

Financial Results for First Quarter FY2011

August 2011

 **MITSUBISHI HEAVY INDUSTRIES, LTD.**

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I. First Quarter FY2011 Financial Results

Summary of First Quarter Financial Results

(In billion yen)

	FY2010-1Q	FY2011-1Q	Change
Orders received	534.7	621.3	+86.6
Net sales	664.1	613.6	- 50.4
Operating income	39.0	38.7	- 0.3
Ordinary income	28.1	29.6	+1.5
Extraordinary income	-3.5	-2.1	+1.3
Income before income taxes	24.6	27.4	+2.8
Net income	10.4	9.6	- 0.8

Orders received ⇒ Up ¥86.6 billion YoY (¥534.7 bn → ¥621.3 bn)

-Orders overall increased from a year ago, primarily with rises in Power Systems and Machinery & Steel Infrastructure Systems segments, offsetting a decline in Aerospace Systems segment, which had posted a number of large-scale orders in the previous fiscal year.

Net sales ⇒ Down ¥50.4 billion YoY (¥664.1 bn → ¥613.6 bn)

-Net sales declined from a year ago, chiefly as a result of falling sales in Machinery & Steel Infrastructure Systems segment, which had recorded strong sales figures in the previous fiscal year, offsetting higher sales in Aerospace Systems and General Machinery & Special Vehicles segments, etc.

Net income ⇒ Down ¥0.8 billion (¥10.4 bn → ¥9.6 bn)

- Net income remained around the same level as that of the previous fiscal year, primarily owing to further improvement in the profitability of plant construction, although the stronger yen had a negative impact.

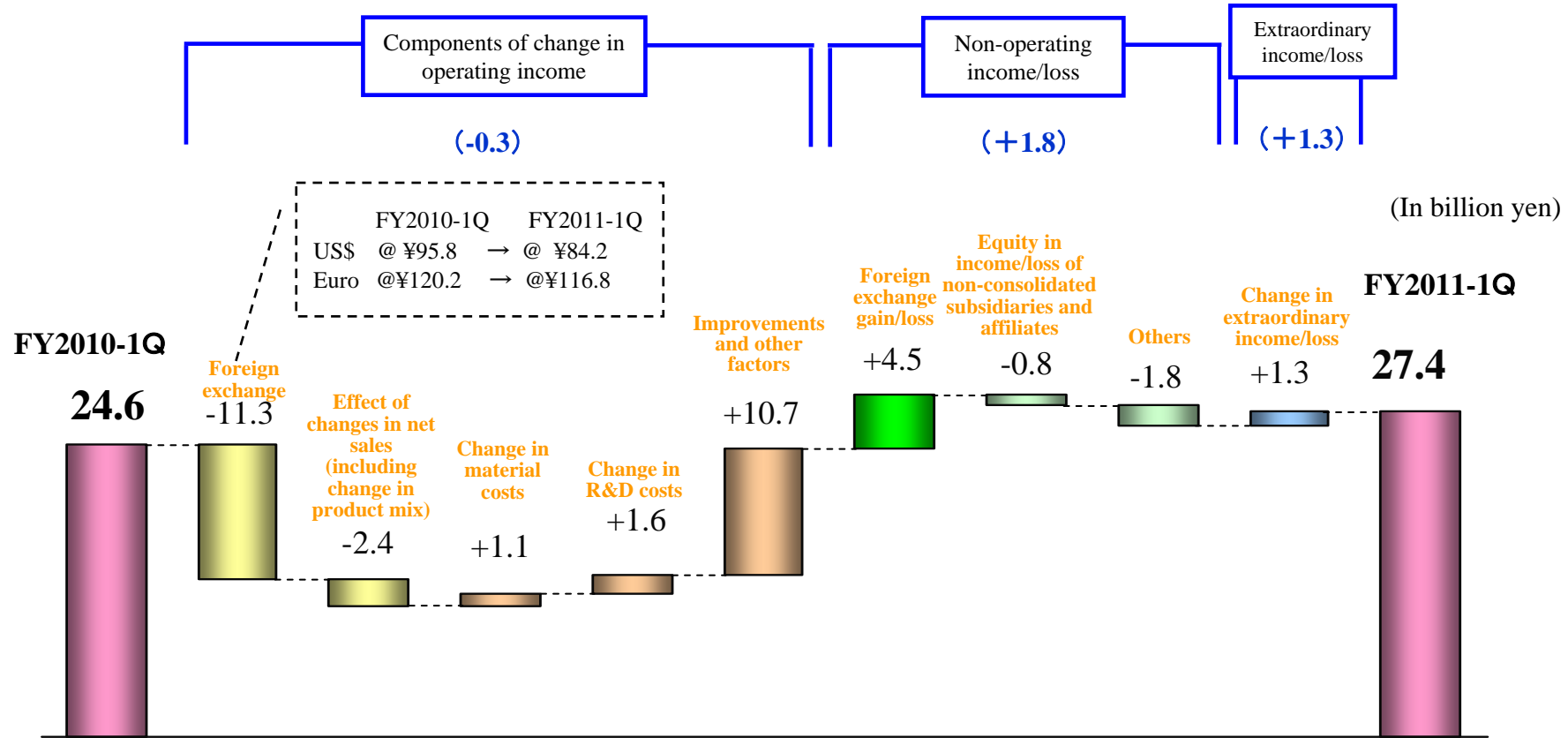
First Quarter Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2010-1Q	FY2011-1Q	Change	FY2010-1Q	FY2011-1Q	Change	FY2010-1Q	FY2011-1Q	Change
Shipbuilding & Ocean Development	7.8	12.4	+4.5	83.4	63.2	- 20.1	5.8	3.8	- 2.0
Power Systems	175.6	255.8	+80.1	239.2	213.5	- 25.6	34.3	34.2	- 0.1
Machinery & Steel Infrastructure Systems	112.7	143.5	+30.7	141.0	84.2	- 56.8	8.5	3.4	- 5.0
Aerospace Systems	112.3	63.4	- 48.9	80.6	107.5	+26.8	- 2.8	- 2.9	- 0.0
General Machinery & Special Vehicles	68.1	80.4	+12.3	71.1	86.8	+15.7	- 6.1	- 1.8	+4.2
Air-Conditioning & Refrigeration Systems	36.9	39.1	+2.2	36.7	39.4	+2.6	- 0.8	0.1	+0.9
Machine Tool, Others	28.7	35.1	+6.3	24.5	26.9	+2.4	0.2	1.9	+1.6
Others	65.6	74.3	+8.6	61.2	66.3	+5.1	- 0.5	2.0	+2.6
Eliminations or Corporate	- 7.6	- 8.6	- 0.9	- 12.6	- 8.1	+4.4	-	-	-
Total	534.7	621.3	+86.6	664.1	613.6	- 50.4	39.0	38.7	- 0.3

