

Investing in Our Future--a Program for Continued Growth

Engineers Without Borders

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Surviving and Prospering for Over 1,400 Years

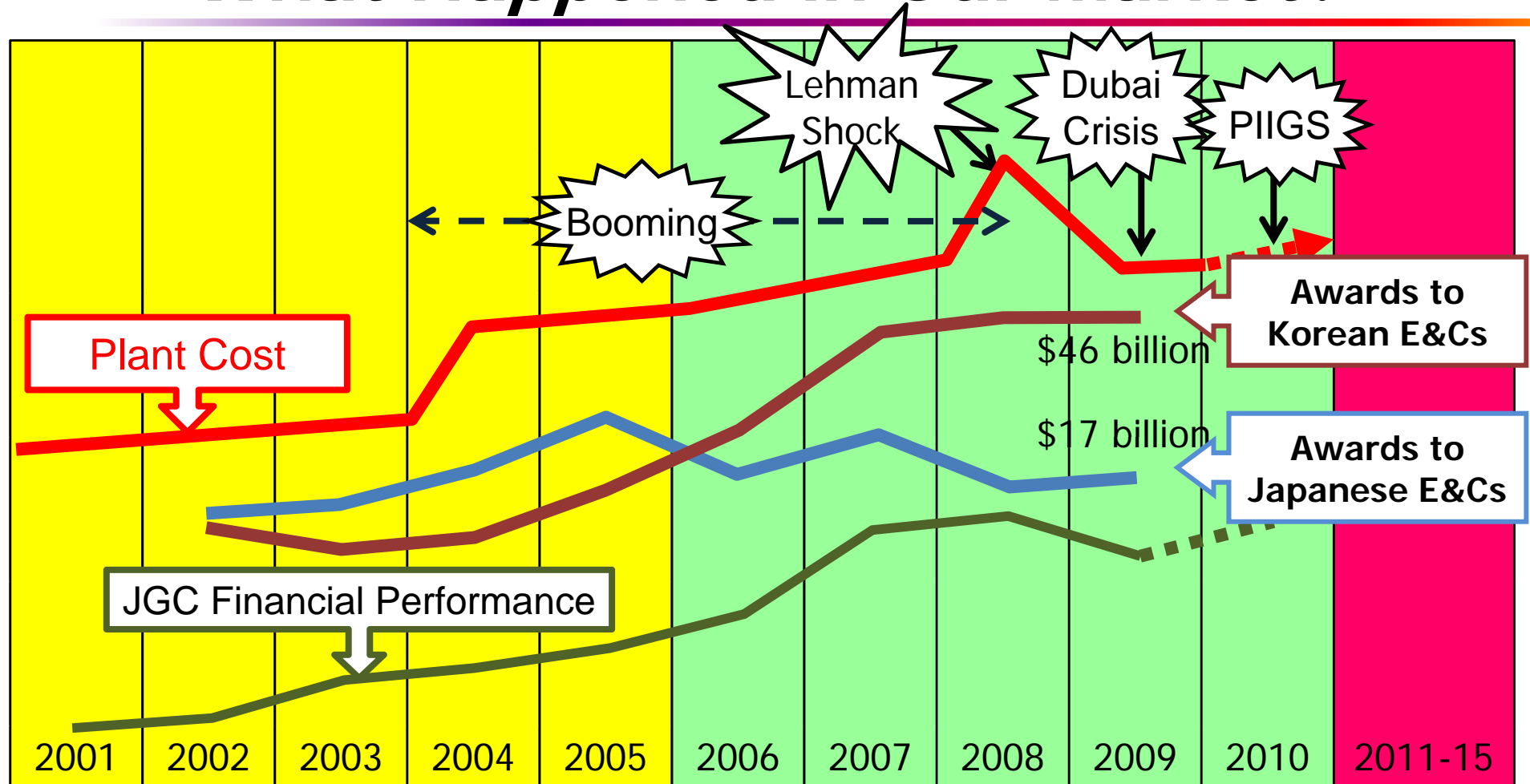
Kongo Gumi Co., Ltd.

