

# **Investors Meeting for First Half of Fiscal 2007**

**(for the year ending March 31, 2008)**

Nov 2, 2007

Kawasaki Heavy Industries, Ltd.

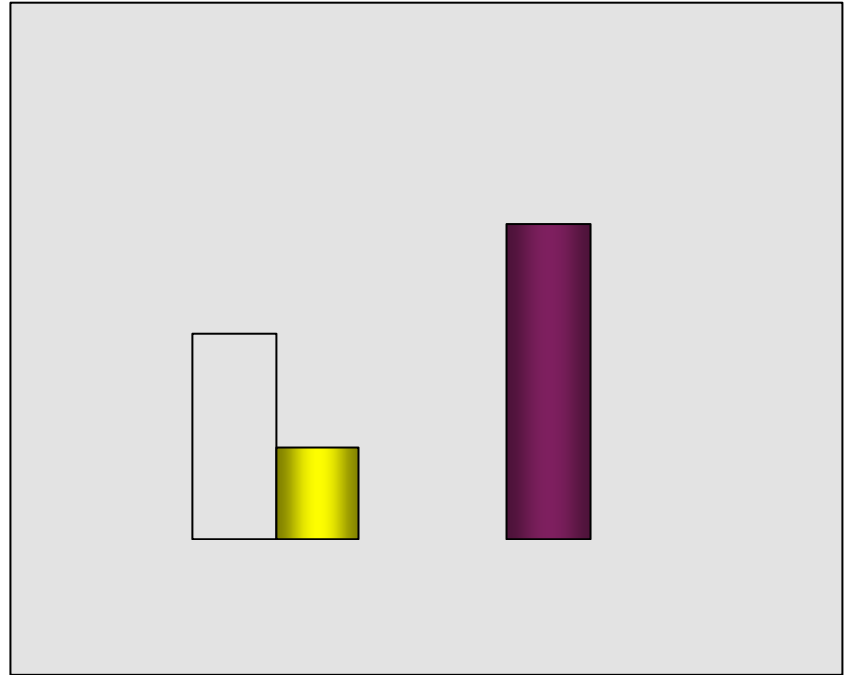


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# Summary of 1H/FY2007 Results (Consolidated)



	Actual Exchange Rates	

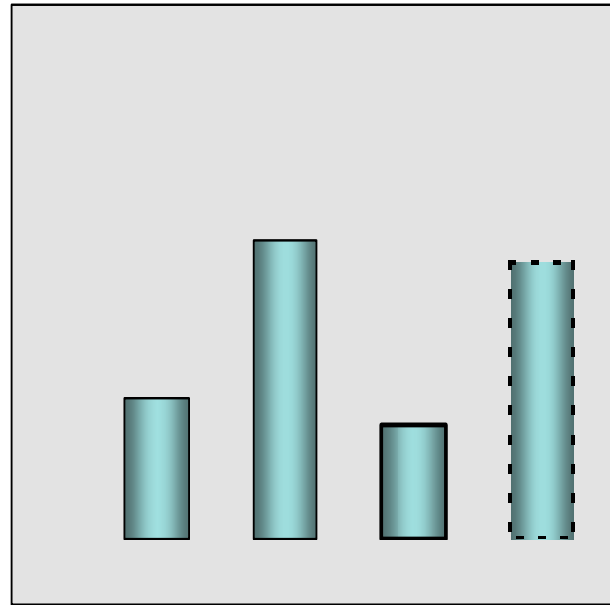
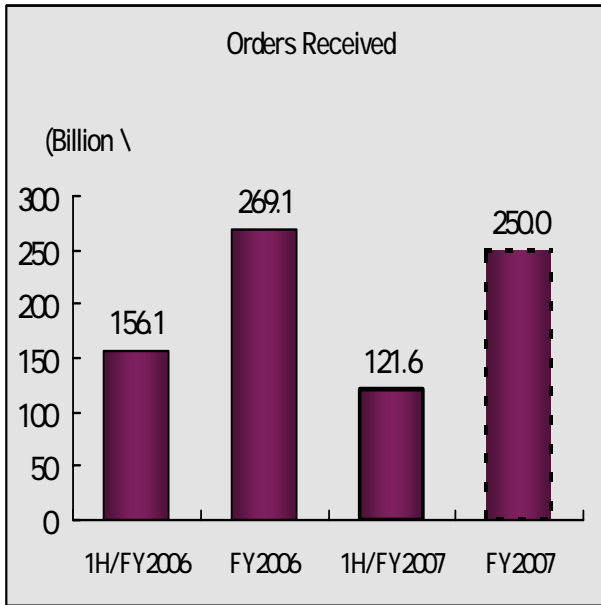
	/	/	Billion
	(a)	(b)	(b) - (a)
Operating Income			
Net Income			

