FY2016 Financial Results & FY2017 Forecast

June, 2017
Hitachi Zosen Corporation
# FY2016 Results and FY2017 Forecast Overview

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Actual (Ratio to net sales)</th>
<th>FY2016 Actual (Ratio to net sales)</th>
<th>FY2017 Forecast (Ratio to net sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>435.4</td>
<td>398.9</td>
<td>400.0</td>
</tr>
<tr>
<td>Net sales</td>
<td>387.0</td>
<td>399.3</td>
<td>360.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>(3.9%) 15.1</td>
<td>(3.7%) 14.9</td>
<td>(3.5%) 12.5</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>(3.2%) 12.2</td>
<td>(2.8%) 11.2</td>
<td>(2.8%) 10.0</td>
</tr>
<tr>
<td>Net income</td>
<td>(1.5%) 5.8</td>
<td>(1.5%) 5.8</td>
<td>(1.8%) 6.5</td>
</tr>
</tbody>
</table>

(Unit: Billion Yen)
Environmental Systems and Industrial Plants

<table>
<thead>
<tr>
<th>Order intake</th>
<th>Forecast</th>
<th>Actual</th>
</tr>
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<tbody>
<tr>
<td>FY2015</td>
<td>283.7</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>300.0</td>
<td>240.6</td>
</tr>
<tr>
<td>FY2017</td>
<td>255.0</td>
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<table>
<thead>
<tr>
<th>Net sales</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>241.6</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>255.0</td>
<td>254.6</td>
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<tr>
<td>FY2017</td>
<td>215.0</td>
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<table>
<thead>
<tr>
<th>Operating income</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>14.8</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>14.0</td>
<td>11.3</td>
</tr>
<tr>
<td>FY2017</td>
<td>8.5</td>
<td></td>
</tr>
</tbody>
</table>

Order intake

- **FY2016 Results** (vs. FY2015)
  - 240.6 (-43.1)
  - Award of large desalination plant order in Qatar during FY2015

- **FY2017 Forecast** (vs. FY2016)
  - 255.0 (+14.4)
  - Increase of EPC contract for EfW plants (Japan)
  - Addition of new consolidated subsidiary (water treatment business)

Net sales

- **FY2016 Results** (vs. FY2015)
  - 254.6 (+13.0)
  - Increase in sales of desalination plant project in Qatar

- **FY2017 Forecast** (vs. FY2016)
  - 215.0 (-39.6)
  - Decrease in sales of desalination plant project in Qatar
  - Decrease in sales of AOM (upgrade of old EfW plants in Japan)

Operating income

- **FY2016 Results** (vs. FY2015)
  - 11.3 (-3.5)
  - Decrease of profitable projects

- **FY2017 Forecast** (vs. FY2016)
  - 8.5 (-2.8)
  - Decrease of AOM (upgrade of old EfW plants in Japan)
Machinery

【Order intake】

<table>
<thead>
<tr>
<th></th>
<th>Forecast</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>107.2</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>105.0</td>
<td>106.9</td>
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<tr>
<td>FY2017</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

【Net sales】

<table>
<thead>
<tr>
<th></th>
<th>Forecast</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>104.5</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>105.0</td>
<td>103.7</td>
</tr>
<tr>
<td>FY2017</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

【Operating income】

<table>
<thead>
<tr>
<th></th>
<th>Forecast</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>-0.8</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>1.0</td>
<td>2.2</td>
</tr>
<tr>
<td>FY2017</td>
<td>2.5</td>
<td></td>
</tr>
</tbody>
</table>

Order intake

■ FY2016 Results (vs. FY2015)
106.9 (-3)
・Decrease of marine diesel engine orders(selective order)
・Award of large order in precision machinery business

■ FY2017 Forecast (vs. FY2016)
100.0 (-6.9)
・Decrease of marine diesel engine orders(selective order)

Net sales

■ FY2016 Results (vs. FY2015)
103.7 (-0.8)
・Decrease in sales of precision machinery business due to delay in receipt of large order

■ FY2017 Forecast (vs. FY2016)
100.0 (-3.7)
・Decrease of marine diesel engine projects

