



SOJITZ IR DAY 2018

Energy & Social Infrastructure Division

February 25, 2019

Sojitz Corporation

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Chief Operating Officer

Energy & Social Infrastructure Division



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Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

The company will provide timely disclosure of any material changes, events, or other relevant issues.



Division Overview

Energy & Social Infrastructure Division

Environment
Infrastructure Dept.

Power Project Dept.

Energy & Nuclear
Business Dept.

Social Infrastructure
Development Office

Subsidiaries and Associates(NELCO,
Tokyo Yuso, LNG Japan, e-Energy,
SAKURA Internet, etc.)

Renewable Energy Business

- ✓ Focus on expanding from solar to wind, geothermal, biomass, and other power sources primarily in Japan, the Americas, and Europe

Gas-Related Business

- ✓ Eco-friendly gas-fired thermal power generation operations in Asia, the Middle East, the Americas, and other regions
- ✓ Comprehensive operations encompassing everything from optimal LNG procurement to power plant operation
- ✓ Downstream gas businesses that cater to fuel conversion needs in emerging countries

ICT Business

- ✓ Business model transformations stemming from the progress of AI and IoT technologies
- ✓ Network and other equipment sales, maintenance, and datacenter operations

Number of Subsidiaries and Associates

(70 consolidated subsidiaries and equity-method associates)

Europe, Africa,
Middle East,
Russia & NIS
16

Japan
29

Americas
17

Asia & Oceania
8

The number of
Employees 1,344

(Head office : 161)
(Nissho Electronics : 1,018)

As of December 31, 2018



Division Policies and Growth Strategies

Basic Policies

Growth of existing businesses, creation of new businesses, and **rapid development of stable earnings foundations** that are resilient to operating environment fluctuations to be achieved through **effective analysis of energy business field portfolio transformations, megatrends, technological progress, and social issues**

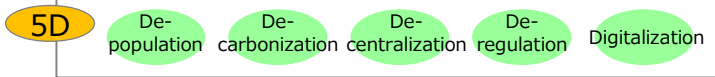
Operating Environment Changes

Opportunities

- Growing energy demand in emerging and developing countries
- Rising environmental awareness (ESG, SDGs, RE100)
- Anticipations for private operation of infrastructure
- Revolutionary operating environment changes driven by 5D progress

Risks

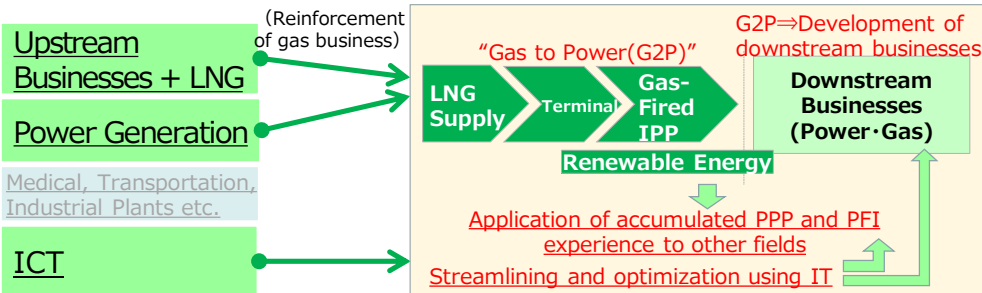
- Economic slowdown stemming from increased protectionism
- More stringent global environmental regulations (Infrastructure fund, etc.)
- Delayed regulatory development presuming private operation of infrastructure
- Shortened lifecycles for products and businesses



Forward-looking organizational optimization

Lateral expansion of infrastructure model

Vertical integration of gas and power infrastructure by focusing on energy value chain



Growth Strategies

- Development of Gas-to-Power as core gas-related business given the expectation for this business to underpin growing energy demand in Asian emerging countries and other countries
- Promotion of power source diversification and global expansion in renewable energy businesses to form foothold for development of solar power generation businesses in Japan and abroad and of onshore wind power generation businesses in Europe
- Identification of and responses to business model transformations stemming from the progress of AI and IoT technologies centered on Social Infrastructure Development Office

(Our Mission)

We will contribute to the development of industrial societies in different countries around the world, through developing advanced social infrastructure that promises reliability, safety, and comfort.



