



Financial Results for Third Quarter of Fiscal 2008
(for the year ending March 31, 2009)

Jan. 30, 2009

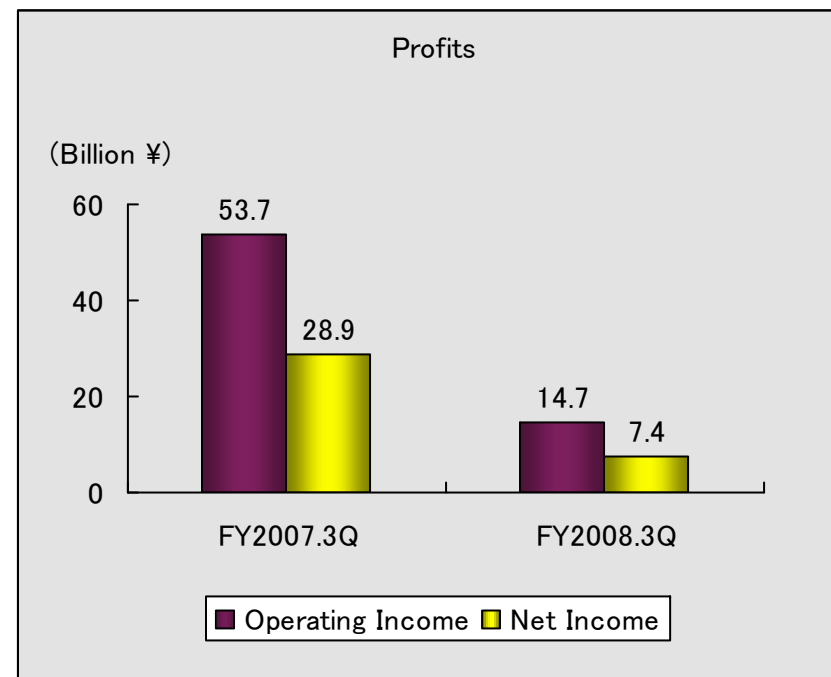
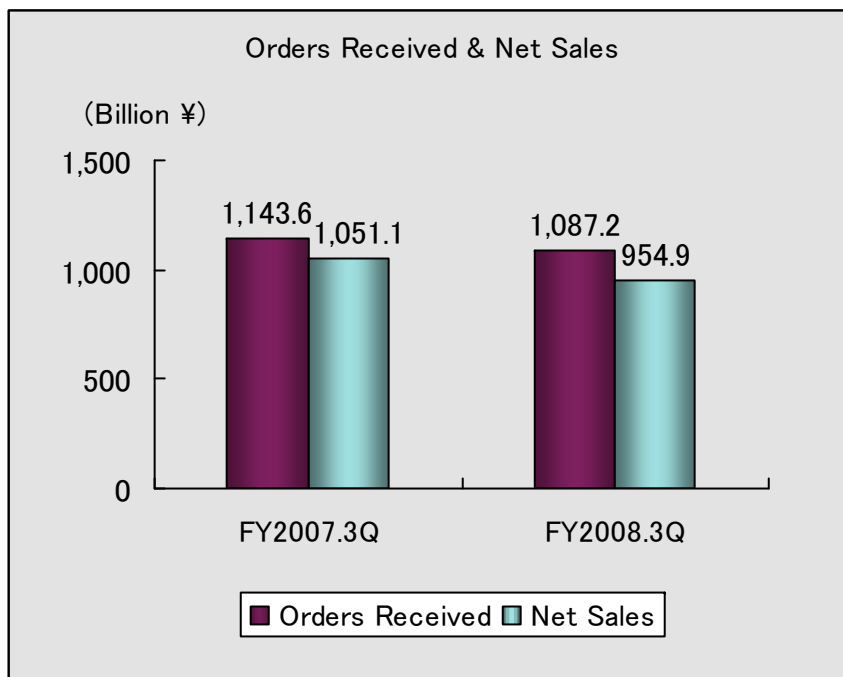
Kawasaki Heavy Industries, Ltd.



