

Progress of Medium-Term Business Plan – “MTBP 2016” and Growth Strategy

November 21, 2017

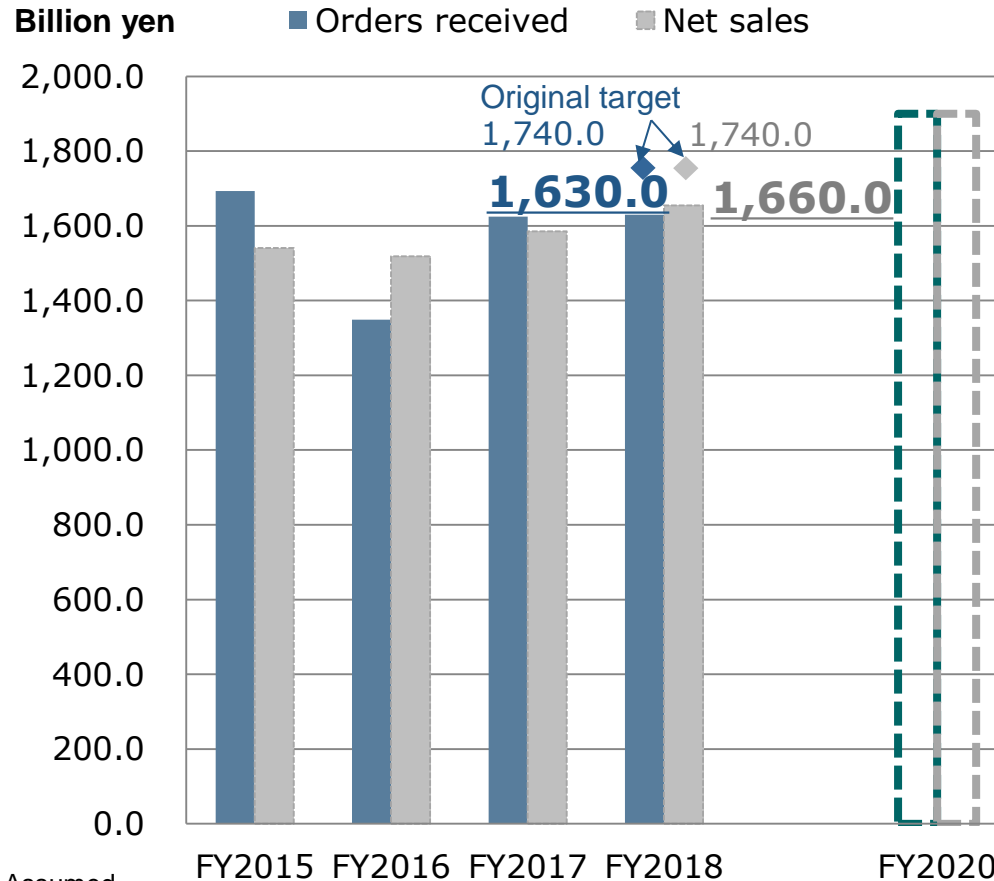
Kawasaki Heavy Industries, Ltd.

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Progress of "MTBP 2016" Orders Received/Net Sales

- Orders received and net sales are one to two years behind schedule.



Assumed exchange rates @118.99 @108.98 @110 ⇒ (USD)

Business environment

- Global economy is smoothly expanding as a whole
- Weak oil price yields delay in energy-related business.
- Drastic Recovery of Chinese construction machinery market

Review of FY2018 target

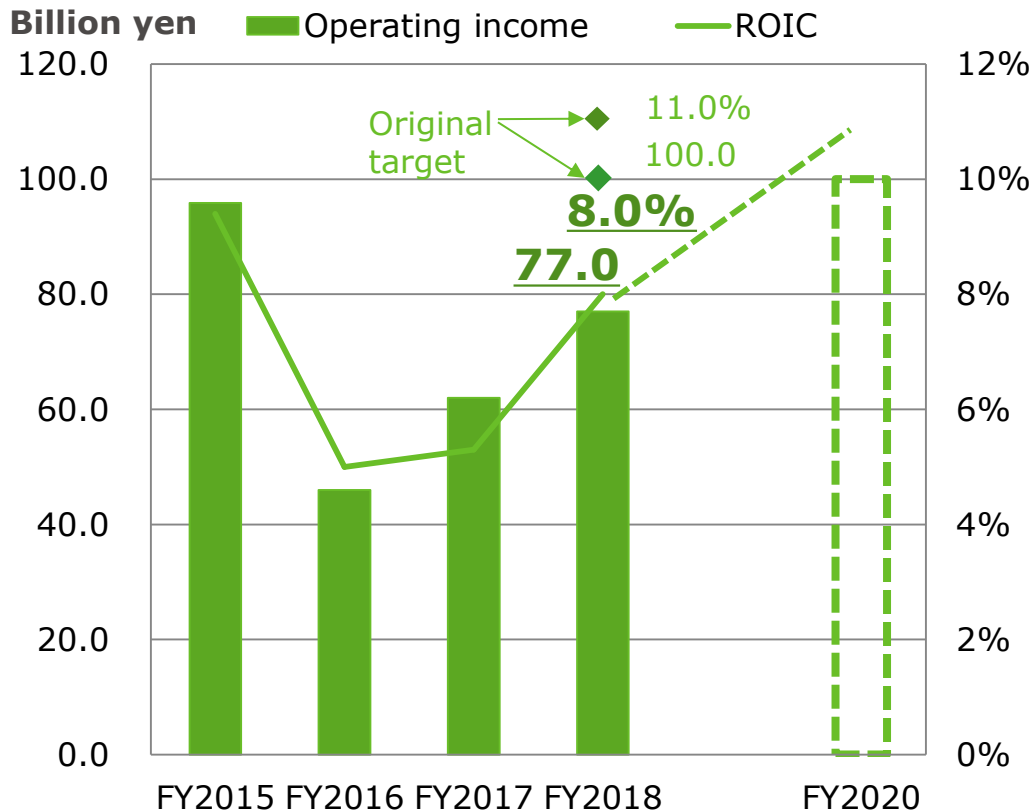
- Decrease in ship & offshore structure and commercial aircraft-related businesses
- Rolling stock and energy are behind schedule
- Sales expansion in hydraulic component and robot

Picture of FY2020

- Expansion of rolling stock business for overseas markets
- Recovery of energy-related business
- Continuous sales growth in hydraulic component and robot businesses

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC

- The achievement of the MTBP targets, an operating income of 100 billion yen and before-tax ROIC of 11%, is scheduled for FY2020, two years behind original. However, before-tax ROIC will recover to 8% in FY2018.



Assumed exchange rates @118.99 @108.98 @110 ⇒ (USD)

Review of FY2018 target

- Lower profit due to decrease in net sales as a whole
- Incremental profit from hydraulic component and robot businesses with buoyant sales

Picture of FY2020

- Income will increase due to sales expansion of whole segment.
- For hydraulic component and robot businesses, both of revenue and profit will keep growing.

FY2021 and beyond

- Expansion of after-sales for jet engines and production expansion of component parts for aircraft yield significant improvement of profitability.

Promotion of Kawasaki-ROIC Management

Strict control applied to achieve the hurdle rate (8%)

- For BU with ROIC of less than 8%, discuss an action plan to achieve 8% at the management committee.
- For all applicable BU, set KPI targets for each stage gate in accordance with the above plan.
- Examine alternatives, considering a case in which it is difficult to clear the gate.

Enhancement of risk management

- Hold a meeting of the project risk management committee headed by the President.
- Share each company's risk management method, knowledge, lessons and others in a risk information sharing meeting.
- Strengthen the involvement of the Head Office at each phase of a project.

Utilization of KPI

- Set KPIs that significantly contributes to ROIC improvement for each company.
- Regularly report the KPI targets and results in a management committee and others.

Business Portfolio Strategy

- Priority allocation of company resources and pursuing group synergy through a clear-cut business portfolio strategy

Priority allocation of company resources

- Into the businesses which big growth can be expected in mid-long term, such as the Aerospace Systems, Energy and Robots.

Pursuing group synergy

- Maximize the synergy and accelerate growth by performing integral administration in Aerospace/Jet engine and a variety of energy-related businesses.

Reorganization

- Partial reorganization according to business sectors is under consideration with an April 2018 target.

Four business sectors

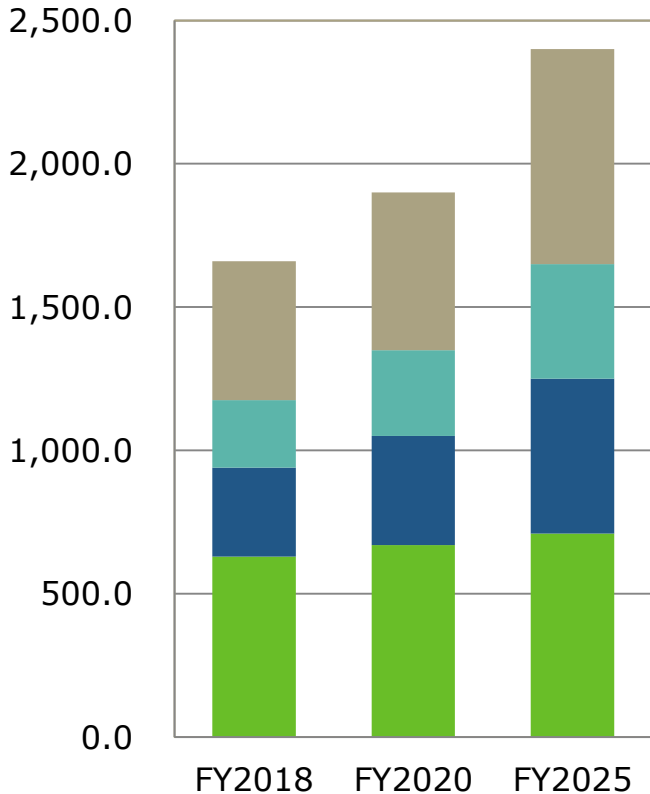
Four business sectors	
Aerospace System	Energy/ Environment Plant
Aerospace Jet Engine	Plant & Infrastructure Gas Turbine & Machinery
Precision Machinery/Robot	Transportation
Hydraulic Component Robot	Ship & Offshore Structure Rolling Stock Motorcycle & Engine

