

# Financial Results for FY2016

The Fiscal Year Ended March 31, 2017

May 12, 2017

**Chiyoda Corporation**

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# 1. Summary of Results FY 2016

# 1-1. Financial Summary

(Billions of Yen)

	FY ended March 2016	FY ended March 2017	Difference	Difference (%)
New Orders	403.6	351.8	(51.8)	(12.8%)
Revenues	611.5	603.7	(7.8)	(1.3%)
Operating Income	16.0	15.7	(0.3)	(2.1%)
Ordinary Income	16.2	(3.1)	(19.3)	-
Profit*	3.4	(41.1)	(44.5)	-

Dividend per Share	JPY 10.0	JPY 6.0
Exchange Rate	JPY 113/\$	JPY 112/\$

Initial Full Year Forecast	Revised Full Year Forecast	Difference (Revised Forecast)
470.0	470.0	(118.2)
550.0	610.0	(6.3)
18.0	18.0	(2.3)
14.0	0.0	(3.1)
5.0	(36.0)	(5.1)

JPY 6.0	JPY 6.0
110 JPY/\$	115 JPY/\$

\* Profit attributable to owners of parent

# 1-2. Financial Summary (Difference of 3Q Revised Forecast)

(Billions of Yen)

- Difference of Net Loss JPY 5.1Bln ( Revised forecast after 3Q vs Actual Result )

Item	Difference
Project Loss	(2.6)
Impairment of Goodwill	(1.6)
Reversal of Differed Tax Assets (increase)	(2.2)
FX rate change in ECS extraordinary loss	0.9
Others	0.4
Total	(5.1)

【Reference】

- Forecast excluding ECS loss & Reversal of Differed Tax Assets

	Revised Forecast	Actual	Difference
Ordinary Income	0	(3.1)	(3.1)
Net Profit (Loss)	(36.0)	(41.1)	(5.1)

	Revised Forecast	Actual	Difference
	16.0	11.9	(4.1)
	8.0	3.7	(4.3)

# 1-3. Income-related Items

(Billions of Yen)

	FY ended March 2016	FY ended March 2017	Difference
Gross Profit	41.5 6.8%	38.2 6.3%	(3.3) (0.5pt)
SG&A expenses	(25.5)	(22.5)	3.0
Operating Income	16.0 2.6%	15.7 2.6%	(0.3) 0.0pt
Non-operating income and expenses	0.2	(18.8)	(19.0)
Ordinary Income	16.2 2.6%	(3.1) (0.5%)	(19.3) (3.1pt)
Extraordinary income, Income taxes, Profit attributable to non-controlling interests	(12.8)	(38.0)	(25.2)
Profit attributable to owners of parent	3.4 0.6%	(41.1) (6.8%)	(44.5) (7.4pt)

Gross Profit Margin: Down to 6.3% due to decreased profitability of some small/ medium size overseas projects.

Non-operating Expense: 15.0Bln JPY out of 18.8Bln is related to ECS.

Extraordinary loss: 22.9Bln JPY out of 38.0Bln is related to ECS.

# 1-4. Balance Sheet

(Billions of Yen)

	March 31, 2016	March 31, 2017	Difference
<b>Current assets</b>	<b>455.0</b>	<b>425.2</b>	<b>(29.8)</b>
Cash and deposits*1	144.7	143.4	(1.3)
Operating assets *2	104.3	84.1	(20.3)
Jointly controlled assets of joint venture *3	179.4	164.3	(15.1)
Other	26.6	33.5	6.9
<b>Non-current assets</b>	<b>73.2</b>	<b>36.1</b>	<b>(37.1)</b>
Property, plant and equipment	13.9	13.2	(0.8)
Intangible assets	11.1	8.1	(3.0)
Investment and other assets	48.2	14.8	(33.3)
<b>Total assets</b>	<b>528.2</b>	<b>461.3</b>	<b>(66.9)</b>