# **Breakdown of Increases/Decreases in Profit for 1H/FY2007 Compared to 1H/FY2006**

# Interest-Bearing Debt and Cash Flows



# Rolling Stock



## Business Results for 1H/FY2007 year-on-year comparison

### Orders Received

- Large-scale orders received for North America
- Additional order of R160 for N.Y. subway (260 cars/ US\$450 mil)

### *For reference only*

- Large-scale orders received for 1H/FY2006
- Passenger cars for New York Metropolitan Transportation Authority's Metro-North Railroad (300 cars/ US\$700mil)

### Net Sales

- Increase in sales for JR and other domestic businesses
- Decrease in sales of large-scale projects for overseas such as high-speed trains for China

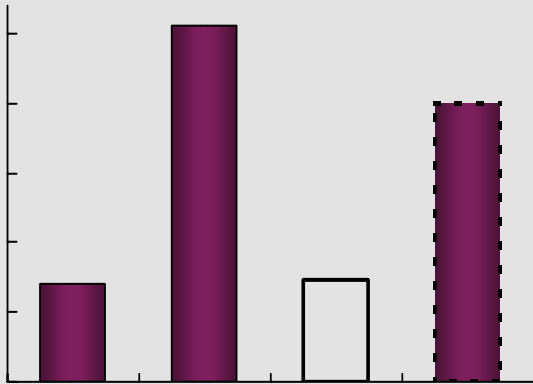
### Operating Income

- Decrease in profit of large-scale projects for overseas such as high-speed trains for China

# Aerospace

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Orders Received



Business Results for 1H/FY2007 (year-on-year comparison)

Increase in orders received for BOEING business  
Increase in sales and profit of commercial aircraft businesses such as B777 for BOEING



# Gas Turbines & Machinery

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# Plant & Infrastructure Engineering

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## Orders Received

Large decrease in orders received of large-scale projects for overseas

## Net Sales

Decrease in sales of municipal refuse incineration

## *For reference only*

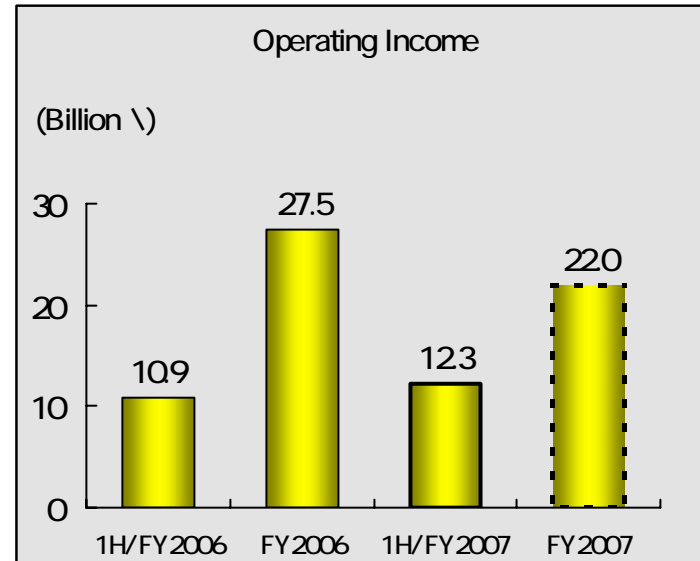
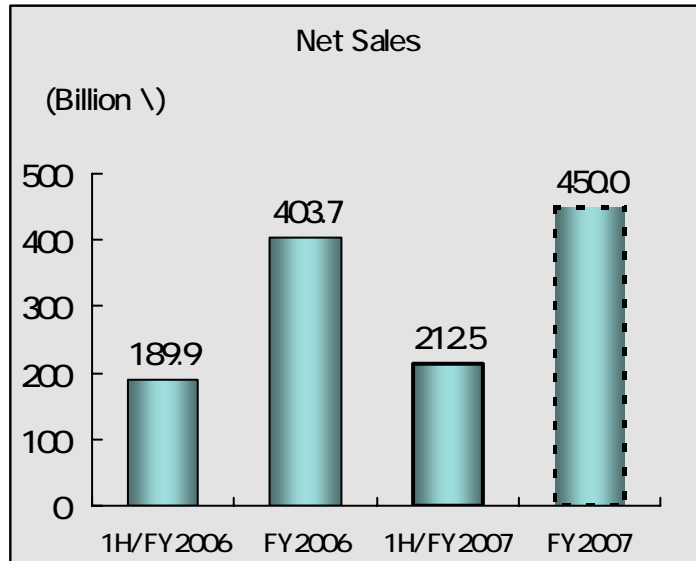
Large-scale orders received for 1H/FY2006

