

Consolidated Financial Results for Fiscal Year Ended March 31, 2023



May 15, 2023

MITSUI E&S Co., Ltd.



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※ Decrease in sales and increase in profit in FYE Mar. 2023, and increase in Operating Profit in FYE Mar. 2024.

FYE Mar. 2023 Results

◆ New Orders	322.4 Billion yen	(YoY ↓)
◆ Net Sales	262.3 Billion yen	(YoY ↓)
◆ Operation Income	9.4 Billion yen	(YoY ↑)

FYE Mar. 2024 Forecast

◆ New Orders	320 Billion yen	(compared to FYE Mar. 2023 →)
◆ Net Sales	280 Billion yen	(compared to FYE Mar. 2023 ↑)
◆ Operation Income	10 Billion yen	(compared to FYE Mar. 2023 ↑)

Topics

- ◆ Reinstating dividend for FYE Mar. 2023
- ◆ Reorganization and Segment Change

(JPY: Billion)

	FYE Mar. 2022	FYE Mar. 2023	Var.
New Orders	511.1	322.4	(188.7)
Net Sales	579.4	262.3	(317.1)
Operating Income (Loss)	(10.0)	9.4	+19.4
(margin)	(1.7%)	3.6%	
Ordinary Income (Loss)	(25.7)	12.5	+38.3
(margin)	(4.4%)	4.8%	
Profit attributable to owners of parent	(21.8)	15.6	+37.4

<Average FX>

USD/JPY	113.22Yen	133.18Yen
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■ New Orders

Machinery segment recovered significantly due to the firm shipping market, but totally decreased compared YOY due to the removal of MODEC from consolidated subsidiary.

■ Net Sales

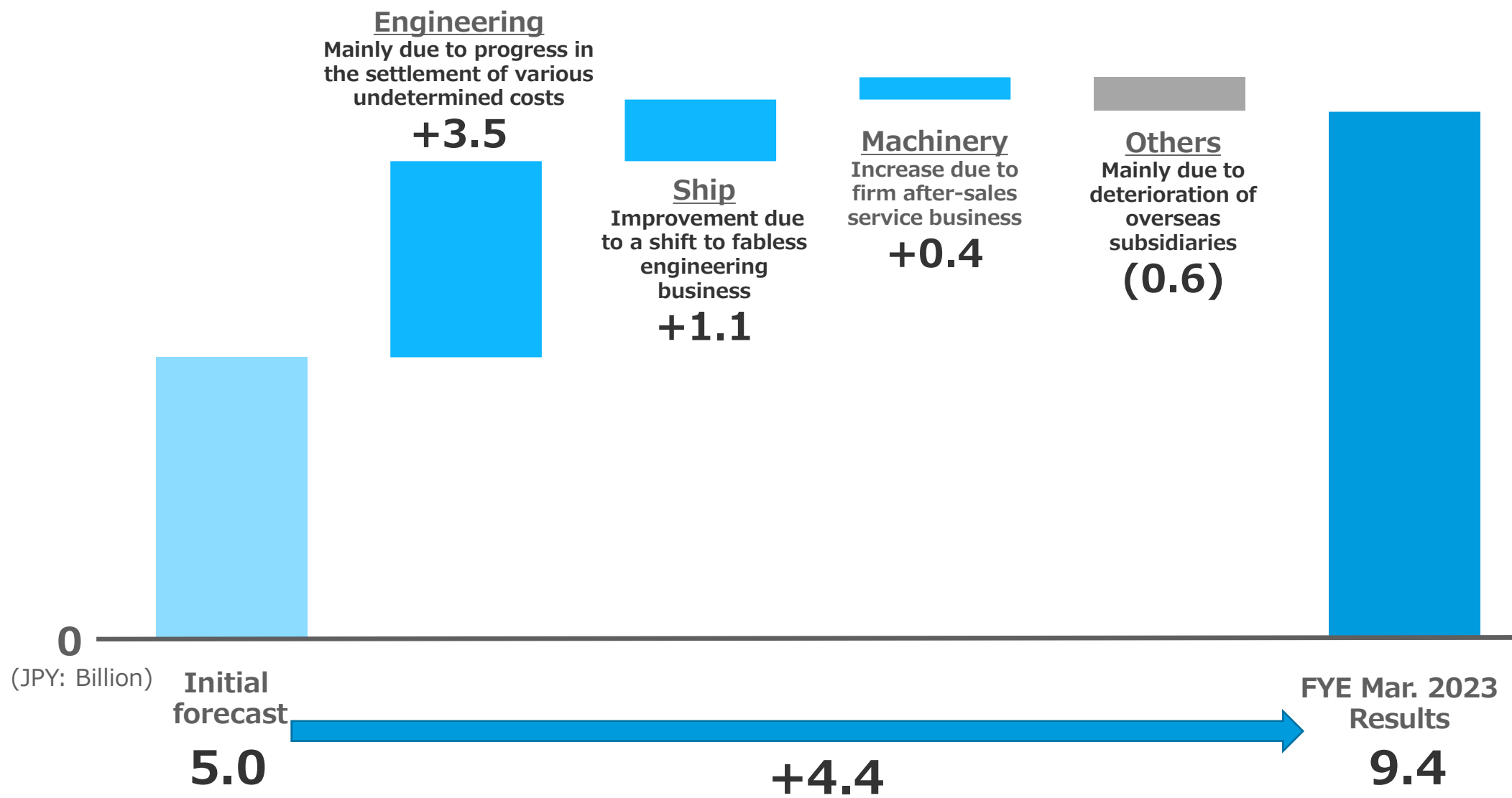
Machinery segment performed well due to firm orders, but sales decreased YOY due to progress of business revival plan, such as the removal of MODEC from consolidated subsidiary.

■ Operating Income (Loss)

Profit increased compared YOY due to progress in the settlement of various undetermined costs at the engineering segment.

Operating Income comparison between initial forecast and results for FYE Mar. 2023.

※ Significant increase compared to initial forecast mainly due to improved profit in the Engineering segment.



