

Supplementary Materials for the Summary of Financial Reports 1Q, FYE June 30, 2019

November 12, 2018

Nippon Koei Co., Ltd.

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1Q Results for FYE June 30, 2019

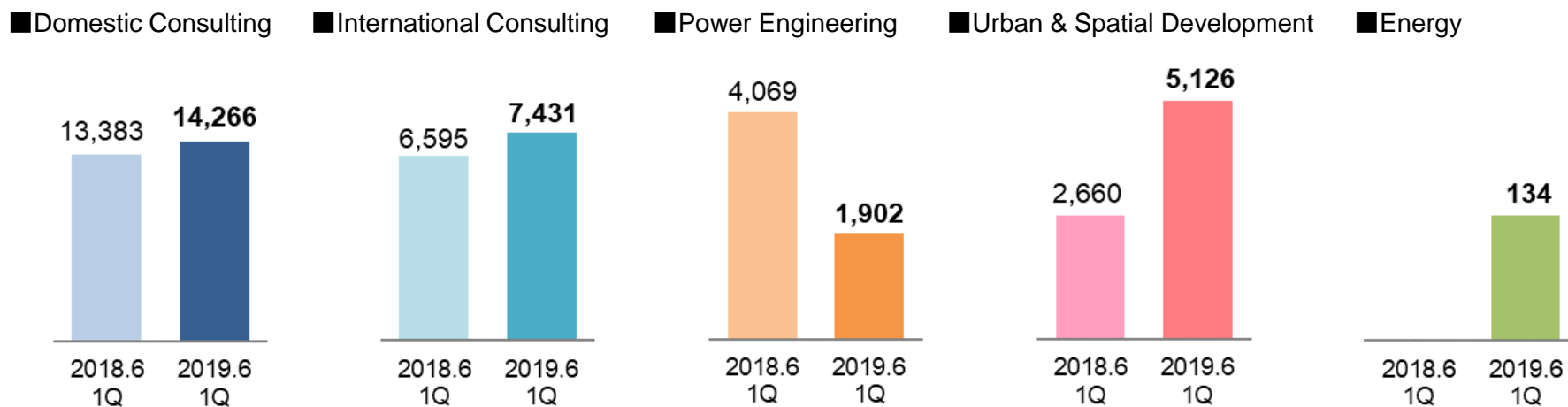
Domestic Consulting and Urban & Spatial Development were strong, with orders rising year on year, and net sales also increasing. In International Consulting and Power Engineering, the scale of the operating loss grew, due to costs being posted upfront.

(Millions of yen)	FYE18/6 1Q Results	FYE19/6 1Q Results	YoY Change	
			Amount	%
Orders	26,713	28,891	2,177	108.2%
Net sales	14,168	17,729	3,560	125.1%
Gross profit	4,470	4,503	33	100.7%
Operating Income	- 1,557	- 1,962	405	—
Ordinary Income	- 1,189	- 2,061	871	—
Profit attributable to owners of parent	8	- 1,654	- 1,662	—

- Orders in the Power Engineering Operations declined, but orders in the Domestic Consulting Operations, the International Consulting Operations, and the Urban & Spatial Development Operations were robust, rising year on year.
- Net sales also rose year on year, helped by the contribution from the Domestic Consulting Operations.
- Although a smaller operating loss was recorded in the Domestic Consulting Operations, profits declined in other businesses, leading to a larger operating loss than in the same period of the previous year.
- Profit attributable to owners of parent decreased year on year, due to a difficult comparison with the extraordinary gains on disposal of real estate posted in the same period of the previous year.

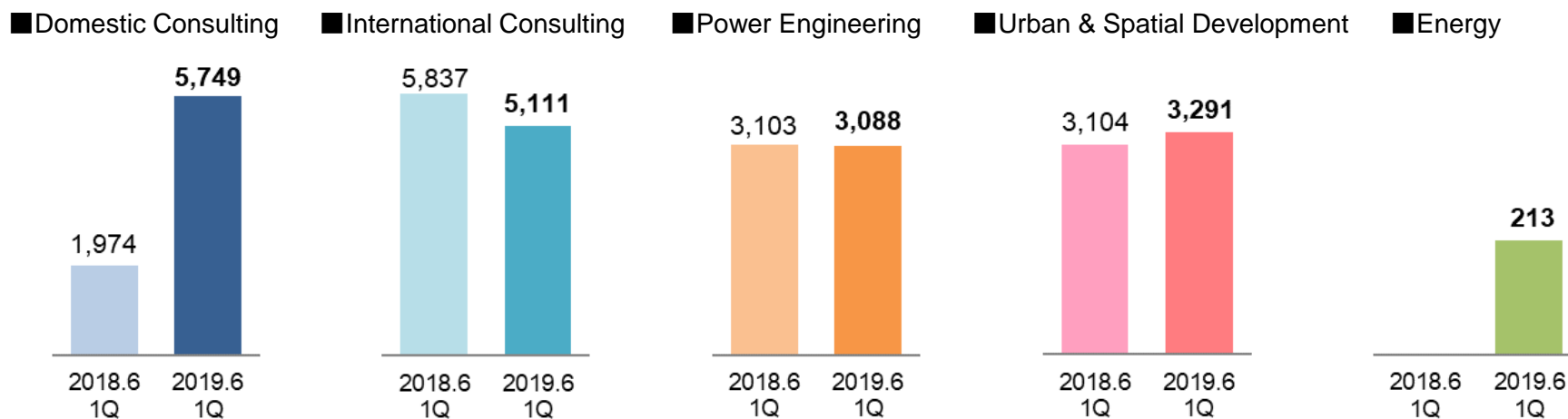
Results by Business Segment (Orders)