Ferronickel plant/ Korea

Urea production facility/ Pakistan

Cement plant/ Vietnam

# Consumer Products & Machinery



## <Sales by Region for Consumer Products>

(Thousands of Unit / Billion ¥)

Region	1H/FY2006		FY2006		1H/FY2007		FY2007	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Japan	13	9.1	21	15.9	13	9.5	22	15.7
North America	123(61)	85.2	254(140)	183.7	106(53)	78.8	263(135)	190.7
Europe	52	42.7	97	80.9	66	62.6	116	103.0
Others	58	15.2	130	32.6	69	18.7	156	38.9
Total	246	152.2	502	313.1	254	169.6	557	348.3

### Business Results for 1H/FY2007

(year-on-year comparison)

Sales of Motorcycles and ATVs  
Increase in Europe market, while Decrease in U.S. market  
Increase in profit due to entire sales increase

#### Note

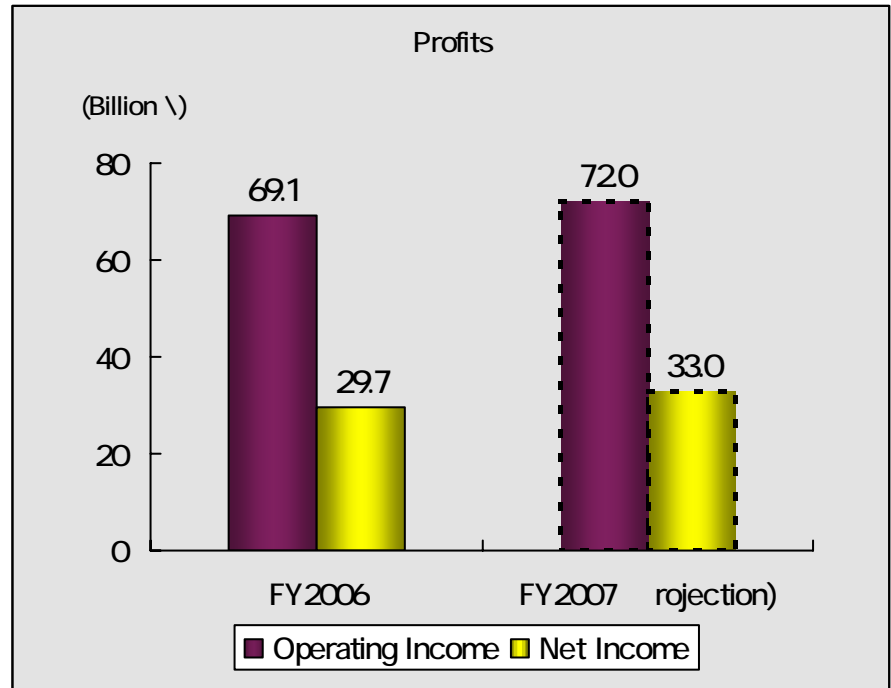
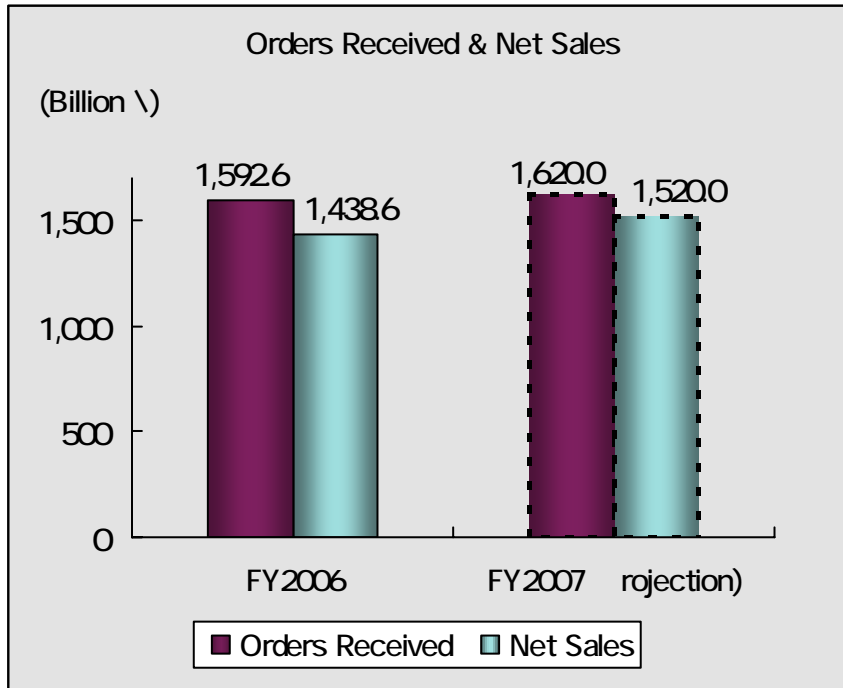
1. Sales units consist of Motorcycle, All-Terrain Vehicles (ATV), Utility Vehicles (MULE), Personal Water Craft (Jet Ski) and parts for these products.
2. Domestic sales include OEM supply.
3. ( ) represents Motorcycle sales unit.

# R&D/Capital Expenditures/Number of Employees

(Billion / Persons)

	1H/FY2006 Actual	FY2006 Actual	1H/FY2007 Actual	FY2007 Projection	
R&D	14.3	33.8	16.0	38.0	
Capital Expenditures	17.4	39.2	21.4	56.0	
Depreciation and Amortization	14.8	30.2	17.6	39.0	
	Domestic	23,090	22,872	23,550	23,400
	Overseas	6,371	6,339	6,832	7,000
