Financial Results for Second Quarter FY2017
(for the year ending March 31, 2018)

October. 27, 2017

Kawasaki Heavy Industries, Ltd.

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Summary of Income Statement

(Billion Yen)

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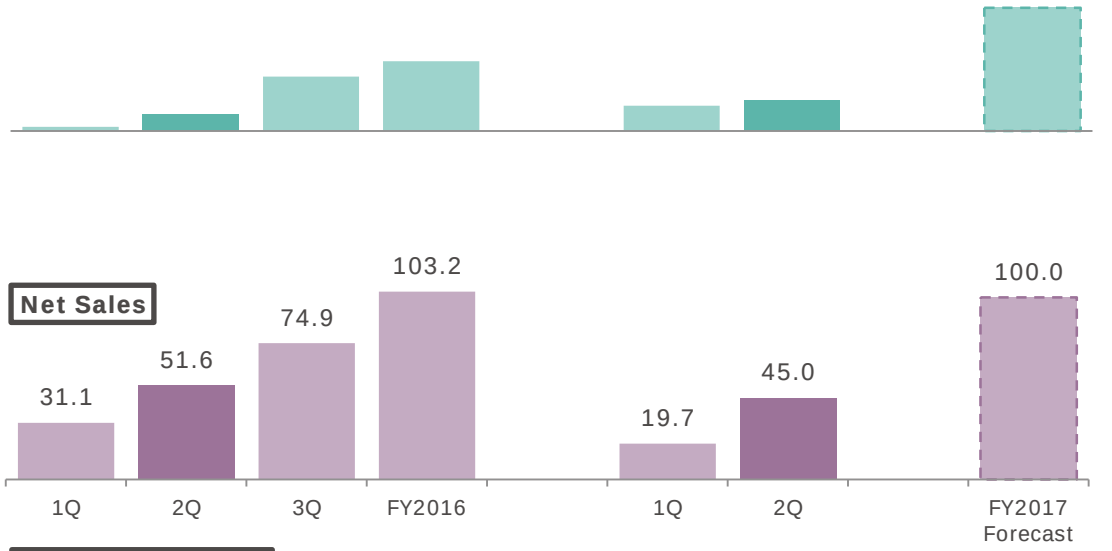

