



**sojitz**  
*New way, New value*

# Sojitz IR Day

## Energy & Metal Division

**December 19, 2013**

**Sojitz Corporation**

**Masahiro Komiyama**

**President, Energy & Metal Division**



# Contents

- ◆ Division Overview
- ◆ Growth Strategy
- ◆ Supplemental Data (Main Businesses)

## 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

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# Group Companies, Overseas Bases and Staff

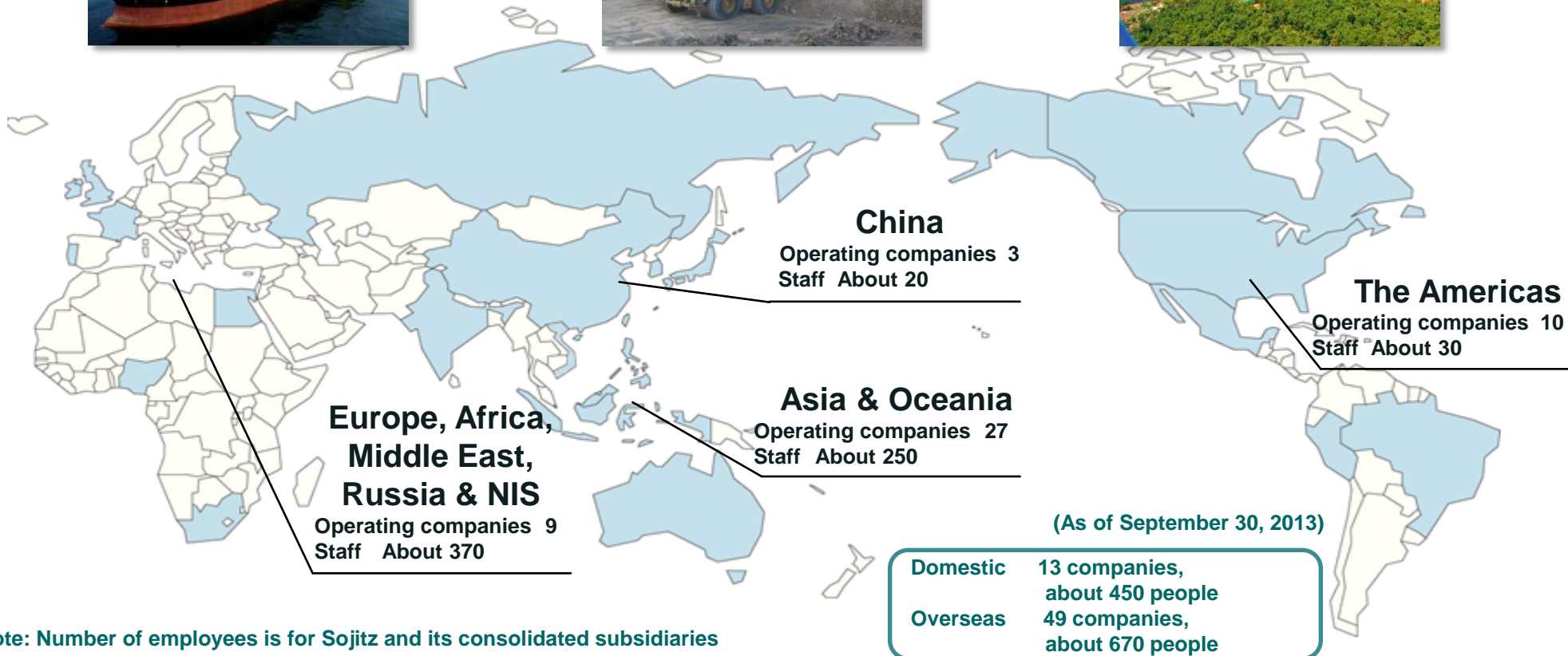
**Energy Unit**



**Coal & Nuclear Unit**



**Steel & Mineral Resources Unit**

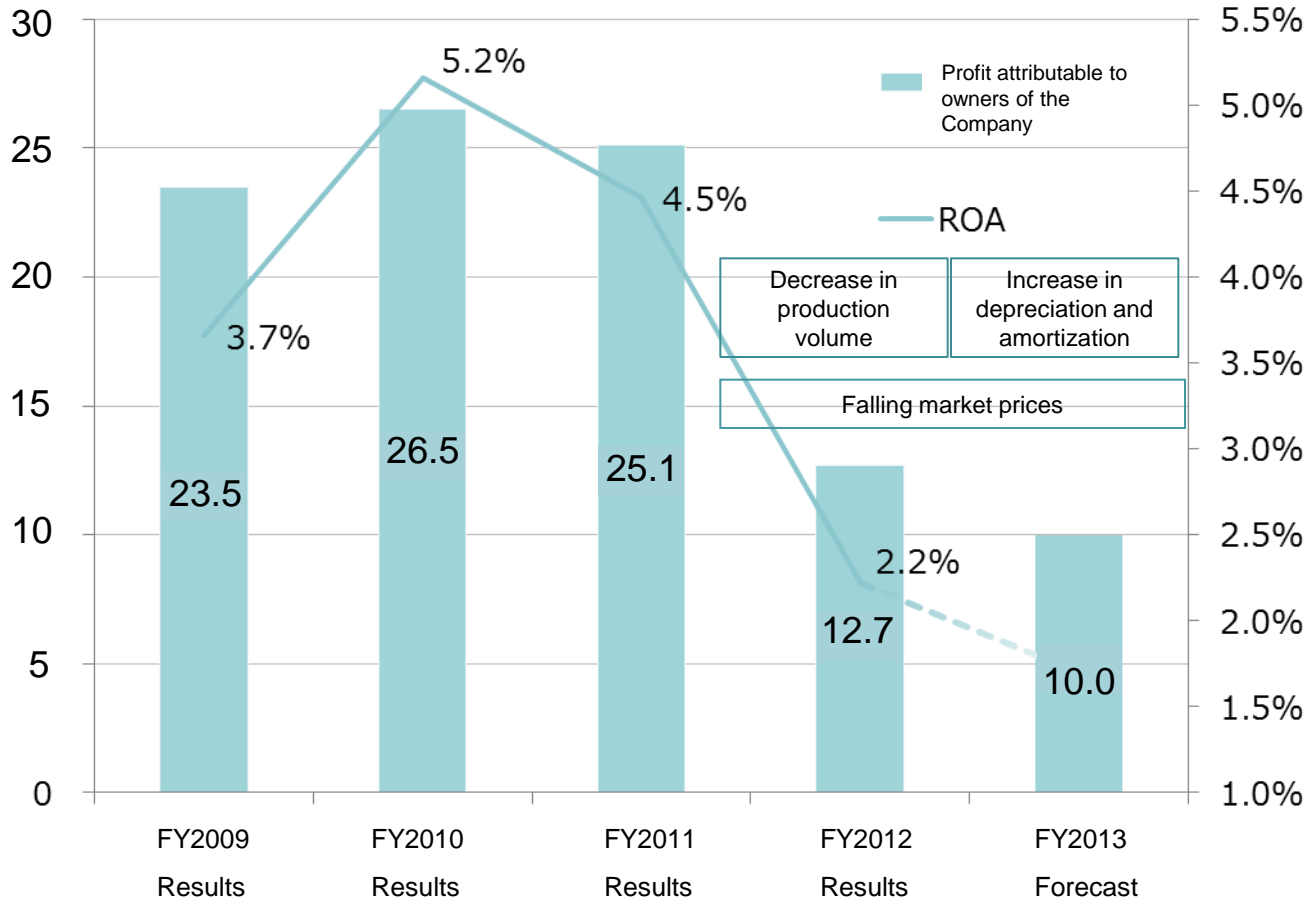


Note: Number of employees is for Sojitz and its consolidated subsidiaries

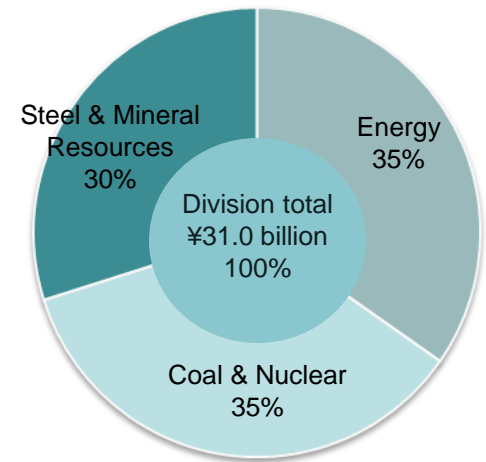


# Division Performance and Outlook

(Billions of yen)



**FY2012 Gross Profit Contribution by Unit**



Total assets

483.4

543.7

580.9

559.7

JGAAP

IFRS

Note: Figures are based on IFRS from the fiscal year ended March 2012, and JGAAP for prior fiscal years.

