

# Financial Results for First Quarter FY2019 (for the year ending March 31, 2020)

July. 30, 2019

Kawasaki Heavy Industries, Ltd.



MEMBERSHIP

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# Summary of Financial Results

[Billion Yen]

	FY2018 1Q	FY2019 1Q	Change
Orders Received	※ 359.9	<b>328.2</b>	– 31.7
Net Sales	343.7	<b>350.7</b>	+ 6.9
Operating Income	7.1	<b>1.0</b>	– 6.0
Recurring Profit	8.5	<b>▲ 4.3</b>	– 12.9
Net Income Attributable to Owners of Parent	2.5	<b>▲ 8.2</b>	– 10.8

※ Revised order received in FY2018 1Q of Precision Machinery & Robot segment due to change in calculation method of order received and refinement (353.7 billion yen → 359.9 billion yen)

<Weighted-average exchange rates>

Yen/US\$	108.13	<b>110.32</b>
Yen/EUR	129.07	<b>124.35</b>

## vs. FY2018.1Q

### • Orders Received

- Decreased mainly in Energy System & Plant Engineering segment

### • Net Sales

- Increased as a whole due to an increase in Aerospace Systems segment and other factors, despite a decrease in Energy System & Plant Engineering and Motorcycle & Engine segment and other factors

### • Profits

- Operating income decreased as a whole due to a decrease in Precision Machinery & Robot and a deterioration in Rolling Stock segment, despite an increase in Energy System & Plant Engineering and an improvement in Motorcycle & Engine segments
- Recurring profit and Net income attributable to owners of parent deteriorated due to an increase in foreign exchange losses

(Appendix)

Net Sales in Foreign Currencies for First  
Quarter FY2019 [Billion]

US\$	EUR
0.44	0.05

# Financial Results by Segment

[Billion Yen]

	Orders Received			Net Sales			Operating Income		
	FY2018 1Q	<b>FY2019 1Q</b>	Change	FY2018 1Q	<b>FY2019 1Q</b>	Change	FY2018 1Q	<b>FY2019 1Q</b>	Change
Aerospace Systems	79.0	<b>69.7</b>	- 9.3	104.9	<b>122.1</b>	+ 17.2	5.3	<b>4.8</b>	- 0.4
Energy System & Plant Engineering	93.9	<b>69.8</b>	- 24.0	51.0	<b>45.0</b>	- 5.9	0.2	<b>0.8</b>	+ 0.5
Precision Machinery & Robot	※ <sup>1</sup> 57.1	<b>52.9</b>	- 4.1	47.9	<b>48.3</b>	+ 0.3	4.5	<b>1.7</b>	- 2.8
Ship & Offshore Structure	6.9	<b>21.5</b>	+ 14.6	22.0	<b>22.8</b>	+ 0.8	1.3	<b>-0.3</b>	- 1.7
Rolling Stock	24.9	<b>16.0</b>	- 8.9	23.3	<b>20.4</b>	- 2.9	-0.9	<b>-3.5</b>	- 2.6
Motorcycle & Engine	73.7	<b>68.3</b>	- 5.4	73.7	<b>68.3</b>	- 5.4	-3.3	<b>-2.8</b>	+ 0.4
Others	24.2	<b>29.7</b>	+ 5.5	20.6	<b>23.5</b>	+ 2.9	0.3	<b>0.4</b>	+ 0.1
Eliminations and corporate <sup>※2</sup>	-	-	-	-	-	-	-0.5	<b>-0.0</b>	+ 0.5
Total	※ <sup>1</sup> 359.9	<b>328.2</b>	- 31.7	343.7	<b>350.7</b>	+ 6.9	7.1	<b>1.0</b>	- 6.0

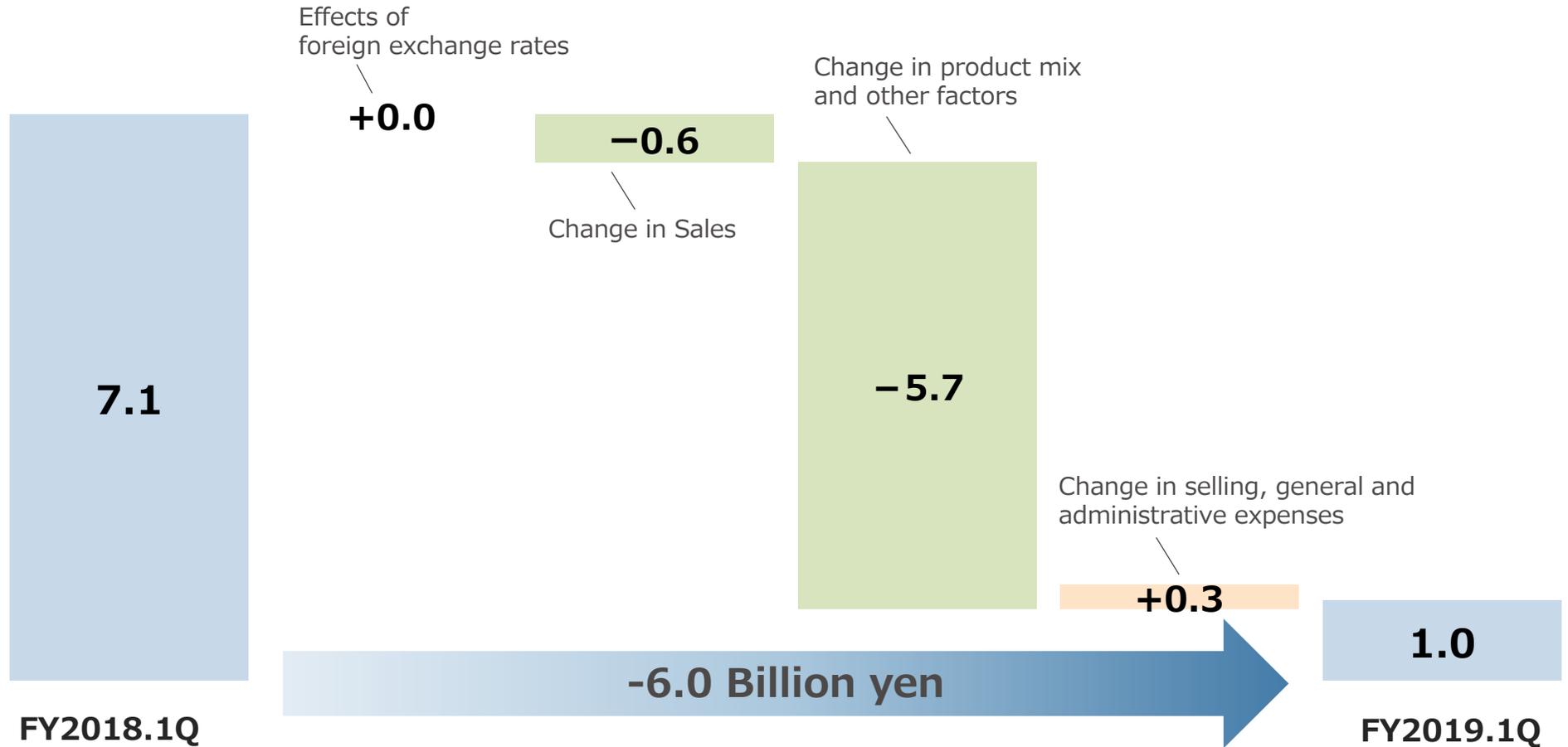
※<sup>1</sup> Revised order received in FY2018 1Q of Precision Machinery & Robot segment due to change in calculation method of order received and refinement  
Precision Machinery & Robot (before) 50.9 (after) 57.1  
Total (before) 353.7 (after) 359.9

