

Financial Results for First Quarter FY2015

July 31, 2015

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I . 1Q FY2015 Financial Results

Summary of 1Q Financial Results

(In billion yen)

	FY2014-1Q		FY2015-1Q		Change	
Orders received	817.1		821.8		+4.6	+0.6%
Net sales	859.7		931.4		+71.7	+8.3%
Operating income	(6.5%)	56.0	(6.3%)	58.8	+2.8	+5.0%
Ordinary income	(5.8%)	50.0	(6.6%)	61.6	+11.5	+23.1%
Extraordinary gain/loss	-		-1.8		-1.8	-
Net income (*)	(2.6%)	22.5	(3.8%)	35.5	12.9	+57.7%
EBITDA	(11.1%)	95.3	(10.6%)	99.0	+3.7	+3.9%

Breakdown of FY2015-1Q Extraordinary gain/loss (-1.8 billion yen)

<Extraordinary gain>

-Gain on sales of fixed assets 4.1

<Extraordinary loss>

-Business structure improvement expenses -3.3

-Loss on sales of investment securities -2.5

(*) FY2015-1Q profit attributable to owners of parent

1Q Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2014 -1Q	FY2015 -1Q	Change	FY2014 -1Q	FY2015 -1Q	Change	FY2014 -1Q	FY2015 -1Q	Change
Energy & Environment	315.2	271.1	- 44.1	300.8	343.7	+42.8	21.4	15.4	- 6.0
Commercial Aviation & Transportation Systems	118.9	155.0	+36.0	114.7	145.7	+31.0	6.0	22.8	+16.7
Integrated Defense & Space Systems	11.4	30.8	+19.4	82.3	82.1	- 0.2	4.4	3.2	- 1.2
Machinery, Equipment & Infrastructure	359.0	350.9	- 8.0	349.1	348.5	- 0.5	23.5	17.6	- 5.8
Others	37.5	51.5	+13.9	36.9	37.2	+0.3	2.2	3.1	+0.9
Eliminations or Corporate	- 25.1	- 37.6	- 12.5	- 24.3	- 26.0	- 1.7	- 1.6	- 3.4	- 1.8
Total	817.1	821.8	+4.6	859.7	931.4	+71.7	56.0	58.8	+2.8

	As of March 31, 2015	As of June 30, 2015	Change
			(In billion yen)
Trade receivables	1,291.2	1,159.0	-132.2
Inventories	1,324.8	1,404.8	+80.0
Other current assets	935.8	961.9	+26.0
Total fixed assets	1,196.3	1,186.7	-9.5
Investments and advances	772.0	825.3	+53.3
Total assets	5,520.3	5,537.9	+17.6
Trade payables	869.2	807.1	-62.0
Advance payments received on contracts	663.1	659.2	-3.8
Other current liabilities	892.3	897.3	+4.9
Interest-bearing debt	975.5	1,012.8	+37.2
Net Assets	2,120.0	2,161.3	+41.3
Net worth (owners equity)	1,780.7	1,820.4	+39.6
Total liabilities and net assets	5,520.3	5,537.9	+17.6

Main Financial Targets

	FY2014	FY2015-1Q	Change
Equity ratio	32.3%	32.9%	+0.6pt
Interest-bearing debt (In billion yen)	975.5	1,012.8	+37.2
D/E ratio	46%	47%	+1pt

Cash Flows

(In billion yen)

