

Financial Results for First Quarter of Fiscal 2009 (for the year ending March 31, 2010)

Jul. 31, 2009

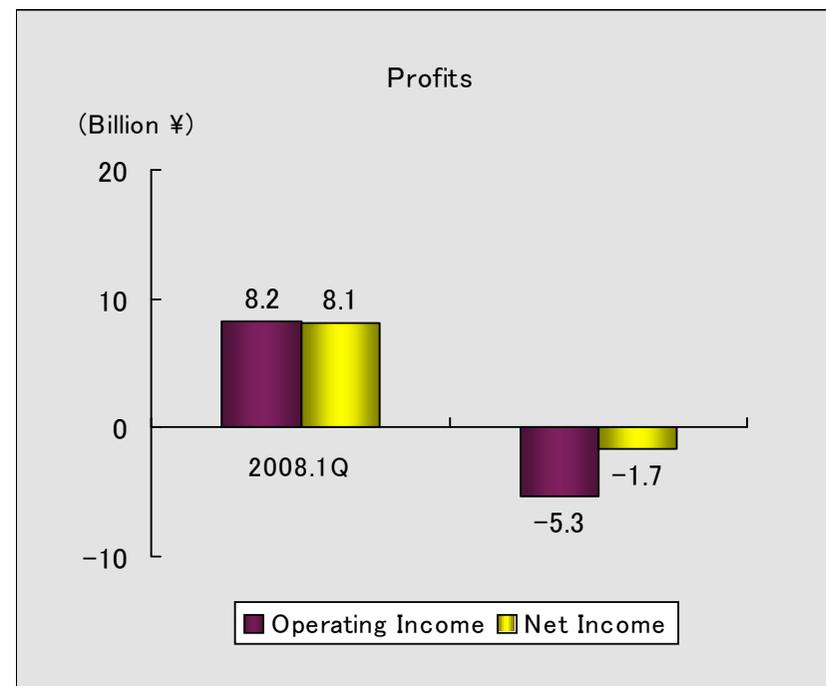
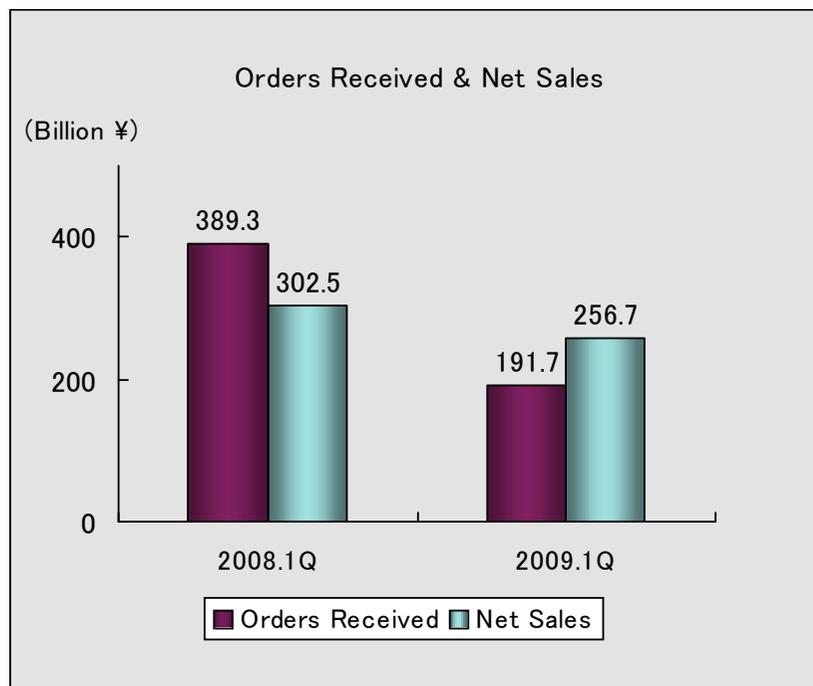
Kawasaki Heavy Industries, Ltd.



Contents

▪ Summary of FY2009.1Q Results (Consolidated)	1
▪ Breakdown of Increases/Decreases in Profit for FY2009.1Q Compared to FY2008.1Q	2
▪ Interest-Bearing Debt and Cash Flows	3
▪ Business Results and Outlook by Segment	
Shipbuilding	4
Rolling Stock	5
Aerospace	6
Gas Turbines & Machinery	7
Energy & Environmental Engineering	8
Consumer Products & Machinery	9
Industrial Hydraulic Products	10
▪ FY2009.1Q Results by Segment	11
▪ Outlook for FY2009	12
▪ Outlook for FY2009 by Segment	13
▪ R&D/Capital Expenditures/Number of Employees (Outlook for FY2009)	14

Summary of FY2009.1Q Results (Consolidated)



Actual Exchange Rates

	FY2008.1Q	FY2009.1Q
USD/¥	104	97
EUR/¥	158	132

(Billion ¥)

	FY2008.1Q	FY2009.1Q	Change
Operating Income	8.2	▲5.3	▲13.6
Net Income	8.1	▲1.7	▲9.8

