

Investor Day Materials

Civil Aero Engines Business Defense Business

IHI

June 2, 2026

IHI Corporation

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● Civil aero engines business

- ✓ Earnings supported by 1st generation engines[※]; strong demand growth expected for 2nd generation engines[※].
- ✓ Growth acceleration via expanded parts production and MRO capacity.
- ✓ Advancing technologies for next-gen single-aisle aircraft to strengthen our future business foundation.

※ 1st generation engines : V2500/GE90/CF34

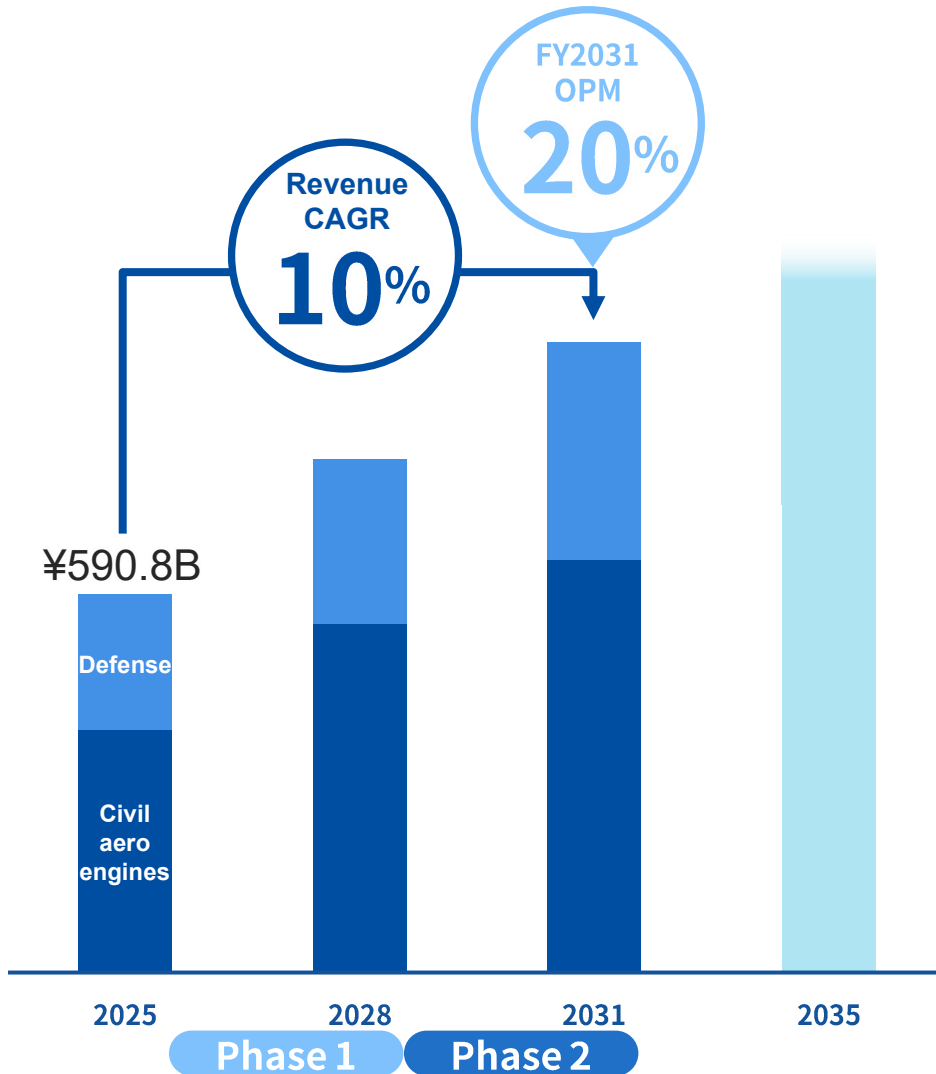
2nd generation engines : GENx/PW1100G-JM/Passport20/GE9X

● Defense business

- ✓ Expansion of Solid rocket motors business to capture growing demand in Japan and overseas.
- ✓ Accelerated expansion of the UUV[※] business, leveraging its potential in dual-use and security applications.
- ✓ Growth of Defense aero engines business, alongside accelerated global expansion.

