

For the Fiscal Year Ended March 31, 2007

# **Strategic Overview of Results and Management Policies**

**(for the Fiscal Year Ending March 31, 2008)**

**Takashi Kubota**  
**President and CEO**

**May 14, 2007**

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Continuously Raise Corporate Value**

# 1 Financial Data

- Sixth consecutive year-on-year increase in revenues and income

(¥ billion)

|                  | 2007/3  | 2006/3  | Difference | YoY increase | 2007/2 Previous forecast | Difference |
|------------------|---------|---------|------------|--------------|--------------------------|------------|
| New contracts    | 557.7   | 804.2   | (246.5)    | (31%)        | 530.0                    | +27.7      |
| Revenues         | 484.8   | 390.8   | +94.0      | 24%          | 460.0                    | +24.8      |
| Operating income | 28.7    | 20.7    | +7.9       | 39%          | 27.0                     | +1.7       |
| Ordinary income  | 36.7    | 23.1    | +13.6      | 59%          | 34.0                     | +2.7       |
| Net income       | 23.5    | 19.4    | +4.1       | 21%          | 21.0                     | +2.5       |
| Dividend         | ¥15     | ¥10     | +¥5        |              | ¥15                      | ¥0         |
| Exchange rate    | ¥118/\$ | ¥117/\$ |            |              | ¥120/\$                  |            |

# 2 Double Step-Up Plan (DSP) 2008 Progress Report

## Business Vision

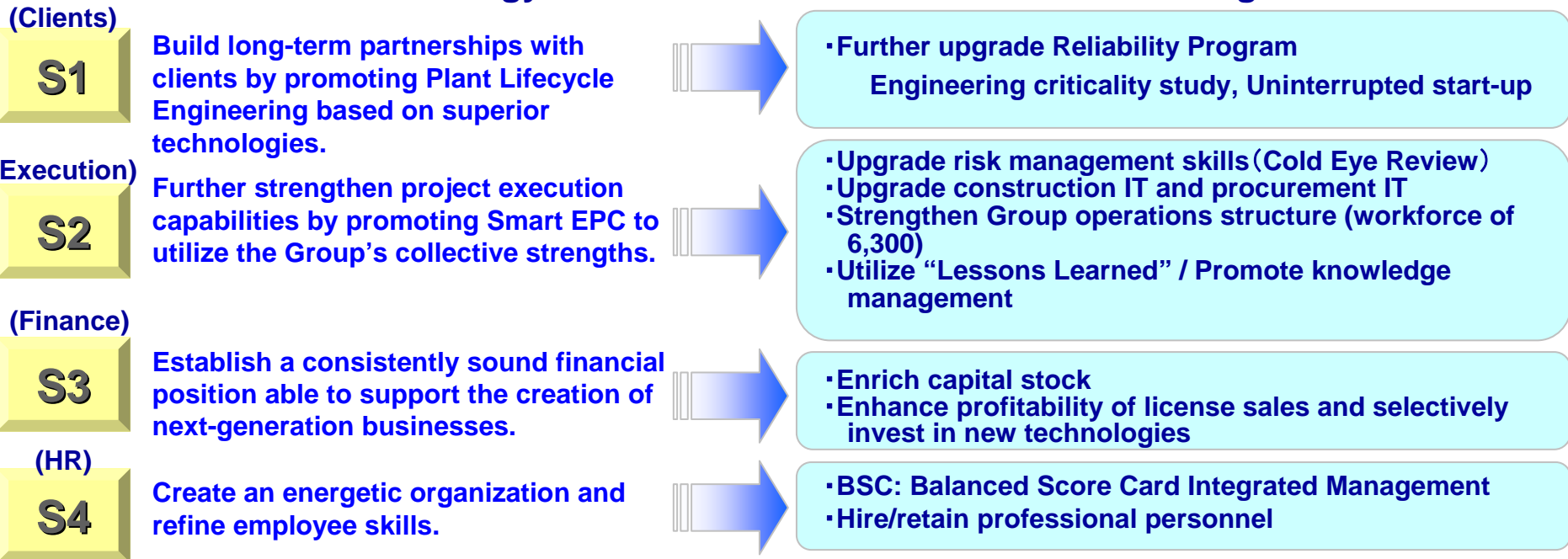
**Aiming to Be:  
A “Reliability No.1” Project Company and  
An Excellent Company Able to Sustain Earnings Growth**