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Summary of FY2008.3Q Results (Consolidated)



Actual Exchange Rates

	FY2007.3Q	FY2008.3Q
USD/¥	117	104
EUR/¥	164	146

(Billion ¥)

	FY2007.3Q	FY2008.3Q	Change
Operating Income	53.7	14.7	-39.0
Net Income	28.9	7.4	-21.5

Breakdown of Increases/Decreases in Profit for FY2008.3Q Compared to FY2007.3Q

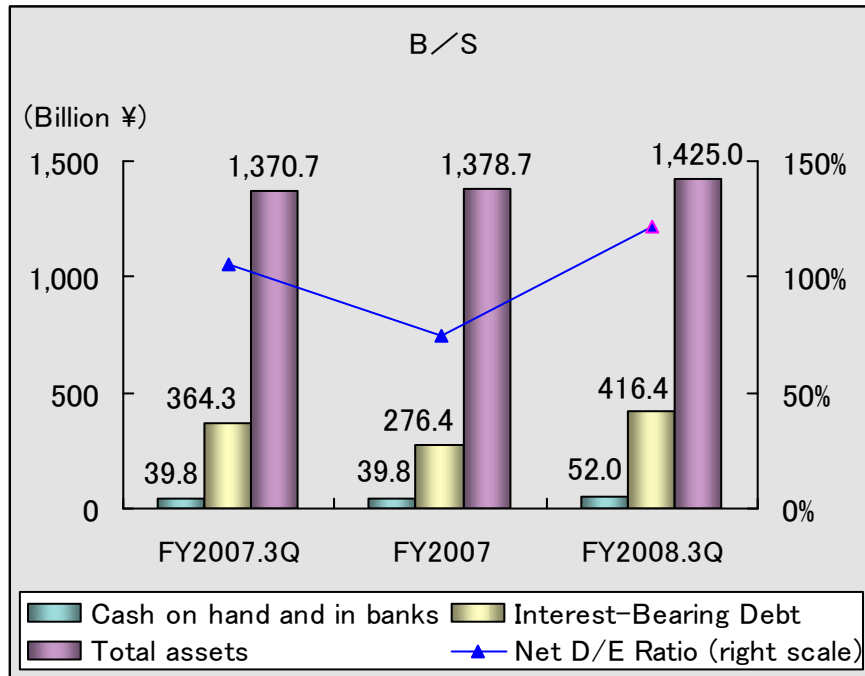
≡ Operating income (−39.0 billion yen)

Adverse impact of the fluctuation of foreign exchange rate	−24.1
Adverse impact of decrease in sales	−12.5
Increase in selling, general and administrative expenses	−1.8
Adverse impact of a rise in material price	−14.7
Adverse impact of changes in accounting method for valuation of inventories	−4.5
Adverse impact of Tax Law Revision regarding Depreciation Methodology	−1.1
Changes in product mix, Other improvements	+19.7

≡ Non-operating income (+10.0 billion yen)

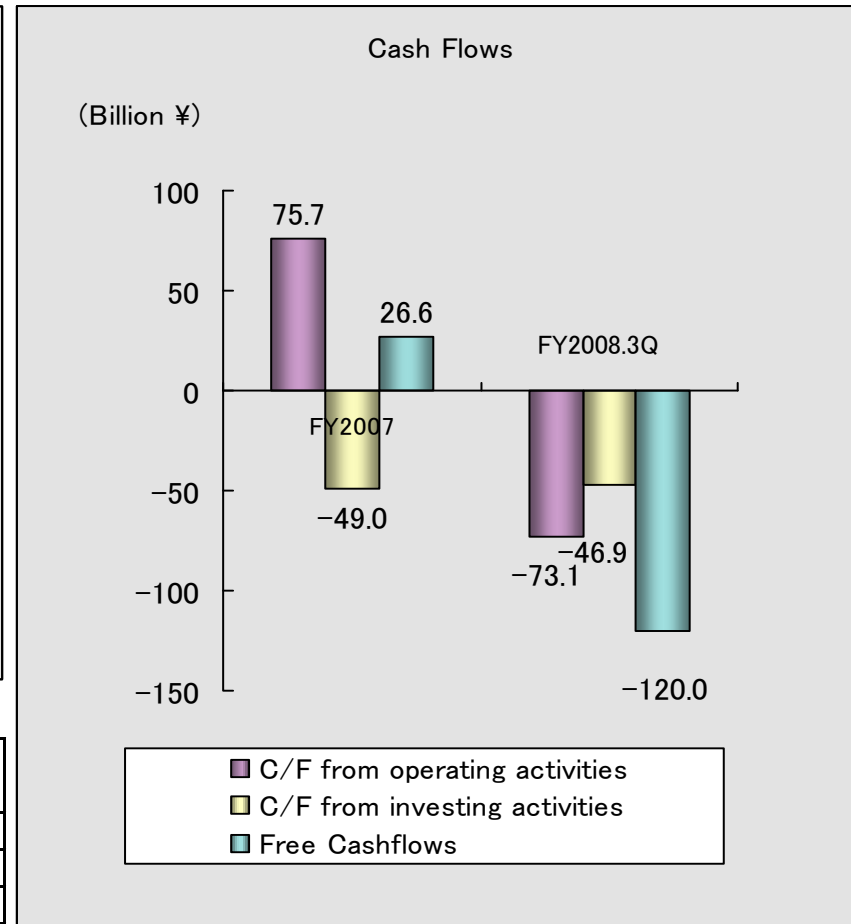
Decrease in net interest expenses	+0.7
Increase in equity in income of non-consolidated subsidiaries and affiliates	+2.1
(FY2007.3Q ¥4.3 billion → FY2008.3Q ¥6.5 billion)	
Gain and loss on foreign exchange (FY2007.3Q ¥−8.5 billion → FY2008.3Q ¥2.6 billion)	+11.1
Others	−3.9

