

Review of Performance



Resources, Energy & Environment Business

We must boldly change our business portfolio toward a carbon-neutral society. In the near term, we will focus on securing stable income through the exploit and evolution of LCB and cash generation through business structure reform.



We will accelerate the resource shifts to the Development-focus Business, while continuing to transform our business portfolio.



President of Business Area

Kouji Takeda

Strengths of Business Area and Social Values to Be Created

The Resources, Energy & Environment Business boasts an approximately 40% share of the domestic market for ultra-supercritical pressure coal-fired boilers and a 90% share of the domestic market for power systems for ships (Z-PELLER). In addition, JEL (Jurong Engineering Ltd.), a consolidated subsidiary in Singapore, has an unparalleled share in the Southeast Asian and Middle Eastern markets for the installation of gas-fired thermal power plants, including those made by our competitors.

By utilizing our extensive experience and proprietary technologies related to carbon solutions, we provide earth-friendly energy supply facilities and services throughout their life cycle.

FY2022 Business Results

Orders received increased 5% year on year to 393.4 billion yen due to the acquisition of large projects in Southeast Asia. Revenue increased 8% year on year to 371.3 billion yen, due to the revenue increase in carbon solutions (CS) and nuclear energy businesses. The operating profit was 26.2 billion yen (operating profit margin 7%), a year-on-year increase of 14%, due to progress in construction in the nuclear energy business and improved profitability of the CS business, exceeding the profit level recorded before COVID-19.

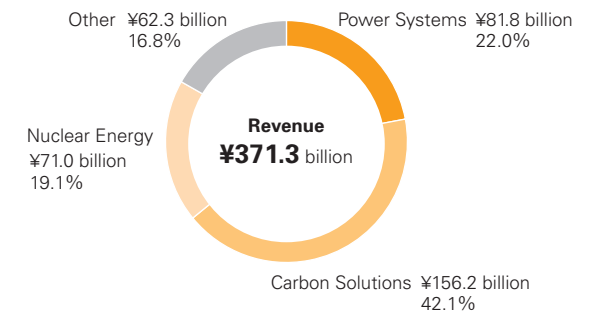
Review of "Project Change"

The expansion of LCB, including nuclear energy, was successful and we achieved our internal operating profit targets. We have achieved results in the creation of new Growth Business and Development-focus Business related to carbon solutions, including the utilization of ammonia, sales of CO₂-derived methanation systems, and the substitution of ammonia fuel in large commercial thermal power generation facilities.

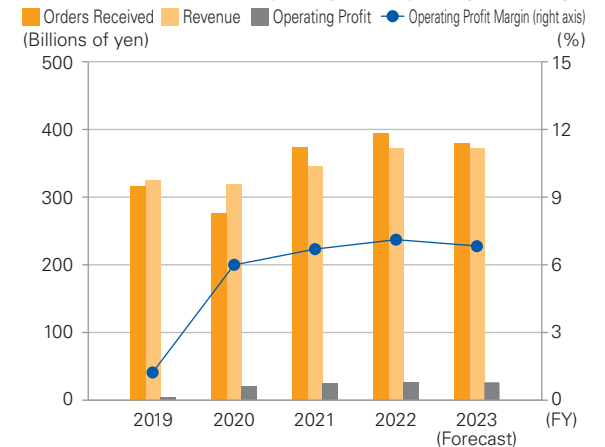
Main Businesses

- Power systems (power system plants for land use/power systems for ships)
- Carbon solutions (biomass/use of ammonia, etc.)
- Nuclear energy (components for nuclear power plants)

Major Product Revenue Composition (FY2022)



Orders Received, Revenue, Operating Profit, Operating Profit Margin





Social Infrastructure Business

We aim to realize a safe and secure social infrastructure by further strengthening the “only-one” technologies in bridges/water gates, transport systems, shield systems, and concrete construction materials and improving our cash generation capabilities through reforms in design, production and construction (DX, labor-saving) and enhancement of LCB.



We will contribute to building a safe and secure society, in addition to creating new value based on our strong existing businesses.



President of
Business Area

Takeshi Kawakami

Strengths of Business Area and Social Values to Be Created

The Social Infrastructure Business has a top-class domestic market share in the fields of: Bridges and water gates, Transport systems, Shield systems, and Concrete construction materials. In Bridges, we are a Japanese company which excels in highly difficult bridge construction projects. We have a track record of constructing many long-span bridges, including suspension bridges in Turkey and other Asian countries, leveraging our engineering capabilities in all phases from design to construction. In Water gates, we are one of the few companies that are even involved in water management systems of river basins. Through these businesses, we will solve the challenges faced by customers and contribute to the construction and realization of safe and secure social infrastructure from the viewpoint of maintenance, disaster prevention and disaster mitigation.