**Accelerate implementation of key DSP2008 measures from four perspectives**

### Business Strategy

### Current Progress



# 3 Steady Execution of Large Domestic and Overseas Projects

## Major Ongoing Projects in FY 2006

As of April 2007

◆ : Chiyoda's technology

### CHINA

\* Acetic Acid Plant ACETICA◆  
<CMC/ Guizhou Crystal Organic Chemical Co., Ltd.>

### RUSSIA

\* Sakhalin LNG Project  
2 Trains (4.8MMT/Y × 2)  
<Sakhalin Energy>

### SAUDI ARABIA

\* Additional Ethylene Furnaces  
<JUPC>

### QATAR

\* Qatargas II  
LNG Train 4&5 (7.8MMT/Y × 2)  
\* RasGas (3)  
LNG Train 6&7 (7.8MMT/Y × 2)  
\* Qatargas 3&4  
LNG Train 6/7 (7.8MMT/Y × 2)  
\* Al-Khaleej Gas Processing 2 Project (1,250MMSCFD)  
<ExxonMobil Middle East Gas Marketing Ltd.>  
\* Pearl GTL Feed Gas Preparation Works (800MMSCFD × 2)

### SINGAPORE

\* Tank Terminal 2  
<Vopak Terminal >

### JAPAN

\* Many Refinery Projects  
\* LPG Terminal Project  
\* LNG Terminal Project  
\* Many Fine-industry Projects

### U.S.A.

\* CT-121◆ FGD Licensing  
<Southern Company Services, Inc>  
<Black & Veatch Corp.>

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### 3 Recent Risk Factors and Chiyoda's Countermeasures

◆ Higher cost of basic materials and equipment and materials: Risk of cost increase

\*Carefully manage order placement; manage to share risks among the partners concerned

◆ Vendors working at capacity: Risk of quality loss

\*Strengthen quality control and enforce delivery schedule by leveraging the substantial manufacturing experience of the Fables Shop Team (supervisors experienced in manufacturing)

◆ Tight supply of experienced workers: Risk of cost increase

\*Secure adequate workforce, and strengthen training in safety and quality management

\*Enhance mutual understanding with subcontractors and strengthen partnerships

◆ Increase in factors causing uncertainty → Reinforce risk management

## 4 Management Policies (April 2007)

“Developing Humanities for the Next utilizing Engineering Asset ”

“Steady execution”

“Safety-first culture”

“New strategies that engender significant future growth”

### Three Management Pillars

- (1) Intellectual property that defines the future
- (2) Environmentally friendly technologies
- (3) Humanity conscious management

