



Financial Results for First Quarter FY2017

July 31, 2017

MITSUBISHI HEAVY INDUSTRIES, LTD.

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I. FY2017-1Q Financial Results

Summary of 1Q Financial Results

(In billion yen)

	FY2016-1Q		FY2017-1Q		Change	
Orders received		924.1		698.1	-226.0	- 24.5%
Net sales		847.2		888.2	40.9	+4.8%
Operating income	(2.9%)	24.9	(1.8%)	16.1	-8.7	- 35.0%
Ordinary income	(-2.0%)	-16.6	(2.0%)	18.1	34.7	-
Extraordinary gain/loss		-7.3		0.0	+7.3	-
Net income attributable to owners of parent	(-1.4%)	-12.1	(0.5%)	4.4	+16.5	-
EBITDA	(8.0%)	67.4	(6.7%)	59.9	- 7.5	- 11.2%

Non-operating income below are included:

- Foreign exchange gain 6.4 (+20.6)
- Income from equity method investments 1.2 (+21.9)

* () Change from FY2016-1Q

1Q Financial Results by Segment^(*)

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2016 1Q	FY2017 1Q	Change	FY2016 1Q	FY2017 1Q	Change	FY2016 1Q	FY2017 1Q	Change
Power Systems	376.6	226.8	- 149.7	300.0	294.3	- 5.6	7.6	0.6	- 6.9
Industry & Infrastructure	399.7	384.6	- 15.0	386.9	434.0	+47.1	15.0	16.1	+1.0
Aircraft, Defense & Space	145.8	86.4	- 59.4	156.2	160.4	+4.1	4.8	1.9	- 2.9
Others	42.9	31.9	- 11.0	36.4	31.6	- 4.8	1.2	1.2	- 0.0
Eliminations or Corporate	- 40.9	- 31.7	+9.2	- 32.3	- 32.2	+0.1	- 3.9	- 3.7	+0.1
Total	924.1	698.1	- 226.0	847.2	888.2	+40.9	24.9	16.1	- 8.7

(*) The reported segments have been changed in line with the reorganization and business reconfiguration initiatives carried out effective April 1, 2017.

Balance Sheet Overview

(In billion yen)

	As of June 30, 2016	As of March 31, 2017	As of June 30, 2016	Change
Trade receivables	1,064.1	1,180.1	1,137.6	-42.4
Inventories	1,413.3	1,325.5	1,364.0	+38.4
Other current assets	952.5	1,016.3	* 1,060.2	+43.8
Total fixed assets	1,251.8	1,184.5	1,172.4	-12.0
Investments and advances	619.3	775.3	794.5	+19.1
Total assets	5,301.2	5,481.9	5,528.9	+47.0
Trade payables	772.3	836.0	787.5	-48.4
Advance payments received on contracts	768.1	777.6	800.4	+22.7
Other current liabilities	783.7	835.3	784.2	-51.1
Interest-bearing debt	1,094.2	925.5	1,042.6	+117.0
Net assets	1,882.7	2,107.2	2,114.0	+6.7
Net worth (Owners equity)	1,582.8	1,782.6	1,788.4	+5.7
Total liabilities and net assets	5,301.2	5,481.9	5,528.9	+47.0

* Including indemnification asset for South African project (318.2 billion yen)

Short-term borrowings +53.1
Commercial papers +69.0
Long-term borrowings -9.8 etc.
- Decreased from FY2016-1Q

Dividend -20.1
Net income +4.4
Other comprehensive income +21.5 etc.
(Unrealized holding gain on investment securities, etc.)

