

Financial Results

For the Six Months
Ended September 30, 2011

Hitachi Zosen Corporation

November 2, 2011

Chairman & President Minoru Furukawa



- I . Financial Results
 - For the Six Months
 - Ended September 30, 2011 -
- II . Forecast -FY2011-
- III . Progress of Mid Term Business Plan “Hitz Vision”

I . Financial Results
- For the Six Months
Ended September 30, 2011 -

1. Expansion of Order intake and Net sales, because of Consolidation of Hitachi Zosen Inova
2. Although Infrastructure segment incurred a loss in the first half of FY2011, Recovery is expected with increase in profits of other segments in the later half of FY2011

P&L Overview

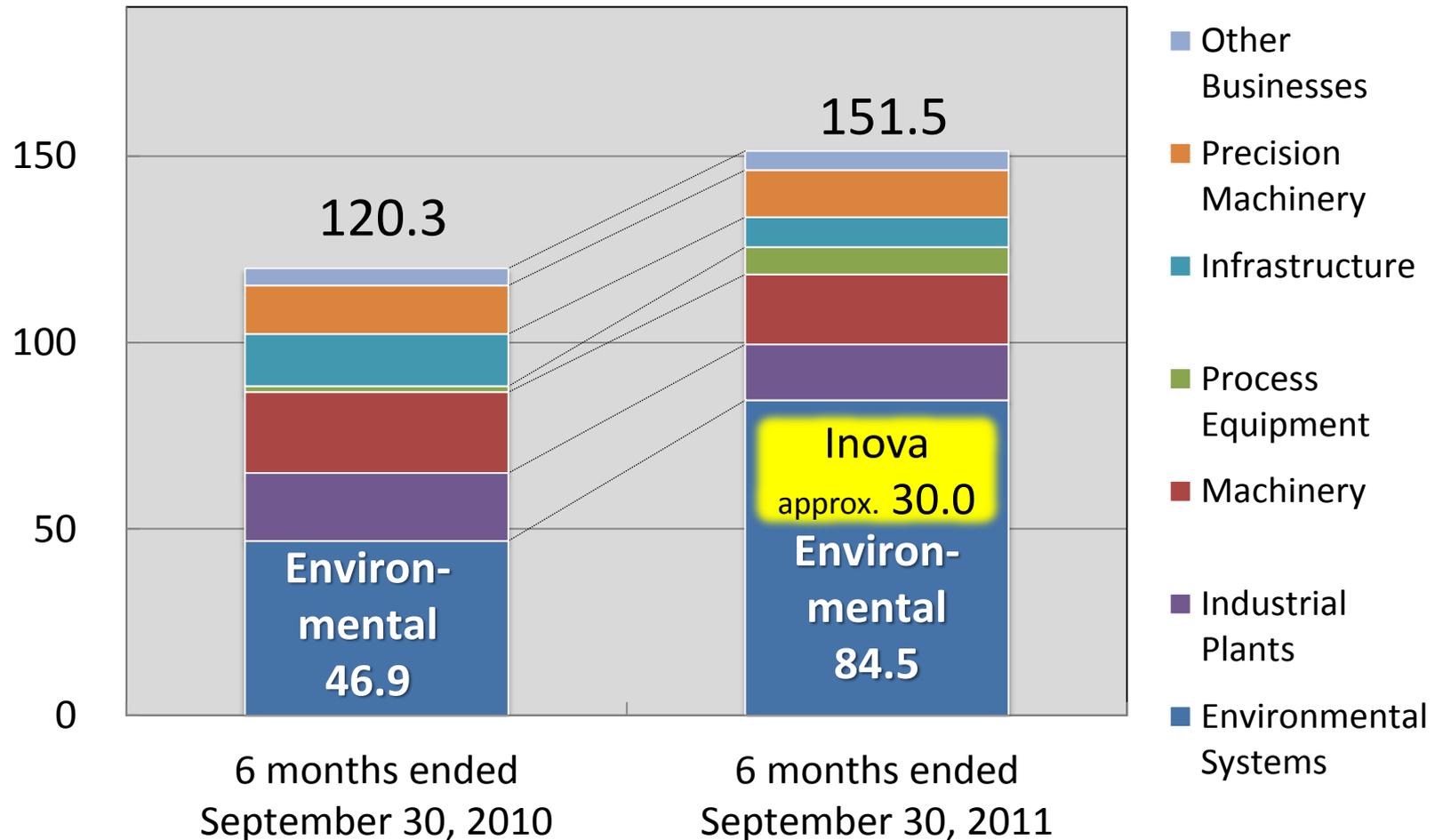
(unit: billion yen)

	6 months ended September 30, 2010	6 months ended September 30, 2011		Difference
Order intake	120.3		151.5	31.2
Net sales	121.7	(134.0)	125.2	3.5
Operating income (Ratio)	4.7 (3.9%)	(4.0) (3.0%)	1.6 (1.3%)	▲3.1 (▲2.6%)
Non-operating P&L	1.9		▲0.1	▲2.0
Ordinary income (Ratio)	6.6 (5.4%)	(4.0) (3.0%)	1.5 (1.3%)	▲5.1 (▲4.1%)
Extraordinary P&L	▲0.5		0.5	1.0
Net income (ratio)	5.6 (4.6%)	(3.0) (2.2%)	1.6 (1.3%)	▲4.0 (▲3.3%)

(note) Figures in parentheses are our targets announced on May 11, 2011.

Order Intake

(unit: billion yen)



Order Intake by Segments

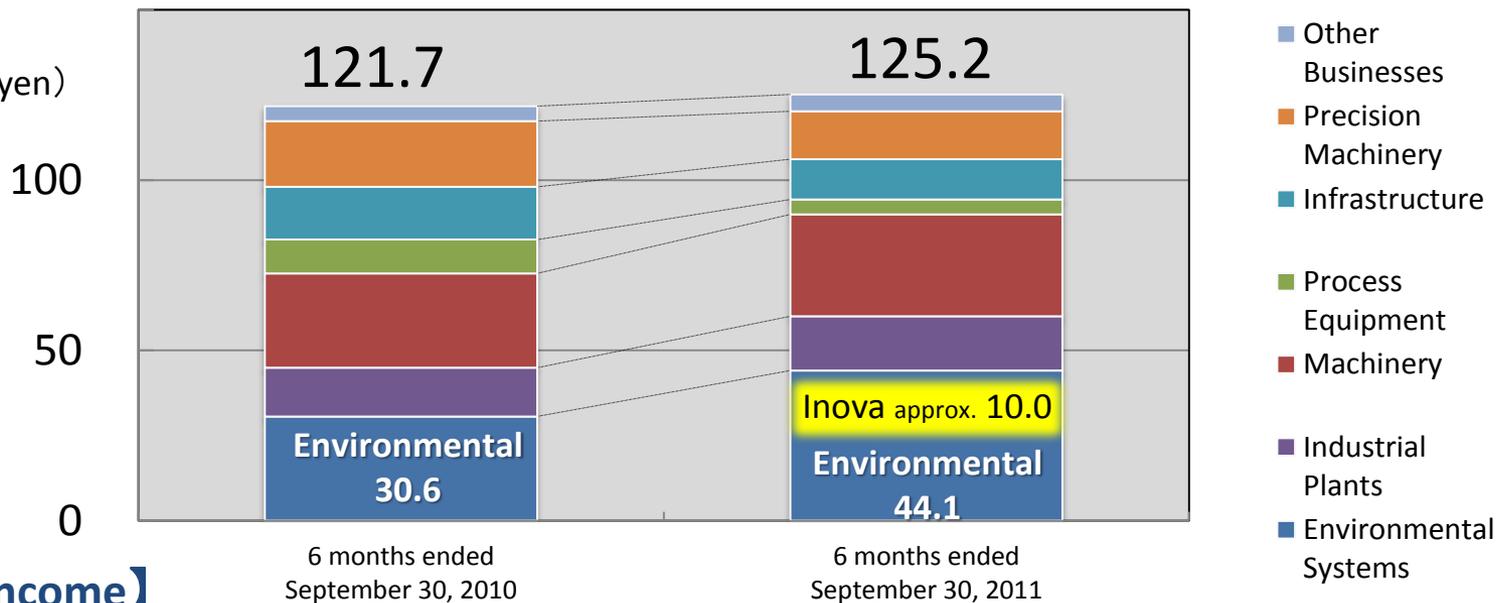
(unit: billion yen)

