

Investors Meeting for Fiscal 2004

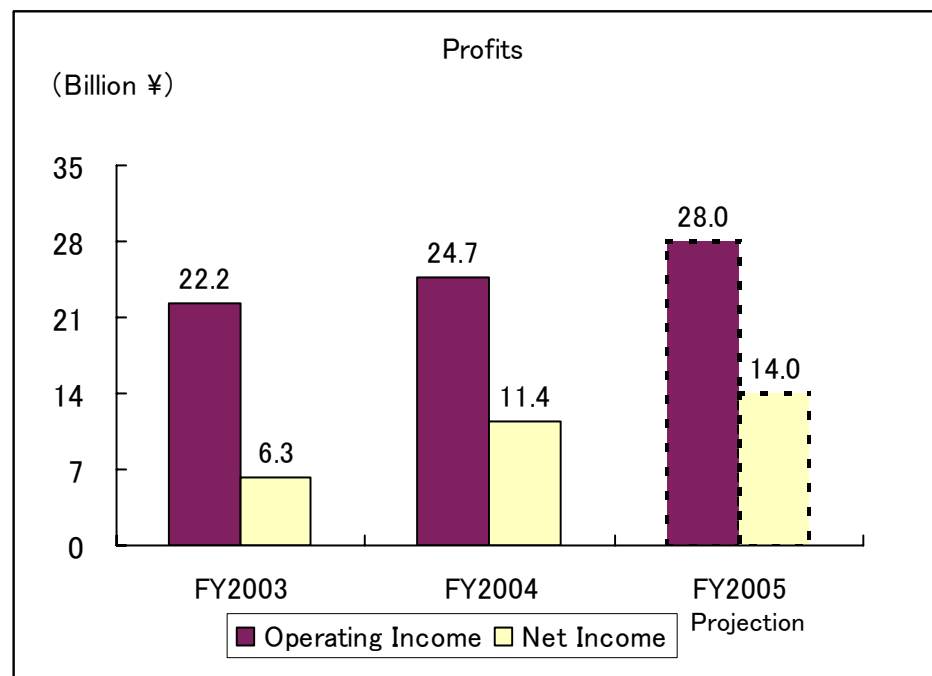
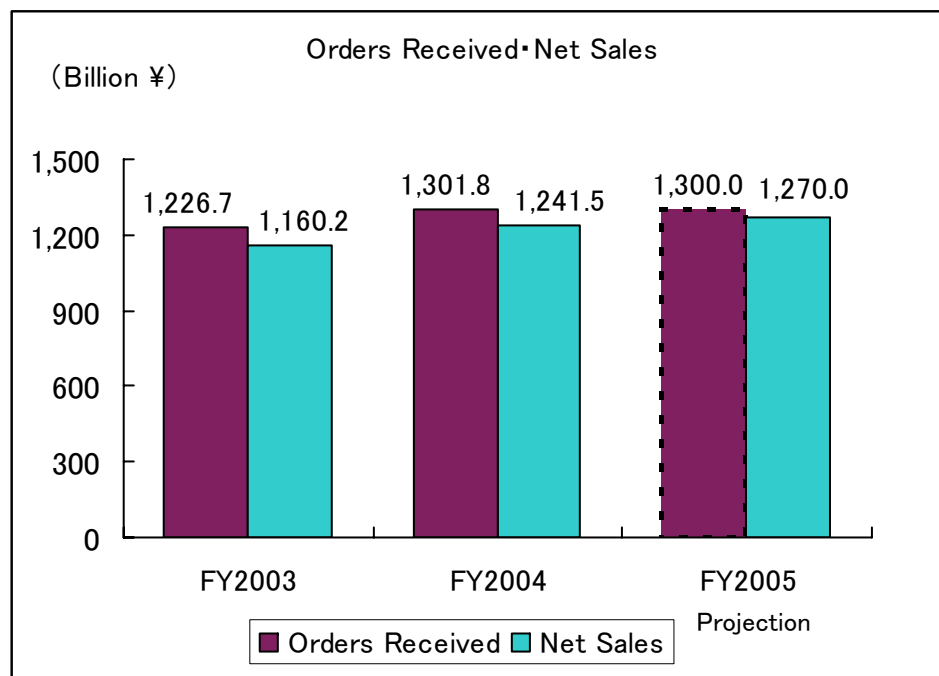
(for the year ended March 31, 2005)

Apr 28, 2005

Kawasaki Heavy Industries, Ltd.



Summary of FY2004 Results (Consolidated)



	Actual Exchange Rates		Planned Exchange Rates
	FY2003	FY2004	FY2005
USD/¥	113.00	108.00	100.00
EUR/¥	133.00	136.00	130.00

