

**Abridged Translation:**

The report is not audited and this translation is an abridged version prepared based on the statutory format in Japan for reference purpose only. If there is any discrepancy between this translation and the original Japanese version, the Japanese shall prevail.

**Consolidated Financial Results  
for the Nine Months Ended December 31, 2019**

February 4, 2020

Company name: **CHIYODA CORPORATION**  
 Listing: Second Section of the Tokyo Stock Exchange  
 Stock code: 6366  
 URL: <http://www.chiyodacorp.com/>  
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Scheduled date to file Quarterly Report: February 4, 2020  
 Preparation of Quarterly Supplementary Explanation Material: Yes  
 Quarterly Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

**1. Consolidated performance for the nine months ended December 31, 2019**

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the nine months ended December 31, 2019	272,667	(10.9)	24,536	—	20,877	—	16,867	—
For the nine months ended December 31, 2018	306,101	(20.7)	(107,790)	—	(107,045)	—	(128,151)	—

Note: Comprehensive Income: the nine months ended December 31, 2019, 20,716 million yen  
 the nine months ended December 31, 2018, (126,441) million yen

	Net income per share	Fully diluted net income per share
	Yen	Yen
For the nine months ended Dec. 31, 2019	61.08	23.19
For the nine months ended Dec. 31, 2018	(494.86)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	403,005	31,286	7.6
As of March 31, 2019	352,341	(59,154)	(17.1%)

Reference: Equity As of December 31, 2019: 30,803 million yen  
 As of March 31, 2019: (60,114) million yen

**2. Cash dividends**

Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2019	-	-	-	0.00	0.00
FY ending March 31, 2020	-	-	-	-	-
FY ending March 31, 2020 (Forecast)	-	-	-	0.00	0.00

Note: Revision to the latest forecast announcement 2019: None

### 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2020	390,000	14.1	25,000	-	20,000	-	15,000	-	51.84

Note: Revision to the latest forecast announcement: February 3, 2020

### 4. Others

- (1) Changes in Significant Subsidiaries during the Period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None
- (2) Adoption of Specified Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements: None
- (3) Changes in Accounting Policies and Accounting Estimates / Restatements
  - a. Changes in accounting policies due to revisions of accounting standards, etc.: Yes
  - b. Changes in accounting policies other than a. above: None
  - c. Changes in accounting estimates: None
  - d. Restatements: None
- (4) Number of issued shares (common stock)
  - a. Total number of issued shares at the end of the period (including treasury stock)
 

As of December 31, 2019	260,324,529 shares
As of March 31, 2019	260,324,529 shares
  - b. Number of treasury stock at the end of the period
 

As of December 31, 2019	1,357,437 shares
As of March 31, 2019	1,357,156 shares
  - c. Average number of shares during the period
 

For the nine months ended December 31, 2019	258,967,204 shares
For the nine months ended December 31, 2018	258,967,536 shares

#### \*Presentation of Implementation Status of Quarterly Review Procedure

The review procedure of quarterly financial statements based on the Financial Instruments and Exchange Law has not been completed at the time of the disclosure of these Consolidated Financial Statements.

#### \*Proper use of earnings forecasts, and other special directions

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to a number of factors.

#### Dividend Status of Class A Shares

Class A Share Record date	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	-	-	-	-
Fiscal year ending March 31, 2020					
Fiscal year ending March 31, 2020 (Forecast)				0.0	0.0

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## 1. Qualitative Information Related to Consolidated Performance

### (1) Qualitative Information on Business Performance

The price of oil remained relatively stable until the third quarter of this fiscal year with only temporary increases due to factors such as geopolitical instability in the Middle East. In the Liquefied Natural Gas (LNG) market, customers have been considering Final Investment Decisions (FID) for new large-scale projects, reflecting the continued demand for LNG, especially in the developing world.

The Group continues to execute large-scale LNG projects worldwide. In the USA, the first and second trains of both Cameron LNG and Freeport LNG commenced commercial operation and production respectively and the engineering, procurement and construction (EPC) phase of the Golden Pass LNG project is underway. Elsewhere, Chiyoda is developing an EPC proposal for the North Field Expansion Project in Qatar, comprising four (4) trains with production capacity of 7.8 million tons per annum.

EPC works are also ongoing on the world's largest battery storage system along with projects in renewable energy, pharmaceuticals and life sciences.

