



Financial Results for Third Quarter FY2010

February 2011

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. Third Quarter FY2010 Financial Results

Summary of Third Quarter Financial Results

(In billion yen)

	FY2009-3Q	FY2010-3Q	Change
Orders received	1,496.1	1,873.7	+377.6
Net sales	1,999.3	2,087.7	+88.4
Operating income	46.0	80.8	+34.7
Ordinary income	17.9	50.8	+32.9
Extraordinary income	- 2.5	- 3.0	- 0.5
Income before income taxes	15.3	47.7	+32.4
Net income	4.2	17.9	+13.6

Orders received ⇒ Up ¥377.6 billion YoY (¥1,496.1 bn → ¥1,873.7 bn)

- Orders received increased year on year in all segments, as orders rose in the Aerospace segment, where large-scale orders were recorded, as well as in the Power Systems and General Machinery & Special Vehicles segments and in the Air-Conditioning & Refrigeration Systems Division, where demand was recovering.

Net sales ⇒ Up ¥88.4 billion YoY (¥1,999.3 bn → ¥2,087.7 bn)

- Net sales increased year on year, with sales rising in the Shipbuilding & Ocean Development segment, where the number of delivered ships increased, as well as in the Power Systems and General Machinery & Special Vehicles segments and in the Air-conditioning & Refrigeration Systems Division, offsetting a fall in sales in the Aerospace segment.

Net income ⇒ Up ¥13.6 billion YoY (¥4.2 bn → ¥17.9 bn)

- Net income increased from a year ago due to higher sales and improved profitability, although the appreciation of the yen became a negative factor.

Third Quarter Financial Results by Segment

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2009-3Q	FY2010-3Q	FY2009-3Q	FY2010-3Q	FY2009-3Q	FY2010-3Q
Shipbuilding & Ocean Development	60.7	71.9	165.6	215.0	10.5	4.5
Power Systems	657.5	713.5	719.1	735.5	57.3	64.8
Machinery & Steel Structures ※	260.5	288.3	422.6	426.9	2.3	22.7
Aerospace	170.0	378.4	320.8	304.2	-0.9	-5.6
General Machinery & Special Vehicles ※	193.7	228.7	198.5	241.1	-21.2	-10.5
Air-con	100.3	121.1	99.8	117.5	-6.2	0.0
Machine Tool, Others	83.1	96.1	111.5	85.1	4.2	4.9
Others ※	183.4	217.2	211.4	202.6	-1.9	4.9
Eliminations or Corporate	-29.8	-24.5	-38.9	-37.8	-	-
Total	1,496.1	1,873.7	1,999.3	2,087.7	46.0	80.8

※【Changes in business segments】

• With the application of “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and the reorganization of the Company’s organization, the Company changes business segments from FY2010. The changes are shown in the tables at right.

• “FY2009-3Q” figures in the table above and FY2009 figures in the graph of page 8 -13 are calculated in accordance with the segments after the change.

