February 9, 2024

IHI Corporation

Q&A for Fiscal 2023 Third-Quarter Results Teleconference

1. How did your Aero Engine, Space and Defense segment perform, and what's your outlook for it?

- Apart from the impact of foreign exchange rate fluctuations, we have made no changes regarding expenses for the additional inspection program for the PW1100G-JM engine.
- Third-quarter earnings increased even after we factored out exchange rate fluctuations, reflecting a steady recovery in unit sales of civil aero engine spare parts. Another profit recovery driver was that program-related costs were much lower in the third quarter than in the previous quarter.
- Defense-related orders increased significantly from a year earlier. We look for orders of that scale to continue for the next several years.

2. Tell us about your performances and outlooks for your other segments.

- In Resources, Energy, and Environment, including the service business in our carbon solution business proved fruitful. This prompted us to raise our revenue and operating profit forecasts for that segment.
- We revised our forecast for our bridges and water gates business. That is because of uncertainties in some aspects of closing accounts, although we did factor cost rises on construction completions into our forecast for this term.
- Also, we revised our forecast for Industrial Systems and General-Purpose Machinery owing to the difficulty of passing on higher materials and equipment costs in our logistics, parking, and other businesses.

3. What steps are you taking to enhance your cash flows and enhance your balance sheets?

- We look to review around 50 billion yen of 500 billion yen in total investments under Group Management Policies 2023 in light of progress with assessments.
- We have embarked on plans to divest fixed assets, possibly during this fiscal year.