

2019/03 Financial Results



10 May, 2019



Mitsui E&S Holdings Co., Ltd.

■ 2019/03 Financial Results

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■ “Mitsui E&S Group Business Revival Plan”

- Explained separately

<p>2019/03 Result</p>	<ul style="list-style-type: none"> ◆ New Order 710.1 Billion Yen (YoY ↓) ◆ Net Sales 656.5 Billion Yen (YoY ↓) ◆ Ordinary Income (50.5) Billion Yen (YoY ↓)
<p>2020/03 Forecast</p>	<ul style="list-style-type: none"> ◆ New Order 800.0~1,000.0 Billion Yen (Comp. 2019/03 ↑) ◆ Net Sales 840.0 Billion Yen (Comp. 2019/03 ↑) ◆ Ordinary Income 17.0 Billion Yen (Comp. 2019/03 ↑)
<p>Loss of Engineering</p>	<ul style="list-style-type: none"> ◆ Additional loss for this construction is 38 billion yen.(Total 81 billion yen) ◆ Uncertainty task is identified and started working on a new schedule

✓ **Future business structure will be explained in “Mitsui E&S Group Business Revival Plan”**

(JPY: Billion)

	2018/03	2019/03	Var.
New Order	1,160.7	710.1	(450.6)
Net Sales	703.2	656.5	(46.7)
Operating Income	(5.2)	(59.7)	(54.5)
(OP ratio)	(0.7%)	(9.1%)	—
Ordinary Income	3.1	(50.5)	(53.6)
(OD ratio)	(0.4%)	(7.7%)	—
Profit attributable to owners	(10.1)	(69.6)	(59.5)
Dividend	0 Yen	0 Yen	—

<Average FX>

USD	112.05 Yen	111.01 Yen
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■ New Orders

Mainly due to decrease of FPSO contracts from 2 to 1 compared to previous fiscal year and projects related to environment energy have been delayed.

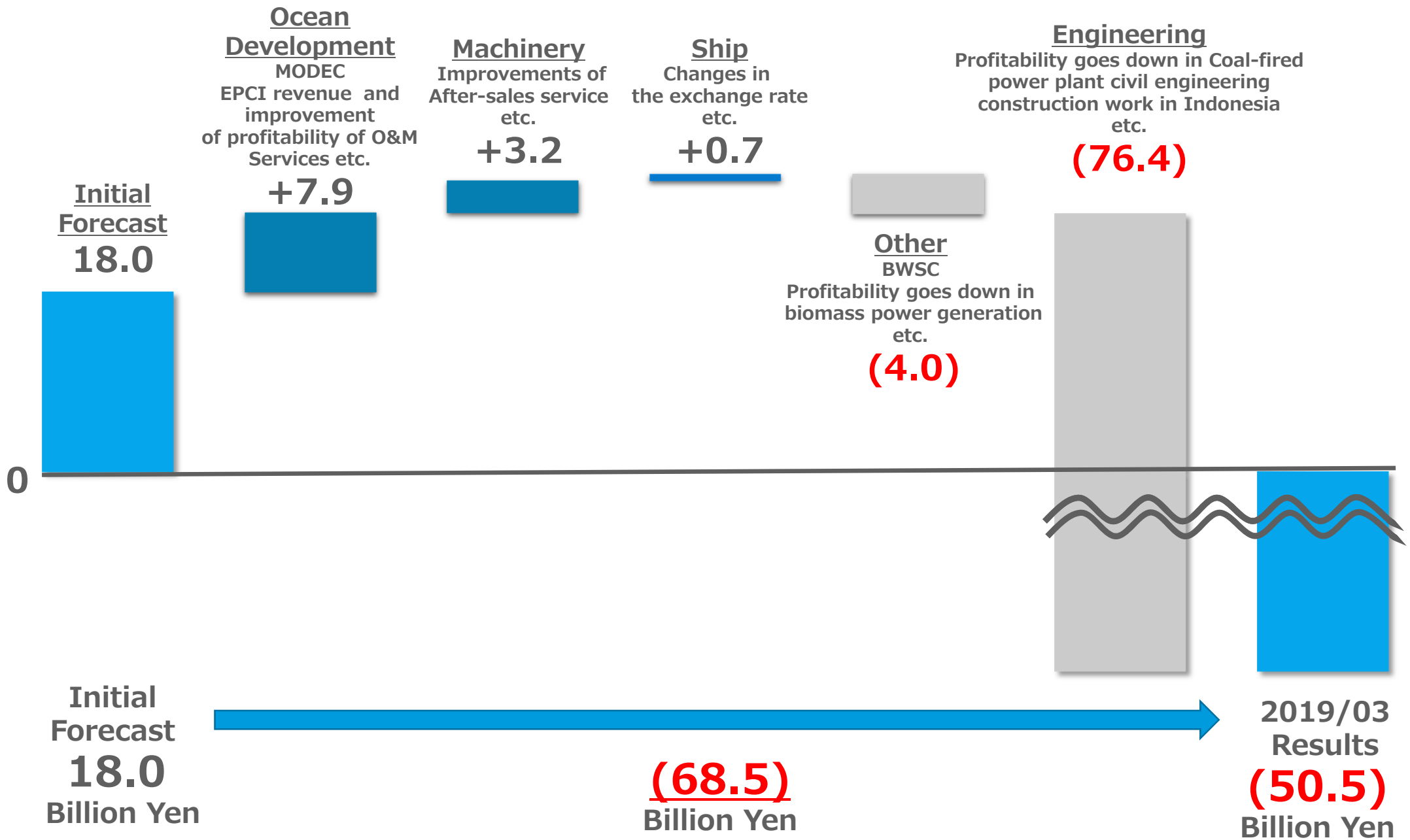
■ Net Sales

Decrease due to withdrawal from overseas chemical plant construction and Ship planned with a reduced annual operation volume.

