

Financial Results for First Quarter FY2016 (for the year ended March 31, 2017)

July 29, 2016



 **Kawasaki**

Power

Table of Contents

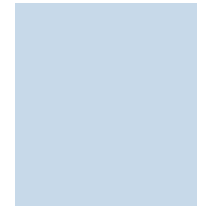
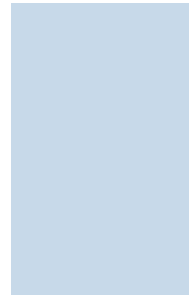
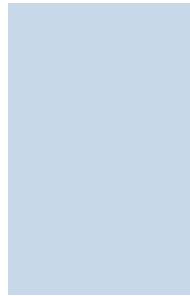
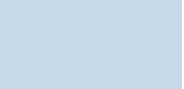
I. Consolidated Results for First Quarter FY2016

— 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 Forecast for FY2016

— Consolidated Operating Performance	15
— Forecast by Segment	16
— Before-tax ROIC by Segment	17
— R&D/CAPEX/Number of Employees	18
Appendix	
Status of offshore service vessels business	19
Historical Data	21

Summary of Financial Results



Summary of Income Statement

(Billion Yen)

			FY2015.1Q	FY2016.1Q
< Operating Income >	+	1.1	(14.8	Æ 15.9)
Net sales	-	0.1	(340.0	Æ 339.8)
Cost of sales	-	1.0	(281.2	Æ 280.2)
Selling, general & administrative expenses	-	0.2	(43.9	Æ 43.7)
- Salaries and benefits	-	0.3	(12.4	Æ 12.0)
- R&D expenses	+	0.7	(8.6	Æ 9.4)
< Non-operating Income/Expenses >	-	10.7	(0.5	Æ -10.2)
Net Interest expense (incl. dividend income)	+	0.1	(-0.5	Æ -0.4)
Equity in income of unconsolidated subsidiaries and affiliates	+	0.6	(0.2	Æ 0.9)
Gain and loss on foreign exchange	-	11.1	(-0.2	Æ -11.3)
Others	-	0.4	(1.1	Æ 0.6)
< Extraordinary Income/Losses >	+	2.2	(-	Æ 2.2)
Gain on sales of fixed assets	+	2.2	(-	Æ 2.2)

Ship & Offshore Structure

Main Products LNG carriers, LPG carriers, Offshore structures , Bulk carriers, Submarines

FY2016.1Q

(vs. FY2015.1Q)

Billion Yen / In accumulated amount

Orders Received: Decreased due to decrease in demand for newly built ships

Net Sales: Increased due to increase in amount of shipbuilding of LNG carriers, LPG carriers and submarines

Rolling Stock

Billion Yen / In accumulated amount

FY2016.1Q

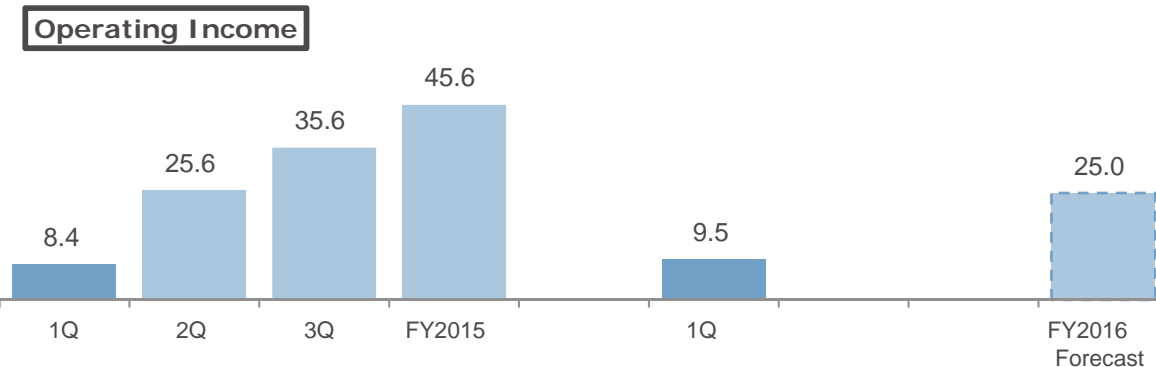
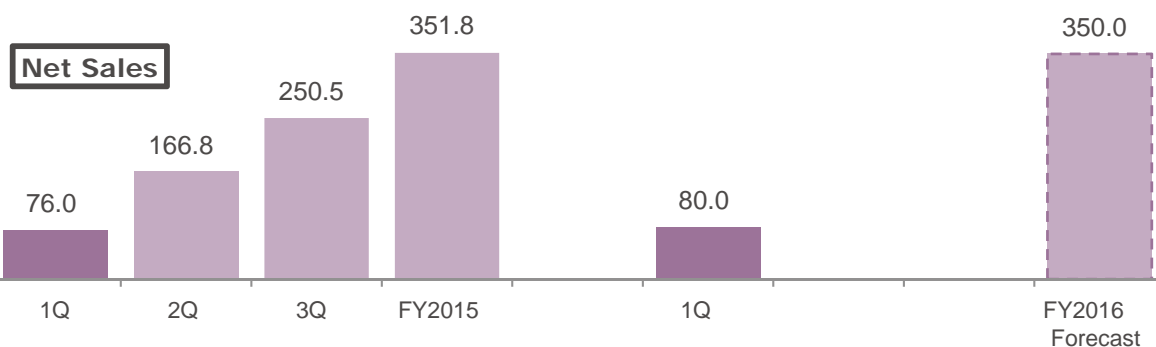
(vs. FY2015.1Q)

