



Management Policies of IHI Group in 2013

Group Management Policies 2013

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I H I Corporation

- **Review of “Group Management Policies 2010”**
- **Positioning of “Group Management Policies 2013”**
- **Targets**
- **Trend of Environment and Path toward Growth in “Group Management Policies 2013”**
- **Four Business Areas**
- **“Common Group Functions” (The three Tsunagu)**
- **Resources, Energy and Environment**
- **Social Infrastructure and Offshore Facilities**
- **Industrial Systems and General-Purpose Machinery**
- **Aero Engine, Space and Defense**

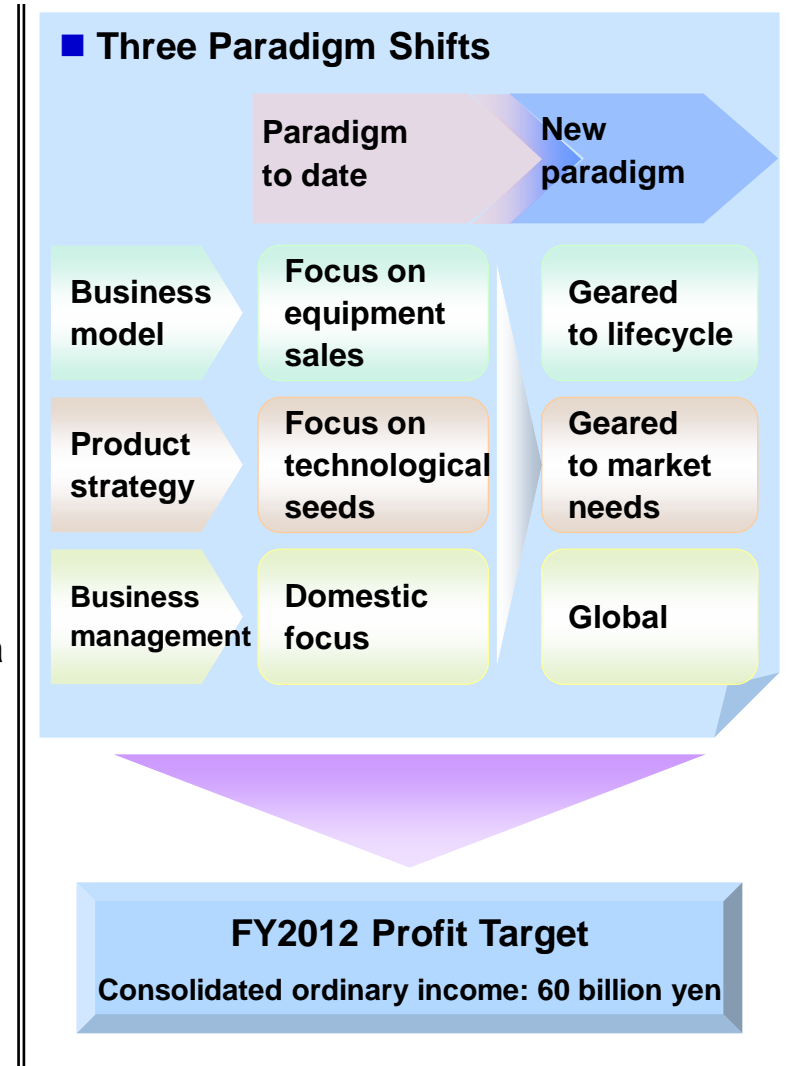
Achievements

- **Stabilization of Business Foundation**
 - Gains across all segments for three successive periods
 - Resumption and increase of dividends (FY2009 2 yen → FY2011 4 yen dividend)
 - Forecast to achieve less than 400 billion yen in interest-bearing debt
- **Strengthening of Business Selection and Concentration**
 - Expansion of aero engines and turbochargers businesses
 - Merger of marine businesses
- **Globalization**
 - Establishment of regional headquarters in Asia and China
 - Forecast to achieve 50% increase in sales at overseas consolidated subsidiaries