	March 31, 2016	March 31, 2017	Difference
<b>Current liabilities</b>	<b>311.1</b>	<b>301.2</b>	<b>(9.9)</b>
Short-term loans payable	0.3	10.2	9.9
Operating liabilities *4	285.7	245.3	(40.5)
Provision for loss on construction contracts	3.2	3.3	0.2
Provision for loss on business of subsidiaries and associates	-	22.9	22.9
Others	21.9	19.5	(2.4)
<b>Non-current liabilities</b>	<b>15.0</b>	<b>3.0</b>	<b>(12.0)</b>
Long-term loans payable	10.0	0.0	(10.0)
Other	5.0	3.0	(2.0)
<b>Net assets</b>	<b>202.1</b>	<b>157.1</b>	<b>(45.0)</b>
<b>Liabilities and net assets</b>	<b>528.2</b>	<b>461.3</b>	<b>(66.9)</b>

Notes:

\*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

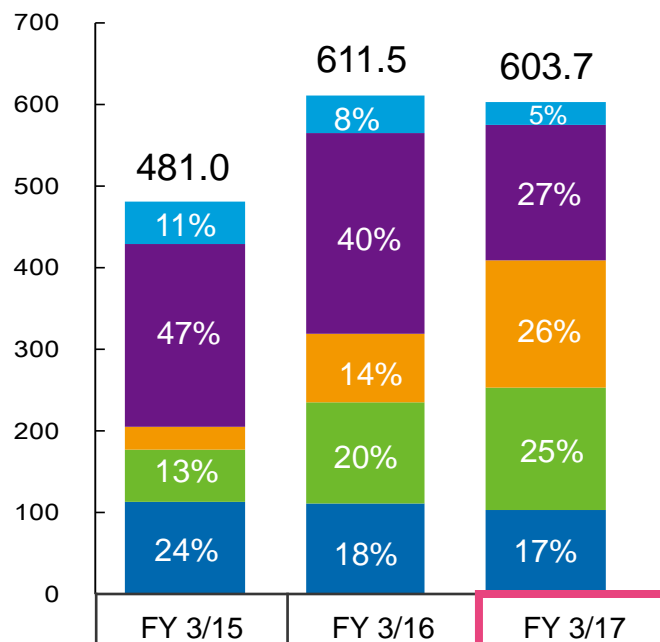
<b>Shareholders' equity</b>	<b>200.2</b>	<b>155.3</b>	<b>(44.8)</b>
<b>Shareholders' equity ratio</b>	<b>37.9%</b>	<b>33.7%</b>	<b>(4.2pt)</b>

Operating assets / Jointly controlled assets of JV / Operating liabilities decrease due to on-going projects in progress.

# 1-5. Revenues in FY 2016

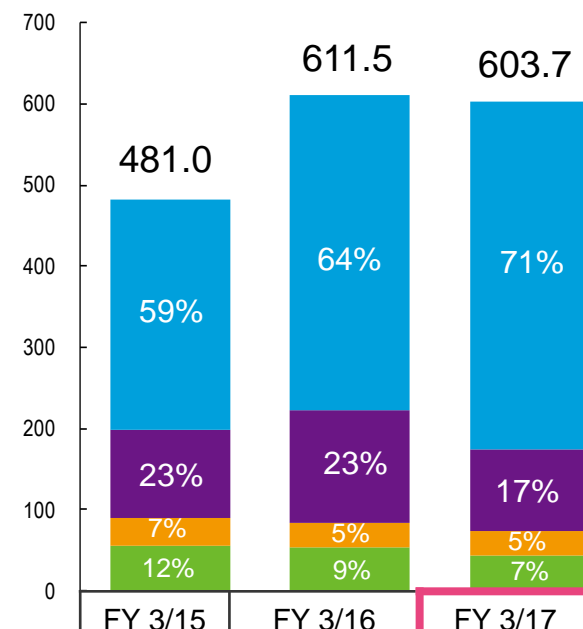
(Billions of Yen)

## By Region



■ ME & Africa	51.8	47.3	28.8
■ SEA & Oceania	224.5	245.9	166.1
■ Americas region	27.4	83.3	156.0
■ Others	64.0	123.7	150.3
Overseas Total	367.6	500.1	501.3
■ Domestic Total	113.3	111.5	102.4

## By Field



■ LNG Plant, Gas Related Work	282.0	388.9	429.6
■ Refinery, Petrochemical, Metal	108.6	138.8	101.1
■ Pharmaceutical, Biochemistry, Chemical	34.4	31.0	29.7
■ Environment, New Energy, Infrastructure	56.0	52.8	43.4

By Region: "SEA & Oceania" decreased due to peak-out of Ichthys LNG (Australia) and completion of a refinery in Vietnam.

