

ようこそ三井造船へ

FY2007 2Q Report

(ended on 07/9/30)

Learning and Evolution

Reported on 2007/10/31



MES

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

Highlights

(100 Million Yen)

	FY06 2Q	FY07 2Q(Plan)	FY07 2Q (Actual)	FY06 (Actual)	FY07 (Plan)
New Order	3,628		4,441	8,162	
Sales	2,739	2,850	2,908	6,228	6,300
Operating Profit	26	120	142	207	330
Ordinary Profit	11	110	129	186	280
Net Income	△2	45	42	194	130

① New Order	FY07 Original Plan	FY07 Revised Plan
Ships	2,500	3,300
Steel	600	600
Machinery	1,750	1,750
Plants	900	900
Other	250	250
Total	6,000	6,800

② Sales	FY07 Original Plan	FY07 Revised Plan
Ships	2,600	2,650
Steel	600	600
Machinery	1,750	1,800
Plants	900	1,000
Other	250	250
Total	6,100	6,300

③ O.P.	FY07 Original Plan	FY07 Revised Plan
Ships	110	130
Steel	15	15
Machinery	160	195
Plants	15	△25
Other	20	15
Total	320	330

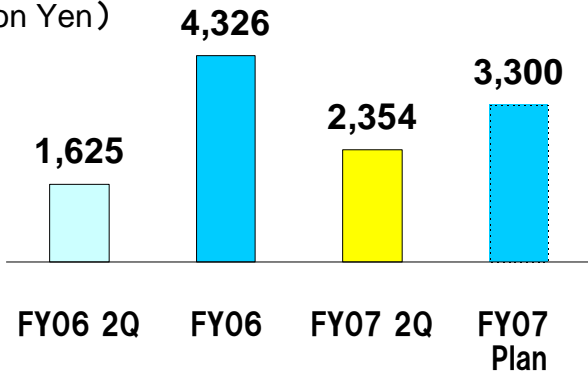
*FY07 2Q(Plan) and FY07 (Plan) are revised figure reported on 07/7/31.

*FY07(Revised Plan) of each segment is the latest information.

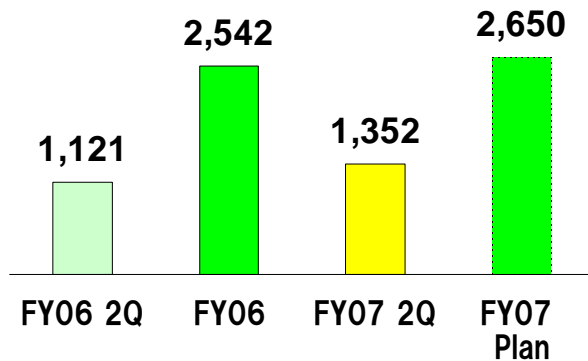
Highlights – Ships

(100 Million Yen)

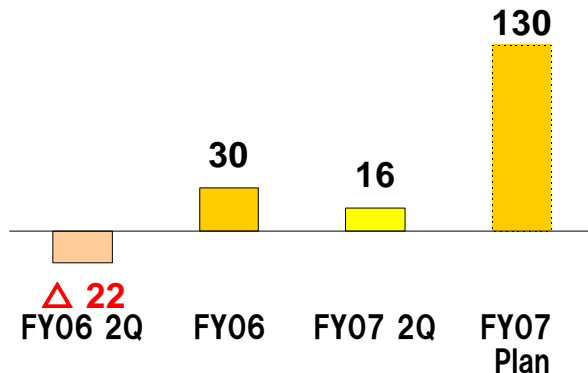
New Order



Sales



O.P.



