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1. Overview of FY16 Results

- (1) Performance Figures
- (2) Orders Received
- (3) Net Sales
- (4) Operating Income
- (5) Cash Flow

1. Overview of FY16 Results

(1) Performance Figures

- ◆ Orders received, sales and profits all increased due to strong orders received from telecom carriers
- ◆ Net sales were in line with the plan, but operating income hit a new high

■ Overview of FY16 results (consolidated)

(¥bn)

	FY15	FY16	FY16	YOY	Compared to plan
	Actual	Plan	Actual	C/A	C/B
	A	B	C		
Orders received	300.4	305.0	324.1	108%	106%
Net sales	287.4	300.0	298.8	104%	100%
Gross profit	(12.5%) 35.7	(12.5%) 37.6	(12.9%) 38.4	108%	102%
SG&A expenses	(6.0%) 17.3	(5.9%) 17.6	(5.9%) 17.6	101%	100%
Operating income	(6.4%) 18.4	(6.7%) 20.0	(7.0%) 20.8	113%	104%
Ordinary income	(6.4%) 18.5	(6.7%) 20.2	(7.2%) 21.4	116%	106%
Net income	(4.2%) 12.1	(4.4%) 13.3	(4.6%) 13.7	113%	104%

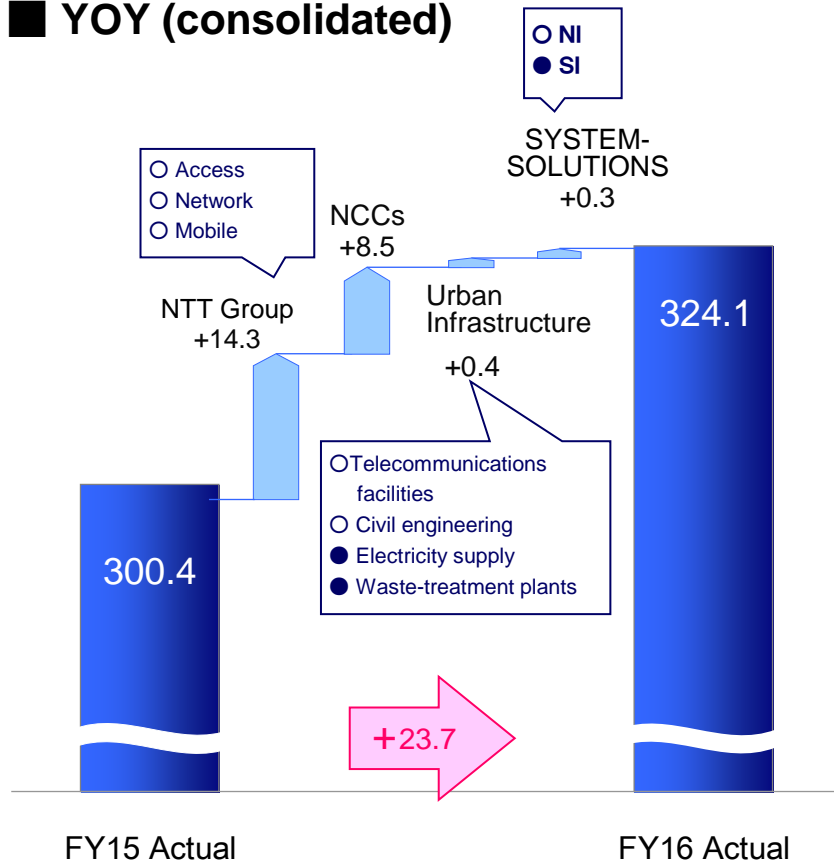
Notes: All amounts less than ¥100m are disregarded. Figures in parentheses are ratio to net sales.

1. Overview of FY16 Results

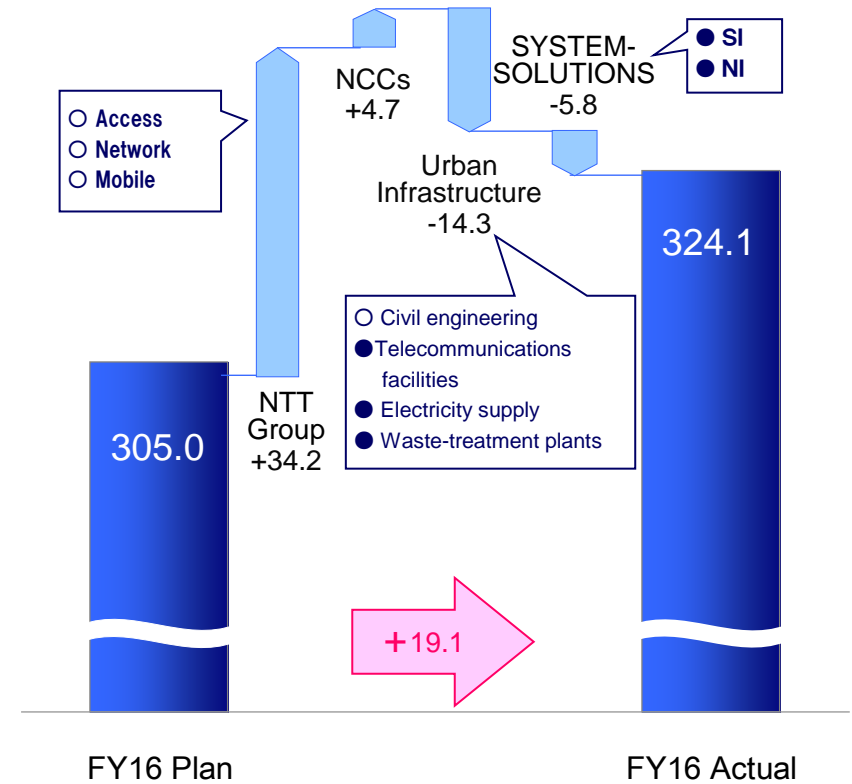
(2) Orders Received

- ◆ Up YOY due to rises in all segments, particularly orders received from NTT Group
- ◆ Grew at a sluggish pace in Urban Infrastructure and SYSTEM-SOLUTIONS, but increased compared to the plan, thanks to strong orders received from telecom carriers

■ YOY (consolidated)



■ Compared to plan (consolidated) (¥bn)



○ Reason for increase ● Reason for decrease

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

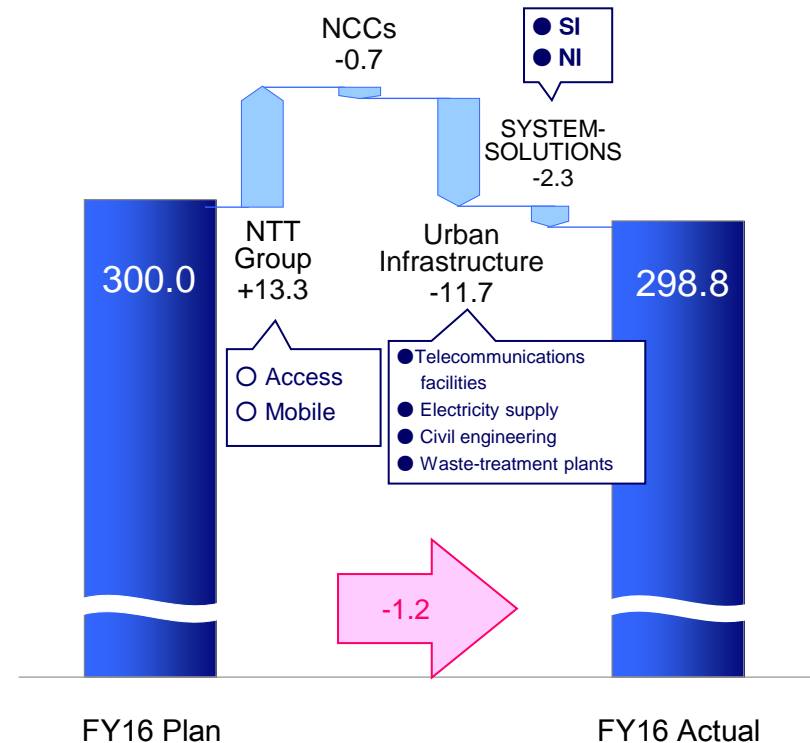
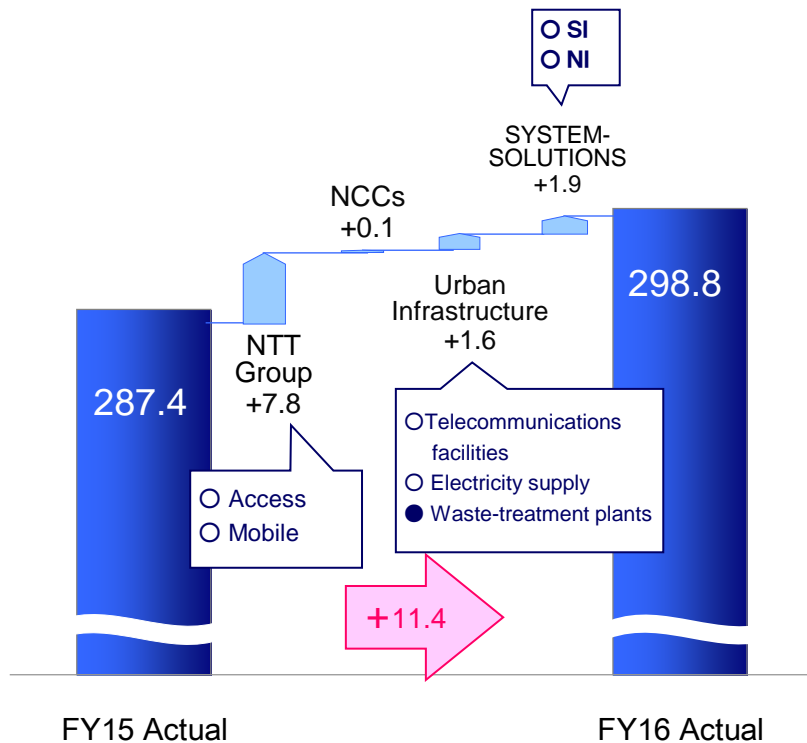
1. Overview of FY16 Results

(3) Net Sales

- ◆ Up YOY due to increases in all segments
- ◆ Almost in line with the plan as sales to telecom carriers saw a recovery in sluggish growth in Urban Infrastructure and SYSTEM-SOLUTIONS

■ YOY (consolidated)

■ Compared to plan (consolidated) (¥bn)



