

# **Supplementary Materials for the Summary of Financial Reports Half Year, FYE June 30, 2017**

February 13, 2017

Nippon Koei Co., Ltd.

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# 2Q Results for FYE June 30, 2017

(Millions of yen)	FYE 16/6 2Q Results	FYE17/6 2Q Results	yoy	yoy(%)	Reference Values FYE17/6 2Q(*2)	yoy(%)
Orders(*1)	38,245	<b>58,451</b>	20,206	152.8%	52,895	138.3%
Net sales	20,336	<b>26,304</b>	5,968	129.3%	20,311	99.9%
Gross profit	4,736	<b>8,368</b>	3,632	176.7%	5,674	119.8%
Operating Income	- 3,500	<b>- 2,747</b>	752	—	- 2,824	—
Ordinary Income	- 3,328	<b>- 2,286</b>	1,041	—		
Profit attributable to owners of parent	- 2,651	<b>- 1,800</b>	850	—		

(\*2) Excluded the Urban & Spatial Development segment

- The amount of orders saw a substantial increase over the same period of the previous year. The trend of Domestic Consulting and International Consulting Business was favorable.
- Net sales, excluding consolidated BDP, saw figures at the same level as the previous year.
- Operating income saw an improvement in earnings, due to the good performance of International Consulting Business and Power Engineering Business. (Operating margin FYE 16/6 2Q: -17.2%→ FYE 17/6 2Q: -10.4%)

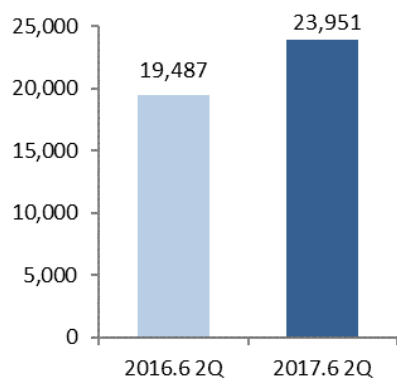
(\*1) We have changed the calculation standard for orders starting this period. For details, please see page 10. Results for 2Q of FYE June 30, 2016 are also based upon figures calculated according to the same standard.

# Results by Business Segment (Orders)

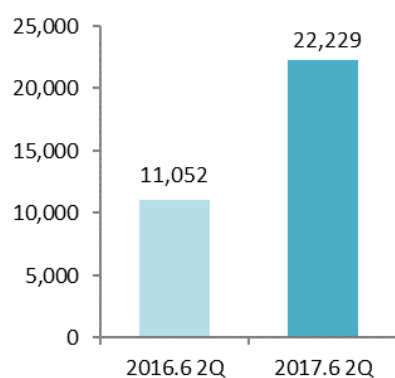
(Millions of yen)	FYE16/6 2Q Results	FYE17/6 2Q Results	yoy	yoy(%)
<b>Orders(*1)</b>	<b>38,245</b>	<b>58,451</b>	<b>20,206</b>	<b>152.8%</b>
Domestic Consulting	19,487	23,951	4,464	122.9%
International Consulting	11,052	22,229	11,177	201.1%
Power Engineering	7,697	6,690	- 1,007	86.9%
Urban & Spatial Development	—	5,555	5,555	—
Others	7	24	16	324.1%

(\*1) We have changed the calculation standard for orders starting this period. For details, please see page 10. Results for 2Q of FYE June 30, 2016 are also based upon figures calculated according the same standard.

