

Business Overview

Ship



Main products

Merchant Ships /
Naval and Governmental Ships /
Engineering /
Ocean Development /
Underwater Equipment / Ship Repair

Relevant Group Companies

Mitsui E&S Shipbuilding Co., Ltd.
Akishima Laboratories (Mitsui Zosen) Inc.
MES YURA DOCK CO., LTD.
Shikoku Dockyard Co., LTD

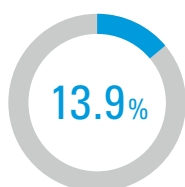
Niigata Shipbuilding & Repair, Inc.
MES SHIPPING CO.,LTD.
TGE Marine Gas Engineering GmbH

Although orders were received for training vessels and bulk cargo carriers, consolidated orders decreased by ¥11.2 billion year on year to ¥57.5 billion. Net sales decreased by ¥22.7 billion year on year to ¥92.4 billion, due to a decrease in shipbuilding work and other factors. Operating losses stood at ¥2.0 billion, an improvement of ¥800 million from the previous fiscal year, mainly due to a decrease in unprofitable construction work.

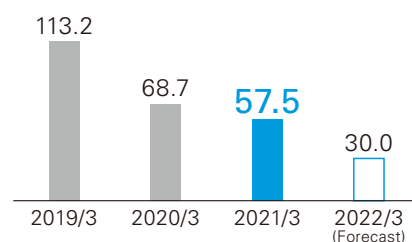
Major Initiatives in FY2020

- Completed and delivered all ships built at Chiba Works
- Made progress in the collaborative development of the shipbuilding business, signed a transfer agreement for the naval ship business and a transfer agreement for subsidiary shares (Mitsui E&S Shipbuilding Co., Ltd.) for a capital alliance in the merchant ship business
- Developed sales activities such as licensing designs and commissioned development and design of environmentally friendly vessels

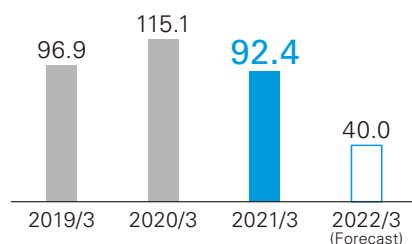
Net Sales Composition



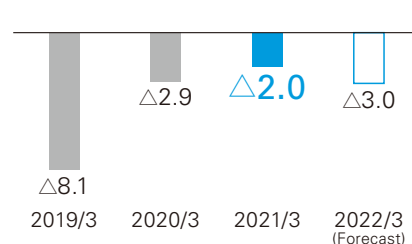
New Order (¥billion)



Net Sales (¥billion)



Operating Income (¥billion)



Naming and launching ceremony for the destroyer "Kumano"

On November 19, 2020, a naming and launching ceremony was held at Mitsui E&S Shipbuilding's Tamano Works for a 3,900t destroyer ordered by Mitsubishi Heavy Industries, Ltd. for Japan's Ministry of Defense. The vessel was christened Kumano. This vessel is one of a pair of destroyers planned to be built in FY2018, with the concept of improving the ability to respond to various missions and to make the vessels more compact. As a new initiative, we adopted a scheme of simultaneous construction, with the main contractor Mitsubishi Heavy Industries, Ltd. building the first vessel Mogami at its Nagasaki shipyard and Mitsui E&S Shipbuilding Co., Ltd. building the second vessel Kumano at Tamano Works. The vessel is currently undergoing quayside outfitting work and is scheduled to be delivered in March 2022.



Machinery



Main products

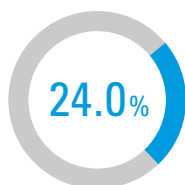
Marine Propulsion System /
Crane & Systems /
Industrial Machinery / Robotics /
Radar Search /
Research & Experimental Equipment &
Special Construction / After-sales Services

Relevant Group Companies

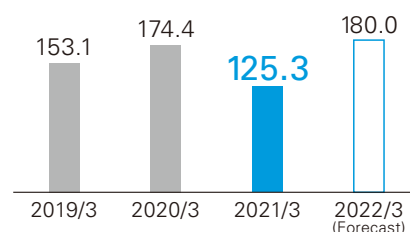
| | |
|------------------------------------|---|
| Mitsui E&S Machinery Co., Ltd. | SANZO MANUFACTURING & CONSTRUCTION CO. LTD. |
| KAJI TECHNOLOGY CORPORATION | Mitsui E&S Technical Research Co., Ltd. |
| Mitsui E&S Power Systems Co., Ltd. | AZUMA MACHINERY CO.,LTD. |
| MITSUI MEEHANITE METAL CO.,LTD. | PACECO CORP |

Consolidated orders decreased by ¥49.0 billion year on year to ¥125.3 billion due to a decrease in demand for marine diesel engines accompanying a slump in the market for construction of new ships, and a decrease in demand for container cranes and industrial machinery, etc., due to postponement of investment due to the spread of the COVID-19 pandemic. Net sales decreased by ¥13.2 billion year on year to ¥159.0 billion as a result of the postponement of delivery of marine diesel engines due to production adjustments at shipyards. Operating income decreased by ¥2.1 billion year on year to ¥9.8 billion, mainly owing to the decrease in sales.

