



**FY2011 2Q Report**  
**(ended on 31<sup>st</sup> September 2011)**

**Do challenge, make progress for the bright future**

**Reported on 1 November 2011**



**MES**

**MITSUI ENGINEERING &  
SHIPBUILDING CO.,LTD.**

# Key Point of FY2011 2Q

1. Profit Exceeded the Original Forecast  
under Super Strong JPY Situation

2. New Order of New Environmental  
Friendly Ship

# Key Point of FY2011 2Q

1. Profit Exceeded the Original Forecast under Super Strong JPY Situation

	FY10 2Q Actual	FY11 2Q Forecast	FY11 2Q Actual
New Orders	2,037		2,164
Net Sales	3,098	2,800	2,684
Operating Income	245	110	129
Ordinary Income	239	100	144
Net Income	115	50	72

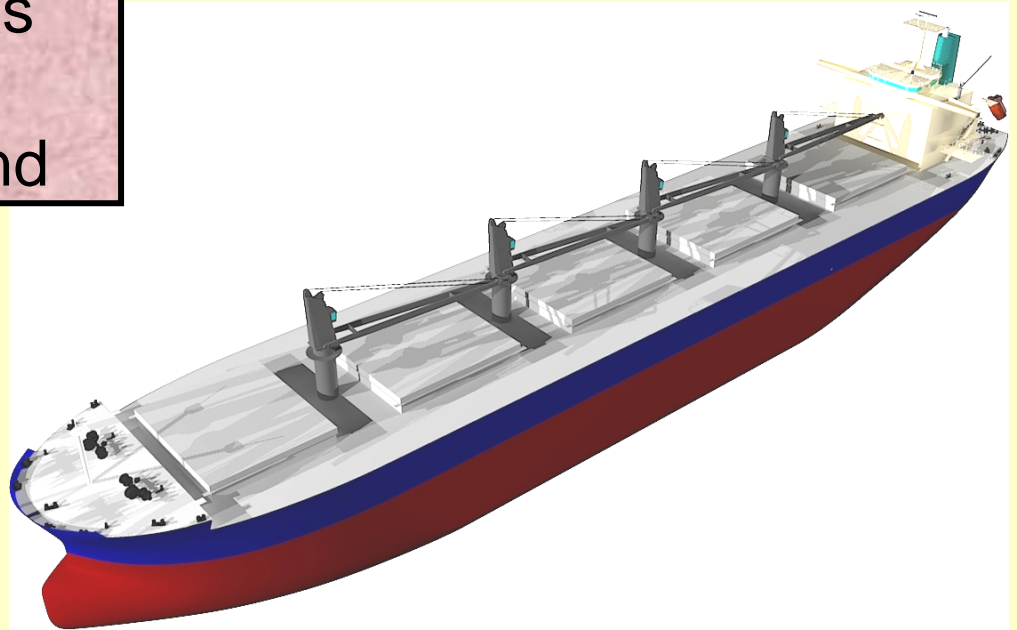
FY10 Actual	FY11 Plan
4,997	7,100
5,892	5,700
389	280
362	260
135	150

# Key Point of FY2011 2Q

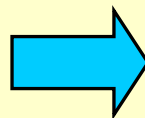
## 2. New Order of New Environmental Friendly Ship

- Continuous superstrong JPY
- Competition with overseas
- Low demand in charter
- Gap in supply and demand

Severe  
Shipbuilding  
Market



Demand in Environmental  
Friendly Ship



2 orders of 66BC

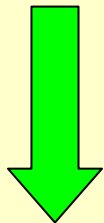
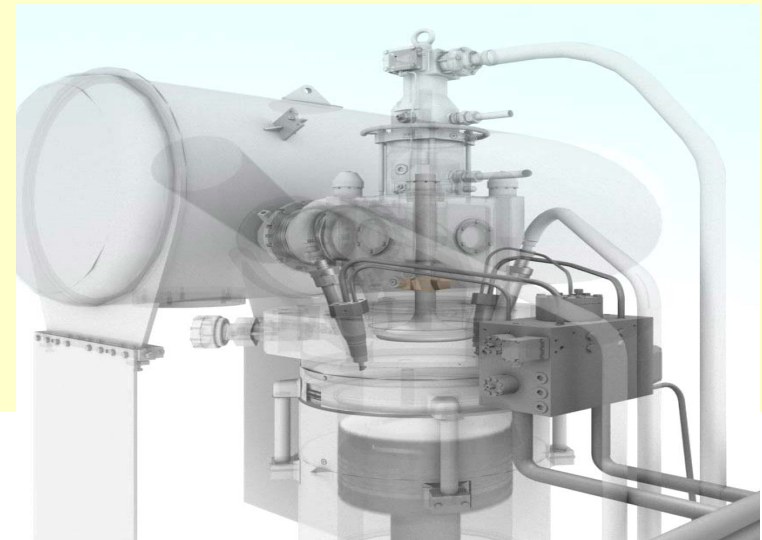
# Key Point of FY2011 2Q