■ Ordinary Income

The additional costs incurred in Coal-fired power plant civil engineering construction work in Indonesia, resulting in significantly decrease of the profit

Ordinary Income comparison of initial forecast and 2019/03 results



2019/03 Results Summary by Segment

(JPY: Billion)

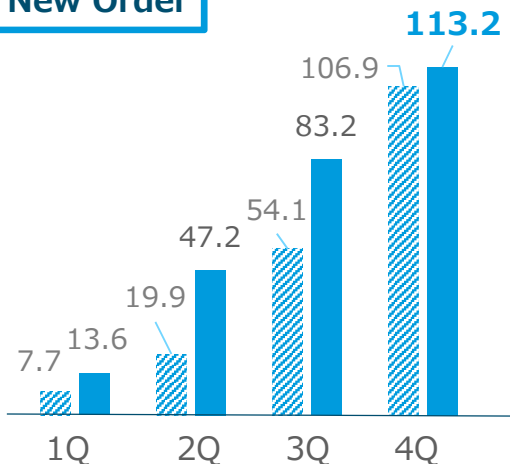
	New Order			Net Sales			Operating Income			Ordinary Income
	18/03	19/03	Var.	18/03	19/03	Var.	18/03	19/03	Var.	19/03 (*)
Ship	106.9	113.2	+6.3	112.5	96.9	(15.6)	(15.2)	(8.1)	+7.1	(8.3)
Ocean Development	700.9	254.2	(446.7)	191.2	222.5	+31.3	11.3	14.9	+3.6	25.9
Machinery	186.9	185.3	(1.6)	181.7	186.9	+5.2	11.3	10.2	(1.1)	11.2
Engineering	75.4	58.9	(16.5)	127.6	69.0	(58.6)	(15.8)	(79.7)	(63.9)	(79.4)
Other	90.5	98.5	+8.0	90.2	81.3	(8.9)	3.1	3.0	(0.1)	0.1
Total	1,160.7	710.1	(450.6)	703.2	656.5	(46.7)	(5.2)	(59.7)	(54.5)	(50.5)

(*) No audit. For your reference, we disclose internal amount

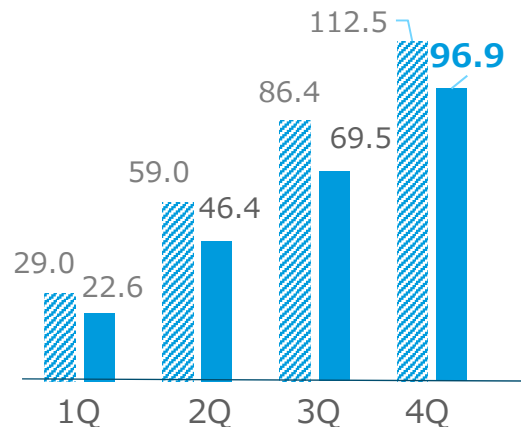
(JPY : Billion)

2018/03 2019/03

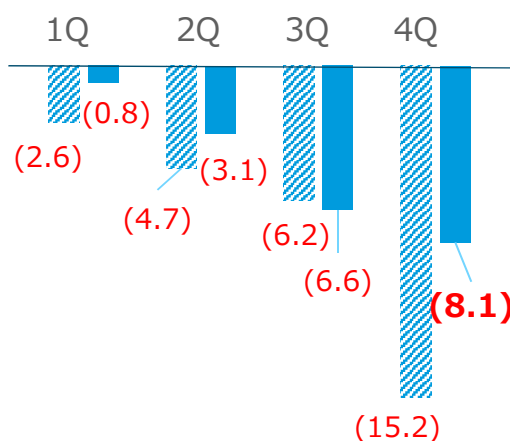
New Order



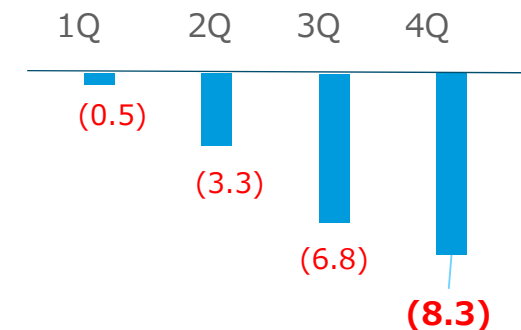
Net Sales



Operating Income



Ordinary Income



■ New Order : YoY +6.3

Commercial ships market is getting a change for the better. Mitsui E&S Shipbuilding Co., Ltd. awarded 15 new ships (11 Eco-ship bulk carriers, 4 Government Ship). The trend is steady.

■ Net Sales : YoY (15.6)

The trend was as planned with a reduced annual operation volume.

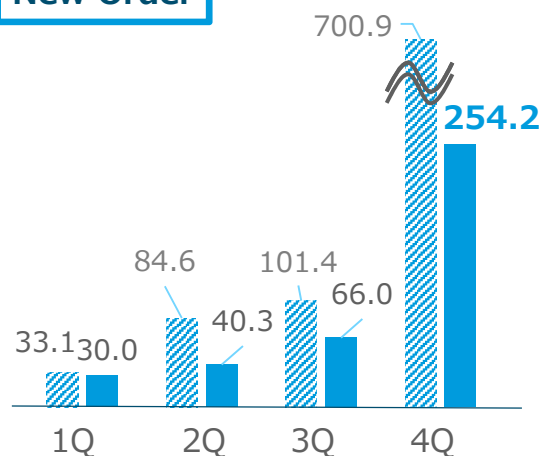
■ Ordinary Income

Decrease the provision for losses on construction contracts, promotion of cost improvement, profitability improvement for existing orders, resulting in a increase compared to the previous fiscal year.

