

FY2013 4Q Report

(ended on 31 March, 2014)

Reported on 30 April, 2014



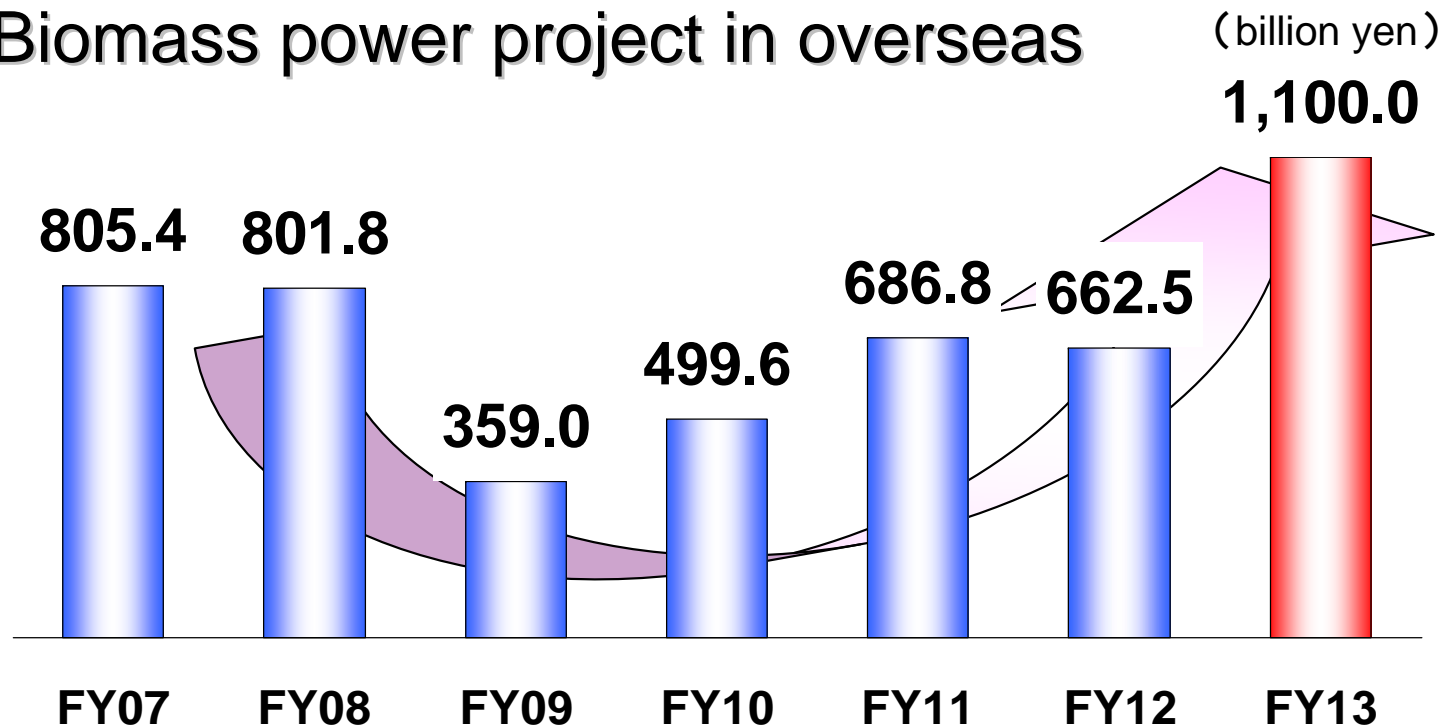
Key Point of FY2013 4Q

- Consolidated orders exceed 1,100 billion yen (new record)
- Income exceeds targets
- Cooperation of MES group

Key Point of FY2013 4Q

● Consolidated orders exceeds 1,100 billion yen (new record)

- Recovery of new shipbuilding, marine diesel engines
- Active demand for ocean development
- Increase in petro-chemical projects
- Biomass power project in overseas



Key Point of FY2013 4Q

- Consolidated orders exceeds 1,100 billion yen (new record)

Ship & Ocean

Increase of eco-ship (6 to 25 ships YonY).
MODEC recorded highest orders.

Niigata shipyard received 4 support vessels for ocean development. (World largest class in tow capability)



Machinery

Strong demand in environment friendly marine diesel engines.

Favorable condition in container cranes.
Consecutive orders in steam turbine.

Engineering

Large scale petro-chemical plant (USA, Singapore).
Diesel power, biomass power plant.

Key Point of FY2013 4Q

● Income and margin exceed targets

(billion Yen)

	FY12	FY13		Var. (B)-(A)
	Actual	Plan(A)	Actual(B)	
Net Sales	577.1	650.0	670.1	20.1
Operating Income	24.0	14.0	20.0	6.0
Ordinary Income	26.2	15.0	26.2	11.2
Net Income	△8.2	5.0	42.9	37.9
Year end exchange rate (1US\$ to Yen)	94.05	95.00	102.92	
Actual exchange rate (1US\$ to Yen)	83.03		95.56	

Key Point of FY2013 4Q

● Cooperation of MES group

Cooperation of MES and MODEC

Various efforts to improve capability and profitability of MODEC.

