

# Business Overview for Fiscal Year ended March 2011

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President and CEO  
May 12, 2011



We wish to convey our deepest sympathy to  
those affected  
by the Great East Japan Earthquake.

We have organized a “Reconstruction Support Task Team”  
to support our clients for the earliest resumption of their operations.

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# 1 Business Overview of FY 2011/3

- ◆ Completion of mega LNG plants in Qatar (7.8MM ton per annum/train capacity)
  - Qatargas/ LNG Trains 4&5 : Completed in 2008-2009
  - RasGas/ LNG Trains 6&7: Completed in 2009
  - Qatargas/ LNG Trains 6&7: Completed in 2010
- ◆ Construction of two new LNG trains in Papua New Guinea (to be completed in 2014)
- ◆ Successful completion of several domestic projects
- ◆ Securing new orders → Unsatisfactory result.
- ◆ Business development in new area
  - Securing orders in new business segment and new region
  - Established “Technology Development Business Operation” section
- ◆ Strengthen Chiyoda Group operation
  - Established “Global Operation Division”
  - Expansion of business field as Chiyoda Group (ex. CAEL, CSL)

## 2-1 Mid-Point Review

### (1) Business Environment

Observation in May 2009 (Start of the Plan)

- Steady growth in energy demand, followed by continuous strategic investment in energy plants
- More stringent environmental regulations and harsh conditions for resource development
- Increasing presence of national oil company (NOC)
- Various strategic initiatives and accelerated overseas investment by domestic customers

Additional phenomena observed in the past two years

- Rapid growth of South Korean companies, more formidable competition among first tier engineering companies
- Continued appreciation of Japanese Yen
- Increase of infrastructure projects in emerging countries and Japanese government's support
- Concerns over nuclear power, signs of shift toward gas, coal and renewable energy

## 2-1 Mid-Point Review

### (2) Concept of Mid-Term Management Plan; For Stable Growth

- Further strengthen core businesses
  - ⇒ Maintain top tier position in gas value chain projects
- Diversification of business model/segment/region
  - ⇒ **Business model** (EPC, Operation & Maintenance, Investment)
  - ⇒ **Segment** (LNG, Hydrocarbon, Renewable energy, Non-ferrous metal, Pharmaceutical, New technology)
  - ⇒ **Region** (Middle East & Asia → Oceania, Latin America etc.)
- Not chasing the volume, but placing more importance on quality and income growth