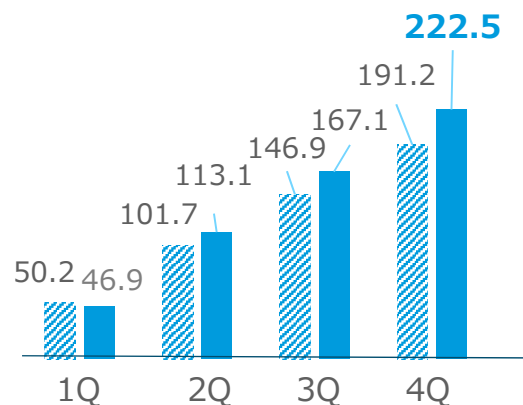
(JPY : Billion)

2018/03 2019/03

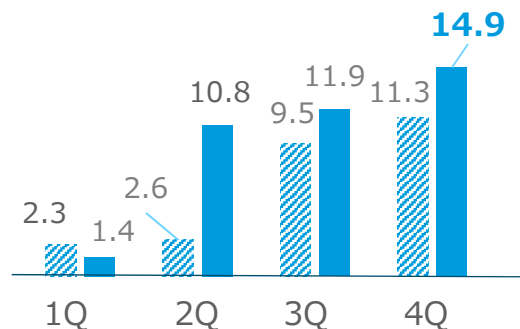
New Order



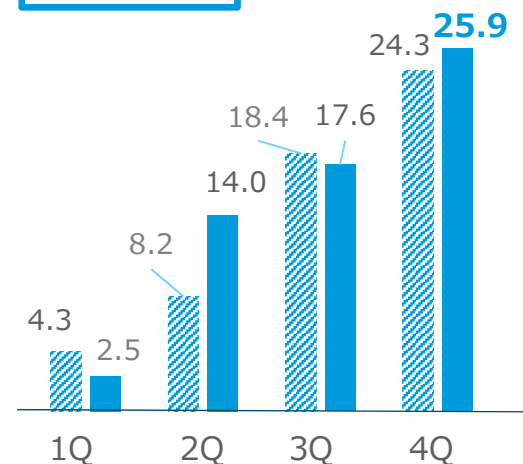
Net Sales



Operating Income



Ordinary Income



*2018/03 amount is disclosed by MODEC

■ New Order : YoY (446.7)

Awarded a charter contract from ENI.

■ Net Sales : YoY +31.3

Net sales from both EPCI and O&M increased.

■ Ordinary Income

Mainly due to increase of EPCI revenue and improvement of profitability of O&M services.

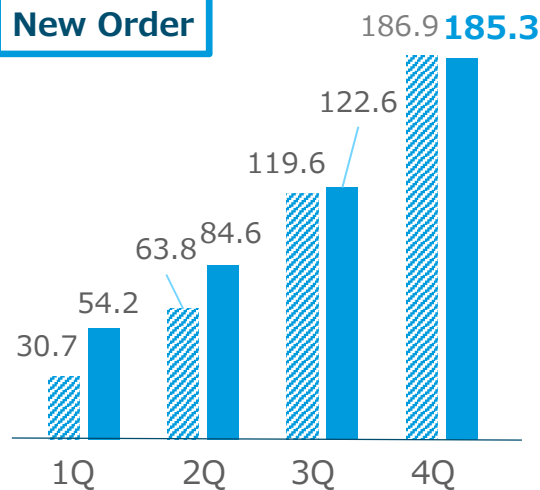
Machinery

Main products : Marine diesel engine, Container Crane, Infrastructure, Industrial Machinery,
These after-sales service

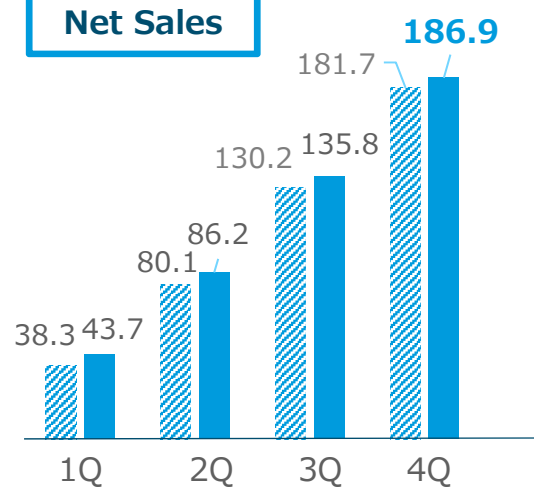
(JPY : Billion)

