

Consolidated Financial Results for Half-year of Fiscal Year Ended March 31, 2024



November 9, 2023

MITSUI E&S Co., Ltd.



Note: This document has been translated from Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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※ Starting year with new company name 'MITSUI E&S Co.,Ltd.': Sales and Profits increased with stable surplus in the first half of fiscal year.

Half-year of FYE Mar. 2024 Results

- ◆ New Orders 154.8 Billion yen (QoQ →)
- ◆ Net Sales 135.5 Billion yen (QoQ ↗)
- ◆ Operating Income 6.7 Billion yen (QoQ ↗)

FYE Mar. 2024 Forecast

- ◆ New Orders 320 Billion yen (compared to May 15, 2023 →)
- ◆ Net Sales 280 Billion yen (compared to May 15, 2023 →)
- ◆ Operating Income 12 Billion yen (compared to May 15, 2023 ↗)

Topics

- ◆ Profit Forecast revised upward
- ◆ Status of exercise of stock acquisition rights
- ◆ Introduction of New Orders

(JPY: Billion)

	FYE Mar. 2023 2Q	FYE Mar. 2024 2Q	Var.
New Orders	155.6	154.8	(0.7)
Net Sales	111.7	135.5	+23.8
Operating Income (Loss)	(8.5)	6.7	+15.2
margin	(7.6%)	4.9%	-
Ordinary Income (Loss)	(1.5)	5.9	+7.4
margin	(1.3%)	4.4%	-
Profit attributable to owners of parent	1.4	4.6	+3.2

<Average FX>

	FYE Mar. 2023 2Q	FYE Mar. 2024 2Q
USD/JPY	140.94 Yen	146.95 Yen

■ New Orders

Although removal of Ship segment from consolidated subsidiary caused decrease by 8.4 billion yen, overall result was almost same level QoQ due to recovery in New Orders of Logistics Systems segment.

■ Net Sales

Although removal of Ship segment from consolidated subsidiary caused decrease by 6.6 billion yen, overall net sales increased QoQ due to good business circumstances of Marine Propulsion Systems segment.

■ Operating Income(Loss)

Impact of foreign exchange loss by project in Indonesia was minimized. Moreover, profit in all segments improved QoQ.

Summary of Balance Sheet

※ Equity increased due to accumulation of profits and exercise of stock acquisition rights.

(JPY: Billion)

	FYE Mar. 2023 4 Q	FYE Mar. 2024 2 Q	Var.	
Total Assets	440.0	456.5	+16.5	
(Cash and deposit)	45.8	40.6	(5.2)	
(Trade receivables)	46.8	56.9	+10.1	Increase due to steady New Orders.
(Fixed assets)	131.3	133.2	+1.9	
(Investment securities)	68.8	72.6	+3.8	
Total Liabilities	329.3	332.2	+2.9	
(Trade payables)	54.9	66.4	+11.5	Increase mainly due to new consolidation of Mitsui E&S DU.
(Advances from customers)	25.3	35.1	+9.8	Increase mainly due to New Orders for Marine Engines.
(Provision for losses on construction contracts)	14.0	9.6	(4.4)	
(Debt with interest)	141.5	166.0	+24.5	Increase mainly due to expenditures for project in Indonesia.
(Others)	54.5	16.1	(38.4)	Decrease in accrued expenses mainly due to progress in cost settlement of project in Indonesia.
Total Net Assets	110.7	124.3	+13.6	
(Equity)	106.4	120.0	+13.6	Increase due to accumulation of retained earnings and exercise of stock acquisition rights.
Capital-to-asset ratio	24.2%	26.3%	-	
Net D/E Ratio	0.9	1.0	-	

Summary of Cash Flow

※ Operating cash flow was negative due to progress in cost settlement of project in Indonesia.

