

Financial Results for Second Quarter FY2018 (for the year ending March 31, 2019)

IHI

November 1, 2018

IHI Corporation

Table of Contents

1. Consolidated Results for Second Quarter FY2018

Summary of Financial Results.....	4
Financial Results by Segment.....	5
Non-operating Income / Expenses.....	8
Extraordinary Income / Losses.....	9
Balance Sheets.....	10
Cash flows.....	11
Supplementary Information.....	12

2. Forecasts of the Consolidated Results for FY2018

Summary of Forecast for FY2018.....	15
Forecasts for FY2018 by Segment.....	16

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
---------------------------------	----

1. Consolidated Results for Second Quarter FY2018



1. Consolidated Results for Second Quarter FY2018

Summary of Financial Results

Note: Average exchange rates for FY2018.2Q US\$ 1.00= ¥109.79

(In billion yen)

	FY2017.2Q	FY2018.2Q	Change
Orders received	715.1	649.3	▲ 65.7
Net sales	773.4	699.5	▲ 73.9
Operating profit	34.6	45.2	10.5
Ordinary profit	19.5	49.1	29.5
Profit before income taxes	18.2	51.8	33.5
Income taxes	▲ 9.3	▲ 20.3	▲ 10.9
Profit attributable to owners of parent	6.8	28.4	21.5

¥4.3 billion of income taxes for prior periods is included in FY2018.2Q.

In FY2017, 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 six months ended September 30, 2017, those overseas consolidated subsidiaries have a nine-month accounting period. The effect of these changes was an increase of ¥57.9 billion in net sales and an increase of ¥1.4 billion in operating profit in FY2017.2Q.

1. Consolidated Results for Second Quarter FY2018

Financial Results by Segment

■ Orders received & Order backlog

(In billion yen)

	Orders received			Order backlog		
	FY2017.2Q	FY2018.2Q	Change	FY2017	FY2018.2Q	Change
Resources, Energy and Environment	207.4	141.9	▲ 65.5	648.5	578.0	▲ 70.5
Social Infrastructure and Offshore Facility	67.5	54.1	▲ 13.3	206.1	200.6	▲ 5.4
Industrial System and General-Purpose Machinery	246.3	237.2	▲ 9.0	161.0	188.9	27.9
Aero Engine, Space and Defense	181.1	198.1	16.9	533.0	529.7	▲ 3.2
Total Reportable Segment	702.4	631.5	▲ 70.9	1,548.7	1,497.4	▲ 51.3
Others	38.4	39.2	0.8	18.4	24.9	6.5
Adjustment	▲ 25.7	▲ 21.3	4.3	-	-	-
Total	715.1	649.3	▲ 65.7	1,567.1	1,522.3	▲ 44.7

Overseas orders received / order backlog	411.8	294.5	▲ 117.2	625.4	577.2	▲ 48.1
% of Overseas orders received / order backlog	58%	45%	▲ 13%	40%	38%	▲ 2%

1. Consolidated Results for Second Quarter FY2018

Financial Results by Segment

■ Net sales & Operating profit

(In billion yen)

	Net sales			Operating profit		
	FY2017.2Q	FY2018.2Q	Change	FY2017.2Q	FY2018.2Q	Change
Resources, Energy and Environment	253.9	194.6	▲ 59.3	▲ 5.0	11.5	16.6
Social Infrastructure and Offshore Facility	66.6	60.7	▲ 5.9	5.6	4.0	▲ 1.5
Industrial System and General-Purpose Machinery	227.1	209.9	▲ 17.1	7.4	8.1	0.7
Aero Engine, Space and Defense	215.4	224.4	8.9	29.5	23.9	▲ 5.6
Total Reportable Segment	763.2	689.7	▲ 73.4	37.5	47.7	10.2
Others	30.1	30.4	0.3	▲ 0.2	0.4	0.7
Adjustment	▲ 19.8	▲ 20.7	▲ 0.9	▲ 2.6	▲ 3.0	▲ 0.3
Total	773.4	699.5	▲ 73.9	34.6	45.2	10.5

Overseas sales	444.0	367.2	▲ 76.8
% of overseas sales	57%	52%	▲ 5%

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

1. Consolidated Results for Second Quarter FY2018

Financial Results by Segment

- Analysis of change in operating profit from the previous period

(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	▲ 0.3	14.8	0.1	2.0	0.1	16.6
Social Infrastructure and Offshore Facility	▲ 0.3	▲ 1.1		▲ 0.2		▲ 1.5
Industrial System and General-Purpose Machinery	2.4	0.8		▲ 0.9	▲ 1.6	0.7
Aero Engine, Space and Defense	▲ 7.7	3.6	▲ 0.8	▲ 0.7		▲ 5.6
Total Reportable Segment	▲ 5.9	18.1	▲ 0.7	0.2	▲ 1.5	10.2
Others	0.3	0.4			0.1	0.7
Adjustment		1.0		▲ 1.4		▲ 0.3
Total	▲ 5.6	19.5	▲ 0.7	▲ 1.2	▲ 1.4	10.5

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 Second Quarter FY2018

Non-operating Income / Expenses



(In billion yen)

	FY2017.2Q	FY2018.2Q	Change	Note
Net interest expenses (incl. dividend income)	0.0	▲ 0.3	▲ 0.2	
Share of profit of entities accounted for using equity method	0.0	5.1	5.1	
Foreign exchange gains / losses	0.3	2.4	2.0	
Others	▲ 15.3	▲ 3.2	12.0	FY2017.2Q: Payments for contract adjustments for civil aero engines ▲6.4 Expenses for delayed delivery ▲4.7
Non-operating Income / Expenses	▲ 15.0	3.9	19.0	

