

# **B**usiness **O**verview

**Fiscal 2006 Results Briefing**

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**Chairman and CEO  
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**JGC**

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## 1. Market Conditions in Fiscal 2007 [1]

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### 1. Client trends

- Both Major and National Oil Companies will increase new investment (\$100bn in investments by the top 5 Majors, up 10% over last year)

### 2. Sectors

- Accelerated investment in new oil and gas development
- Expansion of Oil refining, LNG and Petrochemical facilities
- Upsurge in heavy crude processing and offshore projects

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## 1. Market Conditions in Fiscal 2007 [2]

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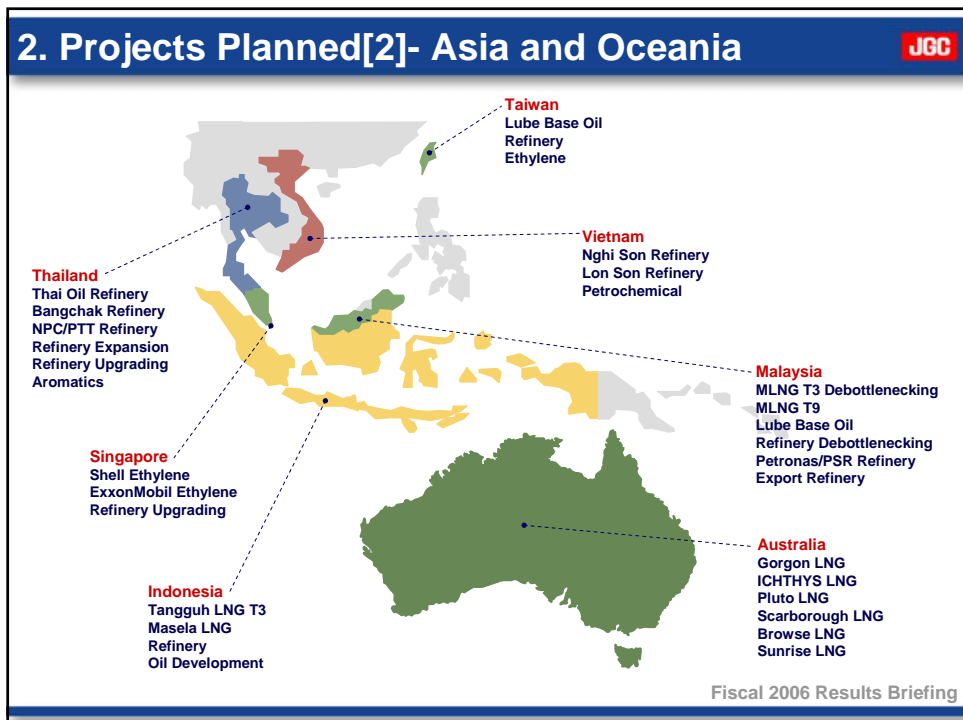
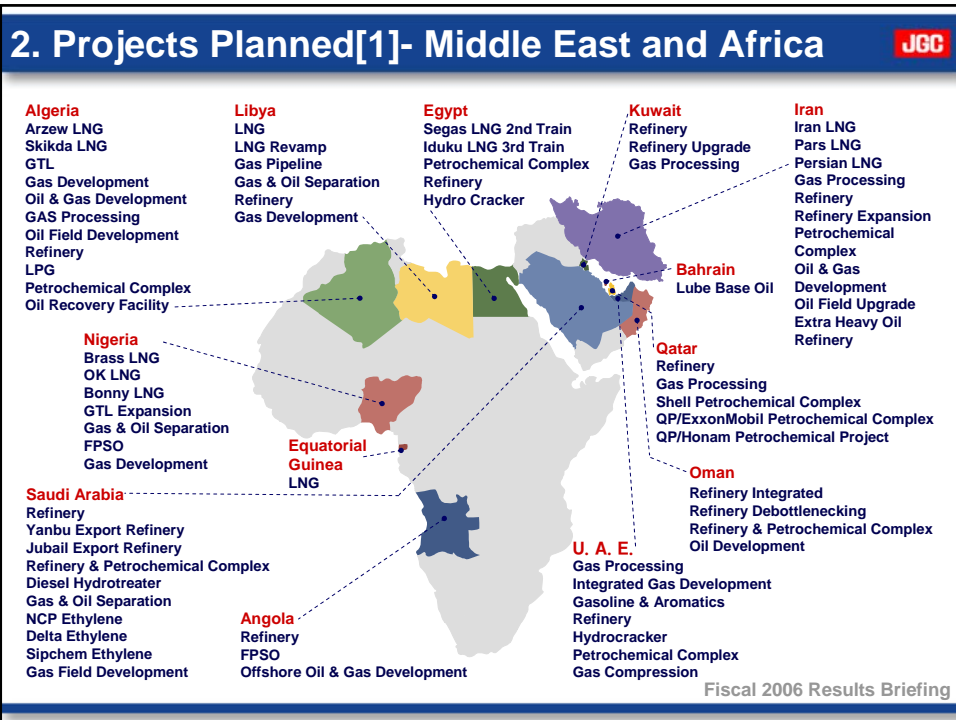
### 3. Area

