

# Financial Results for First Quarter FY2012

July 31, 2012

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# I. First Quarter FY2012 Financial Results

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# Summary of First Quarter Financial Results

(In billion yen)

	FY2011-1Q	FY2012-1Q	Change
Orders received	621.3	492.4	- 128.9
Net sales	613.6	649.1	+35.5
Operating income	38.7	36.5	- 2.1
Ordinary income	29.6	25.3	- 4.3
Extraordinary income	- 2.1	3.9	+6.1
Income before income taxes	27.4	29.2	+1.7
Net income	9.6	18.8	+9.2

**Orders received ⇒ Down ¥128.9 billion YoY** (¥621.3 bn → ¥492.4 bn)

-Overall, orders declined from a year ago, reflecting decreases in Power Systems and Machinery & Steel Infrastructure Systems, where orders were strong in the previous fiscal year.

**Net Sales ⇒ Up ¥35.5 billion YoY** (¥613.6 bn → ¥649.1 bn)

-Net sales rose from a year ago, reflecting increases in all segments except Aerospace Systems and Air-Conditioning & Refrigeration Systems of "Others" segment.

**Net Income ⇒ Up ¥9.2 billion YoY** (¥9.6 bn → ¥18.8 bn)

-Although operating income and ordinary income declined from a year ago, net income rose, attributable to the posting of a gain on sales of investment securities in extraordinary gains and a reduction in tax expense.

# First Quarter Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2011-1Q	FY2012-1Q	Change	FY2011-1Q	FY2012-1Q	Change	FY2011-1Q	FY2012-1Q	Change
Shipbuilding & Ocean Development	12.4	23.1	+10.7	63.2	83.7	+20.4	4.5	- 2.4	- 6.9
Power Systems	255.8	169.1	- 86.6	213.5	228.3	+14.7	35.4	36.5	+1.0
Machinery & Steel Infrastructure Systems	143.5	84.3	- 59.1	84.2	93.6	+9.3	2.9	3.4	+0.5
Aerospace Systems	63.4	69.7	+6.3	107.5	94.2	- 13.2	- 1.4	0.0	+1.3
General Machinery & Special Vehicles	80.4	85.4	+5.0	86.8	93.1	+6.2	- 1.4	1.3	+2.7
Air-Conditioning & Refrigeration Systems	39.1	36.1	- 2.9	39.4	36.7	- 2.7	0.4	0.1	- 0.3
Machine Tool	15.9	11.6	- 4.3	10.4	12.0	+1.5	0.5	0.6	+0.1
Others	19.1	43.4	+24.2	16.5	38.3	+21.8	1.4	1.4	+0.0
Others	74.3	91.2	+16.9	66.3	87.0	+20.6	2.3	2.2	- 0.1
Eliminations or Corporate	- 8.6	- 30.6	- 22.0	- 8.1	- 30.9	- 22.7	- 3.7	- 4.6	- 0.8
<b>Total</b>	<b>621.3</b>	<b>492.4</b>	<b>- 128.9</b>	<b>613.6</b>	<b>649.1</b>	<b>+35.5</b>	<b>38.7</b>	<b>36.5</b>	<b>- 2.1</b>

