



Financial Results for First Quarter FY2016

July 29, 2016

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I . 1Q FY2016 Financial Results

Summary of 1Q Financial Results

(In billion yen)

	FY2015-1Q	FY2016-1Q	Change	
Orders received	821.8	924.1	+102.3	+12.5%
Net sales	931.4	847.2	- 84.1	- 9.0%
Operating income	(6.3%) 58.8	(2.9%) 24.9	- 33.9	- 57.7%
Ordinary income	(6.6%) 61.6	(-2.0%) - 16.6	- 78.2	-
Extraordinary gain/loss	-1.8	-7.3	- 5.5	-
Profit attributable to owners of parent	(3.8%) 35.5	(-1.4%) - 12.1	- 47.6	-
EBITDA	(10.6%) 99.0	(8.0%) 67.4	- 31.5	- 31.9%

Non-operating expenses below are included:

- Foreign exchange loss -14.1
- Loss from equity method investments -20.7 (Mitsubishi Motors -18.8, etc.)

Breakdown of FY2016-1Q Extraordinary loss (-7.3 billion yen)

<Extraordinary loss>

-Loss on revaluation of investment securities -7.3

1Q Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2015 -1Q	FY2016 -1Q	Change	FY2015 -1Q	FY2016 -1Q	Change	FY2015 -1Q	FY2016 -1Q	Change
Energy & Environment	271.1	376.1	+104.9	343.7	307.7	- 36.0	15.4	8.3	- 7.1
Commercial Aviation & Transportation Systems	155.0	128.8	- 26.1	145.7	120.5	- 25.2	22.8	1.1	- 21.6
Integrated Defense & Space Systems	30.8	77.9	+47.0	82.1	89.8	+7.6	3.2	4.7	+1.5
Machinery, Equipment & Infrastructure (*)	358.2	338.9	- 19.2	354.9	324.1	- 30.8	19.5	13.2	- 6.2
Others (*)	44.1	38.3	- 5.8	30.8	36.4	+5.5	1.3	1.2	- 0.0
Eliminations or Corporate	- 37.6	- 36.0	+1.6	- 26.0	- 31.4	- 5.3	- 3.4	- 3.9	- 0.4
Total	821.8	924.1	+102.3	931.4	847.2	- 84.1	58.8	24.9	- 33.9

(*) Changes in business domains

- Certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others" since FY2015-3Q.
- Results for FY2015-1Q are in accordance with the new business domains.

Balance Sheets

(In billion yen)

	As of (*) March 31, 2016	As of June 30, 2016	Changes
Trade receivables	1,205.6	1,064.1	-141.5
Inventories	1,335.9	1,413.3	+77.3
Other current assets	988.1	952.5	-35.5
Total fixed assets	1,273.5	1,251.8	-21.7
Investments and advances	699.6	619.3	-80.2
Total assets	5,503.0	5,301.2	-201.7
Trade payables	860.6	772.3	-88.2
Advance payments received on contracts	749.7	768.1	+18.3
Other current liabilities	840.1	783.7	-56.3
Interest-bearing debt	1,052.1	1,094.2	+42.1
Net Assets	2,000.3	1,882.7	-117.6
Net worth (owners equity)	1,679.7	1,582.8	-96.9
Total liabilities and net assets	5,503.0	5,301.2	-201.7

Accumulated other comprehensive income -56.0
(Foreign currency translation adjustments,
Net unrealized losses on investment securities, etc.)

(*) Acquisition of UniCarriers Holdings Corporation in FY2015:

Revision of purchase price and purchase price allocation has been factored into FY2015's year-end balance sheets and some main financial measures.

Main Financial Measures

	FY2015	FY2016-1Q	Change
Equity ratio	(*) 30.5%	29.9%	-0.6pt
Interest-bearing debt (In billion yen)	1,052.1	1,094.2	+42.1
D/E ratio	53%	58%	+5pt

Cash Flows

(In billion yen)

	FY2015-1Q	FY2016-1Q	Change
Operating activities Cash Flow	-9.8	-64.1	-54.3
Investing activities Cash Flow	-40.8	-61.2	-20.3
Free Cash Flow	-50.7	-125.4	-74.7

(*) Acquisition of UniCarriers Holdings Corporation in FY2015:
Revision of purchase price and purchase price allocation has been factored into FY2015's year-end balance sheets and some main financial measures.

