



Financial Results for FY2016 1H (Apr.-Sep.)

October 31, 2016

I. FY2016 1H Financial Results

- Summary of 1H Financial Results	3
- 1H Financial Results by Segment	4
- Balance Sheets	5
- Main Financial Measures, Cash Flows	6
- Orders Received & Order Backlog	7-8
- Net Sales	9-10
- Operating Income	11-12

II. Forecast for FY2016

- Summary of Forecast for FY2016	14
- Forecast for FY2016 by Segment	15
- Forecast for FY2016 Operating Income	16

III. Supplementary Information

- Supplementary Information	18-23
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I . FY2016 1H Financial Results

Summary of 1H Financial Results

(In billion yen)

	FY2015 1H	FY2016 1H	Change
Orders received	1,784.4	1,664.4	- 119.9 (-6.7%)
Net sales	1,882.0	1,750.5	- 131.5 (-7%)
Operating income	(6.2%) 115.9	(2.2%) 38.4	- 77.5 (-66.9%)
Ordinary income	(5.9%) 111.8	(-0.1%) - 1.8	- 113.7 -
Extraordinary gain/loss	-32.8	-12.7	+20.0 -
Profit attributable to owners of parent	(2.3%) 43.3	(-1.1%) - 18.9	- 62.3 -
EBITDA	(10.5%) 197.1	(7.2%) 126.3	- 70.8 - 35.9%

Non-operating expenses below are included:

- Foreign exchange loss -11.8
- Loss from equity method investments -20.3 (Mitsubishi Motors -18.8, etc.)

Breakdown of FY2016 1H Extraordinary gain/loss (-12.7 billion yen)

<Extraordinary gain>

-Gain on sales of investment securities 3.7

<Extraordinary loss>

-Loss on cruise ship construction business -16.4

1H Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2015 1H	FY2016 1H	Change	FY2015 1H	FY2016 1H	Change	FY2015 1H	FY2016 1H	Change
Energy & Environment	611.9	571.6	- 40.3	681.1	653.1	- 28.0	37.7	28.5	- 9.1
Commercial Aviation & Transportation Systems	292.3	237.7	- 54.6	280.0	244.3	- 35.7	33.0	- 18.0	- 51.0
Integrated Defense & Space Systems	143.8	136.6	- 7.2	205.0	184.8	- 20.1	11.4	9.1	- 2.3
Machinery, Equipment & Infrastructure (*)	728.9	711.5	- 17.3	704.5	660.7	- 43.8	35.8	22.9	- 12.9
Others (*)	79.7	71.9	- 7.7	75.8	78.5	+2.7	4.6	3.7	- 0.8
Eliminations or Corporate	- 72.4	- 65.0	+7.3	- 64.6	- 71.0	- 6.4	- 6.6	- 7.8	- 1.1
Total	1,784.4	1,664.4	- 119.9	1,882.0	1,750.5	- 131.5	115.9	38.4	- 77.5

(*) Changes in business domains

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

Balance Sheets

(In billion yen)

	As of March 31, 2016	As of Sep. 30, 2016	Change
Trade receivables	1,205.6	1,058.4	-147.2
Inventories	1,335.9	1,428.2	+92.2
Other current assets	988.1	918.4	-69.6
Total fixed assets	1,273.5	1,247.3	-26.2
Investments and advances	699.6	647.6	-51.9
Total assets	5,503.0	5,300.1	-202.8
Trade payables	860.6	745.2	-115.3
Advance payments received on contracts	749.7	736.4	-13.3
Other current liabilities	840.1	757.8	-82.2
Interest-bearing debt	1,052.1	1,182.1	+129.9
Net Assets	2,000.3	1,878.4	-121.8
Net worth (owners equity)	1,679.7	1,579.6	-100.1
Total liabilities and net assets	5,503.0	5,300.1	-202.8

Accumulated other comprehensive income -54.7
(Foreign currency translation adjustments,
Net unrealized losses on investment securities, etc.)

Main Financial Measures

	As of Mar. 31, 2016	As of Sep. 30, 2016	Change
Equity ratio	30.5%	29.8%	-0.7pt
Interest-bearing debt (In billion yen)	1,052.1	1,182.1	+129.9
D/E ratio	53%	63%	+10pt

Cash Flows

(In billion yen)

	FY2015 1H	FY2016 1H	Change
Operating activities Cash Flow	-27.1	-118.3	-91.2
Investing activities Cash Flow	-86.9	-98.7	-11.7
Free Cash Flow	-114.0	-217.0	-103.0