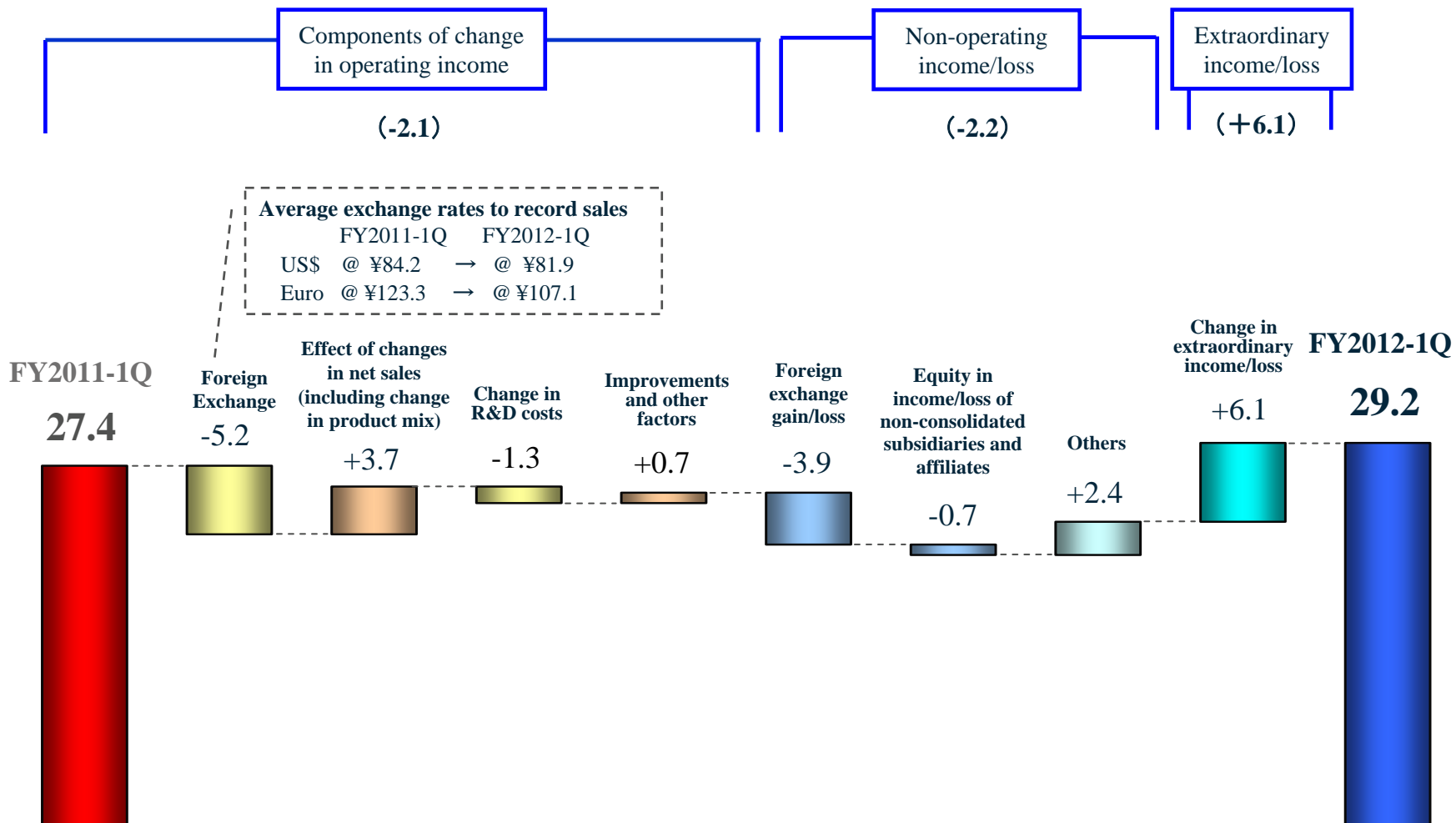
(Change in method for calculating operating income or loss)

With a change in the management system, part of Company-wide R&D expenses and expenses at the administration division of head office, which have conventionally been distributed to each segment, are not distributed to each segment but are included in "Eliminations or Corporate" from FY2012. The figures of above FY2011-1Q already incorporate such modifications accordingly.

# Components of Change in Income before Income Taxes

Up ¥1.7 billion YoY ( ¥27.4 bn → ¥29.2 bn )

(In billion yen)



▪ **Ordinary Income** (Down ¥4.3 billion YoY ( ¥29.6 bn → ¥25.3 bn ))

(In billion yen)

	FY2011-1Q	FY2012-1Q	Change
<b>Operating income</b>	<b>38.7</b>	<b>36.5</b>	<b>- 2.1</b>
Foreign exchange gains	-4.5	-8.4	- 3.9
Net interest loss	-2.8	-2.1	+ 0.6
Equity in gain of non-consolidated subsidiaries and affiliates	0.1	-0.6	- 0.7
Others	-1.7	0.0	+ 1.8
<b>Non-operating income</b>	<b>-9.0</b>	<b>-11.2</b>	<b>- 2.2</b>
<b>Ordinary income</b>	<b>29.6</b>	<b>25.3</b>	<b>- 4.3</b>

▪ **Extraordinary Income** (Up ¥6.1 billion YoY ( - ¥2.1 bn → ¥3.9 bn ))

