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# Results for the Six Months Ended September 30, 2018

November 6, 2018

**KYOWA EXEO CORPORATION**

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

# 1. Consolidated Figures



## (1) Overview

(¥bn)

	FY 2017		FY2018							
	Interim A	Full year B	Interim				Full year			
			Plan C	Actual D	YOY D/A	Plan accuracy D/C	Progress rate D/E	Initial plan E	Corrective plan F	YOY F/B
Orders received	161.1	325.0	153.0	174.7	108%	114%	51%	340.0	415.0	128%
Net sales	124.9	312.6	128.0	132.8	106%	104%	40%	335.0	420.0	134%
Gross profit	(13.8%) 17.2	(13.9%) 43.3	(13.4%) 17.2	(13.3%) 17.7	103%	103%	38%	(13.9%) 46.5	(13.3%) 56.0	129%
SG&A expenses	(6.6%) 8.3	(5.7%) 17.7	(7.0%) 9.0	(6.9%) 9.1	110%	102%	48%	(5.7%) 19.0	(5.8%) 24.5	138%
Operating income	(7.1%) 8.9	(8.2%) 25.6	(6.4%) 8.2	(6.4%) 8.5	96%	104%	31%	(8.2%) 27.5	(7.5%) 31.5	123%
Ordinary income	(7.8%) 9.7	(8.5%) 26.4	(6.6%) 8.5	(6.7%) 8.9	92%	105%	32%	(8.4%) 28.1	(7.7%) 32.5	123%
Net income attributable to owners of parent	(5.1%) 6.3	(5.8%) 17.9	(4.5%) 5.7	(4.4%) 5.8	93%	104%	31%	(5.6%) 18.8	(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							
			Interim	Full year	Interim				Full year			
					Plan	Actual	YOY	Plan accuracy	Progress rate	Initial plan	Corrective plan	YOY
A	B	C	D	D/A	D/C	D/E	E	F	F/B			
Orders Received	ENGINEERING-SOLUTIONS	NTT Group engineering	84.9	166.2	76.0	79.4	94%	105%	51%	156.5	185.5	112%
		NCCs	16.1	31.8	15.0	16.3	101%	109%	50%	32.5	37.5	118%
		Urban infrastructure	38.6	84.1	40.0	54.9	142%	137%	57%	97.0	114.0	135%
		Sub-total	139.7	282.2	131.0	150.7	108%	115%	53%	286.0	337.0	119%
	SYSTEM-SOLUTIONS	21.4	42.7	22.0	24.0	112%	109%	44%	54.0	78.0	182%	
TOTAL			161.1	325.0	153.0	174.7	108%	114%	51%	340.0	415.0	128%
Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	70.8	167.4	75.5	72.2	102%	96%	43%	168.0	201.0	120%
		NCCs	11.4	28.1	12.0	12.3	107%	103%	42%	29.5	35.0	124%
		Urban infrastructure	23.5	74.5	23.0	28.6	121%	125%	32%	89.0	110.5	148%
		Sub-total	105.9	270.1	110.5	113.2	107%	102%	40%	286.5	346.5	128%
	SYSTEM-SOLUTIONS	19.0	42.5	17.5	19.6	103%	113%	41%	48.5	73.5	173%	
TOTAL			124.9	312.6	128.0	132.8	106%	104%	40%	335.0	420.0	134%
Amount Carried Forward	ENGINEERING-SOLUTIONS	NTT Group engineering	79.9	64.7	—	71.9	90%	—	—	—	—	—
		NCCs	15.4	14.4	—	18.4	120%	—	—	—	—	—
		Urban infrastructure	75.1	69.6	—	96.5	128%	—	—	—	—	—
		Sub-total	170.5	148.8	—	187.0	110%	—	—	—	—	—
	SYSTEM-SOLUTIONS	9.2	7.0	—	11.5	125%	—	—	—	—	—	
TOTAL			179.7	155.9	—	198.5	110%	—	—	—	—	

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

# 1. Consolidated Figures



## (3) Balance Figures

(¥bn)