(JPY: Billion)

	FYE Mar. 2023 2Q	FYE Mar. 2024 2Q	Var.	
Operating CF	(10.0)	(32.9)	(22.9)	Decrease in accrued expenses mainly due to temporary expenditures for a project in Indonesia.
Investing CF	1.3	(1.9)	(3.3)	
Free CF	(8.7)	(34.8)	(26.1)	
Financial CF	(3.2)	26.8	+30.1	Increase in borrowings mainly due to temporary expenditures for a project in Indonesia.

Summary of Segment Results

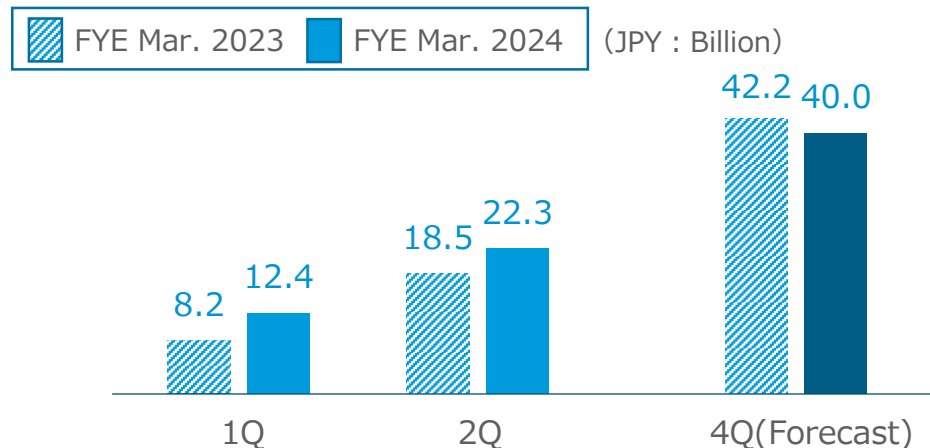
※ Profits increased in all segments QoQ and proceed to stable profitability.

(JPY: Billion)

	New Orders			Net Sales			Operating Income (Loss)		
	FYE Mar. 2023 2Q	FYE Mar. 2024 2Q	Var.	FYE Mar. 2023 2Q	FYE Mar. 2024 2Q	Var.	FYE Mar. 2023 2Q	FYE Mar. 2024 2Q	Var.
New Business Development	18.5	22.3	+3.8	13.0	18.0	+5.0	1.0	2.0	+0.9
Marine Propulsion Systems	82.1	72.3	(9.8)	43.3	64.0	+20.7	1.0	3.8	+2.8
Logistics Systems	13.6	35.0	+21.4	19.1	17.2	(1.8)	(0.3)	0.3	+0.6
Peripheral Business	30.1	25.2	(4.9)	23.9	33.6	+9.7	(0.7)	1.4	+2.1
Others	11.3	0.1	(11.2)	12.5	2.7	(9.8)	(9.5)	(0.8)	+8.7
Total	155.6	154.8	(0.7)	111.7	135.5	+23.8	(8.5)	6.7	+15.2

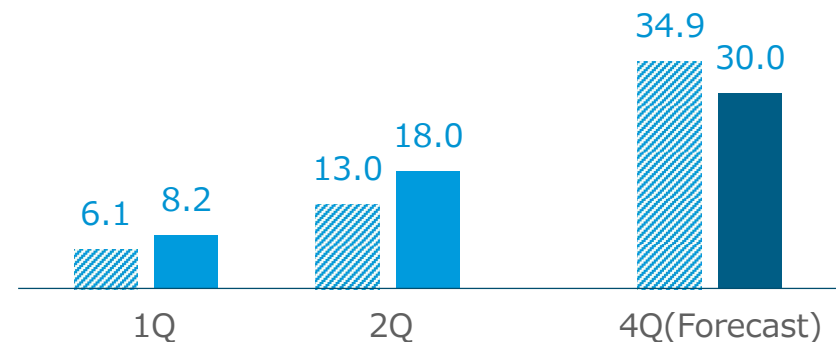
■ **New Orders** : QoQ +3.8 Billion yen

Increased QoQ due to new projects for decarbonization, and stable demand for engines for construction machines and industrial machines for chemical plant renewal work.



