

# Financial Results for FY2016 (for the year ended March 31, 2017)

**IHI**

May 9, 2017

**IHI Corporation**

# Table of Contents

## 1. Consolidated Results for FY2016

Summary of Financial Results.....	4
Financial Results by Segment.....	5
Non-operating Income / Expenses.....	8
Extraordinary Income .....	9
Extraordinary Losses .....	10
Balance Sheets.....	11
Cash flows.....	12
Supplementary Information.....	13

## 2. Forecast of the Consolidated Results for FY2017

Summary of Forecast.....	16
Forecast by Segment.....	17

## 3. Financial Results by Segment

Resources, Energy and Environment.....	21
Social Infrastructure and Offshore Facility.....	23
Industrial System and General-Purpose Machinery.....	25
Aero Engine, Space and Defense.....	27

<Appendices> .....	29
--------------------	----

# 1. Consolidated Results for FY2016



# 1. Consolidated Results for FY2016

## Summary of Financial Results

Note: Average exchange rates for FY2016 US\$ 1.00= ¥108.27

February 1, 2017 Forecast

(In billion yen)

	FY2015		FY2016		Change
Orders received	1,605.3	1,400.0	1,389.8	▲ 10.2	▲ 215.4
Net sales	1,539.3	1,500.0	1,486.3	▲ 13.7	▲ 53.0
Operating profit	22.0	38.0	47.3	9.3	25.3
Ordinary profit	9.7	18.0	22.0	4.0	12.2
Profit (loss) before income taxes	▲ 1.6		18.0		19.7
Profit attributable to owners of parent	1.5	0.0	5.2	5.2	3.7

Effective from the fiscal year under review, the closing date of the fiscal year of certain overseas consolidated subsidiaries has been changed from December 31 to March 31. As a result, for the fiscal year ended March 31, 2017, those overseas consolidated subsidiaries have a fifteen-month accounting period. The impact of these changes was an increase of ¥25.2 billion in net sales and an increase of ¥2.7 billion in operating profit.

# 1. Consolidated Results for FY2016

## Financial Results by Segment

### ■ Orders received & Order backlog

February 1, 2017 Forecast

(In billion yen)

	Orders received			Order backlog		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Resources, Energy and Environment	532.7	410.0 352.8	▲ 57.2 ▲ 179.8	843.4	752.3	▲ 91.0
Social Infrastructure and Offshore Facility	128.5	120.0 150.1	30.1 21.5	194.3	196.1	1.8
Industrial System and General-Purpose Machinery	421.8	430.0 420.5	▲ 9.5 ▲ 1.2	138.0	148.4	10.3
Aero Engine, Space and Defense	515.6	430.0 451.5	21.5 ▲ 64.0	541.0	511.0	▲ 29.9
<b>Total Reportable Segment</b>	<b>1,598.7</b>	<b>1,390.0 1,375.0</b>	<b>▲ 15.0 ▲ 223.6</b>	<b>1,716.8</b>	<b>1,608.0</b>	<b>▲ 108.8</b>
Others	65.7	68.3	2.6	24.7	17.2	▲ 7.5
Adjustment	▲ 59.1	▲ 53.5	5.6	-	-	-
<b>Total</b>	<b>1,605.3</b>	<b>1,400.0 1,389.8</b>	<b>▲ 10.2 ▲ 215.4</b>	<b>1,741.6</b>	<b>1,625.3</b>	<b>▲ 116.3</b>
<b>Overseas orders received / order backlog</b>	<b>726.3</b>	<b>615.5</b>	<b>▲ 110.8</b>	<b>757.9</b>	<b>591.2</b>	<b>▲ 166.6</b>
<b>% of Overseas orders received / order backlog</b>	<b>45%</b>	<b>44%</b>	<b>▲ 1%</b>	<b>44%</b>	<b>36%</b>	<b>▲ 8%</b>

# 1. Consolidated Results for FY2016

## Financial Results by Segment

### ■ Net sales & Operating profit

February 1, 2017 Forecast

(In billion yen)

	Sales			Operating income		
	FY2015	FY2016	Change	FY2015	FY2016	Change
Resources, Energy and Environment	452.4	427.3	▲25.1	▲2.2	▲10.6	▲8.3
Social Infrastructure and Offshore Facility	168.1	157.7	▲10.3	▲48.9	▲12.0	36.9
Industrial System and General-Purpose Machinery	404.7	411.6	6.8	12.6	17.5	4.8
Aero Engine, Space and Defense	500.2	471.9	▲28.2	58.4	53.0	▲5.4
Total Reportable Segment	1,525.5	1,468.7	▲56.8	19.8	47.8	27.9
Others	69.8	75.1	5.2	2.1	2.5	0.4
Adjustment	▲56.0	▲57.5	▲1.4	-	▲3.0	▲3.0
Total	1,539.3	1,486.3	▲53.0	22.0	47.3	25.3

The impact of net sales by the change of closing date of the fiscal year of certain overseas consolidated subsidiaries were ¥10.9 billion for the Resources, Energy and Environment segment, ¥0.3 billion for the Social Infrastructure and Offshore Facility segment, and ¥11.7 billion for the Industrial System and General-Purpose Machinery segment. The impact of operating profit was ¥0.6 billion for the Resources, Energy and Environment segment, and ¥2.0 billion for the Industrial System and General-Purpose Machinery segment.

# 1. Consolidated Results for FY2016

## Financial Results by Segment

- Analysis of change in operating profit from the previous period

(In billion yen)

	Change in net sales	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Impact of change of FY period	Total
Resources, Energy and Environment	▲ 4.7	▲ 2.4	▲ 0.9	▲ 0.9	0.6	▲ 8.3
Social Infrastructure and Offshore Facility	1.9	35.4	▲ 0.4			36.9
Industrial System and General-Purpose Machinery	▲ 0.9	5.0	▲ 0.5	▲ 0.8	2.0	4.8
Aero Engine, Space and Defense	0.6	1.2	▲ 9.4	2.2		▲ 5.4
<b>Total Reportable Segment</b>	<b>▲ 3.1</b>	<b>39.2</b>	<b>▲ 11.2</b>	<b>0.5</b>	<b>2.6</b>	<b>27.9</b>
Others	0.1	▲ 0.9		1.1	0.1	0.4
Adjustment		▲ 5.5		2.4		▲ 3.0
<b>Total</b>	<b>▲ 3.0</b>	<b>32.7</b>	<b>▲ 11.2</b>	<b>4.0</b>	<b>2.7</b>	<b>25.3</b>

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 FY2016

## Non-operating Income / Expenses

### ■ Non-operating Income / Expenses

(In billion yen)

