



# FY2010 2Q Report

(ended on 30<sup>th</sup> September, 2010)

***Growth and Innovation towards the Future***

**Reported on 1st November, 2010**



**MES**

**MITSUI ENGINEERING &  
SHIPBUILDING CO.,LTD.**

# Key Point of FY2010 2Q

1. New order of ships

2. Record high profit

# Key Point of FY2010 2Q

## 1. New order of ships

### Recovery of shipbuilding market

New order 7 vessels

3 years backlog

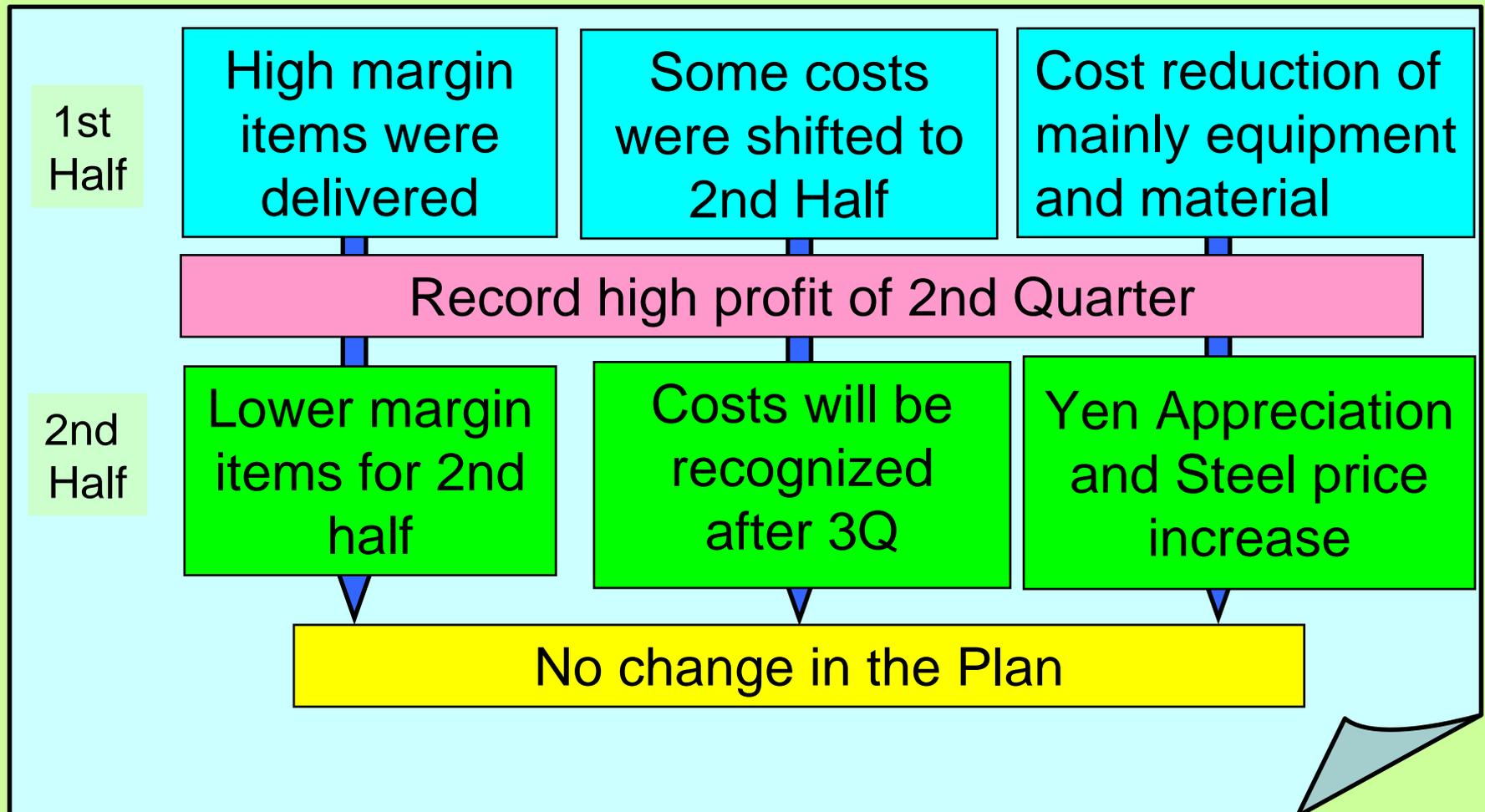
New design

66BC to be promoted

Although full recovery of market would take more time, we expect JPY330 billion of new order in ships division for FY2010