		FY 2017				FY 2018		
		Interim		Year-end		Interim		B-A
				A		B		
Current assets		126.4	(55.0%)	156.2	(59.3%)	128.8	(52.5%)	-27.4
Fixed assets		103.3	(45.0%)	107.3	(40.7%)	116.4	(47.5%)	9.0
Total assets		229.7	(100%)	263.6	(100%)	245.2	(100%)	-18.4
Liabilities	Current	41.7	(18.2%)	63.1	(24.0%)	45.1	(18.4%)	-18.0
	Long-term	23.7	(10.3%)	24.3	(9.2%)	22.2	(9.1%)	-2.1
Total liabilities		65.4	(28.5%)	87.5	(33.2%)	67.3	(27.5%)	-20.1
Shareholder's equity		163.8	(71.3%)	175.5	(66.6%)	177.4	(72.4%)	1.8
Minority interests and stock acquisition rights		0.4	(0.2%)	0.5	(0.2%)	0.4	(0.2%)	-0.1
Total liabilities and net assets		229.7	(100%)	263.6	(100%)	245.2	(100%)	-18.4

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

# 1. Consolidated Figures



## (4) Cash Flows

(¥bn)

	FY 2015	FY 2016	FY 2017		FY 2018
			Interim	Full year	Interim
Net cash provided by (used in) operating activities	5.3	15.5	17.3	24.8	15.6
Net cash provided by (used in) investing activities	-13.9	-6.0	-1.4	-4.5	-9.5
Net cash provided by (used in) financial activities	0.3	-10.2	-2.3	-5.1	-5.3
Free cash flow (Note 2)	-8.5	9.4	15.8	20.2	6.1
Cash and cash equivalents at end of period	16.0	15.2	28.7	30.3	31.1

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 2015	FY 2016	FY 2017		FY 2018
			Interim	Full year	Interim
Short-term	13.5	1.0	0.9	1.1	1.9
Long-term	2.7	11.8	11.1	10.2	10.3
Total	16.2	12.8	12.0	11.4	12.3

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

2. Including Lease Liabilities.

# 1. Consolidated Figures



## (6) Capital Expenditures

(¥bn)

	FY 2015	FY 2016	FY 2017		FY 2018
			Interim	Full year	Interim
Tangible fixed assets	11.0	5.1	1.4	3.2	0.6
Intangible fixed assets	2.1	2.0	0.4	1.0	0.3
Total	13.2	7.1	1.8	4.2	0.9

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

## (7) Depreciation and Amortization

(¥bn)

	FY 2015	FY 2016	FY 2017		FY 2018
			Interim	Full year	Interim
Depreciation and amortization	3.0	3.2	1.5	3.2	1.7

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

# 1. Consolidated Figures



## (8) Business Overview of Main Subsidiaries

(¥bn)

	EXEO TECH				Daiwa Densetsu			
	FY 2017		FY 2018		FY 2017		FY 2018	
	Interim A	Full year B	Interim C	YOY C/A	Interim D	Full year E	Interim F	YOY F/D
Orders received	9.9	20.6	13.2	134%	7.3	13.4	7.6	105%
Net sales	7.4	20.1	9.6	130%	4.8	12.7	5.8	119%
Gross profit	(6.2%) 0.4	(7.9%) 1.5	(7.4%) 0.7	155%	(9.6%) 0.4	(10.8%) 1.3	(9.1%) 0.5	113%
SG&A expenses	(7.7%) 0.5	(5.7%) 1.1	(5.6%) 0.5	95%	(7.2%) 0.3	(5.5%) 0.6	(6.4%) 0.3	105%
Operating income	(-1.5%) -0.10	(2.2%) 0.44	(1.8%) 0.17	-	(2.4%) 0.11	(5.3%) 0.68	(2.8%) 0.16	137%
Ordinary income	(-1.0%) -0.07	(2.5%) 0.49	(2.1%) 0.20	-	(2.8%) 0.13	(5.6%) 0.71	(3.1%) 0.18	132%
Net income	(-1.1%) -0.08	(2.1%) 0.42	(1.7%) 0.15	-	(1.8%) 0.09	(3.7%) 0.46	(2.1%) 0.12	134%

