Financial Results for FY2013

May 9, 2014
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I. Financial Results for FY2013
(Finance, Segment Information)
### Summary of Financial Results for FY2013

#### (In billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>3,188.8</td>
<td>3,032.2</td>
<td>3,420.0</td>
<td>+387.8</td>
</tr>
<tr>
<td>Net sales</td>
<td>2,820.9</td>
<td>2,817.8</td>
<td>3,349.5</td>
<td>+531.7</td>
</tr>
<tr>
<td>Operating income</td>
<td>(4.0%)</td>
<td>(5.8%)</td>
<td>(6.2%)</td>
<td>+42.5</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>(3.1%)</td>
<td>86.1</td>
<td>149.0</td>
<td>+34.1</td>
</tr>
<tr>
<td>Extraordinary gain/loss</td>
<td>-16.3</td>
<td>6.4</td>
<td>31.2</td>
<td>+24.8</td>
</tr>
<tr>
<td>Net income</td>
<td>(0.9%)</td>
<td>24.5</td>
<td>97.3</td>
<td>(4.8%)</td>
</tr>
</tbody>
</table>

### Net sales:
- Sales increased in all domains, especially in the Energy & Environment and Machinery Equipment & Infrastructure domains, reflecting the effect of M&A and the weaker yen.

### Operating income:
- Operating income exceeded the year-ago level in three domains: Energy & Environment; Machinery, Equipment & Infrastructure; and Integrated Defense & Space Systems.

### Net income:
- Net income rose significantly from a year ago due to the increase in operating income and the posting of a gain on changes in equity interest in extraordinary gains, despite the posting of a loss on passenger vessel construction business and business structure improvement expenses in extraordinary loss.
## Financial Results for FY2013 by Segment

(In billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Orders received</th>
<th>Net sales</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Environment</td>
<td>937.6</td>
<td>1,339.2</td>
<td>+401.6</td>
</tr>
<tr>
<td>Commercial Aviation &amp;</td>
<td>755.8</td>
<td>360.3</td>
<td>-395.4</td>
</tr>
<tr>
<td>Transportation Systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated Defense &amp;</td>
<td>405.9</td>
<td>547.3</td>
<td>+141.4</td>
</tr>
<tr>
<td>Space Systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery, Equipment &amp;</td>
<td>877.1</td>
<td>1,106.5</td>
<td>+229.4</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>171.2</td>
<td>183.5</td>
<td>+12.2</td>
</tr>
<tr>
<td>Eliminations or Corporate</td>
<td>-115.5</td>
<td>-116.9</td>
<td>-1.3</td>
</tr>
<tr>
<td>Total</td>
<td>3,032.2</td>
<td>3,420.0</td>
<td>+387.8</td>
</tr>
</tbody>
</table>
## Balance Sheets

### Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2012</th>
<th>As of March 31, 2013</th>
<th>As of March 31, 2014</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>968.0</td>
<td>931.4</td>
<td>1,188.9</td>
<td>+257.4</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,053.4</td>
<td>1,009.8</td>
<td>1,150.9</td>
<td>+141.0</td>
</tr>
<tr>
<td>Other current assets</td>
<td>617.4</td>
<td>683.5</td>
<td>841.0</td>
<td>+157.5</td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>822.8</td>
<td>822.1</td>
<td>1,101.5</td>
<td>+279.4</td>
</tr>
<tr>
<td>Investments and advances</td>
<td>502.0</td>
<td>488.1</td>
<td>603.5</td>
<td>+115.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>3,963.9</strong></td>
<td><strong>3,935.1</strong></td>
<td><strong>4,886.0</strong></td>
<td><strong>+950.9</strong></td>
</tr>
<tr>
<td>Trade payables</td>
<td>651.1</td>
<td>663.4</td>
<td>801.4</td>
<td>+137.9</td>
</tr>
<tr>
<td>Advance payments received on contracts</td>
<td>399.2</td>
<td>427.3</td>
<td>567.4</td>
<td>+140.0</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>450.0</td>
<td>382.8</td>
<td>785.4</td>
<td>+402.5</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>1,157.1</td>
<td>1,031.2</td>
<td>957.4</td>
<td>-73.7</td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,306.3</td>
<td>1,430.2</td>
<td>1,774.2</td>
<td>+343.9</td>
</tr>
<tr>
<td>Net worth</td>
<td>1,255.0</td>
<td>1,378.6</td>
<td>1,543.3</td>
<td>+164.7</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>3,963.9</strong></td>
<td><strong>3,935.1</strong></td>
<td><strong>4,886.0</strong></td>
<td><strong>+950.9</strong></td>
</tr>
</tbody>
</table>