Breakdown of Increases/Decreases in Profit for FY2009.1Q Compared to FY2008.1Q

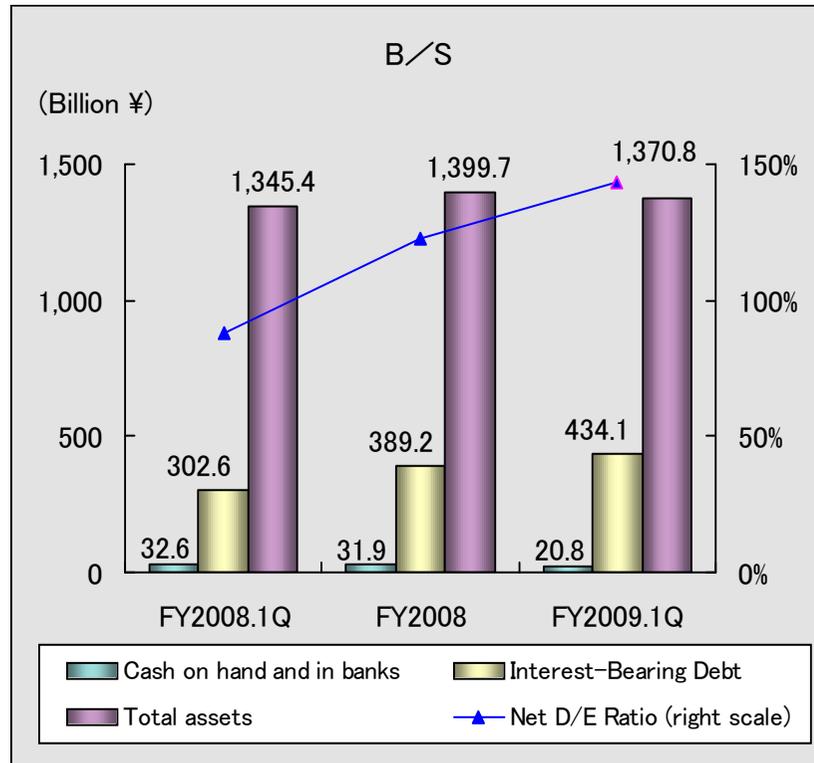
≡ Operating income (▲13.6 billion yen)

Adverse impact of the fluctuation of foreign exchange rate	▲3.9
Adverse impact of decrease in sales	▲6.3
Decrease in selling, general and administrative expenses	+3.7
Effects of changes in accounting standard for construction contracts	+0.1
Changes in product mix and others	▲7.2

≡ Non-operating income (▲2.7 billion yen)

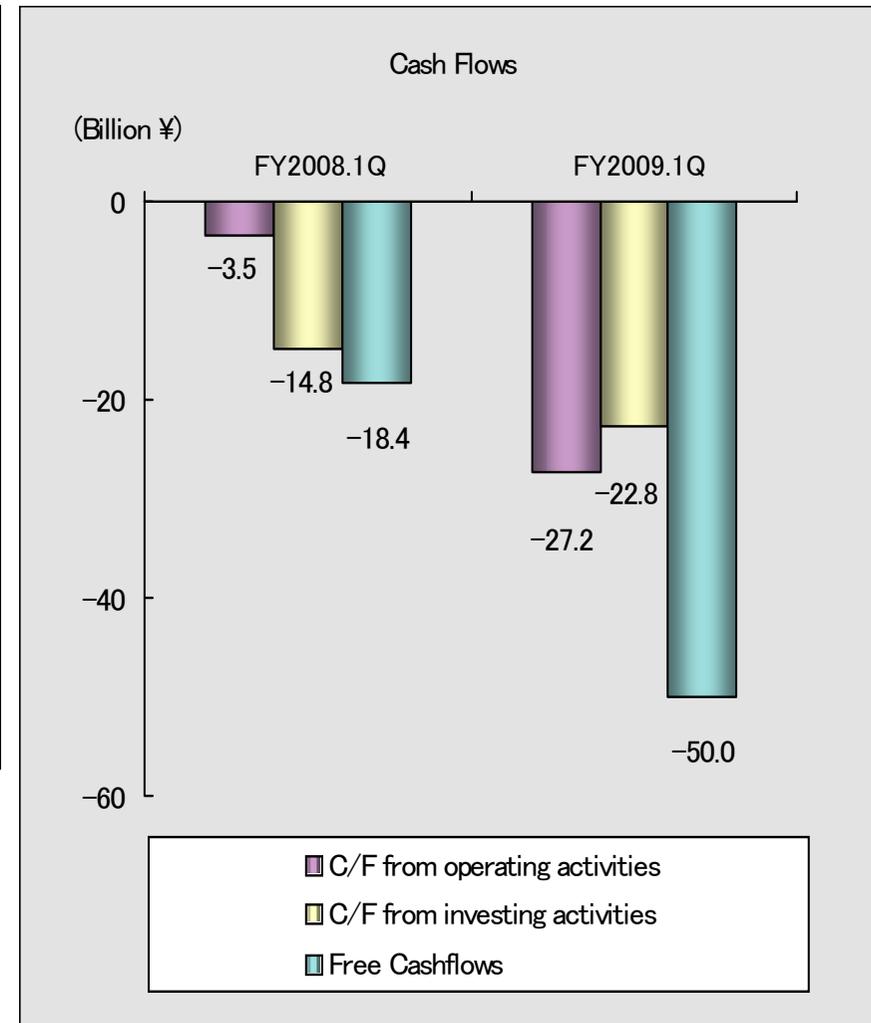
Increase in net interest expenses	▲0.1
Decrease in equity in income of non-consolidated subsidiaries and affiliates (FY2008.1Q ¥1.3 billion → FY2009.1Q ¥0.3 billion)	▲1.0
Gain and loss on foreign exchange (FY2008.1Q ¥4.4 billion → FY2009.1Q ¥3.2 billion)	▲1.1
Others	▲0.5

Interest-Bearing Debt and Cash Flows

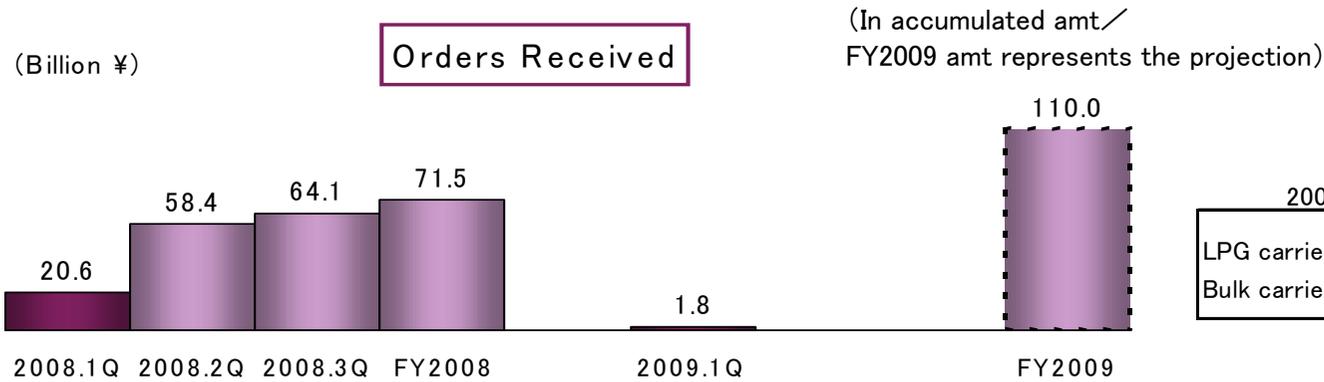


(Billion ¥)

