

Financial Results for Second Quarter FY2012

October 31, 2012

I. Forecast for FY2012

- Summary of Forecast for FY2012 4
- Forecast for FY2012 by Business Segment 5

II. Second Quarter FY2012 Financial Results

- Summary of Second Quarter Financial Results 7
- Second Quarter Financial Results by Segment 8
- Components of Change in Income before
Income Taxes 9
- Ordinary Income and Extraordinary Income 10
- Financial Results by Business Segment
 - <Shipbuilding & Ocean Development> 11
 - <Power Systems> 12
 - <Machinery & Steel Infrastructure Systems> 13
 - <Aerospace Systems> 14
 - <General Machinery & Special Vehicles> 15
 - <Others> 16
- Balance Sheets 17
- Supplementary Information 18

I. 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		FY2012		
	1st Half (Actual)	Full Year (Actual)	1st Half (Actual)	Full Year (Forecast)	(Previous forecast) '12.7.31
Orders received	1,403.1	3,188.8	1,005.2	3,150.0	3,400.0
Net sales	1,293.6	2,820.9	1,325.4	3,000.0	3,000.0
Operating income	73.1	111.9	47.2	130.0	120.0
Ordinary income	45.6	86.1	30.4	90.0	80.0
Net income	39.8	24.5	19.1	50.0	40.0

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

<undetermined amount>

US\$: 4.8 billion (forecast at the beginning of the fiscal year: 5.9 billion)

Euro: 0.5 billion (forecast at the beginning of the fiscal year: 0.7 billion)

<exchange rate>

US\$ 1.00 = ¥80 (previous forecast: US\$ 1.00 = ¥80)

Euro 1.00 = ¥100 (previous forecast: Euro 1.00 = ¥110)

Forecast for FY2012 by Business Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2011	FY2012 Forecast		FY2011	FY2012 Forecast		FY2011	FY2012 Forecast	
	(Actual)	Previous forecast ('12.7.31)	forecast	(Actual)	Previous forecast ('12.7.31)	forecast	(Actual)	Previous forecast ('12.7.31)	forecast
Shipbuilding & Ocean Development	262.0	250.0	250.0	311.6	240.0	240.0	-3.8	3.0	0.0
Power Systems	1,235.2	1,230.0	1,050.0	955.3	1,100.0	1,100.0	92.3	75.0	90.0
Machinery & Steel Infrastructure Systems	508.2	700.0	600.0	428.8	530.0	510.0	25.3	33.0	30.0
Aerospace Systems	547.8	560.0	600.0	495.9	480.0	510.0	-5.3	4.0	7.0
General Machinery & Special Vehicles	386.0	390.0	390.0	381.7	390.0	390.0	5.1	10.0	10.0
Air-Conditioning & Refrigeration Systems	160.5	170.0	160.0	159.9	170.0	160.0	1.4	2.0	0.0
Machine Tool	53.8	50.0	50.0	51.1	50.0	50.0	4.0	4.0	4.0
Others	79.5	80.0	160.0	83.3	80.0	160.0	10.6	8.0	8.0
Others	293.9	300.0	370.0	294.4	300.0	370.0	16.1	14.0	12.0
Eliminations or Corporate	-44.5	-30.0	-110.0	-47.1	-40.0	-120.0	-17.8	-19.0	-19.0
Total	3,188.8	3,400.0	3,150.0	2,820.9	3,000.0	3,000.0	111.9	120.0	130.0

II. Second Quarter FY2012 Financial Results

Summary of Second Quarter Financial Results

(In billion yen)

	FY2011-1H	FY2012-1H	Change
Orders received	1,403.1	1,005.2	- 397.9
Net sales	1,293.6	1,325.4	+31.7
Operating income	73.1	47.2	- 25.9
Ordinary income	45.6	30.4	- 15.2
Extraordinary income	25.8	-2.6	- 28.4
Income before income taxes	71.4	27.7	- 43.7
Net income	39.8	19.1	- 20.7

Orders received ⇒ **Down ¥397.9 billion YoY** (¥1,403.1 bn → ¥1,005.2 bn)

-Overall, orders declined from a year ago, with decreases in Power Systems and Machinery & Steel Infrastructure Systems offsetting increases in Aerospace Systems and Shipbuilding & Ocean Development.

Net Sales ⇒ **Up ¥31.7 billion YoY** (¥1,293.6 bn → ¥1,325.4 bn)

-Net sales rose from a year ago, with increases in Power Systems, Machinery & Steel Infrastructure Systems, General Machinery & Special Vehicle except Shipbuilding & Ocean Development, and Aerospace Systems.

