



# Financial Results for FY2016 1-3Q (Apr.-Dec.)

February 2, 2017

**MITSUBISHI HEAVY INDUSTRIES, LTD.**

## **I . FY2016 1-3Q Financial Results**

---

- Summary of 1-3Q Financial Results 3**
- 1-3Q Financial Results by Segment 4**
- Balance Sheets 5**
- Main Financial Indicators, Cash Flows 6**
- Orders Received & Order Backlog 7**
- Net Sales 9**
- Operating Income 11**

## **II . Forecast for FY2016**

---

- Summary of Forecasts for FY2016 14**
- Forecasts for FY2016 by Segment 15**

## **III . Supplementary Information**

---

- Supplementary Information 17-22**

# I . FY2016 1-3Q Financial Results

# Summary of 1-3Q Financial Results

(In billion yen)

	FY2015 1-3Q	FY2016 1-3Q	Change	
Orders received	2,630.9	2,656.4	+25.4	+1.0%
Net sales	2,832.6	2,694.2	- 138.3	△ 4.9%
Operating income	(6.5%) 185.3	(2.5%) 68.4	- 116.9	- 63.1%
Ordinary income	(6.2%) 174.8	(1.9%) 50.9	- 123.8	- 70.8%
Extraordinary gain/loss	- 69.9	-19.7	+50.1	-
Profit attributable to owners of parent	(1.9%) 53.3	(-0.4%) -11.2	- 64.6	-
EBITDA	(10.9%) 310.1	(7.6%) 205.5	- 104.6	- 33.7%

## Breakdown of FY2016 1-3Q Extraordinary gain/loss (-19.7 billion yen)

### Extraordinary gain

-Gain on sales of investment securities 4.6

### Extraordinary loss

-Loss on cruise ship construction business -16.4

-Loss on revaluation of investment securities -5.9

-Business structure improvement expenses -1.9

# 1-3Q Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2015 1-3Q	FY2016 1-3Q	Change	FY2015 1-3Q	FY2016 1-3Q	Change	FY2015 1-3Q	FY2016 1-3Q	Change
Energy & Environment	916.5	1,058.2	+141.7	1,038.5	993.2	- 45.3	69.1	44.5	- 24.5
Commercial Aviation & Transportation Systems	436.9	325.2	- 111.6	405.7	360.5	- 45.2	44.5	- 28.3	- 72.8
Integrated Defense & Space Systems	215.5	191.0	- 24.5	326.1	310.1	- 15.9	19.3	19.1	- 0.1
Machinery, Equipment & Infrastructure	1,045.4	1,069.6	+24.1	1,042.9	1,015.4	- 27.4	55.3	37.8	- 17.5
Others	120.9	117.9	- 3.0	113.3	119.7	+6.3	7.0	6.5	- 0.5
Eliminations or Corporate	- 104.4	- 105.6	- 1.1	- 94.1	- 104.8	- 10.7	- 10.1	- 11.3	- 1.2
<b>Total</b>	<b>2,630.9</b>	<b>2,656.4</b>	<b>+25.4</b>	<b>2,832.6</b>	<b>2,694.2</b>	<b>- 138.3</b>	<b>185.3</b>	<b>68.4</b>	<b>- 116.9</b>

# Balance Sheets

(In billion yen)

	As of Mar. 31, 2016	As of Dec. 31, 2016	Change
Trade receivables	1,205.6	1,151.0	-54.6
Inventories	1,335.9	1,500.8	+164.8
Other current assets	988.1	1,051.7	+63.6
Total fixed assets	1,273.5	1,253.9	-19.5
Investments and advances	699.6	746.9	+47.3
<b>Total assets</b>	<b>5,503.0</b>	<b>5,704.6</b>	<b>+201.6</b>
Trade payables	860.6	766.8	-93.7
Advance payments received on contracts	749.7	690.9	-58.8
Other current liabilities	840.1	834.7	-5.3
Interest-bearing debt	1,052.1	1,406.7	+354.5
Net Assets	2,000.3	2,005.4	+5.0
Net worth (owners equity)	1,679.7	1,679.6	+0.0
<b>Total liabilities and net assets</b>	<b>5,503.0</b>	<b>5,704.6</b>	<b>+201.6</b>

Commercial papers +307.0 etc.

Dividend, net loss, etc. -57.2  
Other comprehensive income +57.1  
(Unrealized holding gain on  
investment securities, etc.)

