

# Financial Results for FY2009

April 2010

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

# <Table of Contents>

## I. Financial Results for FY2009

- Summary of Financial Results for FY2009	4
- Financial Results for FY2009 by Segment	5
- Components of Change in Income before Income Taxes	6
- Ordinary Income and Extraordinary Income	7
- Financial Results by Business Segment	
<Shipbuilding & Ocean Development>	8
<Power Systems>	9
<Machinery & Steel Structures>	10
<Aerospace>	11
<Mass and Medium-Lot Manufactured Machinery>	12
<Others>	13
- Balance Sheets	14
- Cash Flows, Interest-Bearing Debts	15
- Supplementary Information (1)	16
- Supplementary Information (2)	17
<Reference>	
[Non-consolidated] Summary of Financial Results for FY2009	18

## II. Forecast for FY2010

- Summary of Forecast for FY2010	20
- Forecast for FY2010 by Business Segment	21

# I. Financial Results for FY2009

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# Summary of Financial Results for FY2009

(In billion yen)

	FY2008	FY2009	Change
Orders received	3,268.7	2,476.2	-792.4
Net sales	3,375.6	2,940.8	-434.7
Operating income	105.8	65.6	-40.1
Ordinary income	75.3	24.0	-51.2
Extraordinary income	-10.3	4.1	+14.5
Income before income taxes	64.9	28.1	-36.7
Net income	24.2	14.1	-10.0

**Orders received ⇒ Down ¥792.4 billion YoY (¥3,268.7 bn → ¥2,476.2 bn)**

- Orders declined from the year-ago level, reflecting a slow recovery in demand in the Mass and Medium-Lot Manufactured Machinery segment, delays in negotiations in Ordered Goods divisions, and intensifying competition for orders in emerging countries.

**Net sales ⇒ Down ¥434.7 billion YoY (¥3,375.6 bn → ¥2,940.8 bn)**

- Net sales fell from the previous year as demand plunged in the Mass and Medium-Lot Manufactured Machinery segment with the global economic downturn, and sales slipped in the Power Systems segment, especially in relation to thermal power plants.

**Net income ⇒ Down ¥10.0 billion YoY (¥24.2 bn → ¥14.1 bn)**

- Operating income, ordinary income and net income all declined from the previous year, reflecting negative factors such as a decrease in sales and the appreciation of the yen. However, income exceeded the forecast at the beginning of the fiscal year thanks to the effect of initiatives for improving profitability, including the emergency Company-wide campaign called “Challenge 09.”

# Financial Results for FY2009 by Segment

(In billion yen)

	Orders received		Net sales		Operating income		
	FY2008	FY2009	FY2008	FY2009	FY2008	FY2009	
Shipbuilding & Ocean Development	271.3	150.8	240.1	230.6	1.6	14.5	
Power Systems	1,148.8	982.2	1,209.1	1,066.1	80.0	82.6	
Machinery & Steel Structures	527.8	323.8	542.2	542.0	31.6	30.1	
Aerospace	510.8	435.5	512.3	500.2	-10.3	-6.4	
Mass and Medium-Lot Manufactured Machinery	GM & SV	439.3	290.8	432.7	286.3	-1.3	-23.2
	Air-Con	186.2	138.3	187.5	137.3	-2.4	-9.9
	Industrial	141.3	112.1	185.0	120.6	-3.1	-29.4
Others	767.0	541.3	805.4	544.3	-7.0	-62.6	
Inter-group consolidation adjustments	99.0	82.1	121.1	110.1	9.9	7.4	
	-56.2	-39.7	-54.7	-52.7	-	-	
<b>Total</b>	<b>3,268.7</b>	<b>2,476.2</b>	<b>3,375.6</b>	<b>2,940.8</b>	<b>105.8</b>	<b>65.6</b>	