Orders Received & Order Backlog by Segment

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

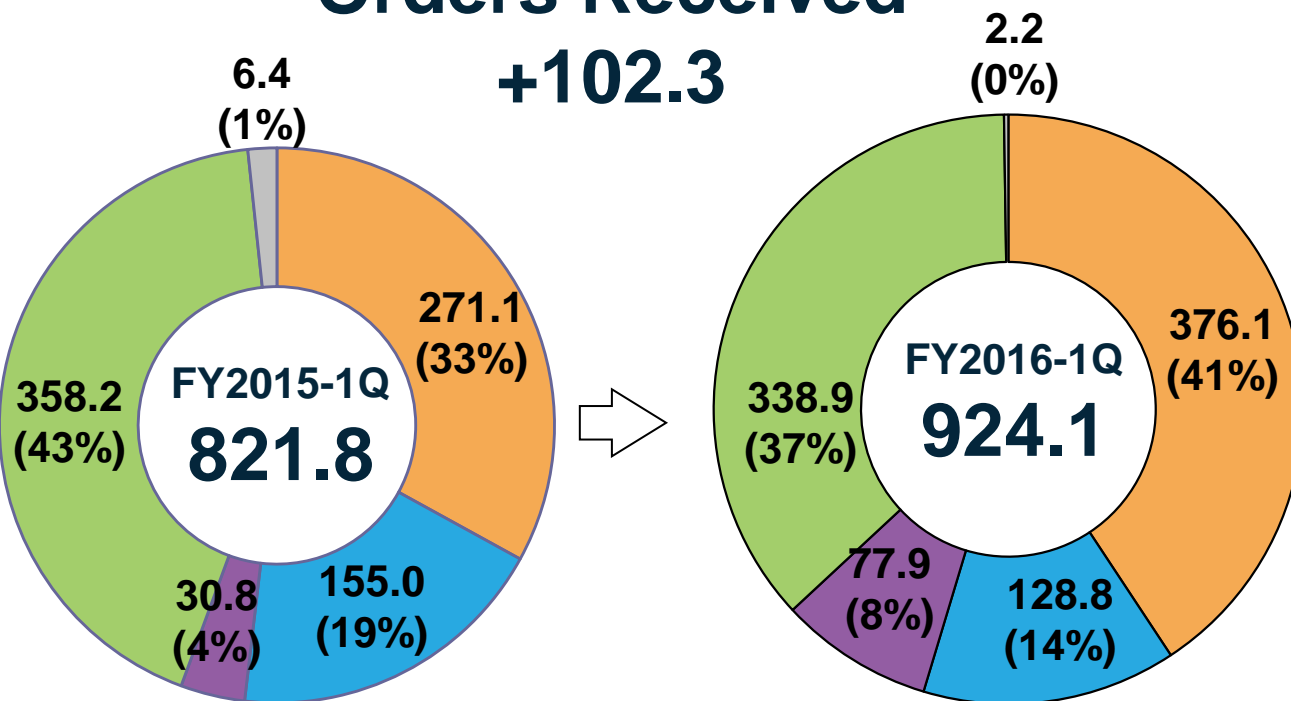
(In billion yen)

Order Backlog

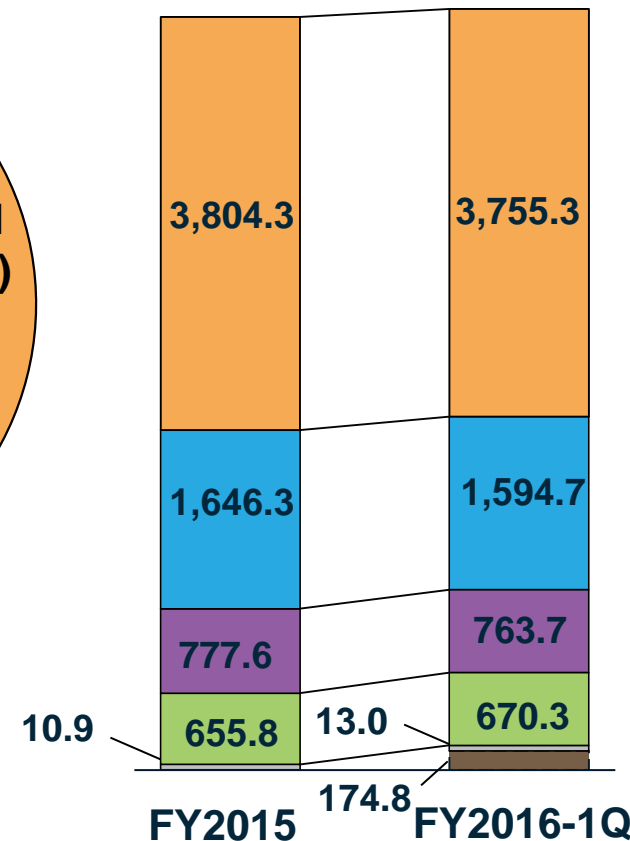
-97.9 (*)

Orders Received

+102.3



6,895.1 6,797.2



(*) FY2016-1Q includes currency translation impact (-174.8 billion yen).

