



Financial Results for FY2015 1-3Q (Apr.-Dec.)

February 4, 2016

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I . FY2015 1-3Q Financial Results

Summary of 1-3Q Financial Results

(In billion yen)

	FY2014 1-3Q	FY2015 1-3Q	Change	
Orders received	2,618.2	2,630.9	+12.6	+0.5%
Net sales	2,683.3	2,832.6	+149.3	+5.6%
Operating income	(6.4%) 171.6	(6.5%) 185.3	+13.7	+8.0%
Ordinary income	(7.0%) 188.2	(6.2%) 174.8	- 13.4	- 7.1%
Extraordinary gain/loss	- 45.8	-69.9	- 24.1	-
Net income (*)	(2.7%) 71.1	(1.9%) 53.3	- 17.7	- 25.0%
EBITDA	(11.0%) 295.2	(10.9%) 310.1	+14.8	+5.0%

Breakdown of FY2015 1-3Q FY2015 Extraordinary gain/loss (-69.9 billion yen)

<Extraordinary gain>

-Gain on sales of fixed assets 4.2

<Extraordinary loss>

-Loss on cruise ship construction business -53.0
(additional loss for 3Q -22.1)
-Business structure improvement expenses -18.5
-Loss on sales of investment securities -2.6

(*) FY2015 1-3Q profit attributable to owners of parent

1-3Q Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2014 1-3Q	FY2015 1-3Q	Change	FY2014 1-3Q	FY2015 1-3Q	Change	FY2014 1-3Q	FY2015 1-3Q	Change
Energy & Environment	1,022.5	916.5	- 106.0	1,027.4	1,038.5	+11.1	76.5	69.1	- 7.4
Commercial Aviation & Transportation Systems	477.0	436.9	- 40.1	376.9	405.7	+28.8	13.2	44.5	+31.2
Integrated Defense & Space Systems	135.6	215.5	+79.9	315.7	326.1	+10.4	18.3	19.3	+1.0
Machinery, Equipment & Infrastructure (*)	961.7	1,045.4	+83.7	940.5	1,042.9	+102.4	63.8	55.3	- 8.4
Others (*)	114.2	120.9	+6.6	104.4	113.3	+8.9	6.3	7.0	+0.7
Eliminations or Corporate	- 92.9	- 104.4	- 11.5	- 81.7	- 94.1	- 12.4	- 6.6	- 10.1	- 3.4
Total	2,618.2	2,630.9	+12.6	2,683.3	2,832.6	+149.3	171.6	185.3	+13.7

(*) Changes in business domains

- Due to business domain reorganization, certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others".
- Results for FY2014 1-3Q are in accordance with the new business domains.

(In billion yen)

	As of March 31, 2015	As of December 31, 2015	Change
Trade receivables	1,291.2	1,156.7	-134.5
Inventories	1,324.8	1,488.5	+163.6
Other current assets	935.8	1,042.2	+106.4
Total fixed assets	1,196.3	1,161.5	-34.7
Investments and advances	772.0	797.7	+25.7
Total assets	5,520.3	5,646.8	+126.5
Trade payables	869.2	752.2	-116.9
Advance payments received on contracts	663.1	632.2	-30.9
Other current liabilities	892.3	878.0	-14.2
Interest-bearing debt	975.5	1,275.7	+300.1
Net assets	2,120.0	2,108.5	-11.5
Net worth (owners equity)	1,780.7	1,767.2	-13.5
Total liabilities and net assets	5,520.3	5,646.8	+126.5

Accumulated profit +13.6
 Foreign currency translation adjustments -27.5
 (Foreign currency translation adjustments, etc.)