# (1) Intellectual Property that Defines the Future: Expand the Operating Base

## ◆ Elemental technologies

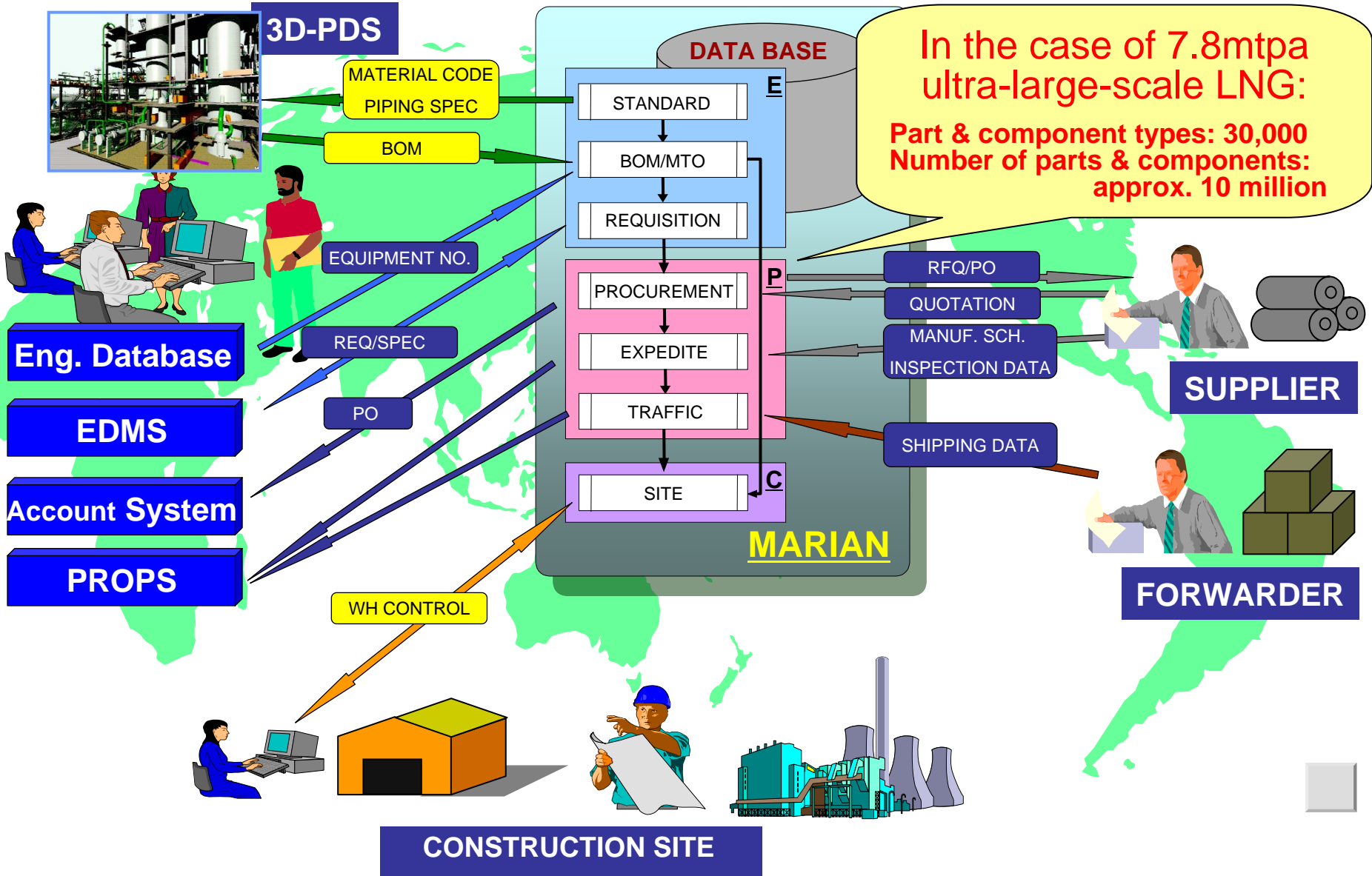
- Environmental technologies: Expand CT-121 licensing in Europe and the U.S.A. for coal-fired power generation; second CASOX plant in Indonesia
- CO<sub>2</sub> reforming catalyst: Participation in the Nippon GTL Technology Research Association
- ACETICA: Acetic acid production process
- Active titania catalyst: For deep hydrodesulfurization of diesel oil

## ◆ Execution technologies

- Enhancing advanced i-PLANT 21: construction IT, procurement IT (ex. MARIAN)



# 5 Enhancing Procurement IT (Ex.: Overview of MARIAN)



## (2) Environmentally Friendly Technologies: Strengthen Core Businesses

### ◆ Clean Energy (Gas), Clean Fuel, Clean Coal Technologies

- 1st tier engineering for LNG plants and natural gas processing → Scale-up technology base to 8.5 million tons of LNG annually
- Refineries: Shift to heavier crude oil → heavy oil cracking / “bottomless” refining and desulfurization  
Plant Lifecycle Engineering → Shut Down Maintenance
- Chemical Refinery Integration (CRI): Larger, more advanced refineries → Expansion into Asia and the Middle East
- Coal gasification: Use clean coal technology for power generation and to produce raw materials for chemicals

### ◆ Energy-Saving, Health and Safety Technologies

- Technologies for creating components and systems that facilitate energy conservation  
Multiple-site low-grade energy recovery system  
(Agency for Natural Resources and Energy Director-General’s Award)
- Fine chemicals (pharmaceuticals): Respond to demand for restructuring of manufacturing bases