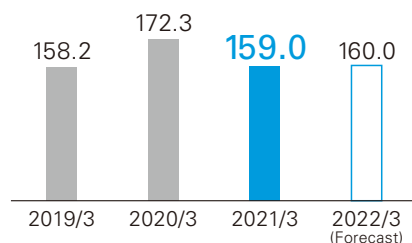
Net Sales Composition



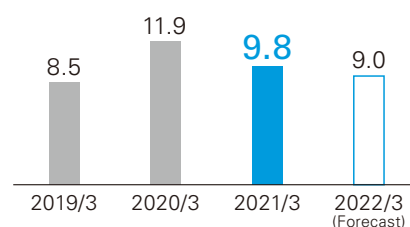
New Order (¥billion)



Net Sales (¥billion)



Operating Income (¥billion)



Major Initiatives in FY2020

- Developed sales activities positioning gas-fueled main engines for ships as a growth area
- Produced 148 large marine diesel engines (3.31 million horsepower)
- Strong demand for Near Zero Emission (NZE) Transtainers® supporting zero emissions in the future
- After-sales service business performed strongly in parts servicing and retrofit business in response to environmental regulations

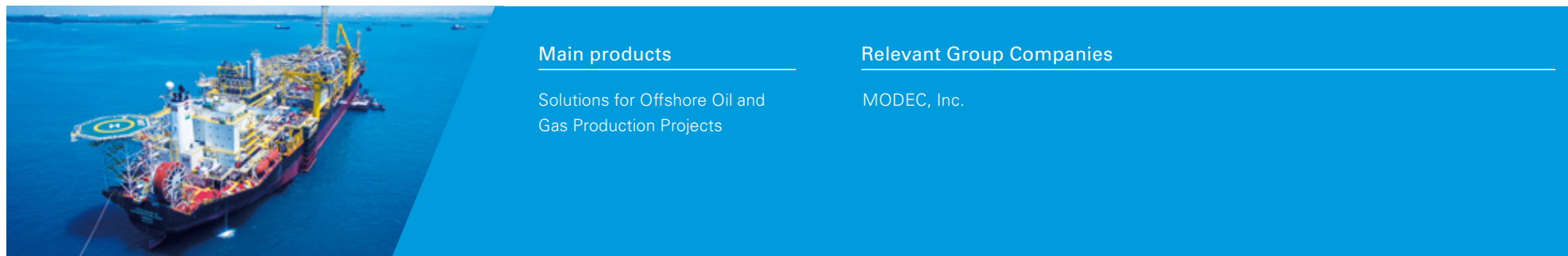


Participating the Japan Hydrogen Association (JH2A) and development of Transtainer® cranes equipped with pure hydrogen fuel cell (FC)

Mitsui E&S Machinery Co., Ltd. (MES-M) and Kaji Technology Corporation has joined the Japan Hydrogen Association, a new organization that promotes global collaboration in the hydrogen field and the formation of hydrogen supply chain, and will contribute to realize the hydrogen society. As one of specific initiative, MES-M is planning to complete the in-house testing of the Transtainer® crane equipped with FC by the end of FY2022. We will also provide hydrogen gas compressors for hydrogen fueling stations, hydrogen delivery facilities etc.



Ocean Development



Main products

Solutions for Offshore Oil and Gas Production Projects

Relevant Group Companies

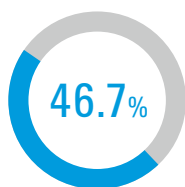
MODEC, Inc.

Despite orders received for FPSO construction projects, etc., consolidated orders decreased by ¥315.3 billion year on year to ¥320.8 billion. Sales decreased by ¥22.9 billion year on year to ¥309.9 billion, despite progress in FPSO construction projects. Operating losses stood at ¥21.8 billion, a decrease of ¥16.9 billion year on year, due in part to the impact of the COVID-19 pandemic.

