

Investors Meeting for Fiscal 2007

(for the year ended March 31, 2008)

Apr. 30, 2008

Kawasaki Heavy Industries, Ltd.



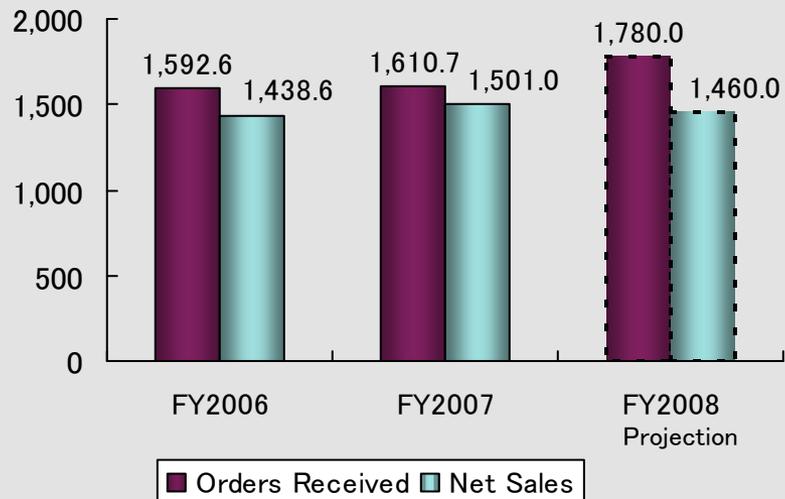
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Summary of FY2007 Results (Consolidated)

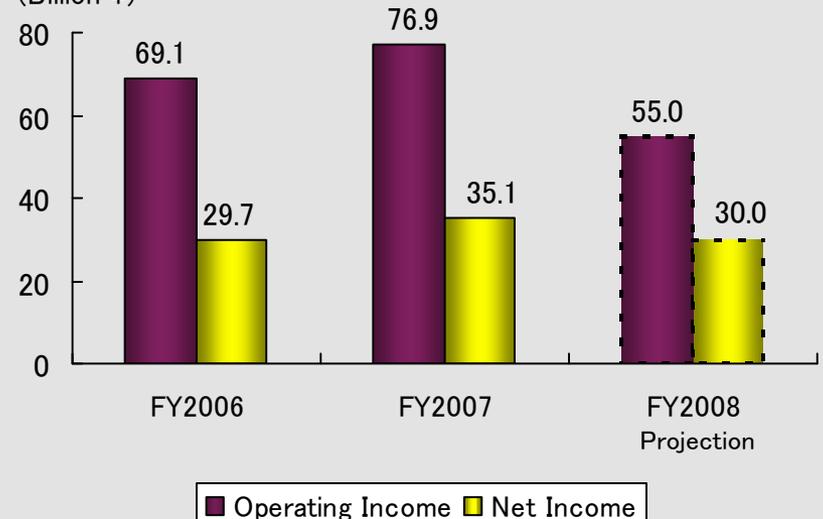
Orders Received & Net Sales

(Billion ¥)



Profits

(Billion ¥)



Exchange Rates

	Actual Exchange Rates		Assumed Exchange Rates
	FY2006	FY2007	FY2008
USD/¥	117.00	115.00	100.00
EUR/¥	152.00	162.00	160.00

(Billion ¥)

	FY2006 (Actual)	FY2007 (Actual)	FY2008 (Projection)
Operating Income	69.1	76.9	55.0
Net Income	29.7	35.1	30.0

Breakdown of Increases/Decreases in Profit for FY2007 compared to FY2006

≡ Operating income (+7.7billion yen)

Effects of the fluctuation of foreign exchange rate	+ 1.1
Effects of increase in sales	+ 9.8
Increase in selling, general and administrative expenses	- 6.2
Adverse impact of a rise in material price	-11.1
Adverse impact of Tax Law Revision regarding Depreciation Methodology	- 3.9
Effects of cost reduction including fixed cost, etc	+18.0

