

The presentation was held in Japanese. This document is a translation/ summary for reference only.

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IR, PR & CSR Department
E-Mail: ir@chiyodacorp.com

Transcript (Translation) of the Presentation Financial Results for the Fiscal Year Ended March 31, 2019

Chiyoda Corporation (“Chiyoda”, TSE:6366; ISIN: JP3528600004) released the financial results of the Fiscal Year ended March 31, 2019, on May 9, 2019. A presentation was held on the same day at 15:45 (Japan Standard Time). The following is the summary of the transcript (translation).

Outline of FY2018 financial results / Forecast of FY2019

- New orders were in line with our forecast. As a result, the order backlog exceeded 1 trillion yen.
- Net sales of completed construction contracts were lower compared with the previous fiscal year. This is because progress in percentage of completion in the calculation of revenues for accounting purposes was negative due to a sharp increase in costs related to the Cameron LNG.
- FY2018 resulted in net loss of 59.2 billion yen.
- Targets for the fiscal year ending March 31, 2020: new orders of 550.0 billion yen, revenues of 390.0 billion yen, and profit attributable to owners of parent of 6.0 billion yen.

Outline of the Revitalization Plan

1. Financial Strengthening

- We plan to procure funds of 180 billion yen from Mitsubishi Corporation and MUFG Bank. The 180 billion yen is broken down as follows: 70 billion yen to be procured from Mitsubishi Corporation through capital increase by third party allotment of preferred shares, 20 billion yen to be procured from MUFG Bank through a subordinated loan and 90 billion yen to be procured from Mitsubishi Corporation through a long-term loan.
- We have cleared “Notes on the ability to continue as a Going Concern” based on this financial strengthening measurements.
- The amount of the capital increase (70 billion yen) was decided to avoid detriment to the interests of our existing shareholders as much as possible.
- We plan to obtain approval by a special resolution at the Ordinary General Meeting of Shareholders due to be held on June 25, as we believe it is

appropriate to verify the wishes of shareholders with regard to the fairness of the conditions of the preferred share allotment.

- We plan to procure a long-term loan facility from Mitsubishi Corporation and MUFG Bank in order to ensure future business continuity while procuring the funds needed to meet our current needs under the most appropriate conditions.
- Our shareholders' equity ratio will be around 2% even after execution of the capital increase. However, we expect to build up earnings of around 90 billion yen over the coming 5 years and we, therefore, expect our shareholders' equity ratio to recover to 20% or more by 2023.

2. Building the foundation for revitalization

We will implement three measures, namely (1) further develop the risk management structure, (2) enhance EPC execution and management capacity, and (3) reinforce human resources.

(1) Further development of the risk management structure

- We will put the Strategy & Risk Integration Division into full-scale operation from July 1.
- In addition to the formulation of management plans and medium-to-long-term growth strategies, the Strategy & Risk Integration Division will be responsible for risk management of projects at a whole company level right through from the pre-order intake stage to the construction work execution stage.
- To enhancement corporate governance, we will change the composition of the Board of Directors by increasing the percentage of independent external directors to 40%. Moreover, the number of Board members who concurrently serve as Executive Officers are limited to two: COO and CFO.

(2) Enhancement of EPC execution and management capacity

- We will actively promote the adoption and utilization of a digital platform that thoroughly manages cost/schedule/quality of design, procurement, and construction.
- We will strengthen construction execution capabilities, aiming at enhancing project control capabilities and preventing expansion of losses by prompt countermeasures.

(3) Reinforcement of human resources

- We will introduce performance-based evaluation and compensation and seek the diversification of each individual's capabilities through role rotation beyond organizational boundaries.
- We will also proactively recruit external talent to develop a group of human resources who have a broad perspective and pursue higher added value.

3. Key points of the new Business Plan

- We will continue to focus on LNG projects, which are expected to grow in the future. At the same time, we will shift in direction towards the global environment business given the business transitions to a low-carbon society.
- We will take on projects where we can play a leadership role in its execution. We will also thoroughly examine construction risks and will ensure that structures/contract schemes fully reflect risks.
- We will further strengthen downturn resilience through reduction of fixed costs including overseas subsidiaries and offices.

4. Quantitative targets of the Business plan

- We plan a yearly order intake of between 300 billion yen and 600 billion yen for the LNG/Gas projects and global environment projects combined over the coming five years.
- Through this, we aim to transform to a company that stably generates a net profit of between 10 billion yen and 20 billion yen a year.
- We also plan to build up profit of 90 billion yen in five years and to improve our shareholders' equity ratio to 20% or more by 2023. Our aim is to eliminate the accumulated losses within the period of this business plan.

5. Long-term vision for the future

- Two key growth strategies: 1) Expansion of two business areas, "Energy" and "Global environment" and 2) innovate EPC execution and diversify business by penetrating into Investment & Service areas, utilizing digital innovation technologies, are no change in the general direction under the revitalization plan.
- We will redefine Chiyoda's value in engineering beyond EPC; we will create synergies with the all-round strength and new business creation capability of Mitsubishi Corporation, which has a bird's eye view of all industries; and we will harness Chiyoda's strengths to accelerate growth strategy.
- We intend to provide services to maximize the client's asset value in a project life cycle, introduce compound system fit for complex energy needs and restrictions, and incubate for future technology development to solve challenges in energy and global environment.

Note: Some additions and corrections were made to make the content easier for readers to understand.

Any projections included in these materials are based solely on information available at the time this presentation was prepared. It is possible that actual results may vary significantly from the projections due to a number of risk factors such as economic conditions. The results projected here should not be construed in any way as being guaranteed by the Company. Investor are recommended not to depend solely on these projections for making investment decisions.