

# Supplementary Materials for the Summary of Financial Reports 3Q, FYE June 30, 2020

May 14, 2020  
Nippon Koei Co., Ltd.

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# 3Q Results for FYE June 30, 2020

Net sales and income increased with the strong performance of the Domestic Consulting and Urban & Spatial Development businesses.

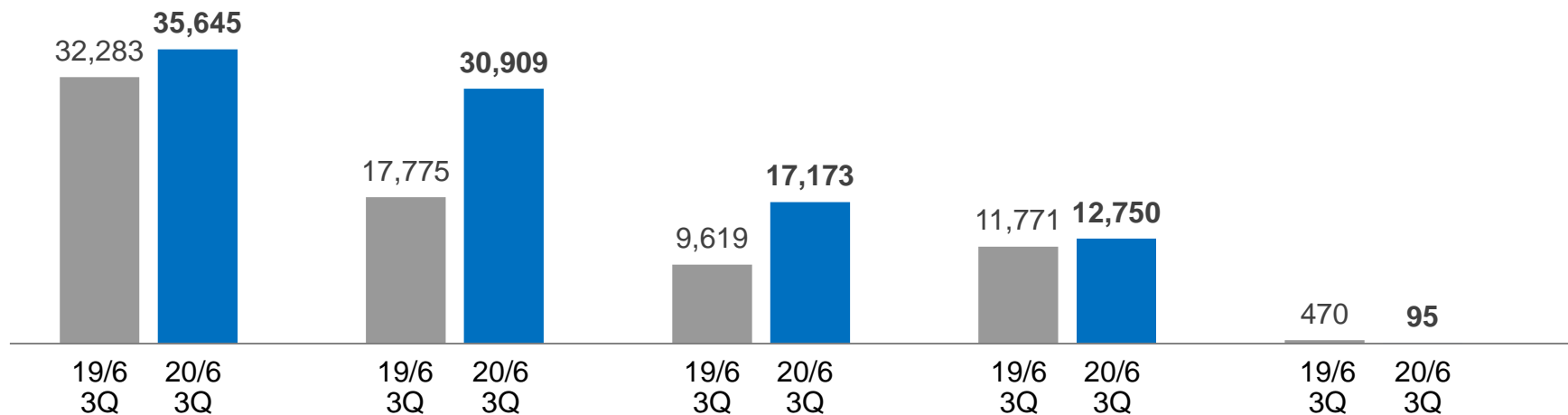
(Millions of yen)	FYE19/6 3Q Results	FYE20/6 3Q Results	YoY Change	
			Amount	%
Orders	71,995	96,635	24,640	134.2%
Net Sales	74,162	84,129	9,967	113.4%
Gross profit	22,697	25,994	3,297	114.5%
Operating Income	2,936	4,965	2,028	169.1%
Ordinary income	2,704	5,119	2,415	189.3%
Profit attributable to owners of parent	1,468	3,408	1,940	232.2%

- As the effect of the COVID-19 pandemic up to 3Q was limited, business performance remained strong.
- Orders were up from a year earlier in all segments except the Energy business.
- Net sales increased in all segments.
- Operating income increased due to the contribution of the Domestic Consulting and Urban & Spatial Development businesses.
- Net income for the quarter rose due to higher operating income despite an increase in non-operating expenses.

# Results by Business Segment (Orders)

(Millions of yen)	FYE19/6 3Q Results	FYE20/6 3Q Results	YoY Change	
			Amount	%
<b>Orders</b>	<b>71,995</b>	<b>96,635</b>	<b>24,640</b>	<b>134.2%</b>
Domestic Consulting	32,283	35,645	3,361	110.4%
International Consulting	17,775	30,909	13,134	173.9%
Power Engineering	9,619	17,173	7,554	178.5%
Urban & Spatial Development	11,771	12,750	979	108.3%
Energy	470	95	△ 375	20.2%

