



# MITSUBUI E&S

## Mitsui E&S Holdings Co., Ltd.



2018/03 Financial Results 8<sup>th</sup> May, 2018

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# 2018/03 Summary of Income Statement

(JPY : Billion)

	2017/03	2018/03	Var.
New Orders	516.6	1,160.7	+644.1
Gross Revenue	731.5	703.2	▲28.3
Operating Income	8.3	▲5.2	▲13.5
(OP rate)	(1.1%)	(▲0.7%)	(▲1.8%)
Ordinary Income	14.9	3.1	▲11.8
(OD rate)	(2.0%)	(0.5%)	(▲1.5%)
Profit attributable to owners	12.2	▲10.1	▲22.3
Dividends	30 Yen	—	

< Average FX >

(JPY)

US\$/Yen	115.25	112.05
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## • New Orders

Awarded Government Ship and Biomass power plant in addition MODEC got 2 large-scale FPSOs EPCI and Charter project. We record highest orders ever.

## • Gross Revenue

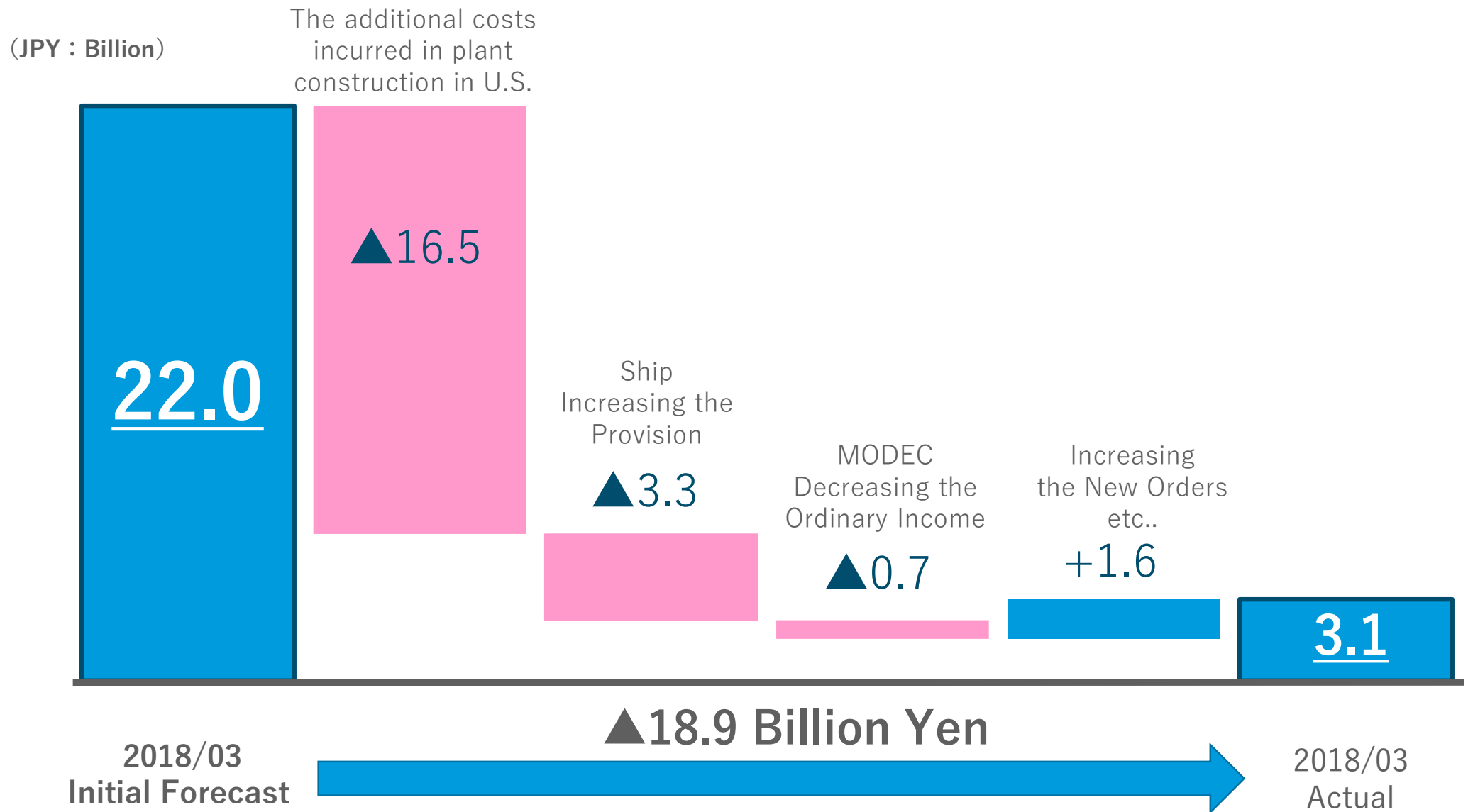
Machine division and Engineering Division covered a decline in Ship division and MODEC's Gross. However it declined compared with the same period last year.

## • Ordinary Income

The additional costs incurred in plant construction in North America, in addition ships ordered with low price oppressed profits, resulting in a substantial decline in profits.

※2018/03 Initial Forecast Rate US\$/Yen 105

# Ordinary income comparison with initial forecast

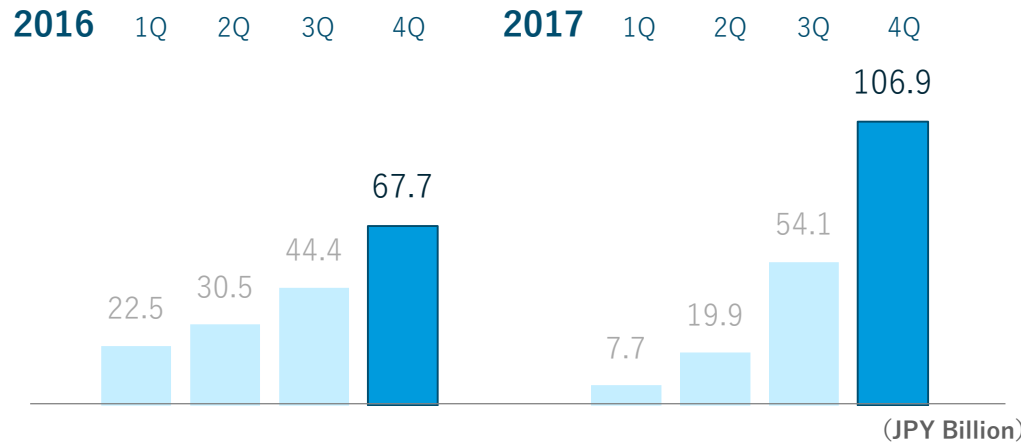


# Ship

Main products : Commercial Ship/Government Ship  
Ship Repairs

(JPY Billion)

