

General Machinery & Special Vehicle Business Operation

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 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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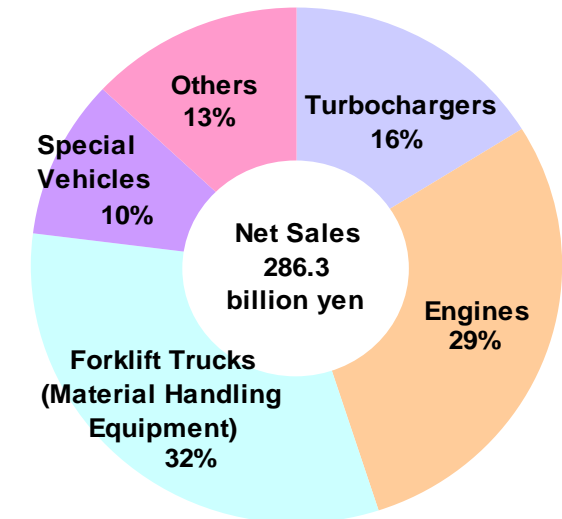
1. General Machinery & Special Vehicle (GM & SV) Headquarters: Business Outline

The General Machinery & Special Vehicle (GM &SV) Headquarters strives to make a contribution to social infrastructure development and the environment and energy sectors through its wide range of products, from turbochargers and engines to industrial vehicles and special vehicles .

Main Products

 Turbochargers		 Forklift Trucks (Material Handling Equipment)	
			
Variable capacity turbochargers for diesel vehicles	Variable capacity turbochargers for gasoline vehicles	FD25 forklift truck	ESR15N electric reach truck
 Engines & Equipment			 Special vehicles
			
S4S Small-sized diesel engine	S6RG marine diesel engine	M1203-G diesel generator set	Type 90 tank

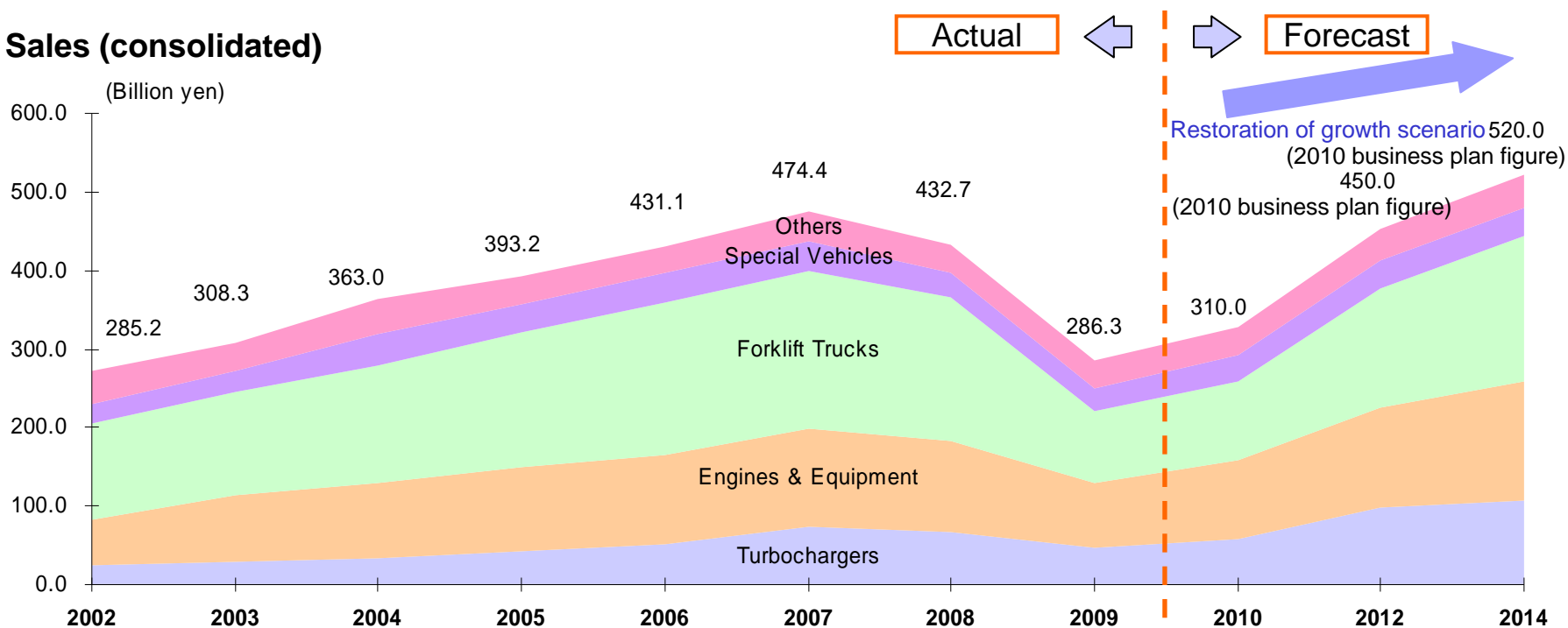
Breakdown of sales for FY2009 (consolidated)