	6 months ended September 30, 2010	6 months ended September 30, 2011	Difference
Environmental Systems	46.9	84.5	37.6
Industrial Plants	18.2	15.0	▲3.2
Machinery	21.8	18.8	▲3.0
Process Equipment	1.7	7.3	5.6
Infrastructure	14.0	8.1	▲5.9
Precision Machinery	13.0	12.7	▲0.3
Other Businesses	4.7	5.1	0.4
Total	120.3	151.5	31.2

Net sales & Operating income

【Net sales】

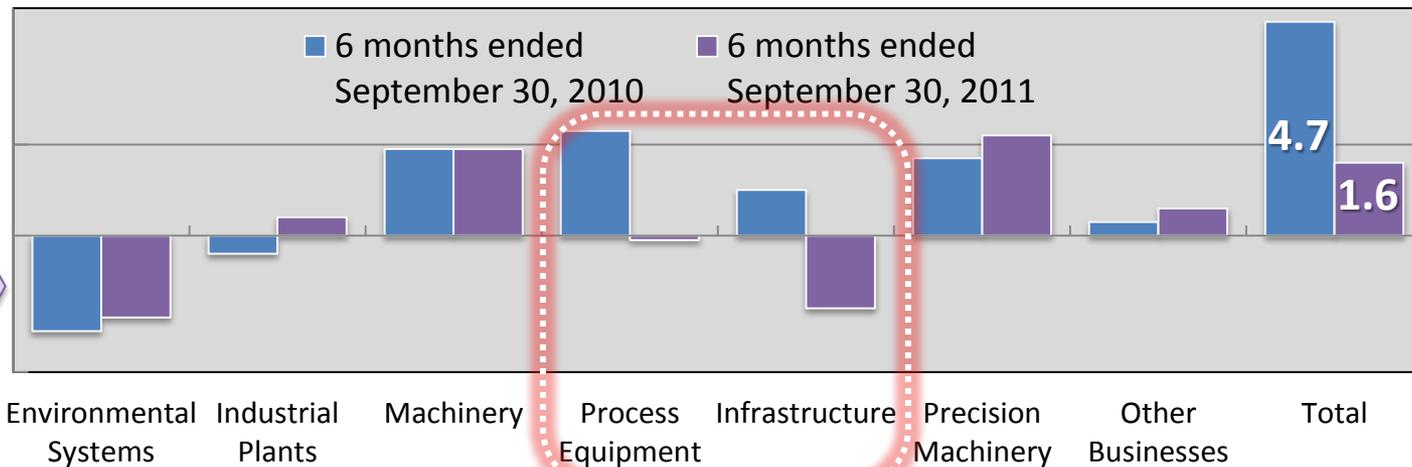
(unit: billion yen)



【Operating income】

(unit: billion yen)

Environmental System segment's Losses in 1st half due to public sector works (excluding the percentage of completion method) usually completed in 4th Quarter of FY



Net sales & Operating income by Segments

(unit: billion yen)

		Environmental Systems	Industrial Plants	Machinery	Process Equipment	Infrastructure	Precision Machinery	Other Businesses	Total
6 months ended September 30, 2011	Net sales	44.1	15.9	29.9	4.4	11.8	14.2	4.9	125.2
	Operating income	▲1.8	0.4	1.9	▲0.1	▲1.6	2.2	0.6	1.6
6 months ended September 30, 2010	Net sales	30.6	14.3	27.7	9.9	15.5	19.3	4.4	121.7
	Operating income	▲2.1	▲0.4	1.9	2.3	1.0	1.7	0.3	4.7
Difference	Net sales	13.5	1.6	2.2	▲5.5	▲3.7	▲5.1	0.5	3.5
	Operating income	0.3	0.8	0	▲2.4	▲2.6	0.5	0.3	▲3.1

Breakdown

Increase/Decrease of Operating income

(unit: billion yen)

6 months ended September 30, 2010 Operating income			4.7
Breakdown of Increase and Decrease	Consolidation of Inova's Net sales(+10.0)	0.3	▲3.1
	Decrease of Net sales excluding Inova(-6.6)	▲1.1	
	Increase of costs in Infrastructure segment	▲1.4	
	Decrease of profitable projects in Process segment	▲1.4	
	Increase of SG&A expenses (mainly personnel expenses)	▲1.0	
	Cost reduction	1.5	
6 months ended September 30, 2011 Operating income			1.6

Breakdown of Non-operating P&L

(unit: billion yen)

	6 months ended September 30, 2010	6 months ended September 30, 2011	Difference
Financial expenses (Interest income — Interest received)	▲0.7	▲0.7	0
Dividends income	0.1	0.1	0
Equity in net income of nonconsolidated subsidiaries and affiliates	2.1	1.4	▲0.7
Other non-oper. P&L	0.4	▲0.9	▲1.3
Total	1.9	▲0.1	▲2.0

Breakdown of Extraordinary P&L

(unit: billion yen)

		6 months ended September 30, 2010	6 months ended September 30, 2011	Difference
Extraordinary Profits	Reversal of Allowance for Losses from Lawsuits	-	0.5	0.5
Extraordinary Losses	Loss on adjustment for changes of accounting standard for assets retirement obligation	▲0.5	-	0.5
Total-Extraordinary P&L		▲0.5	0.5	1.0

Breakdown

Cash flows & Interest bearing debt

(unit: billion yen)

