

# Financial Results for Third Quarter FY2012

February 6, 2013

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# I. Third Quarter FY2012 Financial Results

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# Summary of Third Quarter Financial Results

(In billion yen)

	FY2011-3Q	FY2012-3Q	Change
Orders received	2,111.8	1,880.0	- 231.8
Net sales	1,958.9	1,973.3	+14.3
Operating income	98.0	78.5	- 19.4
Ordinary income	69.5	74.0	+4.4
Extraordinary income	16.1	4.9	- 11.2
Income before income taxes	85.7	78.9	- 6.7
Net income	32.7	49.9	+17.1

**Orders received ⇒ Down ¥231.8 billion YoY** (¥2,111.8 bn → ¥1,880.0 bn)

-Orders declined from a year ago, as increases in Aerospace Systems and General Machinery & Special Vehicles were offset by declines in orders in other divisions.

**Net Sales ⇒ Up ¥14.3 billion YoY** (¥1,958.9 bn → ¥1,973.3 bn)

-Net sales increased year on year, reflecting higher sales in Power Systems and Machinery & Steel Infrastructure Systems, despite a fall in sales in Shipbuilding & Ocean Development and Aerospace Systems.

**Net Income ⇒ Up ¥17.1 billion YoY** (¥32.7 bn → ¥49.9 bn)

-Net income increased from a year ago, thanks to the posting of foreign exchange gains due to the weaker yen and a decline in tax expenses, although operating income decreased year on year.

# Third Quarter Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2011-3Q	FY2012-3Q	Change	FY2011-3Q	FY2012-3Q	Change	FY2011-3Q	FY2012-3Q	Change
Shipbuilding & Ocean Development	163.8	50.6	- 113.1	235.0	179.8	- 55.1	- 2.2	- 0.8	+1.4
Power Systems	930.1	559.4	- 370.7	665.9	710.2	+44.3	80.7	63.1	- 17.6
Machinery & Steel Infrastructure Systems	365.1	336.1	- 29.0	266.3	320.4	+54.0	11.5	9.9	- 1.5
Aerospace Systems	200.0	489.9	+289.9	331.3	297.4	- 33.8	2.8	3.3	+0.5
General Machinery & Special Vehicles	265.6	271.1	+5.5	281.5	285.0	+3.4	4.7	8.4	+3.6
Air-Conditioning & Refrigeration Systems	121.2	109.4	- 11.8	119.9	111.3	- 8.5	2.6	- 1.3	- 3.9
Machine Tool	41.8	31.3	- 10.5	35.1	39.5	+4.4	2.5	2.3	- 0.2
Others	56.7	95.6	+38.8	54.9	95.9	+41.0	6.5	6.2	- 0.3
Others	219.9	236.4	+16.4	210.0	246.8	+36.8	11.6	7.1	- 4.5
Eliminations or Corporate	- 32.8	- 63.7	- 30.9	- 31.3	- 66.6	- 35.2	- 11.2	- 12.6	- 1.3
<b>Total</b>	<b>2,111.8</b>	<b>1,880.0</b>	<b>- 231.8</b>	<b>1,958.9</b>	<b>1,973.3</b>	<b>+14.3</b>	<b>98.0</b>	<b>78.5</b>	<b>- 19.4</b>