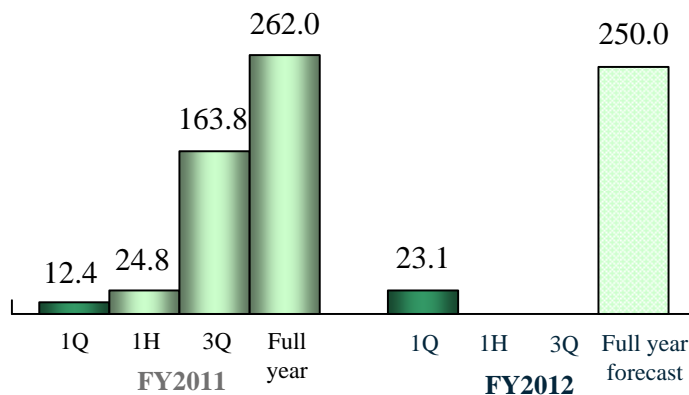
(In billion yen)

	FY2011-1Q	FY2012-1Q	Change
Gain on sales of investment securities	-	6.8	+ 6.8
<b>Extraordinary gain</b>	<b>-</b>	<b>6.8</b>	<b>+ 6.8</b>
Loss on revaluation of investment securities	- 2.1	- 2.9	- 0.7
<b>Extraordinary loss</b>	<b>- 2.1</b>	<b>- 2.9</b>	<b>- 0.7</b>
<b>Extraordinary income/loss</b>	<b>- 2.1</b>	<b>3.9</b>	<b>+ 6.1</b>

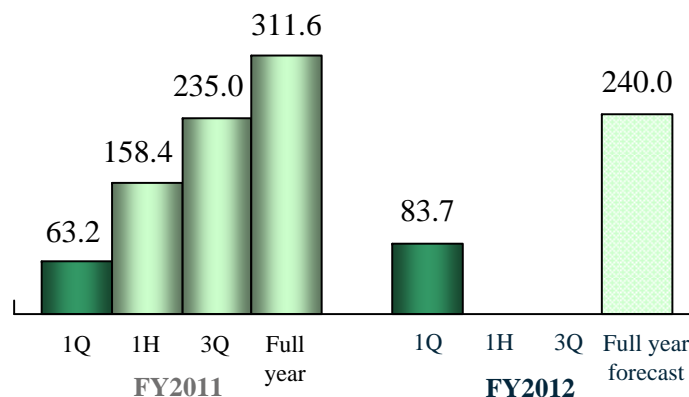
# < Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

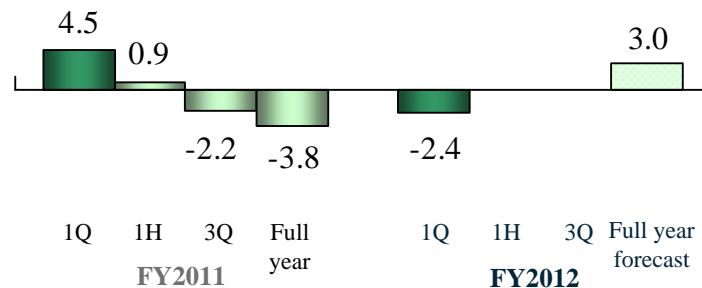
## Orders Received



## Net Sales



## Operating Income



### Orders received : Up ¥10.7 billion YoY

-Although the orders environment for new commercial ships remained difficult, orders increased from a year ago, thanks to the order for a new-type LNG carrier.

[Number of ships orders received]

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

FY2012-1Q: 1

[Backlog of ship orders] 32

(6 LNG carriers, 3 LPG carriers, 2 cruise ships, 2 pure car carriers, 2 container ships, 2 ferries, 2 seismic vessels and others)

### Net sales/Earnings : Decreased earnings (- ¥6.9 billion YoY) on increased sales (+ ¥20.4 billion YoY)

-We delivered a total of 9 vessels, including 3 ferries, 2 pure car carriers, 2 patrol vessels, 1 roll-on/roll-off vessel and 1 ore carrier.