2. Business Trends and Plan from FY2010

1. Business environment changed dramatically from second half of FY2008 due to impact of global recession . Financial results for FY2009 reduced, with sales of 286.3 billion yen and an operating loss of 23.2 billion yen.
2. Orders and sales began upward trend in 2010 and forecast for current fiscal year is sales of 310 billion yen and an operating loss of 11 billion yen.
3. Plan to restore growth scenario in short term through establishment of agile operating structure capable of swiftly adapting to changes in business environment and through implementation of forward-looking growth strategies. Sales of 450 billion yen and operating income of 13 billion yen planned in FY2012.

Net Sales (consolidated)



Exchange rate	2002	2003	2004	2005	2006	2007	2008	2009	2010	2012	2014
Dollar	¥122/\$	¥113/\$	¥107/\$	¥113/\$	¥117/\$	¥115/\$	¥102/\$	¥95/\$	¥90/\$	¥90/\$	¥90/\$
Euro	¥120/€	¥132/€	¥135/€	¥138/€	¥149/€	¥161/€	¥149/€	¥129/€	¥130/€	¥130/€	¥130/€

Operating income (Billion yen)	2007	2008	2009	2010	2012	2014
	20.8	-1.3	-23.2	-11.0	13.0	35.0

3. Reform Processes and Growth Processes

Order environments of individual products

Turbochargers	Temporary halt in production adjustments by auto manufacturers. Demand picking up since beginning of year. Orders comparable with peak (2007) expected in 2010.
Engines & Equipment	Orders from emerging markets for small-sized engines installed on construction machinery, etc. increasing, as inventory adjustments wind down.
Forklift Trucks	Slump in demand from key advanced markets of Japan, United States and Europe. Efforts being made to speed up expansion into emerging markets.

Reform processes

Strengthen business operating structure for individual products.	<ul style="list-style-type: none"> - Increase flexibility of global operating structure to compete with specialist manufacturers. - Introduce ROIC performance indicator for individual products.
Speed up offshoring.	<ul style="list-style-type: none"> - Improve cost-competitiveness through local production and procurement in low cost countries. - Increase overseas procurement to take advantage of strong yen.

Growth processes

Adapt to market polarization and diversification of demand.	<ul style="list-style-type: none"> - Launch environmentally friendly models for advanced markets (high end models). - Launch popular models for emerging markets (mid-range models).
Expand environmental solutions business.	<ul style="list-style-type: none"> - Promote development of models compliant with emission restrictions. - Start up power train system business.

