

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

FLASH CONSOLIDATED FINANCIAL RESULTS

January 29, 2015

For nine months ended December 31, 2014 and 2013 and one year ended March 31, 2014

(Consolidated)

Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2014	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2014
Net sales	\ 1,016,447	\ 920,852	\$ 8,433,145
Operating income	60,357	46,079	500,763
Net income	44,928	23,292	372,753
Earnings per share	148.07 yen	75.46 yen	1,340.53 yen
Net assets	424,272	376,686	3,520,053
Number of shares issued and outstanding	1,671,716	1,671,750	
Equity Ratio	Millions of yen / Thousand shares As of Dec. 31, 2014 22.6%	As of March 31, 2014 23.3%	Thousands of U.S. dollars As of

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Dec. 31, 2014	Dec. 31, 2013	Nine months ended Dec. 31, 2014
Operating activities	\ (110,348)	\ (82,941)	\$ (915,523)
Investing activities	(52,480)	(62,728)	(435,410)
Financing activities	161,068	141,841	1,336,331
Cash and cash equivalents at end of term	41,468	31,126	344,047

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2014	\ 1,510,000	\ 86,000	\ 56,000

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2014

	Millions of yen		Thousands of U.S. dollars
	Dec. 31, 2014	Mar. 31, 2014	Dec. 31, 2014
Assets :			
Current assets :			
Cash on hand and in banks	\ 45,585	\ 47,949	\$ 378,204
Receivables, less allowance	521,979	426,676	4,330,697
Inventories	540,926	458,033	4,487,895
Other current assets	100,084	73,096	830,367
Total current assets	1,208,574	1,005,754	10,027,163
Investments and long-term loans less allowance	107,609	94,257	892,799
Net property, plant and equipment	414,429	383,912	3,438,388
Intangible and other assets	70,171	70,507	582,187
Total assets	\ 1,800,783	\ 1,554,430	\$ 14,940,537
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	\ 365,635	\ 191,162	\$ 3,033,560
Payables	316,076	306,031	2,622,384
Advances from customers	145,605	137,598	1,208,039
Other current liabilities	151,687	160,625	1,258,501
Total current liabilities	979,003	795,416	8,122,484
Long-term liabilities :			
Long-term debt, less current portion	267,242	253,483	2,217,223
Others	130,266	128,845	1,080,777
Total long-term liabilities	397,508	382,328	3,298,000
Net assets :			
Common stock	104,484	104,484	866,871
Capital surplus	54,393	54,393	451,281
Retained earnings	247,556	217,450	2,053,896
Treasury stock	(58)	(43)	(481)
Net unrealized gains on securities	3,503	2,653	29,063
Gains (losses) on hedging items	(4,249)	(3,803)	(35,252)
Foreign currency translation adjustments	133,008	133,008	1,110,325

(Consolidated)

Condensed Consolidated Statements of Income

For nine months ended December 31, 2014 and 2013

Millions of yen

*Thousands of
U.S. dollars*

Change

Segment information
Information by reportable segment

Millions of yen					
Nine months ended					
Dec. 31, 2013					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \	58,635	1,168	59,803	59,791	12
Rolling Stock	97,956	3,734	101,690	95,403	6,287
Aerospace	187,125	1,468	188,593	167,658	20,935
Gas Turbine & Machinery	125,368	12,113	137,481	130,589	6,892
Plant & Infrastructure	58,494	10,776	69,270	68,411	859
Motorcycle & Engine	213,030	500	213,530	209,492	4,038
Precision Machinery	84,906	8,717	93,623	86,433	7,190
Other	95,338	23,852	119,190	116,789	2,401
Total	920,852	62,328	983,180	934,566	48,614
Eliminations and corporate	-	(62,328)	(62,328)	(59,793)	(2,535)
Consolidated total	920,852	-	920,852	874,773	46,079

Millions of yen					
Nine months ended					
Dec. 31, 2014					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \	64,890	1,686	66,576	63,229	3,347
Rolling Stock	87,884	3,061	90,945	86,571	4,374
Aerospace	229,364	1,737	231,101	200,928	30,173
Gas Turbine & Machinery	149,734	9,861	159,595	152,482	7,113
Plant & Infrastructure	72,248	14,475	86,723	84,438	2,285
Motorcycle & Engine	212,925	523	213,448	209,314	4,134
Precision Machinery	95,314	10,183	105,497	97,546	7,951
Other	104,088	26,141	130,229	127,391	2,838
Total	1,016,447	67,667	1,084,114	1,021,899	62,215
Eliminations and corporate	-	(67,667)	(67,667)	(65,809)	(1,858)
Consolidated total	1,016,447	-	1,016,447	956,090	60,357

