

# Presentation of Results Half Year, FYE June 30, 2017

February 23, 2017

Nippon Koei Co., Ltd.  
Representative Director and President  
Ryuichi Arimoto

I: Accounting Report  
(July 2016 - Dec 2016, FYE17/6 1H)

# 2Q Results for FYE June 30, 2017

In addition to a favorable trend with respect to existing businesses, BDP consolidation contributed to the growth of income and reduced the deficit. Steadily progressed toward the objective of the full-year plan.

## ■ Orders

The amount of orders showed a substantial increase over the same period of the previous year, since business trends of Domestic Consulting and International Consulting were favorable.

## ■ Net Sales

Excluding consolidated BDP, the figure was at the same level as the previous year.

## ■ Operating Income

Operating income showed an improvement in earnings, owing 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%)

## ■ Profit attributable to shareholders of parent firm

In addition to improved profitability, the growth of non-operating income reduced the deficit margin compared to the same period of the previous year.

(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%
Operating Income	- 3,500	<b>- 2,747</b>	752	—	- 2,824	—
Ordinary Income	- 3,328	<b>- 2,286</b>	1,041	—		
Profit attributable to shareholders of parent firm	- 2,651	<b>- 1,800</b>	850	—		

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

(\*1) We have changed the calculation standard for orders starting this period. For details, please see page 26. Results for 2Q of FYE June 30, 2016 are also based upon figures calculated according to the same standard.

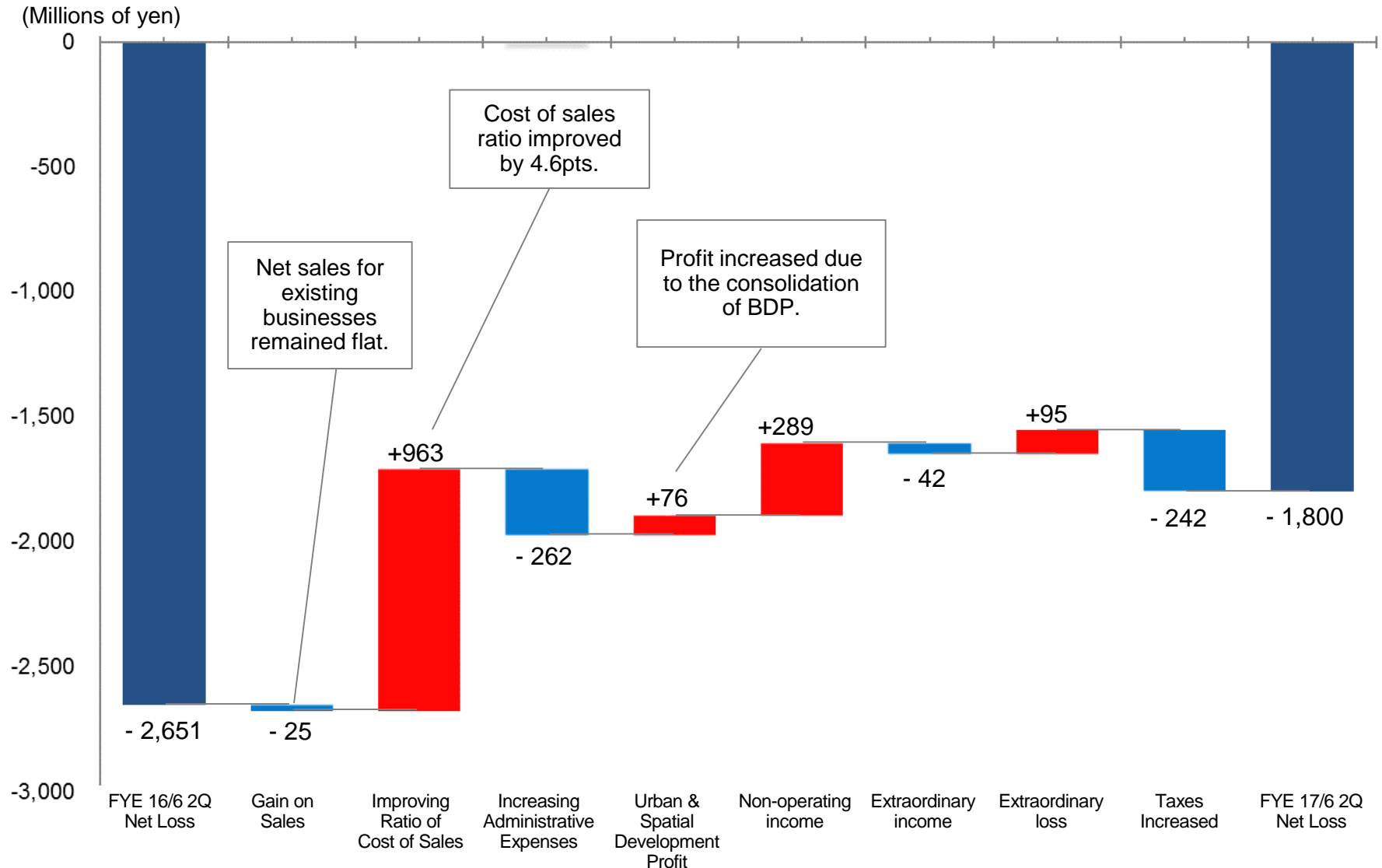
# Consolidated Profit and Loss Summary (FYE 17/6 1H)

Profitability has dramatically improved even on a BDP-unconsolidated basis.

(Millions of yen)	FYE 16/6 2Q Results		FYE17/6 2Q Results		yoy	yoy (%)	Reference Values FYE17/6 2Q (*2)	yoy (%)
		Ratio (vs. Sales)		Ratio (vs. Sales)				
Orders	38,245		58,451		20,206	152.8%	52,895	138.3%
Net sales	20,336	100.0%	26,304	100.0%	5,968	129.3%	20,311	99.9%
Cost of sales	15,599	76.7%	17,936	68.2%	2,336	115.0%	14,636	93.8%
Gross profit	4,736	23.3%	8,368	31.8%	3,632	176.7%	5,674	119.8%
SG&A	8,237	40.5%	11,116	42.3%	2,879	135.0%	8,499	103.2%
Operating income	- 3,500	-17.2%	- 2,747	- 10.4%	752	-	- 2,824	-
Non-operating income / expenses	171	0.8%	460	1.8%	288	267.9%		
Ordinary income	- 3,328	- 16.4%	- 2,286	- 8.7%	1,041	-		
Extraordinary income/loss	- 158	- 0.8%	- 105	- 0.4%	53	-		
Profit attributable to shareholders of parent firm	- 2,651	- 13.0%	- 1,800	- 6.8%	850	-		

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

# Profit / Loss Analysis



\*The amount of change in the values from sales to administrative expenses consists of yoy difference of existing businesses, excluding Urban & Spatial Development.

# Results by Business Segment

(Millions of yen)	FYE 16/6 2Q Results	FYE17/6 2Q Results	yoy	yoy (%)
<b>Orders</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%
<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%
<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/Recondilations	- 1,214	- 1,189	25	—

# Domestic Consulting

## Market environment

•The public works-related budget remains flat at the level of JPY 6 trillion, while budget for disaster prevention & mitigation and countermeasures against aging infrastructure showed a slight increase owing to “building national resilience” policy.

- 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.

(Millions of yen)	FYE 16/6 2Q Results		FYE17/6 2Q Results		yoy	yoy (%)
		Ratio (vs. Sales)		Ratio (vs. Sales)		
Orders	19,487		23,951		4,464	122.9%
Net sales (*)	4,470	100.0%	4,237	100.0%	- 233	94.8%
Cost of sales	4,135	92.5%	3,733	88.1%	- 402	90.3%
Gross profit	334	7.5%	504	11.9%	169	150.6%
SG & A	3,869	86.6%	3,986	94.1%	116	103.0%
Operating income	- 3,535	- 79.1%	- 3,482	- 82.2%	52	98.5%

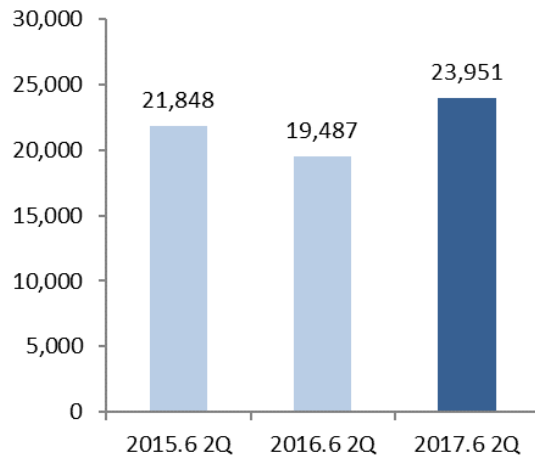
\*Net sales represent sales to external customers.

# Domestic Consulting

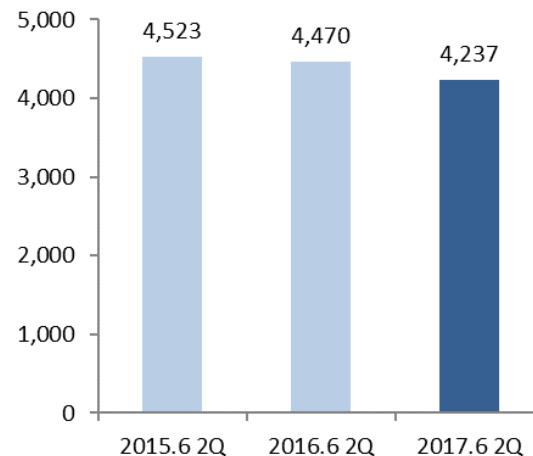
## Progress of business strategy

- The amount of orders for FYE17/6 1H steadily increased as a result of focusing on front-loaded orders observing the market trend.
- The amount of orders showed a 40% increase in core business over the same period of the previous year, with approx. 10% increase in Disaster Prevention and Mitigation, approx. 30% increase in Maintenance and Control.
- According to the statistics of MLIT's national survey (50 major organizations incl. local governments and other governmental agencies), our market share increased steadily. (The unconsolidated share of Nippon Koei rose from 6.5% to 6.9%. \*The data collection period is from April to November.)
- Productivity improved as a result of strategic project selection and promotion of quality improvement.

