

Financial Results for Third Quarter FY2020 (for the year ending March 31, 2021)

IHI

February 9, 2021

IHI Corporation

Table of Contents

1. Consolidated Results for Third Quarter FY2020

Summary of Financial Results.....	4
Financial Results by Segment.....	5
Non-operating Income / Expenses.....	10
Extraordinary Income / Losses.....	11
Balance Sheets.....	12
Supplementary Information.....	13

2. Forecasts of the Consolidated Results for FY2020

Summary of Forecasts for FY2020.....	16
Forecasts for FY2020 by Segment.....	19

3. Financial Results by Segment

Resources, Energy and Environment.....	23
Social Infrastructure and Offshore Facility.....	25
Industrial System and General-Purpose Machinery.....	27
Aero Engine, Space and Defense.....	29

<Appendices>	31
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1. Consolidated Results for Third Quarter FY2020



1. Consolidated Results for Third Quarter FY2020

Summary of Financial Results

Japanese GAAP

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Note: Average exchange rates for FY2020.3Q US\$ 1.00= ¥106.36

(In billion yen)

	FY2019.3Q	FY2020.3Q	Change
Orders received	876.7	684.4	(192.2)
Net sales	922.0	(45.1) 766.8	(155.1)
Operating profit	27.2	(1.1) (2.5)	(29.7)
Ordinary profit	8.6	1.4 (10.4)	(19.0)
Profit before income taxes	9.3	(8.7)	(18.1)
Profit attributable to owners of parent	(1.7)	(11.5)	(9.7)

The figures on the left side of net sales, operating profit, and ordinary profit for FY2020.3Q show the effect of applying Accounting Standard for Revenue Recognition(ASBJ Statement No. 29, March 31, 2020).

We have changed the calculation method of orders received in the Civil aero engines Business, in preparation for the adoption of International Financial Reporting Standards (IFRS) starting from the year-end financial results for the fiscal year ending March 31, 2021.

1. Consolidated Results for Third Quarter FY2020

Financial Results by Segment

Japanese GAAP

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■ Orders received & Order backlog

(In billion yen)

	Orders received			Order backlog		
	FY2019.3Q	FY2020.3Q	Change	FY2019	FY2020.3Q	Change
Resources, Energy and Environment	243.7	154.3	(89.4)	521.2	453.8	(67.4)
Social Infrastructure and Offshore Facility	103.4	99.2	(4.1)	229.6	216.4	(13.1)
Industrial System and General-Purpose Machinery	328.6	253.1	(75.5)	190.8	164.0	(26.7)
Aero Engine, Space and Defense*	185.3	158.6	(26.6)	493.6	228.0	(265.6)
Total Reportable Segment	861.1	665.3	(195.8)	1,435.4	1,062.4	(372.9)
Others	49.2	56.6	7.3	26.6	41.3	14.7
Adjustment	(33.7)	(37.5)	(3.8)	-	-	-
Total	876.7	684.4	(192.2)	1,462.0	1,103.7	(358.2)

Overseas orders received / order backlog	392.7	258.2	(134.5)	605.5	306.5	(298.9)
% of Overseas orders received / order backlog	45%	38%	(7)%	41%	28%	(13)%

* We have changed the calculation method of orders received and order backlog in the Civil aero engines Business, in preparation for the adoption of IFRS starting from the year-end financial results for the fiscal year ending March 31, 2021. As a result of this change, order backlog at the beginning of FY2020 reduced by ¥269.0 billion.

1. Consolidated Results for Third Quarter FY2020

Financial Results by Segment

Japanese GAAP

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■ Net sales & Operating profit

(In billion yen)

	Net sales			Operating profit		
	FY2019.3Q	FY2020.3Q	Change	FY2019.3Q	FY2020.3Q	Change
Resources, Energy and Environment	222.4	224.1	1.6	(1.7)	10.8	12.6
Social Infrastructure and Offshore Facility	102.7	104.2	1.5	8.0	9.8	1.8
Industrial System and General-Purpose Machinery	288.2	272.1	(16.0)	5.1	6.9	1.7
Aero Engine, Space and Defense	294.6	157.0	(137.5)	20.4	(28.1)	(48.6)
Total Reportable Segment	908.1	757.6	(150.4)	31.8	(0.5)	(32.3)
Others	44.9	38.7	(6.1)	1.5	0.9	(0.5)
Adjustment	(31.0)	(29.5)	1.4	(6.1)	(2.9)	3.1
Total	922.0	766.8	(155.1)	27.2	(2.5)	(29.7)

Overseas sales	459.7	299.4	(160.3)
% of overseas sales	50%	39%	(11)%

The figures on the left side of net sales and operating profit for FY2020.3Q show the effect of applying Accounting Standard for Revenue Recognition.

1. Consolidated Results for Third Quarter FY2020

Financial Results by Segment

Japanese GAAP

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(In billion yen)

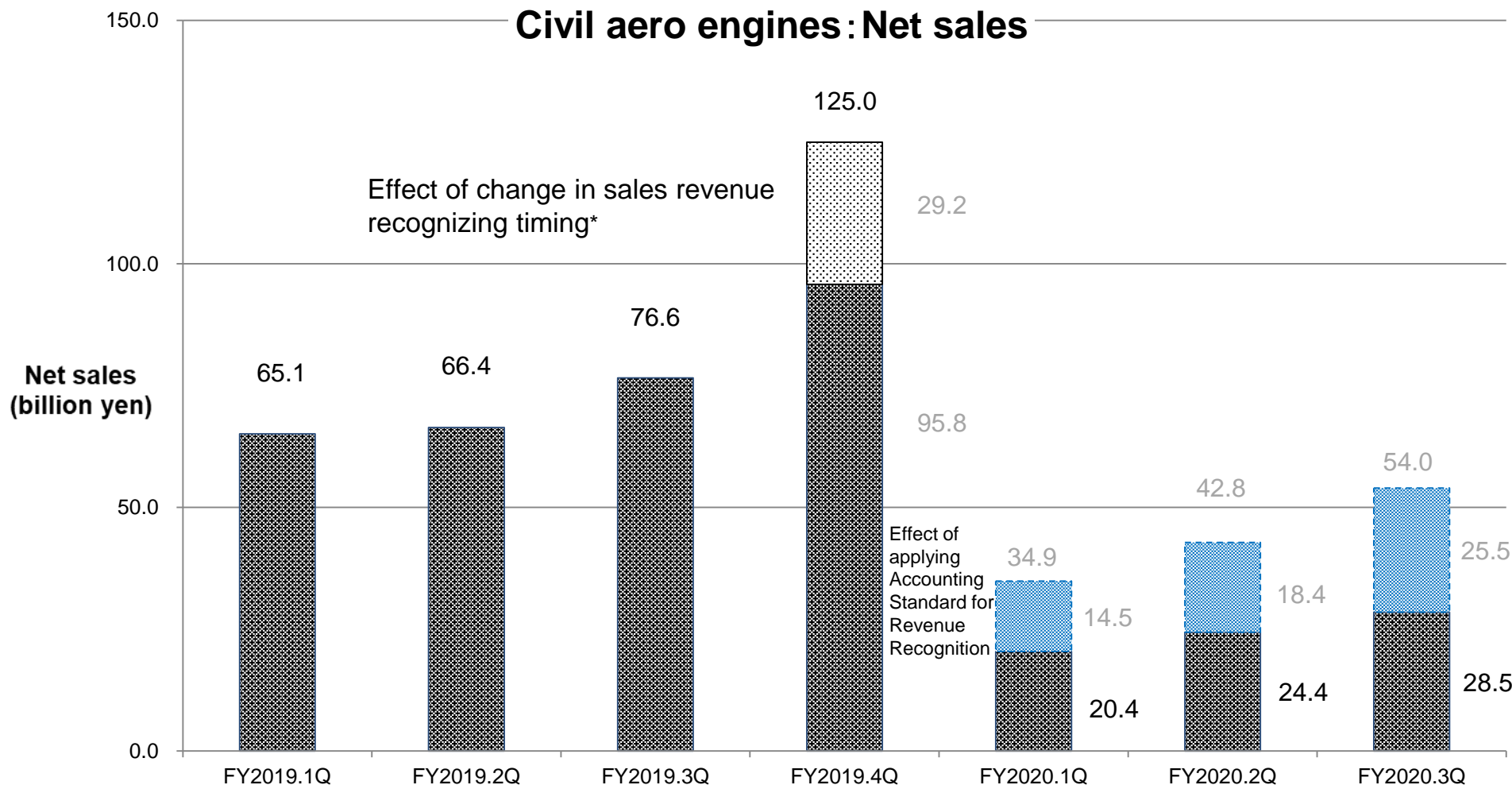
	Impact of the spread of COVID-19	Change in net sales	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Effect of applying Accounting Standard for Revenue Recognition	Total
Resources, Energy and Environment		3.5	6.1	(0.3)	2.7	0.6	12.6
Social Infrastructure and Offshore Facility		1.5	0.3		0.5	(0.4)	1.8
Industrial System and General-Purpose Machinery	(2.0)	1.1			2.3	0.4	1.7
Aero Engine, Space and Defense	(49.0)	(4.3)	0.7	(0.8)	6.4	(1.6)	(48.6)
Total Reportable Segment	(51.0)	1.8	7.1	(1.2)	12.0	(1.0)	(32.3)
Others		(0.5)	(0.8)		0.8	0.0	(0.5)
Adjustment					3.1		3.1
Total	(51.0)	1.3	6.3	(1.2)	16.0	(1.1)	(29.7)

There are cases that the aggregated amount of each segment or factor doesn't match to the total due to rounding off.