Continuing the selection of order based on the profitability as the Market is continuously in good condition

○New Order

- Concentrate on Profitability → mainly focus on 56BC
- Good condition of the Market
→ upward revision of the Forecast

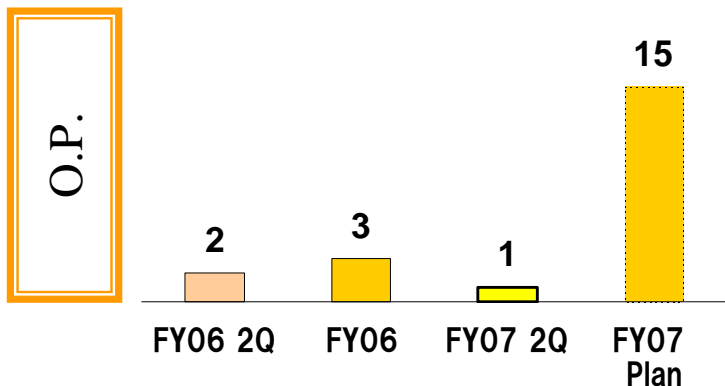
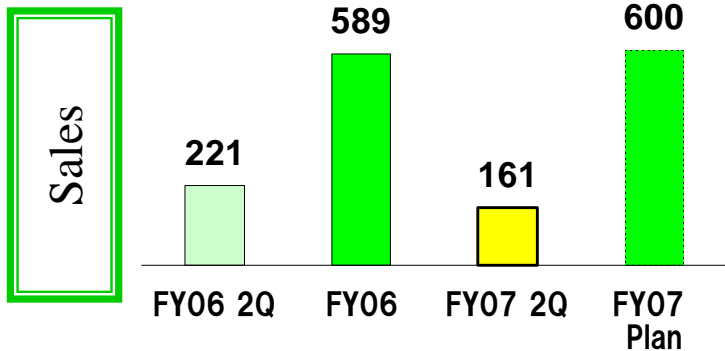
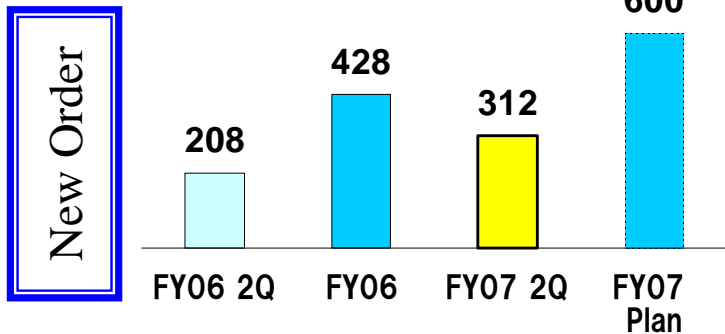
Non-Consolidate (Ships)	FY06 2Q		FY07 2Q		FY06	
	Order	Delivery	Order	Delivery	Order	Delivery
56BC	10	10	11	8	30	22

○Sales / O.P.

- Improvement of efficiency as a result of Consecutive construction of 56BC and the Yen depreciation led the improvement of the profit
- Increased the cutting capacity of Steel Plate to reduce outsourcing
→ Improvement of the profit will be next year and on

Highlights – Steel Structure/Construction

(100 Million Yen)



Brisk Container Crane Market

○New Order (Amount)

- FY07 2Q vs FY06 2Q = 50% Increase
 - FY07 Plan vs FY06 = 40% Increase
- Expect 600 Million Yen

(# of Crane)	FY06 2Q		FY07 2Q		FY06	
	Order	Delivery	Order	Delivery	Order	Delivery
Portainer	4	1	2	4	10	9
Transtainer	20	8	83	9	25	21

- Expect 25 and 100 units in Portainer and Transtainer, respectively, in New Order for FY07

○Sales / O.P.

- Slight Decrease (vs FY06 2Q) → Decrease of Public Works
- Maintain 600 Million Yen in sales → same level of sales as FY06

○Other

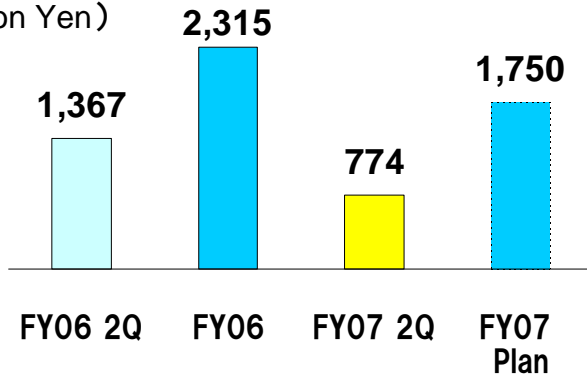
- Increased Productive Capacity of the Container Crane