Business Portfolio Strategy

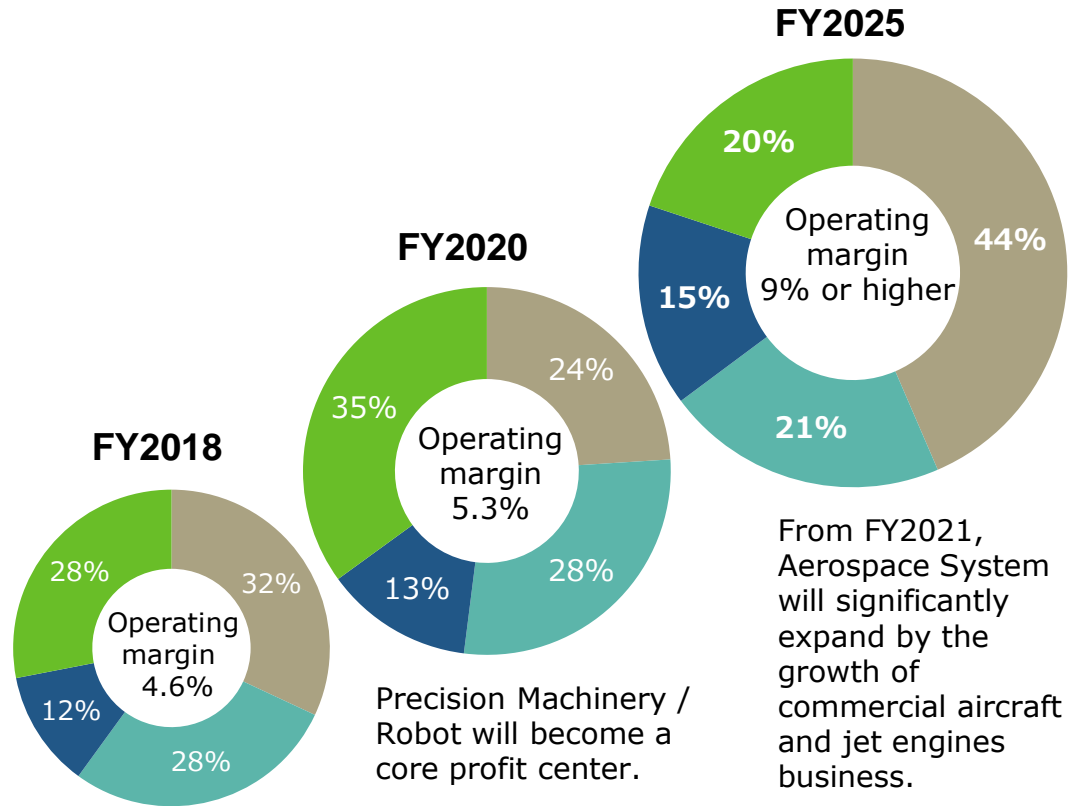
– Steady improvement in profitability

Change in composition of net sales by business sector

Billion yen



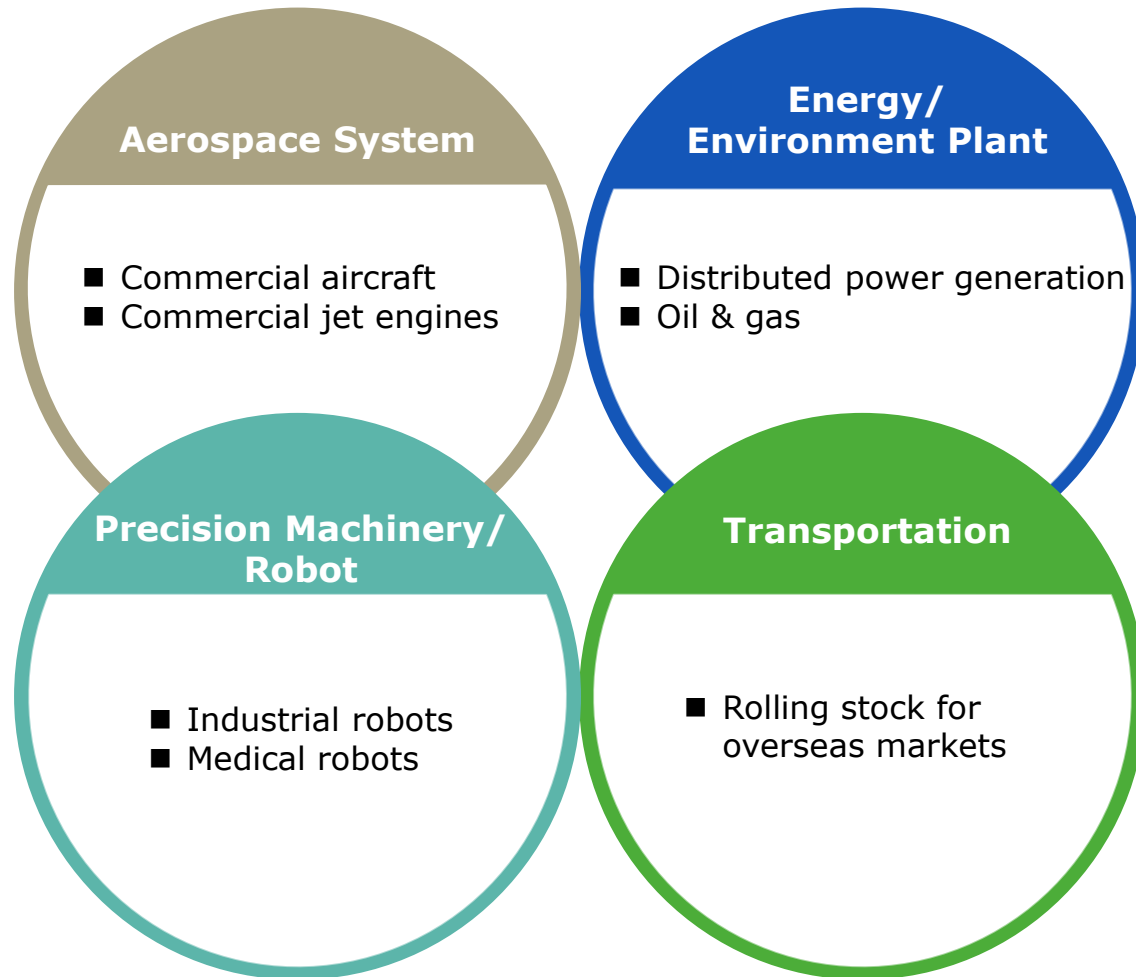
Change in composition of operating income by business sector



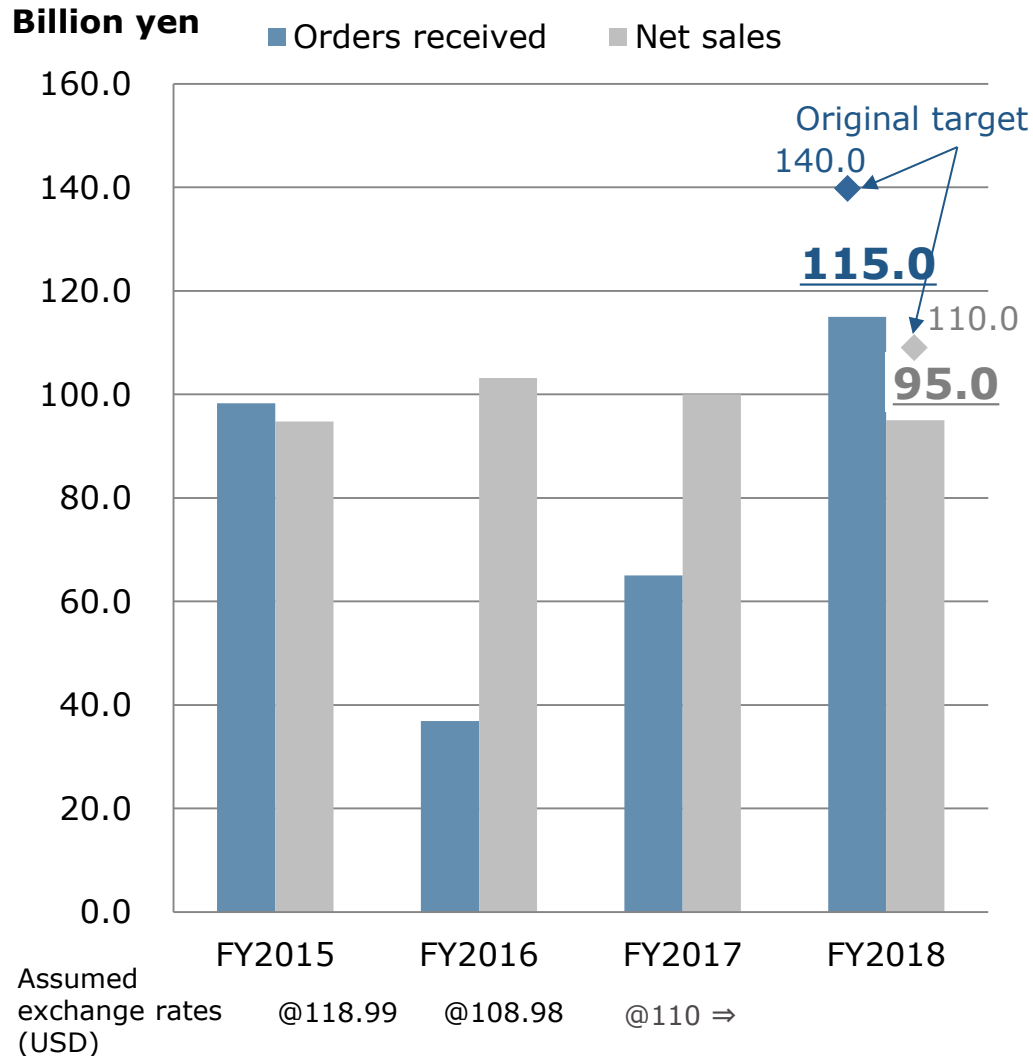
■ Aerospace System ■ Precision Machinery / Robot ■ Energy / Environment Plant ■ Transportation

Business Portfolio Strategy

- Key products and services that drive growth



Progress of "MTBP 2016" Orders Received/Net Sales (Ship & Offshore Structure)



Business environment

- Excessive construction capacity globally and prolonged poor shipping market condition
- Increasing demand for environment-friendly vessels as a result of strengthening environmental regulation surrounding shipping segment

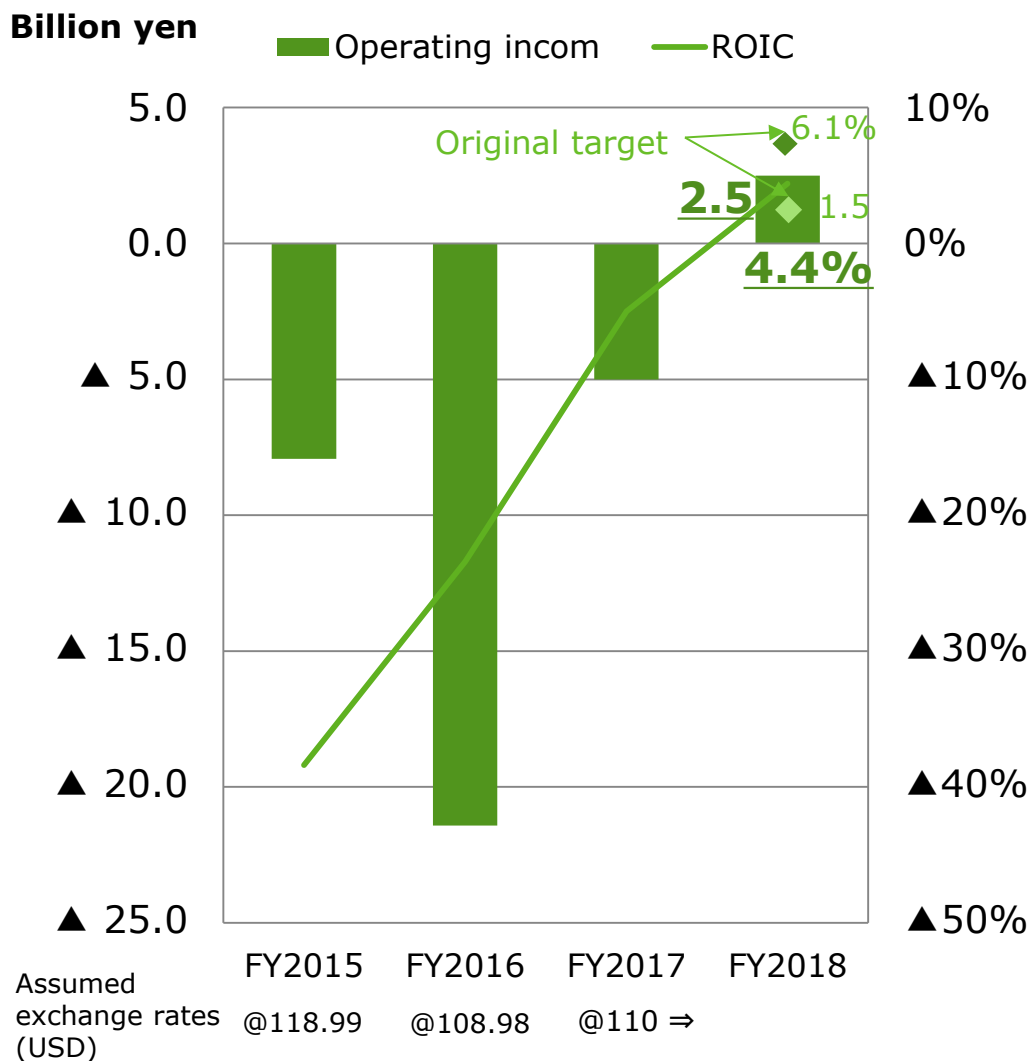
Review of FY2018 target

- Review based on restructuring plan with FY2020 as target fiscal year

Picture of FY2020

- Increasing demand of gas-fuelled vessels
- Accelerating the integrated operation with shipyards in China
 - No.2 dock at DACKS scheduled to go into operation in December 2018

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC (Ship & Offshore Structure)



Review of FY2018 target

- Review based on restructuring plan with FY2020 as target fiscal year
 - Effect of fixed cost reductions, etc.

Picture of FY2020

- Achievement of restructuring plan - Target ROIC of 8% or higher
- Profit growth through frontloading of design and procurement and effect of improvement in productivity of KPS activities

FY2021 and beyond

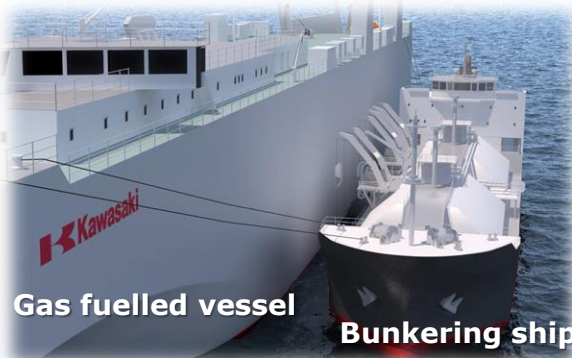
- Increasing demand of gas-fuelled vessels
- Expansion in consolidated Group profitability through accelerating the integrated operation with shipyards in China
- Contribution to profit of commercialized AUVs utilizing sophisticated submarine technology

Growth Business : Initiatives for Environmentally Friendly Vessels (Gas-fuelled ship)

◆World's first LNG-fuelled Pure Car and Truck Carriers

◆Newly developed LPG-fuelled LPG carrier

◆Newly developed LNG bunkering ship



		2013	2015	2016	2020	2025
NOx limits	Global Area	Tier II (20% reduction from Tier I)				
	ECA	Tier II		Tier III (80% reduction from Tier I)		
SOx limits	Global Area	Fuel sulfur content : Less than 3.5%			Less than 0.5%	
	ECA	Less than 1.0%	Less than 0.1%			
CO ₂ limits (EEDI)		Phase 0	Phase 1 (10% reduction)		Phase 2 (20% reduction)	Phase 3 (30% reduction)

- (Notes
1. Emission Control Areas (ECA) locate on 200 nautical miles of USA, Canada, Baltic sea and North sea.
 2. NOx limits are set for diesel engines depending on the engine's rated speed.
 3. SOx limits are set for sulfur content of marine fuel oil.
 4. CO₂ limits are according to Energy Efficient Design Index (EEDI).

