



Financial Results for Third Quarter FY2009

February 2010

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. Third Quarter FY2009 Financial Results

Summary of Third Quarter Financial Results

(In billion yen)

	FY2008-3Q	FY2009-3Q	Change
Orders received	2,613.2	1,496.1	- 1,117.1
Net sales	2,379.6	1,999.3	- 380.3
Operating income	100.5	46.0	- 54.4
Ordinary income	86.6	17.9	- 68.6
Extraordinary income	- 26.7	- 2.5	+24.1
Income before income taxes	59.8	15.3	- 44.4
Net income	27.8	4.2	- 23.5

Orders received ⇒ Down ¥1,117.1 billion YoY (¥2,613.2 bn → ¥1,496.1 bn)

- Orders were down from a year ago, reflecting a delayed recovery in demand in the Mass and Medium-Lot Manufactured Machinery segment and the slow progress of negotiations for orders in each segment.

Net sales ⇒ Down ¥380.3 billion YoY (¥2,379.6 bn → ¥1,999.3 bn)

- Overall net sales were down from a year ago, as sales declined sharply in the Mass and Medium-Lot Manufactured Machinery segment and fell in the Power Systems and other segments.

Net income ⇒ Down ¥23.5 billion YoY (¥27.8 bn → ¥4.2 bn)

- Operating income, ordinary income, and net income all declined from a year ago, as a stronger yen and lower sales outweighed the results of initiatives to improve profitability.

Third Quarter Financial Results by Segment

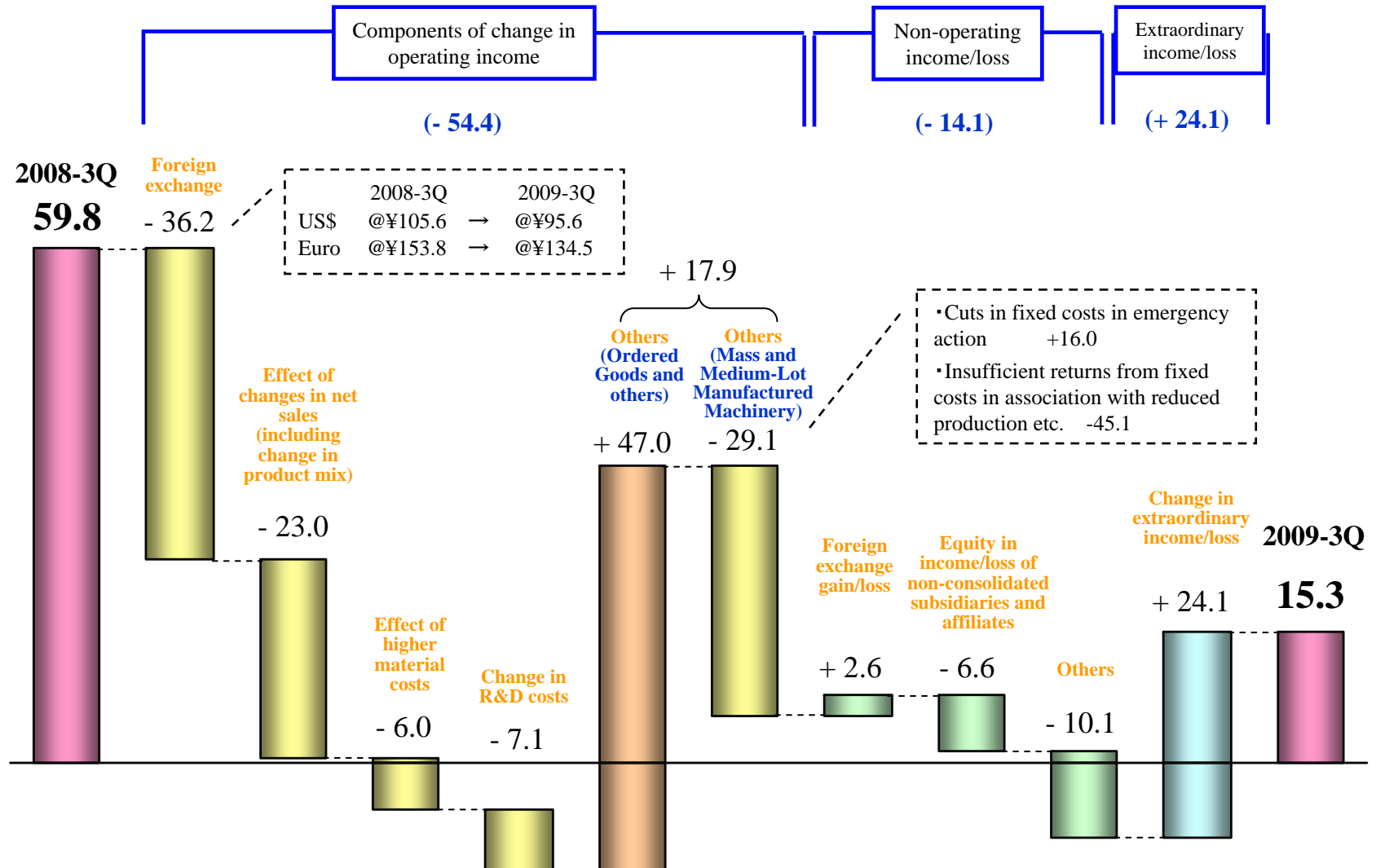
(In billion yen)