## Main Financial Indicators

	As of Dec. 31 2015	As of Mar. 31 2016	As of Dec. 31 2016	Change	FY2016 (Forecast)
Equity ratio	31.3%	30.5%	29.4%	-1.1pt	-
Interest-bearing debt (In billion yen)	1,275.7	1,052.1	1,406.7	+354.5	950.0
D/E ratio	61%	53%	70%	+17pt	-

## Cash Flows

(In billion yen)

	FY2015 1-3Q	FY2016 1-3Q	Change	FY2016 (Forecast)
Operating activities cash flow	-112.7	-261.9	-149.2	-
Investing activities cash flow	-129.7	-131.9	-2.2	-
Free cash flow	-242.4	-393.9	-151.4	100.0

# Orders Received & Order Backlog by Segment

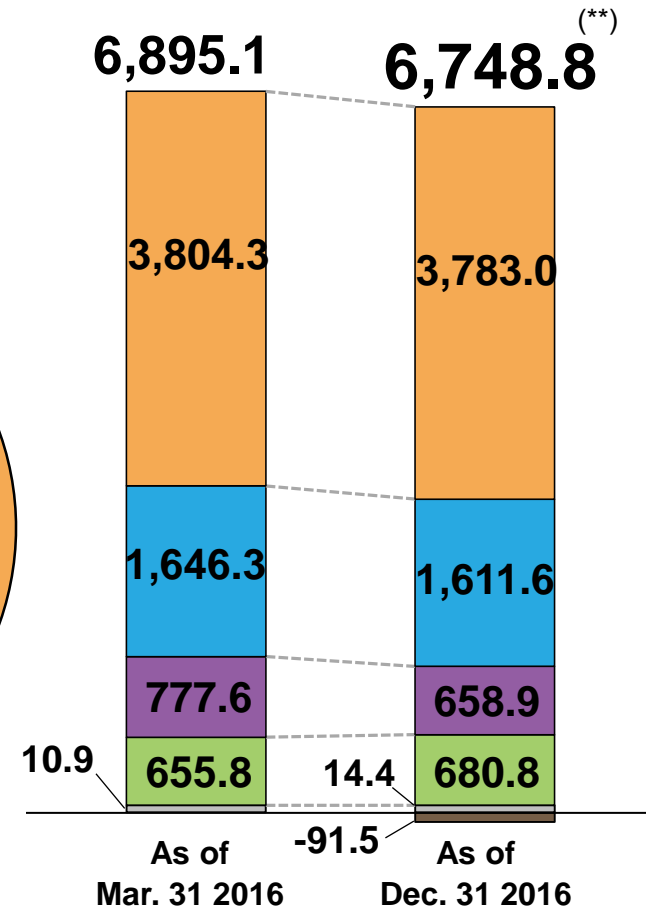
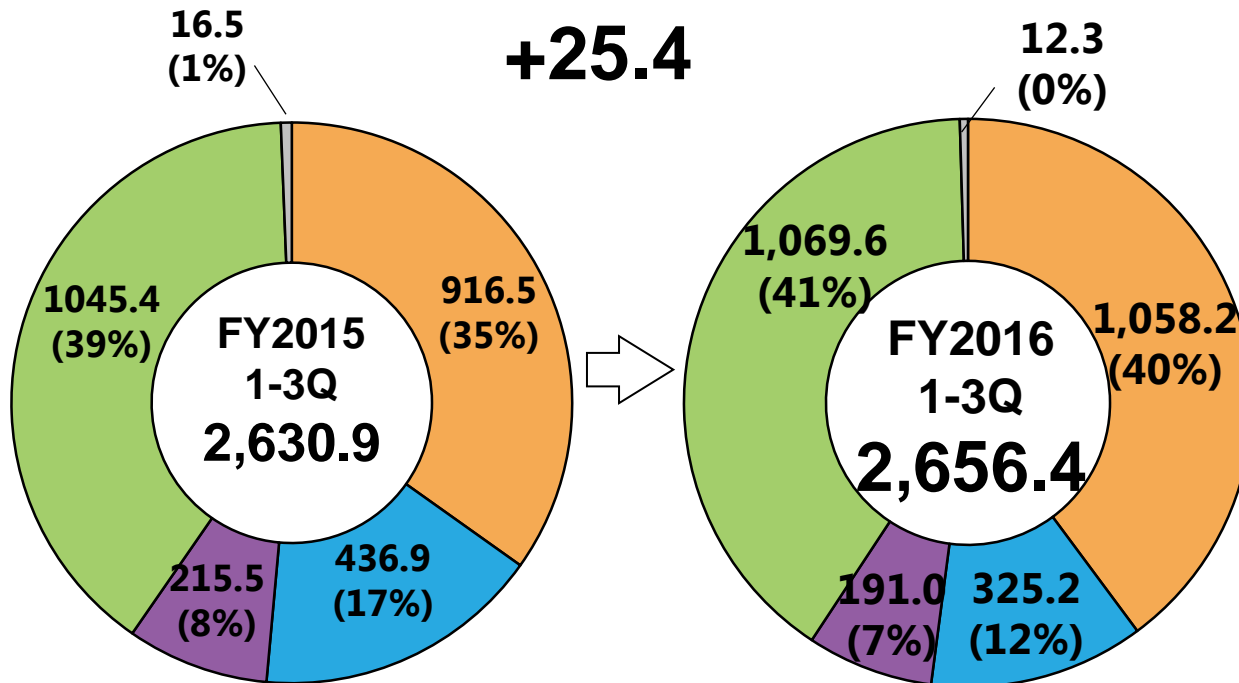
(In billion yen)

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

## Order Backlog<sup>(\*)</sup> -146.3

### Orders Received

**+25.4**



(\*) Does not include mass-manufactured products: turbochargers, air-conditioners, etc.

