



**Financial Results for FY 2010  
(for the year ended March 31, 2011)**

**April 28, 2011**

**Kawasaki Heavy Industries, Ltd.**

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# I. Consolidated Results for FY2010

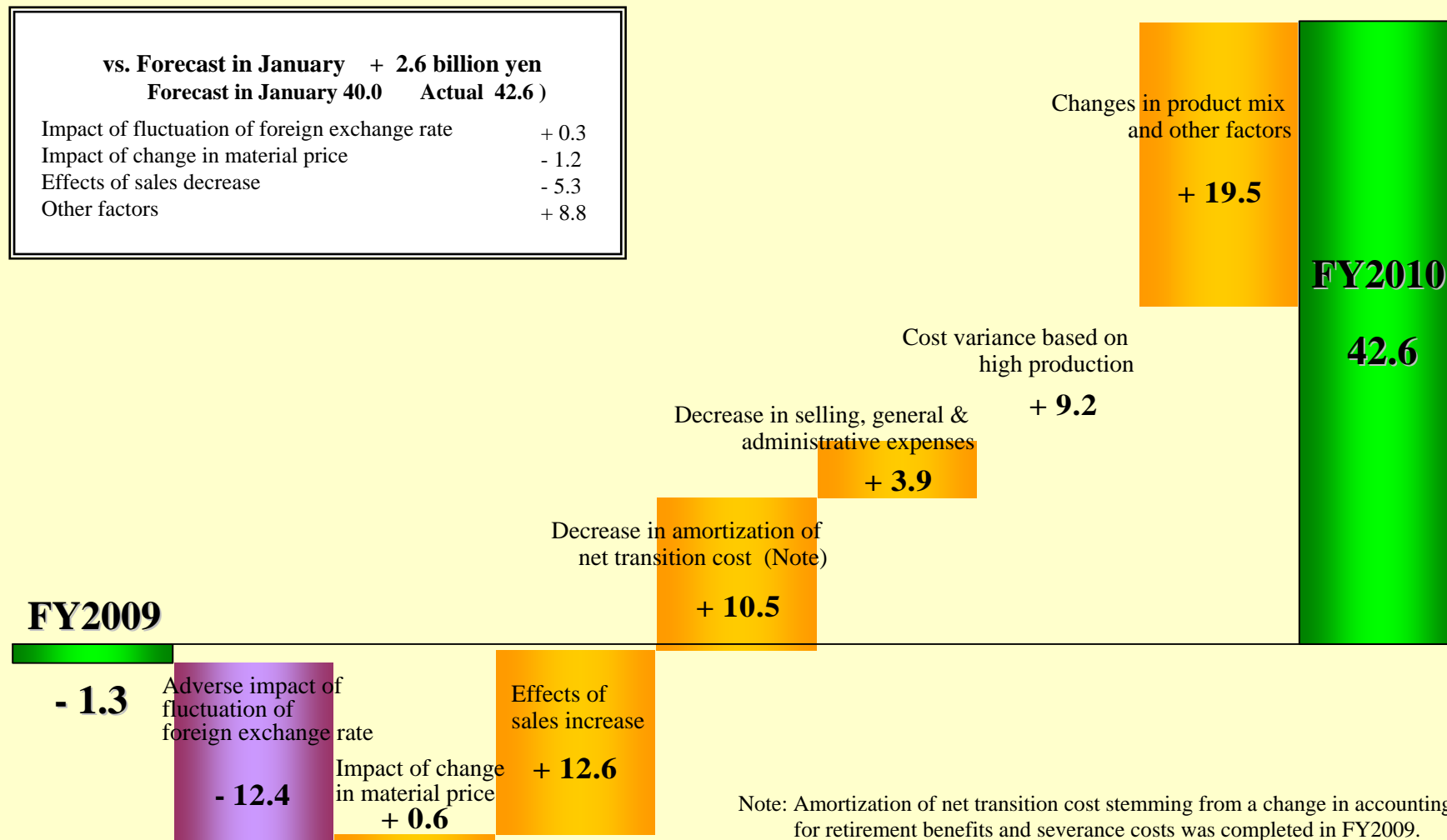
Actual	Change			
	Forecast in January	Actual	vs. FY2009	vs. Forecast in January
	1,340.0		+ 269.3	
	1,280.0		+ 53.4	
	40.0		+ 43.9	
	46.0		+ 34.8	
	29.0		+ 36.8	

# Details of Change in Profit I

## - FY2010 vs. FY2009 -



**Operating Income/Loss + 43.9 (FY2009 - 1.3 FY2010 42.6)** (Billion Yen)



## Details of Change in Profit II

- FY2010 vs. FY2009 -



**Non-operating Income/Expenses**      - 9.1 ( FY2009 15.6      FY2010 6.5 )

Net Interest expense ( incl. dividend income )

**Extraordinary Income/Losses**      + 7.5 ( FY2009 - 18.1      FY2010 - 10.5 )

# Financial Results by Segment



(Billion Yen)