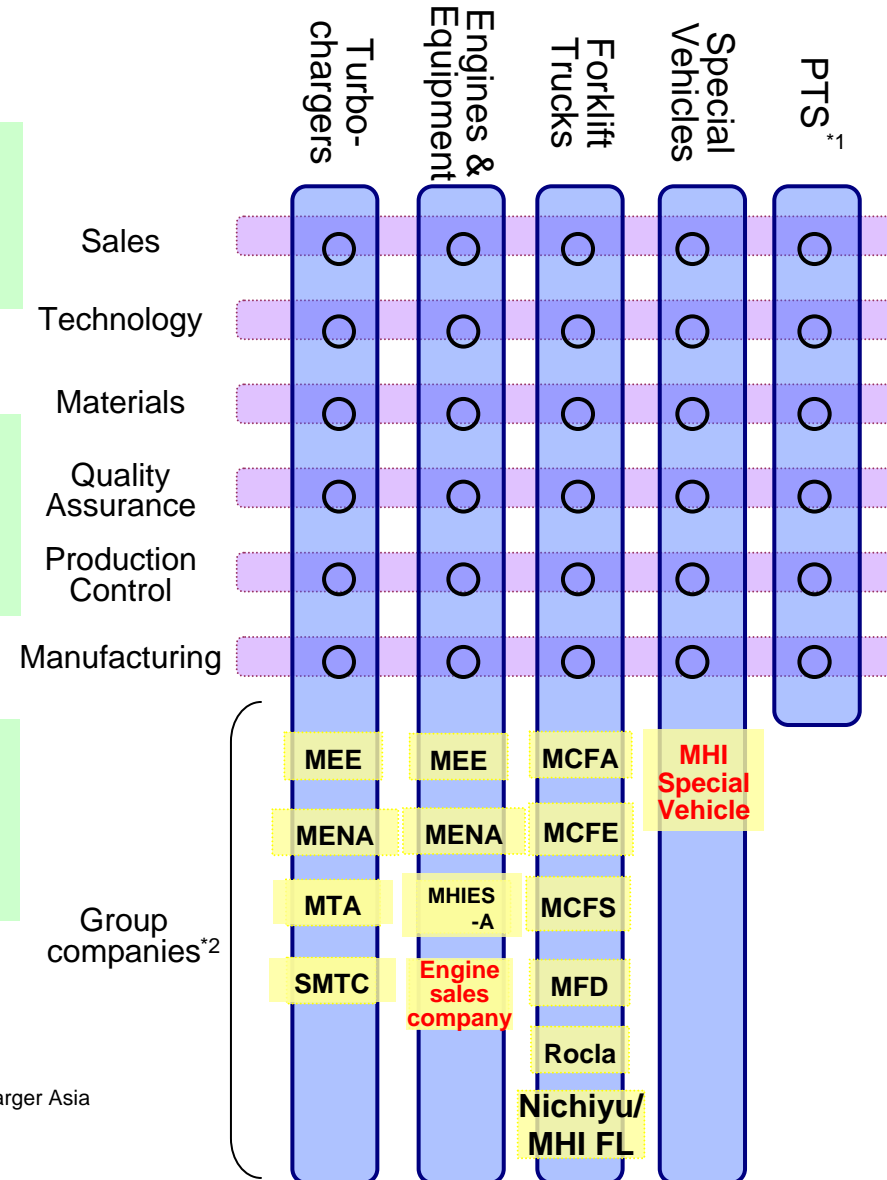
Reform Processes

4. Strengthening Business Operating Structure of Individual Products

1. Coordinate business operations for individual products with group companies and implement optimum global production and procurement.

2. Set up Power Train System Division and launch hybrid power system and lithium-ion battery businesses.

3. Speed up improvement in financial position by introducing ROIC performance indicator for individual products in addition to previous sales and profits management indicators.



*1 Abbreviation of power train system.

*2 MEE: MHI Equipment Europe, MENA: Mitsubishi Engine North America, MTA: Mitsubishi Turbocharger Asia
 SMTC: Shanghai MHI Turbocharger Co., Ltd., MHIES-A: MHI Engine System Asia,
 Engine sales company: MHI Engine Systems Co., Ltd.
 MHI Special Vehicle: MHI Special Vehicle Services, MCFA: Mitsubishi Caterpillar Forklift America,
 MCFE: Mitsubishi Caterpillar Forklift Europe, MCFS: Mitsubishi Caterpillar Forklift Asia
 MFD: Mitsubishi Heavy Industries Forklift (Dalian) Co., Ltd., Nichiyu MHI: Nichiyu MHI Forklift

Reform Processes

5. Accelerating Offshoring

Global GM&SV Operations

Europe

MCFE (Mitsubishi Caterpillar Forklift Europe)
MEE (MHI Equipment Europe)
MEA (MHI Equipment Alsace)
Rocla

China

China

MFD (Mitsubishi Heavy Industries Forklift (Dalian) Co., Ltd.)
 Went into production October 2009.

MCFC (Mitsubishi Caterpillar Forklift (Shanghai) Co., Ltd.)

SMTC (Shanghai MHI Turbocharger Co., Ltd.)

MHIES-H (MHI Engine System Hong Kong)

MHIES-SZ (MHI Engine System (Shen Zhen) Co., Ltd.)

India

MVDE (MHI-VST Diesel Engines)

Southeast Asia & Middle East

MCFS (Mitsubishi Caterpillar Forklift Asia)

MHIES-A (MHI Engine System Asia)

MHIES-ME (MHI Engine System Middle East)

Thailand

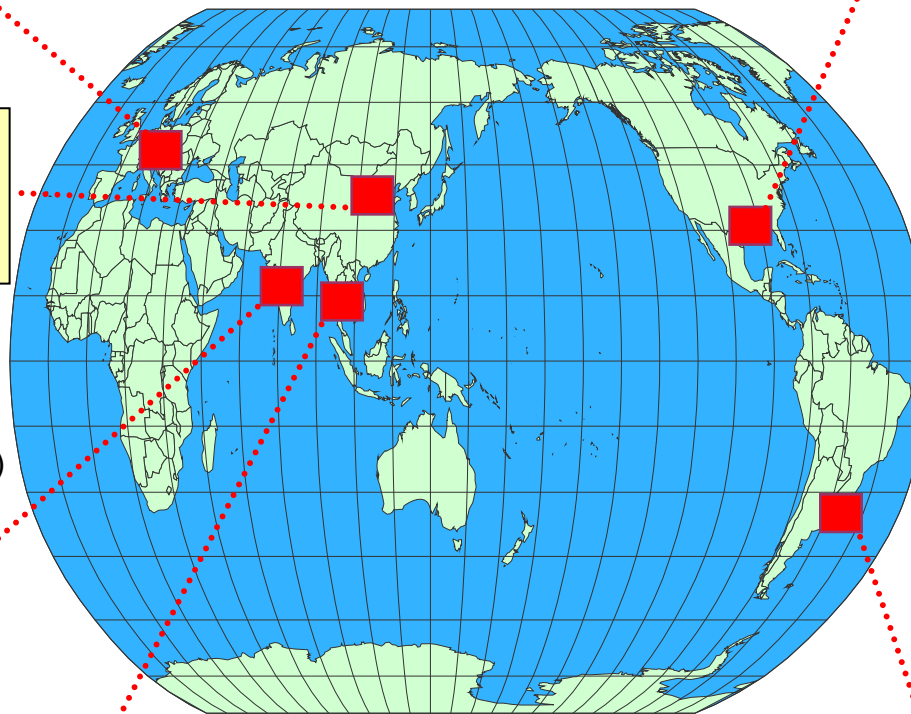
MTA (Mitsubishi Turbocharger Asia)
 Went into production July 2009.