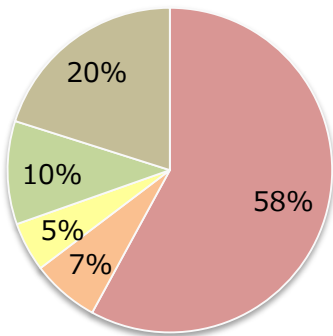
Division Policies and Growth Strategies

– Investments and Loans and MTP2020 Forecast –

Under MTP2020, (1) rapidly develop stable, sustainable earnings foundations, (2) downsize highly volatile upstream assets, and (3) accelerate initiatives in new growth fields to enhance division asset portfolio and boost profitability

Investments and Loans and Distribution by Business

- Renewable Energy Business
- Gas-Fired IPP Business
- Middle and Downstream Energy Business
- ICT-Related Business
- CAPEX

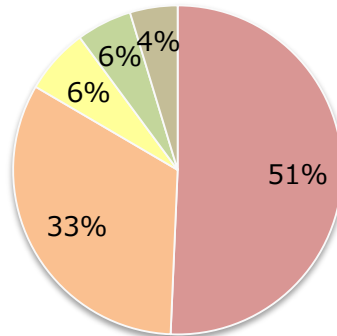


Total (under MTP2017) About ¥87.5bn

MTP2017

Asset Compression Results

Approx. ¥16.0bn



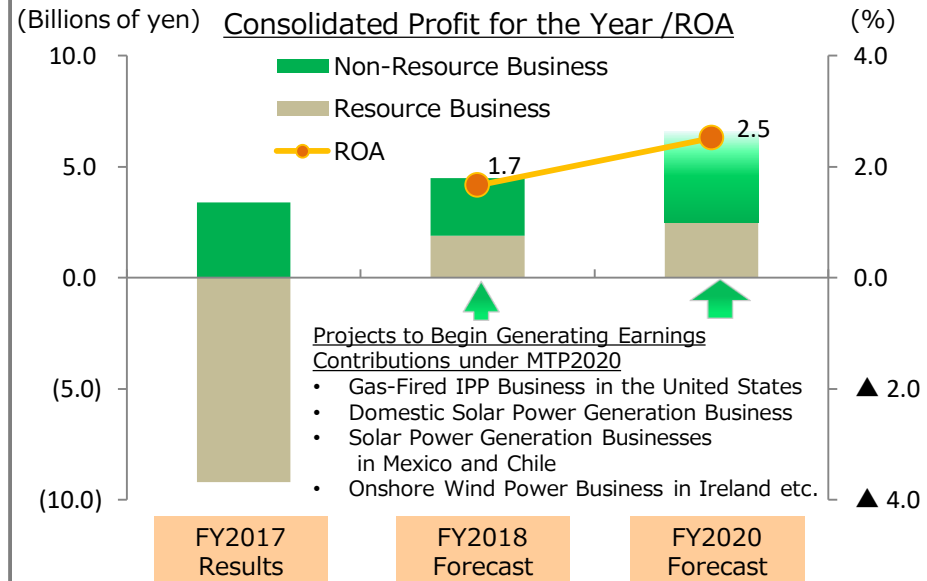
Total (under MTP2020) About ¥50.0bn

MTP2020

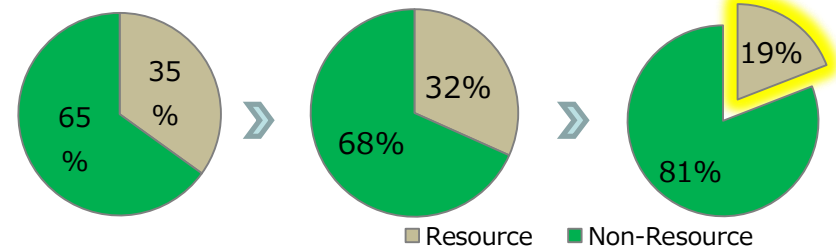
(Resource) Asset Compression
(Non-resource) Ongoing asset replacement + Accumulation of quality assets