Net Income ⇒ **Down ¥20.7 billion YoY** (¥39.8 bn → ¥19.1 bn)

-Net income declined from a year ago, attributable to the reserve for losses on construction contracts undertaken by Shipbuilding & Ocean Development due mainly to the effects of the stronger yen, etc., and decreases in Power Systems that had many profitable projects a year ago.

Second Quarter Financial Results by Segment

(In billion yen)

	Orders received			Net sales			Operating income		
	FY2011-1H	FY2012-1H	Change	FY2011-1H	FY2012-1H	Change	FY2011-1H	FY2012-1H	Change
Shipbuilding & Ocean Development	24.8	39.2	+14.4	158.4	132.6	- 25.8	0.9	- 6.3	- 7.2
Power Systems	649.2	298.9	- 350.3	442.2	479.0	+36.7	65.0	43.6	- 21.4
Machinery & Steel Infrastructure Systems	288.6	197.0	- 91.5	176.6	204.1	+27.5	7.0	7.6	+0.5
Aerospace Systems	130.6	158.6	+28.0	208.8	190.3	- 18.4	- 0.7	0.7	+1.5
General Machinery & Special Vehicles	174.7	181.6	+6.9	186.1	193.8	+7.6	1.2	4.9	+3.6
Air-Conditioning & Refrigeration Systems	87.7	78.7	- 9.0	85.5	79.1	- 6.4	2.1	- 0.4	- 2.6
Machine Tool	31.1	22.6	- 8.4	22.4	28.3	+5.8	1.3	2.2	+0.9
Others	38.4	58.8	+20.3	33.9	79.5	+45.6	3.2	3.8	+0.5
Others	157.4	160.2	+2.7	141.9	187.0	+45.0	6.7	5.6	- 1.0
Eliminations or Corporate	- 22.3	- 30.6	- 8.3	- 20.7	- 61.6	- 40.9	- 7.0	- 9.0	- 1.9
Total	1,403.1	1,005.2	- 397.9	1,293.6	1,325.4	+31.7	73.1	47.2	- 25.9

(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 FY2011-1H already incorporate such modifications accordingly.

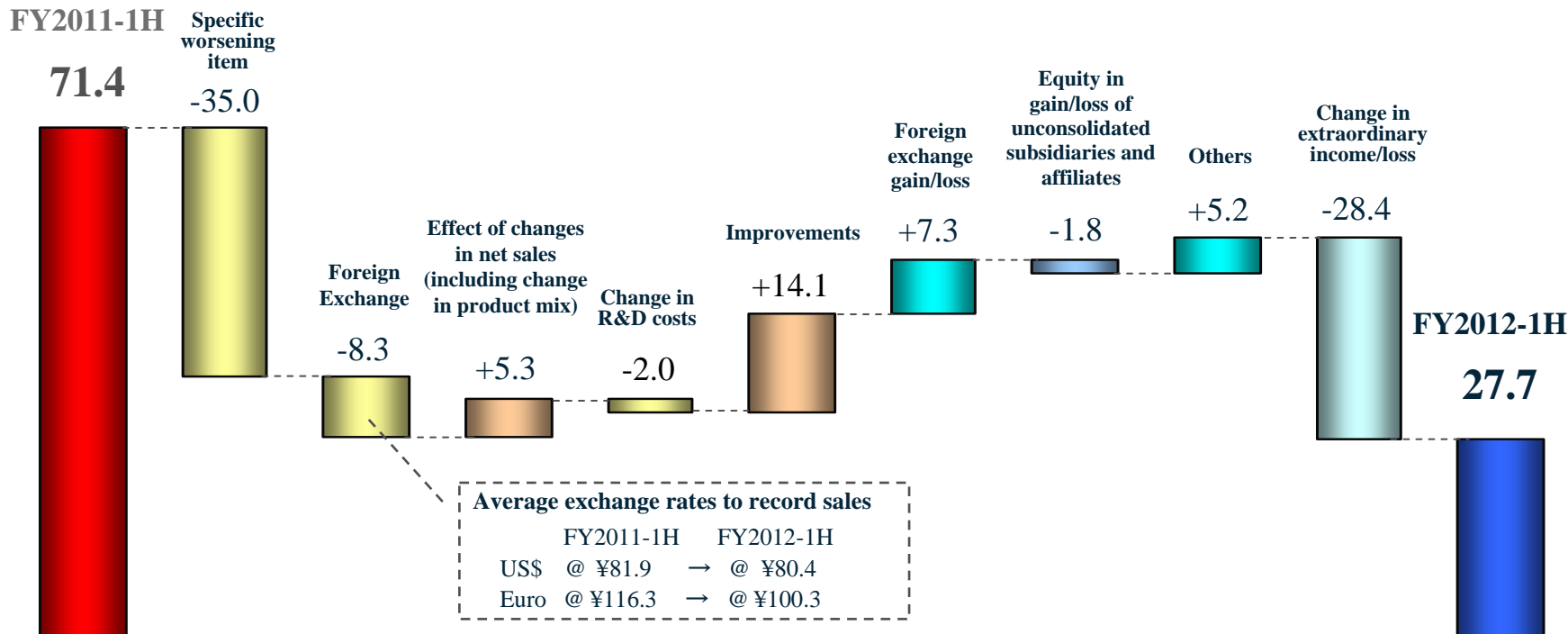
Components of Change in Income before Income Taxes

