

Financial Results for FY2015 (for the year ended March 31, 2016)

May 10, 2016

IHI Corporation

Table of Contents

1. Consolidated Results for FY2015

| | |
|--------------------------------------|----|
| Summary of Financial Results..... | 4 |
| Financial Results by Segment..... | 5 |
| Non-operating Income / Expenses..... | 9 |
| Extraordinary Income / Losses..... | 10 |
| Balance Sheets..... | 13 |
| Cash flows..... | 15 |
| Supplementary Information..... | 16 |

2. Forecast of the Consolidated Results for FY2016

| | |
|--------------------------|----|
| Summary of Forecast..... | 18 |
| Forecast 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 |
|---------------------------------|-----------|

1. Consolidated Results for FY2015

1. Consolidated Results for FY2015

Summary of Financial Results

Note: Average exchange rates for FY2015 US\$ 1.00= ¥118.27

February 2, 2016 Forecast

(Billions of yen)

| | FY2014 | | FY2015 | Change | |
|---|---------|---------|---------|--------|--------|
| Orders received | 1,664.3 | 1,500.0 | 1,605.3 | 105.3 | ▲ 59.0 |
| Net sales | 1,455.8 | 1,550.0 | 1,539.3 | ▲ 10.7 | 83.5 |
| Operating income | 63.2 | 25.0 | 22.0 | ▲ 3.0 | ▲ 41.2 |
| Ordinary income | 56.5 | 15.0 | 9.7 | ▲ 5.3 | ▲ 46.8 |
| Income before income taxes | 27.2 | | ▲ 1.6 | | ▲ 28.9 |
| Profit attributable to owners of parent | 9.0 | ▲ 30.0 | 1.5 | 31.5 | ▲ 7.5 |

1. Consolidated Results for FY2015

Financial Results by Segment

■ Orders received & Order backlog

February 2, 2016 Forecast

(Billions of yen)

| | Orders received | | | Order backlog | | |
|---|-----------------|----------------|---------------|----------------|----------------|-------------|
| | FY2014 | FY2015 | Change | FY2014 | FY2015 | Change |
| Resources, Energy and Environment | 582.7 | 532.7 | ▲ 50.0 | 760.4 | 843.4 | 83.0 |
| Social Infrastructure and Offshore Facility | 178.7 | 128.5 | ▲ 50.2 | 231.9 | 194.3 | ▲ 37.6 |
| Industrial System and General-Purpose Machinery | 415.0 | 421.8 | 6.8 | 121.0 | 138.0 | 17.0 |
| Aero Engine, Space and Defense | 468.0 | 515.6 | 47.5 | 510.7 | 541.0 | 30.3 |
| Total Reportable Segment | 1,644.6 | 1,598.7 | ▲ 45.9 | 1,624.1 | 1,716.8 | 92.6 |
| Others | 75.2 | 65.7 | ▲ 9.5 | 31.2 | 24.7 | ▲ 6.4 |
| Adjustment | ▲ 55.5 | ▲ 59.1 | ▲ 3.6 | - | - | - |
| Total | 1,664.3 | 1,605.3 | ▲ 59.0 | 1,655.4 | 1,741.6 | 86.2 |
| Overseas orders received / order backlog | 836.0 | 726.3 | ▲ 109.6 | 808.7 | 757.9 | ▲ 50.8 |
| % of Overseas orders received / order backlog | 50% | 45% | ▲ 5% | 49% | 44% | ▲ 5% |

1. Consolidated Results for FY2015 Financial Results by Segment

■ Net sales & Operating income

February 2, 2016 Forecast

(Billions of yen)

| | Sales | | | Operating income | | |
|---|----------------|----------------|-------------|------------------|-------------|--------------|
| | FY2014 | FY2015 | Change | FY2014 | FY2015 | Change |
| Resources, Energy and Environment | 415.3 | 452.4 | 37.1 | 24.0 | 26.2 | 2.2 |
| Social Infrastructure and Offshore Facility | 188.6 | 168.1 | ▲20.4 | ▲3.2 | 48.9 | ▲45.7 |
| Industrial System and General-Purpose Machinery | 411.7 | 404.7 | ▲6.9 | 10.2 | 12.6 | 2.4 |
| Aero Engine, Space and Defense | 434.8 | 500.2 | 65.3 | 39.5 | 58.4 | 18.8 |
| Total Reportable Segment | 1,450.5 | 1,525.5 | 75.0 | 70.6 | 19.8 | ▲50.8 |
| Others | 62.8 | 69.8 | 6.9 | 1.2 | 2.1 | 0.8 |
| Adjustment | ▲57.5 | ▲56.0 | 1.5 | ▲8.6 | 0.0 | 8.7 |
| Total | 1,455.8 | 1,539.3 | 83.5 | 63.2 | 22.0 | ▲41.2 |

1. Consolidated Results for FY2015

Financial Results by Segment

- Analysis of change in operating income from the previous period

(Billions of yen)

| | Change in net sales | Change in construction profitability | Change in foreign exchange rate | Change in SG&A | Total |
|---|---------------------|--------------------------------------|---------------------------------|----------------|---------------|
| Resources, Energy and Environment | 5.7 | ▲ 27.2 | 0.8 | ▲ 5.6 | ▲ 26.3 |
| Social Infrastructure and Offshore Facility | ▲ 1.2 | ▲ 44.2 | ▲ 0.5 | 0.2 | ▲ 45.7 |
| Industrial System and General-Purpose Machinery | ▲ 1.5 | 6.9 | 0.6 | ▲ 3.6 | 2.4 |
| Aero Engine, Space and Defense | 6.3 | 9.5 | 8.5 | ▲ 5.5 | 18.8 |
| Total Reportable Segment | 9.3 | ▲ 55.0 | 9.4 | ▲ 14.5 | ▲ 50.8 |
| Others | 1.4 | ▲ 0.4 | | ▲ 0.2 | 0.8 |
| Adjustment | | 8.7 | | 0.1 | 8.7 |
| Total | 10.7 | ▲ 46.7 | 9.4 | ▲ 14.6 | ▲ 41.2 |

1. Consolidated Results for FY2015

Financial Results by Segment

- Analysis of change in operating income from the previous period

Details of change in construction profitability

Resources, Energy and Environment

- Costs to address the noncompliant welding issue.
(Repair costs owing to be used welding materials different from those specified in the design drawings.)
- Deteriorated profitability in Gas processes Business.

Social infrastructure and Offshore facility

- Deteriorated profitability in F-LNG/Offshore structure Business.
(Production turmoil at Aichi Works and additional costs due to reconsider the construction processes and methods.)
- Additional construction costs of the Izmit Bay Crossing Bridge construction project in Turkey.
(Construction schedule catch-up expenses for the collapse of a catwalk.)

