

# Management Overview of Fiscal Year 2024

(ended March 31, 2025)



May 8, 2025

**IHI Corporation**

Hiroshi Ide  
President and Chief Executive Officer

- 1. Achievements in Fiscal 2023 and 2024**
- 2. Our Challenges**
- 3. Tackling Conventional Business Issues**
- 4. Driving Energy Business Growth**
- 5. Outlook for Growth Businesses**

# 1. Achievements in Fiscal 2023 and 2024

## Strengthening growth and development-focus businesses

- **Reinforced civil aero-engine and defense businesses**
  - Invested in civil aero-engine MRO business at Tsurugashima Works
  - Started maintaining F-35 fighter engines
  - Expanded exports to U.S. OEMs of domestic engine components for fighter aircraft made under license
- **Cultivated fuel ammonia business**
  - Participated in green ammonia production and supply projects
  - Developed and commercialized boiler, gas turbine, and marine engine utilization technologies

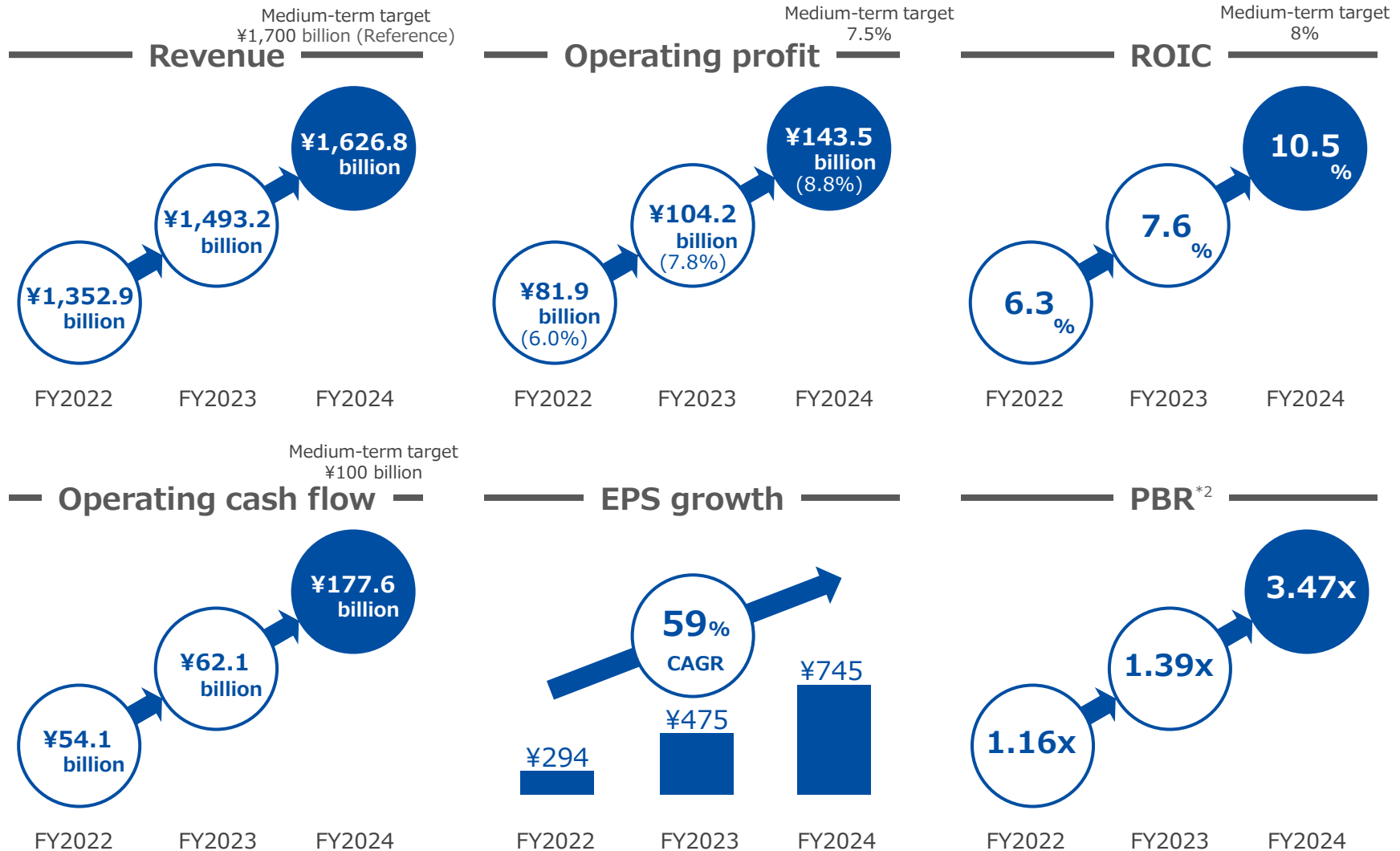
## Overhauling business portfolio

- **Restructured vehicular turbocharger business**
  - Began liquidating overseas consolidated subsidiary (production should end in June 2025)
  - Consolidated European production sites
- **Finished transferring general-purpose boiler business**
- **Resolved to transfer materials handling systems business** (in July 2025)
- **Resolved to transfer turf care machinery business** (in June 2025)
- **Resolved to transfer concrete construction materials business** (in October 2025)

## Improving capital efficiency

- **Divested investment properties** (including in Toyosu in Tokyo, and Ayase in Kanagawa Prefecture)
- **Sold policy shareholdings**