Down ¥43.7 billion YoY (¥71.4 bn → ¥27.7 bn)

(In billion yen)



- Loss allowance for orders undertaken by Shipbuilding & Ocean Development -5.0
- Decline in price for the new thermal power plant, etc. -15.0
- Effects of delay in restart of existing nuclear power plants -15.0



▪ **Ordinary Income** (Down ¥15.2 billion YoY (¥45.6 bn → ¥30.4 bn))

(In billion yen)

	FY2011-1H	FY2012-1H	Change
Operating income	73.1	47.2	- 25.9
Foreign exchange gains	-17.9	-10.6	+ 7.3
Net interest loss	-6.8	-5.2	+ 1.6
Equity in gain of unconsolidated subsidiaries and affiliates	2.3	0.5	- 1.8
Others	-5.1	-1.5	+ 3.5
Non-operating income	-27.5	-16.8	+ 10.7
Ordinary income	45.6	30.4	- 15.2

▪ **Extraordinary Income** (Down ¥28.4 billion YoY (¥25.8 bn → - ¥2.6 bn))

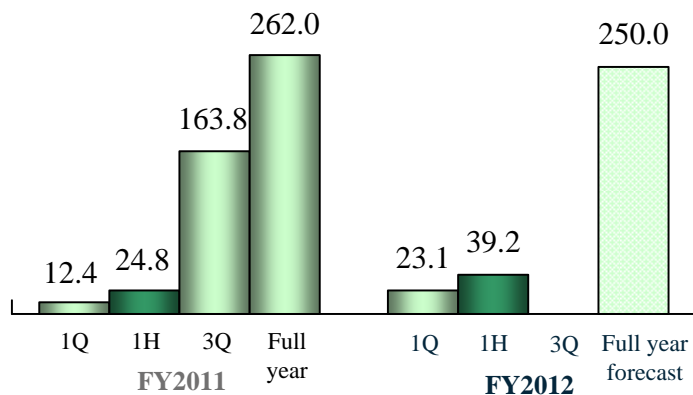
(In billion yen)

	FY2011-1H	FY2012-1H	Change
Gain on sales of fixed assets	28.0	-	- 28.0
Gain on sales of investment securities	-	6.8	+ 6.8
Extraordinary gain	28.0	6.8	- 21.1
Loss on revaluation of investment securities	- 2.2	- 9.5	- 7.3
Extraordinary loss	- 2.2	- 9.5	- 7.3
Extraordinary income/loss	25.8	- 2.6	- 28.4

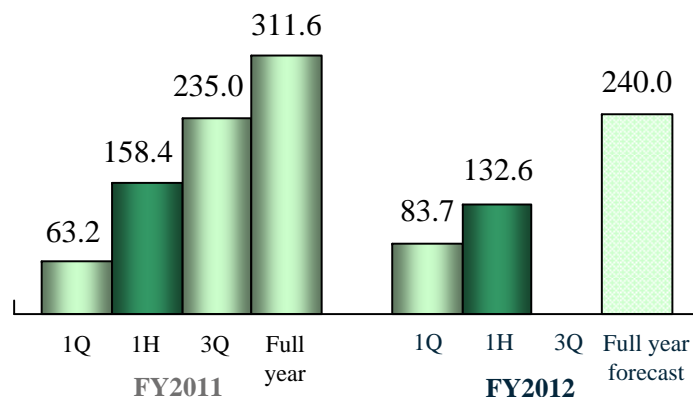
< Shipbuilding & Ocean Development >

(In billion yen, accumulated amount)

