

# Financial Results for First Quarter FY2015 (for the year ending March 31, 2016)

August 4, 2015

**IHI Corporation**

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# 1. Consolidated Results for First Quarter FY2015

# 1. Consolidated Results for First Quarter FY2015

## Summary of Financial Results

Note: Average exchange rates for FY2015.1Q US\$ 1.00= ¥121.37

(In billion yen)

	FY2014.1Q	FY2015.1Q	Change
Orders received	277.5	301.0	23.4
Net sales	281.2	340.7	59.4
Operating income	15.1	0.0	▲ 15.1
Ordinary income	12.1	▲ 0.4	▲ 12.5
Income before income taxes	12.1	▲ 0.4	▲ 12.5
Profit attributable to owners of parent	6.5	0.0	▲ 6.5

# 1. Consolidated Results for First Quarter FY2015

## Financial Results by Segment

### ■ Orders received & Order backlog

(In billion yen)

	Orders received			Order backlog		
	FY2014.1Q	FY2015.1Q	Change	FY2014	FY2015.1Q	Change
Resources, Energy and Environment	101.7	146.1	44.3	760.4	813.7	53.3
Social Infrastructure and Offshore Facility	46.0	23.3	▲ 22.6	231.9	221.8	▲ 10.1
Industrial System and General-Purpose Machinery	95.9	101.4	5.4	121.0	128.7	7.6
Aero Engine, Space and Defense	32.2	27.9	▲ 4.3	510.7	431.4	▲ 79.2
<b>Total Reportable Segment</b>	<b>276.0</b>	<b>298.8</b>	<b>22.8</b>	<b>1,624.1</b>	<b>1,595.8</b>	<b>▲ 28.3</b>
Others	14.3	15.8	1.5	31.2	34.3	3.1
Adjustment	▲ 12.7	▲ 13.7	▲ 0.9	-	-	-
<b>Total</b>	<b>277.5</b>	<b>301.0</b>	<b>23.4</b>	<b>1,655.4</b>	<b>1,630.1</b>	<b>▲ 25.2</b>

Overseas orders received / order backlog	121.9	100.9	▲ 20.9	808.7	715.2	▲ 93.5
% of Overseas orders received / order backlog	44%	34%	▲ 10%	49%	44%	▲ 5%

# 1. Consolidated Results for First Quarter FY2015

## Financial Results by Segment

■ Net sales & Operating income

(In billion yen)

	Net sales			Operating income		
	FY2014.1Q	FY2015.1Q	Change	FY2014.1Q	FY2015.1Q	Change
Resources, Energy and Environment	72.4	101.1	28.6	▲ 1.2	▲ 0.9	0.3
Social Infrastructure and Offshore Facility	37.9	33.8	▲ 4.0	1.3	▲ 13.0	▲ 14.4
Industrial System and General-Purpose Machinery	86.1	93.1	6.9	2.2	0.6	▲ 1.5
Aero Engine, Space and Defense	84.2	111.1	26.9	14.8	17.3	2.5
<b>Total Reportable Segment</b>	<b>280.7</b>	<b>339.2</b>	<b>58.4</b>	<b>17.2</b>	<b>4.1</b>	<b>▲ 13.0</b>
Others	10.4	10.5	0.1	▲ 0.3	▲ 0.5	▲ 0.1
Adjustment	▲ 9.9	▲ 9.0	0.8	▲ 1.6	▲ 3.5	▲ 1.8
<b>Total</b>	<b>281.2</b>	<b>340.7</b>	<b>59.4</b>	<b>15.1</b>	<b>0.0</b>	<b>▲ 15.1</b>

# 1. Consolidated Results for First Quarter FY2015

## Financial Results by Segment

■ Analysis of change in operating income

(In billion yen)

	Change in net sales	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Total
Resources, Energy and Environment	<b>1.9</b>	<b>▲ 1.0</b>	<b>1.2</b>	<b>▲ 1.8</b>	<b>0.3</b>
Social Infrastructure and Offshore Facility	<b>▲ 0.8</b>	<b>▲ 14.1</b>	<b>0.5</b>	<b>0.0</b>	<b>▲ 14.4</b>
Industrial System and General-Purpose Machinery	<b>1.0</b>	<b>▲ 1.3</b>	<b>0.3</b>	<b>▲ 1.5</b>	<b>▲ 1.5</b>
Aero Engine, Space and Defense	<b>2.3</b>	<b>▲ 0.5</b>	<b>3.5</b>	<b>▲ 2.8</b>	<b>2.5</b>
<b>Total Reportable Segment</b>	<b>4.4</b>	<b>▲ 16.9</b>	<b>5.5</b>	<b>▲ 6.1</b>	<b>▲ 13.0</b>
Others		<b>0.3</b>		<b>▲ 0.4</b>	<b>▲ 0.1</b>
Adjustment		<b>▲ 3.0</b>		<b>1.2</b>	<b>▲ 1.8</b>
<b>Total</b>	<b>4.4</b>	<b>▲ 19.6</b>	<b>5.5</b>	<b>▲ 5.3</b>	<b>▲ 15.1</b>

# 1. Consolidated Results for First Quarter FY2015

## Financial Results by Segment

### Concerning measures to address profitability deterioration in F-LNG/Offshore structure Business

- Reasons for profitability deterioration that occurred in FY2014
  - Deterioration of profit/loss on construction project due to responsive measures for the initial model for the drill ship for Singapore, as well as numerous associated specification changes and drawing release delays.
  - Operation losses at Aichi Works caused by drawing release delays.
  - Rise in material costs for construction of SPB tanks for the LNG carriers related to yen depreciation.
  
- Reasons for profitability deterioration that occurred in the first quarter of FY2015
  - Increase in catch-up expenses because of process delays accompanying drawing revisions for the drill ship for Singapore.
  - Increase in outsourcing expenses and transfer costs owing to the necessity of outsourcing overseas part of shipbuilding project for FPSO for Norway accompanying drill ship related process delayed.
  - Deterioration of material yield due to responsive measures for the initial model concerning SPB tank construction for the LNG carriers.
  