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

➤ **Energy & Environment**

- Conventional power plants, etc. increased.

➤ **Commercial Aviation & Transportation Systems**

- Commercial ships (LNG carriers, etc.) and commercial aircraft decreased.

➤ **Integrated Defense & Space Systems**

- Defense aircraft and special vehicles, etc. increased.

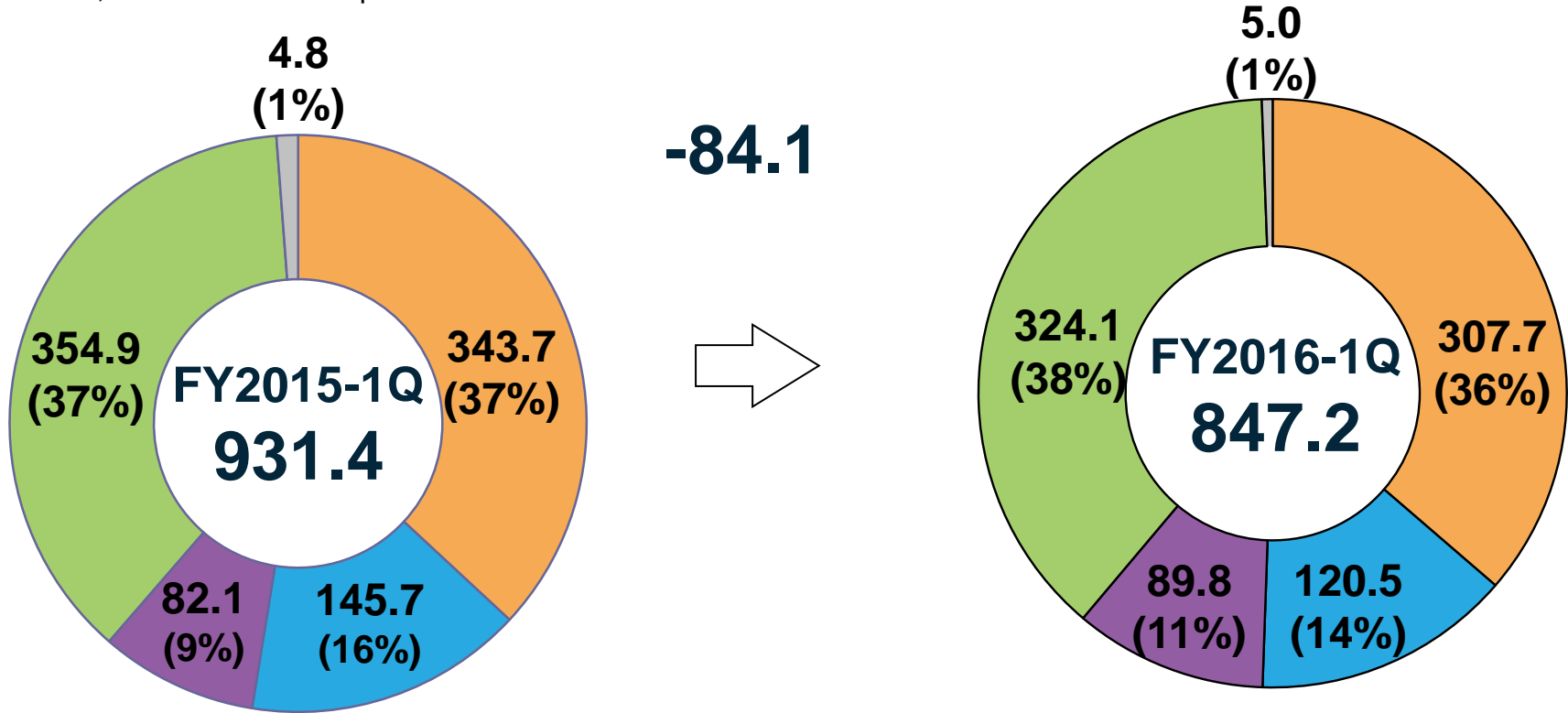
➤ **Machinery, Equipment & Infrastructure**

- Forklift trucks increased, metals machinery, etc. decreased.

