

Financial Results for FY2018

The Fiscal Year Ended March 31, 2019

May 9, 2019

Chiyoda Corporation

Index

1. Key Points	2
2. Review of Risks & Construction Losses	3
3. Financial Summary	4
4. Income-related Items	5
5. New Orders	6
6. Backlog	7
7. Revenue	8
8. Balance Sheet	9
9. Outline of measures to enhance financial strength	10
10. Outline of Class A Preferred Shares	11
11. Preferred Shares by Third- Party Allotment to Mitsubishi	12
12. Outline of Borrowing	13
13. Forecast Breakdown FY2019	14
14. Status of Ongoing Major Projects	15

1. Key points

- ◆ Stringent review of risks and construction losses
- ◆ Positive market environment; New Orders as anticipated
- ◆ Established measurements to enhance financial strength
- ◆ **Chiyoda's Revitalization Plan:**
Initiatives for revitalization and the future

2. Review Loss & Risk Revision

- ◆ **Strict reassessment of risk by Strategy & Risk Integration Division including newly employed external personnel**
- ◆ **Large Scale LNG Projects: Cameron and Tangguh**
 - Cameron LNG: Additional costs recognized after reassessment of risks related to lower productivity of U.S. labor and unexpected cost born in the final construction phase of Train 1
 - Tangguh LNG: Project schedule is being impacted by several factors, and requires significant amount of additional works and costs to complete the project
- ◆ **Arbitration and Pending Projects**
 - Possible risks reassessed
- ◆ **Others**
 - Possible risks in Domestic and Overseas small and mid size projects reassessed

3. Financial Summary

(Billions of Yen)

	18/3 4Q	19/3 4Q	Difference	Difference (%)
New Orders	301.2	771.6	470.3	156%
Backlog of Contracts	653.5	1,016.4	362.9	56%
Revenues	510.9	342.0	(169.0)	(33%)
Operating Income	(12.3)	(199.8)	(187.5)	—
Ordinary Income	(10.1)	(193.0)	(182.9)	—
Profit (Loss)*1	6.4	(214.9)	(221.3)	—
Exchange Rate	106 JPY/\$	111JPY/\$		

Full Year Forecast *2	Progress (%)
800.0	96%
400.0	86%
(86.5)	—
(86.5)	—
(105.0)	—

Assumption

JPY 115 / \$

*1 Profit (Loss) attributable to owners of parent

*2 As revised on October 31,2018

4. Income-related Items

(Billions of Yen)

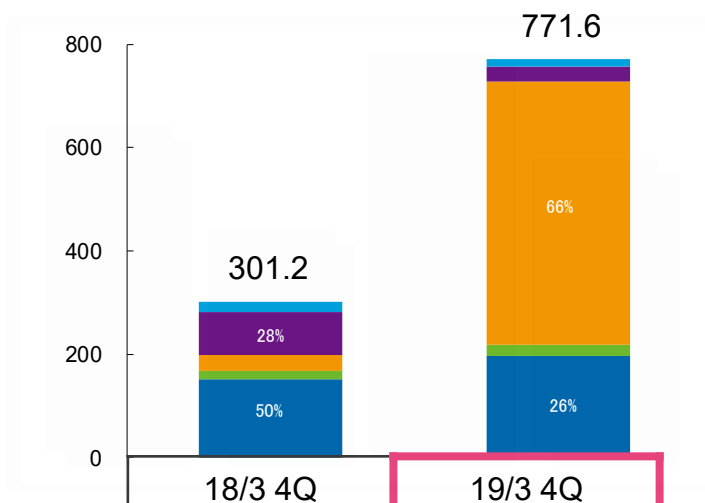
	18/3 4Q	19/3 4Q	Difference	Full Year Forecast*1
Revenue	510.9	342.0	(169.0)	400.0
Gross Profit	8.6	(181.1)	(189.8)	(68.0)
SG&A expenses	(20.9)	(18.6)	2.3	(18.5)
Operating Income	(12.3)	(199.8)	(187.5)	(86.5)
Non-operating income and expenses	2.2	6.8	4.6	0
Ordinary Income	(10.1)	(193.0)	(182.9)	(86.5)
Extraordinary income (loss), Income taxes, others*2	16.5	(21.9)	(38.5)	(18.5)
Profit attributable to owners of parent	6.4	(214.9)	(221.3)	(105.0)