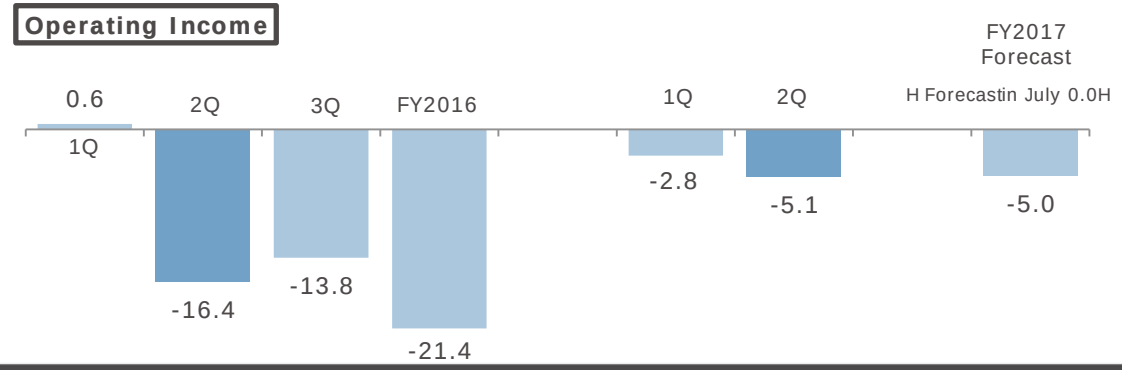

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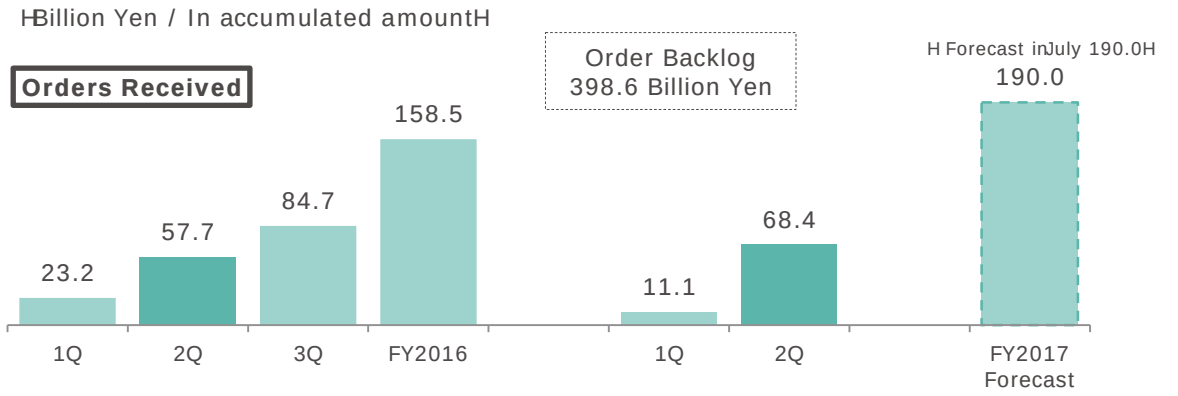
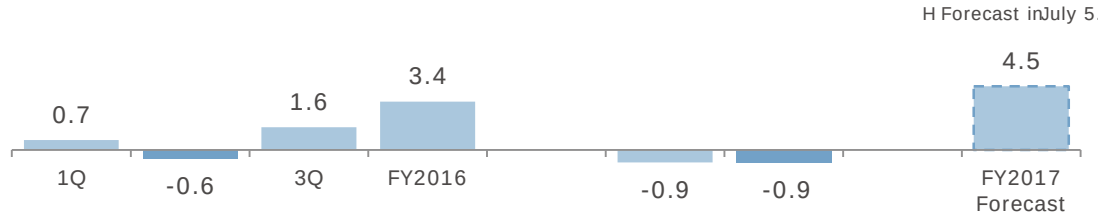
Rolling Stock

Main Products : Electric train cars (incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Bogies





FY2017.2Q

(vs. FY2016.2Q)

Orders Received: Increased due to orders received for MRT System in Bangladesh

Net Sales: Remained the same level as the previous same period, due to increase in domestic market and other factors, despite decrease in Asia including Singapore

Operating Income: Deteriorated due to decrease of profitable projects, and other factors

FY2017 Forecast

(vs. Forecast in July)

Orders Received, Net Sales & Operating Income : No Change

Operating Income: Revised down due to revision of cost in some projects

	FY2015 Actual	FY2016 Actual	FY2017 Forecast	
			In July	In October
Before-tax ROIC	11.7%	3.0%	6.9%	5.2%

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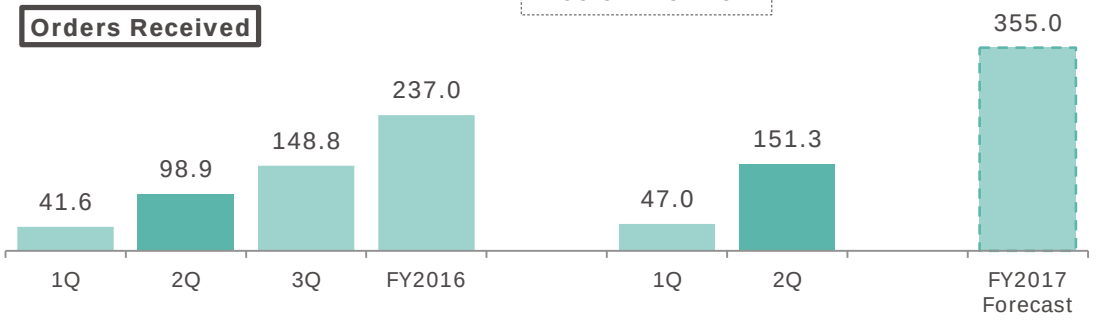
Aerospace

