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August 12, 2020
IR, PR & CSR Department
Chiyoda Corporation

Summary of the Briefing of the First Quarter Financial Results
for the Fiscal Year Ending March 31, 2021

The following is a summary of a presentation (telephone conference) of Chiyoda Corporation's ("Chiyoda", TSE:6366) financial results for the First Quarter of Fiscal Year ending March 31, 2021, released on August 6, 2020. Please also refer to the "Financial Results for the 1st Quarter of Fiscal Year Ending March 31, 2021" on our website.

1. Highlights

- Net profit was JPY 4.5 billion, approximately twice the JPY 2.3 billion for the same period last year.
- Chiyoda is utilizing enhanced risk management procedures to execute ongoing projects
- Freeport LNG: All three (3) trains of the project commenced commercial operation.
- Cameron LNG: the first and second train commenced commercial operation; the third train was handed over to the client as planned and is progressing towards commercial operation.
- In prioritizing the safety of all parties on ongoing projects, Chiyoda is taking measures against the spread of COVID-19 whilst continuing discussions with clients in line with force majeure provisions in EPC contracts to minimize the impacts of cost and schedule.
- Target project's Final Investment Decisions (FID) are expected in the second half of FY2020.

2. Income Statements

- At JPY 65.5 billion, Revenue was reduced by JPY 20.9 billion compared to the same period last year as the Cameron and Freeport LNG projects entering their final stages.
- Due to improved profit on LNG projects in the USA and the steady execution of other ongoing projects, Gross Profit was JPY 8.3 billion with a Gross Profit Margin of 12.6%.
- SG&A expenses was JPY 3 billion: a reduction of 1 billion yen compared to the same period last year.
- Net profit was JPY 4.5 billion

3. Profit Analysis

- The Gross Profit of JPY 8.3 billion includes JPY 6.6 billion (80%) from the energy business field and JPY 1.7 billion (20%) from global environment business field. Chiyoda aims to change the profit structure by reinforcing the global environment business field, which is the base of steady income.
- Non-Operating Income is negative JPY 0.5 billion, a drastic reduction from the negative JPY 5.4 billion for the same period last year, due to reduced exchange losses from hedging measures against foreign currency fluctuations of foreign currency dominated operational assets.
- As a result of the above and reduced SG & A expenses, the profit was JPY 4.5 billion.

4. Balance Sheet

- Liquidity in hand is secured with JPY 100.5 billion of Cash and Deposits.
- Provision for loss on construction contracts was JPY 27.3 billion, a reduction of JPY 7.6 billion compared to the same period last year, due to the reduction of ongoing projects with negative earnings.
- Shareholders equity stood at JPY 29.1 billion at the end of June 2020, with an improved “Shareholders Equity Ratio” of 8.2%. As per the medium term management plan, Chiyoda’s aims for a “Shareholders Equity Ratio” of 20% with steadily increasing profit.

5. New Order / Backlog

- New Orders stood at JPY 23.1 billion. Chiyoda aims to secure additional new orders, targeting feasible projects with competitive advantage.
- Chiyoda is preparing to secure new orders. In the energy business field, Chiyoda is targeting the North Field Expansion (NFE) project in Qatar and a copper refining project in Indonesia. Final Investment Decisions (FID) for both projects are scheduled for the second half of FY2020.
- In global environment business field, Chiyoda secured orders in renewable energy, pharmaceuticals and life sciences and renovation and maintenance of existing facilities.

6. Forecast

The full-year consolidated forecast is based on reasonable assessments of the spread of new coronavirus infections.

- Revenue: JPY 280 billion
- Gross Profit: JPY 26 billion
- Gross Profit Margin: 9.3%
- SG&A expenses: JPY 15 billion (along the outline of the Revitalization Plan)
- Profit: JPY 7 billion
- New Orders: JPY 650 billion, securing targeted projects

-End-

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Note: Some additions and corrections have been made to simplify the content for readers. 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. Investors are recommended not to depend solely on these projections for making investment decisions.