Operating income

■ FY2016 Results (vs. FY2015)
2.2 (+3.0)
・Improvement of profitability of marine diesel engine business due to progress in restructuring the business
・Trouble shooting of new products in precision machinery

■ FY2017 Forecast (vs. FY2016)
2.5 (+0.3)
・Improvement of profitability of marine diesel engine business due to progress in restructuring the business
Infrastructure

**Order intake**

- **Forecast**
  - FY2015: 34.5
  - FY2016: 30.0
  - FY2017: 33.2

- **Actual**
  - FY2015: 35.0
  - FY2016: 30.0
  - FY2017: 30.0

**Net sales**

- **FY2016 Results** (vs. FY2015)
  - 29.2 (-1.6)
    - Decrease in sales of shield tunneling machine project

- **FY2017 Forecast** (vs. FY2016)
  - 30.0 (+0.8)
    - Increase in sales of hydraulic gate projects

**Operating income**

- **FY2016 Results** (vs. FY2015)
  - 0.4 (+0.6)
    - Successful progress in marine civil engineering projects
    - Improvement of profitability

- **FY2017 Forecast** (vs. FY2016)
  - 1.0 (±0.0)
Technology for People, the Earth, and the Future

Hitachi Zosen creates links between mother nature and our future

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.
Summary of New Medium-Term Management Plan

“Change & Growth”

(FY2017-FY2019)

June, 2017

Hitachi Zosen Corporation
1. Review of former Medium-Term Management Plan “Hitz Vision II”
2. New Long-Term Vision ”Hitz 2030 Vision”
3. New Medium-Term Management Plan ”Change & Growth”
1. Review of former Medium-Term Management Plan “Hitz Vision II”
Achievement of Hitz Vision II

(Unit: Billion Yen)

<table>
<thead>
<tr>
<th>Order intake</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>3 years total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>400.0</td>
<td>450.0</td>
<td>500.0</td>
<td>1,350.0</td>
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<tr>
<td>Net sales</td>
<td>320.0</td>
<td>350.0</td>
<td>400.0</td>
<td>1,070.0</td>
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<tr>
<td>Operating income</td>
<td>10.0</td>
<td>17.0</td>
<td>23.0</td>
<td>50.0</td>
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<tr>
<td>Ordinary income</td>
<td>8.0</td>
<td>14.0</td>
<td>20.0</td>
<td>42.0</td>
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<tr>
<td>Net income</td>
<td>4.0</td>
<td>8.0</td>
<td>13.0</td>
<td>25.0</td>
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</table>

<table>
<thead>
<tr>
<th>Interest-bearing debt</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>3 years total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing debt</td>
<td>131.1</td>
<td>126.0</td>
<td>120.0</td>
<td>-</td>
</tr>
<tr>
<td>Shareholder’s equity ratio</td>
<td>27.6%</td>
<td>28.6%</td>
<td>30.6%</td>
<td>-</td>
</tr>
</tbody>
</table>

We have achieved the target toward business scale, but have to continue to improve earning capacity.
Numerical Result

Order Intake (Billion Yen)

- Environmental Systems & Industrial Plants
- Machinery
- Infrastructure
- Others

FY2014: 452.7 Billion Yen
FY2015: 435.4 Billion Yen
FY2016: 398.9 Billion Yen

Net Sales (Billion Yen)

- Environmental Systems & Industrial Plants
- Machinery
- Infrastructure
- Others

FY2014: 359.3 Billion Yen
FY2015: 387.0 Billion Yen
FY2016: 399.3 Billion Yen

Operating Income (Billion Yen)

- Total

FY2014: Total 12.8
FY2015: Total 15.1
FY2016: Total 14.9
Numerical Result (Environmental Systems & Industrial Plants)

**Order Intake** (Billion Yen)

- **FY2014:** EPC = 176.0, Stable Business = 139.0, Total = 315.0
- **FY2015:** EPC = 127.3, Stable Business = 156.4, Total = 283.7
- **FY2016:** EPC = 117.0, Stable Business = 123.6, Total = 240.6