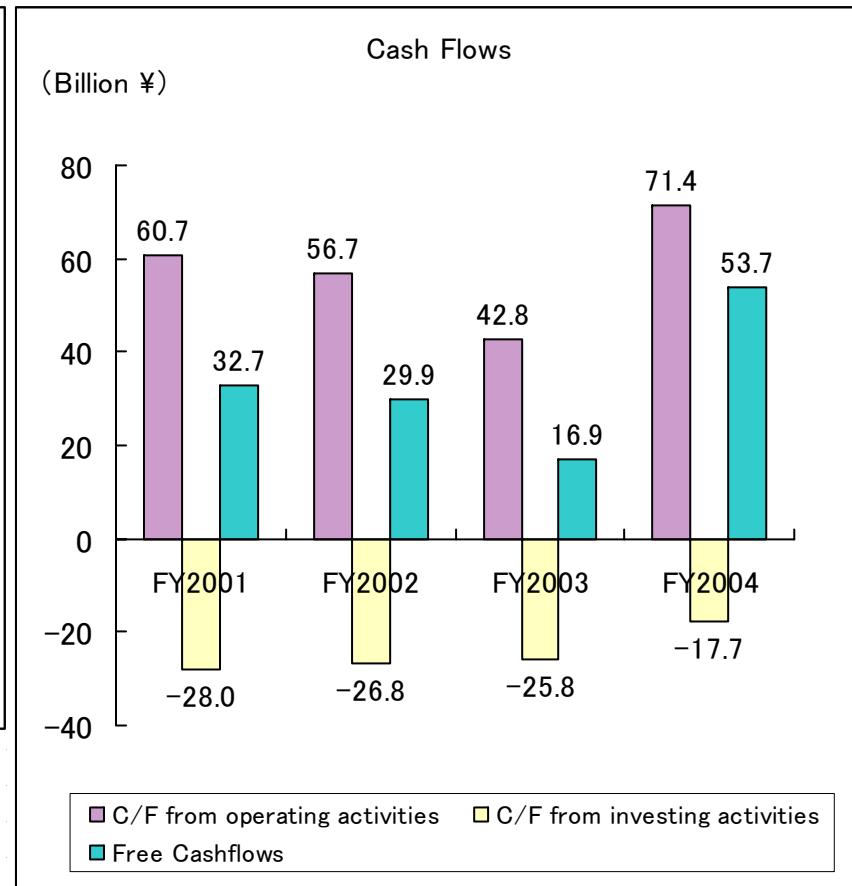
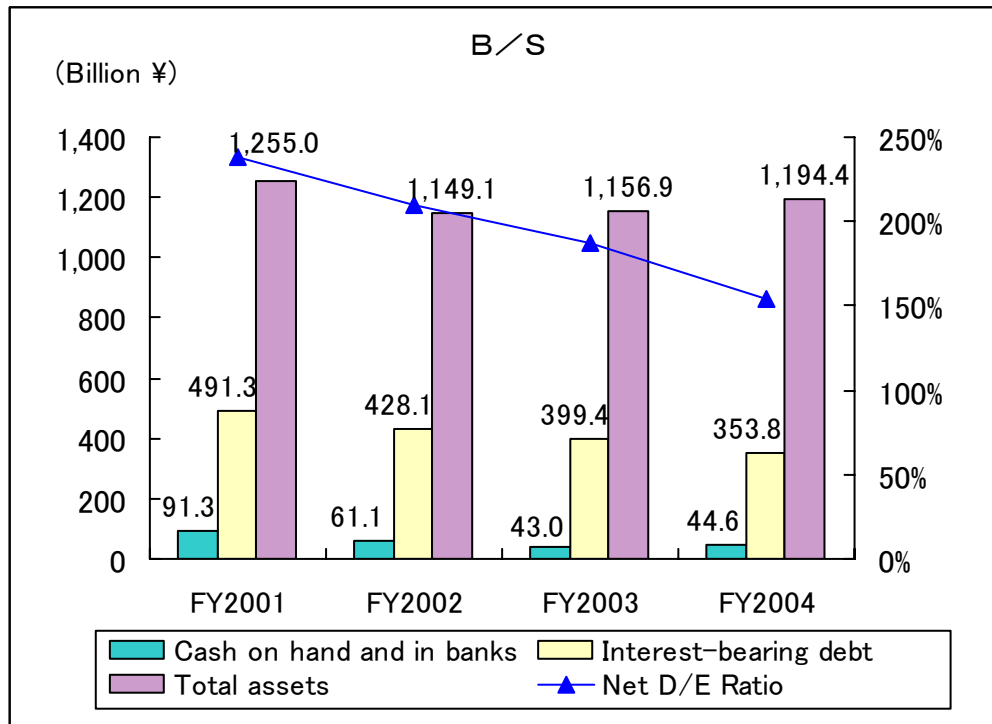
(Billion ¥)

	FY2003 (Actual)	FY2004 (Actual)	FY2005 (Projection)
Operating Income	22.2	24.7	28.0
Net Income	6.3	11.4	14.0

Breakdown of Increases/Decreases in Profit for FY2004 compared to FY2003

Operating income	(+2.4billion yen)
Adverse influence by exchange rate movements	- 9.0
Decrease in profit of Plant & Infrastructure Engineering business	-16.0
Adverse impact of a rise in material price	- 5.0
Effects of sales increase	+14.0
Effects of cost reduction including fixed cost, etc	+18.4
Non-operating income	(+6.4billion yen)
Decrease in net interest expenses	+ 0.7
Gain on sales of marketable securities (FY2003 ¥0.9 billion →FY2004 ¥3.7 billion)	+ 2.8
Gain of Foreign exchange (FY2003 ¥-2.8 billion →FY2004 ¥0.1 billion)	+ 3.0
Others	- 0.2
Other income	(+0.4billion yen)
Gain on sales of property, plant and equipment (FY2003 ¥1.1billion→FY2004 ¥2.8billion)	+ 1.7
Loss relating to a plant closure (FY2003 ¥-1.2billion→FY2004 ¥0)	+ 1.2
Additional costs for plant construction	- 1.8
Loss on business reorganization of crushing machinery business unit	- 1.3
Others	+ 0.6