Components of Change in Income before Income Taxes

Up ¥2.8 billion YoY (¥24.6 bn → ¥27.4 bn)



Ordinary Income and Extraordinary Income

- Ordinary Income (Up ¥1.5 billion YoY (¥28.1 bn → ¥29.6 bn))

(In billion yen)

	FY2010-1Q	FY2011-1Q	Change
Operating income	39.0	38.7	- 0.3
Foreign exchange gains	-9.1	-4.5	+ 4.5
Net interest loss	-3.4	-2.8	+ 0.5
Equity in gain of non-consolidated subsidiaries and affiliates	0.9	0.1	- 0.8
Other	0.6	-1.7	- 2.3
Non-operating income	-10.9	-9.0	+ 1.8
Ordinary income	28.1	29.6	+ 1.5

- Extraordinary Income (Up ¥1.3 billion YoY(-¥3.5 bn →-¥2.1 bn))

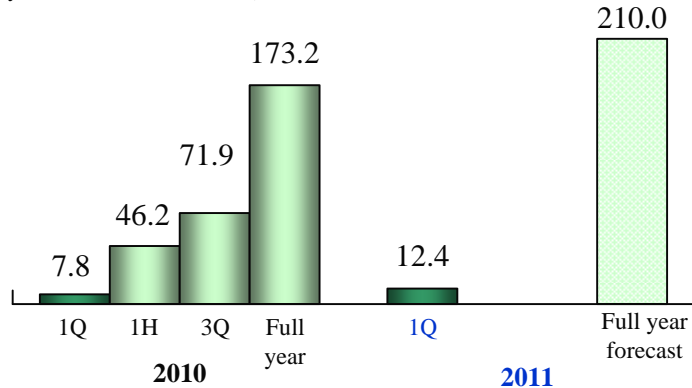
(In billion yen)

