	QMS - F - 13 Rev. 00 / 08-16-2014 Page 1 of 1	PHILKOEI INTERNATIONAL, INC.	
		MINUTES OF MEETING	
TYPE OF MEETING		Management Team Strategic Planning	
DATE / VENUE / TIME		August 1-2, 2019; Las Casas Filipinas de Acuzar, Bagac, Bataan; 9:00 a.m.-5:00 p.m.	
PRESENT			
1. Samoza, Peter S.	PSS	7. Benitez, Grace N.	GNB
2. Abad, Zenaida N.	ZNA	8. Narte, Rosita M.	RMN
3. Beringuela, Jose Adones C.	JACB	9. David, Jose Leonides S.	JLSD
4. Sadaie, Masashi	MS	10. Vitug, Cherrie D.	CDV
5. Roque, Analie A	AAR	11. Ramos, Patrick John R.	PJRR
6. Templo, Reynante F	RFT		
ABSENT			
1. Fuentes, Brian Jose R.	BRF		

#### MEETING AGENDA

1. Review and Approval of the Previous Minutes of Strategic Planning Meeting (November 2018)
2. PKII Performance Review (FY 2018)
3. NK Business Plan for FY 2020 (and other relevant matters discussed during the recent NK Group Company meeting)
4. New Clark City Project (project background, staffing requirements, mobilization and preparatory activities)
5. Confirmation of remaining actions on the Technical Audit & Corporate Governance Guideline of NK including annual program of PKII workshop (last item is for clarification with Sadaie-san)
6. Preparations for the 30th Foundation Anniversary
7. Other Matters

#### HIGHLIGHTS OF THE MEETING

##### **A. Strategic Planning Part 1: August 1, 2019 (Thursday)**

Part 1 of the strategic planning commenced on August 1, 2019 at around 6:00 p.m. with an invocation led by RMN. PSS then gave an opening message and welcomed all participants to the company's 1<sup>st</sup> strategic planning meeting this year. Thereafter, CDV enjoined everyone to participate in the True Colors activity, which is aimed to discover the personality style of each member of the management team and for them to learn the qualities and characteristics associated with their own and others' personality styles. The strategic planning then began with the discussions on the following three agenda items:

1. *Review and Approval of the Previous Minutes of Strategic Planning Meeting (November 2018)*

Majority of the action items discussed and agreed during the last management team strategic planning were accomplished/resolved. Remaining items to be addressed are as follows:

Action Needed	Person in charge (PIC)	Due Date/ Timeline
<b>Client Satisfaction</b>		
Request clients of the following four projects to accomplish PKII's client satisfaction form:		December 31, 2019
a. EEI – MRT 7 Project	PSS	
b. MNTC – NLEX Project	JLSD	

c. DPWH – Davao Bypass Project d. MIH – Cambodia Urban Water Supply Project	RFT ZNA/PJRR	
<b>Staff Satisfaction</b>		
The following departments to prepare the qualification criteria for each of their staff/position: Engineering, Design Center, IT, Finance, and BDD. CDV to share accomplished forms/files submitted by Admin, HR, and ICG for reference	RFT, JLSD, BRF, AAR, RMN; CDV (to e-mail reference form)	September 30, 2019
<b>Contracts</b>		
In preparing contracts and negotiating with consultants/experts, the new BIR regulation that regardless of the total period assigned overseas in a given year, a withholding tax (5% for experts registered with BIR and 8% for non-registered experts) shall be applied to the expert's remuneration/professional fee.	FYI	N.A.
<b>Succession Planning</b>		
Designate/appoint and Assistant Manager for Engineering/Design Center	RFT and JLSD	September 30, 2019
<b>IT Concerns</b>		
In order to facilitate the prompt completion of the project module in PKII's intranet system, assign staff (Girle and Arlene) to encode/input project info in the system, using available/existing PDS. Also assign staff (Camille and Dan) to prepare PDS for other projects without existing data sheets.	PSS (to inform Girle); RMN (to inform Arlene and Camille); PJRR (to inform Dan)	September 30, 2019

Having no other issues and comments, the minutes of the previous strategic planning meeting were approved.

## 2. *PKII Performance Review (FY 2018)*

ZNA presented the PowerPoint material used during the recent NKG Company Meeting (attached as Appendix-1) containing a review of PKII's performance in 2018, the company's strategies to strengthen project operations, and PKII's requests to NK Headquarters. PSS clarified that the figures in the presentation are based on NK's fiscal year (July 2018 to June 2019) and differ from those presented during the last Stockholder's Meeting which are based on PKII's fiscal year (January to December 2018). Accordingly, all targets (new contracts, revenues/sales, and operating profit) are basically achieved/surpassed. ZNA noted that NK HQ is very much appreciative of the performance and accomplishments/success of PKII during the last fiscal year.

## 3. *NK Business Plan for FY 2020 (and other relevant matters discussed during the recent NK Group Company meeting)*

PJRR echoed the presentation of Mr. Kanai during the recent NKG International Consulting Segment Meeting about NK's business plan for FY 2020 (attached as Appendix-2). Main point is that NK HQ encourages NK group companies to diversify their operations, reduce dependence on JICA-funded projects, and acquire more Non-JICA ODA and private sector contracts/projects in order to meet the NK Group's business plan/targets.

Part 1 of the strategic planning session was concluded at around 8:00 p.m.

## **B. Strategic Planning Part 2: August 2, 2019 (Friday)**

Part 2 of the strategic planning meeting began at around 9:20 a.m. on August 2, 2019 with an opening activity aimed at stimulating the critical thinking of members of the management team. After the short icebreaker, the remaining agenda items were discussed, as follows:

## 4. *New Clark City Project (project background, staffing requirements, mobilization and preparatory activities)*

JACB made a presentation about the Clark New City Project (formerly called the “Clark Green City Project”) (attached as Appendix-3). Contract for said project is expected to be concluded/signed soon. Staffing requirements were discussed and a number of personnel/staff have been nominated for some positions (for confirmation). Also, office space requirement shall be reviewed depending on the number of staff to be assigned (specifically for Task C given that office spaces have been provided to the team for Tasks A and B).

*5. Confirmation of remaining actions on the Technical Audit & Corporate Governance Guideline of NK including annual program of PKII workshop*

MS discussed the remaining actions to be addressed on the technical audit and corporate governance guideline of NK. Target completion dates and responsible persons for each action item have been assigned as shown in Appendix-4. MS also requested CDV/HR to prepare an annual program of PKII workshop/training.

*6. Preparations for the 30th Foundation Anniversary*

CDV presented/discussed the arrangements that need to be done for the 30<sup>th</sup> foundation anniversary. The following agreements/decisions were made:

Item	Agreement/Decision	Person Responsible
Date and Time	October 24, 2019 (Thursday) 6:00 p.m – Start of Registration 6:30 p.m. – 9:30 p.m. – Open Bar	Events Committee
Theme	Traditional Filipino/Filipiniana Theme (Celebrating Filipino Excellence)	Events Committee
Program	a. National Anthem b. Invocation c. Opening Remarks – ZNA d. Video Presentation e. Message from VIP Guest – DPWH f. Message from NK Tokyo – NK Chairman/Vice Chairman/President g. Message from PKII – PSS h. Toast – MS and JACB i. Cocktails j. Cultural Show/Presentation k. Live Music – Brad and Niqui (proposed)	Marko Macadangdang  CDV c/o JLSD
Venue	Marco Polo Hotel	Events Committee
Souvenirs	Bamboo and wood desk organizers, Wooden USB	Events Committee
Invitation	Made of traditional material (banig)	Events Committee
Lights & Sounds	To be rented	CDV
Events Logo	30rrific years of PKII	Marko and Jed
Standee	To be prepared highlighting PKII’s projects, experience and history over the last 30 years	Robert, Marko, Jed, Simon, Joms, Dan, Mitzi
Host	Maan Hinolan and PJRR	Marko and Jed

Apart from the event on October 24, 2019, the following activities have also been suggested as part of the company’s 30<sup>th</sup> anniversary celebrations:

Item	Agreement/Decision	Person Responsible
Mass Offering and Office Blessing	Scheduled on October 28, 2019 (Monday)	Events Committee
PKII Sportsfest	It was suggested to hold a sportsfest on October 30, 2019 (Wednesday), subject to availability of funds. Proposed venue is Metroclub. In lieu of sportsfest, a CSR activity can also be arranged.	Events Committee

## 7. Other Matters

Item	Discussions/Agreements	Person Responsible
ICG Deployments	<p>The following agreements were made on the staff requirements/personnel to be deployed to overseas projects:</p> <ol style="list-style-type: none"> <li>1. Peusangan Hydropower Project, Indonesia – Karl Pangan will be proposed as replacement of Lawrence Olivar starting August 2019; CV to be sent for review/approval</li> <li>2. Matarbari USC Coal-fired Power, Bangladesh – Management to talk to Fromy Tagulinao, the approved replacement candidate for Billy Canizar who is expected to mobilize soon; However, Fromy still needs to complete MRT 7 Report prior to mobilizing to the Matarbari Project site</li> <li>3. Dasu Hydropower, Pakistan – Joe Manaloto will be considered as replacement for Jojo Julian; JACB to talk to Joe and inquire about his interest/willingness to be assigned.</li> <li>4. Senior Proposal Manager, Myanmar – Candidate to replace Joms still needs to be identified</li> </ol>	<p>ZNA/PJRR</p> <p>ZNA/PSS</p> <p>JACB</p> <p>ZNA/PJRR</p>
Employee's Manual	<p>CDV presented some items that need to be revised in the Employee's Manual including the following:</p> <ol style="list-style-type: none"> <li>1. Leave entitlements – only regular or permanent staff/employees shall be entitled to leave credits</li> <li>2. Overtime meal allowance – the policy shall be revised to indicate that an employee shall be entitled to claim for meal allowance three hours after rendering 8 hours of work/service (instead of the current policy of entitlement after 8:30 p.m.)</li> <li>3. Overtime work – only employees with authorized overtime forms, which shall be signed by the concerned supervisor/manager BEFORE rendering overtime work, shall be entitled to receive overtime pay. No overtime work shall be compensated without a duly accomplished/signed form. It was also agreed that overtime service/period shall commence once an employee has already rendered/completed 8 hours of service regardless of the employee's time-in (related to the issue of employees reporting late for work but filing/claiming for overtime work).</li> </ol>	CDV
July 25-26, 2019 Bangkok Meeting	MS shared that one of the issues discussed during the last NK meeting he attended in Bangkok was the strategy taken by PKII and NK Jakarta/IKI related to diminishing JICA ODA opportunities in their respective countries given that Vietnam is now experiencing the same trend. He said that one key action is to establish good and strong relationship with private sector clients, which is one of the successful measures adopted by PKII. MS also informed that PKII's role/business operations may expand in the future to support NK HQ's business plan (e.g., participation in NK's energy business)	N.A.
Schedule of Next Strategic Planning	PSS proposed the schedule of the next strategic planning on November 14-16, 2019. Meeting venue is suggested to be in Baguio City.	N.A.

Having no other matters to be discussed, the management strategic planning meeting concluded at 4:00 p.m.

Prepared by:

Approved by:

*P. Ramos*

Patrick John R. Ramos

Name and Signature

Peter S. Samoza

Name and Signature

STRENGTHENING OF PROJECT  
OPERATING SYSTEM AND  
REQUESTS TO NK HEADQUARTERS

Philkoei International, Inc.

