# Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2014

November 8, 2013

**Chiyoda Corporation**

# 1. Financial Summary

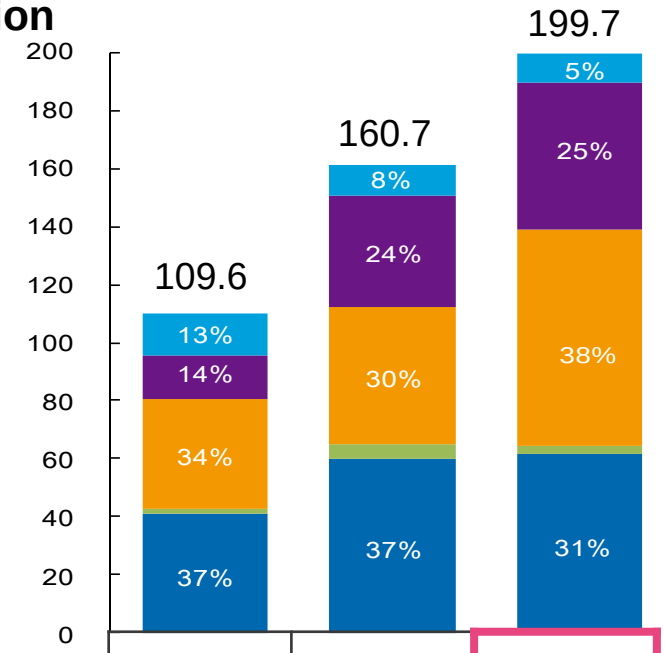
(Billions of Yen)

| | 2Q of FY ended March 2013 | 2Q of FY ending March 2014 | Difference | Difference (%) | Full Year Forecast | Progress (%) |
|---|---|---|---|---|---|---|
| New Orders | 137.9 | 96.1 | (41.8) | (30.3%) | 600.0 | 16.0% |
| Revenues | 160.7 | 199.7 | 39.0 | 24.3% | 470.0 | 42.5% |
| Operating Income | 9.9 | 11.1 | 1.1 | 11.5% | 24.0 | 46.2% |
| Ordinary Income | 10.6 | 12.4 | 1.8 | 17.4% | 26.0 | 47.8% |
| Net Income | 6.1 | 7.4 | 1.3 | 20.9% | 16.0 | 46.3% |
| Comprehensive Income | 6.5 | 6.4 | (0.2) | (2.9%) | | |
| Exchange Rate | JPY 78/$ | JPY 98/$ | | | JPY 90/$ | |

No revision to the Full Year Forecast.

# 2. Revenues

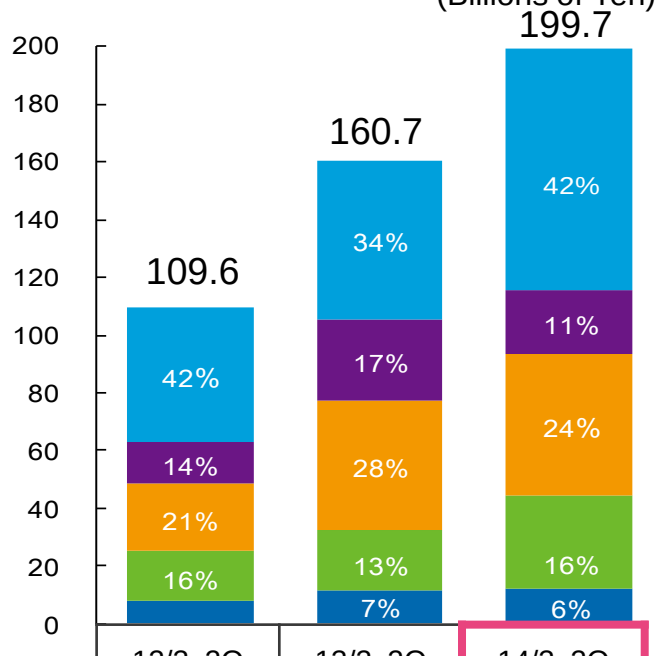
## By Region




| | 12/3 2Q | 13/3 2Q | 14/3 2Q |
|---|---|---|---|
| Middle East | 14.1 | 10.1 | 10.2 |
| Asia | 15.4 | 38.6 | 50.4 |
| Oceania | 37.3 | 47.5 | 75.0 |
| Others | 2.1 | 4.8 | 2.7 |
| Overseas Total | 68.8 | 101.0 | 138.3 |
| Domestic Total | 40.8 | 59.8 | 61.4 |

## By Field

(Billions of Yen)




| | 12/3 2Q | 13/3 2Q | 14/3 2Q |
|---|---|---|---|
| LNG | 46.1 | 55.3 | 84.2 |
| Gas Processing *1 | 14.9 | 27.8 | 21.9 |
| Fine Industries *2 | 23.1 | 45.1 | 48.8 |
| Petroleum and Petrochemicals | 17.3 | 21.0 | 32.8 |
| Others *3 | 8.0 | 11.5 | 11.9 |

Expecting to achieve full year forecast. Continuous growth in Overseas, revenues increased 24.3% year-on-year basis while progress achieved 42.5%.

Notes: *1 Classified as “Other Gas Related Works” in “Consolidated Financial Results”
*2 Classified as “General Chemicals/ Industrial Facilities” in “Consolidated Financial Results”
*3 Classified as “Mineral Refining/ Offshore/ Environment/ and Others” in “Consolidated Financial Results”

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# 3. Income-related Items

(Billions of Yen)

| | 2Q of FY ended March 31, 2013 | 2Q of FY ending March 31, 2014 | Difference |
|---|---|---|---|
| Gross Profit | **18.2**<br>11.3% | **19.5**<br>9.8% | 1.4<br>(1.5 pt) |
| SG&A Expenses | (8.2) | (8.4) | (0.2) |
| Operating Income | **9.9**<br>6.2% | **11.1**<br>5.6% | 1.1<br>(0.6 pt) |
| Non-Operating Income and Expenses | 0.6 | 1.3 | 0.7 |
| Ordinary Income | **10.6**<br>6.6% | **12.4**<br>6.2% | 1.8<br>(0.4 pt) |
| Extraordinary Gain/ Loss, Tax and Minority Shareholders' Income | (4.5) | (5.0) | (0.6) |
| Net Income | **6.1**<br>3.8% | **7.4**<br>3.7% | 1.3<br>(0.1 pt) |

Gross Profit Ratio: Improvement in backlog projects continuously contributed, even though lower on year-on-year basis (significant contribution from completed projects last year).