Main Financial Measures, Cash Flows

Main Financial Measures

	FY2016-1Q	FY2016	FY2017-1Q	Change	FY2017 Forecast
Equity ratio	29.9%	32.5%	32.3%	-0.2pt	-
Interest-bearing debt (In billion yen)	1,094.2	925.5	1,042.6	+117.0	850.0
D/E ratio	58%	44%	49%	+5pt	-

Cash Flows

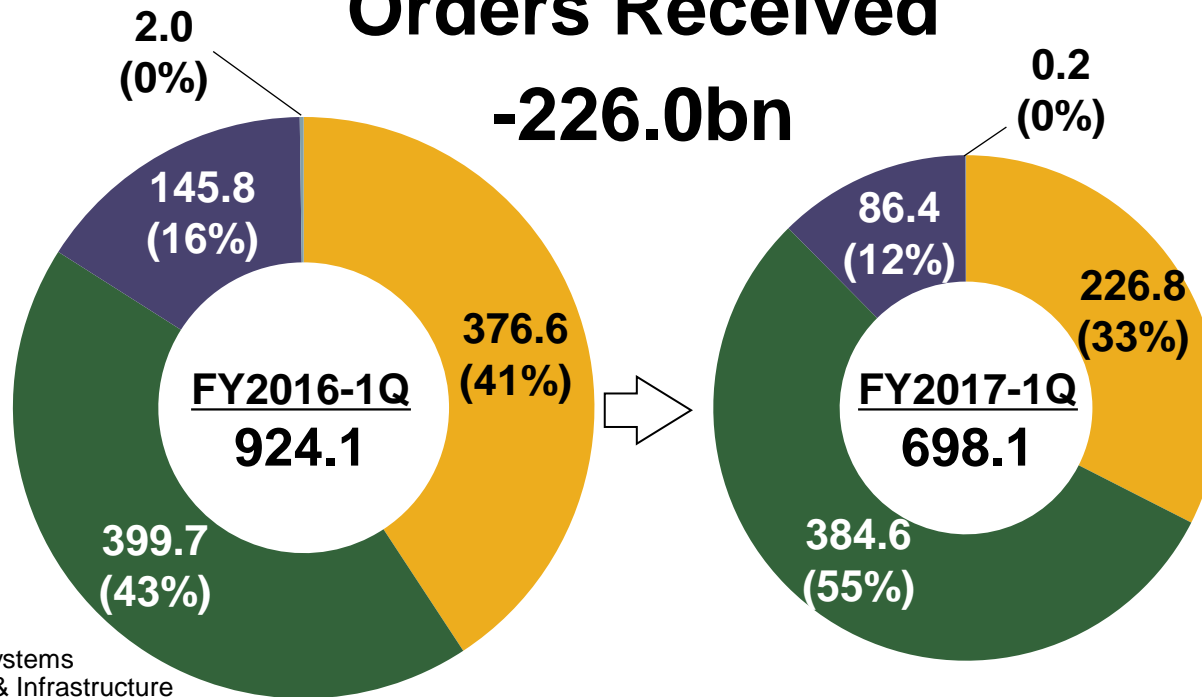
(In billion yen)

	FY2016-1Q	FY2017-1Q	Change	FY2017 Forecast
Operating activities Cash Flow	-64.1	-79.2	-15.1	-
Investing activities Cash Flow	-61.2	-36.3	+24.9	-
Free Cash Flow	-125.4	-115.6	+9.7	100.0

(In billion yen)

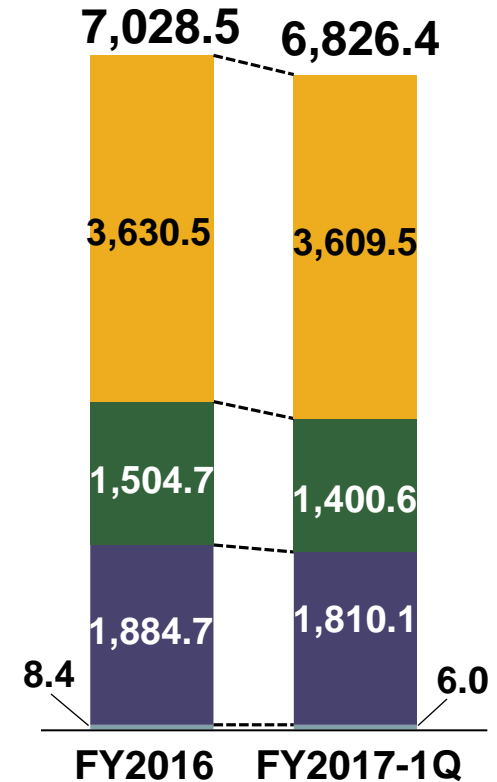
Orders Received

-226.0bn



Order Backlog

-202.1bn



- Power Systems
- Industry & Infrastructure
- Aircraft, Defense & Space
- Others, Eliminations or Corporate