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						
	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	133.3	268.5	125.0	143.3	107%	115%	49%	290.0	108%
Net sales	102.8	256.8	104.0	108.6	106%	105%	39%	277.0	108%
Gross profit	(10.2%) 10.4	(10.8%) 27.6	(10.2%) 10.6	(10.2%) 11.0	106%	104%	37%	(10.8%) 30.0	108%
SG&A expenses	(5.6%) 5.7	(4.9%) 12.5	(6.2%) 6.4	(5.7%) 6.1	107%	96%	46%	(4.9%) 13.5	108%
Operating income	(4.5%) 4.6	(5.9%) 15.1	(4.0%) 4.2	(4.5%) 4.8	104%	116%	30%	(6.0%) 16.5	109%
Ordinary income	(8.5%) 8.7	(7.6%) 19.4	(11.2%) 11.6	(11.6%) 12.5	144%	109%	52%	(8.7%) 24.2	125%
Net income	(6.9%) 7.0	(5.7%) 14.6	(9.9%) 10.3	(10.1%) 10.9	155%	106%	58%	(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							
				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	36.4	72.4	34.5	36.0	99%	105%	52%	70.0	97%	
			Network engineering	10.0	20.2	9.0	10.5	106%	118%	53%	20.0	99%	
			Mobile engineering	27.9	52.7	22.5	20.5	74%	91%	42%	49.0	93%	
			Sub-total	74.3	145.4	66.0	67.2	90%	102%	48%	139.0	96%	
				NCCs	15.7	30.9	14.0	15.8	100%	113%	51%	31.0	100%
				Urban infrastructure	31.5	68.8	31.5	46.7	148%	148%	56%	83.0	121%
				Sub-total	121.6	245.1	111.5	129.7	107%	116%	51%	253.0	103%
				SYSTEM-SOLUTIONS	11.6	23.3	13.5	13.5	116%	101%	37%	37.0	158%
				TOTAL	133.3	268.5	125.0	143.3	107%	115%	49%	290.0	108%
		Net Sales	ENGINEERING-SOLUTIONS	NTT Group engineering	Access engineering	31.9	73.5	35.5	34.5	108%	97%	47%	74.0
Network engineering	9.0				21.5	9.5	7.3	81%	78%	32%	23.0	107%	
Mobile engineering	21.5				51.5	21.5	20.4	95%	95%	39%	52.0	101%	
Sub-total	62.5				146.6	66.5	62.3	100%	94%	42%	149.0	102%	
				NCCs	11.2	27.1	11.0	11.9	106%	108%	43%	28.0	103%
				Urban infrastructure	18.4	59.6	17.5	23.6	128%	135%	33%	72.0	121%
				Sub-total	92.2	233.4	95.0	97.9	106%	103%	39%	249.0	107%
				SYSTEM-SOLUTIONS	10.6	23.4	9.0	10.7	101%	120%	38%	28.0	120%
				TOTAL	102.8	256.8	104.0	108.6	106%	105%	39%	277.0	108%
Amount Carried Forward	ENGINEERING-SOLUTIONS			NTT Group engineering	Access engineering	23.3	17.6	—	19.2	82%	—	—	—
		Network engineering	10.1		7.9	—	11.1	110%	—	—	—	—	
		Mobile engineering	39.2		33.9	—	34.1	87%	—	—	—	—	
		Sub-total	72.7		59.6	—	64.5	89%	—	—	—	—	
				NCCs	14.9	14.0	—	18.0	121%	—	—	—	
				Urban infrastructure	67.6	63.7	—	86.8	128%	—	—	—	
				Sub-total	155.2	137.4	—	169.3	109%	—	—	—	
				SYSTEM-SOLUTIONS	5.9	4.9	—	7.7	129%	—	—	—	
				TOTAL	161.2	142.3	—	177.0	110%	—	—	—	

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**

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