

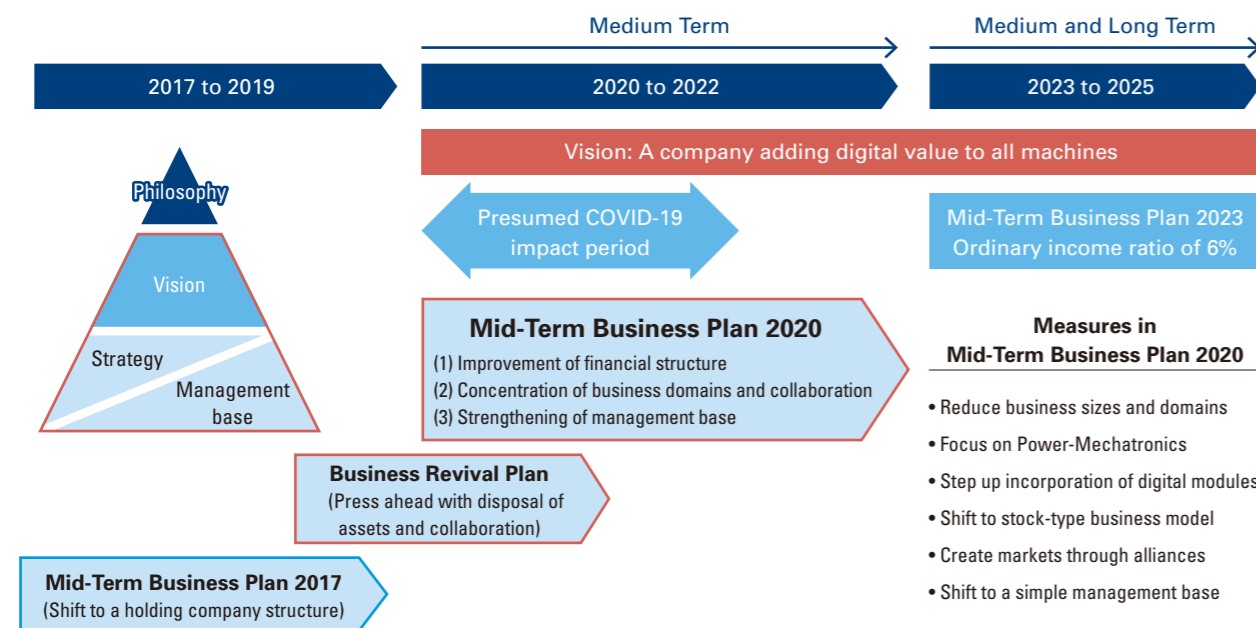
Mid-Term Business Plan 2020

Mitsui E&S Group has implemented a business revival plan aimed at withdrawing from unprofitable businesses and improving its financial position. This was in response to losses from large overseas EPC projects in the engineering business, as well as deteriorating profits in existing businesses, such as shipbuilding and engineering. Going forward, we will implement Mid-Term Business Plan 2020, which focuses on growth strategies. These include fostering growth businesses centered on power-mechatronics, shifting our emphasis to stock-type business, and creating markets through alliances.

Review of previous plan and positioning of new plan

Mitsui E&S Group's Vision and Strategy Structure

Building on improvements made under our business revival plan, we will clearly focus on business concentration and collaboration during the Mid-Term Business Plan 2020 in order to strengthen our management base. Using the knowledge and expertise we have cultivated, we aim to become a company that adds digital value to all machines.