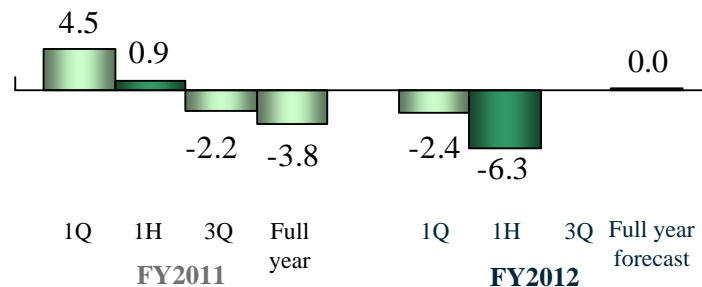
Orders Received



Net Sales



Operating Income



Orders received : Up ¥14.4 billion YoY

- Orders increased from a year ago, thanks to the order for LNG carriers, etc.
- Although the environment for orders remained difficult, we will seek to respond to rising demand for LNG carriers and domestic vessels. In addition, we will focus on the engineering business as a means to bolster orders.

[Number of ships orders received]

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

FY2012-1H: 3 (1Q: 1, 2Q: 2)

[Backlog of ship orders] 29

(6 LNG carriers, 2 LPG carriers, 2 cruise ships, 2 seismic vessels, 2 container ships, 1 pure car carrier, 1 ferry and others)

Net sales/Earnings : Decreased earnings (- ¥7.2 billion YoY) on decreased sales (- ¥25.8 billion YoY)

- We delivered a total of 14 vessels, including 4 ferries, 3 pure car carriers, 2 patrol vessels, 1 LPG carrier, 1 roll-on/roll-off vessel etc.

[Number of ships delivered]

FY2011-1H: 14 (1Q: 8, 2Q: 6, 3Q: 3, 4Q: 8)

FY2012-1H: 14 (1Q: 9, 2Q: 5)

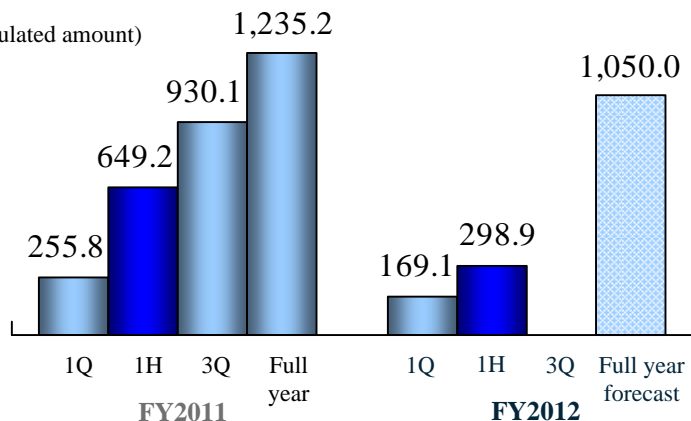
- Earnings fell dramatically, attributable to the reserve for losses on construction contracts undertaken due mainly to the effects of the stronger yen.

Full-year forecast :

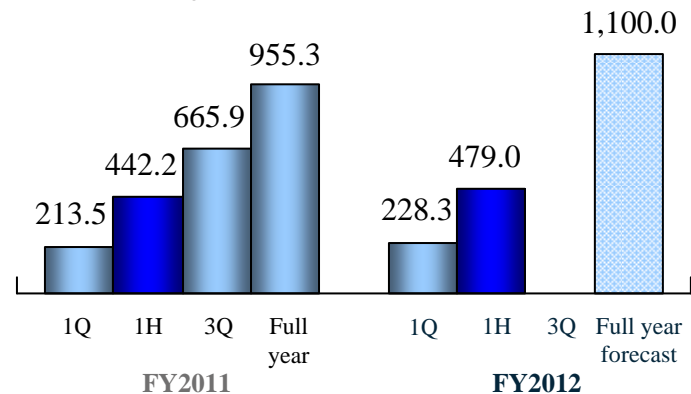
Operating income: Operating income was revised from ¥3.0 billion to ¥0.0 billion.

(In billion yen, accumulated amount)

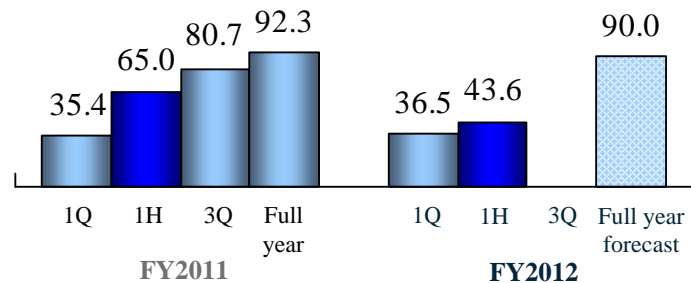
Orders Received



Net Sales



Operating Income



Orders received : Down ¥350.3 billion YoY

- Orders decreased from a year ago, given the absence of the demand seen in the previous fiscal year for gas turbines associated with power shortages in Japan and an order for a large-scale coal-fired power plant in Taiwan, and a decrease in periodical inspections of nuclear power plants..
- In Asia and the Middle East, electric power demand is strong but competition is intensifying due to the weak North American market. We will diligently continue to seek to win orders.

