

Financial Results for FY2020 (IFRS) (for the year ended March 31, 2021)

IHI

May 13, 2021

IHI Corporation

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1. Consolidated results for FY2020

- Revenue and operating profit significantly decreased in Civil aero engines due to the impact of the spread of COVID-19.
- Operating profit increased mainly in Resources, Energy and Environment due to the growth of revenue in life cycle businesses and the reinforcement of cost structure.
- Some investment property was sold aiming at securing investment resources for creating growth businesses.
- In addition, free cash flows improved owing to partial freezing/reduction of R&D and capital investment etc.

1. Consolidated Results for FY2020

Summary of Financial Results

Note: Average FX rate FY2019 US\$ 1.00 = ¥109.19
 FY2020 US\$ 1.00 = ¥106.40

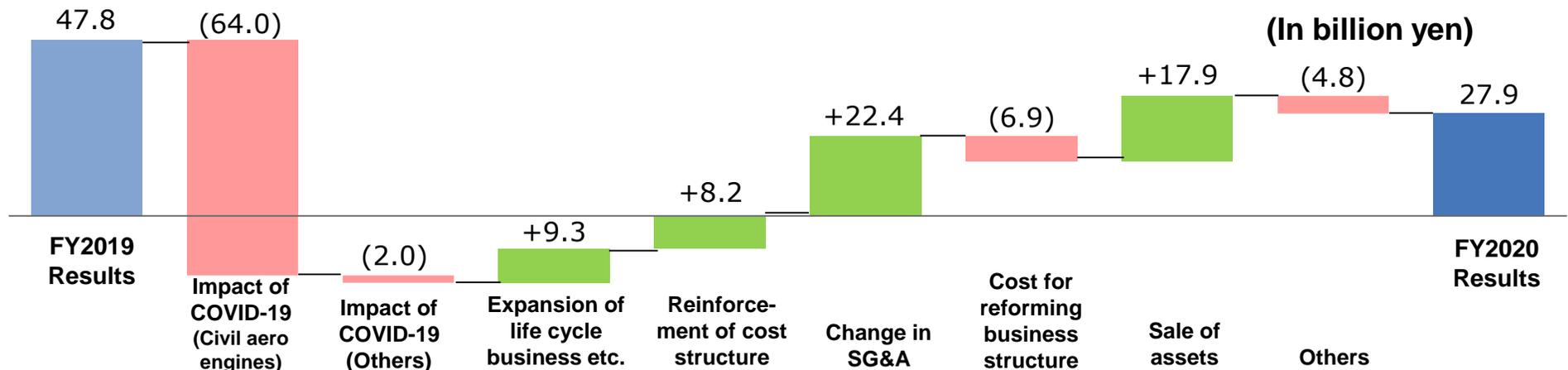
February 9, 2021 Forecast

(In billion yen)

(Reference)

	FY2019	FY2020	Change	Japanese GAAP FY2020
Orders received	1,280.0	1,060.0 1,097.0	37.0 (183.0)	1,098.7
Revenue	1,263.1	1,110.0 1,112.9	2.9 (150.2)	1,115.0
Operating profit	47.8	20.0 27.9	7.9 (19.8)	11.1
Profit before tax	29.1	10.0 27.6	17.6 (1.5)	17.0
Profit attributable to owners of parent	8.2	1.0 13.0	12.0 4.8	2.9

Analysis of change in operating profit from the previous fiscal year



1. Consolidated Results for FY2020

Financial Results by Segment

■ Orders received & Order backlog

February 9, 2021 Forecast

(In billion yen)

(Reference)

	Orders received			Order backlog		
	FY2019	FY2020	Change	FY2019	FY2020	Change
Resources, Energy and Environment	316.9	274.7	(42.2)	517.0	482.3	(34.6)
Social Infrastructure and Offshore Facilities	196.9	166.1	(30.8)	229.3	226.4	(2.9)
Industrial Systems and General-Purpose Machinery	420.1	365.2	(54.9)	189.8	175.3	(14.4)
Aero Engine, Space and Defense	321.5	260.4	(61.1)	491.7	243.4	(248.2)
Total Reportable Segment	1,255.6	1,066.5	(189.1)	1,427.9	1,127.5	(300.3)
Others	73.4	78.8	5.4	21.3	37.4	16.1
Adjustment	(49.0)	(48.3)	0.6	-	-	-
Total	1,280.0	1,097.0	(183.0)	1,449.2	1,165.0	(284.2)

Japanese GAAP FY2020	
Orders received	Order backlog
274.7	482.2
166.3	226.4
365.2	174.8
260.8	243.4
-	-
1,067.0	1,127.0
79.9	37.2
(48.3)	-
1,098.7	1,164.3

Overseas orders received / order backlog	597.7	367.9	(229.8)	510.2	313.2	(196.9)
% of Overseas orders received / order backlog	47%	34%	(13)%	35%	27%	(8)%

* The calculation method of orders received and order backlog in Civil aero engines were changed from FY2020. As a result of this change, order backlog at the beginning of FY2020 reduced by ¥269.0 billion.

1. Consolidated Results for FY2020

Financial Results by Segment

■ Revenue & Operating profit

February 9, 2021 Forecast

(In billion yen)

(Reference)

	Revenue			Operating profit		
	FY2019	FY2020	Change	FY2019	FY2020	Change
Resources, Energy and Environment	324.8	317.6	(7.1)	3.9	19.1	15.2
Social Infrastructure and Offshore Facilities	148.7	157.9	9.2	13.0	17.1	4.0
Industrial Systems and General-Purpose Machinery	404.5	374.2	(30.2)	12.9	11.4	(1.5)
Aero Engine, Space and Defense	369.7	244.6	(125.1)	20.8	(40.4)	(61.2)
Total Reportable Segment	1,247.8	1,094.4	(153.3)	50.8	7.2	(43.5)
Others	67.0	66.8	(0.1)	6.5	3.6	(2.9)
Adjustment	(51.7)	(48.4)	3.2	(9.5)	17.0	26.5
Total	1,263.1	1,112.9	(150.2)	47.8	27.9	(19.8)

Japanese GAAP FY2020	
Revenue	Operating
317.6	19.8
158.1	18.4
374.7	12.9
244.9	(39.3)
1,095.5	11.8
68.0	3.0
(48.4)	(3.7)
1,115.0	11.1

Overseas revenue	551.4	413.9	(137.4)
% of overseas revenue	44%	37%	(7)%

1. Consolidated Results for FY2020

Financial Results by Segment

■ Analysis of change in operating profit from the previous fiscal year

(In billion yen)

	Impact of the spread of COVID-19	Change in revenue	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Change in other income and expenses	Total
Resources, Energy and Environment		7.0	6.7	(0.5)	3.5	(1.5)	15.2
Social Infrastructure and Offshore Facilities		2.5	1.0	(0.1)	0.2	0.4	4.0
Industrial Systems and General-Purpose Machinery	(2.0)	3.6		(0.1)	2.7	(5.7)	(1.5)
Aero Engine, Space and Defense	(64.0)	(1.9)	0.5	(1.9)	7.9	(1.8)	(61.2)
Total Reportable Segment	(66.0)	11.2	8.2	(2.6)	14.3	(8.6)	(43.5)
Others		(1.5)			1.8	(3.2)	(2.9)
Adjustment		(0.4)			6.3	20.6	26.5
Total	(66.0)	9.3	8.2	(2.6)	22.4	8.8	(19.8)