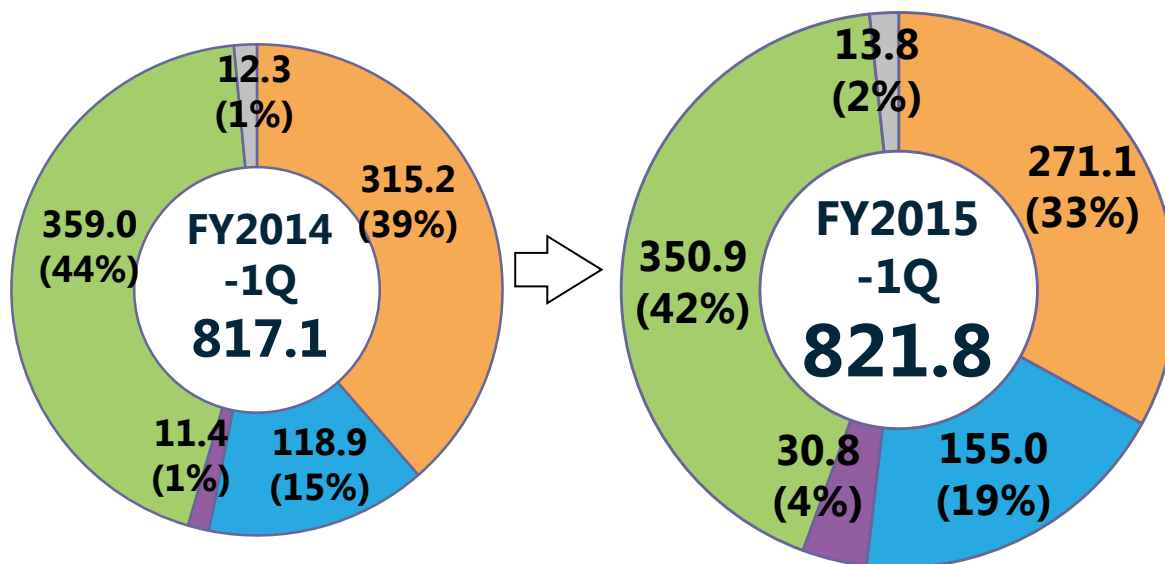
	FY2014-1Q	FY2015-1Q	Change
Operating activities Cash Flow	17.6	-9.8	-27.4
Investing activities Cash Flow	-55.2	-40.8	+14.3
Free Cash Flow	-37.6	-50.7	-13.1

Orders Received & Order Backlog by Segment

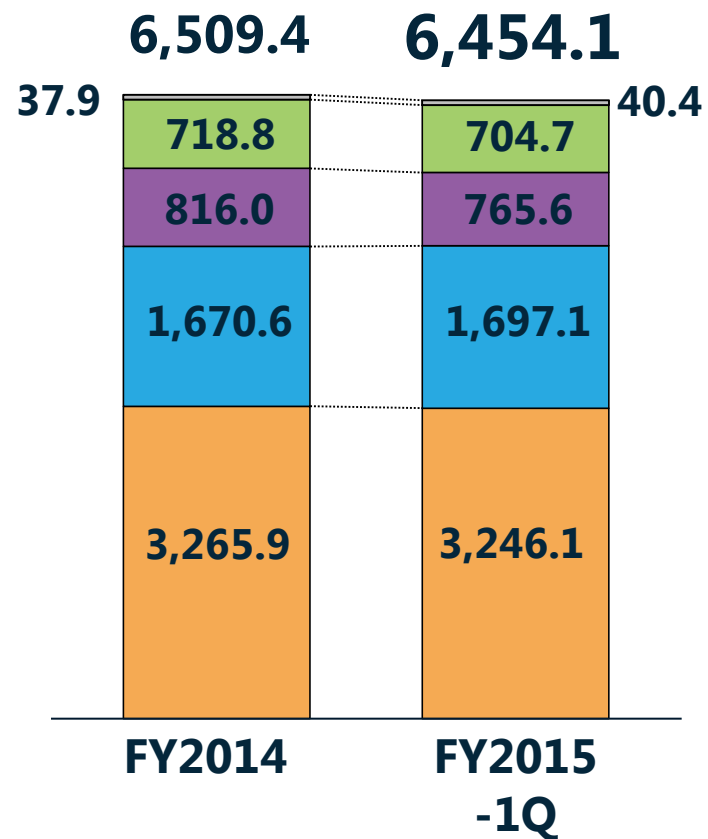
(In billion yen)

- Energy & Environment
- Commercial Aviation & Transportation Systems
- Integrated Defense & Space Systems
- Machinery, Equipment & Infrastructure
- Others, Eliminations or Corporate

Orders Received +4.6



Order Backlog -55.2



➤ **Energy & Environment**

- Orders for conventional power plants decreased.

➤ **Commercial Aviation & Transportation Systems**

- Commercial ship orders increased on the back of increased demand for LNG carriers.

➤ **Integrated Defense & Space Systems**

- Orders for defense systems expanded.

