Results for the Nine Months Ended December 31, 2018

February 7, 2019

KYOWA EXEO CORPORATION

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

1. Consolidated Figures

(1) Overview

- Orders received in the 3rd quarter of fiscal 2019.3 do not include orders balances prior to the management integration of C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD.,(36.9 billion).
- Order balances that were not recorded as net sales at the end of the third quarter are added to the amounts carried forward to the next quarter as shown on the following page.

(¥bn)

	FY 2017		FY 2018				
			1-3Q			Full year	
	1-3Q A	Full year B	Actual C	YOY C/A	Progress rate C/D	Corrective plan (Announced on Nov. 6, 2018) D	YOY D/B
Orders received	242.4	325.0	291.5	120%	70%	415.0	128%
Net sales	196.7	312.6	247.6	126%	59%	420.0	134%
Gross profit	(13.5%) 26.6	(13.9%) 43.3	(13.3%) 32.9	124%	59%	(13.3%) 56.0	129%
SG&A expenses	(6.5%) 12.7	(5.7%) 17.7	(6.9%) 17.1	135%	70%	(5.8%) 24.5	138%
Operating income	(7.1%) 13.9	(8.2%) 25.6	(6.4%) 15.8	114%	50%	(7.5%) 31.5	123%
Ordinary income	(7.6%) 14.9	(8.5%) 26.4	(7.0%) 17.4	117%	54%	(7.7%) 32.5	123%
Net income attributable to owners of parent	(5.0%) 9.7	(5.8%) 17.9	(12.4%) 30.6	313%	73%	(10.0%) 42.0	233%

Notes: 1. All amounts less than ¥100m are disregarded.
2. Figures in parentheses are ratio to net sales.
3. We revised the consolidated earnings forecast for the fiscal year ending March 31, 2019, taking into consideration the effects of management integration with C-CUBE Corporation, Seibu Electric Industry Co., Ltd. and NIPPON DENTSU CO., LTD., which were implemented on October 1, 2018.

1. Consolidated Figures

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

(¥bn)

			FY 2017		FY 2018				
					1-3Q			Full year	
			1-3Q	Full year	Actual	YOY	Progress rate	Corrective plan (Announced on Nov. 6, 2018)	YOY
			A	B	C	C/A	C/D	D	D/B
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	127.0	166.2	135.6	107%	87%	185.5	112%
		NCCs	24.0	31.8	27.8	115%	86%	37.5	118%
		Urban infrastructure	59.6	84.1	82.2	138%	85%	114.0	135%
		Sub-total	210.7	282.2	245.7	117%	86%	337.0	119%
	SYSTEM-SOLUTIONS		31.6	42.7	45.7	145%	85%	78.0	182%
	TOTAL		242.4	325.0	291.5	120%	86%	415.0	128%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	111.1	167.4	127.3	115%	76%	201.0	120%
		NCCs	17.5	28.1	22.4	128%	76%	35.0	124%
		Urban infrastructure	40.0	74.5	57.3	143%	64%	110.5	148%
		Sub-total	168.7	270.1	207.2	123%	72%	346.5	128%
	SYSTEM-SOLUTIONS		28.0	42.5	40.3	144%	83%	73.5	173%
	TOTAL		196.7	312.6	247.6	126%	74%	420.0	134%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	81.7	64.7	88.2	108%	-	-	-
		NCCs	17.3	14.4	24.5	142%	-	-	-
		Urban infrastructure	79.7	69.6	105.0	132%	-	-	-
		Sub-total	178.7	148.8	217.8	122%	-	-	-
	SYSTEM-SOLUTIONS		10.4	7.0	20.2	194%	-	-	-
	TOTAL		189.2	155.9	238.1	126%	-	-	-

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

1. Consolidated Figures

(3) Business Overview of Main Subsidiaries

- C-CUBU Group, Seibu Electric Industry Group and NIPPON DENTSU Group state their operating results after management integration (on and after Oct. 1, 2018).
- Transactions with other groups in the consolidated group are not offset.

(¥bn)

	FY 2017 1-3Q		FY 2018 1-3Q				
	EXEO TECH	Daiwa Densetsu Group	EXEO TECH	Daiwa Densetsu Group	C-CUBE Group	Seibu Electric Industry Group	NIPPON DENTSU Group
Orders received	15.2	11.7	18.6	13.3	15.6	12.8	8.1
Net sales	12.5	9.5	14.7	10.7	14.9	13.4	7.7
Gross profit	(7.3%) 0.91	(10.0%) 0.95	(8.2%) 1.21	(10.2%) 1.10	(12.4%) 1.85	(9.2%) 1.23	(13.4%) 1.04
SG&A expenses	(6.6%) 0.83	(6.4%) 0.60	(5.5%) 0.80	(6.0%) 0.64	(7.2%) 1.07	(4.8%) 0.64	(11.6%) 0.90
Operating income	(0.6%) 0.07	(3.7%) 0.35	(2.7%) 0.40	(4.2%) 0.45	(5.2%) 0.77	(4.4%) 0.59	(1.8%) 0.13
Ordinary income	(1.0%) 0.12	(3.8%) 0.36	(3.2%) 0.46	(4.7%) 0.50	(5.8%) 0.86	(5.2%) 0.70	(2.1%) 0.16
Net income	(0.7%) 0.08	(2.6%) 0.24	(2.5%) 0.37	(3.1%) 0.32	(3.6%) 0.53	(3.5%) 0.47	(1.0%) 0.07

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

1. Consolidated Figures

Reference: Overview of operating results of three major subsidiaries in western Japan

- The Company conducted a management integration with three major subsidiaries in western Japan on October 1, 2018, but operating results are stated including those before the management integration for the purpose of a year-on-year comparison of the operating results of each company.
- Transactions with other groups in the consolidated group are not offset.