Orders Received: Decreased compared to the previous same period where a large-scale order

Aerospace

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

Billion Yen / In accumulated amount



FY2016.1Q

(vs. FY2015.1Q)

Orders Received: Decreased due to the effect of the appreciation of the yen, decrease in component parts for commercial aircrafts and other factors

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

Operating Income: Increased due to sales increase and other factors

FY2016 Forecast

(vs. FY2015)

Orders Received: Expected to decrease due to decrease in orders received for the MOD

Net Sales: Expected to remain at the same level as the previous fiscal year due to decrease in component parts for commercial aircrafts and the effect of the appreciation of the yen, despite increase in sales to the MOD

Operating Income: Expected to decrease due to the effect of the appreciation of the yen and decrease in profitability of the component parts for commercial aircrafts

Gas Turbine & Machinery

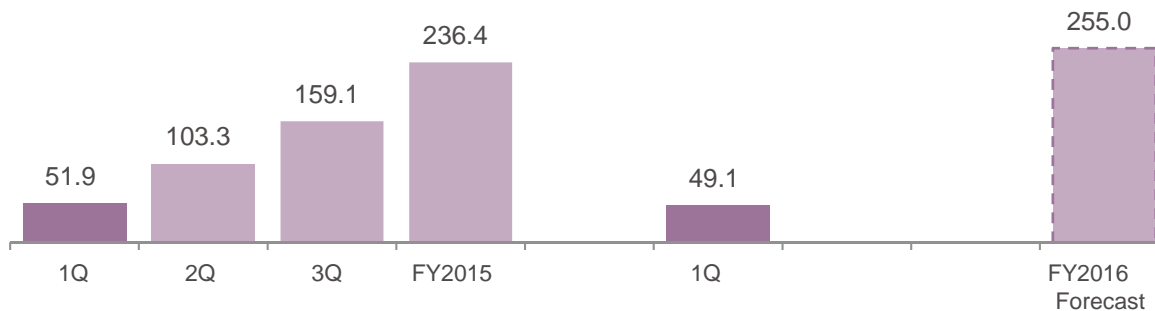
Main Products : Jet engines, Gas turbine co-generation system, Gas turbine
Marine propulsion system, Aero-dynamic machinery

s engines, Diesel engines, Gas turbines & steam turbines for marine & land,

FY2016.1Q

(vs. FY2015.1Q)

Billion Yen / In accumulated amount



Orders Received: Increased due to increase in orders received for gas engines for domestic market and other factors

Net Sales: Decreased due to decrease in sales to the MOD, the effect of the appreciation of the yen and other factors, despite increase in component parts of commercial aircraft jet engines

Operating Income: Decreased due to sales decrease

FY2016 Forecast

(vs. FY2015)

Orders Received: Expected to decrease due to decrease in component parts of commercial aircraft jet engines compared to the previous fiscal year where there were concentrated orders received for commercial aircraft jet engines, and decrease in marine machineries and other factors