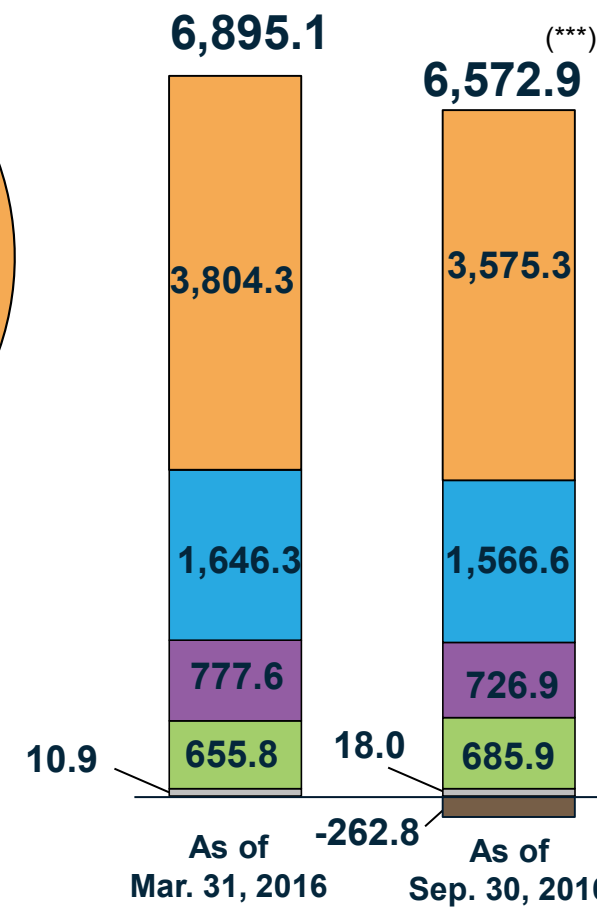
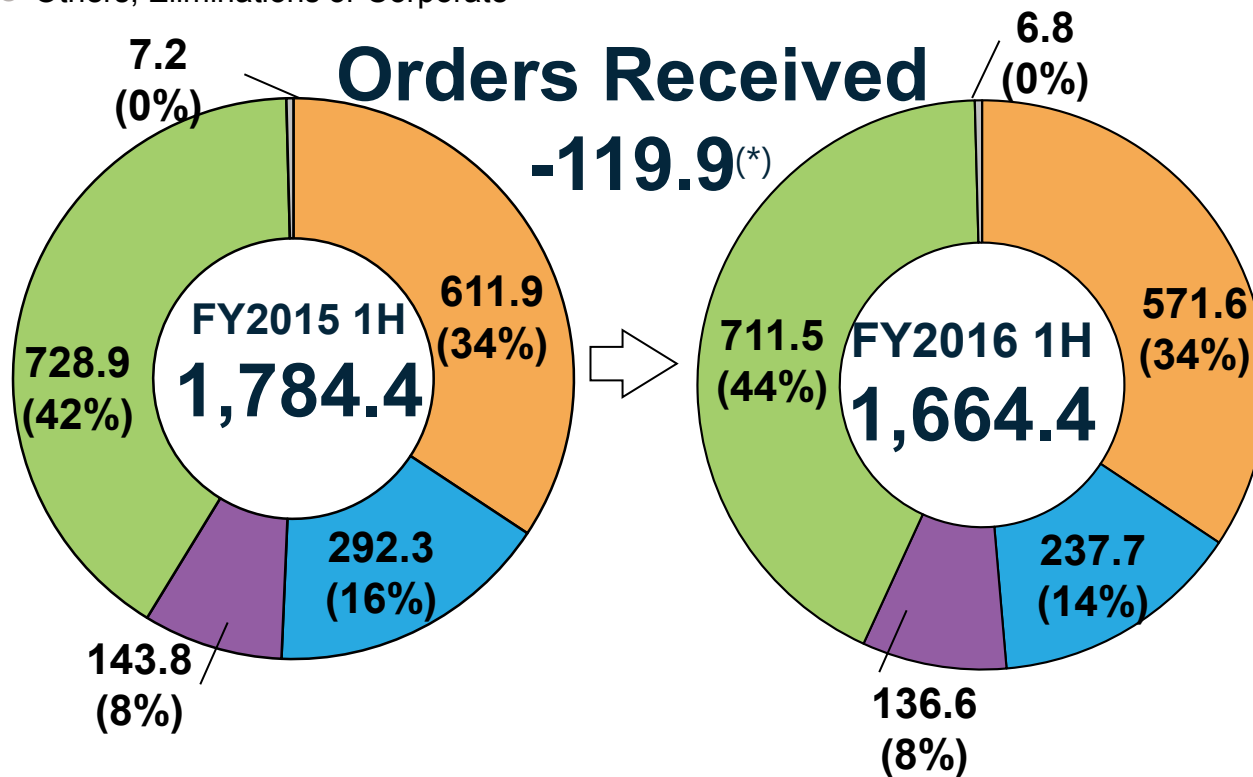
Orders Received & Order Backlog by Segment

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

(In billion yen)

Order Backlog

-322.2 (**)



(*) Includes currency translation impact: approx. - ¥130.0 billion
 • Impact from overseas subsidiaries: approx. - ¥90.0 billion
 • Impact from foreign-currency denominated sales of domestic companies : approx. - ¥40.0 billion

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

(***) Includes currency translation impact (-262.8 billion yen).

➤ Energy & Environment

- Chemical plants, etc. decreased.

➤ Commercial Aviation & Transportation Systems

- MRJ increased but commercial ships (LNG carriers), etc. decreased.

➤ Integrated Defense & Space Systems

- Naval vessels, etc. decreased.