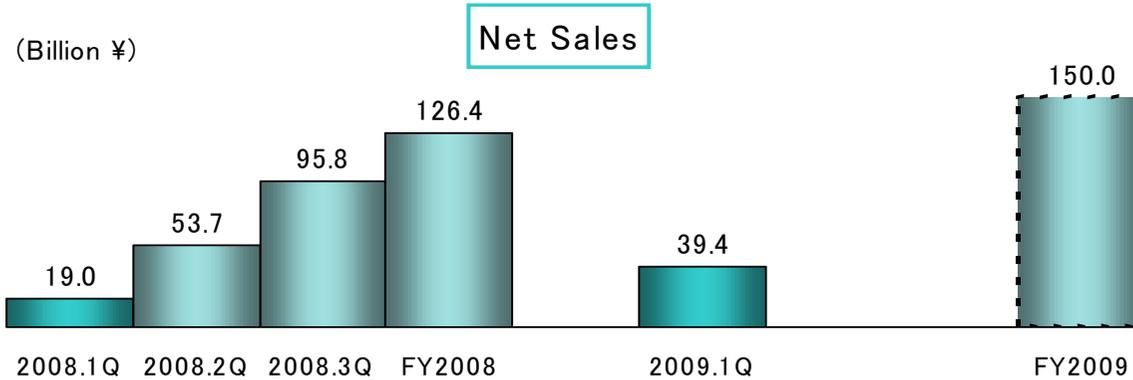
	FY2008.1Q	FY2008	FY2009.1Q
Net debt	269.9	357.3	413.2
Shareholders' equity	305.6	290.4	287.6
Net D/E Ratio	88%	123%	143%



Shipbuilding

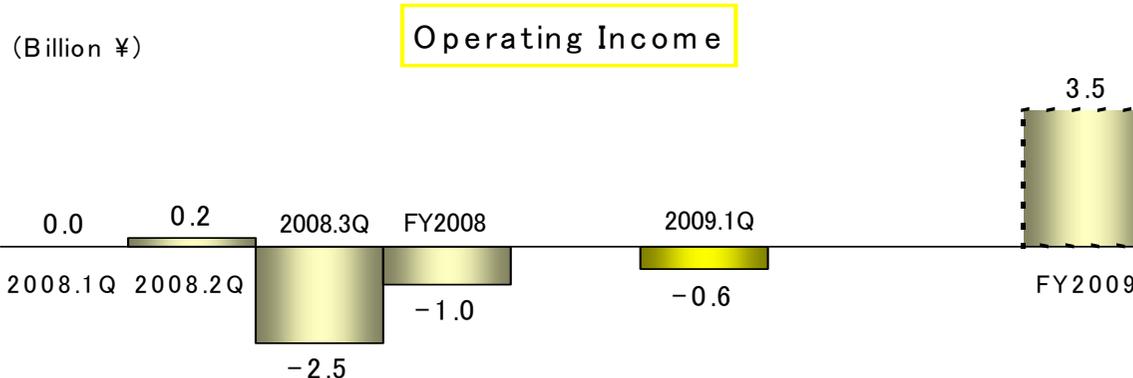


2008.1Q		⇒	2009.1Q	
LPG carrier	1		No orders received of new building ships	
Bulk carrier	1			



2008.1Q		⇒	2009.1Q	
LNG carriers	4 (3)		LNG carriers	3 (2)
LPG carrier	1 (1)		LPG carriers	2 (2)
Bulk carrier	1		VLCC	1
Submarine	1 (1)		Bulk carriers	3 (2)
			Submarines	2 (2)

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



【Business Results for FY2009.1Q
(year-on-year comparison)】

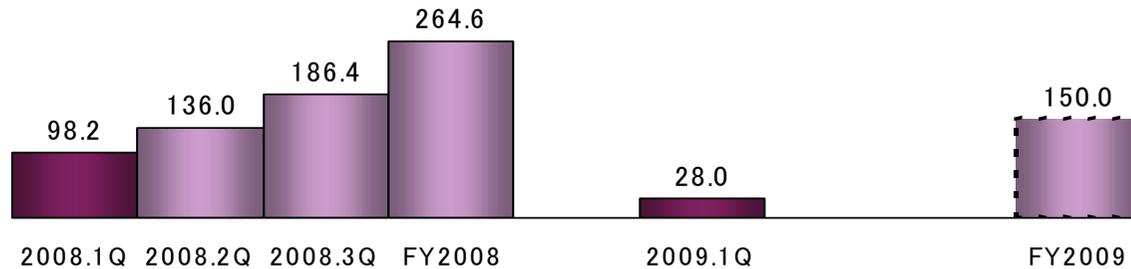
- * Increase in sales of large-scale vessels.
- * Deterioration in profitability due to adverse impact of a rise in raw materials and the fluctuation of foreign exchange rate, and others.