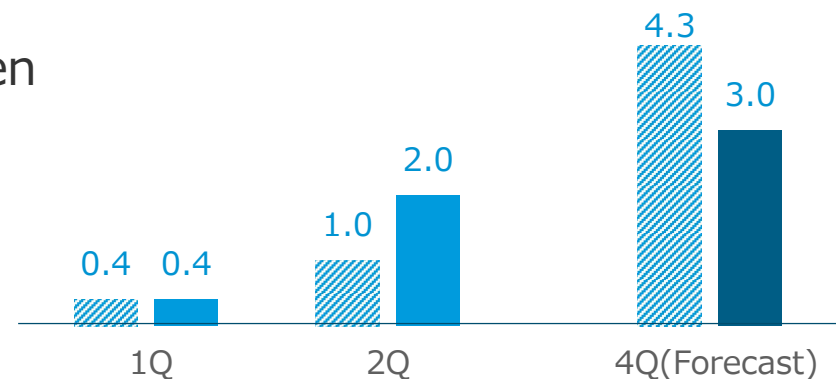
■ **Net Sales** : QoQ +5.0 Billion yen

Increased QoQ due to New Orders received in the previous fiscal year and good business circumstance of spare parts for Industrial Machinery.



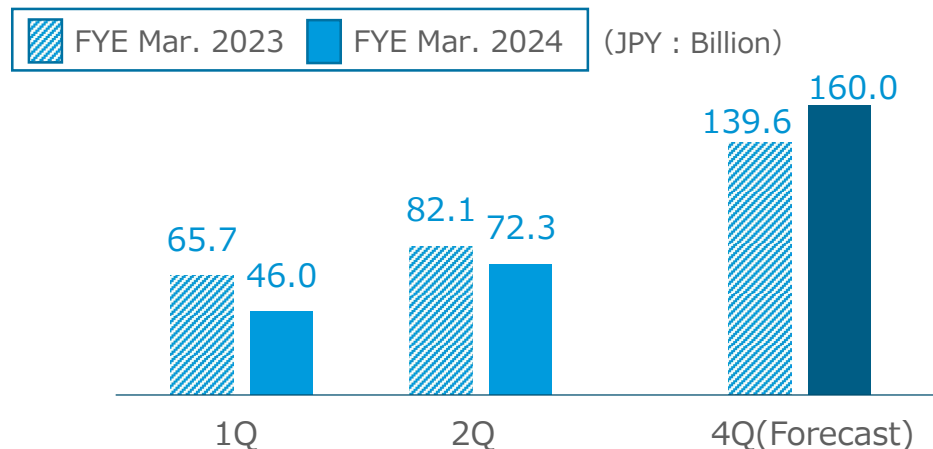
■ **Operating Income (Loss)** : QoQ +0.9 Billion yen

Increased QoQ due to a rise in sales of Industrial Machinery and stable performance of After-sales Service business.



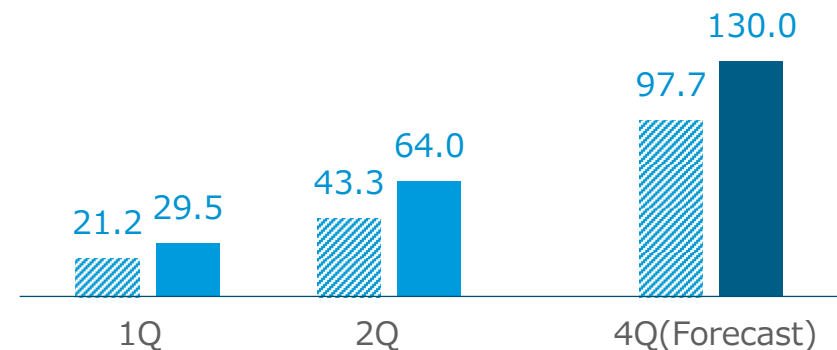
■ **New Orders** : QoQ (9.8) Billion yen

Since demand of new shipbuilding is increasing in the background of forthcoming environmental regulations, quotation for Marine Engines are increasing. However New Orders decreased QoQ due to some postponed projects to second half of fiscal year.



