



Financial Results for Third Quarter FY 2012  
(for the year ending March 31, 2013)

January 31, 2013

Kawasaki Heavy Industries, Ltd.

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# Summary of Financial Results

(Billion Yen)

	FY2011.3Q	FY2012.3Q	Change
Orders Received	782.1	802.4	+ 20.3
Net Sales	906.3	885.8	- 20.4
Operating Income	47.2	22.9	- 24.3
Recurring Profit	58.1	31.4	- 26.6
Net Income	33.6	19.3	- 14.3

vs. FY2011.3Q

< Orders Received >  
Increased as a whole due to increase in orders received in Rolling Stock and Aerospace segments, despite decrease in orders received in Precision Machinery segment

< Net Sales >  
Decreased as a whole due to large decrease in Precision Machinery and Ship & Offshore Structure segments, despite increase in Aerospace segment

< Profits >  
Decreased as a whole due to decrease in Precision Machinery and Rolling Stock segments, despite increase in Aerospace segment

Exchange Rates ( weighted-average )

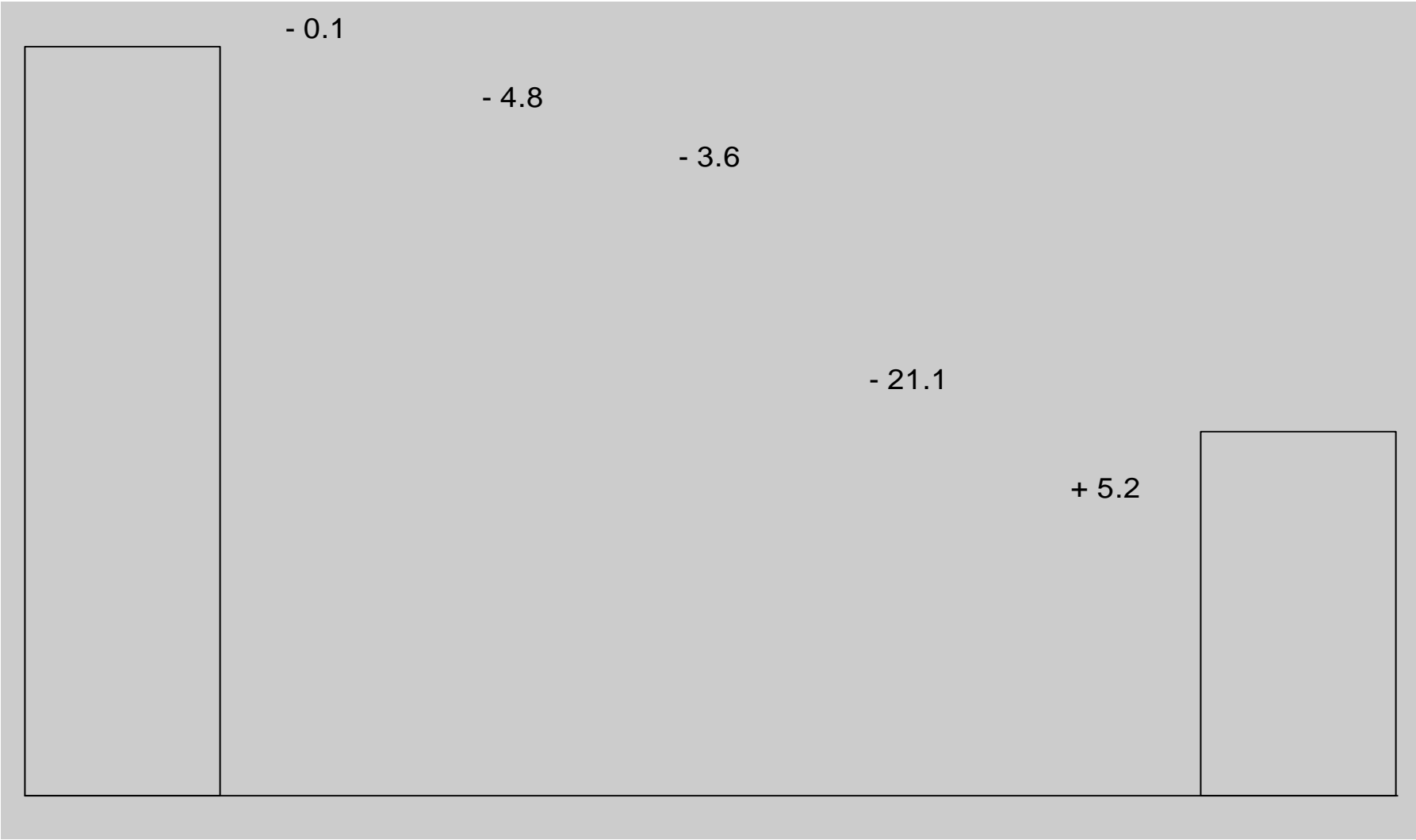
Yen / US\$	79.35	80.10
Yen / EUR	111.83	103.00

