

Financial Results for First Quarter FY2020 (for the year ending March 31, 2021)

IHI

August 11, 2020

IHI Corporation

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1. Consolidated Results for First Quarter FY2020



1. Consolidated Results for First Quarter FY2020

Summary of Financial Results

Note: Average exchange rates for FY2020.1Q US\$ 1.00= ¥107.05

(In billion yen)

	FY2019.1Q	FY2020.1Q	Change
Orders received	220.0	167.4	▲ 52.5
Net sales	281.1	▲10.3 218.5	▲ 62.6
Operating profit	0.9	▲1.5 ▲ 9.2	▲ 10.1
Ordinary profit	▲ 0.6	0.2 ▲ 7.9	▲ 7.2
Profit before income taxes	▲ 0.6	▲ 7.9	▲ 7.2
Profit attributable to owners of parent	▲ 2.7	▲ 7.6	▲ 4.8

The figures on the left side of net sales, operating profit, and ordinary profit for FY2020.1Q show the effect of applying Accounting Standard for Revenue Recognition(ASBJ Statement No. 29, March 31, 2020).

1. Consolidated Results for First Quarter FY2020

Financial Results by Segment

■ Orders received & Order backlog

(In billion yen)

	Orders received			Order backlog		
	FY2019.1Q	FY2020.1Q	Change	FY2019	FY2020.1Q	Change
Resources, Energy and Environment	47.2	45.8	▲ 1.4	521.2	499.7	▲ 21.5
Social Infrastructure and Offshore Facility	34.0	28.9	▲ 5.0	229.6	225.9	▲ 3.7
Industrial System and General-Purpose Machinery	116.0	74.0	▲ 41.9	190.8	174.8	▲ 15.9
Aero Engine, Space and Defense	13.5	12.0	▲ 1.4	493.6	450.4	▲ 43.2
Total Reportable Segment	210.8	160.9	▲ 49.9	1,435.4	1,350.9	▲ 84.4
Others	19.5	15.7	▲ 3.8	26.6	30.2	3.6
Adjustment	▲ 10.3	▲ 9.2	1.1	-	-	-
Total	220.0	167.4	▲ 52.5	1,462.0	1,381.1	▲ 80.8

Overseas orders received / order backlog	66.6	51.2	▲ 15.3	605.5	565.1	▲ 40.3
% of Overseas orders received / order backlog	30%	31%	1%	41%	41%	0%

1. Consolidated Results for First Quarter FY2020

Financial Results by Segment

■ Net sales & Operating profit

(In billion yen)

	Net sales			Operating profit		
	FY2019.1Q	FY2020.1Q	Change	FY2019.1Q	FY2020.1Q	Change
Resources, Energy and Environment	64.8	▲0.4 64.0	▲0.8	▲5.7	▲1.4 ▲3.4	2.2
Social Infrastructure and Offshore Facility	32.8	1.0 31.9	▲0.8	2.5	0.0 2.1	▲0.4
Industrial System and General-Purpose Machinery	86.7	4.1 78.1	▲8.6	0.2	0.1 ▲1.7	▲2.0
Aero Engine, Space and Defense	90.2	▲13.9 42.4	▲47.8	5.4	▲0.2 ▲4.7	▲10.1
Total Reportable Segment	274.7	▲9.1 216.5	▲58.1	2.4	▲1.5 ▲7.8	▲10.3
Others	15.3	▲1.1 10.5	▲4.8	0.1	0.0 ▲0.5	▲0.7
Adjustment	▲8.9	▲8.5	0.3	▲1.7	▲0.8	0.9
Total	281.1	▲10.3 218.5	▲62.6	0.9	▲1.5 ▲9.2	▲10.1

Overseas sales	142.2	82.9	▲59.3
% of overseas sales	51%	38%	▲13%

The figures on the left side of net sales and operating profit for FY2020.1Q show the effect of applying Accounting Standard for Revenue Recognition .

1. Consolidated Results for First Quarter FY2020

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	Effect of applying Accounting Standard for Revenue Recognition	Total
Resources, Energy and Environment	▲ 0.3	3.8		0.1	▲ 1.4	2.2
Social Infrastructure and Offshore Facility	▲ 0.4	▲ 0.2		0.2		▲ 0.4
Industrial System and General-Purpose Machinery	▲ 4.2			2.1	0.1	▲ 2.0
Aero Engine, Space and Defense	▲ 13.2	1.4	▲ 0.3	2.2	▲ 0.2	▲ 10.1
Total Reportable Segment	▲ 18.2	5.0	▲ 0.3	4.8	▲ 1.5	▲ 10.3
Others	▲ 0.6	▲ 0.6		0.5		▲ 0.7
Adjustment		0.8		0.1		0.9
Total	▲ 18.8	5.1	▲ 0.3	5.4	▲ 1.5	▲ 10.1

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

*Change factors of net sales of "Industrial System and General-Purpose Machinery" and "Aero Engine, Space and Defense" were mainly due to the impact of the spread of COVID-19.

1. Consolidated Results for First Quarter FY2020

Financial Results by Segment

■ The impact of the spread of COVID-19

➤ Civil aero engines Business

Sales of engines and spare parts in the Civil aero engines Business is greatly decreasing owing to the drastic decline in demand for aero transportation and the deterioration of business conditions for airlines. Although demands for aero transportation on domestic routes (mainly medium and short haul routes) are expected to lead the recovery, we foresee that the recovery speed varies by area under the situation where the spread of infection is not converged. With regard to international routes (mainly long haul routes), due to the various restrictions of these routes about immigration, the movements toward recovery are slower than domestic routes and full recovery is expected to take several years.

Under such circumstance, since our aero engines are mounted on relatively new type aircrafts and they have superiority in terms of operating costs such as fuel efficiency, it is expected that operations will be resumed preferentially and earnings in the aftermarket will recover rapidly in the period of recovery in demand.

➤ Vehicular turbochargers Business

While the number of delivery decreases in the Vehicular turbochargers Business due to the impact of global downturn of demand for automobiles and the suspension of factory production at automotive manufacturing companies, the number of delivery in Chinese market is turning into an increasing phase according to the movement out of the slump in the automotive industry. Furthermore, signs of recovery are also seen in the U.S. and Europe as the factory operations of automotive manufacturing companies resumed from mid-May.

