

Financial Results for FY2017 (for the year ended March 31, 2018)

April 26, 2018

Kawasaki Heavy Industries, Ltd.

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Summary of Financial Results

[Billion Yen]

	FY2016 Actual	FY2017		Change	
		Forecast in March ^{※1}	Actual	vs. FY2016	vs. Forecast in March ^{※1}
Orders Received	1,348.7	1,640.0	1,608.0	+ 259.3	- 32.0
Net Sales	1,518.8	1,575.0	1,574.2	+ 55.4	- 0.8
Operating Income	45.9	53.0	55.9	+ 9.9	+ 2.9
Recurring Profit	36.6	38.5	43.2	+ 6.5	+ 4.7
Net Income Attributable to Owners of Parent	26.2	23.0	28.9	+ 2.7	+ 5.9
Before-tax ROIC	5.0%	4.9%	3.9%	- 1.1%	- 1.0%
ROE	6.0%	7.3%	6.4%	+ 0.4%	- 0.9%

※1 The figures of Orders Received, Before-tax ROIC and ROE announced on Jan. 31, 2018

<Weighted-average exchange rates>

Yen/US\$	108.98	110.00	110.62
Yen/EUR	120.24	130.00	129.84

vs. FY2016

• Orders Received

- Increased mainly in Aerospace, Rolling Stock and Precision Machinery segments

• Net Sales

- Increased as a whole, due to increase in Precision Machinery, Gas Turbine & Machinery, Motorcycle & Engine segments, despite decrease in Plant & Infrastructure segment

• Profits

- Operating income and recurring profit increased as a whole, due to increased profit in Precision Machinery segment, improvement in Ship & Offshore Structure segment, and other factors, despite deterioration in Rolling Stock segment by worsening profitability of passenger cars for North America and other factors, decreased profit in Aerospace segment

(Appendix)

Net Sales in Foreign Currencies
for FY2017 [Billion]

US\$	EUR
2.28	0.34

Financial Results by Segment

[Billion Yen]

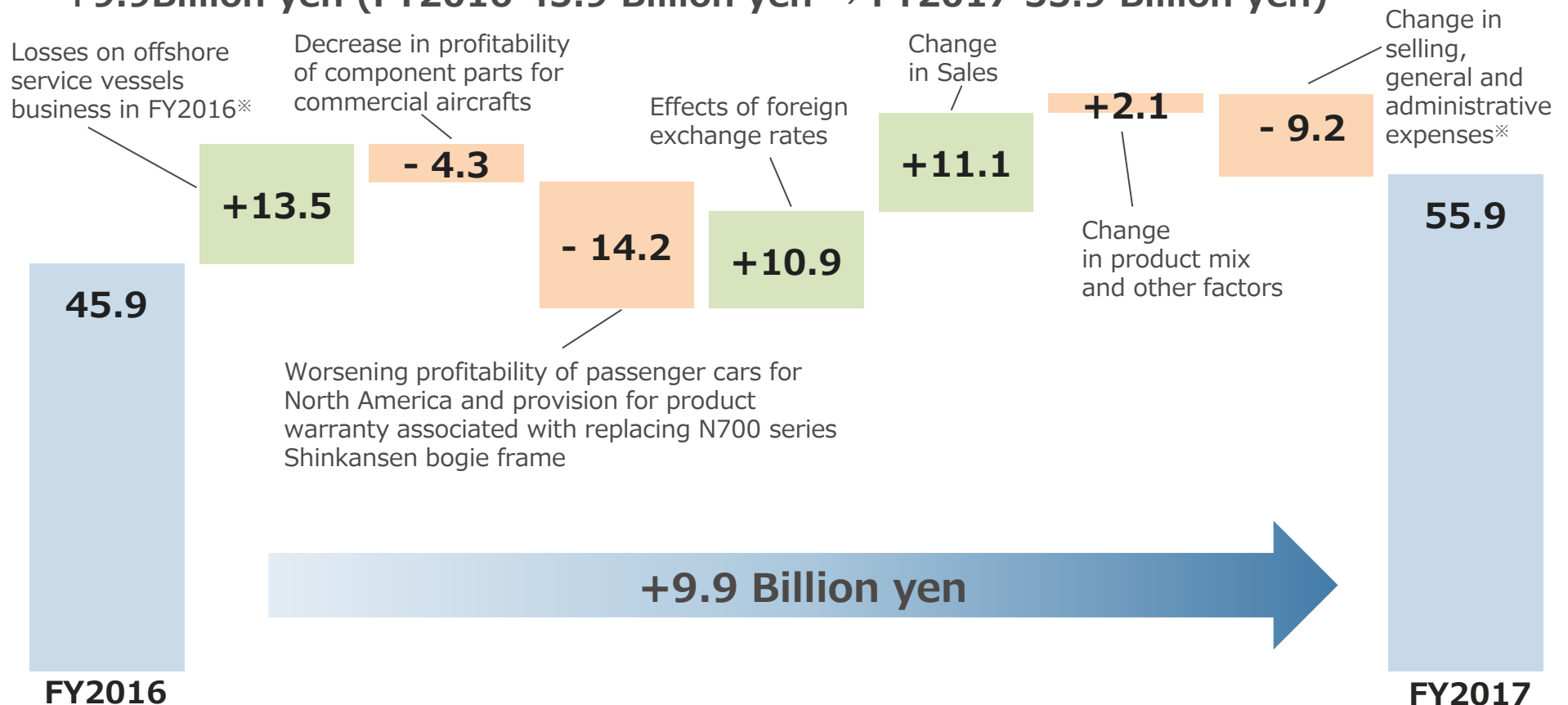
	Orders Received			Net Sales			Operating Income		
	FY2016	FY2017	Change	FY2016	FY2017	Change	FY2016	FY2017	Change
Ship & Offshore Structure	36.9	4.7	- 32.2	103.2	95.6	- 7.5	-21.4	-3.8	+ 17.6
Rolling Stock	158.5	257.1	+ 98.5	137.1	141.7	+ 4.6	3.4	-12.4	- 15.9
Aerospace	237.0	374.4	+ 137.3	329.9	330.2	+ 0.2	25.0	20.9	- 4.1
Gas Turbine & Machinery	260.3	248.1	- 12.2	241.9	266.4	+ 24.5	15.2	14.7	- 0.5
Plant & Infrastructure	95.0	100.1	+ 5.0	160.8	124.4	- 36.4	2.6	2.9	+ 0.3
Motorcycle & Engine	313.0	331.6	+ 18.6	313.0	331.6	+ 18.6	11.7	15.2	+ 3.5
Precision Machinery	166.8	207.1	+ 40.2	155.2	198.9	+ 43.7	13.1	21.6	+ 8.5
Others	80.9	84.8	+ 3.8	77.4	85.0	+ 7.6	3.1	2.9	- 0.2
Eliminations and corporate [※]	-	-	-	-	-	-	-7.0	-6.2	+ 0.8
Total	1,348.7	1,608.0	+ 259.3	1,518.8	1,574.2	+ 55.4	45.9	55.9	+ 9.9

※“Eliminations and corporate” includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting

Details of change in profit

• Operating Profit

+9.9Billion yen (FY2016 45.9 Billion yen ⇒ FY2017 55.9 Billion yen)



[※]4.6Billion yen of allowance for doubtful accounts on trade receivables from the joint venture in Brazil is included in "Losses on offshore service vessels business in FY2016".

