

Hitachi Zosen Corporation



Ras Abu Fontas A2 Desalination Plant
Qatar

FY2015 Financial Results and Progress of Hitz Vision II



July 2016

Hitachi Zosen Corporation

1. Overview of FY2015 Financial Results and Forecast of FY2016
2. Progress of Mid-term Business Plan “Hitachi Vision II”
3. Key Business Strategies
4. New Businesses and Products

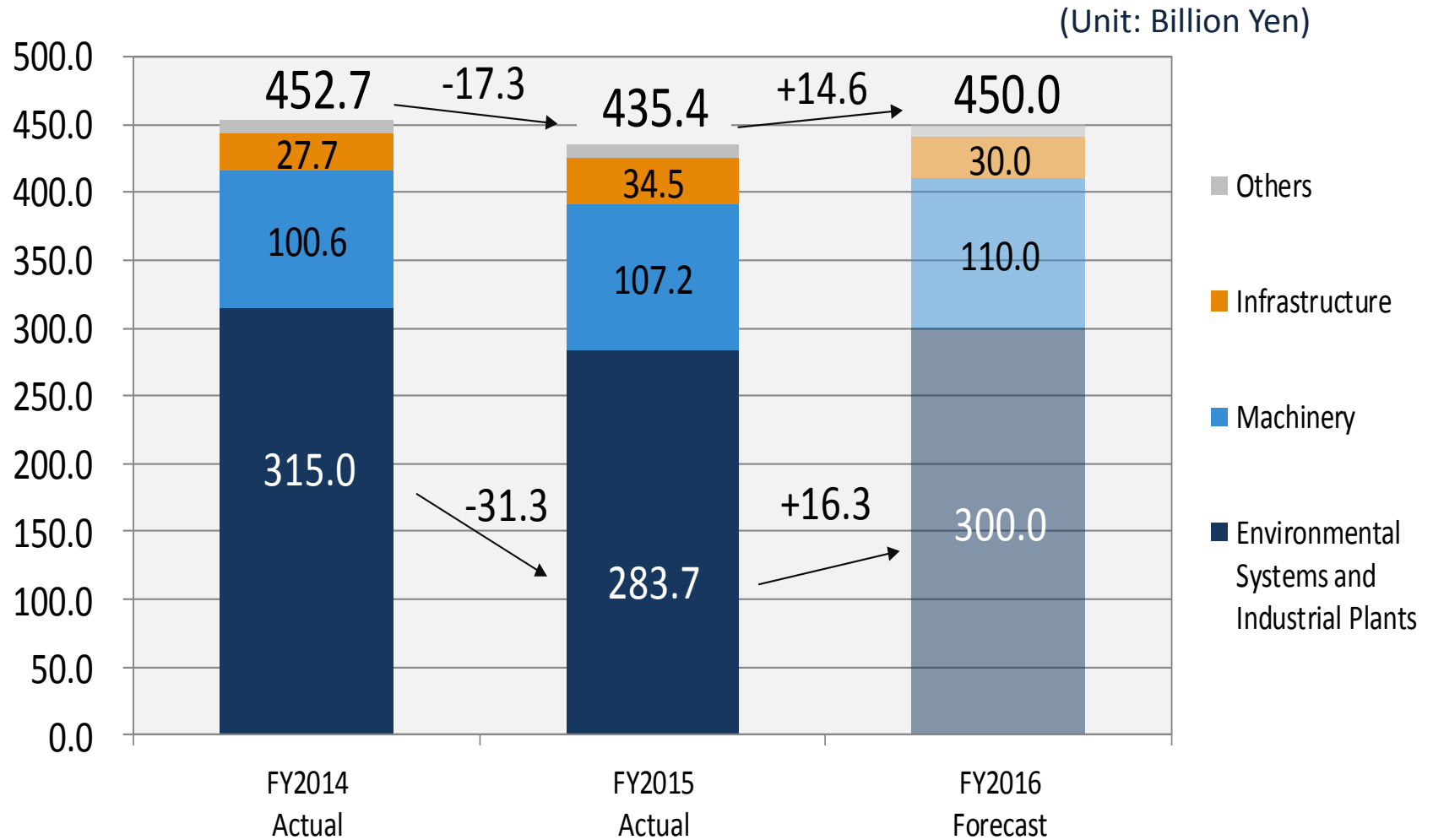
1. Overview of FY2015 Financial Results and Forecast of FY2016

FY2015 Results and FY2016 Forecast Overview

(Unit: Billion Yen)

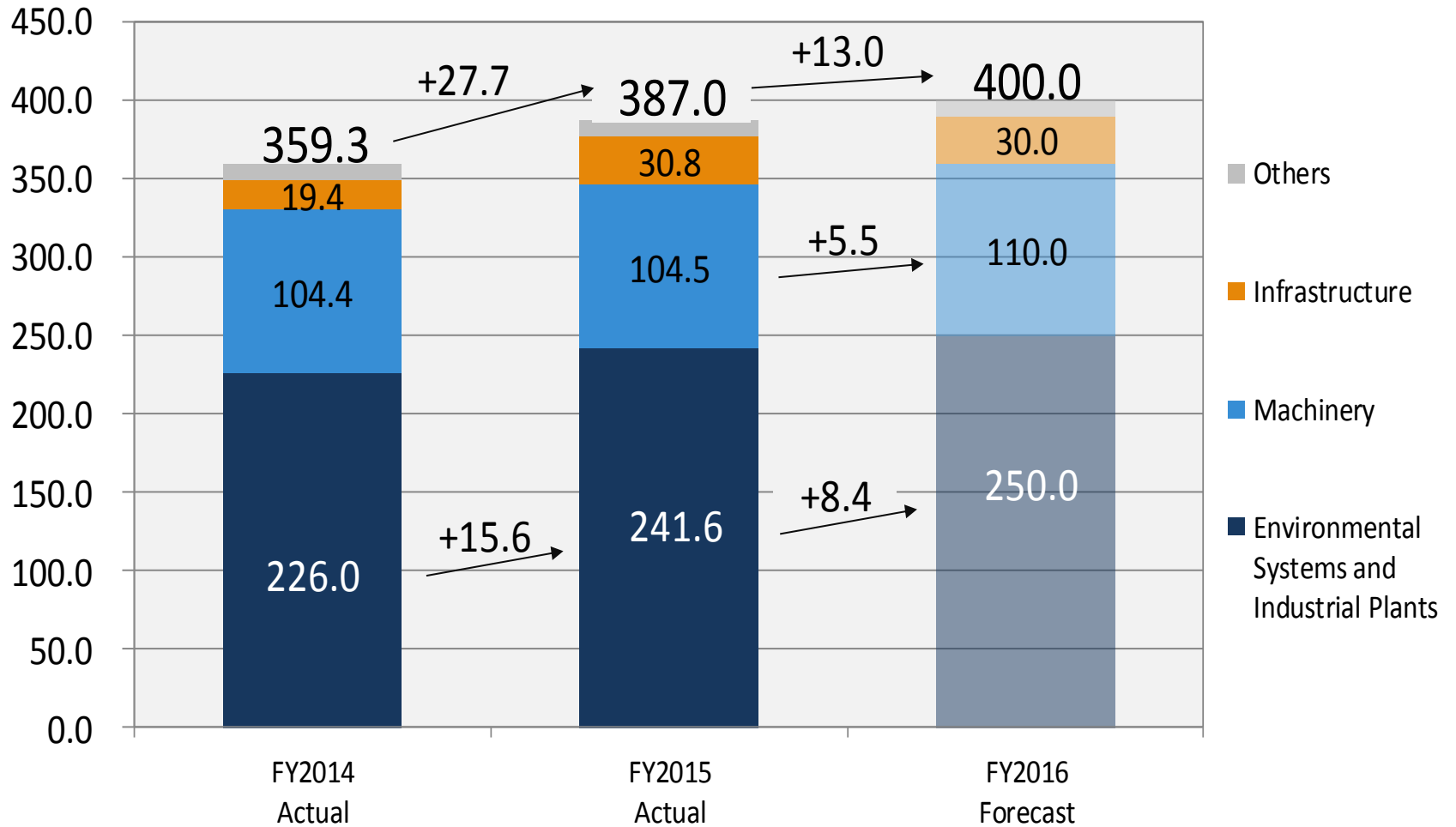
	FY2014 Actual	FY2015 Actual	FY2016 Forecast
Order intake	452.7	435.4	450.0
Net sales	359.3	387.0	400.0
Operating income	12.8	15.1	16.0
(ratio)	3.6%	3.9%	4.0%
Non-operating P&L	-5.3	-2.9	-4.0
Ordinary income	7.5	12.2	12.0
(ratio)	2.1%	3.2%	3.0%
Extraordinary P&L	1.8	-3.2	0.0
Income tax & minority interests	-4.2	-3.2	-6.0
Net income	5.1	5.8	6.0
(ratio)	1.4%	1.5%	1.5%

