

Financial Results for FY2017 (for the year ended March 31, 2018)

IHI

May 9, 2018

IHI Corporation

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1. Consolidated Results for FY2017



1. Consolidated Results for FY2017

Summary of Financial Results

Note: Average exchange rates for FY2017 US\$ 1.00= ¥111.00

February 1, 2018 Forecast

(In billion yen)

	FY2016	FY2017		Change
Orders received	1,389.8	1,500.0	1,505.0	5.0 115.1
Net sales	1,486.3	1,600.0	1,590.3	▲ 9.7 104.0
Operating profit	47.3	71.0	72.2	1.2 24.8
Ordinary profit	22.0	39.0	21.4	▲ 17.6 ▲ 0.5
Profit before income taxes	18.0		18.9	0.9
Profit attributable to owners of parent	5.2	11.0	8.2	▲ 2.8 3.0

As same as FY2016, 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 twelve months ended March 31, 2018, those overseas consolidated subsidiaries have a fifteen-month accounting period. The impact of these changes was an increase of ¥57.9 billion in net sales and an increase of ¥1.4 billion in operating profit (an increase of ¥25.2 billion in net sales and an increase of ¥2.7 billion in operating profit in previous fiscal year).

1. Consolidated Results for FY2017

Financial Results by Segment

■ Orders received & Order backlog

February 1, 2018 Forecast

(In billion yen)

	Orders received			Order backlog		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Resources, Energy and Environment	352.8	440.0 378.0	▲ 62.0 25.2	752.3	648.5	▲ 103.8
Social Infrastructure and Offshore Facility	150.1	150.0 163.9	13.9 13.8	196.1	206.1	9.9
Industrial System and General-Purpose Machinery	420.5	470.0 474.0	4.0 53.4	148.4	161.0	12.6
Aero Engine, Space and Defense	451.5	440.0 463.8	23.8 12.3	511.0	533.0	21.9
Total Reportable Segment	1,375.0	1,500.0 1,479.9	▲ 20.1 104.8	1,608.0	1,548.7	▲ 59.3
Others	68.3	74.1	5.7	17.2	18.4	1.1
Adjustment	▲ 53.5	▲ 49.0	4.5	-	-	-
Total	1,389.8	1,500.0 1,505.0	5.0 115.1	1,625.3	1,567.1	▲ 58.1
Overseas orders received / order backlog	615.5	819.0	203.5	591.2	625.4	34.1
% of Overseas orders received / order backlog	44%	54%	10%	36%	40%	4%

1. Consolidated Results for FY2017

Financial Results by Segment

■ Net sales & Operating profit

February 1, 2018 Forecast

(In billion yen)

	Net sales			Operating profit		
	FY2016	FY2017	Change	FY2016	FY2017	Change
Resources, Energy and Environment	427.3	490.4	63.1	▲10.6	▲14.8	▲4.1
Social Infrastructure and Offshore Facility	157.7	154.5	▲3.2	▲12.0	13.9	26.0
Industrial System and General-Purpose Machinery	411.6	459.0	47.4	17.5	18.9	1.3
Aero Engine, Space and Defense	471.9	463.7	▲8.2	53.0	60.1	7.0
Total Reportable Segment	1,468.7	1,567.7	99.0	47.8	78.1	30.3
Others	75.1	73.5	▲1.6	2.5	2.7	0.1
Adjustment	▲57.5	▲50.9	6.5	▲3.0	▲8.6	▲5.6
Total	1,486.3	1,590.3	104.0	47.3	72.2	24.8

Overseas sales	757.4	808.0	50.6
% of overseas sales	51%	51%	0%

Regarding the impacts to each segment caused by changes of the closing date of the fiscal year of certain overseas consolidated subsidiaries, please refer to segment information found in the consolidated financial report.

1. Consolidated Results for FY2017

Financial Results by Segment

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

(In billion yen)

	Change in net sales	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Impact of change of FY period	Total
Resources, Energy and Environment	4.2	▲ 11.0	0.1	3.2	▲ 0.7	▲ 4.1
Social Infrastructure and Offshore Facility		25.9	0.5	▲ 0.4		26.0
Industrial System and General-Purpose Machinery	2.4			▲ 0.7	▲ 0.4	1.3
Aero Engine, Space and Defense	▲ 5.8	13.1	1.7	▲ 1.9		7.0
Total Reportable Segment	0.8	28.0	2.3	0.2	▲ 1.1	30.3
Others	▲ 0.1	0.3		0.2	▲ 0.2	0.1
Adjustment		▲ 3.0		▲ 2.6		▲ 5.6
Total	0.7	25.3	2.3	▲ 2.2	▲ 1.3	24.8

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

Deterioration of profitability (in the fourth quarter) in the projects underway in North America in the Process plants Business

While construction and installation works was getting underway in earnest onsite, IHI headquarters dispatched a team of experts in the fourth quarter to conduct monitoring of processes and estimated costs based on the four points below, and reexamined the construction costing.

- (1) Whether or not the most recent contract negotiations with subcontractors have been appropriately reflected.
- (2) Whether or not the costs required for the catchup from process delays has been appropriately estimated.
- (3) Whether or not the construction required from this point forward has been exhaustively identified in the execution plan.
- (4) Whether or not the effect of the delays in delivery of the customer deliverables has been appropriately factored in.

Based on the result of this monitoring, additional cost that is expected to occur from this point forward has been factored into the financial results.

The business-operating company IHI E&C is cutting back on receiving new large-scale orders and concentrating its resources into this project.

Working toward making the handover of the No.1 Train that is scheduled for this summer, IHI and IHI E&C will continue to implement detailed progress management of projects, including the management of outsourcing.

1. Consolidated Results for FY2017

Non-operating Income / Expenses



(In billion yen)

	FY2016	FY2017	Change	Note
Net interest expense (incl. dividend income)	▲ 0.5	▲ 0.5	0.0	
Share of profit / loss of entities accounted for using equity method	▲ 3.5	▲ 33.0	▲ 29.5	FY2017 Japan Marine United Corporation(JMU) ▲32.0(*)
Foreign exchange gains / losses	▲ 6.7	▲ 3.8	2.8	
Others	▲ 14.5	▲ 13.4	1.1	FY2017 Reversal of accrued expenses for environmental conservation measures +1.0 Payments for contract adjustments for civil aero engines ▲6.4 Expenses for delayed delivery ▲4.4
Non-operating income / expenses	▲ 25.3	▲ 50.8	▲ 25.4	

(*) The deterioration expanded due to a worsening in the profitability of foreign-currency denominated contracts because of fluctuations in foreign-currency exchange rates and a reversal of deferred tax assets in the fourth quarter, as well as a worsening in the profitability of LNG vessels projects in IHI's affiliate JMU in the third quarter.