	Orders received		Net sales		Operating income		
	2008-3Q	2009-3Q	2008-3Q	2009-3Q	2008-3Q	2009-3Q	
Shipbuilding & Ocean Development	192.5	60.7	186.5	165.6	8.6	10.5	
Power Systems	1,080.0	657.5	847.2	719.1	66.6	57.3	
Machinery & Steel Structures	449.2	202.9	354.5	365.6	17.5	16.4	
Aerospace	243.5	170.0	325.1	320.8	- 6.0	- 0.9	
Mass and Medium-Lot Manufactured Machinery	GM & SV	334.5	193.5	337.1	198.3	2.7	- 21.2
	Air-Con	156.9	100.8	154.0	99.8	3.8	- 6.2
	Industrial	125.2	82.6	138.8	83.7	1.3	- 16.1
Others	73.7	58.6	79.6	85.0	5.7	6.3	
Inter-group consolidation adjustments	- 42.6	- 30.7	- 43.5	- 39.0	-	-	
Total	2,613.2	1,496.1	2,379.6	1,999.3	100.5	46.0	

GM&SV: General Machinery & Special Vehicles
 Air con: Air-conditioning and Refrigeration Systems
 Industrial: Industrial Machinery

Components of Change in Income before Income Taxes

Down ¥44.4 billion (¥59.8 bn → ¥15.3 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (- ¥68.6 billion YoY (¥86.6 bn → ¥17.9 bn))

(In billion yen)

	2008-3Q	2009-3Q	Change
Operating income	100.5	46.0	- 54.4
Foreign exchange gains	- 3.3	- 0.7	+ 2.6
Net interest expense	- 2.1	- 10.9	- 8.8
Equity in earnings of non-consolidated subsidiaries and affiliates	- 0.7	- 7.4	- 6.6
Other	- 7.7	- 9.0	- 1.2
Non-operating income	- 13.9	- 28.1	- 14.1
Ordinary income	86.6	17.9	- 68.6

- Extraordinary Income (+ ¥24.1 billion YoY (-¥26.7 bn → -¥2.5bn))

(In billion yen)

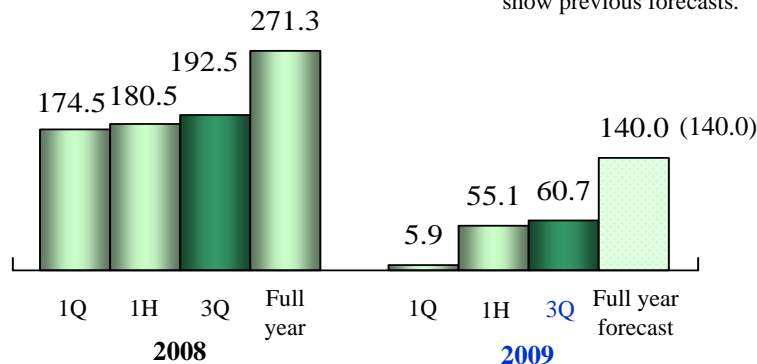
	2008-3Q	2009-3Q	Change
Gain on sale of fixed assets	2.7	-	-2.7
Gain on sales of investment securities	14.1	-	-14.1
Extraordinary gain	16.8	-	-16.8
Effect of application of the accounting standard for measurement of inventories	- 33.4	-	+ 33.4
Loss on legal claims	- 10.1	-	+ 10.1
Business structure improvement expenses	-	- 2.5	-2.5
Extraordinary loss	- 43.5	- 2.5	+ 41.0
Extraordinary income/loss	- 26.7	- 2.5	+ 24.1