Dispatch of engineers for FEED projects for cooperative management.

Acceptance of allocation of new stocks to a third party to maintain MODEC as consolidated subsidiary.

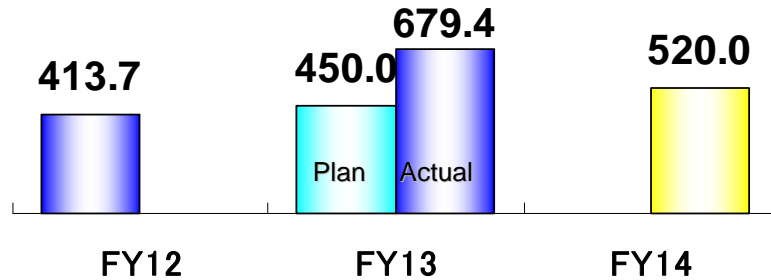
Large scale petro-chemical orders received by collective effort of MES group (MES, ECI, MESA)

Taking Showa Aircraft as a consolidated subsidiary

Improvement of business portfolio and business foundation.

(billion Yen)

New Orders

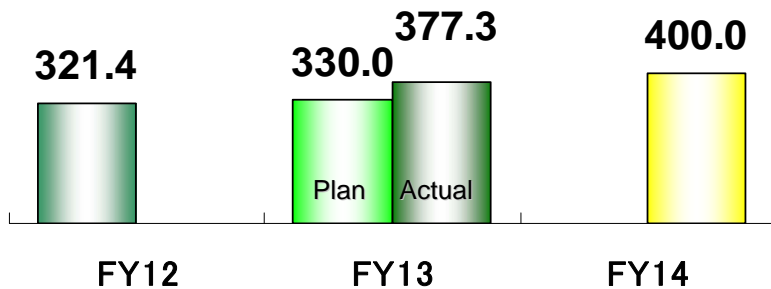


New Orders

Increase by 265.7 billion yen year on year to 679.4 billion yen.

Demand is getting stronger as the ship price hit bottom. MES received 25 bulk carriers compared to 6 in last year. MODEC received 2 FPSO projects and O&M achieving record high orders.

Net Sales

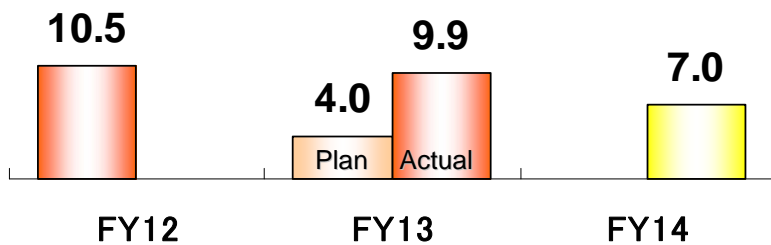


Net Sales

Increase by 55.9 billion yen (+15%) year on year to 377.3 billion yen.

Although new shipbuilding decreased, subsidiaries showed increase.

Operating Income



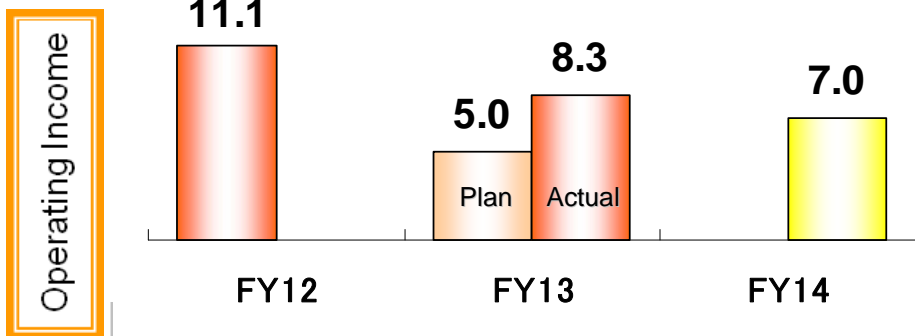
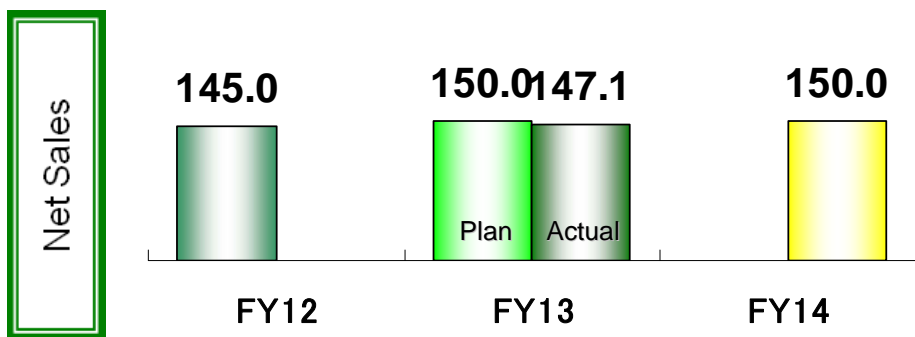
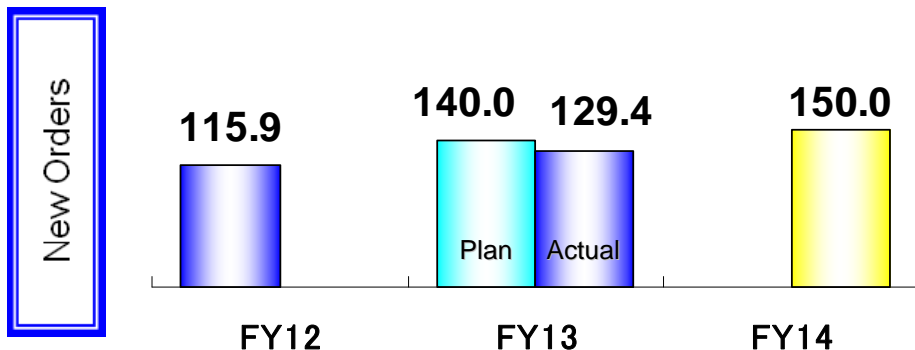
Operating Income

