

Financial Results for Third Quarter FY2013

February 6, 2014

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I. Third Quarter FY2013 Financial Results

Summary of Third Quarter Financial Results

(In billion yen)

	FY2012-3Q	FY2013-3Q	Change
Orders received	1,880.0	2,295.6	+415.6
Net sales	1,973.3	2,262.7	+289.3
Operating income	78.5	132.1	+53.6
Ordinary income	74.0	127.3	+53.2
Extraordinary income/loss	4.9	8.4	+3.5
Income before income taxes	78.9	135.7	+56.7
Net income	49.9	78.2	+28.3

Orders received ⇒ Up **¥415.6 billion YoY** (¥1,880.0 bn → ¥2,295.6 bn)

-Orders exceeded the year-ago level, with a decline in the Commercial Aviation & Transportation Systems domain, which received large orders in the same period of the previous fiscal year, offset by increases in the three other domains.

Net sales ⇒ Up **¥289.3 billion YoY** (¥1,973.3 bn → ¥2,262.7 bn)

-Sales increased from a year ago on increased sales in all domains, reflecting progress in the depreciation of the yen, the fiscal year-end change in overseas group companies, and effects associated with business integration.

Operating income ⇒ Up **¥53.6 billion YoY** (¥78.5 bn → ¥132.1 bn)

-Operating income exceeded the year-ago level due to an increase in income in the Commercial Aviation & Transportation Systems, Energy & Environment, and Machinery, Equipment & Infrastructure domains.

Third Quarter Financial Results by Segment



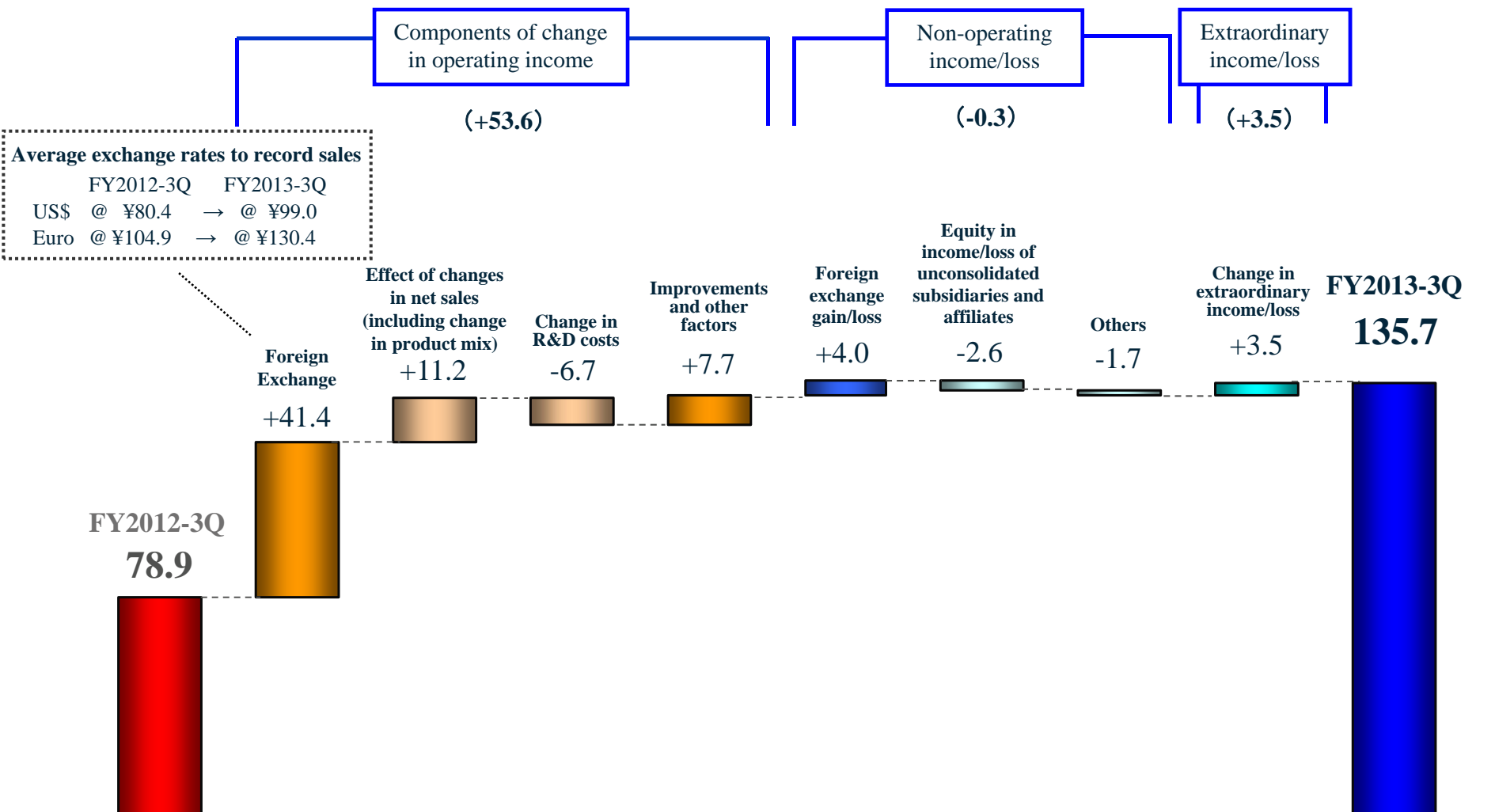
(In billion yen)