Challenges Remaining

- Consolidated ordinary income targets not achieved
 - ✓ Lack of growth potential
- ⇒ Developing of three paradigm shifts

Concepts in “Group Management Policies 2010”



“Group Management Policies 2010” (2010-2012)

- Stabilization of business foundation
- Strengthening of business selection and concentration
- Globalization

Establish Growth Trajectory

“Group Management Policies 2013” (2013-2015)

Realize Growth

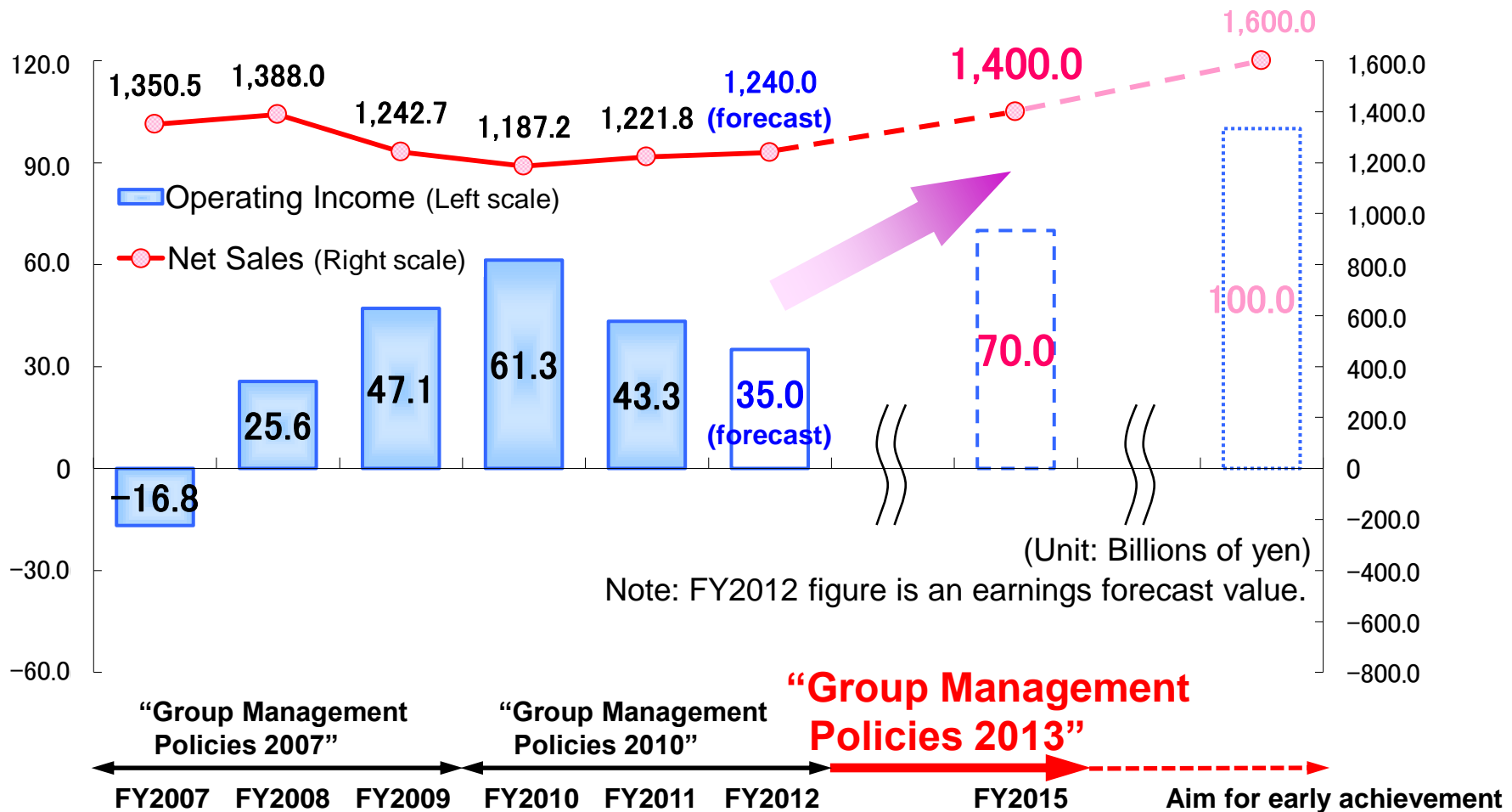
“Group Management Policies 2007” (2007-2009)