Portainer 20 units / Year
 Transtainer 80 units / Year

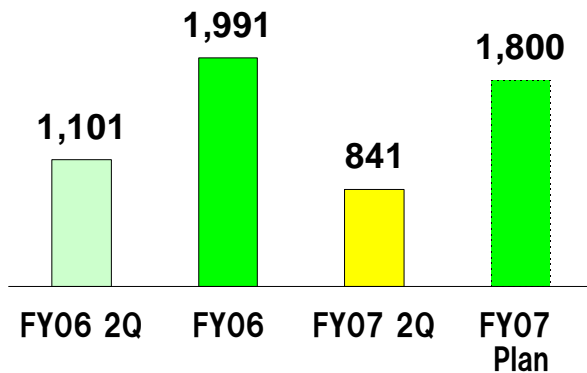
Highlights – Machinery

(100 Million Yen)

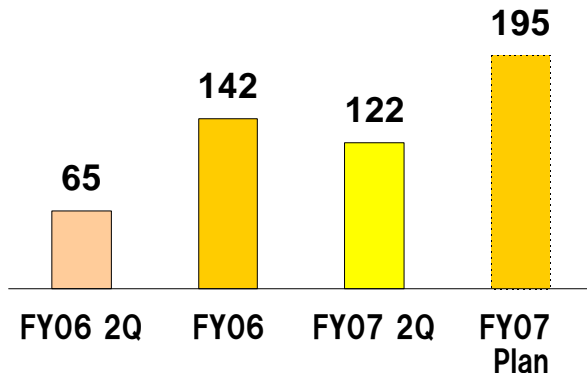
New Order



Sales



O.P.



Favorable condition of Marine Diesel Engine

○New Order

- Marine Diesel Engine and Industrial Machinery are in good shape → Expect to achieve the FY07 Plan

	FY06 2Q		FY07 2Q		FY06	
	Order	Delivery	Order	Delivery	Order	Delivery
Units	53	72	70	88	156	154

○Sales / O.P.

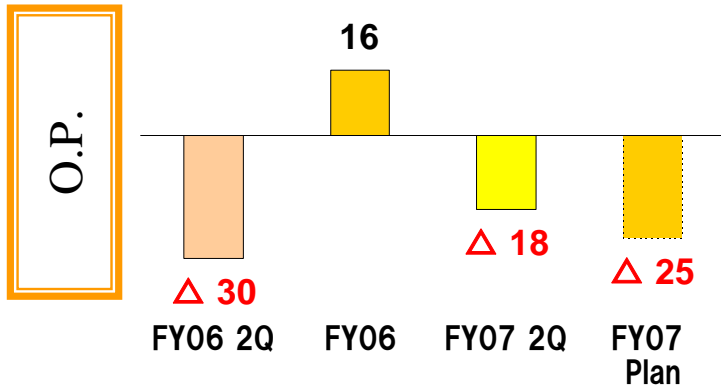
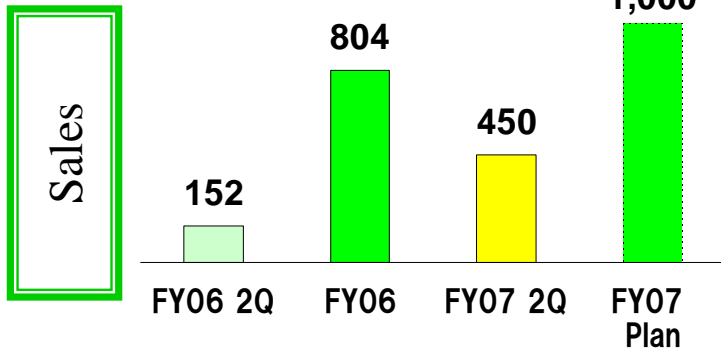
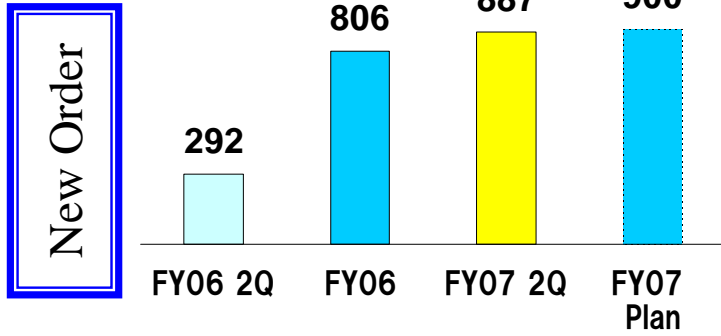
- Increased capacity of Marine Diesel Engine improved the efficiency
- Industrial Machinery and Maintenance business are also in good condition

