

PRESS RELEASE

January 5, 2018

President Message 2018**Focus on understanding the changes in the world.****Make this year a great step toward our future.**

Happy new year to you all.

I would like to explain my perspectives for this year from the following three viewpoints.

Firstly, we should try to understand future global political and economic conditions when we consider our future steps. It is expected that China, led by President Xi Jinping, who successfully completed the Chinese communist party convention last year, as well as Russia, led by President Vladimir Putin, who will run for re-election in this March will be relatively stable in this year. However, the United States, which will have a mid-term election might make a serious impact. President Donald Trump may promote populist policies in order to maintain strong support from his voters. With this in mind, we have to anticipate the Trump administration's stance on North Korea and the Middle East. In particular, the relationship between Saudi Arabia and Iran may affect our business in Middle Eastern countries including our core market, Qatar. We should therefore engage in each project with careful consideration of the current political and economic situation.

Secondly, I would like to mention energy and environment as our business field.

Energy mainly from fossil fuels has conflicted with the position to environment preservation, which aims low carbon or decarbonization. However, now these two goals of energy and environment preservation are achievable in tandem because of the lowered cost of renewable energy. Renewable energy does not necessarily require subsidy and sometimes even has cost advantages over energy based on fossil fuels. This situation does not seem favorable to Chiyoda which has been actively engaged in the fossil fuel industry. Nevertheless, Chiyoda is now adjusting by further endorsing renewable energy and the storage of electricity. Chiyoda will provide a society with total solution for the most optimized energy mix consisting of LNG, petroleum, renewable energy, the storage of electricity and hydrogen. This will result in the achievement of our corporate mission "Energy and Environment in Harmony". Our current situation presents a significant opportunity for Chiyoda, and it is therefore important that each of us, when carrying out our role, keeps in mind that changes can be chance.

Finally, I would like to briefly touch on the Artificial Intelligence (AI) and the Internet of Things (IoT). I like to emphasize that AI and IoT do not only represent the progress of advanced digital technology, but also represents a change in our business model. AI and IoT enhance our competitiveness in EPC work and expand our business into plant operation. By integrating them, we can propose the most optimized plant operation to our clients which will strengthen our relationship. With the aim of pursuing this new business model, we will establish the position of Chief Digital Officer (CDO) from the upcoming fiscal year. Under the CDO's leadership, I encourage all Chiyoda employees to enhance their AI and IoT expertise.

In addition to those, we are now undertaking various policies in compliance with the new Mid Term Management Plan which was disclosed in August 2017.

I have confidence about turnaround of Chiyoda. Let's focus on understanding the changes in the world and make this year a great step toward our future.

Let's do our best.

Masaji Santo,
President and CEO

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