- Enhancement of each business’ revenue management system
- Promote business selection and concentration
- Enhance subsidiary and affiliated company management

Develop Foundation for Growth

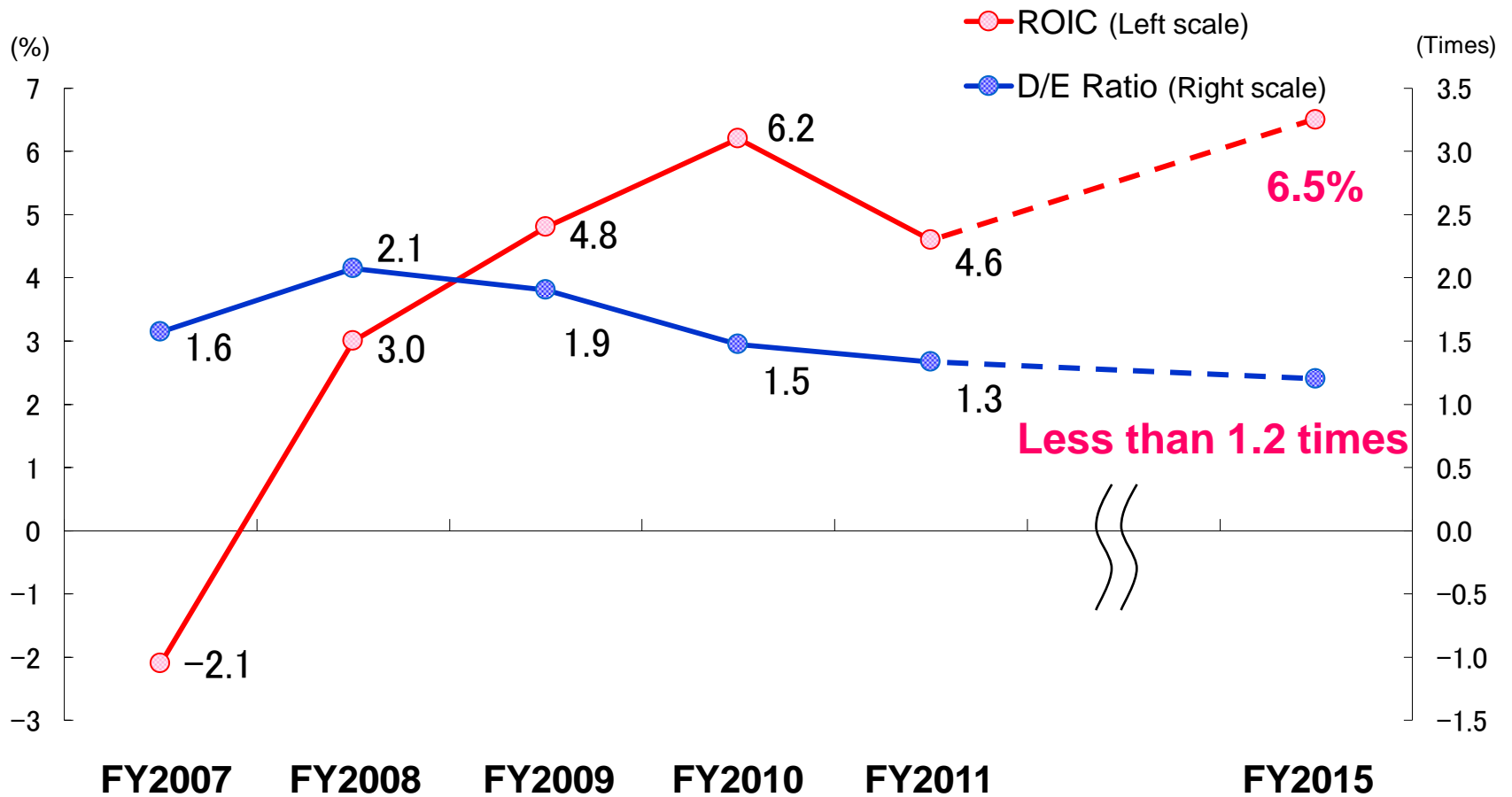
■ Consolidated Sales 1,400 Billion Yen, Consolidated Operating Income 70 Billion Yen