Target ~10% CAGR through Phase 2 completion

Revenue



Civil aero engines

- ✓ Drive revenue growth from 2nd generation engines
- ✓ Capture strong demand for maintenance
- ✓ Improve profitability through the expansion of parts repair.

Defense

(Assumption for revenue outlook: Japan's defense spending at ~2% of GDP)

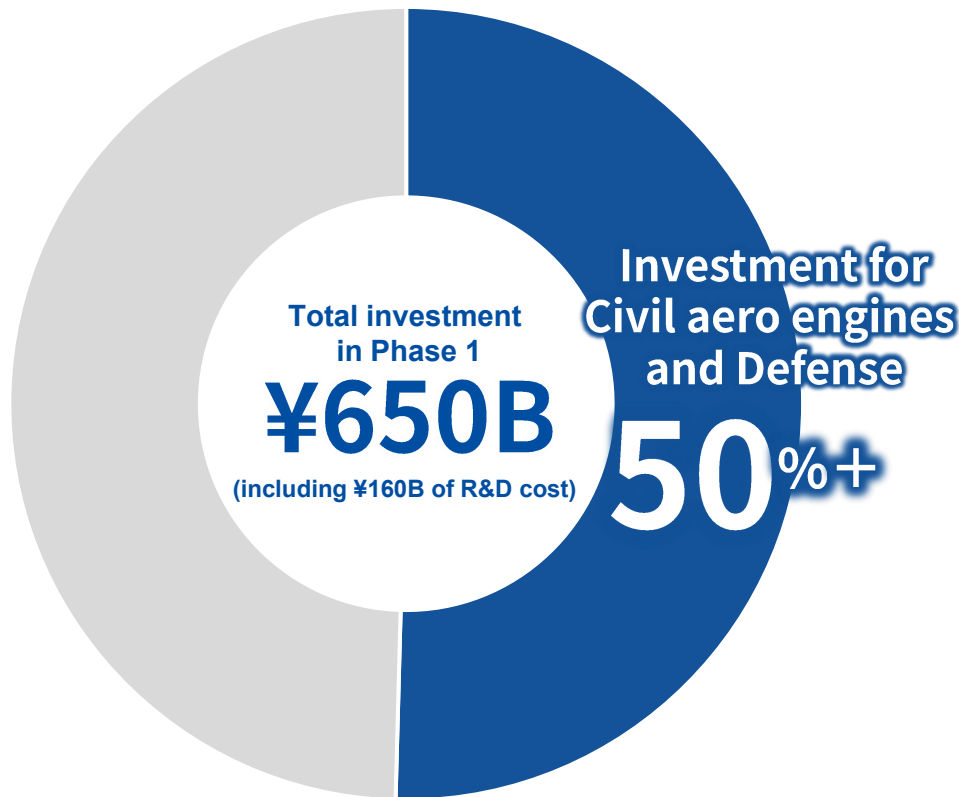
- ✓ Address the expansion in missile demand
- ✓ Promote the unmanned assets business
- ✓ Accelerate growth in the transfer of defense equipment and technology

