

Financial Results for FY2011

April 27, 2012

MITSUBISHI HEAVY INDUSTRIES, LTD.

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I. Financial Results for FY2011

Summary of Financial Results for FY2011

(In billion yen)

	FY2010	FY2011	Change
Orders received	2,995.4	3,188.8	+193.3
Net sales	2,903.7	2,820.9	- 82.8
Operating income	101.2	111.9	+10.7
Ordinary income	68.1	86.1	+18.0
Extraordinary income	-28.6	-16.3	+12.2
Income before income taxes	39.4	69.8	+30.3
Net income	30.1	24.5	- 5.5

Orders received ⇒ Up **¥193.3 billion YoY** (¥2,995.4 bn → ¥3,188.8 bn)

-Orders overall increased from a year ago, except Aerospace Systems, mainly with rises in Power Systems, which posted large-scale orders, and Shipbuilding & Ocean Development, etc.

Net Sales ⇒ Down **¥82.8 billion YoY** (¥2,903.7 bn → ¥2,820.9 bn)

-Net sales declined from a year ago, mainly as a result of falling sales in Machinery & Steel Infrastructure Systems, which had been robust in the previous fiscal year, offsetting higher sales in General Machinery & Special Vehicles, Aerospace Systems, and other segments.

Net Income ⇒ Down **¥5.5 billion YoY** (¥30.1 bn → ¥24.5 bn)

-Net income declined from a year ago, mainly because of the stronger yen, business structure improvement expenses, and the adverse effect of tax reform relating to reduction in the corporation tax rate, despite positive factors including improved profitability, especially in General Machinery & Special Vehicles and Power Systems, and the posting of extraordinary income from the sale of the head office building.

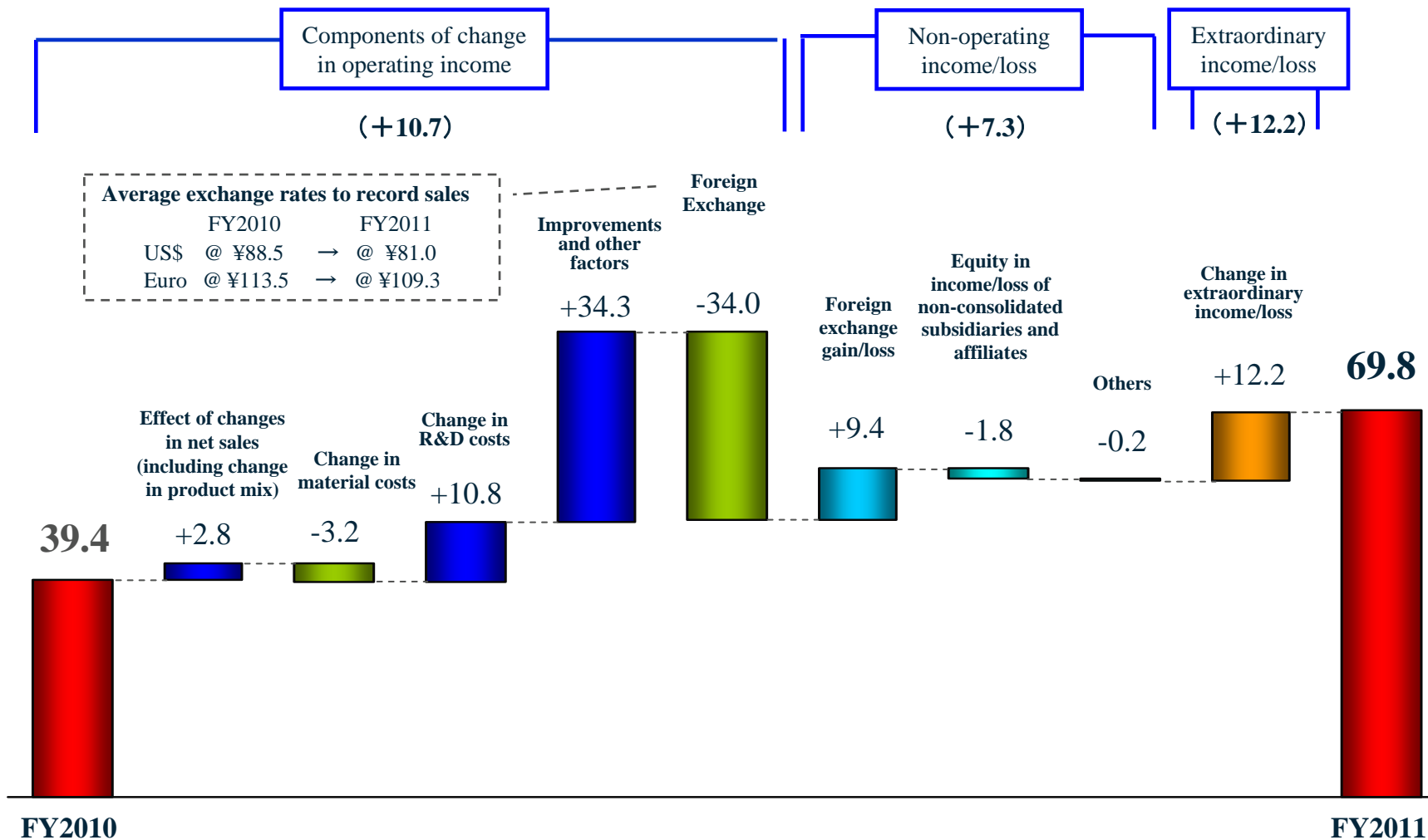
Financial Results for FY2011 by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2010	FY2011	Change	FY2010	FY2011	Change	FY2010	FY2011	Change
Shipbuilding & Ocean Development	173.2	262.0	+88.8	302.4	311.6	+9.2	1.8	- 7.7	- 9.5
Power Systems	1,022.8	1,235.2	+212.3	996.9	955.3	- 41.6	83.0	85.6	+2.6
Machinery & Steel Infrastructure Systems	492.6	508.2	+15.5	557.5	428.8	- 128.6	27.0	26.3	- 0.7
Aerospace Systems	708.1	547.8	- 160.3	472.2	495.9	+23.7	- 3.4	- 10.9	- 7.5
General Machinery & Special Vehicles	344.1	386.0	+41.9	343.0	381.7	+38.6	- 16.6	3.5	+20.2
Air-Conditioning & Refrigeration Systems	159.1	160.5	+1.3	158.1	159.9	+1.8	- 2.3	0.5	+2.8
Machine Tool	44.9	53.8	+8.9	37.5	51.1	+13.5	1.2	3.6	+2.3
Others	83.9	79.5	- 4.3	87.0	83.3	- 3.6	10.4	10.7	+0.3
Others	288.0	293.9	+5.9	282.7	294.4	+11.7	9.3	14.9	+5.5
Eliminations or Corporate	- 33.6	- 44.5	- 10.8	- 51.2	- 47.1	+4.1	-	-	-
Total	2,995.4	3,188.8	+193.3	2,903.7	2,820.9	- 82.8	101.2	111.9	+10.7