	Orders received			Net sales			Operating income		
	FY2012-3Q	FY2013-3Q	Change	FY2012-3Q	FY2013-3Q	Change	FY2012-3Q	FY2013-3Q	Change
Energy & Environment	595.4	898.5	+303.1	745.7	828.0	+82.2	61.8	77.2	+15.4
Commercial Aviation & Transportation Systems	480.2	294.6	- 185.5	290.1	334.4	+44.3	- 12.1	9.9	+22.0
Integrated Defense & Space Systems	135.3	258.0	+122.7	251.4	287.9	+36.5	15.2	15.0	- 0.1
Machinery, Equipment & Infrastructure	637.2	808.5	+171.3	660.1	777.6	+117.5	20.1	34.7	+14.5
Others	95.6	119.0	+23.4	95.9	109.5	+13.5	6.2	8.2	+2.0
Eliminations or Corporate	- 63.7	- 83.3	- 19.5	- 70.0	- 74.9	- 4.8	- 12.6	- 12.9	- 0.3
Total	1,880.0	2,295.6	+415.6	1,973.3	2,262.7	+289.3	78.5	132.1	+53.6

Components of Change in Income before Income Taxes

Up ¥56.7 billion YoY (¥78.9 bn → ¥135.7 bn)

(In billion yen)



Ordinary Income and Extraordinary Income

▪ **Ordinary Income** (Up ¥53.2 billion YoY (¥74.0 bn → ¥127.3 bn))
(In billion yen)

