

Revision of the Earnings and Dividend Forecasts
for the Fiscal Year Ending March 31, 2021

Kawasaki Heavy Industries, Ltd. (hereinafter, "KHI") announced today that it has revised its consolidated earnings and dividend forecasts for the fiscal year ending March 31, 2021 (FY 2020), which were not yet determined in its Flash Report for Fiscal Year Ended March 31, 2020 [JGAAP] (Consolidated Basis) announced on May 12, 2020. Revisions are as noted below.

1. Revised earnings forecast

(1) Revised consolidated earnings forecast for FY 2020 (from April 1, 2020 to March 31, 2021)

	Net sales (Mil. yen)	Operating income (Mil. yen)	Recurring profit (Mil. yen)	Net income attributable to owners of parent (Mil. yen)	Earnings per share (Mil. yen)
Previous forecast (A)	-	-	-	-	-
Revised forecast (B)	1,460,000	-30,000	-	-	-
Change (B - A)	-	-	-	-	-
Change (%)	-	-	-	-	-
Results for FY 2019 (for reference only)	1,641,335	62,063	40,429	18,662	111.72

(2) Reason for the revision

While the full-year earnings forecast for FY 2020 had not been finalized since KHI had anticipated that the global economic slowdown caused by the spread of COVID-19 would have a significant impact on the company but had been unable to make a reasonably accurate calculation of that impact, it decided to announce estimated net sales and operating income based on currently available information.

The impact of the COVID-19 pandemic was calculated for each business segment based on the following assumptions.

- ① It will take quite some time for the Aerospace Systems segment to fully recover due to declining passenger demand worldwide.
- ② In other business segments, while demand for some products such as hydraulic equipment sold in the Chinese construction machinery market and robots used in semiconductor manufacturing is already on an upward trajectory, it will be a while before demand for other products bounces back.

Since any post-COVID-19 costs that may be incurred in the future cannot be estimated at this time, no projections have been made for recurring profit, net income attributable to owners of the parent, and earnings per share. KHI will immediately announce its projections once it is able to make reasonable estimates.

These forecasts are based on exchange rate assumptions of ¥106/USD and ¥119/euro for fiscal 2020.

2. Revised dividend forecast

(1) Revision

	Year-end dividend (yen)				
	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	Total
Previous forecast	-	-	-	-	-
Revised forecast		0.00	-	-	-
Actual result	-				
Results for FY 2019 (for reference only)		35.00	-	0.00	35.00

(2) Reason for the revision

In order to strike a balance between increasing shareholder value and returning profits to shareholders through dividends, KHI has set a medium- to long-term consolidated dividend payout ratio target of 30% by taking into account its financial position, including its future earnings forecasts as well as free cash flow and debt-to-equity ratio.

While the dividend forecast for FY 2020 had not been finalized, KHI decided not to pay a dividend at the end of the second quarter in light of its performance outlook for this fiscal year as well as managing the financial risks posed by the COVID-19 pandemic in the future. While there is still no forecast for the year-end dividend, and there isn't likely to be any, KHI will immediately announce its dividend projection as soon as it is determined.

(Note regarding outlook for performance)

The above outlook is based on information available at the time of preparation, and includes risks and uncertainties. KHI therefore discourages making investment decisions depending solely on this outlook. Please note that actual earnings may differ materially from this outlook, due to a variety of important factors stemming from changes in the external environment and/or the KHI's internal environment. Important factors that impact actual operating performance include, but are not limited to, the economic situation surrounding the KHI's scope of business, foreign exchange rates in particular the yen/US dollar exchange rate, tax codes and other regulatory system-related issues.

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