


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

 May 12, 2020
 (Consolidated)

For the year ended March 31, 2020 and 2019

Operating results

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2020	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net sales	¥ 1,641,335	¥ 1,594,743	\$ 15,081,641
Operating profit	62,063	64,023	570,275
Profit attributable to owners of parent	18,662	27,453	171,478
Earnings per share (Yen)	111.72	164.34	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Mar. 31, 2020	As of March. 31, 2019	As of Mar. 31, 2020
Total assets	¥ 1,957,845	¥ 1,838,855	\$ 17,989,938
Net assets	471,562	492,261	4,333,015
Number of shares issued and outstanding	167,043	167,045	
Equity Ratio	23.2%	25.9%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2020	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Operating activities	¥ (15,461)	¥ 109,762	\$ (142,066)
Investing activities	(69,401)	(85,344)	(637,701)
Financing activities	115,803	(19,771)	1,064,072
Cash and cash equivalents at end of period	102,546	68,311	942,259

Fiscal year forecast

As the novel coronavirus (COVID-19) is spreading, the Company has determined that it is difficult to provide an appropriate and reasonable earnings forecast at this time. Accordingly, the earnings forecast for the year ending March 31, 2021 is yet to be determined, and will be announced as soon as the impact on performance can be reasonably forecast.

- 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 ¥108.83=\$1, the rate prevailing as of March 31, 2020, solely for the convenience of the readers.

Consolidated Balance Sheets

As of March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	As of Mar. 31, 2020	As of Mar. 31, 2019	As of Mar. 31, 2020
Assets			
Current assets			
Cash and deposits	¥ 106,108	¥ 74,311	\$ 974,989
Notes and accounts receivable - trade	473,204	427,665	4,348,103
Merchandise and finished goods	75,042	68,176	689,534
Work in process	426,256	405,087	3,916,714
Raw materials and supplies	130,359	119,558	1,197,822
Other	51,176	45,333	470,238
Allowance for doubtful accounts	(3,367)	(3,792)	(30,938)
Total current assets	<u>1,258,781</u>	<u>1,136,340</u>	<u>11,566,489</u>
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	193,931	194,939	1,781,963
Machinery, equipment and vehicles, net	151,196	148,620	1,389,286
Land	62,183	62,705	571,377
Leased assets, net	2,694	2,148	24,754
Construction in progress	15,959	18,227	146,642
Other, net	56,604	59,028	520,114
Total property, plant and equipment	<u>482,570</u>	<u>485,669</u>	<u>4,434,163</u>
Intangible assets	21,358	16,797	196,251
Investments and other assets			
Investment securities	12,035	14,501	110,585
Retirement benefit asset	135	93	1,240
Deferred tax assets	70,598	70,179	648,700
Other	114,203	116,696	1,049,371
Allowance for doubtful accounts	(1,838)	(1,422)	(16,889)
Total investments and other assets	<u>195,134</u>	<u>200,048</u>	<u>1,793,017</u>
Total non-current assets	<u>699,063</u>	<u>702,514</u>	<u>6,423,440</u>
Total assets	<u>1,957,845</u>	<u>1,838,855</u>	<u>17,989,938</u>
Liabilities			
Current liabilities			
Notes and accounts payable - trade	261,159	247,191	2,399,697
Electronically recorded obligations - operating	110,526	123,083	1,015,584
Short-term borrowings	166,188	100,023	1,527,042
Current portion of bonds payable	20,000	10,000	183,773
Lease obligations	1,542	319	14,169
Income taxes payable	6,116	10,390	56,198
Provision for sales promotion expenses	12,174	4,991	111,863
Provision for bonuses	22,032	21,168	202,444
Provision for construction warranties	14,454	13,096	132,813
Provision for loss on construction contracts	11,464	27,609	105,339
Advances received	148,610	181,419	1,365,524
Other	173,456	124,986	1,593,825
Total current liabilities	<u>947,726</u>	<u>864,280</u>	<u>8,708,316</u>
Non-current liabilities			
Bonds payable	160,000	140,000	1,470,183
Long-term borrowings	188,859	187,568	1,735,358
Lease obligations	873	1,513	8,022
Deferred tax liabilities	796	593	7,314
Retirement benefit liability	129,846	97,602	1,193,109
Provision for the in service issues of commercial aircraft jet engines	15,689	11,468	144,161
Other	42,491	43,566	390,435
Total non-current liabilities	<u>538,556</u>	<u>482,313</u>	<u>4,948,599</u>
Total liabilities	<u>1,486,283</u>	<u>1,346,593</u>	<u>13,656,924</u>
Net assets			
Shareholders' equity			
Share capital	104,484	104,484	960,066
Capital surplus	54,542	54,542	501,167
Retained earnings	326,626	324,606	3,001,250
Treasury shares	(133)	(130)	(1,222)
Total shareholders' equity	<u>485,520</u>	<u>483,502</u>	<u>4,461,270</u>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,636	2,682	15,033
Deferred gains or losses on hedges	(272)	(227)	(2,499)
Foreign currency translation adjustment	(11,311)	(4,556)	(103,933)
Remeasurements of defined benefit plans	(19,946)	(5,014)	(183,277)
Total accumulated other comprehensive income	<u>(29,892)</u>	<u>(7,115)</u>	<u>(274,667)</u>
Non-controlling interests	15,934	15,874	146,412
Total net assets	<u>471,562</u>	<u>492,261</u>	<u>4,333,015</u>
Total liabilities and net assets	<u>1,957,845</u>	<u>1,838,855</u>	<u>17,989,938</u>