【before】

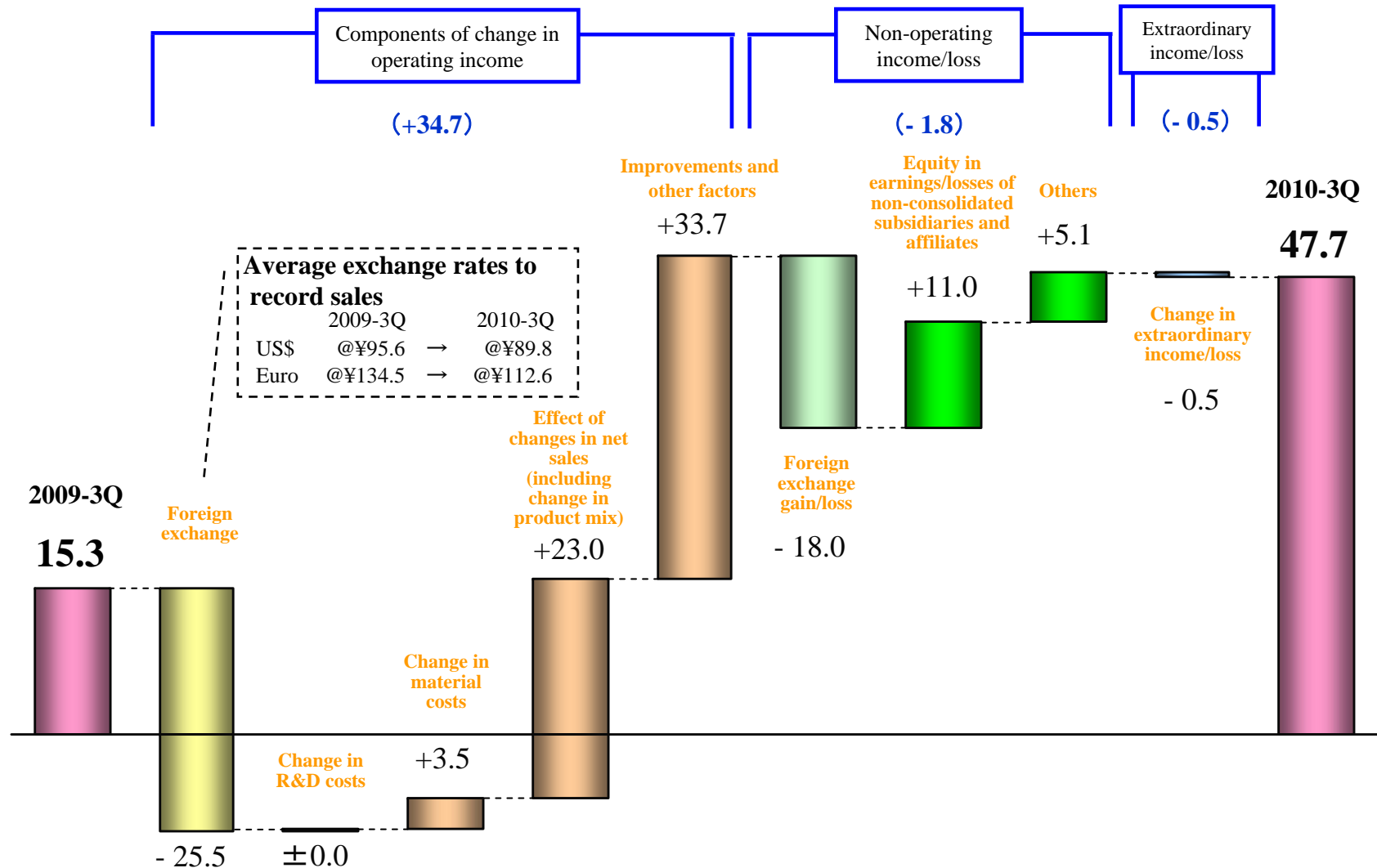
Machinery & Steel Structures	
Mass and Medium-Lot Manufactured Machinery	GM & SV
	Air-Con
	Industrial Printing Machinery, Industrial Machinery, Machine Tool
Others	

【after】

Machinery & Steel Structures	
GM & SV	
	Air-Con
Others	Machine Tool, Others
Shipbuilding & Ocean Development, Power Systems, and Aerospace have not changed	

Components of Change in Income before Income Taxes

Up ¥32.4 billion (¥15.3 bn → ¥47.7 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (Up ¥32.9 billion YoY (¥17.9 bn → ¥50.8 bn))

(In billion yen)

	FY2009-3Q	FY2010-3Q	Change
Operating income	46.0	80.8	+ 34.7
Foreign exchange gain/loss	- 0.7	- 18.7	- 18.0
Net interest loss	- 10.9	- 11.1	- 0.2
Equity in earnings of non-consolidated subsidiaries and affiliates	- 7.4	3.6	+ 11.0
Other	- 9.0	- 3.6	+ 5.3
Non-operating income	- 28.1	- 29.9	- 1.8
Ordinary income	17.9	50.8	+ 32.9

- Extraordinary Income (Down ¥0.5 billion YoY (- ¥2.5 bn → - ¥3.0 bn))

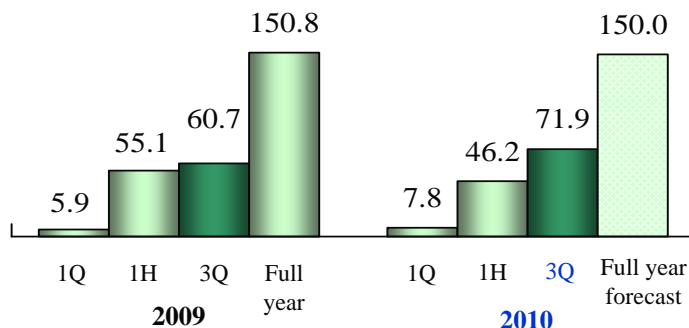
(In billion yen)

