

Financial Results for Third Quarter FY2015 (for the year ending March 31, 2016)

January 28, 2016



Table of Contents

I. Consolidated Results for Third Quarter FY2015

Summary of Financial Results	3
Financial Results by Segment	4
Summary of Income Statement	5
Financial Results by Segment	
Ship & Offshore Structure	6
Rolling Stock	7
Aerospace	8
Gas Turbine & Machinery	9
Plant & Infrastructure	10
Motorcycle & Engine	11
Precision Machinery	12
Summary of Balance Sheet	13
Summary of Cash Flows	14

II H Forecast for FY2015

Consolidated Operating Performance	15
Forecast by Segment	16
Before-tax ROIC by Segment	17
R&D/CAPEX/Number of Employees	18
<Appendix> Historical Data	19

Summary of Financial Results

(Billion Yen)

vs. FY2014.3Q

< Orders Received >

Orders Received was on par with the previous same period due to decrease in Ship & Offshore Structure and other segments and assignment of Construction Machinery business despite of increase in Gas Turbine & Machinery and other segments

< Net Sales >

Increased due to increase in mainly Aerospace, Rolling Stock and Plant & Infrastructure segments

< Profits >

GR increased in operating income and recurring profit due to increased profit in Aerospace, Gas Turbine & Machinery and other segments, but net income attributable to owners of parent decreased due to recognizing losses on a joint shipbuilding venture in Brazil as losses on overseas business under extraordinary losses

GR Regarding the joint shipbuilding venture in Brazil, KHI recognized 2.8 billion yen in non-operating expenses as losses on valuation of investments in and loans receivable from Enseada, and 19.2 billion yen in extraordinary losses as setting of allowance for doubtful receivables on trade receivables from Enseada and losses on valuation of inventories (work in process) destined for Enseada for third quarter FY2015

Financial Results by Segment

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FY2014 3Q	FY2015 3Q	Change	FY2014 3Q	FY2015 3Q	Change	FY2014 3Q	FY2015 3Q	Change
Ship & Offshore Structure	140.7	92.7	-48.0	64.8	72.9	+8.1	3.3	-2.5	-5.9
Rolling Stock	102.4	87.4	-15.0	87.8	104.5	+16.7	4.3	7.7	+3.3
Aerospace	194.9	184.9	-9.9	229.3	250.5	+21.2	30.1	35.6	+5.4
Gas Turbine & Machinery	144.3	212.7	+68.4	149.7	159.1	+9.4	7.1	11.1	+4.0
Plant & Infrastructure	81.4	100.2	+18.7	72.2	83.2	+11.0	2.2	3.6	+1.3
Motorcycle & Engine	212.9	218.8	+5.9	212.9	218.8	+5.9	4.1	4.3	+0.2
Precision Machinery	96.5	95.0	-1.4	95.3	94.0	-1.2	7.9	5.3	-2.5
Others	106.0	83.2	-22.7	104.0	82.0	-21.9	2.8	2.1	-0.6
Eliminations and corporate ^d	-	-	-	-	-	-	-1.8	-0.6	+1.1
Total	1,079.4	1,075.3	-4.1	1,016.4	1,065.5	+49.1	60.3	66.8	+6.4

^d "Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment f

or internal reporting

Ship & Offshore Structure

Main Products HLNG carriers, LPG carriers, Offshore structures , VLCCs, Bulk carriers, Submarines

FY2015.3Q

(vs. FY2014.3Q)