【 Cash Flows 】	6 months ended September 30, 2010	6 months ended September 30, 2011	Difference
Cash flows from operating activities	22.8	7.7	▲15.1
Cash flows from investment activities	▲4.8	▲3.0	1.8
Cash flows from financing activities	▲22.5	▲14.3	8.2
Net increase in cash & cash equivalents	▲4.5	(*1) ▲8.8	▲4.3
Cash & cash equivalents at beginning	51.6	55.9	4.3
Cash & cash equivalents at end	47.1	47.1	0.0

(*1) include Effect of exchange rate changes (+0.8)

(unit: billion yen)

【Interest Bearing Debt】	March 31, 2011	September 30, 2011	Difference
Bank borrowings (incl. Lease liabilities)	89.1	76.7	▲12.4
Bonds issued	15.5	15.3	▲0.2
Total	104.6	92.0	▲12.6

Ⅱ . Forecast -FY2011-

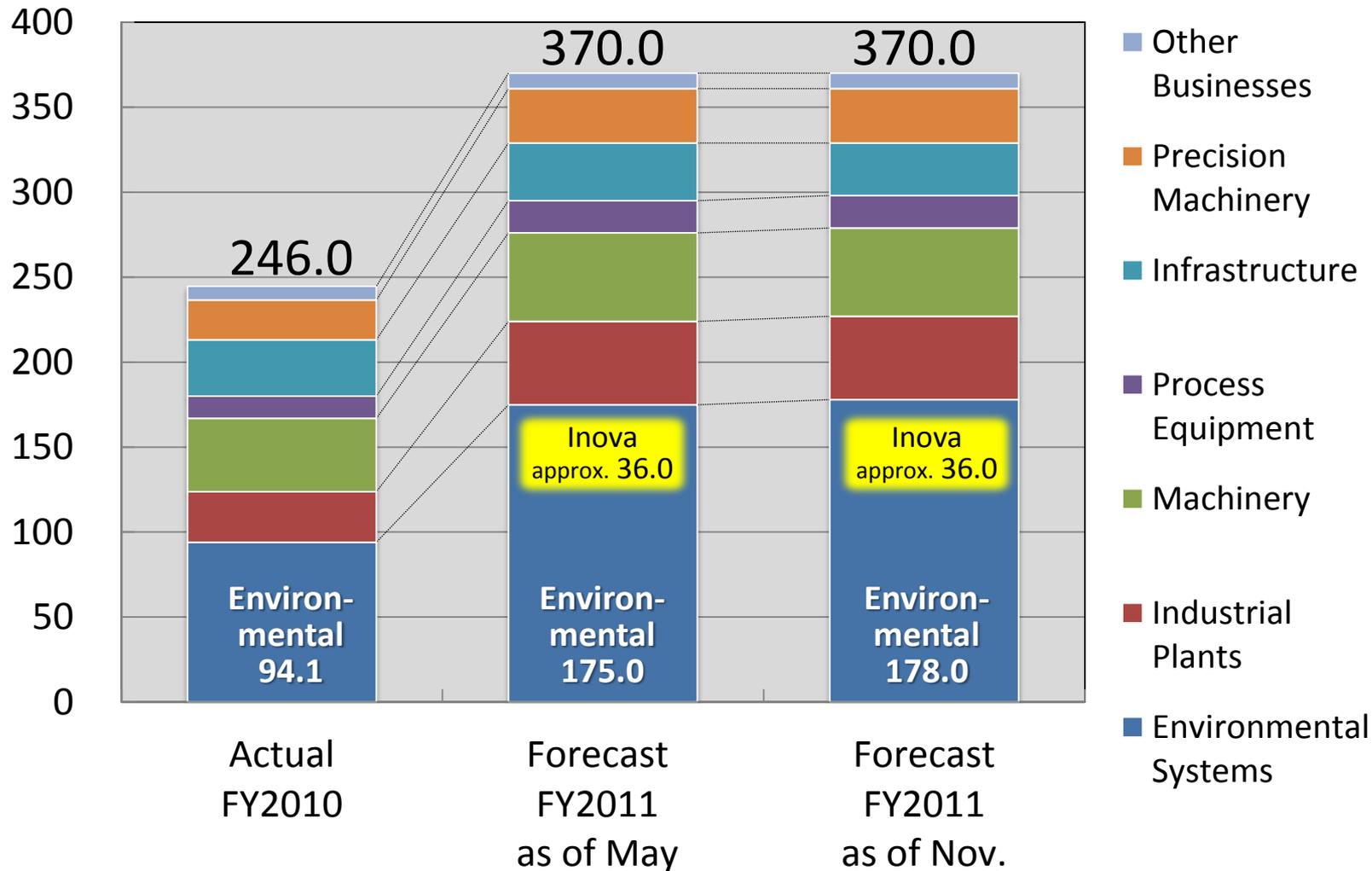
Forecast FY2011

(unit: billion yen)

	Actual FY 2010	Forecast FY2011 as of May	Forecast FY2011 as of Nov.
Order intake	246.0	370.0	370.0
Net sales	287.1	310.0	310.0
Operating income (Ratio)	13.3 (4.7%)	14.0 (4.5%)	14.0 (4.5%)
Ordinary income (Ratio)	12.0 (4.2%)	13.0 (4.2%)	13.0 (4.2%)
Extraordinary P&L	0.6	-	0.5
Net income (Ratio)	9.6 (3.3%)	10.0 (3.2%)	10.0 (3.2%)

FY2011 Order intake

(unit: billion yen)



FY2011 Order intake by Segments

(unit: billion yen)

	Actual FY 2010 A	Forecast FY 2011 as of May B	Forecast FY 2011 as of Nov. C	Difference C-A	Difference C-B
Environmental Systems	94.1	175.0	178.0	83.9	3.0
Industrial Plants	29.7	49.0	49.0	19.3	0
Machinery	43.1	52.0	52.0	8.9	0
Process Equipment	13.1	19.0	19.0	5.9	0
Infrastructure	33.2	34.0	31.0	▲2.2	▲3.0
Precision Machinery	23.3	32.0	32.0	8.7	0
Other businesses	9.5	9.0	9.0	▲0.5	0
Total	246.0	370.0	370.0	124.0	0