### Assets

- Total assets rose, primarily reflecting rises in trade receivables and fixed assets, due to the effect of M&A.
- The Group continued to improve asset efficiency through asset compression and an improvement in conditions for the receipt of money.

### Liabilities and Net Assets

- Interest-bearing debt fell, but trade payables increased with the effect of M&A.
- Retained earnings and minority interests rose.
- The Group sought to build a financial foundation tailored to business expansion and risks.
### Main Financial Target

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity ratio</td>
<td>31.7%</td>
<td>35.0%</td>
<td>31.6%</td>
<td>-3.4pt</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>1,157.1</td>
<td>1,031.2</td>
<td>957.4</td>
<td>-73.7</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>89%</td>
<td>72%</td>
<td>54%</td>
<td>-18pt</td>
</tr>
</tbody>
</table>

### Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td>200.3</td>
<td>288.3</td>
<td>296.2</td>
<td>+7.8</td>
</tr>
<tr>
<td>Investing activities</td>
<td>-47.0</td>
<td>-76.7</td>
<td>-151.5</td>
<td>-74.8</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>153.3</td>
<td>211.6</td>
<td>144.6</td>
<td>-66.9</td>
</tr>
</tbody>
</table>
Orders Received & Order Backlog

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders Received</td>
<td>3,188.8</td>
<td>3,032.2</td>
<td>3,420.0</td>
<td>+387.8</td>
</tr>
<tr>
<td>Order Backlog(*)</td>
<td>4,125.7</td>
<td>4,584.5</td>
<td>5,373.8</td>
<td>+789.3</td>
</tr>
</tbody>
</table>

(*) Contain none of mass-produced product turbocharger, air conditioners, etc.

Market Trends:
- Asia: The Chinese economy saw sluggish growth, and the pace of growth in Asia was not very high overall.
- Euro/Americas: There were signs of a moderate recovery in both the United States and Europe.
- Domestic: The Japanese economy recovered, reflecting an improvement in corporate earnings, especially at exporting companies, given the correction to the strong yen.

The Group's initiatives to receive orders:
- Amidst fierce global competition, the Group launched initiatives to increase orders and to achieve a ¥5 trillion business, including a change of its organization to a domain system to consolidate sales capabilities and the opening of overseas bases.
Orders Received & Order Backlog by Segment

- **Energy & Environment**
  - Orders increased, especially for large plants overseas (thermal power generation plants and chemical plants).

- **Commercial Aviation & Transportation Systems**
  - Orders for MRJ and shipbuilding declined.

- **Integrated Defense & Space Systems**
  - Orders for aircraft and naval ships rose.

- **Machinery, Equipment & Infrastructure**
  - Orders for forklift trucks, turbochargers, and air-conditioners increased.

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2012 (In billion yen)</th>
<th>FY2013 (In billion yen)</th>
<th>Change (In billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Environment</td>
<td>405.9 (13%)</td>
<td>877.1 (29%)</td>
<td>+471.2 (129%)</td>
</tr>
<tr>
<td>Commercial Aviation &amp; Transportation Systems</td>
<td>755.8 (25%)</td>
<td>937.6 (31%)</td>
<td>+181.8 (24%)</td>
</tr>
<tr>
<td>Integrated Defense &amp; Space Systems</td>
<td>547.3 (16%)</td>
<td>1,106.5 (32%)</td>
<td>+559.2 (105%)</td>
</tr>
<tr>
<td>Machinery, Equipment &amp; Infrastructure</td>
<td>360.3 (11%)</td>
<td>1,339.2 (39%)</td>
<td>+978.9 (169%)</td>
</tr>
<tr>
<td>Others, Eliminations or Corporate</td>
<td>382.3</td>
<td>883.1</td>
<td>+500.8 (130%)</td>
</tr>
</tbody>
</table>

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- **Energy & Environment**
  - Sales increased, especially for thermal power plants and chemical plants.