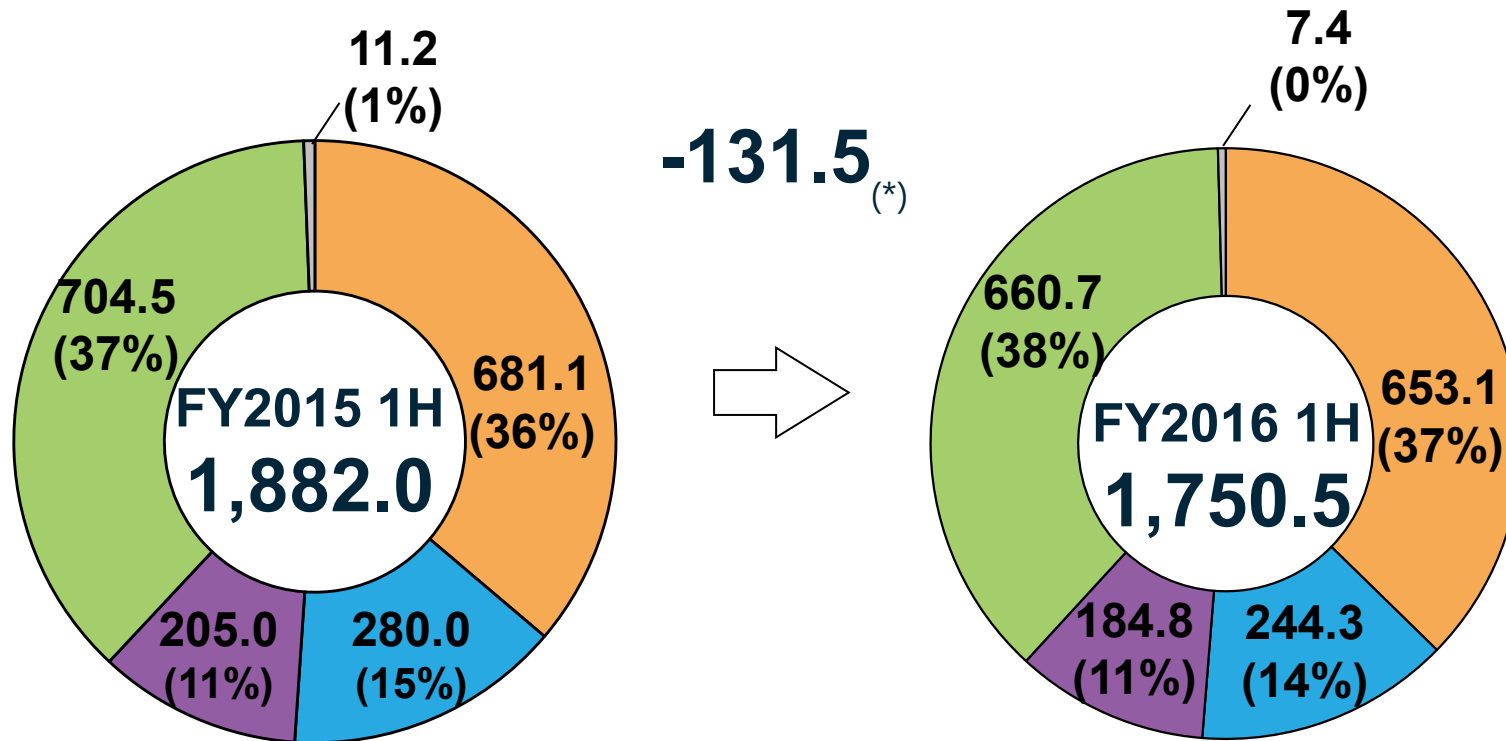
➤ Machinery, Equipment & Infrastructure

- Forklift trucks increased as result of merger with UniCarriers.
- Metals machinery, etc. decreased amid sluggish demand especially from China.

Net Sales by Segment

(In billion yen)

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



(*) Includes currency translation impact: approx. - ¥130.0 billion

· Impact from overseas subsidiaries: approx. - ¥90.0 billion

· Impact from foreign-currency denominated sales of domestic companies : approx. - ¥40.0 billion

➤ Energy & Environment

- GTCC(*) and chemical plants decreased.

➤ Integrated Defense & Space Systems

- Missiles and space systems decreased.

➤ Commercial Aviation & Transportation Systems

- Sales finished down on FX impact and decreased production of commercial aircraft.

➤ Machinery, Equipment & Infrastructure

- Forklift trucks increased as result of merger with UniCarriers.
- Metals machinery, etc. decreased amid sluggish demand especially from China.

(*) 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 : currency translation impact, decreased production, cost reduction target unachieved
- Commercial ship cost deterioration
- Increased MRJ development costs