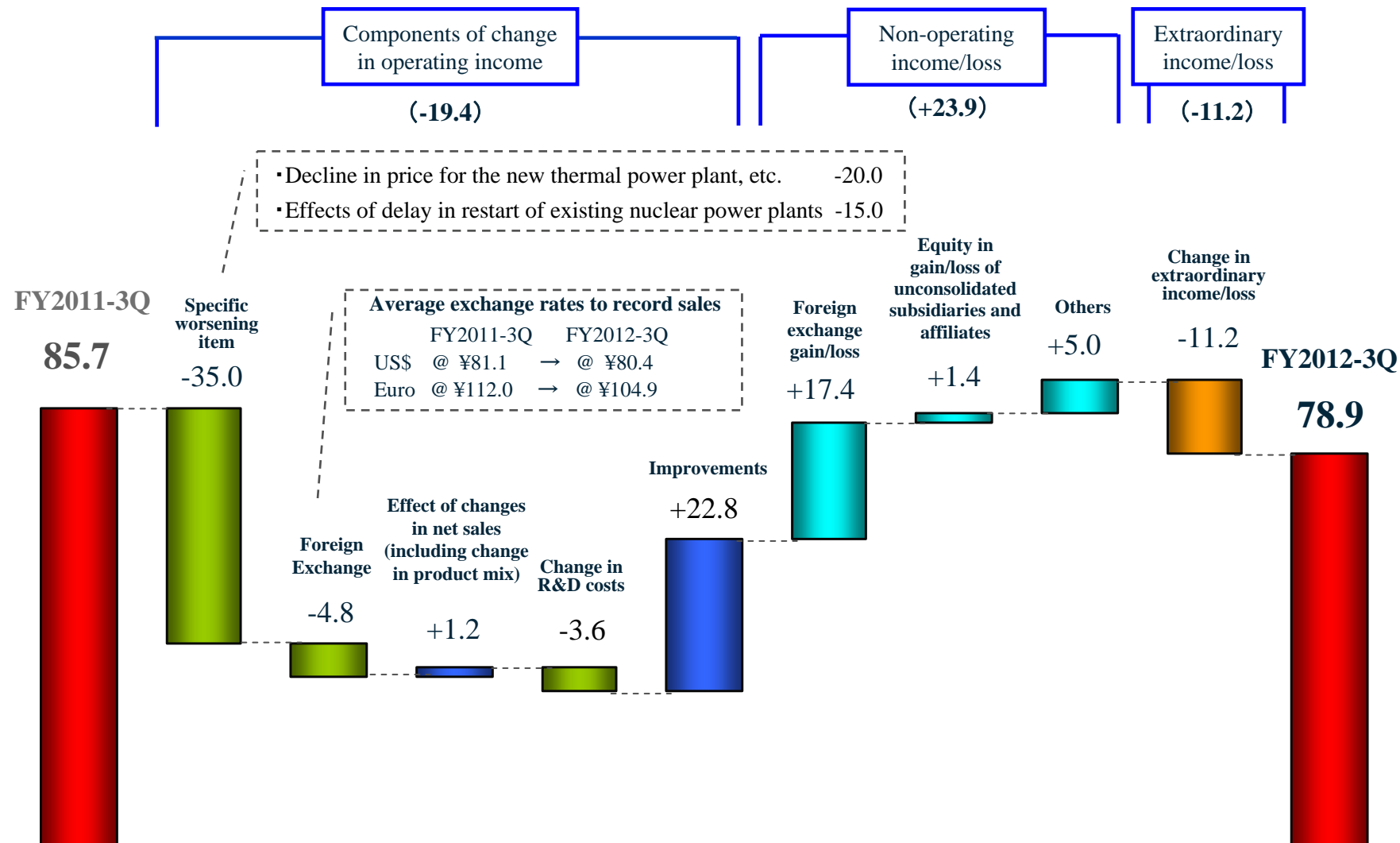
(Change in method for calculating operating income or loss)

With a change in the management system, part of Company-wide R&D expenses and expenses at the administration division of head office, which have conventionally been distributed to each segment, are not distributed to each segment but are included in "Eliminations or Corporate" from FY2012. The figures of above FY2011-3Q already incorporate such modifications accordingly.

# Components of Change in Income before Income Taxes

**Down ¥6.7 billion YoY ( ¥85.7 bn → ¥78.9 bn )**

(In billion yen)



▪ **Ordinary Income** (Up ¥4.4 billion YoY ( ¥69.5 bn → ¥74.0 bn ))

(In billion yen)

	FY2011-3Q	FY2012-3Q	Change
<b>Operating income</b>	<b>98.0</b>	<b>78.5</b>	<b>- 19.4</b>
Foreign exchange gains	-13.5	3.9	+ 17.4
Net interest loss	-9.5	-7.9	+ 1.6
Equity in gain of unconsolidated subsidiaries and affiliates	0.8	2.3	+ 1.4
Others	-6.2	-2.8	+ 3.3
<b>Non-operating income</b>	<b>-28.4</b>	<b>-4.5</b>	<b>+ 23.9</b>
<b>Ordinary income</b>	<b>69.5</b>	<b>74.0</b>	<b>+ 4.4</b>

▪ **Extraordinary Income** (Down ¥11.2 billion YoY ( ¥16.1 bn → ¥4.9bn ))

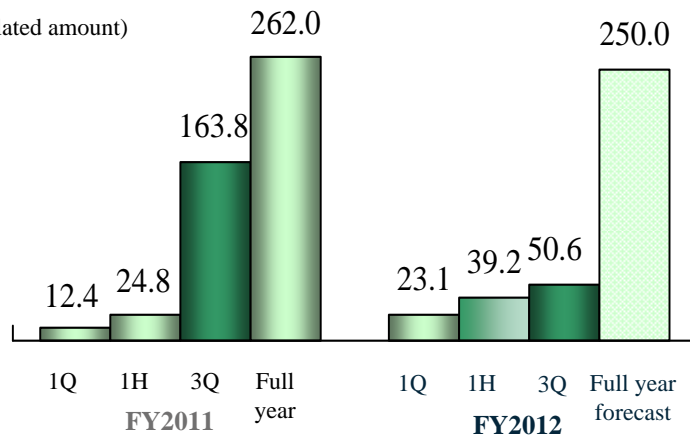
(In billion yen)