Rolling Stock

(Billion ¥)

Orders Received

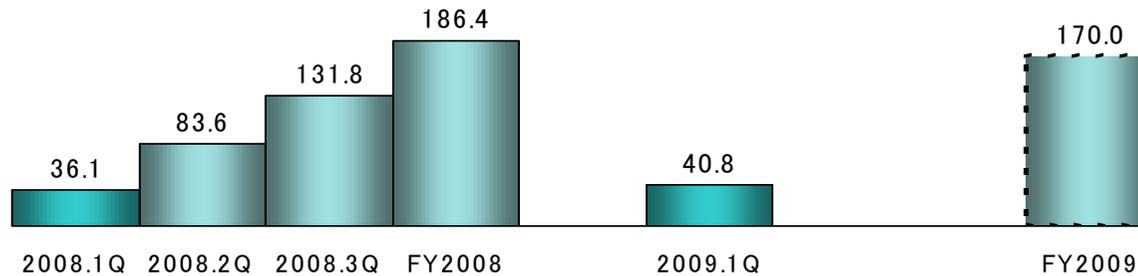
(In accumulated amt /
FY2009 amt represents the projection)



【Business Results for FY2009.1Q
(year-on-year comparison)】

(Billion ¥)

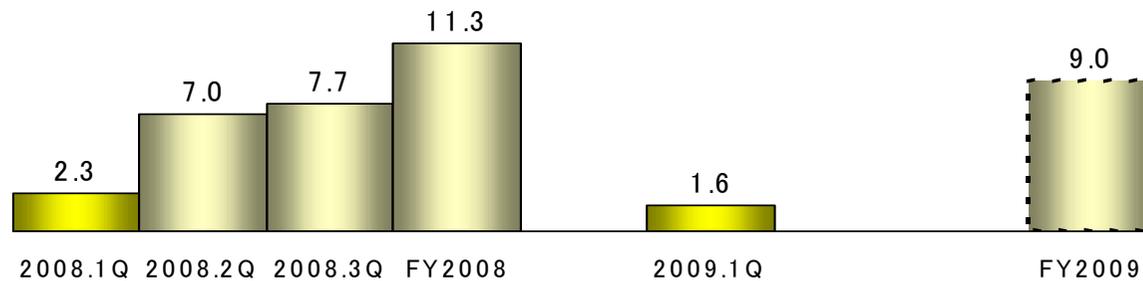
Net Sales



- * Orders received of 132 cars for Singapore Land Transport Authority, while decrease in large-scale orders received for Japan Railways.
- * Increase in sales of rail cars for overseas market.
- * Decrease in profit due to adverse impact of the fluctuation of foreign exchange rate, and others.

(Billion ¥)

Operating Income



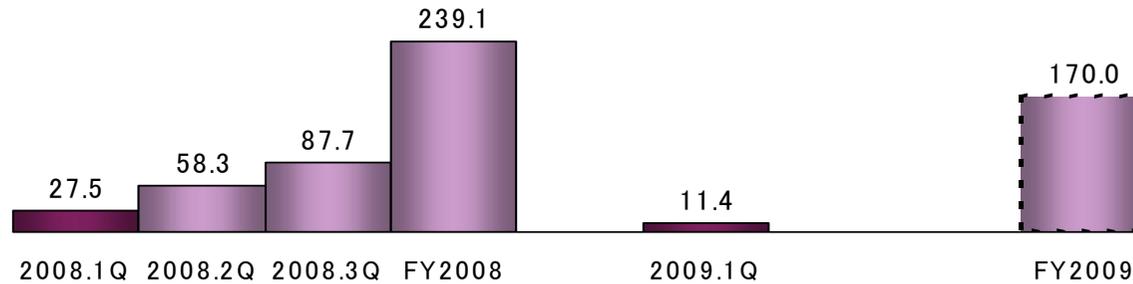
Note) Orders received, net sales and operating income of Construction Machinery Business Unit (KCM Corp.) are included in “Other” segment from FY2009.
2009.1Q figures for Construction Machinery Business Unit are as follows ;
-Orders received: 2.2 billion yen
-Net sales: 3.2 billion yen
-Operating income: ▲0.6 billion yen

Aerospace

(Billion ¥)

Orders Received

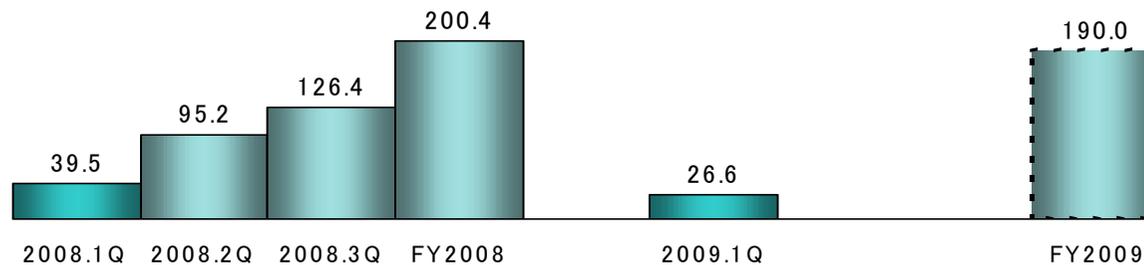
(In accumulated amt/
FY2009 amt represents the projection)



(Billion ¥)

Net Sales

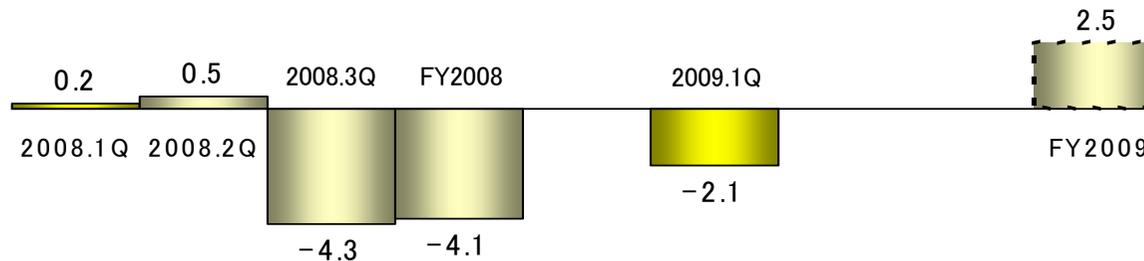
【Business Results for FY2009.1Q
(year-on-year comparison)】