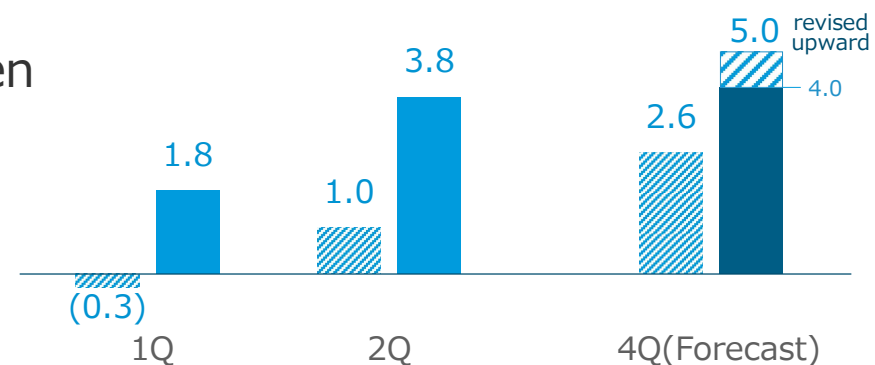
■ **Net Sales** : QoQ +20.7 Billion yen

Increased QoQ due to orders of Marine Engines recovered in the previous fiscal year and stable After-sales Services business.



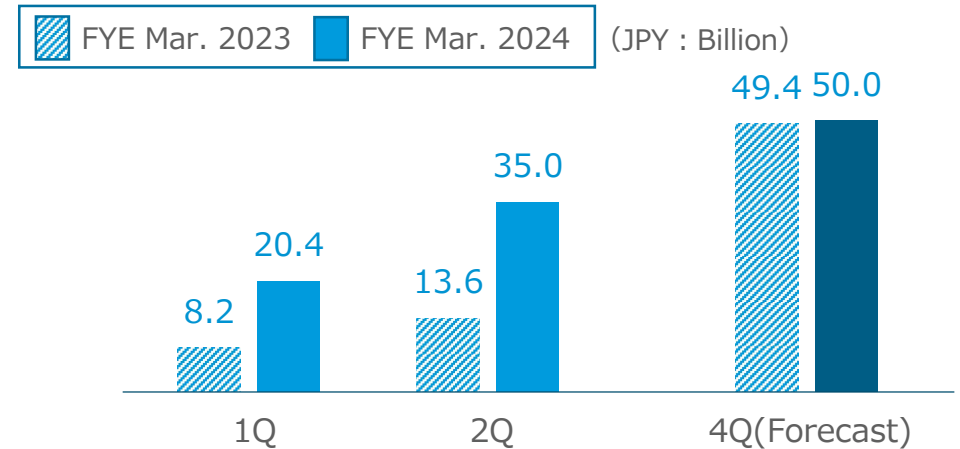
■ **Operating Income (Loss)** : QoQ +2.8 Billion yen

Increased QoQ. Business circumstance of Marine Engines is improving despite of negative impact caused by a rising price of materials and equipment. After-sales Services business remain stable.



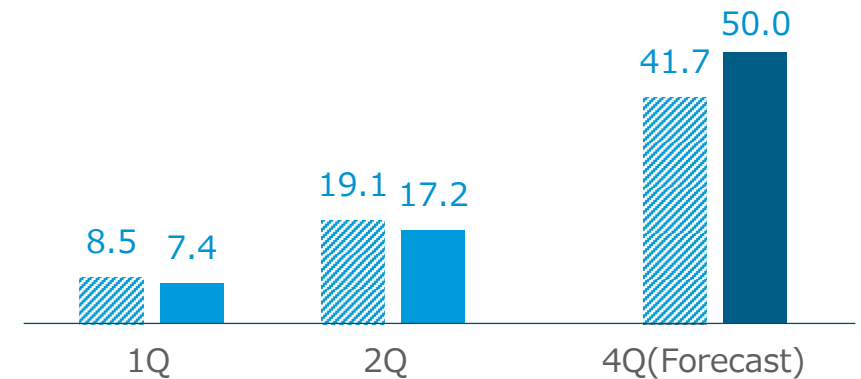
■ **New Orders** : QoQ +21.4 Billion yen

Increased QoQ due to new large project in Vietnam. The demands for port development in Southeast Asia and other emerging countries remain stable.