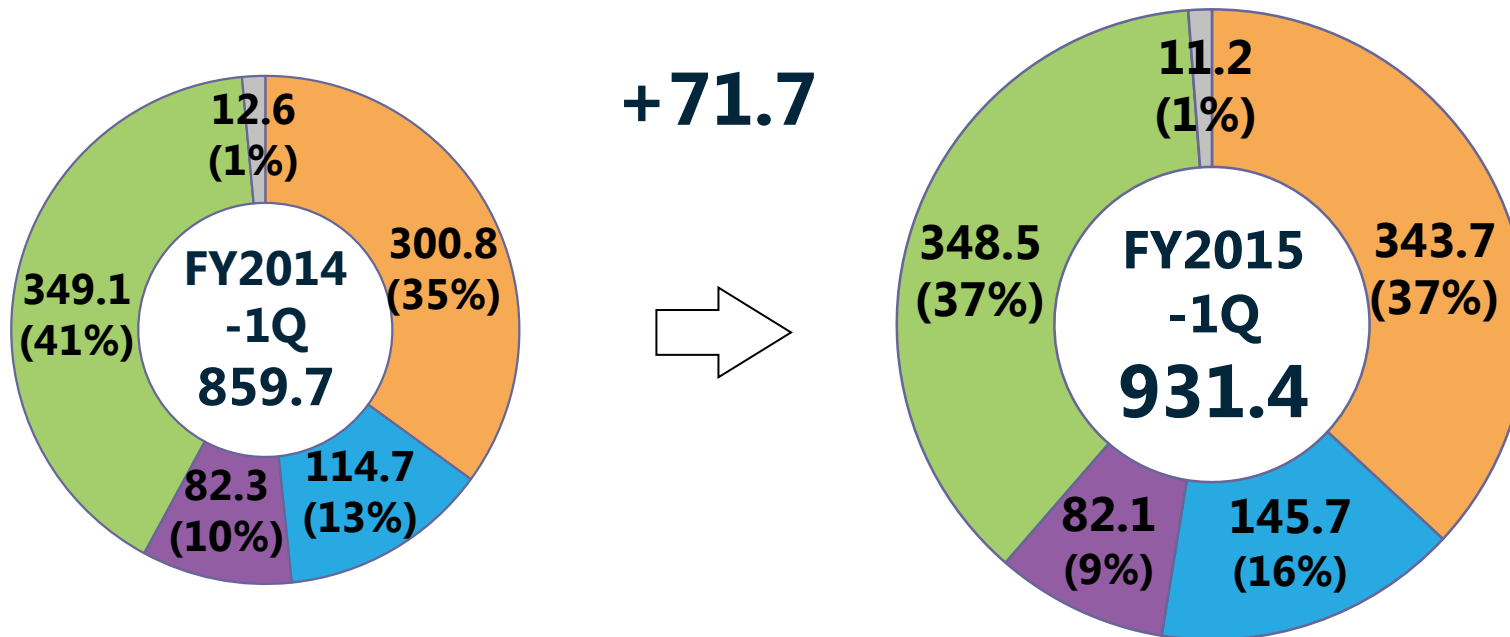
➤ **Machinery, Equipment & Infrastructure**

- Impact from changes in the fiscal year period at overseas group companies a year ago was offset by merits from business integration in metals machinery and scale expansion in conventional businesses.

Net Sales by Segment

(In billion yen)

- Energy & Environment
- Commercial Aviation & Transportation Systems
- Integrated Defense & Space Systems
- Machinery, Equipment & Infrastructure
- Others, Eliminations or Corporate



➤ Energy & Environment

- Sales of chemical plants and conventional power plants expanded.

➤ Commercial Aviation & Transportation Systems

- Sales of commercial aircraft and commercial ships expanded on merits from the weaker yen.

➤ Integrated Defense & Space Systems

- Sales were flat year-on-year. While sales of missiles, etc. increased, sales of space systems finished down.