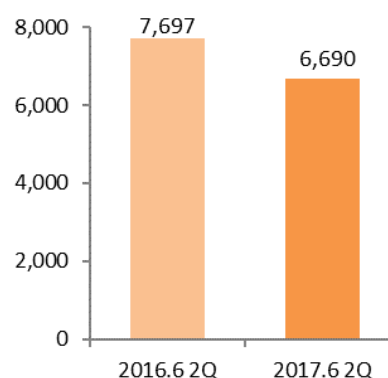
■ Domestic Consulting



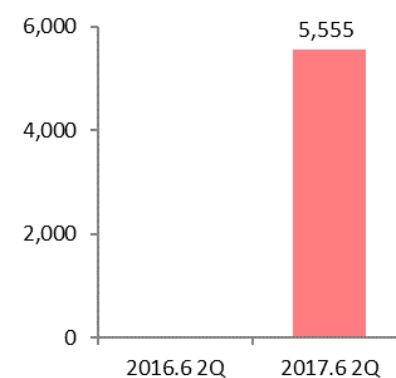
■ International Consulting



■ Power Engineering



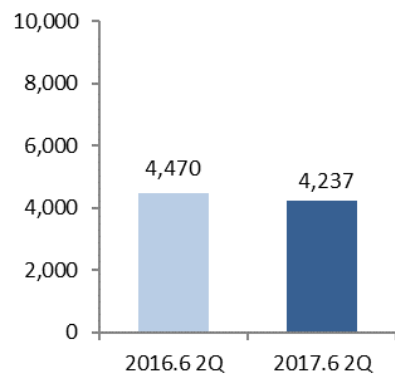
■ Urban & Spatial Development



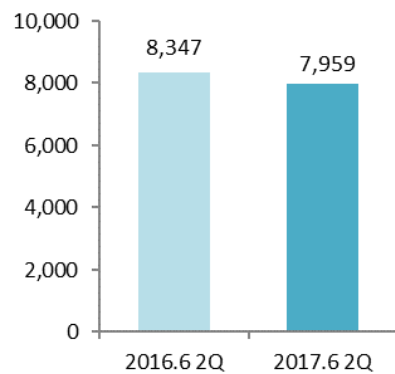
# Result by Business Segment (Sales)

(Millions of yen)	FYE16/6 2Q Results	FYE 17/6 2Q Results	yoy	yoy(%)
<b>Net Sales</b>	<b>20,336</b>	<b>26,304</b>	<b>5,968</b>	<b>129.3%</b>
Domestic Consulting	4,470	4,237	- 233	94.8%
International Consulting	8,347	7,959	- 388	95.3%
Power Engineering	7,148	7,738	589	108.2%
Urban & Spatial Development	—	5,993	5,993	—
Real Estate Leasing	270	241	- 29	89.3%
Others	98	134	36	136.9%

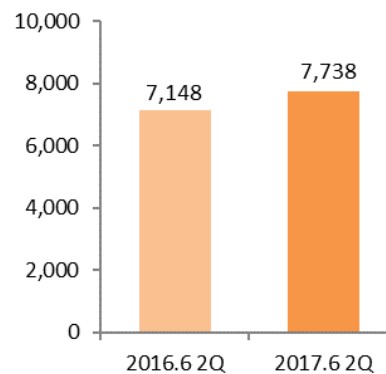
■ Domestic Consulting



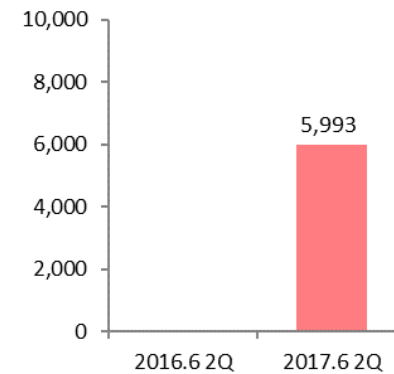
■ International Consulting



■ Power Engineering



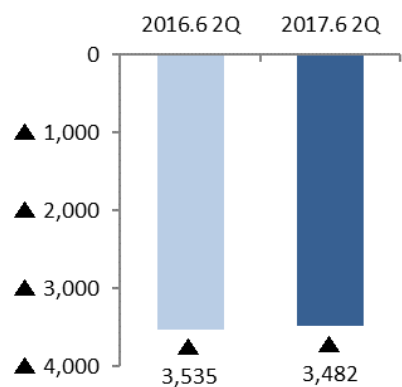
■ Urban & Spatial Development



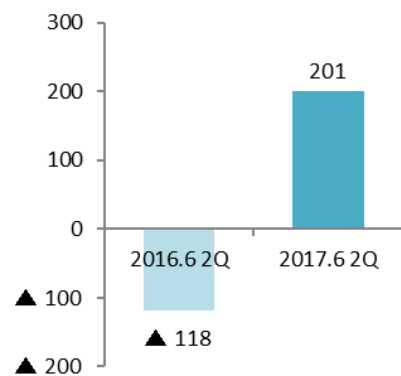
# Results by Business Segment (Operating Income)