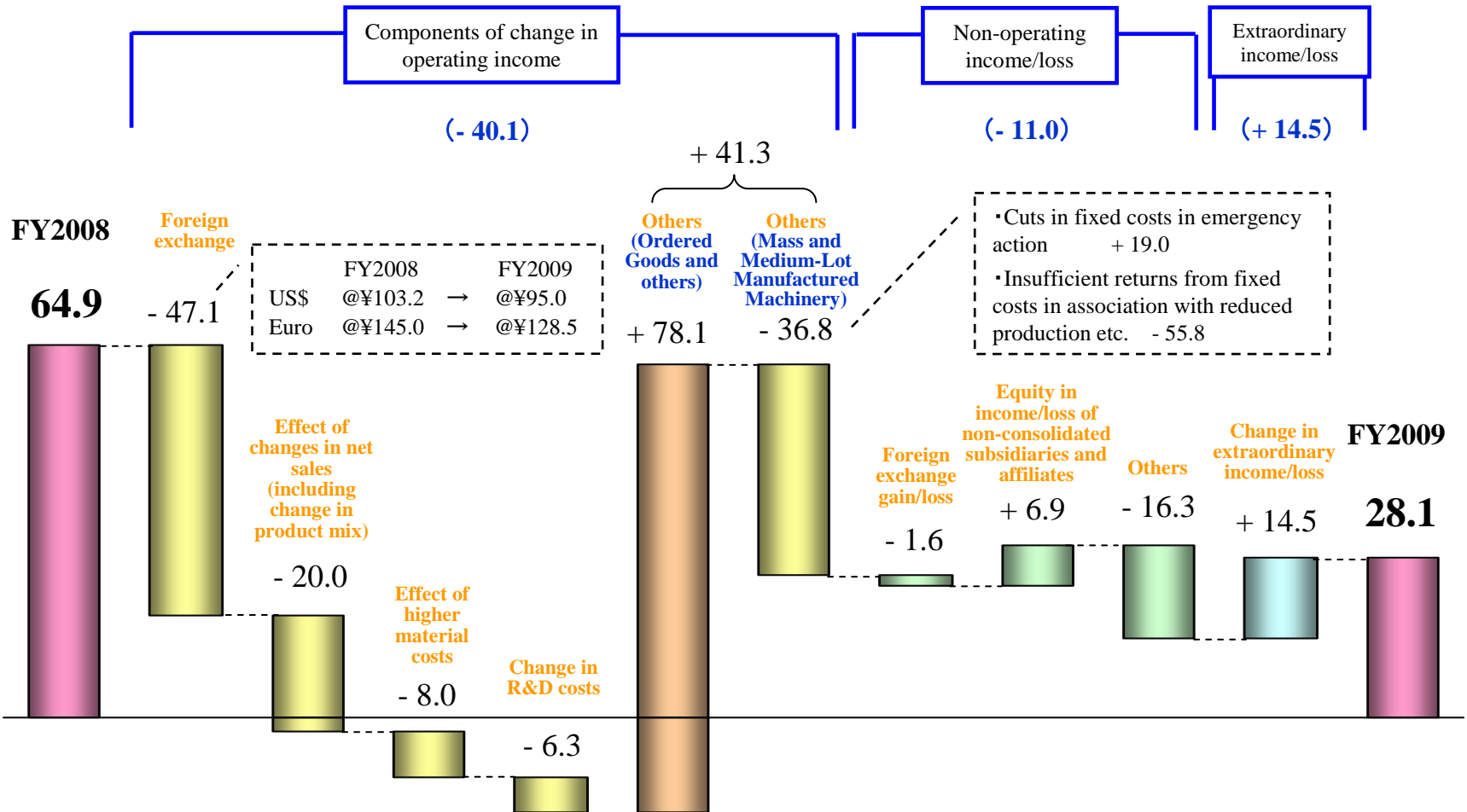
[Changes in business segments]

With the application of the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information, the Company will change its business segments for disclosure in FY2010. However, results by segment for FY2009 are disclosed in accordance with the segments before the change, as shown in the table above.

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 ¥36.7 billion ( ¥64.9 bn → ¥28.1 bn)



# Ordinary Income and Extraordinary Income

## - Ordinary Income (- ¥51.2 billion YoY (¥75.3 bn → ¥24.0 bn))

(In billion yen)

	FY2008	FY2009	Change
<b>Operating income</b>	<b>105.8</b>	<b>65.6</b>	<b>- 40.1</b>
Foreign exchange gains	1.2	- 0.4	- 1.6
Net interest expense	- 6.0	- 15.6	- 9.6
Equity in earnings of non-consolidated subsidiaries and affiliates	- 9.0	- 2.0	+ 6.9
Other	- 16.7	- 23.4	- 6.7
<b>Non-operating income</b>	<b>- 30.5</b>	<b>- 41.6</b>	<b>- 11.0</b>
<b>Ordinary income</b>	<b>75.3</b>	<b>24.0</b>	<b>- 51.2</b>

## - Extraordinary Income (+ ¥14.5 billion YoY (- ¥10.3 bn → ¥4.1bn))

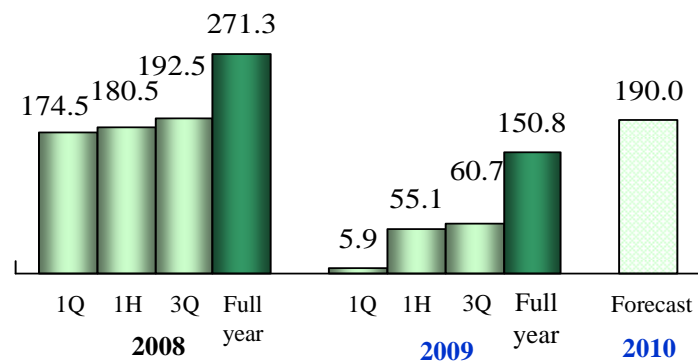
(In billion yen)

