



Investors Meeting for Fiscal 2002

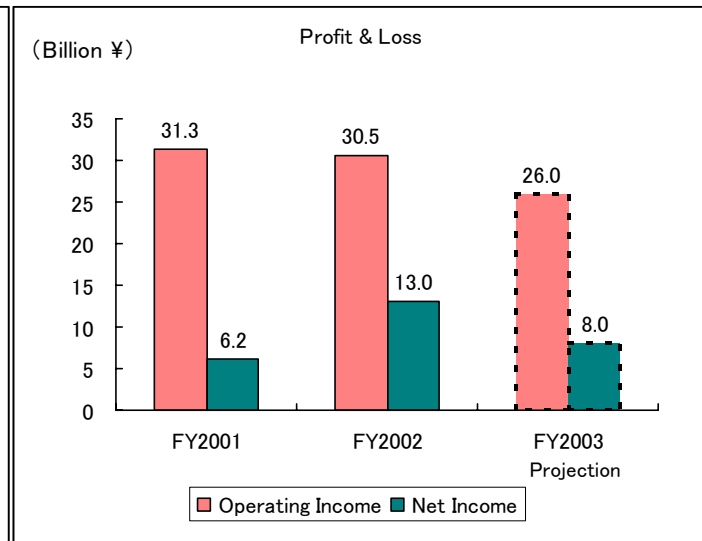
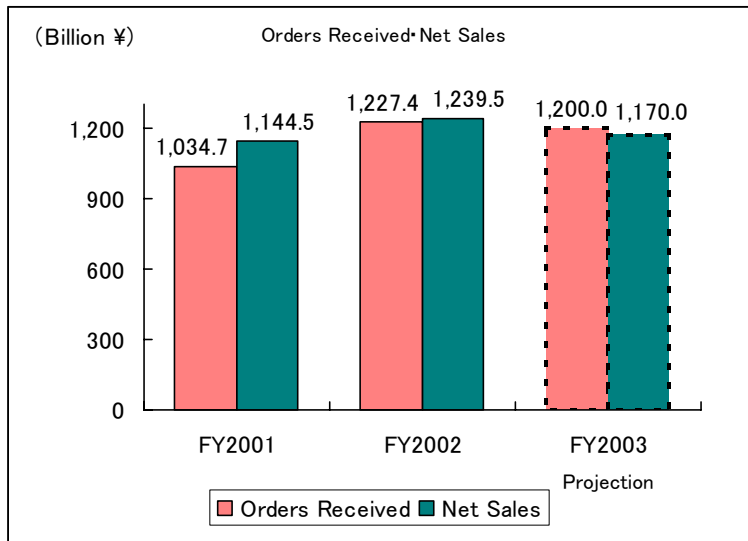
(for the year ended March 31, 2003)

May 9, 2003

Kawasaki Heavy Industries, Ltd.




Summary of FY2002 Results



	Actual Exchange Rates		Planned Exchange Rates
	FY2001	FY2002	FY2003
USD/¥	125.00	120.00	120.00

(Billion ¥)