(Millions of yen)	FYE18/6 1Q Results	FYE19/6 1Q Results	YoY Change	
			Amount	%
Orders	26,713	28,891	2,177	108.2%
Domestic Consulting	13,383	14,266	882	106.6%
International Consulting	6,595	7,431	836	112.7%
Power Engineering	4,069	1,902	- 2,166	46.7%
Urban & Spatial Development	2,660	5,126	2,466	192.7%
Energy	—	134	134	—



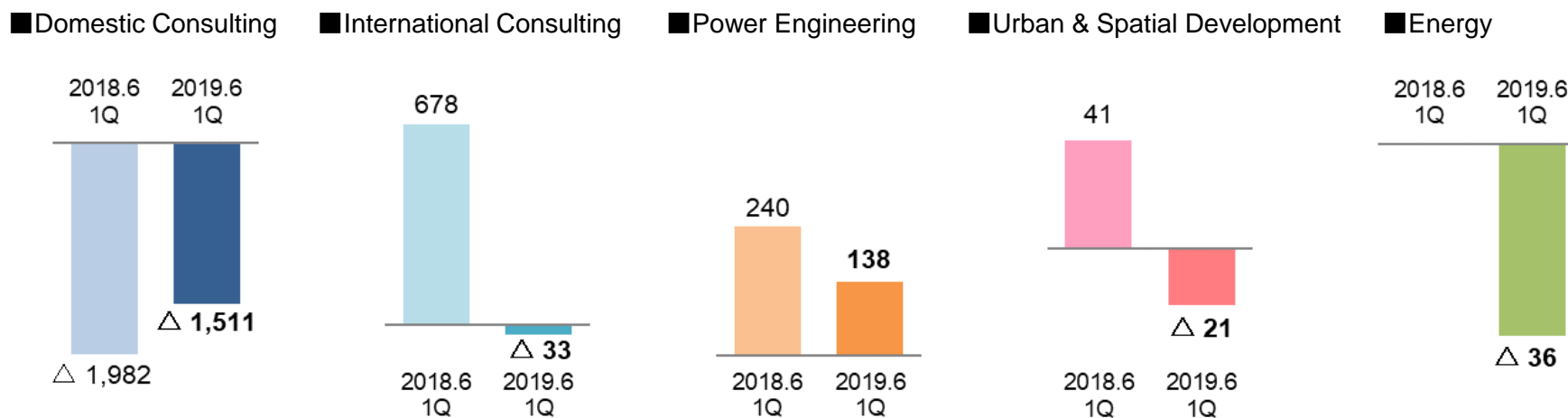
Results by Business Segment (Net sales)

(Millions of yen)	FYE18/6 1Q Results	FYE19/6 1Q Results	YoY Change	
			Amount	%
Net sales	14,168	17,729	3,560	125.1%
Domestic Consulting	1,974	5,749	3,774	291.1%
International Consulting	5,837	5,111	725	87.6%
Power Engineering	3,103	3,088	- 14	99.5%
Urban & Spatial Development	3,104	3,291	187	106.0%
Energy	—	213	213	—
Real Estate/Others	148	273	125	184.2%



Results by Business Segment (Operating Income)

(Millions of yen)	FYE18/6 1Q Results	FYE19/6 1Q Results	YoY Change	
			Amount	%
Operating Income	- 1,557	- 1,962	- 405	—
Domestic Consulting	- 1,982	- 1,511	470	—
International Consulting	678	- 33	- 712	—
Power Engineering	240	138	- 102	57.5%
Urban & Spatial Development	41	- 21	- 62	—
Energy	—	36	- 36	—
Real Estate/Others	- 536	- 497	38	—



Overview of Performance by Business Segment

Domestic Consulting

- Orders grew year on year due to the use of engineering proposals to win national government-related projects, and strength in the private sector.
- Net sales rose significantly, due to steady progress in projects, and as a result of the switch to the percentage of completion method for project orders received the previous year.
- The operating loss contracted, as a consequence of the increase in net sales.