(¥bn)

	FY 2017 1-3Q				FY 2018 1-3Q				
	C-CUBE Group	Seibu Electric Industry Group	NIPPON DENTSU Group	Simple addition value A	C-CUBE Group	Seibu Electric Industry Group	NIPPON DENTSU Group	Simple addition value B	YOY B/A
Orders received	43.0	39.2	28.8	111.1	46.4	42.1	24.5	113.1	102%
Net sales	40.0	36.7	25.8	102.5	43.8	36.4	23.2	103.4	101%
Gross profit	(11.7%) 4.67	(8.1%) 2.97	(12.9%) 3.32	(10.7%) 10.97	(11.8%) 5.17	(8.0%) 2.91	(14.6%) 3.38	(11.1%) 11.47	105%
SG&A expenses	(7.5%) 3.00	(5.4%) 1.97	(10.8%) 2.78	(7.6%) 7.75	(7.5%) 3.29	(5.4%) 1.96	(11.6%) 2.68	(7.7%) 7.94	102%
Operating income	(4.2%) 1.66	(2.7%) 1.00	(2.1%) 0.53	(3.1%) 3.21	(4.3%) 1.88	(2.6%) 0.95	(3.0%) 0.70	(3.4%) 3.53	110%
Ordinary income	(4.6%) 1.82	(3.4%) 1.24	(2.6%) 0.66	(3.6%) 3.73	(4.8%) 2.08	(3.3%) 1.21	(3.5%) 0.82	(4.0%) 4.12	111%
Net income	(2.7%) 1.07	(1.8%) 0.64	(1.5%) 0.37	(2.0%) 2.10	(2.8%) 1.22	(2.0%) 0.74	(2.2%) 0.50	(2.4%) 2.47	118%

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 2017		FY 2018				
			1-3Q			Full year	
	1-3Q A	Full year B	Actual C	YOY C/A	Progress rate C/D	Plan D	YOY D/B
Orders received	200.9	268.5	210.2	105%	72%	290.0	108%
Net sales	160.9	256.8	174.2	108%	63%	277.0	108%
Gross profit	(10.2%) 16.3	(10.8%) 27.6	(10.6%) 18.4	113%	61%	(10.8%) 30.0	108%
SG&A expenses	(5.6%) 8.9	(4.9%) 12.5	(5.6%) 9.7	109%	72%	(4.9%) 13.5	108%
Operating income	(4.6%) 7.4	(5.9%) 15.1	(5.0%) 8.7	118%	53%	(6.0%) 16.5	109%
Ordinary income	(7.3%) 11.7	(7.6%) 19.4	(9.5%) 16.5	141%	68%	(8.7%) 24.2	125%
Net income	(5.6%) 9.0	(5.7%) 14.6	(8.1%) 14.0	155%	75%	(6.8%) 18.8	129%

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 2017		FY 2018				
						1-3Q			Full year	
				1-3Q A	Full year B	Actual C	YOY C/A	Progress rate C/D	Plan D	YOY D/B
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	53.5	72.4	55.2	103%	79%	70.0	97%
			Network engineering	14.9	20.2	16.3	110%	82%	20.0	99%
			Mobile engineering	43.0	52.7	31.4	73%	64%	49.0	93%
			Sub-total	111.5	145.4	103.0	92%	74%	139.0	96%
		NCCs		23.4	30.9	24.3	104%	78%	31.0	100%
		Urban infrastructure		48.3	68.8	62.3	129%	75%	83.0	121%
		Sub-total		183.3	245.1	189.7	103%	75%	253.0	103%
	SYSTEM-SOLUTIONS			17.6	23.3	20.4	116%	55%	37.0	158%
	TOTAL			200.9	268.5	210.2	105%	72%	290.0	108%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	49.3	73.5	51.8	105%	70%	74.0	101%
			Network engineering	13.7	21.5	12.4	90%	54%	23.0	107%
			Mobile engineering	34.0	51.5	32.6	96%	63%	52.0	101%
			Sub-total	97.1	146.6	96.8	100%	65%	149.0	102%
		NCCs		16.9	27.1	19.3	114%	69%	28.0	103%
		Urban infrastructure		31.5	59.6	41.5	132%	58%	72.0	121%
		Sub-total		145.6	233.4	157.7	108%	63%	249.0	107%
	SYSTEM-SOLUTIONS			15.2	23.4	16.5	108%	59%	28.0	120%
	TOTAL			160.9	256.8	174.2	108%	63%	277.0	108%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	23.0	17.6	21.1	92%	-	-	-
			Network engineering	10.3	7.9	11.9	115%	-	-	-
			Mobile engineering	41.8	33.9	32.7	78%	-	-	-
			Sub-total	75.2	59.6	65.8	87%	-	-	-
		NCCs		16.7	14.0	19.0	114%	-	-	-
		Urban infrastructure		71.3	63.7	84.5	118%	-	-	-
		Sub-total		163.4	137.4	169.4	104%	-	-	-
	SYSTEM-SOLUTIONS			7.2	4.9	8.8	121%	-	-	-
	TOTAL			170.7	142.3	178.3	104%	-	-	-

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

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.

KYOWA EXEO CORPORATION

3-29-20 Shibuya, Shibuya-ku,
Tokyo 150-0002 JAPAN

http://www.exeo.co.jp/overseas/index.html
TEL: (81)3-5778-1073
FAX: (81)3-5778-1228