Debt and Cash flows

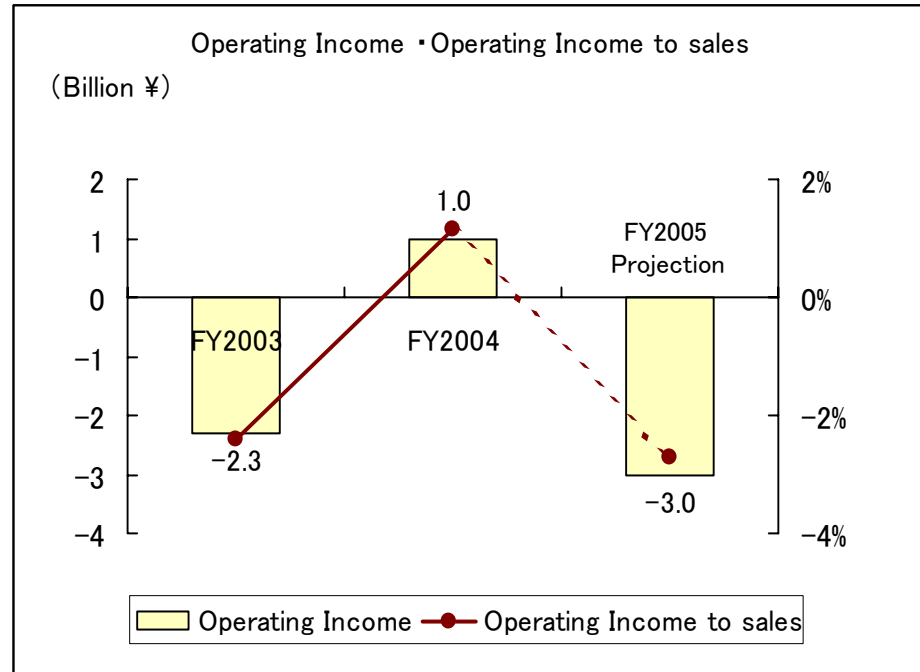
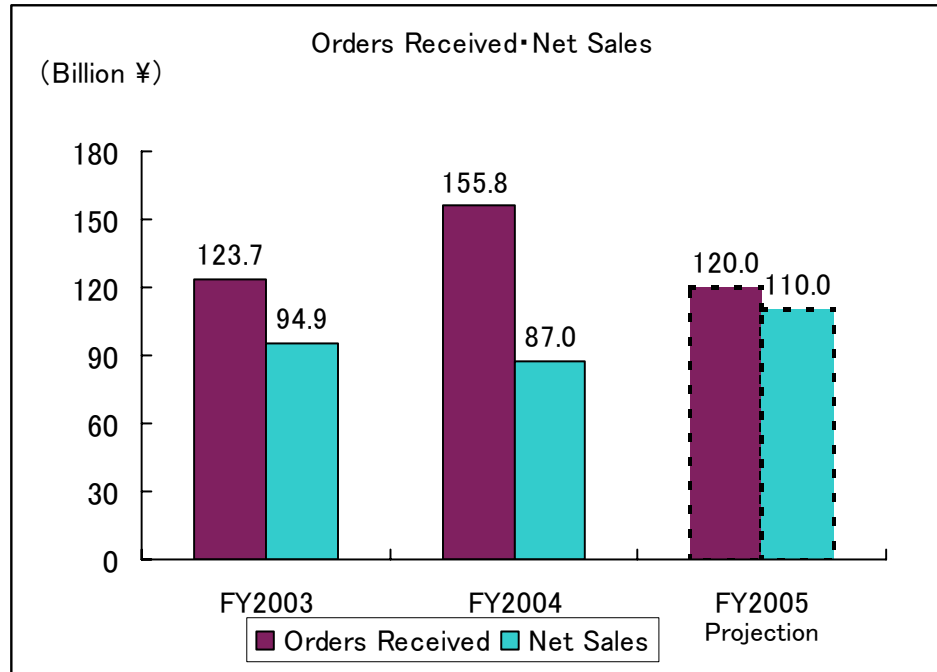


(Billion ¥)

	FY2001	FY2002	FY2003	FY2004
Net debt	399.9	367.0	356.4	309.2
Net D/E ratio	238%	210%	187%	154%

* About ¥140billion of interest-bearing debt has been reduced in the last three years by means of reducing receivables and inventories.

Shipbuilding



(unit)

	Orders Received		Sales	
	2003	2004	2003	2004
LNG carriers	3	5	5(3)	5(2)
LPG carriers	-	2	6(1)	3
VLCCs	3	3	-	-
Bulk carriers	13	5	4	5
Submarines	1	-	2(1)	2(2)
Total	20	15	17(5)	15(4)

