

Medium-Term Business Plan “FY2019 MTBP” (FY2019 - FY2021) Rolling Stock Company

October 2, 2019

Kawasaki Heavy Industries, Ltd.



Table of Contents

- 1. Segment Overview**
- 2. FY2019 MTBP Business Strategy**

Business	Market	Main Models
Rolling Stock	Domestic/Asia	High-speed trains (Shinkansen) Electric or diesel multiple-unit trains Automated guided transit systems Locomotives and freight wagons Bogies (trucks) Rolling stock depot equipment Snow removal wheel loaders Industrial vehicles
	North America	Subway trains Commuter trains T1nS002 0 Td 40-1dic erucks Rolling stock depot equipment 462 (74(0hB*50 10.9 .34-6.-52-0c 0 Tq 10 0 1

Business Strategy of Rolling Stock Company

Business Environment

- ' Although the domestic market is not expected to expand, stable demand for replacement of aged cars and new models will continue.
- ' The Asian market can be expected to grow, and projects financed by JICA loan will increase as the Japanese government promotes export of railway infrastructure.
- ' The North American market is expected to have stable demand, but the market is competitive and the requirements of customers or local regulations are tough.
- ' Domestic rolling stock manufacturers are systemized under railway operators, and manufacturers are restructured on a global scale

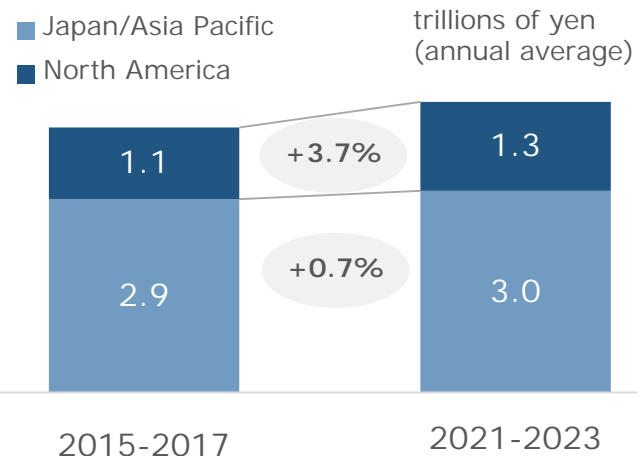
Our strengths

- ' High technological expertise as a general heavy industrial manufacturer
- ' Brand power and track record in industries
- ' Highly customer-oriented solutions

Issues

- ' Promoting business reforms toward reconstruction
- ' Upgrading project management capabilities
- ' Strengthening quality management system
- ' Contracts with appropriate prices and quantities
- ' Expanding business revenue foundation by establishing stock businesses opportunities

Railway market - regional market growth rates*



Source: UNIFE World Rail Market Study forecast 2018 to 2023 (€ = 130 yen)

Trains for Dhaka MRT Line 6



1. **Company management policy**

Return to a stable track and rebuild trust to management by continuing efforts toward reconstruction, including steady implementation of contracts, and

Priority measures

Business stage: business rfor

[Domestic]

Secure contracts of Shinkansen trains and/6902 17.8 39 placment fo 17.8 39 and secure ca 17.8 39
app 17.8 39op 17.8 39iat a 17.8 39nigs

Secur contracts whitakng int acout com17.89 (p)5.9 (t)2.4 (i)7 (t)2.339iv advant , p 17.8 39
rsk,/6902andVdf contribution to business

Sustainabl technical v lpment and expansion of sals of high- speed trains
and/TJ0.002Td p1008 39w d 139 (a)Tm1(7)89 (a)-2.339e)0.718 (a)21and 09ritis,
etc.)

[Asia (ov rseas)]

Contracts takng into account prfitabilty and rsk,/69.3 (f)3.6 (o)3.4 (cusi)6 (ng)-2.1 ()-18.6 (o)3

907 0 Td[(co)3.4 (nt)1.3 (r)16.9 (a)-1.4 (ct)1.4 (s)]TJ-0.018 Tw 4.806 0 Td[(t)1.4 (hr)-1. 39ough partnerng

Domestic /Asia
Rolling Stock

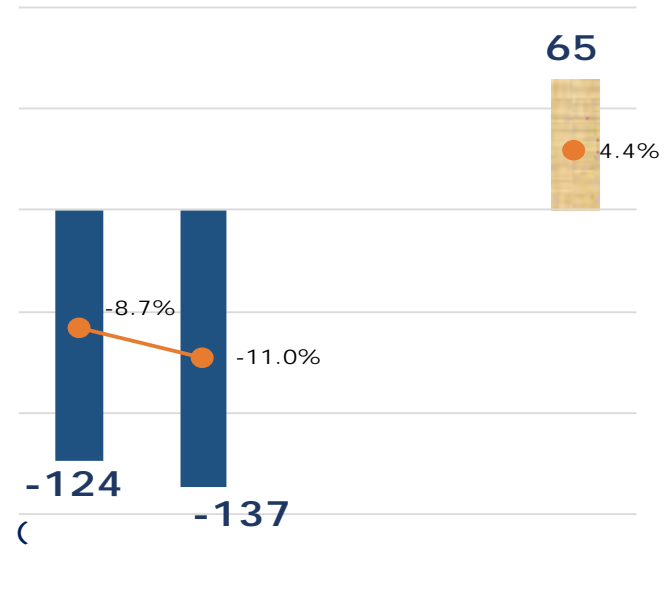
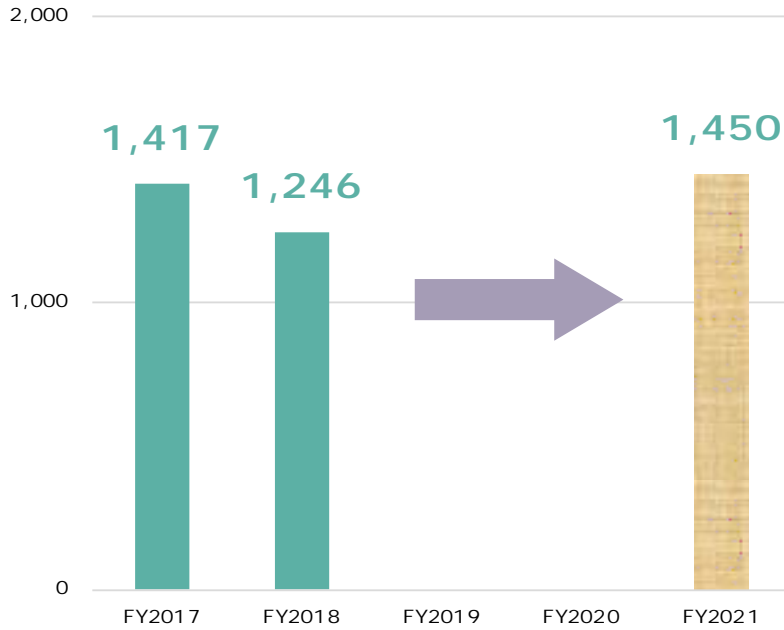
Priority measures