NK International Consulting Segment Meeting  
Tokyo, Japan ♦ 12 July 2019

PRESENTATION OUTLINE

1. Review of PKII Performance in 2018-2019

2. PKII Business Plan for 2019-2020

3. Actions and Strategies toward Strengthening of Project Operating System

4. Requests to NK Headquarters

PKII PERFORMANCE IN 2018-2019

Million JPY	FY 2019			FY 2018	
	Planned	Actual	% Achieved	Actual	Year-on-year Comparison
Orders Received	510	956	187.5%	321	+635
Sales	519	612	117.9%	532	+80
Operating Profit	52	76	146.2%	49	+27

PKII PERFORMANCE: SALES (2006 – 2018)

PKII Annual Revenues, in JPY million

Year	Domestic	International	Total
2006	150	30	180
2007	160	60	220
2008	150	60	210
2009	140	60	200
2010	150	70	220
2011	160	70	230
2012	170	100	270
2013	180	150	330
2014	190	120	310
2015	200	150	350
2016	210	150	360
2017	220	200	420
2018	300	250	550

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PKII BUSINESS PLAN IN 2019-2020

1. Increase revenues and ensure stable profitability:  
*Double the Sales*

Annual Revenues, in JPY million

Year	Actual (JPY million)	Projected (JPY million)
2016	400	400
2017	500	500
2018	600	600
2019	-	700
2020	-	800
2021	-	850

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PKII BUSINESS PLAN IN 2019-2020

2. Continue to increase orders and sales from Non NK-related and private sector contracts in the domestic market

3. Sustain support to NK Group through co-participation in international projects, particularly in the Asian Region

4. Increase utilization of NKG Intra-company JV Contracting Scheme to bid for more overseas opportunities especially ADB-funded projects

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PKII BUSINESS PLAN IN 2019-2020

Focused Sectors

Focused Clients

Focused Regions

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STRENGTHENING PROJECT OPERATING SYSTEM

➤ Aggressive recruitment as well as training and technical capacity building of human resources

➤ Strict implementation of and adherence to established Risk and Quality Management Systems

➤ Effective and regular monitoring of projects including home-office support (e.g., conduct of technical audits)

➤ Strategic partnerships with local and international firms to win and successfully implement projects

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REQUESTS TO NK HEADQUARTERS

➤ Revitalize NK’s presence in the Philippines due to the increasing number of private sector opportunities in the domestic market

➤ Utilize more PKII experts/engineers in NK’s overseas projects both for increasing/ensuring the company’s profitability and technical skills transfer and sharing among the human resources of the NK Group

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PKII

MARAMING SALAMAT!

Philkoei International, Inc.

APPENDIX-2

**PERFORMANCE OF FY-2019  
BUSINESS PLAN OF FY-2020**

**NIPPON KOEI  
International Consulting Operations  
12 July 2019**



## **CONTENTS**

- 1. ORGANIZATION**
- 2. PERFORMANCE OF FY-2019**
- 3. BUSINESS PLAN OF FY-2020**

# **1 . ORGANIZATION**

# 1. ORGANIZATION

As of 1<sup>st</sup> July 2019

## International Consulting Operations (ICO)

Kanai : Director General

Nishino : A.D.G. (Railway/South Asia)

Kurosaki : D.D.G. (Tech./Risk/Governance )

## Regional Managing Officer (RMO)

Fukasaku : Southeast Asia (Sales Strategy)

Nishino : South Asia (Railway)

Kevin : America & Africa (NKLAC)

Nakagawa : Tokyo/Other Areas (Mega Projects)

## NKG Companies Consolidated in FY-2020

KRC

PKII

MKI

NKLAC

IKI

KAF

NKI

NKV

NKB

J9 : International Contracting Division

KB :Contract

KF : Proposal

J8 : Tech. Management Division

KN : Engineering

KY :Human Resource

K1 : Safety

J7 : Marketing & Operation Division

KA

IGMO

KZ

Overseas Offices

J6 : Private Business Promotion Division

Compliance

Indian HSR

J1 : Environ. & Water Resources Division

KE

KH

KW

KG

KR

KD

J2 : Transport & Urban Division

KX

KJ

KQ

J3 : Railway Division

KL

Dhaka Metro

KT

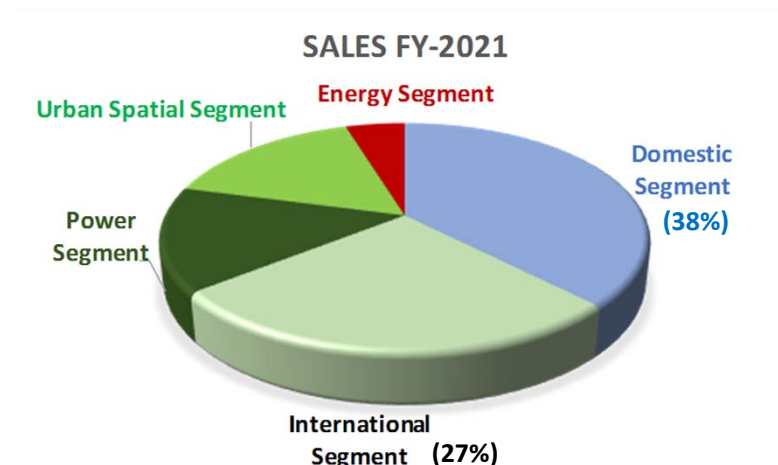
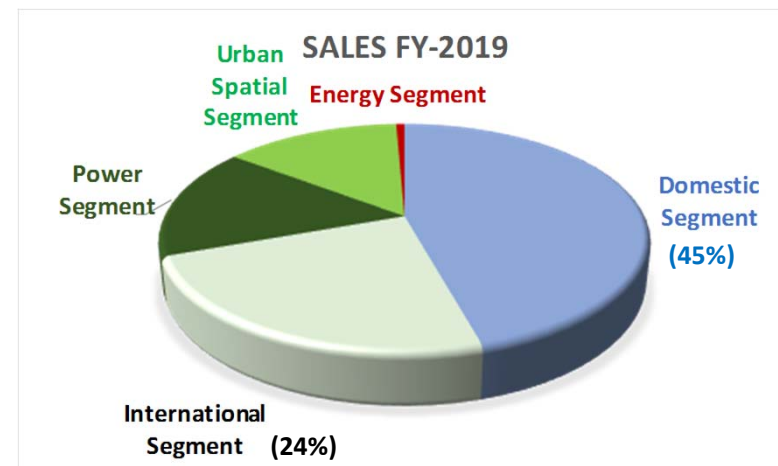
Logistics Promotion

## **2. PERFORMANCE OF FY-2019**

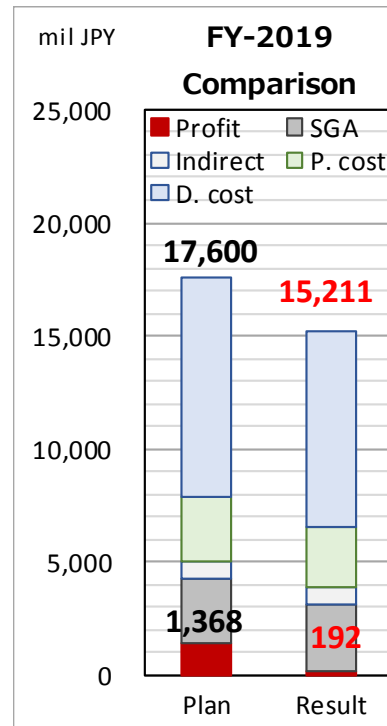
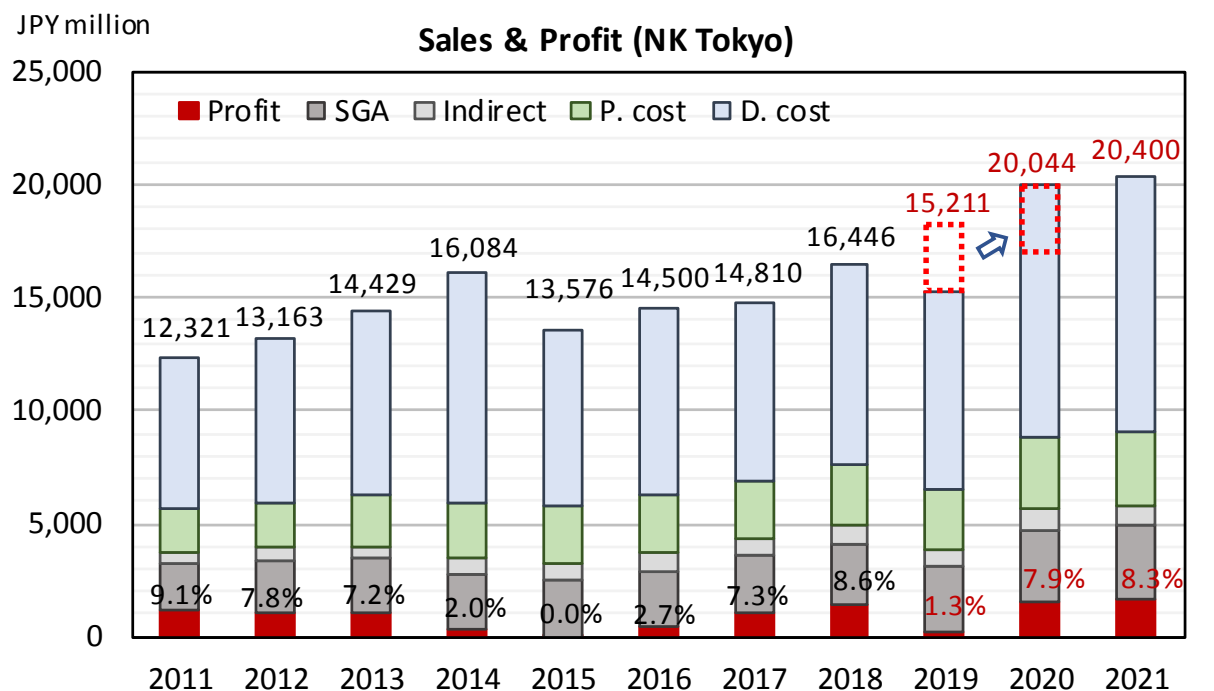
## 2-1. Performance & Business Plan of Whole Nippon Koei Group

As of 28 June 2019 (mil JPY)

	Segment	FY-2018	FY-2019	FY-2020	FY-2021
New Contract	Domestic Segment	48,529	51,675	53,690	56,364
	International Segment	26,716	29,662	48,104	37,499
	Power Segment	15,943	15,473	16,283	14,871
	Urban Spatial Segment	12,855	15,513	18,695	23,497
	Energy Segment	179	744	2,138	7,890
	<b>Total</b>	<b>104,350</b>	<b>112,213</b>	<b>137,418</b>	<b>138,504</b>
Sales	Domestic Segment	47,025	50,224	52,590	54,764
	International Segment	28,937	26,115	34,611	38,798
	Power Segment	16,032	17,451	19,871	21,526
	Urban Spatial Segment	13,067	15,393	18,792	23,474
	Energy Segment	354	723	2,245	6,875
	<b>Total</b>	<b>106,023</b>	<b>110,188</b>	<b>127,761</b>	<b>145,220</b>
Operating Profit	Domestic Segment	4,279	4,687	4,204	4,128
	International Segment	2,649	1,439	2,925	3,576
	Power Segment	1,873	1,926	2,245	2,811
	Urban Spatial Segment	173	187	1,462	2,411
	Energy Segment	-18	-326	-820	279
	<b>Total</b>	<b>6,561 (6.2%)</b>	<b>5,052 (4.6%)</b>	<b>6,657 (5.2%)</b>	<b>10,552 (7.3%)</b>
ROE		<b>(8.6%)</b>	<b>(6.0%)</b>	<b>(7.5%)</b>	<b>(13.5%)</b>