*1= As revised on October 31, 2018

*2= Profit (Loss) to attribute to non-controlling interests

5. New Orders

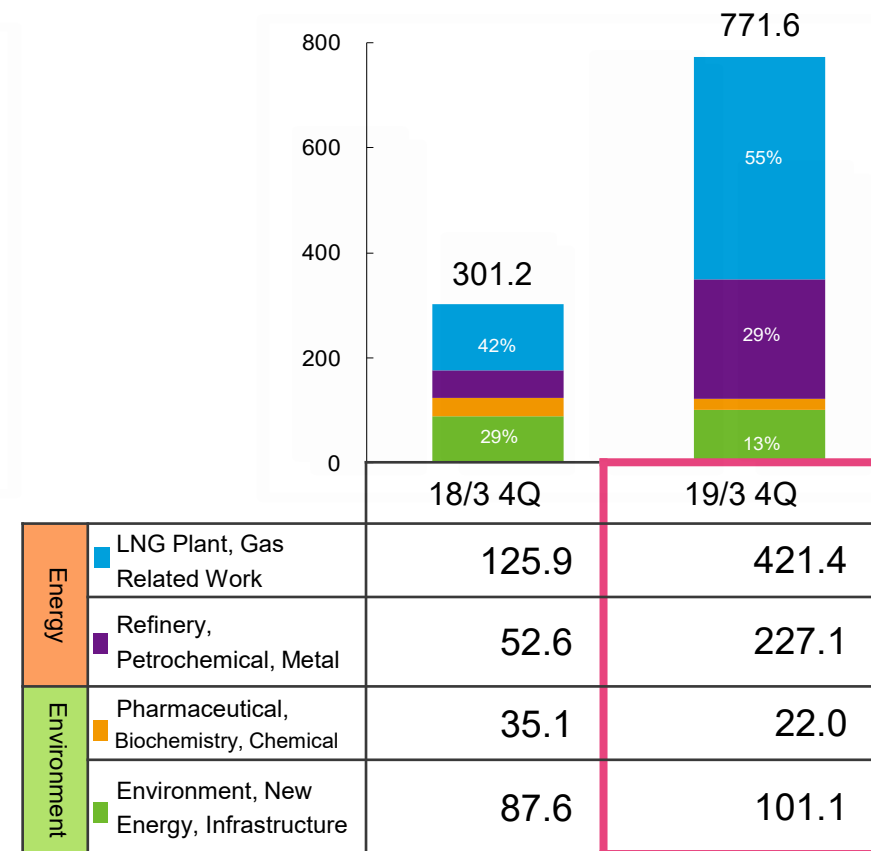
By Region



ME & Africa	20.5	15.5
SEA & Oceania	83.1	27.6
Americas	30.7	510.5
Others	15.2	21.5
Overseas Total	149.5	575.0
Domestic Total	151.7	196.5

By Field

(Billions of Yen)



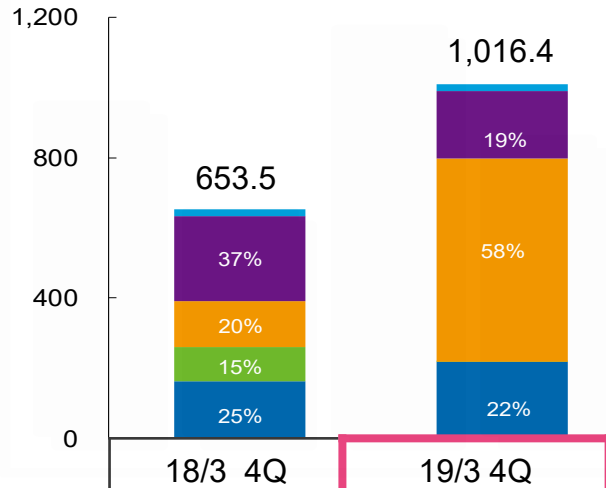
Energy	LNG Plant, Gas Related Work	125.9	421.4
	Refinery, Petrochemical, Metal	52.6	227.1
Environment	Pharmaceutical, Biochemistry, Chemical	35.1	22.0
	Environment, New Energy, Infrastructure	87.6	101.1

