

Supplementary Materials

Financial Results for the 3rd Quarter of Fiscal Year Ending March 31, 2017

“Non-operating Expense and Extraordinary Loss”
“Revisions to the Forecast of Consolidated Results”

February 9, 2017
Chiyoda Corporation

1. Announcement on Revisions

◆ 1) Non-operating Expense and Extraordinary Loss

- Non-operating Expense 13.0 billion JPY → valuation of ECS*1 shares (loss of equity)
- Extraordinary Loss 23.8 billion JPY → loan and other related expenses

◆ 2) Revisions to the Forecast of Consolidated Results

Revisions to the full year consolidated financial forecasts

For the FY ending March 31, 2017	Initial Forecast as of May 2016	Revised Forecasts as of Feb 9, 2017	Million JPY
Revenue	550,000	610,000	
Operating income	18,000	18,000	
Ordinary income	14,000	0	
Profit attributable to owners of parent	5,000	(36,000)	
Annual Dividend per share*2	6 JPY	6 JPY	

*1 "ECS": EMAS CHIYODA Subsea Ltd.

* 2 Annual dividend remains as announced in May 2016

2. Business Review

◆ Expansion into Offshore & Upstream Business Field

- July 2013: Capital alliance with XODUS Group (Holdings) Limited
- March 2016: Chiyoda and EZRA (*1) started Joint Venture of EMAS CHIYODA Subsea
- As of today: ECS operation by EZRA 40%, Chiyoda 35% NYK (*2) 25%

◆ ECS Operation Status

- Since April 2016: Restructuring the corporate management scheme
Assignment of Staff Chiyoda (incl. Management)
- Since Nov. 2016: Review of Business Operation Plan
Offshore & Subsea market recovery takes longer than expected
Corporate financial constraints cashflow sensitivity

◆ Investigation of the causes of the financial loss

- Prolonged tumble in oil price caused delays in capital investments by the clients
- Deterioration in vessel operating ratio and fierce market competition

◆ Strategy for future O&U Business Field

- Reviewing restructuring options of ECS while keeping ongoing operational responsibilities
- Unchanged prospect for growth potential in O&U business field
- Continue to explore business opportunities with potential for both growth and diversification, using appropriate risk analysis tools

*1 EZRA: EZRA Holdings Limited
*2 NYK: Nippon Yusen Kabushiki Kaisha

3. Business Outlook (1/2)

◆ 1) Chiyoda's Strength

- Strengthen core value of engineering expertise and project management capability
- Completion of unprofitable projects within this Fiscal Year
- Gross Profit and Operating Income are expected to remain unchanged from the initial forecast for this FY

◆ 2) Outlook for Upcoming Fiscal Years

- Continue in business development activities to globally secure new LNG (EPC) projects (brownfield and greenfield)
- Respond to client's request to reduce project costs and minimize capital expenditure by utilizing Chiyoda's technologies and expertise

Calculation Model: Revised Forecasts without ECS' impact

Million JPY	Initial Forecast as of May 2016	Revised Forecasts as of Feb 9, 2017	Difference
Revenue	550,000	610,000	60,000
Operating income	18,000	18,000	in line
Ordinary income	17,000	16,000	(1,000)
Profit attributable to owners of parent	8,000	8,000	in line

3. Business Outlook (2/2)

Continuous exploration of business opportunities with potential for both growth and diversification, using appropriate risk analysis tools.

◆ Expanding Business Portfolio

- Downstream projects such as petrochemicals in US
- Mining projects such as copper smelting and non-ferrous metal

Business Portfolio for future growth areas

- Life science and Medical
- Renewable Energy such as Hydrogen and others

◆ New Approach: Adaptation of advanced technologies

- Innovative operation services and asset value by utilizing advanced Artificial Intelligence (AI) technologies

◆ Reinforcement of Group companies' operation

- Provide Chiyoda Group companies' services towards local clients' needs (South East Asia and Middle East and others)
- Expand business portfolio in countries where Chiyoda has experience in LNG projects

To all our Stakeholders

It is our deep regret to have announced the downward revision to the financial forecast this time.

Having thoroughly considered our financial conditions, annual dividend remains unchanged for the full year at 6.00 yen per share, (announced in May 2016), since the loss recognized on this occasion is a one-time event related to investment, not operational one.

Chiyoda Corporation's management team is committed to make every endeavour to restore trust from all stakeholders. We sincerely ask kind understanding and continuous support from the stakeholders.

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Forward-looking Statements

The forecasts and plans in this presentation are based on information available to management on February 9, 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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