## 2-1 Mid-Point Review

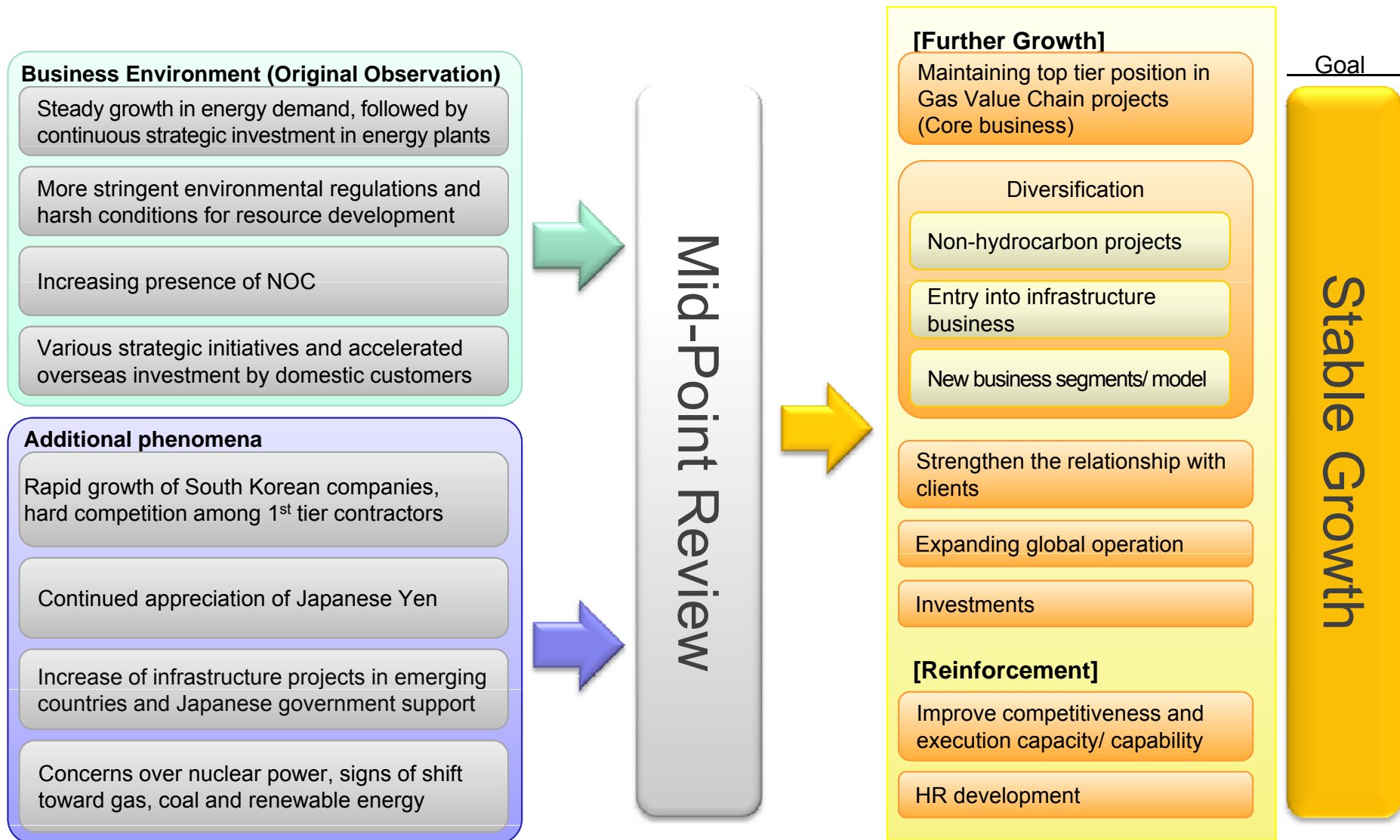
### (3) Performance and Results

- Domestic projects and clients → better performance than planned
- Successful entry into new businesses (such as polysilicon, solar power, nickel refining, lithium ion batteries, etc.)
- Too many resources allocated to completing the Qatar mega LNG projects



- ◆ Limited new orders, especially in conventional overseas market
- ◆ Decline in profitability
- ◆ Affected Mid-term Management Plan

## 2-2 For the Second-Half





## 2-3 Focus in the Second-Half

### (1) Achieving Further Growth

- Maintaining top tier position in Gas Value Chain projects
  - ◆ Continue to secure LNG projects
  - ◆ Involved in the projects from the early stage such as FEED\*<sup>1</sup>
  - ◆ Joint Venture operation to meet the requirements of each project
  
- Diversification
  - ◆ Non-Hydrocarbon projects
  - ◆ Entry into infrastructure business
  - ◆ New business segments / model
  
- Strengthen the relationships with clients
  - ◆ The relationship with IOC\*<sup>2</sup>, NOC
  - ◆ As “partner”, supporting the Japanese clients aiming for overseas operation

\*1: Front-End Engineering and Design

\*2: International Oil Company

## 2-3 Focus in the Second-Half

### (1) Achieving Further Growth

#### ■ Expanding Global Operations

- ◆ Overseas group operation: Reinforcing existing operations, establishing in new location, and increasing cooperation/ integration among group companies
- ◆ Re-defining the mission of each group company
- ◆ JV operations

#### ■ Investments

- ◆ Strategic Investment for Growth
  - Reinforce and expand global operation bases
  - Investment in new business segments such as infrastructure, CSP\*, water recycling etc.
  - PLE business
- ◆ Investment in Corporate Infrastructure
  - IT management system
  - Office integration
- ◆ Investment in Research and Development
  - Continue strategic R&D investment

\* Concentrated Solar Power (generation)