Order intake



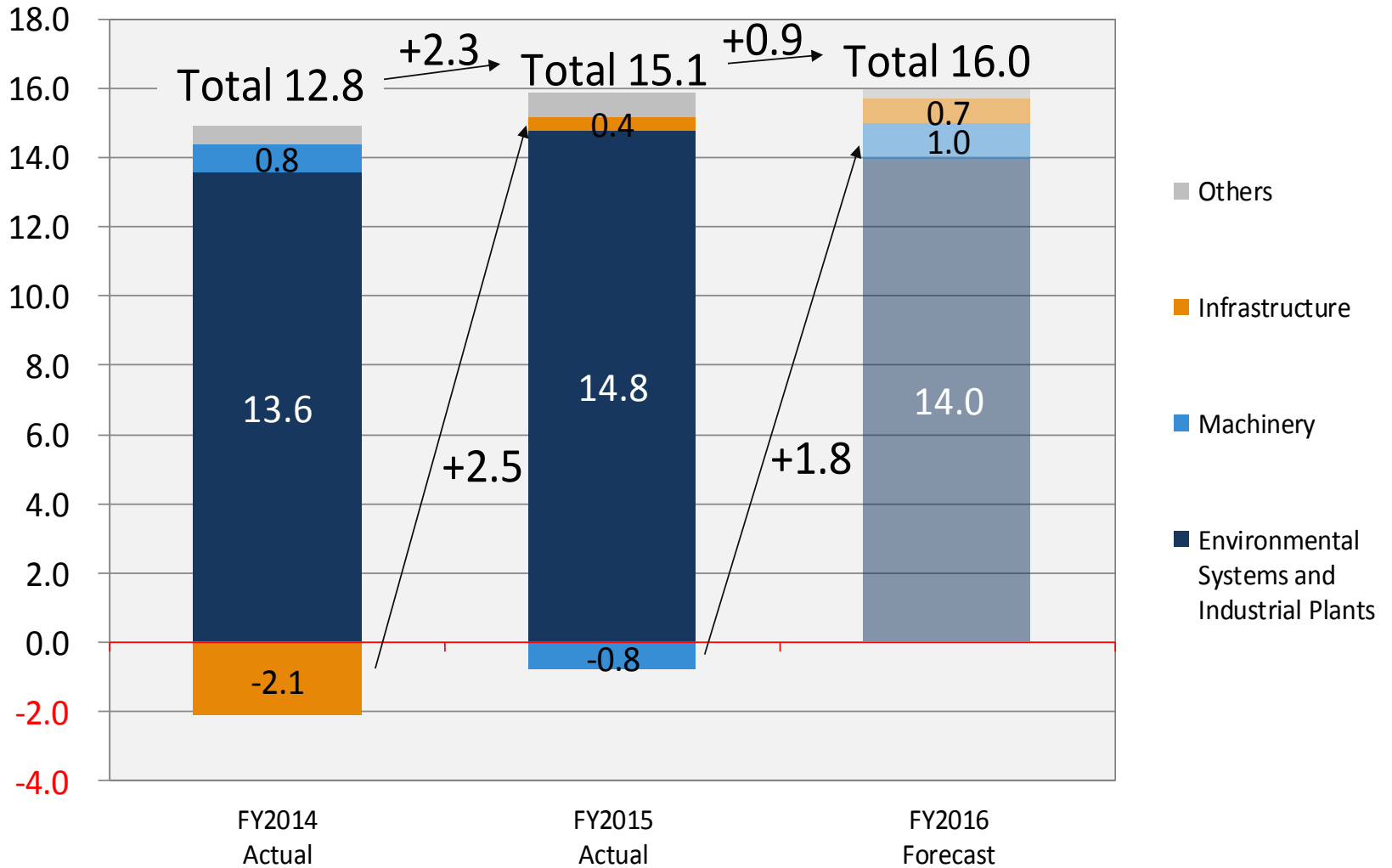
Net sales

(Unit: Billion Yen)



Operating income

(Unit: Billion Yen)



by Segments

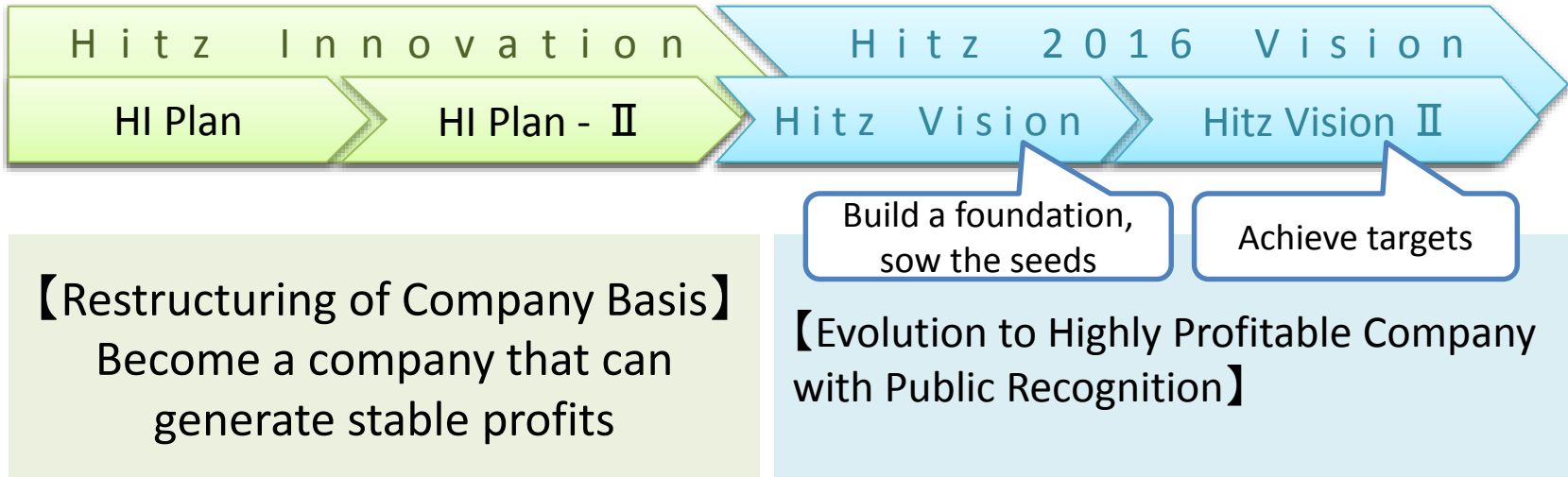
		Environmental Systems & Industrial Plants	Machinery	Infrastructure	Others	Total
FY2014 Actual	Order intake	315.0	100.6	27.7	9.4	452.7
	Net sales	226.0	104.4	19.4	9.5	359.3
	Operating income	13.6	0.8	-2.1	0.5	12.8
FY2015 Actual	Order intake	283.7	107.2	34.5	10.0	435.4
	Net sales	241.6	104.5	30.8	10.1	387.0
	Operating income	14.8	-0.8	0.4	0.7	15.1
FY2016 Forecast	Order intake	300.0	110.0	30.0	10.0	450.0
	Net sales	250.0	110.0	30.0	10.0	400.0
	Operating income	14.0	1.0	0.7	0.3	16.0