Change of the rate(US\$) FY2017.2Q +0.54yen (beginning 112.19yen→end 112.73yen)
 FY2018.2Q +7.33yen (beginning 106.24yen→end 113.57yen)

1. Consolidated Results for Second Quarter FY2018

Extraordinary Income / Losses

(In billion yen)

	FY2017.2Q	FY2018.2Q	Change	Note
Gain on sales of shares of subsidiaries and associates	—	4.1	4.1	Sale of equity interest in operating companies related to the Small power systems Business
Gain on transfer of business	1.5	—	▲ 1.5	
Extraordinary Income	1.5	4.1	2.6	
Impairment loss	—	▲ 1.5	▲ 1.5	Impairment loss on fixed assets related to the Small power systems Business
Settlement-related expenses related to boiler facilities in customer's commercial operation	▲ 2.9	—	2.9	
Extraordinary Losses	▲ 2.9	▲ 1.5	1.3	
Extraordinary Income / Losses	▲ 1.3	2.6	3.9	

1. Consolidated Results for Second Quarter FY2018

Balance Sheets

(In billion yen)

	As of March 31, 2018	As of September 30, 2018	Change
Total assets (*1)	1,633.4	1,653.9	20.5
(Trade receivables)	(400.3)	(358.3)	(▲ 42.0)
(Inventories)	(428.5)	(459.8)	(31.3)
(Investment securities)	(99.2)	(115.6)	(16.3)
Total liabilities (*1)	1,283.2	1,274.7	▲ 8.5
(Trade payables)	(304.9)	(275.6)	(▲ 29.2)
(Advance received)	(177.8)	(175.5)	(▲ 2.2)
(Provision)	(110.2)	(99.0)	(▲ 11.1)
(Interest-bearing debt) (*2)	(322.2)	(364.6)	(42.3)
Total net assets	350.2	379.2	29.0
Shareholders' equity	313.2	336.5	23.2
Accumulated other comprehensive income	11.3	14.3	3.0
Non-controlling interests and others	25.6	28.3	2.7
Total liabilities and net assets (*1)	1,633.4	1,653.9	20.5
D/E ratio(times) (*3)	0.92	0.96	0.04
Equity ratio	19.9%	21.2%	1.3%

(*1) Balance Sheets as of March 31, 2018 is partly adjusted due to the application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”.

(*2) Interest-bearing debt includes the amount of lease obligations.
(as of March 31, 2018: ¥18.2 billion / as of September 30, 2018: ¥16.7 billion)

(*3) D/E ratio = Interest-bearing debt / net assets

1. Consolidated Results for Second Quarter FY2018

Cash Flows

IHI

(In billion yen)

	FY2017.2Q	FY2018.2Q	Change
Operating activities	43.1	▲ 2.7	▲ 45.8
Investing activities	▲ 4.6	▲ 39.6	▲ 34.9
Free cash flows	38.4	▲ 42.3	▲ 80.8
Financing activities	▲ 40.1	31.8	71.9

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

(In billion yen)

	FY2017.2Q	FY2018.2Q
R&D	15.0	15.3
CAPEX	20.5	23.9
Depreciation & Amortization	21.9	20.6

(2) Overseas Sales by Region

(In billion yen)

	FY2017.2Q	FY2018.2Q
Asia	80.7	71.9
China	56.6	63.2
North America	202.8	166.5
Central and South America	12.7	6.9
Europe	75.1	51.1
Others	15.9	7.2
Total	444.0	367.2
% of overseas sales	57%	52%

2. Forecasts of the Consolidated Results for FY2018

2. Forecasts of the Consolidated Results for FY2018

Summary of Forecasts for FY2018

<assumed exchange rate>

US\$ 1.00 = ¥105 (assumed in August , ¥105)

Euro 1.00 = ¥130 (assumed in August , ¥130)

(In billion yen)

	FY2018 Forecast		FY2017 Actual	Change
	In August	In November		Vs. Forecast in August
Orders received	1,500.0	1,500.0	1,505.0	0.0
Net sales	1,500.0	1,500.0	1,590.3	0.0
Operating profit	85.0	85.0	72.2	0.0
Ordinary profit	65.0	65.0	21.4	0.0
Profit attributable to owners of parent	32.0	32.0	8.2	0.0

<For reference> Sensitivity to foreign exchange rates by currency

1 yen per US\$ corresponds to 0.5 billion yen, and per Euro, 0.0 billion yen in operating profit.