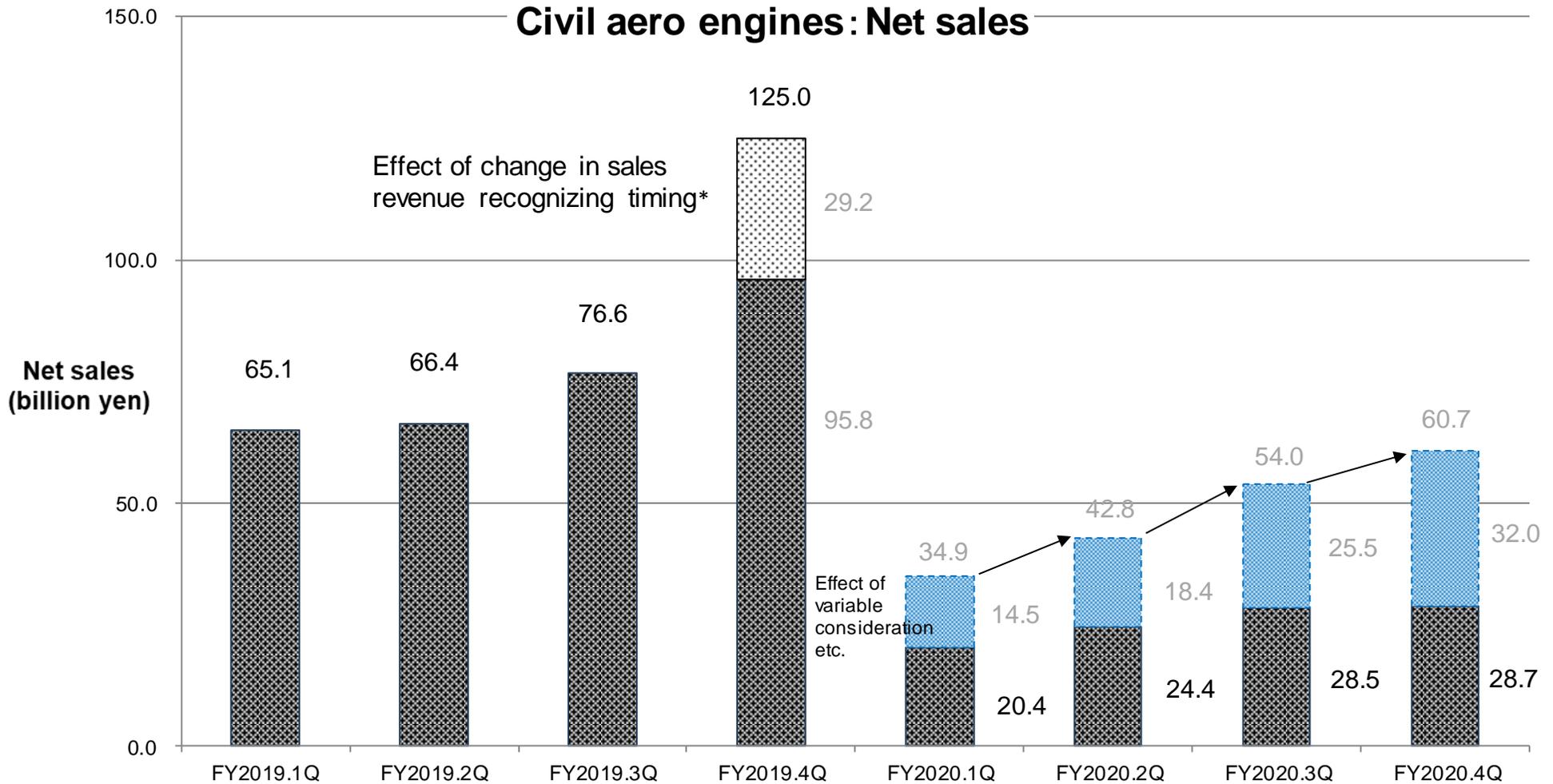
There are cases that the aggregated amount of each segment or factor doesn't match to the total due to rounding off.

1. Consolidated Results for FY2020

Financial Results by Segment (Impact of the spread of COVID-19)

Japanese GAAP

IHI



- Net sales decreased 36.7% due to a decrease in sales of engines and spare parts compared to the previous fiscal year.
- There was a recovery trend, but the recovery slowed down after last November due to the impact of the re-spread of COVID-19. (Impact of the spread of COVID-19 on net sales was ¥(120.0) billion.)

* The effect of change of revenue recognition timing from the month following the sale to the same month as the sale.

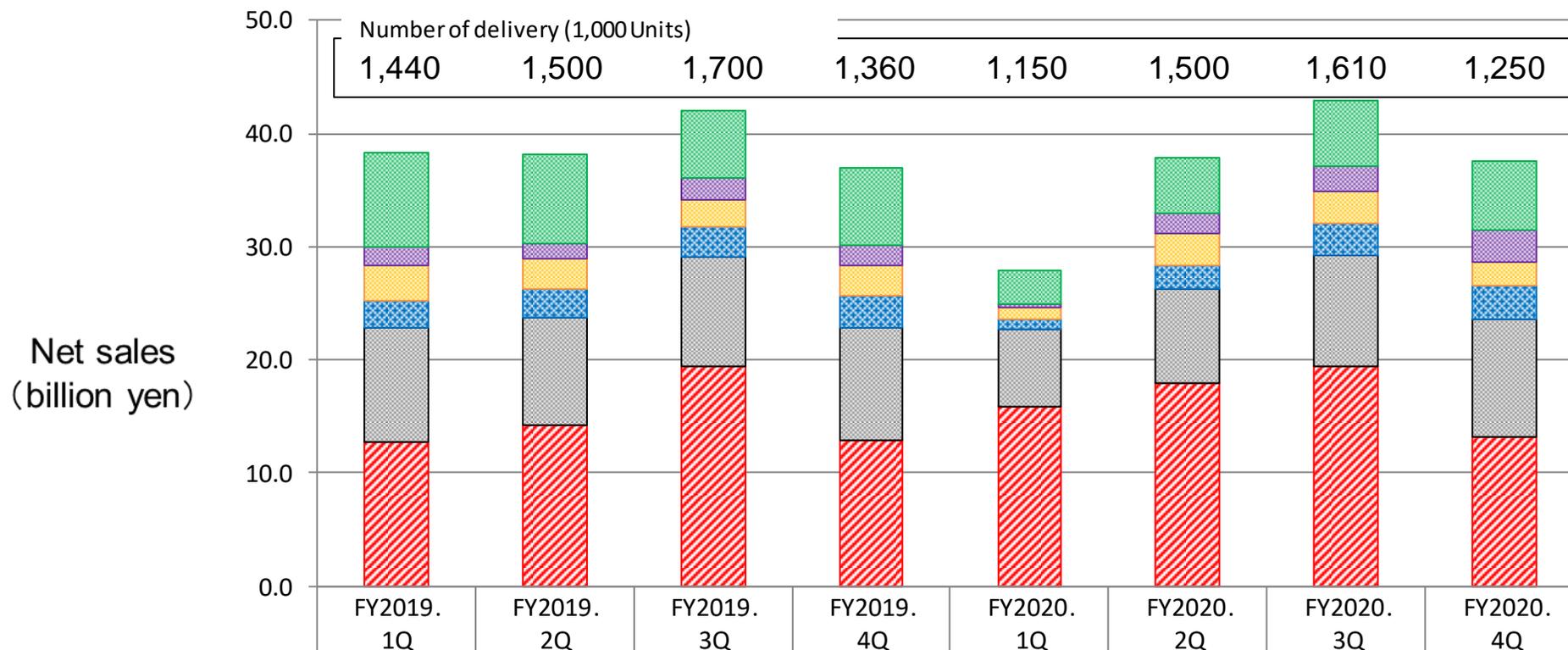
1. Consolidated Results for FY2020

Financial Results by Segment (Impact of the spread of COVID-19)

Japanese GAAP

IHI

Vehicular turbochargers : The number of delivery and net sales by region



	FY2019. 1Q	FY2019. 2Q	FY2019. 3Q	FY2019. 4Q	FY2020. 1Q	FY2020. 2Q	FY2020. 3Q	FY2020. 4Q
Europe	8.3	7.8	5.9	6.9	3.0	5.0	5.8	6.1
Central and South America	1.6	1.4	1.9	1.7	0.2	1.7	2.2	2.8
North America	3.1	2.6	2.4	2.7	1.1	2.9	2.9	2.1
Asia	2.5	2.6	2.7	2.9	0.9	2.0	2.7	2.9
Japan	10.1	9.5	9.6	9.9	6.8	8.3	9.9	10.4
China	12.7	14.2	19.5	12.9	15.9	18.0	19.4	* 13.2
Total	38.7	38.0	42.1	36.9	28.2	37.8	42.9	37.7

* In addition to seasonal factors such as the Chinese New Year vacations, the shortage of semiconductors for automotive OEMs has resulted in a decline in the number of delivery.

1. Consolidated Results for FY2020

Finance Income / Costs etc.