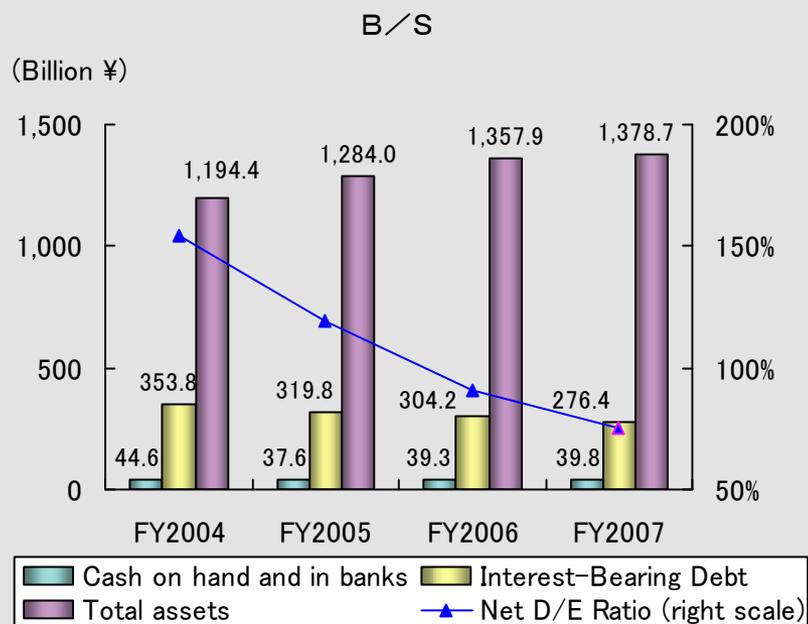
≡ Non-operating income (+7.1billion yen)

Increase in net interest expenses	- 0.1
Gain on sales of marketable securities (FY2006 ¥0.8 billion →FY2007 ¥0.4 billion)	- 0.4
Increase in equity in income of non-consolidated subsidiaries and affiliates (FY2006 ¥2.6 billion →FY2007 ¥7.6 billion)	+ 4.9
Loss of foreign exchange (FY2006 ¥13.3 billion →FY2007 ¥11.5 billion)	+ 1.8
Others	+ 0.9

≡ Other income (-2.1billion yen)

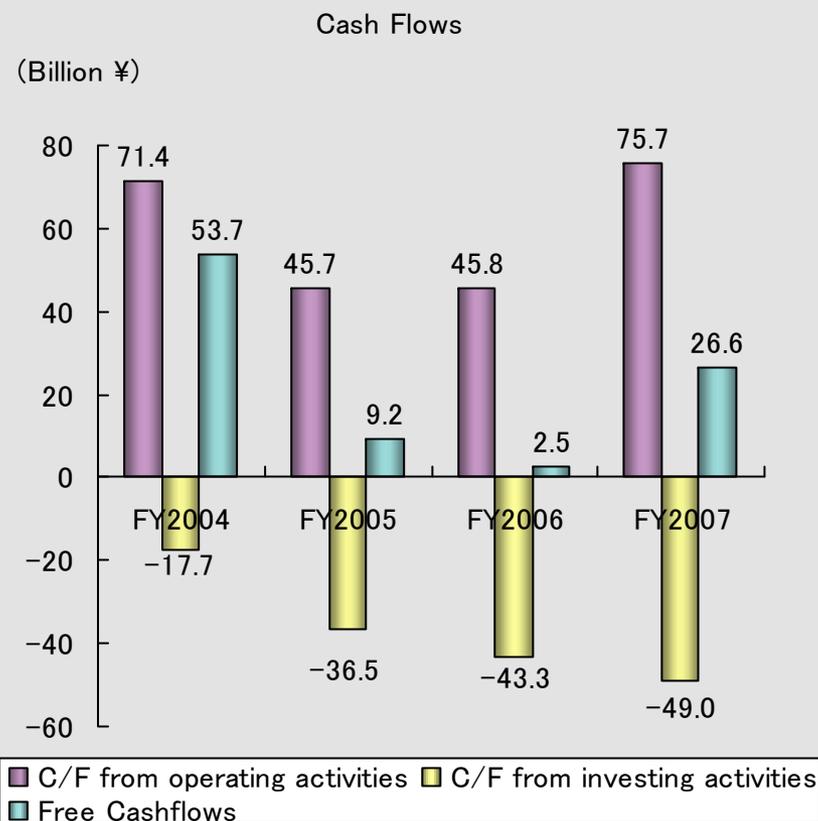
Gain on contribution of securities to employee's retirement benefit trust (FY2006 ¥0 →FY2007 ¥1.3 billion)	+ 1.3
Losses on impairment (FY2006 ¥0 →FY2007 ¥2.1 billion)	- 2.7
Others	- 0.7

