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# Initiatives to Support the Revitalization of Chiyoda Corporation

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May 9, 2019

Mitsubishi Corporation

# Mitsubishi Corporation (MC)'s support to the Revitalization Plan

## Overview of MC's support package

### Finance

Extend financial support of ¥160 billion in aggregate via:

- Third party allotment (preferred shares) : ¥70 billion
- Provision of senior loan : ¥90 billion

### Corporate Structure

Strengthen corporate and risk management structures.

### Human Resource

Upon request, dispatch MC's management professionals, ranging from top management team to frontline project managers.

# Key aspects of MC's support

- Root cause analysis of financial losses and identification of counter measures / Verification of feasibility of the Revitalization Plan

- ✓ Thoroughly analyze the root causes and initiate measures to address key issues.

## < Key issues >

- ① Internal risk assessment upon order intake
- ② Order intake beyond its corporate resources
- ③ Project administration and reporting during execution phase



## < Measures >

- ① Strengthen risk management functions
- ② Order intake with sufficient performance contingency
- ③ Strengthen project execution and governance structures

- ✓ Fully reviewed its conservative order intake plan and underlying assumptions, such as profit margin, and verified feasibility of the Revitalization Plan.

- Chiyoda Corporation's strength: technological excellence backed by its robust track record

- ✓ Technological excellence that underpins the strong presence as premier LNG plant EPC contractor remain intact.
- ✓ Business environment is favorable for its revitalization: robust growth expected in natural gas and LNG demand.
- ✓ Engage in value creation in business fields other than LNG by leveraging its technological excellence in order to execute growth strategies following its successful revitalization.

- MC's strength: Business Management Model

- ✓ Risk management skills through our extensive business management expertise and execution capabilities of our management professionals are key elements to supplement the success of Chiyoda Corporation's revitalization.
- ✓ Support business development in new fields by leveraging MC's collective capabilities across multi-industries and foresights in order to promote Chiyoda Corporation's growth strategy once its revitalization succeeds.

## Reference: Outline of third party allotment

1	Payment Date	July 1, 2019
2	Number of shares to be subscribed	175,000,000 preferred shares issued by Chiyoda Corporation
3	Price of shares to be subscribed	400 yen per share
4	Total subscription	70.0 billion yen
5	Voting rights	None
6	Common share conversion rights	A period in which rights can be exercised: July 1, 2019 onward Conversion price: 100 yen per share
7	Ratio of retained earnings to be appropriated for dividends	3%
8	Other	The subscription described herein assumes that all related resolutions and amendments to Chiyoda's Articles of Incorporation will be adopted at Chiyoda Corporation's 91st General Meeting of Shareholders, which is scheduled to be held on June 25, 2019.

Note: For more detail, please also refer to the press release issued by Chiyoda Corporation on May 9, 2019, entitled "Notice regarding the Issuance of Preferred Shares through Private Placement, Borrowing of Funds and the Partial Amendment of Articles of Incorporation" .

### **(Forward-Looking Statements)**

- This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the Company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices.
- Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.