

Financial Results for Third Quarter FY2016 (for the year ending March 31, 2017)

February 1, 2017

IHI Corporation

1. Consolidated Results for Third Quarter FY2016

Summary of Financial Results.....	4
Financial Results by Segment.....	5
Non-operating Income / Expenses.....	8
Extraordinary Income / Losses.....	9
Balance Sheets.....	10
Supplementary Information.....	11

2. Forecast of the Consolidated Results for FY2016

Summary of Forecast for FY2016.....	14
Forecast for FY2016 by Segment.....	15

3. Financial Results by Segment

Resources, Energy and Environment.....	19
Social Infrastructure and Offshore Facility.....	21
Industrial System and General-Purpose Machinery.....	23
Aero Engine, Space and Defense.....	25

<Appendices>	27
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1. Consolidated Results for Third Quarter FY2016

1. Consolidated Results for Third Quarter FY2016

Summary of Financial Results

Note: Average exchange rates for FY2016.3Q US\$ 1.00= ¥106.36

(In billion yen)

	FY2015.3Q	FY2016.3Q	Change
Orders received	986.0	928.7	▲ 57.2
Net sales	1,058.1	1,038.2	▲ 19.9
Operating income	5.5	19.4	13.9
Ordinary income	1.9	8.7	6.7
Profit (loss) before income taxes	▲ 45.3	▲ 0.9	44.3
Profit (loss) attributable to owners of parent	▲ 34.2	▲ 9.1	25.1

Effective from the fiscal year under review, the closing date of the fiscal year of certain overseas consolidated subsidiaries has been changed from December 31 to March 31. As a result, for the nine months ended December 31, 2016, those overseas consolidated subsidiaries have a twelve-month accounting period. The impact of these changes was an increase of ¥25.2 billion in net sales and an increase of ¥2.7 billion in operating income.

1. Consolidated Results for Third Quarter FY2016

Financial Results by Segment

■ Orders received & Order backlog

(In billion yen)

	Orders received			Order backlog		
	FY2015.3Q	FY2016.3Q	Change	FY2015	FY2016.3Q	Change
Resources, Energy and Environment	332.0	269.8	▲ 62.2	843.4	775.2	▲ 68.1
Social Infrastructure and Offshore Facility	104.5	91.1	▲ 13.4	194.3	190.7	▲ 3.5
Industrial System and General-Purpose Machinery	317.2	318.6	1.4	138.0	159.0	20.9
Aero Engine, Space and Defense	224.9	234.1	9.2	541.0	435.6	▲ 105.4
Total Reportable Segment	978.8	913.7	▲ 65.0	1,716.8	1,560.6	▲ 156.1
Others	47.8	50.0	2.1	24.7	23.4	▲ 1.3
Adjustment	▲ 40.6	▲ 35.0	5.6	-	-	-
Total	986.0	928.7	▲ 57.2	1,741.6	1,584.1	▲ 157.5
Overseas orders received / order backlog	432.5	403.8	▲ 28.7	757.9	549.8	▲ 208.1
% of Overseas orders received / order backlog	44%	43%	▲ 1%	44%	35%	▲ 9%

1. Consolidated Results for Third Quarter FY2016

Financial Results by Segment

■ Net sales & Operating income

(In billion yen)

	Net sales			Operating income		
	FY2015.3Q	FY2016.3Q	Change	FY2015.3Q	FY2016.3Q	Change
Resources, Energy and Environment	312.6	297.3	▲ 15.2	▲ 7.4	▲ 15.8	▲ 8.3
Social Infrastructure and Offshore Facility	111.7	107.5	▲ 4.1	▲ 35.7	▲ 16.7	19.0
Industrial System and General-Purpose Machinery	289.4	298.5	9.0	7.2	11.2	4.0
Aero Engine, Space and Defense	334.6	322.6	▲ 11.9	43.4	41.6	▲ 1.8
Total Reportable Segment	1,048.5	1,026.1	▲ 22.3	7.4	20.3	12.8
Others	41.5	48.7	7.2	0.5	1.0	0.5
Adjustment	▲ 31.8	▲ 36.7	▲ 4.8	▲ 2.4	▲ 1.8	0.5
Total	1,058.1	1,038.2	▲ 19.9	5.5	19.4	13.9

The impact of sales by the change of closing date of the fiscal year of certain overseas consolidated subsidiaries were ¥10.9 billion for the Resources, Energy and Environment segment, ¥0.3 billion for the Social Infrastructure and Offshore Facility segment, and ¥11.7 billion for the Industrial System and General-Purpose Machinery segment. Segment profit was ¥0.6 billion for the Resources, Energy and Environment segment, and ¥2.0 billion for the Industrial System and General-Purpose Machinery segment.

1. Consolidated Results for Third Quarter FY2016

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	▲ 2.0	▲ 3.9	▲ 1.6	▲ 0.9	▲ 8.3
Social Infrastructure and Offshore Facility	0.5	19.0	▲ 0.7	0.2	19.0
Industrial System and General-Purpose Machinery	2.6	3.5	▲ 0.6	▲ 1.5	4.0
Aero Engine, Space and Defense	3.5	0.1	▲ 8.5	3.1	▲ 1.8
Total Reportable Segment	4.6	18.7	▲ 11.4	0.9	12.8
Others	1.0	▲ 0.8		0.3	0.5
Adjustment		▲ 1.0		1.5	0.5
Total	5.6	16.9	▲ 11.4	2.7	13.9

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 Third Quarter FY2016

Non-operating Income / Expenses

■ Non-operating Income / Expenses

(In billion yen)