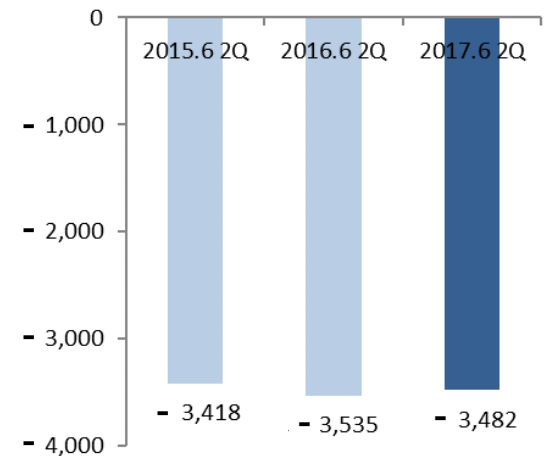
### ■ Orders



### ■ Net sales



### ■ Operating income (Millions of yen)





# International Consulting

## Market environment

- The ODA budget increased for the first time in 17 years. The “Expanded Partnership for Quality Infrastructure” initiative provides a favorable business environment for the Nippon Koei Group, which holds the top share in the ODA business.
- 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 an 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. (Operating margin: -1.4% → +2.5%)

(Millions of yen)	FYE 16/6 2Q Results		FYE17/6 2Q Results		yoy	yoy (%)
Orders	11,052	Ratio (vs. Sales)	22,229	Ratio (vs. Sales)	11,177	201.1%
Net sales (*)	8,347	100.0%	7,959	100.0%	- 388	95.3%
Cost of sales	6,498	77.8%	5,749	72.2%	- 748	88.5%
Gross profit	1,849	22.2%	2,210	27.8%	360	119.5%
SG & A	1,968	23.6%	2,009	25.2%	41	102.1%
Operating income	- 118	- 1.4%	201	2.5%	319	—

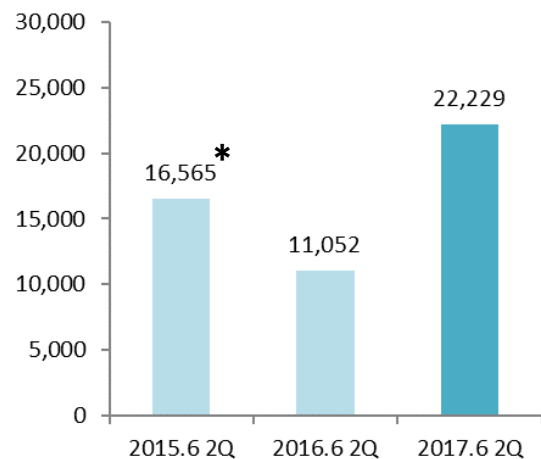
\*Net sales represent sales to external customers.

# International Consulting

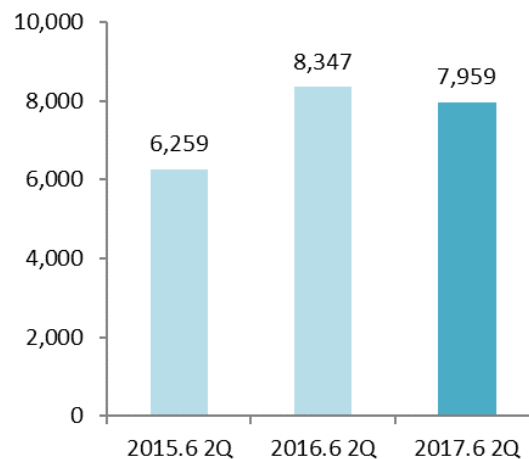
## Progress of business strategy

- The number of orders is at the highest level in history owing to contracts for several large-scale railway projects.
- Japanese ODA business keeps on growing, as a result of steadily-obtained orders for JICA's study projects and yen-loan-financed projects.
- An increase in number of projects at the construction surveillance stage led to a dramatic improvement in profitability.
- Group-wide acceptance of orders is promoted with strengthened ties among Group companies and overseas affiliate companies.
- Attention remains focused on its role as a tugboat to lead the infrastructure export industry.

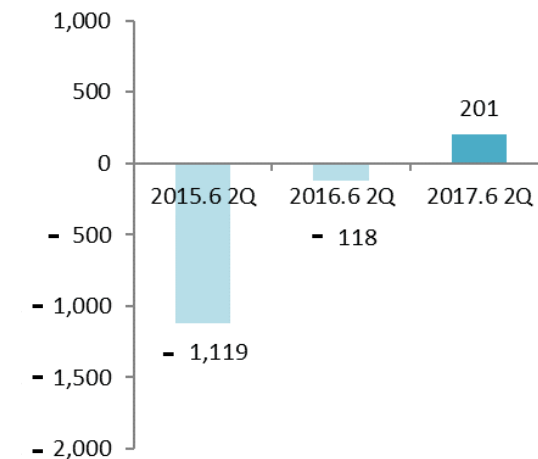
### ■ Orders



### ■ Net Sales



### ■ Operating income (Millions of yen)



\*The actual amount of orders for 2Q of FYE15/6 is calculated based on the previous standard.

# Power Engineering

## Market environment

- Price competition and cost reduction demand, including the growing number of competitive bids, will continue to intensify, while the number of renewal and repair projects increases.
- Future prospect for the market trend of electric power system reform is uncertain.

- 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 same period of the previous year, with completions and fairly progressing status of large-scale projects started in the past.
- Operating income also surpassed the one of the same period of the previous year, with completion of a number of large-scale projects and steady progress in productivity improvement. (Operating margin: 16.3% →18.6%)

(Millions of yen)	FYE 16/6 2Q Results		FYE17/6 2Q Results		Yoy	yoy (%)
Orders	7,697	Ratio (vs. Sales)	6,690	Ratio (vs. Sales)	- 1,007	86.9%
Net sales (*)	7,148	100.0%	7,738	100.0%	589	108.2%
Cost of sales	4,735	66.2%	4,921	63.6%	186	103.9%
Gross profit	2,413	33.8%	2,816	36.4%	402	116.7%
SG & A	1,246	17.4%	1,373	17.8%	126	110.2%
Operating income	1,166	16.3%	1,442	18.6%	276	123.7%

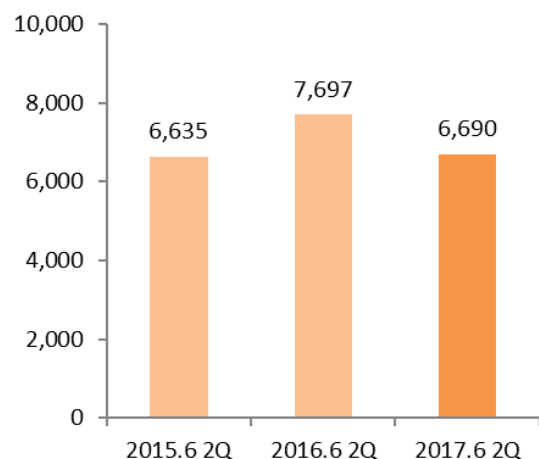
\*Net sales represents sales to external customers.

# Power Engineering

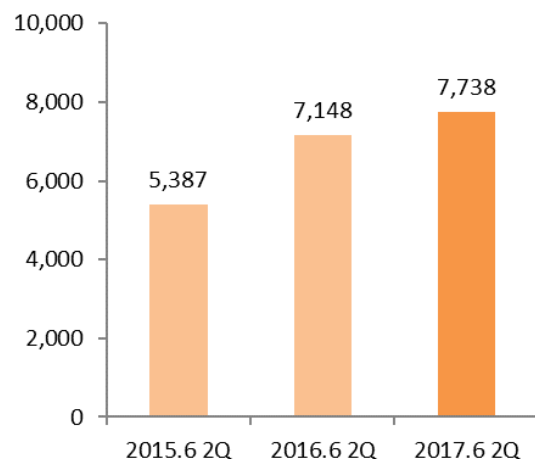
## Progress of business strategy in practice

- Achieved cost reduction by reviewing designs/specifications and improving operational efficiency, coping with the market environment of price competition and cost reduction demand.
- Currently promoting sales for governmental offices, private companies, and electricity producers other than Tokyo Electric Power Co.
- Constantly formulate projects in collaboration with the Domestic Consulting segment of NK group.
- Formulate new projects with focused business themes.
- Continue research & development for new products.