(In billion yen)

	FY2019	FY2020	Change
Foreign exchange gains (losses)	(1.9)	3.4	5.3
Share of profit (loss) of investments accounted for using equity method	(12.3)	(1.9)	10.3
Other finance income (costs)	(4.4)	(1.8)	2.5
Finance income / costs etc.	(18.6)	(0.3)	18.3

Change of FX rate(US\$) FY2019 (2.16)yen (beginning 110.99yen→end 108.83yen)
 FY2020 +1.82yen (beginning 108.83yen→end 110.65yen)

1. Consolidated Results for FY2020

Financial Position

(In billion yen)

	As of March 31, 2020	As of March 31, 2021	Change
Total assets	1,869.0	1,832.8	(36.1)
[Cash and cash equivalents]	[145.7]	[120.7]	[(24.9)]
[Trade receivables & contract assets]	[436.3]	[456.3]	[19.9]
[Inventories]	[326.9]	[326.4]	[(0.4)]
Total liabilities	1,562.9	1,505.1	(57.8)
[Trade payables etc.]	[292.7]	[234.4]	[(58.3)]
[Contract liabilities]	[148.4]	[165.8]	[17.3]
[Interest-bearing liabilities]	[612.7]	[605.9]	[(6.7)]
Bonds and borrowings	[463.3]	[463.1]	[(0.2)]
Lease liabilities *1	[149.3]	[142.8]	[(6.5)]
Total equity	306.0	327.7	21.6
Equity attributable to owners of parent	280.1	300.7	20.5
Non-controlling interests	25.8	26.9	1.0
Total liabilities and equity	1,869.0	1,832.8	(36.1)
D/E ratio (times) *2	2.00	1.85	(0.15)
Equity ratio (%) *3	15.0	16.4	1.4
ROIC (%) *4	4.1	2.2	(1.8)

*1 Including liabilities corresponding to operating leases under Japanese GAAP (¥121.9 billion and ¥111.9 billion as of March 31, 2020 and 2021)

*2 D/E ratio = Interest-bearing liabilities / Total equity

*3 Equity ratio = Equity attributable to owners of parent / Total liabilities and equity

*4 ROIC = (Operating profit + Interest income and dividend income) after tax / (Equity attributable to owners of parent + Interest-bearing liabilities)

1. Consolidated Results for FY2020

Cash Flows

(In billion yen)

	FY2019	FY2020	Change
Profit before tax	29.1	27.6	(1.5)
Depreciation *1	66.3	69.8	3.4
Change in working capital *2	(52.9)	(56.0)	(3.0)
Other	(0.1)	(5.0)	(4.9)
Cash flows from operating activities	42.4	36.3	(6.1)
Cash flows from investing activities	(85.5)	(40.4)	45.0
Free cash flows	(43.0)	(4.1)	38.9
Cash flows from financing activities	96.8	(23.7)	(120.6)

*1: Depreciation consists of depreciation of property, plant and equipment, investment property, right-of-use assets and software.

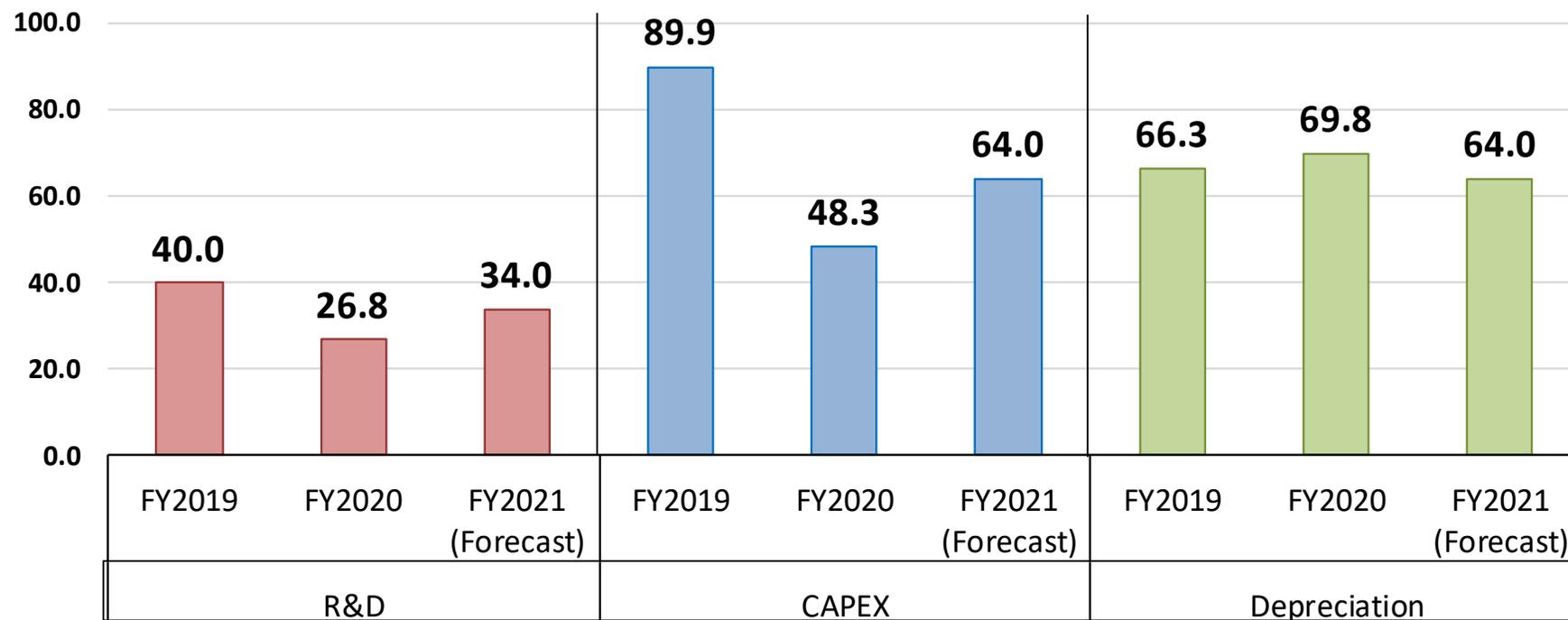
*2: Change in working capital consists of change in trade receivables, contract assets, inventories, prepayments, contract liabilities, trade payables and refund liabilities.

Working capital = trade receivables + contract assets + inventories + prepayments - contract liabilities
- trade payables - refund liabilities

1. Consolidated Results for FY2020 Supplementary Information

(1) R&D/CAPEX/Depreciation

(In billion yen)



CAPEX and depreciation consist of those of property, plant and equipment, investment property, right-of-use assets and software.

(2) Revenue by Region

(In billion yen)

	FY2019	FY2020
Japan	711.7	698.9
Asia	120.2	118.9
China	91.1	99.5
North America	252.1	126.1
Central and South America	8.9	8.5
Europe	72.0	52.8
Others	6.8	7.9
Total	1,263.1	1,112.9
% of overseas revenue	44%	37%

1. Consolidated Results for FY2020 Supplementary Information

(3) Assets balance by Segment

(In billion yen)

	Assets balance		
	As of March 31, 2020	As of March 31, 2021	Change
Resources, Energy and Environment	271.1	293.4	22.2
Social Infrastructure and Offshore Facilities	298.1	298.9	0.7
Industrial Systems and General-Purpose Machinery	334.9	335.5	0.6
Aero Engine, Space and Defense	689.6	683.5	(6.0)
Total Reportable Segment	1,593.9	1,611.4	17.5
Others	168.3	186.1	17.8
Adjustment	106.7	35.2	(71.5)
Total	1,869.0	1,832.8	(36.1)

2. Forecasts of the Consolidated Results for FY2021

2. Forecasts of the Consolidated Results for FY2021

Summary of Forecasts

Assumed FX rate US\$ 1.00 = ¥105

(In billion yen)

	FY2020 Results	FY2021 Forecasts	Change
Orders received	1,097.0	1,160.0	63.0
Revenue	1,112.9	1,180.0	67.1
Operating profit	27.9	70.0	42.1
Profit before tax	27.6	60.0	32.4
Profit Attributable to Owners of Parent	13.0	35.0	22.0

(Reference)

FX rate sensitivity (impact amount on operating profit by change of 1 yen) : US\$ ¥0.8 billion