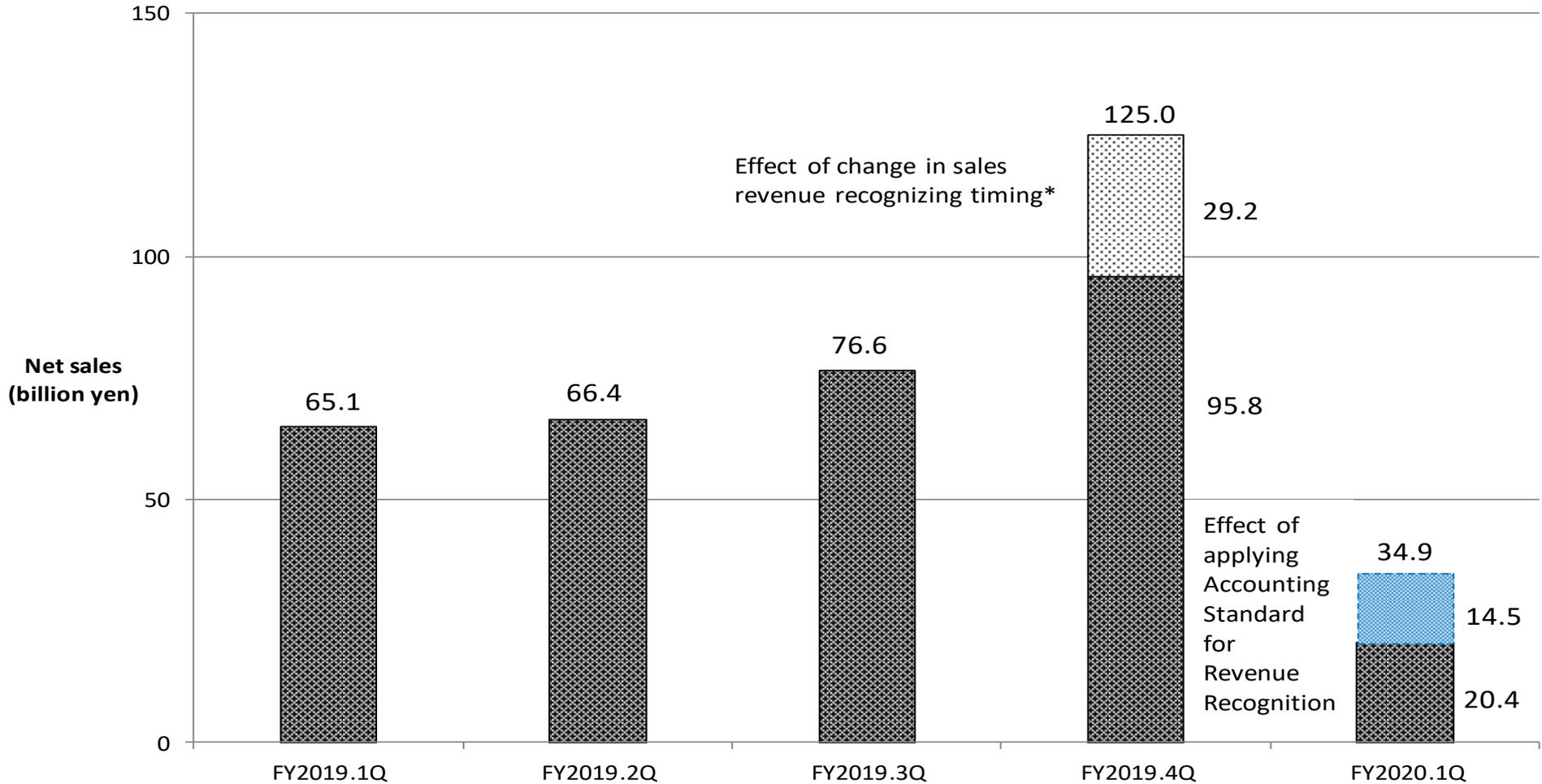
⇒The IHI Group is working on such countermeasures against the impact of the spread of COVID-19 as temporary freezing and/or reduction in expenditure on capital investments, research and development etc., reduction in the total cost/fixed cost and inventories, and shifting human resources to the growth areas and lifecycle businesses flexibly, and will strengthen these efforts in response to the future business environment and demand recovery.

1. Consolidated Results for First Quarter FY2020

Financial Results by Segment

■ The impact of the spread of COVID-19

Civil aero engines : Net sales



Net sales decreased 46.4% due to a decrease in sales of engines and spare parts year-on-year.

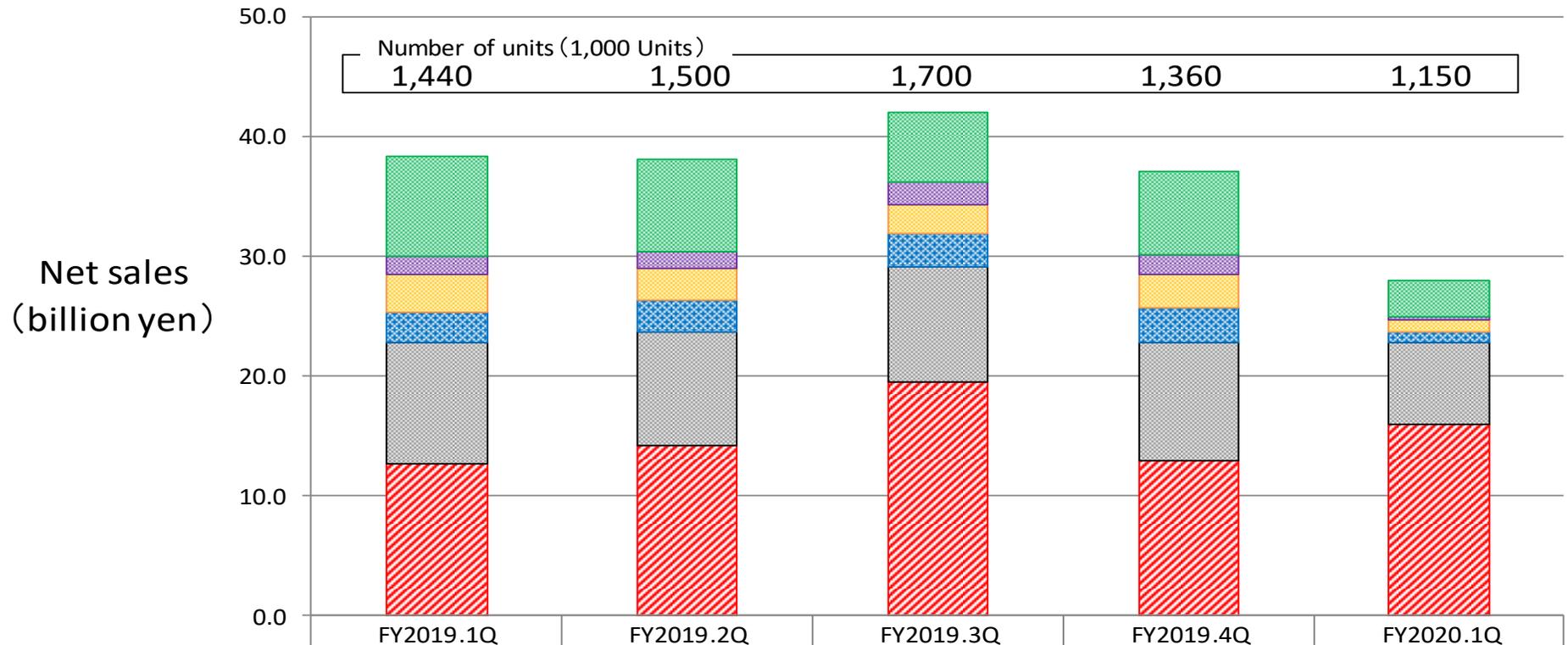
*The effect of change of revenue recognition timing from the month following the sale to the same month as the sale