## New LNG ships “Double Eco MAX”

Reduction of fuel consumption and CO2 by 30%

### ME-GI Engine

- Able to choose gas-firing, oil-firing, or gas-oil mixed firing
- Enable optimum selection of the fuel out of the fluctuating fuel prices

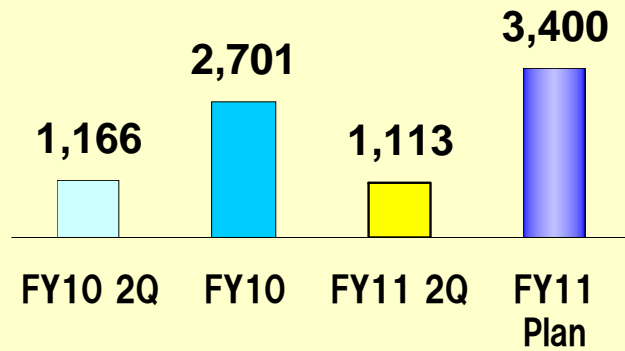


Economical Merit in Operation

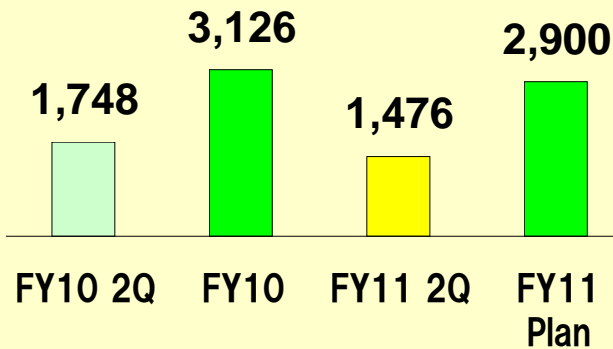
# Highlights - Ships

(100 Million Yen)

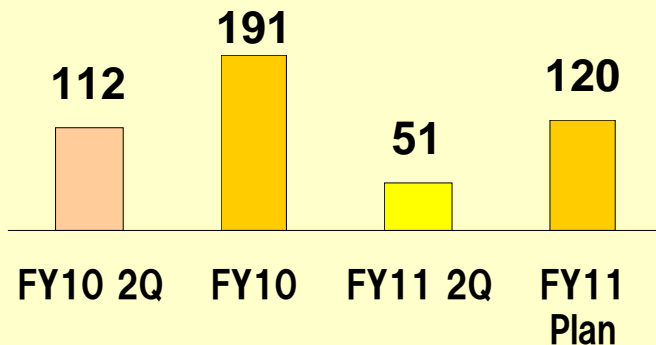
New Orders



Net Sales



Operating Income



## New Orders of Environmental Friendly Ship Make Breakthrough of Low Market

### ○New Orders

- 2 orders of 66BC
- Many inquiries even in low market
- More opportunities expected by putting new eco-LNG ship into market
- MODEC takes FPSO related orders

Non-Consolidated (Ships)	FY10 2Q Actual		FY10 Actual		FY11 2Q Actual	
	New Order	Delivery	New Order	Delivery	New Order	Delivery
56BC	5	10	15	21	3	10
66BC					2	---

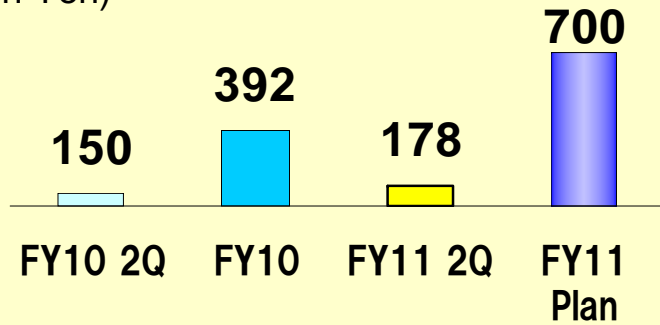
### ○Net Sales/Operating Income

- Favorable progress of construction
- Maintained Operating Income of JPY5.1 billion even in super strong situation of JPY