■ Achievements Targeted for FY2015



■ ROIC 6.5%, D/E Ratio Less Than 1.2 Times (End of FY2015)

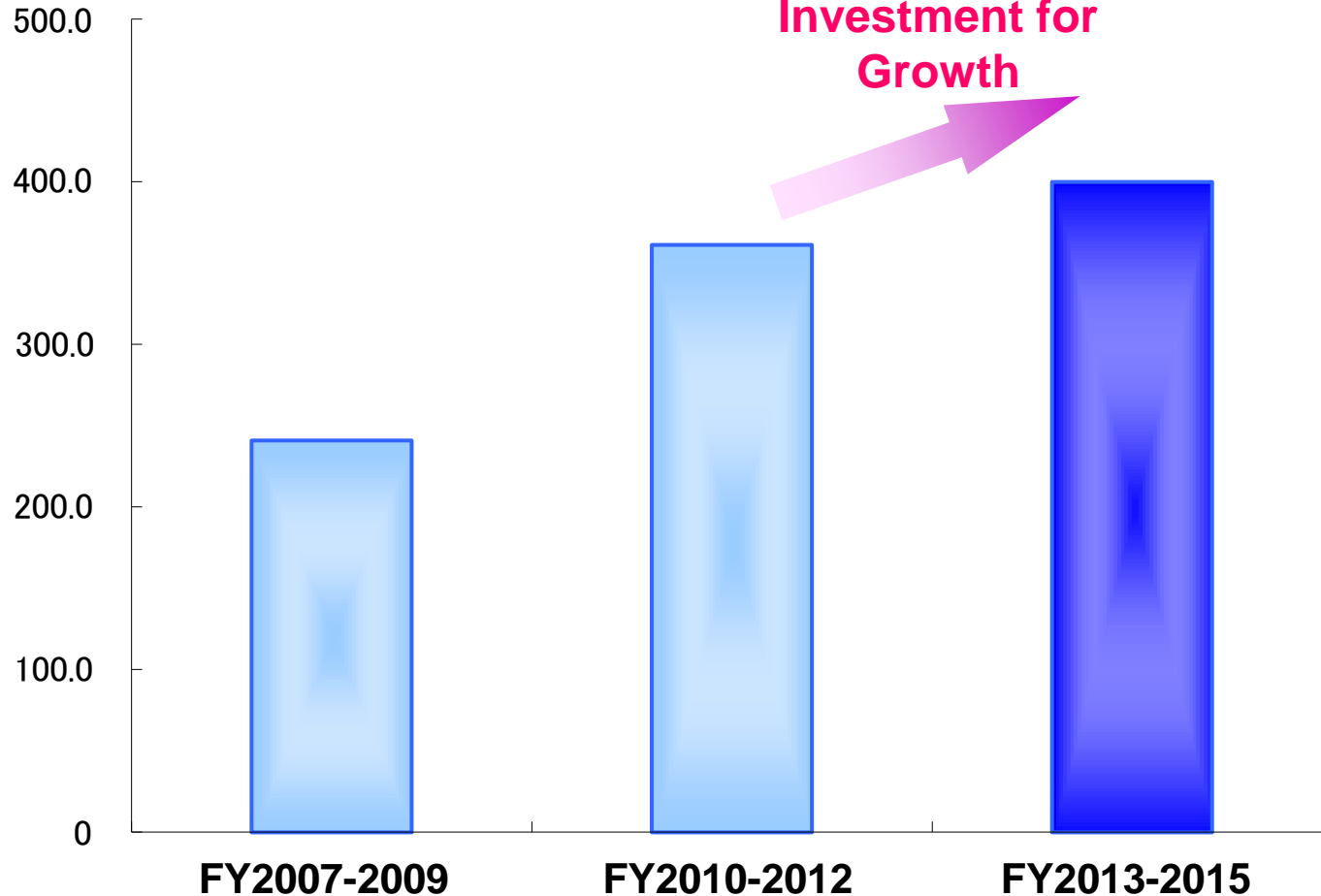
■ Targeting Improvement in Capital Efficiency