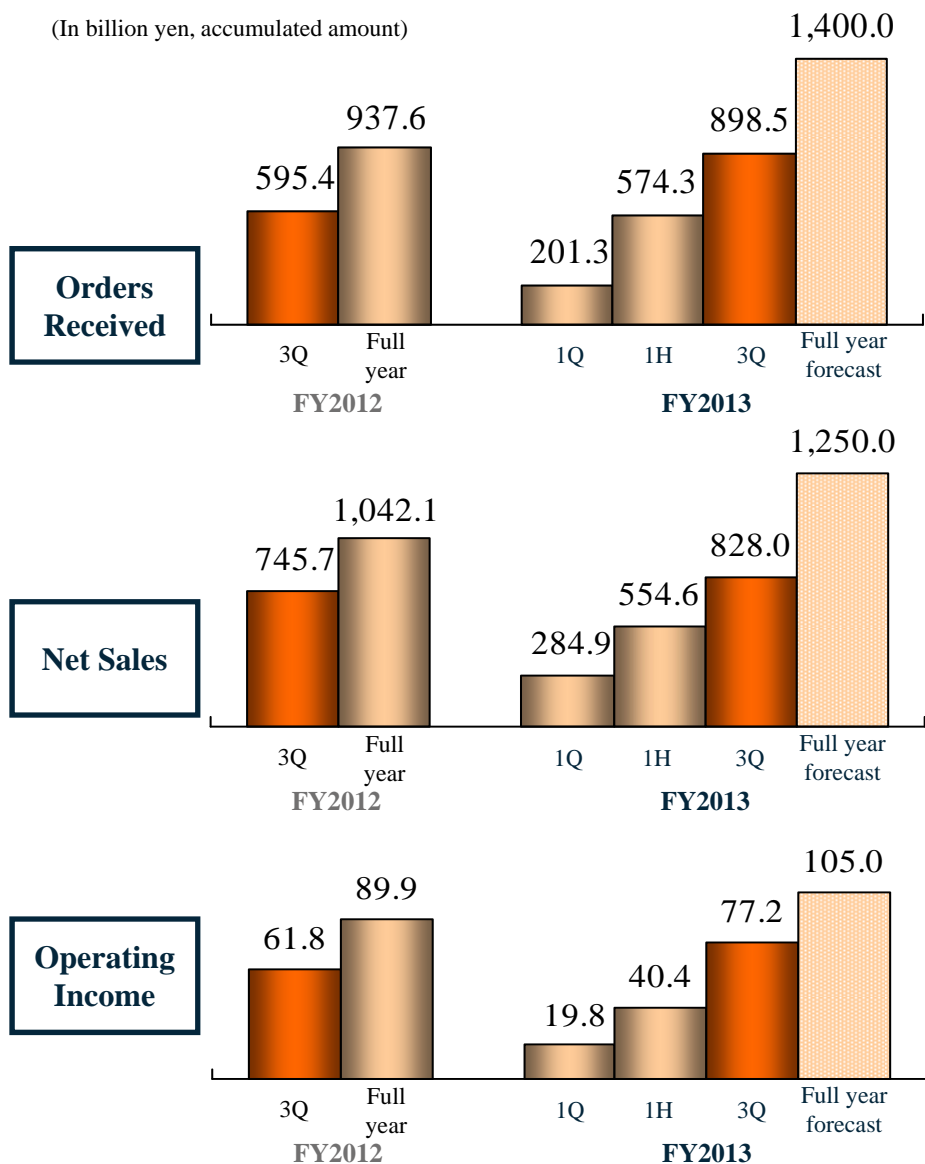
		FY2012-3Q	FY2013-3Q	Change
Operating income		78.5	132.1	+ 53.6
	Foreign exchange gains	3.9	7.9	+ 4.0
	Net interest loss	-7.9	-6.4	+ 1.4
	Equity in gain of unconsolidated subsidiaries and affiliates	2.3	-0.2	- 2.6
	Others	-2.8	-6.0	- 3.1
Non-operating income/loss		-4.5	-4.8	- 0.3
Ordinary income		74.0	127.3	+ 53.2

▪ **Extraordinary Income/Loss** (Up ¥3.5 billion YoY (¥4.9 bn → ¥8.4 bn))

		FY2012-3Q	FY2013-3Q	Change
	Gain on sales of investment securities	7.3	-	- 7.3
	Gain on negative goodwill	-	4.9	+ 4.9
	Gain on sales of fixed assets	-	11.1	+ 11.1
	Gain on changes in equity interest	-	4.5	+ 4.5
Extraordinary income		7.3	20.6	+ 13.2
	Business structure improvement expenses	-	- 7.4	- 7.4
	Loss on revaluation of investment securities	- 2.4	-	+ 2.4
	Impairment losses	-	- 4.6	- 4.6
Extraordinary loss		- 2.4	- 12.1	- 9.7
Extraordinary income/loss		4.9	8.4	+ 3.5

< Energy & Environment >

(In billion yen, accumulated amount)



Orders received : Up ¥303.1 billion YoY

-Orders significantly exceeded the year-ago level mainly attributable to large orders for the GTCC in Taiwan and Thailand and chemical plant in Russia.

[Gas turbine orders]

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

FY2013-3Q: 16 units (Geographic distribution : Asia 9, North America 3, Japan 2, Others 2)

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

FY2012-3Q: 55 (FY2012: 45)

FY2013-3Q: 46

Net sales : Up ¥82.2 billion YoY

-Sales exceeded the year-ago level mainly due to higher sales of the GTCC and chemical plants.

Earnings : Up ¥15.4 billion YoY

-Earnings rose from a year ago primarily due to higher sales of the GTCC and chemical plants.