# Financial Results by Segment

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# Details of Change in Profit I

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# Details of Change in Profit II

## - FY2012.3Q vs. FY2011.3Q

I. Consolidated Results for Third Quarter FY2012

(Billion Yen)

~~FY~~ Non-operating Income/Expenses ~~FC~~ - 2.3 ( FY2011.3Q 10.8 ~~Æ~~ FY2012.3Q 8.5 )

Net Interest expense (encl. dividend income)	+ 0.2	( - 1.4 <del>Æ</del> - 1.2 )
Equity in income of unconsolidated subsidiaries and affiliates	- 0.0	( 7.1 <del>Æ</del> 7.0 )
Gain and loss on foreign exchange	- 0.9	( 2.7 <del>Æ</del> 1.7 )
Others	- 1.5	( 2.4 <del>Æ</del> 0.9 )

~~FY~~ Extraordinary Income/Losses ~~FC~~ - 0.6 ( FY2011.3Q - 0.9 ~~Æ~~ FY2012.3Q - 1.6 )

Provision for environmental measures	- 1.3	( 0.0 <del>Æ</del> - 1.3 )
Loss on impairment of fixed assets	+ 0.7	( - 0.1 <sup>B</sup> <del>Æ</del> - 0.2 )

<sup>B</sup> Loss on impairment of idle assets whose book values were written down to the recoverable amounts

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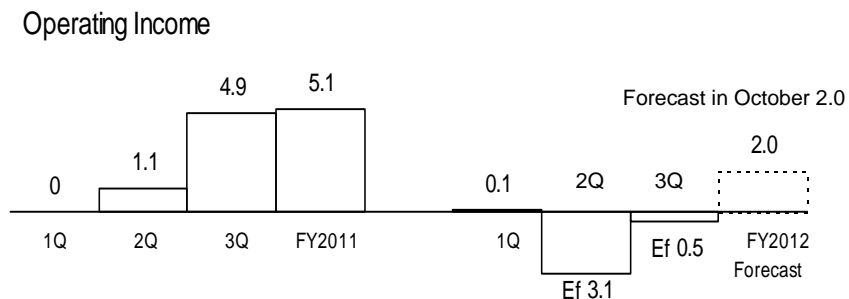
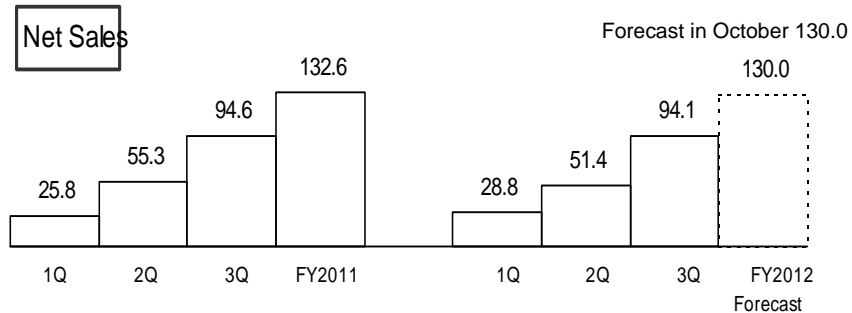
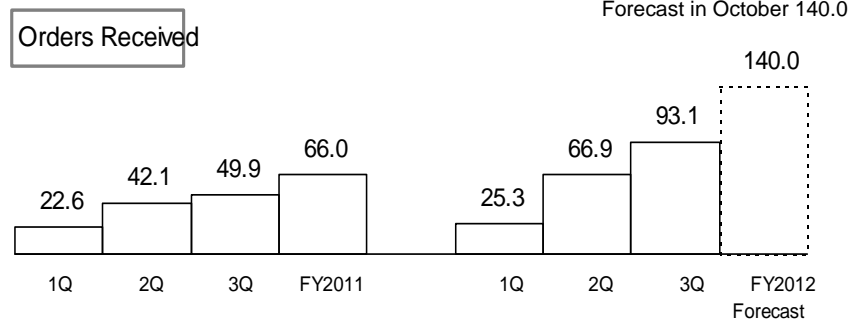
—FY2012.3Q vs. FY2011.3Q )

