

Investors Meeting for First Half of Fiscal 2003

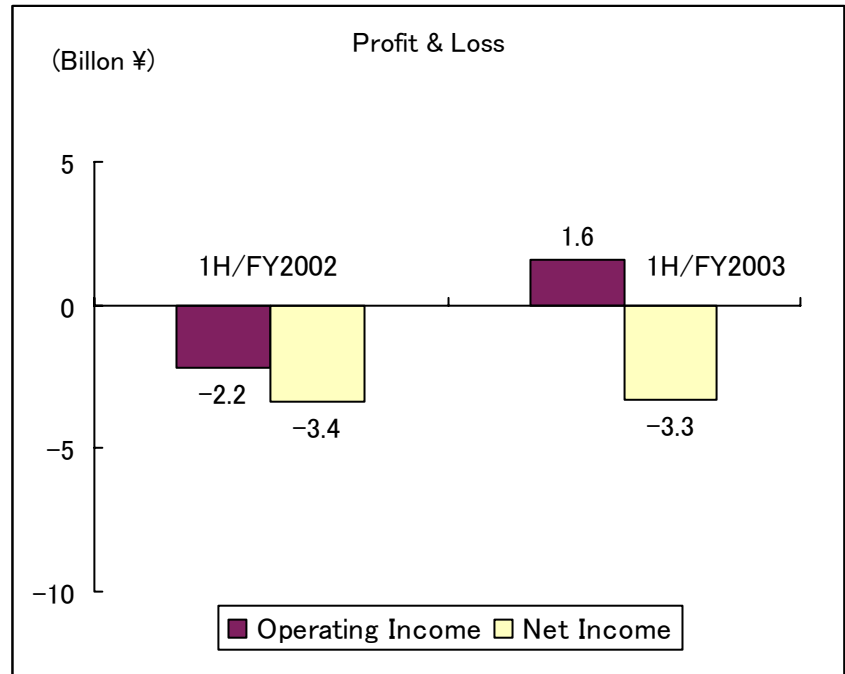
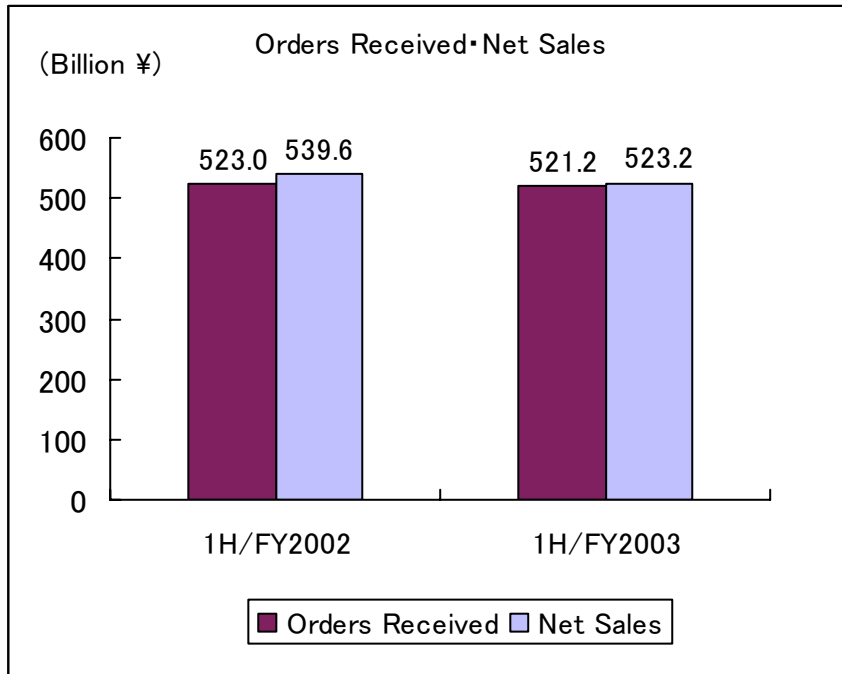
(for the year ending March 31, 2004)

Nov 7, 2003

Kawasaki Heavy Industries, Ltd.



