

KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES

FLASH CONSOLIDATED FINANCIAL RESULTS

For three months ended June 30, 2019 and 2018 and one year ended March 31, 2019

(Consolidated)

Operating results

Net sales	?	350,778	?	343,785	\$	3,255,480
Operating profit		1,088		7,103		10,097
Profit attributable to owners of parent		(8,249)		2,561		(76,557)
Earnings per share (Yen)		(49.38)		15.33		

Financial position

		Jun. 30, 2019		Jun. 30, 2018		Jun. 30, 2019
Total assets	?	1,911,544	?	1,838,855	\$	17,740,548
Net assets		474,712		492,261		4,405,680
Number of shares issued and outstanding		167,045		167,045		
Equity Ratio		24.0%		25.9%		

Cash flows

		Jun. 30, 2019		Jun. 30, 2018		Jun. 30, 2019
Operating activities	?	(163,712)	?	(74,195)	\$	(1,519,369)
Investing activities		(17,138)		(26,661)		(159,053)
Financing activities		150,583		89,264		1,397,522
Cash and cash equivalents at end of period		39,326		52,487		364,974

Fiscal year forecast

				Millions of yen		
		Net sales		Operating profit		Profit attributable to owners of parent
One year ending March 31, 2020	?	1,700,000	?	72,000	?	38,000

- 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 107.75=¥1, the rate prevailing as of June 28, 2019, solely for the convenience of the readers.

Consolidated Balance Sheets

As of June 30 and March 31, 2019

Assets						
Current assets						
Cash and deposits	?	74,311	?	44,433	\$	412,371
Notes and accounts receivable - trade		427,665		467,593		4,339,610
Merchandise and finished goods		68,176		73,968		686,478
Work in process		405,087		435,790		4,044,455
Raw materials and supplies		119,558		122,061		1,132,817
Other		45,333		64,639		599,898
Allowance for doubtful accounts		(3,792)		(3,577)		(33,197)
Total current assets		1,136,340		1,204,908		11,182,441
Non-current assets						
Property, plant and equipment						
Buildings and structures, net		194,939		192,775		1,789,095
Other		290,729		293,815		2,726,821
Total property, plant and equipment		485,669		486,591		4,515,926
Intangible assets		16,797		17,845		165,615
Investments and other assets						
Other		201,471		203,602		1,889,578
Allowance for doubtful accounts		(1,422)		(1,402)		(13,012)
Total investments and other assets		200,048		202,200		1,876,566
Total non-current assets		702,514		706,636		6,558,107
Total assets		1,838,855		1,911,544		17,740,548
Liabilities						
Current liabilities						
Notes and accounts payable - trade		247,191		210,560		1,954,153
Electronically recorded obligations - operating		123,083		127,350		1,181,903
Short-term borrowings		100,023		140,529		1,304,213
Income taxes payable		10,390		5,239		48,622
Provision for sales promotion expenses		497		5,198		48,241
Provision for bonuses		21,168		23,589		218,923
Provision for construction warranties		13,096		12,567		116,631
Provision for loss on construction contracts		27,609		29,766		276,251
Advances received		181,419		173,567		1,610,831
Other		139,800		229,234		2,127,462
Total current liabilities		864,280		957,604		8,887,276
Non-current liabilities						
Bonds payable		140,000		140,000		1,299,304
Long-term borrowings		187,568		187,086		1,736,297
Retirement benefit liability		97,602		97,027		900,483
Provision for the in service issues of commercial aircraft jet engines		11,468		10,333		95,898
Other		45,674		44,781		415,601
Total non-current liabilities		482,313		479,228		4,447,592
Total liabilities		1,346,593		1,436,832		13,334,868
Net assets						
Shareholders' equity						
Share capital		104,484		104,484		969,689
Capital surplus		54,542		54,542		506,190
Retained earnings		324,606		305,561		2,835,833
Treasury shares		(130)		(130)		(1,206)
Total shareholders' equity		483,502		464,457		4,310,506
Accumulated other comprehensive income						
Valuation difference on available-for-sale securities		2,682		2,654		24,631
Deferred gains or losses on hedges		(227)		426		3,954
Foreign currency translation adjustment		(4,556)		(4,719)		(43,796)

Consolidated Statements of Profit and Loss

For three months ended June 30, 2019 and 2018

Net sales	?	343,785	?	350,778	\$	3,255,480
Cost of sales		288,048		301,426		2,797,457
Gross profit		55,737		49,351		458,014
Selling, general and administrative expenses						
Salaries and allowances		12,960		13,344		123,842
Research and development expenses		10,323		11,118		103,183
Other		25,349		23,799		220,872
Total selling, general and administrative expenses		48,634		48,262		447,907
Operating profit		7,103		1,088		10,097
Non-operating income						
Interest income		93		135		1,253
Dividend income		142		223		2,070
Share of profit of entities accounted for using equity method		323		338		3,137
Foreign exchange gains		2,038		-		-
Other		601		732		6,794
Total non-operating income		3,198		1,430		13,271
Non-operating expenses						
Interest expenses		753		911		8,455
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Segment information
Information by reportable segment

Aerospace Systems	?	104,946	?	3,886	?	108,832	?	5,325
Energy System & Plant Engineering		51,004		4,248		55,253		233
Precision Machinery & Robot		47,992		3,734		51,726		4,596
Ship & Offshore Structure		22,085		663		22,748		1,358
Rolling Stock		23,392		3		23,395		(915)
Motorcycle & Engine		73,757		160		73,917		(3,308)
Other		20,607		8,988		29,595		359
Total		343,785		21,684		365,470		7,649
Eliminations and corporate		-		(21,684)		(21,684)		(546)
Consolidated total	?	343,785	?	-	?	343,785	?	7,103

Aerospace Systems	?	122,188	?	2,383	?	124,572	?	4,869
Energy System & Plant Engineering		45,017		5,407		50,425		828
Precision Machinery & Robot		48,347		3,253		51,600		1,760

Orders by reportable segment

For three months ended June 30, 2019 and 2018

		Billions of yen		Millions of	
		Jun. 30, 2018	Three months ended Jun. 30, 2019	U.S. dollar	Tc [8 .78617803 Tm .
Orders :					
Aerospace Systems	?	79.0	?	69.7	\$ 647
Energy System & Plant Engineering		93.9		69.8	648
Precision Machinery & Robot		57.1		52.9	491
Ship & Offshore Structure		6.9		21.5	200
Rolling Stock		24.9		16.0	148
Motorcycle & Engine		73.7		68.3	634
Other		24.2		29.7	276
Total	?	359.9	?	328.2	\$ 3,046