	FY2015	FY2016	Change
Net interest expense (incl. dividend income)	▲ 1.0	▲ 0.5	0.4
Share of profit / losses of entities accounted for using equity method	1.1	▲ 3.5	▲ 4.7
Foreign exchange gains / losses	▲ 5.1	▲ 6.7	▲ 1.5
Others	▲ 7.3	▲ 14.5	▲ 7.2
<b>Non-operating income / expenses</b>	<b>▲ 12.3</b>	<b>▲ 25.3</b>	<b>▲ 13.0</b>

**Change of the year-end rate(USD)** FY2015 ▲7.49yen (beginning 120.17yen→end 112.68yen)  
FY2016 ▲0.49yen (beginning 112.68yen→end 112.19yen)

# 1. Consolidated Results for FY2016

## Extraordinary Income

IHI

(In billion yen)

	FY2015	FY2016	Change	Note
Gain on sales of non-current assets	28.6	23.5	▲ 5.1	FY2016: The sales of land of Toyosu Center Building Annex and others
Gain on contribution of securities to retirement benefit trust	6.3	3.4	▲ 2.8	
Reversal of provision for loss on business of subsidiaries and affiliates	—	1.6	1.6	
Gain on bargain purchase	—	1.0	1.0	Reorganization of Shield tunneling machine Business.
Gain on transfer of shares of subsidiaries and affiliates	—	0.7	0.7	Reorganization of Construction machinery Business.
Gain on sales of investment securities	1.8	—	▲ 1.8	
<b>Extraordinary income</b>	<b>36.8</b>	<b>30.5</b>	<b>▲ 6.2</b>	

# 1. Consolidated Results for FY2016

## Extraordinary Losses

(In billion yen)

	FY2015	FY2016	Change	Note
Business structural reform expenses related to the F-LNG/Offshore structure Business	—	▲ 9.9	▲ 9.9	<ul style="list-style-type: none"> <li>Impairment loss of the Aichi works(F-LNG production facilities).</li> <li>Dismantlement costs of a portion of the assets.</li> </ul>
Loss on transfer of receivables	—	▲ 9.8	▲ 9.8	Loss on transfer of the right to claim compensation from UNIGEN inc. arising from the performance of debt guarantees corresponding to guarantee of obligations. (In 2016.3Q, recorded as Provision for loss on guarantees)
Settlement-related expenses related to delivered boiler facilities	—	▲ 6.9	▲ 6.9	<ul style="list-style-type: none"> <li>Bearing a portion of the amount incurred by the accident involving delivered boiler facilities damage.</li> <li>Lawyer fees and others.</li> </ul>
Impairment loss	0.0	▲ 3.4	▲ 3.3	
Compensation for change of construction contracts	—	▲ 2.2	▲ 2.2	Compensation for change of construction contracts of projects in Offshore structure Business.
Dismantlement costs of an underpass in Toyosu	—	▲ 2.0	▲ 2.0	
Expenses for delayed delivery	▲ 44.6	—	44.6	<ul style="list-style-type: none"> <li>Noncompliant welding on some boiler projects.</li> <li>Compensation for delayed delivery due to the accident of the Izmit Bay Crossing Bridge construction project in Turkey.</li> </ul>
Loss on valuation of shares of subsidiaries and affiliates	▲ 1.7	—	1.7	
Provision for subsidiaries and affiliates	▲ 1.7	—	1.7	
<b>Extraordinary losses</b>	<b>▲ 48.1</b>	<b>▲ 34.4</b>	<b>13.6</b>	

# 1. Consolidated Results for FY2016

## Balance Sheets

(In billion yen)

	As of March 31, 2016	As of March 31, 2017	Change
<b>Total assets</b>	<b>1,715.0</b>	<b>1,692.8</b>	<b>▲ 22.2</b>
(Trade receivables)	(444.8)	(403.0)	(▲ 41.7)
(Inventories)	(410.3)	(417.2)	(6.9)
<b>Total liabilities</b>	<b>1,381.6</b>	<b>1,355.2</b>	<b>▲ 26.4</b>
(Trade payables)	(297.4)	(285.9)	(▲ 11.5)
(Advance received)	(180.3)	(208.9)	(28.5)
(Interest-bearing debt)	(374.5)	(371.9)	(▲ 2.6)
<b>Total net assets</b>	<b>333.3</b>	<b>337.6</b>	<b>4.2</b>
Shareholders' equity	305.8	309.9	4.1
Accumulated other comprehensive income	12.4	8.1	▲ 4.3
<b>Total liabilities and net assets</b>	<b>1,715.0</b>	<b>1,692.8</b>	<b>▲ 22.2</b>
<b>D/E ratio (times)</b>	<b>1.12</b>	<b>1.10</b>	<b>▲ 0.02</b>
<b>Equity ratio</b>	<b>18.6%</b>	<b>18.8%</b>	<b>0.2%</b>
<b>ROIC</b>	<b>2.3%</b>	<b>5.0%</b>	<b>2.7%</b>

**Note:** Interest-bearing debt includes the amount of lease obligations.  
(as of March 31, 2016: 17.9 billion yen / as of March 31, 2017: 20.3 billion yen )

# 1. Consolidated Results for FY2016

## Cash flows

(In billion yen)

	FY2015	FY2016	Change
<b>Operating activities</b>	<b>95.3</b>	<b>65.3</b>	<b>▲ 29.9</b>
<b>Investing activities</b>	<b>▲ 35.5</b>	<b>▲ 28.9</b>	<b>6.5</b>
<b>Free cash flows</b>	<b>59.8</b>	<b>36.4</b>	<b>▲ 23.4</b>
<b>Financing activities</b>	<b>▲ 47.5</b>	<b>▲ 21.9</b>	<b>25.5</b>

# 1. Consolidated Results for FY2016 Supplementary Information

## (1) R&D/CAPEX/Depreciation & Amortization

(In billion yen)

	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017(Forecast)</b>
<b>R&amp;D</b>	<b>41.6</b>	<b>35.5</b>	<b>42.0</b>
<b>CAPEX</b>	<b>50.8</b>	<b>52.7</b>	<b>65.0</b>
<b>Depreciation &amp; Amortization</b>	<b>46.7</b>	<b>46.6</b>	<b>48.0</b>

## (2) Overseas Sales by Region

(In billion yen)

	<b>FY2015</b>	<b>FY2016</b>
<b>Asia</b>	<b>180.4</b>	<b>172.1</b>
<b>China</b>	<b>78.4</b>	<b>88.2</b>
<b>North America</b>	<b>336.6</b>	<b>320.2</b>
<b>Central and South America</b>	<b>23.1</b>	<b>26.4</b>
<b>Europe</b>	<b>139.9</b>	<b>116.1</b>
<b>Others</b>	<b>38.3</b>	<b>34.1</b>
<b>Total</b>	<b>796.9</b>	<b>757.4</b>
<b>% of overseas sales</b>	<b>52%</b>	<b>51%</b>

