

Progress and Review of Mitsui E&S Group Business Revival Plan



November 11, 2019



Mitsui E&S Holdings Co., Ltd.

Current Status of Mitsui E&S Group

- ◆ Consolidated net assets have declined significantly due to additional loss in the civil engineering construction work of an overseas large coal-fired power plant
- ◆ Addition and accelerated execution of countermeasures are required for financing and recovery of equity capital

Countermeasures

- ◆ Add assets and businesses for sell-off and accelerate the execution
- ◆ Reform the business structure and pursue collaborations and partnerships with other companies
- ◆ Withdraw from the Engineering Business for domestic power plants, which requires heavy initial investment

Sell-off of Businesses and Assets

- ◆ Concluded in principle the sell-off of MPE*
*MPE: Mitsui E&S Plant Engineering Co., Ltd.
- ◆ Concluded in principle the sell-off of the Solar Power Business
- ◆ Sell-off the estate of Chiba Works with a leaseback contract to continue existing projects
- ◆ Reviewing other businesses and assets for sell-off
The details will be announced as appropriate.

Reduction of Fixed Costs

- ◆ Conduct the following personnel measures
 - Employee relocation inside our Group
 - Transfers outside our Group in association with the businesses sold-off

**Considering relocations and transfers
of about 1,000 people throughout the Group**

Improvement of the product lineup of the Machinery Business

- ◆ Focus on the prospective product group for future earnings
- ◆ Details to be described in MBP20* under development

*MBP20: Mid-term Business Plan 2020

Reorganization of the Power Generation Business

- ◆ Withdraw from the domestic business of biomass power plants, which requires heavy initial investment and downscale to specialize in the O&M* business
- ◆ Withdraw from the wind power generation business

*O&M: Operation and Maintenance

Reorganization of the Shipbuilding Business

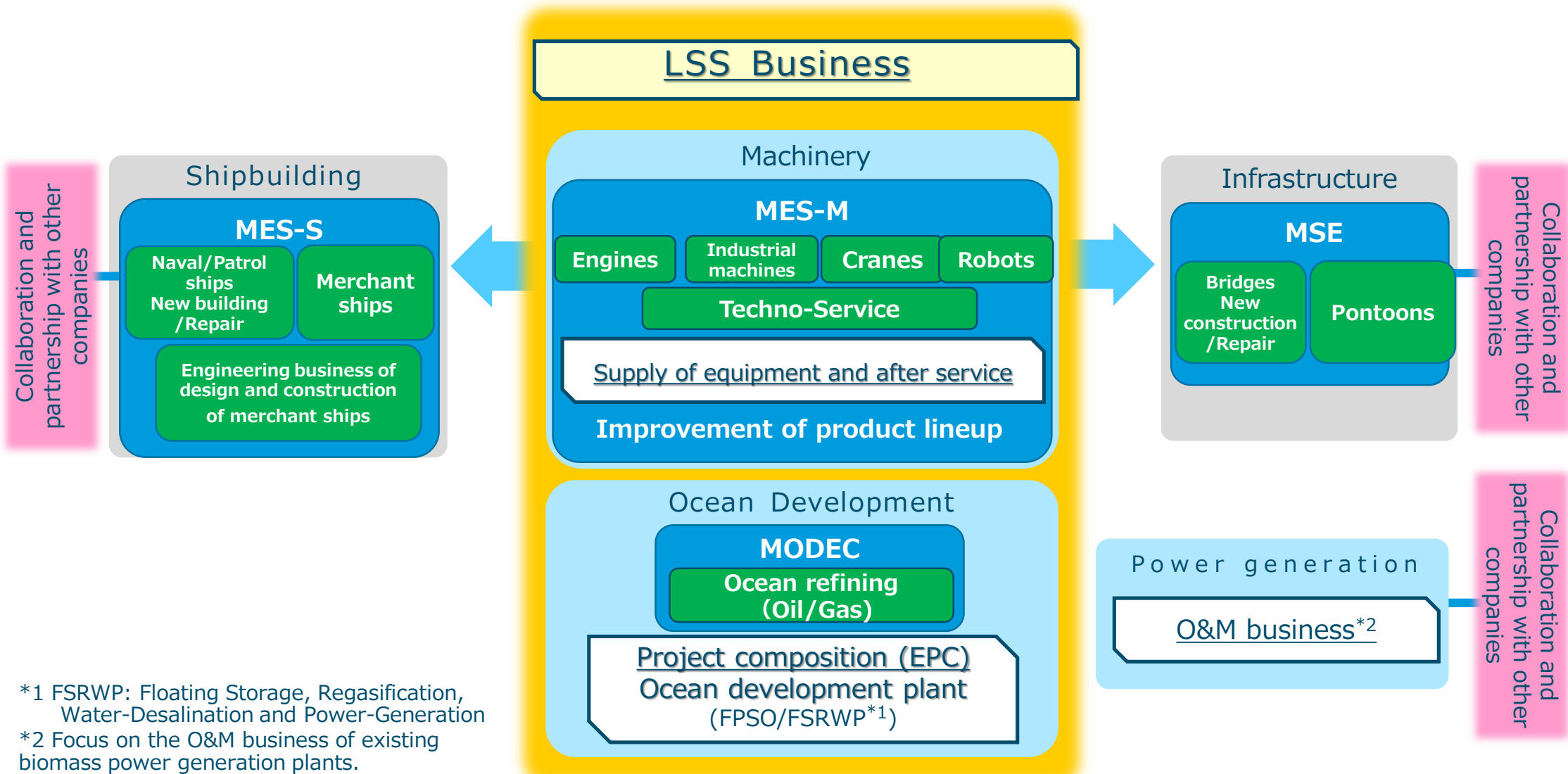
- ◆ Establish the Engineering Center for independent operation of the engineering business in the design and construction of merchant ships
- ◆ Take steps toward a change in the product portfolio from merchant ships to steel structures in Chiba Shipyard