1. Consolidated Results for First Quarter FY2020

Financial Results by Segment

■ The impact of the spread of COVID-19

Vehicular turbochargers The number of delivery and net sales by region



The number of delivery and net sales in China increased year-on-year.

1. Consolidated Results for First Quarter FY2020

Financial Results by Segment

■ Progress of measures against the spread of COVID-19

Measures	Progress	Hereafter
<ul style="list-style-type: none"> Secure liquidity 	<ul style="list-style-type: none"> Established fundraising line of about ¥200 billion Keeping interest-bearing liabilities at the same level as March 2020 	Continue to take appropriate measures while assessing financial market trends and funding needs
<ul style="list-style-type: none"> Temporarily freeze /reduce CAPEX and R&D 	Decided to reduce investment amount in FY2020 by about ¥40 billion	<ul style="list-style-type: none"> Further reduce through budget scrutiny at the execution stage of individual investment projects Consider the investment level in sight of "post-coronavirus"
<ul style="list-style-type: none"> Reduce total and fixed cost 	Reduced SG&A expenses for FY2020.1Q by ¥6 billion year-on-year	<ul style="list-style-type: none"> Accelerate execution while closely monitoring trends in the business environment Accelerate the shift to a lean and flexible management structure by rebuilding the business portfolio
<ul style="list-style-type: none"> Reduce inventories 	<ul style="list-style-type: none"> Inventories of the Civil aero engines Business increased due to acceptance of items ordered before spread of COVID-19 Coordinating with suppliers about postponement of due date according to reduction of production in this business 	
<ul style="list-style-type: none"> Adjust production 	<ul style="list-style-type: none"> Continuing furlough of IHI and domestic affiliates from June 2020 Carrying out production adjustments mainly at overseas base of the Vehicular turbochargers business 	
<ul style="list-style-type: none"> Flexibly shift human resources 	Sequentially implementing necessary measures in the short term	Implement full-scale personnel allocation focused on growth fields and life cycle businesses

1. Consolidated Results for First Quarter FY2020

Non-operating Income / Expenses

(In billion yen)

	FY2019.1Q	FY2020.1Q	Change
Net interest expenses (incl. dividend income)	▲ 0.2	▲ 0.3	▲ 0.1
Share of profit/loss(▲) of entities accounted for using equity method	▲ 0.6	2.2	2.9
Foreign exchange gains / losses (▲)	▲ 1.1	▲ 0.9	0.2
Others	0.4	0.3	0.0
Non-operating Income / Expenses (▲)	▲ 1.6	1.3	2.9

Change of the rate(US\$) FY2019.1Q ▲3.20yen (beginning 110.99yen→end 107.79yen)
 FY2020.1Q ▲1.09yen (beginning 108.83yen→end 107.74yen)

1. Consolidated Results for First Quarter FY2020

Balance Sheets



(In billion yen)

	As of March 31, 2020	As of June 30, 2020	Change
Total assets	1,740.7	1,674.7	▲ 66.0
(Cash and deposits)	(147.2)	(84.1)	(▲ 63.0)
(Trade receivables & contract assets)	(403.8)	(377.1)	(▲ 26.6)
(Inventories)	(445.5)	(454.4)	(8.9)
Total liabilities	1,387.0	1,302.6	▲ 84.4
(Trade payables)	(262.5)	(230.5)	(▲ 32.0)
(Contract liabilities)	(151.7)	(168.2)	(16.4)
(Interest-bearing liabilities) (*1)	(488.1)	(487.2)	(▲ 0.9)
Total net assets	353.7	372.0	18.3
Shareholders' equity (*3)	329.2	346.0	16.8
Accumulated other comprehensive income	▲ 2.8	▲ 1.7	1.0
Non-controlling interests and others	27.3	27.7	0.3
Total liabilities and net assets	1,740.7	1,674.7	▲ 66.0
D/E ratio(times) (*2)	1.38	1.31	▲ 0.07
Equity ratio	18.7%	20.6%	1.8%

(*1) Interest-bearing liabilities includes the amount of lease obligations.
(as of March 31, 2020: ¥27.3 billion / as of June 30, 2020: ¥28.1 billion)

(*2) D/E ratio = Interest-bearing liabilities / net assets

(*3) Shareholders' equity (retained earnings) at the beginning of FY2020 increased by ¥27.4 billion by applying
Accounting Standard for Revenue Recognition

(1) Cash Flows

(In billion yen)

	FY2019.1Q	FY2020.1Q	Change
Cash flows from operating activities	▲ 29.9	▲ 29.1	0.7
Cash flows from investing activities	▲ 11.6	▲ 26.2	▲ 14.6
Free cash flows	▲ 41.5	▲ 55.4	▲ 13.8
Cash flows from financing activities	19.1	▲ 9.1	▲ 28.2

Cash outflows in investing activities increased due to payments for the construction of factory building of Tsurugashima Works completed in FY2019.