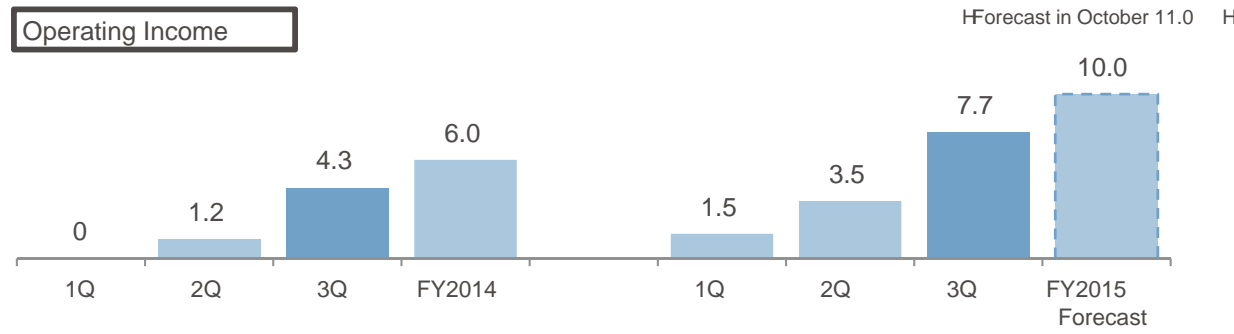
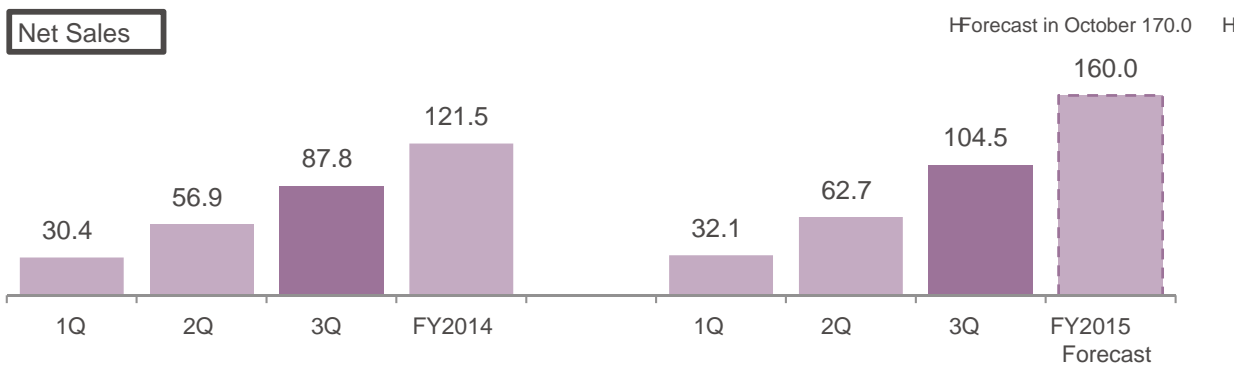
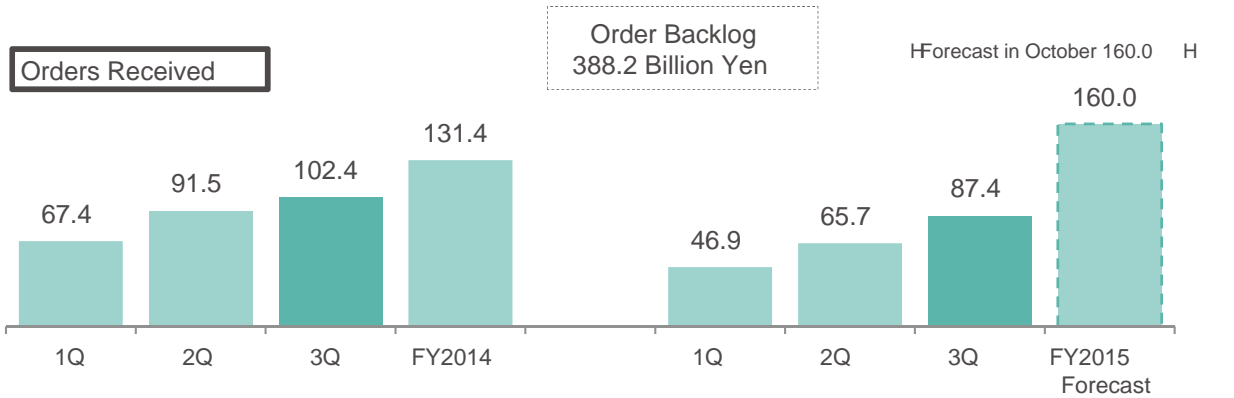
HBillion Yen / In accumulated amount H