MPM (MHI-Pornchai Machinery)

North America

MCFA (Mitsubishi Caterpillar Forklift America)

MENA (Mitsubishi Engine North America)



Central & South America

MSA (MHI Sul Americana Distribuidora de Motores)

MHIES-V (MHI Engine System Vietnam)

MHIES-P (MHI Engine System Philippines)

MHIES-I (MHI Engine System Indonesia)

Reform Processes

6. Moving Production Operations to Emerging Markets

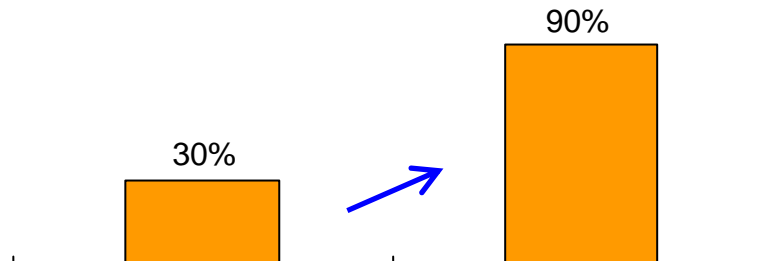
Ensure cost-competitiveness and guard against risk of currency fluctuation by promoting local procurement and local production.

MTA (Mitsubishi Turbocharger Asia)



Established:	January 2008
Capacity:	500,000 turbochargers per year/ 3 million cartridges per year
Location:	Chonburi Province, Bangkok, Thailand
No. of employees:	700
Main business:	Manufacture and sale of turbochargers

Local procurement rate



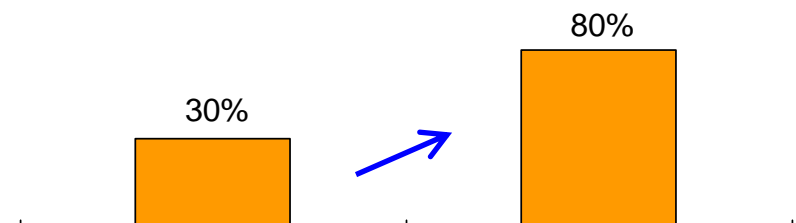
Plan to increase local procurement rate from current level of around 30 ~ 50% to 90% in future.

MFD (Mitsubishi Heavy Industries Forklift (Dalian) Co., Ltd.)



Established:	November 2008
Capacity:	7,000 units per year
Location:	Dalian, China
No. of employees:	300
Main business:	Manufacture and sale of forklift trucks

Local procurement rate



Plan to increase local procurement rate from current level of around 30% to 80% in future.

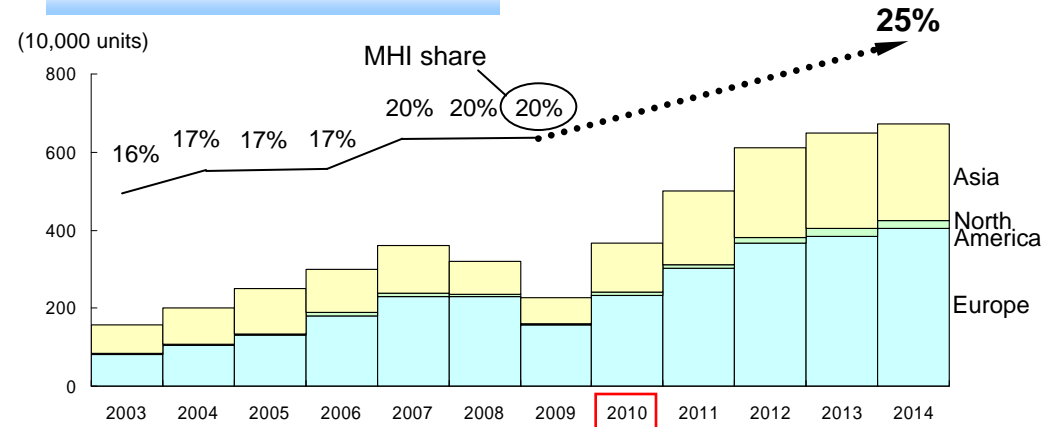
7. Growth Processes for Individual Products