International Consulting

- Orders rose year on year, with the Company winning orders such as that for Bangladesh MRT Line-1, a major project.
- Affected by the ending of the operations phase of major projects, and temporary changes in the market environment, as well as the reaction to changes to accounting standards made the previous year, sales at Group companies fell, leading to lower revenue.
- Operating income was hit not only by lower net sales, but also by increases in expenses, and in personnel costs as a result of measures to strengthen the marketing structure.

Power Engineering

- Orders fell in comparison the same period of the previous year, in which some major projects were won.
- Despite the effects of a slump in orders for electric substation control devices in the previous fiscal year, net sales were flat year on year, due to strength in construction and plant (electric equipment consulting).
- Operating income declined as a result of deteriorating profitability, caused by cost-cutting demands, etc.

Overview of Performance by Business Segment

Urban & Spatial Development

- As a result of receiving orders related to the Westminster renovation and other projects, orders rose year on year.
- Net sales increased due to steady progress in orders on hand.
- Operating profit declined as a result of upfront costs related to measures to bolster personnel, and expenses related to office contract extensions and so on.

* The fixed exchange rate applied to the results for the 1st quarter of FYE June 30, 2019: 1 GBP = 146.18 JPY (the rate used in the plan for FYE June 30, 2019 was 1 GBP = 149.17 JPY)

** The amount of amortization expense of Urban & Spatial Development business for FYE June 30, 2019 is approx. 1 billion JPY (goodwill: approx. 400 million JPY; other intangible fixed assets: approx. 500 million JPY).

Energy

- Orders were in line with forecasts, helped by projects such as those involving management systems, and the installation of screw turbines.
- Net sales were boosted by the contribution from the Domestic Power Plant Operations.
- An operating loss was posted as a result of upfront costs recorded in the International Energy Management Operations.

FYE June 2019 Forecast

No changes have been made to the forecast for the entire FYE June 2019 period.

(Millions of yen)	FYE 18/6 Results	FYE19/6 Forecast	YoY Change Amount	YoY Change %
Orders	104,350	125,000	20,649	119.8%
Domestic Consulting	48,529	46,000	- 2,529	94.8%
International Consulting	26,716	44,000	17,283	164.7%
Power Engineering	15,943	14,000	- 1,943	87.8%
Urban & Spatial Development	12,855	16,000	3,144	124.5%
Energy	179	4,000	3,820	2,228.6%
Net sales	106,023	115,000	8,976	108.5%
Domestic Consulting	46,595	44,000	- 2,595	94.4%
International Consulting	28,889	31,000	2,110	107.3%
Power Engineering	15,762	20,000	4,237	126.9%
Urban & Spatial Development	13,040	16,500	3,459	126.5%
Energy	354	2,500	2,145	704.6%
Real Estate/Others	1,381	1,000	381	72.4%
Operating Income	6,561	6,200	361	94.5%
Domestic Consulting	4,279	3,500	779	81.8%
International Consulting	2,649	2,400	249	90.6%
Power Engineering	1,873	2,600	726	138.8%
Urban & Spatial Development	173	600	426	345.2%
Energy	18	100	81	-
Real Estate/Others	- 2,396	- 2,800	403	-
Ordinary Income	6,721	6,100	621	90.8%
Profit attributable to owners of parent	4,555	4,100	- 455	90.0%
Operating margin (%)	6.2	5.4		
ROE (%)	8.1	6.9		

Project Highlights (Domestic Consulting)

Facilities design work for the Sameura dam restoration project

This is restoration work aimed at increasing the ability of the Sameura dam, known as “the water carrier of Shikoku,” to mitigate floodwater and discharge water at time of floods.

For this project, Nippon Koei conducted a series of investigations that included evaluations of the soundness of the existing dam body, design related to new discharge facilities, renovation of the dam body itself, evaluation of the bedrock foundation, and planning for the construction itself, as well as drawing up a basic layout for the implementation design.

Our engineering proposal, backed by our extensive experience in dam restoration projects, and our CIM* proposal for the construction plan addressing the project issues, were both well received.



*A system that enhances the efficiency of the construction project by using a data model to link the necessary information occurring at each stage in relation to surveys, construction and maintenance.

