

Toshiba Group to Integrate Thermal Power EPC Business

- Seeking to Harness Synergy Effects and Solve Social Problems as an Infrastructure Services Company -

KAWASAKI/YOKOHAMA, JAPAN—Toshiba Group will be transferring a portion of its thermal power generation systems business within the group effective April 1, 2021, with the aims of becoming technically and commercially more competitive in the power market and maximizing the corporate value of the group. Specifically, Toshiba Plant Systems & Services Corporation (hereafter “TPSC”) and Toshiba Energy Systems & Solutions Corporation (hereafter “Toshiba ESS”) have both been operating thermal power EPC*¹ businesses whereas the EPC business of Toshiba ESS will be transferred to TPSC through a company split, and the EPC business will be integrated into TPSC.

In November 2019, Toshiba Group announced that three listed subsidiaries, including TPSC, would be wholly owned subsidiaries of Toshiba corporation to increase the value of the total Toshiba group, based on a five-year transformation plan called the “Toshiba Next Plan.” Since then, TPSC has strengthened profitability by cooperating with other Toshiba groups in terms of sales, engineering, quality and production. These efforts have already achieved good results; for example, cost reduction by joint purchasing and improved efficiency through integration with ESS in hydropower business. This thermal power EPC business integration is part of a cooperation among the Toshiba group.

For thermal power EPC business until now, TPSC has been engaged mainly in engineering, procurement and construction for small to medium capacity power plant projects for private power generation and IPP (independent power producers) of the distributed energy market, while Toshiba ESS has been engaged mainly in engineering and procurement for large capacity power plant projects for electric power companies.

With this integration, the engineering and procurement of Toshiba ESS, which have a proven track record in large capacity power plants, will be transferred to TPSC which has extensive experience in EPC for small to medium capacity combined cycle*² power plants. This business transfer and integration is expected to harness synergy effects between the technical knowledge and project/engineering management capabilities of Toshiba ESS and the construction capabilities and experience of TPSC. These synergies will bolster the business competitiveness of Toshiba Group in large capacity combined cycle power plants in Japan, and overseas in small to medium capacity combined cycle power plants where growth is expected in the future.

Toshiba Group creates new demand throughout infrastructure as a whole, including everything from producing energy to transmitting, storing and making efficient use of it, while at the same time utilizing IoT and driving digital transformation to offer products and services with high added value.

With this integration of the thermal power EPC businesses of TPSC and Toshiba ESS, and by expanding its business in services such as equipment upgrades and maintenance, Toshiba Group aims to become an infrastructure services company that helps to solve social problems.

Background Behind this Business Integration

As the movement toward de-carbonization accelerates throughout the world, renewable energy-related markets are expected to grow. Toshiba Group is also bolstering its business in these areas.

In order to strengthen its commitment to ESG management, Toshiba Group decided in November 2020 to suspend new orders for coal-fired thermal power plant construction work. At the same time, the shift to renewable energy sources is expected to be gradual, so thermal power generation will likely continue to have a role as a power source in maintaining stable power supplies. With society now requiring lower CO₂ emissions, Toshiba Group plans to expand its business in thermal power plant systems with services such as equipment upgrades and maintenance and will turn new EPC business into high-quality services. TPSC and Toshiba ESS will be integrating their businesses to establish an identity as an infrastructure services company offering competitive solutions that meet the needs of the market.

*1: EPC = Engineering, Procurement & Construction

*2: Gas-fired power generation method that combines gas and steam turbines and also utilizes energy from exhaust gas