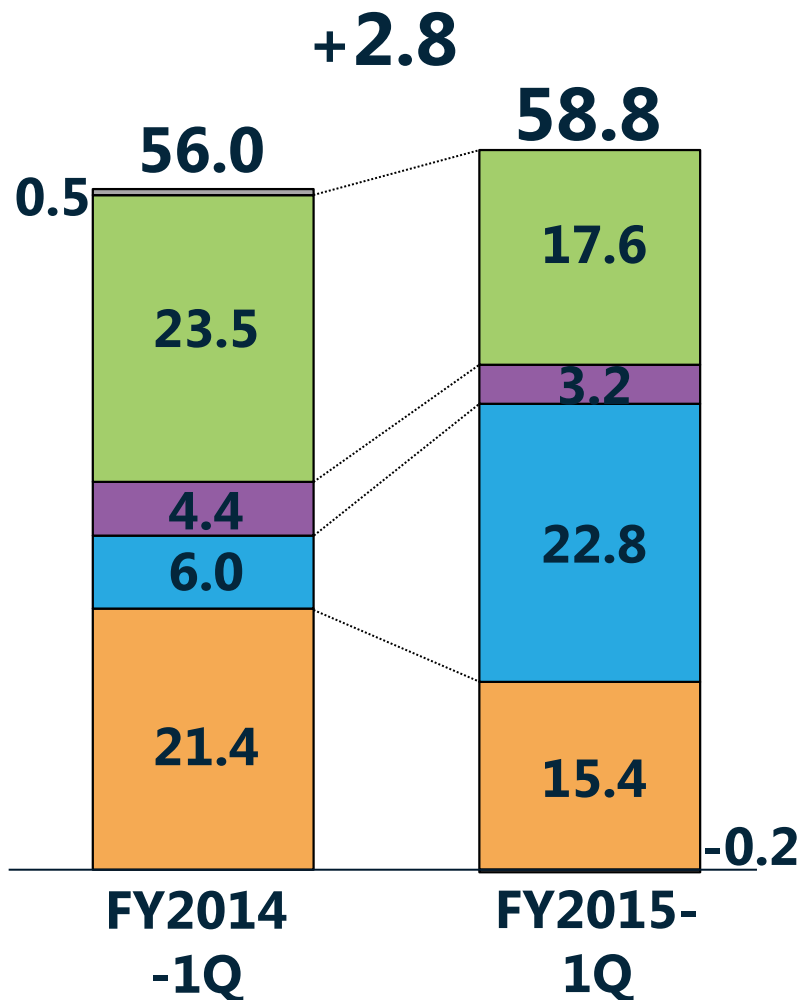
➤ Machinery, Equipment & Infrastructure

- Impact from changes in the fiscal year period was offset by merits from business integration in metals machinery and scale expansion in conventional businesses.

Operating Income by Segment

(In billion yen)

- Energy & Environment
- Commercial Aviation & Transportation Systems
- Integrated Defense & Space Systems
- Machinery, Equipment & Infrastructure
- Others, Eliminations or Corporate



➤ Energy & Environment

- Operating income from the thermal power generation business, plants and services combined, was virtually unchanged year-on-year. Earnings were eroded largely by the booking of expenses to cover glitches found in previously completed plants.

➤ Commercial Aviation & Transportation Systems

- Operating income increased as a result of cost improvements relevant to commercial aircraft, improvement in the product mix of commercial ships, and merits from the weaker yen.

➤ Integrated Defense & Space Systems

- Operating income declined, largely due to reduced income from space systems.

➤ Machinery, Equipment & Infrastructure

- Operating income fell year-on-year owing to impact from changes in the fiscal year period of overseas group companies a year ago.

II . Forecast for FY2015

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 FY2015

(In billion yen)

	FY2014 (Actual)		FY2015 (Forecast)		Change	
Orders received		4,699.1		4,700.0	+0.8	+0.0%
Net sales		3,992.1		4,200.0	+207.8	+5.2%
Operating income	(7.4%)	296.1	(7.6%)	320.0	+23.8	+8.1%
Ordinary income	(6.9%)	274.7	(7.1%)	300.0	+25.2	+9.2%
Extraordinary gain/loss		- 42.0		-50.0	-7.9	-
Net income (*)	(2.8%)	110.4	(3.1%)	130.0	+19.5	+17.7%
ROE		6.5%		7.1%	+0.6pt	-
EBITDA	(11.7%)	465.0	(12.0%)	502.0	+36.9	+7.9%
Free cash flow		38.6	Previous forecast: 100.0	0.0	-38.6	-
Dividend (per share)		11.0yen Interim: 5.0yen year-end: 6.0yen		12.0yen Interim: 6.0yen year-end: 6.0yen	<Undetermined foreign currency amounts> US\$: 2.3 billion (3.0 billion*) Euro: 0.3 billion (0.4 billion*)	

(*) The FY2015 forecast refers to profit attributable to owners of parent.