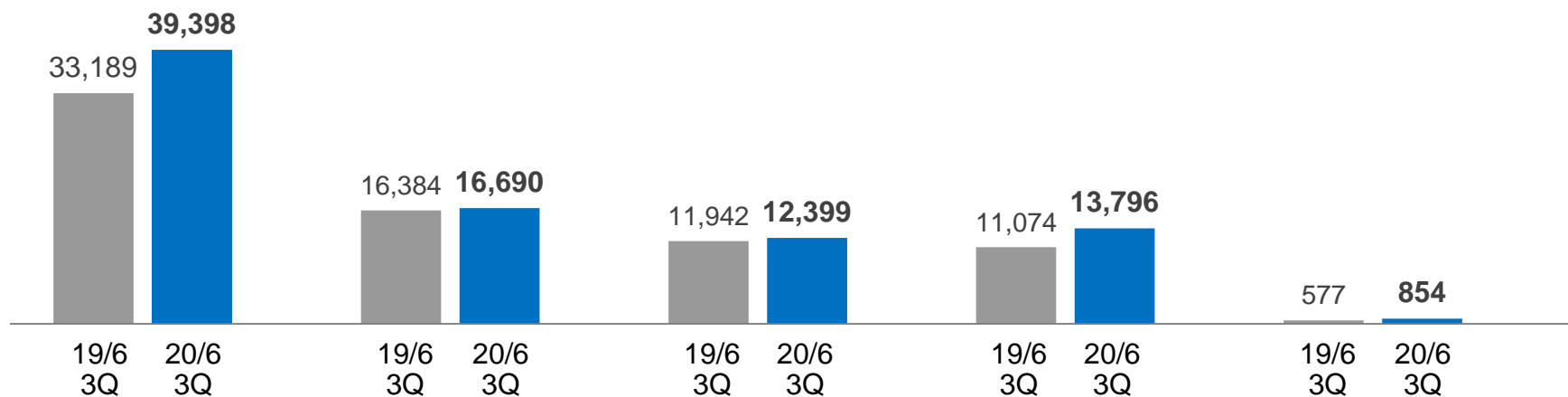
■ Domestic Consulting
 ■ International Consulting
 ■ Power Engineering
 ■ Urban & Spatial Development
 ■ Energy



# Results by Business Segment (Net sales)

(Millions of yen)	FYE19/6 3Q Results	FYE20/6 3Q Results	YoY Change	
			Amount	%
<b>Net sales</b>	<b>74,162</b>	<b>84,129</b>	<b>9,967</b>	<b>113.4%</b>
Domestic Consulting	33,189	39,398	6,209	118.7%
International Consulting	16,384	16,690	306	101.9%
Power Engineering	11,942	12,399	456	103.8%
Urban & Spatial Development	11,074	13,796	2,722	124.6%
Energy	577	854	276	147.9%
Real Estate/Others	994	990	△ 4	99.6%

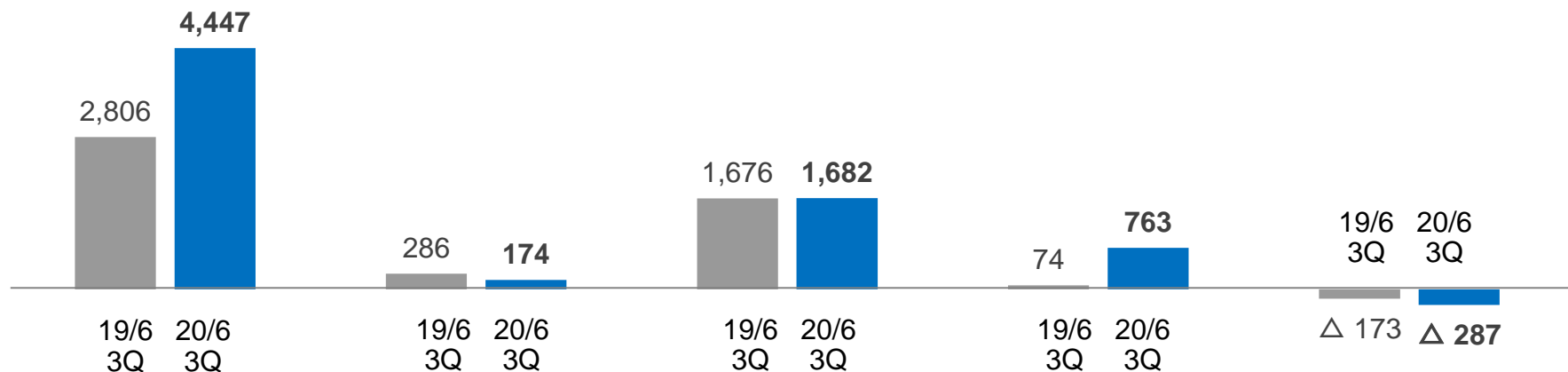
■ Domestic Consulting
 ■ International Consulting
 ■ Power Engineering
 ■ Urban & Spatial Development
 ■ Energy