Industry system and General-Purpose Machinery

- Increased profitability in Thermal and surface treatment Business, Compressor Business and Vehicular turbocharger Business.

Aero Engine, Space and Defense

- Increased profitability of Civil aircraft engine.

1. Consolidated Results for FY2015

Non-operating Income / Expenses

■ Non-operating Income / Expenses

(Billions of yen)

| | FY2014 | FY2015 | Change |
|---|--------------|---------------|--------------|
| Net interest expense (incl. dividend income) | ▲ 1.8 | ▲ 1.0 | 0.8 |
| Share of profit / losses of entities accounted for using equity method | ▲ 1.7 | 1.1 | 2.8 |
| Foreign exchange gains / losses | 5.2 | ▲ 5.1 | ▲ 10.3 |
| Others | ▲ 8.4 | ▲ 7.3 | 1.0 |
| Non-operating income / expenses | ▲ 6.7 | ▲ 12.3 | ▲ 5.6 |

Change of the year-end rate(USD) FY2014 +17.25yen (beginning 102.92yen→end 120.17yen)
FY2015 ▲7.49yen (beginning 120.17yen→end 112.68yen)

1. Consolidated Results for FY2015

Extraordinary Income / Losses

■ Extraordinary Income / Losses

(Billions of yen)

| | FY2014 | FY2015 | Change |
|---|---------------|---------------|---------------|
| Gain on sales of non-current assets | - | 28.6 | 28.6 |
| Gain on contribution of securities to retirement benefit trust | - | 6.3 | 6.3 |
| Gain on sales of securities | - | 1.8 | 1.8 |
| Extraordinary income | - | 36.8 | 36.8 |
| Expenses for delayed delivery that are stipulated in the contract | - | ▲ 44.6 | ▲ 44.6 |
| Loss on valuation of shares of subsidiaries and affiliates | - | ▲ 1.7 | ▲ 1.7 |
| Provision for subsidiaries and affiliates | - | ▲ 1.7 | ▲ 1.7 |
| Impairment loss | ▲ 0.1 | 0.0 | 0.0 |
| Loss on business of subsidiaries and associates | ▲ 29.0 | - | 29.0 |
| Extraordinary losses | ▲ 29.2 | ▲ 48.1 | ▲ 18.9 |
| Total | ▲ 29.2 | ▲ 11.3 | 17.9 |

1. Consolidated Results for FY2015

Extraordinary Income / Losses

- Gain on sales of non-current assets

In order to strengthen IHI's financial position, IHI has transferred following non-current assets.

Transfer of the land for “Urban Dock LaLaport TOYOSU”

IHI has leased part of the land in Toyosu area to Mitsui Fudosan Co.,Ltd., and Mitsui Fudosan operates shopping center “Urban Dock LaLaport TOYOSU” there.

IHI has transferred part of the leased land to Mitsui Fudosan.

As a result, IHI recorded “Gain on sales of non-current assets” of 19.7 billion yen.

Transfer of the share equity of “TOYOSU FRONT”

IHI has transferred part of the share equity in a rental office building “TOYOSU FRONT” among IHI's share equity 33%, 15% of the total.

As a result, IHI recorded “Gain on sales of non-current assets” of 8.7 billion yen.

1. Consolidated Results for FY2015

Extraordinary Income / Losses

Costs Relating to Late Deliveries

■ Details of Costs Relating to Late Deliveries

- It was discovered in 3Q FY2015 that some welded portions manufactured by IHI local Indonesian subsidiary PT Cilegon Fabricators used welding materials different from those specified in the design drawings (“Welding Noncompliant”) for some boiler projects before delivery contracted by IHI.
- It has become more likely that IHI may not be able to meet contractual delivery deadlines on several projects because of construction delays stemming from efforts to address this Welding Noncompliant.
- After completing restoration work on the Izmit Bay Crossing Bridge in Turkey, after the collapse of a catwalk there in March 2015, IHI did its utmost to mitigate construction delays, but it was not possible to complete construction by the contractual deadline of February 2016.
- Notwithstanding its ongoing commitment to keep pushing ahead with efforts to complete construction safely and swiftly, management allocated to extraordinary losses of ¥44.6 billion the potential damages that the Company could incur as a result of failing the contractual deadline.

1. Consolidated Results for FY2015

Balance Sheets

(Billions of yen)

| | As of March 31, 2015 | As of March 31, 2016 | Change |
|---|-------------------------|-------------------------|---------------|
| Total assets | 1,690.8 | 1,715.0 | 24.1 |
| (Trade receivables) | (438.2) | (444.8) | (6.5) |
| (Inventories) | (399.3) | (410.3) | (11.0) |
| Total liabilities | 1,331.2 | 1,381.6 | 50.4 |
| (Trade payables) | (300.1) | (297.4) | (▲ 2.6) |
| (Advance received) | (125.1) | (180.3) | (55.1) |
| (Interest-bearing debt) | (410.6) | (374.5) | (▲ 36.1) |
| Total net assets | 359.5 | 333.3 | ▲ 26.2 |
| Shareholders' equity | 313.5 | 305.8 | ▲ 7.6 |
| Accumulated other comprehensive income | 32.2 | 12.4 | ▲ 19.7 |
| Total liabilities and net assets | 1,690.8 | 1,715.0 | 24.1 |
| D/E ratio (times) | 1.14 | 1.12 | ▲ 0.02 |
| ROIC | 5.8% | 2.3% | ▲ 3.5% |

Note: Interest-bearing debt includes the amount of lease obligations.

(as of March 31, 2015: 17.2 billion yen / as of March 31, 2016: 17.9 billion yen)

1. Consolidated Results for FY2015

Balance Sheets (Situation at Estaleiro Atlântico Sul S.A.)

Recorded loss on consolidated financial results for FY2014

In terms of Estaleiro Atlântico Sul S.A. (hereinafter, "EAS"), IHI's equity method affiliate, its financials and the cash position have weakened significantly due to the quick downturn in the Brazilian economy and the corruption scandal surrounding Petróleo Brasileiro S.A.

In anticipation of potential losses arising out of EAS's situation, IHI has recorded an extraordinary loss of ¥29.0 billion that IHI views to be possible in relation to its investment in Brazil.

Situation in consolidated financial results for FY2015

- As a result of taking steps to constrain surfacing of losses, IHI has transferred the whole equity interest in EAS, which Japan EAS INVESTIMENTOS E PARTICIPAÇÕES possession to the Camargo Corrêa Group and the Queiroz Galvão Group, which are shareholders of EAS in April 2016.
- Herewith, IHI has released all the amount of EAS related provision for subsidiaries and affiliates and guarantee obligation. Additional losses have not been incurred in respect of the provision for subsidiaries and affiliates recorded in FY2014.