**Net Sales** (Billion Yen)

- **FY2014:** EPC = 116.2, Stable Business = 109.8, Total = 226.0
- **FY2015:** EPC = 122.6, Stable Business = 119.0, Total = 241.6
- **FY2016:** EPC = 130.0, Stable Business = 124.6, Total = 254.6

**Operating Income** (Billion Yen)

- **FY2014:** EPC = 12.3, Stable Business = 1.3, Total = 13.6
- **FY2015:** EPC = 14.3, Stable Business = 0.5, Total = 14.8
- **FY2016:** EPC = 16.2, Stable Business = -4.9, Total = 11.3
### Numerical Result (Machinery)

#### Order Intake

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
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<tbody>
<tr>
<td>Marine Diesel Engine</td>
<td>100.6</td>
<td>107.2</td>
<td>106.9</td>
</tr>
<tr>
<td>Press Machine</td>
<td>11.7</td>
<td>14.9</td>
<td>15.5</td>
</tr>
<tr>
<td>Process Equipment</td>
<td>29.7</td>
<td>17.1</td>
<td>28.7</td>
</tr>
<tr>
<td>Systematic Machinery</td>
<td>12.7</td>
<td>22.9</td>
<td>18.3</td>
</tr>
<tr>
<td>Others</td>
<td>23.2</td>
<td>35.4</td>
<td>23.6</td>
</tr>
<tr>
<td></td>
<td>23.3</td>
<td></td>
<td>20.8</td>
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#### Net Sales

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Diesel Engine</td>
<td>104.4</td>
<td>104.5</td>
<td>103.7</td>
</tr>
<tr>
<td>Press Machine</td>
<td>11.8</td>
<td>25.3</td>
<td>21.8</td>
</tr>
<tr>
<td>Process Equipment</td>
<td>25.3</td>
<td>23.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Systematic Machinery</td>
<td>22.0</td>
<td>23.4</td>
<td>24.1</td>
</tr>
<tr>
<td>Others</td>
<td>21.4</td>
<td>25.4</td>
<td>25.5</td>
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#### Operating Income

<table>
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<tr>
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<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marine Diesel Engine</td>
<td>-3.5</td>
<td>-2.6</td>
<td>2.3</td>
</tr>
<tr>
<td>Press Machine</td>
<td>1.1</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Process Equipment</td>
<td>2.8</td>
<td>2.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Systematic Machinery</td>
<td>0.4</td>
<td>-1.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>Others</td>
<td>0.9</td>
<td>1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>0.8</td>
<td>-0.8</td>
<td>2.2</td>
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### Evaluation of Management Targets and Actions

<table>
<thead>
<tr>
<th>No.</th>
<th>Management Targets</th>
<th>Evaluation</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Strengthen profitability</strong></td>
<td>● Engineering : AOM leads growth of engineering</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Manufacturing : Continuing slump</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Troubles of marine diesel engines and systematic machinery.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Projects troubles and technical problem related to overseas</td>
</tr>
<tr>
<td></td>
<td>● Each business and product to achieve No. 1 profitability in its area</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Expand business scale</strong></td>
<td>● INOVA, NAC and large-scale desalination project contribute increasing of overseas net sales. The total net sales reached Yen 400 billion.</td>
</tr>
<tr>
<td></td>
<td>● Expand to Yen 500 billion company with public recognition</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td><strong>Fortify financial structure</strong></td>
<td>● Shareholder’s equity ratio is 29%</td>
</tr>
<tr>
<td></td>
<td>● Achieve and maintain at least 30% shareholders’ equity ratio, and secure a stable financial position</td>
<td>● Increase endurance to financial risk by subordinated loan</td>
</tr>
</tbody>
</table>

AOM: After service, Operation and Maintenance

- HITZ/HZI (incl. licensees): 30.2%
- CIS (Martin grate): 17.8%
- Everbright: 13.1%
- Grantop (B&W Volund licensee): 6.2%
- MHIEC (Martin): 5.1%
- MHIEC (martin): 0.9%
- Keppel Sghers: 5.8%
- Ebara: 4.2%
- Others: 16.7%

Total: 198,918 tpd

Source: Vaccani European Market Share Analysis of Thermal Waste Treatment Plants, 2017 Edition
Expand Business Scale