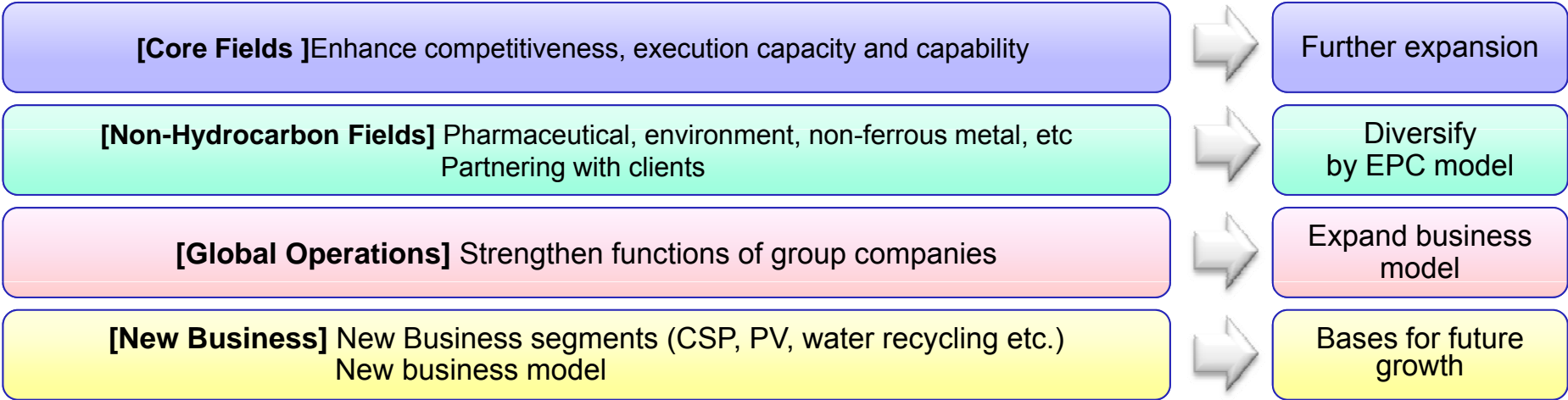
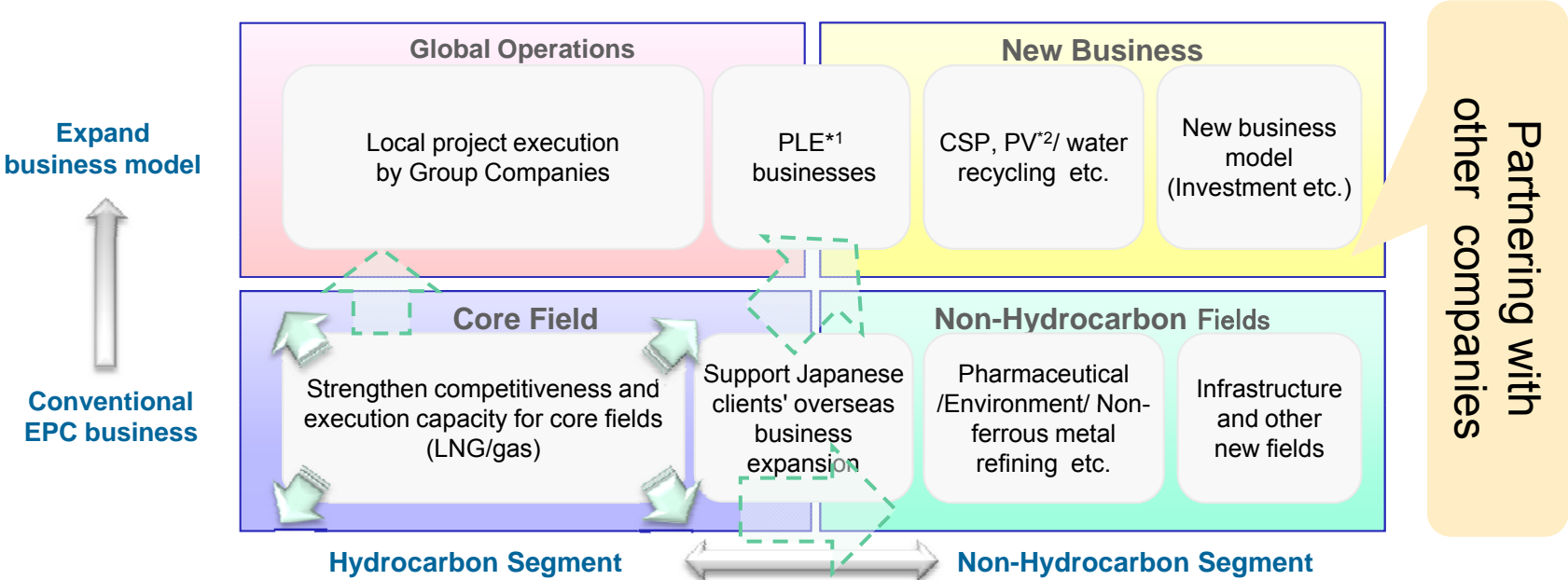
## 2-3 Focus in the Second-Half

### (2) Reinforcement

- Improve competitiveness and execution capacity / capability
  - ◆ Data Management System
  - ◆ GES \* operations
  - ◆ Collaboration among group companies
  
- Human resource (HR) development
  - ◆ Create qualified “Chiyoda” personnel through on-the-job training, off-the-job training and a career path program
  - ◆ Introduce global HR management system