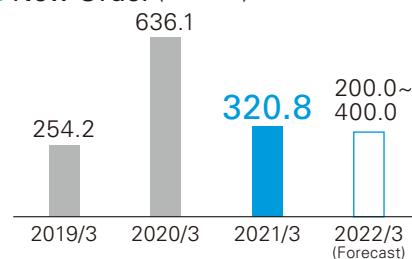
Major Initiatives in FY2020

- Received an O&M (Operation and Maintenance) contract for FPSO for Senegal
- Profitability was worsened by delays in ongoing FPSO construction projects due to the COVID-19 pandemic
- Commenced research on low-cost technology development in floating offshore wind power generation

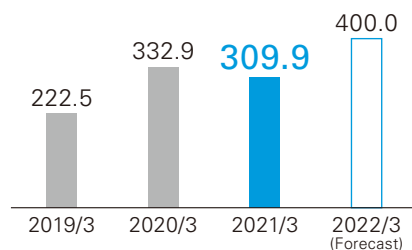
Net Sales Composition



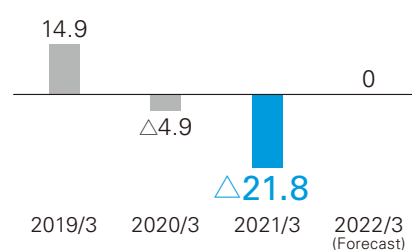
New Order (¥billion)



Net Sales (¥billion)



Operating Income (¥billion)



An FPSO O&M (Operation and Maintenance) contract was received for the Sangomar Field off the coast of Senegal

Group company MODEC, Inc. received an order in January 2020 from Woodside Energy, a major Australian energy company, for an FPSO for the noteworthy first offshore oil development project off the coast of Senegal, West Africa, and is proceeding with its construction. In December 2020, MODEC, Inc. received an O&M (operation and maintenance inspection) contract for this FPSO. The company received the order for a long-term contract for 10 years after the delivery of the FPSO to the customer (with 10 extension options every year thereafter). The project is expected not only to optimize the company's business portfolio from a geographical perspective, but also contribute to the expansion of its stable earnings base in the long-term.



Business Overview

Engineering



Main products

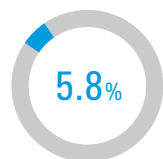
Overseas EPC Contractor for
Civil/Architectural Works

Relevant Group Companies

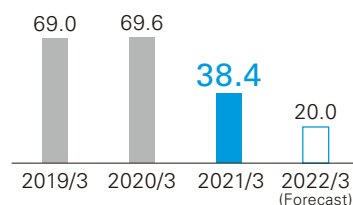
Mitsui E&S Engineering Co., Ltd.

Consolidated orders decreased by ¥25.5 billion year on year to ¥22.7 billion, mainly due to the impact of the transfer of subsidiaries in the chemical plant business in the previous fiscal year. Net sales decreased by ¥31.2 billion year on year to ¥38.4 billion due to a decrease in consolidated subsidiaries, in addition to the impact of a decline in new orders. Operating income improved by ¥71.7 billion to ¥300 million due to the posting of a large provision for losses on construction contracts in the previous fiscal year.

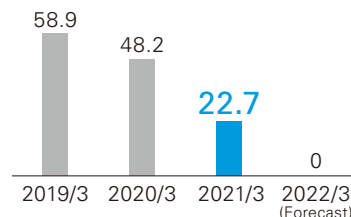
● Net Sales Composition



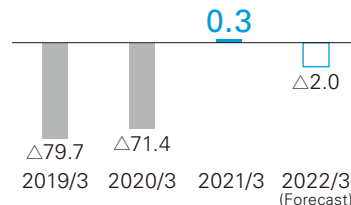
● Net Sales (¥billion)



● New Order (¥billion)



● Operating Income (¥billion)



Major Initiatives in FY2020

- Civil engineering and construction of thermal power plants in Indonesia progressed within the expected range
- Completed and delivered civil engineering and construction work for thermal power plants in Vietnam
- Transferred biomass power generation business subsidiary (Green Power Ichihara Co., Ltd.)
Concluded a transfer agreement for an environmental business subsidiary (Mitsui E&S Environmental Engineering Co., Ltd.)

PICK UP

Commenced commercial operation of biomass power plant in Ichihara, Chiba Prefecture

On December 17, 2020, Ichihara Biomass Power Co., Ltd.—a joint venture between ITOCHU Corporation, Osaka Gas Co., Ltd. and Mitsui E&S Engineering Co., Ltd.—commenced commercial operations. The power plant is located at the Mitsui E&S Holdings Chiba Works in Ichihara, Chiba Prefecture, where Mitsui E&S Engineering Co., Ltd. has been proceeding with the construction. The biomass plant (power generation capacity 49.9 MW) uses wood pellets and palm kernel shells (PKS) for the entire volume of its fuel, and can cover around 350 million kW of annual power consumption, the equivalent of around 120,000 households. Going forward we will continue to operate stable power plants that take advantage of the strengths of the investing companies, such as by placing group companies in charge of operation and maintenance.



Others

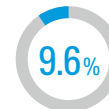
Main products

Real Estate Businesses /
IT Solution / Service

Relevant Group Companies

Mitsui E&S Business Service Co., Ltd. / Mitsui E&S Systems Research Inc. /
MES Facilities Co., Ltd.

● Net Sales Composition



● New Order (¥billion)

50.3

● Net Sales (¥billion)

64.0

● Operating Income (¥billion)

1.5