1. Consolidated Results for Third Quarter FY2020

Financial Results by Segment (Impact of the spread of COVID-19)

Japanese GAAP



Net sales decreased 36.7% due to a decrease in sales of engines and spare parts compared to the same period in the previous year.

There was a recovery trend, but the recovery slowed down after last November due to the impact of the re-spread of COVID-19.

*The effect of change of revenue recognition timing from the month following the sale to the same month as the sale.

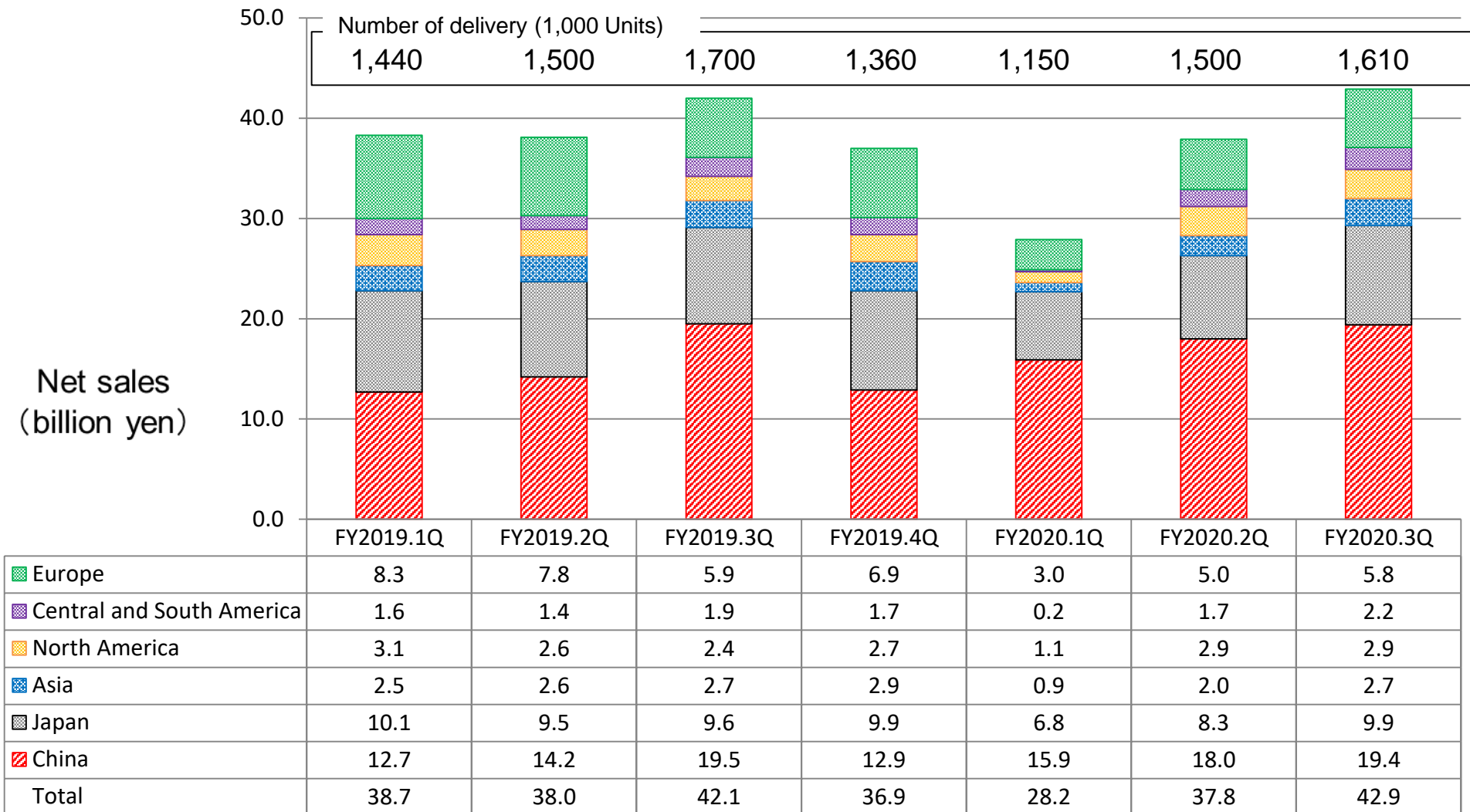
1. Consolidated Results for Third Quarter FY2020

Financial Results by Segment (Impact of the spread of COVID-19)

Japanese GAAP



Vehicular turbochargers : The number of delivery and net sales by region



Following to Chinese market, other regions also recovered to the level of the same period in the previous year.

1. Consolidated Results for Third Quarter FY2020

Non-operating Income / Expenses

Japanese GAAP

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(In billion yen)

	FY2019.3Q	FY2020.3Q	Change
Net interest expenses (incl. dividend income)	(1.5)	(1.2)	0.3
Share of profit/loss of entities accounted for using equity method	(9.2)	(0.8)	8.3
Foreign exchange gains / losses	(1.4)	(3.8)	(2.4)
Others	(6.4)	(1.9)	4.4
Non-operating Income / Expenses	(18.6)	(7.9)	10.7

Change of the rate(US\$) FY2019.3Q (1.43)yen (beginning 110.99yen→end 109.56yen)
 FY2020.3Q (5.36)yen (beginning 108.83yen→end 103.47yen)

1. Consolidated Results for Third Quarter FY2020

Extraordinary Income / Losses

Japanese GAAP

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(In billion yen)

	FY2019.3Q	FY2020.3Q	Change
Gain on sales of non-current assets	4.3	1.6	(2.6)
Gain on insurance claims	1.1	—	(1.1)
Extraordinary Income	5.4	1.6	(3.7)
Impairment loss	(0.1)	0.0	0.0
Loss on valuation of investment securities	(4.6)	—	4.6
Extraordinary Losses	(4.7)	0.0	4.7
Extraordinary Income / Losses	0.6	1.6	0.9

1. Consolidated Results for Third Quarter FY2020

Balance Sheets

Japanese GAAP

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(In billion yen)

	As of March 31, 2020	As of December 31, 2020	Change
Total assets	1,740.7	1,714.0	(26.7)
[Cash and deposits]	[147.2]	[96.1]	[(51.1)]
[Trade receivables & contract assets]	[403.8]	[407.2]	[3.3]
[Inventories]	[445.5]	[454.7]	[9.1]
Total liabilities	1,387.0	1,347.0	(39.9)
[Trade payables]	[262.5]	[218.6]	[(43.9)]
[Contract liabilities]	[151.7]	[155.2]	[3.4]
[Interest-bearing liabilities]	[488.1]	[576.2]	[88.0]
Total net assets	353.7	366.9	13.2
Shareholders' equity	329.2	342.4	13.2
Accumulated other comprehensive income	(2.8)	(2.6)	0.1
Non-controlling interests and others	27.3	27.1	(0.2)
Total liabilities and net assets	1,740.7	1,714.0	(26.7)
D/E ratio(times) (*)	1.38	1.57	0.19
Equity ratio	18.7%	19.8%	1.1%

Interest-bearing liabilities includes the amount of lease obligations.
(as of March 31, 2020: ¥27.3 billion / as of December 31, 2020: ¥30.3 billion)

* D/E ratio = Interest-bearing liabilities / net assets

Shareholders' equity (retained earnings) at the beginning of FY2020 increased by ¥27.4 billion by applying Accounting Standard for Revenue Recognition

1. Consolidated Results for Third Quarter FY2020 Supplementary Information

Japanese GAAP

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(1) Cash Flows

(In billion yen)

	FY2019.3Q	FY2020.3Q	Change
Cash flows from operating activities	(67.4)	(78.7)	(11.3)
Cash flows from investing activities	(49.0)	(44.6)	4.4
Free cash flows	(116.4)	(123.4)	(6.9)
Cash flows from financing activities	80.0	71.8	(8.2)

(2) R&D/CAPEX/Depreciation & Amortization

< Results >

(In billion yen)

	FY2019.3Q	FY2020.3Q
R&D	23.8	17.4
CAPEX	52.4	27.1
Depreciation & Amortization	38.8	43.0

*

“CAPEX” and “Depreciation & Amortization” consist of amounts related to tangible fixed assets and software.

