

Consolidated Financial Results for Half-year of Fiscal Year Ended March 31, 2023



November 10, 2022



Mitsui E&S Holdings Co., Ltd.

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Half-year of FYE Mar. 2023 Results

◆ New Orders	155.6	Billion Yen (QoQ ↓)
◆ Net Sales	111.7	Billion Yen (QoQ ↓)
◆ Ordinary Income (Loss)	(1.5)	Billion Yen (QoQ ↑)

FYE Mar. 2023 Forecast

◆ New Orders	270	Billion Yen (compared to May 13, 2022 →)
◆ Net Sales	240	Billion Yen (compared to May 13, 2022 ↓)
◆ Ordinary Income (Loss)	1	Billion Yen (compared to May 13, 2022 ↓)

Topic

- ◆ Future Development of Marine Diesel Engines

(JPY: Billion)

	FYE Mar. 2022 2Q	FYE Mar. 2023 2Q	Var.
New Orders	364.2	155.6	(208.6)
Net Sales	356.4	111.7	(244.7)
Operating Income (Loss)	(4.5)	(8.5)	(4.0)
OP ratio	(1.3%)	(7.6%)	-
Ordinary Income (Loss)	(2.3)	(1.5)	+0.8
OD ratio	(0.6%)	(1.3%)	-
Profit attributable to owners	2.6	1.4	(1.2)

<Average FX>

USD/JPY	110.71	140.94
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■ New Orders

Machinery segment was steady. However decreased QoQ due to the event that MODEC had been removed from consolidated subsidiary.

■ Net Sales

Decreased QoQ due to reformation of the business structure, such as reorganization of shipbuilding business and removal of MODEC from consolidation.

■ Ordinary Income(Loss)

Machinery segment and Engineering segment were steady. Improved QoQ due to contribution of equity gains from MODEC as affiliate as of 2Q of FYE 2022.

Summary of Balance Sheet

(JPY: Billion)

	FYE Mar. 2022 4 Q	FYE Mar. 2023 2 Q	Var.	
Total Assets	409.2	432.6	+23.5	
(Cash and deposit)	51.8	42.3	(9.5)	
(Trade receivables)	78.6	81.3	+2.8	
(Fixed assets)	134.4	133.3	(1.0)	
(Investment securities)	43.3	60.3	+17.0	Increased mainly due to changes in cumulative translation adjustments for MODEC
Total Liabilities	346.2	337.8	(8.4)	
(Trade payables)	48.7	50.7	+2.0	
(Advances from customers)	30.9	44.9	+14.0	
(Provision for losses on construction contracts)	59.6	54.7	(4.9)	
(Debt with interest)	142.4	129.0	(13.4)	Decreased due to repayment of loan and company bond
Total Net Assets	62.9	94.8	+31.8	
(Own Capital)	57.1	89.0	+31.9	Increased mainly issuance of class A preferred shares and cumulative translation adjustment
Capital-to-asset ratio	14%	21%	-	
Net D/E Ratio	1.6	1.0	-	

Summary of Cash Flow

(JPY : Billion)

	FYE Mar. 2022 2Q	FYE Mar. 2023 2Q	Var.	
Operating CF	(4.0)	(10.0)	(6.0)	Decreased in interest and dividend mainly due to removal of MODEC from consolidation
Investing CF	(4.4)	1.3	+5.8	Mainly loan decreased due to removal of MODEC from consolidation
Free CF	(8.4)	(8.7)	(0.3)	
Financial CF	(30.7)	(3.2)	+27.5	Increased due to issuance of class A preferred shares, repayment of loan and company bond

Result Summary by Segment

(JPY : Billion)