Summary of 1H/FY2003 Results



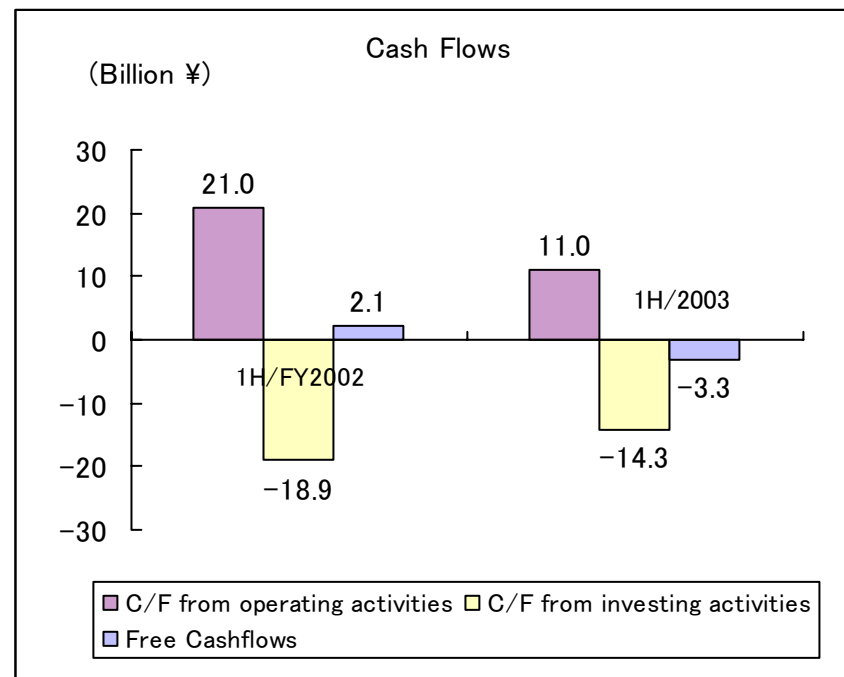
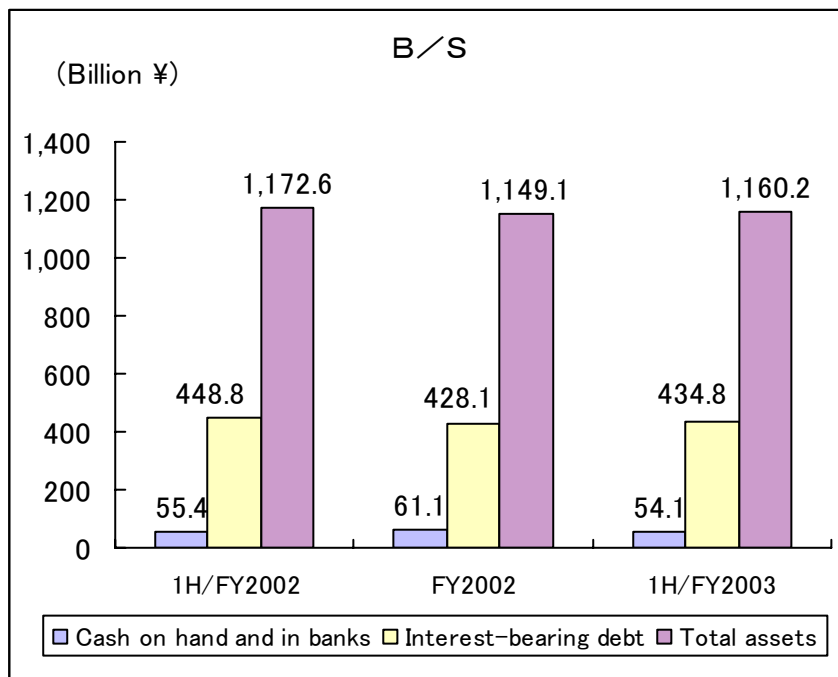
Average Exchange Rate recorded for USD/EUR sales

	Actual Exchange Rates	
	1H/FY2002	1H/FY2003
USD/ ¥	120	119
EUR/ ¥	116	133

(Billion ¥)

	1H/FY2002 (a)	1H/FY2003 (b)	(b)-(a)
Operating Income	-2.2	1.6	3.8
Net Income	-3.4	-3.3	0.1

Debt and Cash flows

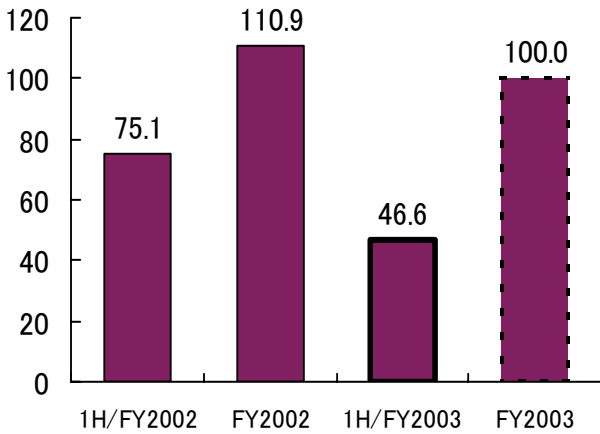


	1H/FY2002	FY2002	1H/FY2003
Net debt	393.4	367.0	380.7
D/E ratio	247%	210%	211%

Shipbuilding

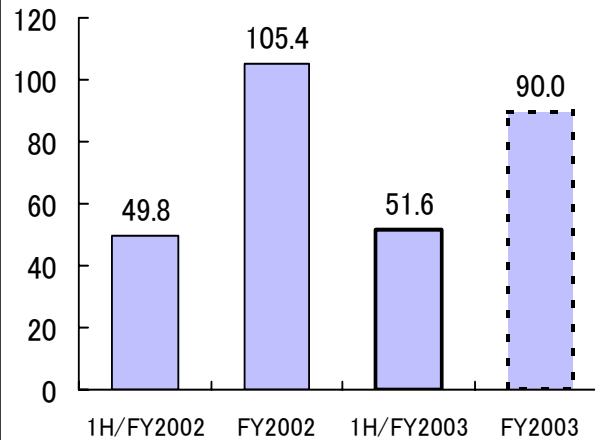
Orders Received

(Billion ¥)



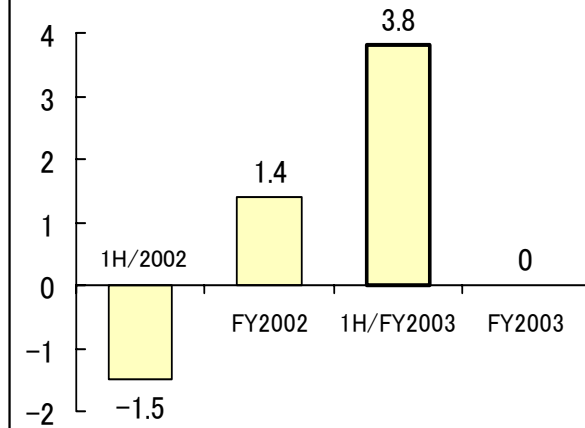
Net Sales

(Billion ¥)