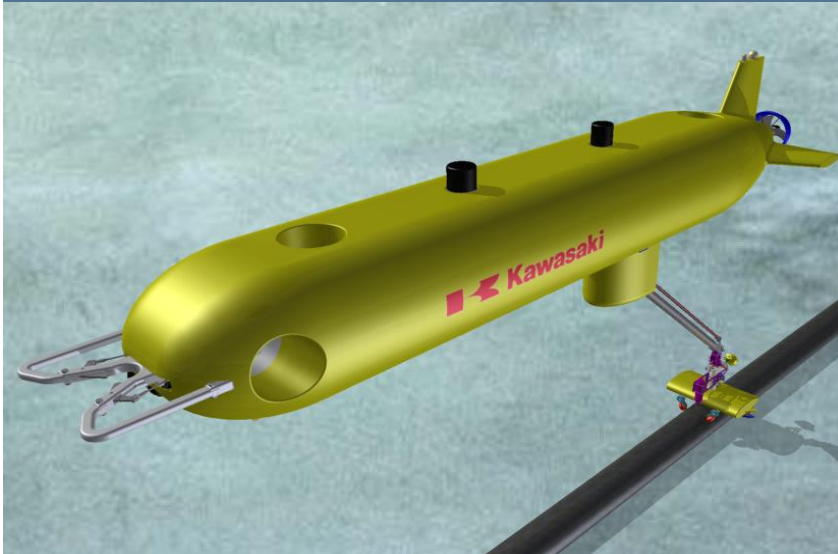
Growth Business : Development of Autonomous Underwater Vehicle (AUV)

Existing technology built up through submarine business, etc.

Differentiation using in-house robot technology

Commercialization of AUV business

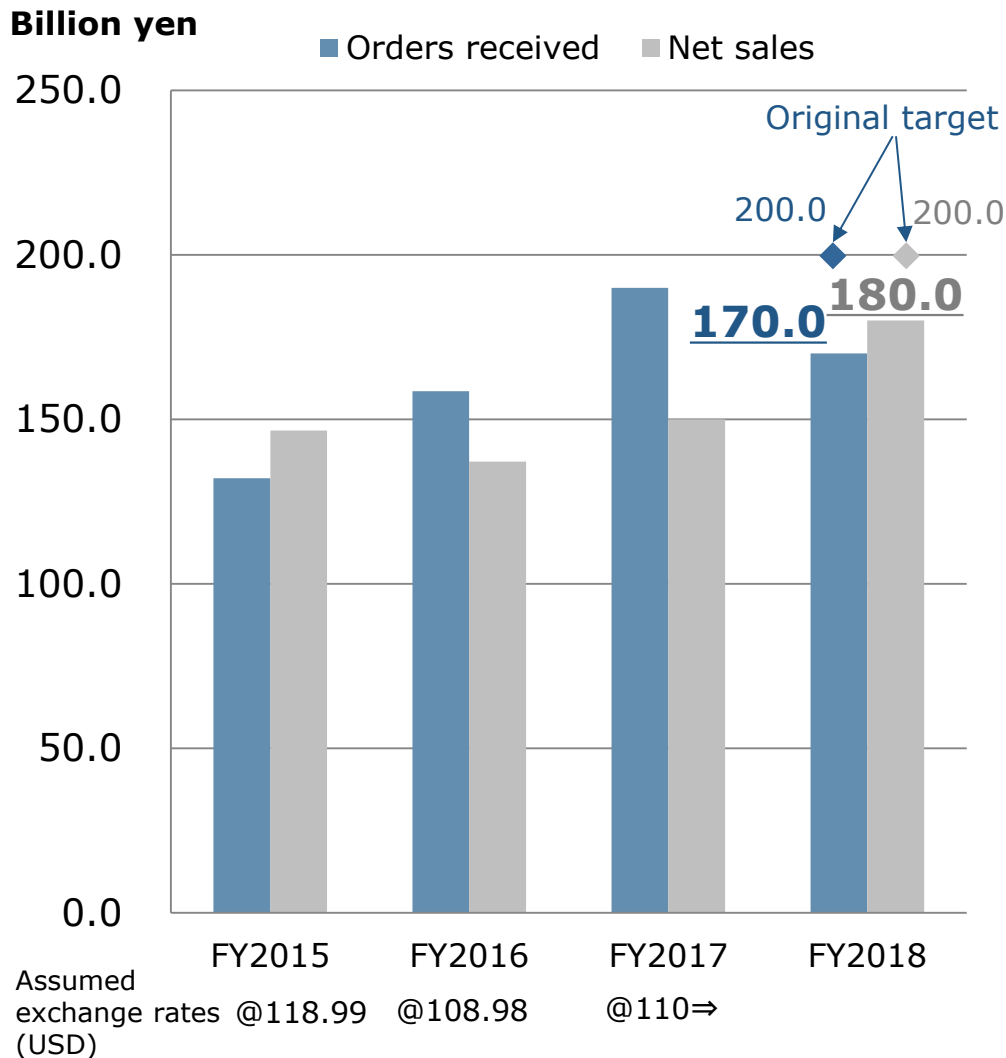
Inspection of subsea pipelines using robotic arm



Inspection of subsea oil and gas facilities



Progress of "MTBP 2016" Orders Received/Net Sales (Rolling Stock)



Business environment

- Stable domestic demand for replacement railcars
- Increase in demand for rolling stock to ease congestion in NY
- Emergence of projects funded by ODA loans in Asia
- Global trend for restructuring of rolling stock manufacturers

Review of FY2018 target

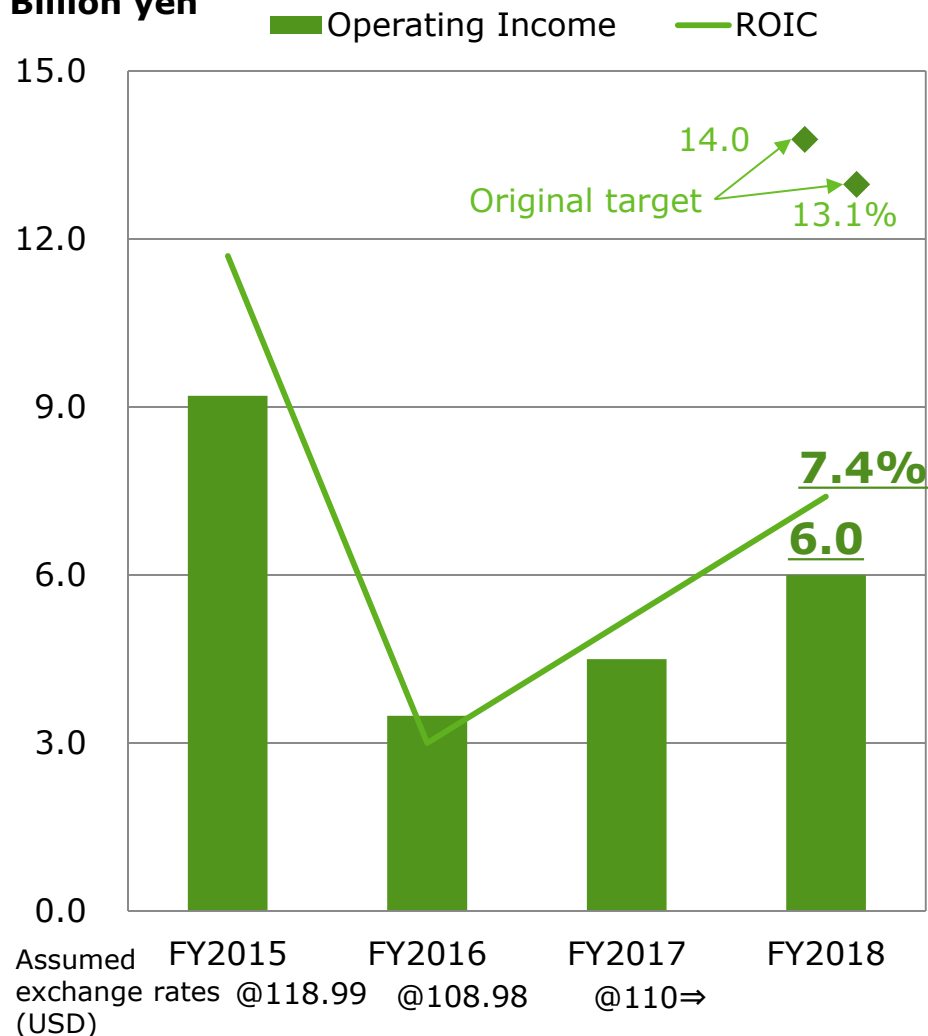
- Decrease in net sales because projects expected in Asia disappeared or are behind schedule
- Reduction based on concentration of orders received in FY2017

Picture of FY2020

- Continuation of high level operations in Japan
- Steady high level sales, especially in North America
- Increase in sales from projects funded by ODA loans in Asia

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC (Rolling Stock)

Billion yen



Review of FY2018 target

- Lower profits due to decrease in net sales resulting from fewer orders received
- Delayed commercialization of stock-based business
- Additional costs for certain contracts

Picture of FY2020

- Profit growth due to large amount of operations in North America
- Start-up of stock-based business
- Improvement in profitability due to promotion of cost reductions

FY2021 and beyond

- Business expansion in Asia
- Acceleration of stock-based business

Growth Business (Asia Business) : Expansion to 1.5x Current Size

Proactive response to expansion of Asian market

- Projects funded by ODA loans for more than 2,000 railway cars planned over a period of around 10 years starting in 2019
- Orders for 144 railway cars and depot equipment for the Dhaka MRT Line-6 in Bangladesh received in August 2017

Sales expansion in regions with market superiority

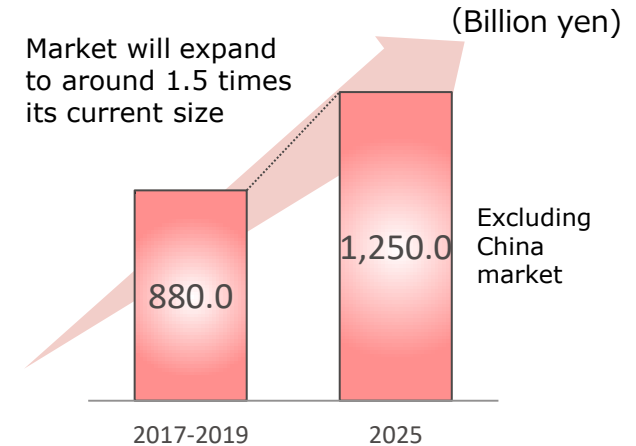
- Steady capturing of car demand and expansion of net sales in maintenance business and components business in markets where KHI has market superiority (Singapore, etc)

Strategic collaboration with local partners

- Collaboration with strategic partners to meet local production requirements
- BHEL*, India's largest power equipment manufacturer, signed technology collaboration agreement with us in June 2017

*Bharat Heavy Electricals Limited

Expansion of Asian Market



- 2017-2019 figure is calculated by KHI based on UNIFE data.
- 2025 figure is KHI estimate assuming continuation of growth rate according to UNIFE data



Dhaka MRT Line-6



T251 for
Singapore LTA

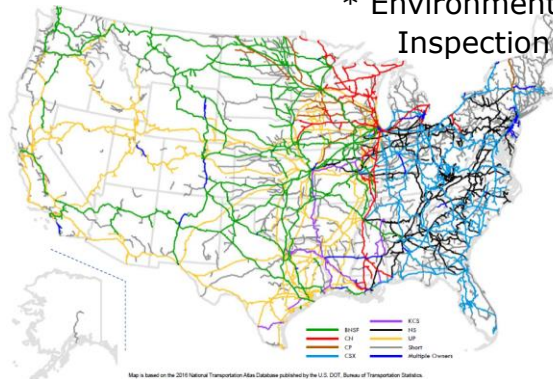
Growth Business (Stock-Based Business): Growth of Maintenance and IoT Services

Entry into maintenance business (efARM *)

- Provision of general maintenance services through next-generation maintenance system (efARM) which uses railway car, bogie and track status monitoring and degradation diagnosis technology to reduce rolling stock lifecycle costs
 - * Environmentally Friendly Advanced Rolling-stock Maintenance
- Expansion of sales of next-generation rolling stock maintenance systems to Singapore, etc.
- Maintenance support for rail operators in emerging Asian markets

Promotion of track monitoring business (efTIP *)

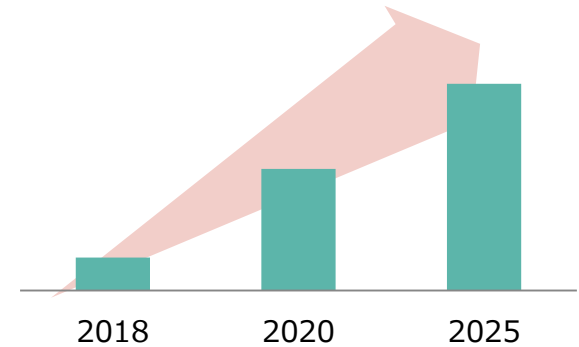
- Provision of maintenance optimization support system to major freight rail operators in North America
 - * Environmentally Friendly Train&Track Inspection for Predictive maintenance