# 4. Balance Sheet

(Billions of Yen)

| | March 31, 2013 | Sept. 30, 2013 | Difference |
|---|---|---|---|
| **Current assets** | **383.2** | **364.3** | **(18.9)** |
| Cash and deposits*1 | 182.9 | 164.3 | (18.5) |
| Operating assets *2 | 80.7 | 72.8 | (7.9) |
| Jointly controlled assets of joint venture *3 | 94.7 | 104.0 | 9.3 |
| Other | 25.0 | 23.1 | (1.9) |
| **Non-current assets** | **52.2** | **58.9** | **6.7** |
| Property, plant and equipment | 14.5 | 15.0 | 0.4 |
| Intangible assets | 6.8 | 15.9 | 9.2 |
| Investment and other assets | 30.9 | 28.0 | (2.9) |
| **Total assets** | **435.4** | **423.1** | **(12.2)** |

| | March 31, 2013 | Sept. 30, 2013 | Difference |
|---|---|---|---|
| **Current liabilities** | **230.4** | **217.0** | (13.4) |
| Short-term loans payable | 0.1 | 1.2 | 1.1 |
| Operating liabilities *4 | 197.0 | 187.2 | (9.8) |
| Provision for loss on construction contracts | 1.3 | 3.2 | 1.9 |
| Others | 32.1 | 25.4 | (6.7) |
| **Non-current liabilities** | **15.6** | **14.7** | **(0.9)** |
| Long-term loans payable | 10.1 | 10.0 | (0.1) |
| Other | 5.5 | 4.8 | (0.7) |
| **Net assets** | **189.4** | **191.4** | 2.1 |
| **Liabilities and net assets** | **435.4** | **423.1** | **(12.2)** |

| | | | |
|---|---|---|---|
| **Shareholders' equity** | **188.4** | **189.6** | **1.2** |
| **Shareholders' equity ratio** | **43.3%** | **44.8%** | **1.5 pt** |

Notes:

*1. Cash and deposits = Cash and deposits + Short-term investment securities, incl. negotiable deposit

*2. Operating assets = Notes receivable, accounts receivable from completed construction contracts + Costs on uncompleted construction contracts

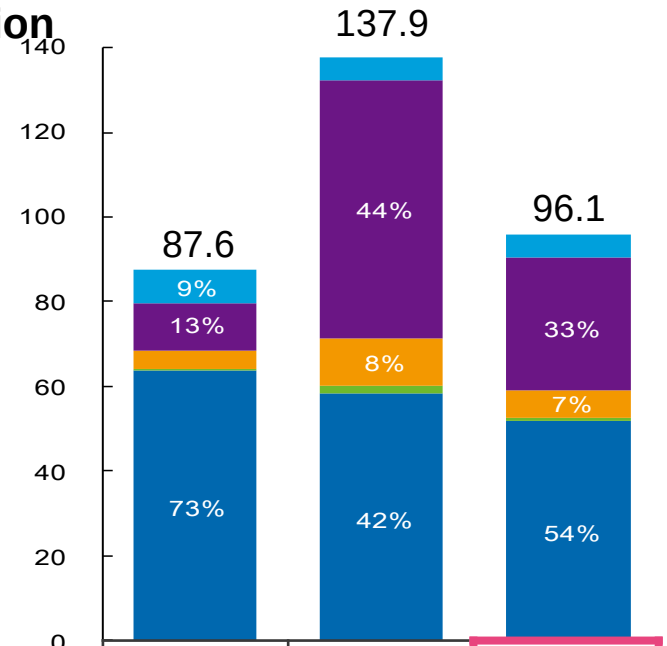
*3. Jointly controlled assets of joint venture = Cash and deposits of joint venture proportional to Chiyoda's interest

*4. Operating liabilities = Notes payable, accounts payable for construction contracts + Advances received on uncompleted construction contracts

Non-current assets Increase: Mainly due to acquisition of Xodus Group.
Net assets Increase: 7.4 billion yen of net income, (4.9) billion yen of dividends paid.

# 5. New Orders

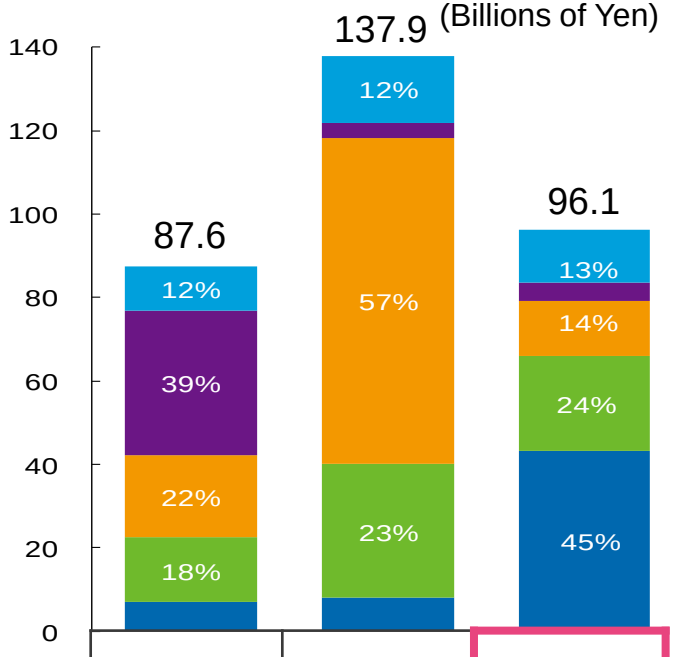
## By Region




| | 12/3 2Q | 13/3 2Q | 14/3 2Q |
|---|---|---|---|
| Middle East | 8.2 | 5.3 | 5.6 |
| Asia | 11.0 | 60.9 | 31.3 |
| Oceania | 4.5 | 11.4 | 6.4 |
| Others | 0.2 | 1.8 | 0.8 |
| Overseas Total | 23.8 | 79.5 | 44.1 |
| Domestic Total | 63.9 | 58.4 | 52.0 |