- **Commercial Aviation & Transportation Systems**
  - Sales of commercial aircraft (for Boeing) increased, but sales of commercial ships declined.

- **Integrated Defense & Space Systems**
  - Sales of aircraft and missiles increased.

- **Machinery, Equipment & Infrastructure**
  - Sales of forklift trucks (as a result of business integration with Nippon Yusoki Co., Ltd.), turbochargers (environmental regulations), air-conditioners (for China), and compressors (for North America) increased.

Net Sales by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Environment</td>
<td>925.2 (29%)</td>
<td>1,096.3 (33%)</td>
</tr>
<tr>
<td>Commercial Aviation &amp; Transportation Systems</td>
<td>391.6 (13%)</td>
<td>469.4 (14%)</td>
</tr>
<tr>
<td>Integrated Defense &amp; Space Systems</td>
<td>393.1 (25%)</td>
<td>463.6 (14%)</td>
</tr>
<tr>
<td>Machinery, Equipment &amp; Infrastructure</td>
<td>65.6 (2%)</td>
<td>66.1 (2%)</td>
</tr>
<tr>
<td>Others, Eliminations or Corporate</td>
<td>1,042.1 (25%)</td>
<td>1,253.9 (37%)</td>
</tr>
</tbody>
</table>

NET SALES INCREASED BY +531.7
Operating Income by Segment

- **Energy & Environment**
  - A rise in sales of the GTCC (after-sales service) and chemical plants

- **Commercial Aviation & Transportation Systems**
  - An improvement in efficiency in the production of commercial aircraft, a weaker yen, and a decline in the profitability of commercial ships

- **Integrated Defense & Space Systems**
  - An increase in sales of aircraft and missiles

- **Machinery, Equipment & Infrastructure**
  - A rise in sales of turbochargers and compressors

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Environment</td>
<td>-6.4</td>
<td>+42.5</td>
</tr>
<tr>
<td>Commercial Aviation &amp; Transportation Systems</td>
<td>163.5</td>
<td>206.1</td>
</tr>
<tr>
<td>Integrated Defense &amp; Space Systems</td>
<td>89.9</td>
<td>112.3</td>
</tr>
<tr>
<td>Machinery, Equipment &amp; Infrastructure</td>
<td>36.5</td>
<td>51.6</td>
</tr>
<tr>
<td>Others, Eliminations or Corporate</td>
<td>21.9</td>
<td>27.6</td>
</tr>
<tr>
<td></td>
<td>21.4</td>
<td>18.3</td>
</tr>
</tbody>
</table>
Domestic sales were roughly equal to overseas sales.
Net Sales by Geographic Area & Segment (2)

- **Asia**: 1,698.3 billion yen
  - 32% Energy & Environment
  - 31% Commercial Aviation & Transportation Systems
  - 27% Integrated Defense & Space Systems
  - 9% Machinery, Equipment & Infrastructure
  - 6% Others, Eliminations or Corporate

- **Europe**: 592.9 billion yen
  - 48% Energy & Environment
  - 40% Commercial Aviation & Transportation Systems
  - 13% Integrated Defense & Space Systems
  - 4% Machinery, Equipment & Infrastructure

- **Africa**: 263.8 billion yen
  - 34% Energy & Environment
  - 39% Commercial Aviation & Transportation Systems
  - 19% Integrated Defense & Space Systems
  - 13% Others, Eliminations or Corporate

- **Japan**: 78.6 billion yen
  - 34% Energy & Environment
  - 66% Commercial Aviation & Transportation Systems

- **Middle East**: 78.6 billion yen
  - 30% Energy & Environment
  - 76% Commercial Aviation & Transportation Systems

- **Oceania**: 21.5 billion yen
  - 76% Energy & Environment
  - 12% Commercial Aviation & Transportation Systems