2. Forecasts of the Consolidated Results for FY2018

Forecasts for FY2018 by Segment

■ Orders received

(In billion yen)

	FY2018 Forecast (In August)	FY2018 Forecast (In November)	Change
Resources, Energy and Environment	380.0	380.0	0.0
Social Infrastructure and Offshore Facility	140.0	140.0	0.0
Industrial System and General-Purpose Machinery	470.0	470.0	0.0
Aero Engine, Space and Defense	490.0	490.0	0.0
Total Reportable Segment	1,480.0	1,480.0	0.0
Others	70.0	70.0	0.0
Adjustment	▲ 50.0	▲ 50.0	0.0
Total	1,500.0	1,500.0	0.0

2. Forecasts of the Consolidated Results for FY2018

Forecasts for FY2018 by Segment

■ Net sales & Operating profit

(In billion yen)

	FY2018 Forecast (In August)		FY2018 Forecast (In November)		Change	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Resources, Energy and Environment	390.0	20.0	390.0	20.0	0.0	0.0
Social Infrastructure and Offshore Facility	150.0	12.0	150.0	12.0	0.0	0.0
Industrial System and General-Purpose Machinery	440.0	22.0	440.0	22.0	0.0	0.0
Aero Engine, Space and Defense	500.0	44.0	500.0	44.0	0.0	0.0
Total Reportable Segment	1,480.0	98.0	1,480.0	98.0	0.0	0.0
Others	70.0	3.0	70.0	3.0	0.0	0.0
Adjustment	▲ 50.0	▲ 16.0	▲ 50.0	▲ 16.0	0.0	0.0
Total	1,500.0	85.0	1,500.0	85.0	0.0	0.0

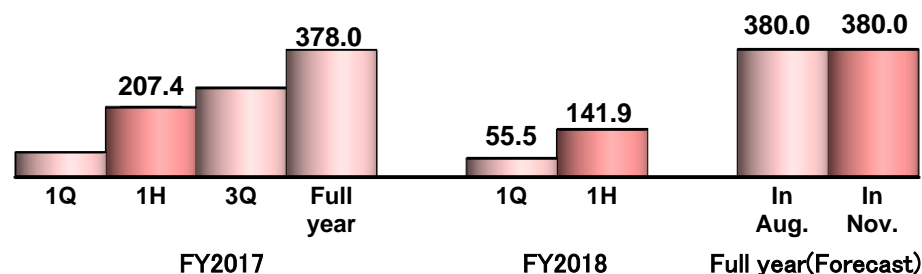
3. Financial Results by Segment

3. Financial Results by Segment

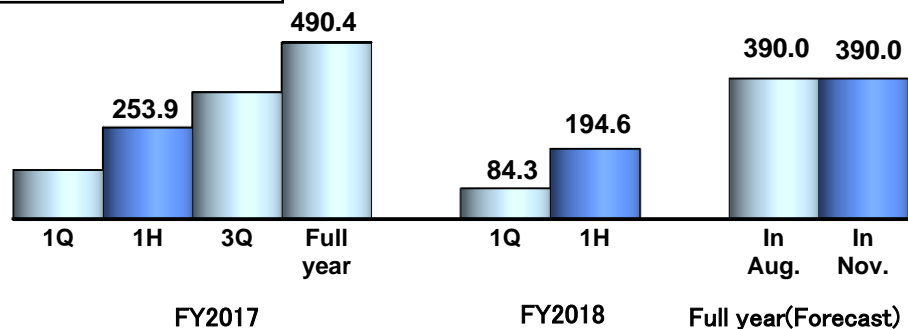
Resources, Energy and Environment

(In billion yen, accumulated amount)

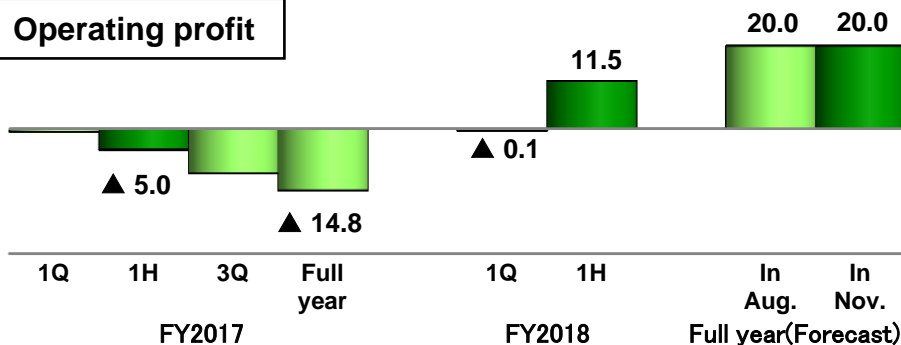
Orders received



Net sales



Operating profit



<Results by business segment>

【 Orders received 】

Orders received decreased owing to a reverse effect of receiving a large-scale overseas project in the Boilers Business in FY2017.

【 Net sales 】

Net sales decreased owing to a pull back from the progress of large-scale projects in the Process plants Business in FY2017, in addition to the effect of the financial reporting periods unification (hereinafter “FRPU”) in FY2017.

【 Operating profit 】

Operating profit significantly increased mainly because the issue regarding deterioration of profitability in the Process plants Business in FY2017 is being brought under control and the profitability in the Boilers Business improved.

<FY2018 Forecast (vs. In August)>

The forecasts of orders received, net sales and operating profit remain unchanged.

3. Financial Results by Segment

Resources, Energy and Environment

(In billion yen)