2. Progress of Mid-term Business Plan “Hitz Vision II”

◆ Long-term vision and medium-term management plans

<FY2005-FY2010>

<FY2011-FY2016>



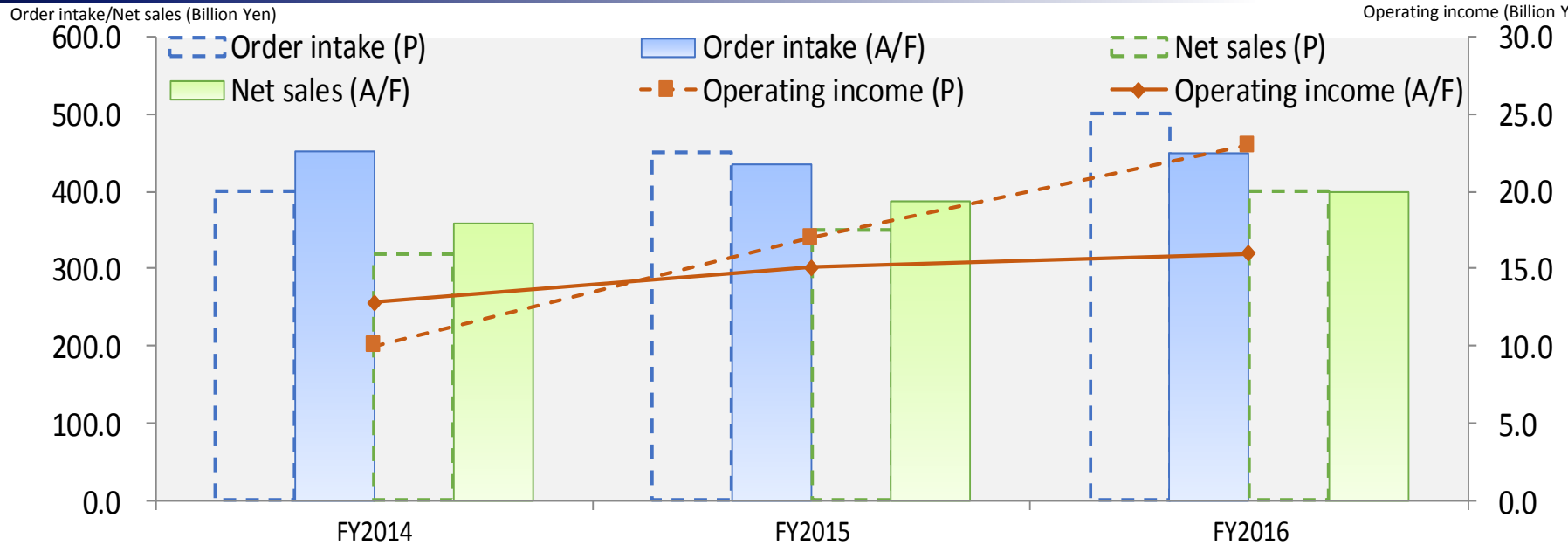
◆ Business Domains

A. Environment/Green Energy

- Environmental restoration
- Effective use of natural resources
- Expansion of utilization of renewable energy sources

B. Social Infrastructure & Disaster Prevention

2. Hitz Vision II management targets (1)



	Hitz Vision II (Plan)			Hitz Vision II (Actual / Forecast)		
	FY2014	FY2015	FY2016	FY2014	FY2015	FY2016
Order intake	400.0	450.0	500.0	452.7	435.4	450.0
Net sales	320.0	350.0	400.0	359.3	387.0	400.0
Operating income	10.0	17.0	23.0	12.8	15.1	16.0
Ordinary income	8.0	14.0	20.0	7.5	12.2	12.0
Net income	4.0	8.0	13.0	5.1	5.8	6.0

2. Hitz Vision II management targets (2)

◆ Status of Well-balanced Business Portfolio

(Unit: Billion yen)

	FY2010		FY2014		FY2015	
Domestic	237.5	83%	237.1	66%	258.1	67%
Overseas	49.6	17%	122.2	34%	128.9	33%
Total	287.1	100%	359.3	100%	387.0	100%
New Businesses/Products	—	—	3.2	1%	11.5	3%
Stable Businesses (After-Sales Service, etc.)	115.5	40%	136.1	38%	148.5	38%

Hitz Vision II

[Overseas]

17% (FY2010) → 30% (FY2016)

[Stable Businesses]

40% (FY2010) → 50% (FY2016)

[New Businesses/Products]

50Bn (FY2016)

◆ Investment

(Unit: Billion Yen)

	Hitz Vision (Actual) 3 years total	Hitz Vision II (Plan) 3 years total
R&D expenses	20.0	30.0
Capital investment	19.0	30.0
M&A & others	13.8	40.0
Total	52.8	100.0