➤ Integrated Defense & Space Systems

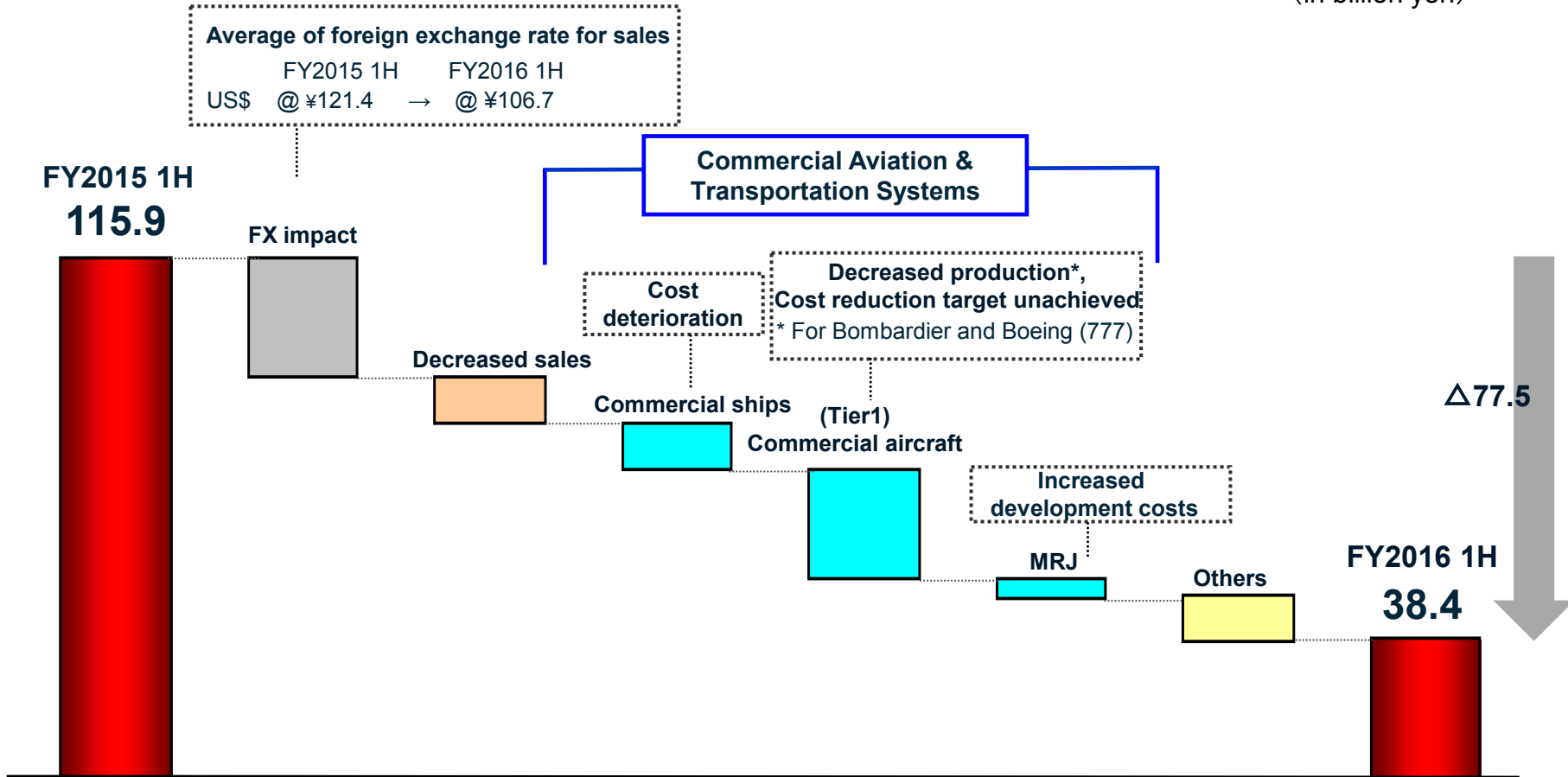
- Income decreased primarily in space systems.

➤ Machinery, Equipment & Infrastructure

- Income decreased on contracted sales of metals machinery, compressors, etc.

Factors Impacting Operating Income

(in billion yen)



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 Oct. 31, 2016	As of July 29, 2016		
Orders received	4,485.5	4,800.0	5,000.0	+314.4	(+7.0%)
Net sales	4,046.8	4,000.0	4,300.0	-46.8	(-1.2%)
Operating income	(7.6%) 309.5	(6.0%) 240.0	330.0	-69.5	(-22.5%)
Ordinary income	(6.7%) 272.5	(4.5%) 180.0	280.0	-92.5	(-33.9%)
Net income attributable to owners of parent	(1.6%) 63.8	(2.5%) 100.0	100.0	+36.1	(+56.7%)
ROE	3.7%	5.8%	5.8%	+2.1pt	-
EBITDA	(11.9%) 479.6	(10.5%) 420.0	520.0	-59.6	(-12.4%)
Free cash flow (FCF)	7.5	100.0	130.0	+92.4	-
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\$: 2.0 billion (1.8 billion*) US\$ 1.00 = ¥100 (¥105*) Euro: 0.5 billion (0.3 billion*) Euro 1.00 = ¥115 (¥115*) (*) forecast as of July 29, 2016		

- Net sales: Decreased under currency translation impact, delayed sales booking, etc.
 - Operating income: Decreased on changes in assumed exchange rates and profit/loss deterioration in Commercial Aviation & Transportation Systems.
- Extraordinary profit of approx. ¥60.0 billion and FCF of approx. ¥100.0 billion from asset management are factored in.