Summary of Balance Sheet

※ Shareholders' equity to total assets ratio recovered to 24%.

(JPY : Billion)

	FYE Mar. 2022	FYE Mar. 2023	Var.	
Total Assets	409.2	440.0	+30.8	
(Cash and time deposits)	51.8	45.8	(6.0)	
(Work in progress)	36.6	46.8	+10.2	Increase mainly due to workload of marine diesel engines.
(Fixed Assets)	134.4	131.3	(3.1)	
(Investment securities)	43.3	68.8	+25.5	Increase mainly due to unrealized gains on hedging derivatives and foreign currency exchange adjustments.
Total Liabilities	346.2	329.3	(16.9)	
(Accrued expenses)	4.1	39.3	+35.2	Increase mainly due to transfer from provision for losses on construction contracts.
(Contract liabilities)	30.9	25.3	(5.6)	
(Provision for losses on construction contracts)	59.6	14.0	(45.6)	Decrease due to progress in the settlement of various undetermined costs of project in Indonesia.
(Debt with interest)	142.4	141.5	(0.8)	
Total Net Assets	62.9	110.7	47.7	
(Equity)	57.1	106.4	+49.3	Increase mainly due to issuance of class A preferred shares, unrealized gains on hedging derivatives and foreign currency exchange adjustments.
Shareholders' equity to total assets ratio	14.0%	24.2%		
Net D/E Ratio	1.6	0.9		

Summary of Cash Flow

※ Free cash flow was negative, mainly due to expenditures for project in Indonesia.

(JPY : Billion)

	FYE Mar. 2022	FYE Mar. 2023	増減	
Operating CF	(20.3)	(15.0)	+5.2	Increase mainly due to strong New Orders in the Machinery segment.
Investing CF	(70.9)	(3.0)	+67.9	Increase due to the deduction of the balance of cash due to the removal of MODEC from consolidation subsidiary in FYE Mar. 2022.
Free CF	(91.2)	(18.0)	+73.1	
Financial CF	0.8	9.5	+8.7	Increase mainly due to issuance of class A preferred shares.

Results Summary by Segment

※Excluding the impact of the removal of MODEC from consolidation, both New Orders and Net Sales were firm, and Operating Income returns to profit.

(JPY: Billion)

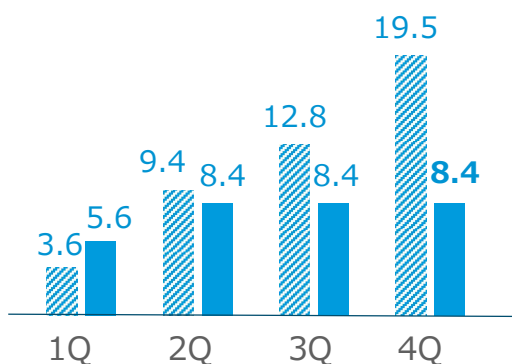
	New Orders			Net Sales			Operating Income (Loss)		
	FYE Mar. 2022	FYE Mar. 2023	Var.	FYE Mar. 2022	FYE Mar. 2023	Var.	FYE Mar. 2022 3Q	FYE Mar. 2023 3Q	Var.
Ship (*1)	19.5	8.4	(11.1)	28.1	6.6	(21.5)	(0.4)	0.1	+0.5
Ocean Development (*2)	270.7	—	(270.7)	323.3	—	(323.3)	(8.1)	—	+8.1
Machinery	148.8	231.2	+82.4	153.7	174.2	+20.5	8.2	8.4	+0.2
Engineering	1.7	6.7	+5.0	7.6	22.4	+14.8	(10.8)	0.5	+11.4
Others	70.4	76.0	+5.6	66.6	59.1	(7.5)	1.1	0.4	(0.8)
Total	511.1	322.4	(188.7)	579.4	262.3	(317.1)	(10.0)	9.4	+19.4
Exclude Ocean Development	240.4	322.4	+82.0	256.0	262.3	+6.3	(1.9)	9.4	+11.3

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

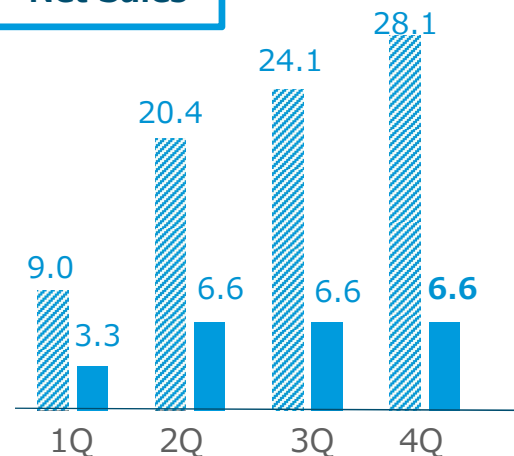
(*2) MODEC had been removed from consolidated subsidiary since 4Q of FYE Mar. 2022.

▨ FYE Mar. 2022 ■ FYE Mar. 2023

New Orders



Net Sales



■ New Orders : YoY (11.1)

Due to the partial transfer of Mitsui E&S Shipbuilding's stock to Tsuneishi Shipbuilding (after the transfer shareholding became 34%), Mitsui E&S Shipbuilding was removed from consolidation from 3Q FYE Mar. 2023. As a result, new orders decreased YOY.

■ Net Sales : YoY (21.5)

New Sales decreased YOY due to a fall of in the workload associated with the withdrawal from the shipbuilding business and the impact of removal from consolidation.