Interest-Bearing Debt and Cash Flows



(Billion ¥)

	FY2007.3Q	FY2007	FY2008.3Q
Net debt	324.5	236.5	364.3
Shareholders' equity	308.8	313.1	297.3
Net D/E Ratio	105%	75%	122%

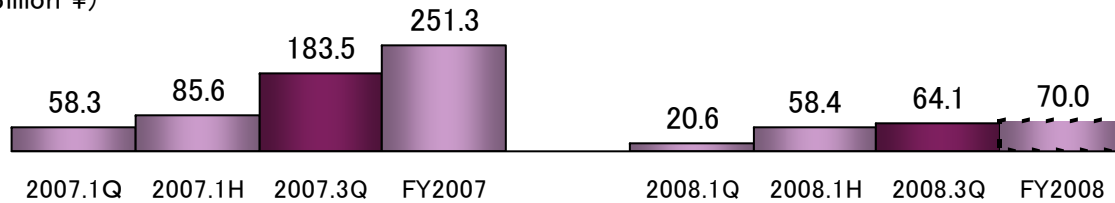


Shipbuilding

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

(Billion ¥)



2007.3Q

LNG carriers	2
LPG carriers	3
Bulk carriers	18

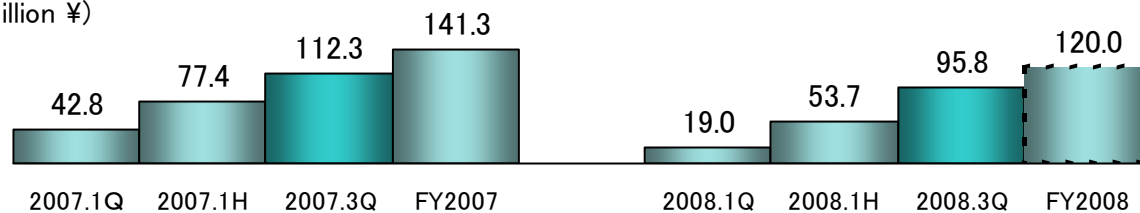
⇒

2008.3Q

LPG carrier	1
Bulk carriers	5

Net Sales

(Billion ¥)



2007.3Q

LNG carriers	5 (5)
LPG carriers	3 (1)
VLCC	1
Bulk carriers	3
Submarines	2 (2)

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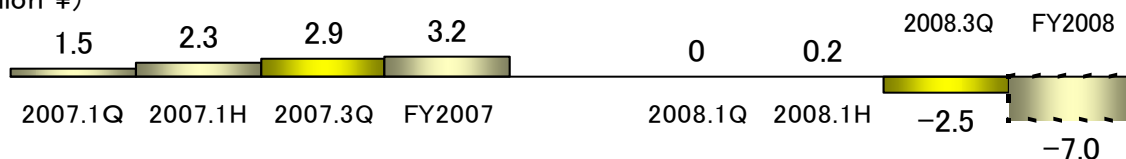
2008.3Q

LNG carriers	8 (6)
LPG carriers	3 (2)
VLCC	1
Bulk carriers	4
Submarine	1 (1)

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

Operating Income

(Billion ¥)



【Business Results for FY2008.3Q
(year-on-year comparison)】

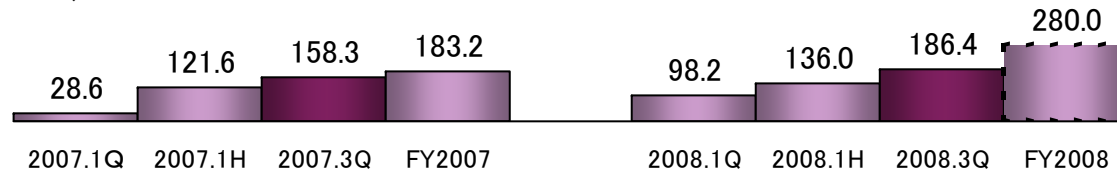
- * Orders received of 1 LPG carrier and 5 Bulk carriers
- * Decrease in sales due to sales decrease of large vessels
- * Decrease in profit due to
 - *** sales decrease
 - *** adverse impact of a rise in steel price
 - *** adverse impact of the fluctuation of foreign exchange rate