Orders Received: Decreased compared to the

Rolling Stock

Main Products : Electric train cars (incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Bogies, Gigacell® (High-Capacity, Full Sealed Ni-MH Battery)

HBillion Yen / In accumulated amount H



FY2015.3Q
(vs. FY2014.3Q)

Orders Received: Decreased compared to the previous same period where orders for a large-scale overseas project was received

Net Sales: Increased due to sales increase in overseas markets including Singapore and Taiwan, despite sales decrease in domestic market

Operating Income: Increased due to sales increase and other factors

FY2015 Forecast
(vs. Forecast in October)

Orders Received: No Change

Net Sales: Revised down due to deferral in some projects and other factors

Operating Income: Revised down due to the effect of downward revision of net sales forecast

	FY2014 Actual	FY2015 Forecast	
		In October	In January
Before-tax ROIC	8.7%	12.5%	10.9%

Aerospace

Main Products : Aircrafts for Japan Ministry of Defense, Component parts for commercial aircrafts, Commercial helicopters, Missiles, Space equipment

¥Billion Yen / In accumulated amount H

FY2015.3Q

(vs. FY2014.3Q)

Orders Received: Decreased due to decrease in orders received for the Japan Ministry of Defense (MOD)

Net Sales: Increased due to increase in sales to the MOD, continued high level of sales for component parts for commercial aircrafts and the effect of the depreciation of the yen and other factors

Operating Income: Increased due to sales increase and other factors

FY2015 Forecast

(vs. Forecast in October)

Gas Turbine & Machinery

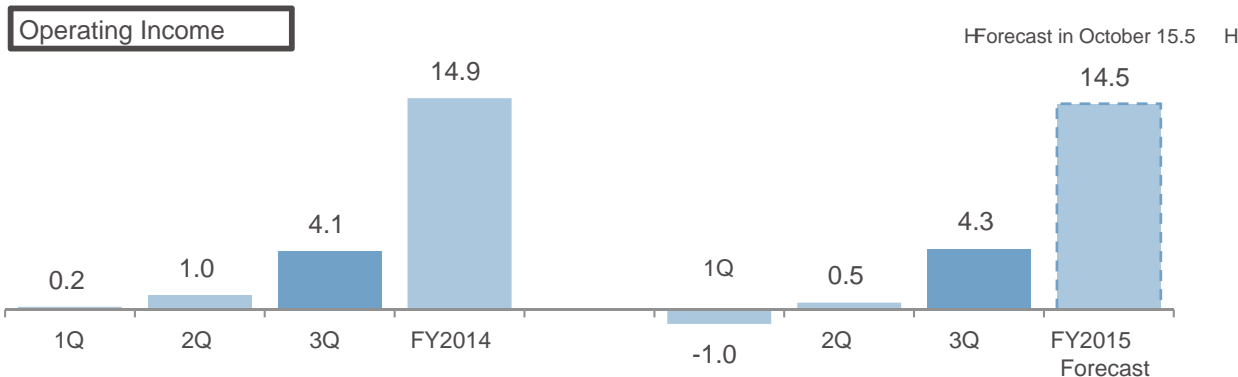
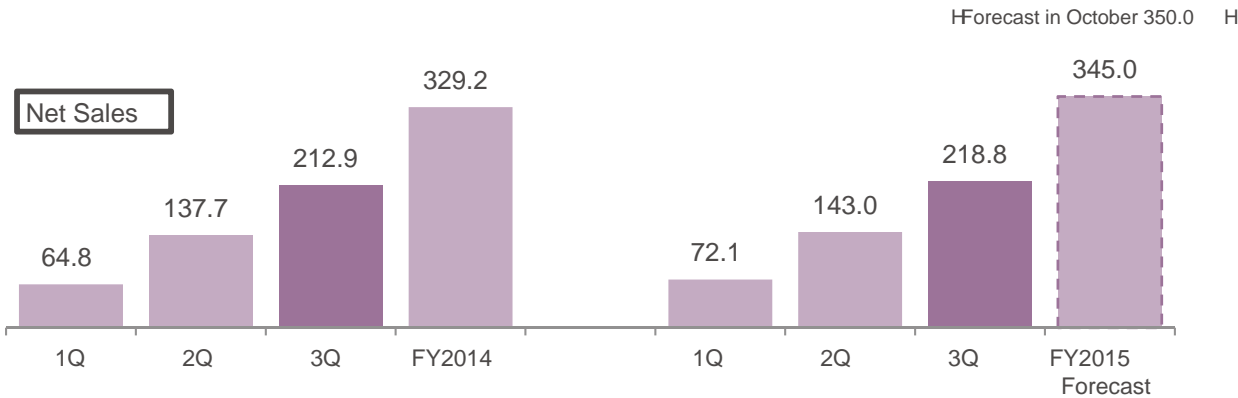
Main Products : Jet engines, Gas turbine co-generation system, Ga



