

Consolidated Financial Results for Half-year of Fiscal Year Ended March 31, 2022



November 5, 2021



Mitsui E&S Holdings Co., Ltd.

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Half-year of FYE Mar. 2022 Results

◆ New Orders	364.2 Billion Yen (QoQ ↑)
◆ Net Sales	356.4 Billion Yen (QoQ ↑)
◆ Ordinary Income (Loss)	(2.3) Billion Yen (QoQ ↑)

FYE Mar. 2022 Forecast

◆ New Orders	450~650 Billion Yen (compared to May 11, 2021 →)
◆ Net Sales	670 Billion Yen (compared to May 11, 2021 →)
◆ Ordinary Income (Loss)	(5) Billion Yen (compared to May 11, 2021 ↓)

Topic

- ◆ Approach to Green Marine Engine

(JPY: Billion)

	FYE Mar. 2020 2Q	FYE Mar. 2021 2Q	Var.
New Orders	312.8	364.2	+51.4
Net Sales	324.2	356.4	+32.2
Operating Income (Loss)	(9.2)	(4.5)	+4.7
OP ratio	(2.8%)	(1.3%)	-
Ordinary Income (Loss)	(7.9)	(2.3)	+5.6
OD ratio	(2.4%)	(0.6%)	-
Profit attributable to owners	(4.1)	2.6	+6.7

<Average FX>

USD/JPY	107.40	110.71
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■ New Orders

New orders increased QoQ, although some impact of COVID19 remained, mainly due to the effectiveness of FPSO contract of MODEC.

■ Net Sales

Although net sales decreased in Shipbuilding division due to a decrease in workload, overall net sales increased QoQ.

■ Ordinary Income(Loss)

Ordinary income decreased mainly due to the negative effect of currency exchange rate in Engineering division, but ordinary income and net sales increased in the Ocean Development division QoQ.

Summary of Balance Sheet

(JPY: Billion)

	FYE Mar. 2021 4 Q	FYE Mar. 2022 2 Q	Var.	
Total Assets	766.4	714.3	(52.1)	
(Cash and deposit)	137.6	102.4	(35.3)	
(Trade receivables)	234.0	231.4	(2.6)	
(Fixed assets)	158.5	156.9	(1.6)	
Total Liabilities	670.5	610.0	(60.5)	
(Trade payables)	215.2	190.6	(24.6)	Decreased mainly due to FPSO work progress of MODEC
(Advances from customers)	94.3	101.5	+7.1	
(Provision for losses on construction contracts)	77.0	68.9	(8.2)	
(Debt with interest)	164.5	136.1	(28.5)	Decreased due to repayment of loan and redemption of company bond
Total Net Assets	95.9	104.3	+8.4	
(Own Capital)	67.5	78.2	+10.7	Decreased in the account of cumulative translation adjustment
Capital-to-asset ratio	8.8%	10.9%	-	
Net D/E Ratio	0.4	0.4	-	

Summary of Cash Flow

(JPY : Billion)

	FYE Mar. 2021 2Q	FYE Mar. 2022 2Q	Var.	
Operating CF	4.9	(4.0)	(8.9)	Decreased mainly due to a increase of payment for FPSO works
Investing CF	7.3	(4.4)	(11.7)	Decreased mainly due to a decrease of sale-off of fixed assets
Free CF	12.2	(8.4)	(20.6)	
Financial CF	(5.8)	(30.7)	(25.0)	Decreased due to repayment of loan and redemption of company bond

Result Summary by Segment

(JPY: Billion)

	New Orders			Net Sales		
	FYE Mar. 2021 2Q	FYE Mar. 2022 2Q	Var.	FYE Mar. 2021 2Q	FYE Mar. 2022 2Q	Var.
Ship	22.2	16.3	(5.9)	40.3	26.3	(14.0)
Ocean Development	167.7	255.3	+87.7	156.5	228.2	+71.7
Machinery	64.4	74.2	+9.7	70.1	71.3	+1.2
Engineering	16.4	1.2	(15.2)	18.8	4.7	(14.1)
Others	42.1	17.1	(25.0)	38.6	25.9	(12.7)
Total	312.8	364.2	+51.4	324.2	356.4	+32.2

