., Ltd. and a rise in turbochargers for Europe and China.

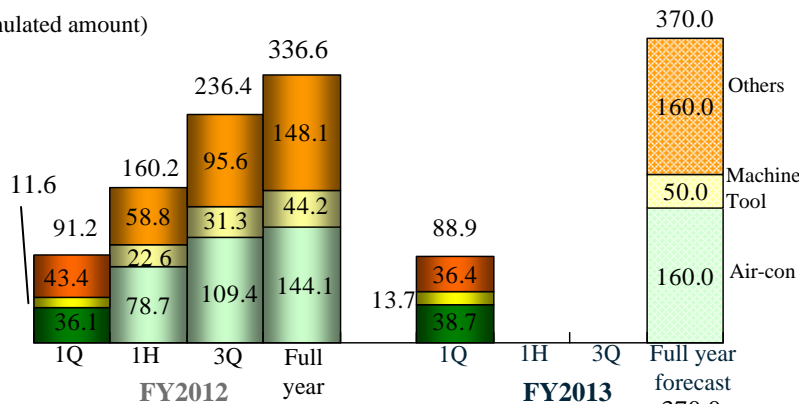


Earnings : Up ¥2.2 billion YoY

-Earnings increased from a year ago, reflecting the strong performance of turbochargers and forklift trucks and progress in the depreciation of the yen.

(In billion yen, accumulated amount)

Orders Received



Air-Conditioning & Refrigeration Systems

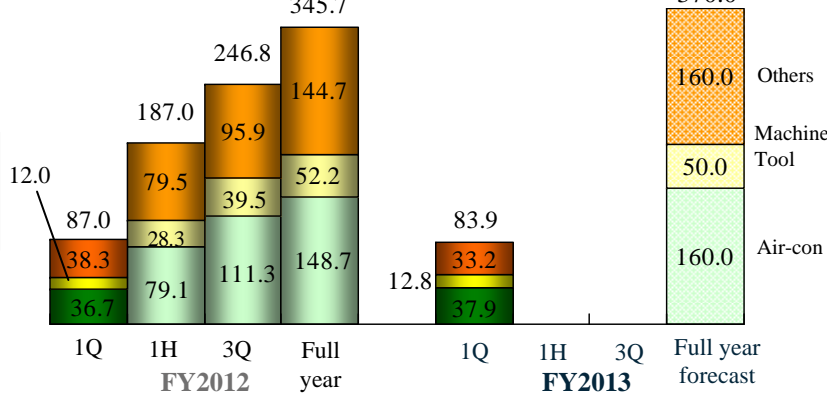
Orders received : Up ¥2.5 billion YoY

Net sales : Up ¥1.2 billion YoY

-Orders and sales rose from a year ago with increases in car air-conditioners.

Earnings : Equal level YoY ¥0.1 billion

Net Sales



Machine Tool

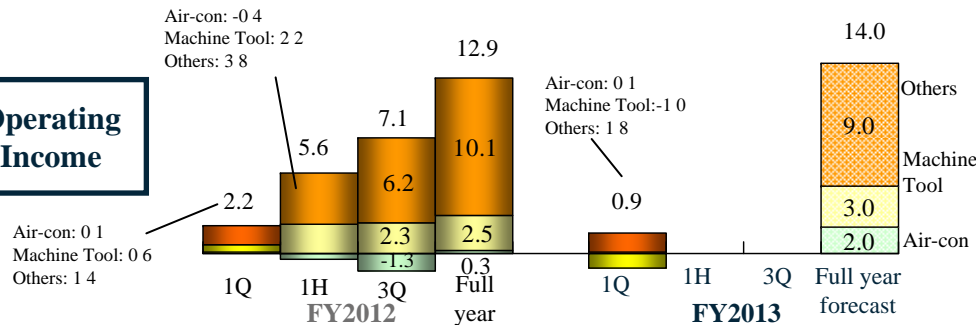
Orders received : Up ¥2.1 billion YoY

Net sales : Up ¥0.8 billion YoY

-Orders and sales increased from a year ago with increases in precision machinery products.

Earnings : Down ¥1.6 billion YoY

Operating Income



Others

- Real estate and construction
- Information and communication systems

Balance Sheets

(In billion yen)

	As of March 31, 2013	As of June 30, 2013	Changes
Assets			
Trade receivables	931.4	904.5	-26.8
Inventories	1,009.8	1,071.0	+61.1
Other current assets	683.5	675.1	-8.3
Total current assets	2,624.8	2,650.7	+25.9
Total fixed assets	1,310.2	1,425.6	+115.3
Total assets	3,935.1	4,076.4	+141.2
Liabilities			
Trade payables	663.4	696.1	+32.7
Advance payments received on contracts	427.3	485.3	+57.9
Other current liabilities	602.9	569.4	-33.5
Total current liabilities	1,693.8	1,750.9	+57.1
Total long-term liabilities	811.0	840.1	+29.1
Total liabilities	2,504.8	2,591.1	+86.2
Net assets			
Stockholders' equity	1,365.5	1,362.2	-3.3
Valuation, translation adjustments and others	13.0	47.3	+34.2
Others (Minority interests, etc.)	51.5	75.7	+24.1
Total net assets	1,430.2	1,485.2	+55.0
Total liabilities and net assets	3,935.1	4,076.4	+141.2
Interest-bearing debt outstanding	1,031.2	964.6	-66.6
Equity Ratio	35.0%	34.6%	-0.4pt

(1) Segment Information by Geographic Distribution

(In billion yen)

	FY2012-1Q		FY2013-1Q	
	Net sales	Operating income	Net sales	Operating income
Japan	601.5	31.1	623.4	29.5
North America	37.3	1.3	110.9	4.1
Asia	37.7	2.2	41.2	1.7
Europe	33.5	1.9	32.9	0.2
Central & South America	2.4	-0.2	2.3	-0.3
Oceania	1.4	0.0	2.0	0.0
The Middle East	0	0.0	1.4	- 0.0
Eliminations or Corporate	-64.8	-	-66.7	-
Total	649.1	36.5	747.4	35.3

(2) Overseas Net Sales

(In billion yen)

	FY2012-1Q		FY2013-1Q	
Asia	99.2	(15%)	141.5	(19%)
North America	74.7	(12%)	163.7	(22%)
Europe	57.4	(9%)	71.2	(9%)
Central & South America	42.0	(6%)	17.4	(2%)
The Middle East	13.0	(2%)	7.7	(1%)
Africa	8.8	(1%)	12.5	(2%)
Oceania	5.5	(1%)	6.6	(1%)
Total	300.9	(46%)	420.8	(56%)

(3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2012-1Q	FY2013-1Q	FY2013(Forecast)
Depreciation	27.1	29.5	120.0
Capital Expenditure	29.4	26.4	130.0

(4) R&D Expenses

(In billion yen)

	FY2012-1Q	FY2013-1Q	FY2013(Forecast)
R&D Expenses	20.8	21.3	140.0

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.

There is no change in the forecast announced on April 26, 2013.

(In billion yen)

	FY2012 (Actual)	FY2013 (Forecast)
Orders received	3,032.2	3,550.0
Net sales	2,817.8	3,150.0
Operating income	163.5	190.0
Ordinary income	149.0	160.0
Net income	97.3	100.0

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

<undetermined amount> US\$: 2.5 billion , Euro: 0.4 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



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