- Measures
  - Accomplishment of the backlog of orders received.
  - Strengthening of project management system.
  - The measures led by corporate headquarter. (as the dispatching of engineers and experts from various fields, the strengthening of monitoring, etc.)  
⇒Work to end the production disruption as soon as possible and minimize losses.
  
- Business strategy considerations

After giving comprehensive consideration to long-term demand, the current slowdown in the price of resources and technological superiority, a consideration of the recovery in profitability and future positioning of the business is now underway.



# 1. Consolidated Results for First Quarter FY2015

## Non-operating Income / Expenses and Extraordinary Income / Losses

### ■ Non-operating Income / Expenses

(In billion yen)

	FY2014.1Q	FY2015.1Q	Change
<b>Net interest expense (incl. dividend income)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Share of profit / losses of entities accounted for using equity method</b>	<b>▲ 0.4</b>	<b>1.1</b>	<b>1.5</b>
<b>Foreign exchange gains / losses</b>	<b>▲ 1.5</b>	<b>0.9</b>	<b>2.4</b>
<b>Others</b>	<b>▲ 0.9</b>	<b>▲ 2.4</b>	<b>▲ 1.5</b>
<b>Non-operating income / expenses</b>	<b>▲ 3.0</b>	<b>▲ 0.4</b>	<b>2.5</b>
<b>Extraordinary income / losses</b>	<b>—</b>	<b>—</b>	<b>—</b>

# 1. Consolidated Results for First Quarter FY2015

## Balance Sheets

(In billion yen)

	As of March 31, 2015	As of June 30, 2015	Change
<b>Total assets</b>	<b>1,690.8</b>	<b>1,702.2</b>	<b>11.4</b>
(Trade receivables)	(438.2)	(424.7)	(▲ 13.5)
(Inventories)	(399.3)	(434.3)	(35.0)
<b>Total liabilities</b>	<b>1,331.2</b>	<b>1,347.6</b>	<b>16.3</b>
(Trade payables)	(300.1)	(286.6)	(▲ 13.5)
(Advance received)	(125.1)	(148.6)	(23.4)
(Interest-bearing debt)	(410.6)	(430.5)	(19.8)
<b>Total net assets</b>	<b>359.5</b>	<b>354.6</b>	<b>▲ 4.9</b>
Shareholders' equity	313.5	308.8	▲ 4.6
Accumulated other comprehensive income	32.2	31.8	▲ 0.4
<b>Total liabilities and net assets</b>	<b>1,690.8</b>	<b>1,702.2</b>	<b>11.4</b>
<b>D/E ratio (times)</b>	<b>1.14</b>	<b>1.21</b>	<b>0.07</b>

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

(as of March 31, 2015: 17.2 billion yen / as of June 30, 2015: 17.3 billion yen )

# 1. Consolidated Results for First Quarter FY2015 Supplementary Information

## (1) Cash Flows

(In billion yen)

	FY2014.1Q	FY2015.1Q	Change
Operating activities	14.0	0.6	▲ 13.4
Investing activities	▲ 18.8	▲ 16.0	2.8
Free cash flows	▲ 4.7	▲ 15.4	▲ 10.6
Financing activities	14.0	16.2	2.1

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

(In billion yen)

	FY2014.1Q	FY2015.1Q
R&D	6.2	8.4
CAPEX	8.3	7.9
Depreciation & Amortization	9.5	10.6

# 1. Consolidated Results for First Quarter FY2015

## Supplementary Information

### (3) Overseas Sales by Region

(In billion yen)

	<b>FY2014.1Q</b>	<b>FY2015.1Q</b>
<b>Asia</b>	<b>36.0</b>	<b>49.5</b>
<b>China</b>	<b>15.9</b>	<b>24.7</b>
<b>North America</b>	<b>60.2</b>	<b>84.5</b>
<b>Central and South America</b>	<b>5.7</b>	<b>6.9</b>
<b>Europe</b>	<b>41.8</b>	<b>37.3</b>
<b>Others</b>	<b>3.7</b>	<b>5.9</b>
<b>Total</b>	<b>163.5</b>	<b>208.9</b>
<b>% of overseas sales</b>	<b>58%</b>	<b>61%</b>

## 2. Forecast of the Consolidated Results for FY2015

## 2. Forecast of the Consolidated Results for FY2015 Summary of Forecast for First Half of FY2015

<assumed exchange rate>

US\$ 1.00 = ¥115

Euro 1.00 = ¥130

(In billion yen)

	First Half of FY2015 Forecast		First Half of FY2014 Actual	Change
	In May	In August		Vs. Forecast in May
<b>Net sales</b>	<b>700.0</b>	<b>700.0</b>	<b>616.1</b>	<b>0.0</b>
<b>Operating income</b>	<b>32.0</b>	<b>20.0</b>	<b>28.9</b>	<b>▲ 12.0</b>
<b>Ordinary income</b>	<b>23.0</b>	<b>14.0</b>	<b>32.3</b>	<b>▲ 9.0</b>
<b>Profit attributable to owners of parent</b>	<b>14.0</b>	<b>6.0</b>	<b>20.9</b>	<b>▲ 8.0</b>

Although the forecast for net sales remains unchanged from the previously announced forecast, with respect to profit/loss, taking into consideration a timing difference in the reporting of a portion of selling, general and administrative expenses, the deterioration of profitability in F-LNG/Offshore structure Business and an increase in the additional costs related to the Izmit Bay Crossing Bridge construction project in Turkey, the IHI Group now forecasts operating income, ordinary income and profit attributable to owners of parent are less than the previously announced forecast.

## 2. Forecast of the Consolidated Results for FY2015 Summary of Forecast for FY2015

<assumed exchange rate>

US\$ 1.00 = ¥115

Euro 1.00 = ¥130

(In billion yen)

	FY2015 Forecast		FY2014 Actual	Change
	In May	In August		Vs. Forecast in May
Orders received	1,600.0	1,600.0	1,664.3	0.0
Net sales	1,580.0	1,580.0	1,455.8	0.0
Operating income	90.0	75.0	63.2	▲ 15.0
Ordinary income	75.0	63.0	56.5	▲ 12.0
Profit attributable to owners of parent	49.0	39.0	9.0	▲ 10.0

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

1 yen per US\$ corresponds to 0.9 billion yen, and per Euro, 0.0 billion yen in operating income.