Wind power generation facility Survey related to environmental issues

In response to the rapid growth in assessment projects for wind power generation facilities, the Ministry of the Environment has launched zoning operations nationwide with the aim of both preserving the environment and promoting the development of the business.

Nippon Koei is implementing services such as managing progress in 10 model regions around Japan as an organizer, operating investigative commissions, inspecting local sites, and providing support for the drawing up of zoning manuals.

(Photo: Inspecting wind turbines operated by Suttsu Town, Hokkaido Prefecture)



Project Highlights (International Consulting)

Detailed Design and Tender Assistance for Dhaka Mass Rapid Transit Development Project (MRT Line-1) (E/S), Bangladesh

A joint venture of seven companies, including Nippon Koei, has received orders related to the Dhaka Mass Rapid Transit's Line-1, the first subway to be constructed in Bangladesh.

In addition to this MRT development, Nippon Koei is establishing its presence in this country, where demand is growing, through its involvement with the Dhaka International Airport Expansion Project, feasibility studies for new airport developments, nationwide transmission grid projects, and flood mitigation and productivity improvements.



Establishment of subsidiary in Bangladesh

In September 2018, we established Nippon Koei Bangladesh Ltd. in Dhaka, the capital of Bangladesh.

Since establishing a liaison office in Dhaka in April 2014, our sales in Bangladesh have grown steadily, and given that the market is expected to continue to grow, we will leverage our accumulated experience to provide consulting services for both public-sector and private-sector projects.



Project Highlights (Power Engineering)

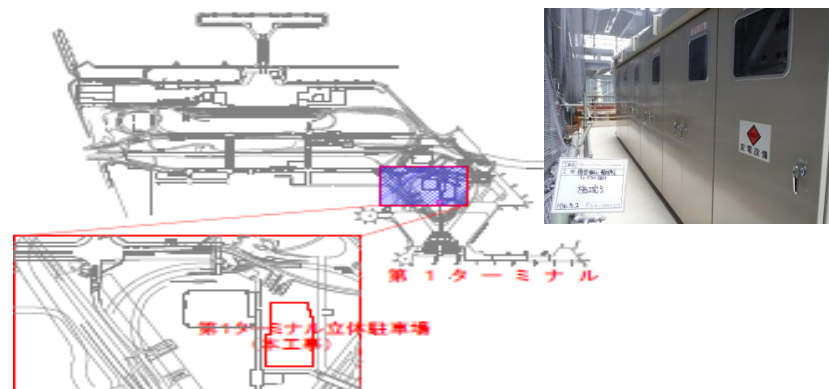
Obora No.1 Power Station turbine upgrade project for The Tokyo Electric Generation Company, Incorporated

Nearly 60 years after the power station first began operation, the deterioration of its facilities has become an issue, and this project will make use of feed-in tariffs (FIT) to implement a full upgrade. Nippon Koei will carry out a complete upgrade to the power generation facilities, manufacturing turbine generation equipment and external transformer facilities, as well as carrying out related civil engineering works. The removal work began in October 2018, and is scheduled to be completed in November 2020. The turbine that will be delivered will be the largest ever product manufactured by Nippon Koei, with an output of 12,244kW, and represents a concentration of the advanced engineering know-how that the Company has cultivated over the years. It is capable of turning at speeds of 1000 rpm, which is considered fast for this class of equipment.



Narita International Airport Terminal 1 multi-story car park installation project (facilities for receiving and transmitting electricity)

The multi-story car park at Narita International Airport's Terminal 1 is being extended to ease congestion at busy periods. Nippon Koei will carry out the installation of the power supply facilities for the car park extension. The special high-voltage transmission line facilities work performed at Terminal 3 is considered to have been a success, which led to the Company winning the orders for Terminal 1. We are expanding the scope of our work to projects outside those of the electric power companies.



Project Highlights (Urban & Spatial Development/Energy)

Urban & Spatial Development: Pondicherry Smart City Development

Nippon Koei India and BDP India have jointly received consulting business orders related to the design, management and supervision of the smart city development in the Pondicherry district of India. We will tackle this new field by making use of synergies between members of the Group. This new field consists of adding information technology to road and water supply infrastructure, and developing and installing all of these together, and is an advanced project even by the standards of the Nippon Koei Group.



Energy: First installation of screw turbine manufactured in Japan

Nippon Koei has been working on the research and development of a screw turbine that is able to generate electricity with high efficiency even with a low head of water, and will install the first commercial example of this. This will be the first installation of a screw turbine manufactured in Japan. This will be set up in the Terui redevelopment district, using underutilized agricultural water for its head. All power generated will be sold, utilizing feed-in tariffs (FIT).



*The photo shows a demonstration experiment at the Kotaka power plant (the Kotaka weir screw turbine demonstration facilities)