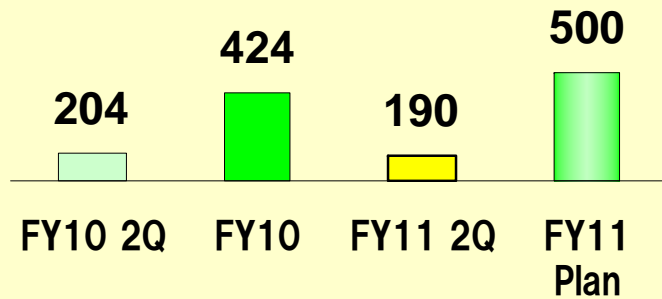
# Highlights - Steel Structures/Construction

(100 Million Yen)

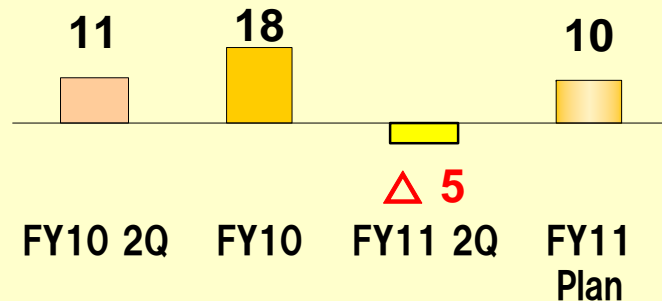
New Orders



Net Sales



Operating Income



## Aim to obtain planned order even in fierce competition situation

### ○New Orders

- Obtained recovery work of earthquake and other disasters although domestic public work is shrinking
- Power plant construction and Infrastructure work in Southeast Asia will be obtained in 2<sup>nd</sup> half
- Inquiry of Crane is abundant  
For domestic, order is favorable  
For overseas, order from Southeast Asia will be expected in 2<sup>nd</sup> half even in strong JPY situation

Actual (Unit)	FY10 2Q		FY10		FY11 2Q	
	New Order	Delivery	New Order	Delivery	New Order	Delivery
Portainer	1	4	10	6	3	0
Transtainer	6	0	23	8	28	7

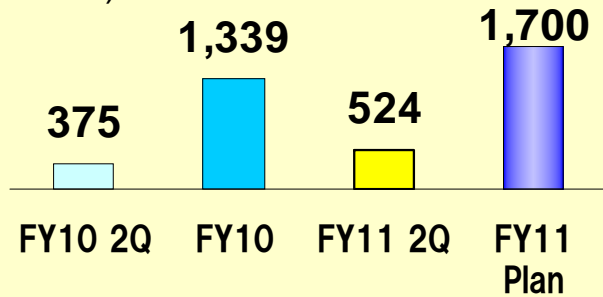
### ○Net Sales/Operating Income

- Although Operating Income decreased compared to last year, forecast will be achieved by increasing the overseas procurement

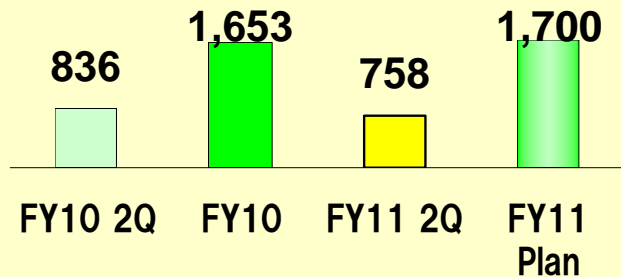
# Highlights - Machinery

(100 Million Yen)

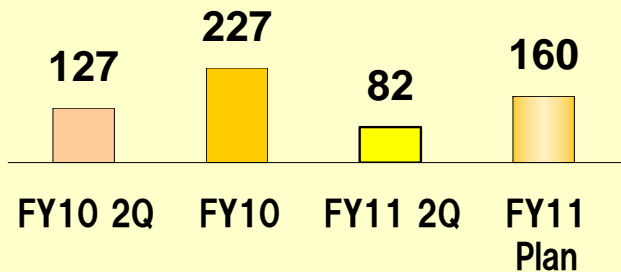
New Orders



Net Sales



Operating Income



## Sales was secured even in severe market environment

### ○New Orders

- Marine Diesel Engine will have same level of production as last year  
Increase of value-added ME engines  
Aim more orders by environmental technology
- Order of Large-size Industrial Machinery was obtained in Turkey  
Increase of inquiry from Mid and Southeast Asia  
Aim more orders by additional cost reduction
- Production of Induction Heater started in China  
Favorable orders from Japanese companies

### ○Net Sales

- Same level as last year as non-consolidated business is steady

(Marine Diesel Engine)

Actual	FY10 2Q			FY10			FY11 2Q		
	New Orders	Sales	Back log	New Orders	Sales	Back log	New Orders	Sales	Back log
Unit	21	101	143	191	199	215	12	98	129

### ○Operating Income

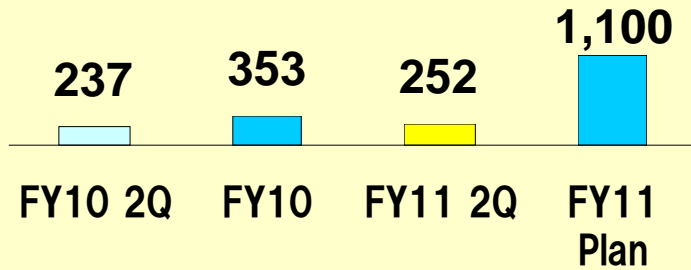
- Cost reduction will cover decrease factor from strong JPY. Aim same level of Operating Income as last year in non-consolidated base.