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

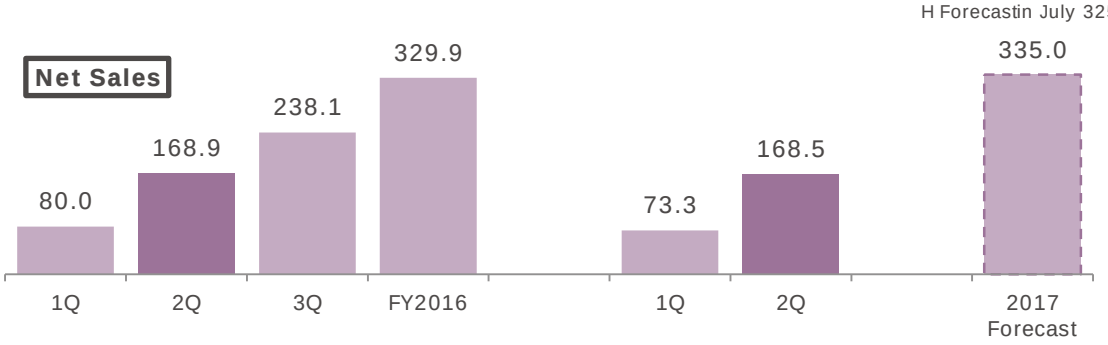
H Billion Yen / In accumulated amount H

Order Backlog
490.0 Billion Yen

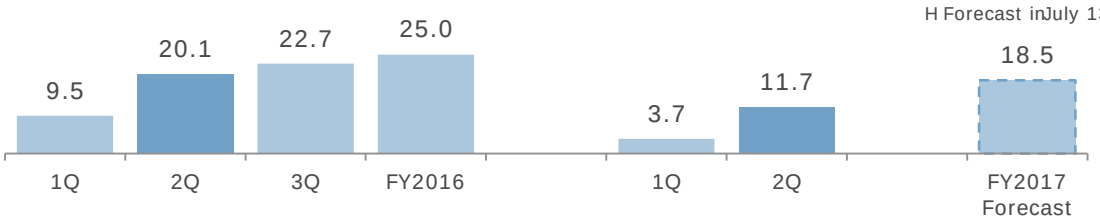
Orders Received



Net Sales



Operating Income



FY2017.2Q

(vs. FY2016.2Q)

Orders Received: Increased due to increase in orders received for Ministry of Defense H MOD H , and other factors

Net Sales: Remained the same level as the previous same period, due to increase in sales to the MOD and other factors, despite decrease in component parts for commercial aircrafts

Operating Income: Decreased due decrease in profitability of component parts for commercial aircrafts, and other factors

FY2017 Forecast

(vs. Forecast in July)

Orders Received, Net Sales & Operating Income : Revised up due to the effect of the depreciation of the yen, increase in component parts for commercial aircrafts, and other factors

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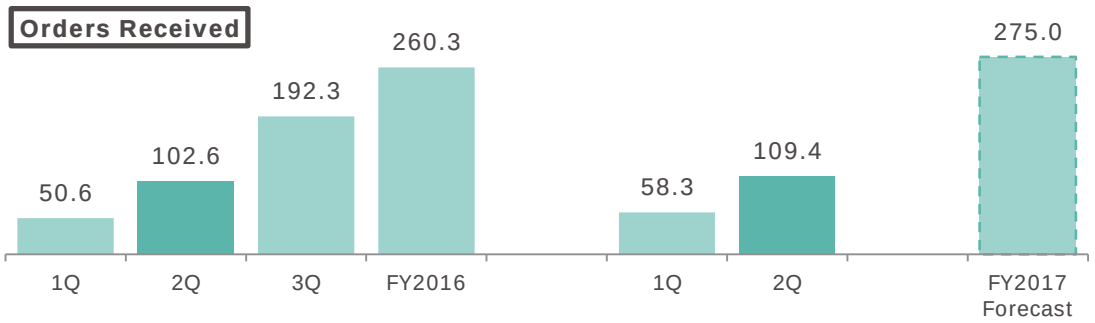
Gas Turbine & Machinery