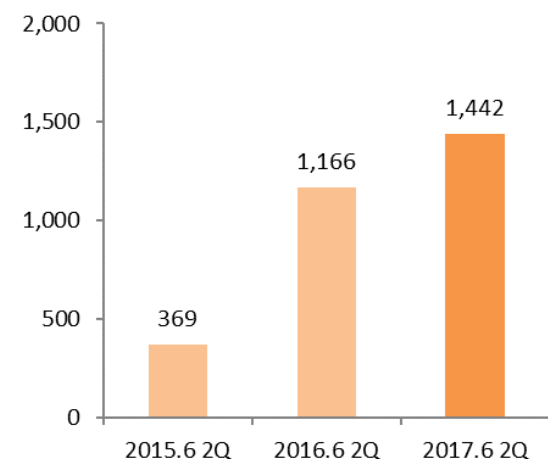
■ Orders



■ Net sales



■ Operating income (Millions of yen)



# Urban & Spatial Development

## Market environment

- In UK, the impact of Brexit is considered not to be very serious but consequences of some commercial projects conducted by the private sector are somehow influenced and uncertain.
- Urban development demand in emerging economies has been acutely rising especially in Asia.

- 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.
- The number of net sales have become better than the plan. The sales trend steadily progressed almost as forecasted either in 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 Margin to Sales after amortization of goodwill: 1.3%)

\* The total amount of amortization expense for FYE June 30, 2017 is approximately JPY 1 billion.

- Amortization of goodwill: approximately JPY 500 million
- Of other intangible fixed assets: Just over JPY 500 million

(Millions of yen)	FYE17/6 2Q Results	
Orders	5,555	(ratio vs. sales)
Net Sales (*)	5,993	100.0%
Cost of sales	3,299	55.0%
Gross profit	2,694	45.0%
SG & A	2,617	43.7%
Operating income	76	1.3%

\*Net sales represent sales to external customers.

## Progress of business strategy in practice

- BDP's existing businesses, mainly in UK, continue to be stable.
- Started sales promotion targeting private companies in ASEAN countries according to the cooperation with Nippon Koei Group.
- Completed (1) a program to send two Nippon Koei employees to BDP for three and a half months and (2) a training program to learn BIM technology.

\* 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 exchange rate of for 2Q results: 1 GBP = 144.5 JPY  
(Rate used in the plan for the FYE June 30, 2017 was 1 GBP = 160 JPY)

# Balance sheet

- Intangible fixed assets increased by recognition of goodwill during the acquisition of BDP in April 2016.
- Fixed liabilities increased due to an increase of long-term borrowings for the BDP acquisition.

(Millions of yen)	FYE 16/6 2Q Results	FYE 17/6 2Q Results	yoy
Assets	<b>89,532</b>	<b>113,878</b>	<b>24,346</b>
Current assets	49,456	58,400	8,943
Physical fixed assets	24,544	24,609	65
Intangible assets	553	13,205	12,652
Investments and other assets	14,978	17,663	2,685
Liabilities	<b>40,427</b>	<b>67,091</b>	<b>26,664</b>
Current liabilities	34,514	38,986	4,471
Non-current liabilities	5,912	28,105	22,192
Net assets	<b>49,104</b>	<b>46,786</b>	<b>- 2,317</b>

# Cash Flows

- Cash flow from operating activities increased owing to the increase in advances received led by a favorable increase in orders.
- Cash flow from investment activities showed a decrease in expenses as a result of reduced expenditure for the purchase of investment securities.

(Millions of yen)	FYE 16/6 2Q Results	FYE 17/6 2Q Results	yoy
Net cash provided by (used in) operating activities	- 14,639	<b>- 7,337</b>	7,301
Net cash provided by (used in) investing activities	- 3,057	<b>- 2,078</b>	978
Net cash provided by (used in) financing activities	11,218	<b>10,758</b>	- 459
Net increase (decrease) in cash and cash equivalents	- 6,530	<b>933</b>	7,463
Cash and cash equivalents at the end of period	5,142	<b>10,334</b>	5,191

## II: FYE 17/6 Forecast



# 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 shareholders of parent firm	<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 changes)

## 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

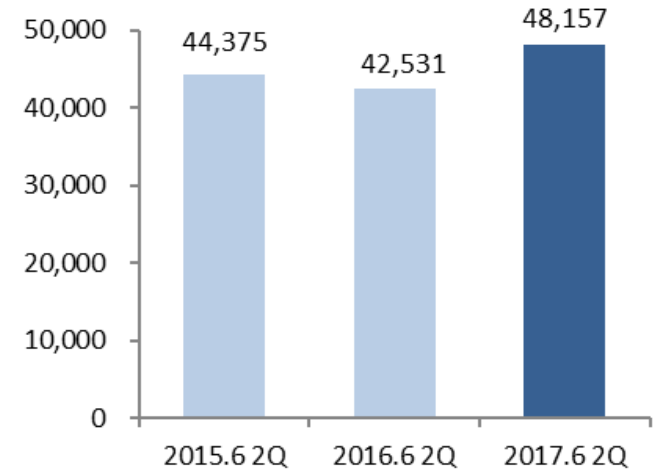
# III: Initiatives to be taken in the Second Half of the Fiscal Year Ending June 30, 2017 and Beyond

# Initiatives from FYE 17/6 3Q (1) - to achieve NK-AIM -

## Domestic Consulting

- In light of the “Restructuring Vision for Society with Awareness of Water-related Disaster Prevention (MLIT)”, we will enhance measures for large-scale water-related disasters that will be a leading factor for winning the competition at the market with high growth potential. Taking advantage of our strength as a general consultant, we will deal with the business demand in a cross-divisional approach.
- As a member of the “National Council for Infrastructure Maintenance,” we will actively collect relevant information and make proposals for solution.
- We will obtain a high rating for this year’s businesses and secure early orders by conducting strict quality control.

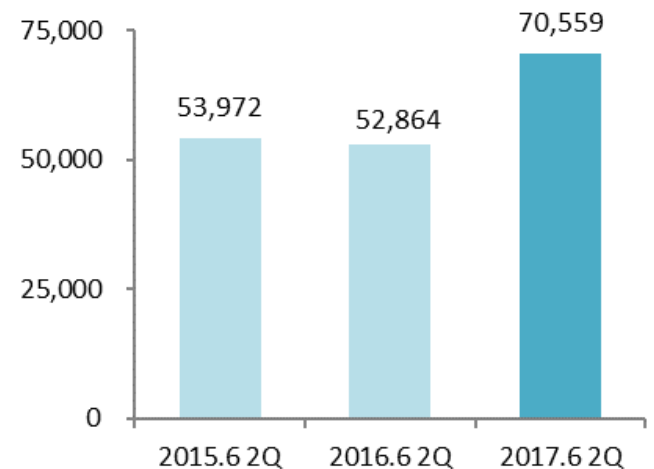
<< Outstanding orders (Millions of yen) >>



## International Consulting

- We will continue enhancing capacities for making proposals with comparative advantages to secure large-scale orders.
- We will strengthen management systems and accumulate know-how of the railway-related business.
- In order to promote urban and PPP businesses, we will strengthen operations and sales forces mainly in areas of airports/ports, roads, and water supply & sewage.
- We will strengthen our ties for collaboration with Group companies and enhance the production system by accelerating our alliance with other companies.

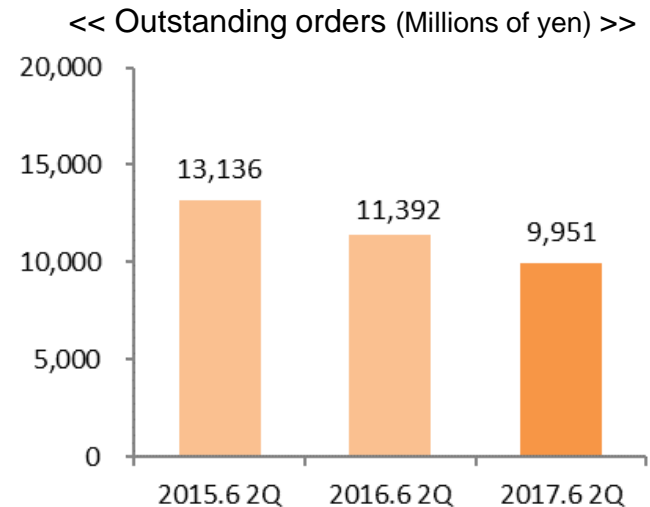
<< Outstanding orders (Millions of yen) >>



# Activities from FYE 17/6 3Q (2) - to achieve NK-AIM -

## Power Engineering

- By responding to rush demand before the revision of the FIT price and other kind of demand emerging after the revision, we will seek opportunities to prepare estimates for governmental and private projects in order to obtain more orders.
- We will follow up on the former technology-related proposals, and submit new technical proposals.
- Sales operations will be conducted in collaboration with the branches of the domestic consulting business.
- We will seek new business opportunities and develop relationships with electricity producers other than the major power companies we currently transact with.



## Urban & Spatial Development

- In the UK market, we will use the cutting-edge BIM technology owned by BDP, as one of sales promotion tools, to enhance business performance.
- The establishment of a new business site in Asia is under discussion in order to facilitate cooperation with the Nippon Koei Group and improve productivity.
- Employees of Nippon Koei and BDP form a liaison group to share bidding information as needed. We will obtain orders of cooperative project like the one for Myanmar.
- We will utilize employees who have completed training at BDP to share the knowledge and theory they have learned with Nippon Koei.
- The human-resource exchange with BDP and sharing of BIM technology will continue.

# Initiatives from FYE 17/6 3Q (3) — to achieve NK-AIM —

## Corporate-wide common measures

- Technical measure → The International R&D Center was established within the R&D Center in January 2017. The aim is to make proposals for overseas projects by utilizing globally-investigated technological information and trends.  
We will make an action plan in practice, consisting of 12 themes including technology coping with climate change, disaster prevention and mitigation technology, project management systems and BIM system.
- Personnel measure → To provide more comfortable work environment, a full-scale launch of the working-at-home system, the establishment of a satellite office and a child-care related corporate welfare scheme will be conducted.
- Organizational measure → Demolishment of the former head office building commenced in February 2017 as a part of the new head office project.