Components of Change in Income before Income Taxes

Up ¥30.3 billion YoY (¥39.4 bn → ¥69.8 bn)



▪ Ordinary Income (Up ¥18.0 billion YoY (¥68.1 bn → ¥86.1 bn))

(In billion yen)

	FY2010	FY2011	Change
Operating income	101.2	111.9	+ 10.7
Foreign exchange gains	-14.5	-5.0	+ 9.4
Net interest loss	-14.9	-12.6	+ 2.3
Equity in gain of non-consolidated subsidiaries and affiliates	6.8	4.9	- 1.8
Others	-10.4	-13.0	- 2.5
Non-operating income	-33.1	-25.7	+ 7.3
Ordinary income	68.1	86.1	+ 18.0

▪ Extraordinary Income (Up ¥12.2 billion YoY (- ¥28.6 bn → - ¥16.3 bn))

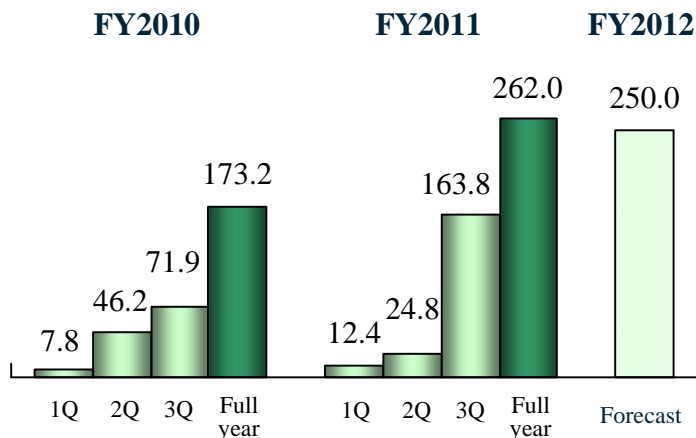
(In billion yen)

	FY2010	FY2011	Change
Gain on sales of fixed assets	10.8	28.3	+ 17.4
Gain on sales of investment securities	4.9	-	- 4.9
Extraordinary gain	15.8	28.3	+ 12.5
Business structure improvement expenses	- 22.6	- 38.1	- 15.4
Loss on The Great East Japan Earthquake	- 10.2	-	+ 10.2
Loss on revaluation of investment securities	- 9.5	- 2.4	+ 7.0
Effect of the application of the accounting standard for asset retirement obligations	- 2.0	-	+ 2.0
Expense for treatment of PCB waste	-	- 4.0	- 4.0
Extraordinary loss	- 44.4	- 44.6	- 0.2
Extraordinary income/loss	- 28.6	- 16.3	+ 12.2