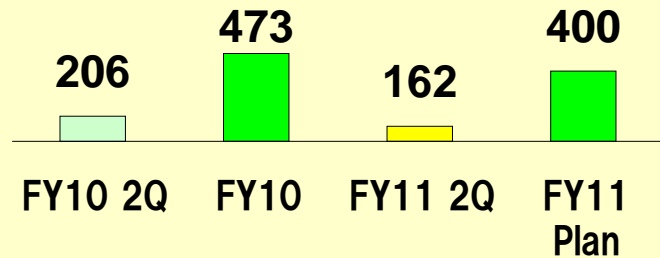
# Highlights – Plants

(100 Million Yen)

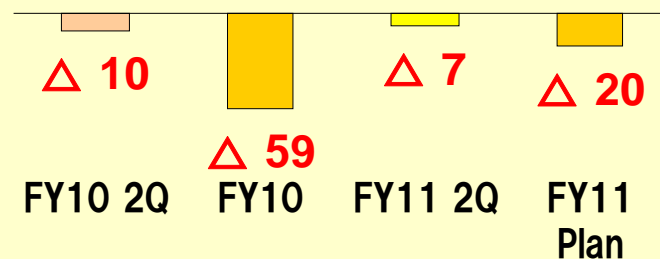
New Orders



Net Sales



Operating Income



## Put all the effort to obtain orders in 2<sup>nd</sup> half

### ○ New Orders

- Aim Large to Middle size project in overseas such as project in Turkey
- EPC projects are expected as there are several orders of FEED and PDP

\*FEED : Front End Engineering Design

\*PDP : Process Design Package

### ○ Net Sales/Operating Income

- Improvement of Net Sales and Operating Income is expected by attaining New Orders at early stage

Net Sales (100 Million Yen)	FY10 2Q	FY10	FY11 2Q
Petro-Chemical Plant	148	239	103
Environmental	58	234	59

# Highlights - New Business

## Ballast Water Treatment

**Treaty of Ballast water Treatment will be issued soon**

Become effective 12 months after over 30 countries has ratified and over 35% of freight space has been achieved

⇒ 30 countries ratified and freight space of 26% was achieved as of Sept. 2011

### ■ FineBallast® OZ

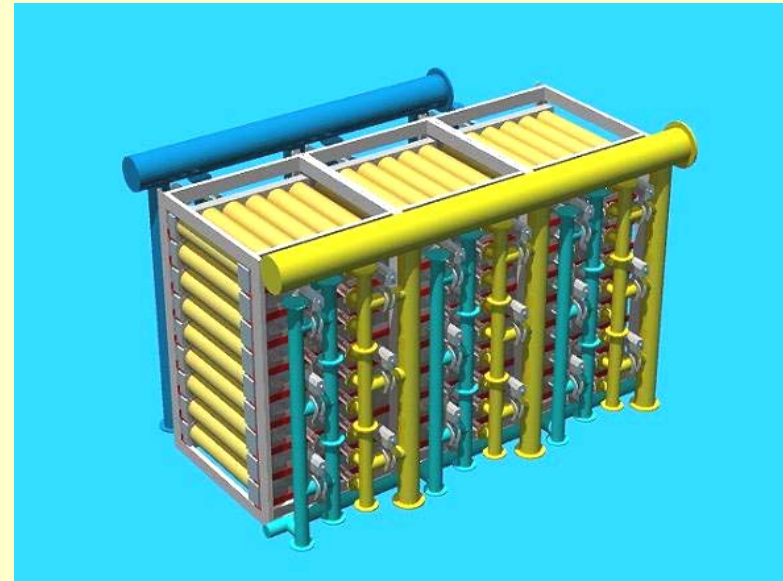
Using Special Pipe and Ozone  
Type Approval was obtained in June 2011  
and threw into market

### ■ FineBallast® MF

Using Membrane  
Type approval will be obtained in FY2011

**Ballast Water Treatment Group was Established in June 2011**

Retrofit business will be promoted





Iron Phosphate Lithium

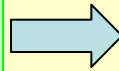
# Highlights - New Business

## LIB Cathode Material Production

### Iron Phosphate Lithium Cathode Material

#### Expansion of LIB Market

- Sales of EV/PHEV
- Increase demand of Power Storage
- Substitute for lead battery

