Annual Results for the Fiscal Year Ended March 31, 2014

May 9, 2014

KYOWA EXEO CORPORATION

URL http://www.exeo.co.jp/overseas/index.html

1. Consolidated Figures

(1) Overview

(¥bn)

	FY 2012		FY 2013						FY 2014			
	Interim	Full year	Interim		Full year				Interim		Full year	
	A	B	Actual C	YOY C/A	Plan D	Actual E	YOY E/B	Plan accuracy E/D	Plan F	YOY F/C	Plan G	YOY G/E
Orders received	158.2	317.8	143.2	91%	300.0	304.2	96%	101%	149.0	104%	320.0	105%
Net sales	127.5	301.3	128.1	100%	305.0	318.5	106%	104%	125.0	98%	320.0	100%
Gross profit	(11.7%) 14.9	(12.0%) 36.1	(12.4%) 15.9	107%	(12.0%) 36.5	(12.1%) 38.5	107%	106%	(12.6%) 15.8	99%	(12.3%) 39.5	102%
SG&A expenses	(7.2%) 9.1	(6.0%) 18.0	(6.8%) 8.6	95%	(5.9%) 18.0	(5.6%) 17.8	99%	99%	(7.0%) 8.8	101%	(5.5%) 17.5	98%
Operating income	(4.5%) 5.7	(6.0%) 18.0	(5.7%) 7.2	126%	(6.1%) 18.5	(6.5%) 20.7	115%	112%	(5.6%) 7.0	96%	(6.9%) 22.0	106%
Ordinary income	(4.9%) 6.2	(6.0%) 18.1	(5.9%) 7.5	121%	(6.1%) 18.7	(6.5%) 20.6	114%	110%	(5.8%) 7.2	95%	(6.9%) 22.2	108%
Net income	(2.8%) 3.5	(3.8%) 11.3	(4.9%) 6.3	177%	(4.2%) 12.7	(4.7%) 14.9	132%	117%	(3.4%) 4.3	68%	(4.4%) 14.1	95%

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.

1. Consolidated Figures

(2) Orders Received, Net Sales and Amount Carried Forward

(¥bn)

			FY 2012		FY 2013						FY 2014			
			Interim	Full year	Interim		Full year				Interim		Full year	
					Actual	YOY	Plan	Actual	YOY	Plan accuracy	Plan	YOY	Plan	YOY
			A	B	C	C/A	D	E	E/B	E/D	F	F/C	G	G/E
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	88.1	178.8	81.2	92%	160.0	171.0	96%	107%	76.0	94%	165.0	96%
		Non-NTT telecom engineering	35.9	68.8	30.7	86%	69.0	66.9	97%	97%	36.0	117%	73.0	109%
		Environmental and social infrastructure	17.8	37.6	13.5	76%	36.0	31.8	85%	89%	19.0	140%	43.0	135%
		Sub-total	141.8	285.3	125.4	88%	265.0	269.9	95%	102%	131.0	104%	281.0	104%
	SYSTEM-SOLUTIONS		16.3	32.4	17.7	109%	35.0	34.2	106%	98%	18.0	101%	39.0	114%
	TOTAL		158.2	317.8	143.2	91%	300.0	304.2	96%	101%	149.0	104%	320.0	105%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	77.5	173.3	76.6	99%	166.0	173.5	100%	105%	72.0	94%	166.0	96%
		Non-NTT telecom engineering	23.0	63.8	27.9	121%	68.0	77.2	121%	114%	27.0	97%	73.0	94%
		Environmental and social infrastructure	13.6	31.7	9.7	71%	36.0	33.1	104%	92%	12.0	124%	42.0	127%
		Sub-total	114.2	268.9	114.3	100%	270.0	283.9	106%	105%	111.0	97%	281.0	99%
	SYSTEM-SOLUTIONS		13.2	32.4	13.8	104%	35.0	34.5	107%	99%	14.0	101%	39.0	113%
	TOTAL		127.5	301.3	128.1	100%	305.0	318.5	106%	104%	125.0	98%	320.0	100%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	54.3	49.3	53.8	99%	–	46.8	95%	–	–	–	–	–
		Non-NTT telecom engineering	37.6	30.3	32.6	87%	–	20.0	66%	–	–	–	–	–
		Environmental and social infrastructure	32.4	34.0	37.9	117%	–	32.7	96%	–	–	–	–	–
		Sub-total	124.4	113.6	124.4	100%	–	99.7	88%	–	–	–	–	–
	SYSTEM-SOLUTIONS		7.2	4.3	8.6	119%	–	4.0	93%	–	–	–	–	–
	TOTAL		131.7	117.9	133.1	101%	–	103.7	88%	–	–	–	–	–

