

Consolidated Financial Results for 3rd Quarter of Fiscal Year Ended March 31, 2023



February 13, 2023



Mitsui E&S Holdings Co., Ltd.

3rd Quarter of FYE Mar. 2023 Results

- ◆ New Orders 214.0 Billion yen (QoQ ↓)
- ◆ Net Sales 173.2 Billion yen (QoQ ↓)
- ◆ Ordinary Income(Loss) (0.4) Billion yen (QoQ ↑)

FYE Mar. 2023 Forecast

- ◆ New Orders 270 Billion yen (compared to Nov. 10, 2022 →)
- ◆ Net Sales 240 Billion yen (compared to Nov. 10, 2022 →)
- ◆ Ordinary Income(Loss) 3 Billion yen (compared to Nov. 10, 2022 ↑)

Topic

- ◆ Environmental Regulations and Marine Diesel Engines

Summary of Results

(JPY: Billion)

	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.
New Orders	432.9	214.0	(218.9)
Net Sales	508.5	173.2	(335.3)
Operating Income (Loss)	(9.4)	(2.5)	+6.9
OP ratio	(1.9)%	(1.5)%	—
Ordinary Income (Loss)	(8.6)	(0.4)	+8.2
OD ratio	(1.7)%	(0.3)%	—
Profit attributable to owners	(1.9)	2.2	+4.1

<Average FX>

USD/JPY	112.18 Yen	138.28 Yen
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Result Summary by Segment

(JPY : Billion)

	New Orders			Net Sales		
	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.
Ship (*1)	12.8	8.4	(4.3)	24.1	6.6	(17.5)
Ocean Development (*2)	270.7	—	(270.7)	323.3	-	(323.3)
Machinery	110.5	161.9	+51.5	107.6	120.7	+13.1
Engineering	1.5	1.9	+0.4	6.9	6.7	(0.3)
Others	37.4	41.7	+4.3	46.6	39.3	(7.4)
Total	432.9	214.0	(218.9)	508.5	173.2	(335.3)
Exclude Ocean Development	162.2	214.0	+51.8	185.2	173.2	(12.0)

(*1) Mitsui E&S Shipbuilding has been removed from consolidated subsidiary since 3Q of FYE Mar. 2023.

(*2) MODEC has been removed from consolidated subsidiary since 4Q of FYE Mar. 2022.

Result Summary by Segment

(JPY : Billion)

	Operating Income (Loss)			Ordinary Income (Loss)		
	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.
Ship (*1)	(0.2)	0.1	+0.3	0.6	0.2	(0.4)
Ocean Development (*2)	(8.1)	—	+8.1	(5.0)	0.8	+5.8
Machinery	3.6	2.8	(0.8)	3.8	2.7	(1.2)
Engineering	(5.4)	(5.0)	+0.4	(5.9)	(2.3)	+3.5
Others	0.7	(0.4)	(1.1)	(2.2)	(1.7)	+0.4
Total	(9.4)	(2.5)	+6.9	(8.6)	(0.4)	+8.2
Exclude Ocean Development	(1.3)	(2.5)	(1.2)			

(*1) Mitsui E&S Shipbuilding has been removed from consolidated subsidiary since 3Q of FYE Mar. 2023.

(*2) MODEC has been removed from consolidated subsidiary since 4Q of FYE Mar. 2022.

Summary of FYE Mar. 2023 Forecast

(JPY: Billion)

	Previous Forecast (Nov. 10, 2022)	Revised Forecast (Feb. 13, 2023)	Var.
New Orders	270.0	270.0	—
Net Sales	240.0	240.0	—
Operating Income	(3.0)	1.0	+4.0
Ordinary Income	1.0	3.0	+2.0
Profit attributable to owners	2.0	4.0	+2.0
Free CF	(21.0)	(21.0)	—
Debt (with interest)	150.0	150.0	—

* Exchange rate assumption: ¥130/USD (Previous rate: ¥145/USD)

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

Summary of FYE Mar. 2023 Forecast by Segment

(JPY : Billion)

	New Orders			Net Sales		
	Previous forecast (Nov. 10, 2022)	Revised forecast (Feb. 13, 2023)	Var.	Previous forecast (Nov. 10, 2022)	Revised forecast (Feb. 13, 2023)	Var.
Ship (*)	8.0	8.0	—	7.0	7.0	—
Machinery	200.0	200.0	—	170.0	170.0	—
Engineering	2.0	2.0	—	10.0	10.0	—
Others	60.0	60.0	—	53.0	53.0	—
Total	270.0	270.0	—	240.0	240.0	—

No change from Previous Forecast.

(*) Due to the removal of Mitsui E&S Shipbuilding from consolidation, round off the actual of 2Q of FYE Mar. 2023.

Summary of FYE Mar. 2023 Forecast by Segment

(JPY : Billion)

	Operating Income (Loss)			Ordinary Income (Loss)		
	Previous forecast (Nov. 10, 2022)	Revised forecast (Feb. 13, 2023)	Var.	Previous forecast (Nov. 10, 2022)	Revised forecast (Feb. 13, 2023)	Var.
Ship (*)	0	0	—	0	0	—
Ocean Development	—	—	—	1.0	2.0	+1.0
Machinery	8.0	8.0	—	8.0	8.0	—
Engineering	(11.0)	(7.0)	+4.0	(6.0)	(5.0)	+1.0
Others	0	0	—	(2.0)	(2.0)	—
Total	(3.0)	1.0	+4.0	1.0	3.0	+2.0

(*) Due to the removal of Mitsui E&S Shipbuilding from consolidation, round off the actual of 2Q of FYE Mar. 2023.