Result Summary by Segment

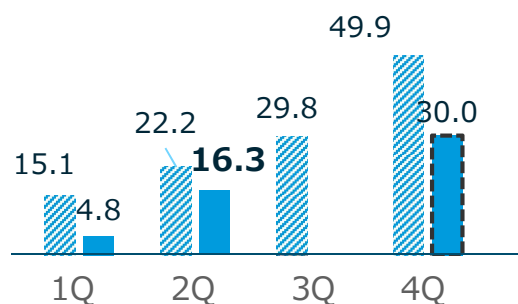
(JPY : Billion)

	Operating Income (Loss)			Ordinary Income (Loss)		
	FYE Mar. 2021 2Q	FYE Mar. 2022 2Q	Var.	FYE Mar. 2021 2Q	FYE Mar. 2022 2Q	Var.
Ship	(1.6)	(1.0)	+0.6	0	(0.3)	(0.2)
Ocean Development	(12.1)	(3.4)	+8.8	(9.7)	0.4	+10.1
Machinery	3.8	1.5	(2.2)	3.8	1.6	(2.2)
Engineering	(0.1)	(3.4)	(3.3)	(0.2)	(3.8)	(3.6)
Others	0.8	1.8	+1.0	(1.8)	(0.2)	+1.5
Total	(9.2)	(4.5)	+4.7	(7.9)	(2.3)	+5.6

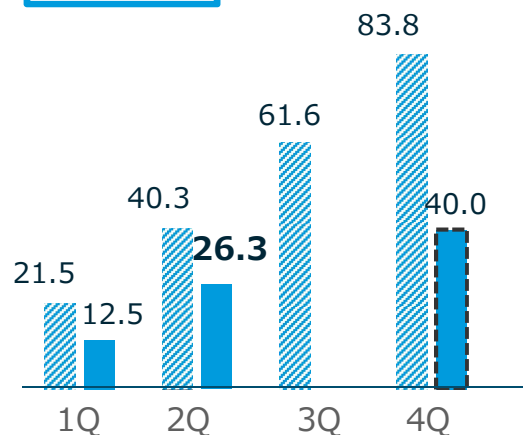
■ FYE Mar. 2021 ■ FYE Mar. 2022

(JPY : Billion)

New Orders



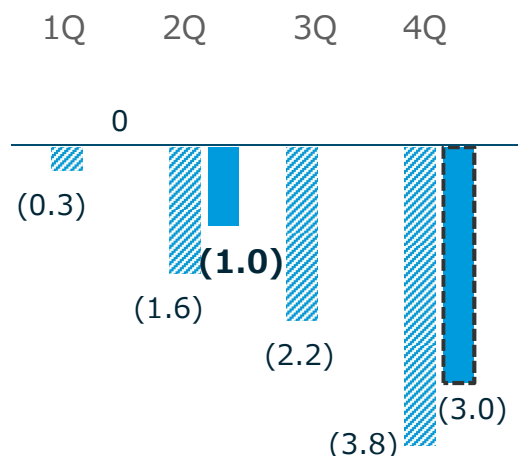
Net Sales



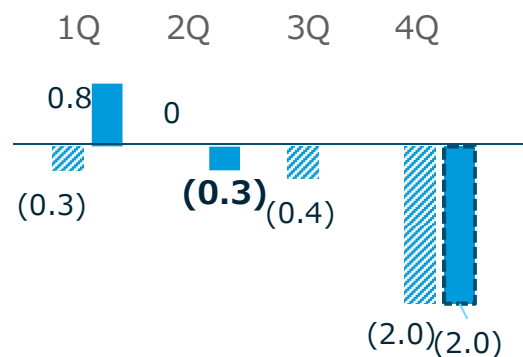
■ New Orders : QoQ (5.9)

New orders decreased QoQ. Mitsui E & S Shipbuilding Co., Ltd. stopped to accept new shipbuilding orders and shifted to fables engineering as a new business, targeting domestic shipbuilding company.

Operating Income (Loss)



Ordinary Income (Loss)



■ Net Sales : QoQ (14.0)

Net Sales decreased QoQ in line with our plan, due to a decrease in workload of shipbuilding.