○Reason for increase ●Reason for decrease

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

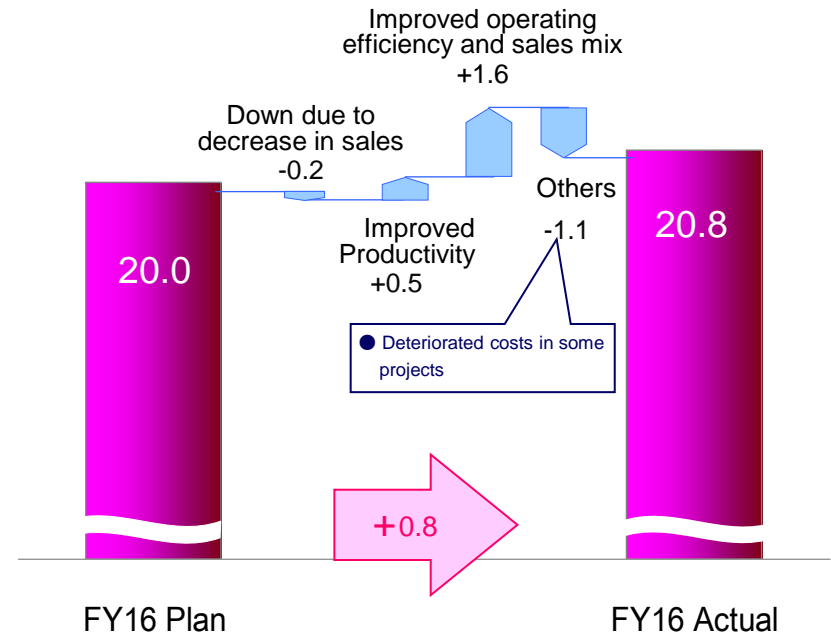
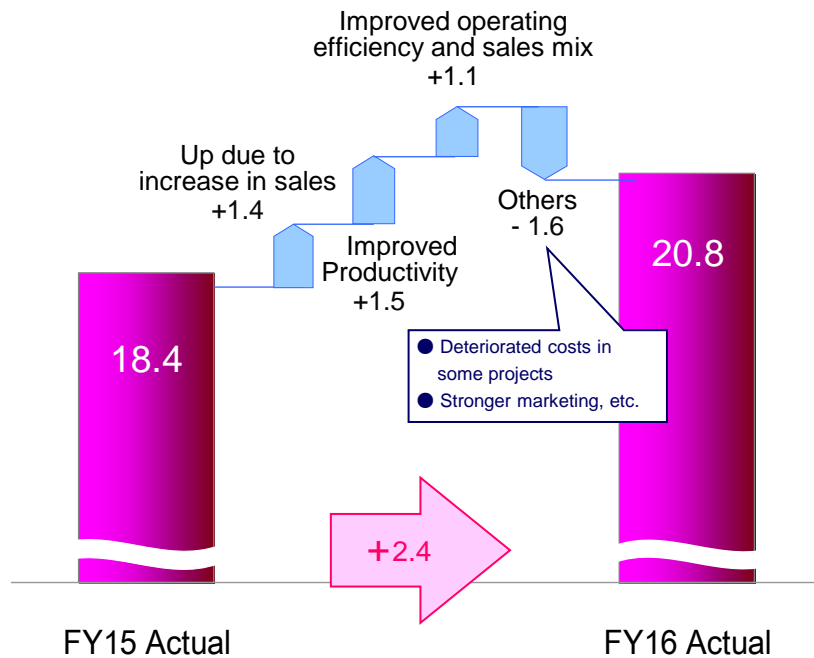
1. Overview of FY16 Results

(4) Operating Income

- ◆ Up YOY thanks to increases in sales and measures for productivity improvement
- ◆ Marked a record high as measures for productivity improvement and improved operating efficiency offset underperformance

■ YOY (consolidated)

■ Compared to plan (consolidated) (¥bn)



○Reason for increase ●Reason for decrease

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

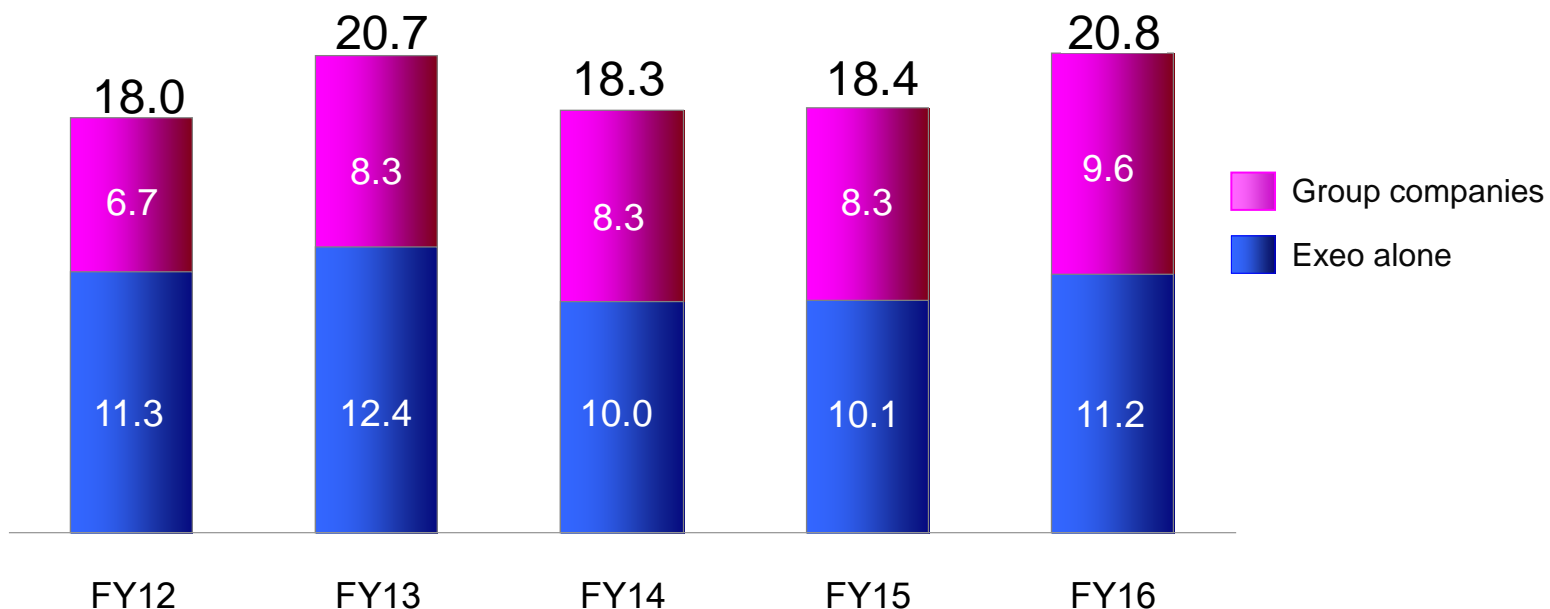
1. Overview of FY16 Results

Reference: Trends in Group company profitability

◆ Profits also reached a record high in Group companies

■ Trends in operating profits over the past five years (consolidated/non-consolidated) (¥bn)

(Ratio of consolidated to non-consolidated profits) (1.6) (1.7) (1.8) (1.8) (1.9)



Notes: Ratio of consolidated to non-consolidated profits = operating profits from consolidated projects ÷ operating profits from non-consolidated projects. All amounts less than ¥100m are disregarded.

1. Overview of FY16 Results

(5) Cash Flow

◆ Stable cash flow

■ Cash flow (consolidated)

(¥bn)

	FY14	FY15	FY16
Cash at beginning of FY	16.2	24.2	16.0
Operating activities	23.1	5.3	15.5
Investing activities	-2.8	-13.9	-6.0
Financing activities	-12.3	0.3	-10.2
Cash at end of FY	24.2	16.0	15.2

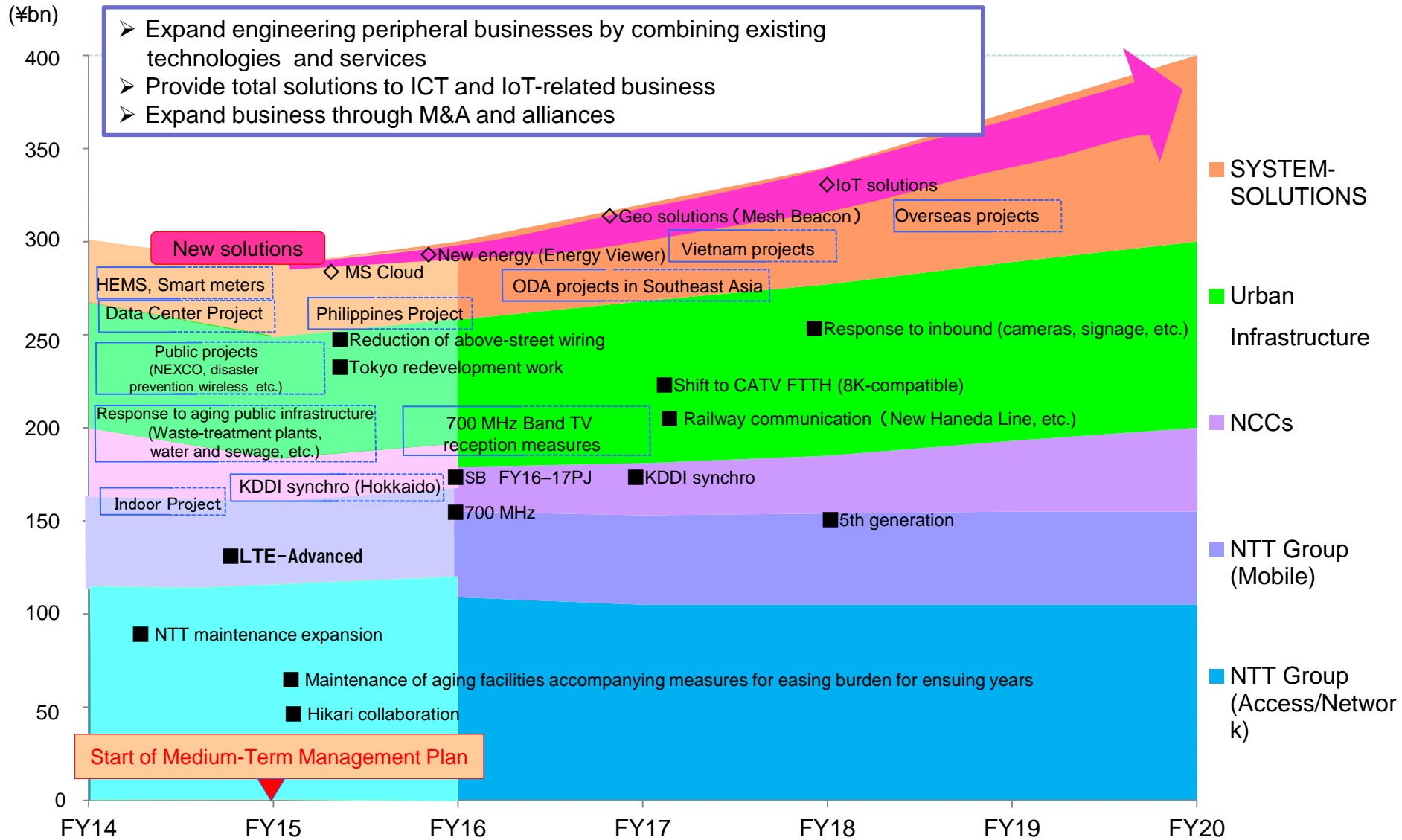
Note: All amounts less than ¥100m are disregarded.

2. Plans for FY17

- (1) Medium-Term Forecast for Projects
- (2) Performance Figures
- (3) Orders Received and Net Sales
- (4) Operating Income
- (5) Investment Trends of Major Telecom Carriers
- (6) NTT Group (Access/Network)
- (7) NTT Group (Mobile)
- (8) NCCs
- (9) Urban Infrastructure
- (10) SYSTEM-SOLUTIONS
- (11) Improved Productivity

2. Plans for FY17

(1) Medium-Term Management Plan (FY16–FY20) : Concept of Growth



2. Plans for FY17

(2) Performance Figures

◆ Targeting record high sales and profits backed by a wealth of ongoing construction jobs

■ Plans for FY17 (consolidated)

(¥bn)

	FY16 Actual A	FY17 Plan B	YOY B/A
Orders received	324.1	330.0	102%
Net sales	298.8	320.0	107%
Gross profit	(12.9%) 38.4	(12.9%) 41.3	107%
SG&A expenses	(5.9%) 17.6	(5.7%) 18.3	104%
Operating income	(7.0%) 20.8	(7.2%) 23.0	110%
Ordinary income	(7.2%) 21.4	(7.4%) 23.6	110%
Net income attributable to owners of parent	(4.6%) 13.7	(4.9%) 15.7	114%

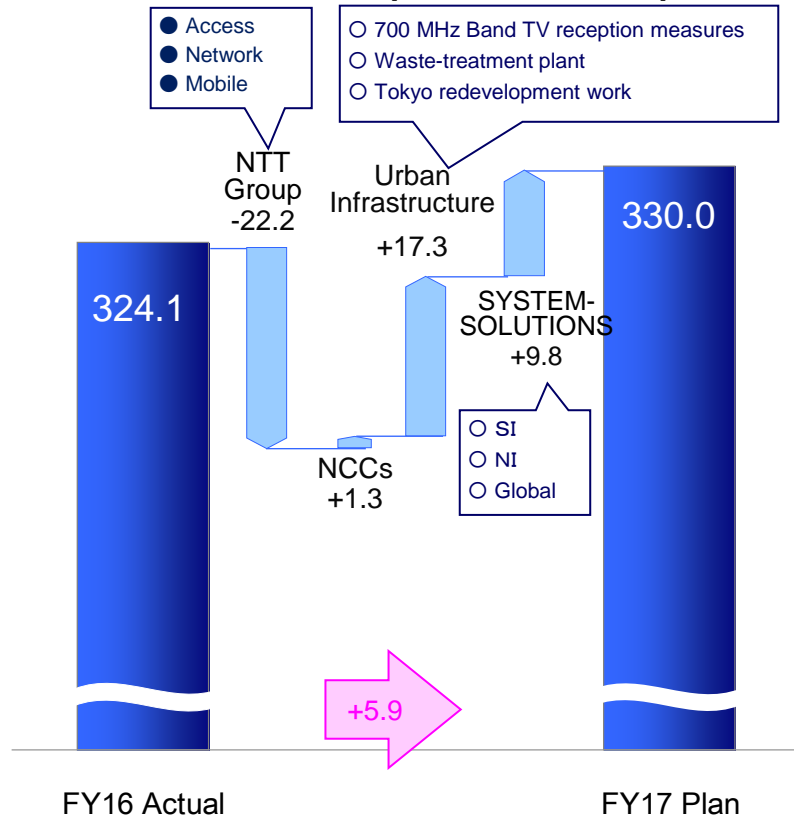
Notes: All amounts less than ¥100m are disregarded. Figures in parentheses are ratio to net sales.