	New Orders			Net Sales		
	FYE Mar. 2022 2Q	FYE Mar. 2023 2Q	Var.	FYE Mar. 2022 2Q	FYE Mar. 2023 2Q	Var.
Ship	9.4	8.4	(1.0)	20.4	6.6	(13.8)
Ocean Development	255.3	—	(255.3)	228.2	—	(228.2)
Machinery	74.2	114.2	+40.0	71.3	75.3	+4.0
Engineering	1.2	2.1	+0.9	4.7	5.1	+0.4
Others	24.1	30.9	+6.8	31.8	24.7	(7.1)
Total	364.2	155.6	(208.6)	356.4	111.7	(244.7)
Exclude Ocean Development	108.8	155.6	+46.7	128.2	111.7	(16.5)

Result Summary by Segment

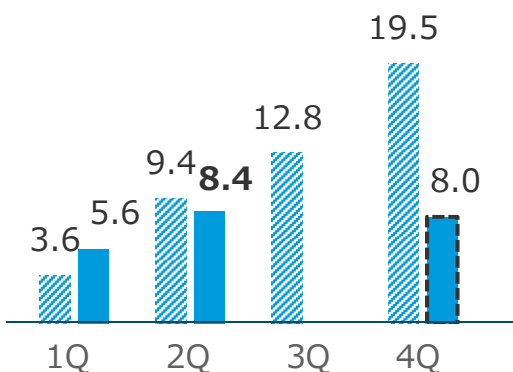
(JPY : Billion)

	Operating Income (Loss)			Ordinary Income (Loss)		
	FYE Mar. 2022 2Q	FYE Mar. 2023 2Q	Var.	FYE Mar. 2022 2Q	FYE Mar. 2023 2Q	Var.
Ship	0	0.1	+0.0	0.8	0.2	(0.6)
Ocean Development	(3.4)	—	+3.4	0.4	1.0	+0.7
Machinery	1.5	1.8	+0.2	1.6	2.0	+0.3
Engineering	(3.4)	(9.6)	(6.2)	(3.8)	(2.9)	+0.8
Others	0.7	(0.8)	(1.5)	(1.3)	(1.7)	(0.4)
Total	(4.5)	(8.5)	(4.0)	(2.3)	(1.5)	+0.8
Exclude Ocean Development	(1.1)	(8.5)	(7.4)			

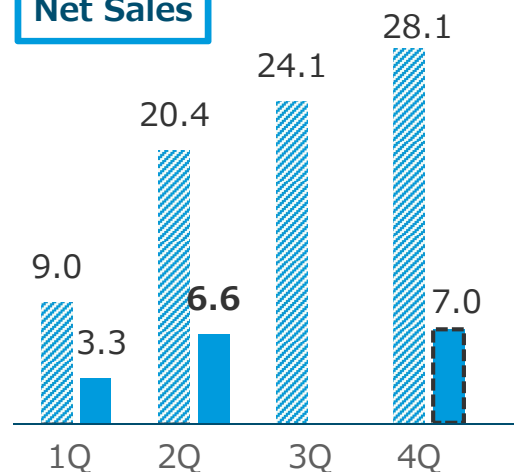
▨ FYE Mar. 2022
■ FYE Mar. 2023

(JPY : Billion)

New Orders



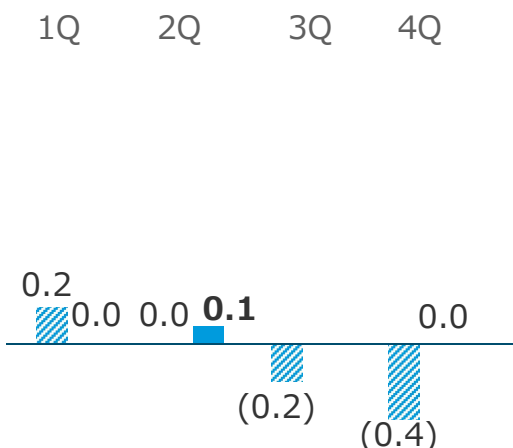
Net Sales



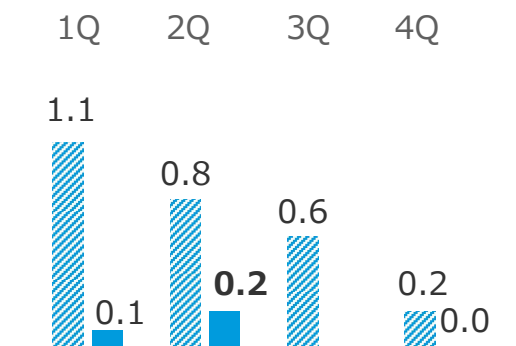
■ New Orders : QoQ (1.0)

New orders decreased QoQ mainly due to the transfer of Mitsui E&S Shipbuilding naval business and others, on October 1, 2021.