< Shipbuilding & Ocean Development >

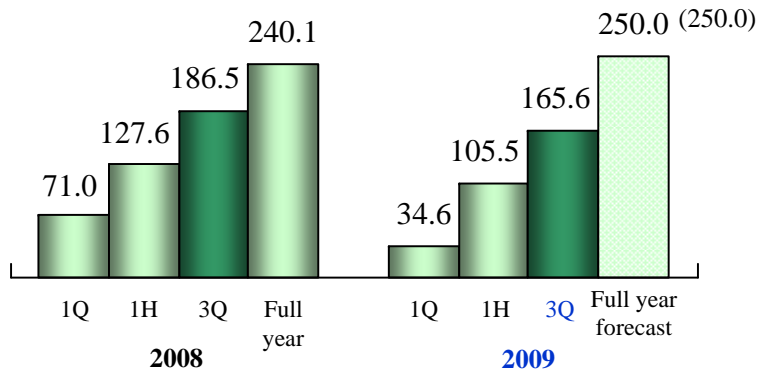
(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

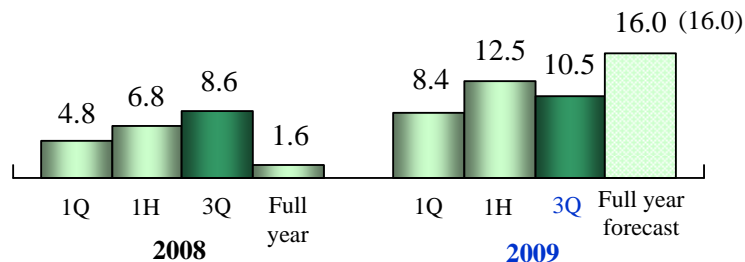
Orders Received



Net Sales



Operating Income



Orders received: Down ¥131.8 billion YoY

- Orders for one escort ship and five patrol vessels were received in the period under review. As interest in new commercial vessels remained weak, the Company is striving to win orders from promising negotiations.

[Number of ships orders received]

FY2008: 16 (1Q: 16, 2Q: 0, 3Q: 0)

FY2009: 6 (1Q: 0, 2Q: 6, 3Q: 0)

[Backlog of ship orders] 60

(17 pure car carriers, 14 container ships, 7 LPG carriers, 6 patrol vessels, and others)

Net sales/Earnings: Increased earning (+ ¥1.9 billion YoY) on decreased sales (- ¥20.8 billion YoY)

- We delivered a total of 12 vessels, including seven pure car carriers, three LPG carriers, one LNG carrier and one patrol vessel.

[Number of ships delivered]

FY2008: 13 (1Q: 5, 2Q: 3, 3Q: 5)

FY2009: 12 (1Q: 3, 2Q: 4, 3Q: 5)

- Earnings were adversely affected by a review of the allowance for losses in the third quarter given the stronger yen, but still rose from a year ago on improved profitability and other factors.

Full-year forecast:

Orders: There were no changes to the previous forecast.

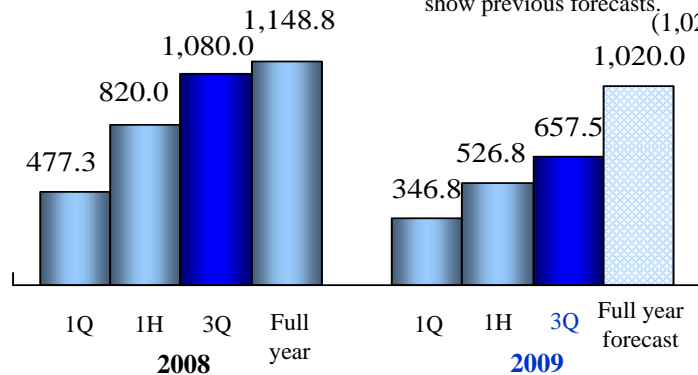
Net sales: There were no changes to the previous forecast.