※Operating profit margin

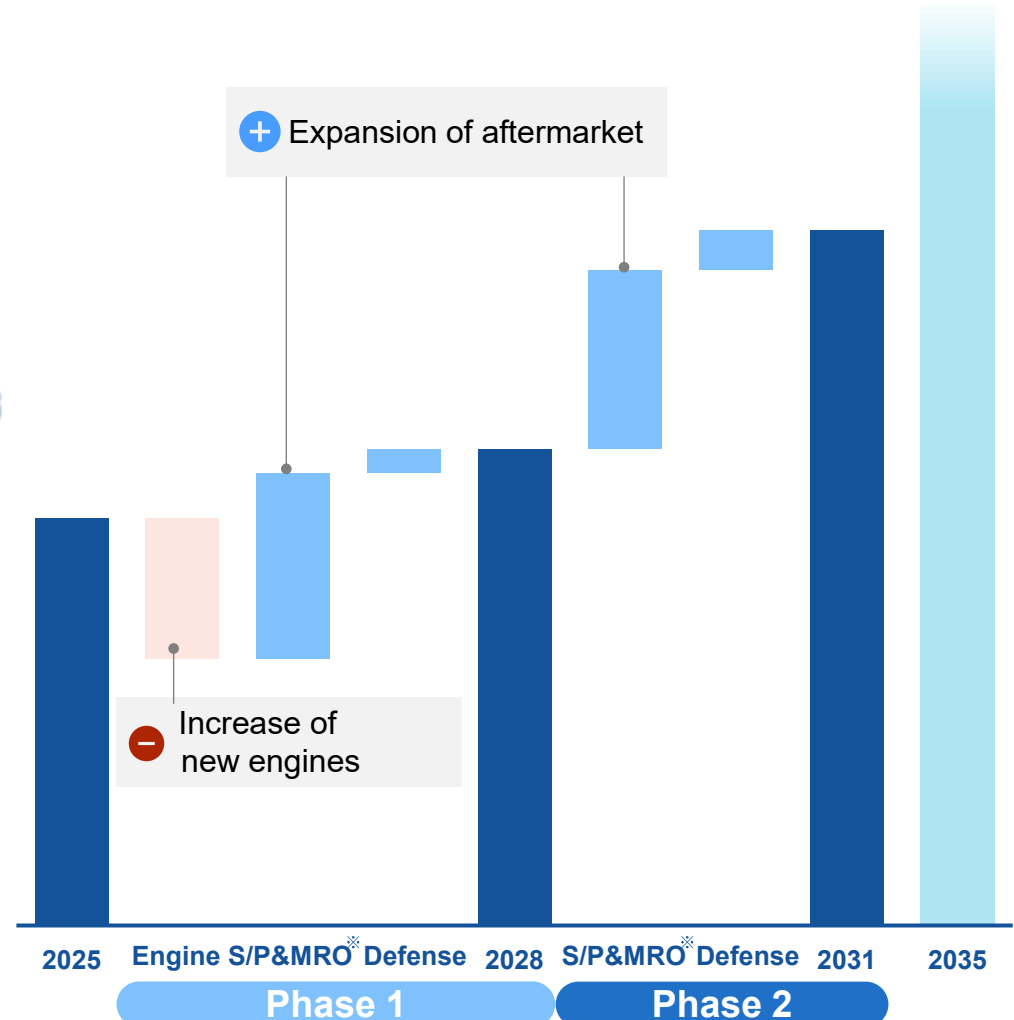
Solid revenue; steady OP growth despite new engine mix impact

Total Investment in Phase 1

(FY2026-FY2028)