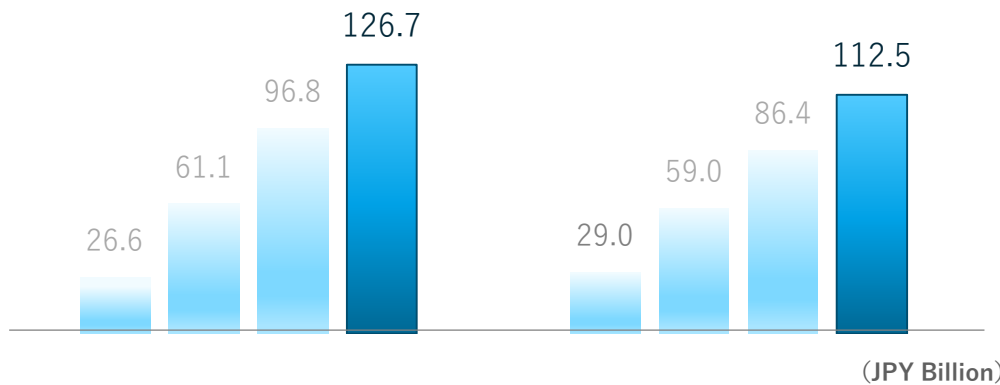
New Orders



- New Orders : V.S. Last Year +39.2

We caught the recovery moment from the bottoming out of ship market conditions and accumulated orders for 8 bulk carriers, in addition, orders from government greatly contributed to securing orders exceeding the previous fiscal year.

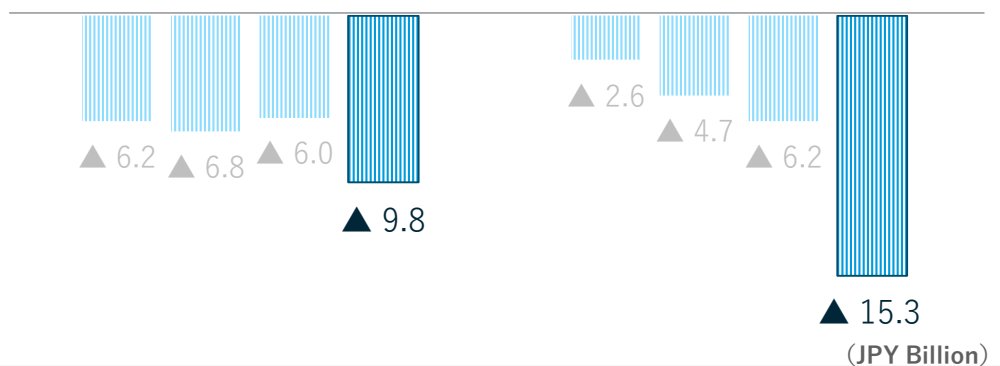
Gross Revenue



- Gross Revenue : V.S. Last Year ▲14.2

The construction progressed smoothly. Despite a decrease in revenue compared to the previous year, the trend was as planned with a reduced annual operation volume.

Operating Income



- OP Income : V.S. Last Year ▲5.5

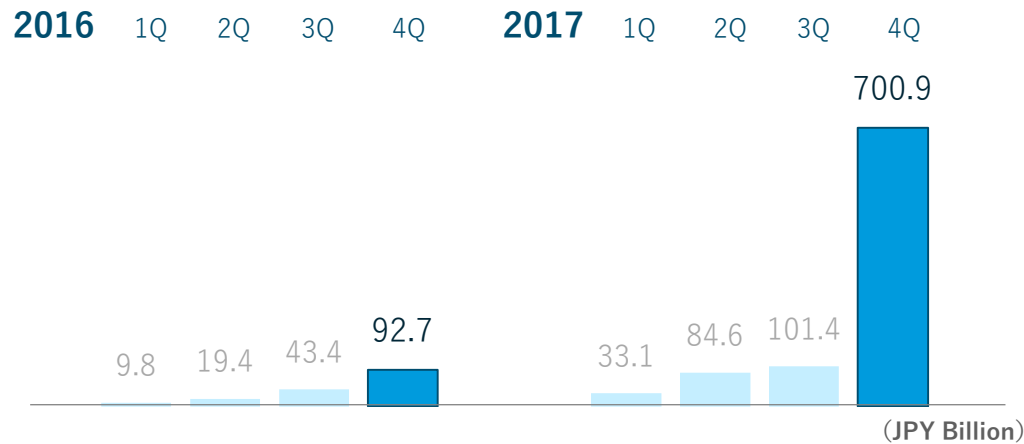
The increase in construction costs for certain constructions, the provision for losses on construction contracts squeezed the profit for the period, resulting in a significant decline compared to the previous fiscal year.

# Ocean Development

Main products : EPCI/Lease/Charter/Operation of FPSO etc.  
(Floating Production, Storage and Offloading system)

(JPY Billion)

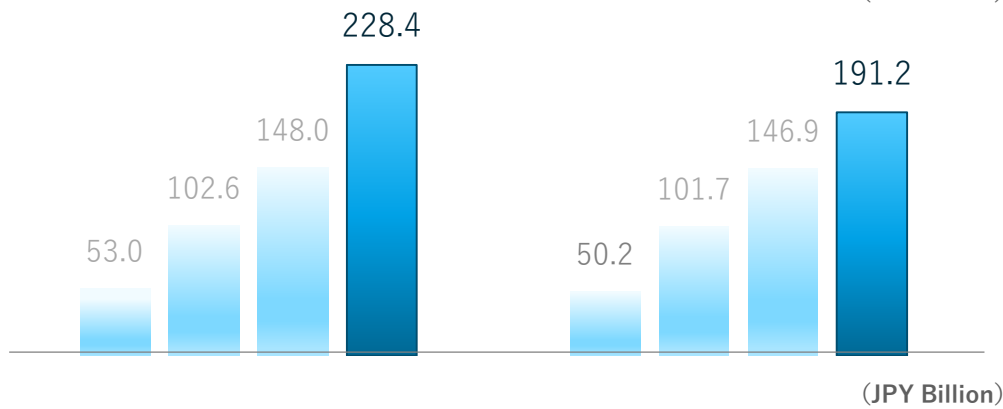
New Orders



- New Orders : V.S. Last Year +608.2

Awarded 2 large FPSOs (EPCI + Charter) from Petrobras in Brazil. MODEC's New orders reached the highest level ever.