(1) Turbochargers

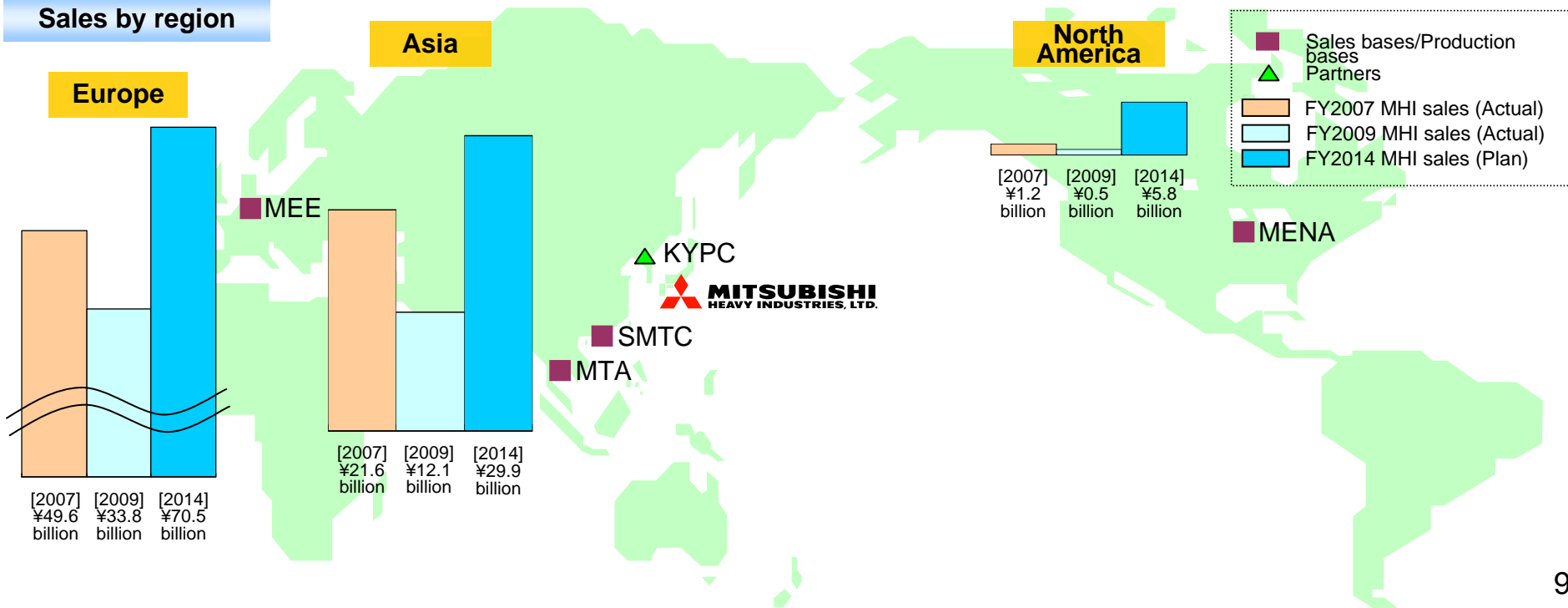
Market conditions

	Key markets	Market needs
Advanced markets	Europe	Diesel turbochargers
	North America	Gasoline turbochargers
	Japan	
Emerging markets	China	Diesel turbochargers
	Asia	Gasoline turbochargers

Sales volume/share trend



Sales by region



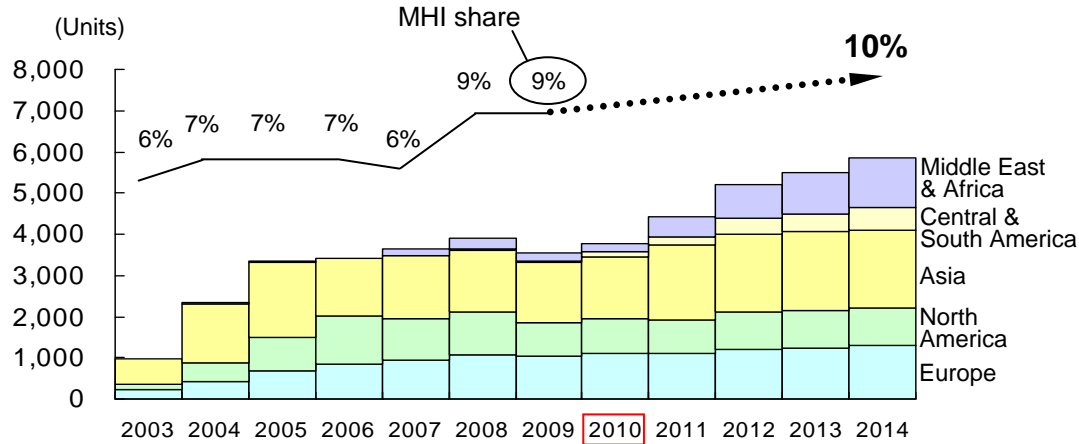
7. Growth Processes for Individual Products