## 2-2. Performance of ICO FY-2019 (New Contract/Sales/Profit)



### 【Sales of Each Dep.】

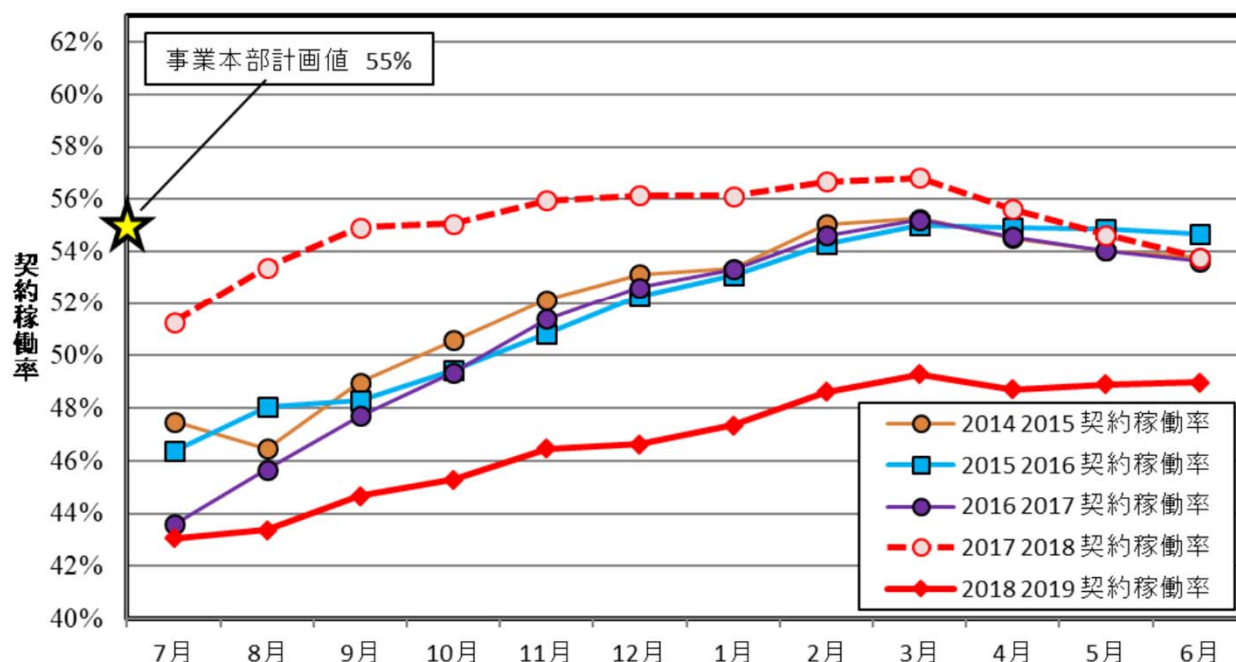
Dep.	2019 Plan	2019 Result	2020 Plan
KE	1,548	1,424	1,452
KH	2,387	1,838	2,315
KW	1,675	1,731	2,073
KG	602	496	628
KR	1,824	1,226	1,995
KD	1,238	1,010	1,251
KX	2,439	2,214	2,700
KJ	224	137	264
KQ	1,443	1,234	1,710
J3	4,200	3,876	6,488
Others	90	109	90
Adjust	-70		-922
<b>Total</b>	<b>17,600</b>	<b>15,211</b>	<b>20,044</b>

	FY-2018 Result	FY-2019 Plan	FY-2019 Result	Vs. FY-2018	Vs. FY-2019 Plan	FY-2020 Plan	FY-2021 Plan
New contract	16,442	21,500	19,442	+3,000 (118.2%)	-2,058 (90.4%)	28,138	20,000
Sales	16,446	17,600	15,211	-1,235 (92.5%)	-2,389 (86.4%)	20,044	20,400
Operating Profit	1,420 (8.6%)	1,368 (7.8%)	192 (1.3%)	-1,228 (13.5%)	-1,176 (14.0%)	1,576 (7.9%)	1,700 (8.3%)

- Low profitability of FY-2019 mainly resulted from lack of the sales amount.
- New contracts exceeding JPY 10 billion and sales exceeding JPY 3 billion will be carried over into FY-2020.
- Sales of HCMC MRT-1 in FY-2020 is estimated at JPY 3 billion, including 3-years operation.

## 2-3. Performance of ICO FY-2019 (Contract Occupancy Rate)

Contract Occupancy Rate FY-2019

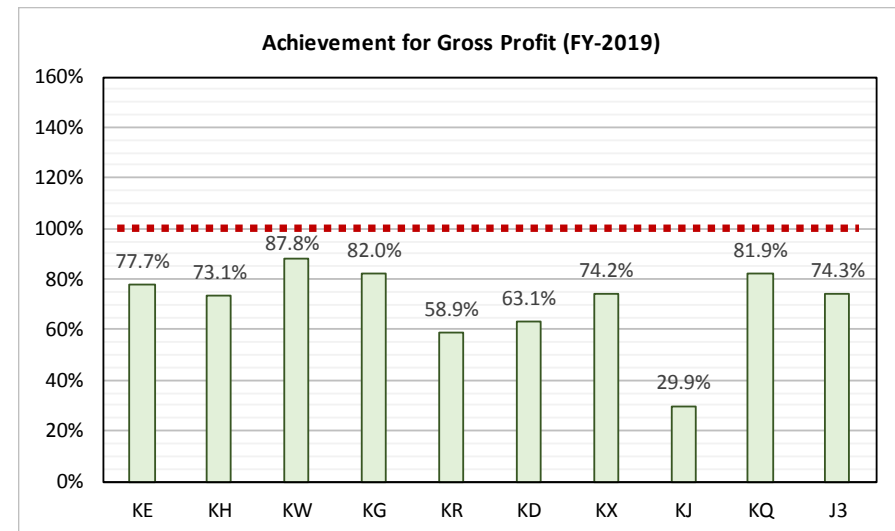
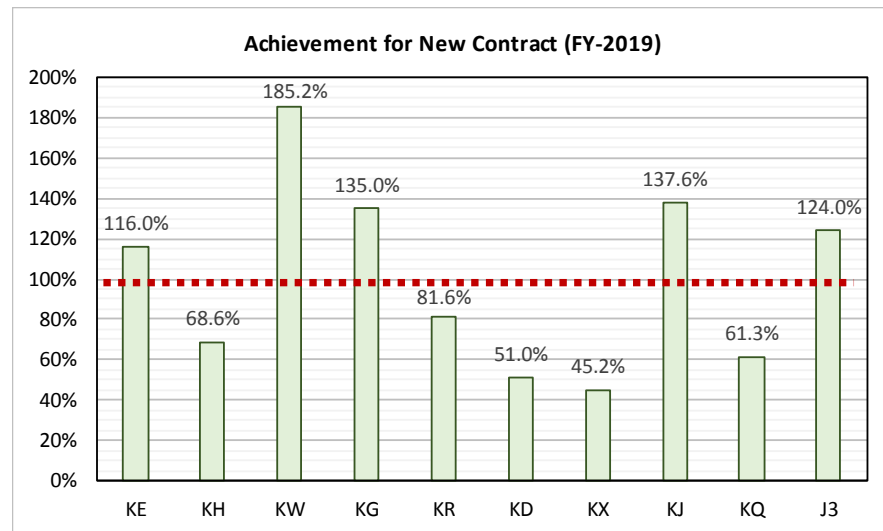
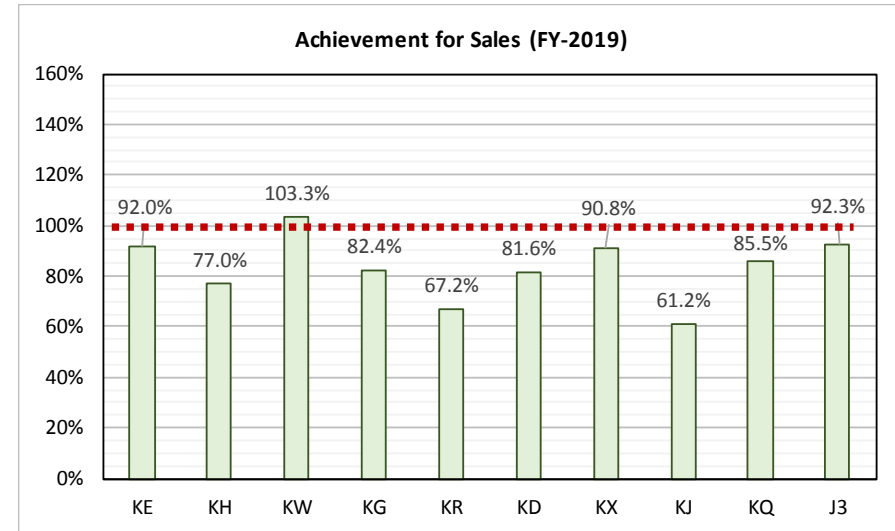
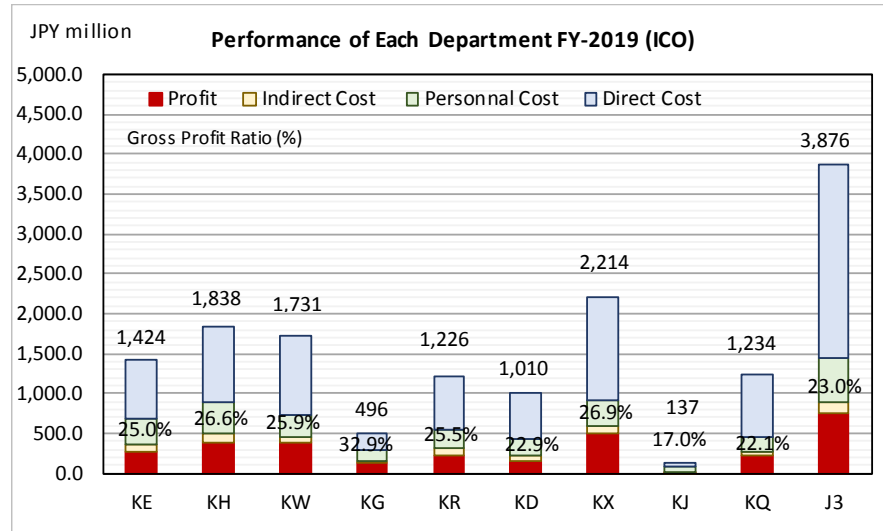


- Contract occupancy rate in FY-2019 was lowest over the past 4 years, resulted in increase of indirect cost and business promotion cost.
- Target rate for FY2020 is 55%, starting from 51% in July 2019.