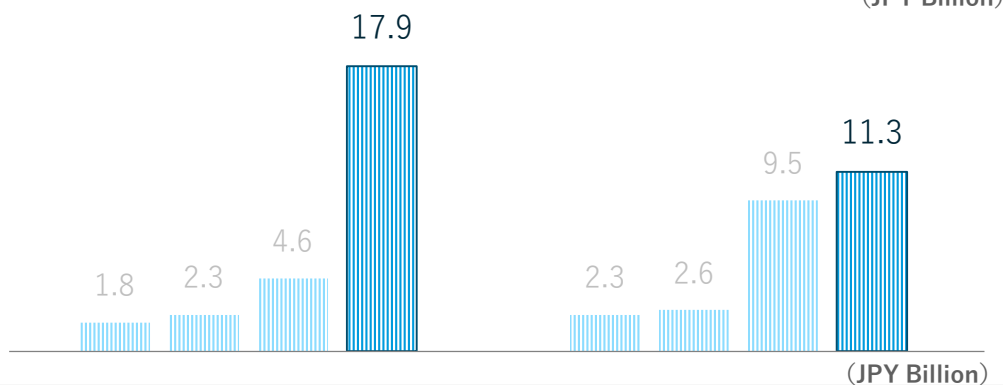
Gross Revenue



- Gross Revenue : V.S. Last Year ▲37.2

Decreased due to a decline in the number of EPCI projects.

Operating Income



- OP Income : V.S. Last Year ▲6.6

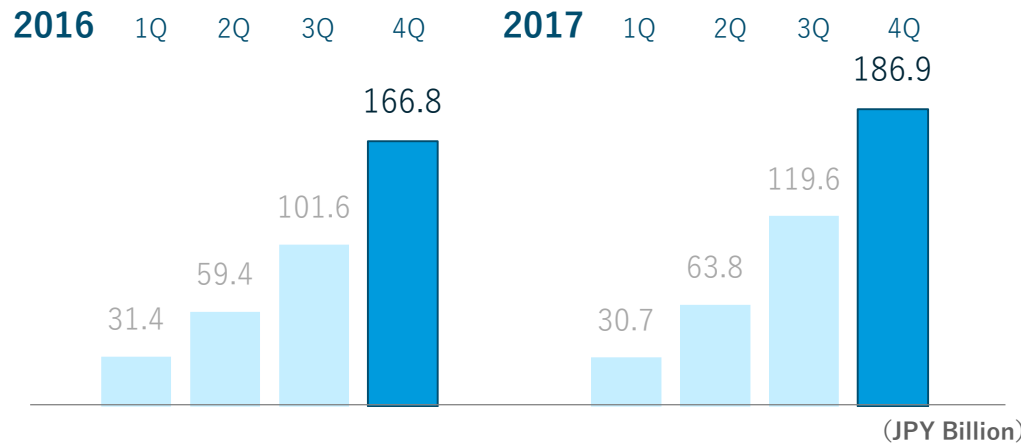
Decreased due to a decline in the number of EPCI projects.

# Machinery

Main products : Marine diesel engine, Container Crane, Infrastructure, Industrial Machinery, These aftersales service

(JPY Billion)

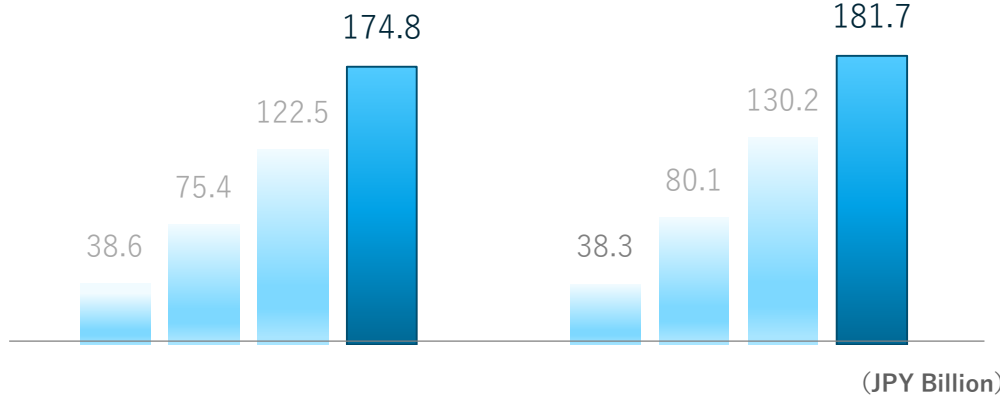
New Orders



- New Orders : V.S. Last Year +20.1

Besides received orders for container cranes with strong demand in Southeast Asia and domestic alternative demand, as well as social infrastructure and after-sales service, which increased compared to the previous fiscal year.

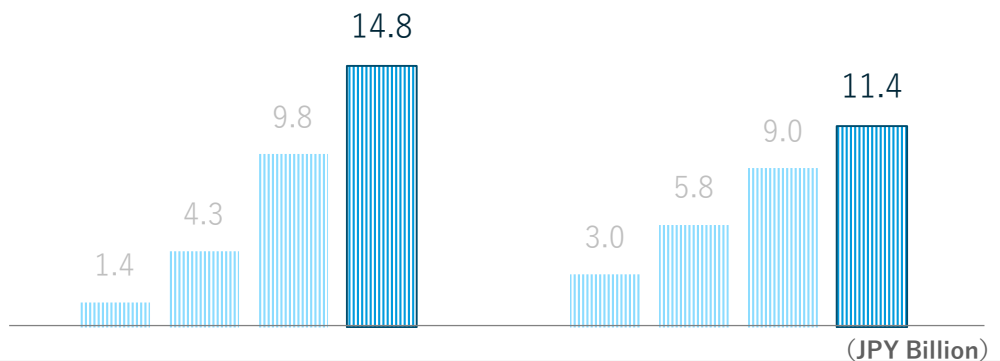
Gross Revenue



- Gross Revenue : V.S. Last Year +6.9

Due to an increase in infrastructure, Gross Revenue exceeded the previous fiscal year.