2018/03 2019/03

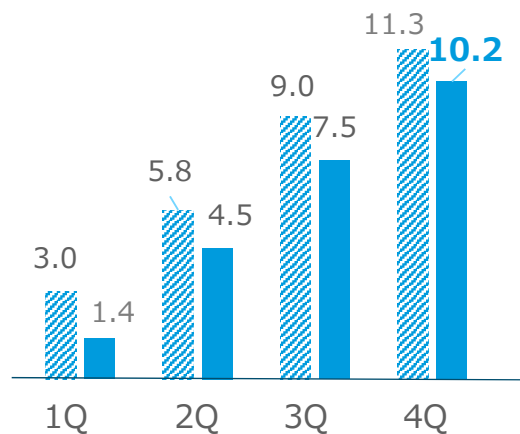
New Order



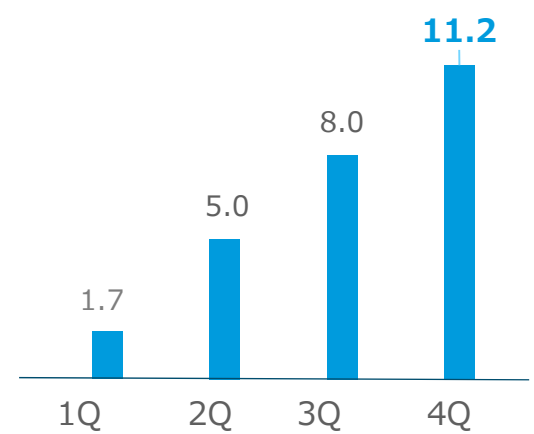
Net Sales



Operating Income



Ordinary Income



■ New Order : YoY (1.6)

Marine diesel engines, after-sales service, and social infrastructure remained steady, but container crane projects were behind the schedule, resulting in the same level as the previous year.

■ Net Sales : YoY +5.2

Net Sales of sub-segments products exceeded the previous fiscal year except Industrial Machinery.

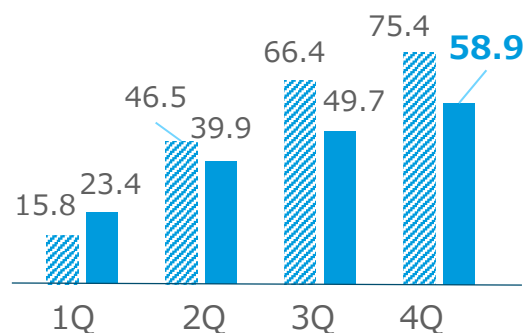
■ Ordinary Income

After-sales service profit is steady. However, profitability deterioration of specific projects of Industrial Machinery and Container Crane, resulting in a decline of the profits.

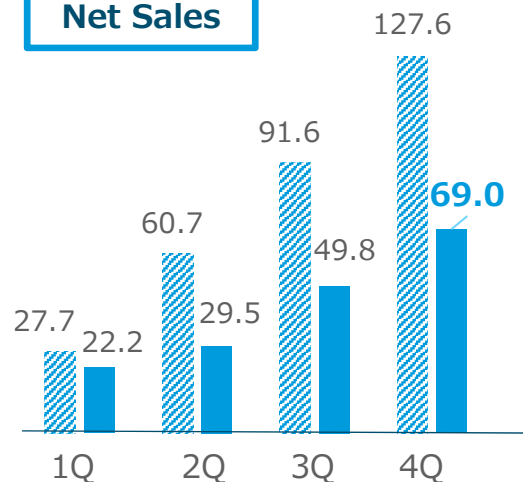
(JPY : Billion)

2018/03 2019/03

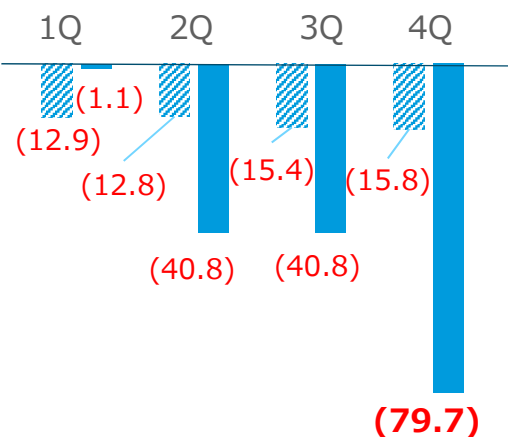
New Order



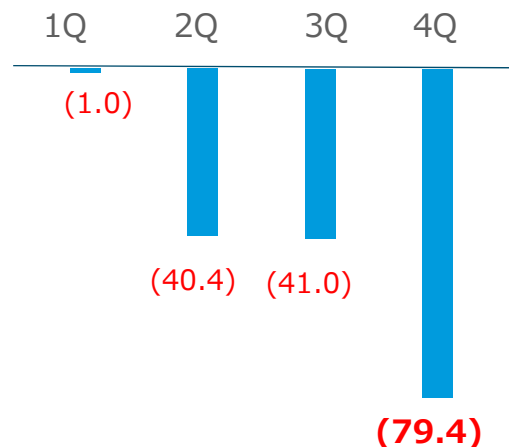
Net Sales



Operating Income



Ordinary Income



■ New Order : YoY (16.5)

Awarded domestic chemical plant EPC projects and sludge recycling projects, but biomass power generation and wind power generation projects were behind the schedule, resulting New Order was decreased from the previous year.

■ Net Sales : YoY (58.6)

Decrease Net Sales due to withdrawal from overseas chemical plant construction.