Forecast for FY2016 by Segment

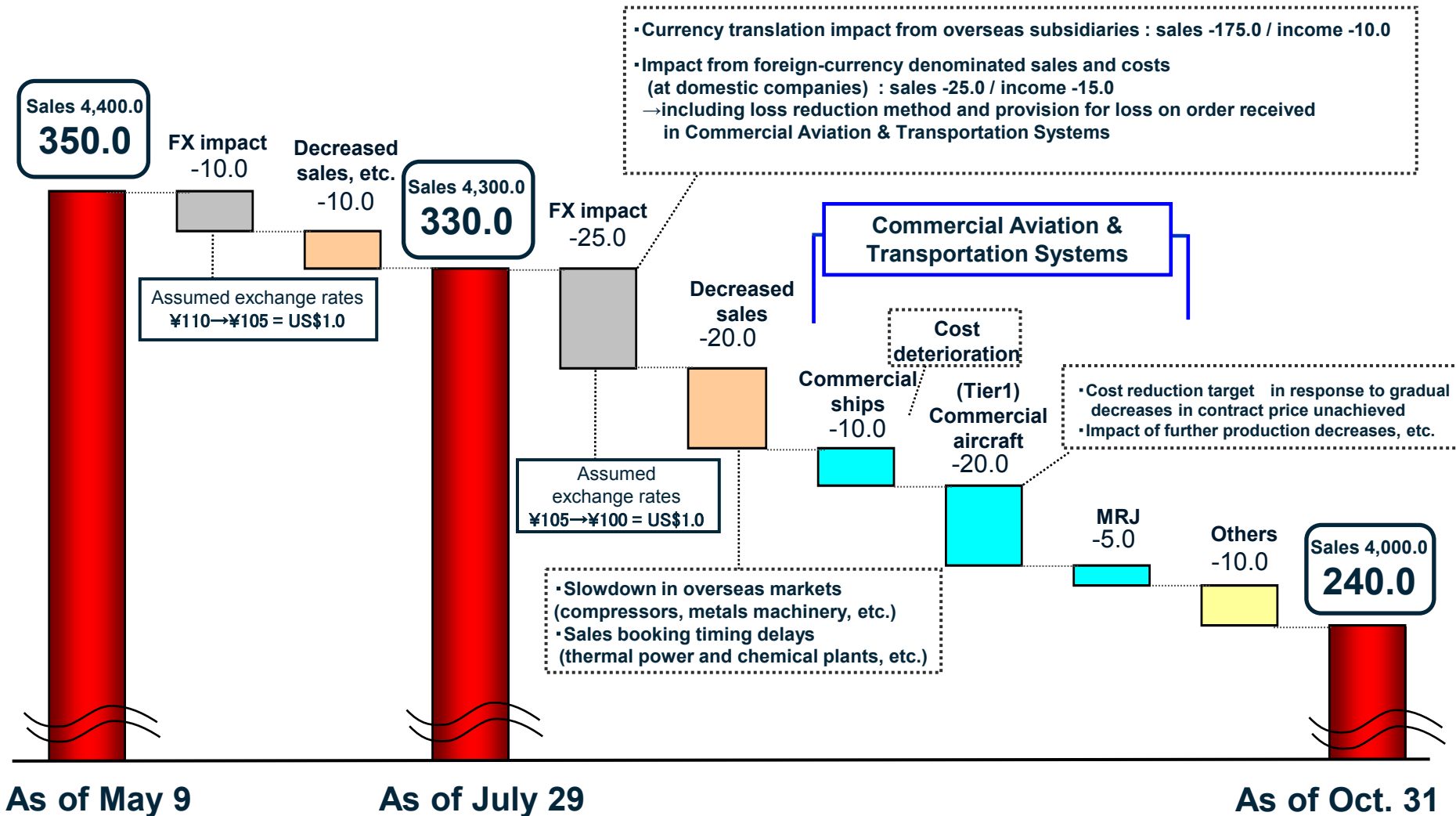
(In billion yen)

	Orders received				Net sales				Operating income			
	FY2015 (Actual)	FY2016 (Forecast)		Change	FY2015 (Actual)	FY2016 (Forecast)		Change	FY2015 (Actual)	FY2016 (Forecast)		Change
		As of Oct. 31	As of July 29			As of Oct. 31	As of July 29			As of Oct. 31	As of July 29	
Energy & Environment	2,005.0	2,100.0	2,100.0	+94.9	1,542.7	1,550.0	1,650.0	+7.2	154.6	160.0	185.0	+5.3
Commercial Aviation & Transportation Systems	607.1	600.0	700.0	- 7.1	548.5	500.0	550.0	- 48.5	54.5	- 25.0	20.0	- 79.5
Integrated Defense & Space Systems	447.7	400.0	400.0	- 47.7	485.0	450.0	400.0	- 35.0	25.7	28.0	26.0	+2.2
Machinery, Equipment & Infrastructure	1,392.5	1,600.0	1,700.0	+207.4	1,432.3	1,450.0	1,650.0	+17.6	80.0	85.0	105.0	+4.9
Others	162.8	200.0	200.0	+37.1	177.3	160.0	160.0	- 17.3	12.6	12.0	14.0	- 0.6
Eliminations or Corporate	- 129.8	- 100.0	- 100.0	+29.8	- 139.2	- 110.0	- 110.0	+29.2	- 18.1	- 20.0	- 20.0	- 1.8
Total	4,485.5	4,800.0	5,000.0	+314.4	4,046.8	4,000.0	4,300.0	- 46.8	309.5	240.0	330.0	- 69.5

- Forecasts revised especially for Commercial Aviation & Transportation Systems. (Details on p.14)
- Energy & Environment, Integrated Defense & Space Systems, and Machinery, Equipment & Infrastructure to sustain year-earlier earning capacity.