<Balance of provision for loss on subsidiaries and affiliates>

(Billions of yen)

| | As of Mar.31,2015 | As of Mar.31,2016 | Change |
|--------------|----------------------|----------------------|---------------|
| EAS related | 21.5 | - | ▲ 21.5 |
| Others | 1.0 | 2.8 | 1.8 |
| Total | 22.5 | 2.8 | ▲ 19.7 |

<Balance of EAS related guarantee obligation>

| | As of Mar.31,2015 | As of Mar.31,2016 | Change |
|-------------|----------------------|----------------------|--------|
| EAS related | 19.4 | - | ▲ 19.4 |

1. Consolidated Results for FY2015

Cash flows

(Billions of yen)

| | FY2014 | FY2015 | Change |
|-----------------------------|---------------|---------------|---------------|
| Operating activities | 63.5 | 95.3 | 31.7 |
| Investing activities | ▲ 74.6 | ▲ 35.5 | 39.0 |
| Free cash flows | ▲ 11.0 | 59.8 | 70.8 |
| Financing activities | 33.4 | ▲ 47.5 | ▲ 80.9 |

1. Consolidated Results for FY2015 Supplementary Information

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

(Billions of yen)

| | FY2014 | FY2015 | FY2016(Forecast) |
|--|---------------|---------------|-------------------------|
| R&D | 37.0 | 41.6 | 40.0 |
| CAPEX | 63.9 | 50.8 | 70.0 |
| Depreciation & Amortization | 43.2 | 46.7 | 48.0 |

(2) Overseas Sales by Region

(Billions of yen)

| | FY2014 | FY2015 |
|----------------------------------|---------------|---------------|
| Asia | 185.4 | 180.4 |
| China | 80.3 | 78.4 |
| North America | 271.5 | 336.6 |
| Central and South America | 31.4 | 23.1 |
| Europe | 171.0 | 139.9 |
| Others | 18.2 | 38.3 |
| Total | 758.0 | 796.9 |
| % of overseas sales | 52% | 52% |

2. Forecasts of the Consolidated Results for FY2016

2. Forecasts of the Consolidated Results for FY2016

Summary of Forecasts

<assumed exchange rate>

US\$ 1.00 = ¥110

Euro 1.00 = ¥125

(Billions of yen)

| | FY2015 Actual | FY2016 Forecast | Change |
|--|------------------|--------------------|----------------|
| Orders received | 1,605.3 | 1,500.0 | ▲ 105.3 |
| Net sales | 1,539.3 | 1,600.0 | 60.7 |
| Operating income | 22.0 | 65.0 | 43.0 |
| Ordinary income | 9.7 | 55.0 | 45.3 |
| Profit attributable to owners of parent | 1.5 | 30.0 | 28.5 |

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, some consolidated subsidiaries will have a fiscal year of 15 months from January 1, 2016 until March 31, 2017.

<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 income.

2. Forecasts of the Consolidated Results for FY2016 Forecasts by Segment

■ Orders received

(Billions of yen)

| | FY2015 Actual | FY2016 Forecast | Change |
|---|------------------|--------------------|----------------|
| Resources, Energy and Environment | 532.7 | 500.0 | ▲ 32.7 |
| Social Infrastructure and Offshore Facility | 128.5 | 120.0 | ▲ 8.5 |
| Industrial System and General-Purpose Machinery | 421.8 | 450.0 | 28.2 |
| Aero Engine, Space and Defense | 515.6 | 420.0 | ▲ 95.6 |
| Total Reportable Segment | 1,598.7 | 1,490.0 | ▲ 108.7 |
| Others | 65.7 | 70.0 | 4.3 |
| Adjustment | ▲ 59.1 | ▲ 60.0 | ▲ 0.9 |
| Total | 1,605.3 | 1,500.0 | ▲ 105.3 |

2. Forecasts of the Consolidated Results for FY2016 Forecasts by Segment

■ Net sales & Operating income

(Billions of yen)

| | FY2015 Actual | | FY2016 Forecast | | Change | |
|---|------------------|---------------------|--------------------|---------------------|-------------|---------------------|
| | Net sales | Operating income | Net sales | Operating income | Net sales | Operating income |
| Resources, Energy and Environment | 452.4 | ▲ 2.2 | 530.0 | 16.0 | 77.6 | 18.2 |
| Social Infrastructure and Offshore Facility | 168.1 | ▲ 48.9 | 160.0 | 3.0 | ▲ 8.1 | 51.9 |
| Industrial System and General-Purpose Machinery | 404.7 | 12.6 | 440.0 | 15.0 | 35.3 | 2.4 |
| Aero Engine, Space and Defense | 500.2 | 58.4 | 460.0 | 36.0 | ▲ 40.2 | ▲ 22.4 |
| Total Reportable Segment | 1,525.5 | 19.8 | 1,590.0 | 70.0 | 64.5 | 50.2 |
| Others | 69.8 | 2.1 | 70.0 | 3.0 | 0.2 | 0.9 |
| Adjustment | ▲ 56.0 | 0.0 | ▲ 60.0 | ▲ 8.0 | ▲ 4.0 | ▲ 8.0 |
| Total | 1,539.3 | 22.0 | 1,600.0 | 65.0 | 60.7 | 43.0 |

2. Forecasts of the Consolidated Results for FY2016 Forecasts by Segment

■ Analysis of change in operating income

(Billions of yen)

| | Change in net sales | Change in construction profitability | Change in foreign exchange rate | Change in SG&A | Total |
|---|---------------------|--------------------------------------|---------------------------------|----------------|-------------|
| Resources, Energy and Environment | 3.2 | 18.1 | ▲ 3.3 | 0.2 | 18.2 |
| Social Infrastructure and Offshore Facility | ▲ 2.2 | 54.1 | 0.8 | ▲ 0.8 | 51.9 |
| Industrial System and General-Purpose Machinery | 2.5 | 2.4 | ▲ 0.8 | ▲ 1.7 | 2.4 |
| Aero Engine, Space and Defense | ▲ 3.2 | ▲ 14.0 | ▲ 5.0 | ▲ 0.2 | ▲ 22.4 |
| Total Reportable Segment | 0.3 | 60.6 | ▲ 8.3 | ▲ 2.4 | 50.2 |
| Others | | 1.0 | | ▲ 0.1 | 0.9 |
| Adjustment | | ▲ 7.6 | | ▲ 0.4 | ▲ 8.0 |
| Total | 0.3 | 54.0 | ▲ 8.3 | ▲ 3.0 | 43.0 |