* Decreased due to the temporary freezing / reduction of CAPEX and R&D

(3) Overseas Sales by Region

(In billion yen)

	FY2019.3Q	FY2020.3Q
Asia	90.0	83.8
China	69.3	75.7
North America	238.8	91.9
Central and South America	6.7	5.4
Europe	50.4	37.3
Others	4.2	5.2
Total	459.7	299.4
% of overseas sales	50%	39%

*

* Decreased mainly in the Civil aero engines Business

2. Forecasts of the Consolidated Results for FY2020

2. Forecasts of the Consolidated Results for FY2020

Summary of Forecasts

IFRS

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Forecasts are based on IFRS due to the adoption of IFRS from the end of FY2020.

Assumption of Exchange Rate (after FY2020.4Q)

US\$: 105yen

EUR : 120yen

(In billion yen)

	IFRS				(Reference) Japanese GAAP
	FY2019 Results ^(*2)	FY2020 Forecast (in November)	FY2020 Forecast (in February)	Change (Vs. Forecast in November)	FY2020 Forecast (in February)
Orders received	1,280.0	1,100.0	1,060.0	(40.0)	1,060.0
Revenue	1,259.0	1,150.0	1,110.0	(40.0)	1,110.0
Operating profit^(*1)	48.0	20.0	20.0	0.0	5.0
Ordinary profit	-	-	-	-	(8.0)
Profit before income taxes	29.0	10.0	10.0	0.0	-
Profit Attributable to Owners of Parent	7.0	1.0	1.0	0.0	0.0

(Reference)

Exchange rate sensitivity (impact amount on operating profit by change of 1 yen) : US\$ ¥0.2 billion

*1 Operating profit on IFRS = Gross profit – Selling, general and administrative expenses +
(on Japanese GAAP) Non-operating income / expenses & Extraordinary income / losses - Financial income / expenses

*2 Results for FY2019 based on IFRS are unaudited, provisional calculations, and are therefore approximate figures.

2. Forecasts of the Consolidated Results for FY2020

IFRS

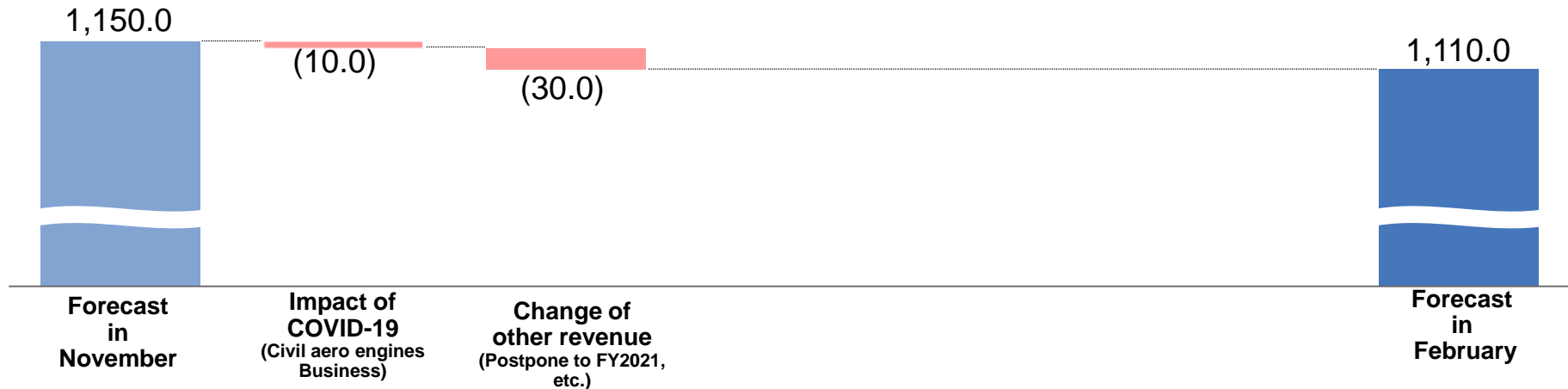
IHI

Analysis of change in net sales and operating profit from the previous period

- Decrease of revenue and profits in the Civil aero engines Business due to the impact of the re-spread of COVID-19.
- Forecast of operating profit remains unchanged due to reduction in SG&A, etc. and partial reversal of risk buffer.

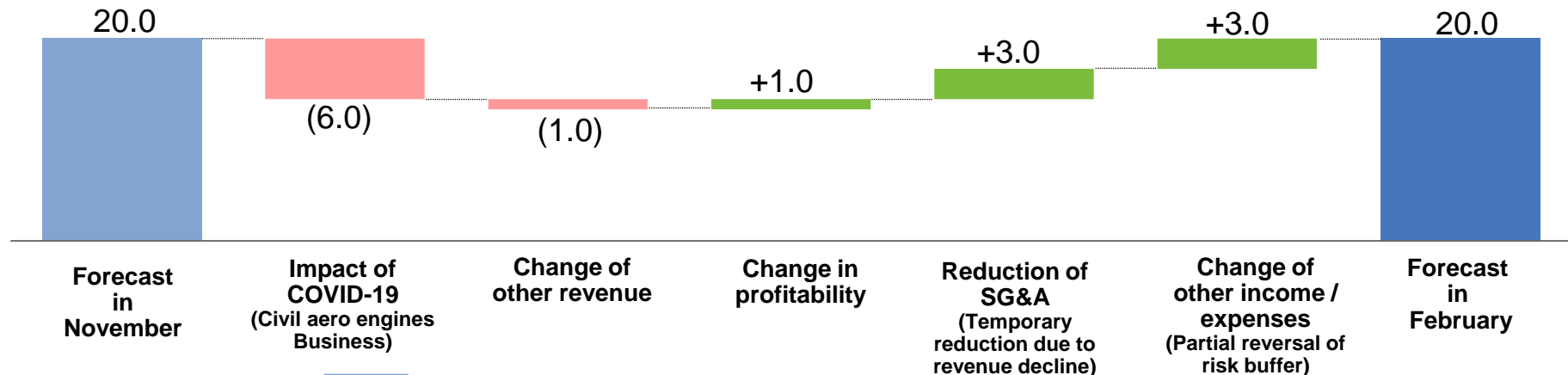
(1) Revenue

(In billion yen)



(2) Operating profit

(In billion yen)



Details of impact of the spread of COVID-19 are described in the following page.

2. Forecasts of the Consolidated Results for FY2020

IFRS

IHI

Impact of the spread of COVID-19 (Civil aero engines Business)

Change in business environment (Civil aero engines Business)

Forecast in November

Small and medium-sized engines

- Demand for aero transportation on short-haul routes, such as domestic routes in each country, gradually recovers toward the end of FY2020.



- ##### Forecast in February
- Recovery of passenger demand is sluggish since November due to the impact of the re-spread of COVID-19.
 - Demand recovery in remaining three months (Jan.- Mar.) of FY2020 is expected to be sluggish, due to additional movement restrictions in Europe, etc.

Large-sized engines

- Demand for aero transportation on international long-haul routes continues to be sluggish.



(No major changes)

- Sales in the highly profitable aftermarket (spare parts) are expected to decline further than the forecast in November.

Forecast of Aero Engine, Space and Defense

(In billion yen)

	Forecast in November	Forecast in February	Change
Revenue	250.0	240.0	(10.0)
Operating profit	(34.0)	(40.0)	(6.0)

2. Forecasts of the Consolidated Results for FY2020 Forecasts by Segments

IFRS

IHI

■ Orders received

(In billion yen)

	IFRS				(Reference) Japanese GAAP
	FY2019 Results *1	FY2020 Forecast (in November)	FY2020 Forecast (in February)	Change (Vs. Forecast in November)	FY2020 Forecast (in February)
Resources, Energy and Environment	317.0	320.0	290.0	(30.0)	290.0
Social Infrastructure and Offshore Facility	197.0	140.0	140.0	0.0	140.0
Industrial System and General-Purpose Machinery	420.0	370.0	370.0	0.0	370.0
Aero Engine, Space and Defense	322.0	*2 250.0	*2 240.0	(10.0)	240.0
Total Reportable Segment	1,256.0	1,080.0	1,040.0	(40.0)	1,040.0
Others	73.0	70.0	70.0	0.0	70.0
Adjustment	(49.0)	(50.0)	(50.0)	0.0	(50.0)
Total	1,280.0	1,100.0	1,060.0	(40.0)	1,060.0

*1 Results for FY2019 based on IFRS are unaudited, provisional calculations, and are therefore approximate figures.

*2 Calculation method of orders received for Civil aero engines Business is reviewed from FY2020, but this has only an immaterial impact on the amount in FY2019.