Change of the rate(USD) FY2016 ▲0.49yen (beginning 112.68yen→end 112.19yen)
FY2017 ▲5.95yen (beginning 112.19yen→end 106.24yen)

1. Consolidated Results for FY2017

Extraordinary Income



(In billion yen)

	FY2016	FY2017	Change	Note
Gain on sales of investment securities	—	1.5	1.5	Machinery for ships Business, Fire fighting equipment Business.
Gain on sales of non-current assets	23.5	—	▲ 23.5	The sales of land of Toyosu Center Building Annex and others
Gain on contribution of securities to retirement benefit trust	3.4	—	▲ 3.4	
Reversal of provision for loss on business of subsidiaries and affiliates	1.6	—	▲ 1.6	
Gain on bargain purchase	1.0	—	▲ 1.0	Reorganization of Shield systems Business.
Gain on transfer of shares of subsidiaries and affiliates	0.7	—	▲ 0.7	Reorganization of Construction machinery Business.
Extraordinary income	30.5	1.5	▲ 28.9	

1. Consolidated Results for FY2017

Extraordinary Losses



(In billion yen)

	FY2016	FY2017	Change	
Settlement-related expenses related to boiler facilities in customer's commercial operation	—	▲ 2.9	▲ 2.9	<ul style="list-style-type: none"> · Bearing a portion of the amount incurred by the accident involving boiler facilities damage in customer's commercial operation. · Lawyer fees and others.
Impairment loss	▲ 3.4	▲ 1.0	2.3	
Business structural reform expenses related to the F-LNG/Offshore structure Business	▲ 9.9	—	9.9	<ul style="list-style-type: none"> · Impairment loss of the Aichi works(F-LNG production facilities). · Dismantlement costs of a portion of the assets.
Loss on transfer of receivables	▲ 9.8	—	9.8	Loss on transfer of the right to claim compensation from UNIGEN inc. arising from the performance of debt guarantees corresponding to guarantee of obligations.
Settlement-related expenses related to delivered boiler facilities	▲ 6.9	—	6.9	<ul style="list-style-type: none"> · Bearing a portion of the amount incurred by the accident involving delivered boiler facilities damage. · Lawyer fees and others.
Compensation for change of construction contracts	▲ 2.2	—	2.2	Compensation for change of construction contracts in Offshore Structure Business Projects.
Dismantlement costs of an underpass in Toyosu	▲ 2.0	—	2.0	
Extraordinary losses	▲ 34.4	▲ 4.0	30.4	

1. Consolidated Results for FY2017

Balance Sheets

(In billion yen)

	As of March 31, 2017	As of March 31, 2018	Change
Total assets	1,692.8	1,633.6	▲ 59.1
(Trade receivables)	(403.0)	(400.3)	(▲ 2.7)
(Inventories)	(417.2)	(428.5)	(11.2)
(Investment securities)	(134.6)	(99.2)	(▲ 35.3)
Total liabilities	1,355.2	1,283.4	▲ 71.7
(Trade payables)	(285.9)	(304.9)	(18.9)
(Advance received)	(208.9)	(177.8)	(▲ 31.0)
(Interest-bearing debt)	(371.9)	(322.2)	(▲ 49.6)
Total net assets	337.6	350.2	12.5
Shareholders' equity	309.9	313.2	3.2
Accumulated other comprehensive income	8.1	11.3	3.1
Non-controlling interests and others	19.4	25.6	6.1
Total liabilities and net assets	1,692.8	1,633.6	▲ 59.1
D/E ratio (times)	1.10	0.92	▲ 0.18
Equity ratio	18.8%	19.9%	1.1%
ROIC	5.0%	7.7%	2.7%

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

(as of March 31, 2017: ¥20.3 billion / as of March 31, 2018: ¥18.2 billion)

1. Consolidated Results for FY2017

Cash Flows

(In billion yen)

	FY2016	FY2017	Change
Operating activities	65.3	99.0	33.6
Investing activities	▲ 28.9	▲ 47.9	▲ 19.0
Free cash flows	36.4	51.0	14.6
Financing activities	▲ 21.9	▲ 57.3	▲ 35.3

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

(In billion yen)

	FY2016	FY2017	FY2018(Forecast)
R&D	35.5	38.6	39.0
CAPEX	52.7	59.2	77.0
Depreciation & Amortization	46.6	44.8	46.0

(2) Overseas Sales by Region

(In billion yen)

	FY2016	FY2017
Asia	172.1	158.7
China	88.2	111.5
North America	320.2	351.3
Central and South America	26.4	22.8
Europe	116.1	132.6
Others	34.1	30.9
Total	757.4	808.0
% of overseas sales	51%	51%

1. Consolidated Results for FY2017 Supplementary Information

(3) Assets balance by Segment

(In billion yen)

	Assets balance		
	As of March 31, 2017	As of March 31, 2018	Change
Resources, Energy and Environment	406.1	338.6	▲ 67.5
Social Infrastructure and Offshore Facility	241.3	231.6	▲ 9.6
Industrial System and General-Purpose Machinery	318.9	343.9	25.0
Aero Engine, Space and Defense	493.6	518.6	25.0
Total Reportable Segment	1,460.1	1,432.9	▲ 27.1
Others	107.7	81.1	▲ 26.5
Adjustment	124.9	119.5	▲ 5.4
Total	1,692.8	1,633.6	▲ 59.1

2. Forecasts of the Consolidated Results for FY2018

2. Forecasts of the Consolidated Results for FY2018

Summary of Forecasts

<assumed exchange rate>

US\$ 1.00 = ¥105

Euro 1.00 = ¥130

(In billion yen)

	FY2017 Actual	FY2018 Forecast	Change
Orders received	1,505.0	1,500.0	▲ 5.0
Net sales	1,590.3	1,500.0	▲ 90.3
Operating profit	72.2	85.0	12.8
Ordinary profit	21.4	65.0	43.6
Profit attributable to owners of parent	8.2	32.0	23.8

<For reference> Sensitivity to foreign exchange rates by currency

1 yen per US\$ corresponds to ¥1.0 billion, and per Euro, ¥0.0 billion in operating profit.