5.9 billion yen increase compare to original plan due to cost reduction and depreciation of JPY.

Machinery & Systems

Main products: Diesel engines, industrial machinery, container cranes

(billion Yen)



New Orders

Orders for marine diesel engines exceeded plan and maintained same level of work volume as FY13 for FY14. Demand for container cranes continues to grow. Although demand for industrial machinery is steady, price competition is harsh.

Net Sales

Sales increased by 2.1 billion yen year on year. Cranes covered decrease of marine diesel engines.

Operating Income

Although profitability of marine diesel engines is still low, cost reduction and profit from after service and cranes piled up and operating income increased by 3.3 billion yen year on year to 8.3 billion yen.

Marine diesel engines (H.P. = 10 thousand horse power)

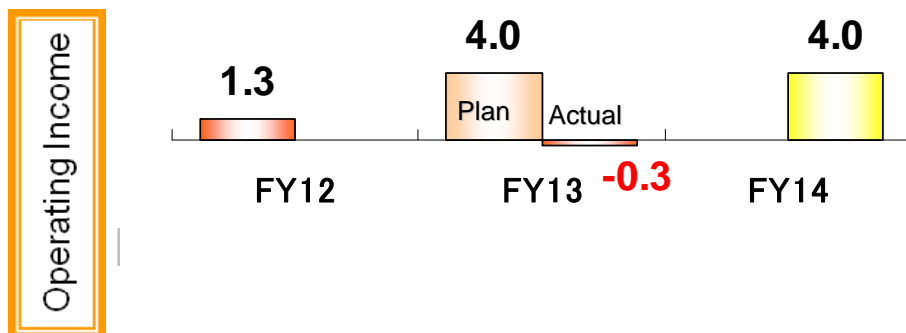
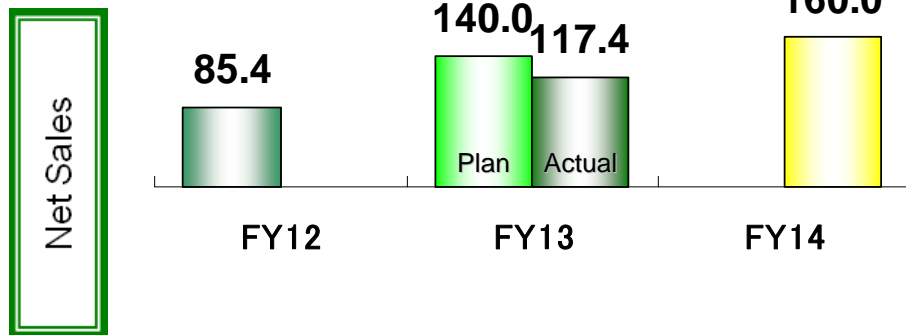
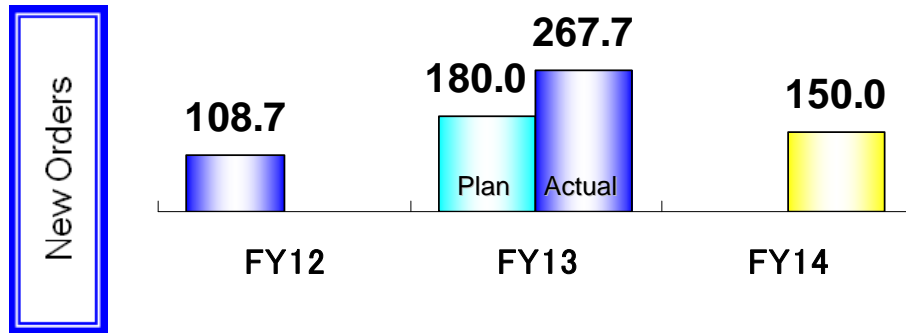
	FY12		FY13	
	Unit	H.P.	Unit	H.P.
Orders	126	232	137	273
Delivery	173	359	149	343
Back log	152	362	140	293
Production	187	383	164	357

FY14 Production
180 unit
355 H.P.
(Plan)

Engineering

Main products: Chemical plants, water processing plants, foreign civil engineering, construction projects, power plants

(billion Yen)



New Orders

Sulfuric plant in Turkmenistan.