**Dividends
per Share**

**Interim
30 yen**

**Year-end
30 yen**

**Annual
60yen**

2. Forecasts of the Consolidated Results for FY2021

Analysis of change in operating profit from the previous fiscal year

(1) Recovery from impact of COVID-19

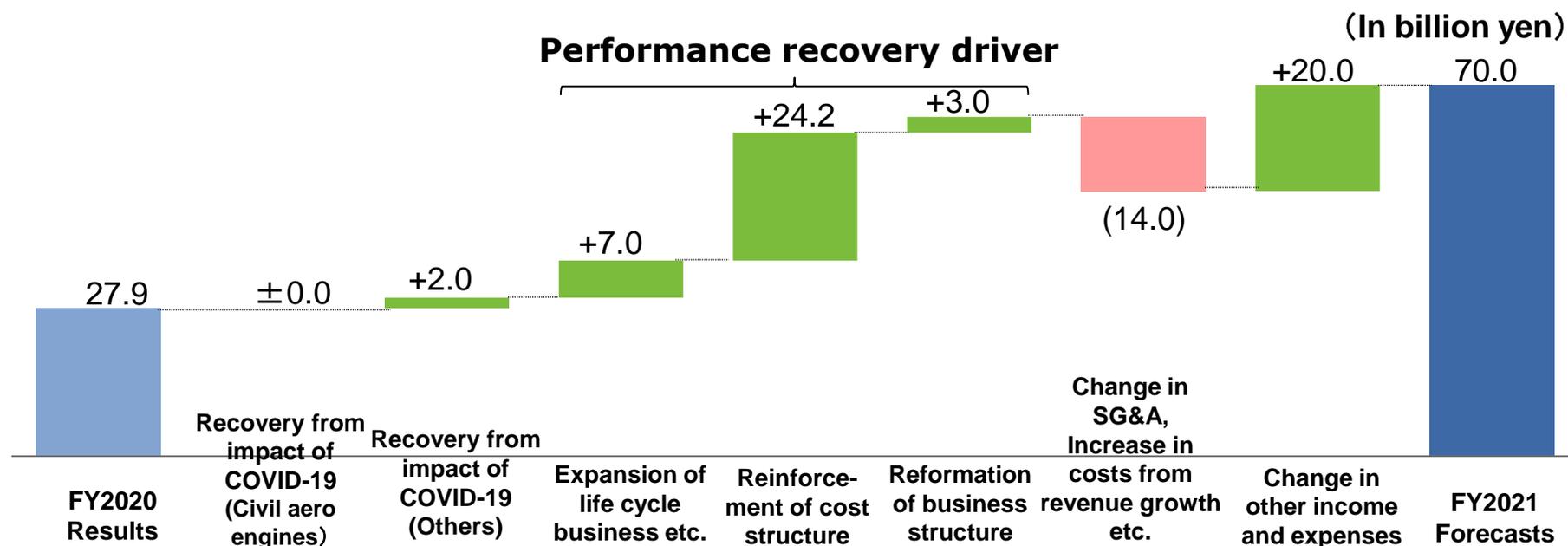
- In Civil aero engines, although sales of spare parts are expected to increase to a certain degree, we expect recovery of demands will not contribute to earn profit, since an increase in revenue of newly made engines with heavy burden in early stage is also expected.

(2) Performance recovery driver

- We will achieve the return to growth trajectory at an early stage by reinforcing cost structure through lowering break-even point etc. and expanding life cycle businesses.

(3) Change in other income and expenses

- Continuing from the previous fiscal year, we will proceed with the sale of assets aiming at securing the investment resources for creating growth businesses.



2. Forecasts of the Consolidated Results for FY2021

Forecasts by Segments

- Orders received

- In Industrial Systems and General-Purpose Machinery, orders received and delivery in the automotive parts related businesses (Vehicular turbochargers and Heat treatment and surface engineering) are expected to increase according to the recovery of demands. In addition, we will expand life cycle businesses centered on Resources, Energy and Environment.

(In billion yen)

	FY2019 Results	FY2020 Forecasts	Change
Resources, Energy and Environment	274.7	310.0	35.3
Social Infrastructure and Offshore Facilities	166.1	160.0	(6.1)
Industrial Systems and General-Purpose Machinery	365.2	400.0	34.8
Aero Engine, Space and Defense	260.4	270.0	9.6
Total Reportable Segment	1,066.5	1,140.0	73.5
Others	78.8	70.0	(8.8)
Adjustment	(48.3)	(50.0)	(1.7)
Total	1,097.0	1,160.0	63.0

2. Forecasts of the Consolidated Results for FY2021

Forecasts by Segments

■ Revenue & Operating profit

- In Industrial Systems and General-Purpose Machinery, we expect operating profit to largely increase due to the reinforcement of cost structure such as reduction of procurement costs and improvement of profitability centered on Vehicular turbochargers, in addition to increases of revenue according to the recovery of demands.
- In Civil aero engines, we will lessen operating loss compared with the previous fiscal year by the reinforcement of cost structure as a performance recovery driver, as well as take efforts to recover and strengthen mid- and long-term earnings foundations.

(In billion yen)

	Revenue			Operating profit		
	FY2020 Results	FY2021 Forecasts	Change	FY2020 Results	FY2021 Forecasts	Change
Resources, Energy and Environment	317.6	340.0	22.4	19.1	23.0	3.9
Social Infrastructure and offshore facilities	157.9	180.0	22.1	17.1	17.0	(0.1)
Industrial Systems and General-Purpose Machinery	374.2	400.0	25.8	11.4	29.0	17.6
Aero Engine, Space and Defense	244.6	260.0	15.4	(40.4)	(27.0)	13.4
Total Reportable Segment	1,094.4	1,180.0	85.6	7.2	42.0	34.8
Others	66.8	60.0	(6.8)	3.6	3.0	(0.6)
Adjustment	(48.4)	(60.0)	(11.6)	17.0	25.0	8.0
Total	1,112.9	1,180.0	67.1	27.9	70.0	42.1

2. Forecasts of the Consolidated Results for FY2021

Forecasts by Segments

■ Analysis of change in operating profit from the previous fiscal year (In billion yen)

	Recovery from impact of COVID-19	Change in revenue	Change in construction profitability	Change in SG&A	Change in Other income / expenses	Total
Resources, Energy and Environment		1.0	3.4	(0.5)		3.9
Social Infrastructure and offshore facilities		0.5	1.4	(2.0)		(0.1)
Industrial Systems and General-Purpose Machinery	2.0	5.5	7.6	(0.5)	3.0	17.6
Aero Engine, Space and Defense	0.0		12.4	(1.0)	2.0	13.4
Total Reportable Segment	2.0	7.0	24.8	(4.0)	5.0	34.8
Others			(0.6)			(0.6)
Adjustment				*1 (10.0)	*2 18.0	8.0
Total	2.0	7.0	24.2	(14.0)	23.0	42.1

*1: Including increases in R&D relating to strategic technologies etc. to create growth businesses.

*2: Including effects of sale of assets aiming at securing the investment resources for creating growth businesses and buffers to prepare for the risk of fluctuation in business

There are cases that the aggregated amount of each segment or factor doesn't match to the total due to rounding off.

2. Forecasts of the Consolidated Results for FY2021

Cash Flows

(In billion yen)

	FY2020 Results	FY2021	Change
Profit before tax	27.6	60.0	32.4
Depreciation *1	69.8	64.0	(5.8)
Change in working capital *2	(56.0)	10.0	66.0
Other	(5.0)	(74.0)	(69.0)
Cash flows from operating activities	36.3	60.0	23.7
Cash flows from investing activities	(40.4)	(30.0)	10.4
Free cash flows	(4.1)	30.0	34.1

*1: "Depreciation" consist of depreciation of property, plant and equipment, investment property, right-of-use assets and software.

*2: "Change in working capital" consists of change in trade receivables, contract assets, contract liabilities, inventories, prepayments, trade payables and refund liabilities.

3. Financial Results by Segment

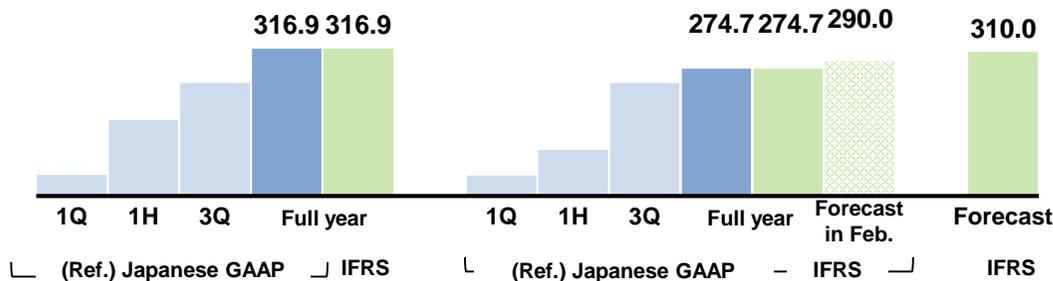


3. Financial Results by Segment

Resources, Energy and Environment

(In billion yen, accumulated amount)

Orders received



Main Businesses : Power systems, Boilers, Plants and Nuclear energy

FY2020 Results

【Orders received】

Decreased due to the reverse effect of the large-scale project received of Boilers in the previous fiscal year.

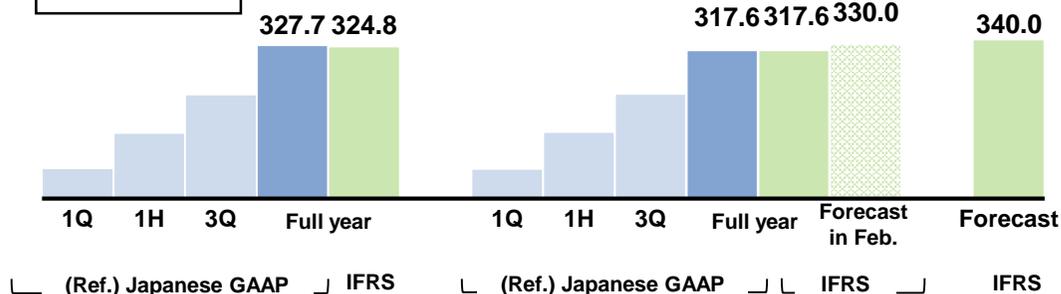
【Revenue】

Decreased in Plants, while increased in Boilers.