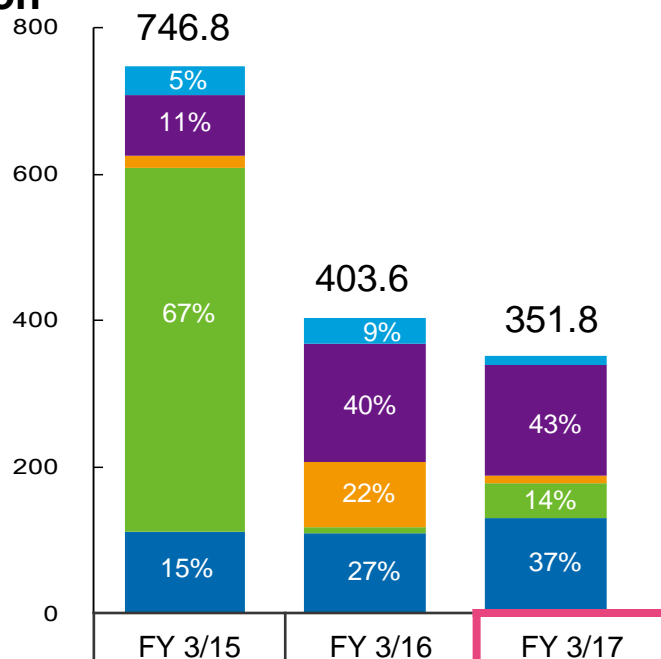
By Field: "Refinery, Petrochemical, Metal" decreased due to completion of refineries in Qatar and Vietnam.



# 1-6. New Orders in FY 2016

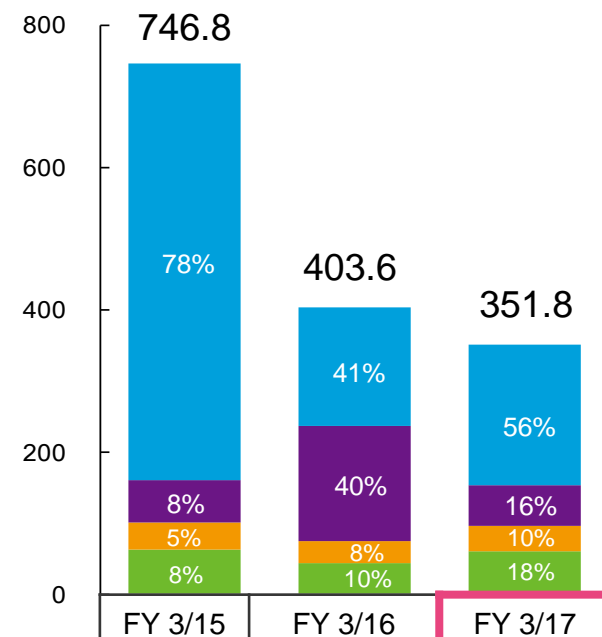
(Billions of Yen)

## By Region



	FY 3/15	FY 3/16	FY 3/17
ME & Africa	38.6	35.1	12.0
SEA & Oceania	82.4	161.3	151.6
Americas region	16.7	90.2	10.0
Others	498.2	9.2	47.7
Overseas Total	635.8	295.7	221.3
Domestic Total	111.0	107.9	130.5

## By Field



	FY 3/15	FY 3/16	FY 3/17
LNG Plant, Gas Related Work	585.4	166.6	197.1
Refinery, Petrochemical, Metal	60.1	161.5	57.3
Pharmaceutical, Biochemistry, Chemical	38.6	32.7	35.7
Environment, New Energy, Infrastructure	62.6	42.8	61.7