Chiyoda is progressing a new business of area of digital technology innovation and AI through the development of AI technology that improves the productivity and reliability of existing customer plants and digital technology to improve EPC management and work efficiency.

Chiyoda's new medium-term management plan: "Chiyoda's Revitalization Plan – Initiatives for Revitalization and the Future" launched in May 2019, includes company reorganization, business reform initiatives and a newly formed risk management structure. In July the same year, a new Digital Transformation Division was created and in October Chiyoda established a Frontier Business Division to redefine the value of engineering. Chiyoda now provides business solutions in the Environment & Energy, Sustainability and Life Science fields.

Shareholder Equity increased through a third party allocation of shares, valued at JPY 70 billion, to Mitsubishi Corporation in July 2019.

On consolidated basis, for the third quarter of the fiscal year ending March 31, 2019, New Orders amounted to 140,027 million yen (down 64.1% YoY), Backlog to 873,930 million yen (down 14% from last FY) and Revenues to 272,667 million yen (down 10.9% YoY). Operating income came to 24,536 million yen (compared with previous quarter's consolidated operating loss of 107,790 million yen), Ordinary income amounted to 20,877 million yen (compared with previous quarter's consolidated ordinary loss of 107,045 million yen) and Profit attributable to owners of parent came to 16,867 million yen (compared with previous quarter's consolidated loss attribute to owners of parent of 128,151 million yen).

Reportable engineering business activities are summarized below:

- Energy

#### **LNG / Gas**

##### **【Overseas】**

Chiyoda is in the EPC phase on projects in Australia, USA, Indonesia and Mozambique. The first and second trains of both Cameron LNG and Freeport LNG commenced commercial operation and LNG production respectively and the third trains are progressing as planned. The EPC phase of Golden Pass LNG is progressing. The company is preparing an EPC proposal for the North Field Expansion project in Qatar, comprising 4 x 7.8 million ton/annum trains.

Also in Qatar, we are in the EPC phase of a helium production facility and are modifying and revamping a Chiyoda constructed LNG/gas processing plant.

##### **【Japan】**

Renovations and modifications are underway on Chiyoda constructed LNG receiving terminals and seismic

upgrades are progressing of facilities under the Basic Act for National Resilience.

### **Refinery/Petrochemical/Metal**

#### **【Overseas】**

We are executing a large-scale ethylene plant EPC project on the Gulf Coast in the USA. In Malaysia, we are executing for a Residue Fluid Catalytic Cracking (RFCC) plant EPC plus Commissioning (EPCC) project and EPC on a petrochemical tank terminal EPC project. In Southeast Asia the Group is executing refinery and petrochemical plant EPC projects.

#### **【Japan】**

The Group is executing EPC for offsite construction and renovation of existing refining facilities to reduce sulfur content in bunkering fuel according to new 2020 regulations, as well as other revamping and modification work.

- Environment

### **Pharmaceutical/Biochemistry/General Chemistry**

Chiyoda has completed the EPC phase of a middle molecule pharmaceutical production facility and is executing EPC for a synthetic raw materials for medicines plant, functionalized chemical facilities and a hydrogenated petroleum resin production plant.

Chiyoda is collaborating with MIRAI Co. Ltd, a major production and administration company promoting the introduction of commercial facilities, on a vegetable growing facility and has been awarded by Qatar University for a pilot vegetable factory project.

### **Environment/New Energy/Infrastructure**

#### **【Overseas】**

The Company has implemented its Thoroughbred 121 (CT-121) Process to flue gas desulfurization facilities on existing coal fired plants in India.

#### **【Japan】**

In the environment field, Chiyoda is executing EPC for fuel gas desulfurization facilities on existing coal fired plants and CO<sub>2</sub> separation unit demonstration facilities. In the new energy field, Chiyoda is executing the world's largest Battery Energy Storage System Project, photovoltaic (mega solar) facilities and the largest capacity biomass firing plant in Japan. We are also considering participating in a floating offshore wind farm, an area where we anticipate further opportunities.

Work is underway at a demonstration project commercializing a hydrogen supply chain through the "Advanced Hydrogen Energy Chain Association for Technology Development", an organization established jointly with Mitsubishi Corporation, Mitsui & Co., Ltd. and Nippon Yusen (NYK Line). Construction of the hydrogenation plant in Brunei Darussalam and the complement dehydrogenation plant in Japan is completed and test operation is scheduled for 2020.