2. Plans for FY17

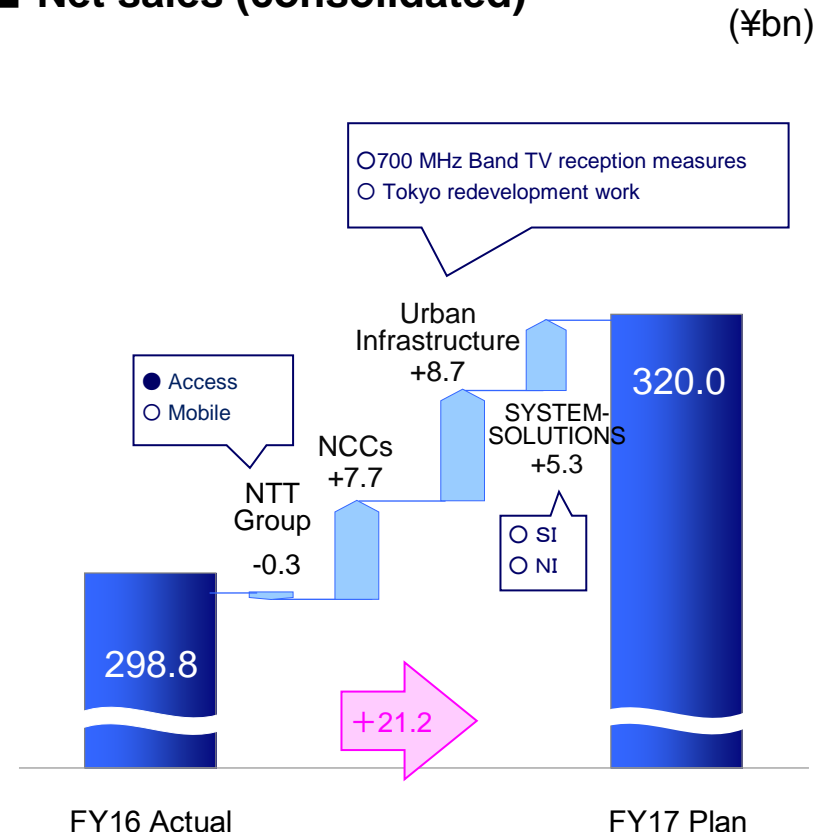
(3) Orders Received and Net Sales

- ◆ Make up for reduced NTT Group orders through urban infra and SYSTEM-SOLUTIONS
- ◆ Increase income through lucrative carried-over projects and steady accumulation of orders

Orders received (consolidated)



Net sales (consolidated)



○ Reason for increase ● Reason for decrease

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

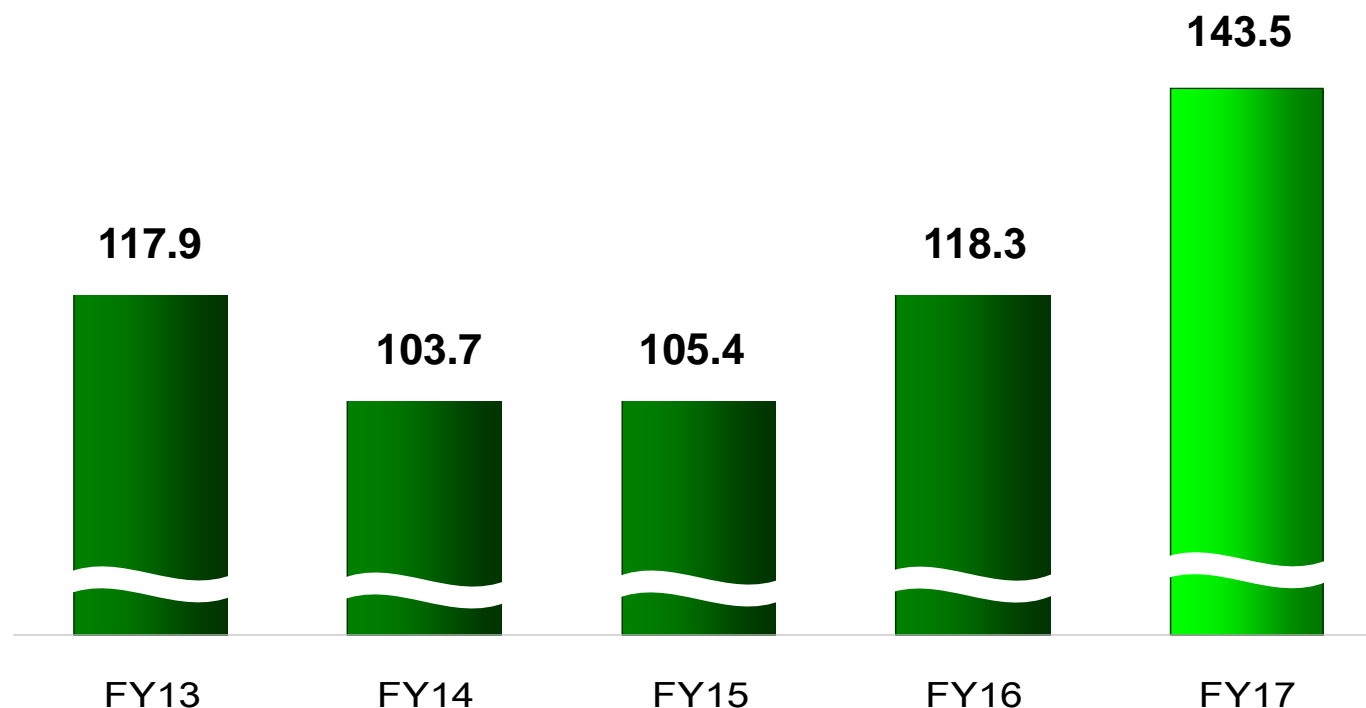
2. Plans for FY17

Reference: Status of projects carried over

◆ Projects carried over increase significantly and reach an all-time high

■ Balance of projects carried over to next period by fiscal year (consolidated)

(¥bn)



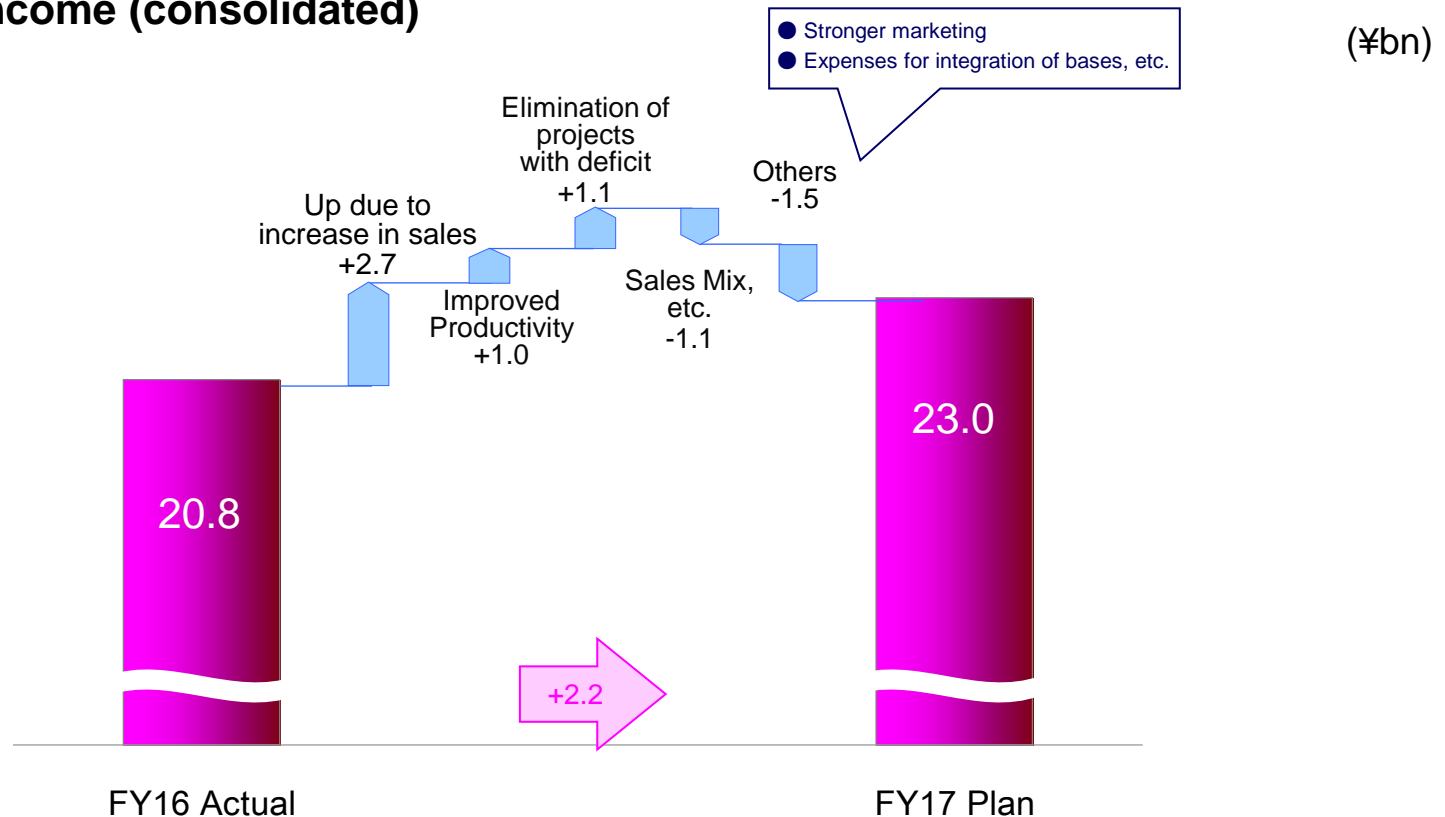
Note: All amounts less than ¥100m are disregarded.

