

Financial Results for the 2nd Quarter of Fiscal Year Ending March 31, 2019

November 9, 2018

Chiyoda Corporation

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1. Results Highlights

- ◆ **Net loss of 108 bn JPY mainly due to Cameron LNG cost increase**
 - Cameron LNG: Low productivity of labor force, escalation of labor cost
 - Thorough review of Man-Hour / Unit price up to project completion
 - Comprehensive assessment with JV partner McDermott
 - Freeport LNG & Tangguh LNG: Conservative cost estimate revision
 - Corporate tax increase associated with reversal of deferred tax assets

- ◆ **Solid Progress of New Orders**
 - Awarded the world's largest ethylene cracker plant in Texas, U.S.
 - Progress of 100 bn JPY in “Environment, New Energy” business field
 - Expecting large-scale LNG project award in latter half of the FY
 - Initial full-year forecast of 800bn remains unchanged

2. Financial Summary

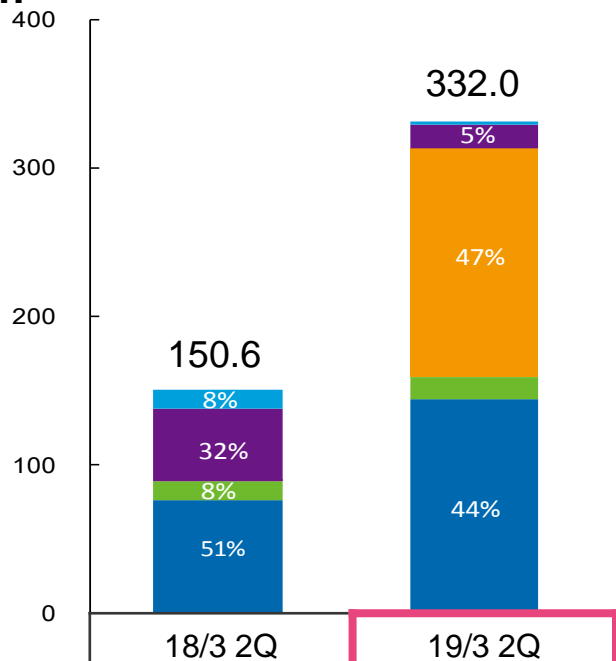
(Billions of Yen)

	18/3 2Q	19/3 2Q	Difference	Difference (%)	Revised Full Year Forecast	Progress (%)	Initial Full Year Forecast
New Orders	150.6	332.0	181.4	120.4%	800.0	41.5%	800.0
Backlog	767.8	832.7	64.9	8.5%			
Revenues	250.7	146.4	(104.4)	(41.6%)	400.0	36.6%	400.0
Operating Income	(13.1)	(96.3)	(83.1)	—	(86.5)	—	11.5
Ordinary Income	(12.4)	(96.3)	(83.9)	—	(86.5)	—	12.5
Profit (Loss)*	3.5	(108.6)	(112.0)	—	(105.0)	—	6.5
Exchange Rate	110 JPY/\$	114 JPY/\$			Assumption 115 JPY/\$		Assumption 105 JPY/\$

* Profit (Loss) attributable to owners of parent

3. New Orders

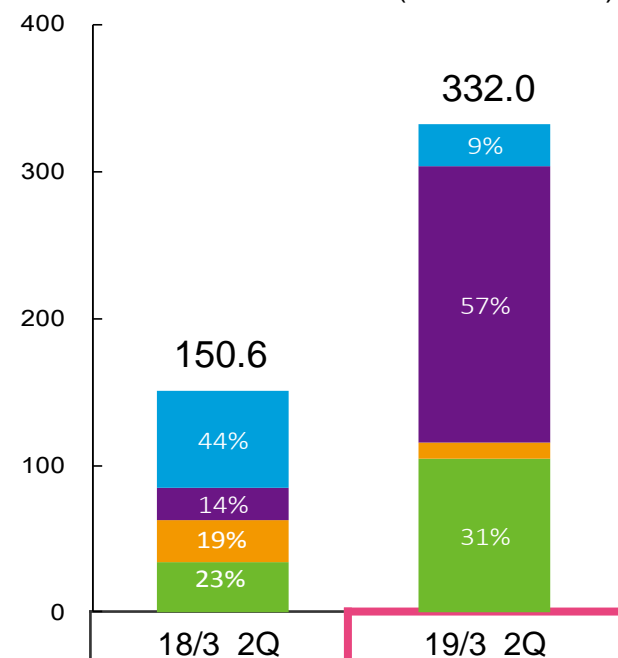
By Region



ME & Africa	12.8	2.7
SEA & Oceania	48.3	15.9
Americas	0.3	154.4
Others	12.4	14.3
Overseas Total	73.9	187.3
Domestic Total	76.8	144.7