○Other

- The Marine Diesel Engine is going to achieve the 4.6 Million BHP, the highest production volume in the past
- The New Order and Sales of the British Subsidiary is included in the figure of FY06 2Q, which was sold last year. Excluding the figure of the subsidiary,
 - New Order increased 104 Million Yen vs FY06 2Q
 - Sales increased 187 Million Yen vs FY06 2Q

Highlights – Plants

(100 Million Yen)



Steady performance of Petrochemical Plant business

○ New Order

- Received the Petrochemical Plant Order for South-East Asia
- Increased 595 Million Yen compare to FY06 2Q
- The New Order is acquired as a result of the past performance

○ Sales / O.P.

- The steady progress of Petrochemical Plant
- Lack of volume of construction work in Environmental and Nuclear field

Consolidated Balance Sheet (Summary)

(100 Million Yen)

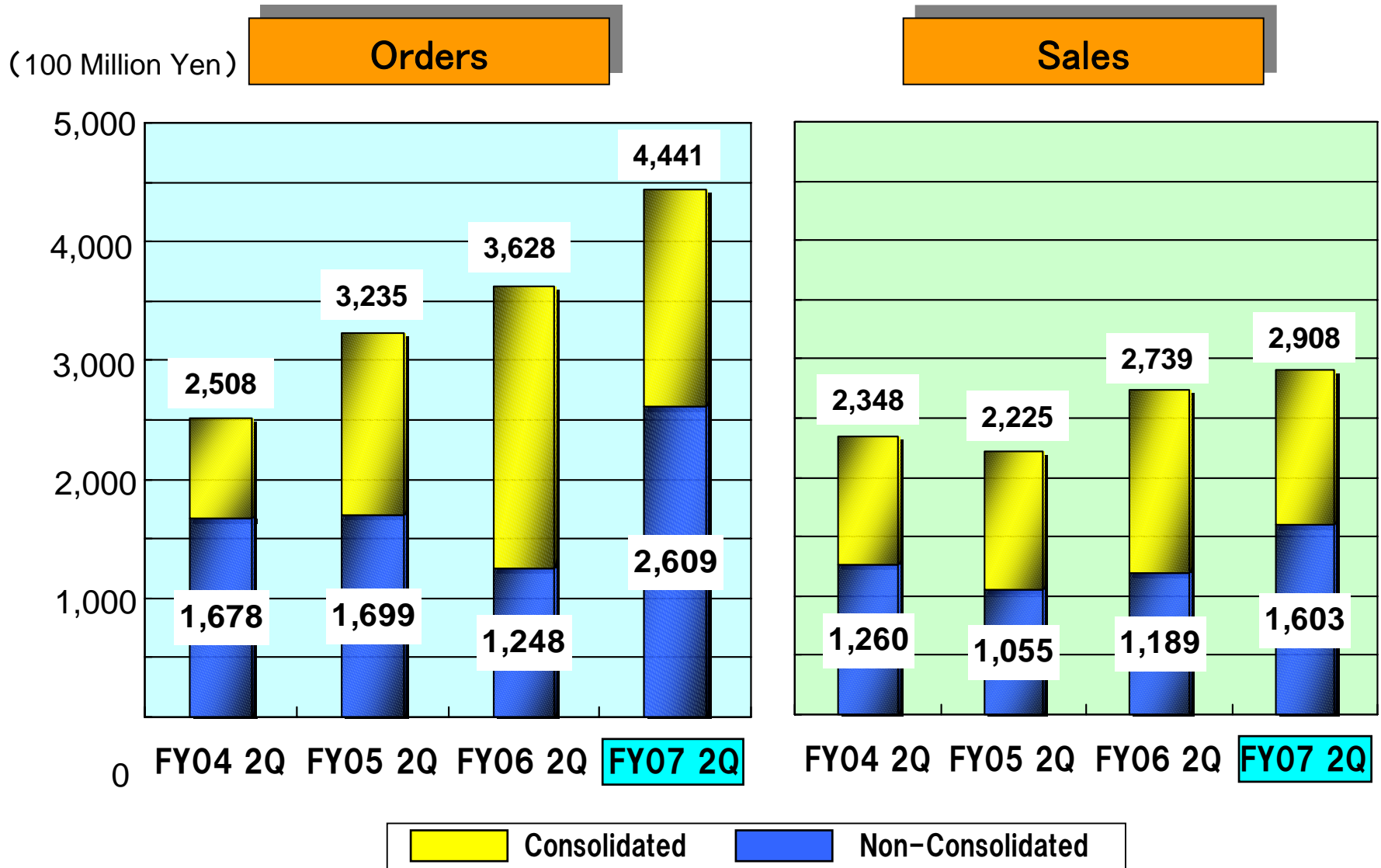
	FY06	FY07 2Q	Var.		FY06	FY07 2Q	Var.
Current Assets	(3,697)	(3,663)	(Δ 35)	Trade Payables	1,406	1,426	20
Cash and Deposits	771	455	Δ 316	Advances from Customers	1,013	1,245	233
Accounts Receivable	1,193	1,295	102	Interest Bearing Debts	1,850	1,849	Δ 1
Inventory	880	1,130	250	Other	1,108	939	Δ 169
S/T Loans	473	320	Δ 153	Liabilities TOTAL	(5,376)	(5,459)	(83)
Other	380	462	82	Common Stock	444	444	0
Fixed Assets	(3,337)	(3,516)	(179)	Capital Surplus	182	182	0
Tangible Assets	1,930	2,053	123	Retained Earnings	387	402	15
Intangible Assets	183	199	16	Treasury Stock	Δ 4	Δ 5	Δ 2
Investment Securities	755	808	52	Valuation and Translation Adj.	409	446	37
L/T Loans	178	223	45	Minority Interests	240	250	10
Other	291	233	Δ 58	Net Assets	(1,658)	(1,719)	(61)
TOTAL	7,034	7,178	144	TOTAL	7,034	7,178	144