Full-year forecast :

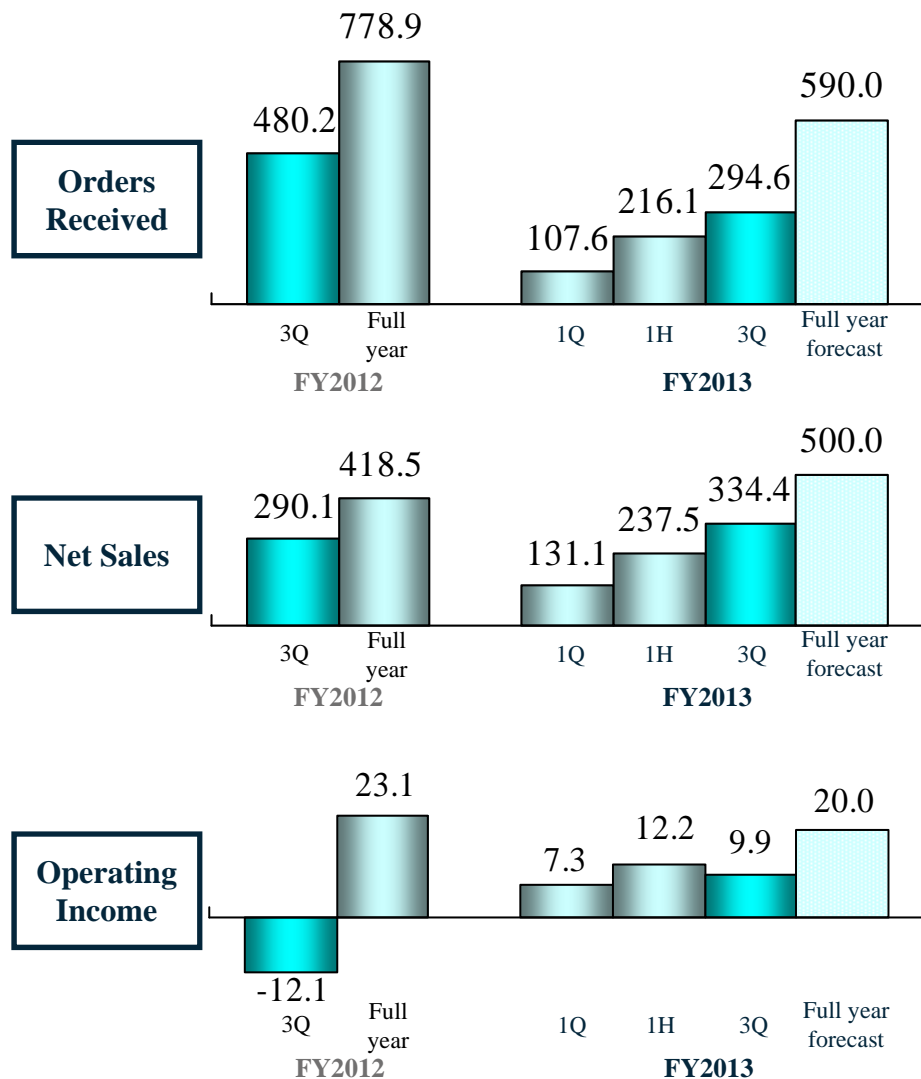
Orders received: Orders received was revised from ¥1,330.0 billion to ¥1,400.0 billion

Net sales: Net sales was revised from ¥1,200.0 billion to 1,250.0 billion

Operating income: Operating income was revised from ¥100.0 billion to ¥105.0 billion

GTCC : Gas Turbine Combined Cycle

(In billion yen, accumulated amount)

**Orders received : Down ¥185.5 billion YoY**

-Orders declined from a year ago largely owing to a decrease in commercial aircraft for which there were large orders in the same period of the previous fiscal year.

[Number of ships orders received]

FY2012-3Q: 5 (1Q: 1, 2Q: 2, 3Q: 2, 4Q: 24)

FY2013-3Q: 4 (1Q: 1, 2Q: 2, 3Q: 1)

[Backlog of ship orders] 41

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

Net sales : Up ¥44.3 billion YoY

-Sales exceeded the year-ago level, reflecting higher sales of commercial aircraft which offset decline in commercial ships.