1. Consolidated Results for First Quarter FY2020 Supplementary Information

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

(In billion yen)

	FY2019.1Q	FY2020.1Q
R&D	7.0	5.3
CAPEX	11.4	8.7
Depreciation & Amortization	12.1	14.1

Decreased due to the temporary freezing /reduction of CAPEX and R&D

“CAPEX” and “Depreciation & Amortization” consist of amounts related to tangible fixed assets and software.

(3) Overseas Sales by Region

(In billion yen)

	FY2019.1Q	FY2020.1Q
Asia	24.4	23.0
China	18.8	22.5
North America	80.4	24.8
Central and South America	2.3	0.6
Europe	15.3	10.3
Others	0.8	1.5
Total	142.2	82.9
% of overseas sales	51%	38%

Decreased mainly in the Civil aero engines Business and the Vehicular turbochargers Business

2. Forecasts of the Consolidated Results for FY2020

Forecasts for FY2020

The spread of COVID-19 has caused a transformation in society, the economy and individual values, resulting in significant changes to the environment in which the IHI Group operates. By accelerating a bold and flexible shift of resources to growth areas and profitable businesses and steadily executing the required measures to revitalize and reorganize existing businesses for the transformation to a sustainable business structure, we will promote lean and flexible management that has the ability to tolerate the changes in the “post-coronavirus” environment.

The consolidated forecasts of results for the year ending March 31, 2021 are “undetermined”, since we still do not have a clear view of when the spread of COVID-19 will come to an end and it is difficult to calculate a reasonable impact amount from the spread of COVID-19 at this point.

(Once it become possible to determine the forecast through careful assessment of the impact on the results, we will announce it promptly.)

3. Financial Results by Segment

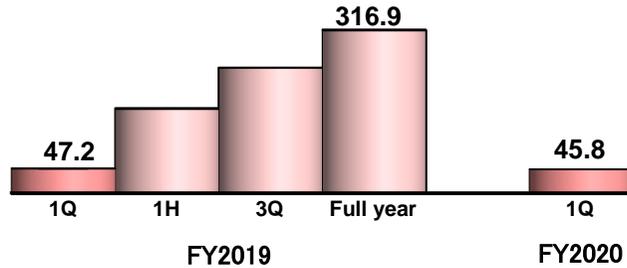
3. Financial Results by Segment

Resources, Energy and Environment

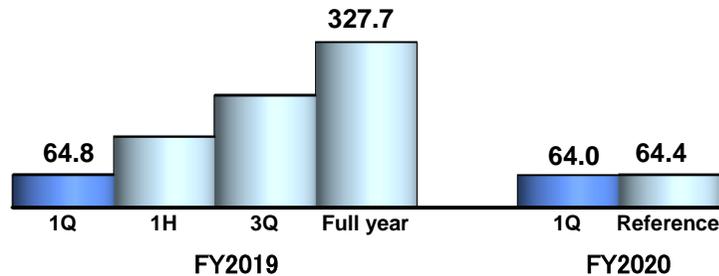
(In billion yen, accumulated amount)

(Reference) Results excluding the effect of applying Accounting Standard for Revenue Recognition

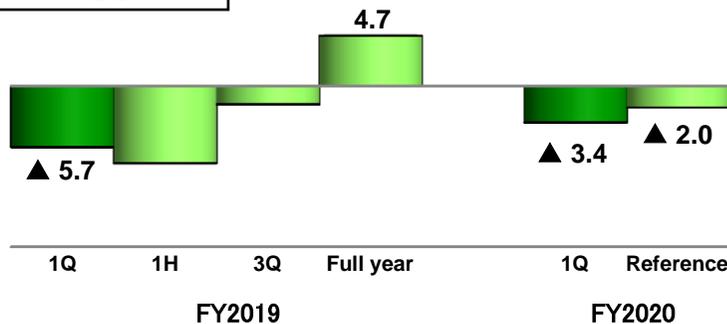
Orders received



Net sales



Operating profit



<Results by business segment>

【 Orders received 】

Orders received was at the same level as the previous corresponding period, although it decreased a little.

【 Net sales 】

Net sales was at the same level as the previous corresponding period due to the increase in the Boilers Business despite the decrease in the Plants Business.

【 Operating profit 】

Operating loss saw some recoveries due to the reverse effect of the deterioration of profitability for specific projects in the Boilers Business and the Power Systems Business in the previous corresponding period.

3. Financial Results by Segment

Resources, Energy and Environment

(In billion yen)

	Orders received			Net sales				
	FY2019		FY2020	FY2019				FY2020
	1Q	Full year	1Q	1Q	1H	3Q	Full year	1Q
Power Systems	17.3	82.6	19.0	17.9	36.0	53.4	86.1	18.8
Boilers	6.9	95.6	7.4	16.8	44.8	70.2	98.4	20.0
Plants	4.9	32.1	2.8	13.8	26.6	39.2	56.4	9.5
Nuclear power	8.9	36.2	9.2	4.8	8.9	13.5	27.9	5.2

3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(In billion yen, accumulated amount)

(Reference) Results excluding the effect of applying Accounting Standard for Revenue Recognition

<Results by business segment>

【 Orders received 】

Orders received decreased in the Transport systems Business.

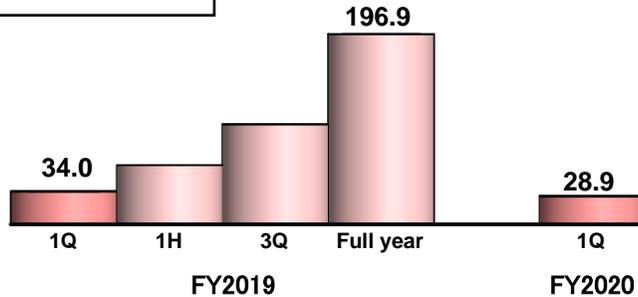
【 Net sales 】

Net sales was the same level as the previous corresponding period due to the increase in the Transport systems Business and the Urban development Business despite the decrease in the Bridges/water gates Business.