Operating income: There were no changes to the previous forecast.

< Power Systems >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.



Orders Received

Orders received: Down ¥422.4 billion YoY

- Orders were down from a year ago, with orders for thermal power plants overseas and wind turbines falling from a strong level. The Company is focusing on bolstering orders with demand for after-sales service work, including GTCC's long term service agreement, and is negotiating to win orders for new plants.

[Wind turbines (Output-based)]

FY2008: 963MW

(Full year: Orders 963MW, Cancels -1,094MW)

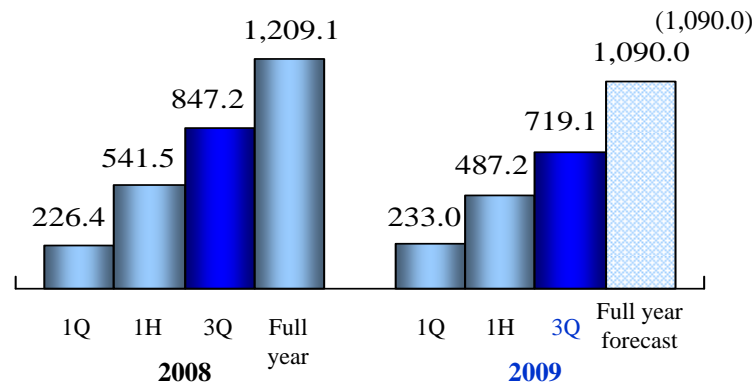
FY2009: 0MW

[Backlog of Gas turbine orders (Non-consolidated)]

FY2008-3Q: 71 (FY2008: 66)

FY2009-3Q: 53

Net Sales

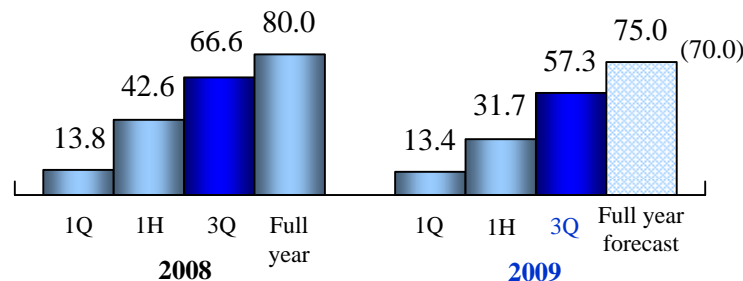


Net sales/Earnings: Decreased earning (- ¥9.3 billion YoY) on decreased sales (- ¥128.0 billion YoY)

- Net sales fell from a year ago, with sales of thermal power plants and wind turbines declining from with the year-ago period.

- Earnings declined from a year ago, attributable to a fall in net sales and a stronger yen. However, since profitability is improving steadily, the Company will revise its full-year earnings forecast upward.

Operating Income



Full-year forecast:

Orders: There were no changes to the previous forecast.

Net sales: There were no changes to the previous forecast.

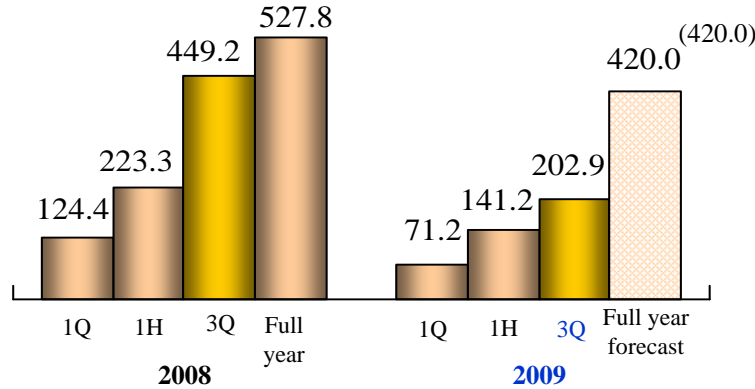
Operating income: Operating income was revised from ¥70 billion to ¥75 billion.