【Contract Occupancy Rate】

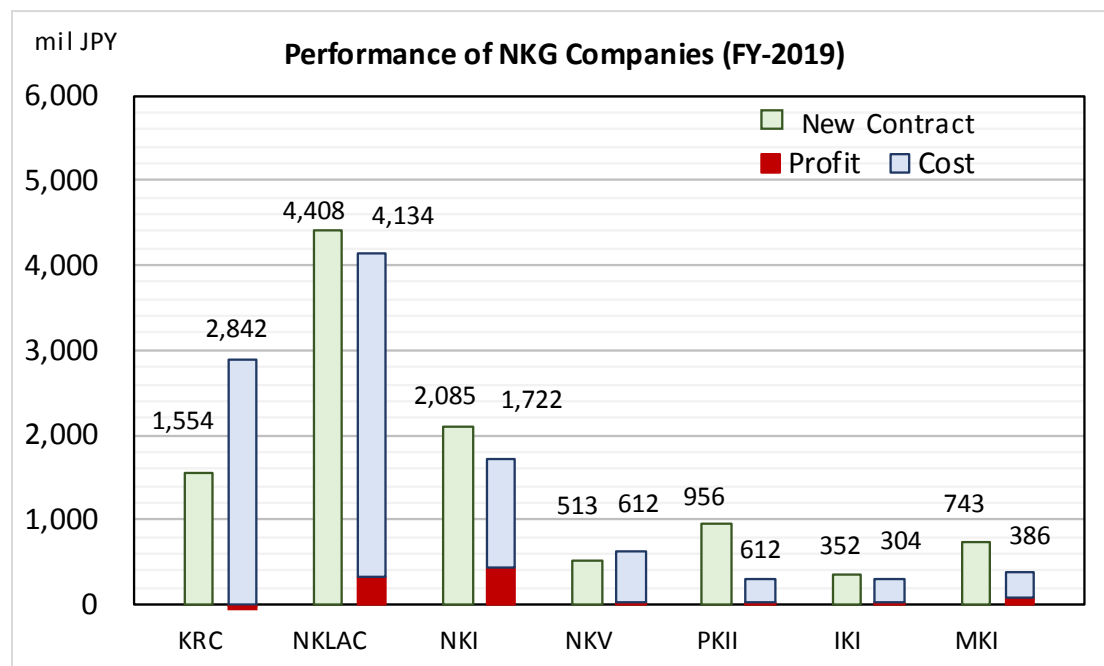
Dep.	Performance FY-2019	Prospect in July 2019
KE	53.6%	54.1%
KH	48.0%	49.6%
KW	54.3%	47.8%
KG	53.2%	71.9%
KR	42.1%	61.2%
KD	45.9%	43.8%
KX	50.4%	47.2%
KJ	38.4%	45.2%
KQ	45.7%	54.5%
J3	49.6%	46.2%
Total	48.9%	51.0%

## 2-4. Performance of ICO FY-2019 (Technical Departments in Tokyo)





## 2-5. Performance of NKG Companies FY-2019 (New Contract/Sales/Profit)



### 【Non-consolidated Group Companies】

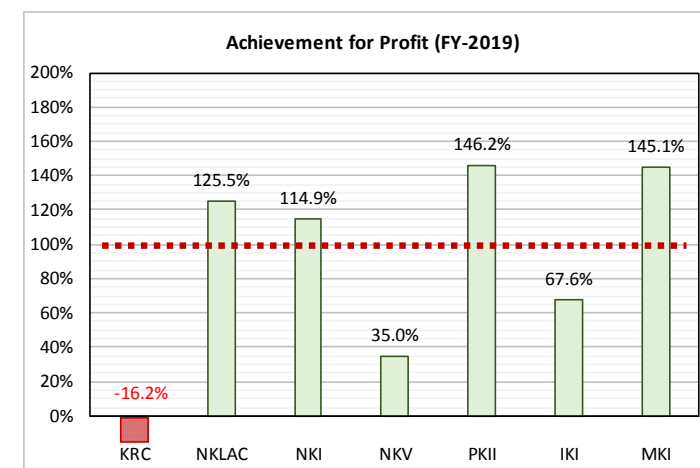
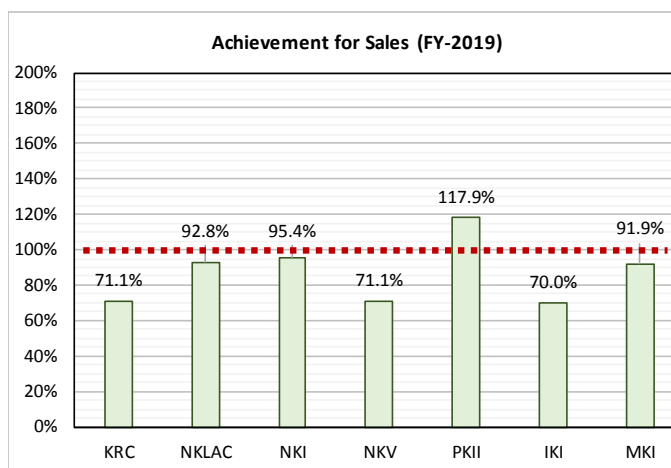
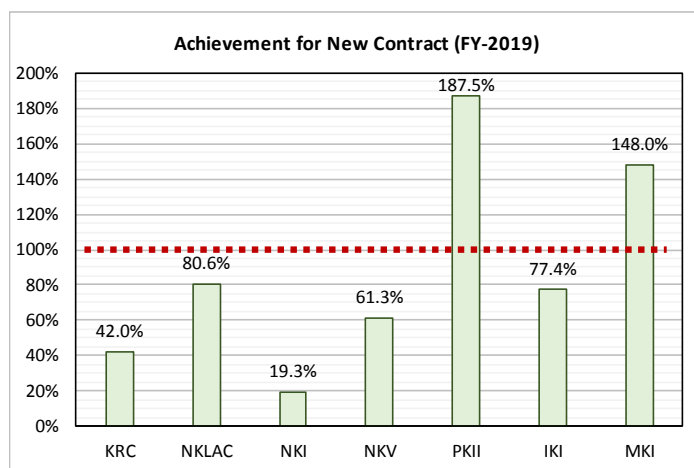
NKGs		Result	Plan	Diff.
KAF	New contracts	121	252	-131
	Sales	85	147	-62
	Op. profit	-7	-6	-1
NKB	New contracts	442	202	+240
	Sales	43	71	-28
	Op. profit	13	-7	+20

### 【Consolidated Group Companies】

mil JPY

NKGC		Result	Plan	Diff.
KRC	New contracts	1,554	3,700	-2,146
	Sales	2,842	4,000	-1,158
	Op. profit	-52	321	-373
NKLAC	New contracts	4,408	5,469	-1,061
	Sales	4,134	4,456	-83
	Op. profit	335	267	+68
NKI	New contracts	2,085	10,791	-8,706
	Sales	1,722	1,806	-84
	Op. profit	433	377	+56
NKV	New contracts	513	837	-324
	Sales	612	861	-249
	Op. profit	28	80	-52
PKII	New contracts	956	510	+446
	Sales	612	519	+93
	Op. profit	76	52	+24
IKI	New contracts	352	455	-103
	Sales	304	434	-130
	Op. profit	23	34	-11
MKI	New contracts	743	502	+241
	Sales	386	420	-34
	Op. profit	74	51	+23
Total	New contracts	10,611	24,139	-11,652
	Sales	10,612	14,431	-1,883
	Op. profit	917	1,362	-265

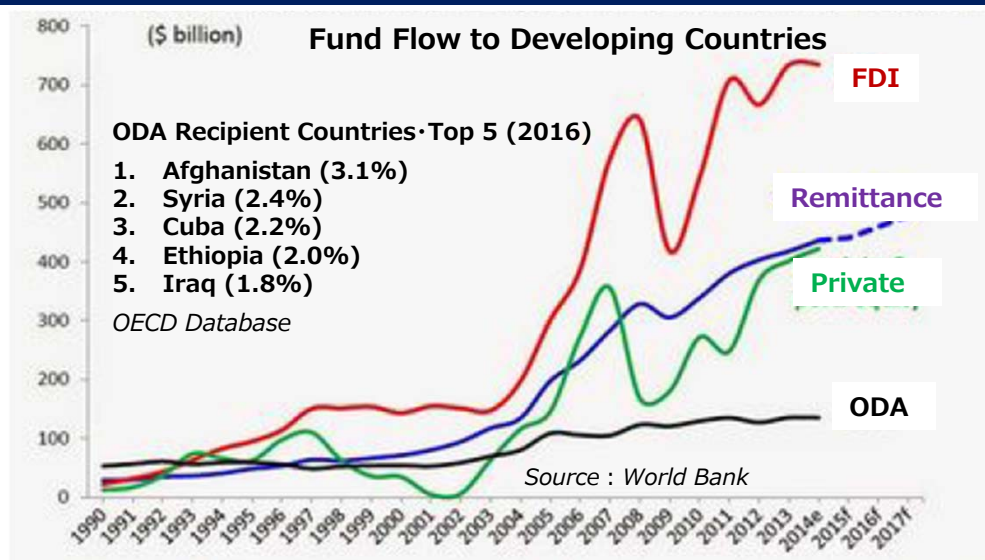
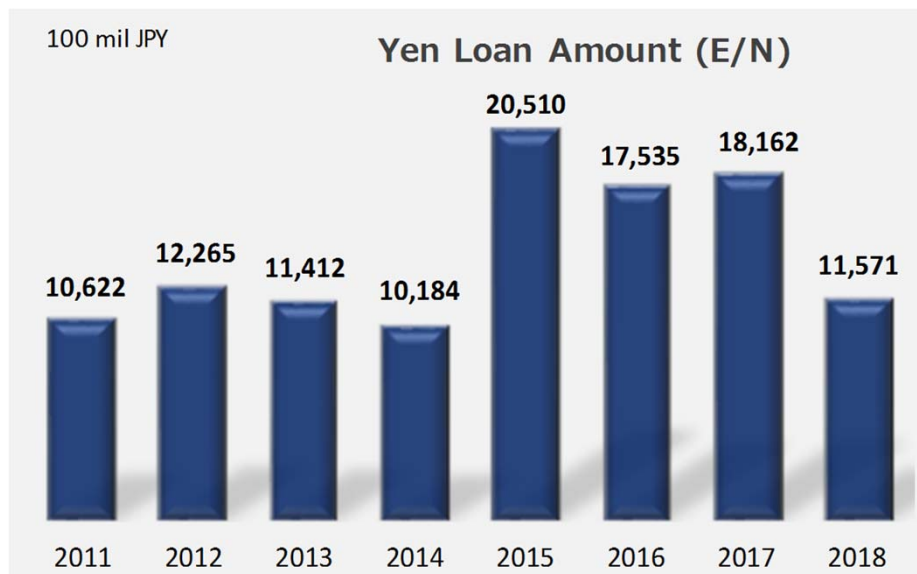
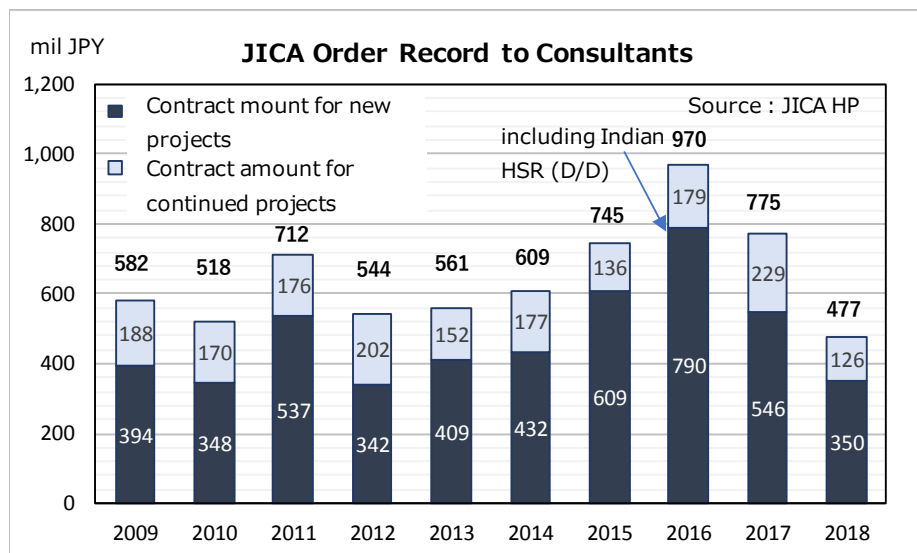
## 2-6. Performance of NKG Companies FY-2019 (Achievement I FY-2019 & Issues)