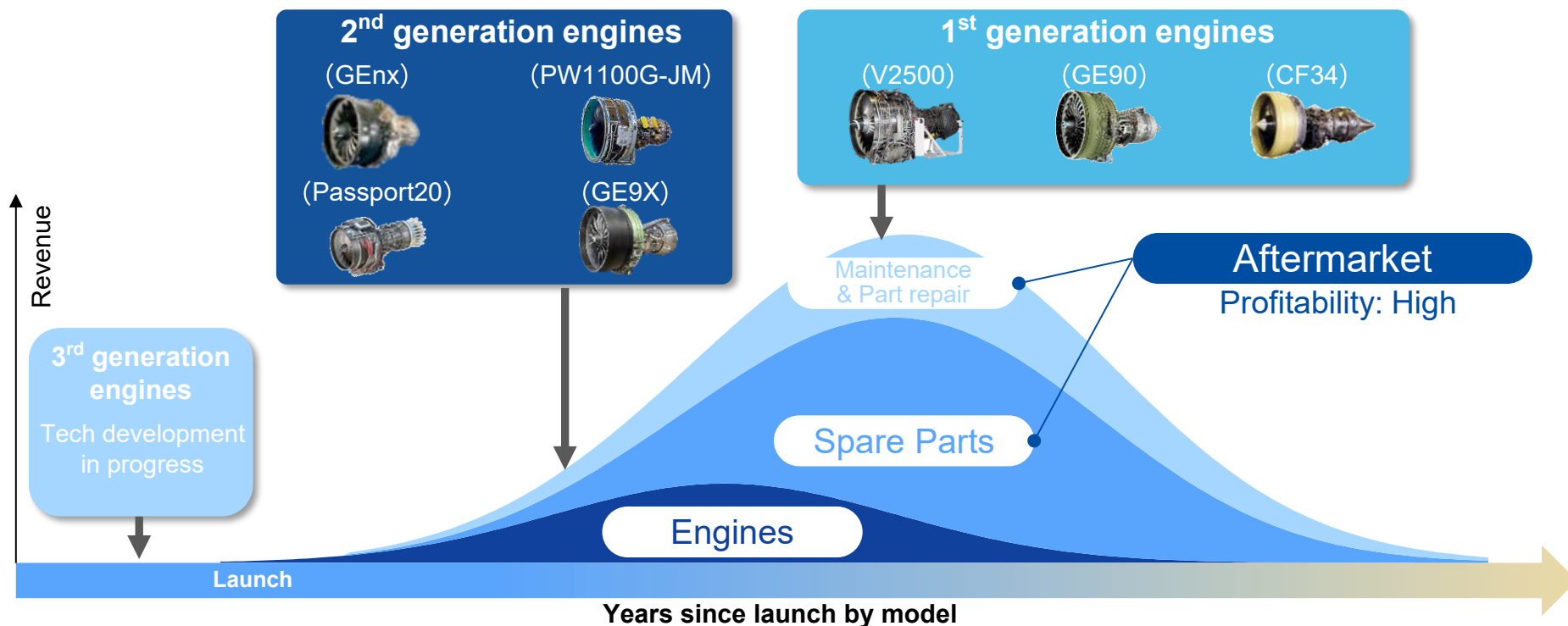


Operating Profit



2nd generation earnings building on 1st generation to drive further business expansion