Reorganization of the Social Infrastructure Business

- ◆ Consolidate the social infrastructure businesses to Mitsui E&S Steel Structures Engineering Co., Ltd. (MSE), which will be set as independent from the consolidation scope of MES-M*

*MES-M: Mitsui E&S Machinery Co., Ltd.

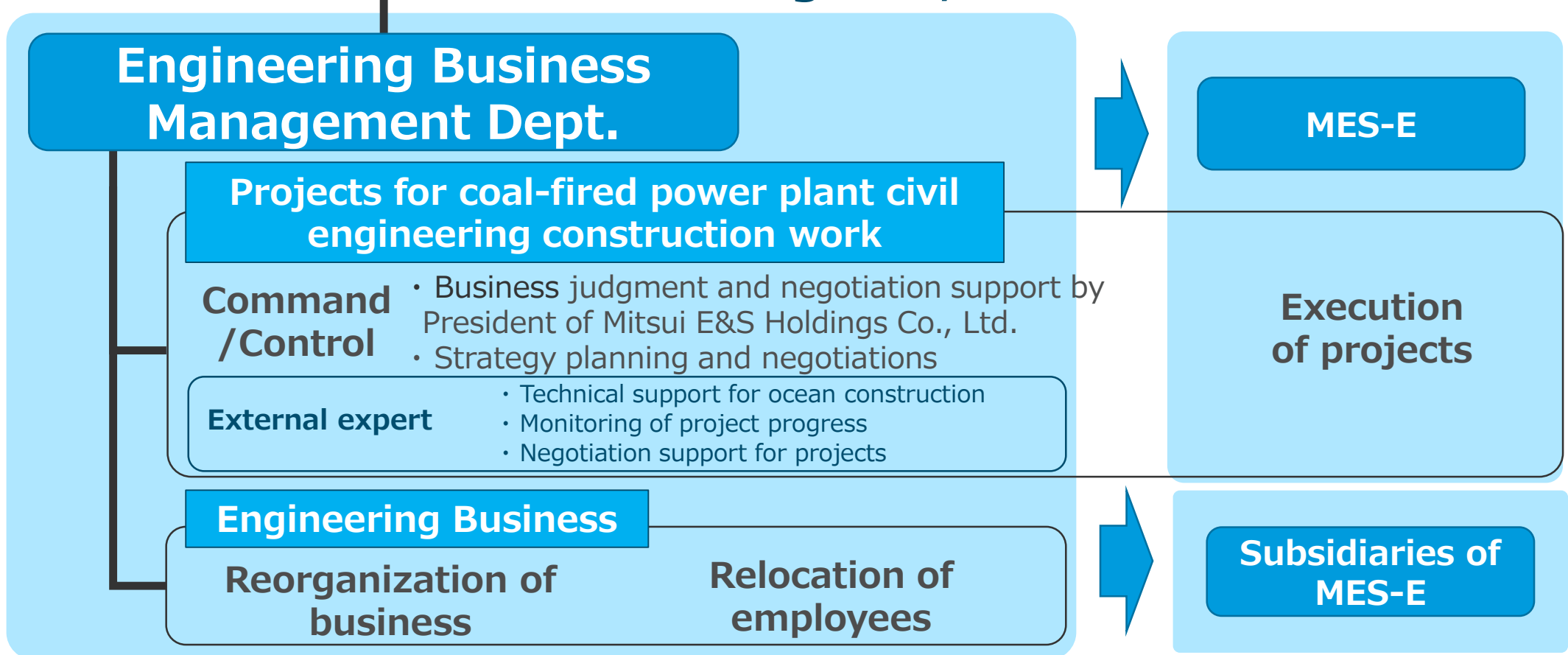
Organization after Reform (at FY2022)



*1 FSRWP: Floating Storage, Regasification, Water-Desalination and Power-Generation
 *2 Focus on the O&M business of existing biomass power generation plants.

Focus on the development of equipment and services related to the Oil, Gas and Machinery Business

President of Mitsui E&S Holdings Co., Ltd.