2. Forecasts of the Consolidated Results for FY2018

Forecasts by Segment

■ Orders received

(In billion yen)

	FY2017 Actual	FY2018 Forecast	Change
Resources, Energy and Environment	378.0	380.0	2.0
Social Infrastructure and Offshore Facility	163.9	140.0	▲ 23.9
Industrial System and General-Purpose Machinery	474.0	470.0	▲ 4.0
Aero Engine, Space and Defense	463.8	490.0	26.2
Total Reportable Segment	1,479.9	1,480.0	0.1
Others	74.1	70.0	▲ 4.1
Adjustment	▲ 49.0	▲ 50.0	▲ 1.0
Total	1,505.0	1,500.0	▲ 5.0

2. Forecasts of the Consolidated Results for FY2018

Forecasts by Segment

■ Net sales & Operating profit

(In billion yen)

	FY2017 Actual		FY2018 Forecast		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Resources, Energy and Environment	490.4	▲ 14.8	390.0	20.0	▲ 100.4	34.8
Social Infrastructure and Offshore Facility	154.5	13.9	150.0	12.0	▲ 4.5	▲ 1.9
Industrial System and General-Purpose Machinery	459.0	18.9	440.0	22.0	▲ 19.0	3.1
Aero Engine, Space and Defense	463.7	60.1	500.0	44.0	36.3	▲ 16.1
Total Reportable Segment	1,567.7	78.1	1,480.0	98.0	▲ 87.7	19.9
Others	73.5	2.7	70.0	3.0	▲ 3.5	0.3
Adjustment	▲ 50.9	▲ 8.6	▲ 50.0	▲ 16.0	0.9	▲ 7.4
Total	1,590.3	72.2	1,500.0	85.0	▲ 90.3	12.8

2. Forecasts of the Consolidated Results for FY2018

Forecasts by Segment

■ Analysis of change in operating profit

(In billion yen)

	Change in net sales	Change in construction profitability	Change in foreign exchange rate	Change in SG&A	Impact of Change of FY period	Total
Resources, Energy and Environment	▲ 2.0	32.7		4.0	0.1	34.8
Social Infrastructure and Offshore Facility	▲ 1.9					▲ 1.9
Industrial System and General-Purpose Machinery	1.0	3.7			▲ 1.6	3.1
Aero Engine, Space and Defense	▲ 24.0	15.0	▲ 7.0	▲ 0.1		▲ 16.1
Total Reportable Segment	▲ 26.9	51.4	▲ 7.0	3.9	▲ 1.5	19.9
Others				0.2	0.1	0.3
Adjustment		3.6 (*)▲ 11.0				▲ 7.4
Total	▲ 26.9	44.0	▲ 7.0	4.1	▲ 1.4	12.8

(*)A buffer of negative ¥11.0 billion is included in adjustment to prepare for the risk of fluctuation in business results as was carried out in FY2017.

3. Financial Results by Segment

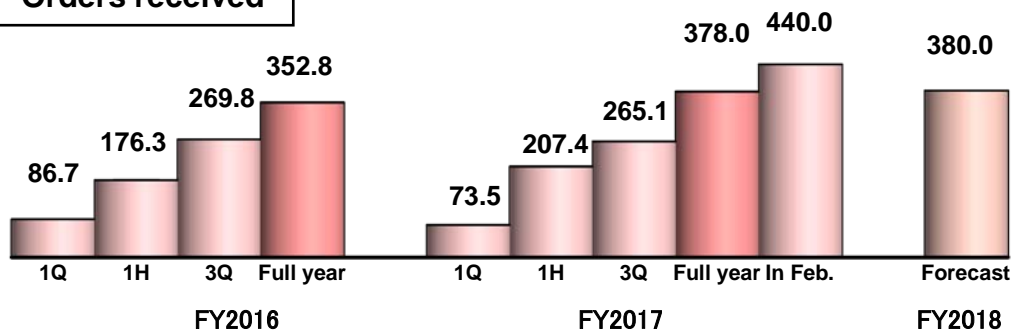


3. Financial Results by Segment

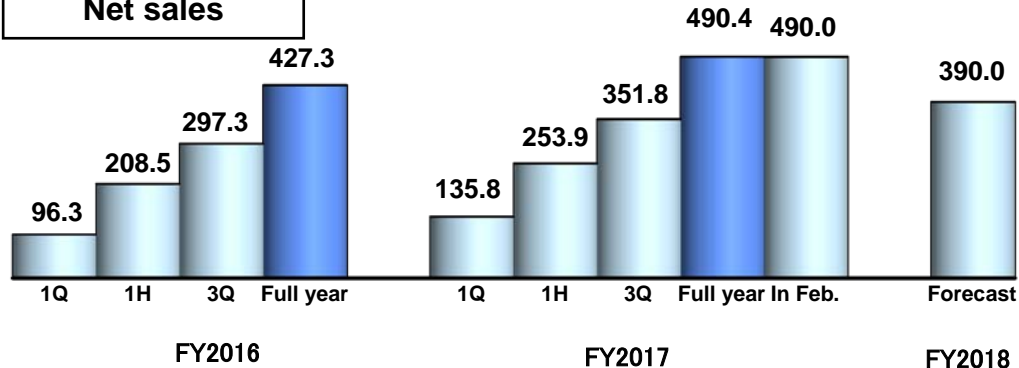
Resources, Energy and Environment

(In billion yen, accumulated amount)

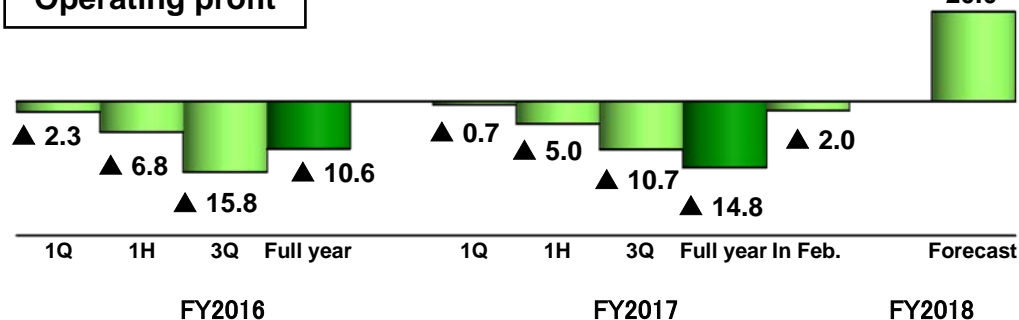
Orders received



Net sales



Operating profit



<Results by business segment>

【 Orders received】

Orders received increased from the previous fiscal year mainly as a result of receiving an order for the Bangladesh project in the Boiler Business, while declined in the Nuclear power Business and the Process plants Business.