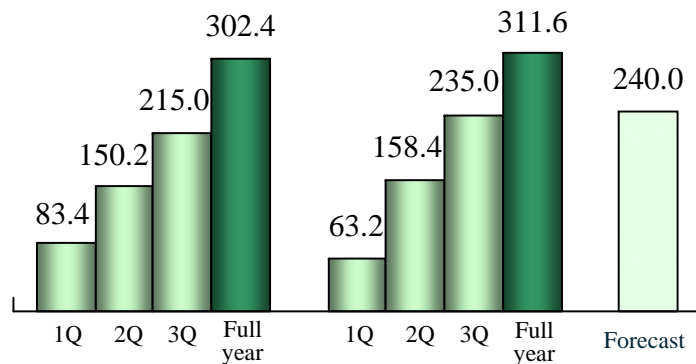
< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

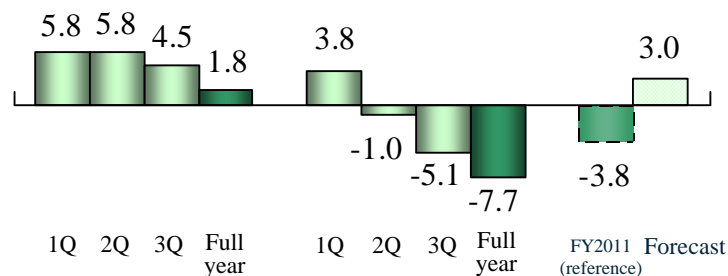
Orders Received



Net Sales



Operating Income



Orders received : Up ¥88.8 billion YoY

-As the orders environment for new commercial ships remained difficult, we sought to receive orders especially for high value-added vessels, such as cruise ships and LNG carriers. As a result, we received orders for a total of 12 vessels, including two large cruise ships, four new-type LNG carriers, one research vessel, and one submarine.

[Number of ships orders received]

FY2010: 17 (1Q: 0, 2Q: 4, 3Q: 3, 4Q: 10)

FY2011: 12 (1Q: 0, 2Q: 2, 3Q: 4, 4Q: 6)

[Backlog of ship orders] 40

(5 LNG carriers, 5 ferries, 4 pure car carriers, 4 patrol vessels, 3 LPG carriers, 2 cruise ships and others)

Net sales/Earnings : Decreased earnings (- ¥9.5 billion YoY) on increased sales (+ ¥9.2 billion YoY)

-We delivered a total of 25 vessels, including seven pure car carriers, five patrol vessels, three container ships, three VLCCs, three roll-on/roll-off vessel, two LPG carrier, one marine resource research vessel and one escort ship.

[Number of ships delivered]

FY2010: 23 (1Q: 8, 2Q: 6, 3Q: 3, 4Q: 6)

FY2011: 25 (1Q: 8, 2Q: 6, 3Q: 3, 4Q: 8)

-Earnings declined from a year ago and moved into the red, due mainly to the effects of the stronger yen.

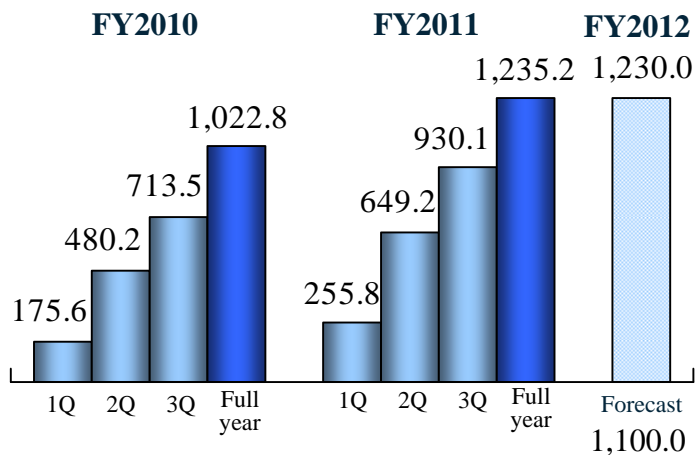
(Change in method for calculating operating income)

The method for calculating operating income will change from FY2012. For comparison, operating income or loss for FY2011 based on the new calculation method after the change is included for reference. For details of the change in the method, refer to p. 18.

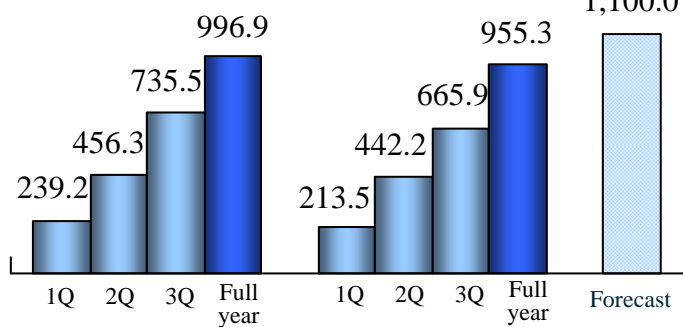
< Power Systems >

(In billion yen, accumulated amount)

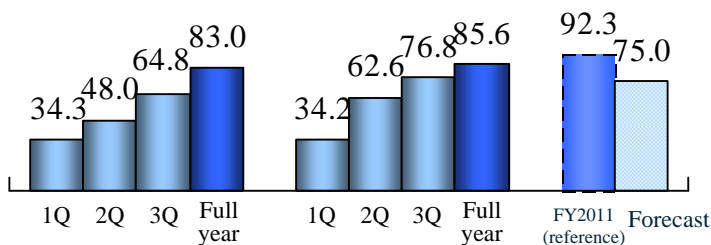
Orders Received



Net Sales



Operating Income



Orders received : Up ¥212.3 billion YoY

-Orders increased from a year ago, given orders for large coal-fired power generation plant projects in Taiwan, ten state-of-the-art gas turbine combined cycle (GTCC) systems in South Korea, and GTCC systems in Japan to offset power shortages.