Operating Income



- OP Income : V.S. Last Year ▲3.4

After-sales service was performing well, however, profit of Industrial Machinery and Marine diesel engine deteriorated, resulting in a decline in profits.

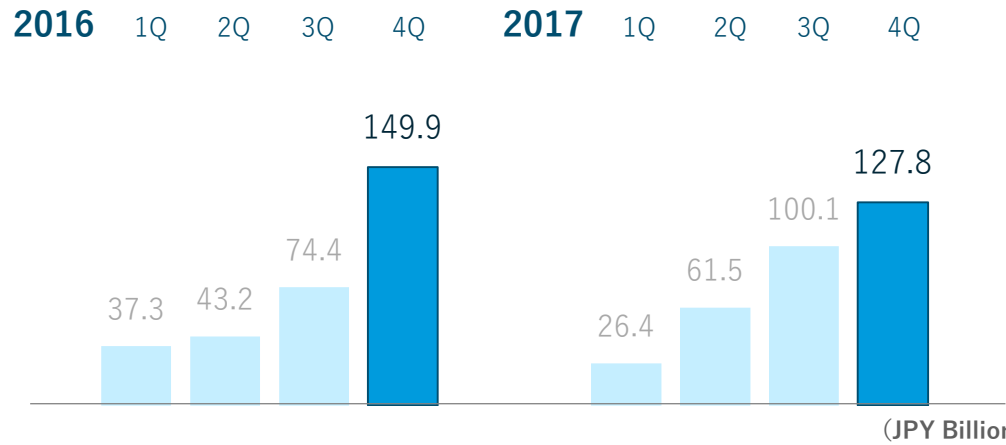
※Infrastructure : Bridge, Iron structure

# Engineering

Main products : Environmental Energy, Infrastructure, Plant

(JPY Billion)

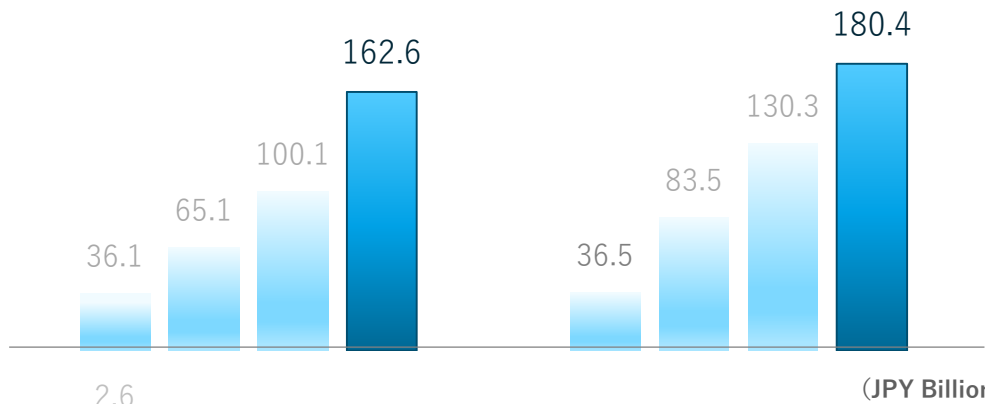
New Orders



• New Orders : V.S. Last Year ▲22.1

We received orders biomass power generation (EPC and O&M), however with revised orders strategy of chemical plant, New Orders fell below the previous fiscal year.

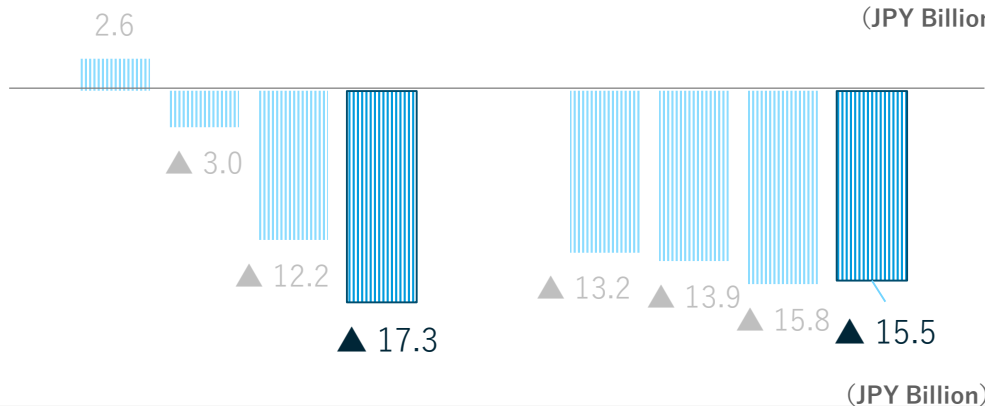
Gross Revenue



• Gross Revenue : V.S. Last Year +17.8

Increased compared with the same period of the previous fiscal year due to completion of existing overseas chemical plant construction and progression of overseas thermal power plant civil engineering work.

Operating Income



• OP Income : V.S. Last Year +1.8

Unfortunately, plant construction in North America which completed in March, 2018 was attacked by hurricane. Due to this the additional costs incurred, resulting in a substantial decline in profits.



# 2019/03 Forecast Summary

(JPY : Billion)

	2018/03 Actual	2018/03 Forecast	Var.
New Orders	1,160.7	900.0~ 1,100.0	▲260.7~ ▲60.7
Gross Revenue	703.2	670.0	▲33.2
Operating Income	▲5.2	10.0	+15.2
Ordinary Income	3.1	18.0	+14.9
Net Income	▲10.1	4.0	+14.1
Dividends	—	—	—

< FX >

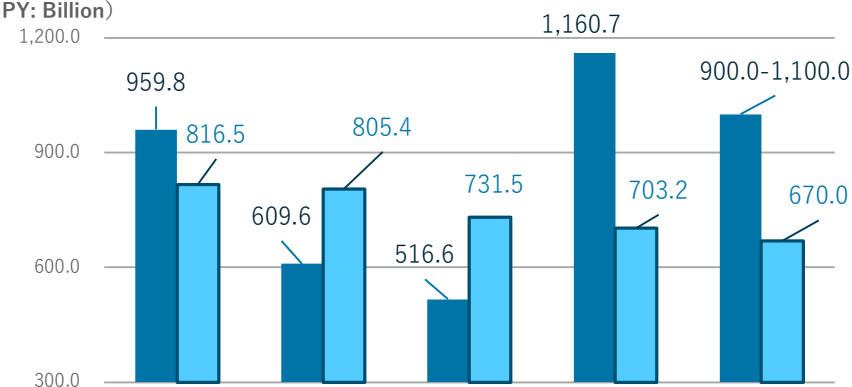
(JPY)

USD Actual/ Plan Rate	112.05	105
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<For reference> Effect to foreign exchange rates by currency on operating profit  
1 yen per US\$ corresponds to 0.3 billion yen.