Main Financial Targets

	As of Dec. 31 2014	As of Mar. 31 2015	As of Dec. 31 2015	Change
Equity ratio	32.2%	32.3%	31.3%	-1.0pt
Interest-bearing debt (In billion yen)	1,155.3	975.5	1,275.7	+300.1
D/E ratio	58%	46%	61%	+15pt

Cash Flows

(In billion yen)

	FY2014 1-3Q	FY2015 1-3Q	Change
Operating activities cash flow	-89.0	-112.7	-23.6
Investing activities cash flow	-132.0	-129.7	+2.3
Free cash flow	-221.1	-242.4	-21.3

Orders Received & Order Backlog by Segment

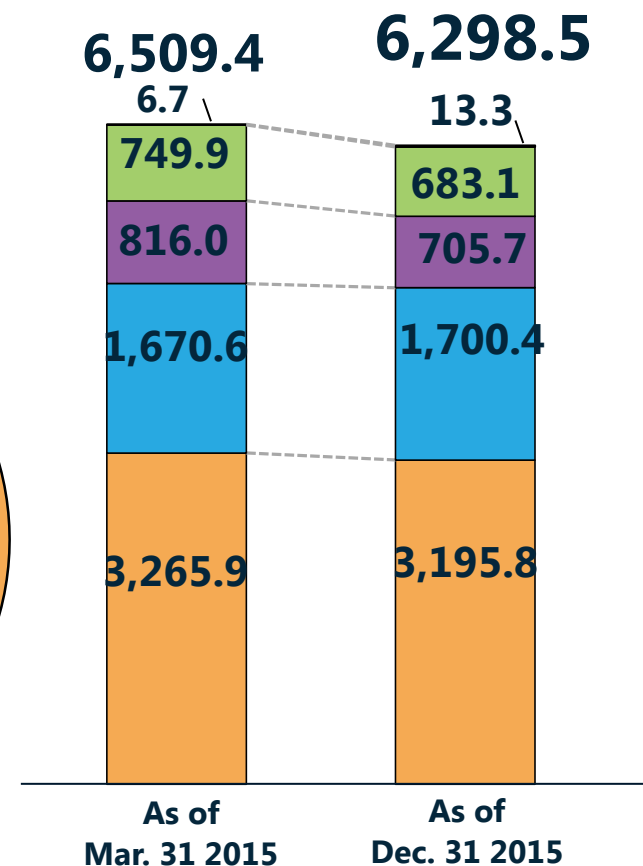
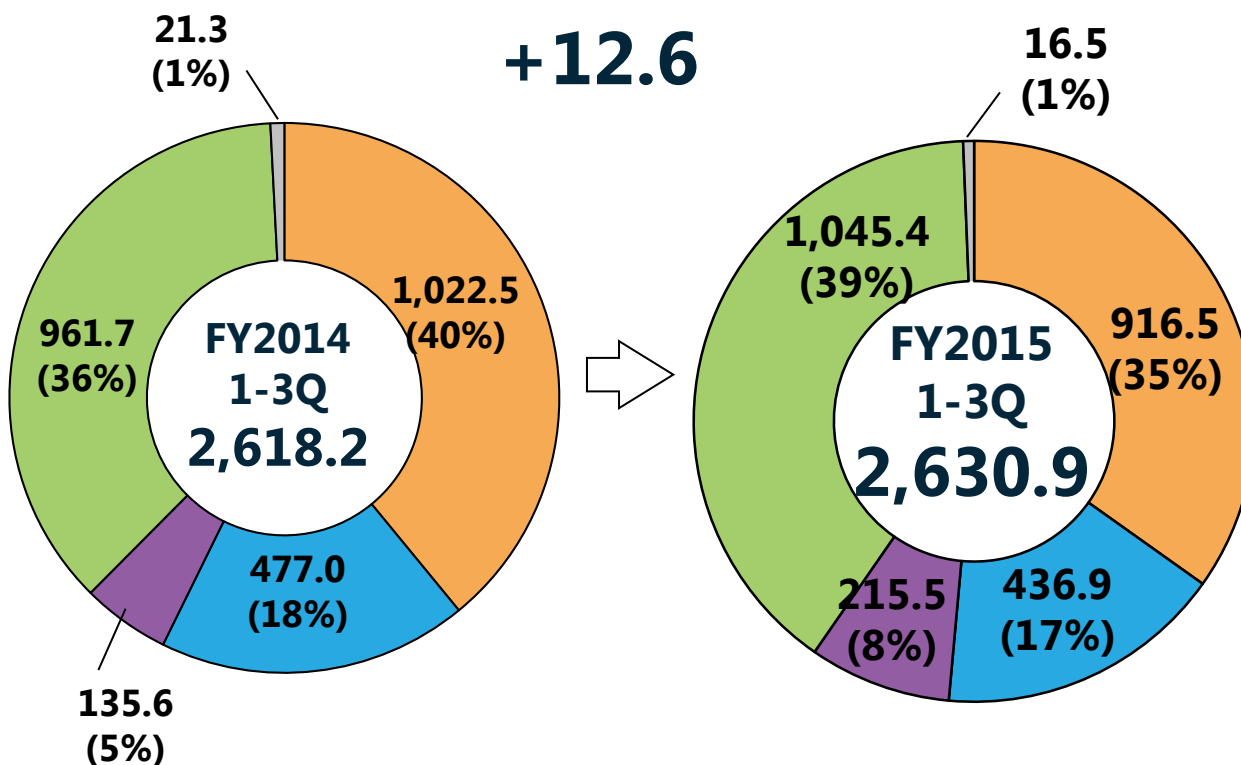
(In billion yen)