- **Digital Technology**

The Group aims to develop a new business area utilizing digital technology, implementing AI technologies on plants to improve productivity in a tie-up agreement with GRID Inc. Chiyoda has developed AI to optimize the productivity of PT. Donggi-Senoro LNG (Indonesia) plants aiming to introduce the technology worldwide.

Chiyoda has signed a Memorandum of Understanding (MoU) with Abu Dhabi Gas Liquefaction Co. (UAE) to provide state-of-the-art digital technologies for their LNG Plant, targeting early introduction of digital technologies to improve plant reliability.

Also in the field of digital technology innovation, we are implementing the internal "Target 20" campaign, improving EPC management, work efficiency and corporate management practices. Chiyoda applies Advanced Work Packaging (AWP) to enhance project planning and control on current and future projects.

(2) Financial Information on Business Performance

This section is not translated.

(3) Outlook for the Next Fiscal Year

The full-year consolidated financial forecast for the Fiscal Year ending March 31, 2020, as announced on May 9, 2019 has been revised on November 1, 2019 and on February 3, 2020. For the latest revision, please refer to “Notice of Revisions to the Forecast of Consolidated Results” announced on February 3, 2020”. The anticipated foreign exchange rate remained JPY 105/ USD.

2. Consolidated quarterly financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	69,457	121,158
Notes receivable, accounts receivable from completed construction contracts	68,611	67,970
Costs on construction contracts in progress	7,494	12,909
Accounts receivable - other	65,945	73,123
Jointly controlled assets of joint venture	110,967	98,039
Other	5,707	6,528
Allowance for doubtful accounts	(1,254)	(1,243)
Total current assets	326,929	378,486
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,461	6,162
Land	4,952	5,169
Other, net	1,300	1,138
Total property, plant and equipment	11,714	12,469
Intangible assets	5,298	4,746
Investments and other assets		
Investment securities	6,393	5,575
Deferred tax assets	701	592
Other	1,478	1,304
Allowance for doubtful accounts	(174)	(170)
Total investments and other assets	8,398	7,302
Total non-current assets	25,411	24,519
Total assets	352,341	403,005

(2) Consolidated statement of income and comprehensive income

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts	175,277	133,748
Current portion of long-term borrowings	118	121
Income taxes payable	708	1,305
Advances received on construction contracts in progress	122,252	132,504
Provision for warranties for completed construction	372	390
Provision for loss on construction contracts	67,637	35,616
Provision for bonuses	3,011	2,074
Provision for business restructuring	1,825	1,409
Other	21,300	24,906
Total current liabilities	392,505	332,077
Non-current liabilities		
Long-term borrowings	15,870	35,778
Provisions	267	245
Retirement benefit liability	1,546	1,452
Other	1,305	2,164
Total non-current liabilities	18,989	39,641
Total liabilities	411,495	371,719
Net assets		
Shareholders' equity		
Share capital	43,396	78,396
Capital surplus	37,112	72,128
Retained earnings	(139,956)	(123,089)
Treasury shares	(1,435)	(1,435)
Total shareholders' equity	(60,882)	26,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5)	21
Deferred gains or losses on hedges	(50)	6
Foreign currency translation adjustment	(102)	4,045
Remeasurements of defined benefit plans	926	728
Total accumulated other comprehensive income	767	4,802
Non-controlling interests	960	482
Total net assets	(59,154)	31,286
Total liabilities and net assets	352,341	403,005

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales of completed construction contracts	306,101	272,667
Cost of sales of completed construction contracts	400,282	236,199
Gross profit (loss) on completed construction contracts	(94,180)	36,468
Selling, general and administrative expenses	13,610	11,931
Operating profit (loss)	(107,790)	24,536
Non-operating income		
Interest income	2,106	2,097
Dividend income	409	200
Share of profit of entities accounted for using equity method	162	205
Other	169	142
Total non-operating income	2,848	2,645
Non-operating expenses		
Interest expenses	173	531
Foreign exchange losses	1,797	5,036
Other	132	735
Total non-operating expenses	2,102	6,304
Ordinary profit (loss)	(107,045)	20,877
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	112	363
Total extraordinary income	112	363
Extraordinary losses		
Loss on retirement of non-current assets	382	—
Total extraordinary losses	382	—
Profit (loss) before income taxes	(107,315)	21,241
Income taxes - current	10,306	4,662
Income taxes - deferred	10,494	(109)
Total income taxes	20,801	4,553
Profit (loss)	(128,116)	16,688
Profit (loss) attributable to non-controlling interests	34	(178)
Profit (loss) attributable to owners of parent	(128,151)	16,867