# Results by Business Segment (Operating Income)

(Millions of yen)	FYE19/6 3Q Results	FYE20/6 3Q Results	YoY Change	
			Amount	%
Operating Income	2,936	4,965	2,028	169.1%
Domestic Consulting	2,806	4,447	1,641	158.5%
International Consulting	286	174	△ 112	60.8%
Power Engineering	1,676	1,682	5	100.3%
Urban & Spatial Development	74	763	688	1028.4%
Energy	△ 173	△ 287	△ 114	-
Real Estate/Others	△ 1,733	△ 1,814	△ 80	-

■ Domestic Consulting
 ■ International Consulting
 ■ Power Engineering
 ■ Urban & Spatial Development
 ■ Energy



# Overview of Performance by Business Segment

## Domestic Consulting

- Orders were higher than the same period of the previous year due to orders for large-scale projects.
- Net sales increased due to steady progress in projects related to national land resilience and others, as well as the expansion of the scope of application of the percentage-of-completion method.
- Operating income was higher as net sales increased.

## International Consulting

- Orders rose from the same period a year earlier thanks to orders received for large-scale projects, which had been expected for the previous fiscal year, and those acquired during the current fiscal year.
- Net sales and operating income were flat to the same period of the previous year due to changes in the market environment of two Group companies (Nippon Koei LAC and Koei Research & Consulting) in the segment. Ensure profitability through collaboration among the bases.

## Power Engineering

- Orders were higher than the same period of the previous year thanks to orders for large-scale projects from government agencies and the private sector.
- Net sales and operating income were flat compared to the same period of the previous year due to postponement of construction periods and design delays in water-turbine generator projects in the production division. Take measures such as strengthening progress management.

# Overview of Performance by Business Segment

## Urban & Spatial Development

- Orders rose from the same period last year with the accumulation of small projects.
- Net sales increased due to steady progress in in-hand projects including the refurbishment of the Palace of Westminster.
- Operating income increased due to improved profitability at BDP and strong performance at the newly consolidated subsidiary in Canada.

\* The fixed exchange rate applied to the results for the 3rd quarter of FYE June 30, 2020: 1 GBP = 137.39 JPY (the rate used in the plan for FYE June 30, 2020 was 1 GBP = 144.27 JPY)

\*\* The amount of amortization expense of Urban & Spatial Development business for FYE June 30, 2020 is approx. 1 billion JPY (goodwill: approx. 400 million JPY; other intangible fixed assets: approx. 500 million JPY)

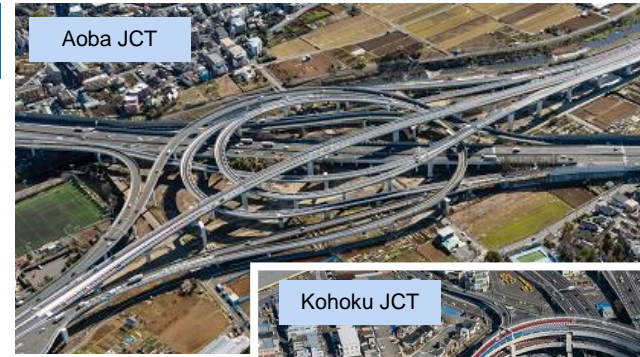
## Energy

- Orders were lower than in the same period of the previous year due to the delay in expected orders related to storage batteries in Europe.
- Net sales increased as a result of the promotion of public hydroelectric power generation maintenance and management services.
- Operating loss grew due to expenses for European bases, an upfront investment.

# Project Case Study

## Metropolitan Expressway Yokohama Northwest Line project

Client	Kanagawa Construction Bureau, Metropolitan Expressway Co., Ltd.
Summary of project	<ul style="list-style-type: none"> <li>The project aims to improve the traffic environment on roads along the line by connecting the northwestern part of Yokohama City with Yokohama central and bay areas, and thereby strengthen the international competitiveness of the area.</li> <li>Conducted a basic study on construction methods for Aoba JCT and Kohoku JCT, and rough estimation and implementation designs for connecting roads (viaducts)</li> <li>Performed design of other ancillary facilities and analysis of the impact of nearby engineering works (FEM) with the Tomei Expressway</li> </ul>



