

Revision of the Outlook for performance for the fiscal year ending March 31, 2018

Tokyo, December 26, 2017– Kawasaki Heavy Industries, Ltd. (hereinafter, "KHI") hereby announces the revised forecast of profit attributable owners of parent for the Fiscal Year ending March 31, 2018 as follows.

1. Revision of the outlook for performance of Fiscal Year Ending March 31, 2018 (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 October 27, 2017 (A)	1,590,000	62,000	55,500	38,000	227.47
Revised forecast announced today (B)	1,590,000	62,000	55,500	35,000	209.51
Change (B-A)	—	—	—	△3,000	△17.96
Change	—	—	—	△7.9%	△7.9%
Results for fiscal year ended March 31, 2017 (for reference only)	1,518,830	45,960	36,671	26,204	15.68

※As the Company carried out a share consolidation with a 10:1 ratio of common shares with an effective date of October 1, 2017, the calculation of earnings per share factors the impact of this share consolidation in consideration.

2. Reasons for the Revision

As described in "Extraordinary losses due to the termination by consent of the shipbuilding contract for "ISLAND NAVIGATOR" " announced today, approximately 13 billion yen will be posted as an extraordinary loss, of this amount approximately 9.5 billion yen is expected to be a negative factor regarding profit attributable to owners of parent. On the other hand, it is estimated that deferred tax assets will be recorded due to the fact that losses on joint venture business in Brazil (losses posted by fiscal 2016) are confirmed in the third quarter and corporate tax expense will be reduced to approximately 6.5 billion yen. As a result, profit attributable to owners of parent is expected to decrease by 3 billion yen to 35 billion yen from the previous announcement (October 27). The outlook for this revised forecast reflects the effect of the termination of the shipbuilding contract for "ISLAND NAVIGATOR" and the tax expense fluctuation due to decision to record a loss in the Brazil shipbuilding business in the previous announcement.

3. Others

KHI does not plan to change the annual dividend forecast (announced on October 27, 2017) due to the revision of this outlook.

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