Earnings profile of Civil aero engines business



2nd generation engines

Cumulative units sold as of FY2025

~90k
units



Cumulative units sold as of FY2035

~260k
units

1st generation engines

Cumulative units sold as of FY2025

~170k
units

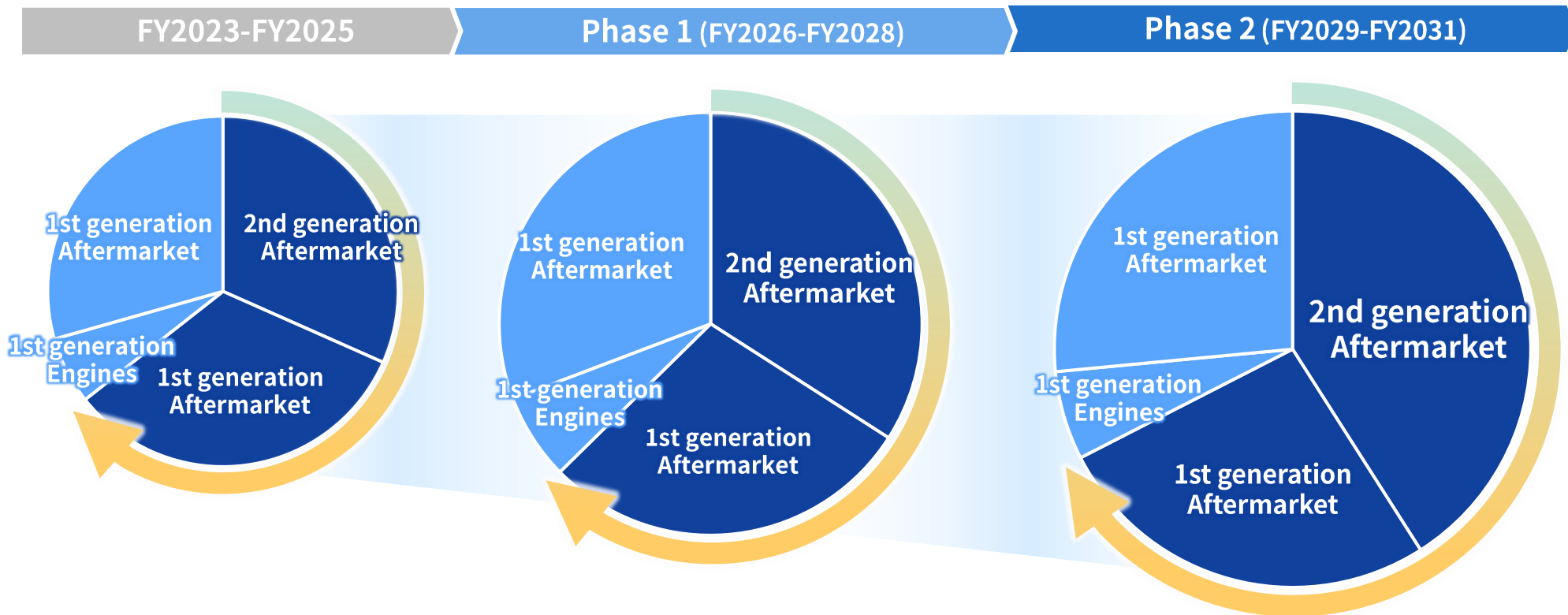


Cumulative units sold as of FY2035

~200k
units

2nd generation–driven aftermarket growth boosts profitability

Revenue mix of main units and aftermarket (image for reference)



Note: The size of each pie chart represents the scale of revenue

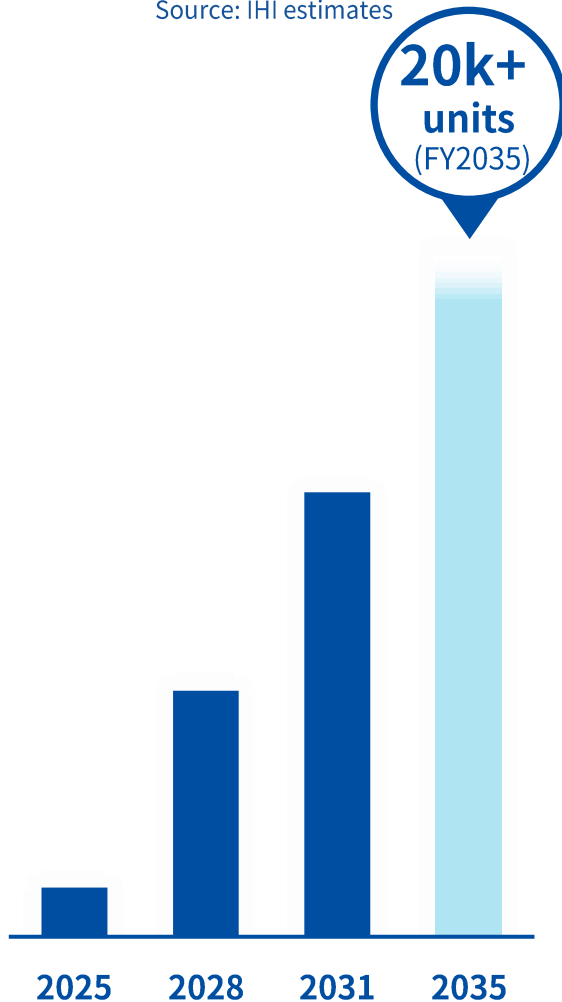
※ 1st generation engines : V2500/GE90/CF34
 2nd generation engines : GENx/PW1100G-JM/Passport20/GE9X