■ Power Systems

Decreased:

Conventional thermal power

■ Industry & Infrastructure

Increased:

Metals machinery, Turbochargers

Decreased:

Commercial ships, Chemical plants

■ Aircraft, Defense & Space

Increased:

Naval vessels, Missile systems

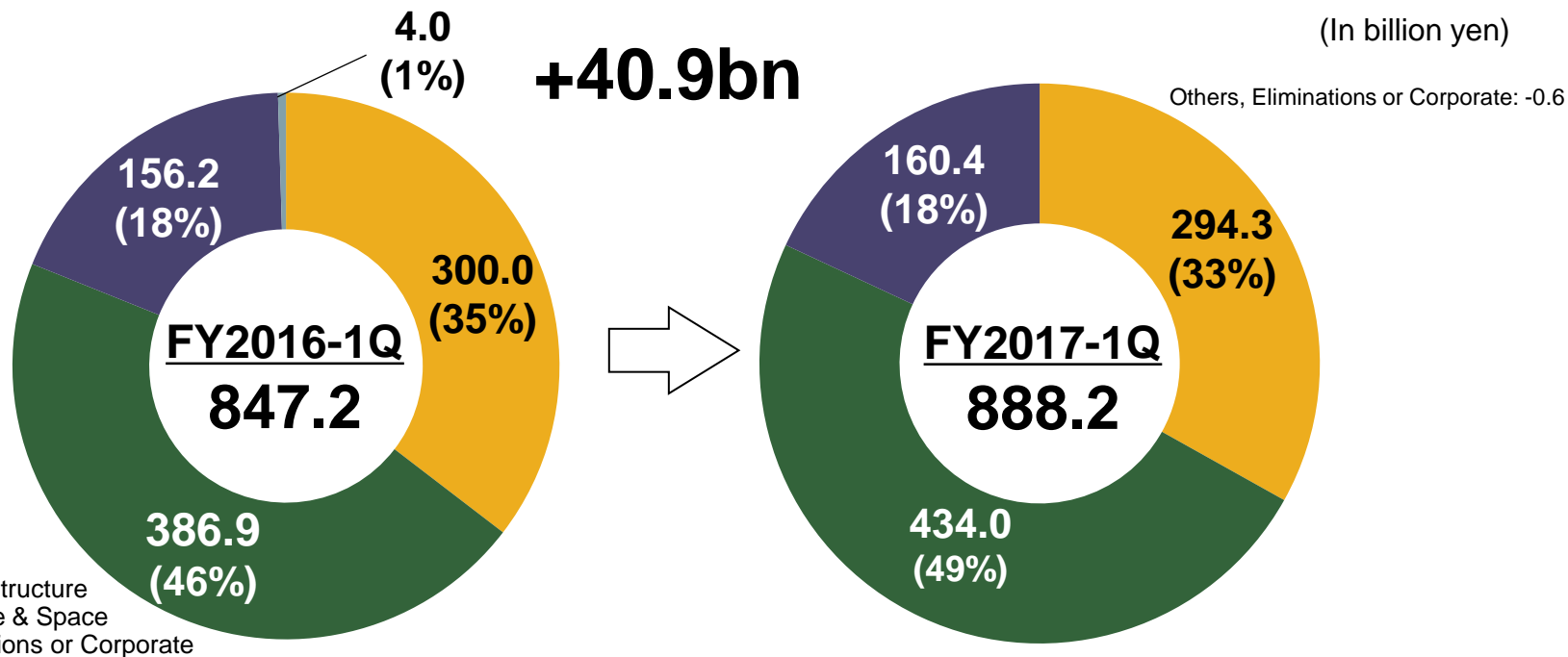
Decreased:

Defense aircraft, Special Vehicles

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

Net Sales by Segment

(In billion yen)



■ Power Systems

Increased :

Conventional thermal power

Decreased :

GTCC(*), Compressors

■ Industry & Infrastructure

Increased :

Transportation systems, Turbochargers

Decreased :

Metals machinery

■ Aircraft, Defense & Space

Increased:

Space systems

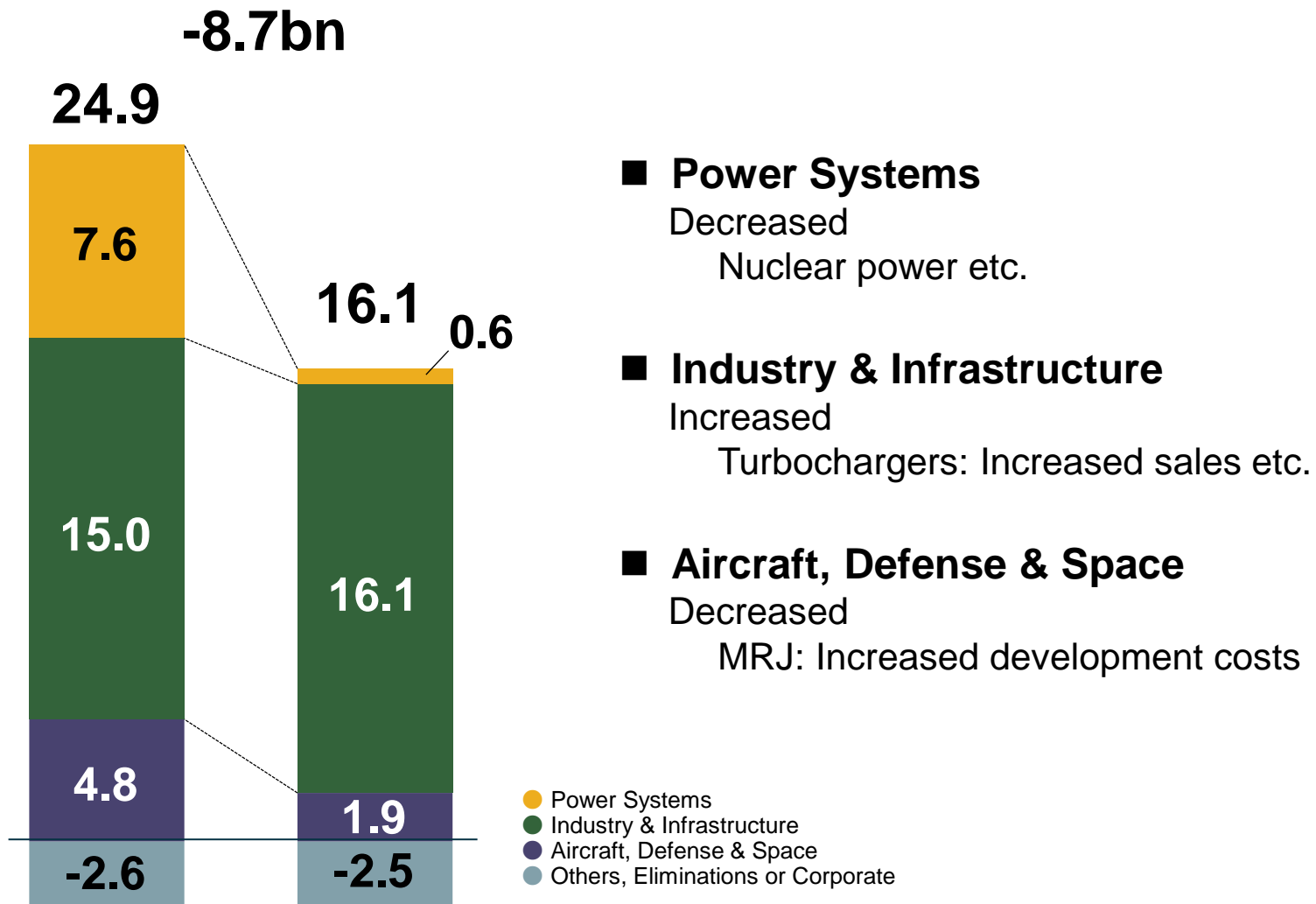
Decreased:

Commercial aircraft

(*) GTCC: Gas turbine combined cycle

Operating Income by Segment

(In billion yen)



FY2016-1Q FY2017-1Q

II. Forecast for FY2017

Forecasts regarding future performance in these materials are based on judgments 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 decisions. It is possible that actual results may vary significantly from these projections due to a number of factors. These include, but are not limited to, economic trends affecting the Company's operating environment, currency movements 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 FY2017

(In billion yen)

	FY2016 (Actual)	FY2017 (Forecast)	Change	
Orders received	4,275.6	4,500.0	+224.3	+5.2%
Net sales	3,914.0	4,150.0	+235.9	+6.0%
Operating income	(3.8%) 150.5	(5.5%) 230.0	+79.4	+52.8%
Ordinary income	(3.2%) 124.2	(5.1%) 210.0	+85.7	+69.0%
Net income attributable to owners of parent	(2.2%) 87.7	(2.4%) 100.0	+12.2	+14.0%
ROE	5.1%	5.5%	+0.4pt	-
EBITDA	(8.7%) 339.8	(10.4%) 430.0	+90.1	+26.5%
Free cash flow	104.6	100.0	- 4.6	- 4.4%
Dividend (per share)	12.0yen Interim: 6.0yen year-end: 6.0yen	12.0yen Interim: 6.0yen (*)year-end: 6.0yen	<Assumed exchange rate> US\$ 1.00 = ¥110 Euro 1.00 = ¥120	

<Undetermined foreign currency amount>

US\$: 1.3 billion

Euro: 0.2 billion

There is no change in the forecast announced on May 9, 2017.

(*) MHI will undertake a share consolidation (ten to one) effective October 1, 2017.

In FY2017 the Company expects to issue a year-end dividend of 60 yen; however, for the purpose of comparison against FY2016 results, here the year-end dividend does not factor in the scheduled share consolidation.

Forecast for FY2017 by Segment^(*)

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2016 (Actual)	FY2017 (Forecast)	Change	FY2016 (Actual)	FY2017 (Forecast)	Change	FY2016 (Actual)	FY2017 (Forecast)	Change
Power Systems	1,726.3	1,950.0	+223.6	1,448.4	1,650.0	+201.5	108.1	145.0	+36.8
Industry & Infrastructure	1,590.3	1,900.0	+309.6	1,747.0	1,850.0	+102.9	50.0	85.0	+34.9
Aircraft, Defence & Space	955.0	600.0	- 355.0	703.4	650.0	- 53.4	0.9	10.0	+9.0
Others	160.4	150.0	- 10.4	175.9	150.0	- 25.9	10.7	10.0	- 0.7
Eliminations or Corporate	- 156.6	- 100.0	+56.6	- 160.7	- 150.0	+10.7	- 19.3	- 20.0	- 0.6
Total	4,275.6	4,500.0	+224.3	3,914.0	4,150.0	+235.9	150.5	230.0	+79.4

(*) The reported segments have been changed in line with the reorganization and business reconfiguration initiatives carried out effective April 1, 2017.