\* Global Engineering Satellite

# 2-4 Business Evolution & Portfolio



\*1: Plant Lifecycle Engineering  
 \*2: Photo Voltaic (generation)

## 2-5 Consolidated Net Income (projections)

Target of 23 billion yen in consolidated net income  
for fiscal year ending March 2013 is going to be  
tough to achieve

( Actual: FY 2010/3 3 billion yen      Projected: FY 2012/3 8 billion yen  
          FY 2011/3 8 billion yen )



Through taking measures stated above,  
improve Chiyoda Group profitability

## 2-6 Main target fields/projects in short/medium-term

- Overseas:
- New EPC projects
    - Mega LNG plants in Oceania (Ichthys , Browse, etc.)
    - Refinery in Vietnam
    - Hydrocarbon projects in Latin America/Russia/Africa, etc
    - FLNG\* project (Petrobras and others)
  - Expansion of existing LNG plants
  - Japanese clients' overseas investment (incl. PLE)
  - Small/mid-sized projects by overseas group companies
- Domestic:
- LNG receiving terminals (new & upgrading)
  - Pharmaceutical / environmental related projects
  - Upgrading projects in petroleum and petrochemicals
  - PLE business by domestic group companies
- New fields:
- Non-hydrocarbon
  - Infrastructure businesses
  - New technology related businesses
  - CSP, PV and water recycling business

\*: Floating LNG

## 2-7 “Vigorous” Company with “Vigorous” People

### “Energy and Environment in Harmony”

- Society and the business environment is rapidly transforming, and many clients place more importance on engineering functions than ever before.
- Energy and resource development needs to be increased to meet global demand but due consideration needs to be given to environmental sustainability. Chiyoda, as an engineering company, is eager to take part with its concept of “Energy and Environment in Harmony”.
- In order to achieve this, our people have to be “Vigorous” in all aspects to make Chiyoda “Vigorous” company.