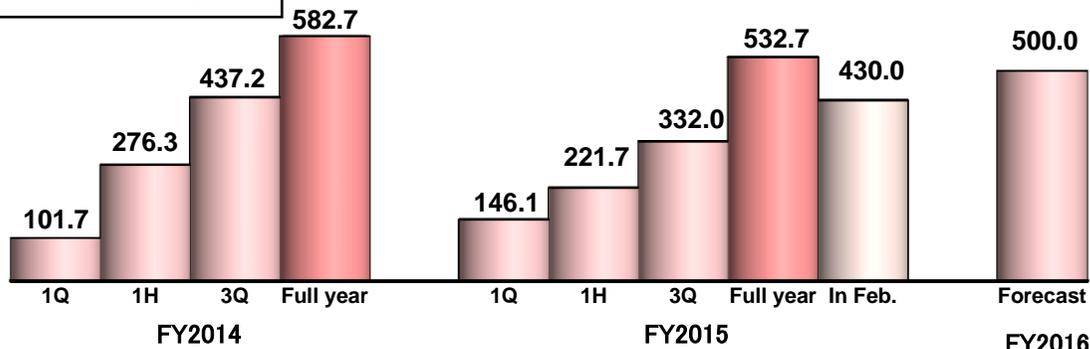
3. Financial Results by Segment

3. Financial Results by Segment

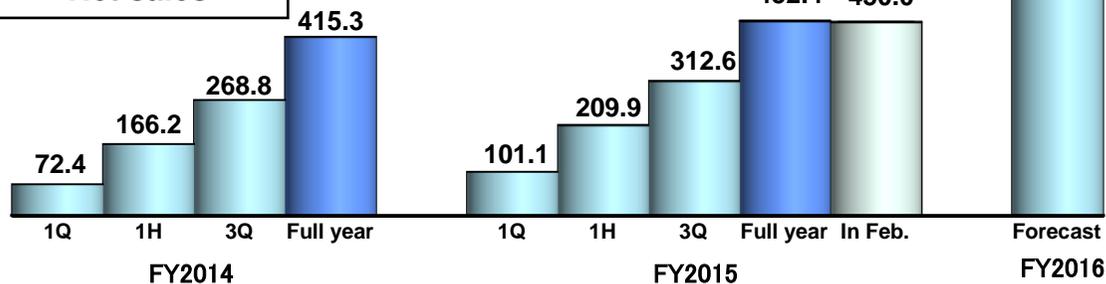
Resources, Energy and Environment

(Billions of yen, accumulated amount)

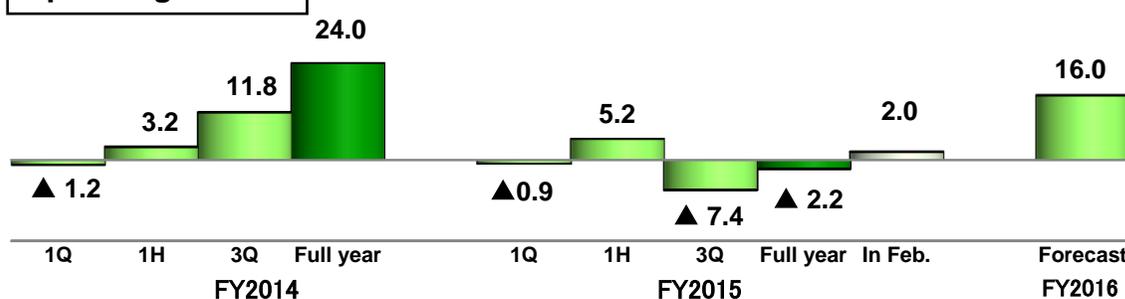
Orders received



Net sales



Operating income



<Results by business segment>

【 Orders received】

Orders received declined from the previous fiscal year, despite an order for a natural gas liquefaction facility for Elba Island in the U.S., reflecting a pullback from the Cove Point natural gas liquefaction facility in the U.S. secured in the previous fiscal year for Gas processes Business.

【 Net sales】

Sales increased from the previous fiscal year mainly reflecting increases in Gas processes Business due to progress at Cove Point natural gas liquefaction facility construction project in the U.S.

【 Operating income】

The segment reported an operating loss due to a significant deterioration in profitability in Boiler Business related to repairs required for noncompliant welding, and a projected increase in costs in Gas process Business.

<FY2015 Results (vs. Forecast In Feb.)>

Orders received increased due to an order for a natural gas liquefaction facility for Elba Island in the U.S. Operating income decreased owing to deteriorated profitability in Gas processes Business.

<FY2016 Forecasts (vs. FY2015 Actual)>

Sales increase mainly due to increases in Boiler Business and Gas processes Business. Operating income significantly increase due to reflecting pullback from the recording costs to address the noncompliant welding in FY2015.

3. Financial Results by Segment Resources, Energy and Environment

(Billions of yen)

| | Orders received | | | Net sales | | | | | | | | |
|--|-----------------|-----------|-------------------------|-----------|------|------|-----------|--------|------|------|-----------|-------------------------|
| | FY2014 | FY2015 | FY2016 | FY2014 | | | | FY2015 | | | | FY2016 |
| | Full yaer | Full yaer | Full yaer (Forecast) | 1Q | 1H | 3Q | Full yaer | 1Q | 1H | 3Q | Full yaer | Full yaer (Forecast) |
| Boiler | 176.2 | 170.1 | 90.0 | 20.3 | 42.0 | 64.3 | 88.5 | 18.2 | 44.7 | 56.9 | 80.8 | 120.0 |
| Power system plants | 39.6 | 22.1 | 50.0 | 3.9 | 8.7 | 16.9 | 28.9 | 4.3 | 9.0 | 19.8 | 31.8 | 30.0 |
| Power systems for land and marine use | 78.9 | 81.1 | 75.0 | 15.3 | 34.2 | 50.7 | 75.6 | 20.9 | 37.6 | 57.7 | 77.8 | 65.0 |
| Gas process | 137.1 | 107.1 | 150.0 | 12.0 | 31.2 | 62.9 | 97.8 | 30.6 | 63.4 | 95.1 | 123.1 | 160.0 |
| Nuclear power | 34.4 | 38.6 | 40.0 | 5.9 | 15.5 | 23.4 | 38.5 | 3.8 | 11.0 | 14.7 | 32.5 | 35.0 |

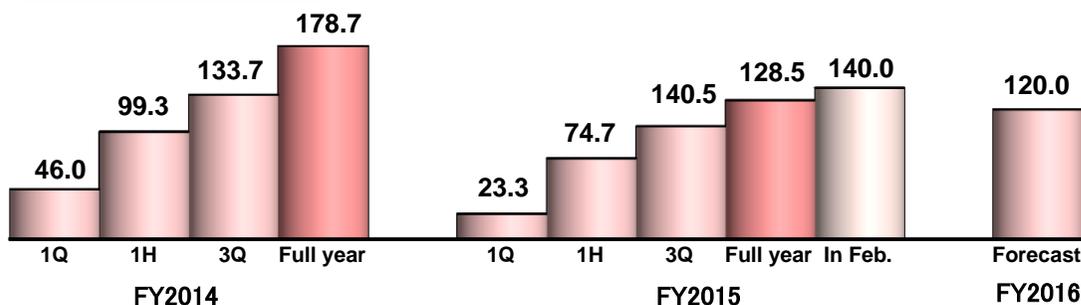
The results of "Nuclear power" before FY2015 are adapted in accordance with SBU reorganization in FY2016.