Operating Income(Loss)



Ordinary Income(Loss)



■ Net Sales : QoQ (13.8)

Net sales decreased QoQ due to a decrease in the amount of construction work in the shipbuilding business.

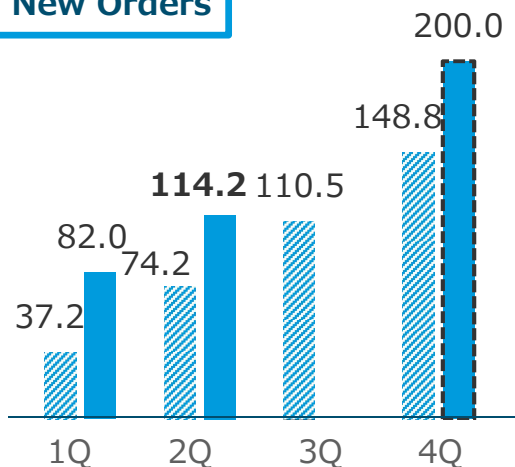
■ Ordinary Income (Loss) : QoQ (0.6)

Ordinary income decreased QoQ due to a decrease equity in gains from YAMIC, a joint venture with Yangzijiang Shipbuilding (Holdings) Limited.

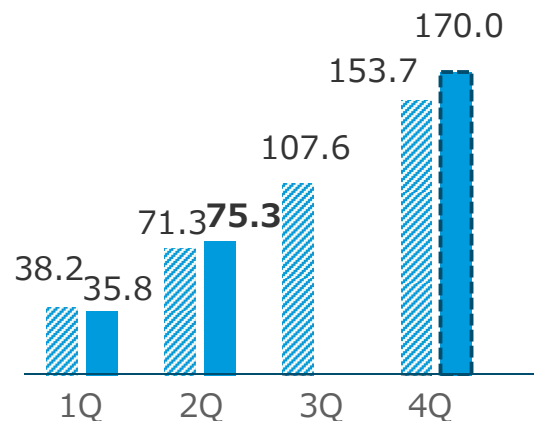
■ FYE Mar. 2022 ■ FYE Mar. 2023

(JPY : Billion)

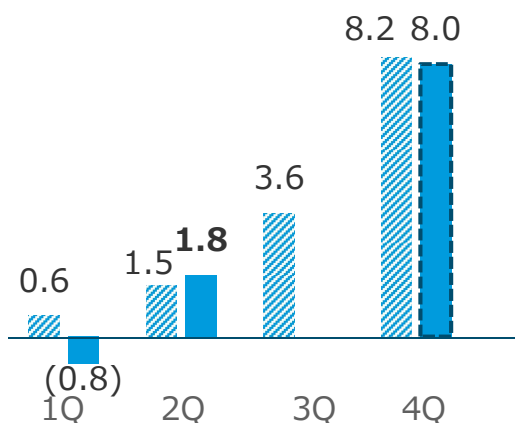
New Orders



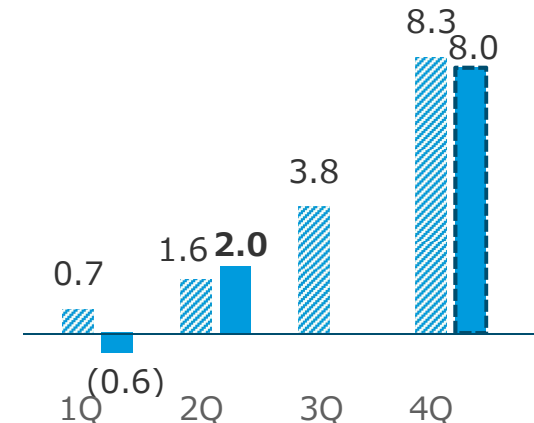
Net Sales



Operating Income(Loss)



Ordinary Income(Loss)



■ New Orders : QoQ +40.0

New Orders increased QoQ due to the demand for various eco-friendly ships, also the demand for marine diesel engines is on a recovery trend.

