


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

For the year ended March 31, 2018 and 2017

 April 26, 2018
 (Consolidated)

Operating results

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2018	Year ended Mar. 31, 2017	Year ended Mar. 31, 2018
Net sales	¥ 1,574,242	¥ 1,518,830	\$ 14,813,606
Operating income	55,925	45,960	526,253
Profit attributable to owners of parent	28,915	26,204	272,089
Earnings per share (Yen)	173.09	156.85	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Mar. 31, 2018	As of Mar. 31, 2017	As of Mar. 31, 2018
Total assets	¥ 1,785,028	¥ 1,687,363	\$ 16,797,101
Net assets	481,386	451,327	4,529,839
Number of shares issued and outstanding	167,047	167,054	
Equity Ratio	26.1%	25.9%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2018	Year ended Mar. 31, 2017	Year ended Mar. 31, 2018
Operating activities	¥ 56,050	¥ 93,514	\$ 527,430
Investing activities	(80,590)	(64,879)	(758,351)
Financing activities	37,770	(15,850)	355,415
Cash and cash equivalents at end of term	64,362	50,722	605,645

Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2019	¥ 1,650,000	¥ 75,000	¥ 47,000

- 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 ¥106.27=\$1, the rate prevailing as of March 31, 2018, solely for the convenience of the readers.
 3. As Kawasaki Heavy Industries carried out a share consolidation with a 10:1 ratio of common shares with an effective date of October 1, 2017, earnings per share for twelve months ended March 31, 2017 and the number of shares issued and outstanding as of March 31, 2017 have been calculated assuming that this share consolidation was carried out at the beginning of the fiscal year ended March 31, 2017.
 4. Kawasaki Heavy Industries will realign its reportable segments from the first quarter of the fiscal year ended March 31, 2019 as follows: Aerospace Systems, Energy System & Plant Engineering, Precision Machinery & Robot, Ship & Offshore Structure, Rolling Stock, Motorcycle & Engine, and Other.

Condensed Consolidated Balance Sheets

As of March 31, 2018 and 2017

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	Mar. 31, 2018	Mar. 31, 2017	As of Mar. 31, 2018
Assets :			
Current assets :			
Cash on hand and in banks	¥ 70,632	¥ 55,388	\$ 664,646
Receivables, less allowance	484,209	460,976	4,556,403
Inventories	504,739	484,862	4,749,590
Other current assets	88,742	76,609	835,063
Total current assets	<u>1,148,322</u>	<u>1,077,835</u>	<u>10,805,702</u>
Investments and long-term loans less allowance	102,728	95,277	966,669
Net property, plant and equipment	479,798	461,882	4,514,897
Intangible and other assets	54,180	52,369	509,833
Total assets	<u>¥ 1,785,028</u>	<u>¥ 1,687,363</u>	<u>\$ 16,797,101</u>
Liabilities and net assets :			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 129,261	¥ 121,648	\$ 1,216,345
Payables	382,506	363,116	3,599,378
Advances from customers	194,306	205,872	1,828,418
Other current liabilities	163,570	152,806	1,539,194
Total current liabilities	<u>869,643</u>	<u>843,442</u>	<u>8,183,335</u>
Long-term liabilities :			
Long-term debt, less current portion	317,382	279,043	2,986,562
Others	116,617	113,551	1,097,365
Total long-term liabilities	<u>433,999</u>	<u>392,594</u>	<u>4,083,927</u>
Net assets :			
Common stock	104,484	104,484	983,193
Capital surplus	54,574	54,393	513,541
Retained earnings	308,011	287,449	2,898,382
Treasury stock	(124)	(96)	(1,166)
Net unrealized gains on securities	3,527	3,232	33,190
Gains (losses) on hedging items	403	(1,182)	3,792
Foreign currency translation adjustments	719	(341)	6,765
Remeasurements of defined benefit plans	(5,532)	(10,692)	(52,056)
Non-controlling interests	15,324	14,080	144,198
Total net assets	<u>481,386</u>	<u>451,327</u>	<u>4,529,839</u>
Total liabilities and net assets	<u>¥ 1,785,028</u>	<u>¥ 1,687,363</u>	<u>\$ 16,797,101</u>

Condensed Consolidated Statements of Income

For the year ended March 31, 2018 and 2017

	Millions of yen		% Change	Thousands of U.S. dollars
	Year ended Mar. 31, 2018	Year ended Mar. 31, 2017		Year ended Mar. 31, 2018
Net sales	¥ 1,574,242	¥ 1,518,830	+4%	\$ 14,813,606
Cost of sales	1,319,715	1,278,907		12,418,509
Gross profit	254,527	239,923		2,395,097
Selling, general and administrative expenses	198,602	193,963		1,868,844
Operating income	55,925	45,960	+22%	526,253
Other income (expenses) :				
Interest and dividend income	1,011	1,100		9,513
Equity in income of unconsolidated subsidiaries and affiliates	4,492	5,537		42,269
Interest expense	(2,794)	(2,859)		(26,291)
Other, net	(25,635)	(10,865)		(241,224)
Income before income taxes and non-controlling interests	32,999	38,873		310,520
Income taxes	(1,652)	(10,948)		(15,545)
Profit (loss) attributable to non-controlling interests	(2,432)	(1,721)		(22,886)
Profit attributable to owners of parent	¥ 28,915	¥ 26,204	+10%	\$ 272,089