## < Trends of New Orders · Gross Revenue >

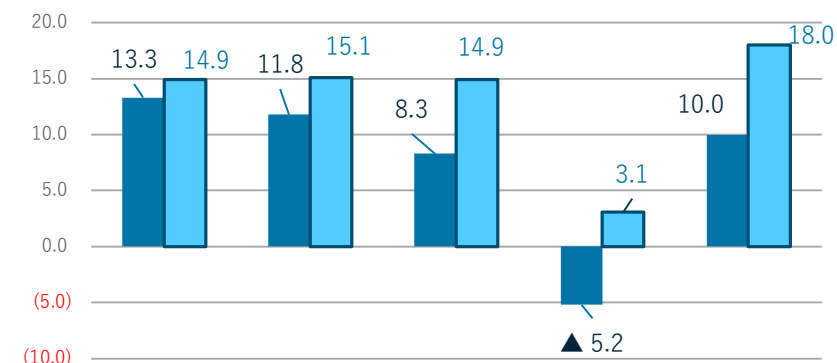
(JPY: Billion)



■ New Orders ■ Gross Revenue

## < Trends of Operating Income · Ordinary Income >

(JPY: Billion)



■ Operating Income ■ Ordinary Income

# 2019/03 Forecast by Segment

(JPY : Billion)

	New Orders			New Sales		
	2018/03 Actual	2019/03 Forecast	Var.	2018/03 Actual	2019/03 Forecast	Var.
Ship	106.9	110.0	+3.1	112.5	90.0	▲22.5
Ocean Development	700.9	400.0~ 600.0	▲300.9~ ▲100.9	191.2	220.0	+28.8
Machinery	186.9	170.0	▲16.9	181.7	180.0	▲1.7
Engineering	127.8	120.0	▲7.8	180.4	80.0	▲100.4
Other	38.1	100.0	+61.9	37.4	100.0	+62.6
Total	1,160.7	900.0~ 1,100.0	▲260.7~ ▲60.7	703.2	670.0	▲33.2

# 2019/03 Forecast by Segment

(JPY : Billion)

	Operating Income		
	2018/03 Actual	2019/03 Forecast	Var.
Ship	▲15.3	▲9.0	+6.3
Ocean Development	11.3	10.0	▲1.3
Machinery	11.4	7.0	▲4.4
Engineering	▲15.5	▲3.0	+12.5
Other	2.9	5.0	+2.1
Total	▲5.2	10.0	+15.2

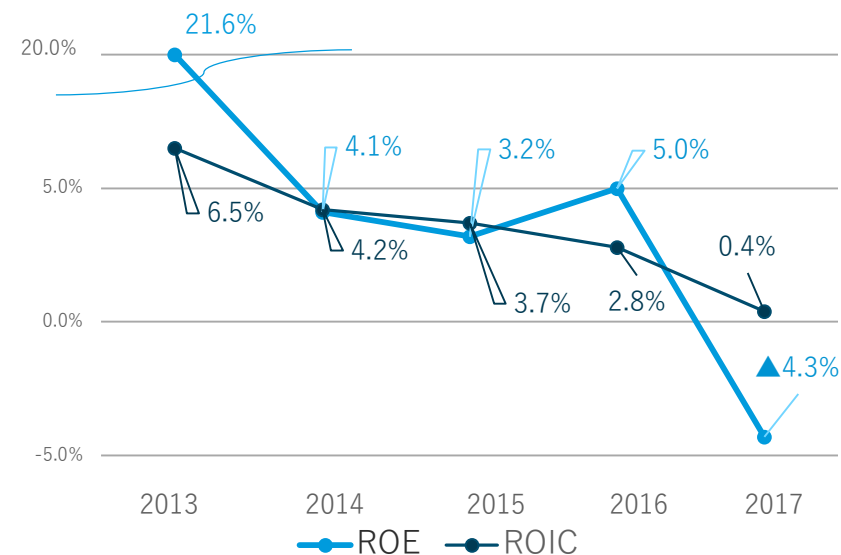
Ordinary Income
2019/03 Forecast
▲9.0
18.0
8.0
▲3.0
4.0
18.0

# 2018/03 Summary of Income Statement

(JPY : Billion)

	2017/03	2018/03	Var.
Gross Revenue	731.5	703.2	▲28.3
Gross Profit	58.9	48.4	▲10.5
SG&A	50.6	53.6	+3.0
Operation Income	8.3	▲5.2	▲13.5
Other Income	13.3	14.9	+1.6
Other Expenses	6.7	6.6	▲0.1
Ordinary Income	14.9	3.1	▲11.8
Extraordinary Gains	27.8	12.3	▲15.5
Extraordinary Losses	8.7	4.4	▲4.3
Profit Before Taxes	34.0	10.9	▲23.1
Income Taxes	15.5	16.2	+0.7
Non-Controlling Interest	6.4	4.8	▲1.6
Profit attributable to owners of parent	12.2	▲10.1	▲22.3

< Trends of ROE · ROIC >



## Reason for high Income Taxes

- 1) We took down deferred tax assets comprehensively taking into consideration the results of fiscal 2017 and forecasts for the future.
- 2) There was a deficit subsidiary in a overseas that can not record deferred tax assets, and we were unable to redeem Income Taxes sufficiently.