- ◆ Put projects for coal-fired power plant civil engineering construction work under the command and control system of the Engineering Business Management Dept. that is directly managed by the president of Mitsui E&S Holdings Co., Ltd.
- ◆ Conduct reorganization of the Engineering Business and related subsidiaries
- ◆ Conduct relocation of employees of the Engineering Business

Mid-Term Strategy (Target for FY2022)

◆ 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

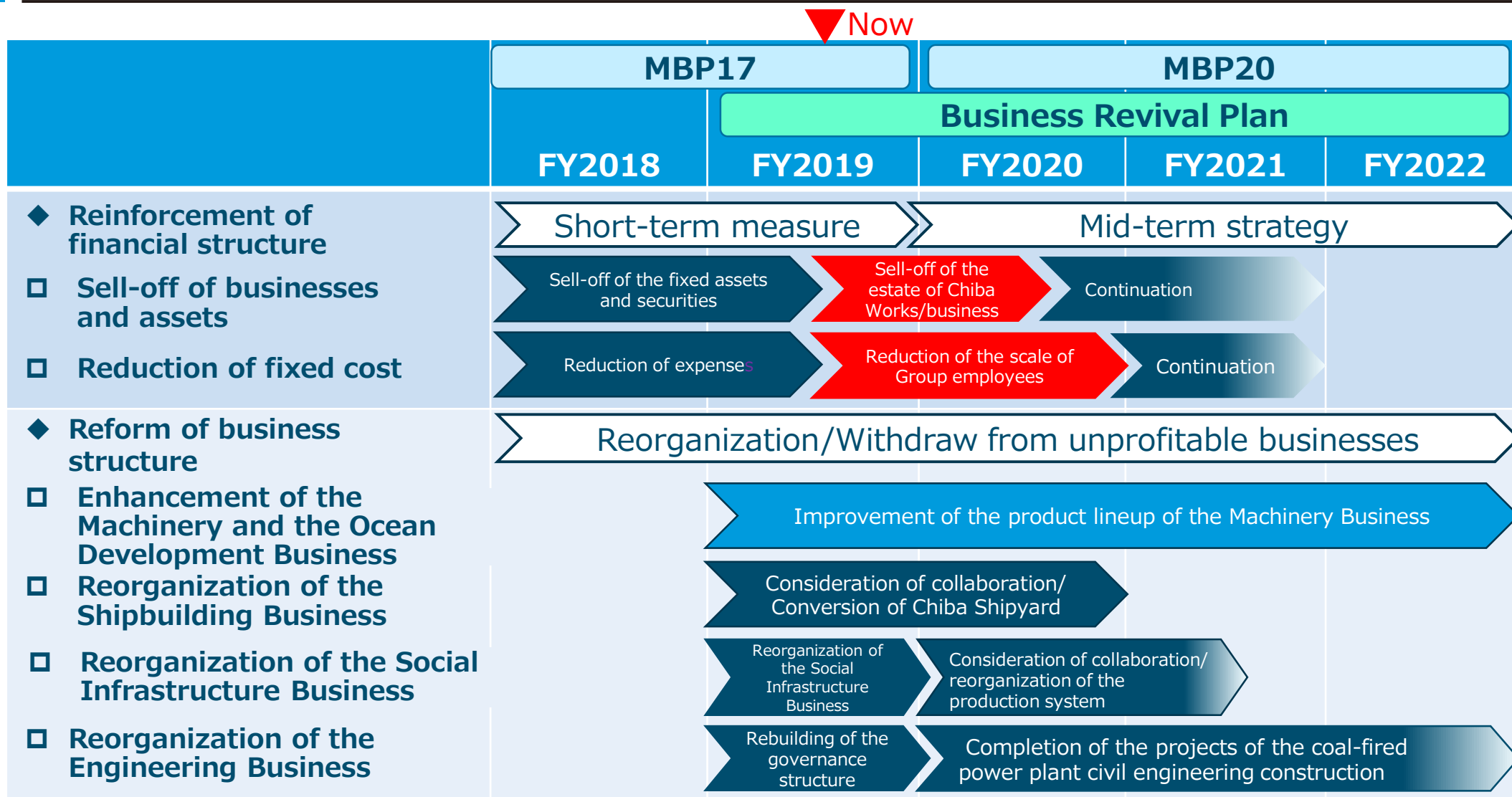
Long-Term Strategy (Target for FY2025)

◆ Improve Return on Total Assets

⇒ Sales ordinary income ratio 6.0% × Total asset turnover ratio 1.0x

- Numerical targets will remain unchanged despite reduction of the business scale.
- We are aiming to achieve the targets through prompt actions of selection and concentration of the businesses.

Schedule for the Business Revival Plan



According to the schedule of the Business Revival Plan, we are executing these measures aiming to reinforce the financial/profitability structure and to reform the business structure.



MITSUMI E&S

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

Disclaimer:

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Accordingly, there is a possibility that actual results or developments in the future may differ significantly from such forecasts.