# Key Point of FY2010 2Q

## 2. Record high profit



# Highlights for FY2010 2Q

(100 Million Yen)

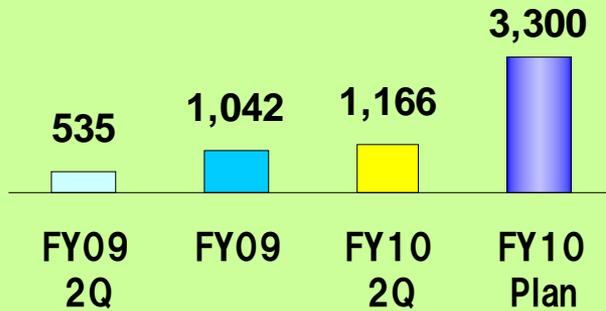
	FY09 2Q Actual	FY10 2Q Plan	FY10 2Q Actual	FY09 Actual	FY10 Plan
New Orders	1,734		2,037	3,591	6,500
Net Sales	3,713	3,000	3,098	7,660	6,000
Operating Income	189	170	245	430	310
Ordinary Income	192	170	239	420	280
Net Income	96	75	115	197	120

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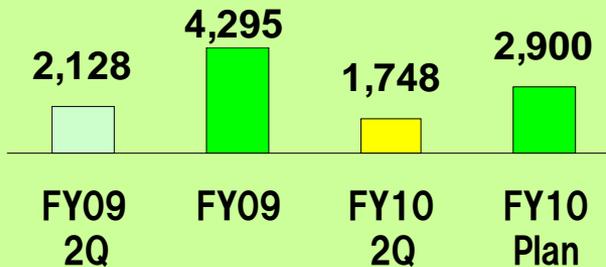
# Highlights - Ships

(100 Million Yen)

New Orders



Net Sales



Operating Income



(Figures adjusted to new segment)

## New ship orders obtained

### ○ New Orders

- Semi-Open BC 2 ships / 56BC 5 ships
- 3 Years worth of backlog orders
- MODEC receives FPSO related work
- Introduce new 66BC with CO2 cut for more order opportunities

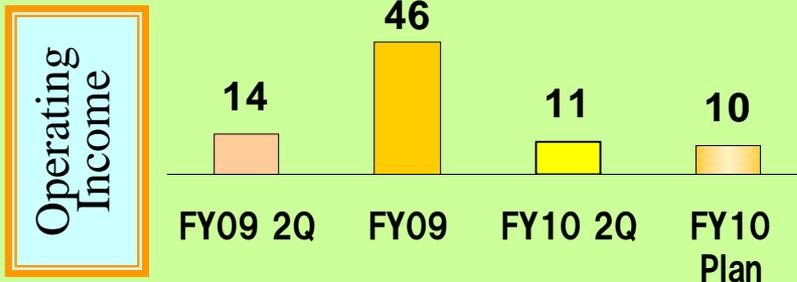
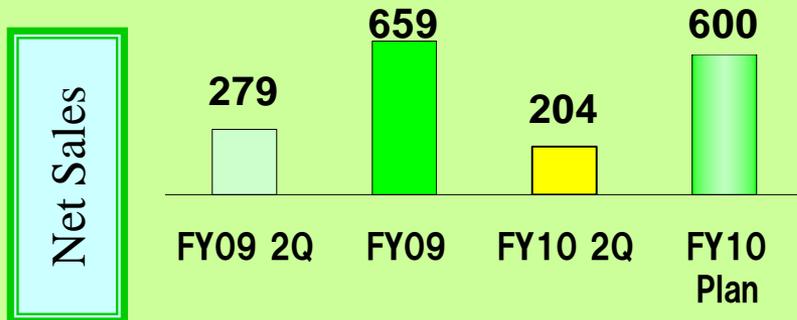
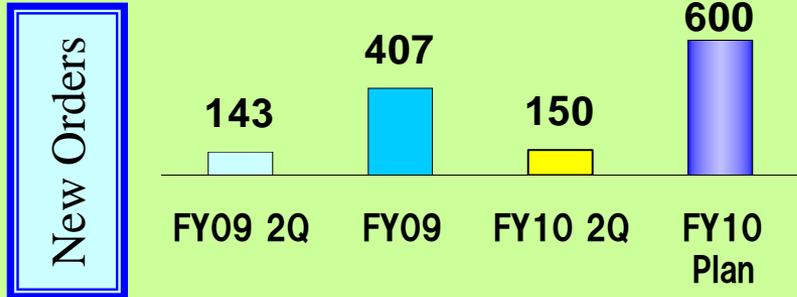
Actual non- Consolidated (Ships)	FY09 2Q		FY09		FY10 2Q	
	New Orders	Delivery	New Orders	Delivery	New Orders	Delivery
56BC	0	9	0	18	5	10

