

September 24, 2008

Mitsubishi Corporation Participates in the European Bio-pellet Market

Mitsubishi Corporation (MC) has acquired 45% of Vis Nova Trading GmbH (VNT), a German company and major player in the bio-pellet business. With this acquisition, MC has made a strong commitment to the European bio-pellets market, which is expected to grow rapidly in the near future.

Bio-pellets are a kind of carbon neutral fuel, made from unused biomass, such as wood chips. The biomass is compressed and molded into small, cylindrical pellets.

Co-firing with bio-pellets and thermal coal has proved effective in reducing CO₂ emissions at coal-fired power stations. With an aim to combat global warming, the EU has committed to raising the proportion of power generated by renewable energies to 20% by 2020 (for the whole of the EU). At present, each country generates around 5-15% of its power through renewable energy. The bio-pellet market has seen annual growth of around 20% over the last few years. In 2020, the demand for bio-pellets is expected to increase from its current six million tons, to over 40 million tons.

VNT owns and operates a manufacturing facility that produces some 120,000 tons of the pellets per year, as well as several distribution bases in Germany. Each year VNT supplies about 180,000 tons of the pellets, mainly to electric power companies in the EU. VNT plans to build a few other factories, aiming to reach 500,000 tons in sales and establish a production system in Germany by 2010.

MC invested 5.625 million euros (equivalent to 45% of VNT shares) and intends to be actively involved in the company's management. MC will contribute to VNT as a partner and cooperate on the planning, financing, and marketing to expand the bio-pellet business. In the future, MC hopes to see VNT develop into a benchmark supplier of bio pellets within the European market.

In addition, MC foresees potential pellet demand in Japan, and has established Forest Energy HITA Co, Ltd., and Forest Energy Kadogawa Co, Ltd., pellet manufacturers in Ooita and Miyazaki respectively, each with an yearly output of 25,000 tons. In this fashion, MC is promoting the bio-pellet business in Japan and placing VNT at the core of this business in Europe. Anticipating significant global growth in this renewable energy field, MC also plans

to set up bio-pellet manufacturing plants in North America, South America, and Asia, creating a truly worldwide supply network. The company's aggressive push should prove a very positive effort to stem global warming.

Outline of the company

Company name : VIS NOVA Trading GmbH
Head office : Bremen, Germany
Share ratio : VIS NOVA GmbH 55%, Mitsubishi Corporation 45%
Business : trading and manufacturing for wood pellet
Sales : 180,000 tons p.a.
Subsidiary : Holzkontor und Pelletierwerk Schwedt GmbH(HPS)

Holzkontor und Pelletierwerk Schwedt GmbH