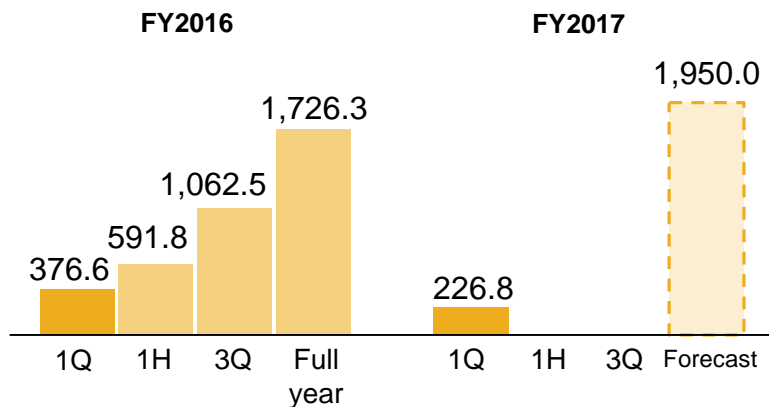
III. Supplementary Information

Supplementary Information (1) Financial Results by Business Segment

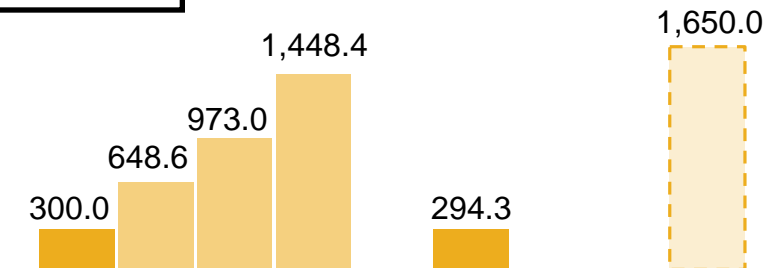
< Power Systems >

(In billion yen, accumulated amount)

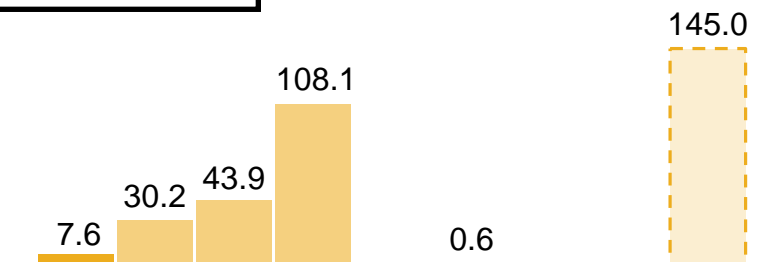
Orders Received



Net Sales



Operating Income



Orders received : Down ¥149.7 billion YoY

- Decreased : Conventional thermal power

[Gas turbine orders received]

		North America	Asia	Japan	Others	Total
FY2016-1Q	Large size	2	1	-	2	5
	Small to medium size	-	-	-	-	0
	Total	2	1	0	2	5
FY2017-1Q	Large size	-	1	-	1	2
	Small to medium size	-	-	-	-	0
	Total	0	1	0	1	2

[Backlog of Gas turbine orders received]

	Large size	Small to medium size	Total
As of Jun. 30 2016	42	32	74
As of Mar. 31 2017	43	14	57
As of Jun. 30 2017	43	14	57

Net sales : Down ¥5.6 billion YoY

- Increased : Conventional thermal power
- Decreased : GTCC(*), Compressors

Earnings : Down ¥6.9 billion YoY

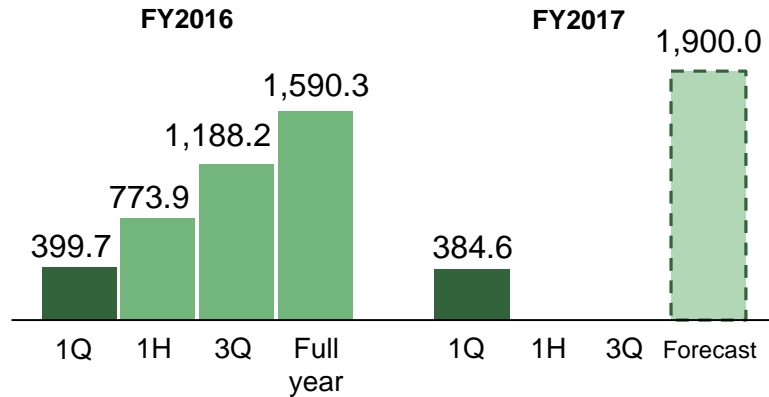
- Decreased
Nuclear power etc.