## Strategically shifted management resources to return to growth



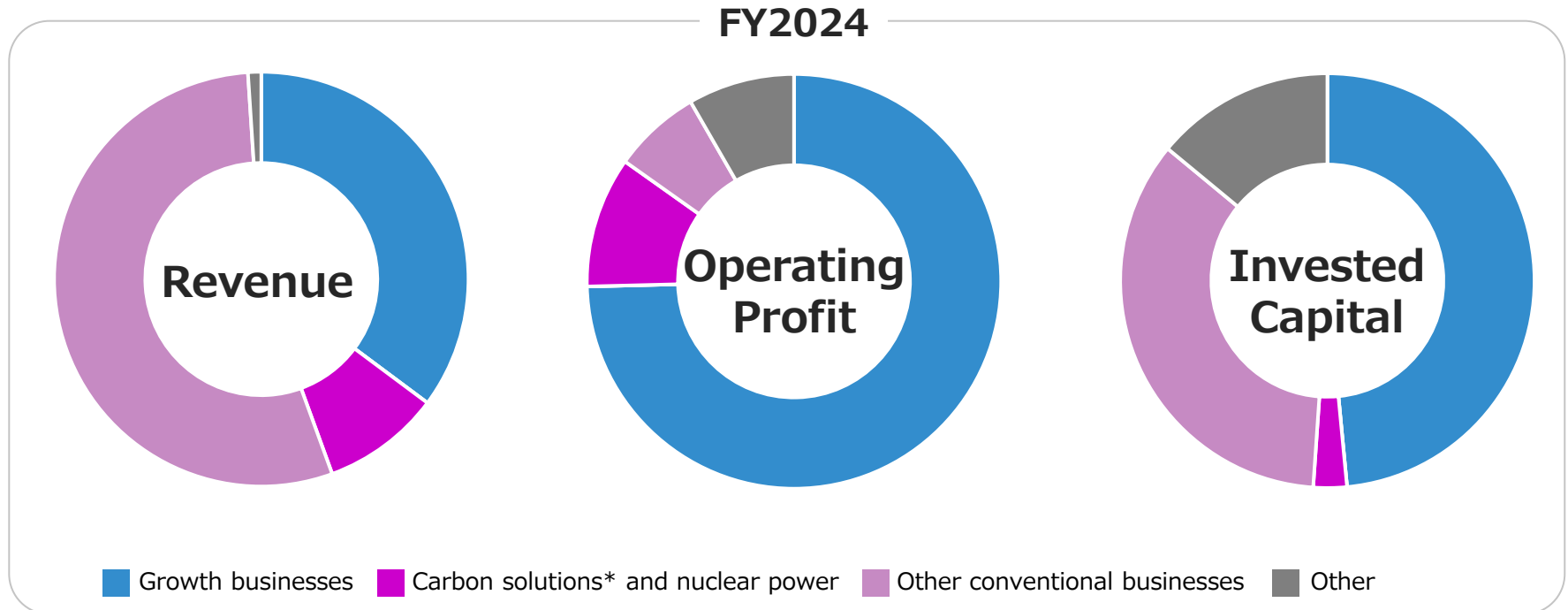
\*1. Calculated using fiscal 2023 figures after excluding special factors

\*2: Based on closing share prices at fiscal year-ends

## 2. Our Challenges

## Low profitability and efficiency of conventional businesses

- ✓ Restructure underperforming businesses in FY2025 to **dramatically enhance their profitability and capital efficiency**
- ✓ **Expand stable cash flows** by **allocating resources** to capital-efficient carbon solutions\* and nuclear power businesses offering market growth potential

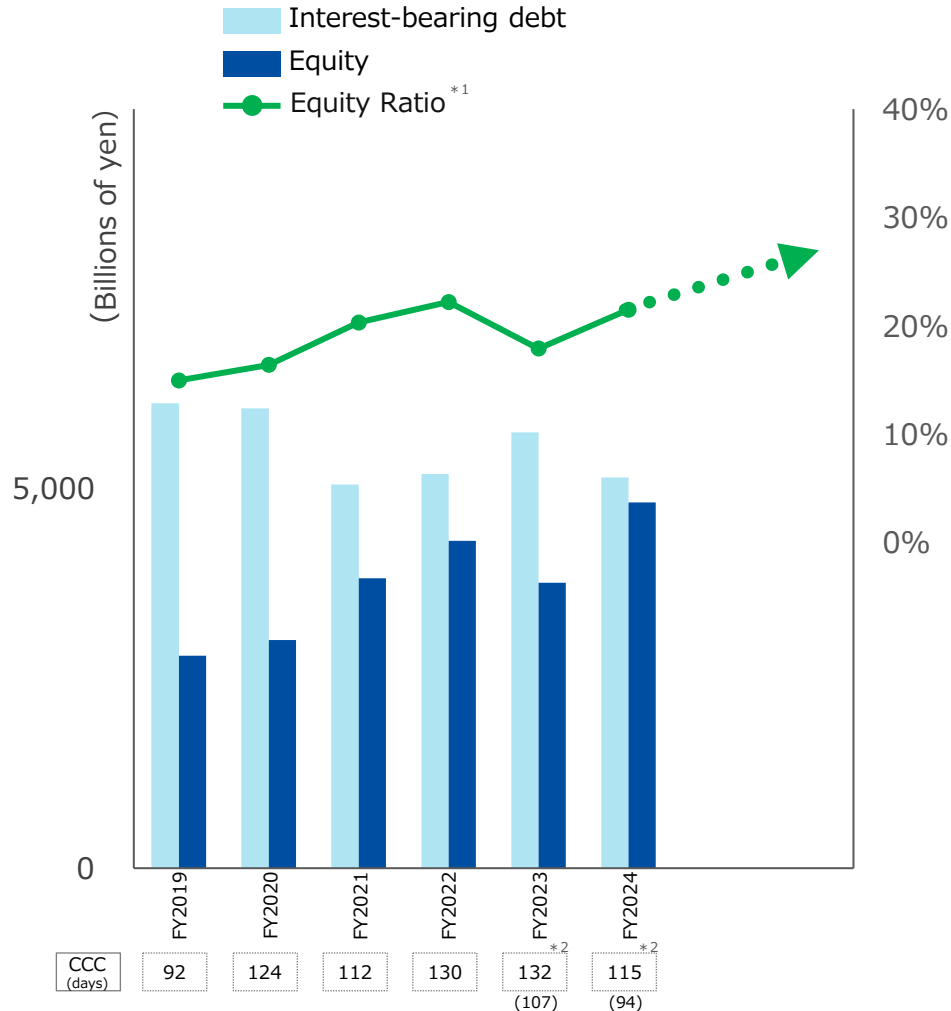


\* Excluding the following foreign subsidiaries of the Carbon Solutions strategic business unit