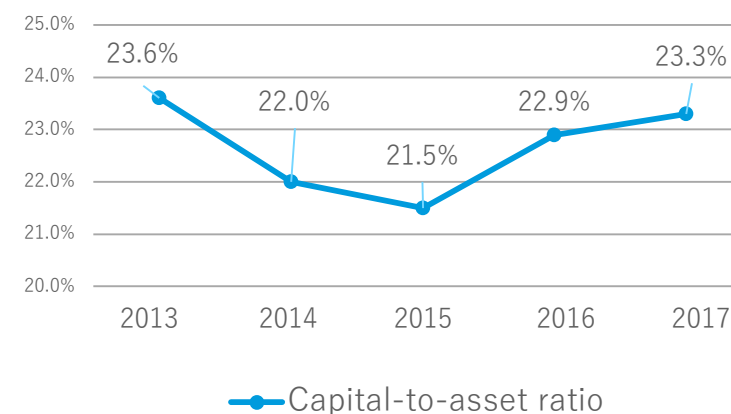
# 2018/03 Summary of Balance Sheet

(JPY : Billion)

	2017/03	2018/03	Var.
Cash	119.8	93.7	▲26.1
Receivables	261.7	243.8	▲17.9
Work in Progress	35.6	35.7	+0.1
Fixed Assets	399.0	382.3	▲16.7
Other Assets	280.6	273.7	▲6.9
<b>Total Assets</b>	<b>1,096.7</b>	<b>1,029.2</b>	<b>▲67.5</b>
Payables	195.8	180.8	▲15.0
Advances by Customers	72.9	56.9	▲16.0
Provision for losses on construction contracts	15.9	10.3	▲5.6
Debt (with interest)	265.2	255.3	▲9.9
Other Liabilities	179.3	169.1	▲10.2
Net Assets	367.6	356.8	▲10.8
<b>Total Liabilities &amp; Net Assets</b>	<b>1,096.7</b>	<b>1,029.2</b>	<b>▲67.5</b>

Capital-to-asset ratio	22.9%	23.3%
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< Trends of Capital-to-asset ratio >



Cash  
Decrease due to capital increase to SPC and repayment of Debt

Payables  
Decreased due to payment of FPSO construction project

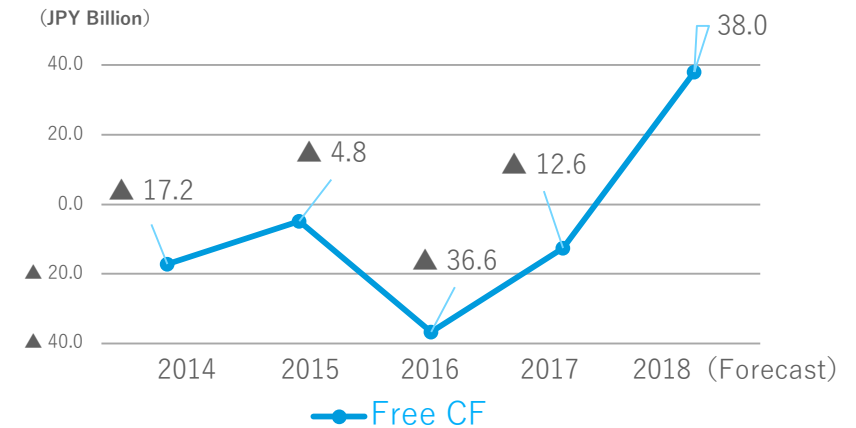
# 2018/03 Summary of Cash Flow etc.

(JPY : Billion)

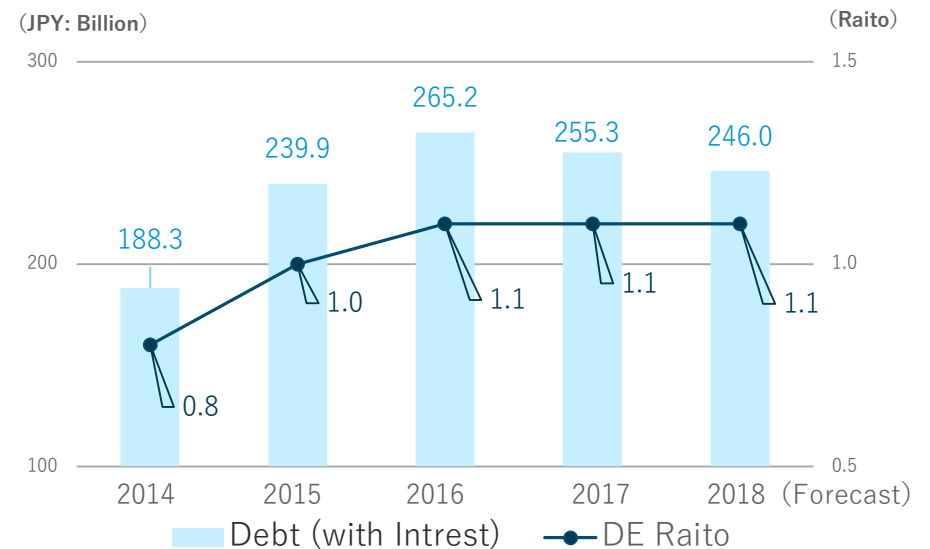
	2017/03 Actual	2018/03 Forecast	Var.
Operating CF	▲7.8	▲3.6	+4.2
Investing CF	▲28.8	▲9.0	+19.8
Free CF	▲36.6	▲12.6	+24.0
Financial CF	19.4	▲14.8	▲34.2

Debt (with interest)	265.2	255.3	▲9.9
DE Raito	1.1	1.1	—

## < Trends of Free Cash Flow >



## < Trends of Debt (with Interest) >



# —Appendix— CAPEX · R&D · Employees

(JPY: Billion)

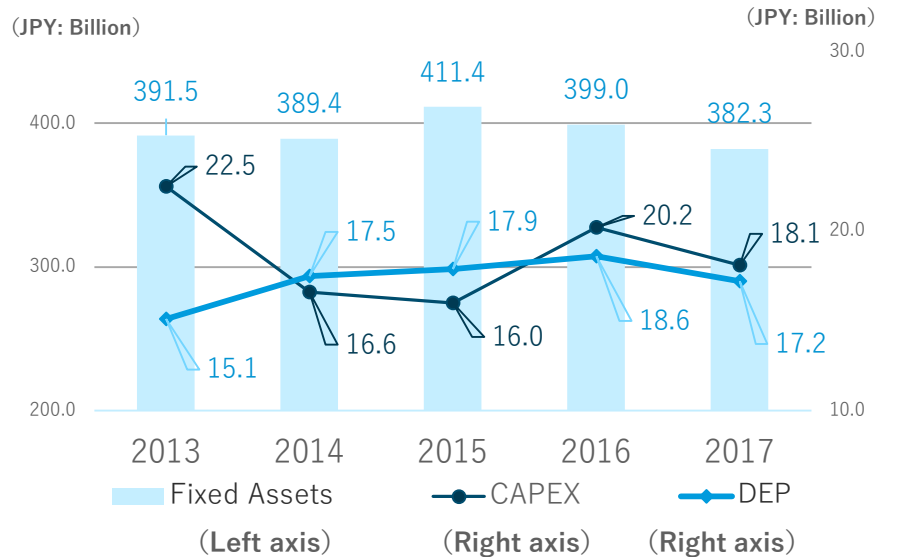
	2017/03 Actual	2018/03 Actual	2019/03 Forecast
CAPEX	20.2	18.1	13.0
Depreciation	18.6	17.2	—
R&D	4.6	4.6	4.6

