


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
October 31, 2019
(Consolidated)
For six months ended September 30, 2019 and 2018 and one year ended March 31, 2019
Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Net sales	¥ 736,565	¥ 688,107	\$ 6,822,573
Operating profit	8,678	8,454	80,382
Profit attributable to owners of parent	(3,733)	(3,592)	(34,578)
Earnings per share (Yen)	(22.34)	(21.50)	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Sep. 30, 2019	As of March. 31, 2019	As of Sep. 30, 2019
Total assets	¥ 1,949,784	¥ 1,838,855	\$ 18,060,245
Net assets	473,181	492,261	4,382,929
Number of shares issued and outstanding	167,044	167,045	
Equity Ratio	23.4%	25.9%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Operating activities	¥ (249,491)	¥ (113,421)	\$ (2,310,958)
Investing activities	(33,030)	(47,533)	(305,947)
Financing activities	249,981	149,311	2,315,496
Cash and cash equivalents at end of period	38,172	50,468	353,575

Fiscal year forecast

	Millions of yen		
	Net sales	Operating profit	Profit attributable to owners of parent
One year ending March 31, 2020	¥ 1,660,000	¥ 56,000	¥ 25,000

- Notes :
1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
 2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥107.96=\$1, the rate prevailing as of September 30, 2019, solely for the convenience of the readers.

Consolidated Balance Sheets*As of September 30 and March 31, 2019*

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	As of Sep. 30, 2019	Mar. 31, 2019	As of Sep. 30, 2019
Assets			
Current assets			
Cash and deposits	¥ 41,736	74,311	\$ 386,588
Notes and accounts receivable - trade	520,325	427,665	4,819,609
Merchandise and finished goods	76,561	68,176	709,161
Work in process	424,937	405,087	3,936,060
Raw materials and supplies	125,245	119,558	1,160,106
Other	61,130	45,333	566,228
Allowance for doubtful accounts	(3,488)	(3,792)	(32,308)
Total current assets	1,246,447	1,136,340	11,545,452
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	197,321	194,939	1,827,723
Other	288,554	290,729	2,672,786
Total property, plant and equipment	485,876	485,669	4,500,519
Intangible assets	18,737	16,797	173,555
Investments and other assets			
Other	200,126	201,471	1,853,705
Allowance for doubtful accounts	(1,404)	(1,422)	(13,005)
Total investments and other assets	198,722	200,048	1,840,700
Total non-current assets	703,337	702,514	6,514,793
Total assets	1,949,784	1,838,855	18,060,245
Liabilities			
Current liabilities			
Notes and accounts payable - trade	217,756	247,191	2,017,006
Electronically recorded obligations - operating	102,419	123,083	948,675
Short-term borrowings	187,295	100,023	1,734,856
Income taxes payable	3,929	10,390	36,393
Provision for sales promotion expenses	5,321	497	49,287
Provision for bonuses	17,806	21,168	164,931
Provision for construction warranties	11,857	13,096	109,828
Provision for loss on construction contracts	17,728	27,609	164,209
Advances received	159,767	181,419	1,479,872
Other	262,431	139,800	2,430,817
Total current liabilities	986,313	864,280	9,135,911
Non-current liabilities			
Bonds payable	140,000	140,000	1,296,777
Long-term borrowings	195,959	187,568	1,815,107
Retirement benefit liability	100,347	97,602	929,483
Provision for the in-service issues of commercial aircraft jet engines	9,990	11,468	92,534
Other	43,993	45,674	407,494
Total non-current liabilities	490,290	482,313	4,541,404
Total liabilities	1,476,603	1,346,593	13,677,316
Net assets			
Shareholders' equity			
Share capital	104,484	104,484	967,803
Capital surplus	54,542	54,542	505,206
Retained earnings	310,077	324,606	2,872,147
Treasury shares	(131)	(130)	(1,213)
Total shareholders' equity	468,973	483,502	4,343,951
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,488	2,682	23,046
Deferred gains or losses on hedges	(171)	(227)	(1,584)
Foreign currency translation adjustment	(10,088)	(4,556)	(93,442)
Remeasurements of defined benefit plans	(3,666)	(5,014)	(33,957)
Total accumulated other comprehensive income	(11,437)	(7,115)	(105,937)
Non-controlling interests	15,645	15,874	144,915
Total net assets	473,181	492,261	4,382,929
Total liabilities and net assets	1,949,784	1,838,855	18,060,245

Consolidated Statements of Profit and Loss

For six months ended September 30, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Net sales	¥ 736,565	¥ 688,107	\$ 6,822,573
Cost of sales	629,707	581,972	5,832,781
Gross profit	106,857	106,135	989,783
Selling, general and administrative expenses			
Salaries and allowances	27,384	26,537	253,649
Research and development expenses	23,739	21,240	219,887
Other	47,055	49,903	435,856
Total selling, general and administrative expenses	98,179	97,680	909,402
Operating profit	8,678	8,454	80,382
Non-operating income			
Interest income	314	239	2,908
Dividend income	180	180	1,667
Share of profit of entities accounted for using equity method	924	802	8,559
Foreign exchange gains	-	3,102	-
Other	1,473	1,398	13,644
Total non-operating income	2,893	5,724	26,797
Non-operating expenses			
Interest expenses	1,860	1,546	17,229
Foreign exchange losses	5,772	-	53,464
Payments for the in-service issues of commercial aircraft jet engines	1,157	9,745	10,717
Other	1,951	2,680	18,072
Total non-operating expenses	10,741	13,971	99,491
Ordinary profit	830	207	7,688
Extraordinary income			
Gain on sales of non-current assets	1,277	-	11,828
Total extraordinary income	1,277	-	11,828
Profit before income taxes	2,107	207	19,516
Income taxes	5,122	2,940	47,443
Loss	(3,015)	(2,733)	(27,927)
Profit attributable to non-controlling interests	718	859	6,651
Loss attributable to owners of parent	(3,733)	(3,592)	(34,578)

(Consolidated)

Consolidated Statements of Cash Flows

For six months ended September 30, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from operating activities			
Profit before income taxes	¥ 2,107	¥ 207	\$ 19,516
Depreciation	30,133	29,342	279,113
Increase (decrease) in allowance for doubtful accounts	(206)	1,465	(1,908)
Increase (decrease) in provision for bonuses	(3,356)	(2,968)	(31,086)
Increase (decrease) in provision for construction warranties	(1,168)	(1,367)	(10,819)
Increase (decrease) in provision for loss on construction contracts	(9,864)	2,409	(91,367)
Increase (decrease) in retirement benefit liability	4,833	4,868	44,767
Increase (decrease) in provision for the in-service issues of commercial aircraft jet engines	(1,478)	9,745	(13,690)
Interest and dividend income	(495)	(420)	(4,585)
Interest expenses	1,860	1,546	17,229
Share of loss (profit) of entities accounted for using equity method	(924)	(802)	(8,559)
Loss (gain) on sales of non-current assets	(1,277)	-	(11,828)
Decrease (increase) in trade receivables	(93,246)	(9,526)	(863,709)
Decrease (increase) in inventories	(42,352)	(78,347)	(392,293)
Increase (decrease) in trade payables	(49,292)	(28,770)	(456,577)
Decrease (increase) in advance payments - trade	(4,739)	(1,939)	(43,896)
Increase (decrease) in advances received	(20,308)	(12,247)	(188,107)
Decrease (increase) in other current assets	(10,547)	(7,059)	(97,694)
Increase (decrease) in other current liabilities	(39,131)	(17,295)	(362,458)
Other, net	561	3,434	5,196
Subtotal	(238,893)	(107,727)	(2,212,792)
Interest and dividends received	722	477	6,688
Interest paid	(1,863)	(1,541)	(17,256)
Income taxes paid	(9,456)	(4,630)	(87,588)
Net cash provided by (used in) operating activities	(249,491)	(113,421)	(2,310,958)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(33,242)	(43,587)	(307,910)
Proceeds from sales of property, plant and equipment and intangible assets	1,509	334	13,977
Purchase of investment securities	(439)	(557)	(4,066)
Proceeds from sales of investment securities	458	136	4,242
Purchase of shares of subsidiaries and associates	(2,931)	(2,081)	(27,149)
Net decrease (increase) in short-term loans receivable	(551)	(51)	(5,104)
Long-term loan advances	(34)	(91)	(315)
Collection of long-term loans receivable	47	82	435
Other, net	2,152	(1,717)	19,933
Net cash provided by (used in) investing activities	(33,030)	(47,533)	(305,947)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	250,750	144,642	2,322,619
Proceeds from long-term borrowings	19,000	7,779	175,991
Repayments of long-term borrowings	(23,112)	(7,617)	(214,079)
Proceeds from issuance of bonds	20,000	20,000	185,254
Redemption of bonds	(10,000)	(10,000)	(92,627)
Dividends paid	(5,863)	(5,032)	(54,307)
Dividends paid to non-controlling interests	(503)	(679)	(4,659)
Other, net	(289)	218	(2,677)
Net cash provided by (used in) financing activities	249,981	149,311	2,315,496
Effect of exchange rate change on cash and cash equivalents	2,401	(2,250)	22,240
Net increase (decrease) in cash and cash equivalents	(30,139)	(13,893)	(279,168)
Cash and cash equivalents at beginning of period	68,311	64,362	632,744
Cash and cash equivalents at end of period	38,172	50,468	353,575

Segment information

Information by reportable segment

	Millions of yen			
	Six months ended			
	Sep. 30, 2018			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 210,222	¥ 6,105	¥ 216,327	¥ 9,471
Energy System & Plant Engineering	103,926	10,113	114,039	2,203
Precision Machinery & Robot	102,178	7,682	109,861	9,635
Ship & Offshore Structure	39,739	1,685	41,424	1,289
Rolling Stock	45,426	13	45,440	(8,878)
Motorcycle & Engine	144,425	313	144,739	(4,656)
Other	42,188	19,588	61,777	1,022
Total	688,107	45,502	733,610	10,086
Eliminations and corporate	-	(45,502)	(45,502)	(1,631)
Consolidated total	¥ 688,107	¥ -	¥ 688,107	¥ 8,454

	Millions of yen			
	Six months ended			
	Sep. 30, 2019			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 250,896	¥ 4,194	¥ 255,090	¥ 9,704
Energy System & Plant Engineering	95,609	17,421	113,031	5,052
Precision Machinery & Robot	98,219	7,246	105,465	3,211
Ship & Offshore Structure	37,130	4,803	41,933	(1,476)
Rolling Stock	59,306	9	59,316	(4,367)
Motorcycle & Engine	147,235	324	147,560	(3,368)
Other	48,167	18,376	66,543	871
Total	736,565	52,376	788,941	9,627
Eliminations and corporate	-	(52,376)	(52,376)	(948)
Consolidated total	¥ 736,565	¥ -	¥ 736,565	¥ 8,678

	Thousands of U.S. dollars			
	Six months ended			
	Sep. 30, 2019			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	\$ 2,323,972	\$ 38,848	\$ 2,362,820	\$ 89,885
Energy System & Plant Engineering	885,597	161,365	1,046,971	46,795
Precision Machinery & Robot	909,772	67,117	976,890	29,742
Ship & Offshore Structure	343,924	44,489	388,412	(13,672)
Rolling Stock	549,333	83	549,426	(40,450)
Motorcycle & Engine	1,363,792	3,001	1,366,803	(31,197)
Other	446,156	170,211	616,367	8,068
Total	6,822,573	485,143	7,307,716	89,172
Eliminations and corporate	-	(485,143)	(485,143)	(8,781)
Consolidated total	\$ 6,822,573	\$ -	\$ 6,822,573	\$ 80,382

Orders by reportable segment*For six months ended September 30, 2019 and 2018*

	Billions of yen		Millions of U.S. dollars	
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019	
Orders :				
Aerospace Systems	¥ 158.7	¥ 201.1	\$ 1,470	
Energy System & Plant Engineering	124.0	146.7	1,149	
Precision Machinery & Robot	104.6	115.4	969	
Ship & Offshore Structure	26.5	16.5	245	
Rolling Stock	39.1	60.5	362	
Motorcycle & Engine	147.2	144.4	1,363	
Other	57.0	45.6	528	
Total	¥ 657.3	¥ 730.4	\$ 6,088	

Note: The method for calculating orders received in the Precision Machinery & Robot segment was changed in the first quarter of FY2019 from the previous simple method to a method based on more detailed order values. The value for orders received in the second quarter of the previous fiscal year has been recalculated in accordance with the new calculation method.