< Machinery & Steel Structures >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

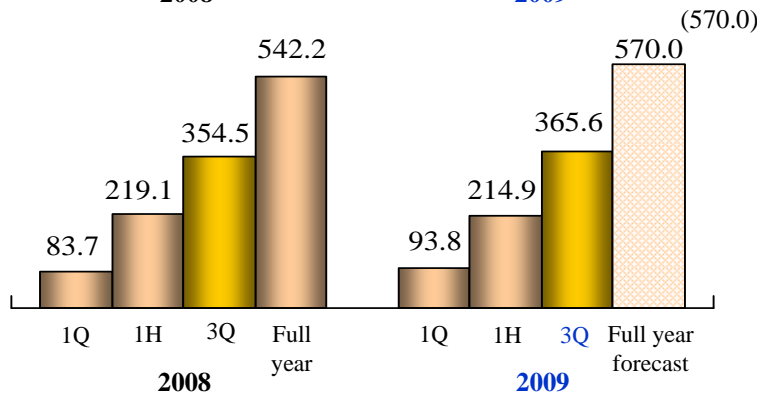
Orders Received



Orders received: Down ¥246.3 billion YoY

- Orders were down sharply from a year ago, when the Company received orders such as for a large fertilizer plant. The Company is focusing on winning work related especially to metals machinery and chemical plants.

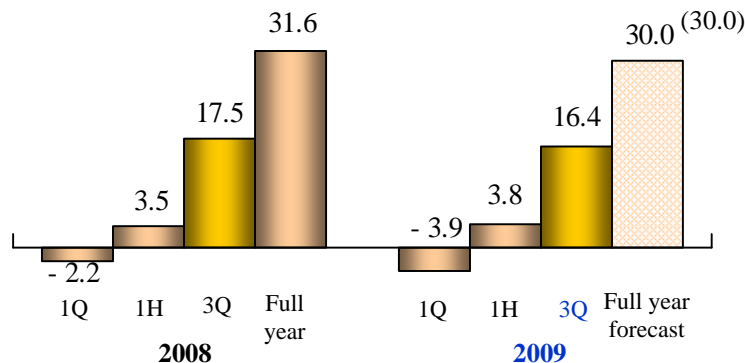
Net Sales



Net sales/Earnings: decreased earning (- ¥1.0 billion YoY) on increased sales (+ ¥11.1 billion YoY)

- Net sales rose from a year ago, primarily reflecting the steady progress of large chemical plant construction work. Earnings were on a par with the year-ago result, partly due to a stronger yen.

Operating Income



Full-year forecast:

Orders: There were no changes to the previous forecast.

Net sales: There were no changes to the previous forecast.

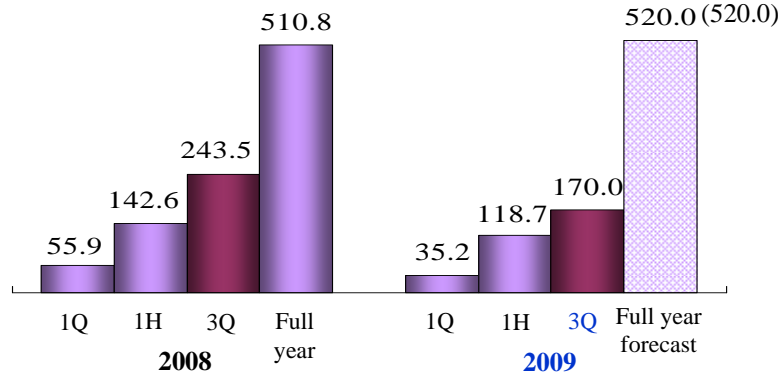
Operating income: There were no changes to the previous forecast.