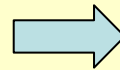


#### Requirement of LIB

- Large and high density
- Convenience (charge speed)
- Safety and Durability
- Cost performance

#### Current Characteristics of Iron Phosphate Lithium cathode Material

Strength	Charge/Discharge Speed Safe and Durable No rare metal
Weakness	Low Conductivity



#### Addition of MES Technology

- High energy density
- Improvement in conductivity
- Cost competitive process

### Business Plan

Worldwide sublicense obtained in July 2011

Construction of new plant with productivity of 2,100t / year to be completed in 2<sup>nd</sup> half FY2012

# Highlights - New Business

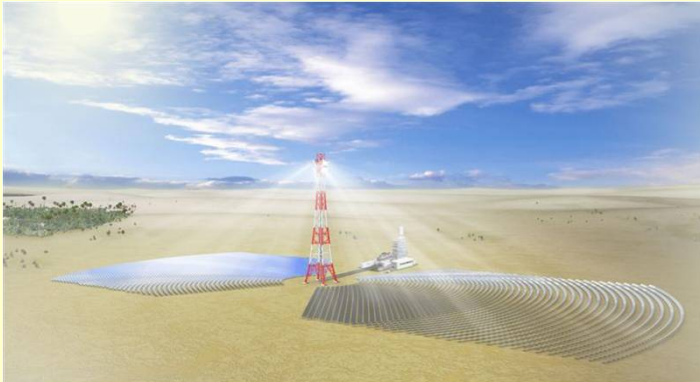
## Bio-ethanol Production



## NGH



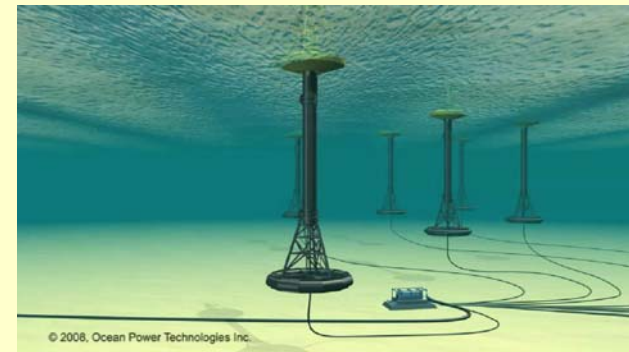
## Solar Thermal Power



## Wind Power



## Wave Power



# Consolidated Income Statement (Summary)

100 Million Yen

	FY10 2Q		FY11 2Q		Var.
	Amount	%	Amount	%	
Net Sales	3,098	(100.0%)	2,684	(100.0%)	△ 414
Cost of Sales	2,651		2,356		
Gross Profit	447		328		
Selling, General and Admin. Exp.	202		200		
Operating Income	245	(7.9%)	129	(4.8%)	△ 116
Other Income	29		57		
Other Expenses	35		41		
Ordinary Income	239	(7.7%)	144	(5.4%)	△ 94
Extraordinary Income	0		1		
Extraordinary Losses	41		15		
Income Before Income Taxes and Minority Interest	198	(6.4%)	130	(4.8%)	△ 68
Income Taxes - Current	77		30		
Income Taxes - Deferred	△ 4		35		
Minority Interest	10		△ 8		
Net Income	115	(3.7%)	72	(2.7%)	△ 43

# Consolidated Balance Sheet (Summary)

100 Million Yen

	FY10	FY11 2Q	Var.		FY10	FY11 2Q	Var.
<b>Current Assets</b>	(3,557)	(3,221)	(△336)	Trade payables	1,403	1,339	△ 65
Cash and time deposits	517	555	38	Advances from customers	609	563	△ 45
Receivables	1,558	1,462	△ 96	Interest-bearing debts	1,720	1,519	△ 201
Inventories	382	456	74	Others	1,193	1,136	△ 58
Other current assets	1,101	748	△ 353	<b>Liabilities</b>	(4,926)	(4,557)	(△368)
<b>Fixed Assets</b>	(3,306)	(3,288)	(△18)	Common stock and surplus	626	626	0
Property, plant and equipment	2,219	2,199	△ 20	Retained earnings	859	899	41
Intangible assets	121	126	5	Treasury stock	△ 7	△ 7	0
Others	966	963	△ 3	Accu. other comprehensive income	165	149	△ 16
				Minority interests	294	284	△ 10
				<b>Net Assets</b>	(1,937)	(1,951)	(14)
<b>Total</b>	<b>6,863</b>	<b>6,509</b>	<b>△ 355</b>	<b>Total</b>	<b>6,863</b>	<b>6,509</b>	<b>△ 355</b>