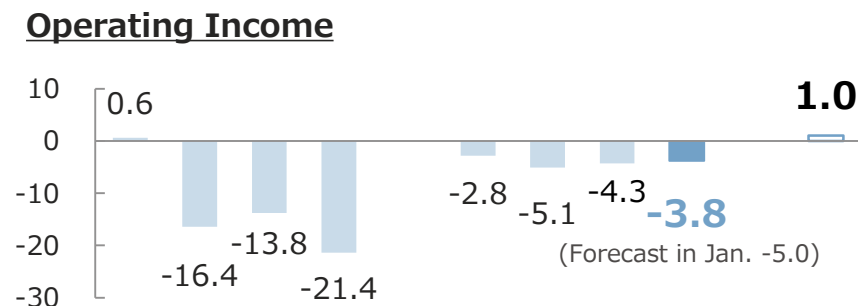
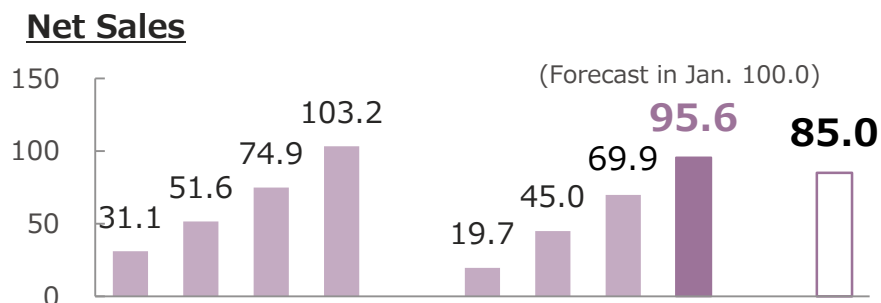
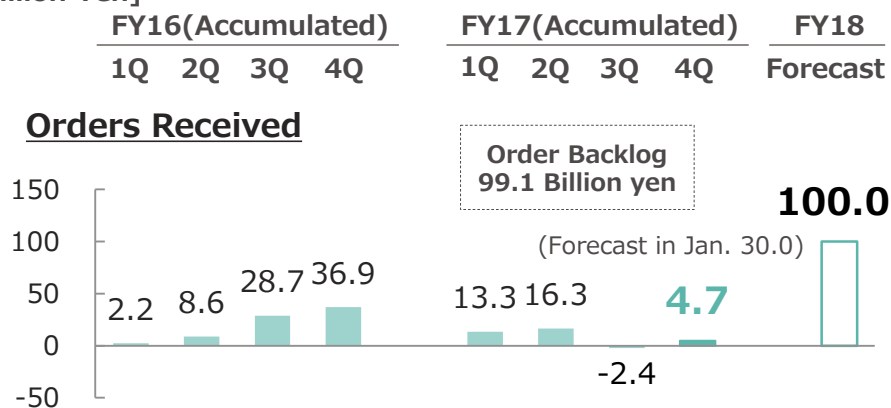
Summary of Income Statement

			(	FY2016	⇒	(	[Billion Yen] FY2017)
Operating Income	+	9.9	(	45.9	⇒	(	55.9)
• Net Sales	+	55.4	(	1,518.8	⇒	(	1,574.2)
• Cost of sales	+	40.8	(	1,278.9	⇒	(	1,319.7)
• Selling, general & administrative expenses	+	4.6	(	193.9	⇒	(	198.6)
- Salaries and benefits	+	1.0	(	51.4	⇒	(	52.5)
- R&D expenses	+	1.8	(	43.6	⇒	(	45.4)
Non-operating Income / Expenses	-	3.4	(	-9.2	⇒	(	-12.6)
• Net Interest expense (incl. dividend income)	-	0.0	(	-1.7	⇒	(	-1.7)
• Equity in income of unconsolidated subsidiaries and affiliates	-	1.0	(	5.5	⇒	(	4.4)
• Gain and loss on foreign exchange	+	0.7	(	-7.7	⇒	(	-7.0)
• Payments for contract adjustments for commercial aircraft jet engines	-	2.5	(	-	⇒	(	-2.5)
• Others	-	0.5	(	-5.3	⇒	(	-5.8)
Extraordinary Income / Losses	-	12.4	(	2.2	⇒	(	-10.2)
• Gain on sales of fixed assets	+	0.4	(	2.2	⇒	(	26.0)
• Loss from termination of a shipbuilding contract for an offshore service vessel	-	12.8	(	-	⇒	(	-12.8)

Ship & Offshore Structure

Main Products: LNG carriers, LPG carriers, Offshore structures, Bulk carriers, Submarines

[Billion Yen]



FY2017 (vs. FY2016)

- **Orders Received:** Decreased compared to FY2016 when orders for submarines were received, due to termination of a shipbuilding contract for an offshore service vessel, despite orders received for LPG carrier and Kawasaki JETFOIL
- **Net Sales:** Decreased due to decrease in construction works related submarine, and other factors
- **Operating Income:** Improved compared to FY2016 when there were increase of the amount of allowance for doubtful accounts on trade receivables, and increase in provision for loss on construction contracts

FY2018 Forecast (vs. FY2017)

- **Orders Received:** Increased compared to FY2017 when shipbuilding contract for an offshore service vessel was terminated, due to increase in submarines and liquid gas carriers, and other factors
- **Net Sales:** Decreased due to decrease in construction works of liquid gas carrier
- **Operating Income:** Increased due to decrease in low-profitability projects

Units of Orders Received and Sales of New Building Ships [Unit]

	Orders Received		Sales*		Orders Backlog
	FY2016	FY2017	FY2016	FY2017	FY2017
LNG carriers			9	8	5
LPG carriers		2	7	6	6
Submarines	1		2	2	2
Others		1	2	3	2
Total	1	3	20	19	15

*Sales includes units by percentage-of-completion method

	FY2016 Actual	FY2017 Actual	FY2018 Forecast
Before-tax ROIC	-23.4%	-21.3%	2.9%

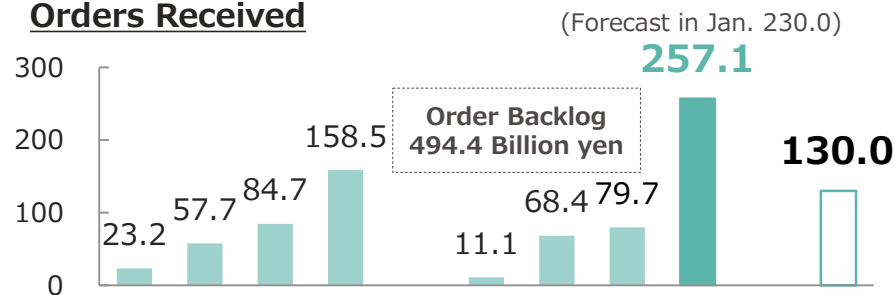
Rolling Stock

Main Products: Electric train cars (incl. Shinkansen), Electric and diesel locomotives, Passenger coaches, Bogies