(2) Large and Midsize Engines

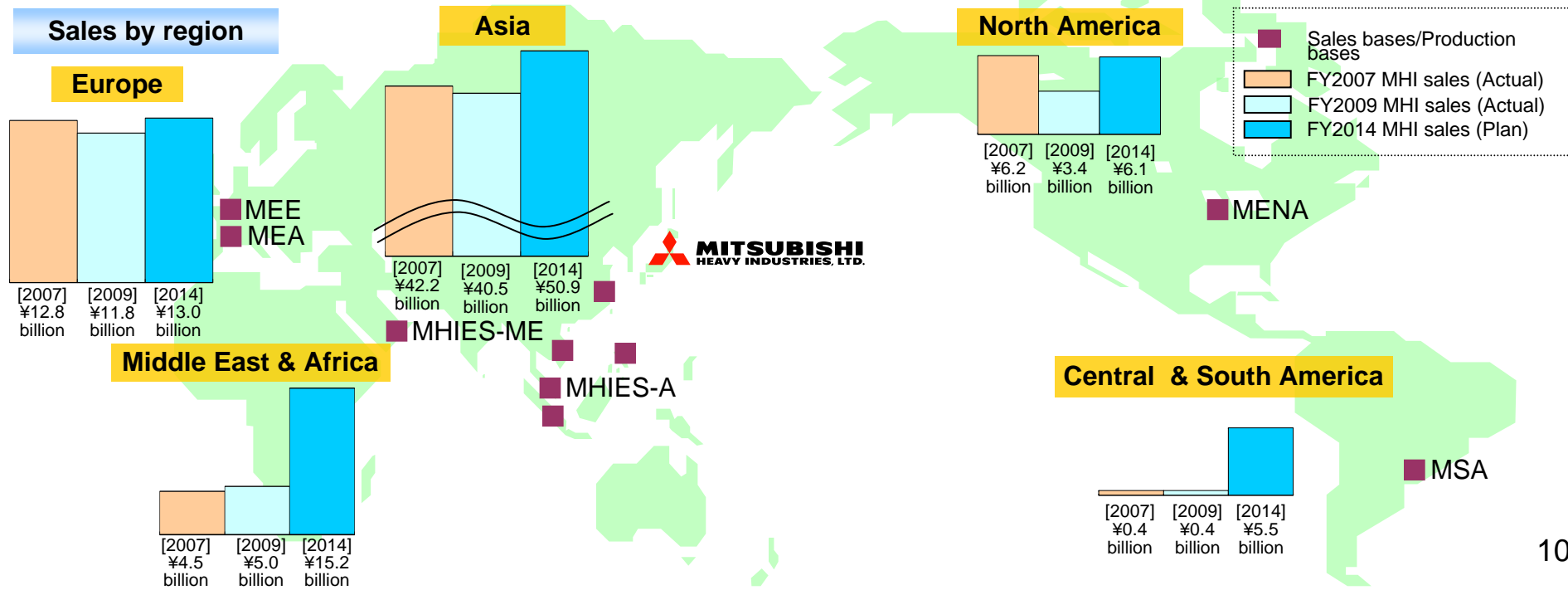
Market conditions

	Key markets		Market needs	
	Advanced markets	Emerging markets	Marine	Power generation
	Europe	China Asia Central & South America Middle East Africa	Models compliant with emissions regulations	Stand-By
	North America			
	Japan			
	Popular models			
	Continuous			