## By Field

(Billions of Yen)




| | 12/3 2Q | 13/3 2Q | 14/3 2Q |
|---|---|---|---|
| LNG | 10.7 | 16.0 | 12.7 |
| Gas Processing *1 | 34.5 | 3.6 | 4.3 |
| Fine Industries *2 | 19.7 | 78.2 | 13.3 |
| Petroleum and Petrochemicals | 15.5 | 32.1 | 22.7 |
| Others *3 | 7.1 | 8.0 | 43.2 |

Significant Increase in “Others”: International Airport Project in Mongolia, several domestic Mega-Solar projects.
Expecting large contracts in second half, no revision to Full Year Forecast.

Notes: *1 Classified as “Other Gas Related Works” in “Consolidated Financial Results”
*2 Classified as “General Chemicals/ Industrial Facilities” in “Consolidated Financial Results”
*3 Classified as “Mineral Refining/ Offshore/ Environment/ and Others” in “Consolidated Financial Results”

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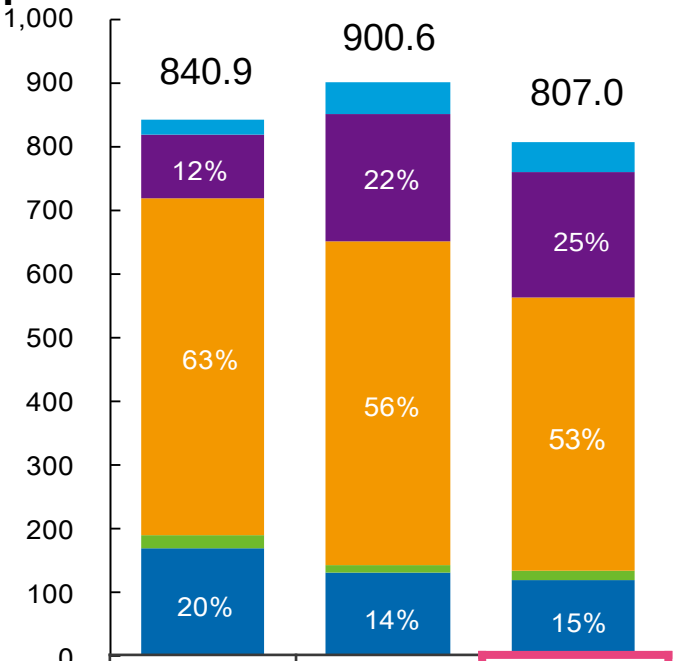
# 6. Backlog of Contracts

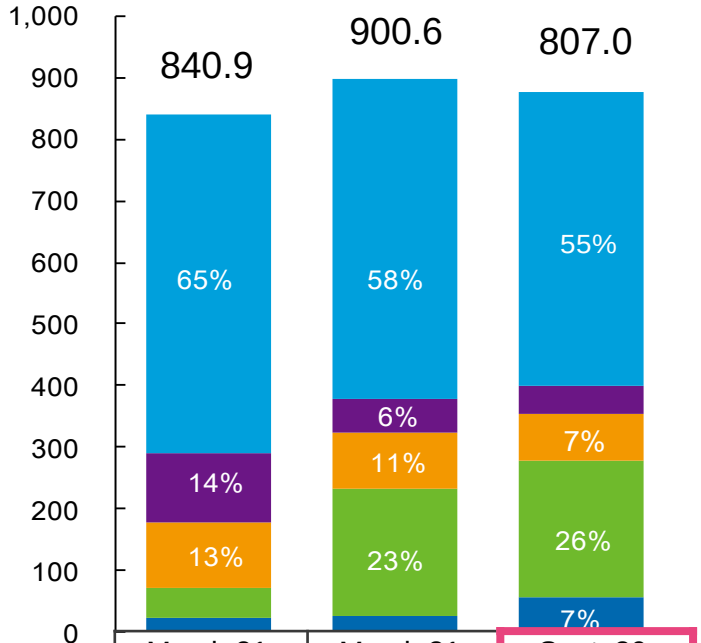
## By Region




| | March 31, 2012 | March 31, 2013 | Sept. 30, 2013 |
|---|---|---|---|
| Middle East | 24.0 | 49.3 | 47.8 |
| Asia | 97.9 | 200.8 | 198.4 |
| Oceania | 530.5 | 508.2 | 429.8 |
| Others | 20.2 | 14.5 | 12.8 |
| Overseas Total | 672.6 | 772.8 | 688.8 |
| Domestic Total | 168.3 | 127.8 | 118.2 |

## By Field

(Billions of Yen)




| | March 31, 2012 | March 31, 2013 | Sept. 30, 2013 |
|---|---|---|---|
| LNG | 548.6 | 521.2 | 443.3 |
| Gas Processing *1 | 113.0 | 54.7 | 37.1 |
| Fine Industries *2 | 107.0 | 90.6 | 58.6 |
| Petroleum and Petrochemicals | 47.4 | 208.7 | 210.7 |
| Others *3 | 24.9 | 25.5 | 57.3 |

Major Projects: Ichthys LNG (Australia), PNG LNG (Papua New Guinea), Polycrystalline Silicon (Malaysia), Refinery and Petrochemical Complex (Vietnam).

