


**KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES**  
**FLASH CONSOLIDATED FINANCIAL RESULTS**

For the year ended March 31, 2017 and 2016

 April 27, 2017  
 (Consolidated)

**Operating results**

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2017	Year ended Mar. 31, 2016	Year ended Mar. 31, 2017
Net sales	¥ 1,518,830	¥ 1,541,096	\$ 13,536,809
Operating income	45,960	95,996	409,625
Profit attributable to owners of parent	26,204	46,043	233,547
Earnings per share (Yen)	15.6	27.5	

**Financial position**

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Mar. 31, 2017	As of Mar. 31, 2016	As of Mar. 31, 2017
Total assets	¥ 1,687,363	¥ 1,620,458	\$ 15,038,885
Net assets	451,327	445,625	4,022,522
Number of shares issued and outstanding	1,670,546	1,670,576	
Equity Ratio	25.9%	26.6%	

**Cash flows**

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2017	Year ended Mar. 31, 2016	Year ended Mar. 31, 2017
Operating activities	¥ 93,514	¥ 86,059	\$ 833,458
Investing activities	(64,879)	(74,185)	(578,244)
Financing activities	(15,850)	(23,400)	(141,265)
Cash and cash equivalents at end of term	50,722	37,832	452,067

**Fiscal year forecast**

	Millions of yen		
	Net sales	Operating income	Profit attributable to owners of parent
One year ending March 31, 2018	¥ 1,555,000	¥ 58,000	¥ 36,000

- 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 ¥112.20=\$1, the rate prevailing as of March 31, 2017, solely for the convenience of the readers.

# Condensed Consolidated Balance Sheets

As of March 31, 2017 and 2016

	Millions of yen		Thousands of
	As of	As of	U.S. dollars
	Mar. 31, 2017	Mar. 31, 2016	Mar. 31, 2017
<b>Assets :</b>			
Current assets :			
Cash on hand and in banks	¥ 55,388	¥ 42,157	\$ 493,654
Receivables, less allowance	460,976	396,750	4,108,520
Inventories	484,862	492,965	4,321,408
Other current assets	76,609	86,031	682,790
Total current assets	<u>1,077,835</u>	<u>1,017,903</u>	<u>9,606,372</u>
Investments and long-term loans less allowance	95,277	106,303	849,171
Net property, plant and equipment	461,882	436,558	4,116,596
Intangible and other assets	52,369	59,694	466,746
Total assets	<u>¥ 1,687,363</u>	<u>¥ 1,620,458</u>	<u>\$ 15,038,885</u>
<b>Liabilities and net assets :</b>			
Current liabilities :			
Short-term borrowings and current portion of long-term debt	¥ 121,648	¥ 116,047	\$ 1,084,206
Payables	363,116	329,903	3,236,328
Advances from customers	205,872	170,454	1,834,866
Other current liabilities	152,806	151,307	1,361,908
Total current liabilities	<u>843,442</u>	<u>767,711</u>	<u>7,517,308</u>
Long-term liabilities :			
Long-term debt, less current portion	279,043	282,377	2,487,015
Others	113,551	124,745	1,012,040
Total long-term liabilities	<u>392,594</u>	<u>407,122</u>	<u>3,499,055</u>
Net assets :			
Common stock	104,484	104,484	931,229
Capital surplus	54,393	54,394	484,786
Retained earnings	287,449	279,627	2,561,934
Treasury stock	(96)	(86)	(855)
Net unrealized gains on securities	3,232	2,705	28,805
Gains (losses) on hedging items	(1,182)	693	(10,534)
Foreign currency translation adjustments	(341)	8,990	(3,039)
Remeasurements of defined benefit plans	(10,692)	(19,439)	(95,294)
Non-controlling interests	14,080	14,257	125,490
Total net assets	<u>451,327</u>	<u>445,625</u>	<u>4,022,522</u>
Total liabilities and net assets	<u>¥ 1,687,363</u>	<u>¥ 1,620,458</u>	<u>\$ 15,038,885</u>