Operating Income

(Billion ¥)



1H/FY2002

LNG carriers	3
LPG carriers	1
Bulk carriers	2

⇒

1H/FY2003

LNG carriers	1
VLCC	1
Bulk carriers	8

1H/FY2002

LNG carriers	1 (1)
LPG carriers	4 (3)
Container ships	2
Bulk carriers	3
Submarines	1 (1)

⇒

1H/FY2003

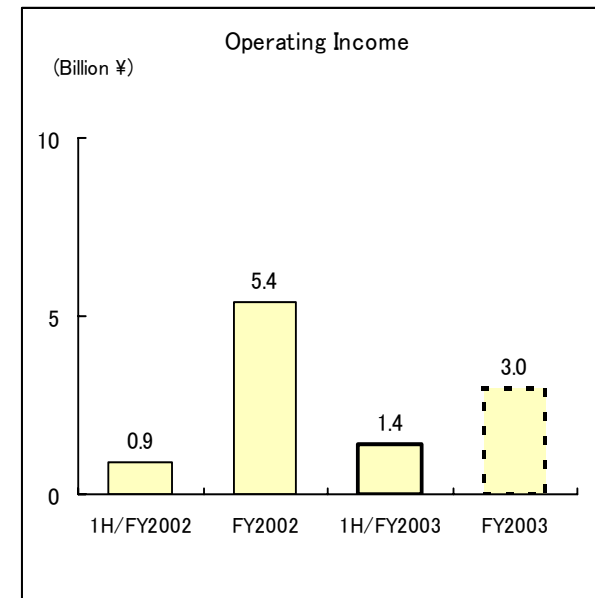
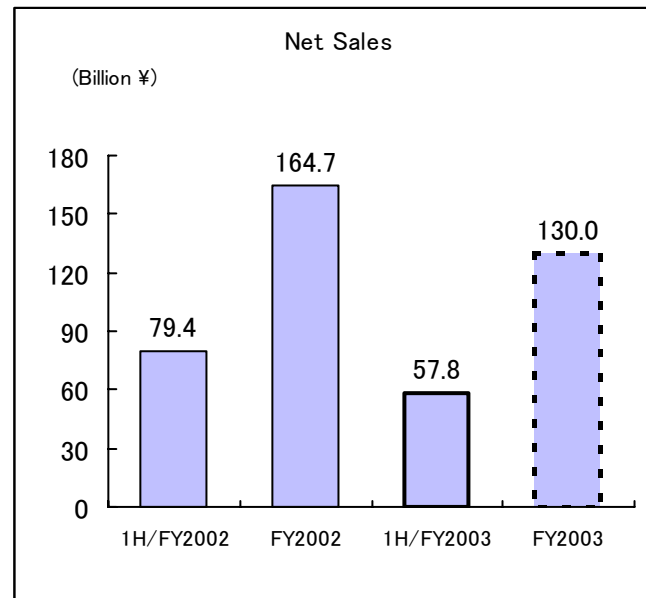
LNG carriers	4 (2)
LPG carriers	4 (2)
Bulk carriers	2
Submarines	2 (2)

【Business Results for 1H/FY2003
(year-on-year comparison)】

*Increase in sales of profitable LNG carriers

Note: () = Sales units by percentage-of-completion method

Rolling Stock



【Business Results for 1H/ FY2003 (year-on-year comparison)】

<Orders received>

- *Increase in overseas large-scale orders received
 - Bi-level commuter coach cars for Massachusetts (28 units / 64 mil US\$)
 - Additional orders of R142A for N.Y. subway (80 units / 88 mil US\$)
 - Subway cars for Taipei (321 units / 53 bil ¥)

