

Consolidated Financial Results for Fiscal Year Ended March 31, 2021



May 11, 2021



Mitsui E&S Holdings Co., Ltd.

■ Consolidated Financial Results

for FYE Mar. 2021

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FYE Mar. 2021 Results

- ◆ New Orders 576.7 Billion yen (YoY ↓)
- ◆ Net Sales 663.8 Billion yen (YoY ↓)
- ◆ Ordinary Income (Loss) (8.2) Billion yen (YoY ↑)

FYE Mar. 2022 Forecast

- ◆ New Orders 450~650 Billion yen (↑ compared to FYE Mar. 2021)
- ◆ Net Sales 670 Billion yen (↑ compared to FYE Mar. 2021)
- ◆ Ordinary Income (Loss) 6 Billion yen (↑ compared to FYE Mar. 2021)

Topics

- ◆ Achieved a return to profitability in net income
- ◆ Restructuring of Shipbuilding Business
 - ✓ Transfer of naval ship business, etc.
 - ✓ Capital alliance in merchant ship business
- ◆ Establishment of growth business promotion organization

(JPY: Billion)

	FYE Mar. 2020	FYE Mar. 2021	Var.
New Order	996.8	576.7	(420.1)
Net Sales	786.5	663.8	(122.7)
Operating Income (Loss)	(62.1)	(12.2)	+49.9
OP ratio	(7.9%)	(1.9%)	—
Ordinary Income (Loss)	(60.5)	(8.2)	+52.3
OD ratio	(7.7%)	(1.3%)	—
Profit attributable to owners	(86.2)	0.1	+86.3
Dividend	0 Yen	0 Yen	—

<Average FX>

USD/Yen	109.42Yen	104.49Yen
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■ New Orders

Due to the pandemic of COVID-19, the projects were postponed, there was a decrease in all sectors compared to the previous year.

■ Net Sales

In all divisions, there was a decrease in the rate of construction progress due to the pandemic of COVID-19. Also decreased in construction volume due to the withdrawal from the shipbuilding business at the Chiba Works, resulting in a decrease in revenue compared to the previous year.

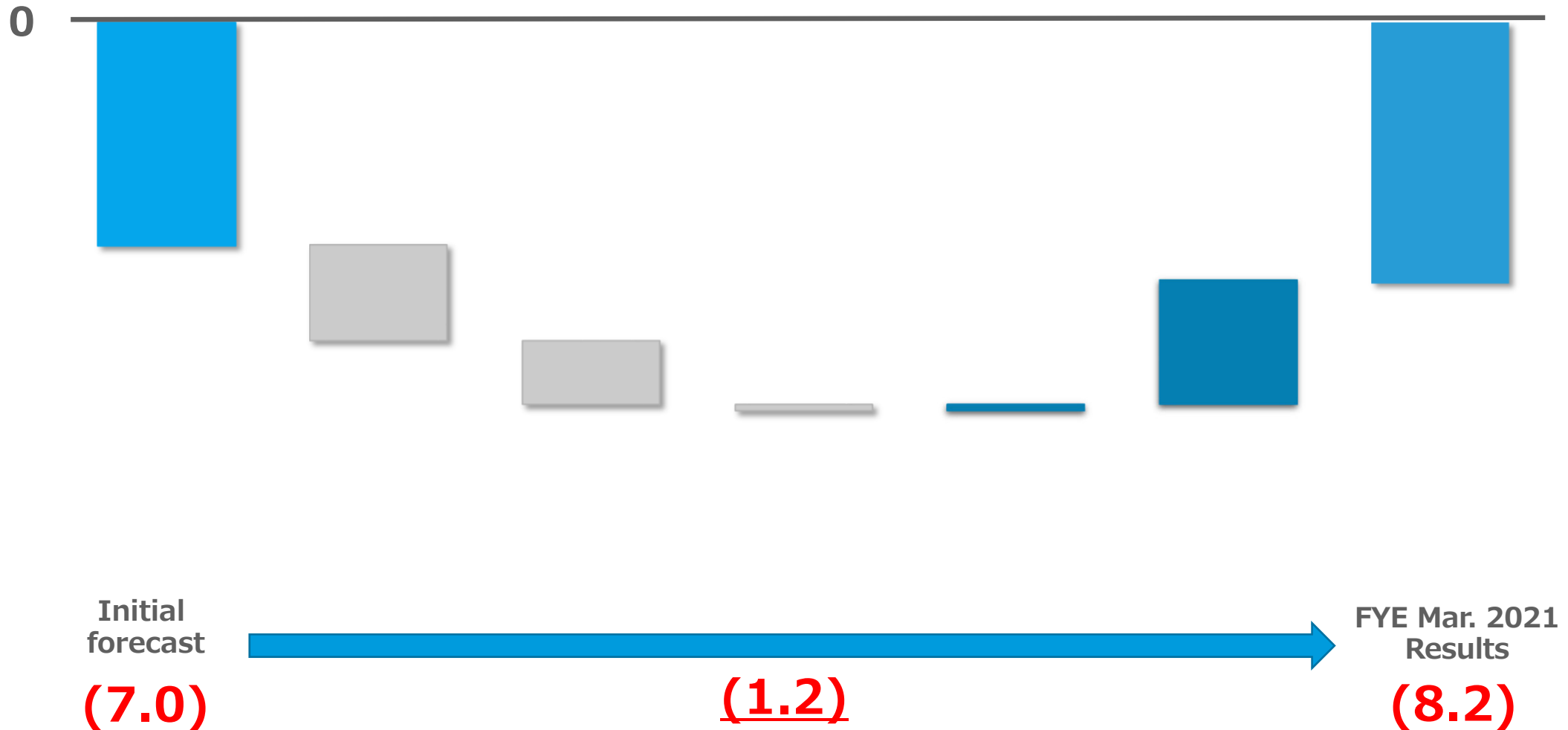
■ Ordinary Income (Loss)

MODEC, Inc. provisioned additional expenses in the FPSO construction project. However, due to the steady performance of the after-sales service business in the Machinery Division and the progress of construction work in the Engineering Division within the expected range. This resulted in a significant improvement compared to the previous fiscal year.