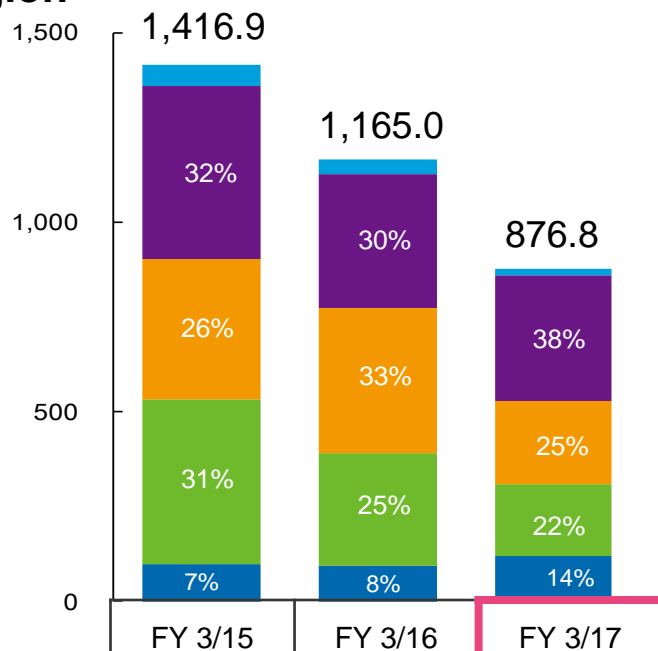
By Region: Increase in domestic (Japanese) New Orders.

By Field: "LNG Plant, Gas Related Work" increase by Tangguh Tr.-3 (Indonesia) and Change Order of on-going projects.

# 1-7. Backlog of Contracts in FY 2016

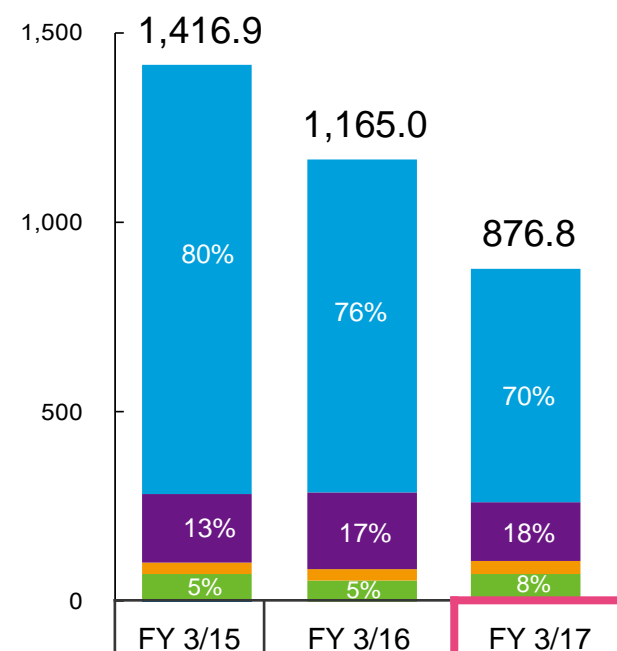
(Billions of Yen)

## By Region



■ ME & Africa	54.9	35.5	16.7
■ SEA & Oceania	456.5	353.2	329.3
■ Americas region	370.9	383.5	219.1
■ Others	434.3	296.7	189.7
Overseas Total	1,316.7	1,068.9	754.8
■ Domestic Total	100.2	96.1	122.0

## By Field



■ LNG Plant, Gas Related Work	1,136.1	880.0	617.0
■ Refinery, Petrochemical, Metal	180.2	198.6	153.5
■ Pharmaceutical, Biochemistry, Chemical	31.7	32.4	35.3
■ Environment, New Energy, Infrastructure	68.9	53.9	70.9

Backlog remains on a healthy level with a balance in three major regions.

