

Investor Day 2024 Global Energy Transition Summary

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Opening Remarks

Good afternoon, I'm Toru Matsui, in charge of Energy Business Unit I, together with Energy Business Unit II, Basic Materials Business Unit, Performance Materials Business Unit, IT & Communication Business Unit, and Integrated Digital Strategy Division. I will speak about our Global Energy Transition initiatives, one of the Key Strategic Initiatives in the Medium-term Management Plan.

Global Energy Transition Initiatives

In driving forward our Global Energy Transition initiatives, we are carefully selecting projects from three perspectives: *enhancing portfolio quality*, *ensuring profitability*, and *reducing GHG*. In order to respond to sways in response to climate change and energy demand, it is important to build a flexible portfolio that is resilient against various scenarios. Within this framework, we are conducting business development that makes the most of our strengths, focusing on three key areas: *natural gas and LNG*, *next-generation fuels*, and *decarbonization solutions*. Through this approach, we aim to achieve both a stable earnings base and a reduction in GHG emissions.

Positioning of LNG in the Energy Transition

Next, I will speak on the positioning of LNG in the energy transition. Among the world's primary energy sources, renewable energy and natural gas are expected to grow in the foreseeable future. Although there are high expectations for renewable energy, there are constraints such as geographic location, weather conditions, daytime and nighttime yield differential, costs, etc., and so the importance of natural gas and LNG as a *real solution* is being re-evaluated. In addition to economic growth in emerging countries, more recently, the global expansion of generative AI is expected to significantly increase the demand for power, such as for data centers. Again, the importance of natural gas and LNG is being re-evaluated as stable fuel sources to meet this new demand for power.

Globally Diversified Natural Gas and LNG Portfolio

The characteristics of our natural gas and LNG portfolio are that the regions and projects are well diversified. In our LNG business, we have 11 projects spread across 8 countries, with an equity share of production capacity of approximately 9 million tons per year. In July, we made a final investment decision, or FID, on the Ruwais LNG project in the UAE. Also, an FID was made last month on the Tangguh LNG additional development project in Indonesia.

We will continue to diligently capture the upside potential of existing projects and strengthen our downside resilience. Additionally we will steadily launch projects under development to enhance our earnings base.

Developing the Gas Value Chain

Next, I will speak on our strategic initiatives across the entire gas value chain. We are contributing towards a stable supply of natural gas and LNG through various involvements, such as upstream interests in natural gas, LNG project interests, and LNG purchase agreements. We are deeply involved in the entire value chain, from fuel supply to power generation, and are contributing to the sustainable supply of energy. For example, at Fukushima Natural Gas Power Plant, in addition to participating in the power generation business, we supply LNG as fuel, to support a stable supply of competitive energy.

LNG Trading Portfolio

We are building an LNG trading portfolio based on diversified LNG supply sources and our own fleet. Our LNG trading volume under our account for this fiscal year is expected to reach 10 million tons. In the future, we plan to add two million tons per year based on new purchase contracts.

In addition, we took delivery of three new LNG vessels this fiscal year, expanding our long-term chartered fleet to a total of 11 vessels. With our strong LNG portfolio base and our optimized logistics system, we will provide stable supply capabilities and demand and supply adjustment functions to meet customer needs.

Ruwais LNG

Next, I will talk about Ruwais LNG, for which we made an FID this year and newly added to our LNG portfolio.

At Ruwais LNG, our participation was realized due to the trust we have built up with our business partners, including the state-owned ADNOC over the past 50 years, and the comprehensive strength of our company. We will contribute to the sales aspect by ensuring stable purchase of LNG and dispatching a marketing manager to the project. Additionally, as part of our efforts to reduce carbon emissions, this project will implement GHG measures through electrification and the use of clean power sources, making it an effective low-carbon LNG project that addresses climate change issues.

Beyond this project, we are also implementing measures to reduce carbon emissions in other LNG projects, which I will speak to on the next slide.

Low-carbon Measures in LNG Projects

By implementing measures to address GHG emissions that match the characteristics of each project, we are working to reduce CO₂ and methane emissions throughout the value chain, with the aim of differentiating ourselves to ensure sustainable competitive advantage.

As you can find from the slide, we are driving various low-carbon measures such as CCS/CCUS initiatives in upstream gas development and liquefaction process, as well as electrification. We are also planning to deploy CCUS in the Tangguh additional development project.

Clean Ammonia: Building a Value Chain

Next, I will speak on energy solutions. We are working on various next-generation fuels such as low-carbon methanol, SAF, and HVO. Today, I would like to speak about the clean ammonia value chain, which we are particularly focusing on.

Regarding *production* on the left-hand side, we are collaborating with the ADNOC Group in an ammonia project as well, in which Mitsui was the only Japanese company invited to invest as a partner. Construction began in May this year and we are expecting production to begin in 2027. We are planning to switch to clean ammonia by 2030.

In the US, we are considering a clean ammonia project with CF Industries, the world's largest producer of ammonia, and we are holding discussions with the relevant parties with the aim of making an FID by March 2025.

In order to secure a diverse range of customers, we are expanding our sales channels to Europe, which places importance on sustainability, and Africa, in addition to the Asian market including Japan, where we have a share of over 60% of ammonia imports.

In the future, a shift to clean ammonia is expected not only as fuel for power generation, but also as marine fuel, as well as fertilizers and chemical feedstocks, areas where our company has been engaged in trading for many years. Furthermore, we are making efforts to enhance transportation, and we jointly ordered 10 large ammonia carriers with the major shipping company Maersk Group. We are also working to develop receiving logistics hubs in Japan to ensure a stable supply of clean ammonia.

We will continue to work on the next-generation fuel business such as clean ammonia and develop it into a pillar of our business portfolio.

CCS and CCUS Initiatives

Next, I will explain about CCS, our efforts to capture, transport and store carbon dioxide. Mitsui has engineers with detailed knowledge of subsurface structures in various parts of the world, based on our experience in the energy resource development business. Taking full advantage of this expertise and our contact points across a wide range of industries, we are working to provide CCS as a service for CO2 emissions from various industries. We aim to build a business with an annual scale of approx. 15 million tons of sequestration by 2035.

CCSaaS Initiatives

In particular, we believe that Malaysia is a region with great potential for CO2 storage, due to its geographical proximity to Japan and the characteristics of its subsurface structure.

We are working with Petronas, a Malaysian government-owned company, and TotalEnergies, which has project development experience in CCS, to explore a project for transporting and storing CO2 from Japan to Malaysia. In addition, in the ships business, we are also working on the development of industry standards for liquefied CO2 carriers, which will handle the transportation of CO2.

Outlook for Global Energy Transition

Today, I have delved into areas such as LNG, clean ammonia, and CCS. The level of profit for this fiscal year in Global Energy Transition is expected to be 150 billion yen. We plan to grow this to 270 billion yen by FY March 2030.

To achieve this, we will position natural gas and LNG as our growth drivers for the foreseeable future, while we will also work to build a new earnings base. Specifically, we expect profit contributions from next-generation fuels such as clean ammonia production and carbon management such as CCS which I explained today, as well as from the electrification shift, and renewable energy and power trading.

The timeline for the energy transition is expected to continue to change. We will provide value to society and all stakeholders through *real solutions* to issues while always anticipating changes that lie ahead.

That completes my part of the presentation today, thank you for listening.

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