Ordinary Income (Loss) Comparison of Initial Forecast and FYE Mar. 2021 Results

(JPY: Billion)

Other Project losses at overseas subsidiaries, etc. (3.0)	Ocean Development Additional costs for FPSO construction (2.0)	Ship (0.2)	Machinery +0.2	Engineering Decrease in interest burden, etc. +3.9
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Summary of Balance Sheet

(JPY : Billion)

	FYE Mar. 2020	FYE Mar. 2021	Var.	
Total Assets	840.4	766.4	(74.0)	
(Cash)	118.4	137.6	+19.2	
(Receivables)	282.4	234.0	(48.4)	Decrease Mainly due to progress in construction
(Fixed Assets)	187.8	158.5	(29.3)	Decrease mainly due to sale of land for the Chiba Plant
Total Liabilities	735.0	670.5	(64.5)	
(Payables)	238.2	215.2	(23.0)	Decrease due to sale of subsidiaries, etc.
(Advances by Customers)	84.0	94.3	+10.3	
(Provision for losses on construction contracts)	98.5	77.0	(21.5)	Decrease Mainly due to progress construction
(Debt (with interest))	173.9	164.5	(9.4)	
Net Assets	105.4	95.9	(9.5)	Mainly decrease in non-controlling interests
(Own capital)	64.4	67.5	+3.1	

Capital-to-asset ratio	7.7%	8.8%		
Net DE Raito	0.9	0.4		

Summary of Cash Flow

(JPY : Billion)

	FYE Mar. 2020	FYE Mar. 2021	Var.	
Operating CF	(37.2)	7.5	+44.7	Increase mainly due to collection of accounts receivable for existing works
Investing CF	84.1	21.1	(63.0)	Decrease mainly due to sales of stocks and collection of loans
Free CF	46.9	28.6	(18.3)	
Financial CF	(26.8)	(6.8)	+20.0	

Results Summary by Segment

(JPY: Billion)

	New Order			Net Sales		
	FYE Mar. 2020	FYE Mar. 2021	Var.	FYE Mar. 2020	FYE Mar. 2021	Var.
Ship	68.7	57.5	(11.2)	115.1	92.4	(22.7)
Ocean Development	636.1	320.8	(315.3)	332.9	309.9	(23.0)
Machinery	174.4	125.3	(49.1)	172.3	159.0	(13.3)
Engineering	48.2	22.7	(25.5)	69.6	38.4	(31.2)
Other	69.5	50.3	(19.2)	96.6	64.0	(32.6)
Total	996.8	576.7	(420.1)	786.5	663.8	(122.7)

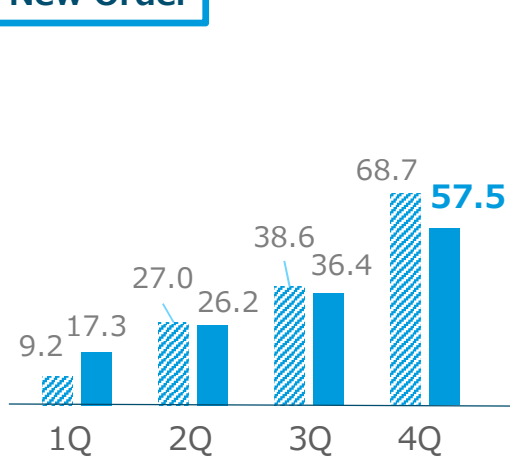
Results Summary by Segment

(JPY: Billion)

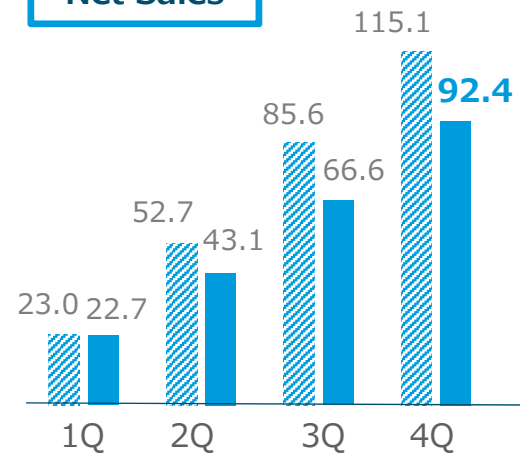
	Operating Income (Loss)			Ordinary Income (Loss)		
	FYE Mar. 2020	FYE Mar. 2021	Var.	FYE Mar. 2020	FYE Mar. 2021	Var.
Ship	(2.9)	(2.0)	+0.9	(2.9)	(0.2)	+2.7
Ocean Development	(4.9)	(21.8)	(16.9)	(1.0)	(15.0)	(14.0)
Machinery	11.9	9.8	(2.1)	12.6	10.2	(2.4)
Engineering	(71.4)	0.3	+71.7	(71.7)	(0.1)	+71.6
Other	5.2	1.5	(3.7)	2.5	(3.0)	(5.5)
Total	(62.1)	(12.2)	+49.9	(60.5)	(8.2)	+52.3

■ FYE Mar. 2020 ■ FYE Mar. 2021

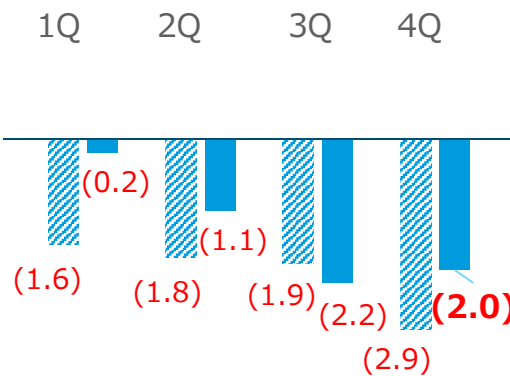
New Order



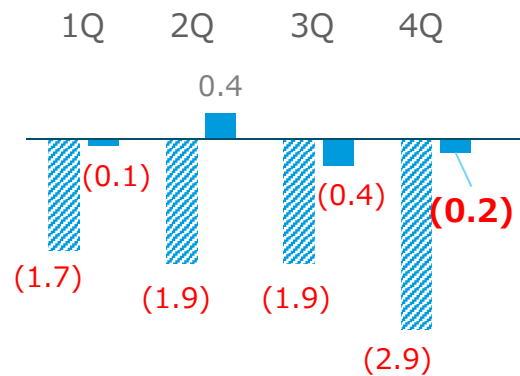
Net Sales



Operating Income(Loss)



Ordinary Income(Loss)



■ New Orders : YoY (11.2)

Mitsui E&S Shipbuilding Co., Ltd. received orders for three government ships. Overall orders decreased compared to the previous year due to the impact of COVID-19.

