



Financial Results for the 3rd Quarter of Fiscal Year Ending March 31, 2024 (FY2023 3Q)

February 5, 2024
Chiyoda Corporation
(Stock code: 6366)



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Presenters



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This presentation outlines Chiyoda Corporation's (Chiyoda) financial results for the third quarter of the fiscal year ending March 31, 2024, released on February 5, 2024.

1. Highlights

1 Increased business profitability

Increased income and profit compared to the same period last year due to the progress of ongoing projects. Steadily accumulated business revenue, similar to FY 2022 when we achieved the highest annual profit for 10 years

2 Upward revision of earnings guidance

Earnings guidance at the beginning of this fiscal year was revised upward based on a weak yen and transient profits in this quarter due to improvement in profitability by sharing risks on completed projects

3 Accelerating transformation of business portfolio

Established a strategic partnership to create social value through development of a water electrolysis system for hydrogen production, aimed towards hydrogen value chains

- 1. Increased business profitability**
Income and profit increased in comparison to the same period last year due to the progress of ongoing projects. We successfully accumulated business revenue, similar to FY2022 when we achieved the highest annual profit for 10 years.
- 2. Upward revision of earnings guidance**
Today, we announced an upward revision of the initial earnings guidance based on a weak yen and transient profits in this quarter due to improvement in profitability by sharing risks on completed projects.
- 3. Accelerating transformation of business portfolio**
Later I will introduce a joint development project and a strategic partnership with TOYOTA MOTOR CORPORATION announced today to commence development of a water electrolysis system for hydrogen production, targeted at developing hydrogen value chains.

2. Income Statement

Billions of JPY

	FY2022 3Q	FY2023 3Q	Difference	FY2023 Revised* ² Full Year Forecast	Progress	(Reference) Previous Full Year Forecast
Revenue	308.5	397.5	89.0	500.0	79%	450.0
Gross Profit	23.5	28.6	5.1	36.0	79%	35.0
Gross Profit Margin	7.6%	7.2%	(0.4pt)	7.2%	-	7.8%
SG&A Expenses	(9.9)	(10.8)	(0.9)	(15.0)	72%	(15.0)
Operating Income	13.6	17.8	4.2	21.0	85%	20.0
Ordinary Income	15.6	23.6	8.0	28.0	84%	20.0
Profit ^{*1}	12.5	15.7	3.2	18.0	87%	15.0
Exchange Rate JPY/ USD	133	142		145		140

^{*1} Profit attributable to owners of parent

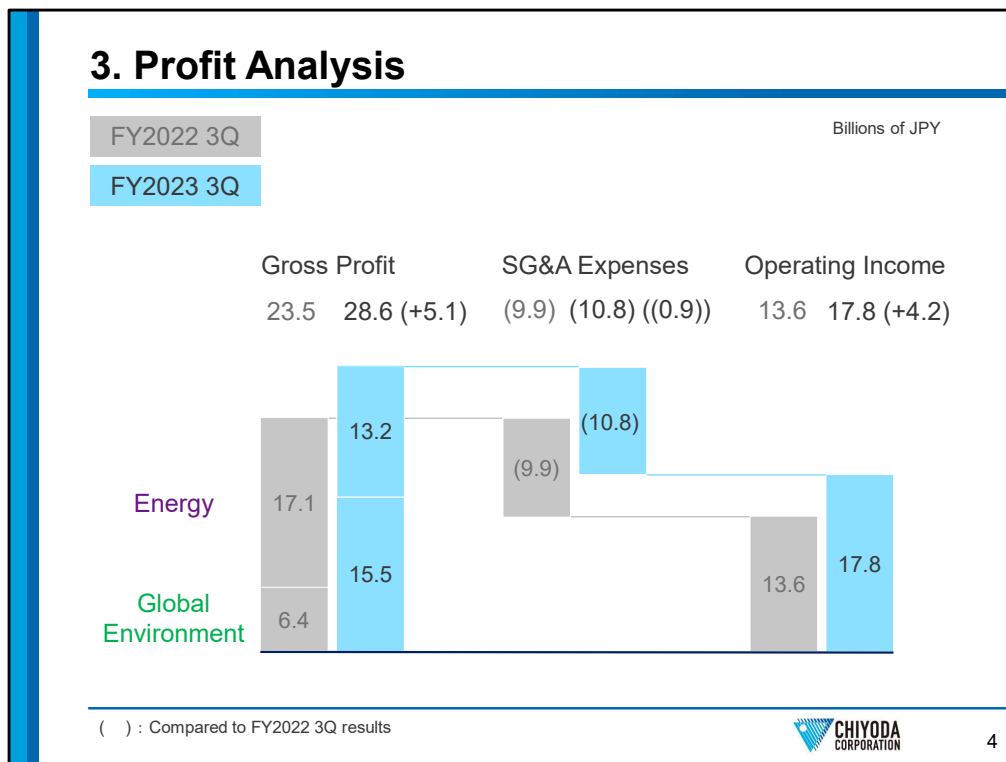
^{*2} Revised upward on February 5, 2024