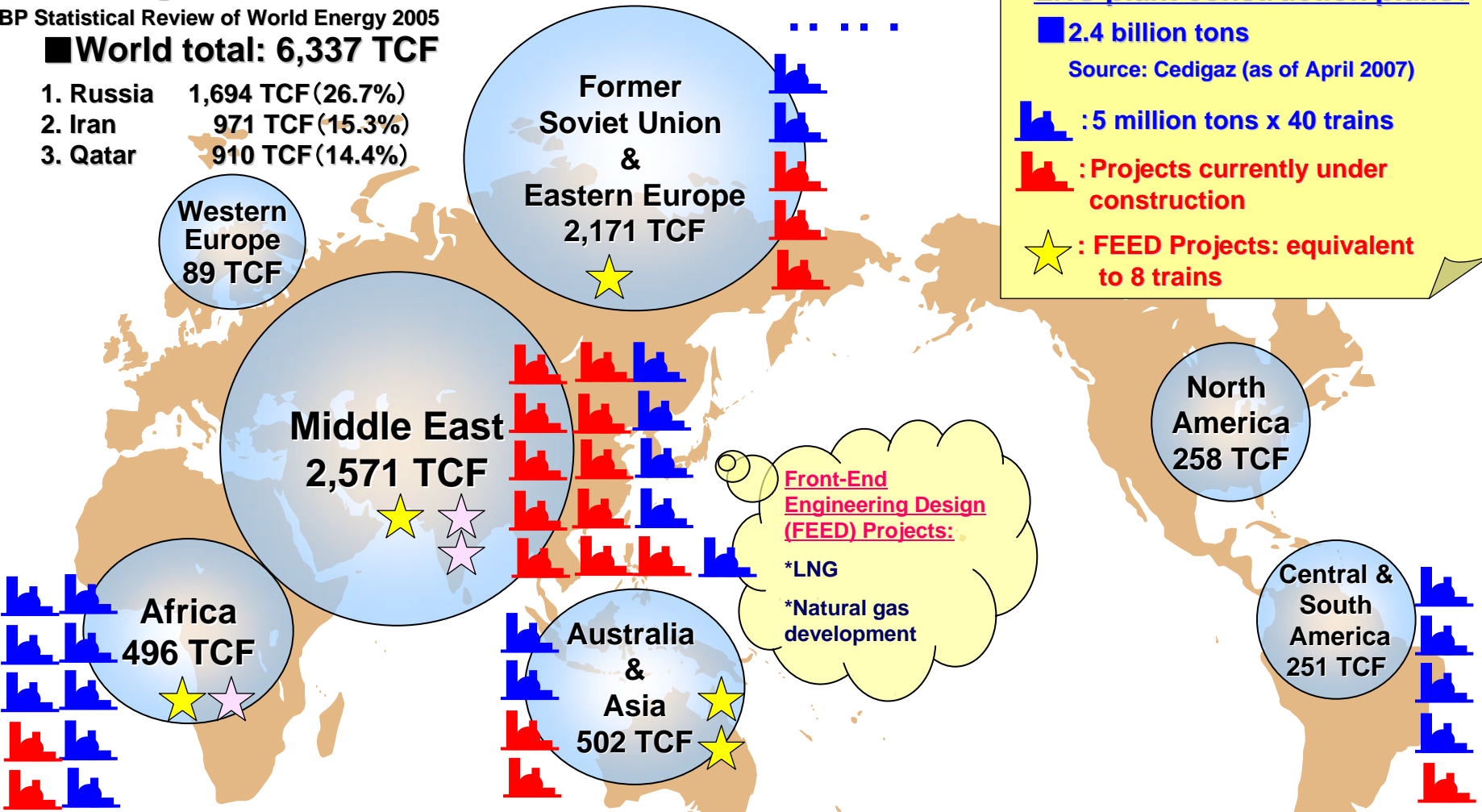
# 5 Clean Energy: Rapid Expansion of Natural Gas Shift

## Natural gas estimated recoverable reserves:

BP Statistical Review of World Energy 2005

■ **World total: 6,337 TCF**

1. Russia 1,694 TCF (26.7%)
2. Iran 971 TCF (15.3%)
3. Qatar 910 TCF (14.4%)



## LNG plant construction plans:

■ 2.4 billion tons

Source: Cedigaz (as of April 2007)