- **North America**: 522.8 billion yen
  - 25% Energy & Environment
  - 55% Commercial Aviation & Transportation Systems

- **Latin America**: 104.0 billion yen
  - 30% Energy & Environment

(In billion yen)
I. FY2013 Financial Results
   (Business Analysis)
Key performance indicators by business position

Portfolio management to drive corporate value

Changes in performance in each business position (comparison with FY2011)

<table>
<thead>
<tr>
<th>Glowing / Maintain</th>
<th>Reform</th>
<th>Downsizing / Withdraw</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth rate</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Operating income</td>
<td>Income rose, reflecting growth in sales.</td>
<td>Moved into the black.</td>
</tr>
<tr>
<td>Revenue / Invested capital</td>
<td>2.0x → 2.2x</td>
<td>1.1x → 1.3x</td>
</tr>
</tbody>
</table>

**Glow/Maintain:**
- Sales and income grew; efficiency improved.

**Reform:**
- Profitability and capital efficiency improved.
- Certain SBUs are expected to move to the Grow/Maintain position.
- However, other SBUs need more improvement (which remains a challenge).

**Downscale / Withdraw:**
- Losses were reduced significantly.
- Capital efficiency improved.

**New:**
- Continuing investments for future. (monitoring)
Cash flows

Cash flow management for portfolio building

**Grow / Maintain:**
- High profitability generating cash flows; continuing investments for growth; and surplus funds being returned enterprise-wide

**Reform:**
- Cash flows being generated through improvements in profitability and capital efficiency; surplus funds being returned enterprise-wide

**New:**
- Cash flows generated in the Grow/Maintain and Reform categories being invested for future businesses

**Enterprise-wide:**
- Returning profits to shareholders and reducing interest-bearing debt to strengthen the financial foundation to become a ¥5 trillion enterprise

**Shareholder returns (Dividends)**: 30.2

**Strengthening the Financial foundation (Reduce interest-bearing debt)**: 114.4

Free Cash Flow: 144.6

Strengthening the Financial foundation (Reduce interest-bearing debt)

Shareholder returns (Dividends)

Enterprise-wide:

Downscale / Withdraw

High

Business viability

Profitability and Financial Soundness

Common to entire company and others

Low
Improvement in cash flows

Current of Free Cash Flow (FY2010-2013)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue/Invested capital</td>
<td>1.06x</td>
<td>1.11x</td>
<td>1.14x</td>
<td>1.29x</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8.1%</td>
<td>8.4%</td>
<td>10.0%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>1,325.6</td>
<td>1,157.1</td>
<td>1,031.2</td>
<td>957.4</td>
</tr>
<tr>
<td>Interest expense</td>
<td>22.8</td>
<td>20.9</td>
<td>17.5</td>
<td>16.1</td>
</tr>
</tbody>
</table>

Enhancing cash flow management

- Enhanced cash flow management from the 2010 Mid-Term Business Plan.
- Generated cash flows by enhancing profitability and improving capital efficiency through a reduction in operating capital.
- Strove to improve investment efficiency by selling assets, while continuing investments for growth.
- In FY2013, achieved a free cash flow of ¥144.6 billion by continuing improvements of profitability and capital efficiency as the business scale expanded and investments increased.
- Through these initiatives, reduced interest-bearing debt to less than ¥1 trillion and strengthened the financial base for future business growth.
The Group reduced the ratio of SG&A to sales by boosting sales through an improvement in management efficiency and synergies with the introduction of the domain system and the promotion of PMI.