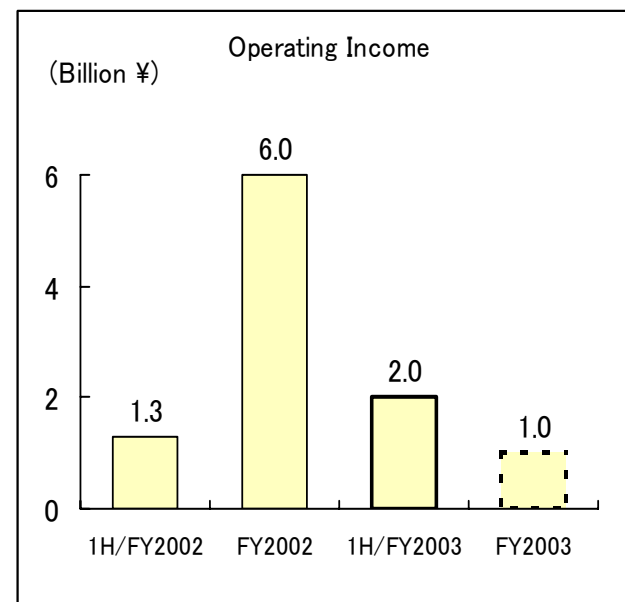
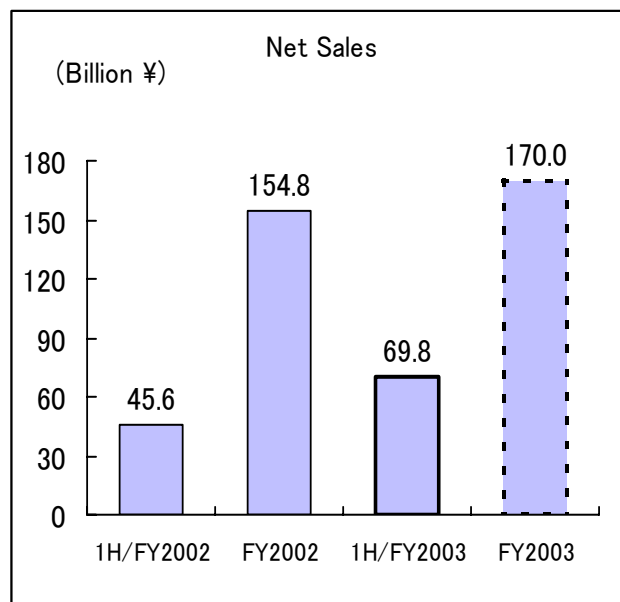
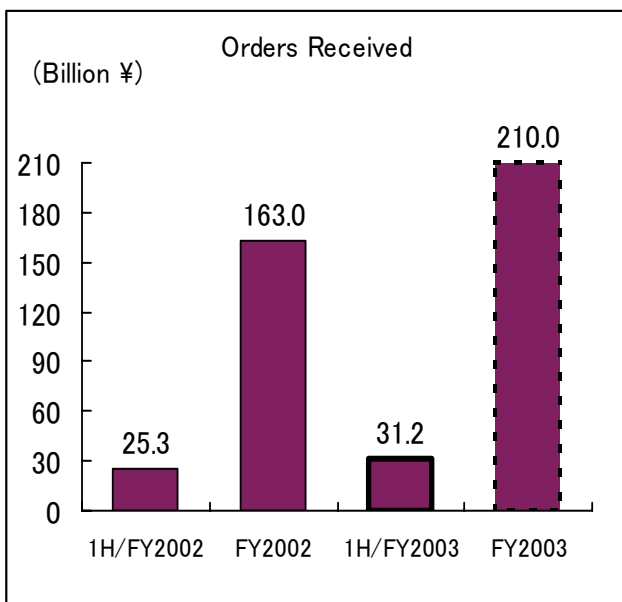
<Sales>

- *Off season of overseas large-scale projects
→ Decline in sales

<Operating income>

- *Improvement of profitability for domestic business (Effect of cost reduction)

Aerospace



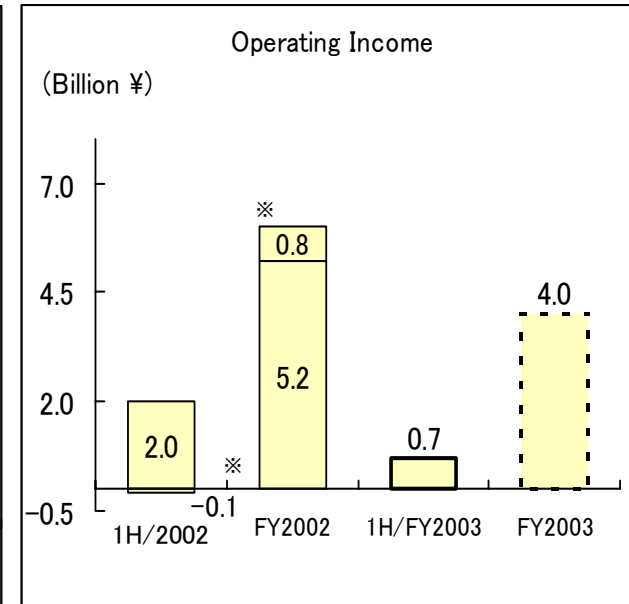
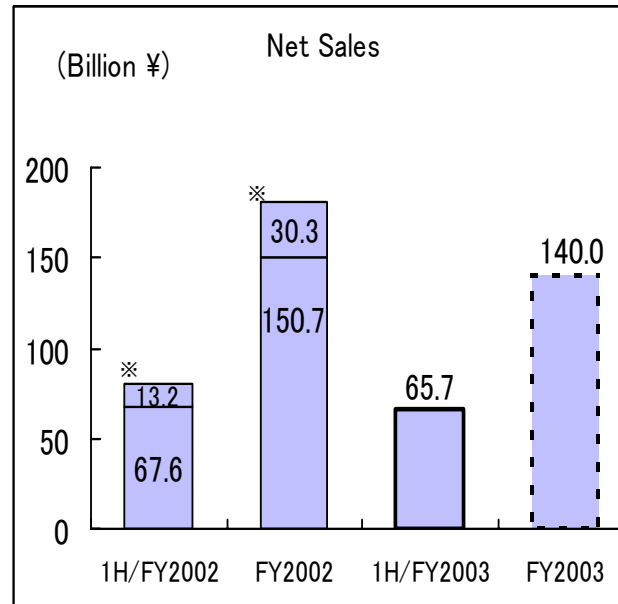
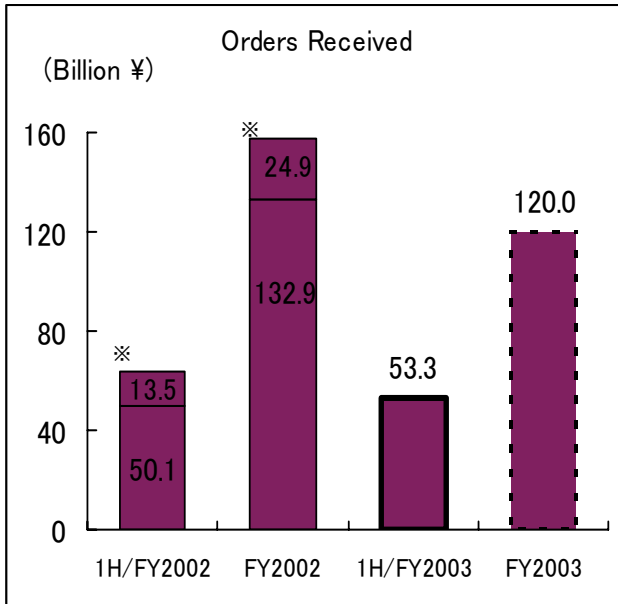
<Sales units for commercial aircraft and component parts>