### **[TOPIC] The first among construction consultant companies, we opened an on-site day-care center “N-Kids” in October 2016.**

As a part of the initiatives to realize flexible working styles, an on-site day-care center started to provide employees with more comfortable work environment. The center can be used on a regular and day-to-day basis, and encourages early return from childbirth leave and facilitates sustainable operation when an employee is transferred from an overseas office or local office to the headquarter site in Tokyo.



# NK-AIM Demonstration of our true Merit (1)

## Create synergy through cooperation between BDP and Nippon Koei

### ■ Acquisition of orders for cooperative projects

Accepted an order of cooperative project at Vietnam. Will continue with efforts to acquire more orders for cooperative urban & spatial development projects in Asia.

### ■ Joint client visit

Conduct market survey and client visits in Asia continuously, in order to collect sales information and to reinforce cooperative ties between BDP and NK.

### ■ Integration of business Sites in India

Nippon Koei's New Delhi office and BDP's site in India were merged.

Sales liaison meetings will be regularly held to facilitate active communication.



# NK-AIM Demonstration of our true Merit (2)

## For expanding new business (energy business)

- Promote regional revitalization and “local production for local consumption” of electricity by hydropower.
  - As for the small hydropower projects currently in operation, there are six hydropower plants operating including the Shirataki Electric Plant in Engaru-cho (Hokkaido), which was commenced in July 2016. Sales promotion for corporate divisions of local governments is targeted to launch more projects of small hydropower plants.
- Enter into overseas electric-power development business
  - Financially, we have been contributing to PowerSource, a private electric power development company in the Philippines, since March 2016. More than 50% of the construction work for a power plant fueled by coal and biomass was completed as of the end of January, 2017, expected to start operating in January next year. Our engineers visit the site on a regular basis to check the progress of construction and the quality, and observe major machine tests at the manufacturing plant.



Conceptual Drawing



Construction of boiler steel frames



Foundation of the building of a turbine and electric generator



# Reverse split of stocks/Changes in Share Unit/Dividend Policy

## Reverse split of stocks/Changes in Share Unit

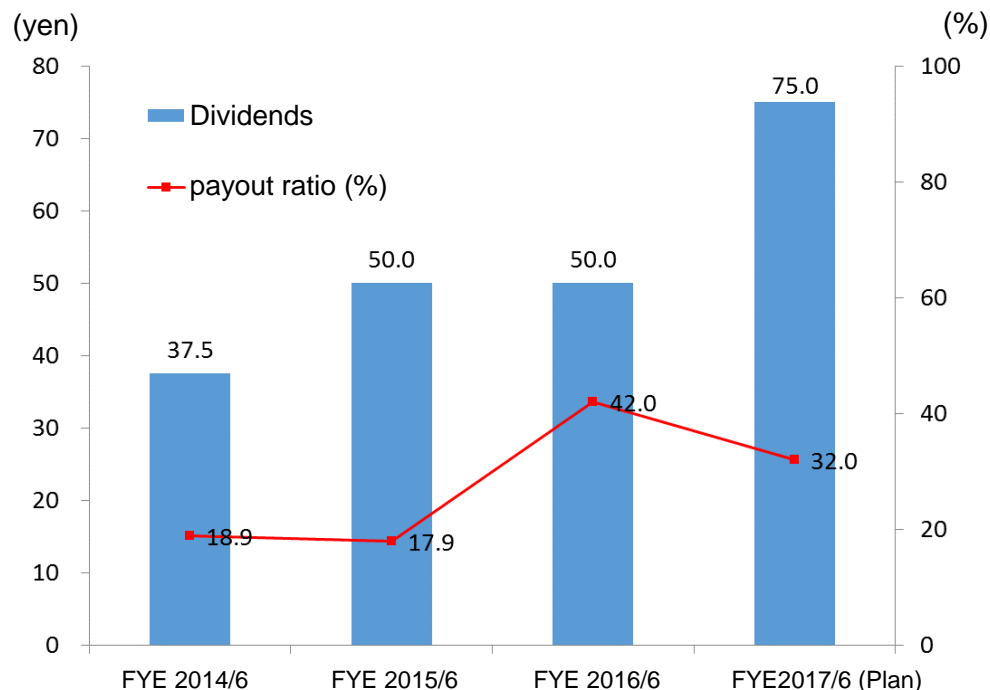
- Changed its number of shares per unit (trading unit) from 1,000 shares to 100 shares, effective as of January 1, 2017.
- Consolidated 5 shares into 1 share in order to adjust the investment unit to a level considered desirable by the Stock Exchange (JPY 50,000 or more, but less than 500,000).

## Dividend policy

Stable dividends and enhancement of shareholder return in line with increases in profit

→ The targeted medium-term dividend payout ratio is around 30%.

→ Planning to pay a dividend of ¥75.0, an increase of 50%, for FYE 17/6.

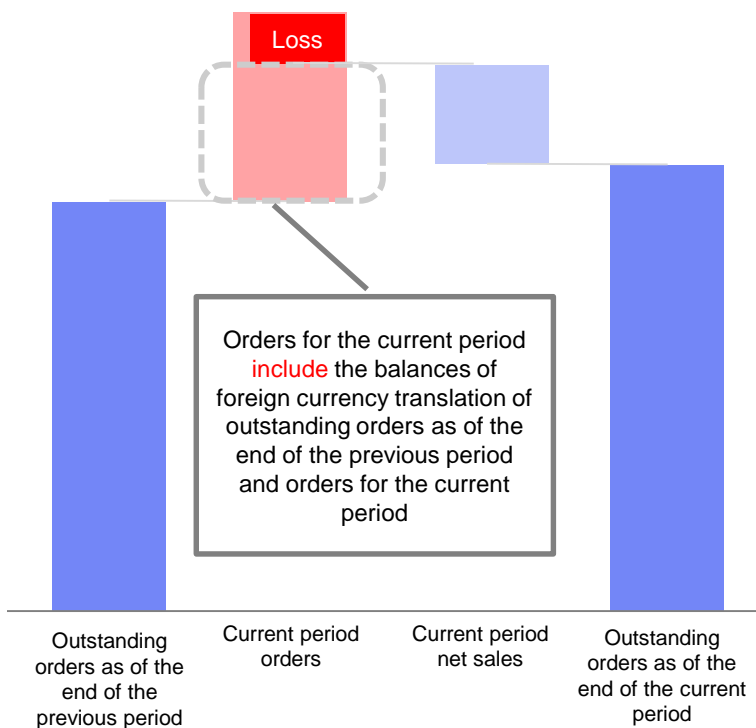


\*Past dividends are recalculated based on the ratio after share consolidation.

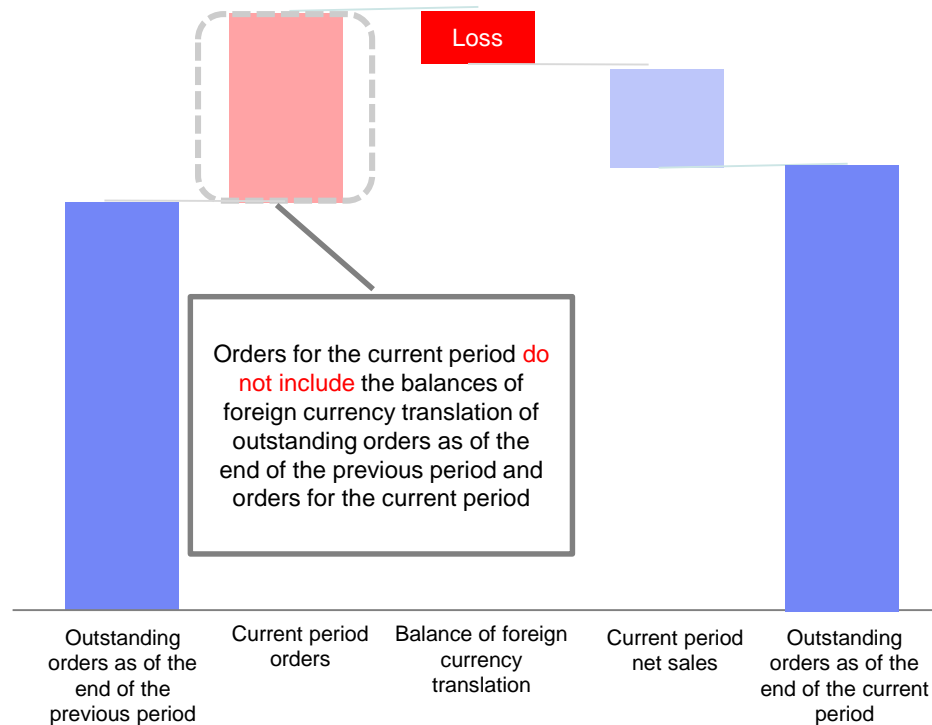
## (Reference) On changes in the calculation standards for orders

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.

# IV: Reference



# Business Development

## Domestic Consulting



Nippon Koei has implemented approx. 3,000 projects/year to underpin the foundations of people's daily lives, such as development and maintenance of social capital including rivers, roads, etc., and regional reforms to realize prosperous and safe living.

## International Consulting



Nippon Koei has supported the growth of developing countries in Africa, the Middle East, Latin America and, especially, in Asia by providing support in a broad range of fields including water resources, energy, urban development, transportation, agricultural development, and environment control.

