

## PURPOSE BEHIND ESTABLISHMENT OF THE NEW ENGINEERING HEADQUARTERS

The twin objectives for the Engineering Headquarters are to build a low-risk, high-return EPC business structure to boost the receipt of orders and earnings, and to become a globally recognized engineering group with world-leading EPC capabilities.



**Takato Nishizawa**  
Head of Engineering Headquarters

On January 1, 2012, the MHI Group established a new “Engineering Headquarters” comprehensively responsible for all of the Company’s EPC (engineering, procurement and construction) operations by integrating related activities formerly undertaken separately by various business headquarters within the Group. The new headquarters was established to accomplish three aims: to further strengthen the MHI Group’s accumulated EPC technology and know-how through integration; to respond swiftly to business opportunities involving large-scale infrastructure projects, which are on the rise in overseas markets; and to boost profits from EPC operations while providing support for business expansion of core products. The new business unit will also function as a headquarters overseeing the Group’s solutions business, including smart community-related matters.

Today numerous projects are planned particularly in emerging economies overseas, among them power generation plants (including thermal and nuclear), environment-related and chemical plants, and large-scale infrastructure projects, such as high-speed railways and water-related projects. While business opportunities involving such projects have increased significantly, so too has market competition. In addition to powerful American and

European competitors, Chinese and Korean companies that have rapidly strengthened their competitiveness have also newly entered these markets. Under these circumstances, MHI found it necessary to further bolster its competitiveness in EPC operations, altering its business structure in a way that would enable the Group to attract orders for large-scale projects through enhanced synergies with the strengths of its core products, thereby realizing increased profits from EPC business.

The MHI Group is able to differentiate itself by applying core product technical capabilities unique to manufacturers to its engineering efforts. When implementing projects and in material procurement, the Group also enjoys synergies by leveraging a unified organization and economies of scale. Together, these qualities translate into advantages for the MHI Group.

Until now MHI has focused primarily on attracting orders for large-scale infrastructure projects in emerging economies. The establishment of this new organization has now integrated EPC units once spread across multiple business segments. Coupled with a drive to comprehensively tackle the EPC and solutions businesses, the MHI Group now looks to further strengthen and expand related business.