<b>KRC</b>	<ul style="list-style-type: none"> <li>✓ KRC is in deficit, achievement is 42% for new contract and 71% for sales.</li> <li>✓ KRC's JICA/ODA share is 99%, and the budget shortage of JICA has aggravated the profitability.</li> <li>✓ Recovery of profitability by means of diversification of fund sources &amp; business model, change of revenue structure.</li> </ul>
<b>NKLAC</b>	<ul style="list-style-type: none"> <li>✓ Intensified competition in Latin America and double taxes may lead to destabilization in revenue.</li> <li>✓ ICO will carry out technical patrol in cooperation with NKLAC as a part of risk management.</li> <li>✓ Accounting system particularly for tax is an issue to be improved by support of Corporate Headquarters.</li> </ul>
<b>NKI</b>	<ul style="list-style-type: none"> <li>✓ Achievement of 19.3% for new contract was due to carry over of mega projects.</li> <li>✓ Growth is continuing, while the implementation of Indian HSR is unpredictable.</li> <li>✓ Personnel system shall be improved to balance expert's ability and his/her salary level.</li> </ul>
<b>NKV</b>	<ul style="list-style-type: none"> <li>✓ Expansion of the market out of Vietnam and project formation in the private sector</li> </ul>
<b>PKII</b>	<ul style="list-style-type: none"> <li>✓ Growth is continuing in association with booming of infrastructure development in Philippine.</li> </ul>
<b>IKI</b>	<ul style="list-style-type: none"> <li>✓ Profitability has been decreasing, affected by shifting from lumpsum contracts to time-based supervision.</li> </ul>
<b>MKI</b>	<ul style="list-style-type: none"> <li>✓ Growth is continuing while balancing ODA and private sector projects.</li> </ul>
<b>TKI</b>	<ul style="list-style-type: none"> <li>✓ Operation of TKI was closed in end June 2019.</li> </ul>
<b>NKB</b>	<ul style="list-style-type: none"> <li>✓ NKB will be consolidated in FY-2020</li> </ul>
<b>KAF</b>	<ul style="list-style-type: none"> <li>✓ Koei Africa will be consolidated in FY-2020</li> </ul>

### **3. BUSINESS PLAN OF FY-2020**

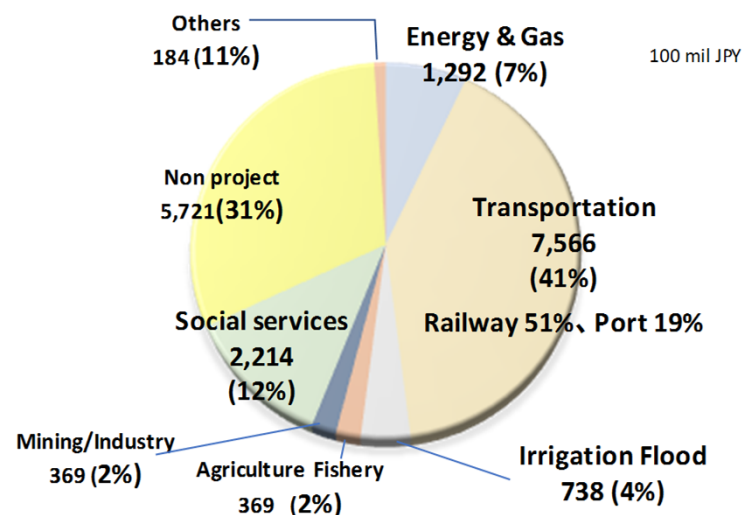
### 3-1. BUSINESS ENVIRONMENT <Fund Sources JICA/Yen Loan/Private>



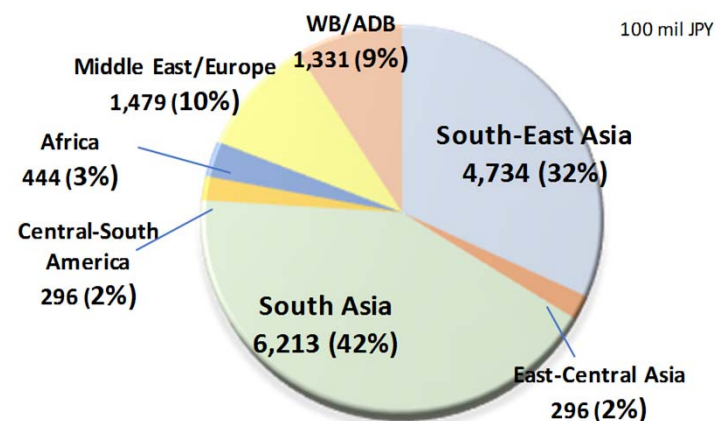
- JICA budget for technical cooperation is not expected to be increased. Profitability for JICA projects will be declined due to the QCBS ⇒ **Cost down measures are essential.**
- Private funded projects have been main players, exceeding ODA, which flow to conflict/fragile countries ⇒ required to **move away from high dependence of ODA**. Priority areas for NKG are **Southeast Asia and Latin America**.
- ODA loan amount must be more than the repayment, while grant amount may be decreased. **Ratio of Yen loan projects will become higher.** ⇒ Positioning of Yen loan projects for NKG remains in high priority.

## 3-2. BUSINESS ENVIRONMENT <Key Sector & Key Areas for Yen Loan Projects>

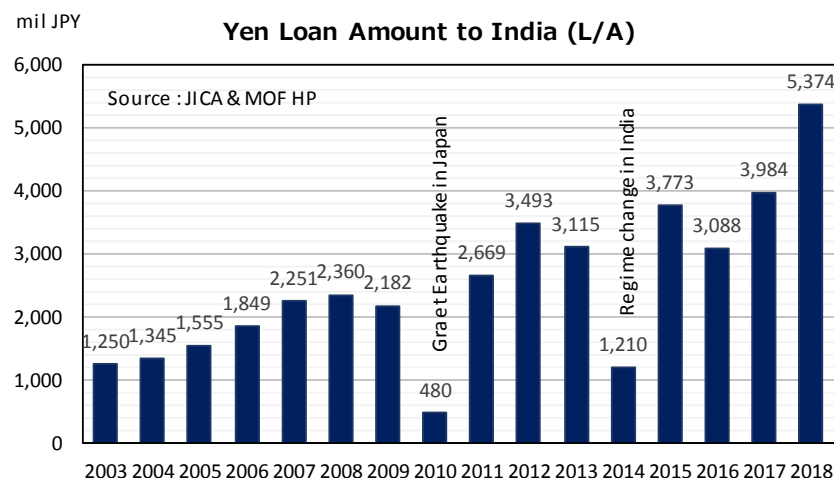
YEN LOAN SHARE BY SECTOR (2017)



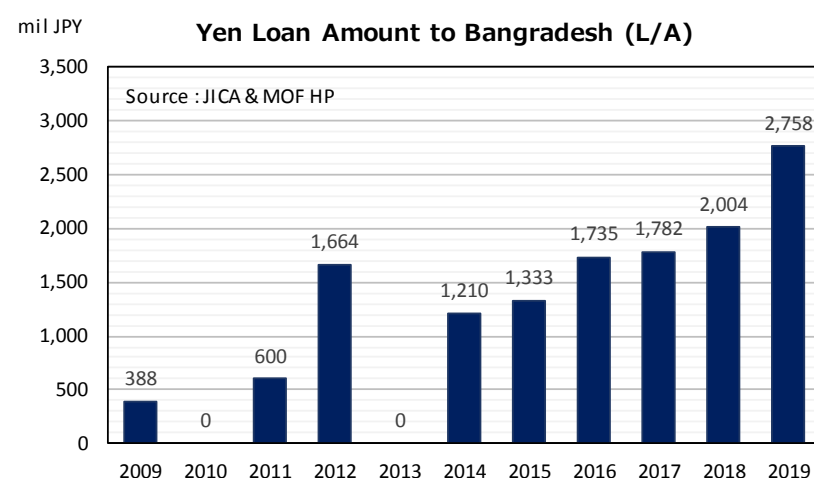
YEN LOAN SHARE BY REGION (2017)



Yen Loan Amount to India (L/A)



Yen Loan Amount to Bangladesh (L/A)



### 3-3. Approach to Non-ODA Projects

#### <Prospect/Issues>

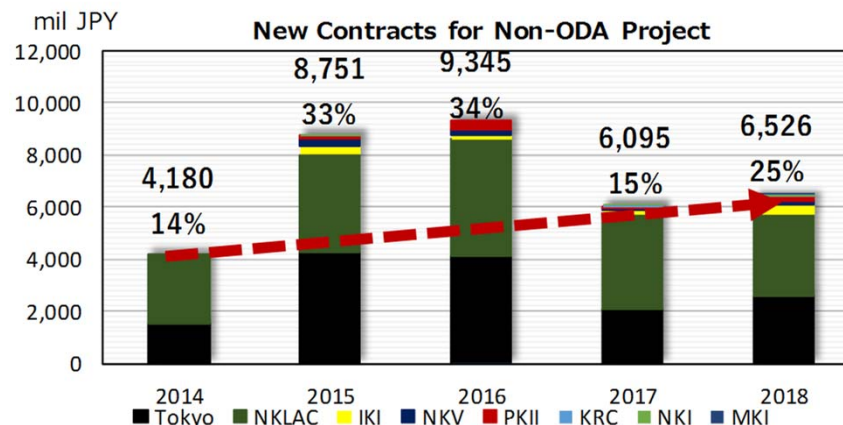
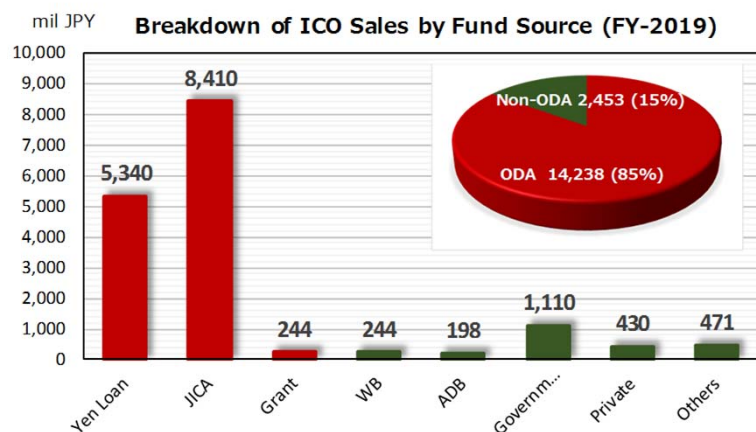
Change of ODA Policy  
Decrease of Grant Aid Fund  
Risk hedge by diversification of fund source

#### <Direction>

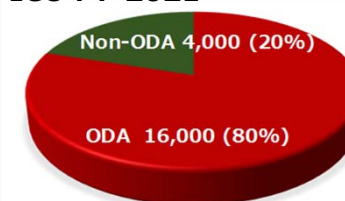
PMC in Private Sector  
EPC Design  
Data Business