FY2011 Order intake by segments

-Progress-

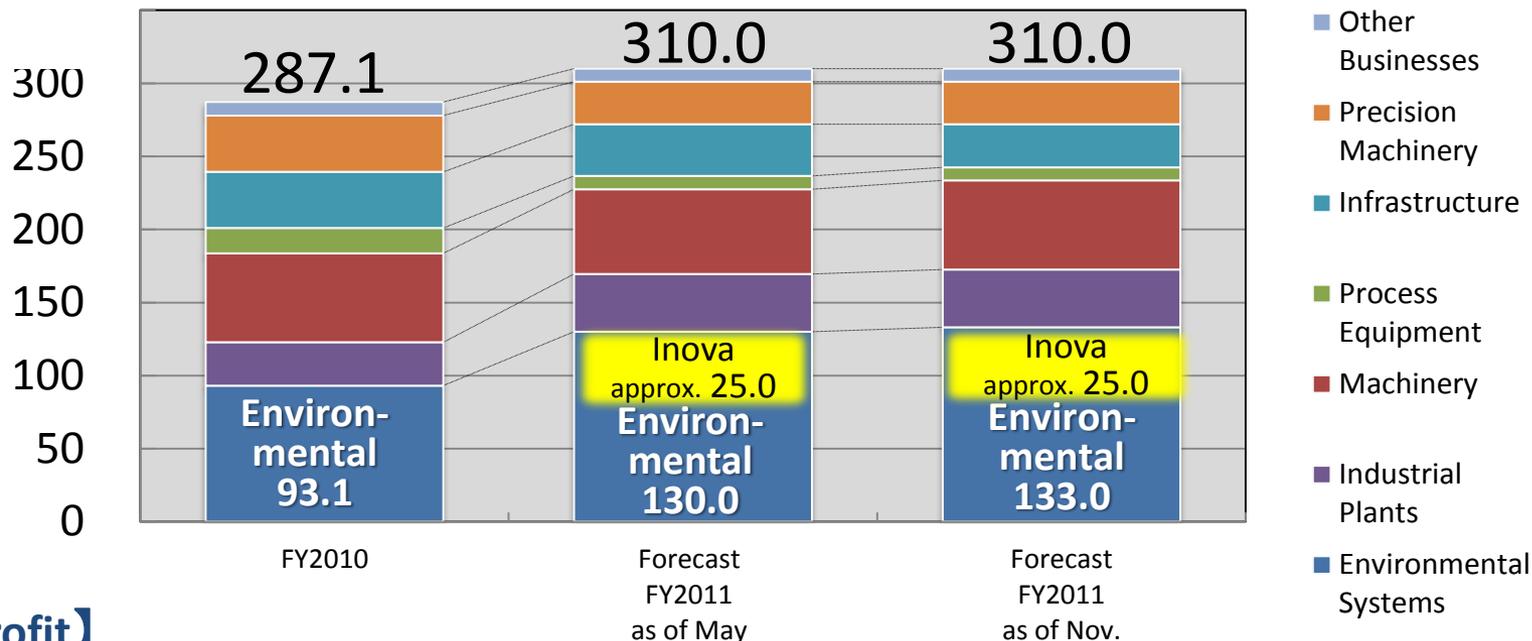
(unit: billion yen)

	6 months ended September 30, 2011	Forecast FY 2011	Progress
Environmental Systems	84.5	178.0	47%
Industrial Plants	15.0	49.0	31%
Machinery	18.8	52.0	36%
Process Equipment	7.3	19.0	38%
Infrastructure	8.1	31.0	26%
Precision Machinery	12.7	32.0	40%
Other Businesses	5.1	9.0	57%
Total	151.5	370.0	41%

FY2011 Net sales & Operating profit

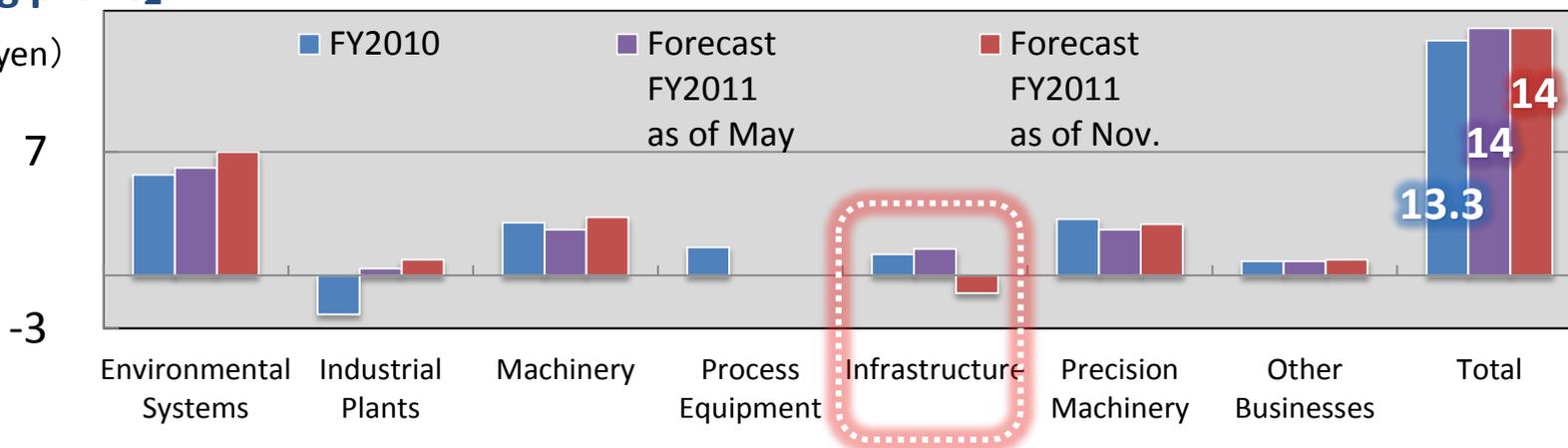
【Net sales】

(unit: billion yen)



【Operating profit】

(unit: billion yen)