	FY2008	FY2009	Change
Gain on sale of fixed assets	3.9	10.0	+ 6.1
Gain on sales of investment securities	14.2	5.0	- 9.2
Gain on contribution of securities to retirement benefit trust	36.1	-	- 36.1
Gain on revision of retirement benefit plan	-	4.9	+ 4.9
<b>Extraordinary gain</b>	<b>54.3</b>	<b>20.1</b>	<b>- 34.2</b>
Effect of application of the accounting standard for measurement of inventories	- 33.4	-	+ 33.4
Loss on legal claims	- 20.8	-	+ 20.8
Business structure improvement expenses	- 10.4	- 15.9	- 5.5
<b>Extraordinary loss</b>	<b>- 64.7</b>	<b>- 15.9</b>	<b>+ 48.7</b>
<b>Extraordinary income/loss</b>	<b>- 10.3</b>	<b>4.1</b>	<b>+ 14.5</b>

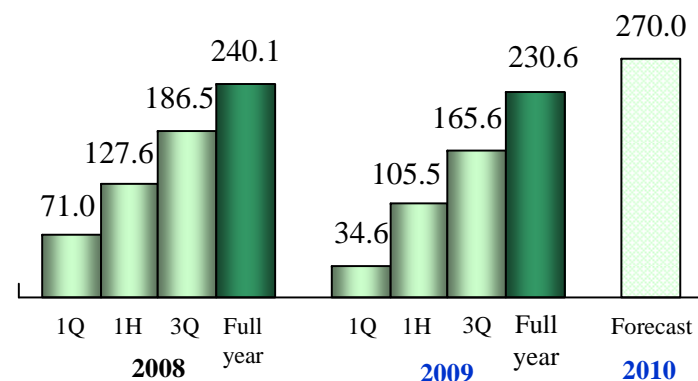
# <Shipbuilding & Ocean Development>

(In billion yen, accumulated amount)

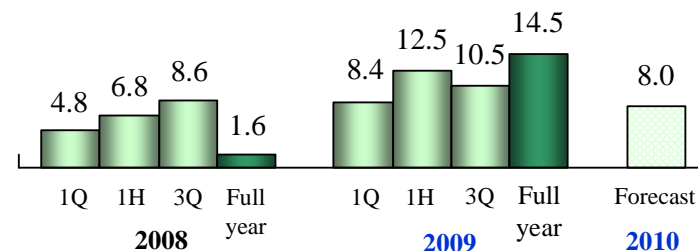
## Orders Received



## Net Sales



## Operating Income



## Orders received: Down ¥120.4 billion YoY

- As demand for new vessels remained weak worldwide, we took steps to boost orders, especially for high value-added vessels, production of which we excel at. However, we received orders for only 13 vessels, including seven patrol vessels for the Japan Coast Guard.

[Number of ships orders received]

FY2008: 18 (1Q: 16, 2Q: 0, 3Q: 0, 4Q: 2)

FY2009: 13 (1Q: 0, 2Q: 6, 3Q: 0, 4Q: 7)

[Backlog of ship orders] 59

(14 container ships, 13 pure car carriers, 7 patrol vessels, 5 LPG carriers, and others)

## Net sales/Earnings: Increased earning (+ ¥12.9 billion YoY) on decreased sales (- ¥9.4 billion YoY)

- We delivered a total of 20 vessels, including 11 car carriers, five LPG carriers, two LNG carriers, and two patrol vessels.

[Number of ships delivered]

FY2008: 23 (1Q: 5, 2Q: 3, 3Q: 5, 4Q: 10)

FY2009: 20 (1Q: 3, 2Q: 4, 3Q: 5, 4Q: 8)

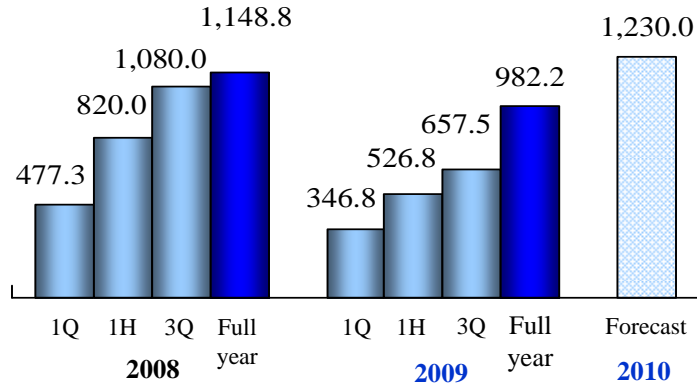
- Despite the adverse effect of a stronger yen, earnings increased from the previous year, principally reflecting an improvement in profitability and a revision of an allowance for losses in the future, which was made in the previous fiscal year, in association with changes in assumptions underlying estimates.



