



KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

FLASH CONSOLIDATED FINANCIAL RESULTS

January 31, 2019

(Consolidated)

For nine months ended December 31, 2018 and 2017 and one year ended March 31, 2018

Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Net sales	\ 1,094,583	\ 1,092,369	\$ 9,869,110
Operating profit	36,849	44,644	332,242
Profit attributable to owners of parent	11,385	14,520	102,651
Earnings per share (Yen)	68.15	86.92	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Dec. 31, 2018	As of Dec. 31, 2017	As of Dec. 31, 2018
Total assets	\ 2,001,345	\ 1,785,028	\$ 18,044,766
Net assets	481,256	481,386	4,339,158
Number of shares issued and outstanding	167,046	167,047	
Equity Ratio	23.2%	26.1%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2018
Operating activities	\ (207,489)	\ (206,775)	\$ (1,870,787)
Investing activities	(67,409)	(66,461)	(607,781)
Financing activities	254,463	269,564	2,294,320
Cash and cash equivalents at end of period	43,259	44,148	390,037

Fiscal year forecast

	Millions of yen		
	Net sales	Operating profit	Profit attributable to owners of parent
One year ending March 31, 2019	\ 1,620,000	\ 66,000	\ 31,000

- Notes :
1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
 2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of 110.91=¥1, the rate prevailing as of December 28, 2018, solely for the convenience of the readers.
 3. As KHI carried out a share consolidation with a 10:1 ratio of common shares with an effective date of October 1, 2017, earnings per share has been calculated assuming that this share consolidation was effective as of October 1, 2017.

Consolidated Balance Sheets

As of December 31 and March 31, 2018

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	Dec. 31, 2018	Mar. 31, 2018	As of Dec. 31, 2018
Assets			
Current assets			
Cash and deposits	\ 50,161	\ 70,632	\$ 452,268
Notes and accounts receivable - trade	563,358	470,110	5,079,416
Merchandise and finished goods	89,216	62,385	804,400
Work in process	426,291	326,459	3,843,576
Raw materials and supplies	123,530	115,893	1,113,786
Other	86,450	72,542	779,461
Allowance for doubtful accounts	(3,636)	(2,247)	(32,783)
Total current assets	<u>1,335,372</u>	<u>1,115,776</u>	<u>12,040,141</u>
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	195,879	186,623	1,766,108
Other	287,487	293,173	2,592,075
Total property, plant and equipment	<u>483,367</u>	<u>479,797</u>	<u>4,358,191</u>
Intangible assets	16,241	16,178	146,434
Investments and other assets			
Other	169,826	176,961	1,531,205
Allowance for doubtful accounts	(3,462)	(3,685)	(31,214)
Total investments and other assets	<u>166,363</u>	<u>173,276</u>	<u>1,499,982</u>
Total non-current assets	<u>665,972</u>	<u>669,252</u>	<u>6,004,616</u>
Total assets	<u>2,001,345</u>	<u>1,785,028</u>	<u>18,044,766</u>
Liabilities			
Current liabilities			
Notes and accounts payable - trade	222,911	245,398	2,009,837
Electronically recorded obligations - operating	122,291	117,772	1,102,615
Short-term loans payable	232,777	108,978	2,098,792
Income taxes payable	4,720	6,042	42,557
Provision for bonuses	10,659	19,903	96,105
Provision for construction warranties	11,631	13,000	104,869
Provision for loss on construction contracts	20,190	18,258	182,039
Advances received	179,084	194,306	1,614,679
Other	254,217	145,737	2,292,102
Total current liabilities	<u>1,058,484</u>	<u>869,398</u>	<u>9,543,630</u>
Non-current liabilities			
Bonds payable	140,000	130,000	1,262,285
Long-term loans payable	177,312	185,685	1,598,702
Net defined benefit liability	90,185	86,836	813,137
Provision for the in-service issues of commercial aircraft jet engines	8,061		72,681
Other	46,044	31,721	415,147
Total non-current liabilities	<u>461,603</u>	<u>434,244</u>	<u>4,161,960</u>
Total liabilities	<u>1,520,088</u>	<u>1,303,642</u>	<u>13,705,599</u>
Net assets			
Shareholders' equity			
Capital stock	104,484	104,484	942,061
Capital surplus	54,542	54,573	491,768
Retained earnings	308,538	308,010	2,781,877
Treasury shares	(128)	(124)	(1,154)
Total shareholders' equity	<u>467,437</u>	<u>466,944</u>	<u>4,214,561</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,380	3,526	21,459
Deferred gains or losses on hedges	42	403	379
Foreign currency translation adjustment	(2,069)	719	(18,655)
Remeasurements of defined benefit plans	(3,175)	(5,532)	(28,627)
Total accumulated other comprehensive income	<u>(2,821)</u>	<u>(883)</u>	<u>(25,435)</u>
Non-controlling interests	16,641	15,324	150,041
Total net assets	<u>481,256</u>	<u>481,386</u>	<u>4,339,158</u>
Total liabilities and net assets	<u>2,001,345</u>	<u>1,785,028</u>	<u>18,044,766</u>

(Consolidated)

Consolidated Statements of Profit and Loss

For nine months ended December 31, 2018 and 2017

Net sales	\	1,094,583	\	1,092,369	\$	9,869,110
Cost of sales		910,113		904,289		8,205,870
Gross profit		184,469		188,079		1,663,231
Selling, general and administrative expenses						
Salaries and allowances		40,325		38,661		363,583
Research and development expenses		33,427		31,069		301,389
Other		73,867		73,704		666,008
Total selling, general and administrative expenses		147,620		143,435		1,330,989
Operating profit		36,849		44,644		332,242
Non-operating income						
Interest income		648		523		5,843
Dividend income		263		259		2,371
Share of profit of entities accounted for using						

Segment information
Information by reportable segment

Aerospace Systems	\	347,295	\	3,296	\	350,591	\	26,646
Energy System & Plant Engineering		165,205		13,093		178,298		2,538
Precision Machinery & Robot		136,349		10,802		147,152		14,793
Ship & Offshore Structure		69,977		2,173		72,151		(4,374)
Rolling Stock		99,829		99		99,929		2,383
Motorcycle & Engine		214,960		463		215,423		3,210
Other		58,750		29,062		87,812		2,364
Total		1,092,369		58,991		1,151,360		47,561
Eliminations and corporate		-		(58,991)		(58,991)		(2,916)
Consolidated total	\	1,092,396	\	-	\	1,092,369	\	44,644

Aerospace Systems	\	328,137	\	8,536	\	336,674	\	21,295
Energy System & Plant Engineering		168,844		14,285		183,129		4,534
Precision Machinery & Robot		154,282		11,777		166,059		14,942
Ship & Offshore Structure		63,066		2,665		65,732		2,803
Rolling Stock		86,088		16		86,105		(6,452)
Motorcycle & Engine		226,298		496		226,795		(33)
Other		67,865		29,035		96,900		2,456
Total		1,094,583		66,813		1,161,397		39,545
Eliminations and corporate		-		(66,813)		(66,813)		(2,696)
Consolidated total	\	1,094,583	\	-	\	1,094,583	\	36,849

Orders by reportable segment

For nine months ended December 31, 2018 and 2017

Orders :

Aerospace Systems