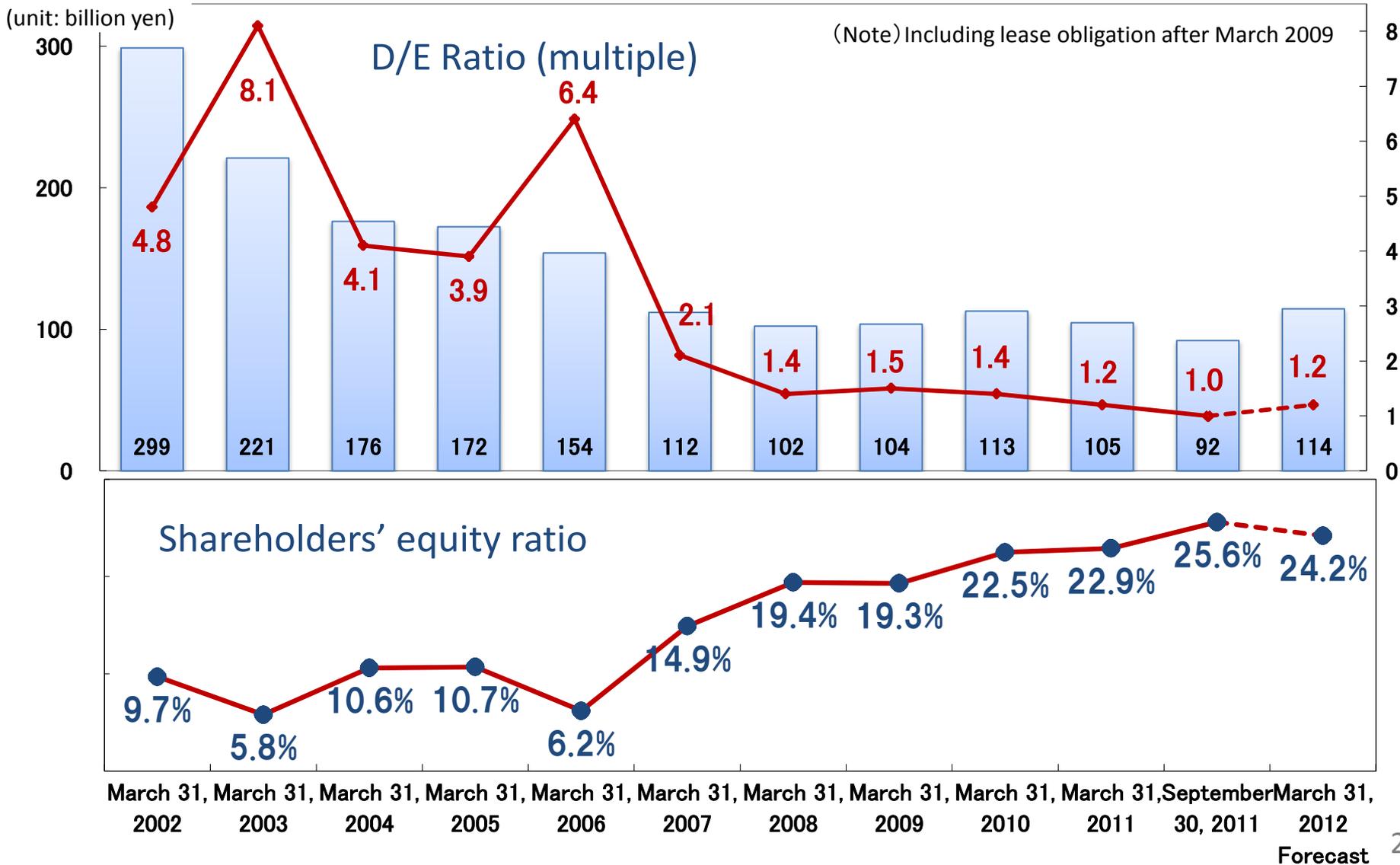


FY2011 Net sales & Operating income by Segments

(unit: billion yen)

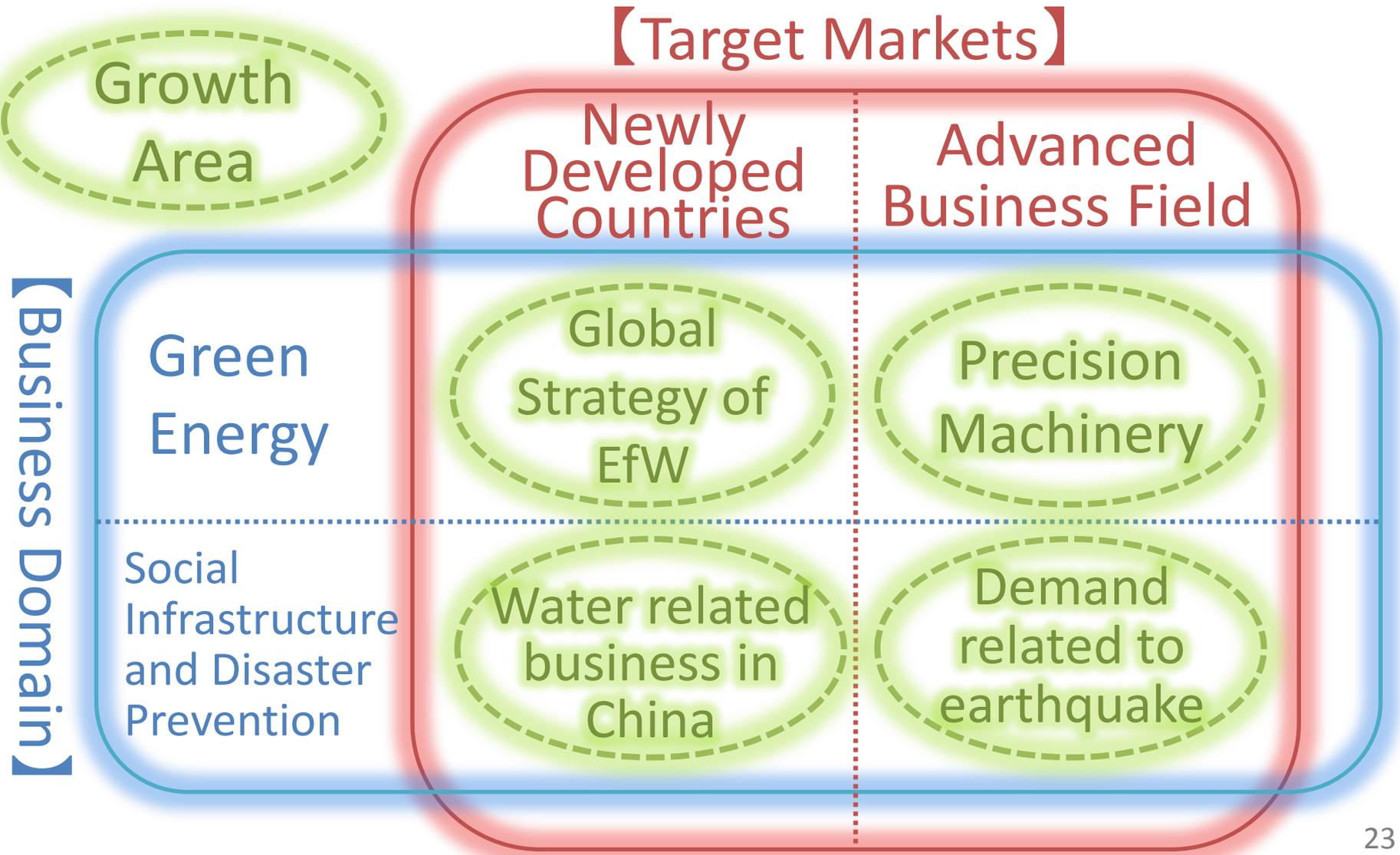
		Environ- mental Systems	Industrial Plants	Machinery	Process Equipment	Infra- structure	Precision Machinery	Other Businesses	Total
Forecast FY2011 as of Nov. A	Net sales	133.0	39.5	61.0	9.0	29.5	29.0	9.0	310.0
	Operating income	7.0	0.9	3.3	0.0	▲1.0	2.9	0.9	14.0
Forecast FY2011 as of May B	Net sales	130.0	39.5	58.0	9.0	35.5	29.0	9.0	310.0
	Operating income	6.1	0.4	2.6	0.0	1.5	2.6	0.8	14.0
Actual FY2010 C	Net sales	93.1	29.6	60.9	17.3	38.4	38.6	9.2	287.1
	Operating income	5.7	▲2.2	3.0	1.6	1.2	3.2	0.8	13.3
Difference A-B	Net sales	3.0	0.0	3.0	0.0	▲6.0	0.0	0.0	0.0
	Operating income	0.9	0.5	0.7	0.0	▲2.5	0.3	0.1	0.0
Difference A-C	Net sales	39.9	9.9	0.1	▲8.3	▲8.9	▲9.6	▲0.2	22.9
	Operating income	1.3	3.1	0.3	▲1.6	▲2.2	▲0.3	0.1	0.7