Review of Business Revival Plan

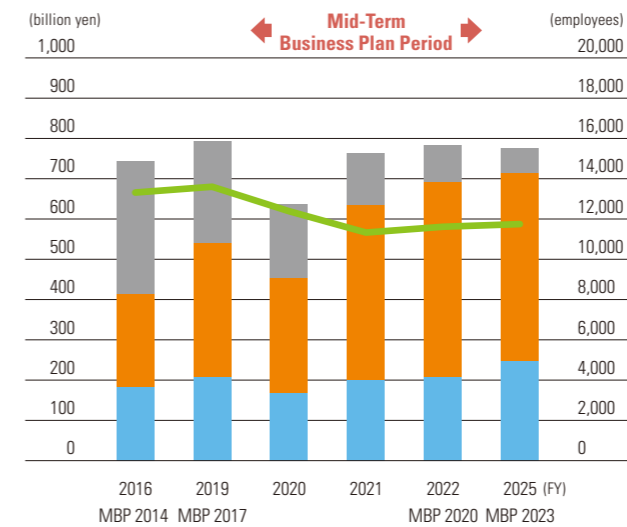
Business Revival Subject	Target and Policy	Achievements	Issue
Reinforcement of financial structure	Sell-off of businesses and assets	Ratio of net interest-bearing debt to EBITDA of less than 5 Total asset turnover of more than 0.8	Businesses and assets worth around 100 billion yen sold off* Total asset turnover of 0.94 (Mar. 2020)
	Reduction of fixed costs	Transfer of around 1,000 employees	Staff transferred inside and outside the Group Call for 200 voluntary separations at the Chiba Shipyard
	Increase in equity capital	Attain equity ratio of at least 20%	Disposal of business assets prioritized
Reform of business structure	Strengthening of the Machinery and Systems Business and the Ocean Development Business	Shift focus to the Power-Mechatronics business	Staff reassigned to increase resources of Research & Development and After-Sales Services
	Reorganization of the Shipbuilding Business	Ordinary income ratio of more than 4%	Split into the Naval Ship Business and the Merchant Ship Business Basic policy agreement with Mitsubishi Heavy Industries, Ltd. and Tsuneishi Shipbuilding Co., Ltd.
	Reorganization of the Social Infrastructure Business	Create markets and increase profit ratio through alliances	Businesses concentrated in Mitsui E&S Steel Structures Engineering Basic policy agreement with Sumitomo Mitsui Construction Co., Ltd.
	Reorganization of the Engineering Business	Finish business exit and staff reassignment	Governance structure reconstructed by the Engineering Business Management Dept.

* Business and asset sell-off: Showa Aircraft Industry Co., Ltd., Mitsui E&S Plant Engineering Inc., land for the Chiba Shipyard, renewable energy facilities and others

Outlook of Financial Structure

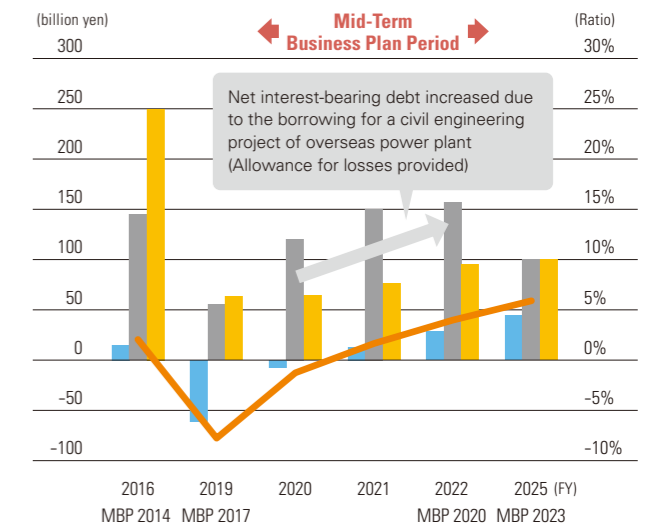
We will focus on the business domains of Machinery and Systems and Ocean Development while collaborating in other businesses. We will reduce the sizes of business and staff to boost debt servicing capacity. The Mid-Term Business Plan 2020 set the consolidated net sales target at approx. 770 billion yen and the consolidated ordinary income ratio at 4%.

Trends in consolidated net sales and total staff size (by segment)



Legend: Machinery and Systems (Machinery segment), Ocean Development, Other, Total staff size. * Net sales of the Ocean Development segment (MODEC) represents figures estimated by the Company on the basis of interviews.

Trends in income and interest-bearing debt (consolidated)



Legend: Ordinary income, Net interest-bearing debt, Equity capital, Ordinary income ratio.

Financial Targets

We will strengthen our financial position by concentrating on core areas and restructuring our businesses.