	Sales units			
	1H/FY2002	FY2002	1H/FY2003	FY2003 projection
B777	18	36	20	38
B767	16	31	6	10
Embraer170	4	10	15	46
Embraer195	-	-	1	4

【Business Results for 1H/FY2003 (year-on-year comparison)】

- *Flattening sales for overseas
- *Increase in sales and profit of development of the P-X & C-X and Guided missile system.

Gas Turbines & Machinery

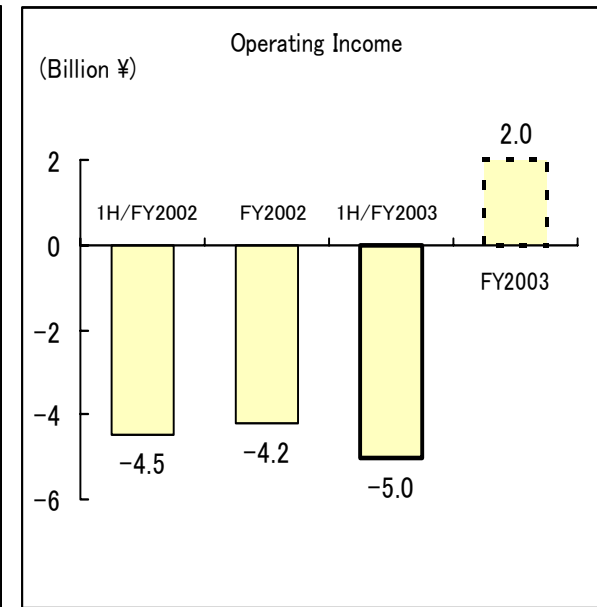
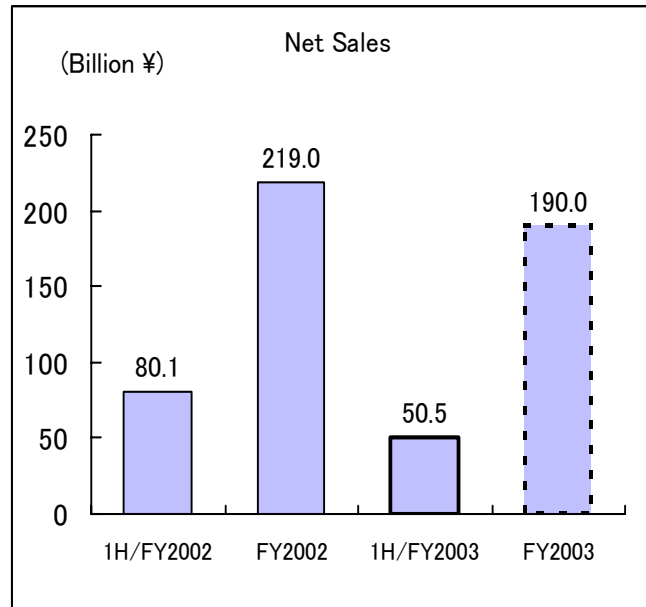
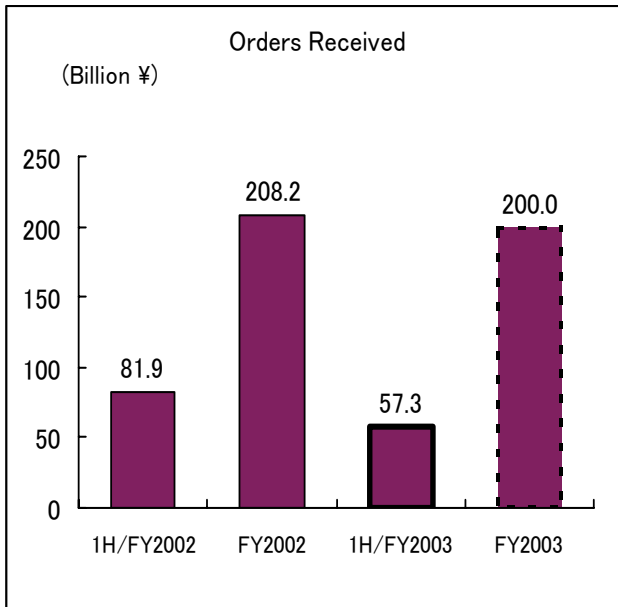


※Figures represent sales of KAWASAKI PRECISION MACHINERY (KPM)
(KPM has been transferred to “Others” segment from FY2003)

【Business Results for 1H/FY2003 (year-on-year comparison)】

- *Increase in orders received of commercial aircraft jet engines for overseas
- *Decrease in sales and profit of industrial gas turbines

Plant & Infrastructure Engineering



【Business Results for 1H/FY2003 (year-on-year comparison)】

<Large-scale orders received>

1H/FY2003

- Ferronickel production plant for Indonesia

1H/FY2002

- Refuse incineration plant for Kishiwada & Kaizuka city
- Sewage sludge incineration system for Akashi city