	FY2011-3Q	FY2012-3Q	Change
Gain on sales of fixed assets	28.0	-	- 28.0
Gain on sales of investment securities	-	7.3	+ 7.3
<b>Extraordinary gain</b>	<b>28.0</b>	<b>7.3</b>	<b>- 20.7</b>
Business structure improvement expenses	- 9.1	-	+ 9.1
Loss on revaluation of investment securities	- 2.6	- 2.4	+ 0.2
<b>Extraordinary loss</b>	<b>- 11.8</b>	<b>- 2.4</b>	<b>+ 9.4</b>
<b>Extraordinary income/loss</b>	<b>16.1</b>	<b>4.9</b>	<b>- 11.2</b>

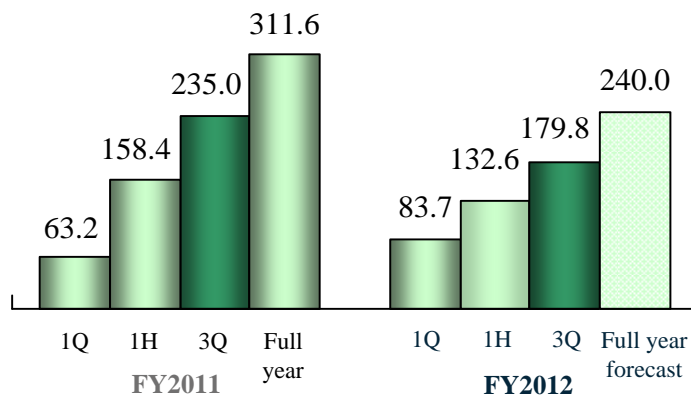
# < Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

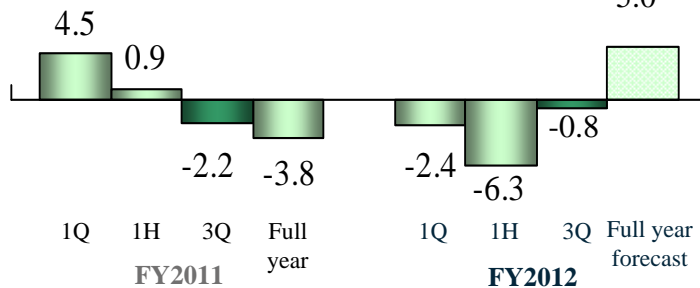
## Orders Received



## Net Sales



## Operating Income



### Orders received : Down ¥113.1 billion YoY

- Orders decreased from a year ago, when large orders were received for cruise ships and LNG carriers, etc.
- Sales activities are intensifying, with many business negotiations on LNG carriers and domestic vessels.
- Also, the full-year forecast will be achieved by focusing on the engineering business.

[Number of ships orders received]

FY2011-3Q: 6 (1Q: 0, 2Q: 2, 3Q: 4, 4Q: 6)

FY2012-3Q: 5 (1Q: 1, 2Q: 2, 3Q: 2)

[Backlog of ship orders] 31

(6 LNG carriers, 2 LPG carriers, 2 cruise ships, 2 seismic vessels, 2 container ships, 2 patrol vessels, 1 pure car carrier and others)

### Net sales/Earnings : Increased earnings (+ ¥1.4 billion YoY) on decreased sales (- ¥55.1 billion YoY)

- We delivered a total of 14 vessels, including 4 ferries, 3 pure car carriers, 2 patrol vessels, 1 LPG carrier, 1 roll-on/roll-off vessel etc.

[Number of ships delivered]

FY2011-3Q: 17 (1Q: 8, 2Q: 6, 3Q: 3, 4Q: 8)

FY2012-3Q: 14 (1Q: 9, 2Q: 5, 3Q: 0)

- Losses decreased as a result of reviewing the reserve for losses on construction contracts and other measures.

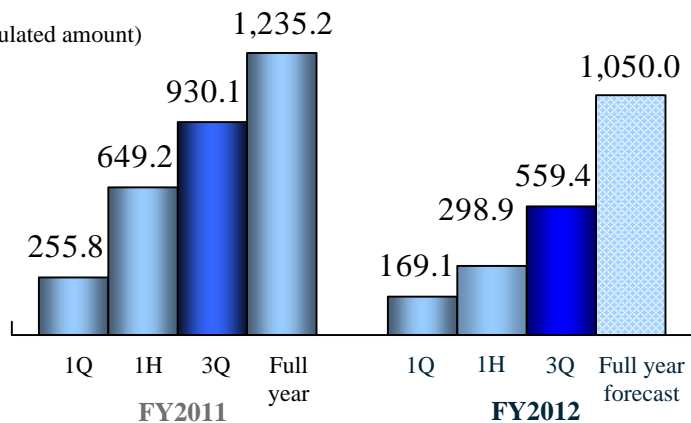
### Full-year forecast :

Operating income: Operating income was revised from ¥0.0 billion to ¥5.0 billion.

