



The IHI Group was able to steadily make its first steps toward the realization of growth set out in “Group Management Policies 2013.” We will implement further measures to accelerate growth.

Tamotsu Saito

President and Chief Executive Officer

Q The fiscal year ended March 31, 2014 (FY2013) was the first year of “Group Management Policies 2013,” IHI’s medium-term management plan. Taking a look back over the year, how do you think about this year?

A On a consolidated basis for the year, we have recorded net sales of ¥1,304 billion, operating income of ¥53.2 billion, ordinary income also of ¥53.2 billion, and net income of ¥33.1 billion. We achieved operating profit across all of our reportable segments for five consecutive fiscal years and also set a new record for ordinary income. For orders received, which was one of the biggest challenges, it amounted to ¥1,458.9 billion, greatly surpassing the ¥1,225.6 of the previous fiscal year and achieved our first-year target. This has come from the result of proactively developing business activities in four business areas that were reconfigured in accordance with market characteristics under “Group Management Policies 2013.” Furthermore, our efforts of

strengthening three shared group functions, namely in the “Solution/Engineering,” “Intelligent Information Management,” and “Global Business,” have also come as a result.

As a conclusion, I believe that we were able to steadily make the first steps toward the realization of growth set out for the first year of “Group Management Policies 2013.”

●Earnings Highlights (Consolidated)

(Billions of yen)

Items	FY2013 (Actual)	FY2014 (Forecast)
Orders received	1,458.9	1,550.0
Net sales	1,304.0	1,440.0
Operating income	53.2	65.0
Ordinary income	53.2	57.0
Net income	33.1	35.0

Q Moving steadily ahead toward the realization of growth, please tell us about the targets and tasks for FY2014, the middle fiscal year of the medium-term management plan.

A Our consolidated forecasts for FY2014 are net sales of ¥1,440 billion, operating income of ¥65 billion, ordinary income of ¥57 billion, and net income of ¥35 billion. The exchange rate assumed for these numerical values is ¥100 to the U.S. dollar. If they are achieved, each target will represent an all-time record.

To achieve these targets, the important factor is thoroughgoing control and rapid response to the complex and diversifying risks that the IHI Group will face. To accelerate growth, we will differentiate our products and services outside the framework of our existing businesses by enhancing and leveraging the three previously mentioned shared group functions. In addition to stably securing lucrative orders received, we will engage in strengthening our cost competitiveness by thorough cost-reduction initiatives and in profit structure reforms by changing our business models. We will also advance business selection and concentration to generate management resources, accelerate growth by allocating those management resources mainly to growth/focus businesses and core businesses, and will make progress toward achieving the targets.

Q The three headquarters of shared group functions are an important factor for growth. What kind of specific achievements were made in the first year of “Group Management Policies 2013?” Additionally, would you tell us about the tasks for the coming year?

A Each of three headquarters has been working hard toward its own goals described in the table below. As some of tangible results, firstly, the Solution & Engineering Headquarters supported to receive orders for projects. Specifically, it helped receive an order from Toyama University Hospital covering the construction and management of a parking lot, as well as an order for solar power generation business from a Japanese power generation company. In the years to come, we are going to strengthen efforts toward broadening the scope of target businesses. The Intelligent Information

Headquarters of Shared Group Functions	Goals
Solution & Engineering Headquarters	Tsunagu: the link among existing businesses and between existing businesses and peripheral businesses aims to solve customer problems by linking products, services and technologies in multiple business areas in line with customers' needs.
Intelligent Information Management Headquarters	Tsunagu: the link of products and services with information and communication technology (ICT) aims to gain the trust of customers by suggesting the most suitable services, while gathering and analyzing a variety of information from customers on the IHI Group's products and services with the best use of the latest ICT.
Global Marketing Headquarters	Tsunagu: the link of global markets with the IHI Group aims to strengthen relationships between customers and the IHI Group by enhancing marketing activities based on local needs and regional headquarters functions.



Management Headquarters has developed common systems to accumulate information of operational status and maintenance of IHI Group's products which have supplied to customers. Also, the Headquarters made progress with the applications of those common systems for the Group's products. In the years ahead, we will work to broaden their applications as well as developing new models and businesses using those systems. The Global Marketing Headquarters worked to build, maintain, and develop relationships toward customers and partners by promoting the IHI Group-wide activities as "All IHI Group" that contribute to regional development, such as IHI Forum 2013, which were held in Indonesia, etc. In the years to come, in addition to these activities, we will work to enhance our marketing functions by global key country such as Indonesia and enhance the functions of our regional headquarters located in New York, Shanghai, and Singapore.

Q In conclusion, please provide a message to convey to all your shareholders.

A As I mentioned earlier, the IHI Group was able to steadily make progress in the first year of its "Group Management Policies 2013." Under "Group Management Policies 2013," with

the assumed exchange rate of ¥100 to the U.S. dollar, we have set numerical targets for consolidated net sales of ¥1,530 billion and consolidated operating income of ¥90 billion in FY2015, which is the final year of the said policy.

The IHI Group will aim to achieve these targets and steadily implement the measures described so far. The IHI Group will also operate on the basis of its Management Philosophy, "Contributing to the development of society through technology," and every employee will carry out his or her duties based on the "three actuals" principle that places an emphasis on going to the actual place, seeing the actual things, and knowing the actual situation. Working to improve the quality of each business process, the IHI Group will continue to make our foundation for growth even more robust by raising the level of those *monozukuri* (manufacturing) technical capabilities, including capabilities in sales and design technologies.

We will continue our evolution toward becoming a corporate group that makes dreams come true for customers and people across the world in accordance with our corporate message: Realize your dreams.

I would like to express my gratitude to all IHI Group shareholders, in heartfelt appreciation and eager anticipation of your invaluable, ongoing support.

● Year-end Dividend

We have raised the year-end dividend by ¥1 to ¥6 per share.