Although the forecast for orders received and net sales have not changed from the previously announced forecast, with respect to profit/loss, after considering the impacts of F-LNG/Offshore structure Business, and Izmit Bay Crossing Bridge construction project in Turkey, the IHI Group now forecasts operating income, ordinary income and profit attributable to owners of parent are less than the previously announced forecast.

## 2. Forecast of the Consolidated Results for FY2015 Forecast for FY2015 by Segment

■ Orders received

(In billion yen)

	FY2015 Forecast (In May)	FY2015 Forecast (In August)	Change
Resources, Energy and Environment	530.0	530.0	0.0
Social Infrastructure and Offshore Facility	140.0	140.0	0.0
Industrial System and General-Purpose Machinery	430.0	430.0	0.0
Aero Engine, Space and Defense	480.0	480.0	0.0
<b>Total Reportable Segment</b>	<b>1,580.0</b>	<b>1,580.0</b>	<b>0.0</b>
Others	70.0	70.0	0.0
Adjustment	▲ 50.0	▲ 50.0	0.0
<b>Total</b>	<b>1,600.0</b>	<b>1,600.0</b>	<b>0.0</b>



## 2. Forecast of the Consolidated Results for FY2015 Forecast for FY2015 by Segment

### ■ Net sales & Operating income

(In billion yen)

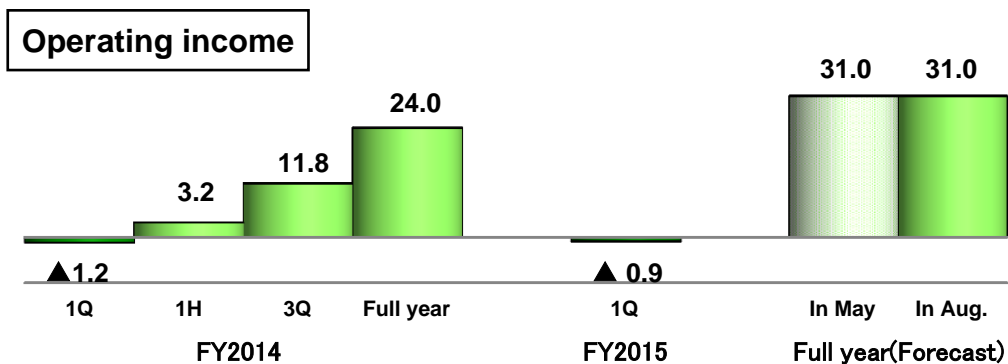
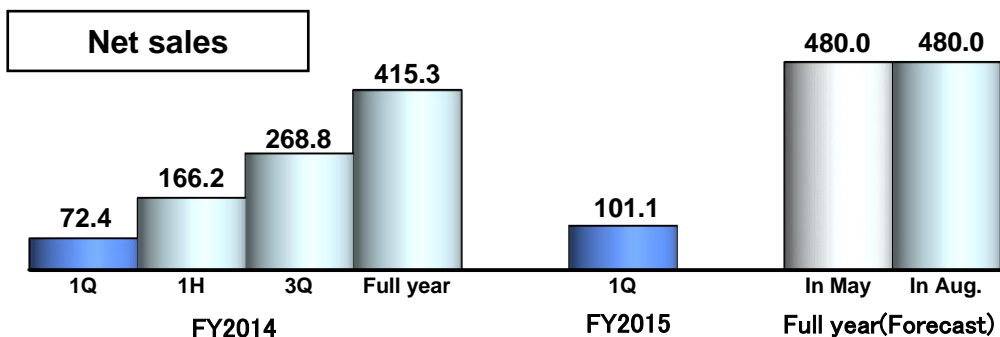
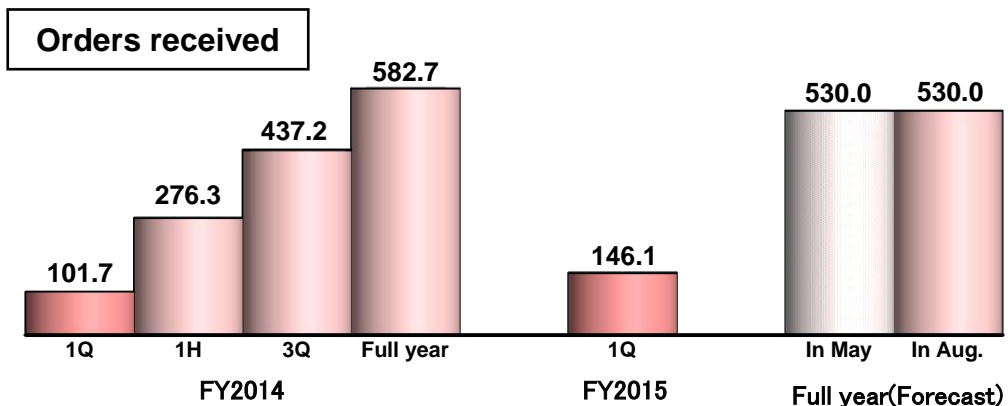
	FY2015 Forecast (In May)		FY2015 Forecast (In August)		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Resources, Energy and Environment	480.0	31.0	480.0	31.0	0.0	0.0
Social Infrastructure and Offshore Facility	180.0	7.0	180.0	▲ 8.0	0.0	▲ 15.0
Industrial System and General-Purpose Machinery	430.0	14.0	430.0	14.0	0.0	0.0
Aero Engine, Space and Defense	470.0	43.0	470.0	43.0	0.0	0.0
<b>Total Reportable Segment</b>	<b>1,560.0</b>	<b>95.0</b>	<b>1,560.0</b>	<b>80.0</b>	<b>0.0</b>	<b>▲ 15.0</b>
Others	70.0	2.0	70.0	2.0	0.0	0.0
Adjustment	▲ 50.0	▲ 7.0	▲ 50.0	▲ 7.0	0.0	0.0
<b>Total</b>	<b>1,580.0</b>	<b>90.0</b>	<b>1,580.0</b>	<b>75.0</b>	<b>0.0</b>	<b>▲ 15.0</b>

## 3. Financial Results by Segment

# 3. Financial Results by Segment

## Resources, Energy and Environment

(In billion yen, accumulated amount)



### <Results by business segment>

#### 【 Orders received】

Orders received increased from the previous corresponding period, owing to an increase in orders for large projects for Boiler Business and for Power systems for land and marine use Business, partially offset by a decrease in orders for Environmental response systems Business.

#### 【 Net sales】

Sales increased from the previous corresponding period owing to increases in Gas processes Business, and Power systems for land and marine use Business.

#### 【 Operating income】

The resulting operating loss was a reduced deficit compared with the previous corresponding period, owing to the effects of an increase in sales and yen depreciation in foreign exchange.

### <FY2015 Forecast (vs. In May)>

The forecast remains unchanged.

### 3. Financial Results by Segment Resources, Energy and Environment

(In billion yen)

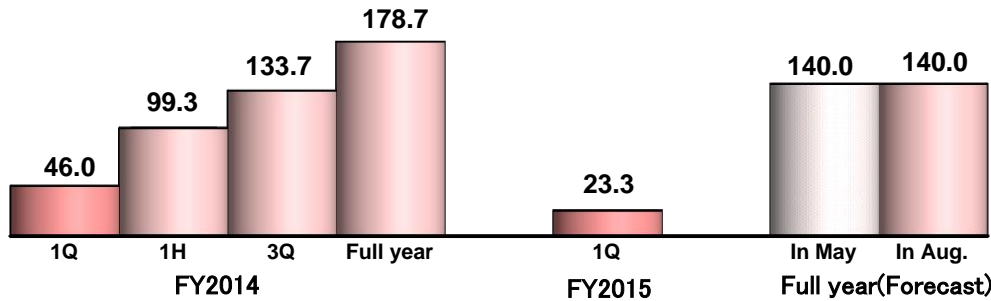
	Orders received		Net sales					
	FY2014 Full yaer	FY2015 Full yaer (Forecast)	FY2014			Full yaer	FY2015	
			1Q	1H	3Q		1Q	Full yaer (Forecast)
<b>Boiler</b>	176.2	120.0	20.3	42.0	64.3	88.5	18.2	95.0
<b>Power system plants</b>	39.6	40.0	3.9	8.7	16.9	28.9	4.3	30.0
<b>Power systems for land and marine use</b>	78.9	85.0	15.3	34.2	50.7	75.6	20.9	85.0
<b>Gas process</b>	137.1	130.0	12.0	31.2	62.9	97.8	30.6	130.0
<b>Nuclear power</b>	33.5	30.0	2.9	10.4	16.2	30.2	3.4	30.0

# 3. Financial Results by Segment

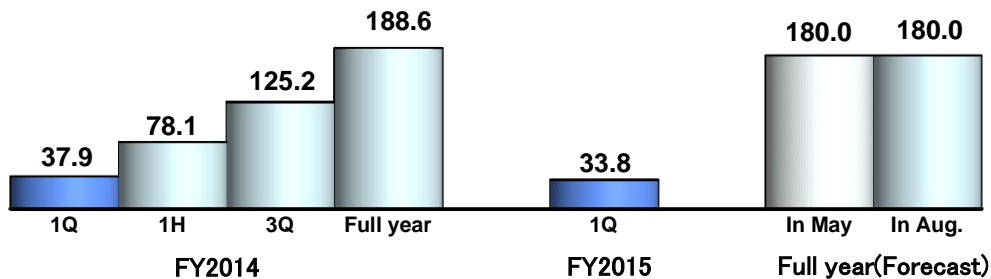
## Social Infrastructure and Offshore Facility

(In billion yen, accumulated amount)

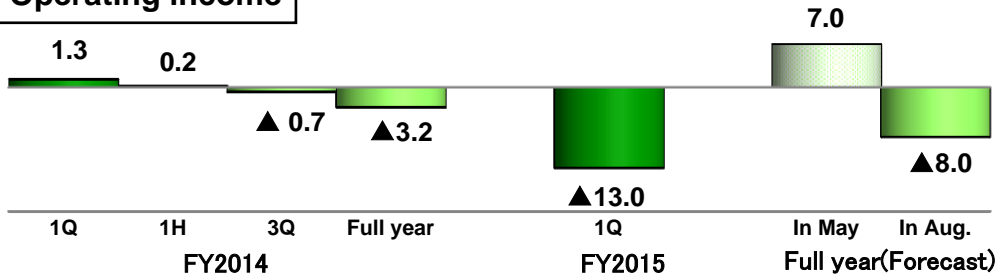
### Orders received



### Net sales



### Operating income



### <Results by business segment>

#### 【 Orders received】

Orders received decreased from the previous corresponding period, owing to a comparative lull following a large order received in the previous corresponding period for F-LNG/Offshore structure Business, and also a decline in Bridge Business.

#### 【 Net sales】

Sales decreased from the previous corresponding period owing to decreases in Bridge Business and Urban development Business, partially offset by an increase for F-LNG/Offshore structure Business.

#### 【 Operating income】

Operating income/loss deteriorated significantly compared with the previous corresponding period owing to poor profitability for some projects received for F-LNG/Offshore structure Business, and the recording of additional costs concerning an accident at the Izmit Bay Crossing Bridge construction project in Turkey that occurred in the previous fiscal year.

### <FY2015 Forecast (vs. In May)>

The deterioration of profitability in F-LNG/Offshore structure Business and an increase in the additional costs related to the Izmit Bay Crossing Bridge construction project in Turkey, the IHI Group now forecasts operating income are significantly less than the previously announced forecast. The forecast for orders received and sales remains unchanged.