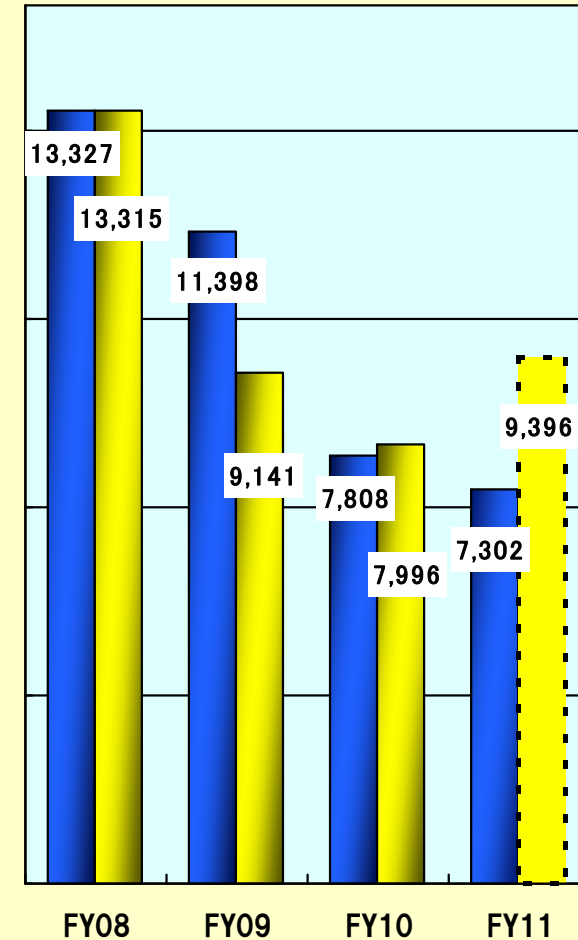
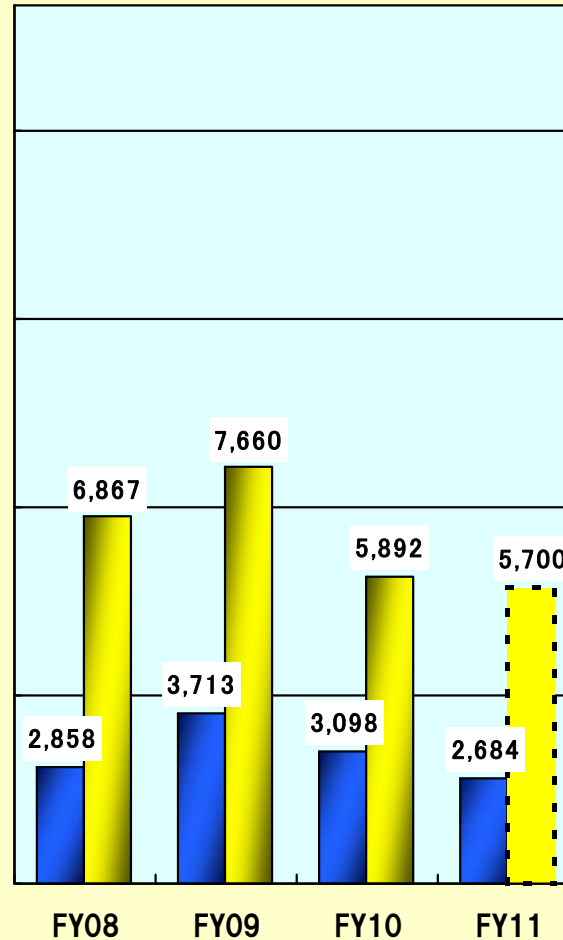
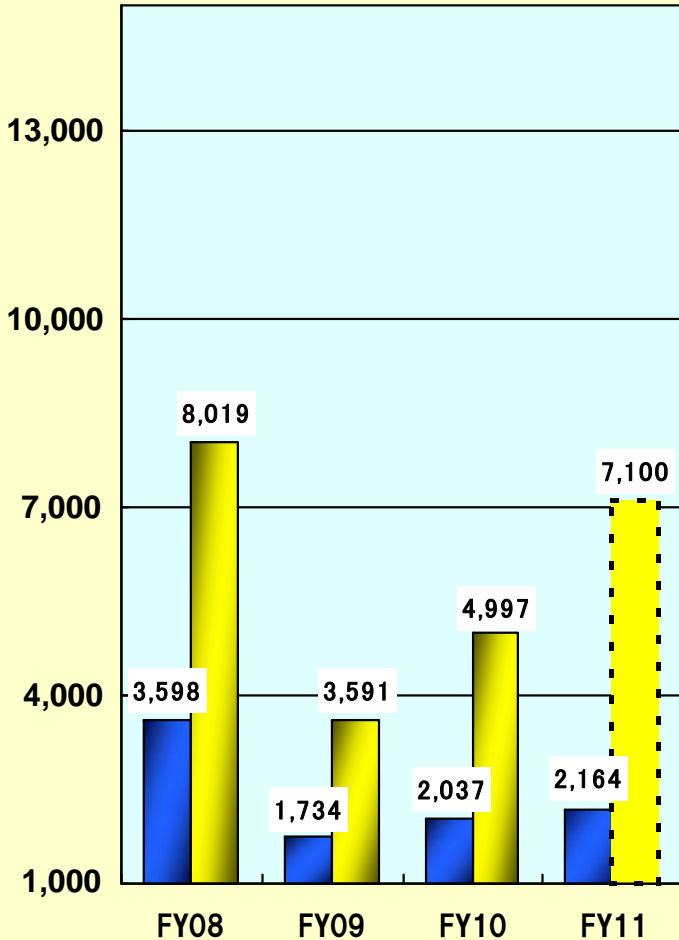
# Consolidated New Orders, Net Sales and Backlog Orders

