

**Medium-Term Management Plan  
Engineering Excellence, Value Creation  
(April 1, 2009 to March 31, 2013)**

Chiyoda Corporation

May 13, 2009

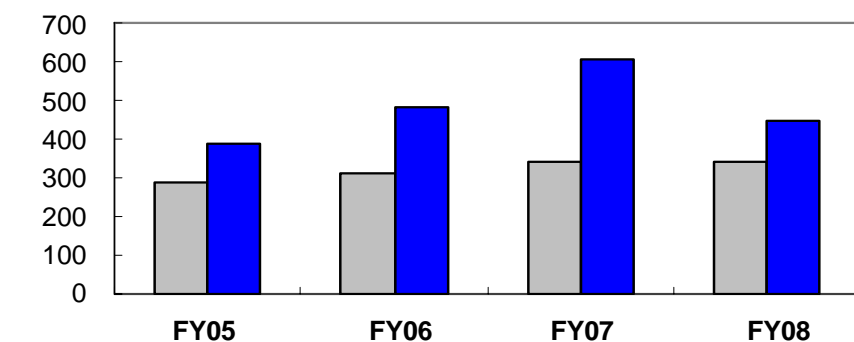
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- 1. Review of DSP2008 (Previous medium-term management plan: FY 2005 to FY 2008)**
- 2. Outline of the Medium-Term Management Plan (the “Plan”)**
- 3. Strategies to Achieve Plan Targets**