(People)

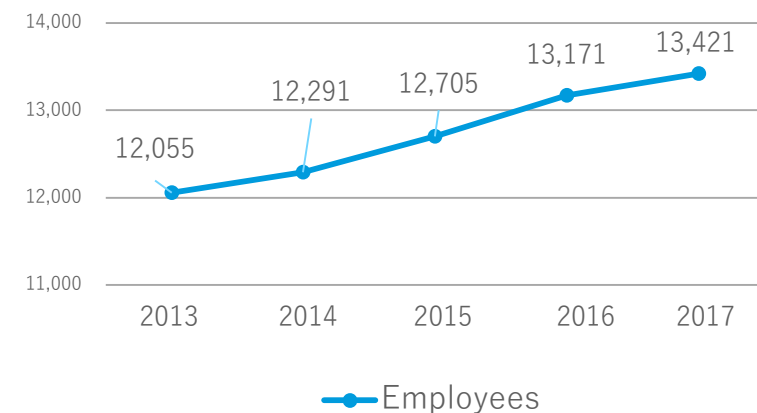
Employees	13,171	13,421
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## < Trends of CAPEX >

(JPY: Billion)



## < Trends of Employees >



# —Appendix— Introduction of Main Subsidiary

## Mitsui E&S Shipbuilding Co., Ltd.

A century of shipbuilding tradition.

Continuous advancements,  
towards the oceans of tomorrow.



### Main Products

- Bulk carrier
- Oil tanker
- LNG Carrier
- Naval ship/Patrol ship
- Fishery patrol vessel
- Research vessel/ Training vessel
- High-speed vessel
- FPSO
- Submersible

### Main Subsidiaries

- ◆ MES-KHI Yura Dock Co., Ltd.,
- ◆ Akishima Laboratories (Mitsui Zosen) Inc.,
- ◆ M.E.S Tokki Co., Ltd.,
- ◆ MES Shipping Co., Ltd.,
- ◆ Shikoku Dockyard Co., Ltd.,
- ◆ Niigata Shipbuilding & Repair, Inc.,
- ◆ TGE Marine Gas Engineering GmbH



# —Appendix— Introduction of Main Subsidiary

## Mitsui E&S Machinery Co., Ltd.

Proactive in technology partnerships  
with manufacturers around the world.

Technology advancements propelling us to new.



### Main Products

- Marine diesel engine
- Gas turbine and gas engine co-generation system
- Process compressor
- Top pressure recovery turbine (TRT) generating system
- Reactor / Heat exchanger
- Rotary dryer / Coal moisture controller
- Transfer crane in container yard
- Quayside container crane
- Container terminal management system
- Industrial crane
- Bridge
- Floating piers and pontoon
- Radar scanner
- Manipulator

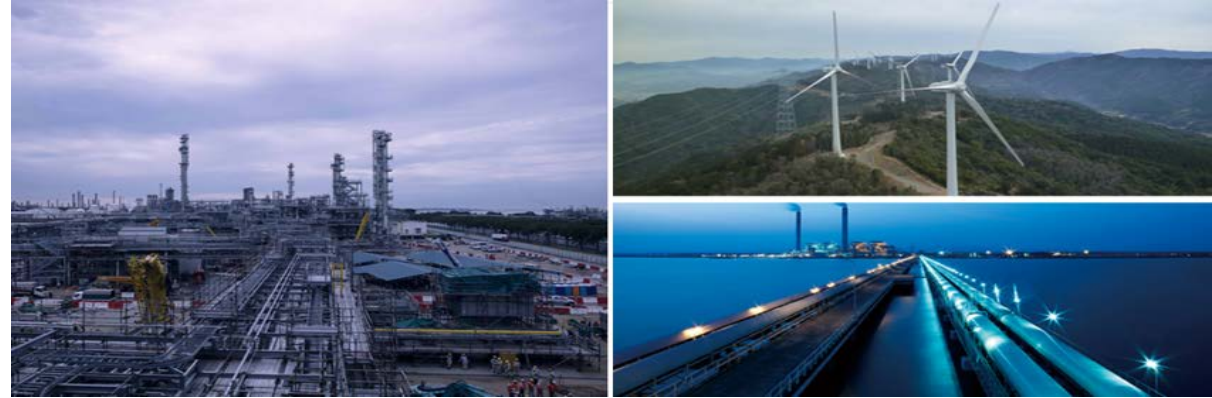
### Main Subsidiary

- ◆ Mitsui E&S Power Systems Inc.
- ◆ Mitsui Meehanite Metal Co., Ltd.
- ◆ Sanzo Manufacturing & Construction Co., Ltd.
- ◆ Mitsui E&S Steel Structures Engineering Co., Ltd.
- ◆ Mitsui E&S Technical Research Co., Ltd.
- ◆ DPS Bridge Works Co., Ltd.
- ◆ Azuma Machinery Co., Ltd.
- ◆ PACECO CORP.
- ◆ CSSC-MES Diesel
- ◆ PT.MES Machinery Indonesia
- ◆ Mitsuzosen Technoservice Hongkong
- ◆ MES Ferrotec China Co., Ltd.,
- ◆ MES Technoservice Middle East W.L.L
- ◆ MES Technoservice Machinery Construction Logistics Industry and Trade Corporation

# —Appendix— Introduction of Main Subsidiary

## Mitsui E&S Engineering Co., Ltd.

Design, procurement, and construction.  
Your total solution for plant construction.