## Condensed Consolidated Statements of Income

For the year ended March 31, 2017 and 2016

	Millions of yen		<b>% Change</b>	Thousands of U.S. dollars
	<b>Year ended Mar. 31, 2017</b>	Year ended Mar. 31, 2016		<b>Year ended Mar. 31, 2017</b>
Net sales	¥ 1,518,830	¥ 1,541,096	-0%	\$ 13,536,809
Cost of sales	1,278,907	1,253,691		11,398,458
Gross profit	239,923	287,405		2,138,351
Selling, general and administrative expenses	193,963	191,409		1,728,726
Operating income	45,960	95,996	-52%	409,625
Other income (expenses) :				
Interest and dividend income	1,100	1,164		9,803
Equity in income of unconsolidated subsidiaries and affiliates	5,537	2,876		49,350
Interest expense	(2,859)	(3,637)		(25,481)
Other, net	(10,865)	(21,568)		(96,836)
Income before income taxes and non-controlling interests	38,873	74,832		346,461
Income taxes	(10,948)	(27,154)		(97,576)
Profit (loss) attributable to non-controlling interests	(1,721)	(1,635)		(15,338)
Profit attributable to owners of parent	¥ 26,204	¥ 46,043	-43%	\$ 233,547

# Condensed Consolidated Statements of Cash Flows

For the year ended March 31, 2017 and 2016

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2017	Year ended Mar. 31, 2016	Year ended Mar. 31, 2017
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 38,873	¥ 74,832	\$ 346,461
Adjustments to reconcile net income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	51,564	49,004	459,572
Decrease in assets	(53,596)	(36,784)	(477,682)
Decrease in liabilities	57,777	6,996	514,946
Other	(1,104)	(7,989)	(9,839)
<b>Net cash provided by operating activities</b>	<b>¥ 93,514</b>	<b>¥ 86,059</b>	<b>\$ 833,458</b>
<b>Cash flows from investing activities:</b>			
Acquisition of tangible and intangible assets	(69,341)	(79,463)	(618,012)
Acquisition of investments in securities	(1,208)	(173)	(10,766)
Other	5,670	5,451	50,534
<b>Net cash used for investing activities</b>	<b>¥ (64,879)</b>	<b>¥ (74,185)</b>	<b>\$ (578,244)</b>
<b>Cash flows from financing activities:</b>			
Decrease in short-term borrowings	(20,843)	4,132	(185,766)
Proceeds from long-term debt	51,734	39,648	461,087
Repayment of long-term debt	(26,946)	(45,651)	(240,160)
Other	(19,795)	(21,529)	(176,426)
<b>Net cash provided by financing activities</b>	<b>¥ (15,850)</b>	<b>¥ (23,400)</b>	<b>\$ (141,265)</b>
<b>Effect of exchange rate changes</b>	<b>543</b>	<b>1,639</b>	<b>4,839</b>
<b>Net decrease in cash and cash equivalents</b>	<b>13,328</b>	<b>(9,887)</b>	<b>118,788</b>
<b>Cash and cash equivalents at beginning of term</b>	<b>37,832</b>	<b>47,721</b>	<b>337,183</b>
<b>Increase in cash and cash equivalents</b>			
due to changes in fiscal period of consolidated subsidiaries	-	(2)	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(438)	-	(3,904)
<b>Cash and cash equivalents at end of term</b>	<b>¥ 50,722</b>	<b>¥ 37,832</b>	<b>\$ 452,067</b>

## Segment information

### (a) Information by reportable segment

For the year ended March 31, 2016

Millions of yen										
Year ended Mar. 31, 2016										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 94,888	¥ 2,792	¥ 97,680	¥ 105,606	¥ (7,926)	¥ 155,063	¥ 995	¥ -	¥ 52,063	¥ 2,672
Rolling Stock	146,646	1,230	147,876	138,577	9,299	171,323	2,914	-	153	2,536
Aerospace	351,858	1,727	353,585	307,928	45,657	378,982	13,435	-	-	28,760
Gas Turbine & Machinery	236,445	16,634	253,079	236,118	16,961	314,549	4,333	-	745	7,918
Plant & Infrastructure	135,668	14,205	149,873	141,358	8,515	120,741	1,473	-	17,276	1,444
Motorcycle & Engine	333,595	1,117	334,712	318,943	15,769	243,733	13,159	-	1,332	14,513
Precision Machinery	133,175	15,518	148,693	140,151	8,542	142,960	6,034	-	371	8,130
Other	108,821	38,927	147,748	144,849	2,899	71,372	1,617	-	3,004	3,933
Total	1,541,096	92,150	1,633,246	1,533,530	99,716	1,598,723	43,960	-	74,944	69,906
Eliminations and corporate	-	(92,150)	(92,150)	(88,430)	(3,720)	21,734	5,044	-	-	6,404
Consolidated total	¥ 1,541,096	¥ -	¥ 1,541,096	¥ 1,445,100	¥ 95,996	¥ 1,620,457	¥ 49,004	¥ -	¥ 74,944	¥ 76,310