	FY2010-1Q	FY2011-1Q	Change
Gain on sales of investment securities	2.6	-	- 2.6
Extraordinary gain	2.6	-	- 2.6
Loss on revaluation of investment securities	- 4.1	- 2.1	+ 1.9
Effect of the application of the accounting standard for asset retirement obligations	- 2.0	-	+ 2.0
Extraordinary loss	- 6.1	- 2.1	+ 4.0
Extraordinary income/loss	- 3.5	- 2.1	+ 1.3

<Shipbuilding & Ocean Development>

(In billion yen, accumulated amount)

Orders Received



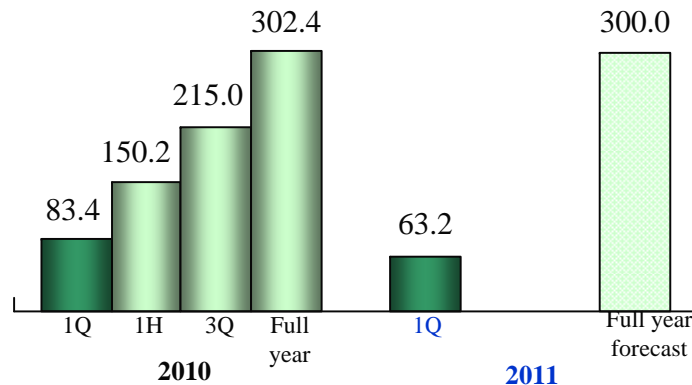
Orders received : Up ¥4.5 billion YoY

- The sales negotiations for new cruise ships that the Company has been working on for some time are progressing smoothly, although orders were concentrated on repair work during the fiscal year under review, amid the continued slump in demand for new commercial vessels.
- We are also focusing on stepping up negotiations for LNG carriers, reflecting heightened demand for LNG.

[Number of ships orders received]
 FY2010-1Q: 0 (FY2010: 17)
 FY2011-1Q: 0

[Backlog of ship orders] 45
 (8 pure car carriers, 7 patrol vessels, 5 LPG, 4 roll-on/roll-off vessels, and others)

Net Sales

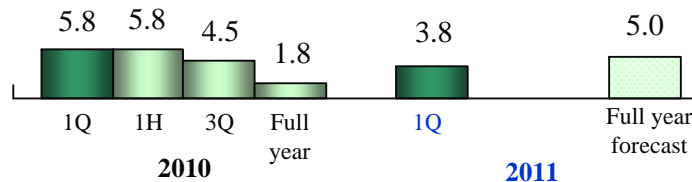


Net sales/Earnings : Decreased earnings (- ¥2.0 billion YoY) on decreased sales (- ¥20.1 billion YoY)

- We delivered a total of 8 vessels, including three pure car carriers, two container ships, one VLCC etc.

[Number of ships delivered]
 FY2010-1Q: 8 (FY2010: 23)
 FY2011-1Q: 8

Operating Income

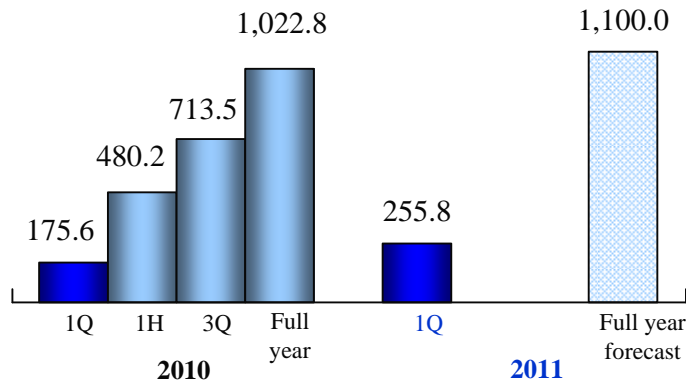


- Earnings decreased from a year ago, due mainly to the effects of the stronger yen and a revision of the reserve for losses on construction contracts.