(\*\*) Includes currency translation impact (-91.5 billion yen).



## ■ Energy & Environment

- Increased : Conventional thermal power plants
- Decreased : Chemical plants, GTCC(\*)

## ■ Commercial Aviation & Transportation Systems

- Increased : MRJ
- Decreased : Commercial ships,  
Commercial aircraft

## ■ Integrated Defense & Space Systems

- Increased : Special vehicles
- Decreased : Naval vessels, missiles

## ■ Machinery, Equipment & Infrastructure

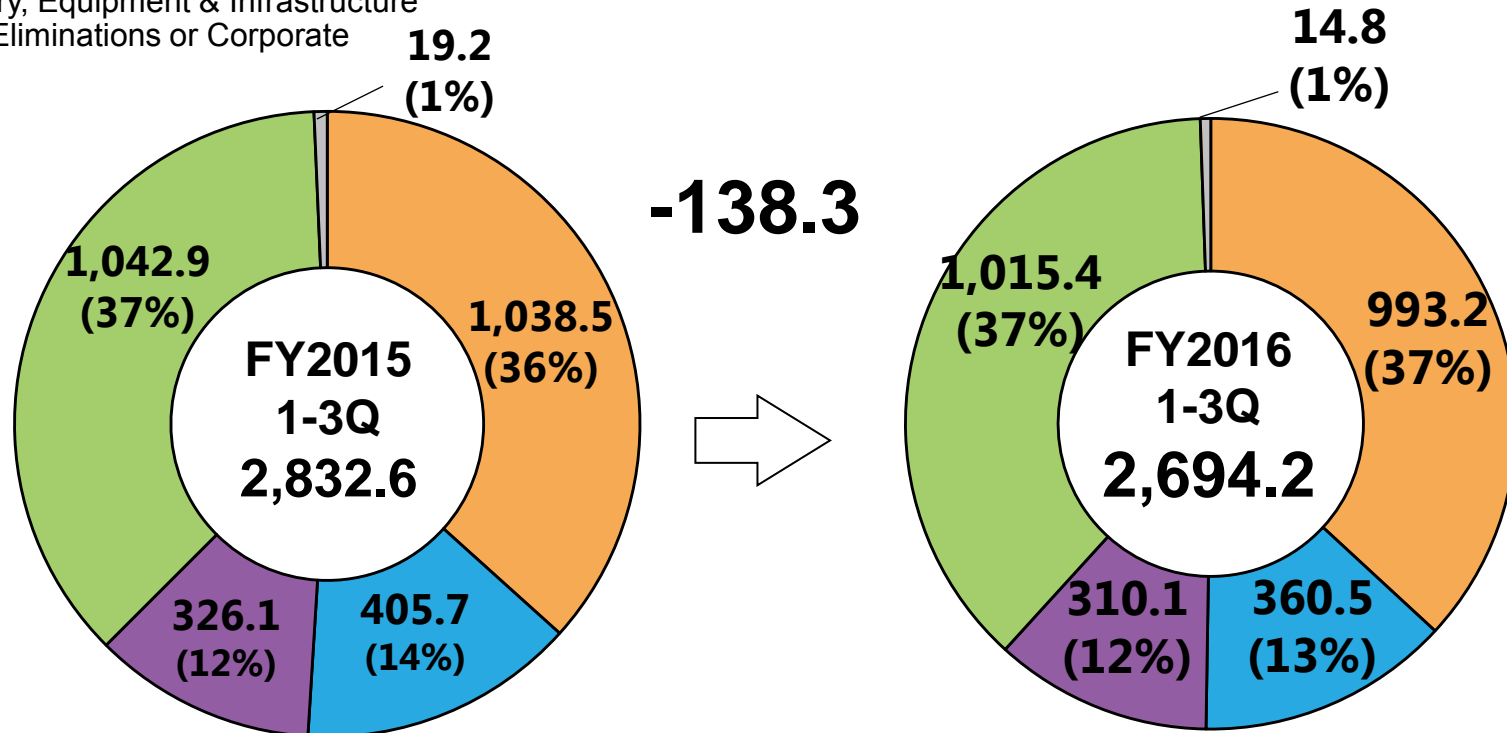
- Increased : Forklift trucks
- Decreased : Metals machinery, compressors

(\*)GTCC: Gas turbine combined cycle

# 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

- Increased : Conventional thermal power plants
- Decreased : GTCC(\*)