Major New Orders

	Over 100 billions of Yen	Over 50 billion of Yen	Over 1 billions of Yen
Overseas	Ethylene (U.S.A) Golden Pass LNG		Change Order Yamal LNG
Domestic			Biomass, Energy Storage System

6. Backlog

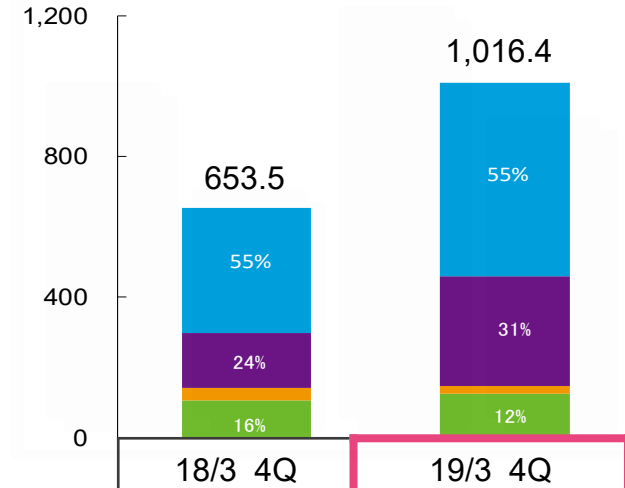
By Region



■ ME & Africa	19.2	19.4
■ SEA & Oceania	242.3	191.5
■ Americas	131.0	587.9
■ Others	97.8	0.1
Overseas Total	490.3	798.8
Domestic Total	163.2	217.5

By Field

(Billions of Yen)



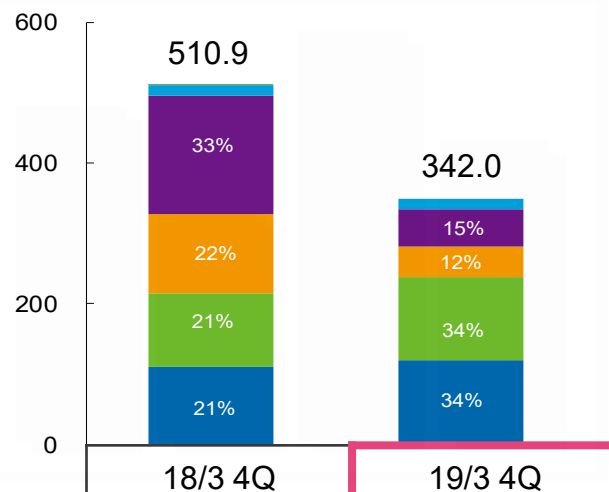
Energy	■ LNG Plant, Gas Related Work	356.6	557.5
	■ Refinery, Petrochemical, Metal	155.0	311.1
Environment	■ Pharmaceutical, Biochemistry, Chemical	36.1	24.0
	■ Environment, New Energy, Infrastructure	105.8	123.8

Major New Orders

	Over 100 billions of Yen	Over 50 billion of Yen	Over 10 billions of Yen
Overseas	Ethylene (U.S.A) Golden Pass LNG	Cameron LNG, Tangghu LNG	Freeport LNG, Ichthys LNG
Domestic			Biomass, Energy Storage System, Mega Solar Petrochemical Project

7. Revenues

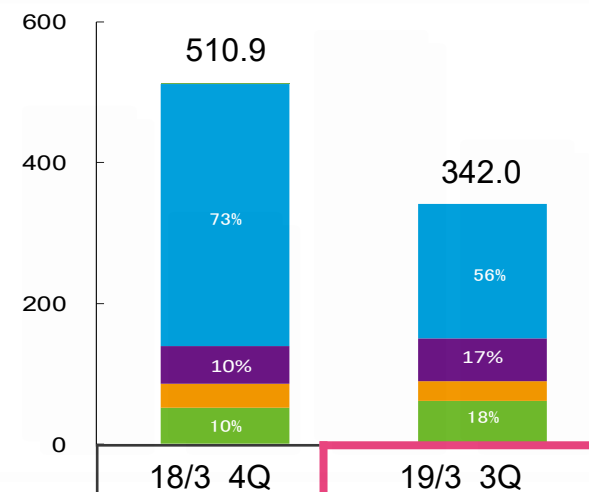
By Region



ME & Africa	14.5	15.2
SEA & Oceania	169.3	53.7
Americas	112.3	35.5
Others	105.0	117.2
Overseas Total	401.1	221.6
Domestic Total	109.8	120.4

