

No. 1868

MHI Announces Outline of FY2014 First 9 Month Financial Results
Ended December 31, 2014 (Consolidated)

Tokyo, February 4, 2015 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first nine months of fiscal year (FY) 2014 ended December 31, 2014.

(billions of yen)

	FY2014 First 9 Months (From April 1 to December 31, 2014)	FY2013 First 9 Months (From April 1 to December 31, 2013)	Changes (%)
Orders Received	2,618.2	2,295.6	14.1
Net Sales	2,683.3	2,262.7	18.6
Operating Income	171.6	132.1	29.9
Ordinary Income	188.2	127.3	47.9
Income Before Taxes and Minority Interests	142.4	135.7	4.9
Net Income	71.1	78.2	(9.0)
Net Income Per Share	21.21 yen	23.31 yen	(9.0)

Figures in parentheses are negative.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2014 First 9 Months (From April 1 to December 31, 2014)	FY2013 First 9 Months (From April 1 to December 31, 2013)
Energy & Environment	1,027.4	828.0
Commercial Aviation & Transportation Systems	376.9	322.3
Integrated Defense & Space Systems	315.7	287.9
Machinery, Equipment & Infrastructure	922.7	777.6
Others	122.2	121.6
Eliminations or Corporate	(81.7)	(74.8)
TOTAL	2,683.3	2,262.7

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2014 First 9 Months (From April 1 to December 31, 2014)	FY2013 First 9 Months (From April 1 to December 31, 2013)
Energy & Environment	76.5	77.2
Commercial Aviation & Transportation Systems	13.2	9.4
Integrated Defense & Space Systems	18.3	15.0
Machinery, Equipment & Infrastructure	61.2	34.7
Others	8.9	8.7
Eliminations or Corporate	(6.6)	(12.9)
TOTAL	171.6	132.1

Figures in parentheses are negative.

Estimate of Consolidated Financial Results for FY 2014

For the fiscal year 2014 ending March 31, 2015, MHI is expecting 4,000 billion yen in net sales, 260 billion yen in operating income, 230 billion yen in ordinary income, and 100 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥105 and €1.00 = ¥135 for the portion yet to be fixed.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen 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.

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CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar.31, 2014	As of Dec.31, 2014
<u>ASSETS</u>		
Current assets:		
Cash and deposits	381,056	340,045
Trade receivables	1,188,928	1,099,535
Merchandise and finished products	161,401	180,036
Work in process	846,201	1,036,471
Raw materials and supplies	143,298	160,649
Deferred income taxes	177,253	185,796
Others	290,737	425,255
Allowance for doubtful accounts	(8,015)	(6,847)
Total current assets	3,180,861	3,420,942
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	373,000	374,896
Machinery and transportation equipment	262,123	252,027
Tools, equipment and furniture	43,502	45,924
Land	176,418	181,218
Leased assets	4,843	4,707
Construction in progress	70,609	78,489
Subtotal	930,498	937,264
Intangible assets:		
Goodwill	116,175	80,065
Others	54,925	114,770
Subtotal	171,100	194,835
Investments and advances:		
Investment securities	402,827	477,125
Long-term loans and advances	3,212	19,316
Asset for retirement benefit	80,468	130,265
Deferred income taxes	41,091	16,061
Others	85,056	94,038
Allowance for doubtful accounts	(9,081)	(11,330)
Subtotal	603,575	725,476
Total fixed assets	1,705,174	1,857,576
TOTAL ASSETS	4,886,035	5,278,519

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar.31, 2014	As of Dec.31, 2014
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	760,444	672,380
Electronically recorded obligations	41,000	78,293
Short-term borrowings	166,296	181,159
Current portion of long-term borrowings	186,245	99,196
Commercial papers	-	248,000
Current portion of bonds	70,000	-
Income taxes payable	64,487	21,868
Reserve for product warranties	18,314	16,065
Reserve for loss on construction contracts	62,523	54,588
Reserve for loss on passenger vessel construction business	64,126	96,259
Advance payments received on contracts	567,470	579,275
Others	284,368	296,967
Total current liabilities	2,285,278	2,344,052
Long-term liabilities:		
Bonds	175,000	245,000
Long-term borrowings	359,946	381,998
Deferred income taxes	25,377	66,732
Reserve for treatment of PCB waste	10,459	10,159
Liability for retirement benefit	189,937	159,292
Others	65,812	65,070
Total long-term liabilities	826,533	928,253
TOTAL LIABILITIES	3,111,812	3,272,306
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus	203,978	204,019
Retained earnings	1,031,371	1,109,027
Treasury stock	(5,385)	(5,298)
Total stockholders' equity	1,495,573	1,573,357
Accumulated other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	43,188	70,100
Deferred gains (losses) on hedges	(1,001)	275
Foreign currency translation adjustments	34,658	76,831
Remeasurements of defined benefit plans	(29,019)	(22,389)
Total accumulated other comprehensive income (loss)	47,825	124,817
Share subscription rights	2,635	3,192
Minority interests	228,188	304,844
TOTAL NET ASSETS	1,774,223	2,006,212
TOTAL LIABILITIES AND NET ASSETS	4,886,035	5,278,519

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2013 First 9 Months (From Apr.1 to Dec.31, 2013)	FY2014 First 9 Months (From Apr.1 to Dec.31, 2014)
Net sales	2,262,721	2,683,327
Cost of sales	1,819,261	2,132,031
Gross profit	443,459	551,296
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	-	(16)
Directors' compensations, salaries and allowances	117,363	135,479
Research and development expenses	42,649	51,982
Expenses for inquiries	25,915	29,980
Others	125,343	162,179
Total selling, general and administrative expenses	311,271	379,604
Operating income	132,188	171,691
Non-operating income:		
Interest income	2,488	5,526
Dividend income	2,780	4,916
Equity in earnings of unconsolidated subsidiaries and affiliates	-	5,603
Foreign exchange gain	7,941	24,737
Others	4,837	3,564
Total non-operating income	18,048	44,348
Non-operating expenses:		
Interest expense	11,713	11,473
Equity in losses of unconsolidated subsidiaries and affiliates	283	-
Loss on disposal of fixed assets	3,150	3,901
Others	7,764	12,410
Total non-operating expenses	22,911	27,785
Ordinary income	127,324	188,254
Extraordinary gain:		
Gain on sales of fixed assets	11,141	-
Gain on negative goodwill	4,928	-
Gain on changes in equity interest	4,548	-
Total extraordinary gain	20,618	-
Extraordinary loss:		
Loss on passenger vessel construction business reserve	-	39,841
Business structure improvement expenses	7,482	5,971
Impairment loss	4,676	-
Total extraordinary loss	12,159	45,812
Income before income taxes and minority interests	135,784	142,442
Income taxes	55,722	46,096
Income before minority interests	80,061	96,345
Minority interests in income after taxes	1,856	25,174
Net income	78,204	71,171

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2013 First 9 Months (From Apr. 1 to Dec. 31, 2013)	FY2014 First 9 Months (From Apr. 1 to Dec. 31, 2014)
Income before minority interests	80,061	96,345
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	23,521	27,146
Deferred gains (losses) on hedges	(216)	404
Foreign currency translation adjustments	41,013	46,372
Remeasurements of defined benefit plans	-	7,425
Share of other comprehensive income (loss) of entities accounted for using the equity method	4,704	6,030
Changes in equity interest	4	-
Total other comprehensive income (loss)	69,027	87,380
Comprehensive income (loss)	149,088	183,726
Comprehensive income (loss) attributable to		
Shareholders of the parent	142,971	148,162
Minority interests	6,117	35,564