SG&A expenses rose sharply due to M&A (the ratio of SG&A to sales being on an upward trend) (a challenge)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (In billion yen)</th>
<th>R&amp;D Investment (In billion yen)</th>
<th>Sales ratio</th>
<th>Others (In billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>2,820.9</td>
<td>284.9</td>
<td>11.8%</td>
<td>48.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10.1%</td>
<td></td>
<td>1.7%</td>
</tr>
<tr>
<td>FY2012</td>
<td>2,817.8</td>
<td>300.8</td>
<td>12.7%</td>
<td>56.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10.7%</td>
<td></td>
<td>2.0%</td>
</tr>
<tr>
<td>FY2013</td>
<td>3,349.5</td>
<td>382.9</td>
<td>13.4%</td>
<td>64.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11.4%</td>
<td></td>
<td>1.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Investment</td>
<td>121.4</td>
<td>120.0</td>
<td>138.5</td>
</tr>
<tr>
<td>Sales ratio</td>
<td>4.3%</td>
<td>4.3%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

* Includes expenses related to R&D under contract.
Capital policy: Policy for using and reinforcing capital (improving ROE)

(In billion yen) FY2013 (Actual) Changes in Net worth

- Increasing net worth to ¥2 trillion after the end of FY2017
- Increasing the capital allocation (to ¥800 billion, 40%) to the Grow/Maintain category, which is highly profitable, and allocating ¥800 billion, 40%, to the Growth/Risk category as investments for the future, while achieving an ROE of 12%
- Reducing the total capital allocation to the Reform and Existing & Other categories to around ¥400 billion, 20%
- Planning to distribute a dividend of ¥10 per share in FY2014 and considering raising the dividend level during the period of the 2015 Mid-Term Business Plan, taking into account an increase in net worth, a reduction in risk, and an improvement in ROE

(Note) Net worth = net assets – minority interests – share subscription rights
Ⅱ. Forecast for FY2014

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 FY2014

<table>
<thead>
<tr>
<th></th>
<th>FY2013 (Actual)</th>
<th>FY2014 (Forecast)</th>
<th>Change</th>
<th>2012 Business Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>3,420.0</td>
<td>4,150.0</td>
<td>+729.9</td>
<td>4,000.0</td>
</tr>
<tr>
<td>Net sales</td>
<td>3,349.5</td>
<td>4,000.0</td>
<td>+650.4</td>
<td>3,700.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>206.1</td>
<td>250.0</td>
<td>+43.8</td>
<td>250.0</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>183.1</td>
<td>230.0</td>
<td>+46.8</td>
<td>210.0</td>
</tr>
<tr>
<td>Net income</td>
<td>160.4</td>
<td>130.0</td>
<td>-30.4</td>
<td>130.0</td>
</tr>
</tbody>
</table>

**orders received & net sales**

Growth has been driven by M&A in recent years and is expected to reach around 20%. The Group is making progress steadily to become a ¥5 trillion enterprise.

**Operating income**

Income is expected to rise, reflecting an increase in sales, and to achieve the target of the 2012 Mid-Term Business Plan.

**Net income**

The targets of the 2012 Mid-Term Business Plan are expected to be achieved.

<exchange rate>

US$ 1.00 = ¥100
Euro 1.00 = ¥130

<undetermined amount>

US$: 4.1 billion
Euro: 0.4 billion
## Forecast for FY2014 by Segment

(In billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Orders received</th>
<th>Net sales</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy &amp; Environment</strong></td>
<td>1,339.2</td>
<td>1,850.0</td>
<td>+510.7</td>
</tr>
<tr>
<td><strong>Commercial Aviation &amp; Transportation Systems</strong></td>
<td>360.3</td>
<td>600.0</td>
<td>+239.6</td>
</tr>
<tr>
<td><strong>Integrated Defense &amp; Space Systems</strong></td>
<td>547.3</td>
<td>350.0</td>
<td>-197.3</td>
</tr>
<tr>
<td><strong>Machinery, Equipment &amp; Infrastructure</strong></td>
<td>1,106.5</td>
<td>1,250.0</td>
<td>+143.4</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>183.5</td>
<td>200.0</td>
<td>+16.4</td>
</tr>
<tr>
<td><strong>Eliminations or Corporate</strong></td>
<td>-116.9</td>
<td>-100.0</td>
<td>+16.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,420.0</td>
<td>4,150.0</td>
<td>+729.9</td>
</tr>
</tbody>
</table>
Ⅲ. Supplementary Information
## Financial Results by Former Business Segment