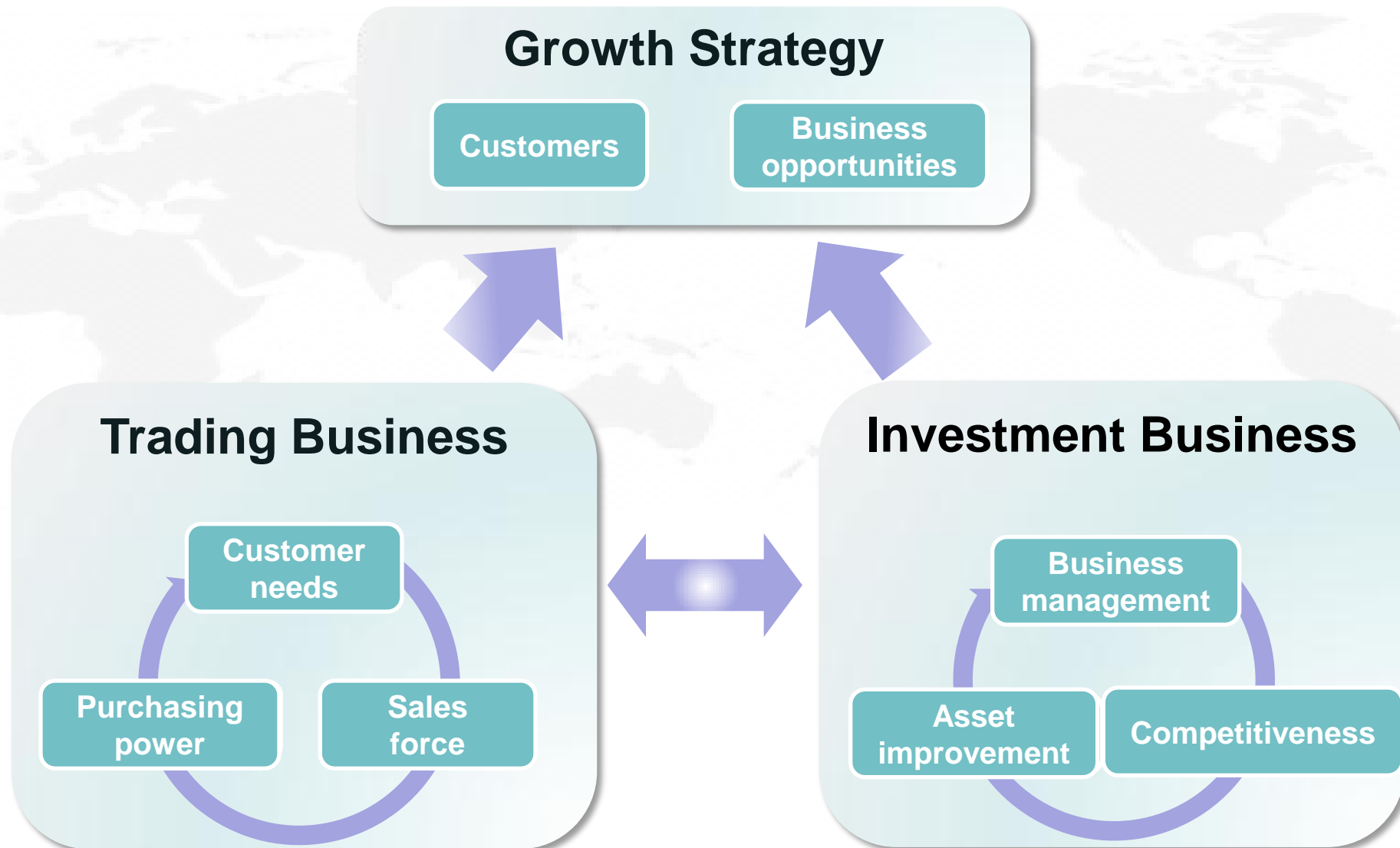


# Growth Strategy





# Growth Strategy: Focus on Both Resource Interests and Trading

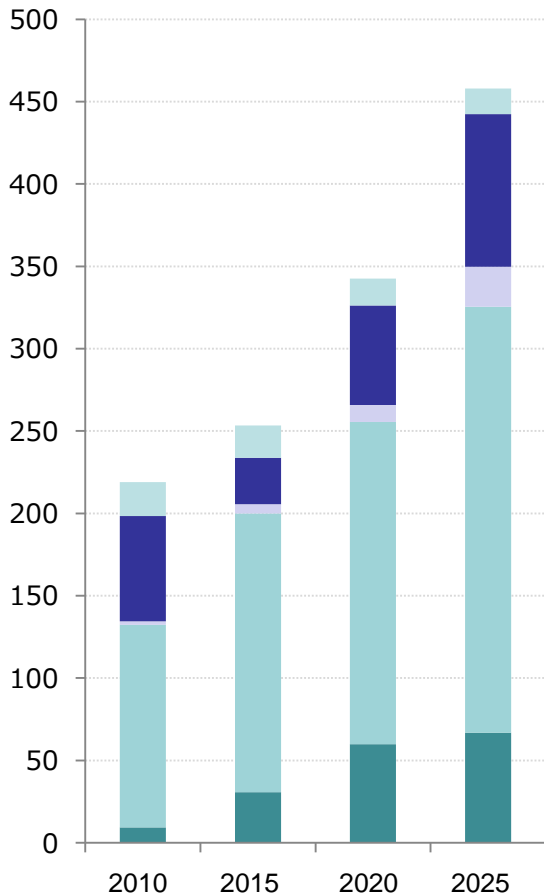




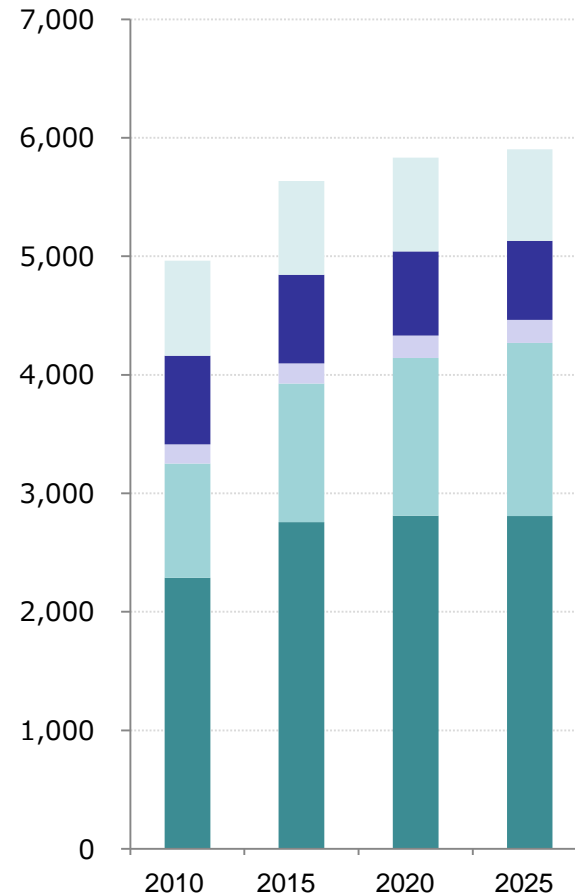
# Market Environment of Energy & Metals

## Demand for energy and metals will continue to expand

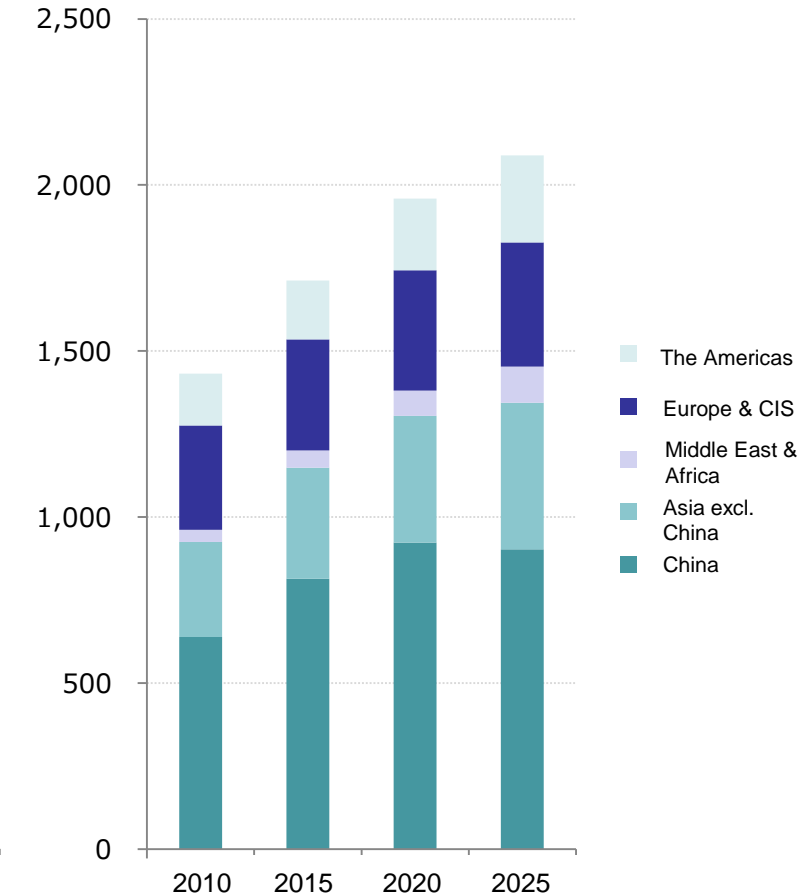
(Million tons) **Global LNG Demand Forecast**