Item	Target (for FY2022)	Viewpoint
Consolidated net sales	770 billion yen	Work to achieve steady growth without seeking any specific scale
Consolidated ordinary income ratio	4%	Improve income ratio by concentrating on high value-added core domains and by cutting costs
Total asset turnover	0.8 or more	Increase capital efficiency by selling assets and reorganizing businesses
Ratio of net interest-bearing debt to EBITDA	Less than 5.0	Appropriate cash flows created for the repayment of interest-bearing debt
Facility investments	42 billion yen*	Investment in replacements in the core domains (Machinery and Systems) Respond to the shift to teleworking
R&D investments	14 billion yen*	Invest in research and development for functional enhancement in the core areas (Machinery and Systems) (e.g. energy conservation, environmental friendliness and automation)
Financial investments	59 billion yen*	Financial investments for development projects in consolidated group

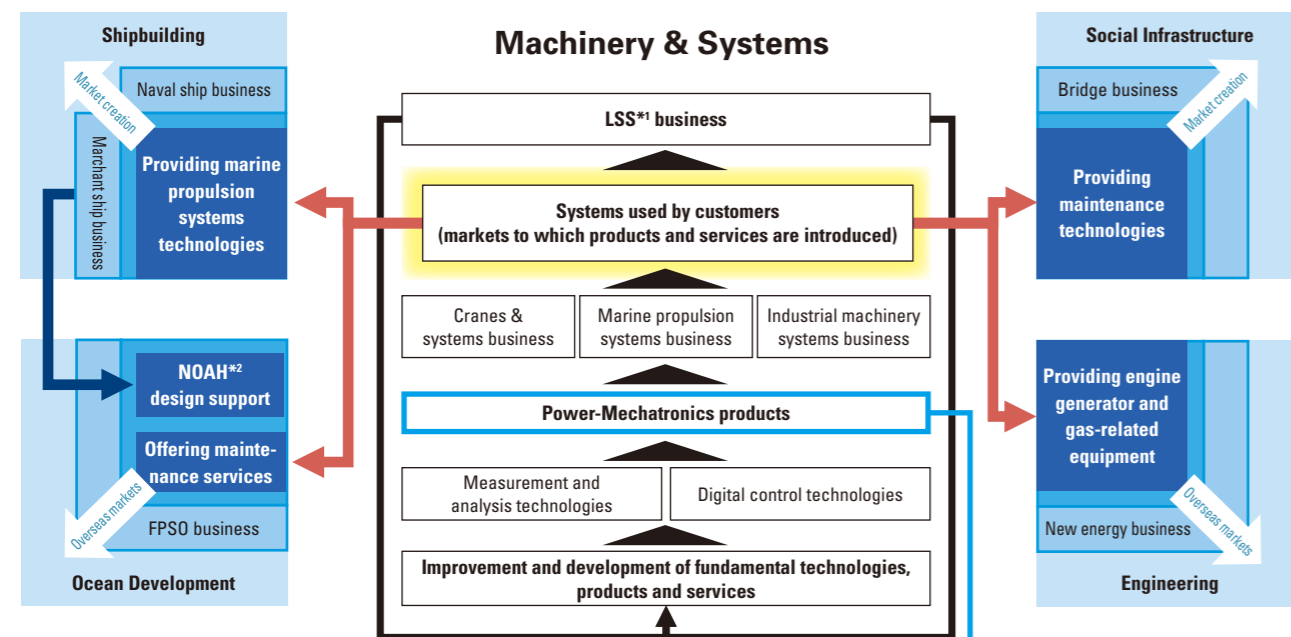
* Total figure during the period of the Mid-Term Business Plan 2020

We aim to become a company adding digital value to all machines.

Concentration of Business and Collaboration

Concentrate on the Machinery & Systems business (centered on power-electronics products) and the Ocean Development business

Through our alliance strategy, we will create a new market for our Machinery & Systems business while advancing our LSS*1 business, through which we provide continuous services from a product's market release until its withdrawal. Above all, we will concentrate on promoting digital modularization of power-mechatronics products using basic technologies we have cultivated in the Ocean Development field.



