


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS

January 28, 2016

For nine months ended December 31, 2015 and 2014 and one year ended March 31, 2015

(Consolidated)
Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2014	Nine months ended Dec. 31, 2015
Net sales	¥ 1,065,556	¥ 1,016,447	\$ 8,839,853
Operating income	66,838	60,357	554,488
Profit attributable to owners of parent	29,574	44,928	245,345
Earnings per share (Yen)	17.7	26.8	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Dec. 31, 2015	As of March. 31, 2015	As of Dec. 31, 2015
Total assets	¥ 1,812,315	¥ 1,662,283	\$ 15,034,967
Net assets	458,222	447,957	3,801,410
Number of shares issued and outstanding	1,670,580	1,670,613	
Equity Ratio	24.4%	25.9%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2014	Nine months ended Dec. 31, 2015
Operating activities	¥ (190,735)	¥ (110,348)	\$ (1,582,337)
Investing activities	(52,523)	(52,480)	(435,730)
Financing activities	235,658	161,068	1,955,019
Cash and cash equivalents at end of term	40,247	41,468	333,889

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2016	¥ 1,570,000	¥ 91,000	¥ 45,000

- 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 ¥120.54=\$1, the rate prevailing as of December 31, 2015, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2015

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	Dec. 31, 2015	Mar. 31, 2015	As of Dec. 31, 2015
Assets :			
Current assets :			
Cash on hand and in banks	¥ 44,456	¥ 51,645	\$ 368,807
Receivables, less allowance	495,816	436,831	4,113,290
Inventories	558,082	498,652	4,629,849
Other current assets	110,177	85,934	914,028
Total current assets	<u>1,208,531</u>	<u>1,073,062</u>	<u>10,025,974</u>
Investments and long-term loans less allowance	115,329	110,410	956,770
Net property, plant and equipment	431,760	420,554	3,581,881
Intangible and other assets	56,695	58,257	470,342
Total assets	<u>¥ 1,812,315</u>	<u>¥ 1,662,283</u>	<u>\$ 15,034,967</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 375,064	¥ 142,614	\$ 3,111,531
Payables	316,881	347,032	2,628,845
Advances from customers	161,243	171,607	1,337,672
Other current liabilities	114,306	163,371	948,283
Total current liabilities	<u>967,494</u>	<u>824,624</u>	<u>8,026,331</u>
Long-term liabilities :			
Long-term debt, less current portion	282,753	271,761	2,345,719
Others	103,846	117,941	861,507
Total long-term liabilities	<u>386,599</u>	<u>389,702</u>	<u>3,207,226</u>
Net assets :			
Common stock	104,484	104,484	866,799
Capital surplus	54,395	54,393	451,260
Retained earnings	263,158	253,606	2,183,160
Treasury stock	(85)	(67)	(705)
Net unrealized gains on securities	3,250	3,704	26,963
Gains (losses) on hedging items	56	(1,985)	465
Foreign currency translation adjustments	18,067	25,179	149,883
Remeasurements of defined benefit plans	(86)	(7,318)	(713)
Non-controlling interests	14,983	15,961	124,298
Total net assets	<u>458,222</u>	<u>447,957</u>	<u>3,801,410</u>
Total liabilities and net assets	<u>¥ 1,812,315</u>	<u>¥ 1,662,283</u>	<u>\$ 15,034,967</u>

Condensed Consolidated Statements of Income*For nine months ended December 31, 2015 and 2014*

	Millions of yen		% Change	Thousands of U.S. dollars
	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2014		<i>Nine months ended Dec. 31, 2015</i>
Net sales	¥ 1,065,556	¥ 1,016,447	+5%	\$ 8,839,853
Cost of sales	861,785	827,639		7,149,369
Gross profit	203,771	188,808		1,690,484
Selling, general and administrative expenses	136,933	128,451		1,135,996
Operating income	66,838	60,357	+11%	554,488
Other income (expenses) :				
Interest and dividend income	797	780		6,611
Equity in income of unconsolidated subsidiaries and affiliates	2,124	8,199		17,620
Interest expense	(2,756)	(2,872)		(22,863)
Other, net	(19,354)	(1,692)		(160,560)
Income before income taxes and non-controlling interests	47,649	64,772		395,296
Income taxes	(16,767)	(17,798)		(139,100)
Profit attributable to non-controlling interests	(1,308)	(2,046)		(10,851)
Profit attributable to owners of parent	¥ 29,574	¥ 44,928	-34%	\$ 245,345

Segment information
Information by reportable segment

Millions of yen					
Nine months ended					
Dec. 31, 2014					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 64,890	¥ 1,686	¥ 66,576	¥ 63,229	¥ 3,347
Rolling Stock	87,884	3,061	90,945	86,571	4,374
Aerospace	229,364	1,737	231,101	200,928	30,173
Gas Turbine & Machinery	149,734	9,861	159,595	152,482	7,113
Plant & Infrastructure	72,248	14,475	86,723	84,438	2,285
Motorcycle & Engine	212,925	523	213,448	209,314	4,134
Precision Machinery	95,314	10,183	105,497	97,546	7,951
Other	104,088	26,141	130,229	127,391	2,838
Total	1,016,447	67,667	1,084,114	1,021,899	62,215
Eliminations and corporate	-	(67,667)	(67,667)	(65,809)	(1,858)
Consolidated total	¥ 1,016,447	¥ -	¥ 1,016,447	¥ 956,090	¥ 60,357