2. Plans for FY17

(4) Operating Income

◆ Hit a new high due to higher sales and measures for productivity improvement, despite rising operating expenses

■ Operating income (consolidated)



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

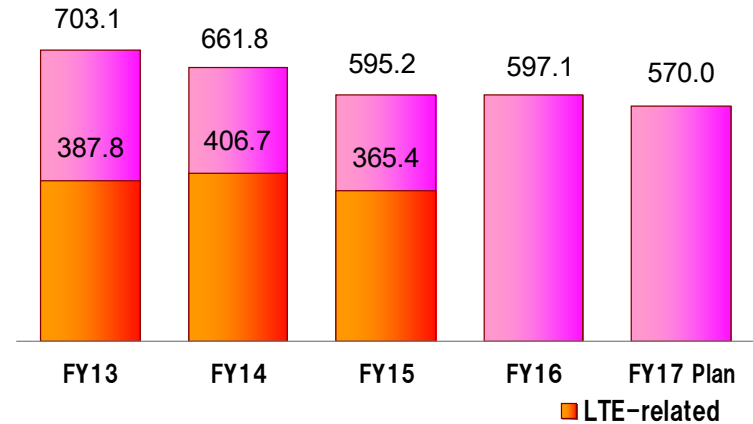
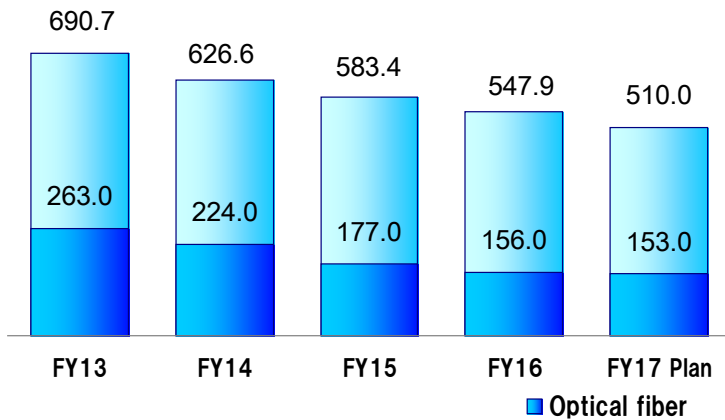
2. Plans for FY17

(5) Investment Trends of Major Telecom Carriers

■ NTT East/West

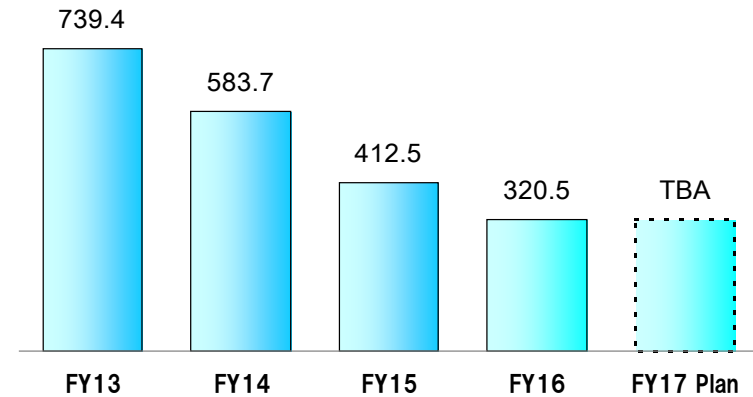
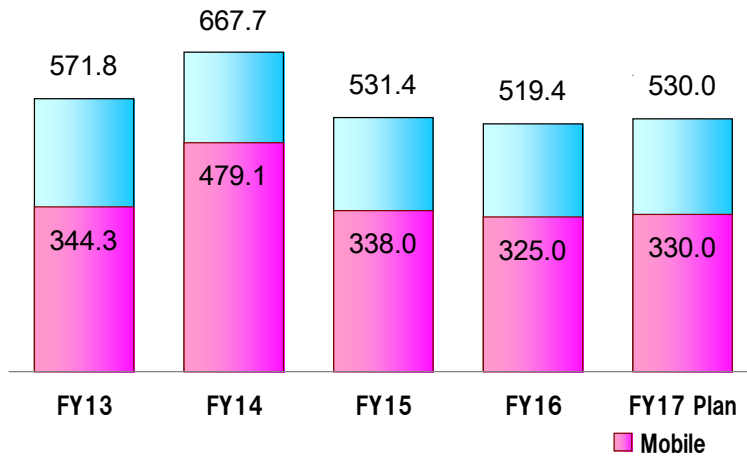
■ NTT DoCoMo

(¥bn)



■ KDDI

■ SoftBank



Note: Trends in FY14 or later include UQ mobile.

On Japanese standards in FY13, and on IFRS in the years after FY14.

Notes: FY13 figures is totals for mobile and fixed-line communications.

FY14 or later give figures for domestic communications business.

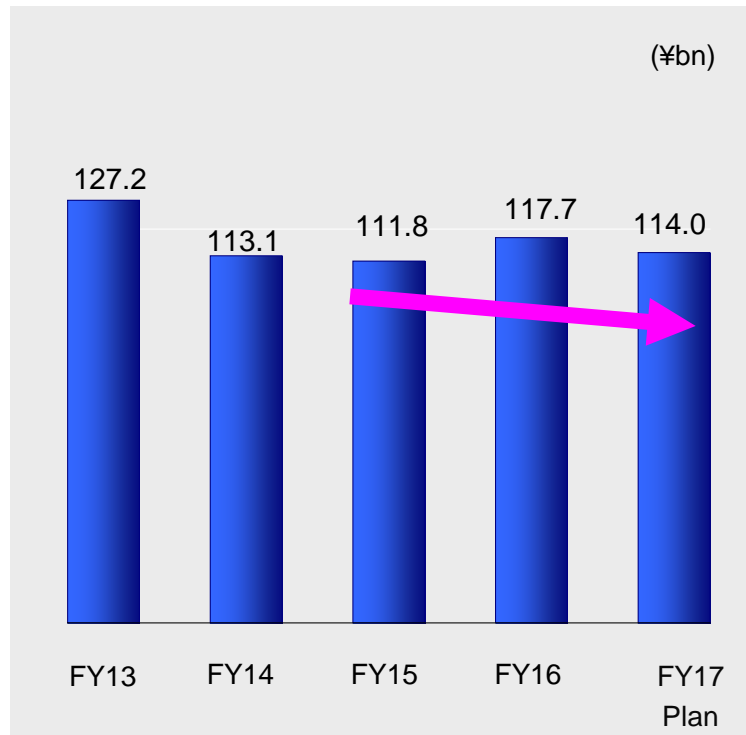
(Source: Figures released by the telecommunications carriers)

2. Plans for FY17

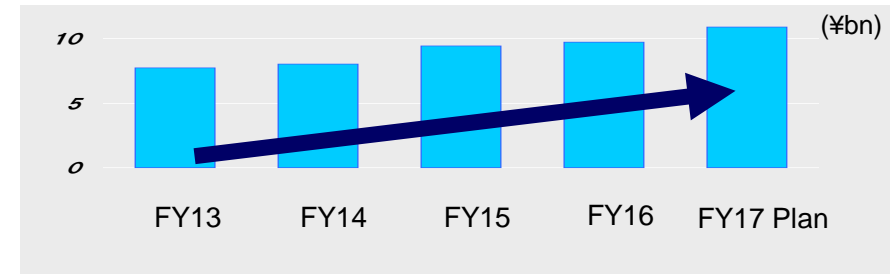
(6) NTT Group (Access/Network)

- ◆ The Hikari collaboration has resulted in continued demand for FTTH
- ◆ The Group as a whole is promoting measures for greater efficiency

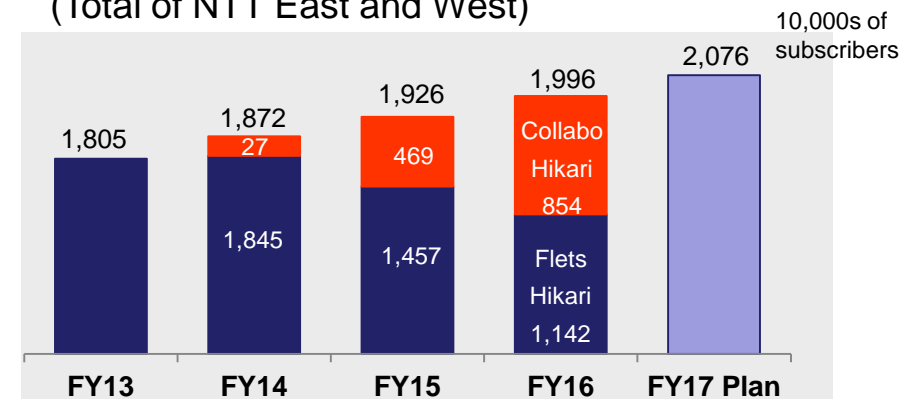
■ Net sales of NTT Group (fixed-line network, consolidated)



■ NTT facilities management (fixed-line related) 【Net sales (consolidated)】



■ Trend in Number of FTTH Subscribers (Total of NTT East and West)



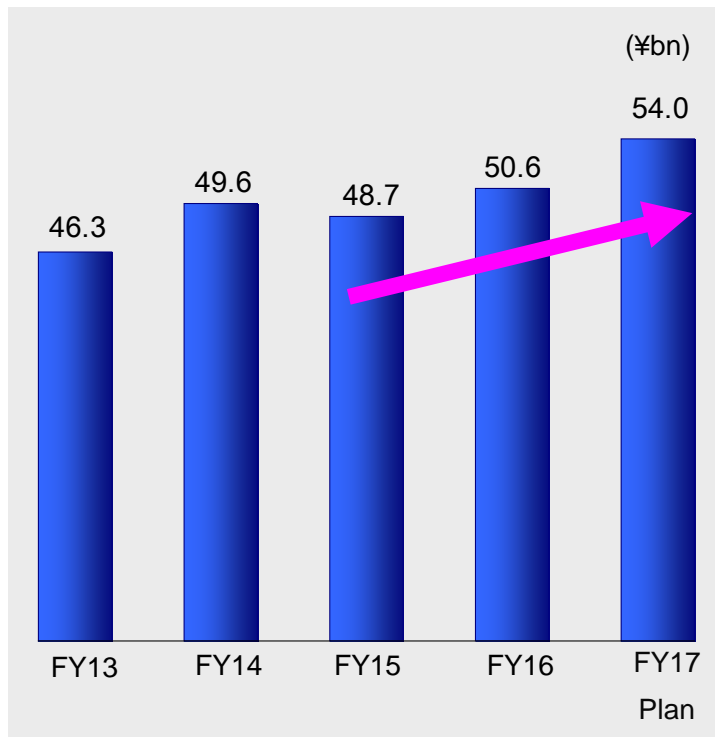
(Source: Created by Kyowa Exeo, based on NTT presentation material)

2. Plans for FY17

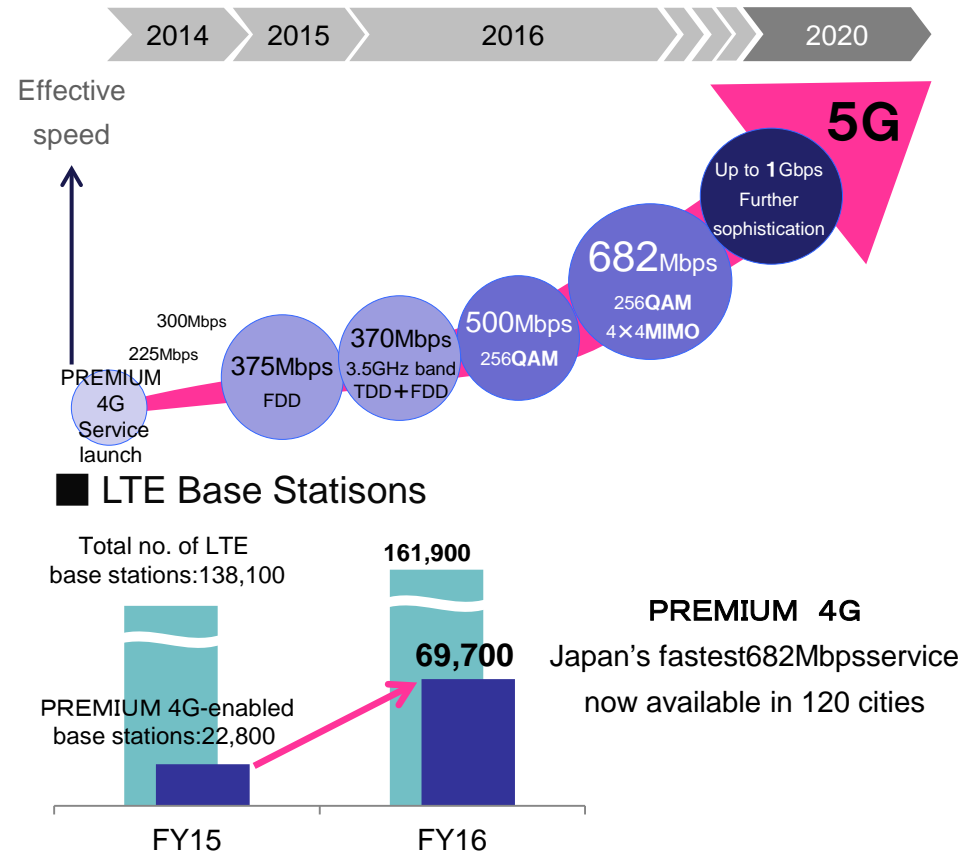
(7) NTT Group (Mobile)