Large scale petro-chemical plant in Singapore.
 BWSC received diesel power and biomass power plant and O&M.

Orders hit record high level of 267.7 billion yen.

Net Sales

As the timing of orders delayed, net sales did not reach plan, but increase by 32 billion yen year on year due to increase in BWSC and others.

Operating Income

Work volume increased due to favorable order Environment.

Loss is caused by cost overrun.

Breakdown

billion yen	FY12		FY13	
	Petro-chemical	Infra-structure, etc	Petro-chemical	Infra-structure, etc
Orders	57.6	51.1	153.4	114.3
Sales	41.3	44.1	53.9	63.5

Consolidated Plan for FY14

(billion Yen)

	FY13 Actual	FY14 Plan	Var.
New Orders	1,107.8	870.0	△ 237.8
Net Sales	670.1	760.0	89.9
Operating Income	20.0	21.0	1.0
Ordinary Income	26.2	20.0	△ 6.2
Net Income	42.9	10.0	△ 32.9
Dividend per share	2.0 yen	2.0 yen	

Assumption rate
(1US\$ to yen)

100.00

Consolidated Plan for FY14

(billion yen)

FY14	New Orders	Net Sales	Operating Income
Ship & Ocean	520.0	400.0	7.0
Machinery	150.0	150.0	7.0
Engineering	150.0	160.0	4.0
Other	50.0	50.0	3.0
Total	870.0	760.0	21.0

Progress of Mid-term business plan 2014

● Business domain and business model innovation

【Key Strategy 1】 Manufacturing business innovation

Eco-friendly technology. (Eco-ship, Gas injection dual fuel DE)

Expansion of ocean development. (Generic FPSO、 support vessels)

【Key Strategy 2】 Engineering business expansion

Enforcement of cost competitiveness, project execution.

(expansion of EPC projects)

Expansion of renewable energy (Mega-solar, biomass, wind-power, etc)

Cooperation with subsidiaries. (MODEC, BWSC, MESA)

【Key Strategy 3】 Expansion of business engagement

Increase of service bases of techno service business.

Expansion of service business of cranes and entry of terminal operation

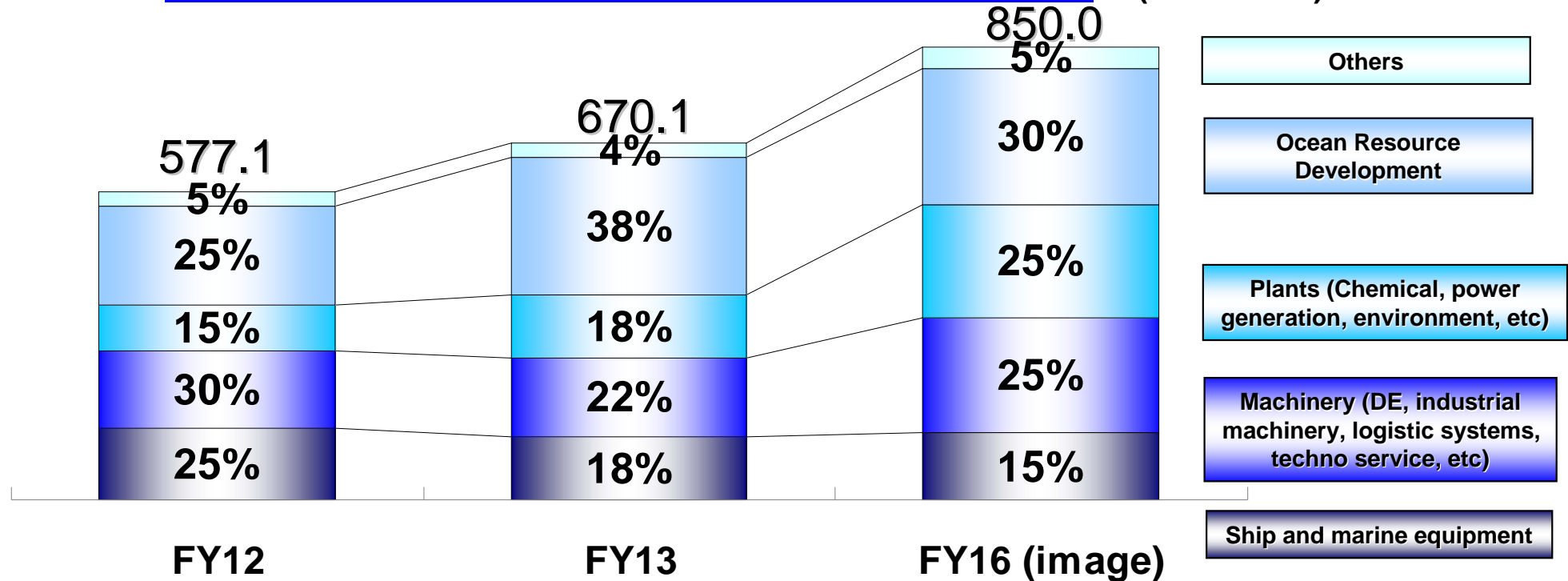
Fostering life cycle engineering service