- ❑ World's oldest construction company
- ❑ Established in 7th century, operating over 1400 years



Preamble

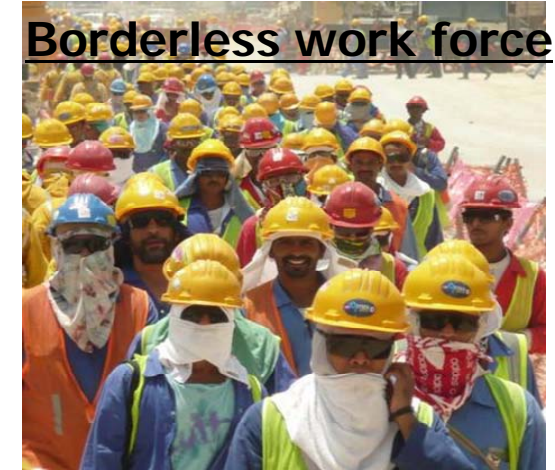
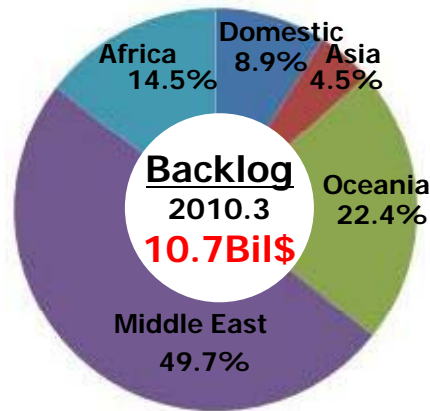
What Happened in Our Market?



JGC's Medium Term Business Plan



JGC's New Medium Term Business Plan (2011-2015)



TARGETS

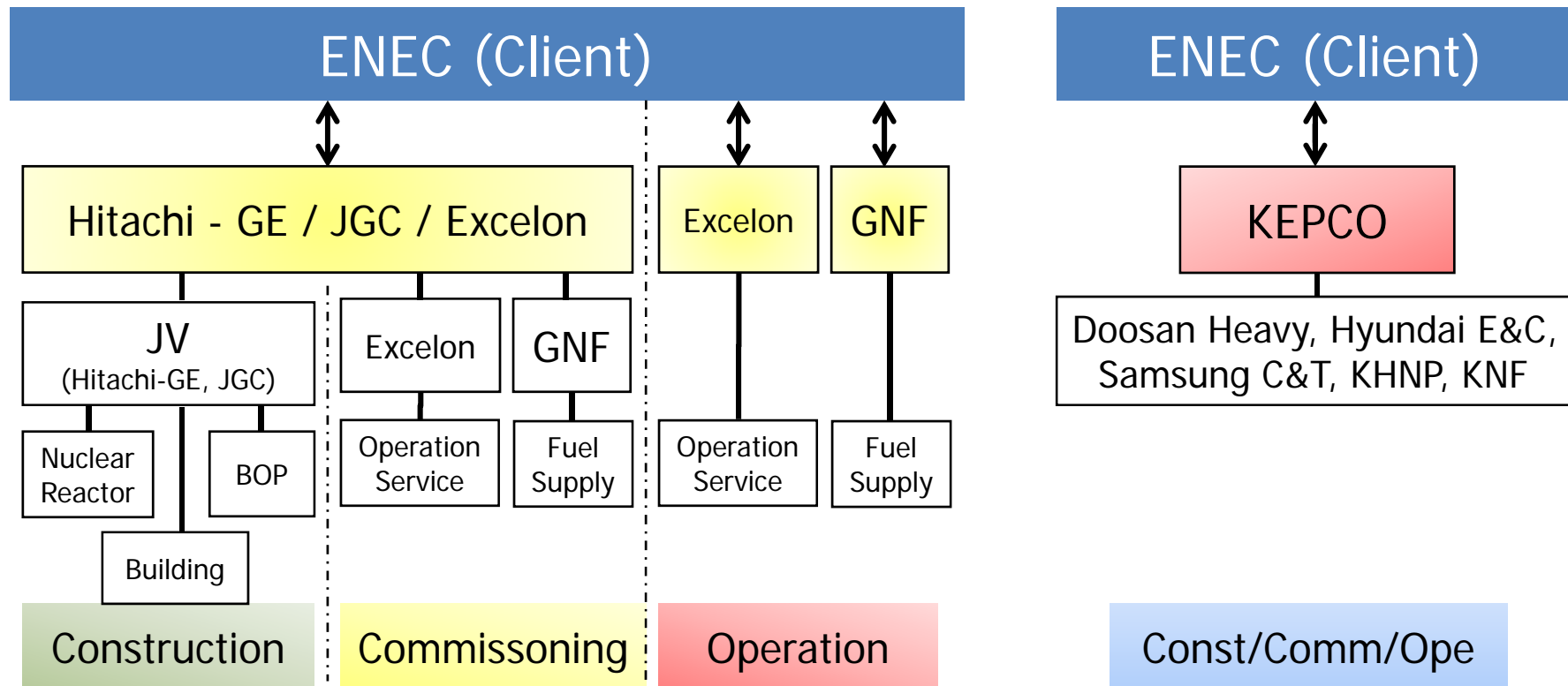
- **Expand business domain**
Upstream, Offshore, Nuclear power, Hydrocarbon energy supply
Environmental business, Renewable energy, Social infrastructure
- **Grow overseas EPC subsidiaries**
New profit centers, De-centralized global strategy, Ethnic diversification in human resources
- **Increase investment business**
- **Promote new business model: "Program Management Contractor and Investment Partner"**