- IHI Terrasun Solutions Inc.
- IHI Power Generation Corp.
- Steinmüller Engineering GmbH

## Improving financial position but still need to solidify financial foundations

✓ Tighten financial discipline and aim for **further improvement in the equity ratio**<sup>\*1</sup>



### Reduce working capital

- Strengthen groupwide efforts to cut inventories
- Accelerate accounts receivables collections and increase advance received

### Reform business structure

- Reduce invested capital in businesses delivering low returns on such allocations

### Strategically divest assets

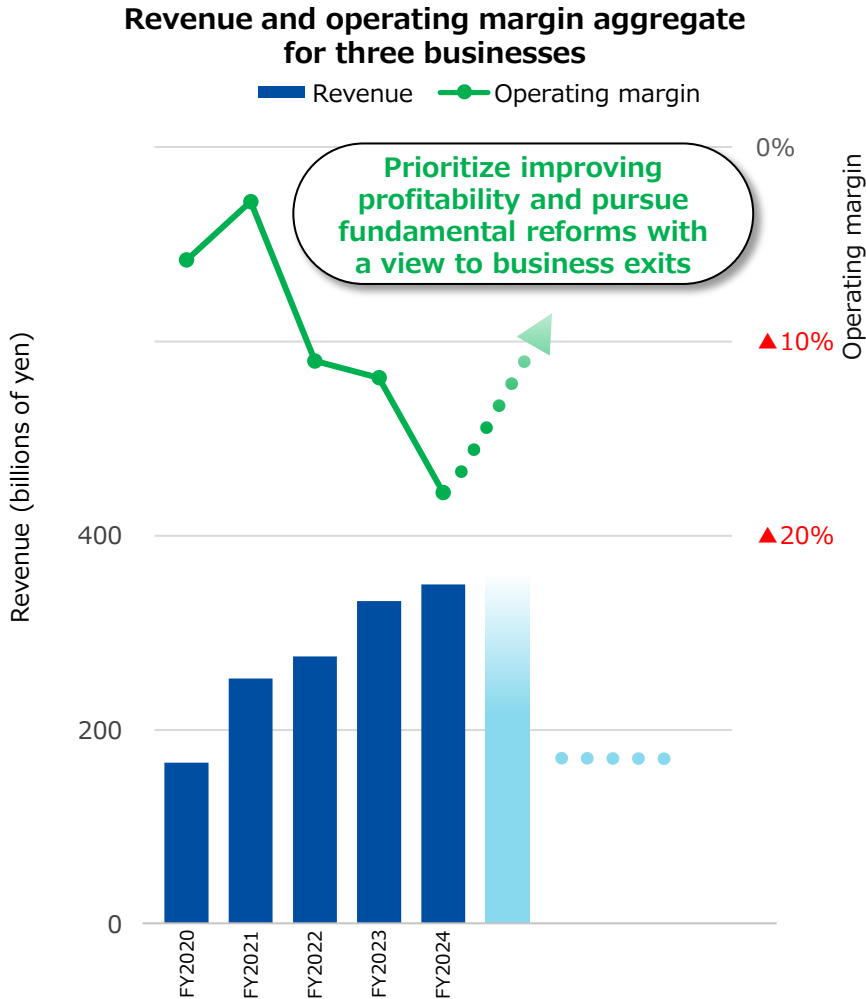
- Investment properties
- Policy shareholdings (listed shares)



# 3. Tackling Conventional Business Issues

## Eliminate downside risks by exiting unprofitable businesses and transforming business model

- ✓ Reinforce corporate governance and improve profitability while looking to **exit non-profitable businesses**



### Energy management services business

IHI Terrasun Solutions Inc. (operates primarily in North America)

- Eliminate downside risks by selectively taking orders
- Manage fixed costs in line with business scale

### Biomass power business

IHI Power Generation Corp. (operates in North America)

- Exit unprofitable power generation business

### Engineering business

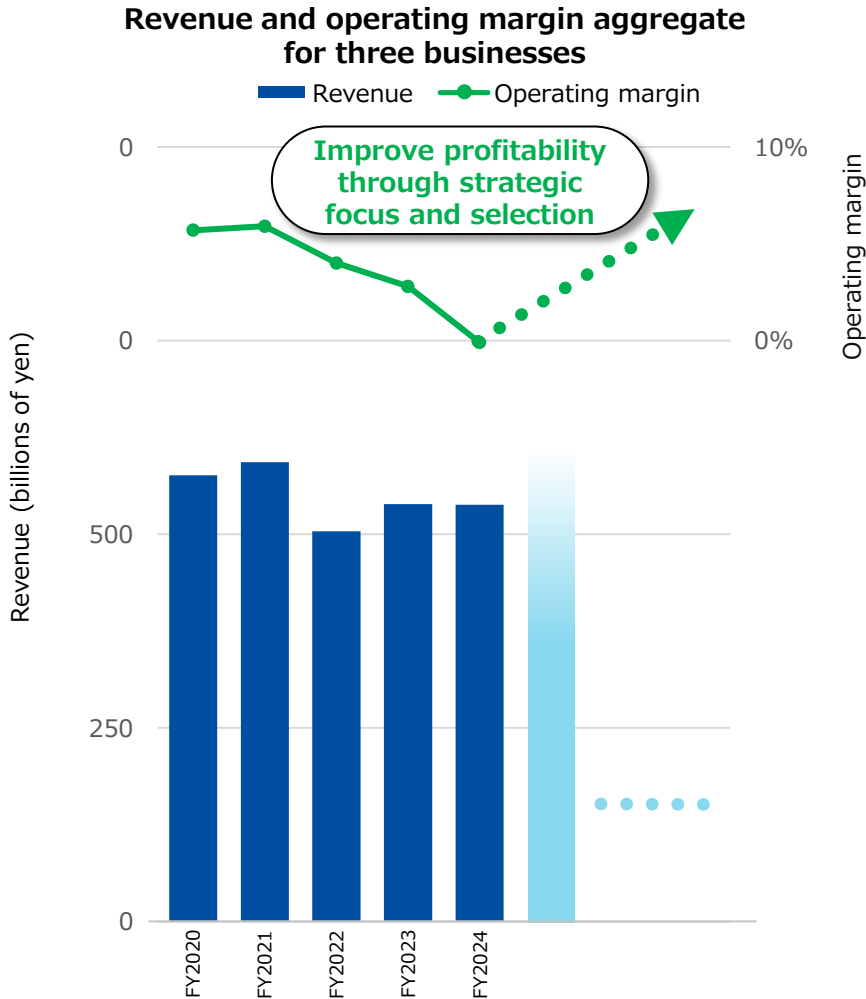
Steinmüller Engineering GmbH (based in Europe)