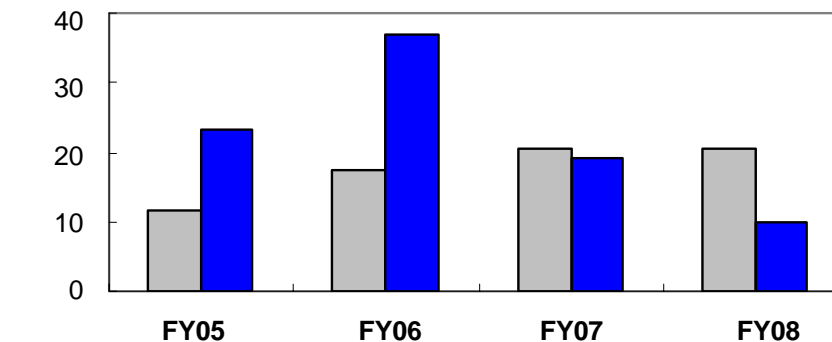
# 1. Review of DSP2008

## (1) Financial Results

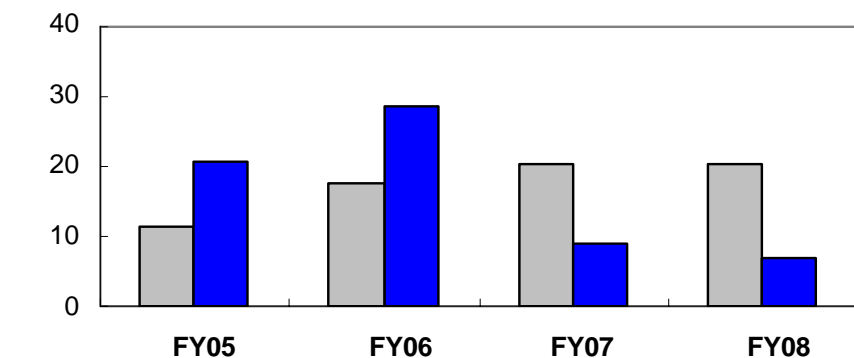
### Revenues



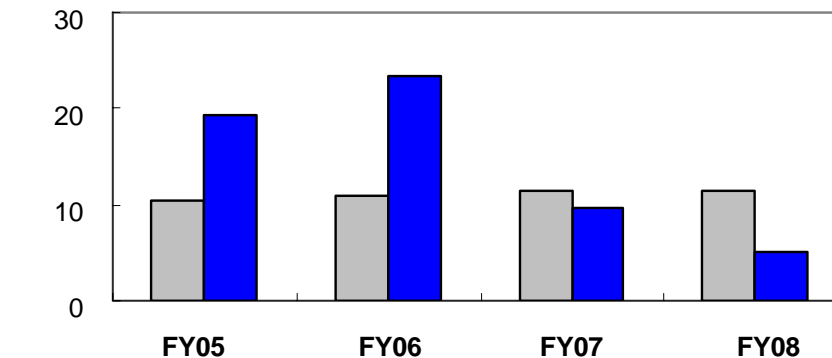
### Ordinary Income



### Operating Income



### Net Income



■ DSP2008 plan ■ Results

## 1. Review of DSP2008

### (2) Action Plans

#### Achieved

- **Established Top share in LNG business**
- **Established a sound financial structure by increasing shareholders equity**
- **Unified operation of group companies in Japan**
- **Strengthened CSR activities and the internal control system**

#### Ongoing Issues

- **Earnings growth**
- **Promoting plant lifecycle engineering (PLE)**
- **Further strengthening global operations**
- **Human resource development: Promote CDP\* and train PKP\*\***

\* CDP (Career Development Plan) = Employee development and training program

\*\* PKP (Project Key Person) = Key managers in project execution

## (3) Qatar Projects: Results and Lessons

### Results

1. Overcame challenging technical issues related to the world's largest LNG plants
2. Simultaneous project management of six large LNG trains
3. Built trusting relationships with customers

### Lessons

1. Over-concentration of projects in Qatar
2. Further strengthening of resource management
3. Resource shortage due to a greater-than-expected construction boom

## 2. Outline of the Medium-Term Management Plan

# Business Environment

【Short term】

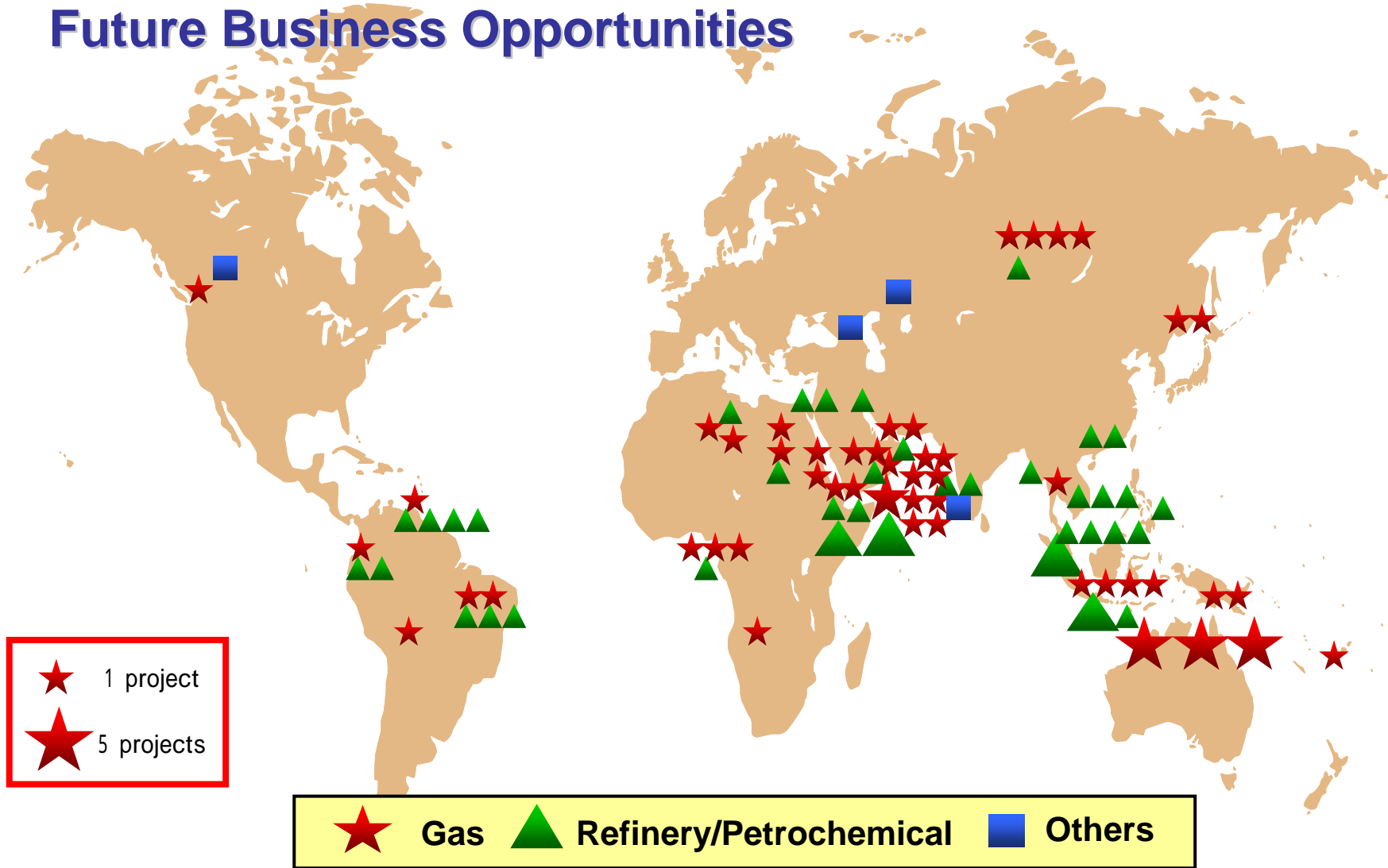
- Financial crisis and its impact on the global economy
- Intensifying price competition due to a short-term drop in energy demand and weak energy-related investment