### ○ Net Sales / Operating Income

- Operating Income increased drastically as a result of improvement in efficiency caused by capital expenditure and cost reduction

# Highlights – Steel Structures/Construction

(100 Million Yen)



(Figures adjusted to new segment)

## Improvement in market environment

### ○ New Orders

- Improvement in Crane market
- First order of new Hybrid Transtainer
- Focusing on Infrastructure investment in South East Asia
- Tough competition in Domestic public work

Actual (Unit)	FY09 2Q		FY09		FY10 2Q	
	New Order	Delivery	New Order	Delivery	New Order	Delivery
Portainer	0	4	6	14	1	4
Transtainer	0	20	6	32	6	0

### ○ New Sales / Operating Income

- Decrease in Net Sales and Operating Income due to lack of New Orders
- Operating Income margin is maintained

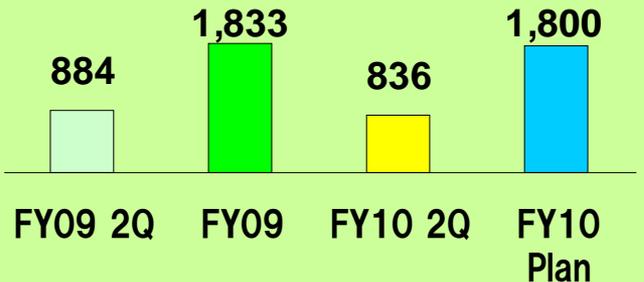
# Highlights – Machinery

(100 Million Yen)

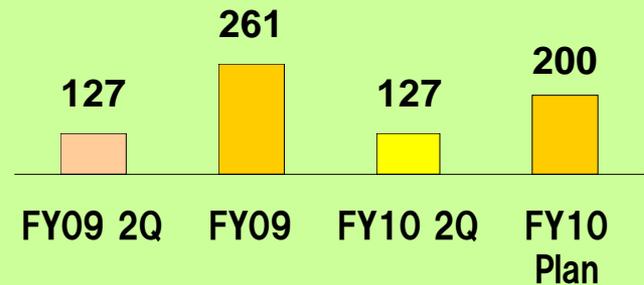
New Orders



Net Sales



Operating Income



(Figures adjusted to new segment)

## Tough competition due to Yen appreciation Sales and Profit is steady

### ○ New Orders

- Marine Diesel Engines have enough backlog
- Increase of inquiry in Industrial machinery from Mideast and India
- After service business is steady

### ○ Net Sales

- Sales level of last year is expected as Marine Diesel Engines and subsidiary contribute (Marine Diesel Engines)

	FY09 2Q			FY09			FY10 2Q		
	New Order	Sales	Back log	New Order	Sales	Back log	New Order	Sales	Back log
Unit	61	94	230	190	196	223	21	101	143

### ○ Operating Income

- BWSC, subsidiary, is steady due to depreciation in Euro.
- High Operating Income margin.

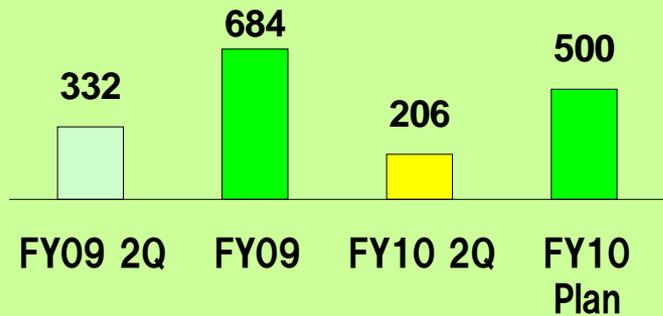
# Highlights – Plants

(100 Million Yen)