Consolidated Income Statement (Summary)

(100 Million Yen)

	FY06 2Q		FY07 2Q		Var.
	Amount	%	Amount	%	
Sales	2,739	(100.0%)	2,908	(100.0%)	169
Cost of Sales	2,541		2,566		
Gross Profit	198		342		
Selling, General and Admin. Exp.	171		200		
Operating Expense	26	(1.0%)	142	(4.9%)	115
Other Income	37		42		
Other Expense	52		54		
Ordinary Profit	11	(0.4%)	129	(4.4%)	117
Extraordinary Income	0		0		
Extraordinary Loss	3		36		
Profit before Tax	8	(0.3%)	93	(3.2%)	84
Income Taxes - Current	29		32		
Income Taxes - Deferred	△ 23		11		
Minority Interest	4		7		
Net Income	△ 2	(△0.1%)	42	(1.5%)	44

Consolidated / Non-Consolidated Orders and Sales Transition



Highlights of each Segment

(100 Million Yen)

	FY06 2Q		FY07 2Q	
	Sales	O.P.	Sales	O.P.
Ships	1,121	△22	1,352	16
Steel	221	2	161	1
Machinery	1,101	65	841	122
Plants	152	△30	450	△18
Other	144	11	104	21
Total	2,739	26	2,908	142

FY06		FY07 Plan	
Sales	O.P.	Sales	O.P.
2,542	30	2,650	130
589	3	600	15
1,991	142	1,800	195
804	16	1,000	△25
302	16	250	15
6,228	207	6,300	330