FY2022 Business Results

Although orders received declined 26% from the previous fiscal year to 134.0 billion yen due to sluggish orders for large projects on Bridges and Shield systems, revenue increased 2% year on year to 171.0 billion yen supported by orders received up to the previous fiscal year. The operating profit was 17.0 billion yen (operating profit margin 10%), a year-on-year increase of 11%, due to the impact of increased sales and the increased profitability of overseas bridge projects. The profit level exceeded that recorded before COVID-19.

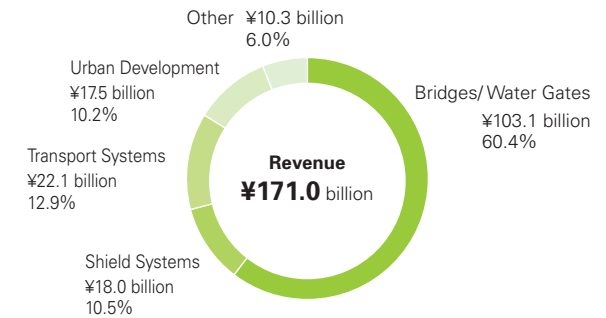
Review of “Project Change”

Internal numerical targets were generally achieved. In the bridge and water gate business, we have built a foundation to tackle new construction and maintenance in a comprehensive manner by promoting production reforms that significantly shorten production lead times and integrating businesses among subsidiaries, with an emphasis on LCB. In addition, we are focusing on expanding our business to the preventive maintenance business by introducing BMSS (Bridge Management Support System), which supports efficient maintenance and management operations for bridges, and GBRAIN, a remote maintenance and management tool for water gates. Furthermore, we have launched remotization and wide-area management of water utilization and watershed flood control by promoting DX, as well as the development of carbon neutral concrete that does not use cement.

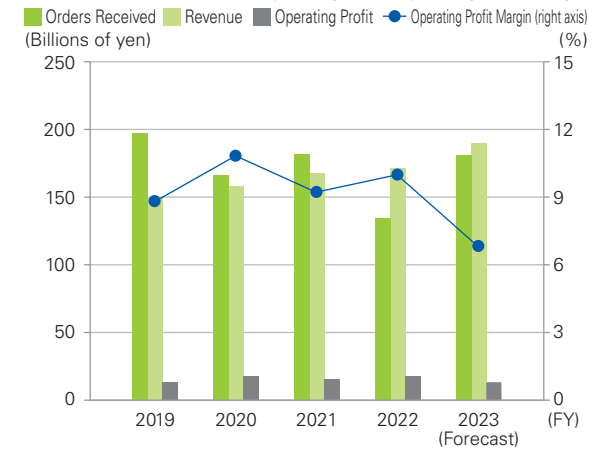
Main Businesses

- Bridges/water gates
- Shield systems
- Urban development (real estate sales and rental)
- Transport systems
- Concrete construction materials

● Major Product Revenue Composition (FY2022)



● Orders Received, Revenue, Operating Profit, Operating Profit Margin



Review of Performance



Industrial Systems & General-Purpose Machinery Business

We seek to build an optimal portfolio that leads to solutions to two major challenges: decarbonization and automation/labor-saving. We aim to overcome the barriers of individuals, organizations, and businesses, strengthen our cash generation capabilities, and exploit and evolve LCB.



We are committed to tackling the challenge of reducing environmental impact and pursuing business growth by leveraging global and diverse business capabilities.



President of Business Area
Yasuhiro Shigegaki

Strengths of Business Area and Social Values to Be Created

The Industrial Systems & General-Purpose Machinery Business has a product lineup that boasts a high market share both domestically and internationally. We boast a 20% global market share in vehicular turbochargers, a 60% global market share in ultra-low temperature LNG BOG reciprocating compressors, a 50% domestic market share in jib climbing cranes, and a 40% domestic market share in elevator parking systems. We understand that the strength of this business lies in our wide range of customers based on our diverse product lineup and the sales and service network that connects the products with the customers. Leveraging this strength, we will enhance our customers' value creation by realizing decarbonization, automation and labor-saving through IHI's unique and complex solution proposals.

FY2022 Business Results

Orders received increased 19% year on year to 455.9 billion yen, mainly around vehicular turbochargers. Driven by vehicular turbochargers and heat treatment and surface engineering, revenue increased 16% year on year to 436.5 billion yen. The impact of soaring prices of materials was absorbed by price revisions, etc., and the operating profit rose 40% year on year to 18.0 billion yen (operating profit margin 4%), securing the pre-COVID-19 profitability level.