Forecast of Interest Bearing Debts



Ⅲ. Progress of Mid Term Business Plan -Hitz Vision-

1. Definition of Growth Area and Progress of Key Measure



2. Global Strategy of EfW business (1)

Green Energy

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Newly Developed Countries

= Global Strategy of EfW (EfW; Energy from Waste)



★ Inova's Advantages

- High efficiency of power generation
⇒ Gross Electrical Efficiency 30%
- Cost Competitiveness
 - (E) Standardization of design
 - (P) Procurement network in Europe
 - (C) Management of sub constructors

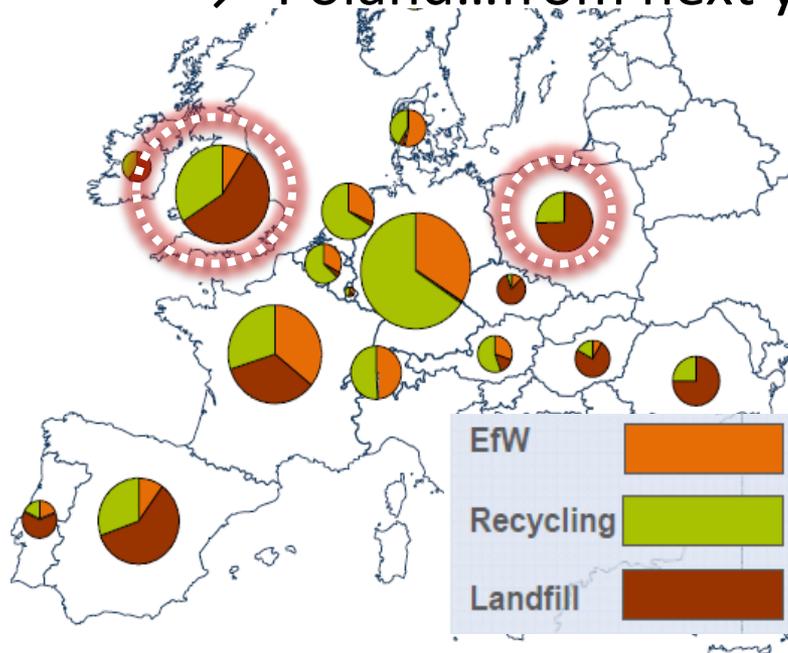
2. Global Strategy of EfW business (2)

★ Development of EfW business in Europe

EU Landfill Directive

→ ▪ England...Large order secured in 1st half of FY2011 and expected to continue in FY2012

→ ▪ Poland...from next year



【Inova's Target】

(unit: billion yen)

	Forecast FY 2011	Target FY 2012	Target FY 2013
Order intake	Approx. 36.0	50.0	54.0
Net sales	Approx. 25.0	29.0	47.0
Opr. income	0.2	0.7	2.0