■ Net Sales : QoQ +4.0

Net sales increased QoQ due to steady business of marine diesel engines and progress in construction of container cranes for Southeast Asia and North America.

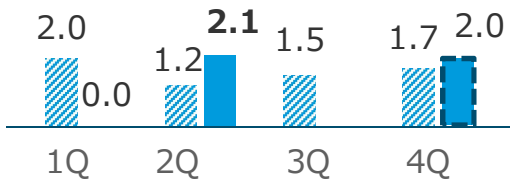
■ Ordinary Income (Loss) : QoQ +0.3

Marine diesel engines continued to be sluggish, but the after-sales service business, where the impact of the COVID-19 infection has subsided, performed well, as a result ordinary income was improved QoQ.

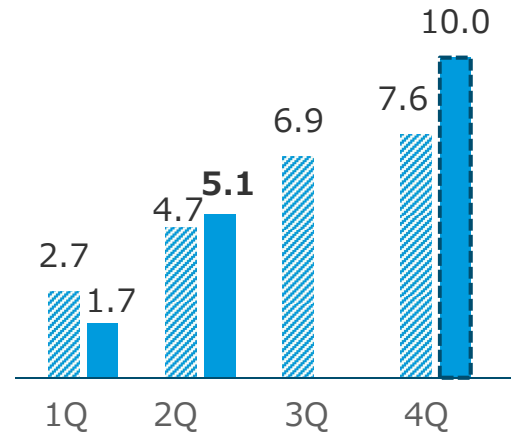
▨ FYE Mar. 2022
■ FYE Mar. 2023

(JPY : Billion)

New Orders



Net Sales



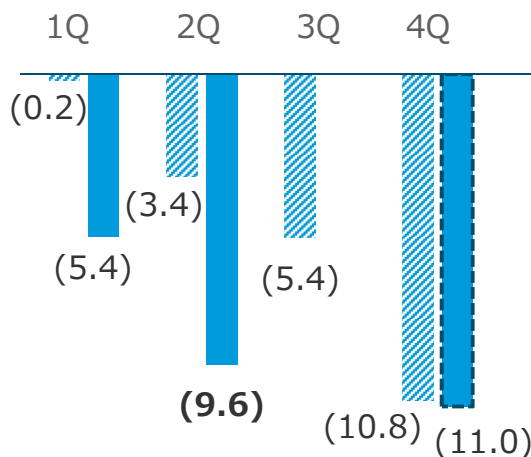
■ New Orders : QoQ +0.9

Increased QoQ due to receiving additional orders of ongoing project.

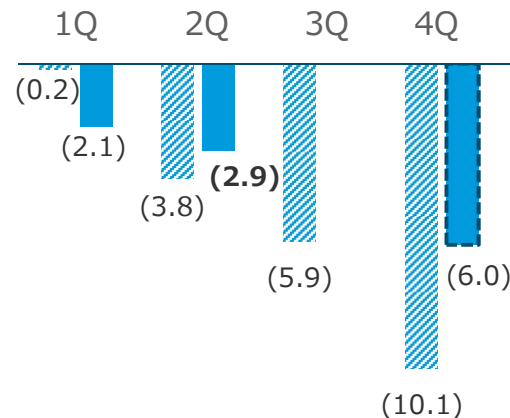
■ Net Sales : QoQ +0.4

The coal-fired power plant in Indonesia which we had provided engineering and civil construction work has started commercial operation successfully. Net Sales increased QoQ due to the progress of construction, although remaining work is still ongoing.