(In billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Orders received</th>
<th>Net sales</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilding &amp; Ocean Development</td>
<td>255.4</td>
<td>136.9</td>
<td>-118.5</td>
</tr>
<tr>
<td>Power Systems</td>
<td>895.3</td>
<td>1,188.1</td>
<td>+292.8</td>
</tr>
<tr>
<td>Machinery &amp; Steel Infrastructure Systems</td>
<td>471.9</td>
<td>574.2</td>
<td>+102.2</td>
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<tr>
<td>Aerospace Systems</td>
<td>803.3</td>
<td>691.9</td>
<td>-111.4</td>
</tr>
<tr>
<td>General Machinery &amp; Special Vehicles</td>
<td>385.1</td>
<td>514.0</td>
<td>+128.9</td>
</tr>
<tr>
<td>Air-Conditioning &amp; Refrigeration Systems</td>
<td>144.1</td>
<td>200.8</td>
<td>+56.6</td>
</tr>
<tr>
<td>Machine Tool</td>
<td>44.2</td>
<td>47.4</td>
<td>+3.1</td>
</tr>
<tr>
<td>Others</td>
<td>148.1</td>
<td>183.5</td>
<td>+35.3</td>
</tr>
<tr>
<td>Others</td>
<td>336.6</td>
<td>431.7</td>
<td>+95.1</td>
</tr>
<tr>
<td>Eliminations or Corporate</td>
<td>-115.5</td>
<td>-116.9</td>
<td>-1.3</td>
</tr>
<tr>
<td>Total</td>
<td>3,032.2</td>
<td>3,420.0</td>
<td>+387.8</td>
</tr>
</tbody>
</table>
Orders received: Up ¥401.6 billion YoY
- Orders significantly exceeded the year-ago level mainly attributable to large orders for the GTCC power plants in Taiwan and Thailand.

[Gas turbine orders] (Geographic distribution)
- FY2012: 8 units (Asia 5, North America 3)
- FY2013: 18 units (Asia 9, North America 4, Japan 2, Others 3)

[Backlog of Gas turbine orders (Non-consolidated)]
- FY2012: 45
- FY2013: 42

Net sales: Up ¥211.8 billion YoY
- Sales exceeded the year-ago level mainly because of the integration of the thermal power generation system business of MHI and Hitachi and higher sales of the thermal power and chemical plants.

Earnings: Up ¥22.3 billion YoY
- Earnings rose from a year ago primarily due to higher sales of the GTCC power plants and chemical plants and a weaker yen.

GTCC: Gas Turbine Combined Cycle
Orders received: Down ¥395.4 billion YoY

- Orders declined from a year ago largely owing to a decrease in MRJ for which there were large orders in the same period of the previous fiscal year and a delay in the conclusion of negotiations over LNG carriers.

[Number of ships orders received]
- FY2012: 29 (1Q: 1, 2Q: 2, 3Q: 2, 4Q: 24)
- FY2013: 8 (1Q: 1, 2Q: 2, 3Q: 1, 4Q: 4)

[Backlog of ship orders] 41
(8 LNG carriers, 7 ferries/passenger and cargo ships, 7 patrol vessels and others)

Net sales: Up ¥70.5 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: 90 (1Q: 21, 2Q: 21, 3Q: 24, 4Q: 24)
- FY2013: 99 (1Q: 25, 2Q: 25, 3Q: 25, 4Q: 24)

[Number of B787s delivered]
- FY2012: 52 (1Q: 11, 2Q: 11, 3Q: 14, 4Q: 16)
- FY2013: 78 (1Q: 16, 2Q: 14, 3Q: 19, 4Q: 29)

Earnings: Down ¥3.1 billion YoY

- Earnings fell from a year ago on the deterioration in the profitability of commercial ships, which offset an improvement in production efficiency in commercial aircraft and the effect of the depreciation of the yen.
Orders received: Up ¥141.4 billion YoY
- Orders for naval ships and aircraft rose. Meanwhile, orders for launch services involving commercial satellites were received for the first time. As a result, orders rose from a year ago.

Net sales: Up ¥77.7 billion YoY
- Sales rose from a year ago mainly due to higher sales of aircraft and missiles.