Forecast for FY2016 Operating Income

(In billion yen)

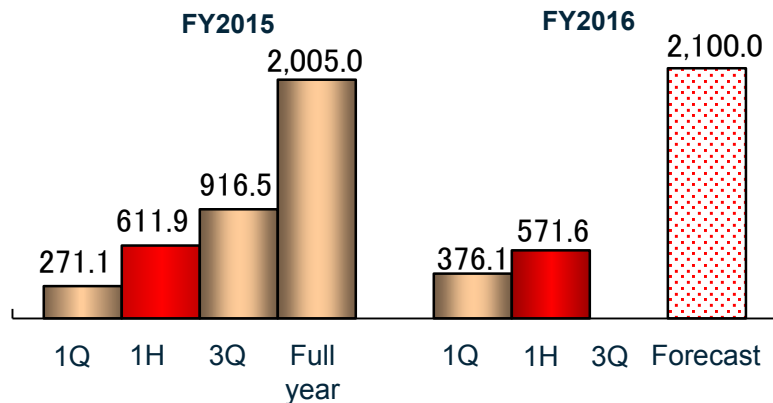


III. Supplementary Information

< Energy & Environment >

(In billion yen, accumulated amount)

Orders Received



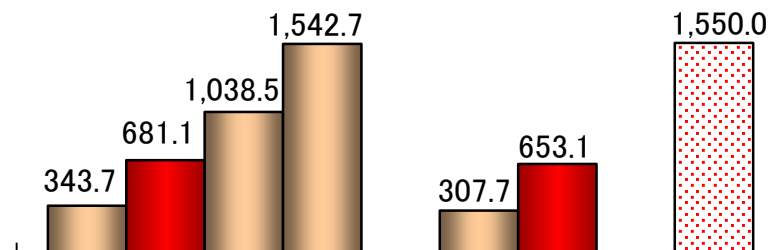
Orders received : Down ¥40.3 billion YoY

- Down YoY, largely due to decreased orders for chemical plants.

[Gas turbine orders]

		North America	Asia	Japan	Others	Total
FY2015 1H	Large size	1	5	1	-	7
	Small to medium size	-	-	-	1	1
	Total	1	5	1	1	8
FY2016 1H	Large size	4	2	-	2	8
	Small to medium size	-	1	-	-	1
	Total	4	3	0	2	9

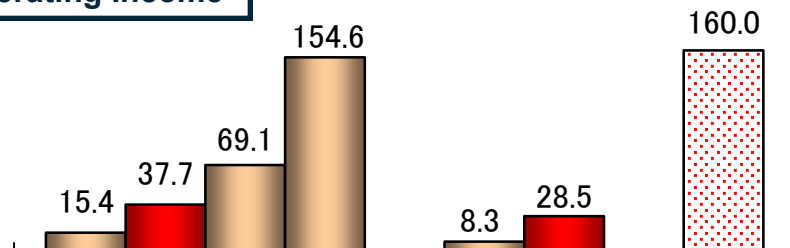
Net Sales



Net sales : Down ¥28.0 billion YoY

- Down YoY, largely due to decreased sales of GTCC (*) and chemical plants.

Operating Income



Earnings : Down ¥9.1 billion YoY

- Down YoY, from decreased income mainly from chemical plants.

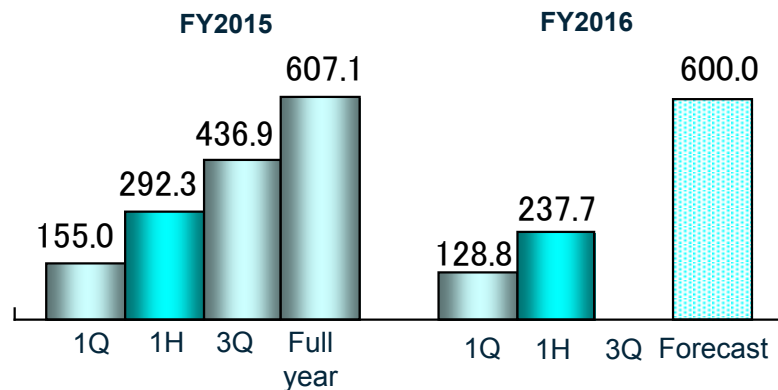
Full-year forecasts :

- Net sales has been revised downward, from ¥1,650.0 billion to ¥1,550.0 billion
- Operating income has been revised downward, from ¥185.0 billion to ¥160.0 billion.

(*) GTCC: Gas Turbine Combined Cycle

< Commercial Aviation & Transportation Systems >

(In billion yen, accumulated amount)

Orders Received**Orders received : Down ¥54.6 billion YoY**

- Down YoY. MRJ increased but mainly commercial ships decreased after year-earlier orders for multiple LNG carriers.

[Number of ships orders received]

FY2015 1H: 6 (1Q: 4, 2Q: 2, 3Q: 5, 4Q: 5)

FY2016 1H: 6 (1Q: 4, 2Q: 2)

[Backlog of ship orders] 37

(11 LNG carriers, 7 LPG carriers, 5 patrol vessels and others)

Net sales : Down ¥35.7 billion YoY

- Down YoY, primarily from FX impact and decreased production of commercial aircraft.

