

Engineering Headquarters



We will enter the upstream and downstream areas of projects, such as business engagement and O&M, with our engineering capabilities at the core.

Director and Managing Executive Officer
General Manager of Engineering Headquarters

Shinsuke Nippo

Business environment and performance

Oil and gas producing countries and major oil companies are reviewing their capital expenditure plans in response to the slumping crude oil prices. This trend and other developments have made the future of our business environment uncertain. Customers in the field of chemical plants, which is one field in which we excel, are in the downstream part of the petroleum industry. While they benefit from low crude oil prices because they can reduce material costs, they have maintained a cautious stance on capital expenditures. On the other hand, economic growth in Southeast Asia is expected to cause the demand for electricity to go up. In Indonesia, progress was seen in a plan to construct a coal thermal power plant, which was at a standstill. In the environmental energy field, the demand for energy generation based on

renewable energy remains as strong as ever both in Japan and other countries. In the midst of these conditions, Burmeister & Wain Scandinavian Contractor A/S (BWSC) received orders for the construction, operation, and maintenance of two large biomass power plants in the United Kingdom. In Japan, we received orders for the construction of two wind power plants and other facilities. We focused our efforts on securely implementing the construction work in projects for which we have already received orders, and each project has made steady progress. In the area of business engagement, commercial operation began for the biogas energy generation projects in Hokkaido and solar energy business at the Oita Works.

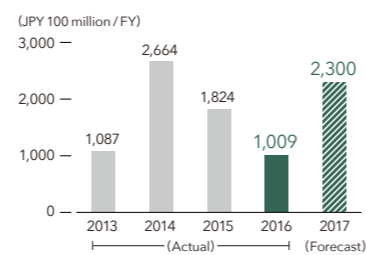
Fiscal 2016 earnings

Orders received decreased by 81.513 billion yen (-44.7%) year on year to 100.922 billion yen due in part to the delay in a project for a petrochemical plant and projects in the field of power plant engineering, as well as the reactionary fall experienced by BWSC, which received orders for large-scale projects in the previous fiscal year. Net sales increased by 41.654 billion yen (+32.1%) year on year to 171.270 billion yen. This increase was due in part to the steady progress of petrochemical plant

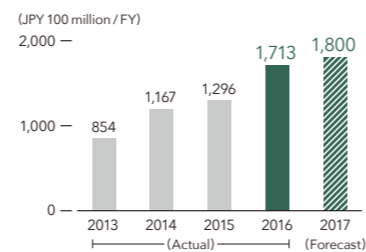
construction work projects for the United States and Singapore, power plant engineering work for Vietnam, and the completion of a solar power plant in the environmental energy field. While we posted an operating loss of 10.633 billion yen in the previous fiscal year, we posted an operating income of 8.297 billion yen in the fiscal year under review due to the completion of unprofitable work projects and the steady progress of large-scale work projects.

Financial highlights

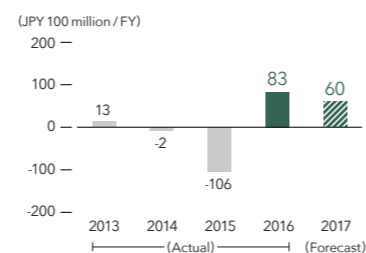
New orders



Net Sales



Operating income



Our Action

Initiatives for innovation based on the Mid-Term Business Plan

Topics Enhancing upstream and downstream service businesses that focus on EPC (engineering, procurement, and construction) in the renewable energy field

Start of commercial operation of one of the largest biogas power plants in Japan

A biogas power plant was completed and began commercial operation in July 2015. The plant was constructed by Betsukai Biogas Power Generation Co., Ltd., a special-purpose company that was established jointly by MES, Betsukai Town in Hokkaido, JA Nakashunbetsu, and JA Doutou Asahi. This power plant generates methane gas from domestic animal waste supplied by dairy farmers and uses it

to generate power. The electric power selling business will be operated for 20 years, with MES taking the initiative in the business development and undertaking the EPC, Betsukai Biogas Power Generation Co., Ltd. operating the plant, and Mitsui Zosen Environment Engineering Corporation handling the maintenance of the facility.



Betsukai Biogas Power Generation Plant

Start of commercial operation of a mega solar power plant that was constructed on the premises of Oita Works

A 44.8-megawatt mega solar power plant, which was being constructed by Oita Hiyoshibaru Solar Co., Ltd., a special-purpose company that was established jointly by MES, ITOCHU Corporation, and Kyudenko Corporation, was completed and began commercial operation in March 2016.

This facility was built on about a 460,000 square meter plot of land on

the premises of Oita Works, with MES undertaking the EPC for the project. The expected annual electricity-generating capacity is 52,500,000 kilowatt-hours, which is equivalent to the annual power consumption of approximately 9,300 regular homes. This plant will be used to run the electric power selling business for 20 years.



Full view of the Oita Hiyoshibaru Mega-Solar Power Plant

Orders received for construction, operation, and maintenance of a biomass power plant for the United Kingdom

In December 2015, BWSC received orders for the construction and 12-year operation and maintenance of a combined heat and power plant in the United Kingdom. This plant uses wood chips for fuel, has an electricity-generating capacity of 27.8 megawatts, and is expected to generate 223 gigawatt-hours per year. BWSC engages in a consistent

business involving the development, construction, and operation management of high-efficiency biomass, biogas, and diesel power plants in various areas around the world. Since its establishment, it has delivered more than 175 power plants to 53 countries around the world, with a total capacity of more than 3,500 megawatts.



Rendering of the biomass power plant in Cramlington