Earnings: Up ¥5.6 billion YoY
- Earnings rose from a year earlier, chiefly reflecting a rise in sales of aircraft and missiles.
Orders received: Up ¥229.4 billion YoY
Net sales: Up 171.0 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.

Earnings: Up ¥15.1 billion YoY

-Earnings exceeded the year-ago level due to higher sales of turbochargers, compressors, forklift trucks and air-conditioners and the effect of the depreciation of the yen.
## 1. R&D Expenses, Depreciation and Amortization-Capital Expenditure

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Expenses</td>
<td>129.2</td>
<td>123.2</td>
<td>121.4</td>
<td>120.0</td>
<td>138.5</td>
<td>150.0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>140.4</td>
<td>134.4</td>
<td>126.2</td>
<td>119.4</td>
<td>134.9</td>
<td>150.0</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>177.1</td>
<td>126.6</td>
<td>120.7</td>
<td>118.8</td>
<td>148.6</td>
<td>150.0</td>
</tr>
</tbody>
</table>

## 2. Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>117.9</td>
<td>337.8</td>
<td>200.3</td>
<td>288.3</td>
<td>296.2</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>-180.7</td>
<td>-137.2</td>
<td>-47.0</td>
<td>-76.7</td>
<td>-151.5</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>-62.7</td>
<td>200.5</td>
<td>153.3</td>
<td>211.6</td>
<td>144.6</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>-105.2</td>
<td>-169.7</td>
<td>-183.6</td>
<td>-154.2</td>
<td>-136.6</td>
</tr>
</tbody>
</table>

## 3. Interest-Bearing Debt, D/E ratio

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing debt</td>
<td>1,495.3</td>
<td>1,325.6</td>
<td>1,157.1</td>
<td>1,031.2</td>
<td>957.4</td>
</tr>
<tr>
<td>D/E ratio</td>
<td>113%</td>
<td>101%</td>
<td>89%</td>
<td>72%</td>
<td>54%</td>
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</tbody>
</table>

## 4. Foreign Exchange Rates

(¥/US$)

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average rates for recording sales</td>
<td>95.0</td>
<td>88.5</td>
<td>81.0</td>
<td>83.6</td>
<td>100.1</td>
</tr>
<tr>
<td>(Reference)Rates at end of period</td>
<td>93.0</td>
<td>83.2</td>
<td>82.2</td>
<td>94.1</td>
<td>102.9</td>
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</table>
### 5. Employees

<table>
<thead>
<tr>
<th>Sector</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>(Non-Consolidated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilding &amp; Ocean Development</td>
<td>4,969</td>
<td>4,767</td>
<td>3,966</td>
<td>3,708</td>
<td>67,669</td>
</tr>
<tr>
<td>Power Systems</td>
<td>18,633</td>
<td>19,412</td>
<td>18,754</td>
<td>18,966</td>
<td>80,583</td>
</tr>
<tr>
<td>Machinery &amp; Steel Infrastructure</td>
<td>10,855</td>
<td>10,324</td>
<td>8,914</td>
<td>8,814</td>
<td>(34,139)</td>
</tr>
<tr>
<td>Aerospace Systems</td>
<td>9,679</td>
<td>9,942</td>
<td>9,364</td>
<td>9,513</td>
<td>(33,031)</td>
</tr>
<tr>
<td>General Machinery &amp; Special Vehicles</td>
<td>7,780</td>
<td>9,000</td>
<td>8,709</td>
<td>8,630</td>
<td>(22,147)</td>
</tr>
<tr>
<td>Others</td>
<td>15,753</td>
<td>15,371</td>
<td>18,914</td>
<td>18,582</td>
<td>Total</td>
</tr>
<tr>
<td>Total</td>
<td>67,669</td>
<td>68,816</td>
<td>68,621</td>
<td>68,213</td>
<td>80,583</td>
</tr>
</tbody>
</table>