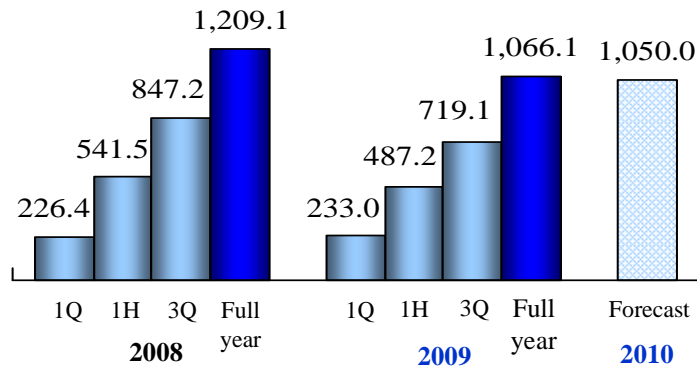
# <Power Systems>

(In billion yen, accumulated amount)

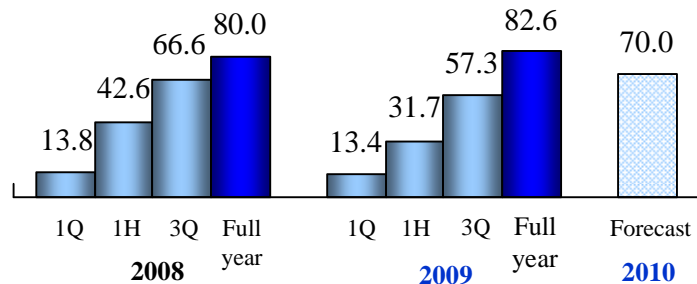
**Orders Received**



**Net Sales**



**Operating Income**



## Orders received: Down ¥166.5 billion YoY

- In Japan, we received orders for large thermal power plants, and also improvement, remodeling, and repair work for existing plants was solid.

- Although we received orders for a large thermal power plant in Indonesia, among other facilities, orders for thermal power plants overseas declined because of a decrease in opportunities due to weak demand for electricity and intensifying competition.

[Wind turbines (Output-based)]

FY2008: 963MW (1Q:900MW, 2Q: 0MW, 3Q: 63MW, 4Q: 0MW)

Cancels -1,094MW

FY2009: 0MW (1Q: 0MW, 2Q: 0MW, 3Q: 0MW, 4Q: 0MW)

[Gas turbine order backlog (Non-consolidated)]

FY2008: Q1: 77 Q2: 77 Q3: 71 Q4: 66

FY2009: Q1: 70 Q2: 67 Q3: 53 Q4: 50

## Net sales/Earnings: Increased earning (+ ¥2.6 billion YoY) on decreased sales (- ¥143.0 billion YoY)

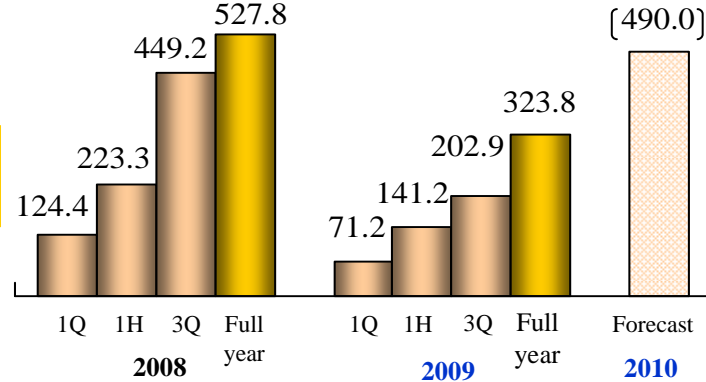
- Net sales slipped from the year-ago period, given decreases in sales of thermal power plants and wind turbines.

- Despite the fall in net sales and the adverse effect of a stronger yen, earnings increased from the previous fiscal year. Key factors were steady progress of plant construction work for which orders had been received, and solid after-sales services.

# <Machinery & Steel Structures>

(In billion yen, accumulated amount)

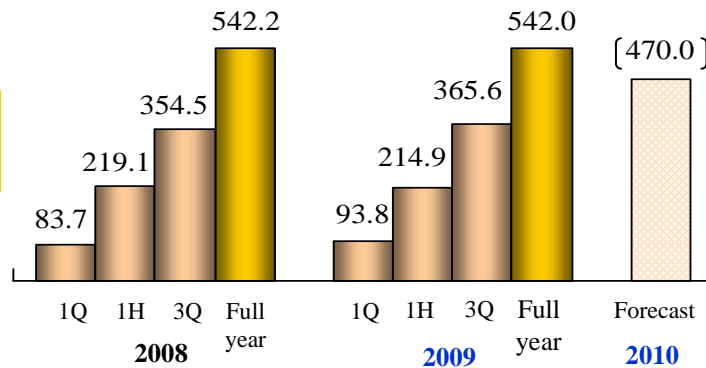
## Orders Received



## Orders received: Down ¥204.0 billion YoY

- Although we sought to win international orders, especially for large-scale projects, orders for chemical plants and metals machinery declined, given project delays as customers reviewed capital expenditure plans. Despite increases in orders for certain products, including toll gate equipment and transport machines, overall orders were down from the previous fiscal year.