(*) forecast at the beginning of the fiscal year

<Assumed exchange rates>
US\$ 1.00 = ¥115
Euro 1.00 = ¥130

Forecast for FY2015 by Segment

(In billion yen)

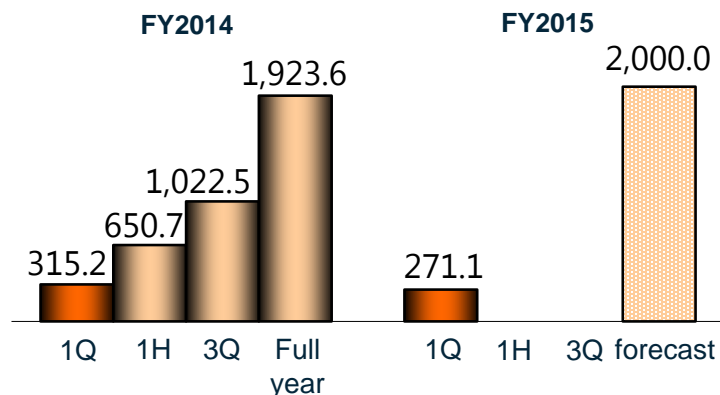
	Orders received			Net sales			Operating income			
	FY2014 (Actual)	FY2015 (Forecast)	Change	FY2014 (Actual)	FY2015 (Forecast)	Change	FY2014 (Actual)	FY2015		Change
								Forecast	Previous Forecast (15.5.8)	
Energy & Environment	1,923.6	2,000.0	+76.3	1,599.5	1,600.0	+0.4	162.6	170.0	185.0	+7.3
Commercial Aviation & Transportation Systems	999.2	700.0	- 299.2	529.5	650.0	+120.4	23.4	45.0	30.0	+21.5
Integrated Defense & Space Systems	417.4	400.0	- 17.4	483.9	450.0	- 33.9	28.5	27.0	27.0	- 1.5
Machinery, Equipment & Infrastructure	1,304.6	1,500.0	+195.3	1,319.5	1,400.0	+80.4	84.1	85.0	85.0	+0.8
Others	190.8	200.0	+9.1	182.8	200.0	+17.1	13.8	15.0	15.0	+1.1
Eliminations or Corporate	- 136.7	- 100.0	+36.7	- 123.3	- 100.0	+23.3	- 16.6	- 22.0	- 22.0	- 5.3
Total	4,699.1	4,700.0	+0.8	3,992.1	4,200.0	+207.8	296.1	320.0	320.0	+23.8

III. Supplementary Information

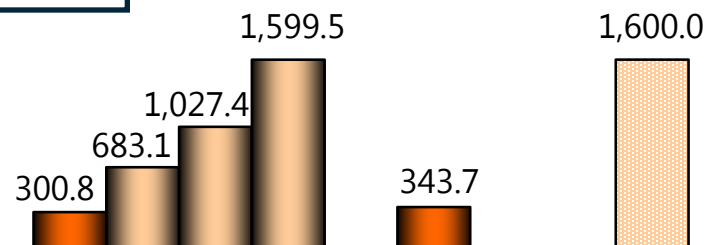
< Energy & Environment >

(In billion yen, accumulated amount)

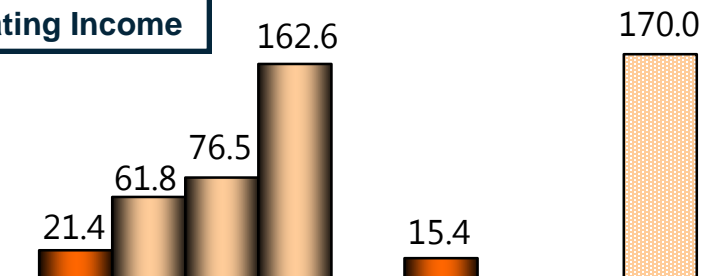
Orders Received



Net Sales



Operating Income



Orders received : Down ¥44.1 billion YoY

- Orders were down from the year-earlier level primarily due to changes in the fiscal year period of overseas group companies a year ago and reduced orders for conventional plants; in FY2014-1Q multiple orders for conventional plants had been received. [Gas turbine orders]