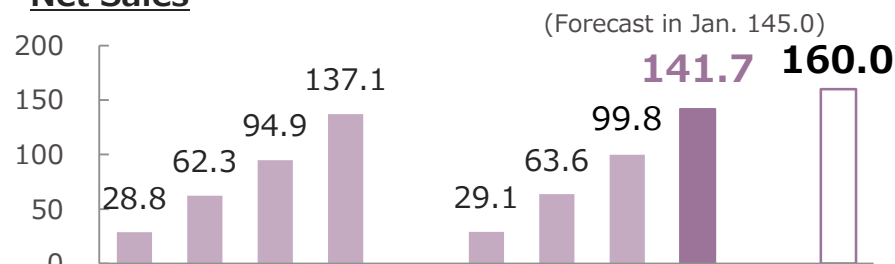
[Billion Yen]

FY16(Accumulated)				FY17(Accumulated)				FY18
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Forecast

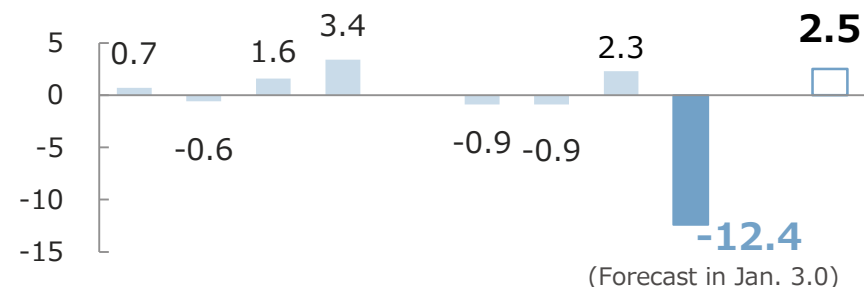
Orders Received



Net Sales



Operating Income



FY2017 (vs. FY2016)

- **Orders Received:** Increased compared to FY2016 when orders of subway cars for domestic market and others were received, due to large scale orders received including MRT System for Bangladesh and new generation subway cars for New York City Transit
- **Net Sales:** Increased due to increase in domestic market and other factors, despite decrease in sales for overseas market including North America and Asia
- **Operating Income:** Deteriorated due to provision for loss on construction contracts in passenger cars for Long Island Rail Road, expenses for replacing N700 series Shinkansen bogie frame and other factors

FY2018 Forecast (vs. FY2017)

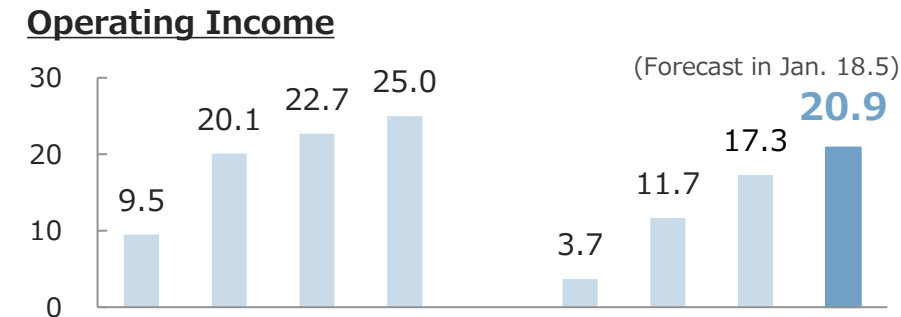
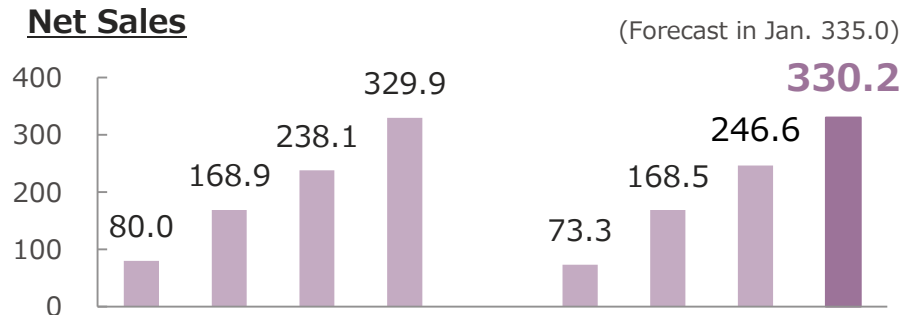
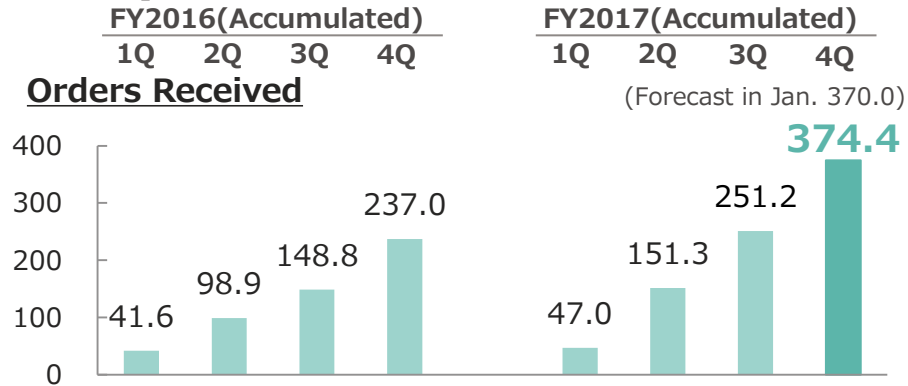
- **Orders Received:** Decreased compared to FY2017 when orders of large-scale projects for overseas market were received
- **Net Sales:** Increased due to increase in sales to North American market
- **Operating Income:** Improved compared to FY2017 when provision for loss on construction contracts in passenger cars for Long Island Rail Road was recognized

	FY2016 Actual	FY2017 Actual	FY2018 Forecast
Before-tax ROIC	3.0%	-26.2%	3.4%

Aerospace

Main Products: Aircrafts for Japan Ministry of Defense(MOD), Component parts for commercial aircrafts, Commercial helicopters, Missiles, Space equipment

[Billion Yen]



FY2017 (vs. FY2016)

- **Orders Received:** Increased due to increase in orders received for the Ministry of Defense (MOD), and continued high level of orders received of component parts for commercial aircrafts
- **Net Sales:** Increased due to increase in sales to the MOD and other factors, despite decrease in component parts for commercial aircrafts
- **Operating Income:** Decreased due to decrease in profitability of component parts for commercial aircrafts, and other factors

Sales units of component parts for commercial aircraft

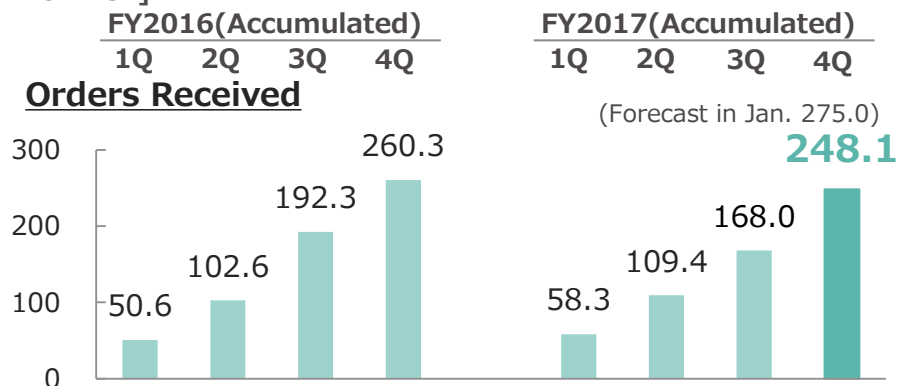
	FY2016	FY2017
Boeing 767	25	29
Boeing 777	91	58
Boeing 787	124	141