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

Order Backlog(*) -210.8

Orders Received

+12.6



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

➤ **Energy & Environment**

- Chemical plant orders increased, while thermal power plant orders fell.

➤ **Commercial Aviation & Transportation Systems**

- MRJ and transportation system orders decreased, while commercial ship orders increased.

➤ **Integrated Defense & Space Systems**

- Orders for defense systems expanded.

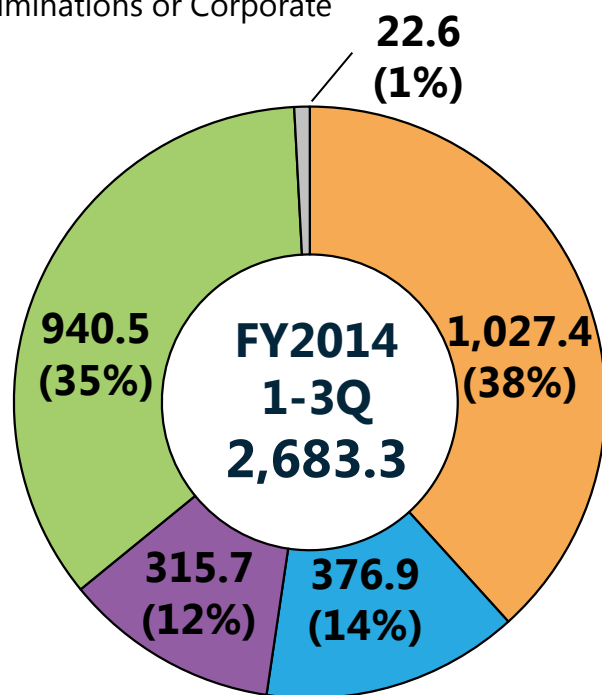
➤ **Machinery, Equipment & Infrastructure**

- Integration synergies from metals machinery and forklift truck businesses – coupled with upscaling in turbocharger and air-conditioner businesses – led to order growth.