S/P: Spare parts

Invest in facilities and supply chain to ramp up Engine & S/P production

Cumulative engine deliveries since FY2025

Source: IHI estimates



Strengthen production base for further ramp-up

- ✓ Upgrade aging facilities
- ✓ Automation & DX to 2x productivity
(Robotics, factory automation (FA) equipment, and AI)
- ✓ Ensure a stable supply of key materials
(Castings and forgings)

Enhance materials technologies for NGSA[※]

※NGSA: next-generation single-aisle aircraft

- ✓ Carbon fiber composites
- ✓ Ceramic matrix composites

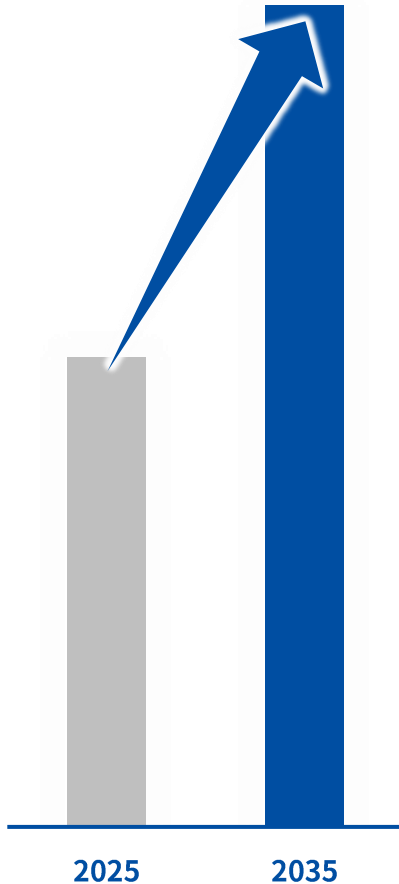
Establish a foundation to support significant revenue and profit expansion beyond Phase 2

※MRO: Engine Maintenance and Parts repair

Proactive capex to expand engine maintenance & parts repair capacity

Shop Visit Trends for Participating Engines

Source: IHI estimates



Capture growing maintenance demand

- ✓ Expansion of the maintenance facilities
- ✓ Establishment of a new training center
- ✓ Establishment of an engine test facility

Maintenance Capacity

4x

Expand parts repair capacity contributing to improved profitability

- ✓ Construction of a new repair facilities
 - Tsurugashima Repair Facility Phase 2
 - U.S. Repair Facility
- ✓ Development of parts repair technologies