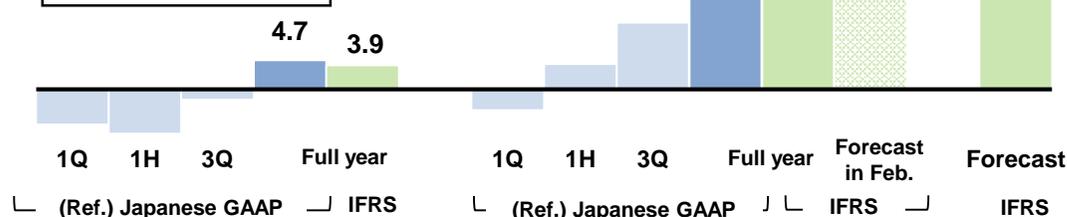
【Operating profit】

Increased due to increased revenue of life cycle business of Boilers, in addition to convergence deterioration of profitability in Power systems and Plants in the previous fiscal year.

Revenue



Operating Profit



FY2021 Forecasts

- Revenue is expected to increase mainly in life cycle businesses in Nuclear energy and Power systems.
- Overall operating profit is expected to increase due to the improvement of profitability in Power systems etc., in addition to the effect of the above-mentioned increasing revenue.

FY2019 Results

FY2020 Results

FY2021 Forecast

3. Financial Results by Segment Resources, Energy and Environment

IFRS

(In billion yen)

	Orders received			Revenue		
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
	Full year	Full year	Full year (Forecast)	Full year	Full year	Full year (Forecast)
Power systems	82.6	71.9	81.0	83.3	87.1	93.0
Boilers	95.6	58.0		94.4	107.4	
Plants	32.1	52.2		56.7	38.2	
Carbon solution *			144.0			157.0
Nuclear Energy	36.2	42.6	31.0	31.5	32.7	43.0

*In order to create growth businesses as set forth in "Project Change", we have reorganized the SBUs and established the Carbon solution SBU from FY2021.

(Reference) Japanese GAAP

(In billion yen)

	Orders received		Net sales							
	FY2019	FY2020	FY2019				FY2020			
	Full year	Full year	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year
Power systems	82.6	71.9	17.9	36.0	53.4	86.1	18.8	38.3	61.1	87.1
Boilers	95.6	58.0	16.8	44.8	70.2	98.4	20.0	51.9	82.7	107.4
Plants	32.1	52.2	13.8	26.6	39.2	56.4	9.5	20.2	26.8	38.2
Nuclear Energy	36.2	42.6	4.8	8.9	13.5	27.9	5.2	10.0	18.1	32.7

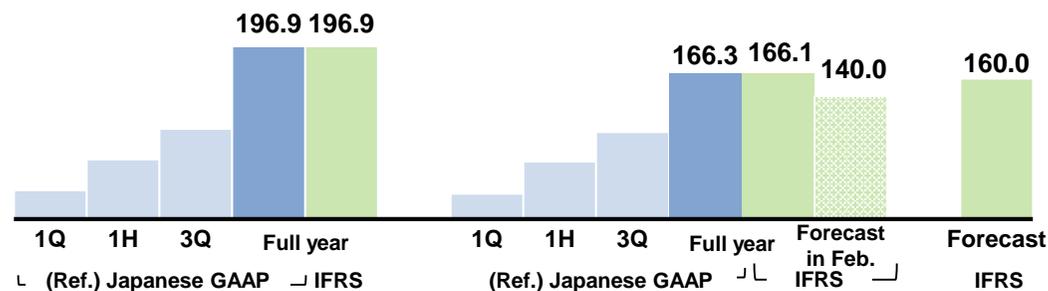
3. Financial Results by Segment

Social Infrastructure and Offshore Facilities

(In billion yen, accumulated amount)

Main Businesses : Bridges and watergates, Transport systems, Shield systems, Concrete construction materials and Urban development

Orders received



FY2020 Results

【Orders received】

Decreased due to the reverse effect of the overseas large-scale project in Bridges and watergates received in the previous fiscal year.

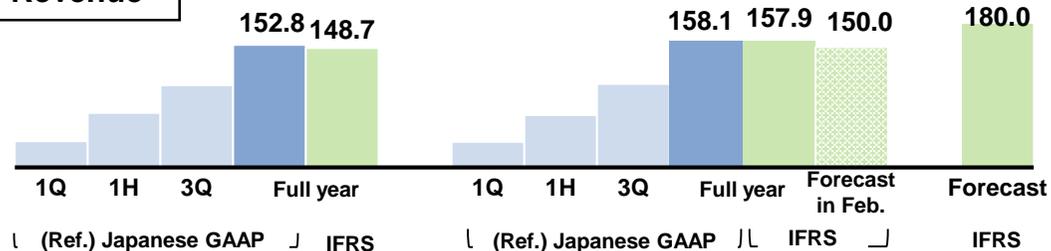
【Revenue】

Increased in Urban development owing to sales of real estate for sale and in Shield systems, while decreased in Bridges and watergates due to the reverse effect of delivery of large-scale projects in the previous fiscal year.

【Operating profit】

Increased due to the increased revenue in Urban development and Shield systems and the improvement of profitability in Bridges and watergates.

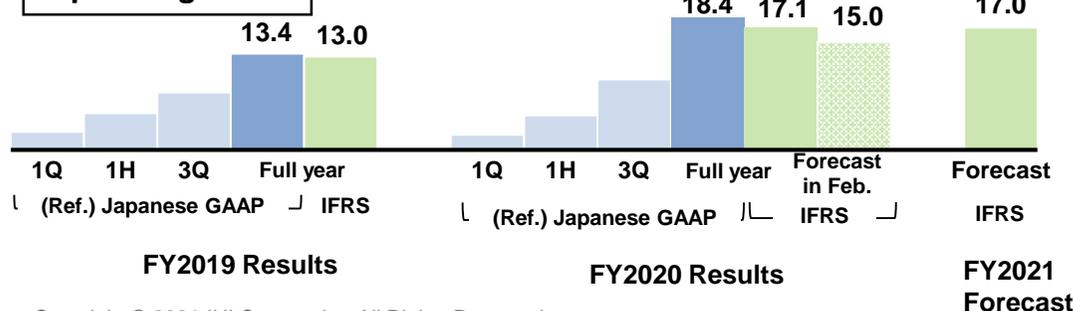
Revenue



FY2021 Forecasts

- Revenue is expected to increase due to the progress in the overseas large-scale project of Bridges and watergates and the growth of life cycle businesses.
- Overall operating profit is expected to be same level as the previous fiscal year mainly due to the improvement of profitability in Transport systems, in addition to the effect of the above-mentioned increasing revenue, while operating profit in Urban development is expected to decrease due to the reverse effect of sales of real estate for sale in the previous fiscal year.

Operating Profit



3. Financial Results by Segment Social Infrastructure and Offshore Facilities

IFRS

(In billion yen)

	Orders received			Revenue		
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
	Full year	Full year	Full year (Forecast)	Full year	Full year	Full year (Forecast)
Bridges and watergates	111.1	79.3	87.0	80.4	76.8	102.0
Shield systems	23.6	21.7	18.0	15.4	19.4	22.0
Urban development	16.5	23.9	18.0	16.5	23.9	18.0

*For related information of “Urban development” in Toyosu, please refer to <Appendices> on pages 40 and 41

(Reference) Japanese GAAP

(In billion yen)

	Orders received		Net sales							
	FY2019	FY2020	FY2019				FY2020			
			1Q	1H	3Q	Full year	1Q	1H	3Q	Full year
Bridges and watergates	111.1	79.3	19.2	38.2	57.5	83.5	15.1	31.2	49.4	76.8
Shield systems	23.6	21.7	4.6	9.7	12.0	15.5	3.5	9.1	12.3	19.4
Urban development	16.5	24.1	3.9	7.9	11.8	16.5	6.6	11.4	19.2	24.1

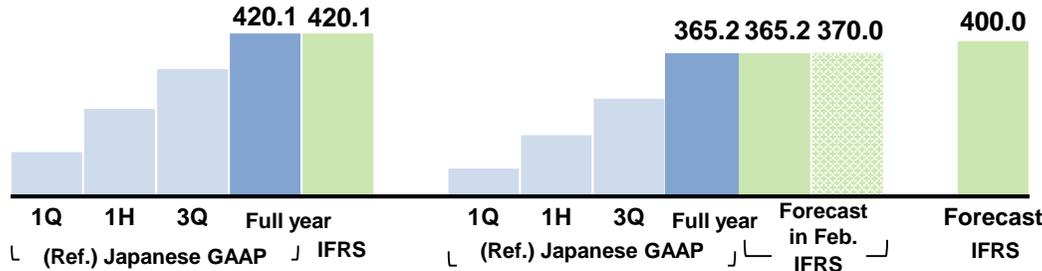
3. Financial Results by Segment

Industrial Systems and General-Purpose Machinery

(In billion yen, accumulated amount)

Main Businesses : Vehicular turbochargers, Parking, Rotating machineries, Heat treatment and surface engineering and Transport machineries

Orders received



FY2020 Results

【Orders received】

Decreased in Vehicular turbochargers and Rotating machineries, in addition to Transport machineries which had received large-scale projects in the previous fiscal year.