[Gas turbine orders]

FY2010 : 18units (Geographic distribution : Asia 11, Domestic 6, Others 1)

FY2011 : 26units (Geographic distribution : Asia 17, Domestic 6, North America 3)

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

FY2010: 51

FY2011: 62

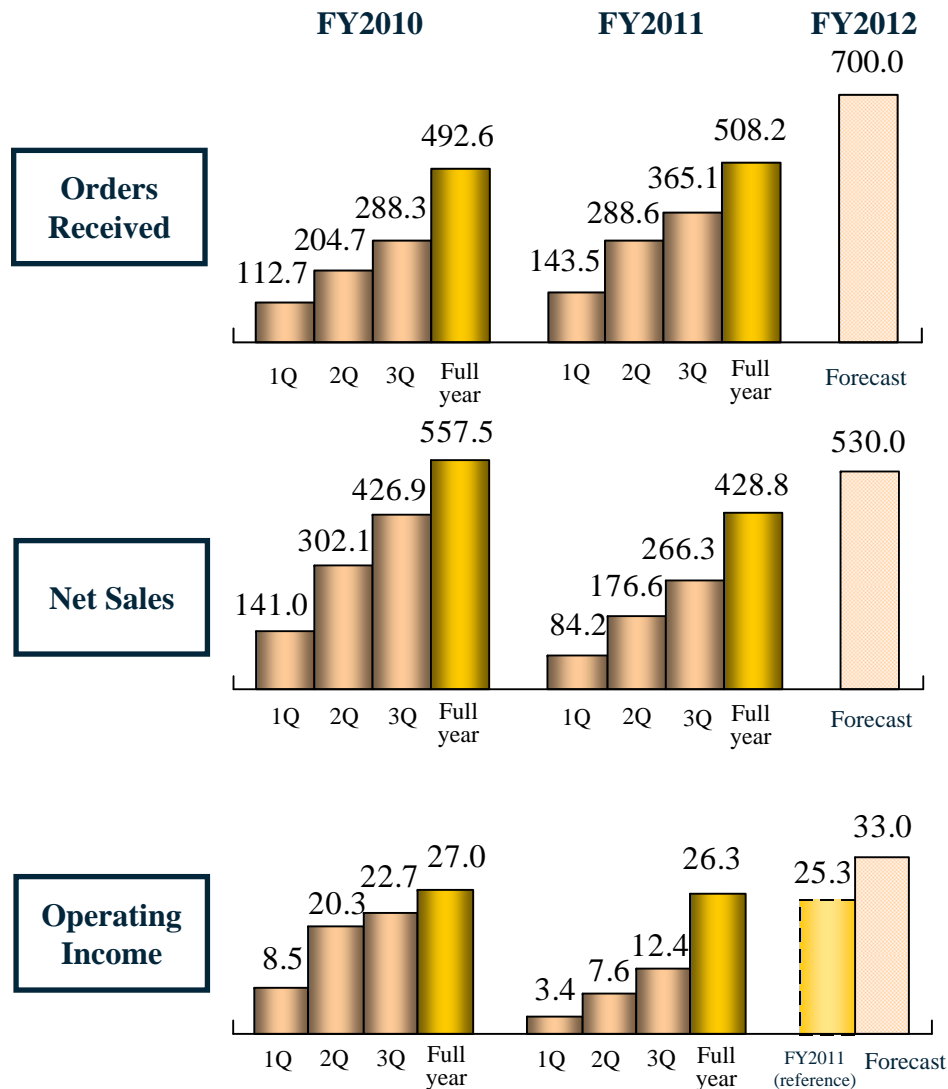
Net sales/Earnings : Increased earnings (+ ¥2.6 billion YoY) on decreased sales (- ¥41.6 billion YoY)

-Sales declined from a year ago, mainly attributable to a fall in wind turbines.

-Earnings were negatively affected by the stronger yen, but exceeded the year-ago level, reflecting primarily further improvement in the profitability of overseas plant construction, among other factors.

< Machinery & Steel Infrastructure Systems >

(In billion yen, accumulated amount)



Orders received : Up ¥15.5 billion YoY

-Orders increased from a year ago, mainly reflecting orders for chemical plants in Malaysia, steel manufacturing machinery in India and China, and compressors for floating LNG facility, etc.