Notes: *1 Classified as “Other Gas Related Works” in “Consolidated Financial Results”
*2 Classified as “General Chemicals/ Industrial Facilities” in “Consolidated Financial Results”
*3 Classified as “Mineral Refining/ Offshore/ Environment/ and Others” in “Consolidated Financial Results”

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# Breakdown of Forecasts FY ending March 2014

(Billions of Yen)

| | Results for FY ended March 2013 | Forecasts for FY ending March 2014 | Difference |
|---|---|---|---|
| **New Orders** | **402.9** | **600.0** | **197.1** |
| Overseas | 291.2 | 520.0 | 228.8 |
| Domestic | 111.7 | 80.0 | (31.7) |
| **Revenues** | **398.9** | **470.0** | **71.1** |
| Overseas | 248.1 | 340.0 | 91.9 |
| Domestic | 150.8 | 130.0 | (20.8) |
| **Gross Profit** | **42.5** | **42.0** | **(0.5)** |
| SG&A Expenses | (17.4) | (18.0) | (0.6) |
| **Operating Income** | **25.1** | **24.0** | **(1.1)** |
| Non-operating Income and Expenses | 0.4 | 2.0 | 1.6 |
| **Ordinary Income** | **25.5** | **26.0** | **0.5** |
| Extraordinary income/loss, Tax and Minority Interests in Income | (9.4) | (10.0) | (0.6) |
| **Net income** | **16.1** | **16.0** | **(0.0)** |

# Performance Indicators

(Billions of Yen)

| | FY ended March 2010 | FY ended March 2011 | FY ended March 2012 | FY ended March 2013 | Forecast FY ending March 2014 |
|---|---|---|---|---|---|
| Gross profit margin (%) | 4.5 | 12.8 | 15.3 | 10.7 | 8.9 |
| SG&A expenses to revenues (%) | 4.0 | 5.7 | 5.8 | 4.4 | 3.8 |
| Operating income to revenues (%) | 0.5 | 7.1 | 9.5 | 6.3 | 5.1 |
| Ordinary income to revenues (%) | 1.5 | 6.4 | 9.3 | 6.4 | 5.5 |
| Net income to revenues (%) | 0.9 | 3.2 | 5.6 | 4.0 | 3.4 |
| Return on assets (ROA) (%) | 1.4 | 4.6 | 6.6 | 6.4 | |
| Return on equity (ROE) (%) | 2.0 | 5.3 | 8.9 | 9.0 | |
| Net income per share (EPS) (JPY) | 11.39 | 30.79 | 55.44 | 62.06 | |
| Book value per share (BPS) (JPY) | 573.61 | 599.15 | 648.95 | 727.24 | |
| Shareholders' equity ratio (%) | 45.3 | 43.9 | 46.0 | 43.3 | |
| Current ratio (%) | 175.2 | 173.8 | 165.5 | 166.3 | |
| Fixed ratio (%) | 25.2 | 24.0 | 27.0 | 27.7 | |
| Debt-to-equity ratio <DER> (Times) | 0.07 | 0.07 | 0.06 | 0.05 | |

# Reference Materials

# Major Projects included in FY2013 Revenues

- **LNG / Gas**
  - Papua New Guinea / LNG Plant / EPC*
  - Australia / LNG Plant / EPC
  - Qatar / Chiyoda Almana / EPCm** under Long Term Service Contracts
  - Japan / LPG Underground Storage Facility / EPC
- **Petroleum / Petrochemicals**
  - Saudi Arabia / Heavy Oil Cracking Unit / EPC
  - Venezuela / Oil Refinery Expansion / EPsCm***
  - Vietnam / Refinery and Petrochemical Complex / EPC
  - Qatar / Condensate Refinery / EPC
- **New Energy / Environment / Infrastructure / Others**
  - Malaysia / Polycrystalline Silicon Plant – Phase 2 / EPC
  - The Philippines / Nickel Refining Plant / EPC
  - Japan / Large-Scale Photovoltaic Generation Plants / EPC
  - Diagnosis for Existing Plants and Facilities, O&M

*EPC; Engineering, Procurement and Construction
**EPCm; Engineering, Procurement and Construction management
***EPsCm; Engineering, Procurement support and Construction management

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# Major Projects included in FY2013 New Orders

- **LNG / Gas**
  - Additional works for LNG plants / EPC
  - Qatar / Chiyoda Almana / EPCm** under Long Term Service Contracts
  - Japan / Tsunami Countermeasure Work for LPG Terminal / EPC

- **New Energy / Environment / Infrastructure / Others**
  - Mongolia / New International Airport / EPC
  - Japan / Pharmaceutical and Research Center / EPC
  - Japan / Photovoltaic Power Generation Plants / EPC
  - Diagnosis for Existing Plants and Facilities, O&M

# Projects Expected in FY2013 and thereafter

## LNG / Gas

- LNG Projects (North America, Southeast Asia, Africa, Russia) / EPC & FEED
- Projects by Overseas Group Companies (Chiyoda Almana, etc.) / EPCm & EPC
- LNG Receiving Terminals (Japan) / EPC

## Petroleum / Petrochemical

- Petroleum / Petrochemical Projects (Middle East, Southeast Asia, Central and South America) / EPC & FEED
- Projects by Overseas Group Companies (CSL, etc.) / EPCm & EPC
- Projects planned by Japanese Clients expanding Overseas Operations

## New Energy / Environment / Infrastructure / Others

- Concentrating Solar Power / Photovoltaic Power Generation Plants
- Social Infrastructure-related Projects (Railways / Airports / Water Treatment-Recycle)
- Non-ferrous Metal Projects

## Expansion of New Business Fields

- Offshore / Upstream Projects
- Project Development through Advanced Analysis and Systemization Technologies (ex. Japan's National Resilience, Optimization of Vegetable Plant, etc.)