(*) GTCC: Gas turbine combined cycle

Supplementary Information (1) Financial Results by Business Segment < Industry & Infrastructure >

(In billion yen, accumulated amount)

Orders Received



Orders received : Down ¥15.0 billion YoY

- Increased : Metals machinery, Turbochargers
- Decreased : Commercial ships, Chemical plants

[Number of ships orders received]

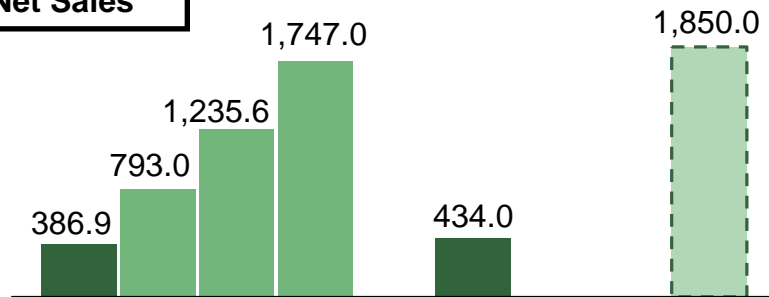
FY2016-1Q: 4 (1Q: 4, 2Q: 2, 3Q: 0, 4Q: 3)

FY2017-1Q: 1 (1Q: 1)

[Backlog of ship orders] 29

(10 LNG carriers, 4 LPG carriers, 5 roll-on/roll-off ships and others)

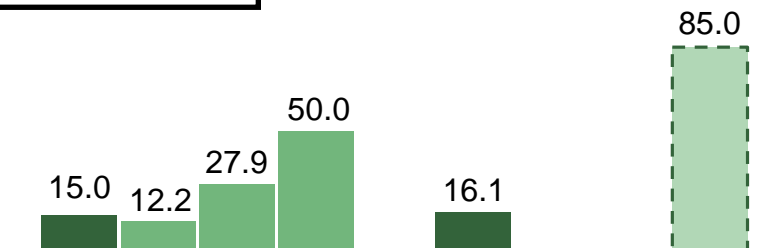
Net Sales



Net sales : Up ¥47.1 billion YoY

- Increased : Transportation systems, Turbochargers
- Decreased : Metals machinery

Operating Income



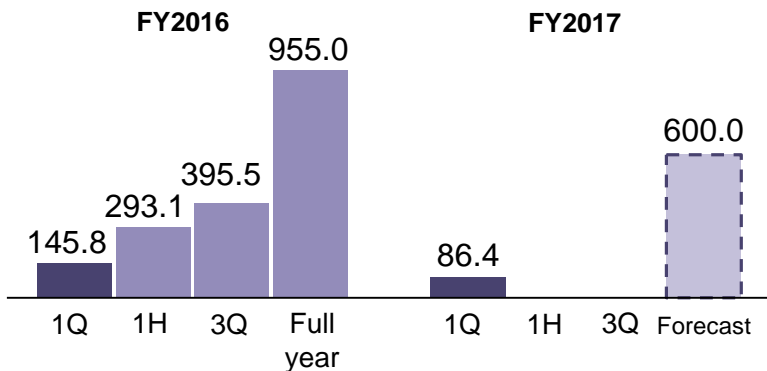
Earnings : Up ¥1.0 billion YoY

- Increased
Turbochargers: Increased sales, etc.