### 3. Financial Results by Segment

## Social Infrastructure and Offshore Facility

(In billion yen)

	Orders received		Net sales					
	FY2014 Full yaer	FY2015 Full yaer (Forecast)	FY2014			Full yaer	FY2015	
			1Q	1H	3Q		1Q	Full yaer (Forecast)
Bridge	33.4	60.0	21.0	42.1	67.0	94.2	15.4	70.0
F-LNG/ Offshore structure	38.4	5.0	0.8	7.7	11.7	16.8	3.6	30.0
Urban development	16.0	15.0	7.8	11.3	14.9	19.2	5.1	15.0

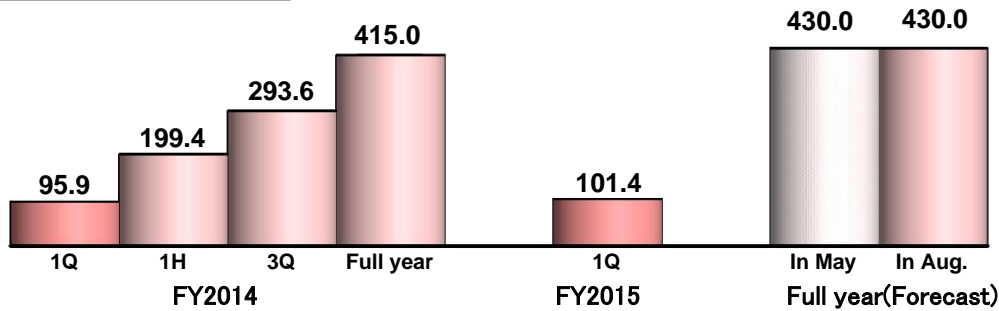
For related information of "Urban development" in Toyosu, please refer to <Appendices 1> on page 30, 31.

# 3. Financial Results by Segment

## Industrial System and General-Purpose Machinery

(In billion yen, accumulated amount)

### Orders received



### <Results by business segment>

#### 【 Orders received】

Orders received increased from the previous corresponding period owing to increases in Transport machinery Business and Vehicular turbocharger Business.

#### 【 Net sales】

Sales increased from the previous corresponding period, owing to increases in Vehicular turbocharger Business, Thermal and surface treatment Business and Parking Business.

< Number of vehicular turbochargers delivered >

(10,000 Units)

	Full Year
FY2014.1Q	145
FY2015.1Q	145

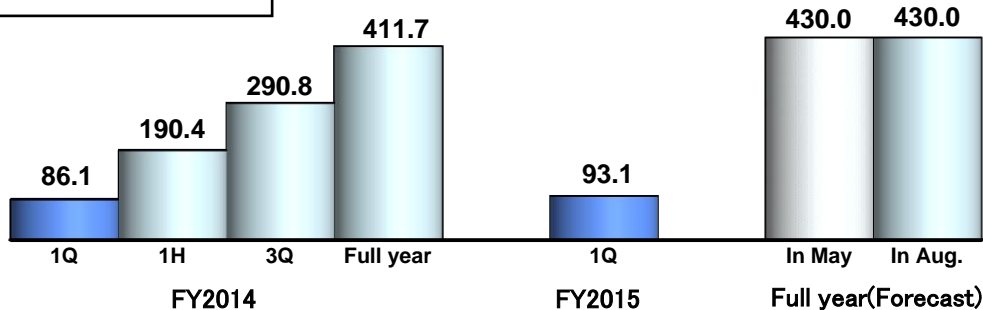
#### 【 Operating income】

Operating income decreased from the previous corresponding period owing to an increase in selling, general and administrative expenses such as R&D expenses, partially offset by the above-mentioned sales increases.

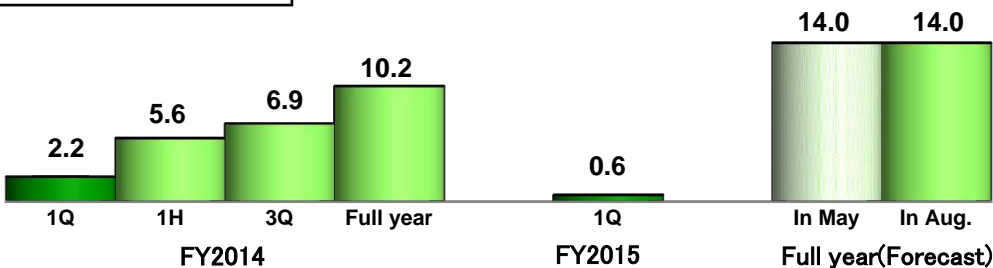
### <FY2015 Forecast (vs. In May)>

The forecast remains unchanged.

### Net sales



### Operating income



### 3. Financial Results by Segment

## Industrial System and General-Purpose Machinery

(In billion yen)