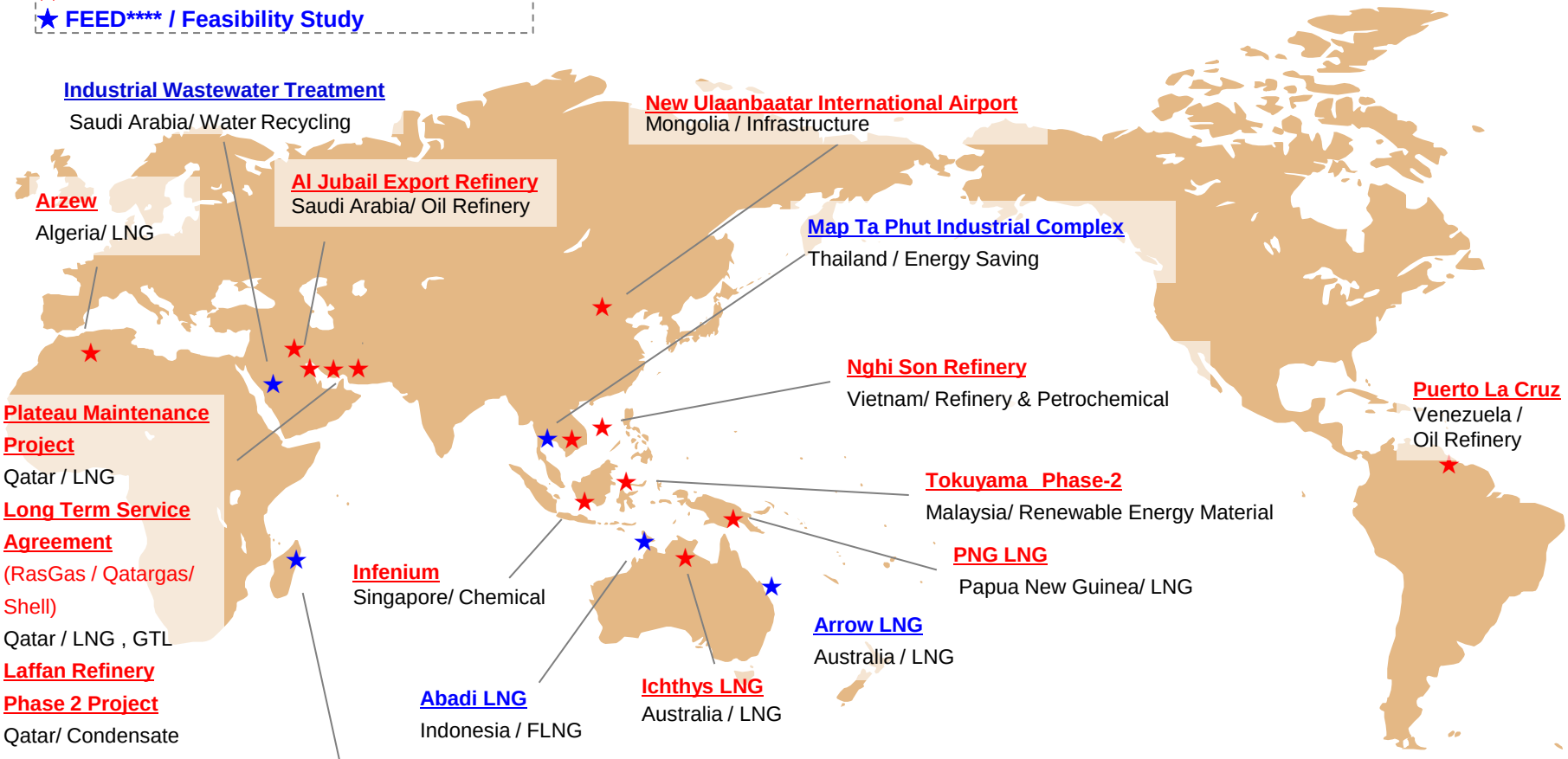
# Progress of Medium-Term Management Plan
## - Seize the moment, Open up new frontiers -

- **Regional projects utilizing local resources**
  - Establishment of Global Project Management- Asia Operations
  - Expanding Middle East Operation led by Chiyoda Almana, aiming at regional EPC projects
- **Offshore / Upstream Business**
  - Capital Alliance with British Upstream Service Provider
  - Establishment of Offshore and Upstream Project Operations
  - Investment in Offshore Oilfield Interests Company in Gabon
- **Energy Infrastructure, Social Infrastructure**
  - Social Infrastructure business: EPC Award of Mongolia International Airport
  - Seeking Hydrogen Society: Verified own technology for “Large-Scale Hydrogen Storage and Transportation System”
  - MSPT-CSP*: Demonstrating new technologies utilizing Molten-Salt

* MSPT-CSP: Molten-Salt Parabolic Trough-Concentrating Solar Power

# Major Projects Under Execution - Overseas

★ EPC* / EPCm** / EPsCm*** Execution
★ FEED**** / Feasibility Study



**Industrial Wastewater Treatment**
Saudi Arabia/ Water Recycling

**New Ulaanbaatar International Airport**
Mongolia / Infrastructure

**Al Jubail Export Refinery**
Saudi Arabia/ Oil Refinery

**Arzew**
Algeria/ LNG

**Map Ta Phut Industrial Complex**
Thailand / Energy Saving

**Nghi Son Refinery**
Vietnam/ Refinery & Petrochemical

**Puerto La Cruz**
Venezuela /
Oil Refinery

**Plateau Maintenance Project**
Qatar / LNG

**Long Term Service Agreement**
(RasGas / Qatargas/ Shell)
Qatar / LNG , GTL

**Laffan Refinery Phase 2 Project**
Qatar/ Condensate Refinery

**Tokuyama Phase-2**
Malaysia/ Renewable Energy Material

**PNG LNG**
Papua New Guinea/ LNG

**Infenium**
Singapore/ Chemical

**Arrow LNG**
Australia / LNG

**Abadi LNG**
Indonesia / FLNG

**Ichthys LNG**
Australia / LNG

**Mozambique LNG Area 1&4**
Mozambique / LNG

*EPC: Engineering, Procurement and Construction
**EPCm: Engineering, Procurement and Construction management
***EPsCm: Engineering, Procurement support and Construction management
****FEED: Front-end Engineering and Design