Interest-Bearing Debt and Cash Flows



(Billion ¥)

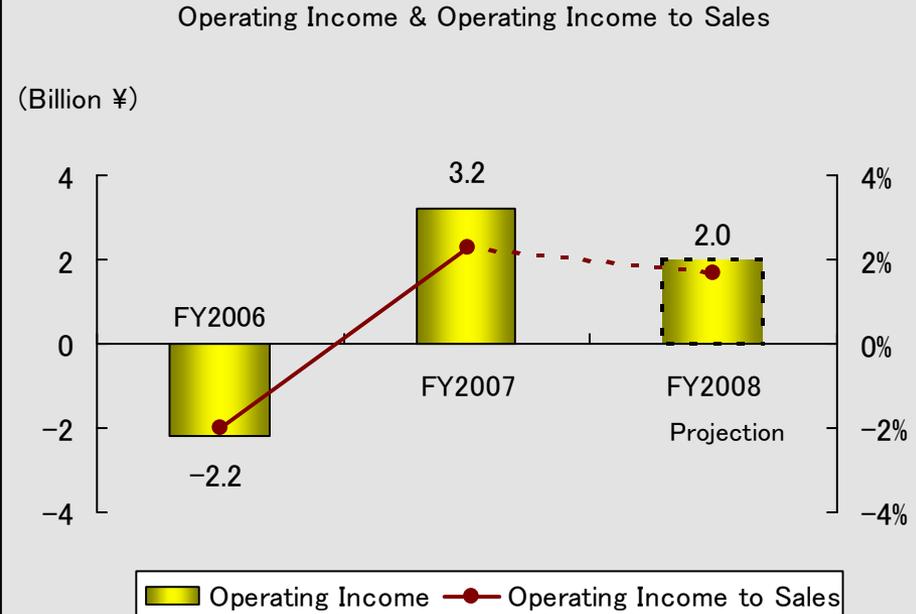
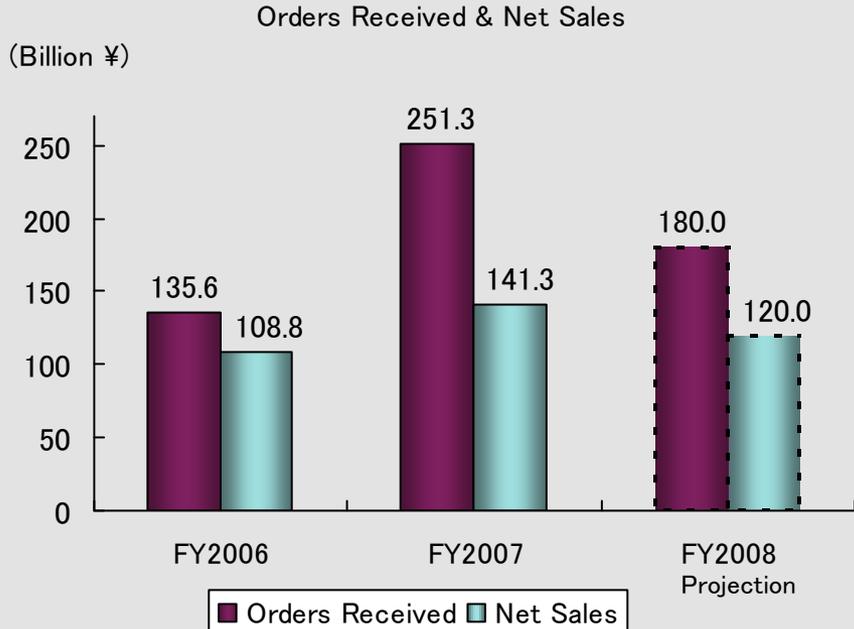
	FY2004	FY2005	FY2006	FY2007
Net debt	309.2	282.1	264.8	236.5
Shareholders' equity	201.4	237.5	290.4	313.1
Net D/E ratio	154%	119%	91%	75%



* About ¥150 billion of interest-bearing debt has been reduced in the last five years due to profit increase and implementation of some measures to reduce receivables and inventories.

* We have consecutively made positive free cash flows for the last seven years, generating about ¥170 billion.

