

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

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Transcript (Translation) of the Briefing of the Financial Results for the Third of the Year Ending March 31, 2019

Chiyoda Corporation (“Chiyoda”, TSE: ISIN: JP3528600004) released the financial results of its 3rd Quarter of the Fiscal Year Ending March 31, 2018, on February 13, 2019. A presentation to present the Company's Operations and Finance update was held on the same day at 16:45 p.m. (Japan Standard Time) in Tokyo. The following is the summary (translation) of the Q&A at the tele-conference.

Question

Answer

On the Financial results of its 3rd Quarter of the Fiscal Year Ending March 31, 2018

Chiyoda is in negotiation with the customer to get the additional cost of Cameron LNG reimbursed. On what basis do you believe cost this time it can be recovered as the causes are (expensive labor costs paired with low productivity) same as in the 2Q?	Although the reason of the cost are similar to the additional costs recorded in 2Q (rising labor costs and low productivity), the current severe environment in the labor market is beyond the control of the contractor. We are negotiating with the client taking account of this special situation.
Is it Chiyoda's understanding that the scheduled completion date of Cameron LNG's project for the 1st Train is around April-June 2019 as former announced by McDermott?	Yes this is correct.
Are the 3Q additional cost recognized for the Cameron LNG in line with McDermott accounting?	Yes, both companies have an aligned understanding.

On the balance sheet

Is the “Provision for loss on construction contracts” of the 3Q equal to the sum o the additional costs of Cameron LNG etc?	The increase in “Provision for loss on construction contracts” is due to these additional costs.
Comparing 2Q and 3Q, what are the reasons of changes in balance of Cash and Deposits, Accounts receivable from completed construction contracts,	The position of Cash Deposit and Jointly controlled asses of joint venture reduced along the progress of large scale projects. Accounts receivable from

<p>Accounts receivable, and Jointly controlled assets of joint venture changes?</p>	<p>completed construction contracts decreased mainly due to completion of Yamal LNG Project. Increase of the Accounts receivable is mainly due to replacement payments at the Ichthys LNG project in Australia.</p>
<p>What is the forecast for the “Cash Deposit” balance for the end of this fiscal year?</p>	<p>While for certain new large scale projects we expect down payment, we carefully monitor and balance the amount of that it will not to hinder ongoing operations.</p>

On the corporate planning

<p>How to evaluate the chances that the full-year forecast will not be reached?</p>	<p>We are currently in negotiating with some customers, assuming to recover the additional costs of the 3Q by the end of the Fiscal Year.</p>
<p>Regarding the size of the needed financial support, will it match loss this this fiscal year or is it anticipated to cover beyond it?</p>	<p>At this point I cannot go into details of the capital restructuring plans. Please refer to the framework presented in the “Revisited Medium-Term Management Plan” documents.</p>

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