[Number of ships delivered]

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

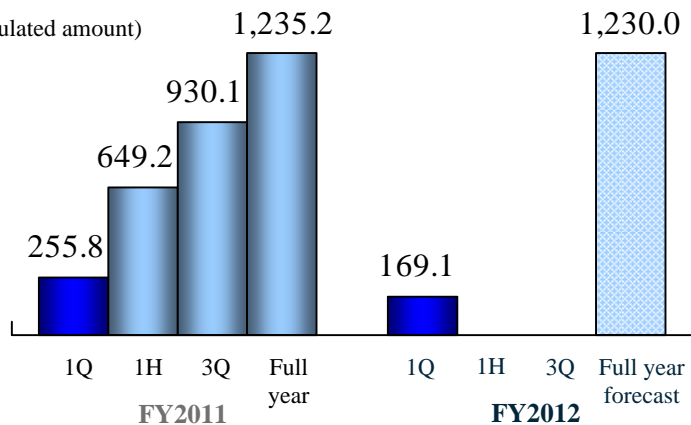
FY2012-1Q: 9

-Earnings decreased from a year ago, due mainly to the effects of the stronger yen.

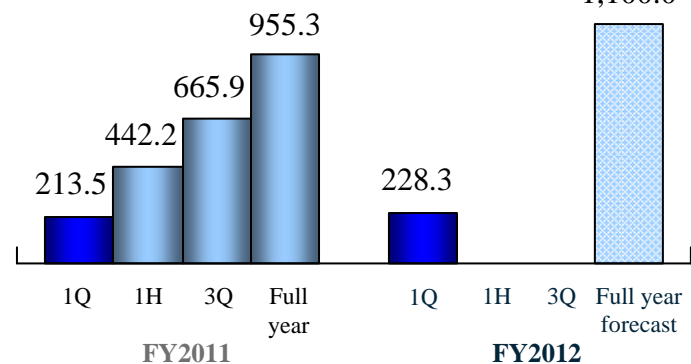


(In billion yen, accumulated amount)

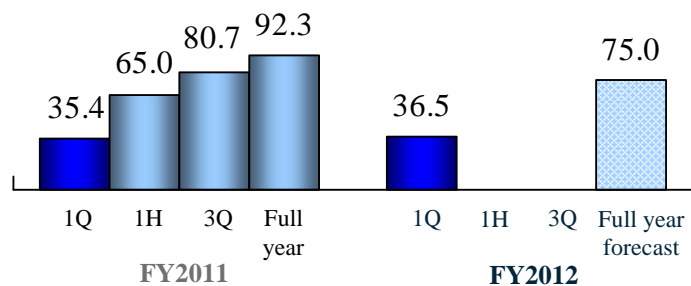
**Orders Received**



**Net Sales**



**Operating Income**



**Orders received : Down ¥86.6 billion YoY**

- Orders decreased from a year ago, given orders for gas turbines associated with power shortages in Japan in the previous fiscal year and a decrease in periodical inspections of nuclear power plants.
- Demand for highly-efficient gas turbines is strong in Asia, and demand for gas turbines with high-output and operational flexibility is robust in North America. We have the J- type gas turbine with the world's greatest energy efficiency and output power as well as the highly operable GAC gas turbine. We will seek to expand orders for large gas turbines in response to regional needs.

[Gas turbine orders]

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

FY2012-1Q : 2 units (Geographic distribution : Asia 2)

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

FY2011-1Q: 53 (FY2011: 62)

FY2012-1Q: 54

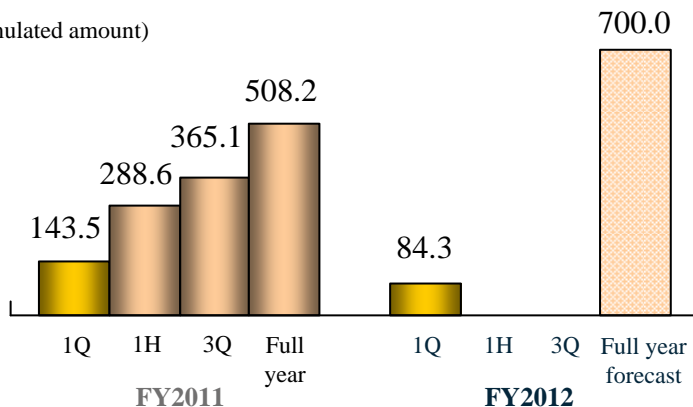
**Net sales/Earnings : Increased earnings (+ ¥1.0 billion YoY) on increased sales (+ ¥14.7 billion YoY)**

- Sales rose from a year ago, reflecting increases in sales of thermal power plants, including gas turbines and conventional plants.
- Earnings were negatively affected by the stronger yen, but exceeded the year-ago level, reflecting the increase in sales.