By Field

(Billions of Yen)

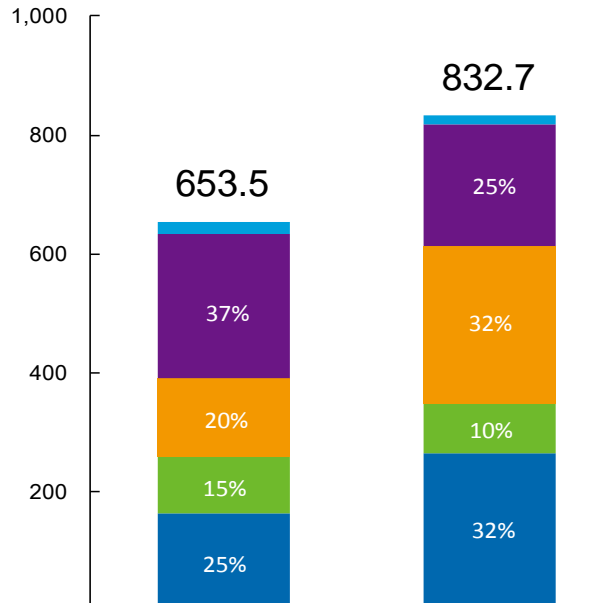


Energy	LNG Plant, Gas Related Work	66.0	28.5
	Refinery, Petrochemical, Metal	21.6	188.6
Environment	Pharmaceutical, Biochemistry, Chemical	28.7	10.5
	Environment, New Energy, Infrastructure	34.3	104.4

- Increase by: Ethylene cracker plant (Texas, U.S.), Biomass Power Plant Project, Battery Energy Storage System Project (Japan).

4. Backlog

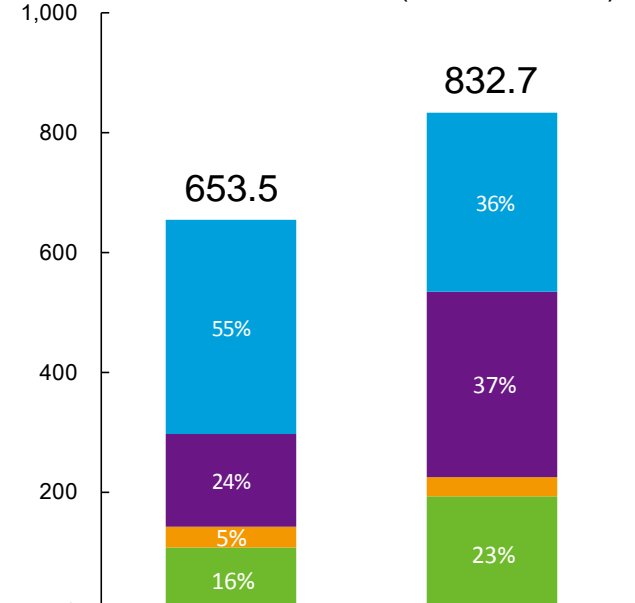
By Region



	18/3 4Q	19/3 2Q
ME & Africa	19.2	14.2
SEA & Oceania	242.3	204.5
Americas	131.0	265.4
Others	97.8	84.8
Overseas Total	490.3	568.9
Domestic Total	163.2	263.8

By Field

(Billions of Yen)



	18/3 4Q	19/3 2Q
Energy		
LNG Plant, Gas Related Work	356.6	297.9
Refinery, Petrochemical, Metal	155.0	311.8
Environment		
Pharmaceutical, Biochemistry, Chemical	36.1	30.9
Environment, New Energy, Infrastructure	105.8	192.0

5. Income-related Items

(Billions of Yen)

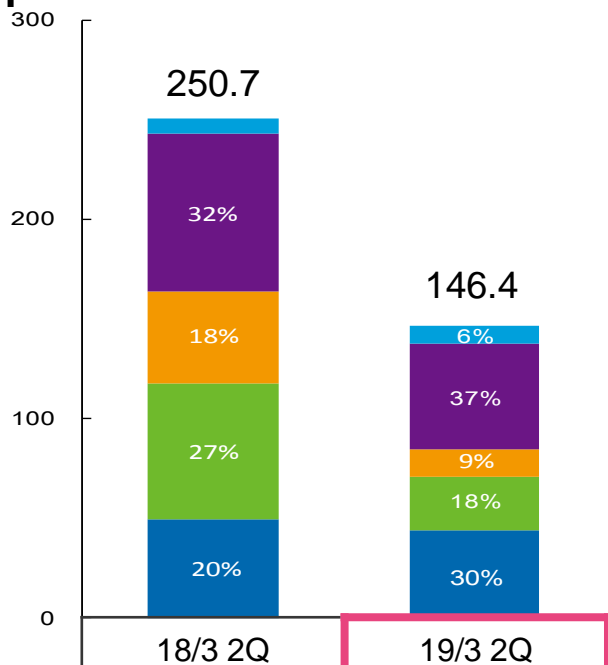
	18/3 2Q	19/3 2Q	Difference	Revised Full Year Forecast	Initial Full Year Forecast
Revenue	250.7	146.4	104.4	400.0	400.0
Gross Profit	(3.4) (1.3%)	(87.4) (59.7%)	(84.0) (58.3pt)	(68.0) (17.0%)	30.0 7.5%
SG&A expenses	(9.7)	(8.9)	0.8	(18.5)	(18.5)
Operating Income	(13.1) (5.2%)	(96.3) (65.8%)	(83.1) (60.5pt)	(86.5) (21.6%)	11.5 2.9%
Non-operating income and expenses	0.8	(0.0)	(0.8)	0.0	1.0
Ordinary Income	(12.4) (4.9%)	(96.3) (65.8%)	(83.9) (60.8pt)	(86.5) (21.6%)	12.5 3.1%
Extraordinary income (loss)	15.9	(12.3)	(28.2)	(18.5)	(6.0)
Profit (loss) before income taxes	3.5 1.4%	(108.6) (74.2%)	(112.0) (75.6pt)	(105.0) (26.3%)	6.5 1.6%

- Operating Loss and Ordinary Loss: Due significant increase in construction cost for ongoing LNG projects.
- Loss attributable to owners of parent: 108.6 bn JPY due to reversal of deferred tax assets.

*Profit (Loss) attribute to owners of parent.

6. Revenues

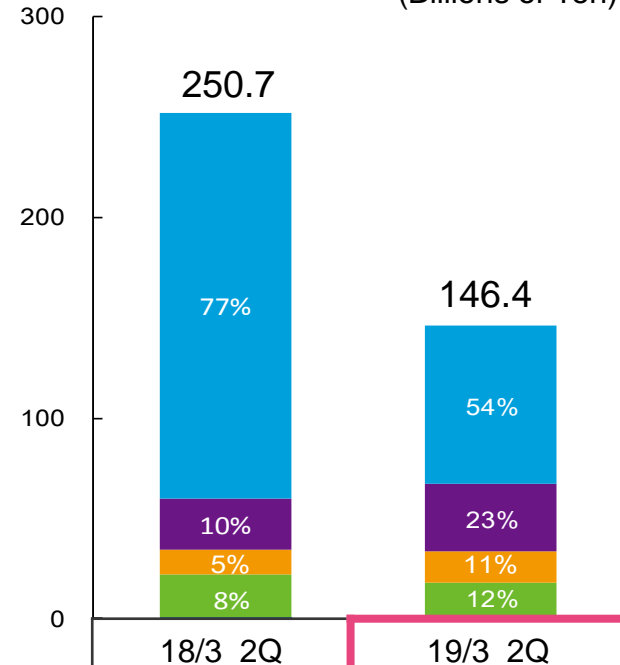
By Region



ME & Africa	8.1	8.6
SEA & Oceania	79.2	53.7
Americas	46.0	13.2
Others	67.8	27.0
Overseas Total	201.1	102.5
Domestic Total	49.6	43.9

By Field

(Billions of Yen)



Energy	LNG Plant, Gas Related Work	191.7	79.5
	Refinery, Petrochemical, Metal	25.7	33.1
Environment	Pharmaceutical, Biochemistry, Chemical	12.5	15.7
	Environment, New Energy, Infrastructure	20.8	18.1

- By Region “Americas”: YoY declined of 32.8 bn JPY due to major increase in construction costs for the on-going LNG project. (Accounting Progress of U.S. LNG project became negative for 2Q FY2018)

7. Balance Sheet

(Billions of Yen)

	Mar 31, 2018	Sep 30, 2018	Difference
Current assets	374.5	341.7	(32.8)
Cash and deposits*1	104.0	76.5	(27.5)
Operating assets *2	92.8	81.0	(11.8)
Accounts receivable - other	42.0	45.6	3.7
Jointly controlled assets of joint venture *3	131.4	134.9	3.5
Other	4.3	3.8	(0.6)
Non-current assets	45.9	33.9	(12.0)
Property, plant & equipment	12.1	11.7	(0.3)
Intangible assets	5.7	5.7	(0.1)
Investment and other assets	28.1	16.5	(11.6)
Total assets	420.3	375.6	(44.8)

*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

	Mar 31, 2018	Sep 30, 2018	Difference
Current liabilities	247.8	307.7	59.8
Short-term loans payable	-	-	-
Operating liabilities *4	223.9	262.7	38.8
Provision for loss on construction contracts	3.3	26.1	22.8
Others	20.6	18.8	(1.8)
Non-current liabilities	13.1	18.5	5.4
Long-term loans payable	10.0	15.0	5.0
Other	3.1	3.5	0.4
Net assets	159.4	49.4	(110.0)
Liabilities and net assets	420.3	375.6	(44.8)

Shareholders' equity	157.6	47.5	(110.0)
Shareholders' equity ratio	37.5%	12.7%	(24.8pt)

8. Forecast Breakdown

(Billions of Yen)

	Results FY 2017	Forecasts FY 2018	Difference
New Orders	301.2	800.0	498.8
Overseas	149.5	600.0	450.5
Domestic	151.7	200.0	48.3
Revenues	510.9	400.0	(110.9)
Overseas	401.1	300.0	(101.1)
Domestic	109.8	100.0	(9.8)
Gross Profit	8.6	(68.0)	(76.6)
SG&A Expenses	(20.9)	(18.5)	(2.4)
Operating Income	(12.3)	(86.5)	(74.2)
Non-operating Income and Expenses	2.2	0.0	(2.2)
Ordinary Income	(10.1)	(86.5)	(76.4)
Extraordinary income, Income taxes, Profit attributable to non-controlling interests	16.5	(18.5)	(35.0)
Net Income*	6.4	(105.0)	(111.4)

*Profit attribute to owners of parent.

9. Performance Indicators (Reference)

	FY ended March 2015	FY ended March 2016	FY ended March 2017	FY ended March 2018	Forecast FY ending March 2019
Gross profit margin (%)	9.5	6.8	6.3	1.7	(59.7)
SG&A expenses to revenues (%)	5.0	4.2	3.7	4.1	4.6
Operating income to revenues (%)	4.5	2.6	2.6	(2.4)	(21.6)
Ordinary income to revenues (%)	4.6	2.6	(0.5)	(2.0)	(21.6)
Profit to revenues (%)	2.3	0.6	(6.8)	1.3	(26.3)
Return on assets <ROA> (%)	4.5	3.1	(0.6)	(2.3)	
Return on equity <ROE> (%)	5.5	1.7	(23.1)	4.1	
Profit per share <EPS> (JPY)	42.6	13.0	(158.8)	24.9	
Book value per share <BPS> (JPY)	796.9	772.9	599.8	608.4	
Shareholders' equity ratio (%)	40.0	37.9	33.7	37.5	
Current ratio (%)	151.0	146.3	141.2	153.0	
Fixed ratio (%)	34.5	36.6	23.2	25.6	
Debt-to-equity ratio <DER> (Times)	0.05	0.05	0.07	0.06	

Forward-Looking Statements

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.

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