Progress of Mid-term business plan 2014

Toward well balanced business portfolio

Consolidated net sales ratio by business domain

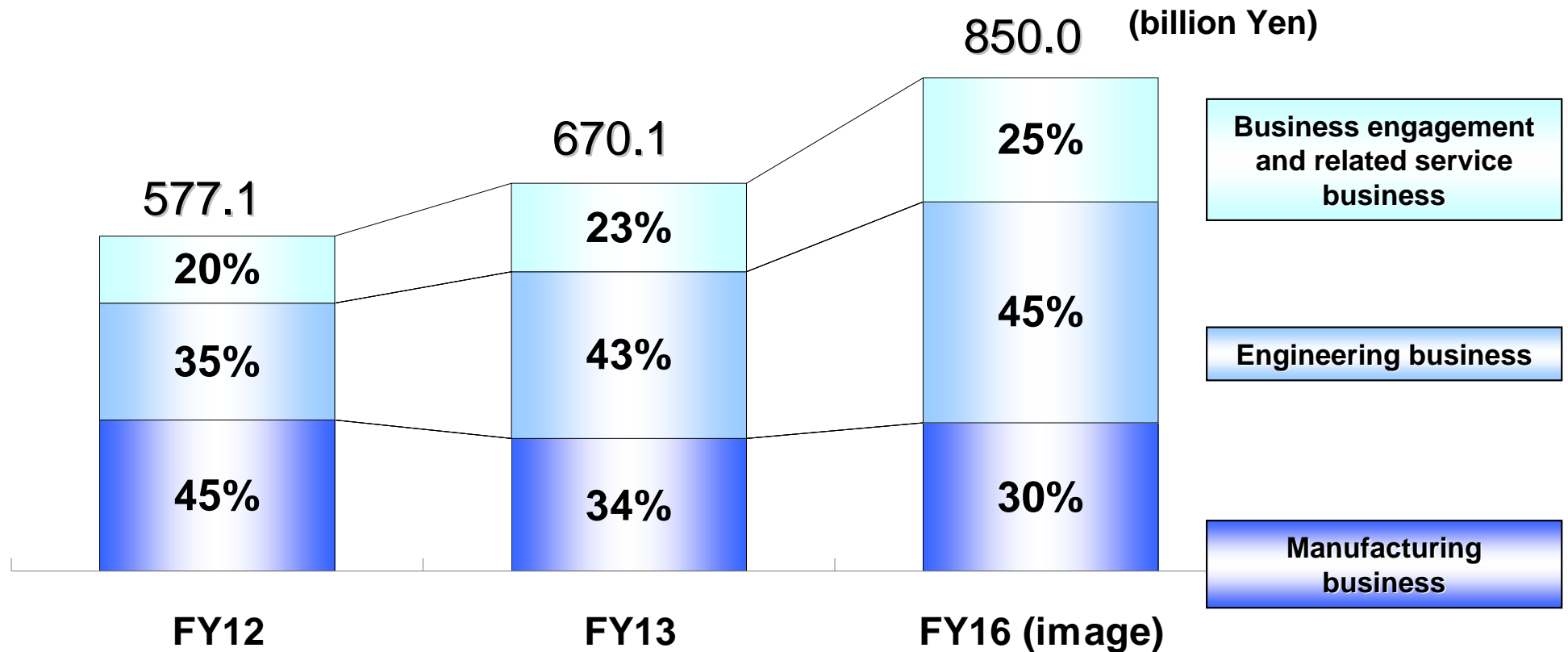
(billion Yen)



Progress of Mid-term business plan 2014

Toward well balanced business portfolio

Consolidated net sales ratio by business model



Consolidated Income Statement (Summary)

(billion Yen)

	FY12		FY13		Var.
	Amount	%	Amount	%	
Net Sales	577.1	(100.0%)	670.1	(100.0%)	93.0
Cost of Sales	511.0		606.7		
Gross Profit	66.1		63.3		
Selling, General and Admin. Exp.	42.1		43.3		
Operating Income	24.0	(4.2%)	20.0	(3.0%)	△ 4.0
Other Income	8.3		13.2		
Other Expenses	6.1		7.0		
Ordinary Income	26.2	(4.5%)	26.2	(3.9%)	0.0
Extraordinary Income	1.0		37.6		
Extraordinary Losses	27.1		15.6		
Income Before Income Taxes and Minority Interest	0.1	(0.0%)	48.2	(7.2%)	48.1
Income Taxes - Current	10.1		7.0		
Income Taxes - Deferred	△ 4.1		△ 3.3		
Minority Interest	2.2		1.6		
Net Income	△ 8.2	(△ 1.4%)	42.9	(6.4%)	51.1

Consolidated Balance Sheet (Summary)