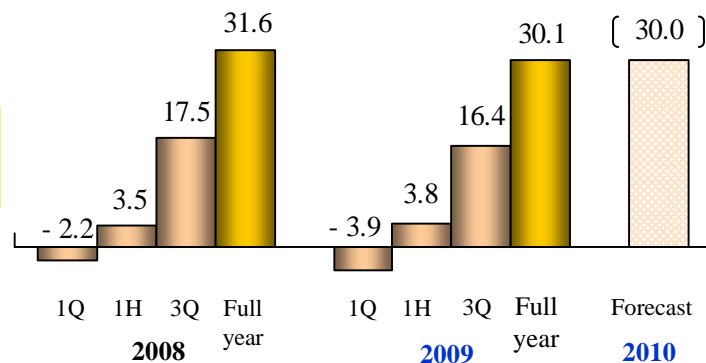
## Net Sales



## Net sales/Earnings: Decreased earning (- ¥1.4 billion YoY) on decreased sales (- ¥0.1 billion YoY)

- Sales remained mostly flat from the previous fiscal year as the construction of large chemical plants and the installation of metals machinery progressed as planned. Earnings remained almost steady on a year-on-year basis throughout the year.

## Operating Income

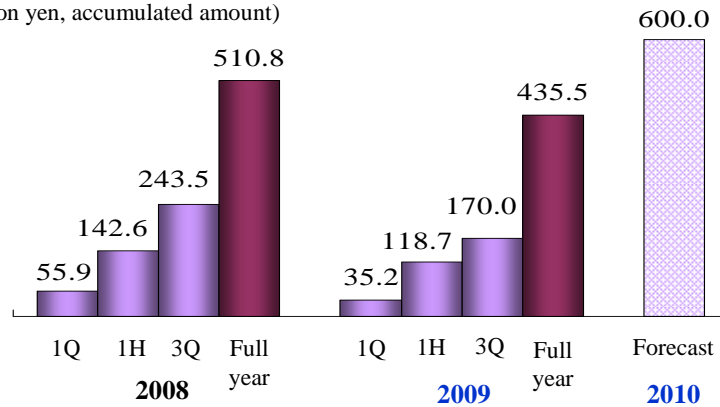


Forecasts for FY2010 in brackets are figures before the change in the segments for disclosure. (They are data for reference.)

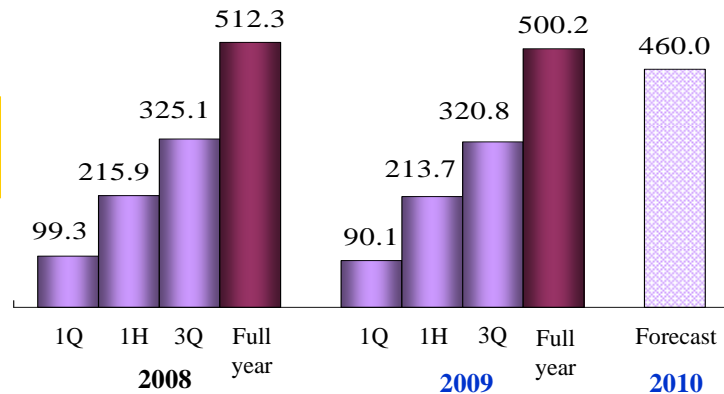
# <Aerospace>

(In billion yen, accumulated amount)

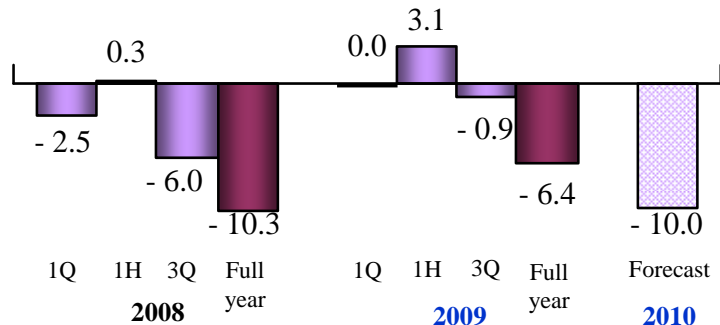
## Orders Received



## Net Sales



## Operating Income



## Orders received: Down ¥75.3 billion YoY

- Orders in the space business rose from the previous year, thanks to an increase in transport services for launching H-II A rockets. In contrast, orders for defense-related products declined, primarily due to a fall in guided flying objects. Orders for commercial aircraft-related products were also down, attributable to a fall in orders for commercial aircraft, especially B787s and B777s, and weaker demand for Parts of engines for commercial aircraft, in turn reflecting the weak market for commercial aircraft given the global economic downturn.

## Net sales/Earnings: Increased earning (+ ¥3.9 billion YoY) on decreased sales (- ¥12.0 billion YoY)

- Although sales of commercial aircraft and the space business rose, overall sales declined slightly from a year ago, reflecting a decrease in sales of defense-related products.