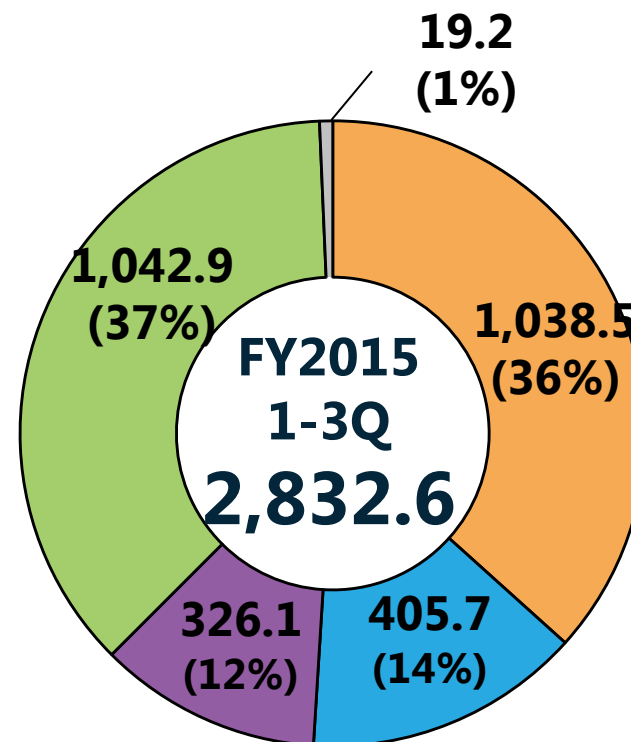
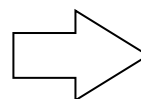
Net Sales by Segment

(In billion yen)

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



+149.3



➤ **Energy & Environment**

- Chemical plant sales were up, while thermal power plant sales fell.

➤ **Integrated Defense & Space Systems**

- Defense systems saw increased sales.

➤ **Commercial Aviation & Transportation Systems**

- Sales of commercial aircraft increased on merits from the weaker yen.

➤ **Machinery, Equipment & Infrastructure**

- Integration synergies from metals machinery and forklift truck businesses – coupled with upscaling in turbocharger and air-conditioner businesses – led to sales growth.

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

- Operating income decreased due to expenses from steam turbine blade glitches at KEPCO(*) Himeji No.2 Power Station; also costs from continued integration of thermal power business.

➤ Commercial Aviation & Transportation Systems

- Operating income increased thanks to cost improvements in commercial aircraft business and shift in commercial ship product mix; yen depreciation also contributed.

➤ Integrated Defense & Space Systems

- Operating income was up thanks to higher sales of defense systems.

➤ Machinery, Equipment & Infrastructure

- Operating income was down due to influences including changes in overseas affiliate accounting period in FY2014.

(*) Kansai Electric Power Company

II . Forecast for FY2015

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 FY2015

(In billion yen)

	FY2014 (Actual)		FY2015 (Forecast)		Change		
			As of Feb. 4 2016	As of Oct. 30 2015			
Orders received		4,699.1	4,700.0	4,700.0	+0.8	+0.0%	
Net sales		3,992.1	4,100.0	4,200.0	+107.8	+2.7%	
Operating income	(7.4%)	296.1	(7.3%)	300.0	320.0	+3.8	+1.3%
Ordinary income	(6.9%)	274.7	(6.6%)	270.0	300.0	- 4.7	- 1.7%
Net income (*)	(2.8%)	110.4	(2.2%)	90.0	130.0	- 20.4	- 18.5%
ROE		6.5%	5.0%	7.1%	- 1.5pt	-	
EBITDA	(11.7%)	465.0	(11.7%)	480.0	502.0	+14.9	+3.2%
Free cash flow		38.6	-50.0	0.0	-88.6	-	
Dividend (per share)		11.0yen Interim: 5.0yen year-end: 6.0yen	12.0yen Interim: 6.0yen year-end: 6.0yen				

<Undetermined foreign currency amounts>
 US\$: 1.0 billion (3.0 billion*)
 Euro: 0.2 billion (0.4 billion*)

(*) Forecasts as of May 8 2015

<Assumed exchange rates>
 US\$ 1.00 = ¥120
 Euro 1.00 = ¥130

(*) FY2015 forecasts refer to profit attributable to owners of parent.