2. Forecasts of the Consolidated Results for FY2020 Forecasts by Segments

IFRS

IHI

■ Revenue & Operating profit

(In billion yen)

	IFRS								(Reference) Japanese GAAP	
	Revenue				Operating profit				Net sales	Operating profit
	FY2019 Results *	FY2020 Forecast (in November)	FY2020 Forecast (in February)	Change (Vs. Forecast in November)	FY2019 Results	FY2020 Forecast (in November)	FY2020 Forecast (in February)	Change (Vs. Forecast in November)	FY2020 Forecast (in February)	FY2020 Forecast (in February)
Resources, Energy and Environment	325.0	350.0	330.0	(20.0)	4.0	16.0	16.0	0.0	330.0	16.0
Social Infrastructure and Offshore Facility	149.0	150.0	150.0	0.0	13.0	15.0	15.0	0.0	150.0	16.0
Industrial System and General-Purpose Machinery	404.0	380.0	380.0	0.0	13.0	12.0	12.0	0.0	380.0	11.0
Aero Engine, Space and Defense	365.0	250.0	240.0	(10.0)	21.0	(34.0)	(40.0)	(6.0)	240.0	(39.0)
Total Reportable Segment	1,243.0	1,130.0	1,100.0	(30.0)	51.0	9.0	3.0	(6.0)	1,100.0	4.0
Others	67.0	70.0	60.0	(10.0)	7.0	3.0	3.0	0.0	60.0	3.0
Adjustment	(51.0)	(50.0)	(50.0)	0.0	(10.0)	8.0	14.0	6.0	(50.0)	(2.0)
Total	1,259.0	1,150.0	1,110.0	(40.0)	48.0	20.0	20.0	0.0	1,110.0	5.0

* Results for FY2019 based on IFRS are unaudited, provisional calculations, and are therefore approximate figures.

2. Forecasts of the Consolidated Results for FY2020

Forecasts by Segments

IFRS

IHI

- Analysis of change in operating profit from the previous period

(In billion yen)

	Impact of the spread of COVID-19	Change in revenue	Change in construction profitability	Change in SG&A	Change in Other income / expenses	Total
Resources, Energy and Environment		(1.0)		1.0		0.0
Social Infrastructure and Offshore Facility						0.0
Industrial System and General-Purpose Machinery						0.0
Aero Engine, Space and Defense	(6.0)					(6.0)
Total Reportable Segment	(6.0)	(1.0)	0.0	1.0	0.0	(6.0)
Others						0.0
Adjustment			1.0	2.0	* 3.0	6.0
Total	(6.0)	(1.0)	1.0	3.0	3.0	0.0

*Partial reversal of buffers to prepare for the risk of performance volatility.

3. Financial Results by Segment

3. Financial Results by Segment

Resources, Energy and Environment

Japanese GAAP

IFRS

IHI

(In billion yen, accumulated amount)
 (Reference) FY2020 forecasts based on Japanese GAAP

Main Businesses : Power systems, Boilers, Plants and Nuclear power

Results (vs FY2019.3Q)

Japanese GAAP

< Orders received >

Decreased in the Boilers Business due to the reverse effect of large-scale project received in the previous corresponding period.

< Net sales >

Increased in the Boilers Business despite the decrease in the Plants Business.

< Operating profit >

Became profitable due to the increase in sales of life cycle business in the Boilers Business and convergence of deterioration of profitability in the Power systems and the Boilers Businesses in the previous corresponding period.

Full year forecasts (vs In November)

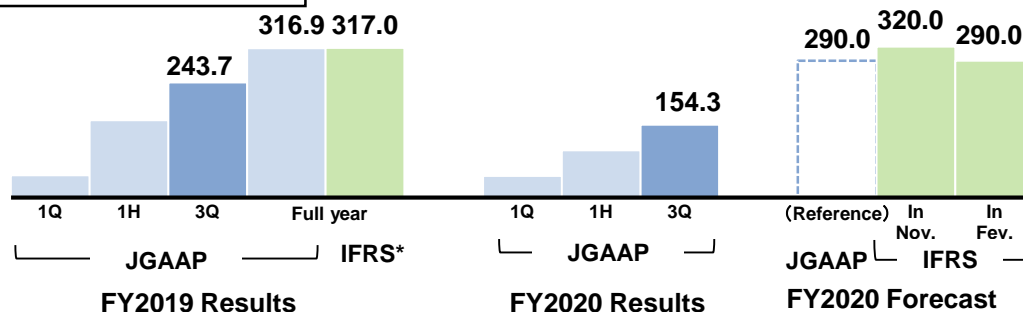
IFRS

- Orders received is expected to decrease in the Boilers, the Power systems and the Plants Businesses.
- Operating profit remains unchanged due to the increase of life cycle business in the Boilers and the Nuclear power Businesses and the reduction of SG&A despite the decrease in sales in the Power systems and the Plants Businesses, etc.

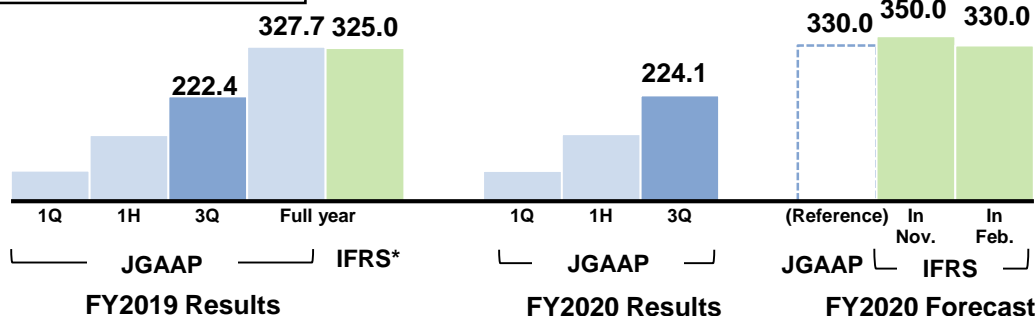
< Impact of the spread of COVID-19 >

- At some subsidiaries in Southeast Asia, revenue is expected to decrease due to the timing delay in sales.

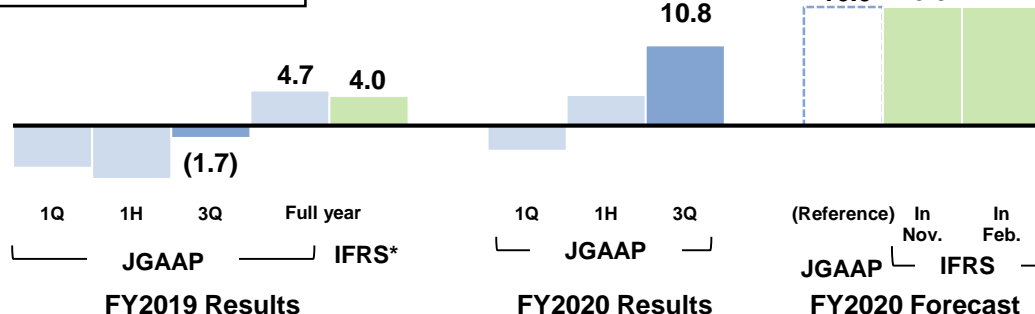
Orders received



Net sales (Revenue)



Operating profit



3. Financial Results by Segment Resources, Energy and Environment

Japanese GAAP

IFRS

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(In billion yen)

	Orders received				Net sales (Revenue)									
	FY2019		FY2020		FY2019					FY2020				
	Full year	Full year	Full year	Full year	1Q	1H	3Q	Full year	Full year	1Q	1H	3Q	Full year	Full year
	JGAAP	IFRS	JGAAP	IFRS				JGAAP	IFRS				JGAAP	IFRS
Power systems	82.6	83.0	70.0	70.0	17.9	36.0	53.4	86.1	83.0	18.8	38.3	61.1	90.0	90.0
Boilers	95.6	96.0	57.0	57.0	16.8	44.8	70.2	98.4	95.0	20.0	51.9	82.7	109.0	109.0
Plants	32.1	32.0	50.0	50.0	13.8	26.6	39.2	56.4	57.0	9.5	20.2	26.8	38.0	38.0
Nuclear power	36.2	36.0	45.0	45.0	4.8	8.9	13.5	27.9	32.0	5.2	10.0	18.1	32.0	32.0

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

Japanese GAAP

IFRS



(In billion yen, accumulated amount)
 (Reference) FY2020 forecasts based on Japanese GAAP

Main Businesses : Bridges/water gates, Transport systems, Shield systems, Concrete construction materials and Urban development

Results (vs FY2019.3Q)

Japanese GAAP

< Orders received >

Decreased in the Transport systems and the Shield systems Businesses despite the increase in the Urban development Business.

< Net sales >

Increased in the Urban development Business, etc., despite the decrease in the Bridges/water gates Business due to the delivery of large-scale projects in the previous corresponding period.