Millions of yen					
Nine months ended					
Dec. 31, 2015					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 72,999	¥ 2,157	¥ 75,156	¥ 77,736	¥ (2,580)
Rolling Stock	104,594	1,218	105,812	98,054	7,758
Aerospace	250,575	1,042	251,617	216,010	35,607
Gas Turbine & Machinery	159,150	10,833	169,983	158,788	11,195
Plant & Infrastructure	83,249	10,278	93,527	89,921	3,606
Motorcycle & Engine	218,851	618	219,469	215,090	4,379
Precision Machinery	94,036	10,064	104,100	98,735	5,365
Other	82,102	26,623	108,725	106,527	2,198
Total	1,065,556	62,833	1,128,389	1,060,861	67,528
Eliminations and corporate	-	(62,833)	(62,833)	(62,143)	(690)
Consolidated total	¥ 1,065,556	¥ -	¥ 1,065,556	¥ 998,718	¥ 66,838

Thousands of U.S. dollars					
Nine months ended					
Dec. 31, 2015					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 605,599	\$ 17,894	\$ 623,493	\$ 644,898	\$ (21,405)
Rolling Stock	867,712	10,105	877,817	813,457	64,360
Aerospace	2,078,770	8,644	2,087,414	1,792,019	295,395
Gas Turbine & Machinery	1,320,309	89,870	1,410,179	1,317,306	92,873
Plant & Infrastructure	690,634	85,267	775,901	745,985	29,916
Motorcycle & Engine	1,815,588	5,126	1,820,714	1,784,386	36,328
Precision Machinery	780,123	83,491	863,614	819,105	44,509
Other	681,118	220,865	901,983	883,748	18,235
Total	8,839,853	521,262	9,361,115	8,800,904	560,211
Eliminations and corporate	-	(521,262)	(521,262)	(515,539)	(5,723)
Consolidated total	\$ 8,839,853	\$ -	\$ 8,839,853	\$ 8,285,365	\$ 554,488

Net sales, orders and order backlog by reportable segment

For nine months ended December 31, 2015 and 2014 and as of December 31 and March 31, 2015

	Millions of yen			% Change	Thousands of	
	Nine months ended		Nine months ended		U.S. dollars	
	Dec. 31, 2015		Dec. 31, 2014		Nine months ended Dec. 31, 2015	
Net sales :						
Ship & Offshore Structure	¥ 72,999	(7%)	¥ 64,890	(6%)	+12%	\$ 605,599
Rolling Stock	104,594	(10%)	87,884	(9%)	+19%	867,711
Aerospace	250,575	(24%)	229,364	(23%)	+9%	2,078,770
Gas Turbine & Machinery	159,150	(15%)	149,734	(15%)	+6%	1,320,308
Plant & Infrastructure	83,249	(8%)	72,248	(7%)	+15%	690,633
Motorcycle & Engine	218,851	(20%)	212,925	(21%)	+3%	1,815,588
Precision Machinery	94,036	(9%)	95,314	(9%)	-1%	780,122
Other	82,102	(7%)	104,088	(10%)	-21%	681,122
Total	¥ 1,065,556	(100%)	¥ 1,016,447	(100%)	+5%	\$ 8,839,853
Orders :						
Ship & Offshore Structure	¥ 92,746	(9%)	¥ 140,773	(13%)	-34%	\$ 769,420
Rolling Stock	87,449	(8%)	102,457	(9%)	-15%	725,477
Aerospace	184,994	(18%)	194,939	(18%)	-5%	1,534,710
Gas Turbine & Machinery	212,733	(19%)	144,318	(13%)	+47%	1,764,833
Plant & Infrastructure	100,218	(10%)	81,465	(8%)	+23%	831,408
Motorcycle & Engine	218,851	(20%)	212,925	(20%)	+3%	1,815,588
Precision Machinery	95,023	(9%)	96,519	(9%)	-2%	788,310
Other	83,291	(7%)	106,057	(10%)	-21%	690,985
Total	¥ 1,075,305	(83%)	¥ 1,079,453	(100%)	-0%	\$ 8,920,731

	Millions of yen			% Change	Thousands of	
	As of		As of		U.S. dollars	
	Dec. 31, 2015		Mar. 31, 2015		As of Dec. 31, 2015	
Order backlog :						
Ship & Offshore Structure	¥ 284,428	(15%)	¥ 264,281	(15%)	+8%	\$ 2,359,615
Rolling Stock	388,235	(22%)	405,999	(22%)	-4%	3,220,798
Aerospace	428,141	(24%)	488,431	(27%)	-12%	3,551,858
Gas Turbine & Machinery	392,274	(22%)	336,441	(19%)	+17%	3,254,305
Plant & Infrastructure	272,598	(15%)	255,522	(14%)	+7%	2,261,473
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	27,330	(1%)	26,325	(1%)	+4%	226,729
Other	23,489	(1%)	28,534	(2%)	-18%	194,866
Total	¥ 1,816,495	(100%)	¥ 1,805,533	(100%)	+1%	\$ 15,069,644

Net Sales by geographic area

For nine months ended December 31, 2015 and 2014

	Millions of yen			% Change	Thousands of	
	Nine months ended		Nine months ended		U.S. dollars	
	Dec. 31, 2015		Dec. 31, 2014		Nine months ended Dec. 31, 2015	
Japan	¥ 430,093	(40%)	¥ 430,930	(43%)	-0%	\$ 3,568,052
United States	275,104	(26%)	246,440	(24%)	+12%	2,282,263
Europe	95,990	(9%)	74,730	(7%)	+28%	796,333
Asia	172,856	(16%)	171,983	(17%)	+1%	1,434,014
Other	91,513	(9%)	92,364	(9%)	-1%	759,191
Total	¥ 1,065,556	(100%)	¥ 1,016,447	(100%)	+5%	\$ 8,839,853