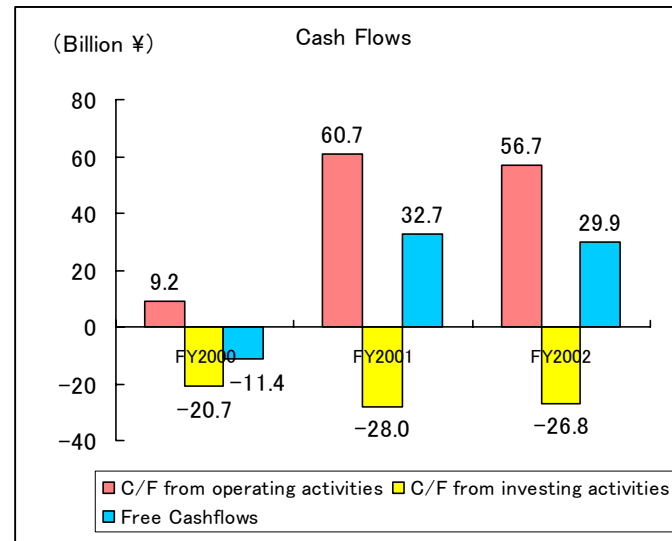
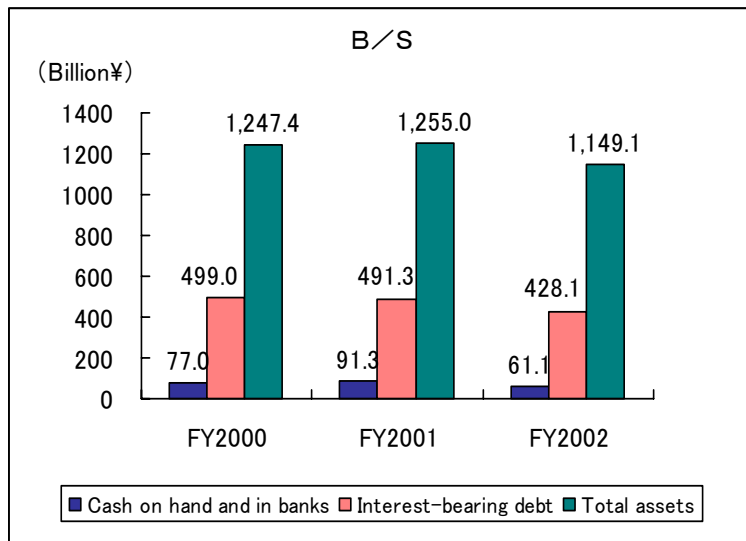
	FY2001 (Actual)	FY2002 (Actual)	FY2003 (Projection)
Operating Income	31.3	30.5	26.0
Net Income	6.2	13.0	8.0



Breakdown of Increases/Decreases in Profit for FY2002 compared to FY2001

◇ Operating income	(-0.8 billion yen)
Adverse influence by exchange rate movements	-5.5
Decrease in sales to BOEING , Increase in non-recurring cost (initial investment) for EMBRAER project	-5.0
Cost reduction in Consumer Products business	+8.0
Others	+1.7
◇ Non-operating income	(+2.8 billion yen)
Decrease in net interest expenses	+1.7
Gain on sale of marketable securities	+0.7
Others	+0.4
◇ Other income	(-0.8 billion yen)
Gain on contribution of securities to employee's retirement benefit trust	+1.9
Write-off of securities (FY2001 ¥ 3.9 billion →FY2002 ¥0)	+3.9
Gain on sales of property, plant and equipment (FY2001 ¥ 6.5 billion →FY2002 ¥ 3.2 billion)	-3.2
Restructuring charges	-3.1
Others	-0.3

Debt / Cash flows

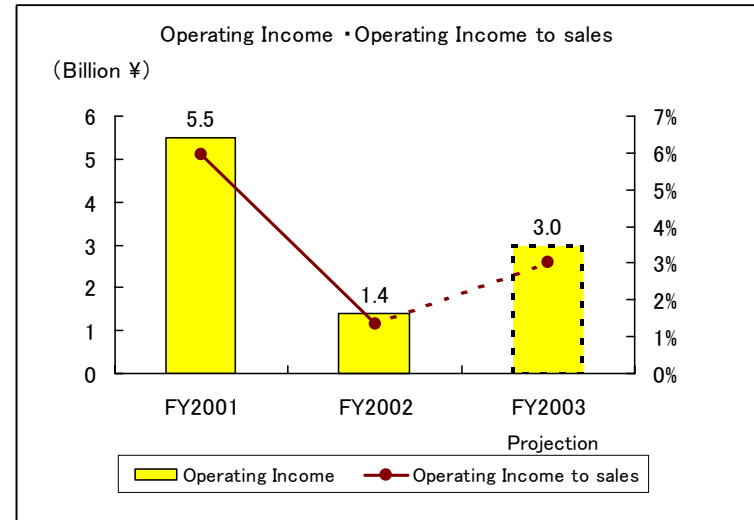
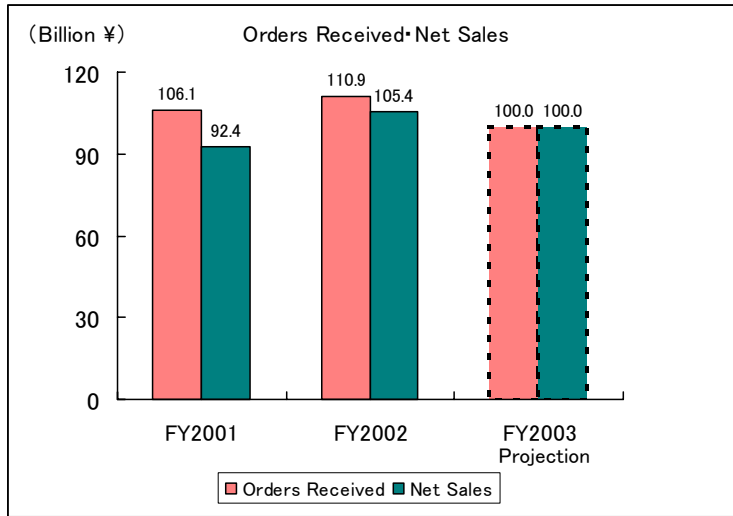


(Billion ¥)

	FY2000	FY2001	FY2002
Net debt	422.0	399.9	367.0
D/E ratio	257%	238%	210%



Shipbuilding



(unit)

	Orders Received		Sales	
	2001	2002	2001	2002
LNG carriers	3	3	1(1)	2(2)
LPG carriers	2	4	6(3)	8(4)
VLCCs	-	-	1	-
Container carriers	-	-	6(1)	2
Bulk carriers	4	5	4	6
Submarines	1	-	2(1)	2(2)
Total	10	12	20(6)	20(8)

Note: ()=Sales units by Percentage ◊ completion method

Business Results for FY2002

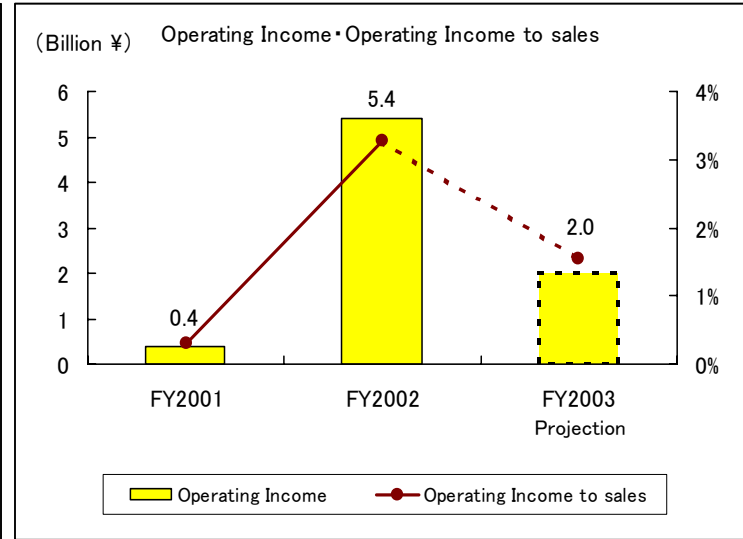
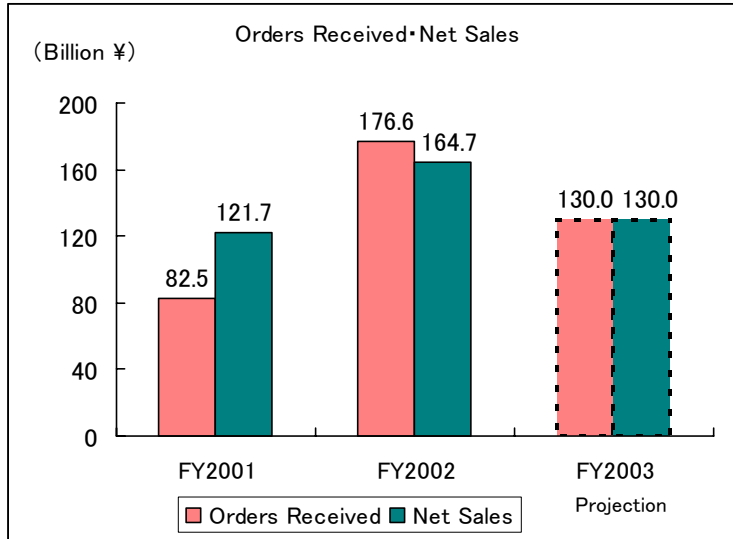
- * Adverse impact of exchange rate movements
- * Impact of declining ship prices

Outlook for FY2003

- * Focus on gas carriers to increase profit
- * Effects of cutting fixed costs



Rolling Stock



Business results for FY2002

<Orders received>

- * Increase in orders received from JR & other domestic customer
- * Large-scale orders received of R160 for N.Y.subway(260 units,US\$0.4 billion)
- * Orders received of track construction from Taiwan High Speed Rail Co.(¥ 34 billion)

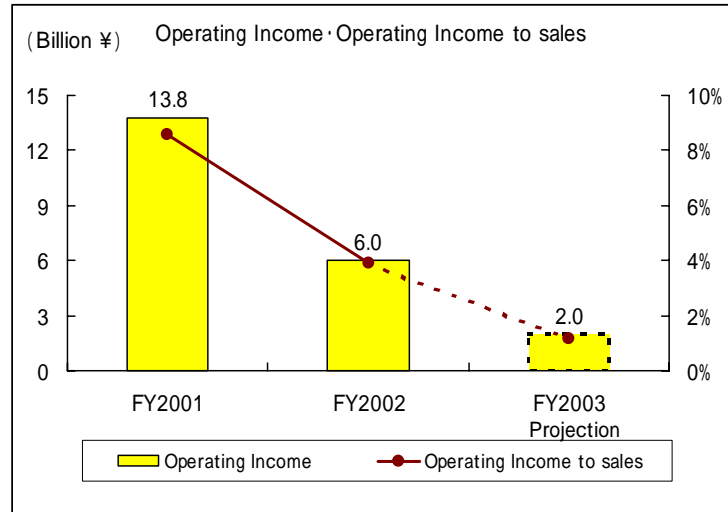
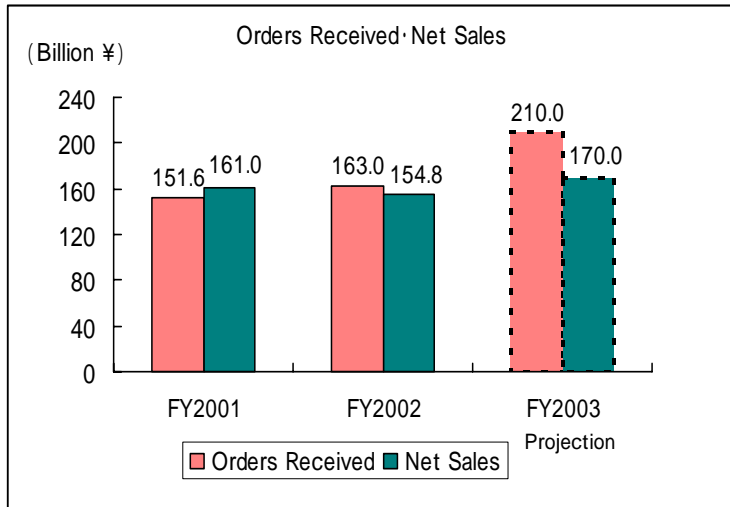
<Sales>

