

Results for the Six Months Ended September 30, 2017

November 6, 2017

KYOWA EXEO CORPORATION

URL <http://www.exeo.co.jp>

1. Consolidated Figures



(1) Overview

(¥bn)

	FY 2016		FY2017						
	Interim A	Full year B	Interim					Full year	
			Plan C	Actual D	YOY D/A	Plan accuracy D/C	Progress rate D/E	Plan E	YOY E/B
Orders received	154.6	324.1	155.0	161.1	104%	104%	49%	330.0	102%
Net sales	116.2	298.8	128.0	124.9	108%	98%	39%	320.0	107%
Gross profit	(12.3%) 14.3	(12.9%) 38.4	(12.3%) 15.7	(13.8%) 17.2	120%	110%	42%	(12.9%) 41.3	107%
SG&A expenses	(7.2%) 8.3	(5.9%) 17.6	(7.0%) 8.9	(6.6%) 8.3	100%	93%	45%	(5.7%) 18.3	104%
Operating income	(5.2%) 5.9	(7.0%) 20.8	(5.3%) 6.8	(7.1%) 8.9	149%	131%	39%	(7.2%) 23.0	110%
Ordinary income	(5.0%) 5.7	(7.2%) 21.4	(5.7%) 7.3	(7.8%) 9.7	168%	133%	41%	(7.4%) 23.6	110%
Net income attributable to owners of parent	(2.1%) 2.4	(4.6%) 13.7	(3.7%) 4.7	(5.1%) 6.3	263%	135%	41%	(4.9%) 15.7	114%

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 2016		FY 2017						
			Interim	Full year	Interim				Full year		
					Plan	Actual	YOY	Plan accuracy	Progress rate	Plan	YOY
			A	B	C	D	D/A	D/C	D/E	E	E/B
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	88.4	182.2	77.0	84.9	96%	110%	53%	160.0	88%
		NCCs	11.2	28.7	16.5	16.1	144%	98%	54%	30.0	104%
		Urban infrastructure	35.6	72.7	38.0	38.6	108%	102%	43%	90.0	124%
		Sub-total	135.3	283.8	131.5	139.7	103%	106%	50%	280.0	99%
	SYSTEM-SOLUTIONS	19.2	40.2	23.5	21.4	111%	91%	43%	50.0	124%	
TOTAL			154.6	324.1	155.0	161.1	104%	104%	49%	330.0	102%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	66.7	168.3	71.5	70.8	106%	99%	42%	168.0	100%
		NCCs	8.6	23.3	14.0	11.4	133%	82%	37%	31.0	133%
		Urban infrastructure	23.9	67.3	24.0	23.5	98%	98%	31%	76.0	113%
		Sub-total	99.3	259.0	109.5	105.9	107%	97%	39%	275.0	106%
	SYSTEM-SOLUTIONS	16.9	39.7	18.5	19.0	113%	103%	42%	45.0	113%	
TOTAL			116.2	298.8	128.0	124.9	108%	98%	39%	320.0	107%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	73.6	65.8	—	79.9	108%	—	—	—	—
		NCCs	7.8	10.7	—	15.4	196%	—	—	—	—
		Urban infrastructure	66.4	60.1	—	75.1	113%	—	—	—	—
		Sub-total	147.9	136.7	—	170.5	115%	—	—	—	—
	SYSTEM-SOLUTIONS	8.6	6.8	—	9.2	106%	—	—	—	—	
TOTAL			156.6	143.5	—	179.7	115%	—	—	—	—

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

1. Consolidated Figures



(3) Balance Figures

(¥bn)