Operating Income(Loss)



Ordinary Income(Loss)



■ Ordinary Income (Loss) : QoQ +0.8

In the previous fiscal year, additional cost occurred for minor rework at the final stage of construction, ordinary income was relatively improved QoQ.

Summary of FYE Mar. 2023 Forecast

(JPY: Billion)

	Previous forecast (May. 13, 2022)	Revised forecast (Nov. 10, 2022)	Var.
New Orders	270.0	270.0	0
Net Sales	250.0	240.0	(10.0)
Operating Income	5.0	(3.0)	(8.0)
Ordinary Income	3.0	1.0	(2.0)
Profit attributable to owners	2.0	2.0	0
Free CF	(50.0)	(21.0)	+29.0
Debt with interest	175.0	150.0	(25.0)

※Exchange rate assumption USD/JPY :145

※Impact for JPY1 appreciation against USD1 on operating income :
Positive impact of approx. JPY 0.2 billion

Summary of FYE Mar. 2023 Forecast by Segment

(JPY : Billion)

	New Orders			Net Sales		
	Previous forecast (May 13, 2022)	Revised forecast (Nov. 10, 2022)	Var.	Previous forecast (May 13, 2022)	Revised forecast (Nov. 10, 2022)	Var.
Ship	10.0	8.0	(2.0)	10.0	7.0	(3.0)
Machinery	200.0	200.0	0	170.0	170.0	0
Engineering	0	2.0	+2.0	20.0	10.0	(10.0)
Others	60.0	60.0	0	50.0	53.0	+3.0
Total	270.0	270.0	0	250.0	240.0	(10.0)

Summary of FYE Mar. 2023 Forecast by Segment

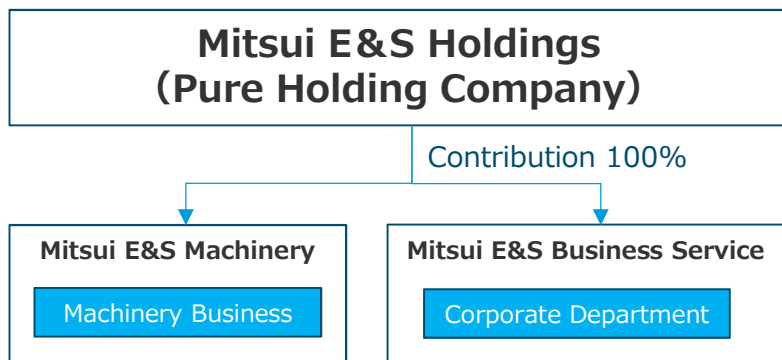
(JPY : Billion)

	Operating Income (Loss)			Ordinary Income (Loss)		
	Previous forecast (May 13, 2022)	Revised forecast (Nov. 10, 2022)	Var.	Previous forecast (May 13, 2022)	Revised forecast (Nov. 10, 2022)	Var.
Ship	(1.0)	0	+1.0	(1.0)	0	+1.0
Ocean Development	—	—	—	1.0	1.0	0
Machinery	8.0	8.0	0	8.0	8.0	0
Engineering	(3.0)	(11.0)	(8.0)	(4.0)	(6.0)	(2.0)
Others	1.0	0.0	(1.0)	(1.0)	(2.0)	(1.0)
Total	5.0	(3.0)	(8.0)	3.0	1.0	(2.0)

Acquires of Business Related to Marine Large Engines of IHI Power Systems Co., Ltd.

