

**Notice Concerning Revision of the Outlook for Performance
for the First Half of Fiscal Year Ending March 31, 2017**

Kawasaki Heavy Industries, Ltd. (KHI) today has announced revision of the outlook for performance published on September 30, 2016 for the first half (cumulative first and second quarters) of fiscal year ending March 31, 2017 as follows.

1. Revision of the Outlook for Performance for the First Half of Fiscal Year Ending March 31, 2017 (Consolidated)

	Net sales (Mil. yen)	Operating income (Mil. yen)	Recurring profit (Mil. yen)	Profit attributable to owners of parent (Mil. yen)	Earnings per share (Yen)
Previous forecast announced on September 30, 2016 (A)	680,000	4,000	△6,000	△5,000	△2.99
Revised forecast announced today (B)	697,200	8,400	△1,700	△300	△0.17
Change (B-A)	17,200	4,400	4,300	4,700	—
Change	2.5%	110.0%	—	—	—
Results for the first half of fiscal year ended March 31, 2016 (for reference only)	708,194	42,305	40,292	26,878	16.08

2. Reasons for the Revision

The consolidated financial performance with regards to the Operating profit, the recurring profit, and the Profit attributable to owners of parent for the first half (cumulative first and second quarters) of fiscal year ending March 31, 2017, are expected to highly outperform our previous announcement, primarily reflecting increased in sales and some expenses (R&D expenses, Selling, general and administrative expenses etc.) that will shift to the second half of the year.

We will disclose the detail of the operating performance by segment and the full year forecasts, when we announce the first half financial report on October 28.