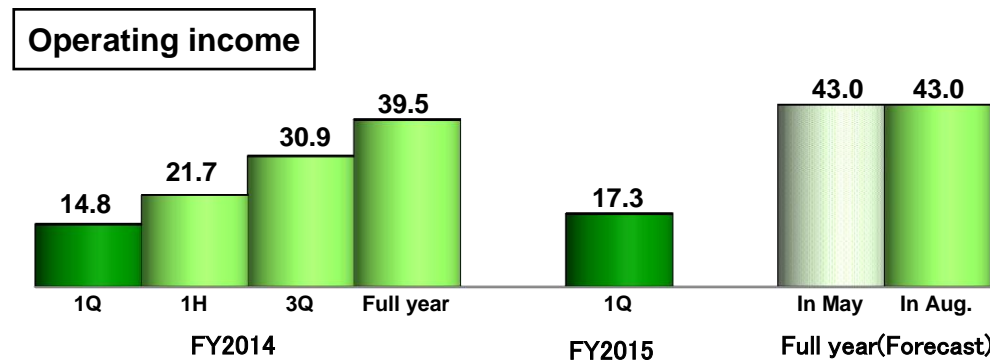
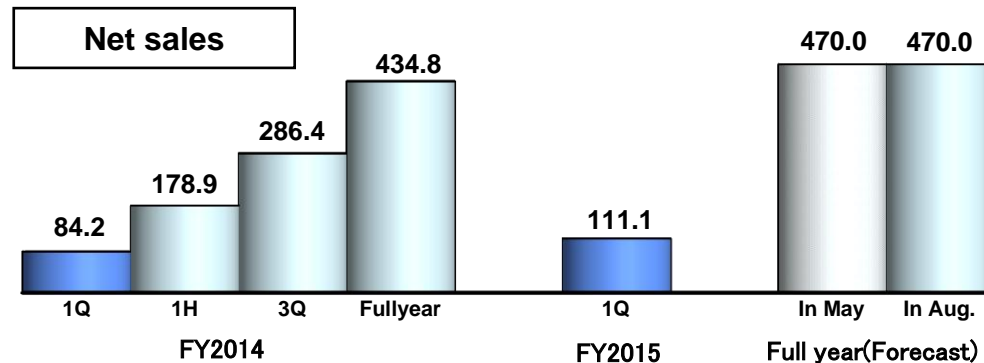
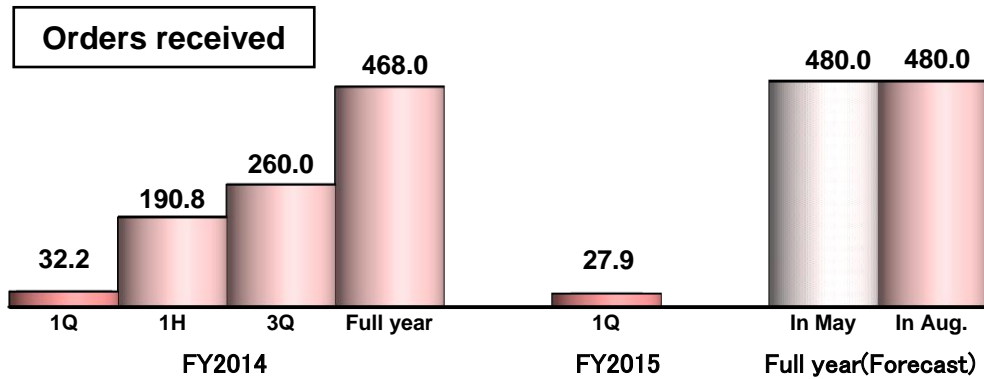
	Orders received		Net sales					
	FY2014 Full yaer	FY2015 Full yaer (Forecast)	FY2014			Full yaer	FY2015	
			1Q	1H	3Q		1Q	Full yaer (Forecast)
Transport machinery	28.2	30.0	2.8	6.8	14.0	20.4	3.5	25.0
Parking	39.8	40.0	6.5	16.7	27.1	42.1	8.7	40.0
Thermal and surface treatment	29.2	35.0	4.5	11.2	17.1	27.5	7.0	35.0
Vehicular turbocharger	168.2	170.0	40.7	83.2	123.3	167.7	44.0	170.0
Compressor	28.6	30.0	4.4	10.5	17.4	26.1	4.9	30.0

For details of "Vehicular turbocharger", please refer to <Appendices 1> on page 29.



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

(In billion yen, accumulated amount)



## <Results by business segment>

### 【 Orders received】

Orders received decreased from the previous corresponding period owing to decreases in Aero engines Business and Rocket systems/space utilization systems Business.

### 【 Net sales】

Sales increased from the previous corresponding period, owing 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
FY2014.1Q	345
FY2015.1Q	336

### 【 Operating income 】

Operating income increased from the previous corresponding period owing to the above-mentioned effect from sales increases, partially offset by increases in expenses such as R&D expenses for the GE9X aero engine for the next-generation wide-body jet.

### <FY2015 Forecast (vs. In May)>

The forecast remains unchanged.

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

(In billion yen)

	Orders received		Net sales					
	FY2014	FY2015	FY2014				FY2015	
	Full yaer	Full yaer (Forecast)	1Q	1H	3Q	Full yaer	1Q	Full yaer (Forecast)
Civil aircraft engine	253.5	275.0	62.5	126.7	197.3	267.0	77.8	280.0

For details of "Civil aircraft engine", please refer to <Appendices 1> on page 28.

# <Appendices 1>

- Aero engines
- Vehicular turbocharger
- Urban development

# Aero engines

## (1) Net sales of civil aircraft engine

(In billion yen)

	Actual							Forecast	
	'11	'12	'13	FY2014				FY2015	
				1Q	1H	3Q	Full Year	1Q	Full Year
Net sales	143.6	169.8	226.0	62.5	126.7	197.3	267.0	77.8	280.0

## (2) Number of civil aircraft engine delivered

(Units)

	Actual (accumulated)											Main loading
	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15/1Q	
V2500	2,850	3,154	3,474	3,828	4,168	4,551	4,980	5,468	5,969	6,469	6,590	Airbus A319/320/321
GE90	464	579	742	896	1,071	1,223	1,399	1,589	1,806	2,039	2,096	Boeing B777
CF34	1,027	1,374	1,802	2,274	2,604	2,919	3,242	3,548	3,820	4,156	4,244	For regional jet (70 to 110 seats)
GENx							118	259	468	751	821	Boeing B787/B747-8
Total	4,341	5,107	6,018	6,998	7,843	8,693	9,739	10,864	12,063	13,415	13,751	

(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.

## <Net sales by region>

(In billion yen)

	Actual							Forecast	
	'11	'12	'13	FY2014				FY2015	
				1Q	1H	3Q	Full Year	1Q	Full Year
Japan	33.1	33.9	35.3	9.0	18.4	27.5	37.5	8.4	33.0
Asia	16.9	24.8	29.8	7.2	13.7	20.7	27.5	7.8	21.0
China	14.3	18.1	23.4	6.3	12.8	17.5	24.3	7.1	33.0
North America	1.1	1.3	1.6	0.4	0.9	1.3	1.8	0.5	2.0
Central and South America	0.0	0.0	0.0	0.0	0.0	0.1	0.7	0.8	2.0
Europe	43.7	43.2	60.2	17.6	37.2	55.8	75.6	19.2	79.0
Others	0.1	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>40.7</b>	<b>83.2</b>	<b>123.3</b>	<b>167.7</b>	<b>44.0</b>	<b>170.0</b>

## (1) Lease revenue in Toyosu

(In billion yen)

	Actual								Forecast	
	'11	'12	'13	FY2014				FY2015		
				1Q	1H	3Q	Full Year	1Q	Full Year	
Lease revenue	9.5	9.2	9.1	2.2	4.6	6.9	9.3	2.5	10.0	


## (2) Lease revenue and expense in Toyosu (FY2015.1Q)

(In billion yen)

