


KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES
FLASH CONSOLIDATED FINANCIAL RESULTS
October 29, 2020
(Consolidated)
For six months ended September 30, 2020 and 2019 and one year ended March 31, 2020
Operating results

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Net sales	¥ 657,325	¥ 736,565	\$ 6,212,315
Operating profit	(21,883)	8,678	(206,814)
Profit attributable to owners of parent	(27,267)	(3,733)	(257,698)
Earnings per share (Yen)	(163.23)	(22.34)	

Financial position

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of Sep. 30, 2020	As of March. 31, 2020	As of Sep. 30, 2020
Total assets	¥ 1,978,868	¥ 1,957,845	\$ 18,702,089
Net assets	441,236	471,562	4,170,078
Number of shares issued and outstanding	167,043	167,043	
Equity Ratio	21.5%	23.3%	

Cash flows

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Operating activities	¥ (100,757)	¥ (249,491)	\$ (952,245)
Investing activities	(13,668)	(33,030)	(129,175)
Financing activities	161,243	249,981	1,523,892
Cash and cash equivalents at end of period	149,395	38,172	1,411,918

Fiscal year forecast

	Millions of yen		
	Net sales	Operating profit	Profit attributable to owners of parent
One year ending March 31, 2021	¥ 1,500,000	¥ (20,000)	¥ (27,000)

- 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 ¥105.81=\$1, the rate prevailing as of September 30, 2020, solely for the convenience of the readers.

Consolidated Balance Sheets*As of September 30 and March 31, 2020*

	Millions of yen		Thousands of
	As of Mar. 31, 2020	As of Sep. 30, 2020	U.S. dollars As of Sep. 30, 2020
Assets			
Current assets			
Cash and deposits	¥ 106,108	¥ 153,188	\$ 1,447,765
Notes and accounts receivable - trade	473,204	434,995	4,111,095
Merchandise and finished goods	75,042	56,325	532,322
Work in process	426,256	462,667	4,372,621
Raw materials and supplies	130,359	140,368	1,326,604
Other	51,176	56,848	537,265
Allowance for doubtful accounts	(3,367)	(3,408)	(32,209)
Total current assets	1,258,781	1,300,985	12,295,482
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	193,931	174,944	1,653,379
Other	288,639	291,183	2,751,942
Total property, plant and equipment	482,570	466,128	4,405,330
Intangible assets	21,358	22,248	210,264
Investments and other assets			
Other	196,973	191,124	1,806,294
Allowance for doubtful accounts	(1,838)	(1,618)	(15,292)
Total investments and other assets	195,134	189,506	1,791,003
Total non-current assets	699,063	677,883	6,406,606
Total assets	1,957,845	1,978,868	18,702,089
Liabilities			
Current liabilities			
Notes and accounts payable - trade	261,159	205,560	1,942,728
Electronically recorded obligations - operating	110,526	98,356	929,553
Short-term borrowings	166,188	181,698	1,717,210
Income taxes payable	6,116	4,815	45,506
Provision for sales promotion expenses	12,174	6,510	61,525
Provision for bonuses	22,032	18,364	173,556
Provision for construction warranties	14,454	12,406	117,248
Provision for loss on construction contracts	11,464	12,553	118,637
Advances received	148,610	139,076	1,314,394
Other	194,998	274,181	2,591,258
Total current liabilities	947,726	953,524	9,011,662
Non-current liabilities			
Bonds payable	160,000	190,000	1,795,671
Long-term borrowings	188,859	196,758	1,859,541
Retirement benefit liability	129,846	133,522	1,261,903
Provision for the in-service issues of commercial aircraft jet engines	15,689	10,550	99,707
Other	44,161	53,276	503,506
Total non-current liabilities	538,556	584,107	5,520,338
Total liabilities	1,486,283	1,537,632	14,532,010
Net assets			
Shareholders' equity			
Share capital	104,484	104,484	987,468
Capital surplus	54,542	54,542	515,471
Retained earnings	326,626	299,359	2,829,213
Treasury shares	(133)	(134)	(1,266)
Total shareholders' equity	485,520	458,251	4,330,886
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,636	1,188	11,228
Deferred gains or losses on hedges	(272)	171	1,616
Foreign currency translation adjustment	(11,311)	(15,212)	(143,767)
Remeasurements of defined benefit plans	(19,946)	(18,908)	(178,698)
Total accumulated other comprehensive income	(29,892)	(32,761)	(309,621)
Non-controlling interests	15,934	15,745	148,804
Total net assets	471,562	441,236	4,170,078
Total liabilities and net assets	1,957,845	1,978,868	18,702,089