- Numerous large-size projects continuously planned in the Middle East and Africa
- Markets expanding in Asia, Oceania and South America



**Markets expanding both regionally and by sector,  
Many projects planned for Fiscal 2007 as well**

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### 3. Target Orders for Fiscal 2007

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|   |   |
|---|---|
| <b>Middle East</b>  | <b>Asia</b>   |
| Oil Refining<br>Petrochemicals<br>Oil and Gas development | Oil Refining<br>Gas processing<br>Nonferrous metal refining |
| <b>Africa</b>   | <b>Japan</b>  |
| LNG<br>Gas development<br>Petrochemicals                  | Oil Refining<br>Pharmaceuticals                             |

**Total value of projects under negotiation reaches One Trillion yen**

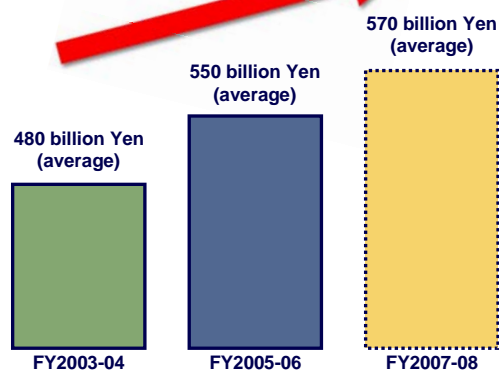
**Target : 540 billion yen**

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### 4. JGC's Trends in Orders Received

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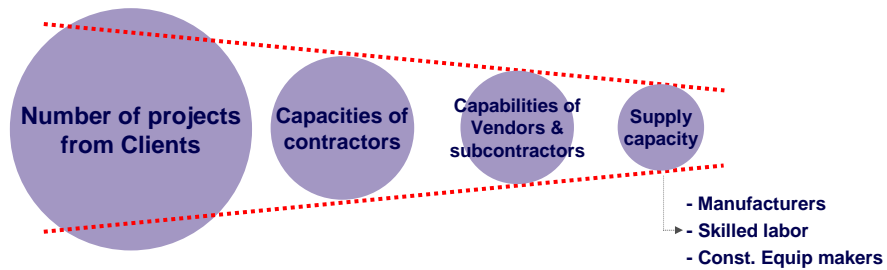
**Steady Increase towards the goal of JGC mid-term management plan**



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## 5. Current Environment for Contractors

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- Rises in equipment/materials costs caused by increased demand
- Longer delivery periods and lower quality brought about by overburdened vendors
- Shortage of qualified workforce at subcontractors

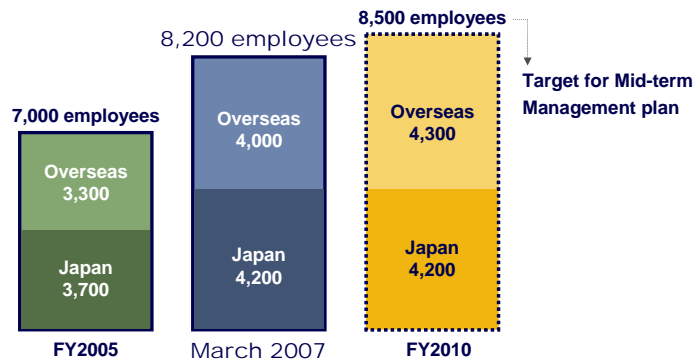
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## 6. EPC Business Strategy [1]