## ■ Commercial Aviation & Transportation Systems

- Increased : Transportation systems
- Decreased : Commercial aircraft

## ■ Integrated Defense & Space Systems

- Decreased : Missiles

## ■ Machinery, Equipment & Infrastructure

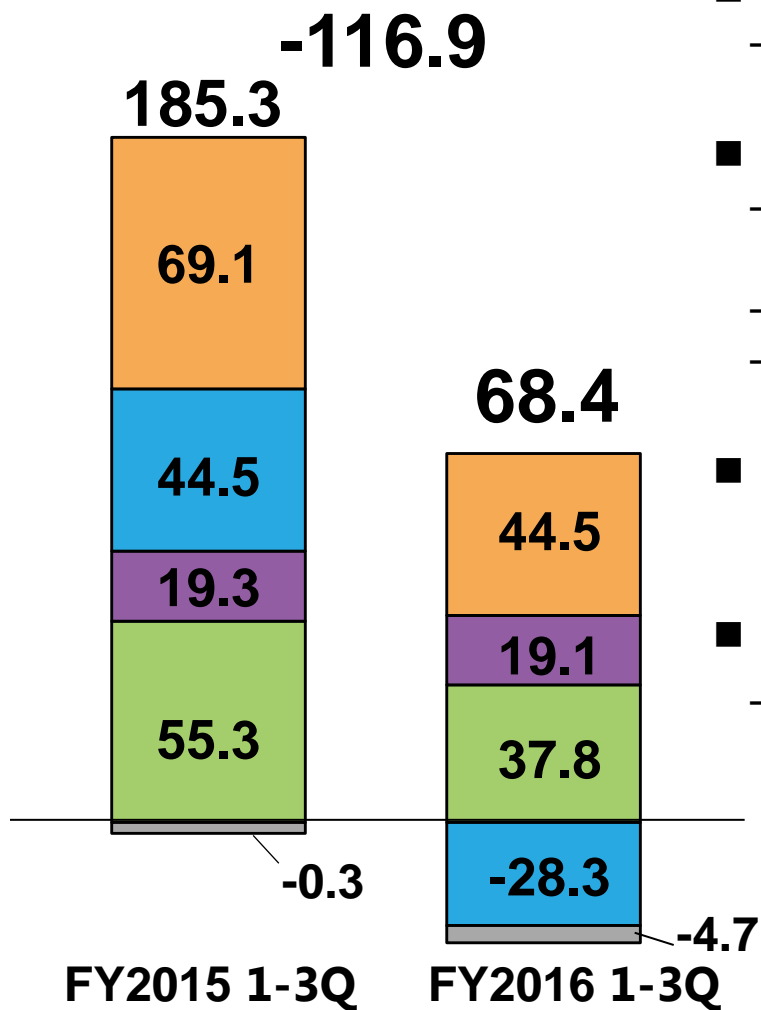
- Increased : Forklift trucks
- Decreased : Metals machinery

(\*)GTCC: Gas turbine combined cycle

# 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

- GTCC(\*): Down due to decreased sales

## ■ Commercial Aviation & Transportation Systems

- Commercial aircraft : Yen appreciation, reduced production, cost reduction target unachieved
- Commercial ships : Cost deterioration
- MRJ : Increased development costs