[Number of B777s delivered]

FY2012-3Q: 66 (1Q: 21, 2Q: 21, 3Q: 24, 4Q: 24)

FY2013-3Q: 75 (1Q: 25, 2Q: 25, 3Q: 25)

[Number of B787s delivered]

FY2012-3Q: 36 (1Q: 11, 2Q: 11, 3Q: 14, 4Q: 16)

FY2013-3Q: 49 (1Q: 16, 2Q: 14, 3Q: 19)

Earnings : Up ¥22.0 billion YoY

-Earnings increased from a year ago due to an improvement in production efficiency in commercial aircraft and the effect of the depreciation of the yen, which offset deterioration in the profitability of commercial ships.

Full-year forecast :

Orders received: Orders received was revised from ¥630.0 billion to ¥590.0 billion

Operating income: Operating income was revised from ¥30.0 billion to ¥20.0 billion

< Integrated Defense & Space Systems >

(In billion yen, accumulated amount)



Orders received : Up ¥122.7 billion YoY

-Orders exceeded the year-ago level due to increased orders in areas such as naval ships, aircraft and space systems.

Net sales : Up ¥36.5 billion YoY

-Sales rose from a year ago mainly due to higher sales of aircraft and missiles.

Earnings : Results remained flat, on the same level as a year ago

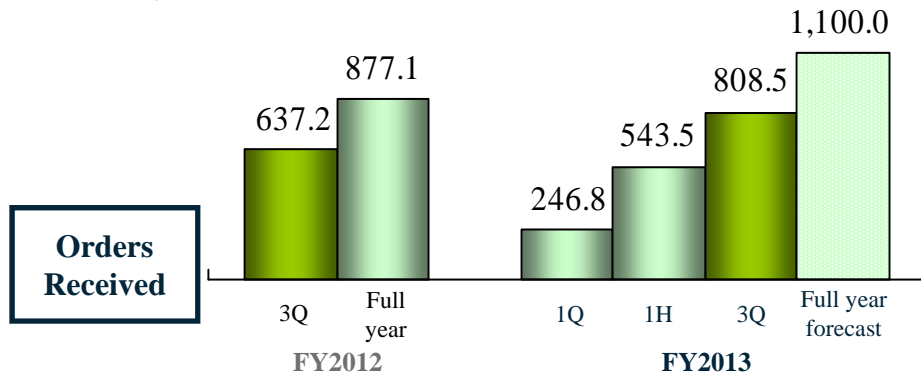
Full-year forecast :

Net sales: Net sales was revised from ¥450.0 billion to ¥460.0 billion

Operating income: Operating income was revised from ¥24.0 billion to ¥25.0 billion

< Machinery, Equipment & Infrastructure >

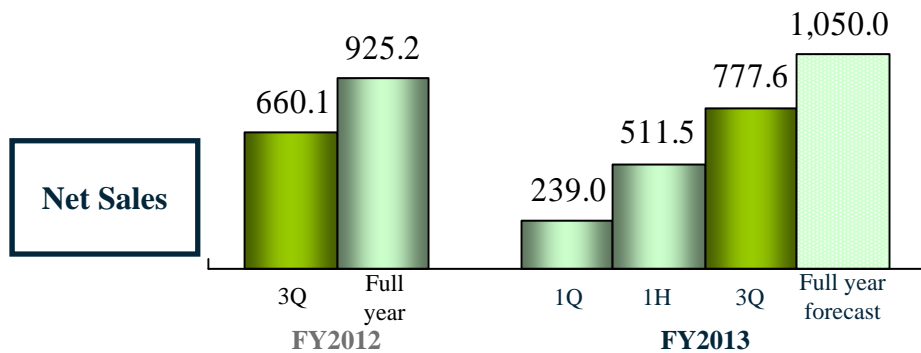
(In billion yen, accumulated amount)