		North America	Asia	Japan	Others	Total
FY2014 -1Q	Large size	-	-	-	-	0
	Small to medium size	-	-	-	4	4
	Total	0	0	0	4	4
FY2015 -1Q	Large size	-	2	-	-	2
	Small to medium size	-	-	-	1	1
	Total	0	2	0	1	3

[Backlog of Gas turbine orders]

	Large size	Small to medium size	Total
FY2014-1Q	40	34	74
FY2014-4Q	34	33	67
FY2015-1Q	34	31	65

Net sales : Up ¥42.8 billion YoY

- Net sales exceeded the year-ago level thanks to increased sales mainly of chemical and conventional plants.

Earnings : Down ¥6.0 billion YoY

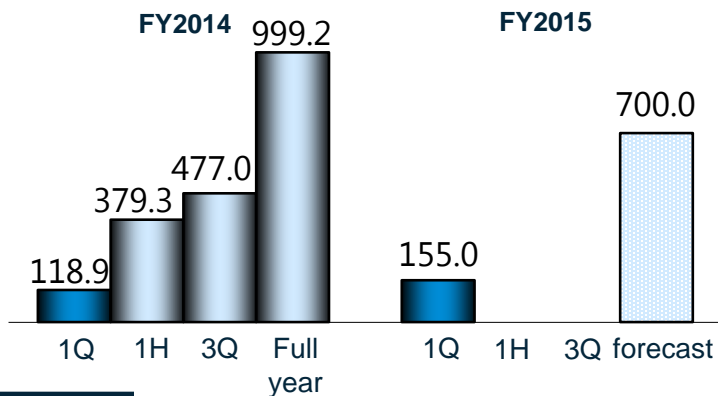
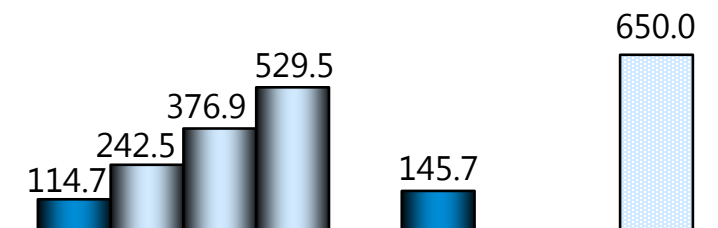
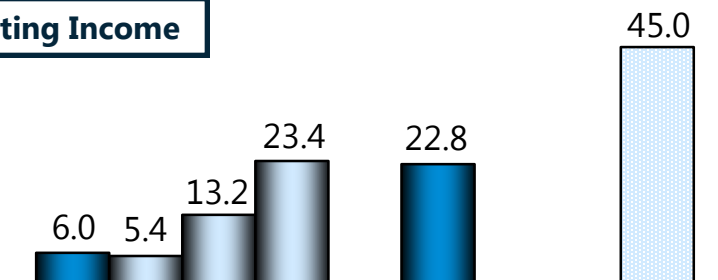
- Earnings finished down year-on-year as a result largely of the booking of expenses to cover glitches found in previously completed plants.

Full-year forecast :

- The full-year operating income forecast has been revised downward, from ¥185.0 billion to ¥170.0 billion.

< Commercial Aviation & Transportation Systems >

(In billion yen, accumulated amount)

Orders Received**Net Sales****Operating Income****Orders received : Up ¥36.0 billion YoY**

- Segment orders exceeded the year-earlier level, attributable mainly to an increase in the number of LNG carriers ordered during the quarter.

[Number of ships orders received]

FY2014-1Q: 3 (1Q: 3, 2Q: 3, 3Q: 1, 4Q: 4)

FY2015-1Q: 4 (1Q: 4)

[Backlog of ship orders] 38

(10 LNG carriers, 7 LPG carriers, 3 ferries/passenger and cargo ships, 6 patrol vessels and others)

Net sales : Up ¥31.0 billion YoY

- Net sales increased year-on-year on the back of increased sales largely of commercial aircraft and commercial ships, driven by the weaker yen.