⇒ **Improvement of asset efficiency and quality**

MTP2020 Forecast



Summary of Total Asset





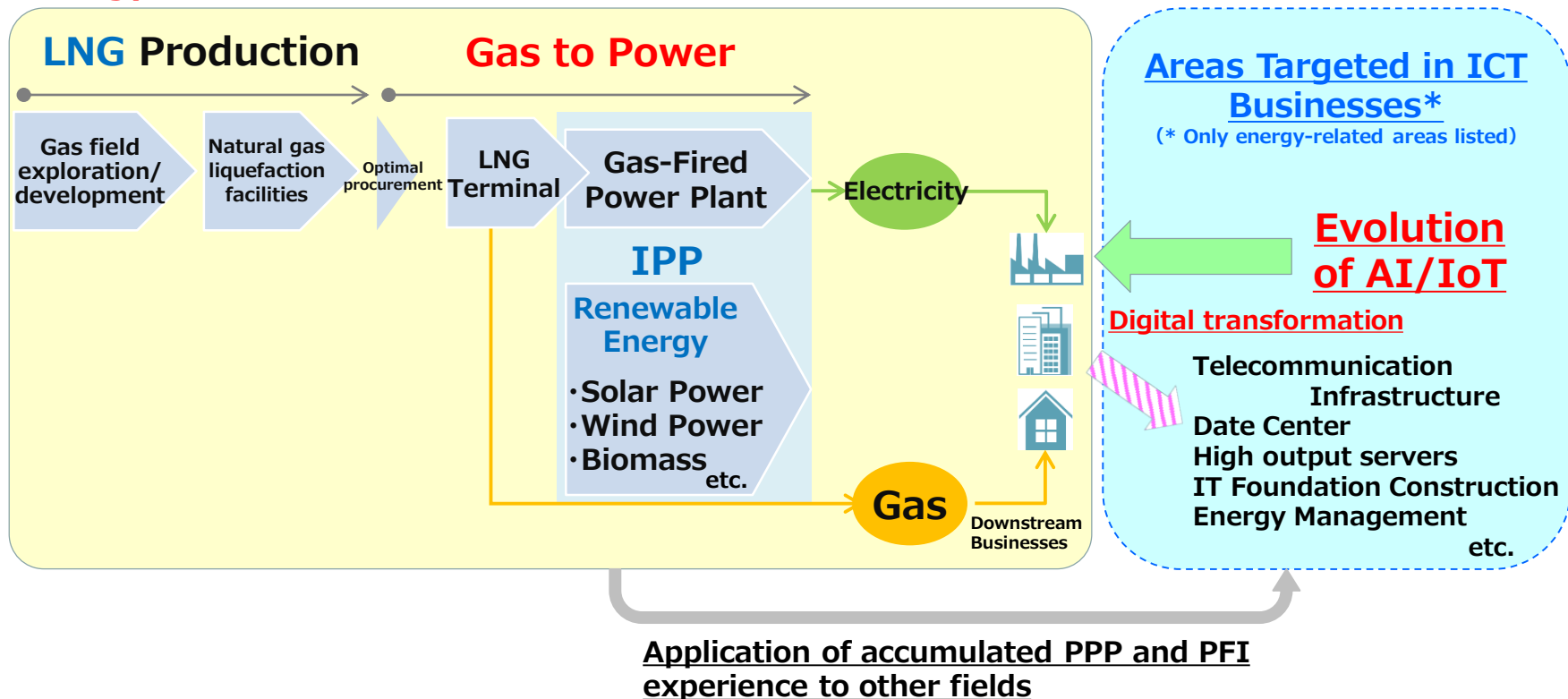
Energy Value Chains of Sojitz

Focus on Gas-to-Power projects integrating everything from optimal LNG procurement to power plant operation to provide sophisticated social infrastructure that simultaneously enables economic growth and reduced environmental impacts

Operating Environment

- ◆ Growing appetite for ESG investment
- ◆ Rising energy demand centered on Asian emerging countries
- ◆ Business model transformations stemming from the progress of AI and IoT technologies

Energy Value Chains





Business Explanation

1. LNG-Related Business (LNG Terminal)

Capital participation in LNG terminal operations in Spain to perform domestic LNG procurement and shipment to Asia