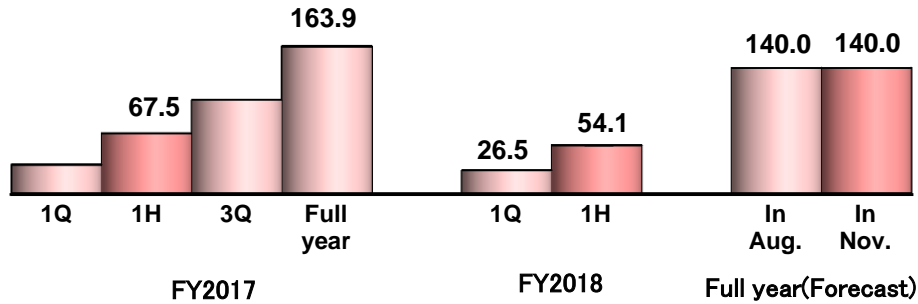
	Orders received		Net sales						
	FY2017 Full year	FY2018 Full year (Forecast)	FY2017				FY2018		
			1Q	1H	3Q	Full year	1Q	1H	Full year (Forecast)
Boilers	130.4	122.0	25.4	70.0	99.8	148.1	27.0	69.7	120.0
Power systems plants	35.3	30.0	6.4	11.0	16.7	25.7	2.8	9.7	25.0
Power systems for land and marine use	58.4	62.0	14.5	28.5	40.9	58.6	11.7	26.3	60.0
Process plants	44.0	55.0	69.1	99.7	126.3	149.1	22.2	42.9	70.0
Nuclear power	21.9	28.0	5.2	10.3	16.9	33.8	5.0	12.0	40.0

3. Financial Results by Segment

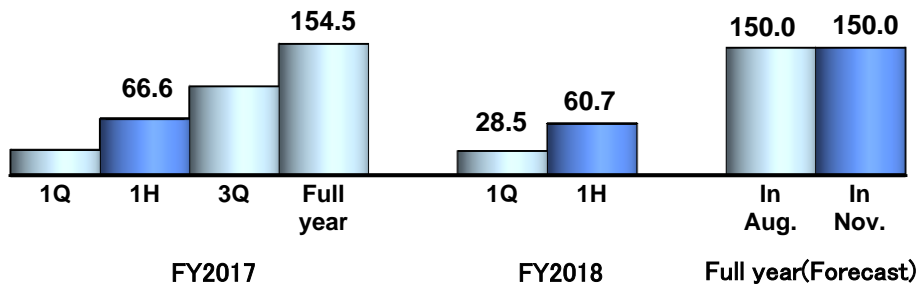
Social Infrastructure and Offshore Facility

(In billion yen, accumulated amount)

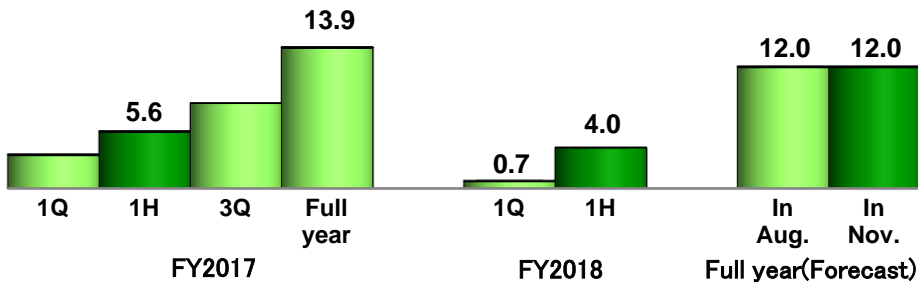
Orders received



Net sales



Operating Profit



<Results by business segment>

【 Orders received 】

Orders received decreased from the previous corresponding period in the Bridges/water gates Business.

【 Net sales 】

Net sales decreased in the F-LNG/Offshore structures Business and the Shield systems Business, while increased in the Bridges/water gates Business.

【 Operating profit 】

Operating profit decreased in the F-LNG/Offshore structures Business owing to a pull back from FY2017, and in the Transport systems Business.

<FY2018 Forecast (vs. In August)>

The forecasts of orders received, net sales and operating profit remain unchanged.

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(In billion yen)

	Orders received		Net sales						
	FY2017 Full year	FY2018 Full year (Forecast)	FY2017				FY2018		
			1Q	1H	3Q	Full year	1Q	1H	Full year (Forecast)
Bridges/water gates	103.1	70.0	12.8	26.7	42.7	67.3	15.2	30.1	80.0
Shield systems	10.2	20.0	5.9	11.5	18.9	24.4	4.0	9.7	18.5
F-LNG	▲ 0.7	-	2.4	9.1	10.3	11.2	0.9	1.4	1.5
Urban development	16.2	17.0	4.2	8.9	12.5	16.9	3.7	7.9	17.0

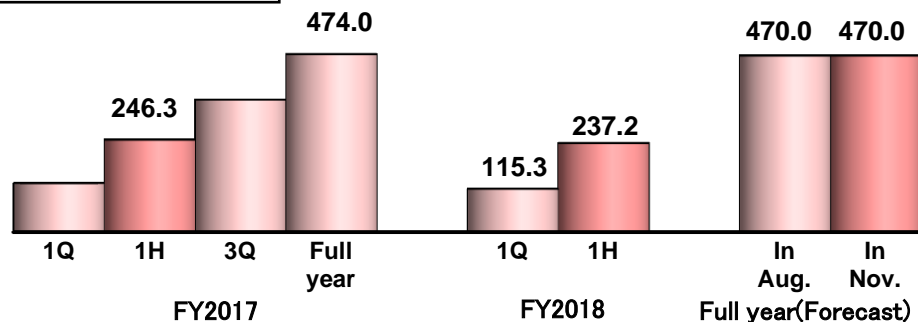
For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 33, 34.