[Number of Boeing777s delivered]

FY2008: 67 (Q1: 21 Q2: 21 Q3: 4 Q4: 21)

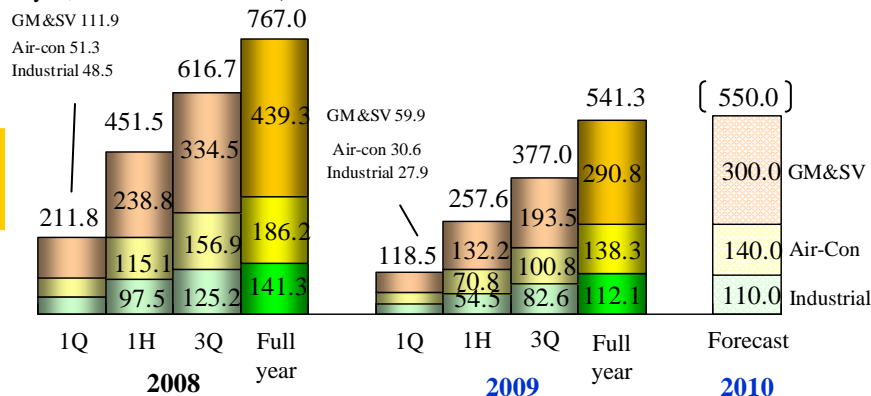
FY2009: 82 (Q1: 21 Q2: 21 Q3: 19 Q4: 21)

- Despite the effect of the strengthening of the yen from the previous fiscal year, the loss narrowed from a year ago, primarily because of an improvement in profitability in the commercial aircraft business.

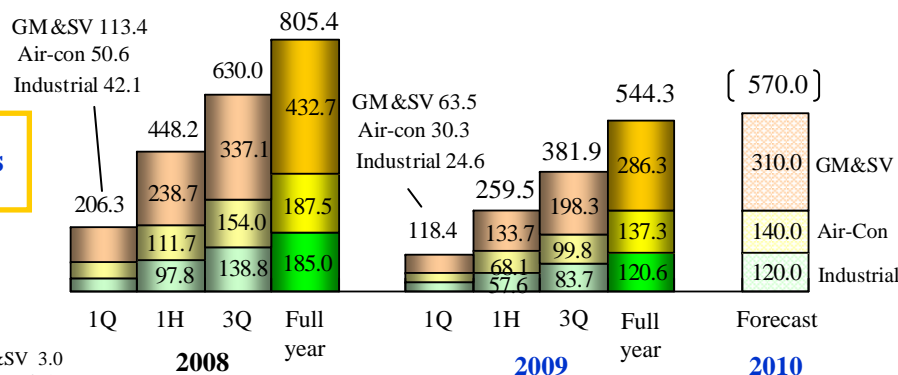
# <Mass and Medium-Lot Manufactured Machinery>

(In billion yen, accumulated amount)

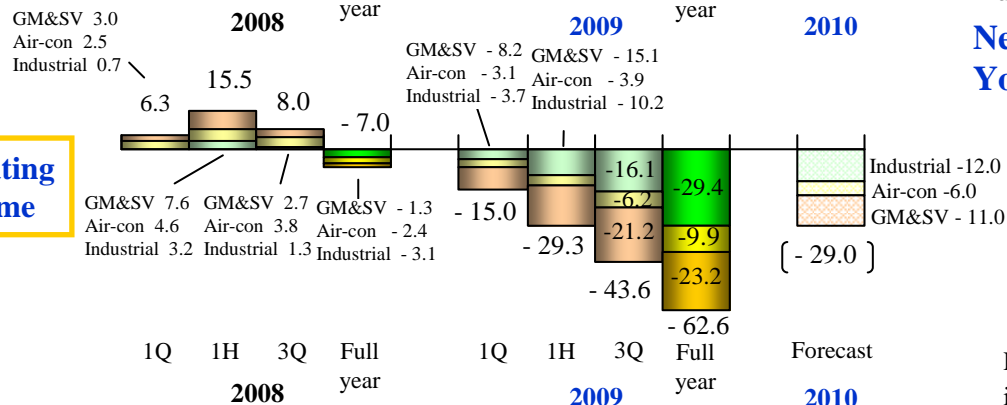
**Orders Received**



**Net Sales**



**Operating Income**



## Orders received: Down ¥225.6 billion YoY

• GM&SV :

- We bolstered our domestic forklift sales system by integrating forklift sales companies, and we promoted sales in emerging countries. However, because of weak demand for forklifts and for small and midsize engines, orders were down from a year ago.

• Air-Con :

- Orders for package air conditioners and room air conditioners declined overseas on weak demand, especially in Europe. Orders for automotive thermal systems fell in Japan, reflecting an output cut associated with a fall in the number of automobiles sold.

• Industrial :

- Although there was a large-scale newspaper press project in Japan, orders for printing machinery fell from a year ago. Orders for machine tools dropped, attributable to weak demand, especially from the auto industry.