Purposes of Initiatives

- Replace assets in energy business portfolio, which is overly focused on upstream interests, with downstream and midstream assets to develop stable earnings foundations that are resilient to operating environment changes
- Establish and acquire efficient operating methods to become a major market player in light of projected fuel conversion trends in emerging countries

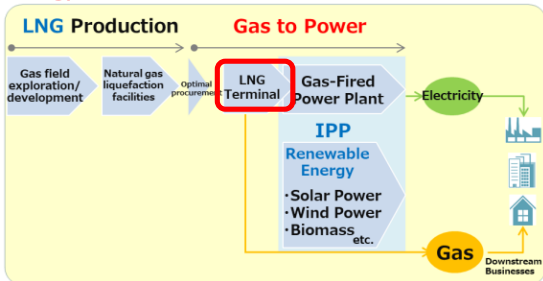
Strengths

- Experience and insight regarding gas field development, liquefaction, transportation, and receiving accumulated through operations continuing from the 1970s (LNG business investments: Qatar, Indonesia (through LNG Japan))
- Strong, trust-based relationships with prominent customers



- Project Site : A Coruña Galicia, Spain
- Company Name : Regasificadora Del Noroeste SA
- Date of participation : 2017
- Shareholders : Sojitz-15.00%, Tojeiro Group-50.69%, Government of Galicia-24.31%, Sonatrach-10.00%
- Main Businesses : Ownership and operation of LNG terminals; gas transport
- Reserves : 300,000m³

Energy-Value Chains



NEXT

Develop LNG terminal operations in countries and regions (primarily Asian emerging countries) in which we can anticipate stable, long-term LNG demand growth and participation in downstream gas businesses



Business Explanation

2. Gas-Fired IPP Business (Gas to Power)

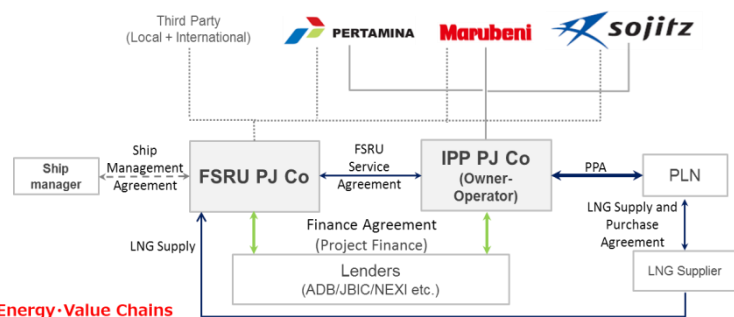
Advancement of Gas-to-Power projects in Indonesia that integrate development of power generation facilities and gas-related facilities

Purposes of Initiatives

- Contribute to environmental preservation and to economic growth in Indonesia by supplying power from a large-scale gas-fired thermal power plant that is reliable and boasts low environmental impact to cater to rising power demand accompanying rapid economic growth
- Utilize superior Japanese technological and funding capabilities while conforming to high-quality infrastructure partnership guidelines advocated by the Japanese government

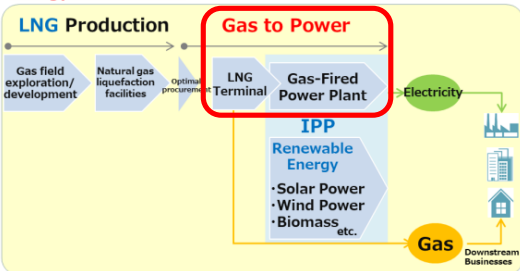
Strengths

- IPP project development experience centered on gas-fired thermal power generation
- Experience and insight pertaining to LNG and other aspects of gas value chain
- Strong relationship with Pertamina spanning approx. 40 years (beginning with help for establishing Indonesia's first LNG production terminal in the 1970s and continuing on until today)



- Project Site : Cilamaya, West Java province (100km east of Jakarta)
- Project Cost : About US\$1.8 billion (Gas-fired power generation plant US\$1.4 billion, FSRU US\$0.4 billion)
- Shareholders(IPP) : Sojitz-20%, Marubeni-40%, Pertamina-40%
- Shareholders(FSRU) : Sojitz-10%, Marubeni-20%, Pertamina-26%, Mitsui O.S.K Lines-19%, Others-25%
- Generation Capacity : 1,760MW (880MW x 2 block), 170,000m³ (FSRU)
- Off-taker : PT PLN (Persero) (25 years)

