

Business Overview

Fiscal 2007 Interim Results Briefing

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President and COO
Keisuke Takeuchi



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1. Market Environment and Focused Regions and Sectors



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1-1 Market Environment Outlook

World forecast for 2008: **US\$54 billion** to be spent on oil, gas, and petrochemical facilities, representing a 9% year-on-year increase (\$49.8 billion in 2007)

Source: Hydrocarbon Processing, Market Data2008

In the MENA region, more than **US\$260 billion** to be invested in oil and gas downstream facilities from 2008 thru 2012 (The forecast done in 2007 for the same period set the figure at \$200 billion.)

Source: Middle East Economic Survey, APICORP research

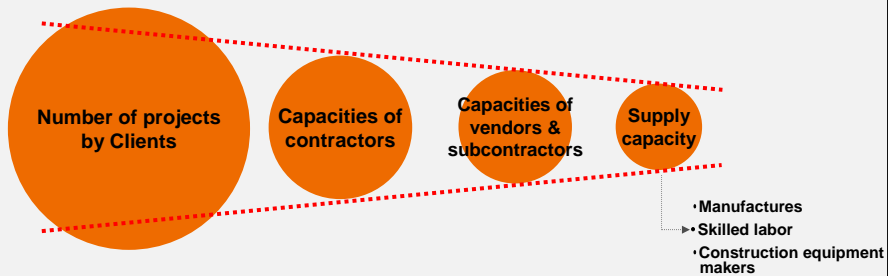


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1-2 Market Environment Changes Affecting Contractors

2004 – 2006

Chronic supply shortages continued due to the shortfall
In the capacities of equipment vendors,
and more seriously, materiel suppliers.



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1-2 Market Environment Changes Affecting Contractors

2007 and beyond

Rises in equipment/materials costs and shortage of quality subcontractors



Increase in plant construction costs



Tendency to delay investment decisions for planned projects



Vendors invest to expand their facilities;
materiel prices settle down



Environment surrounding contractors is likely to improve

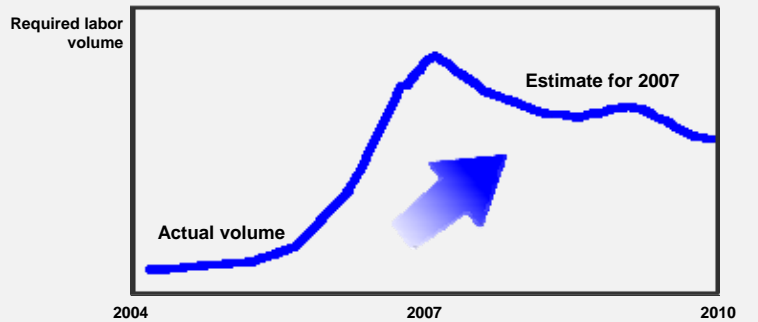
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1-2 Market Environment Changes Affecting Contractors

Actual and estimated level of labor needed for construction in the Middle East

These figures will level off because investment in planned projects will be delayed. However, the levels will remain high



* Data from JGC sources



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1-3 Focused Regions and Sectors

The second half of 2007 through 2008

Continued targeting of large-scale projects in the Middle East, Africa, and Asia where investment in equipment is active.

For the Japanese market, we will remain focused on the same sectors.

- Middle East Oil Refineries, Gas/Oil related and Petrochemicals
- Africa LNG and Gas related
- Asia LNG and Oil Refineries
- Japan Oil Refineries, Petrochemicals and others

Total value for the focused projects: 1 trillion yen level!



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2. Strategies for Growth of Group Companies



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2. Strategies for Growth of Group Companies

1. EPC Business

- ❶ EPC subsidiaries in Japan plan to enter overseas markets
- ❷ Accelerating profit center focus of overseas subsidiaries

2. Non EPC Business

- ❶ Concretization of measures for expanding and enhancing manufacturing businesses



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2-1 EPC Business : I Japan

JGC Project Services Co.

Based on its current favorable performance,
the company continues to strive for further growth

- Likely to achieve its target net sales of 70 billion yen for fiscal 2007
- To secure the number one ranking among contractors in the domestic chemical industry
- To make efforts to increase its manpower
- To begin entering overseas markets and establish a financial base which will not be vulnerable to domestic market trends



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2-1 EPC Business : II Overseas

New Saudi Arabian company - JGC Gulf International Ltd. -

Far ahead of the original schedule,
the preparations are progressing quickly

- Will begin operations as an EPC company in early 2008
- In the initial three to four years, the company expects to have net sales of 10 billion to 30 billion yen
- Introducing Japanese strong points, the company will assimilate with the locale



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2-1 EPC Business : III Overseas

PT. JGC Indonesia

While enhancing its infrastructure, the company is actively conducting business with the goal of becoming a profit center of our group

- Continues its effort to expand manpower
- Its new office building is now being constructed in a suburb of Jakarta
- JGC Project Services Company has invested in the company
- Executes small- to mid-sized projects in Indonesia using its own capabilities



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2-2 Non EPC Business : Enhancing Production Businesses

Considering the merger of Catalysts & Chemical Industries Co. with Nikki Chemical Co.

- Advantages, Focused Sectors-

Catalysts & Chemicals Industries Co. (100% owned subsidiary of JGC)

- Oil refining catalysts (FCC catalysts, Desulfurization catalysts, de-NO_x catalysts and others)
- Petrochemical catalysts
- Fine chemical Products (Industrial materials for electricity, electronics, cosmetics, optics, and semiconductors)

Nikki Chemical Co. (100% owned subsidiary of JGC)

- Chemical catalysts
- Growing sectors: catalysts for high performance plastics, catalysts for vehicles, cathode materials for lithium ion batteries

Foster production businesses as JGC group's another key businesses and expect them to make even greater contributions to our group's profits



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Note on Future Outlook

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For questions concerning this material, please contact:

JGC Corporation
PR and IR Department
Tel: 81-45-682-1111 Fax: 81-45-682-1112
E-mail: ir@jgc.co.jp



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