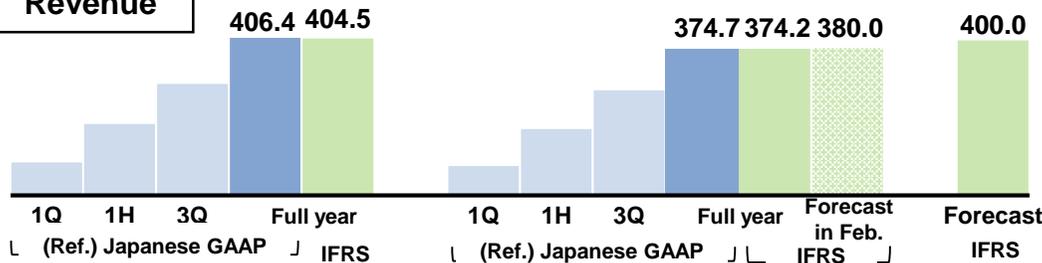
【Revenue】

Decreased in Vehicular turbochargers and Heat treatment and surface engineering, despite increased revenue in Transport machineries.

【Operating profit】

Decreased due to recording the restructuring cost in the agricultural machineries business, while increased owing to increased revenue in Transport machineries and reduction of fixed costs in Vehicular turbochargers etc.

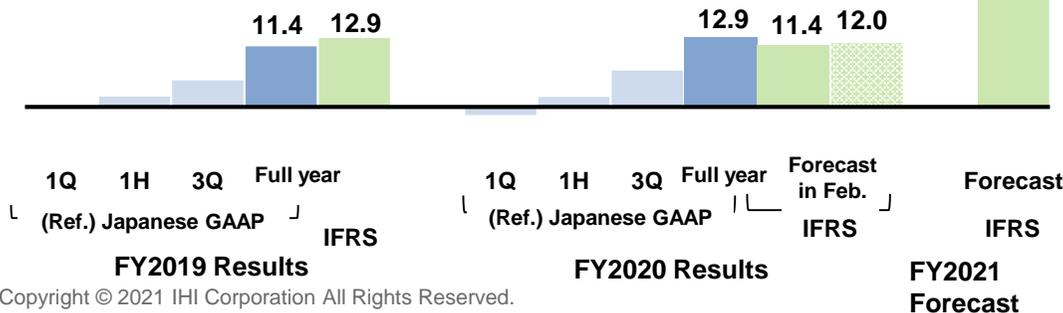
Revenue



FY2021 Forecasts

- Automotive parts related businesses such as Vehicular turbochargers and Heat treatment and surface engineering are expected to increase orders received and revenue according to the recovery of demands.
- Operating profit is expected to largely increase due to the reinforcement of cost structure such as reduction of procurement costs and improvement of profitability centered on Vehicular turbochargers, in addition to the effect of the above-mentioned increases in revenue.

Operating Profit



3. Financial Results by Segment

Industrial Systems and General-Purpose Machinery

IFRS

(In billion yen)

	Orders received			Revenue		
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
	Full year	Full year	Full year (Forecast)	Full year	Full year	Full year (Forecast)
Vehicular turbochargers	155.5	146.9	155.0	153.6	146.6	155.0
Parking	53.4	50.2	51.0	53.4	46.0	53.0
Rotating machineries	51.3	46.6	51.0	48.0	49.7	50.0
Heat treatment and surface engineering	32.2	29.8	39.0	38.1	30.4	37.0
Transport machineries	61.2	29.6	30.0	30.6	40.0	39.0

*For details of “Vehicular turbochargers”, please refer to <Appendices> on page 39.

<Number of vehicular turbochargers delivered>
(1,000 Units)

	Full Year
FY2019	6,000
FY2020	5,510

(Reference) Japanese GAAP

(In billion yen)

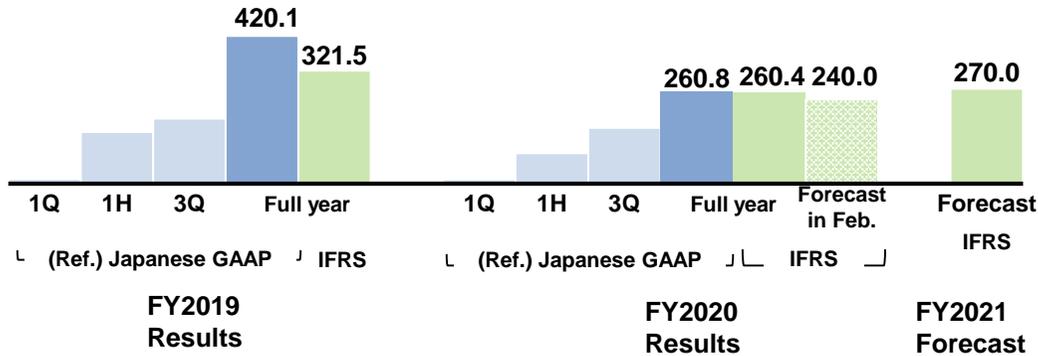
	Orders received		Net sales							
	FY2019	FY2020	FY2019				FY2020			
	Full year	Full year	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year
Vehicular turbochargers	155.5	146.9	38.7	76.7	118.8	155.7	28.2	66.0	108.9	146.6
Parking	53.4	50.2	10.0	22.0	33.9	53.0	9.4	20.5	33.9	46.5
Rotating machineries	51.3	46.6	10.4	21.1	33.5	49.0	10.3	23.0	36.0	49.7
Heat treatment and surface engineering	32.2	29.8	9.8	19.7	29.1	37.7	6.7	13.7	21.4	30.4
Transport machineries	61.2	29.6	3.7	9.2	17.7	29.0	10.2	20.0	29.1	40.0

3. Financial Results by Segment

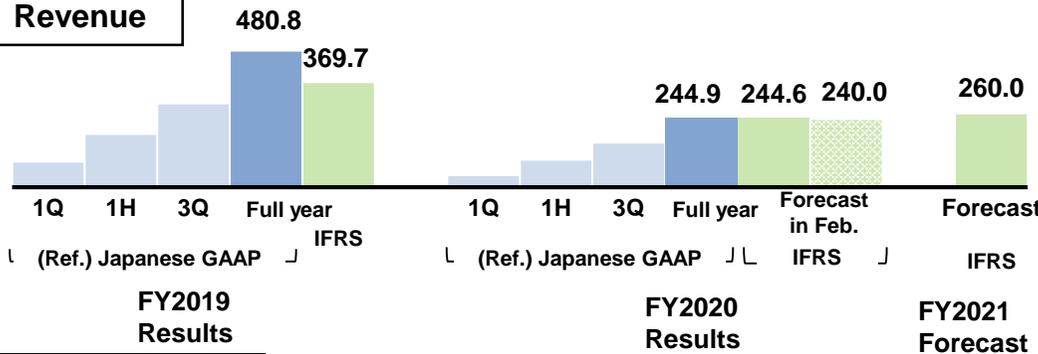
Aero Engine, Space and Defense

(In billion yen, accumulated amount)

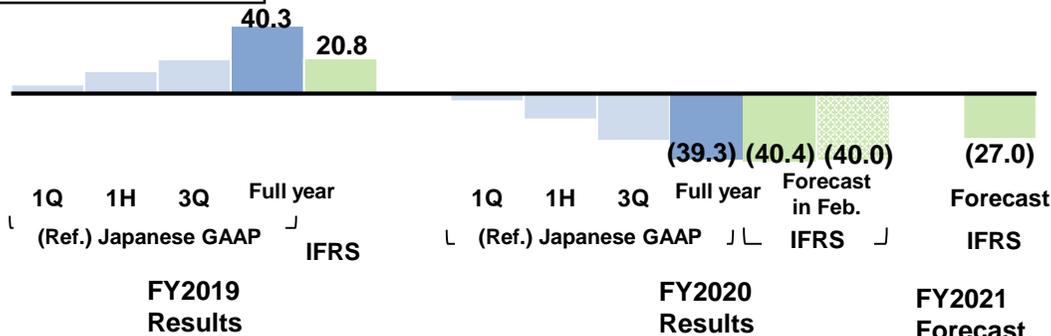
Orders received



Revenue



Operating Profit



Main Businesses : Aero engines, Rocket systems and space utilization systems and Defense systems

FY2020 Results

【Orders received】

Decreased in Civil aero engines.

【Revenue】

Significantly decreased in Civil aero engines due to the downturns in demands for aero transportation caused from the impact of the spread of COVID-19.