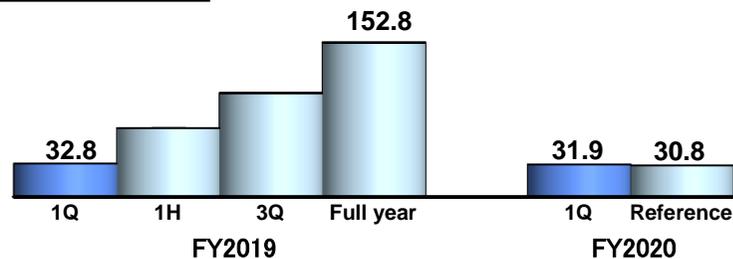
【 Operating profit 】

Over all operating profit in this segment decreased, while there were an increase in operating profit due to increased net sales in the Urban development Business and a decrease in operating profit due to declined net sales in the Bridges/water gates, and so on.

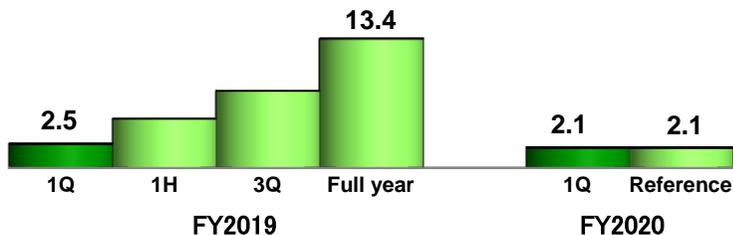
Orders received



Net sales



Operating Profit



3. Financial Results by Segment

Social Infrastructure and Offshore Facility

(In billion yen)

	Orders received			Net sales				
	FY2019		FY2020	FY2019				FY2020
	1Q	Full year	1Q	1Q	1H	3Q	Full year	1Q
Bridges/water gates	11.5	111.1	11.1	19.2	38.2	57.5	83.5	15.1
Shield systems	5.5	23.6	4.7	4.6	9.7	12.0	15.5	3.5
Urban development	3.9	16.5	6.5	3.9	7.9	11.8	16.5	6.6

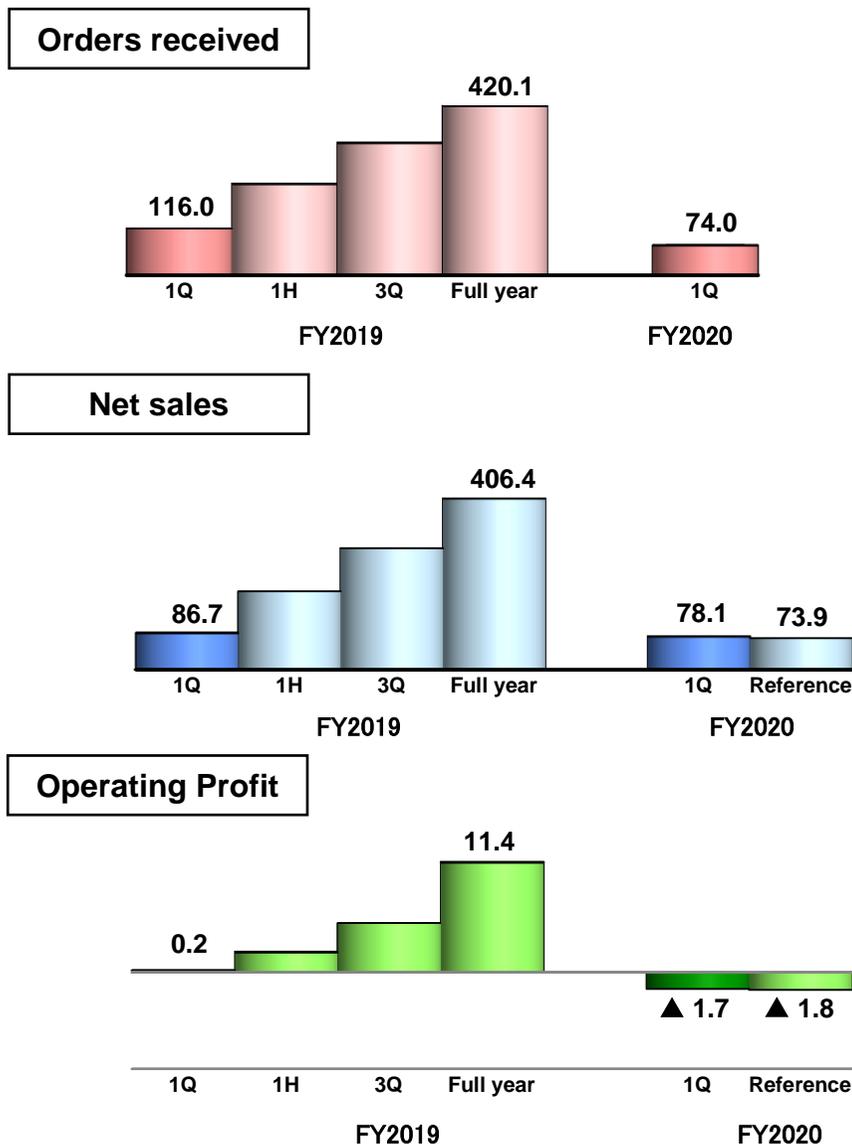
For related information of “Urban development” in Toyosu, please refer to <Appendices> on page 35, 36.

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

(In billion yen, accumulated amount)

(Reference) Results excluding the effect of applying Accounting Standard for Revenue Recognition



<Results by business segment>

【 Orders received 】

In addition to the reverse effect of large-scale projects of the Transport machineries Business and the Logistics/industrial systems Business which were received in the previous corresponding period, orders received decreased due to the spread of COVID-19 in the Vehicular turbochargers Business.

【 Net sales 】

Net sales decreased due to the decrease in the Vehicular turbochargers Business and the Thermal and surface treatment Business despite the increase in the Transport machineries Business.

<Number of vehicular turbochargers delivered>

(1,000 Units)

	1Q	Full Year
FY2019	1,440	6,000
FY2020	1,150	-

【 Operating profit 】

Operating profit decreased due to the decrease of net sales in the Vehicular turbochargers Business and the Thermal and surface treatment Business.