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

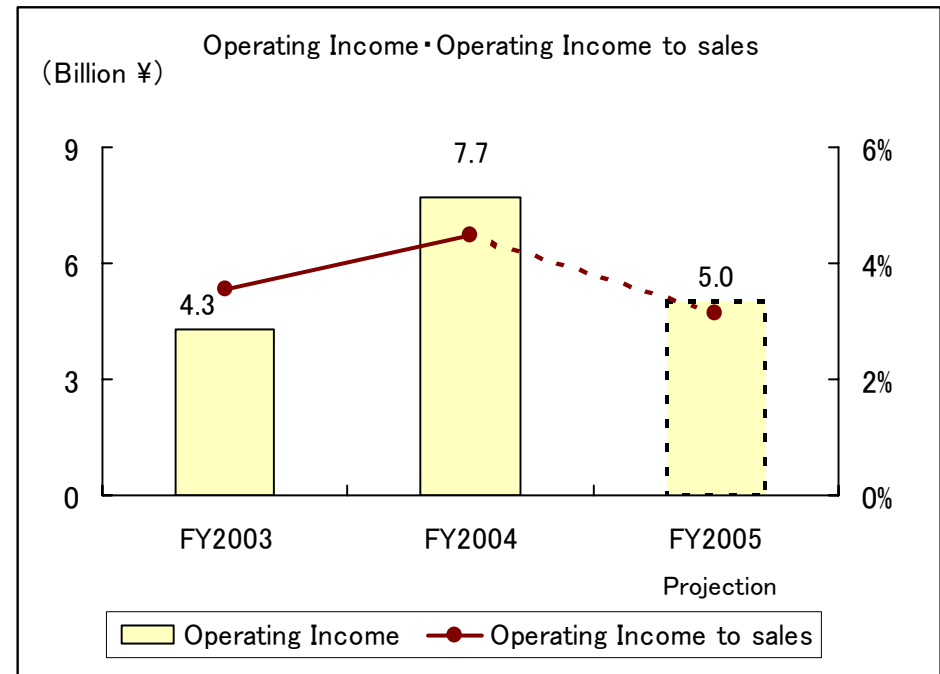
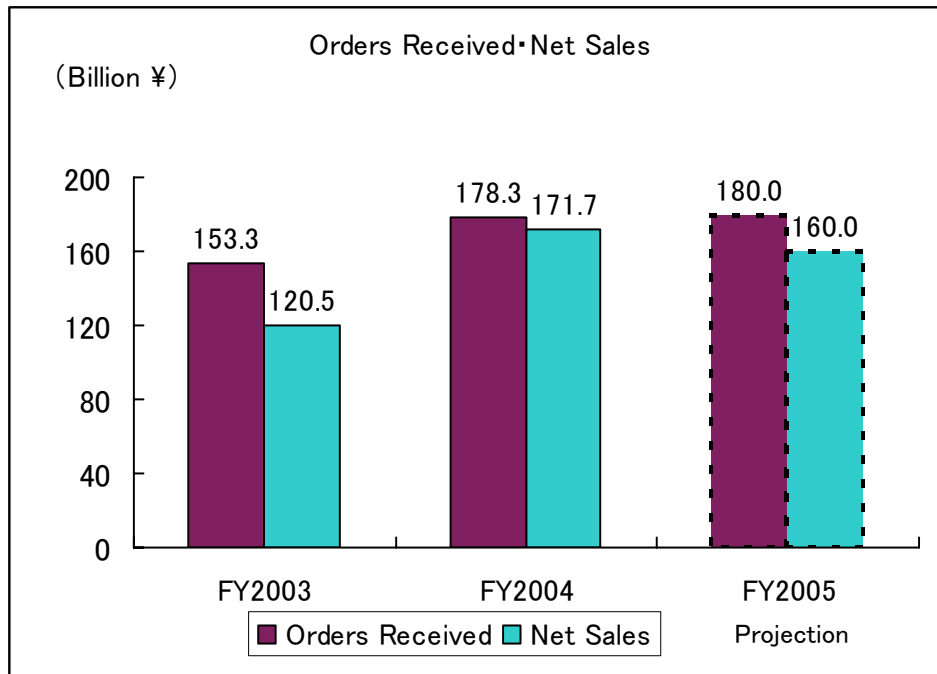
Business results for FY2004

- * Increase in orders received of LNG carriers and LPG carriers (10 LNG carriers for order backlog)
- * Adverse impact of a rise in steel price and exchange rate movements
- * Securing of profit by means of cost reduction including fixed cost and reversal of provision for losses.

Outlook for FY2005

- * Strengthening of selective order-taking
- * Increase in sales of LNG carriers, VLCCs and bulk carriers
- * Decrease in profit due to adverse impact of a rise in steel price and exchange rate movements