Notes: 1.All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(3) Balance Figures

(¥bn)

		FY 2012				FY 2013				
		Interim		Year-end A		Interim		Year-end B		B-A
Current assets		107.6	(62.0%)	131.9	(65.8%)	114.2	(61.4%)	137.6	(63.4%)	5.7
Fixed assets		65.8	(38.0%)	68.5	(34.2%)	71.9	(38.6%)	79.4	(36.6%)	10.9
Total assets		173.4	(100%)	200.4	(100%)	186.2	(100%)	217.0	(100%)	16.6
Liabilities	Current	43.5	(25.1%)	63.9	(31.9%)	44.9	(24.1%)	66.7	(30.7%)	2.8
	Long-term	13.7	(7.9%)	14.1	(7.0%)	14.1	(7.6%)	14.6	(6.8%)	0.5
Total liabilities		57.3	(33.1%)	78.0	(38.9%)	59.0	(31.7%)	81.4	(37.5%)	3.3
Shareholder's equity		115.7	(66.7%)	121.9	(60.9%)	126.8	(68.1%)	135.3	(62.3%)	13.3
Minority interests and stock acquisition rights		0.3	(0.2%)	0.4	(0.2%)	0.3	(0.2%)	0.3	(0.2%)	-0.0
Total liabilities and net assets		173.4	(100%)	200.4	(100%)	186.2	(100%)	217.0	(100%)	16.6

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(4) Cash Flows

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013
Net cash provided by (used in) operating activities	0.6	16.4	7.1	9.8
Net cash provided by (used in) investing activities	−1.5	−4.5	−2.1	−7.4
Net cash provided by (used in) financial activities	−3.6	−17.5	−3.0	−0.9
Free cash flow (Note 2)	−0.9	11.9	4.9	2.4
Cash and cash equivalents at end of period	17.6	12.3	14.6	16.2

Notes 1. All amounts less than ¥100m are disregarded.
2. Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

(5) Interest-bearing Debt

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013
Short-term	18.8	1.4	3.8	7.7
Long-term	2.4	6.7	6.1	5.6
Total	21.3	8.1	9.9	13.3

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(6) Capital Expenditures

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013
Tangible fixed assets	3.6	1.4	2.3	5.8
Intangible fixed assets	0.4	0.5	1.0	1.4
Total	4.0	1.9	3.3	7.3

Note: All amounts less than ¥100m are disregarded.

(7) Depreciation and Amortization

(¥bn)

	FY 2010	FY 2011	FY 2012	FY 2013
Depreciation and amortization	3.0	2.9	2.3	2.2

Note: All amounts less than ¥100m are disregarded.

1. Consolidated Figures

(8) Summary of results for main subsidiary companies (by company)

(¥bn)

	Wako Engineering			Daiwa Densetsu			Ikeno Tsuuken		
	FY 2012	FY 2013		FY 2012	FY 2013		FY 2012	FY 2013	
	Full year	Full year	YOY	Full year	Full year	YOY	Full year	Full year	YOY
Orders received	28.1	24.9	89%	13.5	13.6	101%	16.2	14.2	87%
Net sales	28.1	25.9	92%	13.3	14.3	108%	16.3	15.0	92%
Gross profit	(5.8%) 1.6	(6.0%) 1.5	95%	(8.0%) 1.0	(9.5%) 1.3	127%	(8.4%) 1.3	(8.5%) 1.2	93%
SG&A expenses	(4.7%) 1.3	(5.2%) 1.3	102%	(5.7%) 0.7	(5.3%) 0.7	101%	(6.1%) 0.9	(6.1%) 0.9	92%
Operating income	(1.1%) 0.32	(0.8%) 0.21	68%	(2.3%) 0.31	(4.1%) 0.59	192%	(2.3%) 0.38	(2.5%) 0.37	98%
Ordinary income	(1.2%) 0.32	(1.9%) 0.49	152%	(2.7%) 0.35	(4.3%) 0.61	172%	(2.5%) 0.40	(2.5%) 0.37	92%
Net income	(0.6%) 0.15	(0.9%) 0.24	153%	(1.1%) 0.14	(2.1%) 0.30	205%	(1.7%) 0.28	(−0.3%) −0.03	−

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.

2. Non-consolidated Figures

(1) Overview

(¥bn)

	FY 2012		FY 2013						FY 2014			
	Interim	Full year	Interim		Full year				Interim		Full year	
			Actual	YOY	Plan	Actual	YOY	Plan accuracy	Plan	YOY	Plan	YOY
	A	B	C	C/A	D	E	E/B	E/D	F	F/C	G	G/E
Orders received	118.7	243.4	106.8	90%	230.0	235.3	97%	102%	116.0	109%	252.0	107%
Net sales	95.4	227.5	99.5	104%	234.0	247.3	109%	106%	98.0	98%	252.0	102%
Gross profit	(9.8%) 9.3	(10.3%) 23.3	(10.1%) 10.0	107%	(10.3%) 24.0	(9.8%) 24.2	104%	101%	(10.3%) 10.1	101%	(10.2%) 25.6	106%
SG&A expenses	(6.3%) 6.0	(5.3%) 11.9	(5.7%) 5.6	95%	(5.2%) 12.0	(4.8%) 11.7	98%	98%	(6.0%) 5.9	104%	(4.6%) 11.6	99%
Operating income	(3.5%) 3.3	(5.0%) 11.3	(4.4%) 4.3	129%	(5.1%) 12.0	(5.0%) 12.4	110%	104%	(4.3%) 4.2	97%	(5.6%) 14.0	113%
Ordinary income	(4.1%) 3.8	(5.3%) 11.9	(4.6%) 4.5	117%	(5.3%) 12.3	(5.2%) 12.7	107%	104%	(4.7%) 4.6	101%	(5.7%) 14.4	113%
Net income	(2.4%) 2.3	(3.2%) 7.2	(4.5%) 4.4	192%	(3.8%) 8.8	(4.2%) 10.3	142%	117%	(8.3%) 8.1	180%	(5.8%) 14.7	142%

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.

2. Non-consolidated Figures

(2) Orders Received, Net Sales and Amount Carried Forward

(¥bn)