- Focus business model away from scale toward profitability

# Social Infrastructure Business Area (Concrete Construction Materials, Shield Systems, and Transportation Systems)

**Accelerate business and product portfolio reforms within business area to boost profitability**

- ✓ **Transition to consistently high-margin businesses** while adopting market changes



## Concrete construction materials

- transfer to optimal partner that can generate mutual synergies

## Shield systems

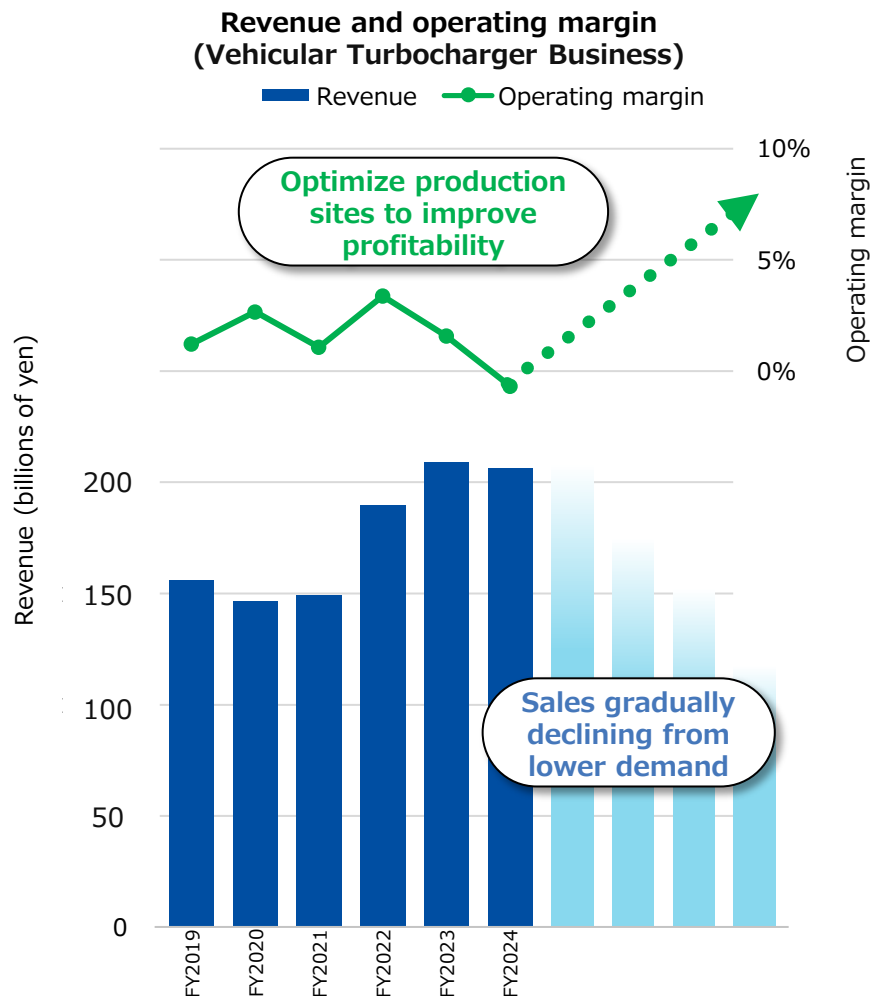
- Focus on emerging markets where demand is strong and we have competitive potential
- Improve cost competitiveness by consolidating global production sites

## Transportation systems

- Enhance profitability by specializing in competitive models

## Transform to structure that can generate earnings and cash even in challenging business climate

- ✓ Transition from sales-oriented to **cash-driven** operations



### Conduct zero-based review for production sites

- Close German production site
- Reorganize global production network
- Optimize production scale at domestic plants