Operating Income(Loss)



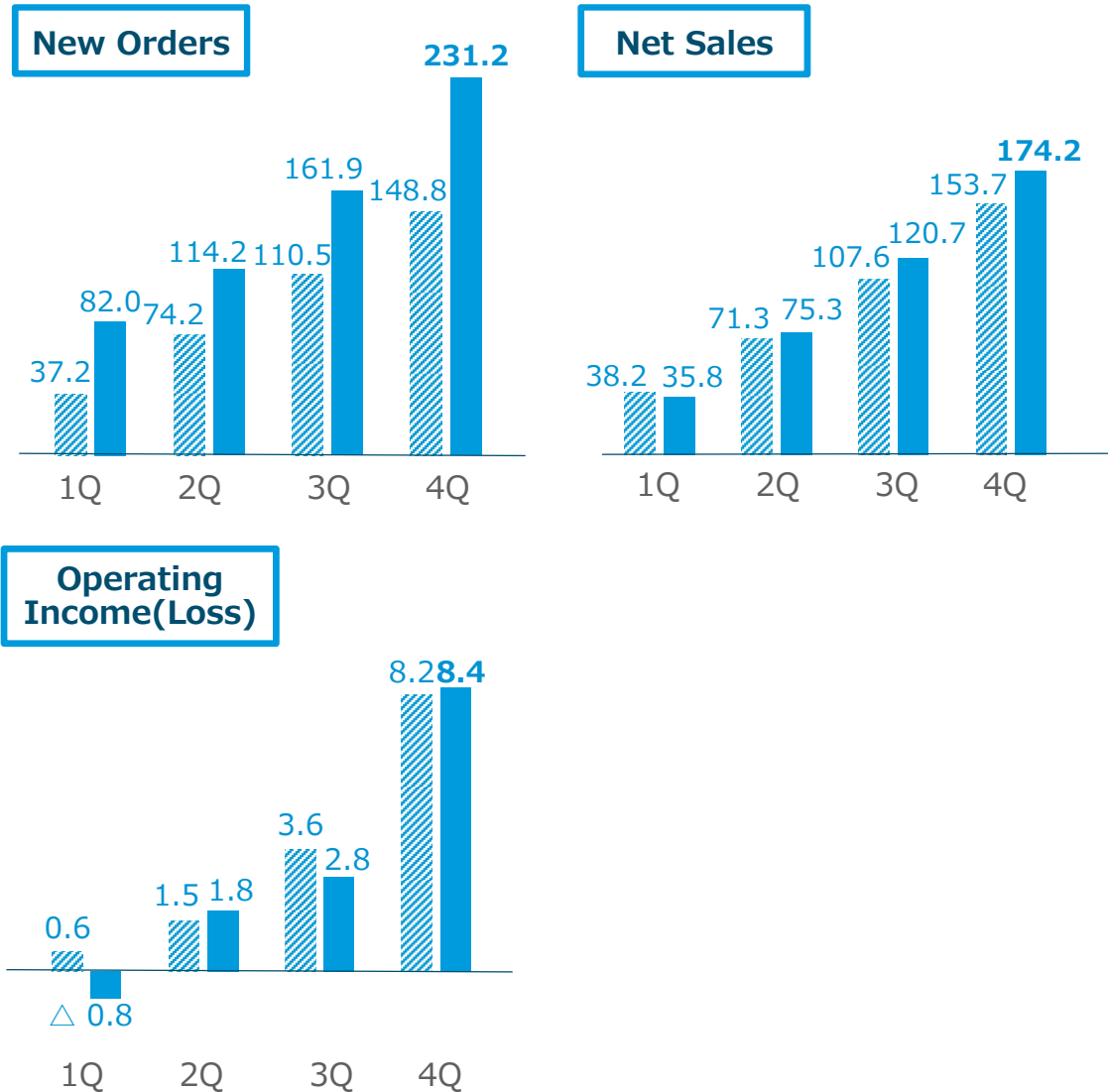
■ Operating Income (Loss) : YoY +0.5

Although sluggish in the previous year due to losses related to shipbuilding, operating income increased YOY due to focus on the fables engineering for commercial ship business.

Machinery

Main products : Marine Diesel Engine, Container Crane,
Industrial Machinery,
These after-sales service

▨ FYE Mar. 2022 ■ FYE Mar. 2023



■ New Orders : YoY +82.4

Sales of Marine Diesel Engines recovered significantly due to an increase in new orders from domestic shipyards. Additionally after-sales service business performed well mainly due to firm sales of parts complying with environmental regulations, resulting in an increase YOY.

■ Net Sales : YoY +20.5

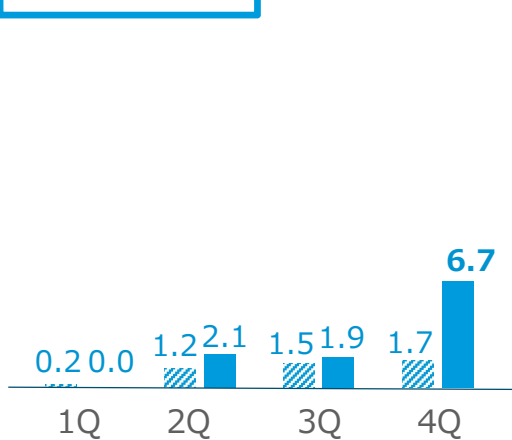
Net Sales increased YOY due to firm sales and new orders of Marine Diesel Engines, and progress in container crane construction for Long Beach Bay in the U.S.

■ Operating Income (Loss) : YoY +0.2

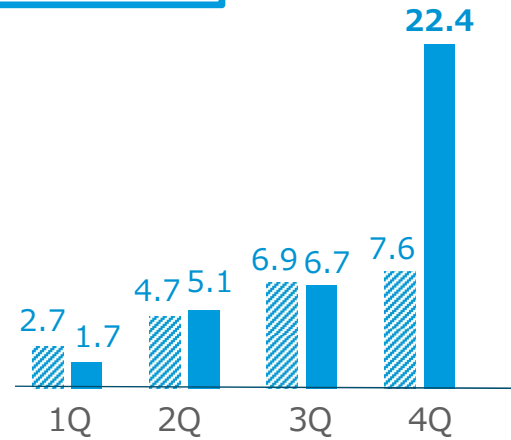
Marine diesel engine manufacturing business was weak, due to severe conditions by domestic shipyards at their low ship prices. After-sales service business for all machinery products was strong. As a result, operating income increased YOY.