[Gas turbine orders]

FY2011-1H : 10 units (Geographic distribution : North America 3, Asia 2, Domestic 5)
 FY2012-1H : 4 units (Geographic distribution : North America 3, Asia 1)

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

FY2011-2Q: 54 (FY2011: 62)
 FY2012-2Q: 54

Net sales/Earnings : Decreased earnings (- ¥21.4 billion YoY) on increased sales (+ ¥36.7 billion YoY)

- Sales rose from a year ago, reflecting increases in sales of thermal power plants, including gas turbines and conventional plants.
- Earnings decreased from a year ago, which saw many profitable projects, influenced mainly by a delay in restarting existing nuclear power plants.

Full-year forecast :

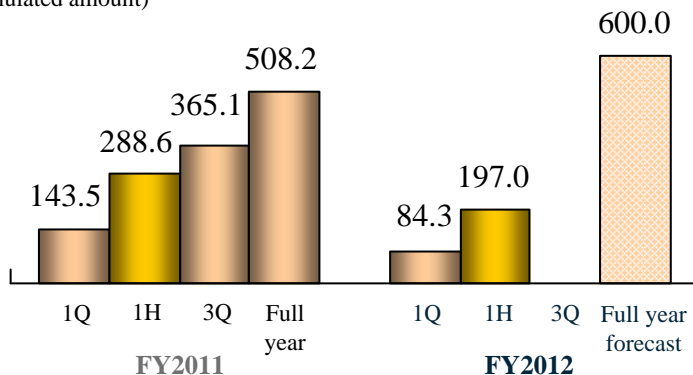
Orders received: Orders received was revised from ¥1,230.0 billion to ¥1,050.0 billion.

Operating income: Operating income was revised from ¥75.0 billion to ¥90.0 billion.

< Machinery & Steel Infrastructure Systems >

(In billion yen, accumulated amount)

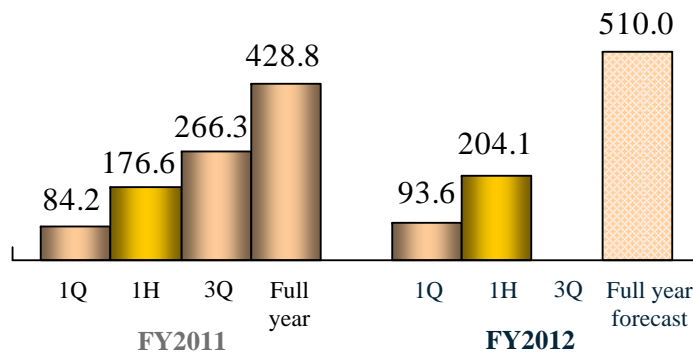
Orders Received



Orders received : Down ¥91.5 billion YoY

- Orders declined from a year ago, primarily attributable to a decrease in orders for steel manufacturing machinery and chemical plants, orders for which were strong in the same period of the previous fiscal year.
- We will actively pursue negotiations for overseas transportation systems, chemical plants, and steel manufacturing machinery, among other products, with the aim of increasing orders.

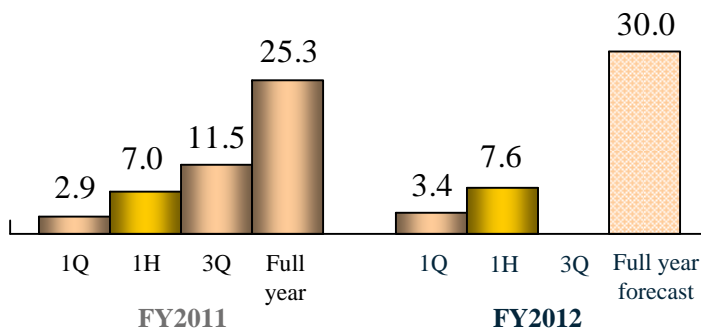
Net Sales



Net sales/Earnings : Increased earnings (+ ¥0.5 billion YoY) on increased sales (+ ¥27.5 billion YoY)