■ Net Sales : YoY (22.7)

Net Sales decreased from the previous fiscal year due to a decrease in construction volume caused by the withdrawal from the shipbuilding business at the Chiba Works.

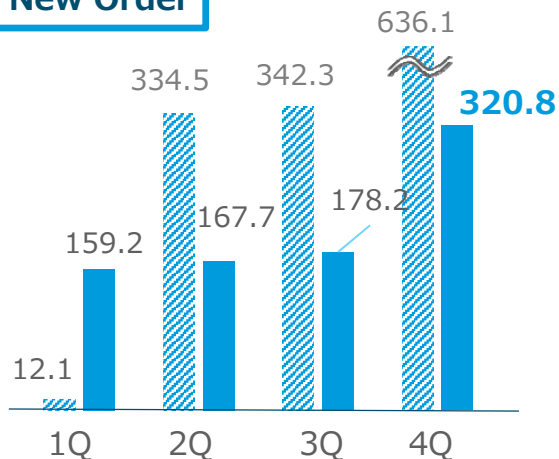
■ Ordinary Income (Loss) : YoY +2.7

This improvement was mainly due to the consolidation of YAMIC, a joint venture with Yangzijiang Shipbuilding (Holdings) Limited, as an equity-method affiliate.

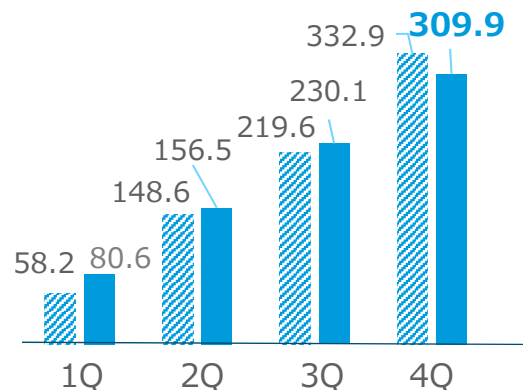
(JPY : Billion)

■ FYE Mar. 2020 ■ FYE Mar. 2021

New Order



Net Sales



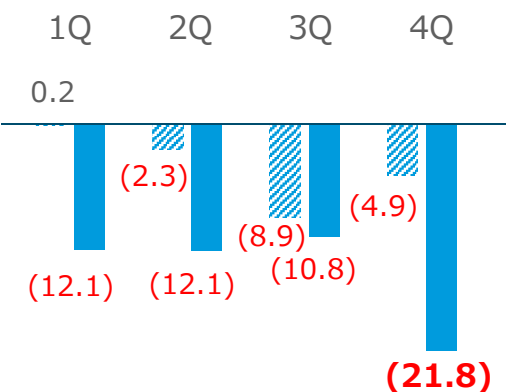
■ New Orders : YoY (315.3)

MODEC awarded two FPSO project in this fiscal year.

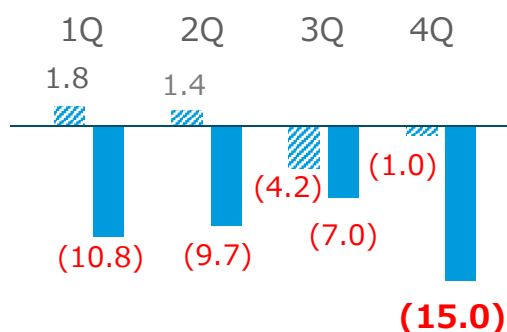
■ Net Sales : YoY (23.0)

Charter operation revenue decreased due to COVID-19, resulting in a decrease in Net Sales compared to the previous year.

Operating Income(Loss)



Ordinary Income(Loss)



■ Ordinary Income (Loss) : YoY (14.0)

Due to the delay in the ongoing FPSO construction work caused by COVID-19, additional costs were factored in, resulting in a decrease in profit compared to the previous year

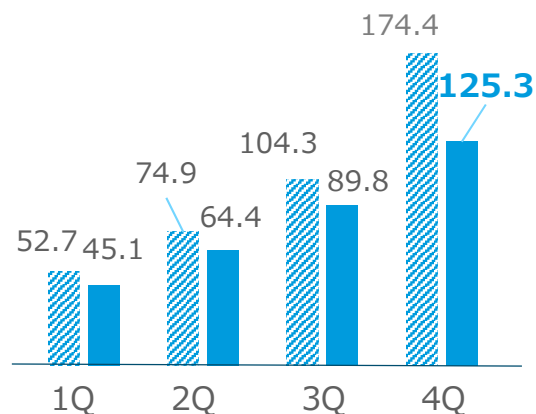
Machinery

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

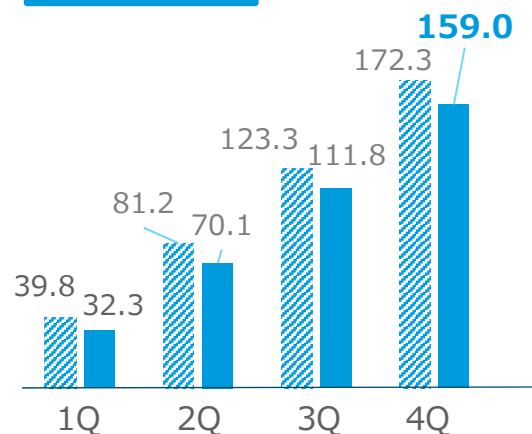
(JPY : Billion)