Parts Repair Capacity

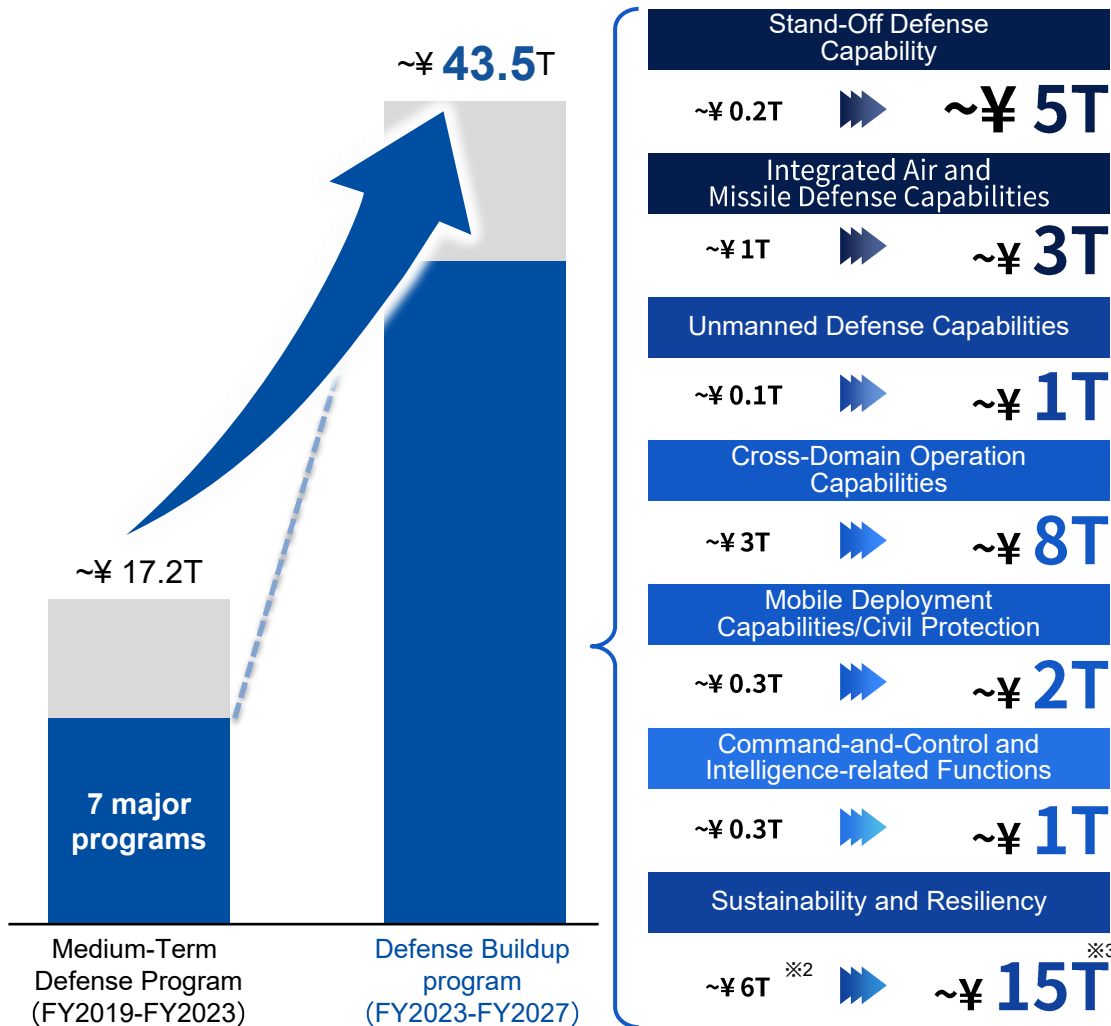
5x

Establish a foundation to support profitability improvement and profit expansion beyond Phase 2

IHI offers products and services for all 7 major programs to “Fundamental reinforcement of Japan’s defense capabilities”