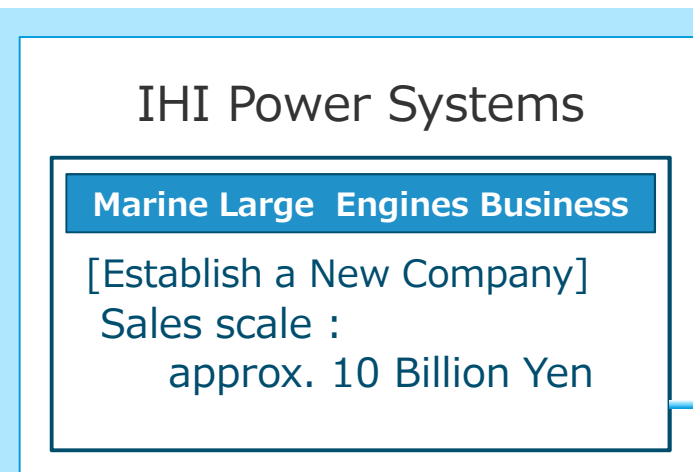
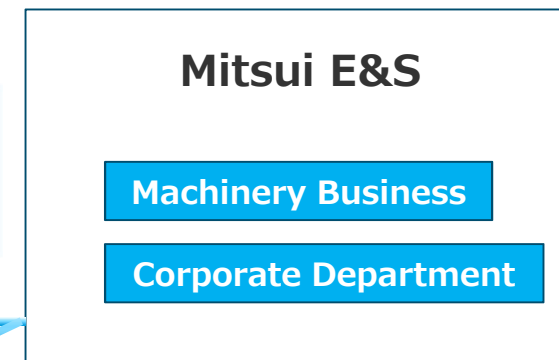
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[April 1, 2023]