#### 3 Major Fund Sources

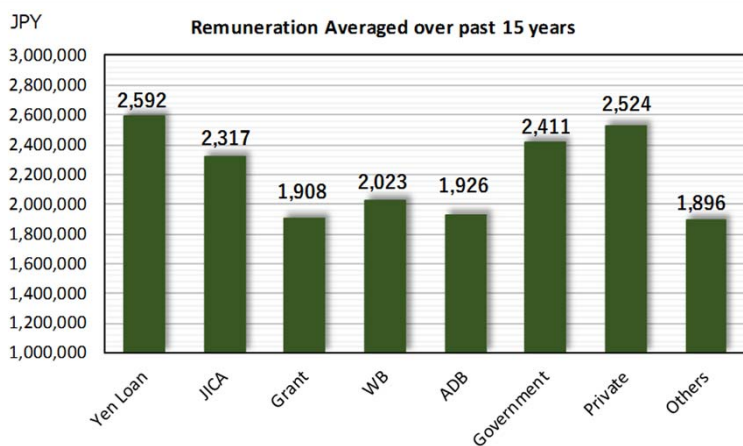
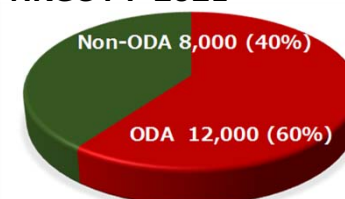
- ① Yen Loan
- ② JICA
- ③ Non-ODA



#### ICO FY-2021



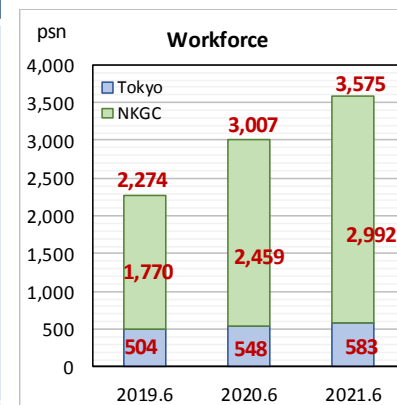
#### NKGC FY-2021



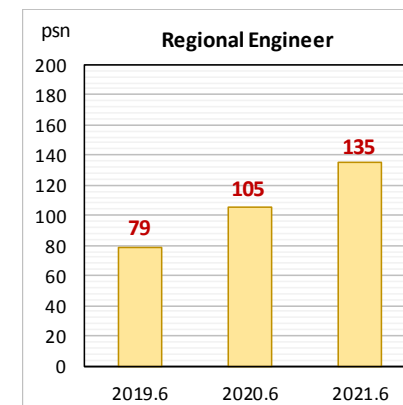
- Non-ODA's share is higher in NKGC (NKLAC 80%, IKI 97%, PKII 65%, NKV 65%), who will be the main player for Non-ODA projects. Improvement of technical quality and governance is essential.
- Target volume of Non-ODA is 12 billion JPY (30% of total sales 40 billion) for the Segment in FY-2021.
- ICO is working for EPC design for Manila MRT, design & supervision of highways in Indonesia, "Onsen" projects in Vietnam, urban development projects, etc.

## 3-4. Key Measures & Action Plans for Recovery of Profitability

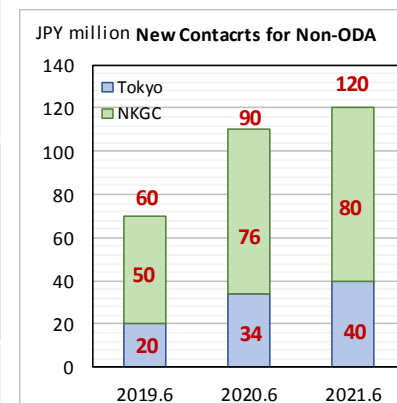
Target	Actions
<b>Project Operation System</b>	<ul style="list-style-type: none"> <li>■ Workforce : ICO 504 ⇒ 548 ⇒ 583 persons NKG 1,770 ⇒ 2,459 ⇒ 2,992 persons Segment 2,274 ⇒ 3,007 ⇒ 3,575 persons</li> <li>■ Regional Engineer : 79 ⇒ 105 ⇒ 135 persons ⇒ To work as Pro-A</li> <li>■ M&amp;A</li> <li>■ Cooperation with All NKGs</li> </ul>
<b>Non-ODA Projects</b>	<ul style="list-style-type: none"> <li>■ ICO 3.4 NKG 7.6 Segment 11.0 billion JPY in sales</li> <li>■ Priority in Southeast Asia &amp; Latin America</li> <li>■ Highway projects, EPC design, urban development, hydropower</li> <li>■ NKGs are the main player for No-ODA projects. Technical development for BIM/CIM/SW</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>■ Recovery of account receivables, particularly in Vietnam</li> <li>■ Technical &amp; safety patrol</li> <li>■ Pro-active risk management to prevent troubles, Crisis management by task forces to minimize damages</li> </ul>
<b>Revenue Management</b>	<ul style="list-style-type: none"> <li>■ Top priority is recovery of profitability for ICO &amp; KRC</li> <li>■ Overall management for all projects in NKGs</li> <li>■ Improvement of management system by RPA</li> </ul>



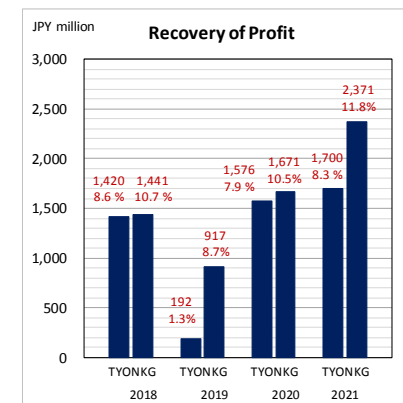
✓ Improvement of technical quality & governance



✓ Core human resources in NKG



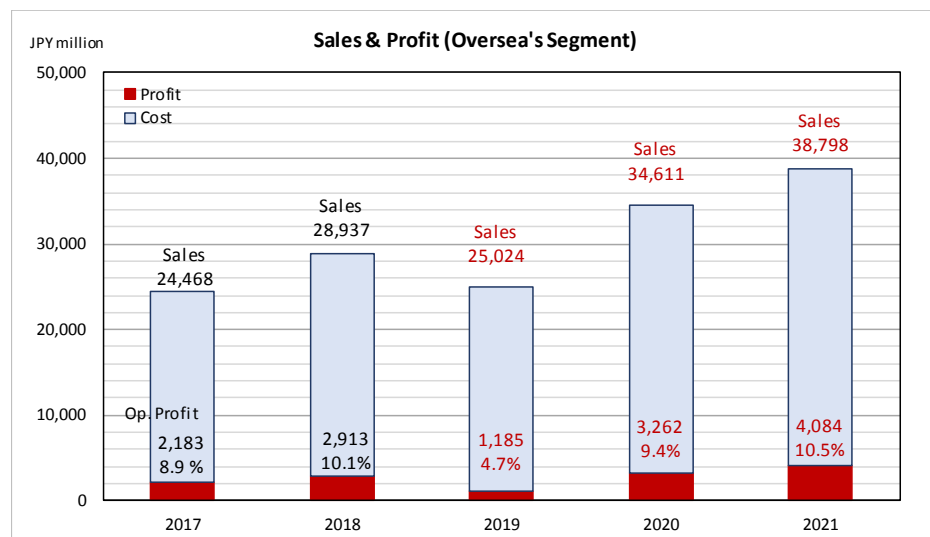
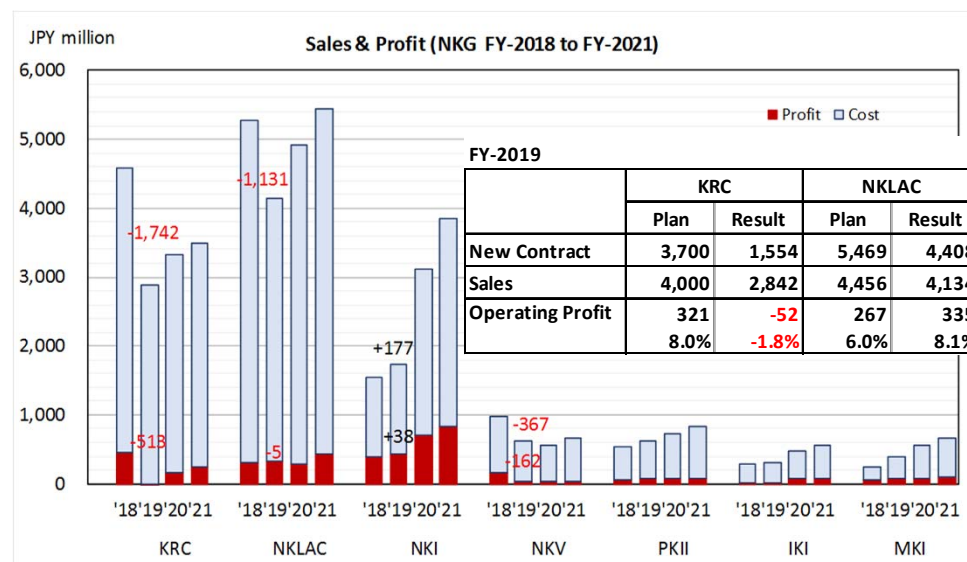
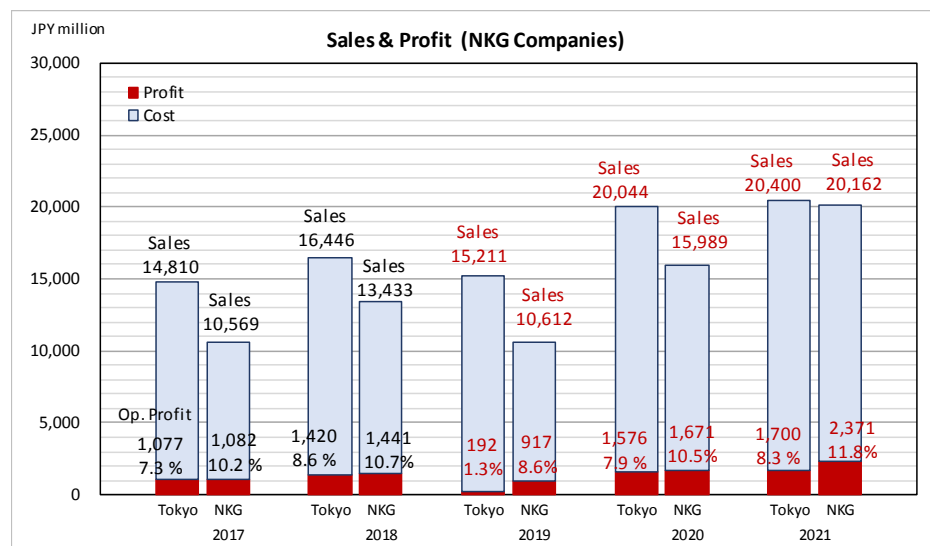
✓ NKGs are the main players for Non-ODA projects