	FY2015.3Q	FY2016.3Q	Change
Net interest expense (incl. dividend income)	▲ 0.5	▲ 0.1	0.3
Share of profit / losses of entities accounted for using equity method	2.1	0.2	▲ 1.8
Foreign exchange gains / losses	▲ 2.3	▲ 3.9	▲ 1.6
Others	▲ 2.9	▲ 6.9	▲ 3.9
Non-operating income / expenses	▲ 3.5	▲ 10.7	▲ 7.1

Change of the rate(USD) FY2015.3Q 0.44yen (beginning 120.17yen→end 120.61yen)
 FY2016.3Q 3.81yen (beginning 112.68yen→end 116.49yen)

1. Consolidated Results for Third Quarter FY2016

Extraordinary Income / Losses

■ Extraordinary Income / Losses

(In billion yen)

	FY2015.3Q	FY2016.3Q	Change	Note
Reversal of provision for loss on business of subsidiaries and affiliates	—	1.6	1.6	
Gain on bargain purchase	—	1.0	1.0	Reorganaization of Shield Tunneling Machinery Business.
Gain on transfer of shares of subsidiaries and affiliates	—	0.7	0.7	Reorganaizagtion of Construction Machinery Business.
Extraordinary income	—	3.5	3.5	
Provision for loss on guarantees	—	▲ 9.8	▲ 9.8	Estimated recoverable amount is deducted from Provision for loss on guarantees of UNIGEN inc. as of December 31,2016.(※)
Compensation for change of construction contracts	—	▲ 2.2	▲ 2.2	Compensation for change of construction contracts in Offshore Structure Business Projects.
Losses on valuation of investment securities	—	▲ 1.1	▲ 1.1	
Expenses for delayed delivery	▲ 47.2	—	47.2	<ul style="list-style-type: none"> • Compensation for delayed delivery due to noncompliant welding on some boiler projects. • Compensation for delayed delivery due to the accident of the Izmit Bay Crossing Bridge construction project in Turkey.
Extraordinary losses	▲ 47.2	▲ 13.1	34.1	

(※)IHI transferred all the shares of UNIGEN inc. to API Co., Ltd. on January 31,2017.

1. Consolidated Results for Third Quarter FY2016

Balance Sheets

(In billion yen)

	As of March 31, 2016	As of December 31, 2016	Change
Total assets	1,715.0	1,717.8	2.8
(Trade receivables)	(444.8)	(381.0)	(▲ 63.8)
(Inventories)	(410.3)	(468.9)	(58.5)
Total liabilities	1,381.6	1,398.8	17.1
(Trade payables)	(297.4)	(279.3)	(▲ 18.1)
(Advance received)	(180.3)	(208.4)	(28.0)
(Interest-bearing debt)	(374.5)	(423.9)	(49.4)
Total net assets	333.3	319.0	▲ 14.3
Shareholders' equity	305.8	295.6	▲ 10.1
Accumulated other comprehensive income	12.4	5.3	▲ 7.1
Total liabilities and net assets	1,715.0	1,717.8	2.8
D/E ratio (times)	1.12	1.33	0.21
Equity ratio	18.6%	17.5%	▲ 1.1%

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

(as of March 31, 2016: 17.9 billion yen / as of December 31, 2016: 20.6 billion yen)

1. Consolidated Results for Third Quarter FY2016 Supplementary Information

(1) Cash Flows

(In billion yen)

	FY2015.3Q	FY2016.3Q	Change
Operating activities	▲ 16.6	14.4	31.0
Investing activities	▲ 41.1	▲ 36.5	4.6
Free cash flows	▲ 57.7	▲ 22.0	35.7
Financing activities	51.9	34.6	▲ 17.3

1. Consolidated Results for Third Quarter FY2016

Supplementary Information

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

(In billion yen)

	FY2015.3Q	FY2016.3Q
R&D	28.2	22.8
CAPEX	32.5	35.9
Depreciation & Amortization	33.8	34.2

(3) Overseas Sales by Region

(In billion yen)

	FY2015.3Q	FY2016.3Q
Asia	134.3	134.0
China	59.0	62.7
North America	256.0	225.7
Central and South America	16.8	21.0
Europe	108.7	89.1
Others	27.0	26.0
Total	602.1	558.8
% of overseas sales	57%	54%

2. Forecast of the Consolidated Results for FY2016

2. Forecast of the Consolidated Results for FY2016

Summary of Forecast for FY2016

<assumed exchange rate>

US\$ 1.00 = ¥110 (assumed in Oct., ¥100)

Euro 1.00 = ¥120 (assumed in Oct., ¥110)

(In billion yen)

	FY2016 (In October)	FY2016 (In February)	Change
Orders received	1,400.0	1,400.0	0.0
Net sales	1,500.0	1,500.0	0.0
Operating income	38.0	38.0	0.0
Ordinary income	18.0	18.0	0.0
Profit attributable to owners of parent	0.0	0.0	0.0

<For reference> Sensitivity to foreign exchange rates by currency

1 yen per US\$ corresponds to 0.2billion yen, and per Euro, 0.0 billion yen in operating income.