Shipbuilding



(vessel)

	Orders Received		Sales	
	FY2006	FY2007	FY2006	FY2007
LNG carriers	3	2	6(3)	6(4)
Small-sized LNG carriers	-	-	-	-
LPG carriers	2	3	-	3(1)
VLCCs	-	-	2	1
Bulk carriers	8	22	8	5
Submarines	-	1	2(2)	2(1)
Total	13	28	18(5)	17(6)

Note: () = Sales units based on percentage-of-completion method

Business results for FY2007

- * Large orders received of 28 vessels such as LNG carriers and Bulk carriers and Submarines
- * Return to profitability due to sales increase of LNG carriers and LPG carriers and improvement of shipbuilding price

Outlook for FY2008

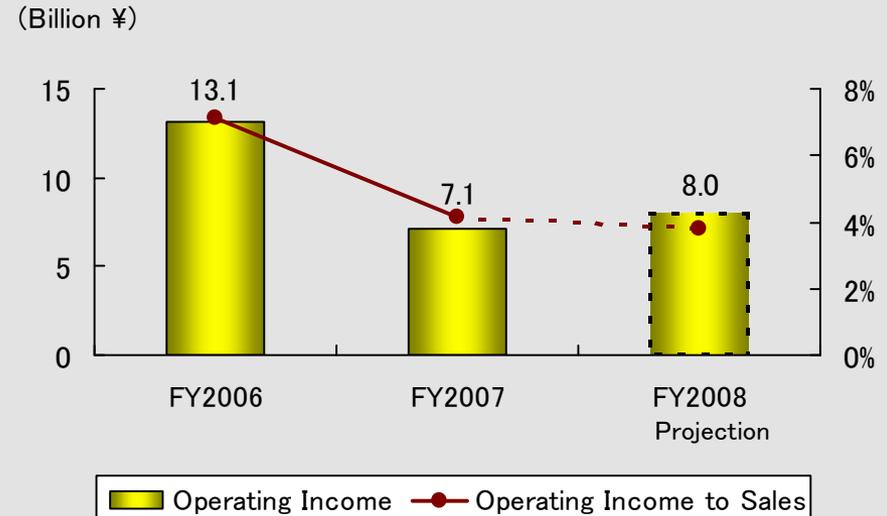
- * Decrease in sales of LNG carriers, LPG carriers and Submarines
- * Slight decrease in profit:
 - (+) Increase in profit due to sales increase of high priced vessels
 - (-) Adverse impact of a rise in steel price

Rolling Stock

Orders Received & Net Sales



Operating Income & Operating Income to Sales



Business results for FY2007

- * Large-scale orders received for North America
 - Additional order of R160 for N.Y. subway (260 cars/ US\$450 mil)

For reference only

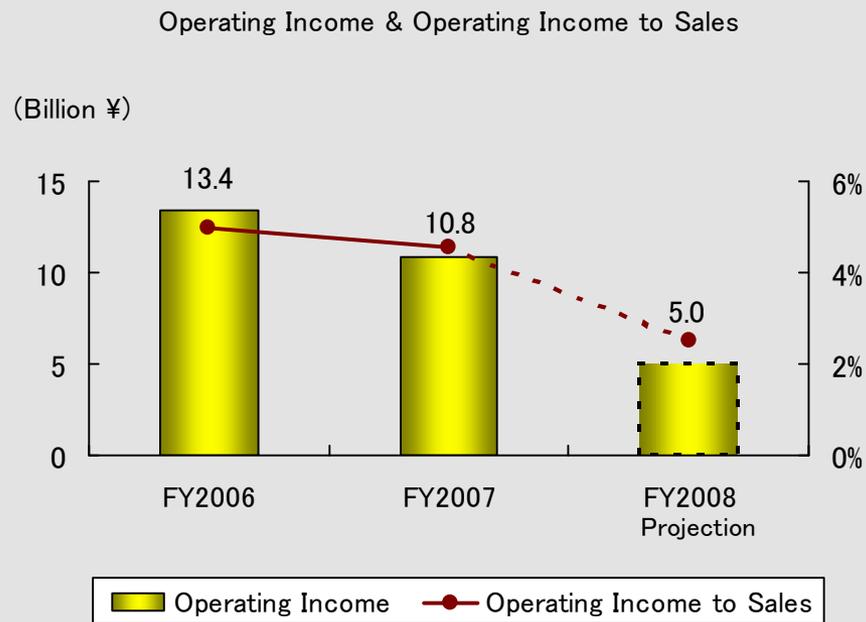
- Large-scale orders received for FY2006
 - Passenger cars for New York Metropolitan Transportation Authority's Metro-North Railroad (300 cars/ US\$700mil)
 - Subway System for Taipei City by the consortium of Kawasaki, Marubeni Co and CTCI (About ¥57.0bil)