【Medium term】

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

## 2. Outline of the Medium-Term Management Plan

### Future Business Opportunities



## 2. Outline of the Medium-Term Management Plan

# Management Vision

Business Domain: Energy, Environment and Resource Development

## 3 Key Concepts

### Technology Challenge

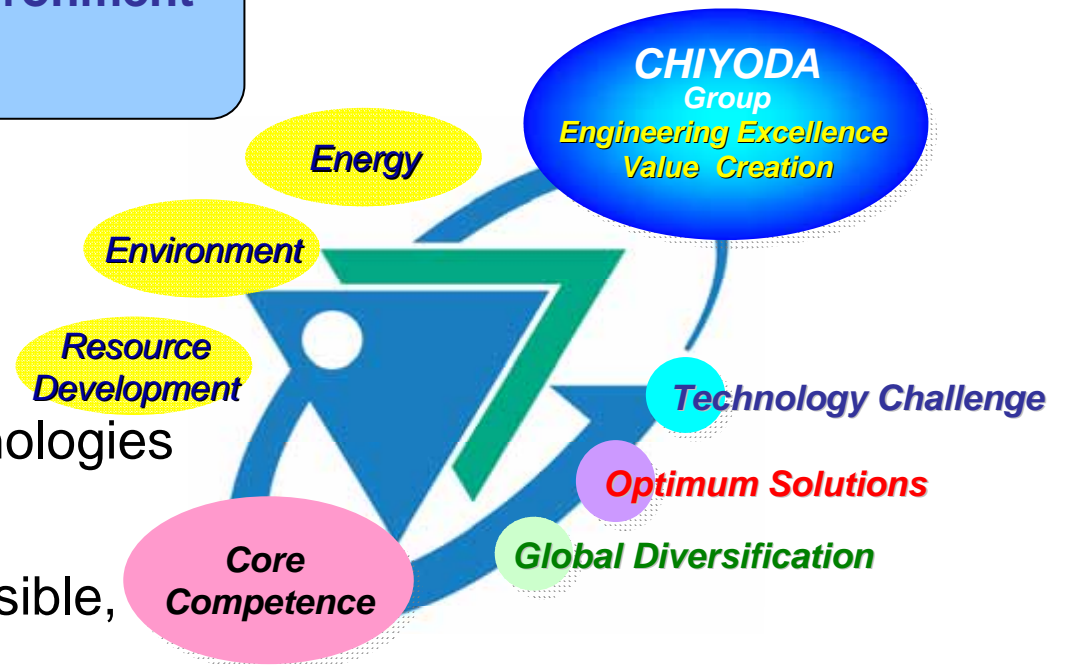
Study, acquire, accumulate and develop leading-edge technologies