	FY2009-3Q	FY2010-3Q	Change
Gain on sales of investment securities	-	2.8	+ 2.8
Extraordinary gain	-	2.8	+ 2.8
Loss on revaluation of investment securities	-	- 3.8	- 3.8
Effect of the application of the accounting standard for asset retirement obligations	-	- 2.0	- 2.0
Business structure improvement expenses	- 2.5	-	+ 2.5
Extraordinary loss	- 2.5	- 5.9	- 3.3
Extraordinary income/loss	- 2.5	- 3.0	- 0.5

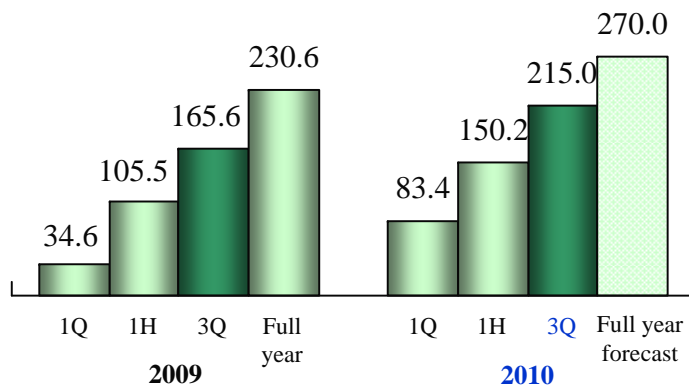
<Shipbuilding & Ocean Development>

(In billion yen, accumulated amount)

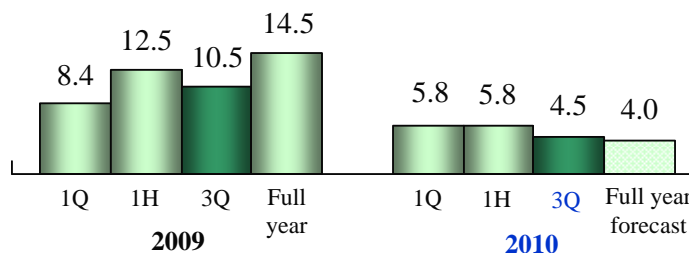
Orders Received



Net Sales



Operating Income



Orders received: Up ¥11.2 billion YoY

- Although the orders environment for new commercial ships remained difficult, we received orders for a total of seven vessels: two VLCCs, two car carriers, one LPG carrier and others in the period under review.

[Number of ships orders received]

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

FY2010: 7 (1Q: 0, 2Q: 4, 3Q: 3)

[Backlog of ship orders] 49

(11 pure car carriers, 7 patrol vessels, 6 container ships, 5 roll-on/roll-off vessels, and others)

Net sales/Earnings: Decreased earning (- ¥6.0 billion YoY) on increased sales (+ ¥49.3 billion YoY)

- We delivered a total of 17 vessels, including eight container ships, four car carriers, three LPG carriers, and two module carriers.

[Number of ships delivered]

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

FY2010: 17 (1Q: 8, 2Q: 6, 3Q: 3)

- In terms of income, profitability was improving, aided by higher sales, despite negative factors such as the appreciation of the yen and a fall in income due to the revision of the reserve for losses on construction contracts.

Full-year forecast:

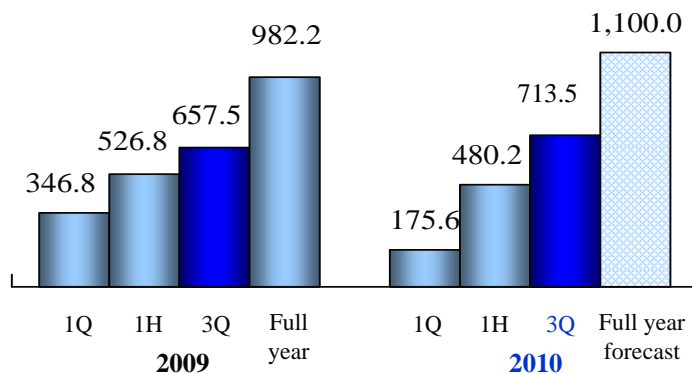
Orders received : Orders received was revised from ¥190.0 billion to ¥150.0 billion.

Operating income: Operating income was revised from ¥7.0 billion to ¥4.0 billion.