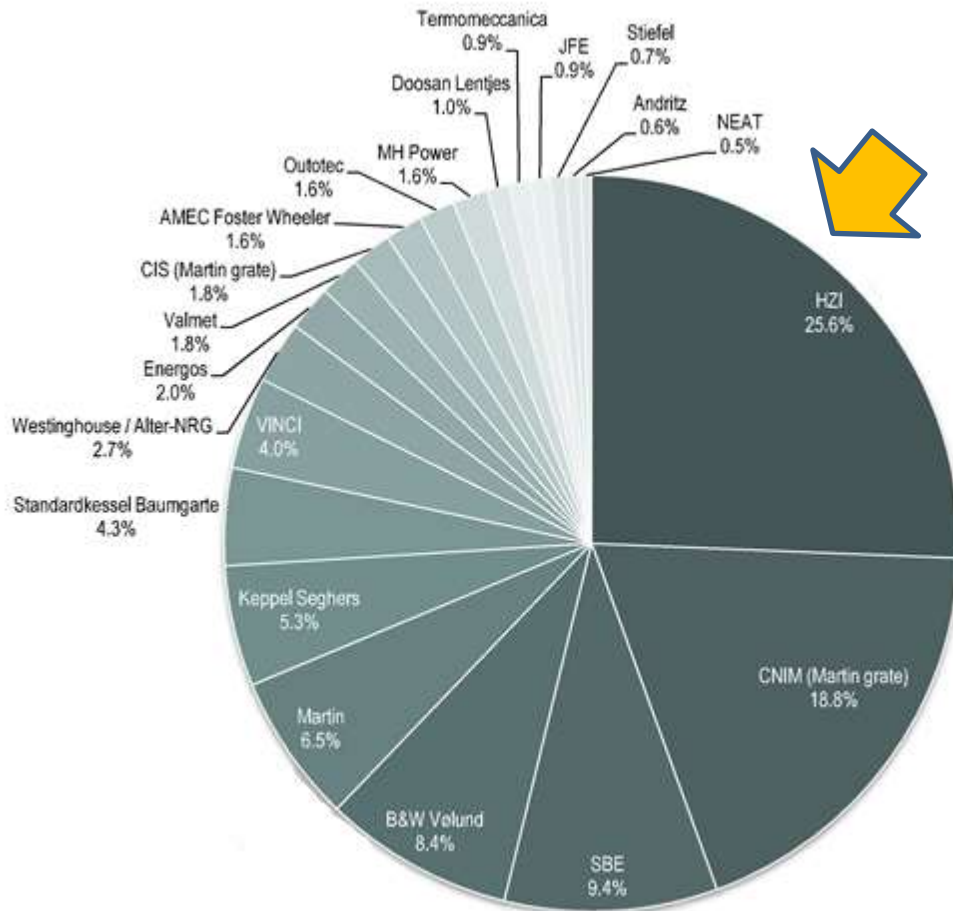
3. Key Business Strategies

◆ World-class ample reference projects



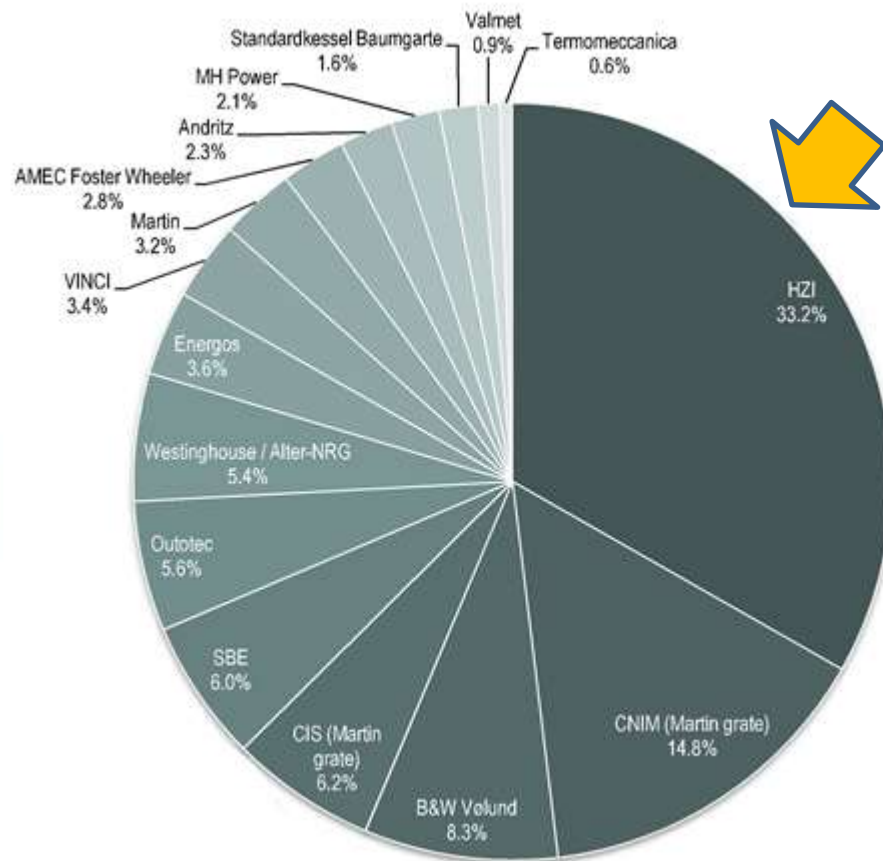
◆ HZI Market Shares – European EfW Market

Market Shares
2008 – 2015 by supplier



Total: 70'004 tpd

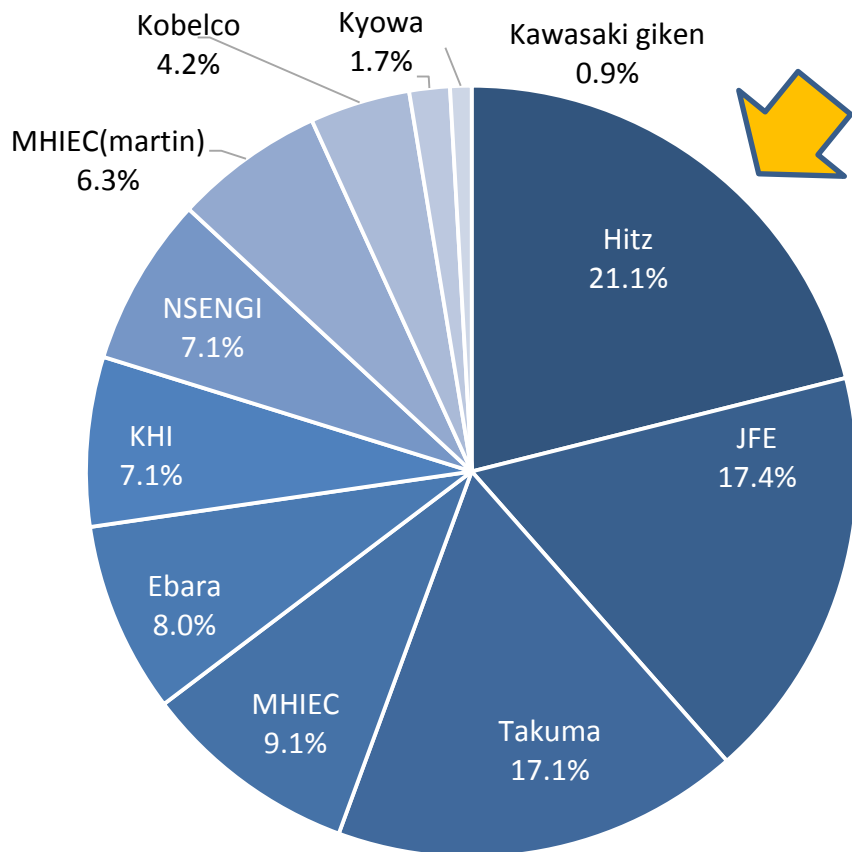
Market Shares
2013 – 2015 by supplier



Total: 19'839 tpd

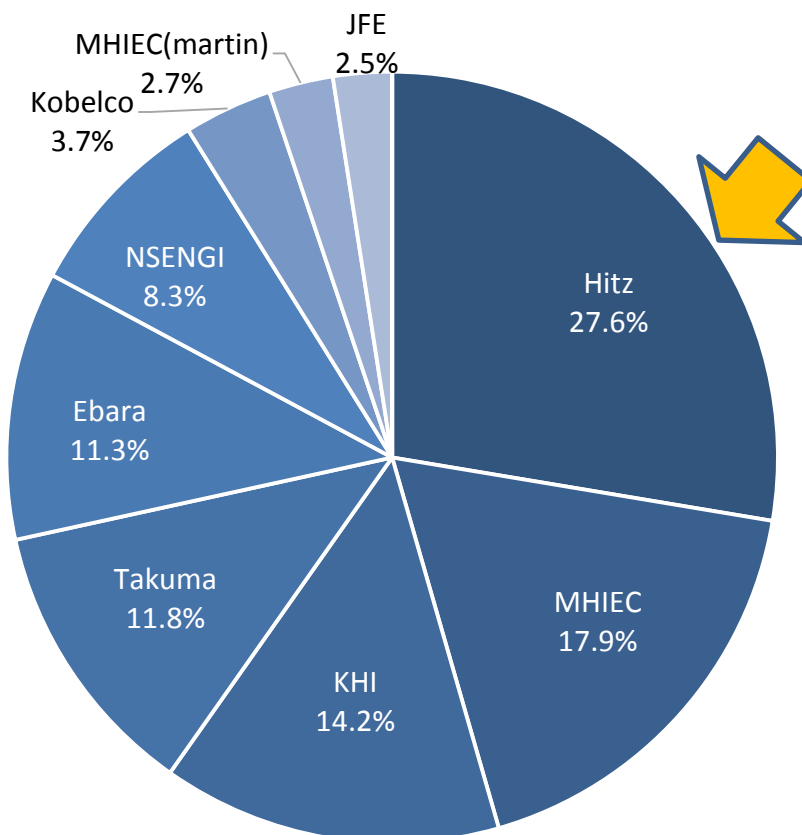
◆ Hitz Market Shares – Japanese EfW Market