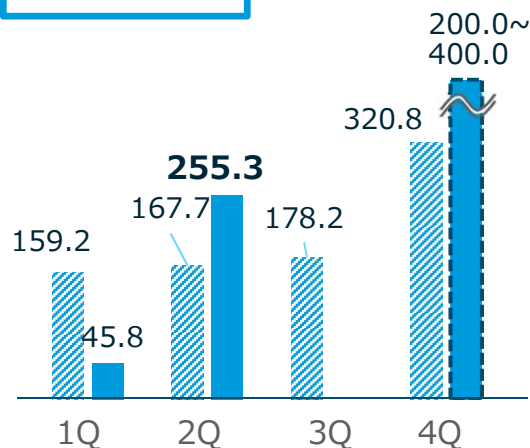
■ Ordinary Income (Loss) : QoQ (0.2)

Although operating income improved due to a decrease in loss on some projects, ordinary income decreased QoQ due to foreign exchange losses, etc.

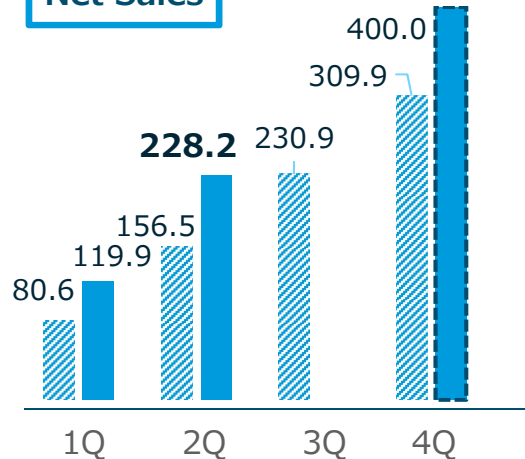
FYE Mar. 2021
 FYE Mar. 2022

(JPY : Billion)

New Orders



Net Sales



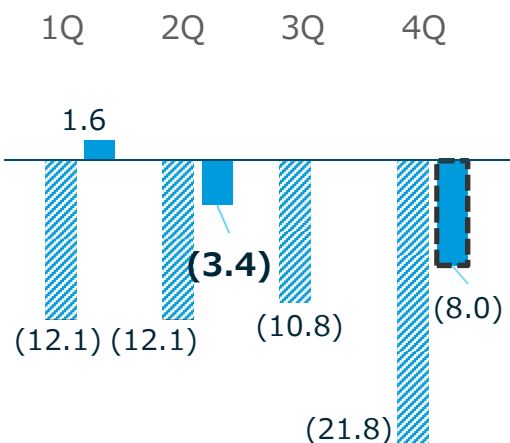
■ **New Orders** : QoQ +87.7

New orders increased QoQ, mainly due to the settlement of Bacalhau Field development project from Equinor.

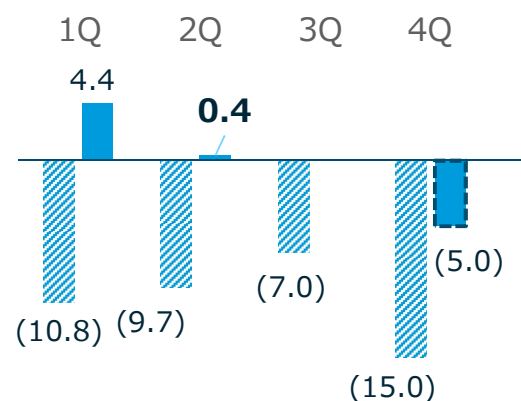
■ **Net Sales** : QoQ +71.7

Net sales increased QoQ due to construction progress of 7 FPSO units.

Operating Income (Loss)



Ordinary Income (Loss)



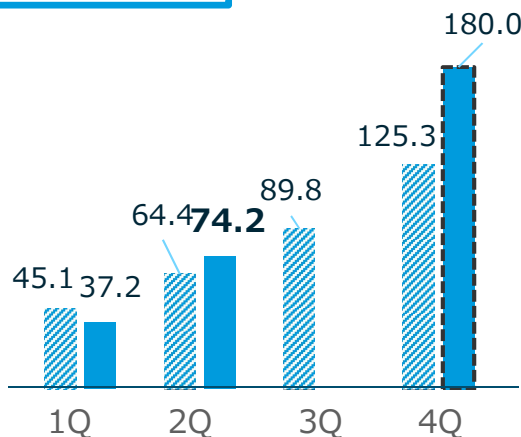
■ **Ordinary Income (Loss)** : QoQ +10.1

Ordinary income increased QoQ, in spite of the additional cost of the progress delay affected by COVID19 in some projects.