Orders received : Up ¥171.3 billion YoY

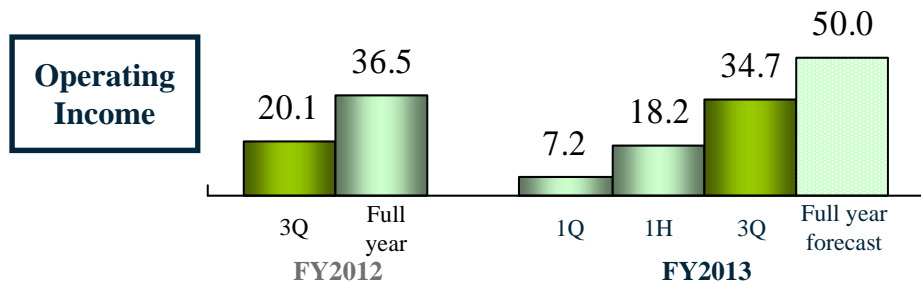
Net sales: Up 117.5 billion YoY

-Sales rose from a year ago, reflecting higher sales of forklift trucks as a result of business integration with Nippon Yusoki Co., Ltd., and increases in turbochargers for China and Europe, compressors for the United States, and air-conditioners for China and Asia.



Earnings : Up ¥14.5 billion YoY

-Earnings exceeded the year-ago level due to higher sales of compressors, turbo chargers and air conditioners, the effect of business integration in forklifts, and the effect of the depreciation of the yen.



Full-year forecast :

Net sales: Net sales was revised from ¥960.0 billion to ¥1,050.0 billion

Operating income: Operating income was revised from ¥47.0 billion to ¥50.0 billion

Balance Sheets

(In billion yen)

	As of March 31, 2013	As of December 31, 2013	Changes
Assets			
Trade receivables	931.4	999.1	+67.6
Inventories	1,009.8	1,183.7	+173.8
Other current assets	683.5	758.8	+75.3
Total current assets	2,624.8	2,941.6	+316.8
Total fixed assets	1,310.2	1,458.6	+148.3
Total assets	3,935.1	4,400.3	+465.2
Liabilities			
Trade payables	663.4	703.7	+40.2
Advance payments received on contracts	427.3	450.9	+23.5
Other current liabilities	602.9	906.9	+303.9
Total current liabilities	1,693.8	2,061.6	+367.8
Total long-term liabilities	811.0	754.6	-56.4
Total liabilities	2,504.8	2,816.3	+311.4
Net assets			
Stockholders' equity	1,365.5	1,413.3	+47.7
Valuation, translation adjustments and others	13.0	77.8	+64.7
Others (Minority interests, etc.)	51.5	92.8	+41.2
Total net assets	1,430.2	1,584.0	+153.8
Total liabilities and net assets	3,935.1	4,400.3	+465.2

Interest-Bearing Debt

(In billion yen)

	As of March 31, 2013	As of December 31, 2013	Change
Interest-bearing debt	1,031.2	1,177.6	+146.4

Equity ratio

	As of March 31, 2013	As of December 31, 2013	Change
Equity ratio	35.0%	33.9%	-1.1pt

D/E ratio

	As of March 31, 2013	As of December 31, 2013	Change
D/E ratio*	0.72	0.74	+0.02

$$* \text{ D/E ratio} = \frac{\text{Interest-Bearing Debt}}{\text{Net Assets}}$$

(1) Segment Information by Geographic Distribution

(In billion yen)

	FY2012-3Q		FY2013-3Q	
	Net sales	Operating income	Net sales	Operating income
Japan	1,774.5	52.9	1,941.9	119.8
North America	158.1	15.4	247.1	0.8
Asia	110.4	6.0	168.0	9.9
Europe	93.3	3.0	110.9	1.0
Central & South America	7.0	1.0	9.8	0.2
Oceania	3.3	0.0	5.0	0.0
The Middle East	1.5	0.0	2.9	0.1
Africa	-	-0.0	-	-0.0
Eliminations or Corporate	-175.1	-	-223.1	-
Total	1,973.3	78.5	2,262.7	132.1

(2) Overseas Net Sales

(In billion yen)

	FY2012-3Q		FY2013-3Q	
Asia	329.8	(17%)	425.8	(19%)
North America	268.6	(14%)	389.8	(17%)
Europe	159.0	(8%)	202.0	(9%)
Central & South America	85.2	(4%)	67.3	(3%)
The Middle East	35.5	(1%)	39.2	(2%)
Africa	16.1	(1%)	30.5	(1%)
Oceania	21.1	(1%)	15.4	(1%)
Total	915.6	(46%)	1,170.2	(52%)