(Million tons) **Global Coal Demand Forecast**



(Million tons) **Global Crude Steel Production Forecast**

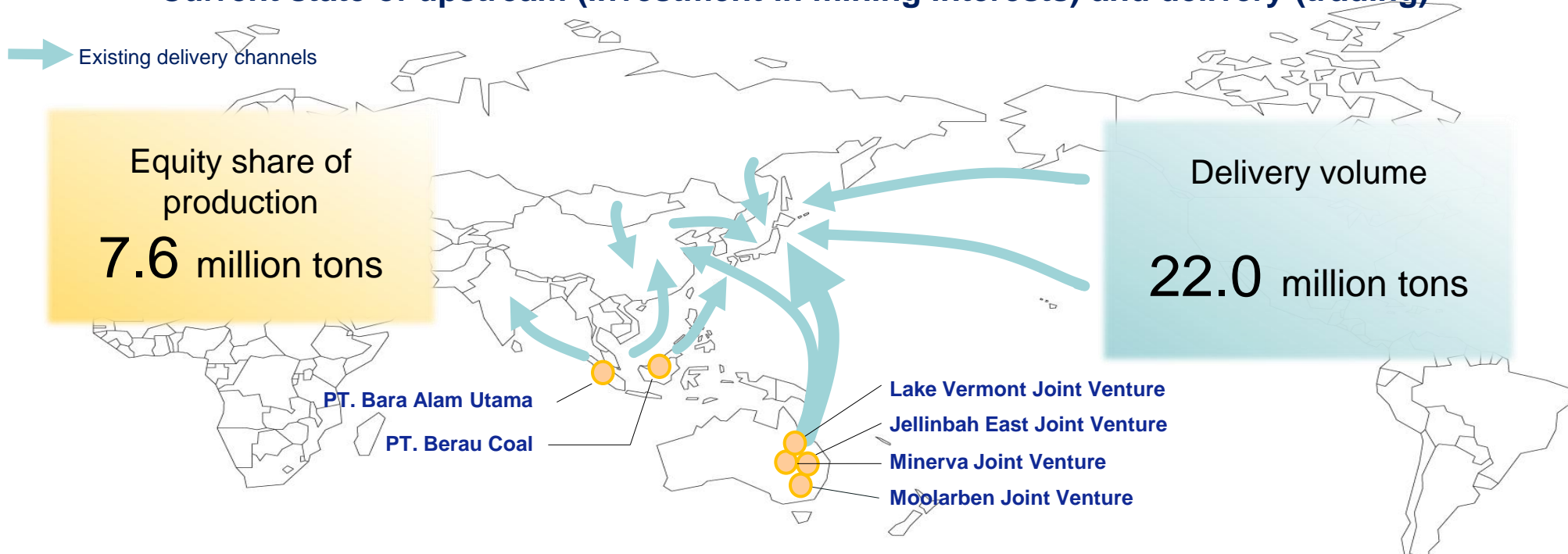




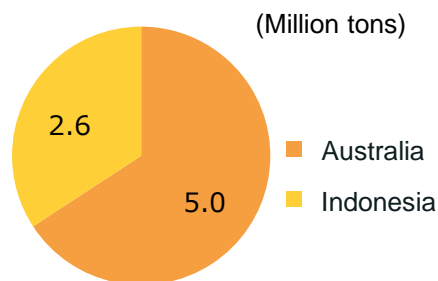


# Evolution of the Coal Business

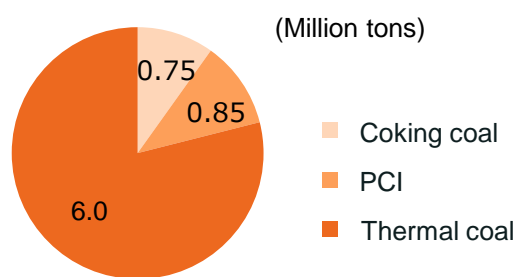
- Current state of upstream (investment in mining interests) and delivery (trading) -



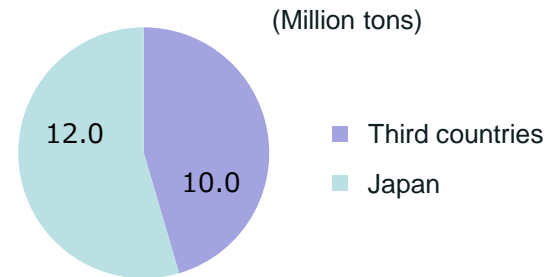
Equity Share of Production by Country



Equity Share of Production by Coal Type



Delivery Volume by Customer Location





# Evolution of the Coal Business

## - Initiatives for further evolution -

### Upstream Coal Mine Investment and Operation

Diversify sources: Develop sources in Russia, Mongolia and North America, etc.  
 Diversify coal types: Acquire coking coal interests  
 Expand operating functions: Australia



### Midstream Logistics

Participate in logistics operations in Vietnam, Indonesia, Mongolia and other countries



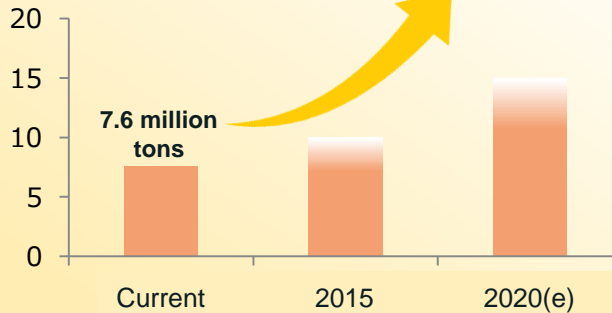
### Downstream Trading

Expand market share of coal for Japan  
 Develop new sources: Mongolia, Russia, Indonesia  
 Cultivate new markets: Vietnam, India and other countries in Asia

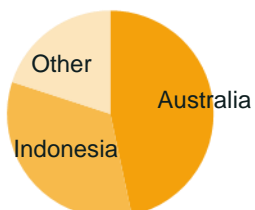


Equity share of Production  
(Million tons/year)