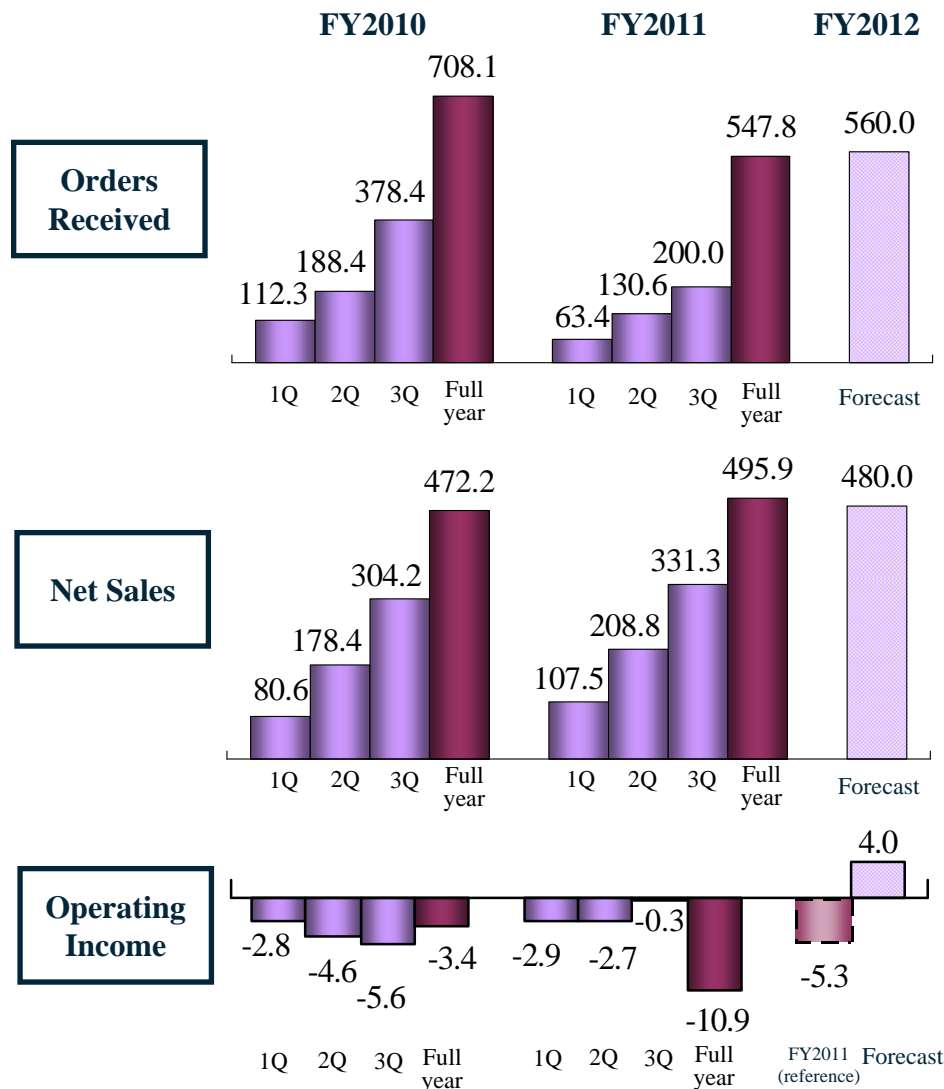
Net sales/Earnings : Decreased earnings (- ¥0.7 billion YoY) on decreased sales (- ¥128.6 billion YoY)

-Sales declined from a year ago, with sales falling in chemical plants and transportation systems.

-Earnings were on a par with the year-ago level, reflecting the restructuring of the printing and packaging machinery business, despite large falls in sales and the impacts of the stronger yen.

< Aerospace Systems >

(In billion yen, accumulated amount)



Orders received : Down ¥160.3 billion YoY

-Orders fell from a year ago, with the absence of large-scale orders for commercial aircraft and a decline in orders related to defense.

Net sales/Earnings : Decreased earnings (- ¥7.5 billion YoY) on increased sales (+ ¥23.7 billion YoY)

-Sales increased from a year ago as a result of higher sales related to defense, commercial aircraft, and space.

[Number of B777s delivered]

FY2010: 63 (1Q: 16, 2Q: 16, 3Q: 14, 4Q: 17)

FY2011: 83 (1Q: 22, 2Q: 19, 3Q: 23, 4Q: 19)

[Number of B787s delivered]

FY2010: 17 (1Q: 4, 2Q: 4, 3Q: 3, 4Q: 6)

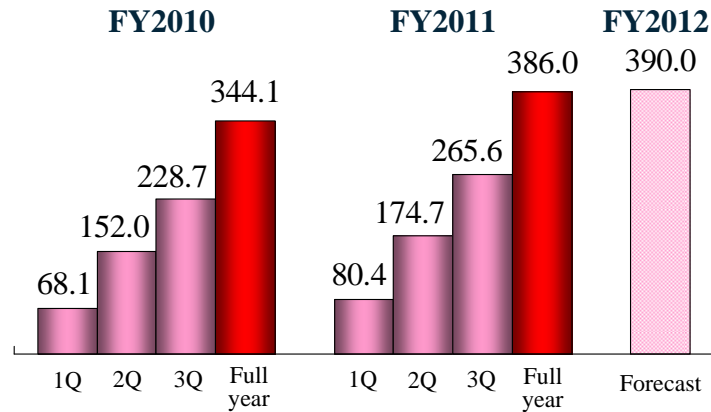
FY2011: 27 (1Q: 7, 2Q: 4, 3Q: 7, 4Q: 9)

-Earnings were adversely affected by the stronger yen and worsened from a year ago.