# 1. Consolidated Results for FY2016 Supplementary Information

## (3) Assets balance by Segment

(In billion yen)

	Assets balance		
	As of March 31, 2016	As of March 31, 2017	Change
Resources, Energy and Environment	<b>370.1</b>	<b>406.1</b>	<b>36.0</b>
Social Infrastructure and Offshore Facility	<b>259.7</b>	<b>241.3</b>	<b>▲ 18.4</b>
Industrial System and General-Purpose Machinery	<b>337.6</b>	<b>318.9</b>	<b>▲ 18.6</b>
Aero Engine, Space and Defense	<b>482.0</b>	<b>493.6</b>	<b>11.6</b>
<b>Total Reportable Segment</b>	<b>1,449.5</b>	<b>1,460.1</b>	<b>10.5</b>
Others	<b>132.1</b>	<b>107.7</b>	<b>▲ 24.4</b>
Adjustment	<b>133.3</b>	<b>124.9</b>	<b>▲ 8.3</b>
<b>Total</b>	<b>1,715.0</b>	<b>1,692.8</b>	<b>▲ 22.2</b>

## 2. Forecasts of the Consolidated Results for FY2017

## 2. Forecasts of the Consolidated Results for FY2017

### Summary of Forecasts

<assumed exchange rate>

US\$ 1.00 = ¥105

Euro 1.00 = ¥115

(In billion yen)

	FY2016 Actual	FY2017 Forecast	Change
Orders received	1,389.8	1,500.0	110.2
Net sales	1,486.3	1,550.0	63.7
Operating profit	47.3	65.0	17.7
Ordinary profit	22.0	57.0	35.0
Profit attributable to owners of parent	5.2	23.0	17.8

From FY2016, the IHI Group plans to roll out a change to the fiscal-year closing date of overseas consolidated subsidiaries from December 31 to March 31. As a result, certain consolidated subsidiaries will have a fiscal year of 15 months from January 1, 2017 until March 31, 2018.

Also, from the fiscal year ending March 31, 2018, the depreciation method for property, plant and equipment is scheduled to change from the previous declining-balance method to the straight-line method.

#### <For reference> Sensitivity to foreign exchange rates by currency

1 yen per US\$ corresponds to 1.0 billion yen, and per Euro, 0.0 billion yen in operating profit.

## 2. Forecasts of the Consolidated Results for FY2017

### Forecasts by Segment

#### ■ Orders received

(In billion yen)

	FY2016 Actual	FY2017 Forecast	Change
Resources, Energy and Environment	352.8	460.0	107.2
Social Infrastructure and Offshore Facility	150.1	150.0	▲ 0.1
Industrial System and General-Purpose Machinery	420.5	450.0	29.5
Aero Engine, Space and Defense	451.5	410.0	▲ 41.5
<b>Total Reportable Segment</b>	<b>1,375.0</b>	<b>1,470.0</b>	<b>95.0</b>
Others	68.3	70.0	1.7
Adjustment	▲ 53.5	▲ 40.0	13.5
<b>Total</b>	<b>1,389.8</b>	<b>1,500.0</b>	<b>110.2</b>

## 2. Forecasts of the Consolidated Results for FY2017

### Forecasts by Segment

#### ■ Net sales & Operating profit

(In billion yen)

	FY2016 Actual		FY2017 Forecast		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Resources, Energy and Environment	427.3	▲ 10.6	540.0	23.0	112.7	33.6
Social Infrastructure and Offshore Facility	157.7	▲ 12.0	150.0	8.0	▲ 7.7	20.0
Industrial System and General-Purpose Machinery	411.6	17.5	430.0	11.0	18.4	▲ 6.5
Aero Engine, Space and Defense	471.9	53.0	440.0	37.0	▲ 31.9	▲ 16.0
<b>Total Reportable Segment</b>	<b>1,468.7</b>	<b>47.8</b>	<b>1,560.0</b>	<b>79.0</b>	<b>91.3</b>	<b>31.2</b>
Others	75.1	2.5	70.0	2.0	▲ 5.1	▲ 0.5
Adjustment	▲ 57.5	▲ 3.0	▲ 80.0	▲ 16.0	▲ 22.5	▲ 13.0
<b>Total</b>	<b>1,486.3</b>	<b>47.3</b>	<b>1,550.0</b>	<b>65.0</b>	<b>63.7</b>	<b>17.7</b>

## 2. Forecasts of the Consolidated Results for FY2017

### Forecasts by Segment

#### ■ Analysis of change in operating profit

(In billion yen)

	Change in net sales	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Impact of Change of FY period	Total
Resources, Energy and Environment	2.6	29.6		2.0	▲ 0.6	33.6
Social Infrastructure and Offshore Facility		20.0				20.0
Industrial System and General-Purpose Machinery		▲ 0.9	▲ 0.6	▲ 3.0	▲ 2.0	▲ 6.5
Aero Engine, Space and Defense		▲ 13.0	▲ 3.0			▲ 16.0
<b>Total Reportable Segment</b>	<b>2.6</b>	<b>35.8</b>	<b>▲ 3.6</b>	<b>▲ 1.0</b>	<b>▲ 2.6</b>	<b>31.2</b>
Others		▲ 0.5				▲ 0.5
Adjustment		▲ 11.0		▲ 2.0		▲ 13.0
<b>Total</b>	<b>2.6</b>	<b>24.3</b>	<b>▲ 3.6</b>	<b>▲ 3.0</b>	<b>▲ 2.6</b>	<b>17.7</b>