Market Shares
2008 – 2015 by supplier



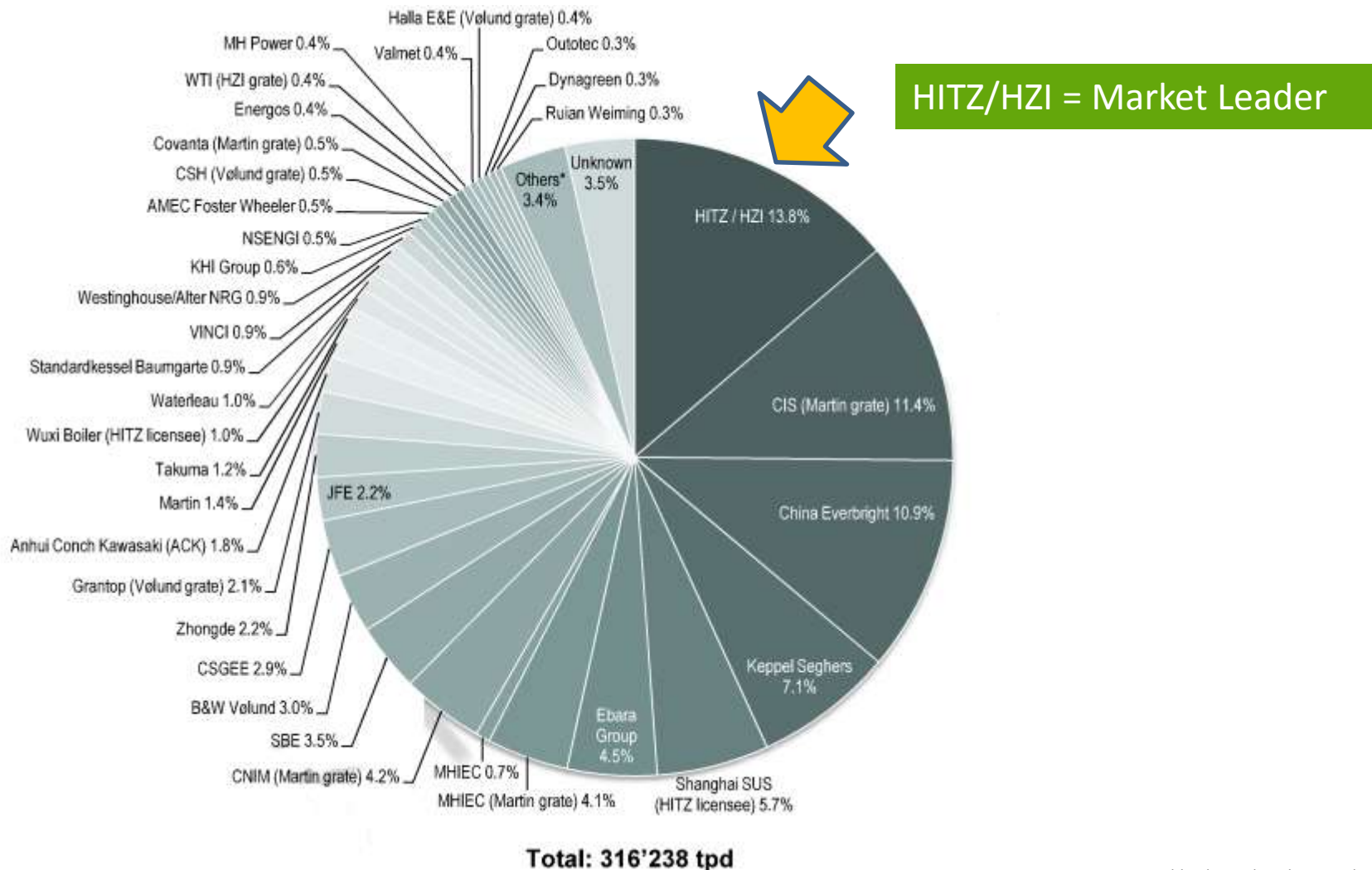
Total: 22'719 tpd

Market Shares
2013 – 2015 by supplier



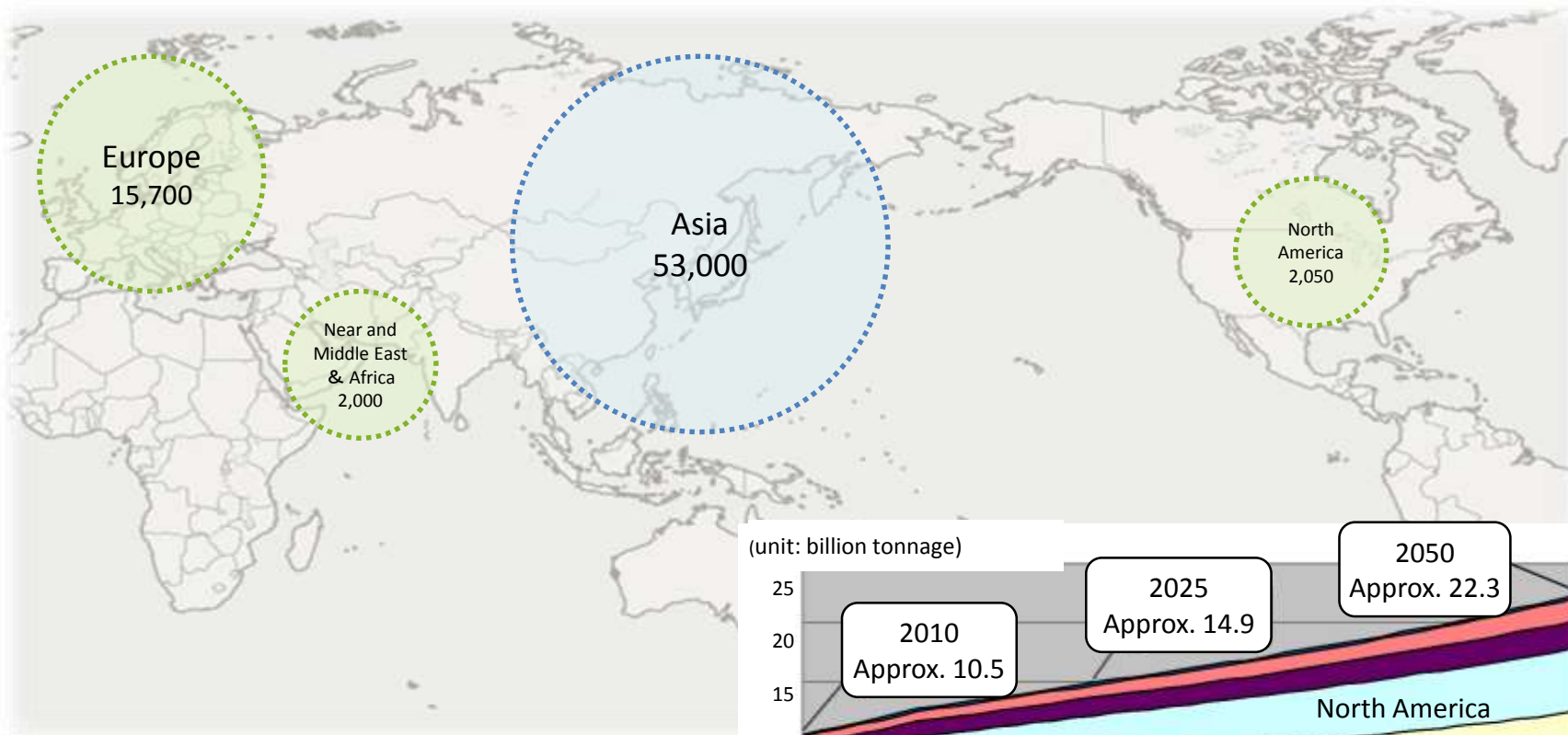
Total: 8'926 tpd

◆ Market Shares by Supplier 2008-2015 – Worldwide

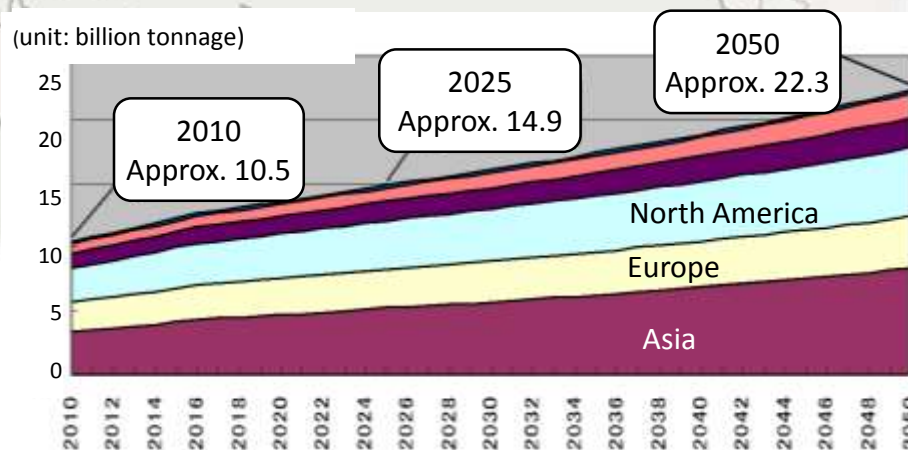


Source: Vaccani Worldwide Market Share Analysis of Thermal Waste Treatment Plants, 2016 Edition