## ■ Integrated Defense & Space Systems

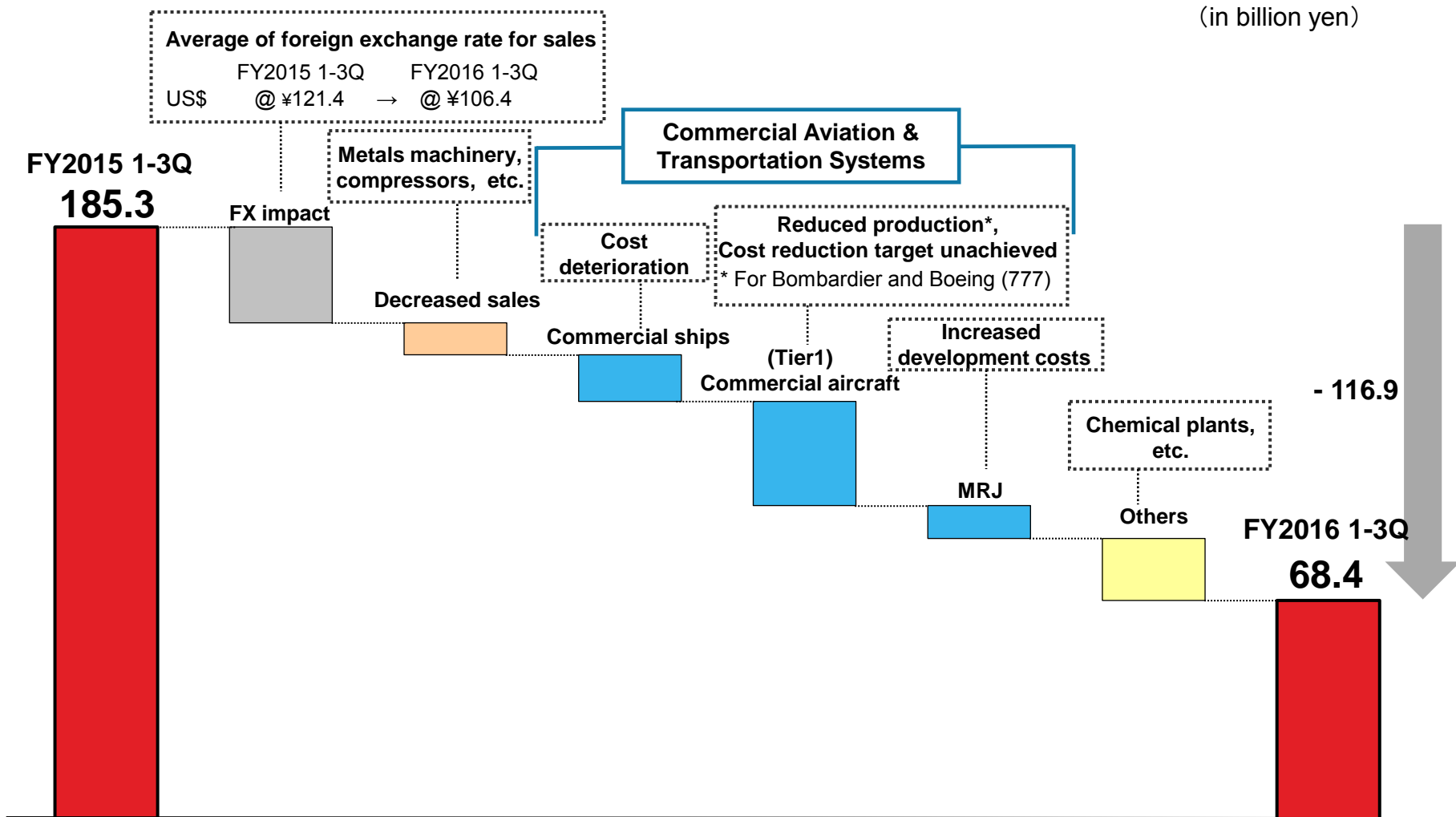
Almost in line with year ago level

## ■ Machinery, Equipment & Infrastructure

- Metals machinery, compressors :  
Down due to decreased sales

(\*):GTCC: Gas turbine combined cycle

## Factors Impacting Operating Income



## II . Forecast for FY2016

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 FY2016

(In billion yen)

	FY2015 (Actual)		FY2016 (Forecast)		Change	
Orders received	4,485.5		4,800.0		+314.4	(+7.0%)
Net sales	4,046.8		4,000.0		-46.8	(-1.2%)
Operating income	(7.6%)	309.5	(6.0%)	240.0	-69.5	(-22.5%)
Ordinary income	(6.7%)	272.5	(4.5%)	180.0	-92.5	(-33.9%)
Profit attributable to owners of parent	(1.6%)	63.8	(2.5%)	100.0	+36.1	(+56.7%)
ROE	3.7%		5.8%		+2.1pt	-
EBITDA	(11.9%)	479.6	(10.5%)	420.0	-59.6	(-12.4%)
Free cash flow (FCF)	7.5		100.0		+92.4	-
Dividend (per share)	12.0yen Interim: 6.0yen year-end: 6.0yen		12.0yen Interim: 6.0yen year-end: 6.0yen			

<Undetermined foreign currency amounts>

US\$: 0.2 billion (2.0 billion\*)

Euro: 0.4 billion (0.5 billion\*)

<Assumed exchange rates>

US\$ 1.00 = ¥110 (¥100\*)

Euro 1.00 = ¥120 (¥115\*)

(\*) Forecasts as of Oct. 31 2016

There is no change in the forecast announced on October 31, 2016.

# Forecasts for FY2016 by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2015 (Actual)	FY2016 (Forecast)	Change	FY2015 (Actual)	FY2016 (Forecast)	Change	FY2015 (Actual)	FY2016 (Forecast)	Change
Energy & Environment	2,005.0	2,100.0	+94.9	1,542.7	1,550.0	+7.2	154.6	160.0	+5.3
Commercial Aviation & Transportation Systems	607.1	600.0	- 7.1	548.5	500.0	- 48.5	54.5	- 25.0	- 79.5
Integrated Defense & Space Systems	447.7	400.0	- 47.7	485.0	450.0	- 35.0	25.7	28.0	+2.2
Machinery, Equipment & Infrastructure	1,392.5	1,600.0	+207.4	1,432.3	1,450.0	+17.6	80.0	85.0	+4.9
Others	162.8	200.0	+37.1	177.3	160.0	- 17.3	12.6	12.0	- 0.6
Eliminations or Corporate	- 129.8	- 100.0	+29.8	- 139.2	- 110.0	+29.2	- 18.1	- 20.0	- 1.8
Total	4,485.5	4,800.0	+314.4	4,046.8	4,000.0	- 46.8	309.5	240.0	- 69.5