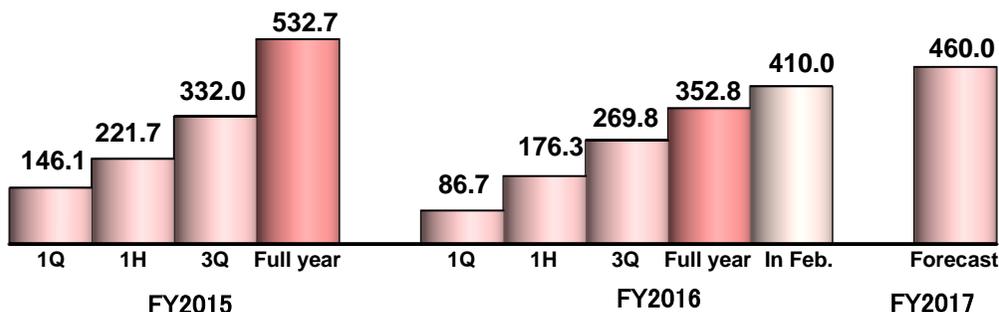
## 3. Financial Results by Segment

# 3. Financial Results by Segment

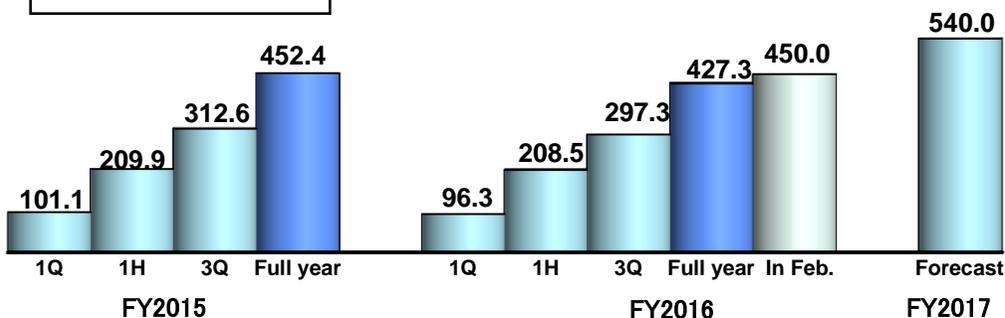
## Resources, Energy and Environment

(In billion yen, accumulated amount)

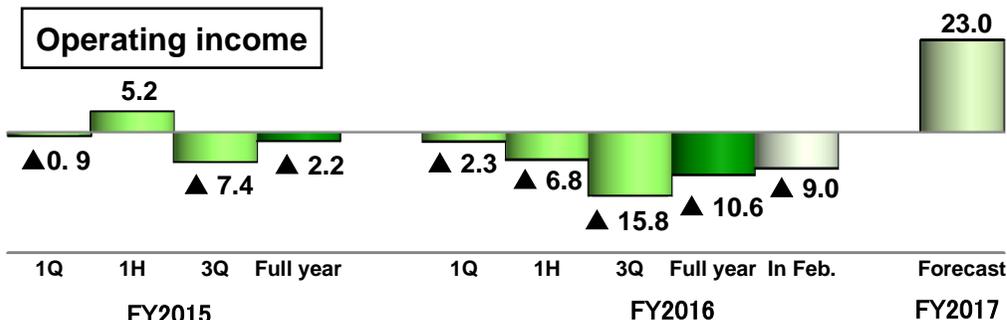
### Orders received



### Net sales



### Operating income



### <Results by business segment>

#### 【 Orders received】

Orders received declined from the previous fiscal year, reflecting a pullback from large orders secured in the previous fiscal year for Boiler Business and Process plants Business, and decreases in orders secured for Power systems for land and marine use Business, affected by the low crude oil prices.

#### 【 Net sales】

Sales decreased from the previous fiscal year, reflecting decreased sales in Process plants Business, Power system plant Business and Power systems for land and marine use Business, partially offset by increased sales from the progress of major construction projects in Boiler Business.

#### 【 Operating profit】

The deficit expanded from the previous fiscal year, mainly owing to the decreased revenues in Power systems for land and marine use Business, as well as the deterioration of profitability in large projects underway in North America in Process plants Business, partially offset by reduced impact of deterioration of profitability in Boiler Business.

#### <FY2016 Results (vs. Forecast In Feb.)>

Operating profit is revised down owing mainly to the deterioration in profitability in Boiler Business and Power system plant Business.

#### <FY2017 Forecasts (vs. FY2016 Actual)>

A net sales increase and operating profit improvement are expected due to disappearance of the effect of deterioration of profitability in FY2016 mainly in the Process plants Business and Boiler Business.

### 3. Financial Results by Segment

## Resources, Energy and Environment

(In billion yen)

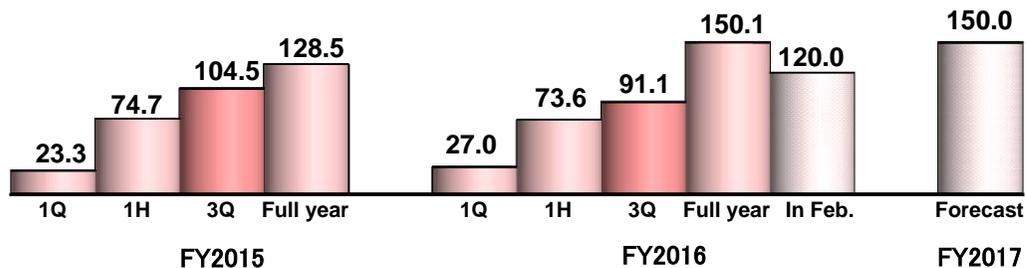
	Orders received			Net sales								
	FY2015	FY2016	FY2017	FY2015				FY2016				FY2017
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Boiler	170.1	58.3	100.0	18.2	44.7	56.9	80.8	24.5	60.9	86.1	112.0	150.0
Power system plants	22.1	19.0	79.0	4.3	9.0	19.8	31.8	5.8	10.4	14.0	18.9	38.0
Power systems for land and marine use	81.1	61.1	64.0	20.9	37.6	57.7	77.8	13.3	26.4	38.8	58.3	62.0
Process plants	107.1	73.0	91.0	30.6	63.4	95.1	123.1	21.5	48.6	62.9	94.3	160.0
Nuclear power	38.6	55.6	27.0	3.8	11.0	14.7	32.5	2.2	6.9	12.7	30.1	45.0

# 3. Financial Results by Segment

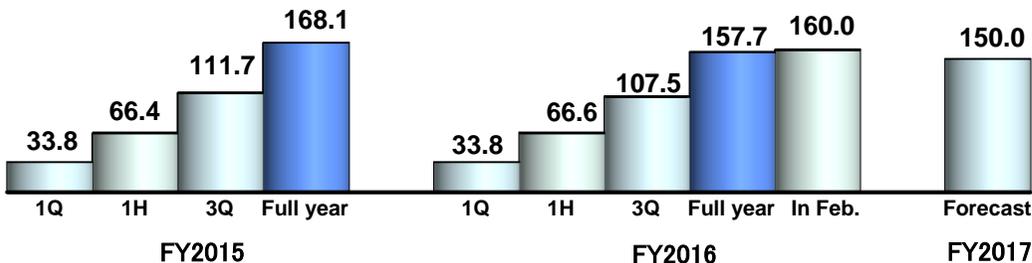
## Social Infrastructure and Offshore Facility

(In billion yen, accumulated amount)

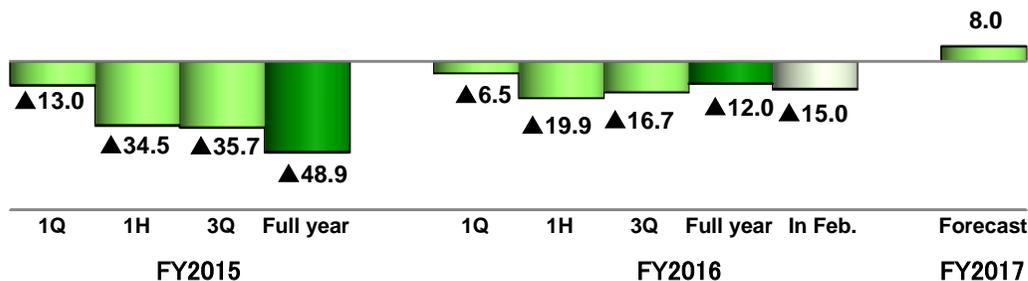
### Orders received



### Net sales



### Operating Profit



### <Results by business segment>

#### 【 Orders received】

Orders received increased from the previous fiscal year, reflecting an increase of orders received in Transport system Business and the effect of business integration of Shield tunneling machine Business.