- * Decrease in profit due to sales decrease of large-scale projects for overseas

Outlook for FY2008

- * Increase in sales for Asia and U.S. and additional sales from EARTHTECHNICA Co which became a wholly owned subsidiary of KHI as of April 1, 2008
- * Slight increase in profit:
 - (+) Increase in profit due to sales increase for Asia and U.S.
 - (-) Adverse impact of an assumed exchange rate of 100 yen against US dollar

Aerospace



Sales units for commercial aircraft and components (unit)

	Sales	
	FY2006	FY2007
B777	73	82
B767	13	12
Embraer170/175	37	69
Embraer190/195	79	79

Business results for FY2007

* Decrease in orders received, sales and profit owing to closing stage for development of the P-X(Patrol plane) and C-X(Container plane) for JDA

Outlook for FY2008

* Decrease in sales for JDA

* Decrease in profit due to sales decrease for JDA and amortization of initial cost for B787 project for BOEING

Gas Turbines & Machinery

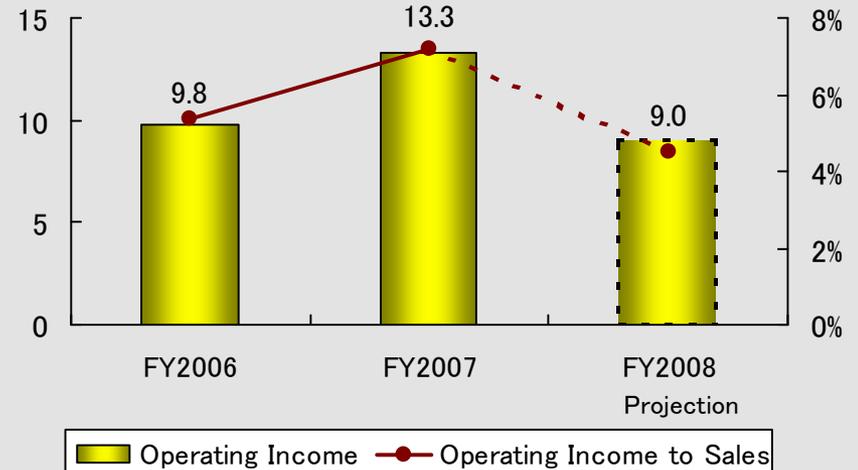
Orders Received & Net Sales

(Billion ¥)



Operating Income & Operating Income to Sales

(Billion ¥)



Business results for FY2007

- * Increase in orders received of commercial aircraft jet engines and marine diesel engines
- * Increase in sales and profit of commercial aircraft jet engines and aero-dynamic machinery

Outlook for FY2008

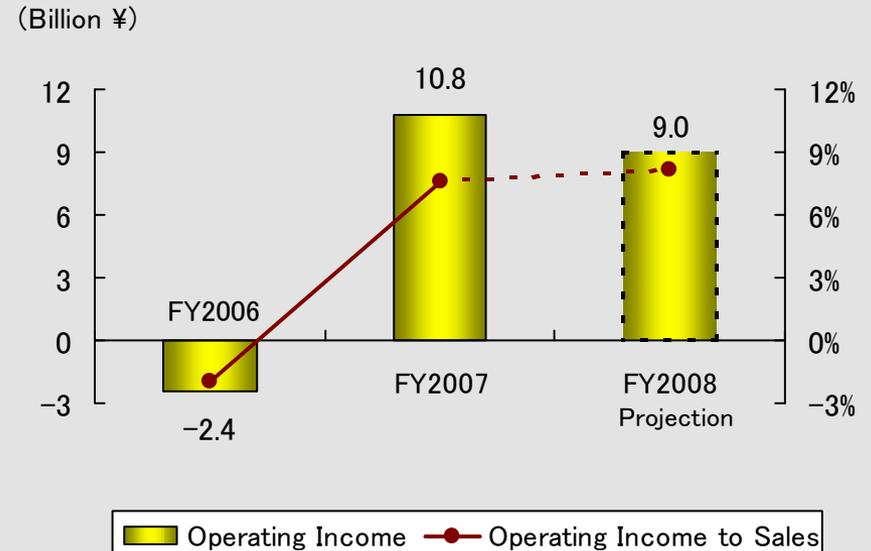
- * Increase in sales of commercial aircraft jet engines, industrial gas turbines and marine diesel engines
- * Decrease in profit due to adverse impact of a rise in material price and an assumed exchange rate of 100 yen against US dollar