	Orders Received			Net Sales			Operating Income/Loss		
	FY2009	FY2010	Change	FY2009	FY2010	Change	FY2009	FY2010	Change
Ship & Offshore Structure	16.1	<b>78.9</b>	+ 62.8	151.8	<b>118.4</b>	- 33.4	1.5	<b>- 1.0</b>	- 2.5
Rolling Stock	66.2	<b>187.1</b>	+ 120.8	150.0	<b>131.1</b>	- 18.9	8.7	<b>8.1</b>	- 0.5
Aerospace	171.3	<b>206.7</b>	+ 35.3	188.8	<b>196.8</b>	+ 7.9	3.7	<b>3.0</b>	- 0.7
Gas Turbine & Machinery	226.2	<b>187.5</b>	- 38.6	191.3	<b>202.6</b>	+ 11.3	8.9	<b>9.5</b>	+ 0.6
Plant & Infrastructure	135.6	<b>119.9</b>	- 15.6	107.5	<b>89.0</b>	- 18.5	7.9	<b>8.2</b>	+ 0.3
Motorcycle & Engine	203.0	<b>234.4</b>	+ 31.3	203.0	<b>234.4</b>	+ 31.3	- 27.0	<b>- 4.9</b>	+ 22.0
Precision Machinery	84.9	<b>148.9</b>	+ 64.0	82.7	<b>140.3</b>	+ 57.6	3.4	<b>22.3</b>	+ 18.9
Others	97.5	<b>106.8</b>	+ 9.2	97.8	<b>114.0</b>	+ 16.1	- 1.0	<b>2.5</b>	+ 3.6
Eliminations and corporate	-	-	-	-	-	-	- 7.5	<b>- 5.3</b>	+ 2.2
<b>Total</b>	<b>1,001.2</b>	<b>1,270.6</b>	+ 269.3	<b>1,173.4</b>	<b>1,226.9</b>	+ 53.4	- 1.3	<b>42.6</b>	+ 43.9

Note I : FY2009 figures are the recalculated figures based on the new industry segmentation and the new accounting standard which have been adopted since FY2010

Refer to Page 16

Note II: "Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting

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FY2010



# Rolling Stock

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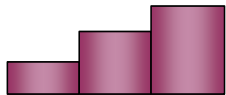
# Gas Turbine & Machinery



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

Note: FY2009 Operating Income is the recalculated figures based on the new accounting standard which has been adopted since FY2010 **Refer to Page 16**

Billion Yen / In accumulated amount



## FY2010 vs. FY2009 )

**Orders Received:** Decrease in orders received for component parts for commercial aircraft jet engines that had a large order received in the previous fiscal year, and for gas turbine-driven natural gas compressors

**Net Sales:** Increase in sales of gas turbine-driven natural gas compressors and diesel generator sets

**Operating Income/Loss:** Income increased due to sales increase, and other factors

## FY2011 Forecast vs. FY2010

**Orders Received:** Increase in orders received of gas turbine-driven natural gas compressors

**Net Sales:** Net sales are expected to increase due to sales increase in component parts for commercial aircraft jet engines, despite sales decrease in marine machinery and gas turbine-driven natural gas compressors

**Operating Income/Loss:** Income is expected to decrease due to the adverse impact of the appreciation of the yen and increase in the amortization expenses of component parts for newly developed commercial aircraft jet engines, and other factors

# Plant & Infrastructure

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Main Products: Industrial plants (cement, chemical and others)

# Motorcycle & Engine



Main Products: Motorcycles, All-Terrain Vehicles(ATVs), Utility Vehicles, Personal Watercraft, General-purpose Gasoline Engines

Note: FY2009 figures are the recalculated figures based on the new industry segmentation (excl. industrial robots) and the new accounting standard which have been adopted since FY2010 **Refer to Page 16**

Billion Yen / In accumulated amount



## <Business Development in Emerging Markets>

Since KHI started motorcycle business in the Philippines in 1974, KHI established subsidiaries in Indonesia, Thailand and Brazil to manufacture and sell motorcycles. In emerging markets, as demand for motorcycles is expected to expand in the coming years due to further economic growth and increased purchasing power, KHI focuses on expansion and reinforcement of business operations in those markets. In India, KHI established new subsidiary in 2010 to import and sell motorcycles in order to cultivate its market.