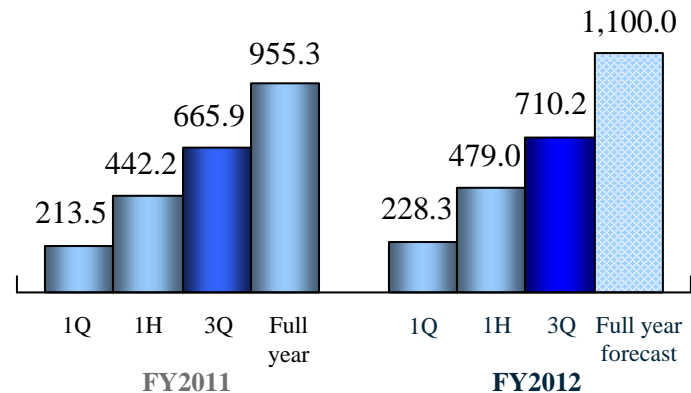


(In billion yen, accumulated amount)

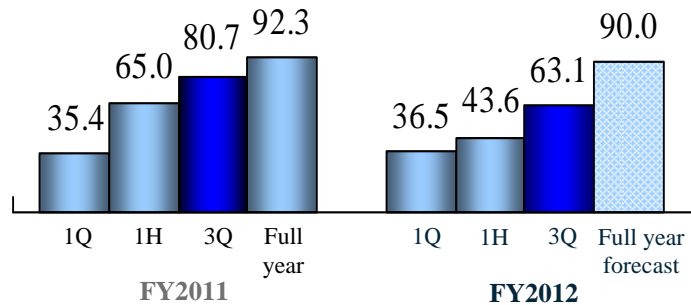
**Orders Received**



**Net Sales**



**Operating Income**



**Orders received : Down ¥370.7 billion YoY**

-Orders decreased from a year ago, given the absence of the demand seen in the previous fiscal year for gas turbines associated with power shortages in Japan and an order for a large-scale coal-fired power plant in Taiwan, and a decrease in periodical inspections of nuclear power plants.

- We will actively pursue business negotiations on thermal power plants in Asia and the Middle East where demand is robust.

[Gas turbine orders]

FY2011-3Q : 18 units (Geographic distribution : Asia 9, Domestic 6, North America 3)

FY2012-3Q : 8 units (Geographic distribution : Asia 5, North America 3)

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

FY2011-3Q: 59 (FY2011: 62)

FY2012-3Q: 55

**Net sales/Earnings : Decreased earnings (- ¥17.6 billion YoY) on increased sales (+ ¥44.3 billion YoY)**

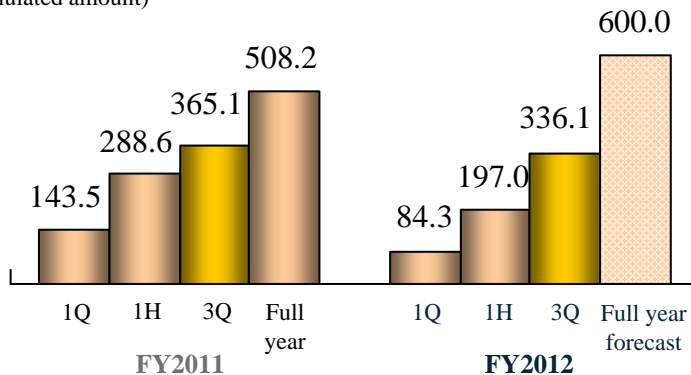
-Sales exceeded the year-ago level, with increases in both gas turbines and conventional plants in thermal power plants.

-Earnings decreased from a year ago, which saw many profitable projects, influenced mainly by a delay in restarting existing nuclear power plants.