Motorcycle & Engine

Main Products: Motorcycles, Utility Vehicles, All-Terrain Vehicles(ATVs), Personal Watercraft, General-purpose Gasoline Engines

HBillion Yen / In accumulated amount H



FY2015.3Q
(vs. FY2014.3Q)

Net Sales: Increased due to sales increase in motorcycles and utility vehicles for developed countries, despite decrease in motorcycles for emerging markets mainly Indonesia

Operating Income: Increased due to sales increase and other factors

FY2015 Forecast
(vs. Forecast in October)

Net Sales: Revised down due to the effect of revision of assumed exchange rate, sales decrease resulting from severe competition in emerging and other markets and other factors

Operating Income: Revised down due to the effect of revision of assumed exchange rate, downward revision of net sales forecast and other factors

H Wholesales by Geographic Area for Consumer Products H (Thousands of units / Billion Yen)

	FY2014.3Q		FY2014		FY2015.3Q		FY2015 Forecast	
	Unit	Amount	Unit	Amount	Unit	Amount	Unit	Amount
Domestic	12	10.0	15	13.2	12	10.3	16	12.9
North America (incl. Canada)	60(28)	56.8	100(49)	97.0	66(32)	68.4	101(49)	108.4
Europe	31	29.6	57	50.1	37	32.2	60	52.3
Emerging Countries & Others	294	85.2	409	122.1	230	74.0	348	115.2
Total	397	181.6	581	282.4	345	184.9	525	288.8

Note: 1) Sales units and amount include the following products.

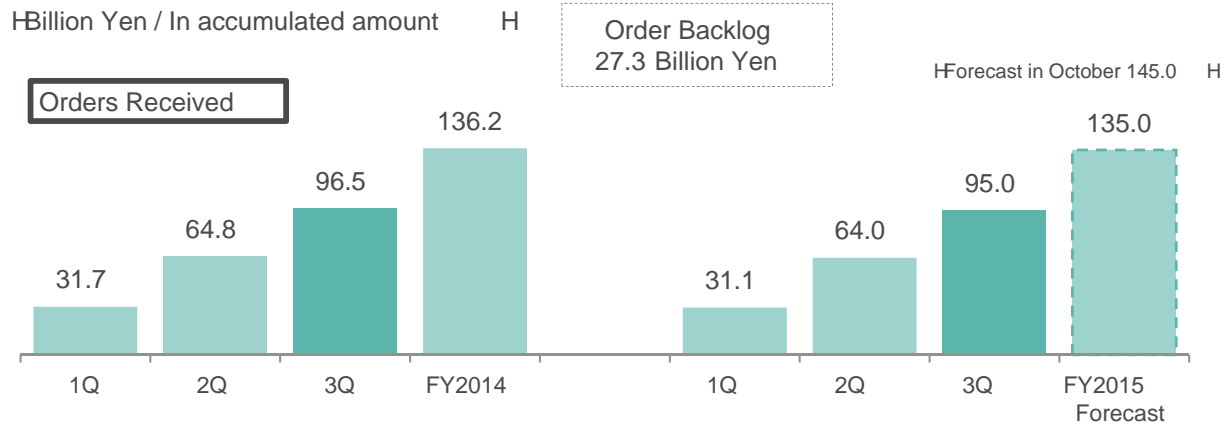
Units: Motorcycles, Utility Vehicles, All-Terrain Vehicles(ATVs) and Personal Watercraft(Jet Ski)
Amount: The products mentioned above and parts for those products.