			FY 2012		FY 2013						FY 2014			
					Interim		Full year				Interim		Full year	
			Interim	Full year	Actual	YOY	Plan	Actual	YOY	Plan accuracy	Plan	YOY	Plan	YOY
			A	B	C	C/A	D	E	E/B	E/D	F	F/C	G	G/E
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering: Access engineering	27.7	59.7	26.1	94%	52.0	52.8	88%	102%	24.0	92%	51.0	97%
		NTT Group engineering: Network engineering	10.7	26.7	10.9	102%	21.0	27.2	102%	130%	9.0	82%	24.0	88%
		NTT Group engineering: Mobile engineering	23.7	45.8	22.2	94%	46.0	50.2	110%	109%	24.0	108%	53.0	105%
		NTT Group engineering: Sub-total	62.1	132.3	59.3	95%	119.0	130.3	99%	110%	57.0	96%	128.0	98%
		Non-NTT telecom engineering	30.7	59.6	26.9	88%	60.0	59.7	100%	100%	32.0	119%	64.0	107%
		Environmental and social infrastructure	14.5	29.8	9.0	62%	27.0	23.4	79%	87%	15.0	166%	32.0	136%
			107.5	221.9	95.3	89%	206.0	213.6	96%	104%	104.0	109%	224.0	105%
	SYSTEM-SOLUTIONS		11.1	21.5	11.5	103%	24.0	21.6	101%	90%	12.0	104%	28.0	129%
	TOTAL		118.7	243.4	106.8	90%	230.0	235.3	97%	102%	116.0	109%	252.0	107%
	(NTT DoCoMo-related)		(31.6)	(65.6)	(28.7)	(91%)	(60.5)	(69.4)	(106%)	(115%)				
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering: Access engineering	26.1	59.0	24.3	93%	58.0	572	97%	99%	22.0	91%	52.0	91%
		NTT Group engineering: Network engineering	10.9	24.6	11.3	104%	23.0	27.5	112%	120%	10.0	88%	25.0	91%
		NTT Group engineering: Mobile engineering	19.5	42.9	22.5	116%	43.0	46.3	108%	108%	24.0	106%	52.0	112%
		NTT Group engineering: Sub-total	56.5	126.6	58.2	103%	124.0	131.1	104%	106%	56.0	96%	129.0	98%
		Non-NTT telecom engineering	19.5	55.0	25.7	131%	60.0	69.8	127%	116%	24.0	93%	64.0	92%
		Environmental and social infrastructure	10.7	24.6	6.7	63%	27.0	24.5	100%	91%	9.0	133%	31.0	126%
			86.8	206.3	90.7	104%	211.0	225.6	109%	107%	89.0	98%	224.0	99%
	SYSTEM-SOLUTIONS		8.6	21.2	8.7	102%	23.0	21.7	103%	95%	9.0	102%	28.0	129%
	TOTAL		95.4	227.5	99.5	104%	234.0	247.3	109%	106%	98.0	98%	252.0	102%
	(NTT DoCoMo-related)		(27.5)	(61.4)	(30.0)	(109%)	(59.0)	(64.6)	(105%)	(109%)				
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering: Access engineering	17.4	16.5	18.4	105%	–	12.1	73%	–	–	–	–	–
		NTT Group engineering: Network engineering	5.6	7.9	7.4	132%	–	7.6	97%	–	–	–	–	–
		NTT Group engineering: Mobile engineering	18.3	17.0	16.7	91%	–	20.9	123%	–	–	–	–	–
		NTT Group engineering: Sub-total	41.5	41.5	42.6	103%	–	40.7	98%	–	–	–	–	–
		Non-NTT telecom engineering	34.3	27.7	28.9	84%	–	17.6	64%	–	–	–	–	–
		Environmental and social infrastructure	30.2	31.6	33.9	112%	–	30.5	97%	–	–	–	–	–
			106.1	100.9	105.5	99%	–	89.0	88%	–	–	–	–	–
	SYSTEM-SOLUTIONS		5.3	3.0	5.8	109%	–	2.9	97%	–	–	–	–	–
	TOTAL		111.4	104.0	111.3	100%	–	91.9	88%	–	–	–	–	–
	(NTT DoCoMo-related)		(21.6)	(21.7)	(20.4)	(95%)	(–)	(26.6)	(122%)	(–)				

Notes: 1.All amounts less than ¥100m are disregarded.
2. NTT DoCoMo-related not disclosed from FY2014

Disclaimer Regarding Forward-Looking Statements

Management of the Company has made estimates and assumptions relating to financial forecasts based on information available as of the reporting date. Actual results could differ from those estimates.

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