■ : 5 million tons x 40 trains

■ : Projects currently under construction

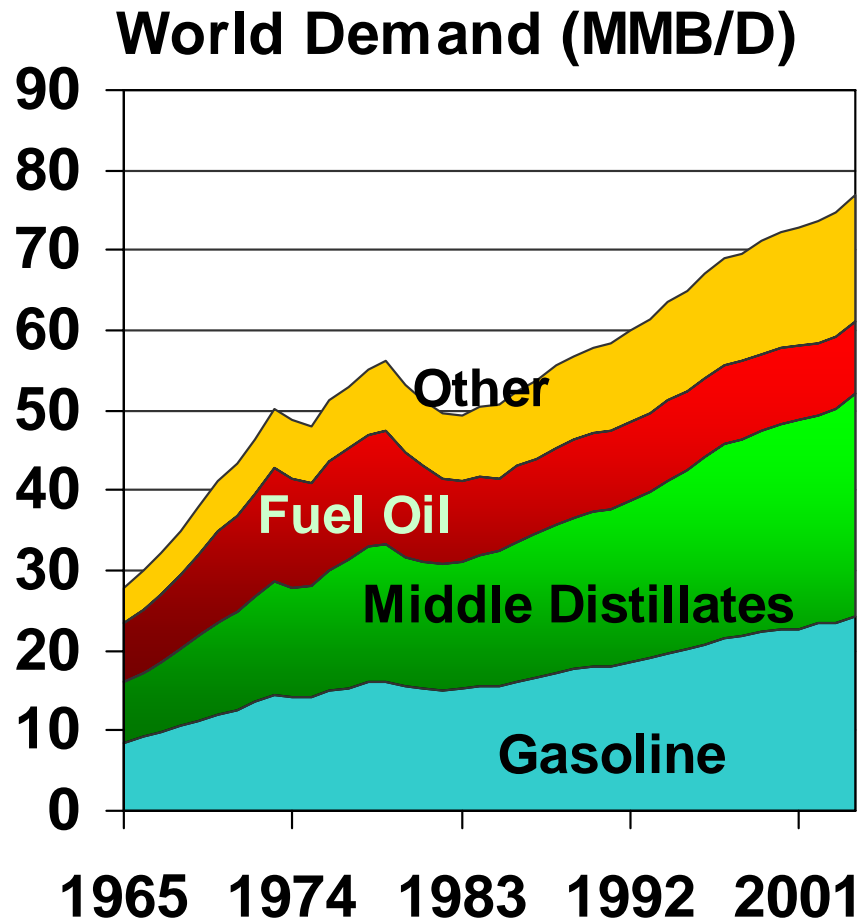
★ : FEED Projects: equivalent to 8 trains

Front-End Engineering Design (FEED) Projects:

\*LNG

\*Natural gas development

# 5 World Demand for Petroleum Products



## AREA [1]

- Increase in demand for gasoline → **FCC (Fluid Catalytic Cracking)**
- Increase in demand for middle distillates including jet fuel and diesel oil → **hydrocracking, etc.**
- Increase in demand for petrochemicals (especially aromatic products) in developing countries in Asia and elsewhere → **CCR, etc.**