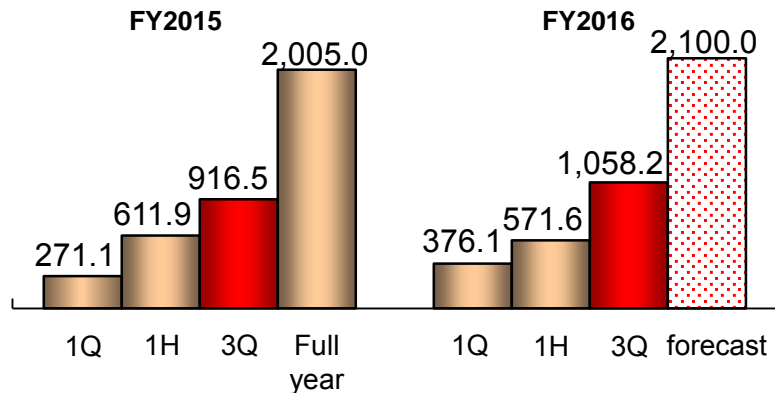


## III. Supplementary Information

# Energy & Environment

(In billion yen, accumulated amount)

## Orders Received



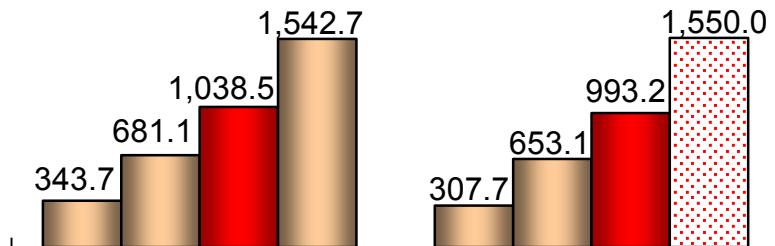
## Orders received : Up ¥141.7 billion YoY

- Increased : Conventional thermal power plants
- Decreased : Chemical plants, GTCC(\*)

### Gas turbine orders received

		North America	Asia	Japan	Others	Total
FY2015 1-3Q	Large size	1	6	1	2	10
	Small to medium size	-	1	-	1	2
	Total	1	7	1	3	12
FY2016 1-3Q	Large size	4	6	2	1	13
	Small to medium size	-	1	-	-	1
	Total	4	7	2	1	14

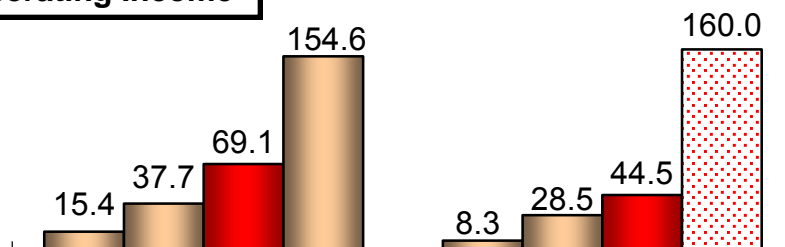
## Net Sales



### Backlog of gas turbine orders received

	Large size	Small to medium size	Total
As of Dec. 31 2015	40	27	67
As of Mar. 31 2016	42	35	77
As of Dec. 31 2016	38	24	62

## Operating Income



## Net sales : Down ¥45.3 billion YoY

- Increased : Conventional thermal power plants
- Decreased : GTCC

## Earnings : Down ¥24.5 billion YoY

- GTCC: Down due to decreased sales

(\*)GTCC: Gas turbine combined cycle

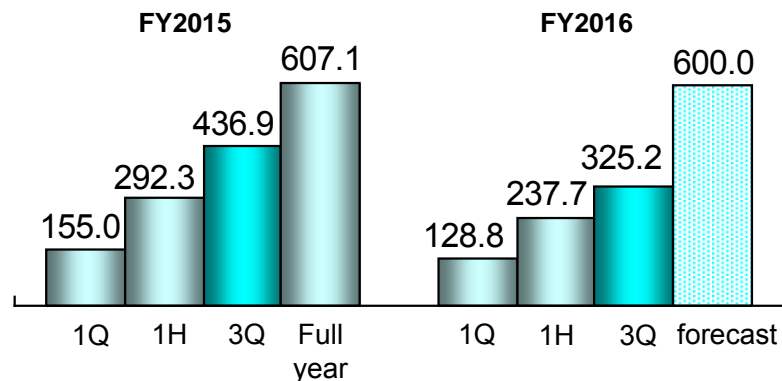
# Supplementary Information (1) Financial Results by Business Segment

## Commercial Aviation & Transportation Systems



(In billion yen, accumulated amount)

### Orders Received



### Orders received : Down ¥111.6 billion YoY

- Increased : MRJ
- Decreased : Commercial ships, Commercial aircraft

Number of ship orders received

FY2015 1-3Q: 11 (1Q: 4, 2Q: 2, 3Q: 5, 4Q: 5)

FY2016 1-3Q: 6 (1Q: 4, 2Q: 2, 3Q: 0)

Backlog of ship orders received 34

(10 LNG carriers, 7 LPG carriers, 3 patrol vessels and others)