Rolling Stock

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

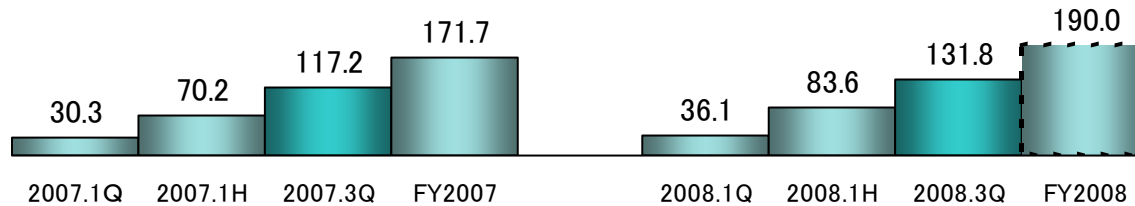
(Billion ¥)



Net Sales

【Business Results for FY2008.3Q
(year-on-year comparison)】

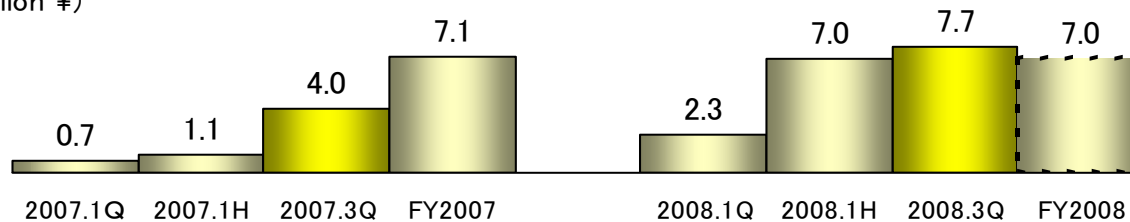
(Billion ¥)



- * Large-scale orders received of Shinkansen cars for JR and additional order of R160 for N.Y. subway (140 cars/US\$275 mil)
- * Increase in profit due to sales increase of rolling stock for overseas

Operating Income

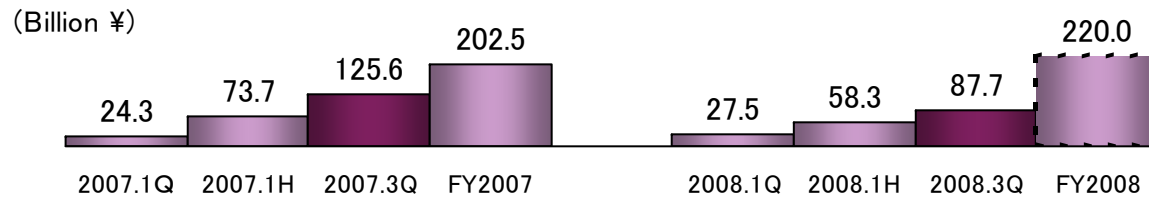
(Billion ¥)



Aerospace

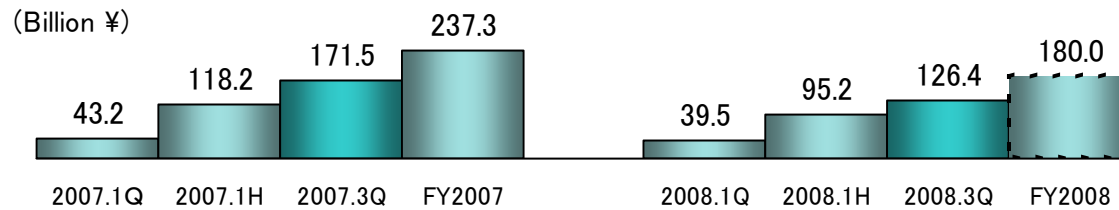
Orders Received

(In accumulated amt./
FY2008 amt represents the projection)