Why We Lost the UAE Nuclear Power Plant?

[Japan / US Team]

[Korea Team]



	<u>On-Stream (Actual)</u>	<u>CAPEX</u>
Japan/US	60-70 %	1.2-1.5
Korea	> 90%	1

Areva CEO's Observations



Areva Mme. Lauvergeon

"South Korea was ready to do anything to win, in terms of price and in state financing."

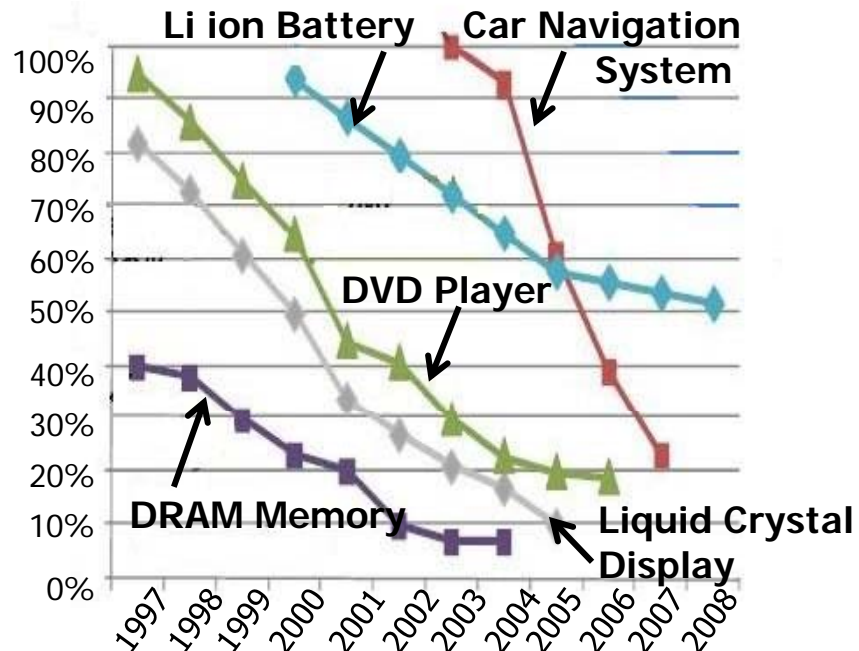
"Abu Dhabi sought the participation of EDF to operate the reactors, but the state-controlled electricity giant only agreed to join at the last minute."

"We are comparing two things that didn't offer the same security, the same generating power."

"Security has a cost."

Japan Industrial Structure Vision 2010

Rapid Drop of Japanese Share in Global market



Five Strategic Areas

➡ Driving International Competitiveness

*Market creation \$1.65 trillion at 2020

1. Infrastructure related / system sales
(nuclear power, water, railways, etc.)
2. Environment and energy problem solving industry
(smart community, next-generation vehicles, etc.)
3. Creative industries
(fashion, content, etc.)
4. Medical, nursing, health and child care services
5. Frontier fields
(robots, space, etc.)

JGC Undertaking New Role

JGC as System Integrator

CDM business (China)



IWPP (Middle East)



IWPP incl. operation

Algeria O&M

Upstream (USA)



Japan success model
- Manufactured products export

New vision for growth in Greater Asia
- System sales / Solutions provision
Finance, Technology and O&M Know-how with
PPP Scheme

(But who can be a system integrator....?)