3. Financial Results by Segment

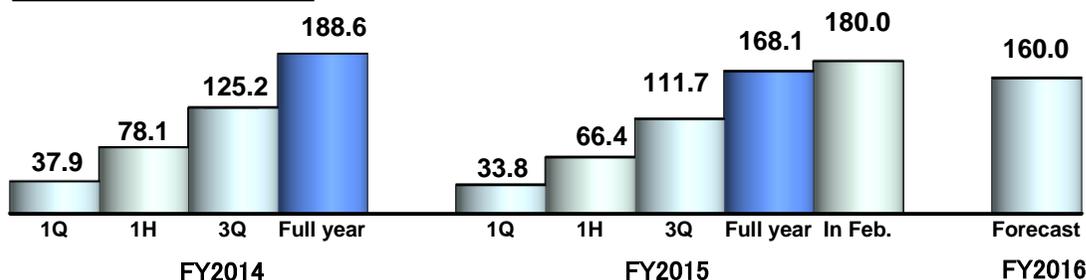
Social Infrastructure and Offshore Facility

(Billions of yen, accumulated amount)

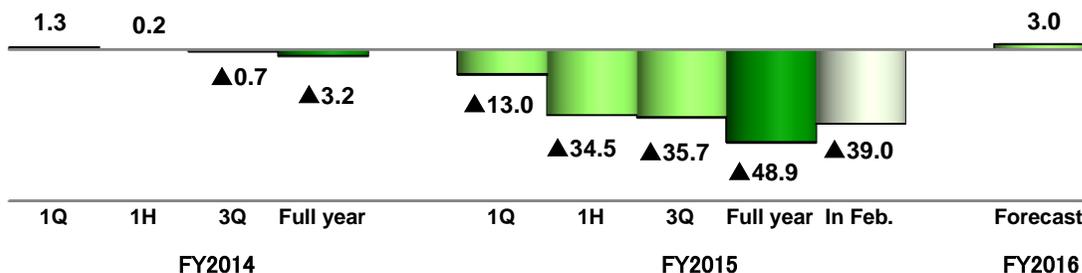
Orders received



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 F-LNG/Offshore structure Business, for which order procurement activities have currently been effectively suspended, partially offset by orders for new rail freight bridge construction work in India and new bridge construction and existing bridge repair work in Bangladesh.

【 Net sales】

Sales decreased from the previous fiscal year owing mainly to the impact of decreased sales from the Izmit Bay Crossing Bridge construction project in Turkey.

【 Operating income】

The recording of additional costs in relation to production turmoil at Aichi Works for F-LNG/Offshore structure Business as well as the recording of construction schedule catch-up expenses related to the Izmit Bay Crossing Bridge construction project in Turkey resulted in a significant operating deficit.

<FY2015 Results (vs. Forecast In Feb.)>

Orders received decreased owing to the cancellation of the projects for EAS.

Sales decreased owing to the delay in some construction projects.

Operating income decreased owing to deteriorated profitability in F-LNG/Offshore structure Business and the Izmit Bay Crossing Bridge construction project in Turkey.

<FY2016 Forecasts (vs. FY2015 Actual)>

There is likely to be a reduced impact from the deterioration in profitability in F-LNG/Offshore structure Business and the Izmit Bay Crossing Bridge construction project in Turkey.

New order procurement activities have been suspending in F-LNG/Offshore structure Business to focus on completing existing work in hand, and no further orders received is anticipated.

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(Billions of yen)

| | Orders received | | | Net sales | | | | | | | | |
|------------------------------|-----------------|-----------|----------------------|-----------|------|------|-----------|--------|------|------|-----------|----------------------|
| | FY2014 | FY2015 | FY2016 | FY2014 | | | | FY2015 | | | | FY2016 |
| | Full yaer | Full yaer | Full yaer (Forecast) | 1Q | 1H | 3Q | Full yaer | 1Q | 1H | 3Q | Full yaer | Full yaer (Forecast) |
| Bridge/Watergate | 54.6 | 76.6 | 65.0 | 22.7 | 45.9 | 73.1 | 108.2 | 17.5 | 33.7 | 53.3 | 76.0 | 60.0 |
| F-LNG/ Offshore structure | 38.4 | ▲ 15.5 | 0.0 | 0.8 | 7.7 | 11.7 | 16.8 | 3.6 | 6.8 | 14.4 | 21.4 | 30.0 |
| Urban development | 16.0 | 16.2 | 15.0 | 7.8 | 11.3 | 14.9 | 19.2 | 5.1 | 8.8 | 12.7 | 17.6 | 15.0 |

“Bridge” is changed to “Bridge/Watergate” and the results before FY2015 are adapted in accordance with SBU reorganization in FY2016.

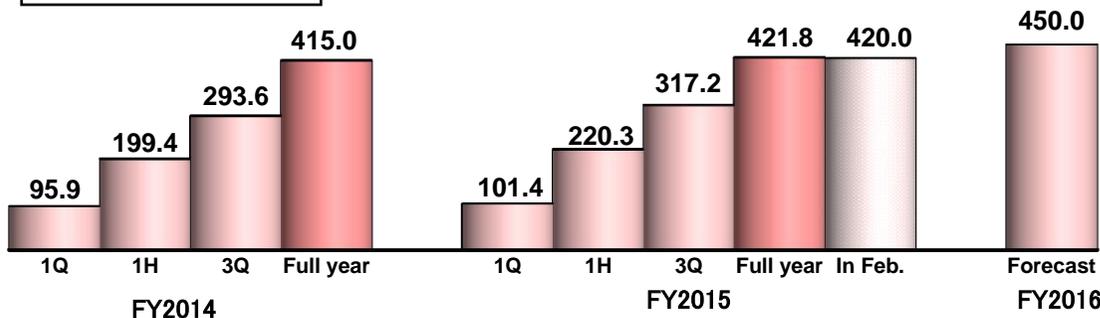
For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 35, 36.