## Naha Airport runway addition project

Client	Naha Ports and Airport Office, Okinawa General Bureau, Cabinet Office
Summary of project	<ul style="list-style-type: none"> <li>A second runway was planned offshore with a view to contributing to the sustainable development of Okinawa Prefecture and demonstrating its potential as a hub for future domestic and international air networks.</li> <li>An airport site was prepared with a landfill area of approximately 160 ha, a runway length of 2,700 m, and a revetment length of approximately 8.5 km.</li> <li>Developed a facility layout plan including runways, as well as a revetment design/construction plan for offshore reclaimed land, design of airport civil engineering facilities such as runways and taxiways, and site development designs, etc.</li> </ul>



Source: Naha Ports and Airport Office, Okinawa General Bureau



# Project Case Study

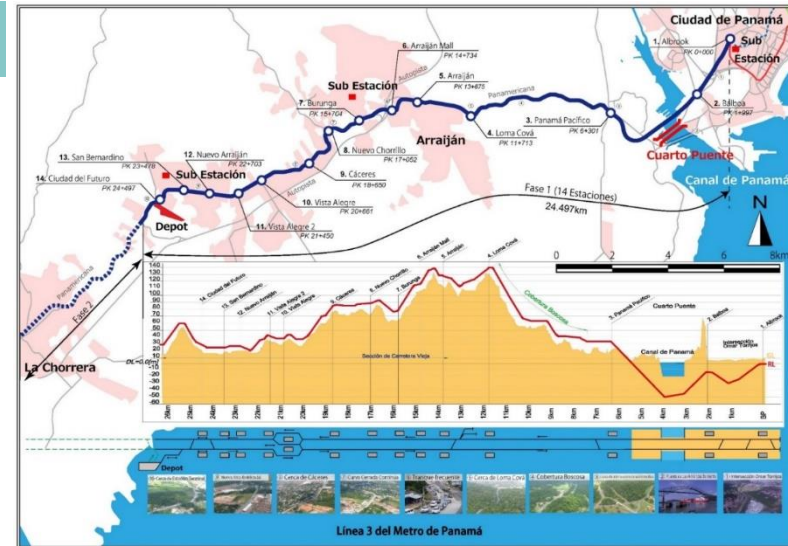
## Mombasa Gate Bridge construction project in Kenya

Client	JICA
Contract value	1.55 billion yen (for NK)
Summary of project	<ul style="list-style-type: none"> <li>The project aims to alleviate traffic congestion in Mombasa, the gateway to the East African region.</li> <li>The Company carried out detailed design of a project to construct a bridge (steel cable-stayed bridge/about 1.3 km/2 lanes on each side) connecting Mombasa Island and Likoni district in the south.</li> <li>Contributed to the revitalization of regional economic activities and economic development in the country and neighboring countries by mitigating traffic congestion and facilitating traffic</li> </ul>



## Panama Metropolitan Area Urban Transportation Line-3 development project

Client	JICA
Contract value	2.24 billion yen (for NKG)
Summary of project	<ul style="list-style-type: none"> <li>Project to develop Panama's first monorail system (route length of 24.14 km, 14 stations in total)</li> <li>The Company undertook construction supervision, interface coordination with the 4th Bridge project, and coordination support with relevant organizations related to project execution.</li> <li>Contributed to sustainable economic growth in the country by improving urban transport functions and reducing carbon dioxide emissions</li> </ul>



# Project Case Study

## Upgrade of hydraulic civil engineering monitoring and control systems

**Client** TEPCO Renewable Power, Inc.

### Summary of project

- Redevelopment of hydraulic civil engineering monitoring and control systems that remotely monitor and control dam facility operations (such as the operation of gates for water intake for hydroelectric power generation, and discharge during rainfall and snow melting)
- The Company delivered monitoring and control systems to 4 monitoring and control centers including those in the Gunma region.
- Achieved improved safety and operability by focusing on the operability and standardization of system configuration, etc., to prevent operation mistake by operators' misidentifying dam gates, etc.