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

■ Orders received

(In billion yen)

	FY2016 Forecast (In October)	FY2016 Forecast (In February)	Change
Resources, Energy and Environment	430.0	410.0	▲ 20.0
Social Infrastructure and Offshore Facility	120.0	120.0	0.0
Industrial System and General-Purpose Machinery	430.0	430.0	0.0
Aero Engine, Space and Defense	410.0	430.0	20.0
Total Reportable Segment	1,390.0	1,390.0	0.0
Others	70.0	70.0	0.0
Adjustment	▲ 60.0	▲ 60.0	0.0
Total	1,400.0	1,400.0	0.0

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

■ Net sales & Operating income

(In billion yen)

	FY2016 Forecast (In October)		FY2016 Forecast (In February)		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Resources, Energy and Environment	470.0	9.0	450.0	▲ 9.0	▲ 20.0	▲ 18.0
Social Infrastructure and Offshore Facility	160.0	▲ 15.0	160.0	▲ 15.0	0.0	0.0
Industrial System and General-Purpose Machinery	410.0	12.0	410.0	14.0	0.0	2.0
Aero Engine, Space and Defense	450.0	36.0	470.0	52.0	20.0	16.0
Total Reportable Segment	1,490.0	42.0	1,490.0	42.0	0.0	0.0
Others	70.0	2.0	70.0	2.0	0.0	0.0
Adjustment	▲ 60.0	▲ 6.0	▲ 60.0	▲ 6.0	0.0	0.0
Total	1,500.0	38.0	1,500.0	38.0	0.0	0.0

2. Forecast of the Consolidated Results for FY2016 Forecast for FY2016 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	▲ 3.0	▲ 16.0	1.0		▲ 18.0
Social Infrastructure and Offshore Facility					0.0
Industrial System and General-Purpose Machinery		1.0		1.0	2.0
Aero Engine, Space and Defense		12.0	4.0		16.0
Total Reportable Segment	▲ 3.0	▲ 3.0	5.0	1.0	0.0
Others					0.0
Adjustment					0.0
Total	▲ 3.0	▲ 3.0	5.0	1.0	0.0

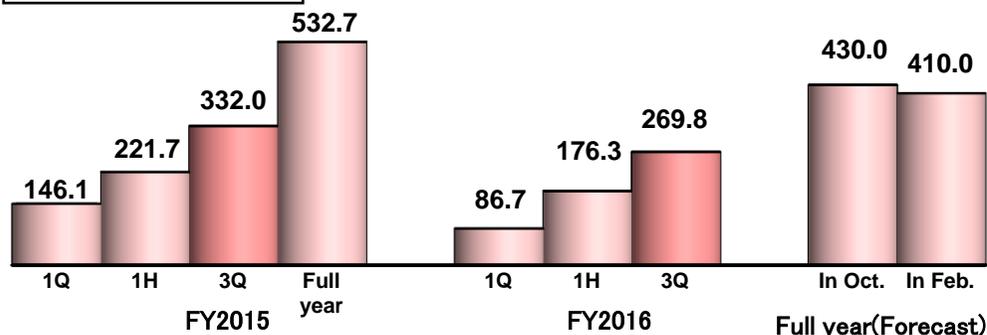
3. Financial Results by Segment

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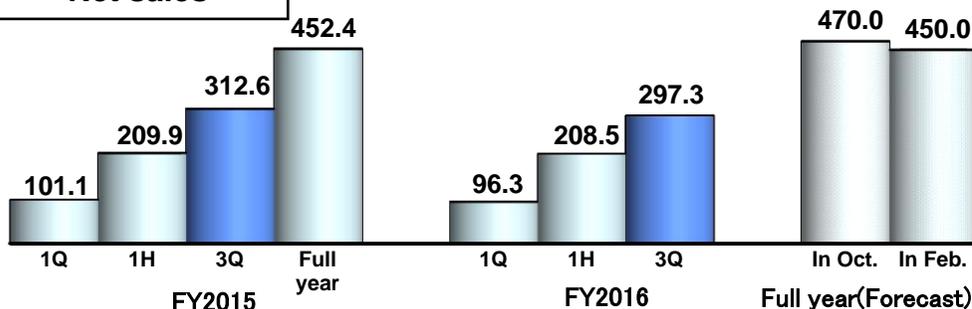
Resources, Energy and Environment

(In billion yen, accumulated amount)

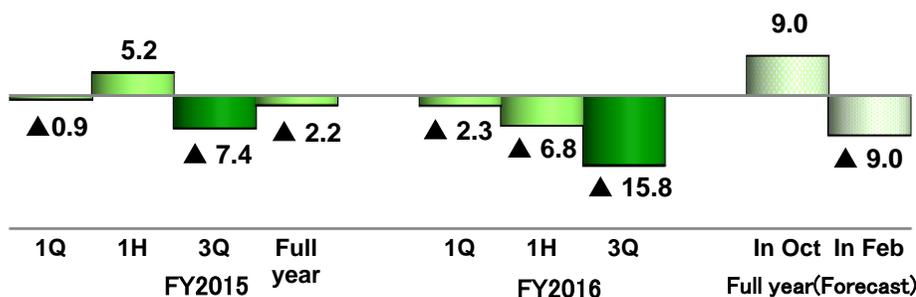
Orders received



Net sales



Operating income



<Results by business segment>

【 Orders received 】

Orders received declined from the previous corresponding period, reflecting a pullback from large orders secured in the previous corresponding period for Boiler Business, and decreases in orders secured for Power systems for land and marine use Business, affected by the low crude oil prices.

【 Net sales 】

Sales decreased from the previous corresponding period, reflecting decreased revenues in Process plants Business and decreased sales in Power systems for land and marine use Business, partially offset by increased revenues from the progress of major construction projects in Boiler Business.

【 Operating income 】

In terms of operating loss, the deficit expanded from the previous corresponding period, mainly owing to the expansion of decreased revenues in Power systems for land and marine use Business, as well as the deterioration of profitability in large projects underway in North America in Process plants Business.

<FY2016 Forecast (vs. In Oct.)>

Orders received are revised down owing to the impact of timing delays in Power system plants Business. Sales and Operating income are revised down owing mainly to the deterioration in profitability in Process plants Business.