#### 【 Net sales】

Sales decreased from the previous fiscal year, partly owing to the impact of the decreased sales in the Bridge/water gate Business from the completion of the Izmit Bay Crossing Bridge construction project in Turkey, partially offset by increased sales in Shield tunneling machine Business, which carried out business integration.

#### 【 Operating profit】

The effect of the deterioration of profitability related to F-LNG Business was reduced despite additional costs incurred in FY2016, as well as the improved profitability in Bridge/water gate Business. As a result, the deficit was reduced from the previous fiscal year.

#### <FY2016 Results (vs. Forecast In Feb.)>

The deficit was reduced due to improved profitability of the Bridge/water gate Business and the Shield tunneling machine Business.

#### <FY2017 Forecasts (vs. FY2016 Actual)>

An operating profit improvement is expected due to disappearance of the effect of loss related to F-LNG Business.

### 3. Financial Results by Segment

## Social Infrastructure and Offshore Facility

(In billion yen)

	Orders received			Net sales								
	FY2015	FY2016	FY2017	FY2015				FY2016				FY2017
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Bridge/Water gate	76.6	71.0	70.0	17.5	33.7	53.3	76.0	15.0	30.6	44.9	67.2	65.0
F-LNG	▲ 15.5	▲ 1.7	0.0	3.6	6.8	14.4	21.4	8.0	10.7	14.6	18.4	12.0
Urban development	16.2	15.1	17.0	5.1	8.8	12.7	17.6	3.4	7.1	10.6	14.2	17.0

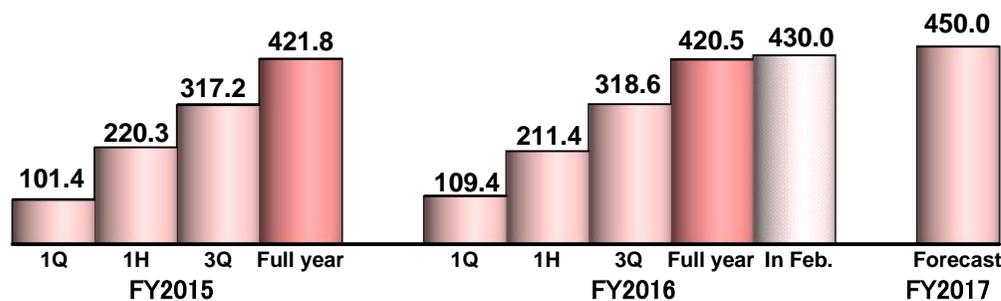
For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 35, 36.

# 3. Financial Results by Segment

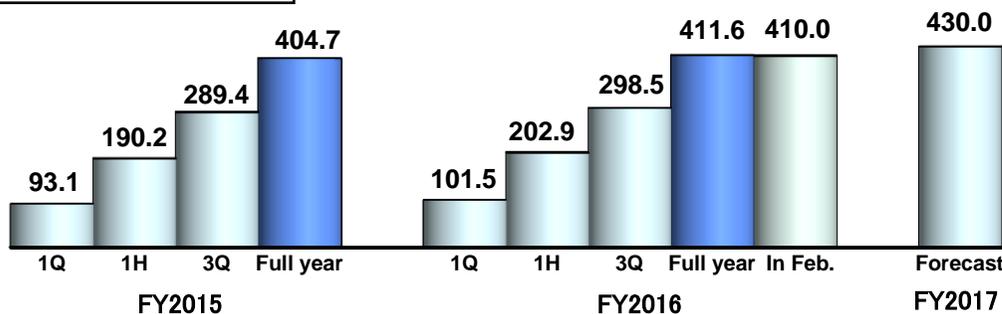
## Industrial System and General-Purpose Machinery

(In billion yen, accumulated amount)

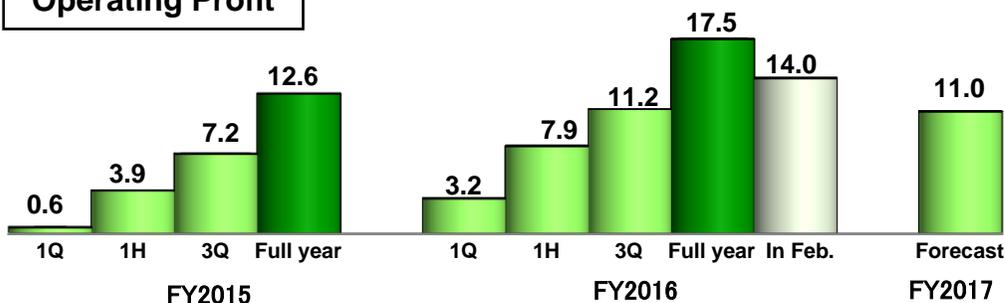
### Orders received



### Net sales



### Operating Profit



### <Results by business segment>

#### 【 Orders received 】

Orders received were at the same level as the previous fiscal year, owing to increases in Vehicular turbocharger Business, Paper-making machinery Business, and Thermal and surface treatment Business, offsetting the impact from a transfer of Construction machinery Business.

#### 【 Net sales 】

Sales increased from the previous fiscal year, owing to the effect of the financial reporting periods unification and increases in Logistics/industrial system Business, partially offset by the impact from a transfer of Construction machinery Business and decreased sales in Agricultural machinery/small power systems Business.

<Number of vehicular turbochargers delivered>

(10,000 Units)

	Full Year
FY2015	536
FY2016	610
FY2017 (Forecast)	740

#### 【 Operating profit 】

Operating profit rose from the previous fiscal year, owing to the aforementioned increased sales, as well as the improvement in profitability in Parking Business, Logistics/industrial system Business and Rotating machinery Business.

#### <FY2016 Results (vs. Forecast In Feb.)>

Operating profit was improved mainly due to profitability improvement in Vehicular turbocharger Business and progress in cutting selling, general and administrative expenses.