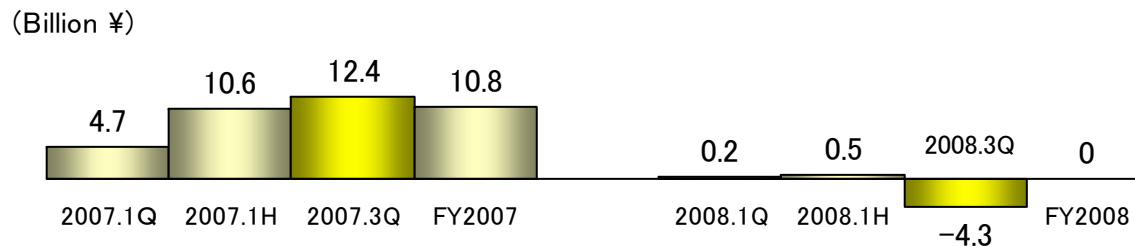
Net Sales

【Business Results for FY2008.3Q
(year-on-year comparison)】



- * Decrease in sales due to
 - ...sales decrease for JDA
 - ...sales decrease of commercial aircraft business for BOEING
 - ...adverse impact of the fluctuation of foreign exchange rate
- * Decrease in profit due to sales decrease and adverse impact of changes in accounting method for valuation of inventories

Operating Income

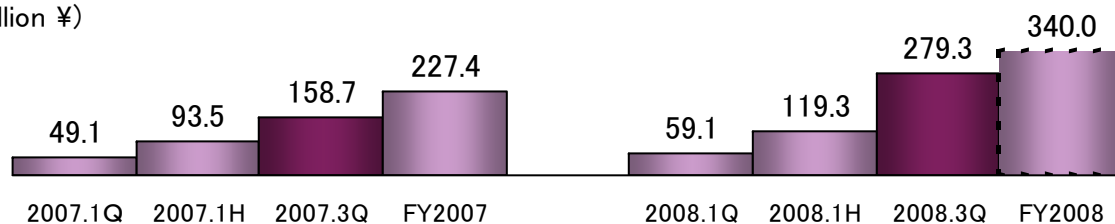


Gas Turbines & Machinery

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

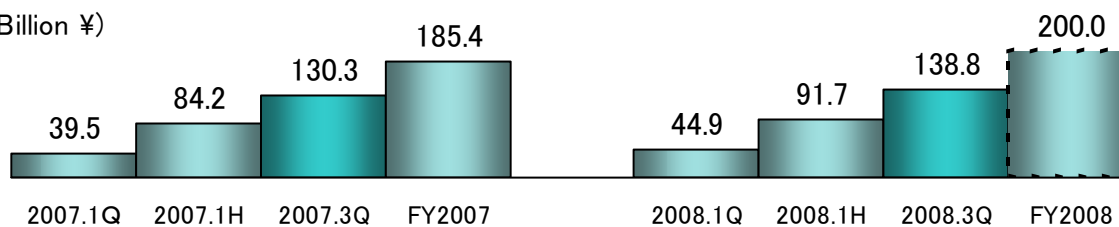
(Billion ¥)



Net Sales

【Business Results for FY2008.3Q
(year-on-year comparison)】

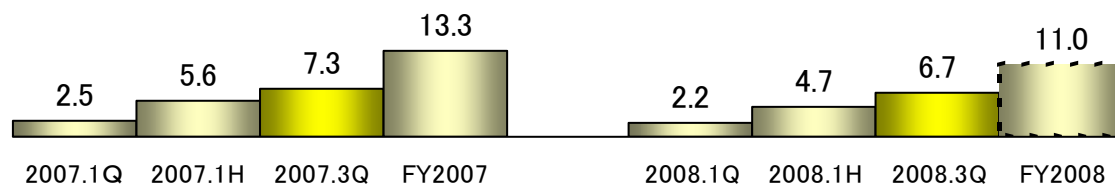
(Billion ¥)



- * Increase in orders received due to
 - ... participation in joint development & production program of the TRENT XWB engine for A350 XWB aircraft
 - ... demand increase of marine diesel engines
- * Increase in sales of industrial gas turbines and marine diesel engines
- * Decrease in profit due to adverse impact of a rise in material price and changes in accounting method for valuation of inventories

Operating Income

(Billion ¥)