3. Financial Results by Segment Resources, Energy and Environment

(In billion yen)

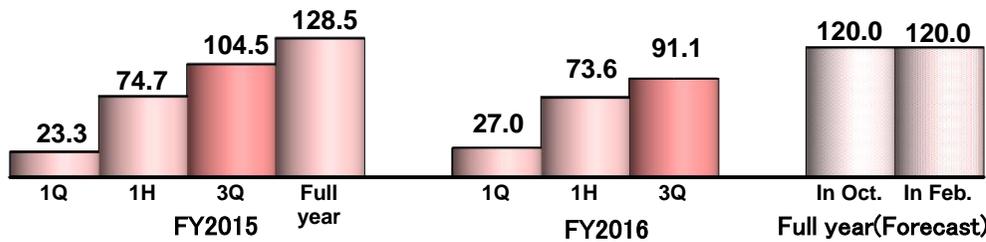
	Orders received		Net sales							
	FY2015 Full yaer	FY2016 Full yaer (Forecast)	FY2015				FY2016			
			1Q	1H	3Q	Full yaer	1Q	1H	3Q	Full yaer (Forecast)
Boiler	170.1	90.0	18.2	44.7	56.9	80.8	24.5	60.9	86.1	120.0
Power system plants	22.1	25.0	4.3	9.0	19.8	31.8	5.8	10.4	14.0	20.0
Power systems for land and marine use	81.1	65.0	20.9	37.6	57.7	77.8	13.3	26.4	38.8	50.0
Process plants	107.1	80.0	30.6	63.4	95.1	123.1	21.5	48.6	62.9	110.0
Nuclear power	38.6	40.0	3.8	11.0	14.7	32.5	2.2	6.9	12.7	35.0

3. Financial Results by Segment

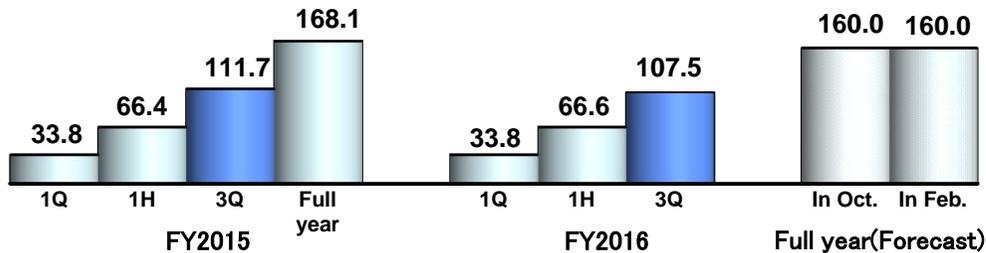
Social Infrastructure and Offshore Facility

(In billion yen, accumulated amount)

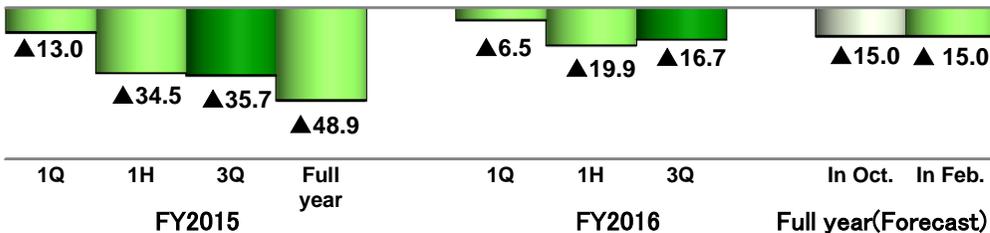
Orders received



Net sales



Operating income



<Results by business segment>

【 Orders received】

Orders received decreased from the previous corresponding period, owing to decreases in Concrete construction materials Business and Bridge/water gate Business.

【 Net sales】

Sales decreased from the previous corresponding period, partly owing to the impact of the decreased revenues in the Bridge/water gate Business from the completion of the Izmit Bay Crossing Bridge construction project in Turkey, partially offset by increased revenues in Shield tunneling machine Business, which carried out business integration.

【 Operating income】

In terms of operating loss, there was a reduced deficit from the previous corresponding period due to the improved profitability in Bridge/water gate Business and reflecting a pullback from the drastic deterioration of profitability related to F-LNG Business in the previous corresponding period.

<FY2016 Forecast (vs. In Oct.)>

Orders received remain unchanged. In terms of Sales and Operating income, there are increasing sales and profit in Shield tunneling machinery Business, offset by decreasing sales and profit due to change of construction contracts of offshore facility projects in F-LNG Business, hence the forecasts remain unchanged from the previous announced forecasts.

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(In billion yen)

	Orders received		Net sales							
	FY2015	FY2016	FY2015				FY2016			
	Full yaer	Full yaer (Forecast)	1Q	1H	3Q	Full yaer	1Q	1H	3Q	Full yaer (Forecast)
Bridge/Water gate	76.6	65.0	17.5	33.7	53.3	76.0	15.0	30.6	44.9	60.0
F-LNG	▲ 15.5	0.0	3.6	6.8	14.4	21.4	8.0	10.7	14.6	25.0
Urban development	16.2	15.0	5.1	8.8	12.7	17.6	3.4	7.1	10.6	15.0

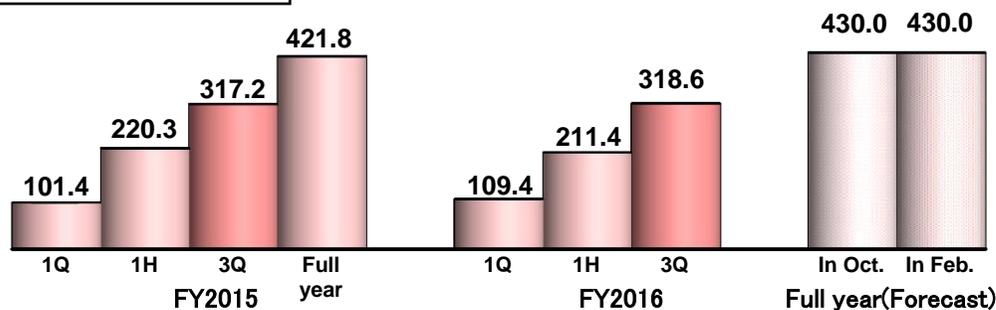
For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 33, 34.