Consolidated Statements of Profit and Loss

For the year ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2020	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net sales	¥ 1,641,335	¥ 1,594,743	\$ 15,081,641
Cost of sales	1,370,809	1,326,668	12,595,874
Gross profit	270,526	268,075	2,485,767
Selling, general and administrative expenses			
Salaries and allowances	56,651	54,952	520,546
Research and development expenses	52,608	48,734	483,396
Other	99,203	100,364	911,541
Total selling, general and administrative expenses	208,463	204,052	1,915,492
Operating profit	62,063	64,023	570,275
Non-operating income			
Interest income	695	909	6,386
Dividend income	288	294	2,646
Share of profit of entities accounted for using equity method	1,255	1,574	11,532
Penalty income	2,784	13	25,581
Insurance claim income	1,191	388	10,944
Other	3,469	3,516	31,875
Total non-operating income	9,686	6,696	89,001
Non-operating expenses			
Interest expenses	3,615	3,427	33,217
Foreign exchange losses	8,479	4,721	77,911
Payments for the in service issues of commercial aircraft jet engines	11,500	14,851	105,669
Other	7,725	9,857	70,982
Total non-operating expenses	31,319	32,858	287,779
Ordinary profit	40,429	37,861	371,488
Extraordinary income			
Gain on sales of non-current assets	1,277	—	11,734
Total extraordinary income	1,277	—	11,734
Extraordinary losses			
Loss on withdrawal from business	2,383	—	21,897
Total extraordinary losses	2,383	—	21,897
Profit before income taxes	39,323	37,861	361,325
Income taxes - current	10,546	16,704	96,903
Income taxes - deferred	8,500	(8,681)	78,103
Total income taxes	19,046	8,022	175,007
Profit	20,276	29,838	186,309
Profit attributable to non-controlling interests	1,614	2,385	14,830
Profit attributable to owners of parent	18,662	27,453	171,478

(Consolidated)