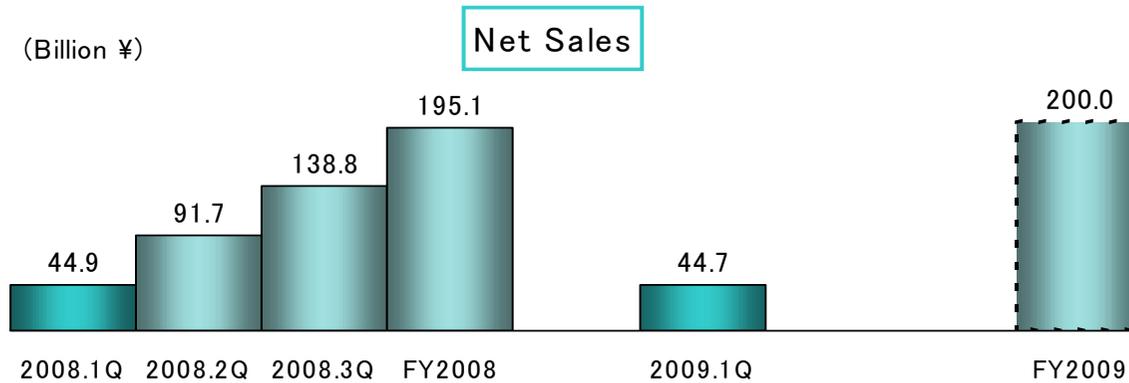
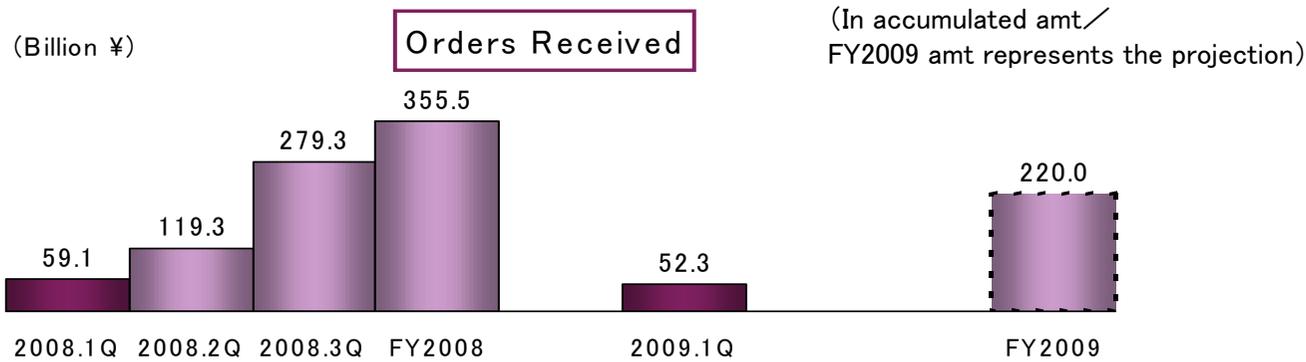
- * Decrease in orders received of component parts for the Boeing 777.
- * Decrease in sales due to lower sales to Japan Ministry of Defense along with a decline in sales of component parts for the Boeing 777.
- * Deterioration in profitability due to lower sales and adverse impact of the fluctuation of foreign exchange rate, and others.

(Billion ¥)

Operating Income

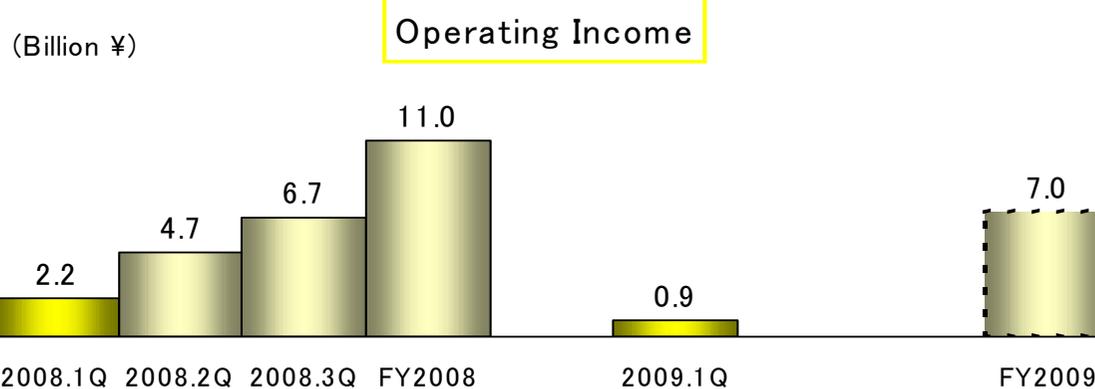


Gas Turbines & Machinery

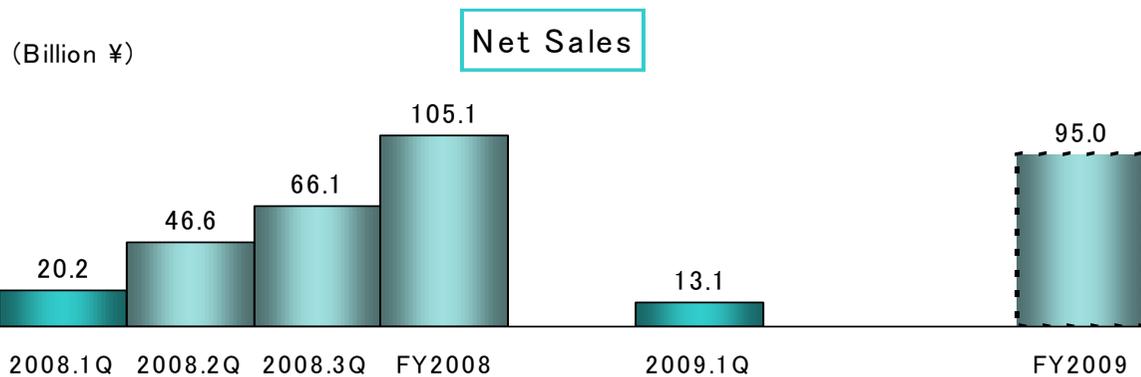
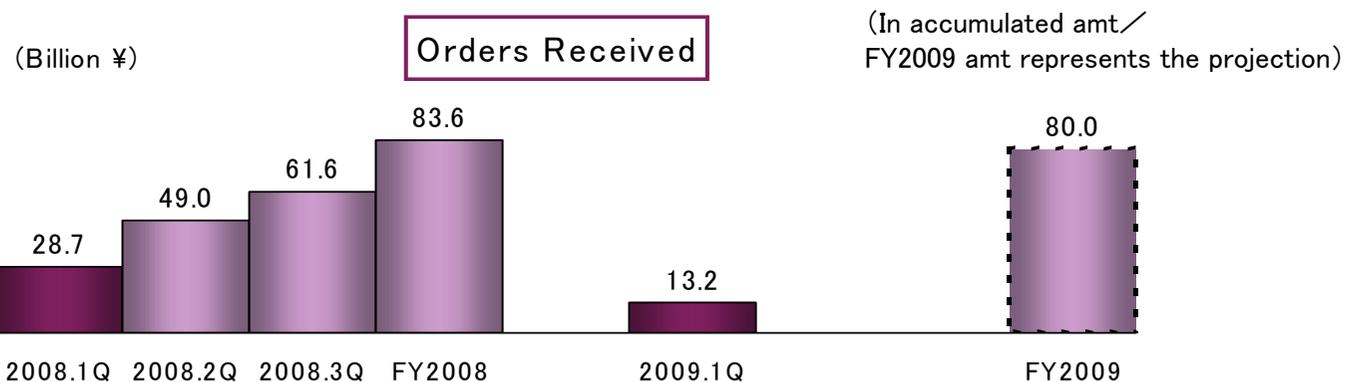