3. Financial Results by Segment

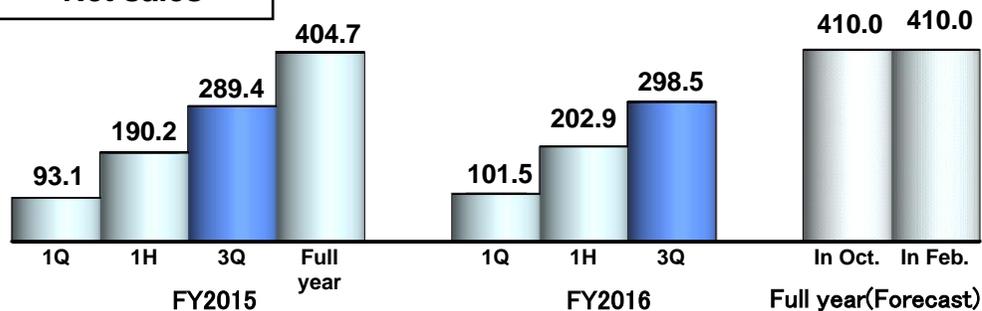
Industrial System and General-Purpose Machinery

(In billion yen, accumulated amount)

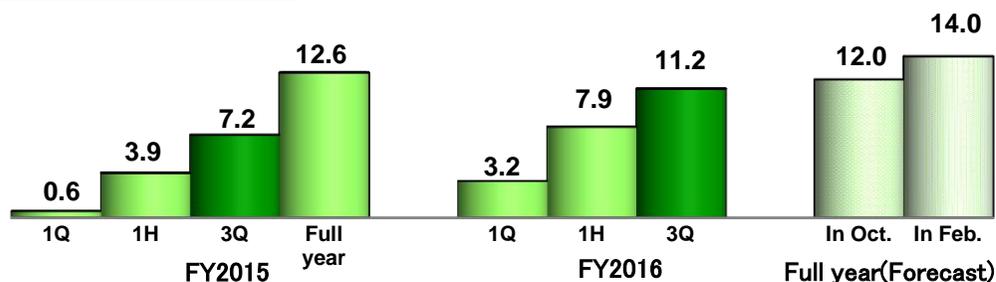
Orders received



Net sales



Operating income



<Results by business segment>

【 Orders received】

Orders received were at the same level as the previous corresponding period, owing to increases in Vehicular turbocharger Business, Paper-making machinery Business, and Thermal and surface treatment Business, offsetting the impact from a transfer of Construction machinery Business.

【 Net sales】

Sales increased from the previous corresponding period, owing to increases in Vehicular turbocharger Business, Rotating machinery Business and Logistics/industrial system Business, partially offset by the impact from a transfer of Construction machinery Business and decreased revenues in Agricultural machinery/small power systems Business.

<Number of vehicular turbochargers delivered>

	(10,000 Units)	
	3Q	Full Year
FY2015	407	536
FY2016	452	607

【 Operating income 】

Operating income rose from the previous corresponding period, owing to the aforementioned increased sales, as well as the improvement in profitability in Parking Business, Logistics/industrial system Business and Rotating machinery Business.

<FY2016 Forecast (vs. In Oct.)>

Operating income revised up owing to improving profitability in Vehicular turbochargers Business and reduction of SG&A expenses.

The forecasts of Orders received and Sales remain unchanged.

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

(In billion yen)