3. Financial Results by Segment

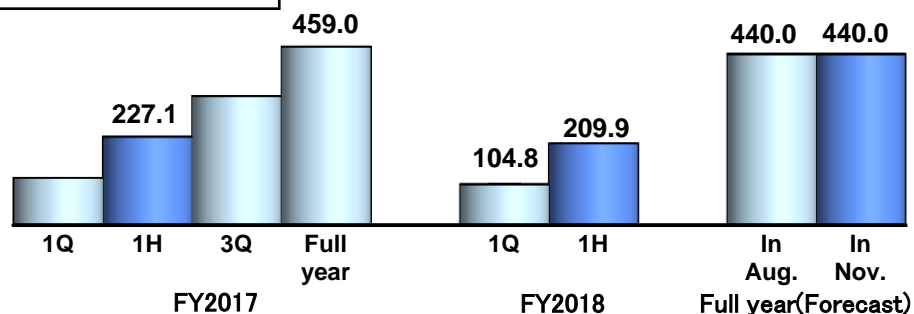
Industrial System and General-Purpose Machinery

(In billion yen, accumulated amount)

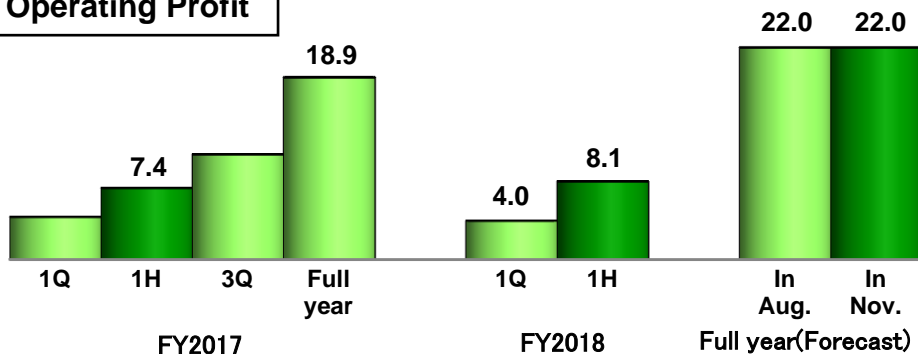
Orders received



Net sales



Operating Profit



<Results by business segment>

【 Orders received 】

Orders received decreased due to the effect of FRPU in FY2017. Without the effect, the orders received increased in the Logistics/industrial systems Business, the Vehicular turbochargers Business, the Thermal and surface treatment Business and so on.

【 Net sales 】

Net sales decreased due to the effect of FRPU in FY2017. Without the effect, the net sales increased in the Thermal and surface treatment Business, the Vehicular turbochargers Business and so on.

< Number of vehicular turbochargers delivered >

	(1,000 Units)	
	2Q	Full Year
FY2017	4,330	7,900
FY2018	3,540	7,200

※ The effect of FRPU of 920 thousand units is included in FY2017.

【 Operating profit 】

Operating profit increased from the previous corresponding period, due to an increase of net sales in the Thermal and surface treatment Business and the improvement of profitability in the Parking Business and so on, despite the effect of FRPU in FY2017.

<FY2018 Forecast (vs. In August)>

The forecasts of orders received, net sales and operating profit remain unchanged.

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

(In billion yen)

	Orders received		Net sales						
	FY2017 Full year	FY2018 Full year (Forecast)	FY2017			FY2018 Full year	FY2018		
			1Q	1H	3Q		1Q	1H	Full year (Forecast)
Transport machineries	25.2	39.0	3.2	10.5	17.8	28.3	5.0	7.9	25.0
Parking	51.3	47.0	7.8	17.1	28.9	42.8	7.7	17.9	46.0
Thermal and surface treatment	50.3	42.0	13.2	23.0	32.6	43.8	11.1	21.0	40.0
Vehicular turbochargers	220.1	195.0	69.1	117.9	166.4	220.5	51.6	99.3	195.0
Rotating machineries	48.1	54.0	8.2	18.8	29.8	43.5	10.6	21.5	50.0

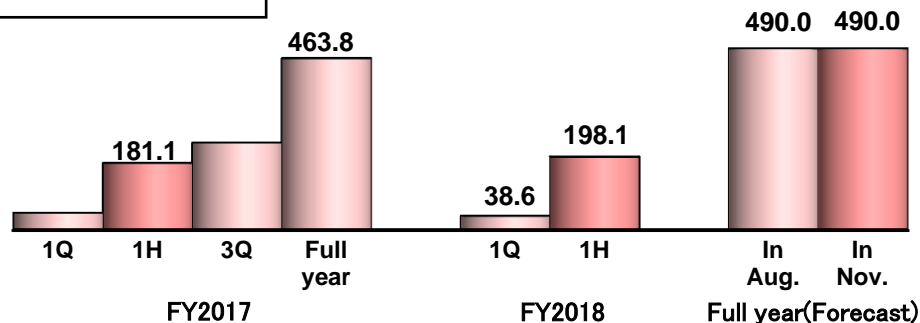
For details of “Vehicular turbochargers”, please refer to <Appendices> on page 32.

3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen, accumulated amount)

Orders received



<Results by business segment>

【 Orders received 】

Orders received increased from the previous corresponding period in the aero engines for Japan Ministry of Defense.

【 Net sales 】

Net sales increased in the Civil aero engines Business.