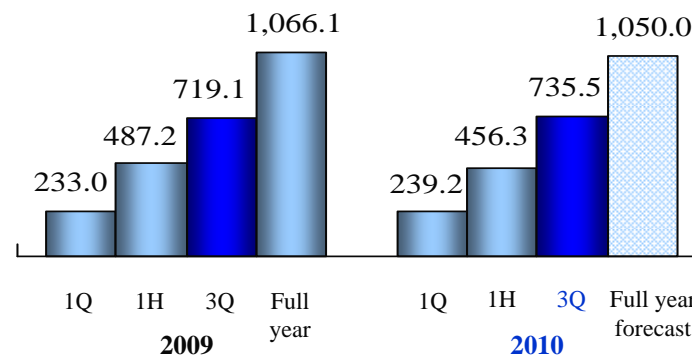
<Power Systems>

(In billion yen, accumulated amount)

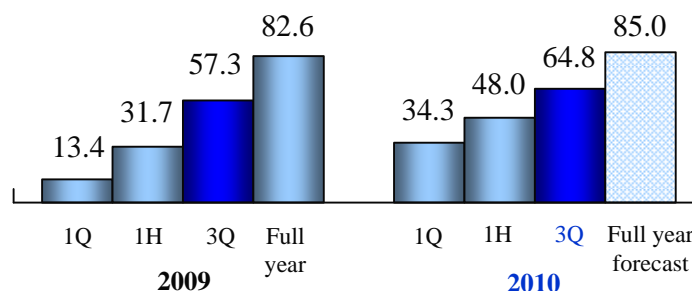
Orders Received



Net Sales



Operating Income



Orders received: Up ¥55.9 billion YoY

- We received orders for multiple thermal power plants in Japan and overseas in the third quarter.

- With the environment for orders becoming more and more difficult because of the appreciation of the yen, we responded actively to expressions of interest in thermal power plants, especially in Japan and Asia and in nuclear power plants in Japan and overseas.

[Gas turbine orders]

FY2009-3Q : 9units (North America 2, Domestic 6, Others 1)

FY2010-3Q : 11units (Asia 7, Domestic 4)

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

FY2009-3Q: 53 (FY2009: 50)

FY2010-3Q: 46

Net sales/Earnings: Increased earning (+ ¥7.5 billion YoY) on increased sales (+ ¥16.3 billion YoY)

- Sales rose slightly from a year ago.

- Earnings were affected by the stronger yen, but rose from the year-ago level with the improved profitability of plant constructions, etc.

Full-year forecast:

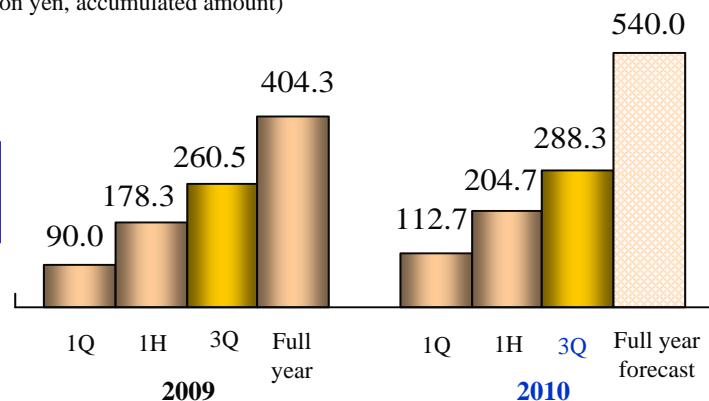
Orders received : Orders received was revised from ¥1,230.0 billion to ¥1,100.0 billion.

Operating income: Operating income was revised from ¥70.0 billion to ¥85.0 billion.

<Machinery & Steel Structures>

(In billion yen, accumulated amount)

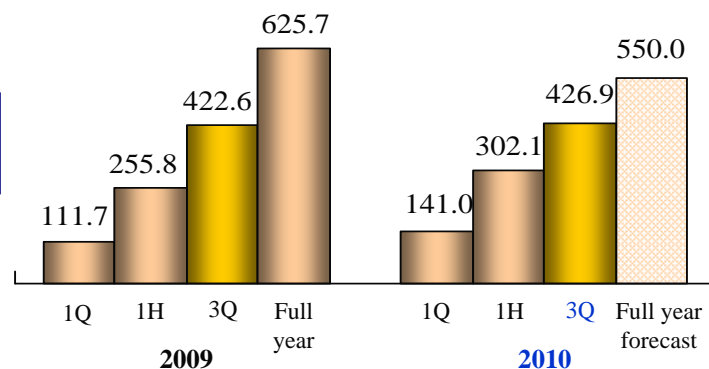
Orders Received



Orders received: Up ¥27.8 billion YoY

- Orders received increased from a year ago primarily thanks to demand for steel manufacturing machinery, especially in Asia and for transportation systems projects in Japan.
- In a difficult environment, we sought to win orders, and received an unofficial order for a large-scale fertilizer plant construction project.