Rolling Stock



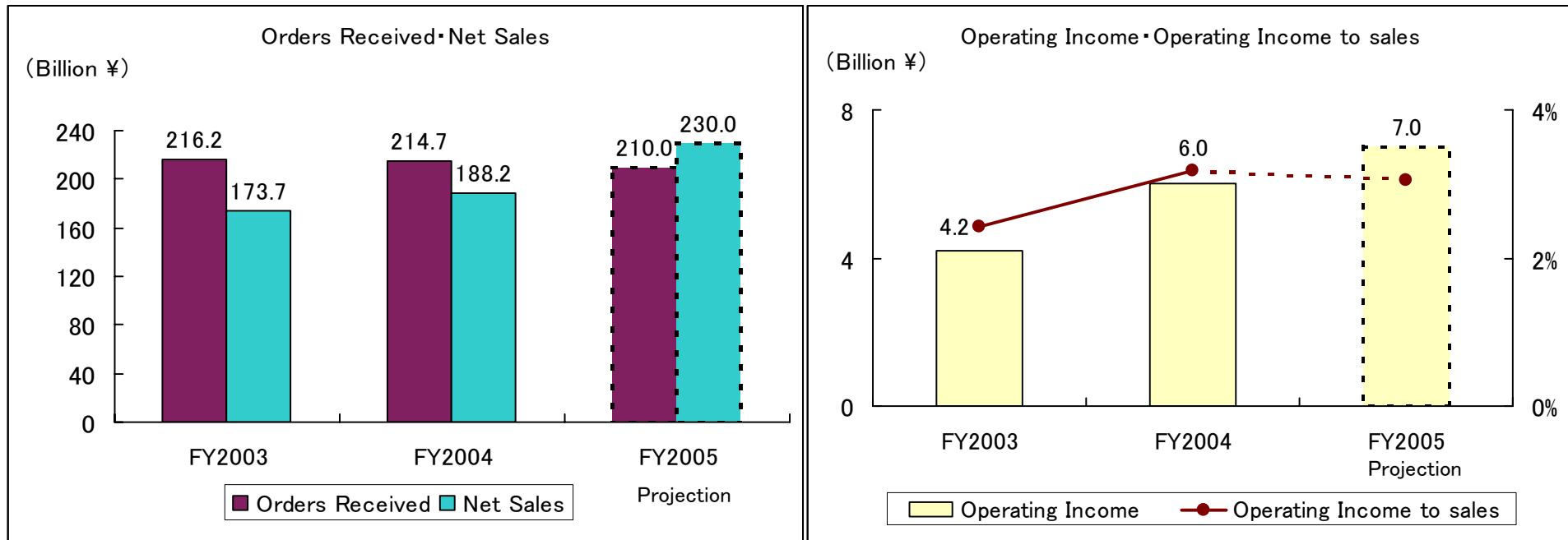
Business results for FY2004

- * Large-scale order received of high-speed trains for China (480 cars/ ¥ 80 billion)
- * Major increase in sales and profit of Taiwan High Speed Railway System and its track construction

Outlook for FY2005

- * Adverse impact of exchange rate movements
- * Decrease in sales and profit of JR and other domestic businesses
- * Decrease in sales and profit due to spin-off of our crushing machinery business unit ⇒ to be our affiliated company

Aerospace



Sales units for commercial aircraft and components (unit)

	Sales	
	FY2003	FY2004
B777	39	40
B767	10	10
Embraer170/175	36	57
Embraer190/195	3	8

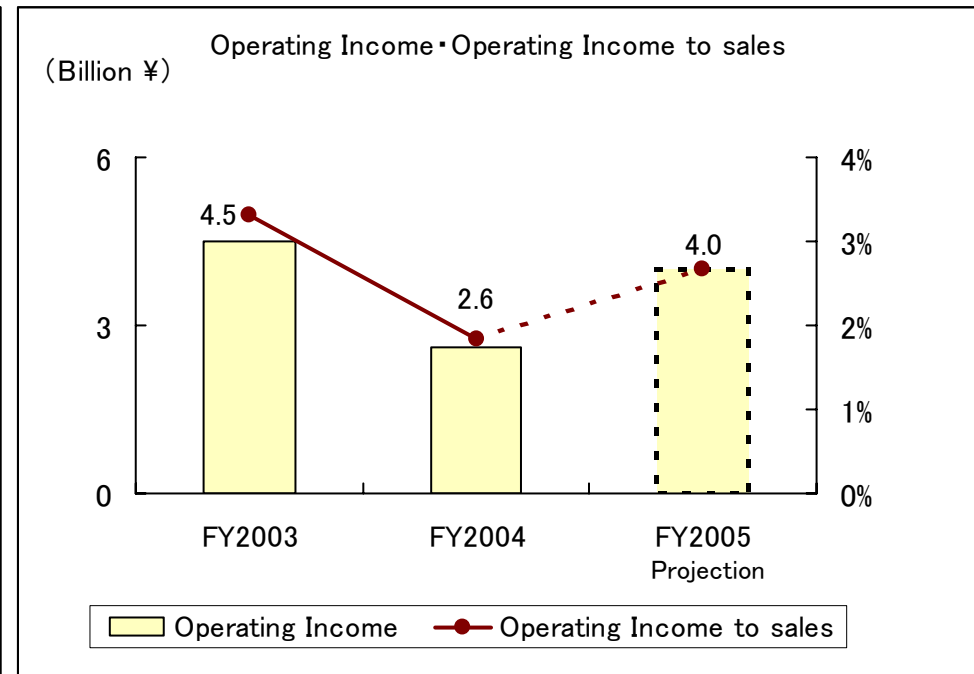
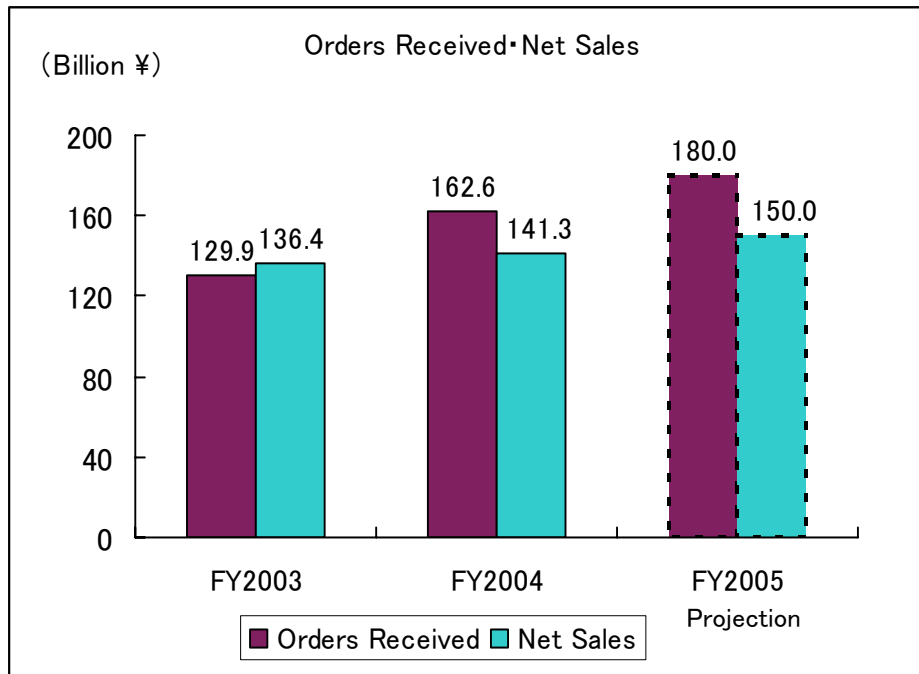
Business results for FY2004