■ Ordinary Income

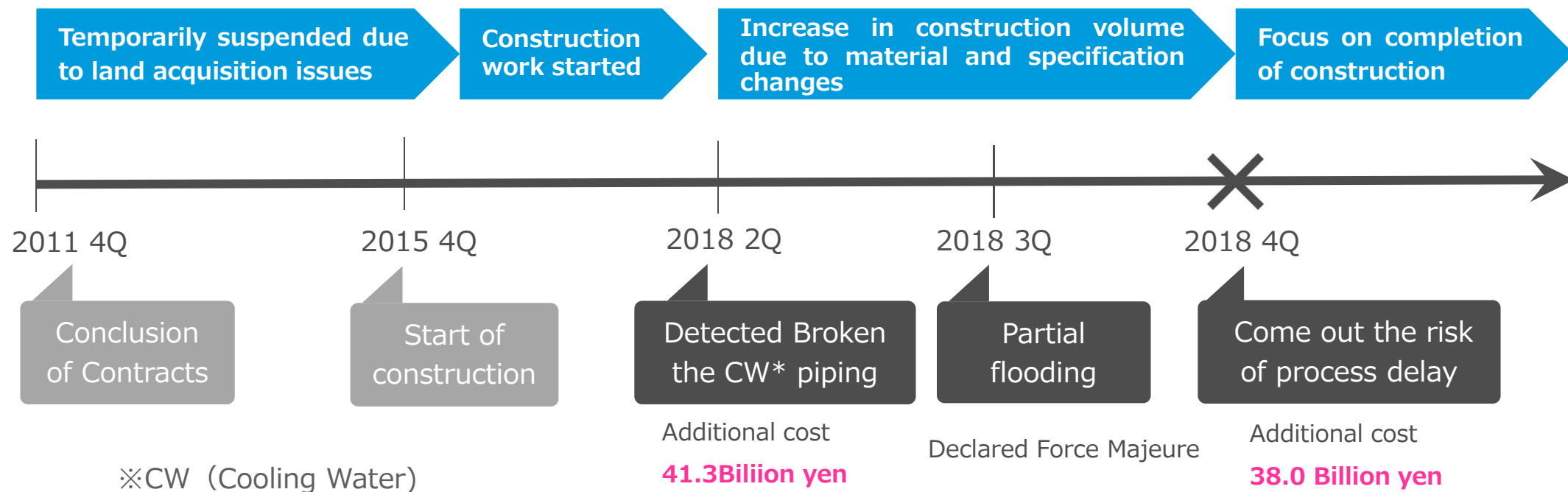
Significantly decrease due to set aside an additional costs and provision (182Q:41.3 184Q 38.0) for Coal-fired power plant civil engineering construction work in Indonesia.

■ Status of loss construction

<Summary of construction>

Conclusion of Contracts	Type of contract	Place	Construction scope	Contract delivery date
March, 2012	Lump sum	Batang Central Java, Indonesia	Coal-fired power plant (1,000MW×2) civil engineering construction work	November, 2020

<The sequence of events>



<Profitability forecast>

- Additional losses in the 184Q is approx. 38 billion yen
(Accumulated losses about this construction is approx. 81 billion yen)

<The factor of deteriorating profitability>

While construction and installation works was getting underway in earnest onsite, we estimated costs and reexamined the construction costing in 184Q.

- Additional cost for installation of CW pipe (Approx. 13 billion yen)
- Increase other task costs for Project (Approx. 5 billion yen)
- Increase in recovery costs due to come out the risk of process delay
(Approx. 20 billion yen)

■ List of Coal-fired power plant civil engineering construction

Projects	Area	Progress	Delivery Year
A	Vietnam	98%	2019
B	Indonesia	67%	2020
C	Indonesia	71%	2021

- A Construction is already in the commissioning stage,
and will be completed in the second half of FY2019
- B Come out the risk of process delay of CW pipe installation
- C Construction is going well

(JPY: Billion)

	2019/03 Actual	2020/03 Forecast	Var.
New Order	710.1	800.0~ 1,000.0	+89.9~ +289.9
Net Sales	656.5	840.0	+183.5
Operating Income	(59.7)	12.0	+71.7
Ordinary Income	(50.5)	17.0	+67.5
Profit attributable to owners	(69.6)	3.0	+72.6

※ Forecast FX Rate US\$/Yen 110

※ Almost no effect to FX rates by currency on operating profit

2020/03 Forecast Summary by Segment

(JPY: Billion)

	New Order			Net Sales		
	2019/03 Actual	2020/03 Forecast	Var.	2019/03 Actual	2020/03 Forecast	Var.
Ship	113.2	110.0	(3.2)	96.9	120.0	+23.1
Ocean Development	254.2	300.0~ 500.0	+45.8~ +245.8	222.5	350.0	+127.5
Machinery	185.3	200.0	+14.7	186.9	200.0	+13.1
Engineering	58.9	90.0	+31.1	69.0	80.0	+11.0
Other	98.5	100.0	+1.5	81.3	90.0	+8.7
Total	710.1	800.0~ 1,000.0	+89.9~ +289.9	656.5	840.0	+183.5

2020/03 Forecast Summary by Segment

(JPY: Billion)

	Operating Income			Ordinary Income		
	2019/03 Actual	2020/03 Forecast	Var.	2019/03 Actual	2020/03 Forecast	Var.
Ship	(8.1)	(2.0)	+6.1	(8.3)	(2.0)	+6.3
Ocean Development	14.9	8.0	(6.9)	25.9	15.0	(10.9)
Machinery	10.2	8.0	(2.2)	11.2	8.0	(3.2)
Engineering	(79.7)	(4.0)	+75.7	(79.4)	(4.0)	+75.4
Other	3.0	2.0	(1.0)	0.1	0	(0.1)
Total	(59.7)	12.0	+71.7	(50.5)	17.0	+67.5

2019/03 Summary of Income Statement

(JPY: Billion)

	2018/03	2019/03	Var.	
Net Sales	703.2	656.5	(46.7)	
Gross Profit	48.4	(6.8)	(55.2)	Profitability goes down by Indonesian EPC
SG&A	53.6	52.9	(0.7)	
Operation Income	(5.2)	(59.7)	(54.5)	
Other Income	14.9	15.4	+0.5	
Other Expenses	6.6	6.2	(0.4)	
Ordinary Income	3.1	(50.5)	(53.6)	
Extraordinary Gains	12.3	14.6	+2.3	Gain from sales of the head office building etc.
Extraordinary Losses	4.4	9.3	+4.9	Impairment Loss etc.
Profit Before Taxes	10.9	(45.2)	(56.1)	
Income Taxes	16.2	17.6	+1.4	Increase due to reversal of deferred tax assets
Non-Controlling Interest	4.8	6.7	+1.9	Mainly MODEC minority interests
Profit attributable to owners of parent	(10.1)	(69.6)	(59.5)	Lowest ever