# < Machinery & Steel Infrastructure Systems >

(In billion yen, accumulated amount)

## Orders Received

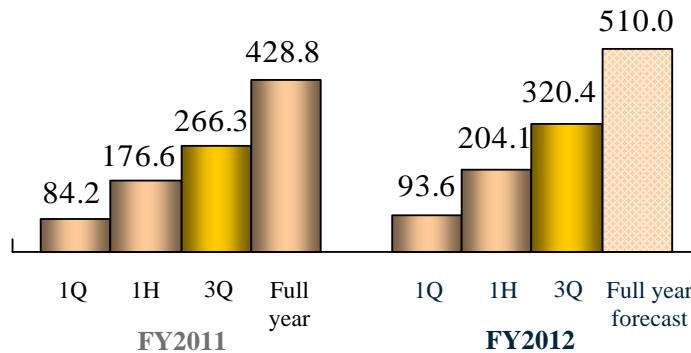


### Orders received : Down ¥29.0 billion YoY

-Orders declined from a year ago, primarily due to a decrease in orders for steel manufacturing machinery and chemical plants, orders for which were strong in the same period of the previous fiscal year.

-We will actively pursue negotiations for overseas transportation systems, chemical plants, compressors and other products.

## Net Sales

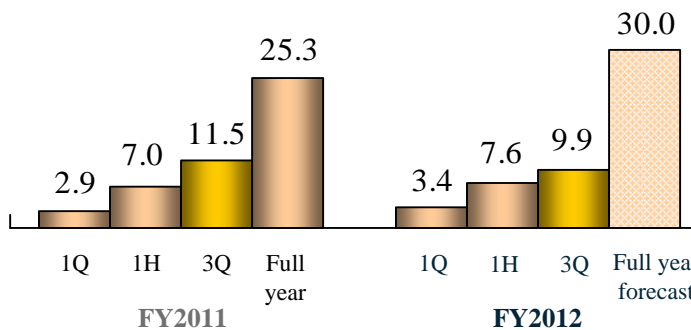


### Net sales/Earnings : Decreased earnings (- ¥1.5 billion YoY) on increased sales (+ ¥54.0 billion YoY)

-Sales exceeded the year-ago level, primarily on increases in sales in chemical plants, steel manufacturing machinery, environmental systems and other products.

-Earnings were below the year-ago level, affected by the fierce competitive environment, despite higher sales.

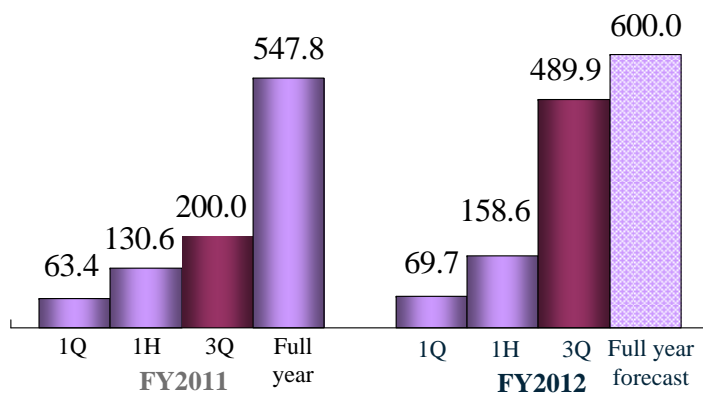
## Operating Income



# < Aerospace Systems >

(In billion yen, accumulated amount)

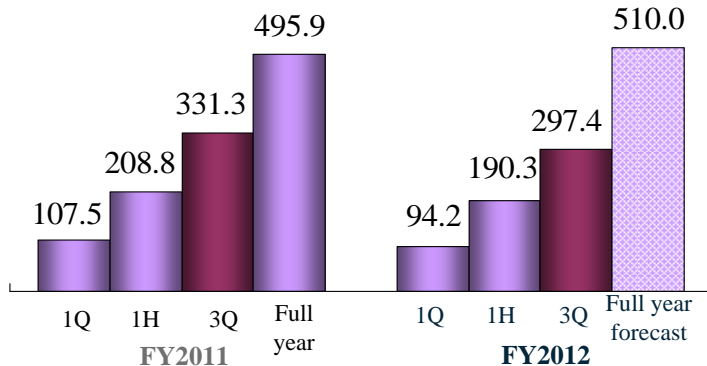
## Orders Received



### Orders received : Up ¥289.9 billion YoY

-Orders rose from a year ago, reflecting increases in orders related to defense and commercial aircraft.

