

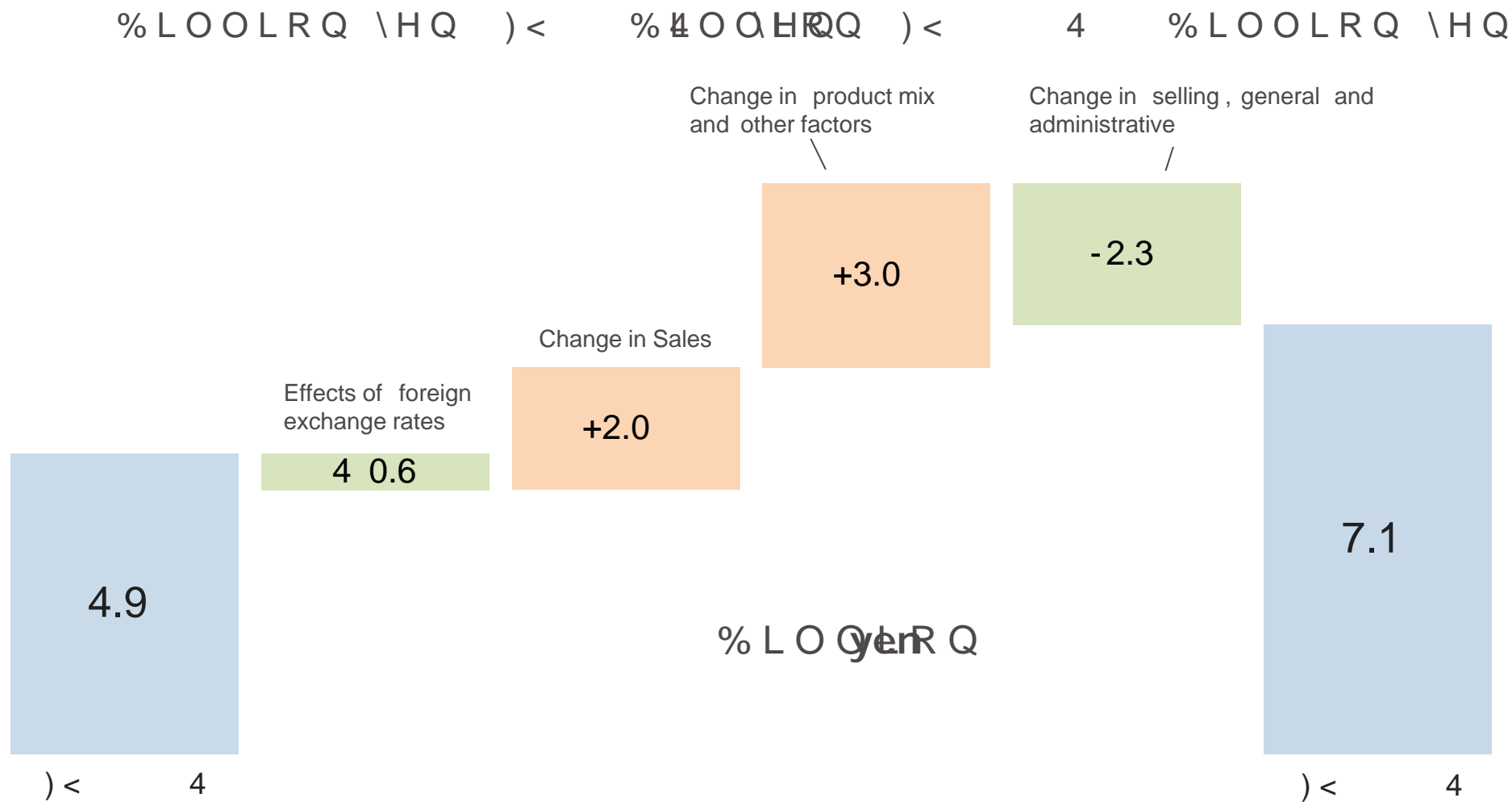
Financial Results for First Quarter FY2018 (for the year ending March 31, 2019)

July 31, 2018



Powering your potential

Operating Profit



			[Billion Yen]	
			FY2017.1Q	FY2018.1Q
Operating Income	+	()
]cNet Sales	+	8.4	(335.3	343.7)
]cCost of sales	+	3.8	(284.1	288.0)
]cSelling, general & administrative expenses	+	2.3	(46.2	48.6)
- Salaries and benefits	+	0.3	(12.6	12.9)
- R&D expenses	+	0.8	(9.4	10.3)
Non-operating Income / Expenses	+	()
]cNet Interest expense (incl. dividend income)	U	0.2	(-0.3	-0.5)
]cEquity in income of unconsolidated subsidiaries and affiliates	U	1.0	(1.3	0.3)
]cGain and loss on foreign exchange	+	1.4	(0.5	2.0)
]cOthers	+	0.6	(-1.0	-0.3)
Extraordinary Income / Losses		-	(-	-)

Energy System & Plant Engineering

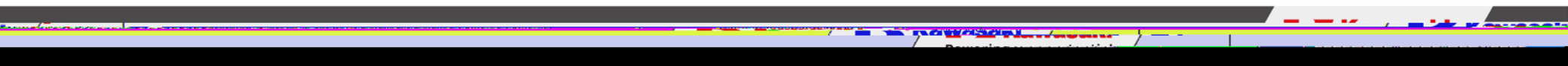
Main Products: Industrial plants(cement, fertilizer and others), Power plants, LNG tanks, Municipal refuse incineration plants, Tunnel boring machines, Crushing machines, Gas turbine co-generation system, Gas engines, Diesel engines, Gas turbines & steam turbines for marine & land, Marine propulsion system, Aero-dynamic machinery