【 Net sales】

Net sales increased owing to the progress of large-scale projects in the Process plants Business, and increased sales in the Boiler Business, and partly from the effect of the financial reporting periods unification (hereinafter “FRPU”).

【 Operating profit 】

The deficit expanded from the previous fiscal year, owing to the deterioration of profitability in the Process plants Business, partially offset by disappearance of the effect of deterioration of profitability and sales increase in the Boiler Business.

<FY2017 Results (vs. In February)>

Orders received decreased in the Process plants Business. Net sales were at the same level . In terms of operating profit, deficit expanded, owing to the deterioration of profitability in the Process plants Business.

<FY2018 Forecast (vs. FY2017 Actual)>

Net sales is expected to decrease, owing to a pullback from the progress of large-scale projects in FY2017 in the Process plants Business. Operating profit is expected to be in the black, mainly as a result of eliminating the deficit in FY2017 in the Process plants Business.

3. Financial Results by Segment

Resources, Energy and Environment

(In billion yen)

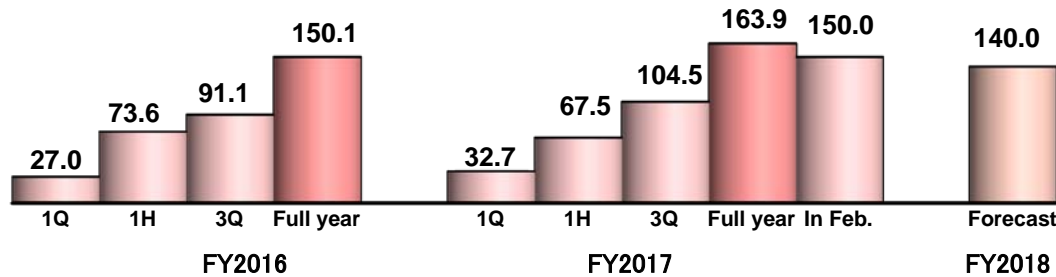
	Orders received			Net sales								
	FY2016	FY2017	FY2018	FY2016				FY2017				FY2018
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Boiler	58.3	130.4	122.0	24.5	60.9	86.1	112.0	25.4	70.0	99.8	148.1	120.0
Power system plants	19.0	35.3	30.0	5.8	10.4	14.0	18.9	6.4	11.0	16.7	25.7	25.0
Power systems for land and marine use	61.1	58.4	62.0	13.3	26.4	38.8	58.3	14.5	28.5	40.9	58.6	60.0
Process plants	73.0	44.0	55.0	21.5	48.6	62.9	94.3	69.1	99.7	126.3	149.1	70.0
Nuclear power	55.6	21.9	28.0	2.2	6.9	12.7	30.1	5.2	10.3	16.9	33.8	40.0

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(In billion yen, accumulated amount)

Orders received



<Results by business segment>

【 Orders received】

Orders received increased from the previous fiscal year as a result of receiving orders for the suspended bridge over the Danube in Braila Area, Romania and the Mumbai Trans Harbour Link project in the Bridge/water gate Business, while declined in the Shield systems Business.

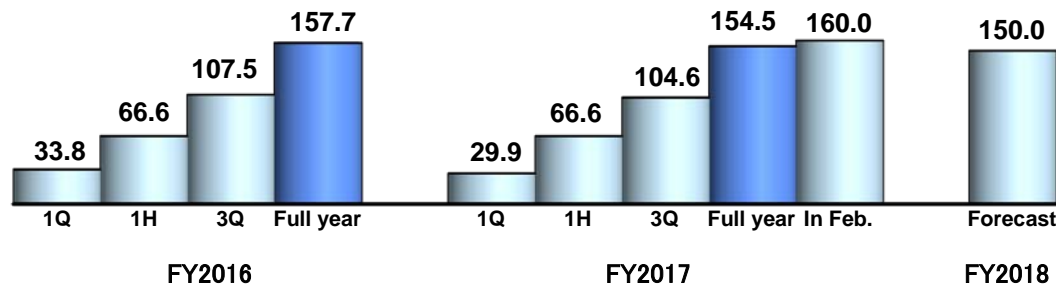
【 Net sales】

Net sales declined in the F-LNG/Offshore structure Business and the Transport system Business, despite an increase in sales owing to effects of integration and construction progress in the Shield systems Business.

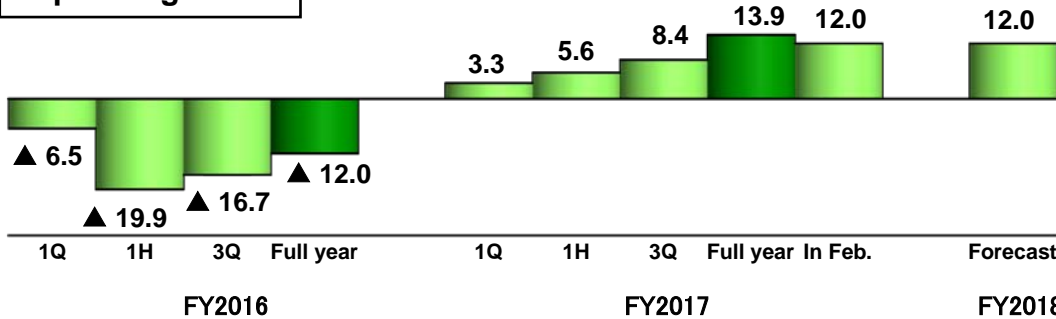
【 Operating profit】

Operating profit was in the black mainly as a result of eliminating the deficit in the F-LNG/Offshore structure Business recorded in the previous fiscal year.

Net sales



Operating Profit



<FY2017 Results (vs. In February)>

Operating profit improved, thanks to the profitability improvement in some Businesses such as the Shield systems Business.

<FY2018 Forecast (vs. FY2017 Actual)>

Orders received is expected to decrease in the Bridge/water gate Business.

Net sales and operating profit are expected to decrease mainly due to the decrease of revenues in the Shield systems Business.

