

# Engineering

Using our diverse technology and experience to ascertain market trends and expand our global engineering business.

Director and Managing Executive Officer  
General Manager of Engineering Headquarters

Hiroyuki Komine



## Action Plan for Medium and Long-Term Growth

### 01. Enhance and Expand Competitiveness in Chemical, Power Generation and Ocean Resources Development EPC (Engineering, Procurement, and Construction) Fields

- ① Enhance cost competitiveness and ability to accomplish projects
- ② Cultivating and pioneering the North American and Southeast Asian markets

### 02. Expand Environmental Energy EPC Field

- ① BWSC\* received two orders for biomass power plants in England (including business engagement)
- ② The Mitsui Zosen Environment Engineering Corporation received an order for a hybrid plant combining a commercial waste biogas power plant and a feed production facility
- ③ Received order for Hiyoshibaru solar power plant construction (including business engagement)

### 03. Enhance Group Internal Partnerships and Global Operations Structure

- ① Expanding joint orders with overseas subsidiaries to enhance capabilities
- ② Expand business alliances between subsidiaries

\*Burmeister & Wain Scandinavian Contractor A/S

## Action

### Business Environment and Performance

#### Year of Engagement in New Markets and Business Models

Demand for petroleum products in Asia is expected to grow in the future and inquiries concerning production facilities are strong. However, the falling price of crude oil, which began last fall, has resulted in the extension of investment decisions on new projects.

In the environmental energy field, purchase prices based on the Feed-in Tariff have been stable with the exception of solar energy. The demand for energy generation based on renewable energy remains as strong as ever. At the same time, a market that was pioneered by solar energy is gradually headed towards energy generation based on biomass, biogas, and wind power. Our Group started a solar energy business at the Oita Works and is commercializing biogas energy generation projects in Hokkaido. We are planning to start full-scale operations in fiscal 2015.

In relation to social infrastructure overseas, economic growth in Southeast Asia is expected to generate a significant increase in electricity demand for the foreseeable future. We will focus on winning new civil works projects for thermal power generation plants.

Amid such conditions, in overseas markets we received an order for a low density polyethylene (LDPE) plant for Sasol North America, Inc., a general civil works contract for the expansion (600MW) of a thermal power generation facility in the Duyen Hai region of Vietnam. In Japan, we received an order for the construction of the Hiyoshibaru solar power plant.

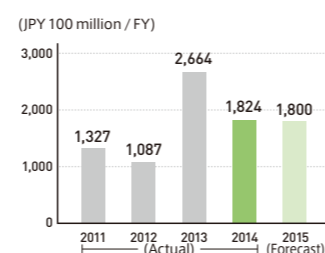
### Fiscal 2014 Earnings

#### While we have gradually increased new orders received

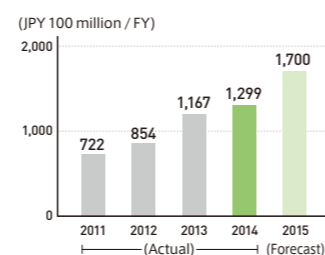
There also was the delay of the petro-chemical project in Southeast Asia, which was expected to result in operating losses due to declining profitability projections. However, we did receive multiple new orders for biomass power plant projects in the UK. Overall, orders received decreased in 83.926 billion yen (-31.5%) year on year to 182.436 billion yen, still a relatively high level. Net sales increased by 13.207 billion yen (+11.3%) year on year to 129.929 billion yen. This was due to petro-chemical plant construction projects in Singapore and North America and renewable energy (wind, solar, and biomass) power plant construction projects. On the other hand, operating losses increased by 10.412 billion yen year on year to 10.593 billion yen due to partial delays in construction, which resulted in a decline in profitability.

### Financial Highlights

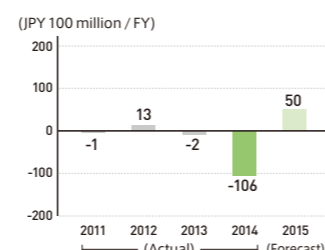
#### New Orders



#### Net Sales



#### Operating Income



## Future

### Plants

#### Rebuilding the Plant Business

In North America and Southeast Asia, which are outlined as vital regions in the Mid-Term Business Plan 2014, new orders received gradually increased last year and we will continue develop these markets. On the other hand, the sudden decline in the price of crude oil has caused a cool down in shale gas and the oil boom, resulting in a lack of transparency in global plant construction plans. As we already have secured numerous construction contracts underway, for new projects we will outline basic policies that promote sales activities focusing on profitability. The transition to profitability will be aided by the conclusion of low-profit construction projects received during unfavorable market conditions and by faithfully fulfilling our vast backlog of orders received.



Synthetic resin manufacturing plant

### Environment Energy

#### Enhance Upstream and Downstream Service Businesses that Center on EPC

In the renewable energy field, we are proceeding with not only EPC (engineering, procurement, and construction), but also with our engagement in energy generation using the Feed-in Tariff system. Construction of the Hiyoshibaru mega-solar power plant and the Hokkaido Betsukai-cho biogas energy generation business are progressing smoothly and operations are to begin in fiscal 2015. Overseas, our subsidiary BWSC (Denmark) is expanding its EPC business model, which includes project development in the biomass power generation segment, as it works to secure new orders.



Biomass power plant

### Power Plants / Civil Engineering and Construction

#### Increasing Presence in Vietnam

In Vietnam, which is one of the vital regions outlined in our Mid-Term Business Plan 2014, we received one new order in fiscal 2014. Previously delayed projects are expected to move forward and this order received will become a platform for success. Through repeated success, we will continue to increase our presence in the region.



Indonesia Tanjung Jati B coal-fired thermal power station