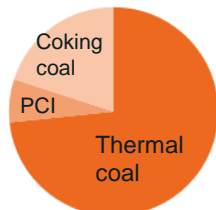
**15 million tons**



By country < 2020(e) >



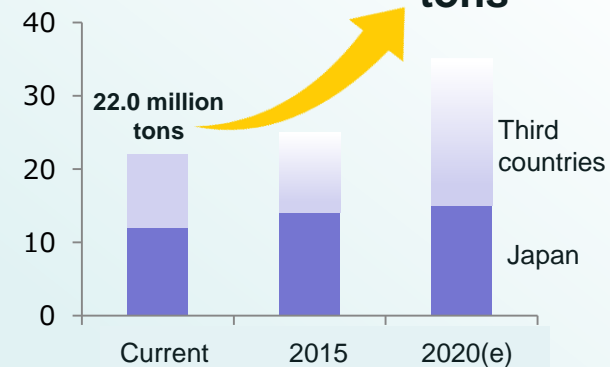
By coal type < 2020(e) >



- Mongolia: Investment in coal distributor in Inner Mongolia, China
- Vietnam: Studying participation in coal import infrastructure
- Indonesia: Studying participation in transportation infrastructure

Delivery Volume  
(Million tons/year)

**35 million tons**





# Expansion of the Gas Business

## - Current state of the Sojitz Group's LNG interests and delivery -

### Initiatives through LNG Japan Corporation

#### ➤ LNG interests (indirect equity interests)

Indonesia: Tangguh LNG 7.6 million tons/year (x 3.68%)

Qatar: RasGas 1 & 2 6.6 million tons/year (x 1.5%)

#### ➤ LNG delivery (Sojitz's 50% equity share of the volume handled by LNG Japan)

Indonesia: Bontang LNG 2.85 million tons/year for Japan



LNG JAPAN  
CORPORATION

Established in 2001  
Sojitz 50% / Sumitomo Corporation 50%  
Capital: ¥8.0 billion

### Since FY2012 – Initiatives as Sojitz

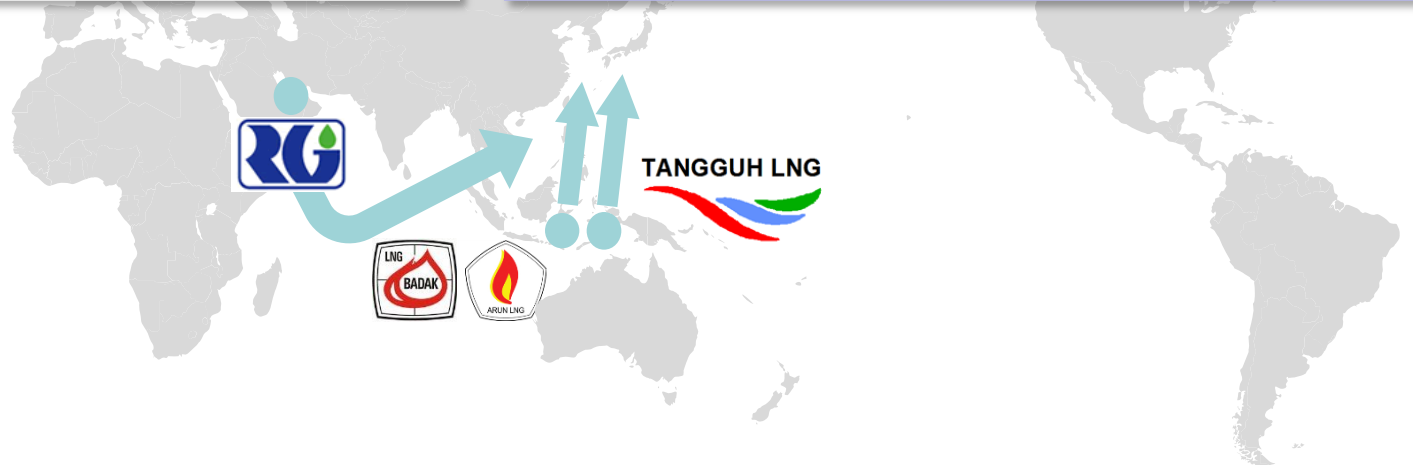
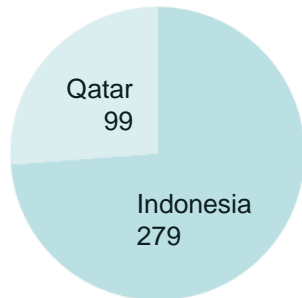
#### ➤ Established new organizational unit

Established the LNG Department in 2012 to conduct own LNG businesses, through the partial transfer of operations from LNG Japan

#### ➤ Began own LNG business

- Developing LNG projects in West Africa and North America
- Started LNG spot trading (have made multiple trades)

Equity Share of Production  
(Thousand tons/year)