Thousands of U.S. dollars

Year ended Mar. 31, 2016

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 842,026	\$ 24,775	\$ 866,801	\$ 937,138	\$ (70,337)	\$ 1,376,014	\$ 8,829	\$ -	\$ 462,001	\$ 23,712
Rolling Stock	1,301,323	10,915	1,312,238	1,229,719	82,519	1,520,303	25,859	-	1,357	22,504
Aerospace	3,122,354	15,326	3,137,680	2,732,523	405,157	3,363,050	119,221	-	-	255,213
Gas Turbine & Machinery	2,098,189	147,608	2,245,797	2,095,287	150,510	2,791,276	38,450	-	6,611	70,263
Plant & Infrastructure	1,203,905	126,054	1,329,959	1,254,397	75,562	1,071,443	13,071	-	153,305	12,814
Motorcycle & Engine	2,960,289	9,912	2,970,201	2,830,268	139,933	2,162,862	116,771	-	11,820	128,787
Precision Machinery	1,181,782	137,706	1,319,488	1,243,687	75,801	1,268,613	53,546	-	3,292	72,144
Other	965,666	345,434	1,311,100	1,285,375	25,725	633,349	14,349	-	26,659	34,901
Total	13,675,534	817,730	14,493,264	13,608,394	884,870	14,186,910	390,096	-	665,045	620,338
Eliminations and corporate	-	(817,730)	(817,730)	(784,719)	(33,011)	192,866	44,760	-	-	56,829
Consolidated total	\$ 13,675,534	\$ -	\$ 13,675,534	\$ 12,823,675	\$ 851,859	\$ 14,379,776	\$ 434,856	\$ -	\$ 665,045	\$ 677,167

### (b) Net Sales by geographic area

For the year ended March 31, 2016

	Millions of yen	Thousands of U.S. dollars
	Year ended	Year ended
	Mar. 31, 2016	Mar. 31, 2016
Japan	¥ 636,565	\$ 5,648,815
United States	396,697	3,520,250
Europe	144,894	1,285,775
Asia	241,424	2,142,372
Other	121,516	1,078,322
Total	¥ 1,541,096	\$ 13,675,534

## Segment information

### (a) Information by reportable segment

For the year ended March 31, 2017

Millions of yen										
Year ended Mar. 31, 2017										
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	¥ 103,204	¥ 2,447	¥ 105,651	¥ 127,075	¥ (21,424)	¥ 168,577	¥ 1,277	¥ -	¥ 47,643	¥ 3,705
Rolling Stock	137,159	76	137,235	133,749	3,486	164,413	2,626	-	129	2,729
Aerospace	329,915	1,615	331,530	306,497	25,033	433,241	15,023	-	-	33,273
Gas Turbine & Machinery	241,953	12,823	254,776	239,482	15,294	347,454	4,764	-	-	8,945
Plant & Infrastructure	160,877	7,928	168,805	166,195	2,610	119,158	1,456	-	16,899	2,207
Motorcycle & Engine	313,030	683	313,713	301,964	11,749	243,412	13,140	-	1,350	18,292
Precision Machinery	155,278	15,873	171,151	158,047	13,104	157,502	6,471	-	297	7,228
Other	77,414	40,041	117,455	114,315	3,140	86,465	1,673	-	3,175	1,174
Total	1,518,830	81,486	1,600,316	1,547,324	52,992	1,720,222	46,430	-	69,493	77,553
Eliminations and corporate	-	(81,486)	(81,486)	(74,454)	(7,032)	(32,859)	5,134	-	-	5,191
Consolidated total	¥ 1,518,830	¥ -	¥ 1,518,830	¥ 1,472,870	¥ 45,960	¥ 1,687,363	¥ 51,564	¥ -	¥ 69,493	¥ 82,744

Thousands of U.S. dollars

Year ended Mar. 31, 2017

	External sales	Intersegment sales	Total sales	Operating expenses	Operating income(loss)	Total assets	Depreciation and amortization	Impairment Loss	Investment for affiliates applied for equity methods	Capital expenditures
Ship & Offshore Structure	\$ 919,821	\$ 21,809	\$ 941,630	\$ 1,132,575	\$ (190,945)	\$ 1,502,468	\$ 11,381	\$ -	\$ 424,625	\$ 33,022
Rolling Stock	1,222,450	677	1,223,127	1,192,058	31,069	1,465,356	23,405	-	1,149	24,322
Aerospace	2,940,419	14,393	2,954,812	2,731,703	223,109	3,861,328	133,895	-	-	296,551
Gas Turbine & Machinery	2,156,444	114,287	2,270,731	2,134,421	136,310	3,096,738	42,460	-	-	79,723
Plant & Infrastructure	1,433,841	70,660	1,504,501	1,481,238	23,263	1,062,014	12,976	-	150,614	19,671
Motorcycle & Engine	2,789,929	6,087	2,796,016	2,691,302	104,714	2,169,448	117,113	-	12,032	163,031
Precision Machinery	1,383,940	141,471	1,525,411	1,408,619	116,792	1,403,761	57,674	-	2,647	64,420
Other	689,965	356,872	1,046,837	1,018,850	27,987	770,633	14,910	-	28,300	10,463
Total	13,536,809	726,256	14,263,065	13,790,766	472,299	15,331,746	413,814	-	619,367	691,203
Eliminations and corporate	-	(726,256)	(726,256)	(663,582)	(62,674)	(292,861)	45,758	-	-	46,265
Consolidated total	\$ 13,536,809	\$ -	\$ 13,536,809	\$ 13,127,184	\$ 409,625	\$ 15,038,885	\$ 459,572	\$ -	\$ 619,367	\$ 737,468

### (b) Net Sales by geographic area

For the year ended March 31, 2017

	Millions of yen	Thousands of U.S. dollars
	Year ended	Year ended
	Mar. 31, 2017	Mar. 31, 2017
Japan	¥ 648,166	\$ 5,776,881
United States	371,249	3,308,815
Europe	177,900	1,585,561
Asia	220,901	1,968,814
Other	100,614	896,738
Total	¥ 1,518,830	\$ 13,536,809

# Net sales, orders and order backlog by reportable segment

For the year ended March 31, 2017 and 2016

	Millions of yen			Thousands of U.S. dollars	
	Year ended		Year ended	%	Year ended
	Mar. 31, 2017		Mar. 31, 2016	Change	Mar. 31, 2017
<b>Net sales :</b>					
Ship & Offshore Structure	¥ 103,204 (7%)	¥ 94,888 (6%)	+9%	\$ 919,821	
Rolling Stock	137,159 (9%)	146,646 (9%)	-6%	1,222,450	
Aerospace	329,915 (22%)	351,858 (23%)	-6%	2,940,419	
Gas Turbine & Machinery	241,953 (16%)	236,445 (15%)	+2%	2,156,444	
Plant & Infrastructure	160,877 (11%)	135,668 (9%)	+19%	1,433,842	
Motorcycle & Engine	313,030 (20%)	333,595 (22%)	-6%	2,789,929	
Precision Machinery	155,278 (10%)	133,175 (9%)	+17%	1,383,940	
Other	77,414 (5%)	108,821 (7%)	-29%	689,964	
Total	¥ 1,518,830 (100%)	¥ 1,541,096 (100%)	-1%	\$ 13,536,809	

<b>Orders :</b>					
Ship & Offshore Structure	¥ 36,979 (3%)	¥ 98,394 (6%)	-62%	\$ 329,581	
Rolling Stock	158,597 (12%)	132,133 (8%)	+20%	1,413,520	
Aerospace	237,016 (18%)	464,286 (27%)	-49%	2,112,442	
Gas Turbine & Machinery	260,354 (19%)	288,903 (17%)	-10%	2,320,446	
Plant & Infrastructure	95,012 (7%)	138,775 (8%)	-32%	846,809	
Motorcycle & Engine	313,030 (23%)	333,595 (20%)	-6%	2,789,929	
Precision Machinery	166,832 (12%)	133,191 (8%)	+25%	1,486,916	
Other	80,953 (6%)	104,410 (6%)	-22%	721,506	
Total	¥ 1,348,773 (100%)	¥ 1,693,687 (100%)	-20%	\$ 12,021,149	

	Millions of yen			Thousands of U.S. dollars	
	As of		As of	%	As of
	Mar. 31, 2017		Mar. 31, 2016	Change	Mar. 31, 2017
<b>Order backlog :</b>					
Ship & Offshore Structure	¥ 191,604 (11%)	¥ 259,921 (13%)	-26%	\$ 1,707,700	
Rolling Stock	392,224 (22%)	375,729 (20%)	+4%	3,495,758	
Aerospace	508,759 (29%)	608,352 (32%)	-16%	4,534,394	
Gas Turbine & Machinery	394,977 (23%)	381,787 (20%)	+3%	3,520,295	
Plant & Infrastructure	214,926 (12%)	255,944 (13%)	-16%	1,915,561	
Motorcycle & Engine	- (- %)	- (- %)	-%	-	
Precision Machinery	37,912 (2%)	26,358 (1%)	+44%	337,896	
Other	21,404 (1%)	17,866 (1%)	+20%	190,766	
Total	¥ 1,761,806 (100%)	¥ 1,925,957 (100%)	-9%	\$ 15,702,370	