FYE Mar. 2022
 FYE Mar. 2023

New Orders



Net Sales



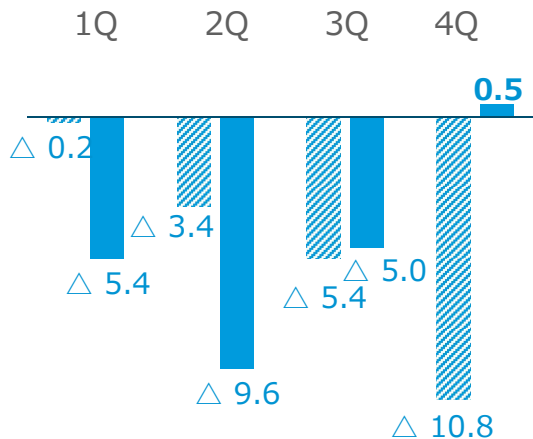
■ New Orders : YoY +5.0

Although we are not currently engaged in activities to new projects, New Orders increased YOY due to recovery of costs and expenses for coal-fired power plant civil engineering construction projects in Indonesia.

■ Net Sales : YoY +14.8

Increased YOY due to progress in costs settlement for civil engineering and construction work for a coal-fired power plants for Indonesia.

Operating Income(Loss)



■ Operating Income (Loss) : YoY +11.4

Increased YOY due to progress in cost settlement for civil engineering and construction work for a coal-fired power plants for Indonesia.

Commercial operation had already started, therefore the risk has been reduced significantly.

As a result of making efforts to fix undetermined costs by proceeding with cost settlement with related counterparties and utilizations of foreign currency exchange contracts, etc., Net Sales increased and Operating Income improved in Engineering segment.

※Decrease in balance of provision for losses on construction contracts and improved profitability

- As a result of proceeding cost settlements with related counterparties, the undetermined costs were fixed and provision for losses on construction contracts decreased.
- Profitability improved due to recovery of costs and expenses that have been recorded in provision for losses on construction contracts.

	4Q FYE Mar. 2022	4Q FYE Mar. 2023	(JPY : Billion) Var.
Balance of provision for losses on construction contracts	58.4	12.8	(45.6)

※Future outlook

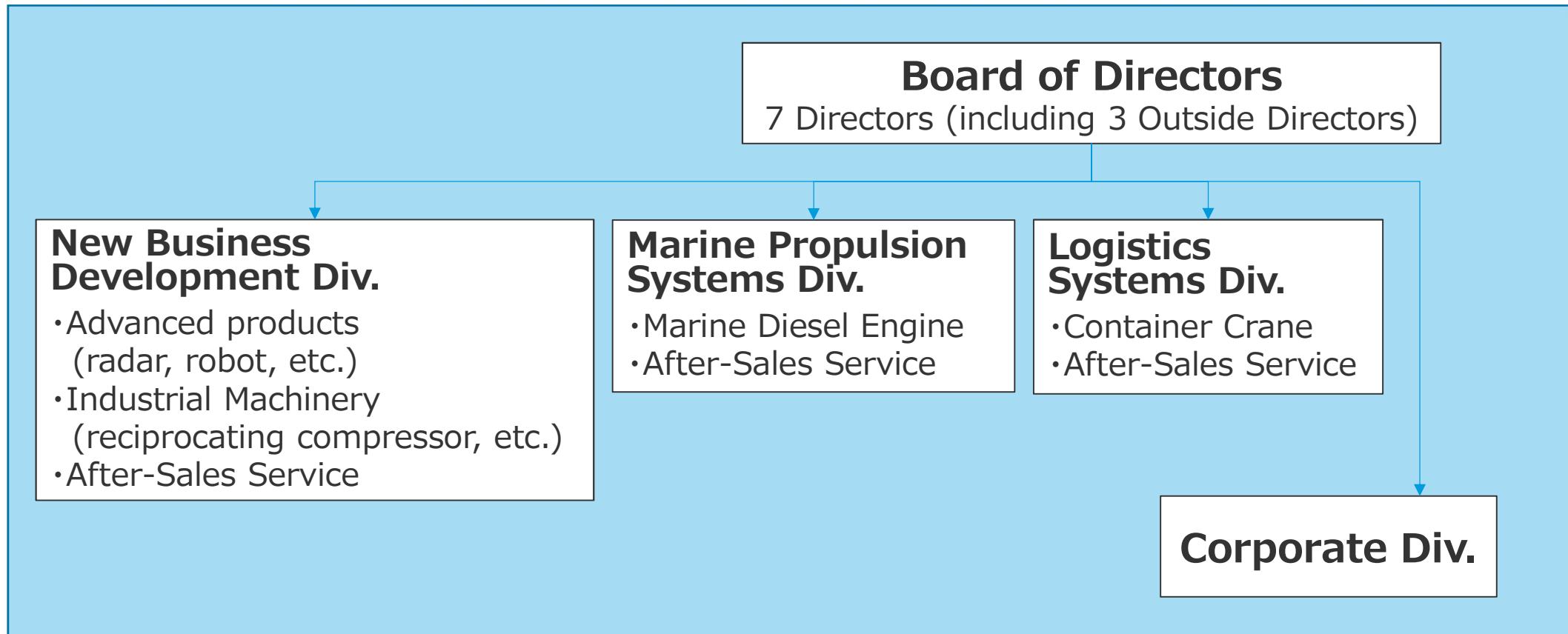
- Remaining works are limited to minor items not impacted directly on commercial operations, and are being steadily constructed in accordance with schedule of commercial operation.
- Details of the construction will continue to be undisclosed due to confidentiality obligations associated with the contract, but risks and variable factors related to this project have decreased significantly.

Reorganization and Segment Change

• MITSUI E&S New Organization from April 1, 2023

※ Three business divisions are organized directly under management level to promote growth strategies speedily.