## 2. Preview of FY 2017

## 2-1. Business Environment FY2017 & New Management

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- ◆ Although demand for energy grows steadily in mid- to long term with rising population, economic development etc., business environment in FY2017 will be still tough due to over-supply of LNG in short term and delay in oil price recovery.
- ◆ New management team will start operation after the general shareholders meeting to be held in June 2017. New medium-term management plan is under preparation, and scheduled to be announced in July.
- ◆ Based on its excellent engineering expertise and along with its corporate philosophy “harmony between energy and environment”, the new medium-term management plan will focus on not only the business development strategy looking at 2025-2030 but the reinforcement plan for risk management, operation plan for group companies, etc.

## 2-2. Strategy for the FY 2017 (by Business Fields) (1/2)

### ◆ LNG / Gas Processing

- Concentrate on 5 on-going projects (2 in the U.S., Russia, Australia & Indonesia)
- Continue to pursue favorable projects in the U.S., Russia and East Africa, with anticipated launch after 2019
- Follow-up of new emerging business fields in the gas value chain such as FLNG and Small-Scale LNG

### ◆ Oil, Petrochemical & Metal

- Focus on booming downstream projects in US and copper smelter project in Indonesia
- Expectation on award for modification / revamping projects of the existing refineries & petrochemical complexes (domestic)

## 2-2. Strategy for the FY 2017 (by Business Fields) (2/2)

### ◆ **Pharmaceutical, Biochemistry, Environment, etc.**

- Follow-up in the pharmaceutical field including investigational activities in new and synthetic drugs; and mega-solar projects where continued investments are expected.
- Continue business development activities in various fields including environmental protection for coal fired power stations, food factories, etc.

### ◆ **New Business Field**

- Re-focus of business strategy for O&U field including Xodus and restructuring of ECS
- Continue business development activity for demonstration project of hydrogen supply chain commercialization
- Providing new service for improvement of productivity of the plants utilizing AI / Big-data technologies.

## 2-3. Forecast Summary for the FY 2017

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- ◆ Limited number of FID for new large projects is forecasted in FY2017. Main target will be construction portion of the Copper Smelter in Indonesia and downstream projects in US. The magnitude of the new order aimed in FY 2017 is JPY350Bln, same level as FY 2016 actual result.
- ◆ JPY 5 Bln of net profit is expected since large LNG projects including Australia and Russia have been peaked out.
- ◆ Dividend Plan: JPY 6 per share
- ◆ Expected Exchange Rate: JPY 110/USD

## 2-4. Breakdown of Forecasts for FY 2017

(Billions of Yen)

	FY 2016 (ended Mar 2017)	Forecasts FY 2017 (ending Mar 2018)	Difference
<b>New Orders</b>	<b>351.8</b>	<b>350.0</b>	<b>(1.8)</b>
Overseas	221.3	220.0	(1.3)
Domestic	130.5	130.0	(0.5)
<b>Revenues</b>	<b>603.7</b>	<b>430.0</b>	<b>(173.7)</b>
Overseas	501.3	320.0	(181.3)
Domestic	102.4	110.0	7.6
<b>Gross Profit</b>	<b>38.2</b>	<b>30.0</b>	<b>(8.2)</b>
SG&A Expenses	(22.5)	(21.5)	1.0
<b>Operating Income</b>	<b>15.7</b>	<b>8.5</b>	<b>(7.2)</b>
Non-operating Income and Expenses	(18.8)	1.5	20.3
<b>Ordinary Income</b>	<b>(3.1)</b>	<b>10.0</b>	<b>13.1</b>
Extraordinary income, Income taxes, Profit attributable to non-controlling interests	(38.0)	(5.0)	33.0
<b>Profit attributable to owners of parent</b>	<b>(41.1)</b>	<b>5.0</b>	<b>46.1</b>