Forecasts for FY2015 by Segment

(In billion yen)

	Orders received			Net sales				Operating income			
	FY2014 (Actual)	FY2015 (Forecast)	Change	FY2014 (Actual)	FY2015 (Forecast)		Change	FY2014 (Actual)	FY2015 (Forecast)		Change
					As of Feb. 4 2016	As of Oct. 30 2015			As of Feb. 4 2016	As of Oct. 30 2015	
Energy & Environment	1,923.6	2,000.0	+76.3	1,599.5	1,600.0	1,600.0	+0.4	162.6	140.0	170.0	- 22.6
Commercial Aviation & Transportation Systems	999.2	700.0	- 299.2	529.5	550.0	650.0	+20.4	23.4	55.0	45.0	+31.5
Integrated Defense & Space Systems	417.4	400.0	- 17.4	483.9	450.0	450.0	- 33.9	28.5	27.0	27.0	- 1.5
Machinery, Equipment & Infrastructure (*)	1,344.7	1,500.0	+155.2	1,347.4	1,400.0	1,400.0	+52.5	87.7	85.0	85.0	- 2.7
Others (*)	150.7	200.0	+49.2	154.9	200.0	200.0	+45.0	10.3	15.0	15.0	+4.6
Eliminations or Corporate	- 136.7	- 100.0	+36.7	- 123.3	- 100.0	- 100.0	+23.3	- 16.6	- 22.0	- 22.0	- 5.3
Total	4,699.1	4,700.0	+0.8	3,992.1	4,100.0	4,200.0	+107.8	296.1	300.0	320.0	+3.8

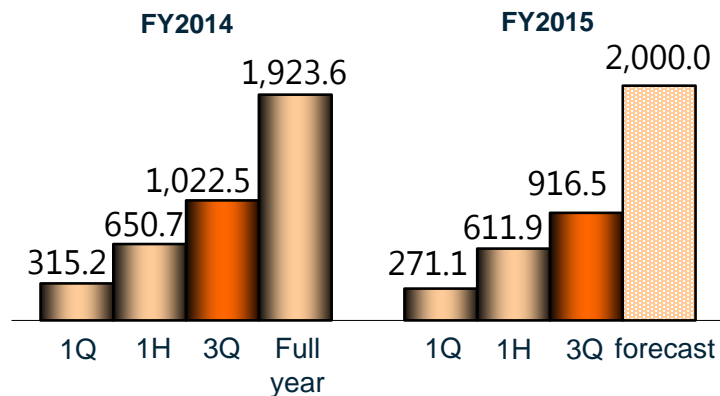
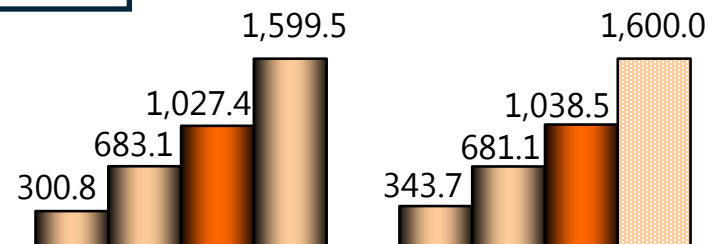
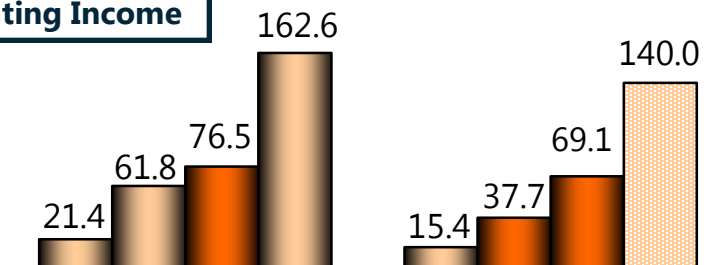
(*) Changes in business domains

- Due to business domain reorganization, certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others".
- Results for FY2014 are in accordance with the new business domains.

III. Supplementary Information

< Energy & Environment >

(In billion yen, accumulated amount)

Orders Received**Net Sales****Operating Income****Orders received : Down ¥106.0 billion YoY**

- Overall orders down on FY2014 1-3Q despite large-scale contracts for chemical plant due to fall in thermal power plant orders from FY2014 1-3Q highs.