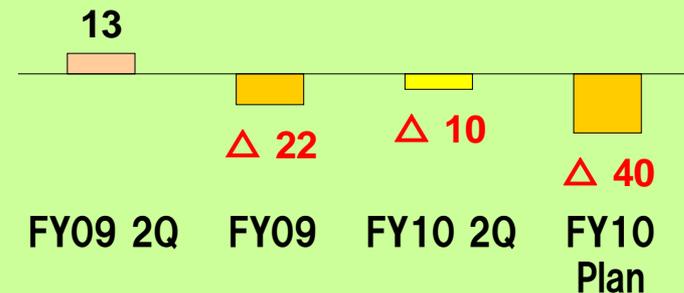
New Orders



Net Sales



Operating Income



(Figures adjusted to new segment)

## New Orders shifted to 2<sup>nd</sup> Half due to postponement of Capex plan

### ○ New Orders

- Small domestic chemical plant increased  
Aim to receive large overseas project in the 2<sup>nd</sup> Half

### ○ Net Sales / Operating Income

- Net Sales decreased due to delay in New Orders. Aim to pile up Net Sales by receiving New Orders
- Operating Income plan decreased as a result of lack of work caused by delay in New Orders

Net Sales (100 Million Yen)	FY09 2Q	FY09	FY10 2Q
Petro-chemical Plant	280	496	148
Environmental	52	188	58

# New Business

## Promoting Eco-Friendly Products

### Bio-ethanole production facility



**We focus on ingredient that does not compete with food. Food residual and agricultural waste are also auspicious ingredient.**

### NGH Business



**We confirmed 5t/day of production. We will keep the evaluation of process and accumulate the necessary operational data for commercialization.**

## New Business

### Promoting Eco-Friendly Products

Lithium Iron Phosphate Cathode Material for Lithium-ion Batteries



**Planning to build up commercial plant in 2011 with capacity of 500t to 1,000t per year and start sales in 2012.**

Ballast water control system



**Ships to subject to the regulation are both newly built and current ships. MES obtained approval for small ships in 2010. Approval for large ships will be obtained in 2011 and start to promote.**

# New Business

## Promoting Eco-Friendly Products

### Solar Thermal Power Generation Plant



**Working on the evaluation of the experimental plant delivered in October 2009 and confirmed the performance as originally planned.**

### Wind Power Generation



**In addition to current wind power generation on the land, MES will work on wind power generation on the ocean with a lot of experience in construction of wind power facility.**

# FY10 2Q Consolidated Income Statement (Summary)

(100 Million Yen)

	FY09 2Q		FY10 2Q		Var.
	Amount	%	Amount	%	
<b>Net Sales</b>	3,713	(100.0%)	3,098	(100.0%)	△ 615
Cost of Sales	3,320		2,651		
Gross Profit	393		447		
Selling, General and Admin. Exp.	204		202		
<b>Operating Income</b>	189	(5.1%)	245	(7.9%)	56
Other Income	36		29		
Other Expenses	32		35		
<b>Ordinary Income</b>	192	(5.2%)	239	(7.7%)	47
Extraordinary Income	5		0		
Extraordinary Losses	28		41		
<b>Income Before Income Taxes and Minority Interest</b>	169	(4.5%)	198	(6.4%)	29
Income Taxes - Current	56		77		
Income Taxes - Deferred	10		△ 4		
Minority Interest	7		10		
<b>Net Income</b>	96	(2.6%)	115	(3.7%)	19

# FY10 2Q Consolidated Balance Sheet (Summary)

(100 Million Yen)