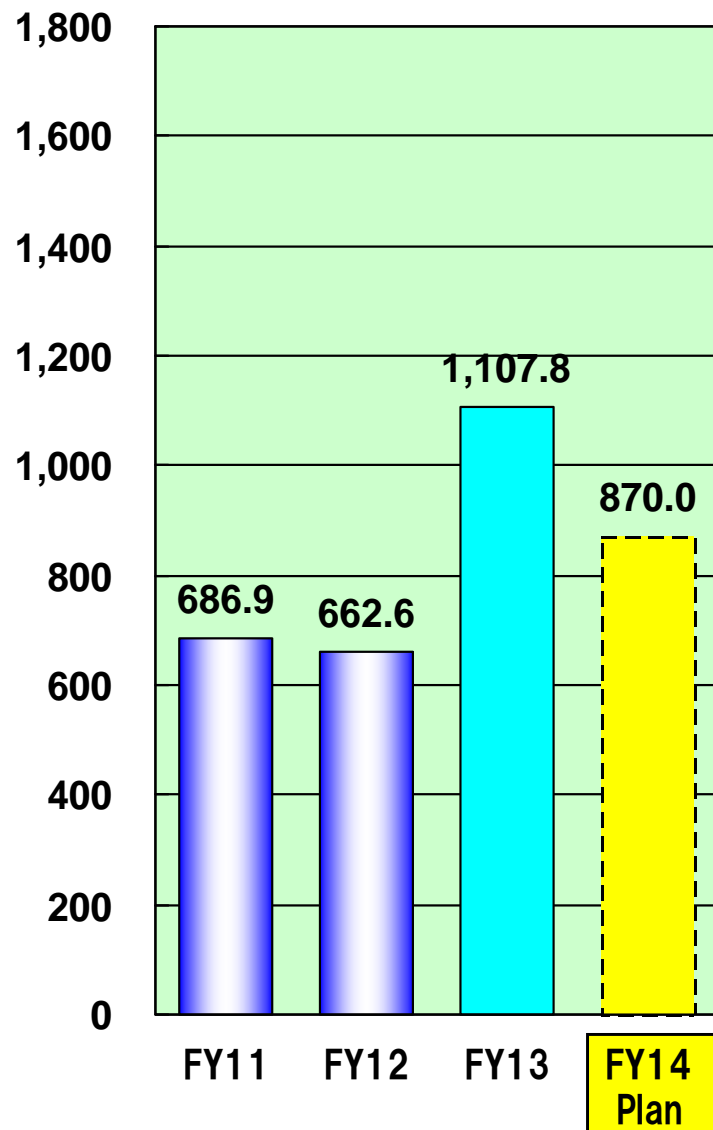
(billion Yen)

	FY12	FY13	Var.		FY12	FY13	Var.
Current Assets	(353.6)	(407.0)	(53.4)	Trade payables	136.2	178.2	42.0
Cash and time deposits	86.6	89.2	2.6	Advances from customers	54.1	58.7	4.6
Receivables	161.1	211.5	50.4	Interest-bearing debts	148.3	187.8	39.5
Inventories	31.1	27.3	△ 3.8	Others	114.6	184.5	69.9
Other current assets	74.9	79.0	4.1	Liabilities	(453.1)	(609.3)	(156.2)
				Common stock	44.4	44.4	-
				Capital surplus	18.2	18.2	-
Fixed Assets	(306.8)	(525.9)	(219.1)	Retained earnings	95.5	136.3	40.8
Property, plant and equipment	191.9	379.7	187.8	Treasury stock	△ 0.7	△ 0.9	△ 0.2
Intangible assets	11.9	11.8	△ 0.1	Accu. other comp. Income	18.3	22.4	4.1
Investment Securities	52.2	64.6	12.4	Subscription rights to shares	-	0.1	0.1
Others	50.8	69.8	19.0	Minority interests	31.7	103.1	71.4
				Net Assets	(207.3)	(323.6)	(116.3)
Total	660.4	932.9	272.5	Total	660.4	932.9	272.5

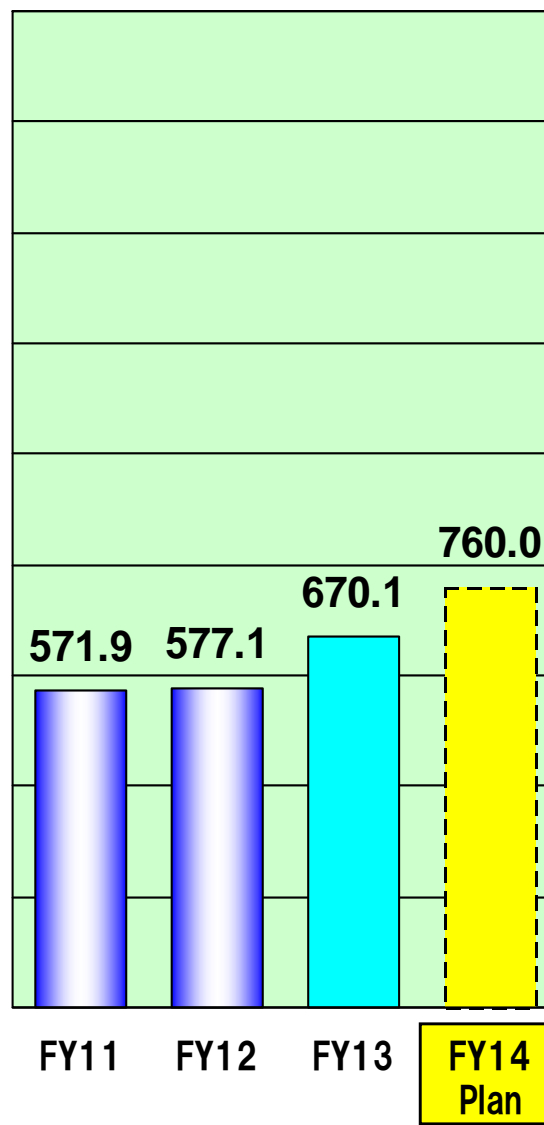
Consolidated New Orders, Net Sales and Backlog Orders