■ FYE Mar. 2020 ■ FYE Mar. 2021

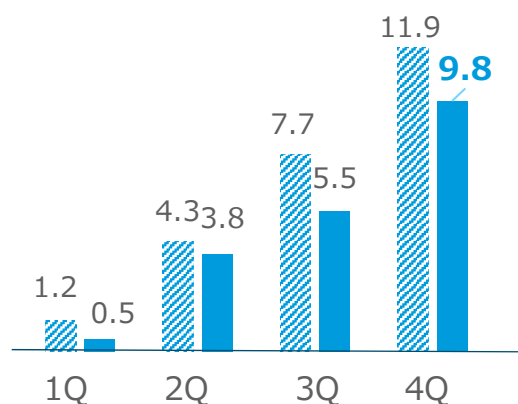
New Order



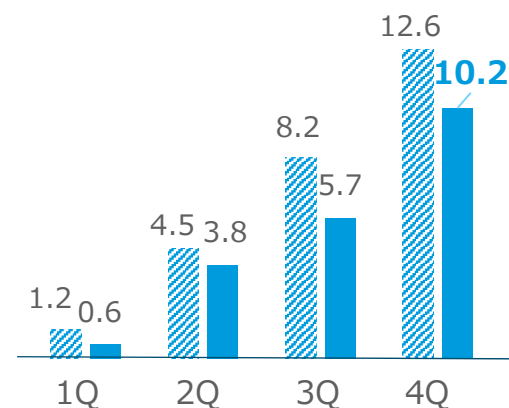
Net Sales



Operating Income(Loss)



Ordinary Income(Loss)



■ New Orders : YoY (49.1)

Sales of marine diesel engines were sluggish due to the stagnant market for new shipbuilding. The market for container cranes and other product lines also deteriorated due to the impact of COVID-19, resulting in a decrease in sales compared to the previous year.

■ Net Sales : YoY (13.3)

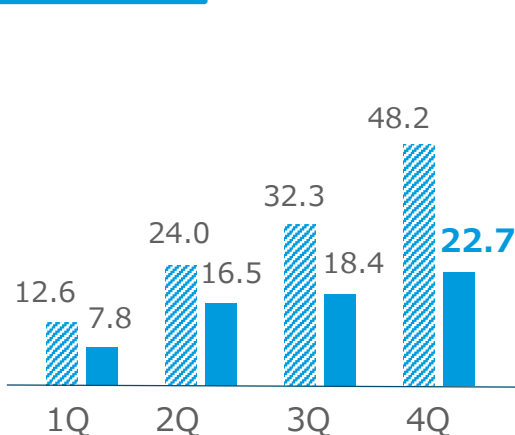
Container cranes and after-sales service business were steady. However, marine diesel engines and industrial machinery were sluggish mainly due to the impact of COVID-19, resulting in a decrease in sales compared to the previous year.

■ Ordinary Income (Loss) : YoY (2.4)

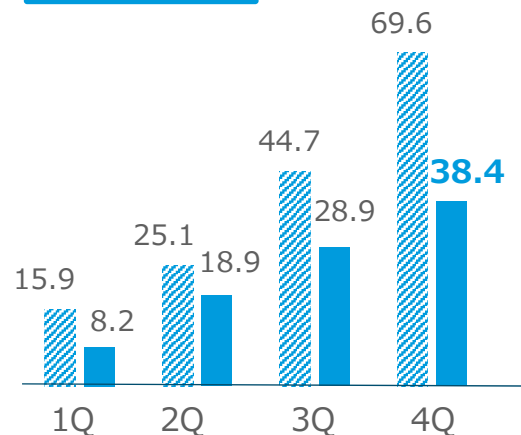
Ordinary income decreased YoY due to lower capacity utilization of marine diesel engines as a result of the COVID-19.

FYE Mar. 2020
 FYE Mar. 2021

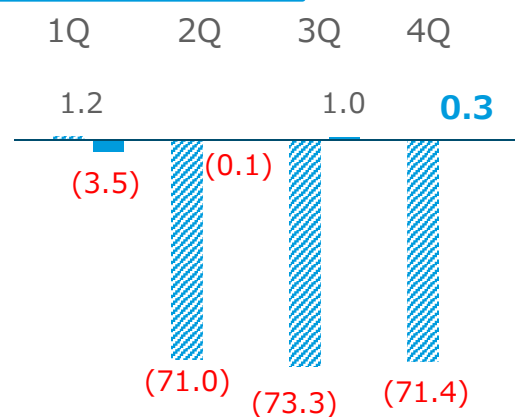
New Order



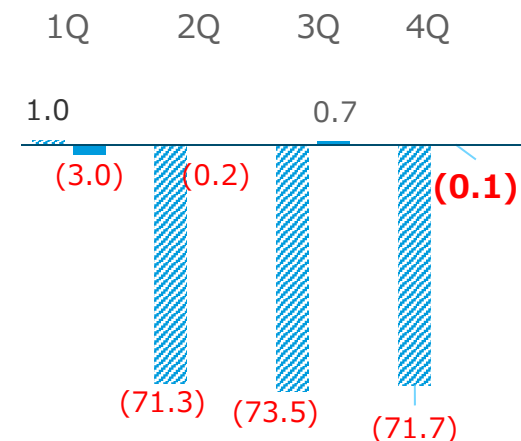
Net Sales



Operating Income(Loss)



Ordinary Income(Loss)



■ New Orders : YoY (25.5)

New orders declined YoY despite steady performance in the environmental business segment. The decline was caused by the exit from the domestic plant business.

■ Net Sales : YoY (31.2)

Net Sales decreased YoY due to the temporary delay in construction progress caused by COVID-19, as well as the withdrawal from the plant business.

■ Ordinary Income (Loss) : YoY +71.6

Ordinary Loss improved significantly due to the progress of civil engineering and construction work for a coal-fired power plant in Indonesia, which was within expectations.