Net Sales by Segment

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

(In billion yen)



➤ Energy & Environment

- GTCC(*) and chemical plants decreased.

➤ Commercial Aviation & Transportation Systems

- Commercial aircraft and commercial ships decreased.

➤ Integrated Defense & Space Systems

- Naval vessels, etc. increased.

➤ Machinery, Equipment & Infrastructure

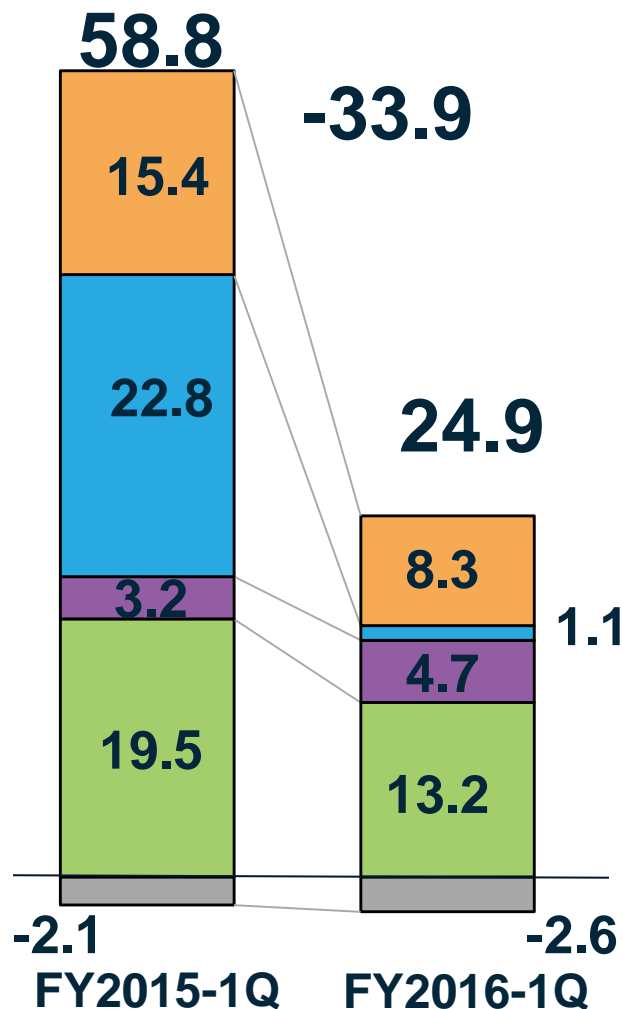
- Forklift trucks increased, metals machinery, etc. decreased.

(*) GTCC: Gas Turbine Combined Cycle

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**
 - Chemical plants decreased.
- **Commercial Aviation & Transportation Systems**
 - Commercial aircraft decreased under the strong yen. MRJ development costs increased.
- **Integrated Defense & Space Systems**
 - Income was virtually unchanged year-on-year.
- **Machinery, Equipment & Infrastructure**
 - Income decreased on reduced sales from metals machinery, etc.

II . Forecast for FY2016

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 FY2016

(In billion yen)

	FY2015 (Actual)	FY2016 (Forecast)		Change	
		As of July 29, 2016	As of May 9, 2016		
Orders received	4,485.5	5,000.0	5,000.0	+514.4	(+11.5%)
Net sales	4,046.8	4,300.0	4,400.0	+253.1	(+6.3%)
Operating income	(7.6%) 309.5	(7.7%) 330.0	350.0	+20.4	(+6.6%)
Ordinary income	(6.7%) 272.5	(6.5%) 280.0	330.0	+7.4	(+2.8%)
Net income attributable to owners of parent	(1.6%) 63.8	(2.3%) 100.0	130.0	+36.1	(+56.7%)
ROE	3.7%	5.8%	7.5%	+2.1pt	-
EBITDA	(11.9%) 479.6	(12.1%) 520.0	540.0	+40.3	(+8.4%)
Free cash flow	7.5	130.0	130.0	+122.4	-
Dividend (per share)	12.0yen Interim: 6.0yen year-end: 6.0yen	12.0yen Interim: 6.0yen year-end: 6.0yen	<Undetermined foreign currency amounts> <Assumed exchange rates> US\$: 1.8 billion (2.7 billion*) US\$ 1.00 = ¥105 (¥110*) Euro: 0.3 billion (0.4 billion*) Euro 1.00 = ¥115 (¥125*) (*) forecast as of May 9, 2016		

Net sales and income forecasts have been revised in light of forex impact in FY2016-1Q and changes in assumed exchange rates.