As of November, 2013

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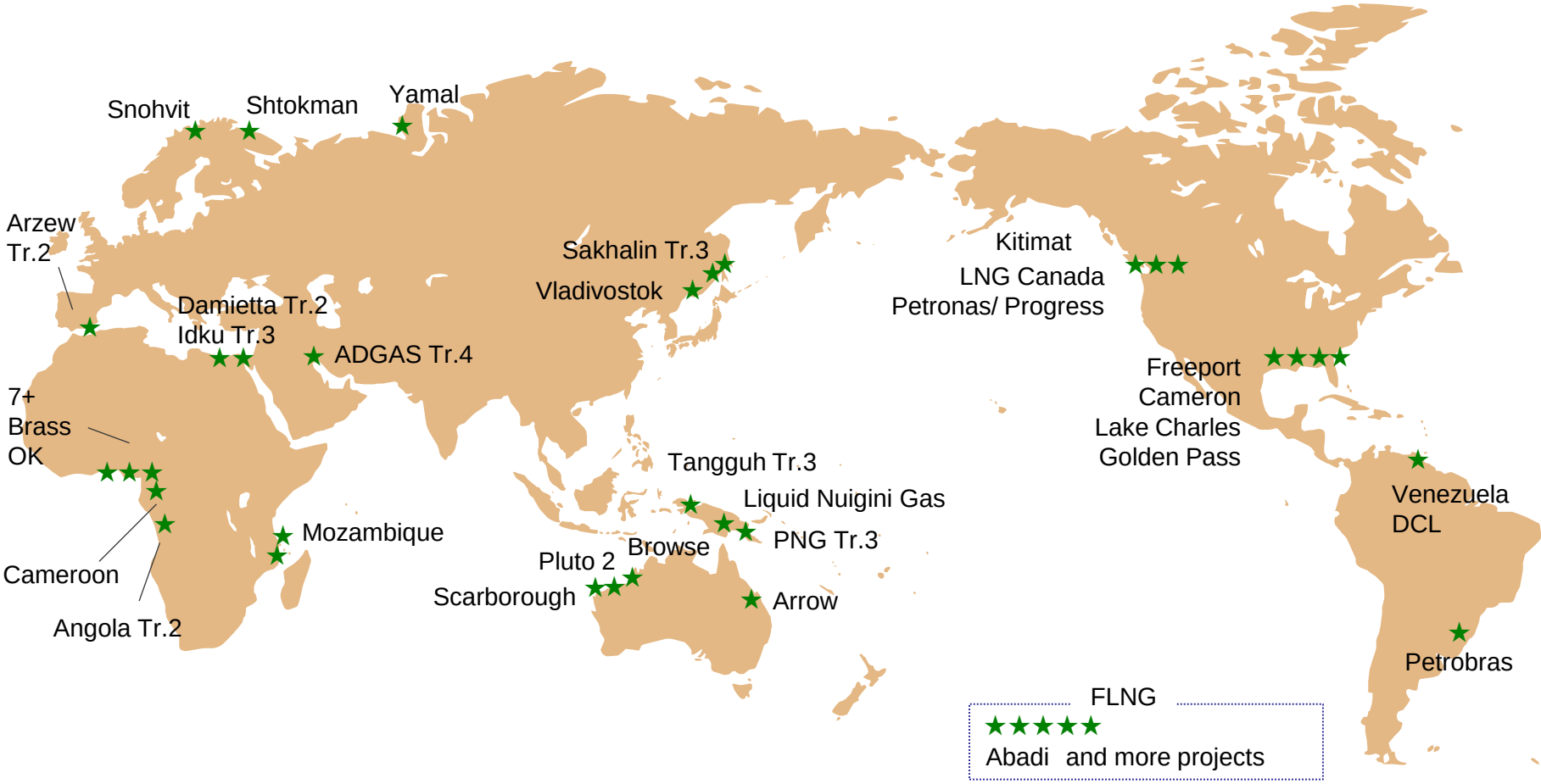
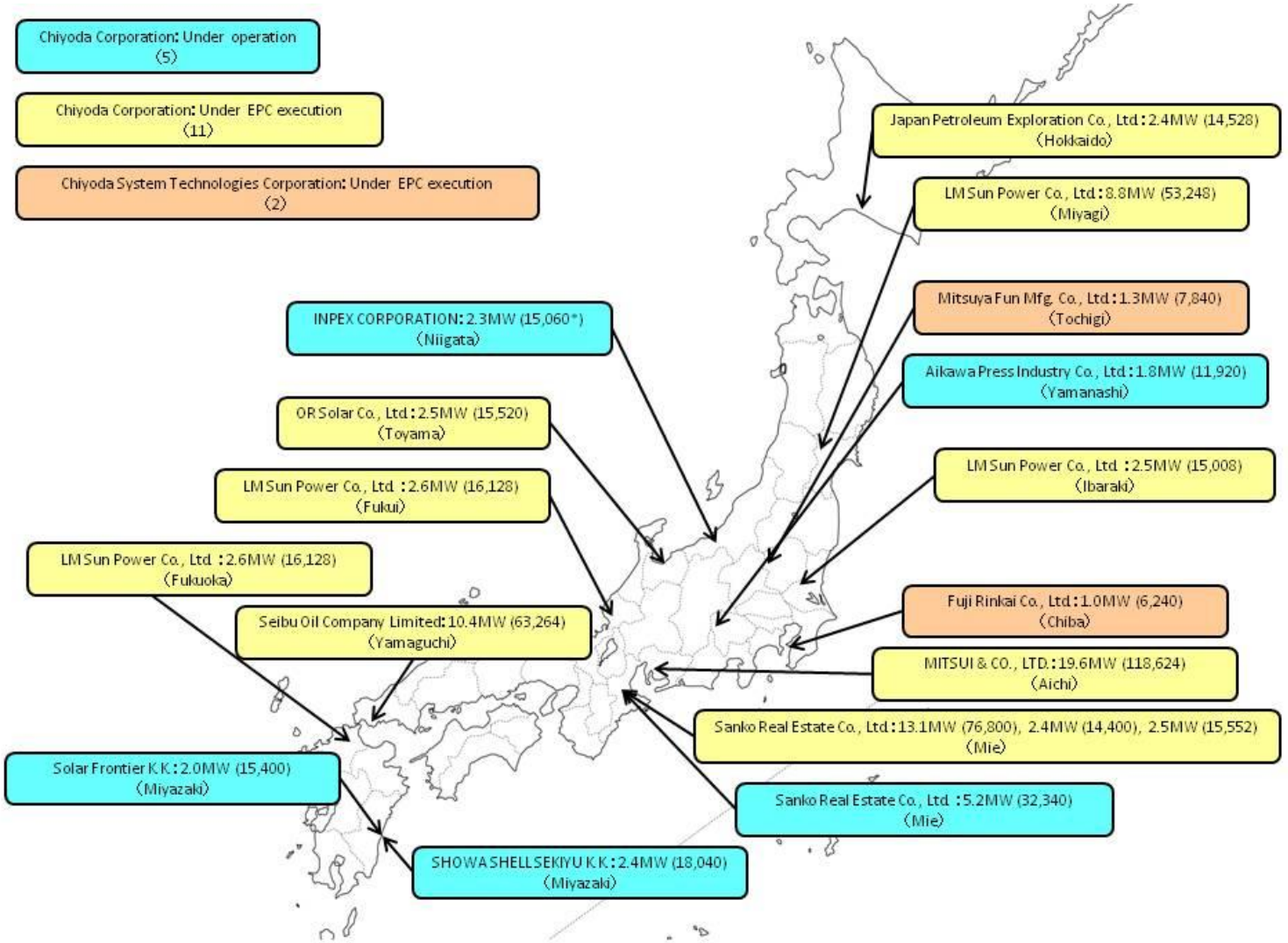
# Major Potential LNG Projects (Before Final Investment Decision)