	FY09	FY10 2Q	Var.		FY09	FY10 2Q	Var.
<b>Current Assets</b>	(4,203)	(3,641)	( $\Delta$ 561)	Trade payables	1,665	1,666	1
Cash and time deposits	713	640	$\Delta$ 74	Advances from customers	795	688	$\Delta$ 107
Receivables	2,158	1,755	$\Delta$ 403	Interest-bearing debts	1,978	1,510	$\Delta$ 468
Inventories	388	397	10	Others	1,189	1,107	$\Delta$ 82
Other Current Assets	944	850	$\Delta$ 95	<b>Liabilities</b>	(5,627)	(4,972)	( $\Delta$ 655)
				Common stock and surplus	626	626	0
<b>Fixed Assets</b>	(3,226)	(3,211)	( $\Delta$ 15)	Retained earnings	764	838	74
Property, plant and equipment	2,101	2,099	$\Delta$ 1	Treasury stock	$\Delta$ 6	$\Delta$ 7	0
Intangible assets	115	115	$\Delta$ 1	Valuation and translation adj.	222	146	$\Delta$ 75
Investments and others	1,010	997	$\Delta$ 13	Minority interests	197	277	81
				<b>Net Assets</b>	(1,802)	(1,881)	(79)
<b>Total</b>	<b>7,429</b>	<b>6,852</b>	<b><math>\Delta</math> 576</b>	<b>Total</b>	<b>7,429</b>	<b>6,852</b>	<b><math>\Delta</math> 576</b>

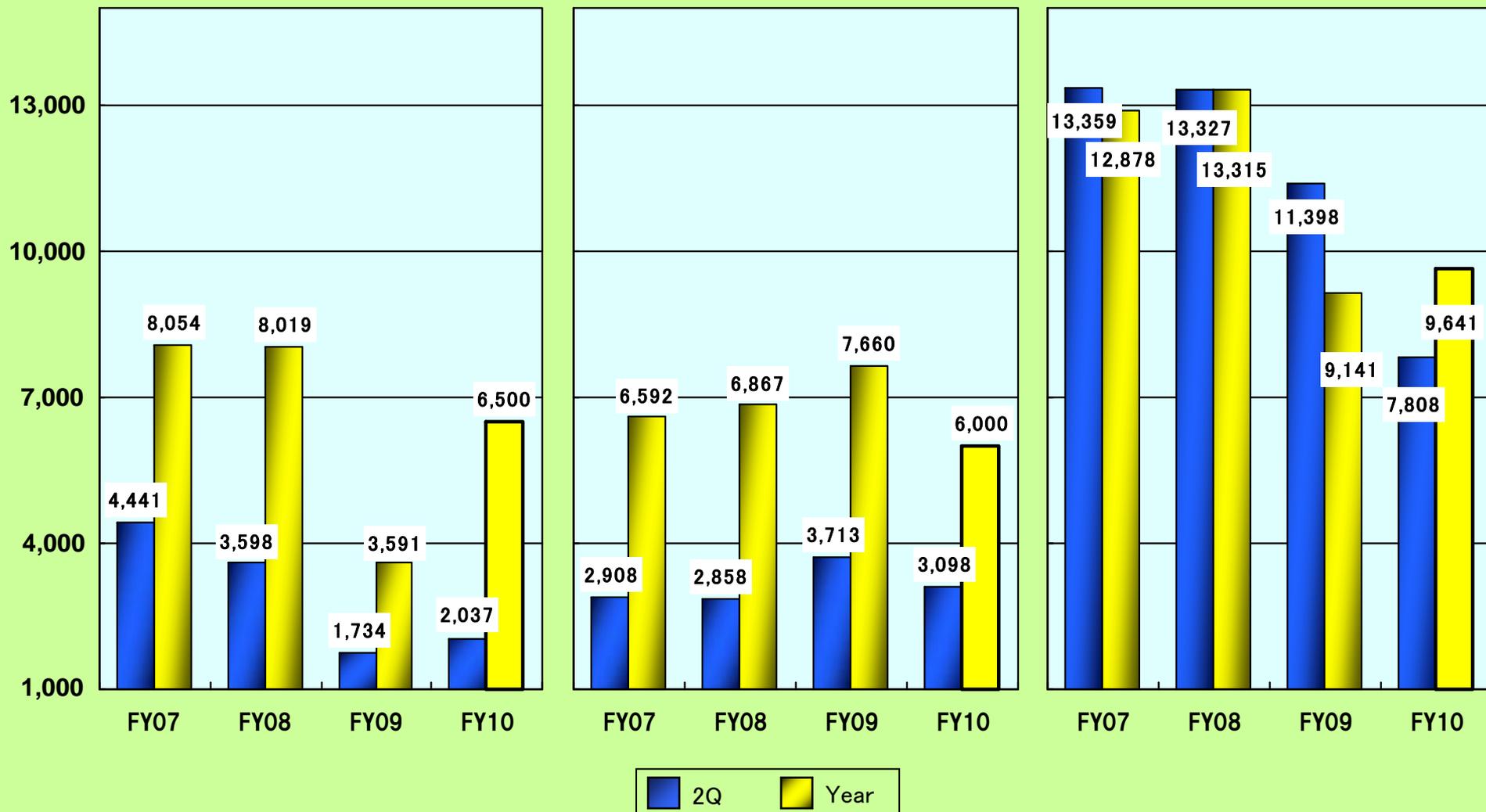
# Consolidated New Orders, Net Sales and Backlog Orders