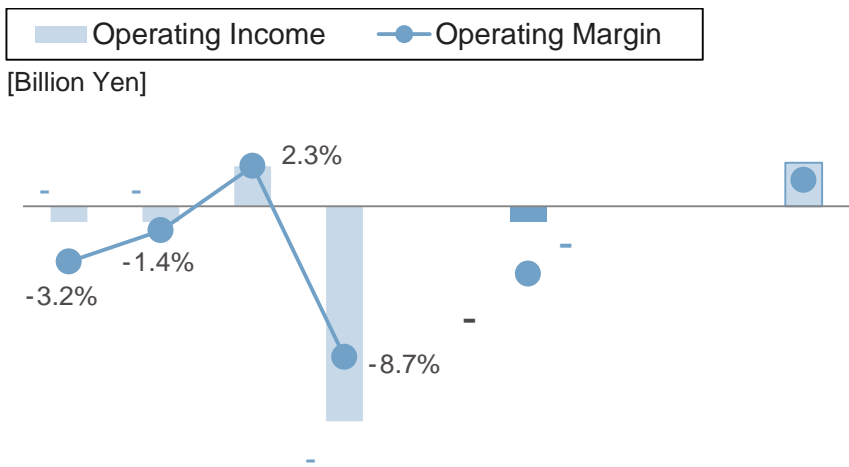
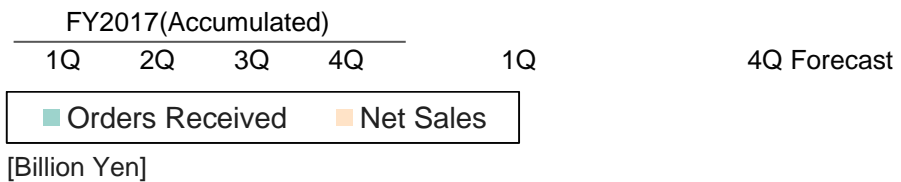
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- Orders Received: Increased due to order received for LNG tanks and industrial gas turbines for domestic market and other factors

• Net Sales (in million USD) for FY2018: 1,485.1 (FY2017: 1,408.3)

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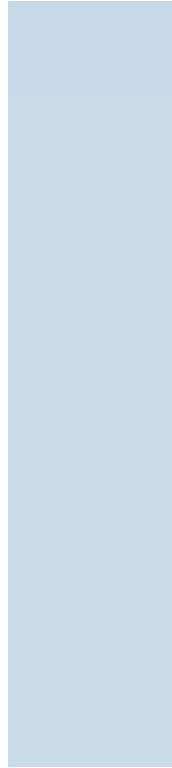






[Billion Yen]

Orders Received				Net Sales				Operating Income			
FY2017 Actual	FY2018 Forecast			FY2017 Actual	FY2018 Forecast			FY2017 Actual	FY2018 Forecast		
498.9	385.0	U	113.9	469.5	475.0	+	5.5	30.8	27.5	U	3.3
223.6	310.0	+	86.4	251.6	280.0	+	28.4	7.6	9.0	+	1.4



[Billion Yen/Persons]

FY2016 Actual	FY2017 Actual	FY2018 Forecast
43.6	45.4	51.0
82.7	82.1	80.0
51.5	56.1	62.5

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~ & D S H [U H S U H M A D M e Newly recorded property, plant and equipment and newly recorded intangible assets.
 Depreciation & amortization represents depreciation/amortization expenses for property, plant and equipment and intangible assets.

Market Overview (1/2)

Aerospace Systems

- In military aircraft business, there is a certain demand within tight defense budget.
- In commercial aircraft business, the demand for component parts of aircrafts and aircraft jet engines increases along with the increased number of air passengers.

Energy System & Plant Engineering

- Overseas, resource developments and investing in oil and natural gas are on the path of recovery due to a rise in crude oil prices.
- In Asia, There is still a demand for energy infrastructure maintenance and the demand for distributed generations increases due to increased willingness to invest in environmental energy and energy conservation
- In Japan, there is still a replacement demand for aging equipment and others of incineration plants and industrial machineries. In terms of distributed generations, there is a large potential demand, but the investment plans are slightly behind schedule in view of the electricity deregulation.

Precision Machinery & Robot

- Hydraulic components for construction machinery market is brisk, mainly by strong demand for excavators in China. Construction equipment manufactures which are our customers eagerly increase productions.
- The demand for robots increases due to increased demand in automotive and semiconductor industries and the expansion of the application coverage of industrial robots on the back of staffing shortages.

Ship & Offshore Structure

- New -build vessel price is on the path of moderate recovery and the demand for LNG fueled vessels increases along with strengthening environmental regulations.
- However, the competition is still intense due to stagnant demand for LNG transport vessels along with the LNG projects delay, continuation of assistance programs by Chinese and South Korean Government, and other factors.


Market Overview (2/2)

Rolling Stock

- In Japan, there is a steady replacement demand for aging railcars.
- In North America, there is a growing new and replacement demand, including New York, which is our focus market.
- In Asia, the demand in emerging market increases along with promoting infrastructure exports by Japanese Government.

Motorcycle & Engine

- In motorcycle market, moderate growth continues mainly in Europe and decreased demand in emerging countries is signing bottoming out.
- In utility vehicle market, stable growth continues mainly in North America. In addition, general purpose engine market also increases steadily.



Figures recorded in the business forecasts are forecasts that reflect the judgment of the Company based on the information available at the time of release and include risks and uncertainties. Accordingly, the Company cautions investors not to make investment decisions solely on the basis of these forecasts.

Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations.