

Our Approach Towards Sustainable Value Creation

Realization of Group Mission

“Kawasaki, working as one for the good of the planet”

The Kawasaki Group consistently creates new value by drawing on diverse, high-level technological capabilities to contribute to solutions that address social issues around the world.

Contribute to solutions that address social issues

Global Social Issues



- Greater movement/transportation of people and goods, paralleling globalization
- Heightened environmental risk
- *Emerging countries:* Insufficient social infrastructure
- *Developed countries:* Graying of society, shrinking working population

Kawasaki Group Management Resources *(as of fiscal 2018)*

Financial capital
• Invested capital: ¥912.7 billion

Manufactured capital
Global production structure

- Capital investment: ¥82.1 billion
- Key production sites: in Japan, 18 overseas, 21

Intellectual capital
• 120 years of experience and know-how
• High-level technological capabilities across extensive domains
• R&D expenses: ¥45.4 billion

Human capital
Teams of engineers pursuing ultimate quality
• Number of employees: 35,805

Society and relationship capital
• Kawasaki brand
• Relationship of trust built with business partners over many years

Natural capital (non-consolidated)
• Energy consumption (crude oil equivalent)
161,000 kl
• Procured amount of raw materials (steel)
140,000 tons

Strategies and Business Vision



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Medium-Term Business Plan 2016 Basic Direction

- Further progress on Kawasaki-ROIC* Management
- Investments targeting medium- to long-term growth
- Business realignment

Kawasaki-ROIC Management

- Plan and execute growth strategies through the strengthening of core competence in each business unit (BU)
- Set our optimal financial indicator, with a focus on ROIC, and create specific action plans for achievement
- Create new value through internal company synergies generated by our conglomerate advantage

- Define scale-down or withdrawal strategies broken down to each Sub-BU and product
- Create a portfolio focusing on profitability, stability and growth

Environmental management activities

Details on page 43

Corporate governance

Details on page 45

**Developing and utilizing human resources
Promoting workstyle reform (K-Win Activities)**

Details on pages 21 and 49

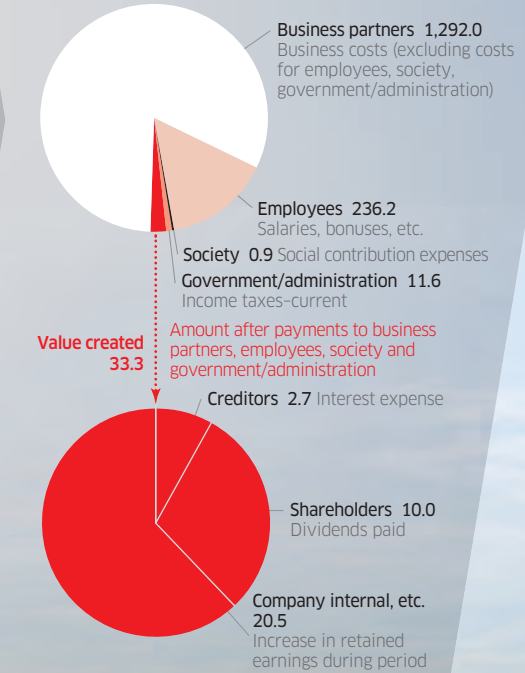
Accumulate and circulate management resources

Key Output *(Actual figures in fiscal 2018)*

- Before-tax ROIC _____ 3.9%
- ROE _____ 6.4%
- CO₂ emissions from business activities (non-consolidated) **328,000 tons**
- Reduction of CO₂ emissions through product-based contributions (non-consolidated) **22,924,000 tons**

Value created and distribution of value to stakeholders *(Billions of yen)*

Value delivered (net sales) 1,574.2



Creating Social Value

- Provide safe and secure, clean, comfortable movement of people and transportation of goods by land, sea and air



- Create clean energy



- Improve social infrastructure, especially in emerging countries



- Respond to needs of aging society and shortage of labor through automation



*ROIC (Return on Invested Capital): A management indicator that shows how much profit will be generated with the capital invested in a business segment