### Optimum Solutions

Provide environmentally responsible, optimum solutions that meet the needs of customers and society

### Global Diversification

Further strengthen global operations





## 2. Outline of the Medium-Term Management Plan

### Earnings Target

- FY2012 (ending March 2013)  
consolidated net income : **23 billion yen**
- FY2012 Performance Assumption

(Billions of yen)

Revenues	550
Operating income	34
Ordinary income	38
Net income	23

## 2. Outline of the Medium-Term Management Plan

# Dividend and Investment Policies

Dividend: Consolidated payout ratio of 30%

Amount available for investment:  
More than ¥100 billion over 4 years

Strategic investment  
for growth

Strengthening  
of management  
foundation

Investment in  
research and  
development

For the near term, focus on prudent cash management

### 3. Strategies to Achieve Plan Targets

## Main Strategies

**Further strengthen  
core businesses**

**Build a  
balanced portfolio**

**Strengthen unified Group operation**

**Create an energetic corporate culture  
and develop human resources**

### 3. Strategies to Achieve Plan Targets

## (1) Further Strengthen Core Businesses – Maintain Top Share in LNG

### 1. Expand to new countries and regions

- ◆ Establish offices in promising regions (Australia, Brazil, etc.)
- ◆ Strengthen relationships with NOCs
- ◆ Promote business development in new regions through collaboration with Mitsubishi Corporation

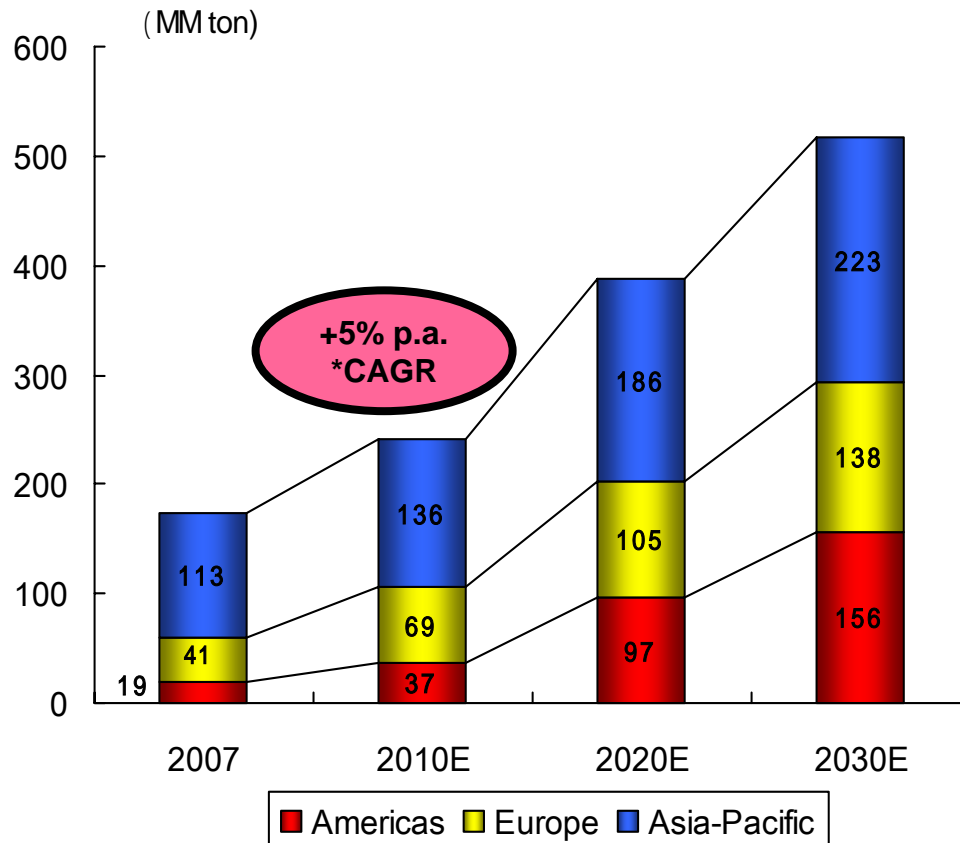
### 2. Respond to diversified project environment