By Field

(Billions of Yen)



Energy	LNG Plant, Gas Related Work	372.8	191.6
	Refinery, Petrochemical, Metal	52.7	60.2
Environment	Pharmaceutical, Biochemistry, Chemical	33.7	28.8
	Environment, New Energy, Infrastructure	51.7	61.4

Major Revenues

	Over 100 billions of Yen	Over 50 billion of Yen	Over 10 billions of Yen
Overseas	Yamal LNG		Ichthys LNG,, Freeport LNG, Ethylene (USA),

8. Balance Sheet

(Billions of Yen)

	March 31, 2018	March 31, 2019	Difference
Current assets	374.5	326.9	(47.5)
Cash and deposits*1	104.0	69.5	(34.6)
Operating assets *2	92.8	76.1	(16.7)
Accounts receivable - other	42.4	65.9	23.5
Jointly controlled assets of joint venture *3	131.4	111.0	(20.4)
Other	3.9	4.4	0.5
Non-current assets	45.9	25.4	(20.5)
Property, plant & equipment	12.1	11.7	(0.4)
Intangible assets	5.7	5.3	(0.4)
Investment and other assets	28.1	8.4	(19.7)
Total assets	420.3	352.3	(68.0)

	March 31, 2018	March 31, 2019	Difference
Current liabilities	247.8	392.5	144.7
Operating liabilities *4	223.9	297.5	73.6
Provision for loss on construction contracts	3.3	67.6	64.3
Others	20.6	27.2	6.6
Non-current liabilities	13.1	19.0	5.9
Long-term loans payable	10.0	15.9	5.9
Others	3.1	3.1	0.0
Net Assets	159.4	(59.2)	(218.6)
Capital Stock	156.1	(60.9)	(217.0)
Others	3.3	1.7	(1.6)
Liabilities and net assets	420.3	(352.3)	(68.0)