Freight railroads in the United States

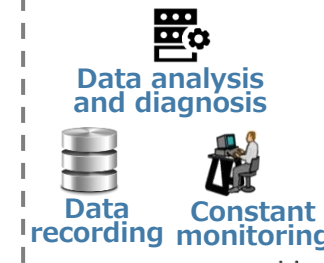
Source: Association of American Railroads US Overview

Business outlook (picture)

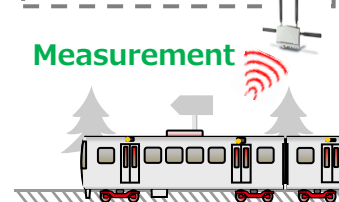


Business overview

Analysis/Monitoring

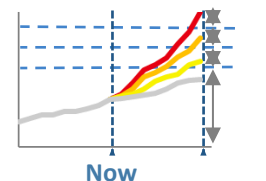


Measurement



Future prediction

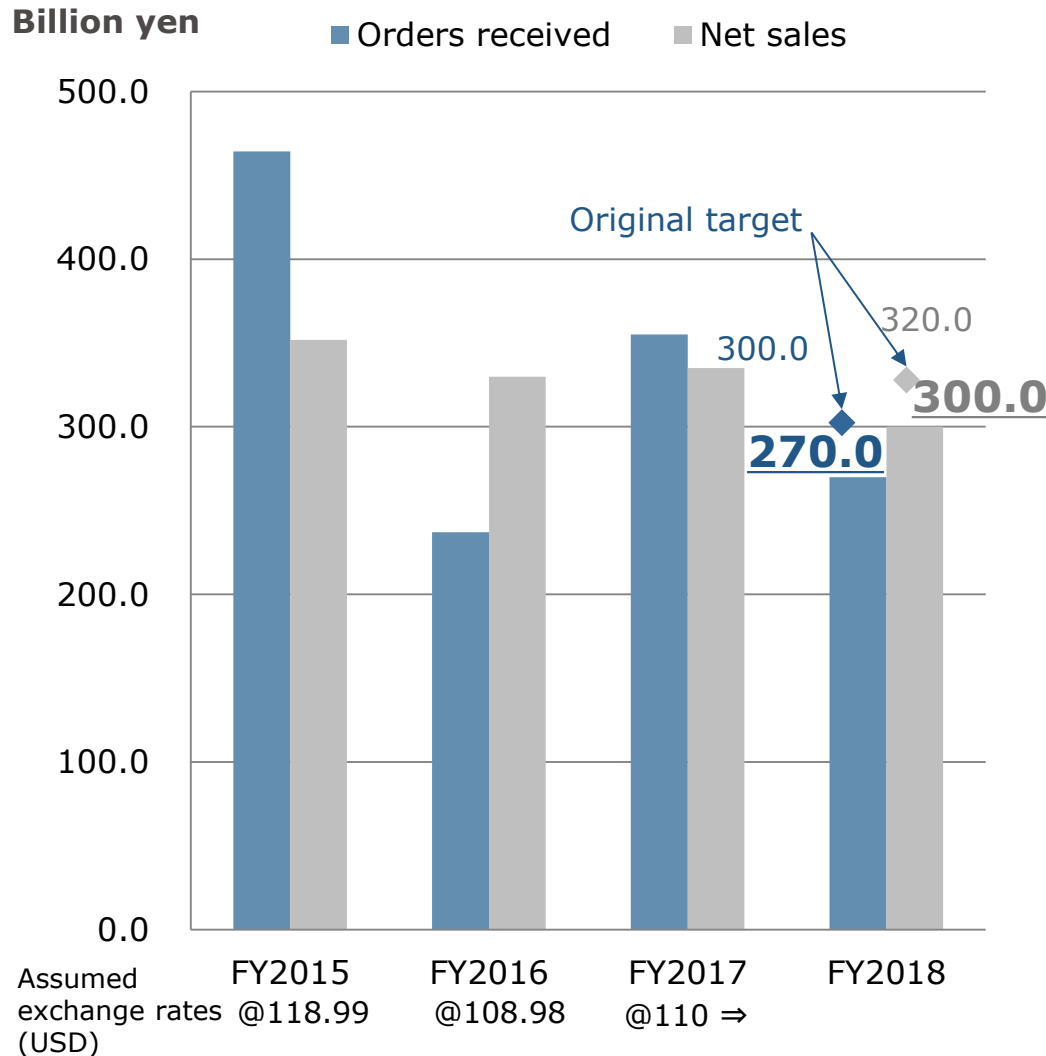
Railway car/bogie/track deterioration prediction



Track measurement results

- High (Red)
- Fairly high (Yellow)
- Moderate (Grey)
- Low (White)

Progress of "MTBP 2016" Orders Received/Net Sales (Aerospace)



Business environment

- Formulation of next Mid-term Defense Program
- Effective deployment of defense budget including bulk procurement across multiple years
- Projected annual growth rates for passenger and cargo air traffic of around 5%
- Intensification of competition between Boeing and Airbus

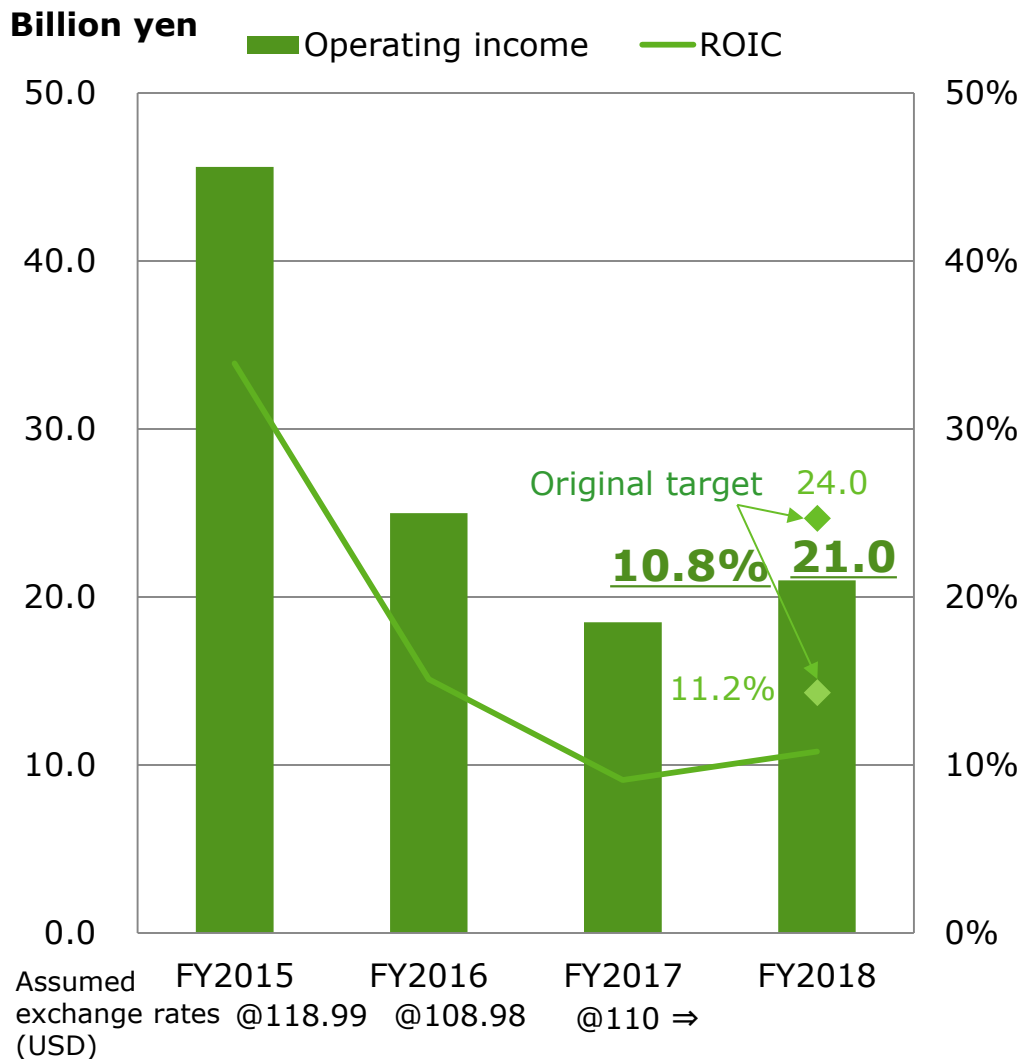
Review of FY2018 target

- Decreased sales due to lower 777 production than originally anticipated

Picture of FY2020

- Steady performance of P-1 and C-2(*1) contracts
 - Decrease sales due to lower 777 production
 - Increased sales due to 777X production start
- (*1)P-1 : Fixed-wing patrol aircraft, C-2 : Transport aircraft

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC (Aerospace)



Review of FY2018 target

- Lower profit mainly due to decreased 777 production
- Aiming for achievement of MTBP target through use of KPS(*) to drastically cut costs
(*2) Kawasaki Production System

Picture of FY2020

- Steady implementation of P-1 and C-2 contracts
- Lower profit due to decreased 777 production
- Higher profit due to 777X production start

FY2021 and beyond

- Business expansion through sales of aircraft derived from P-1 and C-2
 - Significant business expansion chiefly due to increased 777X production and participation in next-generation commercial aircraft
- Growth of both sales and profit in FY2021 compared to FY2020

Growth Business (Aerospace):

Performance of contracts and expansion in military aircraft business

- Steady implementation of P-1 and C-2 mass production contracts
- Promotion of proposal activities for aircraft derived from P-1 and C-2
- Capturing of demand for next-generation models of current aircraft

Export of defense equipment

- Export of P-1 and C-2
- Researching demand in each country while complying with national policy

Paris Airshow (Jun. 2017) P-1 static display



Source: Aviation Wire

Dubai Airshow (Nov. 2017) C-2 static display

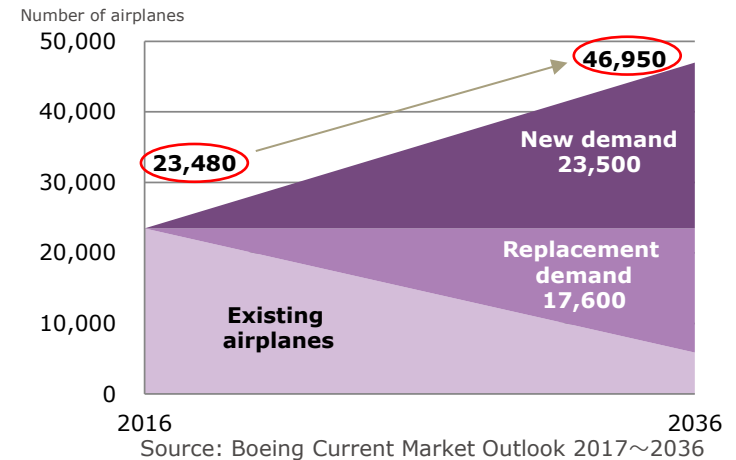


Growth Business (Aerospace) :

Development and expansion of commercial aircraft business

- Demand forecast to double over next 20 years
- Response to increased 787 production (12→14 aircraft per month)
 - Further promotion of improvement in productivity
- Steady response to start of 777X production
 - Promotion of KPS using advanced production technology
 - Incorporation of robot and IoT technologies
 - Pursuit of synergies internally (Corporate Technology Div. and Robot Division)
- Promotion of cooperation with Boeing
 - Conclusion of agreement with Boeing in Jun. 2017
- Participation in next-generation commercial aircraft