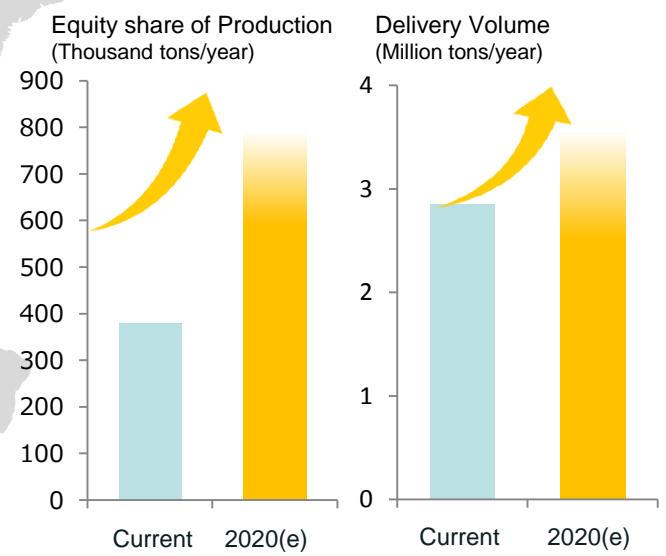
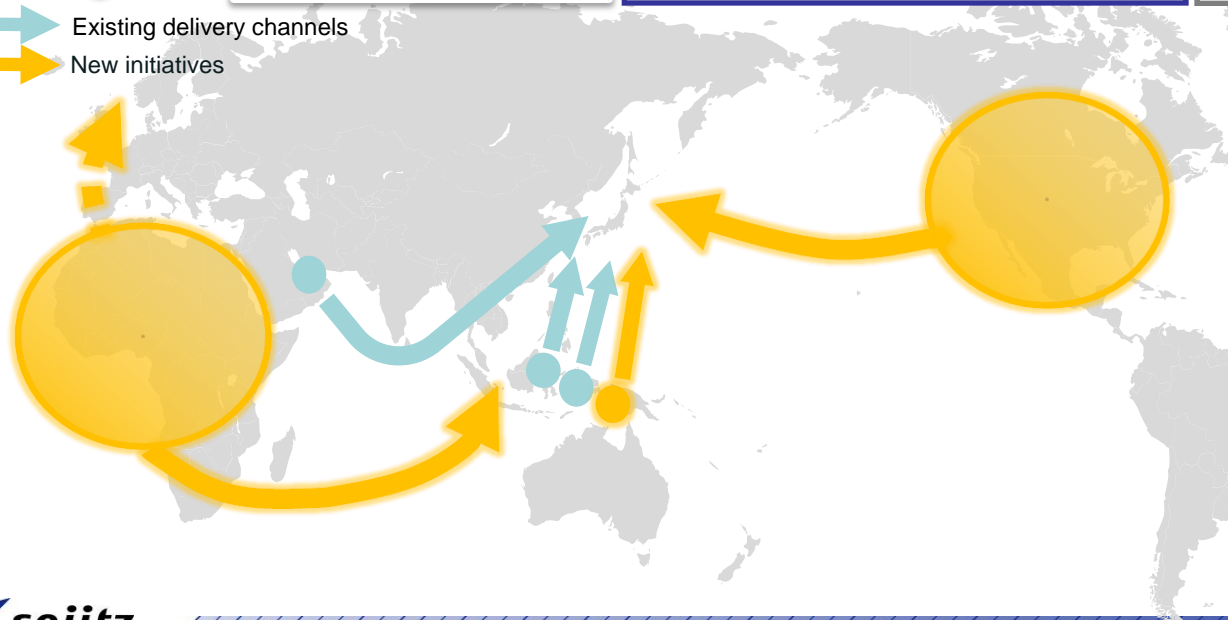


# Expansion of the Gas Business

## - Future activities of the Sojitz Group -

	Market Needs/Significance	Sojitz Activities
Previously	<b>1 Long-term stable supply</b> <ul style="list-style-type: none"> <li>• Energy security</li> </ul>	<ul style="list-style-type: none"> <li>• Tangguh expansion project in Indonesia (Conventional large-scale project led by an oil major)</li> </ul>
After Fukushima	<b>2 Low cost</b> <ul style="list-style-type: none"> <li>• Lower LNG procurement costs</li> <li>• Diversified supply sources</li> </ul>	<ul style="list-style-type: none"> <li>• North America LNG project + LNG trading (Linked to North American gas prices instead of crude oil prices)</li> <li>• Creation of a gas value chain</li> </ul>
	<b>3 Supply flexibility</b> <ul style="list-style-type: none"> <li>• Ability to meet peak demand and restart of nuclear power plants (Adjustment of supply and demand)</li> </ul>	<ul style="list-style-type: none"> <li>• West Africa LNG project + LNG trading (Purchase options for Europe and Japan)</li> </ul>