◆ Global forecast market volume in EfW 2016-2020

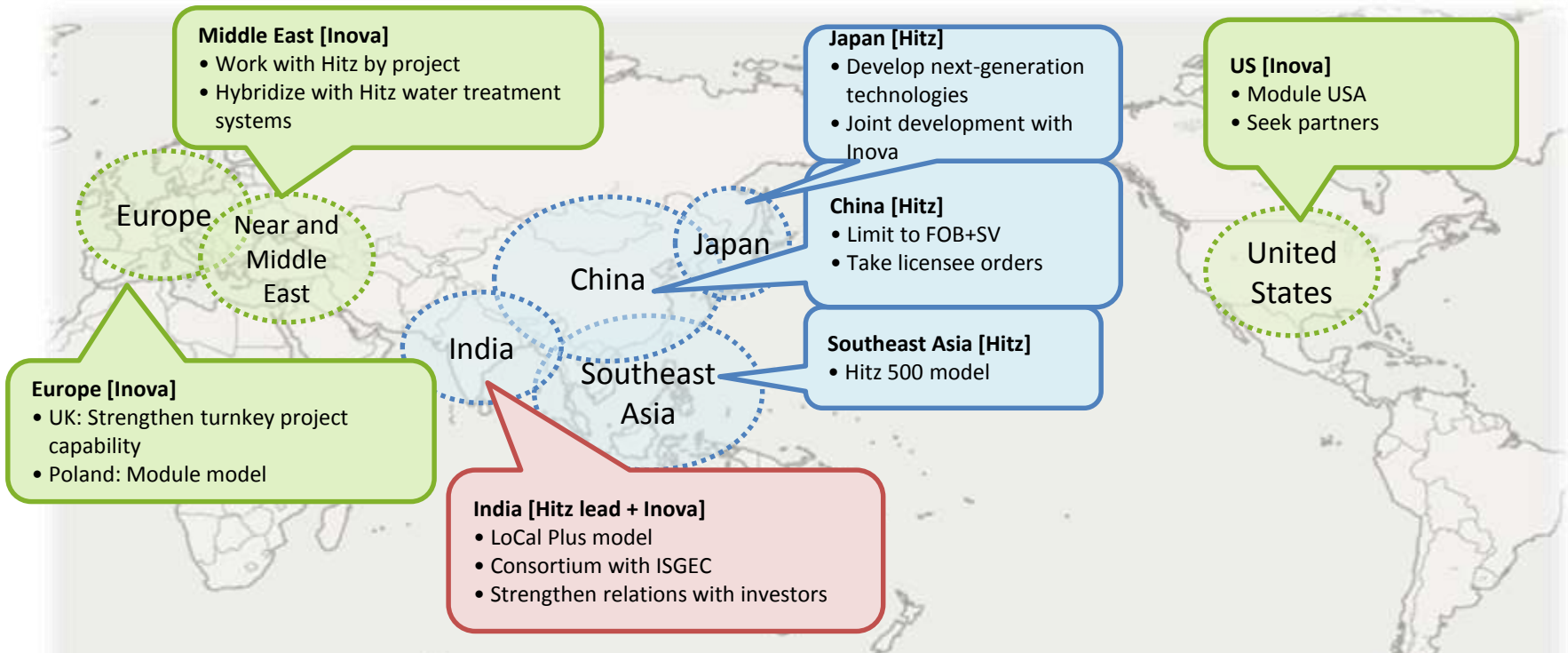


New Constructions in 1,000t
Source : Ecoprog 2015/2016



Source: "Estimates and Projections of Global Waste Emission Volumes,"
Research Institute of Solid Waste Management Engineering