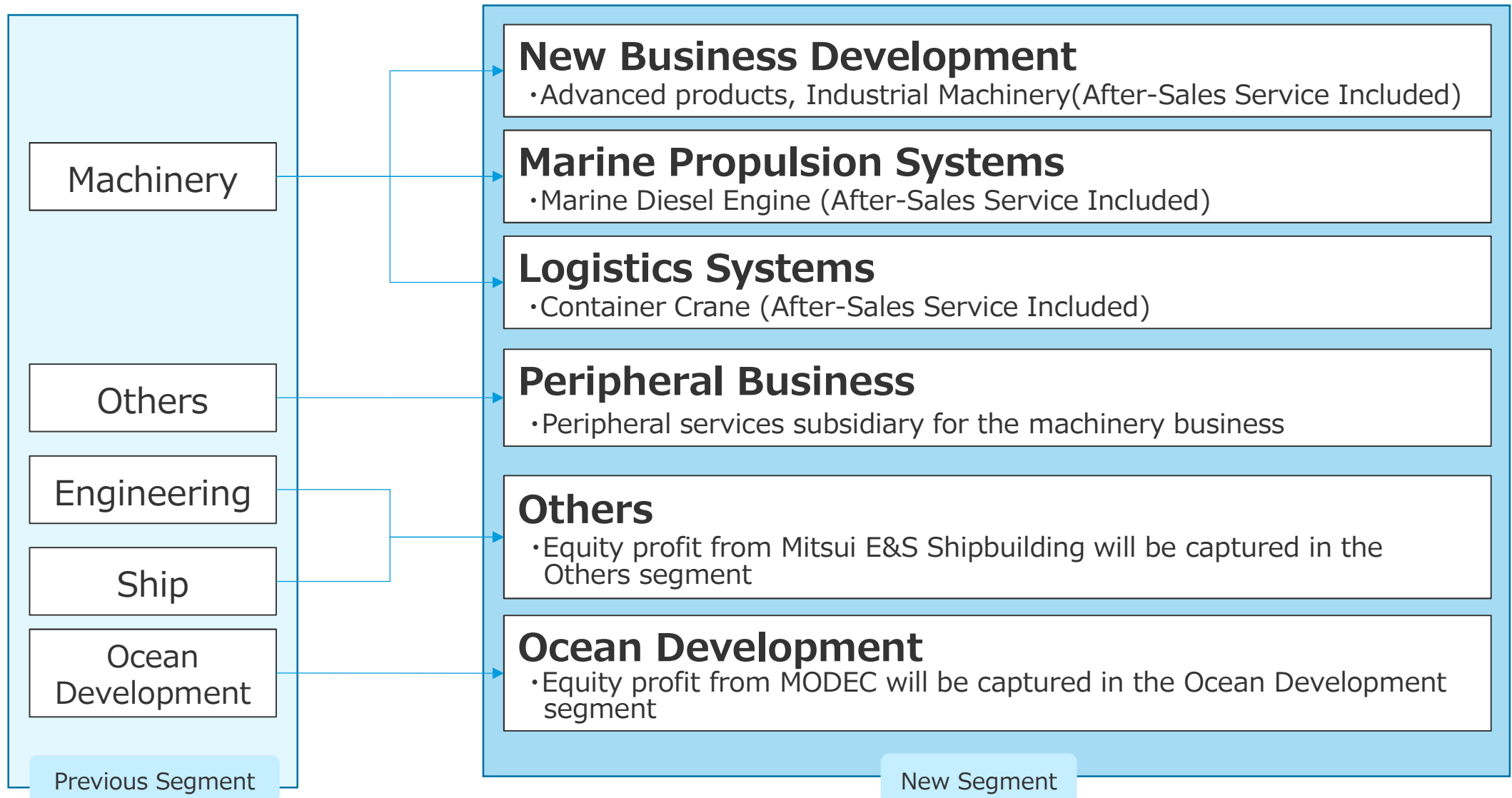
※ Three after-sales service departments are organized under three business divisions to enhance each service business.



Reorganization and Segment Change

•Segment changed from FYE Mar. 2024.

※ Segment information is disclosed in line with the new organization by splitting the former Machinery Division into three business units.



Summary of FYE Mar. 2024 Forecast

※ Continuous profitability by expanding business into the periphery of strong products.

(JPY : Billion)

	FYE Mar. 2023 Actual	FYE Mar. 2024 Forecast	Var.
New Orders	322.4	320.0	(2.4)
Net Sales	262.3	280.0	+17.7
Operating Income	9.4	10.0	+0.6
Ordinary Income	12.5	4.0	(8.5)
Profit attributable to owners of parent	15.6	3.0	(12.6)
Free CF	(18.0)	(*1) (43.0)	(25.0)
Debt with interest	141.5	171.0	+29.5

(*1) Due to temporary expenditure for project in Indonesia.

※ Exchange rate assumption: USD/JPY:135

※ The US\$/JPY exchange rate fluctuation has almost no impact on Operating Income.

Summary of FYE Mar. 2024 Forecast by Segment

※ Secure stable profits by recovering profit of Marine Diesel Engines and strengthening the service business for each product.

(JPY : Billion)

	New Orders			Net Sales			Operating Income (Loss)		
	FYE Mar. 2023 Actual	FYE Mar. 2024 Forecast	Var.	FYE Mar. 2023 Actual	FYE Mar. 2024 Forecast	Var.	FYE Mar. 2023 Actual	FYE Mar. 2024 Forecast	Var.
New Business Development	42.2	40.0	(2.2)	34.9	30.0	(4.9)	4.3	3.0	(1.3)
Marine Propulsion Systems	139.6	160.0	+20.4	97.7	130.0	+32.3	2.6	4.0	+1.4
Logistics Systems	49.4	50.0	+0.6	41.7	50.0	+8.3	1.4	1.0	(0.4)
Peripheral Business	74.3	70.0	(4.3)	57.4	60.0	+2.6	0.7	2.0	+1.3
Others	16.8	0	(16.8)	30.7	10.0	(20.7)	0.4	0	(0.4)
Total	322.4	320.0	(2.4)	262.3	280.0	+17.7	9.4	10.0	+0.6