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(In billion yen)

	Orders received			Net sales								
	FY2016	FY2017	FY2018	FY2016				FY2017				FY2018
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Bridge/water gate	71.0	103.1	70.0	15.0	30.6	44.9	67.2	12.8	26.7	42.7	67.3	80.0
F-LNG	▲ 1.7	▲ 0.7	-	8.0	10.7	14.6	18.4	2.4	9.1	10.3	11.2	1.5
Urban development	15.1	16.2	17.0	3.4	7.1	10.6	14.2	4.2	8.9	12.5	16.9	17.0

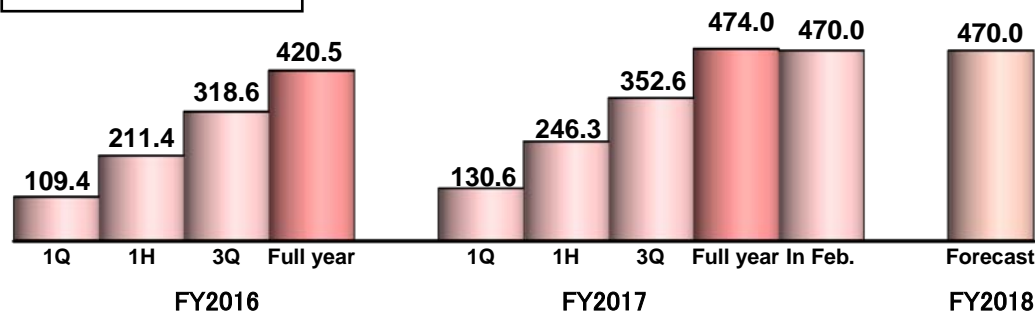
For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 37, 38.

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 in the Vehicular turbocharger Business and the Thermal and surface treatment Business.

【 Net sales】

Net sales increased owing to increases in the number of units sold in China for the Vehicular turbocharger Business, the effect of FRPU, and so on. <Number of vehicular turbochargers delivered>

(1,000 Units)

	Full Year
FY2016	6,100
FY2017	7,900
FY2018 (Forecast)	7,200

※ The impact of FRPU is included in the units of FY2016 and FY2017.

【 Operating profit 】

Operating profit increased owing to the above-mentioned increases in sales.

<FY2017 Results (vs. In February)>

In terms of Orders received and net sales, the number of units sold in China for the Vehicular turbocharger Business increased.

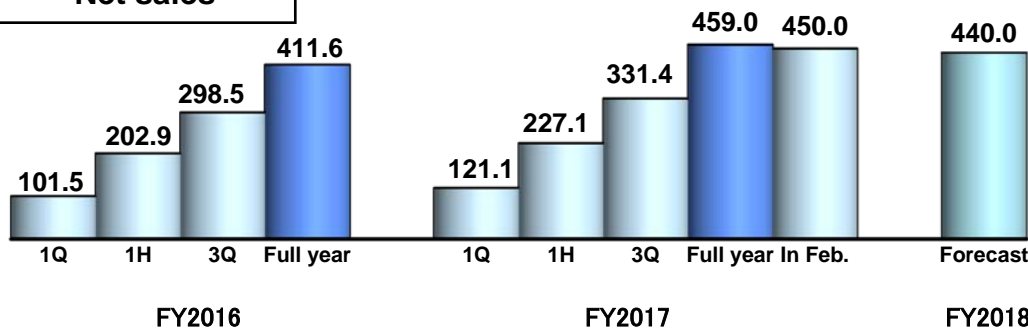
Operating profit increased mainly owing to the above-mentioned increases in sales.

<FY2018 Forecast (vs. FY2017 Actual)>

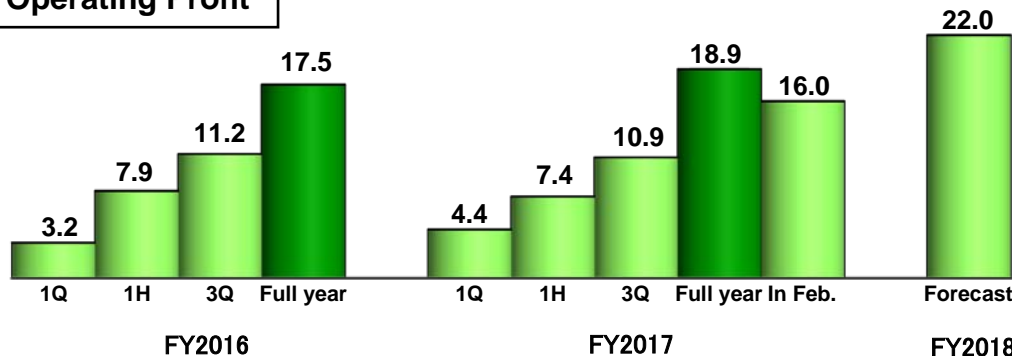
Net sales is expected to decrease, owing to a pullback from the effect of FRPU in FY 2017.

Operating profit is expected to increase, owing to the profitability improvement in the Rotating machinery Business, despite the above-mentioned decreases in sales.

Net sales



Operating Profit



3. Financial Results by Segment

Industrial System and General-Purpose Machinery

(In billion yen)

	Orders received			Net sales								
	FY2016	FY2017	FY2018	FY2016				FY2017				FY2018
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Transport machinery	31.9	25.2	39.0	5.4	11.6	16.5	23.4	3.2	10.5	17.8	28.3	25.0
Parking	41.6	51.3	47.0	7.5	18.4	29.6	42.8	7.8	17.1	28.9	42.8	46.0
Thermal and surface treatment	35.2	50.3	42.0	7.8	15.6	23.2	32.3	13.2	23.0	32.6	43.8	40.0
Vehicular turbocharger	174.6	220.1	195.0	47.4	86.8	129.3	174.6	69.1	117.9	166.4	220.5	195.0
Rotating machinery	48.0	48.1	54.0	10.3	21.7	33.7	48.2	8.2	18.8	29.8	43.5	50.0

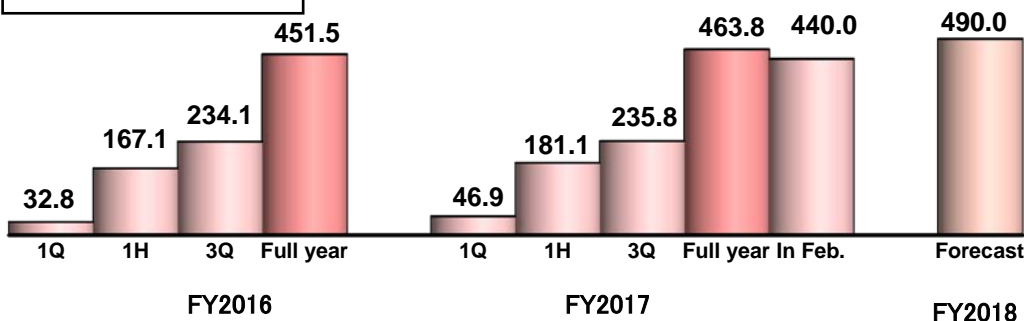
For details of "Vehicular turbocharger", please refer to <Appendices> on page 36.