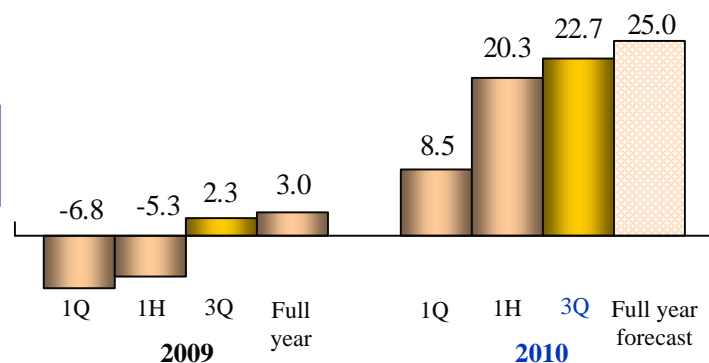
Net Sales



Net sales/Earnings: Increased earning (+ ¥20.3 billion YoY) on increased sales (+ ¥4.3 billion YoY)

- Sales were on a par with the year-ago level.
- Earnings rose from the year-ago level with the improved profitability of overseas plants construction etc..

Operating Income



Full-year forecast:

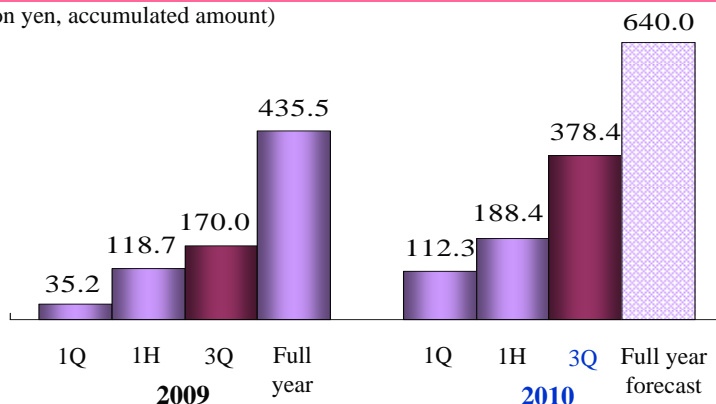
Orders received : Orders received was revised from ¥570.0 billion to ¥540.0 billion.

Operating income: Operating income was revised from ¥21.0 billion to ¥25.0 billion.

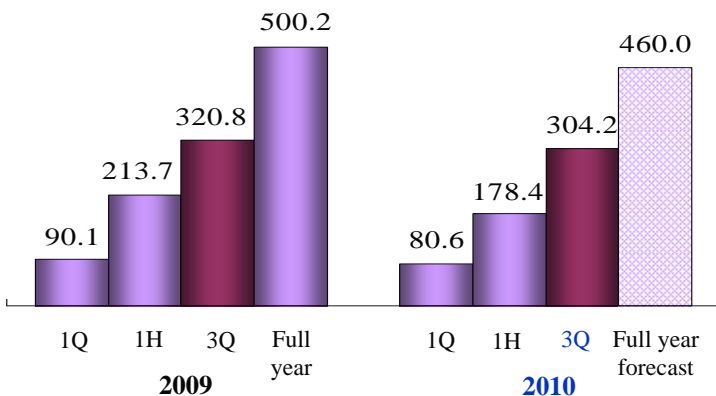
<Aerospace>

(In billion yen, accumulated amount)

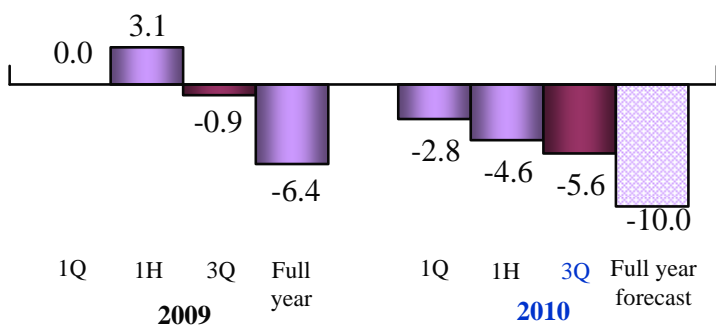
Orders Received



Net Sales



Operating Income



Orders received: Up ¥208.4 billion YoY

- Orders received rose year on year, reflecting a sharp increase in orders, including large-scale orders, for commercial aircraft and a climb in defense-related orders.

Net sales/Earnings: Decreased earning (- ¥4.7 billion YoY) on decreased sales (- ¥16.6 billion YoY)

- Sales declined year on year, despite a rise in defense-related sales, attributable to a decrease in commercial aircraft-related sales.