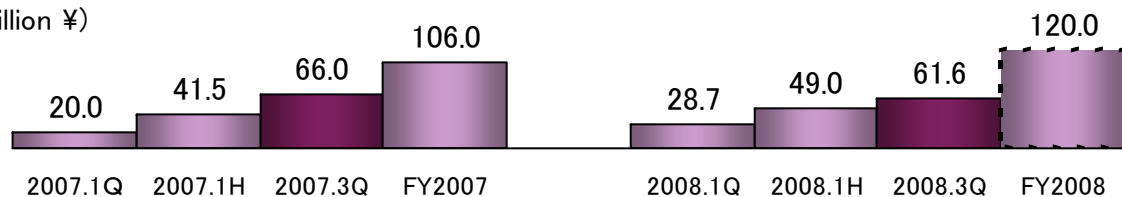


Energy & Environmental Engineering

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

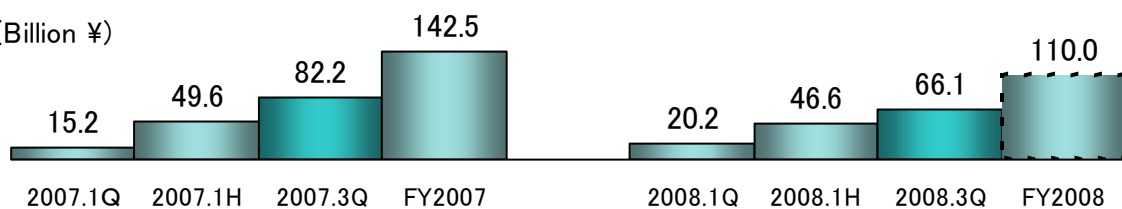
(Billion ¥)



Net Sales

【Business Results for FY2008.3Q
(year-on-year comparison)】

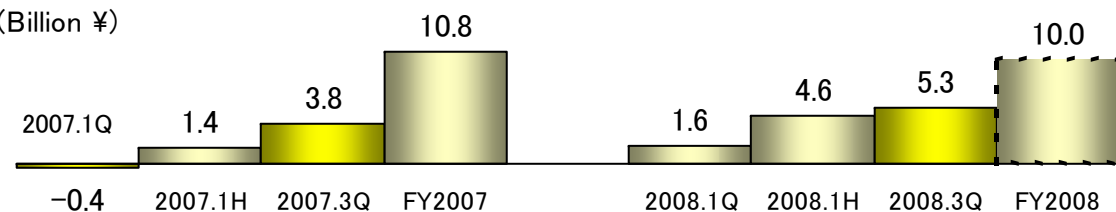
(Billion ¥)



- * Orders received of LNG tanks
- * Decrease in sales of municipal refuse incineration plants
- * Increase in profit due to sales increase of profitable projects under our selective order-taking policy

Operating Income

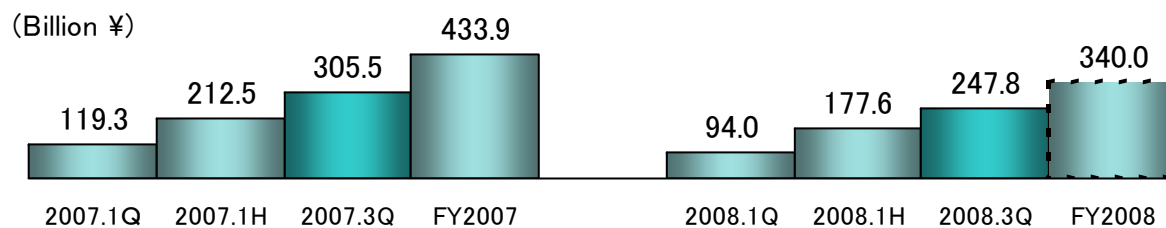
(Billion ¥)



Consumer Products & Machinery

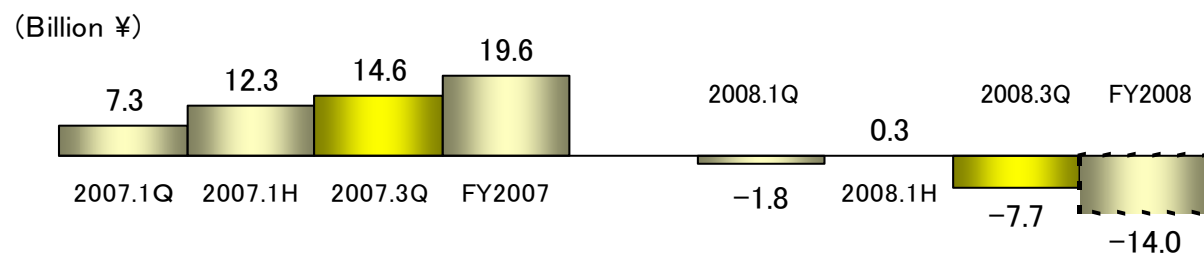
Net Sales

(In accumulated amt./
FY2008 amt represents the projection)