### Net sales : Down ¥45.2 billion YoY

- Increased : Transportation systems
- Decreased : Commercial aircraft

Number of B777s delivered

FY2015 1-3Q: 80 (1Q: 28, 2Q: 27, 3Q: 25, 4Q: 27)

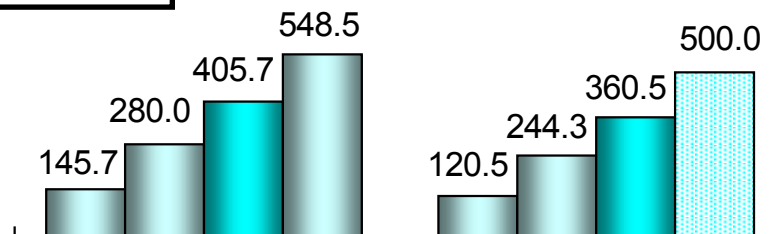
FY2016 1-3Q: 70 (1Q: 27, 2Q: 24, 3Q: 19)

Number of B787s delivered

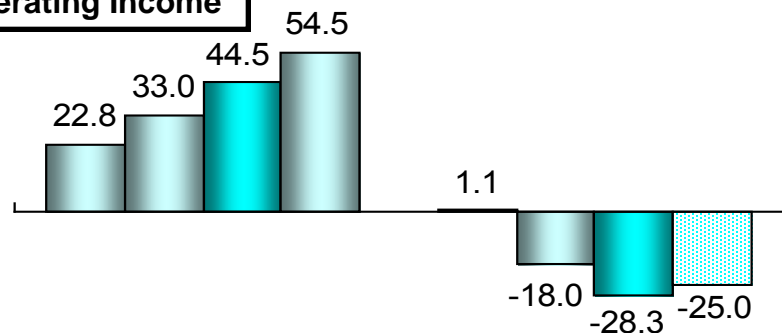
FY2015 1-3Q: 92 (1Q: 32, 2Q: 31, 3Q: 29, 4Q: 34)

FY2016 1-3Q: 92 (1Q: 36, 2Q: 31, 3Q: 25)

### Net Sales



### Operating Income



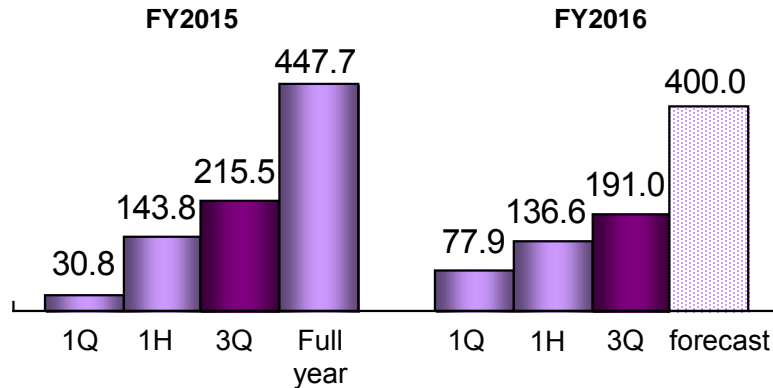
### Earnings : Down ¥72.8 billion YoY

- Commercial aircraft : Yen appreciation, reduced production, cost reduction target unachieved
- Commercial ships : Cost deterioration
- MRJ : Increased development costs

# Integrated Defense & Space Systems

(In billion yen, accumulated amount)