[Number of B777s delivered]

FY2014-1Q: 26 (1Q: 26, 2Q: 24, 3Q: 26, 4Q: 22)

FY2015-1Q: 28 (1Q: 28)

[Number of B787s delivered]

FY2014-1Q: 32 (1Q: 32, 2Q: 28, 3Q: 30, 4Q: 32)

FY2015-1Q: 32 (1Q: 32)

Earnings : Up ¥16.7 billion YoY

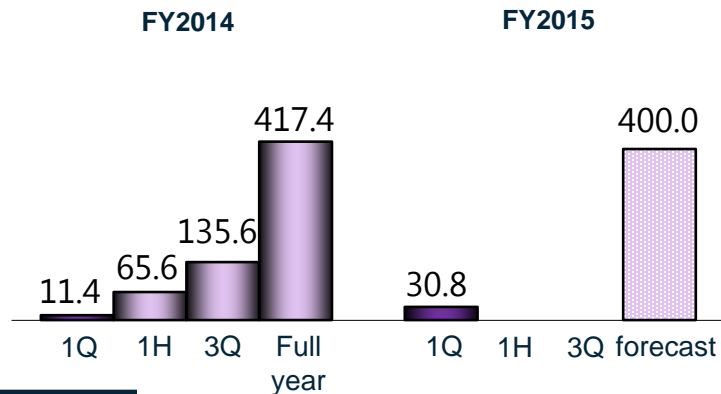
- Earnings surpassed the year-earlier level thanks to cost improvements relating to commercial aircraft, improvement in the product mix of commercial ships, and merits from yen depreciation.

Full-year forecast :

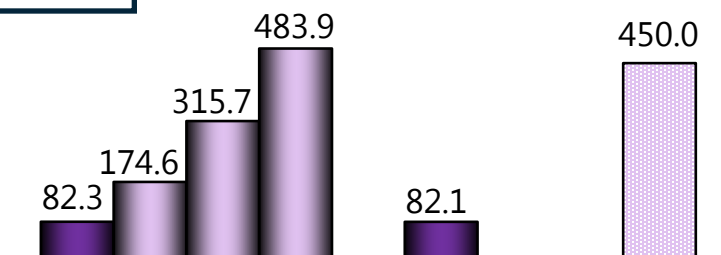
- The full-year net income forecast has been revised upward, from ¥30.0 billion to ¥45.0 billion.

< Integrated Defense & Space Systems >

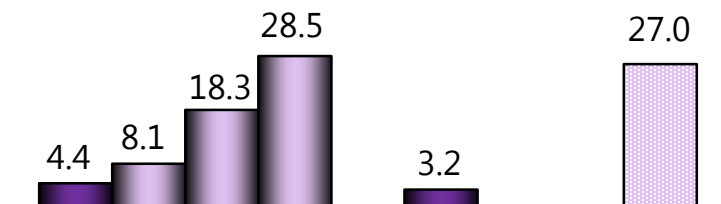
(In billion yen, accumulated amount)

Orders Received**Orders received : Up ¥19.4 billion YoY**

- Orders were up year-on-year, driven by increased demand for defense systems.

Net Sales**Net sales : Down ¥0.2 billion YoY**

- Sales were flat year-on-year. Sales of missiles, etc. expanded but space system sales declined owing to the absence of rocket launches during the term.

Operating Income**Earnings : Down ¥1.2 billion YoY**

- Earnings were down from the previous year's level owing to decreased earnings from space systems.

