


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
January 31, 2017
For nine months ended December 31, 2016 and 2015 and one year ended March 31, 2016
(Consolidated)
Operating results

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015	<i>Nine months ended Dec. 31, 2016</i>
Net sales	¥ 1,043,052	¥ 1,065,556	\$ 8,950,931
Operating income	22,875	66,838	196,301
Profit attributable to owners of parent	17,974	29,574	154,243
Earnings per share (Yen)	10.7	17.7	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Dec. 31, 2016	As of Mar. 31, 2016	<i>As of Dec. 31, 2016</i>
Total assets	¥ 1,798,417	¥ 1,620,458	\$ 15,433,081
Net assets	426,077	445,625	3,656,371
Number of shares issued and outstanding	1,670,551	1,670,576	
Equity Ratio	22.9%	26.6%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015	<i>Nine months ended Dec. 31, 2016</i>
Operating activities	¥ (147,276)	¥ (190,735)	\$ (1,263,846)
Investing activities	(46,851)	(52,523)	(402,050)
Financing activities	206,284	235,658	1,770,222
Cash and cash equivalents at end of term	48,719	40,247	418,081

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2017	¥ 1,520,000	¥ 40,000	¥ 21,000

- 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 ¥116.53=\$1, the rate prevailing as of December 31, 2016, solely for the convenience of the readers.

Condensed Consolidated Balance Sheets

As of December 31 and March 31, 2016

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	Dec. 31, 2016	Mar. 31, 2016	As of Dec. 31, 2016
Assets :			
Current assets :			
Cash on hand and in banks	¥ 53,451	¥ 42,157	\$ 458,688
Receivables, less allowance	511,800	396,750	4,392,002
Inventories	539,225	492,965	4,627,349
Other current assets	91,703	86,031	786,948
Total current assets	<u>1,196,179</u>	<u>1,017,903</u>	<u>10,264,987</u>
Investments and long-term loans less allowance	92,505	106,303	793,829
Net property, plant and equipment	450,687	436,558	3,867,563
Intangible and other assets	59,046	59,694	506,702
Total assets	<u>¥ 1,798,417</u>	<u>¥ 1,620,458</u>	<u>\$ 15,433,081</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 325,607	¥ 116,047	\$ 2,794,190
Payables	332,580	329,903	2,854,029
Advances from customers	162,605	170,454	1,395,391
Other current liabilities	131,000	151,307	1,124,175
Total current liabilities	<u>951,792</u>	<u>767,711</u>	<u>8,167,785</u>
Long-term liabilities :			
Long-term debt, less current portion	297,816	282,377	2,555,703
Others	122,732	124,745	1,053,222
Total long-term liabilities	<u>420,548</u>	<u>407,122</u>	<u>3,608,925</u>
Net assets :			
Common stock	104,484	104,484	896,627
Capital surplus	54,393	54,394	466,772
Retained earnings	279,218	279,627	2,396,104
Treasury stock	(94)	(86)	(806)
Net unrealized gains on securities	3,133	2,705	26,885
Gains (losses) on hedging items	(4,940)	693	(42,392)
Foreign currency translation adjustments	(7,197)	8,990	(61,760)
Remeasurements of defined benefit plans	(16,443)	(19,439)	(141,106)
Non-controlling interests	13,523	14,257	116,047
Total net assets	<u>426,077</u>	<u>445,625</u>	<u>3,656,371</u>
Total liabilities and net assets	<u>¥ 1,798,417</u>	<u>¥ 1,620,458</u>	<u>\$ 15,433,081</u>

Condensed Consolidated Statements of Income

For nine months ended December 31, 2016 and 2015

	Millions of yen		% Change	Thousands of U.S. dollars
	Nine months ended Dec. 31, 2016	Nine months ended Dec. 31, 2015		<i>Nine months ended Dec. 31, 2016</i>
Net sales	¥ 1,043,052	¥ 1,065,556	-0%	\$ 8,950,931
Cost of sales	877,767	861,785		7,532,541
Gross profit	165,285	203,771		1,418,390
Selling, general and administrative expenses	142,410	136,933		1,222,089
Operating income	22,875	66,838	-66%	196,301
Other income (expenses) :				
Interest and dividend income	863	797		7,405
Equity in income of unconsolidated subsidiaries and affiliates	4,821	2,124		41,371
Interest expense	(2,187)	(2,756)		(18,767)
Other, net	(1,162)	(19,354)		(9,971)
Income before income taxes and non-controlling interests	25,210	47,649		216,339
Income taxes	(6,078)	(16,767)		(52,159)
Profit (loss) attributable to non-controlling interests	(1,158)	(1,308)		(9,937)
Profit attributable to owners of parent	¥ 17,974	¥ 29,574	-39%	\$ 154,243

Segment information

Information by reportable segment

	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

	Millions of yen				
	Nine months ended				
	Dec. 31, 2016				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 74,978	¥ 1,916	¥ 76,894	¥ 90,713	¥ (13,819)
Rolling Stock	94,964	17	94,981	93,325	1,656
Aerospace	238,100	1,295	239,395	216,693	22,702
Gas Turbine & Machinery	165,251	9,381	174,632	168,674	5,958
Plant & Infrastructure	114,273	5,072	119,345	117,010	2,335
Motorcycle & Engine	198,702	481	199,183	201,222	(2,039)
Precision Machinery	103,566	10,487	114,053	107,188	6,865
Other	53,218	27,497	80,715	78,341	2,374
Total	1,043,052	56,146	1,099,198	1,073,166	26,032
Eliminations and corporate	-	(56,146)	(56,146)	(52,989)	(3,157)
Consolidated total	¥ 1,043,052	¥ -	¥ 1,043,052	¥ 1,020,177	¥ 22,875