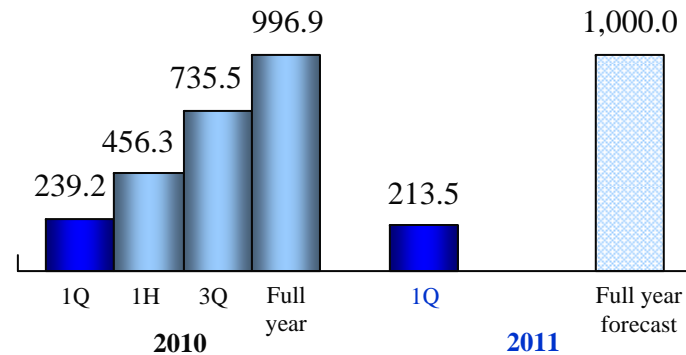
<Power Systems>

(In billion yen, accumulated amount)

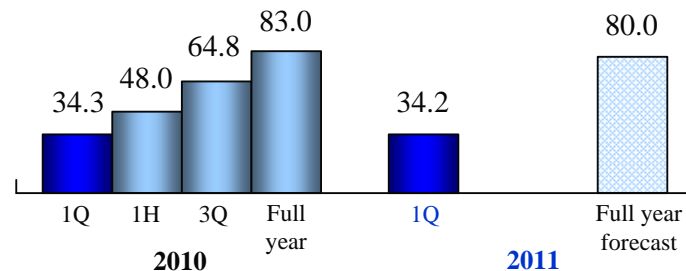
Orders Received



Net Sales



Operating Income



Orders received : Up ¥80.1billion YoY

- Orders increased from a year ago, with a rise in domestic demand for gas turbine combined cycle (GTCC) system, for uses including the supply of emergency power sources to offset the power shortages that have resulted from the Great East Japan Earthquake.
- Electric power markets in Asia are recovering, despite an increasingly severe environment for orders due to intensifying competition and the stronger yen. We are responding proactively to increased interest in our thermal power plants and other power systems.

[Gas turbine orders]

FY2010-1Q : 2units (Geographic distribution : Asia 2)

FY2011-1Q : 7units (Geographic distribution : Domestic 5, Asia 2)

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

FY2010-1Q: 48 (FY2010: 51)

FY2011-1Q: 53

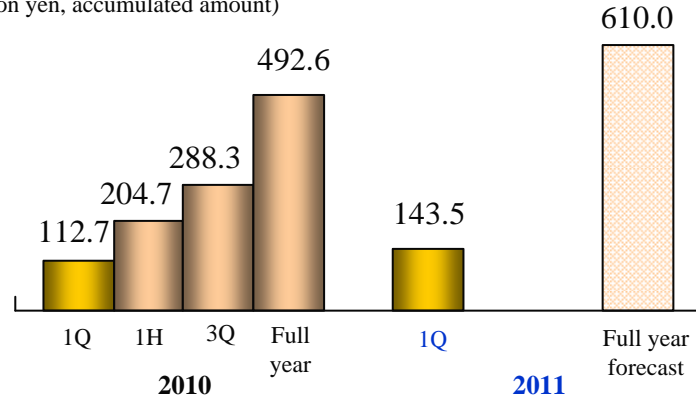
Net sales/Earnings : Decreased earnings (- ¥0.1 billion YoY) on decreased sales (- ¥25.6 billion YoY)

- Sales declined from a year ago, primarily reflecting lower sales of wind turbines, offsetting a sales increase in thermal power plants.
- Earnings were affected by a decrease in sales, but were virtually flat year on year, reflecting further improvement in the profitability of overseas plant construction, among other factors.

<Machinery & Steel Infrastructure Systems>

(In billion yen, accumulated amount)

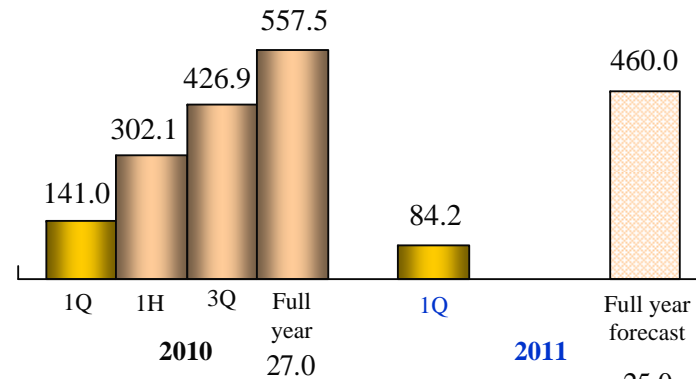
Orders Received



Orders received : Up ¥30.7 billion YoY

- Orders increased from a year ago, chiefly reflecting demand for steel manufacturing machinery in India.
- Negotiations involving chemical plants and compressors for gas business fields, including LNG plants, are taking shape. We are focusing on our responses to these projects.