2019/03 Summary of Balance Sheet

(JPY: Billion)

	2018/03	2019/03	Var.	
Total Assets	1,029.2	999.1	(30.1)	
(Cash)	93.7	100.9	+7.2	
(Receivables)	243.8	225.8	(18.0)	
(Fixed Assets)	382.3	371.5	(10.8)	
(Differed Tax Assets)	18.1	10.8	(7.3)	Reversed deferred tax assets
Total Liabilities	672.4	718.9	+46.5	
(Advances by Customers)	56.9	92.6	+35.7	
(Provision for losses on construction contracts)	10.3	61.0	+50.7	Increased due to profitability goes down by Indonesian EPC
(Debt (with interest))	255.3	204.6	(50.7)	Mainly repayment by asset sales
Net Assets	356.8	280.2	(76.6)	Significantly decrease due to lowest ever losses
(Own capital)	239.2	159.5	(79.7)	
Capital-to-asset ratio	23.2%	16.0%		
DE Raito	1.1	1.3		

Summary of Cash Flow

Actual

(JPY: Billion)

	2018/03	2019/03	Var.
Operating CF	(3.6)	66.2	+69.8
Investing CF	(9.0)	(0.1)	+8.9
Free CF	(12.6)	66.1	+78.7
Financial CF	(14.8)	(53.3)	(38.5)

2020/03 Forecast

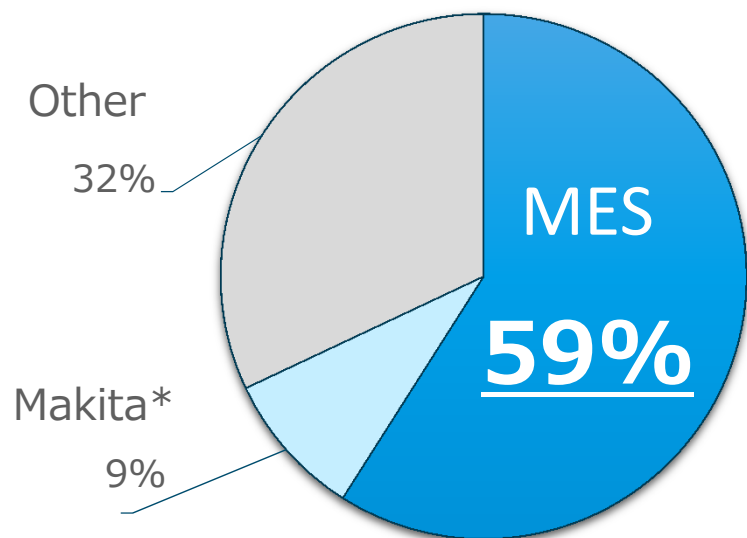
	2019/03 Actual	2020/03 Forecast	Var.
Free CF	66.1	(41.0)	(107.1)
Debt (with interest)	204.6	240.0	+35.4

Appendix) CAPEX・DEP・R&D・Employees

(JPY: Billion)

	2018/03 Actual	2019/03 Actual	2020/03 Forecast
CAPEX	18.1	18.3	11.5
Depreciation	17.2	14.5	—
R&D	4.6	4.5	4.0
Employees	13,421 People	13,607 People	—

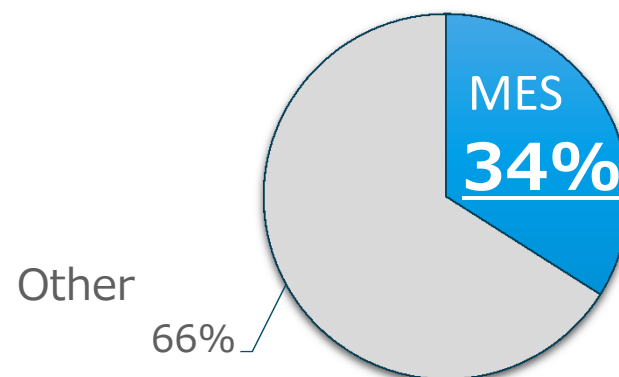
Jan. to Dec. 2018
Marine Diesel Engines share in Japan



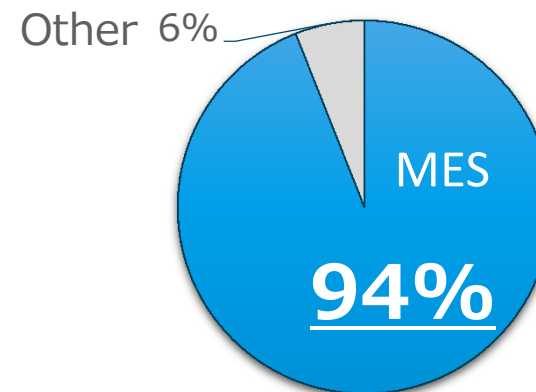
Source: KP data (2 stroke engine)

*Makita : Sub-licensee of MES

From April, 2018 to March, 2019
Market Share of Gantry Crane(PORTAINER®) in Japan



From April, 2018 to March, 2019
Market Share of Transfer Crane(TRANSTAINER®) in Japan



