Business Overview

2nd Quarter Financial Results for Fiscal 2017
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1. Project Orders for the First Half of FY2017

Value of Consolidated Orders Received: 351 Billion Yen

**Overseas**

- 283 Billion Yen
  - Mozambique FLNG
  - Algeria Crude Oil Gathering and Processing Facilities
  - Saudi Arabia Gas Processing
  - America LNG
  - Indonesia Gas Processing, LNG Receiving Terminal awaiting client’s FID

**Domestic**

- 67 Billion Yen
  - Hiroshima CO$_2$ Capture Equipment
  - Mie Solar Power
  - Saitama Hospital
  - Wakayama Pharmaceuticals Others

(Indonesia: Gas Processing, LNG Receiving Terminal awaiting client’s FID)

2. Target Projects for the Second Half of FY2017

**Middle East**

- Oil Refining Petrochemicals

**Central Asia**

- Gas Processing

**Asia**

- Oil Refining Petrochemicals Chemicals

**Africa**

- Crude Oil Processing

**Domestic**

- Solar Power, Chemicals Environment Pharmaceutical, Medical

Intense competition exists, but we are exerting every effort to achieve a target value of 750 billion Yen as consolidated orders.
3. LNG Market Trends

The two Trends in LNG Projects

➢ Overall
  ✓ Demand increase in China, India, and South-East Asia is a key factor
  ✓ Supply/demand balance expected in the first half of the 2020’s

➢ Large-Scale LNG
  ✓ FID for Large-Scale LNG Projects expected from FY2018 onwards
  ✓ Planned in North America, Africa, Russia, and Oceania

➢ Small- and Medium-Scale LNG
  ✓ Onshore: Development by new owners in North America is expected
    (Example) Jordan Cove LNG
  ✓ Offshore: Plans for FLNG in Africa

Materialization expected to begin with competitively priced LNG projects

4. Principal Policies

Strengthening of Project Management, Expansion of EPC Domain is already underway

➢ Strengthening of Project Management
  ✓ Tightening control of EPC
  ✓ Promote development of future project leaders

➢ Expansion of EPC Domain
  ✓ Expansion of offshore field
  ✓ Enter overseas infrastructure field
5. Strengthening of Project Management

The Essential Element of EPC is Risk Management

- Tightening Control of EPC - Build up Risk Management
  - Senior General Managers’ Offices actively participate in Projects
  - Become involved in risk situations
  - Early identification of risks through experienced eyes
  - Exchange views with mid-level staff (approx. 400)

- Promote Development of Future Project Leaders
  - Number of Project Managers = Project Capacity
  - Establishment of a Project Management Development Department (combine Construction Department and Project Department personnel)
  - Gain overall knowledge through involvement in small to medium size projects

6. Expansion of EPC Domain(1)

Expansion of Offshore Field

EPC for FLNG/FPSO and involvement on O&M

- Top FLNG Contractor
  - FLNG Malaysia
  - Australia (support for project completion)
  - Mozambique

- Establishment of an Offshore Business Division
  - Improvement of offshore project operations organization
  - Investment in FPSO leasing business, accumulation of knowhow
  - Study collaboration with offshore companies
6. Expansion of EPC Domain(2)
Enter Overseas Infrastructure Field

Leverage domestic experiences to expand overseas business

- Establishment of an Overseas Infrastructure Project Division
  - Appointment of an overseas project expert to the divisional management
- Attention to Power Generation, Life Sciences (pharmaceuticals, medical care), Non-Ferrous Metals

<table>
<thead>
<tr>
<th>Power Generation</th>
<th>Pharmaceuticals</th>
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<tbody>
<tr>
<td>Aim for expansion based on domestic power generation projects</td>
<td>Promotion of domestic pharmaceutical companies and overseas major pharmaceutical companies moves in Asia</td>
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<tr>
<td>Focus on domestic gas-fired power generation and wind-power</td>
<td>Approach to projects mainly in China and Vietnam</td>
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<td>Tie-up with U.S. company IPS (Pharmaceutical Engineering company)</td>
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Note on Future Outlook

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