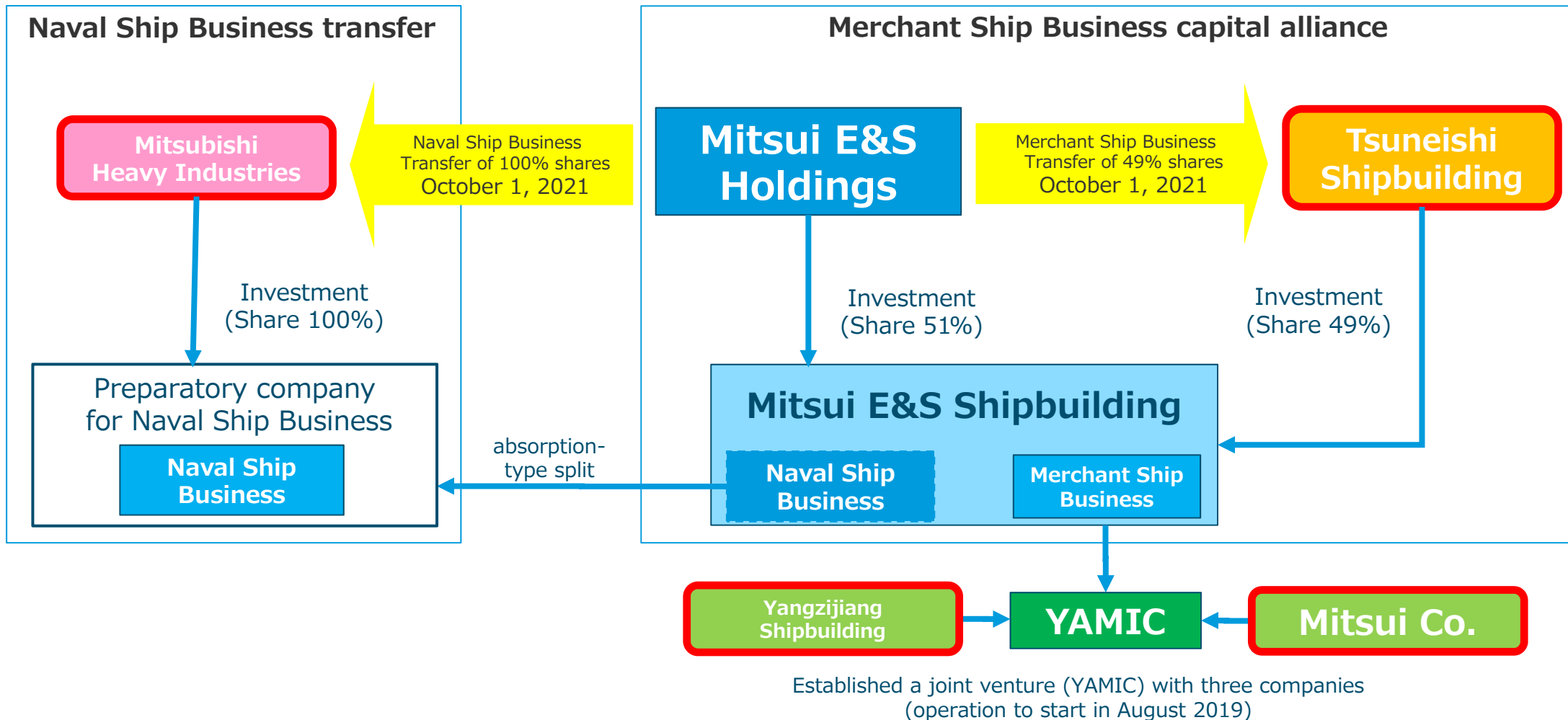
- Status of large coal-fired power plant civil engineering construction projects (FYE Mar. 2021)

Project	Location	Progress toward Completion (%)		Contracted Delivery Date
		3Q FYE Mar. 2021	4Q FYE Mar. 2021	
1	Indonesia	Approx. 79.4%	Approx. 79.7%	FYE Mar. 2021
	Trend in reserve balance	71.2 billion yen	67.7 billion yen	
2	Indonesia	Approx. 99.1%	Apporx. 99.7%	FYE Mar. 2022

In Indonesia, where the construction site is located, the pandemic of COVID-19 is still continuing, but the construction work is being carried out after taking appropriate measures.

Profit and loss on construction of Project 1 is within the scope of the provision for additional loss recorded in 2Q FYE 2020.

Restructuring of Shipbuilding Business



In the Merchant ship business, focus on fables business that capitalizes on strength in design and development capabilities.

... alliance member

Summary of FYE Mar. 2022 Forecast

(JPY : Billion)

	FYE Mar. 2021 Actual	FYE Mar. 2022 Forecast	Var.
New Order	576.7	450.0~650.0	+73.3
Net Sales	663.8	670.0	+6.2
Operating Income	(12.2)	5.0	+17.2
Ordinary Income	(8.2)	6.0	+14.2
Profit attributable to owners	0.1	3.0	+2.9
Free CF	28.6	(123.0)	(151.6)
Debt (with interest)	164.5	230.0	+65.5

* Exchange rate assumption: ¥110/USD

* Foreign exchange fluctuations (USD) have almost no impact on operating income.

Summary of FYE Mar. 2022 Forecast by Segment

(JPY : Billion)

	New Order			Net Sales		
	FYE Mar. 2021 Actual	FYE Mar. 2022 Forecast	Var.	FYE Mar. 2021 Actual	FYE Mar. 2022 Forecast	Var.
Ship	57.5	30.0	(27.5)	92.4	40.0	(52.4)
Ocean Development	320.8	200.0~ 400.0	+79.2	309.9	400.0	+90.1
Machinery	125.3	180.0	+54.7	159.0	160.0	+1.0
Engineering	22.7	0	(22.7)	38.4	20.0	(18.4)
Other	50.3	40.0	(10.3)	64.0	50.0	(14.0)
Total	576.7	450.0~ 650.0	+73.3	663.8	670.0	+6.2

Summary of FYE Mar. 2022 Forecast by Segment

(JPY : Billion)

