



Financial Results for 2008 and Forecast for 2009

April 2009

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. Financial Results for 2008

Summary of Financial Results for 2008 (1)

(In billion yen)

	2007	2008	Change
Order received	3,715.2	3,268.7	- 446.4
Net sales	3,203.0	3,375.6	+ 172.5
Operating income	136.0	105.8	- 30.1
Ordinary income	109.5	75.3	- 34.1
Extraordinary income	- 8.1	- 10.3	- 2.2
Income before income taxes	101.3	64.9	- 36.4
Net income	61.3	24.2	- 37.1

Summary of Financial Results for 2008 (2)

Orders received ⇒ Down ¥446.4 billion YoY (¥3,715.2 bn → ¥3,268.7 bn)

- In the first half of the fiscal year under review, the Power Systems segment continue to see strong demand, including orders for large thermal power plants overseas. In the second half, however, negotiations were postponed or suspended in all segments, reflecting the influence of the global economic recession, although the Machinery & Steel Structure segment did benefit from contracts concluded on large chemical plants. As a result, orders declined from the year-ago level on a full-year basis.

Net sales ⇒ Up ¥172.5 billion YoY (¥3,203.0 bn → ¥3,375.6Y bn)

- Although sales declined in the Ocean Development and Mass and Medium-Lot Manufactured Machinery segments, overall net sales were up from the previous year, as sales rose in the Power Systems, Machinery & Steel Structure, and Aerospace segments.

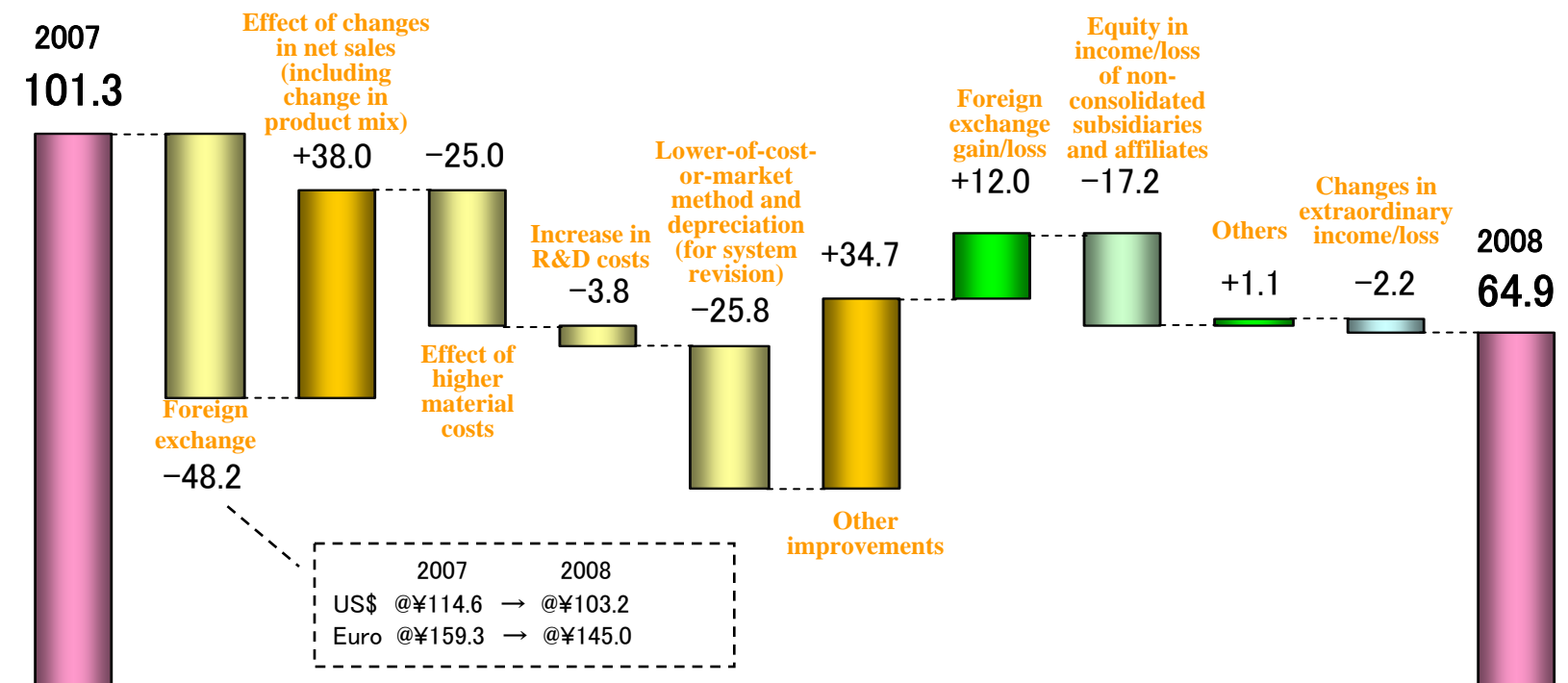
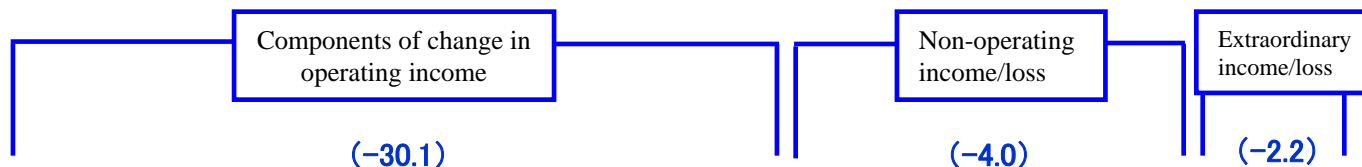
Net income ⇒ Down ¥37.1 billion YoY (¥61.3 bn → 24.2 bn)

- Operating income, ordinary income and net income all declined from the previous year, attributable to negative factors such as the appreciation of the yen against major currencies and rising material costs, despite an increase in earnings and profitability associated with the higher sales.

Components of Change in 2008

Income before Income Taxes

Down ¥36.4 billion YoY (¥101.3 bn → ¥64.9 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (- ¥34.1 billion YoY (¥109.5 bn → ¥75.3 bn))

(In billion yen)

	2007	2008	Change
Operating income	136.0	105.8	- 30.1
Foreign exchange gains	- 10.7	1.2	+ 12.0
Net interest loss	- 5.7	- 6.0	- 0.3
Equity in gain of non-consolidated subsidiaries and affiliates	8.2	- 9.0	- 17.2
Other	- 18.2	- 16.7	+ 1.4
Non-operating income	- 26.5	- 30.5	- 4.0
Ordinary income	109.5	75.3	- 34.1

- Extraordinary Income (- ¥2.2 billion YoY (- ¥8.1 bn → - ¥10.3 bn))

(In billion yen)

	2007	2008	Change
Gain on sale of property and equipment	18.4	3.9	- 14.5
Gain on sale of investment securities	-	14.2	+ 14.2
Gain on the establishment of retirement benefit trust	-	36.1	+ 36.1
Gain on sale of businesses	3.6	-	- 3.6
Extraordinary income	22.1	54.3	+ 32.1
Effect of applying the Accounting Standards for Measurement of Inventories	-	- 33.4	- 33.4
Litigation-related losses	-	- 20.8	- 20.8
Business structure improvement expenses	- 30.2	- 10.4	+ 19.8
Extraordinary loss	- 30.2	- 64.7	- 34.4
Extraordinary income/loss	- 8.1	- 10.3	- 2.2

Financial Results for 2008 by Business Segment

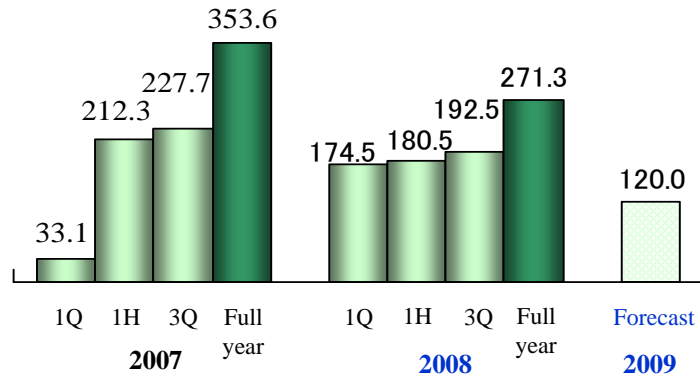
(In billion yen)

	Orders received		Net sales		Operating income	
	2007	2008	2007	2008	2007	2008
Shipbuilding & Ocean Development	353.6	271.3	283.9	240.1	4.0	1.6
Power Systems	1,214.9	1,148.8	946.9	1,209.1	58.2	80.0
Machinery & Steel Structures	557.3	527.8	472.5	542.2	11.3	31.6
Aerospace	615.8	510.8	500.5	512.3	14.6	- 10.3
GM & SV	465.2	439.3	474.4	432.7	20.8	- 1.3
Air-Con	212.1	186.2	211.8	187.5	6.2	- 2.4
Industrial	224.3	141.3	227.2	185.0	12.9	- 3.1
Mass and Medium-Lot Manufactured machinery	901.7	767.0	913.6	805.4	40.0	- 7.0
Others	122.8	99.0	140.0	121.1	7.6	9.9
Inter-group consolidation adjustments	- 51.1	- 56.2	- 54.6	- 54.7	-	-
Total	3,715.2	3,268.7	3,203.0	3,375.6	136.0	105.8

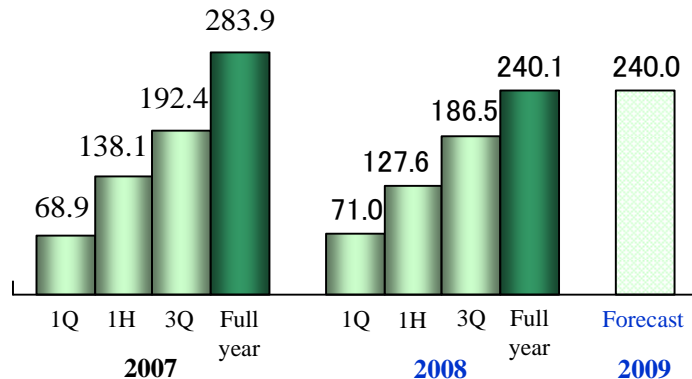
< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

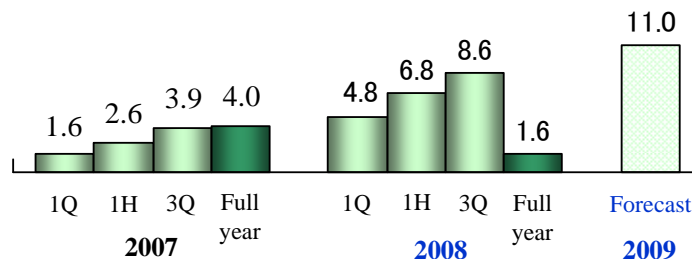
Orders Received



Net Sales



Operating Income



Orders received: Down ¥82.3 billion YoY

- With the volume of order placements for new vessels sharply declining around the world, orders received for new vessels during the fiscal year under review came to 18 ships, a fall of 14 ships from the previous year.

[Number of ships orders received]

2007: 32 (Q1: 4 Q2: 17 Q3: 4 Q4: 7)

2008: 18 (Q1: 16 Q2: 0 Q3: 0 Q4: 2)

[Backlog of ship orders] 66

(Including 24 car carriers, 14 container carriers, 10 LPG carriers, 2 LNG carriers)

Net sales/Earnings: Both net sales and earnings were down ¥43.7 billion and ¥2.4 billion year on year, respectively

- We delivered a total of 23 vessels, including 10 car carriers, 5 LNG carriers, 2 container carriers, 2 patrol vessels, 1 LPG carrier and 1 ferry.

[Number of ships delivered]

2007: 22 (Q1: 6 Q2: 3 Q3: 4 Q4: 9)

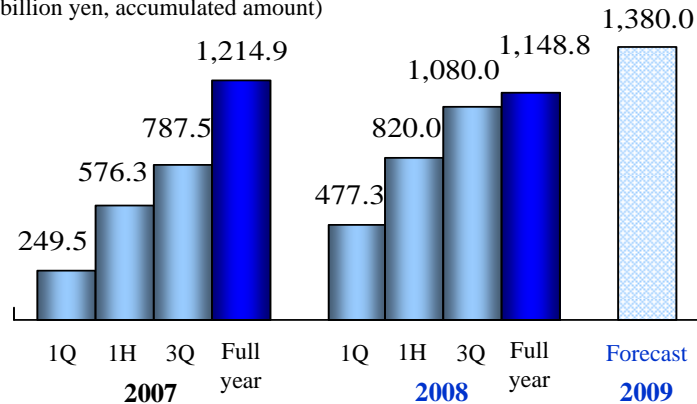
2008: 23 (Q1: 5 Q2: 3 Q3: 5 Q4: 10)

- Despite improved profitability, earnings declined from the previous year, driven primarily by making an allowance for losses for certain vessels that are scheduled to be delivered after the next fiscal year, considering the impact of the stronger yen and others.

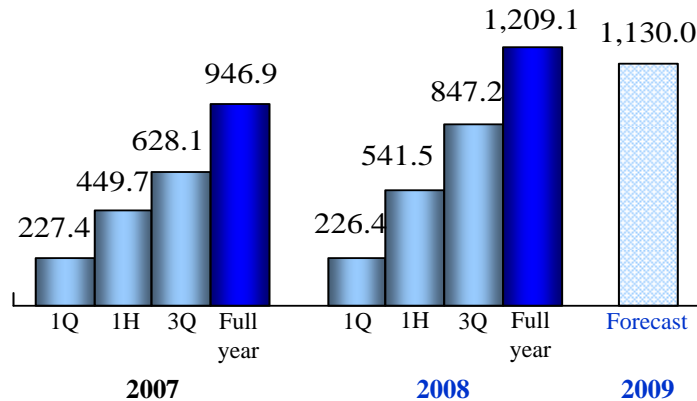
< Power Systems >

(In billion yen, accumulated amount)

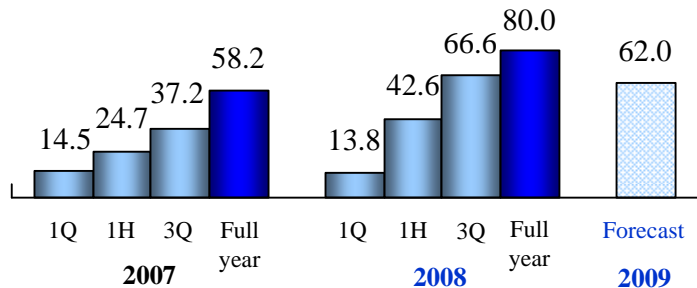
Orders Received



Net Sales



Operating Income



Orders received: Down ¥66.0 billion YoY

- Orders for gas turbines remained strong both in Japan and overseas. However, orders in the Power Systems segment declined from the previous year, mainly attributable to the cancellation of orders for wind turbines.

[Wind turbines (Output-based)]

2007: Orders 1,575MW

(Q1: 679MW, Q2: 672MW, Q3: 202MW, Q4: 22MW)

2008: Orders 963MW

(Q1: 900MW, Q2: 0MW, Q3: 63MW, Q4: 0MW)

Cancels -1,094MW

(for orders in 2007: -494MW, orders in 2008: -600MW)

[Gas turbine order backlog (Non-consolidated)]

2007: Q1: 61 Q2: 66 Q3: 65 Q4: 72

2008: Q1: 77 Q2: 77 Q3: 71 Q4: 66

Net sales/Earnings: Both net sales and earnings were up ¥262.1 billion and ¥21.7 billion year on year, respectively

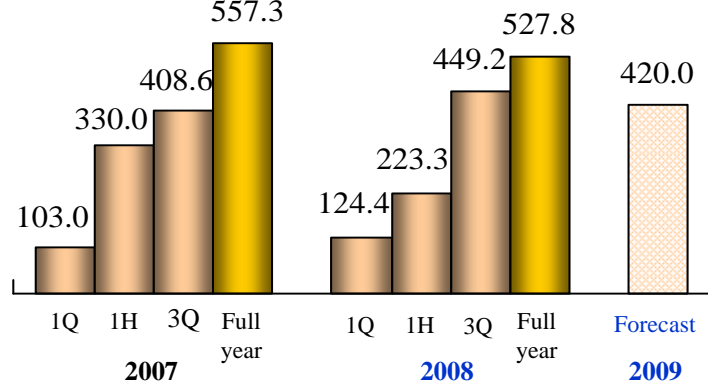
- Net sales increased significantly from the year-ago period, given the construction of new plants and after-sales services in Japan and overseas.

- Earnings exceeded the level of a year ago, thanks to increased profits associated with the higher sales.

< Machinery & Steel Structures >

(In billion yen, accumulated amount)

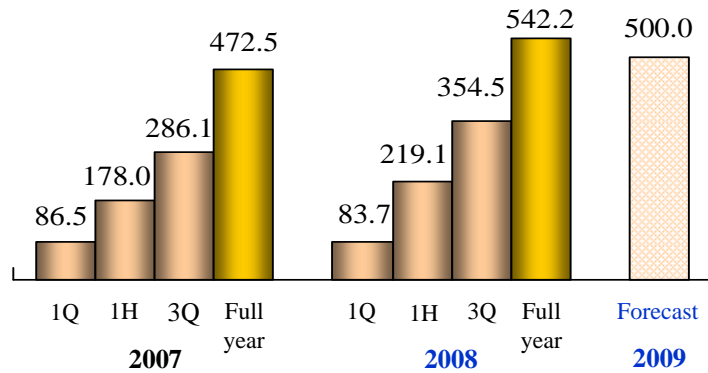
Orders Received



Orders received: Down ¥29.4 billion YoY

- Orders stayed at a high level, mainly as a result of demand for large fertilizer plants.

Net Sales

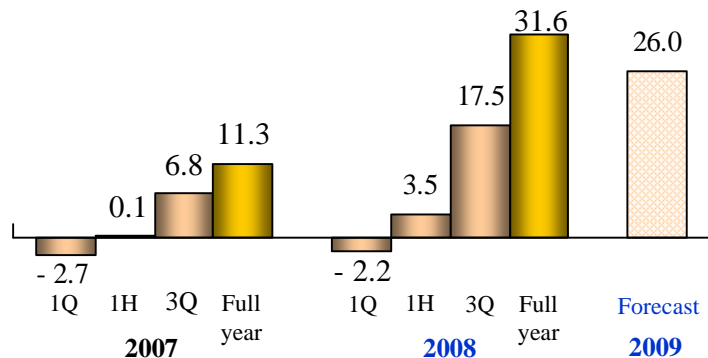


Net sales/Earnings: Both net sales and earnings were up ¥69.6 billion and ¥20.2 billion year on year, respectively

- Net sales increased from the previous year, reflecting an increase in orders for steel machinery and wind power machinery among other factors.

- Earnings increased year on year, attributable to an increase in earnings associated with higher sales and improved profitability.

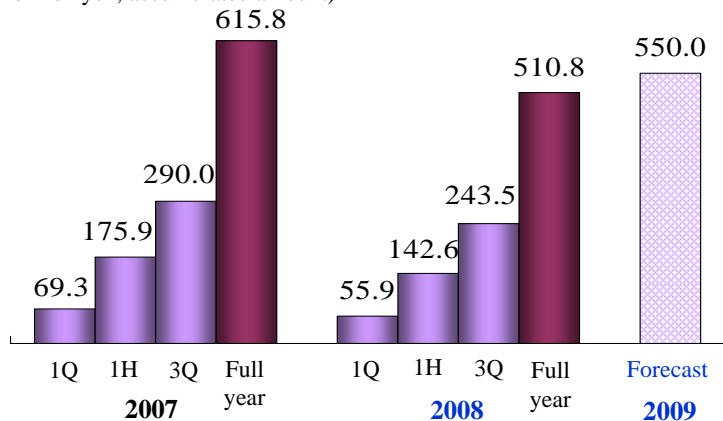
Operating Income



< Aerospace >

(In billion yen, accumulated amount)

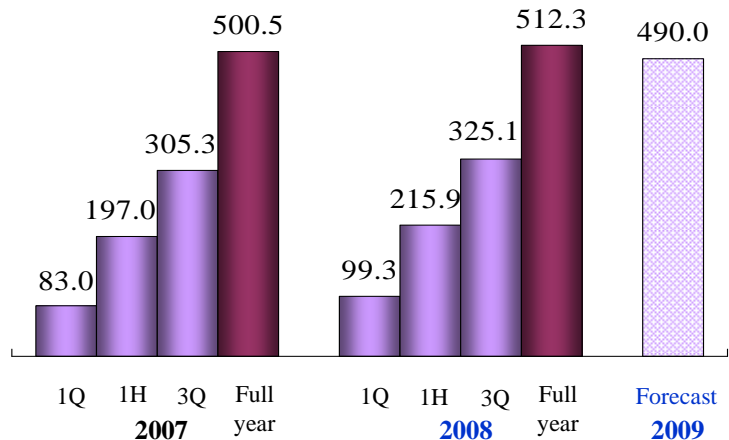
Orders Received



Orders received: Down ¥105.0 billion YoY

- Orders decreased from the previous year, with orders for defense-related products and commercial aircraft falling.

Net Sales



Net sales/Earnings: Net sales increased ¥11.7 billion year on year, but earnings declined ¥24.9 billion

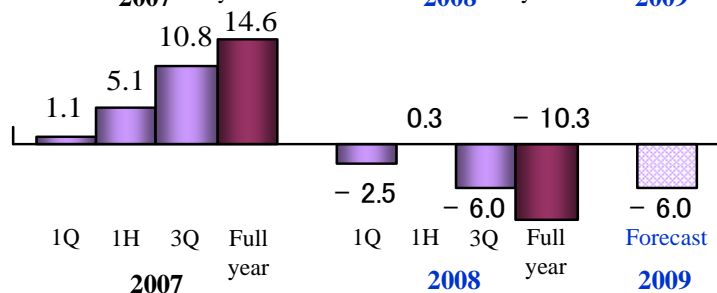
- Net sales were up year on year, as sales of defense-related products increased while demand for commercial aircraft declined.

[Number of Boeing777s delivered]

2007: 81 (Q1: 19 Q2: 21 Q3: 19 Q4: 22)

2008: 67 (Q1: 21 Q2: 21 Q3: 4 Q4: 21)

Operating Income

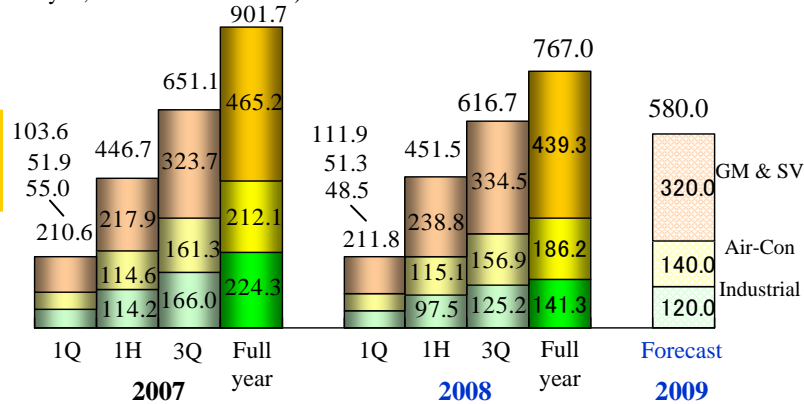


- Earnings did not reach the level of a year earlier, primarily owing to the effect of the appreciation of the yen and the application of the Accounting Standards for Measurement of Inventories.

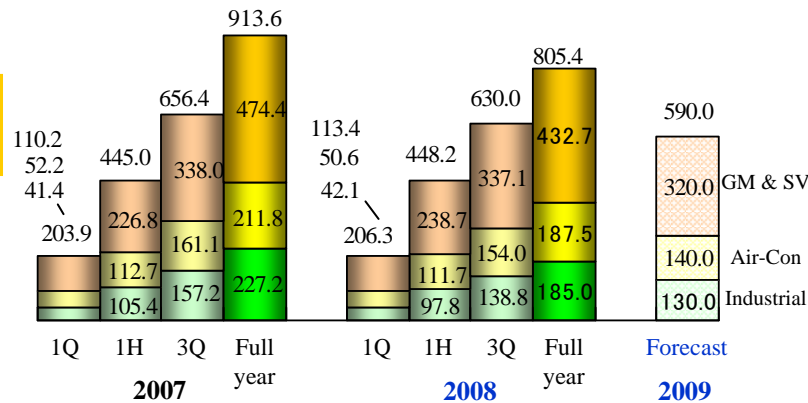
< Mass and Medium-Lot Manufactured Machinery >

(In billion yen, accumulated amount)

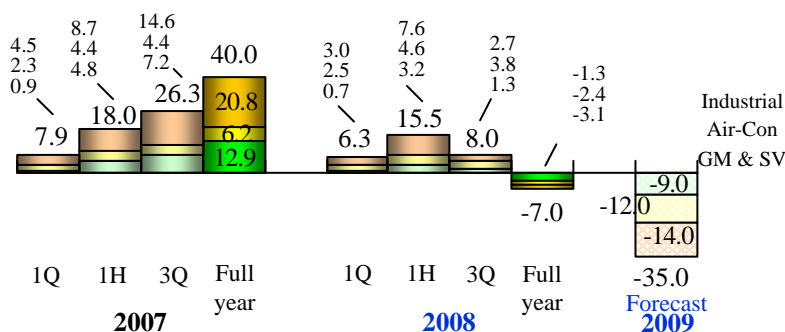
Orders Received



Net Sales



Operating Income



Orders received: Down ¥134.6 billion YoY

Orders declined from the previous year in the Mass and Medium-Lot Manufactured Machinery segment. Although orders generally remained in line with the level of a year ago in the first half of the year, the market conditions deteriorated sharply in the second half, reflecting the worldwide economic recession.

Net sales/Earnings: Both net sales and earnings were down ¥108.2 billion and ¥47.0 billion year on year, respectively

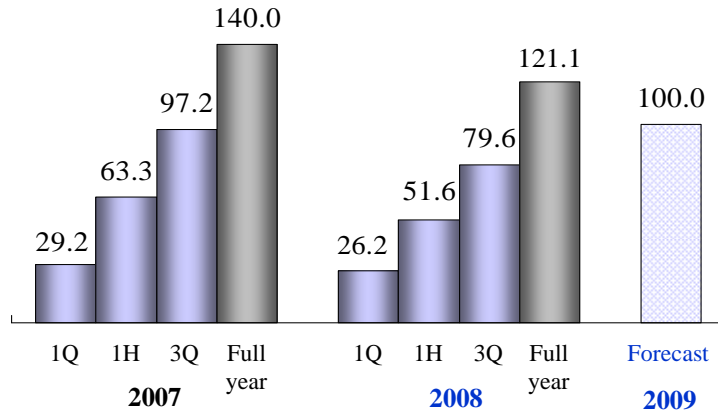
With orders falling in all of GM & SV, Air-Con and Industrial both in Japan and overseas, net sales declined from the previous year.

Earnings were down from the previous year, mainly as a result of lower profits associated with the decline in sales, but also reflecting the effect of the appreciation of the yen against major currencies and rising material costs.

< Others >

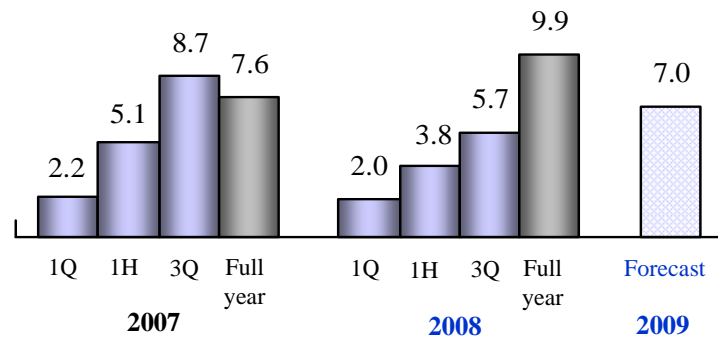
(In billion yen, accumulated amount)

Net Sales



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

Operating Income



< Others >

(In billion yen)

	As of March 31, 2008	As of March 31, 2009	Changes
Assets			
Trade receivables	1,086.5	1,082.5	-4.0
Inventories	1,164.8	1,268.6	+103.7
Other current assets	685.4	813.8	+128.4
Total current assets	2,936.8	3,165.0	+228.1
Total fixed assets	1,580.2	1,361.1	-219.1
Total assets	4,517.1	4,526.2	+9.0
Liabilities and shareholders' equity			
Trade payables	733.5	699.6	-33.8
Advances received	469.2	479.0	+9.7
Other current liabilities	623.1	816.2	+193.1
Total current liabilities	1,825.8	1,994.8	+168.9
Total long-term liabilities	1,250.8	1,248.0	-2.7
Total liabilities	3,076.7	3,242.9	+166.2
Net assets			
Shareholders' capital	1,251.4	1,253.4	+1.9
Valuation and translation adjustments	168.7	-11.8	-180.5
Others (Minority interests, etc.)	20.2	41.6	+21.4
Total net assets	1,440.4	1,283.2	-157.1
Total liabilities and net assets	4,517.1	4,526.2	+9.0

Cash and deposits +160.1 etc.

Investment securities -335.0 etc.

Including Interest-bearing debt outstanding +132.7

Including Interest-bearing debt outstanding +114.6
Deferred income taxes -86.6 etc.

Cash Flows, Interest-Bearing Debts

Cash flows

(In billion yen)

	2007	2008	Change
Cash flows from operating activities	161.8	79.5	- 82.2
Cash flows from investing activities	- 193.0	- 156.5	+36.4
Free cash flows	- 31.2	- 77.0	- 45.8
Cash flows from financing activities	71.2	262.0	+190.7

Overview of 2008

- Cash flows from operating activities fell ¥82.2 billion from the previous year, to ¥79.5 billion.
- Cash flows from investing activities slipped ¥36.4 billion, to ¥156.5 billion, due to proceeds from the sale of shares.
- As a result, free cash flow was minus ¥77.0 billion.

Interest-bearing debt

(In billion yen)

	As of March 31, 2008	As of March 31, 2009	Change
Interest-bearing debt	1,365.3	1,612.8	+247.4

- Interest-bearing debt increased by ¥247.4 billion from the end of the previous fiscal year.