3. Financial Results by Segment

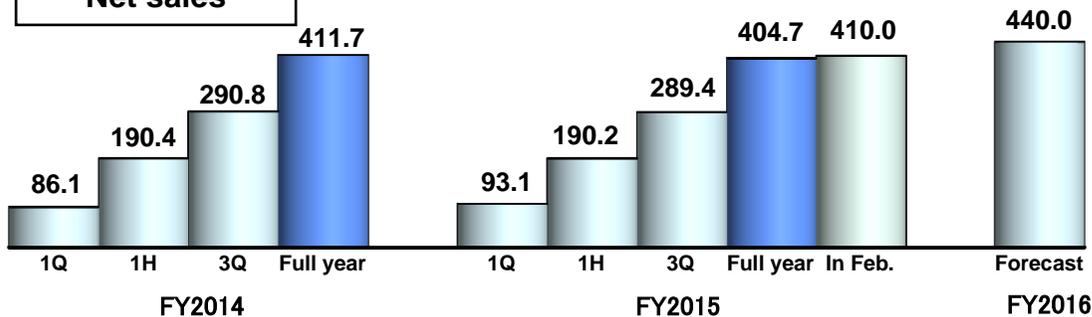
Industrial System and General-Purpose Machinery

(Billions of yen, accumulated amount)

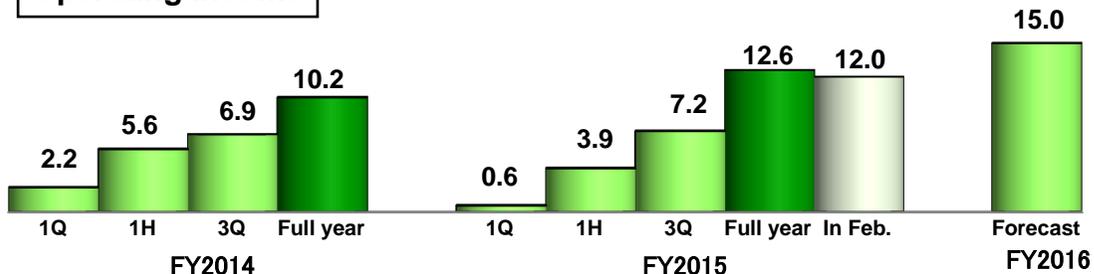
Orders received



Net sales



Operating income



<Results by business segment>

【 Orders received】

Orders received increased from the previous fiscal year owing to increases in Transport machinery Business, Compressor Business and Small power systems Business.

【 Net sales】

Sales declined from the previous fiscal year. Although sales increased in Thermal and surface treatment Business and Compressor Business, that was offset by decreases in Paper-making machinery Business and Vehicular turbocharger Business.

<Number of vehicular turbochargers delivered>

(10,000 Units)

| | Full Year |
|-------------------|-----------|
| FY2014 | 589 |
| FY2015 | 536 |
| FY2016 (Forecast) | 650 |

【 Operating income 】

Operating income increased compared with the previous fiscal year, despite an increase in selling, general and administrative expenses such as expenses in taking orders received, mainly reflecting an improvement in profitability in the Thermal and surface treatment Business, Compressor Business and Vehicular turbocharger Business.

<FY2015 Results (vs. Forecast In Feb.)>

Largely equal to the previous forecast.

<FY2016 Forecasts (vs. FY2015 Actual)>

Increase in Sales and Operating income compared to the results in FY2015.

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

(Billions of yen)

| | Orders received | | | Net sales | | | | | | | | |
|-------------------------------|-----------------|-----------|----------------------|-----------|------|-------|-----------|--------|------|-------|-----------|----------------------|
| | FY2014 | FY2015 | FY2016 | FY2014 | | | | FY2015 | | | | FY2016 |
| | Full yaer | Full yaer | Full yaer (Forecast) | 1Q | 1H | 3Q | Full yaer | 1Q | 1H | 3Q | Full yaer | Full yaer (Forecast) |
| Transport machinery | 28.2 | 35.8 | 35.0 | 2.8 | 6.8 | 14.0 | 20.4 | 3.5 | 9.8 | 15.6 | 21.8 | 30.0 |
| Parking | 39.8 | 39.6 | 40.0 | 6.5 | 16.7 | 27.1 | 42.1 | 8.7 | 19.5 | 29.8 | 42.6 | 40.0 |
| Thermal and surface treatment | 29.2 | 29.8 | 38.0 | 4.5 | 11.2 | 17.1 | 27.5 | 7.0 | 14.5 | 23.1 | 31.7 | 40.0 |
| Vehicular turbocharger | 168.2 | 162.0 | 190.0 | 40.7 | 83.2 | 123.3 | 167.7 | 44.0 | 82.8 | 121.8 | 161.6 | 190.0 |
| Rotating Machinery | 49.5 | 48.7 | 50.0 | 8.8 | 19.6 | 31.1 | 47.1 | 8.4 | 19.4 | 29.5 | 46.4 | 50.0 |

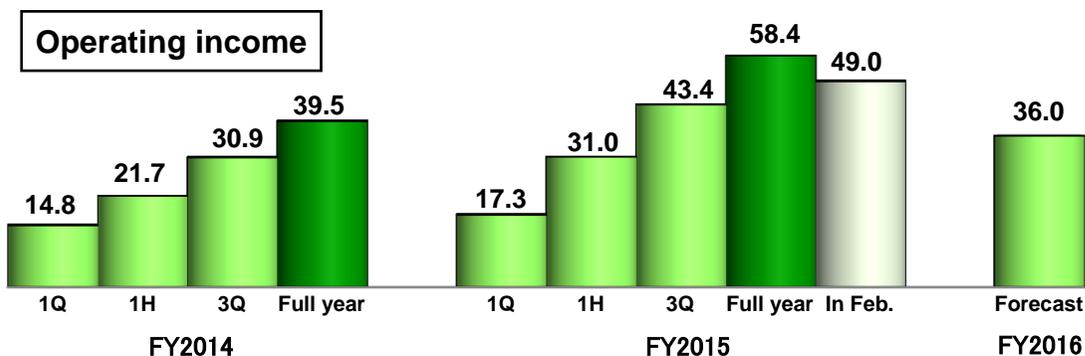
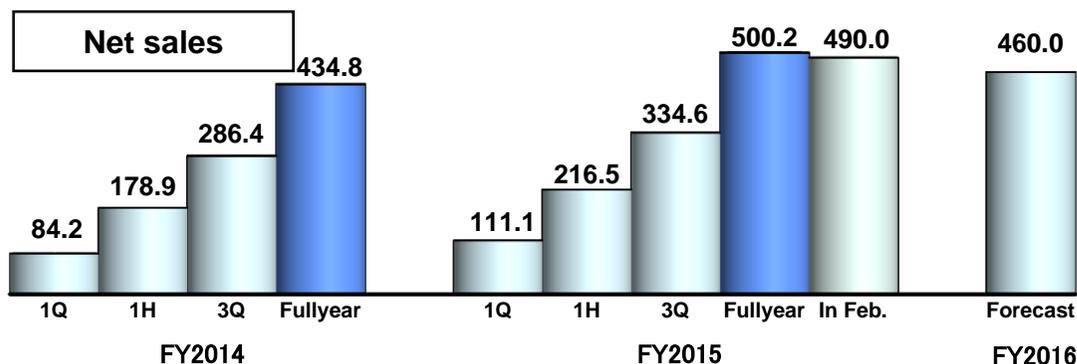
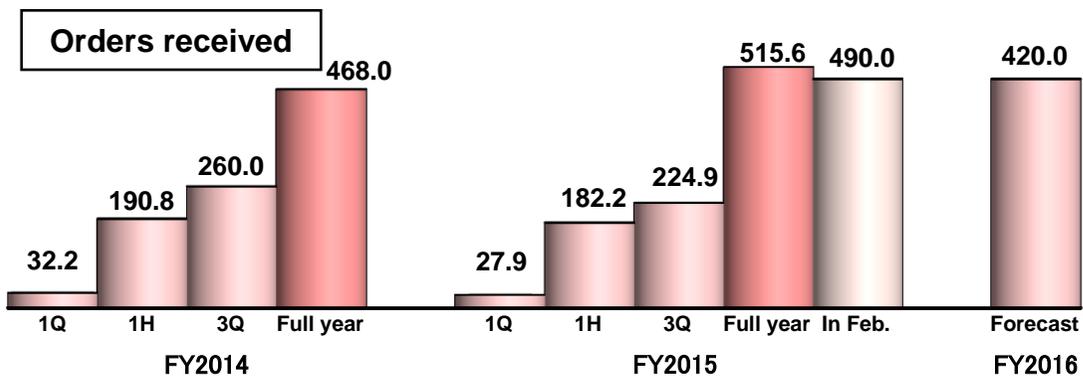
“Compressor” is changed to “Rotating Machinery”(Compressor, Separation System and Turbochargers for ships) and the results before FY2015 are adapted in accordance with SBU reorganization in FY2016.