Consolidated Statements of Cash Flows

For the year ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	Year ended Mar. 31, 2020	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Cash flows from operating activities			
Profit before income taxes	¥ 39,323	¥ 37,861	\$ 361,325
Depreciation	61,283	59,022	563,108
Increase (decrease) in allowance for doubtful accounts	238	(667)	2,187
Increase (decrease) in provision for sales promotion expenses	707	14	6,496
Increase (decrease) in provision for bonuses	889	1,245	8,169
Increase (decrease) in provision for construction warranties	1,412	100	12,974
Increase (decrease) in provision for loss on construction contracts	(16,133)	9,336	(148,240)
Increase (decrease) in retirement benefit liability	10,574	11,982	97,161
Increase (decrease) in provision for the in-service issues of commercial aircraft jet engines	4,221	11,468	38,785
Interest and dividend income	(983)	(1,203)	(9,032)
Interest expenses	3,615	3,427	33,217
Share of loss (profit) of entities accounted for using equity method	(1,255)	(1,574)	(11,532)
Loss (gain) on sales of non-current assets	(1,277)	—	(11,734)
Loss on withdrawal from business	2,383	—	21,897
Decrease (increase) in trade receivables	(46,753)	58,985	(429,597)
Decrease (increase) in inventories	(48,068)	(65,383)	(441,680)
Increase (decrease) in trade payables	2,401	6,829	22,062
Decrease (increase) in advance payments - trade	3,326	1,202	30,561
Increase (decrease) in advances received	(31,827)	(14,013)	(292,447)
Decrease (increase) in other current assets	(8,986)	(1,557)	(82,569)
Increase (decrease) in other current liabilities	18,303	2,284	168,180
Other, net	6,004	1,192	55,169
Subtotal	(600)	120,553	(5,513)
Interest and dividends received	2,500	3,859	22,972
Interest paid	(3,630)	(3,439)	(33,355)
Income taxes paid	(13,731)	(11,211)	(126,169)
Net cash provided by (used in) operating activities	(15,461)	109,762	(142,066)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(71,947)	(82,836)	(661,095)
Proceeds from sales of property, plant and equipment and intangible assets	6,087	605	55,931
Purchase of investment securities	(935)	(1,025)	(8,591)
Proceeds from sales of investment securities	1,232	989	11,320
Purchase of shares of subsidiaries and associates	(5,400)	(3,818)	(49,619)
Other, net	1,562	741	14,353
Net cash provided by (used in) investing activities	(69,401)	(85,344)	(637,701)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	103,758	(10,866)	953,395
Proceeds from long-term borrowings	24,348	34,772	223,725
Repayments of long-term borrowings	(28,938)	(30,709)	(265,901)
Proceeds from issuance of bonds	40,000	20,000	367,546
Redemption of bonds	(10,000)	(20,000)	(91,886)
Dividends paid	(11,710)	(10,868)	(107,599)
Dividends paid to non-controlling interests	(989)	(1,950)	(9,088)
Other, net	(664)	(149)	(6,101)
Net cash provided by (used in) financing activities	115,803	(19,771)	1,064,072
Effect of exchange rate change on cash and cash equivalents	3,293	(696)	30,258
Net increase (decrease) in cash and cash equivalents	34,234	3,949	314,564
Cash and cash equivalents at beginning of period	68,311	64,362	627,685
Cash and cash equivalents at end of period	102,546	68,311	942,259

Segment information
Information by reportable segment

For the year ended March 31, 2019

Millions of yen									
Year ended Mar. 31, 2019									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	¥ 463,958	¥ 12,089	¥ 476,048	¥ 32,611	¥ 649,260	¥ 21,299	¥ -	¥ 24,022	
Energy System & Plant Engineering	253,041	19,899	272,940	11,634	301,798	3,412	18,552	2,237	
Precision Machinery & Robot	222,095	17,151	239,247	21,352	205,199	8,220	634	11,636	
Ship & Offshore Structure	78,974	4,549	83,523	1,090	121,918	1,559	45,955	2,360	
Rolling Stock	124,689	27	124,716	(13,797)	211,102	2,615	133	3,358	
Motorcycle & Engine	356,847	718	357,566	14,366	283,770	15,317	1,549	18,505	
Other	95,136	41,136	136,273	2,501	93,601	1,527	3,509	861	
Total	1,594,743	95,572	1,690,316	69,760	1,866,652	53,953	70,334	62,982	
Eliminations and corporate	-	(95,572)	(95,572)	(5,737)	(27,797)	5,069	-	3,918	
Consolidated total	¥ 1,594,743	¥ -	¥ 1,594,743	¥ 64,023	¥ 1,838,855	¥ 59,022	¥ 70,334	¥ 66,900	