Energy & Environmental Engineering

Orders Received & Net Sales



Operating Income & Operating Income to Sales



Business results for FY2007

* Decrease in orders received of large-scale projects for overseas

For reference only

Large-scale orders received for FY2006

- Ferronickel plant/ Korea
- Urea production facility/ Pakistan
- Cement plant/ Vietnam

* Increase in sales of large-scale industrial plants for overseas

* Large increase in profit due to rationalization effect by the merger of plant engineering business unit and environmental engineering business unit and sales decrease of unprofitable projects

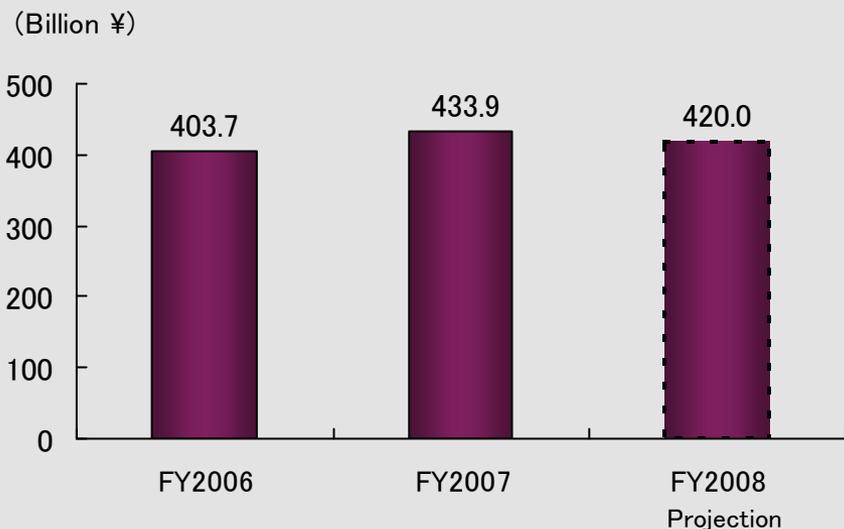
Outlook for FY2008

* Continuing of selective order-taking policy

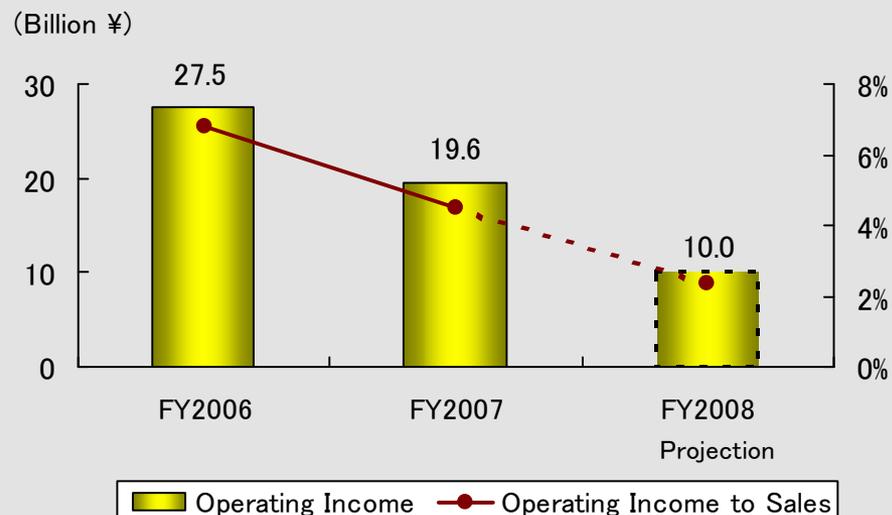
* Decrease in sales and profit of large-scale industrial plants for overseas and completion of large-scale environmental plant

Consumer Products & Machinery

Net Sales



Operating Income & Operating Income to Sales



Sales by Region for Consumer Products

(Thousands of Unit / Billion ¥)

Region	FY2006		FY2007	
	Unit	Amount	Unit	Amount
Domestic	211	15.9	201	15.2
North America	254 (140)	183.7	230 (124)	177.1
Europe	97	80.9	118	110.7
Others	130	32.6	151	39.6
Total	502	313.1	519	342.6

Note

1. Sales units consist of Motorcycle, All-Terrain Vehicles (ATV), Utility Vehicles (MULE), Personal Water Craft (Jet Ski) and parts for these products.