Projected demand for commercial jets

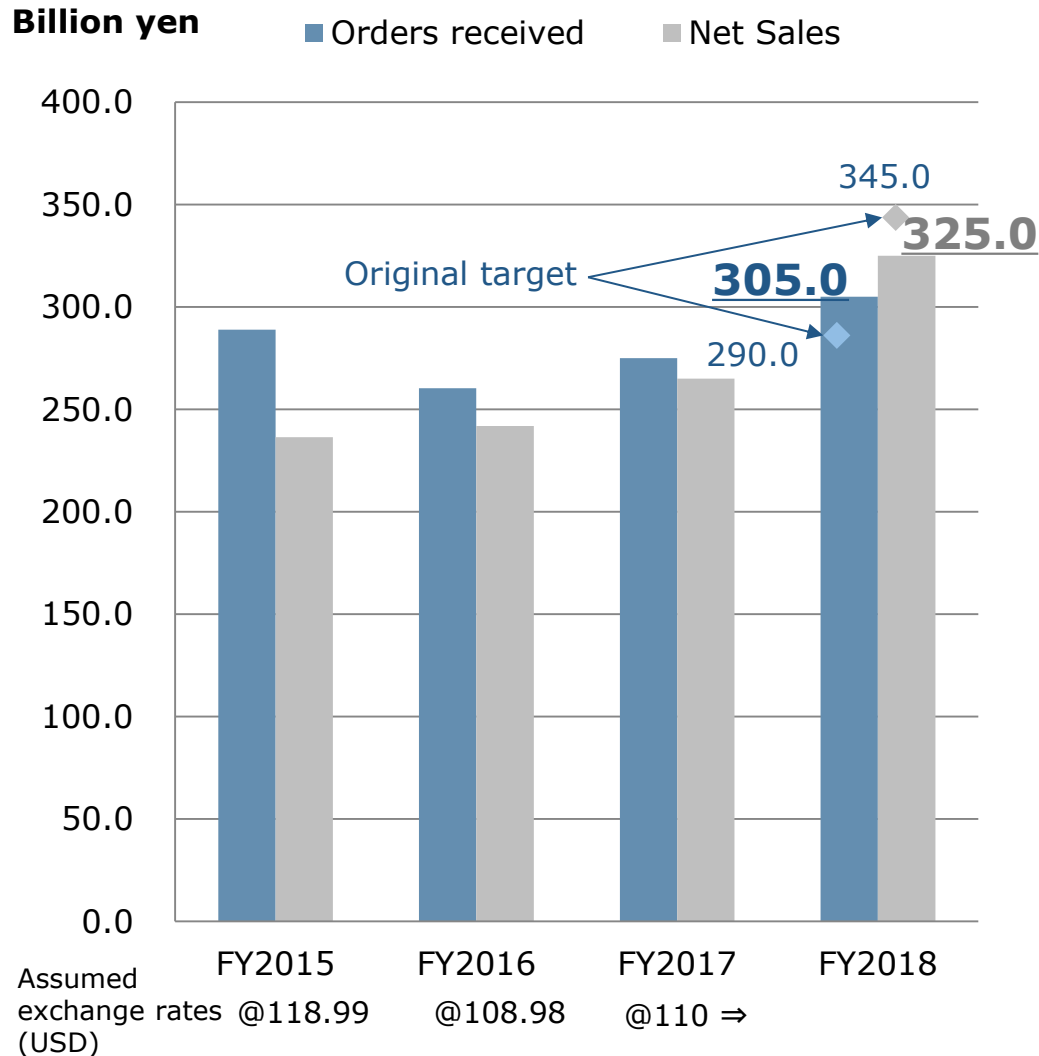


777X



Provided by Boeing

Progress of "MTBP 2016" Orders Received/Net Sales (Gas Turbine & Machinery)



Business environment

- **Aircraft engine:**
 - Continued demand expansion towards the future
- **Energy:**
 - Rapid growth in global energy demand, with significant growth expected in Southeast Asia and the Middle East in particular

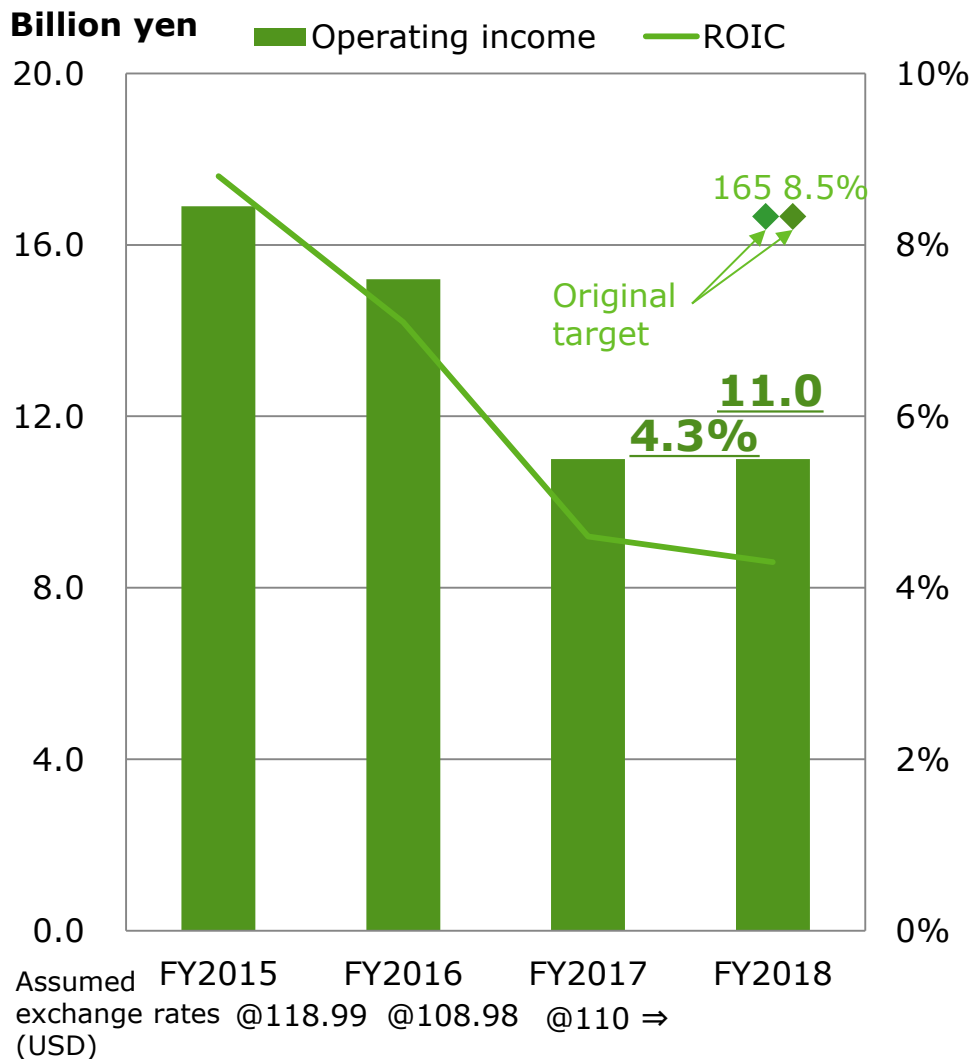
Review of FY2018 target

- **Aircraft engine:**
 - Good performance, almost in line with target
- **Energy:**
 - Orders received are on target. Sales are lower due to delays in international projects

Picture of FY2020

- **Aircraft engine:**
 - Increased sales due to start of full-scale mass production and generation of aftermarket sales for newly launched programs.
- **Energy:**
 - Expansion of sales due to strengthening international business and growth in EPC orders received

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC (Gas Turbine & Machinery)



Review of FY2018 target

- **Aircraft engine:**
 - Lower profit due to increase in amortization of development costs resulting from increase in sales volume
- **Energy:**
 - Lower profit due to decreases in orders received and net sales

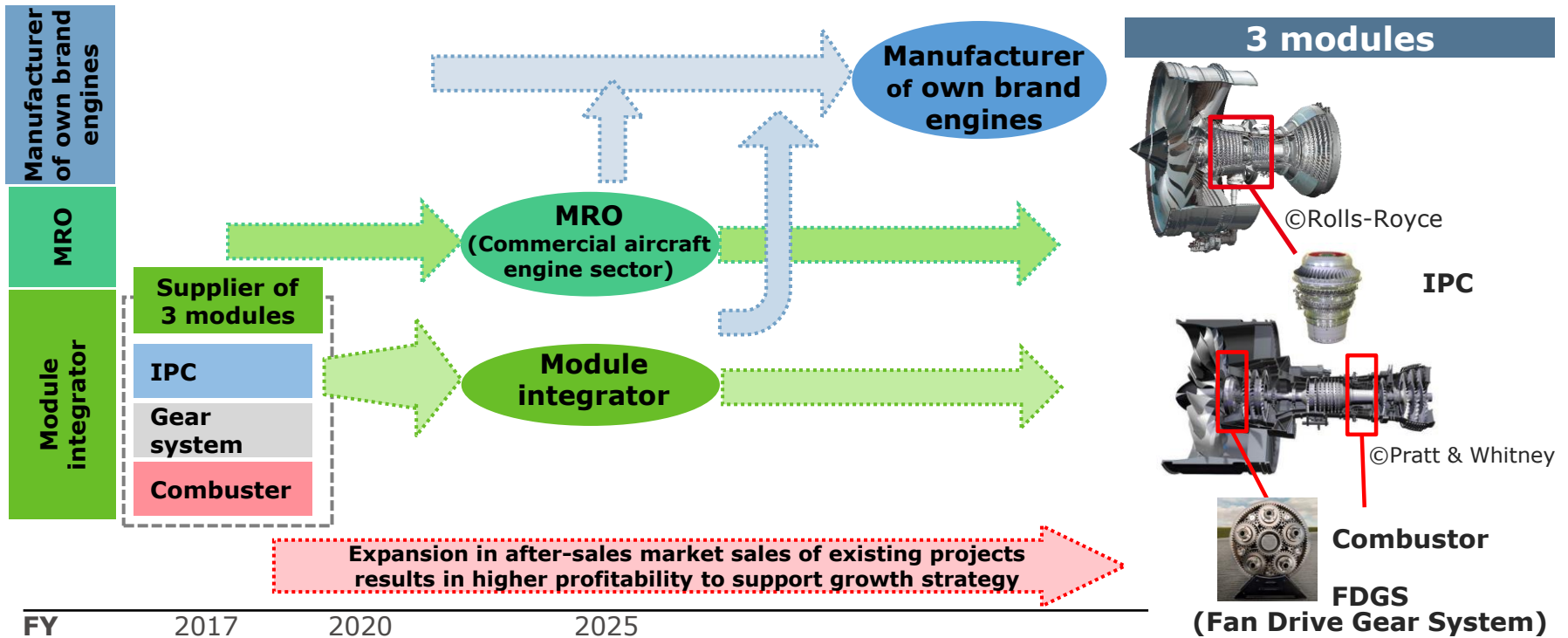
Picture of FY2020

- **Aircraft engine:**
 - Enter into phase of investment return and start of profit growth for newly launched programs
- **Energy:**
 - Profit growth based on the strengthening of international business, EPC orders received and services

FY2021 and beyond

- **Aircraft engine:**
 - Profit growth due to transition to investment return phase and full scale generation of aftermarket business
 - Expand business through start of investment for market entry in to MRO
- **Energy:**
 - Business expansion mainly due to strengthening of EPC and L30CCPP sales expansion

Growth Business : Future Business in Aircraft Engine Sector



Module integrator

- Supply of 3 modules (IPC, gear system and combustor)
- Participation in new projects from upstream development process through improvement of design technology
- Acquisition of technology necessary for development of own brand engines

MRO (Maintenance, Repair, Overhaul)

- Acquisition of technology necessary for development of own brand engines
- Improvement in terms of participation in future programs
- Participation in engine maintenance business and expansion of business operations

Manufacturer of own-brand engines

- Development of capability to develop and supply small own-brand engines through module integrator and MRO initiatives
- Establishment of position as comprehensive engine manufacturer

Growth Business : Priority Activities in Energy Business

Current status

- Large share of domestic market for industrial gas turbines and gas engines for power generation thanks to world-class efficiency
- Secure profit through aftersales services for using growth in units delivered

Priority activities in future to expand sales

1. International sales activities

- Global trend for expansion in capacity of gas-based thermal power plants, with growth in Southeast Asia particularly noticeable
- Strengthening of international bases to conduct region-based sales activities
- Development of lower cost engines and systems for overseas markets
- Profit growth through strengthening of aftersales services system

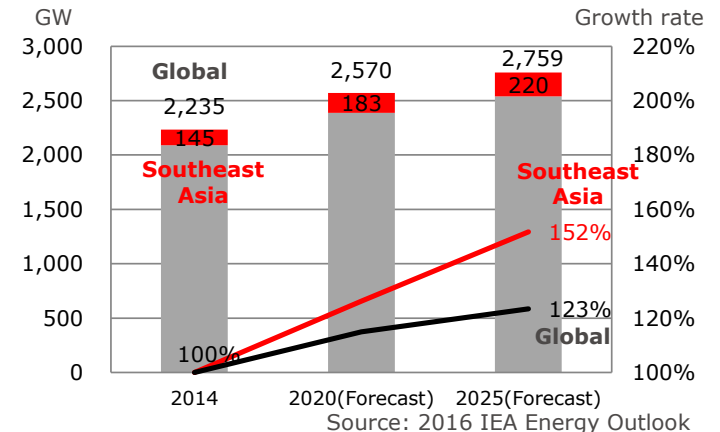
2. Sales expansion of L30 CCPP(*)

- Realization of high efficiency L30, development and market introduction of CCPP package
(*): CCPP : Combined Cycle Power Plant

