


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

 February 6, 2020  
 (Consolidated)

For nine months ended December 31, 2019 and 2018 and one year ended March 31, 2019

**Operating results**

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Net sales	¥ 1,135,444	¥ 1,094,583	\$ 10,364,619
Operating profit	30,983	36,849	282,821
Profit attributable to owners of parent	4,762	11,385	43,469
Earnings per share (Yen)	28.50	68.15	

**Financial position**

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Dec. 31, 2019	As of Mar. 31, 2019	As of Dec. 31, 2019
Total assets	¥ 2,053,540	¥ 1,838,855	\$ 18,745,230
Net assets	475,013	492,261	4,336,038
Number of shares issued and outstanding	167,044	167,045	
Equity Ratio	22.3%	25.9%	

**Cash flows**

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Operating activities	¥ (288,421)	¥ (207,489)	\$ (2,632,780)
Investing activities	(46,216)	(67,409)	(421,871)
Financing activities	335,815	254,463	3,065,404
Cash and cash equivalents at end of period	70,914	43,259	647,321

**Fiscal year forecast**

	Millions of yen		
	Net sales	Operating profit	Profit attributable to owners of parent
One year ending March 31, 2020	¥ 1,660,000	¥ 60,000	¥ 25,000

- 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 ¥109.55=\$1, the rate prevailing as of December 30, 2019, solely for the convenience of the readers.

## Consolidated Balance Sheets

As of December 31 and March 31, 2019

	Millions of yen		Thousands of U.S. dollars
	As of	As of	As of
	Dec. 31, 2019	Mar. 31, 2019	Dec. 31, 2019
<b>Assets</b>			
Current assets			
Cash and deposits	¥ 74,408	¥ 74,311	\$ 679,215
Notes and accounts receivable - trade	548,257	427,665	5,004,628
Merchandise and finished goods	89,052	68,176	812,889
Work in process	449,740	405,087	4,105,340
Raw materials and supplies	128,011	119,558	1,168,517
Other	66,322	45,333	605,404
Allowance for doubtful accounts	(4,094)	(3,792)	(37,371)
Total current assets	<u>1,351,697</u>	<u>1,136,340</u>	<u>12,338,631</u>
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	195,891	194,939	1,788,142
Other	288,883	290,729	2,636,997
Total property, plant and equipment	<u>484,774</u>	<u>485,669</u>	<u>4,425,139</u>
Intangible assets	18,977	16,797	173,227
Investments and other assets			
Other	199,402	201,471	1,820,192
Allowance for doubtful accounts	(1,311)	(1,422)	(11,967)
Total investments and other assets	<u>198,091</u>	<u>200,048</u>	<u>1,808,225</u>
Total non-current assets	<u>701,843</u>	<u>702,514</u>	<u>6,406,600</u>
Total assets	<u>2,053,540</u>	<u>1,838,855</u>	<u>18,745,230</u>
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable - trade	227,269	247,191	2,074,569
Electronically recorded obligations - operating	111,157	123,083	1,014,669
Short-term borrowings	283,420	100,023	2,587,129
Income taxes payable	4,755	10,390	43,405
Provision for sales promotion expenses	6,317	497	57,663
Provision for bonuses	10,595	21,168	96,714
Provision for construction warranties	12,428	13,096	113,446
Provision for loss on construction contracts	14,214	27,609	129,749
Advances received	145,900	181,419	1,331,812
Other	272,256	139,800	2,485,221
Total current liabilities	<u>1,088,316</u>	<u>864,280</u>	<u>9,934,423</u>
Non-current liabilities			
Bonds payable	140,000	140,000	1,277,955
Long-term loans payable	191,940	187,568	1,752,077
Net defined benefit liability	101,980	97,602	930,899
Provision for the in-service issues of commercial aircraft jet engines	13,993	11,468	127,732
Other	42,296	45,674	386,089
Total non-current liabilities	<u>490,211</u>	<u>482,313</u>	<u>4,474,770</u>
Total liabilities	<u>1,578,527</u>	<u>1,346,593</u>	<u>14,409,192</u>
<b>Net assets</b>			
Shareholders' equity			
Capital stock	104,484	104,484	953,756
Capital surplus	54,542	54,542	497,873
Retained earnings	312,726	324,606	2,854,642
Treasury shares	(133)	(130)	(1,214)
Total shareholders' equity	<u>471,620</u>	<u>483,502</u>	<u>4,305,066</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,673	2,682	24,400
Deferred gains or losses on hedges	(391)	(227)	(3,569)
Foreign currency translation adjustment	(11,171)	(4,556)	(101,972)
Remeasurements of defined benefit plans	(3,667)	(5,014)	(33,473)
Total accumulated other comprehensive income	<u>(12,556)</u>	<u>(7,115)</u>	<u>(114,614)</u>
Non-controlling interests	15,949	15,874	145,586
Total net assets	<u>475,013</u>	<u>492,261</u>	<u>4,336,038</u>
Total liabilities and net assets	<u>2,053,540</u>	<u>1,838,855</u>	<u>18,745,230</u>