Measures for improving Marine Diesel Engines for GHG Regulations

$$\text{EEDI/EEI} : \text{Emission from Main Engine} = \text{Engine output} \times \text{SFOC} \times \text{CO}_2 \text{ Conversion factor}$$

Engine output	SFOC(Specific Fuel Oil Consumption)	CO2 Conversion factor
Derating : Change the rated output to a value suitable for low load operation		Selection of Dual Fuel Engine
EPL : Power limitation modification to the Main Engine for improving EEI evaluation	ECO-EGR : A method to both NOx reduction and specific fuel consumption improvement can be achieved by performing a small amount of EGR	—
—	THS2 : A system that uses energy recovered from a turbocharger to improve fuel efficiency	—

EPL : Engine Power Limitation, EGR : Exhaust Gas Recirculation, THS : Turbo Hydraulic System

Forecasts for marine fuel demand	LNG, Methanol, Ammonia are expected to increase in that order
Production forecast for Dual Fuel Engines	FYE Mar.2023 : 2, FYE Mar.2024 : 10, FYE Mar.2025 : 20

Sales of Marine Propulsion Systems Business :

Grow to account for approx. 50% of FY2025 sales target of 280 billion yen (Mid-term Business Plan 2023)

(Appendix) Summary of Income Statement

(JPY: Billion)

	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.	
Net sales	508.5	173.2	(335.3)	Decrease mainly due to the removal of MODEC from consolidation.
Gross Profit	21.7	18.5	(3.2)	
Selling, general and administrative expenses	31.1	21.0	(10.1)	
Operating Income	(9.4)	(2.5)	+6.9	Increased mainly due to the removal of MODEC from consolidation.
Other income	7.7	7.5	(0.2)	
Other expenses	7.0	5.4	(1.5)	
Ordinary Income	(8.6)	(0.4)	+8.2	
Extraordinary income	11.2	4.8	(6.5)	
Extraordinary losses	2.4	1.4	(0.9)	
Profit Before Income Taxes	0.3	2.9	+2.7	
Income taxes	5.3	0.8	(4.5)	
Profit attributable to non-controlling interests	(3.1)	(0.1)	+3.0	
Profit attributable to owners of parent	(1.9)	2.2	+4.1	

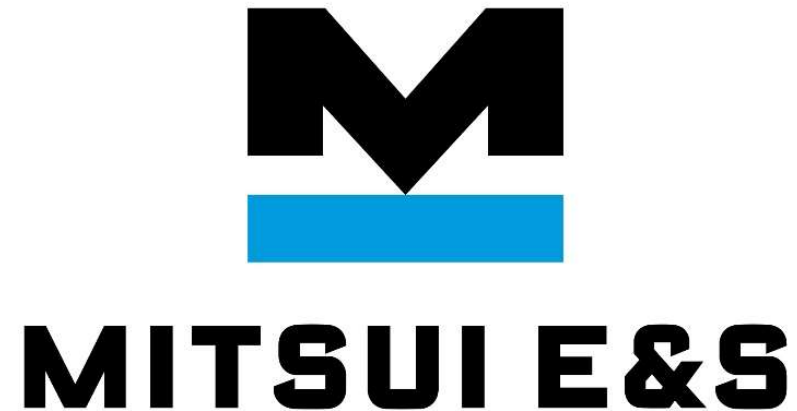
(Appendix) Summary of Balance Sheet

(JPY: Billion)

	FYE Mar. 2022	FYE Mar. 2023 3Q	Var.	
Total Assets	409.2	426.5	+17.4	
(Cash and time deposits)	51.8	40.1	(11.6)	
(Trade receivables)	78.6	71.8	(6.8)	
(Fixed assets)	134.4	130.7	(3.7)	
(Investment securities)	43.3	69.5	+26.2	Increased mainly due to changes in cumulative translation adjustments for MODEC
Total Liabilities	346.2	326.9	(19.4)	
(Trade payables)	48.7	52.5	+3.8	
(Advances from customers)	30.9	36.7	+5.8	
(Provision for losses on construction contracts)	59.6	48.3	(11.3)	
(Debt (with interest))	142.4	134.9	(7.4)	
Total Net Assets	62.9	99.7	+36.7	
(Own capital)	57.1	95.5	+38.4	Increased mainly issuance of class A preferred shares and cumulative translation adjustment
Capital-to-asset ratio	14%	22%	-	
Net D/E Ratio	1.6	1.0	-	

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

	FYE Mar. 2022 3Q Actual		FYE Mar. 2023 3Q Actual		FYE Mar. 2023 Forecast	
	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)
New Orders	62	178	123	269	—	—
Deliveries	92	208	98	204	—	—
Back logs	38	91	46	108	—	—
Production	87	193	100	211	135	300



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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