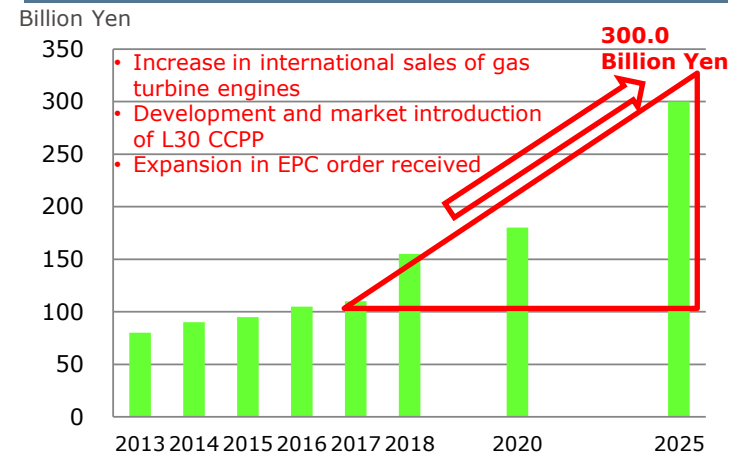
3. Strengthening of EPC(*) functions

- Expansion in EPC orders received through tie-ups with EPC players in Japan and overseas
- Cooperation with The Plant & Infrastructure segment to ensure capability to meet CCPP needs
(*): EPC : Engineering Procurement Construction

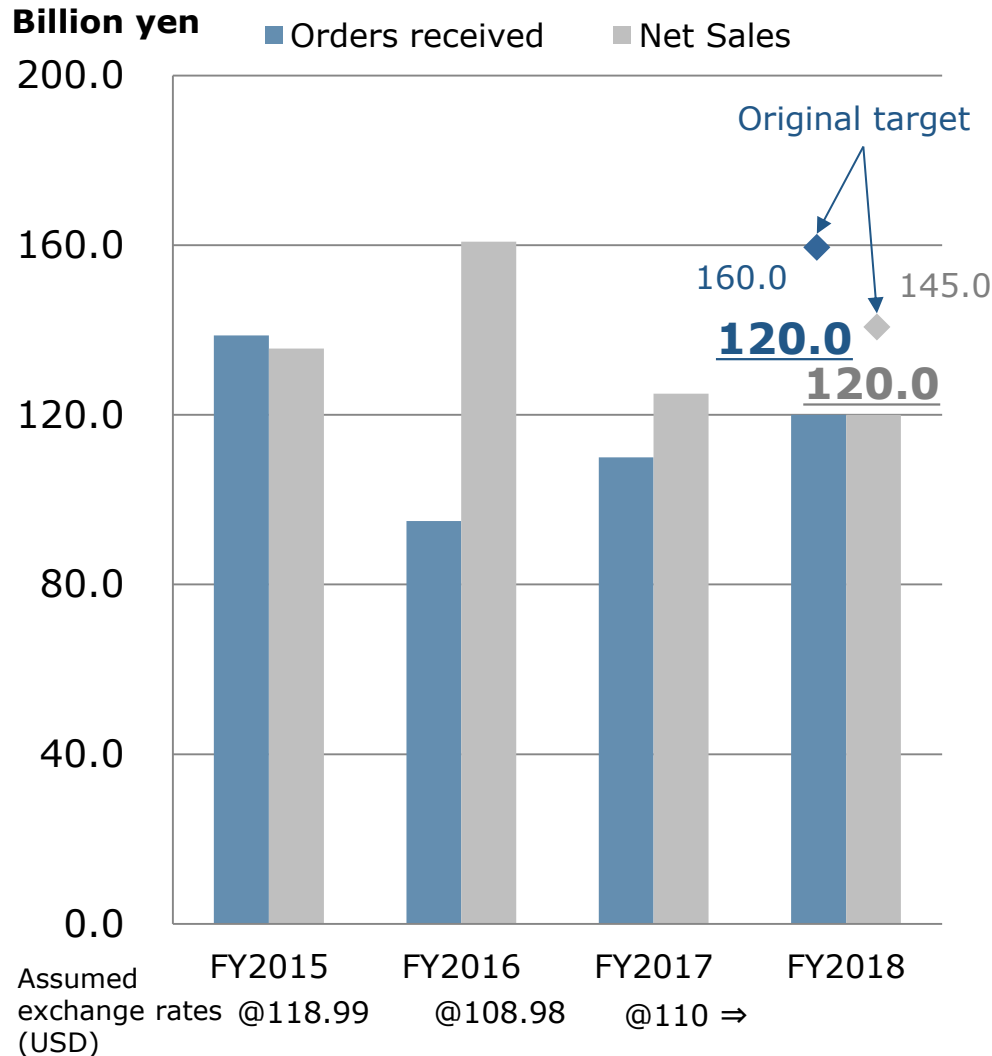
Gas-based thermal power plant capacity and growth rate



Sales growth of energy business



Progress of “MTBP 2016” Orders Received/Net Sales (Plant & Infrastructure)



Business environment

- Stable replacement demand for waste treatment facilities and increased use of shield machines associated with rail and road maintenance in Japanese market
- Delays in investment decisions of resource development projects overseas

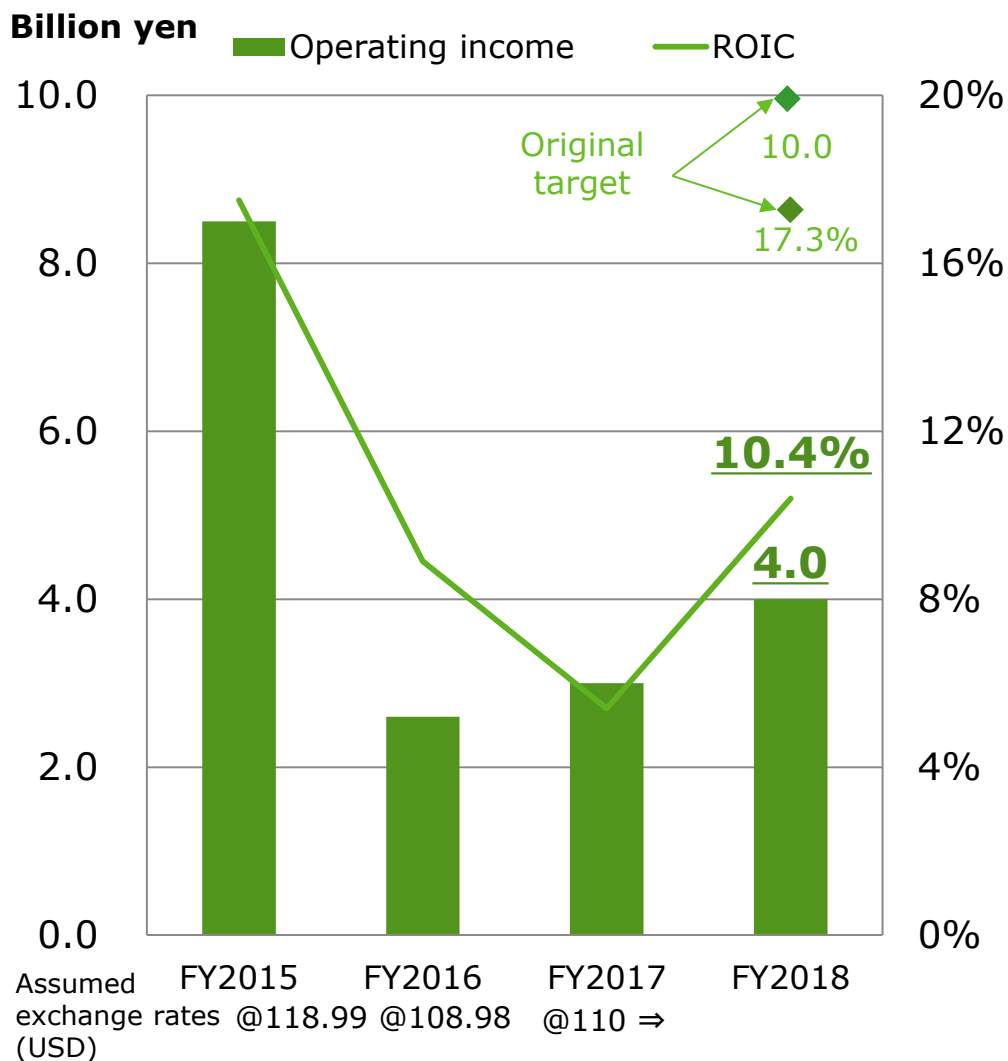
Review of FY2018 target

- Decrease in orders received due to delays in investment decisions of resource development projects overseas
- Decline in sales due to decrease in orders received from FY2016-FY2017

Picture of 2020

- Increased orders received due to energy sector recovery overseas
- Steady orders received for waste treatment facilities in Japan

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC (Plant & Infrastructure)



Review of FY2018 target

- Lower profit due to decrease in sales resulting from fewer orders received
- Lower profit due to decrease in highly profitable projects

Picture of FY2020

- Steady sales of waste treatment facilities in Japan
- Improvement of profitability through thorough implementation of risk management and reduction of failure costs

FY2021 and beyond

- Promotion of overseas expansion through Chinese JV in waste treatment related business
- Expansion of overseas operations in energy sector
- Business expansion through creation of hydrogen market

Growth Business (Waste Treatment) : Utilization of Chinese JV in Overseas Business

Focus on new domestic incinerator projects which are stable for the time being

- Domestic market conditions will remain unchanged for the next five years and then trend goes downward
- Most orders are for Design-Build-Operate (DBO) projects (public sector owns the new assets and private sector operates them).
 - O&M is baseload for business continuation; Orders for new incinerators are key

Strengthening of both price and non-price competitiveness at the same time

- Implementation of differentiation strategy based on high efficiency power generation boilers
- Creation of mechanisms for utilization of waste-based power generation and heat energy
- Development and market introduction of operation monitoring and support systems using AI

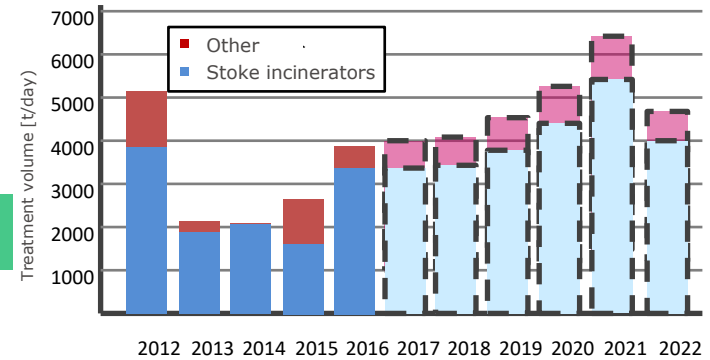
Overseas operations utilizing Chinese JV

- Expansion of Chinese market for CKK system (*) and stoker incinerators
- Use of Chinese JV products in Chinese facilities
- EPC support for overseas investment projects with CONCH Group as project operator
 - Collaboration in overseas operations utilizing CONCH Group's cost competitiveness and KHI's technical expertise

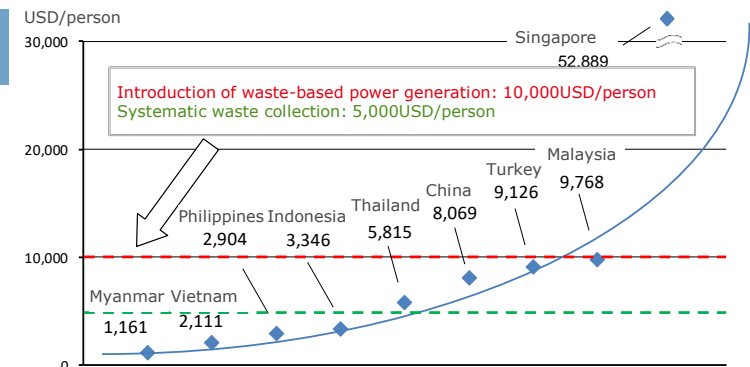
(*) CKK System: CONCH Kawasaki Kiln System

The CKK System integrates a waste incinerator into an existing cement plant, thereby combining cement manufacturing with waste processing. The system detoxifies, reduces, and recycles waste and also helps reduce cement plant fuel costs.