## New Orders

## Net Sales

## Backlog Orders

100 Million Yen



# Segment Information

(100 Million Yen)

	FY09 2Q			FY10 2Q			FY10 Plan		
	New Orders	Net Sales	Operating Income	New Orders	Net Sales	Operating Income	New Orders	Net Sales	Operating Income
<b>Ships</b>	535	2,128	31	1,166	1,748	112	3,300	2,900	130
<b>Steel</b>	143	279	14	150	204	11	600	600	10
<b>Machinery</b>	745	884	127	375	836	127	1,600	1,800	200
<b>Plant</b>	216	332	13	237	206	△10	800	500	△40
<b>Other</b>	95	90	4	108	104	4	200	200	10
<b>Total</b>	1,734	3,713	189	2,037	3,098	245	6,500	6,000	310

(Figure of the previous year is adjusted to new segment)

# Consolidated Cash Flow

(100 Million Yen)

	FY09 2Q Actual	FY10 2Q	FY09 Actual	FY10 Original Plan	FY10 Revised Plan
Operating Cash Flow	△25	205	△186	370	110
Investing Cash Flow	△242	△199	21	△310	△400
Financing Cash Flow	276	△252	238	△350	△100
Interest-bearing Debts	1,899	1,510	1,978	1,510	1,650

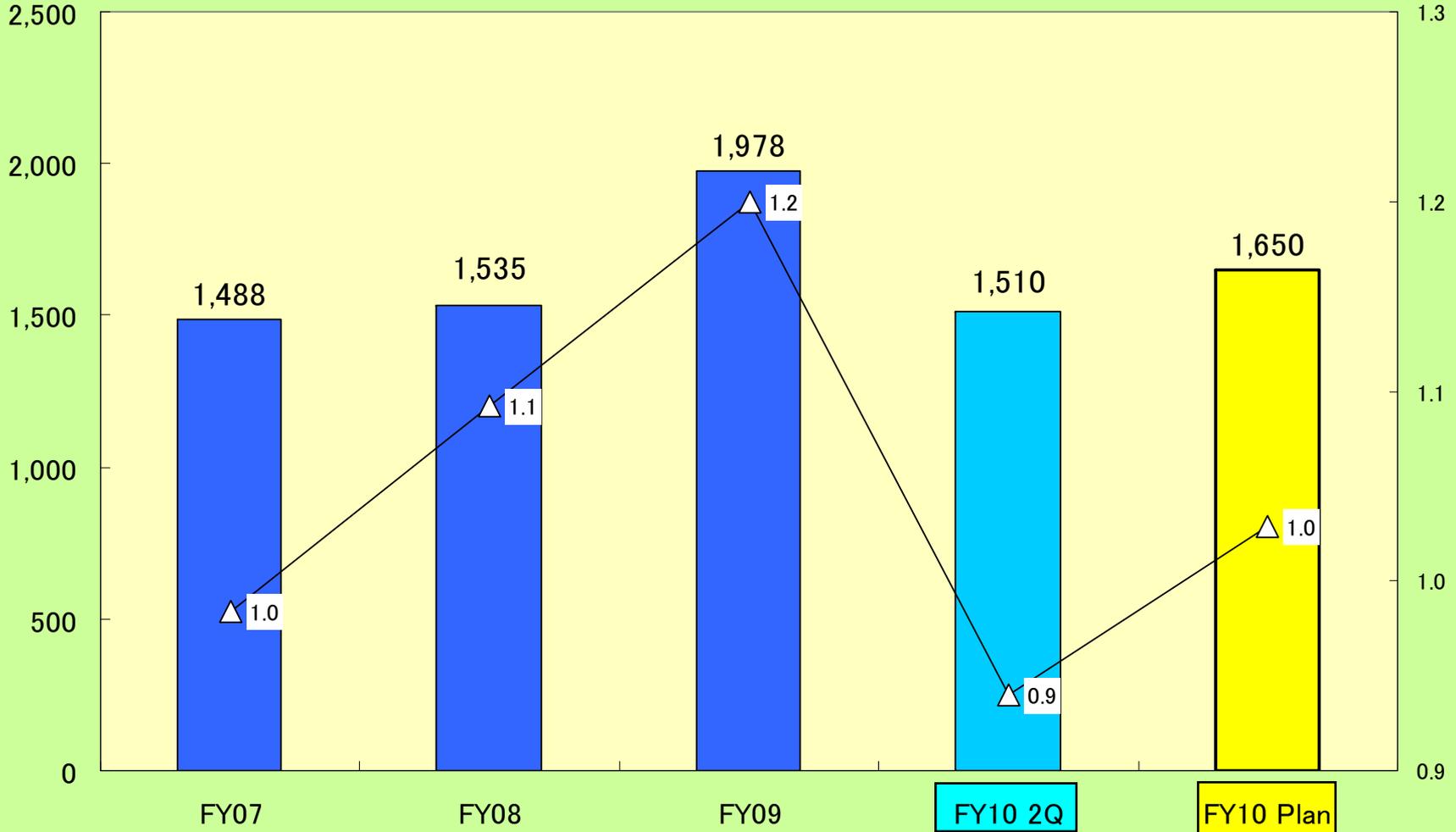
\* Interest-bearing Debts exclude Lease Liability