## New Orders

## Net Sales

## Backlog Orders

100 Million Yen



■ 2Q    ■ Year

# Segment Information

(100 Million Yen)

Segment	FY10 2Q			FY11 2Q			FY11 Forecast		
	New Orders	Net Sales	Operating Income	New Orders	Net Sales	Operating Income	New Orders	Net Sales	Operating Income
<b>Ships</b>	1,166	1,748	112	1,113	1,476	51	3,400	2,900	120
<b>Steel</b>	150	204	11	178	190	△5	700	500	10
<b>Machinery</b>	375	836	127	524	758	82	1,700	1,700	160
<b>Plants</b>	237	206	△10	252	162	△7	1,100	400	△20
<b>Other</b>	108	104	4	98	97	6	200	200	10
<b>Total</b>	2,037	3,098	245	2,164	2,684	129	7,100	5,700	280



# Consolidated Cash Flow

(100 Million Yen)

	FY10 2Q Actual	FY11 2Q Actual	FY10 Actual	FY11 Plan
Operating Cash Flow	205	5	292	120
Investing Cash Flow	△ 199	59	△ 428	40
Financing Cash Flow	△ 252	△ 246	△ 65	△ 160
Interest-bearing Debts	1,510	1,519	1,720	1,600

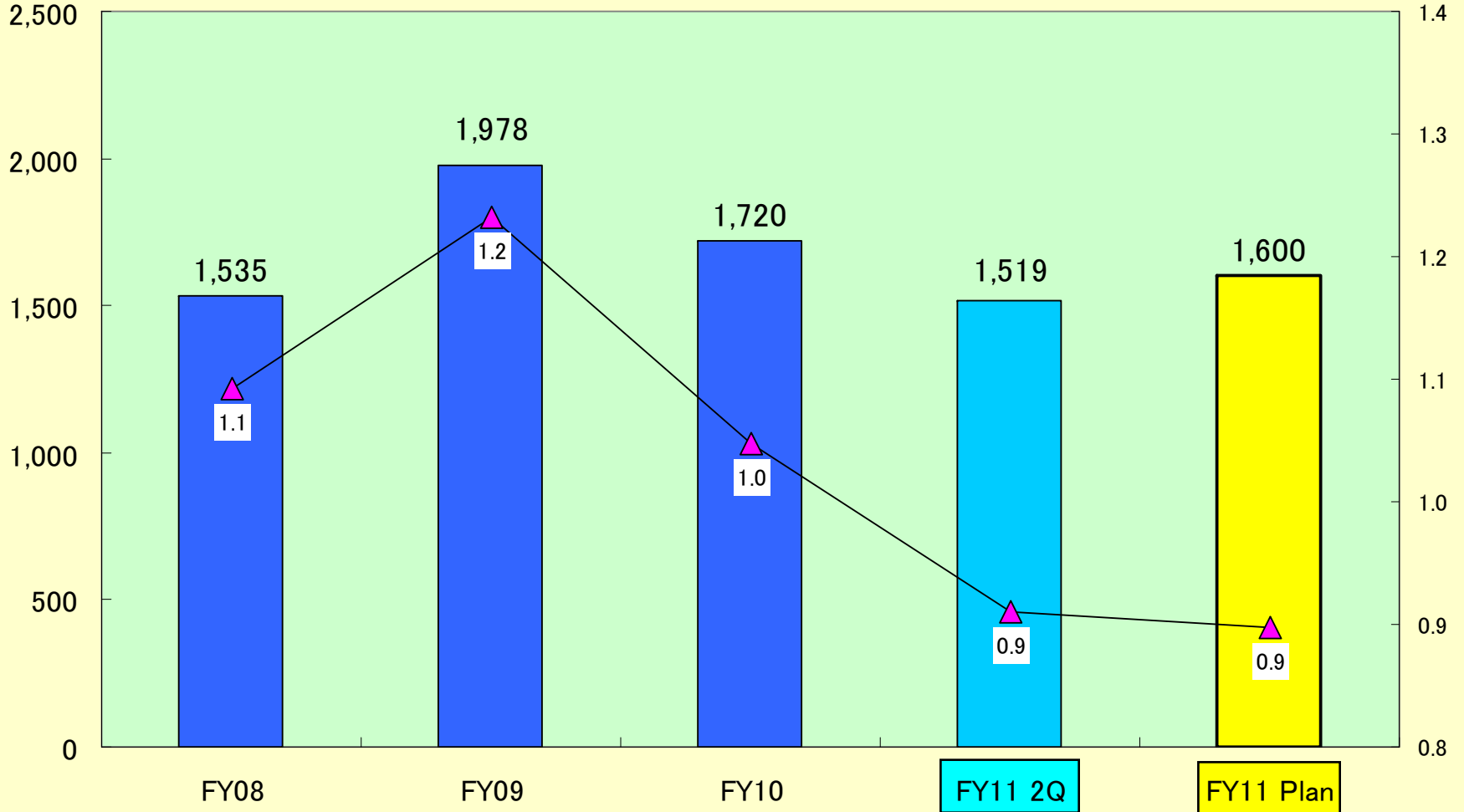
\* Interest-bearing Debts exclude Lease Liability