3. Financial Results by Segment

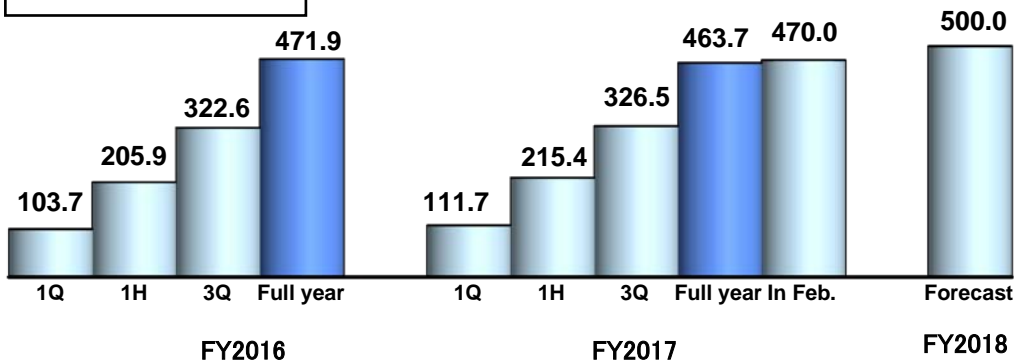
Aero Engine, Space and Defense

(In billion yen, accumulated amount)

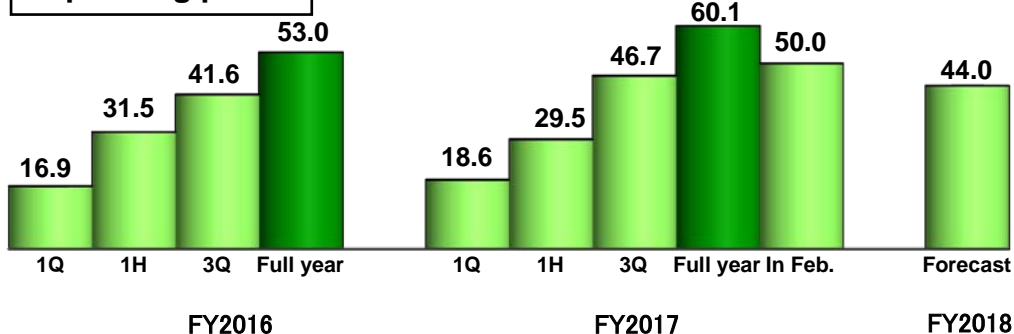
Orders received



Net sales



Operating profit



<Results by business segment>

【Orders received】

Orders received increased from the previous fiscal year in the Civil aero engines Business, while declined in the Defense systems Business and engines for Japan Ministry of Defense for which IHI received a lump order in the previous fiscal year.

【Net sales】

Net sales decreased from the previous fiscal year for the Civil aero engines Business.

<Number of civil aero engines delivered>
(Units)

	Full Year
FY2016	1,282
FY2017	1,206
FY2018 (Forecast)	1,700

【Operating profit】

Operating profit increased mainly due to an increase in spare parts and the positive turn in foreign exchange in the Civil aero engines Business, despite the effect of sales increase in the new PW1100G engine and an increase in selling, general and administrative expenses.

<FY2017 Results (vs. In February)>

Orders received increased mainly in the Civil aero engines Business.

Net sales decreased in the PW1100G engine.

Operating profit increased mainly due to an increase in spare parts in the Civil aero engines Business, as well as the above-mentioned decreases in sales.

<FY2018 Forecast (vs. FY2017 Actual)>

Orders received and net sales is expected to increase mainly in the PW1100G engine.

Operating profit is expected to decrease due to the above-mentioned increases in sales and the foreign exchange effect despite the profitability improvement in spare parts in the Civil aero engines Business.

3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen)

	Orders received			Net sales								
	FY2016	FY2017	FY2018	FY2016				FY2017				FY2018
	Full year	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	3Q	Full year	Full year (Forecast)
Civil aero engines	263.0	319.1	340.0	69.8	135.2	208.3	291.5	69.7	141.3	216.6	281.0	325.0

For details of “Civil aero engines”, please refer to <Appendices> on page 35.

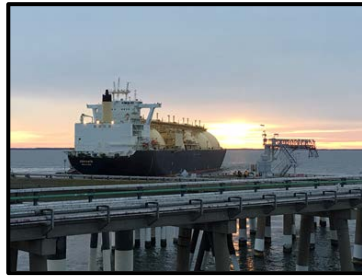
<Appendices>

- Progress in large overseas projects
- Topics in the Fourth quarter under review
- Aero engines
- Vehicular turbocharger
- Urban development

Dominion Energy Cove Point Liquefaction Project



As of Mar. 2018



1st LNG Commissioning Cargo Departure

<Status>

As of end of April 2018,

- LNG unloaded to 1st LNG Commissioning Cargo.
- LNG Production Rate has reached Full Operation.
- Overall project is completed.
- In Service Notification is declared by Owner.

<Key milestones>

April 2013:	Contract award
September 2014:	FERC Order received & accepted
March 2015:	Groundbreaking Ceremony held
March 2017:	DCS in Service
Apr - Nov 2017:	Mechanical Completion
April 2018:	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 designs, constructs, commissions and starts 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 March 2018

<Status>

As of end of March 2018, erections of #1 pressure parts and ESP and #2 steel structure and pressure parts are in progress. #1 Hydro test has been conducted at the end of April. For boiler portion, 90% of engineering, 90% of procurement and 48% of erection activities were completed. As total 79% 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

IHI Group Concludes First Long Term After Sales Agreement for Boiler Equipment

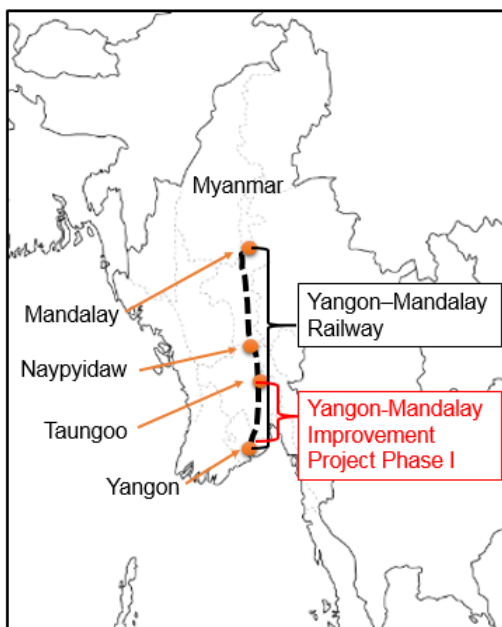
IHI, in cooperation with IHI POWER SYSTEM MALAYSIA SDN. BHD. , an IHI Group company specializing in the boiler maintenance business, has concluded a long term after sales agreement with TAQA Morocco, the largest independent power producer in Morocco, to maintain boiler equipment at a large-scale coal-fired power plant for a period of eight years.