【Business Results for FY2009.1Q
(year-on-year comparison)】

- * Decrease in orders received of diesel engines and other products.
- * Sales of components for commercial aircraft engines and diesel engines remained at a high level.
- * Decrease in profit due to adverse impact of the fluctuation of foreign exchange rate, and others.

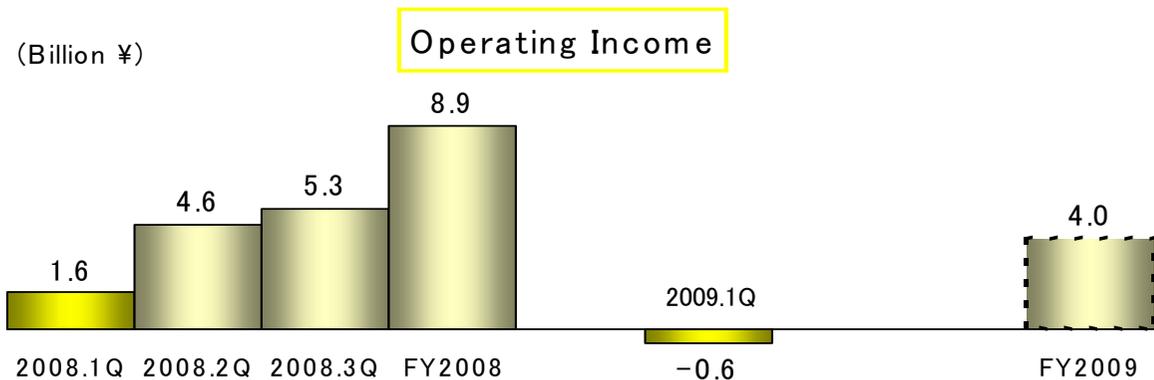


Energy & Environmental Engineering

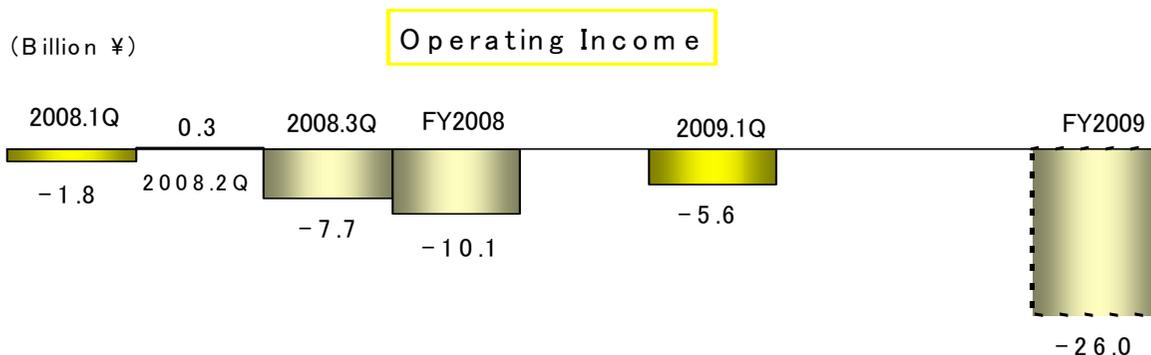
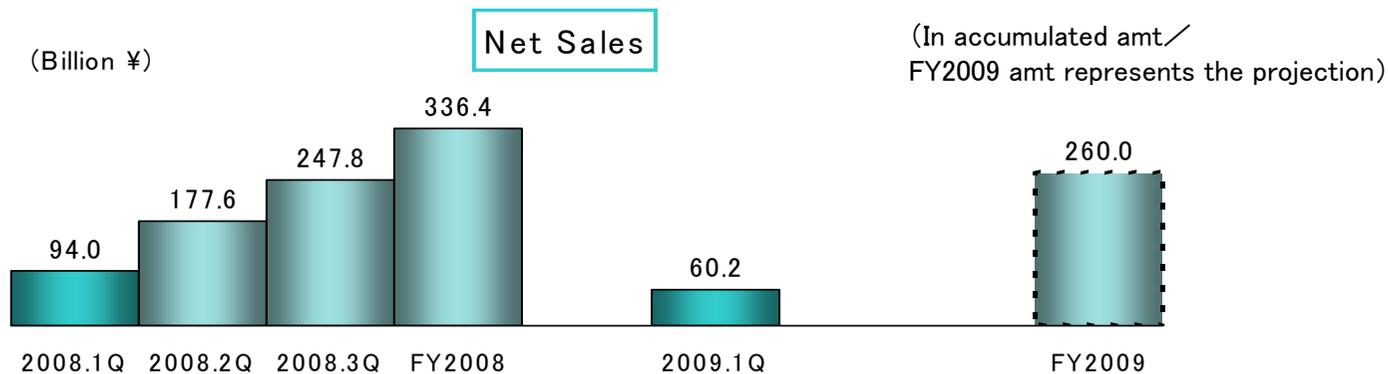


【Business Results for FY2009.1Q
(year-on-year comparison)】

- * Decrease in large-scale orders received.
- * Deterioration in profitability due to lower sales of large-scale industrial plants for overseas customers.