Gas turbine orders received

		North America	Asia	Japan	Others	Total
FY2014 1-3Q	Large size	4	4	1	-	9
	Small to medium size	-	1	7	9	17
	Total	4	5	8	9	26
FY2015 1-3Q	Large size	1	6	1	2	10
	Small to medium size	-	1	-	1	2
	Total	1	7	1	3	12

Backlog of gas turbine orders received

	Large size	Small to medium size	Total
As of Dec 31 2014	39	37	76
As of Mar 31 2015	34	33	67
As of Dec 31 2015	40	28	68

Net sales : Up ¥11.1 billion YoY

- Net sales up on FY2014 1-3Q with chemical plant growth balancing out fall in thermal power plant sales.

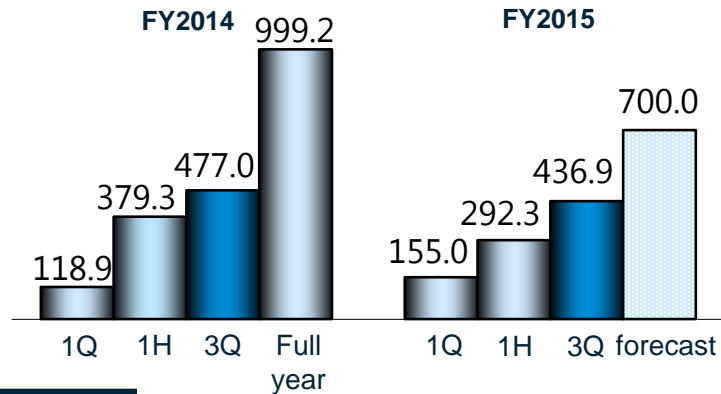
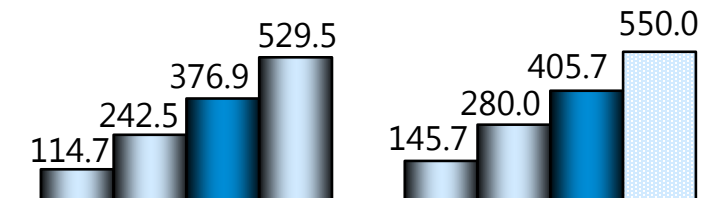
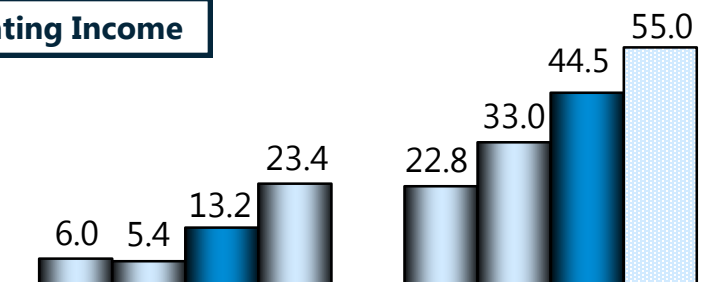
Earnings : Down ¥7.4 billion YoY

- Operating income down on FY2014 1-3Q, due to expenses from glitches at KEPCO Himeji No.2 Power Station; also costs from continued integration of thermal power plant business.

Full-year forecasts :

- Operating income has been revised downward, from ¥170.0 billion to ¥140.0 billion.

(In billion yen, accumulated amount)

Orders Received**Net Sales****Operating Income****Orders received : Down ¥40.1 billion YoY**

- Finished down on FY2014 1-3Q due to reduced orders for MRJ and transportation systems, while commercial ship orders increased.

Number of ship orders received

FY2014 1-3Q: 7 (1Q: 3, 2Q: 3, 3Q: 1, 4Q: 4)

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

Backlog of ship orders received 39

(12 LNG carriers, 8 LPG carriers, 6 patrol vessels and others)

Net sales : Up ¥28.8 billion YoY

- Up on FY2014 1-3Q with increased commercial aircraft sales.

Number of B777s delivered

FY2014 1-3Q: 76 (1Q: 26, 2Q: 24, 3Q: 26, 4Q: 22)

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

Number of B787s delivered

FY2014 1-3Q: 90 (1Q: 32, 2Q: 28, 3Q: 30, 4Q: 32)

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

Earnings : Up ¥31.2 billion YoY

- Up on FY2014 1-3Q through cost improvements in commercial aircraft business and shift in commercial ship product mix; yen depreciation also contributed.