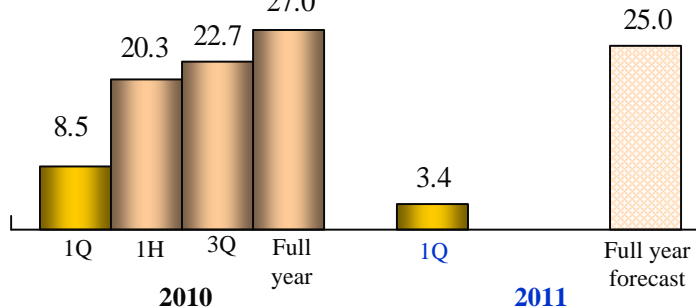
Net Sales



Net sales/Earnings : Decreased earnings (- ¥5.0 billion YoY) on decreased sales (- ¥56.8 billion YoY)

- Sales declined year on year, with sales falling in chemical plants and transportation systems, which had recorded large sales figures in the previous fiscal year.
- Earnings growth turned negative, affected by large falls in sales and the impacts of the stronger yen, although business restructuring is progressing.

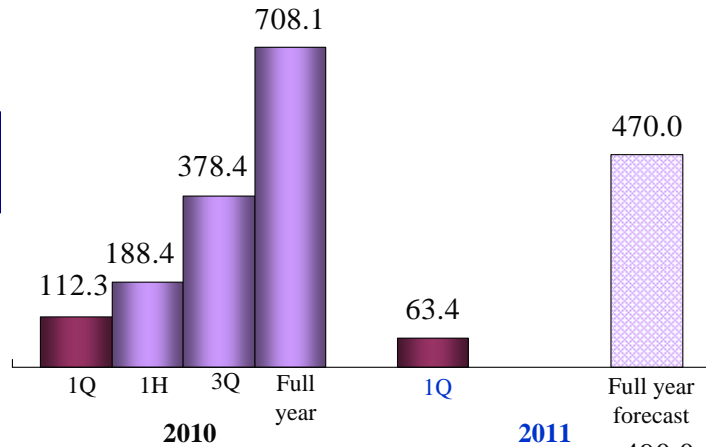
Operating Income



<Aerospace Systems>

(In billion yen, accumulated amount)

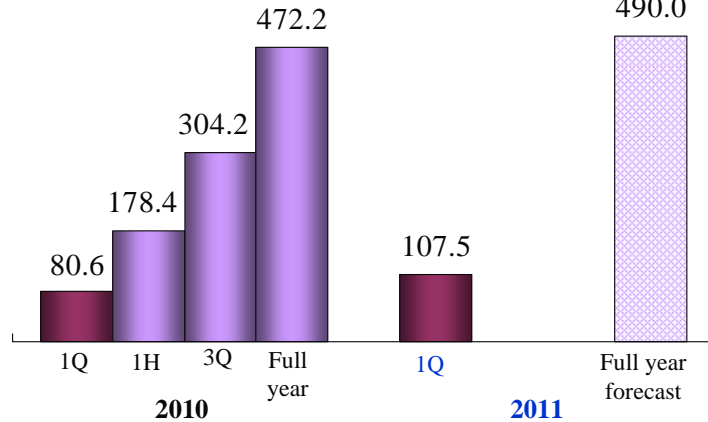
Orders Received



Orders received : Down ¥48.9 billion YoY

- Orders fell from a year ago level, with the absence of large-scale orders for commercial aircrafts.

Net Sales



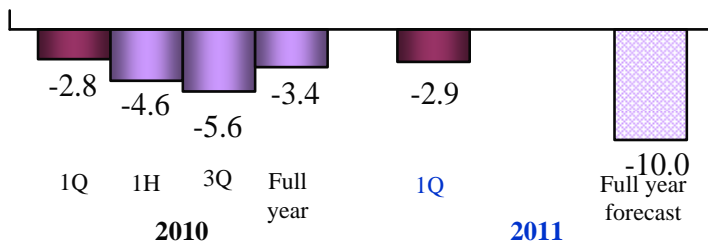
Net sales/Earnings : Decreased earnings (- ¥0.0 billion YoY) on increased sales (+ ¥26.8 billion YoY)

- Sales increased year on year as a result of rises in sales related to defense and commercial aircrafts.