- ◆ LTE-Advanced construction work volume remains high
- ◆ Mobile traffic continues to increase

■ Net sales of NTT Group (mobile network, consolidated)



■ NTT DoCoMo Network Development



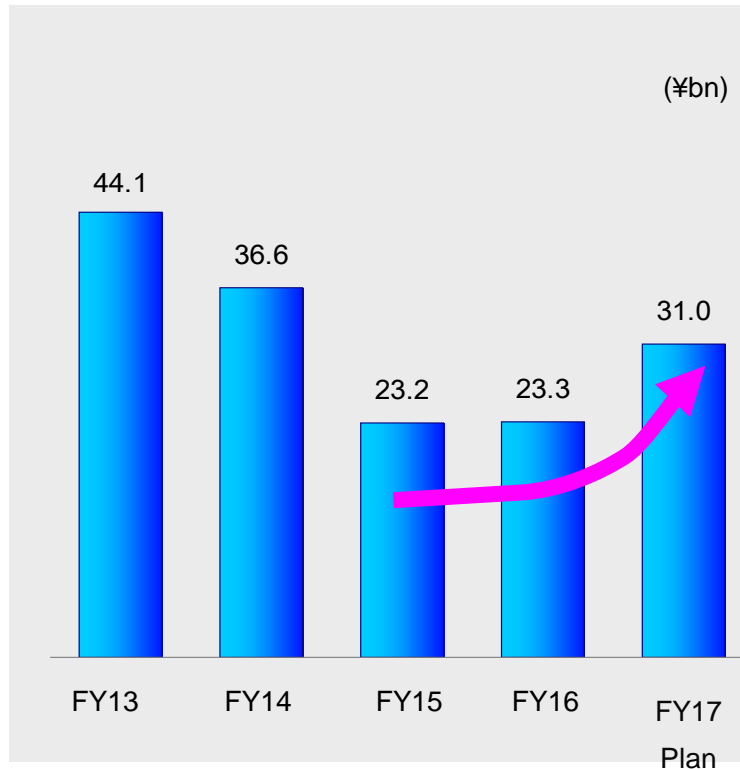
Note: Created by us based on NTT DoCoMo presentation material.

2. Plans for FY17

(8) NCCs

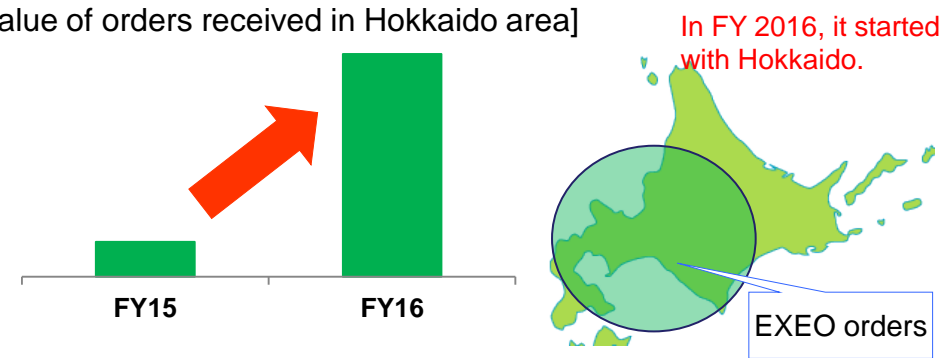
- ◆ Orders received in Hokkaido area surge by winning orders for a combination of construction and maintenance of KDDI facilities
- ◆ Construction jobs for traffic are proceeding at full pace

■ Net sales of NCCs (consolidated)

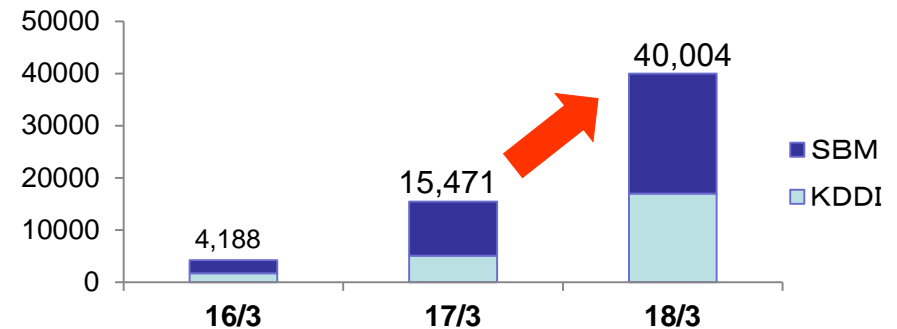


■ Trial consolidation of KDDI construction and maintenance orders

[Value of orders received in Hokkaido area]



■ Planned number of specified base stations with 3.5GHz



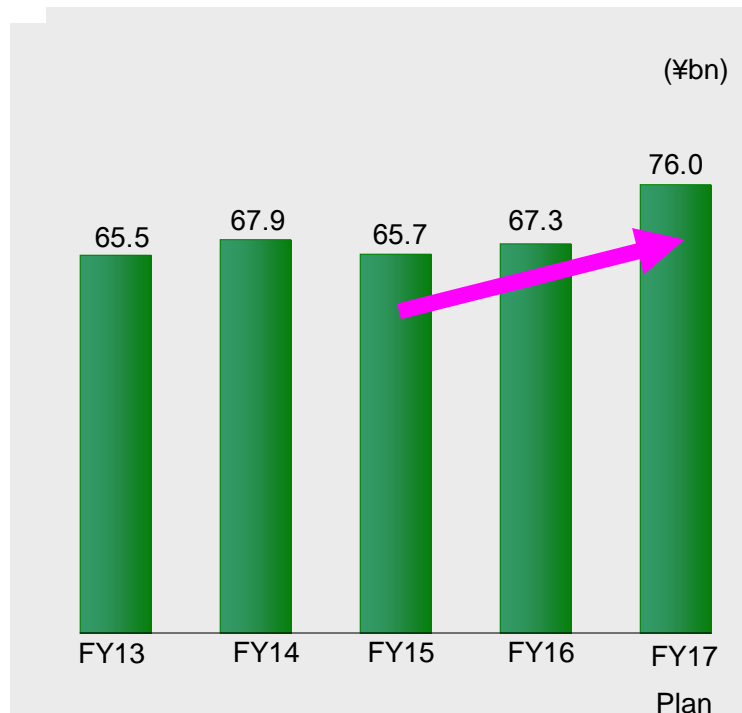
Note: Created by us based on documents from the Telecommunications Bureau of the Ministry of Internal Affairs and Communications

2. Plans for FY17

(9) Urban Infrastructure

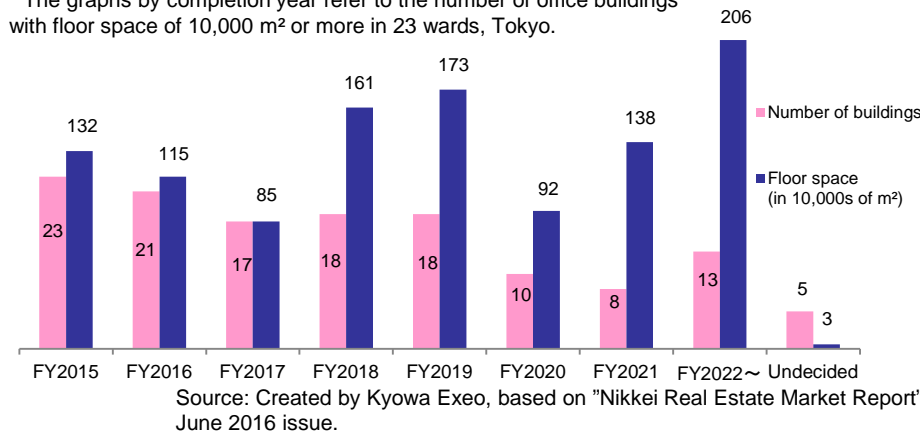
- ◆ Electrical construction and power pole elimination related to Tokyo metropolitan area redevelopment remain strong
- ◆ 700 MHz Band TV reception measures proceed at full pace

Urban Infrastructure net sales (consolidated)

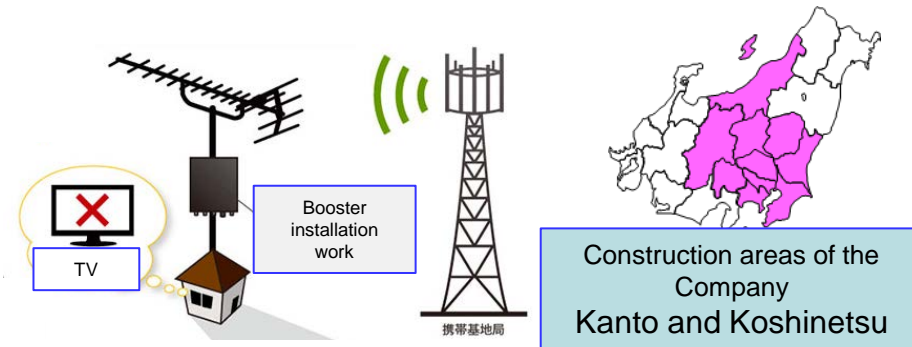


Status of Large Redevelopment

* The graphs by completion year refer to the number of office buildings with floor space of 10,000 m² or more in 23 wards, Tokyo.