3. Financial Results by Segment

Industrial System and General-Purpose Machinery

(In billion yen)

	Orders received			Net sales				
	FY2019		FY2020	FY2019				FY2020
	1Q	Full year	1Q	1Q	1H	3Q	Full year	1Q
Vehicular turbochargers	38.6	155.5	28.3	38.7	76.7	118.8	155.7	28.2
Parking	14.1	53.4	10.2	10.0	22.0	33.9	53.0	9.4
Rotating machineries	12.6	51.3	12.0	10.4	21.1	33.5	49.0	10.3
Thermal and surface treatment	8.4	32.2	5.6	9.8	19.7	29.1	37.7	6.7
Transport machineries	19.5	61.2	4.9	3.7	9.2	17.7	29.0	10.2

For details of “Vehicular turbochargers”, please refer to <Appendices> on page 34.

3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen, accumulated amount)

(Reference) Results excluding the effect of applying Accounting Standard for Revenue Recognition

<Results by business segment>

【 Orders received 】

Orders received was at the same level as the previous corresponding period, although it decreased a little.

【 Net sales 】

Net sales decreased due to the effect of applying Accounting Standard for Revenue Recognition, in addition to the impact of the decline in demand for aero transportation owing to the spread of COVID-19 in the Civil aero engines Business.

*the effect of applying Accounting Standard for Revenue Recognition

Net sales ▲¥13.9 billion

Operating profit ▲¥0.2 billion

<Number of civil aero engines delivered>

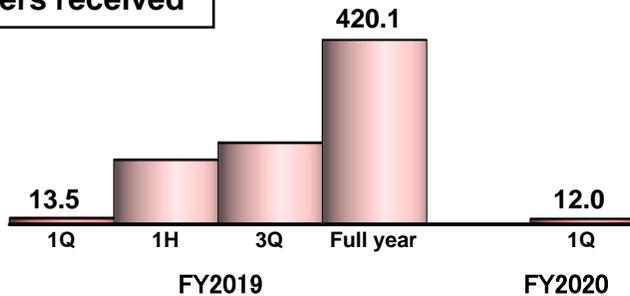
(Units)

	1Q	Full Year
FY2019	372	1,571
FY2020	185	-

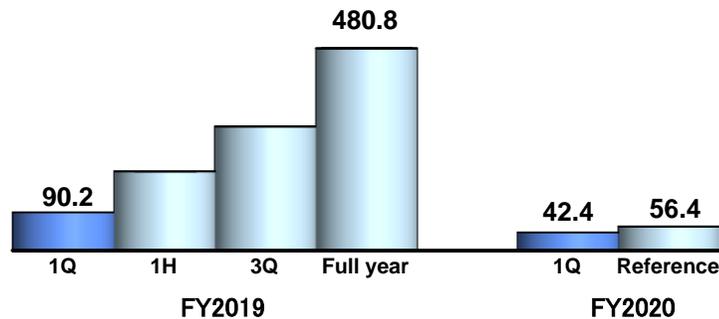
【 Operating profit 】

Operating profit decreased due to the decrease of net sales in the Civil aero engines Business.

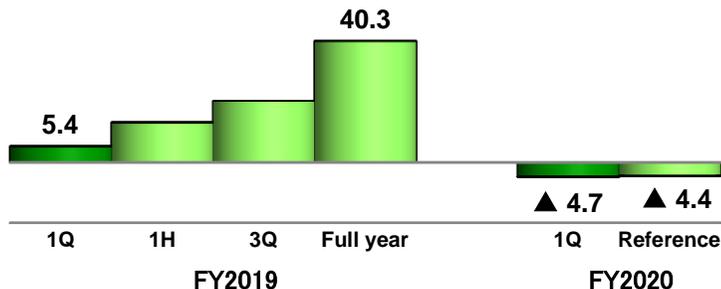
Orders received



Net sales



Operating profit



3. Financial Results by Segment

Aero Engine, Space and Defense

(In billion yen)

	Orders received			Net sales				
	FY2019		FY2020	FY2019				FY2020
	1Q	Full year	1Q	1Q	1H	3Q	Full year	1Q
Civil aero engines	1.9	308.2	1.7	65.1	131.5	208.1	333.1	20.4
(Reference)Results excluding the effect of applying Accounting Standard for Revenue Recognition								34.9

For details of "Civil aero engines", please refer to <Appendices> on page 33.

<Appendices>

- Financial Performance
- Progress in large projects
- Topics in the First Quarter under review
- Aero engines
- Vehicular turbochargers
- Urban development

(In billion yen)

	FY2016	FY2017	FY2018	FY2019	FY2020.1Q
Net sales	1,468.3	1,590.3	1,483.4	1,386.5	218.5
Operating margin	3.2%	4.5%	5.6%	4.4%	▲4.2%
Operating profit	47.3	72.2	82.4	60.7	▲9.2
Ordinary profit	22.0	21.4	65.7	32.2	▲7.9
Profit attributable to owners of parent	5.2	8.2	39.8	12.8	▲7.6
ROIC (※1)	5.0%	7.7%	8.7%	5.7%	—
CCC (※2)	87days	83days	97days	120days	—
D/E ratio(times)(※3)	1.10	0.92	0.93	1.38	1.31
ROE (※4)	1.6%	2.6%	11.8%	3.8%	—
Dividends per share (yen)	0	Interim 3 Year-end 30 (※5)	70 Interim 30 Year-end 40	50 Interim 30 Year-end 20	—
Exchange rate	¥108.27/\$	¥111.00/\$	¥111.09/\$	¥109.16/\$	¥107.05/\$

※1 : ROIC (Return On Invested Capital)

= (Operating profit + Interest income and dividend income) after tax / (Equity + Interest-bearing liabilities)

※2 : CCC = Working capital / Net sales * 365days

※3 : D/E ratio = Interest-bearing liabilities / Net assets

※4 : ROE (Return on Equity) = Profit attributable to owners of parent

/ (Average of equity for previous fiscal year end and current period end)

※5 : Year-end dividend for FY2017 reflects the consolidation of stock.

Elba Liquefaction Project



Expected Completion Image



Actual Construction Completion

<Key milestones>

- March 2016: Contract Award
- November 2016: FERC Approval for the commencement of construction
- February 2017: Delivery commencement of MMLS#1 module
- September 2019: Commercial in Service of MMLS#1
- 2nd Quarter, 2020: Substantial Completion of all facilities

MMLS: Movable Modular Liquefaction System

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

<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

<Status>

As of the end of June 2020, Commercial In-Service of MMLS#1 through #6, Start-up of MMLS#8, Commissioning of MMLS#7, #9, #10. Progress of Engineering is 100%, Procurement is 100%, Construction is 99.9%, Commissioning is 97.2%, and Overall Project is 99.8%.