< Operating profit >

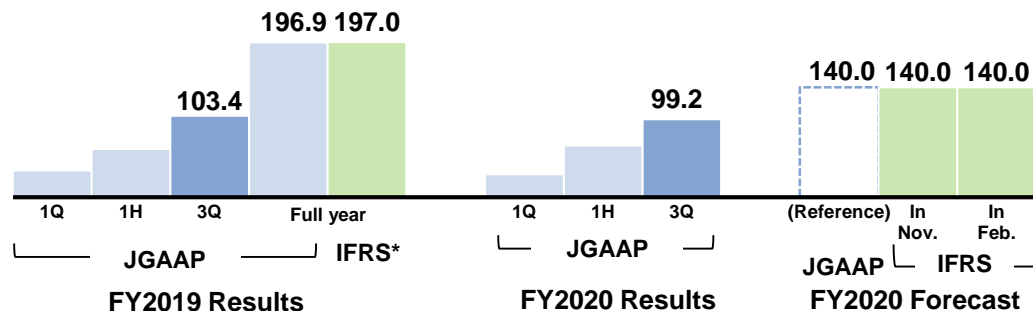
Increased due to the increase in sales in the Urban development Business, despite the decrease due to the decline in sales in the Bridges/water gates Business.

Full year forecasts (vs In November)

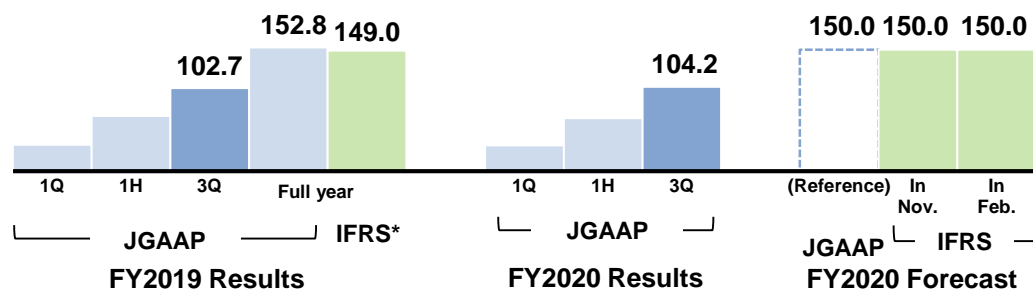
IFRS

■ The forecasts of orders received, revenue and operating profit remain unchanged.

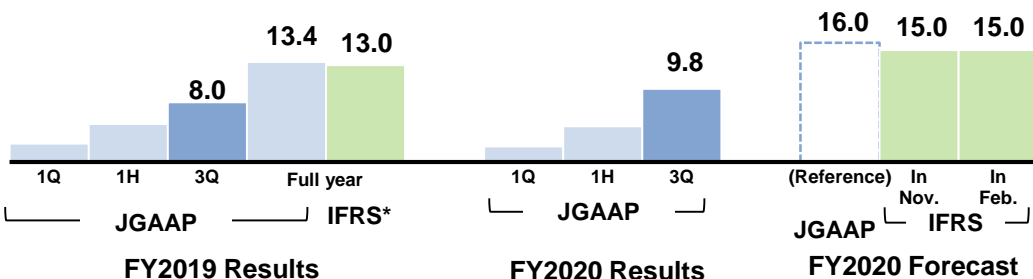
Orders received



Net sales (Revenue)



Operating profit



3. Financial Results by Segment

Social Infrastructure and Offshore Facility

Japanese GAAP

IFRS

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(In billion yen)

	Orders received				Net sales (Revenue)									
	FY2019		FY2020		FY2019					FY2020				
	Full year	Full year	Full year	Full year	1Q	1H	3Q	Full year	Full year	1Q	1H	3Q	Full year	Full year
	JGAAP	IFRS	JGAAP	IFRS										
Bridges/water gates	111.1	111.0	64.0	64.0	19.2	38.2	57.5	83.5	80.0	15.1	31.2	49.4	72.0	72.0
Shield systems	23.6	24.0	17.0	17.0	4.6	9.7	12.0	15.5	16.0	3.5	9.1	12.3	18.0	18.0
Urban development	16.5	17.0	23.0	23.0	3.9	7.9	11.8	16.5	17.0	6.6	11.4	19.2	23.0	23.0

For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 37, 38

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

Japanese GAAP

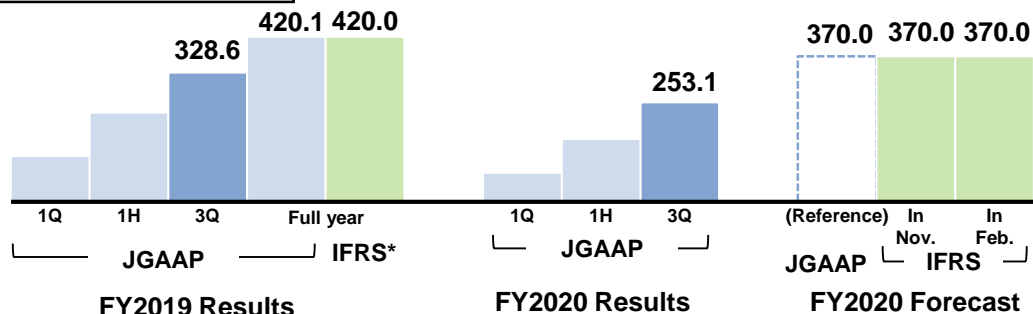
IFRS



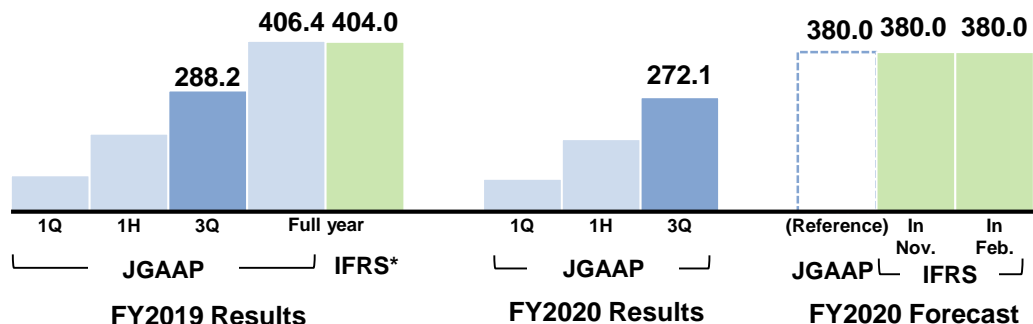
(In billion yen, accumulated amount)
(Reference) FY2020 forecasts based on Japanese GAAP

Main Businesses : Vehicular turbochargers, Parking, Rotating machineries, Thermal and surface treatment, Transport machineries and Logistics/industrial systems

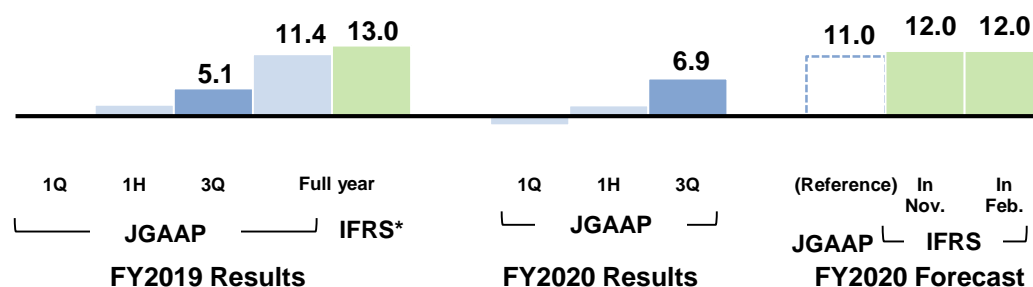
Orders received



Net sales (Revenue)



Operating profit



Results (vs FY2019.3Q)

Japanese GAAP

< Orders received >

Decreased in the Transport machineries Business due to the reverse effect of large-scale projects received in the previous corresponding period and decreased in the Vehicular turbochargers and the Thermal and surface treatment Businesses.

< Net sales >

Decreased in the Vehicular turbochargers and the Thermal and surface treatment Businesses, despite the increase in the Transport machineries Business.

< Operating profit >

Increased in the Transport machineries Business and decreased in the Thermal and surface treatment Business due to the change in net sales. Increased in the Vehicular turbochargers Business due to the effect of reduced fixed costs despite the decrease in net sales.

Full year forecasts (vs In November)

IFRS

- The forecasts of orders received, revenue and operating profit remain unchanged.

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

Japanese GAAP

IFRS

IHI

(In billion yen)

	Orders received				Net sales (Revenue)									
	FY2019		FY2020		FY2019					FY2020				
	Full year JGAAP	Full year IFRS	Full year JGAAP	Full year IFRS	1Q	1H	3Q	Full year JGAAP	Full year IFRS	1Q	1H	3Q	Full year JGAAP	Full year IFRS
Vehicular turbochargers	155.5	156.0	142.0	142.0	38.7	76.7	118.8	155.7	154.0	28.2	66.0	108.9	142.0	142.0
Parking	53.4	53.0	49.0	49.0	10.0	22.0	33.9	53.0	53.0	9.4	20.5	33.9	47.0	47.0
Rotating machineries	51.3	51.0	45.0	45.0	10.4	21.1	33.5	49.0	48.0	10.3	23.0	36.0	50.0	50.0
Thermal and surface treatment	32.2	32.0	30.0	30.0	9.8	19.7	29.1	37.7	38.0	6.7	13.7	21.4	31.0	31.0
Transport machineries	61.2	61.0	30.0	30.0	3.7	9.2	17.7	29.0	31.0	10.2	20.0	29.1	42.0	42.0

For details of “Vehicular turbochargers”, please refer to <Appendices> on page 36.