■ Total Investment 400 Billion Yen (FY2013–2015)

- Levels Exceeding “Group Management Policies 2010” (FY2010–2012)

(Unit: Billions of yen)



Trend of Environment and Path toward Growth in “Group Management Policies 2013”

Growth of IHI Group

Customer Value Creation

**Link among Existing Businesses
and between Existing Businesses
and Peripheral Businesses**

The three Tsunagu

**Link Products and Services with
Information and Communication
Technology (ICT)**

**Link Global Markets
with IHI Group**

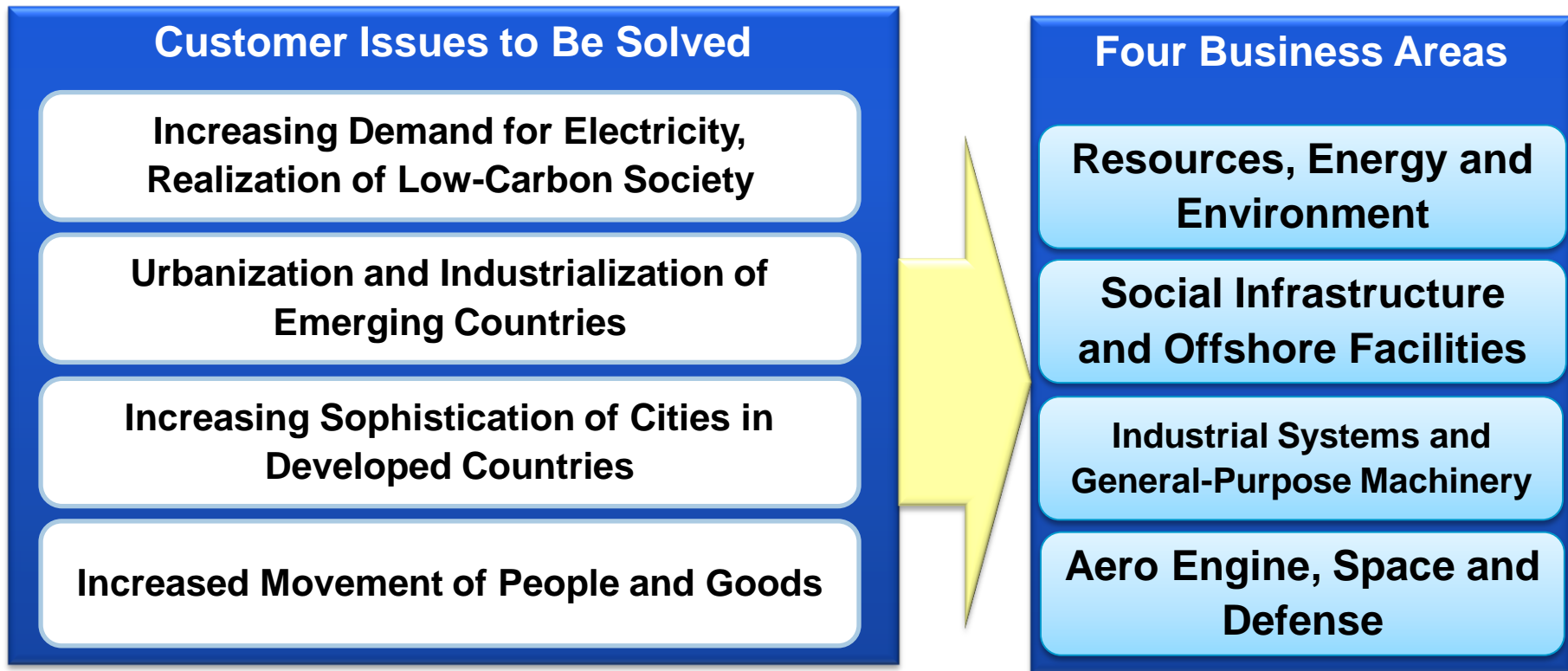
“Smart Social Infrastructure”