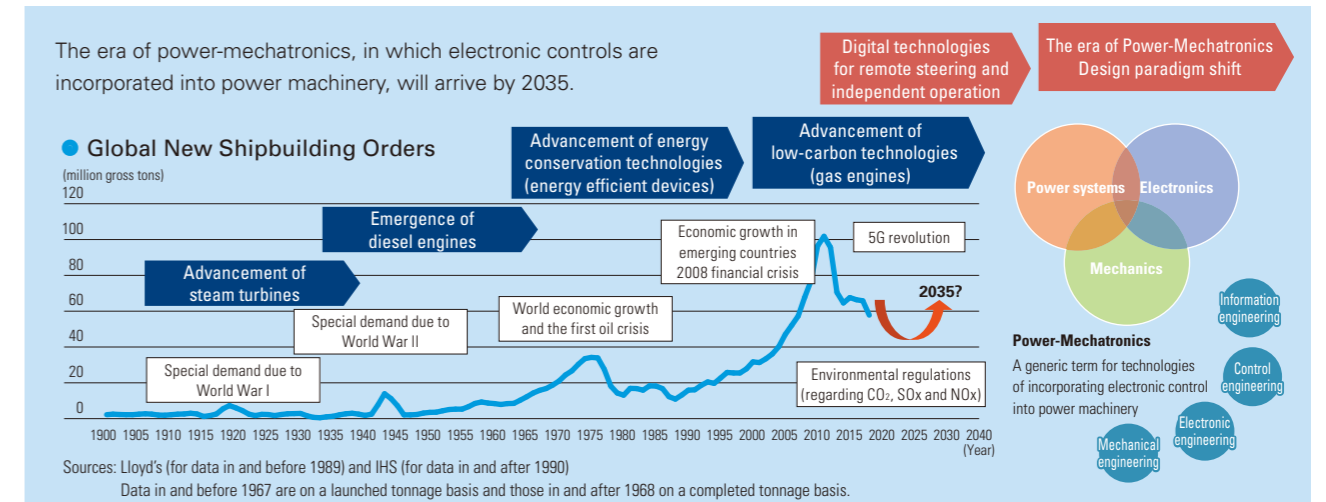
*1 LSS is Lifecycle Solution Service, a service offered continuously from the release of a product onto the market until its withdrawal.
 *2 NOAH is New Offshore Adapted Hull, a next-generation hull for floating production, storage and offloading (FPSO) systems.

Initiatives by Business

Overview of the Machinery & Systems business (trends, demand forecasts, products)

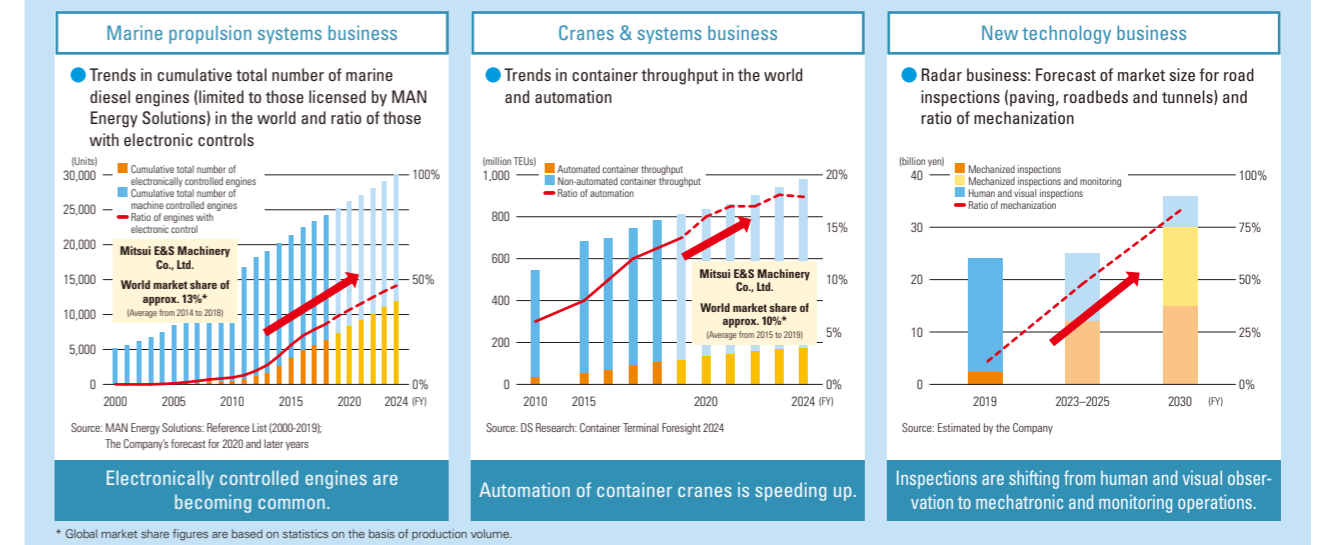
In domains earmarked as future mainstay businesses, we expect a proliferation of power-mechatronics products driven by advances in electric and electronic engineering. This will create a paradigm shift in design that will lead to the birth of innovative products and services and rapid market expansion.