✓ Recovery of profitability is vital for FY-2020



## 3-5. Numerical Plan <Top Priority to Achievement of Business Plan FY-2020>



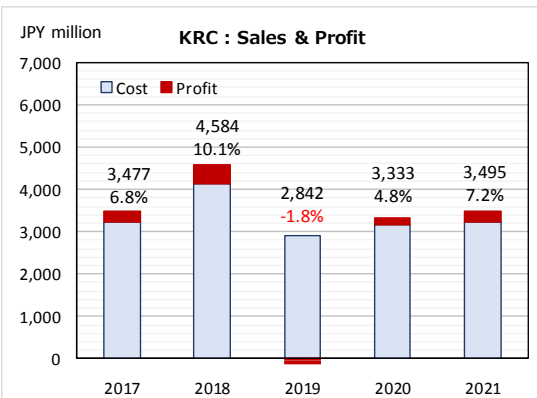
	FY-2019 Performance			FY-2020 Plan		
	ICO	NKGC	Segment	ICO	NKGC	Segment
New Contract	19,442	10,611	28,722	28,139	23,272	48,105
Sales	15,211	10,612	25,024	20,044	15,989	34,611
Operating Profit	192 (1.3%)	917 (8.6%)	1,185 (4.7%)	1,576 (7.9%)	1,671 (10.5%)	3,262 (9.4%)

■ Main Issue in FY-2020 is to recover the profitability



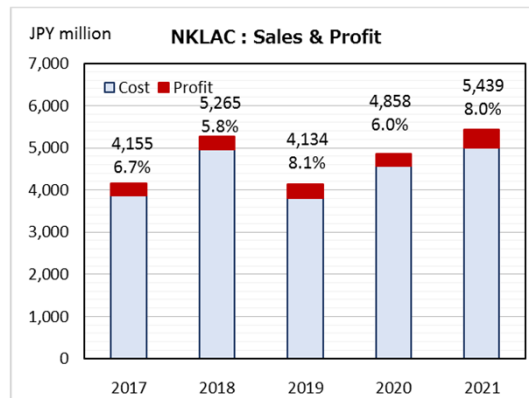
## 3-6. Numerical Plan <NKG Companies>

**KRC** Koei Research & Consulting Inc.

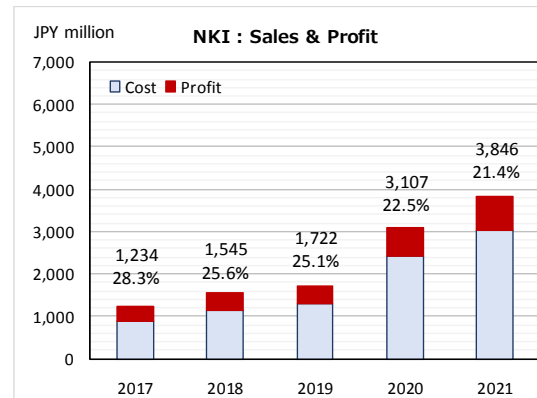


✓ Sales of FY-2019 was lower than the breakeven point.

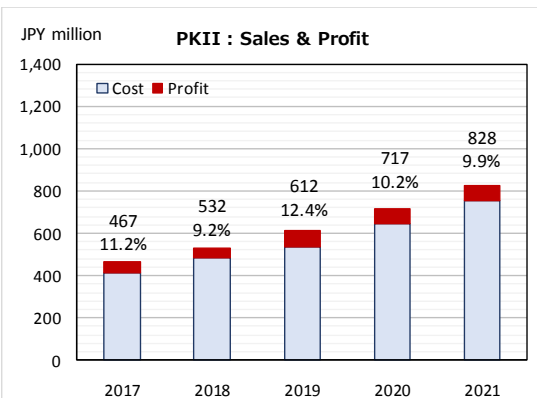
**NIPPON KOEI LAC**



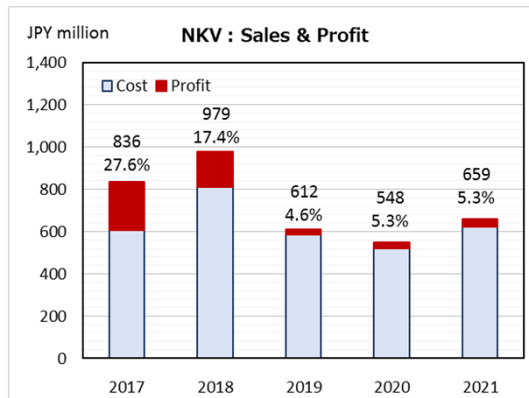
**NK** **NIPPON KOEI INDIA**  
CONSULTING ENGINEERS



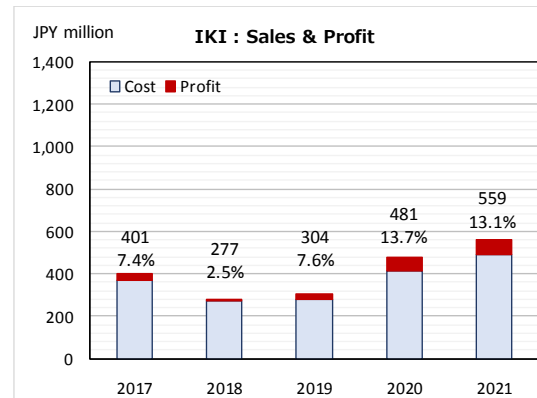
**PKII**



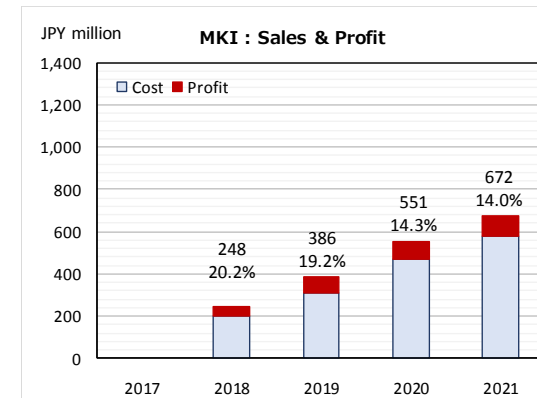
**NIPPO KOEI VIETNAM**  
CONSULTING ENGINEERS



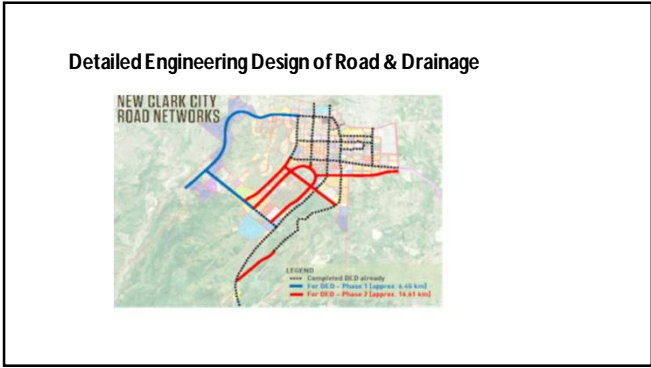
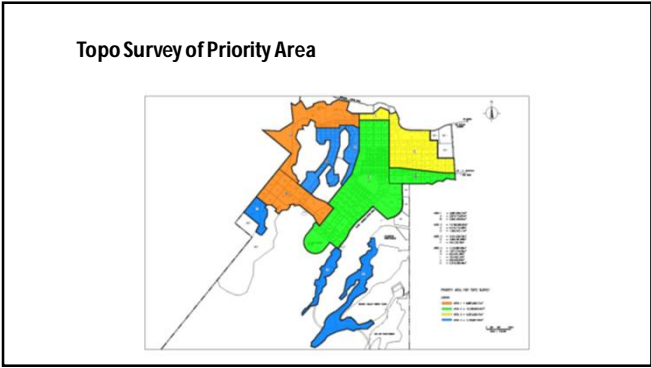
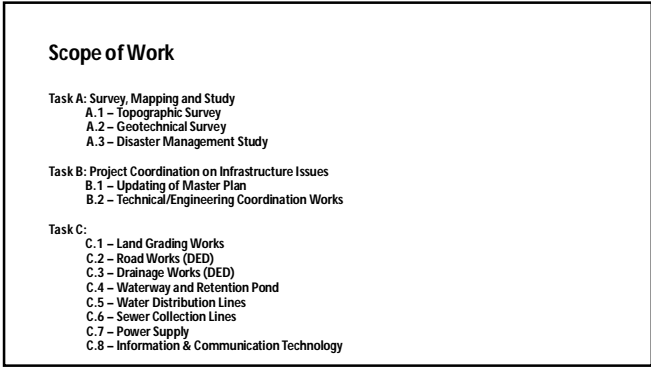
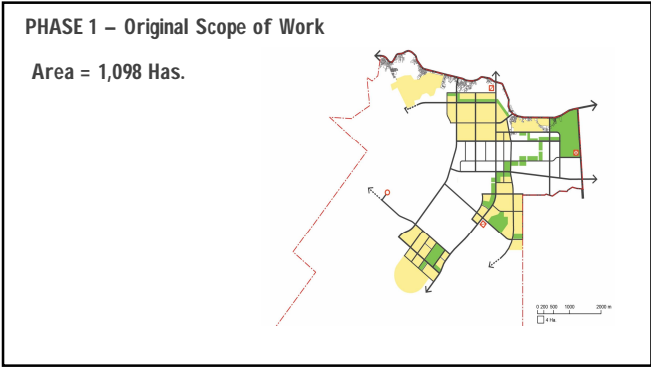
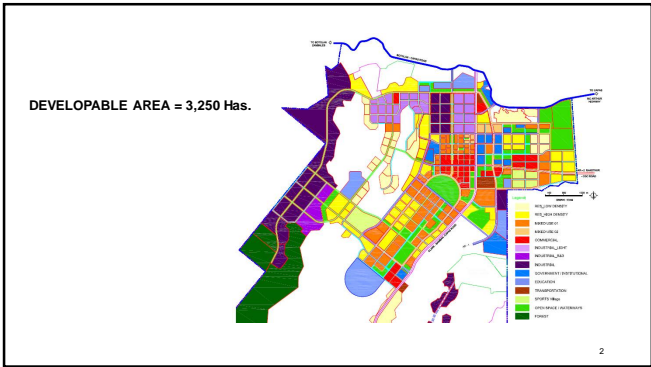
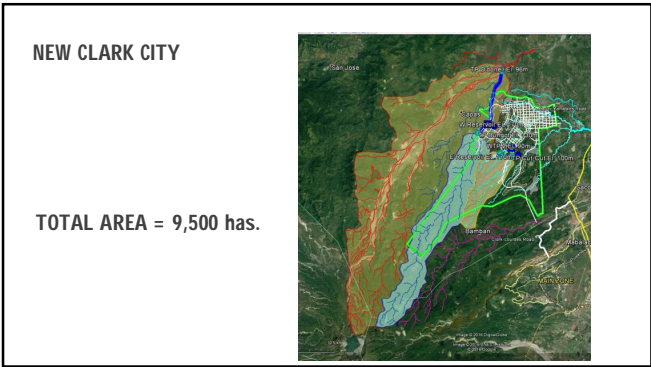
**IKI**