#### <FY2017 Forecasts (vs. FY2016 Actual)>

A deterioration in operating profit is expected due to an increase in R&D expenses in Vehicular turbocharger Business and a pullback from the effect of the financial reporting periods unification in FY2016.

### 3. Financial Results by Segment

## Industrial System and General-Purpose Machinery

(In billion yen)

	Orders received			Net sales								
	FY2015	FY2016	FY2017	FY2015				FY2016				FY2017
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Transport machinery	35.8	31.9	37.0	3.5	9.8	15.6	21.8	5.4	11.6	16.5	23.4	29.0
Parking	39.6	41.6	48.0	8.7	19.5	29.8	42.6	7.5	18.4	29.6	42.8	44.0
Thermal and surface treatment	29.8	35.2	42.0	7.0	14.5	23.1	31.7	7.8	15.6	23.2	32.3	41.0
Vehicular turbocharger	162.0	174.6	190.0	44.0	82.8	121.8	161.6	47.4	86.8	129.3	174.6	190.0
Rotating machinery	48.7	48.0	49.0	8.4	19.4	29.5	46.4	10.3	21.7	33.7	48.2	48.0

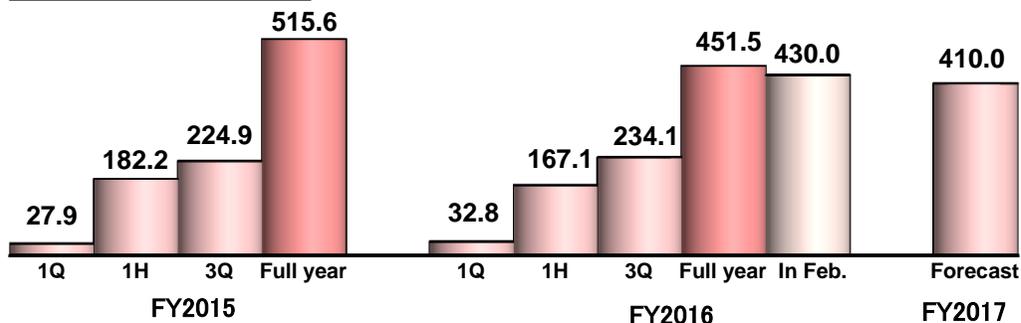
For details of "Vehicular turbocharger", please refer to <Appendices> on page 34.

# 3. Financial Results by Segment

## Aero Engine, Space and Defense

(In billion yen, accumulated amount)

### Orders received



### <Results by business segment>

#### 【 Orders received】

Orders received decreased from the previous fiscal year, owing to lump-sum procurement of aero engines by Japan Ministry of Defense in the previous fiscal year and a decline in civil aero engines due to the effect of yen appreciation, despite an increase in Rocket systems/space exploration Business.

#### 【 Net sales】

Sales decreased mainly due to the effect of yen appreciation in civil aero engines.

< Number of civil aero engines delivered >  
(Units)

	Full Year
FY2015	1,260
FY2016	1,282
FY2017 (Forecast)	1,300

#### 【 Operating profit 】

Despite an increase in spare-part sales and a decrease in R&D expenses, operating profit decreased from the previous fiscal year, owing to the foreign exchange effect and the launch of the mass production stage for the PW1100G engine.

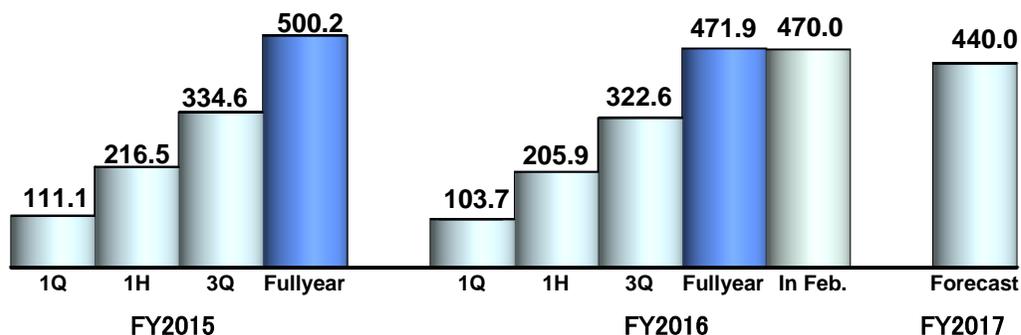
#### <FY2016 Results (vs. Forecast In Feb.)>

The slight improvement in operating profit was due to improved profitability in Aero engines Business.

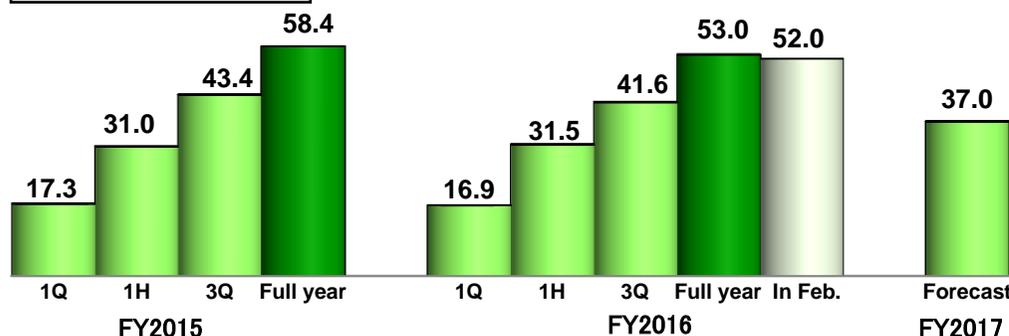
#### <FY2017 Forecasts (vs. FY2016 Actual)>

Operating profit is expected to be reduced due to increased sales of PW1100G engines and the effect of yen appreciation.

### Net sales



### Operating profit



### 3. Financial Results by Segment

## Aero Engine, Space and Defense

(In billion yen)

	Orders received			Net sales								
	FY2015	FY2016	FY2017	FY2015				FY2016				FY2017
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Civil aero engine	276.1	263.0	290.0	77.8	149.0	224.2	299.1	69.8	135.2	208.3	291.5	260.0

For details of “Civil aero engine”, please refer to <Appendices> on page 33.

# <Appendices>

- Progress in large overseas projects
- Topics in the Fourth quarter under review
- Aero engines
- Vehicular turbocharger
- Urban development

## Dominion Cove Point Liquefaction Project



Aerial photo as of Apr. 2017



Cable pulling

### <Current status (Mar. 2017)>

- Engineering is essentially complete.
- Procurement of equipment is essentially complete.
- Piping leak test and cable pulling is underway.
- Overall project is 87% complete.