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Increased income and profit compared to the same period last year due to the progress of ongoing projects. We successfully accumulated business revenue, similar to FY2022 when we achieved the highest annual profit for 10 years.

- Revenue was JPY 397.5 billion, an increase of JPY 89.0 billion YoY, achieving 79% of the full year upward-revised forecast.
- Gross Profit was JPY 28.6 billion, an increase of JPY 5.1 billion YoY, achieving 79% of the full year upward-revised forecast.
- SG&A Expenses were JPY 10.8 billion, an increase of JPY 0.9 billion YoY, controlled to be 72% of the full year forecast.
- Operating Income was JPY 17.8 billion, an increase of JPY 4.2 billion YoY, achieving 85% of the full year upward-revised forecast.
- Ordinary Income was JPY 23.6 billion, an increase of JPY 8.0 billion, achieving 84% of the full year upward-revised forecast.
- Net Profit was JPY 15.7 billion, an increase of JPY 3.2 billion YoY, achieving 87% of the full year upward-revised forecast.



The graph shows the results for Gross Profit, SG&A Expenses and Operating Income for the third quarter of this fiscal year, compared to the same period last year.

- Gross Profit was JPY 28.6 billion, an increase of JPY 5.1 billion YoY. Energy and Global Environment Gross Profit are JPY 13.2 billion and JPY 15.5 billion respectively, the latter increasing significantly.
- SG&A Expenses were JPY 10.8 billion. The results are controlled to be 72% of the full year forecast of JPY 15.0 billion.
- Operating Income was JPY 17.8 billion, an increase of JPY 4.2 billion YoY.

4. Balance Sheet

Billions of JPY							
	FY2022 4Q	FY2023 3Q	Difference		FY2022 4Q	FY2023 3Q	Difference
Current Assets	383.0	359.2	(23.8)	Current Liabilities	356.3	342.2	(14.1)
Cash and Deposits	61.2	100.6	39.4	Operating Liabilities* ³	292.7	269.8	(22.9)
Operating Assets* ¹	58.6	50.5	(8.1)	Provision for Loss on Construction Contracts	27.9	23.8	(4.1)
Jointly Controlled Assets of JV * ²	161.6	120.4	(41.2)	Non-Current Liabilities	28.0	8.0	(20.1)
Non-Current Assets	23.6	23.3	(0.4)	Net Assets	22.3	32.3	9.9
Total Assets	406.6	382.4	(24.2)	Total Liabilities and Net Assets	406.6	382.4	(24.2)
				Shareholders' Equity	22.2	31.3	9.1
				Shareholders' Equity Ratio	5.5%	8.2%	+2.7pt

*¹ Operating Assets: Notes receivable, accounts receivable from completed construction contracts and contract assets + Costs on construction contracts in progress

*² Jointly Controlled Assets of JV: Cash and deposits of joint venture proportional to Chiyoda's interest

*³ Operating Liabilities: Notes payable, accounts payable for construction contracts + Contract liabilities

- Total Assets were JPY 382.4 billion compared to JPY 406.6 billion at the end of the last fiscal year.
- There was no significant fluctuation in Assets and Liabilities with the amounts increasing and decreasing due to the progress of ongoing projects.
- Shareholders' Equity increased by JPY 9.1 billion from the end of last year to JPY 31.3 billion. Shareholders' Equity Ratio is 8.2%.