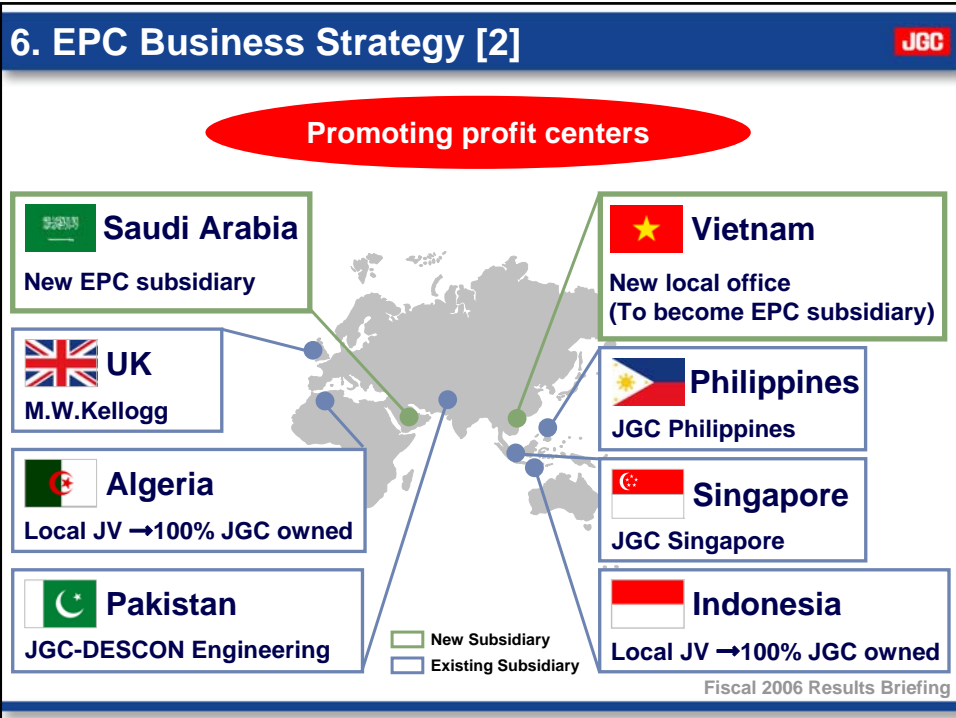
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**Continuous increase of manpower resources**

**Being increased ahead of schedule**



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## 6. EPC Business Strategy [4]

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### Vietnam

- Focus on energy related projects in this period of rapid economic growth
- Establish an EPC subsidiary in the near future



### Indonesia

- Upgrade EPC execution capabilities in response to the rebounding trend in facilities investment

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## 7. Strengthening of existing business fields

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### 1. Nuclear

Project increase worldwide  
Focus on radio-active waste treatment  
and reprocessing of spent fuel

Radwaste treatment facility (USA)



### 2. Nonferrous metal refining

Focus on overseas projects  
by making use of experience  
in the Philippines

Nickel refining plant (Philippines)



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## 8. Expansion into new fields - Offshore

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### 1. Gas processing FPSO

Make use of experience  
in Indonesia and Angola

LPG FPSO (Indonesia)



### 2. Rapid response to Floating LNG

Project acceleration by increase  
of small & mid size gas field  
development

Image of Floating LNG



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## 9. Non-EPC business strategy Catalysts & chemical products

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Increasing revenue to 50 billion Yen in FY2010

### ■ Enhance fine chemicals business that uses nanotechnology

- Polishing materials for wafer surfaces
- Interlayer insulating film for semiconductors
- Surface antireflective coating for flat panel displays
- Hard coating for plastic lenses
- Cosmetic materials
- Anode materials for secondary batteries



Titania Sol



Insulating Coat  
Liquid



Conductive Coat  
Liquid

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**9. Non-EPC business strategy: Enterprise investment [1]** 

**Water & Power Generation – U.A.E.**

Existing facilities performing well.  
Construction proceeding smoothly  
for the completion in mid-2008

Existing Water & Power facilities (U.A.E.)



**Water & Power Generation - Saudi Arabia**

Construction proceeding smoothly  
for the completion in mid-2008

Water & Power facilities under construction (Saudi Arabia)



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**9. Non-EPC business strategy: Enterprise investment [2]** 

**Environment Business**

Juhua CDM received first CER  
in December 2006.  
Next project currently in negotiation

Juhua chemical plant (China)



**Resource development business**

Acquired interest in more small oil & gas fields  
in Mexico; will continue along same lines

Rig in operation

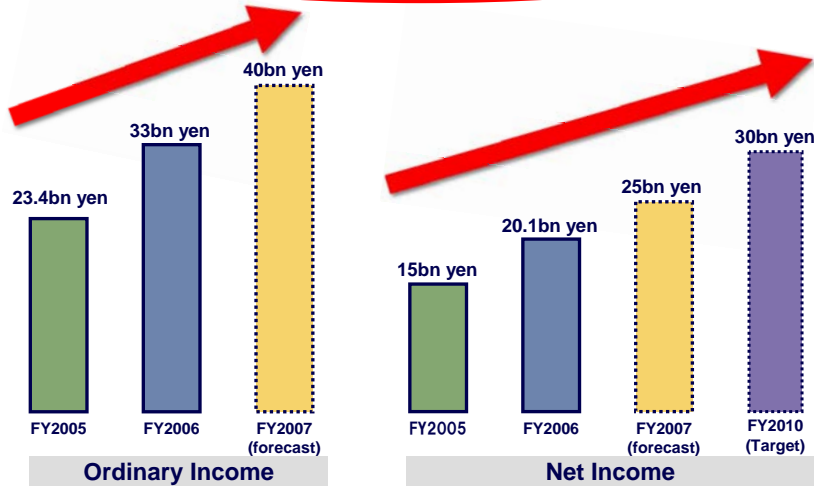


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## 10. Performance Trend

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Improving toward the goal of  
the Mid-term management plan



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### Note on Future Outlook

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