[Number of B777s delivered]

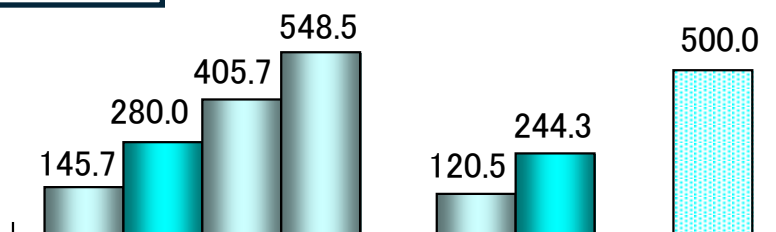
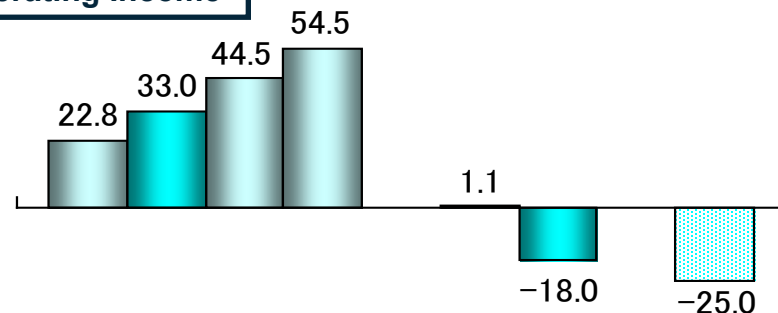
FY2015 1H: 55 (1Q: 28, 2Q: 27, 3Q: 25, 4Q: 27)

FY2016 1H: 51 (1Q: 27, 2Q: 24)

[Number of B787s delivered]

FY2015 1H: 63 (1Q: 32, 2Q: 31, 3Q: 29, 4Q: 34)

FY2016 1H: 67 (1Q: 36, 2Q: 31)

Net Sales**Operating Income****Earnings : Down ¥51.0 billion YoY**

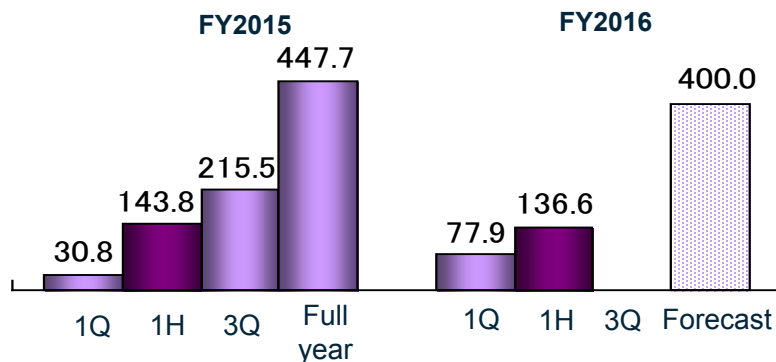
- Down YoY, from FX impact, decreased production, cost reduction target in response to gradual decreases in contract price unachieved of commercial aircraft, commercial ship cost deterioration, increased MRJ development costs, etc.

Full-year forecasts :

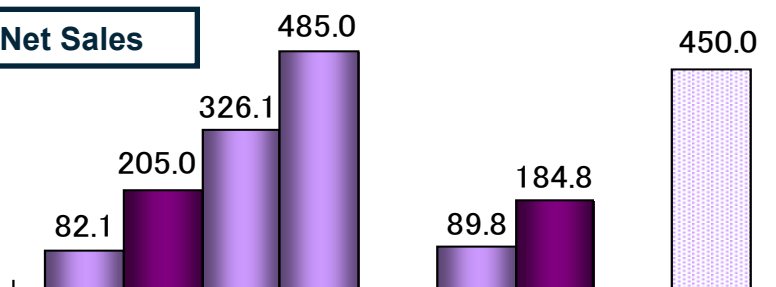
- Orders received has been revised downward, from ¥700.0 billion to ¥600.0 billion
- Net sales has been revised downward, from ¥550.0 billion to ¥500.0 billion
- Operating income has been revised downward, from ¥20.0 billion to - ¥25.0 billion.

< Integrated Defense & Space Systems >

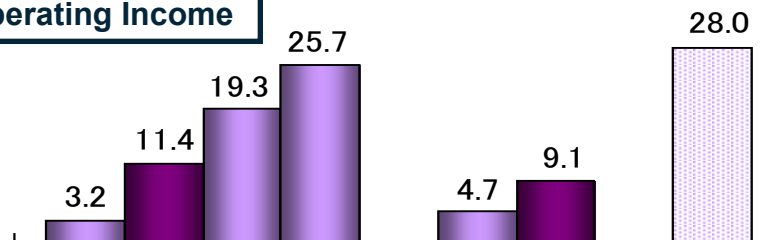
(In billion yen, accumulated amount)

Orders Received**Orders received : Down ¥7.2 billion YoY**

- Down YoY, on decreased orders for naval vessels, etc.

Net Sales**Net sales : Down ¥20.1 billion YoY**

- Down YoY, on decreased sales of missiles and space systems.

Operating Income**Earnings : Down ¥2.3 billion YoY**

- Down YoY, mainly from decreased income from space systems.