<Status as of August 3, 2020>

MMLS No.	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
Mechanical Completion	○	○	○	○	○	○	○	○	○	○
Commissioning (Progress)	○	○	○	○	○	○	○ (88.1%)	○ (100%)	○ (100.0%)	○ (92.5%)
In-Service	○	○	○	○	○	○	2nd quarter, 2020	○	○	

(Note) MMLS#7 will be the last train to be handed over based on latest schedule.

Takehara Thermal Power Plant New Unit No.1



Panoramic view of
Takehara Thermal Power Plant New Unit No.1 and Unit No.3
Photo is provided by J-POWER(EPDC)

<Overview of New Unit No.1>

Client : Electric Power Development Co., Ltd.
(J-POWER)

Location: Takehara city, Hiroshima prefecture

Capacity : 600MW

Generation Type : Ultra-Supercritical

<Key milestones>

EPC Contract: September 2015

Boiler Erection Start: February 2018

Commercial Operation Start: June 2020

Kashima Thermal Power Plant Unit No.2



Panoramic view of
Kashima Thermal Power Plant Unit No.2
Photo is provided by Kashima Power Co., Ltd.

<Overview of Unit No.2>

Client : Kashima Power Co., Ltd.

Location: Kashima city, Ibaraki prefecture

Capacity : 645MW

Generation Type : Ultra-Supercritical

<Key milestones>

EPC Contract: June 2014

Boiler Erection Start: December 2017

Commercial Operation Start: July 2020

Start of sales of FeverCheck™ for screening abnormal body temperatures



<Utilization image>

IHI Group company IHI Inspection & Instrumentation Co., Ltd. (“IIC”) has begun sales of “FeverCheck,” a system that uses AI-based face recognition functions to take instantaneous, non-contact measurements of the surface temperature of the subject’s body, and to automatically give notification of abnormal body temperatures. By using AI to accurately detect the faces of multiple persons walking past the equipment without requiring them to stop, the FeverCheck screening system simultaneously measures body temperatures in the area of the face for multiple persons without contact. In addition, in cases where a person with an abnormal body temperature has passed through, the operator is notified in real time. This enables more efficient measurement in locations with many people entering the site, such as offices, factories and schools, and significantly reduces the risk of infection through physical contact.

Start of sales and increased production of high-performance ozone-related products for use in combating COVID-19

IHI and IHI Group company IHI Agri-Tech Corporation (“IAT”) have developed and begun sales of a simplified negative pressure tent that enables the easy creation of isolation space.

Air purifying equipment sold by IAT that uses ozone and high-performance HEPA filters can be used in combination with this product to extract and sterilize the air within the tent. The simplified approach allows it to be set up within 15 minutes, permitting it to be utilized not only in hospitals with a shortage of negative-pressure rooms, but also at locations such as nursing care facilities.

In addition to their current use as a means of countering infections, the high-performance ozone-related products sold by IAT are seeing a dramatic surge in demand as preventive devices to be utilized when coexisting with coronavirus and in the post-coronavirus era. In response to this, the company is strengthening its production systems, and implementing a major increase in output.

The IHI Group will continue to contribute to society by strengthening its initiatives to prevent the spread of COVID-19.



Air purifying equipment eZ-100



Portable air purifying equipment

Bio-jet Fuel Manufactured from Microalgae Receives ASTM International Standard Certification-available for commercial aircraft



IHI and New Energy and Industrial Technology Development Organization are proceeding with the technology development for production of bio-jet fuel from microalgae. Regarding to the bio-jet fuel produced by this technology, IHI has acquired the international standard for alternative jet fuel for aviation “ASTM D7566 Annex 7”. As a result, the bio-jet fuel produced by this technology can be mixed with existing jet fuel and used for the operation of commercial aircraft, which can be expected to further reduce CO₂ emissions. In the future, IHI will continue to study for commercialization and contribute to further reduce CO₂ and other greenhouse gas emissions in the aviation field.

Signing of the “Basic Agreement” concerning the Epsilon S Launch Vehicle -satellite launch business-

IHI AEROSPACE CO., LTD (“IA”) and the Japan Aerospace Exploration Agency (“JAXA”) entered into the Basic Agreement on the Development of the Epsilon S Launch Vehicle (“Epsilon S”) and the Implementation of the Launch Service Business. The Epsilon Launch Vehicle was developed by JAXA, and IA had played the key role of designing and manufacturing the rocket system. We contributed to all successful launches up to the fourth Epsilon Launch Vehicle. In the next step, IA in joint effort with JAXA will develop the Epsilon S based on the first step achievements, aiming at strengthening Epsilon’s international competitiveness by synergy effects from the H3 Launch Vehicle.

In the future, IA plans to develop the Epsilon S with JAXA and use this to provide the launch service. IA will focus on development and launch service business activities worldwide aiming to expand the field of the space transportation.



<The launch of the Epsilon-4 ©JAXA>

(1) Net sales of civil aero engines

(In billion yen)

	Actual								
	'13	'14	'15	'16	'17	'18	FY2019		FY2020
							1Q	Full Year	1Q
Net sales	226.0	267.0	299.1	291.5	281.0	318.5	65.1	333.1	20.4
(Reference)Results excluding the effect of applying Accounting Standard for Revenue Recognition									34.9

(2) Number of civil aero engines delivered

(Units)

	Actual (accumulated)										Main loading
	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20/1Q	
V2500	4,980	5,468	5,969	6,469	6,896	7,236	7,508	7,688	7,735	7,735	Airbus A319/320/321
GE90	1,399	1,589	1,806	2,039	2,257	2,457	2,617	2,715	2,824	2,839	Boeing B777
CF34	3,242	3,548	3,820	4,156	4,471	4,821	5,085	5,331	5,611	5,646	For regional jet (70 to 110 seats)
GEnx	118	259	468	751	1,035	1,295	1,542	1,826	2,159	2,211	Boeing B787/B747-8
PW1100G					16	148	398	1,058	1,784	1,863	Airbus A320Neo
Passport20							13	66	142	146	Bombardier Global7500
Total	9,739	10,864	12,063	13,415	14,675	15,957	17,163	18,684	20,255	20,440	