3. Precision Machinery Business (1)

Green Energy

×

Advanced Business Field

= Precision Machinery

【Customer】
Semiconductors
FPD
Solar Panel
OLED Display
Food & Medical
industry

Key
Device

Systematization

Alliance of
technology

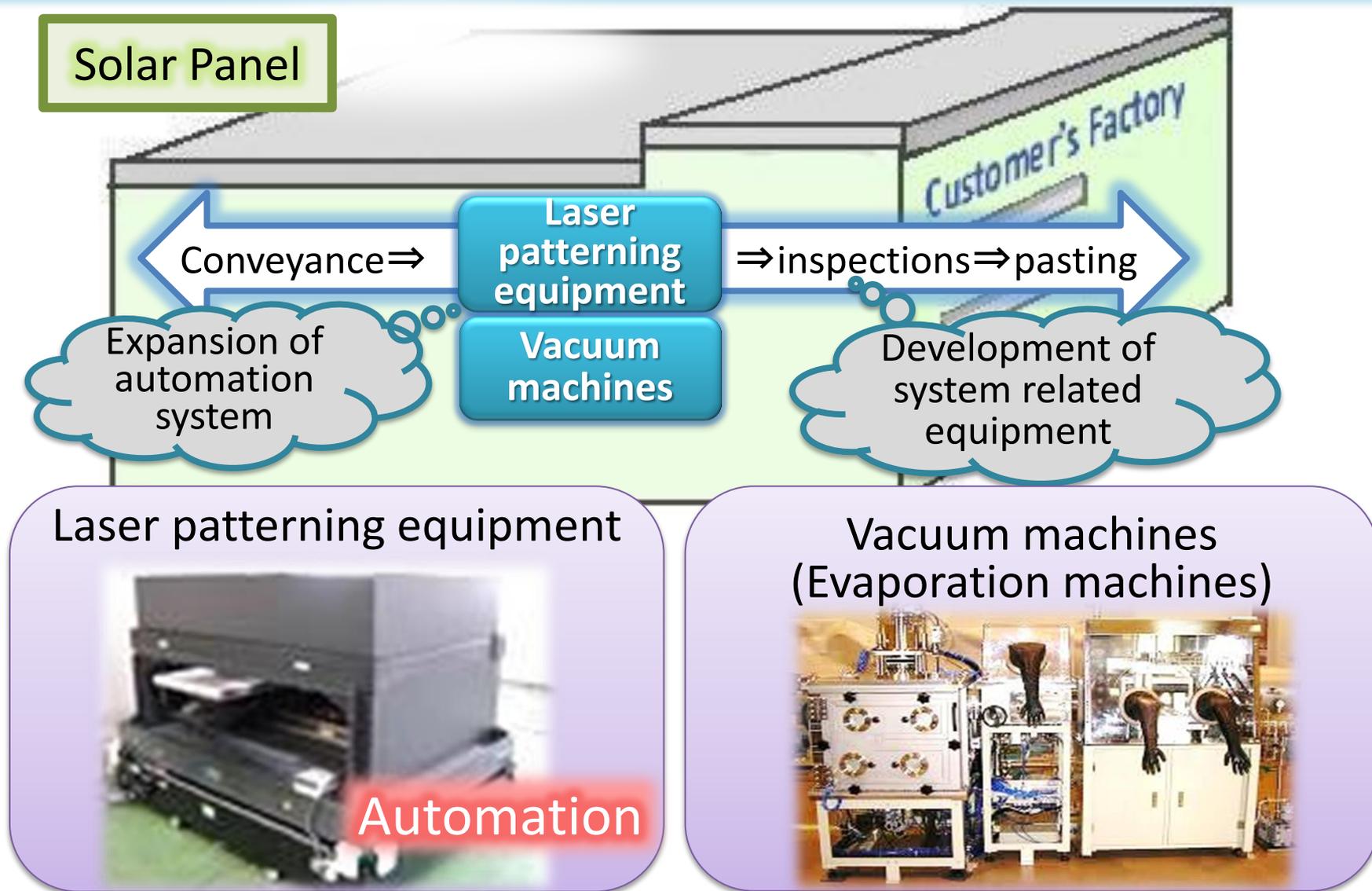
Supplied by Hitz

Acquisition of
technology

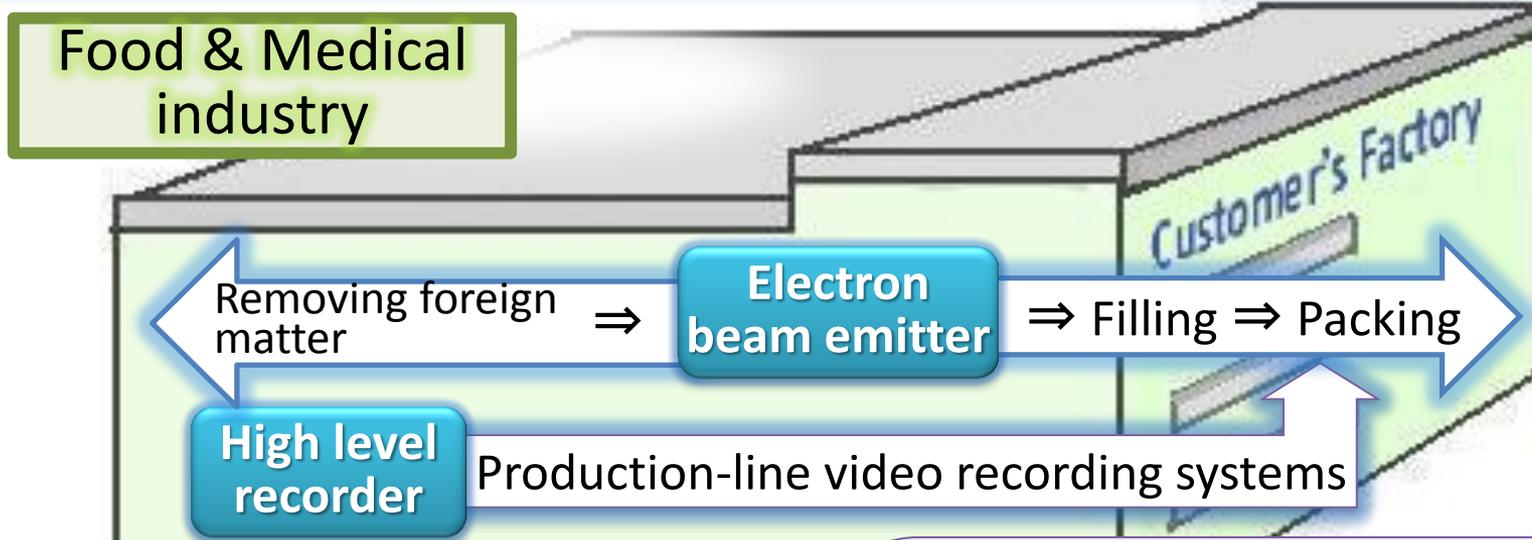
Supply of Solution System

Global Expansion

3. Precision Machinery Business (2)



3. Precision Machinery Business (3)

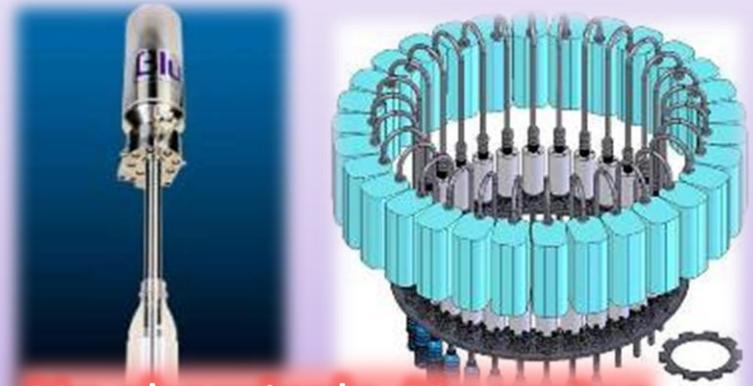


High level recorder
“shokureko” “miereko”



Traceability, analyzability

ITB Electron beam Emitter
for aseptic Bottle filling

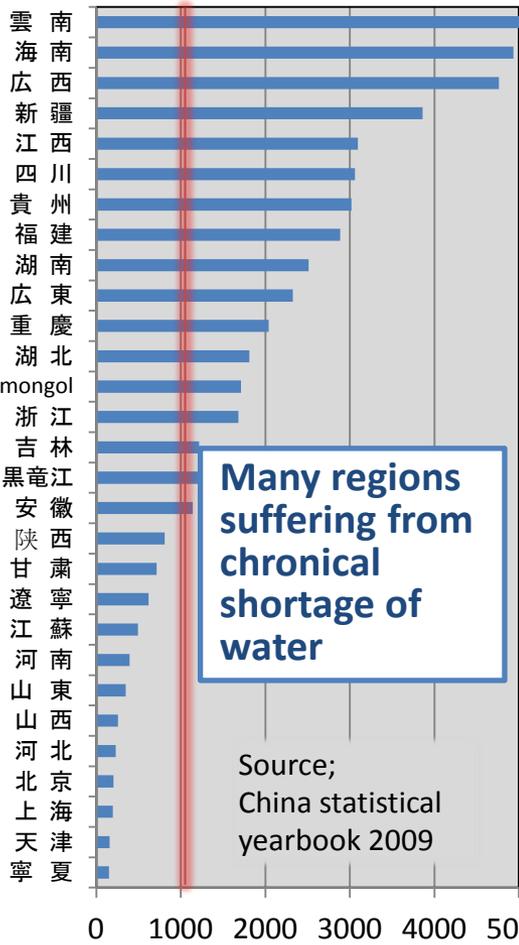


No chemicals, No water

4. Water related business in China

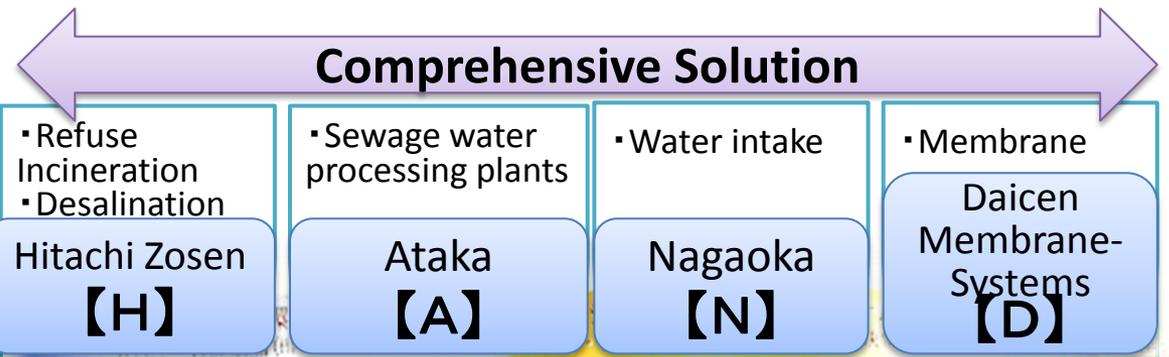


Average Water resources/person



Many regions suffering from chronic shortage of water

■ Serious Water Shortage in inland areas of China
⇒ **Low Cost Water supply to rural districts**