Energy Value Chains



NEXT

- Commence construction with target completion date of 2021
- Leverage experience gained through project to develop new Gas-to-Power projects in emerging countries in need of fuel conversion



Business Explanation

3. Renewable Energy Business (Onshore Wind Power)

Capital participation in Evalair to operate wind power generation facilities in Ireland

Purposes of Initiatives

- Acquire wind power generation facility operation expertise in Ireland, which boasts world-leading levels of wind
- Secure stable earnings that are not influenced by market price fluctuations by utilizing Ireland's feed-in-tariff scheme

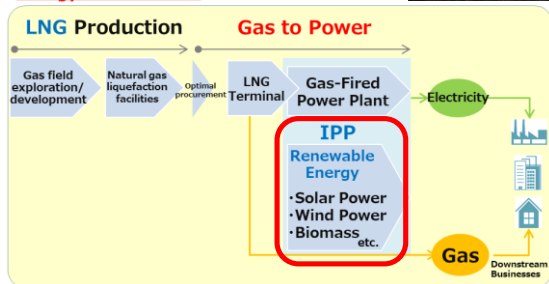
Strengths

- Track record of developing and managing numerous renewable energy projects as principal developer (particularly solar power generation projects in Japan)
- Renewable energy project development expertise spanning from project exploration to commercialization



- Project Site : 5 places in Ireland
- Date of participation : 2017
- Shareholders : Sojitz-29.28%, The Kansai Electric Power-24%, Mitsubishi UFJ Leasing & Finance Limited-6.72%, Invis Energy-40%
- Generation Capacity : 223MW (Total output for 97 wind turbines)
- Off-taker : Ireland's wholesale electricity market

Energy·Value Chains



- Advance into regions where wind power markets are expected to grow
- Accelerate power source diversification initiatives pertaining to biomass, geothermal, and offshore wind power
- Develop downstream businesses in deregulated power market (energy management)



Business Explanation

4. ICT Business (NELCO, SAKURA Internet Inc.)

Nissho Electronics Corporation (NELCO)

Main Business

- Telecommunications equipment and IT platform sales and systems development, maintenance, operation, and monitoring services (sales of products → services)

Strengths

- History and customer relations dating back to the 1960s
- IT technology and proposal capabilities necessary to resolve customer business issues
- Coordination and adaptation capabilities as core Sojitz Group ICT company

SAKURA Internet Inc.

Main Business

- Datacenter housing and hosting
- IoT/AI platform services, etc.

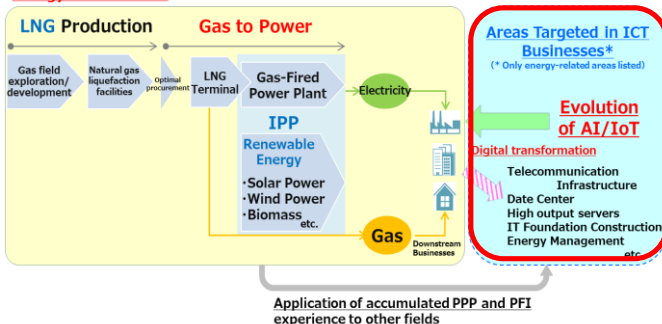
Strengths

- Server business history spanning more than 20 years and accompanying reputation for reliability
- Large-scale, Company-owned infrastructure pertaining primarily to domestic datacenters
- Integrated services encompassing research, development, operation, and sales

Operating Environment

- Transformations to existing business models being driven by the progress of AI and IoT technologies (digital transformations)
- Explosive increase in data transmission and processing volumes due to aforementioned transformations
- Rising demand for social infrastructure development accompanying economic growth in emerging countries

Energy Value Chains



Social Infrastructure Development Office



Technological capabilities (aforementioned 2 companies)

