

## Earnings Opportunities for Growth

- Expansion of trading business in crude oil, petroleum products, and LNG underpinned by robust selling capabilities
- Steady demand increases for chemicals in China, the ASEAN region, and the Americas and associated increases of trading opportunities



- Response to higher demand for food products in accordance with expected global population growth (such as fertilizer business)



- Efforts to curtail electricity consumption in response to global warming

### IN DEPTH

#### Agromate



Fertilizers handled by Agromate

#### Management Resources

Agromate's fertilizer sales and production business in Southeast Asia and the ITOCHU Group's global network

#### Creating Added Value

In July 2012, ITOCHU acquired a 25% share of Agromate Holdings Sdn Bhd (Agromate), one of the largest fertilizer distributors in Malaysia. Founded in 1970, Agromate operates nine distribution centers in Malaysia and six in Indonesia. The company has the capacity to manufacture 260,000 tons of NPK fertilizer and sell around 1.6 million tons of fertilizer per year, making it one of the largest fertilizer sales and production companies in Malaysia and a prominent player in Asia.

Due to global population increases, demand for fertilizer is growing. Consequently, the supply-demand balance for fertilizer resources is expected to be tight over the medium to long term. By leveraging ITOCHU's network, we are endeavoring to expand supply sources and create a strong sales structure centered in Asia.

## Challenges to Address

- Promotion of cost-competitive energy development projects with prime partners
- Entry into domestic electricity trading business in line with electricity liberalization
- Shift to (i) export of high value chemicals to China, and (ii) trading of China-manufactured chemicals within China, due to changes in Chinese chemical industrial structure
- Establishment of a compliance system for changing chemical-related legislations



- Consideration for health, safety, and the environment (HSE) in energy development projects



- Symbiosis with local communities

### IN DEPTH

#### Azeri-Chirag-Gunashli (ACG) Project in the Caspian Sea in Azerbaijan



Offshore drilling rig (photo courtesy of BP)

#### Reason for Importance from a Strategic Perspective

Since its participation in the ACG oil field in Azerbaijan in 1996, ITOCHU has contributed to the development of oil production from the project, and the current production volume ranks at world-class levels. This joint project, propelled with such excellent partners as BP p.l.c.—who has extensive experience in the Caspian Sea—and other renowned oil majors, is a core business for the Energy & Chemicals Company, and we aim to ensure stable sustainable production over the long term.

#### Current and Future Actions

The ACG oil field currently produces approximately 600,000 barrels of crude oil per day. The oil is transported via the BTC Pipeline, in which ITOCHU invests, from Baku, Azerbaijan, via Tbilisi, Georgia, to Ceyhan, Turkey. In addition to ITOCHU (4.3%), partners of the projects include BP (35.8%) as the operator, State Oil Company of Azerbaijan Republic, SOCAR (11.6%), Chevron Corporation (11.3%), INPEX Corporation (11.0%), Statoil ASA (8.6%), and ExxonMobil Corp. (8.0%). Going forward, we endeavor to provide a stable supply of energy resources to the market while duly taking care of local communities and the environment.