Orders Received: Increased due to orders received

# Rolling Stock

Main Products : Electric train cars (incl. Shinkansen), Electric diesel locomotives, Passenger coaches, Platform screen doors, Gigacell<sup>®</sup> (High-Capacity, Full Sealed Ni-MH Battery)

Billion Yen / In accumulated amount



—FY2012.3Q vs. FY2011.3Q

Orders Received: Increase in orders received for overseas market including high-speed rail cars for Taiwan and subway cars for Singapore

Net Sales: Remained the same level as in the previous third quarter because of sales increase for Japan Railways (JR) companies, despite sales decrease for overseas market

Operating Income: Deterioration in profitability due to provision for loss on construction contracts for certain overseas project

—FY2012 Forecast vs. Forecast in October

Orders Received, Net Sales & Operating Income: Remain unchanged because of no significant change

## <For Reference> Present Status of Overseas Projects

### North America

- Working to win orders mainly for heavy rails and commuter rails.
- Extension of product lineup such as e-SET and K-Star Express to meet demand for Medium- to High-speed rail projects.
- California High-speed Rail: Working with other Japanese companies aiming to win the contract for E&M system including rail cars.

### Asia

- There are construction and expansion of the urban transport systems in several Asian cities, and High-speed railways projects in India
- KHI will work to win new projects in the markets such as Taiwan and Singapore, where we have the solid track record.
- Dedicated Freight Corridor - Western Corridor (Delhi – Mumbai) Japanese ODA project, working to receive orders for electric locomotives and maintenance base facilities and others.



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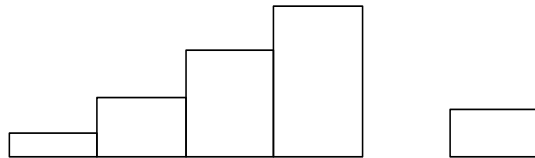
Main Products : Aircrafts for Japan Ministry of Defense, Com



# Plant & Infrastructure

Main Products: Industrial plants (cement, chemical and other power plants, LNG & LPG tanks, Municipal refuse incineration plants, Shield machines, Crushing machines)

Billion Yen / In accumulated amount



—FY2012.3Q vs. FY2011.3Q

Orders Received: Decrease in orders received for domestic projects including LNG tanks and municipal refuse incineration plants

Net Sales: Decreased due to sales decrease of large-scale overseas projects, despite sales increase of material handling systems and municipal refuse incineration plants

Operating Income: Decreased due to sales decrease and decline in profit margin

—FY2012 Forecast vs. Forecast in October )

Orders Received, Net Sales & Operating Income Remain unchanged because of no significant change

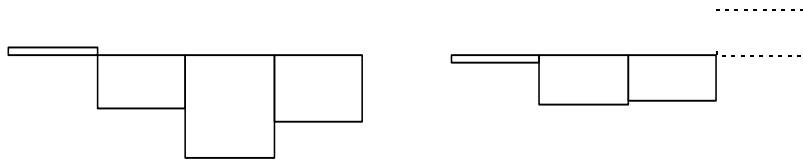
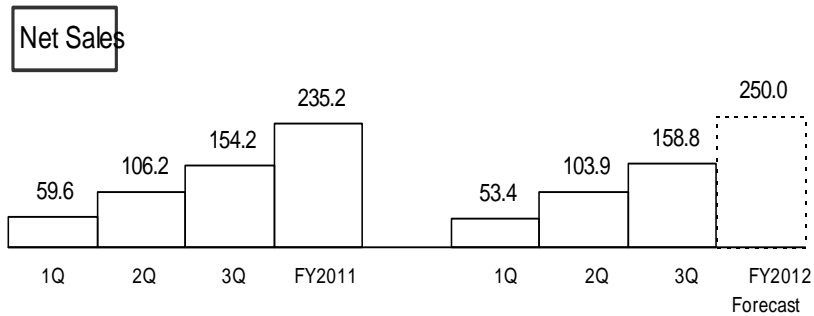
<For Reference> Orders Received of Energy and Environmental Projects