Consolidated Statements of Profit and Loss

For six months ended September 30, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2020
Net sales	¥ 736,565	¥ 657,325	\$ 6,212,315
Cost of sales	629,707	588,959	5,566,194
Gross profit	106,857	68,366	646,120
Selling, general and administrative expenses			
Salaries and allowances	27,384	27,475	259,664
Research and development expenses	23,739	19,041	179,955
Other	47,055	43,732	413,307
Total selling, general and administrative expenses	98,179	90,249	852,935
Operating profit (loss)	8,678	(21,883)	(206,814)
Non-operating income			
Interest income	314	265	2,504
Dividend income	180	150	1,418
Share of profit of entities accounted for using equity method	924	590	5,576
Foreign exchange gains	—	1,791	16,927
Reversal of provision for the in-service issues of commercial aircraft jet engines	—	3,005	28,400
Other	1,473	2,573	24,317
Total non-operating income	2,893	8,376	79,161
Non-operating expenses			
Interest expenses	1,860	1,955	18,477
Foreign exchange losses	5,772	—	—
Payments for the in-service issues of commercial aircraft jet engines	1,157	—	—
Other	1,951	2,824	26,689
Total non-operating expenses	10,741	4,780	45,175
Ordinary profit (loss)	830	(18,286)	(172,819)
Extraordinary income			
Gain on sales of non-current assets	1,277	3,236	30,583
Gain on sales of shares of subsidiaries and associates	—	1,581	14,942
Total extraordinary income	1,277	4,817	45,525
Extraordinary losses			
Impairment loss	—	3,916	37,010
Total extraordinary losses	—	3,916	37,010
Profit (loss) before income taxes	2,107	(17,385)	(164,304)
Income taxes	5,122	9,454	89,349
Loss	(3,015)	(26,840)	(253,662)
Profit attributable to non-controlling interests	718	426	4,026
Loss attributable to owners of parent	(3,733)	(27,267)	(257,698)

(Consolidated)

Consolidated Statements of Cash Flows

For six months ended September 30, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2020
Cash flows from operating activities			
Profit (loss) before income taxes	¥ 2,107	¥ (17,385)	\$ (164,304)
Depreciation	30,133	30,223	285,635
Impairment loss	—	3,916	37,010
Increase (decrease) in allowance for doubtful accounts	(206)	(134)	(1,266)
Increase (decrease) in provision for sales promotion expenses	5,335	(5,621)	(53,124)
Increase (decrease) in provision for bonuses	(3,356)	(3,617)	(34,184)
Increase (decrease) in provision for construction warranties	(1,168)	(1,986)	(18,769)
Increase (decrease) in provision for loss on construction contracts	(9,864)	1,109	10,481
Increase (decrease) in retirement benefit liability	4,833	5,596	52,887
Increase (decrease) in provision for the in-service issues of commercial aircraft jet engines	(1,478)	(5,139)	(48,568)
Interest and dividend income	(495)	(415)	(3,922)
Interest expenses	1,860	1,955	18,477
Share of loss (profit) of entities accounted for using equity method	(924)	(590)	(5,576)
Loss (gain) on sales of non-current assets	(1,277)	(3,236)	(30,583)
Loss (gain) on sales of shares of subsidiaries and associates	—	(1,581)	(14,942)
Decrease (increase) in trade receivables	(93,246)	41,030	387,771
Decrease (increase) in inventories	(42,352)	(30,368)	(287,005)
Increase (decrease) in trade payables	(49,292)	(65,822)	(622,077)
Decrease (increase) in advance payments - trade	(4,739)	(3,915)	(37,000)
Increase (decrease) in advances received	(20,308)	(7,650)	(72,299)
Decrease (increase) in other current assets	(10,547)	(142)	(1,342)
Increase (decrease) in other current liabilities	(44,466)	(24,761)	(234,014)
Other, net	561	(5,471)	(51,706)
Subtotal	(238,893)	(94,008)	(888,460)
Interest and dividends received	722	1,556	14,706
Interest paid	(1,863)	(1,874)	(17,711)
Income taxes paid	(9,456)	(6,430)	(60,769)
Net cash provided by (used in) operating activities	(249,491)	(100,757)	(952,245)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(33,242)	(29,746)	(281,127)
Proceeds from sales of property, plant and equipment and intangible assets	1,509	13,739	129,846
Purchase of investment securities	(439)	(474)	(4,480)
Proceeds from sales of investment securities	458	1,326	12,532
Purchase of shares of subsidiaries and associates	(2,931)	(82)	(775)
Proceeds from sales of shares of subsidiaries and associates	—	1,927	18,212
Other, net	1,614	(357)	(3,374)
Net cash provided by (used in) investing activities	(33,030)	(13,668)	(129,175)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	250,750	103,128	974,653
Proceeds from long-term borrowings	19,000	20,900	197,524
Repayments of long-term borrowings	(23,112)	(10,587)	(100,057)
Proceeds from issuance of bonds	20,000	60,000	567,054
Redemption of bonds	(10,000)	(20,000)	(189,018)
Dividends paid	(5,863)	(36)	(340)
Dividends paid to non-controlling interests	(503)	(531)	(5,018)
Proceeds from sale and leaseback transactions	—	10,014	94,641
Other, net	(289)	(1,644)	(15,537)
Net cash provided by (used in) financing activities	249,981	161,243	1,523,892
Effect of exchange rate change on cash and cash equivalents	2,401	31	293
Net increase (decrease) in cash and cash equivalents	(30,139)	46,848	442,756
Cash and cash equivalents at beginning of period	68,311	102,546	969,152
Cash and cash equivalents at end of period	38,172	149,395	1,411,918

