

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

February 6, 2020

Kawasaki Heavy Industries, Ltd.



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Summary of Financial Results

	[Billion Yen]		
	FY2018 3Q	FY2019 3Q	Change
Orders Received	※ 1,096.6	1,022.6	– 73.9
Net Sales	1,094.5	1,135.4	+ 40.8
Operating Income	36.8	30.9	– 5.8
Recurring Profit	19.8	15.3	– 4.4
Net Income Attributable to Owners of Parent	11.3	4.7	– 6.6

※Revised order received of FY2018 3Q due to a change and a refinement of calculation methods of order received in the Precision Machinery & Robot segment (1081.9 billion yen → 1096.6 billion yen)

<Weighted-average exchange rates>

Yen/US\$	111.24	108.79
Yen/EUR	129.28	122.00

vs. FY2018.3Q

• Orders Received

- Decreased mainly in Aerospace Systems and Ship & Offshore Structure segment

• Net Sales

- Increased as a whole due to an increase in Aerospace Systems, Rolling Stock and other segments, despite a decrease in Ship & Offshore Structure and other segments

• Profits

- Operating income and recurring profit decreased due to a decrease in Precision Machinery & Robot, Motorcycle & Engine segment and other segments, despite an increase in Energy System & Plant Engineering segments
- Net income attributable to owners of parent decreased due to a decrease in recurring profit, recognized loss on business withdrawal loss as extraordinary losses, and other factors

(Appendix)

Net Sales in Foreign Currencies for Third Quarter FY2019

[Billion]

US\$	EUR
1.53	0.28

Financial Results by Segment

[Billion Yen]

	Orders Received			Net Sales			Operating Income		
	FY2018 3Q	FY2019 3Q	Change	FY2018 3Q	FY2019 3Q	Change	FY2018 3Q	FY2019 3Q	Change
Aerospace Systems	280.5	245.1	- 35.4	328.1	371.4	+ 43.3	21.2	20.5	- 0.7
Energy System & Plant Engineering	201.6	184.3	- 17.2	168.8	162.3	- 6.5	4.5	13.0	+ 8.4
Precision Machinery & Robot	※1 172.0	157.1	- 14.8	154.2	147.0	- 7.2	14.9	5.2	- 9.7
Ship & Offshore Structure	65.2	31.6	- 33.6	63.0	53.0	- 10.0	2.8	-0.7	- 3.5
Rolling Stock	79.6	91.2	+ 11.5	86.0	97.4	+ 11.3	-6.4	-3.1	+ 3.3
Motorcycle & Engine	226.2	230.1	+ 3.8	226.2	230.1	+ 3.8	0.0	-4.5	- 4.4
Others	71.1	82.8	+ 11.7	67.8	73.9	+ 6.0	2.4	2.0	- 0.4
Eliminations and corporate ^{※2}	-	-	-	-	-	-	-2.6	-1.3	+ 1.3
Total	※1 1,096.6	1,022.6	- 73.9	1,094.5	1,135.4	+ 40.8	36.8	30.9	- 5.8

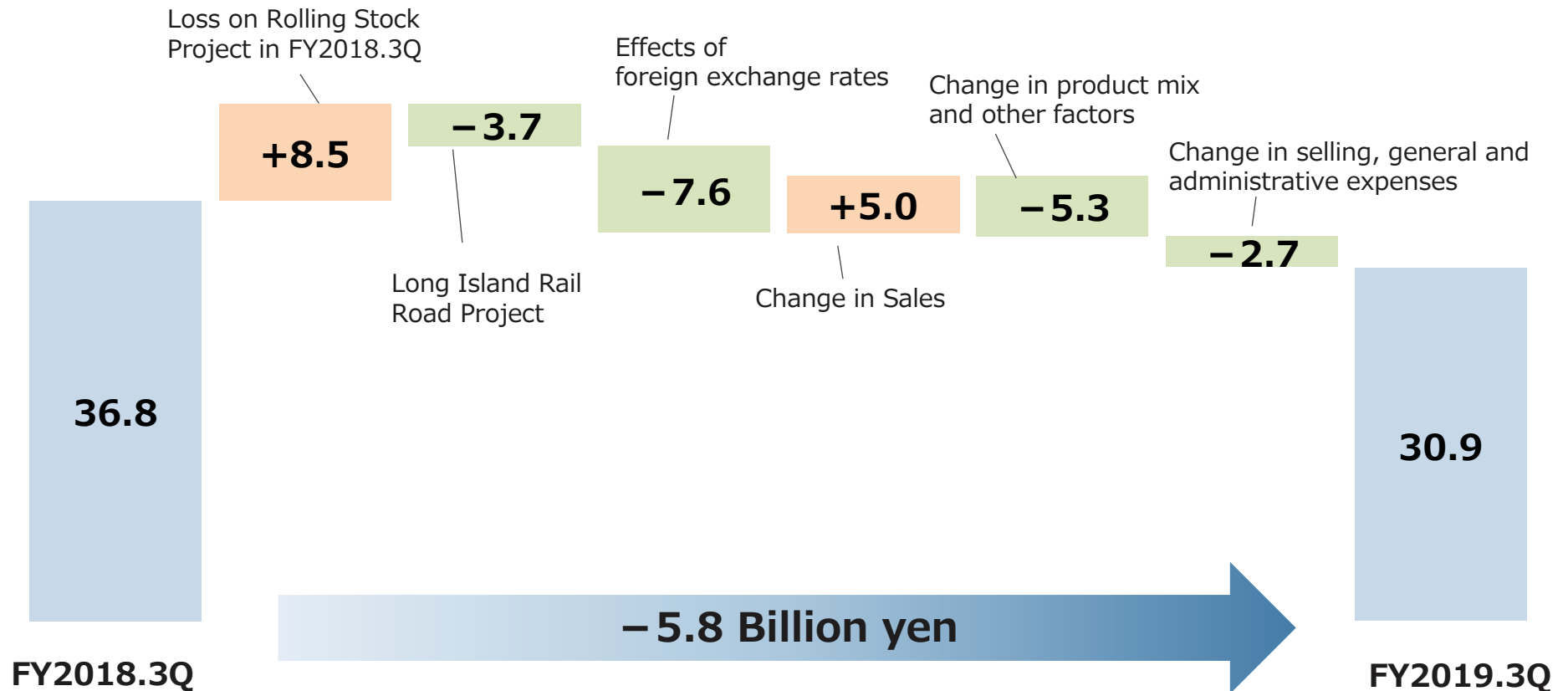
※1 Revised order received in FY2018 3Q of Precision Machinery & Robot segment due to change in calculation method of order received and refinement
Precision Machinery & Robot (before) 157.3 (after) 172.0
Total (before) 1081.9 (after) 1096.6

※2 "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

-5.8 Billion yen (FY2018.3Q 36.8 Billion yen ⇒ FY2019.3Q 30.9 Billion yen)

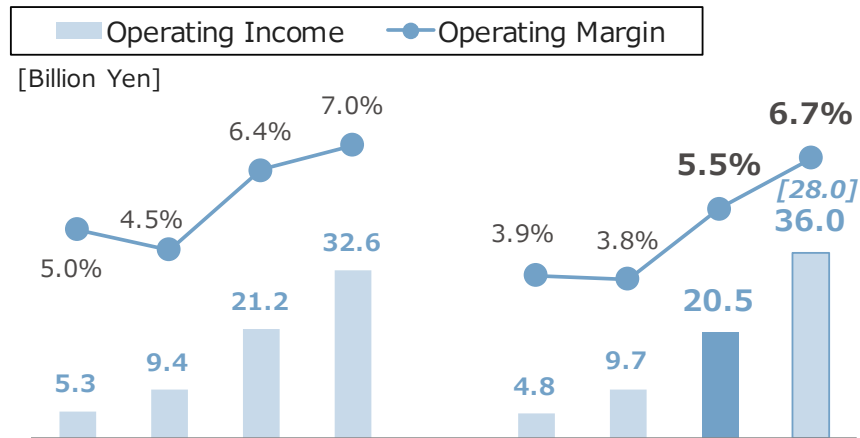
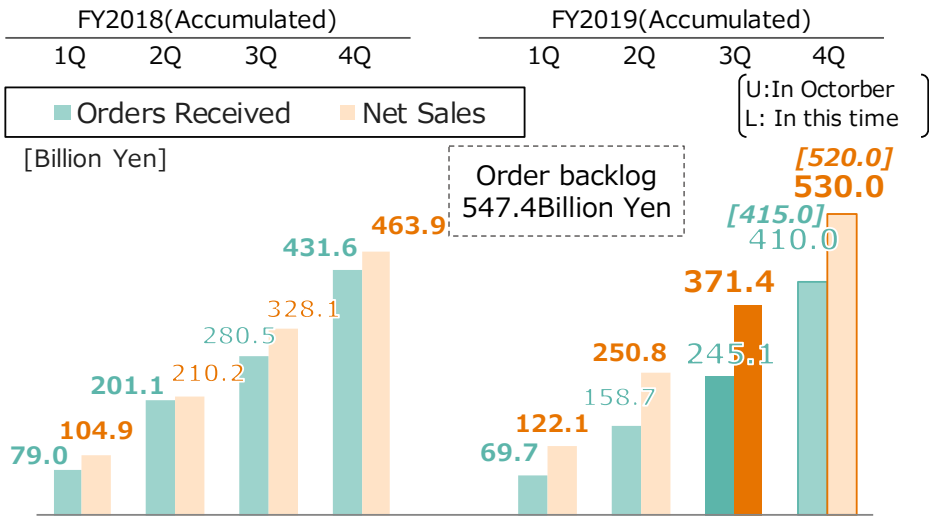


Summary of Income Statement

			[Billion Yen]	
			(FY2018.3Q	⇒ FY2019.3Q)
Operating Income	- 5.8	(	36.8	⇒ 30.9)
• Net Sales	+ 40.8	(	1,094.5	⇒ 1,135.4)
• Cost of sales	+ 43.9	(	910.1	⇒ 954.0)
• Selling, general & administrative expenses	+ 2.7	(	147.6	⇒ 150.3)
- Salaries and benefits	+ 1.0	(	40.3	⇒ 41.3)
- R&D expenses	+ 2.9	(	33.4	⇒ 36.3)
Non-operating Income / Expenses	+ 1.3	(	-16.9	⇒ -15.6)
• Net Interest expense (incl. dividend income)	- 0.4	(	-1.5	⇒ -2.0)
• Equity in income of unconsolidated subsidiaries and affiliates	- 0.1	(	1.0	⇒ 0.8)
• Gain and loss on foreign exchange	- 0.1	(	-4.6	⇒ -4.7)
• Payments for the in-service issues of commercial aircraft jet engines	+ 2.1	(	-9.7	⇒ -7.6)
• Others	+ 0.0	(	-2.0	⇒ -2.0)
Extraordinary Income / Losses	- 1.1	(	-	⇒ -1.1)
- Gain on sales of fixed assets	+ 1.2	(	-	⇒ 1.2)
- Loss on business withdrawal	- 2.3	(	-	⇒ -2.3)

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 3Q (vs. FY2018 3Q)

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

FY2019 Forecast (vs. Forecast in October)

- **Orders Received:** Revised down due to a decrease in component parts for commercial aircrafts, and other factors
- **Net Sales:** Revised up due to swift collection of sales information for component parts for commercial aircraft jet engines
- **Operating Income:** Revised up due to promotion of cost reduction for component parts for commercial aircrafts and an increase in sales of component parts for commercial aircraft jet engines

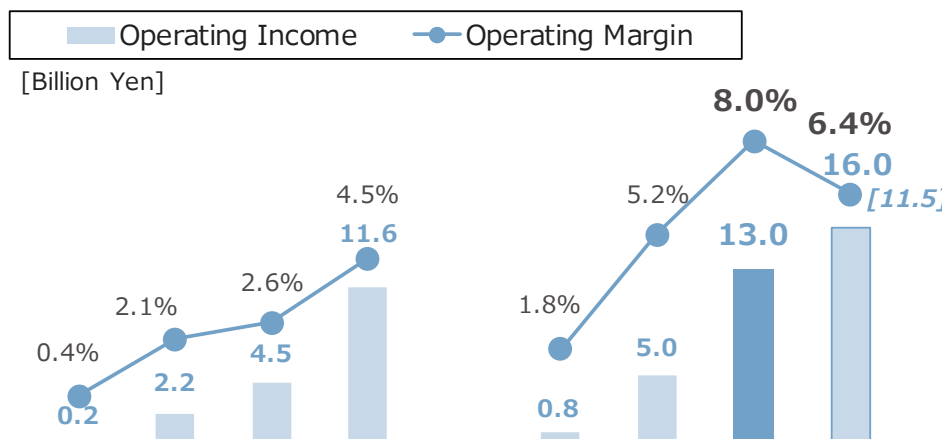
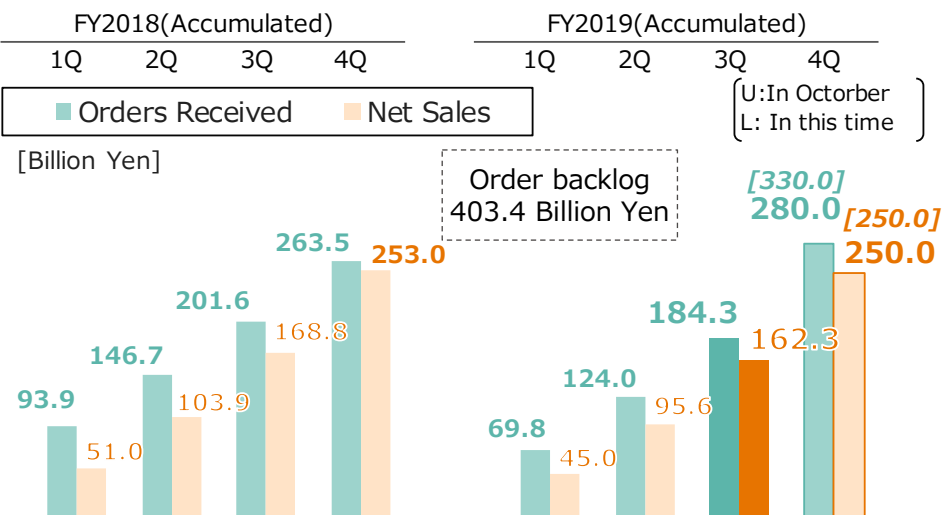
Sales units of component parts for commercial aircraft [Unit]

	FY2018 3Q	FY2019 3Q
Boeing 767	23	25
Boeing 777	29	35
Boeing 777X	5	8
Boeing 787	104	124

	FY2017 Actual	FY2018 Actual	FY2019 Forecast	
			In October	In This Time
Before-tax ROIC	7.8%	5.0%	6.0%	6.5%

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



※1. CCPP = Combined Cycle Power Plant

FY2019 3Q (vs. FY2018 3Q)

- **Orders Received:** Decreased compared to FY2018 3Q when received orders of energy products including CCPP and LNG tanks in domestic market, despite orders received for major repair work on domestic municipal waste incineration plants and other factors
- **Net Sales:** Decreased due to a decrease in energy business ,and other factors, despite an increase in construction works of chemical plants for overseas market
- **Operating Income:** Increased due to an improvement in profitability of chemical plants for overseas market and energy business, and other factors, despite a decrease in revenue

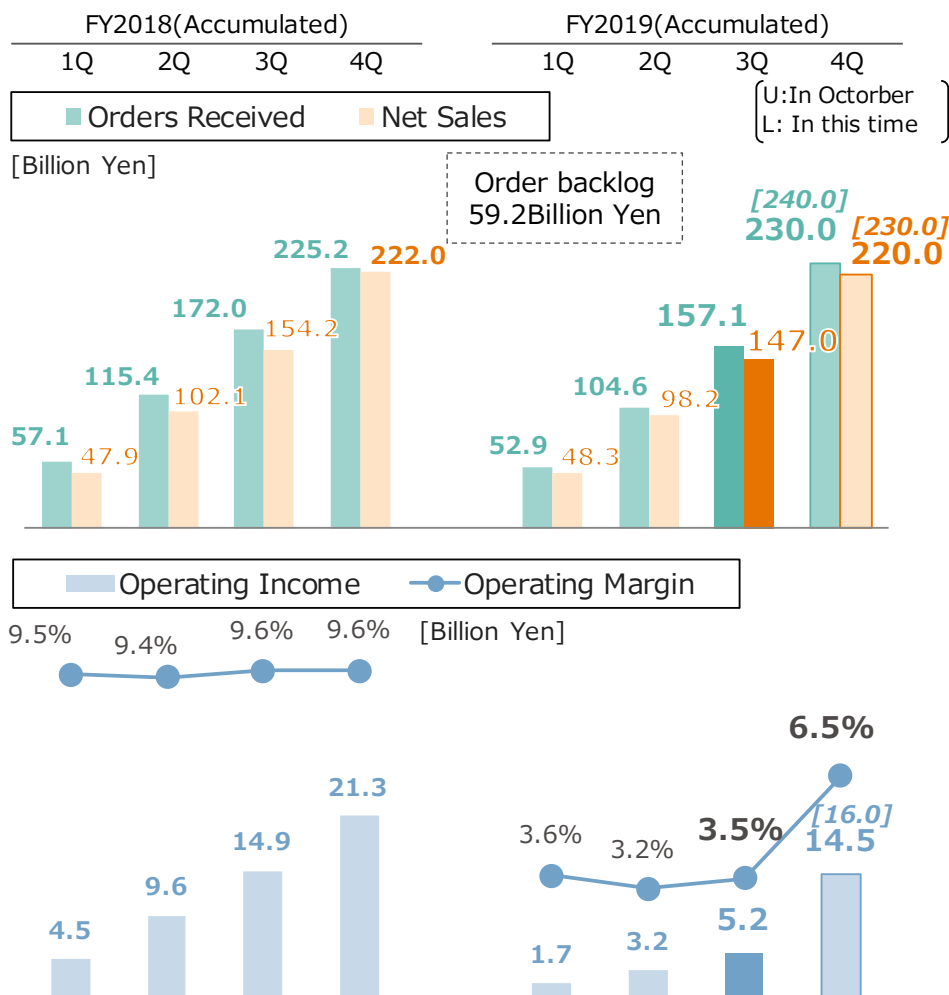
FY2019 Forecast (vs. Forecast in October)

- **Orders Received:** Revised down due to a decrease in large projects for domestic market and time lag of energy projects, and other factors
- **Net Sales:** No change
- **Operating Income:** Revised up due to improvement in profitability of chemical plants for overseas market

	FY2017 Actual	FY2018 Actual	FY2019 Forecast	
			In October	In This Time
Before-tax ROIC	8.0%	9.3%	7.1%	10.2%

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 3Q (vs. FY2018 3Q)

- **Orders Received:** Decreased due to a decrease in hydraulic components for construction machinery and each series of robots
- **Net Sales:** Same as above
- **Operating Income:** Decreased due to a decrease in sales, an increase in materials cost and R&D expense of hydraulic components for construction machinery, and operating losses by a decrease in robots production in China, and other factor

FY2019 Forecast (vs. Forecast in October)

- **Orders Received:** Revised down due to a decrease in hydraulic components for construction machinery, industrial robots, and other factors, despite robots for semiconductor manufacturing equipment are tend to increase
- **Net Sales:** Same as above
- **Operating Income:** Revised down due to sales decrease

※About revised order received in FY2018

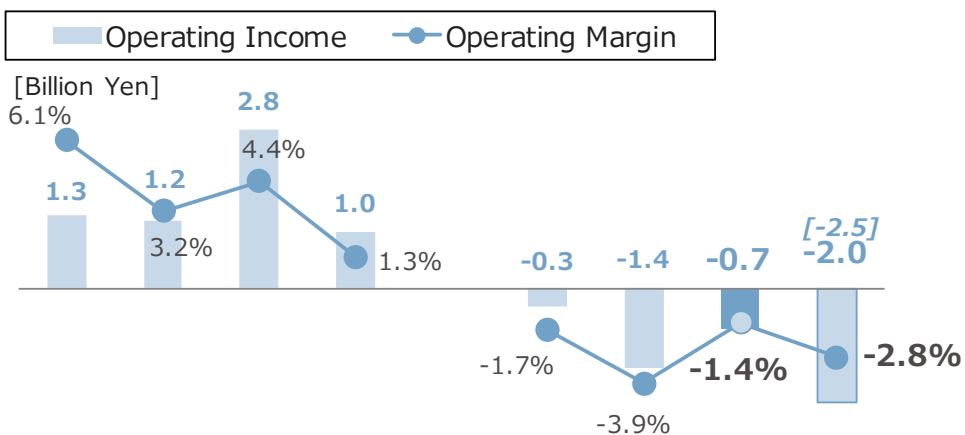
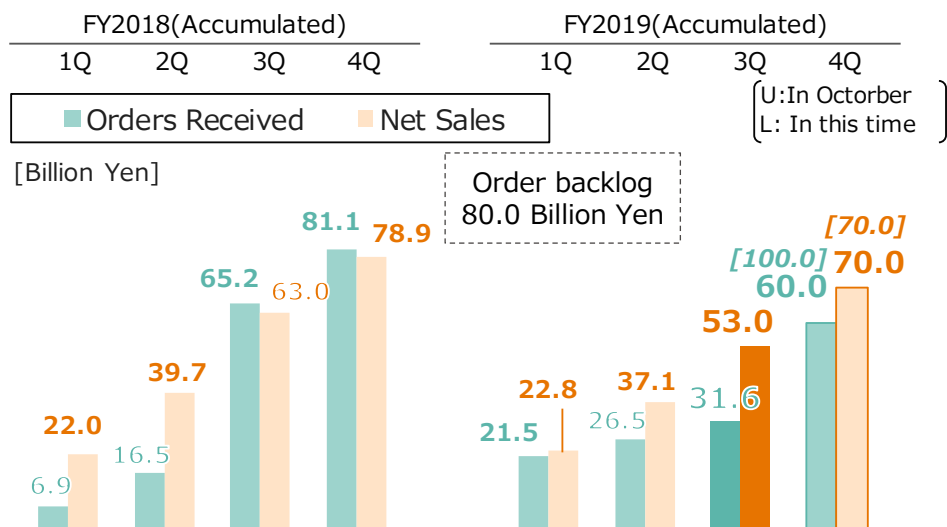
Revised order received in FY2018 as below due to change in calculation method of order received and refinement

	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	
			In October	In This Time
Before-tax ROIC	22.9%	19.8%	12.2%	10.0%

Ship & Offshore Structure

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



FY2019 3Q (vs. FY2018 3Q)

- Orders Received:** Decreased compared to FY2018 3Q when received orders of submarines, despite received orders of LPG carriers
- Net Sales:** Decreased due to a decrease in construction works of LNG carriers and LPG carriers
- Operating Income:** Decreased due to a decrease in new building ships and operation losses, and other factors

FY2019 Forecast (vs. Forecast in October)

- Orders Received:** Revised down due to time lag of LNG carriers and other factors
- Net Sales:** No change
- Operating Income:** Revised up due to revising periodic cost and other factors

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

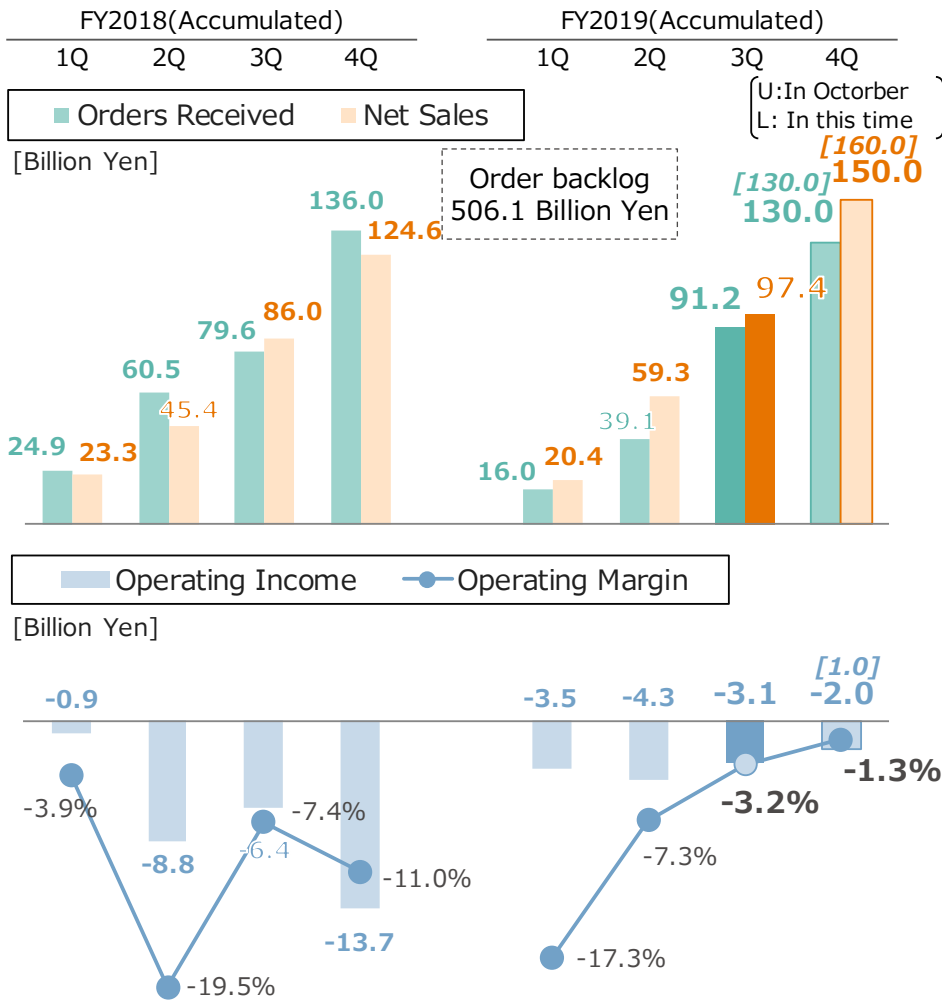
	Orders Received		Sales*		Orders Backlog
	FY2018 3Q	FY2019 3Q	FY2018 3Q	FY2019 3Q	FY2019 3Q
LNG carriers			5	2	
LPG carriers		2	6	6	5
Submarines	1		2	2	2
Others	2		2	4	4
Total	3	2	15	14	11

*Sales includes units by percentage-of-completion method

	FY2017 Actual	FY2018 Actual	FY2019 Forecast	
			In October	In This Time
Before-tax ROIC	-21.3%	3.2%	-1.8%	0.1%

Rolling Stock

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



FY2019 3Q (vs. FY2018 3Q)

- **Orders Received:** Increased due to received orders of subway for domestic market
- **Net Sales:** Increased due to an increase in passenger carts for domestic and the US market, despite decrease in component parts for overseas market
- **Operating Income:** Improved due to a decrease in temporary expense of the US projects incurred in FY2018 3Q, sales increase, and other factors, despite a deterioration of profitability of some projects

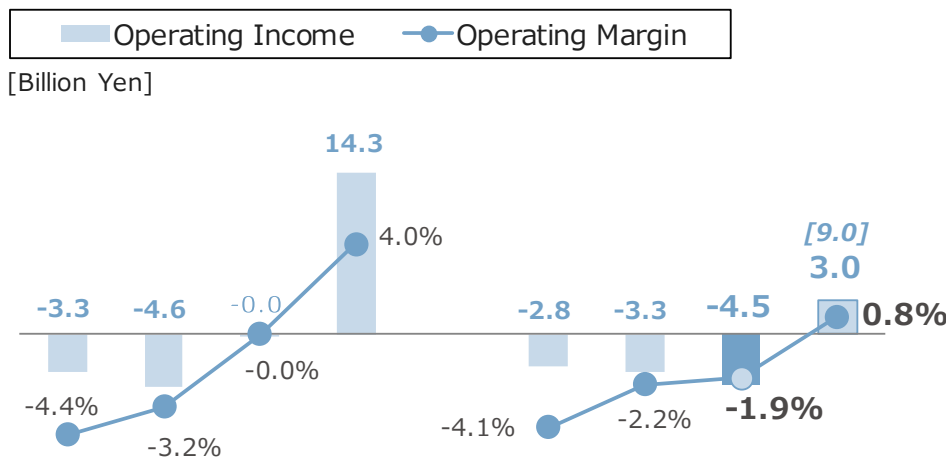
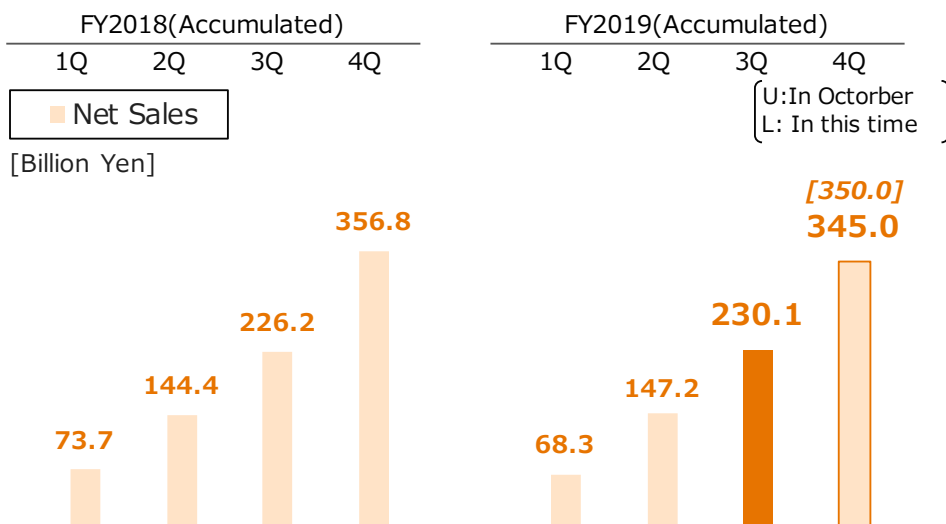
FY2019 Forecast (vs. Forecast in October)

- **Orders Received:** No change
- **Net Sales:** Revised down due to time lag of US projects
- **Operating Income:** Revised down due to shortage of profit improvement in US projects and other factors

	FY2017 Actual	FY2018 Actual	FY2019 Forecast	
			In October	In This Time
Before-tax ROIC	-26.2%	-26.4%	1.6%	-3.9%

Motorcycle & Engine

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



FY2019 3Q (vs. FY2018 3Q)

- **Net Sales:** Increased due to an increase in vehicles in the US market
- **Operating Income:** Despite revenue increase, deteriorated due to the appreciation of the yen against the euro and the US dollar, an increase in manufacturing costs due to appreciation of the Thai baht against the yen, and other factors, when compared to FY 2018 3Q

FY2019 Forecast (vs. Forecast in October)

- **Net Sales:** Revised down due to recall of vehicles ,and slowdown growth of general-purpose gasoline engines market
- **Operating Income:** Same as above

Wholesales by Product

[Thousands of units, Billion Yen]

	FY2018 3Q		FY2019 3Q	
	Unit	Amount	Unit	Amount
Motorcycles for developed contries	100	78.8	101	72.9
Motorcycles for emerging market	253	60.1	252	58.9
Utility Vehicles, ATVs & PWC	47	53.5	51	63.7
General-purpose gasoline engines		33.7		34.6
Total	400	226.2	404	230.1

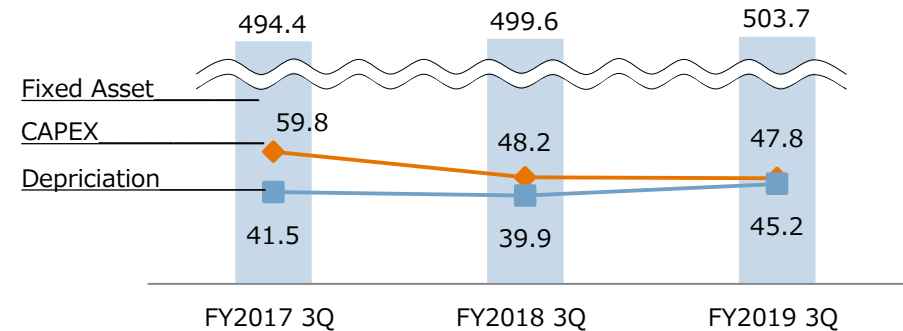
	FY2017 Actual	FY2018 Actual	FY2019 Forecast	
			In October	In This Time
Before-tax ROIC	9.4%	8.4%	5.7%	1.3%

Summary of Balance Sheet

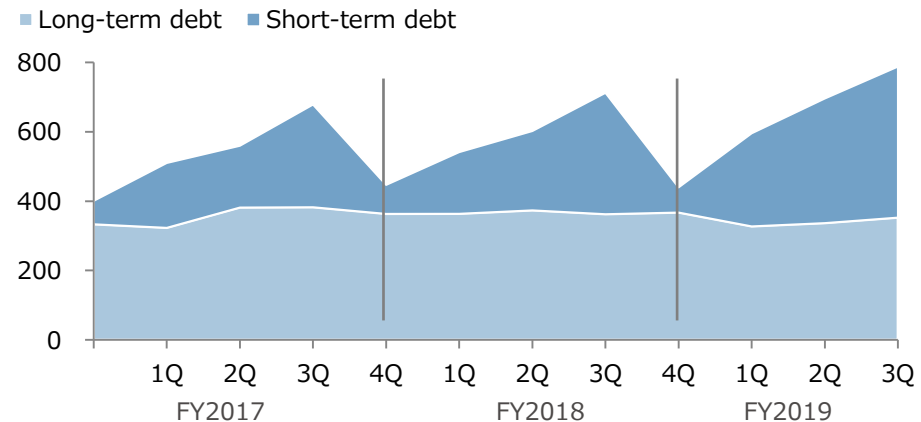
	[Billion Yen]		
	End of Mar. 2019	End of Dec. 2019	Change
Cash on hand and in banks	74.3	74.4	+ 0.0
Trade receivables	427.6	548.2	+ 120.5
Inventories	592.8	666.8	+ 73.9
Total fixed assets	502.4	503.7	+ 1.2
Others assets	241.5	260.3	+ 18.7
Total assets	1,838.8	2,053.5	+ 214.6
Trade payables	370.2	338.4	- 31.8
Interest-bearing debt	439.4	787.6	+ 348.2
Advances from customers	181.4	145.9	- 35.5
Other liabilities	355.4	306.5	- 48.9
Total liabilities	1,346.5	1,578.5	+ 231.9
Total shareholders' equity	483.5	471.6	- 11.8
Other net assets	8.7	3.3	- 5.3
Total net assets	492.2	475.0	- 17.2
Total liabilities & net assets	1,838.8	2,053.5	+ 214.6
Ratio of shareholders' equity to total assets	25.9%	22.3%	
Net D/E Ratio	76.6%	155.3%	

- 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 a decrease in payment of dividend, in foreign currency translation adjustment, and other factors

Change in CAPEX and others [Billion Yen]



Change in interest-bearing debt [Billion Yen]



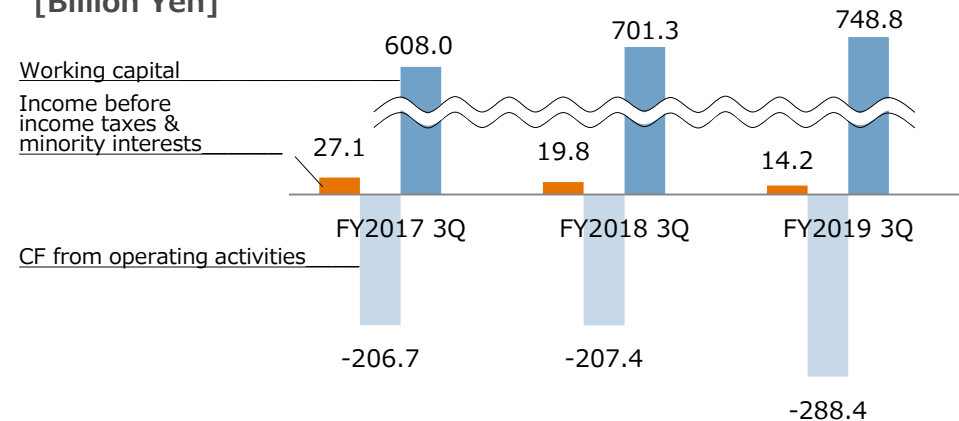
Summary of Cash Flows

[Billion Yen]

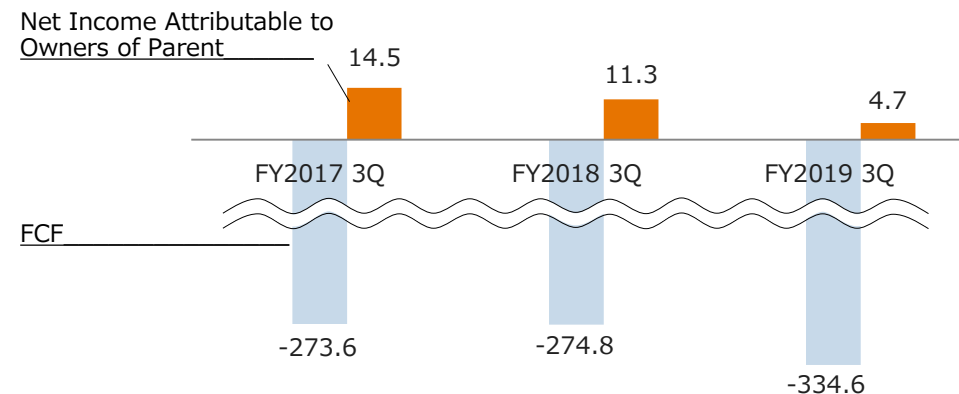
	FY2018 3Q	FY2019 3Q	Change
Cash flows from operating activities	-207.4	-288.4	- 80.9
Cash flows from investing activities	-67.4	-46.2	+ 21.1
Free Cash Flows	-274.8	-334.6	- 59.7
Cash flows from financing activities	254.4	335.8	+ 81.3

- Cash flows from operating activities deteriorated due to an increase in working capital in 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

	[Billion Yen]				
	FY2018 Actual	FY2019		Change	
		In Oct.	In This Time	vs. FY2018	vs. In Oct.
Orders Received	※ ¹ 1,588.7	1,650.0	1,550.0	- 38.7	- 100.0
Net Sales	1,594.7	1,660.0	1,660.0	+ 65.3	-
Operating Income	64.0	56.0	60.0	- 4.0	+ 4.0
Recurring Profit	37.8	41.0	41.0	+ 3.2	-
Net Income Attributable to Owners of Parent	27.4	25.0	25.0	- 2.4	-
Before-tax ROIC	4.5%	4.8%	4.8%	+ 0.3%	-
ROE	5.8%	5.2%	5.2%	- 0.6%	-
Dividend(per share)	70 yen	70 yen	70 yen	-	-

※¹ Revised order received in FY2018 of Precision Machinery & Robot segment due to change in calculation method of order received and refinement (1585.9 billion yen → 1588.7 billion yen)

<Exchang Rates: Actual and Assumed^{※2}>

Yen/US\$	110.77	107.00	107.00
Yen/EUR	128.33	118.00	118.00

※² Assumed rates are applied to the outstanding foreign exchange exposure as of October 31, 2019

Reasons for the Revision

• Orders Received

- Revised down due to a decrease in Energy System & Plant Engineering and Ship & Offshore Structure segments, and other factors

• Net Sales

- Remain unchanged as a whole due to an increase in Aerospace Systems segment and other factors, despite a decreases in Precision Machinery & Robot and Rolling Stock segments
- **Profit**
- Operating income revised up as a whole due to an increase in Aerospace Systems, Energy System & Plant Engineering and other segments, despite a decrease in Motorcycle & Engine and other segments
- Recurring profit and net income attributable to owners of parent remain unchanged due to payment for the in-service issue of commercial aircraft jet engines, and other factors, despite revised up operating income, and increased in equity in income of affiliates, and other factors

(Appendix)

Impact on profit by FX fluctuation of 1 yen

	Operating Income	Recurring Profit
US\$	0.80	0.88
EUR	0.10	0.05

Forecast by Segment

[Billion Yen]

	Orders Received				Net Sales				Operating Income			
	FY2018 Actual	FY2019 Forecast			FY2018 Actual	FY2019 Forecast			FY2018 Actual	FY2019 Forecast		
		In Oct.	In This Time	Change vs. In Oct.		In Oct.	In This Time	Change vs. In Oct.		In Oct.	In This Time	Change vs. In Oct.
Aerospace Systems	431.6	415.0	410.0	- 5.0	463.9	520.0	530.0	+ 10.0	32.6	28.0	36.0	+ 8.0
Energy System & Plant Engineering	263.5	330.0	280.0	- 50.0	253.0	250.0	250.0	-	11.6	11.5	16.0	+ 4.5
Precision Machinery & Robot	※ ¹ 225.2	240.0	230.0	- 10.0	222.0	230.0	220.0	- 10.0	21.3	16.0	14.5	- 1.5
Ship & Offshore Structure	81.1	100.0	60.0	- 40.0	78.9	70.0	70.0	-	1.0	-2.5	-2.0	+ 0.5
Rolling Stock	136.0	130.0	130.0	-	124.6	160.0	150.0	- 10.0	-13.7	1.0	-2.0	- 3.0
Motorcycle & Engine	356.8	350.0	345.0	- 5.0	356.8	350.0	345.0	- 5.0	14.3	9.0	3.0	- 6.0
Others	94.2	85.0	95.0	+ 10.0	95.1	80.0	95.0	+ 15.0	2.5	1.0	1.5	+ 0.5
Eliminations and corporate※ ²	-	-	-	-	-	-	-	-	-5.7	-8.0	-7.0	+ 1.0
Total	※ ¹ 1,588.7	1,650.0	1,550.0	- 100.0	1,594.7	1,660.0	1,660.0	-	64.0	56.0	60.0	+ 4.0

※¹ Revised order received of FY2018 due to a change and a refinement of calculation methods of order received in the Precision Machinery & Robot segment

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

	Before-tax ROIC (EBIT/Invested Capital)				Operating Margin (Operating Income/Net Sales)				Asset Turnover(Times) (Net Sales/Total Assets)			
	FY2018 Actual	FY2019 Forecast			FY2018 Actual	FY2019 Forecast			FY2018 Actual	FY2019 Forecast		
		In Oct.	In This Time	Change vs. In Oct.		In Oct.	In This Time	Change vs. In Oct.		In Oct.	In This Time	Change vs. In Oct.
Aerospace Systems	5.0%	6.0%	6.5%	+ 0.5%	7.0%	5.3%	6.7%	+ 1.4%	0.71	0.73	0.74	+ 0.01
Energy System & Plant Engineering	9.3%	7.1%	10.2%	+ 3.1%	4.5%	4.6%	6.4%	+ 1.8%	0.83	0.81	0.81	-
Precision Machinery & Robot	19.8%	12.2%	10.0%	- 2.2%	9.6%	6.9%	6.5%	- 0.4%	1.08	1.19	1.13	- 0.06
Ship & Offshore Structure	3.2%	-1.8%	0.1%	+ 1.9%	1.3%	-3.5%	-2.8%	+ 0.7%	0.64	0.58	0.54	- 0.04
Rolling Stock	-26.4%	1.6%	-3.9%	- 5.5%	-11.0%	0.6%	-1.3%	- 1.9%	0.59	0.80	0.76	- 0.04
Motorcycle & Engine	8.4%	5.7%	1.3%	- 4.4%	4.0%	2.5%	0.8%	- 1.7%	1.25	1.27	1.25	- 0.02
Total	4.5%	4.8%	4.8%	-	4.0%	3.3%	3.6%	+ 0.3%	0.86	0.90	0.90	-

R&D/CAPEX/Number of Employees

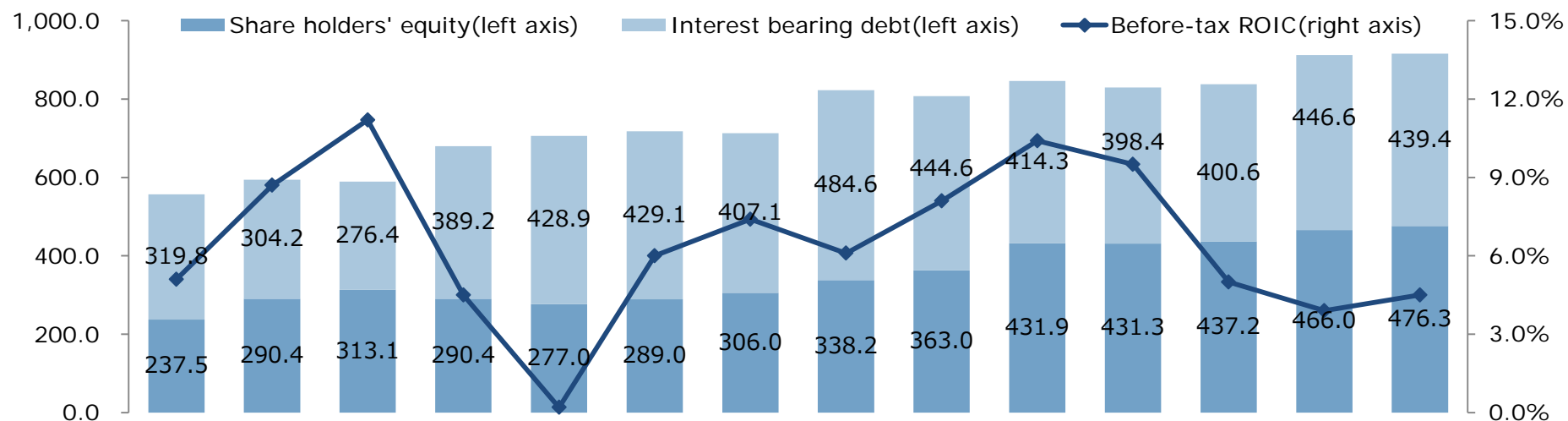
[Billion Yen/Persons]

	FY2018 Actual	FY2019 Forecast		
		In October	In This Time	Change vs. In Oct.
R&D Expenses	48.7	59.0	56.0	- 3.0
CAPEX (Construction Base) [※]	66.9	77.0	77.0	-
Depreciation and Amortization [※]	59.0	61.5	61.5	-
Domestic	26,171	26,800	26,800	-
Overseas	9,520	9,800	9,800	-
Number of Employees	35,691	36,600	36,600	-

※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%	11.2%	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	1,594.7
Operating Profit	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	64.0
Recurring Profit	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	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	51.6	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 construction machinery markets, domestic customers had been forced reduced production due to parts supply stagnation affected by Typhoon Nov. 19 (Hagibis).
- In addition, current sales in Korean market and emerging countries such as India and Indonesia are sluggish, however, the demand will become stable especially in emerging countries.
- In robots markets, a tough situation continue due to a postponement of capital expenditures in China because of the US-China trade friction and other factors
- In semiconductor markets, demand is recovering due to Taiwanese and Korean major semiconductor manufacturers have restarted investment.
- Estimating that the demand for robots will steadily expand in the medium to long term

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 however decreased in emerging countries.
- In utility vehicle and personal watercraft market, stable growth continues mainly in US.
- In general purpose engine business, market growth temporarily slowed down due to inclement weather and the US-China trade friction

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.