### Flexibly shift resources according to business scale

- Allocate resources to growth businesses

### Maximize marginal profit

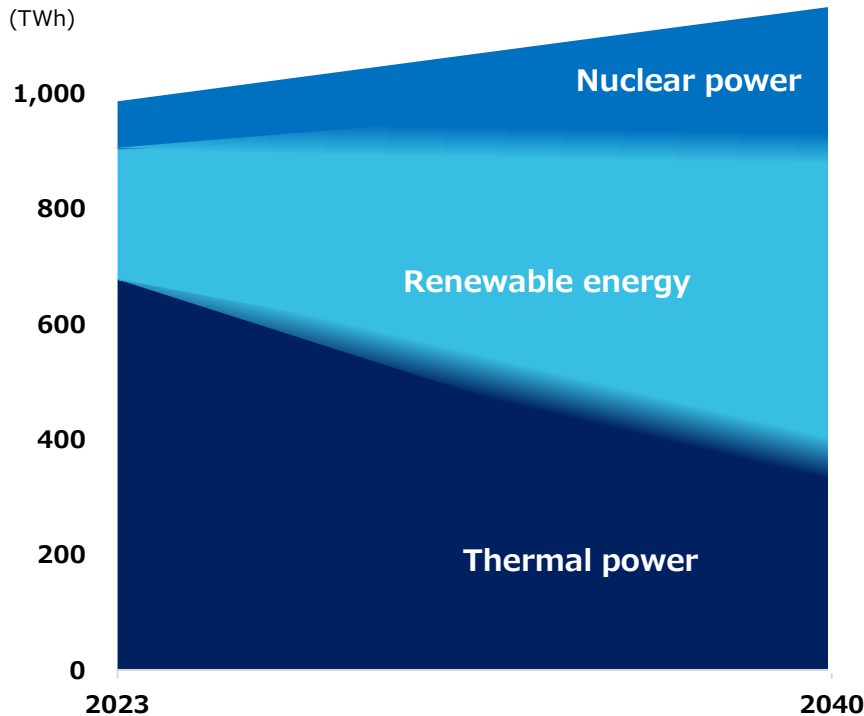
- Appropriate price shifting with immediate response to external conditions
- Reduce costs through supply chain management

## 4. Driving Energy Business Growth

## Rising electricity demand underscores need to establish an economically viable power generation mix

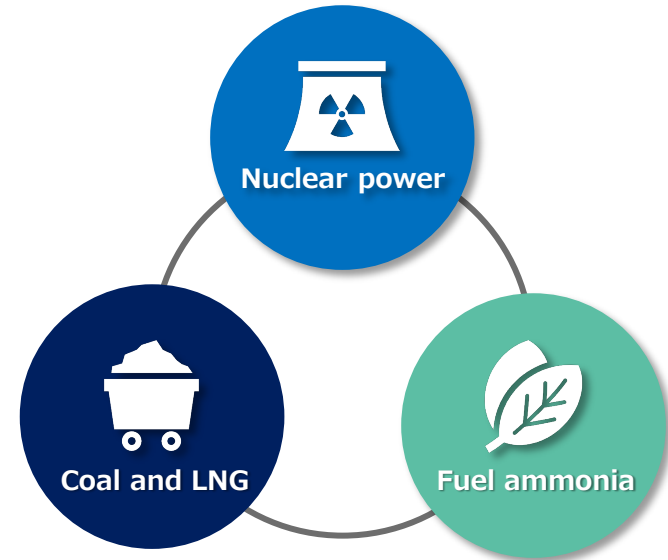
- ✓ Electricity demand should increase with digital and green transformation progress
- ✓ Progressing toward carbon neutrality through **economically viable energy mix**