The Era of Power-Mechatronics



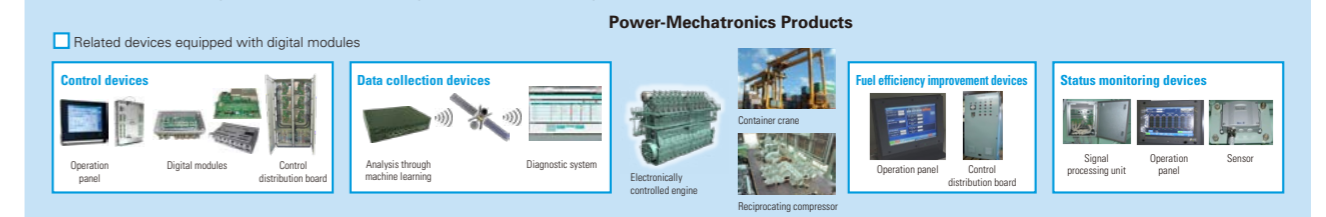
Power-Mechatronics Market Forecast

In our Machinery & Systems business, opportunities to introduce power-mechatronics products is accelerating in line with market trends.



Power-Mechatronics Products and Digital Modules

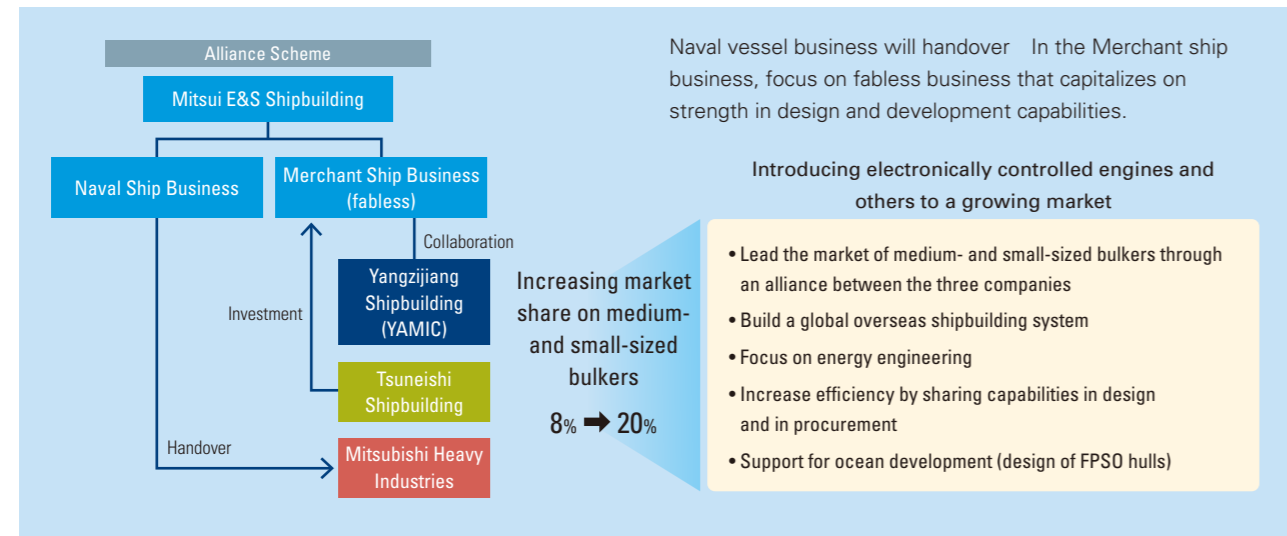
Power-mechatronics products, in which electronic control components are equipped into power machinery, are still in the course of development, so there is significant room for growth.