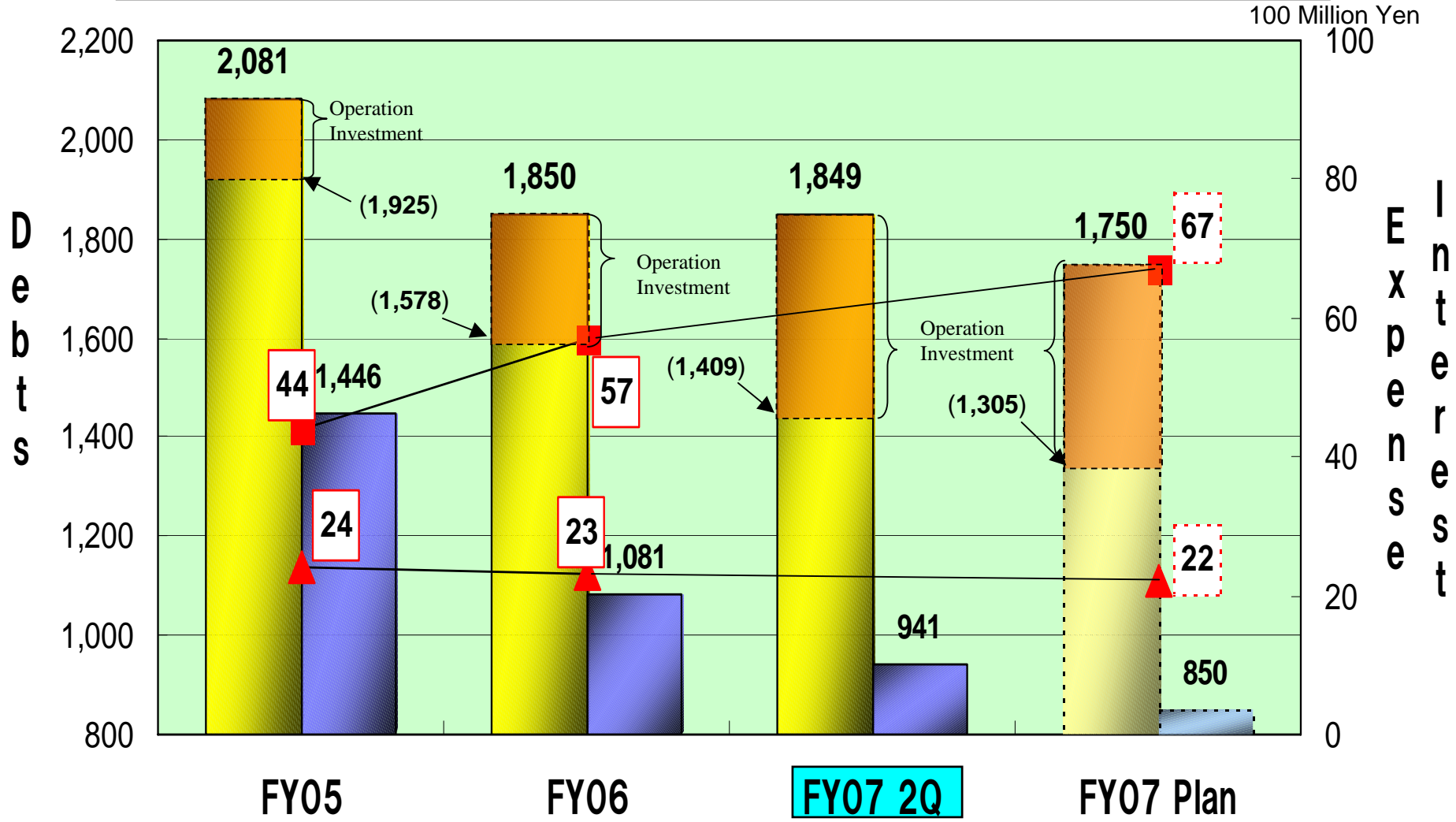
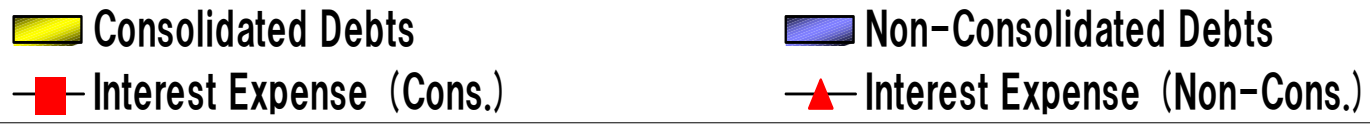
Consolidated Cash Flow