<Number of civil aero engines delivered>

(Units)

	2Q	Full Year
FY2017	682	1,206
FY2018	749	1,700

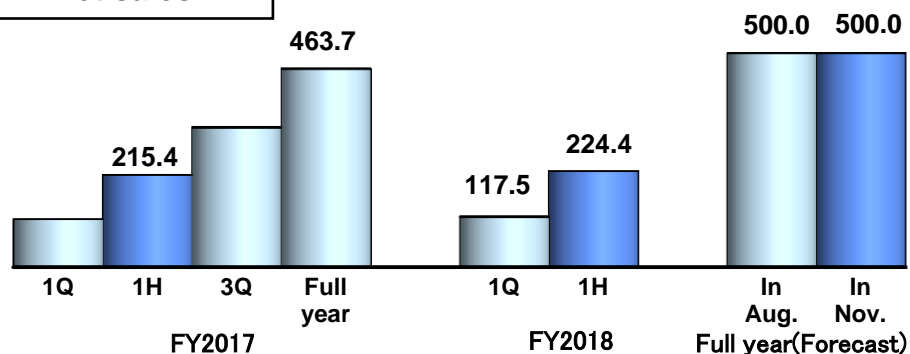
【 Operating profit 】

Operating profit decreased mainly due to the effect of sales increase in the new PW1100G engine, despite the decrease of the cost of dealing with defects in the Civil aero engines Business.

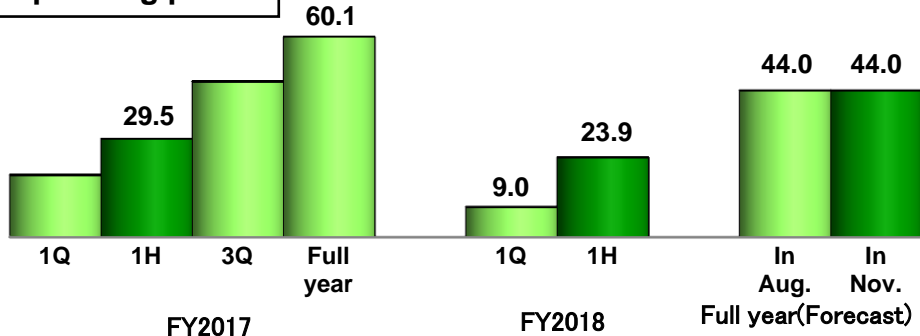
<FY2018 Forecast (vs. In August)>

The forecasts of orders received, net sales and operating profit remain unchanged.

Net sales



Operating profit



3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen)

	Orders received		Net sales						
	FY2017	FY2018	FY2017				FY2018		
	Full year	Full year (Forecast)	1Q	1H	3Q	Full year	1Q	1H	Full year (Forecast)
Civil aero engines	319.1	340.0	69.7	141.3	216.6	281.0	73.1	152.5	325.0

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

<Appendices>

- Progress in large overseas projects
- Topics in the Second Quarter under review
- Aero engines
- Vehicular turbochargers
- Urban development

Elba Liquefaction Project



Expected Completion Image



As of end of September 2018

<Status>

As of the end of September 2018, installation works of MMLS #1~8 and mechanical, electrical, and process control works of BOP are ongoing. Progress of Engineering is 100%, Procurement is 97.5%, Construction is 76.7%, Commissioning is 6.8%, and Overall Project is 77.3%.

<Key milestones>

March 2016: Contract Award
 November 2016: FERC Approval for the commencement of construction
 February 2017: Delivery commencement of MMLS #1 module
 In 2018.4Q: Substantial Completion of MMLS #1 and BOP
 In 2019: Substantial Completion of all facilities

<Project Brief>

- Contract: Lump Sum Turnkey EPC Agreement for the Elba Island Natural Gas Liquefaction Facility and the Southern LNG Expansion Facility
- Job Site: Elba Island, Chatham County, Savannah, Georgia, USA
- Scope: Engineering, Procurement, Construction, and Commissioning of 2.5 MTPA Liquefaction facility

MMLS: Movable Modular Liquefaction System

This project has totally 10 MMLSs and 1 MMLS consists 79 modules.

Jimah East Power coal fired power plant



Expected Completion Image



As of end of September 2018

<Status>

As of end of September 2018, erections of #1 boiler insulation materials and ESP and #2 pressure parts, piping and ESP are in progress. #1 commissioning activities started. For boiler portion, 98% of engineering, 98% of procurement, 80% of erection and 39% of commissioning activities were completed. As total 93% 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

Conclusion of absorption-type merger contract with regard to the integration of businesses related to waste treatment facilities

In September, IHI's group company IHI Enviro Corporation ("IKE"), and Kobelco Eco-Solutions Co., Ltd. ("SKS") concluded an absorption-type merger contract with regard to the integration of IKE's waste treatment facilities and other businesses, with said contract scheduled to come into effect on January 1, 2019.

Since establishing a comprehensive business alliance relationship in March 2017, the two companies had conducted their activities with the aim of expanding various businesses. However, in a business environment characterized by significant changes caused by Japan's declining population, it was decided that by concentrating the management resources of the two companies, a more substantial presence could be built in this business field. The SKS Group, which will become the vehicle for the integrated entity, will merge IKE's strengths and special characteristics in an appropriate fashion to generate synergies, thus contributing to the creation of a more environmentally aware society and local community.



<Large-diameter shield tunneling machine>

IHI Group Acquires Shares of Hong Kong-Based Terratec

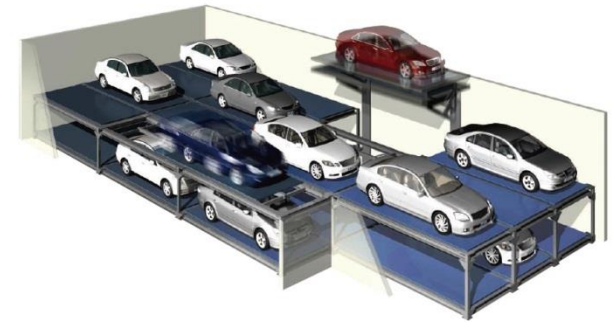
IHI's group company JIM TECHNOLOGY CORPORATION ("JIMT") acquired 51% of the shares of Hong Kong-based Terratec Ltd. ("Terratec") from its shareholder Terratec Group Inc. in October.