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

3. Financial Results by Segment

Aero Engine, Space and Defense

(Billions of yen, accumulated amount)



<Results by business segment>

【 Orders received】

Orders received increased from the previous fiscal year owing to increases in projects for Japan Ministry of Defense in Aero engines Business.

【 Net sales】

Sales increased from the previous fiscal year, owing mainly to increases in civil aero engines as a result of the effect of yen depreciation in foreign exchange, and a delivery of gas turbines for naval vessels in Defense systems Business.

< Number of civil aero engines delivered >

(Units)

| | Full Year |
|-------------------|-----------|
| FY2014 | 1,352 |
| FY2015 | 1,260 |
| FY2016 (Forecast) | 1,450 |

【 Operating income 】

Operating income increased significantly from the previous fiscal year owing to the above-mentioned effect from sales increases and improved profitability for civil aero engines, partially offset by increases in expenses such as R&D expenses for the “GE9X” aero engine for the next-generation wide-body jet.

<FY2015 Results (vs. Forecast In Feb.)>

Sales and Operating income increased mainly due to civil aero engines.

<FY2016 Forecasts (vs. FY2015 Actual)>

Sales decrease mainly due to reflecting foreign exchange rate. Operating income decreases owing to low profitability of PW1100G engines in beginning of its sales, in addition to reflecting foreign exchange rate.

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

(Billions of yen)

| | Orders received | | | Net sales | | | | | | | | |
|-----------------------|-----------------|-----------|----------------------|-----------|-------|-------|-----------|--------|-------|-------|-----------|----------------------|
| | FY2014 | FY2015 | FY2016 | FY2014 | | | | FY2015 | | | | FY2016 |
| | Full yaer | Full yaer | Full yaer (Forecast) | 1Q | 1H | 3Q | Full yaer | 1Q | 1H | 3Q | Full yaer | Full yaer (Forecast) |
| Civil aircraft engine | 253.5 | 276.1 | 290.0 | 62.5 | 126.7 | 197.3 | 267.0 | 77.8 | 149.0 | 224.2 | 299.1 | 300.0 |

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

<Appendices>

- Progress in large overseas projects
- Aero engines
- Vehicular turbocharger
- Urban development

Progress in large overseas projects

Dominion Cove Point Liquefaction Project



Aerial photo as of Apr 2016



Propane Cooler installation

<Current status (Mar. 2016)>

- Engineering is approximately 99% complete.
- Procurement of equipment is 98% complete.
- Construction is 31% complete.
- Equipment installation in Pre-Treatment area has been started.
- Piping/structural steel installation are underway.
- Fabrication of piping and structural steel are underway.

<Key milestones>

| | |
|-----------------|--------------------------------|
| April 2013: | Contract award |
| September 2014: | FERC Order received & accepted |
| March 2015: | Groundbreaking Ceremony held |
| Late 2016: | DCS in Service |
| Mid 2017: | Mechanical Completion |
| Q4-2017: | 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



Expected Completion Image



As of Mar 2016

<Status>

As of Mar 2016, actual progress of reclamation & marine works (Other Party's Scope) was 40%. For boiler portion, 40% of engineering and 10% of procurement activity were completed. As total 10% 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>

- Contact: 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

Aero engines

(1) Net sales of civil aircraft engine

(Billions of yen)

| | Actual | | | | | | | | | | | Forecast |
|-----------|--------|-------|-------|--------|-------|-------|-----------|--------|-------|-------|-----------|-----------|
| | '11 | '12 | '13 | FY2014 | | | | FY2015 | | | | FY2016 |
| | | | | 1Q | 1H | 3Q | Full Year | 1Q | 1H | 3Q | Full Year | Full Year |
| Net sales | 143.6 | 169.8 | 226.0 | 62.5 | 126.7 | 197.3 | 267.0 | 77.8 | 149.0 | 224.2 | 299.1 | 300.0 |

(2) Number of civil aircraft engine delivered

(Units)

| | Actual (accumulated) | | | | | | | | | | | Main loading |
|---------|----------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|---------------------------------------|
| | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 | '14 | '15 | |
| V2500 | 2,850 | 3,154 | 3,474 | 3,828 | 4,168 | 4,551 | 4,980 | 5,468 | 5,969 | 6,469 | 6,896 | Airbus A319/320/321 |
| GE90 | 464 | 579 | 742 | 896 | 1,071 | 1,223 | 1,399 | 1,589 | 1,806 | 2,039 | 2,257 | 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 | For regional jet (70 to 110 seats) |
| GEnx | | | | | | | 118 | 259 | 468 | 751 | 1,035 | Boeing B787/B747-8 |
| PW1100G | | | | | | | | | | | 16 | Airbus A320Neo |
| Total | 4,341 | 5,107 | 6,018 | 6,998 | 7,843 | 8,693 | 9,739 | 10,864 | 12,063 | 13,415 | 14,675 | |