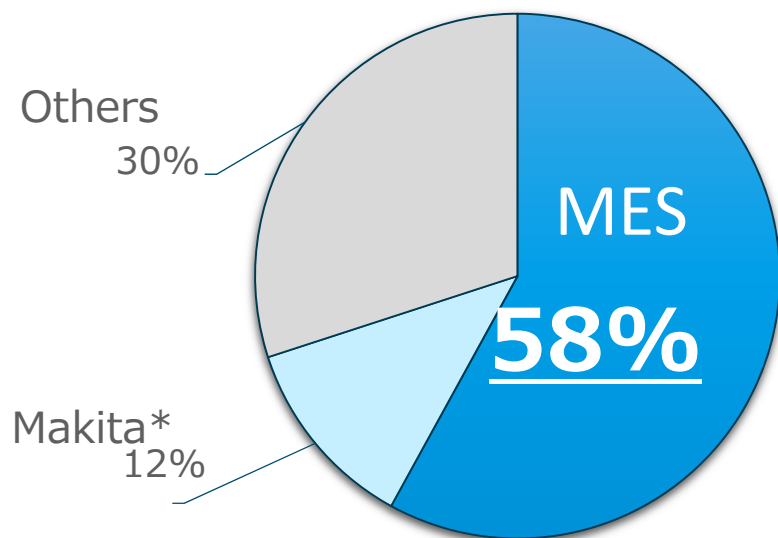
	Operating Income (Loss)			Ordinary Income (Loss)		
	FYE Mar. 2021 Actual	FYE Mar. 2022 Forecast	Var.	FYE Mar. 2021 Actual	FYE Mar. 2022 Forecast	Var.
Ship	(2.0)	(3.0)	(1.0)	(0.2)	(2.0)	(1.8)
Ocean Development	(21.8)	0	+21.8	(15.0)	6.0	+21.0
Machinery	9.8	9.0	(0.8)	10.2	9.0	(1.2)
Engineering	0.3	(2.0)	(2.3)	(0.1)	(4.0)	(3.9)
Other	1.5	1.0	(0.5)	(3.0)	(3.0)	0
Total	(12.2)	5.0	+17.2	(8.2)	6.0	+14.2

Appendix) CAPEX・DEP・R&D・Employees

(JPY : Billion)

	FYE Mar. 2020 Actual	FYE Mar. 2021 Actual	FYE Mar. 2022 Forecast
CAPEX	15.6	12.7	12.3
Depreciation	15.4	12.7	—
R&D	3.5	3.4	3.6
Employees	13,408	12,703	—

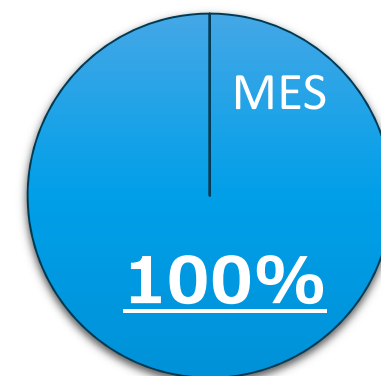
Jan. to Dec. 2020
Marine Diesel Engines share in Japan



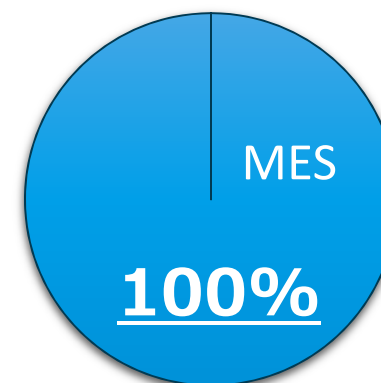
Source: KP data (2 stroke engine)

*Makita : Sub-licensee of MES

From April, 2020 to March, 2021
Domestic Order share of Gantry Crane(PORTAINER®) in Japan



From April, 2020 to March, 2021
Domestic Order share of Transfer Crane(TRANSTAINER®) in Japan



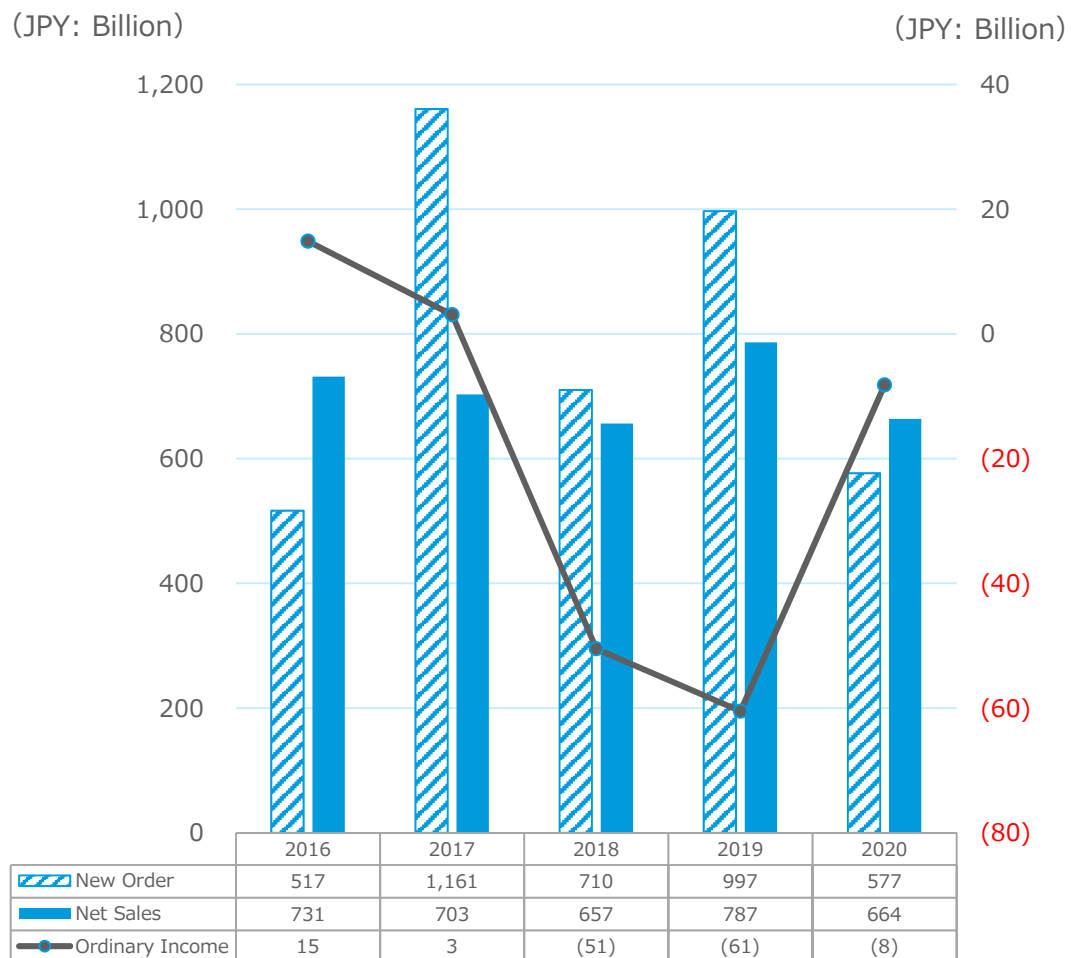
New Ship (Mitsui E&S Shipbuilding Co., Ltd.)