**EfW : Expand and strengthen business in Europe (HZI) and SE Asia (Hitz)**

1. **HZI**: Expand business areas in European markets and strengthen O&M business (M&A)
   - **HZIBM (GER)**
     - 2015.3～ Biogas Purification System
   - **HZIK (GER)**
     - 2014.12～ Maintenance for EfW
   - **HZIS (SVK)**
     - 2017.1～ Design for EfW
   - **HZIE (GER)**
     - 2016.10～/Power to Gas (Synthesis Methane Production)
   - **HZI (Asset Purchase for Kompogas)**
     - 2014.10～ (Dry Biogas)

2. **Hitz**: Develop markets of developing countries centered around SE Asia
   - **Vietnam/Under demonstrated operation**
     - (75t/d 1,930kW)
   - **Thailand/First Order**
     - (460t/d 7,900kW)
   - **Thailand/Offer**
     - (370t/d 6,000kW)
   - **India/Under operation**
     - (600t/d 11,500kW)
   - **Malaysia/First Order**
     - (600t/d 18,000kW)

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Expand Business Scale

Desalination Business: Expand and enhance business by achieve RO method and the delivery records (Acquisition of OSMOFLO)

**Advantages of Hitz**
- MSF/MED method
- Large-scale installations in the Middle East

**Advantage of OSMOFLO**
- RO method
- AOM
- Rentals

Cover for each other

*Plant Connect:* Remote Monitoring System by OSMOFLO

Design・Sales・Manufacture・Operation of Desalination and Industrial Wastewater Treatment System
Expand Business Scale

Marine SCR system: Receive orders consecutively.

First Order

Client: Dalian Marine Diesel Co., Ltd.
System: High-pressure marine SCR system x 2 units
Delivery: 1st unit October 2017
2nd unit November 2017

Client: Sumitomo Heavy Industries Marine & Engineering Co., Ltd.
System: Marine diesel engine (6G60ME-C9.5) and High-pressure SCR system x 1 set
Delivery: July 2018

Client: STX Heavy Industries Co., Ltd.
System: High-pressure marine SCR system x 2 units
Delivery: 1st unit October 2017
2nd unit November 2017
Enhance corporate governance by revitalize our Board of Directors meetings

- Review of Board composition

Independent Outside Director
- Mr. Chiaki Ito
- Ms. Kazuko Takamatsu
- Mr. Richard R. Lury

Independent Outside Corporate Auditors
- Mr. Kenichi Takashima
- Mr. Yoshihiro Doi

Reinforce the structure of risk management

- Risk assessment for M&A
- Risk assessment for order intakes
- Decrease Technical Problems
  - Management Approaches:
    1. Design review meeting
    2. Top Management Review
    3. Risk review meeting
2. Hitz 2030 Vision
Transformation to Global Solution Provider for Establishment of Recycling Society

Social Challenges
- Increasing Environmental Pollution
- Food, Water and Energy Shortage
- Abnormal Weather, Natural Hazard

Core Business Areas

Energy
- Energy from Waste (EfW)
- Renewable Energy
- Methanation
- Marine engines, process equipment etc.

Water
- Desalination, Water Supply
- Sewage Treatment, Excreta Treatment
- Water Control (Hydraulic gates, Wave Meters, Flap-Gates)
- Bridges, Shield tunneling machines etc.

Environment

Core Competences of Hitz Group

(1) Abundant delivery record (Expansive knowledge based on experience)
(2) Technological competences (Engineering + Manufacturing)
(3) Deep connections with customers
“In FY2030, net sales will be JPY 1 trillion and operating income to net sales will be more than 10%”

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2030</th>
<th>Approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>400bn. JPY</td>
<td>300〜400bn. JPY</td>
<td>● New Products and Businesses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>600〜700bn. JPY</td>
<td>● Globalization</td>
</tr>
<tr>
<td><strong>Operating Income to Net sales</strong></td>
<td>4%</td>
<td>10%</td>
<td>● Expansion of Value Chain</td>
</tr>
<tr>
<td><strong>Overseas Net Sales to Net Sales</strong></td>
<td>33%</td>
<td>50%</td>
<td>● Globalization</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity Ratio</strong></td>
<td>29%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>
Advanced Technology

<Added value and productivity improvement>

- Preventive maintenance
- Automation・Labor-saving
- Give the best performance

<Software>
+ <Hardware>

Advanced Technology
- Control Technology (Big Data, AI, IoT)
- Automation Technology
- Advanced Simulation Technology

Engineering
- EfW, Woody Biomass Power Generation, Desalination, Water Treatment etc.

