

Business Segment Overview

Engineering



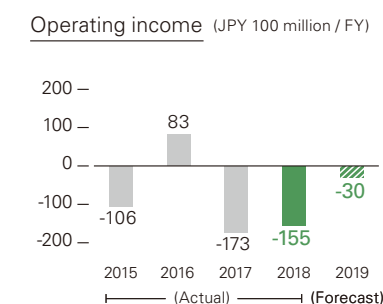
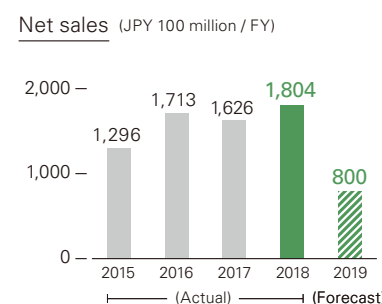
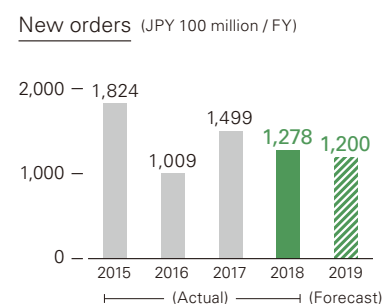
Business environment and performance

In the environmental energy field, we began to construct the Ichihara Biomass Power Plant (Ichihara City, Chiba Prefecture) in September 2017 in the biomass power generation business of the Mitsui E&S Group. While the purchase price under the Feed-in-Tariff (FIT) Scheme for electricity generated from renewable energy sources has been declining, we will continue to expand our biomass power generation business by collaborating with Burmeister & Wain Scandinavian Contractor A/S, which is a group company. In the wind power generation business, we will launch bottom-mounted offshore wind power generation onto the market, in addition to the onshore wind power generation as our mainstay, in our efforts to win more orders.

In the field of overseas infrastructure, new investment plans tend to be delayed, although the chronic shortage of the electric power is an urgent issue in Southeast Asia. In the midst of these conditions, we are proceeding with civil and architectural works for coal fired power plants in two projects in Indonesia and one

project in Vietnam, for which we have already received orders. In the petrochemical plant field, the Mitsui E&S Group refrained from receiving orders for large-scale overseas EPC projects, reflecting the revision of our sales strategy, although both the overseas and domestic markets are on a recovery trend due to the recovery of crude oil prices.

Orders received declined 22.053 billion yen (-14.7%) year on year, to 127.840 billion yen, despite orders received for a biomass power plant and other projects. Net sales increased by 17.783 billion yen (+10.9%) from the previous fiscal year, to 180.381 billion yen, due in part to progress made in the construction of a petrochemical plant and civil engineering work for a power plant. Operating loss decreased 1.787 billion yen year on year, to 15.545 billion yen, partly reflecting the completion of plant construction projects implemented by consolidated subsidiaries, which had been matters of concern.



Our Action Initiatives for innovation

Our Action Being proactive in promoting businesses operated by using renewable energy

Completion of Mukaihama wind power plant

In January 2018, we completed and delivered the Mukaihama wind power plant, which is operated at the Mukaihama district in Akita City, Akita Prefecture by Nippon Paper Venti Wind Power Co. Ltd., a joint venture between Venti Japan Inc. and Nippon Paper Industries Co., Ltd. We undertook the process from design, procurement of wind turbines, substation equipment and other items, and construction, to test run and adjustment. Starting with this project, we will aim to win even more orders in Akita Prefecture, which is a leading prefecture in Japan in wind power generation.



Mukaihama wind power plant

Launch of a biomass power plant project in Ichihara City, Chiba Prefecture

In September 2017, ITOCHU Corporation, Osaka Gas Co., Ltd., and Mitsui Engineering & Shipbuilding Co., Ltd. (MES) decided to construct a biomass power plant on the premises of the Chiba Works of MES and established Ichihara Biomass Power Co., Ltd., a company operating the project, through joint investment. Each of the companies brings its strengths to this project. MES (now known as Mitsui E&S Engineering Co., Ltd.) will provide its construction and its operation and maintenance capabilities, ITOCHU will procure the biomass fuel supply, and Osaka Gas will operate the power plant.



Planned construction site on the premises of Chiba Works

Our Action Providing industrial infrastructure that is essential for the development of society

Completion of a cracker for an ethylene plant of Exxon Mobil Corporation of the United States

In March 2018, we completed the construction of a cracker for an ethylene plant of Exxon Mobil Corporation in Texas, the United States. We had received the order for the construction from the company in October 2013. For this project, we formed a consortium with Heurtey Petrochem S.A. of France, and the project was implemented by using the U.S. subsidiaries of both companies. It was the second joint delivery of a cracker to Exxon Mobil Corporation following the delivery of a cracker in 2012 for the company's ethylene plant in Singapore, which is one of the largest in the world.



The completed cracker for the ethylene plant

Message Message from the president of a new operating company

Mitsui E&S Engineering Co., Ltd. has been pursuing engineering operations in a range of fields within the scope of EPC (engineering, procurement and construction) in Japan and overseas for the past 80 years, since the days of the former Mitsui Engineering & Shipbuilding Co., Ltd. Social needs in the future will be increasingly diverse and complex globally, given an increase in energy consumption, the diversification of energy sources, the practical use of non-conventional energy, growing demands for infrastructure and industrial facilities, and expanding demand for the environmental protection.

Under such circumstance, the Company will meet the expectations of its customers in the three areas of business which the Company is now operating (the environmental energy business centered on renewal energy such as biomass, wind power and solar power, the infrastructure business centered on the civil and architectural works of overseas power generation facilities, and the plant business centered on petrochemical and inorganic chemical plants) and new businesses by utilizing the technologies and expertise which the Company has been cultivating for many years together with its comprehensive engineering strengths, including that of its subsidiaries in Japan and overseas.



Takuya Aramaki, President Mitsui E&S Engineering Co., Ltd.