	New Orders	Deliveries	Backlogs
Commercial Ship	0	10	1
Government Ship· Other Ship	3	3	7
Total	3	13	8

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

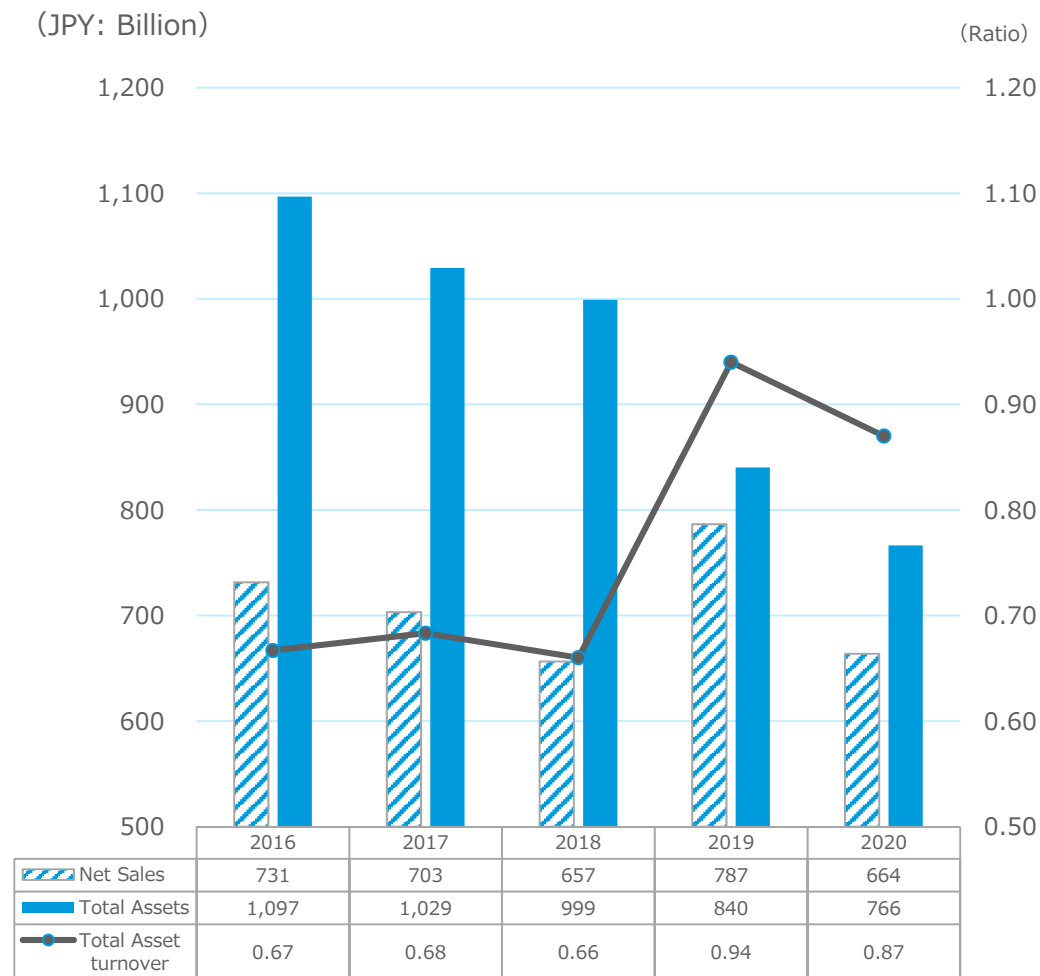
	FYE Mar. 2020 Actual		FYE Mar. 2021 Actual		FYE Mar. 2022 Forecast	
	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)
New Orders	179	395	119	208	—	—
Deliveries	215	411	148	331	—	—
Back logs	98	246	68	121	—	—
Production	200	362	152	357	125	300

