

Mitsui E&S Group Business Revival Plan

(FYE Mar. 2020-FYE Mar. 2023)

The Mitsui E&S Group (the "Group") recognizes the urgent need to recover from the significant damage to its financial base caused by losses on several large-scaled overseas EPC projects in the engineering business. The earnings from existing businesses such as shipbuilding and engineering have also been declining, forcing the Group to exit from unprofitable businesses and develop growth businesses that will be its new primary sources of profit. Against this backdrop, the Group has designated the four-year period beginning in FYE Mar. 2020 ('19/4 - '20/3) as a business revival period for restructuring its business foundation, regaining energy for the future, and building a management structure that can withstand the headwinds.

Outline of the Mitsui E&S Group Business Revival Plan

1 Reinforcement of Financial/Profitability Structures

- Sell-off of assets
- Reduction of fixed costs (personnel and other expenses)

2 Reform of Business Structure

- Disposal and withdrawal from unprofitable businesses
- Concentration of resources in growth businesses

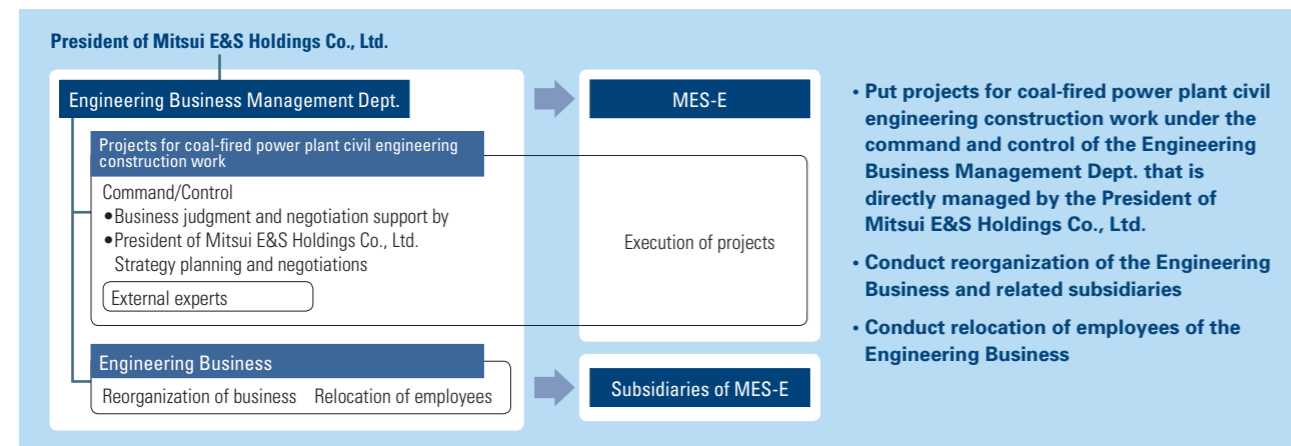
Revision of Business Revival Plan (announced in November 2019)

- Additional sales of businesses and assets and acceleration of execution
- Acceleration of business structure reform and collaboration with other companies on collaborative projects
- Withdrawal from the domestic business of power plants which require heavy initial investment

Numerical Targets

Mid-Term Strategy (Target for FYE Mar. 2023)	Long-Term Strategy (Target for FYE Mar. 2025)	
<ul style="list-style-type: none"> • Improve Return on Total Assets Sales ordinary income ratio 4.0% × Total asset turnover ratio 0.8x • Improve Ratio of Debt/Profitability Interest-bearing debt EBITDA Multiples < 5.0x 	<ul style="list-style-type: none"> • Improve Return on Total Assets Sales ordinary income ratio 6.0% × Total asset turnover ratio 1.0x 	<ul style="list-style-type: none"> • Achieve steady growth without pursuing economies of scale • Improve profit margins by focusing on high value-added core areas and reducing costs • Improve capital efficiency through asset sales and business restructuring

Restructure the Governance Structure of the Engineering Business



Business Revival Plan Time Schedule

	MBP17		MBP20		
	2019/3	2020/3	2021/3	2022/3	2023/3
	Business Revival Plan				
Reinforcement of financial structure	Short-term measure		Mid-term strategy		
• Sell-off of businesses and assets	Sell-off of the fixed assets and securities		Sell-off of the estate of Chiba Works and its business		Continuation
• Reduction of fixed cost	Reduction of expenses, etc.		Reduction of size of Group's workforce		Continuation
Reform of business structure	Reorganization/Withdraw from unprofitable businesses				
• Enhancement of the Machinery and the Ocean Development Business	Improvement of the product lineup of the Machinery Business				
• Reorganization of the Shipbuilding Business	Consideration of collaboration/ Conversion of Chiba Shipyard				
• Reorganization of the Social Infrastructure Business	Reorganization of the Social Infrastructure Business		Consideration of collaboration/ reorganization of the production system		
• Reorganization of the Engineering Business	Rebuilding of the Governance Structure		Completion of the projects of the coal-fired power plant civil engineering construction		

Progress on Business Revival Plan (as of June 2020)

Reinforcement of Financial/Profitability Structures	
<p style="text-align: center;">Sell-off of Businesses and Assets</p> <p>Achieved the target for strengthening capital by raising roughly 100 billion yen through the sell-off of businesses and assets</p> <ul style="list-style-type: none"> • Showa Aircraft Industry Co., Ltd. (March 2020) • Mitsui E&S Plant Engineering Co., Ltd. (March 2020) • Solar power business and related assets (March 2020) • Green Power Ichihara Co., Ltd. (April 2020) • The estate of Chiba Works (April 2020) • Investment securities, etc. 	<p style="text-align: center;">Reduction of Fixed Costs</p> <p>We are currently in the process of implementing relocations and transfers of about 1,000 people throughout the Group</p> <ul style="list-style-type: none"> • Employee relocation inside our Group • Transfers outside our Group in association with the businesses sold-off • Solicited 200 voluntary retirements in conjunction with the exit from commercial shipbuilding at Chiba Works

Reform of Business Structure	
<p style="text-align: center;">Improvement of the product lineup of the Machinery Business</p> <ul style="list-style-type: none"> • Focus on the prospective product group for future earnings 	<p style="text-align: center;">Reorganization of the Shipbuilding Business</p> <ul style="list-style-type: none"> • Establish the Engineering Center for independent operation of the engineering business in the design and construction of merchant ships • Transformation of the product portfolio from merchant ships to steel structures in Chiba Works, where the shipbuilding business is scheduled to close in March 2021 • Began discussions with Mitsubishi Heavy Industries Ltd. on the transfer of the naval/patrol ship business
<p style="text-align: center;">Reorganization of the Social Infrastructure Business</p> <ul style="list-style-type: none"> • Promote cooperation with Sumitomo Mitsui Construction Co., Ltd. to strengthen competitiveness and expand business • Consolidated subsidiaries involved in the social infrastructure business were split off from Mitsui E&S Machinery Co., Ltd. as independent companies and consolidated to Mitsui E&S Steel Structures Engineering Co., Ltd. (effected on April 1, 2020) • Capital participation by Sumitomo Mitsui Construction Co., Ltd. (basic agreement on May 13, 2020) will enhance the corporate value of the subsidiary involved in the social infrastructure business 	<p style="text-align: center;">Reorganization of the power generation business</p> <ul style="list-style-type: none"> • Withdraw from the domestic business of biomass power plants. Specialize in the O&M business • Withdraw from the wind power generation business