## Net Sales



### Net sales/Earnings : Increased earnings (+ ¥0.5 billion YoY) on decreased sales (- ¥33.8 billion YoY)

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

#### [Number of B777s delivered]

FY2011-3Q: 64 (1Q: 22, 2Q: 19, 3Q: 23, 4Q: 19)

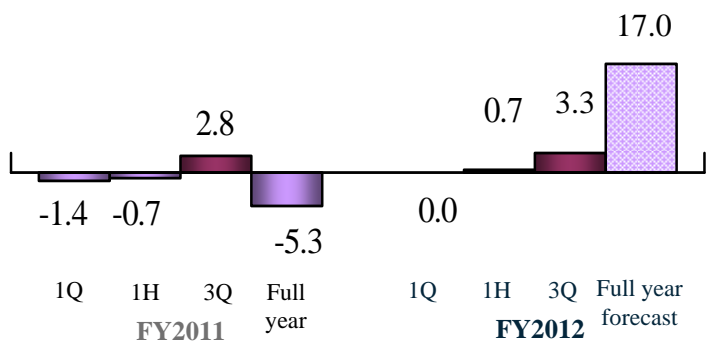
FY2012-3Q: 66 (1Q: 21, 2Q: 21, 3Q: 24)

#### [Number of B787s delivered]

FY2011-3Q: 18 (1Q: 7, 2Q: 4, 3Q: 7, 4Q: 9)

FY2012-3Q: 36 (1Q: 11, 2Q: 11, 3Q: 14)

## Operating Income



-Earnings rose from a year ago thanks to improved profitability related to commercial aircraft.

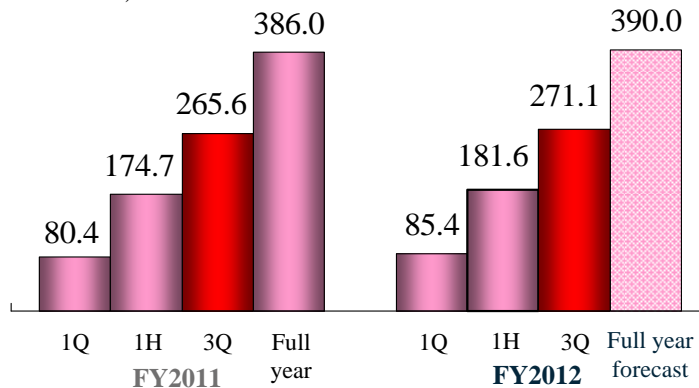
### Full-year forecast :

Operating income: Operating income was revised from ¥7.0 billion to ¥17.0 billion.

# < General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

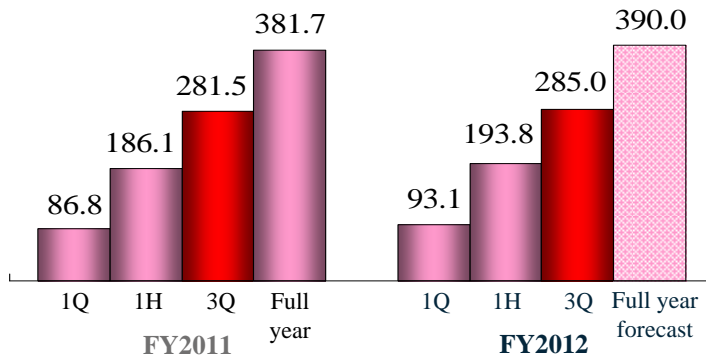
## Orders Received



**Orders received/Net sales : Up ¥5.5 billion/¥3.4 billion YoY respectively**

-Orders and sales increased from a year ago mainly with rises in both forklift trucks and turbochargers for North America.

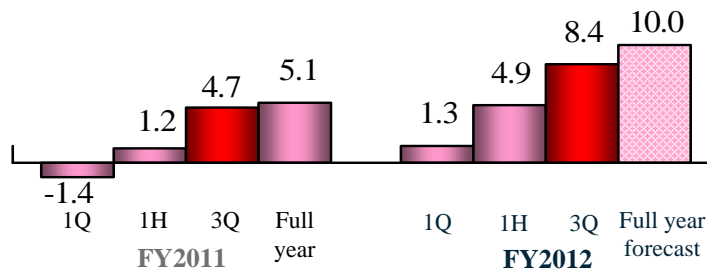
## Net Sales



**Earnings : Up ¥3.6 billion YoY**

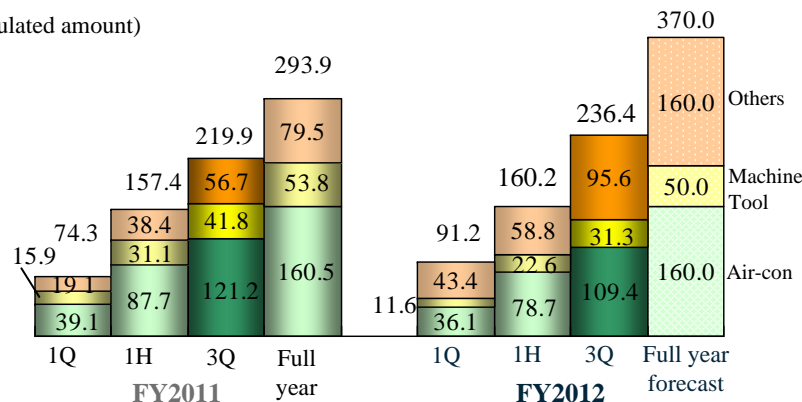
-Earnings rose from a year ago, mainly attributable to the leveraging effect of higher sales and activities to improve profitability.

