Chiyoda’s Revitalization Plan
Six Month Progress Update

November 5, 2019
Chiyoda Corporation
Agenda

1. Overview of the Revitalization Plan
2. Strengthening the Financial Base
3. Enhancing EPC Execution and Management Capacity
4. Digital Transformation
5. The “New Values” Engineering Challenge
6. Ongoing Major Projects
1. Overview of the Revitalization Plan

**Revitalization Plan**

- Further develop the risk management structure
- Enhance EPC execution and management capacity
- Reinforce human resources

**FY 2023 (5yrs later)**

- Transform to a company that stably generates a net profit of JPY 10bn-20bn per year
- Shareholder’s equity ratio:< 20%

**Long Term Vision**

- Project Life cycle partner to maximize the clients’ asset value
- Integration partner to provide compound system fit for complex energy needs & restrictions
- Incubation partner for future technology development to solve challenges in energy and global environment
2. Strengthening the Financial Base

In 2019/3 4Q negative shareholder’s equity was cleared and the financial base will be further strengthened by future company growth.

Increase in Shareholder’s Equity

<table>
<thead>
<tr>
<th>(Billions of JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder's Equity: 19.0</td>
</tr>
<tr>
<td>【Ratio: 4.9%】</td>
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</tbody>
</table>

19/3 4Q | 20/3 1Q | 20/3 2Q

- Shareholder's Equity: (60.1)
- Gross Profit: 13.0
- SQ&A: (4.0)
- Non-operating & Extraordinary income expenses: (5.0)
- Tax: (1.8)
- Other comprehensive income etc.: 2.3
- Shareholder's Equity: (55.6)
- Gross Profit: 9.0
- SQ&A: (4.0)
- Non-operating & Extraordinary income expenses: (1.8)
- Tax: (0.7)
- Other comprehensive income, etc.: 2.1

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3. Enhancing EPC Execution and Management Capacity

<table>
<thead>
<tr>
<th>Strengthening the organization and promoting initiatives to reinforce competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization</strong></td>
</tr>
<tr>
<td>- CCMO (Chief Construction Management Officer) was appointed.</td>
</tr>
<tr>
<td>- “Construction Execution Strengthening Committee” established with integration of relevant organization</td>
</tr>
<tr>
<td><strong>Initiatives</strong></td>
</tr>
<tr>
<td>- &quot;Chiyoda AWP&quot;: Integrating our knowledge with the best practice (Advanced Work Packaging) advocated by U.S. construction industry institution. Reviewing previous EPC work procedures and management methods, and apply to ongoing and new projects.</td>
</tr>
<tr>
<td>- Construction IoT: a) Improving material management efficiency using RFID (Radio Frequency Identifier); b) Enhance labor and safety management using beacons. Both will be applied on future projects.</td>
</tr>
<tr>
<td>- “Target 20”: Promoting 20% improvement of EPC project and in-house Corporate Division efficiency through company-wide digitalization.</td>
</tr>
</tbody>
</table>
4. Digital Transformation

**Organization**
Establishment of “Digital Transformation Division”

**Vision**
Implementation of revitalization plans based on evolving digital technologies and promotion of digital transformation

**Formation of Non-EPC business**

**New Digital Business**

Maximize Value of Customer Assets <O&M Process Optimization >
- LNG AI Plant Optimizer TM (Improved LNG production efficiency)
- ADNOC LNG: MoU for digital technologies

**Digital EPC**

- Digital EPC Application
- Chiyoda AWP
- Data Management, etc.

**System Launch**

- Digital Transformation

**Mindset Change**

- HR Development

**Target 20**

**Workflow Improvement**

**RPA**

**Revitalization and the Future**

**Enhance EPC business competitiveness**

**Corporate**

Work-life Balance (work-style reform)

* RPA: Robotics Process Automation

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# 5. The “New Values” Engineering Challenge

**Organization**

- “Frontier Business Division” established

**Vision**

Resolve problems in the fields of A) Energy /Environment, B) Social issues through business activities, C) Life science

**Competence**

Chemical engineering knowledge, process development, scale-up technology, technology expertise and integration

## A) Environment / Energy
- Demand expansion
- Climate challenges
- Decentralization

## B) Social challenges / business progression
- Aging
- Technical tradition
- Local stagnation
- Resilience

## C) Life science
- Sustainability of Insurance system
- Intractable disease

| 1 | Commitment to strive towards a Low Carbon Society |
| 2 | Establishing an ecosystem with companies that emphasize environmental values |
| 3 | Efficiency of sustainable energy management: Focus on integrity of renewable energy |
| 4 | Business solutions which realize corporate sustainability (raise economic and social value) |
| 5 | Accelerate pharmaceutical business (drug development: aiming for costs reduction in production and for development of drugs for intractable diseases) |

- Realize a net zero emission society
- Realize a resilient and distributed society
- Realize a society where industries and regions continue to prosper
- Realize a sustainable and healthy society
## 6. Ongoing Major Projects (1/2)

<table>
<thead>
<tr>
<th>Project</th>
<th>Freeport LNG</th>
<th>Cameron LNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client</td>
<td>Freeport LNG</td>
<td>Cameron LNG</td>
</tr>
<tr>
<td>Partner</td>
<td>Zachry McDermott</td>
<td>McDermott</td>
</tr>
<tr>
<td>Completion</td>
<td>Train-1 &amp; 2: Approx. 99% Train-3: Approx. 96%</td>
<td>Approx. 96%</td>
</tr>
</tbody>
</table>
## 6. Ongoing Major Projects (2/2)

<table>
<thead>
<tr>
<th>Project</th>
<th>Tangguh LNG</th>
<th>Texas Ethylene</th>
<th>Golden Pass LNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client</td>
<td>BP Berau</td>
<td>Gulf Coast Growth Ventures (ExxonMobil SABIC JV)</td>
<td>Golden Pass Product (ExxonMobil QP JV)</td>
</tr>
<tr>
<td>Partner</td>
<td>Saipem Tripatra</td>
<td>Kiewit</td>
<td>Zachry McDermott</td>
</tr>
<tr>
<td>Completion</td>
<td>Approx. 65%</td>
<td>Approx. 40%</td>
<td>Approx. 4%</td>
</tr>
<tr>
<td>Status (Sep. 2019)</td>
<td>✓ Target completion: 3Q/2021</td>
<td>✓ Target completion: 4Q/2021</td>
<td>✓ Target completion: 2025</td>
</tr>
<tr>
<td></td>
<td>✓ Construction commenced</td>
<td>✓ Module construction commenced in China</td>
<td>✓ Engineering ongoing</td>
</tr>
<tr>
<td></td>
<td>✓ Installation of main heat exchanger complete.</td>
<td>✓ Construction commenced on site</td>
<td></td>
</tr>
</tbody>
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Any projections included in these materials are based solely on information available at the time this presentation was prepared. It is possible that actual results may vary significantly from the projections due to a number of risk factors such as economic conditions. The results projected here should not be construed in any way as being guaranteed by the Company. Investors are recommended not to depend solely on these projections for making investment decisions.

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