【Operating profit】

Recorded operating loss due to the downturns in the delivery of highly profitable spare parts in Civil aero engines despite the effect of reduction of fixed costs beginning to be visible.

FY2021 Forecasts

- In Civil aero engines, recovery of demands is not expected to contribute to earn profit, since an increase in revenue of newly made engines with heavy burden in early stage is expected despite a positive factor of increasing sales of spare parts.
- Operating loss is expected to be lessened from the previous fiscal year by reinforcement of cost structure mainly in the improvement of profitability of newly made engines.

3. Financial Results by Segment

Aero Engine, Space and Defense

IFRS

(In billion yen)

	Orders received			Revenue		
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
	Full year	Full year	Full year (Forecast)	Full year	Full year	Full year (Forecast)
Civil aero engines	210.0	100.8	120.0	222.4	101.7	120.0

*For details of “Civil aero engines”, please refer to <Appendices> on page 38

<Number of civil aero engines delivered>
(Units)

	Full Year
FY2019	1,571
FY2020	842

(Reference) Japanese GAAP

(In billion yen)

	Orders received		Net sales							
	FY2019	FY2020	FY2019				FY2020			
			1Q	1H	3Q	Full year	1Q	1H	3Q	Full year
Full year	Full year									
Civil aero engines	308.2	101.1	65.1	131.5	208.1	333.1	20.4	44.8	73.3	102.0
(Reference)Results excluding variable consideration etc. :							34.9	77.7	131.7	192.4

< Appendices >

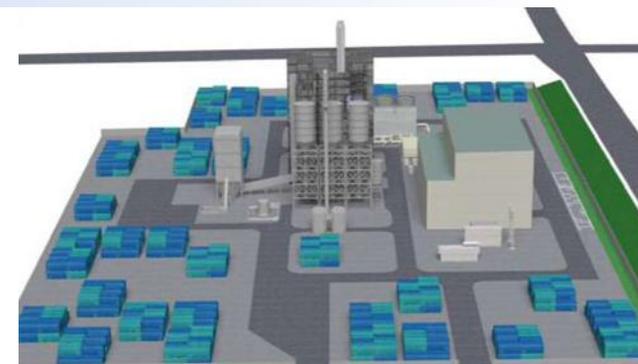
- Topics in the Fourth Quarter
- Financial Performance
- Aero engines
- Vehicular turbochargers
- Urban development

Order Received for Construction of Biomass Power Plant and 20-Year Operation and Maintenance Works

Received an order from Kumamoto Forest Generation LLC for the engineering, procurement, and construction (EPC) of the Yatsushiro Biomass Power Plant, a dedicated wood-fired biomass power plant with an output of 75,000 kW, as well as for operation and maintenance works of the plant for 20 years after the start of operation.

The project involves the construction of a biomass power plant that will be fueled by wood pellets and unused thinned wood, which are carbon-neutral energy resources. The operation of the plant is scheduled to start in June 2024.

In addition, the operation and maintenance works for the plant, including operation, inspection, repair work and the supply of necessary parts, will be handled as a one-stop for a period of 20 years, aiming for optimal operation throughout the plant's life cycle.



< Completion image of Yatsushiro Biomass Power Plant >

The World's First Achievement of a 70% Liquid Ammonia Co-firing Ratio on 2,000kW-class Gas Turbine



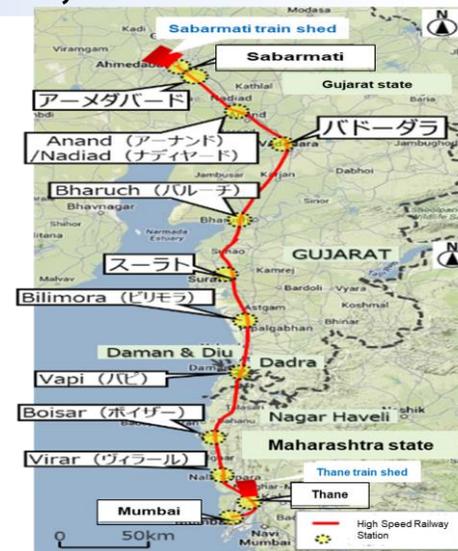
< 2,000kW-class gas turbine that has achieved the co-firing of liquid ammonia and natural gas (at IHI Yokohama Works) >

Succeeded for the first time in the world that stable combustion at the ammonia co-firing ratio of 70% on a calorific value basis has been achieved while reducing NOx emissions, as well as succeeded in operating a gas turbine with 100% liquid ammonia in limited cases, through the development of technology for a 2,000kW-class gas turbine in which liquid ammonia is sprayed directly into the combustor and co-fired with natural gas, as part of a project commissioned by the New Energy and Industrial Technology Development Organization ("NEDO"). This technology allows ammonia, which is normally stored in liquid form, to be used without vaporizing it, thereby eliminating the need to install ancillary equipment and improving controllability. IHI will continue to work on stable combustion and reduction of harmful components in exhaust gas, with the aim of commercializing an ammonia-fired gas turbine by 2025.

Order Received for Fabrication and Transportation of Special Bridges for the High Speed Railway Between Mumbai and Ahmedabad, India

Jointly received orders with major Indian general contractor Larsen and Toubro Limited have for packages MAHSR P-4(X) and MAHSR P-4(Y) of the Mumbai-Ahmedabad High Speed Rail (MAHSR) Project being implemented by the National High Speed Rail Corporation Limited of India.

The orders received on this occasion relate to packages with responsibility for the fabrication and transportation of 28 special bridges (steel truss bridges) for bridge and overpass locations along the 508km length of the project between Mumbai and Ahmedabad. The quality required is equivalent to that of the Japanese Shinkansen, which requires extremely rigorous control of accuracy. This project has been financed through Japanese Official Development Assistance (ODA) yen loans. When the project has been completed, it will cut the time required to travel over this route to approximately two hours, which is one-third the time required by the conventional limited express.



<Map of planned route for the Indian high speed railway>
*Source: Japan International Cooperation Agency

IHI Awarded the “Minister of Economy, Trade and Industry Prize,” of the “New Energy Awards 2020” Sponsored by the New Energy Foundation



<Soma IHI Green Energy Center>

Jointly awarded with Soma-city and PACIFIC POWER CO., LTD. the “Minister of Economy, Trade and Industry Prize,” the highest rated award among the “New Energy Awards 2020” sponsored by the New Energy Foundation.

This award was made in relation to initiatives of the Smart Community businesses that were launched in April 2018 as part of efforts to help the region recover after the Great East Japan Earthquake of March 2011. These include the use of solar power generation and energy management systems to supply power and the management of operations of a Regional Power Producer and Supplier, demonstration of the conversion of excess solar-generated power into heat and hydrogen and thorough utilization of excess power, research on hydrogen utilization, and fuel cell power generation during emergencies. These initiatives are highly rated, as they are expected to be rolled out to other regions in the future.³⁵

Financial Performance

(In billion yen)

	Japanese GAAP			
	FY2016	FY2017	FY2018	FY2019
Orders received	1,389.8	1,505.0	1,399.2	1,373.9
Revenue	1,468.3	1,590.3	1,483.4	1,386.5
Operating profit	47.3	72.2	82.4	60.7
Profit attributable to owners of parent	5.2	8.2	39.8	12.8
Cash flows from operating activities	65.3	99.0	46.4	14.5
Cash flows from investing activities	(28.9)	(47.9)	(79.2)	(75.8)
Free cash flows	36.4	51.0	(32.8)	(61.3)
Dividends per share (yen)	0	Interim 3 Year-end 30* (*after share consolidation)	70 (Interim 30, Year-end 40)	50 (Interim 30, Year-end 20)
ROIC (%)	5.0	7.7	8.7	5.7
Operating margin (%)	3.2	4.5	5.6	4.4
CCC (days)	87	83	97	120
D/E ratio (times)	1.10	0.92	0.93	1.38
ROE (%)	1.6	2.6	11.8	3.8
Equity ratio (%)	18.8	19.9	21.0	18.7

IFRS		
FY2019	FY2020	FY2021
1,280.0	1,097.0	1,160.0
1,263.1	1,112.9	1,180.0
47.8	27.9	70.0
8.2	13.0	35.0
42.4	36.3	60.0
(85.5)	(40.4)	(30.0)
(43.0)	(4.1)	30.0
50 (Interim 30, Year-end 20)	0	60 (Interim 30, Year-end 30)
4.1	2.2	5.5
3.8	2.5	5.9
92	124	110
2.00	1.85	1.57
2.8	4.5	11.2
15.0	16.4	

ROIC = (Operating profit + Interest income and dividend income) after tax / (Equity attributable to owners of parent + Interest-bearing liabilities)

CCC = Working capital / Revenue * 365 days D/E ratio = Interest-bearing liabilities / Equity

ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

Equity ratio = Equity attributable to owners of parent / total liabilities and equity

Reconsolidations for Consolidated Results for FY2019

- Consolidated results under Japanese GAAP and IFRS adjustment for FY2019 are as follows. Within the IFRS adjustments, “Accounting Standard for Revenue Recognition” has already been applied from the beginning of FY2020 under Japanese GAAP.
- As a result, excluding the impact of “Reclassification” (including reclassification of previous non-operating income/expenses and extraordinary income/losses to operating profit total), the material impact of the adoption of IFRS instead of Japanese GAAP for the consolidated results for FY2019 (“Recognition and measurement differences” in the following table) is limited.