Net Sales: Expected to increase due to increase in component parts of commercial aircraft jet engines, gas engines and other factors

Operating Income: Expected to decrease due to the effect of the appreciation of the yen, increase in allocation of non-recurring cost for new commercial aircraft jet engines projects and other factors, despite increase due to sales increase

Motorcycle & Engine

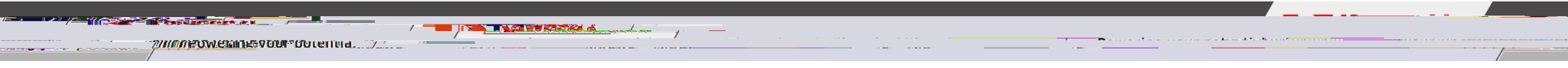
Main Products: Motorcycles, Utility Vehicles, All-Terrain Vehicle

Precision Machinery

Main Products 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

Billion Yen / In accumulated amount

FY2016.1Q



Summary of Cash Flows

	(Billion Yen)		
	FY2015 1Q	FY2016 1Q	Change
Cash flows from operating activities	-67.4	-70.3	-2.8
Cash flows from investing activities	-20.8	-13.0	+7.8
Free Cash Flows	-88.2	-83.3	+4.9
Cash flows from financing activities	84.3	78.4	-5.9

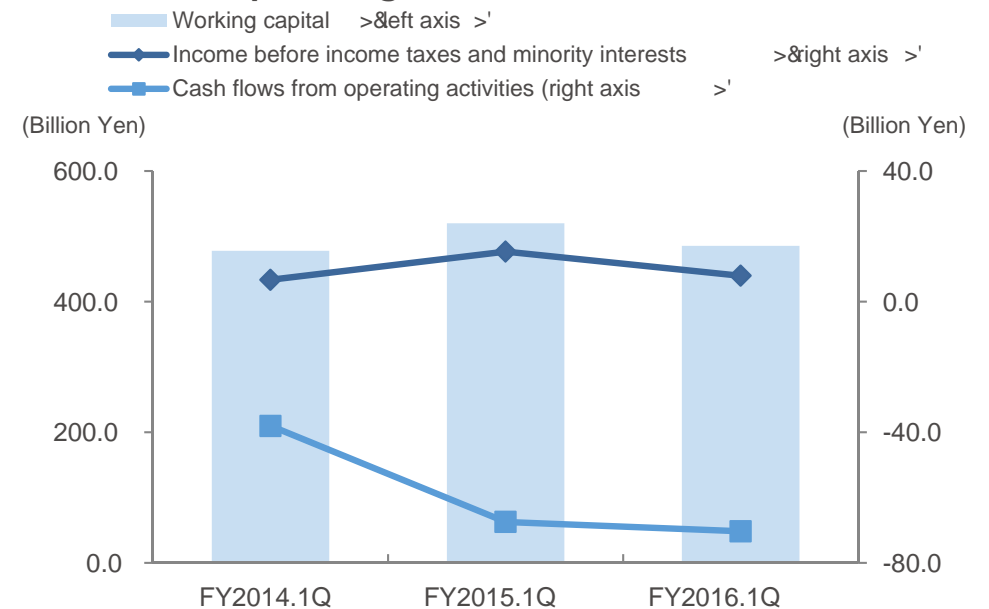
Overview of Cash Flows (vs. FY2015.1Q)

Cash flows from operating activities decreased due to increase in working capital in Aerospace segment and Gas Turbine & Machinery segments and other factors.

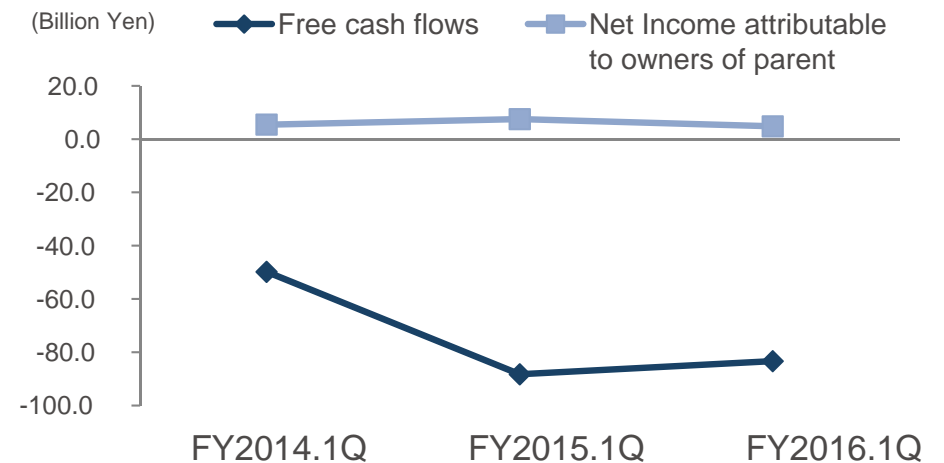
Cash outflows from investing activities decreased due to decrease in expenditures for CAPEX, income from sale of fixed assets and other factors.