## Renewal of the 66 kV switchgear at Kuramae substation

**Client** TEPCO Power Grid, Inc.

### Summary of project

- Project to replace an aging 66 kV switchgear at an indoor substation in Tokyo with a gas insulated switchgear
- Because of its adjacency to the Sumida River, conducted soil investigation prior to the foundations of the switchgear in consideration of the surrounding environment
- Completed the long-term construction work, which began in 2015 in cooperation with the client and related construction companies in March 2020



Gas insulated switchgear



# Project Case Study

## Design of temporary hospitals that treat COVID-19 patients

### Summary of project

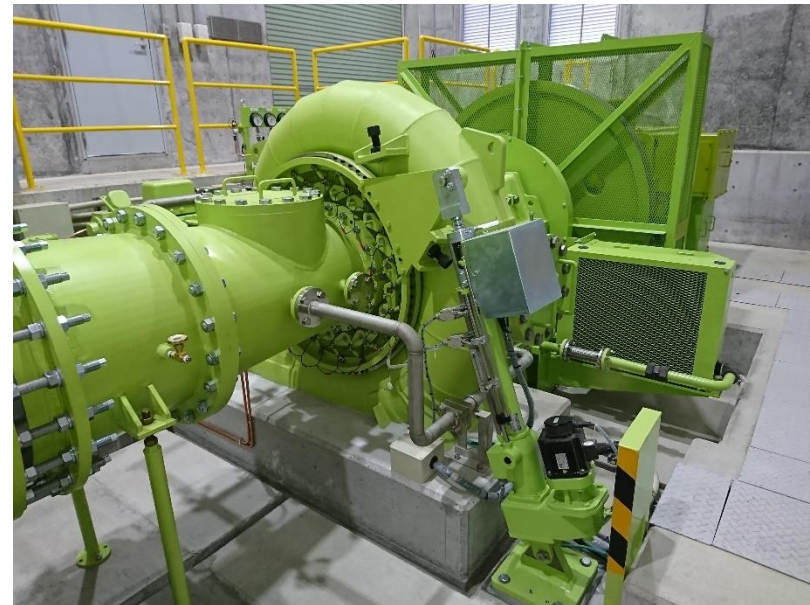
- BDP conducted design of temporary hospitals that treat COVID-19 patients.
- The project reused a large exhibition space in the eastern part of London in the UK to install 500 beds in 9 days from the start of construction, and subsequently increase to 4,000 beds.
- BDP is also constructing other emergency medical facilities in Manchester, Bristol, Birmingham, and other parts of the UK, with a total of approximately 12,000 beds planned to be installed.



## Koriyama City Water and Sewer Bureau small hydroelectric power generation project

### Summary of project

- It is a small hydroelectric power generation project conducted by the Koriyama City Water and Sewer Bureau through a public-private partnership as part of consideration paid for the natural environment.
- Installed a small hydroelectric power plant using a part of a water pipeline extending from Lake Inawashiro, which is over 500 meters above sea level, to a water purification plant
- Power generation started in March 2020 with KOEI Energy, a Group company of Nippon Koei, in charge of the ownership of the power generation facilities and sales of generated power.
- Annual power generation is approximately 4,050 MWh, equivalent to the consumption of about 1,100 households.



# Revisions to the FYE June 30, 2020 Forecasts

In addition to the delay caused by the COVID-19 pandemic, changes in the market environment for Group companies overseas, and changes in the construction periods and restructuring of the production system in the Power Engineering business resulted in downward revisions.

(Millions of yen)	<b>Previous forecast (Japanese GAAP)</b> <small>Figures in ( ) indicate differences/changes from the previous period.</small>		<b>Revised forecast (Japanese GAAP)</b>
Orders	<b>137,400</b> (+19,314, +16.4%)	$\Delta 600$	<b>136,800</b> (+18,714, +15.8%)
Net sales	<b>127,700</b> (+19,110, +17.6%)	$\Delta 11,900$	<b>115,800</b> (+7,210, +6.6%)
Operating income	<b>5,800</b> (+689, +13.5%)	$\Delta 1,200$	<b>4,600</b> ( $\Delta 510$ , $\Delta 10.0\%$ )
Reason for revision	<ul style="list-style-type: none"> <li>● The extension of the contracted construction periods and delays in business progress due to the effect of the COVID-19 pandemic are taken into account.</li> <li>● While the Domestic Consulting business is performing well, changes in the market environment of the Group companies of the International Consulting business, extension of the contracted construction periods and restructuring of the production system in the Power Engineering business, and currency fluctuations in the UK for the Urban &amp; Spatial Development business are assumed.</li> <li>● Account settlement work was delayed due to the effect of the COVID-19 pandemic, causing the adoption of IFRS to be postponed to the full-year financial results during the FYE June 2021.</li> </ul>		

# Revisions to the FYE June 30, 2020 Forecasts by Segment

(Millions of yen)