- * Increase in the delivery of subway car R142A(190 units) and R143(152 units)
- * Increase in domestic business for public and private railway

Outlook for FY2003

- * Off season of overseas large-scale projects for Rolling Stock business
→Decline in sales and profit
- * Secure additional orders of R142A (80 units) for N.Y.subway

Aerospace



< Sales and Orders received units for commercial aircraft and components > (unit)

	Orders Received		Sales	
	FY2001	FY2002	FY2001	FY2002
B777	36	39	62	36
B767	27	13	37	31
Embraer170	24	31	5	10
Embraer195	-	3	-	-

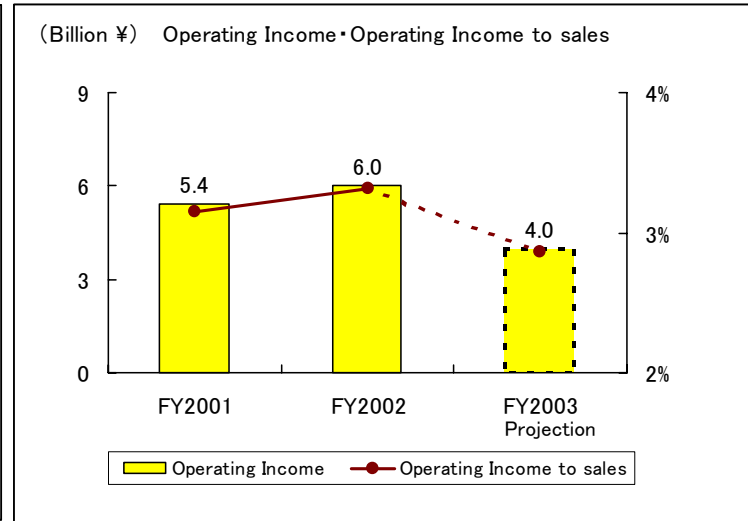
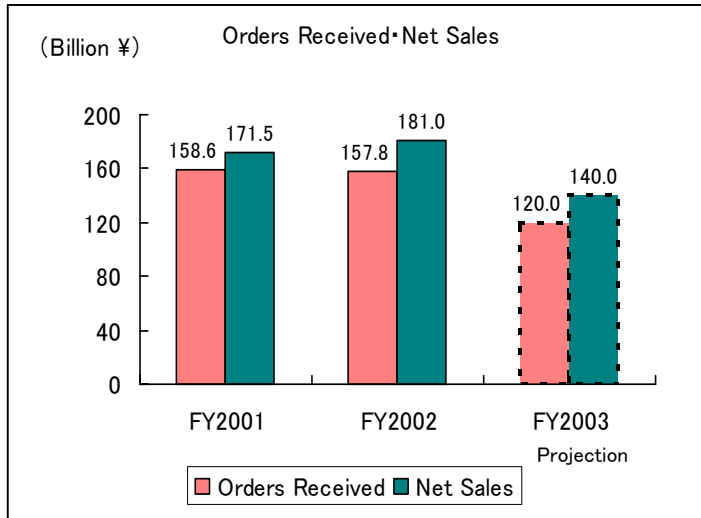
Business results for FY2002

- * Decrease in sales & profit for BOEING business due to the adverse effects of the slump in the airline industry following the terrorist attacks in US.
- * Decrease in profit due to increase in non-recurring cost (initial investment) for EMBRAER project

Outlook for FY2003

- * Increase in orders received for development of the P-X and C-X
- * Sales increase of ¥23 billion due to the fact that KHI made NIPPI a wholly owned subsidiary
- * Decrease in sales & profit due to completion of the production of T-4 intermediate jet trainer
- * Decrease in sales to BOEING and decrease in profit due to the depreciation cost for initial investment for EMBRAER project