- ◆ Pursue floating LNG business (established FPSO Department)
- ◆ Broaden opportunities through diverse contracting strategy
- ◆ Seek strategic partners (by region/technical specialty)

### 3. Adhere to safety- and environment-first policy in plant design and construction

### 3. Strategies to Achieve Plan Targets

## Outlook for LNG Demand



Source : The Institute of Energy Economics, Japan June 2008

**Total LNG  
Demand**

**173MM ton  
(2007)**

**517MM ton  
(2030)**

**+ 344 MM ton**

\* CAGR: Compound Annual  
Growth Rate

### 3. Strategies to Achieve Plan Targets

## (2) Build a Balanced Portfolio

### 1. Differentiate to acquire refinery, petrochemical, synthesis gas and other projects

- ◆ Strategic application of Chiyoda's proprietary technologies and licensors' technologies

### 2. Expand environmental business field

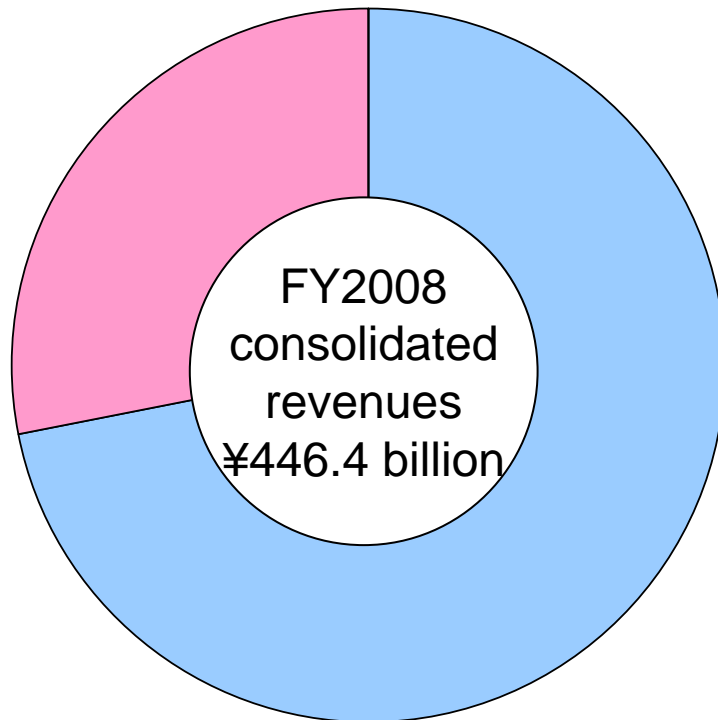
- ◆ Expand into renewable energy segment
- ◆ Carbon management business for a low-carbon society