Full-year forecasts :

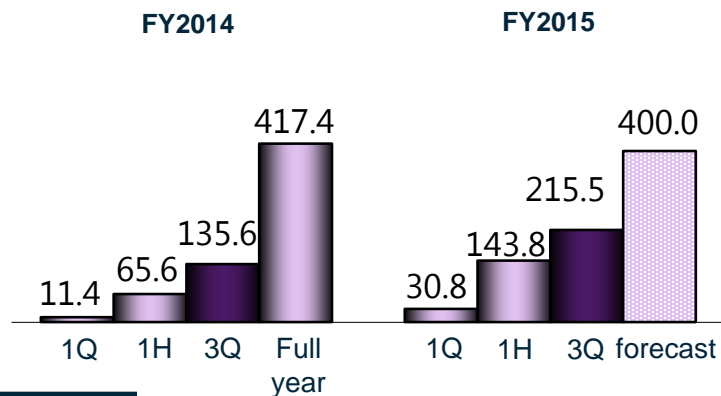
- Net sales has been revised downward, from ¥650.0 billion to ¥550.0 billion

- Operating income has been revised upward, from ¥45.0 billion to ¥55.0 billion.

< Integrated Defense & Space Systems >

(In billion yen, accumulated amount)

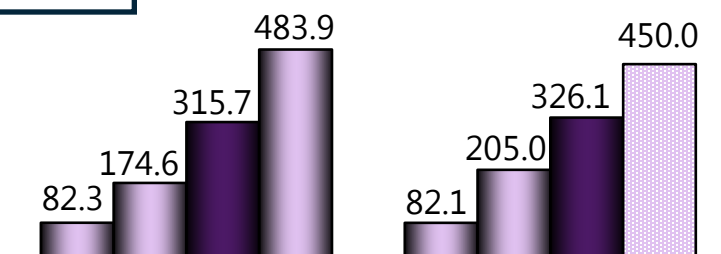
Orders Received



Orders received : Up ¥79.9 billion YoY

- Finished up on FY2014 1-3Q, driven by increased demand for defense systems.

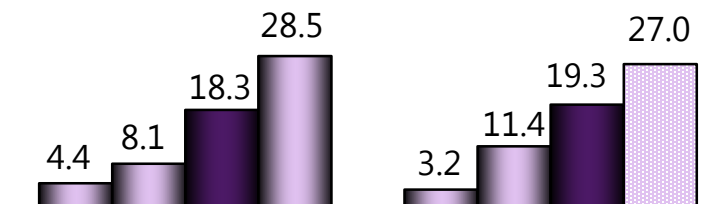
Net Sales



Net sales : Up ¥10.4 billion YoY

- Up on FY2014 1-3Q, as defense systems increased, especially naval vessels.

Operating Income



Earnings : Up ¥1.0 billion YoY

- Up on FY2014 1-3Q, due to increased sales in defense systems.

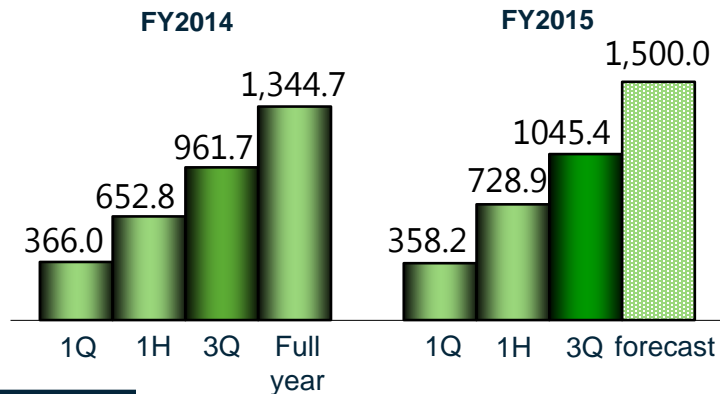
Full-year forecasts :

- No change.