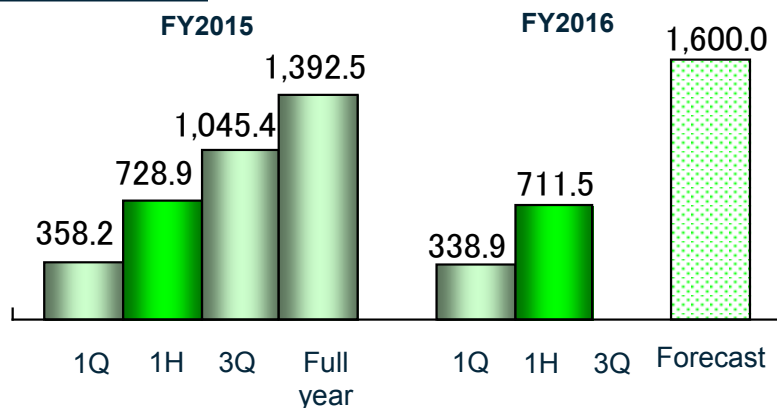
Full-year forecasts :

- Net sales has been revised upward, from ¥400.0 billion to ¥450.0 billion.
- Operating income has been revised upward, from ¥26.0 billion to ¥28.0 billion.

Supplementary Information ① Financial Results by Business Segment < Machinery, Equipment & Infrastructure >

(In billion yen, accumulated amount)

Orders Received

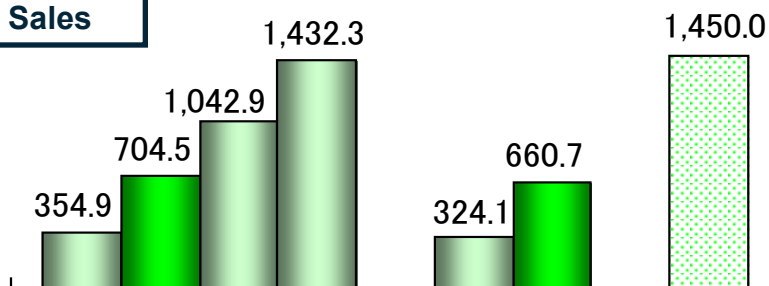


Orders received : Down ¥17.3 billion YoY

Net sales: Down ¥43.8 billion YoY

- Down YoY. Forklift trucks sales increased as result of merger with UniCarriers, but sales of metals machinery, etc. decreased amid sluggish demand especially from China.

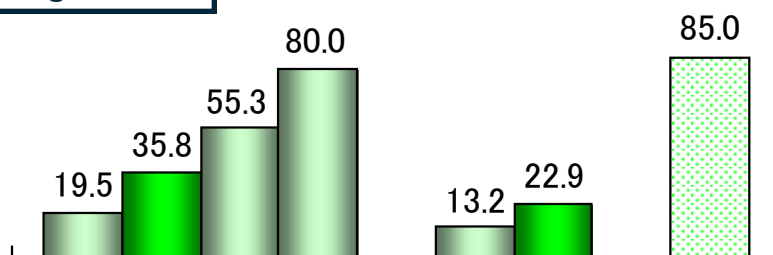
Net Sales



Earnings : Down ¥12.9 billion YoY

- Down YoY, from decreased sales of metals machinery, compressors, etc.

Operating Income



Full-year forecasts :

- Orders received has been revised downward, from ¥1,700.0 billion to ¥1,600.0 billion
- Net sales has been revised downward, from ¥1,650.0 billion to ¥1,450.0 billion
- Operating income has been revised downward, from ¥105.0 billion to ¥85.0 billion.

(*) Changes in business domains

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

(In billion yen)

1. R&D Expenses, Depreciation and Capital Expenditure

	FY2015 1H	FY2016 1H	FY2016 (Forecast)
R&D Expenses	58.3	66.0	150.0
Depreciation	75.5	79.8	170.0
Capital Expenditure	75.8	93.7	200.0

2. Selling, General and Administrative expenses

	FY2015 1H	FY2016 1H
SG&A	270.8	281.9

3. Foreign Exchange Rates

(In yen)

	FY2015 1H	FY2016 1H
US\$	121.4	106.7
Euro	133.2	117.4

4. Overseas Sales by Region

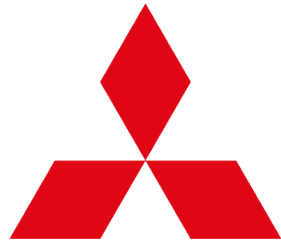
(In billion yen)

	FY2015 1H		FY2016 1H	
Asia	329.4	(18%)	288.0	(16%)
North America	381.0	(20%)	319.1	(19%)
Europe	186.2	(10%)	204.9	(12%)
Central & South America	72.1	(4%)	42.3	(2%)
The Middle East	45.4	(2%)	55.9	(3%)
Africa	46.6	(2%)	56.5	(3%)
Oceania	13.2	(1%)	15.3	(1%)
Total	1,074.3	(57%)	982.4	(56%)

5. Segment Information by Geographic Distribution

(In billion yen)

		FY2015 1H	FY2016 1H
Japan	Net Sales	1,395.9	1,334.9
	Operating income	97.3	28.8
North America	Net Sales	253.7	217.4
	Operating income	3.0	2.8
Asia	Net Sales	191.3	170.9
	Operating income	15.1	14.8
Europe	Net Sales	184.6	181.3
	Operating income	-0.7	-7.7
Others	Net Sales	50.4	43.2
	Operating income	1.2	-0.3
Eliminations or Corporate	Net Sales	-194.0	-197.4
	Operating income	-	-
Total	Net Sales	1,882.0	1,750.5
	Operating income	115.9	38.4



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A thick red swoosh underline that starts under the first word and extends to the right, ending in a pointed arrowhead.