	FY2016 Actual	FY2017 Actual
Before-tax ROIC	15.1%	10.0%

Gas Turbine & Machinery

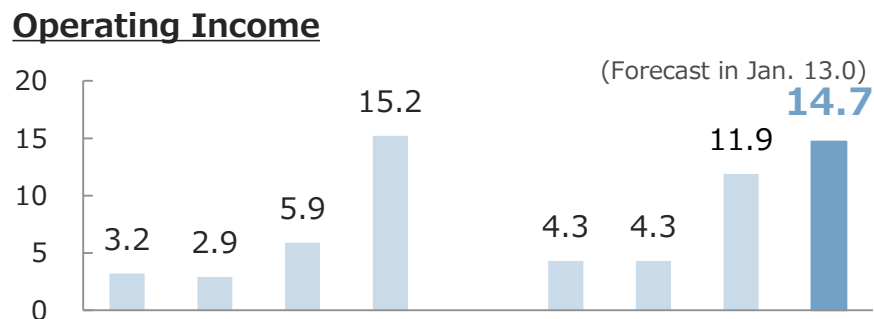
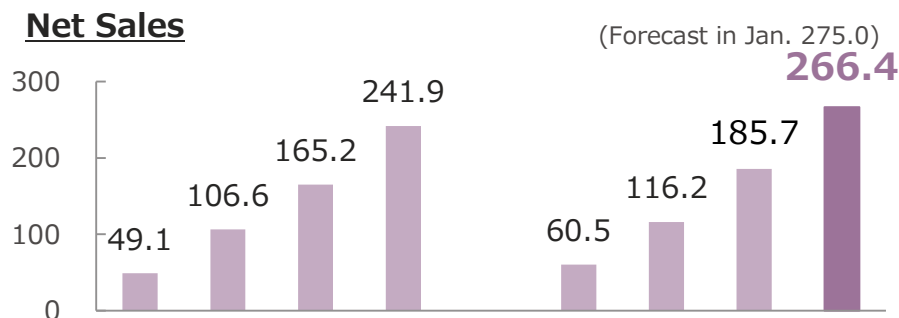
Main Products: Jet engines, Gas turbine co-generation system, Gas engines, Diesel engines, Gas turbines & steam turbines for marine & land, Marine propulsion system, Aero-dynamic machinery

[Billion Yen]



FY2017 (vs. FY2016)

- **Orders Received:** Decreased due to decrease in gas engine power plants for domestic market, and other factors
- **Net Sales:** Increased due to increase in component parts of commercial aircraft jet engines, and other factors
- **Operating Income:** Decreased due to decrease in highly profitable projects of energy business and other factors, despite sales increase



	FY2016 Actual	FY2017 Actual
Before-tax ROIC	7.1%	5.1%

Plant & Infrastructure

Main Products: Industrial plants(cement, fertilizer and others), Power plants, LNG tanks, Municipal refuse incineration plants, Tunnel boring machines, Crushing machines

[Billion Yen]

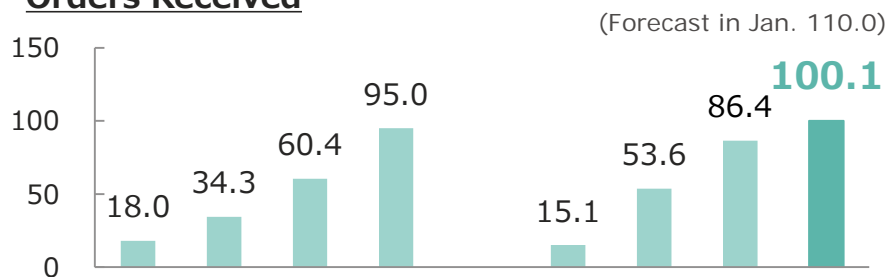
FY2016(Accumulated)

1Q 2Q 3Q 4Q

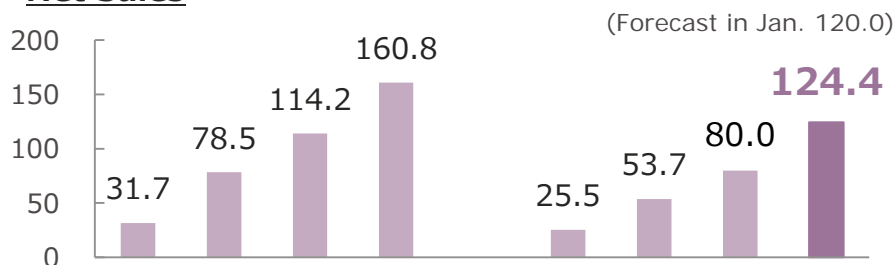
FY2017(Accumulated)

1Q 2Q 3Q 4Q

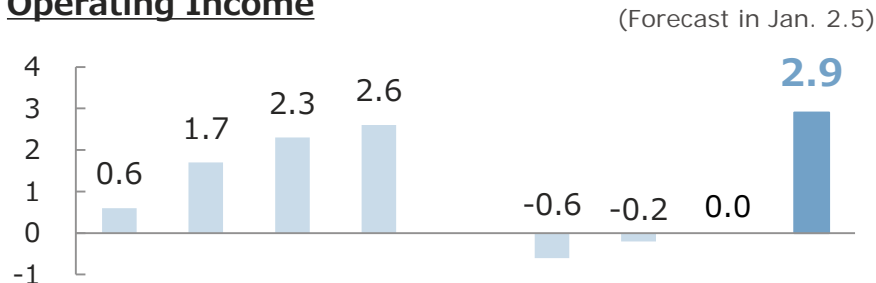
Orders Received



Net Sales



Operating Income



FY2017 (vs. FY2016)

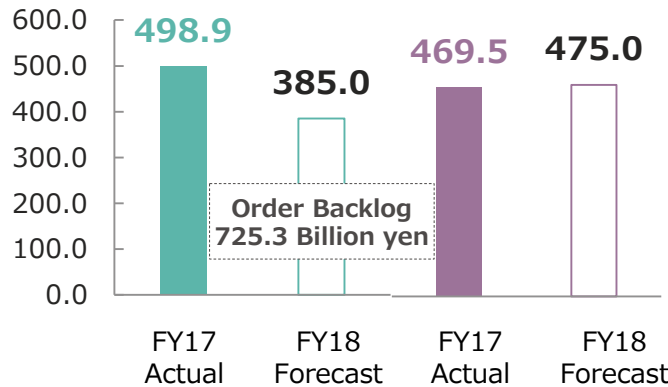
- **Orders Received:** Increased due to increase in construction and operation of Waste Treatment Facility, despite decrease in orders received for overseas markets
- **Net Sales:** Decreased due to decrease in construction works of a chemical plant for overseas market, and other factors
- **Operating Income:** Increased compared to FY2016 when there was increase in provision for loss on construction contracts, despite sales decrease