700 MHz Band TV reception measures



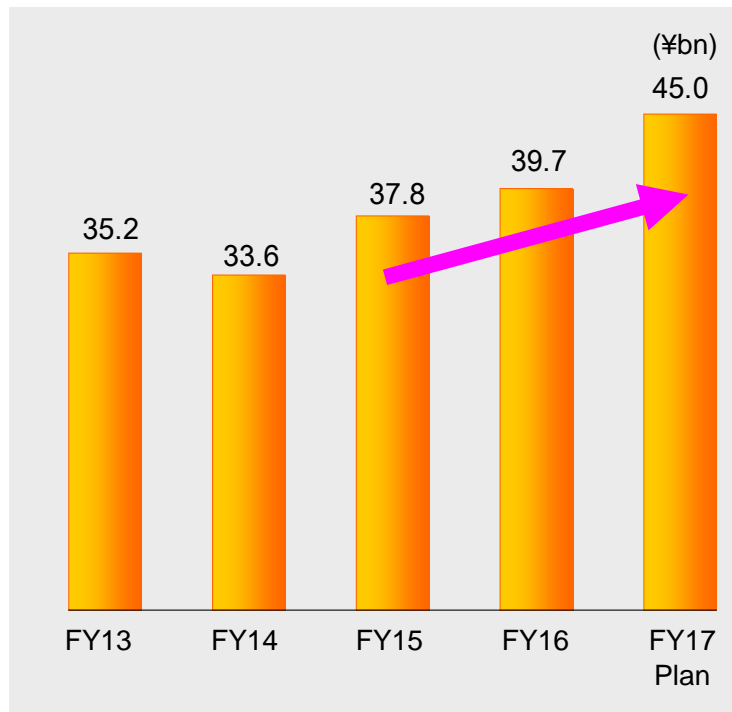
Note: Created by us based on the HP of Association of 700MHz Frequency Promotion

2. Plans for FY17

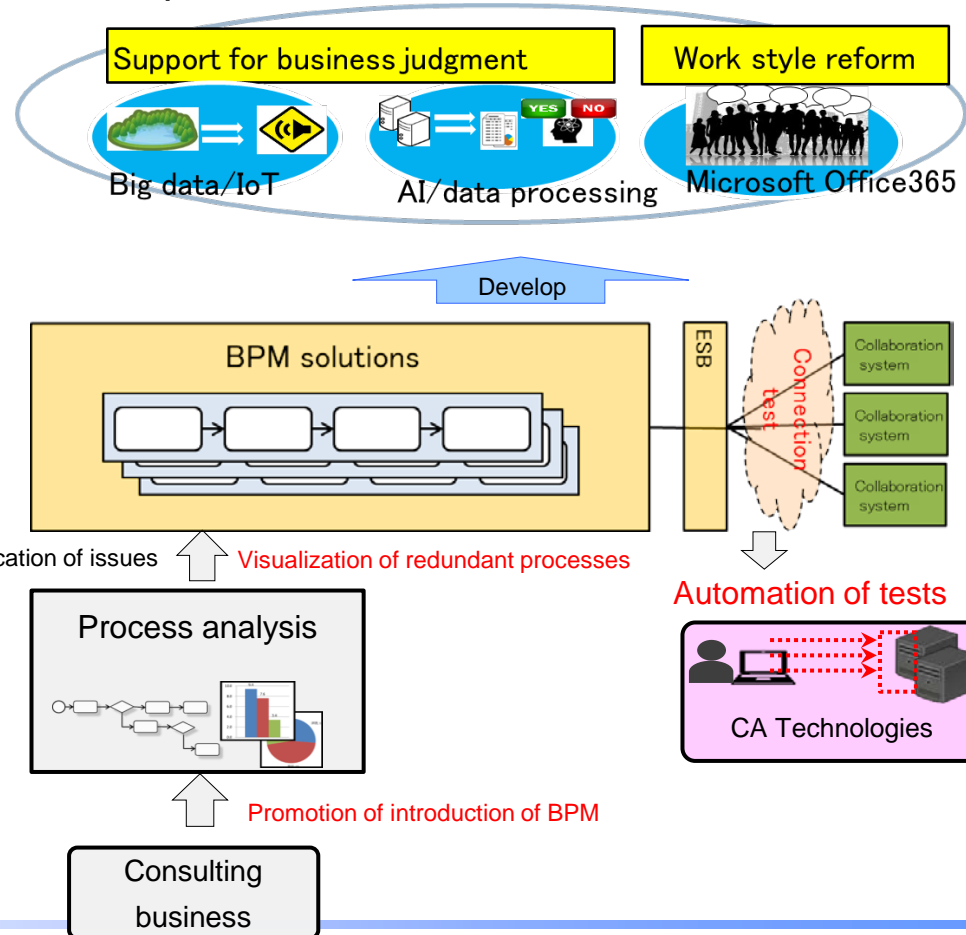
(10) SYSTEM-SOLUTIONS

- ◆ Expand BPM Solutions Business
- ◆ Focus on new solutions such as IoT and cloud

SYSTEM-SOLUTIONS net sales (consolidated)

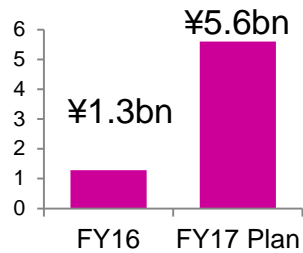


Expansion of BPM Solutions Business



2. Plans for FY17

Reference: Performance and future initiatives of new solutions



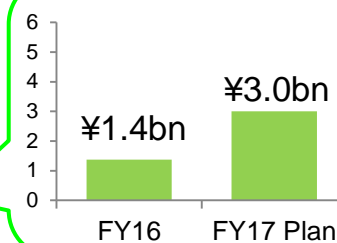
- Expand business in the Philippines
- Participate in business in Vietnam
- Overseas infrastructure projects

Global, other

- Okinawa
- International, etc.

New energy field

- Energy management service
- Transportable lithium battery
- Smart meter



- Launched survival power supply (March 2016)
- Started supplying cloud services to new power businesses (July 2016)

Solutions field

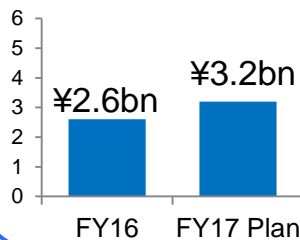
- Mesh-type beacon network solutions (indoor positioning infrastructure/sensor network)
- Guide application (tourism/disaster)

- Development of EXBeacon: Begin commercializing mesh-type beacon network (Construction site/office)
- EXTravel: Released in 2016
- Oyama Meguri Guide, Yamanouchi Navi

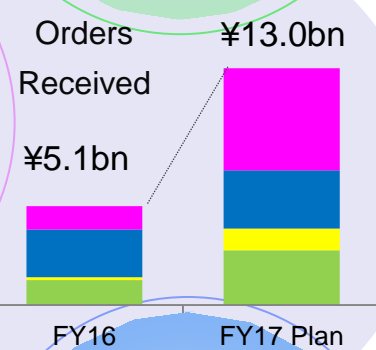
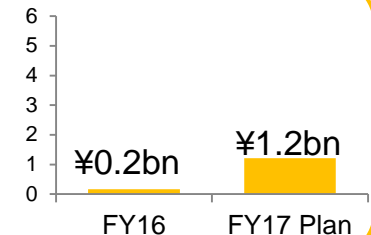
Cloud/security field

- Thin client/virtual field
- Security infrastructure
- Educational apps

Computerized parking space certification system



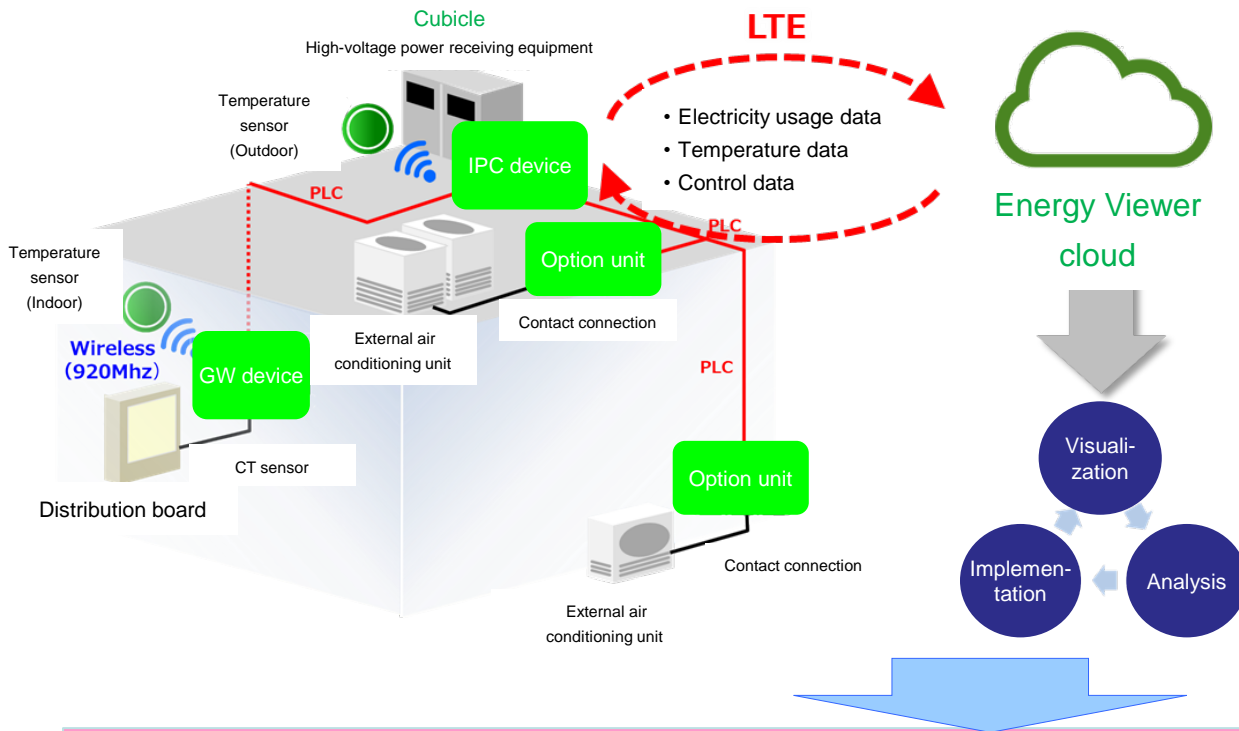
- Cloud integration engineering in partnership with Microsoft
 - Enrichment of lineup of solutions in corporate communication and IoT fields, capital and business tie-up with Nextgen



2. Plans for FY17

Reference: Energy Viewer

- ◆ Energy management service for small and medium-sized corporations (high voltage small lot)
- ◆ B2B2X business model. Middle B mainly targets electric power companies.



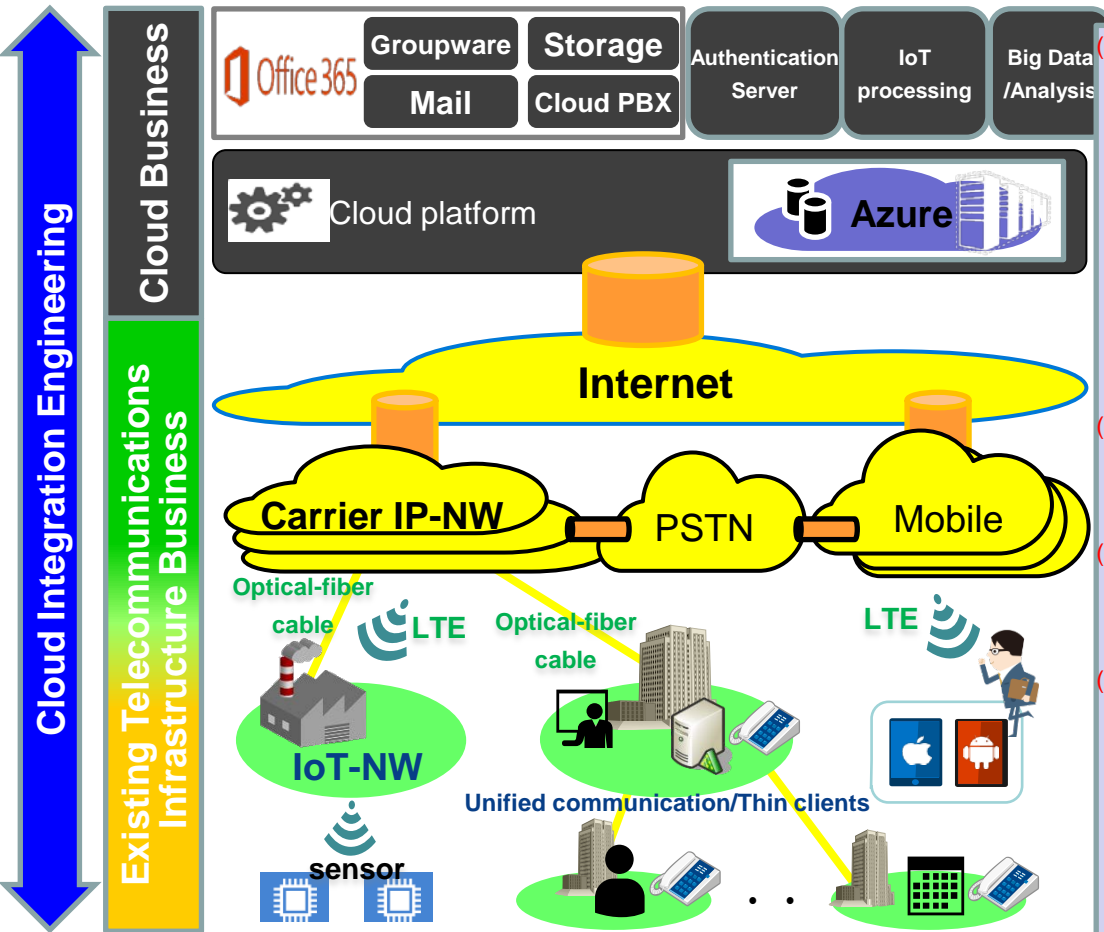
- [Energy Viewer features]**
- Cost saving realized by one-stop services of EXEO covering equipment manufacturing to construction and operation
 - Energy saving without sacrificing amenities by monitoring room temperature
 - Always reduce electric consumption of air-conditioning through control 24 hours per day, 365 days per year.
 - Respond to all air-conditioning equipment manufacturers. The manufacturers' warranty also continues.