< Aerospace >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

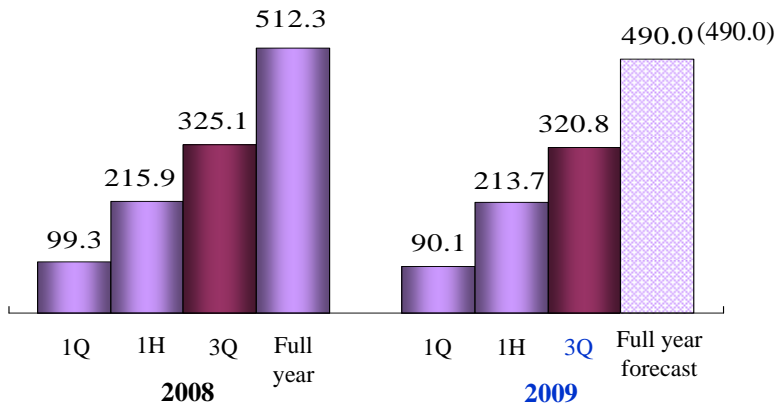
Orders Received



Orders received: Down ¥73.5 billion YoY

-Orders fell below the year-ago level, with orders for both commercial aircraft and for defense-related products declining. The Company is focusing on winning orders, particularly for large-scale projects related to commercial aircraft and defense-related products.

Net Sales



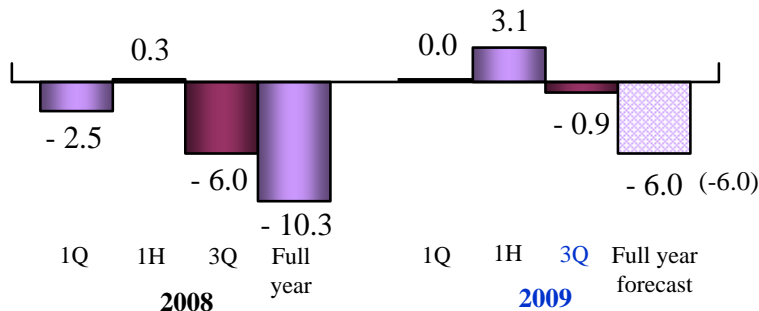
Net sales/Earnings: Increased earning (+ ¥5.0 billion YoY) on decreased sales (- ¥4.2 billion YoY)

-Net sales declined slightly from a year ago. Although sales of commercial aircraft and space-related products rose, sales of defense-related products were down.

[Number of B777s delivered]
 FY2008: 46 (Full year: 67)
 FY2009: 61

-Earnings improved from a year ago, thanks to improved profitability from commercial aircraft, which offset the adverse effect of a stronger yen.

Operating Income



Full-year forecast:

Orders: There were no changes to the previous forecast.

Net sales: There were no changes to the previous forecast.

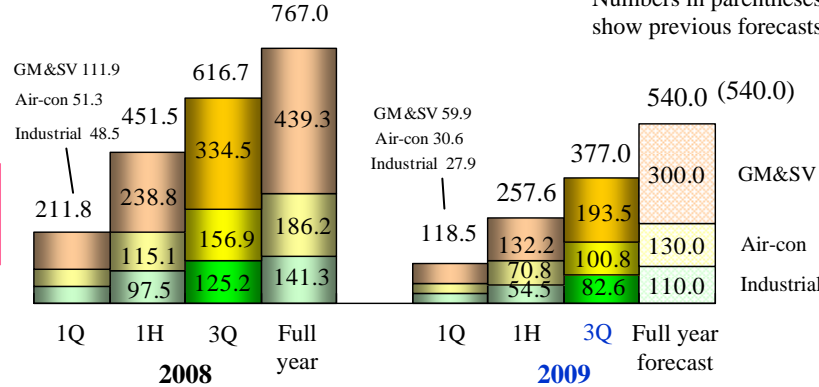
Operating income: There were no changes to the previous forecast.

< Mass and Medium-Lot Manufactured Machinery >

(In billion yen, accumulated amount)

Numbers in parentheses show previous forecasts.