### 6. Overseas Sales by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>360.1 (12.2%)</td>
<td>347.4 (12.0%)</td>
<td>296.0 (10.5%)</td>
<td>379.0 (13.5%)</td>
<td>522.8 (15.6%)</td>
</tr>
<tr>
<td>Central &amp; South America</td>
<td>184.7 (6.3%)</td>
<td>200.8 (6.9%)</td>
<td>142.1 (5.0%)</td>
<td>105.1 (3.7%)</td>
<td>104.0 (3.1%)</td>
</tr>
<tr>
<td>Asia</td>
<td>390.7 (13.3%)</td>
<td>373.7 (12.9%)</td>
<td>381.8 (13.5%)</td>
<td>457.6 (16.2%)</td>
<td>592.9 (17.7%)</td>
</tr>
<tr>
<td>The Middle East</td>
<td>170.7 (5.8%)</td>
<td>102.6 (3.5%)</td>
<td>68.7 (2.4%)</td>
<td>47.5 (1.7%)</td>
<td>78.6 (2.4%)</td>
</tr>
<tr>
<td>Europe</td>
<td>223.3 (7.6%)</td>
<td>217.0 (7.5%)</td>
<td>225.7 (8.0%)</td>
<td>217.5 (7.7%)</td>
<td>263.8 (7.9%)</td>
</tr>
<tr>
<td>Africa</td>
<td>138.7 (4.7%)</td>
<td>169.2 (5.8%)</td>
<td>51.6 (1.8%)</td>
<td>23.4 (0.8%)</td>
<td>67.3 (2.0%)</td>
</tr>
<tr>
<td>Oceania</td>
<td>10.1 (0.4%)</td>
<td>12.1 (0.4%)</td>
<td>14.8 (0.5%)</td>
<td>31.5 (1.1%)</td>
<td>21.5 (0.6%)</td>
</tr>
<tr>
<td>Total</td>
<td>1,478.6 (50.3%)</td>
<td>1,423.1 (49.0%)</td>
<td>1,181.0 (41.9%)</td>
<td>1,261.9 (44.8%)</td>
<td>1,651.2 (49.3%)</td>
</tr>
</tbody>
</table>
### 7. Segment Information by Geographic Distribution

<table>
<thead>
<tr>
<th></th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>2,766.5</td>
<td>2,652.1</td>
<td>2,621.7</td>
<td>2,565.6</td>
<td>2,873.9</td>
</tr>
<tr>
<td>Operating income</td>
<td>68.8</td>
<td>96.5</td>
<td>105.2</td>
<td>136.7</td>
<td>189.5</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>225.4</td>
<td>226.9</td>
<td>168.6</td>
<td>205.7</td>
<td>352.3</td>
</tr>
<tr>
<td>Operating income</td>
<td>-3.1</td>
<td>1.1</td>
<td>0.7</td>
<td>13.2</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>93.6</td>
<td>123.2</td>
<td>148.4</td>
<td>149.6</td>
<td>244.4</td>
</tr>
<tr>
<td>Operating income</td>
<td>0.9</td>
<td>1.8</td>
<td>5.6</td>
<td>8.9</td>
<td>14.8</td>
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<tr>
<td><strong>Europe</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Net Sales</td>
<td>108.4</td>
<td>115.8</td>
<td>130.9</td>
<td>128.5</td>
<td>162.1</td>
</tr>
<tr>
<td>Operating income</td>
<td>-5.3</td>
<td>-1.4</td>
<td>-1.5</td>
<td>4.7</td>
<td>-0.7</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>28.8</td>
<td>27.6</td>
<td>20.0</td>
<td>17.1</td>
<td>28.9</td>
</tr>
<tr>
<td>Operating income</td>
<td>4.2</td>
<td>3.1</td>
<td>1.8</td>
<td>-0.1</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Eliminations or Corporate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>-282.0</td>
<td>-242.1</td>
<td>-268.8</td>
<td>-248.8</td>
<td>-312.2</td>
</tr>
<tr>
<td>Operating income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>2,940.8</td>
<td>2,903.7</td>
<td>2,820.9</td>
<td>2,817.8</td>
<td>3,349.5</td>
</tr>
<tr>
<td>Operating income</td>
<td>65.6</td>
<td>101.2</td>
<td>111.9</td>
<td>163.5</td>
<td>206.1</td>
</tr>
</tbody>
</table>