◆ Strategies to be No. 1 in global EfW market

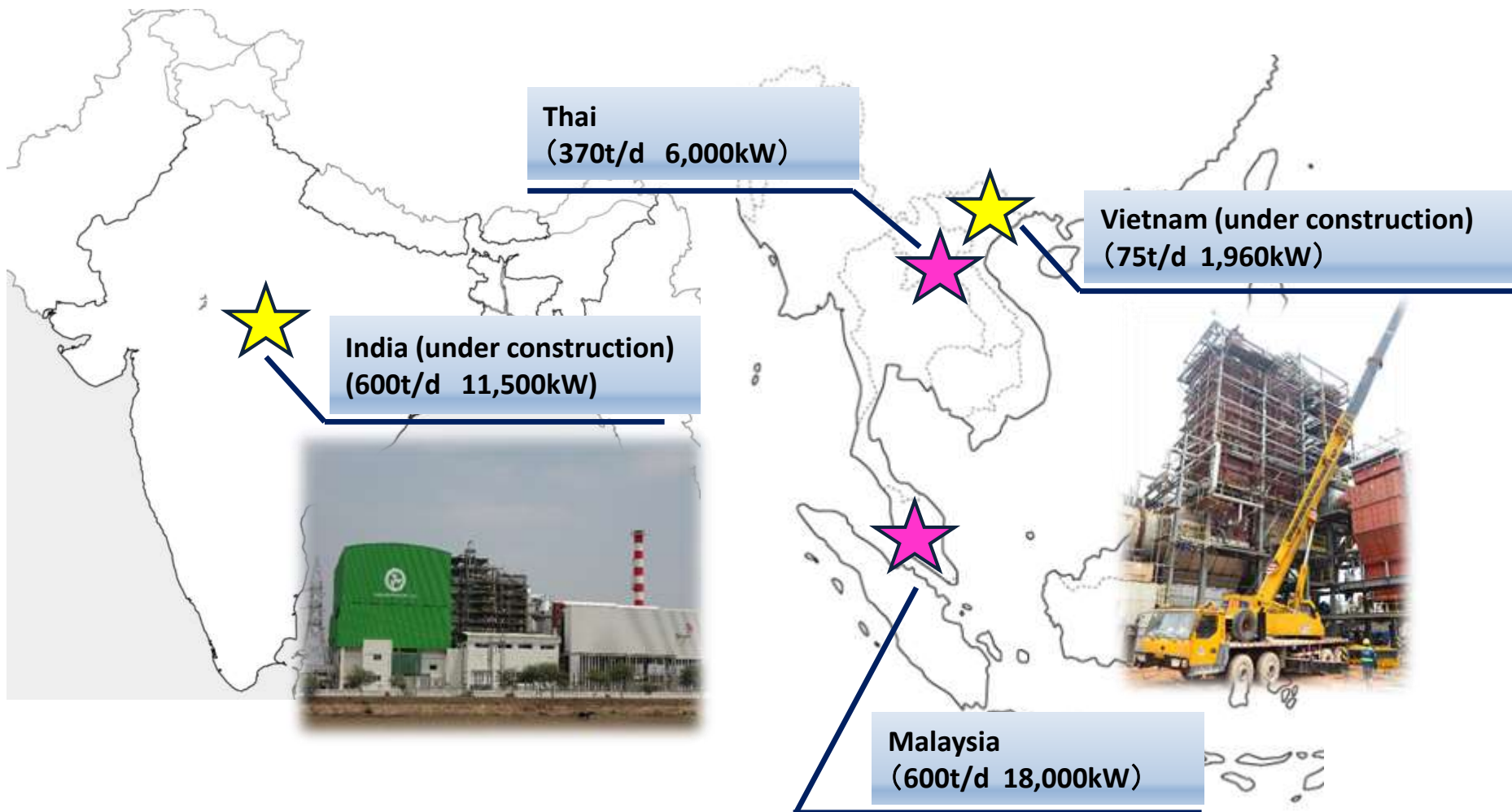


Hitz to lead collaboration with Inova aiming for No. 1 in global EfW market

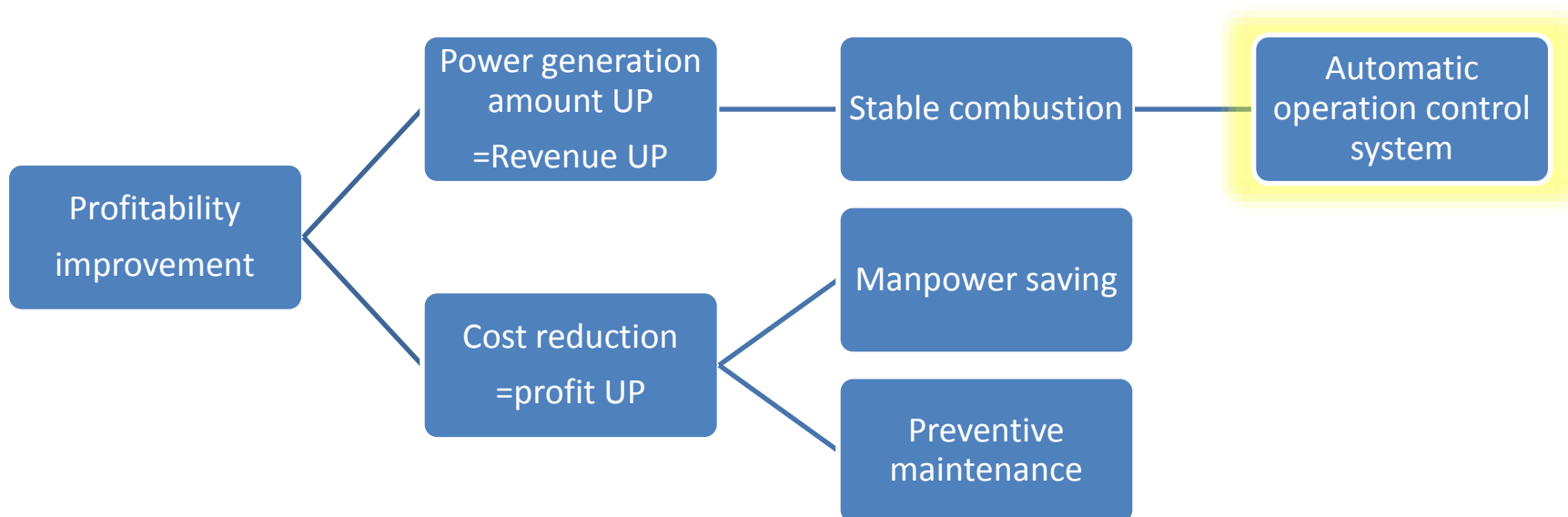
- Expand into Southeast Asia, India, Near and Middle East
- Introduce EPC concept models by market (standardization)
- Collaboration and operation with key partners (localization)
- Propose financing with Japanese government related fund (JCM)
- Combine with desalination plants

JCM: The Joint Crediting Mechanism

◆ Reference in Southeast and South Asia

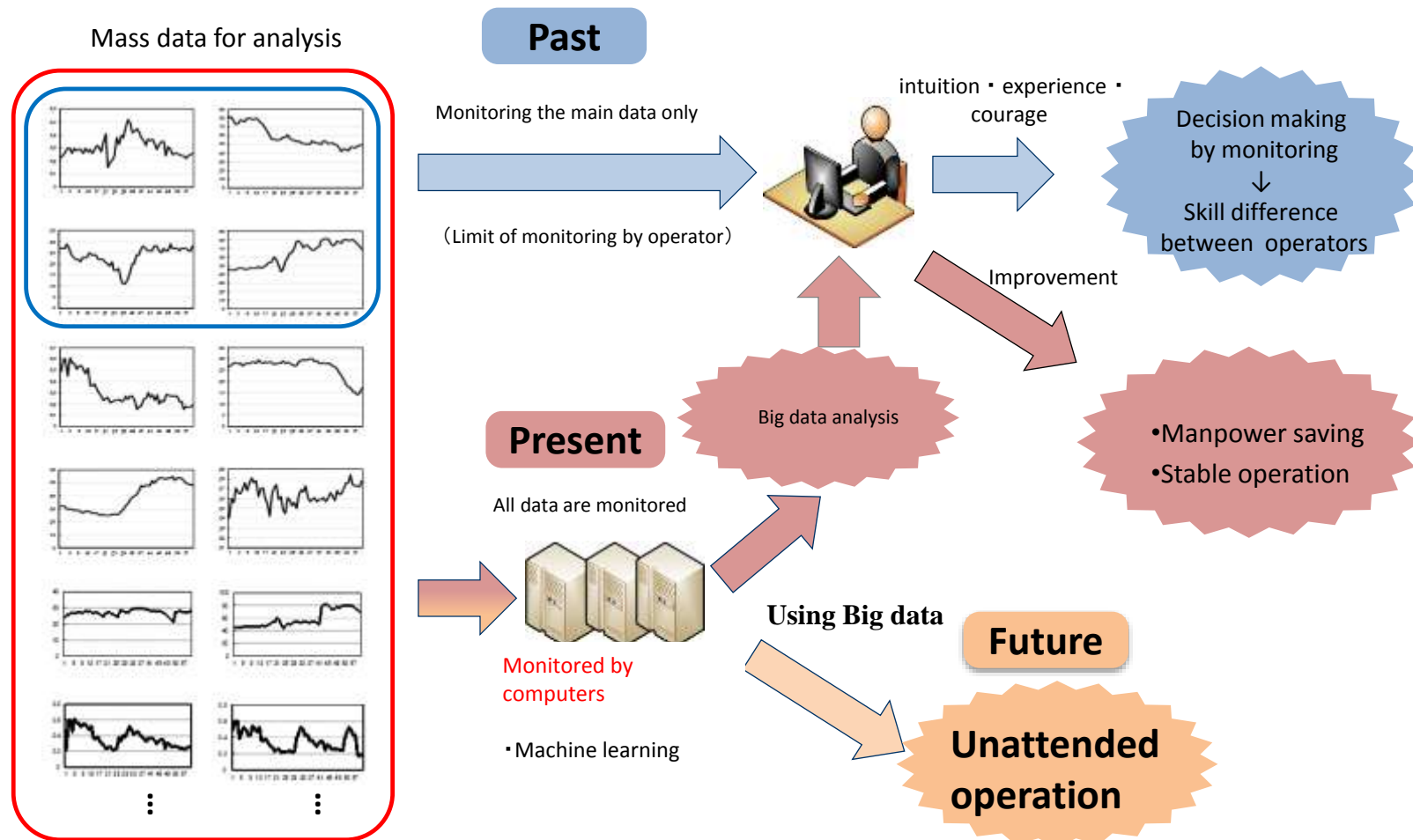


◆ Rationalization by ICT



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- In 2014, Hitz started a study of big data utilization with IBM
- The amount of data from EfW plants is the industry's top level



◆ Rationalization by ICT

→ Remote operation system

- Plant operations are monitored remotely at support center



Malaysia (1st order)
(600t/d, 18,000kW)

Remote Monitoring



Remote Monitoring / Operation Support Center
(Hitachi Head office, Osaka, Japan)