【Business Results for FY2008.3Q
(year-on-year comparison)】

Operating Income



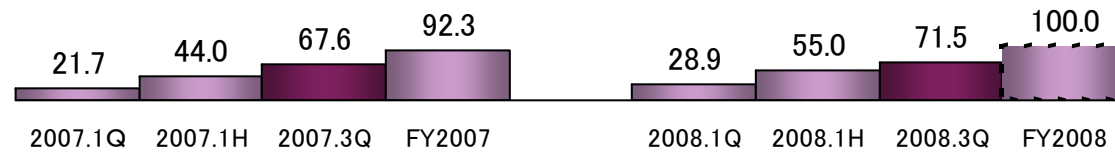
- * Decrease in sales due to
 - ...sales decrease of Motorcycles for U.S. and European markets and industrial robots for semiconductor manufacturing equipment
 - ...adverse impact of the fluctuation of foreign exchange rate
- * Decrease in profit due to sales decrease and adverse impact of the fluctuation of foreign exchange rate

Industrial Hydraulic Products

Orders Received

(In accumulated amt./
FY2008 amt represents the projection)

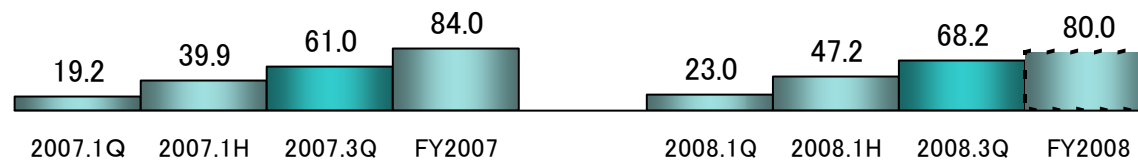
(Billion ¥)



Net Sales

【Business Results for FY2008.3Q
(year-on-year comparison)】

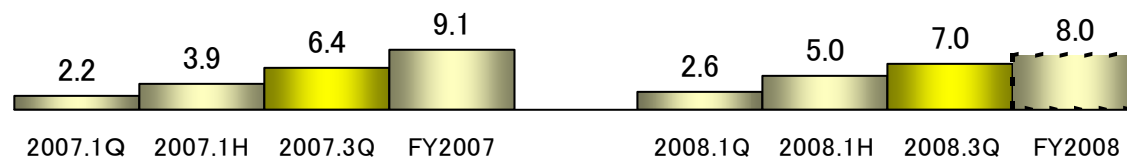
(Billion ¥)



- * Increase in orders received of industrial hydraulic products for construction machinery
- * Increase in profit due to sales increase of industrial hydraulic products for construction machinery

Operating Income

(Billion ¥)