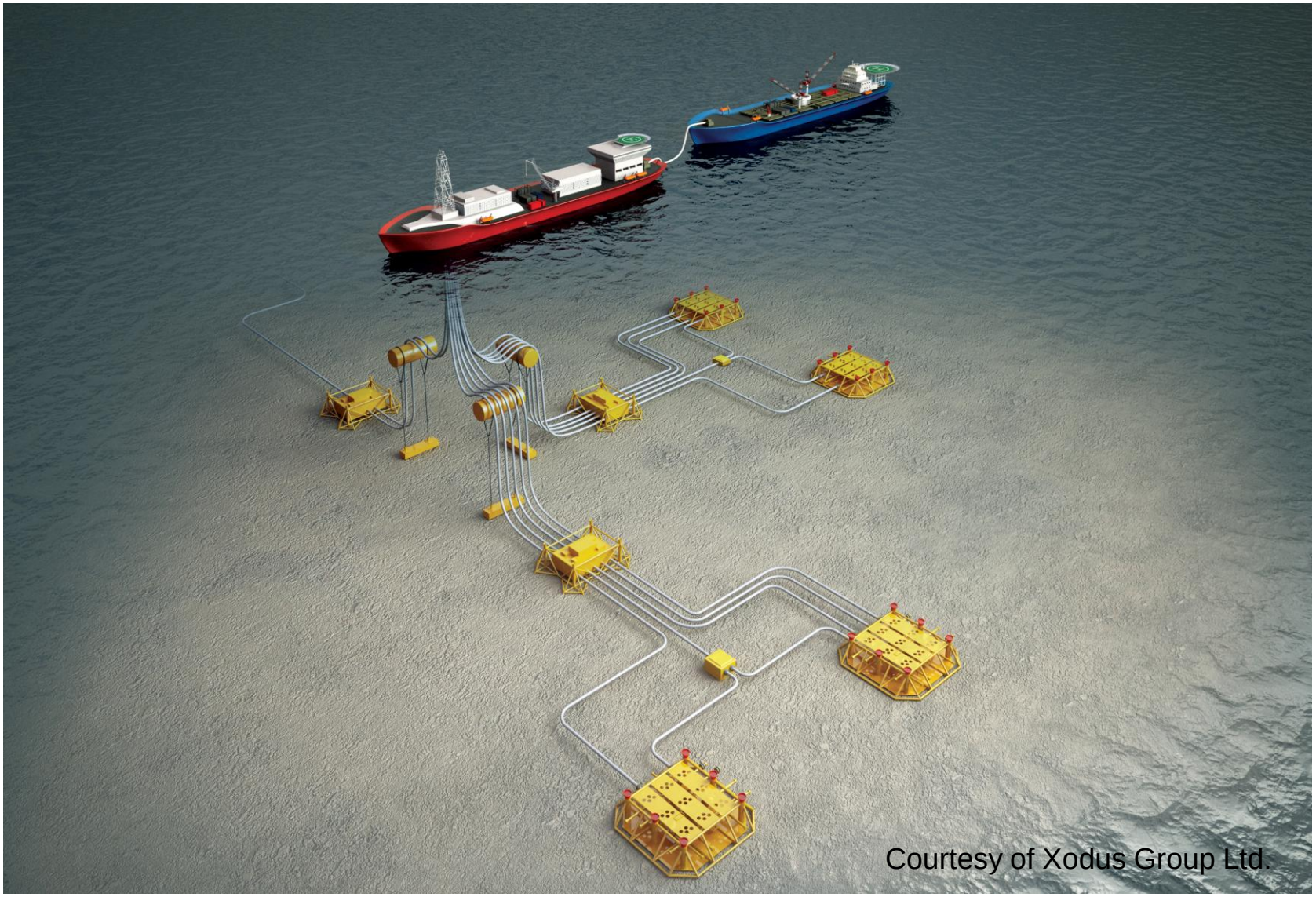

As of November, 2013

Source: Made by Chiyoda Corporation based on various data

# Japan: Photovoltaic Power Generation Plants



# Offshore / Upstream Projects

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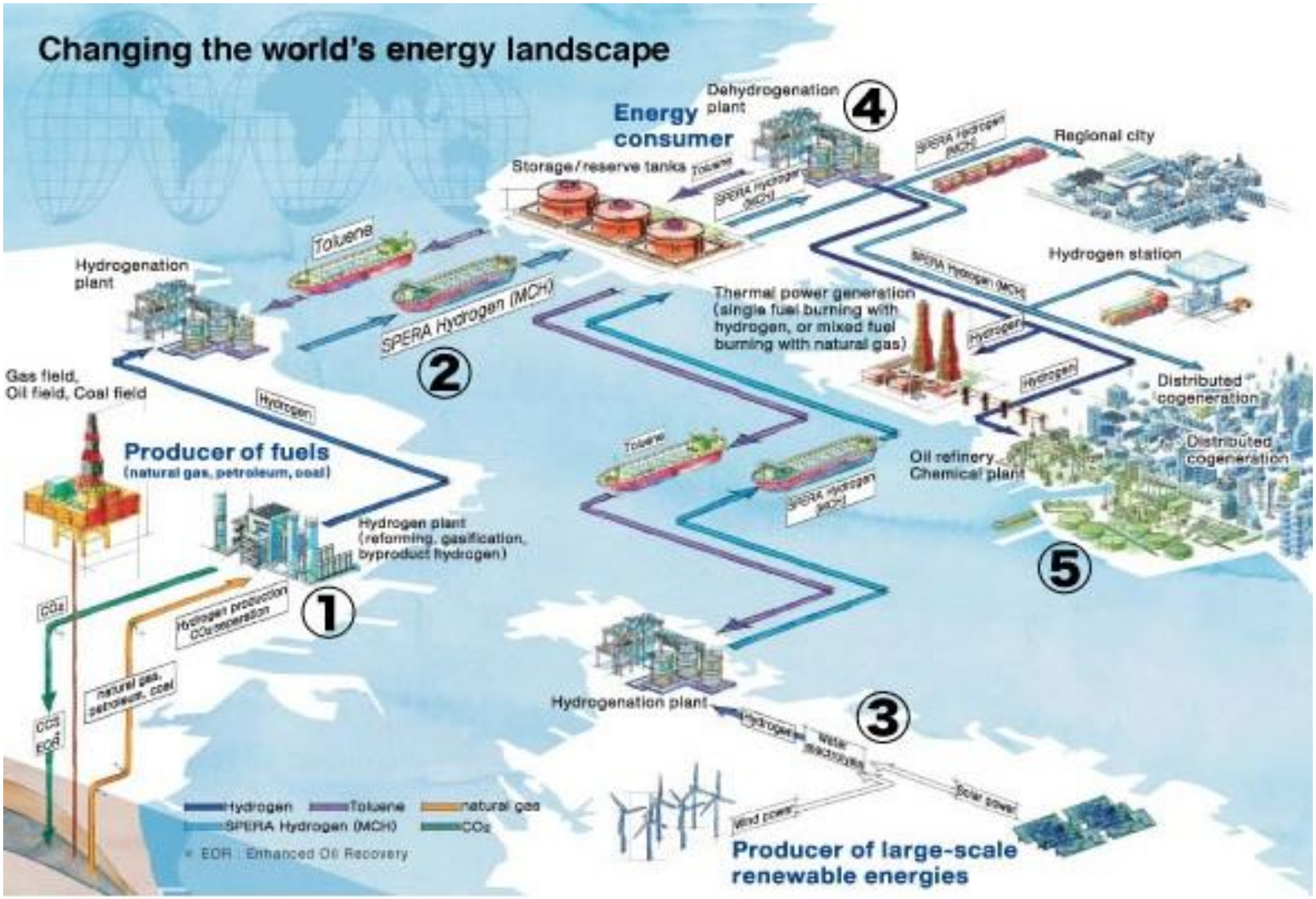
# Large-Scale Hydrogen Storage and Transportation System



# Large-Scale Hydrogen Storage and Transportation System

**SPERA Hydrogen can be inexpensively transported over long distances from any global location. It can be stored in mass quantities for extended periods of time without loss, making it well suited for strategic reserves. In the foreseeable future, SPERA Hydorogen will be produced from natural energy resources.**
**SPERA Hydrogen has the potential to revolutionize the flow of energy while protecting the global environment.**

① Our first step is to build a hydrogenation plant to chemically fix hydrogen to toluene. Hydrogen is generated in mass quantities as a byproduct of natural gas and coal production overseas. The plant liquefies the hydrogen into MCH,[*1] which can then be transported over long distances and stored for extended periods at a low cost. The hydrogen reforming at gas and coal fields generates $CO_2$. The Carbon Capture and Storage (CCS)[*2] system will work on-site thereby minimizing $CO_2$ emissions.

*1 MCH : Methylcyclohexane
*2 CCS : Carbon Dioxide Capture and Storage