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

Vehicular turbocharger

<Net sales by region>

(Billions of yen)

| | Actual | | | | | | | | | | | Forecast |
|---------------------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|
| | '11 | '12 | '13 | FY2014 | | | | FY2015 | | | | FY2016 |
| | | | | 1Q | 1H | 3Q | Full Year | 1Q | 1H | 3Q | Full Year | Full Year |
| Japan | 33.1 | 33.9 | 35.3 | 9.0 | 18.4 | 27.5 | 37.5 | 8.4 | 17.2 | 25.5 | 34.6 | 33.0 |
| Asia | 16.9 | 24.8 | 29.8 | 7.2 | 13.7 | 20.7 | 27.5 | 7.8 | 12.9 | 16.6 | 21.6 | 22.0 |
| China | 14.3 | 18.1 | 23.4 | 6.3 | 12.8 | 17.5 | 24.3 | 7.1 | 11.8 | 17.9 | 24.9 | 52.0 |
| North America | 1.1 | 1.3 | 1.6 | 0.4 | 0.9 | 1.3 | 1.8 | 0.5 | 1.2 | 1.8 | 2.4 | 2.0 |
| Central and South America | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.7 | 0.8 | 1.6 | 2.4 | 3.4 | 7.0 |
| Europe | 43.7 | 43.2 | 60.2 | 17.6 | 37.2 | 55.8 | 75.6 | 19.2 | 37.8 | 57.3 | 74.3 | 74.0 |
| 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 |
| Total | 109.4 | 121.6 | 150.7 | 40.7 | 83.2 | 123.3 | 167.7 | 44.0 | 82.8 | 121.8 | 161.6 | 190.0 |

(1) Lease revenue in Toyosu

(Billions of yen)

| | Actual | | | | | | | | | | | Forecast |
|---------------|--------|-----|-----|--------|-----|-----|-----------|--------|-----|-----|-----------|-----------|
| | '11 | '12 | '13 | FY2014 | | | | FY2015 | | | | FY2016 |
| | | | | 1Q | 1H | 3Q | Full Year | 1Q | 1H | 3Q | Full Year | Full Year |
| Lease revenue | 9.5 | 9.2 | 9.1 | 2.2 | 4.6 | 6.9 | 9.3 | 2.5 | 5.0 | 7.6 | 10.1 | 9.2 |

(2) Lease revenue and expense in Toyosu (FY2015)

(Billions of yen)

| | Lease revenue | Lease expense | | Lease income |
|--------|---------------|---------------|--------|--------------|
| | | Depreciation | Others | |
| FY2015 | 10.1 | 3.7 | 2.8 | 3.6 |

(3) Fair value as of March 31, 2016 of rental properties in Toyosu

(Billions of yen)

| | Amount recorded in the balance sheet | | | Fair value as of March 31, 2016(B) | (B) - (A) |
|--------|--------------------------------------|------------|---------------------------------|------------------------------------|-----------|
| | Balance as of April 1, 2015 | Net change | Balance as of March 31, 2016(A) | | |
| FY2015 | 70.2 | ▲ 7.1 | 63.1 | 191.5 | 128.4 |

(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

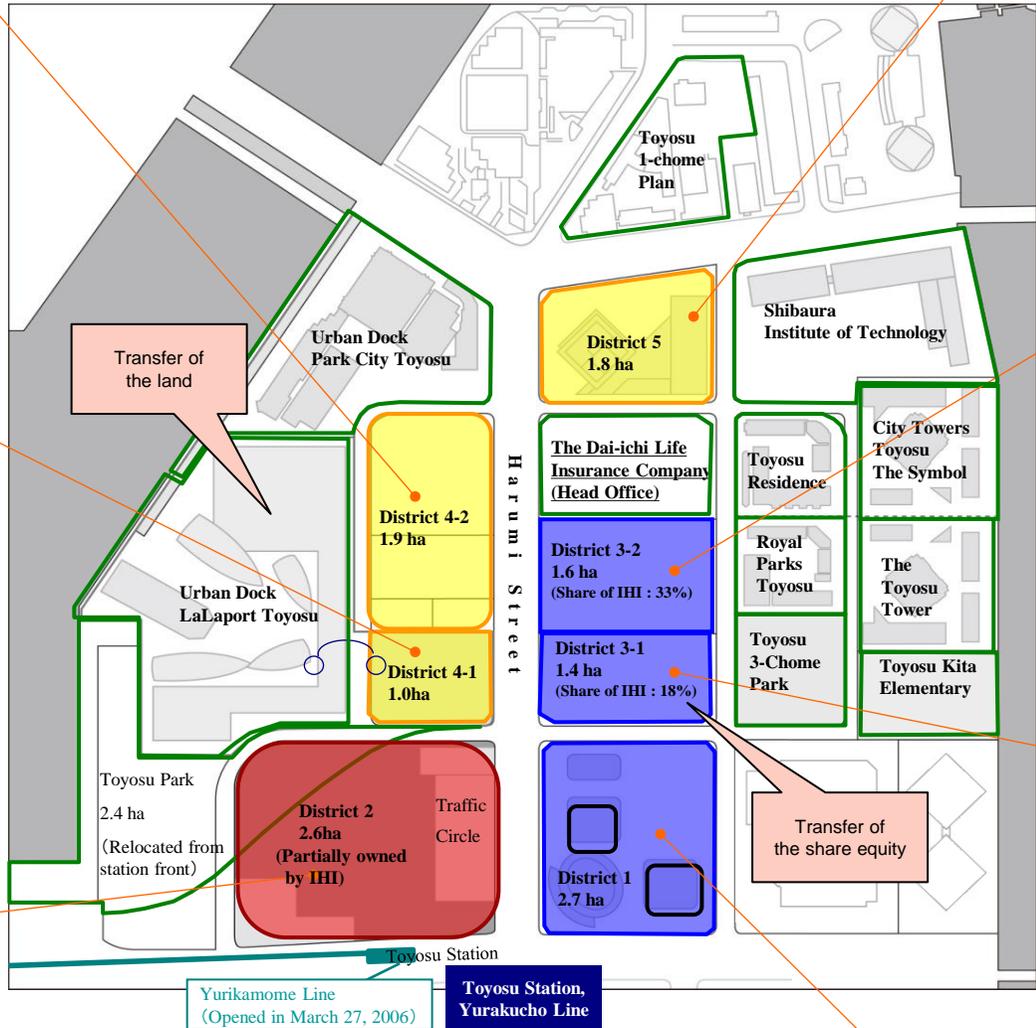


Urban Dock LaLaport Toyosu ANNEX (Mitsui Fudosan Co., Ltd.)
 5 floors above ground, Approx. 25m high
 Store floor space : 24,721㎡
 Opened in October 2006



Offices building, (IHI and Mitsui Fudosan)
 Planning to redevelop

Civic Center : Opened in September 2015
Fire department : Under construction



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



| | |
|-----------------|-------------|
| Property of IHI | Approx. 8ha |
|-----------------|-------------|

- Office Leasing
- Land Leasing
- Category 1 Urban Redevelopment Project ※1
- Sold, Donated, Exchanged

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

IHI
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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.