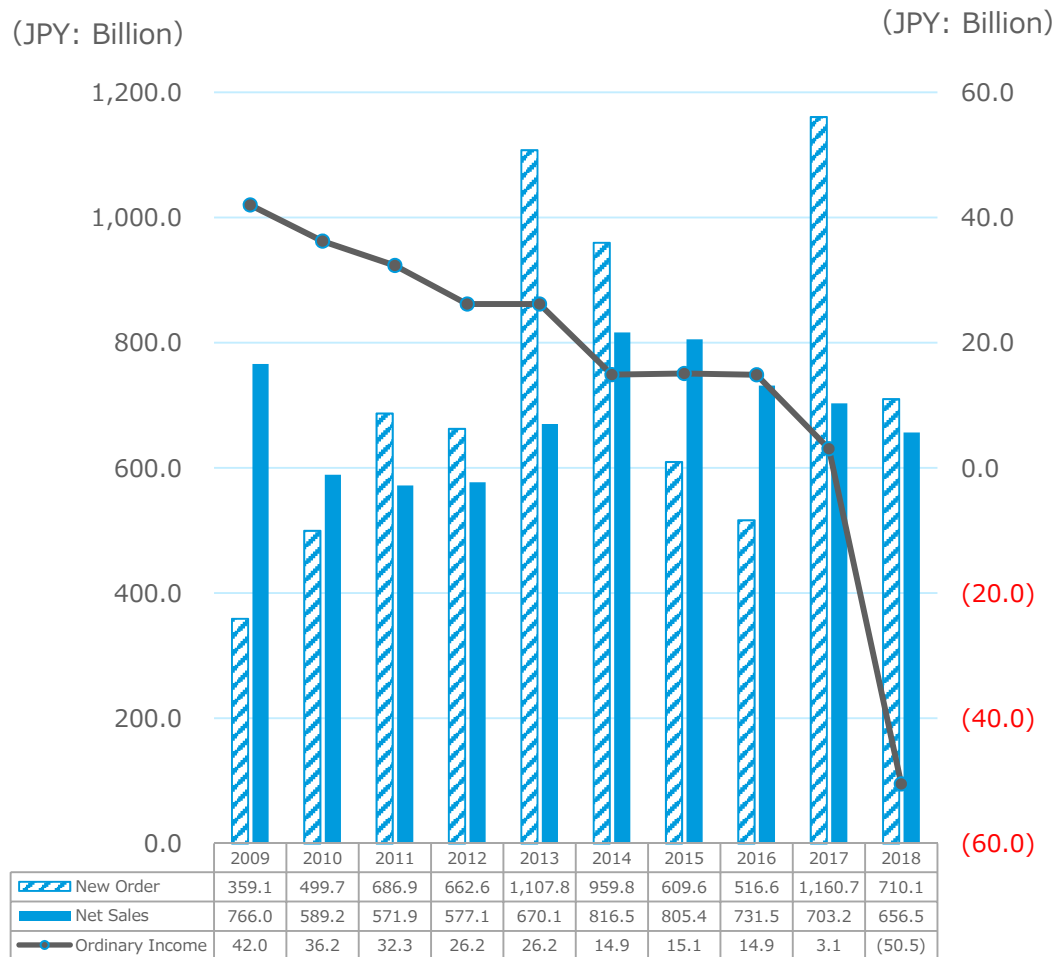
New Ship (Mitsui E&S Shipbuilding Co., Ltd.)

	New Orders	Deliveries	Backlogs
Commercial Ship	11	10	21
Government Ship· Other Ship	4	1	9
Total	15	11	30

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

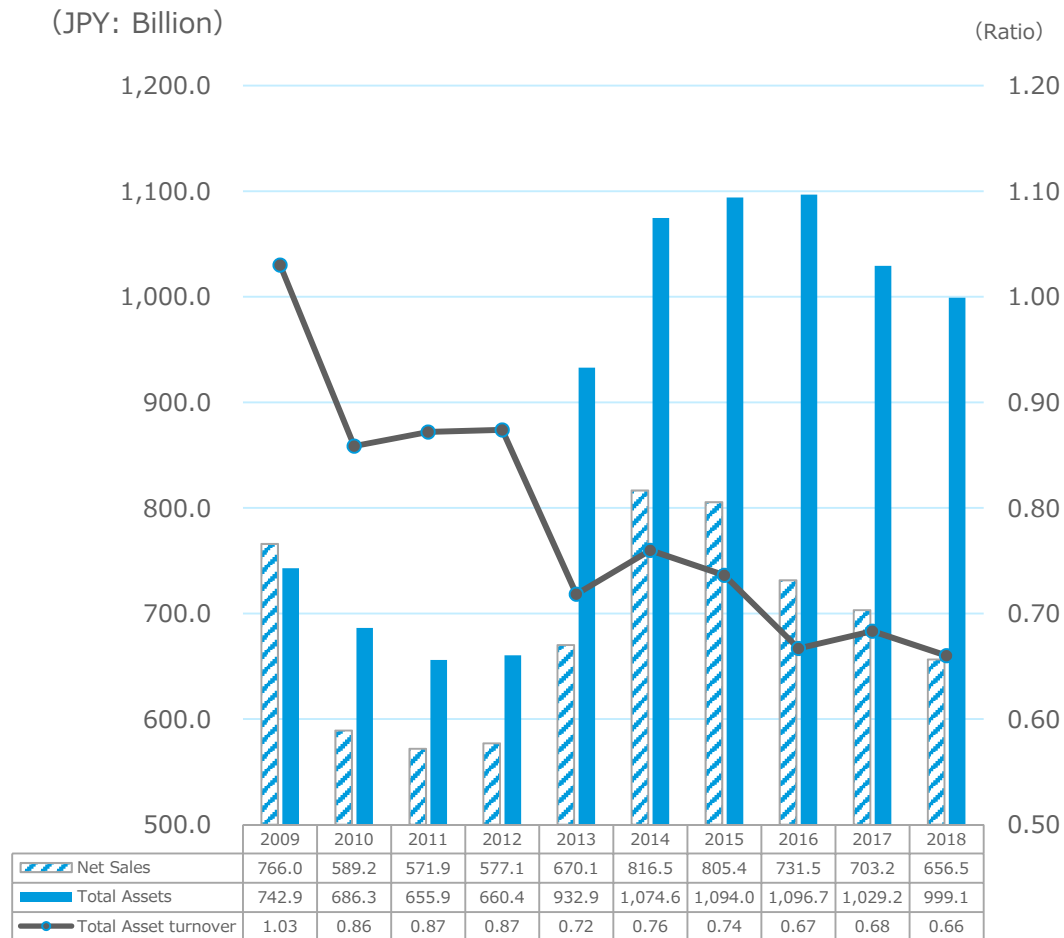
	2018/03		2019/03		2020/03	
	Unit	House Power (10Kps)	Unit	House Power (10Kps)	Unit	House Power (10Kps)
New Orders	108	243	163	307	—	—
Deliveries	134	348	161	394	—	—
Back logs	113	309	135	263	—	—
Production	146	377	164	389	208	398