# < Machinery & Steel Infrastructure Systems >

(In billion yen, accumulated amount)

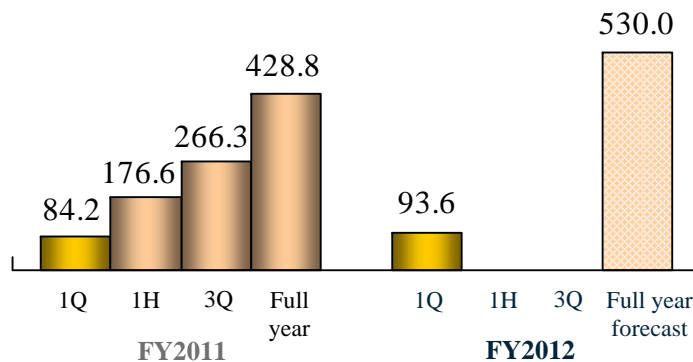
## Orders Received



### Orders received : Down ¥59.1 billion YoY

- Orders declined from a year ago, primarily attributable to a decrease in orders for steel manufacturing machinery, orders for which were strong in the same period of the previous fiscal year.
- Negotiations for large-scale projects, including chemical plants and transportation systems, and for steel manufacturing machinery for Asia have been active. We will focus on winning orders.

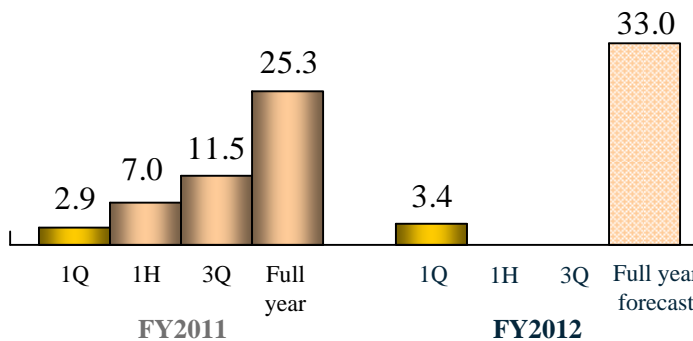
## Net Sales



### Net sales/Earnings : Increased earnings (+ ¥0.5 billion YoY) on increased sales (+ ¥9.3 billion YoY)

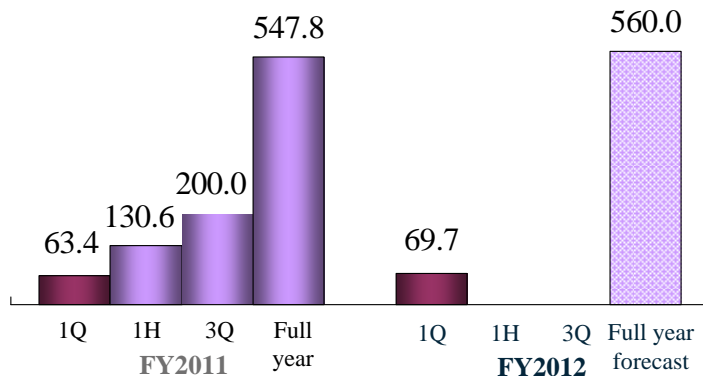
- Sales exceeded the year-ago level, primarily reflecting increases in sales in chemical plants and steel manufacturing machinery.
- Earnings rose from a year ago due to the increase in sales.