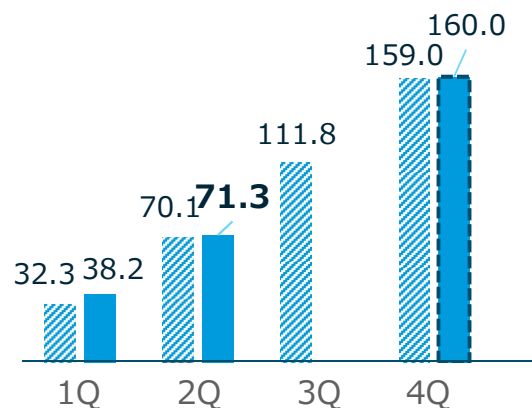
■ FYE Mar. 2021 ■ FYE Mar. 2022

(JPY : Billion)

New Orders



Net Sales



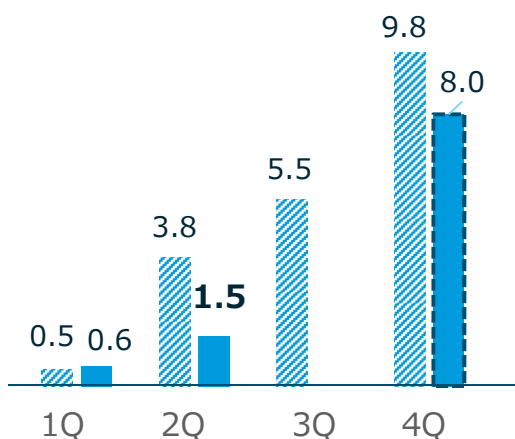
■ **New Orders** : QoQ +9.7

Although the impact of COVID19 remained, such as the postponements of some overseas projects for container cranes and industrial machinery, new orders of marine diesel engines are on a recovery trend QoQ.

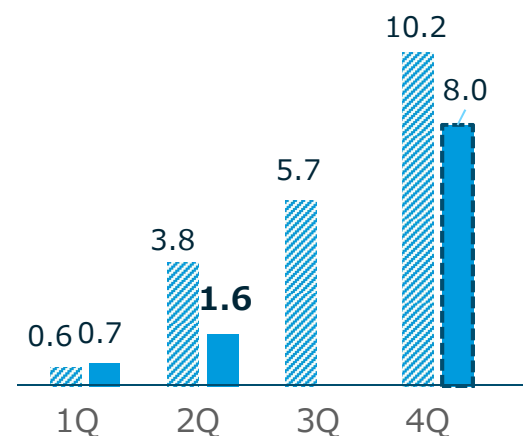
■ **Net Sales** : QoQ +1.2

Net sales of marine diesel engine and industrial machinery decreased, but net sales of after-sales services and container cranes remained stable. As a result, overall net sales increased QoQ.

Operating Income (Loss)



Ordinary Income (Loss)



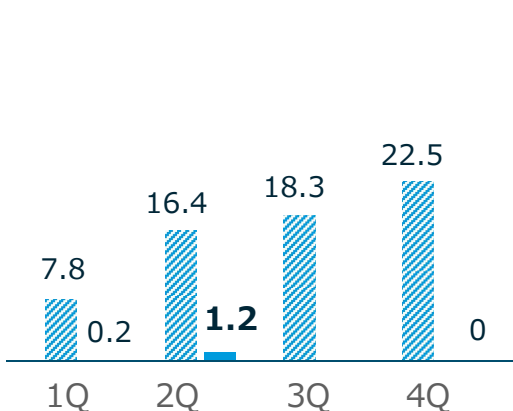
■ **Ordinary Income (Loss)** : QoQ (2.2)

Ordinary Income decreased and stayed sluggish QoQ, mainly due to a decrease in workload of marine diesel engine affected by COVID19.