[Number of B777s delivered]
 FY2010-1Q: 16 (FY2010: 63)
 FY2011-1Q: 22

[Number of B787s delivered]
 FY2010-1Q: 4 (FY2010: 17)
 FY2011-1Q: 7

Operating Income

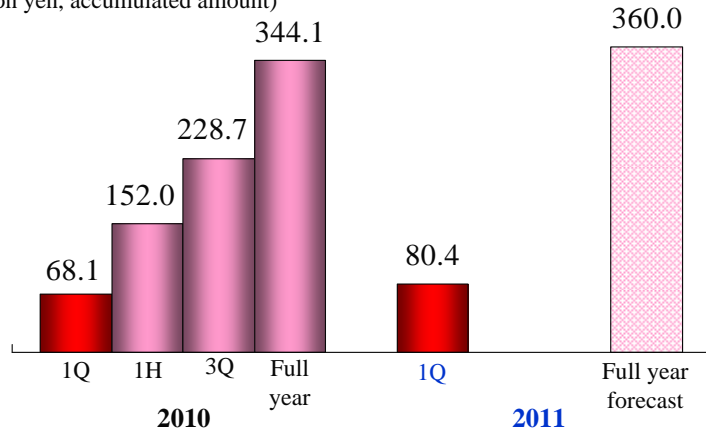


- Earnings were affected by the stronger yen, but remained flat year on year, primarily owing to increases in sales and further improvement in profitability related to commercial aircrafts.

<General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

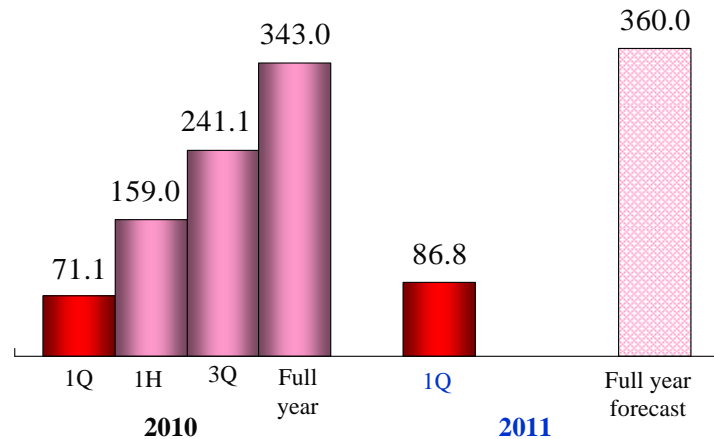
Orders Received



Orders received/Net sales: Up ¥12.3 billion/¥15.7 billion YoY respectively

- Forklift trucks increased mainly for sales in North America. Sales increased year on year, with healthy growth in sales of turbochargers for auto manufacturers in Europe and small generators for construction equipment manufacturers in China.

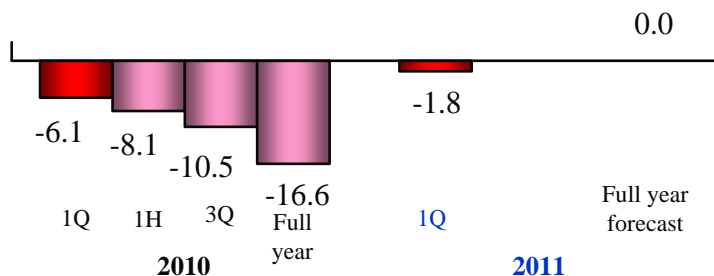
Net Sales



Earnings: Up ¥4.2 billion YoY

- Losses fell from a year ago, mainly attributable to the leveraging effect of higher sales, the narrowing of target models to our strengths, and accelerated activities for the improvement of profitability through reduced fixed costs, which offset the adverse effects of the stronger yen.