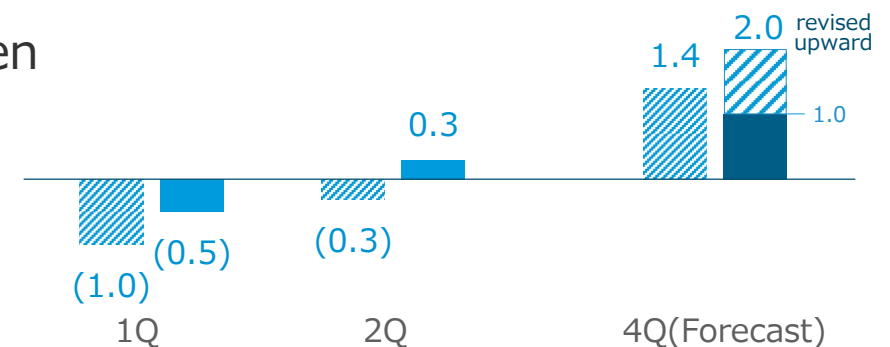
■ **Net Sales** : QoQ (1.8) Billion yen

Decreased QoQ. Deliveries of many projects are scheduled in the second half of fiscal year and the progress of large projects was slow in this term.



■ **Operating Income (Loss)** : QoQ +0.6 Billion yen

Increased QoQ mainly due to the effects of cost reduction measures.



Summary of FYE Mar. 2024 Forecast

- ※ Profit forecast of fiscal year is revised upward due to good circumstance of After-sales Services business.
- ※ The improvement of financial efficiency is progressing ahead of schedule and debt with interest of fiscal year end is expected to decrease.

(JPY: Billion)

	Previous Forecast May 15, 2023	Revised Forecast Nov. 9, 2023	Var.
New Orders	320.0	320.0	0
Net Sales	280.0	280.0	0
Operating Income	10.0	12.0	+2.0
Ordinary Income	4.0	6.0	+2.0
Profit attributable to owners of parent	3.0	5.0	+2.0
Free CF (*1)	(43.0)	(43.0)	0
Debt with interest	171.0	168.0	(3.0)

(*1) Due to a temporary cash-out for project in Indonesia.

※ Exchange rate assumption: JPY140/USD (Previous rate: JPY135/USD)

※ Exchange rate fluctuations of JPY1 against USD1 has almost no impact on Operating Income.

Summary of FYE Mar. 2024 Forecast by Segment

※ Operating Income is revised upward based on expectation of stable progress in After-sales service business in the background of good marine transportation market.

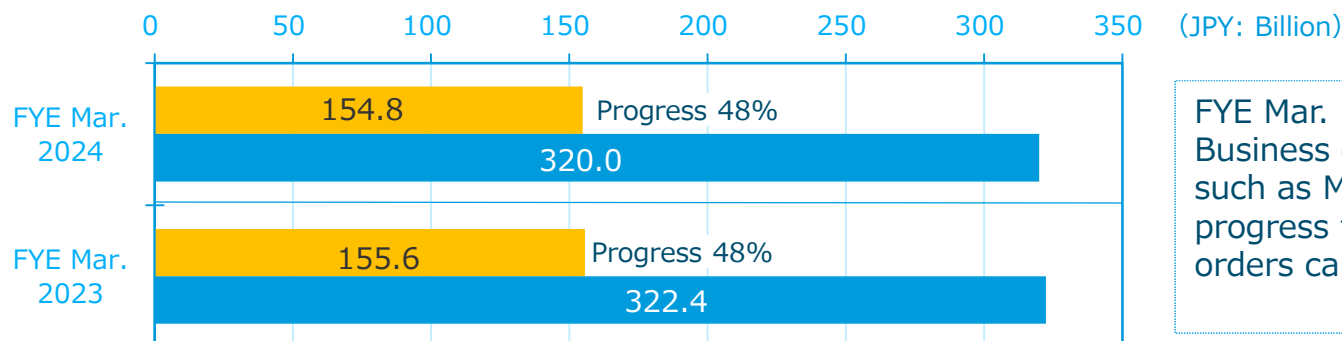
(JPY : Billion)