Forecast for FY2016 by Segment

(In billion yen)

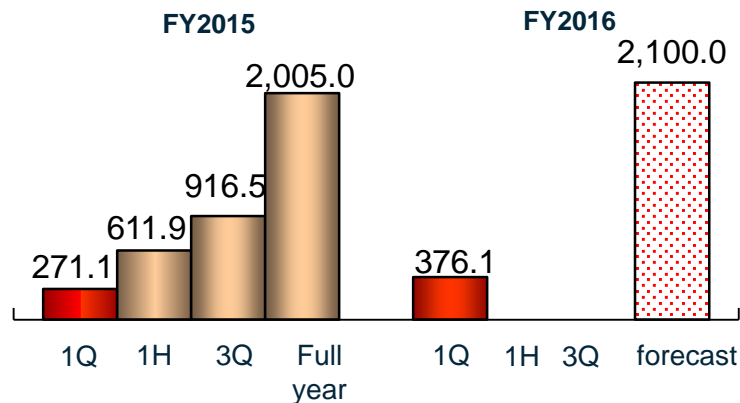
	Orders received			Net sales				Operating income			
	FY2015 (Actual)	FY2016 (Forecast)	Change	FY2015 (Actual)	FY2016 (Forecast)		Change	FY2015 (Actual)	FY2016 (Forecast)		Change
					As of July 29	As of May 9			As of July 29	As of May 9	
Energy & Environment	2,005.0	2,100.0	+94.9	1,542.7	1,650.0	1,700.0	+107.2	154.6	185.0	190.0	+30.3
Commercial Aviation & Transportation Systems	607.1	700.0	+92.8	548.5	550.0	550.0	+1.4	54.5	20.0	30.0	- 34.5
Integrated Defense & Space Systems	447.7	400.0	- 47.7	485.0	400.0	400.0	- 85.0	25.7	26.0	26.0	+0.2
Machinery, Equipment & Infrastructure	1,392.5	1,700.0	+307.4	1,432.3	1,650.0	1,700.0	+217.6	80.0	105.0	110.0	+24.9
Others	162.8	200.0	+37.1	177.3	160.0	160.0	- 17.3	12.6	14.0	14.0	+1.3
Eliminations or Corporate	- 129.8	- 100.0	+29.8	- 139.2	- 110.0	- 110.0	+29.2	- 18.1	- 20.0	- 20.0	- 1.8
Total	4,485.5	5,000.0	+514.4	4,046.8	4,300.0	4,400.0	+253.1	309.5	330.0	350.0	+20.4

Ⅲ. Supplementary Information

< Energy & Environment >

(In billion yen, accumulated amount)

Orders Received



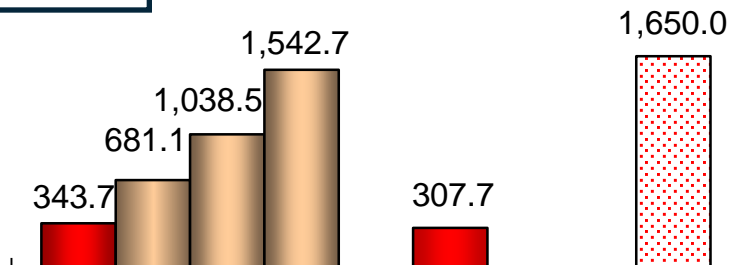
Orders received : Up ¥104.9 billion YoY

- Orders increased year-on-year mainly on increases in conventional power plants.

[Gas turbine orders]

		North America	Asia	Japan	Others	Total
FY2015 -1Q	Large size	-	2	-	-	2
	Small to medium size	-	-	-	1	1
	Total	0	2	0	1	3
FY2016 -1Q	Large size	2	1	-	2	5
	Small to medium size	-	-	-	-	0
	Total	2	1	0	2	5

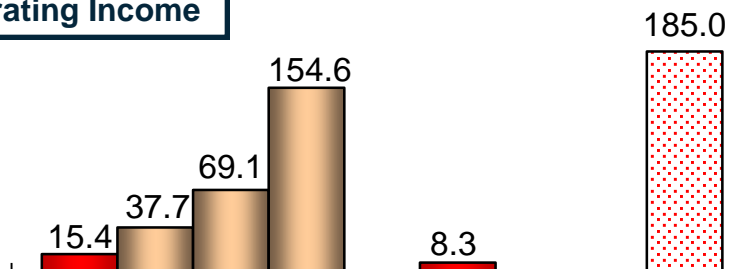
Net Sales



[Backlog of Gas turbine orders]

	Large size	Small to medium size	Total
FY2015-1Q	34	31	65
FY2015-4Q	42	35	77
FY2016-1Q	42	32	74

Operating Income



Net sales : Down ¥36.0 billion YoY

- Sales decreased year-on-year from reduced sales of GTCC(*) and chemical plants, etc.