The agreement covers large-scale coal-fired boilers (350MW × 2 units) at TAQA Morocco's Jorf Lasfar Power Plant, which accounts for half of all power generation in Morocco, and is the IHI Group's first long term after sales agreement for boiler equipment.

The IHI Group will continue to contribute to a reduction in environmental impact and stable electricity supplies not only by supplying highly efficient, high-quality and environmentally friendly power facilities and systems, but also by expanding maintenance support and other services in the lifecycle business to the global market, including Africa.



< Jorf Lasfar Power Plant >



<Route map>

Order Received from Myanmar for Diesel Electric Multiple Units

IHI Group company Niigata Transys Co., Ltd. and Marubeni Corporation concluded an agreement with Myanmar Railways on February 9, 2018 , to supply 24 diesel electric multiple units for the Yangon-Mandalay railway line.

The agreement is part of the project which has been financed by an international yen loan of ¥45 billion from the Japanese government, and will mark the first export of Japanese-made products for the project.

The diesel electric multiple units to be supplied under the agreement will be used for a stretch on the country's main arterial Yangon-Mandalay line running from Yangon, the largest commercial city in Myanmar, through the capital city, Naypyidaw, to Mandalay, the country's second largest commercial city. Planned to run on the 267 -km stretch between Yangon and Taungoo, a city midway along this line, the new units are expected to remarkably shorten the existing 7-hour journey to around 3 hours and 20 minutes.

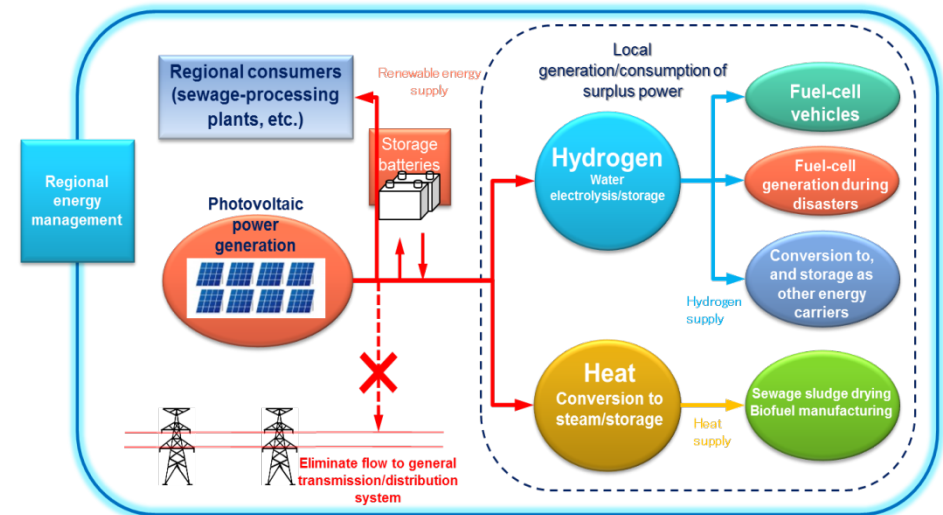
The IHI Group will continue to seek out business opportunities in Asia, including in Myanmar, and contribute to the economic growth of all countries in the region through transportation infrastructure projects.

IHI Launches Local Generation & Local Consumption Smart Community Project in Soma City, Fukushima Prefecture

The IHI Group has launched a smart community project in Soma City, Fukushima Prefecture in collaboration with Soma City.

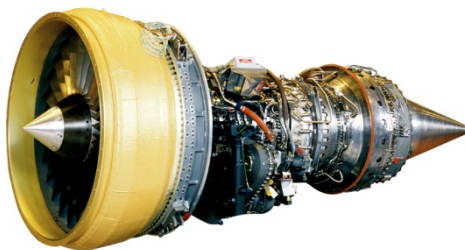
Under the project, IHI will introduce a local generation & local consumption energy management system that controls the load on water electrolysis and hydrogen production equipment, the charging and discharging of storage batteries and other power usage in line with fluctuations in photovoltaic power output, allowing all power generated by local photovoltaic systems to be used in the local community. IHI will also utilize the system to create a CO2-free sustainable community that uses locally produced and stored hydrogen.

With this project, the IHI Group will work to build the business, aiming to realize the local generation & local consumption of renewable energy, to create a new community-driven self-sustaining business model, and to contribute to new urban development that will further revitalize the local economy to help the disaster-affected region transition from recovery to prosperity.



<CO2-free smart community business model>

Cumulative Total Shipments of Modules for CF34 Engine Exceed 5,000 Units



<CF34 engine (photo courtesy of GE)>

IHI's cumulative total shipments of modules for the CF34 civil aero engine, which is used in regional jets with 70-110 seats, have now surpassed 5,000 units.

The CF34 engine is developed, designed and produced under an international collaborative project led by GE (United States), and is used exclusively on the main regional jets supplied by Bombardier (Canada), Embraer (Brazil) and Comac (China). The CF34 is a best-selling engine selected by more than 150 airlines worldwide.

As a member of the international collaborative project, IHI supplies key components such as the low-pressure turbine module. IHI also provides engine maintenance services and in-flight engine performance monitoring services for assisting in the optimization of flight planning, ensuring full service support across the engine's entire lifecycle from delivery to operation and maintenance. IHI will continue to support the reliable, safe and smooth operation of aircraft worldwide through the supply of various civil aero engines.

(1) Net sales of civil aero engines

(In billion yen)

	Actual													Forecast
	'11	'12	'13	'14	'15	FY2016				FY2017				FY2018
						1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year	Full Year
Net sales	143.6	169.8	226.0	267.0	299.1	69.8	135.2	208.3	291.5	69.7	141.3	216.6	281.0	325.0

(2) Number of civil aero engines delivered

(Units)

	Actual (accumulated)												Main loading
	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	
V2500	3,154	3,474	3,828	4,168	4,551	4,980	5,468	5,969	6,469	6,896	7,236	7,508	Airbus A319/320/321
GE90	579	742	896	1,071	1,223	1,399	1,589	1,806	2,039	2,257	2,457	2,617	Boeing B777
CF34	1,374	1,802	2,274	2,604	2,919	3,242	3,548	3,820	4,156	4,471	4,821	5,085	For regional jet (70 to 110 seats)
GENx						118	259	468	751	1,035	1,295	1,542	Boeing B787/B747-8
PW1100G										16	148	398	Airbus A320Neo
Passport20												13	Bombardier Global7000/8000
Total	5,107	6,018	6,998	7,843	8,693	9,739	10,864	12,063	13,415	14,675	15,957	17,163	

(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.