## Power Engineering



Nippon Koei has worked on the development of power sources and the promotion of business accommodating electricity demand in Japan and overseas. The Company has engaged in new construction and repairs of substations, switching stations, power stations, the formation of dam management systems at hydroelectric power plants, etc.

## Urban & Spatial Development

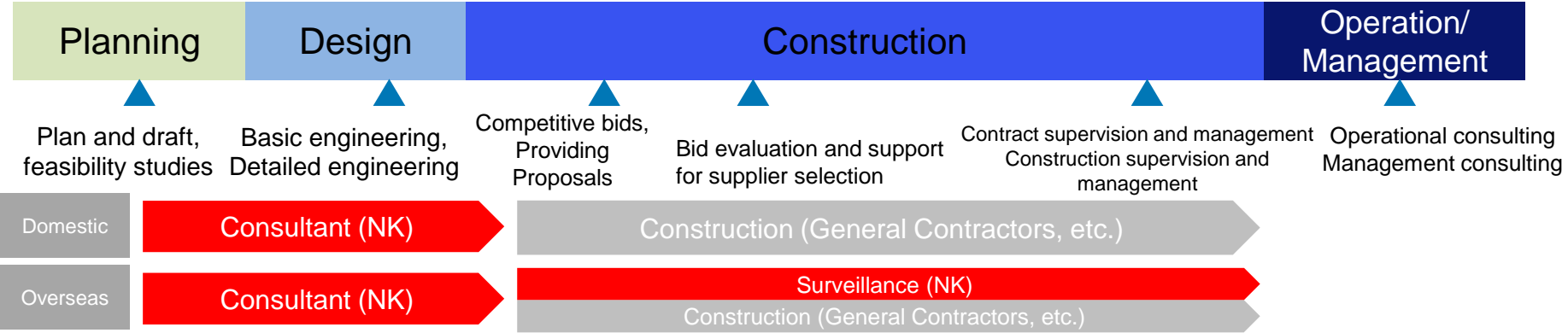


Nippon Koei strives to create multifunctional, well-organized, barrier-free, eco-friendly and beautiful life space in emerging economies in Asia and other developing countries/regions through development projects of social infrastructure design, such as of railway stations, airport buildings, rearrangement of the streetscape, etc.

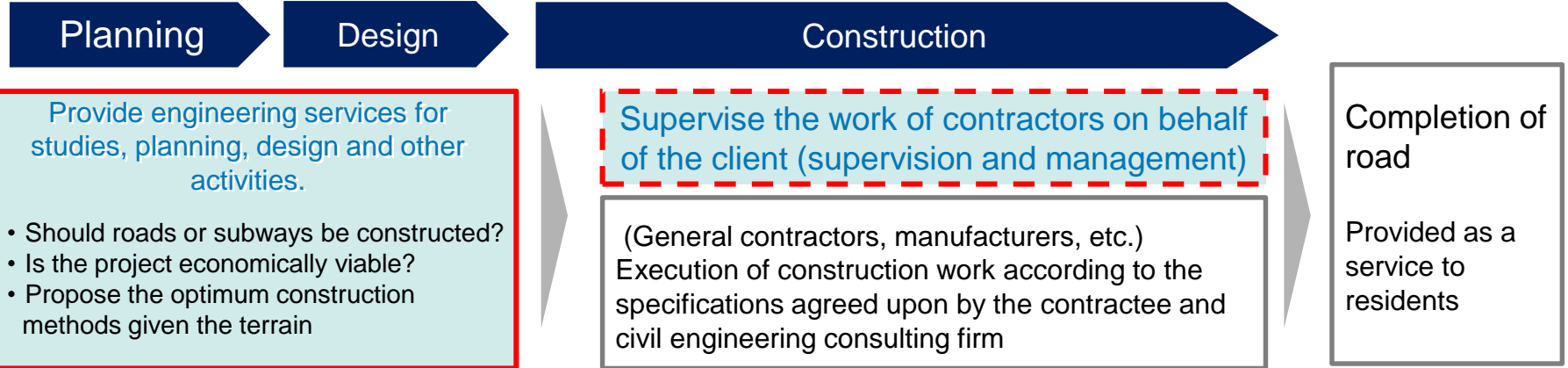
# Job Description for Civil Engineering Consultants

Domestic: Mainly involved through the design stage. Core customers are primary government organizations including the Ministry of Land, Infrastructure, Transport and Tourism, and secondary government organizations including prefectural and other local governments.

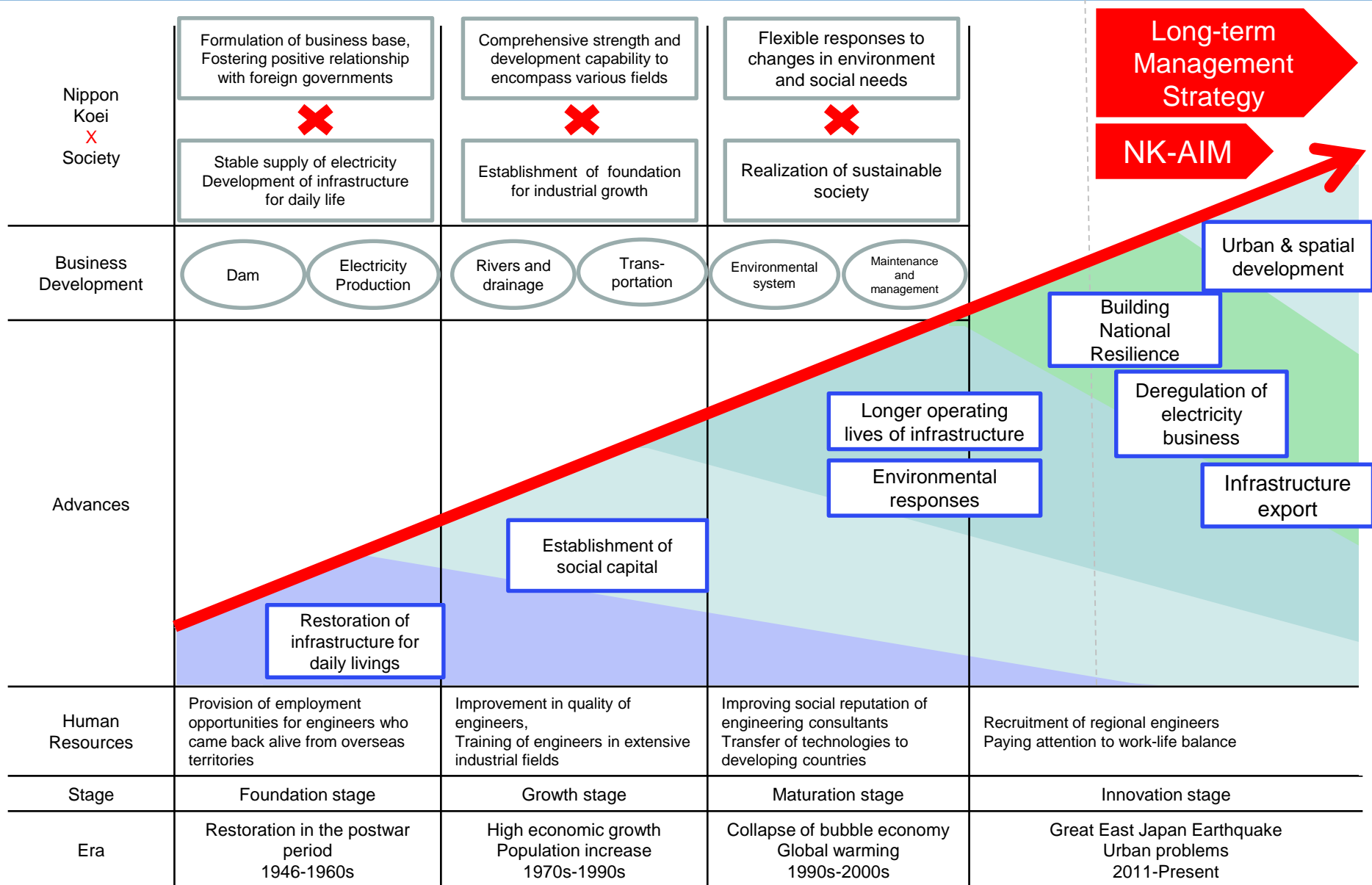
Overseas: Involvement varies by project, and can range from planning and construction to construction supervision and management. Core customers include the Japan International Cooperation Agency (JICA), other governmental agencies, the United Nations and the World Bank.



## Example: Chronic traffic congestion problems in Region A



# Nippon Koei's Development Along with Social Progress



# Strengths of Nippon Koei

(1) Sustainable business model developed along with progress in society  
(Win-win relationship between society and the Company)

Implementation of transformation to meet market needs



Commercialization of solutions on social issues

(2) Japan's leading engineering consultant  
(Business domains, technologies, and human resources)

**Comprehensive strength:** Capable of solving sophisticated or complex issues

**Human resources:** Has the largest number of engineers in the industry

**Technologies:** Equipped with in-house R&D facilities and a number of patents

Consolidated net sales:  
¥81.8 billion

No. of countries in which business is undertaken:  
156

No. of orders per year: over  
4,500

No. of patents acquired:  
74

No. of Professional Engineers\*:  
1,465

\*Certified by the Japanese government

Provide solutions on needs of the era and realize sustainable business expansion and profitability growth



# Position in Industry

Nippon Koei is Japan's leading civil engineering consultant.