## Operating Income

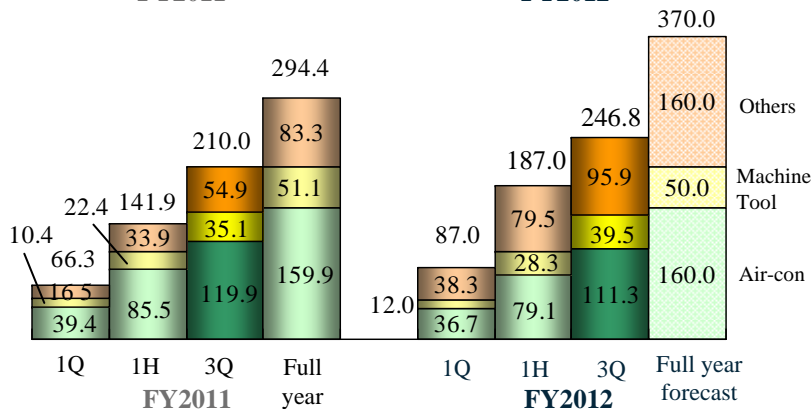


(In billion yen, accumulated amount)

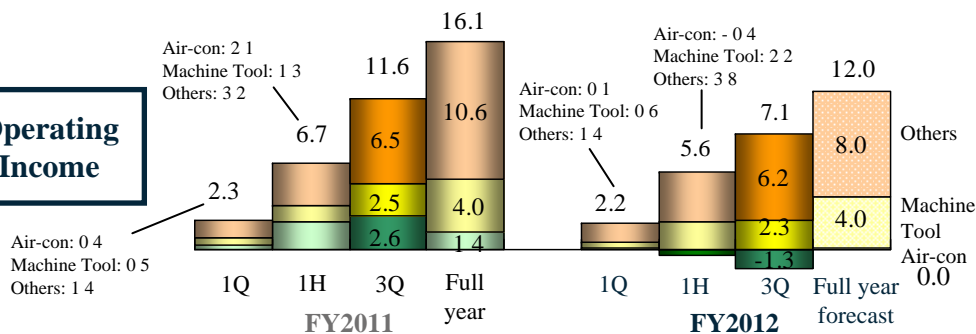
**Orders Received**



**Net Sales**



**Operating Income**



**Air-Conditioning & Refrigeration Systems**

Orders received : Down ¥11.8 billion YoY

Net sales : Down ¥8.5 billion YoY

-Orders and sales fell from a year ago with decreases in commercial air-conditioners and vehicle air-conditioners.

Earnings : Down ¥3.9 billion YoY

-Earnings declined from a year ago with the decrease in sales.

**Machine Tool**

Orders received : Down ¥10.5 billion YoY

Net sales : Up ¥4.4 billion YoY

-Sales, especially of gear cutting machines, rose from the previous fiscal year.

Earnings : Down ¥0.2 billion YoY

**Others**

- Real estate and construction
- Information and communication systems

(In billion yen)

	As of March 31, 2012	As of December 31, 2012	Changes
<b>Assets</b>			
Trade receivables	968.0	875.5	-90.5
Inventories	1,053.4	1,059.9	+6.5
Other current assets	617.4	687.4	+69.9
Total current assets	2,639.0	2,624.9	-14.1
Total fixed assets	1,324.9	1,271.9	-53.0
<b>Total assets</b>	3,963.9	<b>3,896.8</b>	-67.1
<b>Liabilities</b>			
Trade payables	651.1	605.4	-45.6
Advance payments received on contracts	399.2	364.1	-35.1
Other current liabilities	664.3	763.9	+99.5
Total current liabilities	1,714.6	1,733.5	+18.8
Total long-term liabilities	942.9	823.2	-119.6
Total liabilities	2,657.6	2,556.8	-100.8
<b>Net assets</b>			
Stockholders' equity	1,286.6	1,318.1	+31.5
Valuation, translation adjustments and others	-31.5	-29.6	+1.8
Others (Minority interests, etc.)	51.2	51.5	+0.2
Total net assets	1,306.3	1,340.0	+33.7
<b>Total liabilities and net assets</b>	3,963.9	<b>3,896.8</b>	-67.1
Interest-bearing debt outstanding	1,157.1	1,176.8	+19.6

## (1) Segment Information by Geographic Distribution

(In billion yen)