<New Order·Net Sales·Ordinary Income >



New Order (Left axis)
 Net Sales (Left axis)
 Ordinary Income (Right axis)

<Net Sales·Total Assets·Total Asset turnover >



Net Sales (Left axis)
 Total Assets (Left axis)
 Total Asset turnover (Right axis)

<Debt (with interest)·Own Capital·DE ratio>

(JPY: Billion)

300.0

250.0

200.0

150.0

100.0

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt	197.8	172.0	144.6	148.3	187.8	188.3	239.9	265.2	255.3	204.6
Own Capital	160.5	164.3	181.5	175.6	220.4	236.7	234.8	250.4	239.2	159.5
DE ratio	1.2	1.0	0.8	0.8	0.9	0.8	1.0	1.1	1.1	1.3

Debt Own Capital DE ratio

(Left axis)

(Left axis)

(Right axis)

(Ratio)

1.6

1.2

0.8

0.4

0.0

<Cash Flow>

(JPY: Billion)

80.0

60.0

40.0

20.0

0.0

(20.0)

(40.0)

(60.0)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating CF	(18.6)	29.2	13.6	47.2	14.5	15.2	29.8	(7.7)	(3.6)	66.2
Investing CF	2.1	(42.8)	11.5	(12.1)	(37.3)	(32.4)	(34.6)	(28.9)	(9.0)	(0.1)
Financial CF	23.8	(6.5)	(32.4)	(4.8)	15.5	(4.4)	48.2	19.4	(14.8)	(53.3)
Free CF	(16.4)	(13.6)	25.1	35.1	(22.8)	(17.2)	(4.8)	(36.6)	(12.6)	66.1

Operating CF Investing CF Financial CF Free CF

Signed a JV agreement with Yangzijiang Shipbuilding and Mitsui & Co., Ltd.

Mitsui E&S Shipbuilding Co., Ltd. signed an agreement on the establishment of a joint venture for shipbuilding business between the three companies, Yangzijiang Shipbuilding, Mitsui & Co., Ltd. and us in October 2018. The project is scheduled to be started around June 2019 as the required examination procedures for establishing a joint venture are underway.



Awarded a Container Crane for Bolivar Port in Ecuador



Mitsui E&S Machinery Co., Ltd. awarded 6 gantry cranes and 18 transfer cranes for Bolivar Port in Ecuador from Yilport Holding Inc. in Turkey. This is the first stage crane for terminals that Yoilport has acquired 50 years of control over the port of Bolivar from the Ecuadorian government and plans to invest in the next five stages.

These gantry cranes include the largest cranes that can handle 20,000 TEU vessels with 24 rows of containers.

This is the first order for gantry cranes in South America for us. We will continue to expand our business development in South America based on this experience.

Completed a facility that recycles garbage, human waste, etc. as biomass resources

Mitsui E&S Environment Engineering Co., Ltd. (a wholly-owned subsidiary of Mitsui E&S Engineering Co., Ltd.) completed the “Miyama City Biomass Center construction work” awarded from Miyama City, Fukuoka Prefecture in November 2018. This facility ferments regional garbage, manure and septic tank sludge, and uses “biogas-derived renewable energy (electricity and heat) in the field” to create “rings” of resource circulation in the area.



MODEC Awarded Contract of FPSO for SNE Field offshore Senegal

MODEC, Inc. ("MODEC") is pleased to announce that its subsidiary, MODEC International Inc., has been awarded a contract by Woodside Energy (Senegal) B.V., as Operator of the SNE Field Development, for a Floating Production Storage and Offloading (FPSO) vessel for Senegalese waters. Under the contract, MODEC will perform Front-End Engineering Design (FEED) for the FPSO and, subject to a final investment decision on the project in 2019, will be responsible for the supply, charter and operations of the FPSO.

The FPSO will be designed to produce around 100,000 barrels of crude oil per day, with the first oil production targeted in 2022. The FPSO will be moored in water depth of approximately 800 meters.



MITSUMI E&S

社会に人に信頼されるものづくり企業であり続けます

To continue working as a company trusted by society and individual through products and services we offer

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.

The translation of English is merely created for reference and this does not detain any parties.