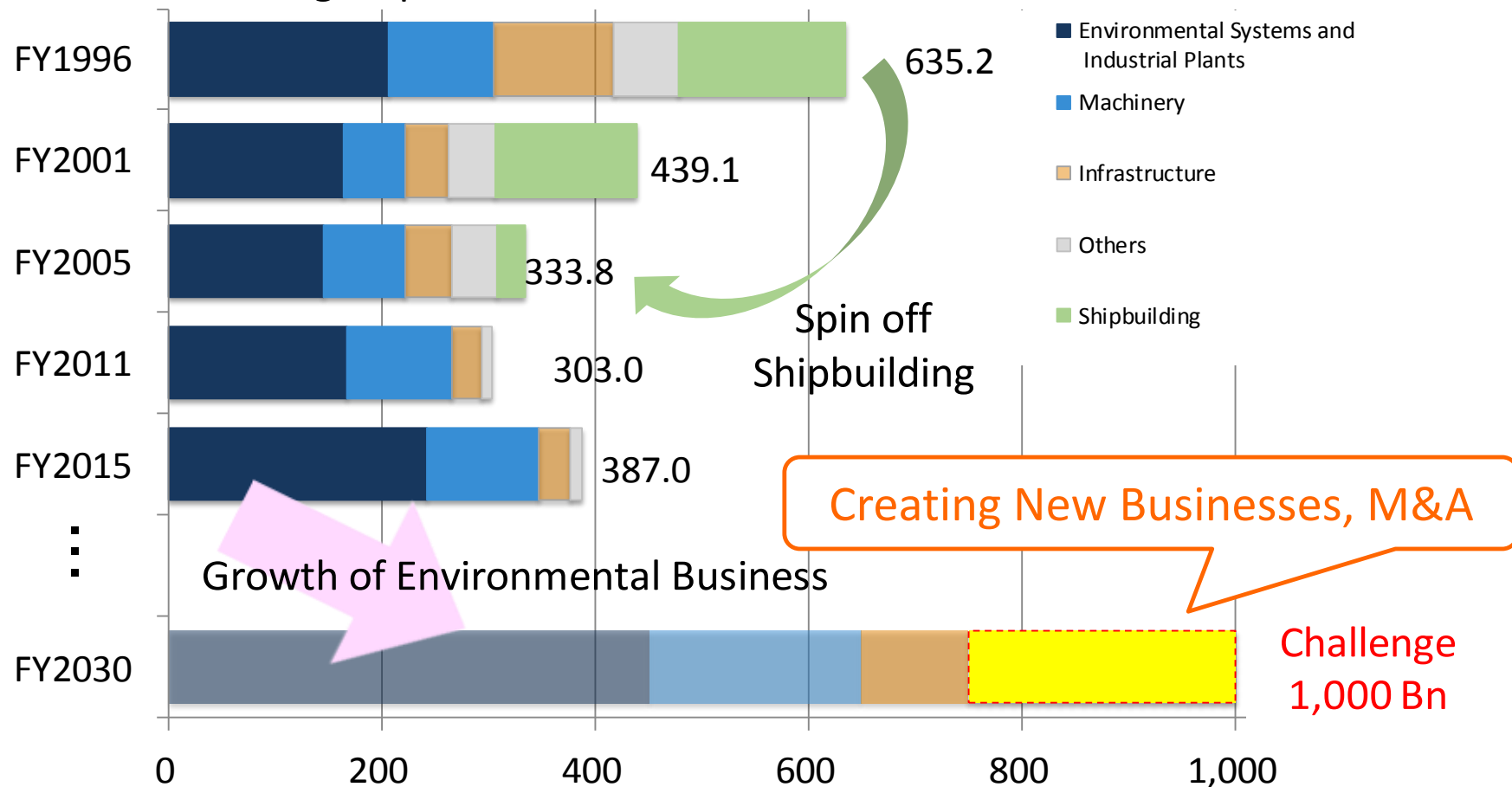
4. New Businesses and Products

◆ Spin off Shipbuilding → Growth of Environmental Business

→ Creating New Businesses

(Unit: Billion yen)

< Trends of Hitz group sales amount >



Wind Power Business Promotion Office



Onshore wind power generation



Offshore wind power generation

Functional Materials Business Promotion Office



All-solid state lithium-ion batteries



Eucommia elastomer



Carbon nanotubes

Global Environment Protecting Technology Development & Business Promotion Office

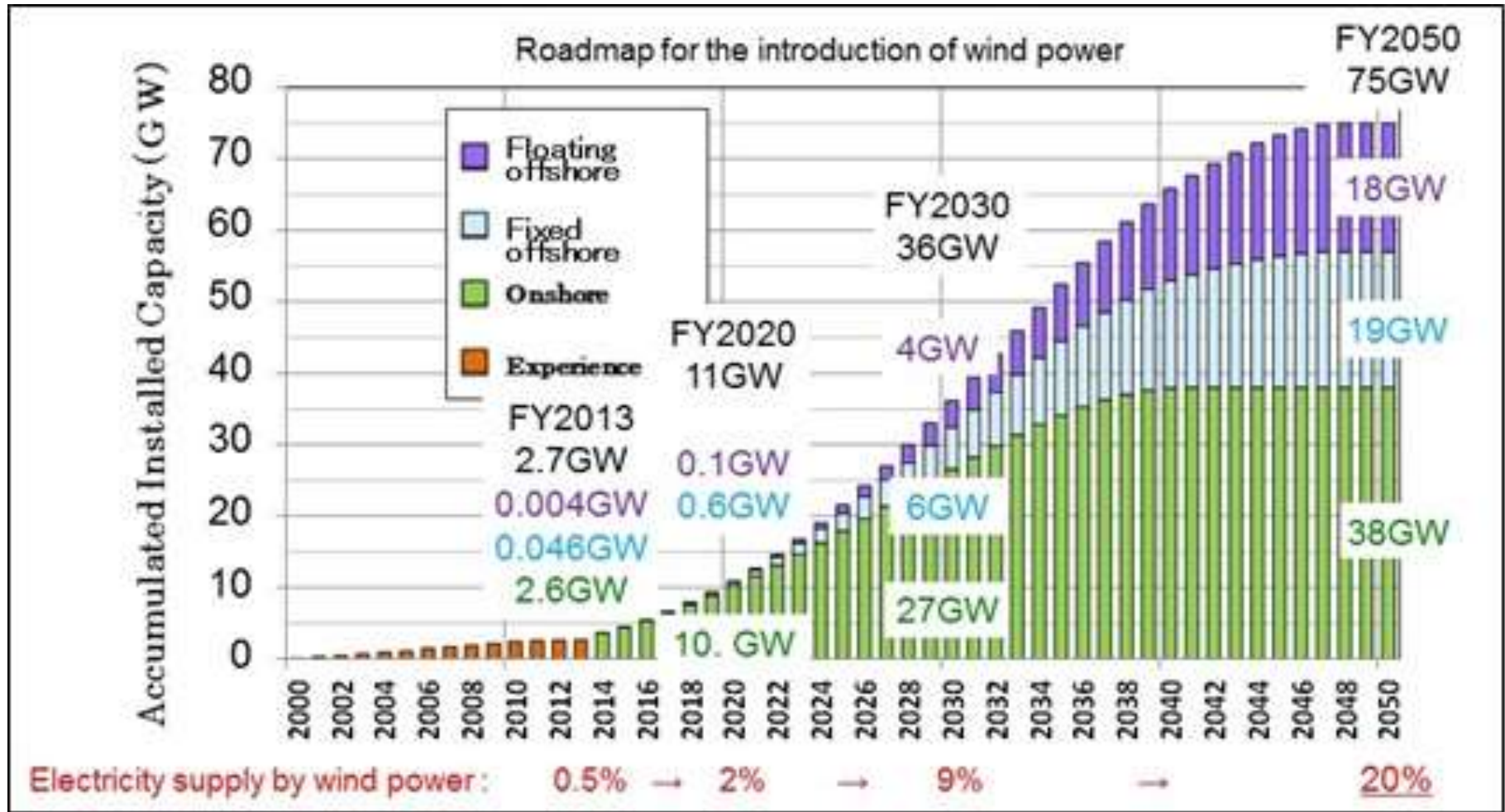


Hydrogen production system



Methanation system

◆ Forecast for the introduction of wind power in Japan



Source: Japan Wind Power Association

◆ Wind Power Business

In operation

Kitanozawa Cliff Wind Farm 12MW (14% equity)

No.1 Omonogawa Wind Power Station 2,000kW

No.2 Omonogawa Wind Power Station 2,000kW

Planning Projects

Iwaki Katte Wind Power Station 2,000kW

Matsugasaki Wind Power Station 2,000kW

Mutsu Ogawara Wind Power Station 57,000kW

Kitakyusyu Floating Wind Turbine for NEDO Demonstration Research

NEDO: New Energy and Industrial Technology Development Organization





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.