New Orders

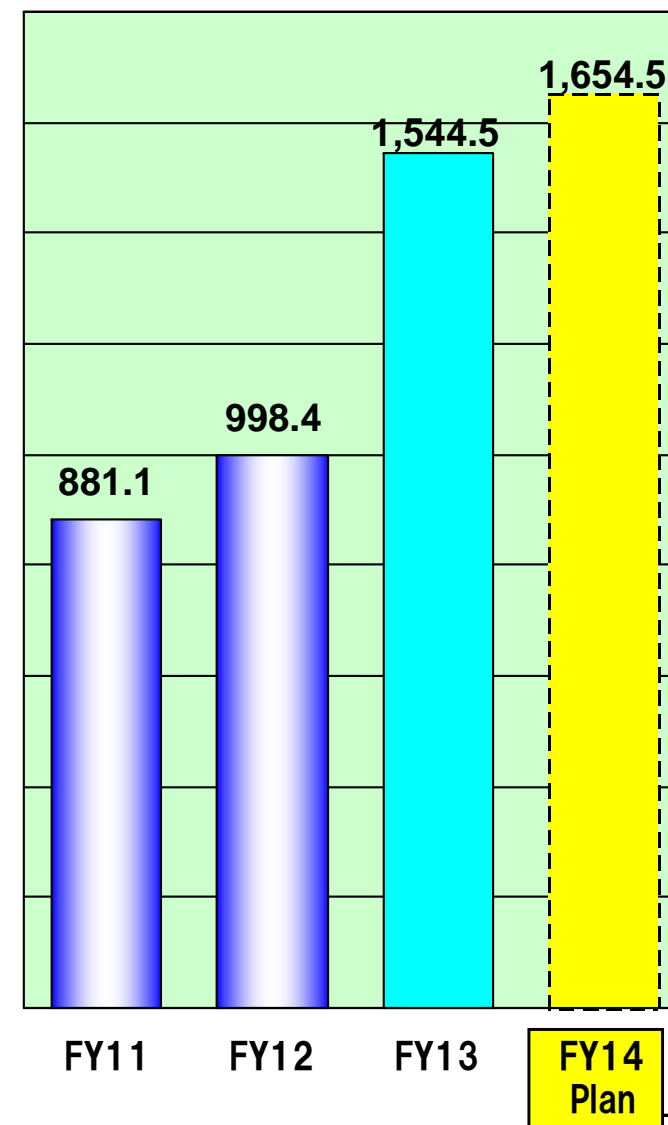
(billion Yen)



Net Sales



Backlog Orders



Segment Information

(billion Yen)

	New Orders			Net Sales			Operating Income		
	FY12 Actual	FY13 Actual	FY14 Plan	FY12 Actual	FY13 Actual	FY14 Plan	FY12 Actual	FY13 Actual	FY14 Plan
Ship & Ocean	413.7	679.4	520.0	321.4	377.3	400.0	10.5	9.9	7.0
Machinery	115.9	129.4	150.0	145.0	147.1	150.0	11.1	8.3	7.0
Engineering	108.7	267.7	150.0	85.4	117.4	160.0	1.3	(0.3)	4.0
Others	24.3	31.2	50.0	25.4	28.3	50.0	1.0	2.1	3.0
Total	662.6	1,107.8	870.0	577.1	670.1	760.0	23.9	20.0	21.0