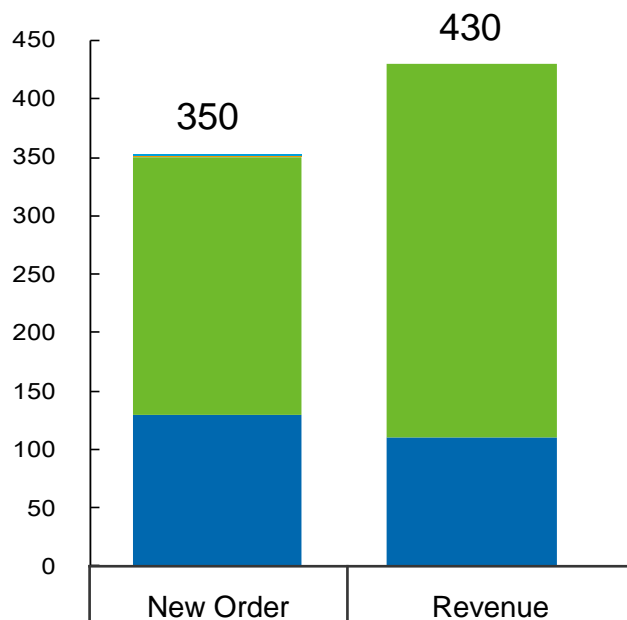


# 2-5. FY 2017 New Order & Revenue

## Forecast Breakdown

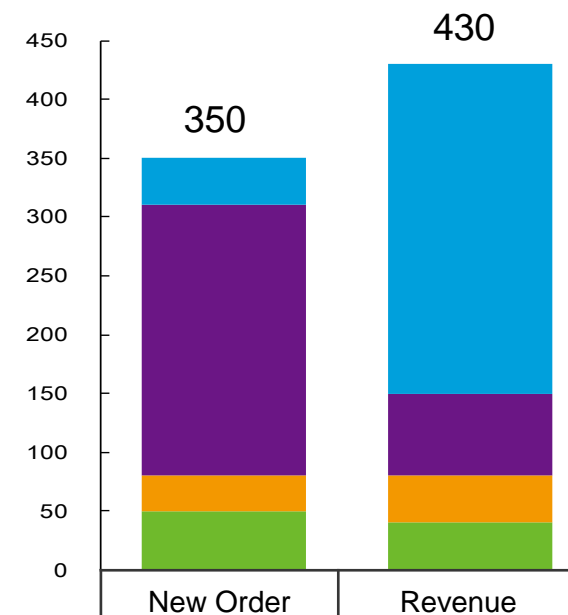
(Billions of Yen)

### Overseas / Domestic



	New Order	Revenue
Overseas	220	320
Domestic	130	110

### Business Field



Business Field	New Order	Revenue
LNG Plant, Gas Related Work	40	280
Refinery, Petrochemical, Metal	230	70
Pharmaceutical, Biochemistry, Chemical	30	40
Environment, New Energy, Infrastructure	50	40

## 2-6. Performance Indicators

(Billions of Yen)

	FY ended March 2014	FY ended March 2015	FY ended March 2016	FY ended March 2017	Forecast FY ending March 2018
Gross profit margin (%)	9.3	9.5	6.8	6.3	7.0
SG&A expenses to revenues (%)	4.6	5.0	4.2	3.7	5.0
Operating income to revenues (%)	4.7	4.5	2.6	2.6	2.0
Ordinary income to revenues (%)	5.1	4.6	2.6	(0.5)	2.3
Net income to revenues (%)	3.0	2.3	0.6	(6.8)	1.2
Return on assets (ROA) (%)	5.0	4.5	3.1	(0.6)	
Return on equity (ROE) (%)	7.0	5.5	1.7	(23.1)	
Net income per share (EPS) (JPY)	51.91	42.58	13.03	(158.76)	
Book value per share (BPS) (JPY)	758.31	796.89	772.89	599.83	
Shareholders' equity ratio (%)	41.3	40.0	37.9	33.7	
Current ratio (%)	156.3	151.0	146.3	141.2	
Fixed ratio (%)	33.7	34.5	36.6	23.2	
Debt-to-equity ratio <DER> (Times)	0.06	0.05	0.05	0.07	

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### **Forward-looking Statements**

The forecasts and plans in this presentation are based on information available to management on May 12, 2017, the date this material was prepared. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to changes in economic conditions and operation environment in Japan and overseas.



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