FY2008.3Q Results by Segment

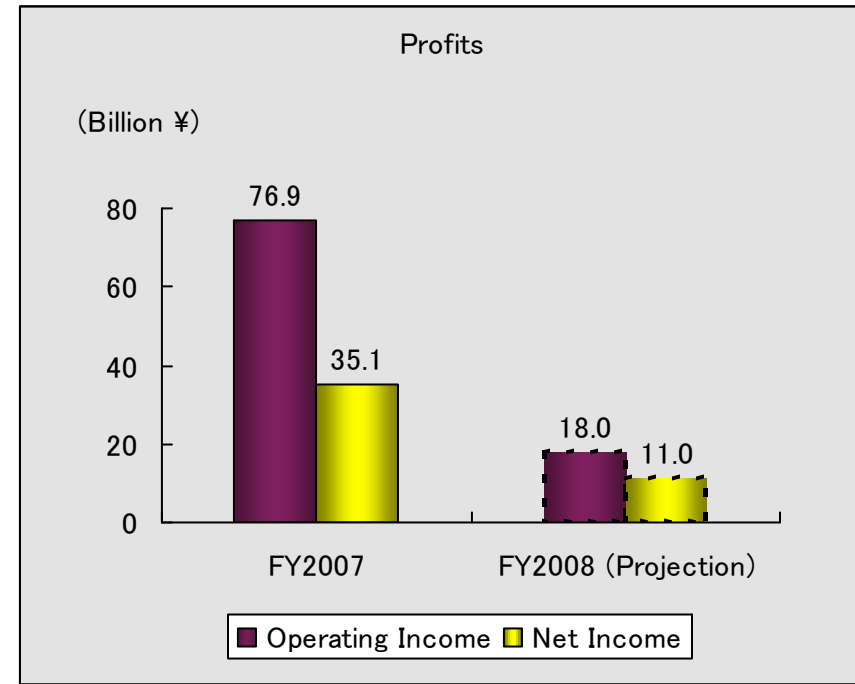
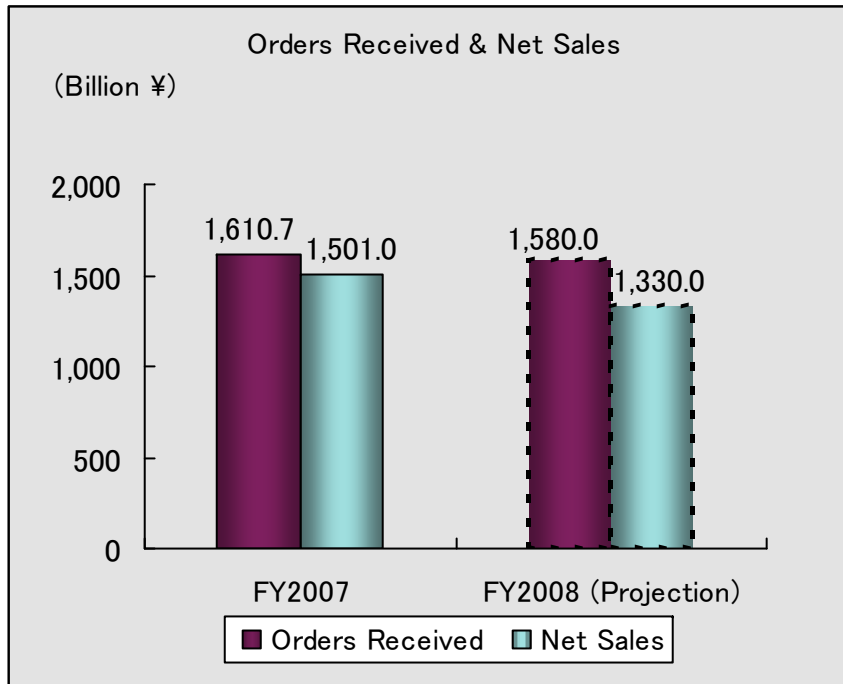
(Billion ¥)

	Orders Received		Net Sales		Operating Income	
	FY2007.3Q	FY2008.3Q	FY2007.3Q	FY2008.3Q	FY2007.3Q	FY2008.3Q
Shipbuilding	183.5	64.1	112.3	95.8	2.9	-2.5
Rolling Stock	158.3	186.4	117.2	131.8	4.0	7.7
Aerospace	125.6	87.7	171.5	126.4	12.4	-4.3
Gas Turbines & Machinery	158.7	279.3	130.3	138.8	7.3	6.7
Energy & Environmental Engineering	66.0	61.6	82.2	66.1	3.8	5.3
Consumer Products & Machinery	305.5	247.8	305.5	247.8	14.6	-7.7
Industrial Hydraulic Products	67.6	71.5	61.0	68.2	6.4	7.0
Others	78.1	88.6	70.8	79.8	1.9	2.5
Total	1,143.6	1,087.2	1,051.1	954.9	53.7	14.7

Actual Exchange Rates

	FY2007.3Q	FY2008.3Q
USD/¥	117	104
EUR/¥	164	146

Outlook for FY2008



Exchange Rates

	FY2007 Actual	FY2008 Assumption	
		Previous	Revised
USD/¥	115	100	90
EUR/¥	162	130	120

(Billion ¥)

	FY2007 Actual	FY2008 Projection	
		Previous	Revised
Operating Income	76.9	44.0	18.0
Net Income	35.1	26.0	11.0

Outlook for FY2008 by Segment

(Billion ¥)

	Orders Received		Net Sales		Operating Income	
	FY2007	FY2008 Projection	FY2007	FY2008 Projection	FY2007	FY2008 Projection
Shipbuilding	251.3	70.0	141.3	120.0	3.2	-7.0
Rolling Stock	183.2	280.0	171.7	190.0	7.1	7.0
Aerospace	202.5	220.0	237.3	180.0	10.8	0
Gas Turbines & Machinery	227.4	340.0	185.4	200.0	13.3	11.0
Energy & Environmental Engineering	106.0	120.0	142.5	110.0	10.8	10.0
Consumer Products & Machinery	433.9	340.0	433.9	340.0	19.6	-14.0
Industrial Hydraulic Products	92.3	100.0	84.0	80.0	9.1	8.0
Others	113.9	110.0	104.5	110.0	2.5	3.0
Total	1,610.7	1,580.0	1,501.0	1,330.0	76.9	18.0

Assumed Exchange Rates
USD= ¥ 90/EUR= ¥ 120



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.