		FY 2016				FY 2017		
		Interim		Year-end		Interim		B-A
				A		B		
Current assets		106.2	(52.5%)	142.3	(58.5%)	126.4	(55.0%)	-15.9
Fixed assets		95.9	(47.5%)	101.0	(41.5%)	103.3	(45.0%)	2.2
Total assets		202.2	(100%)	243.4	(100%)	229.7	(100%)	-13.7
Liabilities	Current	40.8	(20.2%)	61.2	(25.2%)	41.7	(18.2%)	-19.5
	Long-term	13.7	(6.8%)	23.8	(9.8%)	23.7	(10.3%)	-0.1
Total liabilities		54.5	(27.0%)	85.1	(35.0%)	65.4	(28.5%)	-19.7
Shareholder's equity		147.1	(72.8%)	157.8	(64.8%)	163.8	(71.3%)	6.0
Minority interests and stock acquisition rights		0.5	(0.3%)	0.4	(0.2%)	0.4	(0.2%)	-0.0
Total liabilities and net assets		202.2	(100%)	243.4	(100%)	229.7	(100%)	-13.7

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

1. Consolidated Figures



(4) Cash Flows

(¥bn)

	FY 2014	FY 2015	FY 2016		FY 2017
			Interim	Full year	Interim
Net cash provided by (used in) operating activities	23.1	5.3	17.9	15.5	17.3
Net cash provided by (used in) investing activities	-2.8	-13.9	-2.0	-6.0	-1.4
Net cash provided by (used in) financial activities	-12.3	0.3	-12.5	-10.2	-2.3
Free cash flow (Note 2)	20.3	-8.5	15.9	9.4	15.8
Cash and cash equivalents at end of period	24.2	16.0	19.3	15.2	28.7

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 2014	FY 2015	FY 2016		FY 2017
			Interim	Full year	Interim
Short-term	2.3	13.5	6.1	1.0	0.9
Long-term	6.3	2.7	2.2	11.8	11.1
Total	8.6	16.2	8.4	12.8	12.0

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

2. Including Lease Liabilities.

1. Consolidated Figures



(6) Capital Expenditures

(¥bn)

	FY 2014	FY 2015	FY 2016		FY 2017
			Interim	Full year	Interim
Tangible fixed assets	3.2	11.0	0.8	5.1	1.4
Intangible fixed assets	1.0	2.1	1.5	2.0	0.4
Total	4.2	13.2	2.4	7.1	1.8

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

(7) Depreciation and Amortization

(¥bn)

	FY 2014	FY 2015	FY 2016		FY 2017
			Interim	Full year	Interim
Depreciation and amortization	2.6	3.0	1.5	3.2	1.5

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

1. Consolidated Figures



(8) Business Overview of Main Subsidiaries

(¥bn)

	EXEO TECH				Daiwa Densetsu			
	FY 2016		FY 2017		FY 2016		FY 2017	
	Interim A	Full year B	Interim C	YOY C/A	Interim D	Full year E	Interim F	YOY F/D
Orders received	9.8	20.2	9.9	100%	7.8	13.4	7.3	93%
Net sales	6.6	19.6	7.4	112%	4.6	12.9	4.8	104%
Gross profit	(5.8%) 0.3	(7.8%) 1.5	(6.2%) 0.4	120%	(6.9%) 0.3	(10.9%) 1.4	(9.6%) 0.4	145%
SG&A expenses	(9.4%) 0.6	(6.2%) 1.2	(7.7%) 0.5	91%	(7.1%) 0.3	(5.4%) 0.7	(7.2%) 0.3	106%
Operating income	(-3.6%) -0.24	(1.6%) 0.32	(-1.5%) -0.10	-	(-0.2%) -0.01	(5.5%) 0.70	(2.4%) 0.11	-
Ordinary income	(-5.6%) -0.36	(1.8%) 0.35	(-1.0%) -0.07	-	(0.2%) 0.00	(5.8%) 0.74	(2.8%) 0.13	1552%
Net income	(-5.3%) -0.34	(2.1%) 0.40	(-1.1%) -0.08	-	(3.8%) 0.17	(5.8%) 0.74	(1.8%) 0.09	51%