Appendix) CAPEX・R&D・Employees

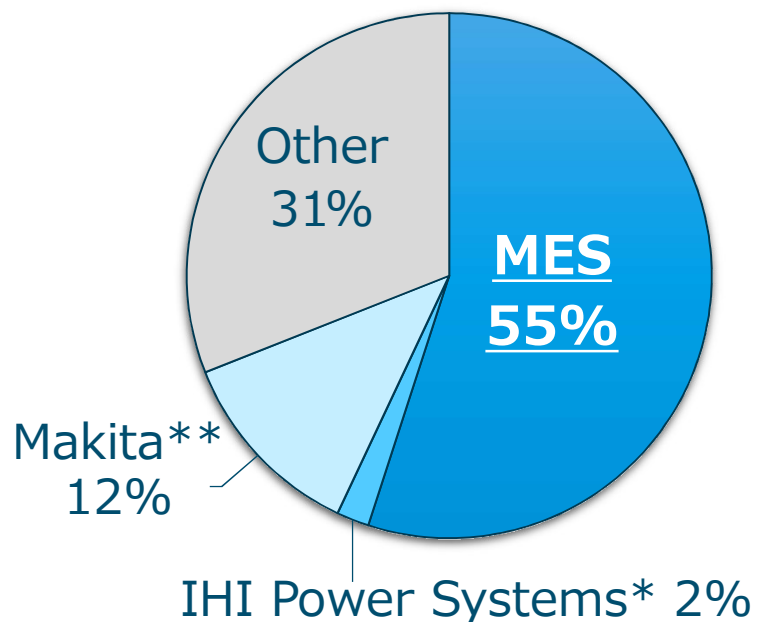
※ The production facilities for Marine Diesel Engines will be expanded to meet market demand.

(JPY : Billion)

	FYE Mar. 2022 Actual	FYE Mar. 2023 Actual	FYE Mar. 2024 Forecast
CAPEX	9.0	7.4	11.0
R&D	2.1	1.8	3.2
Number of Employees	6,665	5,747	—

※ Maintain the top domestic market share for both Marine Diesel Engines and Container Cranes.

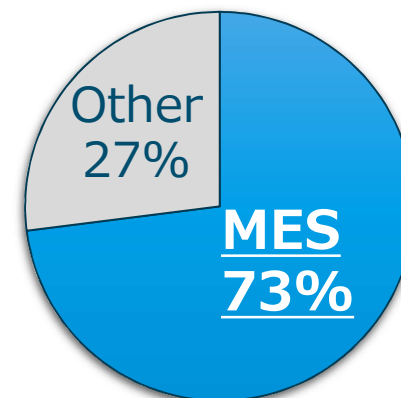
Jan. to Dec. 2022
Marine Diesel Engines share in Japan
Source: KP data (2 stroke engine)



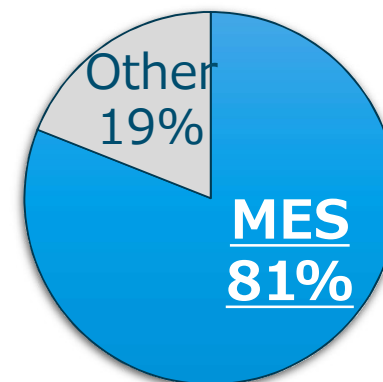
*Mitsui E&S DU, which inherited IHI's large marine diesel engine business, will become a consolidated company from FYE Mar. 2023.

**Makita is sub-licensee of MES

From April, 2022 to March, 2023
Domestic Order share of Gantry Crane(PORTAINER®) in Japan



From April, 2022 to March, 2023
Domestic Order share of Transfer Crane(TRANSTAINER®) in Japan



Appendix) Marine Diesel Engines

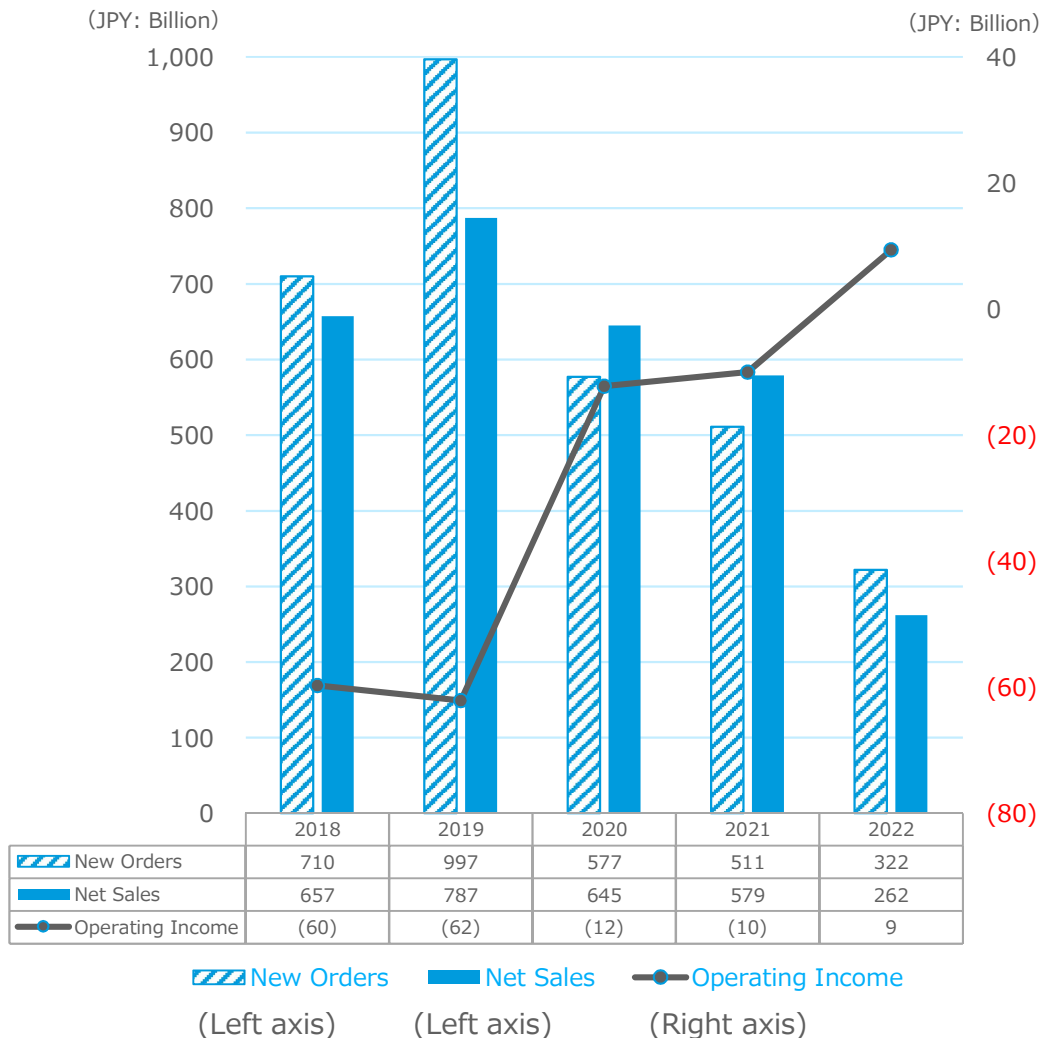
※ Mitsui E&S DU joins our group and expects to increase production in FYE Mar. 2024.

Marine Diesel Engines

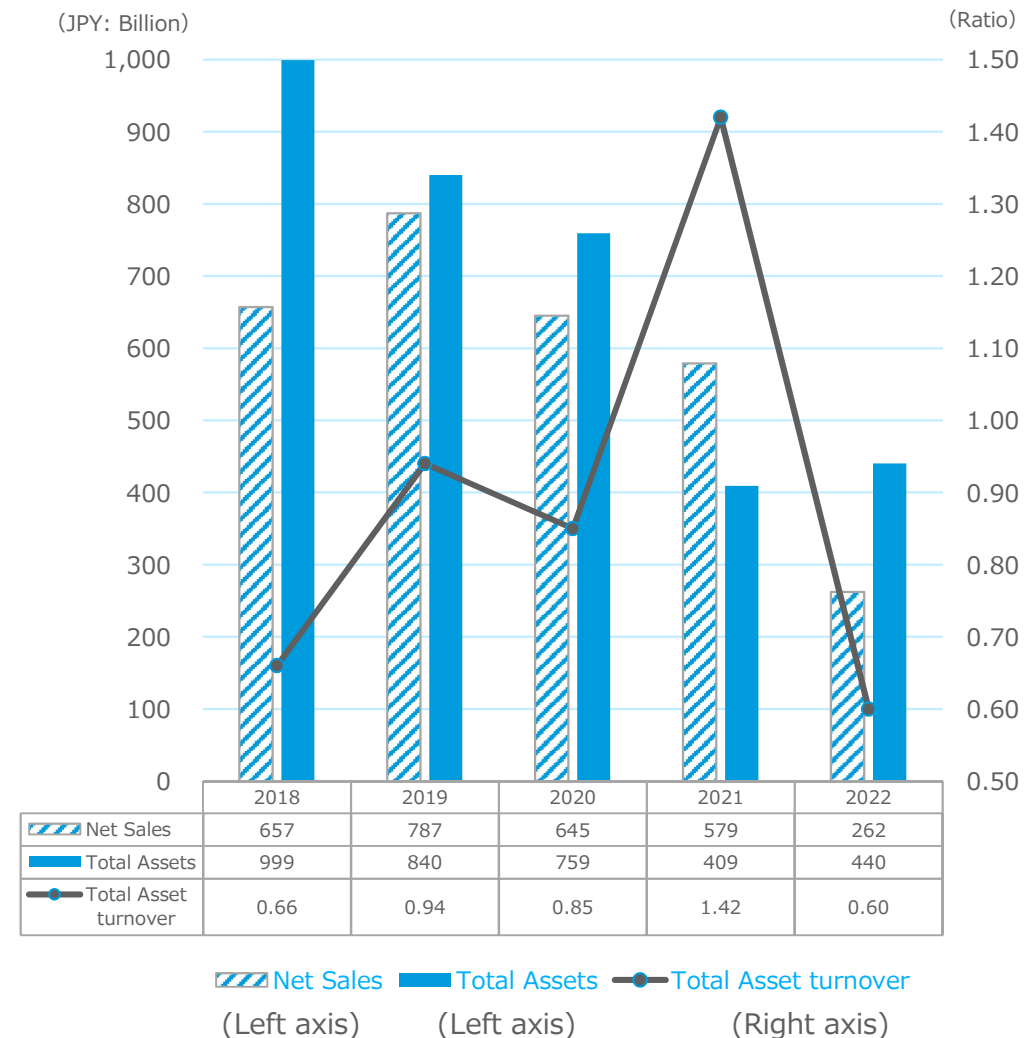
	FYE Mar. 2021 Actual		FYE Mar. 2022 Actual		FYE Mar. 2023 Forecast	
	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)	Unit	Horse Power (10Kps)
New Orders	73	196	198	392	—	—
Deliveries	120	274	129	280	—	—
Back logs	21	43	90	154	—	—
Production	122	267	136	283	160	325

※ Scale of sales has decreased due to the progress of business restructuring, but returned to profitability.