JGC aims to undertake system
integrator role

E&C expertise and as
enterprise investor

Water business
(China, Japan)



PFI: Hospital (Japan)

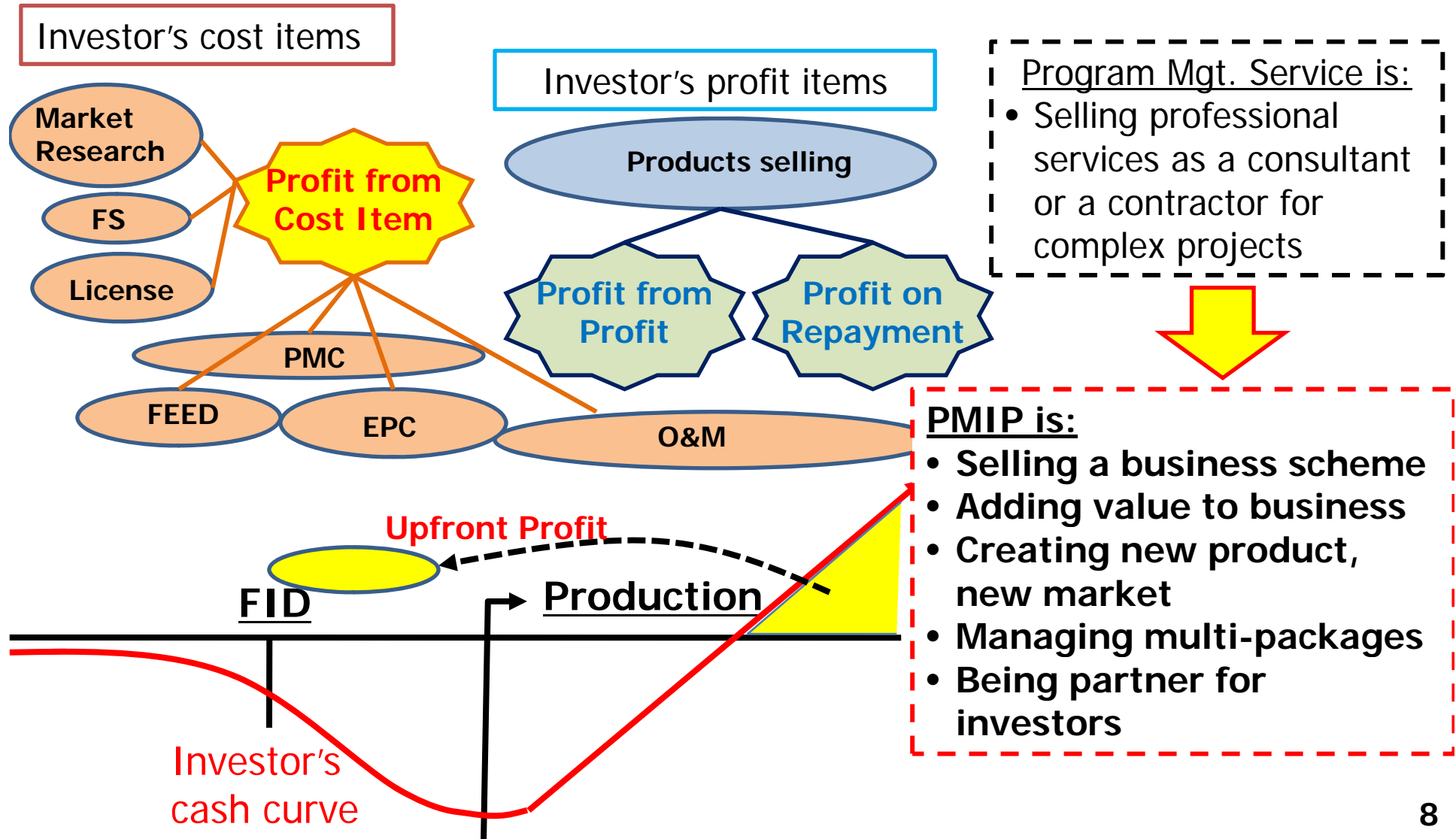


Investment Business

JGC since 2005,

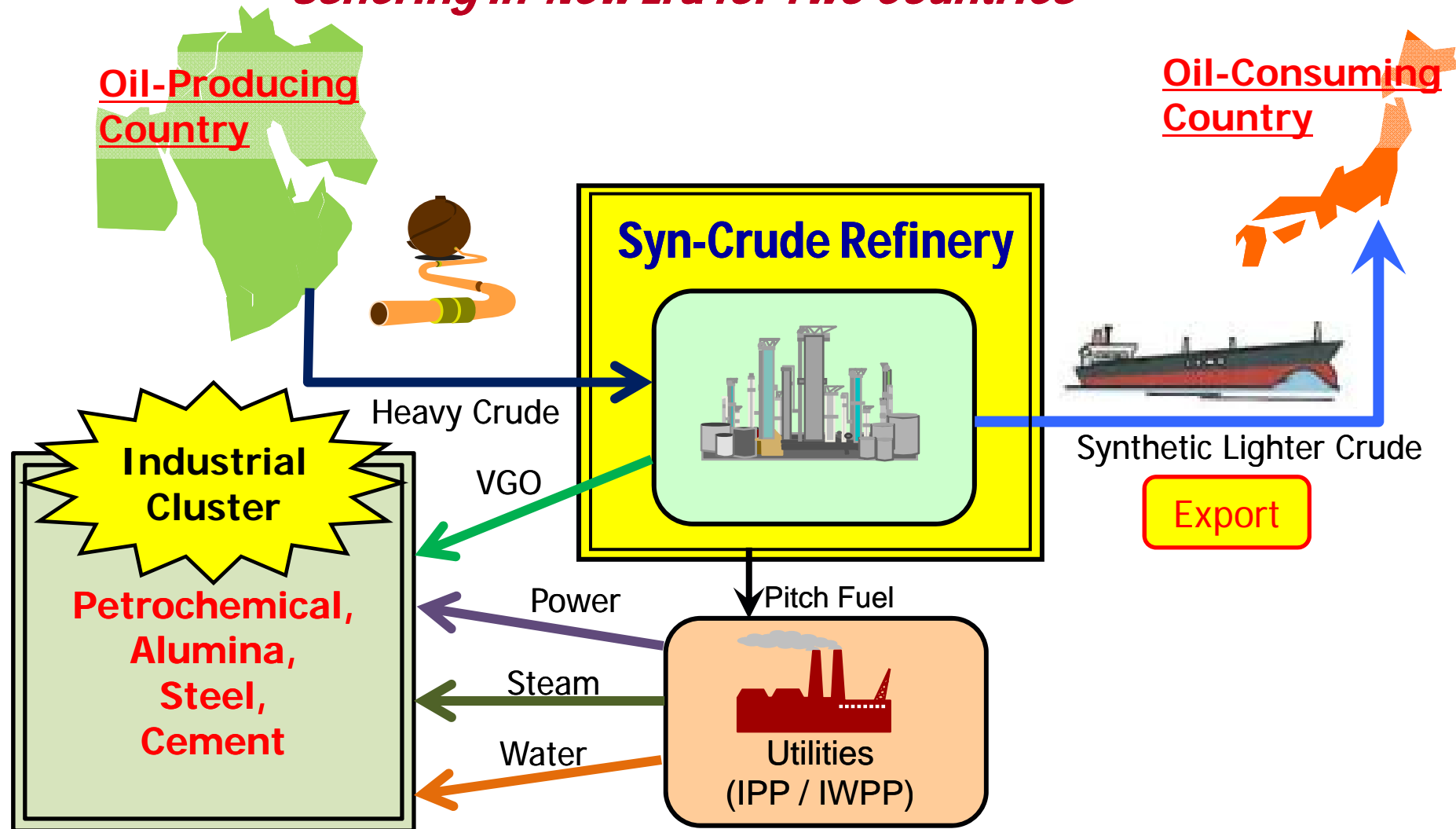
- Achievements: 17
- Equity: US\$400 million
- Total project: US\$6 billion

PM & IP Profit Model

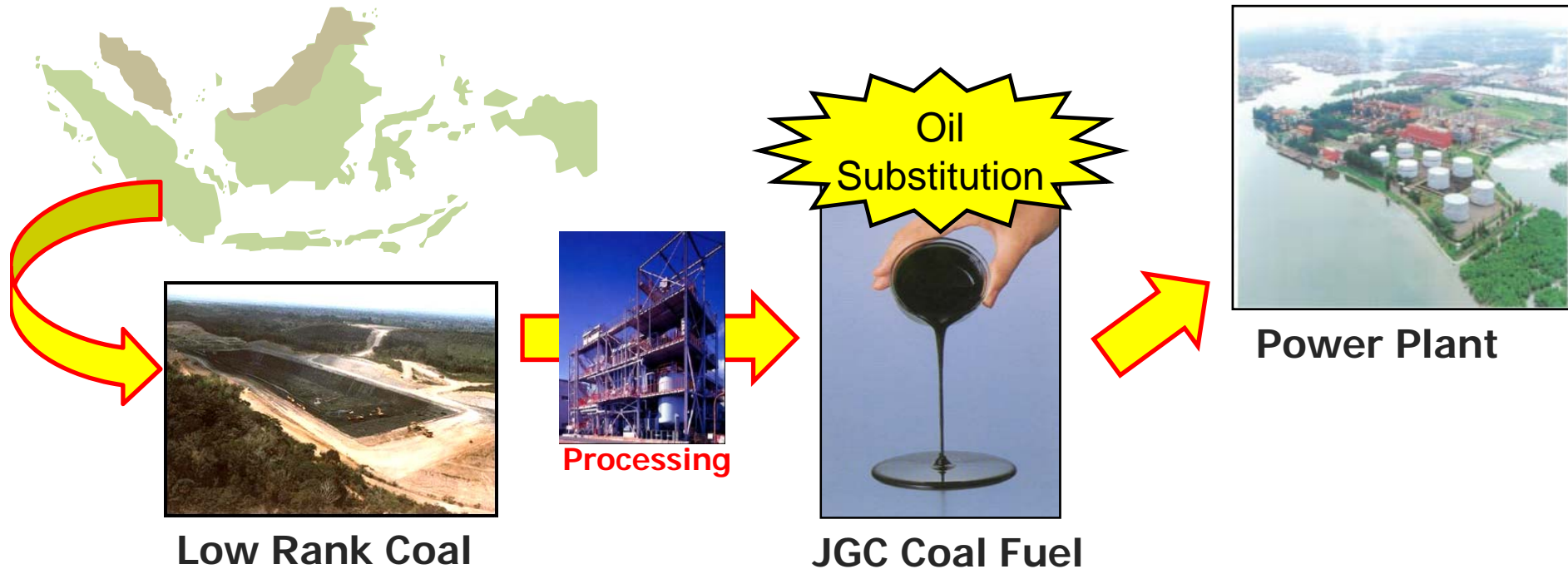


PM & IP Case 1: Syn-Crude Business

Ushering in New Era for Two Countries




PM & IP Case 2: JGC Coal Fuel in Indonesia



Substitution of Oil / Gas by Low Rank Coal as Fuel for Power Plant

- Advantage**
- ▣ Usage of un-utilized coal and value addition
 - ▣ Decrease of crude oil import / increase of LNG export

PM & IP Case 3: Seawater Desalination in Tianjin, China



The composite image includes three main parts: a photograph of the modern, multi-story Tianjin Desalination Plant building; a map of China with Tianjin highlighted in a red box and labeled with a red arrow; and a photograph of the internal desalination equipment, showing rows of green cylindrical membrane modules.

天津大港新泉海水淡化有限公司
Hyflux®

1. Water Shortages
2. Industrial City

Industrial Water Supply

Thermal Power Plant Ethylene Complex

南水北調

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JGC

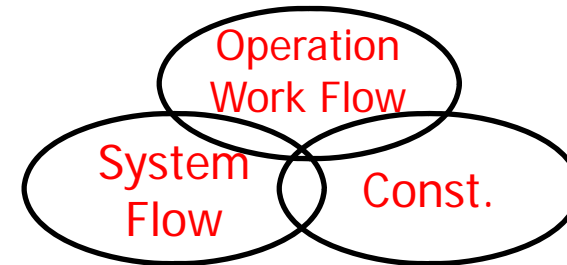
PM & IP Case 4: Private Finance Initiative--Hospital

Hospital in Setagaya,
Tokyo



Service offered to public improved by applying private capital and know-how at reduced cost.

□ Integrated Design



□ Business Process Re-engineering

1. Systematized by WBS
2. Managed by Work Packages

	Task1	Task2	Task3	Task4
Area1				
Area2				
Area3		Work Packages		
Area4				

In Greater Asia

Demand in Greater Asia

- Diversification of industrial structure
- Low-carbon and energy conservation society
- Social infrastructure systems
- Localization and human resource development

Global Competition

- Increased global competition
- Political and economic frameworks
- “New Mercantilism”

JGC as PM & IP

- System integration and creating business scheme
- Fostering local EPC companies and increasing commitment to local needs in greater Asian market

Closing

“Look at deep issues and think about them in a deep sense”

(Mr. Salim S. Al-Aydh, Saudi Aramco) at Shaybah Café 2004 in discussing the future of Saudi Arabia's economy and the role of the private sector in stimulating growth.