

Fiscal 2019 Financial Forecast Approach and Future Management Direction

Fiscal 2018 Financial Results Briefing

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1. Fiscal 2019 Financial Forecast Approach

■ Impact of the Sluggish Overseas Oil & Gas Market Over the Past Few Years

- Reduction in Orders: FY2015 320 Billion Yen, FY2016 506 Billion Yen, FY2017 547 Billion Yen
- On the other hand, gross profit ratio is on the rise due to decline in net sales of unprofitable projects

■ Reliably Achieving the Full Year Financial Forecast

- Steady execution of ongoing projects and thorough risk management
- Continued strengthening of manufacturing business

■ Continue to Set a High Level of Orders Goals

- Recovery trend for overseas oil & gas and an increase in projects
- Expansion of overseas infrastructure field; domestic sales, including maintenance, are steady
- Expect net sales to increase after Fiscal 2020

2. Towards the Improvement of Corporate Value

Measures

Moving Reliably and Sustainably to a Profitable Corporate Group Through Multiple Businesses

Overseas Oil & Gas, Overseas Infrastructure, Domestic, and Manufacturing

- Absorption-type corporate separation agreement concluded on May 14
- Steady transition to a holding company structure on October 1

< Role after transition to new group structure >

Holding company : Formulation of Group management strategy, optimal allocation of management resources and governance

Operating companies : Accelerate business growth with a sense of speed by implementing business strategies tailored to the market

(Reference)

Holding company's Board of Directors:

- Discuss medium and long-term directions, strategies, etc.
- Streamlined Board of Directors (11→9)
- Reinforced supervisory function (2→3 Outside Directors)

Note on Future outlook

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