This capital alliance with Terratec enables JIMT, which has delivered more than 3,500 shield tunneling machines in Japan and overseas and which is particularly strong in large-diameter shield tunneling machines, to deliver complete shield tunneling machine systems that include subsequent equipment handled by Terratec. In addition, JIMT will further strengthen its competitiveness through Terratec's know-how in tunnel boring operations, after-care service capabilities, and by overseas sales network synergies in countries such as India, Thailand and Turkey, where Terratec has a high market share.

The IHI Group intends to extract synergistic effects from this capital alliance at an early stage, aiming to transform itself into a leading company in the global market for shield tunneling machines.

Establishing joint venture company of mechanical parking structure business in China

As part of the global expansion of its business, IHI's group company IHI Transport Machinery Co., Ltd. established a new joint venture company to operate a mechanical parking structure business with Qingdao Huatong Energy Investment Co., Ltd., and Qingdao Huatong Science & Industry Investment Co., Ltd., two affiliates of state-operated enterprise the Qingdao Huatong State-owned Capital Operation(Group) Co., Ltd. in Tsingtao-city, Shandong. The joint venture company will offer as its main model the "super square parking structure" (horizontally elongated rotary carousel parking structure) that offers excellent space efficiency and which does not exist in China, and work to develop the business.



<Super Square Parking>

Building of a New Production Base for Civil Aero Engines

IHI recently concluded a land purchase and sale agreement with Saitama Prefecture in order to build a new production base in Tsurugashima-city, Saitama. IHI will build a maintenance plant for civil aero engines, with the aim of further expanding the rapidly growing Civil aero engine Business. Operations are scheduled to begin before the end of 2019. This is the first new production base to be decided since the opening, 21 years ago, of the Soma Works (Soma-city, Fukushima).

For the new plant IHI will introduce new technologies such as IoT and AI for use in an advanced manufacturing system for aircraft engines. By generating synergies with the business operations of the Mizuho Aero-Engine Works, IHI will build a production system with world-class efficiency, providing an integrated aircraft engine service. In addition, by leveraging the superior access to the airport, IHI will be able to provide high-quality engine services with shorter times to completion to a variety of airline companies, both in Japan and overseas.

Operating under the new production system that will include the new base, IHI will strive to achieve world-class levels of competitiveness in the Aero engine Business. In addition to contributing to the development of the regional economy through the effective use of this new base, going forward IHI will continue to provide a range of aircraft engines with superior environmental performance, and to support the reliable, safe and comfortable operation of aircraft throughout the world.



<Image of the new factory>

(1) Net sales of civil aero engines

(In billion yen)

	Actual										Forecast	
	'12	'13	'14	'15	'16	FY2017				FY2018		
						1Q	1H	3Q	Full Year	1Q	1H	Full Year
Net sales	169.8	226.0	267.0	299.1	291.5	69.7	141.3	216.6	281.0	73.1	152.5	325.0

(2) Number of civil aero engines delivered

(Units)

	Actual (accumulated)										Main loading
	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18/2Q	
V2500	4,168	4,551	4,980	5,468	5,969	6,469	6,896	7,236	7,508	7,608	Airbus A319/320/321
GE90	1,071	1,223	1,399	1,589	1,806	2,039	2,257	2,457	2,617	2,667	Boeing B777
CF34	2,604	2,919	3,242	3,548	3,820	4,156	4,471	4,821	5,085	5,205	For regional jet (70 to 110 seats)
GEEx			118	259	468	751	1,035	1,295	1,542	1,666	Boeing B787/B747-8
PW1100G							16	148	398	722	Airbus A320Neo
Passport20									13	44	Bombardier Global7000/8000
Total	7,843	8,693	9,739	10,864	12,063	13,415	14,675	15,957	17,163	17,912	

(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	
	'12	'13	'14	'15	'16	FY2017				FY2018		
						1Q	1H	3Q	Full Year	1Q	1H	Full Year
Japan	33.9	35.3	37.5	34.6	38.9	10.1	19.6	29.6	39.8	10.7	21.6	38.0
Asia	24.8	29.8	27.5	21.6	15.8	2.8	5.7	8.7	11.7	2.6	5.4	11.0
China	18.1	23.4	24.3	24.9	48.5	21.5	38.3	53.3	71.9	17.5	34.4	69.0
North America	1.3	1.6	1.8	2.4	3.3	0.7	1.9	4.9	8.4	2.8	5.5	12.0
Central and South America	0.0	0.0	0.7	3.4	6.1	1.1	2.8	5.1	7.4	2.1	4.2	9.0
Europe	43.2	60.2	75.6	74.3	61.7	32.7	49.2	64.7	81.1	15.6	27.9	56.0
Others	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	121.6	150.7	167.7	161.6	174.6	69.1	117.9	166.4	220.5	51.6	99.3	195.0

(1) Lease revenue in Toyosu

(In billion yen)

	Actual											Forecast	
	'12	'13	'14	'15	'16	FY2017				FY2018			
						1Q	1H	3Q	Full Year	1Q	1H		Full Year
Lease revenue	9.2	9.1	9.3	10.1	9.3	2.3	4.6	6.9	9.2	2.3	4.6	9.3	