	New Orders			Net Sales			Operating Income		
	Previous Forecast May 15,2023	Revised Forecast Nov. 9, 2023	Var.	Previous Forecast May 15,2023	Revised Forecast Nov. 9, 2023	Var.	Previous Forecast May 15,2023	Revised Forecast Nov. 9, 2023	Var.
New Business Development	40.0	40.0	0	30.0	30.0	0	3.0	3.0	0
Marine Propulsion Systems	160.0	160.0	0	130.0	130.0	0	4.0	5.0	+1.0
Logistics Systems	50.0	50.0	0	50.0	50.0	0	1.0	2.0	+1.0
Peripheral Business	70.0	70.0	0	60.0	60.0	0	2.0	2.0	0
Others	0	0	0	10.0	10.0	0	0	0	0
Total	320.0	320.0	0	280.0	280.0	0	10.0	12.0	+2.0

FYE Mar. 2024 Forecast Progress

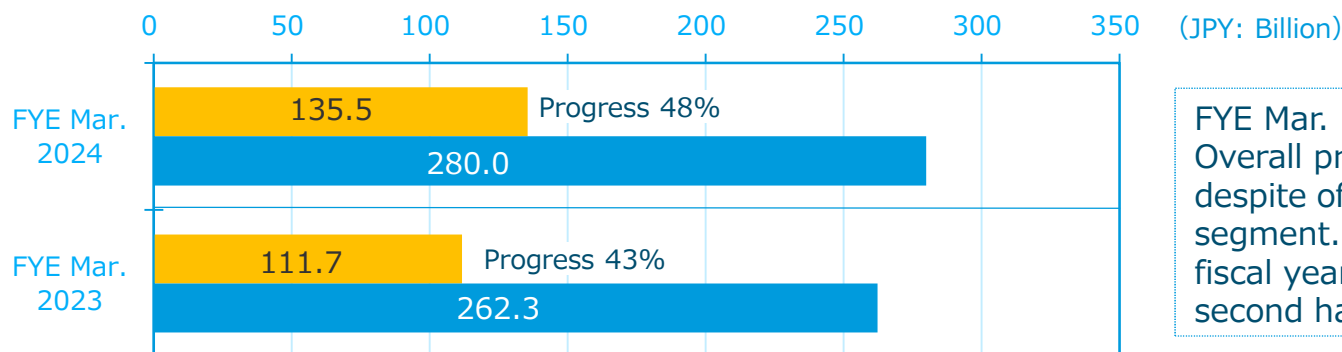
※ New Orders and Net Sales are progressing as planned and Operating Income is revised upward due to strong performance.