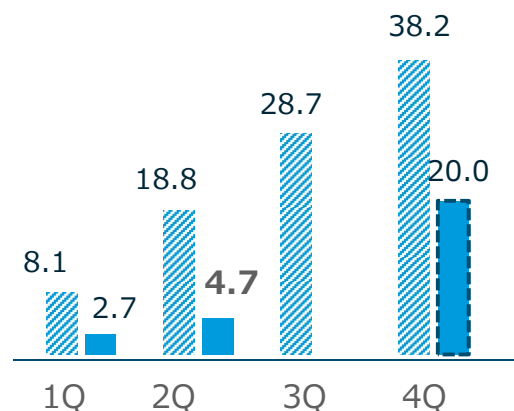
■ FYE Mar. 2021 ■ FYE Mar. 2022

(JPY : Billion)

New Orders



Net Sales



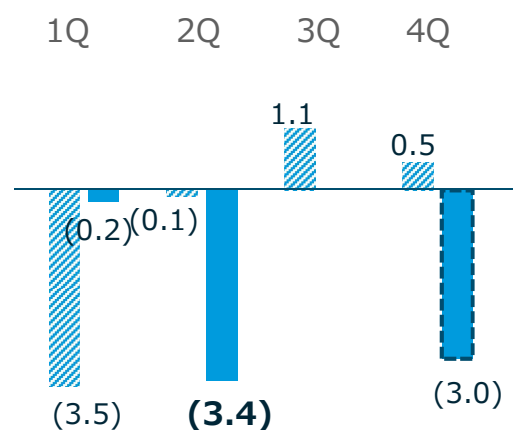
■ New Orders : QoQ (15.2)

New orders decreased QoQ, due to sell-off of the subsidiary company shares of Mitsui E & S Environmental Engineering Co., Ltd. and currently not in service of sales activities for new projects.

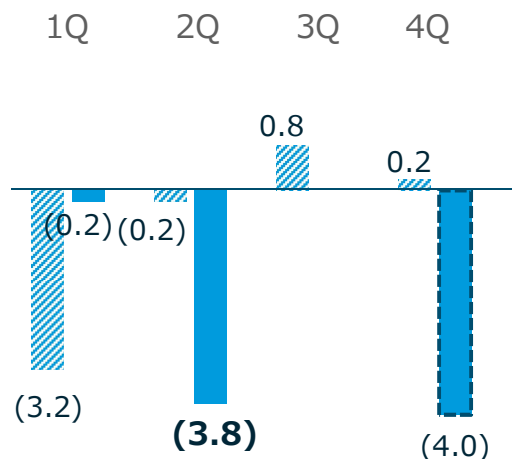
■ Net Sales : QoQ (14.1)

Net sales decreased QoQ, due to sell-off of the subsidiary company shares of Mitsui E & S Environmental Engineering Co., Ltd. and progress of ongoing work

Operating Income (Loss)



Ordinary Income (Loss)



■ Ordinary Income (Loss) : QoQ (3.6)

Operating cost increased due to the negative effect of currency exchange rates and ordinary income decreased QoQ in the civil engineering and construction works of coal-fired power plant in Indonesia.

Status of large coal-fired power plant civil engineering construction projects (FYE Mar. 2022)

Project	Location	Progress toward Completion (%)	
		1Q FYE Mar.2022	2Q FYE Mar.2022
1	Indonesia	approx. 81.8%	approx. 82.6%
	Trend in reserve balance	64.6 Billion Yen	61.8 Billion Yen
2	Indonesia	approx. 99.8%	approx. 99.8%

- * New cases of COVID-19 in Indonesia peaked in July 2021 and has been decreasing.
 - The construction works have been carried out by implementing the appropriate infection prevention measures and promoting the vaccination of local workers.
- * Profit and loss on construction of Project 1 is within the scope of the provision for additional loss recorded in 2Q of FYE Mar. 2020.
- * For Project 2, some repair works were required at the end of installation work of cooling water pipe. The installation works including repair works have been completed, and no additional cost will be incurred in the future.

Summary of FYE Mar. 2022 Forecast

(JPY: Billion)

	Previous forecast (May. 11, 2021)	Revised forecast (Nov. 5 2021)	Var.
New Orders	450.0~650.0	450.0~650.0	—
Net Sales	670.0	670.0	—
Operating Income	5.0	(4.0)	(9.0)
Ordinary Income	6.0	(5.0)	(11.0)
Profit attributable to owners	3.0	(3.0)	(6.0)
Free CF	(123.0)	(93.0)	+30.0
Debt (with interest)	230.0	200.0	(30.0)

※Exchange rate assumption USD/JPY :110

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

Summary of FYE Mar. 2022 Forecast by Segment

(JPY : Billion)