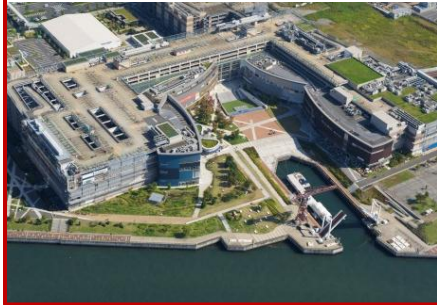
	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2015.1Q	2.5	0.9	0.6	0.9

# Development Plan for Toyosu 1 to 3 chome Area

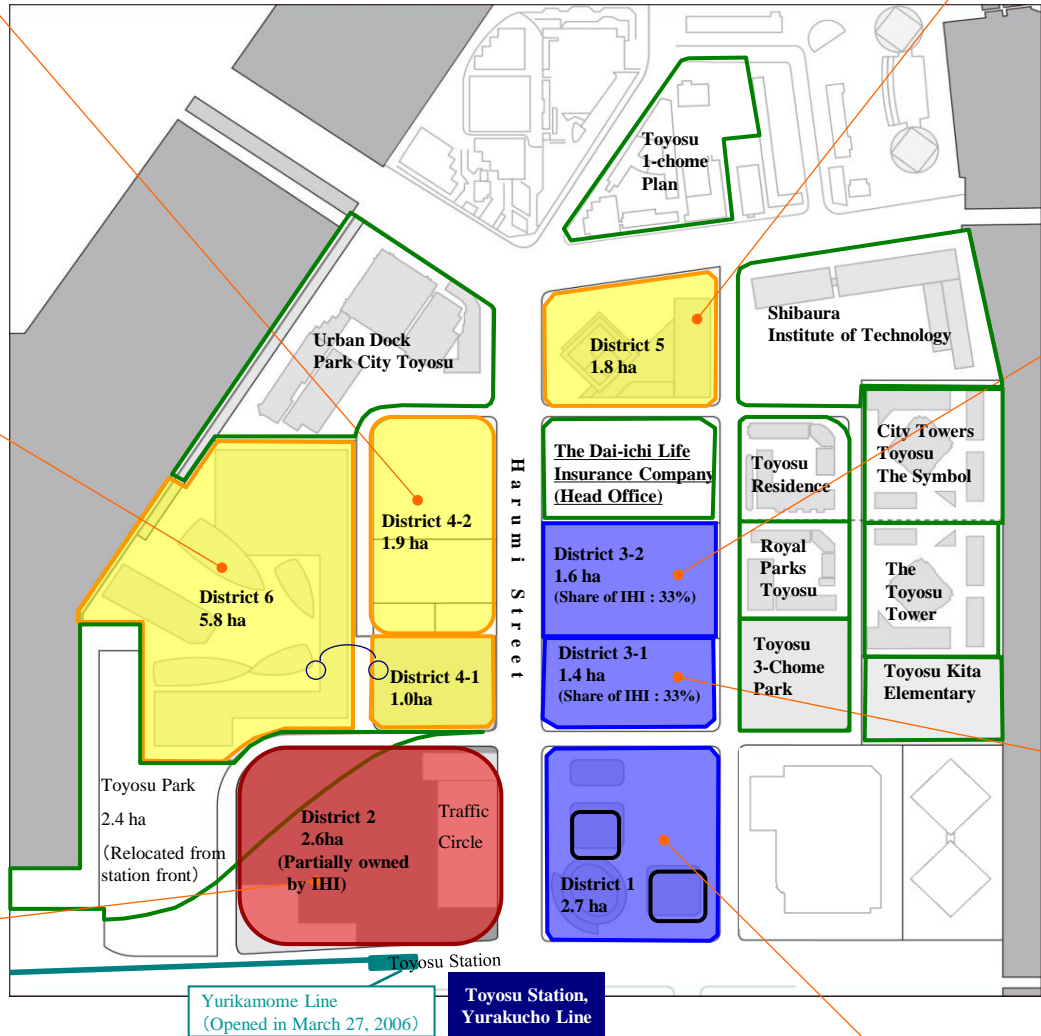
**Kindergarten, Nursery school, Café, Marriage ceremonial hall.**  
**(Mitsui Fudosan Co., Ltd.)**  
 Site area : 19,492㎡  
 Completed in March 2010 to February 2011




**Urban Dock LaLaport Toyosu (Mitsui Fudosan Co., Ltd.)**  
 5 floors above ground, Approx. 25m high  
 Store floor space : 62,000㎡  
 Opened in October 2006



**Offices building, Civic Center and a fire department.**  
**(IHI, Mitsui Fudosan and Koto Ward)**  
 Planning to redevelop




**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. 14ha
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- 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.

# <Appendices 2>

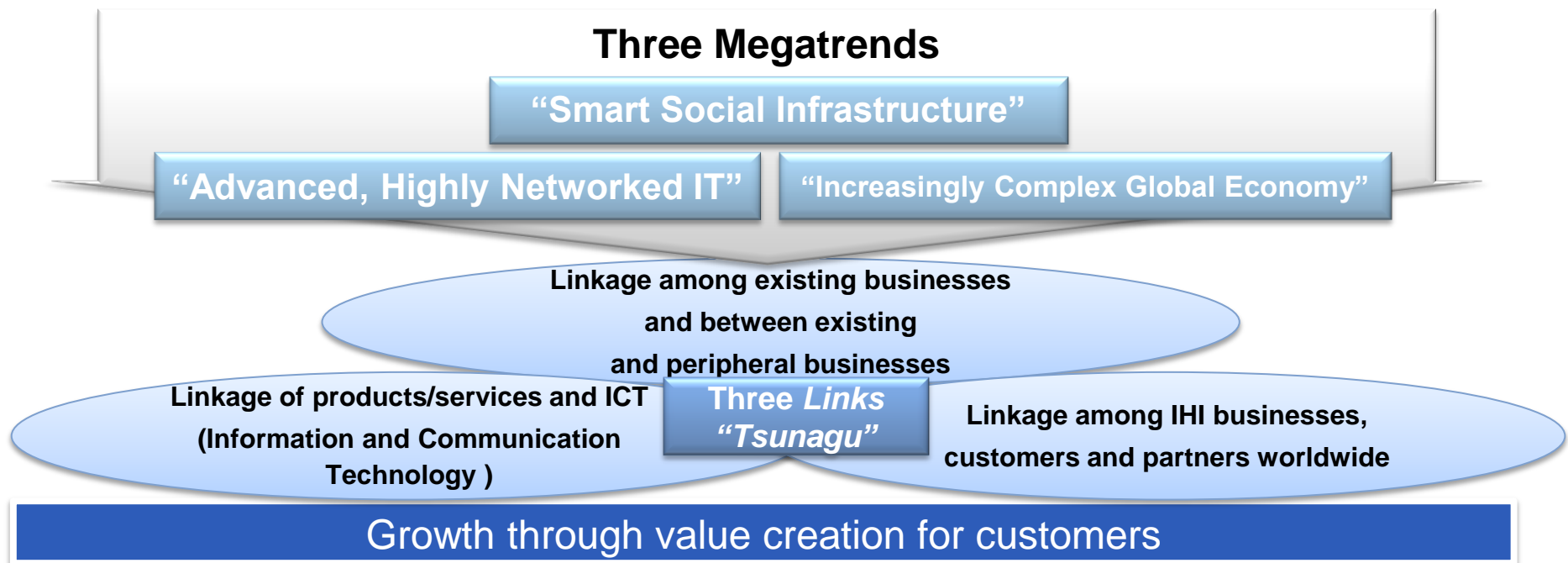
## Progress of “Group Management Policies 2013”