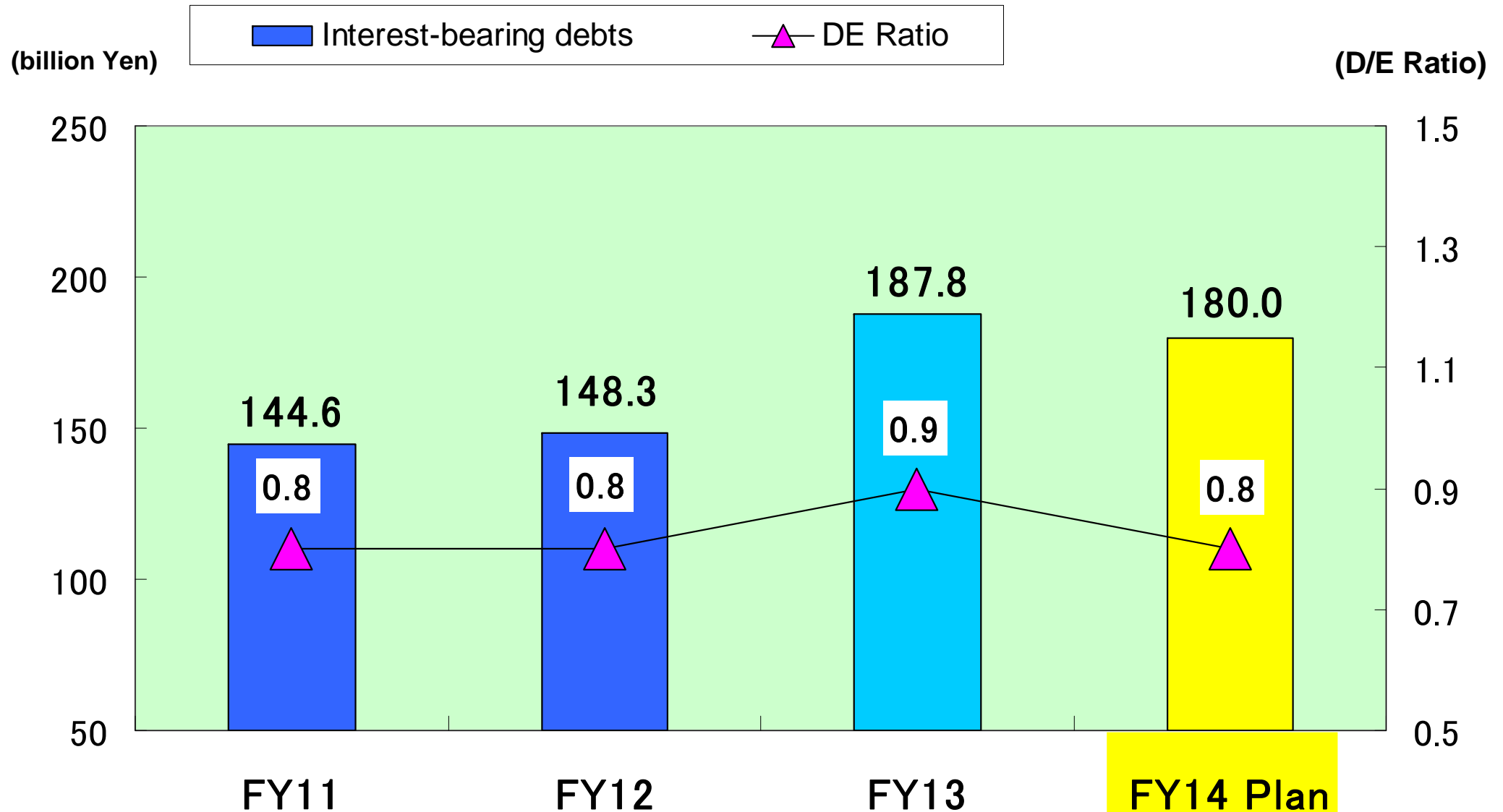
Consolidated Cash Flow

(billion Yen)

	FY12 Actual	FY13 Plan	FY13 Actual	FY14 Plan
Operating Cash Flow	47.2	8.0	14.5	5.0
Investing Cash Flow	△12.1	△32.0	△37.3	△32.0
Financing Cash Flow	△4.8	19.0	15.5	2.0
Interest-bearing Debts	148.3	170.0	187.8	180.0

* Interest-bearing Debts exclude Lease Liability

Interest-bearing Debts and DE Ratio



* Interest-bearing Debts exclude Lease Liability

Appendix: Consolidated Segments

(billion Yen)

New Orders

	FY12	FY13	FY14 Plan
Ship & Ocena	413.7	679.4	520.0
Machinery	115.9	129.4	150.0
Engineering	108.7	267.7	150.0
Others	24.3	31.2	50.0
Total	662.6	1,107.8	870.0

Net Sales

	FY12	FY13	FY14 Plan
Ship & Ocena	321.4	377.3	400.0
Machinery	145.0	147.1	150.0
Engineering	85.4	117.4	160.0
Others	25.4	28.3	50.0
Total	577.1	670.1	760.0

Backlog Orders

	FY12	FY13	FY14 Plan
Ship & Ocena	697.2	1,089.7	1,209.7
Machinery	122.1	106.0	106.0
Engineering	171.2	333.7	323.7
Others	7.9	15.1	15.1
Total	998.4	1,544.5	1,654.5

Appendix: Other Information

(billion Yen)

Main Subsidiary	FY11		FY12		FY13		FY14 Plan	
	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales
	MODEC	277.7	130.0	342.7	186.9	518.5	257.9	
BWSC	26.3	17.6	11.6	16.4	81.7	29.2		44.0

(billion Yen)

Capex. and others	FY11	FY12	FY13	FY14 Plan
	Consolidated	Consolidated	Consolidated	Consolidated
Capex.	11.9	12.6	22.5	15.0
Depreciation	17.2	16.3	15.1	
R&D	6.1	6.0	5.1	6.0

Employee	FY11	FY12	FY13	FY14 Plan
	Consolidated	Consolidated	Consolidated	Consolidated
# of employees	10,025	9,881	12,055	

Appendix: FY2013 Breakdown of ships

Non-consolidated

(Ship)

Type of ships	New Orders	Delivery	Back Log
Tanker	0	0	0
Bulk Carrier	25	17	39
Other	1	2	8
Total	26	19	47