### Main Products

- Biomass power plant
- Biogas power plant
- Wind power facility
- Overseas power plant engineering & construction
- Petro-chemical plant
- Inorganic chemical plant
- Environmental facility

### Main Subsidiary

- ◆ Mitsui E&S Plant Engineering Inc.
- ◆ Mitsui E&S Environment Engineering Corporation
- ◆ Sanzo Yuki Recycle K.K.
- ◆ Hamamatsu Green Wave Co., Ltd.
- ◆ Green Power Ichihara Co., Ltd.
- ◆ Betsukai Biogas Power Co., Ltd.
- ◆ Sanzo Yuki Recycle K.K.
- ◆ DASH Engineering Philippines, Inc.
- ◆ Engineers and Constructors International, Inc.

# —Appendix— Introduction of Main Subsidiary

## Modec Inc.

Modec is the only company in Japan that provides design, construction, leasing, charter, operation & maintenance services of floating type production equipment used for marine oil and gas development project. Due to increasing size of marine oil and gas development projects in recent years and the transition to a deep sea area, floating type production facilities also become larger and more complicated. In this kind of situation, Modec has been has more than 40 delivery records and has earned high praise.

## Burmeister & Wain Scandinavian Contractor A/S



BWSC is Danish Company and the global provider of tailor-made turnkey power plant solutions offering a solid track record based on competencies within the entire plant life cycle. BWSC has supplied more than 175 power plants to 53 countries with a total generating capacity in excess of 3,500 MW.

(JPY: Billion)

	2016/12	2017/12	2018 Forecast
New Orders	50.1	60.1	—
Gross Revenue	48.6	52.2	61.0

## Mitsui E&S Business Service Co., Ltd.

Mitsui E&S Business Service Co., Ltd. functions as a provider of shared services concerning administrative operations in the Group, including technical guidance for businesses and R&D, intellectual property management, personnel and general affairs, and financial affairs and accounting. The services are provided mainly to Mitsui E&S Holdings Co., Ltd. and the three operating companies affiliated with it, which are engaged in shipbuilding, machinery, and engineering, respectively.

# —Appendix— New Ship · Marine Diesel Engine

## New Ship

From April, 2017 to March, 2018

	New Orders	Deliveries	Backlogs
Commercial Ship	13	8	20
Government Ship · Other Ship		2	6
Total	13	10	26

## Marine Diesel Engines

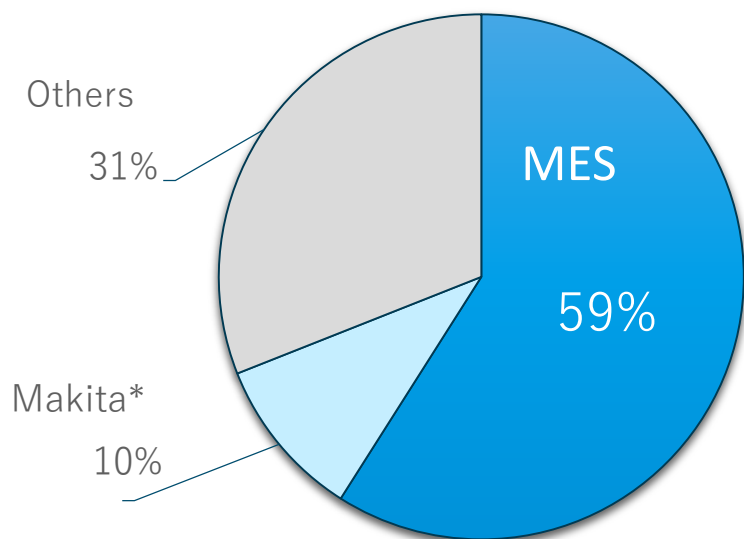
From April, 2017 to March, 2018

	2017/03		2018/03	
	Unit	House Power (10Kps)	Unit	House Power (10Kps)
New Orders	151	323	108	243
Deliveries	171 *(4)	344 *(12)	134 *(0)	348 *(0)
Back logs	139 *(1)	414 *(2)	113 *(1)	309 *(2)
Production	182	378	146	377

\*Figures in bracket ( ) represent gas fuel engines (GI and LGI) inclusive

# —Appendix— Market Share of Mitsui E&S

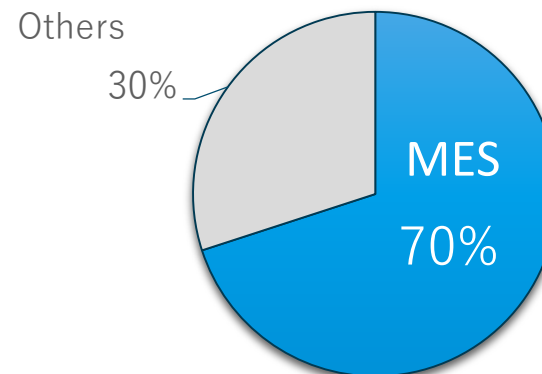
Jan. to Dec. 2017  
Marine Diesel Engines share in Japan



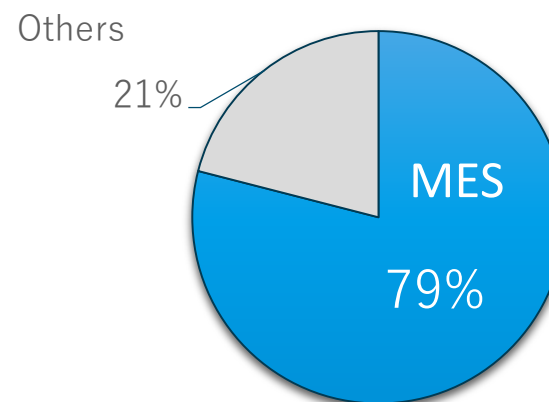
Source: KP data (2 stroke engine)

\*Makita : Sub-licensee of MES

From April, 2017 to March, 2018  
Market Share of Gantry Crane(PORTAINER®) in Japan



From April, 2017 to March, 2018  
Market Share of Transfer Crane(TRANSTAINER®) in Japan



Source : based on domestic order





**Disclaimer**  
In this document, forward-looking statements, targets, plans, strategies, etc. of the Company contain forward-looking statements. These are forecasts that the Company rationally determined based on information that can be grasped at the present time and include known and unknown risks and uncertainties. Accordingly, there is a possibility that actual results or developments of our company in the future may be significantly different.