Kansai HANDS

5. Demand related to Great Japan Earthquake (1)

Social Infrastructure and
Disaster Prevention

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Advanced Business Field

= Recovery and Reconstruction
from Earthquake

- ★ Completion of temporary incineration plant in Sendai,
and Start of sorting and processing of incineration debris
- ★ Supply of private power generation system
- ★ Recovery fisheries industries via supply of slurry ice plant
- ★ Early detection of Tsunami
 - ▪ ▪ GPS Comprehensive Oceanographic Monitoring System
- ★ Disaster prevention measures for seashore
 - ▪ ▪ Flap Gate-Type Wave Breaker

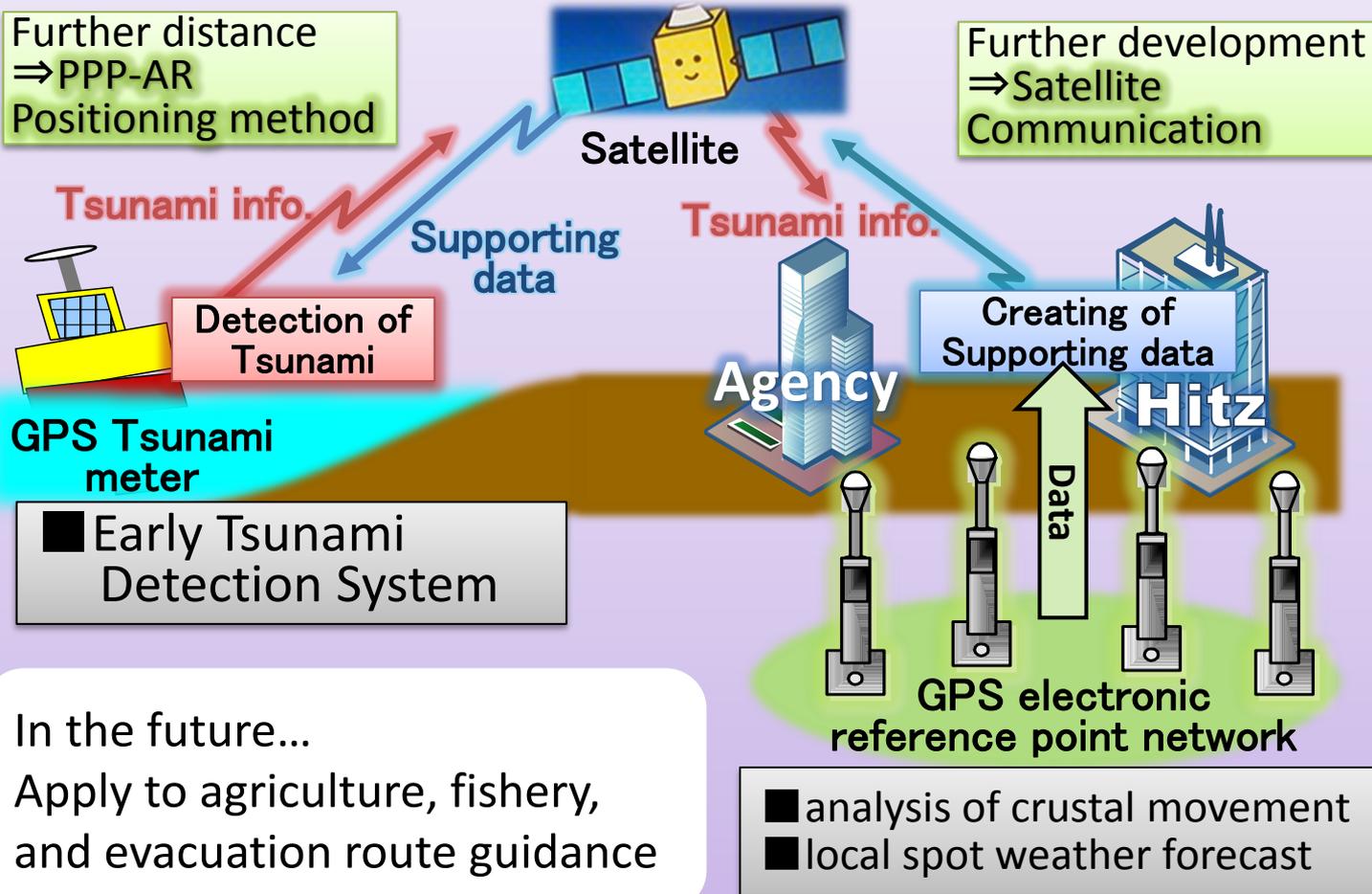
5. Demand related to Great Japan Earthquake (2)

Resolve a problem about an observation point

20km off-shore → Further distance

Further distance
⇒ PPP-AR
Positioning method

Further development
⇒ Satellite
Communication



GPS Tsunami meter

■ Early Tsunami Detection System

In the future...
Apply to agriculture, fishery,
and evacuation route guidance

Global Expansion

- Chili
- Taiwan
- Indonesia
- other

6. Strengthen Global Network

★ Hitachi Zosen Inova USA

- EfW (Energy from Waste) Plants

★ Establishment of subsidiary in India

- Refuse Incineration Plants, Process Equipments, Shield Tunneling Machines, Press Machines, etc.

★ Planning to establish new subsidiaries for precision machinery business in China

- Plastic Machinery for solar butterfly
- Food packing and medical machineries

7. "Hitz Vision" Financial Target

(unit: billion yen)

	Hitz Vision Plan		
	FY2011	FY2012	FY2013
Order intake	370.0	440.0	500.0
Net sales	310.0	340.0	400.0
Operating income (Ratio)	14.0 (4.5%)	15.5 (4.6%)	20.0 (5.0%)
Ordinary income (Ratio)	13.0 (4.2%)	13.5 (4.0%)	16.0 (4.0%)
Net income	10.0	10.5	11.5
Interest bearing debt	114.4	100.0	100.0
Shareholders' equity ratio	24.2%	29.1%	30.0%

The logo for Hitachi Zosen features the word "Hitachi" in a bold, dark blue, sans-serif font. The letter "i" is stylized with a yellow-to-white gradient bar above its dot. The letter "z" is also in the same dark blue font. The background of the slide is a scenic landscape with rolling green hills, a blue sky with light clouds, and two trees on a hill in the distance.

Hitachi Zosen

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Cautionary Statement

Forward-looking statements are based on information currently available to Hitachi Zosen Corporation. Therefore those forward-looking statements include unknown risks and uncertainties. Accordingly, you should note that the actual results could differ materially from those forward-looking statements. Risks and uncertainties that could influence the ultimate outcome include, but are not limited to, the economic conditions surrounding Hitachi Zosen Corporation and/or exchange rate fluctuation.