[Number of B777s delivered]

FY2009-3Q: 61 (FY2009: 82)

FY2010-3Q: 46

[Number of B787s delivered]

FY2009-3Q: 9 (FY2009: 15)

FY2010-3Q: 11

- Income decreased year on year mainly due to the appreciation of the yen in the foreign exchange market.

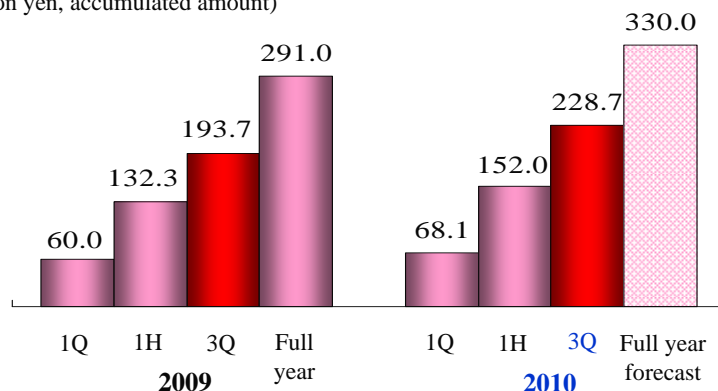
Full-year forecast:

Orders received : Orders received was revised from ¥600.0 billion to ¥640.0 billion.

<General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

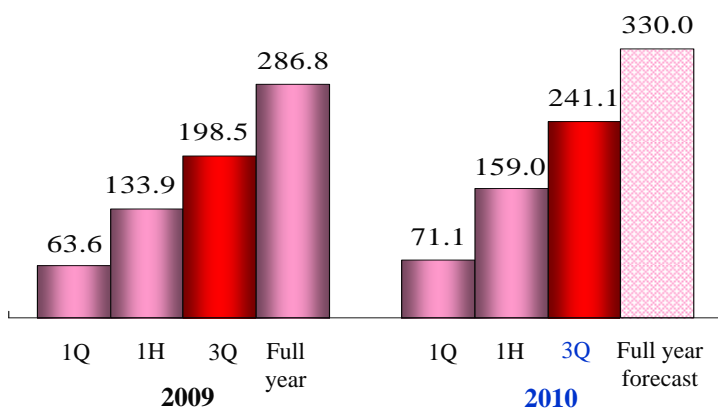
Orders Received



Orders received/Net sales:
Up ¥34.9billion / ¥42.6 YoY respectively

-Orders received and sales increased year on year thanks to a rise in sales of small generators for construction equipment manufacturers, turbochargers for auto manufacturers in Japan and Europe, and forklift trucks for the domestic market and emerging countries.

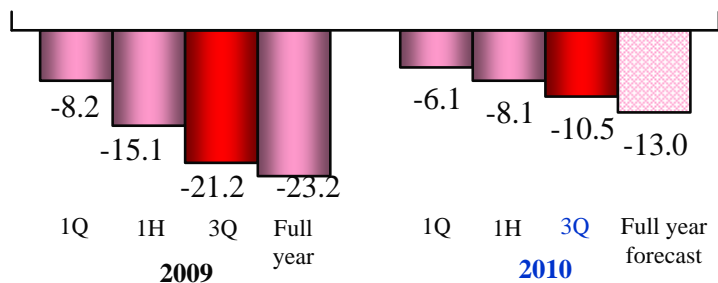
Net Sales



Earnings: Up ¥10.7 billion YoY

Losses fell year on year, mainly attributable to higher sales and progress in profitability improvement in generators, turbochargers and forklift trucks, despite the impact of the stronger yen.

Operating Income



Full-year forecast:

Orders received : Orders received was revised from ¥300.0 billion to ¥330.0 billion.

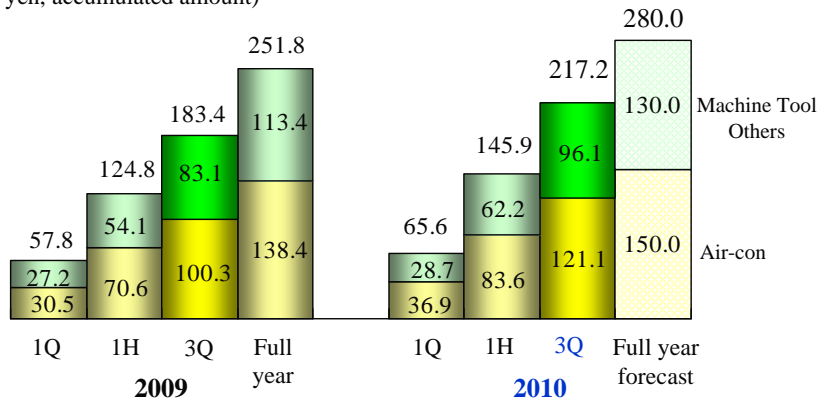
Net sales : Net sales was revised from ¥310.0 billion to ¥330.0 billion.

