

Our Approach Towards Sustainable Value Creation

Realization of Group Mission

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

The Kawasaki Group consistently creates new value by drawing on diverse, high-level technological capabilities to contribute to solutions that address social issues around the world.

Contribute to solutions that address social issues

Global Social Issues



- Greater movement/transportation of people and goods, paralleling globalization
- Heightened environmental risk
- *Emerging countries:* Insufficient social infrastructure
- *Developed countries:* Graying of society, shrinking working population

Kawasaki Group Management Resources *(as of fiscal 2017)*

- Financial capital**
- Invested capital: ¥837.9 billion
- Manufactured capital**
Global production structure
- Capital investment: ¥82.7 billion
 - Key production sites: in Japan, 18 overseas, 21
- Intellectual capital**
- 120 years of experience and know-how
 - High-level technological capabilities across extensive domains
 - R&D expenses: ¥43.6 billion
- Human capital**
Teams of engineers pursuing ultimate quality
- Number of employees: 35,127
- Society and relationship capital**
- Kawasaki brand
 - Relationship of trust built with business partners over many years
- Natural capital (non-consolidated)**
- Energy consumption (crude oil equivalent) 157,000 kl
 - Procured amount of raw materials (steel) 140,000 tons

Strategies and Business Vision



Details on page 7

Details on page 15

Medium-Term Business Plan 2016 Basic Direction

- Further progress on Kawasaki-ROIC* Management
- Investments targeting medium- to long-term growth
- Business realignment

Kawasaki-ROIC Management

- Plan and execute growth strategies through the strengthening of core competence in each business unit (BU)
- Set our optimal financial indicator, with a focus on ROIC, and create specific action plans for achievement
- Create new value through internal company synergies generated by our conglomerate advantage
- Define scale-down or withdrawal strategies broken down to each Sub-BU and product
- Create a portfolio focusing on profitability, stability and growth

Kawasaki Global Environmental Vision 2050 Environmental management activities

Details on pages 9 and 51

Corporate governance

Details on page 43

Developing and utilizing human resources Workstyle reform

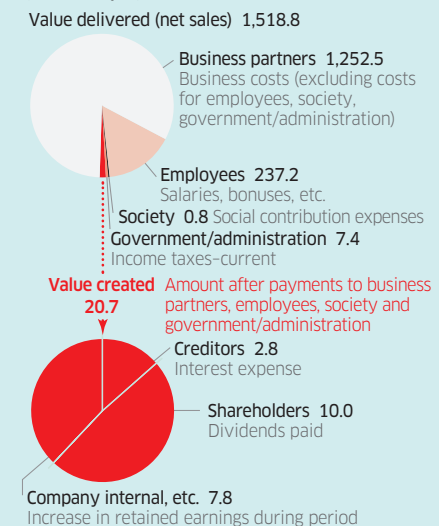
Details on pages 19 and 47

Accumulate and circulate management resources

Key Output *(Actual figures in fiscal 2017)*

- Before-tax ROIC 5.0%
- ROE 6.0%
- CO₂ emissions from production activities (non-consolidated) 321,000 tons
- Reduction of CO₂ emissions through product contributions (non-consolidated) 898,000 tons

Value created and distribution of value to stakeholders *(Billions of yen)*



Creating Social Value

- Provide safe and secure, clean, comfortable movement of people and transportation of goods by land, sea and air
- Create clean energy
- Improve social infrastructure, especially in emerging countries
- Respond to needs of aging society and shortage of labor through automation

*ROIC (Return on Invested Capital): A management indicator that shows how much profit will be generated with the capital invested in a business segment