## ■ Positioning of “Group Management Policies 2013”



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



# Progress of “Group Management Policies 2013”

## ■ Numerical Targets for Group Management Policies 2013

	Targets		<Ref> Outlook In May 2014
Net sales	1,400 Billion Yen	(FY2015)	1,530 Billion Yen
Operating income	70 Billion Yen		90 Billion Yen
Total investment	400 Billion Yen	(FY2013–2015)	—
D/E ratio	1.2 Times or Less	(End of FY2015)	—
ROIC	6.5%		—

**Note:**

Targets of net sales and operating are estimated with assumed exchange rate of US\$ 1.00 = ¥80

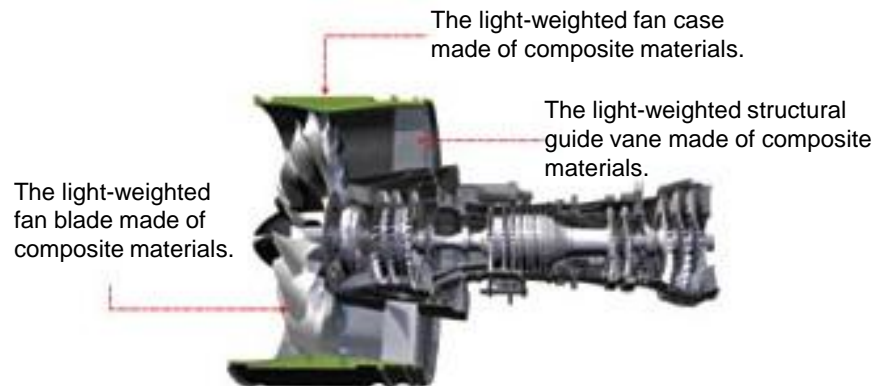
Reference outlook of net sales and operating income is estimated with assumed exchange rate of US\$ 1.00 = ¥100

## Industrial System and General-Purpose Machinery

The IHI Group has entered into a joint-venture agreement with Yuanda China Holdings Limited of Liaoning Province, China (hereinafter “Yuanda”) to establish a joint venture company that will operate an agricultural machinery business. The agricultural machinery business of the IHI Group currently involves manufacturing and sales mainly in Japan, carried out by IHI subsidiaries IHI STAR Machinery Corporation and IHI Shibaura Machinery Corporation. Looking to expand into the overseas market where there is plenty of room for future growth, IHI has agreed on a strategy with Yuanda, which is aiming to participate in the agricultural machinery business in China. Based on this agreement, a joint venture business will start with the aim of providing high quality agricultural machinery in the Chinese market.



Test Corn Picker



IHI's development parts of “PW1100G-JM”  
©: Japanese Aero Engines Corporation, (JAEC)

## Aero Engine, Space and Defense

The IHI Group delivered the initial mass production model of the composite material fan case for the PW1100G-JM engine for Airbus A320neo from Tomioka Works of IHI subsidiary IHI Aerospace Co., Ltd. (hereinafter “IA”) and the initial mass production model of the low-pressure compressors from IHI's Mizuho Aero-Engine Works. Concerning the mass production for the PW1100G-JM, a work dedicated to the composite material fan case was newly established at IA as a first for the IHI Group, and new manufacturing lines that adopted IHI's advanced manufacturing technologies are being constructed at each manufacturing site. In order to respond to a sharp increase in production volume that is expected in the future, the IHI Group will continue to progressively implement new capital investment and enhance mass production systems.

## Initiatives related to the “Tsunagu” functions

As an initiative related to the three links (Tsunagu) functions of “Solution & Engineering,” “Intelligent Information Management,” and “Global Marketing,” IHI has received a lump order for 127 units of 3D Laser Radar for level crossing obstacle detection systems from Rete Ferroviaria Italiana (RFI), which manages railway infrastructure for the state owned railway network company Ferrovie dello Stato Italiane. The favorable rating contributing to IHI receiving this order was the result of IHI’s abundant experience inside Japan, and its acquisition of an international safety standard(SIL4) issued by an official certification authority that certifies the highest level of safety in the world. IHI is now aggressively seeking to receive more orders for level crossing obstacle detection devices throughout Europe.



3D Laser Radar Level Crossing Obstacle Detection System



IHI Human Resources Development & Communication Center  
“I-STEP SHONAN”

## Initiatives related to human resources training

IHI has completed the construction of the “IHI Human Resources Development & Communication Center,” which has the nickname of “I-STEP SHONAN.” Serving as IHI’s core facility for human resources training, it is located in Yokosuka City, Kanagawa Prefecture.

I-STEP SHONAN will focus on the training of human resources who will become IHI’s future-generation of leaders. Training will be based on the IHI Group’s management principal “Human resources is the only and largest asset of the company “ and training will be based on study and exchange.

Then, IHI aims to achieve growth across the entire IHI Group by using the growth of all IHI Group employees as a driving force.

# IHI

**Realize your dreams**

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.