[Applied under Japanese GAAP from the beginning of FY2020]
Mainly impacts on Aero Engine, Space and Defense (Civil aero engines)

(In billion yen)

	Japanese GAAP FY2019 (A)	IFRS adjustment (B)			IFRS FY2019 (C)=(A)+(B)
		Reclassification	Accounting Standard for Revenue Recognition	Recognition and measurement differences	
Orders received	1,373.9	-	(98.5)	4.6	1,280.0
Net sales	1,386.5	-	(128.2)	4.8	1,263.1
Operating profit *1	60.7	1.6	(13.3)	(1.2)	47.8
Finance Income / costs *2	(19.1)	-	-	0.4	(18.6)
Other Income / Expenses	(9.4)	9.4	-	-	-
Ordinary profit	32.2				
Extraordinary Income / Losses	6.5	(11.0)	-	4.5	-
Income taxes / Non-controlling interests	(25.9)	-	4.9	-	(20.9)
Profit attributable to owners of parent	12.8	-	(8.4)	3.8	8.2

Change in scope of consolidation

Deduction of loss on valuation of investment securities (not recognized as profit or loss under IFRS)

*1 Operating profit based on IFRS = Gross profit - SG&A + Non-operating income/expenses and extraordinary income/losses (under JGAAP) except finance income/costs

*2 Including share of profit (loss) of investments accounted for using of equity method

Consolidated revenue & Number of civil aero engines delivered

	Japanese GAAP								IFRS		Main loading
	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	
Consolidated revenue (In billion yen)	143.6	169.8	226.0	267.0	299.1	291.5	281.0	318.5	222.4	101.7	
Accumulated number of civil aero engines delivered (Units)											
V2500	4,980	5,468	5,969	6,469	6,896	7,236	7,508	7,688	7,735	7,740	Airbus A319/320/321
GE90	1,399	1,589	1,806	2,039	2,257	2,457	2,617	2,715	2,824	2,885	Boeing B777
CF34	3,242	3,548	3,820	4,156	4,471	4,821	5,085	5,331	5,611	5,798	For regional jet (70 to 110 seats)
GEEx	118	259	468	751	1,035	1,295	1,542	1,826	2,159	2,328	Boeing B787/B747-8
PW1100G					16	148	398	1,058	1,784	2,144	Airbus A320Neo
Passport20							13	66	142	202	Bombardier Global7500
Total	9,739	10,864	12,063	13,415	14,675	15,957	17,163	18,684	20,255	21,097	

(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.

Consolidated revenue by region

(In billion yen)

	Results									Forecasts
	Japanese GAAP						IFRS			
	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21
Japan	33.9	35.3	37.5	34.6	38.9	39.8	44.6	39.1	35.4	37.0
Asia	24.8	29.8	27.5	21.6	15.8	11.7	11.0	10.7	8.5	11.0
China	18.1	23.4	24.3	24.9	48.5	71.9	63.1	57.2	66.5	61.0
North America	1.3	1.6	1.8	2.4	3.3	8.4	11.6	10.8	9.0	14.0
Central and South America	0.0	0.0	0.7	3.4	6.1	7.4	7.5	6.6	6.9	11.0
Europe	43.2	60.2	75.6	74.3	61.7	81.1	51.3	28.9	19.9	21.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Total	121.6	150.7	167.7	161.6	174.6	220.5	189.5	153.6	146.6	155.0

(1) Lease revenue in Toyosu

(In billion yen)

	Results									Forecasts
	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21
Lease revenue	9.2	9.1	9.3	10.1	9.3	9.2	9.3	9.4	12.3	12.0

(2) Lease revenue and expense in Toyosu (FY2020)

(In billion yen)

	Lease revenue	Lease expense		Profit
		Depreciation	Others	
FY2020	12.3	5.2	4.0	3.0

(3) Fair value of investment property in Toyosu (as of March 31, 2021)

(In billion yen)

	Carrying amount			Fair value as of March 31, 2021(B)	(B) - (A)
	Balance as of April 1, 2020	Net change	Balance as of March 31, 2021(A)		
FY2020	104.8	(2.1)	102.6	235.7	133.1

(Note) The carrying amount is calculated by subtracting accumulated depreciation and impairment losses from acquisition cost. Fair value as of March 31, 2021 is based on the values mainly in the appraisal report by external real estate appraisers.

Development Plan for Toyosu 1 to 3 chome Area

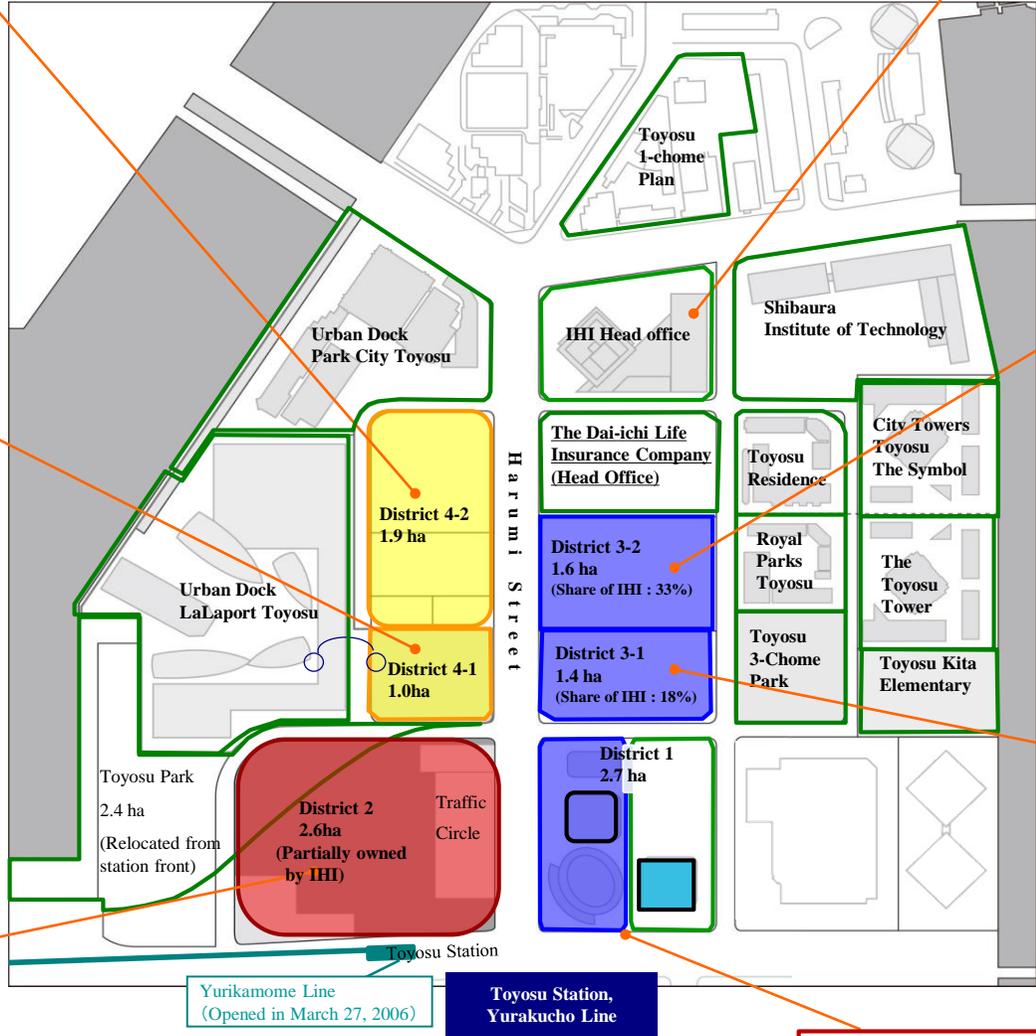
Development Plan for District 4-2
 Site area : 19,493㎡
 Planned construction schedule from 2022 spring to 2025 spring



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



Toyosu Bayside Cross Tower A・C (IHI and Mitsui Fudosan)
 36 floors above ground, Approx. 178m high
 Gross floor area : 185,000㎡
 Completed in March 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



Property of IHI	Approx. 5ha
-----------------	-------------

- Office Leasing
- Land Leasing
- Office Leasing (Leased land)
- Category 1 Urban Redevelopment Project*
- Sold, Donated, Exchanged

* 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.