- * Favorable level of orders received due to recovery of demand for commercial aircrafts, such as BOEING business
- * Increase in profit due to
 - ...sales increase for development of the P-X(Patrol plane) and C-X(Container plane)
 - ...return to profitability of NIPPI Corporation (a wholly owned subsidiary)

Outlook for FY2005

- * Major increase in sales for P-X/C-X project
- * Increase in sales and profit due to increase of delivery of B777 and EMBRAER195

Gas Turbines & Machinery



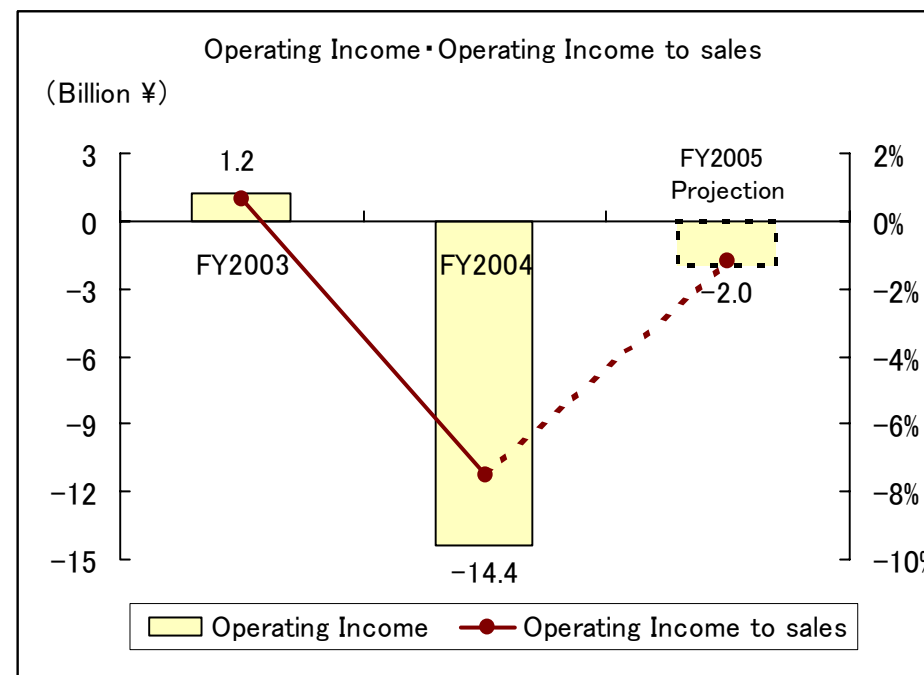
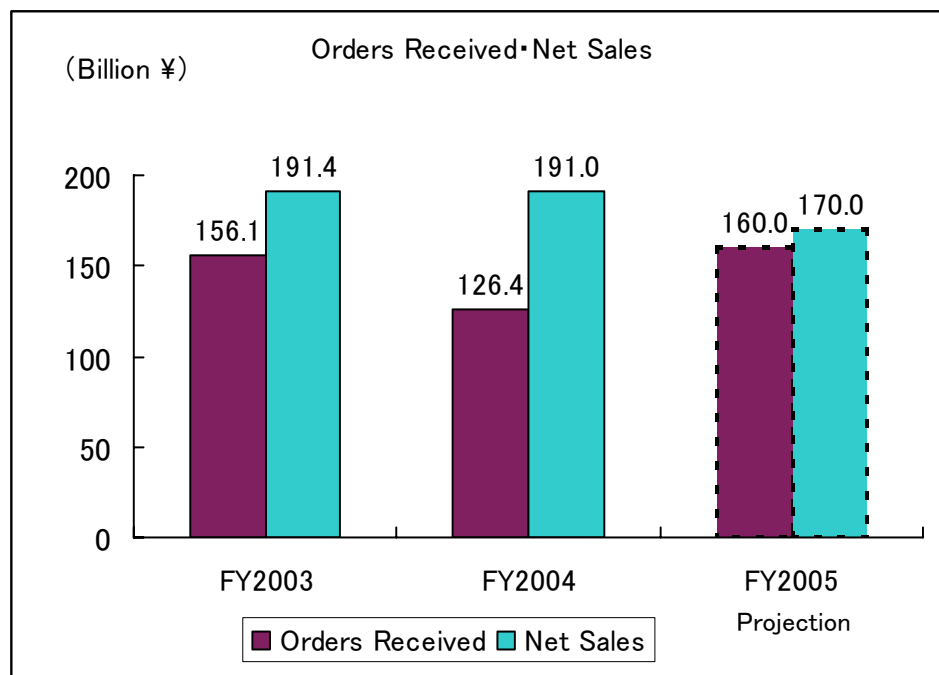
Business results for FY2004

- * Increase in orders received of marine steam turbine engines for LNG carriers
- * Increase in sales of aero-dynamic machinery, marine steam turbine engines for LNG carriers and marine diesel engines
- * Decrease in profit due to
 - raised investment in marketing for new industrial gas turbines (L20A)
 - increasing depreciation cost of initial investment for commercial aircraft jet engines

Outlook for FY2005

- * Increase in orders received of commercial aircraft jet engines
- * Increase in sales and profit of commercial aircraft jet engines and marine steam turbine engines for LNG carriers
- * Increase in profit due to recovery of profitability on account of reduced investment in marketing for new industrial gas turbines (L20A)

Plant & Infrastructure Engineering



<Large-scale orders received and sales of FY2004>

Orders Received	Sales
• Coke gas recovery power plant/ Brazil	• Fertilizer plant/ Iran
• Cement plant/ Vietnam	• Ferronickel production plant/ Indonesia
• Refuse incineration plant/ Tokyo city	• Coal-thermal power plant/ Philippines