<Net sales by region>

(In billion yen)

	Actual													Forecast
	'11	'12	'13	'14	'15	FY2016				FY2017				FY2018
						1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year	Full Year
Japan	33.1	33.9	35.3	37.5	34.6	8.5	18.0	27.4	38.9	10.1	19.6	29.6	39.8	38.0
Asia	16.9	24.8	29.8	27.5	21.6	6.6	9.6	12.7	15.8	2.8	5.7	8.7	11.7	11.0
China	14.3	18.1	23.4	24.3	24.9	11.8	20.5	34.3	48.5	21.5	38.3	53.3	71.9	69.0
North America	1.1	1.3	1.6	1.8	2.4	1.3	1.9	2.5	3.3	0.7	1.9	4.9	8.4	12.0
Central and South America	0.0	0.0	0.0	0.7	3.4	2.9	4.3	5.0	6.1	1.1	2.8	5.1	7.4	9.0
Europe	43.7	43.2	60.2	75.6	74.3	16.0	32.2	47.1	61.7	32.7	49.2	64.7	81.1	56.0
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	0.0	0.0
Total	109.4	121.6	150.7	167.7	161.6	47.4	86.8	129.3	174.6	69.1	117.9	166.4	220.5	195.0

(1) Lease revenue in Toyosu

(In billion yen)

	Actual													Forecast
	'11	'12	'13	'14	'15	FY2016				FY2017				FY2018
						1Q	1H	3Q	Full Year	1Q	1H	3Q	Full Year	Full Year
Lease revenue	9.5	9.2	9.1	9.3	10.1	2.3	4.6	7.0	9.3	2.3	4.6	6.9	9.2	9.3

(2) Lease revenue and expense in Toyosu (FY2017)

(In billion yen)

	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2017	9.2	3.8	3.3	2.0

(3) Fair value as of March 31, 2018 of rental properties in Toyosu

(In billion yen)


	Amount recorded in the balance sheet			Fair value as of March 31, 2018(B)	(B) - (A)
	Balance as of April 1, 2017	Net change	Balance as of March 31, 2018(A)		
FY2017	59.9	▲ 3.7	56.1	177.7	121.5

(Note) The amount recorded in consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment losses from acquisition cost.

The fair value at fiscal year-end is based on the values mainly in the appraisal report by external real estate appraisers.

Development Plan for Toyosu 1 to 3 chome Area

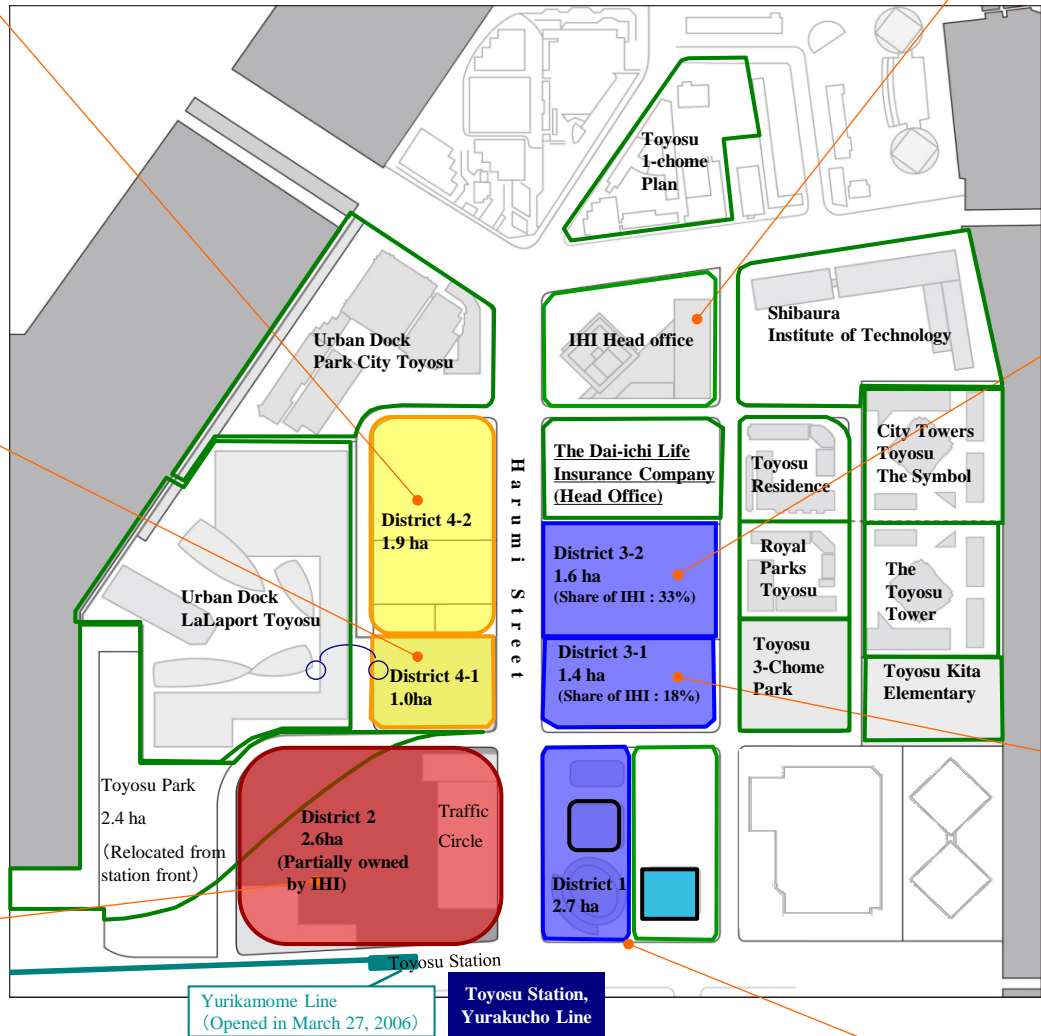
Kindergarten, Nursery school, Café, Marriage ceremonial hall.
 Site area : 19,492㎡
 Completed in March 2010 to February 2011




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




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. 5ha

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

※1 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.