New Orders



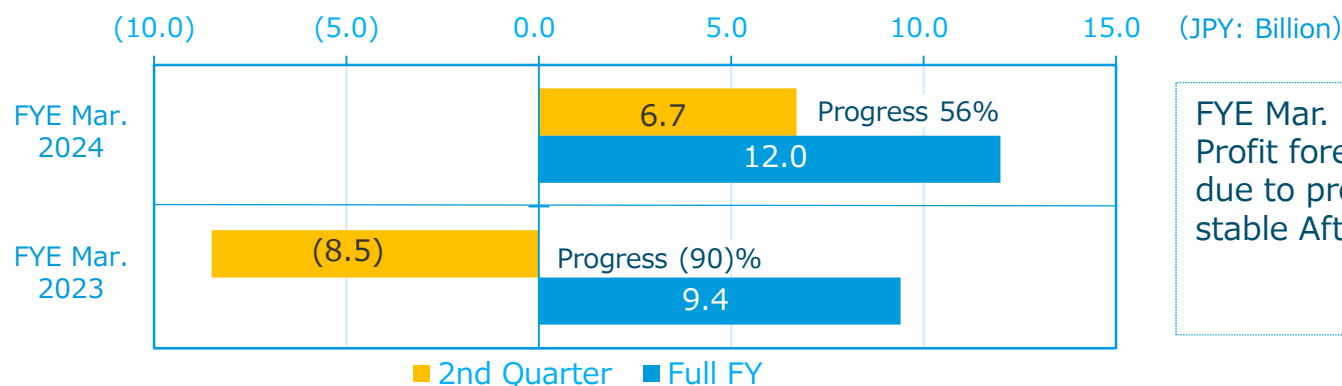
FYE Mar. 2024 2Q:
Business circumstance for our main products such as Marine Engines and Container Cranes progress favorably. We will continue to get orders carefully with assessing each project.

Net Sales



FYE Mar. 2024 2Q:
Overall progress is in line with the initial plan despite of slow start of Logistics Systems segment. The delivery of Container Cranes this fiscal year is supposed to concentrate in the second half.

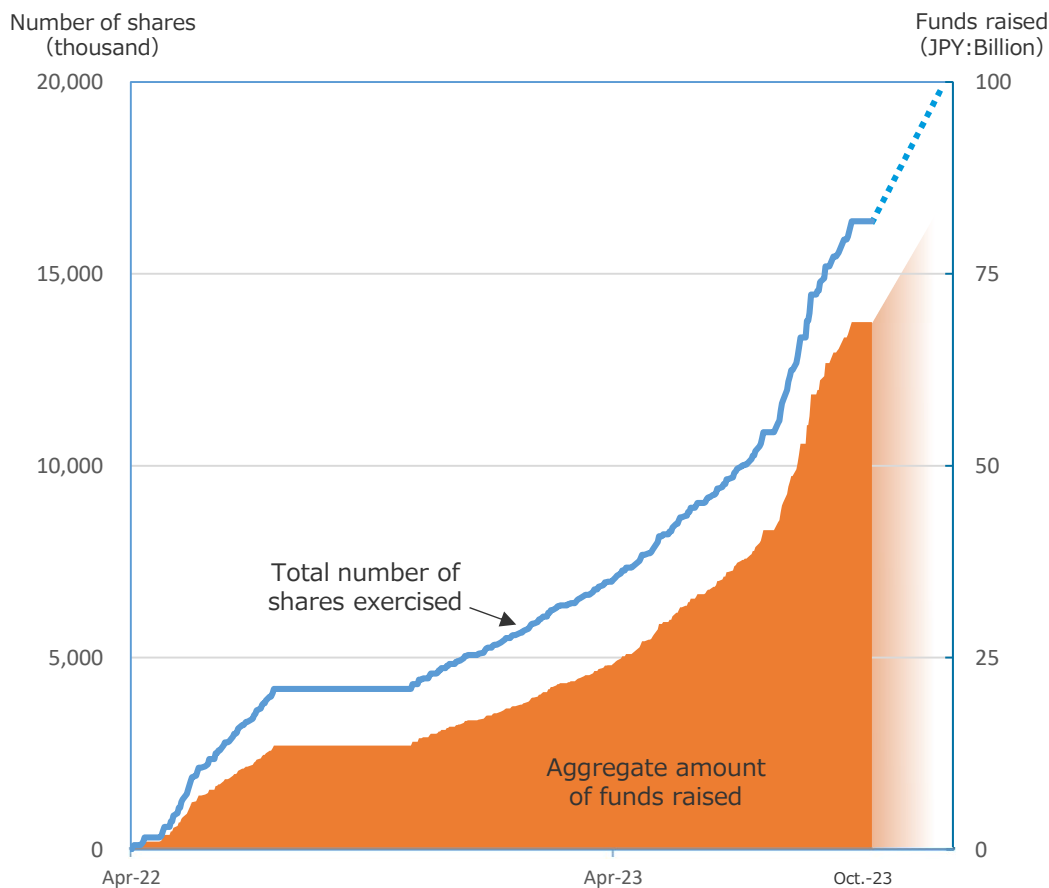
Operating Income



FYE Mar. 2024 2Q:
Profit forecast of fiscal year is revised upward due to profitability of various products and stable After-sales Services business.