(Millions of yen)	FYE 16/6 2Q Results	FYE 17/6 2Q Results	yoy	yoy(%)
<b>Operating Income</b>	<b>- 3,500</b>	<b>- 2,747</b>	<b>752</b>	<b>—</b>
Domestic Consulting	- 3,535	- 3,482	52	—
International Consulting	- 118	201	319	—
Power Engineering	1,166	1,442	276	123.7%
Urban & Spatial Development	—	76	76	—
Real Estate Leasing	201	203	2	101.3%
Others/Reconciliations	- 1,214	- 1,189	25	—

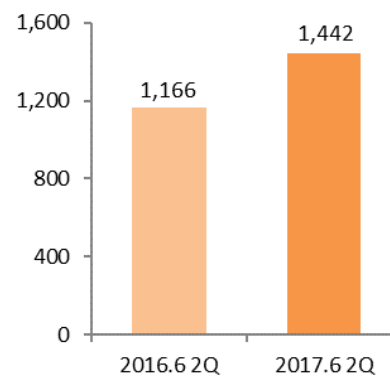
■ Domestic Consulting



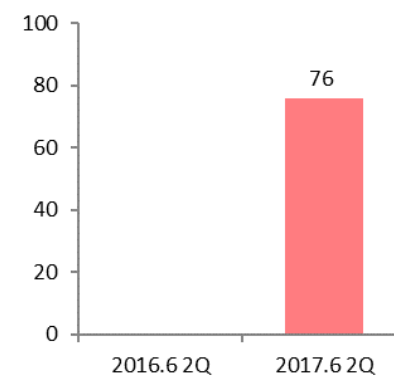
■ International Consulting



■ Power Engineering



■ Urban & Spatial Development



# Overview of Performance by Business Segment (1)

## Domestic Consulting

- The amount of orders increased compared to the same period of the previous fiscal year owing to the orders rescheduled by the client and robust receiving orders in core business areas. (\*The order for Cairo Metro project, approximately JPY 2 billion, acquired by Nippon Civic Consulting Engineers Co., Ltd., is recorded.)
- Net sales fell short of the same period of the previous year as a result of decrease in number of large-scale special projects, such as small hydroelectric generation, and construction of projects completed in the first half of the period.
- Operating income increased due to the increase in gross profit resulting from improved productivity generated by the promotion of in-house manufacturing.

## International Consulting

- The amount of orders largely surpassed the one of the previous year owing to the increase in number of large-scale projects. (\*The Cairo Metro project, acquired by Nippon Koei Co., Ltd., reached the amount of approximately JPY 8 billion.)
- Net sales fell short compared to the same period of the previous year due to the accidentally enforced interruption of a project in Bangladesh, while the trend of the traffic/transport sector was favorable.
- Operating income turned into the black during the first half of the period, while showing a decline in sales, owing to the continuous implementation of profit management efforts. (Growth rate of Operating Income from -1.4% to +2.5%)

## Power Engineering

- The amount of orders did not reach the one of the same period of the previous year due to delays in contracting procedures for some projects.
- Net sales surpassed the one of the previous year, with completions and fairly progressing status of large-scale projects started in the past.
- Operating income also surpassed the previous year, with completion of a number of large-scale projects and steady progress in productivity improvement. (Growth of Operating Income rose from 16.3% to 18.6%)