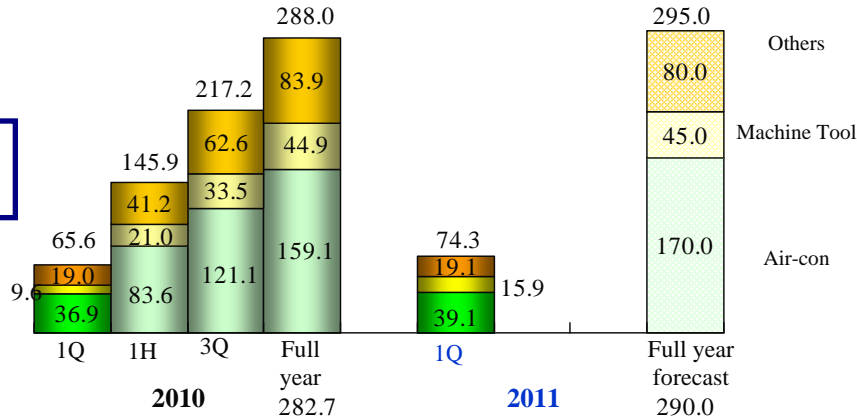
Operating Income



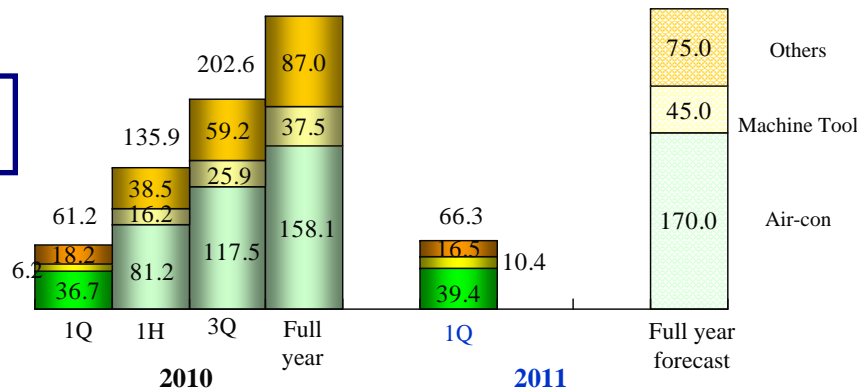
<Others>

(In billion yen, accumulated amount)

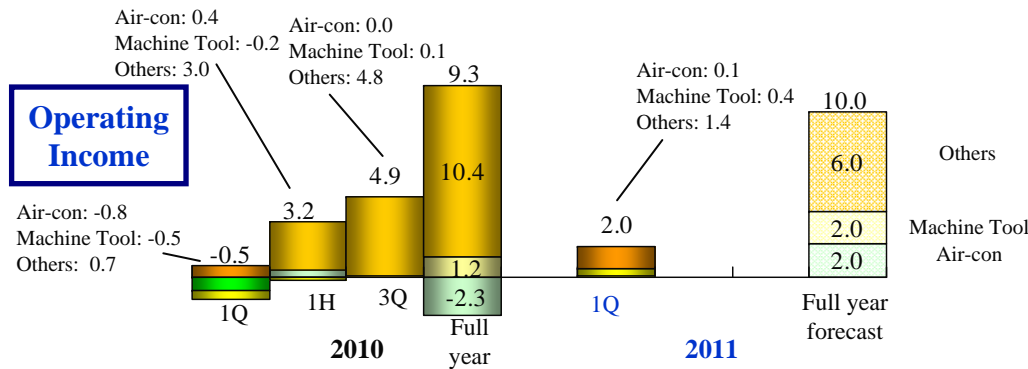
Orders Received



Net Sales



Operating Income



Air-Conditioning & Refrigeration Systems

Orders received /Net sales:

Up ¥2.2 billion/¥2.6 billion YoY respectively

- Orders received and net sales increased year on year, owing to growth in residential air conditioners, commercial air conditioners, etc.

Earnings: Up ¥0.9 billion YoY

- Earnings moved into the black, mainly attributable to the leveraging effect of higher sales.

Machine Tool

Orders received/Net sales:

Up ¥6.3 billion /¥4.1 billion respectively

- Orders grew at a healthy pace over a year ago, primarily thanks to such factors as recovering demand for gear cutting machines.

Earnings: Up ¥0.9 billion YoY

- Earnings improved compared to a year ago, chiefly attributable to the leverage effect of higher sales.