Earnings : Down ¥7.1 billion YoY

- Income decreased year-on-year from reduced income from chemical plants.

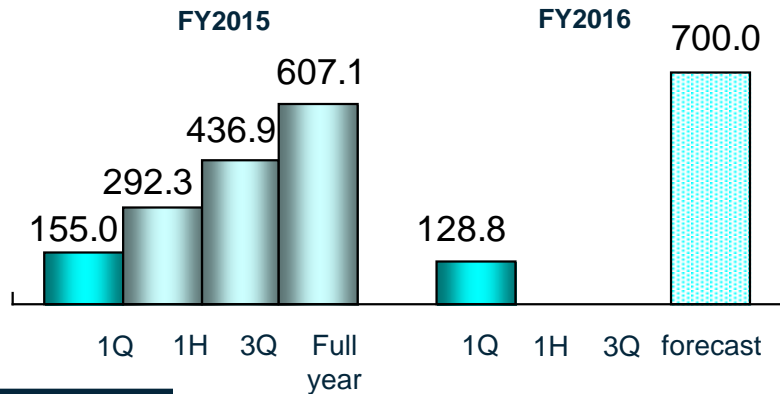
Full-year forecasts :

- Net sales has been revised downward, from ¥1,700 billion to ¥1,650.0 billion
- Operating income has been revised downward, from ¥190.0 billion to ¥185.0 billion.

(*) GTCC: Gas Turbine Combined Cycle

< Commercial Aviation & Transportation Systems >

(In billion yen, accumulated amount)

Orders Received**Orders received : Down ¥26.1 billion YoY**

- Orders decreased year-on-year mainly from decreases in commercial ships (multiple LNG carrier orders in FY2015-1Q) and commercial aircraft.

[Number of ships orders received]

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

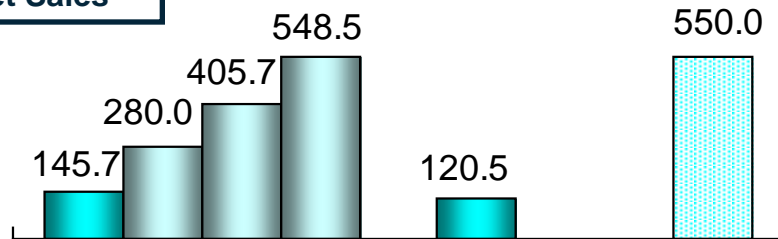
FY2016-1Q: 4 (1Q: 4)

[Backlog of ship orders] 36

(11 LNG carriers, 8 LPG carriers, 5 patrol vessels and others)

Net sales : Down ¥25.2 billion YoY

- Sales decreased year-on-year from reduced sales of commercial aircraft and commercial ships.

Net Sales

[Number of B777s delivered]

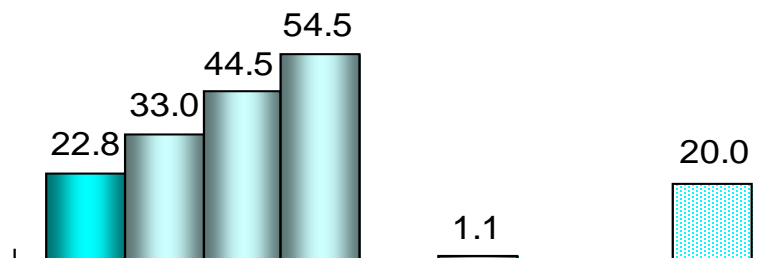
FY2015-1Q: 28 (1Q: 28, 2Q: 27, 3Q: 25, 4Q: 27)

FY2016-1Q: 27 (1Q: 27)

[Number of B787s delivered]

FY2015-1Q: 32 (1Q: 32, 2Q: 31, 3Q: 29, 4Q: 34)

FY2016-1Q: 36 (1Q: 36)

Operating Income**Earnings : Down ¥21.6 billion YoY**

- Income decreased year-on-year mainly under the impact of the strong yen (especially commercial aircraft) and increased MRJ development costs.