Condensed Consolidated Statements of Cash Flows

For the year ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2018	Year ended Mar. 31, 2017	Year ended Mar. 31, 2018
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 32,999	¥ 38,873	\$ 310,520
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	56,137	51,564	528,248
Increase in assets	(79,192)	(53,596)	(745,196)
Increase in liabilities	20,121	57,777	189,338
Other	25,985	(1,104)	244,520
Net cash provided by operating activities	¥ 56,050	¥ 93,514	\$ 527,430
Cash flows from investing activities:			
Acquisition of tangible and intangible assets	(82,238)	(69,341)	(773,859)
Acquisition of investments in securities	(512)	(1,208)	(4,817)
Other	2,160	5,670	20,325
Net cash used for investing activities	¥ (80,590)	¥ (64,879)	\$ (758,351)
Cash flows from financing activities:			
Increase (Decrease) in short-term borrowings	16,363	(20,843)	153,975
Proceeds from long-term debt	84,363	51,734	793,855
Repayment of long-term debt	(52,694)	(26,946)	(495,850)
Other	(10,262)	(19,795)	(96,565)
Net cash provided by financing activities	¥ 37,770	¥ (15,850)	\$ 355,415
Effect of exchange rate changes	410	543	3,858
Net increase in cash and cash equivalents	13,640	13,328	128,352
Cash and cash equivalents at beginning of term	50,722	37,832	477,293
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(438)	-
Cash and cash equivalents at end of term	¥ 64,362	¥ 50,722	\$ 605,645

Segment information
Information by reportable segment

For the year ended March 31, 2017

Millions of yen										
Year ended Mar. 31, 2017										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Ship & Offshore Structure	¥ 103,204	¥ 2,447	¥ 105,651	¥ 127,075	¥ (21,424)	¥ 168,577	¥ 1,277	¥ 47,643	¥ 3,705	
Rolling Stock	137,159	76	137,235	133,749	3,486	164,413	2,626	129	2,729	
Aerospace	329,915	1,615	331,530	306,497	25,033	433,241	15,023	-	33,273	
Gas Turbine & Machinery	241,953	12,823	254,776	239,482	15,294	347,454	4,764	-	8,945	
Plant & Infrastructure	160,877	7,928	168,805	166,195	2,610	119,158	1,456	16,899	2,207	
Motorcycle & Engine	313,030	683	313,713	301,964	11,749	243,412	13,140	1,350	18,292	
Precision Machinery	155,278	15,873	171,151	158,047	13,104	157,502	6,471	297	7,228	
Other	77,414	40,041	117,455	114,315	3,140	86,465	1,673	3,175	1,174	
Total	1,518,830	81,486	1,600,316	1,547,324	52,992	1,720,222	46,430	69,493	77,553	
Eliminations and corporate	-	(81,486)	(81,486)	(74,454)	(7,032)	(32,859)	5,134	-	5,191	
Consolidated total	¥ 1,518,830	¥ -	¥ 1,518,830	¥ 1,472,870	¥ 45,960	¥ 1,687,363	¥ 51,564	¥ 69,493	¥ 82,744	

Thousands of U.S. dollars										
Year ended Mar. 31, 2017										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Ship & Offshore Structure	\$ 919,821	\$ 21,809	\$ 941,630	\$ 1,132,575	\$ (190,945)	\$ 1,502,468	\$ 11,381	\$ 424,625	\$ 33,022	
Rolling Stock	1,222,450	677	1,223,127	1,192,058	31,069	1,465,356	23,405	1,149	24,322	
Aerospace	2,940,419	14,393	2,954,812	2,731,703	223,109	3,861,328	133,895	-	296,551	
Gas Turbine & Machinery	2,156,444	114,287	2,270,731	2,134,421	136,310	3,096,738	42,460	-	79,723	
Plant & Infrastructure	1,433,841	70,660	1,504,501	1,481,238	23,263	1,062,014	12,976	150,614	19,671	
Motorcycle & Engine	2,789,929	6,087	2,796,016	2,691,302	104,714	2,169,448	117,113	12,032	163,031	
Precision Machinery	1,383,940	141,471	1,525,411	1,408,619	116,792	1,403,761	57,674	2,647	64,420	
Other	689,965	356,872	1,046,837	1,018,850	27,987	770,633	14,910	28,300	10,463	
Total	13,536,809	726,256	14,263,065	13,790,766	472,299	15,331,746	413,814	619,367	691,203	
Eliminations and corporate	-	(726,256)	(726,256)	(663,582)	(62,674)	(292,861)	45,758	-	46,265	
Consolidated total	\$ 13,536,809	\$ -	\$ 13,536,809	\$ 13,127,184	\$ 409,625	\$ 15,038,885	\$ 459,572	\$ 619,367	\$ 737,468	