< Number of vehicular turbochargers delivered >

(1,000 Units)

	3Q	Full Year
FY2019	4,640	6,000
FY2020	4,260	5,400

3. Financial Results by Segment Aero Engine, Space and Defense

Japanese GAAP

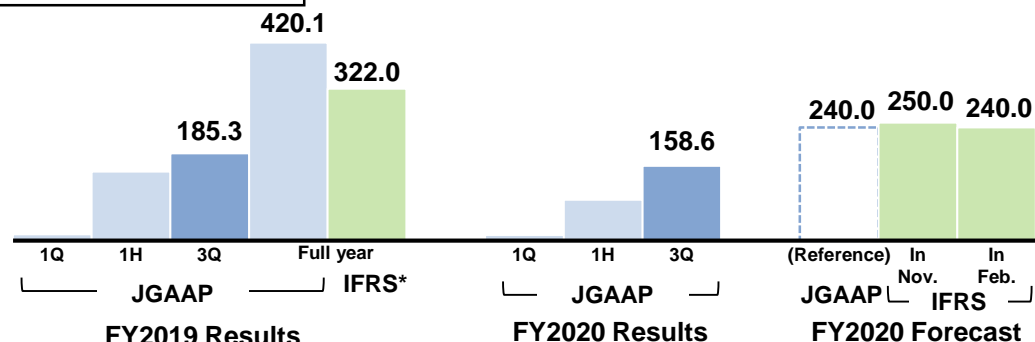
IFRS

IHI

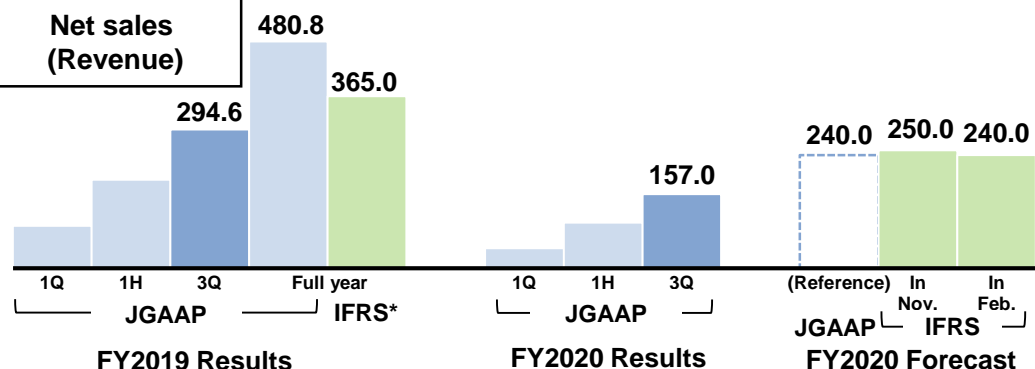
Main Businesses : Aero engines, Rocket systems/space utilization systems and Defense systems

(In billion yen, accumulated amount)
(Reference) FY2020 forecasts based on Japanese GAAP

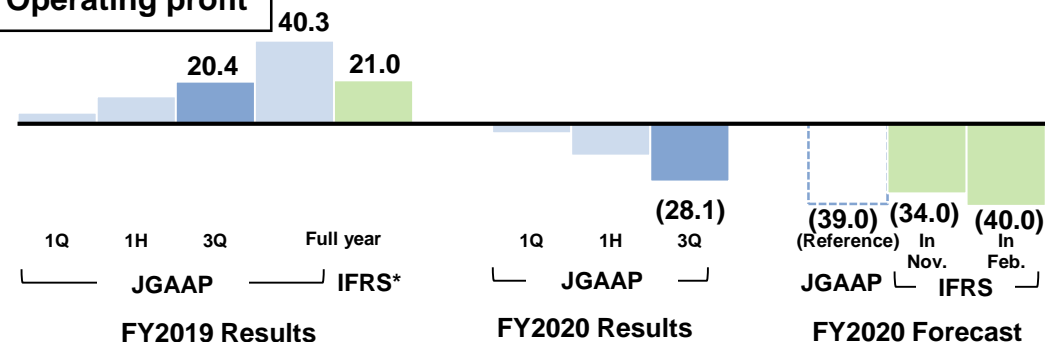
Orders received



Net sales (Revenue)



Operating profit



Results (vs FY2019.3Q)

Japanese GAAP

< Orders received >

Decreased in the Civil aero engines Business.

< Net sales >

Significantly decreased in the Civil aero engines Business due to the decline of aero transportation demand by the impact of the spread of COVID-19 and the effect of applying Accounting Standard for Revenue Recognition.

< Operating profit >

Recorded operating loss due to the decrease in net sales of highly profitable spare parts in the Civil aero engines Business, although there are effects such as reduction of fixed costs.

Full year forecasts (vs In November)

IFRS

- Revenue is expected to decrease in the Civil aero engines Business due to the impact of delayed recovery in aero transportation demand by the re-spread of COVID-19.
- Operating profit is expected to decrease in the Civil aero engines Business due to the decline in sales of spare parts.

3. Financial Results by Segment Aero Engine, Space and Defense

Japanese GAAP

IFRS

IHI

(In billion yen)

	Orders received				Net sales (Revenue)									
	FY2019		FY2020		FY2019					FY2020				
	Full year JGAAP	Full year IFRS	Full year JGAAP	Full year IFRS	1Q	1H	3Q	Full year JGAAP	Full year IFRS	1Q	1H	3Q	Full year JGAAP	Full year IFRS
Civil aero engines	308.2	218.0	90.0	90.0	65.1	131.5	208.1	333.1	218.0	20.4	44.8	73.3	90.0	90.0
(Reference)Results excluding the effect of applying Accounting Standard for Revenue Recognition :										34.9	77.7	131.7		

For details of “Civil aero engines”, please refer to <Appendices> on page 35

<Number of civil aero engines delivered>

(Units)

	3Q	Full Year
FY2019	1,061	1,571
FY2020	646	850

<Appendices>

- Financial Performance
- Topics in the Third Quarter under review
- Aero engines
- Vehicular turbochargers
- Urban development

	Japanese GAAP					(In billion yen)
	FY2016	FY2017	FY2018	FY2019	FY2020.3Q	IFRS FY2020 (Forecast)
Net sales (Revenue)	1,468.3	1,590.3	1,483.4	1,386.5	766.8	1,110.0
Operating margin	3.2%	4.5%	5.6%	4.4%	(0.3)%	1.8%
Operating profit	47.3	72.2	82.4	60.7	(2.5)	20.0
Ordinary profit	22.0	21.4	65.7	32.2	(10.4)	
Profit attributable to owners of parent	5.2	8.2	39.8	12.8	(11.5)	1.0
ROIC (*1)	5.0%	7.7%	8.7%	5.7%		
CCC (*2)	87days	83days	97days	120days		
D/E ratio(times)(*3)	1.10	0.92	0.93	1.38	1.57	
ROE (*4)	1.6%	2.6%	11.8%	3.8%		
Dividends per share (yen)	0	Interim 3 Year-end 30 (*5)	70 Interim 30 Year-end 40	50 Interim 30 Year-end 20	0	0
Exchange rate	¥108.27/\$	¥111.00/\$	¥111.09/\$	¥109.16/\$	¥106.36/\$	

*1 : ROIC (Return On Invested Capital)

= (Operating profit + Interest income and dividend income) after tax / (Equity + Interest-bearing liabilities)

*2 : CCC = Working capital / Net sales * 365days

*3 : D/E ratio = Interest-bearing liabilities / Net assets

*4 : ROE (Return on Equity) = Profit attributable to owners of parent / (Average of equity for previous fiscal year end and current period end)

