

Message from the Chairman



Overcoming these difficulties, we aim to be a manufacturing company that has more value for society.

Chairman & CEO,
Takao Tanaka

A handwritten signature in white ink that reads "T. Tanaka".

Review of FY2019 (the year ended March 2019)

The Mitsui E&S Group has set up an engineering team that creates social value in its 10 year long-term MES Group 2025 Vision with all our efforts being focused on the three business areas of Environment & Energy, Marine Logistics & Transportation, and Social & Industrial Infrastructure to promote a reinforced business foundation and deepened Group management.

FY2019 ('18/4-'19/3) marks the middle year of the Mid-Term Business Plan 2017 (MBP17), from April 2017 to March 2020, which aims to maximize MES Group strengths collectively to improve profitability and stabilize earnings as the first step of the 2025 Vision. However, in the midst of this, large-scale losses continued in overseas engineering, procurement and construction (EPC) projects in the engineering business, resulting in significant damage to our financial base. I would like to give my most sincere apologies to all our stakeholders for the inconvenience and concern caused.

Formulating a business revival plan

Due to recording the largest deficit in our history there is an urgent need to recover capital and secure funds meaning that no year-end dividends have been paid out. Furthermore, profits in existing businesses such as shipbuilding and engineering have also worsened, making it increasingly important for us to withdraw from unprofitable businesses and cultivate growth businesses that will become a new revenue pillar for the Group. Under such circumstances, instead of brushing aside this heavy loss as a problem to do with a specific project received in the past, we deeply thought it over that our potential vulnerability within the Group became tangible and formulated the Mitsui E&S Group Business Revival Plan in May 2019 in order to implement fundamental changes newly.

Trickling down of changes in awareness

Already written into the 2025 vision are three actions which the entire Company is working together on, namely: 1) switching our perspective from "external to internal", in terms of social issues and needs to evaluate what is necessary to address those needs, 2) proactively promoting internal and external collaboration, with a focus on effective use of resources and achieving goals, without "going it alone", and 3) a focus on increasing profit margins, evaluating which product values and business models will create profit. I believe that things like overseas construction through joint ventures with other shipyards, orders for new energy-saving ships and LNG fuel propulsion systems, offering services from construction to maintenance and operation of biomass power plants, orders for floating production storage and offloading systems (FPSO) for new customers are all a sign of this kind of change in awareness.

Shifting to a pure holding company structure

As a main feature of structural reform, the Group shifted to a pure holding company structure on April 1, 2018, and in doing so changed its trading name from Mitsui Engineering & Shipbuilding Co., Ltd. to Mitsui E&S Holdings Co., Ltd. While doing away with the harmful effects of the traditional convoy system, increasing mobility and competitiveness in each of our businesses, and making a system that can quickly respond to the speed of changes in the business environment, we are looking for all our businesses to gain the strength to stand on their own feet and open up the future.

Message from the Chairman



Through becoming a holding company, Ship & Ocean Project Headquarters became Mitsui E&S Shipbuilding Co., Ltd., Machinery & Systems Headquarters became Mitsui E&S Machinery Co., Ltd., and the Engineering business became Mitsui E&S Engineering Co., Ltd. Even though each Operating Company that has been spun off is a wholly owned subsidiary of the Holding Company, authority and responsibility over business execution has been largely transferred over to clarify business independence and management responsibility. Like the listed Group companies of MODEC, Inc. and Showa Aircraft Industry Co., Ltd., we have had to promote business strategies such as recognizing the financial base and cash flow of each business, being mindful about return on investment, and also the selection and consolidation of businesses and collaboration both within and outside of the Group while being conscious of the capital costs associated with the entire Group.

Manufacturing power is alive and well

Meanwhile, after our transition to a holding company structure, our Company Philosophy of "To continue our role as a trusted company, and as a trusted member of society" will remain unchanged. If anything, we will dig deeper and aim for sustainable growth. We will seek out exactly the things we should be focusing on so as to provide new value through manufacturing that is a benefit to society, gaining trust based on how well we do.

As a comprehensive heavy industry manufacturer with a wide variety of products and services, the Group has expanded its business domain from fields centering on shipbuilding and marine engines to new fields such as various plants, industrial machinery, ocean development, and social infrastructure. In every field, the Group has the skills and technologies to be proud of in the world, and we are nurturing human resources to pass on these qualities. The world's best manufacturing power is alive and well. In emerging countries where energy demands are on the rise and environment and energy conservation is gaining pace, and in developed countries where infrastructure replacement demand is increasing, the fields where our Group's manufacturing capabilities can be utilized are expanding more and more. It is because of this that I believe there are many things we can do to contribute to solving the global problems set out in the Sustainable Development Goals (SDGs).

Improving corporate value over the medium to long term

I will continue to assume the role of Chief Executive Officer (CEO), and in order to enable the Group to achieve sustainable growth, I will make a thorough shift towards profit-oriented management, away from the sales-first principle. At the same time, we will increase the speed of business reform together with President Oka, the new Chief Operating Officer (COO), working towards a quick recovery of our financial base and improved profit structure, accelerating the display of the Group's collective strengths. In doing so we shall overcome these difficult times, aiming to become a manufacturing company that has more value for society. I would like to ask our stakeholders as always for their continued support.