**Consolidated Statements of Profit and Loss**

For nine months ended December 31, 2019 and 2018

	Millions of yen		Thousands of U.S. dollars
	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Net sales	¥ 1,135,444	¥ 1,094,583	\$ 10,364,619
Cost of sales	954,085	910,113	8,709,128
Gross profit	181,359	184,469	1,655,491
Selling, general and administrative expenses			
Salaries and allowances	41,357	40,325	377,517
Research and development expenses	36,371	33,427	332,004
Other	72,645	73,867	663,122
Total selling, general and administrative expenses	150,375	147,620	1,372,661
Operating profit	30,983	36,849	282,821
Non-operating income			
Interest income	530	648	4,838
Dividend income	252	263	2,300
Share of profit of entities accounted for using equity method	867	1,014	7,914
Other	2,157	2,585	19,690
Total non-operating income	3,807	4,512	34,751
Non-operating expenses			
Interest expenses	2,787	2,505	25,440
Foreign exchange losses	4,794	4,620	43,761
Payments for the in-service issues of commercial aircraft jet engines	7,640	9,745	69,740
Other	4,189	4,625	38,238
Total non-operating expenses	19,411	21,496	177,188
Ordinary profit	15,379	19,865	140,383
Extraordinary income			
Gain on sales of non-current assets	1,277	—	11,657
Total extraordinary income	1,277	—	11,657
Extraordinary losses			
Loss on withdrawal from business	2,383	—	21,753
Total extraordinary losses	2,383	—	21,753
Profit before income taxes	14,273	19,865	130,288
Income taxes	8,416	6,721	76,823
Profit	5,856	13,144	53,455
Profit attributable to non-controlling interests	1,094	1,758	9,986
Profit attributable to owners of parent	4,762	11,385	43,469

**Segment information**  
**Information by reportable segment**

	Millions of yen			
	Nine months ended			
	Dec. 31, 2018			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 328,137	¥ 8,536	¥ 336,674	¥ 21,295
Energy System & Plant Engineering	168,844	14,285	183,129	4,534
Precision Machinery & Robot	154,282	11,777	166,059	14,942
Ship & Offshore Structure	63,066	2,665	65,732	2,803
Rolling Stock	86,088	16	86,105	(6,452)
Motorcycle & Engine	226,298	496	226,795	(33)
Other	67,865	29,035	96,900	2,456
Total	1,094,583	66,813	1,161,397	39,545
Eliminations and corporate	-	(66,813)	(66,813)	(2,696)
Consolidated total	¥ 1,094,583	¥ -	¥ 1,094,583	¥ 36,849

	Millions of yen			
	Nine months ended			
	Dec. 31, 2019			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 371,446	¥ 6,913	¥ 378,360	¥ 20,517
Energy System & Plant Engineering	162,317	23,379	185,697	13,027
Precision Machinery & Robot	147,080	11,422	158,503	5,216
Ship & Offshore Structure	53,016	6,514	59,531	(788)
Rolling Stock	97,477	12	97,489	(3,147)
Motorcycle & Engine	230,171	497	230,668	(4,517)
Other	73,934	27,782	101,716	2,055
Total	1,135,444	76,522	1,211,967	32,364
Eliminations and corporate	-	(76,522)	(76,522)	(1,380)
Consolidated total	¥ 1,135,444	¥ -	¥ 1,135,444	¥ 30,983

	Thousands of U.S. dollars			
	Nine months ended			
	Dec. 31, 2019			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	\$ 3,390,653	\$ 63,104	\$ 3,453,765	\$ 187,284
Energy System & Plant Engineering	1,481,670	213,409	1,695,089	118,914
Precision Machinery & Robot	1,342,583	104,263	1,446,855	47,613
Ship & Offshore Structure	483,943	59,461	543,414	(7,193)
Rolling Stock	889,795	110	889,904	(28,727)
Motorcycle & Engine	2,101,059	4,537	2,105,596	(41,232)
Other	674,888	253,601	928,489	18,759
Total	10,364,619	698,512	11,063,140	295,427
Eliminations and corporate	-	(698,512)	(698,512)	(12,597)
Consolidated total	\$ 10,364,619	\$ -	\$ 10,364,619	\$ 282,821

**Orders by reportable segment***For nine months ended December 31, 2019 and 2018*

	Billions of yen		Millions of U.S. dollars	
	<u>Nine months ended Dec. 31, 2019</u>	<u>Nine months ended Dec. 31, 2018</u>	<u>Nine months ended Dec. 31, 2019</u>	
<b>Orders :</b>				
Aerospace Systems	¥ 245.1	¥ 280.5	\$ 2,237	
Energy System & Plant Engineering	184.3	201.6	1,682	
Precision Machinery & Robot	157.1	172.0	1,434	
Ship & Offshore Structure	31.6	65.2	288	
Rolling Stock	91.2	79.6	832	
Motorcycle & Engine	230.1	226.2	2,100	
Other	82.8	71.1	756	
<b>Total</b>	<b>¥ 1,022.6</b>	<b>¥ 1,096.6</b>	<b>\$ 9,335</b>	