## Net sales/Earnings: Decreased earning (- ¥55.5 billion YoY) on decreased sales (- ¥261.0 billion YoY)

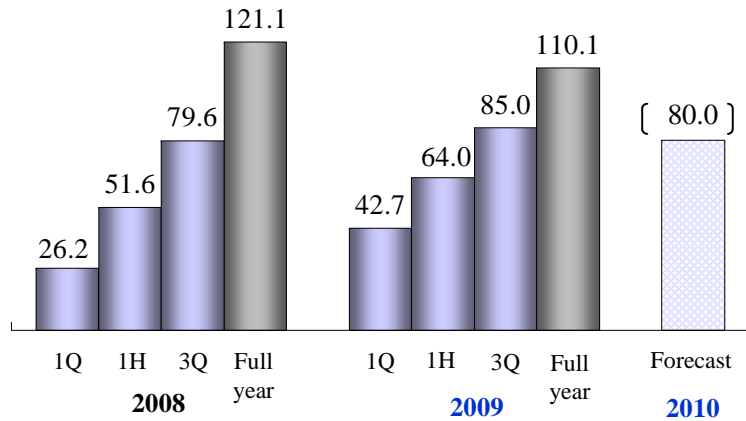
- In response to a sharp decline in sales, we took urgent Company-wide action, which improved earnings through reductions in fixed costs and other factors. However, earnings worsened significantly from the previous year, reflecting a failure to offset fixed costs because of a cut in output and the appreciation of the yen.

Forecasts for FY2010 in brackets are figures before the change in the segments for disclosure. (They are data for reference.)

# <Others>

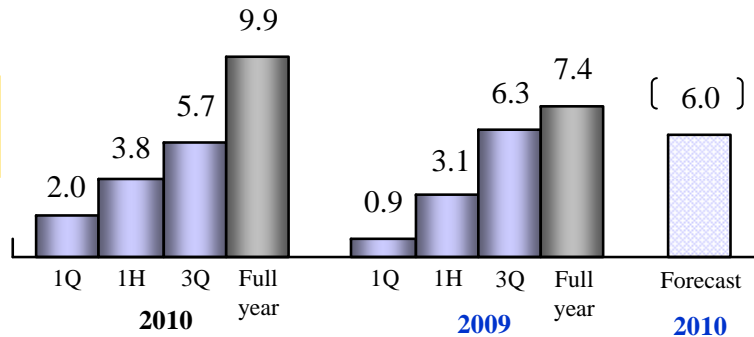
(In billion yen, accumulated amount)

## Net Sales



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

## Operating Income



Forecasts for FY2010 in brackets are figures before the change in the segments for disclosure. (They are data for reference.)

# Balance Sheets

(In billion yen)

	As of March 31, 2009	As of March 31, 2010	Changes
<b>Assets</b>			
Trade receivables	1,082.5	948.2	-134.3
Inventories	1,268.6	1,240.0	-28.5
Other current assets	813.8	638.4	-175.4
Total current assets	3,165.0	2,826.6	-338.3
Total fixed assets	1,361.1	1,436.1	+75.0
<b>Total assets</b>	4,526.2	4,262.8	-263.3
<b>Liabilities</b>			
Trade payables	699.6	646.5	-53.1
Advance payments received on contracts	479.0	389.0	-89.9
Other current liabilities	816.2	520.2	-296.0
Total current liabilities	1,994.8	1,555.7	-439.0
Total long-term liabilities	1,248.0	1,378.2	+130.2
Total liabilities	3,242.9	2,934.0	-308.8
<b>Net assets</b>			
Stockholders' equity	1,253.4	1,264.7	+11.2
Valuation, translation adjustments and others	-11.8	13.3	+25.1
Others (Minority interests, etc.)	41.6	50.7	+9.0
Total net assets	1,283.2	1,328.7	+45.5
<b>Total liabilities and net assets</b>	4,526.2	4,262.8	-263.3

Including Cash and deposits -160.9

Including Interest-bearing debt outstanding -239.0

Including Interest-bearing debt outstanding +121.5

# Cash Flows, Interest-Bearing Debts

## Cash flows

(In billion yen)

	FY2008	FY2009	Change
Cash flows from operating activities	79.5	117.9	+38.4
Cash flows from investing activities	-156.5	-180.7	- 24.1
Free cash flows	-77.0	-62.7	+14.3
Cash flows from financing activities	262.0	-105.2	- 367.2

### Overview of FY2009

• Cash flows from operating activities rose ¥38.4 billion from the previous year, to ¥117.9 billion, reflecting the collection of trade receivables in Power Systems and Aerospace, and the reduction of inventories.

-Cash flows from investing activities stood at -¥180.7 billion with capital expenditure remaining at a high level. Cash used increased -¥24.1 billion from the previous fiscal year, primarily reflecting a fall in proceeds from the sale of shares.

## Interest-bearing debt

(In billion yen)

	As of March 31, 2009	As of March 31, 2010	Change
Interest-bearing debt	1,612.8	1,495.3	-117.5

- As a result, free cash flow was -¥62.7 billion. (Cash used declined -¥14.3 billion from a year ago.)