Rank	Company	Sales (Millions of yen)	
		Segment of Const. Consultation	Corporate Total
1	Nippon Koei	43,595	60,471
2	Pacific Consultants Co.,LTD.	38,163	40,540
3	CTI Engineering Co., Ltd.	32,119	33,734
4	Yachiyo Engineering Co., Ltd.	18,761	19,101
5	KOKUSAI KOGYO CO., LTD.	16,325	35,022
6	IDEA Consultants, Inc.	16,057	16,596
7	JR East Consultants Company	16,047	17,810
8	Eight-Japan Engineering Consultants Inc.	15,362	17,531
9	Nihon Suido Consultants Co., Ltd	15,207	16,515
10	Oriental Consultants Co., LTD.	15,199	15,244
20	Tamano Consultants Co., Ltd. (strong point: urban planning)	10,301	12,022
79	NIPPON CIVIC CONSULTING ENGINEERS CO.,LTD (strong points: underground spatial planning, tunnels)	2,216	2,269

※ Source: *Nikkei Construction*, May 9, 2016 edition. Ranking by engineering consultant division sales (according to published financial results)

# Group Vision

To provide services that are of value in building safe and reliable social infrastructure and comfortable living spaces



# Long-Term Management Strategy (July 2015 – June 2021)

Continue evolution toward a global consulting and engineering firm

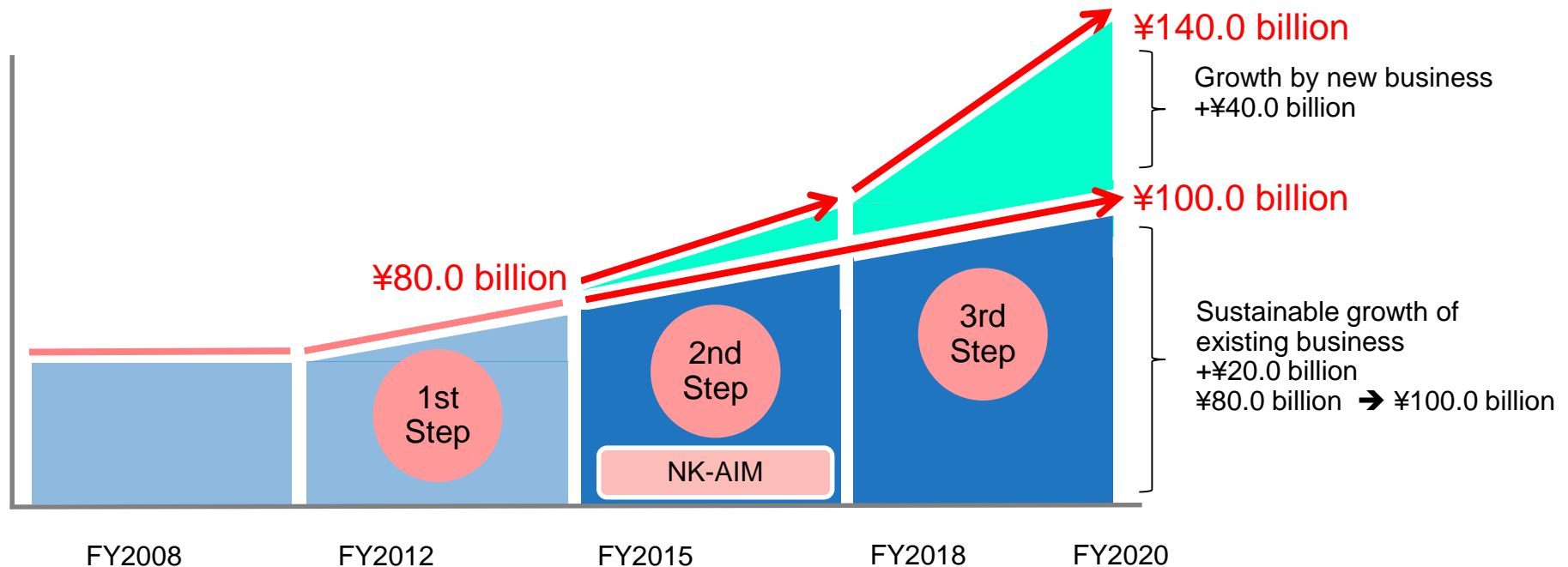
## FYE21/6 Numerical Targets

Consolidated Net Sales  
¥140.0 billion

Operating income  
¥14.0 billion

Operating margin  
10%

ROE  
10%



In order to meet the requirement of sophisticated and complicated urban functions as well as to resolve urban issues in developing countries, exploit urban space business and other new businesses toward a global and highly profitable corporation

# Revised Medium-Term Management Plan (NK-AIM)

“Autonomy and collaboration” (each group company’s autonomous management system and collaboration within/outside the company) have been added to the basic policies, aiming at creating a foundation for the achievement of the Group Vision and Long-Term Management Strategy.

## FYE18/6 Numerical Targets (after the revision, August 2016)

Consolidated Net Sales  
¥115.0 billion

Operating income  
¥7.4 billion

Operating margin  
6.4%

ROE  
7.5%

### Basic policies

Sustainable growth of three core businesses,  
Generation and expansion of new businesses,  
**Autonomy and collaboration** «NEW»

### Key Challenges

(1) Further evolution of global expansion → **Advance** globally

(2) Further expansion of business fields and improvement of profitability by intensifying existing core businesses → **Intensify** in Japan

(3) Demonstrating true merits of aggregated technologies for establishing new business areas → **Demonstrate Merits**

### Corporate-wide measures to address key challenges

(1)  
Technology

- Develop next-generation core technologies
- Further improvement of technical strengths and productivity

(2) Human  
Resources

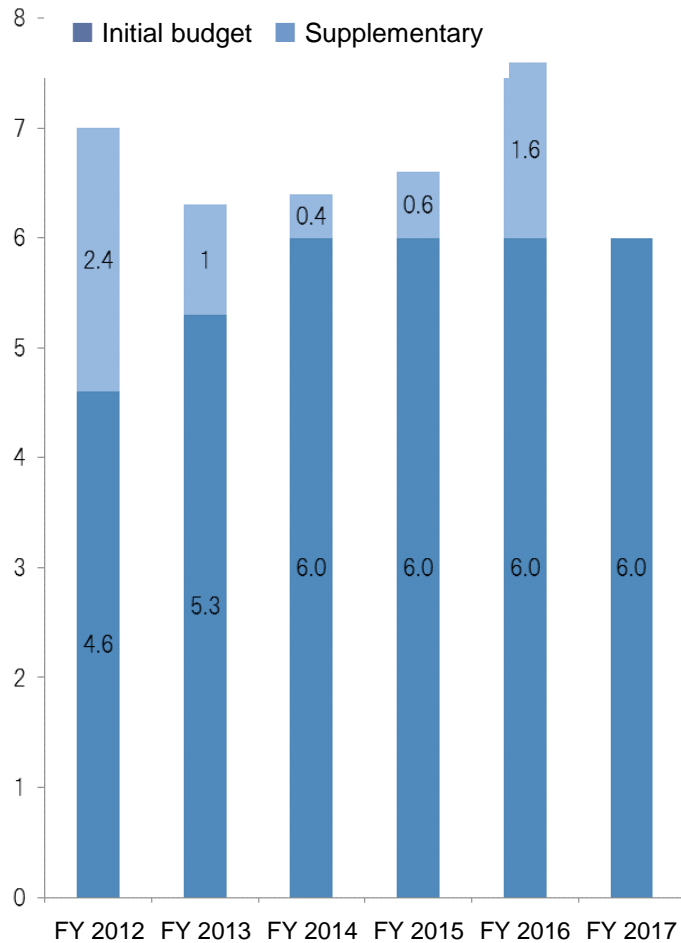
Strengthen human resources, recruitment and training

(3)  
Organization

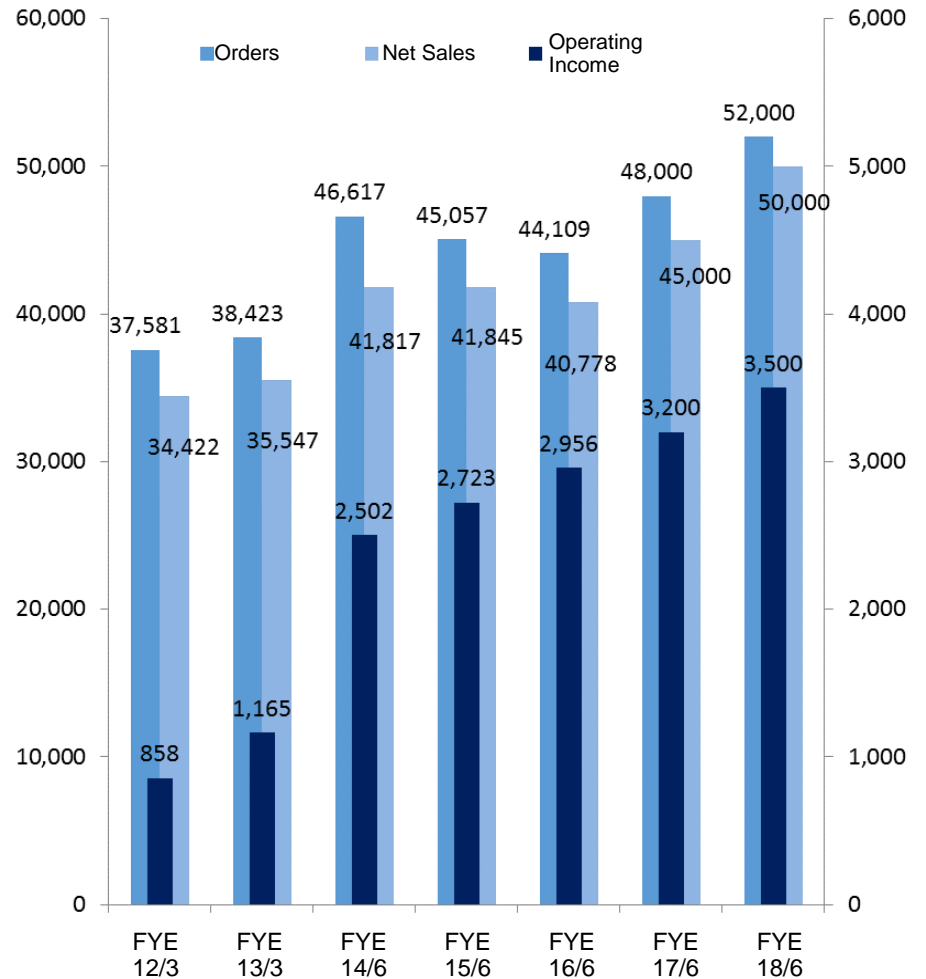
Promote collaboration and enhance corporate governance