Manufacturing
- Marine Diesel Engines, Process Equipment, Precision Machinery, Infrastructure Development, etc.

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3. New Medium-Term Management Plan “Change & Growth”
### Position of New Mid-Term Management Plan “Change & Growth”

The first step to grow for achieving 2030Vision (maintenance of business foundations)

<table>
<thead>
<tr>
<th></th>
<th>FY2013 Actual</th>
<th>FY2016 Actual</th>
<th>FY2019 Targets</th>
<th>FY2030 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>328.4bn. JPY</td>
<td>398.9bn. JPY</td>
<td>460.0bn. JPY</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>333.4bn. JPY</td>
<td>399.3bn. JPY</td>
<td>430.0bn. JPY</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>7.8bn. JPY (2.4%)</td>
<td>14.9bn. JPY (3.7%)</td>
<td>20.5bn. JPY (4.8%)</td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>3.7%</td>
<td>5.1%</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>9,693</td>
<td>10,131</td>
<td>11,300</td>
<td></td>
</tr>
</tbody>
</table>

**Business Scale**
- 1 trillion JPY
- More than 10%

**Basic strategies for New Mid-Term Management Plan “Change & Growth”**
1. To restructure business foundation and improve productivity
2. To maximize Hitachi Group comprehensive strengths
3. Promote Portfolio Management

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Guideline of business scale and profitability toward FY2030

- Consolidated net sales
- Operating income to sale(%)
<table>
<thead>
<tr>
<th></th>
<th><strong>Hitz Vision II</strong> (Actual)</th>
<th><strong>Change &amp; Growth</strong> (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2014</td>
<td>FY2015</td>
</tr>
<tr>
<td>Order intake</td>
<td>452.7</td>
<td>435.4</td>
</tr>
<tr>
<td>Net sales</td>
<td>359.3</td>
<td>387.0</td>
</tr>
<tr>
<td>Operating income (Ratio)</td>
<td>12.8  (3.6%)</td>
<td>15.1  (3.9%)</td>
</tr>
<tr>
<td>Ordinary income (Ratio)</td>
<td>7.5  (2.1%)</td>
<td>12.2  (3.2%)</td>
</tr>
<tr>
<td>Net income</td>
<td>5.1</td>
<td>5.8</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>119.0</td>
<td>105.1</td>
</tr>
<tr>
<td>Shareholder’s equity ratio (incl. subordinated loan)</td>
<td>26.6%</td>
<td>28.4%</td>
</tr>
<tr>
<td>R O E</td>
<td>4.9%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>
Numerical Forecast

**Order Intake** (Billion Yen)

- **Environmental Systems & Industrial Plants**
  - FY2017: 400.0
  - FY2018: 430.0
  - FY2019: 460.0

- **Machinery**
  - FY2017: 10.0
  - FY2018: 12.0
  - FY2019: 12.0

- **Infrastructure**
  - FY2017: 35.0
  - FY2018: 38.0
  - FY2019: 43.0

- **Others**
  - FY2017: 100.0
  - FY2018: 105.0
  - FY2019: 115.0

**Net Sales** (Billion Yen)

- **Environmental Systems & Industrial Plants**
  - FY2017: 215.0
  - FY2018: 250.0
  - FY2019: 273.0

- **Machinery**
  - FY2017: 100.0
  - FY2018: 105.0
  - FY2019: 110.0

- **Infrastructure**
  - FY2017: 30.0
  - FY2018: 33.0
  - FY2019: 35.0

- **Others**
  - FY2017: 15.0
  - FY2018: 12.0
  - FY2019: 12.0

**Operating Income** (Billion Yen)

- **Environmental Systems & Industrial Plants**
  - FY2017: 255.0
  - FY2018: 275.0
  - FY2019: 290.0