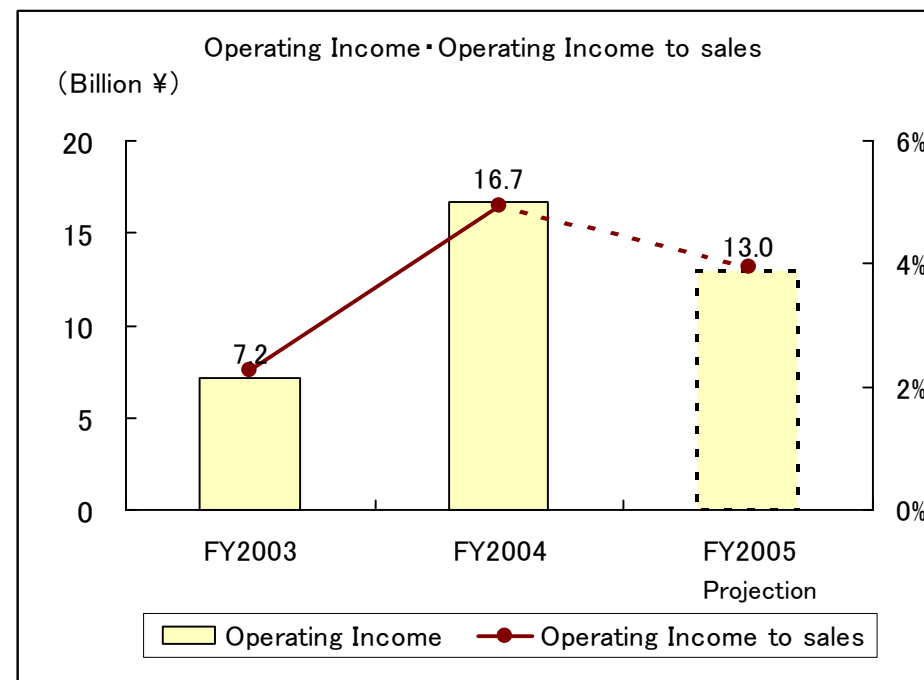
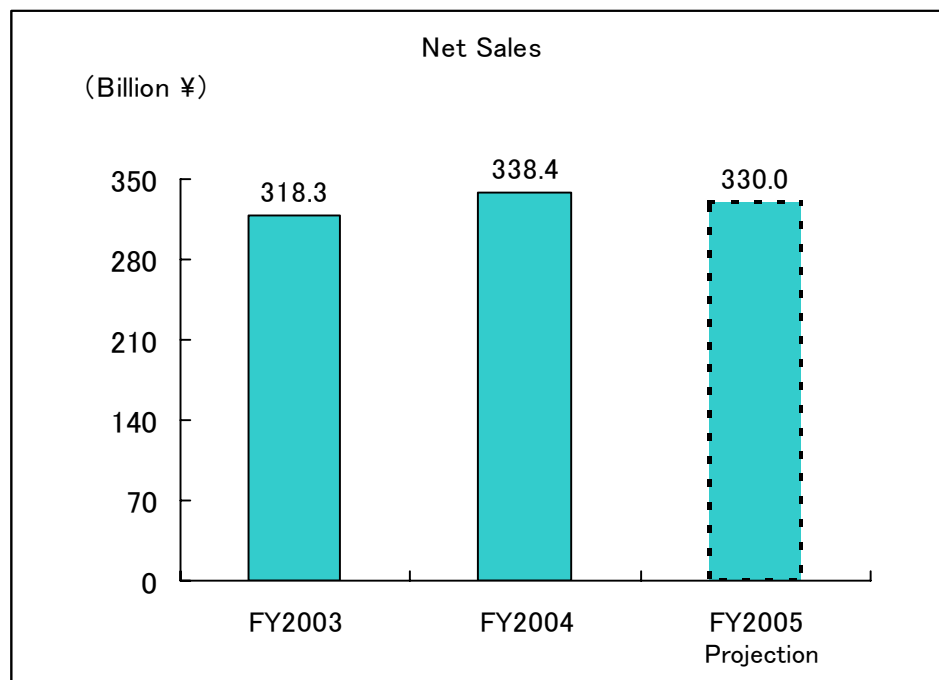
Business results for FY2004

- * Heavy losses due to
 - ...additional costs of procurement and construction for domestic and overseas projects
 - ...provision for losses of some projects for FY2005
- * Decrease in orders received by strengthening of selective order-taking

Outlook for FY2005

- * Major reduction of losses due to
 - ...spin-off of our plant engineering business unit as a subsidiary at the beginning of FY2005
 - ...effects of advance in restructuring reforms
- * Decrease in sales of projects for overseas
- * Increase in orders received of equipments relating to LNG

Consumer Products & Machinery



Geographical Sales for Consumer Products

(Thousands of Units / Billion ¥)

Region	FY2003		FY2004	
	QTY	Amount	QTY	Amount
Domestic	48	25.1	36	19.0
North America	191 (92)	127.8	217 (101)	138.1
Europe	79	61.2	79	67.5
Others	150	30.0	209	34.8
Total	468	244.1	541	259.4

Note

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

Business results for FY2004

- * Increase in sales of consumer products (Motorcycles and ATVs, etc) for U.S. and European market
 - * Production increase of industrial robots
 - * Favorable sales of our 2004 models
 - * Appropriate level of inventories
- } Reduction of sales promotion expenses

Outlook for FY2005

- * Sales and production plan at FY2004 level
- * Adverse impact of a rise in material price and exchange rate movements