<Large-scale sales>

1H/FY2003

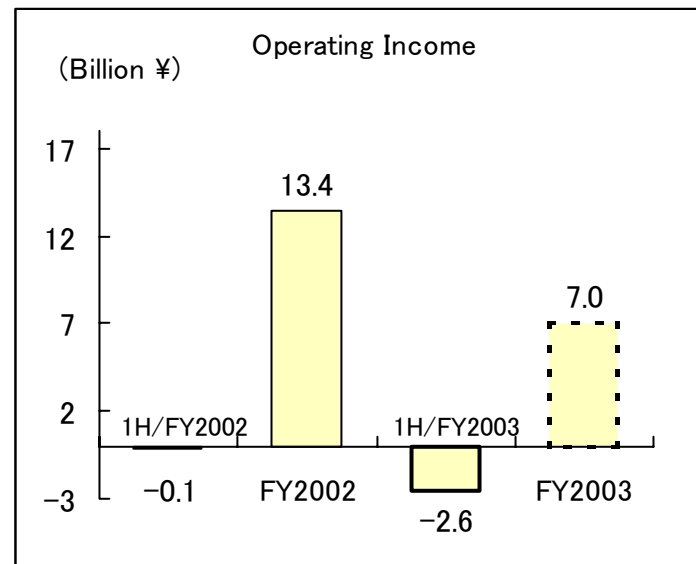
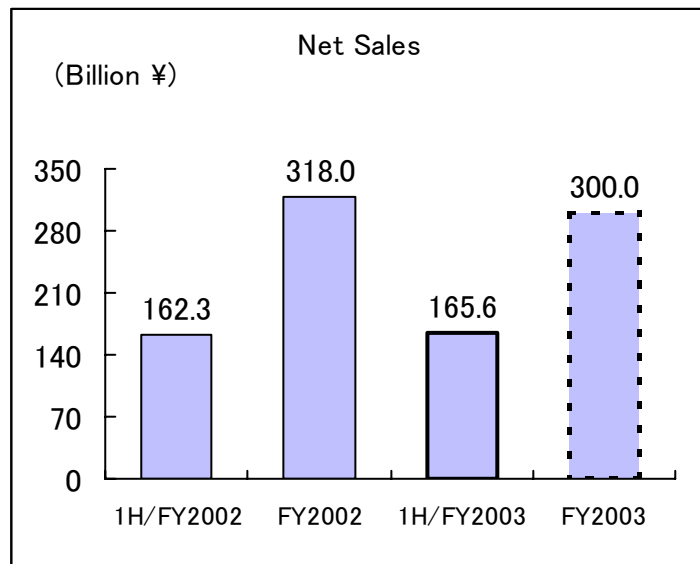
- Refuse incineration plant for Fukuoka clean energy
- CCPP for Brazil/Foltaleza

1H/FY2002

- Fertilizer plant for China/Hainan
- Refuse incineration plant for Fujiyoshida city
- Ash-handling plant for Hokkaido EP

- *Decrease in orders received of refuse incineration plant for domestic market
- *Decrease in sales of large-scale projects, such as chemical and refuse incineration plant
- *Decrease in profit due to decline of sales and imbalance between sales of 1st half and that of 2nd half of fiscal year

Consumer Products & Machinery



<Geographical Sales for Consumer Products>

(Thousands of Unit / Billion ¥)

Region	1H/FY2002		FY2002		1H/FY2003		FY2003	
	Unit	Amount	Unit	Amount	Unit	Amount	Unit	Amount
Japan	23	11.6	44	20.5	21	11.1	41	21.7
NorthAmerica	84(35)	62.7	216(99)	142.6	85(40)	62.7	194(98)	125.7
Europe	48	33.7	73	49.6	48	39.4	77	59.0
Others	74	16.0	144	30.8	61	12.4	155	29.0
Total	229	124.0	477	243.5	215	125.6	467	235.4

【Business Results for 1H/FY2003 (year-on-year comparison)】

- *Stable sales of consumer products, such as motorcycles and ATVs
- *Downtrend of the U.S. market which has started latter part of the last year under the influence of the Iraq war
→Increase in sales promotion expenses