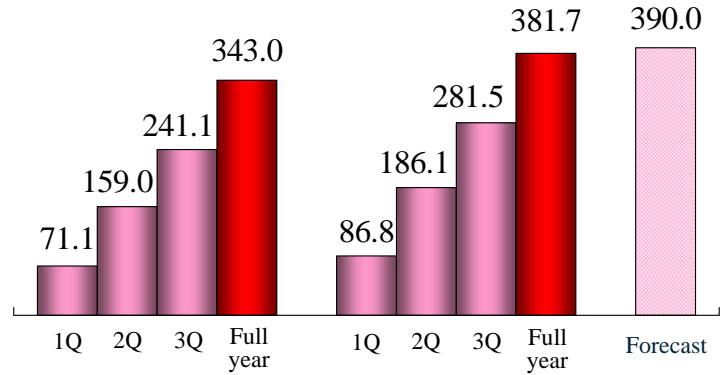
< General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

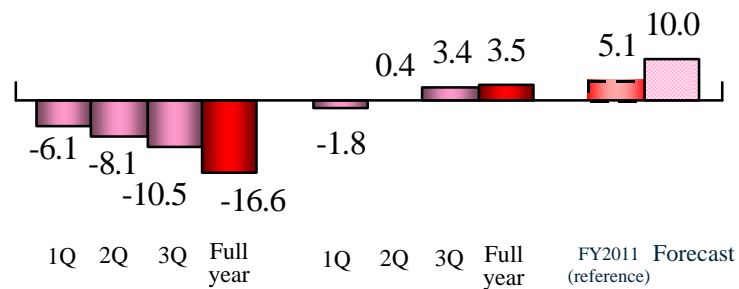
Orders Received



Net Sales



Operating Income



Orders received/Net sales : Up ¥41.9 billion/¥38.6 billion YoY respectively

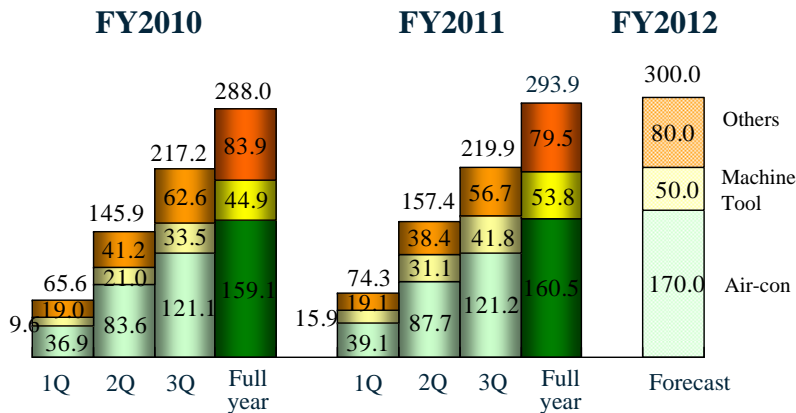
-Orders and sales increased from a year ago, mainly with rises in forklift trucks for Asia and North America, generator sets for Japan and Asia, and turbochargers for auto manufacturers in Europe and North America.

Earnings : Up ¥20.2 billion YoY

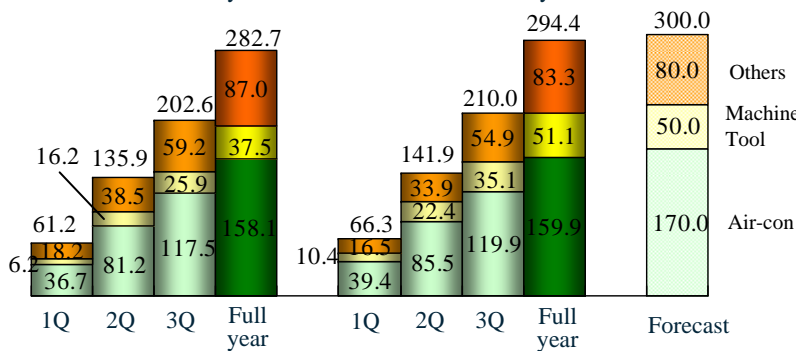
-Earnings improved sharply from a year ago and moved into the black, mainly attributable to the leveraging effect of higher sales and accelerated activities for the improvement of profitability, including the focus of target models, which offset the adverse effects of the stronger yen.

