

November 17, 2014

IHI Corporation

Highlights of Q&A at Vehicular Turbocharger Presentation

1. What are the purposes of establishing subsidiaries in Korea (ITK and HWIT)?

- Each entity addresses different areas of the Korean market. HWIT is exclusively for Hyundai Motor, and we have chosen a joint venture structure considering the size of Hyundai Motor. ITK was established to address the needs of other Korean auto manufacturers.

2. What is IHI's view with respect to future market share?

- We do not necessarily set a specific target for market share, but view market share to be a reflection of our effort in day-to-day business activities. We will focus on high functional and high value-added turbochargers for high-end vehicles, through which we aim to improve profitability. At the same time, we will continue to respond to the growing automobile market requiring turbochargers, with the goal to realize a level of growth that exceeds the market, and ultimately increase our market share.

3. What is the operating profit margin of the business?

- We do not disclose operating profit margin. Our strategy is to respond to each and every detail of our customers' needs in terms quality and service, which would help build trust with a wide variety of customers and eventually lead to larger orders in the future. At the same, we will implement strategies to improve profitability throughout our R&D, manufacturing and sales activities, aiming to achieve high single-digit or double-digit operating profit margin.

4. What is IHI's strategy with respect to after-market business?

- IHI established an after-market subsidiary called Clover Turbo on April 1, 2014. Our entry into the after-market business is to back up our business vis-à-vis automobile manufacturers, which continues to be the main pillar of our turbocharger business.

5. Please describe the situation with regards to the German subsidiary (ICSI), which was declining in performance

- There were confusions due to rapid increase in manufacturing and sales activities in Europe. The situation has settled as we implemented various cooperative measures including sending additional employees from IHI. We will continue to cooperate and deploy measures to improve profitability.