 Existing delivery channels  
 New initiatives



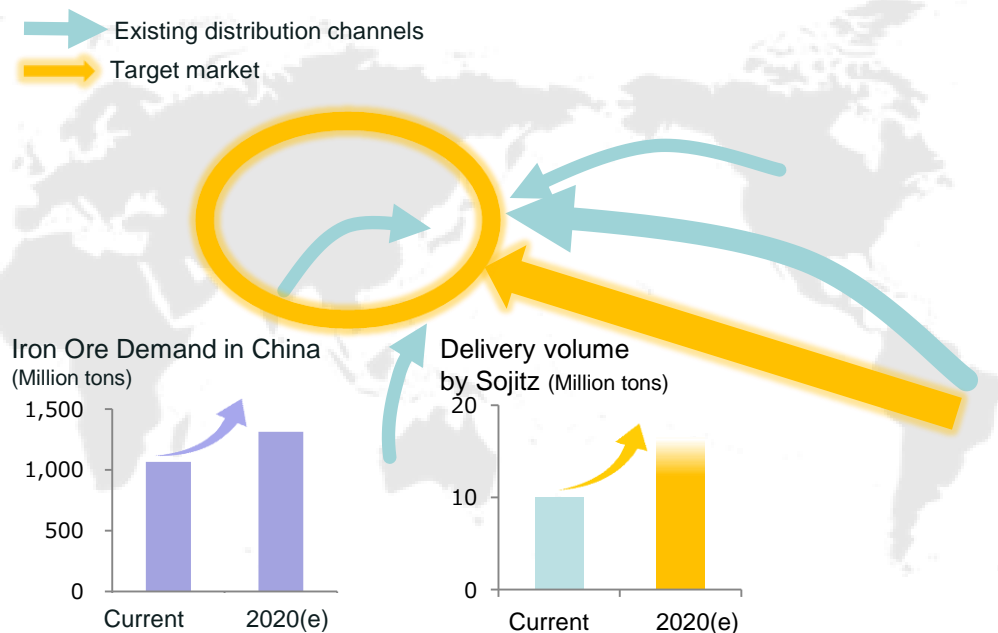


# Strengthening Mineral Resource Trading

## Iron Ore

### Expand Sales to Asia by Securing Own Sources

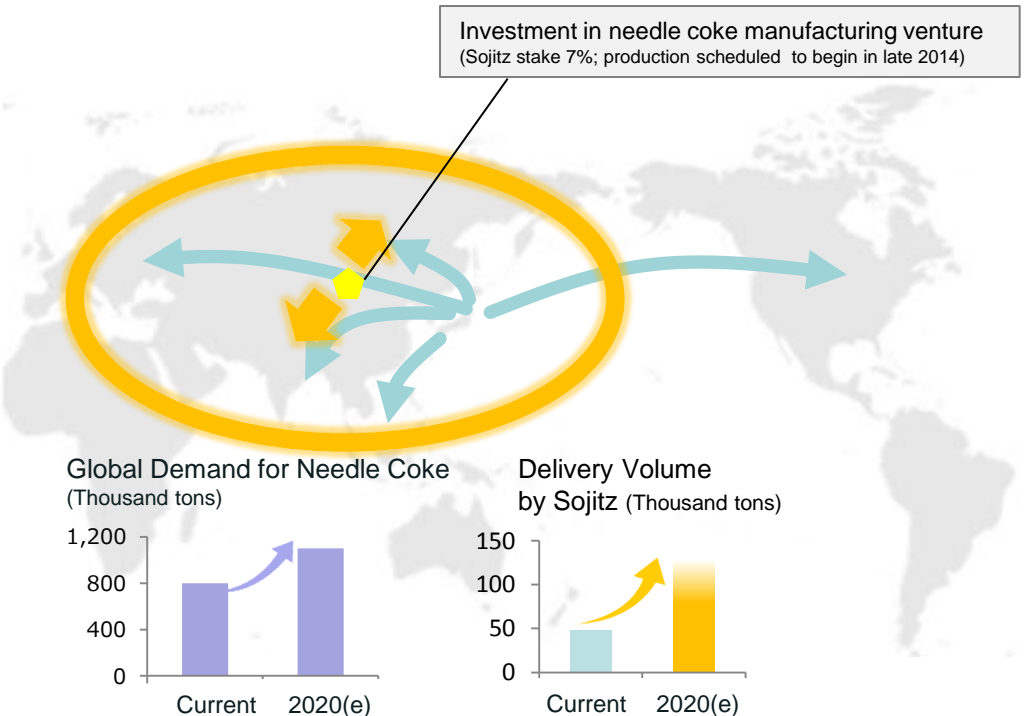
- ✓ One of the leading importer of iron ore to Japan, primarily from Brazil
- ✓ Promoting sales from the iron ore mine Sojitz is developing in Australia
- ✓ Plan to begin sales of high-grade iron ore from Brazil in 2015, primarily to China
- ✓ Developing own network with supply sources for the sales to Asia



## Carbon Materials

### Expand Sales of Carbon Materials through Sojitz Ject

- ✓ Selling diverse carbon products through Sojitz Ject