Thousands of U.S. dollars					
Nine months ended					
Dec. 31, 2014					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship Offshore Structure \$	538,372	13,988	552,360	524,591	27,769
Rolling Stock	729,146	25,396	754,542	718,253	36,289
Aerospace	1,902,961	14,412	1,917,373	1,667,037	250,336
Gas Turbine & Machinery	1,242,296	81,813	1,324,109	1,265,096	59,013
Plant & Infrastructure	599,419	120,094	719,513	700,556	18,957
Motorcycle & Engine	1,766,572	4,340	1,770,912	1,736,613	34,299
Precision Machinery	790,790	84,485	875,275	809,309	65,966
Other	863,589	216,884	1,080,473	1,056,923	23,550
Total	8,433,145	561,412	8,994,557	8,478,378	516,179
Eliminations and corporate	-	(561,412)	(561,412)	(545,996)	(15,416)
Consolidated total	8,433,145	-	8,433,145	7,932,382	500,763

Net sales, orders and order backlog by reportable segment

For nine months ended December 31, 2014 and 2013 and as of December 31 and March 31, 2014

	Millions of yen			% Change	Thousands of	
	Nine months ended		Nine months ended		U.S. dollars	
	Dec. 31, 2014				Nine months ended	
			Dec. 31, 2013		Dec. 31, 2014	
Net sales :						
Ship Offshore Structure	\ 64,890	(6%)	\ 58,635	(6%)	+11%	\$ 538,372
Rolling Stock	87,884	(9%)	97,956	(11%)	-10%	729,146
Aerospace	229,364	(23%)	187,125	(20%)	+23%	1,902,961
Gas Turbine & Machinery	149,734	(15%)	125,368	(14%)	+19%	1,242,296
Plant & Infrastructure	72,248	(7%)	58,494	(6%)	+24%	599,419
Motorcycle & Engine	212,925	(21%)	213,030	(23%)	-%	1,766,572
Precision Machinery	95,314	(9%)	84,906	(9%)	+12%	790,790
Other	104,088	(10%)	95,338	(11%)	+9%	863,589
Total	\ 1,016,447	(100%)	\ 920,852	(100%)	+10%	\$ 8,433,145
Orders :						
Ship Offshore Structure	\ 140,773	(13%)	\ 54,683	(6%)	+157%	\$ 1,167,949
Rolling Stock	102,457	(9%)	108,259	(11%)	-5%	850,053
Aerospace	194,939	(18%)	162,052	(17%)	+20%	1,617,348
Gas Turbine & Machinery	144,318	(13%)	140,990	(15%)	+2%	1,197,361
Plant & Infrastructure	81,465	(8%)	83,573	(9%)	-3%	675,889
Motorcycle & Engine	212,925	(20%)	213,030	(22%)	-%	1,766,572
Precision Machinery	96,519	(9%)	92,401	(10%)	+4%	800,788
Other	106,057	(10%)	98,810	(10%)	+7%	879,926
Total	\ 1,079,453	(100%)	\ 953,798	(100%)	+13%	\$ 8,955,886

	Millions of yen			% Change	Thousands of	
	As of		As of		U.S. dollars	
	Dec. 31, 2014				As of	
			Mar. 31, 2014		Dec. 31, 2014	
Order backlog :						
Ship Offshore Structure	\ 251,730	(15%)	\ 161,134	(11%)	+108%	\$ 2,088,525
Rolling Stock	411,147	(25%)	364,654	(24%)	+4%	3,411,159
Aerospace	421,862	(26%)	450,581	(30%)	+1%	3,500,058
Gas Turbine & Machinery	313,075	(19%)	295,100	(20%)	+17%	2,597,486
Plant & Infrastructure	182,082	(11%)	170,737	(11%)	-7%	1,510,677
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	27,027	(2%)	25,821	(2%)	-8%	224,234
Other	34,201	(2%)	32,237	(2%)	+13%	283,757
Total	\ 1,641,124	(100%)	\ 1,500,264	(100%)	+12%	\$ 13,615,896

Net Sales by geographic area

For nine months ended December 31, 2014 and 2013

	Millions of yen			% Change	Thousands of	
	Nine months ended		Nine months ended		U.S. dollars	
	Dec. 31, 2014				Nine months ended	
			Dec. 31, 2013		Dec. 31, 2014	
Japan	\ 430,930	(43%)	\ 405,697	(44%)	+6%	\$ 3,575,292
United States	246,440	(24%)	209,367	(23%)	+17%	2,044,636
Europe	74,730	(7%)	62,130	(7%)	+20%	620,011
Asia	171,983	(17%)	162,530	(17%)	+5%	1,426,889
Other	92,364	(9%)	81,128	(9%)	+13%	766,317
Total	\ 1,016,447	(100%)	\ 920,852	(100%)	+10%	\$ 8,433,145