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 2016		FY 2017						
	Interim A	Full year B	Interim				Full year		
			Plan C	Actual D	YOY D/A	Plan accuracy D/C	Progress rate D/E	Plan E	YOY E/B
Orders received	126.0	268.3	126.5	133.3	106%	105%	49%	273.0	102%
Net sales	95.7	243.5	106.0	102.8	108%	97%	39%	264.0	108%
Gross profit	(8.6%) 8.2	(9.5%) 23.2	(9.4%) 10.0	(10.2%) 10.4	127%	105%	40%	(9.8%) 26.0	112%
SG&A expenses	(5.7%) 5.4	(4.9%) 12.0	(5.7%) 6.0	(5.6%) 5.7	106%	96%	44%	(4.9%) 13.0	108%
Operating income	(2.9%) 2.8	(4.6%) 11.2	(3.8%) 4.0	(4.5%) 4.6	167%	117%	36%	(4.9%) 13.0	116%
Ordinary income	(3.1%) 2.9	(5.0%) 12.2	(7.7%) 8.2	(8.5%) 8.7	296%	107%	50%	(6.6%) 17.4	142%
Net income	(10.8%) 10.3	(7.0%) 17.1	(6.3%) 6.7	(6.9%) 7.0	68%	105%	54%	(4.9%) 13.0	76%

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 2016		FY 2017						
				Interim	Full year	Interim			Full year			
						Plan	Actual	YOY	Plan accuracy	Progress rate	Plan	YOY
				A	B	C	D	D/A	D/C	D/E	E	E/B
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	36.5	77.0	35.0	36.4	100%	104%	52%	70.0	91%
			Network engineering	9.2	22.1	7.5	10.0	109%	134%	56%	18.0	81%
			Mobile engineering	30.4	60.4	24.0	27.9	92%	116%	53%	53.0	88%
			Sub-total	76.1	159.6	66.5	74.3	98%	112%	53%	141.0	88%
		NCCs	10.7	27.5	16.0	15.7	146%	99%	54%	29.0	105%	
		Urban infrastructure	28.5	58.8	29.5	31.5	111%	107%	44%	72.0	122%	
		Sub-total	115.4	246.0	112.0	121.6	105%	109%	50%	242.0	98%	
		SYSTEM-SOLUTIONS	10.6	22.2	14.5	11.6	110%	81%	38%	31.0	139%	
TOTAL				126.0	268.3	126.5	133.3	106%	105%	49%	273.0	102%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	30.7	74.7	31.5	31.9	104%	101%	43%	74.0	99%
			Network engineering	7.1	21.1	9.0	9.0	126%	101%	42%	21.5	101%
			Mobile engineering	21.1	50.6	24.5	21.5	102%	88%	40%	54.0	107%
			Sub-total	59.0	146.5	65.0	62.5	106%	96%	42%	149.5	102%
		NCCs	8.3	22.6	13.0	11.2	133%	86%	37%	30.5	135%	
		Urban infrastructure	19.0	51.7	18.5	18.4	97%	100%	31%	59.0	114%	
		Sub-total	86.5	220.9	96.5	92.2	107%	96%	39%	239.0	108%	
		SYSTEM-SOLUTIONS	9.1	22.5	9.5	10.6	117%	112%	43%	25.0	111%	
TOTAL				95.7	243.5	106.0	102.8	108%	97%	39%	264.0	108%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	22.2	18.8	—	23.3	105%	—	—	—	—
			Network engineering	10.3	9.2	—	10.1	98%	—	—	—	—
			Mobile engineering	32.3	32.8	—	39.2	121%	—	—	—	—
			Sub-total	64.8	60.8	—	72.7	112%	—	—	—	—
		NCCs	7.7	10.3	—	14.9	192%	—	—	—	—	
		Urban infrastructure	56.9	54.5	—	67.6	119%	—	—	—	—	
		Sub-total	129.5	125.7	—	155.2	120%	—	—	—	—	
		SYSTEM-SOLUTIONS	6.7	4.9	—	5.9	89%	—	—	—	—	
TOTAL				136.3	130.7	—	161.2	118%	—	—	—	

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.

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