<New Orders·Net Sales·Operating Income >



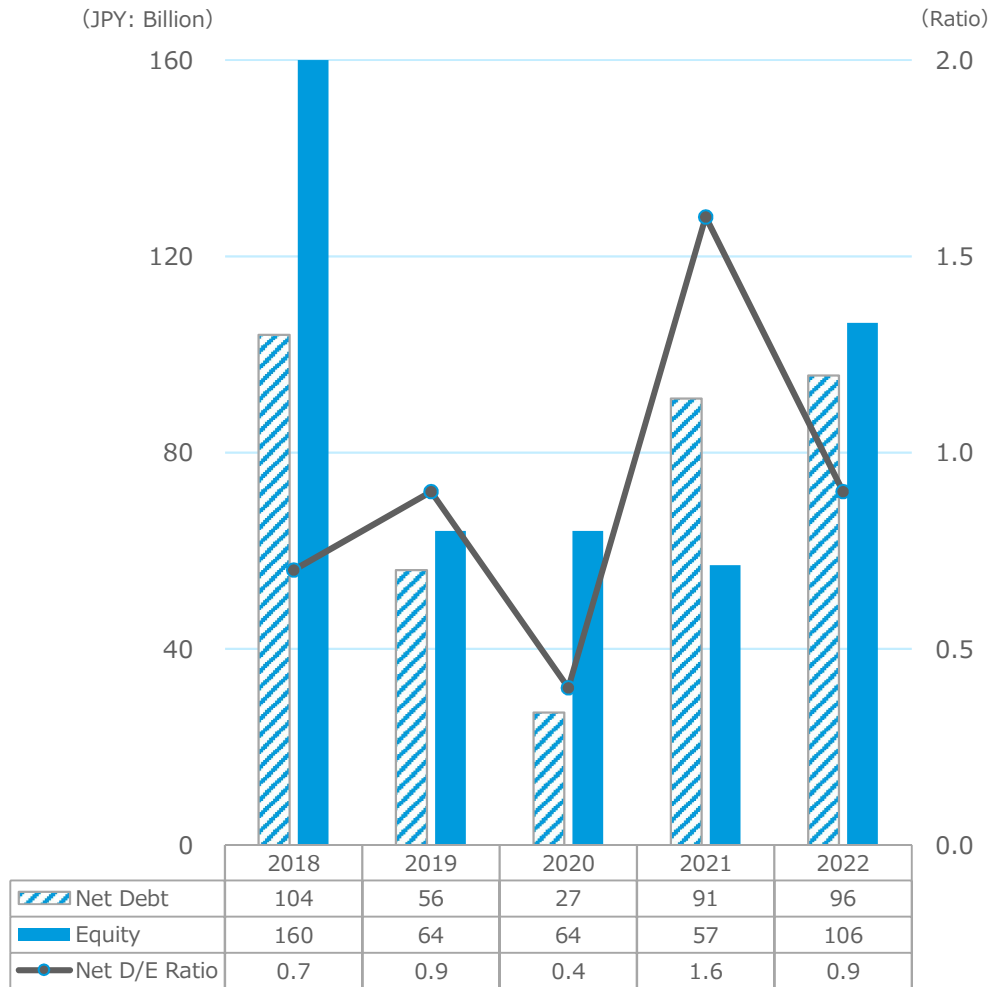
<Net Sales·Total Assets·Total Asset turnover >



Appendix) Historical data

※ Net liability with interest increased due to expenditures related to project in Indonesia, but the Net D/E Ratio improved.

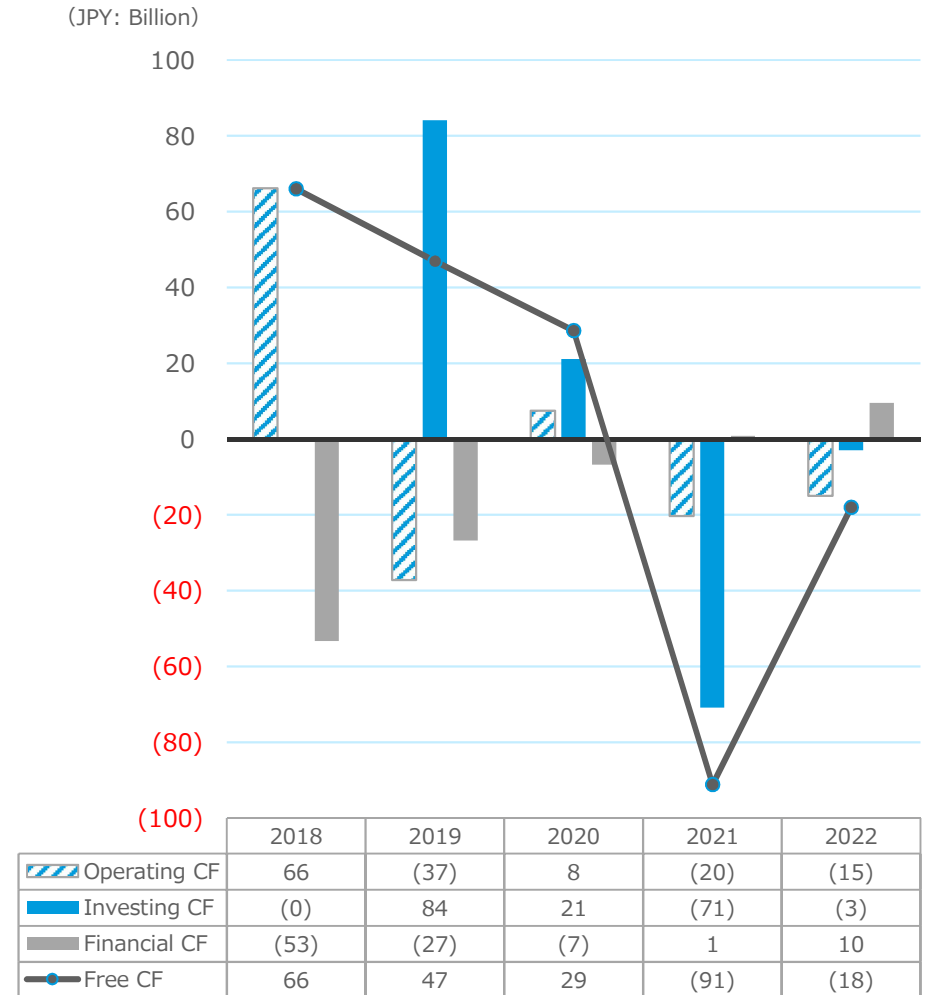
<Net Debt・Equity・Net D/E ratio>



Net Debt
 Equity
 Net D/E Ratio

(Left axis) (Left axis) (Right axis)

<Cash Flow>



Operating CF
 Investing CF
 Financial CF
 Free CF



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