Operating income: Operating income was revised from - ¥15.0 billion to - ¥13.0 billion.

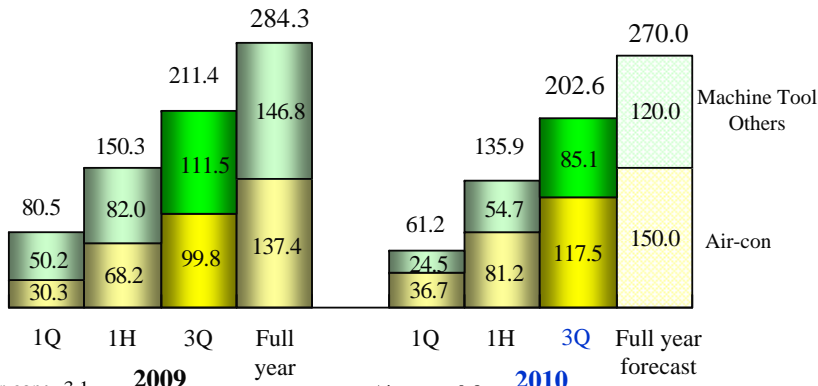
<Others>

(In billion yen, accumulated amount)

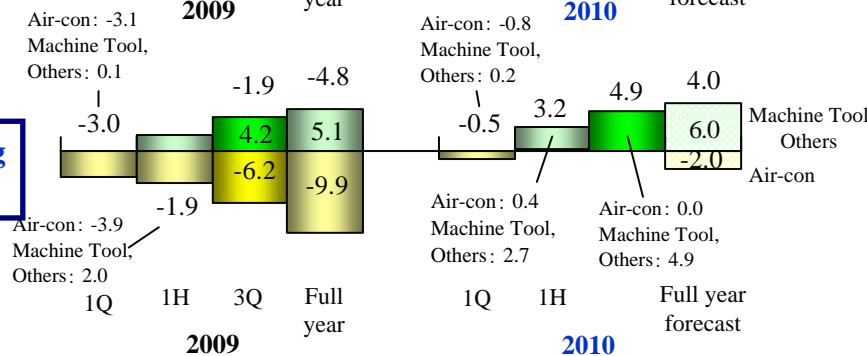
Orders Received



Net Sales



Operating Income



Air-conditioning & Refrigeration Systems

Orders received/Net sales:

- Orders received and sales increased year on year as orders for automotive thermal systems, residential air conditioners and all-in-one air-conditioning systems increased.

Earnings:

- Income improved from a year ago, primarily thanks to higher sales and progress in profitability improvement.

Machine Tool

Orders received/Net sales:

-Orders for gear cutting machines etc. for automobiles and construction equipment increased.

Earnings:

-Earnings moved into the black, mainly attributable to progress in improving profitability.

Others

-Real estate and construction

-Information and communication systems, etc.

Full-year forecast:

Orders received: Revised from ¥260.0 billion to ¥280.0 billion.

(Air-con: +¥10.0 billion, Machine Tool: +¥10.0 billion)

Net sales : Revised from ¥260.0 billion to ¥270.0 billion.

(Air-con: +¥10.0 billion)

Operating income: Revised from ¥2.0 billion to ¥4.0 billion.

(Air-con: +¥2.0 billion)

Balance Sheets

(In billion yen)

	As of March 31, 2010	As of December 31, 2010	Changes
Assets			
Trade receivables	948.2	873.5	-74.6
Inventories	1,240.0	1,222.3	-17.6
Other current assets	638.4	566.9	-71.4
Total current assets	2,826.6	2,662.9	-163.7
Total fixed assets	1,436.1	1,432.2	-3.9
Total assets	4,262.8	4,095.2	-167.6
Liabilities			
Trade payables	646.5	604.8	-41.7
Advance payments received on contracts	389.0	365.8	-23.2
Other current liabilities	520.2	552.6	+32.4
Total current liabilities	1,555.7	1,523.2	-32.5
Total long-term liabilities	1,378.2	1,269.6	-108.6
Total liabilities	2,934.0	2,792.8	-141.2
Net assets			
Stockholders' equity	1,264.7	1,267.5	+2.7
Valuation, translation adjustments and others	13.3	-15.1	-28.4
Others (Minority interests, etc.)	50.7	49.9	-0.7
Total net assets	1,328.7	1,302.3	-26.4
Total liabilities and net assets	4,262.8	4,095.2	-167.6
Interest-bearing debt outstanding	1,495.3	1,407.9	-87.3