2) Figures in the parenthesis () represent motorcycle sales units.

	FY2014 Actual	FY2015 Forecast	
		In October	In January
Before-tax ROIC	7.3%	13.6%	13.3%

Precision Machinery

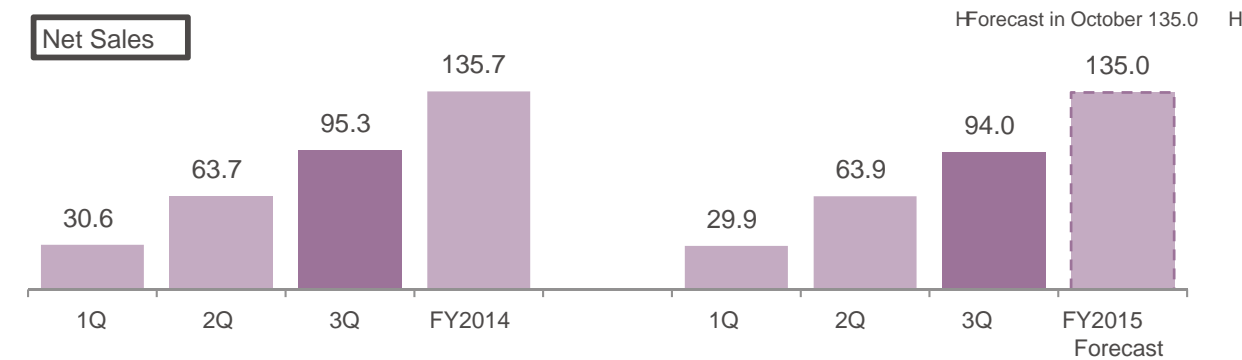
Main Products H Hydraulic components for construction machineries, Hydraulic components and systems for industrial machines, Marine application machines, Deck cranes and other marine deck equipment, Industrial robots, Medical and pharmaceutical robot



FY2015.3Q
(vs. FY2014.3Q)

Orders Received & Net Sales: Remained the same as the previous same period due to decrease in hydraulic components and other factors despite increase in various industrial robots

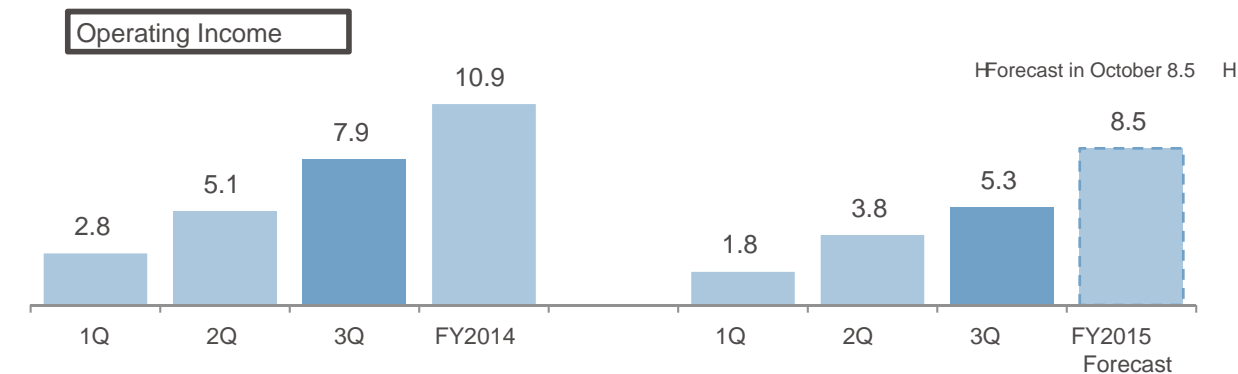
Operating Income: Decreased due to sales decrease in hydraulic components, decrease in profitability and other factors



FY2015 Forecast
(vs. Forecast in October)

Orders Received: Revised down due to decrease in hydraulic components for construction machinery for emerging and other countries