× PPP/PFI expertise and Sojitz Group assets

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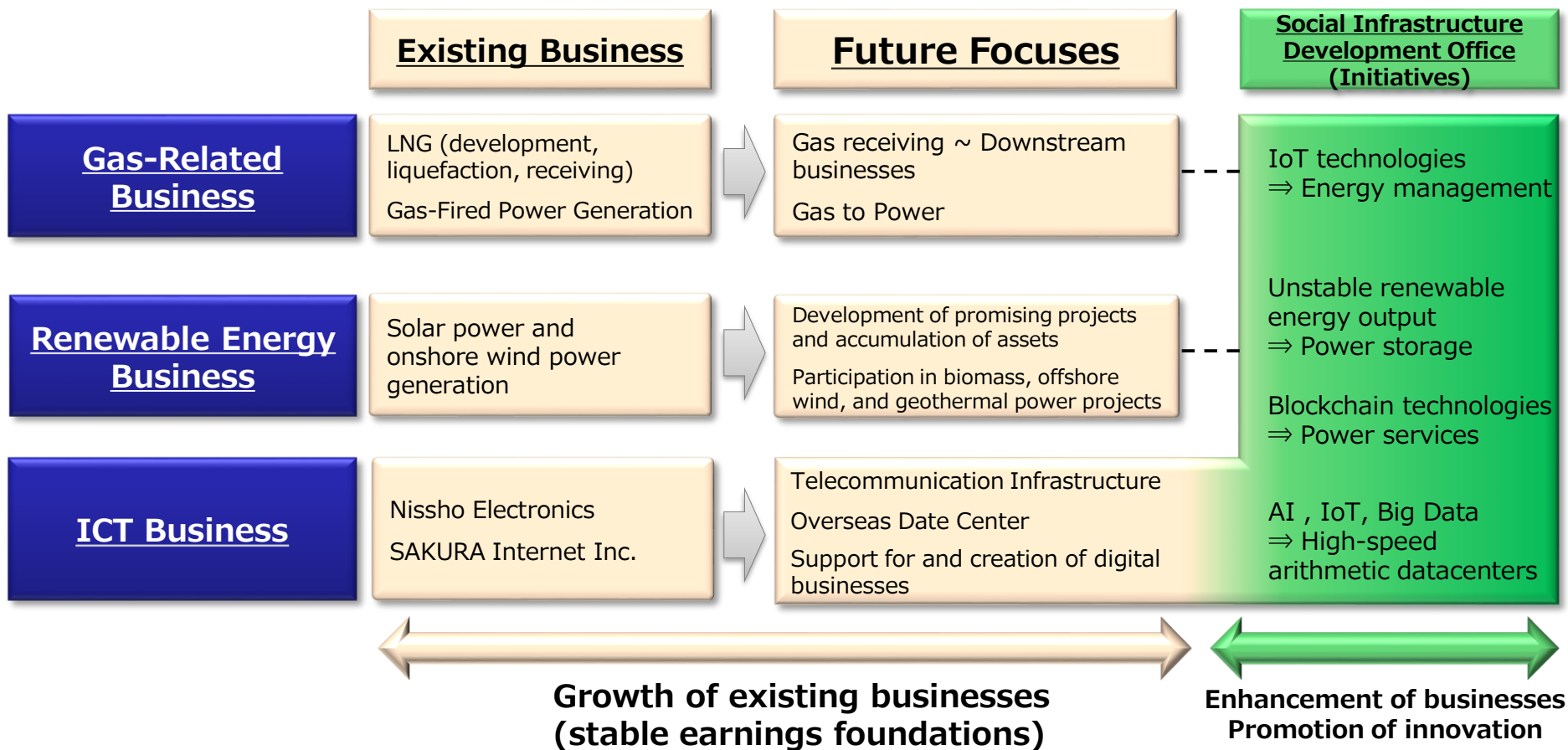
Target commercialization of and profits from projects by positioning infrastructure demand increases associated with digital business transformations and growth in emerging countries as opportunities e.g., telecommunications infrastructure development, downstream power projects (blockchain technologies), overseas datacenters, services for supporting and creating digital businesses



Measures Targeting Further Growth for Future

Rapidly develop stable, sustainable earnings foundations that are resilient to operating environment fluctuations by advancing division growth strategies

Create a sustainable and prosperous future through the provision of energy-saving solutions and gas-fired thermal and other eco-friendly power and support for trends in and the development of AI, IoT, and other new technologies





sojitz

New way, New value