# Interest-bearing Debts and DE Ratio

(100 Million Yen)

Interest Bearing Debt  $\triangle$  DE Ratio

(D/E Ratio)



\* Interest-bearing Debts exclude Lease Liability

# Appendix

## Consolidated Segments

(100 Million Yen)

### New Orders

Segment	FY08 2Q	FY09 2Q	FY10 2Q
Ships	1,563	535	1,166
Steel	557	143	150
Machinery	1,175	745	375
Plants	193	216	237
Other	110	95	108
<b>Total</b>	<b>3,598</b>	<b>1,734</b>	<b>2,037</b>

### FY10 Plan

3,300
600
1,600
800
200
<b>6,500</b>

### Net Sales

Segment	FY08 2Q	FY09 2Q	FY10 2Q
Ships	1,257	2,128	1,748
Steel	221	279	204
Machinery	934	884	836
Plants	337	332	206
Other	109	90	104
<b>Total</b>	<b>2,858</b>	<b>3,713</b>	<b>3,098</b>

### FY10 Plan

2,900
600
1,800
500
200
<b>6,000</b>

### Backlog Orders

Segment	FY08 2Q	FY09 2Q	FY10 2Q
Ships	8,654	7,720	5,264
Steel	853	795	503
Machinery	2,462	2,027	1,352
Plants	1,310	815	655
Other	48	42	34
<b>Total</b>	<b>13,327</b>	<b>11,398</b>	<b>7,808</b>

### FY10 Plan

6,416
573
1,686
933
34
<b>9,641</b>

# Appendix

## Other Information

100 Million Yen

Main Subsidiaries	Company	FY09 2Q		FY09		FY10 2Q		FY10 Plan	
		New Orders	Net Sales						
	MODEC	152	962	450	2,042	813	892		1,400
	BWSC	297	137	321	270	11	116		310

100 Million Yen

Cap. Ex. And Others	FY09 2Q		FY09		FY10 2Q		FY10 Plan	
	Consolidated		Consolidated		Consolidated		Consolidated	
Cap. Expenditure	112		208		79		150	
Depreciation	70		147		74			
R&D	26		66		28		78	

Employees	FY09 2Q		FY09		FY10 2Q		FY10 Plan	
	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.	Consol.	Non-Consol.
# of Employees	10,630	4,563	10,563	4,451	10,537	4,509		

Appendix

# Breakdown of Ships FY10 2Q

(Non-consolidated)

(Ship)

Type of Ships	New Orders	Delivery	Backlog Orders
<b>Tanker</b>		<b>2</b>	<b>3</b>
(VLCC)		<b>2</b>	<b>3</b>
<b>Bulk Carrier</b>	<b>7</b>	<b>11</b>	<b>60</b>
(Handy Max BC)	<b>5</b>	<b>10</b>	<b>46</b>
<b>Other</b>		<b>1</b>	<b>2</b>
<b>Total</b>	<b>7</b>	<b>14</b>	<b>65</b>