# Domestic Consulting

## Public Works Expenditures (¥ trillion)



## Nippon Koei's Operating Results in Domestic Consulting (¥ million)

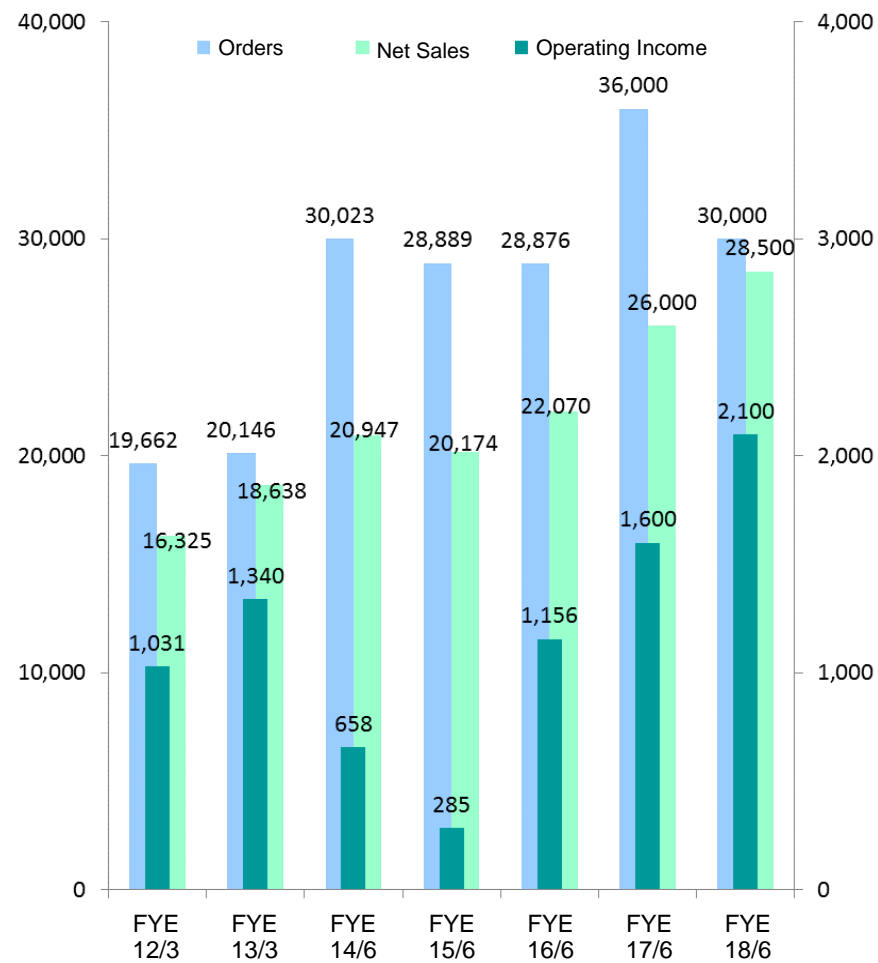


# International Consulting

Initial ODA Budget in General Account of Japan  
(¥ billion)



Nippon Koei's Operating Results in International Consulting  
(¥ million)

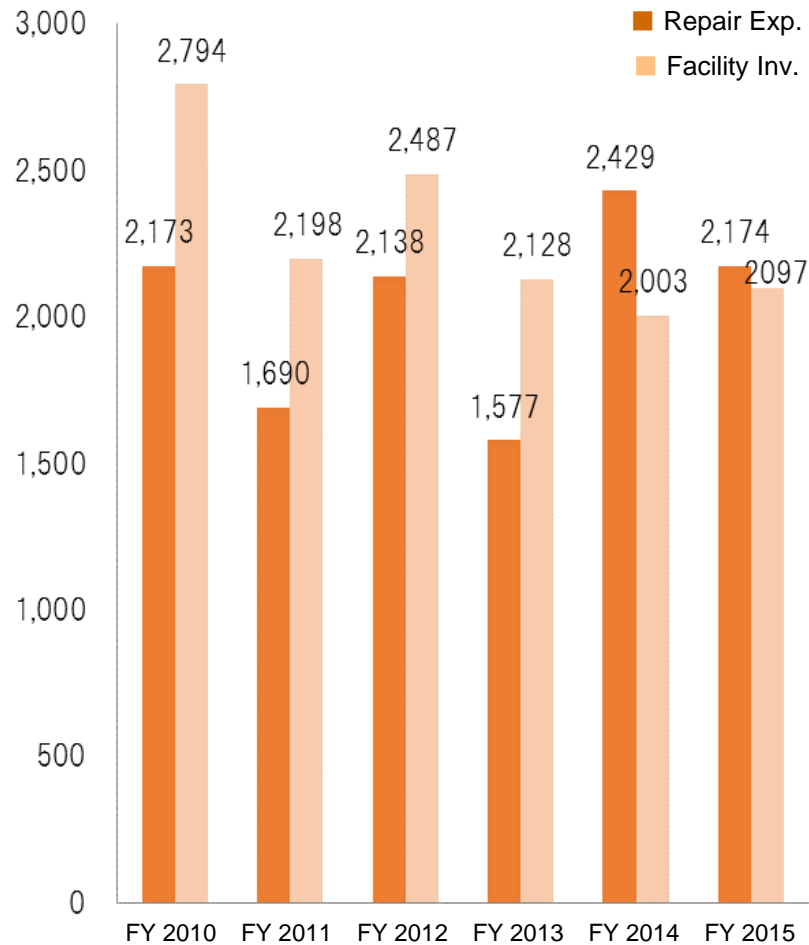


(\*1) The amount of actual orders for the period ended June 2016 and orders (plan) for the period ended June 2017 are calculated using the revised calculation standard.

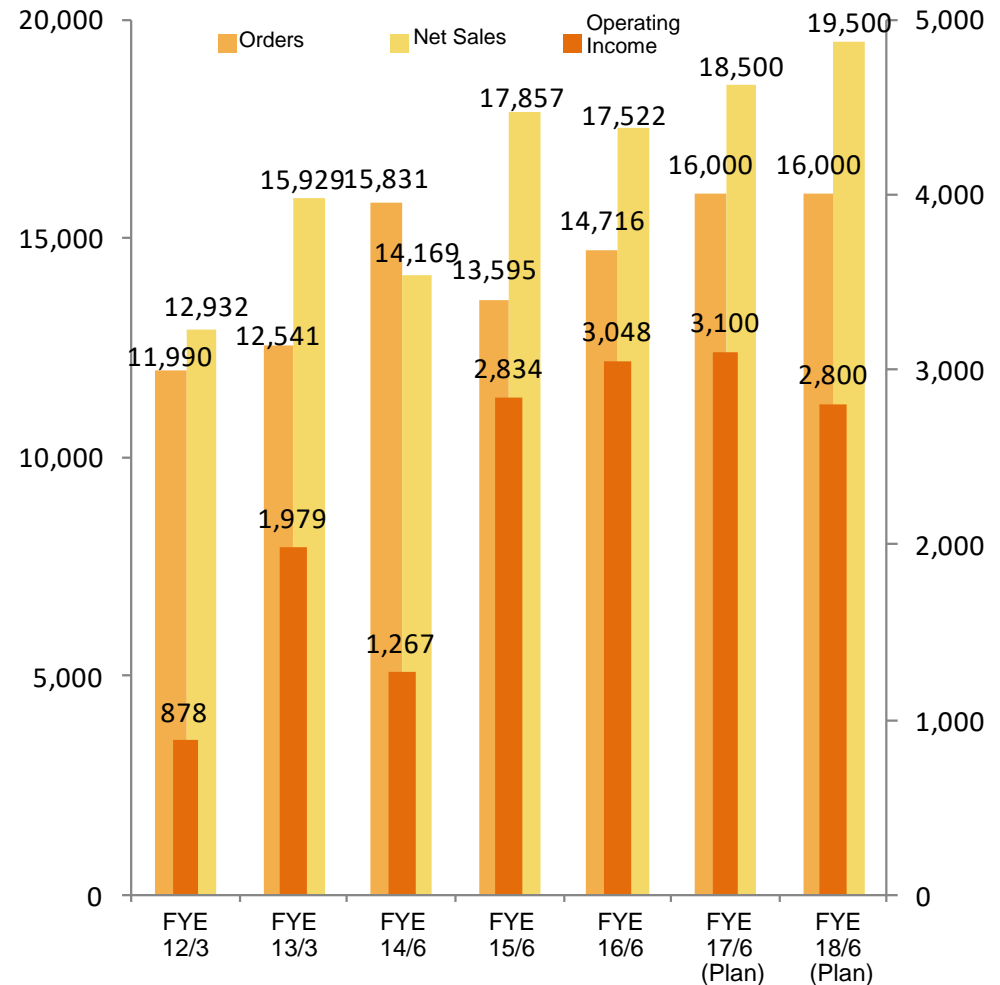
(\*2) The amount of orders (plan) for FYE June 30, 2018 are calculated using the conventional calculation standard. Financial results for FYE June 30, 2017 will be announced reflecting an amount of orders (plan) based on the revised calculation standard.