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

Operating Income

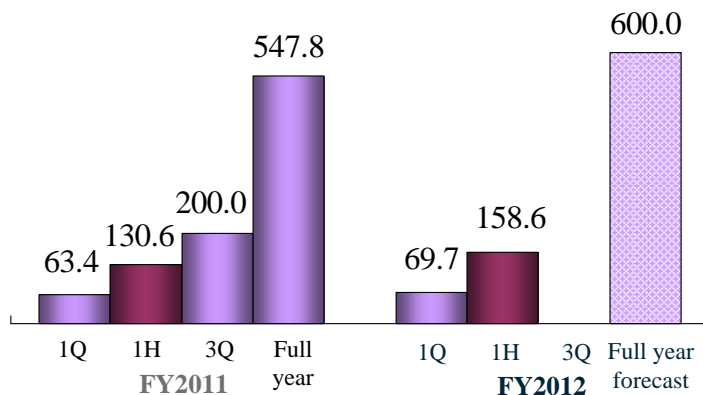


Full-year forecast :

- Orders received: Orders received was revised from ¥700.0 billion to ¥600.0 billion.
- Net sales: Net sales was revised from ¥530.0 billion to ¥510.0 billion.
- Operating income: Operating income was revised from ¥33.0 billion to ¥30.0 billion.

(In billion yen, accumulated amount)

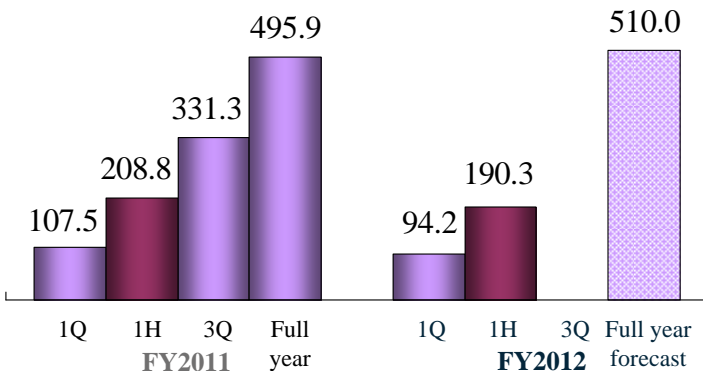
Orders Received



Orders received : Up ¥28.0 billion YoY

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

Net Sales



Net sales/Earnings : Increased earnings (+ ¥1.5 billion YoY) on decreased sales (- ¥18.4 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]

FY2011-1H: 41 (1Q: 22, 2Q: 19, 3Q: 23, 4Q: 19)

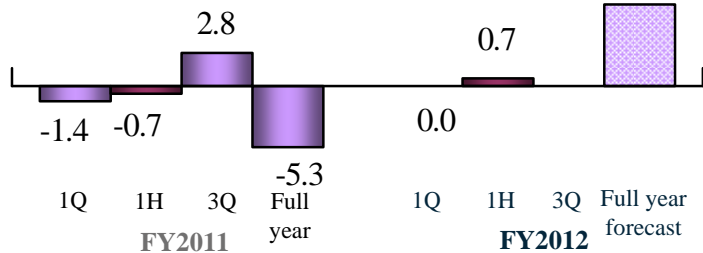
FY2012-1H: 42 (1Q: 21, 2Q: 21)

[Number of B787s delivered]

FY2011-1H: 11 (1Q: 7, 2Q: 4, 3Q: 7, 4Q: 9)

FY2012-1H: 22 (1Q: 11, 2Q: 11)

Operating Income



-Earnings have moved into the black thanks to improved profitability related to commercial aircraft.

Full-year forecast :

Orders received: Orders received was revised from ¥560.0 billion to ¥600.0 billion.

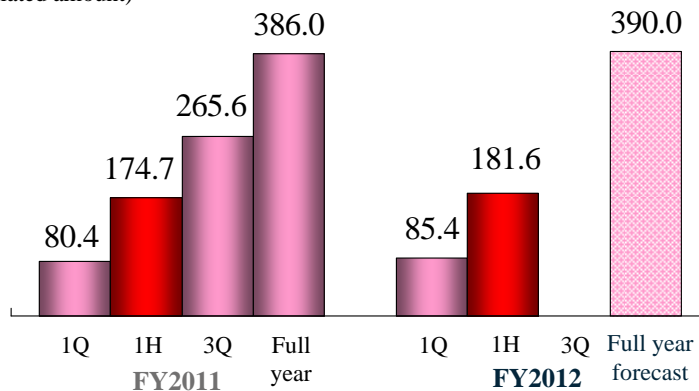
Net sales: Net sales was revised from ¥480.0 billion to ¥510.0 billion.

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

< General Machinery & Special Vehicles >

(In billion yen, accumulated amount)

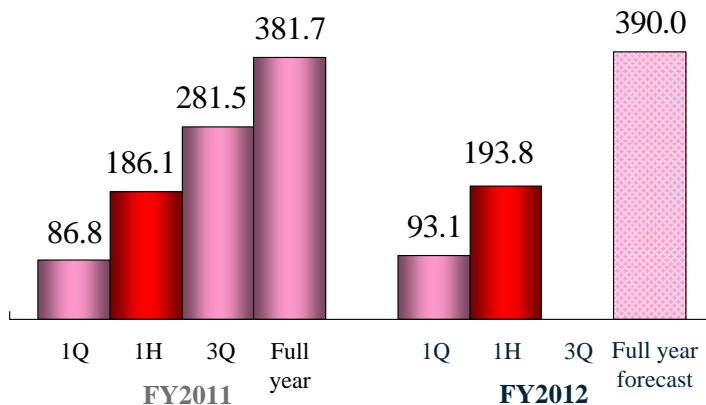
Orders Received



Orders received/Net sales : Up ¥6.9 billion/¥7.6 billion YoY respectively

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

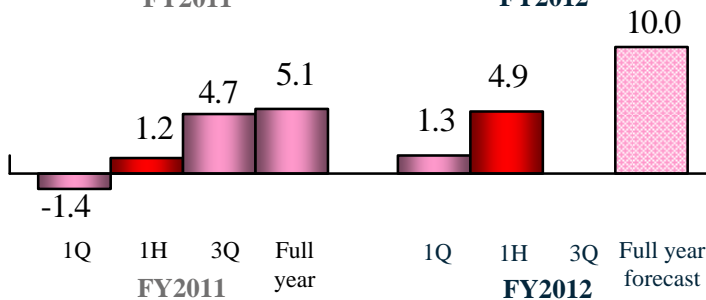
Net Sales



Earnings : Up ¥3.6 billion YoY

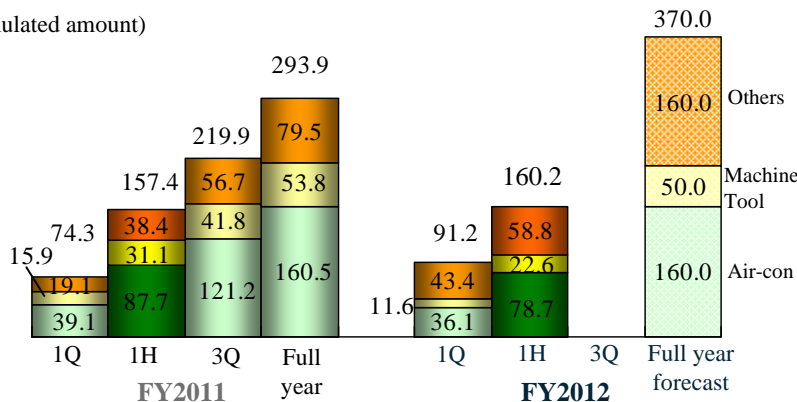
-Earnings rose from a year ago, attributable to the leveraging effect of higher sales of forklifts and activities to improve profitability, including an improvement in the costs for forklifts and turbochargers and the focus on target engine models, which offset the adverse effects of the stronger yen.

Operating Income

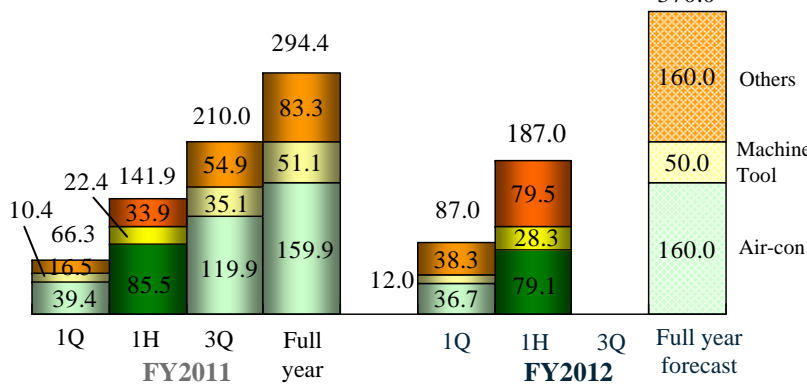


(In billion yen, accumulated amount)