	New Orders			Net Sales		
	Previous forecast (May 11, 2021)	Revised forecast (Nov. 5 2021)	Var.	Previous forecast (May 11, 2021)	Revised forecast (Nov. 5 2021)	Var.
Ship	30.0	30.0	—	40.0	40.0	—
Ocean Development	200.0~ 400.0	200.0~ 400.0	—	400.0	400.0	—
Machinery	180.0	180.0	—	160.0	160.0	—
Engineering	0	0	—	20.0	20.0	—
Others	40.0	40.0	—	50.0	50.0	—
Total	450.0~ 650.0	450.0~ 650.0	—	670.0	670.0	—

※ No change from previous forecast

Summary of FYE Mar. 2022 Forecast by Segment

(JPY : Billion)

	Operating Income (Loss)			Ordinary Income (Loss)		
	Previous forecast (May 11, 2021)	Revised forecast (Nov. 5 2021)	Var.	Previous forecast (May 11, 2021)	Revised forecast (Nov. 5 2021)	Var.
Ship	(3.0)	(3.0)	—	(2.0)	(2.0)	—
Ocean Development	0	(8.0)	(8.0)	6.0	(5.0)	(11.0)
Machinery	9.0	8.0	(1.0)	9.0	8.0	(1.0)
Engineering	(2.0)	(3.0)	(1.0)	(4.0)	(4.0)	—
Others	1.0	2.0	+1.0	(3.0)	(2.0)	+1.0
Total	5.0	(4.0)	(9.0)	6.0	(5.0)	(11.0)

➤ Status of ammonia fueled engine

~ Start R&D and CAPEX~

- ✓ Jointly applied for and adopted *NEDO project "Green Innovation Fund Project / Next Generation Ships Development Project / Development of Ammonia Fuel Ships"
→ Leading company is Itochu Co., Ltd. and Approx. JPY 2 billion fund was established

- ✓ Work with **MAN-ES to develop an ammonia fueled engine and ammonia supply system
→ Targeting 1st delivery to customer in FYE Mar. 2025 and 10 deliveries per year after FYE Mar. 2028

- ✓ Pilot equipment of ammonia supply system in FYE Mar. 2022 and 2023
→ Starting of new CAPEX in Tamano Machinery Works

*NEDO : New Energy and Industrial Technology Development Organization, **MAN-ES : MAN Energy Solutions

Lineup of new type engines

Fuel Type	Ship Type	Deliveries	Engine Type
LNG	LNG Fueled Ship / LNG Carrier Ship	7	ME-GI
Ethane	Liquefied Ethylene Gas Carrier Ship	3	ME-GIE
Methanol	Methanol Carrier Ship	3	ME-LGIM
LPG	LPG Carrier Ship / Ammonia Carrier Ship	2	ME-LGIP



ME-GI engine

➤ Other topic for ammonia fueled engine

Conclusion of basic cooperating agreement with *MOL & **MAN-ES for ammonia fueled engine in Oct. 2021

→We are actively working on the commercialization of ammonia fueled engine.

*MOL : Mitsui O.S.K. Lines, Ltd., **MAN-ES : MAN Energy Solutions

(Appendix) CAPEX, Depreciation, R&D & Employees

(JPY : Billion)

	FYE Mar. 2021 2Q actual	FYE Mar. 2021 actual	FYE Mar. 2022 2Q actual	FYE Mar. 2022 2Q forecast
CAPEX	5.3	12.7	6.7	12.3
Depreciation	6.3	12.7	6.0	—
R&D	1.1	3.4	1.0	3.6
Number of Employees	13,644	12,703	11,878	

(Appendix) New Ship & Marine Diesel Engine

New Ship (Mitsui E&S Shipbuilding)

	New Orders	Deliveries	Backlogs
Commercial Ship	0	1	0
Governmental Ship, others	0	1	6
Total	0	2	6

Marine Diesel Engine (Mitsui E&S Machinery)

	FYE Mar. 2021 2Q actual		FYE Mar. 2022 2Q actual		FYE Mar. 2022 forecast	
	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)
New Orders	68	124	57	168	—	—
Deliveries	76	167	63	144	—	—
Backlogs	89	202	62	145	—	—
Production	77	183	58	131	125	300



MITSUMI E&S

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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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