2. Domestic sales include OEM supply.

3. () represents Motorcycle sales unit.

Business results for FY2007

* Sales of Motorcycles:

Increase in European market, while Decrease in U.S. market

* Continuing a high-level sales of industrial robots

* Decrease in profit due to sales decrease of motorcycles for U.S. and adverse impact of a rise in material price

Outlook for FY2008

* Decrease in profit due to adverse impact of a rise in material price and an assumed exchange rate of 100 yen against US dollar

Industrial Hydraulic Products

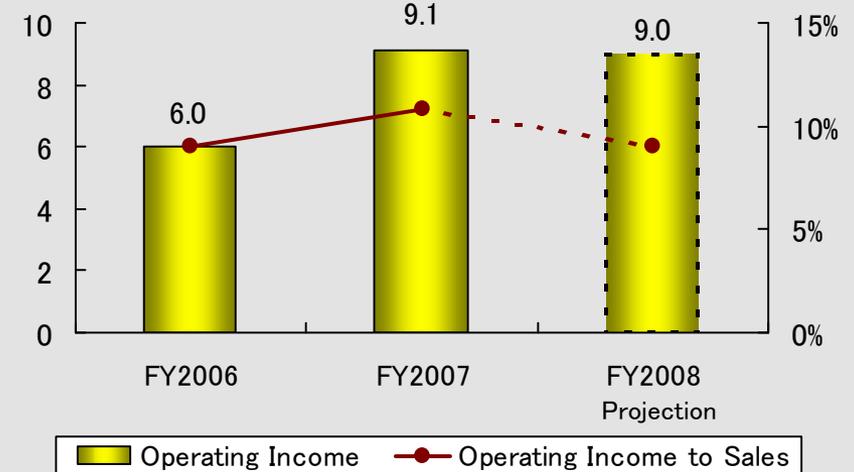
Orders Received & Net Sales

(Billion ¥)



Operating Income & Operating Income to Sales

(Billion ¥)



Business results for FY2007

* Increase in sales and profit of industrial hydraulic products for construction machinery mainly for Chinese market

Outlook for FY2008

- * Increase in sales of industrial hydraulic products for construction machinery
- * Profit at the same level as FY2007:
 - (+) Increase in profit due to sales increase of industrial hydraulic products for construction machinery
 - (-) Adverse impact of a rise in material price

R&D/Capital Expenditures/Number of Employees

(Billion ¥ / Persons)

	FY2006 Actual	FY2007 Actual	FY2008 Projection
R&D	33.8	36.2	41.0
Capital Expenditures	39.3	50.5	110.0
Depreciation and Amortization	30.2	37.4	49.0
Domestic	22,872	23,542	24,800
Overseas	6,339	7,021	7,800
Number of Employees	29,211	30,563	32,600

Outlook for FY2008 by Segment

(Billion ¥)

	Net Sales		Operating Income	
	FY2007 Actual	FY2008 Projection	FY2007 Actual	FY2008 Projection
Shipbuilding	141.3	120.0	3.2	2.0
Rolling Stock	171.7	210.0	7.1	8.0
Aerospace	237.3	200.0	10.8	5.0
Gas Turbines & Machinery	185.4	200.0	13.3	9.0
Energy & Environmental Engineering	142.5	110.0	10.8	9.0
Consumer Products & Machinery	433.9	420.0	19.6	10.0
Industrial Hydraulic Products	84.0	100.0	9.1	9.0
Others	104.5	100.0	2.5	3.0
Total	1,501.0	1,460.0	76.9	55.0