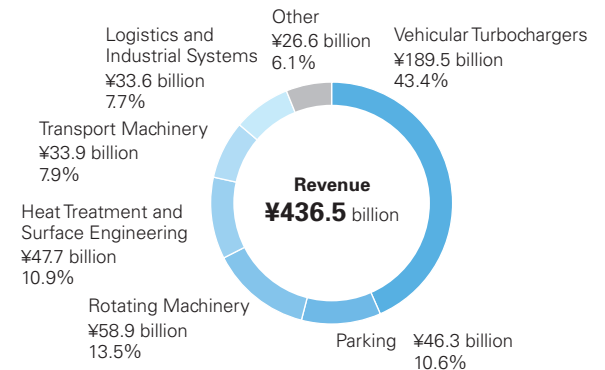
Review of "Project Change"

In addition to the prolonged sluggish demand for vehicular turbochargers amid the downturn in global automobile production, soaring prices for various materials and other factors resulted in a partial shortfall in the internal numerical targets. On the other hand, the shortening preparation period for services and construction, and improving estimating efficiency have been successful, resulting in a 30% reduction in construction lead time. In LCB, we are building a service infrastructure that transcends business units, including the integration of service bases in Nagoya and Sendai, and mutual technology training across business units and incentive programs.

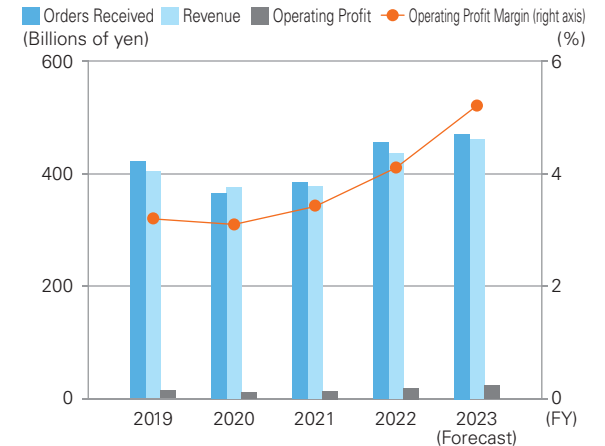
Main Businesses

- Vehicular turbochargers
- Rotating machineries (compressors/separation systems/turbochargers for ship engines)
- Logistics and industrial systems (logistics systems/industrial machines)
- Parking
- Heat treatment and surface engineering
- Transport machinery

Major Product Revenue Composition (FY2022)



Orders Received, Revenue, Operating Profit, Operating Profit Margin





Aero Engine, Space & Defense Business

We will dynamically pursue productivity efficiency and business structural reforms through the newly established X Center. We will strengthen our initiatives for Growth Business by establishing world-class productivity and achieving profit growth and stable generation of operating cash flow.



Courtesy of GE

We aim to create new growth markets by reforming the production efficiency and business structure of existing businesses.



President of
Business Area

Hideo Morita

Strengths of Business Area and Social Values to Be Created

The IHI Group is a leading company that accounts for 60-70% of jet engine production for aircraft in Japan. The Group has a 50% global market share in long shafts for civil aero engines, and the XF9-1 engine for fighter aircraft delivered to the Acquisition, Technology & Logistics Agency of Japan boasts thrust equivalent to that of the engine on the F-22 fifth-generation fighter aircraft. In addition to the production and development of turbopumps for rocket engines, the IHI Group also provides launch services using solid-fuel rockets. We will provide safe and clean air transportation by promoting lighter weight and decarbonization of aircraft.

FY2022 Business Results

The orders received amounted to 372.7 billion yen, increasing 22% year on year due to recovery in demand for civil aero engines, etc.. Revenue amounted to 364.1 billion yen, increasing 37% year on year due to increased sales of civil aero engines and spare parts, and other factors. Operating profit returned to profitability at 36.1 billion yen (operating profit margin 10%) securing a profitability level recorded before COVID-19. This result was due to the increased revenue in spare parts, and reduction in cost of the PW1100G engine and various expenses.

Review of "Project Change"

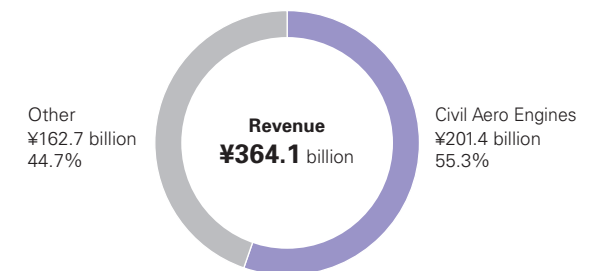
Based on the strengthening of production and quality control systems and the recovery of demand, we achieved a V-shaped recovery in our business performance and met our internal numerical targets.

However, operating cash flow remained an issue due to an increase in working capital accompanying the revenue increase. To achieve the world's top level of production efficiency, we have established the Transformation Center (X Center), which will carry out structural reforms, aiming to maximize profit generation with minimum increase in workforce during the future production increase phase.

Main Businesses

- Aero engines
- Rocket systems and space utilization systems
- Defense systems

Major Product Revenue Composition (FY2022)



Orders Received, Revenue, Operating Profit, Operating Profit Margin