### The 7th Strategic Energy Plan (Power generation mix)



### IHI Group Energy business strengths

- ✓ World-class manufacturing technologies and capabilities

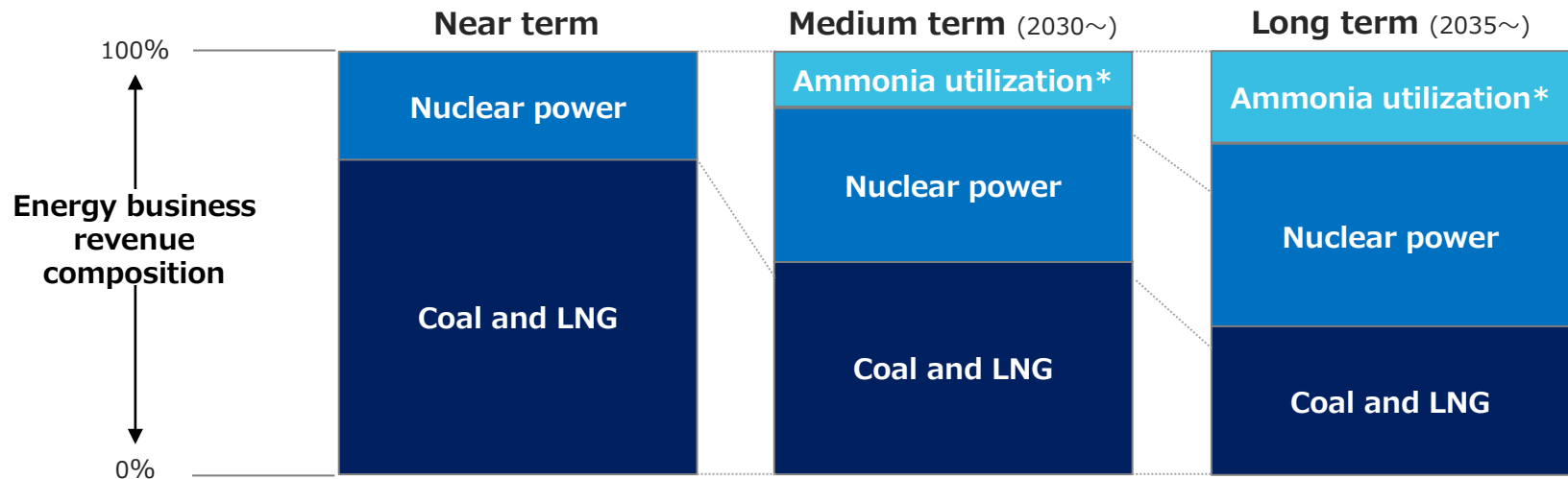


- ✓ Advanced thermal energy combustion and materials technologies

- ✓ Global value chain leader

## Leverage technological strengths to drive a global energy transition

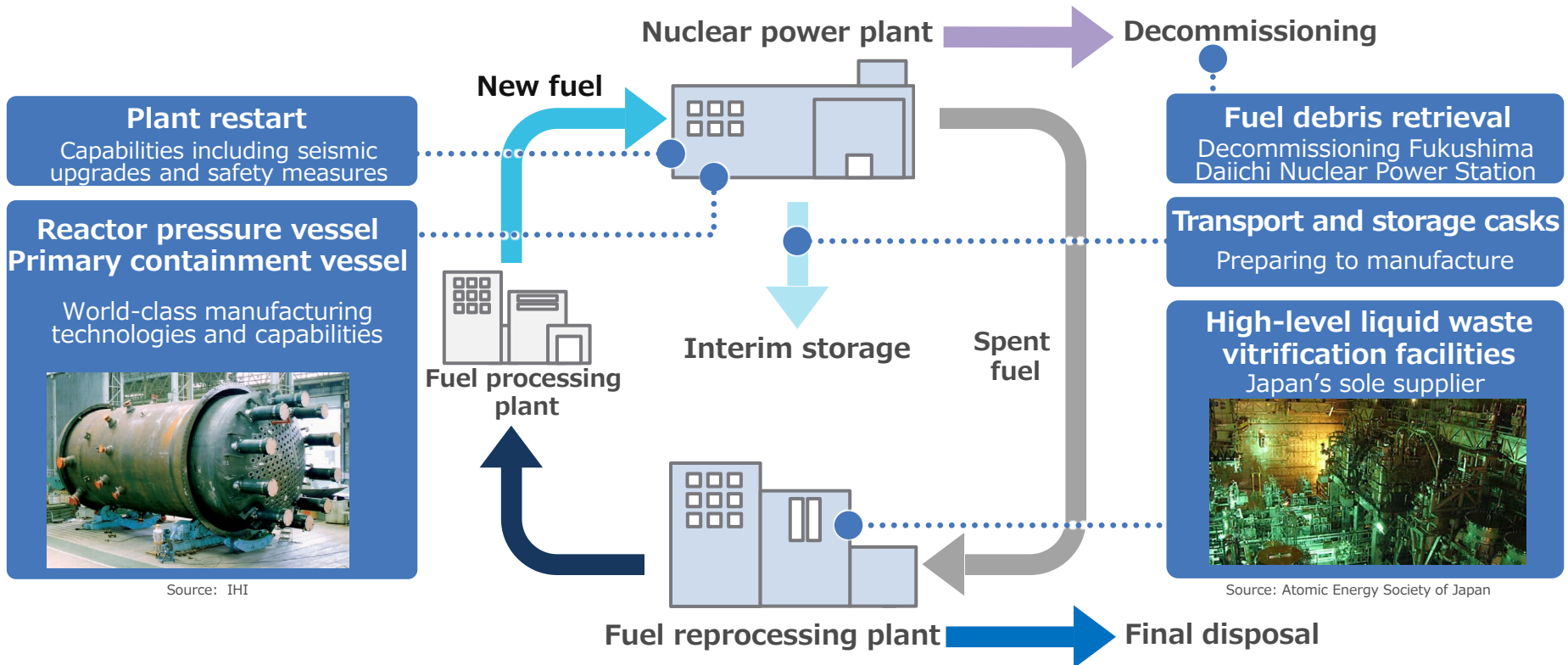
- ✓ Expand global business and earnings scale by **tailoring energy mixes to countries and regions**
- ✓ **Shift product portfolio as energy transition needs evolve**



\*Excluding fuel ammonia production and supply businesses

## Nuclear business expansion leveraging world-class advanced technology

- ✓ **World-class manufacturing technologies and capabilities** in pressure vessel and other key components for nuclear power plants
- ✓ The **only player in Japan with high-level radioactive waste management technology** in back-end areas