■ 2nd Quarter ■ Full FY

Stock acquisition rights: Current exercise status



	Issued	Exercised	Unexercised
	April 18, 2022	Oct. 31, 2023	
Number of shares (thousand)	20,000.0	16,371.3	3,628.7
margin	100%	82%	18%
Number of common shares issued (thousand)	83,098.7	99,470.0	-
Share dilution ratio	24%	20%	4%
Funds raised (JPY: Billion)	80.99	68.73	12.26

- Exercisable until April 30, 2025, but already 82% exercised. Expected to be completed earlier.
- Funding is progressing at faster pace than expected initially and Equity is increasing ahead of schedule.

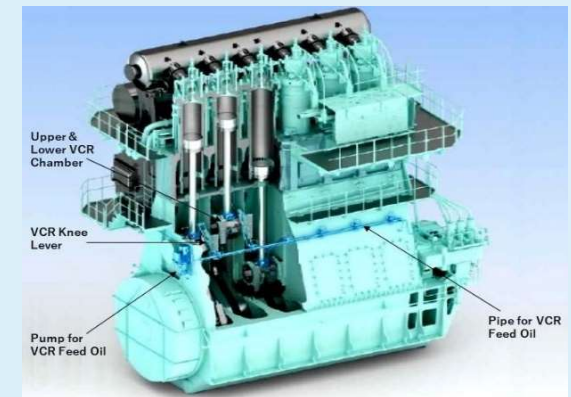
Received order for a total of 30 Container Cranes for Vietnam

- Development of a container terminal is progressing in the Hai Phong area of northern Vietnam.
- MES delivered a total of 14 Container Cranes in 2001 and 2007.
- The New Orders were received based on the evaluation of the high quality and low failure rate regarding past delivery records.
 - ✓ Quayside Container Crane : 6
 - ✓ Tire type electric Gantry Crane : 24



Mitsui E&S DU Receives World's First Order for VCR^(*1) system

- This will be incorporated into the main engine of ships built by Oshima Shipbuilding for NYK Line.
- VCR system can be incorporated into Marine Engines to improve fuel efficiency and reduce CO2 emissions.
- Commercialization of technology with WinGD^(*2), a licensor of Marine Engines, to adjust compression ratio according to operating environment (engine output, fuel properties, etc.).
- VCR system can be used in a variety of situations to achieve a decarbonized society.
 - ✓ Situations for adopting new fuels and technologies
 - ✓ Situations for performance improvement of existing vessels



(*1) VCR : Variable Compression Ratio
(*2) WinGD : Winterthur Gas & Diesel Ltd.

Appendix) CAPEX・R&D・Employees

※ The number of employees increased due to Mitsui E&S DU becoming a consolidated subsidiary.

(JPY : Billion)

	FYE Mar. 2023 2Q	FYE Mar. 2023	FYE Mar. 2024 2Q	FYE Mar. 2024 Plan
CAPEX	3.3	7.4	3.8	11.0
R&D	0.7	1.8	0.9	3.2
Number of Employees	6,268	5,747	5,972	—

※ Production forecast for FY2023 is in line with initial plan.

Marine Engines

	FYE Mar. 2023 2Q		FYE Mar. 2024 (*1) 2Q		FYE Mar. 2024 (*1) Forecast	
	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)
New Orders	123	269	66	188	—	—
Deliveries	59	128	75	153	—	—
Back logs	85	184	100	217	—	—
Production	64	135	79	156	160	325

(*1) FYE Mar. 2024 includes Mitsui E&S DU



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Engineering & Services for Evolution & Sustainability

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