Main Products : Jet engines, Gas turbine co-generation system, Gas engines, Diesel engines, Gas turbines & steam turbines for marine & land, Marine propulsion system, Aero-dynamic machinery

HBillion Yen / In accumulated amountH



FY2017.2Q

(vs. FY2016.2Q)

Orders Received: Increased due to increase in gas compression modules and other factors

Net

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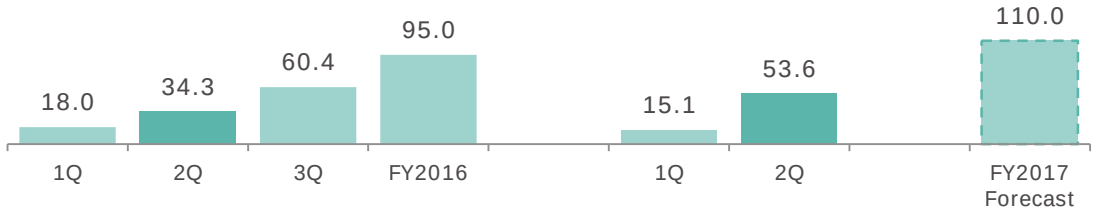
Plant & Infrastructure

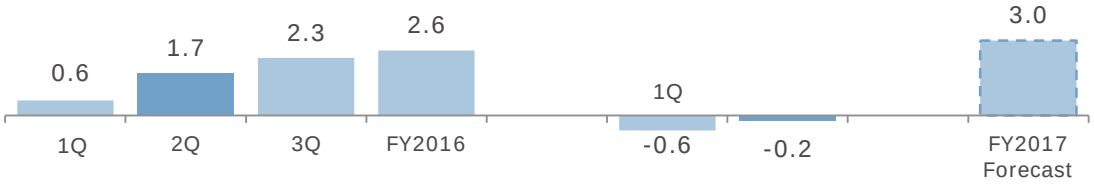
Main Products: Industrial plants (cement, fertilizer and others), Power plants, LNG tanks, Municipal refuse incineration plants, Tunnel boring machines, Crushing machines

HBillion Yen / In accumulated amountH

Orders Received



Operating Income



FY2017.2Q

(vs. FY2016.2Q)

Orders Received: Increased due to increase in Operation of Waste Treatment Facility, and other factors

Net Sales: Decreased due to decrease in construction works of a chemical plant for overseas market, and other factors