### 3. Expand into non-EPC business field

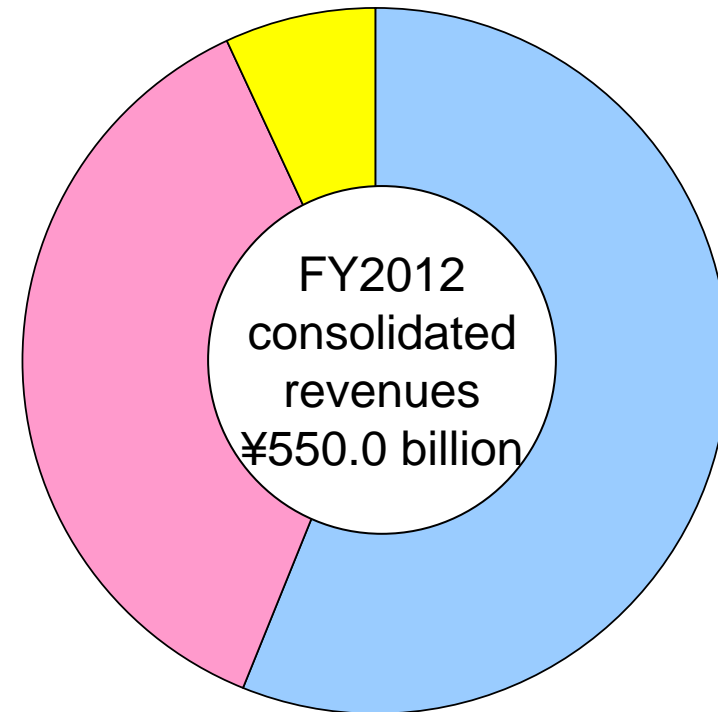
- ◆ Build a technology consulting business  
(Integrated utilities, gasification of coal and heavy crude, energy-saving, facility upgrading, etc.)
- ◆ Expand licensing business (catalyst and process development, Chiyoda Thoroughbred 121 (CT-121), etc.)
- ◆ Strengthen IT solutions business

### 3. Strategies to Achieve Plan Targets

## Future Business Portfolio By Segment



■ LNG/Gas ■ EPC-Others ■ Non-EPC



■ LNG/Gas ■ EPC-Others ■ Non-EPC

### 3. Strategies to Achieve Plan Targets

## (3) Strengthen Unified Group Operation

### 1. Strengthen regional sales and execution focus

- ◆ Expanding subsidiaries' operation in Singapore and Saudi Arabia
- ◆ Full-scale operation of subsidiary in Qatar