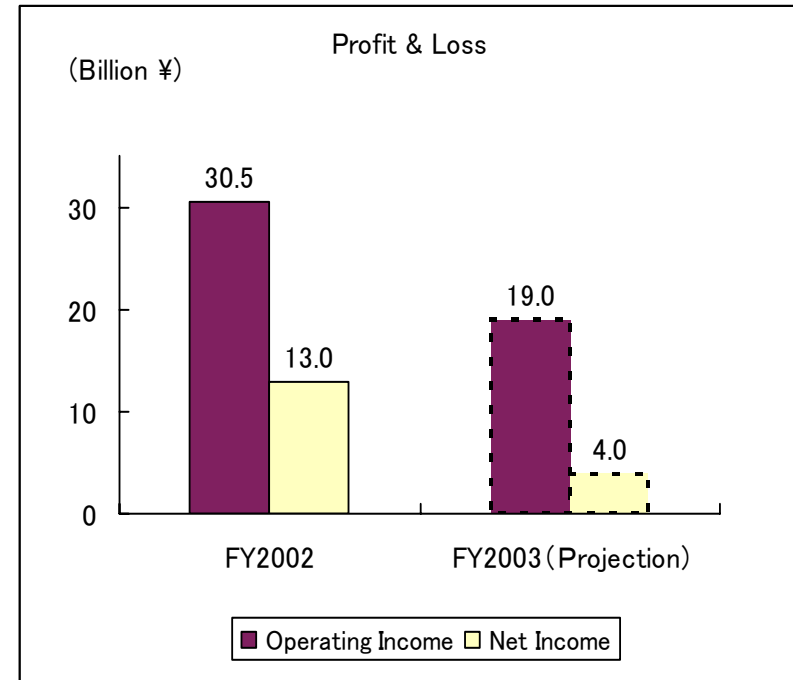
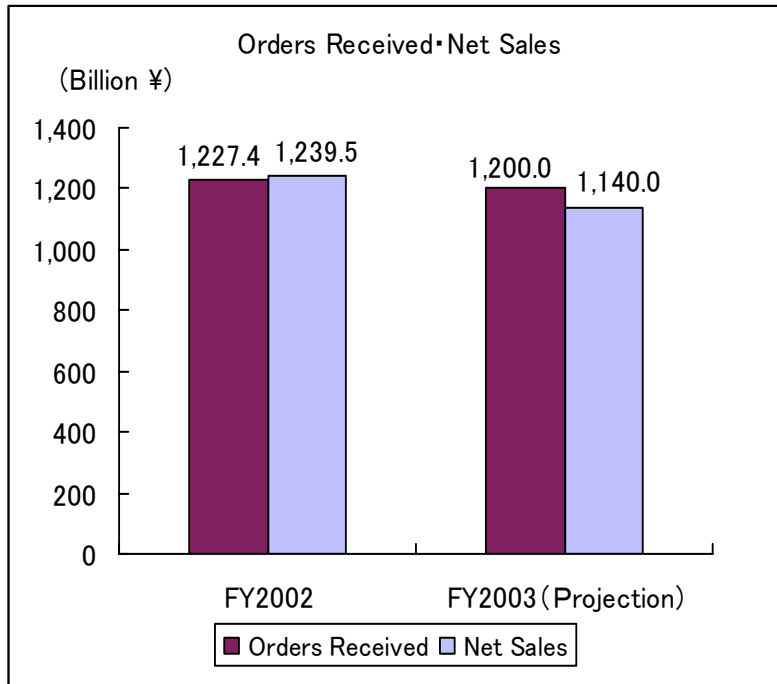
1. Sales units consist of Motorcycle, All-Terrain Vehicles (ATV), Utility Vehicles (MULE), Personal Water Craft (Jet Ski) and parts for these products.
2. Domestic sales include OEM supply.
3. () represent Motorcycle sales unit.

R&D/Capital expenditures/Number of Employees

(Billion ¥)

	1H/FY2002 Actual	FY2002 Actual	1H/FY2003 Actual	FY2003 Projection	
R&D	13.6	30.9	13.5	31.0	
Capital expenditures	18.1	35.1	21.7	42.0	
Depreciation and amortization	15.4	31.5	15.7	33.0	
	Domestic	24,121	23,519	24,465	23,700
	Overseas	4,888	5,123	5,186	5,300
Number of Employees	29,009	28,642	29,651	29,000	

Outlook for FY2003



	FY2002 Actual exchange rates	FY2003 Planned exchange rates	
		As of May	As of Nov
US Dollar(¥/\$)	120	120	110
Euro(¥/EUR)	123	123	125

(Billion ¥)

	FY2002 (Actual)	FY2003 Projection	
		(As of May)	(As of Nov)
Operating Income	30.5	26.0	19.0
Net Income	13.0	8.0	4.0

Outlook for FY2003 by Segment

(Billion ¥)

	FY2002 Actual		FY2003 Projection			
			As of May		As of Nov	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Shipbuilding	105.4	1.4	100.0	3.0	90.0	0
Rolling Stock	164.7	5.4	130.0	2.0	130.0	3.0
Aerospace	154.8	6.0	170.0	2.0	170.0	1.0
Gas Turbines & Machinery	150.7	5.2	140.0	4.0	140.0	4.0
Plant & Infrastructure Engineering	219.0	▲4.2	200.0	2.0	190.0	2.0
Consumer Products & Machinery	318.0	13.4	300.0	11.0	300.0	7.0
Others	126.6	3.1	130.0	2.0	120.0	2.0
Total	1,239.5	30.5	1,170.0	26.0	1,140.0	19.0

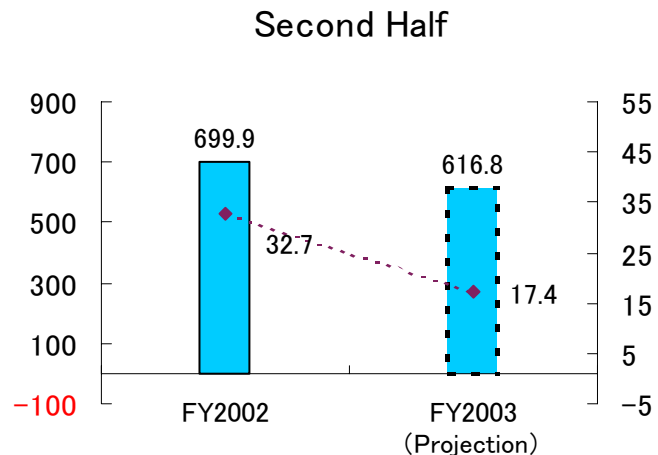
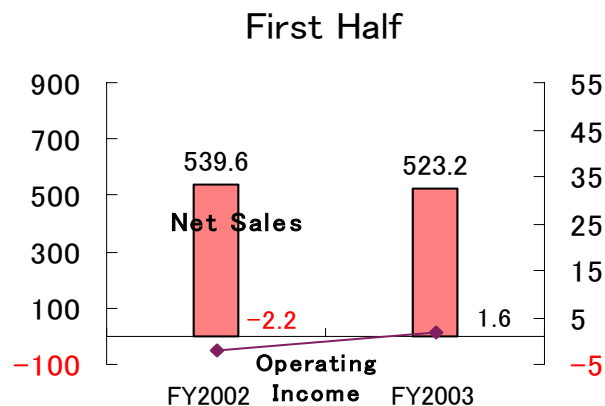
USD/¥	120	120	110
EUR/¥	123	123	125