	FY2016 Actual	FY2017 Actual
Before-tax ROIC	8.9%	8.6%

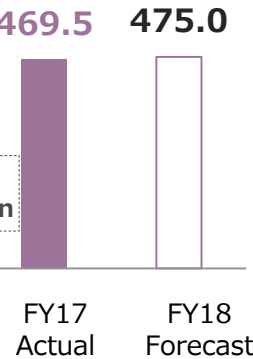
Newly Reorganized Segment

Aerospace Systems

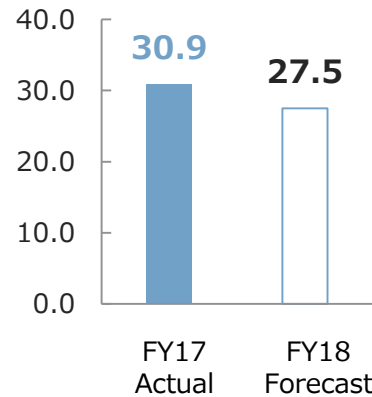
Orders Received



Net Sales



Operating Income



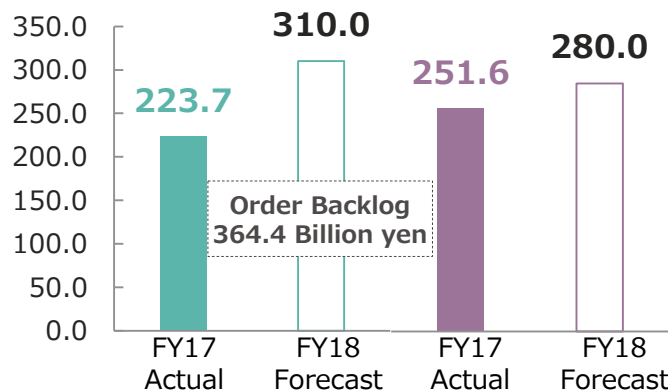
FY2018 Forecast (vs. FY2017)

- **Orders Received:** Decreased compared to FY2017 when a bulk order for helicopters was received from the MOD, due to decrease in component parts for commercial aircrafts
- **Net Sales:** Increased due to increase in component parts of commercial aircraft jet engines, despite the impact of the strong yen and decrease in sales for the MOD
- **Operating Income:** Decreased due to the impact of the strong yen and increase in depreciation of development costs of new commercial aircraft jet engine projects and other factors, despite improved profitability in component parts for commercial aircrafts

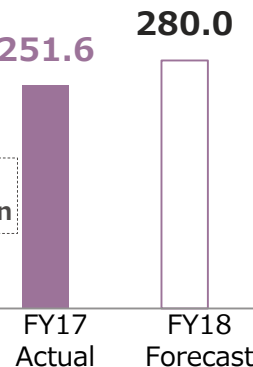
	FY2017 Actual	FY2018 Forecast
Before-tax ROIC	7.8%	7.7%

Energy System & Plant Engineering

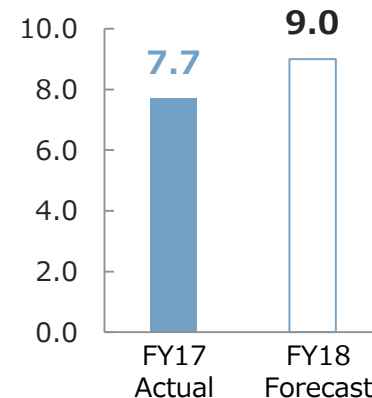
Orders Received



Net Sales



Operating Income



FY2018 Forecast (vs. FY2017)

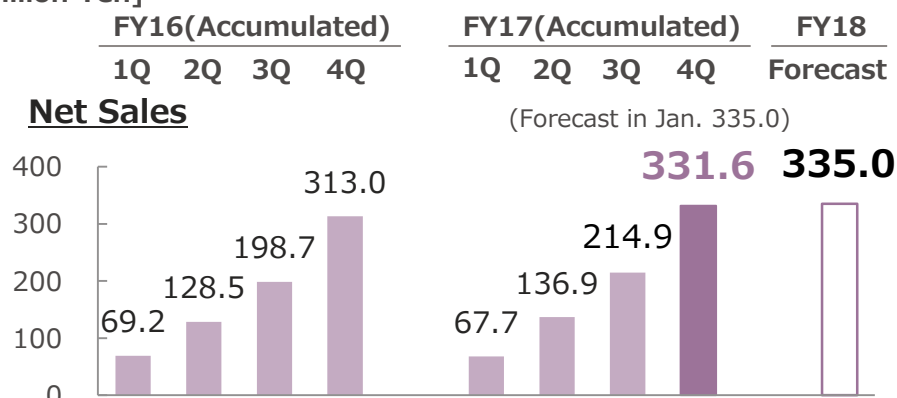
- **Orders Received:** Increased due to increase in energy business and industrial equipment for domestic market
- **Net Sales:** Increased due to increase in energy projects, such as industrial gas turbine and gas engines
- **Operating Income:** Increased due to sales increase

	FY2017 Actual	FY2018 Forecast
Before-tax ROIC	8.0%	7.8%

Motorcycle & Engine

Main Products: Motorcycles, Utility Vehicles, All-Terrain Vehicles(ATVs), Personal Watercraft, General-purpose Gasoline Engines

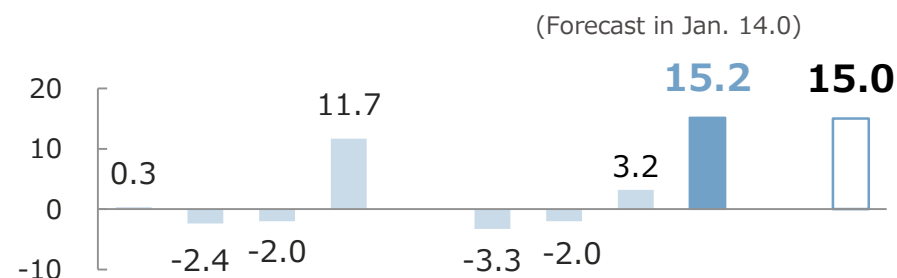
[Billion Yen]



FY2017 (vs. FY2016)

- **Net Sales:** Increased due to increase in motorcycles for developed countries, utility vehicles, and general-purpose gasoline engines, despite decrease in motorcycles for emerging countries
- **Operating Income:** Increased due to sales increase

Operating Income



FY2018 Forecast (vs. FY2017)

- **Net Sales:** Remained at the same level as FY2017 due to increase in motorcycles for developed countries, general-purpose gasoline engines and other factors, despite the impact of the strong yen
- **Operating Income:** Same as above

Wholesales by Product

[Thousands of units, Billion Yen]