# Power Engineering

Tokyo Electric Power Co., Ltd.'s Repair Expenditures and Facility Investment and Its Distribution (¥ 100 million)

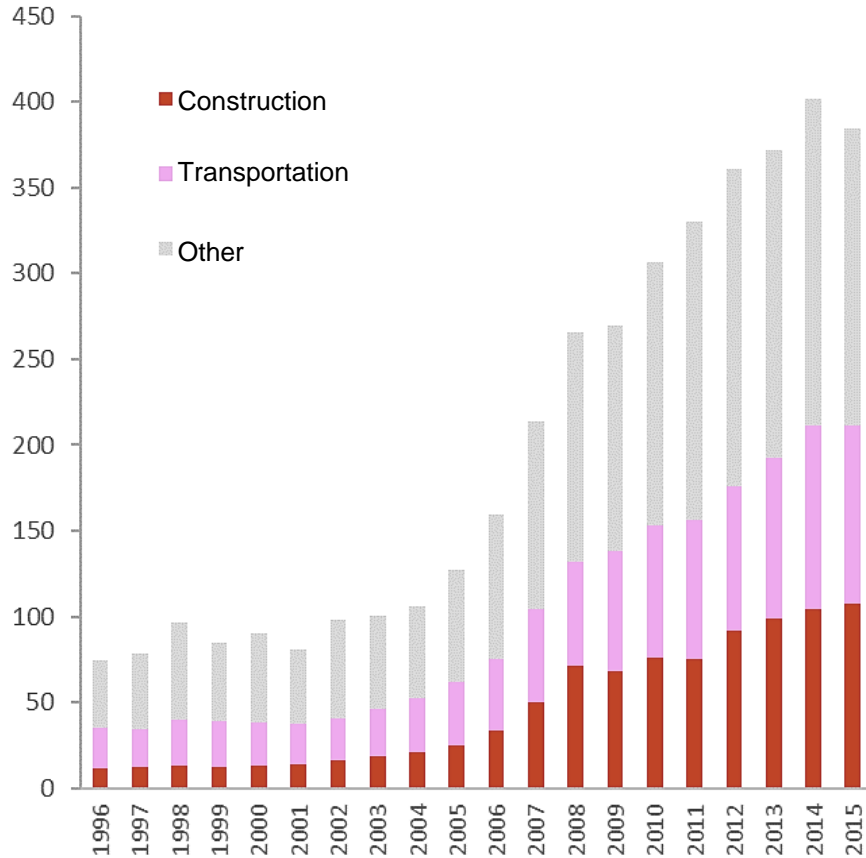


Nippon Koei's Operating Results in Power Engineering Business (¥ million)

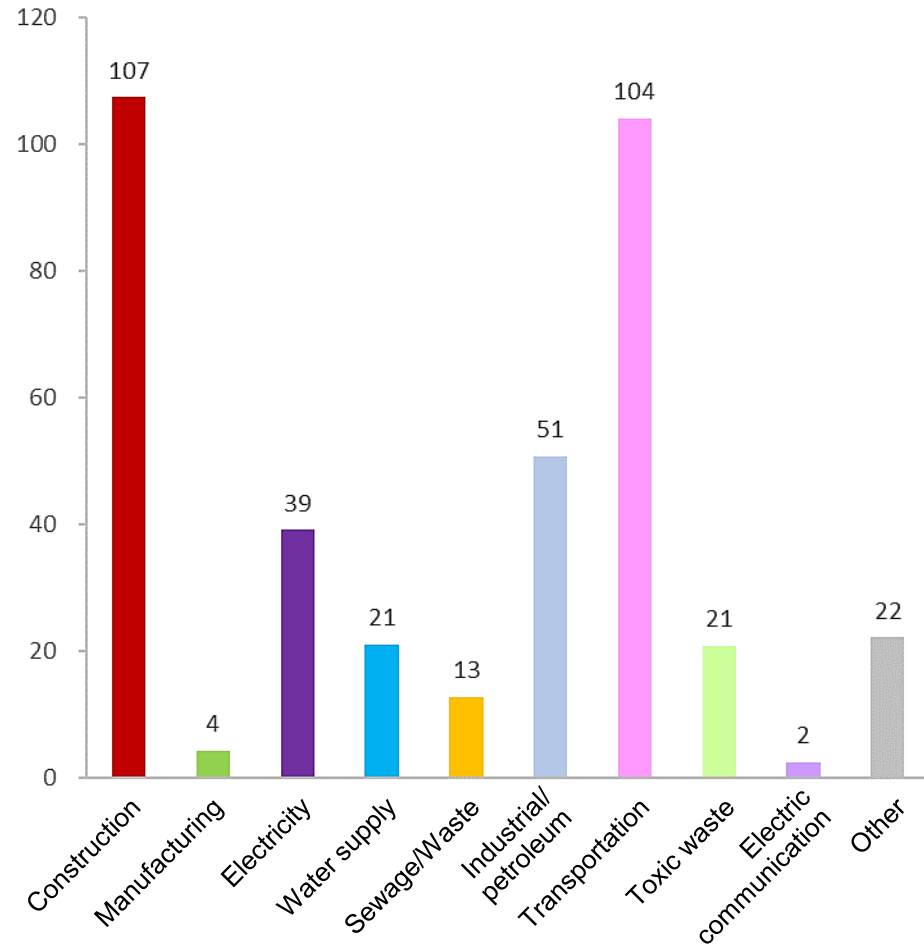


# Urban & Spatial Development

Sales of the top 164 architecture and design companies (USD 100 million)



FY2015 sales of the top 164 companies by segment (USD 100 million)



Source: *Engineering News-Record* (August 2016 edition)



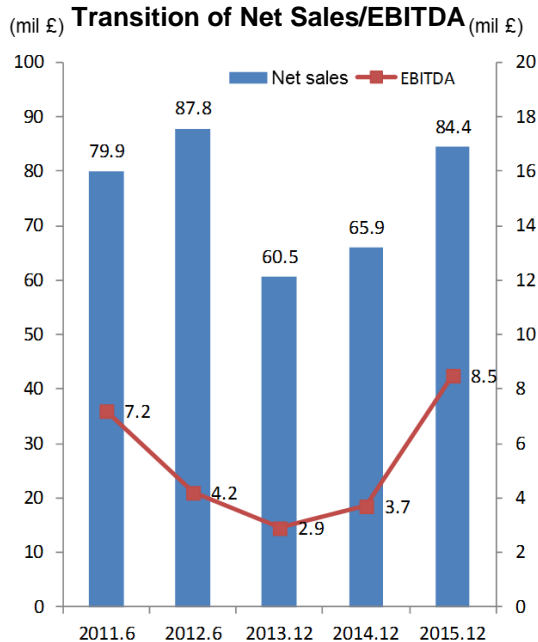
# About BDP Holdings Limited

■ Name	BDP Holdings Limited
■ Location (HQ)	Manchester , UK
■ Capital	£5.0 million
■ Established	05 April,1961
■ Employees	850 (approx.)
■ Sales	£84.4 million (FYE15/12)

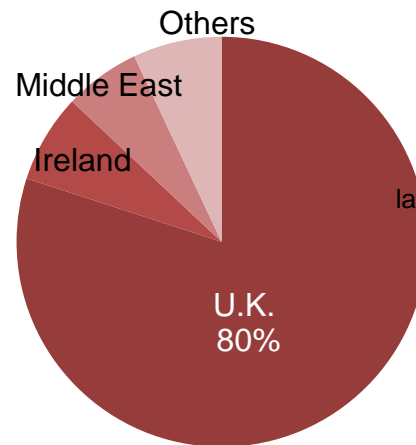


BDP Manchester Studio

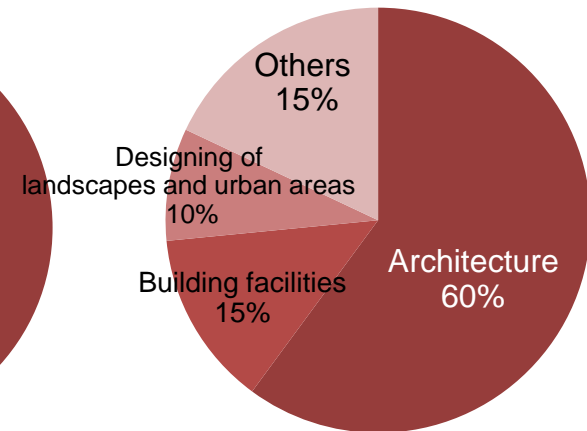
- Amount of transaction: Approximately ¥16.5 billion (£102.2million)
- The amount of amortization expenses for FYE June 30, 2017 is approximately JPY 1 billion.
  - Amortization of goodwill: Approximately JPY 500 million for depreciation for 20 years
  - Other intangible fixed assets: Just over JPY 500 million



## By region



## By business category



Act with integrity and contribute to society through technology and engineering.

***NIPPON KOEI***

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