

No. 2000

## MHI Announces Outline of FY2016 First 3 Month Financial Results Ended June 30, 2016 (Consolidated)

Tokyo, July 29, 2016 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for the first three months of fiscal year (FY) 2016 ended June 30, 2016.

(billions of yen)

	<b>FY2016 First 3 Months (From April 1 to June 30, 2016)</b>	FY2015 First 3 Months (From April 1 to June 30, 2015)	Changes (%)
Orders Received	<b>924.1</b>	821.8	12.5
Net Sales	<b>847.2</b>	931.4	(9.0)
Operating Income	<b>24.9</b>	58.8	(57.7)
Ordinary Income	<b>(16.6)</b>	61.6	—
Income Before Income Taxes	<b>(23.9)</b>	59.8	—
Profit Attributable to Owners of Parent	<b>(12.1)</b>	35.5	—
Profit Attributable to Owners of Parent Per Share	<b>(3.61) yen</b>	10.59 yen	—

Figures in parentheses are negative.

**Consolidated** financial results (continued)

**Sales by Operational Segment**

(billions of yen)

	<b>FY2016 First 3 Months</b> (From April 1 to June 30, 2016)	<b>FY2015 First 3 Months</b> (From April 1 to June 30, 2015)
Energy & Environment	<b>307.7</b>	343.7
Commercial Aviation & Transportation Systems	<b>120.5</b>	145.7
Integrated Defense & Space Systems	<b>89.8</b>	82.1
Machinery, Equipment & Infrastructure	<b>324.1</b>	354.9
Others	<b>36.4</b>	30.8
Eliminations or Corporate	<b>(31.4)</b>	(26.0)
<b>TOTAL</b>	<b>847.2</b>	931.4

**Operating Income (Loss) by Operational Segment**

(billions of yen)

	<b>FY2016 First 3 Months</b> (From April 1 to June 30, 2016)	<b>FY2015 First 3 Months</b> (From April 1 to June 30, 2015)
Energy & Environment	<b>8.3</b>	15.4
Commercial Aviation & Transportation Systems	<b>1.1</b>	22.8
Integrated Defense & Space Systems	<b>4.7</b>	3.2
Machinery, Equipment & Infrastructure	<b>13.2</b>	19.5
Others	<b>1.2</b>	1.3
Eliminations or Corporate	<b>(3.9)</b>	(3.4)
<b>TOTAL</b>	<b>24.9</b>	58.8

Figures in parentheses are negative.

## **Estimate of Consolidated Financial Results for FY 2016**

For the fiscal year 2016 ending March 31, 2017, MHI is expecting 4,300 billion yen in net sales, 330 billion yen in operating income, 280 billion yen in ordinary income, and 100 billion yen in profit attributable to owners of parent. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = ¥105 and €1.00 = ¥115 for the portion yet to be fixed.

Please note that this estimate has been projected with currently available information and data. As such, these projections involve risks and uncertainties. For this reason, investors are recommended not to depend solely on these projections for making investment decisions. The actual results, therefore, may diverge broadly with the influence of a variety of outside factors such as economics surrounding MHI, currency movement of the yen 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.

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## CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of Mar. 31, 2016	As of Jun. 30, 2016
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and deposits	310,523	207,087
Trade receivables	1,205,689	1,064,152
Merchandise and finished products	187,330	177,454
Work in process	992,160	1,073,638
Raw materials and supplies	156,507	162,234
Deferred income taxes	137,428	151,033
Others	547,848	601,791
Allowance for doubtful accounts	(7,694)	(7,352)
<b>Total current assets</b>	3,529,792	3,430,040
<b>Fixed assets:</b>		
Property, plant and equipment:		
Buildings and structures	397,292	398,294
Machinery and transportation equipment	257,306	248,223
Tools, equipment and furniture	56,570	58,751
Land	197,898	197,578
Leased assets	2,873	2,548
Construction in progress	75,497	70,156
Subtotal	987,440	975,551
Intangible assets:		
Goodwill	136,003	128,767
Others	150,126	147,509
Subtotal	286,130	276,277
Investments and advances:		
Investment securities	534,287	470,123
Long-term loans and advances	4,946	4,955
Asset for retirement benefits	27,459	23,217
Deferred income taxes	15,808	17,025
Others	125,601	111,247
Allowance for doubtful accounts	(8,452)	(7,209)
Subtotal	699,650	619,360
<b>Total fixed assets</b>	1,973,221	1,871,189
<b>TOTAL ASSETS</b>	<b>5,503,013</b>	<b>5,301,230</b>

## CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of Mar. 31, 2016	As of Jun. 30, 2016
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Trade payables	763,761	662,809
Electronically recorded obligations	96,888	109,577
Short-term borrowings	293,131	269,775
Current portion of long-term borrowings	61,715	56,444
Commercial papers	45,000	128,000
Current portion of bonds	20,000	20,000
Income taxes payable	18,091	12,244
Reserve for product warranties	15,128	15,100
Reserve for loss on construction contracts	56,866	55,087
Reserve for loss on passenger vessel construction business	72,842	58,019
Reserve for stock benefits	98	13
Advance payments received on contracts	749,747	768,109
Others	407,108	387,075
<b>Total current liabilities</b>	<b>2,600,378</b>	<b>2,542,258</b>
<b>Long-term liabilities:</b>		
Bonds	245,000	245,000
Long-term borrowings	387,302	375,042
Deferred income taxes	70,385	57,227
Reserve for stock benefits	966	890
Reserve for treatment of PCB waste	7,258	7,150
Liability for retirement benefits	124,890	126,693
Others	66,467	64,241
<b>Total long-term liabilities</b>	<b>902,270</b>	<b>876,245</b>
<b>TOTAL LIABILITIES</b>	<b>3,502,649</b>	<b>3,418,503</b>
<b><u>NET ASSETS</u></b>		
<b>Stockholders' equity:</b>		
Common stock	265,608	265,608
Capital surplus	203,951	203,994
Retained earnings	1,173,053	1,132,064
Treasury stock	(4,771)	(4,697)
<b>Total stockholders' equity</b>	<b>1,637,842</b>	<b>1,596,971</b>
<b>Accumulated other comprehensive income (loss)</b>		
Unrealized holding gain (loss) on investment securities	40,108	26,174
Unrealized gain (loss) from hedging instruments	3,044	5,182
Translation adjustments	17,762	(28,087)
Retirement benefits liability adjustments	(18,998)	(17,385)
<b>Total accumulated other comprehensive income (loss)</b>	<b>41,917</b>	<b>(14,116)</b>
<b>Share subscription rights</b>	<b>2,616</b>	<b>2,616</b>
<b>Non-controlling interests</b>	<b>317,987</b>	<b>297,255</b>
<b>TOTAL NET ASSETS</b>	<b>2,000,364</b>	<b>1,882,726</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>5,503,013</b>	<b>5,301,230</b>

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2015 First 3 Months (From Apr. 1 to Jun. 30, 2015)	FY2016 First 3 Months (From Apr. 1 to Jun. 30, 2016)
<b>Net sales</b>	<b>931,474</b>	<b>847,281</b>
Cost of sales	739,515	680,540
<b>Gross profit</b>	<b>191,959</b>	<b>166,740</b>
<b>Selling, general and administrative expenses:</b>		
Provision of allowance for doubtful accounts	(356)	(255)
Directors' compensations, salaries and allowances	48,400	53,213
Research and development expenses	14,921	19,188
Expenses for inquiries	11,694	10,792
Others	58,431	58,897
<b>Total selling, general and administrative expenses</b>	<b>133,091</b>	<b>141,836</b>
<b>Operating income</b>	<b>58,868</b>	<b>24,903</b>
<b>Non-operating income:</b>		
Interest income	1,679	1,043
Dividend income	4,596	4,520
Foreign exchange gain	3,969	-
Income from equity method investments	1,935	-
Others	960	4,165
<b>Total non-operating income</b>	<b>13,141</b>	<b>9,729</b>
<b>Non-operating expenses:</b>		
Interest expense	3,375	3,118
Foreign exchange loss	-	14,180
Loss from equity method investments	-	20,758
Loss on disposal of fixed assets	1,101	1,441
Others	5,906	11,744
<b>Total non-operating expenses</b>	<b>10,383</b>	<b>51,242</b>
<b>Ordinary income</b>	<b>61,625</b>	<b>(16,608)</b>
<b>Extraordinary gain:</b>		
Gain on sales of fixed assets	4,109	-
<b>Total extraordinary gain</b>	<b>4,109</b>	<b>-</b>
<b>Extraordinary loss:</b>		
Loss on revaluation of investment securities	-	7,390
Business structure improvement expenses	3,353	-
Loss on sales of investment securities	2,572	-
<b>Total extraordinary loss</b>	<b>5,926</b>	<b>7,390</b>
<b>Income before income taxes</b>	<b>59,808</b>	<b>(23,998)</b>
Income taxes	21,921	(12,226)
<b>Profit</b>	<b>37,887</b>	<b>(11,772)</b>
Profit attributable to non-controlling interests	2,346	341
<b>Profit attributable to owners of parent</b>	<b>35,540</b>	<b>(12,114)</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of Yen)

	FY2015 First 3 Months (From Apr. 1 to Jun. 30, 2015)	FY2016 First 3 Months (From Apr. 1 to Jun. 30, 2016)
<b>Profit</b>	<b>37,887</b>	<b>(11,772)</b>
<b>Other comprehensive income (loss)</b>		
Unrealized holding gain (loss) on investment securities	19,682	(14,641)
Unrealized gain (loss) from hedging instruments	(1,483)	1,442
Translation adjustments	10,217	(58,845)
Retirement benefits liability adjustments	2,945	(272)
Share of other comprehensive income (loss) of entities accounted for by the equity method	(1,303)	(2,147)
<b>Total other comprehensive income (loss)</b>	<b>30,058</b>	<b>(74,463)</b>
<b>Comprehensive income (loss)</b>	<b>67,945</b>	<b>(86,236)</b>
<b>Comprehensive income (loss) attributable to</b>		
Owners of parent	59,278	(68,147)
Non-controlling interests	8,666	(18,089)