	FY2011-3Q		FY2012-3Q	
	Net sales	Operating income	Net sales	Operating income
Japan	1,804.8	88.1	1,774.5	52.9
North America	126.2	4.0	158.1	15.4
Asia	110.2	4.8	110.4	6.0
Europe	95.1	-0.7	93.3	3.0
Central & South America	10.6	1.5	7.0	1.0
Oceania	4.1	0.2	3.3	0.0
The Middle East	0.0	-0.0	1.5	0.0
Africa	-	-	-	-0.0
Eliminations or Corporate	-192.2	-	-175.1	-
Total	1,958.9	98.0	1,973.3	78.5

## (2) Overseas Net Sales

(In billion yen)

	FY2011-3Q		FY2012-3Q	
Asia	261.2	(13%)	329.8	(17%)
North America	221.6	(11%)	268.6	(14%)
Europe	155.9	(8%)	159.0	(8%)
Central & South America	106.9	(5%)	85.2	(4%)
The Middle East	51.0	(3%)	35.5	(2%)
Africa	40.1	(2%)	16.1	(1%)
Oceania	11.3	(1%)	21.1	(1%)
Total	848.2	(43%)	915.6	(46%)

( ) : share of total sales in each area

## (3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2011-3Q	FY2012-3Q	FY2012(Forecast)
Depreciation	92.1	86.3	120.0
Capital Expenditure	80.6	82.5	120.0

## (4) R&D Expenses

(In billion yen)

	FY2011-3Q	FY2012-3Q	FY2012(Forecast)
R&D Expenses	71.3	70.7	140.0

## II. Forecast for FY2012

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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 FY2012

(In billion yen)

	FY2011		FY2012		
	3Q (Actual)	Full Year (Actual)	3Q (Actual)	Full Year (Forecast)	(Previous forecast) '12.10.31
Orders received	2,111.8	3,188.8	1,880.0	3,150.0	3,150.0
Net sales	1,958.9	2,820.9	1,973.3	3,000.0	3,000.0
Operating income	98.0	111.9	78.5	145.0	130.0
Ordinary income	69.5	86.1	74.0	120.0	90.0
Net income	32.7	24.5	49.9	70.0	50.0

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

<undetermined amount>

US\$: 0.7 billion ( forecast at the beginning of the fiscal year: 5.9 billion )

Euro: 0.4 billion ( forecast at the beginning of the fiscal year: 0.7 billion )

<exchange rate>

US\$ 1.00 = ¥85 ( previous forecast: US\$ 1.00 = ¥80 )

Euro 1.00 = ¥110 ( previous forecast: Euro 1.00 = ¥100 )

# Forecast for FY2012 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2011	FY2012 Forecast		FY2011	FY2012 Forecast		FY2011	FY2012 Forecast	
	(Actual)	forecast	Previous forecast ('12 10 31)	(Actual)	forecast	Previous forecast ('12 10 31)	(Actual)	forecast	Previous forecast ('12 10 31)
Shipbuilding & Ocean Development	262.0	250.0	250.0	311.6	240.0	240.0	-3.8	5.0	0.0
Power Systems	1,235.2	1,050.0	1,050.0	955.3	1,100.0	1,100.0	92.3	90.0	90.0
Machinery & Steel Infrastructure Systems	508.2	600.0	600.0	428.8	510.0	510.0	25.3	30.0	30.0
Aerospace Systems	547.8	600.0	600.0	495.9	510.0	510.0	-5.3	17.0	7.0
General Machinery & Special Vehicles	386.0	390.0	390.0	381.7	390.0	390.0	5.1	10.0	10.0
Air-Conditioning & Refrigeration Systems	160.5	160.0	160.0	159.9	160.0	160.0	1.4	0.0	0.0
Machine Tool	53.8	50.0	50.0	51.1	50.0	50.0	4.0	4.0	4.0
Others	79.5	160.0	160.0	83.3	160.0	160.0	10.6	8.0	8.0
Others	293.9	370.0	370.0	294.4	370.0	370.0	16.1	12.0	12.0
Eliminations or Corporate	-44.5	-110.0	-110.0	-47.1	-120.0	-120.0	-17.8	-19.0	-19.0
<b>Total</b>	<b>3,188.8</b>	<b>3,150.0</b>	<b>3,150.0</b>	<b>2,820.9</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>111.9</b>	<b>145.0</b>	<b>130.0</b>


[Details of revision of forecast for fiscal 2012]

- Operating income: Shipbuilding & Ocean Development: 0.0 billion yen → 5.0 billion yen (up 5.0 billion yen)  
Aerospace Systems: 7.0 billion yen → 17.0 billion yen (up 10.0 billion yen)
- No revision is made in orders and sales.



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