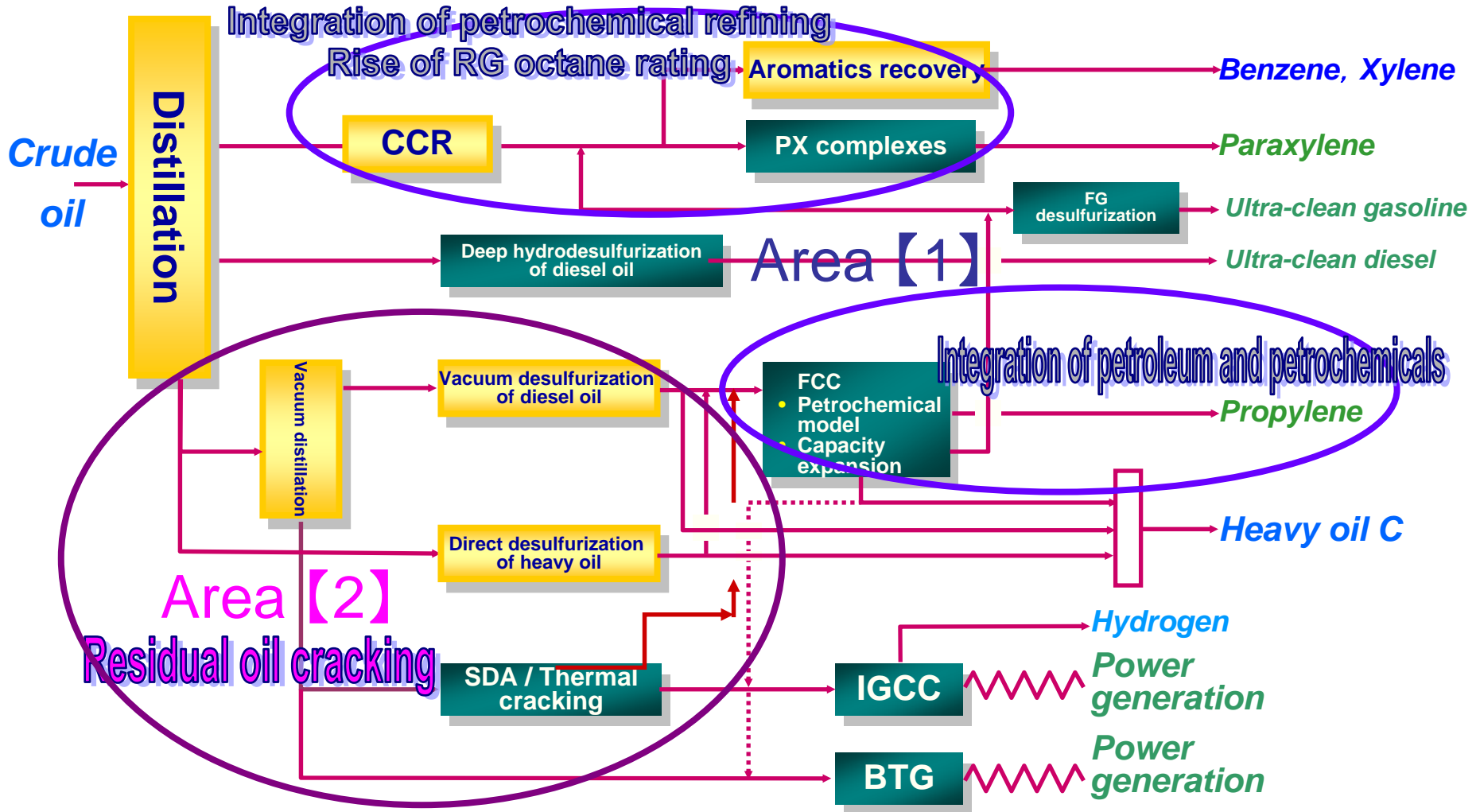
## AREA [2]

- Decrease in demand for fuel oil → **“bottomless” refining (thermal cracking, etc.)**

Source: BP World Statistical Review 2005

# 5

## Refinery Response: CRI, Heavy Crude Oil Cracking / Bottomless Refining



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## 5

## (3) Humanity Conscious Management

- Improve HSE\* and quality → Create and ingrain a culture of safety
- Enhance internal control system → Compliance with Japanese version of Sarbanes-Oxley Act
- Contribute to society and the environment: Received 4th Annual Kanagawa New Energy Award

\*HSE: Health, Safety & Environment



“HR training → Create a more maturity organization”

Committed to further raising corporate value under the catchphrase  
**“Reliability No.1 Your Partner for Success”**

Please address inquiries to:  
Takuhiro Murata, Investor Relations and  
Corporate Communications Officer  
Tel: +81-45-506-7538  
Fax: +81-45-506-7085  
Cell: +81-90-3348-3484  
e-Mail: [tamurata@ykh.chiyoda.co.jp](mailto:tamura@ykh.chiyoda.co.jp)  
URL: <http://www.chiyoda-corp.com/>

## **Forward-looking Statements**

The forecasts and plans in this presentation are based on information available to management on May 14, 2007, the date these materials were prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operating environment in Japan and overseas.