### 2. Enhance global operational efficiency

- ◆ Further expand and promote GES (Global Engineering Satellite) operations

### 3. Develop business in new regions through capital and business alliances with other companies



### 3. Strategies to Achieve Plan Targets

#### **(4) Create an Energetic Corporate Culture and Develop Human Resources**

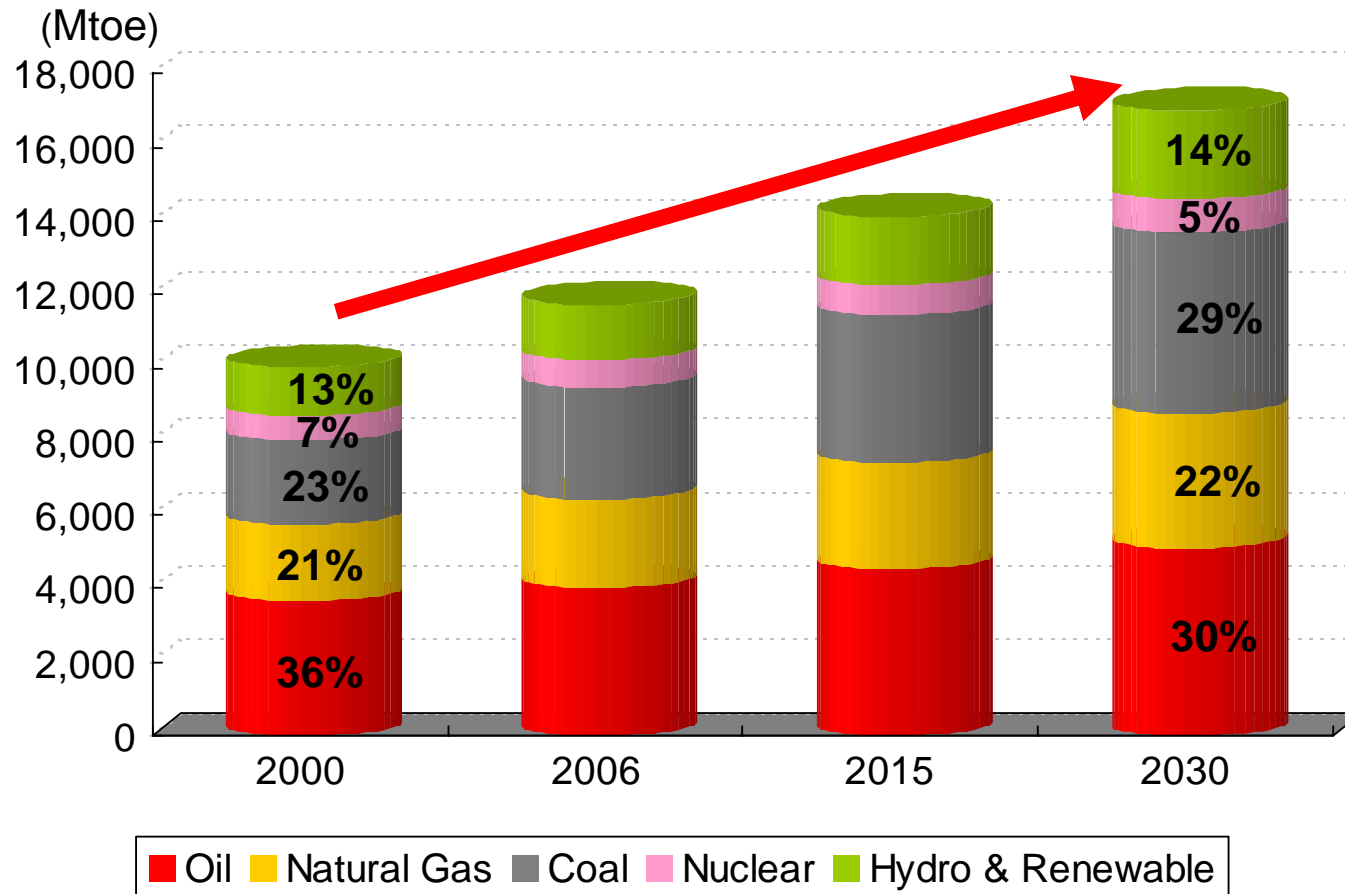
- 1. Further enhance the resource management system**
- 2. Review and improve the personnel evaluation system to energize employees and heighten motivation**
- 3. Promote a career development system for future generations**

# Engineering Excellence, Value Creation



- ◆ **Technology Challenge**
- ◆ **Optimum Solutions**
- ◆ **Global Diversification**

# Outlook for Energy Demand



Average annual growth rate

	2006-2030
H & R*	2.0%
Nuclear	0.9%
Coal	2.0%
NG**	1.8%
Oil	1.0%
<b>Total</b>	<b>1.6%</b>

