

Earnings Opportunities for Growth

- Numerous investment opportunities to meet demand for global infrastructure (electric power, water, environmental, transport, and energy)
- Market expansion due to rising automobile demand in emerging countries
- Growing needs for leading-edge medical devices as industrialized countries' aging society



- Participation in renewable energy projects, including geothermal and wind generation



- Initiatives in water-related businesses in response to increasing demand for water



- Contribution to local communities through transportation infrastructure (automobiles, railways, etc.)

IN DEPTH

Providing a Stable Supply of Potable Water through the Largest Seawater Desalination Project in Oman



Conceptual rendering of the completed plant

Management Resources

Relationship with the Omani government and the ITOCHU Group's network

Creating Added Value

In March 2016, Barka Desalination Company, in which ITOCHU takes part as a shareholder, signed a contract to build and operate a seawater desalination plant with a capacity of 281,000m³ per day at Barka, in northern Oman. This project, a public-private partnership being promoted by the Omani government, involves the construction and operation for 20 years of a seawater reverse osmosis desalination plant with surrounding facilities. Slated to commence commercial operation in April 2018, the project will constitute the largest seawater desalination project in Oman with a total cost of approximately US\$300 million. ITOCHU views the water business as a promising business area in light of growing demand for water arising from global population increases, economic growth, climate change and other factors. We are keen to expand our water businesses including seawater desalination and water and sewage utilities.

Challenges to Address

- Expanding infrastructure-related businesses (electric power, water, environmental, transport, and energy)
- Trade and business development that takes into consideration the pace of growth and country risk in emerging countries
- Initiatives to meet growing demand in each business field in the Chinese and ASEAN markets



- In infrastructure-related businesses, consideration for environmental protection, local communities, and human rights in development regions



- In medical businesses, response to the rapid aging of society



- Response to a low-carbon society by utilization of renewable energy

IN DEPTH

Sarulla Geothermal IPP Project



Project construction site

Reason for Importance from a Strategic Perspective

Indonesia has abundant geothermal resources that are ranked to be the top level around the world, and holds a policy of promoting geothermal energy as a strategic source of electric power. ITOCHU is determined to contribute to such Indonesian government's policies, as we also believe that the renewable energy should be further developed in order to protect the environment.

Current and Future Actions

ITOCHU, INPEX Corporation, Kyushu Electric Power Co., Inc., PT. Medco Power Indonesia, and Ormat Technologies, Inc. from the United States, have concluded a 30-year power purchase agreement through the jointly established operating company, Sarulla Operations Ltd., with Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara (PLN), and PT Pertamina Geothermal Energy (PGE), a subsidiary of PT Pertamina. The project involves the development of a geothermal resource concession owned by PGE in the Sarulla region in North Sumatra, Indonesia, construction of a geothermal plant with a total capacity of 320 MW and sales of generated power to PLN for 30 years starting from 2016. We will continue to support promoting economic development in emerging countries through participation in infrastructure development projects with consideration for environmental protection and harmony with local communities.