### <Key milestones>

April 2013:	Contract award
September 2014:	FERC Order received & accepted
March 2015:	Groundbreaking Ceremony held
March 2017:	DCS in Service
Mid 2017:	Mechanical Completion
Oct. to Dec. 2017:	Commencement of operations

### <Project Brief>

IHI E&C International Corporation and Kiewit Energy Company have entered into an engineering, procurement and construction contract to develop the Cove Point liquefied natural gas facility located on the Chesapeake Bay in Lusby, Maryland. The IHI/Kiewit joint venture will design, construct, commission and start up the estimated 5.25 million tons per annum liquefaction facility.

## Jimah East Power coal fired power plant



Expected Completion Image



As of end of March 2017

### <Status>

As of end of March 2017, piling and foundation works are in progress. IHI started steel structure, ducting and bunker erection from Jan 2017. Foundation for #1 dust removal system area has been handed over to IHI. For boiler portion, 81% of engineering, 37% of procurement and 3% of erection activities were completed. As total 29% was completed.

### <Key Milestones>

Aug 2014:	EPC Contract	Oct 2018:	Initial Firing(#1)
Jan 2017:	Boiler Erection Start(#1)	Apr 2019:	Initial Firing(#2)
Jul 2017:	Boiler Erection Start(#2)	Jun 2019:	COD (#1)
Apr 2018:	Hydro Test(#1)	Dec 2019:	COD (#2)
Nov 2018:	Hydro Test(#2)		

### <Project Brief>

- Contract: Full turn key contract for ultra-supercritical boiler for Jimah East Power Sdn. Bhd. (IPP)
- Site: Jimah, Negeri Sembilan, Malaysia
- Scope: Engineering, Procurement, Construction and Commissioning of Ultra-supercritical boiler

## Contract Signing with Mozambique's Public Power Company for Construction of Gas-fired Combined Cycle Power Plant

IHI Corporation and Sumitomo Corporation signed with the state-run public power company of the Republic of Mozambique a full turn key contract for a gas-fired combined cycle power plant.

IHI will put together a power generation package for the Power Plant using world-class 40MW aero-derivative LM6000 gas turbines developed and manufactured by General Electric with IHI's participation, and combine these with IHI's own products of control equipment to deliver a combined-cycle system.

IHI will put to good use our technical know-how to provide the African market with energy systems offering outstanding efficiency, quality and environmental performance, and to help ensure stable supplies of energy.



LM6000 gas turbine combined cycle power-generation facility(image)

## Order for Some of the World's Largest Super-Critical Pressure Helium Circulation Pumps

IHI received an order to supply the International Thermonuclear Experimental Reactor (ITER) with four of the world's largest super-critical pressure helium circulation pumps and two spare cartridges to cool superconducting coils (magnetic field generation equipment). ITER is a test reactor being built in southern France as an international collaborative project (Japan, Europe, U.S., Russia, China, South Korea and India) to prove the feasibility of nuclear fusion energy as a source of permanent energy for humanity. Our cutting-edge cryogenic rotating machinery technology allowed IHI to succeed in developing the super-critical pressure helium circulation pumps.

Drawing on our track record of multiple successful international deliveries, we are developing cryogenic rotating machinery which can be applied to devices used in large-scale superconducting magnets.



< Super-Critical Pressure Helium circulation pump >

## Corporate Research & Development: New Experimental Building Construction

IHI will build the first new experimental building at the Corporate Research & Development in Yokohama works, its principal manufacturing and research & development hub. The new experimental building will consolidate the experimental functions of fields being enhanced which are currently distributed throughout the experimental facilities, including ICT and robotics technology, materials technology, control and electronic technology, and hydrogen and ammonia value chain core technology, and the goal is to further strengthen IHI's future research and development capabilities. The new experimental building will also include a shared space that can be used for joint research with external partners and customers, as well as an area for product exhibitions and demonstrations.

Utilizing the new experimental building will further accelerate open innovation.



<The image of expected completion >

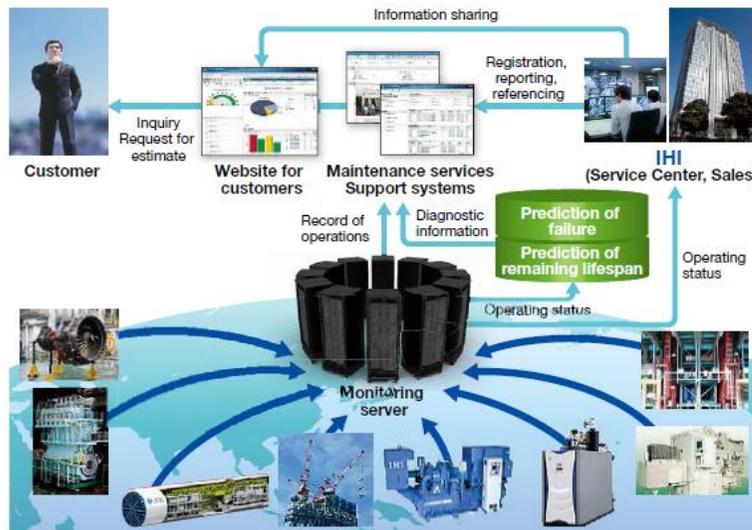


Image of ICT utilization

## Efforts Toward ICT

In line with its “Group Management Policies 2016,” IHI is working on initiatives to reform its business model by utilizing ICT and create new customer value. As part of these efforts, we have created the Group’s common platform for remote maintenance, the ILIPS (IHI group Lifecycle Partner System) to increase convenience for customers using our products. We are working to provide a sophisticated maintenance service that includes preventive maintenance capable of identifying signs of malfunction ahead of time through a network for the products delivered to customers around the world, enabling us to constantly monitor the operational status. In our civil aero engine maintenance division, we are offering a total-support service which using ILIPS, collects engine performance data measured during operation to make service proposals regarding reducing operation costs and optimizing timings and specifications of engine maintenance service.

## (1) Net sales of civil aero engine

(In billion yen)

	Actual												Forecast
	'11	'12	'13	'14	FY2015				FY2016				FY2017
					1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year	Full Year
Net sales	143.6	169.8	226.0	267.0	77.8	149.0	224.2	299.1	69.8	135.2	208.3	291.5	260.0

## (2) Number of civil aero engine delivered

(Units)

	Actual (accumulated)												Main loading
	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	
V2500	2,850	3,154	3,474	3,828	4,168	4,551	4,980	5,468	5,969	6,469	6,896	7,236	Airbus A319/320/321
GE90	464	579	742	896	1,071	1,223	1,399	1,589	1,806	2,039	2,257	2,457	Boeing B777
CF34	1,027	1,374	1,802	2,274	2,604	2,919	3,242	3,548	3,820	4,156	4,471	4,821	For regional jet (70 to 110 seats)
GEEx							118	259	468	751	1,035	1,295	Boeing B787/B747-8
PW1100G											16	148	Airbus A320Neo
<b>Total</b>	<b>4,341</b>	<b>5,107</b>	<b>6,018</b>	<b>6,998</b>	<b>7,843</b>	<b>8,693</b>	<b>9,739</b>	<b>10,864</b>	<b>12,063</b>	<b>13,415</b>	<b>14,675</b>	<b>15,957</b>	