Sales volume/share trend



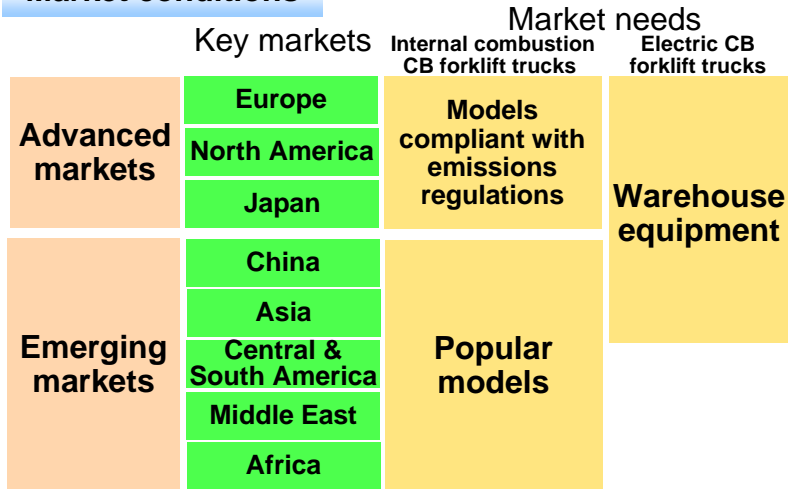
Sales by region



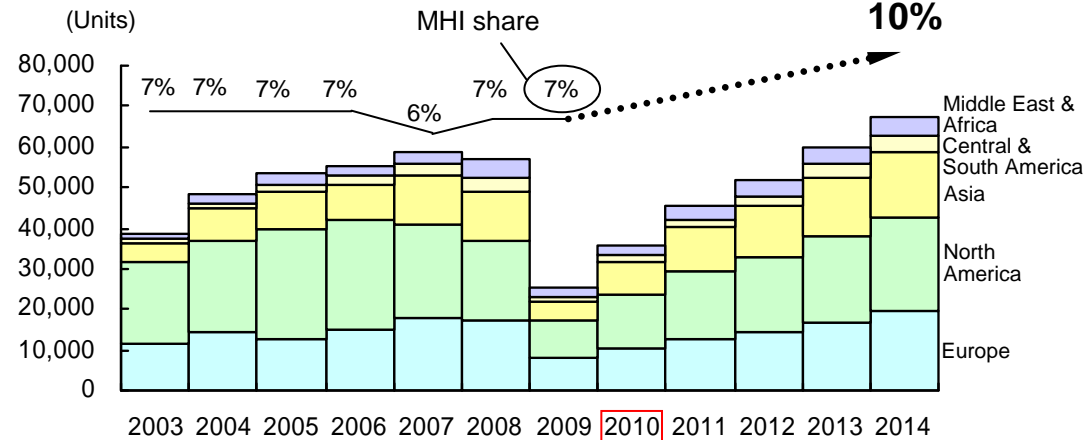
7. Growth Processes for Individual Products