“Advanced, Highly Networked IT”

“Increasingly Complex Global Economy”

Three Megatrends

■ Based on Three Megatrends Establish Four Business Areas that Correspond to Market Characteristics



■ Allocation of Resources for Growth

- Classify businesses (SBUs) into growth/focus, core, and revenue improvement businesses

“Common Group Functions” (The three Tsunagu)

Resources, Energy
and Environment

Social Infrastructure
and Offshore
Facilities

Industrial Systems and
General-Purpose
Machinery

Aero Engine,
Space and Defense

Solutions/Engineering

Extend value chain to combine upstream/downstream businesses,
or other businesses
Enhance EPC business

Intelligent Information Management

Create innovative business opportunities by obtaining/analyzing
and feeding back information and turn them into increasingly
sophisticated and comprehensive products and services

Global Business

Set up global priority countries/businesses,
optimize allocation of resources
Build and enhance customer/partner relationships

■ Strengthen Such Areas as Natural Gas and Coal

- Enhance/augment sales and production of ultra supercritical pressure boilers, etc. worldwide
- Enter the market of shale gas liquefaction plant in North America
- Enhance gas turbine maintenance business



Liquefied natural gas plant
(image)

■ Efforts in New Energy Fields, etc.

- Develop gasification technologies using lignite (low-grade coal). Construct verification plant in Indonesia
- Enter biomass power generation in North America and algae biofuel businesses



Biomass power plant, United States
(Rio Bravo Fresno)

■ Work on Nuclear Power Business

- Improve safety and reliability at nuclear power plants in Japan
- Enhance activities to gain orders for PWR equipment worldwide

■ Expand Social Infrastructure Business

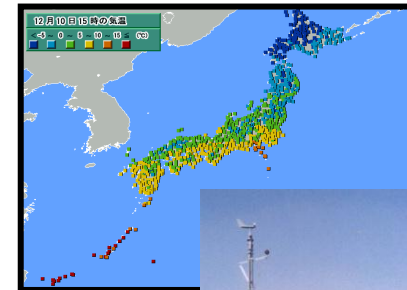
- Win bridge projects in emerging countries and renovation projects in US and other developed country markets
- Strengthen parking business in Southeast Asian market and maintain/reinforce top share in Japanese market



Huey P. Long Bridge, United States
(Widening work completed July 2012)

■ Develop Business Linking Social Infrastructure and ICT

- Having added Meisei Electric to the IHI Group, integrate sensing technologies into IHI Group products, such as the application of control systems in water gates



■ Further Development of Toyosu Area in Tokyo

- Rental office building under construction in 3-2 Block
- Ensure stable revenue base

Automated Meteorological
Data Acquisition System,
Meisei Electric (AMeDAS)



(Installed at 1,300 locations across Japan)

■ Proactive response to post-earthquake reconstruction

■ Accelerate Growth of Turbocharger Business

- Further expansion in Europe, China, and Southeast Asia
- FY2015 sales target: 150 billion yen



IHI TURBO (THAILAND)
(Thai turbocharger production base)