(3) Depreciation, Amortization-Capital Expenditure and R&D Expenses

(In billion yen)

	FY2012-3Q	FY2013-3Q	FY2013(Forecast)
Depreciation	85.7	96.6	130.0
Capital Expenditure	81.2	112.5	130.0
R&D Expenses	70.7	83.7	140.0

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2012-3Q	FY2013-3Q	FY2012-3Q	FY2013-3Q	FY2012-3Q	FY2013-3Q
Shipbuilding & Ocean Development	50.6	126.1	179.8	139.8	- 0.8	- 6.9
Power Systems	559.4	757.9	710.2	754.1	63.1	72.3
Machinery & Steel Infrastructure Systems	336.1	462.1	320.4	354.6	9.9	22.4
Aerospace Systems	489.9	367.7	297.4	422.0	3.3	30.0
General Machinery & Special Vehicles	271.1	363.1	285.0	376.3	8.4	17.4
Air-Conditioning & Refrigeration Systems	109.4	145.9	111.3	144.8	- 1.3	1.9
Machine Tool	31.3	36.8	39.5	36.8	2.3	- 0.4
Others	95.6	119.0	95.9	109.5	6.2	8.2
Others	236.4	301.8	246.8	291.2	7.1	9.7
Eliminations or Corporate	- 63.7	- 83.3	- 66.6	- 75.5	- 12.6	- 12.9
Total	1,880.0	2,295.6	1,973.3	2,262.7	78.5	132.1

II. Forecast for FY2013

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 FY2013

(In billion yen)

	FY2012 (Actual)	FY2013		
		(Forecast)	(Previous forecast)	Change
			13.10.31	
Orders received	3,032.2	3,580.0	3,550.0	+ 30.0
Net sales	2,817.8	3,300.0	3,150.0	+ 150.0
Operating income	163.5	190.0	190.0	+ 0.0
Ordinary income	149.0	160.0	160.0	+ 0.0
Net income	97.3	150.0	100.0	+ 50.0

Gain on changes in equity interest as a result of integration of thermal power generation systems with Hitachi, Ltd. : Around +100.0 billion yen

Business structure improvement expenses and others : Around -50.0 billion yen

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

<undetermined amount>

<exchange rate>

US\$: 2.4 billion (forecast at the beginning of the fiscal year: 2.5 billion)

US\$ 1.00 = ¥95 (previous forecast: US\$ 1.00 = ¥95)

Euro: 0.2 billion (forecast at the beginning of the fiscal year: 0.5 billion)

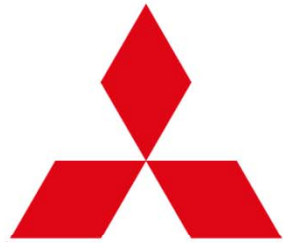
Euro 1.00 = ¥130 (previous forecast: Euro 1.00 = ¥120)

Forecast for FY2013 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2012	FY2013 Forecast		FY2012	FY2013 Forecast		FY2012	FY2013 Forecast	
	(Actual)	forecast	Previous Forecast ('13.10.31)	(Actual)	(forecast)	Previous Forecast ('13.10.31)	(Actual)	(forecast)	Previous Forecast ('13.10.31)
Energy & Environment	937.6	1,400.0	1,330.0	1,042.1	1,250.0	1,200.0	89.9	105.0	100.0
Commercial Aviation & Transportation Systems	778.9	590.0	630.0	418.5	500.0	500.0	23.1	20.0	30.0
Integrated Defense & Space Systems	405.9	450.0	450.0	391.6	460.0	450.0	21.9	25.0	24.0
Machinery, Equipment & Infrastructure	877.1	1,100.0	1,100.0	925.2	1,050.0	960.0	36.5	50.0	47.0
Others	148.1	160.0	160.0	144.7	160.0	160.0	10.1	10.0	9.0
Eliminations or Corporate	- 115.5	- 120.0	- 120.0	- 104.5	- 120.0	- 120.0	- 18.3	- 20.0	- 20.0
Total	3,032.2	3,580.0	3,550.0	2,817.8	3,300.0	3,150.0	163.5	190.0	190.0

The business forecast above reflects the impact of the integration of the thermal power generation systems with Hitachi, Ltd.



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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'.