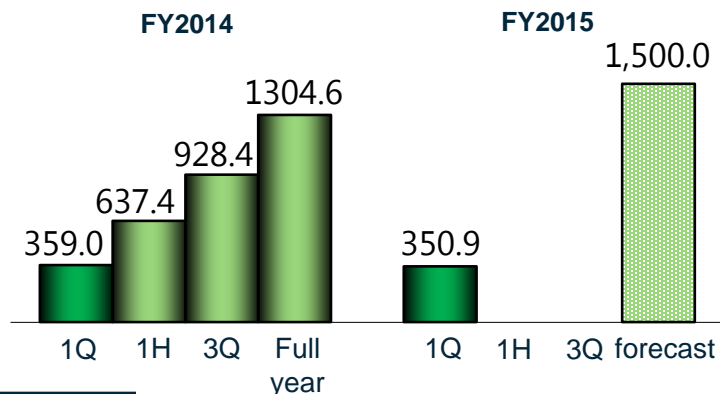
Full-year forecast :

-No change

< Machinery, Equipment & Infrastructure >

(In billion yen, accumulated amount)

Orders Received

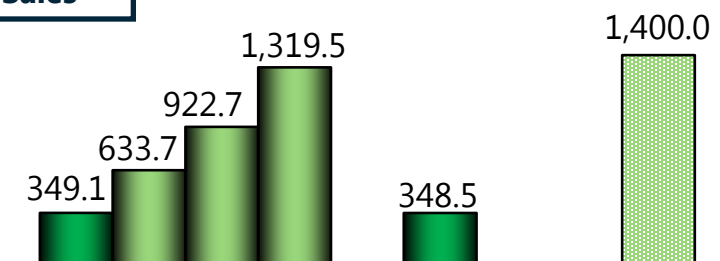


Orders received : Down ¥8.0 billion YoY

Net sales: Down ¥0.5 billion YoY

- Segment orders were off from the year-ago level.
- Sales of metals machinery expanded as a result of the business integration with Siemens, but orders were eroded by changes to the fiscal year period adopted by overseas group companies a year ago.

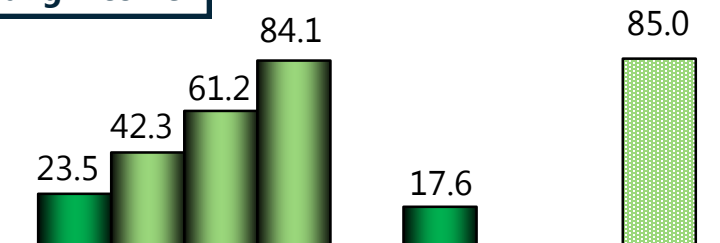
Net Sales



Earnings : Down ¥5.8 billion YoY

- Earnings finished down from the previous year's level due to the impact of changes to the fiscal year period adopted by overseas group companies a year ago.

Operating Income



Full-year forecast :

- No change

(In billion yen)

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

	FY2014-1Q	FY2015-1Q	FY2015 (Forecast)
R&D Expenses	26.4	26.4	150.0
Depreciation	35.0	37.1	170.0
Capital Expenditure	41.5	27.6	180.0

2. Selling, General and Administrative expenses

	FY2014-1Q	FY2015-1Q
SG&A	131.8	133.0

3. Foreign Exchange Rates

(In yen)

	FY2014-1Q	FY2015-1Q
US\$	102.0	120.2
Euro	140.5	132.1

(In billion yen)

4. Overseas Sales by Region

	FY2014-1Q		FY2015-1Q	
Asia	178.1	(21%)	173.1	(19%)
North America	161.1	(19%)	204.6	(21%)
Europe	99.3	(11%)	95.9	(10%)
Central & South America	23.3	(3%)	32.7	(4%)
The Middle East	29.4	(3%)	26.2	(3%)
Africa	23.9	(3%)	25.2	(3%)
Oceania	12.0	(1%)	6.0	(1%)
Total	527.4	(61%)	564.0	(61%)

5. Segment Information by Geographic Distribution

		FY2014-1Q	FY2015-1Q
Japan	Net Sales	615.3	676.3
	Operating income	42.1	49.5
North America	Net Sales	105.2	132.4
	Operating income	1.7	2.8
Asia	Net Sales	133.4	104.3
	Operating income	10.0	7.8
Europe	Net Sales	104.1	84.3
	Operating income	1.7	-1.9
Others	Net Sales	11.9	26.1
	Operating income	0.3	0.5
Eliminations or Corporate	Net Sales	-110.3	-92.1
	Operating income	-	-
Total	Net Sales	859.7	931.4
	Operating income	56.0	58.8



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A thick red horizontal line that starts under the 'O' in 'Our' and ends with a pointed arrowhead under the 'w' in 'Tomorrow'.