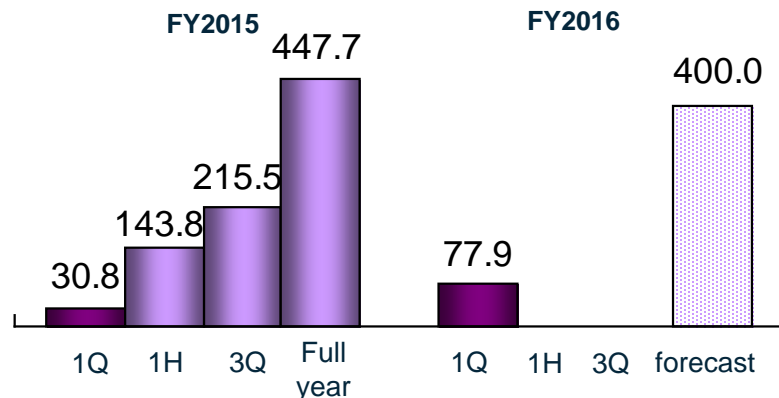
Full-year forecasts :

- Operating income has been revised downward, from ¥30.0 billion to ¥20.0 billion.

< Integrated Defense & Space Systems >

(In billion yen, accumulated amount)

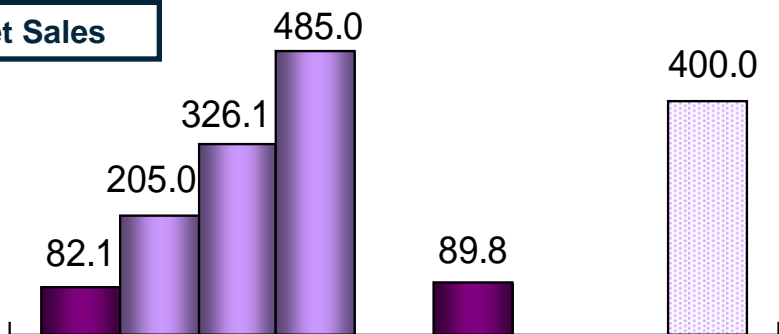
Orders Received



Orders received : Up ¥47.0 billion YoY

- Orders increased year-on-year from increases in defense aircraft and special vehicles, etc.

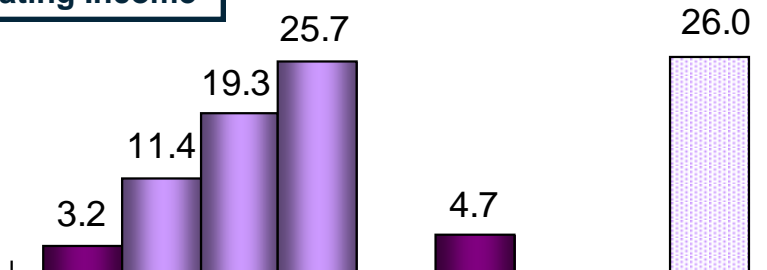
Net Sales



Net sales : Up ¥7.6 billion YoY

- Sales increased year-on-year mainly in naval ships.

Operating Income



Earnings : Up ¥1.5 billion YoY

- Income was virtually unchanged.

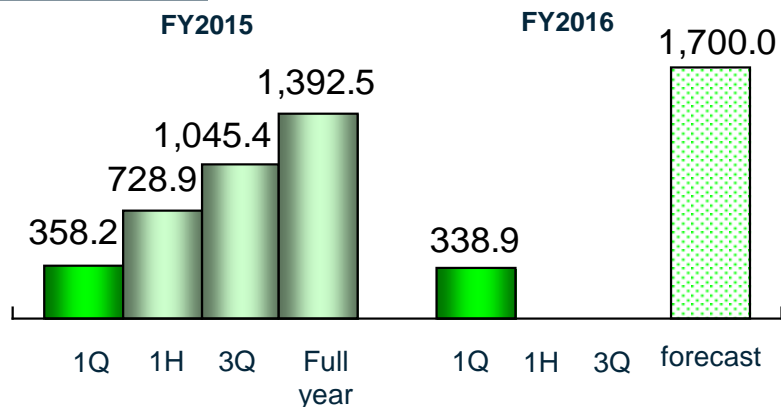
Full-year forecast :

-No change

< Machinery, Equipment & Infrastructure >

(In billion yen, accumulated amount)