(100 Million Yen)

	FY06 2Q	FY07 2Q	FY06	FY07 Original Plan	FY07 Revised Plan
Operating Cash Flow	204	△119	679	100	120
Investing Cash Flow	△122	△258	△270	△290	△190
Financing Cash Flow	△129	△68	△266	△190	△135
Interest Bearing Debts	1,968	1,849	1,850	1,690	1,750

Repayment of the Interest Bearing Debts will be continued although the increase of operation fund is expected

The Transition of Interest-Bearing Debts and Interest Expense



(100 Million Yen)

Orders

Segment	FY06 2Q	FY07 2Q	FY07 Plan
Ships	1,625	2,354	3,300
Steel*	208	312	600
Machinery	1,367	774	1,750
Plants	292	887	900
Others	136	114	250
Total	3,628	4,441	6,800

FY07 Original Plan
2,500
600
1,750
900
250
6,000

Sales

Segment	FY06 2Q	FY07 2Q	FY07 Plan
Ships	1,121	1,352	2,650
Steel*	221	161	600
Machinery	1,101	841	1,800
Plants	152	450	1,000
Others	144	104	250
Total	2,739	2,908	6,300

FY07 Original Plan
2,600
600
1,750
900
250
6,100

Backlog Order

Segment	FY06 2Q	FY07 2Q	FY07 Plan
Ships	6,916	9,221	8,826
Steel*	555	567	416
Machinery	2,056	1,574	1,594
Plants	1,635	1,947	1,409
Others	54	49	63
Total	11,216	13,359	12,307

FY07 Original Plan
8,076
416
1,644
1,509
63
11,707

*Steel Structure/Construction

(100 Million Yen)

Orders

Segment	FY06 2Q	FY07 2Q	FY07 Plan
Ships	444	1,151	1,700
Steel*	92	152	350
Machinery	481	617	1,200
Plants	212	666	700
Others	21	24	50
Total	1,248	2,609	4,000

FY07 Original Plan
1,100
350
1,200
700
50
3,400

Sales

Segment	FY06 2Q	FY07 2Q	FY07 Plan
Ships	490	465	1,250
Steel*	119	88	350
Machinery	435	640	1,350
Plants	104	394	900
Others	41	17	50
Total	1,189	1,603	3,900

FY07 Original Plan
1,200
350
1,300
800
50
3,700

Backlog Order

Segment	FY06 2Q	FY07 2Q	FY07 Plan
Ships	4,100	5,246	5,043
Steel*	384	341	278
Machinery	1,310	1,342	1,261
Plants	1,594	1,730	1,266
Others	5	12	4
Total	7,393	8,670	7,851

FY07 Original Plan
4,493
278
1,311
1,366
4
7,451

*Steel Structure/Construction

(100 Million Yen)