Operating Incomcts: In Inteasi(est)-7(n)-6(l)-2

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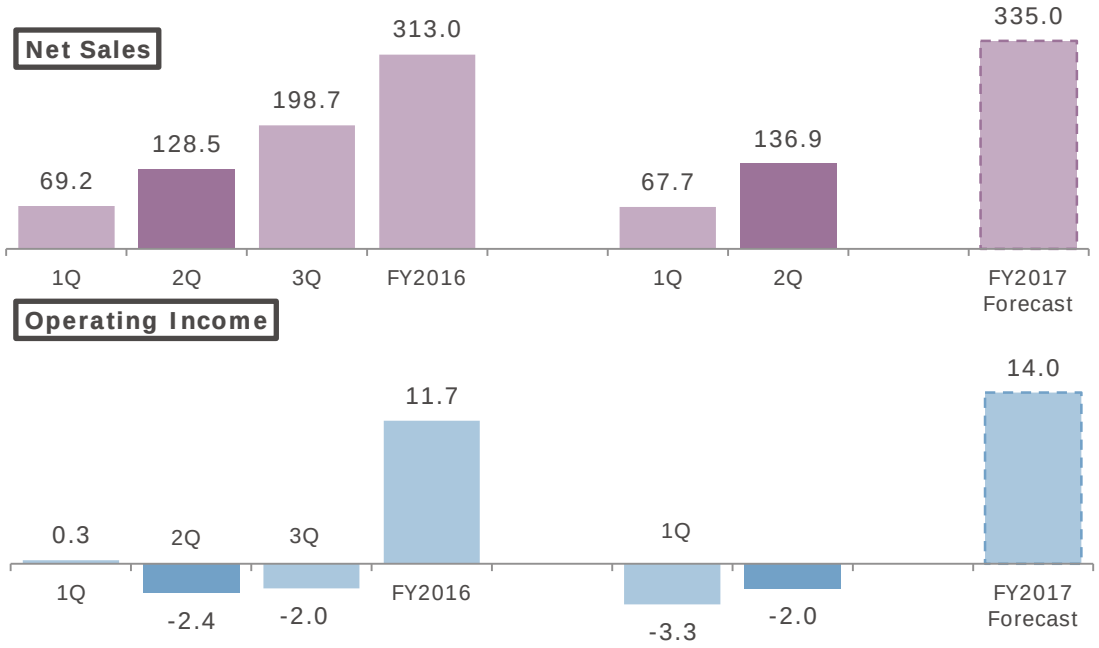
Motorcycle & Engine

Main Products: Motorcycles, Utility Vehicles, Al32C5 [(M)828QT 96(acn /TT2 1 Tf -0.453 0 Td [(.00216.6)-15 scn /T -0v0 T6<*B3 96(7(08 93e5.682 0/323 9



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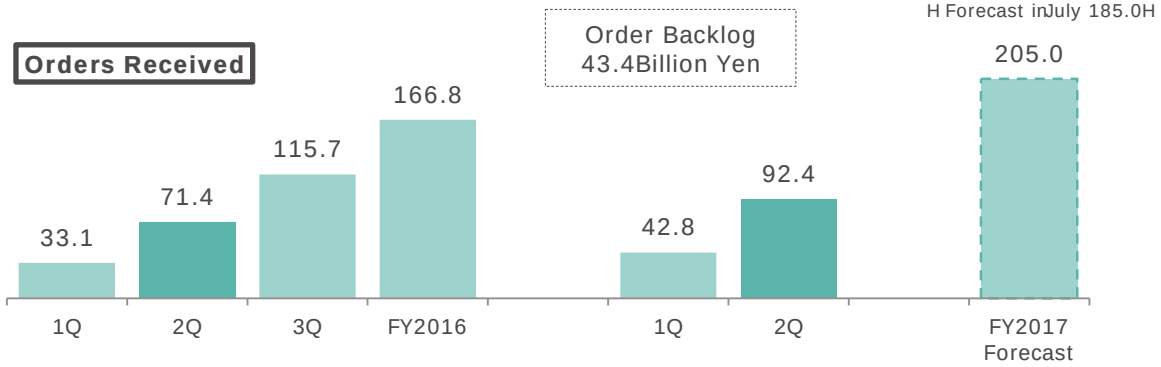
Precision Machinery