Assumed Exchange Rates
USD=¥100/EUR=¥160

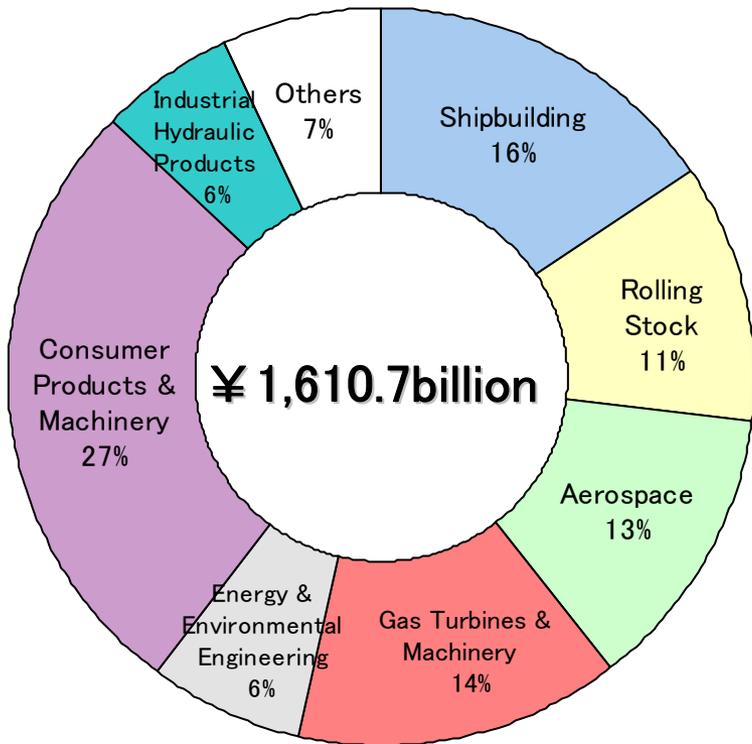
Outlook of Orders Received for FY2008

(Billion ¥)

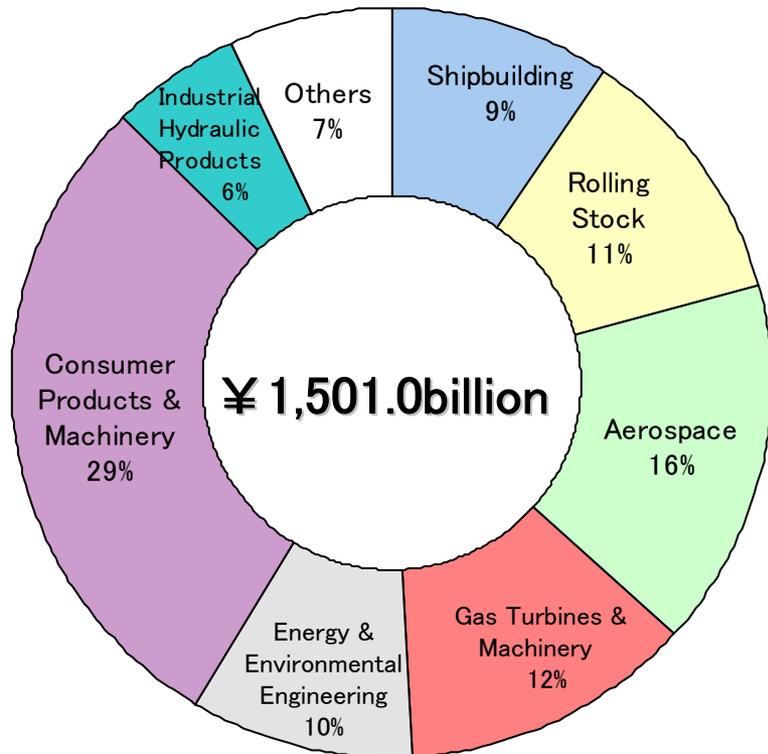
	Orders Received		
	FY2006 Actual	FY2007 Actual	FY2008 Projection
Shipbuilding	135.6	251.3	180.0
Rolling Stock	269.1	183.2	330.0
Aerospace	255.6	202.5	270.0
Gas Turbines & Machinery	204.8	227.4	250.0
Energy & Environmental Engineering	150.2	106.0	130.0
Consumer Products & Machinery	403.7	433.9	420.0
Industrial Hydraulic Products	72.9	92.3	100.0
Others	100.6	113.9	100.0
Total	1,592.6	1,610.7	1,780.0

Business Portfolio (FY2007)

Orders Received



Net Sales



Kawasaki, let the good times roll !

Cautionary Statement

The performance outlook and the forecasts stated in this material were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release point, and include potential risks and uncertain factors that relate to economic conditions, foreign currency exchange rates, tax rules, regulations and other factors. Accordingly, please note that the actual operating results, financial position, and business deployment of KHI may sometimes differ considerably from the descriptions in the present projections.