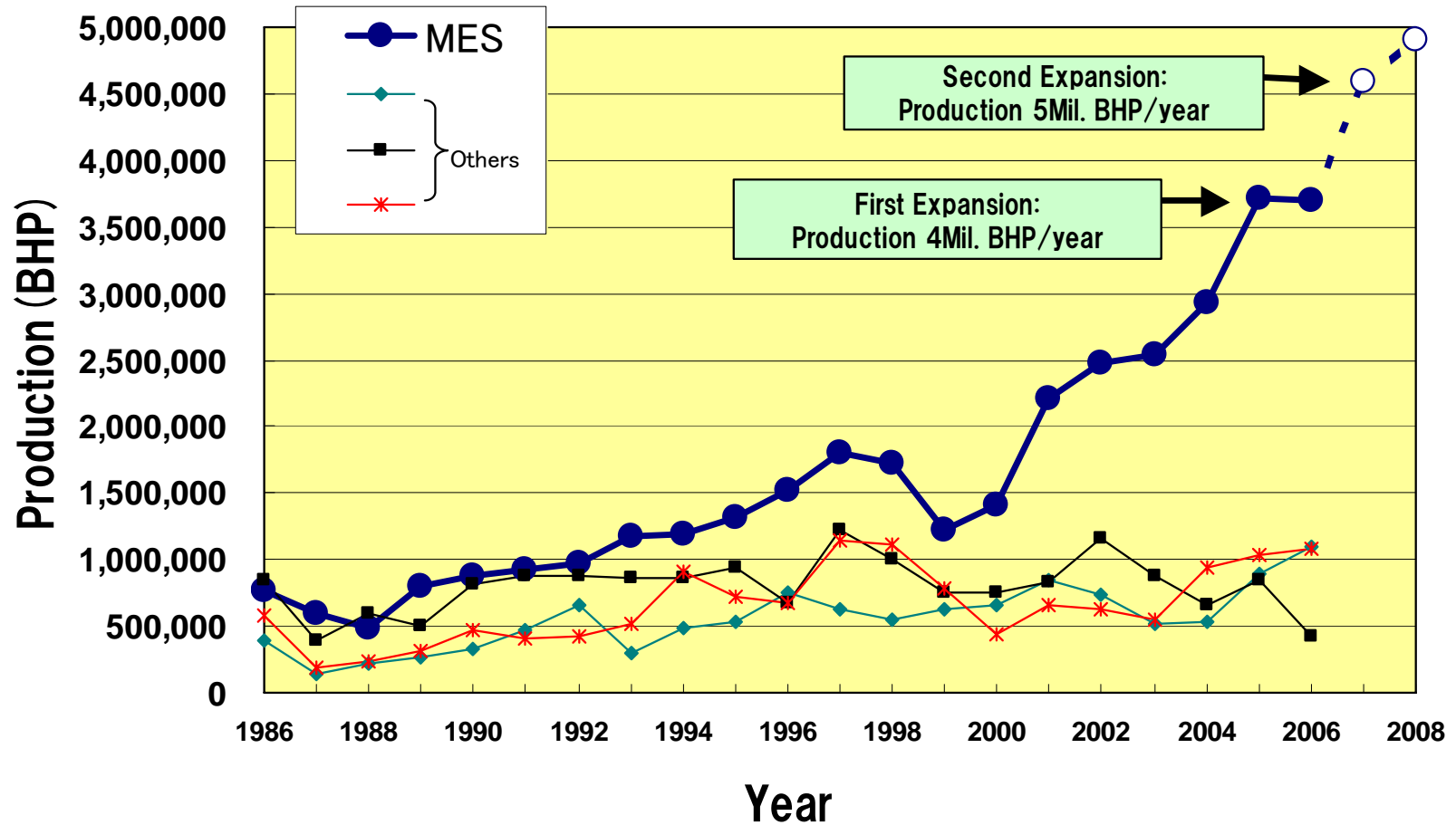
	Company	FY06		FY06 2Q		FY07 2Q		FY07 Plan	
		Order	Sales	Order	Sales	Order	Sales	Order	Sales
Main Subsidiary New Order/Sales	MODEC	1,794	991	818	509	1,061	729		1,100
	Mitsui Babcock Energy Ltd.	697	447	697	447	0	0	0	0
	BURMEISTER & WAIN SCANDINAVIAN	202	201	124	105	19	89	170	197

(100 Million Yen)

	FY06		FY06 2Q		FY07 2Q		FY07 Plan	
	Consol.	Non- Consol.	Consol.	Non- Consol.	Consol.	Non- Consol.	Consol.	Non- Consol.
Cap. Ex. and others								
Cap. Expenditure	103	53	51	20	79	23	180	130
Depreciation	90	46	46	22	52	26		
R&D	38	33	16	13	16	15	45	40

	FY06		FY06 2Q		FY07 2Q		FY07 Plan	
	Consol.	Non- Consol.	Consol.	Non- Consol.	Consol.	Non- Consol.	Consol.	Non- Consol.
Employees								
# of Employee	9,434	3,699	11,692	3,855	9,791	3,795		

Output of Diesels by Japanese Manufacturers



Based on KP database till Year 2006. The dotted line is based on our Forecast

Break Down of Ships (FY07 2Q)

non-consolidated
(Ship)

Type of Ship	Delivery	Order	Backlog
LNG			1
Tanker	1	2	18
(VLCC)		(2)	(8)
Bulk Carrier	9	15	82
(Handy Max BC)	(8)	(11)	(65)
Other		2	8
TOTAL	10	19	109