<New Order・Net Sales・Ordinary Income >



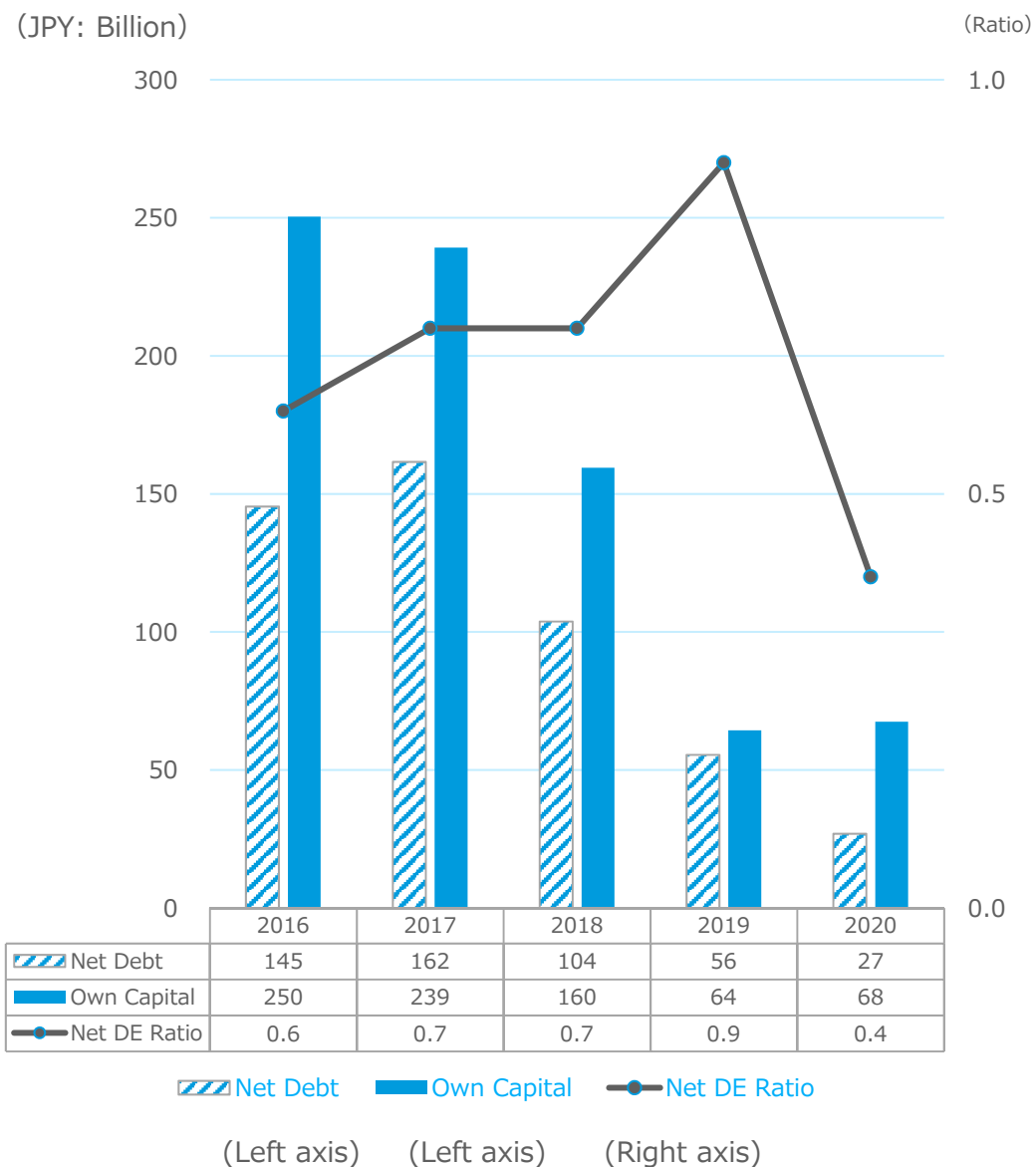
New Order (Left axis)
 Net Sales (Left axis)
 Ordinary Income (Right axis)

<Net Sales・Total Assets・Total Asset turnover >

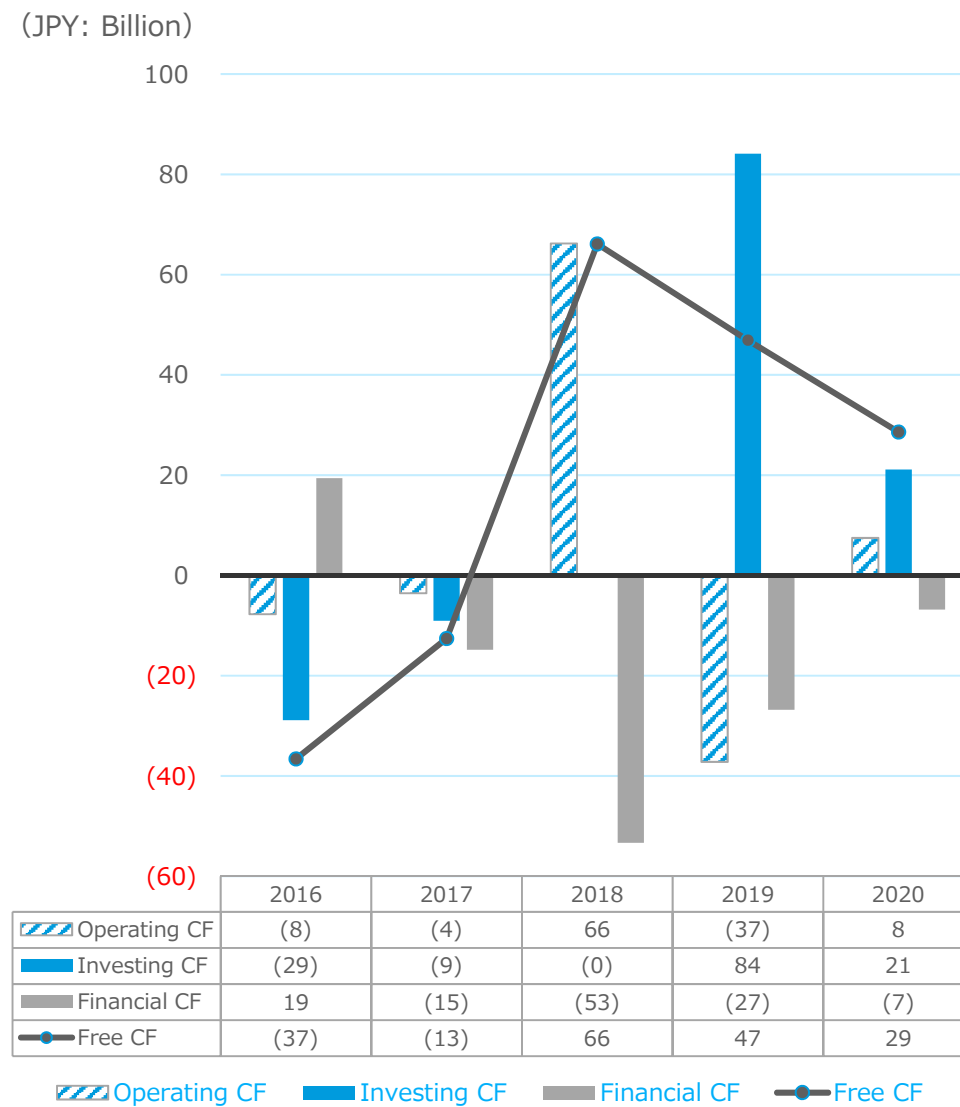


Net Sales (Left axis)
 Total Assets (Left axis)
 Total Asset turnover (Right axis)

<Net Debt·Own Capital·Net DE ratio>



<Cash Flow>





MITSUBI 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, 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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