5. New Orders / Backlog

Billions of JPY

	FY2023 3Q New Orders	FY2023 3Q Backlog
Energy	53.5	721.2
Global Environment	120.2	268.4
Total	173.7	989.7

【Major Backlog Projects】

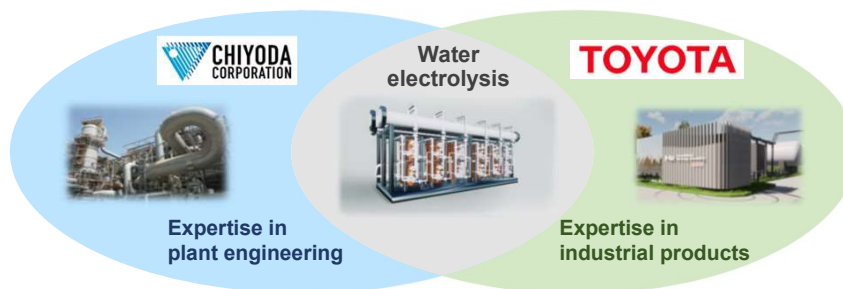
	More than JPY 100.0 billion	More than JPY 5.0 billion
Energy	<ul style="list-style-type: none"> NFE LNG, Qatar 	<ul style="list-style-type: none"> Golden Pass LNG, USA
Global Environment	<ul style="list-style-type: none"> Copper Smelting Plant, Indonesia 	<ul style="list-style-type: none"> CO₂ Methanation Facility, Japan Biopharmaceutical Manufacturing Plant, Japan Advanced Material Plant, Japan

- New Orders received were JPY 173.7 billion and the order backlog was JPY 989.7 billion.
- Please refer to the table below for major projects in the order backlog.

6. Major Topics - 1

Commenced Development of an Electrolysis System with TOYOTA MOTOR CORPORATION

- ✓ Signed a Memorandum of Understanding with TOYOTA to develop a large-scale water electrolysis system^{*1} and build a strategic partnership in response to expanding domestic and international hydrogen production markets.^{*2}
- ✓ Contributing to achieving government goals for introducing water electrolysis equipment to realize carbon neutrality by integrating TOYOTA's particular fuel cell technology with CHIYODA's plant engineering/construction proficiency.



^{*1} System for producing hydrogen by electrolyzing water

^{*2} Both companies will exhibit at the [H2&FC EXPO](#) (February 28 to March 1, 2024) at Tokyo Big Sight (Koto-ku, Tokyo): Organized by RX Japan Ltd.)

Today, Chiyoda announced a joint development project for a large-scale water electrolysis system and a strategic partnership with TOYOTA MOTOR CORPORATION, working together to support the government achieve its goals for introducing water electrolysis equipment in response to expanding domestic and international hydrogen production markets.

We will continue contributing to carbon neutrality by developing hydrogen value chains, a hydrogen energy carrier and hydrogen utilization technology, executing EPCs for hydrogen plants and actively participating in hydrogen production.

7. Major Topics - 2


Business portfolio transformation includes steady progression of new business initiatives, such as those in the decarbonization and life science fields.

◆ Quantitative/Comparative Analysis for CO₂ Liquefaction, Temporary Storage and Transportation [Decarbonization field]

- ✓ Conducting joint studies with NYK Line, KNCC^{*1} to quantitatively/economically/technically evaluate and verify the feasibility of the CCUS^{*2} value chain.
- ✓ Contributing to the social implementation of CCUS by integrating engineering expertise and shipping expertise.



◆ Feasibility Study for Floating Offshore Wind Turbine Project for domestic developer [Decarbonization field]

- ✓ Jointly awarded with Technip Energies, France 
- ✓ Aiming at the early social implementation of floating offshore wind power generation, a promising renewable energy source in Japan.

◆ EPC Contract with AGC Corporation for a New Biopharmaceutical Active Pharmaceutical Ingredient Manufacturing Plant [Life Science field]

- ✓ An EPC project for production facilities for a CDMO^{*3}, supporting the domestic biopharmaceutical development/production capabilities, which currently rely heavily on overseas CDMOs.
- ✓ Dual-use facilities that produce vaccines during a pandemic outbreak, contributing to the public's health and safety.