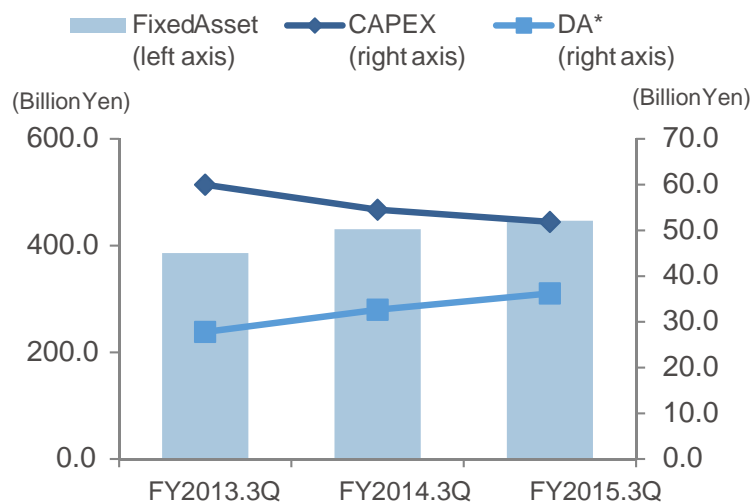
Net Sales & Operating Income: No change



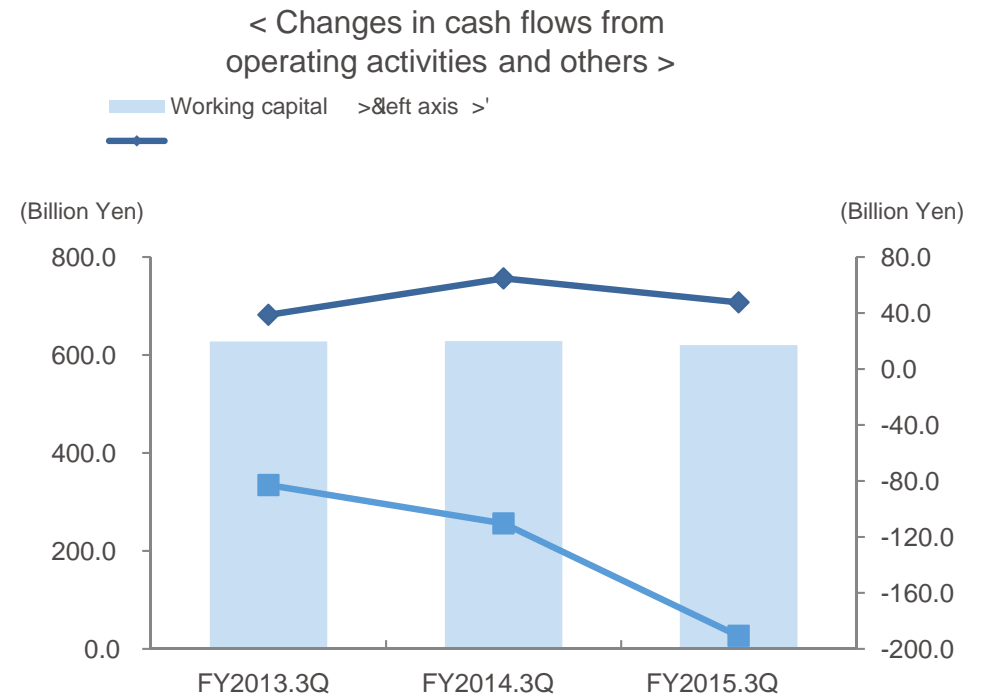
	FY2014 Actual	FY2015 Forecast	
		In October	In January
Before-tax ROIC	16.7%	10.8%	9.4%

	End of Mar. 2015	End of Dec. 2015	Change
Cash on hand and in banks	51.6	44.4	-7.1
Trade receivables	421.8	476.5	+54.6
Inventories	498.6	558.0	+59.4
Total fixed assets	436.9	446.6	+9.6
Other assets	253.1	286.5	+33.4
Total assets	1,662.2	1,812.3	+150.0