# Interest-bearing Debts and DE Ratio

(100 Million Yen)

Interest Bearing Debt ▲ DE Ratio

(DE Ratio)



\* Interest-bearing Debts exclude Lease Liability

# Appendix

## Consolidated Segments

(100 Million Yen)

### New Orders

Segment	FY09 2Q	FY10 2Q	FY11 2Q
Ships	535	1,166	1,113
Steel	143	150	178
Machinery	745	375	524
Plants	216	237	252
Other	95	108	98
<b>Total</b>	<b>1,734</b>	<b>2,037</b>	<b>2,164</b>

FY11 Plan
3,400
700
1,700
1,100
200
<b>7,100</b>

### Net Sales

Segment	FY09 2Q	FY10 2Q	FY11 2Q
Ships	2,128	1,748	1,476
Steel	279	204	190
Machinery	884	836	758
Plants	332	206	162
Other	90	104	97
<b>Total</b>	<b>3,713</b>	<b>3,098</b>	<b>2,684</b>

FY11 Plan
2,900
500
1,700
400
200
<b>5,700</b>

### Backlog Orders

Segment	FY09 2Q	FY10 2Q	FY11 2Q
Ships	7,720	5,264	4,898
Steel	795	503	507
Machinery	2,027	1,352	1,279
Plants	815	655	589
Other	42	34	29
<b>Total</b>	<b>11,398</b>	<b>7,808</b>	<b>7,302</b>

FY11 Plan
5,935
722
1,506
1,205
28
<b>9,396</b>

# Appendix

## Other Information

(100 Million Yen)

### Main Subsidiaries

Company	FY10 2Q		FY10		FY11 2Q		FY11 Plan	
	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales	New Orders	Net Sales
<b>MODEC</b>	813	892	1,738	1,467	672	574		1,200
<b>BWSC</b>	11	116	34	204	128	84		160

(100 Million Yen)

### Cap. Ex. And Others

	Consolidated			
	FY10 2Q	FY10	FY11 2Q	FY11 Plan
<b>Cap. Expenditure</b>	79	156	51	150
<b>Depreciation</b>	74	149	83	
<b>R&amp;D</b>	28	75	20	75

### Employees

	FY10 2Q		FY10		FY11 2Q		FY11 Plan	
	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.
<b># of Employees</b>	10,537	4,509	10,326	4,412	10,209	4,342		

## Appendix

# Breakdown of Ships (FY11 2Q)

(Ship)

Type of Ships	New Orders	Delivery	Backlog Orders
<b>Tanker</b>		<b>1</b>	<b>1</b>
(VLCC)		<b>1</b>	<b>1</b>
<b>Bulk Carrier</b>	<b>5</b>	<b>12</b>	<b>49</b>
(Handy Max BC)	<b>3</b>	<b>10</b>	<b>38</b>
<b>Other</b>			<b>1</b>
<b>Total</b>	<b>5</b>	<b>13</b>	<b>51</b>