# Overview of Performance by Business Segment (2)

## Urban & Spatial Development

- While the number of new orders slightly declined in July and August immediately after the announcement of Brexit, orders showed a steady progress vis-à-vis the plan.
- Net sales showed better than the plan. The sales trend steadily progressed almost as forecasted either in the UK or overseas on a local currency basis.
- Even with the impact of foreign currency translation (weak GBP), the status of operating income was almost as forecasted. (Operating Income to Sales after amortization of goodwill: 1.3%)
  - \* The amount of amortization expenses for FYE June 30, 2017 is approximately JPY 1 billion.
    - Amortization of goodwill: approximately JPY 500 million
    - Other intangible fixed assets: Just over JPY 500 million
- \* Consolidated results including BDP are recorded with a three-month time lag. Thus, the consolidated settlement of 2Q (July-December 2016) is based upon the performance within a six-month period of April-September 2016.
- \* Fixed rate of exchange for 2Q results: 1 GBP = 144.5 JPY  
(Rate used in the plan for the FYE June 30, 2017 was 1 GBP = 160 JPY)

# FYE 17/6 Forecast (Orders Amount Revised)

The forecast for orders was revised upward as a result of adding the order for the Cairo Metro project. No changes have been made to the forecasts for net sales and operating income for the entire period.

(Millions of yen)	FYE 16/6 Results	FYE 17/6 Forecast	yoy	yoy(%)
<b>Orders</b>	<b>104,019</b>	<b>114,000</b>	<b>9,980</b>	<b>109.6%</b>
<b>Net sales</b>	<b>81,865</b>	<b>105,000</b>	<b>23,134</b>	<b>128.3%</b>
- Domestic Consulting	40,778	45,000	4,221	110.4%
- International Consulting	22,070	26,000	3,929	117.8%
- Power Engineering	17,522	18,500	977	105.6%
- Urban & Spatial Development	-	14,000	14,000	-
<b>Operating income</b>	<b>4,723</b>	<b>6,000</b>	<b>1,276</b>	<b>127.0%</b>
- Domestic Consulting	2,956	3,200	243	108.2%
- International Consulting	1,156	1,600	443	138.3%
- Power Engineering	3,048	3,100	51	101.7%
- Urban & Spatial Development	-	600	600	-
<b>Ordinary income</b>	<b>4,365</b>	<b>6,300</b>	<b>1,934</b>	<b>144.3%</b>
Profit attributable to owners of parent	<b>1,823</b>	<b>3,600</b>	<b>1,776</b>	<b>197.5%</b>

\* Note: Net sales and operating income are exclusively consisted of the main segments of Domestic Consulting, International Consulting, Power Engineering and Urban & Spatial Development. Net sales and operating income also include the Real Estate Leasing segment, etc.



# FYE 17/6 Forecast (Orders Amount Revised)

(Millions of yen)	FYE 17/6 Forecast (initial)	FYE 17/6 Forecast (revised)	Increase/ Decrease
<b>Orders</b>	<b>104,000</b>	<b>114,000</b>	<b>10,000</b>
- Domestic Consulting	46,000	48,000	2,000
- International Consulting	28,000	36,000	8,000
- Power Engineering	16,000	16,000	0
- Urban & Spatial Development	14,000	14,000	0

## (Details of change)

### Domestic Consulting

Order received: Cairo Metro project acquired by Nippon Civic Consulting Engineers Co., Ltd.: JPY 2 billion