Orders Received

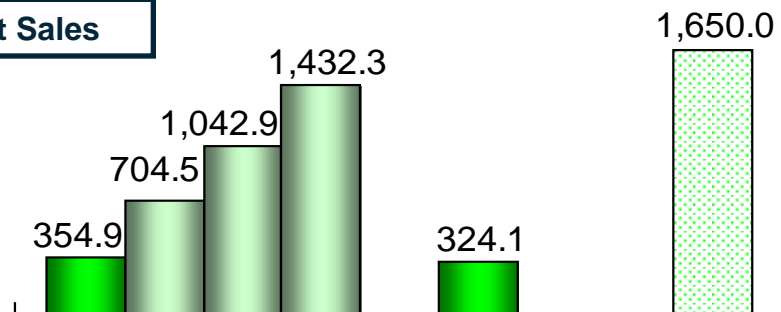


Orders received : Down ¥19.2 billion YoY

Net sales: Down ¥30.8 billion YoY

- Sales decreased year-on-year, with increased sales for forklift trucks offset by decreased sales for metals machinery, etc.

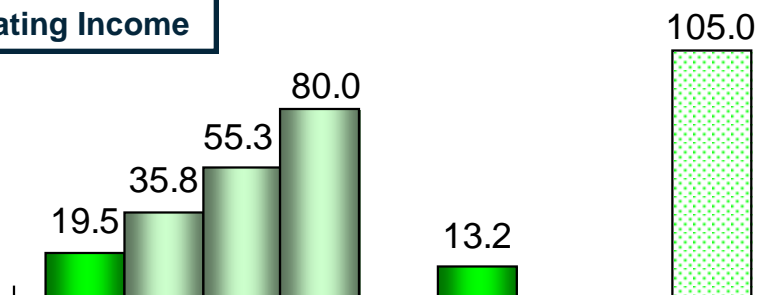
Net Sales



Earnings : Down ¥6.2 billion YoY

- Income decreased year-on-year from reduced sales of metals machinery, etc.

Operating Income



Full-year forecasts :

- Net sales has been revised downward, from ¥1,700 billion to ¥1,650.0 billion
- Operating income has been revised downward, from ¥110.0 billion to ¥105.0 billion.

(*) Changes in business domains

- Certain businesses have been re-assigned as "Machinery & Infrastructure System" from "Others" since FY2015-3Q.
- Results for FY2015-1Q are in accordance with the new business domains.

(In billion yen)

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

	FY2015-1Q	FY2016-1Q	FY2016 (Forecast)
R&D Expenses	26.4	29.0	150.0
Depreciation	37.1	38.4	170.0
Capital Expenditure	27.6	38.6	200.0

2. Selling, General and Administrative expenses

	FY2015-1Q	FY2016-1Q
SG&A	133.0	141.8

3. Foreign Exchange Rates

(In yen)

	FY2015-1Q	FY2016-1Q
US\$	120.2	110.1
Euro	132.1	123.9

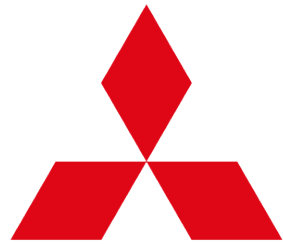
(In billion yen)

4. Overseas Sales by Region

	FY2015-1Q		FY2016-1Q	
Asia	173.1	(19%)	142.6	(17%)
North America	204.6	(21%)	163.0	(18%)
Europe	95.9	(10%)	107.8	(13%)
Central & South America	32.7	(4%)	21.1	(2%)
The Middle East	26.2	(3%)	18.2	(2%)
Africa	25.2	(3%)	26.4	(3%)
Oceania	6.0	(1%)	7.4	(1%)
Total	564.0	(61%)	486.8	(57%)

5. Segment Information by Geographic Distribution

		FY2015-1Q	FY2016-1Q
Japan	Net Sales	676.3	639.8
	Operating income	49.5	19.4
North America	Net Sales	132.4	104.4
	Operating income	2.8	2.0
Asia	Net Sales	104.3	87.1
	Operating income	7.8	8.8
Europe	Net Sales	84.3	93.7
	Operating income	-1.9	-4.6
Others	Net Sales	26.1	18.2
	Operating income	0.5	-0.7
Eliminations or Corporate	Net Sales	-92.1	-96.1
	Operating income	-	-
Total	Net Sales	931.4	847.2
	Operating income	58.8	24.9



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Our Technologies, Your Tomorrow

A thick red arrow graphic that starts under the text and points to the right, ending in a sharp arrowhead.