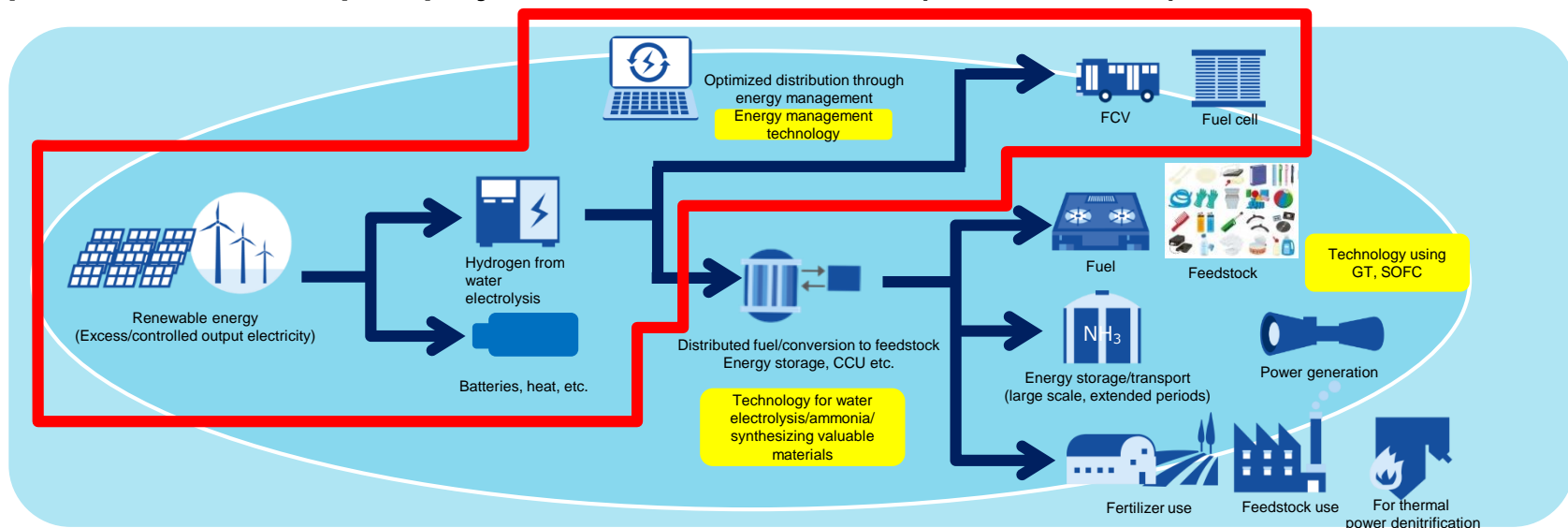
*5 : Year-end dividend for FY2017 reflects the consolidation of stock.

IHI develops Japan's first "Water Electrolysis Energy Management System" capable of managing multiple renewable energy sources simultaneously

In partnership with Kitakyushu Power Co., Ltd., Kitakyushu City, Fukuoka Prefecture, Fukuoka Oxygen Co., Ltd., and ENEOS Corporation, IHI has begun a pilot business ("this Business") in the Hibiki-Nada district of Kitakyushu City, in Fukuoka Prefecture, for the manufacture and supply of CO₂-free hydrogen by effectively utilizing renewable energy from the local area. This "Water Electrolysis Energy Management System" is the first pilot project in Japan that can simultaneously manage multiple renewable energy sources such as solar power, wind power, and waste power generation (biomass), and the pilot operation is also aimed at building a supply chain for CO₂-free hydrogen.

During the course of this Business, IHI will develop and operate an energy management system to manufacture hydrogen efficiently by means of water electrolysis equipment that utilizes electric power from multiple renewable energy sources. In recent years the concept of distributed energy has been attracting attention, but what is important for this Business is the "Power to X" technology, allowing it to not only use renewable energy as a power source, but also enabling it to be used for hydrogen, which can be further converted to fuel or chemical feedstock for efficient use in the local area. While developing these basic and system-building technologies with other associated companies, IHI aims to roll out the model established by the demonstration nationwide. Going forward, IHI will continue to contribute to realizing carbon-free, circular economies, by providing solutions related to distributed energy, carbon recycling, and hydrogen/ammonia.

IHI's planned Power to X pilot project in Hibiki-Nada district (outlined in red)

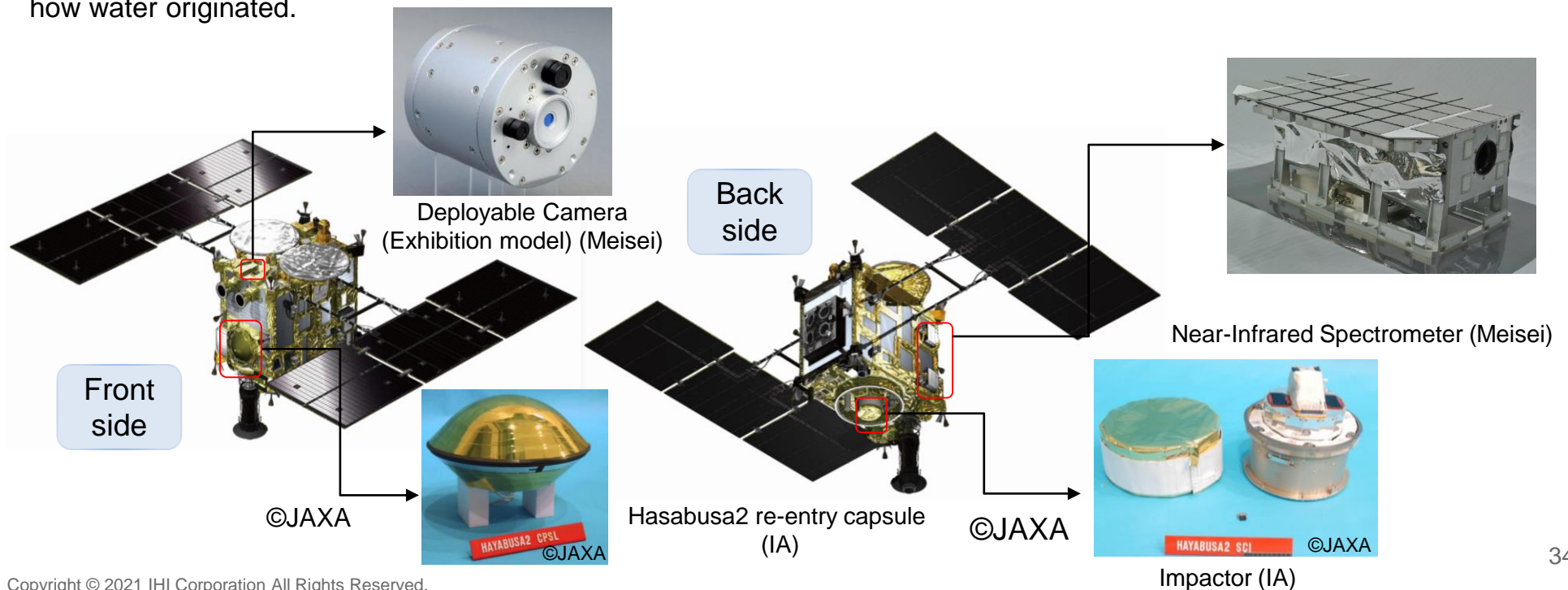


Provided support for the Asteroid Explorer Hayabusa2 Project

The re-entry capsule of the Asteroid Explorer Hayabusa2 of the Japan Aerospace Exploration Agency (JAXA), which completed a six-year, 5-billion-kilometer trek, returned to Earth on December 6. In the Hayabusa2 Project, IHI's subsidiaries IHI Aerospace Co., Ltd. ("IA") and Meisei Electric Co., Ltd. ("Meisei") participated in its development. The IHI Group will continue to contribute to the space development through its technologies, employing advanced engineering capabilities to resolve social issues and help the Earth and humankind to flourish.

◇The IHI Group's roles for the development of Hayabusa2 Project◇

- IA: participated in the capsule development, including developing and manufacturing the heat shield and parachute deployment mechanism and integrating the parachute within the capsule. In addition to the capsule development, IA developed mechanical systems and provided integration support for the Impactor, which shoots a metal projectile into the asteroid to create a crater from which the Hayabusa2 probe could collect subsurface samples.
- Meisei: developed a digital camera for Hayabusa2's DCAM3 (Deployable Camera) system, which captured collision images. It also created the NIR3 (Near-Infrared Spectrometer) that analyzed surface minerals whose goal was to learn more about how water originated.



(1) Net sales of civil aero engines

(In billion yen)

	Results									Forecast
	'13	'14	'15	'16	'17	'18	FY2019		FY2020	
							3Q	Full Year	3Q	Full Year
Net sales	226.0	267.0	299.1	291.5	281.0	318.5	208.1	333.1	73.3	90.0
(Reference)Results excluding the effect of applying Accounting Standard for Revenue Recognition									131.7	

(2) Number of civil aero engines delivered

(Units)

	Results (accumulated)										Main loading
	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20/3Q	
V2500	4,980	5,468	5,969	6,469	6,896	7,236	7,508	7,688	7,735	7,738	Airbus A319/320/321
GE90	1,399	1,589	1,806	2,039	2,257	2,457	2,617	2,715	2,824	2,875	Boeing B777
CF34	3,242	3,548	3,820	4,156	4,471	4,821	5,085	5,331	5,611	5,757	For regional jet (70 to 110 seats)
GEEx	118	259	468	751	1,035	1,295	1,542	1,826	2,159	2,295	Boeing B787/B747-8
PW1100G					16	148	398	1,058	1,784	2,054	Airbus A320Neo
Passport20							13	66	142	182	Bombardier Global7500
Total	9,739	10,864	12,063	13,415	14,675	15,957	17,163	18,684	20,255	20,901	

(Note) The number of civil aero engine delivered is the number handed over to the airframe maker, and differs from the number of factory shipments.