*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

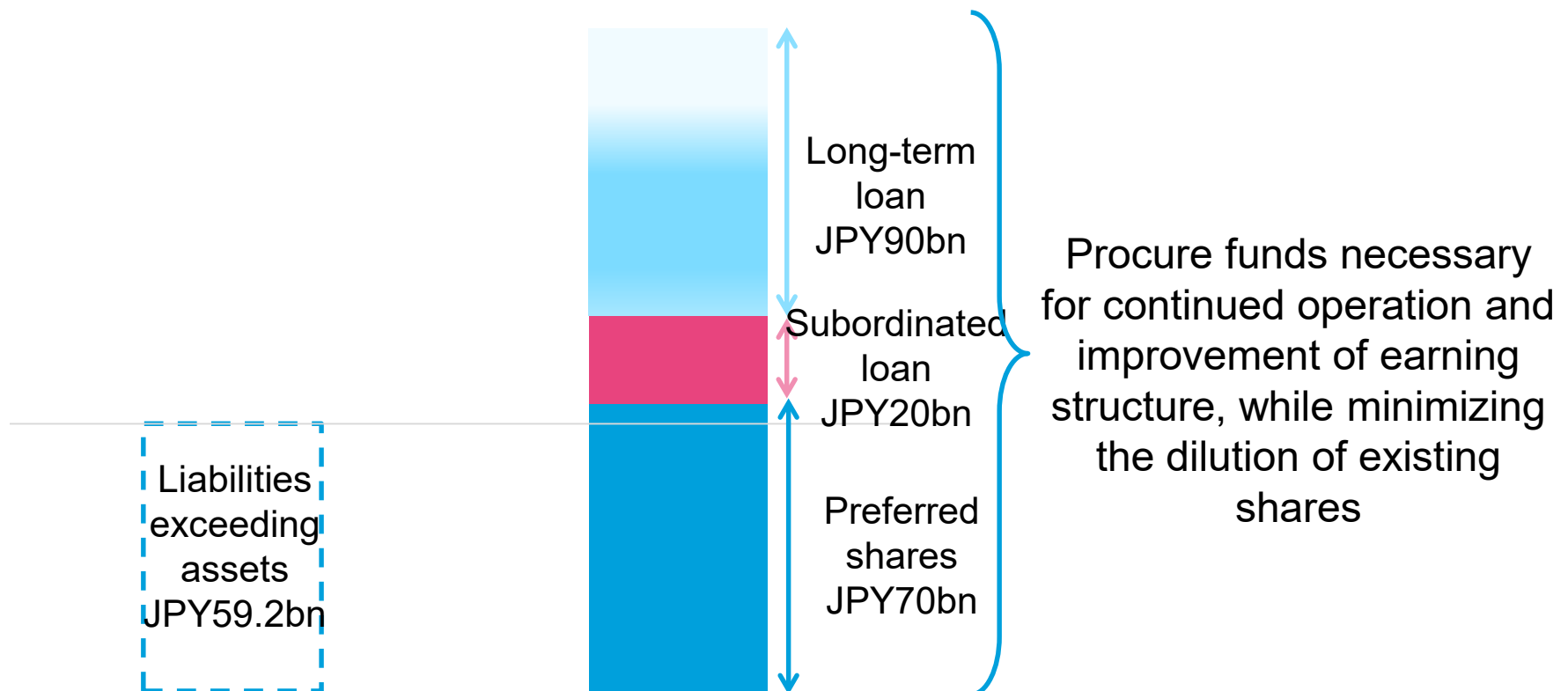
*4. Operating liabilities = Notes payable, accounts payable for construction contracts + Advances received on uncompleted construction contracts

Shareholders' equity	157.6	(60.1)	(217.7)
Shareholders' equity ratio	37.5%	(17.1)%	(54.5)pt

9. Outline of measures to enhance financial strength

Financing of JPY180bn for the execution of the revitalization plan

- ① Mitsubishi Corporation : Preferred shares, long-term loan
- ② MUFG Bank : Subordinated loan

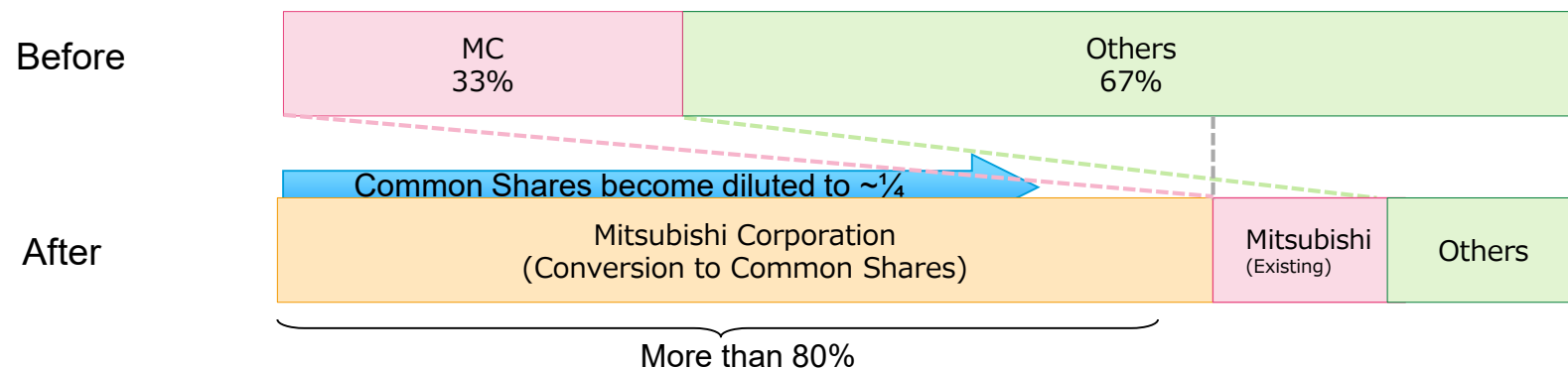


10. Outline of Class A Preferred Shares

- ◆ Financing Plan: Preferred Shares Allotment
 - Dividend Priority : 1st Class A Preferred Shares, 2nd Common Shares
 - Voting Rights: None
 - Options: Put option by Mitsubishi / Call option by Chiyoda
 - Conversion Right by Mitsubishi to Common Shares
 - no present intention to exercise conversion rights
 - If the conversion right for all Preferred Shares will be exercised Mitsubishi's voting power will exceed 80%

Reference only

Images after conversion of all Preferred Shares



11. Third-party allotment of preferred shares to Mitsubishi

Class A preferred shares		
1	Number of shares offered for subscription	175,000,000
2	Total amount to be paid in	JPY70bn (JPY400 per share)
3	Payment date	Expected July 1 st , 2019 (*)
4	Dividends from surplus	Fixed rate, 3% over the holding period
5	Voting rights	None
6	Conversion right into common shares	Can be exercised after July 1, 2019 Conversion price: JPY100, no revision of conversion price
7	Put option by Mitsubishi Corporation (cash consideration)	Can be exercised after July 1, 2021
8	Call option by Chiyoda (cash consideration)	Can be exercised after July 1, 2021
9	Redemption price for the above 7 and 8	Higher of the below: ① Share price at the exercise timing of options ② Total amount paid in + equivalent of Class A payable dividends

(*) Subject to the approval from shareholders through a special resolution at the annual general meeting on June 25th, 2019 and fulfillment of other requirements

12. Outline of Borrowing

1. Borrowing from Mitsubishi Corporation

Outline		
1	Amount of Borrowing	①30 billion yen ②60 billion yen
2	Interest Rate	①Agreed on the terms applicable until July 2019; Terms after July 2019 are under discussion ②1.50%
3	Borrowing Period	①Five years ②Five years
4	Collateral	①Applicable ②Not applicable
5	Subordination	①Not applicable ②Not applicable

2. Subordinated Loan from MUFG Bank

Outline		
1	Amount of Borrowing	20 billion yen
2	Interest Rate	2.50 %
3	Borrowing Period	Five years
4	Collateral	Not applicable
5	Subordination	Applicable

13. Forecast Breakdown FY 2019

(Billions of Yen)

	Results FY 2018	Forecasts FY 2019	Difference
New Orders	771.6	550.0	△221.6
Overseas	575.0	430.0	△145.0
Domestic	196.5	120.0	△76.5
Revenues	342.0	390.0	48.0
Overseas	221.6	250.0	28.4
Domestic	120.4	140.0	19.6
Gross Profit	△181.1	29.0	210.1
SG&A Expenses	△18.6	△17.0	1.6
Operating Income	△199.8	12.0	211.8
Non-operating Income and Expenses	6.8	0	△6.8
Ordinary Income	△193.0	12.0	205.0
Extraordinary income, Income taxes, Profit attributable to non-controlling interests	△21.9	△6.0	15.9
Profit attributable to owners of parent	△214.9	6.0	220.9

14. Status of Ongoing Major Projects

Project	Freeport LNG		Cameron LNG	Tangguh LNG
Client	Freeport LNG		Cameron LNG LLC	BP Berau
Completion Rate	~97% (Tr.1,2)	~91% (Tr.3)	~93%	~55%
Status (as of March 2019)	<ul style="list-style-type: none"> • About 7,000 workers are engaged at the construction site. • Focus on smooth execution in final construction phase. 		<ul style="list-style-type: none"> • Train-1 Feed-Gas-in achieved. • About 7,800 worker are at the site. • Negotiation with the client is ongoing. 	<ul style="list-style-type: none"> • Collaborate with high quality and experienced vendor/subcontractor • Implementation of necessary countermeasures to secure labors at a remote location • Negotiation with the client is ongoing

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.

Please address inquiries to:

IR, PR & CSR Department

TEL +81-45-225-7734

URL <https://www.chiyodacorp.com/en/>



© Chiyoda Corporation 2019, All Rights Reserved.