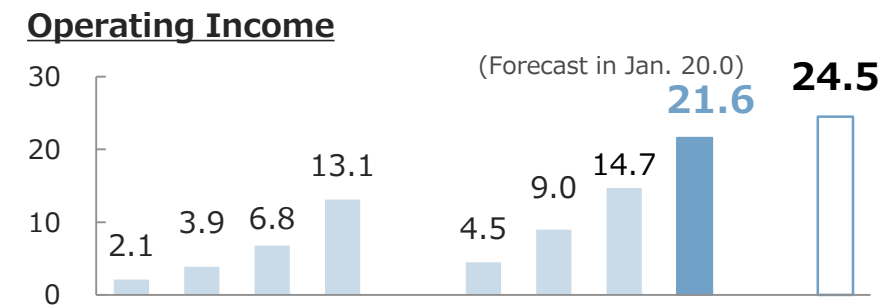
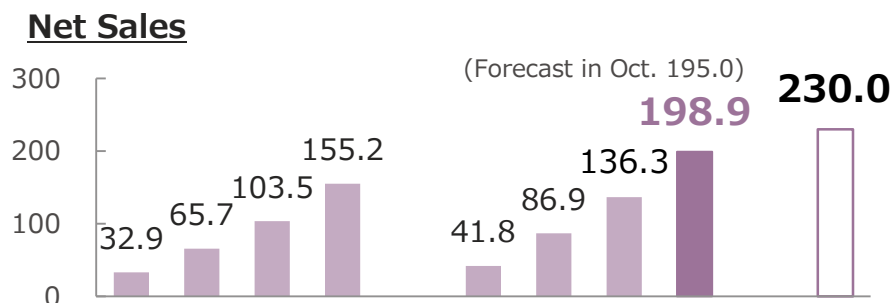
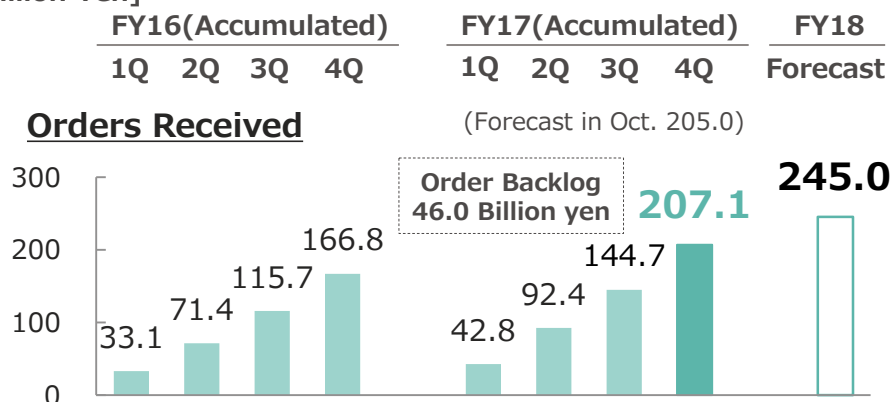
	FY2016		FY2017	
	Unit	Amount	Unit	Amount
Motorcycles for developed countries	153	112.6	152	121.8
Motorcycles for emerging market	321	86.9	342	84.5
Utility Vehicles, ATVs & PWC	66	73.3	66	77.8
General-purpose gasoline engines		40.2		47.5
Total	540	313.0	560	331.6

	FY2016 Actual	FY2017 Actual	FY2018 Forecast
Before-tax ROIC	7.3%	9.4%	11.3%

Precision Machinery

Main Products: Hydraulic components for construction machinery, Hydraulic components and systems for industrial machines, Marine application machines, Deck cranes and other marine deck equipment, Industrial robots, Medical and pharmaceutical robot

[Billion Yen]



FY2017 (vs. FY2016)

- **Orders Received:** Increased due to increase in hydraulic components for construction machinery and various robots
- **Net Sales:** Same as above
- **Operating Income:** Increased due to sales increase

FY2018 Forecast (vs. FY2017)

- **Orders Received:** Increased in hydraulic components for construction machinery and various robots
- **Net Sales:** Same as above
- **Operating Income:** Increased due to sales increase

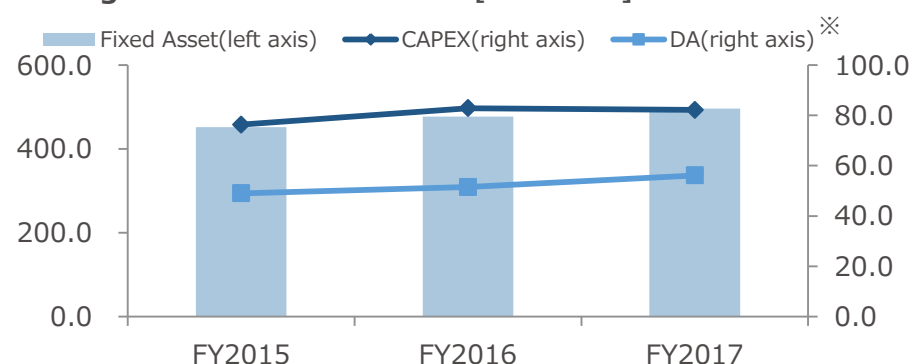
	FY2016 Actual	FY2017 Actual	FY2018 Forecast
Before-tax ROIC	13.4%	22.9%	21.1%

Summary of Balance Sheet

- Total assets increased due to increase in trade receivables and inventories, and other factors.
- Total liabilities increased due to increase in interest-bearing debt and other factors.
- Total net assets increased due to recognition of net income attributable to owners of parent and other factors, despite decrease resulting from dividend payments and other factors.

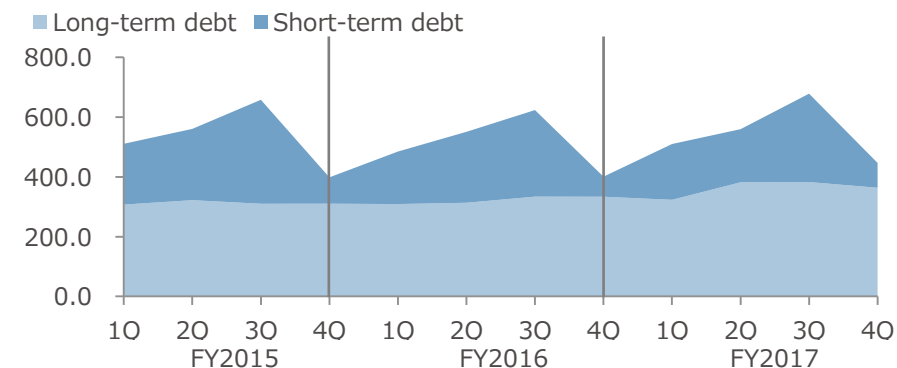
	[Billion Yen]		
	End of Mar. 2017	End of Mar. 2018	Change
Cash on hand and in banks	55.3	70.6	+ 15.2
Trade receivables	444.6	470.1	+ 25.4
Inventories	484.8	504.7	+ 19.8
Total fixed assets	477.1	495.9	+ 18.8
Others assets	225.3	243.5	+ 18.2
Total assets	1,687.3	1,785.0	+ 97.6
Trade payables	342.0	363.1	+ 21.1
Interest-bearing debt	400.6	446.6	+ 45.9
Advances from customers	205.8	194.3	- 11.5
Other liabilities	287.4	299.5	+ 12.0
Total liabilities	1,236.0	1,303.6	+ 67.6
Total shareholders' equity	446.2	466.9	+ 20.7
Other net assets	5.0	14.4	+ 9.3
Total net assets	451.3	481.3	+ 30.0
Total liabilities & net assets	1,687.3	1,785.0	+ 97.6
Ratio of shareholders' equity to total assets	25.9%	26.1%	
Net D/E Ratio	78.9%	80.6%	