# Supplementary Information (1)

## 1. Foreign Exchange Rates

(¥/US\$)

	2005		2006		2007		2008		2009	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Average rates for recording sales	109.5	111.3	113.7	114.9	116.9	114.6	107.9	103.2	97.6	95.0
(Reference) Rates at end of period	113.2	117.5	117.9	118.1	115.4	100.2	103.6	98.2	90.2	93.0

## 2. R&D Expenses

(In billion yen)

	2005	2006	2007	2008	2009
R&D Expenses	100.7	106.3	107.9	101.3	129.2

## 3. Depreciation and Amortization-Capital Expenditure

(In billion yen)

	2005	2006	2007	2008	2009
Depreciation	100.8	106.7	129.2	153.8	140.4
Capital Expenditure	140.5	175.9	191.4	196.6	177.1



## Supplementary Information (2)

### 4. Employees

(Number of employees)

	2005	2006	2007	2008	2009
(Consolidated)					
Shipbuilding & Ocean Development	5,388	5,285	5,196	5,035	4,969
Power Systems	14,218	15,070	15,978	17,296	18,633
Machinery & Steel Structures	8,998	8,246	7,662	7,635	7,570
Aerospace	7,712	8,211	8,724	9,231	9,679
Mass & Medium-Lot Manufactured Machinery	16,930	17,032	17,489	19,005	17,777
Others	8,966	9,096	9,054	9,214	9,041
Total	62,212	62,940	64,103	67,416	67,669
(Non-consolidated) Total	32,627	32,552	33,089	33,614	34,139

### 5. Overseas Sales by Region

(In billion yen)

	2005	2006	2007	2008	2009
(Consolidated)					
North America	322.5 (26%)	371.8 (25%)	435.8 (28%)	414.0 (25%)	360.1 (24%)
Central & South America	108.5 (9%)	123.7 (9%)	222.9 (14%)	226.1 (14%)	184.7 (13%)
Asia	522.4 (42%)	437.4 (30%)	452.2 (29%)	439.1 (27%)	390.7 (26%)
Middle East	57.2 (5%)	257.8 (18%)	168.8 (11%)	230.0 (14%)	170.7 (12%)
Europe	182.8 (15%)	237.4 (16%)	258.8 (17%)	296.2 (18%)	223.3 (15%)
Other	32.2 (3%)	34.3 (2%)	22.4 (1%)	46.6 (2%)	148.9 (10%)
Total	1,225.9 (100%)	1,462.6 (100%)	1,561.1 (100%)	1,652.2 (100%)	1,478.6 (100%)

# < Reference > [Non-consolidated]

## Summary of Financial Results for FY2009

(In billion yen)

	FY2008	FY2009	Change
Orders received	2,462.7	1,938.7	-523.9
Net sales	2,647.2	2,327.7	-319.4
Operating income	56.9	47.1	-9.8
Ordinary income	46.8	20.0	-26.7
Extraordinary income	16.3	1.8	-14.5
Net income before income taxes	63.2	21.9	-41.2
Net income	44.8	18.4	-26.4

## II. Forecast for FY2010

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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 FY2010

(In billion yen)

	FY2009 (Actual)	FY2010 (Forecast)
Orders received	2,476.2	3,100.0
Net sales	2,940.8	2,850.0
Operating income	65.6	75.0
Ordinary income	24.0	35.0
Net income	14.1	20.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥90 to the U.S. dollar and ¥130 to the Euro (US\$ 4.0 billion, Euro 0.5 billion undetermined)

# Forecast for FY2010 by Business Segment

( After segment changes )

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2009 <Reference>	FY2010 Forecast	FY2009 <Reference>	FY2010 Forecast	FY2009 <Reference>	FY2010 Forecast
Shipbuilding & Ocean Development	150.8	190.0	230.6	270.0	14.5	8.0
Power Systems	982.2	1,230.0	1,066.1	1,050.0	82.6	70.0
Machinery & Steel Structures ※	404.3	570.0	625.7	550.0	3.0	18.0
Aerospace	435.5	600.0	500.2	460.0	-6.4	-10.0
GM & SV ※	291.0	300.0	286.8	310.0	-23.2	-11.0
Air-Con	138.4	140.0	137.4	140.0	-9.9	-6.0
Machine Tool, Others	113.4	120.0	146.8	120.0	5.1	6.0
Others ※	251.8	260.0	284.3	260.0	-4.8	0.0
Inter-group consolidation adjustments	-39.7	-50.0	-53.2	-50.0	-	-
<b>Total</b>	<b>2,476.2</b>	<b>3,100.0</b>	<b>2,940.8</b>	<b>2,850.0</b>	<b>65.6</b>	<b>75.0</b>

## 【Changes in business segments】

• With the application of the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information and the restructuring of its organization, the Company will change business segments for segment information to be disclosed from FY2010. The changes are shown in the tables at right.

• “FY2009<Reference>” figures in the table above are calculated in accordance with the segments after the change.

## 【before】

<b>Machinery &amp; Steel Structures</b>	
<b>Mass and Medium-Lot Manufactured Machinery</b>	GM & SV
	Air-Con
	Industrial Printing Machinery, Industrial Machinery, Machine Tool
<b>Others</b>	

## 【after】

<b>Machinery &amp; Steel Structures</b>	
<b>GM &amp; SV</b>	
<b>Others</b>	Air-Con
	Machine Tool, Others

Shipbuilding & Ocean Development, Power Systems, and Aerospace have not changed