※<sup>2</sup> "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

-6.0 Billion yen (FY2018.1Q 7.1 Billion yen  $\Rightarrow$  FY2019.1Q 1.0 Billion yen)

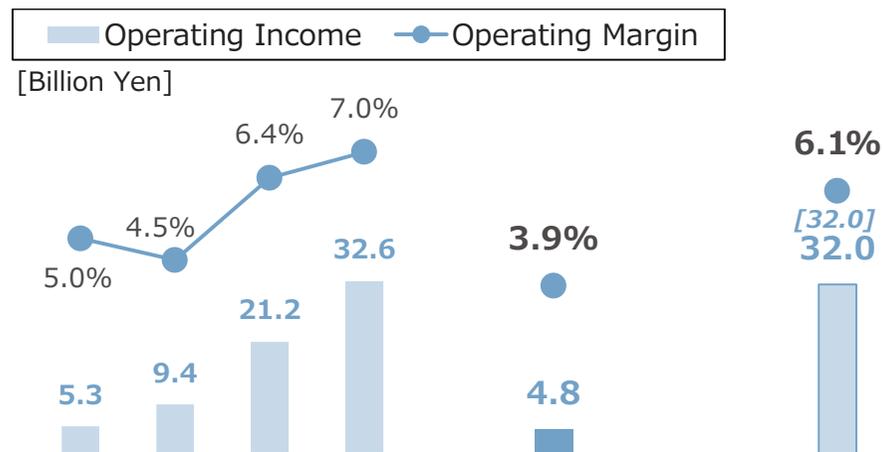
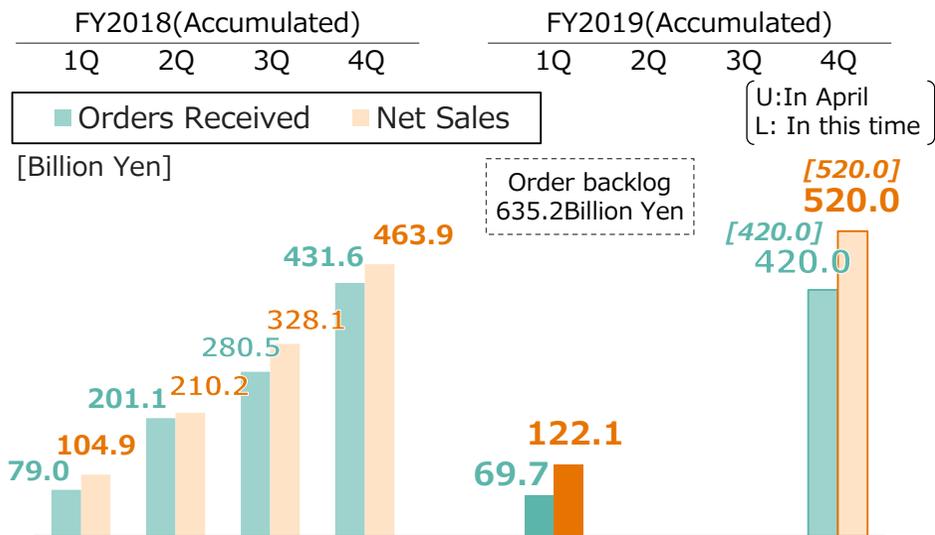


# Summary of Income Statement

			[Billion Yen]			
		(	FY2018.1Q	⇒	FY2019.1Q	)
<b>Operating Income</b>	-	<b>6.0</b>	(	<b>7.1</b>	⇒	<b>1.0</b> )
• Net Sales	+	6.9	(	343.7	⇒	350.7)
• Cost of sales	+	13.3	(	288.0	⇒	301.4)
• Selling, general & administrative expenses	-	0.3	(	48.6	⇒	48.2)
- Salaries and benefits	+	0.3	(	12.9	⇒	13.3)
- R&D expenses	+	0.7	(	10.3	⇒	11.1)
<b>Non-operating Income / Expenses</b>	-	<b>6.9</b>	(	<b>1.4</b>	⇒	<b>-5.4</b> )
• Net Interest expense (incl. dividend income)	-	0.0	(	-0.5	⇒	-0.5)
• Equity in income of unconsolidated subsidiaries and affiliates	+	0.0	(	0.3	⇒	0.3)
• Gain and loss on foreign exchange	-	7.0	(	2.0	⇒	-5.0)
• Others	+	0.1	(	-0.3	⇒	-0.2)
<b>Extraordinary Income / Losses</b>	-	-	(	-	⇒	-)

# Aerospace Systems

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



## FY2019 1Q (vs. FY2018 1Q)

- **Orders Received:** Decreased due to a decrease in component parts for commercial aircrafts and component parts for commercial aircraft jet engines
- **Net Sales:** Increased due to an increase in aircrafts for MOD, component parts for commercial aircrafts and component parts for commercial aircraft jet engines
- **Operating Income:** Remained at the same level due to an increase in R&D expense for component parts for commercial aircraft jet engines, despite an increase in sales of aircrafts for MOD and component parts for commercial aircrafts

## FY2019 Forecast (vs. FY2018)

- **Orders Received:** Decreased due to a decrease in aircrafts for MOD, despite an increase in component parts for commercial aircraft jet engines
- **Net Sales:** Increased due to an increase in sales of aircrafts for MOD and component parts for commercial aircraft jet engines
- **Operating Income:** Remained at the same level due to a decrease in profitability of component parts for commercial aircraft, despite profit improvement