(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)

	Actual												Forecast
	'11	'12	'13	'14	FY2015				FY2016				FY2017
					1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year	Full Year
Japan	33.1	33.9	35.3	37.5	8.4	17.2	25.5	34.6	8.5	18.0	27.4	38.9	36.0
Asia	16.9	24.8	29.8	27.5	7.8	12.9	16.6	21.6	6.6	9.6	12.7	15.8	12.0
China	14.3	18.1	23.4	24.3	7.1	11.8	17.9	24.9	11.8	20.5	34.3	48.5	57.0
North America	1.1	1.3	1.6	1.8	0.5	1.2	1.8	2.4	1.3	1.9	2.5	3.3	6.0
Central and South America	0.0	0.0	0.0	0.7	0.8	1.6	2.4	3.4	2.9	4.3	5.0	6.1	8.0
Europe	43.7	43.2	60.2	75.6	19.2	37.8	57.3	74.3	16.0	32.2	47.1	61.7	71.0
Others	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>109.4</b>	<b>121.6</b>	<b>150.7</b>	<b>167.7</b>	<b>44.0</b>	<b>82.8</b>	<b>121.8</b>	<b>161.6</b>	<b>47.4</b>	<b>86.8</b>	<b>129.3</b>	<b>174.6</b>	<b>190.0</b>

## (1) Lease revenue in Toyosu

(In billion yen)

	Actual												Forecast
	'11	'12	'13	'14	FY2015				FY2016				FY2017
					1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year	Full Year
Lease revenue	9.5	9.2	9.1	9.3	2.5	5.0	7.6	10.1	2.3	4.6	7.0	9.3	9.1

## (2) Lease revenue and expense in Toyosu (FY2016)

(In billion yen)

	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2016	9.3	3.5	2.4	3.2

## (3) Fair value as of March 31, 2017 of rental properties in Toyosu

(In billion yen)

	Amount recorded in the balance sheet			Fair value as of March 31, 2015(B)	(B) - (A)
	Balance as of April 1, 2014	Net change	Balance as of March 31, 2015(A)		
FY2016	63.1	▲ 3.2	59.9	172.5	112.6

(Note) The amount recorded in consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment losses from acquisition cost.  
The fair value at fiscal year-end is based on the values mainly in the appraisal report by external real estate appraisers.

# Development Plan for Toyosu 1 to 3 chome Area

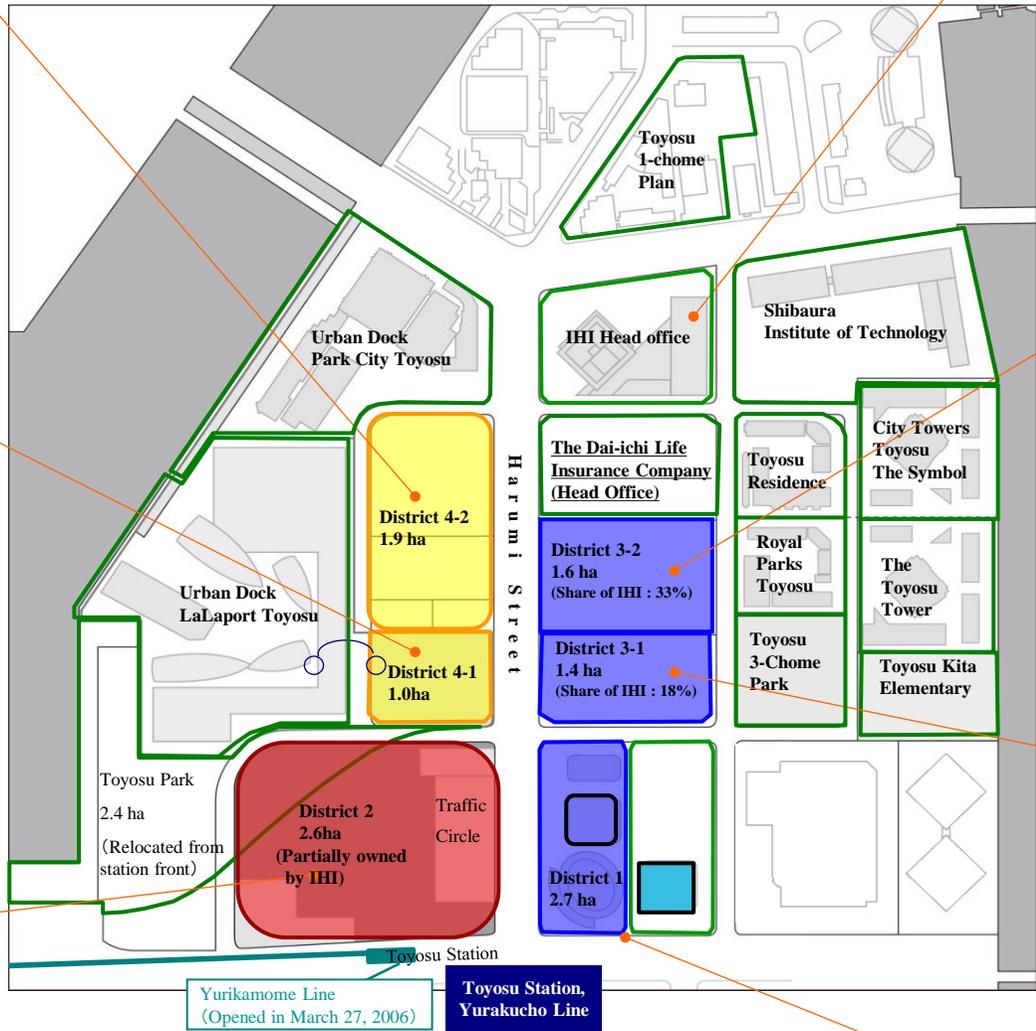
**Kindergarten, Nursery school, Café, Marriage ceremonial hall.**  
 Site area : 19,492㎡  
 Completed in March 2010 to February 2011



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



**Complex building A•C, (IHI and Mitsui Fudosan)**  
 36 floors above ground, Approx. 178m high  
 Gross floor area : 185,000㎡  
 Scheduled for completion in April 2020

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



**Toyosu Foresia (IHI & Mitsubishi Estate Company, Ltd.)**  
 16 floors above ground, Approx. 75m high,  
 Gross floor area : 101,503㎡  
 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 : 106,861㎡  
 Completed in August 2010



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

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



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 ※1
- Sold, Donated, Exchanged

※1 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.