## Operating Income



(In billion yen, accumulated amount)

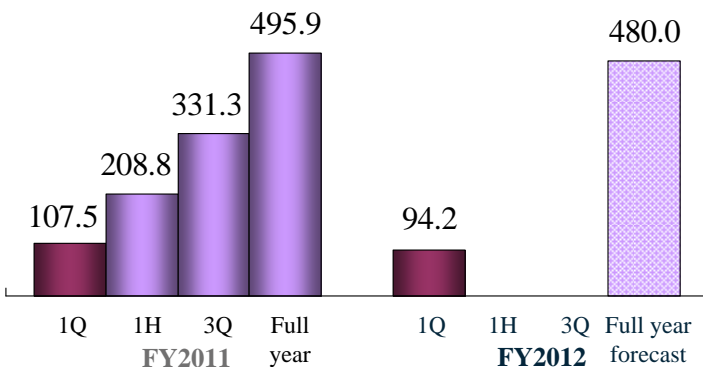
**Orders Received**



**Orders received : Up ¥6.3 billion YoY**

-Orders rose from a year ago, reflecting increases in orders related to commercial aircraft and defense.

**Net Sales**



**Net sales/Earnings : Increased earnings (+ ¥1.3 billion YoY) on decreased sales (- ¥13.2 billion YoY)**

-Sales decreased from a year ago with rises in sales related to commercial aircraft and space more than offset by a decline in defense.

[Number of B777s delivered]

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

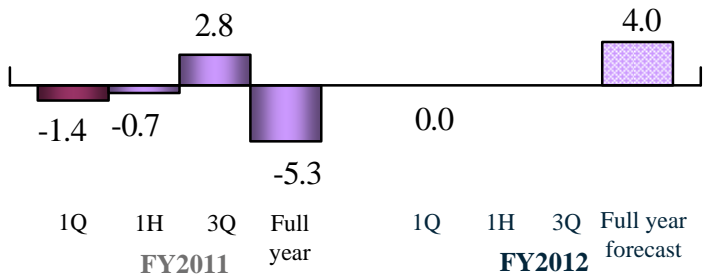
FY2012-1Q: 21

[Number of B787s delivered]

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

FY2012-1Q: 11

**Operating Income**

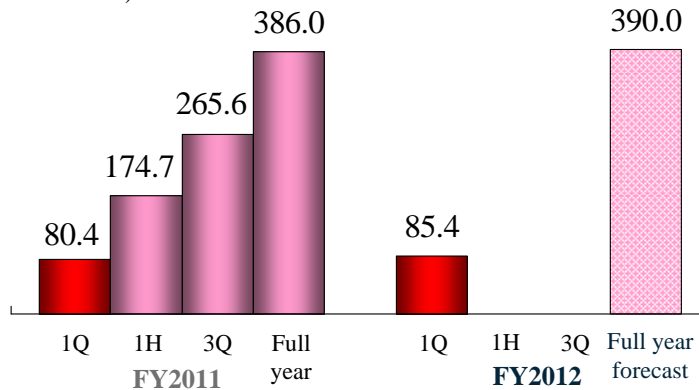


-Profitability related to commercial aircraft improved.

# < General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

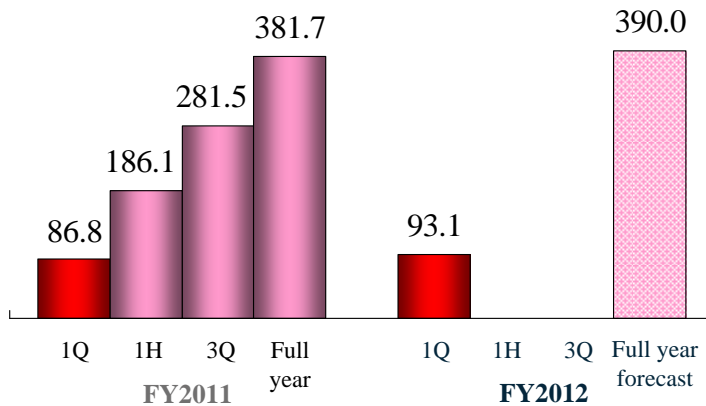
## Orders Received



**Orders received/Net sales : Up ¥5.0 billion/¥6.2 billion YoY respectively**

-Orders and sales increased from a year ago mainly with rises in forklift trucks for North America and turbochargers for Europe.