(3) Forklift Trucks

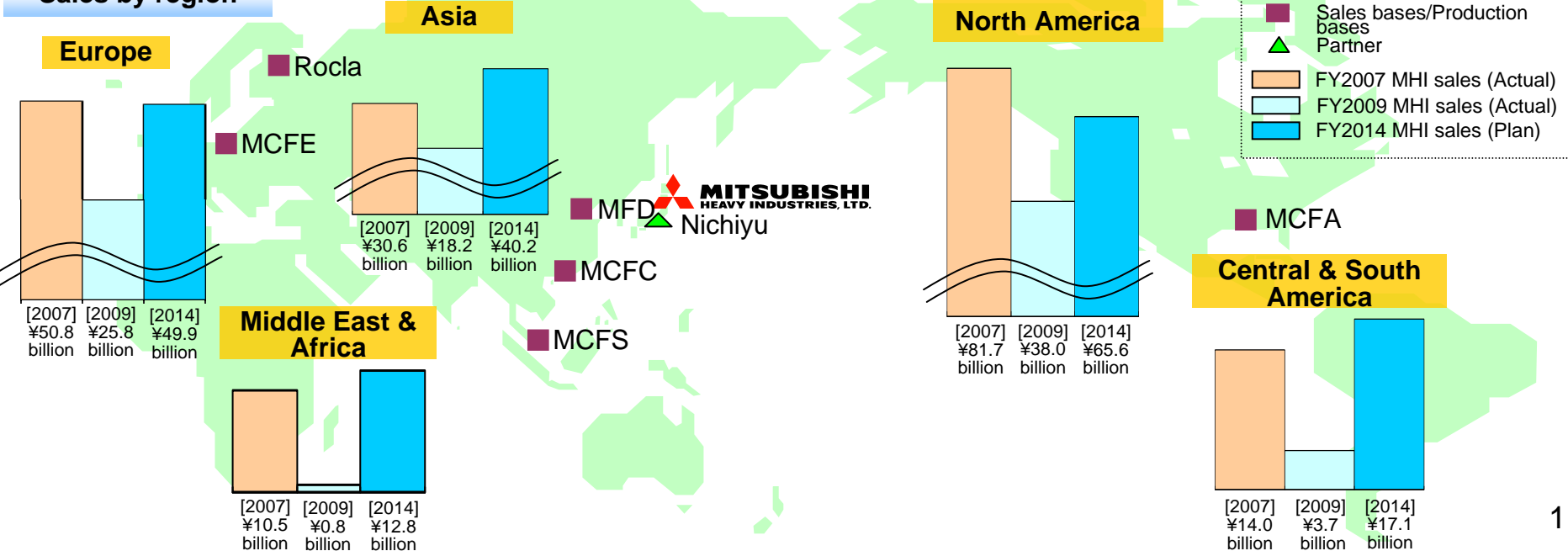
Market conditions



Sales volume/share trend



Sales by region



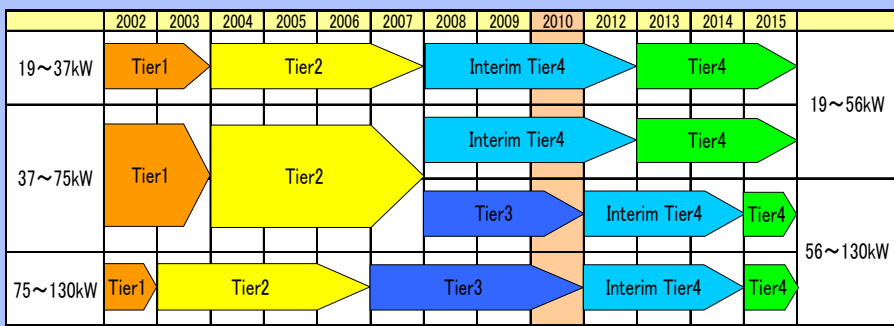
Growth Processes

8. Bolster Environmentally Friendly Business.

Promote development of small-sized engines compliant with emission regulations.

Develop models compliant with stricter regulations in advanced markets and elsewhere.

[Schedule]



Tier 4-compliant engine



Increase sales of hybrid forklift trucks.

Launched world's first hybrid forklift truck with on-board lithium ion battery in October 2009.

Fuel efficient	39% greater fuel efficiency than previous models
CO ₂ emissions reduction	More than 14.5 tons of CO ₂ emissions eliminated per year compared with previous models.
Noise reduction	Noise reduction from downsized engine

Step up proactive marketing activities to increase sales amid intensifying trend towards greater fuel efficiency and CO₂ emission trading, especially in advanced countries.

“GRENDiA EX Hybrid” hybrid forklift truck



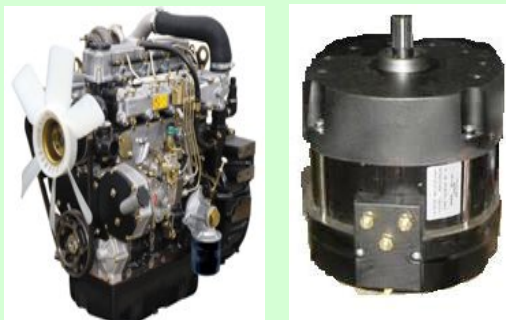
Growth Processes

9. Power Train System Business (1)

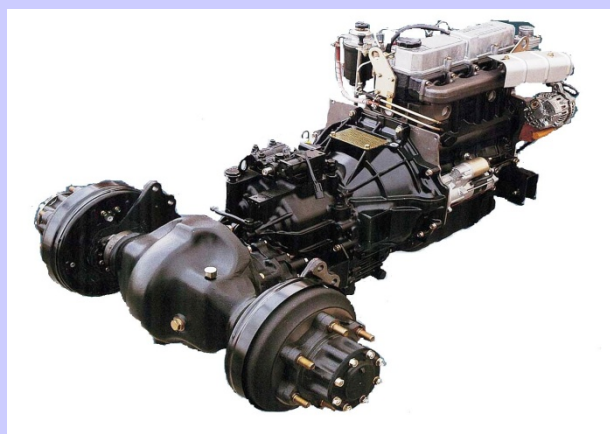
Manufacture and sell fully assembled power train systems including engine, electric motor, transmission, controller and lithium-ion battery.

Combine power train system manufactured completely in-house and industrial vehicle technology accumulated over many years to offer customers optimum solutions.

Power system (engine/motor)



Power Train System



Transmission



Controller



Industrial vehicle technology



Lithium-ion battery



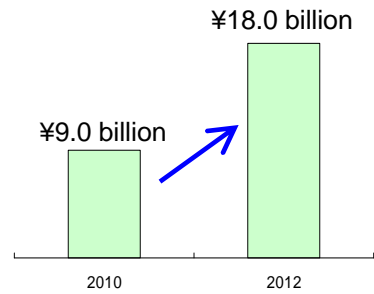
9. Power Train System Business (2)

Proposed solution

Tried and tested industrial vehicle technology



Business size



Plan to double business size by 2012.

Propose optimum power system significantly reduces CO₂ emissions and running costs.



System control optimizes vehicle operation



Industrial lithium-ion battery

10. Summary

Reform Processes

Strengthen business operating structure
for individual products.

Accelerate offshoring.

Growth Processes

Adapt to market polarization and
diversification of demand.

Bolster environmentally friendly business.

Restore growth scenario in short-term
by implementing reform processes
and growth processes.



Our Technologies, Your Tomorrow

A red arrow graphic pointing to the right, positioned below the tagline.