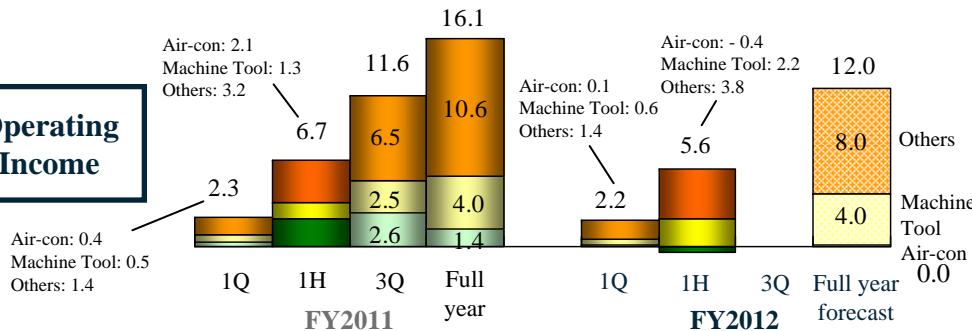
Orders Received



Net Sales



Operating Income



Air-Conditioning & Refrigeration Systems

Orders received : Down ¥9.0 billion YoY

Net sales : Down ¥6.4 billion YoY

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

Earnings : Down ¥2.6 billion YoY

-Earnings declined from a year ago on the effects of the stronger yen and the decrease in sales.

Full-year forecast :

Orders received: Orders received was revised from ¥170.0 billion to ¥160.0 billion.

Net sales: Net sales was revised from ¥170.0 billion to ¥160.0 billion.

Operating income: Operating income was revised from ¥2.0 billion to ¥0.0 billion.

Machine Tool

Orders received : Down ¥8.4 billion YoY

Net sales : Up ¥5.8 billion YoY

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

Earnings : Up ¥0.9 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, 2012	As of September 30, 2012	Changes
Assets			
Trade receivables	968.0	804.9	-163.1
Inventories	1,053.4	1,033.5	-19.8
Other current assets	617.4	803.9	+186.4
Total current assets	2,639.0	2,642.4	+3.4
Total fixed assets	1,324.9	1,253.7	-71.2
Total assets	3,963.9	3,896.2	-67.7
Liabilities			
Trade payables	651.1	616.0	-35.0
Advance payments received on contracts	399.2	385.3	-13.8
Other current liabilities	664.3	750.6	+86.3
Total current liabilities	1,714.6	1,752.1	+37.4
Total long-term liabilities	942.9	846.0	-96.9
Total liabilities	2,657.6	2,598.1	-59.4
Net assets			
Stockholders' equity	1,286.6	1,295.7	+9.1
Valuation, translation adjustments and others	-31.5	-48.8	-17.3
Others (Minority interests, etc.)	51.2	51.2	+0.0
Total net assets	1,306.3	1,298.0	-8.2
Total liabilities and net assets	3,963.9	3,896.2	-67.7
Interest-bearing debt outstanding	1,157.1	1,206.7	+49.5

(1) Segment Information by Geographic Distribution

(In billion yen)

	FY2011-1H		FY2012-1H	
	Net sales	Operating income	Net sales	Operating income
Japan	1,188.0	66.6	1,208.2	34.7
North America	80.3	3.5	96.2	5.5
Asia	70.7	2.0	77.9	4.4
Europe	64.5	-0.6	64.5	2.3
Central & South America	8.2	1.4	4.2	0.1
Oceania	2.7	0.1	2.3	0.0
The Middle East	-	-	0.0	0.0
Eliminations or Corporate	-120.9	-	-128.2	-
Total	1,293.6	73.1	1,325.4	47.2

(2) Overseas Net Sales

(In billion yen)

	FY2011-1H		FY2012-1H	
Asia	171.5	(13%)	203.0	(15%)
North America	147.9	(12%)	168.1	(13%)
Europe	104.0	(8%)	110.3	(8%)
Central & South America	57.4	(4%)	63.6	(5%)
The Middle East	39.2	(3%)	27.5	(2%)
Africa	27.6	(2%)	13.4	(1%)
Oceania	6.1	(1%)	12.3	(1%)
Total	553.8	(43%)	598.5	(45%)

(3) Depreciation and Amortization-Capital Expenditure

(In billion yen)

	FY2011-1H	FY2012-1H	FY2012(Forecast)
Depreciation	59.9	55.7	120.0
Capital Expenditure	53.7	57.4	120.0

(4) R&D Expenses

(In billion yen)

	FY2011-1H	FY2012-1H	FY2012(Forecast)
R&D Expenses	44.0	41.4	140.0

(FY2012 forecast of R&D Expenses was revised from ¥150.0 billion to ¥140.0 billion.)



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