Outlook for 2H/FY2003 and FY2003

(Billion ¥)

	1H/FY2003 Actual	2H/FY2003 Projection		FY2003 Projection
Net Sales	523.2	616.8	(+93.6)	1,140.0
Operating Income (Operating Income to sales)	1.6 (0.3%)	17.4 (2.8%)	(+15.8)	19.0 (1.6%)
Net Income	▲3.3	7.3	(+10.6)	4.0

【Year on year comparison】



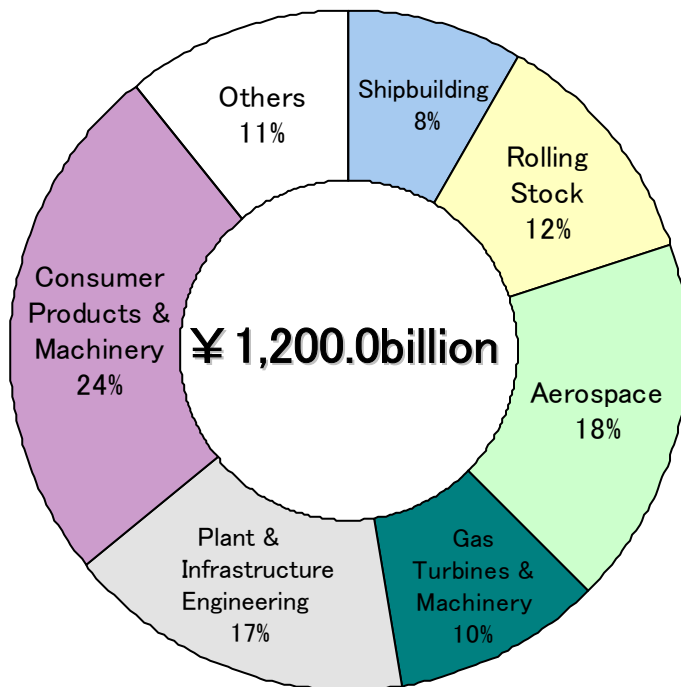
Outlook of Orders Received for FY2003

(Billion ¥)

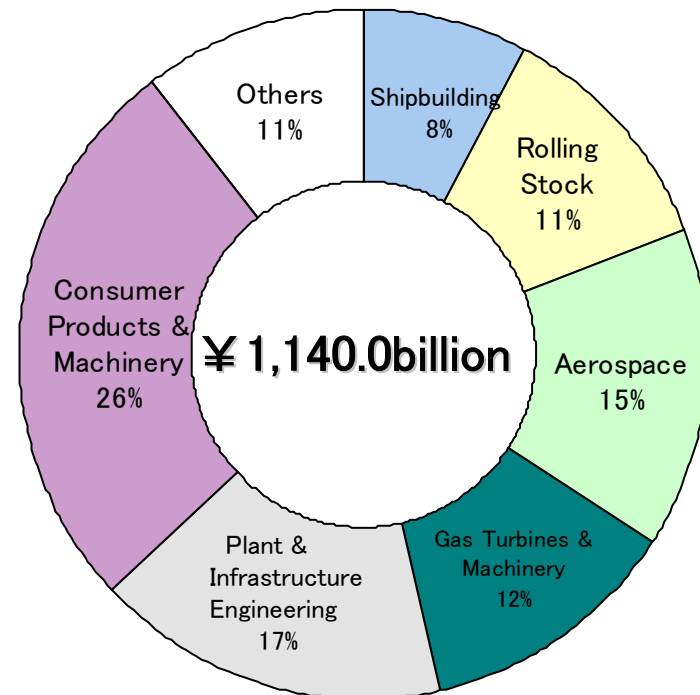
	FY2002 Actual	FY2003 Projection	
		As of May	As of Nov
Shipbuilding	110.9	100.0	100.0
Rolling Stock	176.6	130.0	140.0
Aerospace	163.0	210.0	210.0
Gas Turbines & Machinery	132.9	120.0	120.0
Plant & Infrastructure Engineering	208.2	200.0	200.0
Consumer Products & Machinery	318.0	300.0	300.0
Others	117.5	140.0	130.0
Total	1,227.4	1,200.0	1,200.0

Orders Received & Net Sales (FY2003 Projection)

Orders Received



Net Sales



Kawasaki, let the good times roll !

Cautionary Statement

The performance outlook and the forecasts stated in this material were prepared by Kawasaki Heavy Industries, Ltd. (hereinafter, KHI) based on the circumstances at the release point, and include potential risks and uncertain factors that relate to economic conditions, foreign currency exchange rates, tax rules, regulations and other factors. Accordingly, please note that the actual operating results, financial position, and business deployment of KHI may sometimes differ considerably from the descriptions in the present projections.