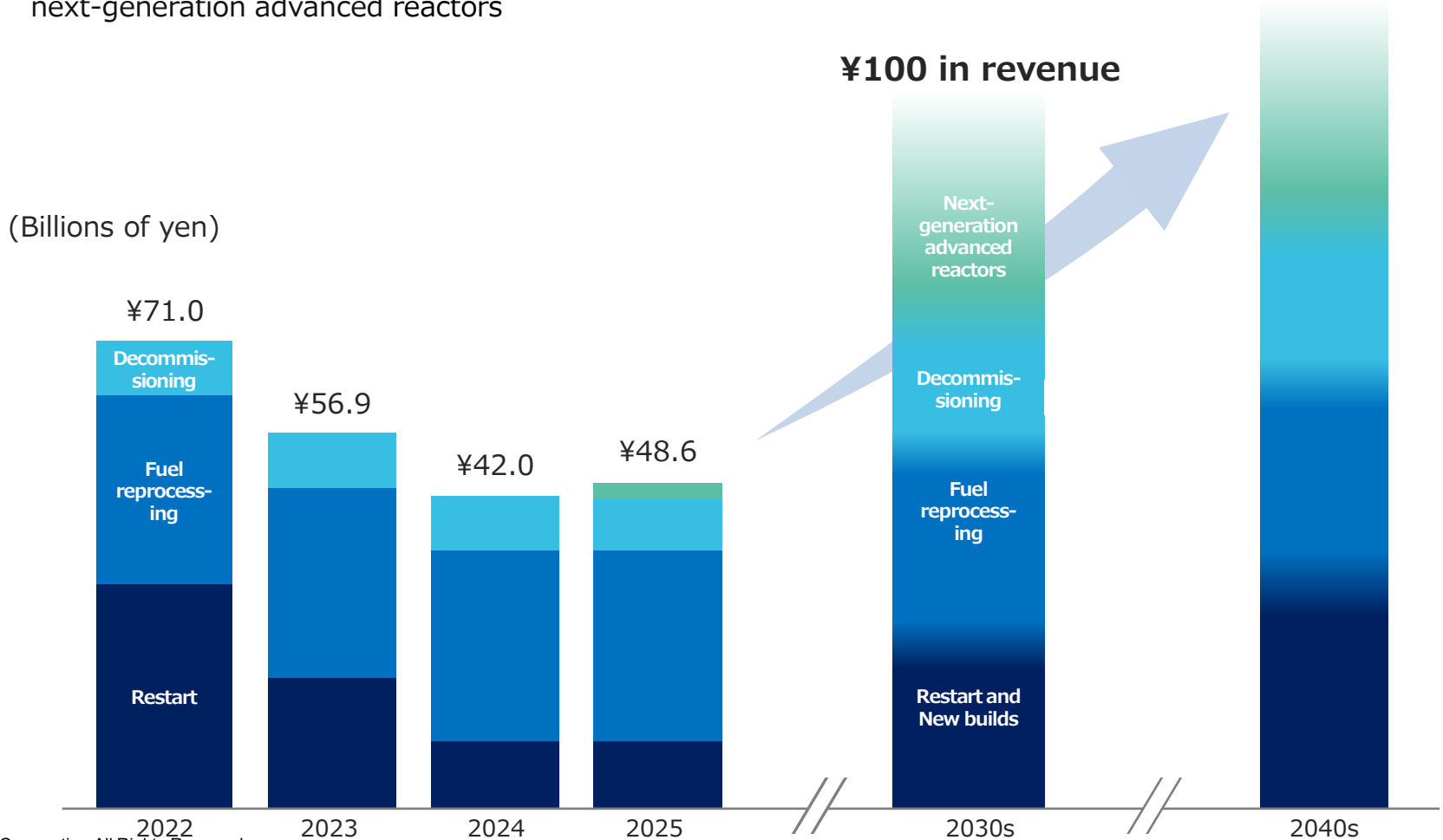




# Growth Candidate: Nuclear Power Business Expansion

Generate ¥100 billion in revenue in 2030s by meeting rising electricity demand

- ✓ **Expand business scale by bolstering structure** for fuel reprocessing, decommissioning, and other back-end operations
- ✓ Leverage world-class manufacturing technologies and capabilities to **globally deploy** large and small next-generation advanced reactors



## 5. Outlook for Growth Businesses

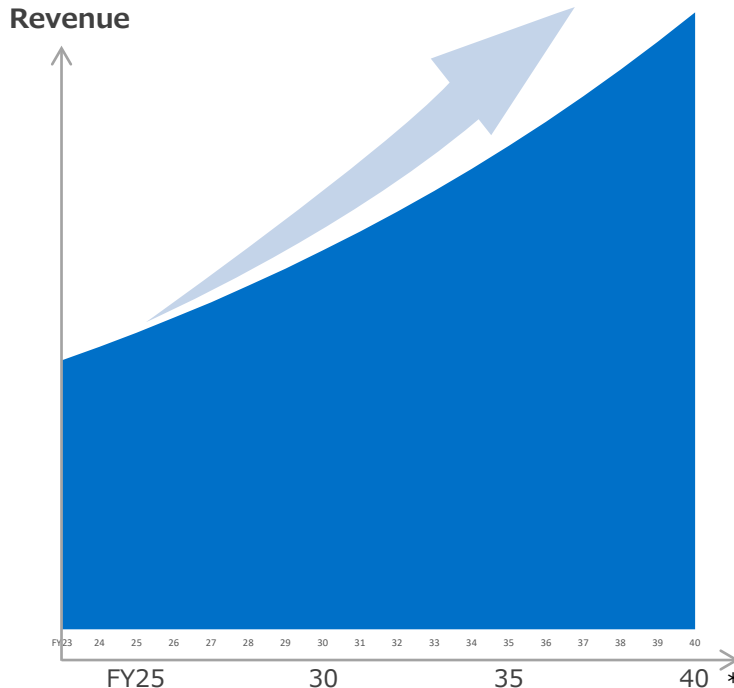
## Grow revenue beyond market growth and enhance profitability

- ✓ Aircraft demand should **steadily increase over medium through long terms**
- ✓ Looking to **boost revenue and profit margins** beyond aircraft demand growth levels, with aftermarket business driving progress

### Civil aero-engine business revenue forecast

Market growth rate\*1  
2~3%

Business growth rate  
5%



- **Invest extensively to boost capacity** for engine maintenance and parts repairs
- Leverage design and manufacturing expertise to **develop competitive parts repair technology**



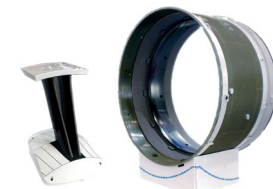
Tsurugashima Works maintenance and parts repair facility



- Apply high value-added parts with proprietary composite materials for advanced narrow-body aircraft



Proprietary composite materials



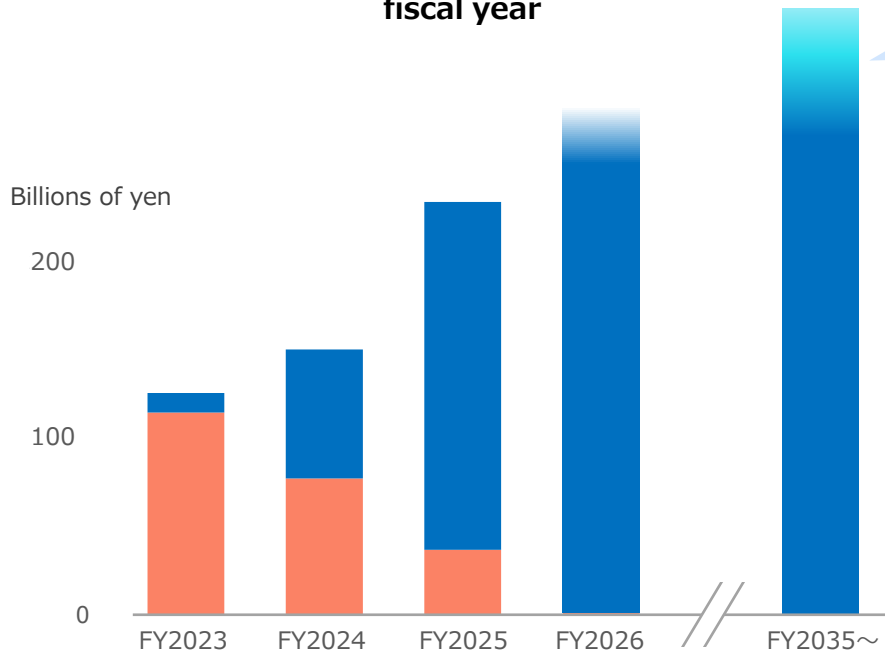
Components employing composite materials