[Completion image]



AGC's project selected as part of subsidy program^{*4} by the Japanese Ministry of Economy, Trade and Industry (METI)

^{*1} Knutzen NYK Carbon Carriers AS, a subsidiary of NYK Line. ^{*2} Carbon dioxide Capture, Utilization and Storage

^{*3} Contract Development & Manufacturing Organization

^{*4} Development of biopharmaceutical manufacturing sites to strengthen vaccine production



In the decarbonization field, we announced joint feasibility studies with NYK Line and KNCC regarding CCUS value chains. We have also been awarded a feasibility study with Technip Energies France for a floating offshore wind turbine construction project for a domestic developer.

In the life science field, we have been awarded an EPC contract with AGC Corporation for a new Biopharmaceutical Active Pharmaceutical Ingredient (API) Manufacturing Plant.

[Att-1] Revenue and Backlog Breakdown

Billions of JPY

FY2023 3Q Revenue		
【Business】		
ENERGY	220.5	55%
■ LNG Plant, Gas Related Work	198.3	50%
■ Refinery, Petrochemical	22.2	6%
ENVIRONMENT	176.9	45%
■ Pharmaceutical, Biochemistry, Chemical	22.1	6%
■ Environment, New Energy, Infrastructure, Others	154.8	39%
TOTAL	397.5	100%

【Region】		
OVERSEAS	341.0	86%
■ Middle East & Africa	141.1	36%
■ Americas	36.0	9%
■ Asia & Oceania	163.8	41%
■ Others	0.1	0%
DOMESTIC	56.4	14%
TOTAL	397.5	100%

FY2023 3Q Backlog		
【Business】		
ENERGY	721.2	73%
■ LNG Plant, Gas Related Work	695.1	70%
■ Refinery, Petrochemical	26.1	3%
ENVIRONMENT	268.4	27%
■ Pharmaceutical, Biochemistry, Chemical	96.0	10%
■ Environment, New Energy, Infrastructure, Others	172.4	17%
TOTAL	989.7	100%

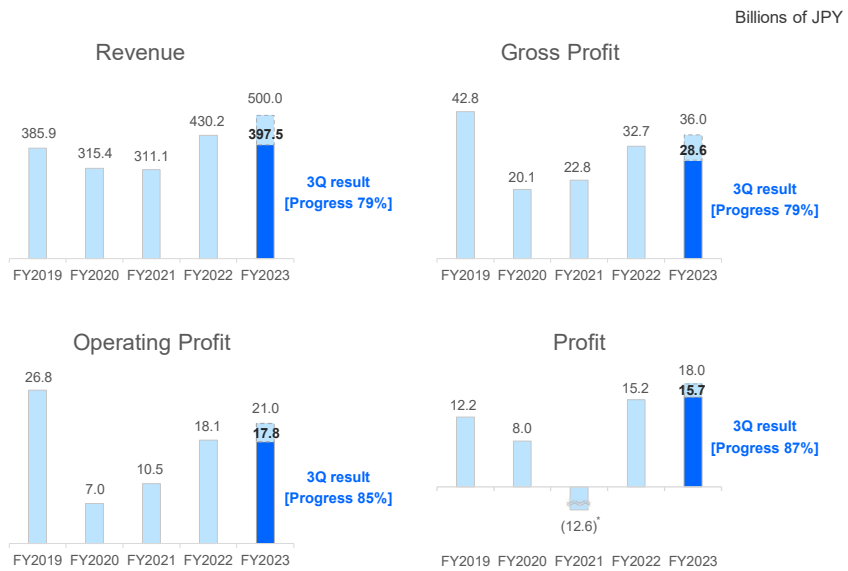
【Region】		
OVERSEAS	835.9	84%
■ Middle East & Africa	595.2	60%
■ Americas	74.1	7%
■ Asia & Oceania	164.9	17%
■ Others	1.7	0%
DOMESTIC	153.8	16%
TOTAL	989.7	100%



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This is a breakdown of Revenue and Backlog for the third quarter of this fiscal year for reference.

[Att-1] Results History



* The figure includes Extraordinary Losses of JPY 20.4 billion related to the project losses by settlement of lawsuit with a client.



This is a five-year financial data history for reference.

Enriching Society through Engineering Value



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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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