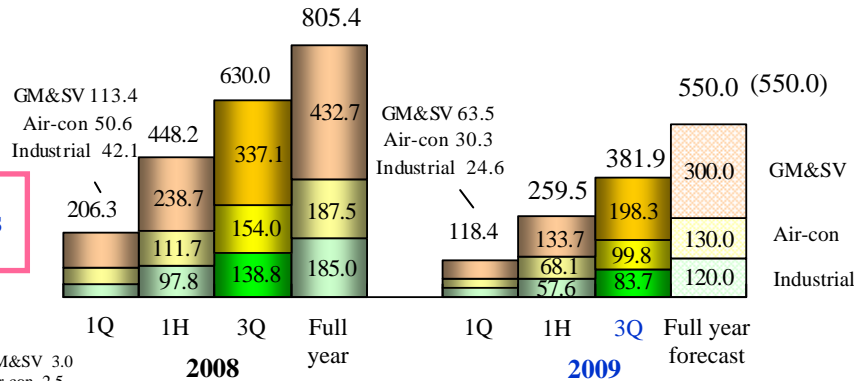
Orders Received



Orders received: Down ¥239.6 billion YoY

-Although market circumstances are improving for certain regions and products, demand remained weak overall. As a result, orders were down significantly from a year ago.

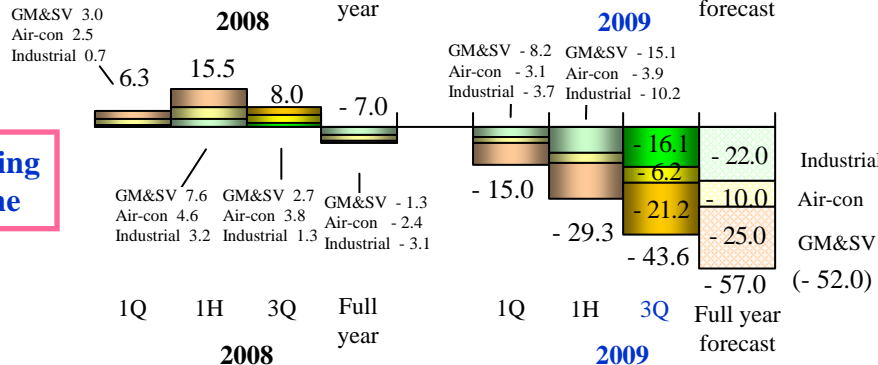
Net Sales



Net sales/Earnings: Decreased earnings (- ¥51.7 billion YoY) on decreased sales (- ¥248.1 billion YoY)

-Earnings fell sharply from a year ago because of a decline in sales, insufficient returns from fixed costs in association with reduced production, and a stronger yen, which more than offset improved profitability through fixed cost cutting and other steps.

Operating Income



Full-year forecast:

Orders: There were no changes to the previous forecast.

Net sales: There were no changes to the previous forecast.

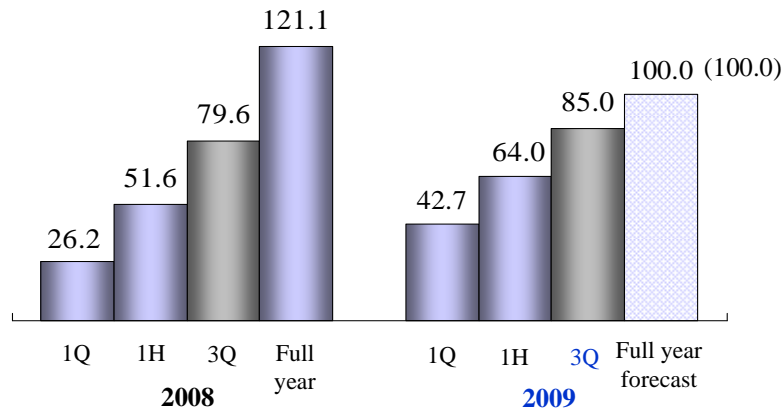
Operating income: Operating income was revised from - ¥52 billion to - ¥57 billion.

< Others >

(In billion yen, accumulated amount)

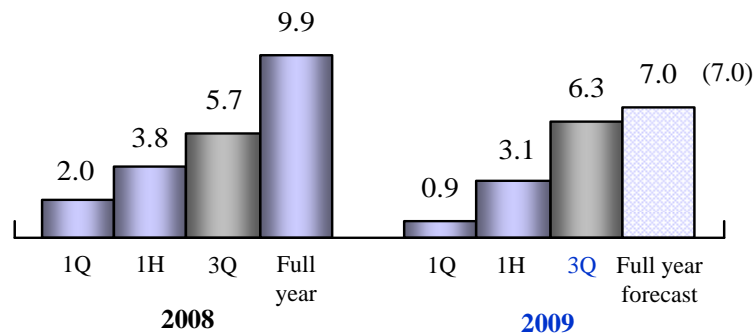
Numbers in parentheses show previous forecasts.