Trend of waste treatment business in Japan



Relationship between per capita GDP and waste treatment



Source: The World Bank World Development Indicators (2015)
Mizuho Bank Characteristics and Changes of Infrastructure Demand

Growth Business (Low Temperature) : Establishment of Structure with Two Pillars: LNG Tanks/Terminals and Hydrogen

Global LNG demand expected to reach 1.8 times 2015 level by 2025

- Asian region will account for 65% of LNG demand growth
- Demand in European region will also increase to three times current level due to policy of pulling out of Russia
 - Plans for the construction of around 200 LNG tanks are in the pipeline around the world

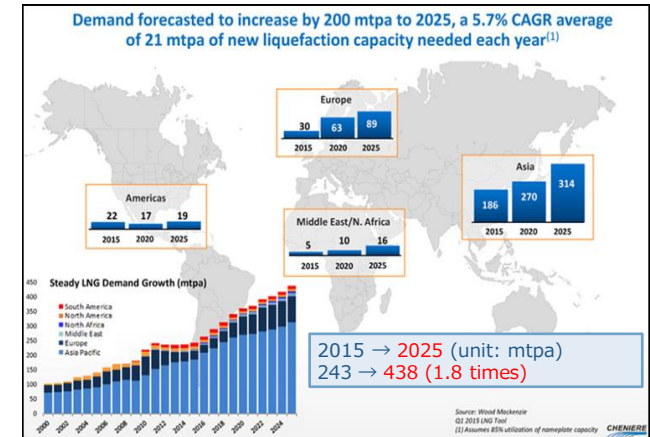
Expectation for recovery in domestic demand as a result of gas liberalization

- Tendency for slowdown in LNG tank construction/replacement demand since 2013
- Expectation for progress on LNG terminal construction plans as a result of gas liberalization
 - Satellite LNG terminals, entry to LNG business by companies from other industries

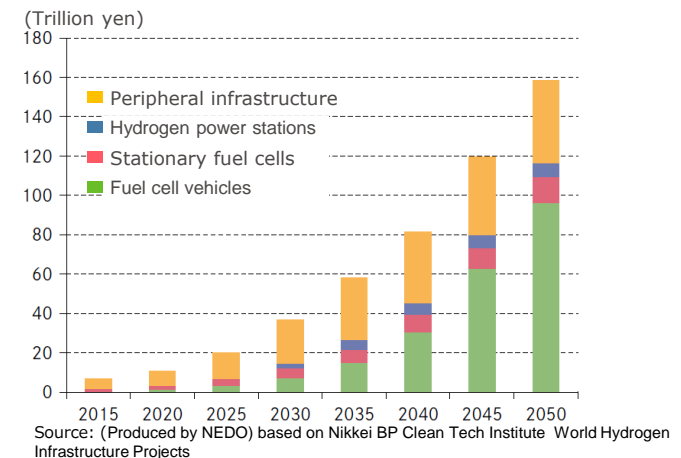
Promotion of commercialization of hydrogen energy supply chain

- Participation in hydrogen business at every stage from manufacture to storage & offloading, transport and use
 - Acquisition of hydrogen station and liquefier projects, and establishment of O&M business
- Creation of solutions business including distributed power generation

Global LNG Demand Forecast

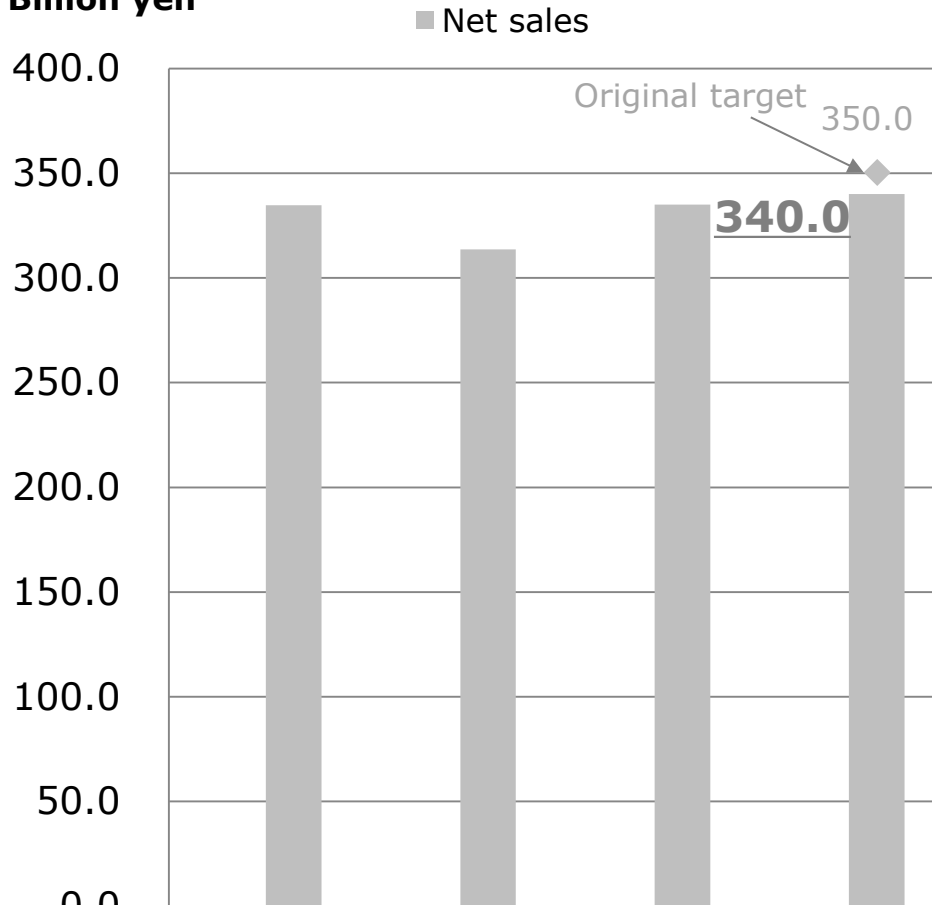


Global Hydrogen Infrastructure Market Forecast



Progress of “MTBP 2016” Orders Received/Net Sales (Motorcycle & Engine)

Billion yen



Assumed exchange rates (USD)
 FY2015 @118.99
 FY2016 @108.98
 FY2017 @110 ⇒
 FY2018

Business environment

- **Motorcycles:**
 - Solid performances in advanced economies. Delayed recovery of existing market in emerging economies
- **Four wheelers:**
 - Sustained growth albeit at a slower pace
- **General purpose engines:**
 - Solid performance of lawnmower engines market in the U.S.

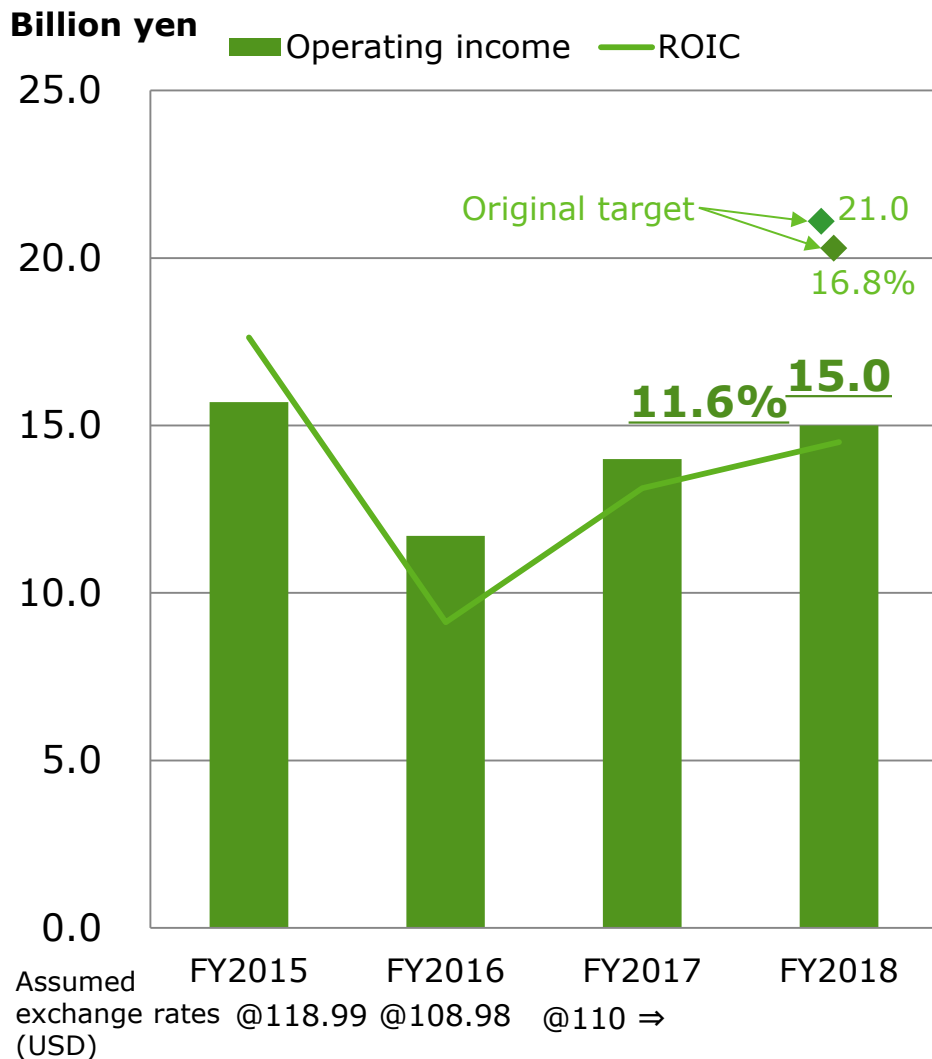
Review of FY2018 target

- Down slightly with decreased sales resulting from delayed recovery in emerging market offset by increased sales of motorcycles in Europe and general purpose engines

Picture of FY2020

- Continuing expansion in sales of motorcycles and four wheelers in advanced economies
- Full-scale recovery of motorcycle sales in emerging economies

Progress Status of "MTBP 2016" Operating Income/Before-Tax ROIC (Motorcycle & Engine)



Review of FY2018 target

- Lower profit as a result of lower sales
- Higher development expenses due to increased number of models, and higher development facility expenses associated with tighter environmental regulation

Picture of FY2020

- Steady sales expansion and profit growth in North America and Europe
- Increase in sales and profits due to full-scale recovery of emerging economies
- Improvement in profitability through promotion of efficient management

FY2021 and beyond

- Development of advanced technology, strengthening of brand power
- Expansion of business in new markets and new sectors
- Prioritization of development and facility investment in growth areas

Growth Business (Motorcycle & Engine) : Three Priority Sectors

Response to Indian motorcycle market

- India is world's largest motorcycle market and is expected to maintain high growth in the future.
- Leisure bike market is also expected to expand to more than 300,000 units in 2025 (110,000 units in 2016).
- Development of sales network and development base, and strengthening of production capacity

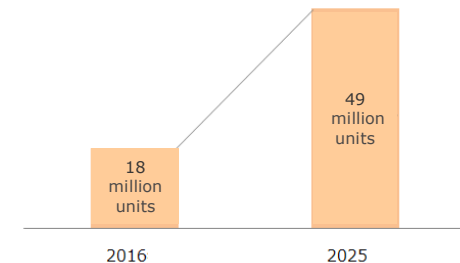
Strengthening of off-road four-wheelers (Side by Side) business

- Stable growth of off-road four-wheelers market, mainly in North America
- Strengthening of product line-up and accessory business

Strengthening of general purpose engine business

- Stable growth of lawnmower engines market in line with growth of housing market in North America
- Strengthening of R&D base in North America (Grand Rapids)

Indian motorcycle market forecast



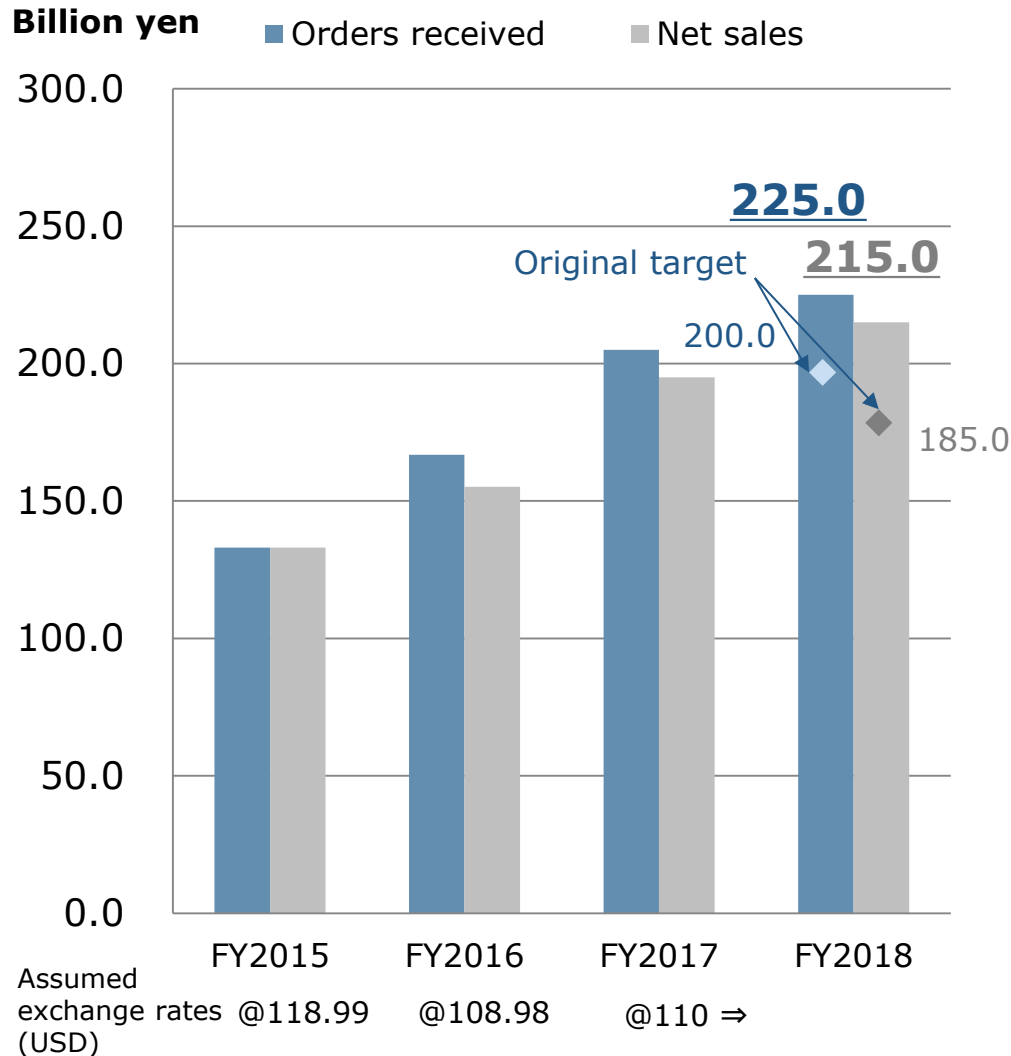
Off-road four-wheelers used in diverse applications