② SPERA Hydrogen (MCH) uses existing infrastructure such as chemical tankers and reserve tanks for its transportation and storage, thus minimizing the cost of building new facilities.

③ Our second step is to produce hydrogen by means of water electrolysis, using electricity generated by renewable energy sources such as wind and solar power. Consequently, we will be able one day to supply an inexhaustible supply of energy with no $CO_2$ emissions.

④ Large-scale dehydrogenation plants will be installed wherever much hydrogen is consumed, small dehydrogenation systems wherever less is consumed. SPERA Hydrogen can be put to a variety of uses including power plants, automobile fuels, home fuels, stockpiles, and so on. Moreover, the toluene once used to transport hydrogen can be reused repeatedly, enhancing further the economics of the technology.

⑤ Hydrogen is an ideal energy of the future. Not only does it avoid $CO_2$ emissions, but it can be produced almost anywhere. It is an energy that will greatly contribute to sustainability around the globe.

# Demonstration Plant for SPERA Hydrogen

CHIYODA CORPORATION

Please address inquiries to:

**IR & Public Relations Section**
**Naoyuki Nakayama**

TEL +81-45-225-7734
FAX +81-45-225-4962

URL https://www.chiyoda-corp.com/contact/en/index.php

## Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on November 8, 2013, the date this material was prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operation environment in Japan and overseas.