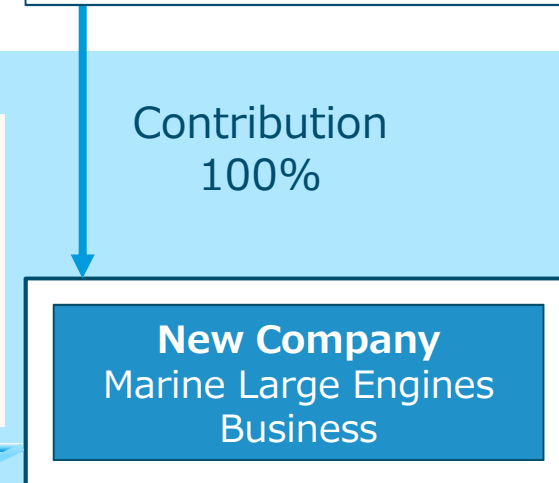
Mergers

- Promote Growth Strategy
- Efficiency of Management



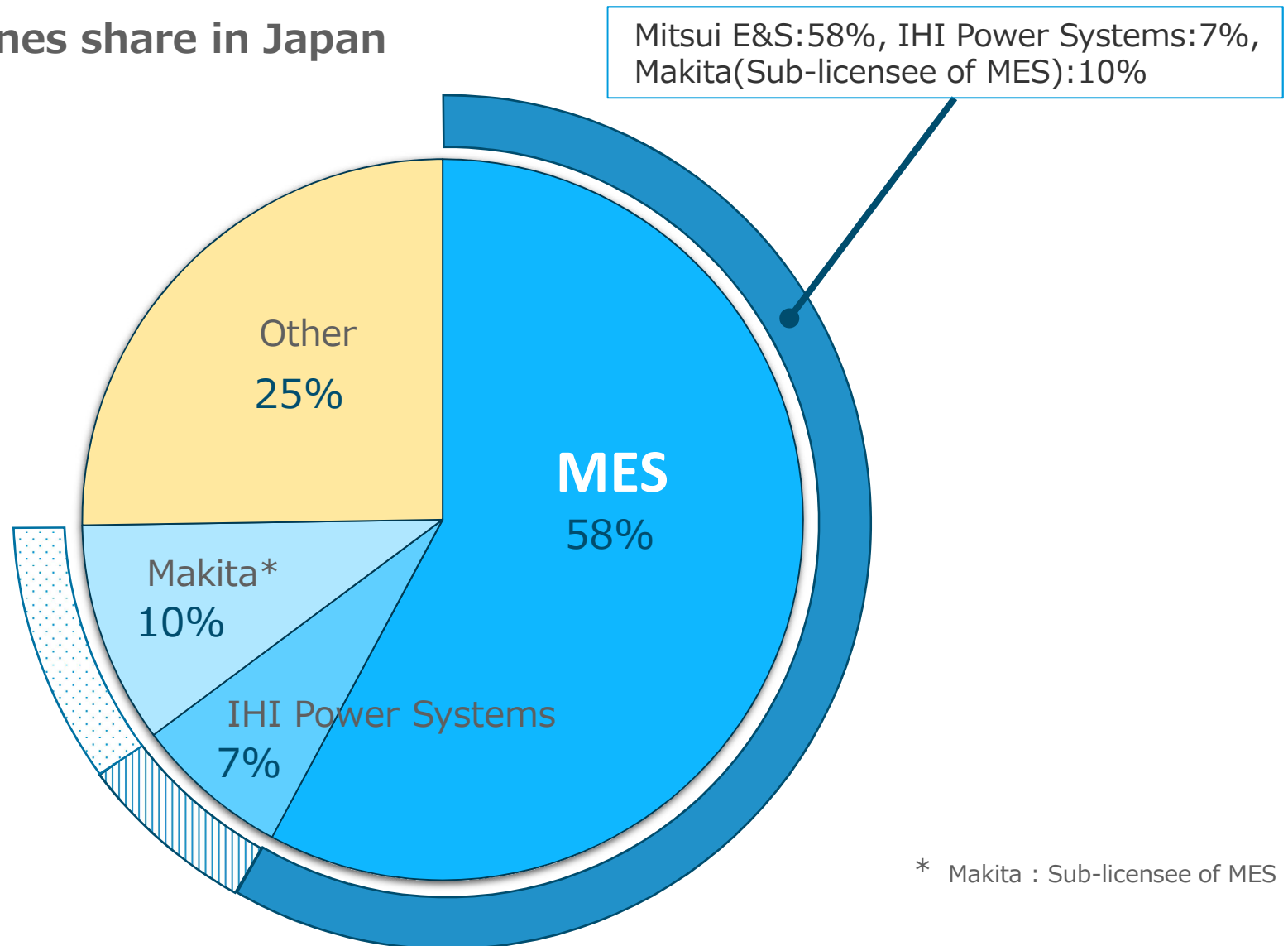
Acquires of Business

- Enhancement of competitiveness by resource consolidation
- Double license (MAN ES and WinGD)
- Expansion of production capacity



Create new business opportunities by improving responsiveness to customers

Jan. to Dec. 2021 Marine Diesel Engines share in Japan



Source: KP data (2 stroke engine)

Start to expansion of production facilities for Marine Diesel Engines

Progress in conversion to new fuels such as LNG and Methanol from Heavy Oil

Period of test run for Dual-Fuel Engine is longer than Single-Fuel Engine

Expansion of production facilities

- Reinforcement and expansion of test run equipment only for Dual-Fuel Engines
- Expansion of fuel (LNG/Methanol) supply equipment for test run

Gradual investment by FYE Mar. 2025
5.6 Billion Yen in Total

Appendix) CAPEX・DEP・R&D・Employees

(JPY : Billion)

	FYE Mar. 2022 2Q actual	FYE Mar. 2022 actual	FYE Mar. 2023 2Q actual	FYE Mar. 2023 forecast
CAPEX	6.7	9.0	3.3	10.3
Depreciation	6.0	10.6	3.5	—
R&D	1.0	2.1	0.7	3.0
Number of Employees	11,878	6,665	6,268	—

(Appendix) Marine Diesel Engines

Marine Diesel Engines (Mitsui E&S Machinery Co., Ltd.)

	FYE Mar. 2022 2Q Actual		FYE Mar. 2023 2Q Actual		FYE Mar. 2023 forecast	
	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)
New Orders	57	168	123	269	—	—
Deliveries	63	144	59	128	—	—
Backlogs	62	145	85	184	—	—
Production	58	131	64	135	135	300



In this document, performance forecasts, targets, plans, strategies, etc. of the Company in regard to the future contain forward-looking statements. These are forecasts that the Company reasonably determined based on information available at the present time and include both known and unknown risks and uncertainties. Accordingly, actual results or developments of our company in the future could differ significantly.

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