R&D (Grand Rapids)



Progress of "MTBP 2016" Orders Received/Net Sales (Precision Machinery)



Business environment

- **Hydraulic:**
Strong demand for excavator, especially in Chinese market
- **Robot:**
Continued growth in demand globally

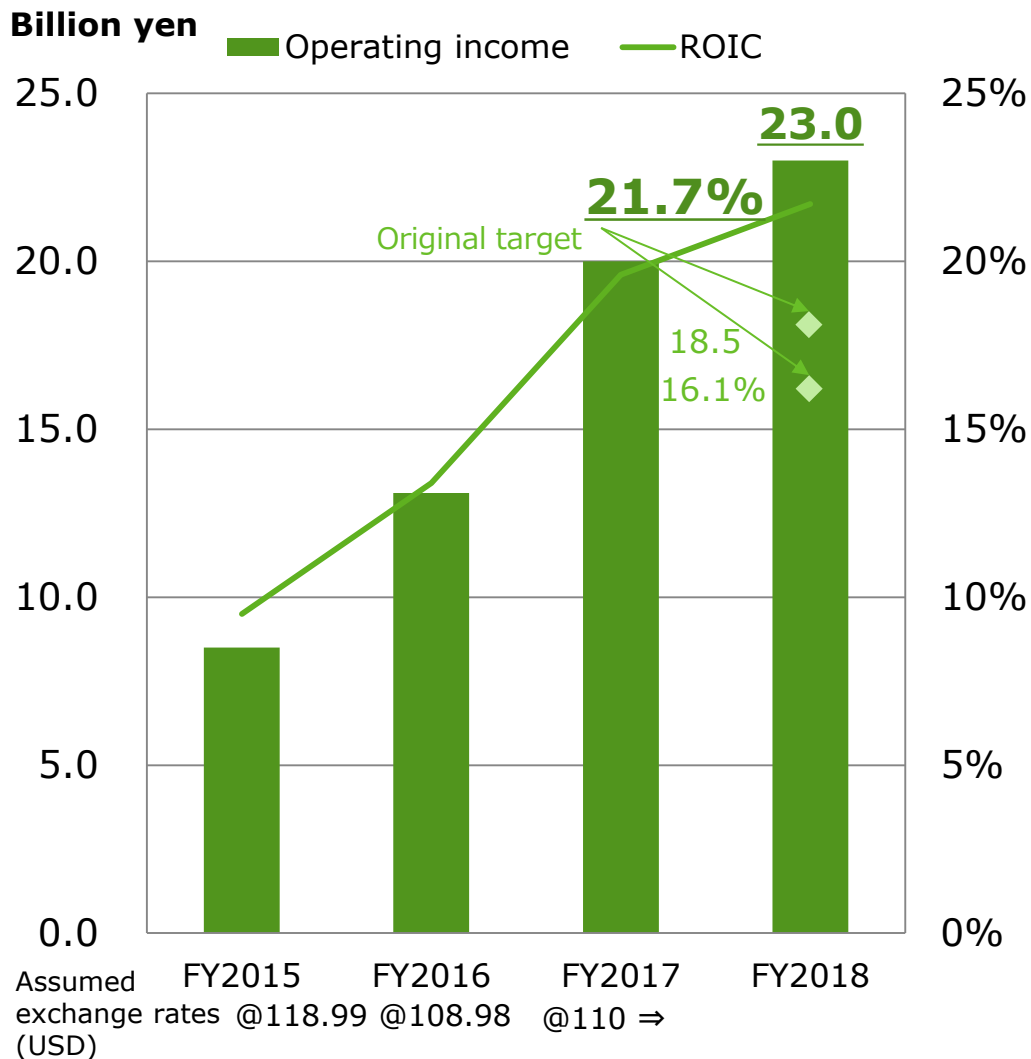
Review of FY2018 target

- **Hydraulic:**
Upward revision of KHI excavator demand forecast
–2018 excavator demand forecast: 180,000 units→260,000 units
- **Robot:**
Review of robot sales due to demand growth
–2018 robot net sales 15% up

Picture of FY2020

- **Hydraulic:**
Keeping on current strong performance in excavator sector, promotion of sales expansion in other construction/agricultural equipment sectors
- **Robot:**
Sharp growth in existing sectors(automobile, painting, semiconductors, general industries etc.) and also in area of human collaboration such as duAro

Progress Status of “MTBP 2016” Operating Income/Before-Tax ROIC (Precision Machinery)



Review of FY2018 target

- **Hydraulic:**
Higher profit reflecting growth in orders received leading to growth in net sales
- **Robot:**
Higher profit reflecting growth in orders received leading to growth in net sales

Picture of FY2020

- **Hydraulic:**
Further promotion of made-in market
 - Expansion of models produced and production volume at Suzhou plant
- **Robot:**
Expansion of existing sectors, and development of medical, and electrical and electronics sectors as new pillars

FY2021 and beyond

- **Both hydraulic and robot:**
 - Double size of business by FY2025 (from FY2017)
 - Expansion of Company synergies
 - Acceleration of global expansion

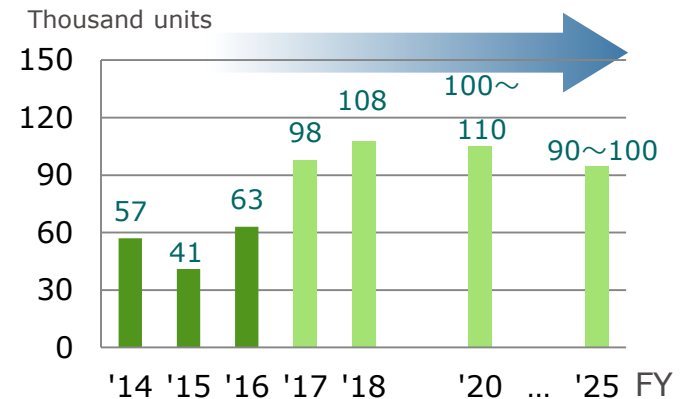
Growth Business: Hydraulic Excavator Business in China and India

Expansion of Chinese excavator market

- Chinese excavator demand expected to remain at current high level (around 100,000 units)
- Promotion of expansion in models produced at KPM (Suzhou) Plant



Chinese excavator market forecast (KHI estimate)

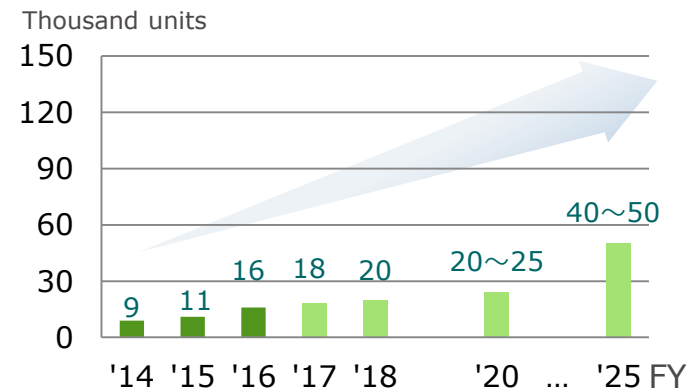


Expansion of Indian excavator market

- Indian excavator demand estimated to expand to 40,000-50,000 units by FY2025
- New plant under construction in suburbs of Bangalore
 - Scheduled for completion in FY2018



Indian excavator market forecast (KHI estimate)



Growth Business: Robot (1)

Response to Shrinking Working-Age Population and Succession of Skills

Response to Shrinking Working-Age Population

Dual-arm SCARA robot that can coexist with humans in the workplace



Easy system start-up



Can coexist with humans in the workplace



Low total cost

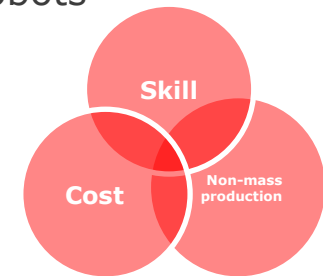


"can easily fit in the space of a human" **duAro**

Response to Succession of Skills

Successor

Realization of succession of skills through robots



- AI function
 - AI technology enables varied tasks to be mastered and converted into automatic operations
- Training function
 - New workers learn operations "taught" to robots by skills workers

Growth Business: Robot (2)

Medical Sector and Chinese Market

Response to reduce costs and physical strain in medical sector



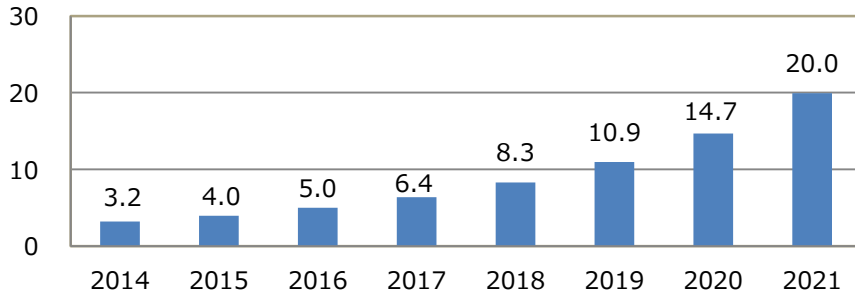
Surgical robot scheduled for launch in FY2019

Robotic operating table "Vercia" launched in FY2016



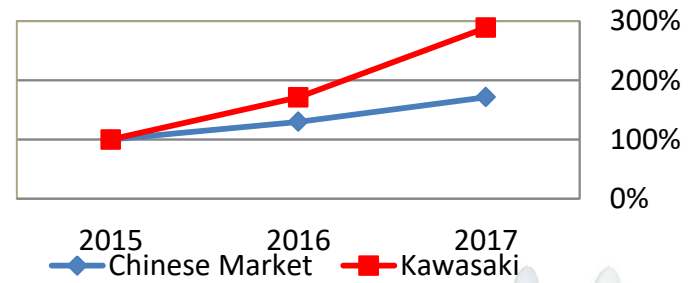
Worldwide Medical Robot Market

(Thousand units) (Exclude Rehabilitation/Pharmaceutical Robot)



Reference : Winter Green Research, Inc.

Response to needs of expanding Chinese market



KCRE
(Chongqing)



KPM
(Suzhou)



<Reference> FY2018 Forecast by Segment①

(Billion Yen)

FY2018	Orders Received			Net Sales			Operating Income		
	MTBP 2016	In Nov. 2017	Change	MTBP 2016	In Nov. 2017	Change	MTBP 2016	In Nov. 2017	Change
Ship & Offshore Structure	140.0	115.0	▲25.0	110.0	95.0	▲15.0	1.5	2.5	+1.0
Rolling Stock	200.0	170.0	▲30.0	200.0	180.0	▲20.0	14.0	6.0	▲8.0
Aerospace	300.0	270.0	▲30.0	320.0	300.0	▲20.0	24.0	21.0	▲3.0
Gas Turbine & Machinery	290.0	305.0	+15.0	345.0	325.0	▲20.0	16.5	11.0	▲5.5
Plant & Infrastructure	160.0	120.0	▲40.0	145.0	120.0	▲25.0	10.0	4.0	▲6.0
Motorcycle & Engine	350.0	340.0	▲10.0	350.0	340.0	▲10.0	21.0	15.0	▲6.0
Precision Machinery	200.0	225.0	+25.0	185.0	215.0	+30.0	18.5	23.0	+4.5
Others	100.0	85.0	▲15.0	85.0	85.0	0	▲5.5	▲5.5	0.0
Eliminations and corporate	-	-	-	-	-	-	-	-	-
Total	1,740.0	1,630.0	▲110.0	1,740.0	1,660.0	▲80.0	100.0	77.0	▲23.0

Assumed exchange rates (USD) : @110

<Reference> FY2018 Forecast by Segment ②

FY2018	Before-tax ROIC (EBIT / Invested Capital)			Operating Margin (Operating Income / Net Sales)		
	MTBP 2016	In Nov. 2017	Change	MTBP 2016	In Nov. 2017	Change
Ship & Offshore Structure	6.1%	4.4%	▲1.7%	1.3%	2.6%	+1.3%
Rolling Stock	13.1%	7.4%	▲5.7%	7.0%	3.3%	▲3.7%
Aerospace	11.2%	10.8%	▲0.4%	7.5%	7.0%	▲0.5%
Gas Turbine & Machinery	8.5%	4.3%	▲4.2%	4.7%	3.4%	▲1.3%
Plant & Infrastructure	17.3%	10.4%	▲6.9%	6.8%	3.3%	▲3.5%
Motorcycle & Engine	16.8%	11.6%	▲5.2%	6.0%	4.4%	▲1.6%
Precision Machinery	16.1%	21.7%	+5.6%	10.0%	10.7%	+0.7%
Total	11.0%	8.0%	▲3.0%	5.7%	4.6%	▲1.1%

Assumed exchange rates (USD) : @110

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