(In billion yen, accumulated amount)

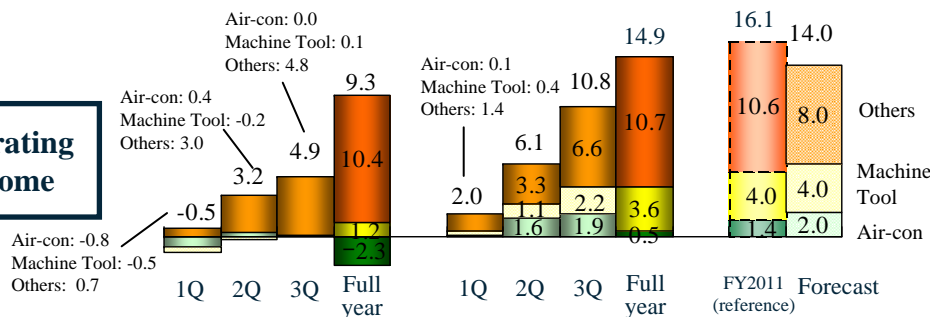
Orders Received



Net Sales



Operating Income



Air-Conditioning & Refrigeration Systems

Orders received/Net sales :

Up ¥1.3 billion/¥1.8 billion YoY respectively

-Orders and sales increased from a year ago, primarily with rises in residential air-conditioners and commercial air-conditioners for Europe.

Earnings : Up ¥2.8 billion YoY

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

Machine Tool

Orders received/Net sales :

Up ¥8.9 billion/¥13.5 billion YoY respectively

-Orders and sales grew from a year ago thanks to increases in orders for gear cutting machines from domestic construction equipment and auto manufacturers and from Asia, where demand was solid.

Earnings : Up ¥2.3 billion YoY

-Earnings increased from a year ago, mainly because of the leveraging effect of higher sales.

Others

- Real estate and construction

- Information and communication systems

(In billion yen)

	As of March 31, 2011	As of March 31, 2012	Changes
Assets			
Trade receivables	852.6	968.0	+115.4
Inventories	1,116.2	1,053.4	-62.7
Other current assets	606.7	617.4	+10.7
Total current assets	2,575.6	2,639.0	+63.3
Total fixed assets	1,413.3	1,324.9	-88.4
Total assets	3,989.0	3,963.9	-25.0
Liabilities			
Trade payables	619.1	651.1	+31.9
Advance payments received on contracts	330.2	399.2	+69.0
Other current liabilities	584.6	664.3	+79.6
Total current liabilities	1,534.0	1,714.6	+180.6
Total long-term liabilities	1,142.2	942.9	-199.3
Total liabilities	2,676.3	2,657.6	-18.7
Net assets			
Stockholders' equity	1,279.2	1,286.6	+7.3
Valuation, translation adjustments and others	-17.1	-31.5	-14.3
Others (Minority interests, etc.)	50.6	51.2	+0.6
Total net assets	1,312.6	1,306.3	-6.3
Total liabilities and net assets	3,989.0	3,963.9	-25.0

Overview of FY2011

- Cash provided by operating activities stood at + 200.3 billion yen, reflecting our efforts to reduce inventories.
- Cash used in investing activities declined 90.2 billion yen year on year, to - 47.0 billion yen, attributable to proceeds from the sale of fixed assets, including the head office building.
- As a result, free cash flows fell 47.2 billion yen, to + 153.3 billion yen.

Cash Flows

(In billion yen)

	FY2010	FY2011	Change
Cash flows from operating activities	337.8	200.3	- 137.4
Cash flows from investing activities	-137.2	-47.0	+90.2
Free cash flows	200.5	153.3	- 47.2
Cash flows from financing activities	-169.7	-183.6	- 13.8

Interest-Bearing Debt

(In billion yen)

	As of March 31, 2011	As of March 31, 2012	Change
Interest-bearing debt	1,325.6	1,157.1	-168.5

D/E ratio

	FY2010	FY2011	Change
D/E ratio *	1.01	0.89	-0.12

* D/E ratio = $\frac{\text{Interest-Bearing Debt}}{\text{Net Assets}}$

II. Forecast for FY2012

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. Also, the results projected here should not be construed in any way as being guaranteed by the company.

Summary of Forecast for FY2012

(In billion yen)

	FY2011 (Actual)	FY2012 (Forecast)
Orders received	3,188.8	3,400.0
Net sales	2,820.9	3,000.0
Operating income	111.9	120.0
Ordinary income	86.1	80.0
Net income	24.5	40.0

◇ Assumption of currency exchange rate for the portion yet to be fixed

<undetermined amount>

US\$: 5.9 billion

Euro: 0.7 billion

<exchange rate>

US\$ 1.00 = ¥80

Euro 1.00 = ¥110

Forecast for FY2012 by Business Segment

(In billion yen)

