

No. 1948

MHI Announces Outline of FY2015 First 9 Month Financial Results
Ended December 31, 2015 (Consolidated)

Tokyo, February 4, 2016 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first nine months of fiscal year (FY) 2015 ended December 31, 2015.

(billions of yen)

	FY2015 First 9 Months (From April 1 to December 31, 2015)	FY2014 First 9 Months (From April 1 to December 31, 2014)	Changes (%)
Orders Received	2,630.9	2,618.2	0.5
Net Sales	2,832.6	2,683.3	5.6
Operating Income	185.3	171.6	8.0
Ordinary Income	174.8	188.2	(7.1)
Income Before Income Taxes	104.8	142.4	(26.4)
Profit Attributable to Owners of Parent	53.3	71.1	(25.0)
Profit Attributable to Owners of Parent Per Share	15.91 yen	21.21 yen	(25.0)

Figures in parentheses are negative.

Consolidated financial results (continued)

Sales by Operational Segment

(billions of yen)

	FY2015 First 9 Months (From April 1 to December 31, 2015)	FY2014 First 9 Months (From April 1 to December 31, 2014)
Energy & Environment	1,038.5	1,027.4
Commercial Aviation & Transportation Systems	405.7	376.9
Integrated Defense & Space Systems	326.1	315.7
Machinery, Equipment & Infrastructure*	1,042.9	940.5
Others*	113.3	104.4
Eliminations or Corporate	(94.1)	(81.7)
TOTAL	2,832.6	2,683.3

Operating Income (Loss) by Operational Segment

(billions of yen)

	FY2015 First 9 Months (From April 1 to December 31, 2015)	FY2014 First 9 Months (From April 1 to December 31, 2014)
Energy & Environment	69.1	76.5
Commercial Aviation & Transportation Systems	44.5	13.2
Integrated Defense & Space Systems	19.3	18.3
Machinery, Equipment & Infrastructure*	55.3	63.8
Others*	7.0	6.3
Eliminations or Corporate	(10.1)	(6.6)
TOTAL	185.3	171.6

Figures in parentheses are negative.

Operational segments with asterisk symbol (*): Due to business domain reorganization, certain businesses have been re-assigned to "Machinery & Infrastructure System" from "Others." Their figures for FY2014 first nine months have been recalculated accordingly.

Estimate of Consolidated Financial Results for FY 2015

For the fiscal year 2015 ending March 31, 2016, MHI is expecting 4,100 billion yen in net sales, 300 billion yen in operating income, 270 billion yen in ordinary income, and 90 billion yen in profit attributable to owners of parent. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥120 and €1.00 = ¥130 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, 2015	As of Dec. 31, 2015
<u>ASSETS</u>		
Current assets:		
Cash and deposits	367,415	353,566
Trade receivables	1,291,278	1,156,720
Merchandise and finished products	182,281	186,377
Work in process	985,570	1,146,707
Raw materials and supplies	157,010	155,476
Deferred income taxes	150,939	152,829
Others	429,027	544,701
Allowance for doubtful accounts	(11,519)	(8,827)
Total current assets	3,552,002	3,687,552
Fixed assets:		
Property, plant and equipment:		
Buildings and structures	377,804	376,322
Machinery and transportation equipment	259,358	253,596
Tools, equipment and furniture	49,451	49,434
Land	184,691	180,339
Leased assets	4,856	2,942
Construction in progress	78,635	79,254
Subtotal	954,797	941,890
Intangible assets:		
Goodwill	95,588	87,088
Others	145,925	132,556
Subtotal	241,513	219,644
Investments and advances:		
Investment securities	583,496	597,412
Long-term loans and advances	19,422	6,898
Asset for retirement benefits	67,377	86,081
Deferred income taxes	15,495	12,407
Others	97,808	103,330
Allowance for doubtful accounts	(11,558)	(8,355)
Subtotal	772,043	797,774
Total fixed assets	1,968,354	1,959,310
TOTAL ASSETS	5,520,357	5,646,862

CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar. 31, 2015	As of Dec. 31, 2015
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	794,780	669,164
Electronically recorded obligations	74,430	83,096
Short-term borrowings	177,780	386,414
Current portion of long-term borrowings	54,985	62,823
Commercial papers	95,000	196,000
Current portion of bonds	-	20,000
Income taxes payable	30,113	21,471
Reserve for product warranties	15,796	15,103
Reserve for loss on construction contracts	59,529	50,981
Reserve for loss on passenger vessel construction business	105,280	81,994
Reserve for stock benefits	-	30
Advance payments received on contracts	663,176	632,264
Others	358,359	385,648
Total current liabilities	2,429,232	2,604,992
Long-term liabilities:		
Bonds	245,000	245,000
Long-term borrowings	402,822	365,507
Deferred income taxes	105,536	101,156
Reserve for stock benefits	-	1,113
Reserve for treatment of PCB waste	9,845	8,973
Liability for retirement benefits	129,008	138,460
Others	78,896	73,152
Total long-term liabilities	971,109	933,363
TOTAL LIABILITIES	3,400,342	3,538,356
<u>NET ASSETS</u>		
Stockholders' equity:		
Common stock	265,608	265,608
Capital surplus	204,039	204,021
Retained earnings	1,148,268	1,161,955
Treasury stock	(5,249)	(4,965)
Total stockholders' equity	1,612,668	1,626,620
Accumulated other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	81,499	77,346
Deferred gains (losses) on hedges	802	40
Foreign currency translation adjustments	68,413	42,294
Remeasurements of defined benefit plans	17,383	20,918
Total accumulated other comprehensive income (loss)	168,100	140,599
Share subscription rights	3,129	2,833
Non-controlling interests	336,117	338,451
TOTAL NET ASSETS	2,120,014	2,108,505
TOTAL LIABILITIES AND NET ASSETS	5,520,357	5,646,862

CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2014 First 9 Months (From Apr.1 to Dec.31, 2014)	FY2015 First 9 Months (From Apr.1 to Dec.31, 2015)
Net sales	2,683,327	2,832,659
Cost of sales	2,132,031	2,246,238
Gross profit	551,296	586,420
Selling, general and administrative expenses:		
Provision of allowance for doubtful accounts	(16)	(1,284)
Directors' compensations, salaries and allowances	135,479	144,306
Research and development expenses	51,982	57,600
Expenses for inquiries	29,980	32,815
Others	162,179	167,587
Total selling, general and administrative expenses	379,604	401,025
Operating income	171,691	185,394
Non-operating income:		
Interest income	5,526	5,114
Dividend income	4,916	8,061
Income from equity method investments	5,603	6,512
Foreign exchange gain	24,737	-
Others	3,564	4,783
Total non-operating income	44,348	24,472
Non-operating expenses:		
Interest expense	11,473	10,368
Foreign exchange loss	-	9,071
Loss on disposal of fixed assets	3,901	4,088
Others	12,410	11,512
Total non-operating expenses	27,785	35,039
Ordinary income	188,254	174,827
Extraordinary gain:		
Gain on sales of fixed assets	-	4,284
Total extraordinary gain	-	4,284
Extraordinary loss:		
Loss on passenger vessel construction business reserve	39,841	53,061
Business structure improvement expenses	5,971	18,524
Loss on sales of investment securities	-	2,653
Total extraordinary loss	45,812	74,239
Income before income taxes	142,442	104,872
Income taxes	46,096	44,340
Profit	96,345	60,532
Profit attributable to non-controlling interests	25,174	7,143
Profit attributable to owners of parent	71,171	53,389

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2014 First 9 Months (From Apr. 1 to Dec 31, 2014)	FY2015 First 9 Months (From Apr. 1 to Dec 31, 2015)
Profit	96,345	60,532
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	27,146	(4,962)
Deferred gains (losses) on hedges	404	(1,180)
Foreign currency translation adjustments	46,372	(23,017)
Remeasurements of defined benefit plans	7,425	5,201
Share of other comprehensive income (loss) of entities accounted for using the equity method	6,030	(3,662)
Total other comprehensive income (loss)	87,380	(27,621)
Comprehensive income (loss)	183,726	32,911
Comprehensive income (loss) attributable to		
Owners of the parent	148,162	25,888
Non-controlling interests	35,564	7,022