- <Benefits of introduction>**
- ◇ **Customers (small and medium-sized corporations)**
Realization of energy saving with no impact on business, such as the maintenance of amenities and reduced burdens on employees due to automated control.
 - ◇ **Electric power companies**
Added value such as acquiring customers in electric power selling and preventing withdrawal. Appeal of a power company with less expensive electricity, instead of a company with low unit price

2. Plans for FY17

Reference: Cloud Integration Engineering*

Development of the market for sound solutions for enterprises and the expansion of the IoT solutions lineup



(1) State of activities

- ✓ Efforts for sound solutions for enterprises in collaboration with Microsoft Japan (mainly consulting for small enterprises at the beginning)
 - Approx. 20 orders received, approx. 70 business deals in progress
 - Actual results: Assessment and partial introduction, etc. (leading transport companies, manufacturers and local core medical institutions, etc.)
- ✓ IoT
 - Visualize and analyze field engineering in real time by enhancing sensor networks including LPWA.

(2) Gained approval from Microsoft Japan (only 6 companies in Japan)

- ✓ Mar. 2017 Approved as Skype Operations Framework Offers Partner (6 companies elected in Japan)

(3) Capital and business tie-up with Nextgen

- ✓ Feb. 2017 Entered into a capital and business tie-up for the purpose of improving the sound communications environment for enterprises.

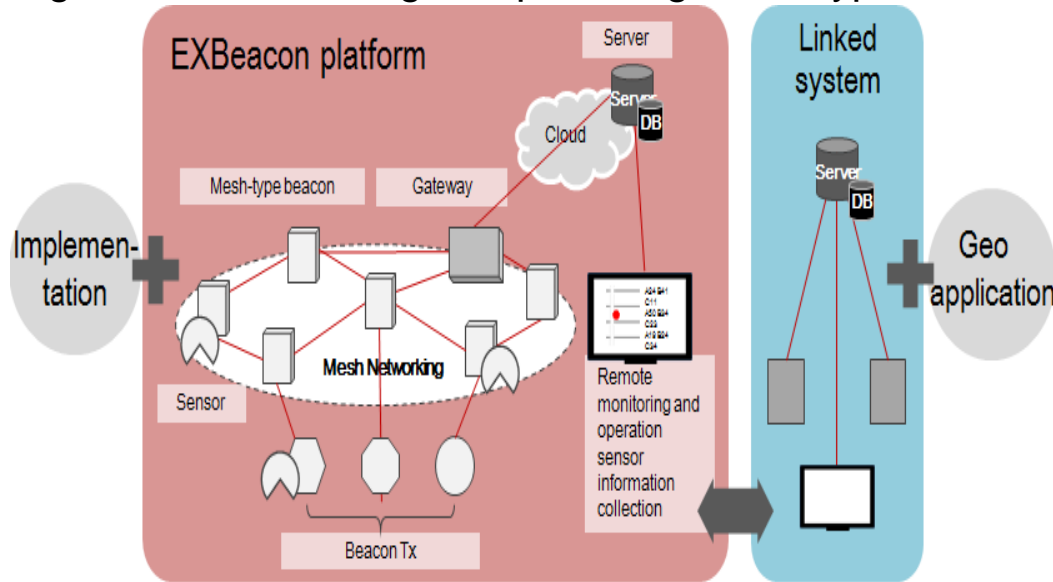
(4) Train cloud engineers

- ✓ Train 2,000 Microsoft cloud engineers by 2019 (as of March 31, approx. 600 engineers had acquired qualifications).
- ✓ Train about 100 engineers to earn the high-level qualifications MCSE Communication or MCSA Office365 (the largest number of engineers with such qualifications in Japan).

*Offer nationwide, unified, one-stop engineering, including cloud implementation alongside existing network engineering

2. Plans for FY17

Reference: Begin commercializing and providing mesh-type beacon network solutions



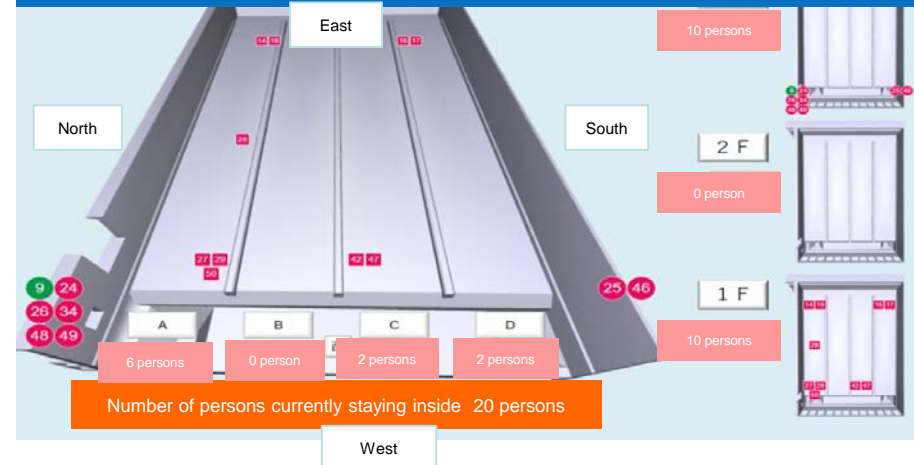
[Point 1]
Provide the “Exbeacon platform” that combines the design and construction of a radio wave space in order to build an optimum network environment for each target facility.

[Point 2]
Enable the achievement of various objectives such as sensor network, indoor positioning infrastructure and remote monitoring and control with a single platform.

Example of introduction into office: Management of employees' sitting positions

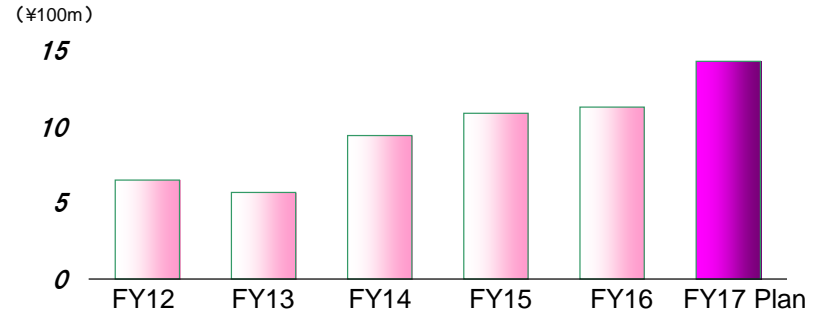


Example of introduction into construction site: Management of workers' entrance, exit and locations



2. Plans for FY17

Reference: Global business initiatives ■ MG Exeo sales trends



MG Exeo (Philippines) as a base for development in Asia including ASEAN

Philippines

Orders received as a local company that has undertaken comprehensive service projects in three Manila suburbs for 26 years

- Optical-fiber access from SMART (¥60m)
- Orders received for IP integration system from NTT Comware (consulting)
- Entry/exit management system at new Bohol airport(¥20m)
- Win projects of building SMART Wi-Fi (several thousand access points)

- Provision of ICT solutions in airports in the Philippines
- Terrestrial digital construction (adoption of Japanese system ISDB-T)
- Further expansion of comprehensive service project areas
- Carrier network consulting
- Carrier data center ICT

- Development of ICT technology educators in the Philippines → Spread to other SE Asian countries
- Train global staff in the Philippines (One-year local stay) Send trainees from Japan (First group sent in Oct. 2015 (completed); second group in Oct. 2016 (in the middle))

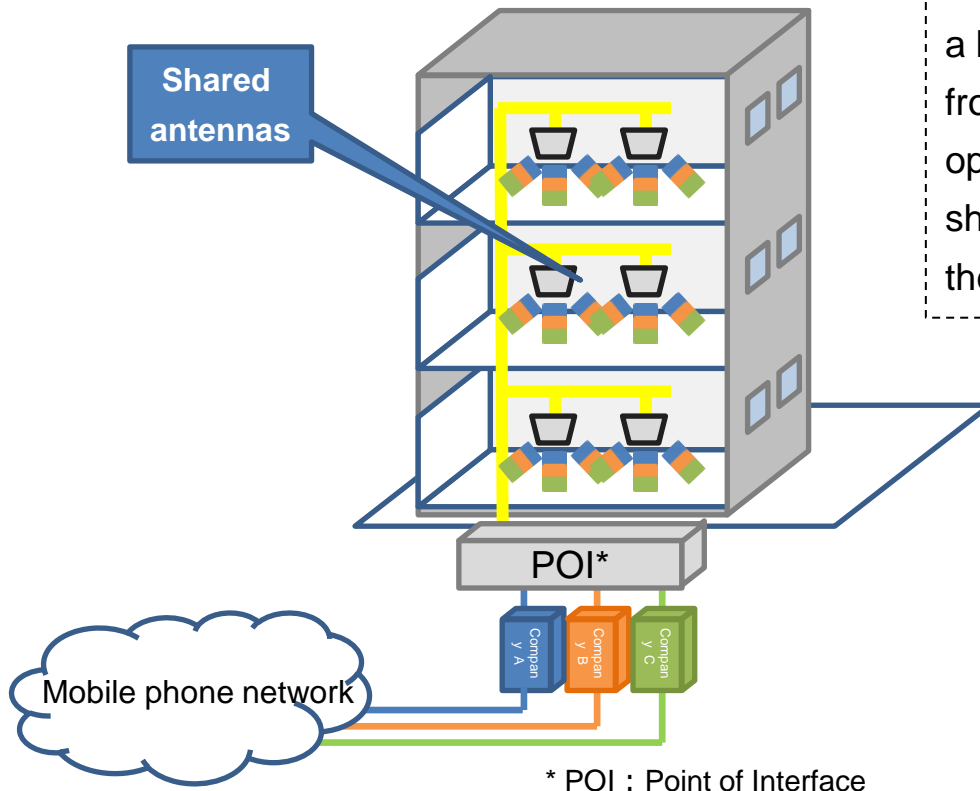
Trial implementation of Indonesian FTTH project commenced business investment in Vietnam.

- Targeting various projects using government ODA
- Airport ICT
 - Industrial complex ICT
 - Data center ICT etc.

2. Plans for FY17

Reference: Entry into the Vietnamese market

As part of the measures for strengthening the overseas business, concluded an agreement to acquire shares of a new company of the IBS (In-Building System) Business in Vietnam.



IBS Business:

Abbreviation for In-Building System Business. It is a business model for receiving facility usage fees from telecom carriers by having multiple mobile operators use communications facilities such as shared antennas in a large building by constructing them on your own account.



Signing ceremony with a local partner

2. Plans for FY17

(11) Improved Productivity

◆ FY16 targets achieved

◆ Continued measures to improve profits

Enhanced profitability through cost reductions

	FY	FY2014	FY2015	FY2016	FY2017 Plan
Improvement	Aims	¥1.5bn (cumulative ¥5.0bn)	¥1.0bn (cumulative ¥6.0bn)	¥1.0bn (cumulative ¥7.0bn)	¥1.0bn (cumulative ¥8.0bn)
	Results	¥2.0bn (cumulative ¥7.0bn)	¥1.0bn (cumulative ¥8.0bn)	¥1.5bn (cumulative ¥9.5bn)	—

Note: Amount of improvement represents cost reductions relative to FY10.