\*Hydro & Renewable

\*\*Natural Gas

Source: IEA World Energy Outlook 2008

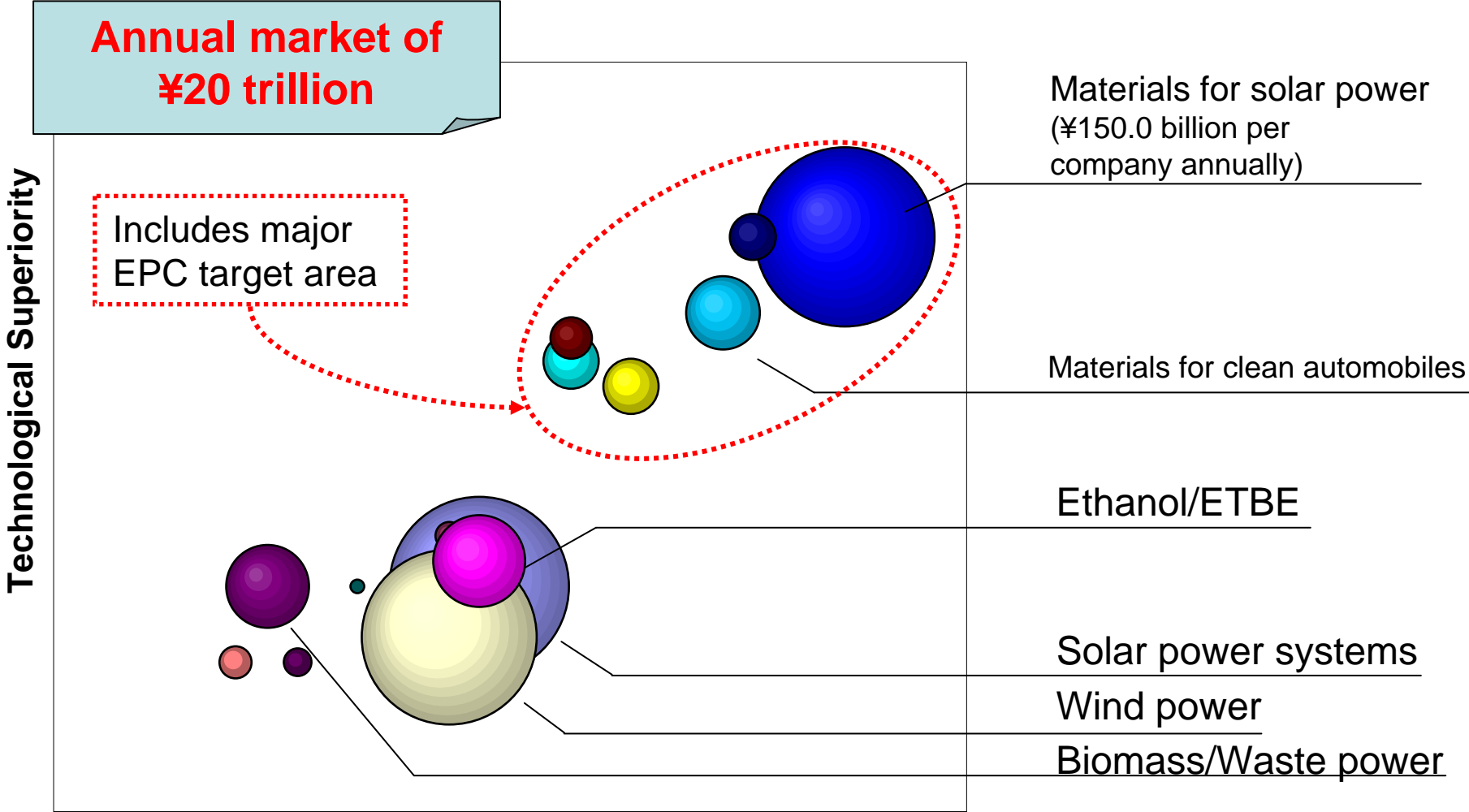
# Investment Plans of International Oil Companies (IOCs) and National Oil Companies (NOCs)

Total investment (upstream and downstream)

	Amount of planned investment for FY2009	FY2008
<b>ExxonMobil</b>	\$29.0 billion (\$150.0 billion over 5 years)	FY2008: \$26.1 billion FY2007: \$20.9 billion
<b>Shell</b>	\$31.0 billion - \$32.0 billion	\$32.0 billion
<b>ConocoPhillips</b>	\$12.5 billion	\$19.9 billion
<b>Qatar Petroleum</b>	\$8.25 billion at gas sector from 2007 to 2012	
<b>Saudi Aramco</b>	\$60.0 billion from 2010 to 2014 Upstream: \$2.8 billion; Downstream: \$3.2 billion	
<b>Petrobras</b>	\$112.0 billion from 2009 to 2013	

Source: Press releases and website of each company, etc.

# Example Analysis of Marketability of New Business Field: New Energy Market



Market Appeal (Incl. growth potential and compatibility with EPC)

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The forward-looking statements in this presentation are based on forecasts and plans as of May 13, 2009. Actual results may differ from forecasts due to risks and uncertainties resulting from factors including but not limited to changes in the economic climate.