Thousands of U.S. dollars									
Year ended Mar. 31, 2019									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	\$ 4,179,425	\$ 108,900	\$ 4,288,334	\$ 293,766	\$ 5,848,662	\$ 191,866	\$ -	\$ 216,395	
Energy System & Plant Engineering	2,279,443	179,254	2,458,697	104,801	2,718,656	30,736	167,120	20,151	
Precision Machinery & Robot	2,000,676	154,500	2,155,184	192,343	1,848,473	74,047	5,711	104,819	
Ship & Offshore Structure	711,413	40,978	752,392	9,819	1,098,261	14,044	413,972	21,259	
Rolling Stock	1,123,223	243	1,123,466	(124,286)	1,901,649	23,556	1,198	30,250	
Motorcycle & Engine	3,214,548	6,468	3,221,025	129,412	2,556,256	137,979	13,954	166,697	
Other	857,004	370,561	1,227,574	22,530	843,176	13,756	31,610	7,756	
Total	14,365,760	860,931	15,226,700	628,412	16,815,170	486,019	633,583	567,354	
Eliminations and corporate	-	(860,931)	(860,931)	(51,680)	(250,401)	45,663	-	35,294	
Consolidated total	\$ 14,365,760	\$ -	\$ 14,365,760	\$ 576,732	\$ 16,564,769	\$ 531,682	\$ 633,583	\$ 602,648	

Segment information
Information by reportable segment

For the year ended March 31, 2020

Millions of yen									
Year ended Mar. 31, 2020									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	¥ 532,549	¥ 6,477	¥ 539,027	¥ 42,777	¥ 745,048	¥ 22,539	¥ -	¥ 25,121	
Energy System & Plant Engineering	242,972	30,871	273,843	17,566	314,753	3,362	18,621	3,048	
Precision Machinery & Robot	217,387	15,529	232,917	12,211	203,525	9,279	1,737	12,845	
Ship & Offshore Structure	71,680	9,049	80,730	(637)	125,642	1,625	44,930	1,355	
Rolling Stock	136,553	18	136,571	(3,819)	211,759	2,533	135	2,740	
Motorcycle & Engine	337,757	772	338,529	(1,948)	282,185	15,963	1,601	21,353	
Other	102,435	38,927	141,362	1,235	94,174	1,562	3,682	745	
Total	1,641,335	101,647	1,742,983	67,386	1,977,089	56,866	70,708	67,210	
Eliminations and corporate	-	(101,647)	(101,647)	(5,322)	(19,243)	4,417	-	3,284	
Consolidated total	¥ 1,641,335	¥ -	¥ 1,641,335	¥ 62,063	¥ 1,957,845	¥ 61,283	¥ 70,708	¥ 70,495	

Thousands of U.S. dollars									
Year ended Mar. 31, 2020									
	External sales	Intersegment sales	Total sales	Operating income(loss)	Total assets	Depreciation and amortization	Investment for affiliates applied for equity methods	Capital expenditures	
Aerospace Systems	\$ 4,893,403	\$ 59,515	\$ 4,952,927	\$ 393,063	\$ 6,845,980	\$ 207,103	\$ -	\$ 230,828	
Energy System & Plant Engineering	2,232,583	283,663	2,516,246	161,408	2,892,153	30,892	171,102	28,007	
Precision Machinery & Robot	1,997,492	142,690	2,140,191	112,203	1,870,119	85,261	15,961	118,028	
Ship & Offshore Structure	658,642	83,148	741,799	(5,853)	1,154,479	14,932	412,846	12,451	
Rolling Stock	1,254,737	165	1,254,902	(35,091)	1,945,778	23,275	1,240	25,177	
Motorcycle & Engine	3,103,528	7,094	3,110,622	(17,899)	2,592,897	146,678	14,711	196,205	
Other	941,239	357,686	1,298,925	11,348	865,331	14,353	33,833	6,846	
Total	15,081,641	933,998	16,015,648	619,186	18,166,765	522,521	649,711	617,569	
Eliminations and corporate	-	(933,998)	(933,998)	(48,902)	(176,817)	40,586	-	30,176	
Consolidated total	\$ 15,081,641	\$ -	\$ 15,081,641	\$ 570,275	\$ 17,989,938	\$ 563,108	\$ 649,711	\$ 647,753	

Orders by reportable segment*For the year ended March 31, 2020 and 2019*

	Billions of yen		Millions of U.S. dollars	
	Year ended	Year ended	Year ended	
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	
Orders :				
Aerospace Systems	¥ 414.9	¥ 431.6	\$	3,812
Energy System & Plant Engineering	252.3	263.5		2,318
Precision Machinery & Robot	218.8	225.2		2,010
Ship & Offshore Structure	56.2	81.1		516
Rolling Stock	125.7	136.0		1,155
Motorcycle & Engine	337.7	356.8		3,103
Other	107.5	94.2		988
Total	¥ 1,513.5	¥ 1,588.7	\$	13,907