Given the above mentioned changes, free cash flows increased compared to the previous same period.

Changes in cash flows from operating activities and others



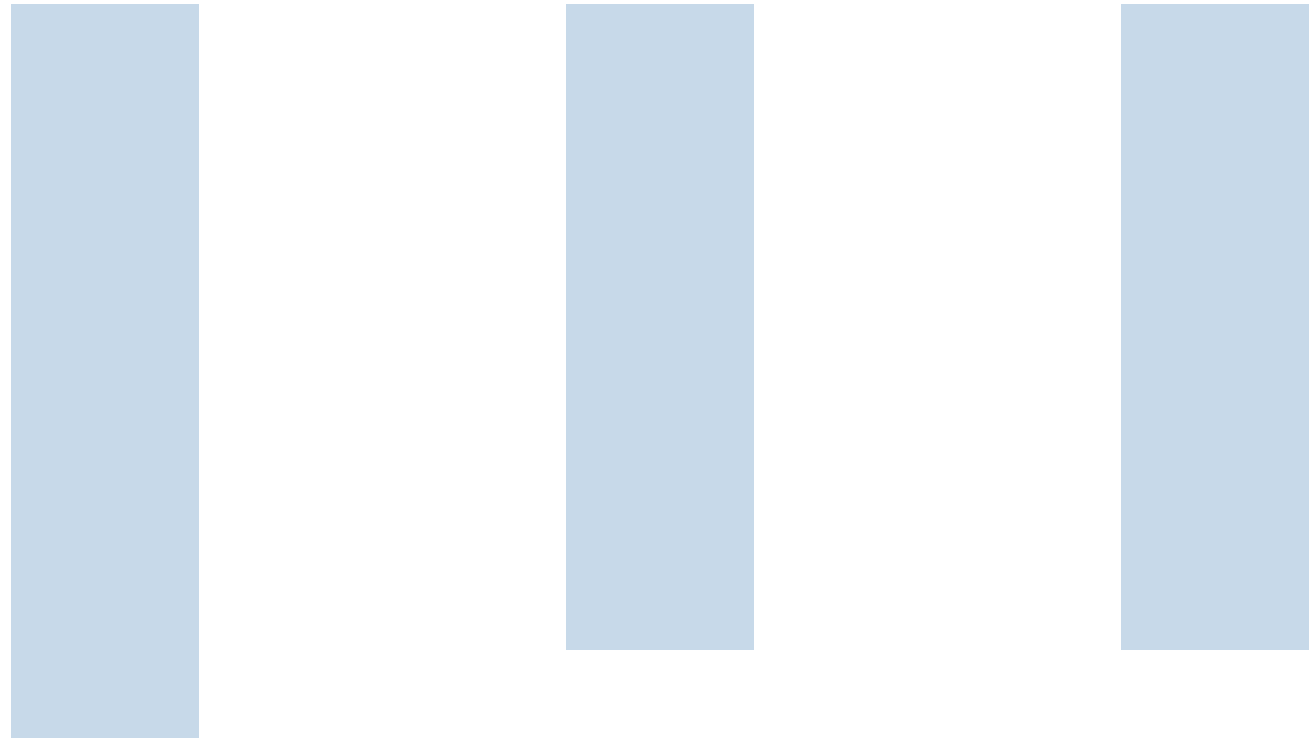
Changes in free cash flows and net income attributable to owners of parent



Consolidated Operating Performance

	FY2015 Actual	FY2016	

Forecast by Segment



Before-tax ROIC by Segment

	Before-tax ROIC		