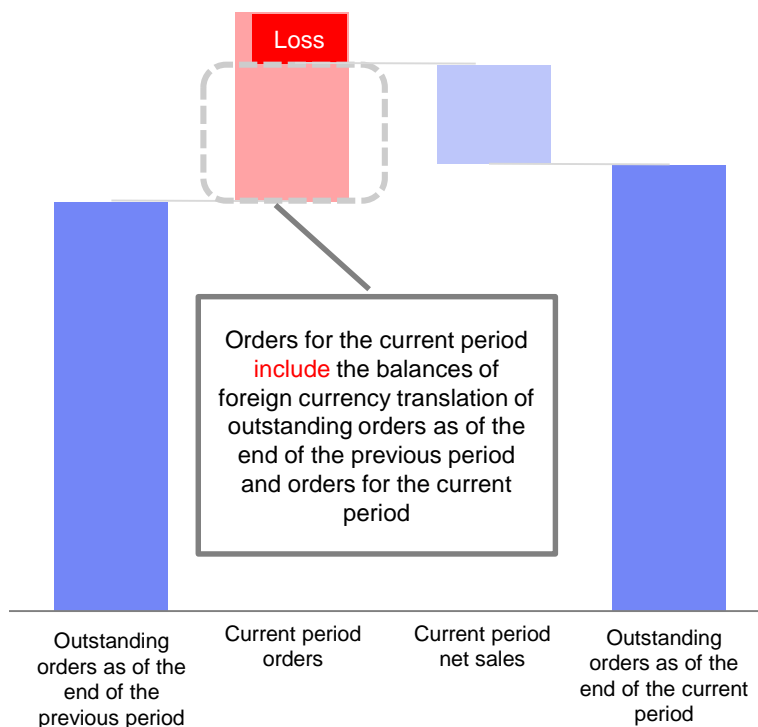
### International Consulting

Order received: Cairo Metro project acquired by Nippon Koei Co., Ltd. : JPY 8 billion

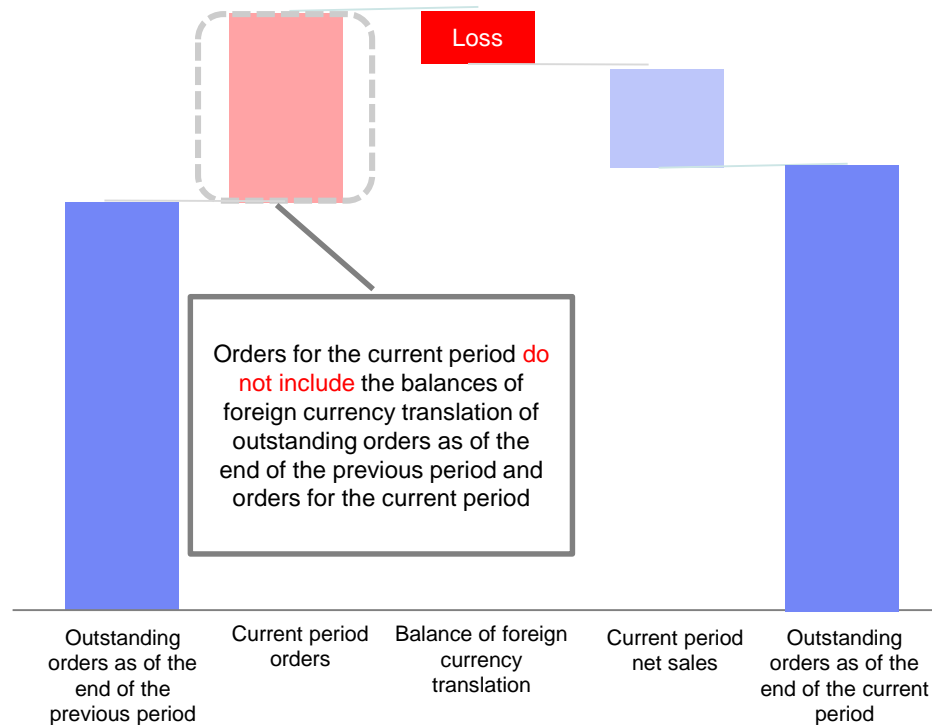
## (Reference) On changes in the calculation standards for orders

Previously, amount of orders included the balances of foreign currency translation (\*) of outstanding orders as of the end of the previous period and orders for the current period. Starting this period, however, orders are settled without foreign currency translation.

### ■ Previous method of calculation



### ■ Current method of calculation (starting this period)



(\*) Details on the balances of foreign currency translation of outstanding orders as of the end of the previous period and orders for the current period are explained in the section titled “4. Supplementary Information” on page12, the Summary of Financial Results.