Supplementary Information

(1) Segment Information by Geographic Distribution

(In billion yen)

	FY2009-3Q		FY2010-3Q	
	Net sales	Operating income	Net sales	Operating income
Japan	1,894.9	47.6	1,897.1	75.9
North America	143.7	-1.8	177.3	2.2
Asia	68.2	2.0	91.2	2.0
Europe	78.5	-4.1	81.7	-1.1
Others	21.1	2.3	17.8	1.6
Eliminations or Corporate	-207.4	-	-177.6	-
Total	1,999.3	46.0	2,087.7	80.8

(2) Overseas Net Sales

(In billion yen)

	FY2009-3Q		FY2010-3Q	
Asia	261.4	(25%)	281.7	(26%)
North America	246.3	(24%)	256.8	(24%)
Europe	167.1	(16%)	157.4	(14%)
Central and South America	139.1	(13%)	160.0	(15%)
The Middle East	136.6	(13%)	79.4	(7%)
Africa	87.6	(8%)	144.6	(13%)
Oceania	6.7	(1%)	9.2	(1%)
Total	1,045.0	(100%)	1,089.3	(100%)

(3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2009-3Q	FY2010-3Q	FY2010(Forecast)
Depreciation	102.9	98.5	140.0
Capital Expenditure	136.5	89.9	140.0

(FY2010 forecast of Capital Expenditure was revised from ¥150.0 billion to ¥140.0 billion)

(4) R&D Expenses

(In billion yen)

	FY2009-3Q	FY2010-3Q	FY2010(Forecast)
R&D Expenses	81.4	81.2	130.0

II. Forecast for FY2010

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 (Previous forecast) '10.10.29	FY2010 (Forecast)
Orders received	2,476.2	3,100.0	3,000.0
Net sales	2,940.8	2,850.0	2,880.0
Operating income	65.6	75.0	95.0
Ordinary income	24.0	35.0	50.0
Net income	14.1	20.0	20.0

- ◇ Assumes foreign exchange rates of undetermined amount ¥82 to the U.S. dollar and ¥110 to the Euro (US\$ 1.4 billion, Euro 0.3 billion undetermined)

Forecast for FY2010 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2009	FY2010 Forecast		FY2009	FY2010 Forecast		FY2009	FY2010 Forecast	
		Previous forecast	forecast		Previous forecast	forecast		Previous forecast	forecast
Shipbuilding & Ocean Development	150.8	190.0	150.0	230.6	270.0	270.0	14.5	7.0	4.0
Power Systems	982.2	1,230.0	1,100.0	1,066.1	1,050.0	1,050.0	82.6	70.0	85.0
Machinery & Steel Structures ※	404.3	570.0	540.0	625.7	550.0	550.0	3.0	21.0	25.0
Aerospace	435.5	600.0	640.0	500.2	460.0	460.0	-6.4	-10.0	-10.0
General Machinery & Special Vehicles ※	291.0	300.0	330.0	286.8	310.0	330.0	-23.2	-15.0	-13.0
Air-con	138.4	140.0	150.0	137.4	140.0	150.0	-9.9	-4.0	-2.0
Machine Tool, Others	113.4	120.0	130.0	146.8	120.0	120.0	5.1	6.0	6.0
Others ※	251.8	260.0	280.0	284.3	260.0	270.0	-4.8	2.0	4.0
Eliminations or Corporate	-39.7	-50.0	-40.0	-53.2	-50.0	-50.0	-	-	-
Total	2,476.2	3,100.0	3,000.0	2,940.8	2,850.0	2,880.0	65.6	75.0	95.0

※【Changes in business segments】

• With the application of “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and the reorganization of the Company's organization, the Company changes business segments from FY2010. The changes are shown in the tables at right.

• FY2009 figures in the table above are calculated in accordance with the segments after the change.

【before】

Machinery & Steel Structures	
Mass and Medium-Lot Manufactured Machinery	GM & SV
	Air-Con
	Industrial Printing Machinery, Industrial Machinery, Machine Tool
Others	

【after】

Machinery & Steel Structures	
GM & SV	
Others	Air-Con
	Machine Tool, Others
Shipbuilding & Ocean Development, Power Systems, and Aerospace have not changed	