Change in CAPEX and others [Billion Yen]



※ Depreciation & Amortization

Change in interest-bearing debt [Billion Yen]



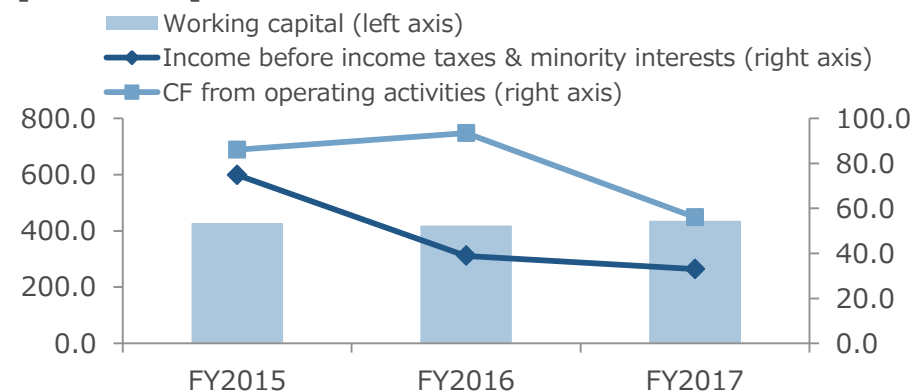
Summary of Cash Flows

[Billion Yen]

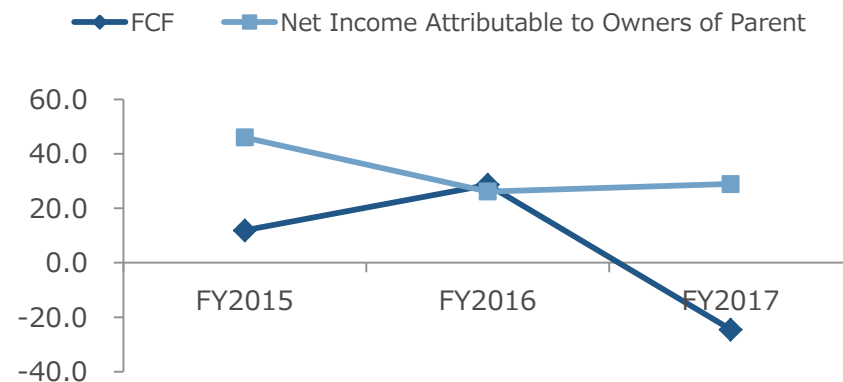
	FY2016	FY2017	Change
Cash flows from operating activities	93.5	56.0	- 37.4
Cash flows from investing activities	-64.8	-80.5	- 15.7
Free Cash Flows	28.6	-24.5	- 53.1
Cash flows from financing activities	-15.8	37.7	+ 53.6

- Cash flows from operating activities deteriorated due to increase in inventories and expenditure for overseas projects, decrease in advances from customers, and other factors.
- Cash flows from investing activities deteriorated due to increase in payments for purchases of fixed assets and other factors.
- Given the above mentioned changes, free cash flows deteriorated compared to FY2016

Change in CF from operating activities & others [Billion Yen]



Change in FCF & Net Income attributable to Owners of Parent [Billion Yen]



Consolidated Operating Performance

	[Billion Yen]		
	FY2017 Actual	FY2018 Forecast	Change vs. FY2017
Orders Received	1,608.0	1,590.0	- 18.0
Net Sales	1,574.2	1,650.0	+ 75.8
Operating Income	55.9	75.0	+ 19.1
Recurring Profit	43.2	70.0	+ 26.8
Net Income Attributable to Owners of Parent	28.9	47.0	+ 18.1
Before-tax ROIC	3.9%	8.0%	+ 4.1%
ROE	6.4%	9.7%	+ 3.3%
Dividend(per share)	60 yen	70 yen	+ 10 yen

<Exchang Rates: Actual and Assumed[※]>

Yen/US\$	110.62	107.00
Yen/EUR	129.84	130.00

※Assumed rates are applied to the outstanding foreign exchange exposure as of April 26, 2018

vs. FY2017

• Orders Received

- Remained at the same level as FY2017 due to increase in Ship & Offshore Structure and Energy System & Plant Engineering segments, despite decrease in Rolling Stock segment that large orders for overseas market were received in FY2017, and Aerospace Systems segment that a bulk order for helicopters was received from the MOD in FY2017

• Net Sales

- Increased as a whole due to sales increase in Precision Machinery and Energy System & Plant Engineering segments, and other factors, despite sales decrease in Ship & Offshore Structure segment

• Profits

- Increased due to recovery in Rolling Stock segment that a large loss on passenger cars for Long Island Rail Road was recognized in FY2017 and other factors, despite decrease in Aerospace Systems segment

• Before-tax ROIC, ROE

- Increased due to increase in profit

(Appendix)

Impact on profit by FX fluctuation of 1 yen

	[Billion Yen]	
	Operating Income	Recurring Profit
US\$	2.12	2.42
EUR	0.29	0.35

Forecast by Segment

[Billion Yen]

	Orders Received			Net Sales			Operating Income		
	FY2017 Actual	FY2018 Forecast	Change	FY2017 Actual	FY2018 Forecast	Change	FY2017 Actual	FY2018 Forecast	Change
Ship & Offshore Structure	4.7	100.0	+ 95.3	95.6	85.0	- 10.6	-3.8	1.0	+ 4.8
Rolling Stock	257.1	130.0	- 127.1	141.7	160.0	+ 18.3	-12.4	2.5	+ 14.9
Aerospace Systems	498.9	385.0	- 113.9	469.5	475.0	+ 5.5	30.8	27.5	- 3.3
Energy System & Plant Engineering	223.6	310.0	+ 86.4	251.6	280.0	+ 28.4	7.6	9.0	+ 1.4
Motorcycle & Engine	331.6	335.0	+ 3.4	331.6	335.0	+ 3.4	15.2	15.0	- 0.2
Precision Machinery & Robot	207.1	245.0	+ 37.9	198.9	230.0	+ 31.1	21.6	24.5	+ 2.9
Others	84.8	85.0	+ 0.2	85.0	85.0	0.0	2.9	3.0	+ 0.1
Eliminations and corporate※	-	-	-	-	-	-	-6.2	-7.5	1.3
Total	1,608.0	1,590.0	- 18.0	1,574.2	1,650.0	+ 75.8	55.9	75.0	+ 19.1

※"Eliminations and corporate" includes some expenses incurred at Head Office which were not allocated to each industry segment for internal reporting