Number of Employees	29,461	29,211	30,382	30,400	

# Outlook for FY2007



## Exchange Rates

	FY2006 Actual	FY2007 Assumption	
		As of April	As of November
/			
/			

## Billion ¥

	FY2006 Actual	FY2007 Projection	
		As of April	As of November
Operating Income			
Net Income			

# Outlook for FY2007 by Segment

	Billion					
	FY	Actual	FY		Projection	
			As of April		As of November	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Shipbuilding	1088	-22	1400	30	1400	30
Rolling Stock	184.2	13.1	1700	80		80
Aerospace	269.1	13.4	2500	100	<del>2500</del>	<del>130</del>
Gas Turbines & Machinery	183.3	9.8	1800	80	1900	100
Plant & G ag	1220	-24		#		
	403.7	27.5				
	167.3	9.8				
	1,438.6					

# Outlook of Orders Received for FY 2007

# Business Portfolio (FY 2007 Projection)

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# Kawasaki, let the good times roll !

## Cautionary Statement

The performance outlook and the forecasts stated in this material were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release point, and include potential risks and uncertain factors that relate to economic conditions, foreign currency exchange rates, tax rules, regulations and other factors. Accordingly, please note that the actual operating results, financial position, and business deployment of KHI may sometimes differ considerably from the descriptions in the present projections.