Segment information
Information by reportable segment

	Millions of yen			
	Six months ended			
	Sep. 30, 2019			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 250,896	¥ 4,194	¥ 255,090	¥ 9,704
Energy System & Plant Engineering	95,609	17,421	113,031	5,052
Precision Machinery & Robot	98,219	7,246	105,465	3,211
Ship & Offshore Structure	37,130	4,803	41,933	(1,476)
Rolling Stock	59,306	9	59,316	(4,367)
Motorcycle & Engine	147,235	324	147,560	(3,368)
Other	48,167	18,376	66,543	871
Total	736,565	52,376	788,941	9,627
Eliminations and corporate	-	(52,376)	(52,376)	(948)
Consolidated total	¥ 736,565	¥ -	¥ 736,565	¥ 8,678

	Millions of yen			
	Six months ended			
	Sep. 30, 2020			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	¥ 168,595	¥ 3,048	¥ 171,643	¥ (23,865)
Energy System & Plant Engineering	104,580	9,707	114,288	4,413
Precision Machinery & Robot	99,020	5,972	104,993	3,412
Ship & Offshore Structure	38,248	1,880	40,128	(1,419)
Rolling Stock	69,194	4	69,199	(186)
Motorcycle & Engine	139,784	298	140,083	(5,169)
Other	37,901	18,799	56,701	(175)
Total	657,325	39,711	697,037	(22,989)
Eliminations and corporate	-	(39,711)	(39,711)	1,106
Consolidated total	¥ 657,325	¥ -	¥ 657,325	¥ (21,883)

	Thousands of U.S. dollars			
	Six months ended			
	Sep. 30, 2020			
	External sales	Intersegment sales	Total sales	Operating profit (loss)
Aerospace Systems	\$ 1,593,375	\$ 28,806	\$ 1,622,181	\$ (225,546)
Energy System & Plant Engineering	988,375	91,740	1,080,125	41,707
Precision Machinery & Robot	935,828	56,441	992,279	32,246
Ship & Offshore Structure	361,478	17,768	379,246	(13,411)
Rolling Stock	653,946	38	653,993	(1,758)
Motorcycle & Engine	1,321,085	2,816	1,323,911	(48,852)
Other	358,199	177,668	535,876	(1,654)
Total	6,212,315	375,305	6,587,629	(217,267)
Eliminations and corporate	-	(375,305)	(375,305)	10,453
Consolidated total	\$ 6,212,315	\$ -	\$ 6,212,315	\$ (206,814)

Orders by reportable segment*For six months ended September 30, 2020 and 2019*

	Billions of yen		Millions of
	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020	U.S. dollars Six months ended Sep. 30, 2020
Orders :			
Aerospace Systems	¥ 158.7	¥ 72.4	\$ 684
Energy System & Plant Engineering	124.0	95.8	905
Precision Machinery & Robot	104.6	102.4	968
Ship & Offshore Structure	26.5	22.5	213
Rolling Stock	39.1	30.3	286
Motorcycle & Engine	147.2	139.7	1,320
Other	57.0	38.6	365
Total	¥ 657.3	¥ 502.2	\$ 4,746