

For Release: October 19, 2018

Revision of the Outlook for performance
for the Fiscal Year Ending March 31, 2019

Tokyo, October 19, 2018-Kawasaki Heavy Industries, Ltd. (hereinafter, "KHI") hereby announces that KHI has revised its full-year consolidated business forecast for the Fiscal Year Ending March 31, 2019 (FY2018) announced on July 31, 2018 as follows. KHI does not plan to change the annual dividend forecast (interim dividend: 35 yen per share, year-end dividend: 35 yen per share) due to the revision of this outlook.

1. Revision of the outlook for performance of FY2018 (Consolidated)

	Net sales (Mil. yen)	Operating income (Mil. yen)	Recurring profit (Mil. yen)	Net income attributable to owners of parent (Mil. yen)	Earnings per share (Yen)
Previous forecast announced on July 31, 2018 (A)	1,650,000	75,000	70,000	47,000	281.35
Revised forecast announced today (B)	1,645,000	66,000	49,500	31,000	185.57
Change (B-A)	(5,000)	(9,000)	(20,500)	(16,000)	—
Change (in %)	(0.3)	(12.0)	(29.2)	(34.0)	—
Results for FY2017 (for reference only)	1,574,242	55,925	43,225	28,915	173.09

2. Reason for the revision

Compared with the previous forecast announced on July 31, 2018, there will be increases in operating income due to the review of the assumed exchange rate from 107 yen to 110 yen per the US dollar and Aerospace Systems Business. However, the recording of losses in the Rolling Stock Business will reduce operating income. As a result, operating income will be 66.0 billion yen, down by 9.0 billion yen. Recurring profit will be 49.5 billion yen, down by 20.5 billion yen due to the decline in operating income and the recording of the payments related to the in-service issues of the Trent 1000 engine in the financial results for the second quarter FY2018, etc. Net income attributable to owners of parent will be 31.0 billion yen, down by 16.0 billion yen as a result of the revision of deferred tax assets recorded. The assumed exchange rates in this outlook are 110 yen per US dollar and 130 yen per euro.

For details of the losses of the Rolling Stock Business and the payments related to the in-service issues of the Trent 1000 engine, please refer to "Recording of the Losses of the Rolling Stock Business" and "With regard to the payments related to the in-service issues of the Trent 1000 engine" announced today.

3. Reference Outlook for performance of FY2018 (by segment)

[Billion Yen]

	Previous forecast (In July)		Revised forecast (today)		Change	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Aerospace Systems	475.0	27.5	490.0	35.5	+ 15.0	+ 8.0
Energy System & Plant Engineering	280.0	9.0	270.0	8.0	(10.0)	(1.0)
Precision Machinery & Robot	230.0	24.5	230.0	24.0	-	(0.5)
Ship & Offshore Structure	85.0	1.0	85.0	1.0	-	-
Rolling Stock	160.0	2.5	135.0	(14.0)	(25.0)	(16.5)
Motorcycle & Engine	335.0	15.0	345.0	16.0	+ 10.0	+ 1.0
Others	85.0	3.0	90.0	3.0	+ 5.0	-
Eliminations and corporate	-	(7.5)	-	(7.5)	-	-
Total	1,650.0	75.0	1,645.0	66.0	(5.0)	(9.0)

(Note regarding outlook for performance)

The above outlook is based on information available at the time of preparation, and includes risks and uncertainties. KHI therefore discourages making investment decisions depending solely on this outlook. Please note that actual earnings may differ materially from this outlook, due to a variety of important factors stemming from changes in the external environment and/or the KHI's internal environment. Important factors that impact actual operating performance include, but are not limited to, the economic situation surrounding the KHI's scope of business, foreign exchange rates in particular the yen/US dollar exchange rate, tax codes and other regulatory system-related issues.

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