	Orders received		Net sales		Operating income		
	FY2011 (Actual)	FY2012 (forecast)	FY2011 (Actual)	FY2012 (forecast)	FY2011 (Actual)	FY2011 (Actual) [based on the new calculation method]	FY2012 (forecast)
Shipbuilding & Ocean Development	262.0	250.0	311.6	240.0	-7.7	-3.8	3.0
Power Systems	1,235.2	1,230.0	955.3	1,100.0	85.6	92.3	75.0
Machinery & Steel Infrastructure Systems	508.2	700.0	428.8	530.0	26.3	25.3	33.0
Aerospace Systems	547.8	560.0	495.9	480.0	-10.9	-5.3	4.0
General Machinery & Special Vehicles	386.0	390.0	381.7	390.0	3.5	5.1	10.0
Air-Conditioning & Refrigeration Systems	160.5	170.0	159.9	170.0	0.5	1.4	2.0
Machine Tool	53.8	50.0	51.1	50.0	3.6	4.0	4.0
Others	79.5	80.0	83.3	80.0	10.7	10.6	8.0
Others	293.9	300.0	294.4	300.0	14.9	16.1	14.0
Eliminations or Corporate	-44.5	-30.0	-47.1	-40.0	-	-17.8	-19.0
Total	3,188.8	3,400.0	2,820.9	3,000.0	111.9	111.9	120.0

(Change in method for calculating operating income or loss)

With a change in the management system, part of Company-wide R&D expenses and expenses at the administration division of the head office, which have conventionally been distributed to each segment, will not be distributed to each segment from FY2012.

1. R&D Expenses

(In billion yen)

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 Forecast
R&D Expenses	107.9	101.3	129.2	123.2	121.4	150.0

2. Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 Forecast
Depreciation	129.2	153.8	140.4	134.4	126.2	120.0
Capital Expenditure	191.4	196.6	177.1	126.6	120.7	120.0

3. Foreign Exchange Rates

(¥/US\$)

	FY2007		FY2008		FY2009		FY2010		FY2011	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Average rates for recording sales	116.9	114.6	107.9	103.2	97.6	95.0	91.9	88.5	81.9	81.0
(Reference) Rates at end of period	115.4	100.2	103.6	98.2	90.2	93.0	83.8	83.2	76.7	82.2

4. Employees

(Number of employees)

	FY2007	FY2008	FY2009	FY2010	FY2011
(Consolidated)					
Shipbuilding & Ocean Development	5,196	5,035	4,969	4,767	3,980
Power Systems	15,978	17,296	18,633	19,412	18,754
Machinery & Steel Infrastructure Systems	11,490	11,177	10,855	10,324	8,914
Aerospace Systems	8,724	9,231	9,679	9,942	9,364
General Machinery & Special Vehicles	7,442	8,519	7,780	9,000	9,052
Others	15,273	16,158	15,753	15,371	18,823
Total	64,103	67,416	67,669	68,816	68,887
(Non-consolidated) Total	33,089	33,614	34,139	33,031	32,494

5. Overseas Sales by Region

(In billion yen)

	FY2007	FY2008	FY2009	FY2010	FY2011
(Consolidated)					
North America	435.8 (13.6%)	414.0 (12.3%)	360.1 (12.2%)	347.4 (12.0%)	296.0 (10.5%)
Central & South America	222.9 (6.9%)	226.1 (6.7%)	184.7 (6.3%)	200.8 (6.9%)	142.1 (5.0%)
Asia	452.2 (14.1%)	439.1 (13.0%)	390.7 (13.3%)	373.7 (12.9%)	381.8 (13.5%)
The Middle East	168.8 (5.3%)	230.0 (6.8%)	170.7 (5.8%)	102.6 (3.5%)	68.7 (2.4%)
Europe	258.8 (8.1%)	296.2 (8.8%)	223.3 (7.6%)	217.0 (7.5%)	225.7 (8.0%)
Africa	9.0 (0.3%)	21.5 (0.6%)	138.7 (4.7%)	169.2 (5.8%)	51.6 (1.8%)
Oceania	13.4 (0.4%)	25.0 (0.7%)	10.1 (0.4%)	12.1 (0.4%)	14.8 (0.5%)
Total	1,561.1 (48.7%)	1,652.2 (48.9%)	1,478.6 (50.3%)	1,423.1 (49.0%)	1,181.0 (41.9%)

6. Segment Information by Geographic Distribution


(In billion yen)

		FY2007	FY2008	FY2009	FY2010	FY2011
Japan	Net sales	2,916.9	3,120.6	2,766.5	2,652.1	2,621.7
	Operating income	121.5	91.2	68.8	96.5	105.2
North America	Net sales	297.8	297.3	225.4	226.9	168.6
	Operating income	8.2	6.6	-3.1	1.1	0.7
Asia	Net sales	105.7	120.3	93.6	123.2	148.4
	Operating income	1.3	2.4	0.9	1.8	5.6
Europe	Net sales	166.1	166.9	108.4	115.8	130.9
	Operating income	4.4	2.8	-5.3	-1.4	-1.5
Others	Net sales	52.2	39.1	28.8	27.6	20.0
	Operating income	0.3	2.7	4.2	3.1	1.8
Eliminations or Corporate	Net sales	-335.8	-368.7	-282.0	-242.1	-268.8
	Operating income	-	-	-	-	-
Total	Net sales	3,203.0	3,375.6	2,940.8	2,903.7	2,820.9
	Operating income	136.0	105.8	65.6	101.2	111.9



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HEAVY INDUSTRIES, LTD.

Our Technologies, Your Tomorrow

A thick red horizontal line that starts under the 'O' in 'Our' and ends with a pointed arrowhead under the 'w' in 'Tomorrow'.