(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									
	'12	'13	'14	'15	'16	'17	'18	FY2019		FY2020
								1Q	Full year	1Q
Japan	33.9	35.3	37.5	34.6	38.9	39.8	44.6	10.1	39.1	6.8
Asia	24.8	29.8	27.5	21.6	15.8	11.7	11.0	2.5	10.7	0.9
China	18.1	23.4	24.3	24.9	48.5	71.9	63.1	12.7	59.3	15.9
North America	1.3	1.6	1.8	2.4	3.3	8.4	11.6	3.1	10.8	1.1
Central and South America	0.0	0.0	0.7	3.4	6.1	7.4	7.5	1.6	6.6	0.2
Europe	43.2	60.2	75.6	74.3	61.7	81.1	51.3	8.3	28.9	3.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Total	121.6	150.7	167.7	161.6	174.6	220.5	189.5	38.7	155.7	28.2

(1) Lease revenue in Toyosu

(In billion yen)

	Actual									
	'12	'13	'14	'15	'16	'17	'18	FY2019		FY2020
								1Q	Full year	1Q
Lease revenue	9.2	9.1	9.3	10.1	9.3	9.2	9.3	2.3	9.4	3.0

(2) Lease revenue and expense in Toyosu (FY2020.1Q)

(In billion yen)

	Lease revenue	Lease expense		Lease income
		Depreciation	Others	
FY2020.1Q	3.0	1.0	0.7	1.2

Development Plan for Toyosu 1 to 3 chome Area

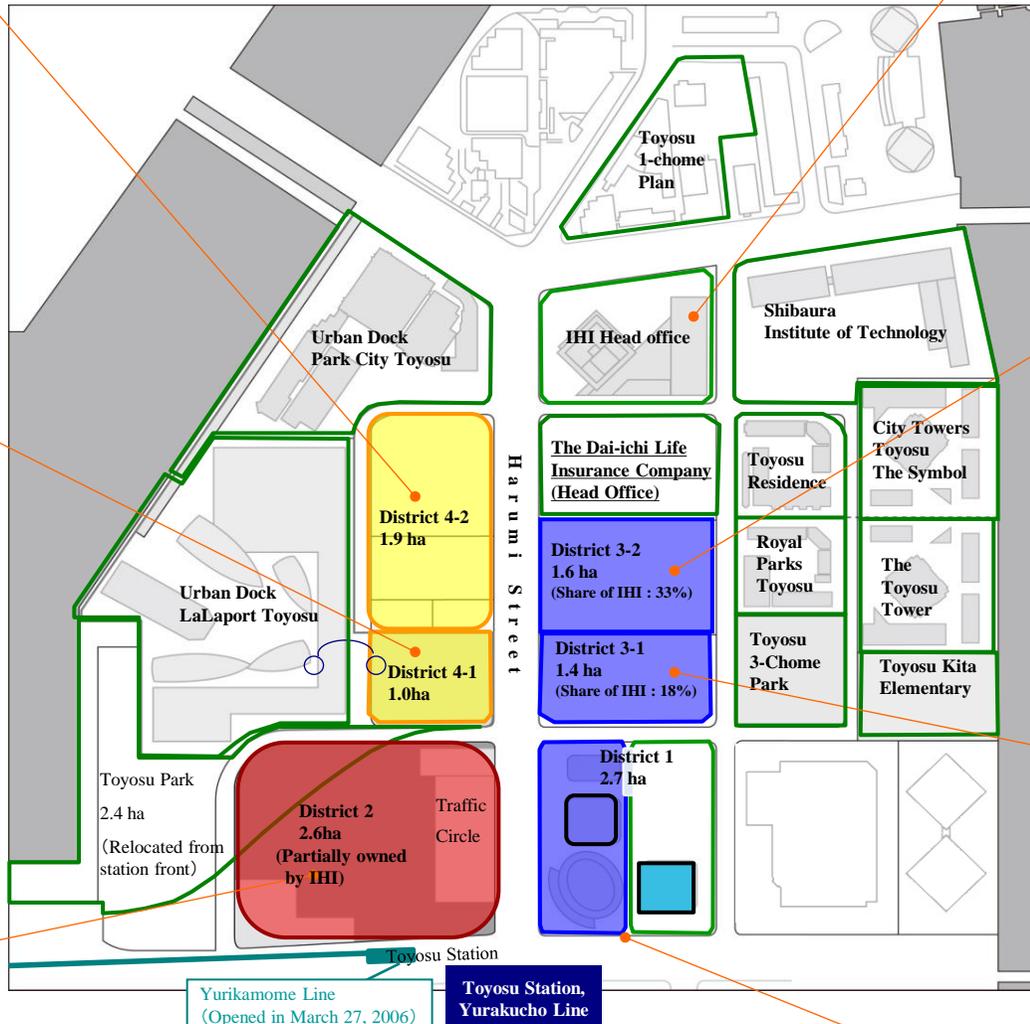
Kindergarten, Nursery school, Café, Marriage ceremonial hall.
 (Mitsui Fudosan Co., Ltd.)
 Site area : 19,492㎡
 Completed in March 2010 to February 2011



Urban Dock LaLaport Toyosu 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㎡
 Completed in March 2020

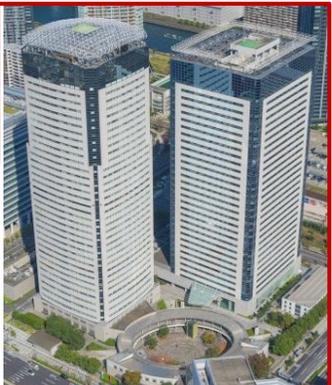
Toyosu IHI Building
 25 floors above ground, Approx. 125m high
 Gross floor area : 97,617㎡
 Completed in February 2006



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

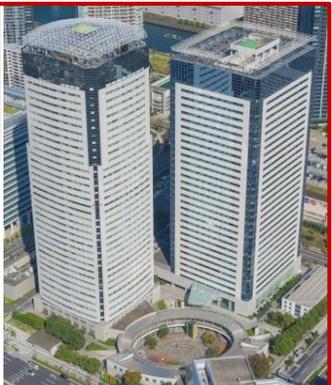


Toyosu Front
 (IHI, Mitsubishi Estate Company, Ltd. and Mitsubishi UFJ Trust and Banking Corporation)
 15 floors above ground, Approx. 75m high
 Gross floor area : 106,861㎡
 Completed in August 2010



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

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



Property of IHI	Approx. 5ha
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- 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.