The expenses^{※1} based on contracts to be newly concluded

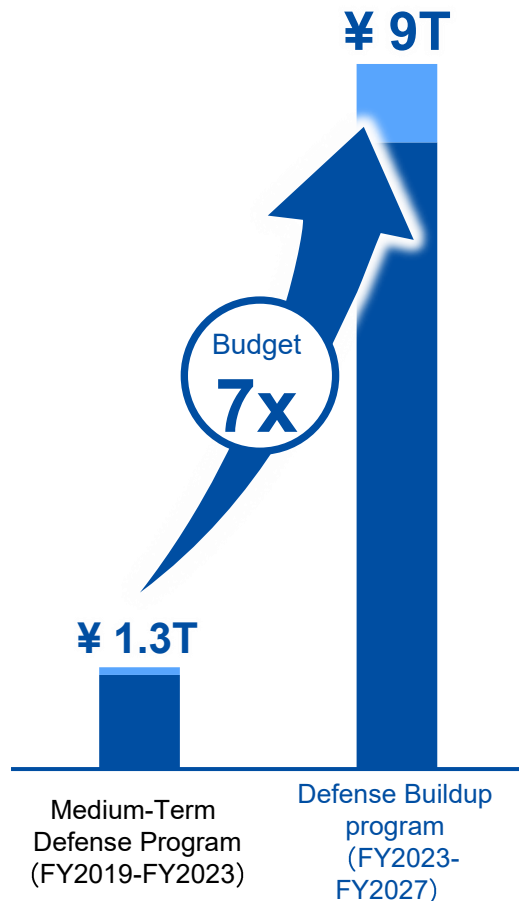
IHI products & Services



Drive further contribution to missile & unmanned defense capabilities

Related Budget

- Unmanned defense capability
- Stand-Off / Integrated Air and Missile Defense capability



Solid rocket motors[※] business ※Missile propulsion system

Address significant production ramp-up and new programs, including joint development with the U.S.

- ✓ Construct a dedicated facility under government support
- ✓ Strengthen talent & supply chain

UUV business

Establish a foundation for business expansion

- ✓ Expand production sites
- ✓ Enhance capabilities for new model development

Expand earnings through dual-use applications and global expansion

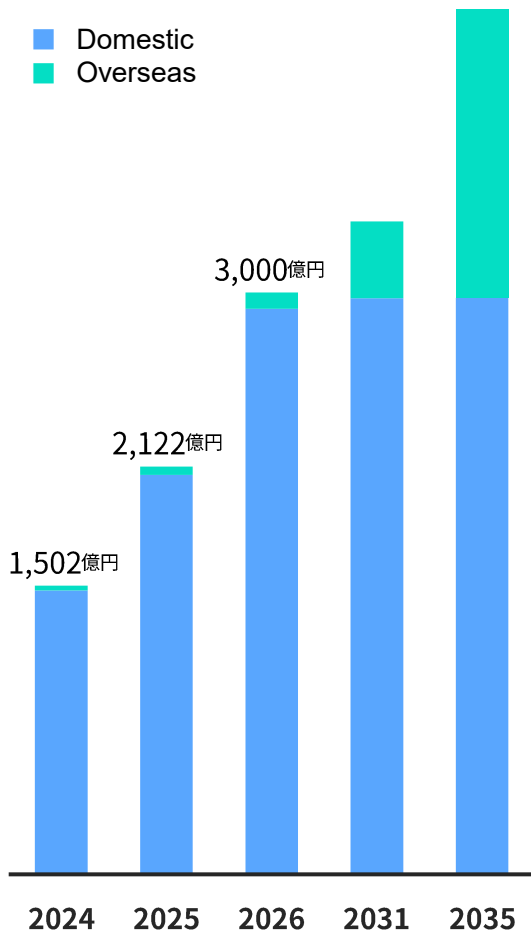
- ✓ Applied to civilian uses such as subsea infrastructure maintenance
- ✓ Expand globally leveraging advanced surveillance capabilities

Initiative 02: Global expansion of Defense aero engine business IHI

Collaborate with the government to expand equipment transfers and deliver on GCAP[※]
※Global Combat Air Programme

Defense business revenue by domestic and overseas markets

Assumption for revenue outlook:
 Japan's defense spending at ~2% of GDP



Global maintenance[※] and parts transfer business[※]

※F-35 Joint Strike Fighter Engine Regional Depot ※Transfer of F-15/F-16 fighter engine components

Capture strong demand to expand the business

- ✓ Build partnerships with other countries in collaboration with the Japanese government
- ✓ Expand production capacity, including the supply chain

GCAP

Steady progress toward 2035 entry into service

- ✓ Developed fighter aircraft engines exceeding 15 tons of thrust (FY2018)
- ✓ Participated in GCAP leveraging advanced technology (FY2022)
- ✓ Concluded the first engine development contract with Edgewing[※] (FY2026)
※ A joint venture responsible for aircraft development



Support profitability improvement and profit expansion beyond Phase 2



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