- **Machinery**
  - FY2017: 10.0
  - FY2018: 12.0
  - FY2019: 12.0

- **Infrastructure**
  - FY2017: 8.5
  - FY2018: 12.0
  - FY2019: 12.0

- **Others**
  - FY2017: 0.5
  - FY2018: 0.5
  - FY2019: 0.5

- **Total**
  - FY2017: 12.5
  - FY2018: 16.5
  - FY2019: 20.5
Numerical Forecast (Environmental Systems & Industrial Plants)

Order Intake
(Billion Yen)

- FY2017: EPC 125.0, Stable Business 130.0, Total 255.0
- FY2018: EPC 145.0, Stable Business 130.0, Total 275.0
- FY2019: EPC 159.0, Stable Business 131.0, Total 290.0

Net Sales
(Billion Yen)

- FY2017: EPC 94.0, Stable Business 121.0, Total 215.0
- FY2018: EPC 120.0, Stable Business 130.0, Total 250.0
- FY2019: EPC 132.5, Stable Business 140.5, Total 273.0

Operating Income
(Billion Yen)

- FY2017: EPC -3.6, Stable Business 12.1, Total 8.5
- FY2018: EPC -2.0, Stable Business 13.0, Total 11.0
- FY2019: EPC -0.3, Stable Business 13.8, Total 13.5
Basic Strategies

Basic Strategy(1)
Restructure business foundation and improve productivity

1. Business areas expansion
2. Use ICT
3. Reinforce the structure of risk management
4. Take specific measures to increase profitability
5. Strengthen financial condition and increase investment capacity for growth

Basic Strategy(2)
Maximize Hitz Group comprehensive strengths

1. Form business clusters and maximize synergy
2. Promote consolidated basis profit monitoring
3. HRD by job rotation

Basic Strategy(3)
Promote Portfolio Management

1. Clarify position of each business by Portfolio
2. Priority given to growing business and new business in resource allocation
3. Consider possibilities of revitalizing low-profit products
Business areas expansion

Expansion of Value Chain

- **Business Planning**
  - Finance, Electric Power
  - Selling, Concession

- **Engineering**
  - Renewable Energy (EfW), Desalination, Water Treatment

- **Service**
  - After-sales Service, Maintenance, Operation

- **Manufacturing**
  - Marine Diesel Engines,
  - Process Equipment, System Machinery,
  - Electronic Control Systems, Industrial Machines, Steel Structures, Shield Tunneling Machines, Functional Materials

**Smile Curve**

**Advanced Technology**

- Control Technology (Big Data, AI, IoT), Automation Technology, Advanced Simulation Technology

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Use ICT

Remote Monitoring System • Support Center

- Expansion of AOM business
  - Horizontal development of remote monitoring system (Shield Machines, marine diesel engines etc.)
  - Stabilize electric output in EfW plants by big data
- Productivity improvement
  - Productivity improvement by robots and ICT
  - Standardized design by ICT

**Business Areas**
- EfW
- Marine diesel engines
- SCR
- Shield machine
- Water treatment plants
- Hydraulic gates

**Production Site Area**
- Make works smart
- Achieve IoT innovation in production site

**IoT • Big Data, utilize AI**
- Collect and Store data
- Analyze data
- Utilize AI

**Visualization**
- Automatic operation
- Abnormal diagnosis
- Support decision-making
- Lifetime diagnosis
- Preventive maintenance

**Technical Research Institute**
- Innovative Manufacturing & Technology Research Center
  - Ariake
  - Chikkou
  - Mukaishima
- Innoshima
- Maizuru
- Kashiwa
- Ibaraki
- Sakai

**Horizontal development of remote monitoring system**
- Expansion of AOM business
  - Stabilize electric output in EfW plants by big data
- Productivity improvement
  - Productivity improvement by robots and ICT
  - Standardized design by ICT
Technology for People, the Earth, and the Future

Hitachi Zosen creates links between mother nature and our future

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.

Hitachi Zosen Corporation

http://www.hitachizosen.co.jp/english/