Gas Turbines & Machinery



Business results for FY2002

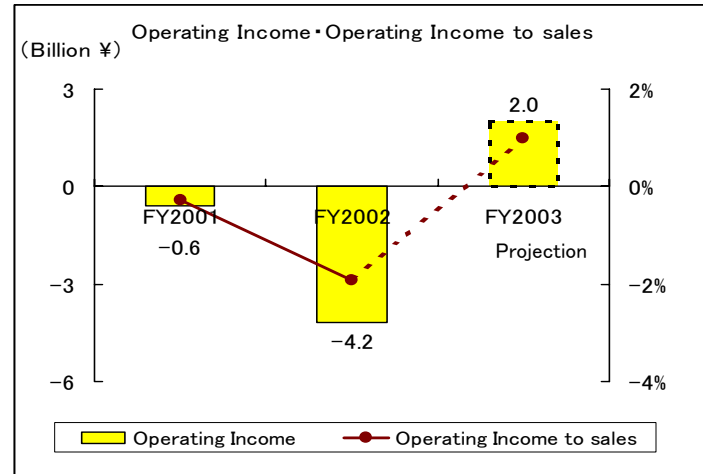
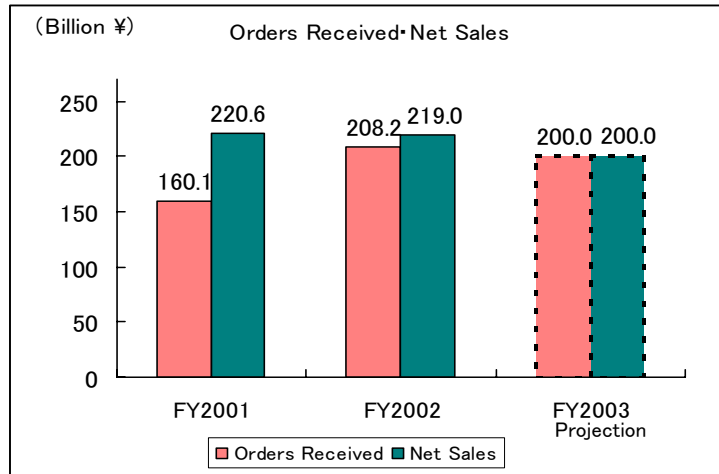
- * Decrease in sales of commercial aircraft jet engines due to the adverse effects of the slump in the airline industry following the terrorist attacks in US
- * Increase in sales of marine steam turbine engines for LNG carriers and industrial hydraulic equipment to Asian market

Outlook for FY2003

- * Decrease in delivery of marine steam turbine engines for LNG carriers
- * Secure orders received of L20A

Note) Sales & profit of this internal company will decrease due to the plan the business of KAWASAKI PRECISION MACHINERY which was set up as a wholly owned subsidiary in October 2002 is to be reclassified as "others" segment from FY2003.

Plant & Infrastructure Engineering



<Large-scale orders received and sales for FY2002>

Orders Received	Sales
<ul style="list-style-type: none"> •Fertilizer plant (Iran) •Baggage-handling system (Bangkok) 	<ul style="list-style-type: none"> •Fertilizer plant (Hainan) •Combined cycle power plant (Brazil) •Ash-handling plant (Kanasai EP)
<ul style="list-style-type: none"> •Refuse incineration plant (Kishiwada&Kaizuka) •Sewage sludge incineration system (Akashi) •Recycling center (Miayazaki) 	<ul style="list-style-type: none"> •Refuse incineration plant (Fujiyoshida) •Refuse incineration plant (Chiba)
<ul style="list-style-type: none"> •Wind power facilities (Sakata) •LNG storage tanks (Nihon gas) 	<ul style="list-style-type: none"> •Ano viaduct (Japan Highway Public Corporation) •Toyota junction (Japan Highway Public Corporation)