	Thousands of U.S. dollars				
	Nine months ended				
	Dec. 31, 2016				
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 643,423	\$ 16,442	\$ 659,865	\$ 778,451	\$ (118,586)
Rolling Stock	814,931	145	815,076	800,866	14,210
Aerospace	2,043,250	11,113	2,054,363	1,859,547	194,816
Gas Turbine & Machinery	1,418,098	80,503	1,498,601	1,447,473	51,128
Plant & Infrastructure	980,631	43,526	1,024,157	1,004,120	20,037
Motorcycle & Engine	1,705,158	4,127	1,709,285	1,726,783	(17,498)
Precision Machinery	888,750	89,994	978,744	919,832	58,912
Other	456,690	235,965	692,655	672,281	20,374
Total	8,950,931	481,815	9,432,746	9,209,353	223,393
Eliminations and corporate	-	(481,815)	(481,815)	(454,723)	(27,092)
Consolidated total	\$ 8,950,931	\$ -	\$ 8,950,931	\$ 8,754,630	\$ 196,301

Net sales, orders and order backlog by reportable segment

For nine months ended December 31, 2016 and 2015 and as of December 31 and March 31, 2016

	Millions of yen			Thousands of U.S. dollars	
	Nine months ended		%	Nine months ended	
	Dec. 31, 2016	Dec. 31, 2015		Dec. 31, 2016	
Net sales :					
Ship & Offshore Structure	¥ 74,978 (7%)	¥ 72,999 (7%)	+3%	\$ 643,422	
Rolling Stock	94,964 (9%)	104,594 (10%)	-9%	814,931	
Aerospace	238,100 (23%)	250,575 (24%)	-5%	2,043,250	
Gas Turbine & Machinery	165,251 (16%)	159,150 (15%)	+4%	1,418,098	
Plant & Infrastructure	114,273 (11%)	83,249 (8%)	+37%	980,631	
Motorcycle & Engine	198,702 (19%)	218,851 (20%)	-9%	1,705,157	
Precision Machinery	103,566 (10%)	94,036 (9%)	+10%	888,749	
Other	53,218 (5%)	82,102 (7%)	-35%	456,693	
Total	¥ 1,043,052 (100%)	¥ 1,065,556 (100%)	-2%	\$ 8,950,931	
Orders :					
Ship & Offshore Structure	¥ 28,793 (3%)	¥ 92,746 (9%)	-69%	\$ 247,086	
Rolling Stock	84,729 (10%)	87,449 (8%)	-3%	727,100	
Aerospace	148,828 (17%)	184,994 (18%)	-20%	1,277,164	
Gas Turbine & Machinery	192,337 (22%)	212,733 (19%)	-10%	1,650,536	
Plant & Infrastructure	60,401 (7%)	100,218 (10%)	-40%	518,330	
Motorcycle & Engine	198,702 (22%)	218,851 (20%)	-9%	1,705,157	
Precision Machinery	115,742 (13%)	95,023 (9%)	+22%	993,237	
Other	55,770 (6%)	83,291 (7%)	-33%	478,592	
Total	¥ 885,302 (100%)	¥ 1,075,305 (100%)	-18%	\$ 7,597,202	

	Millions of yen			Thousands of U.S. dollars	
	As of		%	As of	
	Dec. 31, 2016	Mar. 31, 2016		Dec. 31, 2016	
Order backlog :					
Ship & Offshore Structure	¥ 211,689 (12%)	¥ 259,921 (13%)	-26%	\$ 1,816,605	
Rolling Stock	370,666 (21%)	375,729 (20%)	-5%	3,180,863	
Aerospace	513,261 (29%)	608,352 (32%)	+20%	4,404,539	
Gas Turbine & Machinery	417,471 (23%)	381,787 (20%)	+6%	3,582,519	
Plant & Infrastructure	227,005 (12%)	255,944 (13%)	-17%	1,948,039	
Motorcycle & Engine	- (- %)	- (- %)	-%	-	
Precision Machinery	38,534 (2%)	26,358 (1%)	+41%	330,678	
Other	20,419 (1%)	17,866 (1%)	-13%	175,227	
Total	¥ 1,799,045 (100%)	¥ 1,925,957 (100%)	-1%	\$ 15,438,470	

Net Sales by geographic area

For nine months ended December 31, 2016 and 2015

	Millions of yen			Thousands of U.S. dollars	
	Nine months ended		%	Nine months ended	
	Dec. 31, 2016	Dec. 31, 2015		Dec. 31, 2016	
Japan	¥ 437,252 (42%)	¥ 430,093 (40%)	+1%	\$ 3,752,270	
United States	255,144 (24%)	275,104 (26%)	-7%	2,189,513	
Europe	127,796 (12%)	95,990 (9%)	+33%	1,096,679	
Asia	151,377 (15%)	172,856 (16%)	-12%	1,299,039	
Other	71,483 (7%)	91,513 (9%)	-21%	613,430	
Total	¥ 1,043,052 (100%)	¥ 1,065,556 (100%)	-2%	\$ 8,950,931	