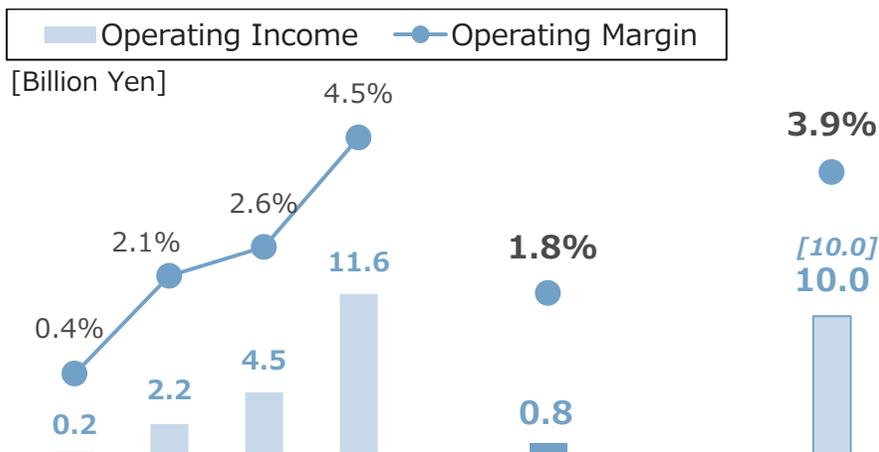
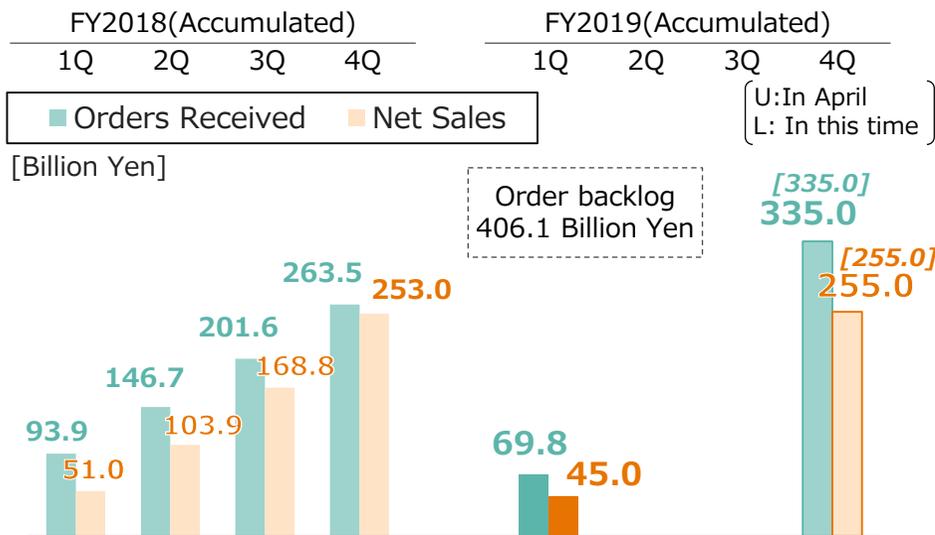
## Sales units of component parts for commercial aircraft [Unit]

	FY2018 1Q	FY2019 1Q
Boeing 767	8	8
Boeing 777	9	12
Boeing 777X	2	4
Boeing 787	36	43

	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Before-tax ROIC	7.8%	5.0%	8.0%

# Energy System & Plant Engineering

Main Products: Industrial plants(cement, fertilizer and others), Power plants, LNG tanks, Municipal waste incineration plants, Tunnel boring machines, Crushing machines, Gas turbine co-generation system, Gas engines, Diesel engines, Gas turbines & steam turbines for marine & land, Marine propulsion system, Aero-dynamic machinery



## FY2019.1Q (vs. FY2018.1Q)

- **Orders Received:** Decreased compared to FY2018 1Q when received orders for CCPP and LNG tanks in domestic market and other factors, despite orders received for major repair work on domestic municipal waste incineration plants and other factors
- **Net Sales:** Decreased due to a decrease in construction works of energy business and municipal waste incineration plants and other factors
- **Operating Income:** Increased due to an improvement in profitability of energy business and other factors, despite revenue decrease

## FY2019 Forecast (vs. FY2018)

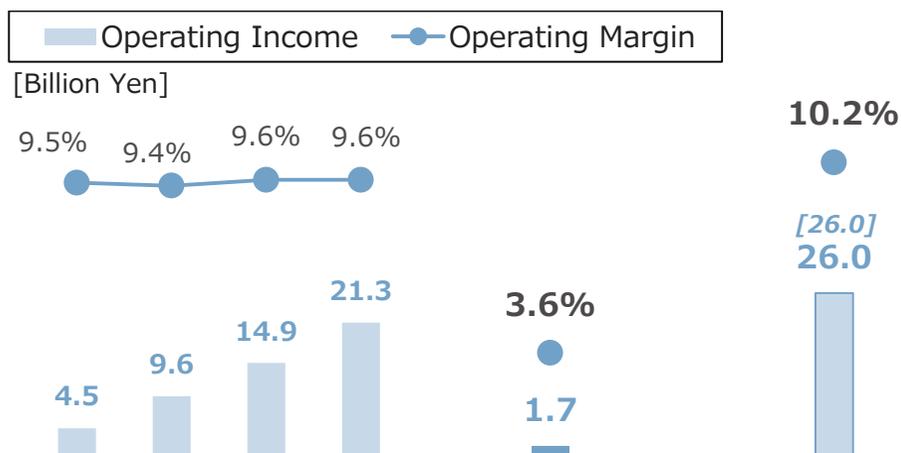
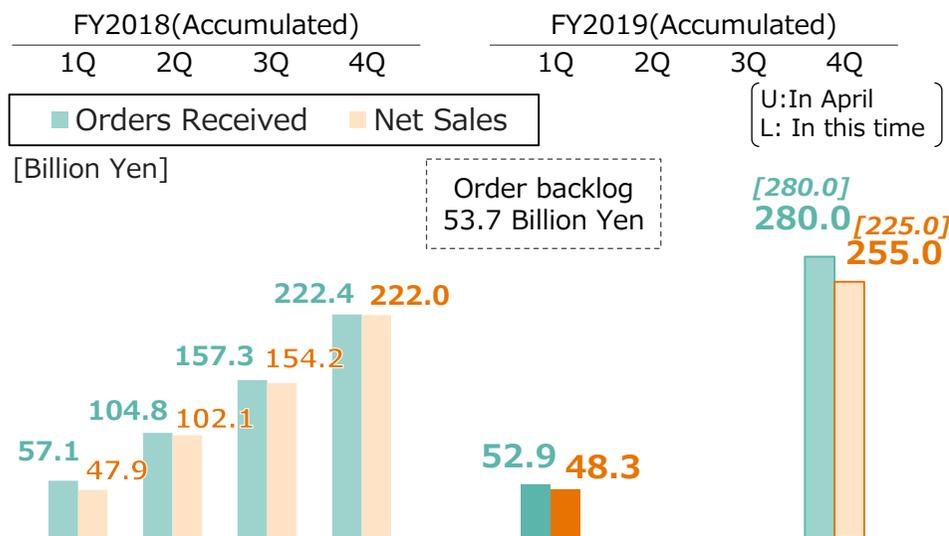
- **Orders Received:** Increased due to an increase in projects of a municipal waste incineration plant in domestic market and projects of a energy business both in domestic and overseas market
- **Net Sales:** Increased due to an increase in projects of industrial-gas turbines and progress of CCPP※1
- **Operating Income:** Decreased due to a decrease in number of high profitability projects and other factors

	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Before-tax ROIC	8.0%	9.3%	7.6%

※1. CCPP = Combined Cycle Power Plant

# Precision Machinery & Robot

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



## FY2019.1Q (vs. FY2018.1Q)

- **Orders Received:** Decreased due to a decrease in each series of robots
- **Net Sales:** Remained at the same level due to an increase in hydraulic components for construction machinery, despite a decrease in robots for semiconductor manufacturing equipment
- **Operating Income:** Decrease due to a decrease in sales of robots and an increase in materials cost and R&D expense of hydraulic components for construction machinery

## FY2019 Forecast (vs. FY2018)

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

## ※About revised order received in FY2018

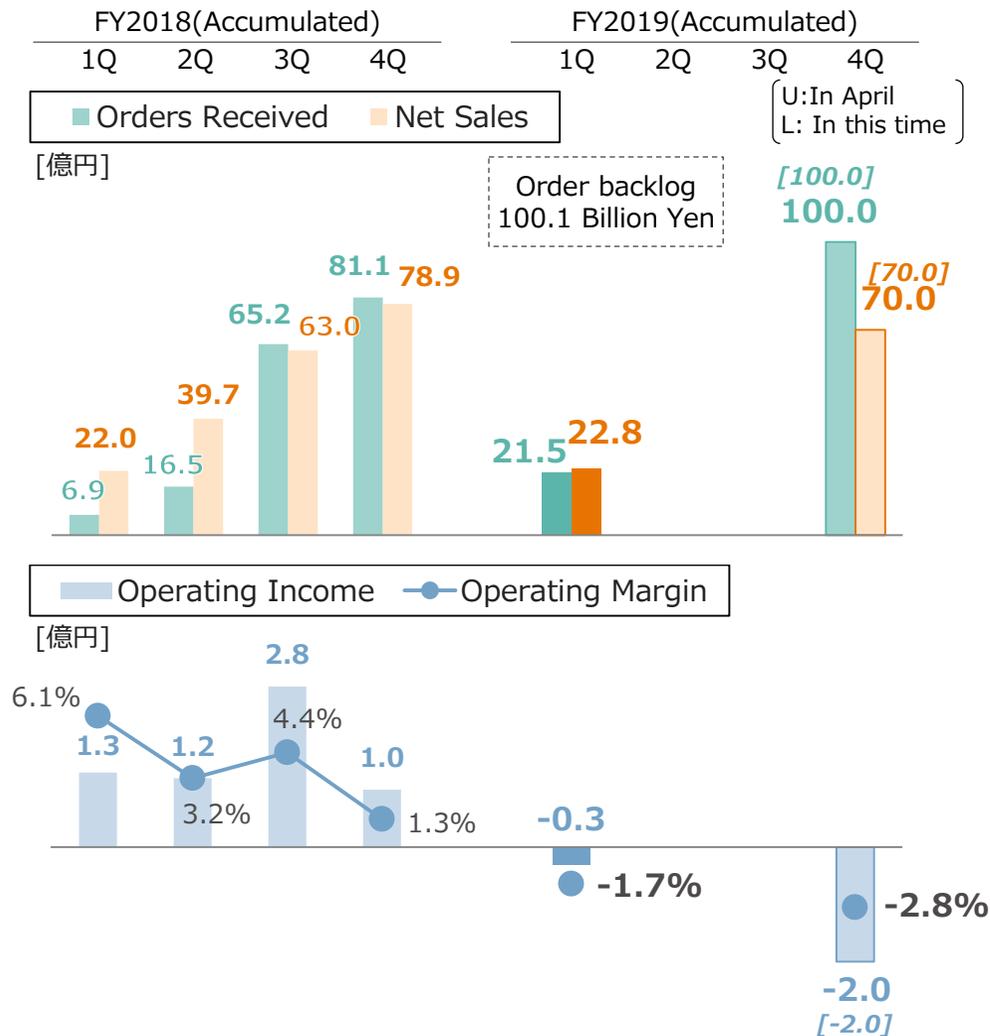
Revised order received in FY2018 as below due to change in calculation method of order received and refinement

	1Q	2Q	3Q	4Q
Before	50.9	104.8	157.3	222.4
After	57.1	115.4	172.0	225.2

	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Before-tax ROIC	22.9%	19.8%	20.4%

# Ship & Offshore Structure

Main Products: LNG carriers, LPG carriers, Bulk carriers, Submarines, JETFOIL



## FY2019.1Q (vs. FY2018.1Q)

- **Orders Received:** Increased due to orders received for LPG carriers
- **Net Sales:** Increased due to an increase in sales of ship repairs, despite construction works of LNG carriers and LPG carriers decrease
- **Operating Income:** Decreased due to a decrease in new building ships and operation losses

## FY2019 Forecast (vs. FY2018)

- **Orders Received:** Increased due to an increase in LNG carriers, LPG carriers and other factors
- **Net Sales:** Decreased due to a decrease in LNG carriers, LPG carriers and other factors
- **Operating Income:** Decreased due to a decrease of rate of capacity utilization operations

## Units of Orders Received and Sales of New Building Ships

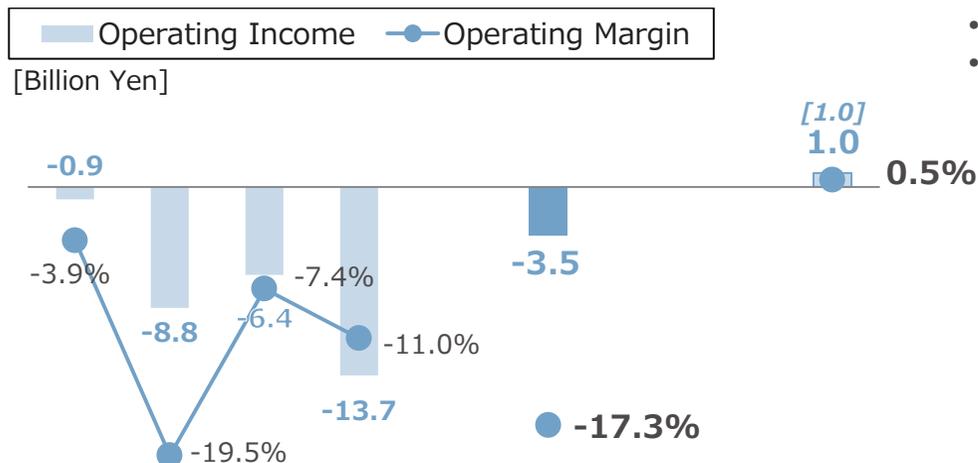
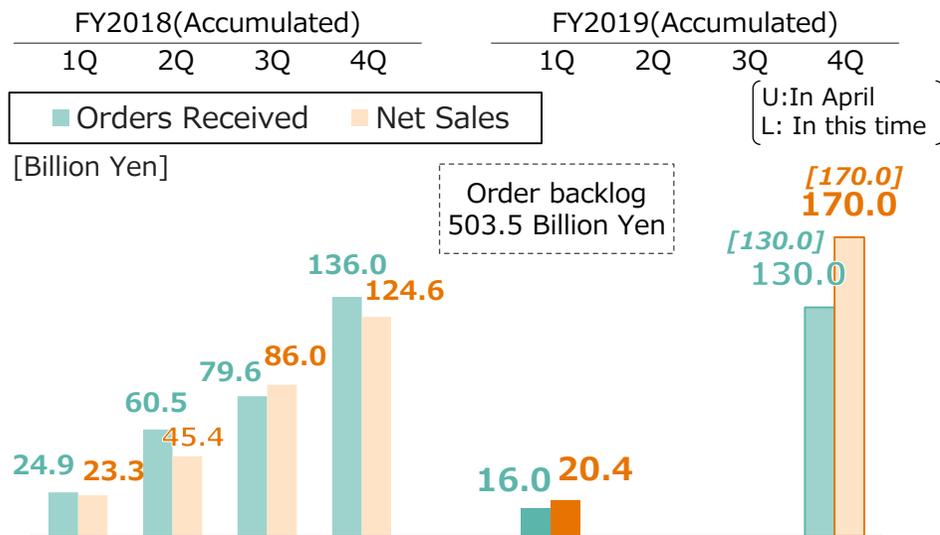
	Orders Received		Sales*		Orders Backlog
	FY2018 1Q	FY2019 1Q	FY2018 1Q	FY2019 1Q	FY2019 1Q
LNG carriers			5	2	2
LPG carriers		2	4	4	5
Submarines			2	2	2
Others			1	4	4
Total	0	2	12	12	13

\*Sales includes units by percentage-of-completion method

	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Before-tax ROIC	-21.3%	3.2%	-1.4%

# Rolling Stock

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



## FY2019.1Q (vs. FY2018.1Q)

- **Orders Received:** Decreased compared to FY2018 1Q when received orders for passenger carts and refurbishments for North American market, despite orders received for passenger cars for domestic market
- **Net Sales:** Decreased due to a decrease in passenger carts for domestic market and component parts for overseas market and other factors
- **Operating Income:** Deteriorated due to a deterioration of profitability of some projects, a decrease in sales and other factors

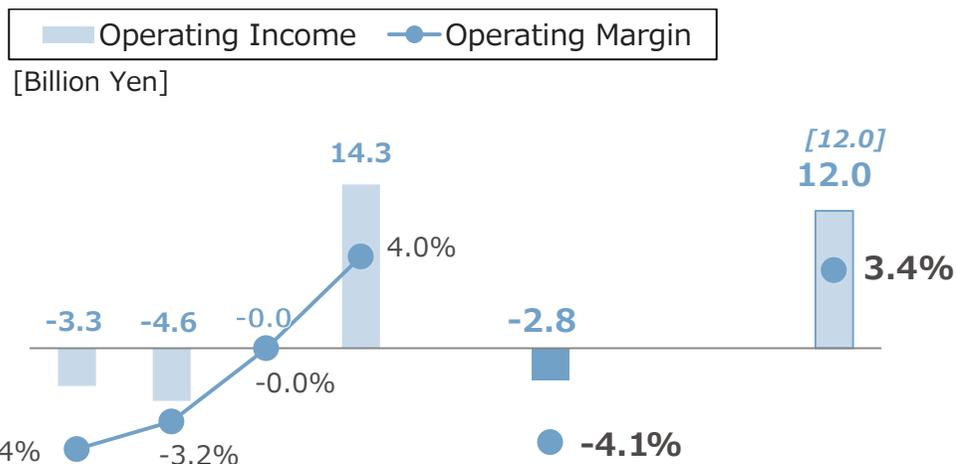
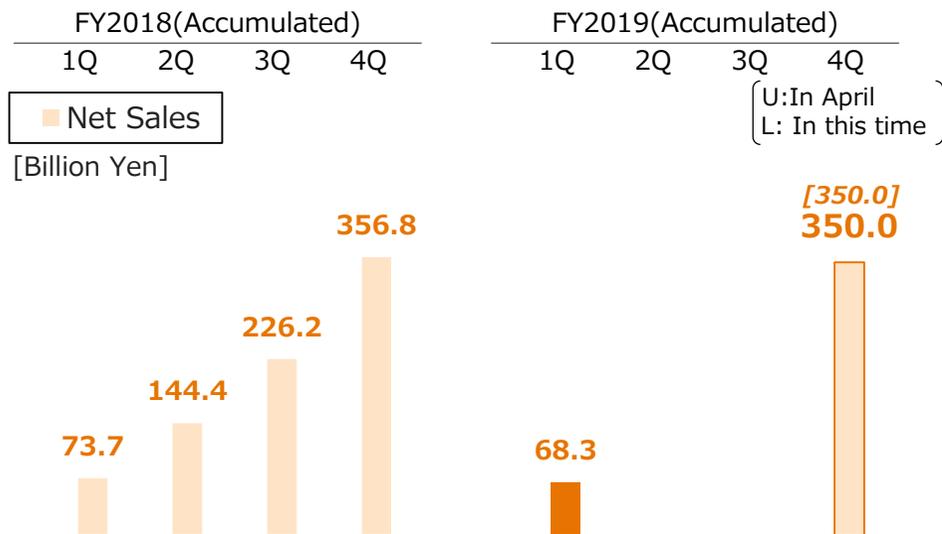
## FY2019 Forecast (vs. FY2018)

- **Orders Received:** Decreased due to a decrease in orders received in the US
- **Net Sales:** Increased due to an increase in sales in the US
- **Operating Income:** Improved compared to FY2018 when provision for loss on construction contracts in passenger cars for Long Island Rail Road and other projects were recognized

	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Before-tax ROIC	-26.2%	-26.4%	1.6%

# Motorcycle & Engine

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



## FY2019.1Q (vs. FY2018.1Q)

- **Net Sales:** Decreased due effect of appreciation of the yen and time lag of sales
- **Operating Income:** Improved due to compared to FY2018 1Q when temporary increase in SG&A expense and other actors, despite sales decrease

## FY2019 Forecast (vs. FY2018)

- **Net Sales:** Decreased due to effect of appreciation of the yen against the EUR
- **Operating Income:** Decreased due to high prices of steel and other materials cost in US, less sales and other factors

## Wholesales by Product

[Thousands of units, Billion Yen]

	FY2018 1Q		FY2019 1Q	
	Unit	Amount	Unit	Amount
Motorcycles for developed countries	35	29.4	30	26.2
Motorcycles for emerging market	71	16.4	69	16.4
Utility Vehicles, ATVs & PWC	14	15.3	11	13.3
General-purpose gasoline engines		12.6		12.4
Total	120	73.7	110	68.3

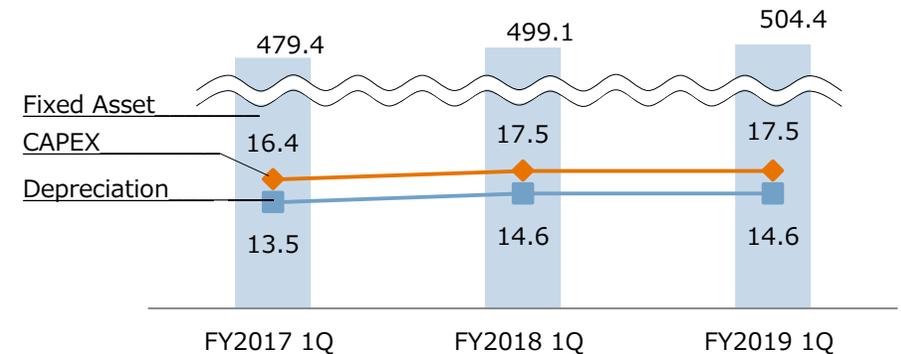
	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Before-tax ROIC	9.4%	8.4%	8.4%

# Summary of Balance Sheet

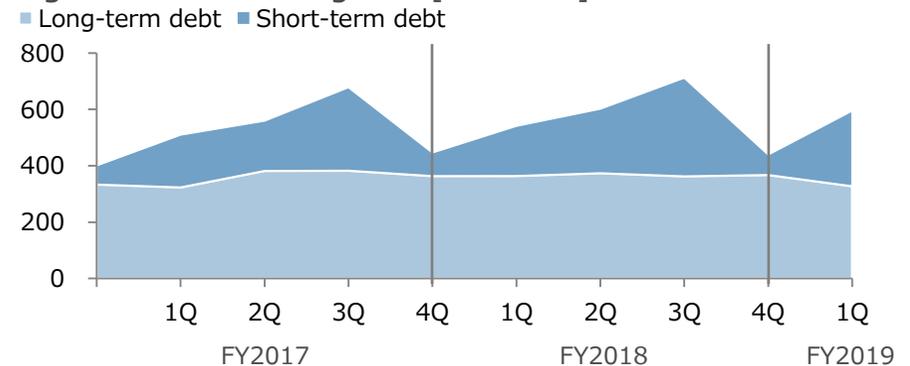
	[Billion Yen]		
	End of Mar. 2019	End of Jun. 2019	Change
Cash on hand and in banks	74.3	44.4	- 29.8
Trade receivables	427.6	467.5	+ 39.9
Inventories	592.8	631.8	+ 38.9
Total fixed assets	502.4	504.4	+ 1.9
Others assets	241.5	263.2	+ 21.6
<b>Total assets</b>	<b>1,838.8</b>	<b>1,911.5</b>	<b>+ 72.6</b>
Trade payables	370.2	337.9	- 32.3
Interest-bearing debt	439.4	595.4	+ 155.9
Advances from customers	181.4	173.5	- 7.8
Other liabilities	355.4	329.9	- 25.5
<b>Total liabilities</b>	<b>1,346.5</b>	<b>1,436.8</b>	<b>+ 90.2</b>
Total shareholders' equity	483.5	464.4	- 19.0
Other net assets	8.7	10.2	+ 1.4
<b>Total net assets</b>	<b>492.2</b>	<b>474.7</b>	<b>- 17.5</b>
<b>Total liabilities &amp; net assets</b>	<b>1,838.8</b>	<b>1,911.5</b>	<b>+ 72.6</b>
Ratio of shareholders' equity to total assets	25.9%	24.0%	
Net D/E Ratio	76.6%	119.9%	

- Assets increased due to an increase in working capital in Aerospace Systems segment and other factors
- Liabilities increased as a whole due to an increase in interest-bearing debt by an increase in working capital, despite trade payables decrease
- Net assets decreased due to recognition loss in net income attributable to owners of parent and a decrease in payment of dividend and other factors

Change in CAPEX and others [Billion Yen]



Change in interest-bearing debt [Billion Yen]

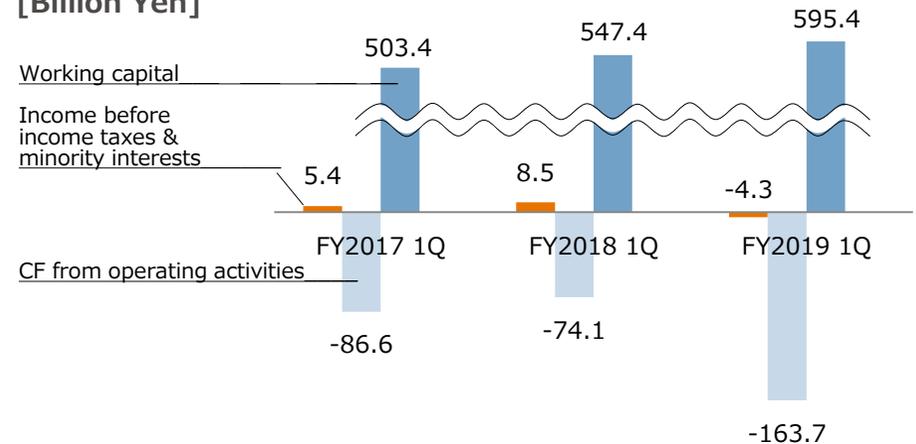


# Summary of Cash Flows

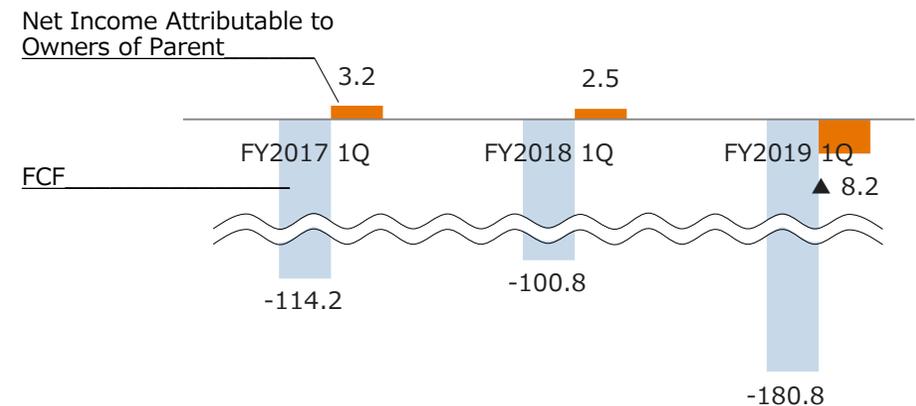
	[Billion Yen]		
	FY2018 1Q	FY2019 1Q	Change
Cash flows from operating activities	-74.1	-163.7	- 89.5
Cash flows from investing activities	-26.6	-17.1	+ 9.5
Free Cash Flows	-100.8	-180.8	- 79.9
Cash flows from financing activities	89.2	150.5	+ 61.3

- Cash flows from operating activities deteriorated due to an increase in working capital in Energy System & Plant Engineering and Aerospace Systems segment
- Cash flows from investing activities improved due to a decrease in CAPEX in Aerospace Systems segment
- Given the above mentioned changes, free cash flows deteriorated

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



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



# Consolidated Operating Performance

※No change from April.25,2019

	FY2018 Actual	FY2019 Forecast	[Billion Yen]	
			Change vs. FY2018	
Orders Received	1,588.7	<b>1,700.0</b>	+	111.3
Net Sales	1,594.7	<b>1,700.0</b>	+	105.3
Operating Income	64.0	<b>72.0</b>	+	8.0
Recurring Profit	37.8	<b>61.0</b>	+	23.2
Net Income Attributable to Owners of Parent	27.4	<b>38.0</b>	+	10.6
Before-tax ROIC	4.5%	<b>6.7%</b>	+	0.2%
ROE	5.8%	<b>7.8%</b>	+	0.2%
Dividend(per share)	70 yen	<b>70 yen</b>		-

<Exchang Rates: Actual and Assumed※>

Yen/US\$	110.77	<b>110.00</b>
Yen/EUR	128.33	<b>125.00</b>

※Assumed rates are applied to the outstanding foreign exchange exposure as of July.30, 2019

vs. FY2018

## • Orders Received

- Increased a whole due to Energy System & Plant Engineering and Precision Machinery & Robot segments and other factors, despite decrease in Aerospace Systems and Rolling Stock segments

## • Net Sales

- Increased a whole due to Aerospace Systems, Rolling Stock and Precision Machinery & Robot segments and other factors, despite decrease in Ship & Offshore Structure and Motorcycle & Engine segments

## • Profit

- Operating income increased due to improve in Rolling Stock and increase in Precision Machinery & Robot segments and other factors, despite decrease in Ship & Offshore Structure and Motorcycle & Engine segments

## • 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\$	1.78	1.91
EUR	0.23	0.23

# Forecast by Segment

※No change from April.25,2019

[Billion Yen]

	Orders Received			Net Sales			Operating Income		
	FY2018 Actual	FY2019 Forecast	Change	FY2018 Actual	FY2019 Forecast	Change	FY2018 Actual	FY2019 Forecast	Change
Aerospace Systems	431.6	420.0	- 11.6	463.9	520.0	+ 56.1	32.6	32.0	- 0.6
Energy System & Plant Engineering	263.5	335.0	+ 71.5	253.0	255.0	+ 2.0	11.6	10.0	- 1.6
Precision Machinery & Robot	※ <sup>1</sup> 225.2	280.0	+ 54.8	222.0	255.0	+ 33.0	21.3	26.0	+ 4.7
Ship & Offshore Structure	81.1	100.0	+ 18.9	78.9	70.0	- 8.9	1.0	-2.0	- 3.0
Rolling Stock	136.0	130.0	- 6.0	124.6	170.0	+ 45.4	-13.7	1.0	+ 14.7
Motorcycle & Engine	356.8	350.0	- 6.8	356.8	350.0	- 6.8	14.3	12.0	- 2.3
Others	94.2	85.0	- 9.2	95.1	80.0	- 15.1	2.5	1.0	- 1.5
Eliminations and corporate <sup>※2</sup>	-	-	-	-	-	-	-5.7	-8.0	- 2.3
<b>Total</b>	※ <sup>1</sup> 1,588.7	1,700.0	+ 111.3	1,594.7	1,700.0	+ 105.3	64.0	72.0	+ 8.0

※1 Revised order received in FY2018 1Q in Precision Machinery & Robot segment due to a change in calculation method of order received and refinement  
Precision Machinery & Robot (before) 222.4 (after) 225.2  
Total (before) 1585.9 (after) 1588.7

※2 "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

※No change from April.25,2019

	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
Aerospace Systems	5.0%	8.0%	+ 3.0%	7.0%	6.1%	- 0.9%	0.71	0.72	+ 0.01
Energy System & Plant Engineering	9.3%	7.6%	- 1.7%	4.5%	3.9%	- 0.6%	0.83	0.80	- 0.03
Precision Machinery & Robot	19.8%	20.4%	+ 0.6%	9.6%	10.2%	+ 0.6%	1.08	1.20	+ 0.12
Ship & Offshore Structure	3.2%	-1.4%	- 4.6%	1.3%	-2.8%	- 4.1%	0.64	0.51	- 0.13
Rolling Stock	-26.4%	1.6%	+ 28.0%	-11.0%	0.5%	+ 11.5%	0.59	0.97	+ 0.38
Motorcycle & Engine	8.4%	8.4%	-	4.0%	3.4%	- 0.6%	1.25	1.29	+ 0.04
Total	4.5%	6.7%	+ 2.2%	4.0%	4.2%	+ 0.2%	0.86	0.92	+ 0.06

# R&D/CAPEX/Number of Employees

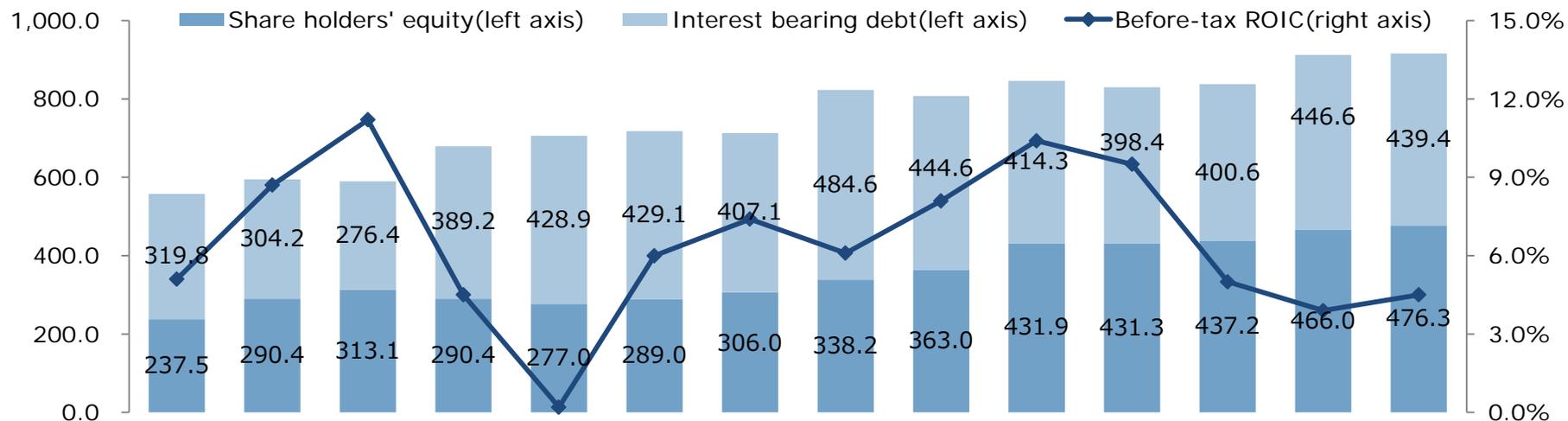
※No change from April.25,2019

[Billion Yen/Persons]

	FY2018 Actual	FY2019 Forecast	Change
R&D Expenses	48.7	60.0	+ 11.3
CAPEX (Construction Base)※	66.9	83.0	+ 16.1
Depreciation and Amortization※	59.0	62.0	+ 3.0
Domestic	26,171	27,170	+ 999
Overseas	9,520	9,910	+ 390
Number of Employees	35,691	37,080	+ 1,389

※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]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Before-tax ROIC	5.1%	8.7%	<b>11.2%</b>	4.5%	0.2%	6.0%	7.4%	6.1%	8.1%	10.4%	9.4%	5.0%	3.9%	4.5%
Invested Capital	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	915.8
Net Sales	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	<b>1,594.7</b>
Operating Profit	41.7	69.1	76.9	28.7	-1.3	42.6	57.4	42.0	72.3	87.2	<b>95.9</b>	45.9	55.9	64.0
Recurring Profit	30.8	49.0	63.9	38.7	14.2	49.1	63.6	39.3	60.6	84.2	<b>93.2</b>	36.6	43.2	37.8
Net Income Attributable to Owners of Parent	16.4	29.7	35.1	11.7	-10.8	25.9	23.3	30.8	38.6	<b>51.6</b>	46.0	26.2	28.9	27.4
Yen/US\$	112	117	115	101	93	86	79	82	99	109	118	108	110	110

# Market Overview (1/2)

## Aerospace Systems

- In military aircraft business, there is a certain demand within tight defense budget.
- In commercial aircraft business, the demand for component parts of aircrafts and aircraft jet engines increases along with the increased number of air passengers.

## Energy System & Plant Engineering

- Overseas, resource developments and investing in oil and natural gas are on the path of recovery.
- In Asia, There is still a demand for energy infrastructure maintenance and the demand for distributed generations increases due to increased willingness to invest in environmental energy and energy conservation
- In Japan, there is still a replacement demand for aging equipment and others of incineration plants and industrial machineries. In terms of distributed generations, there is a large potential demand, but the investment plans are slightly behind schedule in view of the electricity deregulation.

## Precision Machinery & Robot

- In the Chinese market, demand of the hydraulic components for construction machinery is steadily.
- On the other hand, some of construction machinery companies have started to prepare for inventory adjustment, therefore we keep observing the Chinese market.
- Robots markets has deteriorated temporary due to holding capital expenditures in China because of the US-China trade friction and suspending the investment by semiconductor manufactures.
- Overseas, expecting unstable situations for a while
- Domestic, increase whole demands for robots to collaborate with humans in work operations and various industrial robots fields.

# Market Overview (2/2)

## Ship & Offshore Structure

- New-build vessel price is on the path of moderate 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 South Korean Government, and other factors.

## Rolling Stock

- In Japan, there is a steady replacement demand for aging railcars.
- In US, there is a growing new and replacement demand, including New York, which is our focus market.
- In Asia, the demand in emerging market increases along with promoting infrastructure exports by Japanese Government.

## Motorcycle & Engine

- In motorcycle market, moderate growth continues mainly in Europe and decreased demand in emerging countries is signing bottoming out.
- In utility vehicle market, stable growth continues mainly in North America. In addition, general purpose engine market also increases steadily.

# 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.