(2) Lease revenue and expense in Toyosu (FY2018.2Q)

(In billion yen)


	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2018.2Q	4.6	1.9	1.2	1.5

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




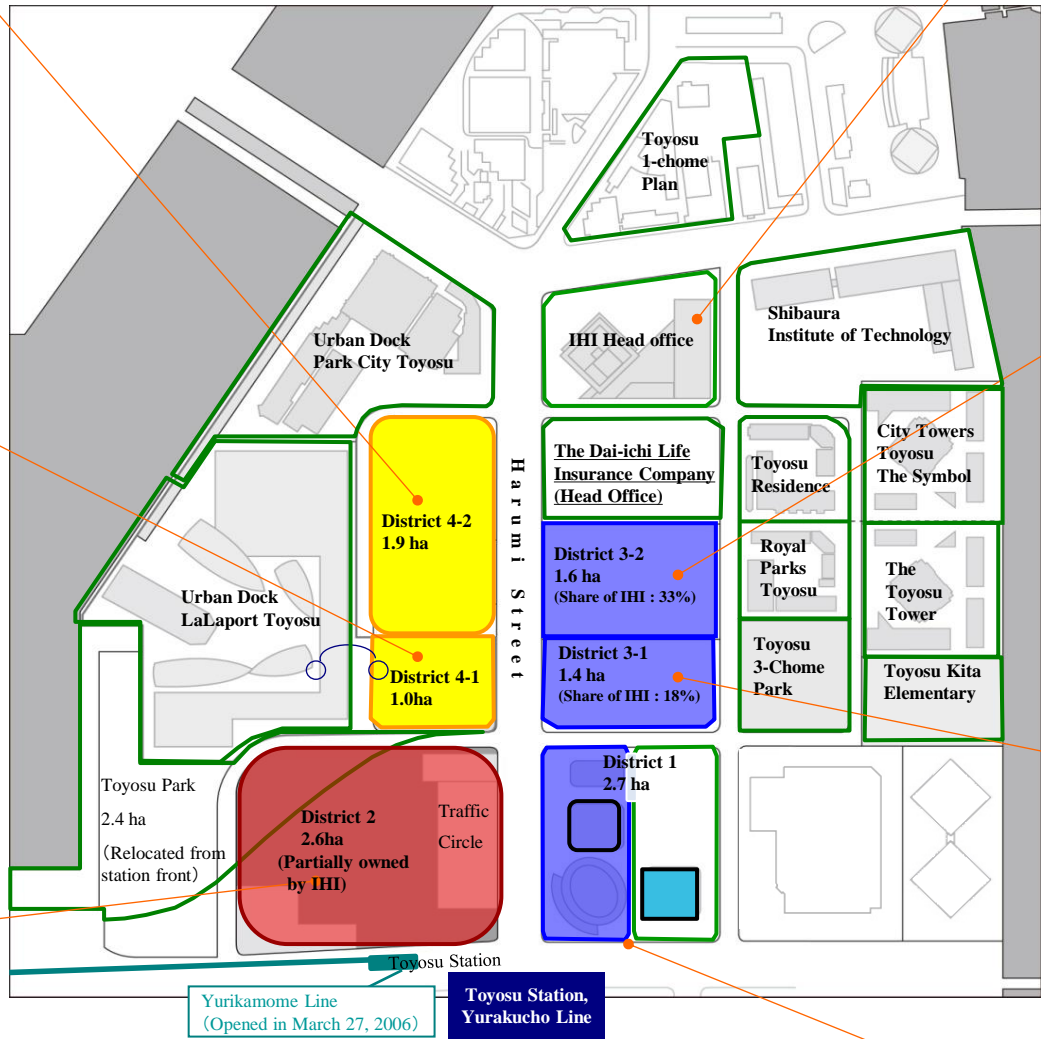
Toyosu IHI Building
 25 floors above ground, Approx. 125m high
 Gross floor area : 97,617㎡
 Completed in February 2006



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




Toyosu Foresia (IHI & Mitsubishi Estate Company, Ltd.)
 16 floors above ground, Approx. 75m high,
 Gross floor area : 101,503㎡
 Completed in July 2014

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

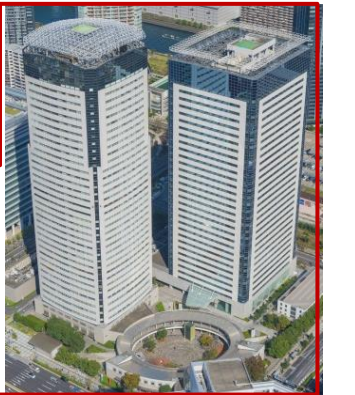






Toyosu Front (IHI, Mitsubishi Estate Company, Ltd. and Mitsubishi UFJ Trust and Banking Corporation)
 15 floors above ground, Approx. 75m high
 Gross floor area : 106,861㎡
 Completed in August 2010



Toyosu Center Building
 37 floors above ground, Approx. 165m high
 Gross floor area : 100,069㎡
 Completed in October 1992

Toyosu Center Building Annex
 33 floors above ground, Approx. 150m high
 Gross floor area : 105,448㎡
 Completed in August 2006



Property of IHI	Approx. 5ha	 Office Leasing
		 Land Leasing
		 Office Leasing (Leased land)
		 Category 1 Urban Redevelopment Project ※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.