■ Expand by Creating Systems and Services

- Expand consignment service area in surface treatment business
- Expand Southeast Asian market by strengthening after-sales servicing in heat treatment business

■ Promote Compressor Business

- Strengthen production bases and maintenance network in China
- Launch turbo compressors with IHI made core units worldwide markets in 2013 in cooperation with Atlas Copco



Applicable products
for Ionbond AG's
surface treatment
technology

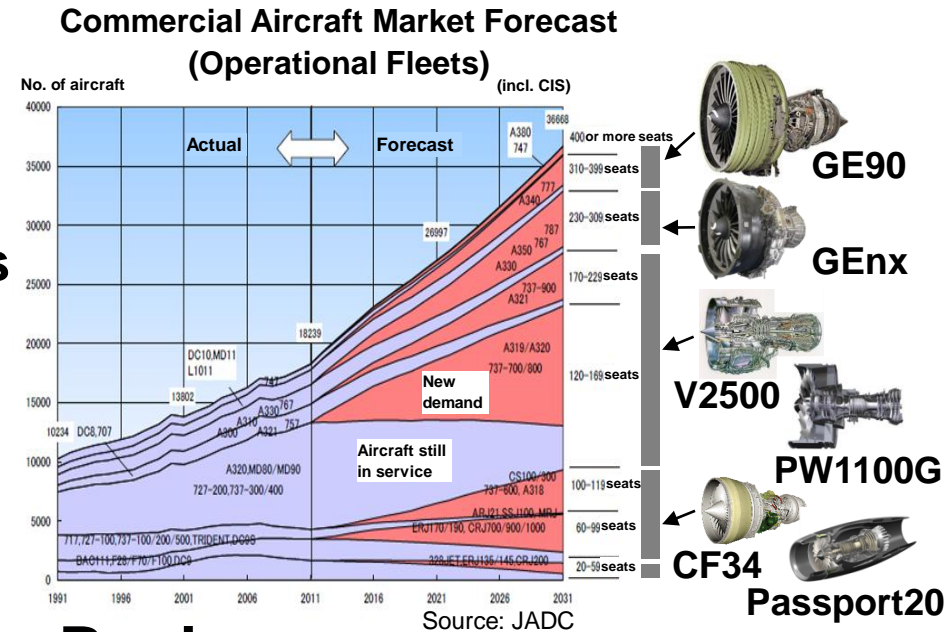


■ Expand activities in growth markets

- Expand conveyor business in Southeast Asian markets by establishing local subsidiaries

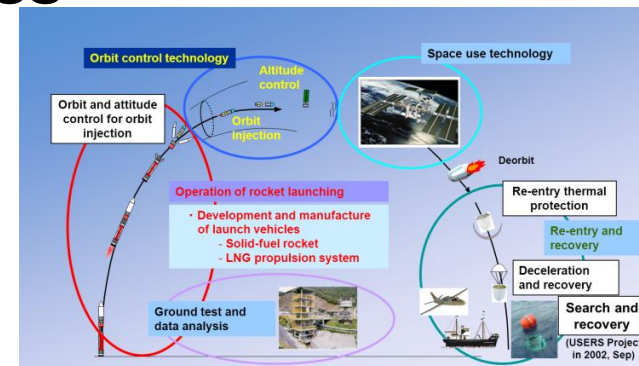
■ Expanding Engine Lineup and Enhancing Maintenance

- Participation in development programs for PW1100G-JM engine for Airbus A320neo (successor to V2500) and Passport20 engine for business jets
- Forming aero engine component maintenance company in the United States (Nov. 2012)



■ Expansion of Space Utilization Business

- Making steady progress in development of small solid-fuel rocket (Epsilon rocket). Launching planned for summer 2013
- Create synergistic effect between Meisei Electric's small satellite technologies and the IHI Group's space infrastructure systems, and promote sales activities worldwide



Provision of a seamless array of services from rocket launching to satellites, space use and space craft recovery

IHI

Realize your dreams

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