# Precision Machinery



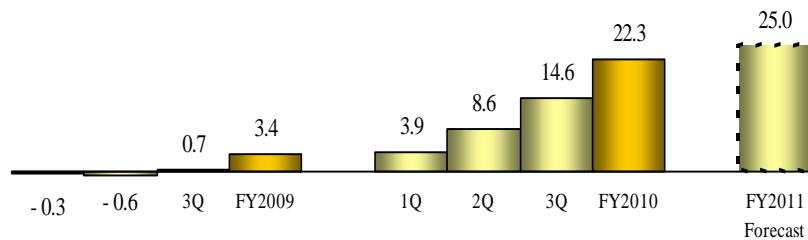
Main Products Hydraulic components (pumps, motors & valves), Hydraulic systems for industrial use, Hydraulic marine machinery, Industrial Robots

Note: FY2009 figures are the recalculated figures based on the new industry segmentation (incl. industrial robots) and the new accounting standard which have been adopted since FY2010 **Refer to Page 16**

Billion Yen / In accumulated amount

**FY2010** vs. FY2009  
**Orders Received : Increase in orde aom**

Operating Income/Loss



# Financial Condition and Cash Flows



## Financial Condition

(Billion Yen)

	FY2009 End of March 2010	FY2010 End of March 2011
Total Assets	1,352.4	<b>1,354.2</b>
Shareholders' Equity	277.0	<b>289.0</b>
Ratio of shareholders' equity to total assets	(20.4%)	<b>(21.3%)</b>
Interest-bearing debt	428.9	<b>429.1</b>
Net Interest-bearing debt	394.1	<b>(381.9)</b>
Net Debt Equity Ratio	142%	<b>132%</b>

Note: Interest-bearing debt includes lease obligations

## Cash Flows

Billion Yen

	FY2009	FY2010
Cash flows from operating activities	30.1	<b>81.9</b>
Cash flows from investing activities	- 63.2	<b>- 52.9</b>
Free Cash Flows	- 33.0	<b>28.9</b>
Cash flows from financing activities	35.9	<b>- 18.8</b>



## II. Forecast for FY2011



# Consolidated Operating Performance



	FY2010	FY2011	Change
	Actual	Forecast	
Orders Received	1,270.6	<b>1,360.0</b>	+ 89.4
Net Sales	1,226.9	<b>1,360.0</b>	+ 133.1
Operating Income	42.6	<b>50.0</b>	+ 7.4
Recurring Profit	49.1	<b>52.0</b>	+ 2.9
Net Income	25.9	<b>32.0</b>	+ 6.1

## < Orders Received >

Continuous increase in orders received is expected mainly in Aerospace and Precision Machinery segments, while decrease in orders received is expected in Rolling Stock segment that had large-scale orders received in the previous fiscal year

## < Net Sale >

Yen / US\$	86	<b>83</b>
Yen / EUR	113	<b>115</b>

(For Reference)  
Impact on profit by FX fluctuation of 1 yen  
(Billion Yen)

	Operating Income	Recurring Profit
US\$	3.1	3.5
EUR	0.3	0.2

# Forecast by Segment



(Billion Yen)

	Net Sales			Operating Income/Loss		
	FY2010	FY2011	Change	FY2010	FY2011	Change
	118.4	<b>110.0</b>	- 8.4	- 1.0	<b>- 4.0</b>	- 3.0
	131.1	<b>150.0</b>	+ 18.9	8.1	<b>7.0</b>	- 1.1
	196.8	<b>220.0</b>	+ 23.2	3.0	<b>8.0</b>	+ 5.0
	202.6	<b>210.0</b>	+ 7.4	9.5	<b>5.0</b>	- 4.5
	89.0	<b>130.0</b>	+ 41.0	8.2	<b>11.0</b>	+ 2.8
	234.4	<b>260.0</b>	+ 25.6	234.4	<b>260.0</b>	+ 25.6
Precision Machinery	148.9	<b>180.0</b>	+ 31.1	140.3	<b>170.0</b>	+ 29.7
Others	106.8	<b>110.0</b>	+ 3.2	114.0	<b>110.0</b>	- 4.0
Eliminations and corporate	-	<b>-</b>	-	-	<b>-</b>	-
Total	1,270.6	<b>1,360.0</b>	+ 89.4	1,226.9	<b>1,360.0</b>	+ 133.1
				42.6	<b>50.0</b>	+ 7.4

Note : "Eliminations and corporate" includes some expenses incurred at Head Office which are not allocated to each industry segment for internal reporting

# R&D/CAPEX/Number of Employees



(Billion Yen / Persons)

FY2009

FY2010

**FY2011**

Actual

Actual

**Forecast**

38.0

37.0

59.2

55.3

51.4

50.3

24,396

24,511

7,901

8,195

32,297

32,706

## (Note) Change in Segment Information Disclosure



### **Change in Industry Segment and Segment Denomination**

Industry segment and segment denomination have been changed as stated below, in accordance with the new industry segmentation for internal reporting which has been adopted since April 2010.

#### Change in Industry Segment

Crushing Machine business unit :

(Previous) “Rolling Stock segment” (Current) “Plant & Infrastructure Engineering segment”

\* “Plant & Infrastructure segment” as of October 1, 2010

Industrial Robots business unit :

(Previous) “Consumer Products & Machinery segment” (Current) “Precision Machinery segment”

#### Change in Segment Denomination

Previous) “Consumer Products & Machinery segment”



# **Kawasaki, Working as One for the Good of the Planet**

## **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.