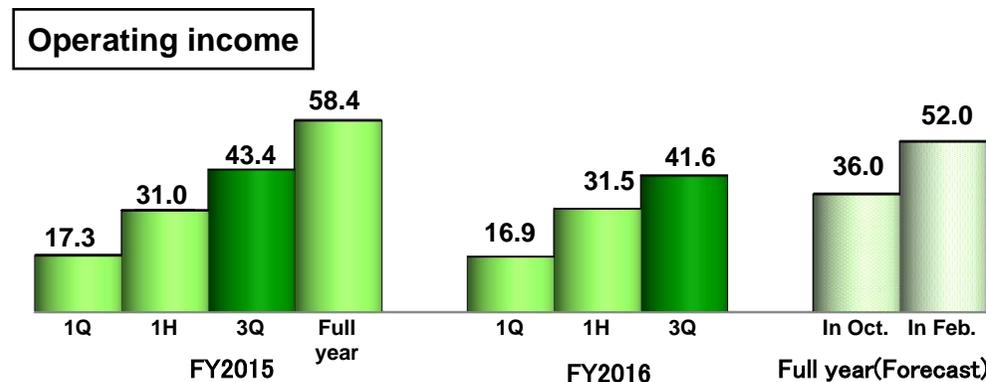
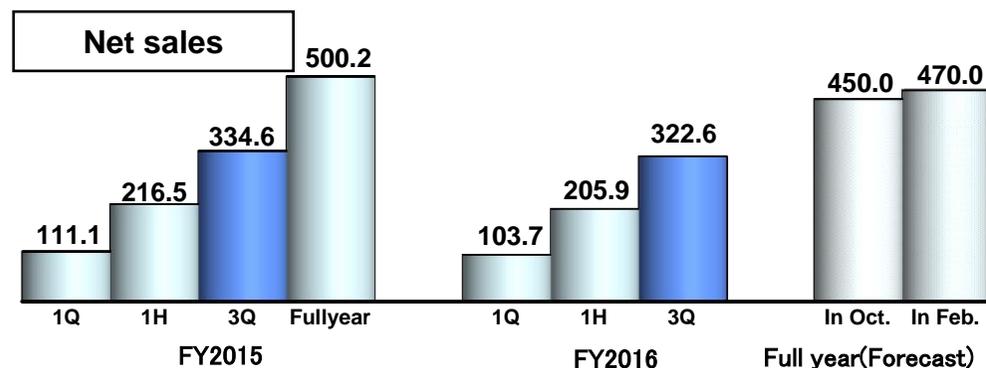
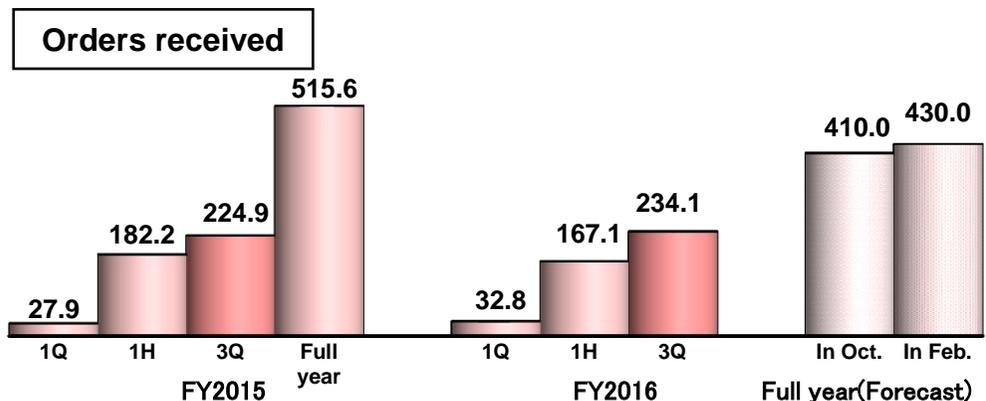
	Orders received		Net sales							
	FY2015 Full yaer	FY2016 Full yaer (Forecast)	FY2015				FY2016			
			1Q	1H	3Q	Full yaer	1Q	1H	3Q	Full yaer (Forecast)
Transport machinery	35.8	35.0	3.5	9.8	15.6	21.8	5.4	11.6	16.5	25.0
Parking	39.6	40.0	8.7	19.5	29.8	42.6	7.5	18.4	29.6	40.0
Thermal and surface treatment	29.8	33.0	7.0	14.5	23.1	31.7	7.8	15.6	23.2	35.0
Vehicular turbocharger	162.0	170.0	44.0	82.8	121.8	161.6	47.4	86.8	129.3	170.0
Rotating machinery	48.7	50.0	8.4	19.4	29.5	46.4	10.3	21.7	33.7	50.0

For details of "Vehicular turbocharger", please refer to <Appendices> on page 32.

3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen, accumulated amount)



<Results by business segment>

【 Orders received】

Orders received increased from the previous corresponding period due to increases in Rocket systems/space utilization systems Business and Aero engines Business.

【 Net sales】

Sales decreased owing to a decrease in civil aero engines mainly as a result of the effect of yen appreciation and delivery of gas turbines for naval vessels in Defense systems Business in the previous corresponding period.

<Number of civil aero engines delivered>

	(Units)	
	3Q	Full Year
FY2015	957	1,260
FY2016	957	1,330

【 Operating income】

Operating income decreased from the previous corresponding period, owing to the impact of decreased revenue in Aero engines Business due to the yen appreciation, partially offset by a decrease in R&D expenses related to the “GE9X” aero engine for the next-generation wide-body jets being promoted to the preparatory stage for mass production.

<FY2016 Forecast (vs. In Oct.)>

Orders received and sales are revised up owing to effect of exchange rate and other factors.

Operating income revised up owing to the above-mentioned increasing revenue and improving profitability of civil aero engines.

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

(In billion yen)

	Orders received		Net sales							
	FY2015	FY2016	FY2015				FY2016			
	Full yaer	Full yaer (Forecast)	1Q	1H	3Q	Full yaer	1Q	1H	3Q	Full yaer (Forecast)
Civil aircraft engine	276.1	300.0	77.8	149.0	224.2	299.1	69.8	135.2	208.3	310.0

For details of "Civil aircraft engine", please refer to <Appendices> on page 31.

<Appendices>

- Progress in Large Overseas Projects
- Topics in the Third quarter under review
- Aero engines
- Vehicular turbocharger
- Urban development

Progress in Large Overseas Projects

Dominion Cove Point Liquefaction Project



Aerial photo as of Dec. 2016 Heavy Removal Unit installation

<Current status (Dec. 2016)>

- Engineering is essentially complete.
- Procurement of equipment is essentially complete.
- Overall project is nearly 80% complete.
- Installation of structural steel and piping is underway.

<Key milestones>

April 2013:	Contract award
September 2014:	FERC Order received & accepted
March 2015:	Groundbreaking Ceremony held
Early 2017:	DCS in Service
Mid 2017:	Mechanical Completion
Oct. to Dec. 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 coal fired power plant



Expected Completion Image

As of end of Dec. 2016

<Status>

As of end of Dec. 2016, piling and foundation works are in progress. Foundation work for #1 boiler area has been almost completed. IHI will start steel structure erection in Jan 2017. For boiler portion, 80% of engineering and 35% of procurement activities were completed. As total 25% 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>

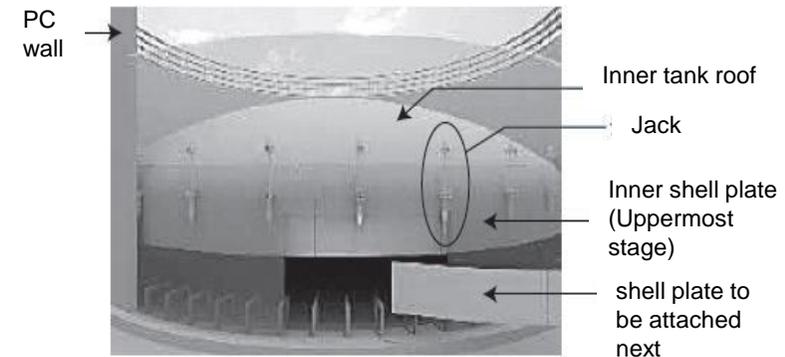
- Contract: Full turn key contract for ultra-supercritical boiler for Jimah East Power Sdn. Bhd. (IPP)
- Site: Jimah, Negeri Sembilan, Malaysia
- Scope: Engineering, Procurement, Construction and Commissioning of Ultra-supercritical boiler

Consecutive orders for high capacity LNG storage tanks at Soma Port

IHI formed a joint venture with SHIMIZU CORPORATION and received an order from Fukushima Gas Power Co., Ltd. to perform engineering, procurement and construction for one above-ground LNG storage tank (storage capacity 230,000 kl).

This order marks consecutive orders for LNG storage tanks at Soma Port in Fukushima Prefecture, following the above-ground LNG storage tank currently under construction at Japan Petroleum Exploration Co., Ltd.'s (JAPEX) Soma LNG Receiving Terminal. A significant shortening of the construction period will be realized by applying the new method developed by IHI, "J. C. Method®" for the construction of this project as well.

IHI contributes to the Fukushima's revitalization through this project and continues to proactively secure orders to provide a stable supply of environmentally-friendly energy against a backdrop of increasing global energy demand.



「J. C. Method®」 Construction Image

Re-development of the Toyosu 2-1 district

The main developer Mitsui Fudosan Co., Ltd. began construction of the new buildings for the "(tentative name) Toyosu 2nd District 2-1 Project (Towers A and C)" in the 2-1 district of the Toyosu 2-Chome Station Area, for which IHI is the landowner. The mixed-use building that is to be newly constructed will be completed in April 2020, and IHI plans to operate the rental business in collaboration with Mitsui Fudosan.

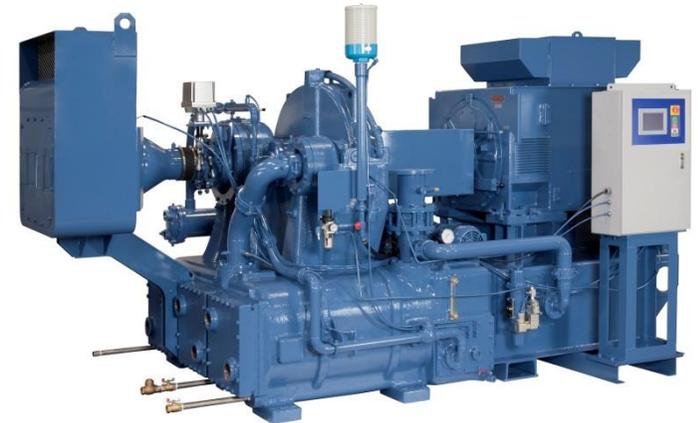
The mixed-use complex to be newly constructed, will include, in addition to retail facilities and offices, the first hotel to open in the Toyosu re-development district, which IHI has been helping to develop. Additionally, from the perspective of improving the complex's Business Continuity Plan (BCP), IHI plans to apply anti-seismic structure and establish an energy center equipped with a gas co-generation system, which is a high efficiency distributed generation system. Such measures will provide this energy center with the capacity to supply energy to the surrounding buildings, aiming to further strengthen the disaster prevention of the Toyosu district.



Establishment of a joint venture in Turkey for general-purpose turbo compressors

IHI entered into an agreement with the leading company in Turkey for general-purpose screw compressors, DALGAKIRAN MAKINA SAN. VE TIC. A.S., on October 21 of last year regarding the establishment of a joint venture in Turkey that will become a production and sales base for general-purpose turbo compressors.

General-purpose turbo compressors are widely used across the world in all industries, especially the automobile industry, and future global growth is expected following the recent worldwide concerns regarding global warming prevention and environmental problems, and the increase in customers' focus on energy conservation. Under these circumstances, IHI will establish a joint venture in Turkey, a country with high growth potential that offers convenient access to the surrounding regions, and begin developing its business in the markets of not only Turkey, but also the surrounding regions such as Europe and the Middle East where demand is firm.



IHI General-purpose turbo compressor

Launch of Epsilon-2



©JAXA

Japan Aerospace Exploration Agency's (JAXA) Epsilon-2 was launched on December 20 of last year and the successful separation of Exploration of energization and Radiation in Geospace (ERG) was confirmed. The IHI Group company IHI AEROSPACE Co., Ltd. was in charge of the development and manufacture of the launch vehicle system.

This success demonstrates the results of the technological development related to rocket systems, such as the improvement of launch capabilities and the expansion of satellite loading space, that the Group carried out to meet future launch demand. The Group will work to advance Japanese space development and stimulate future technological development of rocket systems and relevant diligent study.

Aero engines

(1) Net sales of civil aircraft engine

(In billion yen)

	Actual											Forecast	
	'11	'12	'13	'14	FY2015				FY2016				
					1Q	1H	3Q	Full Year	1Q	1H	3Q		Full Year
Net sales	143.6	169.8	226.0	267.0	77.8	149.0	224.2	299.1	69.8	135.2	208.3	310.0	

(2) Number of civil aircraft engine delivered

(Units)

	Actual (accumulated)												Main loading
	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16/3Q	
V2500	2,850	3,154	3,474	3,828	4,168	4,551	4,980	5,468	5,969	6,469	6,896	7,160	Airbus A319/320/321
GE90	464	579	742	896	1,071	1,223	1,399	1,589	1,806	2,039	2,257	2,418	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	4,744	For regional jet (70 to 110 seats)
GErx							118	259	468	751	1,035	1,224	Boeing B787/B747-8
PW1100G											16	86	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	15,632	

(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>

(In billion yen)

	Actual											Forecast	
	'11	'12	'13	'14	FY2015				FY2016				
					1Q	1H	3Q	Full Year	1Q	1H	3Q		Full Year
Japan	33.1	33.9	35.3	37.5	8.4	17.2	25.5	34.6	8.5	18.0	27.4	38.0	
Asia	16.9	24.8	29.8	27.5	7.8	12.9	16.6	21.6	6.6	9.6	12.7	15.0	
China	14.3	18.1	23.4	24.3	7.1	11.8	17.9	24.9	11.8	20.5	34.3	46.0	
North America	1.1	1.3	1.6	1.8	0.5	1.2	1.8	2.4	1.3	1.9	2.5	3.0	
Central and South America	0.0	0.0	0.0	0.7	0.8	1.6	2.4	3.4	2.9	4.3	5.0	6.0	
Europe	43.7	43.2	60.2	75.6	19.2	37.8	57.3	74.3	16.0	32.2	47.1	62.0	
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	167.7	44.0	82.8	121.8	161.6	47.4	86.8	129.3	170.0	

(1) Lease revenue in Toyosu

(In billion yen)

	Actual											Forecast
	'11	'12	'13	'14	FY2015				FY2016			
					1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year
Lease revenue	9.5	9.2	9.1	9.3	2.5	5.0	7.6	10.1	2.3	4.6	7.0	9.3

(2) Lease revenue and expense in Toyosu (FY2016.3Q)

(In billion yen)

	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2016.3Q	7.0	2.6	1.7	2.5

Development Plan for Toyosu 1 to 3 chome Area

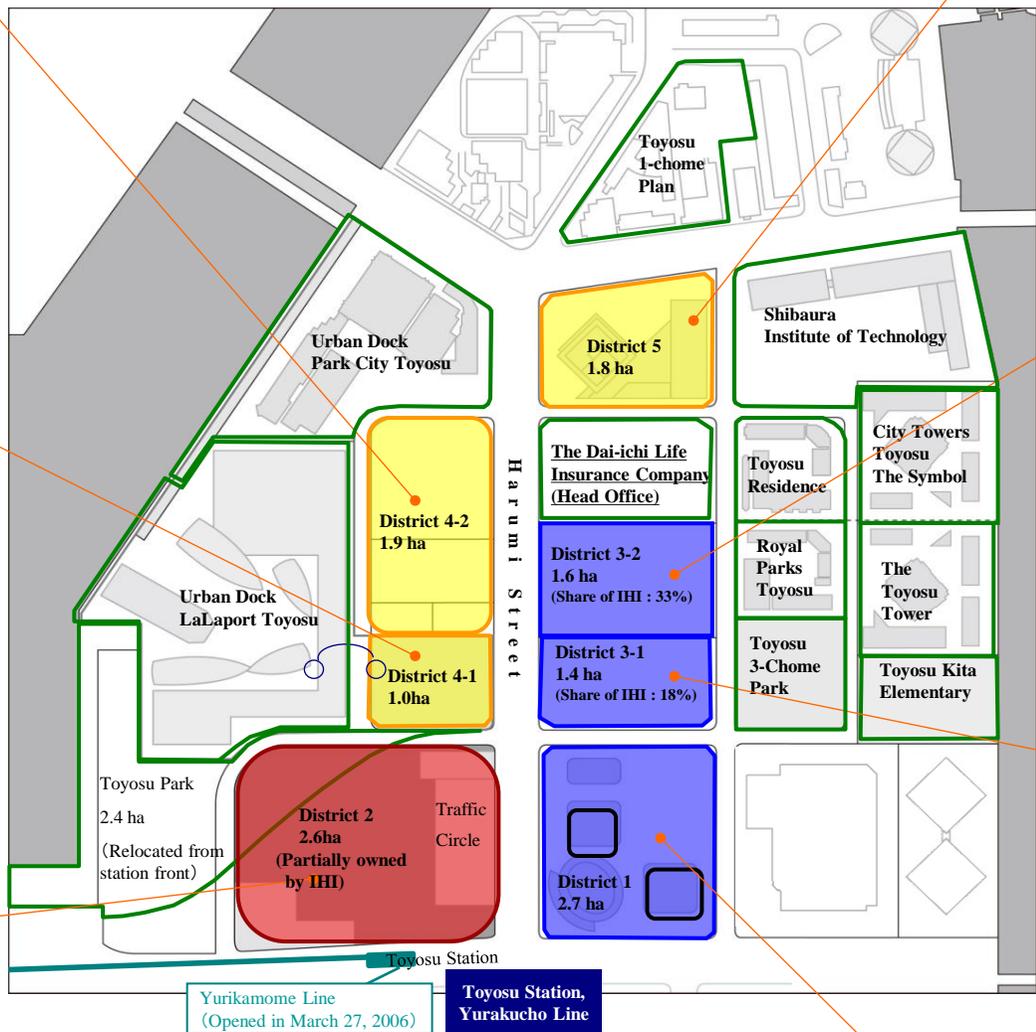
Kindergarten, Nursery school, Café, Marriage ceremonial hall.
 Site area : 19,492㎡
 Completed in March 2010 to February 2011



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



Complex building A•C, (IHI and Mitsui Fudosan)
 36 floors above ground, Approx. 178m high
 Gross floor area : 185,000㎡
 Scheduled for completion in April 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



Civic Center : Opened in September 2015
 Fire department office : Completed in June 2016

Property of IHI	Approx. 8ha
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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.

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.