- ✓ Expanding sales of electrode materials for electrical furnaces (needle coke) in Europe, the U.S., China and India. Invested in a joint venture in China with Nippon Steel & Sumikin Chemical Group in 2013 to further expand local production and sales



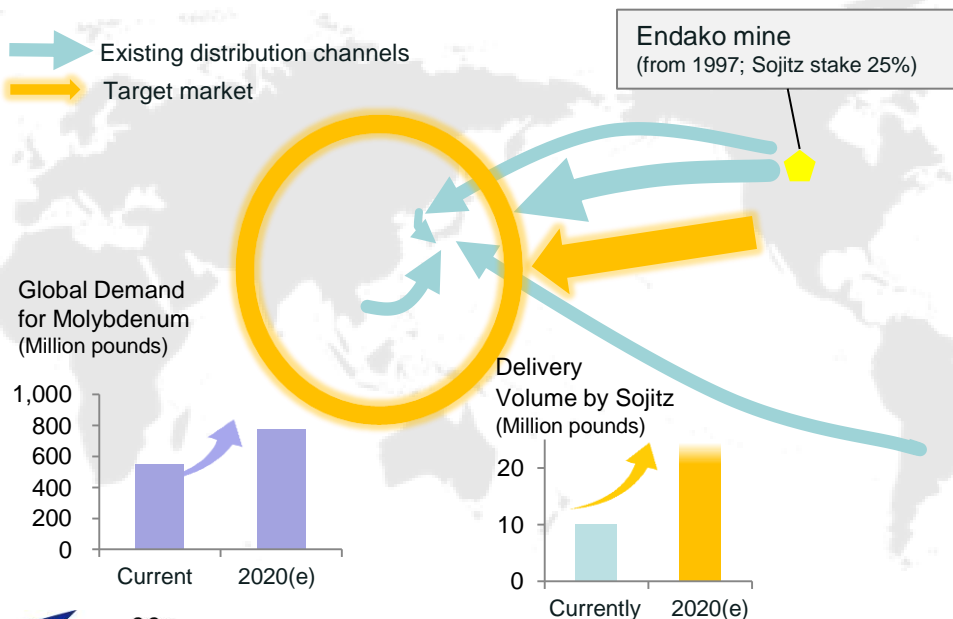


# Strengthening Mineral Resource Trading

## Molybdenum

### Expand sales in Asia with strong presence in the industry

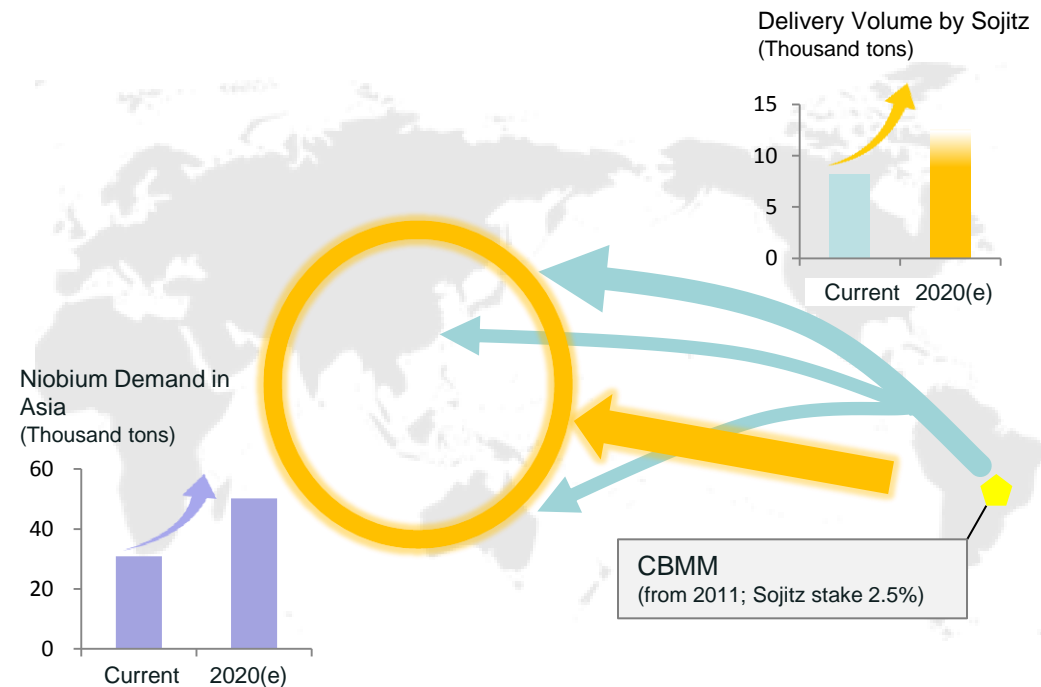
- ✓ Access to high-quality molybdenum through interest in the Endako mine in Canada
- ✓ Leading importer among Japanese trading companies, with a strong presence in the industry
- ✓ Based on own network and credibility in the industry, expansion of sales in South Korea, China, India and Southeast Asia, where demand is growing