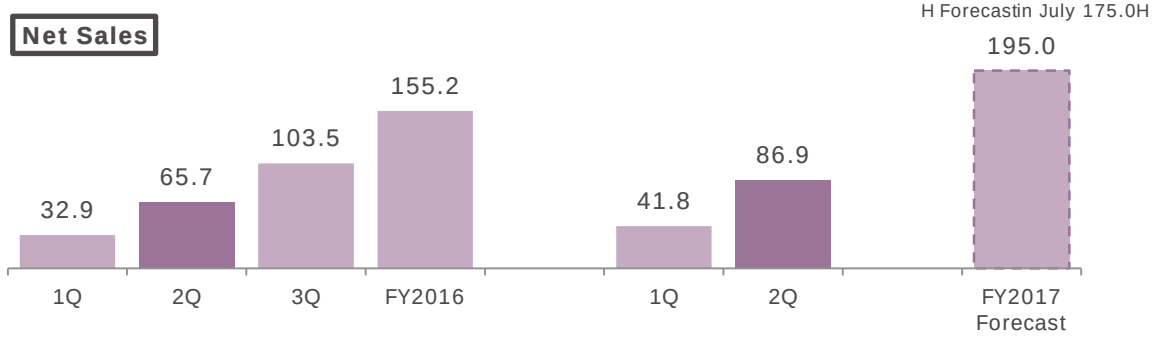
Main ProductsH Hydraulic components for construction machineries, Hydraulic components and systems for industrial machines, Marine application machines, Deck cranes and other marine deck equipment, Industrial robots, Medical and pharmaceutical robot

HBillion Yen / In accumulated amountH

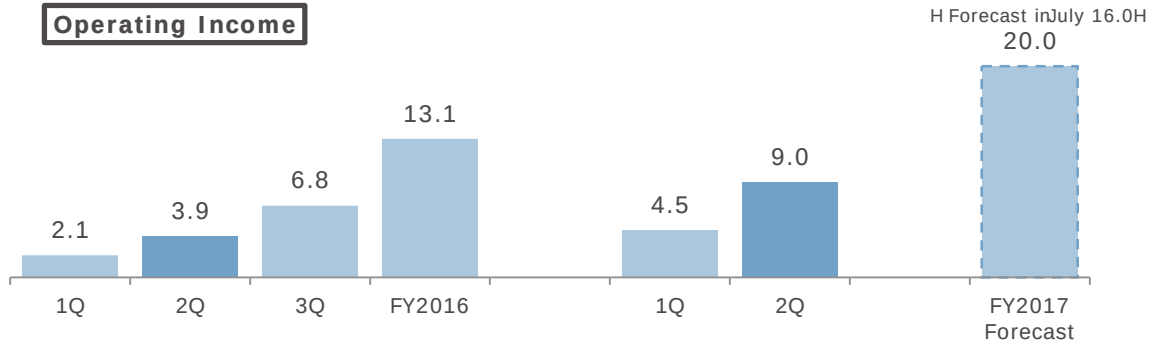
Orders Received



Net Sales



Operating Income



FY2017.2Q

(vs. FY2016.2Q)

Orders Received : Increased due to increase in hydraulic components for construction machinery

Net Sales : Increased due to increase in hydraulic components for construction machinery and various industrial robots, and other factors

Operating Income: Increased due to sales increase

FY2017 Forecast

(vs. Forecast in July)

Orders Received, Net Sales & Operating Income : Revised up due to increase in demand for hydraulic components for construction machinery in China

	FY2015 Actual	FY2016 Actual	FY2017 Forecast	
			In July	In October
Before-tax ROIC	9.5%	13.4%	15.8%	19.6%

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	End of Mar. 2017	**End of Oct. 2017**	Change
Cash on hand and in banks	55.3	**45.4**	-9.9
Trade receivables	444.6	**489.3**	+44.7
Inventories	484.8	**518.5**	+33.6
Total fixed assets	477.1	**490.6**	+13.4
Other assets	225.3	**251.4**	+26.0
Total assets	1,687.3	**1,795.3**	+108.0
Trade payables	342.0	**331.3**	-10.6
Interest-bearing debt	400.6	**559.4**	+158.7
Advances from customers	205.8	**165.6**	-40.2

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Consolidated Operating Performance