Before-tax ROIC by Segment

	Before-tax ROIC (EBIT/Invested Capital)			Operating Margin (Operating Income/Net Sales)			Asset Turnover(Times) (Net Sales/Total Assets)		
	FY2017 Actual	FY2018 Forecast	Change	FY2017 Actual	FY2018 Forecast	Change	FY2017 Actual	FY2018 Forecast	Change
Ship & Offshore Structure	-21.3%	2.9%	+ 24.2%	-3.9%	1.1%	+ 5.0%	0.64	0.68	+ 0.04
Rolling Stock	-26.2%	3.4%	+ 29.6%	-8.7%	1.5%	+ 10.2%	0.78	0.85	+ 0.07
Aerospace Systems	7.8%	7.7%	- 0.1%	6.5%	5.7%	- 0.8%	0.72	0.70	- 0.02
Energy System & Plant Engineering	8.0%	7.8%	- 0.2%	3.0%	3.2%	+ 0.2%	0.87	0.98	+ 0.11
Motorcycle & Engine	9.4%	11.3%	+ 1.9%	4.5%	4.4%	- 0.1%	1.24	1.32	+ 0.08
Precision Machinery & Robot	22.9%	21.1%	- 1.8%	10.8%	10.6%	- 0.2%	1.05	1.19	+ 0.14
Total	3.9%	8.0%	+ 4.1%	3.5%	4.5%	+ 1.0%	0.88	0.94	+ 0.06

R&D/CAPEX/Number of Employees

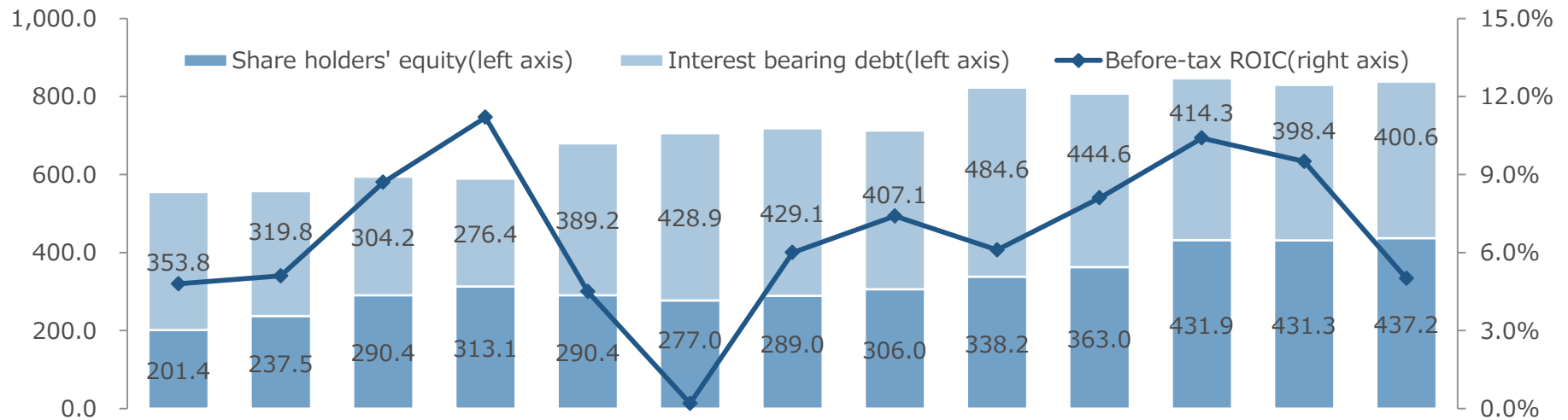
[Billion Yen/Persons]

	FY2016 Actual	FY2017 Actual	FY2018 Forecast
R&D Expenses	43.6	45.4	51.0
CAPEX (Construction Base)*	82.7	82.1	80.0
Depreciation and Amortization*	51.5	56.1	62.5
Domestic	26,348	26,747	27,480
Overseas	8,779	9,058	9,470
Number of Employees	35,127	35,805	36,950

*Capex represents the total of newly recorded property, plant and equipment and newly recorded intangible assets.

Depreciation & amortization represents depreciation/amortization expenses for property, plant and equipment and intangible assets.

Historical Data



[Billion yen]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Before-tax ROIC	4.80%	5.1%	8.7%	11.2%	4.5%	0.2%	6.0%	7.4%	6.1%	8.1%	10.4%	9.4%	5.0%	3.9%
Invested Capital	555.3	557.3	594.6	589.6	679.7	705.9	718.2	713.2	822.8	807.6	846.3	829.7	837.9	912.7
Net Sales	1,241.5	1,322.4	1,438.6	1,501.0	1,338.5	1,173.4	1,226.9	1,303.7	1,288.8	1,385.4	1,486.1	1,541.0	1,518.8	1,574.2
Operating Profit	24.7	41.7	69.1	76.9	28.7	-1.3	42.6	57.4	42.0	72.3	87.2	95.9	45.9	55.9
Recurring Profit	21.0	30.8	49.0	63.9	38.7	14.2	49.1	63.6	39.3	60.6	84.2	93.2	36.6	43.2
Net Income Attributable to Owners of Parent	11.4	16.4	29.7	35.1	11.7	-10.8	25.9	23.3	30.8	38.6	51.6	46.0	26.2	28.9
Yen/US\$	108	112	117	115	101	93	86	79	82	99	109	118	108	110

Market Overview (1/2)

Ship & Offshore Structure

- New-build vessel price is on the path of recovery, and the demand for LNG fueled vessels increases along with strengthening environmental regulations.
- However, the competition is still intense due to stagnant demand for LNG transport vessels along with the LNG projects delay, continuation of assistance programs by Chinese and South Korean Government, and other factors.

Rolling Stock

- In Japan, there is a steady replacement demand for aging railcars.
- In North America, there is a growing new and replacement demand, despite partly revision in railcar order planning in New York.
- In Asia, the demand in emerging market increases along with promoting infrastructure exports by Japanese Government.

Aerospace

- In military aircraft business, there is a certain demand within tight defence budget.
- In commercial aircraft business, the new and replacement demand increases along with the increased number of air passengers.

Gas Turbine & Machinery

- In aircraft engine business, the demand increases due to increasing demand for commercial aircrafts along with the increased number of air passengers.
- In energy and environmental business, the demand for gas-fueled power plants increases due to the strong motivation for investments toward considering environmental issue and saving energy and the low levels of LNG price.

Market Overview (2/2)

Plant & Infrastructure

- Overseas, resource developments and investing in oil and natural gas are on the path of recovery due to a rise in crude oil prices.
- In addition, there is still a demand for energy infrastructure maintenance in Asia.
- In Japan, there is still a replacement demand for aging equipment and others of incineration plants and industrial machineries.

Motorcycle & Engine

- Moderate growth of motorcycle markets in developed countries continues, and decline in demand for motorcycles in emerging countries is signing bottoming out.
- Stable growth of utility vehicle market in North America continues and general purpose engine market increases steadily.

Precision Machinery

- Hydraulic components for construction machinery market is brisk, mainly by strong demand for excavators in China. Construction equipment manufactures which are our customers eagerly increase productions.
- The demand for robots increases due to increased demand in automotive and semiconductor industries and the expansion of the application coverage of industrial robots on the back of staffing shortages.

Kawasaki, Working as one for the good of the planet

Figures recorded in the business forecasts are forecasts that reflect the judgment of the Company based on the information available at the time of release and include risks and uncertainties. Accordingly, the Company cautions investors not to make investment decisions solely on the basis of these forecasts.

Actual business results may differ materially from these business forecasts due to various important factors resulting from changes in the external environment and internal environment. Important factors that may affect actual business results include, but are not limited to, economic conditions, the yen exchange rate against the U.S. dollar and other currencies, the tax system, and laws and regulations.