Consumer Products & Machinery



【Business Results for FY2009.1Q
(year-on-year comparison)】

- * Decrease in sales of
 - ...motorcycles and ATVs for U.S. and European markets
 - ...industrial robots for automobiles and semiconductors
- * Deterioration in profitability due to sales decrease and adverse impact of the fluctuation of foreign exchange rate, and others.

<Sales by Geographic Segment for Consumer Products>

(Thousands of unit/Billion ¥)

	2008.1Q		2009.1Q	
	Unit	Amount	Unit	Amount
Domestic	6	4.8	6	4.7
North America	43(22)	32.6	25(19)	17.9
Europe	31	29.4	24	18.8
Other	36	9.9	46	8.3
TOTAL	116	76.7	101	49.7

Note

1) Sales units and amount include the following products.

Units: Motorcycles, All-Terrain Vehicles(ATV), Utility Vehicles(MULE) and Personal Water Craft(Jet Ski)

Amount: The products mentioned above and parts for those products.

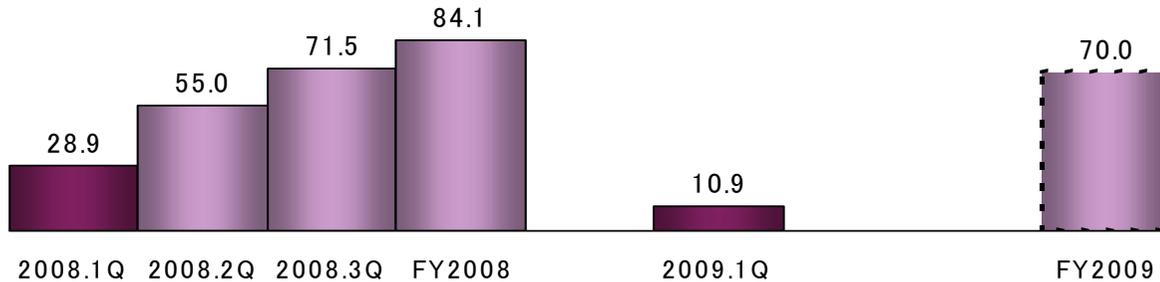
2) Figures in the Parenthesis() represent motorcycle sales units.

Industrial Hydraulic Products

(Billion ¥)

Orders Received

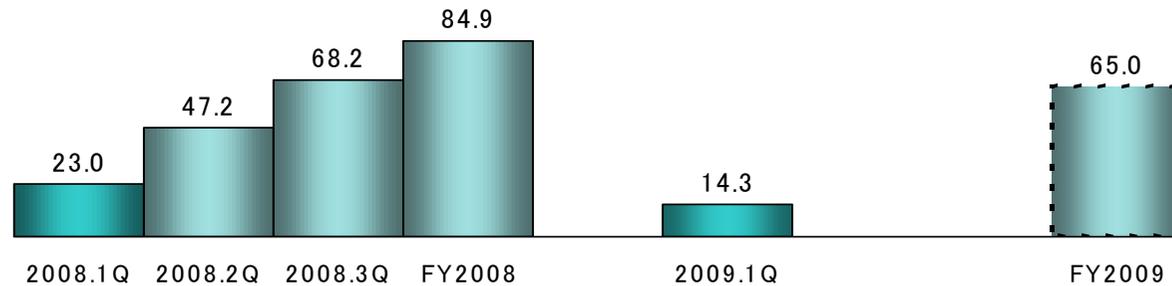
(In accumulated amt/
FY2009 amt represents the projection)



(Billion ¥)

Net Sales

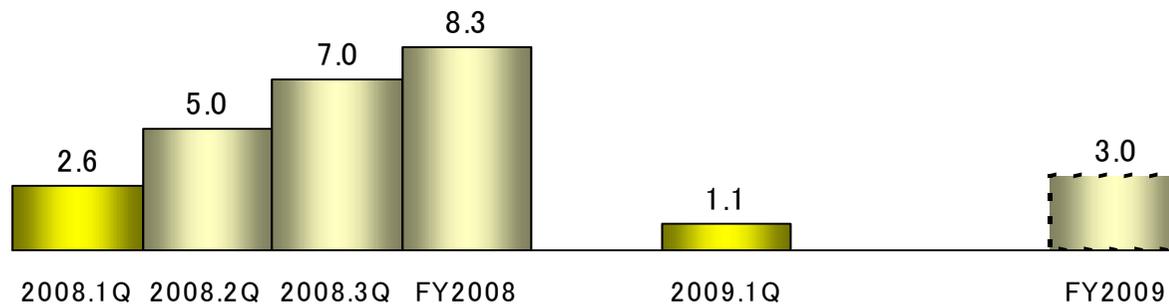
【Business Results for FY2009.1Q
(year-on-year comparison)】



- * Decrease in orders received of industrial hydraulic products for construction machinery.
- * Decrease in profit due to sales decrease of industrial hydraulic products for construction machinery.

(Billion ¥)