■ = Hit hard by COVID-19

Segment		Revised forecast	Differences from previous forecast	Reason for revision
Domestic Consulting	Orders	56,500	4,100	The effect of the COVID-19 pandemic has been minor so far, with orders, net sales, and operating income all revised upward.
	Net sales	51,500	200	
	Operating income	5,300	1,100	
International Consulting	Orders	44,700	△ 3,400	Delays in contracted construction periods and project progress due to travel restrictions for JICA projects Changes in the market environment for the Group companies in the segment (Nippon Koei LAC: Change of government in the service area, Koei Research & Consulting: Changes in the details of publicly announced projects)
	Net sales	27,800	△ 6,700	
	Operating income	700	△ 2,200	
Power Engineering	Orders	24,300	8,300	Upward revision to orders due to those for large-scale projects Prioritization by TEPCO PG of a project outside the Company's territory (transmission and distribution network development in response to Typhoon No. 15) and delays in the normalization of projects for which construction schedules had been changed due to the Olympic & Paralympic games Restructuring of the production system in the production division
	Net sales	16,700	△ 2,900	
	Operating income	1,500	△ 700	
Urban & Spatial Development	Orders	12,800	△ 5,800	Delay in the receipt of orders due to lockdown in the UK, currency fluctuations
	Net sales	17,500	△ 1,300	
	Operating income	800	200	
Energy	Orders	100	△ 2,000	Delay in the development of battery related projects in Europe (NIPPON KOEI ENERGY EUROPE)
	Net sales	1,100	△ 1,100	
	Operating income	△ 400	400	

# FYE June 30, 2020 Forecasts (Revised on May 14)

(Millions of yen)	FYE 19/6 Results	FYE20/6 Forecast	Differences from previous forecast	YoY Change Amount	YoY Change %
<b>Orders</b>	118,085	<b>136,800</b>	△ 600	18,714	115.8%
Domestic Consulting	52,855	56,500	4,100	3,644	106.9%
International Consulting	28,482	44,700	△ 3,400	16,217	156.9%
Power Engineering	15,411	24,300	8,300	8,888	157.7%
Urban & Spatial Development	20,510	12,800	△ 5,800	△ 7,710	62.4%
Energy	723	100	△ 2,000	△ 623	13.8%
<b>Net sales</b>	108,589	<b>115,800</b>	△ 11,900	7,210	106.6%
Domestic Consulting	49,593	51,500	200	1,906	103.8%
International Consulting	24,928	27,800	△ 6,700	2,871	111.5%
Power Engineering	16,531	16,700	△ 2,900	168	101.0%
Urban & Spatial Development	15,359	17,500	△ 1,300	2,140	113.9%
Energy	719	1,100	△ 1,100	380	152.9%
Real Estate/Others	1,456	1,200	△ 100	△ 256	82.4%
<b>Operating Income</b>	5,110	<b>4,600</b>	△ 1,200	△ 510	90.0%
Domestic Consulting	4,990	5,300	1,100	309	106.2%
International Consulting	841	700	△ 2,200	△ 141	83.2%
Power Engineering	2,089	1,500	△ 700	△ 589	71.8%
Urban & Spatial Development	151	800	200	648	526.7%
Energy	△ 365	△ 400	400	△ 34	-
Real Estate/Others	△ 2,597	△ 3,300	0	△ 702	-
<b>Ordinary Income</b>	5,584	<b>5,000</b>	△ 1,200	△ 584	89.5%
<b>Profit attributable to owners of parent</b>	3,318	<b>2,700</b>	△ 900	△ 618	81.4%
Operating margin (%)	4.7	<b>4.0</b>			
ROE (%)	5.7	-			

# Shareholder Return

## ■ Revision to the dividend forecast

The Company promotes its businesses while maintaining a balance among the three concepts of making growth investment, ensuring financial soundness, and improving capital efficiency, and strives to achieve stable dividends and increase returns to shareholders in line with rising profit levels (with the target dividend payout ratio of 30%).

Based on this policy, the Company has revised its (year-end) dividend forecast for the fiscal year under review in light of the revisions to forecasted financial results and heightened uncertainty surrounding business progress due to the effect of COVID-19.

	Cash dividends per share (¥)		
	At end of 2Q	At fiscal year end	Total annual
Previous forecast (August 13, 2019)	—	100.00	100.00
Revised forecast	—	75.00	75.00