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit (loss)	(128,116)	16,688
Other comprehensive income		
Valuation difference on available-for-sale securities	(97)	27
Deferred gains or losses on hedges	1,764	56
Foreign currency translation adjustment	(183)	4,208
Remeasurements of defined benefit plans, net of tax	358	(197)
Share of other comprehensive income of entities accounted for using equity method	(166)	(66)
Total other comprehensive income	1,675	4,028
Comprehensive income	(126,441)	20,716
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(126,534)	20,901
Comprehensive income attributable to non-controlling interests	93	(185)

(3) Notes on Consolidated Quarterly Financial Statements

(Notes on Assumptions for a Going Concern)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity, if Applicable)

On July 1, 2019, Chiyoda has received a third-party allotment of capital increase from Mitsubishi Corporation. As a result, the capital increased by 35,000 million yen and the capital reserve increased by 35,000 million yen in the second quarter of the current consolidated cumulative period, and the capital increased to 78,396 million yen and the capital surplus at the end of the second quarter of the consolidated fiscal year accumulated to 72,128 million yen.

(Changes in Accounting Policies)

Excluding U.S. subsidiaries, the Company has applied IFRS 16, "Lease" for overseas consolidated subsidiaries, from the first quarter of the fiscal year ending March 31, 2020. The effects of the change have minor impact on the business performance.

(ASU#2014-09 Revenue from Contracts with Customers)

The Company has applied ASU#2014-09. The effects of the change have minor impact on the business performance.

### 3. Production, Contracts and Revenue

(Millions of yen)

	Apr. 1, 2018—Dec. 31, 2018			Apr. 1, 2019—Dec. 31, 2019		
	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)	New contracts (ratio)	Revenue (ratio)	Backlog of contracts (ratio)
Engineering	387,922 (99.4%)	303,598 (99.2%)	728,094 (100.0%)	139,432 (99.6%)	272,071 (99.8%)	873,903 (100.0%)
LNG Plant	43,814 (11.2%)	198,061 (64.7%)	193,336 (26.6%)	56,589 (40.4%)	129,435 (47.5%)	466,519 (53.4%)
Gas Development/ Processing/Receiving	12,237 (3.1%)	1,464 (0.5%)	14,553 (2.0%)	5,073 (3.6%)	2,883 (1.1%)	15,581 (1.8%)
Refinery/Petrochemical/ Metal	205,999 (52.8%)	44,215 (14.4%)	312,482 (42.9%)	41,977 (30.0%)	86,713 (31.8%)	261,824 (29.9%)
Pharmaceutical/Biochemistry/ Chemical	18,147 (4.7%)	25,782 (8.4%)	28,410 (3.9%)	12,289 (8.8%)	17,611 (6.5%)	18,357 (2.1%)
Environment/New Energy/ Infrastructure	102,019 (26.1%)	28,390 (9.3%)	170,191 (23.4%)	18,453 (13.2%)	28,464 (10.4%)	106,633 (12.2%)
Others	5,704 (1.5%)	5,684 (1.9%)	9,119 (1.2%)	5,048 (3.6%)	6,963 (2.5%)	4,986 (0.6%)
Other Business	2,502 (0.6%)	2,502 (0.8%)	— (—)	595 (0.4%)	595 (0.2%)	— (—)
<b>Total</b>	<b>390,425 (100.0%)</b>	<b>306,101 (100.0%)</b>	<b>728,094 (100.0%)</b>	<b>140,027 (100.0%)</b>	<b>272,667 (100.0%)</b>	<b>873,903 (100.0%)</b>
Domestic	179,800 (46.0%)	74,640 (24.4%)	268,086 (36.8%)	70,587 (50.4%)	95,214 (34.9%)	192,266 (22.0%)
Overseas	210,624 (54.0%)	231,461 (75.6%)	460,008 (63.2%)	69,440 (49.6%)	177,452 (65.1%)	681,636 (78.0%)

Note1: The backlog of contracts includes a decrease due to changes in construction contracts acquired in prior fiscal years, and an increase due to foreign exchange translation adjustments.

Note2: The total amount of the above table does not include consumption tax.