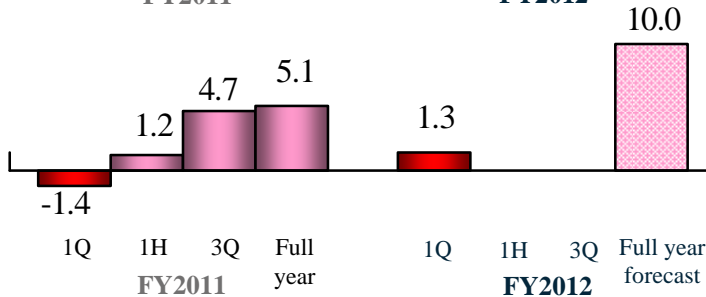
## Net Sales



**Earnings : Up ¥2.7 billion YoY**

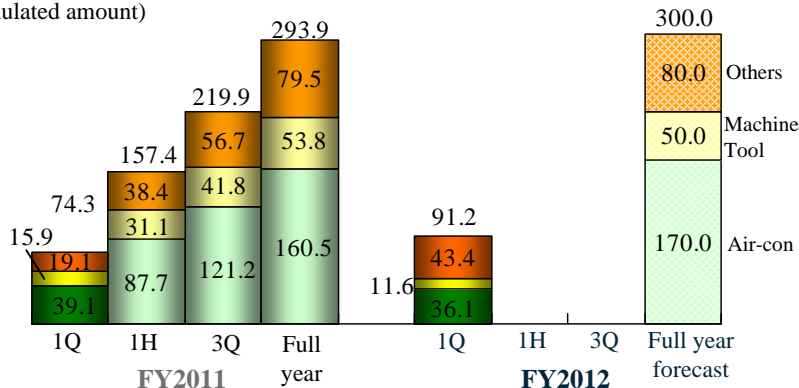
-Earnings moved into the black, attributable to higher sales and accelerated activities for improved profitability, including the focus of target models on our strengths, which offset the adverse effects of the stronger yen.

## Operating Income

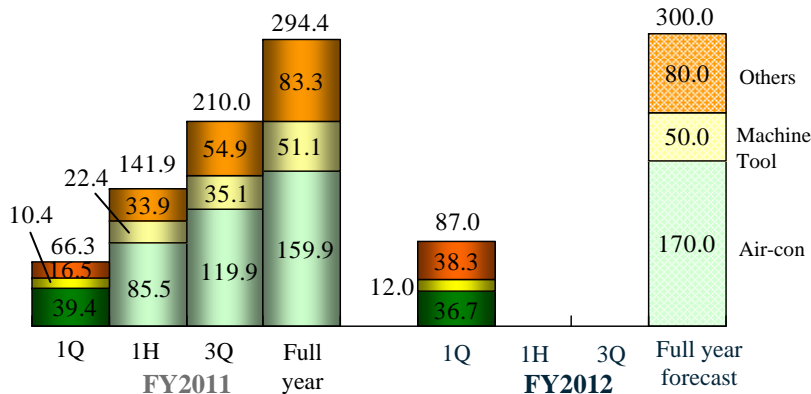


(In billion yen, accumulated amount)

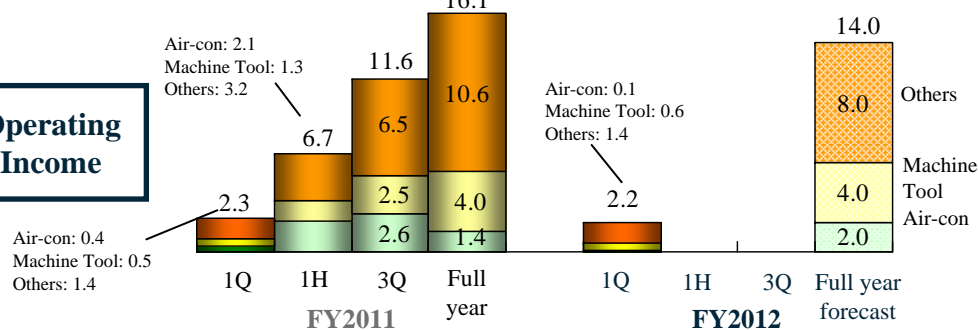
**Orders Received**



**Net Sales**



**Operating Income**



**Air-Conditioning & Refrigeration Systems**

**Orders received : Down ¥2.9 billion YoY**

**Net sales : Down ¥2.7 billion YoY**

-Orders and sales fell from a year ago with decreases in commercial air-conditioners and residential air-conditioners, etc.