\*1. IHI estimates based on Worldwide Market Forecast 2024–2043 for commercial aircraft, published by Japan Aircraft Development Corporation in March 2024

## Deploy globally, expand scale, and boost profitability ahead of schedule

- ✓ Largely complete transition to the new contract scheme by FY2026, **attain 10% operating margin ahead of schedule**
- ✓ **Grow further** over medium through long terms, not only augmenting domestic businesses but also **expanding global operations in collaboration with government**

Contract scheme breakdowns by fiscal year



### Global business deployment

- Parts supply for original equipment manufacturers
- F135 global maintenance program
- Solid-fuel rocket motor supply
- Mass production and support for Global Combat Air Programme



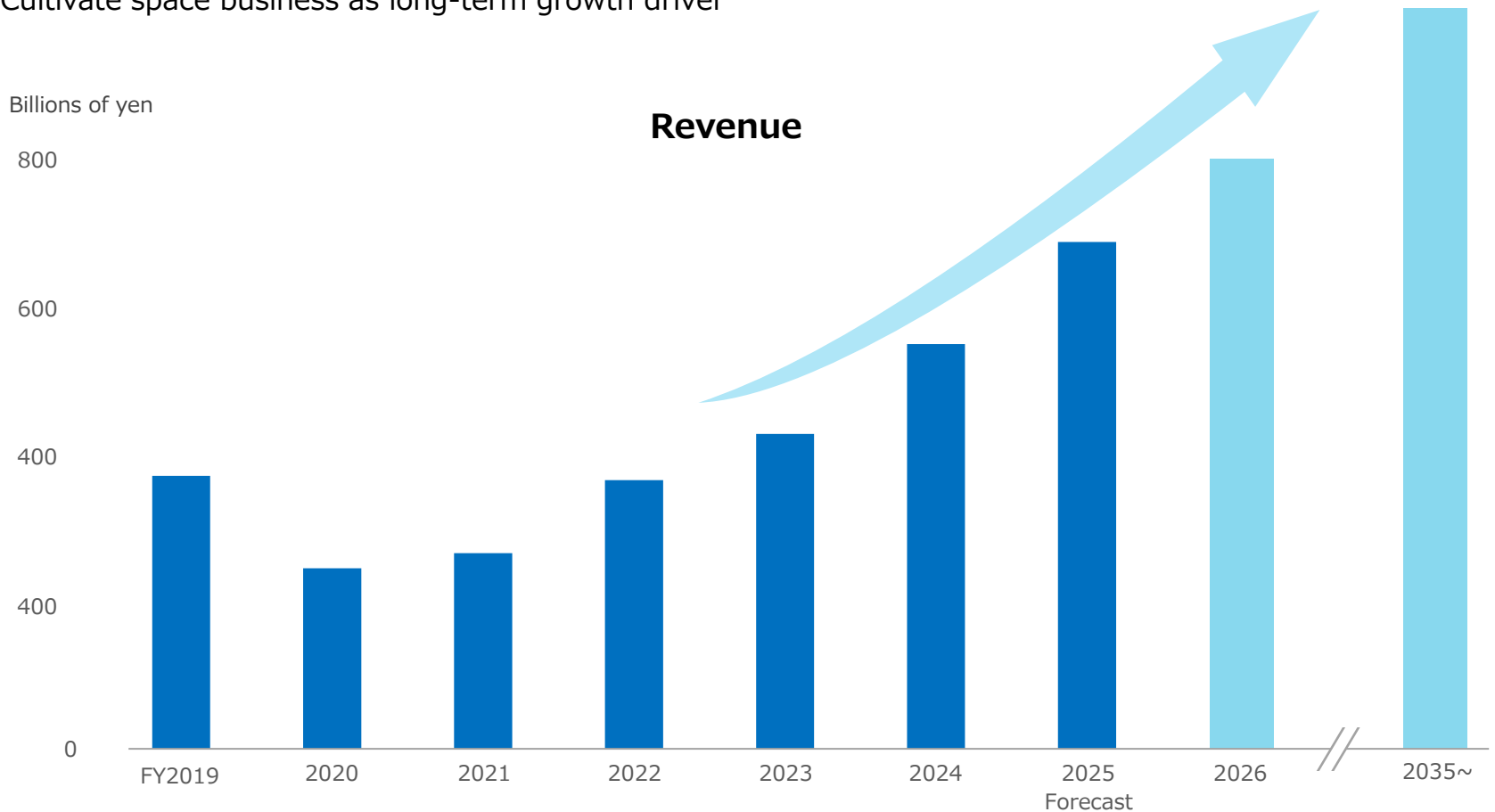
- Contracts before FY2022
- Contracts after FY2023\*

\* Operating margin of 5–10% based on quality, cost, and delivery (assessments by Acquisition, Technology & Logistics Agency)

# Growth Businesses: Business Scale over Medium and Long Terms IHI

## Steadily expanding business scale, set to reach ¥800 billion in revenue ahead of schedule

- ✓ Aircraft demand gradually increasing, with aggressive investments driving growth beyond market rates
- ✓ Seeking to further expand global business while boosting defense business for domestic market in response to government policy to lift national defense capabilities
- ✓ Cultivate space business as long-term growth driver



# Heading into the final year of the “Group Management Policies 2023”

**By integrating, uniting, and enhancing the diverse technologies as the sources of our value, we forge new value for our customers moving beyond traditional products and services**

**The IHI Group creates Value Chains**



Forward-looking figures shown in this material with respect to IHI's performance outlooks and other matters are based on currently available information, and therefore contain risks and uncertainties. Consequently, you should not place undue reliance on these performance outlooks in making investment decisions. Actual results could differ materially from those discussed in these performance outlooks due to several important factors. They include political environments in areas in which IHI operates, general economic conditions, and the yen exchange rate including its rate against the US dollar.