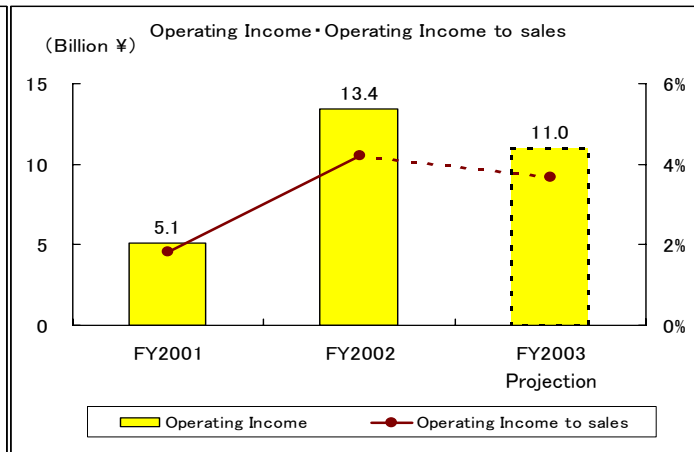
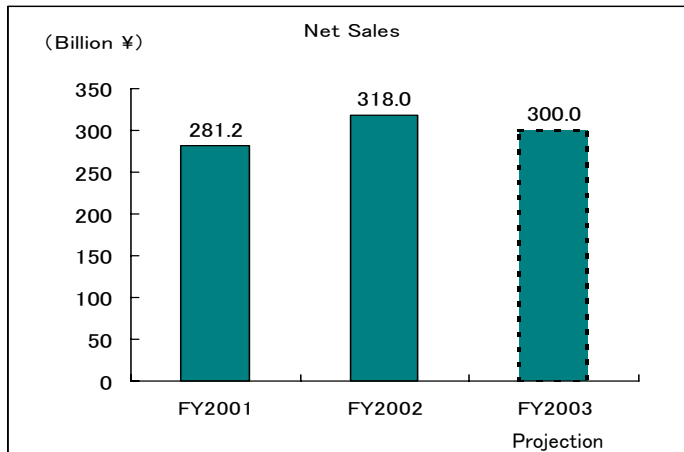
Business results for FY2002

- * A number of major orders received
- * Adverse impact of exchange rate movements
- * Decrease in profit due to additional costs for export business

Outlook for FY2003

- * Decrease in sales of refuse incineration plant and bridge for domestic market
- * Enhancement in profitability by reducing fixed cost (one factory operation, reduction in headcounts)
- * Reduction in unprofitable projects and increase in sales of selected orders received

Consumer Products & Machinery



Geographical Sales for Consumer Products

(Thousands of Units / Billion ¥)

Region	FY2001		FY2002	
	QTY	Amount	QTY	Amount
Domestic	27	17.7	44	20.5
North America	184	127.4	216	142.6
Europe	60	39.6	73	49.6
Others	151	32.9	144	30.8
Total	422	217.6	477	243.5

Notes

- Sales units consist of Motorcycle, All-Terrain Vehicles (ATV), Utility Vehicles(MULE), Personal Water Craft (Jet Ski) and related products.
- Domestic sales include OEM supply.
- Motorcycle sales units in North America were 91 thousands in FY2001 and 99 thousands in FY2002.