# Reference Materials

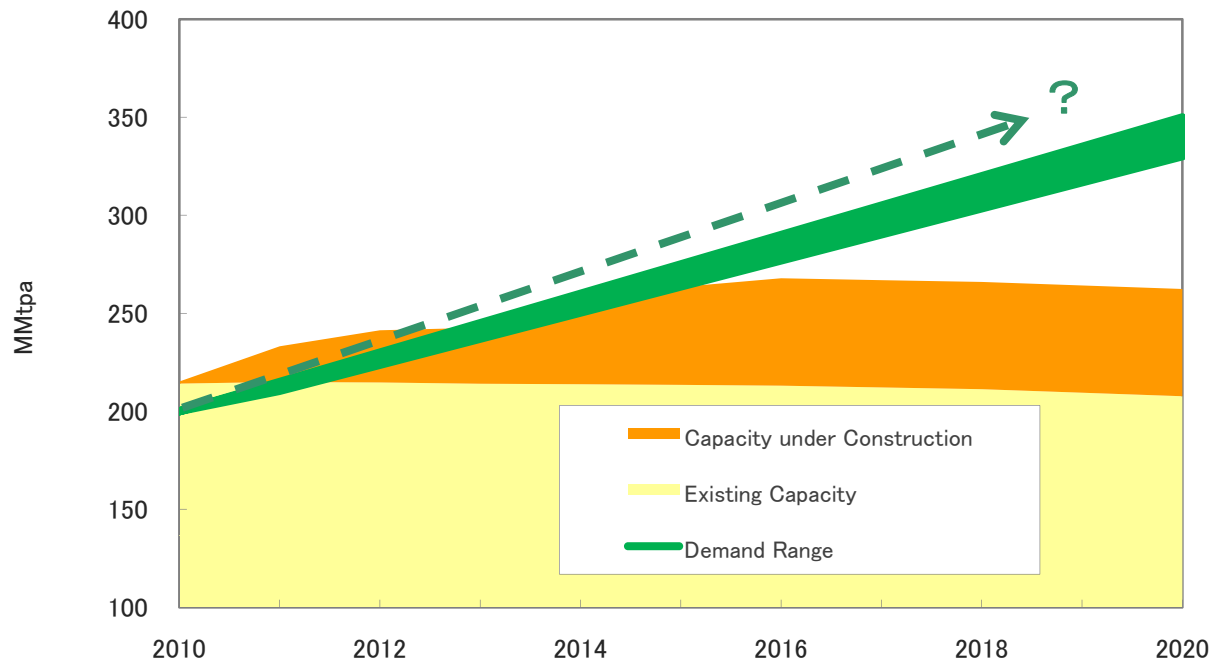
Engineering Excellence, Value Creation





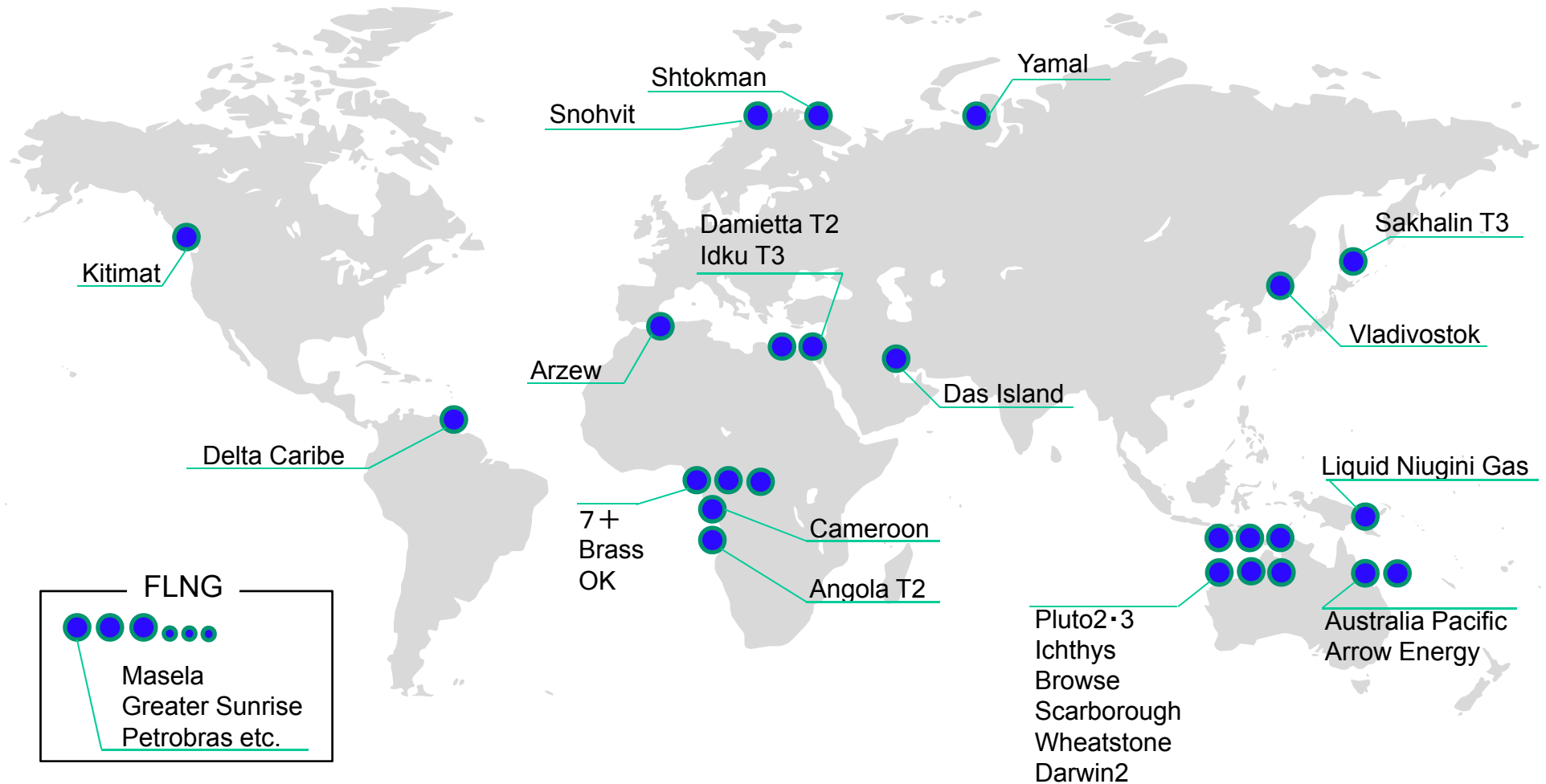
## LNG Supply/ Demand Projections

- Demand increase on the order of several million tons expected in Japan in the short term.
- Over the mid-long term, demand for LNG will increase more rapidly than forecasted due to the incident at Fukushima nuclear power plant.



Source: Made by Chiyoda Corporation based on various data

# Major Potential LNG Projects (Before Final Investment Decision)



Source: Made by Chiyoda Corporation based on various data

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### Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on May 12, 2011, 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 operation environment in Japan and overseas.