<Net sales by region>

(In billion yen)

	Results										Forecast	
	'12	'13	'14	'15	'16	'17	'18	'19		'20		
								3Q	Full year	3Q	Full Year	
Japan	33.9	35.3	37.5	34.6	38.9	39.8	44.6	29.2	39.1	25.0	34.0	
Asia	24.8	29.8	27.5	21.6	15.8	11.7	11.0	7.8	10.7	5.6	8.0	
China	18.1	23.4	24.3	24.9	48.5	71.9	63.1	46.4	59.3	53.3	64.0	
North America	1.3	1.6	1.8	2.4	3.3	8.4	11.6	8.1	10.8	6.9	10.0	
Central and South America	0.0	0.0	0.7	3.4	6.1	7.4	7.5	4.9	6.6	4.1	6.0	
Europe	43.2	60.2	75.6	74.3	61.7	81.1	51.3	22.0	28.9	13.8	20.0	
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
Total	121.6	150.7	167.7	161.6	174.6	220.5	189.5	118.8	155.7	108.9	142.0	

(1) Lease revenue in Toyosu

(In billion yen)

	Results										Forecast
	'12	'13	'14	'15	'16	'17	'18	FY2019		FY2020	
								3Q	Full year	3Q	Full year
Lease revenue	9.2	9.1	9.3	10.1	9.3	9.2	9.3	7.1	9.4	9.2	12.3

(2) Lease revenue and expense in Toyosu (FY2020.3Q)

(In billion yen)

	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2020.3Q	9.2	3.1	2.6	3.5

Development Plan for Toyosu 1 to 3 chome Area

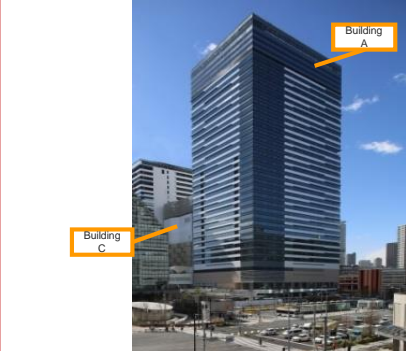
Kindergarten, Nursery school, Café, Marriage ceremonial hall.
 Site area : 19,492m²
 Completed in March 2010 to February 2011




Urban Dock LaLaport Toyosu ANNEX (Mitsui Fudosan Co., Ltd.)
 5 floors above ground, Approx. 25m high
 Store floor space : 24,721 m²
 Opened in October 2006




Toyosu Bayside Cross Tower A+C (IHI and Mitsui Fudosan)
 36 floors above ground, Approx. 178m high
 Gross floor area : 185,000m²
 Completed in March 2020



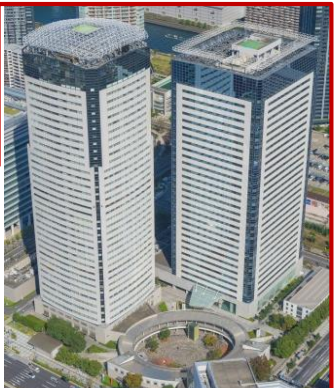
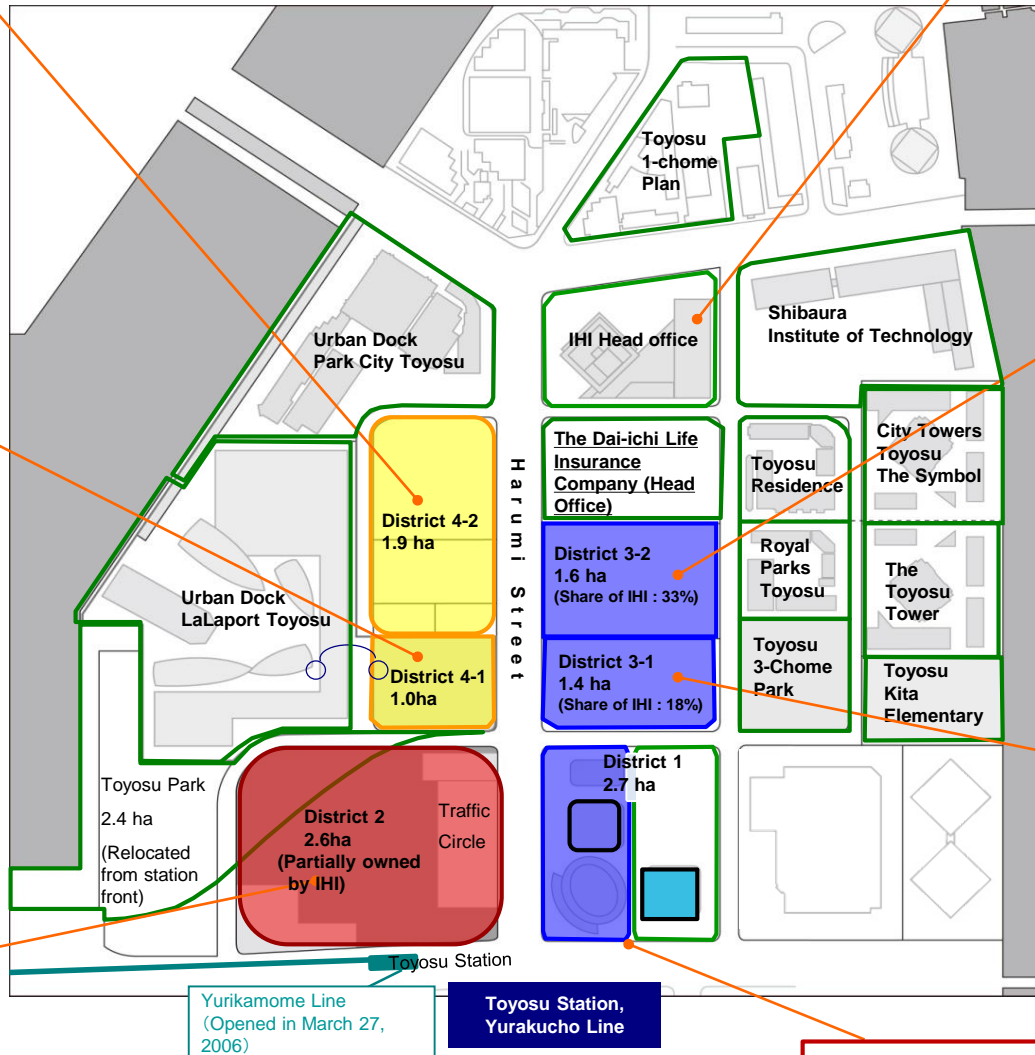
Toyosu IHI Building
 25 floors above ground, Approx. 125m high
 Gross floor area : 97,617m²
 Completed in February 2006



Toyosu Foresia (IHI & Mitsubishi Estate Company, Ltd.)
 16 floors above ground, Approx. 75m high,
 Gross floor area : 101,503m²
 Completed in July 2014



Toyosu Front (IHI, Mitsubishi Estate Company, Ltd. and Mitsubishi UFJ Trust and Banking Corporation)
 15 floors above ground, Approx. 75m high
 Gross floor area : 106,861m²
 Completed in August 2010

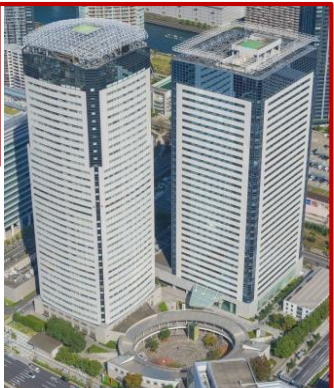
Civic Center : Opened in September 2015
 Fire department office : Completed in June 2016

Property of IHI	Approx. 5ha

- Office Leasing
- Land Leasing
- Office Leasing (Leased land)
- Category 1 Urban Redevelopment Project*
- Sold, Donated, Exchanged

Toyosu Center Building
 37 floors above ground, Approx. 165m high
 Gross floor area : 100,069m²
 Completed in October 1992

Toyosu Center Building Annex
 33 floors above ground, Approx. 150m high
 Gross floor area : 105,448m²
 Completed in August 2006



* One of the way to redevelop that was defined by Urban Renewal Act.



Forward-looking figures shown in this material with respect to IHI's performance outlooks and other matters are based on management's assumptions and beliefs in light of the information currently available to it, and therefore contain risks and uncertainties. Consequently, you should not place undue reliance on these performance outlooks in making judgments. IHI cautions you that actual results could differ materially from those discussed in these performance outlooks due to a number of important factors. These important factors include political environments in areas in which IHI operates, general economic conditions, and the yen exchange rate including its rate against the US dollar.