- In parallel with an expected increase in worldwide energy consumption, a lot of floating LNG facilities are planned to be constructed. Under these circumstances, KHI's proven track record of boilers for land and marine use (more than 1,200 units) and technical capability, which has realized reliable and robust boilers that can operate under severe offshore condition, are highly evaluated, and in July 2011, KHI won the contract with Technip to supply 7 units of boilers for the Shell's floating LNG facility of "Prelude", the world's first floating LNG facility.
- In April 2012, KHI won the contract of 4 massive cryogenic tanks for Ichthys LNG Project in Australia. This project is very important for Japan in terms of the stable supply of energy and the decentralization of natural gas supply as approximately 70% of the Ichthys LNG to be delivered to Japan. KHI will support this project based on its proven track record and the EPC technologies.

# Motorcycle & Engine

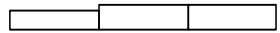
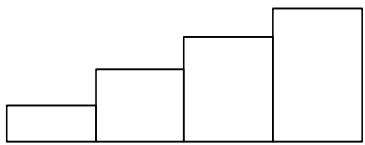
Main Products: Motorcycles, All-Terrain Vehicles(ATVs), Utility Vehicles, Personal Watercraft, General-purpose Gasoline Engines

Billion Yen / In accumulated amount



## <For Reference> Businesses Development in Emerging Countries

- In order to respond to market growth and further to reinforce the business operation in Asian and other emerging countries, KHI started construction of the new plant in Indonesia on September 7, 2012. The expansion of the plant in Thailand is proceeding as planned.
- KHI announced the 2013 new models including "Ninja 250/300", "Ninja ZX-6R" and "Z800". On August 1, 2012, "Ninja 250/300", our global models, were launched in Indonesia, our core market, ahead of other countries.
- Leisure motorcycle markets in emerging countries are favorable, and sales in emerging countries in 2012 increased from previous year.



# Financial Condition and Cash Flows

## Financial Condition

(Billion Yen)

	FY2011		FY2012 End of December 2012
	End of December 2011	End of March 2012	
Total Assets	1,404.4	1,362.1	1,494.4
Shareholders' Equity	309.7	306.0	311.0
Ratio of shareholders' equity to total assets	(22.0%)	(22.4%)	(20.8%)
Interest-bearing debt	491.6	407.1	587.1
Net Interest-bearing debt	455.7	372.8	(556.3)
Net Debt Equity Ratio	147.1%	121.8%	178.8%

Note: Interest-bearing debt includes lease obligations

## Cash Flows

Billion Yen

	FY2011.3Q	FY2012.3Q
Cash flows from operating activities	- 16.1	- 104.2
Cash flows from investing activities	- 51.4	- 66.1
Free Cash Flows	- 67.5	- 170.3
Cash flows from financing activities	61.2	168.4

# Consolidated Operating Performance

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## vs. Forecast in October

### < Orders Received >

Revised down due to decrease in Precision Machinery segment resulting from slower-than-expected recovery of hydraulic components for construction machinery in emerging countries mainly in China

### < Net Sales >

Remains unchanged because of no significant slower-





# R&D/CAPEX/Number of Employees

(Billion Yen / Persons)

	FY2011 Actual	FY2012 Forecast	Change
R&D Expenses	39.9	45.0	+ 5.1
CAPEX (Construction Base)	63.9	75.0	+ 11.1
Depreciation & Amortization	48.9	52.0	+ 3.1
Domestic	24,770	25,400	+ 630
Overseas	8,497	9,100	+ 603
Number of Employees	33,267	34,500	+ 1,233

\* No changes in the forecast for FY2012 from October 31, 2012.

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

## Cautionary Statement

The performance outlook and the forecasts stated in this mate