## Niobium

### Expand sales through partnership with Companhia Brasileira de Metalurgia e Mineração (CBMM)

- ✓ Acquired a stake in CBMM, the world's top niobium producer, with other Japanese users and built a system for stable supply to Japan
- ✓ With brisk demand for steel materials in Asia, niobium demand is expected to continue to grow. Cooperate with CBMM to expand sales to emerging countries in Asia, as well as to Japan





# Future Image of Energy & Metal Division



Optimizing the portfolio and expanding the stable earnings foundation by seizing business opportunities to supply resources in line with customer needs, in response to growing demand for energy and metals



# Supplemental Data







# Businesses by Unit

## Energy Unit



Indonesia/Tangguh LNG terminal



LNG vessels



Vietnam/CNG business

## Coal & Nuclear Unit



Australia/Lake Vermont Coal Mine



Australia/Minerva Coal Mine



Inner Mongolia/Distribution business of Inner Mongolia Zhongmeng Coal Co., Ltd.

## Steel & Mineral Resources Unit



Brazil/CBMM's niobium mine



Canada/Endako molybdenum mine



Needle coke

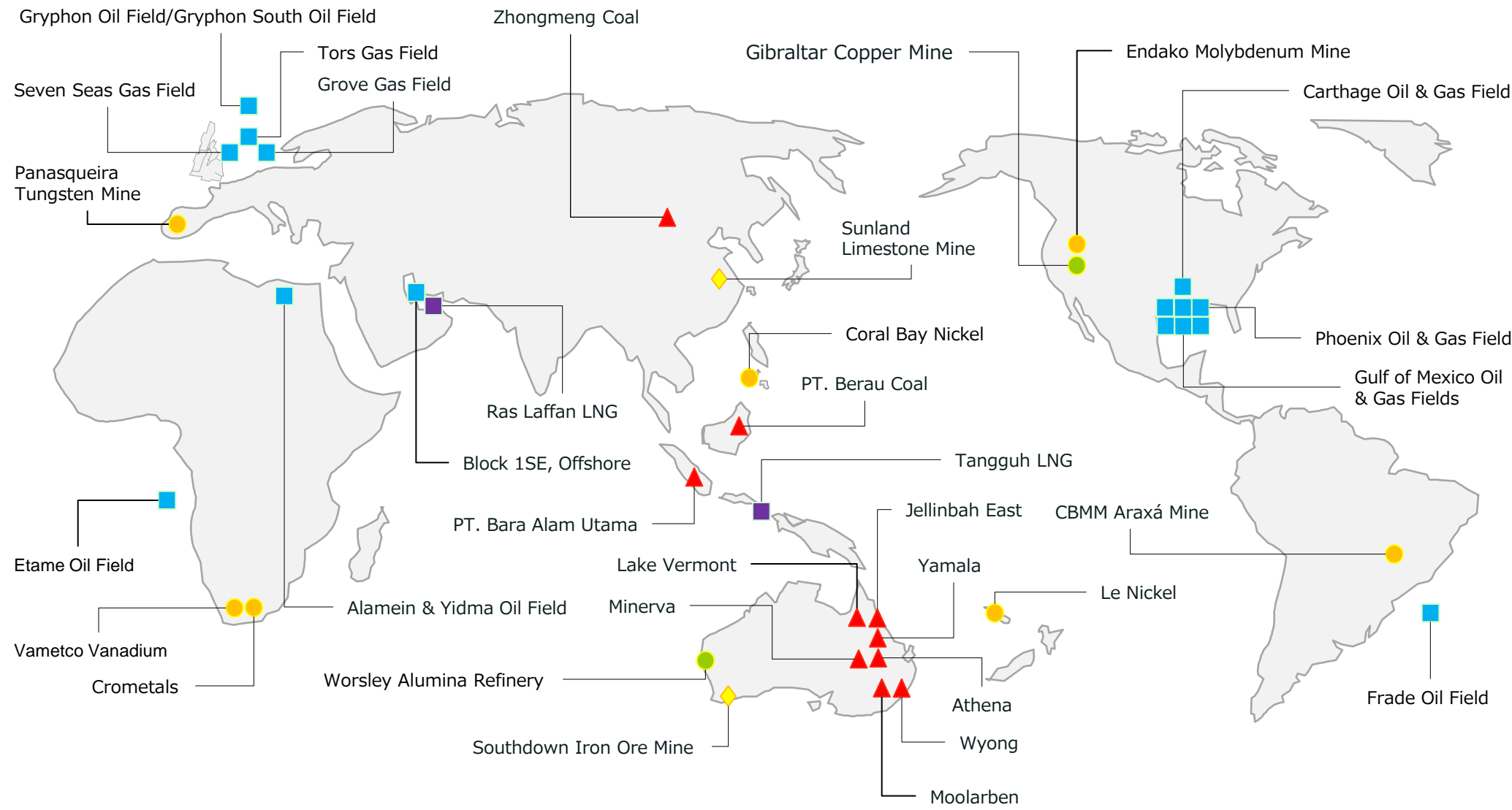
Specialty carbon

Carbon materials



# Map of Major Resource Businesses

- Oil & Gas
- LNG
- Coal
- Ferroalloys
- Non-Ferrous Metals
- Others





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