September 27, 2023

IHI Corporation

Q&A for Industrial Systems & General-Purpose Machinery Business Area

1. Where do you think things stand with the vehicular turbocharger business, and what is your outlook for this business?

- Notwithstanding rising numbers of hybrid vehicles and synthetic fuel and other trends, we acknowledge that production of internal combustion engine vehicles will decline and that battery-powered vehicles will constitute the majority of vehicles made after 2030.
- That said, we also recognize that regional trends will clearly vary in line with developments among customers, infrastructure deployments associated with electrification, and other factors.
- We believe that our challenge is to flexibly address trends while keeping close tabs on overall movements.

2. With respect to the compressor business, how do things stand currently, and what is the outlook for its offering?

- For process gas turbo compressors, we handle engineering primarily in Japan. We cater to customer needs worldwide. We do not consider where we manufacture our offerings a limitation in doing business. Still, if market penetration expands significantly for our products and we enter a phase in which we increase production capacity, we would like to consider strengthening global production sites.
- It is also worth noting that we have received inquiries from various companies about handling hydrogen, ammonia, carbon dioxide, and other greenhouse gases. We aim to leverage ongoing efforts to contribute broadly to the gas value chain in the industrial and energy fields as a growth opportunity.

3. What areas of the heat treatment and surface engineering businesses are you prioritizing?

- We have contributed significantly to the IHI Group’s growth, including by reducing the weight and enhancing productivity of aero-engine parts.
- We are applying our surface engineering technology to fuel cell separators, whose two key requirements are solid separability and conductivity.
- While using expensive materials enable practical applications, the spread of fuel cells necessitates lower costs. A key IHI strength is its ability to add coatings to relatively inexpensive materials by using proprietary technology, thereby extending service lives. We will capitalize on business opportunities to expand hydrogen use.