Summary of Q&A at FY2017 Q1 Financial Results Presentation
(July 31, 2017)

(Responses were based on information available at the time of the presentation.)

Q. The Power Systems segment seems to be making slow progress in attracting new orders. Does the Company see any risk that its full-year orders projection might go unachieved? Also, have any changes been made to the overall outlook for large-capacity gas turbine orders in FY2017?

A. We are cognizant of the severity in the environment for new orders of both gas turbines and conventional thermal plants. Regarding the outlook for FY2017, given the delays in placement of some anticipated orders and the current state of the market, the current circumstances don't give cause for optimism. We will continue to monitor the situation closely.

In Q1, we received orders for two large-scale gas turbines—which we see as slow progress toward the full-year target. We still hope to attract orders in line with our target set at the start of the fiscal year. However, in light of intensifying competition and other factors, we cannot be entirely certain of reaching our original projection.

Q. Please tell us how the boiler project in South Africa is proceeding as of the end of Q1. The media have reported that one boiler was delivered during Q1; is that true? And what is the situation surrounding construction of the remaining boilers?

A. Mitsubishi Hitachi Power Systems (MHPS) is to supply a total of 12 boilers for this project, and as of Q1 the company has completed delivery of 2 units, both of which have now gone into commercial operation. Presently, construction for the project as a whole is approximately 70% finished.

Q. Regarding the MRJ's development costs, what amount was booked in Q1, and how much of an increase did that figure constitute over the previous year? Has any change been made to the Company's plan to curb development costs in FY2017 compared to FY2016?

A. Development costs of the MRJ peaked in FY2016 Q3 and Q4. Thanks to efforts to reduce those costs, in FY2017 Q1 costs decreased from the level of FY2016 Q4; however, they increased compared to the level of FY2016 Q1. We are working continuously to proceed with the development efficiently, despite being in the midst of the process.

Q. The Company says it has retained its FY2017 free cash flow outlook at 100 billion yen; has the investment in AREVA been factored into that? When is the investment in AREVA planned for?

A. Investment into AREVA is scheduled to be completed by the end of FY2017. The cash used to invest in AREVA will be offset by cash to be generated through asset management involving liquidation of non-core assets and replace with AREVA shares as a core business asset. By doing this we will cover the cash-out associated with AREVA investment.

Q. Are we correct in seeing MHI's financial results as having a seasonal aspect, with results lowest during Q1 and cash flow progressively improving toward the second half of the fiscal year?

A. Regarding profit and loss, at MHI, there is a tendency for booking of profits to be concentrated into the second half of the fiscal year. In terms of cash flow, our cruise ship construction business has been a drag on cash flow in recent years. The second of our two cruise ships was handed over in FY2016, and in FY2017 we have received payment for the ship. For this and other reasons, we expect to be able to reach our free cash flow outlook for this year.