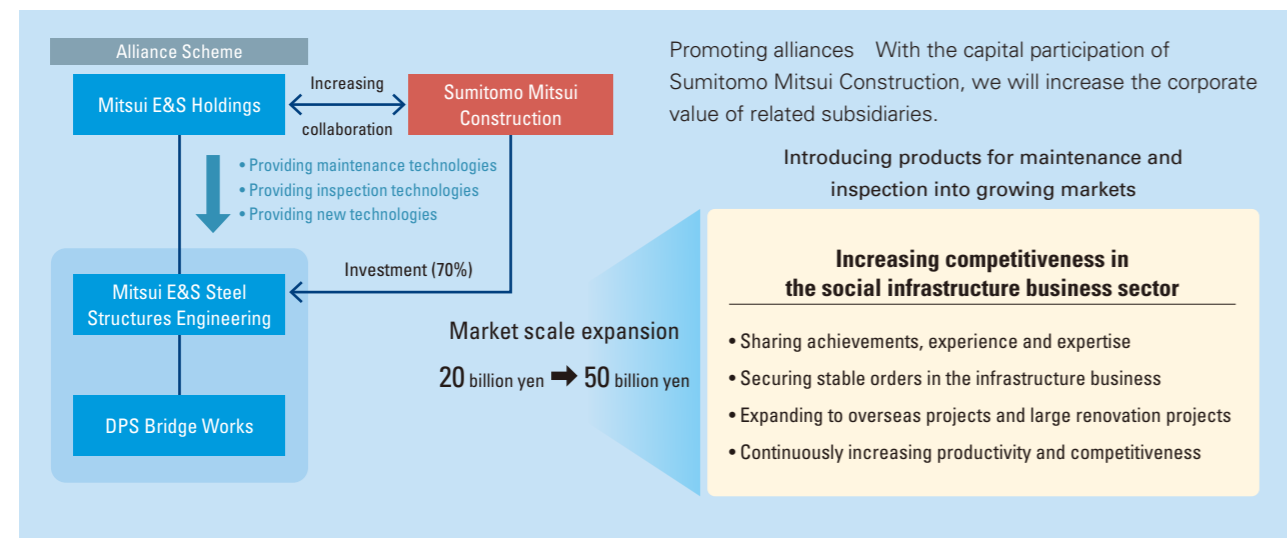
Other business developments

In the Shipbuilding business and Social Infrastructure business, we are working with alliance partners to tap markets in areas where we can leverage our strengths.

Shipbuilding businesses



Social infrastructure business



Ocean Development Business and Engineering Business



Overview of Management Base Reform

Revision of Management Policy and Standards of Conduct

In view of changes in surrounding circumstances and in our own company, we renewed our raison d'être and revised our Management Policy and Standards of Conduct. While our Company Philosophy remains unchanged, we modified our Management Policy to clarify the intended recipients of our respective messages.

Company Philosophy

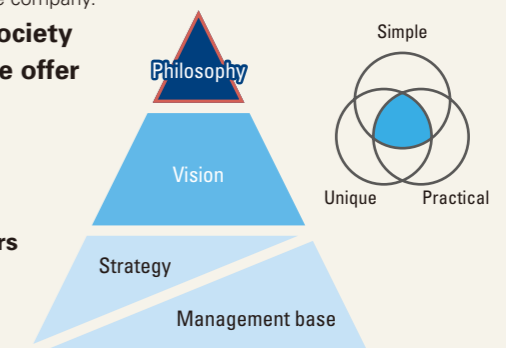
The company philosophy shapes the raison d'être and mission of the company.

To continue working as a company trusted by society and individual through products and services we offer

Management Policy

The Management Policy sets out the direction of the company toward the realization of the Company Philosophy.

Achieve new value creation together with customers
Seek a sound financial structure and steady profit
Construct an environment for working healthily and safely



Standards of Conduct

The Standards of Conduct provide the foundations for the actions of our employees.

Endeavor to provide simple, unique and practical products and services

Overview of Management Base Reforms

In implementing our new Mid-Term Business Plan 2020, we will shift to a simple, asset-minimal management approach by revising our management style, management system, human resources, financial affairs, and organizational structure. We will also reduce our business size and domains and place top priority on the balance sheets.