< Machinery, Equipment & Infrastructure >

(In billion yen, accumulated amount)

Orders Received

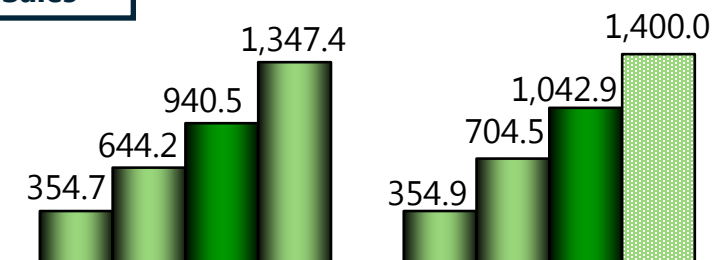


Orders received : Up ¥83.7 billion YoY

Net sales: Up ¥102.4 billion YoY

- Finished up on FY2014 1-3Q due to integration synergies from metals machinery and forklift truck businesses – coupled with upscaling in turbocharger and air-conditioner businesses.

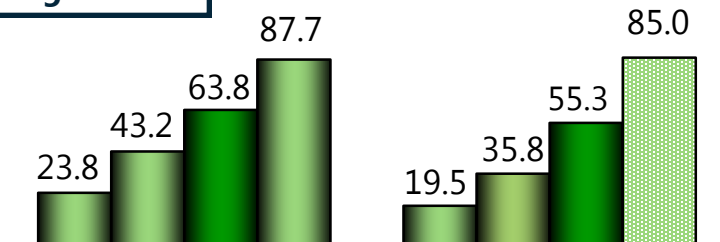
Net Sales



Earnings : Down ¥8.4 billion YoY

- Down on FY2014 1-3Q due to influences including change in overseas affiliate accounting period in FY2014.

Operating Income



Full-year forecasts :

- No change.

(*) Changes in business domains

- Due to business domain reorganization, certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others".
- Results shown here are in accordance with the new business domains.

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

(In billion yen)

	FY2014 1-3Q	FY2015 1-3Q	FY2015 (Forecast)
R&D Expenses	91.5	91.7	150.0
Depreciation and Amortization	114.7	116.1	170.0
Capital Expenditure	106.4	116.4	180.0

2. Selling, General and Administrative Expenses

(In billion yen)

	FY2014 1-3Q	FY2015 1-3Q
SG&A	379.6	401.0

3. Foreign Exchange Rates

(In yen)

	FY2014 1-3Q	FY2015 1-3Q
US\$	106.2	121.4
Euro	141.2	134.9

(In billion yen)

4. Overseas Sales by Region

	FY2014 1-3Q	FY2015 1-3Q
Asia	495.7 (18%)	508.6 (18%)
North America	471.9 (18%)	571.8 (19%)
Europe	255.9 (10%)	262.0 (9%)
Central & South America	82.0 (3%)	106.4 (4%)
The Middle East	90.3 (3%)	76.7 (3%)
Africa	61.2 (2%)	76.6 (3%)
Oceania	30.5 (1%)	21.5 (1%)
Total	1,487.7 (55%)	1,623.9 (57%)

5. Segment Information by Geographic Distribution

		FY2014 1-3Q	FY2015 1-3Q
Japan	Net sales	2,122.0	2,098.4
	Operating income	142.0	152.0
North America	Net sales	312.8	385.5
	Operating income	2.0	10.7
Asia	Net sales	283.1	286.5
	Operating income	22.6	24.2
Europe	Net sales	230.0	268.1
	Operating income	5.4	-3.4
Others	Net sales	33.5	78.1
	Operating income	-0.4	1.8
Eliminations or Corporate	Net sales	-298.3	-284.1
	Operating income	-	-
Total	Net sales	2,683.3	2,832.6
	Operating income	171.6	185.3



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A thick red horizontal line with a slight upward curve on the right side, acting as a decorative underline for the text above it.