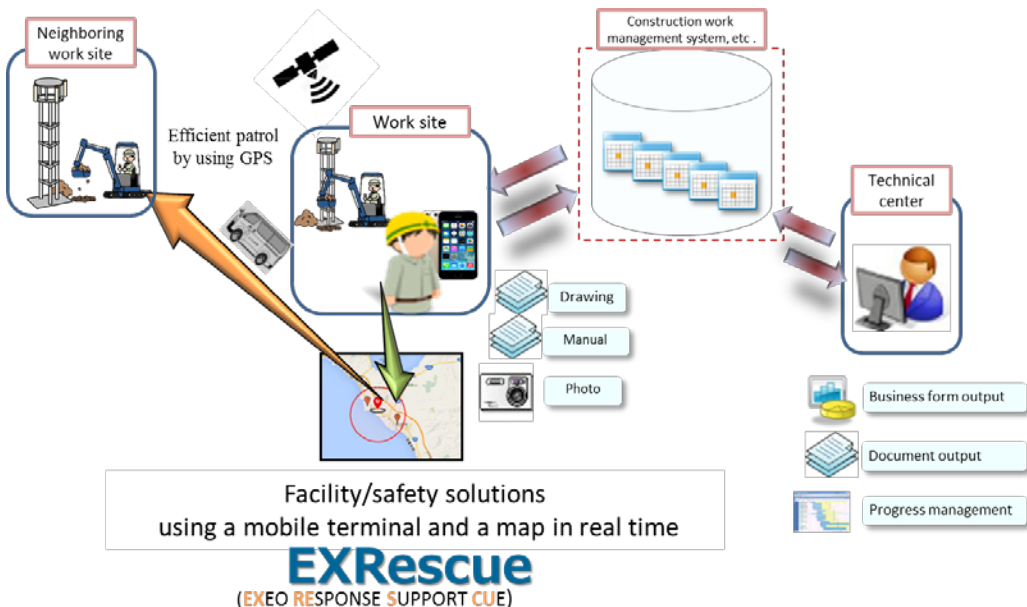
Recent principal measures

Area	Measures
Functional integration	<ul style="list-style-type: none"> ◇Review of access, network, and engineering construction systems ◇Expansion of shared company work consignments ◇Group-wide unification of audits, MS tasks ◇Reorganization of Group access companies in Kanto area ◇Integrated cross-departmental systems ◇Improved business flow and systems through BPR
Reorganization of Group companies	<ul style="list-style-type: none"> ◇Construct common bases for system ◇Continue to improve business flow and systems through BPR
Consolidation of bases	<ul style="list-style-type: none"> ◇Merger of subsidiary security companies ◇Merger of subsidiary access companies in Kansai/Chugoku regions ◇Merger of subsidiary mobile companies ◇Merger of subsidiary access companies in Tohoku region ◇Merger of major subsidiaries (WAKO and Ikeno) ◇Merger of subsidiary network companies
Resource sharing	<ul style="list-style-type: none"> ◇Sendai General Engineering Center (9 bases → 1) ◇Kagawa Technical Center (5 bases → 1) ◇Ishioka General Technical Center (4 bases → 1) ◇Koshin branches (5 bases → 1) ◇Hyogo General Technical Center (5 bases → 1) ◇Kansai branches (11 bases → 1) *(planned for Oct. 2017) ◇Fujisawa Technical Center (2 bases → 1) *(planned for Nov. 2017)
	<ul style="list-style-type: none"> ◇Resource shift to mobile/solutions area ◇Group-wide cross-sectional projects (mobile, 700 MHz TV reception measures, Data Centers, etc.)

2. Plans for FY17

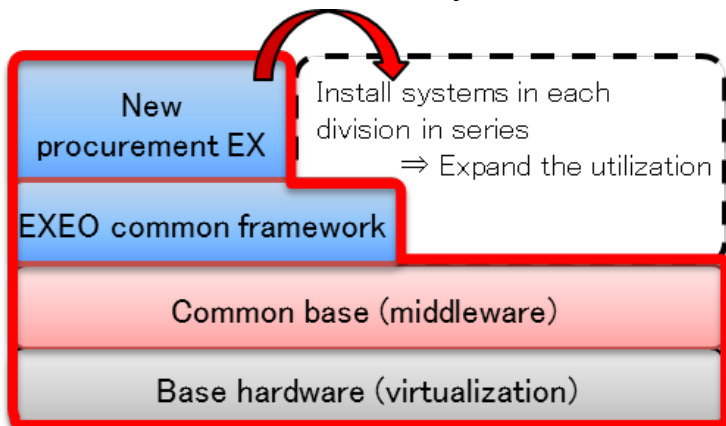
Reference: Measures for business improvement projects

■ Increased operational efficiency by using IT



- Paperless information sharing between desk and construction sites
- Real-time in-house inspection through photo shooting by smartphone
- Gain an understanding of the progress and utilization status at each site on the map.
- Efficient safety patrol using GPS, etc.

■ Common base of systems

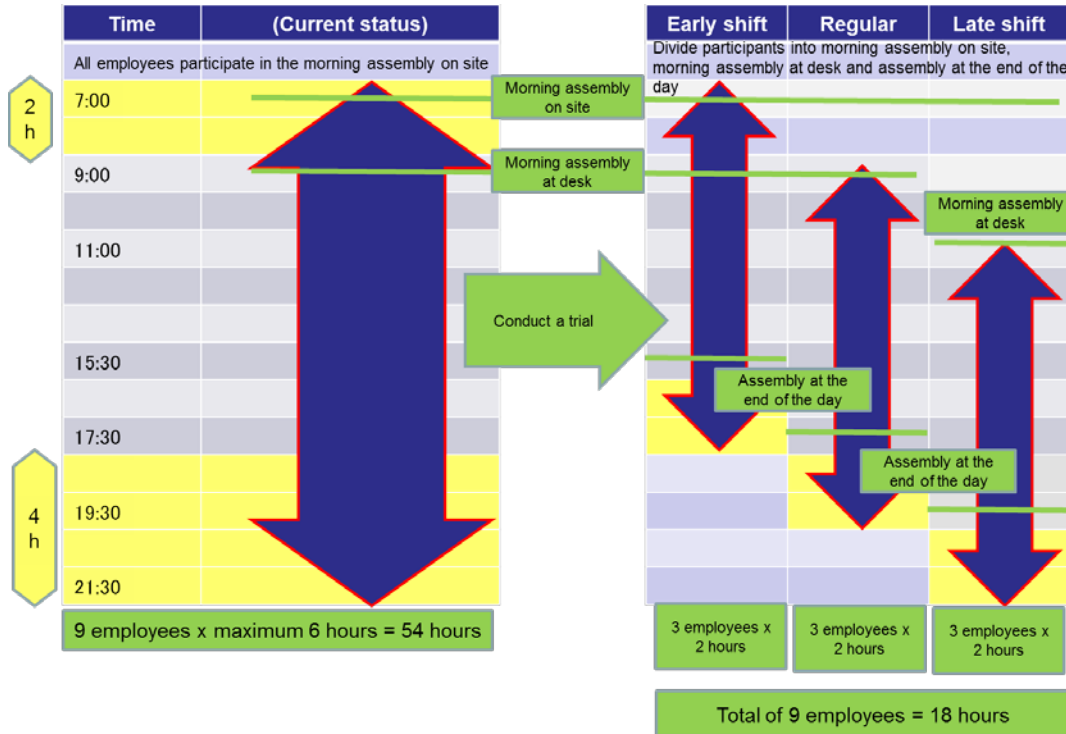


- Standardize cross-division operational processes as a common framework by BPR.
- Develop systemization in series, including a new procurement system, for the purpose of increasing operating efficiency.
- Reduce IT costs by eliminating redundant systems.

2. Plans for FY17

Reference: Measures for work style reform

Example of reducing overtime work through a work shift system at the technical center



Effect of reducing overtime work by up to four hours per person per day

Certified as a Health and Productivity Management Organization



2017
健康経営優良法人
Health and productivity
ホワイト500

The Ministry of Economy, Trade and Industries certifies “corporations that work strategically on the health control of employees from a management perspective” as Health and Productivity Management Organizations for the purpose of visualizing them.

3. Raising Shareholders' Value

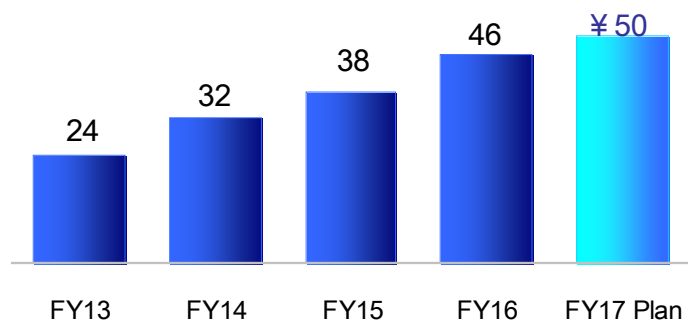
(1) Payment of Dividends

3. Raising Shareholders' Value

(1) Payment of Dividends

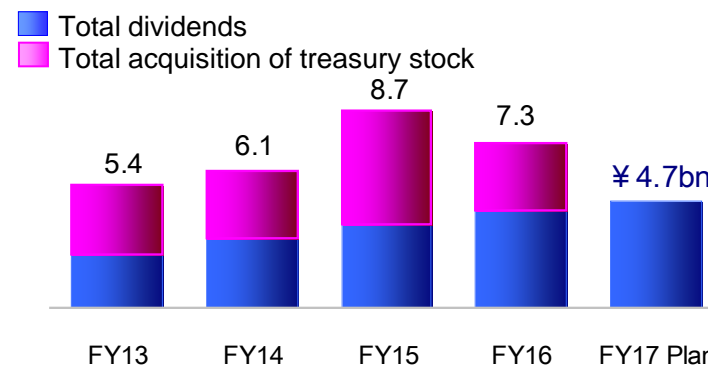
- ◆ Annual dividend up ¥4 YoY to ¥50
- ◆ Targeting 3% DOE and continued stable mid- to long-term dividend rise

■ Dividend history (per share)

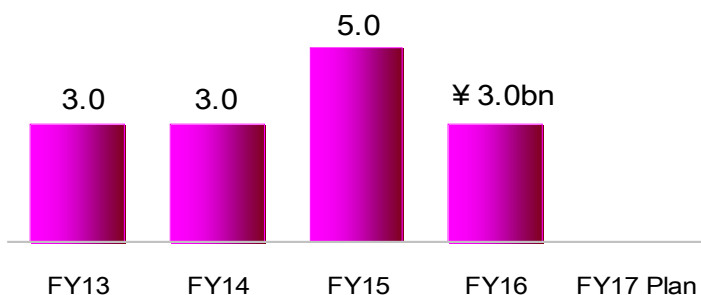


■ Total shareholder return

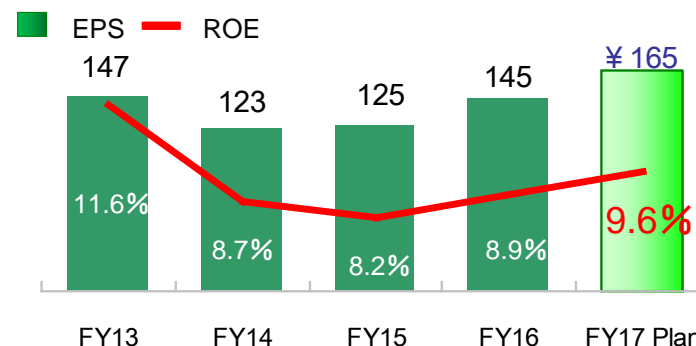
(Total dividends + total acquisition of treasury stock)



■ Acquisition of treasury stock



■ EPS/ROE



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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