Segment information
Information by reportable segment

For the year ended March 31, 2018

Millions of yen									
Year ended Mar. 31, 2018									
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 95,610	¥ 3,786	¥ 99,396	¥ 103,217	¥ (3,821)	¥ 147,963	¥ 1,444	¥ 49,749	¥ 4,774
Rolling Stock	141,760	105	141,865	154,305	(12,440)	180,792	2,567	138	2,505
Aerospace	330,211	1,829	332,040	311,118	20,922	424,110	17,485	-	28,876
Gas Turbine & Machinery	266,471	11,988	278,459	263,756	14,703	373,640	5,018	-	7,785
Plant & Infrastructure	124,465	11,024	135,489	132,551	2,938	136,130	1,508	19,118	1,689
Motorcycle & Engine	331,659	669	332,328	317,075	15,253	266,550	14,164	1,474	20,543
Precision Machinery	198,996	15,891	214,887	193,238	21,649	188,155	7,166	411	10,975
Other	85,070	41,508	126,578	123,649	2,929	85,062	1,580	3,338	697
Total	1,574,242	86,800	1,661,042	1,598,909	62,133	1,802,402	50,932	74,228	77,844
Eliminations and corporate	-	(86,800)	(86,800)	(80,592)	(6,208)	(17,374)	5,205	-	4,319
Consolidated total	¥ 1,574,242	¥ -	¥ 1,574,242	¥ 1,518,317	¥ 55,925	¥ 1,785,028	¥ 56,137	¥ 74,228	¥ 82,163

Thousands of U.S. dollars									
Year ended Mar. 31, 2018									
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 899,689	\$ 35,626	\$ 935,315	\$ 971,271	\$ (35,956)	\$ 1,392,330	\$ 13,588	\$ 468,137	\$ 44,923
Rolling Stock	1,333,960	988	1,334,948	1,452,009	(117,061)	1,701,251	24,155	1,298	23,572
Aerospace	3,107,284	17,210	3,124,494	2,927,619	196,875	3,990,873	164,534	-	271,723
Gas Turbine & Machinery	2,507,490	112,808	2,620,298	2,481,942	138,356	3,515,950	47,219	-	73,256
Plant & Infrastructure	1,171,214	103,735	1,274,949	1,247,304	27,645	1,280,982	14,190	179,900	15,893
Motorcycle & Engine	3,120,910	6,295	3,127,205	2,983,674	143,531	2,508,234	133,284	13,870	193,310
Precision Machinery	1,872,551	149,534	2,022,085	1,818,368	203,717	1,770,537	67,432	3,867	103,275
Other	800,508	390,591	1,191,099	1,163,536	27,563	800,433	14,867	31,412	6,559
Total	14,813,606	816,787	15,630,393	15,045,723	584,670	16,960,590	479,269	698,484	732,511
Eliminations and corporate	-	(816,787)	(816,787)	(758,370)	(58,417)	(163,489)	48,979	-	40,642
Consolidated total	\$ 14,813,606	\$ -	\$ 14,813,606	\$ 14,287,353	\$ 526,253	\$ 16,797,101	\$ 528,248	\$ 698,484	\$ 773,153

Net sales, orders and order backlog by reportable segment

For the year ended March 31, 2018 and 2017

	Millions of yen				%	Thousands of			
	Year ended		Year ended			U.S. dollars			
	Mar. 31, 2018		Mar. 31, 2017			Year ended			
				Change	Mar. 31, 2018				
Net sales :									
Ship & Offshore Structure	¥	95,610	(6%)	¥	103,204	(7%)	-7%	\$	899,689
Rolling Stock		141,760	(9%)		137,159	(9%)	+3%		1,333,960
Aerospace		330,211	(21%)		329,915	(22%)	0%		3,107,284
Gas Turbine & Machinery		266,471	(17%)		241,953	(16%)	+10%		2,507,491
Plant & Infrastructure		124,465	(8%)		160,877	(11%)	-23%		1,171,214
Motorcycle & Engine		331,659	(21%)		313,030	(20%)	+6%		3,120,909
Precision Machinery		198,996	(13%)		155,278	(10%)	+28%		1,872,551
Other		85,070	(5%)		77,414	(5%)	+10%		800,508
Total	¥	1,574,242	(100%)	¥	1,518,830	(100%)	4%	\$	14,813,606
Orders :									
Ship & Offshore Structure	¥	4,748	(0%)	¥	36,979	(3%)	-87%	\$	44,678
Rolling Stock		257,137	(16%)		158,597	(12%)	+62%		2,419,658
Aerospace		374,408	(23%)		237,016	(18%)	+58%		3,523,177
Gas Turbine & Machinery		248,105	(16%)		260,354	(19%)	-5%		2,334,666
Plant & Infrastructure		100,110	(6%)		95,012	(7%)	+5%		942,034
Motorcycle & Engine		331,659	(21%)		313,030	(23%)	+6%		3,120,910
Precision Machinery		207,106	(13%)		166,832	(12%)	+24%		1,948,866
Other		84,803	(5%)		80,953	(6%)	+5%		797,995
Total	¥	1,608,076	(100%)	¥	1,348,773	(100%)	+19%	\$	15,131,984