Supplementary Information (1) Financial Results by Business Segment < Aircraft, Defense & Space >

(In billion yen, accumulated amount)

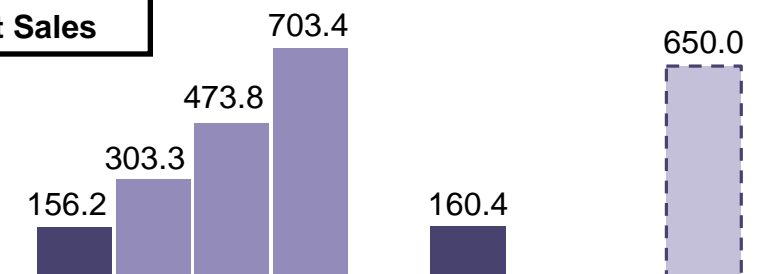
Orders Received



Orders received : Down ¥59.4 billion YoY

- Increased : Naval vessels, Missile systems
- Decreased : Defense aircraft, Special vehicles

Net Sales



Net sales : Up ¥4.1 billion YoY

- Increased : Space systems
- Decreased : Commercial aircraft

[Number of B777s delivered]

FY2016-1Q: 27 (1Q: 27, 2Q: 24, 3Q: 19, 4Q: 21)

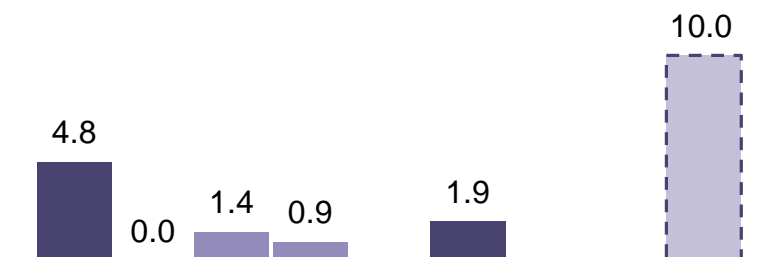
FY2017-1Q: 17 (1Q: 17)

[Number of B787s delivered]

FY2016-1Q: 36 (1Q: 36, 2Q: 31, 3Q: 25, 4Q: 33)

FY2017-1Q: 36 (1Q: 36)

Operating Income



Earnings : Down ¥2.9 billion YoY

- Decreased
MRJ: Increased development costs

Supplementary Information (2) Reference Data

1. R&D Expenses, Depreciation and Capital Expenditure

(In billion yen)

	FY2016 1Q	FY2017 1Q	FY2017 (Forecast)
R&D Expenses	29.0	30.7	170.0
Depreciation	38.4	39.7	180.0
Capital Expenditure	38.6	29.8	200.0

2. Selling, General and Administrative Expenses

(In billion yen)

	FY2016 1Q	FY2017 1Q
SG&A	141.8	147.6

3. Foreign Exchange Rates (For sales)

(In yen)

	FY2016 1Q	FY2017 1Q
US\$	110.1	111.9
Euro	123.9	122.5

(In billion yen)

4. Overseas Sales by Region

	FY2016 1Q	FY2017 1Q
Asia	142.6 (17%)	153.8 (18%)
North America	163.0 (19%)	161.3 (18%)
Europe	107.8 (13%)	85.8 (10%)
Central & South America	21.1 (2%)	38.8 (4%)
The Middle East	18.2 (2%)	39.4 (4%)
Africa	26.4 (3%)	21.0 (2%)
Oceania	7.4 (1%)	7.0 (1%)
Total	486.8 (57%)	507.3 (57%)

5. Segment Information by Geographic Distribution

		FY2016 1Q	FY2017 1Q
Japan	Net sales	639.8	653.6
	Operating income	19.4	9.2
North America	Net sales	104.4	117.3
	Operating income	2.0	1.4
Asia	Net sales	87.1	95.5
	Operating income	8.8	7.5
Europe	Net sales	93.7	91.3
	Operating income	-4.6	-1.7
Others	Net sales	18.2	24.8
	Operating income	-0.7	-0.3
Eliminations or Corporate	Net sales	-96.1	-94.5
	Operating income	-	-
Total	Net sales	847.2	888.2
	Operating income	24.9	16.1

MOVE THE WORLD FORWARD

**MITSUBISHI
HEAVY
INDUSTRIES
GROUP**