R&D/Capital expenditures/Number of Employees

(Billion ¥ / Persons)

		FY2003 Actual	FY2004 Actual	FY2005 Projection
R&D		31.0	27.8	30.0
C A P E X	Order-based	35.7	34.8	40.0
	Accounting-based	(41.5)	(29.6)	(42.0)
Depreciation and amortization		32.5	31.5	32.0
Domestic		23,957	23,070	22,800
Overseas		5,349	5,612	6,100
Number of Employees		29,306	28,682	28,900

Outlook for FY2005 by Segment

(Billion ¥)

	Net Sales		Operating Income	
	FY2004 Actual	FY2005 Projection	FY2004 Actual	FY2005 Projection
Shipbuilding	87.0	110.0	1.0	-3.0
Rolling Stock	171.7	160.0	7.7	5.0
Aerospace	188.2	230.0	6.0	7.0
Gas Turbines & Machinery	141.3	150.0	2.6	4.0
Plant & Infrastructure Engineering	191.0	170.0	-14.4	-2.0
Consumer Products & Machinery	338.4	330.0	16.7	13.0
Others	123.6	120.0	4.9	4.0
Total	1,241.5	1,270.0	24.7	28.0

Planned Exchange Rates
US \$ = ¥ 100 / EUR = ¥ 130

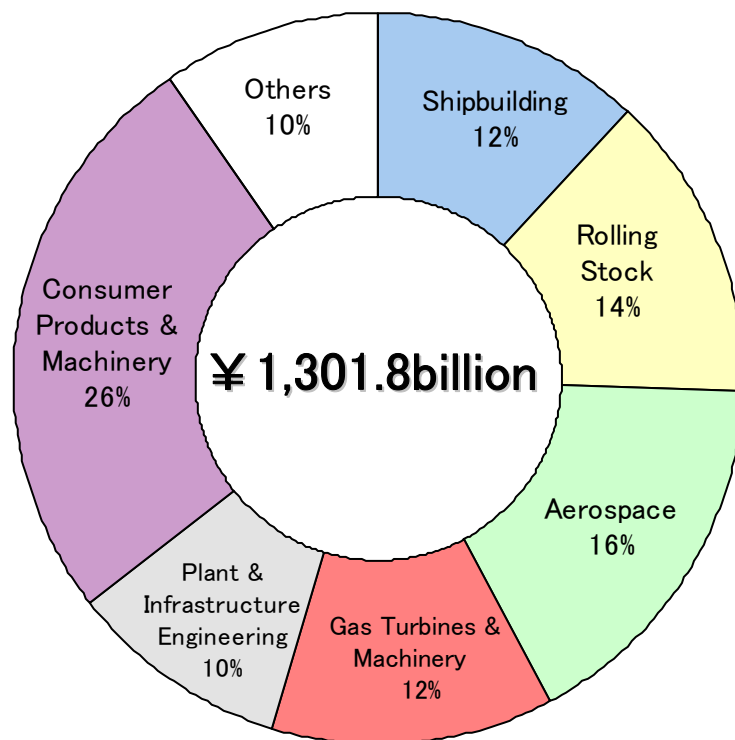
Outlook of Orders Received for FY2005

(Billion ¥)

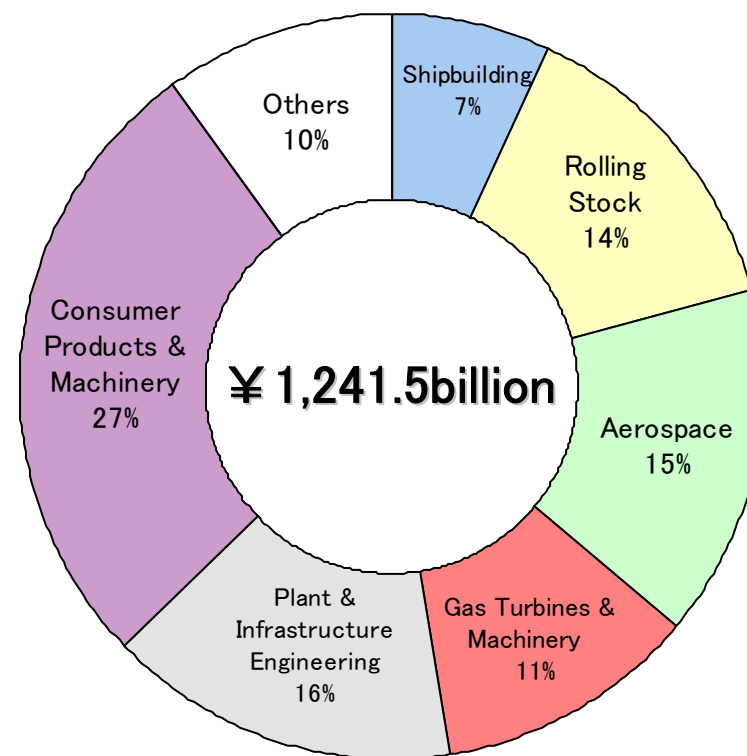
	Orders Received		
	FY2003 Actual	FY2004 Actual	FY2005 Projection
Shipbuilding	123.7	155.8	120.0
Rolling Stock	153.3	178.3	180.0
Aerospace	216.2	214.7	210.0
Gas Turbines & Machinery	129.9	162.6	180.0
Plant & Infrastructure Engineering	156.1	126.4	160.0
Consumer Products & Machinery	318.3	338.4	330.0
Others	128.9	125.3	120.0
Total	1,226.7	1,301.8	1,300.0

Orders Received & Net Sales (FY2004)

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.