Operating Income



FY2009.1Q Results by Segment

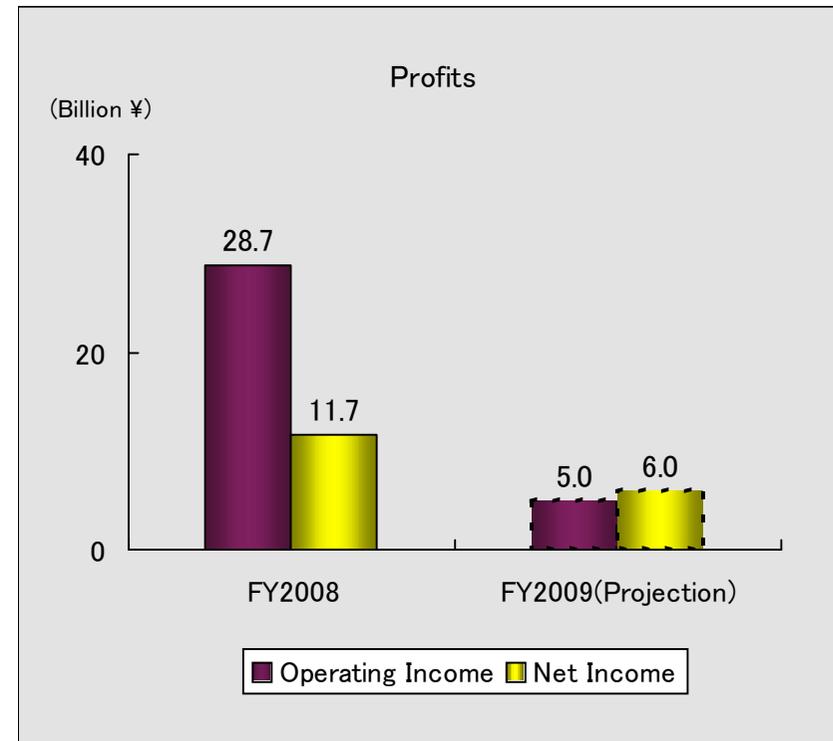
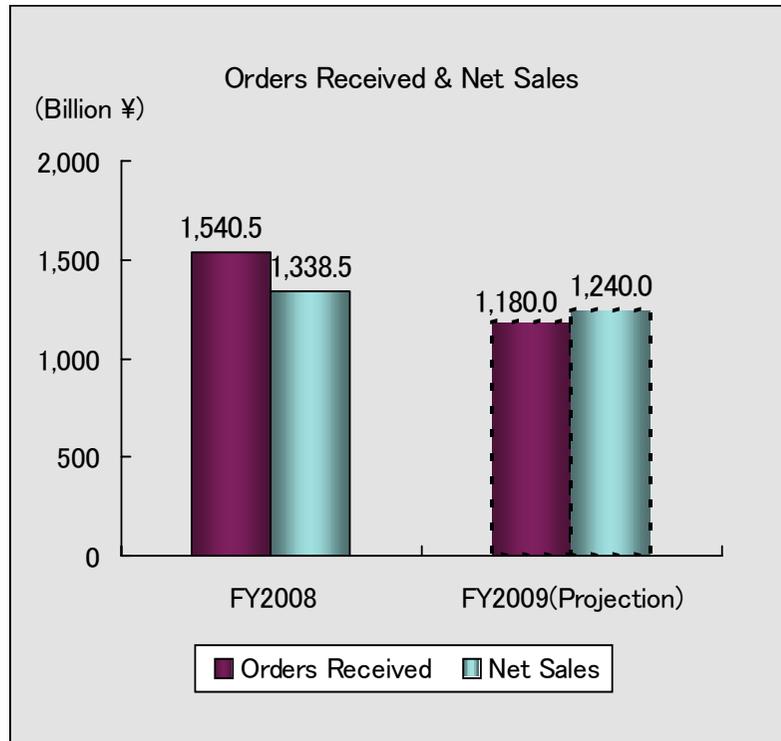
(Billion ¥)

	Orders Received		Net Sales		Operating Income	
	FY2008.1Q	FY2009.1Q	FY2008.1Q	FY2009.1Q	FY2008.1Q	FY2009.1Q
Shipbuilding	20.6	1.8	19.0	39.4	0	▲0.6
Rolling Stock	98.2	28.0	36.1	40.8	2.3	1.6
Aerospace	27.5	11.4	39.5	26.6	0.2	▲2.1
Gas Turbines & Machinery	59.1	52.3	44.9	44.7	2.2	0.9
Energy & Environmental Engineering	28.7	13.2	20.2	13.1	1.6	▲0.6
Consumer Products & Machinery	94.0	60.2	94.0	60.2	▲1.8	▲5.6
Industrial Hydraulic Products	28.9	10.9	23.0	14.3	2.6	1.1
Others	32.1	13.5	25.4	17.2	0.8	0
Total	389.3	191.7	302.5	256.7	8.2	▲5.3

Actual Exchange Rates

	FY2008.1Q	FY2009.1Q
USD/¥	104	97
EUR/¥	158	132

Outlook for FY2009



Exchange Rates

	FY2008 (Actual)	FY2009 (Assumption)
USD/¥	101	95
EUR/¥	142	130

(Billion ¥)

	FY2008 (Actual)	FY2009 (Projection)
Operating Income	28.7	5.0
Net Income	11.7	6.0

Outlook for FY2009 by Segment

(Billion ¥)

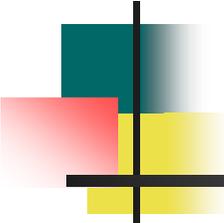
	Orders Received		Net Sales		Operating Income	
	FY2008	FY2009 Projection	FY2008	FY2009 Projection	FY2008	FY2009 Projection
Shipbuilding	71.5	110.0	126.4	150.0	▲1.0	3.5
Rolling Stock	264.6	150.0	186.4	170.0	11.3	9.0
Aerospace	239.1	170.0	200.4	190.0	▲4.1	2.5
Gas Turbines & Machinery	355.5	220.0	195.1	200.0	11.0	7.0
Energy & Environmental Engineering	83.6	80.0	105.1	95.0	8.9	4.0
Consumer Products & Machinery	336.4	260.0	336.4	260.0	▲10.1	▲26.0
Industrial Hydraulic Products	84.1	70.0	84.9	65.0	8.3	3.0
Others	105.5	120.0	103.5	110.0	4.2	2.0
Total	1,540.5	1,180.0	1,338.5	1,240.0	28.7	5.0

Exchange Rates Assumptions
USD= ¥ 95/EUR= ¥ 130

R&D/Capital Expenditures/Number of Employees (Outlook for FY2009)

(Billion ¥ / Persons)

	FY2008 Actual	FY2009 Projection	Change
R&D	38.2	40.0	+1.8
Capital Expenditures	82.4	78.0	▲4.4
Depreciation and Amortization	44.3	54.0	+9.7
Domestic	24,311	24,600	+289
Overseas	7,955	8,400	+445
Number of Employees	32,266	33,000	+734



Kawasaki, Working as One for the Good of the Planet

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.