Net Sales



- Real estate and construction
- Information and communication systems, etc.

Operating Income



Balance Sheets

(In billion yen)

	As of March 31, 2009	As of December 31, 2009	Changes
Assets			
Trade receivables	1,082.5	908.3	-174.2
Inventories	1,268.6	1,400.3	+131.6
Other current assets	813.8	703.6	-110.2
Total current assets	3,165.0	3,012.2	-152.7
Total fixed assets	1,361.1	1,412.7	+51.5
Total assets	4,526.2	4,424.9	-101.2
Liabilities			
Trade payables	699.6	602.5	-97.1
Advance payments received on contracts	479.0	503.0	+24.0
Other current liabilities	816.2	654.1	-162.0
Total current liabilities	1,994.8	1,759.7	-235.1
Total long-term liabilities	1,248.0	1,354.3	+106.2
Total liabilities	3,242.9	3,114.0	-128.8
Net assets			
Stockholders' equity	1,253.4	1,254.8	+1.3
Valuation, translation adjustments and others	-11.8	4.5	+16.3
Others (Minority interests, etc.)	41.6	51.5	+9.8
Total net assets	1,283.2	1,310.9	+27.6
Total liabilities and net assets	4,526.2	4,424.9	-101.2
Interest-bearing debt outstanding	1,612.8	1,579.5	-33.2

Including Interest-bearing debt outstanding -131.5

Including Interest-bearing debt outstanding +98.2

II. Forecast for FY2009

Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. As such, those projection simply risks and insecurity. For this reason, investors are recommended not to depend solely on these projections for making investment decision. It is possible that actual results may change significantly from these projections for a number of factors. Such factors include, but are not limited to, economic trends affecting the Company's operating environment, currency movement of the yen value to the U.S. dollar and other foreign currencies, and trends of stock markets in Japan.

Summary of Forecast for FY2009

(In billion yen)

	FY2008 (Actual)	FY2009 (Previous forecast) '09.10.30	FY2009 (Forecast)
Orders received	3,268.7	2,700.0	2,700.0
Net sales	3,375.6	3,000.0	3,000.0
Operating income	105.8	65.0	65.0
Ordinary income	75.3	20.0	20.0
Net income	24.2	12.0	12.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥92 to the U.S. dollar and ¥132 to the Euro (US\$ 1.0 billion, Euro 0.2 billion undetermined)

Forecast for FY2009 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2008	FY2009		FY2008	FY2009		FY2008	FY2009	
		Previous forecast	forecast		Previous forecast	forecast		Previous forecast	forecast
Shipbuilding & Ocean Development	271.3	140.0	140.0	240.1	250.0	250.0	1.6	16.0	16.0
Power Systems	1,148.8	1,020.0	1,020.0	1,209.1	1,090.0	1,090.0	80.0	70.0	75.0
Machinery & Steel Structures	527.8	420.0	420.0	542.2	570.0	570.0	31.6	30.0	30.0
Aerospace	510.8	520.0	520.0	512.3	490.0	490.0	- 10.3	- 6.0	- 6.0
GM & SV	439.3	300.0	300.0	432.7	300.0	300.0	- 1.3	- 22.0	- 25.0
Air-Con	186.2	130.0	130.0	187.5	130.0	130.0	- 2.4	- 10.0	- 10.0
Industrial	141.3	110.0	110.0	185.0	120.0	120.0	- 3.1	- 20.0	- 22.0
Mass and Medium-lot Manufactured Machinery	767.0	540.0	540.0	805.4	550.0	550.0	- 7.0	- 52.0	- 57.0
Others	99.0	100.0	100.0	121.1	100.0	100.0	9.9	7.0	7.0
Inter-group consolidation adjustments	- 56.2	- 40.0	- 40.0	- 54.7	- 50.0	- 50.0	-	-	-
Total	3,268.7	2,700.0	2,700.0	3,375.6	3,000.0	3,000.0	105.8	65.0	65.0

GM&SV: General Machinery & Special Vehicles
 Air con: Air-conditioning and Refrigeration Systems
 Industrial: Industrial Machinery