Others

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

Balance Sheets

(In billion yen)

	As of March 31, 2011	As of June 30, 2011	Changes
Assets			
Trade receivables	852.6	738.9	-113.7
Inventories	1,116.2	1,148.8	+32.6
Other current assets	606.7	717.4	+110.7
Total current assets	2,575.6	2,605.2	+29.5
Total fixed assets	1,413.3	1,389.9	-23.4
Total assets	3,989.0	3,995.1	+6.1
Liabilities			
Trade payables	619.1	591.1	-27.9
Advance payments received on contracts	330.2	373.4	+43.2
Other current liabilities	584.6	579.5	-5.0
Total current liabilities	1,534.0	1,544.2	+10.1
Total long-term liabilities	1,142.2	1,134.2	-8.0
Total liabilities	2,676.3	2,678.4	+2.1
Net assets			
Stockholders' equity	1,279.2	1,282.1	+2.9
Valuation, translation adjustments and others	-17.1	-15.2	+1.9
Others (Minority interests, etc.)	50.6	49.7	-0.8
Total net assets	1,312.6	1,316.7	+4.0
Total liabilities and net assets	3,989.0	3,995.1	+6.1
Interest-bearing debt outstanding	1,325.6	1,308.0	-17.6

Supplementary Information

(1) Segment Information by Geographic Distribution

(In billion yen)

	FY2010-1Q		FY2011-1Q	
	Net sales	Operating income	Net sales	Operating income
Japan	619.3	35.4	554.2	35.2
North America	46.4	2.3	41.2	2.2
Asia	26.5	0.3	33.6	0.5
Europe	26.2	- 0.7	32.2	- 0.4
Central & South America	5.7	1.5	4.8	0.9
Oceania	1.7	0.1	1.4	0.0
Africa	-	- 0.0	-	-
Eliminations or Corporate	- 61.9	-	- 54.0	-
Total	664.1	39.0	613.6	38.7

(2) Overseas Net Sales

(In billion yen)

	FY2010-1Q	FY2011-1Q
Asia	93.4 (25%)	82.8 (30%)
North America	70.6 (19%)	74.6 (27%)
Europe	55.8 (15%)	56.9 (21%)
Central & South America	66.4 (18%)	26.0 (10%)
The Middle East	39.9 (10%)	19.1 (7%)
Africa	44.5 (12%)	9.5 (4%)
Oceania	3.1 (1%)	3.9 (1%)
Total	374.1 (100%)	273.0 (100%)

(3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2010-1Q	FY2011-1Q	FY2011(Forecast)
Depreciation	31.0	29.1	130.0
Capital Expenditure	26.2	22.0	130.0

(4) R&D Expenses

(In billion yen)

	FY2010-1Q	FY2011-1Q	FY2011(Forecast)
R&D Expenses	22.9	21.4	130.0

II. Forecast for FY2011

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 projections involve 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 FY2011

There is no change in the forecast announced on April 28, 2011.

(In billion yen)

	FY2010 (Actual)	FY2011 (Forecast)
Orders received	2,995.4	3,000.0
Net sales	2,903.7	2,850.0
Operating income	101.2	110.0
Ordinary income	68.1	70.0
Net income	30.1	35.0

Forecast for FY2011 by Business Segment

There is no change in the forecast announced on April 28, 2011.

(In billion yen)

	Orders received		Net sales		Operating income	
	FY2010 (Actual)	FY2011 (Forecast)	FY2010 (Actual)	FY2011 (Forecast)	FY2010 (Actual)	FY2011 (Forecast)
Shipbuilding & Ocean Development	173.2	210.0	302.4	300.0	1.8	5.0
Power Systems	1,022.8	1,100.0	996.9	1,000.0	83.0	80.0
Machinery & Steel Infrastructure Systems	492.6	610.0	557.5	460.0	27.0	25.0
Aerospace Systems	708.1	470.0	472.2	490.0	-3.4	-10.0
General Machinery & Special Vehicles	344.1	360.0	343.0	360.0	-16.6	0.0
Air-Conditioning & Refrigeration Systems	159.1	170.0	158.1	170.0	-2.3	2.0
Machine Tool, Others	128.8	125.0	124.6	120.0	11.6	8.0
Others	288.0	295.0	282.7	290.0	9.3	10.0
Eliminations or Corporate	-33.6	-45.0	-51.2	-50.0	-	-
Total	2,995.4	3,000.0	2,903.7	2,850.0	101.2	110.0