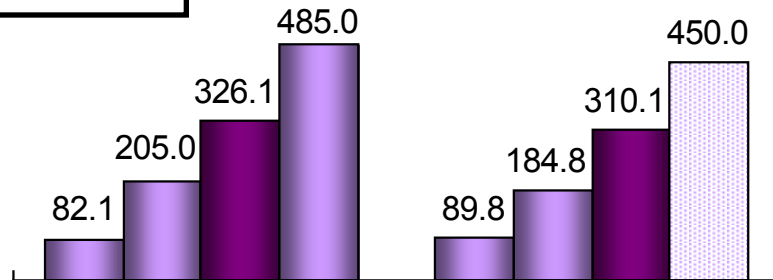
## Orders Received



### Orders received : Down ¥24.5 billion YoY

- Increased : Special vehicles
- Decreased : Naval vessels, missiles

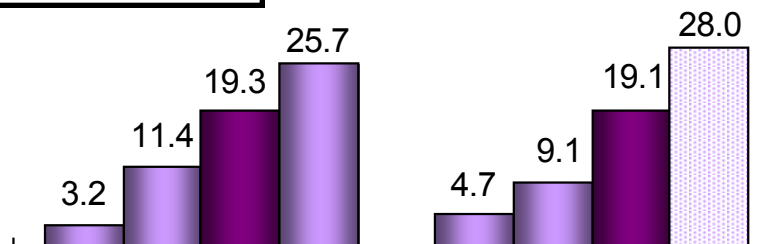
## Net Sales



### Net sales : Down ¥15.9 billion YoY

- Decreased : Missiles

## Operating Income



### Earnings : Down ¥0.1 billion YoY

Almost in line with year ago level

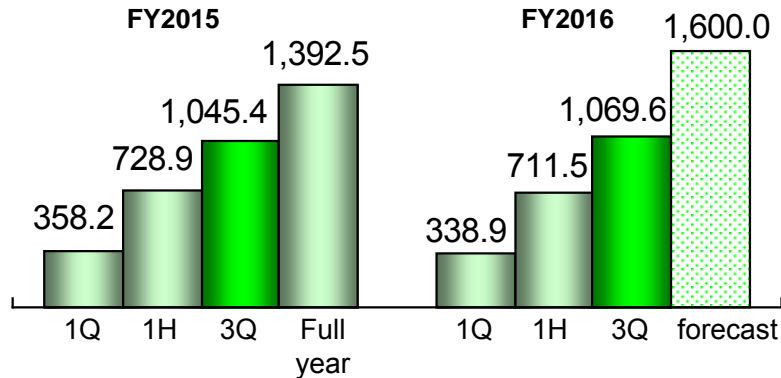
# Supplementary Information (1) Financial Results by Business Segment

## Machinery, Equipment & Infrastructure



(In billion yen, accumulated amount)

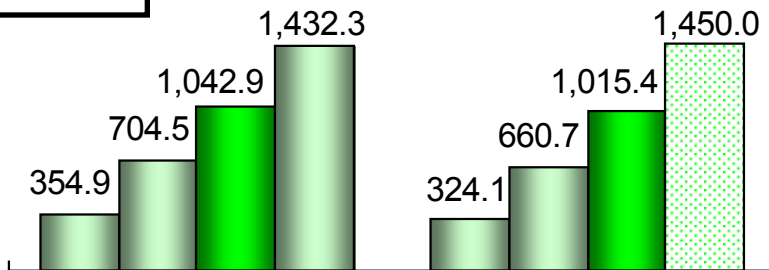
### Orders Received



**Orders received : Up ¥24.1 billion YoY**  
**Net sales: Down ¥27.4 billion YoY**

- Increased : Forklift trucks
- Decreased : Metals machinery, compressors

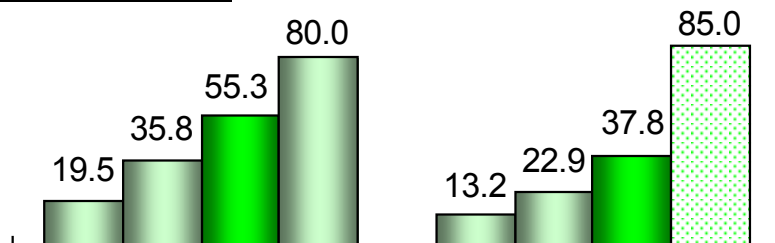
### Net Sales



**Earnings : Down ¥17.5 billion YoY**

- Metals machinery, compressor :  
Down due to decreased sales

### Operating Income



## 1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	FY2015 1-3Q	FY2016 1-3Q	FY2016 (Forecast)
R&D Expenses	91.7	98.8	150.0
Depreciation	116.1	125.1	170.0
Capital Expenditure	116.4	135.3	200.0

## 2. Selling, General and Administrative Expenses

(In billion yen)

	FY2015 1-3Q	FY2016 1-3Q
SG&A	401.0	420.1

## 3. Foreign Exchange Rates

(In yen)

	FY2015 1-3Q	FY2016 1-3Q
US\$	121.4	106.4
Euro	134.9	117.3

# Supplementary Information (2) Reference Data

(In billion yen)

## 4. Overseas Sales by Region

	FY2015 1-3Q	FY2016 1-3Q
Asia	508.6 (18%)	446.8 (17%)
North America	571.8 (19%)	481.3 (18%)
Europe	262.0 (9%)	303.8 (11%)
Central & South America	106.4 (4%)	76.7 (3%)
The Middle East	76.7 (3%)	82.0 (3%)
Africa	76.6 (3%)	88.7 (3%)
Oceania	21.5 (1%)	24.1 (1%)
Total	1,623.9 (57%)	1,503.6 (56%)

## 5. Segment Information by Geographic Distribution

		FY2015 1-3Q	FY2016 1-3Q
Japan	Net sales	2,098.4	2,035.8
	Operating income	152.0	45.9
North America	Net sales	385.5	341.7
	Operating income	10.7	5.7
Asia	Net sales	286.5	269.2
	Operating income	24.2	22.3
Europe	Net sales	268.1	272.1
	Operating income	-3.4	-5.8
Others	Net sales	78.1	70.1
	Operating income	1.8	0.2
Eliminations or Corporate	Net sales	-284.1	-294.8
	Operating income	-	-
Total	Net sales	2,832.6	2,694.2
	Operating income	185.3	68.4

**MOVE THE WORLD FORWARD**

**MITSUBISHI  
HEAVY  
INDUSTRIES  
GROUP**