**Earnings : Down ¥0.3 billion YoY**

-Earnings declined from a year ago due to the decrease in sales.

**Machine Tool**

**Orders received : Down ¥4.3 billion YoY**

**Net sales : Up ¥1.5 billion YoY**

-Orders declined from a year ago, but sales, especially of gear cutting machines, rose from the previous fiscal year.

**Earnings : Up ¥0.1 billion YoY**

-Earnings increased slightly 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, 2012	As of June 30, 2012	Changes
<b>Assets</b>			
Trade receivables	968.0	800.6	-167.3
Inventories	1,053.4	1,077.0	+23.6
Other current assets	617.4	842.0	+224.5
Total current assets	2,639.0	2,719.7	+80.7
Total fixed assets	1,324.9	1,270.0	-54.9
<b>Total assets</b>	3,963.9	3,989.8	+25.8
<b>Liabilities</b>			
Trade payables	651.1	649.4	-1.6
Advance payments received on contracts	399.2	410.7	+11.4
Other current liabilities	664.3	770.5	+106.2
Total current liabilities	1,714.6	1,830.7	+116.0
Total long-term liabilities	942.9	847.3	-95.6
Total liabilities	2,657.6	2,678.0	+20.4
<b>Net assets</b>			
Stockholders' equity	1,286.6	1,295.4	+8.8
Valuation, translation adjustments and others	-31.5	-34.7	-3.2
Others (Minority interests, etc.)	51.2	51.1	-0.1
Total net assets	1,306.3	1,311.7	+5.4
<b>Total liabilities and net assets</b>	3,963.9	3,989.8	+25.8
Interest-bearing debt outstanding	1,157.1	1,197.7	+40.6

## (1) Segment Information by Geographic Distribution

(In billion yen)

	FY2011-1Q		FY2012-1Q	
	Net sales	Operating income	Net sales	Operating income
Japan	554.2	35.2	601.5	31.1
North America	41.2	2.2	37.3	1.3
Asia	33.6	0.5	37.7	2.2
Europe	32.2	-0.4	33.5	1.9
Central & South America	4.8	0.9	2.4	-0.2
Oceania	1.4	0.0	1.4	0.0
The Middle East	-	-	0.0	0.0
Eliminations or Corporate	-54.0	-	-64.8	-
Total	613.6	38.7	649.1	36.5

## (2) Overseas Net Sales

(In billion yen)

	FY2011-1Q		FY2012-1Q	
Asia	82.8	(14%)	99.2	(15%)
North America	74.6	(12%)	74.7	(12%)
Europe	56.9	(9%)	57.4	(9%)
Central & South America	26.0	(4%)	42.0	(6%)
The Middle East	19.1	(3%)	13.0	(2%)
Africa	9.5	(2%)	8.8	(1%)
Oceania	3.9	(1%)	5.5	(1%)
Total	273.0	(45%)	300.9	(46%)

## (3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2011-1Q	FY2012-1Q	FY2012(Forecast)
Depreciation	29.1	27.1	120.0
Capital Expenditure	22.0	29.4	120.0

## (4) R&D Expenses

(In billion yen)

	FY2011-1Q	FY2012-1Q	FY2012(Forecast)
R&D Expenses	21.4	20.8	150.0

## II. Forecast for FY2012

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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 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.



There is no change in the forecast announced on April 27, 2012.

(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

# 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)	FY2012 (Forecast)
Shipbuilding & Ocean Development	262.0	250.0	311.6	240.0	-3.8	3.0
Power Systems	1,235.2	1,230.0	955.3	1,100.0	92.3	75.0
Machinery & Steel Infrastructure Systems	508.2	700.0	428.8	530.0	25.3	33.0
Aerospace Systems	547.8	560.0	495.9	480.0	-5.3	4.0
General Machinery & Special Vehicles	386.0	390.0	381.7	390.0	5.1	10.0
Air-Conditioning & Refrigeration Systems	160.5	170.0	159.9	170.0	1.4	2.0
Machine Tool	53.8	50.0	51.1	50.0	4.0	4.0
Others	79.5	80.0	83.3	80.0	10.6	8.0
Others	293.9	300.0	294.4	300.0	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	120.0



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