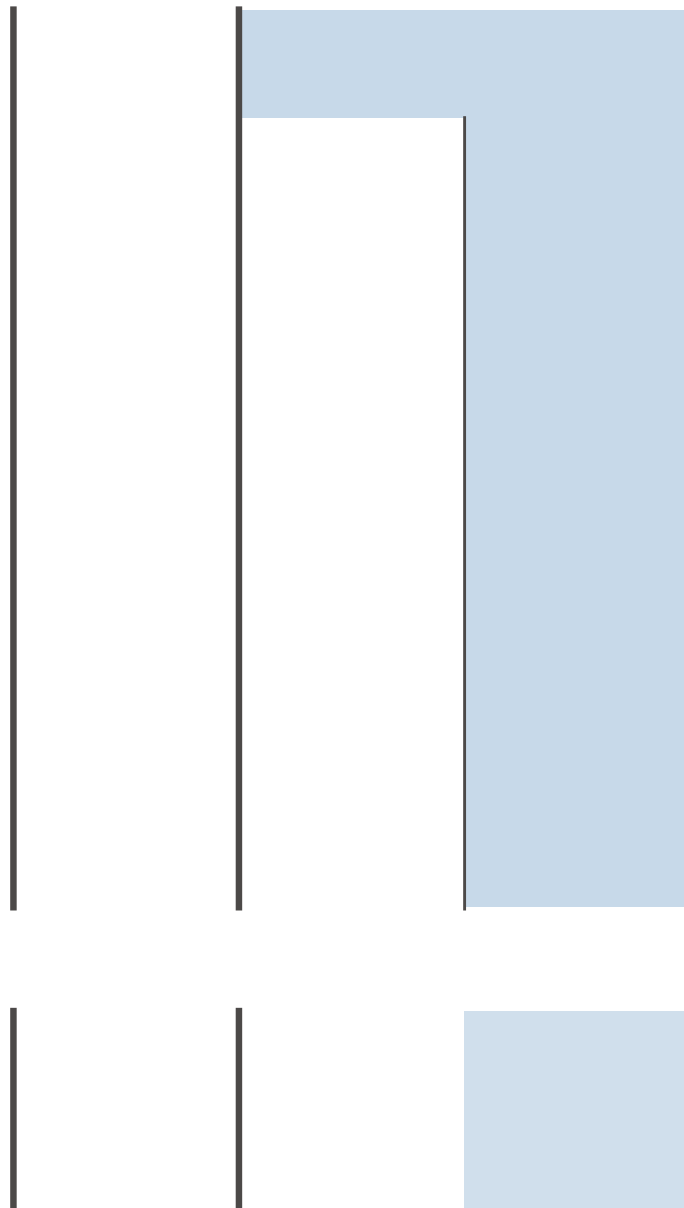
< Changes in CAPEX and others >



Summary of Cash Flows



Consolidated Operating Performance



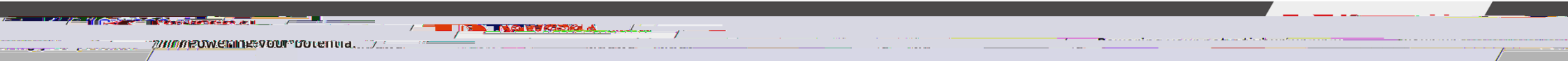
Forecast by Segment

(Billion Yen)

	Orders Received			Net Sales			Operating Income		
	FY2014 Actual	FY2015 Forecast		FY2014 Actual	FY2015 Forecast		FY2014 Actual	FY2015 Forecast	
		In October	In January		In October	In January		In October	In January
Ship & Offshore Structure	179.2	120.0	95.0	90.3	100.0	100.0	2.6	-3.0	-5.5
Rolling Stock	131.4	160.0	160.0	121.5	170.0	160.0	6.0	11.0	10.0
Aerospace	357.0	440.0	440.0	325.0	360.0	355.0	36.3	44.0	44.0
Gas Turbine & Machinery	235.7	270.0	270.0	218.7	250.0	235.0	11.2	16.0	15.0
Plant & Infrastructure	203.4	110.0	120.0	121.1	125.0	130.0	6.5	6.0	7.0
Motorcycle & Engine	329.2	350.0	345.0	329.2	350.0	345.0	14.9	15.5	14.5
Precision Machinery	136.2	145.0	135.0	135.7	135.0	135.0	10.9	8.5	8.5
Others	140.5	105.0	105.0	144.2	120.0	110.0	3.9	3.0	2.5
Eliminations and corporate d	-	-	-	-	-	-	-5.4	-5.0	-5.0
Total	1,712.9	1,700.0	1,670.0	1,486.1	1,610.0	1,570.0	87.2	96.0	91.0