Business results for FY2002

- * Increase in sales for the domestic and North America
- * Reduction in sales promotion expenses
- * Effects of mutual OEM supply arrangement with SUZUKI
KAWASAKI→SUZUKI (Motorcycle 7models)
SUZUKI→KAWASAKI (Motorcycle 7models and ATV 3models)
- * Effects of CI(Cost Innovation)-21action

Outlook for FY2003

- * Conservative sales and production plan to cope with downtrend of motorcycle and ATV market in North America



R&D/Capital expenditures/Number of Employees

(Billion Yen)

	FY2001 (Actual)	FY2002 (Actual)	FY2003 (Projection)
R&D	29.6	30.9	31.0
Capital expenditures	33.1	35.1	42.0
Depreciation and amortization	31.9	31.5	33.0
Domestic	23,888	23,519	(note*)24,600
Overseas	5,048	5,123	5,200
Number of Employees	28,936	28,642	29,800

Note*) Including employees of NIPPI Corporation



Outlook for FY2003 by Segment

(Billion ¥)

	Net Sales		Operating Income	
	FY2002 Actual	FY2003 (Projection)	FY2002 Actual	FY2003 (Projection)
Shipbuilding	105.4	100.0	1.4	3.0
Rolling Stock	164.7	130.0	5.4	2.0
Aerospace	154.8	170.0	6.0	2.0
Gas Turbines & Machinery	181.0	140.0	6.0	4.0
Plant & Infrastructure Engineering	219.0	200.0	▲4.2	2.0
Consumer Products & Machinery	318.0	300.0	13.4	11.0
Others	96.3	130.0	2.2	2.0
Total	1,239.5	1,170.0	30.5	26.0

* Planned Exchange Rates
\$ = ¥ 120 / EUR = ¥ 123



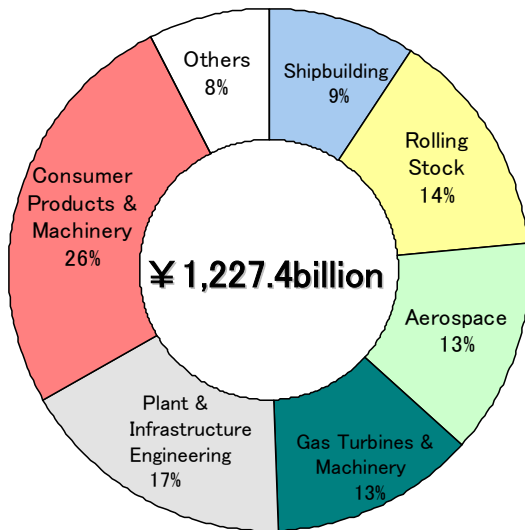
Outlook of Orders Received for FY2003

(Billion ¥)

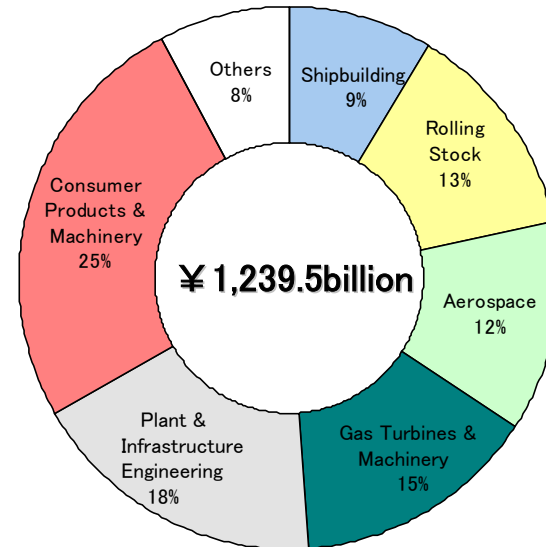
	Orders Received		
	FY2001 Actual	FY2002 Actual	FY2003 (Projection)
Shipbuilding	106.1	110.9	100.0
Rolling Stock	82.5	176.6	130.0
Aerospace	151.6	163.0	210.0
Gas Turbines & Machinery	158.6	157.8	120.0
Plant & Infrastructure Engineering	160.1	208.2	200.0
Consumer Products & Machinery	281.2	318.0	300.0
Others	94.4	92.7	140.0
Total	1,034.7	1,227.4	1,200.0

Orders Received & Net Sales

Orders Received



Net Sales



FY2002 Results



Kawasaki, let the good times roll !