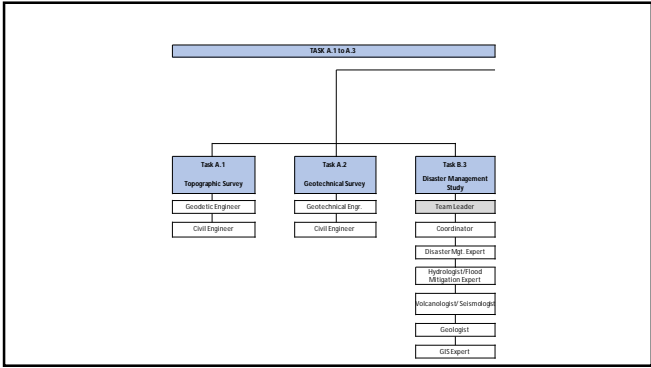
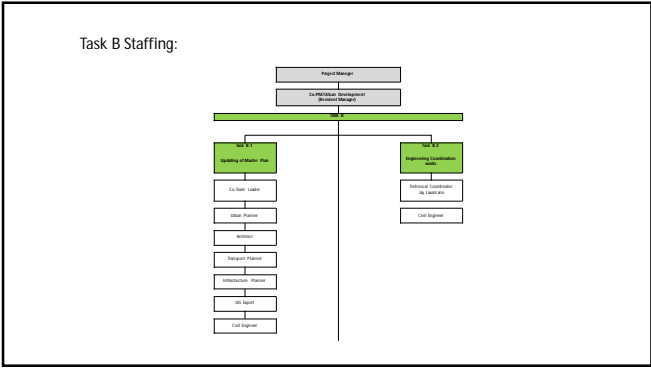
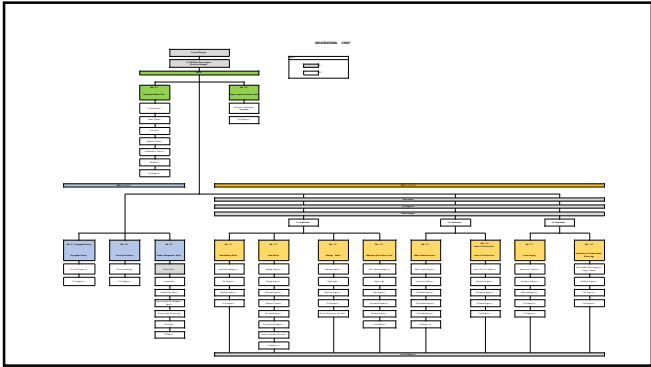
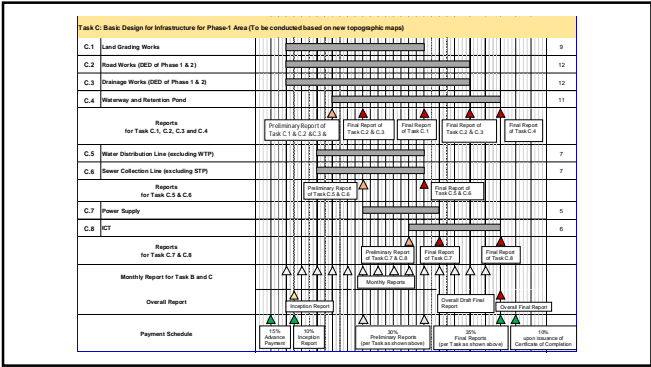
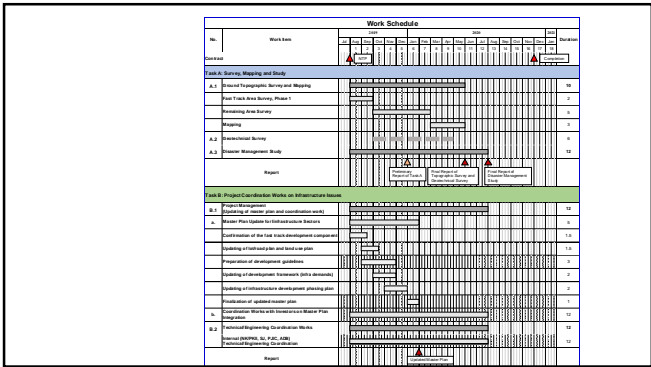
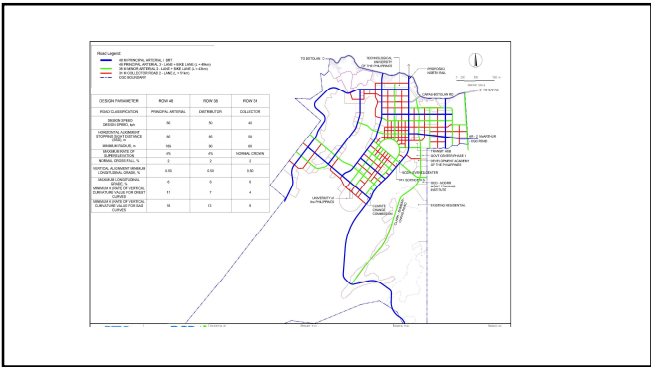


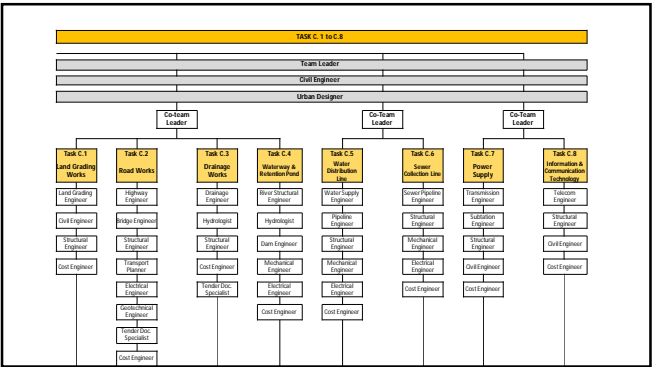
**NIPPO KOEI INDONESIA**  
**MKI**



✓ ODA input is approaching the upper limit (65% of GDP)







Assignment Schedule		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Duration
Task A: Survey, Mapping and Study																										
1)	Ground Topographic Survey and Mapping																									10
	Geodetic Engineer																									10
	Civil Engineer																									4
2)	Geotechnical Survey																									4
	Geotechnical Engineer																									4
	Civil Engineer																									6
3)	Disaster Management Study																									12
	Disaster Management Expert																									9
	Hydrologist/ Flood Mitigation Expert																									7
	Volcanologist/Seismologist																									4
	Geologist																									6
	GIS Expert																									6
	Coordinator																									12

Assignment Schedule for Task B		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Duration
Task B: Project Coordination Works on Infrastructure Issues														
1)	Project Management (Updating of master plan and coordination work)													12
	Co-Team Leader													8
	Urban Planner													6
	Architect													4
	Transport Planner													4
	Infrastructure Planner													4
	GIS Expert													3
	Civil Engineer													10
2)	Technical/Engineering Coordination Works													12
	Technical Coordinator													12
	Civil Engineer													12

Assignment Schedule for Task C		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Duration
Task C: Detailed Design for Infrastructure for Phase 1 Area (Phase 2 detailed design on new topographic issue)														
1)	Land Grading Works													10
	Co-Team Leader (Land Grading/Drainage)													8
	Land Grading Engineer													6
	Civil Engineer													4
	Structural Engineer													4
	Transport Planner													4
	Technical Engineer													4
	Technical Specialist													4
	Cost Engineer													4
2)	Road Works													10
	Co-Team Leader (Land Grading/Drainage)													8
	Highway Engineer													6
	Bridge Engineer													6
	Structural Engineer													4
	Transport Planner													4
	Technical Engineer													4
	Technical Specialist													4
	Cost Engineer													4
3)	Drainage Works													10
	Co-Team Leader (Land Grading/Drainage)													8
	Hydrologist													6
	Structural Engineer													4
	Civil Engineer													4
	Transport Planner													4
	Technical Engineer													4
	Technical Specialist													4
	Cost Engineer													4
4)	Waterway and Mainline Road													10
	Co-Team Leader (Land Grading/Drainage)													8
	Hydrologist													6
	Structural Engineer													4
	Mechanical Engineer													4
	Transport Planner													4
	Technical Engineer													4
	Technical Specialist													4
	Cost Engineer													4

Assignment Schedule for Task D		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Duration
Task D: Detailed Design for Infrastructure for Phase 2 Area (Phase 2 detailed design on new topographic issue)														
1)	Water Distribution Line (including WTP)													10
	Co-Team Leader (Water / Sewerage)													8
	Water Supply Engineer													6
	Hydrologist													4
	Structural Engineer (Water / Sewerage)													4
	Mechanical Engineer (Water / Sewerage)													4
	Electrical Engineer (Water / Sewerage)													4
	Cost Engineer (Water/Sewerage/Power/ICT)													4
2)	Sewer Collection Line (including STP)													10
	Co-Team Leader (Water / Sewerage)													8
	Sewer Pipeline Engineer													6
	Structural Engineer (Water / Sewerage)													4
	Mechanical Engineer (Water / Sewerage)													4
	Electrical Engineer (Water / Sewerage)													4
	Cost Engineer (Water/Sewerage/Power/ICT)													4
3)	Power Supply													10
	Co-Team Leader (Power / ICT)													8
	Power Pipeline Engineer													6
	Transmission Engineer													4
	Substation Engineer													4
	Structural Engineer (Power / ICT)													4
	Civil Engineer (Power / ICT)													4
	Cost Engineer (Power/Sewerage/Power/ICT)													4
4)	ICT													10
	Co-Team Leader (Power / ICT)													8
	Telecommunication Engineer													6
	Structural Engineer (Power / ICT)													4
	Civil Engineer (Power / ICT)													4
	Cost Engineer (Power / ICT)													4

## APPENDIX-4: Confirmation of remaining actions on the Technical Audit & Corporate Governance Guideline of NK

Strategic Planning on August 2, 2019

### Technical Audit

Ref.	Item	Action	PIC	Date
A. 2-2	Internal Kick-off Meeting	Record (list & mm) <u>internal</u> kick-off meeting	PSS/ZNA	Aug. 2019
A. 2-3 c	Engineering Manuals	Prepare engineering manuals (guidelines)	RFT/JLSD	Dec. 2019
A. 2-4 a & b	Client Satisfaction	Record & file meetings with the clients in any format	Management	Monthly
A. 2-5 a	Project Budget Manual	Prepare project budget manual	PSS/AAR	Sep. 2019
A. 2-5 b	Project Budget Template	Prepare project budget template	PSS/AAR	Sep. 2019
A. 2-5 c	Cost Monitoring	Prepare the comparison table between budget and actual expense for each project	PSS/AAR	Sep. 2019

### Corporate Governance Guideline; Mid Term Check shall be conducted in January

Ref.	Item	Action	PIC	Date
1.3 (1)	Corporate Management	Prepare "Basic Policies on the Development of Internal Control System"	MS	Nov. 2019 for discussion Jun. 2021 for approval & publication
1.4 (1)	Corporate Management	Prepare "Allocation of Duties of Department"	CDV	Sept. 2019
2.3	Risk Management	Prepare "Risk and Crisis Management Regulations"	ZNA	Nov. 2019
3.5	Compliance	Prepare "Bribery Prevention Regulations" and "Code of Overseas Lawful Expenditures"	AAR	Nov. 2019 for discussion Jun. 2021 for approval & publication
3.7	Compliance	Conduct "Compliance Awareness Survey (questionnaire)"	AAR	Nov. 2019 for discussion Mar. 2020 for implementation
3.8 (1)	Compliance	Establish internal reporting system of compliance violations through intranet or special e-mail address	AAR	Nov. 2019 for discussion
3.8 (2)	Compliance	Notice in intra net reporting method and the rule that any unfair treatment of reporters is prohibited	AAR	Nov. 2019 for discussion
4.2	Information Management	Prepare "Information Security Regulations"	JACB	Jun. 2020
4.4 (7)	Information Management	Prepare "Data Leak/ Loss Prevention (DLP)"	JACB	Jun. 2020 for discussion Jun. 2021 for approval & publication
5.9	Health and Safety Management	Prepare an emergency contact network and a process system of instruction/ reporting in case of emergency, accident or security event.	OSalomon	Dec. 2019