d: "Eliminations and corporate" includes some expenses incurred at Head Office which are not allocated to each industry segment

for internal reporting



R&D/CAPEX/Number of Employees

* No changes in the forecast for FY2015 from October 29, 2015.

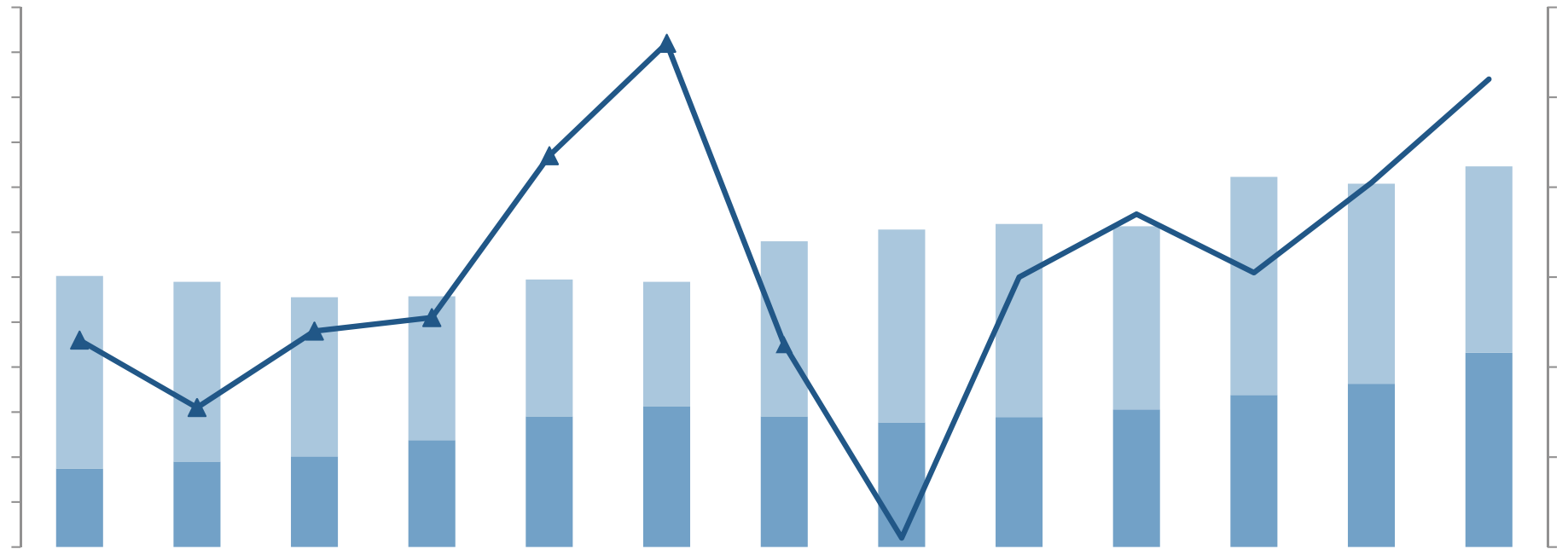
(Billion Yen / Persons)

	FY2014 Actual	FY2015 Forecast	Change
R&D Expenses	41.6	46.0	+4.4
CAPEX (Construction Base)	80.0	92.0	+12.0
Depreciation & Amortization	44.5	52.0	+7.5
Domestic	26,019	26,200	+181
Overseas	9,452	9,100	-352
Number of Employees	35,471	35,300	-171

>CAPEX represent the total of newly recorded property, plant and equipment and newly recorded intangible assets.

Depreciation & amortization represents depreciation/amortization expenses for property, plant and equipment and intangible assets.

Historical Data



Kawasaki,

working hard for the good of the planet

環境を大切にする