Supplementary Information (1)

1. Foreign Exchange Rates

(Yen/US\$)

	2004		2005		2006		2007		2008	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Average rates for recording sales	110.7	108.7	109.5	111.3	113.7	114.9	116.9	114.6	107.9	103.2
(Reference) Rates at end of period	111.1	107.4	113.2	117.5	117.9	118.1	115.4	100.2	103.6	98.2

2. R&D Expenses

(In billion yen)

	2004	2005	2006	2007	2008
R&D Expenses	124.0	100.7	106.3	107.9	101.3

3. Depreciation and Amortization-Capital Expenditure

(In billion yen)

	2004	2005	2006	2007	2008
Depreciation	99.1	100.8	106.7	129.2	153.8
Capital Expenditure	112.2	140.5	175.9	191.4	196.6

Supplementary Information (2)

4. Employees

(Number of employees)

	2004	2005	2006	2007	2008
(Consolidated)					
Shipbuilding & Ocean Development	5,531	5,388	5,285	5,196	5,035
Power Systems	13,749	14,218	15,070	15,978	17,296
Machinery & Steel Structures	7,839	8,998	8,246	7,662	7,635
Aerospace	7,314	7,712	8,211	8,724	9,231
Mass & Medium-Lot Manufactured Machinery	16,154	16,930	17,032	17,489	19,005
Others	8,653	8,966	9,096	9,054	9,214
Total	59,240	62,212	62,940	64,103	67,416
(Non-consolidated)					
Total	33,500	32,627	32,552	33,089	33,614

5. Overseas Sales by Region

(In billion yen)

	2004	2005	2006	2007	2008
(Consolidated)					
North America	265.5 (25%)	322.5 (26%)	371.8 (25%)	435.8 (28%)	414.0 (25%)
Central & South America	147.1 (14%)	108.5 (9%)	123.7 (9%)	222.9 (14%)	226.1 (14%)
Asia	416.8 (40%)	522.4 (42%)	437.4 (30%)	452.2 (29%)	439.1 (27%)
Middle East	28.1 (3%)	57.2 (5%)	257.8 (18%)	168.8 (11%)	230.0 (14%)
Europe	162.3 (15%)	182.8 (15%)	237.4 (16%)	258.8 (17%)	296.2 (18%)
Other	29.3 (3%)	32.2 (3%)	34.3 (2%)	22.4 (1%)	46.6 (2%)
Total	1,049.3 (100%)	1,225.9 (100%)	1,462.6 (100%)	1,561.1 (100%)	1,652.2 (100%)

< Reference > [Non-consolidated] Summary of Financial Results for 2008

(In billion yen)

	2007	2008	Change
Orders received	2,903.1	2,462.7	- 440.3
Net sales	2,471.1	2,647.2	+ 176.1
Operating income	94.9	56.9	- 37.9
Ordinary income	68.2	46.8	- 21.4
Extraordinary income	- 14.0	16.3	+ 30.4
Net income before income taxes	54.2	63.2	+ 9.0
Net income	34.4	44.8	+ 10.4

II. Forecast for 2009

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 2009

(In billion yen)

	2008 (Actual)	2009 (Forecast)
Orders received	3,268.7	3,100.0
Net sales	3,375.6	3,000.0
Operating income	105.8	65.0
Ordinary income	75.3	20.0
Net income	24.2	12.0

◇ Assumes foreign exchange rates of undetermined amount ¥95 to the U.S. dollar and ¥125 to the Euro (US\$ 3.5 billion, Euro 0.9 billion undetermined)

Forecast for 2009 by Business Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	2008	2009 Forecast	2008	2009 Forecast	2008	2009 Forecast
Shipbuilding & Ocean Development	271.3	120.0	240.1	240.0	1.6	11.0
Power Systems	1,148.8	1,380.0	1,209.1	1,130.0	80.0	62.0
Machinery & Steel Structures	527.8	420.0	542.2	500.0	31.6	26.0
Aerospace	510.8	550.0	512.3	490.0	-10.3	-6.0
GM & SV	439.3	320.0	432.7	320.0	-1.3	-14.0
Air-Con	186.2	140.0	187.5	140.0	-2.4	-12.0
Industrial	141.3	120.0	185.0	130.0	-3.1	-9.0
Mass & Medium-Lot Manufactured machinery	767.0	580.0	805.4	590.0	-7.0	-35.0
Others	99.0	100.0	121.1	100.0	9.9	7.0
Inter-group consolidation adjustments	-56.2	-50.0	-54.7	-50.0	-	-
Total	3,268.7	3,100.0	3,375.6	3,000.0	105.8	65.0