	FY2016 Actual	FY2017 Forecast		Change	
		In July	**In October**	vs. FY2016	vs. Forecast in July
Orders Received	1,348.7	1,560.0	**1,620.0**	+271.3	+60.0
Net Sales	1,518.8	1,555.0	**1,590.0**	+71.2	+35.0
Operating Income	45.9	58.0	**62.0**	+16.1	+4.0
Recurring Profit	36.6	51.5	**55.5**	+18.9	+4.0
Net Income Attributable to Owners of Parent *	26.2	36.0	**38.0**	+11.8	+2.0
Before-tax ROIC	5.0%	6.0%	**6.4%**	+1.4%	+0.4%
ROE	6.0%	8.0%	**8.4%**	+2.4%	+0.4%
Dividend per share	6.0yen	6.0yen	60.0yen Equivalent to 6.0 yen before consolidation of stocks		

Yen / US$	108.98	108	**110**
Yen / EUR	120.24	114	**130**

Reasons for the Revision

< Orders Received >

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Before-tax ROIC by Segment

	Before-tax ROIC (EBIT / Invested Capital)			Operating Income Margin (Operating Income / Net Sales)			Asset Turnover (Times) (Net Sales / Total Assets)		
	FY2016 Actual	FY2017 Forecast		FY2016 Actual	FY2017 Forecast		FY2016 Actual	FY2017 Forecast	
		In July	**In October**		In July	**In October**		In July	**In October**

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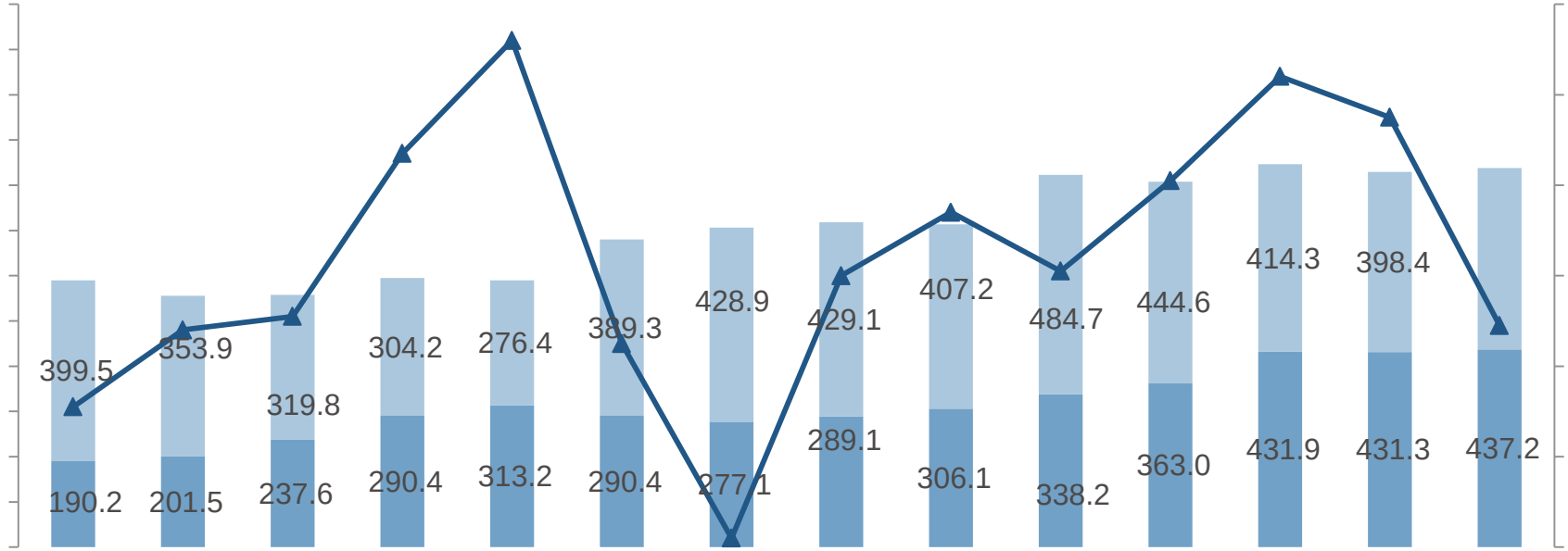
Historical Data



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