- Earlier

North America
Rolling Stock

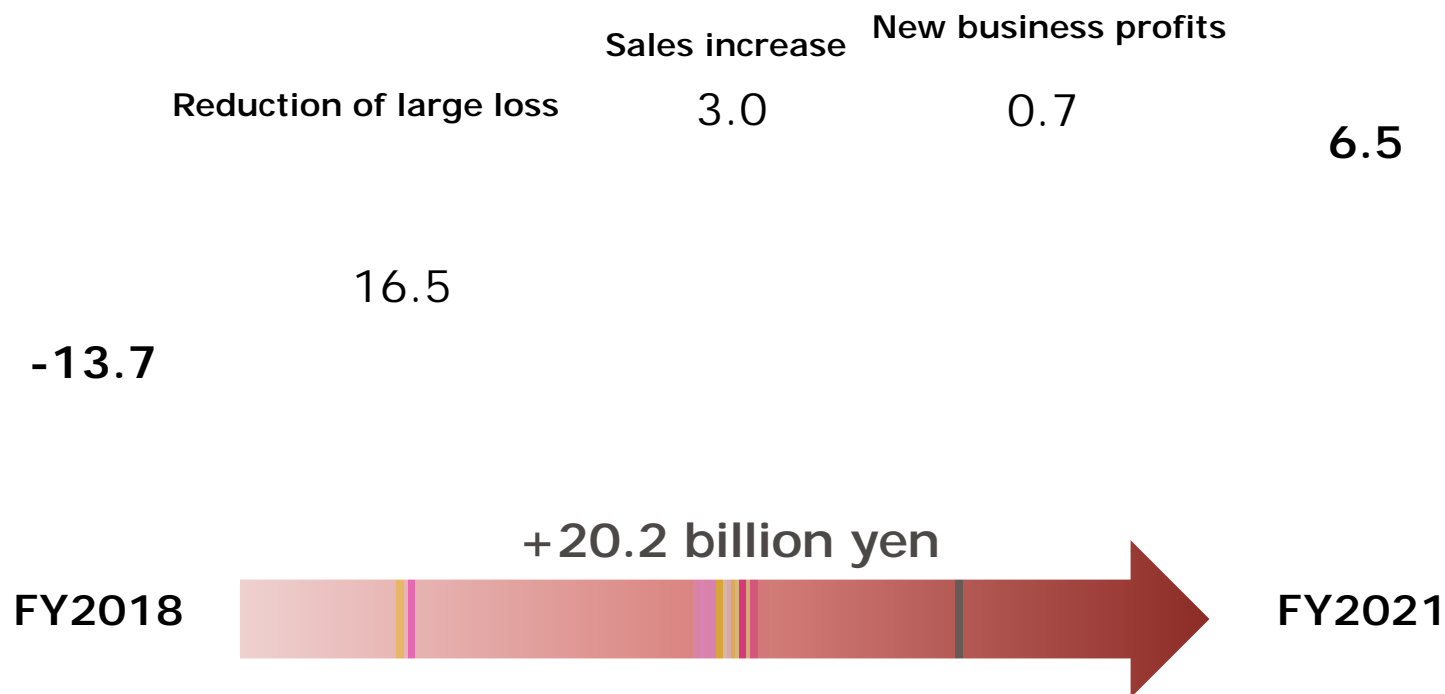
Net sales

(Unit: 100 million yen)



Measures for Improving Operating Profit

- FY2018 results: -13.7 billion yen ¥ FY2021 plan: 6.5 billion yen



- Reduction of large loss (provision loss for M-9 contract and several domestic contract)
- Sales increases (start of R211 contract for New York City Transit , improvement of contract price, etc.)
- Creating opportunities of profit of new businesses (track monitoring, etc.)

Overall company policy (medium/long-term)

1. Growth strategy toward FY2030, assuming business reconstruction is complete

- Develop and expand sales of high-speed trains and high value-added products utilizing the technological capabilities of a general heavy industry. (FY2017-2019) (FY2020-2022)

2. Business model innovation

Kawasaki working as one for the good of the planet

“Global Kawasaki”

Figures recorded in the business forecasts are forecasts that reflect the judgment of the Company based on the information available at the time of release and include risks and uncertainties. Accordingly, the Company cautions investors not to make investment decisions solely on the basis of these forecasts.

Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations.